Grant Thornton

Maamba Collieries Limited
(Registration Number 6364)

Financial Statements for the year ended 31 March 2024
(Expressed in United States Dollars and Zambian Kwacha)

General Information

Country of incorporation and domicile	Zambia
Company registration number	6364
Tax reference number	1001594184
Investment licence	ZDA 639/01/2010
Nature of business and principal activities	Coal mining and power generation
Directors	Ashok Devineni Ashwin Devineni G R K Prasad Mwelwa Chibesakunda Y Mkandawire I M Habasimbi Dani Eliya Banda
Registered office	P.O. Box 99 Maamba
Business address	Maamba Mine Maamba
Postal address	P.O. Box 99 Maamba
Shareholders	Nava Bharat (Singapore) Pte Limited incorporated in Singapore (64.69%), ZCCM Investment Holding Plc (35%), Others (0.31%), Ministry of Finance & National planning Zambia (special share)
Ultimate holding Company	Nava Limited incorporated in India
Bankers	Standard Chartered Bank Zambia PLC Zambia National Commercial Bank Plc Standard Chartered Bank-London Barclays Bank - London
Auditors	Grant Thornton
Secretary	Mwape Kaira

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The reports and statements set out below comprise the financial statements presented to the members:

MAAMBA COLLIERIES LIMITED
(Registration Number 6364)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2024

DIRECTORS' REPORT

The directors submit their report for the year ended 31 March 2024

1. **Review of activities**
   The Company's core activities are coal mining and power generation.

   The operating results and state of affairs of the Company are fully set out in the attached financial statements and do not in our opinion require any further comment.

Particulars	31-Mar-24		31-Mar-23	
	USD	ZMW	USD	ZMW
Revenue	241,018,240	5,253,980,780	235,599,642	4,138,328,959
Profit before tax	109,795,103	2,890,289,250	93,237,029	1,291,814,178
Current tax charge	(3,099,131)	(77,199,047)	(1,983,873)	(42,331,629)
Profit after current tax	106,695,972	2,813,090,203	91,253,156	1,249,482,549
Deferred tax charge	5,568,504	12,276,673	8,015,167	31,234,628
Profit for the year	112,264,476	2,825,366,876	99,268,323	1,280,717,177

   MCL contracted long term Loans of USD 590 Million in the aggregate from the Commercial banks in China and Africa and Developmental Financial Institutions in Africa. Owing to the payment shortfalls by ZESCO, MCL's debt service was adversely impacted resulting in Payment Defaults. However, following the Consented Arbitral Award issued by the London Arbitration Tribunal, ZESCO has been discharging the outstanding Award amount in monthly instalments aside from paying the monthly bills on time in full. MCL has during the financial year 2023-24 has addressed all the Payment Defaults to the Lenders and made the complete repayment of the Term Loans.

2. **Arbitration Settlement by ZESCO**
   The Arbitral Tribunal issued the Consent Award on 13th December 2022. Through the settlement, MCL and ZESCO have agreed to irrevocably withdraw all their respective claims brought in the arbitration. The settlement has been recorded in the form of an enforceable final consent award signed and issued by the Arbitral Tribunal on 14th December, 2022. The issuance of the final consent award ended the arbitration. The Consent Arbitral Award has since been registered in the High Court of Zambia for any further course of action that the claimants could pursue. ZESCO has been making payments against the Agreed Settlement Amount under the Arbitral Consent Award in accordance with its revised payment schedule dated 14th March 2023, endorsed and supported by the Ministry of Finance. To date a total of US$ 207.75 million has been paid by ZESCO against the Agreed Settlement Amount of US$ 447 million.

3. **Mediation and Settlement Agreement with Professional Insurance**
   Mediations were held in London from 11th to 13th December 2023 between representatives of MCL and PICZ and their respective lawyers helped by the very experienced mediator selected by the Parties and appointed the ICC International Centre for ADR. After several rounds of mediation, the parties reached an agreement and settlement, which was reduced into a Mediation Settlement Agreement on 13th December 2023 as PICZ to pay the agreed settlement amount of USD 14 million as full and final settlement of all claims by MCL regarding damage to Unit 2 under the Comprehensive Machinery Insurance Policy. USD 11.9 million has been paid as at 31st March 2023.

DIRECTOR'S REPORT (CONTINUED)

4. **Property, plant and equipment**

During the year, the Company acquired property, plant and equipment amounting to USD 11,709,066 (2023: USD 3,239,841). There were disposals of property, plant and equipment during the year of USD 4,376,077 (2023: USD 2,534,292).

5. **Authorised and issued share capital**

There was no change in the number of shares during the year (2023: Nil).

6. **Directors**

The Directors of the Company during the year and upto the date of this report were:

Sl. No	Name	Nationality
1	Ashok Devineni	Indian
2	Ashwin Devineni	Singaporean
3	G R K Prasad	Indian
4	Mwelwa Chibesakunda	Zambian
5	I M Habasimbi	Zambian
6	Dani Eliya Banda	Zambian
7	Y Mkandawire	Zambian

The Directors' remuneration (sitting allowances) for the year was USD 181,731 (2023: USD196,800).

7. **Staff**

The average number of employees during the year was 235 (2023: 240) and the total remuneration paid was USD 5,779,475 (2023: USD 5,836,944).

8. **Health and safety**

The Company is committed to ensuring the health, safety and welfare at work of its employees and for protecting other persons against risks to health arising out of, or in connection with the activities at work of those employees.

9. **Exports**

A total of USD 215,567 (2023: USD 28,409,688) worth of coal and power was exported by the Company during the year under review.

10. **Auditors**

Having indicated their willingness to continue in office, a resolution proposing the re appointment of Grant Thornton Zambia as auditors will be put to the annual general meeting.

11. **Secretary**

The secretary of the Company is Mwape Kaira.

By order of the board

Secretary

Date: 24/04/2024

MAAMBA COLLIERIES LIMITED
(Registration Number 6364)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by the Companies Act of Zambia, to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the Company as at the end of the financial year and the results of its operations and cash flows for the year then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements. In preparing such financial statements, the directors are responsible for:

- designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements whether due to fraud or error;
- selecting appropriate accounting policies and applying them consistently;
- making judgements and accounting estimates that are reasonable in the circumstances; and
- preparing the financial statements in accordance with the applicable financial reporting framework, and on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The management is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2017. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Board of Directors confirm that in their opinion

(a) the financial statements give a true and fair view of the financial position of Maamba Collieries Limited as of 31 March 2024, and of its financial performance and its cash flows for the year then ended;

(b) at the date of this statement there are reasonable grounds to believe that the Company will be able to pay its debts as and when these fall due; and

(c) the financial statements are drawn up in accordance with International Financial Reporting Standards; and

This statement is made in accordance with a resolution of the Board of Directors.

Director

24/04/2024

Director

Grant Thornton

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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF MAAMBA COLLIERIES LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Maamba Collieries Limited (MCL), which comprise the statement of financial position as at 31 March 2024, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, set out on pages 17 -101.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2024 and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Zambia, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MAAMBA COLLIERIES LIMITED
(Registration Number 6364)

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF MAAMBA COLLIERIES LIMITED

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Key audit matters (KAM)

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have determined the matters described below to be key audit matters to be communicated in our report.

KAM Title	Description of key audit matter	Description of auditor's response
Recoverability of ZESCO trade receivables balances and Expected Credit Losses (ECL)	• The ZESCO trade receivable balance of USD 279,613,079 (2023: USD515,628,791) including interest is significant to the Company as it represents 98% (2023: 99%) of the total receivables balance of the Company and 38% (2023: 55%) of the total assets of the Company.	• We reviewed the ESCROW Security agreement and the related government guarantees, and conditions for its enforcement • We also reviewed the assumptions which included the probability of calling in the government guarantee and the arbitration process.
	• In accordance with the ESCROW Agreement, ZESCO is required to deposit an amount equal to the required amount applicable to the next following billing amount. ZESCO has failed to fund the ESCROW account, breaching the provisions of the agreement.	• In respect to Expected Credit Losses, our audit procedures included: - assessing the reasonableness of the expected credit loss model methodology and related parameters developed by management, which included;
	• MCL concluded arbitration proceedings against ZESCO in London under the Power Purchase Agreement, the Transmission Services Agreement and Escrow Account Agreement. A settlement through a consent award has been reached and ZESCO will settle the outstanding amounts as described in note 1(b). • The collectability of trade receivables is a key element of MCL's working capital management, which is managed on an ongoing basis by management. • The allowance for impairment losses (Expected Credit Losses (ECL)) on trade receivable balances is a significant matter as it requires the application of judgement and use of subjective assumptions by management. An ECL provision of USD 33,941,067 (2023: USD117,443,832) has been recognised in the financial statements.	• days of defaults, • discount rates; and • projected or expected cash receipts amongst other factors • assessing the forward-looking information management used to determine expected credit losses.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF MAAMBA COLLIERIES LIMITED

Key audit matters (continued)

KAM Title	Description of key audit matter	Description of auditor's response
Recoverability of ZESCO trade receivables balances and Expected Credit Losses (ECL)	• The identification of impairment and the determination of the recoverable amount are an inherently uncertain process involving various assumptions and factors including the financial condition of the counterparty and the timing and amount of expected future cash flows. • The Company records allowances of trade receivable balances. In accordance with IFRS 9 Financial Instruments: Recognition and Measurement, impairment provisions are measured according to a credit loss impairment model under which each financial asset is classified based on the past due status. IFRS 9 also requires an estimation of expected credit losses to be unbiased and probability weighted, including information about the past, current conditions and reasonable supportable forecasts of future events at the reporting date.	• We evaluated the model and the related assumptions used in individual impairment assessment and analysed the amount, timing and likelihood of management's estimated future cash flows, especially cash flows from collateral of IFRS 9. • We reviewed the adequacy of the expected credit losses recognised by the Company in respect of ZESCO receivable as at 31 March 2024. • The detail of the expected credit losses have been included in note 7 of the financial statements.
Judgement and disclosure with respect to deferred tax	• The Company computed a deferred tax liability of USD29,640,349 (2023:USD 34,021,602) on the power plant in the period under review. The computation has taken into account the 10 year tax holiday on the power plant. • Significant judgement is applied in estimating the taxable profit and the reversal of the temporary differences in each tax year. • At 31 March 2024, the deferred tax liability in the mining division were valued at USD 121,370 (2023: USD 1,065,882).	• Our audit procedures included, amongst others, evaluating the assumptions, such as expected future taxable income and methodologies used by the Company. • This entailed reviewing the Company's latest tax planning strategy and ascertaining that it was derived from the latest approved strategic business plan, which is subject to an internal management review process.

MAAMBA COLLIERIES LIMITED
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INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF MAAMBA COLLIERIES LIMITED

Key audit matters (continued)

KAM Title	Description of key audit matter	Description of auditor's response
Judgement and disclosure with respect to deferred tax (continued)	• This was significant to our audit because the assessment process is complex and judgemental and is based on assumptions that are affected by expected future market or economic conditions. • Significant judgement is required in estimating if there will be future taxable profits from which any tax losses will be utilised, also taking into account the expiry and timing of the utilisation of the related tax losses.	
Estimation of decommissioning, dismantling and restoration provisions	• The Company has made a provision for decommissioning of the mining and power plant amounting to USD4,585,190 (2023: USD4,318,544). The calculation of decommissioning, dismantling and restoration provisions, which are primarily in respect of mining and power plant assets, require significant management judgement because of the inherent complexity in estimating future costs. • The decommissioning of power plant infrastructure is a relatively new activity and consequently there is limited historical precedent in Zambia against which to benchmark estimates of future cost. These factors increase the complexity involved in determining accurate accounting provisions that are material to the Company's statement of financial position. • The Company reviews decommissioning, dismantling and restoration provisions annually. This review incorporates the effects of any changes in local regulations, management's expected approach to decommissioning, dismantling and discount rates, along with the effects of changes in exchange rates.	• We performed detailed testing of the provision recorded in respect of certain assets based on the associated risk and materiality. Testing involved understanding the mandatory or constructive obligations with respect to the decommissioning and dismantling of each asset based on the contractual arrangements and relevant local regulation to validate the appropriateness of the method of decommissioning, and dismantling underpinning the cost estimate. • For those assets we considered the competence of the experts to the Company, who produced the cost estimates. We tested the accuracy of calculations and evaluated the appropriateness of the discount rate applied. • The significant judgements and assumptions have been disclosed in Note 2.1 and 14 of the financial statements.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF MAAMBA COLLIERIES LIMITED

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and the Companies Act of Zambia, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF MAAMBA COLLIERIES LIMITED

Auditor's responsibilities for the audit of the financial statements (continued)

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

  We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

  We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

  From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

The Companies Act, 2017 requires that in carrying out our audit, we consider and report to you on whether:

- There is a relationship, interest or debt which we have, as the Company Auditors, with the Company; and
- There are serious breaches of corporate governance principles or practices by the directors.

In respect of the foregoing requirements, we have no matter to report.

Grant Thornton

Chartered Accountants

Christopher Mulenga (AUD/F000178)
Name of Partner signing on behalf of the Firm

Lusaka

Date: 24/04/2024

MAAMBA COLLIERIES LIMITED
(Registration Number 6364)

STATEMENT OF FINANCIAL POSITION – 31 MARCH 2024

	Note	2024 USD	2024 ZMW	2023 USD	2023 ZMW
ASSETS					
Non-current assets					
Property, plant and equipment	3	454,794,898	11,328,113,411	473,027,781	9,955,890,739
Intangible assets	4	85,683	2,134,363	-	-
Mine development assets	5	13,624,957	339,396,322	14,152,908	301,548,926
		468,505,538	11,669,644,096	487,180,689	10,257,439,665
Current assets					
Inventories	6	8,664,947	215,842,977	8,197,228	174,654,234
Trade and other receivables	7	251,185,534	6,256,991,850	402,405,829	8,573,853,147
Amounts due from related parties	11	17,941	446,904	26,415	562,811
Cash and cash equivalents	10	12,333,971	307,237,991	27,500,578	585,941,079
		272,202,393	6,780,519,722	438,130,050	9,335,011,271
Total assets		740,707,931	18,450,163,818	925,310,739	19,592,450,936
EQUITY AND LIABILITIES					
Equity					
Share capital	8	193,537,350	1,256,201,904	193,537,350	1,256,201,904
Translation reserve		-	8,627,756,871	-	7,193,075,236
Revenue reserve		287,778,566	2,104,776,612	175,514,090	(720,590,264)
		481,315,916	11,988,735,387	369,051,440	7,728,686,876
Non-current liabilities					
Amounts due to related parties	11	193,099,942	4,810,100,262	186,374,128	3,982,830,402
Project finance	13	-	-	136,685,110	2,912,281,300
Deferred tax liability	17	29,518,979	735,314,801	35,087,484	747,591,474
Borrowings	12	1,395,158	34,753,240	1,731,286	36,887,633
Environmental rehabilitation provisions	14	4,585,190	114,216,620	4,318,544	92,013,052
		228,599,269	5,694,384,923	364,196,552	7,771,603,861
Current liabilities					
Trade and other payables	9	21,240,243	529,092,960	13,109,314	279,288,865
Contract liabilities	18	292,906	7,294,914	930,669	19,829,307
Amounts due to related parties	11	8,316,564	207,164,784	3,880,290	82,675,391
Project finance	13	-	-	173,670,345	3,700,307,205
Borrowings	12	296,109	7,376,036	349,137	7,438,894
Current tax payable	15	646,924	16,114,814	122,992	2,620,537
		30,792,746	767,043,508	192,062,747	4,092,160,199
Total liabilities		259,392,015	6,461,428,431	556,259,299	11,863,764,060
Total equity and liabilities		740,707,931	18,450,163,818	925,310,739	19,592,450,936

The financial statements on pages 12 to 102 were approved and authorised for issue by the Board of Directors on 24 April 2024 and signed on its behalf by:

Director

Director

MAAMBA COLLIERIES LIMITED
(Registration Number 6364)

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2024

	Note	2024 USD	2024 ZMW	2023 USD	2023 ZMW
Revenue	18	241,018,240	5,253,980,780	235,599,642	4,138,328,959
Cost of sales	21	(121,746,022)	(2,256,230,217)	(107,798,769)	(1,997,199,648)
Gross profit		**119,272,218**	**2,997,750,563**	**127,800,873**	**2,141,129,311**
Other trading income	19	14,698,860	374,782,641	698,795	12,222,974
Interest revenue	20	1,819,031	38,936,353	25,682,636	423,977,515
Operating expenses		(17,349,492)	(378,591,464)	(19,511,579)	(337,032,891)
Expected credit loss	7	23,502,765	518,308,185	-	-
Operating profit		**141,943,382**	**3,551,186,278**	**134,670,725**	**2,240,296,909**
Foreign exchange gain / (loss)	23	2,257,589	152,544,028	11,552,161	45,622,644
Interest on swaps	22	6,221,509	147,579,978	96,777	8,003,971
Finance costs	22	(40,627,377)	(961,021,034)	(53,082,634)	(1,002,109,346)
Profit before taxation		**109,795,103**	**2,890,289,250**	**93,237,029**	**1,291,814,178**
Taxation credit/(charge)	16	2,469,374	(64,922,374)	6,031,294	(11,097,001)
Profit for the year		**112,264,476**	**2,825,366,876**	**99,268,323**	**1,280,717,177**
Other comprehensive income		-	-	-	-
Translation reserve		-	-	-	-
Total comprehensive income for the year		**112,264,476**	**2,825,366,876**	**99,268,323**	**1,280,717,177**

MAAMBA COLLIERIES LIMITED
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STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH2024

	Note	2024 USD	2024 ZMW	2023 USD	2023 ZMW
Cash flows from operating activities					
Cash generated from operations	25	344,475,217	8,192,919,371	162,705,581	2,556,050,419
Interest income		(1,819,031)	(38,936,353)	(1,013,799)	(18,674,670)
Rent received	19	(46,694)	(959,430)	(44,594)	(774,206)
Finance costs	22	6,221,509	147,579,978	96,777	8,003,971
Taxation paid	15	(3,152,496)	(63,704,770)	(3,067,501)	(53,698,366)
Net cash from operating activities		**345,678,505**	**8,236,898,796**	**158,676,464**	**2,490,907,148**
Cash flows (used in) investing activities					
Purchase of property, plant and equipment	3	(11,806,066)	(261,090,915)	(3,239,841)	(54,344,005)
Proceeds from sale of property, plant and equipment		24,803	559,669	167,166	2,988,679
Interest income		1,819,031	38,936,353	1,013,799	18,674,670
Rent received		46,694	959,430	44,594	774,206
Net cash from/ (used in) investing activities		**(9,915,538)**	**(220,635,463)**	**(2,014,282)**	**(31,906,450)**
Cash flows (used in) financing activities					
Increase in related parties current balances	11	4,436,274	124,489,393	(10,452,783)	(176,310,356)
Change in Related party interest payable	11	6,725,814	168,959,180	8,267,188	175,597,548
Increase in Interest payable on borrowings	12	(9,834)	(80,857)	(12,634)	(80,857)
Interest/ decrease in interest payable on project finance	13.1	(6,733,177)	(143,460,435)	2,395,540	65,083,234
Increase/(decrease) in amounts related to borrowings		(334,209)	(6,468,604)	(373,853)	(6,468,604)
Increase/(decrease) in amounts due to related parties		-	658,310,680	9,387,527	758,624,901
Increase/(decrease) in amounts due to project finance	13.1	(314,387,065)	(6,895,403,747)	(98,468,585)	(1,888,371,407)
Finance Cost		(40,627,377)	(961,021,034)	(53,082,634)	(1,002,109,346)
Exchange differences in project finance		-	167,262,658	-	1,126,922,093
Translation diff in Intangible and Mine Development		-	(43,536,351)	-	(47,110,415)
Exchange Difference in environmental provision		-	16,383,035	-	15,276,829
Translation diff in Property, Plant and Equipment		-	(1,380,400,339)	-	(1,132,239,229)
Net cash (used in) financing activities		**(350,929,574)**	**(8,294,966,421)**	**(142,340,234)**	**(2,111,185,609)**
Total cash movement for the year		(15,166,607)	(278,703,088)	14,321,948	347,815,089
Cash at the beginning of the year		27,500,578	585,941,079	13,178,630	238,125,990
Effect of exchange rate movement on cash balances		-	-	-	-
Total cash at end of the year	10	**12,333,971**	**307,237,991**	**27,500,578**	**585,941,079**

STATEMENT OF CHANGES IN EQUITY

Amount in USD

	Share Capital	Foreign currency translation reserve	Revenue reserve	Total equity
Balance as at 1 April 2022	**193,537,350**	**-**	**76,245,767**	**269,783,117**
Profit for the year	-	-	99,268,323	99,268,323
Balance as at 31 March 2023	**193,537,350**	**-**	**175,514,090**	**369,051,440**
Profit for the year	-	-	112,264,476	112,264,476
Balance as at 31 March 2024	**193,537,350**	**-**	**287,778,566**	**481,315,916**

Amount in ZMW

	Share Capital	Foreign currency translation reserve	Revenue reserve	Total equity
Balance as at 1 April 2022	**1,256,201,904**	**5,619,843,339**	**(2,001,307,441)**	**4,874,737,802**
Profit for the year	-	1,573,231,897	1,280,717,177	2,853,949,074
Balance as at 31 March 2023	**1,256,201,904**	**7,193,075,236**	**(720,590,264)**	**7,728,686,876**
Profit for the year	**-**	1,434,681,635	2,825,366,876	4,260,048,511
Balance as at 31 March 2024	**1,256,201,904**	**8,627,756,871**	**2,104,776,612**	**11,988,735,387**

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2024

1. Presentation of financial statements

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB).

