

Lumwana Mining Company Limited

Annual Report for the Year Ended 31 December 2023

Company registration No. 43254

Lumwana Mining Company Limited
Annual Report for the Year Ended 31 December 2023
Company registration No. 43254

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Lumwana Mining Company Limited
Annual Report
For the year ended 31 December 2023
Directors' Report

(Expressed in thousands of United States Dollars unless otherwise stated)

Directors' Report

The Directors present their report together with the audited annual financial statements for the year ended 31 December 2023 which disclose the state of affairs and performance of Lumwana Mining Company Limited (the "Company").

Directors

The names and details of the Company's Directors in office during the financial year and until the date of this report are as follows:

Executives

Nathan Chishimba
Anthony Malenga
Herbert Cawood

Non-executives

Johann Sebastiaan Bock
Rousseau Jooste
Mark Bristow

There were no alternate directors who held office during the year ended 31 December 2023.

During the year, the total Directors remuneration was US\$2,715 (2022: US\$1,753), comprised of US\$1,132 (2022: US\$1,094) for services rendered by executive directors, US\$nil (2022: US\$659) for services rendered by non-executive directors and US\$1,583 (2022: US\$639) for services rendered by key management personnel.

Principal activities

During the year, the principal activities of the Company were consistent with prior year activities as follows:

- a) mining and production of copper concentrate; and
- b) exploration of copper reserves on the Lumwana mining lease.

Share capital and beneficial owners

During the year ended 31 December 2023, there were no new shares issued. As at 31 December 2023, there were 6,962 shares (2022: 6,962 shares) issued and fully paid. The authorised number of shares is 20,000 (2022: 20,000 shares) with a par value of 1.00 Zambian Kwacha ("ZMW" or "K") per share.

The beneficial owners of the Company are the shareholders of Barrick African Copper Pty Limited owning 6,961 shares and Mr. Georgios Joannou owning one share.

Interests register information

During the year, the Directors did not have any interests in Company transactions or business to declare (2022: nil). The interests register, as required by the Companies Act, 2017 of Zambia, containing the particulars of the stated interests declared, is available for inspection at the Company's registered office.

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Directors' Report

(Expressed in thousands of United States Dollars unless otherwise stated)

Review of operations

The profit for the year was US\$7,992 (2022: profit of US\$128,202) and has been added to accumulated gains.

Dividends

The Directors have recommended no dividend be paid for the year ended 31 December 2023 (2022: US\$292,539).

Significant changes during the year

There have been no significant changes in the operations of the Company for the year ended 31 December 2023.

Average number of employees and remuneration

The total remuneration of the employees during the year was US\$70,406 (2022: US\$56,228) and the average number of employees was as follows for the year ended 31 December 2023:

January	1876
February	1993
March	2128
April	2226
May	2262
June	2278
July	2352
August	2348
September	2442
October	2444
November	2469
December	2509

The Company has policies and procedures to safeguard the occupational health, safety, and welfare of its employees required by the Companies Act, 2017 of Zambia.

Gifts and donations

During the year the Company made donations of US\$0.47 (2022: US\$0.36) to charitable organisations and events.

Exports

The Company did not export any goods from Zambia during the year (2022: nil).

Property, plant and equipment

The Company capitalised US\$319,766 of property, plant and equipment during the year (2022: US\$361,693) which is comprised of cash purchases of US\$333,117 (2022: US\$380,486) and non-cash deductions of US\$13,351 (2022: deductions of US\$18,793).

In the opinion of the Directors, the carrying value of the property, plant and equipment is not more than its recoverable value.

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Research and development

During the year, the Company did not incur any costs on research and development (2022: nil).

Auditor

The Auditor, PricewaterhouseCoopers Zambia, has indicated their willingness to continue in office and a resolution for their reappointment will be proposed at the next annual general meeting. The Auditor remuneration for the year was US\$220 (2022: \$242) for audit services. The Auditor rendered no other services to the Company.

Signed on behalf of the Board of Directors,



Herbert Cawood
Director



Anthony Malenga
Director

9 April 2024

Lumwana Mining Company Limited
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Statement of Directors' Responsibilities

The Companies Act, 2017 of Zambia requires the Directors to prepare annual financial statements for each financial year that give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its financial performance. It also requires the Directors to ensure that the Company keeps proper accounting records that disclose, with reasonable accuracy, the financial position of the Company. They are also responsible for safeguarding the assets of the Company. The Directors are further required to ensure the Company adheres to the corporate governance principles or practices contained in Sections 82 to 122 of Part VII of the Companies Act, 2017 of Zambia.

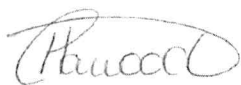
The Directors accept responsibility for the annual financial statements, which have been prepared using appropriate accounting policies supported by reasonable estimates, in conformity with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB") and the requirements of the Companies Act, 2017 of Zambia.

The Directors further accept responsibility for the maintenance of accounting records that may be relied upon in the preparation of annual financial statements, and for such internal controls as the Directors determine relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

The Directors are of the opinion that the annual financial statements set out on pages 10 to 47 give a true and fair view of the state of the financial affairs of the Company and of its financial performance in accordance with IFRS Accounting Standards as issued by the IASB and the requirements of the Companies Act, 2017 of Zambia. The Directors further report that they have implemented and adhered to the corporate governance principles or practices contained in Sections 82 to 122 of Part VII of the Companies Act, 2017 of Zambia.

As reported in Note 30 to the annual financial statements, nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least twelve months from the date of these financial statements.

Signed on behalf of the Board of Directors,



Herbert Cawood
Director



Anthony Malenga
Director

9 April 2024



Independent auditor's report

To the Shareholders of Lumwana Mining Company Limited

Report on the audit of the annual financial statements

Our opinion

In our opinion, the annual financial statements give a true and fair view of the financial position of Lumwana Mining Company Limited (the "Company") as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and the requirements of the Companies Act, 2017 of Zambia.

What we have audited

Lumwana Mining Company Limited's annual financial statements are set out on pages 10 to 47 and comprise:

- the statement of financial position as at 31 December 2023;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the annual financial statements, comprising material accounting policies and other explanatory information.

Basis for 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 annual financial statements* section of our report.

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

Independence

We are independent of the Company in accordance with the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code). We have fulfilled our other ethical responsibilities in accordance with the IESBA Code.



Report on the audit of the annual financial statements (continued)

Other information

The Directors are responsible for the other information. The other information comprises the Company's Annual Report but does not include the annual financial statements and our auditor's report thereon.

Our opinion on the annual financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the annual financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the annual financial statements

The Directors are responsible for the preparation of annual financial statements that give a true and fair view in accordance with IFRS Accounting Standards as issued by the IASB and the requirements of the Companies Act, 2017 of Zambia, and for such internal control as the Directors determine is necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, the Directors are 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 the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The Directors are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the annual financial statements

Our objectives are to obtain reasonable assurance about whether the annual 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 annual financial statements.



Report on the audit of the annual financial statements (continued)

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

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

- Identify and assess the risks of material misstatement of the annual 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 annual 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.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual 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.