(a) **Basis of preparation**

"The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB)."

The financial statements have been prepared on a historical cost basis.
The financial statements are presented in United Stated Dollars and Zambian Kwacha. The Company's functional currency is United Stated Dollars and presentation currency is Zambian Kwacha.

"The financial statements provide comparative information in respect of the previous period."

Included in the financial statements are figures from the branch accounts in respect at Maamba Collieries Limited (India). The financial statements for the branch have been prepared on the same basis as those for Maamba Collieries Limited.

Presentation and functional currency
The Company's reporting currency is USD. The presentation of the financial statements and related disclosures in Kwacha (ZMW) is supplementary information.

Basis of translating functional currency (USD) to presentation currency (ZMW) for the purposes of supplementary information

Income statement items have been translated using the spot exchange rate on the transaction date as an approximation to the actual exchange rate. Assets and liabilities have been translated using the closing exchange rate. Any differences arising from this process have been recognised and accumulated in the foreign exchange reserve in equity.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

The following exchange rates have been applied:

USD: ZMW	Closing exchange rate
Year ended 31 March 2024	24.9099
Year ended 31 March 2023	21.307

1. **Presentation of financial statements (continued)**

(b) Going Concern

The Arbitral Tribunal issued the Consent Award on 13th December 2022. Through the settlement, MCL and ZESCO have agreed to irrevocably withdraw all their respective claims brought in the arbitration. The settlement has been recorded in the form of an enforceable final consent award signed and issued by the Arbitral Tribunal on 14th December, 2022. The issuance of the final consent award ended the arbitration. The Consent Arbitral Award has since been registered in the High Court of Zambia for any further course of action that the claimants could pursue. ZESCO has been making payments against the Agreed Settlement Amount under the Arbitral Consent Award in accordance with its revised payment schedule dated 14th March 2023, endorsed and supported by the Ministry of Finance. To date a total of US$ 207.75 million has been paid by ZESCO against the Agreed Settlement Amount of US$ 447 million.

(c) **New Standards and amendments that are effective at 1 January 2023 and are applicable to the Company**

Some accounting pronouncements which have become effective from 1 January 2023 and have therefore been adopted do not have a significant impact on the Company's financial statement.

(d) **Other Standards and amendments that are effective for the first time in 2023 and could be applicable to the Scheme are:**

- Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2)
- Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction (Amendments to IAS 12)
- Disclosure of Accounting Policies (Amendments to IAS 1)
- Definition of Accounting Estimates (Amendments to IAS 8)

These amendments do not have a significant impact on these financial statements and therefore the disclosures have not been made.

(d) **Standards, amendments and Interpretations to existing Standards that are not yet effective and have not been adopted early by the Company**

At the date of authorisation of these financial statements, several new, but not yet effective, Standards, amendments to existing Standards, and Interpretations have been published by the IASB. None of these Standards, amendments or Interpretations have been adopted early by the Company:

- Classification of Liabilities as Current or Non-current (Amendments to IAS 1)
- Lease liability is a Sale and leaseback (Amendments to IFRS 16)
- Supplier Finance Arrangements (Amendments to IAS 7 and IFRS 7)
- Non-current liabilities with covenants (Amendments to IAS 1)
- Lack of Exchangeability (Amendments to IAS 21).

Management anticipates that all relevant pronouncements will be adopted for the first period beginning on or after the effective date of the pronouncement. These amendments are not expected to have a material impact on the Scheme's financial statements in the period of initial application and therefore the disclosures have not been made.

2. Principle accounting policies

The preparation of the Company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Other disclosures relating to the Company's exposure to risks and uncertainties includes:

- Capital management
- Financial instruments risk management and policies
- Sensitivity analyses disclosures

2.1 Significant judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the financial statements:

2.1.1 Revenue from contracts with customers

The Company applied the following judgements that significantly affect the determination of the amount and timing of revenue from contracts with customers:

- Identifying performance obligations in the sale of goods and provision of services.
- Determining the timing of satisfaction of goods and services.

2.1.2 Consideration of significant financing component in a contract

The Company sells power generated by the power plant and the coal to customers for which there is no manufacturing lead time. This type of contract includes two alternative payment options for the customer, i.e., payment of the transaction price equal to the cash selling price upon delivery of the power generated by the power plant and the coal sold to customers or payment of a lower transaction price when the contract is signed. The Company concluded that there is no significant financing component for contracts where the customer elects to pay in advance considering the length of time between the customer's payment and the transfer of power generated by the power plant and the coal sold to customers, as well as the prevailing interest rates in the market.

2.1.3 Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Company based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

2. Principle accounting policies (continued)

2.1 Significant judgements (continued)

2.1.4 Impairment of non-financial assets (continued)

Impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The fair value less costs of disposal calculation is based on available data from binding sales transactions, conducted at arm's length, for similar assets or observable market prices less incremental costs of disposing of the asset. The value in use calculation is based on a DCF model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the performance of the assets of the CGU being tested. The recoverable amount is sensitive to the discount rate used for the DCF model as well as the expected future cash inflows and the growth rate used for extrapolation purposes. These estimates are most relevant to other intangibles with indefinite useful lives recognised by the Company.

2.1.5 Leases - Estimating the incremental borrowing rate

The Company cannot readily determine the interest rate implicit in the lease, therefore, it uses its incremental borrowing rate (IBR) to measure lease liabilities. The IBR is the rate of interest that the Company would have to pay to borrow over a similar term, and with a similar security, the funds necessary to obtain an asset of a similar value to the right of use asset in a similar economic environment. The IBR therefore reflects what the Company 'would have to pay', which requires estimation when no observable rates are available or when they need to be adjusted to reflect the terms and conditions of the lease. The Company estimates the IBR using observable inputs (such as market interest rates) when available and is required to make certain entity specific estimates.

2.1.6 Provision for dismantling and environmental rehabilitation obligations

The Company has long term remediation obligations comprising decommissioning, dismantling and restoration liabilities relating to its past operations which are based on the group's environmental management plans, in compliance with current environmental and regulatory requirements. Provisions for non recurring remediation costs are made when there is a present obligation, it is probable that expenditure on remediation work will be required and the cost can be estimated within a reasonable range of possible outcomes. The costs are based on currently available facts, technology expected to be available at the time of the clean up, laws and regulations presently or virtually certain to be enacted and prior experience in remediation of contaminated sites.

The Company has recognised a provision for environmental restoration costs based on an independent environmental impact assessment report by an independent consultant. The value recognised is the present value of the estimated future restoration costs attributable to the current period.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2024

2. **Principle accounting policies (continued)**

2.1 **Significant judgements (continued**

2.1.7 **Development Cost**

The Company capitalises development costs for a project in accordance with the accounting policy. Initial capitalisation of costs is based on management's judgement that technological and economic feasibility is confirmed, usually when a product development project has reached a defined milestone according to an established project management model. In determining the amounts to be capitalised, management makes assumptions regarding the commissioning date in line with the various agreements with lenders and others. During the year, no development costs were capitalised (2022: nil).

2.1.8 **Stripping activity assets**

Significant judgement is required to distinguish between development stripping and production stripping and to distinguish between the production stripping that relates to the extraction of inventory and that which relates to the creation of a stripping activity asset. Once the Company has identified its production stripping for each surface mining operation, it identifies the separate components of the ore bodies for each of its mining operations.

An identifiable component is a specific volume of the ore body that is made more accessible by the stripping activity. Significant judgement is required to identify and define these components, and also to determine the expected volumes (e.g., in tons) of waste to be stripped and ore to be mined in each of these components. These assessments are undertaken for each individual mining operation based on the information available in the mine plan. The mine plans and, therefore, the identification of components, will vary between mines for a number of reasons. These include, but are not limited to, the type of commodity, the geological characteristics of the ore body, the geographical location and/or financial considerations.

Judgement is also required to identify a suitable production measure to be used to allocate production stripping costs between inventory and any stripping activity asset(s) for each component. The Company considers that the ratio of the expected volume (e.g., in tons) of waste to be stripped for an expected volume (e.g., in tons) of ore to be mined for a specific component of the ore body, is the most suitable production measure.

2.1.9 **Going concern**

The Company's management has made an assessment of its ability to continue as a going concern and is satisfied that it has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast significant doubt on the Company's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2024

2. **Principle accounting policies (continued)**

2.1 **Significant judgements (continued**

2.1.10 **Allowance for slow moving, damaged and obsolete stock**

An allowance for stock to write stock down to the lower of cost or net realisable value. Management have made estimates of the selling price and direct cost to sell on certain inventory items. The write down is included in the operating profit note.

2.1.11 **Taxation**

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

The Company recognises the net future tax benefit related to deferred income tax assets to the extent that it is probable that the deductible temporary differences will reverse in the foreseeable future. Assessing the recoverability of deferred income tax assets requires the Company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realise the net deferred tax assets recorded at the balance sheet date could be impacted.

2.1.12 **Carrying value of mine development assets**

All mining development assets are amortised using the units of production method where the mine operating plan calls for production from well defined ore reserve over proven and probable reserves.

For mobile and other equipment, the straight line method is applied over the estimated useful life of the asset which does not exceed the estimated mine life based on proved and probable ore reserve as the useful lives of these assets are considered to be limited to the life of the relevant mine. The calculation of the units of production rate of amortisation could be impacted to the extent that actual production in the future is different from current forecast production based on proved and probable ore reserve. This would generally arise when there are significant changes in any of the factors or assumptions used in estimating ore reserve. These factors could include:

- Changes in proved and probable ore reserve;
- The grade of ore reserve may vary significantly from time to time;
- Differences between actual commodity prices and commodity price assumptions;
- Unforeseen operational issues at mine sites;

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2024

2. **Principle accounting policies (continued)**

2.1 **Significant judgements (continued**

2.1.12 **Carrying value of mine development assets (continued)**

- Changes in capital, operating, mining, processing and reclamation costs, discount rates and foreign exchange rates; and
- Changes in ore reserves could similarly impact the useful lives of assets depreciated on a straight line basis, where those lives are limited to the life of the mine.

The recoverable amounts of cash generating units and individual assets have been determined based on the higher of value in use calculations and fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that the coal price assumption may change which may then impact the estimated life of the mine and may then require a material adjustment to the carrying value of tangible assets.

2.1.13 **Current versus non-current classification**

The Company presents assets and liabilities in the statement of financial position based on current/non current classification. An asset is classified as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle held primarily for the purpose of trading.

- Expected to be realised within twelve months after the reporting period or Cash and cash equivalents unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

- All other assets are classified as non current."

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading .
- It is due to be settled within twelve months after the reporting period or there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.
- The Company classifies all other liabilities as non current.
- Deferred tax assets and liabilities are classified as non current assets and liabilities."

2. **Principle accounting policies (continued)**

2.2 **Property, plant and equipment**

The cost of an item of property, plant and equipment is recognised as an asset when:

- It is probable that future economic benefits associated with the item will flow to the Company; and the cost of the item can be measured reliably.

  Construction in progress is stated at cost, net of accumulated impairment losses, if any. Plant and equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment and borrowing costs for long term construction projects if the recognition criteria are met. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Property, plant and equipment transferred from customers are initially measured at fair value at the date on which control is obtained.

Depreciation is calculated on a straight line basis over the estimated useful lives of the assets, as follows:

Item	**Average useful life**
Leasehold land and buildings	3.33%
Machinery	20%
Motor vehicles	25%
Office equipment, furniture and fixtures	20%
Computer software	20%
Plant	5%
Mine developments	Life of mining areas
Aircraft	10%

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal (i.e., at the date the recipient obtains control) or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss when the asset is derecognised.

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

2. **Principle accounting policies (continued)**

2.2 **Property, plant and equipment (continued)**

2.2.1 **Thermal power plant accounting policy (continued)**

All assets meeting the definition of property, plant and equipment shall be considered a long term assets and shall be recorded in the Maamba Collieries Limited Fixed Asset Accounting System (MCLFAAS).

Such assets shall be systematically and accurately recorded; properly classified; and adequately documented in the MCFAAS. The Company shall establish an internal control structure over property, plant and equipment that provides reasonable assurance of effective and efficient operations, reliable financial reporting, and compliance with applicable laws and regulations.

Property, plant and equipment shall be recorded at historic cost or, if the cost is not readily determined, at estimated historic costs as per the three broad categories below:

1. Purchased property, plant and equipment – The recording of purchased property, plant and equipment shall be made on the basis of actual costs, including all ancillary costs, based on vendor invoice or other supporting documentation.

2. Constructed property, plant and equipment – All direct costs (including labour, freight, duties etc.) associated with the construction project shall be included in establishing the property, plant and equipment valuation based on milestone payment schedules/ certification.

3. Donated property, plant and equipment – property, plant and equipment acquired by gift, donation, or payment of a nominal sum not reflective of the property, plant and equipment's market value shall be assigned cost equal to the fair market value at the time of receipt.

2.2.3 **Property, plant and equipment salvage (residual) value of the Thermal Power Plant**

The salvage (residual) value of property, plant and equipment of the thermal power plant is the value it is expected to have when it is no longer useful for its intended purpose. In other words, the salvage value is the amount for which the property, plant and equipment could be sold at the end of its useful life. This value can be based on:

1. Surveyor general's office
2. Second hand market
3. Professionals such as accountants, engineers and architects.

Management with guidance from the in house technical team has assessed salvage (residual) value at 1% of the total property, plant and equipment valuation of identified components on the equipment list of the property, plant and equipment register of the Thermal power plant.

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2024

2. Principle accounting policies (continued)

2.2 Property, plant and equipment (continued)

2.2.4 Intangible assets

Intangible assets are those that lack physical substance, are non financial in nature and have an initial useful life extending beyond a single reporting period. Intangible assets must be identifiable, meaning they are either capable of being separated by means of sale, transfer, license or rent, or they arise from contractual or other legal rights.

2.2.5 Purchased computer software

Purchased computer software (e.g. DCS and UPS programmed systems) costing more than USD 5,000 with a useful life beyond a single reporting period (generally one year) should be capitalised.

The additional recognition requirements for intangible assets apply to internally generated computer software. In this regard, the activities involved in creating (and/or significantly modifying commercially available) software need to be evaluated to determine if the internal costs meet the criteria for capitalisation.

The software must be acquired, internally developed, or modified solely to meet internal needs and there must not be a substantive plan to market the software externally to other organizations. Internally generated computer software and MCL owned websites or portals development generally involves three phases.

Costs associated with the preliminary project and the post implementation /operating phases should be expensed as incurred. Internal and external costs associated with the application development phase should be capitalised. Costs to develop or obtain software that allows for access or conversion of old data by new information systems should also be capitalised. Costs incurred during the application development phase should be capitalised as an in progress asset until the software is placed in service. When the project is completed, the asset should be reclassified as an intangible asset and should be capitalised and depreciated. General and administrative costs and overhead expenditures associated with software development should not be capitalised as costs of internal use software.

Upgrades and enhancements are defined as modifications to existing internal use software that result in the ability for the software to perform tasks that it was previously incapable of performing. In order for costs of specified updates and enhancements to internal use computer software to be capitalised, it must be probable that those expenditures will result in additional functionality, increased efficiency, or the extension of the estimated useful life. If the modification does not result in any of these outcomes, the costs should be considered routine maintenance and be expensed as incurred.

2.2.6 Construction work in progress (CWIP)

A CWIP asset reflects the cost of construction work undertaken, but not yet completed. For construction in progress assets, no depreciation is recorded until the asset is placed in service. When construction is completed, the asset shall be reclassified as building/structure, building/structure improvement, or land improvement and should be capitalised and depreciated.

2. Principle accounting policies (continued)

2.2 Property, plant and equipment (continued)

2.2.7 Depreciation method (continued)

MCL has established the straight line methodology for depreciating all property, plant and equipment of the Thermal power plant. Depreciation will begin in the month the property, plant and equipment is placed in service (in the case of the Thermal Power Plant this will be commercial operation date) and/or transferred from the CWIP ledger. Under the straight line depreciation method, the cost basis of property, plant and equipment is written off evenly over the estimated useful life. The amount of annual depreciation is determined by dividing the property, plant and equipment 's cost reduced by the salvage value, if any, by its estimated life.

2.2.8 Estimated useful life

Estimated useful life means the estimated number of months or years that property, plant and equipment will be able to be used for the purpose for which it was acquired. Eligible property, plant and equipment shall be depreciated over their estimated useful lives.

Maamba Collieries Limited with guidance from the in house technical team has established a table below of useful lives.

i) Reputation of the Engineering, Procurement and Construction contractor and suppliers of the components of the constructed Engineering, Procurement and Construction, Thermal Power Plant, Property plant and equipment;

ii) Adherence to routine maintenance schedules performed on the major components of the identified Thermal Power Plant, Property plant and equipment that maintains/prolongs the life of the components; and

iii) Experience of the technical team who have worked in the industry for a considerable period of time whose judgement and experience is held in high esteem by management.

Descriptions	**2024 Useful life (in years)**	**2023 Useful life (in years)**
Plant buildings and structures	28	28
Mechanical Equipment	28	28
Electronic Data Processing/Uninterrupted Power Supply/Battery Banks	10	10
Electrical Equipment	28	28
Instrumentation Equipment	10	10
Pumps	28	28
Electric Motors	28	28
Expansion Bellows	5	5
Preparation and Measuring Tanks	28	28
HVAC	28	28
Boiler	40	40
Turbine	40	40
Generator	40	40

2. **Principle accounting policies (continued)**

2.2 **Property, plant and equipment (continued)**

2.2.9 **Major maintenance and repairs**

Expenditure on major maintenance refits or repairs comprises the cost of replacement assets or parts of assets and overhaul costs. Where an asset, or part of an asset, that was separately depreciated and is now written off is replaced, and it is probable that future economic benefits associated with the item will flow to the Company through an extended life, the expenditure is capitalised. Where part of the asset was not separately considered as a component and therefore not depreciated separately, the replacement value is used to estimate the carrying amount of the replaced asset(s) which is immediately written off. All other day to day maintenance and repairs costs are expensed as incurred.

2.3 **Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset (or CGU) may be impaired. Management has assessed its CGUs as being an individual mine, which is the lowest level for which cash inflows are largely independent of those of other assets. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's or CGU's recoverable amount. The recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal (FVLCD) and its value in use (VIU). The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or companies of assets, in which case the asset is tested as part of a larger CGU to which it belongs. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset/CGU is considered impaired and is written down to its recoverable amount.