Report on other legal and regulatory requirements

The Companies Act, 2017 of Zambia

The Companies Act, 2017 of Zambia requires that in carrying out our audit of Lumwana Mining Company Limited, we report on whether:

- i. as required by section 259 (3)(a), there is a relationship, interest or debt which, ourselves, as the Company Auditor, have in the Company;
- ii. as required by section 259 (3)(b), there are serious breaches by the Company's Directors, of corporate governance principles or practices contained in Sections 82 to 122 of Part VII of the Companies Act, 2017 of Zambia; and
- iii. in accordance with section 250 (2), as regards loans made to a Company Officer (a director, company secretary or executive officer of the company), the Company does not state the:
 - particulars of any relevant loan made during the financial year to which the accounts apply, including any loan which was repaid during that year; or
 - amount of any relevant loan, whenever made, which remained outstanding at the end of the financial year.

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

PricewaterhouseCoopers
Chartered Accountants
Lusaka

Charity Mulenga
Practicing Certificate Number: AUD/F000945
Partner signing on behalf of the firm

11 April 2024

Lumwana Mining Company Limited
Annual Report for the year ended 31 December 2023
Annual financial statements

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Lumwana Mining Company Limited
Annual Financial Statements
For the year ended 31 December 2023
Statement of Profit and Other Comprehensive Income
(Expressed in thousands of United States Dollars unless otherwise stated)


	Note	2023	2022
Copper revenues		960,462	1,047,173
Smelter charges		(165,977)	(179,007)
Copper revenues, net	4	794,485	868,166
Cost of sales	5	(727,058)	(619,459)
Gross profit		67,427	248,707
Expenses			
General and administrative expenses	8	(12,427)	(20,712)
Other expenses	10	(12,947)	(16,359)
Total expenses		(25,374)	(37,071)
Profit before finance costs and income taxes		42,053	211,636
Finance costs	11	(55,980)	(26,671)
Finance income	11	4,032	1,909
Total net finance costs		(51,948)	(24,762)
(Loss)/profit before income taxes		(9,895)	186,874
Income tax benefit/(expense)	13	17,887	(58,672)
Net profit for the year		7,992	128,202
Other comprehensive income, net of tax		—	—
Total comprehensive income for the year		7,992	128,202

The accompanying notes are an integral part of these annual financial statements.

Lumwana Mining Company Limited
Annual Financial Statements
For the year ended 31 December 2023
Statement of Financial Position
(Expressed in thousands of United States Dollars unless otherwise stated)

	Note	2023	2022
ASSETS			
Current assets			
Cash and cash equivalents	14	41,471	1,835
Trade and other receivables	15	301,895	335,300
Inventories	16	102,354	71,358
Tax receivable	9	50,000	50,000
		<u>495,720</u>	<u>458,493</u>
Non-current assets			
Inventories (stockpiles)	16	112,879	150,485
Property, plant and equipment, net	17	1,266,368	1,183,122
		<u>1,379,247</u>	<u>1,333,607</u>
Total assets		<u>1,874,967</u>	<u>1,792,100</u>
LIABILITIES			
Current liabilities			
Trade and other payables	19	251,621	278,688
Provision for environmental rehabilitation	22	4,796	303
Current income tax liabilities	20	5,750	5,121
Other current financial liabilities	23	1,559	136
		<u>263,726</u>	<u>284,248</u>
Non-current liabilities			
Borrowings	21	482,357	369,167
Provision for environmental rehabilitation	22	80,977	72,498
Deferred income tax liabilities	18	121,887	145,658
Other non-current financial liabilities	23	2,017	4,518
		<u>687,238</u>	<u>591,841</u>
Total liabilities		<u>950,964</u>	<u>876,089</u>
Net assets		<u>924,003</u>	<u>916,011</u>
EQUITY			
Share capital	24	1	1
Accumulated gains		<u>924,002</u>	<u>916,010</u>
Total equity		<u>924,003</u>	<u>916,011</u>

The annual financial statements on pages 10 to 47 were approved for issue by the Board of Directors and signed on their behalf by:



 Herbert Cawood
 Director



 Anthony Malenga
 Director

9 April 2024

The accompanying notes are an integral part of these annual financial statements.

Lumwana Mining Company Limited
Annual Financial Statements
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Statement of Changes in Equity
(Expressed in thousands of United States Dollars unless otherwise stated)

	Note	Share capital	Share premium	Accumulated gains	Total equity
As at 1 January 2022	24	1	1,010,047	70,300	1,080,348
Comprehensive income:					
Profit for the year		—	—	128,202	128,202
Total comprehensive income		—	—	128,202	128,202
Transactions with owners:					
Dividend declared and paid during the year		—	—	(292,539)	(292,539)
Conversion of share premium		—	(1,010,047)	1,010,047	—
Transactions with owners		—	(1,010,047)	717,508	(292,539)
Balance at 31 December 2022		1	—	916,010	916,011

	Note	Share capital	Share premium	Accumulated gains	Total equity
As at 1 January 2023	24	1	—	916,010	916,011
Comprehensive income:					
Profit for the year		—	—	7,992	7,992
Total comprehensive income		—	—	7,992	7,992
Transactions with owners		—	—	—	—
Balance at 31 December 2023		1	—	924,002	924,003

The accompanying notes are an integral part of these annual financial statements.

Lumwana Mining Company Limited
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For the year ended 31 December 2023
Statement of Cash Flows

(Expressed in thousands of United States Dollars unless otherwise stated)

	Note	2023	2022
Cash flows from operating activities			
Cash generated from operations	29	321,386	195,784
Income taxes paid	20	(7,620)	(46,151)
Interest paid	28	(4,621)	(24,384)
Cash provided by operating activities		<u>309,145</u>	<u>125,249</u>
Cash flows from investing activities			
Payments for property, plant and equipment	17	(333,117)	(380,486)
Cash utilised in investing activities		<u>(333,117)</u>	<u>(380,486)</u>
Cash flows from financing activities			
Shareholder loans from related parties	28	(50,000)	50,000
Loan advance	28	115,000	—
Finance lease payments		(1,937)	(2,546)
Other financial liabilities		545	115
Dividends paid		—	—
Cash provided by financing activities		<u>63,608</u>	<u>47,569</u>
Net increase/(decrease) in cash and cash equivalents		39,636	(207,668)
Cash and cash equivalents at beginning of year		1,835	209,579
Effects of exchange rate changes on cash and cash equivalents		—	(76)
Cash and cash equivalents at end of the year	14	<u>41,471</u>	<u>1,835</u>

The accompanying notes are an integral part of these annual financial statements.

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Notes to the Annual Financial Statements
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Notes to the Annual Financial Statements
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1. Summary of material accounting policies

The principal accounting policies adopted in the preparation of these annual financial statements (the "annual financial statements") are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated. The annual financial statements are for the entity Lumwana Mining Company Limited ("LMC" or the "Company").

a) General information

Lumwana Mining Company Limited is a Company limited by shares, incorporated and domiciled in Zambia. Its registered office is:

1st Floor, May Building, The Gallery Office Park, Stand 4015, Lagos Road, Rhodespark
P.O. Box RW 50628 Lusaka, Zambia

The Company is engaged in the production of copper, and related mining activities including exploration within Zambia.

The annual financial statements have been approved by the Board of Directors. Neither the Company's owners nor others have the power to amend the annual financial statements after issue.

b) Basis of preparation

The preparation of the annual financial statements is in accordance with the requirements of IFRS Accounting Standards as issued by the International Accounting Standards Board ("IASB").

Historical cost convention

These annual financial statements have been prepared under the historical cost convention unless otherwise stated.