In calculating VIU, the estimated future cash flows are discounted to their present value using a pre tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset/CGU. In determining FVLCD, recent market transactions (where available) are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies, or other available fair value indicators.

The Company bases its impairment calculation on detailed budgets and forecasts, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated, based on the life of mine plans. The estimated cash flows are based on expected future production, metal selling prices, operating costs and forecast capital expenditure, and cash flows beyond five years are based on life of mine plans.

VIU does not reflect future cash flows associated with improving or enhancing an asset's performance, whereas anticipated enhancements to assets are included in FVLCD calculations. Impairment losses of continuing operations, including impairment of inventories, are recognised in the statement of profit or loss and other comprehensive income in those expense categories consistent with the function of the impaired asset.

2. **Principle accounting policies (continued)**

2.3 **Impairment of non-financial assets (continued)**

For assets/CGUs excluding goodwill, an assessment is made at each reporting date to determine whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or CGU's recoverable amount. A previously recognised impairment loss is reversed only if there has been a change in the assumptions used to determine the assets /CGU's recoverable amount since the last impairment loss was recognised. The reversal is limited so that the carrying amount of the asset/CGU does not exceed either its recoverable amount, or the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset/CGU in prior years. Such a reversal is recognised in the statement of profit or loss.

As part of its mining operations, the Company incurs stripping (waste removal) costs both during the development phase and production phase of its operations. Stripping costs incurred in the development phase of a mine, before the production phase commences (development stripping), are capitalised as part of the cost of constructing the mine and subsequently amortised over its useful life using a units of production method. The capitalisation of development stripping costs ceases when the mine/component is commissioned and ready for use as intended by management.

If the costs of the inventory produced and the stripping activity asset are not separately identifiable, a relevant production measure is used to allocate the production stripping costs between the inventory produced and the stripping activity asset. This production measure is calculated for the identified component of the ore body and is used as a benchmark to identify the extent to which the additional activity of creating a future benefit has taken place.

The Company uses the expected volume of waste extracted compared with the actual volume for a given volume of ore production of each component. The stripping activity asset is accounted for as an addition to, or an enhancement of, an existing asset, being the mine asset, and is presented as part of 'Mine properties' in the statement of financial position. This forms part of the total investment in the relevant cash generating unit(s), which are reviewed for impairment if events or changes of circumstances indicate that the carrying value may not be recoverable.

The stripping activity asset is subsequently depreciated using the units of production method over the life of the identified component of the ore body that became more accessible as a result of the stripping activity. Economically recoverable reserves, which comprise proven and probable reserves, are used to determine the expected useful life of the identified component of the ore body. The stripping activity asset is then carried at cost less depreciation and any impairment losses.

2.4 **Stripping (waste removal) costs**

Stripping activities undertaken during the production phase of a surface mine (production stripping) are accounted for as set out below. After the commencement of production further development of the mine may require a phase of unusually high stripping that is similar in nature to development phase stripping. The costs of such stripping is accounted for in the same way as development stripping (as outlined above). Stripping costs incurred during the production phase are generally considered to create two benefits, being either the production of inventory or improved access to the ore to be mined in the future. Where the benefits are realised in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories. Where the benefits are realised in the form of improved access to ore to be mined in the future, the costs are recognised as a non current asset, referred to as a stripping activity asset, if the following criteria are met:

2. **Principle accounting policies (continued)**

2.4 **Stripping (waste removal) costs (continued)**

a) Future economic benefits (being improved access to the ore body) are probable
b) The component of the ore body for which access will be improved can be accurately identified
c) The costs associated with the improved access can be reliably measured.

If all of the criteria are not met, the production stripping costs are charged to the statement of profit or loss as operating costs as they are incurred. In identifying components of the ore body, the Company works closely with the mining operations personnel for each mining operation to analyse each of the mine plans. Generally, a component will be a subset of the total ore body, and a mine may have several components. The mine plans, and therefore the identification of components, can vary between mines for a number of reasons. These include, but are not limited to: the type of commodity, the geological characteristics of the ore body, the geographical location, and/or financial considerations. Given the nature of the Company's operations, components are generally either major pushbacks or phases and they generally form part of a larger investment decision which requires board approval.

The stripping activity asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of ore, plus an allocation of directly attributable overhead costs. If incidental operations are occurring at the same time as the production stripping activity, but are not necessary for the production stripping activity to continue as planned, these costs are not included in the cost of the stripping activity asset.

2.5 **Financial instruments – initial recognition and subsequent measurement**
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

2.5.1 **Financial assets**
2.5.1.1 **Initial recognition and measurement**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient, the Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Company has applied the practical expedient are measured at the transaction price determined under IFRS 15.

2. **Principle accounting policies (continued)**

2.5 **Financial instruments – initial recognition and subsequent measurement (continued)**

2.5.1 **Financial assets**

2.5.1.1 **Initial recognition and measurement**

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

2.5.1.2 **Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments) Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments).
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss "

2.5.1.3 **Financial assets at amortised cost (debt instruments)**

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

2. **Principle accounting policies (continued)**

2.5 **Financial instruments – initial recognition and subsequent measurement (continued)**

2.5.1 **Financial assets (continued)**

2.5.1.3 **Financial assets at amortised cost (debt instruments)**

- The Company's financial assets at amortised cost includes trade receivables, and loan to an associate and loan to a director included under other non current financial assets.

2.5.1.4 **Financial assets at fair value through OCI (debt instruments)**

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling.

The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Company's debt instruments at fair value through OCI includes investments in quoted debt instruments included under other non current financial assets

2.5.1.5 **Financial assets at fair value through profit or loss**

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

2. **Principle accounting policies (continued**

2.5 **Financial instruments – initial recognition and subsequent measurement (continued)**

2.5.1 **Financial assets (continued)**

2.5.1.5 **Financial assets at fair value through profit or loss (continued)**

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

This category includes derivative instruments and listed equity investments which the Company had not irrevocably elected to classify at fair value through OCI. Dividends on listed equity investments are also recognised as other income in the statement of profit or loss when the right of payment has been established.

A derivative embedded in a hybrid contract, with a financial liability or non financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

A financial asset (or, where applicable, a part of a financial asset or part of a Company of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired or The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass through' arrangement? and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset when the Company has transferred its rights to receive cash flows from an asset or has entered into a pass through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

2. **Principle accounting policies (continued**

2.5 **Financial instruments – initial recognition and subsequent measurement (continued)**

2.5.1 **Financial assets (continued)**

2.5.1.5 **Financial assets at fair value through profit or loss (continued**

- Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

Further disclosures relating to impairment of financial assets are also provided in the following notes:

- Disclosures for significant assumptions
- Trade receivables Note 7.

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12 month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables and contract assets, the Company applies a simplified approach in calculating ECLs. Therefore, the Company does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Company has established a provision matrix that is based on its historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

For debt instruments at fair value through OCI, the Company applies the low credit risk simplification. At every reporting date, the Company evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Company reassesses the internal credit rating of the debt instrument. In addition, the Company considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Company considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Company may also consider a financial asset to be in default when internal or external information indicates that the Company is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Company. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

2. **Principle accounting policies (continued**

2.5 **Financial instruments – initial recognition and subsequent measurement (continued)**

2.5.2 **Financial liabilities**

2.5.2.1 **Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowings including bank overdrafts, and derivative financial instruments.

2.5.2.2 **Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

- Financial liabilities at fair value through profit or loss
- Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

  Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

  Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

  Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss.

2.5.2.3 **Loans and borrowings**

This is the category most relevant to the Company. After initial recognition, interest bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.
This category generally applies to interest bearing loans and borrowings. For more information, refer to Note 14.

2. **Principle accounting policies (continued)**

2.5 **Financial instruments – initial recognition and subsequent measurement (continued)**

2.5.2 **Financial liabilities (continued)**

2.5.2.4 **Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

2.5.2.5 **Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.5.2.6 **Offsetting of financial instruments**

2.5.2.6.1 **Initial recognition and subsequent measurement**

The Company uses derivative financial instruments, interest rate swaps, to hedge its foreign currency risks, interest rate risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment
- Cash flow hedges when hedging the exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment
- Hedges of a net investment in a foreign operation
- At the inception of a hedge relationship, the Company formally designates and documents the hedge relationship to which it wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge.

1. **Principle accounting policies (continued)**

2.5 **Financial instruments – initial recognition and subsequent measurement (continued)**

2.5.2 **Financial liabilities (continued)**

2.5.2.6 **Offsetting of financial instruments (continued)**

2.5.2.6.1 **Initial recognition and subsequent measurement (continued)**

- The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the Company will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

- The documentation includes identification of the hedging instrument, the hedged item, the nature of the risk being hedged and how the Company will assess whether the hedging relationship meets the hedge effectiveness requirements (including the analysis of sources of hedge ineffectiveness and how the hedge ratio is determined). A hedging relationship qualifies for hedge accounting if it meets all of the following effectiveness requirements:

  - There is 'an economic relationship' between the hedged item and the hedging instrument.

  - The effect of credit risk does not 'dominate the value changes' that result from that economic relationship.

  - The hedge ratio of the hedging relationship is the same as that resulting from the quantity of the hedged item that the Company actually hedges and the quantity of the hedging instrument that the Company actually uses to hedge that quantity of hedged item.

  - Hedges that meet all the qualifying criteria for hedge accounting are accounted for, as described below:

2.5.2.7 **Fair value hedges**

The change in the fair value of a hedging instrument is recognised in the statement of profit or loss as other expense. The change in the fair value of the hedged item attributable to the risk hedged is recorded as part of the carrying value of the hedged item and is also recognised in the statement of profit or loss as other expense.

2. **Principle accounting policies (continued**

2.5 **Financial instruments – initial recognition and subsequent measurement (continued)**

2.5.2 **Financial liabilities (continued)**

2.5.2.6 **Offsetting of financial instruments (continued)**

2.5.2.6.1 **Initial recognition and subsequent measurement (continued**

For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. The EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged.

If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

2.5.2.7 **Cash flow hedges**

The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit or loss. The cash flow hedge reserve is adjusted to the lower of the cumulative gain or loss on the hedging instrument and the cumulative change in fair value of the hedged item.

The amounts accumulated in OCI are accounted for, depending on the nature of the underlying hedged transaction. If the hedged transaction subsequently results in the recognition of a non financial item, the amount accumulated in equity is removed from the separate component of equity and included in the initial cost or other carrying amount of the hedged asset or liability. This is not a reclassification adjustment and will not be recognised in OCI for the period. This also applies where the hedged forecast transaction of a non financial asset or non financial liability subsequently becomes a firm commitment for which fair value hedge accounting is applied.

For any other cash flow hedges, the amount accumulated in OCI is reclassified to profit or loss as a reclassification adjustment in the same period or periods during which the hedged cash flows affect profit or loss.

If cash flow hedge accounting is discontinued, the amount that has been accumulated in OCI must remain in accumulated OCI if the hedged future cash flows are still expected to occur. Otherwise, the amount will be immediately reclassified to profit or loss as a reclassification adjustment. After discontinuation, once the hedged cash flow occurs, any amount remaining in accumulated OCI must be accounted for depending on the nature of the underlying transaction as described above.

2. **Principle accounting policies (continued**

2.5 **Financial instruments – initial recognition and subsequent measurement (continued)**

2.5.3 **Loans to (from) group companies**

These include loans to and from holding companies and fellow subsidiaries and are recognised initially at fair value plus direct transaction costs. Loans to group companies are classified at amortised cost. Loans from group companies are also included above classified as financial liabilities measured at amortised cost.

2.5.3.1 Loans to shareholders, directors, managers and employees. These financial assets are classified at amortised cost.

2.5.4 **Trade and other receivables**

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the profit or loss within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in the profit or loss. Trade and other receivables are classified at amortised cost.

2.5.5 **Trade and other payables**

Trade payables are initially recorded at the amounts invoiced by suppliers and are subsequently measured at amortised cost, using the effective interest rate method.

2.5.6 **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

2.5.7 **Derivatives**

Derivative financial instruments, which are not designated as hedging instruments, consisting of foreign exchange contracts and interest rate swaps, are initially measured at fair value on the contract date, and are re measured to fair value at subsequent reporting dates.

Derivatives embedded in other financial instruments or other non financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in profit or loss.

Changes in the fair value of derivative financial instruments are recognised in profit or loss as they arise.

Derivatives are classified as financial assets at fair value through profit or loss   held for trading.

2. **Principle accounting policies (continued**

2.6 **Tax**

2.6.1 **Current tax assets and liabilities**

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.
Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date.

2.6.2 **Deferred tax assets and liabilities**

A deferred tax liability is recognised for all taxable temporary differences, except to the extent that the deferred tax liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. A deferred tax asset is not recognised when it arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).

A deferred tax asset is recognised for the carry forward of unused tax losses and unused WHT credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused WHT credits can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

2.6.3 **Tax expenses**

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, directly in equity, or
- a business combination.

Current and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly to equity.

2. **Principle accounting policies (continued**

2.7 Inventories

Thermal grade coal inventories are measured at the lower of cost and net realisable value.

Inventories include processed coal, ore stockpiles, coal in process and supplies and spares and are measured at the lower of cost or net realisable value.

Thermal grade coal inventories in excess of one year's consumption are transferred to non current assets.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

The cost of inventories comprises of all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. The cost of inventories of items that are not ordinarily interchangeable and goods or services produced and segregated for specific projects is assigned using specific identification of the individual costs. The cost of inventories is assigned using the weighted average cost formula. The same cost formula is used for all inventories having a similar nature and use to the entity.

When inventories are sold, the carrying amount of those inventories are recognised as an expense in the period in which the related revenue is recognised. The amount of any write down of inventories to net realisable value and all losses of inventories are recognised as an expense in the period the write down or loss occurs. The amount of any reversal of any write down of inventories, arising from an increase in net realisable value, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

2.8 Coal reserve estimates

An ore reserve estimate is an estimate of the amount of product that can be economically and legally extracted from the Company's properties. In order to calculate coal reserve, estimates and assumptions are required about a range of geological, technical and economic factors, including quantities, grades, production techniques, recovery rates, production costs, transport costs, commodity demand, commodity prices and exchange rates. Estimating the quantity and/or grade of ore reserve requires the size, shape and depth of orebodies to be determined by analysing geological data such as the logging and assaying of drill samples. This process may require complex and difficult geological judgments and calculations to interpret the data.

2.9 Environmental expenditure

The Company has long term remediation obligations comprising decommissioning and restoration liabilities relating to its past operations which are based on the group's environmental management plans, in compliance with current environmental and regulatory requirements. Provisions for non recurring remediation costs are made when there is a present obligation, it is probable that expenditure on remediation work will be required and the cost can be estimated within a reasonable range of possible outcomes. The costs are based on currently available facts, technology expected to be available at the time of the possible outcomes.

2. **Principle accounting policies (continued**

2.9 **Environmental expenditure (continued)**

The costs are based on currently available facts, technology expected to be available at the time of the clean up, laws and regulations presently or virtually certain to be enacted and prior experience in remediation of contaminated sites.

2.10 **Decommissioning and dismantling costs**

The provision for decommissioning and dismantling represents the cost that will arise from rectifying damage caused before production commences. Accordingly, a provision is recognised and a dismantling asset is included within mine and thermal power plant infrastructure.

Decommissioning and dismantling costs are provided at the present value of the expenditures expected to settle the obligation, using estimated cash flows based on current prices. The unwinding of the decommissioning obligation is included in the income statement. Estimated future costs of decommissioning and dismantling obligations are reviewed regularly and adjusted as appropriate for new circumstances or changes in law or technology. Changes in estimates are capitalised or reversed against the relevant asset.

Estimates are discounted at a pre tax rate that reflects current market assessments of the time value of money. Gains or losses from the expected disposal of assets are not taken into account when determining the provision.

2.11 **Restoration costs**

The provision for restoration represents the cost of restoring site damage after the start of production. Changes in the provision are recorded in the income statement as a cost of production.

Restoration costs are estimated at the present value of the expenditures expected to settle the obligation, using estimated cash flows based on current prices and adjusted for risks specific to the liability. The estimates are discounted at a pre tax rate that reflects current market assessments of the time value of money.

2.12 **Mine development assets**

Mine development assets include expenditure incurred to develop new orebodies, to define further mineralisation in existing ore bodies and to expand the capacity of a mine. These costs are amortised from the date on which commercial production begins. Deferred stripping costs are accounted for as a non current asset and are expensed based on the life of mining areas.

2.13 **Intangible assets**

An intangible asset is recognised when:

- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.
- Intangible assets are initially recognised at cost.
- Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred."

2. **Principle accounting policies (continued**

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- It is technically feasible to complete the asset so that it will be available for use or sale.
- There is an intention to complete and use or sell it.
- There is an ability to use or sell it.
- It will generate probable future economic benefits.
- There are available technical, financial and other resources to complete the development and to use or sell the asset.
- The expenditure attributable to the asset during its development can be measured reliably.

Intangible assets are carried at cost less any accumulated amortisation and any impairment losses.

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows. Amortisation is not provided for these intangible assets. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed every period end.

Amortisation is provided to write down the intangible assets, on a straight-line basis, to their residual values as follows:

Item	**Useful life**
Computer software	5 years

2.14 **Leases**

The Company assesses whether a contract is, or contains a lease, at the inception of the contract.

A contract is, or contains a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

In order to assess whether a contract is, or contains a lease, management determine whether the asset under consideration is "identified", which means that the asset is either explicitly or implicitly specified in the contract and that the supplier does not have a substantial right of substitution throughout the period of use. Once management has concluded that the contract deals with an identified asset, the right to control the use thereof is considered. To this end, control over the use of an identified asset only exists when the Company has the right to substantially all of the economic benefits from the use of the asset as well as the right to direct the use of the asset.

2.14.1 **Company as lessee**

A lease liability and corresponding right of use asset are recognised at the lease commencement date, for all lease agreements for which the Company is a lessee, except for short term leases of 12 months or less, or leases of low value assets. For these leases, the Company recognises the lease payments as an operating expense (note) on a straight line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

2. **Principle accounting policies (continued**

2.14 **Leases (continued)**

2.14.1 **Company as lessee**

The various lease and non lease components of contracts containing leases are accounted for separately, with consideration being allocated to each lease component on the basis of the relative stand alone prices of the lease components and the aggregate stand alone price of the non lease components (where non lease components exist).

However, as an exception to the preceding paragraph, the Company has elected not to separate the non lease components for leases of land and buildings.

Details of leasing arrangements where the Company is a lessee are presented in note Leases (Company as lessee).

2.14.2 **Lease liability**

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted by using the rate implicit in the lease. If this rate cannot be readily determined, the Company uses its incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:

- Fixed lease payments, including in substance fixed payments, less any lease incentives;
- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;
- The amount expected to be payable by the Company under residual value guarantees; the exercise price of purchase options, if the Company is reasonably certain to exercise the option;
- Lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option; and
- Penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

Variable rents that do not depend on an index or rate are not included in the measurement of the lease liability (or right of use asset). The related payments are recognised as an expense in the period incurred and are included in operating expenses.

The lease liability is presented as a separate line item on the Statement of Financial Position.

The lease liability is subsequently measured by increasing the carrying amount to reflect interest on the lease liability (using the effective interest method) and by reducing the carrying amount to reflect lease payments made.

The Company remeasures the lease liability (and makes a corresponding adjustment to the related right of use asset) when:

2. **Principle accounting policies (continued**

2.14 **Leases (continued)**

2.14.2 **Lease liability**

- There has been a change to the lease term, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;

- There has been a change in the assessment of whether the Company will exercise a purchase, termination or extension option, in which case the lease liability is remeasured by discounting the revised lease payments using a revised discount rate;

- There has been a change to the lease payments due to a change in an index or a rate, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate (unless the lease payments change is due to a change in a floating interest rate, in which case a revised discount rate is used);
- There has been a change in expected payment under a residual value guarantee, in which case the lease liability is remeasured by discounting the revised lease payments using the initial discount rate;

- A lease contract has been modified and the lease modification is not accounted for as a separate lease, in which case the lease liability is remeasured by discounting the revised payments using a revised discount rate.