Going concern

As reported in Note 30 to the annual financial statements, nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least twelve months from the date of these financial statements.

c) Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRS as issued by the IASB requires the use of certain critical accounting estimates. It also requires the Directors to exercise their judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in Note 3.

d) Foreign currency translation

Functional and presentation currency

Items included in the annual financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency). The annual financial statements are presented in thousands of United States Dollars ("USD" or "US\$"), which is LMC's functional and presentation currency.

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d) Foreign currency translation (continued)

Transactions and balances

Foreign currency transactions are translated into the functional currency of the Company using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'finance income or finance cost'. All other foreign exchange gains and losses are presented in profit or loss within other operating income or expense.

e) Revenue recognition

Revenue comprises consideration received or receivable on contracts entered into with customers for the sale of goods and services in the ordinary course of the Company's activities. Revenue is recorded net of taxes, freight and refinery charges. Revenue is recognised when the Company satisfies its performance obligations as set out in the contracts entered into with its customers.

IFRS 15 introduces a five-step model for recognising revenue to depict transfer of goods or services. The model distinguishes between promises to a customer that are satisfied at a point in time, and those that are satisfied over time.

Revenue is recorded when evidence exists that all of the following criteria are met:

- Identify the contract(s) with a customer.
- Identify the performance obligations in the contract. Performance obligations are promises in a contract to transfer to a customer goods or services that are distinct.
- Determine the transaction price. The transaction price is the amount of consideration to which an entity expects to be entitled in exchange for transferring promised goods or services to a customer. If the consideration promised in a contract includes a variable amount, an entity must estimate the amount of consideration to which it expects to be entitled in exchange for transferring the promised goods or services to a customer.
- Allocate the transaction price to each performance obligation on the basis of the relative stand-alone selling prices of each distinct good or service promised in the contract.
- Recognise revenue when a performance obligation is satisfied by transferring a promised good or service to a customer (which is when the customer obtains control of that good or service).

These conditions are generally satisfied when title passes to the customer.

Revenue is recognised for the major business activities as follows: Under the terms of concentrate sales contracts with independent smelting companies, copper sales prices are provisionally set on a specified future date after shipment based on market prices. Revenues under these contracts are recorded at the time of shipment, which is also when the risks and rewards of ownership are passed to the smelting companies, using forward market copper prices on the expected date that final sales prices will be determined. Variations between the price recorded at the shipment date and the actual final price set under the smelting contracts are caused by changes in market copper prices, which result in the existence of an embedded derivative in accounts receivable. The embedded derivative is recorded at fair value each period until final settlement occurs, with changes in fair value classified as provisional price adjustments and included in revenue in profit or loss.

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f) Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred income tax assets and liabilities attributable to temporary differences and to unused tax losses.

Current tax is based on taxable income at the local statutory tax rate enacted or substantively enacted at the balance sheet date and includes adjustments to tax payable or recoverable in respect of previous periods.

Deferred income tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted or substantively enacted. The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability.

No deferred income tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred income tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses. Deferred income tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in foreign operations where the Company is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

The Company adopted the requirements of *IFRIC 23 'Uncertainty over income tax treatment'* in 2019 which resulted in changes in accounting policy of the Company. IFRIC 23 amends *IAS 12 'Income Taxes'* to specify requirements for current and deferred tax assets and liabilities. This interpretation clarifies how to apply the recognition and measurement requirements in IAS 12 when there is uncertainty over income tax treatments. In such a circumstance, an entity shall recognise and measure its current or deferred tax asset or liability applying the requirements in IAS 12 based on taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined applying this Interpretation.

An entity is required to use judgement to determine whether each tax treatment should be considered independently or whether some should be considered together based on which approach provides a better prediction of the resolution of the uncertainty. An entity is to assume that a taxation authority with the right to examine any amounts reported to it, will examine those amounts and have full knowledge of all relevant information when doing so. An entity has to consider whether it is probable that the relevant authority will accept each tax treatment and then reassess its judgements and estimates if facts and circumstances change.

Lumwana Mining Company Limited

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Notes to the Annual Financial Statements

(Expressed in thousands of United States Dollars unless otherwise stated)

g) Leases

Leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Company. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payments that are based on an index or a rate;
- amounts expected to be payable by the lessee under residual value guarantees;
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are recognized on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

h) Cash and cash equivalent

For the purpose of presentation in the statement of cash flows, cash on hand/cash at bank and term deposits are presented as 'Cash and cash equivalents' if they have a maturity of three months or less from the date of acquisition and are repayable within 24 hours notice with no loss of interest.

i) Trade receivables

Trade receivables are amounts due from customers for merchandise sold or in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

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j) Inventory

Ore and copper concentrate inventory

Inventories of broken ore and concentrate are physically measured or estimated and valued at the lower of cost and net realisable value. Cost includes direct costs and an appropriate portion of fixed and variable overhead expenditure.

Consumable supplies inventories

Inventories of consumable supplies and spare parts to be used in production are valued at weighted average cost. Obsolete or damaged inventories are valued at net realisable value. A regular and ongoing review is undertaken to establish the extent of surplus items, and a provision is made for any potential loss on their disposal.

k) Impairment of non-financial assets

Non-financial assets, other than goodwill, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognized for the amount by which the carrying amount of the asset exceeds its recoverable amount which is the higher of an asset's fair value less cost to sell and value in use. For the purpose of assessing impairment, assets are grouped at lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than intangible assets (goodwill) that suffered impairment are reviewed for possible reversal of impairment at each reporting date. Where an impairment loss subsequently reverses, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but the increased carrying amount should not exceed the carrying amount that would have been determined, had no impairment loss been recognized for the assets or cash-generating unit in prior years.

A reversal of an impairment loss is recognized as income immediately in profit or loss. Impairment losses recognised on intangible assets (goodwill) are not reversible.

l) Property, plant and equipment

Property, plant and equipment ("PPE") are initially recorded at cost and subsequently measured at cost less accumulated depreciation and amortisation. Interest and financing costs that relate to the project and are incurred during the construction period are capitalised. The cost of each item of buildings, fixed plant, mobile machinery and equipment is written off over its expected useful life.

Either the units-of-production or straight-line method is used. The units-of-production basis results in an amortisation charge proportional to the depletion of the proven and probable reserves. Each item's economic life has due regard to both its own physical life limitations and to present assessments of the proven and probable resources of the mine property at which the item is located, and to possible future variations in those assessments. Estimates of remaining useful lives are made on a regular basis for all mine buildings, fixed plant and mobile machinery and equipment, with annual reassessments for major items.

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I) Property, plant and equipment (continued)

The useful lives for each asset category of property, plant and equipment are detailed in the table below:

Mine Development

Mine Development	Units of production
------------------	---------------------

Plant and Machinery

Process Plant	Units of production
Mining Mobile Equipment	5 - 7 years
Ancillary Mobile Equipment	2 - 3 years
Light vehicles	2 - 3 years
Office equipment	2 - 3 years

Buildings

Buildings	Units of production
-----------	---------------------

Mine development, plant and equipment amortisation is calculated using the units-of-production method and on a straight-line basis over the estimated useful life of the asset if the asset's useful life is less than the life of mine. Buildings are depreciated on a straight-line basis over the estimated useful life of the asset. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period. Major spares purchased specifically for a particular plant are capitalised and amortised on the same basis as the plant to which they relate.

The Company reviews property, plant and equipment for impairment triggers at each reporting date. An impairment trigger exists whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable based on future undiscounted cash flows. When assets are determined to be impaired, recorded asset values are revised to fair value and an impairment loss is recognised. This fair value is determined based on discounted cash flows, with the impairment loss being calculated as the excess of the carrying amount over the fair value.

A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the recoverable amount since the last impairment loss was recognized. This reversal is recognized in profit or loss and is limited to the carrying value that would have been determined, net of any depreciation where applicable, had no impairment charge been recognized in prior years. Impairment losses recognized on intangible assets (goodwill) are not reversible.

Construction in progress is accumulated and carried forward at cost until the construction is complete. On completion the asset is transferred to the asset class and is amortised over its expected useful life. Mine development costs are accumulated and carried forward at cost until the commencement of commercial production of the respective mine areas. On commencement of commercial production, the asset is amortised on a units-of-production basis.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

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m) Exploration and evaluation expenditure

Exploration and evaluation expenditure for each area of interest is written off as incurred, unless such costs are expected to be recouped through successful development and exploitation of the area of interest or, alternatively, by its sale. Expenditure is not deferred in respect of any area of interest or mineral resource unless the Company's rights of tenure to that area of interest are current. Although the Company has taken steps to verify title to its areas of interest, these procedures do not guarantee the Company's title. Such areas of interest may be subject to prior undetected agreements or transfers and title may be affected by such defects.

Capitalised costs include costs directly related to exploration and evaluation activities in the relevant area of interest. General and administrative costs are allocated to an exploration or evaluation asset only to the extent that those costs can be related directly to operational activities in the area of interest to which the asset relates.

Capitalised exploration and evaluation expenditure is written off where the above conditions are no longer satisfied. Deferred exploration and evaluation costs are transferred to mine development once a development decision has been taken. Deferred exploration and evaluation costs will be amortised over the estimated useful life of the ore body, on a units-of production basis, from the commencement of commercial extraction, or written off if the property is sold or abandoned.

Exploration and evaluation expenditure incurred subsequent to the acquisition in respect of an exploration asset acquired is accounted for in accordance with the policy outlined above. All capitalised exploration and evaluation expenditure is assessed for impairment if facts and circumstances indicate that an impairment may exist. Exploration and evaluation assets are also tested for impairment once commercial reserves are found, before the assets are transferred to development properties.

n) Mine properties

Mine properties represent the accumulation of all exploration, evaluation and development expenditure incurred in relation to areas of interest in which mining of a mineral resource has commenced.

When further development expenditure is incurred in respect of a mine property after the commencement of production, such expenditure is carried forward as part of the mine property only when it is probable that the additional future economic benefits associated with the expenditure will flow to the consolidated entity. Otherwise such expenditure is classified as part of the cost of production. Amortisation of costs are provided on the units-of-production method with separate calculations being made for each mineral resource. The units-of-production basis results in an amortisation charge proportional to the depletion of the economically recoverable mineral reserves.

o) Trade and other payables

These amounts represent liabilities for goods and services provided to the Company prior to the end of the financial year which were unpaid. The amounts are unsecured and are usually paid within 30 days of recognition. Trade and other payables are presented as current liabilities unless payment is not due within 12 months from the reporting date. They are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

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p) Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all the facility will be drawn down, the fee is capitalised as a prepayment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period. General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period to get ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. Other borrowing costs are expensed in the period in which they are incurred.

Amendments to IAS 23 Borrowing costs

Amendments to IAS 23 clarify that when a qualifying asset is ready for its intended use or sale, that any outstanding borrowing to obtain that asset will be treated as part of the Company's general borrowings when calculating the capitalisation rate on general borrowings.

q) Litigation and other provisions

Provisions are recognized when a present obligation exists (legal or constructive), as a result of a past event, for which it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Certain conditions may exist as of the date the financial statements are issued, which may result in a loss to the Company, but which will only be resolved when one or more future events occur or fail to occur. In assessing loss contingencies related to legal proceedings that are pending against or unasserted claims that may result in such proceedings, the Company, with assistance from its legal counsel, evaluates the perceived merits of any legal proceedings or unasserted claims as well as the perceived merits of the amount of relief sought or expected to be sought.

If the assessment of a contingency suggests that a loss is probable, and the amount can be reliably estimated, then a loss is recorded. When a contingent loss is not probable but is reasonably possible or is probable, but the amount of loss cannot be reliably estimated, details of the contingent loss are disclosed. Loss contingencies considered remote are generally not disclosed unless they involve guarantees, in which case we disclose the nature of the guarantee. Legal fees incurred in connection with pending legal proceedings are expensed as incurred. Contingent gains are only recognised when the inflow of economic benefits is virtually certain.

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q) Litigation and other provisions (continued)

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

r) Provision for environmental rehabilitation

The timing of the actual rehabilitation expenditure is dependent upon several factors such as the life and nature of the asset, the operating license conditions and the environment in which the Mine operates. Expenditures may occur before and after closure and can continue for an extended period of time depending on rehabilitation requirements. Rehabilitation provisions are measured at the expected value of future cash flows, which exclude the effect of inflation, discounted to their present value using a current dollar real risk-free pre-tax discount rate. The unwinding of the discount, referred to as accretion expense, is included in finance costs and results in an increase in the amount of the provision.

Provisions are updated each reporting period for changes to expected cash flows and for the effect of changes in the discount rate, and the change in estimate is added to or deducted from the related asset and depreciated over the expected economic life of the operation to which it relates.

Significant judgments and estimates are involved in forming expectations of future activities and the amount and timing of the associated cash flows. Those expectations are formed based on existing environmental and regulatory requirements or, if more stringent, environmental policies which give rise to a constructive obligation.

When provisions for closure and rehabilitation are initially recognised, the corresponding cost is capitalised as an asset, representing part of the cost of acquiring the future economic benefits of the operation. The capitalised cost of closure and rehabilitation activities is recognised in property, plant, and equipment and depreciated over the expected economic life of the operation to which it relates.

Adjustments to the estimated amount and timing of future closure and rehabilitation cash flows are a normal occurrence considering the significant judgments and estimates involved. The principal factors that can cause expected cash flows to change are: the construction of new processing facilities; changes in the quantities of material in reserves and resources with a corresponding change in the life of mine plan; changing ore characteristics that impact required environmental protection measures and related costs; changes in water quality that impact the extent of water treatment required; changes in discount rates; changes in foreign exchange rates; and changes in laws and regulations governing the protection of the environment.

Rehabilitation provisions are adjusted as a result of changes in estimates and assumptions. Those adjustments are accounted for as a change in the corresponding cost of the related assets, including the related mineral property, except where a reduction in the provision is greater than the remaining net book value of the related assets, in which case the value is reduced to nil and the remaining adjustment is recognised in the statement of income. The adjusted carrying amount of the related asset is depreciated prospectively. Adjustments also result in changes to future finance costs.

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s) Employee benefits

Short-Term Incentive

The Short-Term Incentive or STI, is a performance-based incentive scheme which considers both individual performance as well as company and/or site performance. The individual performance result is assessed annually based on individual outputs and demonstration of Barrick's values and works on a sliding scale, where an employee can achieve up to 200% of their individual portion based on excellent performance results. The Company and site performance are determined by scorecards approved by the President and CEO and Board Compensation Committee, which focus on a standard set of measures, including production, costs, value improvement, safety and environment.

Other entitlements

The estimated monetary liability for employees accrued annual leave entitlement at the statement of financial position date is recognised as an expense accrual.