  When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right of use asset, or is recognised in profit or loss if the carrying amount of the right of use asset has been reduced to zero.

2.14.3 **Right-of-use assets**

Right of use assets are presented as a separate line item on the Statement of Financial Position.

Lease payments included in the measurement of the lease liability comprise the following:

- The initial amount of the corresponding lease liability;
- any lease payments made at or before the commencement date;
- any initial direct costs incurred;
- any estimated costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, when the Company incurs an obligation to do so, unless these costs are incurred to produce inventories; and
- less any lease incentives received.

Right of use assets are subsequently measured at cost less accumulated depreciation and impairment losses.

Right of use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. However, if a lease transfers ownership of the underlying asset or the cost of the right of use asset reflects that the Company expects to exercise a purchase option, the related right of use asset is depreciated over the useful life of the underlying asset. Depreciation starts at the commencement date of a lease.

2. **Principle accounting policies (continued**

2.14 Leases (continued)

2.14.2 Lease liability

For right of use assets which are depreciated over their useful lives, the useful lives are determined consistently with items of the same class of property, plant and equipment. Refer to the accounting policy for property, plant and equipment for details of useful lives.

The residual value, useful life and depreciation method of each asset are reviewed at the end of each reporting year. If the expectations differ from previous estimates, the change is accounted for prospectively as a change in accounting estimate. Each part of a right of use asset with a cost that is significant in relation to the total cost of the asset is depreciated separately.

The depreciation charge for each year is recognised in profit or loss unless it is included in the carrying amount of another asset.

2.14.4 Company as lessor

Leases for which the Company is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. Lease classification is made at inception and is only reassessed if there is a lease modification.

When the Company is an intermediate lessor, it accounts for the head lease and the sublease as two separate contracts. The sublease is classified as a finance or operating lease by reference to the right of use asset arising from the head lease. If the head lease is a short-term lease to which the Company applies the exemption described previously, then it classifies the sub lease as an operating lease.

The various lease and non-lease components of contracts containing leases are accounted for separately, with consideration being allocated by applying IFRS 15.

2.14.5 Operating leases

Lease payments from operating leases are recognised on a straight-line basis over the term of the relevant lease, or on another systematic basis if that basis is more representative of the pattern in which the benefits form the use of the underlying asset are diminished.

Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and are expensed over the lease term on the same basis as the lease income.

Modifications made to operating leases are accounted for as a new lease from the effective date of the modification. Any prepaid or accrued lease payments relating to the original lease are treated as part of the lease payments of the new lease.

2. **Principle accounting policies (continued**

2.14 **Leases (continued**

2.14.5 **Operating leases (continued)**

Amounts due from lessees are recognised from commencement date at an amount equal to the Company net investment in the lease.

The interest rate implicit in the lease is used to measure the net investment in the lease. If the interest rate implicit in a sublease cannot be readily determined for a sublease, then the discount rate used for the head lease (adjusted for any initial direct costs associated with the sublease) is used to measure the net investment in the sublease.

The interest rate implicit in the lease is defined in a manner which causes the initial direct costs to be included in the initial measurement of the net investment in the lease.

Lease payments included in the measurement of the net investment in the lease comprise the following:

- Fixed lease payments, including in substance fixed payments, less any lease incentives payable;

- Variable lease payments that depend on an index or rate, initially measured using the index or rate at the commencement date;

- The amount expected to be receivable by the Company from the lessee, a party related to the lessee or a third party unrelated to the Company under residual value guarantees (to the extent of third parties, this amount is only included if the party is financially capable of discharging the obligations under the guarantee);

- The exercise price of purchase options, if the lessee is reasonably certain to exercise the option;

- Penalties for early termination of a lease, if the lease term reflects the exercise of an option to terminate the lease.

- The Company recognises finance income over the lease term, based on a pattern that reflects a constant periodic rate of return on the net investment in the lease.

- The Company applies the impairment provisions of IFRS 9 to lease receivables. Refer to the accounting policy for trade and other receivables as lease receivables are impaired on a consistent basis with that accounting policy.

2. **Principle accounting policies (continued**

2.14 **Leases (continued**

2.14.6 **Impairment**

The Company recognises a loss allowance for expected credit losses on finance lease receivables. The amount of expected credit losses is updated at each reporting date.

The Company measures the loss allowance for finance lease receivables at an amount equal to lifetime expected credit losses (lifetime ECL), which represents the expected credit losses that will result from all possible default events over the expected life of the receivable.

2.15 **Share capital and equity**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

2.15.1 **Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

Ordinary shares are classified as equity. Mandatory redeemable preference shares are classified as liabilities.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.16 **Employee benefits**

2.16.1 **Short-term employee benefits**

The cost of short term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non accumulating absences, when the absence occurs.

2.16.2 **Defined contribution plans**

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the Company's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

The Company contributes to National Pensions Scheme Authority (NAPSA) for its eligible employees as provided for by law. Membership is compulsory and monthly contributions by both employer and employees are made. The Company also contributes to Workers Compensation Fund Control Board in accordance with the requirement of Act No. 10 of 1999 of the laws of Zambia. Membership is compulsory and contributions are made by the employer.

2. **Principle accounting policies (continued**

2.17 Provisions and contingencies

Provisions are recognised when:

- the Company has a present obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.

If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

A constructive obligation to restructure arises only when an entity:

- Has a detailed formal plan for the restructuring, identifying at least:
  - the business or part of a business concerned;
  - the principal locations affected;
  - the location, function, and approximate number of employees who will be compensated for terminating their services;
  - the expenditures that will be undertaken; and
  - when the plan will be implemented; and"
- Has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.
- After their initial recognition contingent liabilities recognised in business combinations that are recognised separately are subsequently measured at the higher of:
  - The amount that would be recognised as a provision; and
  - The amount initially recognised less cumulative amortisation.

2. **Principle accounting policies (continued**

2.18 **Revenue from contracts with customers**

The Company is in the business of selling power generated by the power plant and sale of coal to customers. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer at an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. The Company has generally concluded that it is the principal in its revenue arrangements, because it typically controls the goods or services before transferring them to the customer.

The disclosures of significant accounting judgements, estimates and assumptions relating to revenue from contracts with customers are provided in Note 19.

2.18.1 **Sale of power generated by the power plant and sale of coal to customers**

Revenue from sale of power generated by the power plant and sale of coal to customers is recognised at the point in time when control of the asset is transferred to the customer, generally on delivery of the goods and services. The normal credit term is 30 days for power generated by the power plant and cash on delivery for sale of coal to customers.

The Company considers whether there are other promises in the contract that are separate performance obligations to which a portion of the transaction price needs to be allocated (e.g., warranties, customer loyalty points). In determining the transaction price for the sale of power generated by the power plant and sale of coal to customers, the Company considers the effects of variable consideration, the existence of significant financing components, noncash consideration, and consideration payable to the customer (if any).

2.18.2 **Variable consideration**

If the consideration in a contract includes a variable amount, the Company estimates the amount of consideration to which it will be entitled in exchange for transferring the goods to the customer. The variable consideration is estimated at contract inception and constrained until it is highly probable that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved. Some contracts for the sale of power generated by the power plant and sale of coal to customers provide customers with a right of return and volume rebates. The rights of return and volume rebates give rise to variable consideration.

2. Principle accounting policies (continued)

2.18 Revenue from contracts with customers (continued)

2.18.3 Significant financing component

Generally, the Company receives short-term advances from its customers. Using the practical expedient in IFRS 15, the Company does not adjust the promised amount of consideration for the effects of a significant financing component if it expects, at contract inception, that the period between the transfer of the promised good or service to the customer and when the customer pays for that good or service will be one year or less.

2.18.4 Non-cash consideration

The fair value of non-cash consideration received from the customer is included in the transaction price and measured when the Company obtains control of the goods and services.

The Company applies the requirements of IFRS 13 Fair Value Measurement in measuring the fair value of the non-cash consideration. If the fair value cannot be reasonably estimated, the non-cash consideration is measured indirectly by reference to the stand-alone selling price of the power generated by the power plant and sale of coal to customers.

2.18.5 Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

2.18.6 Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due). Refer to accounting policies of financial assets - Financial instruments – initial recognition and subsequent measurement.

2.18.7 Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

2. Principle accounting policies (continued)

2.18 Revenue from contracts with customers (continued)

2.18.8 Assets and liabilities arising from rights of return

2.18.8.1 Right of return assets

Right of return asset represents the Company's right to recover the goods expected to be returned by customers. The asset is measured at the former carrying amount of the inventory, less any expected costs to recover the goods, including any potential decreases in the value of the returned goods. The Company updates the measurement of the asset recorded for any revisions to its expected level of returns, as well as any additional decreases in the value of the returned products.

2.18.8.2 Refund liabilities

A refund liability is the obligation to refund some or all of the consideration received (or receivable) from the customer and is measured at the amount the Company ultimately expects it will have to return to the customer. The Company updates its estimates of refund liabilities (and the corresponding change in the transaction price) at the end of each reporting period. Refer to above accounting policy on variable consideration.

2.18.8.3 Cost to obtain a contract

The Company pays sales commission to its employees for each contract that they obtain for bundled sales of power generated by the power plant and sale of coal to customers. The Company has elected to apply the optional practical expedient for costs to obtain a contract which allows the Company to immediately expense sales commissions (included under employee benefits and part of cost of sales) because the amortisation period of the asset that the Company otherwise would have used is one year or less.

2.18.8.4 Value Added Tax

Expenses and assets are recognised net of the amount of sales tax, except:

- When the value added tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the value added tax is recognised as part of the cost of acquisition of the asset or as part of the expense item, as applicable

- When receivables and payables are stated with the amount of value added tax included the net amount of value added tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2. **Principle accounting policies (continued)**

2.19 Borrowing costs

Borrowing costs are recognised as an expense in the period in which they are incurred. Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset until such time as the asset is ready for its intended use. The amount of borrowing costs eligible for capitalisation is determined as follows:

- Actual borrowing costs on funds specifically borrowed for the purpose of obtaining a qualifying
- Asset less any temporary investment of those borrowings.
- Weighted average of the borrowing costs applicable to the entity on funds generally borrowed for the purpose of obtaining a qualifying asset. The borrowing costs capitalised do not exceed the total borrowing costs incurred.

The capitalisation of borrowing costs commences when:

- expenditures for the asset have occurred;
- borrowing costs have been incurred, and
- activities that are necessary to prepare the asset for its intended use or sale are in progress.

2.20 Translation of foreign currencies

2.20.1 Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in United States Dollars, by applying to the foreign currency amount the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At each balance sheet date:

- Foreign currency monetary items are translated using the closing rate;
- Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised directly in equity, any exchange component of that gain or loss is recognised directly in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded United States Dollars by applying to the foreign currency amount the exchange rate between the United States Dollar and the foreign currency at the date of the cash flow.

2. **Principle accounting policies (continued)**

2.21.1 **Dismantling provision**

The Company changed the estimated parameters as tabled below of the power plant.

Description of estimate parameters	**31 March 2024**	**31 March 2023**
Remaining useful life	35 years	36 years
Inflation	2.20%	2.20%
Discount rate	6.17%	6.17%
Dismantling cost in USD	12,721,971	12,721,971
Dismantling cost in ZMW	316,903,025	271,060,675

The Company changed the estimated parameters as tabled below of the mining rehabilitation cost.

Description of estimate parameters	**31 March 2024**	**31 March 2023**
Remaining useful life	35 years	35 years
Inflation	2.20%	2.20%
Discount rate	6.17%	6.17%
Dismantling cost in USD	3,693,601	3,693,601
Dismantling cost in ZMW	92,007,232	78,697,710

The change in the estimated parameters represents a change in accounting estimate. The effect of this change in accounting estimate is summarized below:

		31-Mar-24		**31-Mar-23**	
		USD	**ZMW**	**USD**	**ZMW**
Financial Statement Area-Power Division	**Impact**	**New Estimate**	**New Estimate**	**As Previously Reported**	**As Previously Reported**
Statement of financial position	Closing present of dismantling provision/liability	3,553,495	88,517,204	3,346,846	71,309,572
Statement of comprehensive income	Profit and loss charge	-	-	-	-
Statement of Financial position	Unwinding of the discount	(206,649)	(4,514,606)	194,846	5,050,830
Statement of Comprehensive income	Deferred tax charge	(26,555,161)	(1,066,048)	(1,004,054)	(21,392,876)

2. **Principle accounting policies (continued)**

2.21.1 **Dismantling provision (continued)**

		31-Mar-24		31-Mar-23	
		USD	**ZMW**	**USD**	**ZMW**
Financial Statement Area-Mining Division	**Impact**	**New Estimate**	**New Estimate**	**As Previously Reported**	**As Previously Reported**
Statement of financial position	Closing present of dismantling provision/liability	1,031,695	25,699,416	971,698	20,703,480
Statement of comprehensive income	Profit and loss charge	-	-	-	-
Statement of Financial position	Unwinding of the discount	59,997	1,305,927	111,485	2,248,595
Statement of Comprehensive income	Deferred tax charge	(309,508)	(7,709,825)	(291,625)	(6,213,499)

MAAMBA COLLIERIES LIMITED
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NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2024

3. Property, plant and equipment

Amount in USD

Particulars	2024			2023		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Leasehold land and buildings	112,623,597	(28,609,937)	(84,013,660)	109,432,307	(24,652,470)	84,779,837
Plant and machinery	546,548,280	(177,405,639)	369,142,641	543,394,359	(156,001,395)	387,392,964
Motor vehicles	3,012,842	(2,221,499)	791,343	2,674,796	(2,263,225)	411,571
Aircraft	3,830,323	(3,560,792)	269,531	3,830,323	(3,470,342)	359,981
Capital work in progress	577,723	-	577,723	83,428	-	83,428
Total	**666,592,765**	**(211,797,867)**	**454,794,898**	**659,415,213**	**(186,387,432)**	**473,027,781**

Reconciliation of property, plant and equipment – 2024 **Amount in USD**

Particulars	Opening balance	Additions	Disposals	Depreciation write back on disposal	Depreciation	Total
Leasehold land and buildings	84,779,837	3,191,290	-	-	(3,957,467)	84,013,660
Plant and machinery	387,392,964	7,366,857	(4,057,499)	4,057,499	(25,617,180)	369,142,641
Motor vehicles	411,571	656,624	(3,18,578)	318,578	(276,852)	791,343
Aircraft	359,981	-	-	-	(90,450)	269,531
Capital work in progress	83,428	494,295	-	-	-	577,723
Total	**473,027,781**	**11,709,066**	**(4,376,077)**	**4,376,077**	**(29,941,949)**	**454,794,898**

Reconciliation of property, plant and equipment – 2024

Amount in ZMW

Particulars	2024				2023			
	Cost / Valuation	Accumulated depreciation	Translation difference	Carrying value	Cost / Valuation	Accumulated depreciation	Translation difference	Carrying value
Leasehold land and buildings	757,146,712	(193,005,010)	1,528,630,159	2,092,771,861	687,253,354	(166,878,991)	1,163,311,259	1,683,685,622
Plant and machinery	4,531,722,531	(1,473,265,405)	6,136,849,853	9,195,306,979	4,410,408,311	(1,280,930,893)	5,124,511,097	8,253,988,515
Motor vehicles	39,740,002	(24,528,112)	4,500,384	19,712,274	28,921,188	(21,648,558)	1,496,493	8,769,123
Aircraft	23,912,122	(21,349,516)	4,151,361	6,713,967	23,912,122	(20,487,629)	4,245,431	7,669,924
Capital work in progress	13,608,330	-	-	13,608,330	1,610,417	-	167,138	1,777,555
Total	**5,366,129,697**	**(1,712,148,043)**	**7,674,131,757**	**11,328,113,411**	**5,152,105,392**	**(1,489,946,071)**	**6,293,731,418**	**9,955,890,739**

MAAMBA COLLIERIES LIMITED
(Registration Number 6364)

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2024

3. **Property, plant and equipment - 2024**

Amount in ZMW

Particulars	Opening balance	Additions	Disposals	Translation difference	Depreciation write back	Depreciation	Total
Leasehold land and buildings	1,683,685,622	69,893,357	-	365,318,901	-	(26,126,019)	2,092,771,861
Plant and machinery	8,253,988,515	164,200,612	(42,886,393)	1,012,338,757	42,886,393	(235,220,905)	9,195,306,979
Motor vehicles	8,769,123	13,011,522	(2,192,707)	3,003,889	2,192,707	(5,072,260)	19,712,274
Aircraft	7,669,924	-	-	(94,070)	-	(861,887)	6,713,967
Capital work in progress	1,777,555	11,997,913	-	(167,138)	-	-	13,608,330
Total	**9,955,890,739**	**259,103,404**	**(4,50,79,100)**	**1,380,400,339**	**45,079,100**	**(267,281,071)**	**11,328,113,411**

Included in plant and machinery balance is an amount of USD 17,426,716 relating to the control system (Hardware and Software) of the power plant. Part of this balance includes hardware and software used to operate the PLC and DCS systems. Estimating the split in cost between the hardware and software is very difficult and impracticable to determine. Accordingly, management has applied the practical expedient and has not separated the two components.

A breakdown of the segment assets are shown on note 29.

Reconciliation of property, plant and equipment – 2023

Amount in USD

Particulars	Opening balance	Additions	Disposals	Depreciation write back on disposal	Depreciation	Total
Leasehold land and buildings	88,763,120	-	-	-	(3,983,283)	84,779,837
Plant and machinery	409,669,819	2,852,685	(2,241,990)	2,241,990	(25,129,540)	387,392,964
Motor vehicles	268,280	311,923	(292,302)	292,302	(168,632)	411,571
Aircraft	622,064	-	-	-	(262,083)	359,981
Capital work in progress	8,195	75,233	-	-	-	83,428
Total	**499,331,478**	**3,239,841**	**(2,534,292)**	**2,534,292**	**(29,543,538)**	**473,027,781**

Reconciliation of property, plant and equipment – 2023

Amount in ZMW

Particulars	Opening balance	Additions	Disposals	Translation difference	Depreciation write back	Depreciation	Total
Leasehold land and buildings	1,603,869,688	-	-	106,141,576	-	(26,325,642)	1,683,685,622
Plant and machinery	7,402,364,926	47,591,982	(15,906,067)	1,026,261,644	15,906,067	(222,230,037)	8,253,988,515
Motor vehicles	4,847,570	5,289,674	(1,883,270)	1,480,079	1,883,270	(2,848,200)	8,769,123
Aircraft	11,240,148	-	-	(1,811,208)	-	(1,759,016)	7,669,924
Capital work in progress	148,068	1,462,349	-	167,138	-	-	1,777,555
Total	**9,022,470,400**	**54,344,005**	**(17,789,337)**	**1,132,239,229**	**17,789,337**	**(253,162,895)**	**9,955,890,739**

The Company commissioned a 300 megawatts thermal power station in 2017. The 300 MW power station was financed by the shareholders, long-term loans and borrowings.