Retirement benefit obligations

The Company and all its employees contribute to the National Pension Scheme Authority, which is a defined contribution scheme.

A defined contribution scheme is a pension plan under which the Company pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

t) Share capital and share premium

Ordinary shares are classified as 'share capital' in equity. Any premium received over and above the par value of the shares is classified as 'share premium' in equity.

u) Financial instruments

Financial instruments are comprised of financial liabilities and financial assets. Principal financial assets are cash and equivalents and accounts receivable, which arise directly from operations. Principal financial liabilities are accounts payable, borrowings and lease liabilities. The main purpose of these financial instruments is to manage short-term cash flow and raise funds for capital expenditures.

The Company manages exposure to key financial risks in accordance with its financial risk management policy. The objective of the policy is to support the delivery of financial targets while protecting future financial security.

The main risks that could adversely affect financial assets, liabilities or future cash flows are as follows:

- a) Market risk, foreign currency and interest rate risk;
- b) Credit risk;
- c) Liquidity risk; and
- d) Capital risk management.

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u) Financial instruments (continued)

Management designs strategies for managing each of these risks. The Company's senior management oversees the management of financial risks. Senior management ensures that the financial risk-taking activities are governed by policies and procedures and that financial risks are identified, measured and managed in accordance with the Company's policies and risk appetite. All activities for risk management purposes are carried out by the appropriate personnel.

v) Stock-based compensation

Barrick Gold Corporation, the Company's ultimate parent company, offers cash-settled (Restricted Share Units ("RSU"), Deferred Share Units ("DSU"), Performance Restricted Share Units ("PRSU"), and Performance Granted Share Units ("PGSU") to certain employees, officers and directors of the Corporation.

Cash-settled awards are measured at fair value initially using the market value of the underlying shares on the day preceding the date of grant of the award and are required to be remeasured to fair value at each reporting date until settlement. The cost is then recorded over the vesting period of the award.

This expense, and any changes in the fair value of the award, is recorded to the same expense category as the award recipient's payroll costs. The cost of a cash-settled award is recorded within other current and non-current liabilities until settled.

Restricted Share Units ("RSU")

Under Barrick's RSU plan, selected employees are granted RSUs where each RSU has a value equal to one Barrick common share. RSUs generally vest within three years and primarily settle in cash upon vesting. Additional RSUs are credited to reflect dividends paid on Barrick common shares over the vesting period.

A liability for RSUs is measured at fair value on the grant date and is subsequently adjusted for changes in fair value. The liability is recognized on a straight-line basis over the vesting period, with a corresponding charge to compensation expense, as a component of direct operating costs. Compensation expenses for RSUs incorporate an estimate for expected forfeiture rates based on which the fair value is adjusted.

w) New accounting standards and interpretations adopted by the Company

Certain new accounting standards and interpretations have been published that are not mandatory for the current period and have not been early adopted and are not expected to have a material impact on the Company in the current or future reporting periods or on foreseeable future transactions. A summary of the updates issued during 2023 are as follows:

An amendment to IAS 1 'Disclosure of Accounting Policies' issued to help preparers in deciding which accounting policies to disclose in their financial statements. The amendments are effective for annual periods beginning on or after 1 January 2023.

w) New accounting standards and interpretations adopted by the Company (continued)

Amendments to IAS 8 'Definition of Accounting Estimates' issued to help entities to distinguish between accounting policies and accounting estimates. The amendments are effective for annual annual periods beginning on or after 1 January 2023.

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An amendment to IAS 1 'Classification of Liabilities as Current or Non-current' providing a more general approach to the classification of liabilities under IAS 1 based on the contractual arrangements in place at the reporting date. The amendments were originally effective for annual reporting periods beginning on or after 1 January 2022, however, their effective date has been delayed to 1 January 2023.

An amendment to IAS 1 'Non-current Liabilities with Covenants' to clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments are effective for reporting periods beginning on or after 1 January 2024.

y) Reclassification

There were no reclassifications made to the 2023 financial statement amounts to correspond to the current year's presentation. Total assets, liabilities, and excess of revenues over expenses for 2022 are unchanged as reported.

2. Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk), credit risk and liquidity risk. The Company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the financial performance of the Company.

The Company uses various methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate, foreign exchange, price risks, and aging analysis for credit risk. Risk management is carried out by management through policies approved by the Board of Directors.

The Company holds the following financial instruments:

Financial assets at amortised costs:

As at 31 December

	2023	2022
Cash at bank and in hand	41,471	1,835
Trade and other receivables (excluding statutory receivables and prepayments)	167,574	130,727
	209,045	132,562

Financial liabilities at amortised costs:

As at 31 December

	2023	2022
Trade and other payables (excluding statutory obligations and other non-financial liabilities)	226,736	239,458
Lease liabilities	2,551	4,174
Borrowings	482,357	369,167
	711,644	612,799

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a) Market risk

Foreign exchange risk

The Company is exposed to foreign exchange risk arising from various currency exposures. Foreign exchange risk arises from recognised assets and liabilities denominated in a currency that is not the Company's functional currency.

The Company's risk management policy is to review its exposure to non-USD forecast operating costs on a case by case basis. Revenue from forecast copper sales is denominated in USD, as is the majority of the Company's forecast operating costs. The risk is measured using sensitivity analysis and cash flow forecasting.

The carrying amounts of the Company's financial assets and liabilities are denominated in USD except as set out below:

Cash and cash equivalents

	2023	2022
As at 31 December		
United States Dollar	40,872	1,404
Zambian Kwacha	599	431
	<u>41,471</u>	<u>1,835</u>

Receivables

United States Dollar	162,975	129,016
Zambian Kwacha	4,599	1,711
	<u>167,574</u>	<u>130,727</u>
	<u>209,045</u>	<u>132,562</u>

Payables

	2023	2022
As at 31 December		
United States Dollar	184,514	190,476
Australian Dollar	193	169
Zambian Kwacha	40,511	48,662
Other	1,518	151
	<u>226,736</u>	<u>239,458</u>

Sensitivity

Based on the financial instruments held at 31 December 2023, had the USD weakened/strengthened by 30% (2022: 8%) against the foreign currencies with all other variables held constant, the Company's post-tax profit or loss for the year to date and shareholder equity would have been US\$138,869 lower/higher (2022: US\$26,966), as a result of foreign exchange gains/losses on translation of non-USD denominated financial instruments such as cash, trade receivables, and accounts payable as detailed as follows:

Sensitivities

	2023	2022
As at 31 December		
Australian Dollar	304	87
Zambian Kwacha	71,892	26,081
Other	2,389	78
	<u>74,585</u>	<u>26,246</u>

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Price risk

Commodity price risk is the risk of financial loss resulting from movements in the price of the Company's commodity inputs and outputs. The Company is exposed to commodity price risk arising from provisionally priced copper concentrate sales, for which price settlement, referenced to the relevant copper index, is outstanding at the reporting date.

Sensitivity

At 31 December 2023, had copper prices weakened/strengthened by 12% (2022: 26%), with all other variables held constant, would have resulted in US\$4,879 (2022: US\$485). Refer to Note 4 for provisionally priced sales sensitivity impact on post tax profit for the year and shareholder equity.

Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. During 2023, the Company had a US\$482,357 (2022: US\$369,167) related party loan, bearing interest compounded each period at LIBOR plus 5.65%. Beginning 30 December 2023, compounded interest will be calculated each period at SOFR plus 4.37%.