4. **Intangible assets**

Amount in USD

	2024			2023		
	Cost / Valuation	**Accumulated amortisation**	**Carrying value**	**Cost / Valuation**	**Accumulated amortisation**	**Carrying value**
Computer software	695,885	(610,202)	85,683	598,885	(598,885)	-

Reconciliation of intangible assets

Amounts in USD

	2024			2023		
Opening balance	**Additions**	**Amortisation**	**Total**	**Opening Balance**	**Amortisation**	**Total**
Computer software	97,000	(11,317)	85,683	35,306	(35,306)	-

Amounts in ZMW

	2024				2023			
	Cost / Valuation	**Accumulated amortisation**	**Translation difference**	**Carrying value**	**Cost / Valuation**	**Accumulated amortisation**	**Translation difference**	**Carrying value**
Computer software	7,470,326	(5,714,691)	378,728	2,134,363	5,482,815	(5,482,815)	-	-

Reconciliation of intangible assets

Amounts in ZMW

	2024				2023			
Opening balance	**Additions**	**Amortisation**	**Translation difference**	**Total**	**Opening Balance**	**Amortisation**	**Translation difference**	**Total**
Computer software	1,987,511	(231,876)	378,728	2,134,363	637,941	(341,159)	(296,782)	-

5. Mine development assets

Amounts in USD

	2024			2023		
	Cost / Valuation	**Accumulated Amortisation**	**Carrying value**	**Cost / Valuation**	**Accumulated Amortisation**	**Carrying value**
Mine development assets	21,102,692	(7,477,735)	13,624,957	21,102,692	(6,949,784)	14,152,908

Reconciliation of mine development assets

Amounts in USD

	2024			2023		
	Opening Balance	**Amortisation**	**Total**	**Opening Balance**	**Amortisation**	**Total**
Mine development assets	14,152,908	(527,951)	13,624,957	14,643,590	(490,682)	14,152,908

Amount in ZMW

	2024				2023			
	Cost / Valuation	**Accumulated Amortisation**	**Translation difference**	**Carrying value**	**Cost / Valuation**	**Accumulated Amortisation**	**Translation difference**	**Carrying value**
Mine development assets	301,290,376	(4,4508,474)	82,614,420	339,396,322	301,290,376	(39,198,247)	39,456,797	301,548,926

Reconciliation of mine development assets

Amounts in ZMW

	2024				2023			
	Opening Balance	**Amortisation**	**Translation difference**	**Total**	**Opening Balance**	**Amortisation**	**Translation difference**	**Total**
Mine development assets	301,548,926	(5,310,227)	43,157,623	339,396,322	264,596,494	(10,454,765)	47,407,197	301,548,926

6. Inventories

Particulars	31-Mar-24		31-Mar-23	
	USD	**ZMW**	**USD**	**ZMW**
Processed and raw coal & other raw materials	2,722,497	67,817,141	3,234,386	68,913,435
Spare parts and consumable	5,942,450	148,025,836	4,962,842	105,740,799
	8,664,947	**215,842,977**	**8,197,228**	**174,654,234**

All consumable inventory including high grade coal, and thermal grade coal stockpiles are stated at the lower of cost and net realisable value and are expected to be realised within the next twelve months. No amount has been recognised as an expense in respect of write downs of cost of spares (2023: nil). No amount has been written off in respect of the thermal grade coal stock piles as a result of self combusting (2023: nil).

Inventories are valued using the weighted average cost method

7. Trade and other receivables

Particulars	31-Mar-24		31-Mar-23	
	USD	**ZMW**	**USD**	**ZMW**
Trade receivables	276,465,608	6,886,730,648	451,739,846	9,624,995,019
Interest receivable from ZESCO	6,866,078	171,033,316	66,864,153	1,424,641,076
	283,331,686	**7,057,763,964**	**518,603,999**	**11,049,636,095**
Less: expected credit loss on financial assets	(33,941,067)	(845,468,596)	(117,443,832)	(2,502,317,016)
Trade receivables - net	**249,390,619**	**6,212,295,368**	**401,160,167**	**8,547,319,079**
Other receivables	1,230,015	30,624,877	575,282	12,250,623
Prepayments	564,900	14,071,605	670,380	14,283,445
	251,185,534	**6,256,991,850**	**402,405,829**	**8,573,853,147**

The average credit period on sales is 30 days. All outstanding balances relating to ZESCO are charged interest upto 31st October at 5% plus 6 months LIBOR. No interest is charged on all other overdue receivables. The Company reserves the right to charge interest on overdue amounts. Before accepting any new credit customers, management undertakes a credit evaluation of the new customers.

Other trade receivables are non interest bearing and are of not more than 90 days. For terms relating to related party receivables refer to note 11.

7. **Trade and other receivables (continued)**

In determining the recoverability of trade receivables, the Company considers any changes in the payment pattern of the trade receivable from the date credit was initially granted to the reporting date. The concentration of the credit risk is limited due to the customer base being large and unrelated. Accordingly, other than the receivables already impaired and accounted for in these financial statements, the directors believe that there is no further provision required in excess of the allowance for credit losses.

At 31 March 2024, expected credit losses (ECLs) for trade receivables amounting to USD 33,941,067 (2023: USD117,443,832) were made.

In line with its policy to encourage and promote the development of coal resources and the development of electricity generation capacity using coal through private sector investment, the Government of Zambia through the Ministry of Finance agreed to provide its support and commitment to the project by issuing a Guarantee in respect of ZESCO's payment obligations under the guarantee agreements, until such as the escrow and security arrangements referred to in recital (C) have been established in satisfaction of MCL, to fund any shortfall in the minimum balance.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses using a lifetime expected credit loss provision for trade receivables and contract assets. To measure expected credit losses on a collective basis, trade receivables and contract assets are grouped based on similar credit risk and aging. The contract assets have similar risk characteristics to the trade receivables for similar types of contracts.

The expected loss rates are based on the Company's historical credit losses experienced over the three year period prior to the period end. The historical loss rates are then adjusted for current and forward-looking information on macroeconomic factors affecting the Company's customers. The Company has identified the gross domestic product (GDP), unemployment rate and inflation rate as the key macroeconomic factors in the countries where the Company operates.

At 31 March 2024	0-30 days	31-90 days	Over 90 days	Total
Aging percentage (%)	14%	11%	75%	100%
Gross carrying amount in USD	39,666,436	31,166,485	212,498,765	283,331,686
Loss provision in USD	4,751,749	3,733,518	25,455,800	33,941,066
Gross carrying amount in ZMW	988,086,955	776,354,036	5,293,322,973	7,057,763,964
Loss provision in ZMW	118,365,603	93,001,546	634,101,447	845,468,596

The expected credit loss is computed based on the following assumptions:

1. The entity will not call on the government guarantee.
2. The period of recovery of the funds is likely to be 24 months from the date of arbitration order.

At 31 March 2023	0-30 days	31-90 days	Over 90 days	Total
Aging percentage (%)	5%	4%	91%	100%
Gross carrying amount in USD	23,337,180	22,299,972	472,966,847	518,603,999
Loss provision in USD	-	-	117,443,832	117,443,832
Gross carrying amount in ZMW	497,233,624	475,134,352	10,077,268,119	11,049,636,095
Loss provision in ZMW	-	-	2,502,317,016	2,502,317,016

7. Trade and other receivables (continued)

Movements in provision for expected credit losses on trade receivables are as follows:

Particulars	31-Mar-24		31-Mar-23	
	USD	**ZMW**	**USD**	**ZMW**
01-Apr	117,443,832	2,502,317,016	117,443,832	2,122,104,353
Increase during the year	(23,502,765)	(518,308,184)	-	-
Provision written back	(60,000,000)	(1,542,618,000)	-	-
Exchange difference	-	404,077,764	-	380,212,663
At 31 March	**33,941,067**	**845,468,596**	**117,443,832**	**2,502,317,016**

The sensitivity analysis of the significant input in the IFRS 9 model are analysed below:

Sensitivity of key inputs changes in parameters	**Impact on profit before tax**	**2024 USD**	**2024 ZMW**	**2023 USD**	**2023 ZMW**
Probability at default	(+)5%	1,697,053	42,273,430	5,872,192	125,115,851
	(-) 5%	(1,697,053)	(42,273,430)	(5,872,192)	(125,115,851)
Recovery rate	(+) 10%	3,394,107	84,546,860	11,744,383	250,231,702
	(-) 10%	(3,394,107)	(84,546,860)	(11,744,383)	(250,231,702)

8. Share capital

Particulars	31-Mar-24		31-Mar-23	
	USD	**ZMW**	**USD**	**ZMW**
Issued, subscribed and fully paid, 1,256,201,904 shares of ZMW 1 each (2021: 1,256,201,904 shares of ZMW 1 each)	193,537,350	1,256,201,904	193,537,350	1,256,201,904

9. Trade and other payables

Particulars	31-Mar-24		31-Mar-23	
	USD	**ZMW**	**USD**	**ZMW**
Trade payables	4,743,399	118,157,585	4,907,415	104,560,205
Value added tax	7,125,489	177,495,212	(989,244)	(21,077,325)
ERB Fees	119,730	2,982,458	143,879	3,065,563
Other payables	9,251,625	230,457,705	9,047,264	192,740,422
	21,240,243	**529,092,960**	**13,109,314**	**279,288,865**

9. **Trade and other payables (continued)**

Trade and other payables are non-interest bearing and are normally settled within 90 days. Included in trade payables is an amount related to capital creditors is USD Nil (2023: Nil.)

With effect from 11 January 2019, Maamba Collieries Limited as a VAT registered supplier, which is in the electricity generation subsector, accounts for tax on supplies effected and deduct input tax on the basis of payments received and made for supplies.

10. **Cash and cash equivalents**

Cash and cash equivalents consists of:

Particulars	31-Mar-24		31-Mar-23	
	USD	**ZMW**	**USD**	**ZMW**
Cash on hand	8,173	203,588	4,831	102,935
Bank balances	12,325,798	307,034,403	27,495,747	585,838,144
	12,333,971	**307,237,991**	**27,500,578**	**585,941,079**

Cash at banks earn interest at floating rates based on daily bank deposit rates. As at 31 March 2024, the Company had a nil balance in undrawn committed borrowing facilities.

11. **Related party transaction**

11.1 Amounts due to related

Particulars	31-Mar-24		31-Mar-23	
	USD	**ZMW**	**USD**	**ZMW**
Nava Bharat (Singapore) Pte Limited (The immediate holding Company of Maamba Collieries Limited)	(128,832,701)	(3,209,209,721)	(124,452,038)	(2,651,637,362)
ZCCM Investments Holdings Plc (shareholder)	(61,668,591)	(1,536,158,422)	(59,323,440)	(1,275,824,898)
ZCCM Investments Holdings Plc (ZCCM-IH) (shareholder)	(583,576)	(14,536,830)	(596,485)	(12,709,008)
Nava Energy Zambia Limited	(1,425,761)	(35,515,552)	(1,175,403)	(25,043,727)
Nava Energy Pte Limited	(6,282,132)	(156,487,278)	(2,090,632)	(44,544,039)
Nava Bharat Ventures Limited (The ultimate holding Company of Maamba Collieries Limited)	(25,095)	(625,124)	(17,770)	(378,617)
Nava Bharat (Singapore) Pte Limited	(2,598,650)	(64,732,119)	(2,598,650)	(55,368,142)
	(201,416,506)	**(5,017,265,046)**	**(190,254,418)**	**(4,065,505,793)**

11. Related party transaction

11.2 Amounts due from related

Particulars	31-Mar-24		31-Mar-23	
	USD	**ZMW**	**USD**	**ZMW**
Nava Energy Zambia Limited (Related party Company of Maamba Collieries Limited through common share holding)	17,941	446,904	20,482	436,400
Kawamba Sugar Limited	-	-	5,933	126,411
	17,941	**446,904**	**26,415**	**562,811**
Summary				
Non-current liabilities	(193,099,942)	(4,810,100,262)	(186,374,128)	(3,982,830,402)
Current liabilities	(8,316,564)	(207,164,784)	(3,880,290)	(82,675,391)
	(201,416,506)	**(5,017,265,046)**	**(190,254,418)**	**(4,065,505,793)**

11.3 ZCCM - Investments Holdings PLC

As at 01 April	59,323,440	1,275,824,898	45,424,946	820,787,891
Exchange difference	-	201,420,984	-	252,027,834
Advances reclassified as loans	-	-	10,000,000	120,204,000
Interest expense	2,345,151	58,912,540	3,898,494	82,805,173
As at 31 March	**61,668,591**	**1,536,158,422**	**59,323,440**	**1,275,824,898**

The shareholder loans are subordinated to the project finance loans and are unsecured and interest is charged at 6% per annum. The loans are repayable after the financial close date when all project finance loans are repaid.

11.4 Nava Bharat (Singapore) Pte Limited

As at 01 April	124,452,038	2,651,637,362	120,083,344	2,169,797,954
Exchange difference	-	447,525,719	-	389,047,033
Interest expense	4,380,663	110,046,640	4,368,694	92,792,375
As at 31 March	**128,832,701**	**3,209,209,721**	**124,452,038**	**2,651,637,362**

The shareholder loans are subordinated to the project finance loans and are unsecured and interest is charged at 6% per annum. The loans are repayable after the financial close date when all project finance loans are repaid.

11. Related party transaction (continued)

11.5 Consolidated related party reconciliation

	31 Mar 2024		31 Mar 2023	
	USD	**ZMW**	**USD**	**ZMW**
As at 01 April	(183,775,478)	(3,927,462,260)	(165,508,290)	(2,990,585,845)
Interest expense	(6,725,814)	(168,959,180)	(8,267,188)	(175,597,548)
Advances reclassified as loans	-	-	(10,000,000)	(120,204,000)
Exchange difference	-	(658,310,680)	-	(641,074,867)
As at 31 March	**(190,501,292)**	**(4,754,732,120)**	**(183,775,478)**	**(3,927,462,260)**
Trading related party balances	(10,915,214)	(262,532,926)	(6,478,940)	(138,043,533)
	(201,416,506)	**(5,017,265,046)**	**(190,254,418)**	**(4,065,505,793**

Other related party transactions:
Payments

Name of the Company	**Nature of transaction**	**31-Mar-24**		**31-Mar-23**	
		USD	**ZMW**	**USD**	**ZMW**
Directors' fees		181,731	3,882,176	196,800	3,359,587
Nava Bharat Ventures Limited	Professional and travelling charges	64,656	1,535,417	109,644	1,633,260
	Rent	29,706	713,674	5,846	100,420
Nava Energy Zambia Limited	Operations and maintenance works	16,205,329	356,073,666	14,138,608	248,275,854
	Reimbursement of HRA	201,830	4,415,330	184,172	3,207,310
Nava Energy Pte Limited	Operations and maintenance works	41,912,154	926,722,255	24,701,634	433,142,687
Interest charged on related party loans NBS	Interest cost	4,380,663	110,046,640	4,368,694	93,081,582
Interest charged on related party loans ZCCM IH	Interest cost	2,345,151	58,912,540	3,898,494	82,805,173
		65,321,220	**1,462,301,698**	**47,603,892**	**865,605,873**

11. **Related party transaction (continued)**

Receipts

Name of the Company	Nature of transaction	31-Mar-24 USD	31-Mar-24 ZMW	31-Mar-23 USD	31-Mar-23 ZMW
Nava Energy Zambia Limited	Reimbursable expenses	6,661	142,726	19,832	349,945
Nava Energy Zambia Limited	Operations and maintenance works	317,056	6,586,479	305,944	5,293,760
Kawambwa Sugar Limited	Reimbursable expenses	5,373	115,554	24,386	468,529
		329,090	**6,844,759**	**350,162**	**6,112,234**

There was no interest capitalised on shareholders' loan in respect to capital work in progress during the year (2023: nil).

Key management personnel	31-Mar-24 USD	31-Mar-24 ZMW	31-Mar-23 USD	31-Mar-23 ZMW
Short term employment benefits	1,142,279	24,779,261	947,414	16,832,644
AMSCO fees	214,459	4,802,712	87,742	1,605,606
	1,356,738	**29,581,973**	**1,035,156**	**18,438,250**

12. Borrowings

	31-Mar-24		31-Mar-23	
	USD	**ZMW**	**USD**	**ZMW**
Government loan	**1,691,267**	**42,129,276**	**2,080,423**	**44,326,527**
Non current at fair value	1,395,158	34,753,240	1,731,286	36,887,633
Current (interest and principle payable)	296,109	7,376,036	349,137	7,438,894
Carrying amount on loan	**1,691,267**	**42,129,276**	**2,080,423**	**44,326,527**

At 1 April	2,080,423	44,326,527	2,566,529	46,374,871
Unwinding of the discount	203,556	4,352,210	263,938	4,501,117
Interest accrued during the year	50,706	1,083,491	66,648	1,180,520
Foreign exchange differences	(248,669)	-	(363,557)	-
Principal and interest paid during the year	(394,749)	(7,632,952)	(453,135)	(7,729,981)
At 31 March	**1,691,267**	**42,129,276**	**2,080,423**	**44,326,527**
Current (principal and interest payable)	**(296,109)**	**(7,376,036)**	(349,137)	(7,438,894)
	1,395,158	**34,753,240**	**1,731,286**	**36,887,633**

The Company signed an agreement in 2015 with the Government of the Republic of Zambia to consolidate all the Government loans into one loan. The loans included were Zambia Development Agency (Zambia Privatisation Agency), International Development Agency, Government of the Republic of Zambia and Scheme of arrangement loans. The consolidated loan has an annual interest rate of 1.5% and is repayable over a period of 20 years which includes a grace period of 5 years. The fair values of the Government loans have been stated as the present value of all future cash payments discounted using the prevailing market rate of interest for similar instruments. The difference between the fair value, other government loan and their settlement amount is being recognised in the income statement.

13. Project finance

	31-Mar-24		31-Mar-23	
	USD	**ZMW**	**USD**	**ZMW**
Africa Finance Corporation	-	-	29,003,546	617,964,044
Development Bank of South Africa	-	-	53,378,003	1,136,731,722
Industrial Development Corporation of South Africa	-	-	26,894,622	573,596,985
ECA facility	-	-	190,357,357	4,055,849,033
ABSA Bank Zambia Plc	-	-	10,721,927	228,446,721
	-	**-**	**310,355,455**	**6,612,588,505**

13. Project finance (continued)

	31-Mar-24		31-Mar-23	
	USD	**ZMW**	**USD**	**ZMW**
Non current liabilities	-	-	136,685,110	2,912,281,300
Current liabilities	-	-	173,670,345	3,700,307,205
	-	**-**	**310,355,455**	**6,612,588,505**

13.1 Consolidated reconciliation of project finance

Opening balance	310,355,455	6,612,588,505	400,915,386	7,244,180,191
Interest accrued	25,058,064	613,783,600	42,000,053	765,800,644
Paid during the year	(335,413,519)	(7,393,634,763)	(132,559,984)	(2,524,314,423)
Exchange difference	-	167,262,658	-	1,126,922,093
Closing Balance	**-**	**-**	**310,355,455**	**6,612,588,505**

	31-Mar-24		31-Mar-23	
Africa Finance Corporation	**USD**	**ZMW**	**USD**	**ZMW**
Opening balance	29,003,546	617,964,044	37,460,767	474,904,308
Interest accrued	3,053,733	75,350,473	4,705,013	156,090,370
Repayment during the year	(32,057,279)	(707,060,023)	(13,162,234)	(250,644,087)
Exchange difference	-	13,745,506	-	237,613,453
Closing Balance	**-**	**-**	**29,003,546**	**617,964,044**

The total amount available was USD 55 million for a period of 10 years. As at 31 March 2024 the Company has paid back all installments. The loan attracts interest at 7.75% above libor rate.

	31-Mar-24		31-Mar-23	
Development Bank of South Africa	**USD**	**ZMW**	**USD**	**ZMW**
Opening balance	5,3,378,003	1,136,731,722	69,652,279	1,278,823,800
Interest accrued	4,540,953	100,223,831	6,793,769	118,275,713
Repayment during the year	(57,918,956)	(1,278,216,221)	(23,068,045)	(439,860,991)
Exchange difference	-	41,260,668	-	179,493,200
Closing Balance	**-**	**-**	**53,378,003**	**1,136,731,722**

This is the facility with the Development Bank of South Africa. The total amount available was USD 100 million for a period of 10 years. As at 31 March 2024 the Company has paid back all instalments. The loan attracts interest at 6.5% above the libor rate.

13. Project finance (continued)

	31-Mar-24		31-Mar-23	
Industrial Development Corporation of South Africa	**USD**	**ZMW**	**USD**	**ZMW**
Opening balance	26,894,622	573,596,985	34,743,729	625,439,626
Interest accrued	2,108,974	52,583,997	3,674,240	68,256,202
Repayment during the year	(29,003,596)	(640,178,362)	(11,523,347)	(219,700,840)
Exchange difference	-	13,997,380	-	99,601,997
Closing Balance	**-**	**-**	**26,894,622**	**573,596,985**

The loan was acquired from the Industrial Development Corporation of South Africa. Total finance available was USD 50 million for a period of 10 years. As at 31 March 2024 the Company has paid back all installments. The loan attracts interest at 6.6% above the libor rate.