Cash flow and fair value interest rate risk sensitivity

At 31 December 2023, if interest rates had increased/decreased by 50 basis points (2022: 50 basis points) from the year-end rates with all other variables held constant, post-tax profit or loss for the year to date would have been US\$4,318 lower/higher (2022: US\$3,058), as a result of movements of *Cash at bank and in hand*.

Summarised sensitivity analysis

The following table summarises the sensitivity of the Company's financial assets and financial liabilities to interest rate risk, foreign exchange risk and price risk.

		Interest Rate Risk				Foreign Exchange Risk				Price Risk			
		(50 bps)		50 bps		(30)%		30%		(12)%		12%	
At 31 December 2023	Carrying Amount	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
Financial Assets													
Cash and cash equivalents	41,471	342	—	(342)	—	(10,092)	—	10,092	—	(4,879)	4,879	4,879	(4,879)
Trade receivables	4,599	—	—	—	—	(1,119)	—	1,119	—	—	—	—	—
Financial Liabilities													
Trade and other payables	42,223	—	—	—	—	(10,275)	—	10,275	—	—	—	—	—
Non-Current Borrowings	482,357	3,976	—	(3,976)	—	(117,383)	—	117,383	—	—	—	—	—
Total Increase/(Decrease)	—	4,318	—	(4,318)	—	(138,869)	—	138,869	—	(4,879)	4,879	4,879	(4,879)

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	Carrying Amount	Interest Rate Risk (50 bps) 50 bps				Foreign Exchange Risk (8)% 8%				Price Risk (26)% 26%			
		Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity	Profit	Equity
At 31 December 2022													
Financial Assets													
Cash and cash equivalents	1,835	15	—	(15)	—	(117)	—	117	—	(485)	485	485	(485)
Trade receivables	1,711	—	—	—	—	(109)	—	109	—	—	—	—	—
Financial Liabilities													
Trade and other payables	48,982	—	—	—	—	(3,132)	—	3,132	—	—	—	—	—
Non-Current Borrowings	369,167	3,043	—	(3,043)	—	(23,608)	—	23,608	—	—	—	—	—
Total Increase/(Decrease)	—	3,058	—	(3,058)	—	(26,966)	—	26,966	—	(485)	485	485	(485)

b) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Credit risk arises from cash equivalents, deposits with banks and other receivables. The Company's management, including its Directors, help to manage the credit risk of the Company. The Company does not have significant concentrations of credit risk.

The Company primarily sells its copper concentrate to three major customers in Zambia and as a result there is a concentration of credit risk. This risk is mitigated where possible by policies in place to ensure that sales of products are made to customers with an appropriate credit rating and where necessary credit risk is effectively eliminated or substantially reduced by using bank instruments to secure payment.

Cash transactions are limited to high credit quality financial institutions. The maximum exposure to credit risk is equivalent to the carrying amount of cash and cash equivalents and trade receivables recognised on the statement of financial position. All financial instruments are neither past due nor impaired.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 120 days past due. Impairment losses on trade receivables are presented as net impairment losses within costs and expenses in profit or loss. Subsequent recoveries of amounts previously written off are credited against the same line item.

Management has assessed the credit risk from receivables from related parties as minimal due to the fact that the counter party shall recover the full loan. Given that the loans are interest free and repayable on demand, the effective interest rate is 0% indicating that discounting over the recovery period will have no effect. Trade receivables from third party mainly relate to the operations. The Company sells its copper concentrate to three major customers on the Zambian Copperbelt Province and as a result there is a concentration of credit risk. Credit risk is eliminated due to the fact that LMC receives upfront payment for 90% of any sales made. As a result of the 90% payment received the default loss rate is nil, as the remaining 10% is paid when the sale is finalised. Expected credit loss on cash at hand and cash at bank as been deemed as insignificant due to their short term nature.

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Impaired trade receivables

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off by reducing the carrying amount directly. An allowance account (provision for impairment of trade receivables) is used when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade receivable is impaired. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. The amount of the impairment allowance is recognised in the income statement.

c) Liquidity risk

Prudent liquidity risk management implies maintaining adequate cash at all times, liquid investments and committed credit facilities to meet the Company's commitments as they arise.

The Company manages liquidity risk by maintaining adequate reserves, banking facilities, and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The table below analyses the Company's financial liabilities that will be settled on a net basis into relevant maturity grouping based on the remaining period at the statement of financial position date to the contractual maturity date.

The amounts disclosed in the table below are the contractual undiscounted cash flows:

Contractual maturities of financial liabilities	Less than 12 months	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years	Total Contractual cash flows	Carrying amount (assets)/ liabilities
At 31 December 2023							
Non-derivatives							
Non-interest bearing	226,736	—	—	—	—	226,736	226,736
Lease liabilities (Note 23)	1,727	954	75	—	—	2,756	2,551
Related party loan payable with Barrick Finance Ireland Limited excluding RP payables reclassified from Borrowing	36,337	57,029	434,025	—	—	527,391	482,357
Total non-derivatives	264,800	57,983	434,100	—	—	756,883	711,644
Contractual maturities of financial liabilities	Less than 12 months	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Over 5 years	Total Contractual cash flows	Carrying amount (assets)/ liabilities
At 31 December 2022							
Non-derivatives							
Non-interest bearing	239,458	—	—	—	—	239,458	239,458
Lease liabilities (Note 23)	2,305	1,547	774	—	—	4,626	4,174
Related party loan payable with Barrick Finance Ireland Limited	22,958	45,979	326,572	—	—	395,509	369,167
Total non-derivatives	264,721	47,526	327,346	—	—	639,593	612,799

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d) Capital risk management

The Company's objective when managing capital is to safeguard its ability to support its operating requirements on an ongoing basis in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may limit the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity plus net debt.

During the year, the Company's strategy, which is unchanged from 2022, was to maintain a gearing ratio between 1.0 to 10.0. The gearing ratio as at 31 December 2023 and 2022 were as follows:

As at 31 December	2023	2022
Borrowings	482,357	369,167
Lease liabilities	2,551	4,174
Less cash and cash equivalents	(41,471)	(1,835)
Net debt	443,437	371,506
Total equity	924,003	916,011
Total capital	1,367,440	1,287,517
Gearing ratio	32 %	29 %

3. Critical accounting estimates and judgments

Many of the amounts included in the statement of financial position require management to make judgments and/or estimates. These judgments and estimates are evaluated and are based on management's experience and knowledge of the relevant facts and circumstances. Actual results may differ from the estimates. Information about such judgments and estimates is contained in the description of our accounting policies and/or other notes to the financial statements. The key areas where judgments, estimates and assumptions have been made are summarised below.

Mineral reserve estimates used to measure amortisation of property, plant and equipment

The amortisation expense is based on the estimated useful economic life of the mine reserves. The proven and probable copper reserves are reviewed annually as this is the estimate which will most significantly affect the measurement of amortisation. This estimate is complex and requires significant subjective assumptions that arise from evaluation of geological, geophysical, engineering and economic data for the orebody. This data could change over time as a result of numerous factors, including new information gained from development activities, evolving production history and a reassessment of the viability of production under different economic conditions. Such changes in the data and/or assumptions could cause reserve estimates to substantially change from period to period. Actual copper production could differ from expected copper production based on the reserves, and an adverse change in copper price could make a reserve uneconomical to mine. Refer to Note 17.