	31-Mar-24		31-Mar-23	
ECA Facility	**USD**	**ZMW**	**USD**	**ZMW**
Opening balance	190,357,357	4,055,849,033	245,170,760	4,634,197,771
Interest accrued	14,785,944	366,534,501	25,590,931	394,569,581
Repayment during the year	(205,143,301)	(4,519,752,418)	(80,404,334)	(1,529,313,234)
Exchange difference	-	97,368,884	-	556,394,915
Closing Balance	**-**	**-**	**190,357,357**	**4,055,849,033**

This represents a consolidated loan acquired from ABSA, Bank of China, Standard Chartered Bank and Industrial Commercial Bank of China Limited. The total finance available under this facility was USD 365 million for a period of 10 years. As at 31 March 2024 the Company has paid back all installments. The loan attracts interest at 5% above libor rate.

	31-Mar-24		31-Mar-23	
ABSA Bank Zambia PLC	**USD**	**ZMW**	**USD**	**ZMW**
Opening balance	10,721,927	228,446,721	13,887,851	230,814,686
Interest accrued	568,460	19,090,798	1,236,100	28,608,778
Repayment during the year	(11,290,387)	(248,427,739)	(4,402,024)	(84,795,271)
Exchange difference	-	890,220	-	53,818,528
Closing Balance	**-**	**-**	**10,721,927**	**228,446,721**

13. Project finance (continued)

The loan was acquired from ABSA Bank Zambia Plc. The total finance available under this facility was USD 20 million for a period of 10 years. As at 31 March 2024 the Company has paid back all instalments. The loan attracts interest at 5% above libor.

The project finance is repayable twice yearly over a period of 10 years.

The above Project Finance loan facilities are subject to financial and other loan covenants in accordance with the Common Terms Agreement (CTA) section 10 paragraph 24. The covenants are tested annually. According to section 10 of the Common Terms Agreement, Events of Default, the Company breached the covenants as detailed below:

13.2 Security related to the project finance loans

- Sinosure Insurance cover on the ECA lenders obtained at the commencement of the project in December 2014. Insurance is valid up to 2027.

- A Government of Zambia sovereign guarantee for the Project Finance loans signed on 9 June 2015. An analysis of the Common Terms Agreement has established the following facts

1.1 A material breach has occurred in line with CTA clause 24, section 10 "Events of default".

1.2 A material breach has also occurred in line with the reservation of right letters dated 25 March 2021, 25 September 2021, 25 March 2022 and 25 September 2022.

1.3 The CTA allows for a maximum 3 breaches, which can be cured with in a period of 5 business days. MCL has breached the covenants on 7 occasions and managed to cure the default on two instances.

13.3 Non payment on payment due dates

Summarised below are the final financial ratios as defined in the CTA.

	Key Financial Ratio 2024	**Key Financial Ratio 2023**
The historical debt service coverage ratio (DSCR)	-	1.17
The projected DSCR	-	2.70
The loan life coverage ratio (LLCR)	-	1.97
The reserve tail ratio	More than 30%	More than 30%

14. **Environmental rehabilitation provisions**

The Company is required by the Zambia Mines and Minerals Act of 2008 to rehabilitate environmental damage caused by its mining operations. The restoration, rehabilitation and environmental provisions represent the best estimate of the expenditure required to settle the obligation at the date of inspection.

Reconciliation of environmental restoration and dismantling provisions - 2024	**Power USD**	**Mining USD**	**Consolidated USD**
As at 01 April	3,346,846	971,698	4,318,544
Unwinding of provision	206,649	59,997	266,646
As at 31 March	**3,553,495**	**1,031,695**	**4,585,190**

Reconciliation of environmental restoration and dismantling provisions - 2023	**Power USD**	**Mining USD**	**Consolidated USD**
As at 01 April	3,541,692	860,213	4,401,905
Unwinding of provision	(194,846)	111,485	(83,361)
As at 31 March	3,346,846	971,698	4,318,544

Reconciliation of environmental restoration and dismantling provisions - 2024	**Power ZMW**	**Mining ZMW**	**Consolidated ZMW**
As at 01 April	71,309,572	20,703,480	92,013,052
Unwinding of provision	4,514,606	1,305,927	5,820,533
Exchange difference	12,693,026	3,690,009	16,383,035
As at 31 March	**88,517,204**	**25,699,416**	**114,216,620**

Reconciliation of environmental restoration and dismantling provisions - 2023	**Power ZMW**	**Mining ZMW**	**Consolidated ZMW**
As at 01 April	63,995,192	15,543,266	79,538,458
Unwinding of provision	(5,050,830)	2,248,595	(2,802,235)
Exchange difference	12,365,210	2,911,619	15,276,829
As at 31 March	**71,309,572**	**20,703,480**	**92,013,052**

Mining restoration and power dismantling provision

The Company total environmental costs has been estimated at USD 16,415,572 (2023: USD 15,226,196) at the end of the useful life of the coal mine and power plant of 35 years. The provision for mining restoration and rehabilitation provision relates to legal obligations in accordance with the Company's environmental policy and Mines Safety Department (MSD). The Directors have estimated the mining rehabilitation provision at the present value of USD 1,031,695 (2023: USD 971,698) using a discount rate of 6.17% (2023: 6.17%) and power plant dismantling provision at the present value of USD 3,553,495 (2023: USD 3,346,846) using a discount rate of 6.17% (2023:6.17%) by the Technical Committee using the guidelines and format as provided by the Mines Safety Department
Maamba Collieries Limited has been classified in category 1 in respect to the environmental performance. Maamba Collieries Limited is required to secure a bank guarantee at USD 15,594,793 towards the total mine closure and power plant dismantling in accordance with the provisions of the Mines & Minerals (environmental) regulations. The Company has not yet secured the guarantee.

15. **Current tax payables**

	31-Mar-24		31-Mar-23	
	USD	**ZMW**	**USD**	**ZMW**
Balance at 1 April	122,992	2,620,537	774,097	13,987,274
Current tax for the year recognised in profit or loss	3,089,669	76,963,340	1,969,455	42,576,577
Over provision of tax in prior periods	9,462	235,707	14,418	(244,948)
Paid during the year	(3,119,444)	(62,881,456)	(3,027,326)	(52,842,367)
Withholding tax deducted at the source	(33,052)	(823,314)	(40,175)	(855,999)
Exchange difference	577,296	-	432,523	-
Balance at 31 March	**646,923**	**16,114,814**	**122,992**	**2,620,537**

16. Taxation

Major components of the tax income

	31-Mar-24		31-Mar-23	
Current	**USD**	**ZMW**	**USD**	**ZMW**
Local income tax - power division- other income	-	-	-	-
Local income tax - mining division	3,089,669	76,963,340	1,969,455	42,576,577
Over provision of tax in prior periods	9,462	235,707	14,418	(244,948)
Deferred				
Deferred tax for the year - power division	(4,381,253)	13,456,869	(6,544,796)	(8,117,037)
Deferred tax for the year - mining division	(1,187,251)	(25,733,542)	(1,470,371)	(23,117,591)
Total Current and Deferred	**(2,469,373)**	**64,922,374**	**(6,031,294)**	**11,097,001**

16. Taxation (continued)

	31-Mar-24		31-Mar-2023	
	USD	**ZMW**	**USD**	**ZMW**
Tax effect of adjustments on taxable income				
Accounting profit/(loss) before tax	109,795,103	2,890,289,250	93,237,029	1,291,814,178
Taxation at profit/(loss) 30%/35	**32,938,531**	**867,086,775**	27,971,109	387,544,253
Effects of disallowable expenses	22,587,919	585,250,715	12,523,892	614,865,252
Effect of higher tax rate on separate income	(10,350,612)	(251,836,060)	(46,526,295)	(991,312,504)
	(2,469,374)	**(64,922,374)**	**(6,031,294)**	**11,097,001**

The Company has been granted incentives under the Zambia Development Agency Act (Licence No. ZDA 639/01/2010) for the new investment. In the Zambia Revenue Authority correspondence dated 22 August 2012, the Company's income tax for the first five years commencing from the first charge year's profits that are returned shall be taxed at zero percent. The income earned from the sixth year to the eighth year after profits are returned shall be taxed at the rate of fifty percent of the applicable tax rate. The income earned from the nineth year to the tenth year shall be taxed at the rate of seventy five percent of the applicable tax rate. The income earned after the tenth year after profits are returned shall be taxed at the rate of hundred percent of the applicable tax rate.

17. Deferred tax liability

Deferred tax	31-Mar-24		31-Mar-23	
	USD	**ZMW**	**USD**	**ZMW**
Deferred tax -power division	(29,640,349)	(738,338,128)	(34,021,602)	(724,881,259)
Deferred tax asset - mining division	121,370	3,023,327	(1,065,882)	(22,710,215)
	(29,518,979)	**(735,314,801)**	**(35,087,484)**	**(747,591,474)**

Analysis of deferred tax liability – Power Division

Property, plant and equipment	(30,752,413)	(766,039,541)	(35,103,299)	(747,928,435)
Deferred tax on environmental provision	1,066,048	26,555,161	1,004,054	21,392,876
Deferred tax on leave and gratuity payable	46,016	1,146,252	77,643	1,654,300
At 31 March	**(29,640,349)**	**(738,338,128)**	**(34,021,602)**	**(724,881,259)**

17. Deferred tax liability (continued)

Reconciliation of deferred tax liability - mining division

	31-Mar-24		31-Mar-23	
	USD	**ZMW**	**USD**	**ZMW**
Property, plant and equipment	(2,695,590)	(67,146,892)	(2,929,745)	(62,422,610)
Unrealised foreign exchange loss	2,696,203	67,162,138	1,830,958	39,011,311
Deferred tax on environmental provision	309,508	7,709,825	291,625	6,213,499
Deferred tax on Leave and Gratuity Payable	138,804	3,457,605	185,511	3,952,598
Deferred tax on Provision for obsolete stock	32,721	815,089	38,255	815,089
Deferred tax on Government Loans	(360,276)	(8,974,438)	(482,486)	(10,280,102)
	121,370	**3,023,327**	**(1,065,882)**	**(22,710,215)**

Not available to off set as the losses have been fully utilized.

The deferred tax liabilities of USD 29,640,349 and USD 121,370 (2023: USD 34,021,602 and USD 1,065,882) have been recognised on the power division and mining division respectively.

18. Revenue

Particulars	31-Mar-24		31-Mar-23	
	USD	**ZMW**	**USD**	**ZMW**
Coal sales	29,153,444	625,107,421	22,917,216	405,483,208
Power sales	216,497,742	4,729,603,471	216,775,521	3,804,869,388
Less: Mineral royalty tax fees	(2,915,297)	(63,264,507)	(2,417,205)	(42,552,378)
Less: Energy Regulation Board fee	(1,717,649)	(37,465,605)	(1,675,890)	(29,471,259)
	241,018,240	**5,253,980,780**	**235,599,642**	**4,138,328,959**

Revenue for the Company comprises of the invoiced value of the power generation and supply to ZESCO Limited and the invoiced value of coal sold net of Value Added Tax (VAT), mineral royalty tax and Energy Regulation Board fee. The revenue is recorded at the date when the goods are supplied.

Disaggregation of Revenue

The Company has disaggregated revenue into various categories in the following table which is intended to:

- depict how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic date; and

- enable users to understand the relationship with revenue segment information provided in Note 30.

18. Revenue (continued)

				31-Mar-24	31-Mar-23
Description	**Product type**	**Primary geographical market**	**Timing of transfer of goods or services**	**USD**	**USD**
Sale of power	Service	Local market	Point in time (parties to the contract agree on the power generated in a particular month)	214,926,036	187,658,246
Sale of power	Service	Overseas market	Point in time (parties to the contract agree on the power generated in a particular month)	-	27,579,907
Fly Ash	Goods	Local market	Point in time (Signing of exit tickets at weigh bridge)	56,525	20,015
Sale of coal	Goods	Local market	Point in time (Signing of exit tickets at weigh bridge)	25,820,112	19,511,693
Sale of coal	Goods	Overseas market	Point in time (Signing of exit tickets at weigh bridge)	215,567	829,781
				241,018,240	**235,599,642**

Description	Product type	Primary geographical market	Timing of transfer of goods or services	ZMW	ZMW
Sale of power	Service	Local market	Point in time (parties to the contract agree on the power generated in a particular month)	4,695,281,388	3,322,207,912
Sale of power	Service	Overseas market	Point in time (parties to the contract agree on the power generated in a particular month)	-	455,687,795
Fly Ash	Goods	Local market	Point in time (Signing of exit tickets at weigh bridge)	1,221,796	340,804
Sale of coal	Goods	Local market	Point in time (Signing of exit tickets at weigh bridge)	553,143,137	345,206,377
Sale of coal	Goods	Overseas market	Point in time (Signing of exit tickets at weigh bridge)	4,334,459	14,886,071
				5,253,980,780	**4,138,328,959**

18. Revenue (continued)

Timing of transfer of goods and services	31-Mar-24		31-Mar-23	
	USD	ZMW	USD	ZMW
Electricity transferred at a point in time	214,982,562	4,696,503,185	215,258,167	3,778,236,511
Coal transferred at a point in time	26,035,678	557,477,595	20,341,475	360,092,448
Reconciliation of segment revenue	**241,018,240**	**5,253,980,780**	**235,599,642**	**4,138,328,959**
External customers	270,343,547	5,894,214,290	261,073,238	4,582,604,403
Inter segment adjustments	(29,325,307)	(640,233,510)	(25,473,596)	(444,275,444)
	241,018,240	**5,253,980,780**	**235,599,642**	**4,138,328,959**
Primary geographical markets				
Export sales	215,567	4,334,459	28,409,688	470,573,866
Zambia	240,802,673	5,249,646,321	207,189,954	3,667,755,093
Total	**241,018,240**	**5,253,980,780**	**235,599,642**	**4,138,328,959**

Remaining performance obligations

The vast majority of the Company's contracts are for the delivery of goods within the next 3 months for which the practical expedient in paragraph 121(a) of IFRS 15 applies.

Contract liabilities	31-Mar-24		31-Mar-23	
	USD	ZMW	USD	ZMW
At 1 April	**930,669**	**19,829,307**	654,060	11,818,621
Less: amount included as contract liabilities recognised as revenue during the year	(930,669)	(19,829,307)	(654,060)	(11,818,621)
Cash received in advance of performance and not recognised as revenue during the period	292,906	7,294,914	930,669	19,829,307
At 31 March	**292,906**	**7,294,914**	**930,669**	**19,829,307**

Contract liabilities are shown under current liabilities on the face of the statement of financial position.

	31-Mar-24		31-Mar-23	
	USD	**ZMW**	**USD**	**ZMW**
19. Other trading income				
Scrap sales	36,383	914,454	25,265	420,289
Rent received	46,694	959,430	44,594	774,206
Recoveries / write back	-	-	61	1,000
Electricity & water income	73,384	1,495,838	67,358	1,171,917
Professional charges income	264,511	5,488,759	327,012	5,706,659
Miscellaneous income	236,642	5,059,354	57,800	996,691
Export incentives	16,443	360,937	9,539	163,533
Insurance claim income	14,000,000	359,944,200		
Profit on sale of assets	24,803	559,669	167,166	2,988,679
	14,698,860	**374,782,641**	**698,795**	**12,222,974**
20. Interest revenue				
Interest income – ZESCO	-	-	24,668,837	405,302,845
Interest received from bank	1,819,031	38,936,353	1,013,799	18,674,670
	1,819,031	**38,936,353**	**25,682,636**	**423,977,515**

	31-Mar-24		31-Mar-23	
21. Cost of sales	**USD**	**ZMW**	**USD**	**ZMW**
Opening inventories	8,197,228	174,654,234	8,325,477	150,433,874
Electricity consumption charges	578,103	12,333,346	346,566	5,976,031
Cost of goods sold	61,925,082	1,381,643,351	50,435,964	903,069,331
Laboratory expenses	167,195	3,746,413	60,575	1,055,852
Mining expenses	29,061,987	626,872,676	26,757,888	470,642,417
Closing inventories	(8,664,947)	(215,842,977)	(8,197,228)	(174,654,234)
	91,264,648	**1,983,407,043**	**77,729,242**	**1,356,523,272**
Depreciation	30,481,374	272,823,174	30,069,527	640,676,376
	121,746,022	**2,256,230,217**	**107,798,769**	**1,997,199,648**

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	31-Mar-24		31-Mar-23	
22. Finance costs	**USD**	**ZMW**	**USD**	**ZMW**
Interest on shareholder loans	8,234,830	206,867,170	10,047,331	213,408,318
Interest on project finance using the effective interest rate method	31,277,316	729,843,659	42,096,830	773,804,615
Bank charges	594,323	13,053,971	688,740	12,017,005
Interest on fair value	470,202	10,172,743	180,581	1,698,888
Interest on borrowings	50,706	1,083,491	69,152	1,180,520
	40,627,377	**961,021,034**	**53,082,634**	**1,002,109,346**
Interest on swaps	(6,221,509)	(147,579,978)	(96,777)	(8,003,971)

23. Foreign exchange gain/(loss)

Foreign exchange gain/(loss)	(2,257,589)	(152,544,028)	11,552,161	45,622,644

24. Operating profit before tax

	31-Mar-24		31-Mar-23	
Profit before tax is stated after charging	**USD**	**ZMW**	**USD**	**ZMW**
Depreciation of property, plant and equipment	29,941,948	267,281,071	29,543,537	629,469,372
Amortisation of intangible assets	11,317	231,876	35,306	752,239
Amortisation of mine properties	527,951	5,310,227	490,684	10,454,765
Total depreciation and amortisation	**30,481,216**	**272,823,174**	**30,069,527**	**640,676,376**
Employee costs	5,779,475	125,183,583	5,836,944	102,732,705
Exchange differences	-	-	-	-
Finance charges	40,627,377	961,021,034	53,082,634	1,002,109,346
Interest on swaps	(6,221,509)	(147,579,978)	(96,777)	(8,003,971)
And after crediting				
Profit on sale of property, plant and equipment	(24,803)	(5,59,669)	(167,166)	(2,988,679)
Professional charges income	(264,511)	(5,488,759)	(327,012)	(5,706,659)
Interest income	(1,819,031)	(38,936,353)	(25,682,636)	(423,977,515)
Exchange differences	(2,257,589)	(152,544,028)	(11,552,161)	(45,622,644)

25. Cash generated from operations

	31-Mar-24		31-Mar-23	
	USD	**ZMW**	**USD**	**ZMW**
Profit before taxation	109,795,103	2,890,289,250	93,237,029	1,291,814,178
Adjustments for non-cash and non-operating items:				
Depreciation	29,941,948	267,281,071	29,543,538	253,162,895
Amortisation of mine development assets	11,317	231,876	490,682	10,454,765
Amortisation of intangible assets	527,951	5,310,227	35,306	341,159
Profit on disposal	(24,803)	(559,669)	(167,166)	(2,988,679)
Effective interest rate provision	10,764,787	259,013,019	5,513,114	64,774,394
Exchange gains on borrowings	(248,669)	-	(363,557)	-
Expected credit loss	23,502,765	518,308,185	-	-
Finance costs	40,627,377	961,021,034	53,082,634	1,002,109,346
Interest on swap	(6,221,509)	(147,579,978)	(96,777)	(8,003,971)
Exchange Difference	577,297	404,077,764	432,523	380,212,663
Translation reserves	-	1,434,681,635	-	1,573,231,897
Changes in working capital:				
Inventories	(467,719)	(41,188,743)	128,249	(24,220,360)
Trade and other receivables	127,717,530	1,394,475,348	48,004,591	(815,554,892)
Unwinding of discount on borrowings	203,556	4,352,210	263,938	4,501,117
Unwinding of dismantling and environmental provision	266,646	5,820,533	(83,361)	(2,802,235)
Trade and other payables	8,130,929	249,804,095	(67,604,751)	(1,179,141,566)
Changes in amounts due from related parties	8,474	115,907	12,980	149,022
Contract liabilities	(637,763)	(12,534,393)	276,609	8,010,686
	344,475,217	**8,192,919,371**	**162,705,581**	**2,556,050,419**

26. **Contingent liabilities**

The Company has several pending legal proceedings at 31 March 2024. The Company's lawyers and management consider the likelihood of the claims against the Company being successful as unlikely.