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Revenue recognition

The Company's sales agreements require final prices to be determined in a future period. For this purpose, it is necessary for management to estimate the final prices received based on current prices for copper. As a result of the significant volatility in current metal prices, actual results may materially differ from those initially recorded when final prices are determined.

Management follows the industry practice of re-pricing any provisionally priced sales at the end of each reporting period based on published copper forward curve prices and any differences/adjustments are recorded in the current period's earnings. Refer to Note 4.

Inventory

The measurement of inventory including the determination of its net realizable value, especially as it relates to ore in stockpiles, involves the use of estimates. Estimation is required in determining the tonnage, recoverable cost contained therein, and in determining the remaining costs of completion to bring inventory into its saleable form. Judgment also exists in determining whether to recognize a provision for obsolescence on mine operating supplies, and estimates are required to determine salvage or scrap value of supplies. Refer to Note 16.

Impairment and reversal of impairment for non-current assets

Non-current assets are tested for impairment if there is an indicator of impairment. Impairment assessments are conducted at the level of the cash generating unit ("CGU"), which is the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and includes most liabilities specific to the CGU. Calculating the estimated fair values of CGU for non-current asset impairment tests requires management to make estimates and assumptions with respect to future production levels, operating and capital costs in our life of mine ("LOM") plans, future metal prices, foreign exchange rates, net asset value ("NAV") multiples, value of reserves outside LOM plans in relation to the assumptions related to comparable entities and the market values per ounce and discount rates. Changes in any of the assumptions or estimates used in determining the fair values could impact the impairment analysis.

Provision for environmental rehabilitation

The Company records the provision for environmental rehabilitation ("PER") at fair value in the period in which the liability is incurred. Fair value is determined based on the estimated future cash flows required to settle the liability discounted at the Company's credit adjusted risk-free interest rate. The liability is adjusted for changes in the expected amounts and timing of cash flows required to discharge the liability and accreted over time to its full value. The associated provision for environmental rehabilitation costs are capitalised as part of the carrying amount of the long-lived asset and amortised over the expected useful life of the asset. Refer to Note 22.

Income taxes

The Company is subject to income taxes in Zambia. Significant judgment is required in determining the provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Company estimates its tax liabilities based on the Company's understanding of the tax law. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made. Refer to Note 13.

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Contingencies

Contingencies can be either assets or possible liabilities arising from past events which, by their nature, will only be resolved when one or more future events not wholly within our control occur or fail to occur. The assessment of such contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

In assessing loss contingencies related to legal proceedings that are pending against the Company, or unasserted claims that may result in such proceedings, or regulatory or government actions that may negatively impact our business or operations, the Company with assistance from its legal counsel evaluates the perceived merits of any legal proceedings or unasserted claims or actions as well as the perceived merits of the nature and amount, if any, to recognise as a contingent liability or assess the impact on the carrying value of assets. Contingent assets are not recognized in the annual financial statements. Refer to Note 26.

4. Copper revenues, net

For the year ended 31 December	2023	2022
Concentrate sales	951,141	1,085,125
Provisional pricing adjustment	9,321	(37,952)
Copper sales revenue	960,462	1,047,173
Smelter charges	(165,977)	(179,007)
	794,485	868,166

The Lumwana Mine produces a concentrate that primarily contains copper. The Company has provisionally priced sales for which price finalisation, referenced to the relevant copper index, is outstanding at the statement of financial position date. Revenue is recognised at a point in time when the Company satisfies its performance obligations as set out in the contracts entered into with its customers. These conditions are generally satisfied when title passes to the customer.

As at 31 December 2023, the Company's exposure to the impact of movements in market commodity priced for provisionally priced sales is set out in the following table:

	Volumes subject to final pricing Copper (thousands)	Volumes subject to final pricing Copper (thousands)	Impact on net income before taxation of 12% movement in market price US\$	Impact on net income before taxation of 26% movement in market price US\$
As at 31 December	2023	2022	2023	2022
Copper pounds	5,027	3,107	2,110	3,004

As at 31 December 2023, the provisionally priced copper sales subject to final settlement were recorded at average prices of US\$3.57/lb (2022: US\$3.66/lb). The sensitivities in the above table have been determined as the impact of a 12% (2022: 26%) change in commodity prices at each reporting date, while holding all other variables, including foreign currency exchange rates, constant.

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5. Cost of sales

For the year ended 31 December	Note	2023	2022
Direct operating costs	6	418,018	379,528
Depreciation	17	247,151	137,263
Royalties	7	61,889	102,668
		<u>727,058</u>	<u>619,459</u>

6. Direct operating costs

For the year ended 31 December	Note	2023	2022
Energy costs (diesel and electricity)		140,277	112,769
Parts and supplies		140,103	115,378
Maintenance		81,451	73,731
Employee costs	12	70,406	56,228
Other mining costs		54,351	36,878
Contractors		45,183	103,030
Employee benefit exp - other		16,155	4,706
Rentals		10,224	14,886
Inventory write-off		3,091	786
Changes in inventory – cash		(1,996)	74,382
Changes in inventory – depreciation and amortisation		(12,270)	26,022
Capitalised operating costs		<u>(128,957)</u>	<u>(239,268)</u>
		<u>418,018</u>	<u>379,528</u>

Capitalised operating costs include mining costs which have been capitalised in the year relating to mining areas whose economic benefit would be realised in future years. Change in inventory costs include mining costs which have been capitalized in the year relating to inventory that has been mined but not yet produced into sellable form.

Employee costs include:

For the year ended 31 December	Note	2023	2022
Employee benefits - salaries & wages	12	70,406	56,228
Employee transportation costs		13,405	2,177
Employee medical expenses		1,639	1,753
Other employee expenses		<u>1,111</u>	<u>776</u>
		<u>86,561</u>	<u>60,934</u>

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7. Royalties

The Company pays mineral royalties to the Government of the Republic of Zambia at rates ranging from 4% to 10% depending on the prevailing copper rates as follows:

- 4% when the copper price is below US\$4,000 per tonne (US\$1.81 per pound)
- 6.5% when the copper price is US\$4,001 per tonne or greater but less than US\$5,000 per tonne (US\$2.27 per pound)
- 8.5% when the copper price is US\$5,001 per tonne or greater but less than US\$7,000 per tonne (US\$3.18 per pound); and
- 10% when the copper price is US\$7,001 per tonne or greater.

During the year, the average royalty tax percentage applied was 6.4% (2022: 8.5%) and royalty expense for 2023 amounted to US\$61,889 (2022: US\$102,668). Royalties are deductible for current income tax assessment purposes.

8. General and administrative expenses

For the year ended 31 December

	2023	2022
Professional fees	454	544
License and permitting	75	172
Office supplies and rent	3,139	2,680
Bank fees and charges	211	118
Travel and accommodation	239	87
IT and shared services allocation	4,144	8,271
Other	4,165	8,840
	<u>12,427</u>	<u>20,712</u>

9. Deed of Settlement

The mining taxes assessed to the Company by the Zambia Revenue Authority ("ZRA") have contradicted the Development Agreement that was finalized between the Company and the Government of Zambia on 16 December 2005. In 2015, the Company began to take steps to preserve its rights under the Development Agreement and started to engage in formal discussions with the Government to redress historical tax issues relating to the Development Agreement.