27. **Capital commitments**

As at year end, the Company have a capital commitment of USD 838,632/- (2023: USD 1,290,783/).

28. **Risk management**

Financial risk management objectives

The Company's principal financial liabilities, comprise amounts due to related parties, loans and borrowings and trade and other payables. The main purpose of these financial liabilities is to finance the Company's operations and to provide guarantees to support its operations. The Company's principal financial assets include loans, trade and other receivables, and cash and short-term deposits that derive directly from its operations.

The Company is exposed to interest rate risk, credit risk, capital risk, liquidity risk and foreign exchange risk as a result of its use of financial instruments. The Company's Board of Directors oversees the management of these risks. The Company's Board of Directors is supported by the Company's management that advises on financial risks and the appropriate financial risk governance framework for the Company. The Company's management provides assurance to the Board of Directors that the Company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk objectives. All financial instrument activities for risk management purposes are carried out by the finance department that have the appropriate skills, experience and supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken. The Board of Directors reviews and agrees policies for managing each of these risks, which are summarised below:

Classification of financial instruments

	31-Mar-24		31-Mar-23	
Financial assets	**USD**	**ZMW**	**USD**	**ZMW**
Trade receivables	276,465,608	6,886,730,648	451,739,846	9,624,995,019
Amounts due from related parties	17,941	446,904	26,415	562,811
Cash and cash equivalents	12,333,971	307,237,991	27,500,578	585,941,079
	288,817,520	**7,194,415,543**	**479,266,839**	**10,211,498,909**

	31-Mar-24		31-Mar-23	
Financial liabilities	**USD**	**ZMW**	**USD**	**ZMW**
Trade payables	4,743,399	118,157,585	4,907,415	104,560,205
Amounts due to related parties	8,316,564	207,164,784	3,880,290	82,675,391
Borrowing	1,691,267	42,129,276	2,080,423	44,326,527
Project finance	-	-	310,355,455	6,612,588,505
	14,751,230	**367,451,645**	**321,223,583**	**6,844,150,628**

28. **Risk management (continued)**

Liquidity risk
The Company's risk to liquidity is a result of the funds available to cover future commitments. The Company manages liquidity risk through an ongoing review of future commitments and credit facilities.

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts, bank loans and shareholders' loans. Approximately 40% of the Company's debt will mature in less than one year at 31 March 2024 (2023: 35%) based on the carrying value of borrowings reflected in the financial statements. The Company assessed the concentration of risk with respect to refinancing its debt and concluded it to be low. The Company has access to a sufficient variety of sources of funding and debt maturing within 12 months can be rolled over with existing lenders.

Excessive risk concentration
Concentrations arise when a number of counterparties are engaged in similar business activities, or activities in the same geographical region, or have economic features that would cause their ability to meet contractual obligations to be similarly affected by changes in economic, political or other conditions. Concentrations indicate the relative sensitivity of the Company's performance to developments affecting a particular industry. In order to avoid excessive concentrations of risk, the Company's policies and procedures include specific guidelines to focus on the maintenance of a diversified portfolio. Identified concentrations of credit risks are controlled and managed accordingly. Selective hedging is used within the Company to manage risk concentrations at both the relationship and industry levels.

				Amounts in USD
At 31 March 2024	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
Borrowings	296,109	303,597	1,091,561	-
Project finance	-	-	-	-
Amounts due to related parties	8,316,564	-	193,099,942	-
Trade payables	4,743,399	-	-	-

				Amounts in USD
At 31 March 2023	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
Borrowings	349,137	303,597	1,427,689	-
Project finance	173,670,345	58,979,056	77,706,054	-
Amounts due to related parties	3,880,290	-	186,374,128	-
Trade payables	4,907,415	-	-	-

28. **Risk management (continued)**

At 31 March 2024	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Amounts in ZMW** **Over 5 years**
Borrowings	73,76,036	6,468,589	28,284,651	-
Project finance	-	-	-	-
Amounts due to related parties	20,71,64,784		4,810,100,262	-
Trade payables	52,90,92,960	-	-	-

At 31 March 2023	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Amounts in ZMW** **Over 5 years**
Borrowings	7,438,894	6,468,589	30,419,044	-
Project finance	3,700,307,205	1,256,637,257	1,655,644,043	-
Amounts due to related parties	82,675,391	-	3,982,830,402	-
Trade payables	297,288,865	-	-	-

Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholder and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The capital structure of the Company consists of debt, which includes borrowings (excluding derivative financial liabilities) disclosed in notes 11, 12, 13 and 14 and cash and cash equivalents disclosed in note 10, and equity as disclosed in the statement of financial position.

This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the statement of financial position as at 31 March 2024) less cash and cash equivalents. Total equity is represented in the statement of financial position as at 31 March 2024.

The gearing ratio at 31 March was as follows:

(i)Debt includes long term and short-term debts and related parties.

(ii) Equity includes share capital and reserves.

	31-Mar-24		**31-Mar-23**	
Financial liabilities	**USD**	**ZMW**	**USD**	**ZMW**
Debt (i)	203,107,773	5,059,394,322	502,690,296	10,722,420,825
Less: Cash and cash equivalents	(12,333,971)	(307,237,991)	(27,500,578)	(585,941,079)
Net debt	**190,773,802**	**4,752,156,331**	**475,189,718**	**10,136,479,746**
Total equity (ii)	481,315,916	11,988,735,387	369,051,440	7,728,686,876
	672,089,718	**16,740,891,718**	**844,241,158**	**17,865,166,622**

28. Risk management (continued)

The debt: equity ratio at 2024 and 2023 respectively were as follows:

	31 March 2024		31 March 2023	
	USD	**ZMW**	**USD**	**ZMW**
Gearing ratio	28%	28%	56%	57%

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates. The Company manages its interest rate risk by having a balanced portfolio of fixed and variable rate loans and borrowings.

The Company's policy is to keep 100% of its borrowings at fixed rates of interest, excluding borrowings that relate to discontinued operations. The Company analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Company calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies.

The Company has fixed the interest rate with lenders by entering into a hedging arrangement with the lenders and hedging banks. The Company manages this risk by fixing the libor rate at each renewal

Mar-24	**Increase /decrease in interest rate**	**Effect of profit before tax in USD**	**Effect of profit before tax in ZMW**
US Dollar	+1%	-	-
US Dollar	-1%	-	-
Mar-23	**Increase /decrease in interest rate**	**Effect of profit before tax in USD**	**Effect of profit before tax in ZMW**
US Dollar	+1%	1,698,325	36,185,362
US Dollar	-1%	(1,698,325)	(36,185,362)

28. **Risk management (continued)**

Hedging activities and derivatives

Derivatives not designated as hedging instruments

The Company uses interest rate swaps to manage some of its transaction exposures to changes in the variable interest rate. The interest rate swaps are not designated as cash flow hedges and are entered into for periods consistent with interest rate exposure of the underlying transactions.

A hedging relationship qualifies for hedge accounting if, and only if, all of the following conditions are met.

- At the inception of the hedge there is formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge. That documentation shall include identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk.

- The hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk, consistently with the originally documented risk management strategy for that particular hedging relationship.

- As at 31 March 2023, the Company's hedging instruments did not qualify for hedge accounting in accordance with the Company's policy. At 31 March 2023, the company had no interest rate swap agreement in place (in notional amount of 2023: USD 144,550,000) whereby the Company pays a fixed rate of interest. The interest rate swap contracts are not designated in hedge relationships and are measured at fair value through profit or loss.

- For cash flow hedges, a forecast transaction that is the subject of the hedge must be highly probable and must present an exposure to variations in cash flows that could ultimately affect profit or loss.

- The effectiveness of the hedge can be reliably measured, i.e. the fair value or cash flows of the hedged item that are attributable to the hedged risk and the fair value of the hedging instrument can be reliably measured.

- The hedge is assessed on an ongoing basis and determined actually to have been highly effective throughout the financial reporting periods for which the hedge was designated.

28. Risk management (continued)

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The Company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter party. Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance. At 31 March 2024, the Company had 1 customer (2023: 1 customers) that owed the Company with USD 279,613,078 (2023: USD 518,603,999) each) and accounted for approximately 99% (2023: 99%) of all the receivables outstanding.

Management has an ESCROW security agreement with the major customer ZESCO. The provisions of the contract allows for:

a) Assignment of ZESCO debtors to Maamba Collieries Limited.
b) Utilisation of the ESCROW balance on account 1 in the event ZESCO defaults.

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the Company's finance department in accordance with the Company's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Credit limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

Financial Guarantee issued by the Government of Zambia

In connection with the project, MCL entered into a guaranteed payment agreement with ZESCO. Pursuant to the guaranteed agreements, ZESCO is obliged to make an escrow account into which designated receivables under the contract with ZESCO's designated customer are to be paid, to grant favour of MCL's first ranking security over these designated receivables in an amount equal to 1.25times the monthly projected monthly bill. The escrow account is to be maintained at its minimum balance. In line with its policy to encourage and promote the development of coal resources and the development of electricity generation capacity using coal through private sector investment, the Government of Zambia through the Ministry of Finance agreed to provide its support and commitment to the project by issuing a Guarantee in respect of ZESCO's payment obligations under the guarantee agreements, until such as the escrow and security arrangements referred to in recital (C) have been established in satisfaction of MCL, to fund any shortfall in the minimum balance.

The guarantee was issued on 9 June 2015.
In accordance with clause 2.1 of the Guarantee, the Government irrevocably and unconditionally;

- Guaranteed that the ZESCO will at all times meet and perform on the due dates its payment obligations under in relation to each of the following documents, each as amended, supplemented or restated from time to time and shall pay to the beneficiary upon demand any and all amounts due and payable but not paid by ZESCO under the guarantee agreement.

- Agrees as the primary obligation to indemnify the beneficiary from time to time on demand from and against any loss incurred by the beneficiary as a result of any obligation of ZESCO under the agreement.

- Undertook to fund the commercial operating date of the first unit, the minimum balance on the escrow account contemplated under the PPA Agreement in respect to the first full billing month.

28. **Risk management (continued)**

Foreign currency risk
Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a foreign currency).

Foreign currency sensitivity

The following tables demonstrate the sensitivity to a reasonably possible change in US Dollars (USD) exchange rate, with all other variables held constant. The impact on the Company's profit before tax is due to changes in the fair value of monetary assets and liabilities.

Exchange rate

Mar-24	**Increase /decrease in exchange rate**	**Effect of profit before tax in USD**	**Effect of profit before tax in ZMW**
ZMW	+2%	197,101	4,909,589
ZMW	-2%	(197,101)	(4,909,589)
Mar-23	**Increase /decrease in interest rate**	**Effect of profit before tax in USD**	**Effect of profit before tax in ZMW**
ZMW	+2%	192,701	4,105,784
ZMW	-2%	(192,701)	(4,105,784)

The Company's exposure to foreign currency risk based on reported amounts is as follows:

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk and commodity risk. Financial instruments affected by market risk include loans and borrowings, and deposits.

Fair value determination

Management assessed that cash and short-term deposits, trade receivables, trade payables, bank overdrafts and other current liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair value of the financial assets and liabilities is included at the amounts at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale. The following methods and assumptions were used to estimate the fair values:

Long-term fixed-rate and variable-rate receivables/borrowings are evaluated by the Company based on parameters such as interest rates, specific country risk factors, individual creditworthiness of the customer and the risk characteristics of the financed project. Based on this evaluation, allowances are taken into account for the expected losses of these receivables. As at 31 March 2024, the carrying amounts of such receivables, net of allowances, were calculated. The fair value and carrying value have not been disclosed in accordance with IFRS 7.

28. **Risk management (continued)**

Financial assets fair value	**2024**		**2023**	
	Carrying Value USD	**Fair Value USD**	**Carrying Value USD**	**Fair Value USD**
Trade receivable	285,126,601	251,185,534	519,849,661	402,405,829
Amounts due from related parties	17,941	17,941	26,415	26,415
Cash and bank	12,333,971	12,333,971	27,500,578	27,500,578
	297,478,513	**263,537,446**	**547,376,654**	**429,932,822**

Financial Liabilities fair value	**2024**		**2023**	
	Carrying Value USD	**Fair Value USD**	**Carrying Value USD**	**Fair Value USD**
Amounts due to related parties	201,416,506	201,416,506	190,254,418	190,254,418
Trade payables	4,743,399	4,743,399	4,907,415	4,907,415
Project finance	-	-	310,355,455	310,355,455
Borrowings	1,691,267	1,691,267	2,080,423	2,080,423
	207,851,172	**207,851,172**	**507,597,711**	**507,597,711**

Financial assets fair value	**2024**		**2023**	
	Carrying Value ZMW	**Fair Value ZMW**	**Carrying Value ZMW**	**Fair Value ZMW**
Trade receivable	7,102,460,446	6,256,991,850	11,076,170,163	8,573,853,147
Amounts due from related parties	446,904	446,904	562,811	562,811
Cash and bank	307,237,991	307,237,991	585,941,079	585,941,079
	7,410,145,341	**6,564,676,745**	**11,662,674,053**	**9,160,357,037**

Financial Liabilities fair value	**2024**		**2023**	
	Carrying Value ZMW	**Fair Value ZMW**	**Carrying Value ZMW**	**Fair Value ZMW**
Amounts due to related parties	5,017,265,046	5,017,265,046	4,065,505,793	4,065,505,793
Trade payables	118,157,585	118,157,585	104,560,205	104,560,205
Project finance	-	-	6,612,588,505	6,612,588,505
Borrowings	42,129,276	42,129,276	44,326,527	44,326,527
	5,177,551,907	**5,177,551,907**	**10,826,981,030**	**10,826,981,030**

28. **Risk management (continued)**

Financial instruments whose fair value equals carrying amount

The fair value of loans from lenders, shareholders and other financial liabilities, as well as other non current financial liabilities is estimated by discounting future cash flows using rates currently available for debt on similar terms, credit risk and remaining maturities. The fair values approximates the carrying amounts of the financial liabilities. The exception relates specifically to the Government of Zambia loan of USD 1,691,267 (2023: USD 2,083,423 which was issued at an interest rate of 1.5%, which is well below the market rate. Accordingly, this loan has been discounted with the fair value as shown in note 13.

The carrying amount of certain financial instruments that mature within the next 12 months is a reasonable approximation of their fair value. These financial instruments include the following items: "Cash and cash equivalents", "Investments", "Other assets", "Borrowings" and "Other liabilities".

Loans and borrowings

The fair value of loans is determined by discounting expected contractual cash flows using market interest rates charged for similar new loans at the reporting date and takes estimated prepayments into account. Changes in interest rates and in the creditworthiness of borrowers are the main causes of changes in the fair value of loans held by the Company, which results in a favourable or unfavourable difference compared to their carrying amount. The fair value of impaired loans is assumed to be equal to their carrying amount.

29. **Segment information**

All of the Company's assets and operations are located in Maamba, Zambia. For management purposes, the Company is organised into business units based on the main types of activities and has two reportable operating segments, as follows:

- The mining segment develops and mines coal (thermal grade and high grade) that is ultimately sold to customers.

- The power generation segment generates electric power and sells the power to one major customer ZESCO

The Executive Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment and is considered to be the Company's Chief Operating Decision Maker (CODM). Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

29. **Segment information (continued)**

Amounts in USD

Period end 31 March 2024 Segment profit and loss	**Power**	**Mine**	**Adjustment**	**Consolidated**
Sales	216,497,742	58,478,751	(27,866,259)	247,110,234
Less: Mineral royalty tax fees	-	(2,915,297)	-	(2,915,297)
Less: Energy Regulation Board fee	(1,515,179)	(202,470)	-	(1,717,649)
Net Sales	**214,982,563**	**55,360,984**	**(27,866,259)**	**242,477,288**
Other trading income	14,326,300	372,560	-	14,698,860
Interest revenue	1,819,029	2	-	1,819,031
Total Revenue	**231,127,892**	**55,733,546**	**(27,866,259)**	**258,995,179**
Expenditure	(103,453,758)	(34,485,690)	27,866,259	(110,073,189)
IFRS impairment loss	23,502,765	-	-	23,502,765
Interest on fair value	(10,969,179)	(263,553)	-	(11,232,732)
Finance Cost	(27,166,988)	(2,227,658)	-	(29,394,646)
Interest on SWAPS	5,842,748	378,760	-	6,221,508
Foreign exchange gain/(loss)	2,146,153	111,436	-	2,257,589
Depreciation and Amortisation	(26,486,196)	(3,995,177)	-	(30,481,373)
Taxation Charge	3,904,159	(1,434,786)	-	2,469,373
Segment Profit	**98,447,596**	**13,816,880**	**-**	**40,627,378**

Total assets	**691,091,084**	**119,311,518**	**(69,694,671)**	**740,707,931**
Total equity and liabilities	**691,091,084**	**119,311,518**	**(69,694,671)**	**740,707,931**

29. Segment information (continued)

				Amounts in USD
Segment balance sheet	**Power**	**Mine**	**Adjustment**	**Consolidated**
Non-current assets				
Property, plant and equipment	431,913,679	22,881,219	-	454,794,898
Intangible assets	-	85,683	-	85,683
Mine development assets	-	13,624,957	-	13,624,957
Deferred tax asset	-	-	-	-
Current assets				
Inventories	5,598,077	3,066,870	-	8,664,947
Trade and other receivables	246,560,646	4,624,888	-	251,185,534
Amounts due from related parties	17,941	-	-	17,941
Cash and cash equivalents	7,000,741	5,333,230	-	12,333,971
Interdivisional receivables	-	69,694,671	(69,694,671)	-
Total assets	**691,091,084**	**119,311,518**	**(69,694,671)**	**740,707,931**
Equity				
Share capital	82,425,547	111,111,803	-	193,537,350
Revenue reserve	306,085,945	(18,307,379)	-	287,778,566
Non-current liabilities				
Amounts due to related parties	183,814,216	17,602,290	-	201,416,506
Project finance	-	-	-	-
Borrowings	-	1,691,267	-	1,691,267
Long term payables	-	-	-	-
Deferred tax liability	29,640,349	(121,370)	-	29,518,979
Environmental rehabilitation provisions	3,553,495	1,031,695	-	4,585,190
Interdivisional payables	69,694,671	-	(69,694,671)	-
Current liabilities	15,876,861	6,303,212	-	22,180,073
Total	**691,091,084**	**119,311,518**	**(69,694,671)**	**740,707,931**

29. Segment information (continued)

Inter segment revenues are eliminated upon consolidation and reflected in the 'adjustments and eliminations' column. All other adjustments and eliminations are part of detailed reconciliations presented further below.

Amounts in USD

Period end 31 March 2023 Segment profit and loss	**Power**	**Mine**	**Adjustment**	**Consolidated**
Sales	216,775,521	48,390,812	(25,473,596)	239,692,737
Less: Mineral royalty tax fees	-	(2,417,205)	-	(2,417,205)
Less: Energy Regulation Board fee	(1,517,354)	(158,536)	-	(1,675,890)
Net Sales	**215,258,167**	**45,815,071**	**(25,473,596)**	**235,599,642**
Other trading income	393,500	305,295	-	698,795
Interest revenue	25,682,636	-	-	25,682,636
Total Revenue	**241,334,303**	**46,120,366**	**(25,473,596)**	**261,981,073**
Expenditure	(88,698,884)	(34,015,533)	25,473,596	(97,240,821)
IFRS impairment loss	-	-	-	-
Interest on fair value	(5,137,687)	(375,423)	-	(5,513,110)
Finance Cost	(44,085,807)	(3,483,717)	-	(47,569,524)
Interest on SWAPS	89,828	6,948	-	96,776
Foreign exchange gain/(loss)	10,575,304	976,857	-	11,552,161
Depreciation and Amortisation	(26,440,051)	(3,629,476)	-	(30,069,527)
Taxation Charge	6,275,413	(244,118)	-	6,031,295
Segment Profit	**93,912,419**	**5,355,904**	**-**	**99,268,323**
Total assets	**882,280,564**	**126,109,315**	**(83,079,140)**	**925,310,739**
Total equity and liabilities	**882,280,564**	**126,109,315**	**(83,079,140)**	**925,310,739**

Inter-segment revenues are eliminated upon consolidation and reflected in the 'adjustments and eliminations' column. All other adjustments and eliminations are part of detailed reconciliations presented further below.

29. Segment information (continued)

Amounts in USD

Segment balance sheet	**Power**	**Mine**	**Adjustment**	**Consolidated**
Non-current assets				
Property, plant and equipment	452,963,008	20,064,773	-	473,027,781
Intangible assets	-	-	-	-
Mine development assets	-	14,152,908	-	14,152,908
Deferred tax asset	-	-	-	-
Current assets	-	-		-
Inventories	4,783,980	3,413,248	-	8,197,228
Trade and other receivables	399,052,338	3,353,490	-	402,405,828
Amounts due from related parties	26,415	-	-	26,415
Cash and cash equivalents	25,454,823	2,045,756	-	27,500,579
Interdivisional receivables	-	83,079,140	(83,079,140)	-
Total assets	**882,280,564**	**126,109,315**	**(83,079,140)**	**925,310,739**
Equity				
Share capital	82,425,547	111,111,803	-	193,537,350
Revenue reserve	207,655,597	(32,141,507)	-	175,514,090
Non-current liabilities				
Amounts due to related parties	173,134,923	17,119,495	-	190,254,418
Project finance	291,543,507	18,811,948	-	310,355,455
Borrowings	-	2,080,423	-	2,080,423
Long term payables	-	-	-	-
Deferred tax liability	34,021,602	1,065,882	-	35,087,484
Environmental rehabilitation provisions	3,346,846	971,698	-	4,318,544
Interdivisional payables	83,079,140	-	(83,079,140)	-
Current liabilities	7,073,402	7,089,573	-	14,162,975
Total	**882,280,564**	**126,109,315**	**(83,079,140)**	**925,310,739**

29. Segment information (continued)

Amounts in ZMW

Period end 31 March 2024 Segment profit and loss	**Power**	**Mine**	**Adjustment**	**Consolidated**
Sales	4,729,603,471	1,265,340,931	(694,145,725)	5,300,798,677
Less: Mineral royalty tax fees	-	(63,264,507)	-	(63,264,507)
Less: Energy Regulation Board fee	(33,100,287)	(4,365,318)	-	(37,465,605)
Net Sales	**4,696,503,184**	**1,197,711,106**	**(694,145,725)**	**5,200,068,565**
Other trading income	366,678,868	8,103,773	-	374,782,641
Interest revenue	38,936,282	71	-	38,936,353
Total Revenue	**5,102,118,334**	**1,205,814,950**	**(694,145,725)**	**5,613,787,559**
Expenditure	(4,333,003,037)	1,330,771,020	694,145,725	(2,308,086,292)
IFRS impairment loss	518,308,185	-	-	518,308,185
Interest on fair value	(232,006,948)	(5,658,137)	-	(237,665,085)
Finance Cost	(668,679,329)	(54,676,620)	-	(723,355,949)
Interest on SWAPS	138,616,339	8,963,639	-	147,579,978
Foreign exchange gain/(loss)	605,005,435	(452,461,407)	-	152,544,028
Depreciation and Amortisation	(225,674,327)	(47,148,847)	-	(272,823,174)
Taxation charge	(25,341,208)	(39,581,166)	-	(64,922,374)
Segment Profit	**879,343,444**	**1,946,023,432**	**-**	**2,825,366,876**
Total assets	**17,215,070,128**	**3,105,985,782**	**(1,870,892,092)**	**18,450,163,818**
Total equity and liabilities	**17,215,070,128**	**3,105,985,782**	**(1,870,892,092)**	**18,450,163,818**

29. Segment information (continued)

				Amounts in ZMW
Segment balance sheet	**Power**	**Mine**	**Adjustment**	**Consolidated**
Non-current assets				
Property, plant and equipment	10,758,734,492	569,378,919	-	11,328,113,411
Intangible assets	-	2,134,363	-	2,134,363
Mine development assets	-	339,396,322	-	339,396,322
Deferred tax asset	-	-	-	-
Current assets				
Inventories	139,447,543	76,395,434	-	215,842,977
Trade and other receivables	6,142,042,787	114,949,063	-	6,256,991,850
Amounts due from related parties	446,904	-	-	446,904
Cash and cash equivalents	174,398,402	132,839,589	-	307,237,991
Interdivisional receivables	-	1,870,892,092	(1,870,892,092)	-
Total assets	**17,215,070,128**	**3,105,985,782**	**(1,870,892,092)**	**18,450,163,818**
Equity				
Share capital	566,218,233	689,983,671	-	1,256,201,903
Revenue reserve	9,704,795,347	1,027,738,136		10,732,533,484
Non-current liabilities			**-**	
Amounts due to related parties	3,991,433,514	1,025,831,532	-	5,017,265,046
Project finance	-	-	-	-
Borrowings	-	42,129,276	-	42,129,276
Deferred tax liability	738,338,127	(3,023,326)	-	735,314,801
Environmental rehabilitation provisions	88,517,204	25,699,416	-	114,216,620
Interdivisional payables	1,870,892,092	-	(1,870,892,092)	-
Current liabilities	254,875,611	297,627,077	-	552,502,688
Total	**17,215,070,128**	**3,105,985,782**	**(1,870,892,092)**	**18,450,163,818**

29. Segment information (continued)

Inter segment revenues are eliminated upon consolidation and reflected in the 'adjustments and eliminations' column. All other adjustments and eliminations are part of detailed reconciliations presented further below.

Period end 31 March 2023 Segment profit and loss	**Power**	**Mine**	**Adjustment**	**Amounts in ZMW Consolidated**
Sales	3,804,869,388	849,758,652	(444,275,444)	4,210,352,596
Less: Mineral royalty tax fees	-	(42,552,378)	-	(42,552,378)
Less: Energy Regulation Board fee	(26,632,877)	(2,838,382)	-	(29,471,259)
Net Sales	**3,778,236,511**	**804,367,892**	**(444,275,444)**	**4,138,328,959**
Other trading income	6,870,418	5,352,556	-	12,222,974
Interest revenue	423,977,515	-	-	423,977,515
Total Revenue	**4,209,084,444**	**809,720,448**	**(444,275,444)**	**4,574,529,448**
Expenditure	(1,547,046,632)	(590,784,976)	444,275,444	(1,693,556,164)
IFRS impairment loss	-	-	-	-
Interest on fair value	(91,115,145)	(6,757,897)	-	(97,873,042)
Finance Cost	(838,052,730)	(66,183,574)	-	(904,236,304)
Interest on SWAPS	7,429,401	574,571	-	8,003,972
Foreign exchange gain/(loss)	160,557,832	(114,935,188)	-	45,622,644
Depreciation and Amortisation	(563,344,950)	(77,331,427)	-	(640,676,377)
Taxation charge	2,377,426	(13,474,426)	-	(11,097,000)
Segment Profit	**1,339,889,646**	**(59,172,469)**	**-**	**1,280,717,177**
Total assets	**17,560,858,931**	**2,384,133,415**	**(352,541,410)**	**19,592,450,936**
Total equity and liabilities	**17,560,858,931**	**2,384,133,415**	**(352,541,410)**	**19,592,450,936**

29. Segment information (continued)

Inter-segment revenues are eliminated upon consolidation and reflected in the 'adjustments and eliminations' column. All other adjustments and eliminations are part of detailed reconciliations presented further below.

				Amounts in ZMW
Segment balance sheet	**Power**	**Mine**	**Adjustment**	**Consolidated**
Non-current assets				
Property, plant and equipment	9,528,380,658	427,510,081	-	9,955,890,739
Intangible assets	-	-	-	-
Mine development assets	-	301,548,926	-	301,548,926
Deferred tax asset	-	-	-	-
Current assets				
Inventories	101,929,873	72,724,361	-	174,654,234
Trade and other receivables	7,387,624,245	1,186,228,902	-	8,573,853,147
Amounts due from related parties	562,811	-	-	562,811
Cash and cash equivalents	542,361,344	43,579,735	-	585,941,079
Interdivisional receivables	-	352,541,410	(352,541,410)	-
Total assets	**17,560,858,931**	**2,384,133,415**	**(352,541,410)**	**19,592,450,936**
Equity				
Share capital	566,218,233	689,983,671	-	1,256,201,904
Revenue reserve	5,790,666,657	681,818,315	-	6,472,484,972
Non-current liabilities				
Amounts due to related parties	3,700,749,269	364,756,525	-	4,065,505,794
Project finance	6,281,345,252	331,243,253	-	6,612,558,505
Borrowings	-	44,326,527	-	44,326,527
Deferred tax liability	724,881,259	22,710,214	-	747,591,473
Environmental rehabilitation provisions	71,301,387	20,711,665	-	92,013,052
Interdivisional payables	352,541,410	-	(352,541,410)	-
Current liabilities	73,155,464	228,583,245	-	301,738,709
Total	**17,560,858,931**	**2,384,133,415**	**(352,541,410)**	**19,592,450,936**

29. Segment information (continued)

Adjustments and eliminations

- Current taxes, deferred taxes and certain financial assets and liabilities are not allocated to those segments as they are also managed on a Company basis.
- Capital expenditure consists of additions of property, plant and equipment, intangible assets and work in progress.
- Inter segment revenues are eliminated on consolidation. There were no intersegment sales during the period under review.
- Capital expenditure consists of additions of property, plant and equipment, capital work in progress (CWIP), and intangible asset.

Reconciliation of profit	**31-Mar-24**		**31-Mar-23**	
	USD	**ZMW**	**USD**	**ZMW**
Segment profit	112,264,476	2,825,366,876	99,268,323	1,280,717,177
Inter segment sales elimination	(27,866,259)	(694,145,725)	24,204,136	515,705,424
Inter segment expenditure elimination	27,866,259	694,145,725	(24,204,136)	(515,705,424)
Profit before tax	**112,264,476**	**2,825,366,876**	**99,268,323**	**1,280,717,177**

Reconciliation of assets	**31-Mar-24**		**31-Mar-23**	
	USD	**ZMW**	**USD**	**ZMW**
Segment assets	740,707,931	18,450,163,818	925,310,739	19,592,450,936
Inter divisional payables	-	-	-	-
Unrealised profit elimination	-	-	-	-
Total Assets	**740,707,931**	**18,450,163,818**	**925,310,739**	**19,592,450,936**

Reconciliation of liabilities and equity	**31-Mar-24**		**31-Mar-23**	
	USD	**ZMW**	**USD**	**ZMW**
Segment liabilities and equity	740,707,931	18,450,163,818	925,310,739	19,592,450,936
Inter divisional payables	-	-	-	-
Unrealised profit elimination	-	-	-	-
Total liabilities and equity	**740,707,931**	**18,450,163,818**	**925,310,739**	**19,592,450,936**

30. Maamba Collieries Limited Branch account

Included in the consolidated segment information for the division are financial statements for Maamba Collieries India Branch, which was incorporated on 11 August 2016. The branch commenced its operations in 2016. The following are the branch financial statements for the Maamba Collieries Limited India Branch:

Period end 31 March 2024			**Amount in USD**
Branch profit and loss	**Balance**	**Consolidation Adjustment**	**Total**
Revenue	1,560,570	(1,544,127)	16,443
Cost of sales	-	-	-
Gross profit	**1,560,570**	**(1,544,127)**	**16,443**
Expenditure	(1,642,061)	1,544,127	(97,934)
Segment profit (loss)	**(81,491)**	**-**	**(81,491)**

			Amount in USD
Branch statement of financial position	**Balance**	**Consolidation Adjustment**	**Total**
Property, plant and equipment	143,900	-	143,900
Inventories	23,945	-	23,945
Other current assets	352,531	-	352,531
Total assets	**520,376**	**-**	**520,376**
Trade and other payables	151,918	-	151,918
Accumulated loss	368,458	-	368,458
Total equity and liabilities	**520,376**	**-**	**520,376**

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2024

30. Maamba Collieries Limited Branch account (continued)

Period end 31 March 2023 — Amount in USD

Branch profit and loss	**Balance**	**Consolidation Adjustment**	**Total**
Revenue	583,635	(574,172)	9,463
Cost of sales	-	-	-
Gross profit	**583,635**	**(574,172)**	**9,463**
Expenditure	(664,315)	574,172	(90,143)
Segment profit (loss)	**(80,680)**	**-**	**(80,680)**

Amount in USD

Branch statement of financial position	**Balance**	**Consolidation Adjustment**	**Total**
Property, plant and equipment	1,460	-	1,460
Inventories	138,510	-	138,510
Other current assets	151,063	-	151,063
Total assets	**291,033**	**-**	**291,033**
Trade and other payables	132,487	**-**	132,487
Accumulated loss	158,546	-	158,546
Total equity and liabilities	**291,033**	**-**	**291,033**

30. Maamba Collieries Limited Branch account (continued)

Period end 31 March 2024 — **Amount in ZMW**

Branch profit and loss	Balance	Consolidation Adjustment	Total
Revenue	38,873,643	(38,464,049)	409,593
Gross profit	**38,873,643**	**(38,464,049)**	**409,593**
Expenditure	(40,903,575)	38,464,049	(2,439,526)
Segment profit (loss)	**(2,029,932)**	**-**	**(2,029,933)**

Amount in ZMW

Branch statement of financial position	Balance	Consolidation Adjustment	Total
Property, plant and equipment	3,584,535	-	3,584,535
Inventories	596,468	-	596,468
Other current assets	8,781,512	-	8,781,512
Total assets	**12,962,515**	**-**	**12,962,515**
Trade and other payables	3,784,263	-	3,784,263
Accumulated loss	9,178,252	-	9,178,252
Total equity and liabilities	**12,962,515**	**-**	**12,962,515**

NOTES TO THE FINANCIAL STATEMENTS – 31 MARCH 2024

30. Maamba Collieries Limited Branch account (continued)

Period end 31 March 2023

Amount in ZMW

Branch profit and loss	**Balance**	**Consolidation Adjustment**	**Total**
Revenue	12,435,219	12,233,596	201,623
Gross profit	12,435,219	12,233,596	201,623
Expenditure	(14,154,228)	(12,233,596)	(1,920,632)
Segment profit (loss)	**(1,719,009)**	**-**	**(1,719,009)**

Amount in ZMW

Branch statement of financial position	**Balance**	**Consolidation Adjustment**	**Total**
Property, plant and equipment	31,107	-	31,107
Inventories	2,951,163	-	2,951,163
Other current assets	3,218,625	-	3,218,625
Total assets	**6,200,895**	**-**	**6,200,895**
Trade and other payables	2,822,834	-	2,822,834
Accumulated loss	3,378,060	-	3,378,060
Total equity and liabilities	**6,200,894**	**-**	**6,200,894**

32. **Covid 19**

This virus has no significant impact on the operations of Maamba Collieries Limited. Zambia has not experienced a full lockdown and ZESCO continued to buy power from the Company.

The Company as a responsible corporate has taken all necessary preventive steps to ensure safety of our employees, surrounding communities and all stakeholders.

32. **Climate change**

Risks induced by climate changes may have future adverse effects on the Company's business activities. These risks include transition risks (e.g. regulatory changes and reputational risks) and physical risks. How the Company operates its businesses may be affected by new regulatory constraints on the CO2 emissions it generates via the Thermal Power Plant (TPP). The TPP which emits the greenhouse gases has in design state of the art technology which includes electrostatic precipitators, online monitoring of the stack emissions and any exceedances are promptly addressed by addition of limestone into the furnaces. Further, the Company is always alert to the threat of low water levels in Lake Kariba and mitigation measures are promptly instituted such as shifting the pumping station. In order to reduce the Company's carbon footprints, MCL is actively rehabilitating wastelands by planting trees. Additionally, the Company carry's out continuous water quality, air pollution and other monitoring activities on a weekly basis to ensure compliance with ZEMA and other World Bank Guidelines. The Company on a quarterly and bi-annual basis submits Environmental returns to MSD and ZEMA on Statutory Compliances for both the Coal Mine and the Thermal Power Plant as per licensing conditions. Further, more ambient monitoring in sensitive receptors such as the community is done on a continuous basis.

33. **Comparative figures**

Comparative figures have been restated for comparison purposes.

MAAMBA COLLIERIES LIMITED
(Registration Number 6364)

DETAILED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2024

		31-Mar-24		31-Mar-23	
	Note	**USD**	**ZMW**	**USD**	**ZMW**
Revenue					
Coal sales		29,153,444	625,107,421	22,917,216	405,483,208
Power sales		216,497,742	4,729,603,471	216,775,521	3,804,869,388
Mineral royalty tax		(2,915,297)	(63,264,507)	(2,417,205)	(42,552,378)
Energy Regulation Board fee		(1,717,649)	(37,465,605)	(1,675,890)	(29,471,259)
	18	**241,018,240**	**5,253,980,780**	235,599,642	4,138,328,959
Cost of sales					
Opening inventory		(8,197,228)	(174,654,234)	(8,325,477)	(150,433,874)
Purchases		(91,732,367)	(2,024,595,786)	(77,600,993)	(1,380,743,632)
Depreciation and amortization		(30,481,374)	(272,823,174)	(30,069,527)	(640,676,376)
Closing inventory		8,664,947	215,842,977	8,197,228	174,654,234
	21	**(121,746,022)**	**(2,256,230,217)**	**(107,798,769)**	**(1,997,199,648)**
Gross profit		**119,272,218**	**2,997,750,563**	**127,800,873**	**2,141,129,311**
Other income					
Scrap sales		36,383	914,454	25,265	420,289
Interest revenue	**20**	-	-	24,668,837	405,302,845
Professional charge income		264,511	5,488,759	327,012	5,706,659
Export incentives		16,443	360,937	9,539	163,533
Interest received from bank		1,819,031	38,936,353	1,013,799	18,674,670
Rent received		46,694	959,430	44,594	774,206
Miscellaneous income		236,642	5,059,354	57,800	996,691
Electricity and water income		73,384	1,495,838	67,358	1,171,917
Insurance claim income		14,000,000	359,944,200	-	-
Recoveries / write back		-	-	61	1,000
Profit on disposal of property, plant and equipment		24,803	559,669	167,166	2,988,679
	19	**16,517,891**	**413,718,994**	**26,381,431**	**436,200,489**

DETAILED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

		31-Mar-24		**31-Mar-23**	
	Note	**USD**	**ZMW**	**USD**	**ZMW**
Expenses		**(17,349,492)**	**(378,591,464)**	**(19,511,579)**	**(337,032,891)**
Operating profit		**11,84,40,617**	**3,032,878,093**	**134,670,725**	**2,240,296,909**
Finance costs	**22**	(40,627,377)	(961,021,034)	(53,082,634)	(1,002,109,346)
Exchange (loss)	**23**	2,257,589	152,544,028	11,552,161	45,622,644
Interest on swaps	**22**	6,221,509	147,579,978	96,777	8,003,971
Expected credit loss		23,502,765	518,308,185	-	-
		(8,645,514)	**(142,588,843)**	**(41,433,696)**	**(948,482,731)**
Profit before taxation		109,795,103	2,890,289,250	93,237,029	1,291,814,178
Taxation	**16**	2,469,373	(64,922,374)	6,031,294	(11,097,001)
Profit for the year		**112,264,476**	**2,825,366,876**	**99,268,323**	**1,280,717,177**

		31-Mar-24		**31-Mar-23**	
Operating expenses		**USD**	**ZMW**	**USD**	**ZMW**
Administration and management fees		8,380,732	181,675,319	11,276,296	192,959,858
Corporate social responsibility activities		756,070	16,439,985	553,404	9,377,601
Repairs and maintenance		2,433,195	55,301,930	1,844,468	31,956,525
Salaries and wages		5,779,475	125,183,583	5,836,944	102,732,705
		17,349,472	**378,600,817**	**19,511,112**	**337,026,689**