On 3 October 2018, a Deed of Settlement was signed by the Government of Zambia and the Company. The Deed provided that, within 30 days of the Deed, the Company shall file tax returns for 2012 through to 2017, and the Government shall have the right to conduct and complete an audit of the returns. The audit of these tax returns by the Zambian tax authority was completed in the fourth quarter of 2019. From the audit, the Company recorded a US\$50,000 tax asset for 2019 and 2020 reflecting the final settlement, and released historical accruals related to customs duty and indirect taxes resulting in a credit of nil in the income statement. In addition, in the year the tax receivable was recognised, the Company reinstated exchange losses posted in prior years to take into account the devaluation of the Zambian Kwacha which resulted in a debit of US\$42,103 to other expense in the income statement. For the year ended 31 December 2019, the net impact on the income statement was a credit of US\$174,603. The tax credit is to be utilised against future taxes (income tax and royalties). As at 31 December 2023, the tax receivable is yet to be utilised and remains US\$50,000.

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10. Other expenses/(income)

For the year ended 31 December	2023	2022
Net foreign exchange losses other than on borrowings and cash and cash equivalents	20,437	16,903
Other income	(7,490)	(544)
	<u>12,947</u>	<u>16,359</u>

For the year ended 31 December 2023, the net foreign exchange losses other than on borrowing and cash and cash equivalents of US\$20,437 (2022: US\$16,903) comprises of foreign exchange gain of US\$111 (2022: loss of US\$3,175) on historical accruals arising from deferred customs and excise balances and net foreign exchange loss relating to the current year of US\$20,548 (2022: loss of US\$13,727).

11. Finance costs, net

For the year ended 31 December	Note	2023	2022
Finance income:			
Unrealised foreign exchange gains on borrowings and cash and cash equivalents		—	(76)
Interest income received		(4,032)	(1,833)
		<u>(4,032)</u>	<u>(1,909)</u>
Finance costs:			
Interest on related party loans	28	52,811	24,043
Lease interest costs		314	483
Accretion	22	2,855	2,145
		<u>55,980</u>	<u>26,671</u>
		<u>51,948</u>	<u>24,762</u>

12. Employee benefit expenses

For the year ended 31 December	2023	2022
Salaries and wages	68,525	53,500
Retirement benefit costs consisting of:		
National Health Insurance	242	—
<i>Defined contribution scheme:</i>		
National Pension Scheme Authority contributions	1,639	2,728
	<u>70,406</u>	<u>56,228</u>

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13. Income tax expense

For the year ended 31 December	Note	2023	2022
Current income tax expense	20	18,052	37,338
Deferred income tax (credit)/expense	18	(15,053)	25,347
Deferred income tax credit related to prior year	18	(8,718)	(3,987)
Over provision of current income taxes		(12,168)	(265)
Other		—	239
		<u>(17,887)</u>	<u>58,672</u>

The reconciliation of the income tax (benefit)/expense to the statutory income tax rate is as follows:

For the year ended 31 December	2023	2022
(Loss)/profit before income tax expense & adjustments	(9,895)	186,874
Tax at the Zambian tax rate of 30% (2022: 30%)	(2,969)	56,062
Non-deductible expenses	6,215	6,825
Net currency translation losses on DT balances	(247)	(202)
Deferred income tax expense related to prior year	(8,718)	(3,987)
Over provision of current income taxes	(12,168)	(265)
Other	—	239
Income tax (credit)/expense	<u>(17,887)</u>	<u>58,672</u>

14. Cash and cash equivalents

As at 31 December	Note	2023	2022
Cash at bank and on hand		41,471	1,469
Barrick Gold Corporation deposit	28	—	366
		<u>41,471</u>	<u>1,835</u>

Cash and cash equivalents includes a deposit with Barrick Gold Corporation ("BGC") which is repayable on demand.

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15. Trade and other receivables

As at 31 December	Note	2023	2022
Trade receivables		158,051	124,443
Related party receivables	28	5,452	2,234
		<u>163,503</u>	<u>126,677</u>
Other receivables		4,071	4,050
<i>Non financial assets:</i>			
Prepayments		28,195	32,515
VAT receivables		106,126	172,058
		<u>138,392</u>	<u>208,623</u>
		<u>301,895</u>	<u>335,300</u>

The carrying values of trade and other receivables approximate their fair value.

16. Inventories

As at 31 December	2023	2022
<i>Current Inventories</i>		
Consumable stores	44,367	63,215
Copper concentrate	61,465	9,621
Copper in circuit	28	—
Impairment provision	(3,506)	(1,478)
	<u>102,354</u>	<u>71,358</u>
<i>Non-current Inventories</i>		
Run of mine stockpiles	112,879	150,485
	<u>215,233</u>	<u>221,843</u>

The impairment charge recorded in inventory during the year amounted to US\$2,028 (2022: US\$51). Inventory balances include reductions for the impairment and obsolescence provisions of US\$3,506 (2022: US\$1,478).

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17. Property, plant and equipment

	Buildings	Plant and machinery	Mine development	Construction in progress	Right of use assets	Total
Net carrying amount at 1 January 2023	7,622	352,817	636,546	183,175	2,962	1,183,122
Additions	—	138,429	129,233	52,104	—	319,766
Modifications to right of use assets	—	—	—	—	472	472
Reduction in PER obligation (Note 22)	—	—	(2,720)	—	—	(2,720)
Change in estimate in PER provision (Note 22)	—	—	12,879	—	—	12,879
Transfers	—	102,380	—	(102,380)	—	—
Realignment to accumulated depreciation - cost	—	(32,042)	32,041	—	—	(1)
Realignment to accumulated depreciation - depreciation	—	32,042	(32,041)	—	—	1
Depreciation charges	(799)	(60,229)	(184,560)	—	(1,563)	(247,151)
As at 31 December 2023	6,823	533,397	591,378	132,899	1,871	1,266,368

Closing cost	10,156	685,791	1,113,559	132,899	8,757	1,951,162
Closing accumulated depreciation	(3,333)	(152,394)	(522,181)	—	(6,886)	(684,794)
As at 31 December 2023	6,823	533,397	591,378	132,899	1,871	1,266,368

	Buildings	Plant and machinery	Mine development	Construction in progress	Right of use assets	Total
Net carrying amount at 1 January 2022	8,376	315,223	457,890	172,898	3,975	958,362
Additions	—	80,231	220,779	60,683	—	361,693
Modifications to right of use assets	—	—	—	—	330	330
Transfers	—	(1,022)	51,428	(50,406)	—	—
Realignment to accumulated depreciation - cost	893	39,914	158,513	—	2,651	201,971
Realignment to accumulated depreciation - Depreciation	(893)	(39,914)	(158,513)	—	(2,651)	(201,971)
Depreciation charges	(754)	(41,615)	(93,551)	—	(1,343)	(137,263)
As at 31 December 2022	7,622	352,817	636,546	183,175	2,962	1,183,122

Closing cost	10,156	477,024	942,126	183,175	8,284	1,620,765
Closing accumulated depreciation	(2,534)	(124,207)	(305,580)	—	(5,322)	(437,643)
As at 31 December 2022	7,622	352,817	636,546	183,175	2,962	1,183,122

The register showing the details of buildings and land, as required by Section 30 of the Companies Act, 2017 of Zambia, is available during business hours at the registered office of the Company.

The Company capitalised US\$319,766 of property, plant and equipment during the year (2022: US\$361,693) which is comprised of cash purchases of US\$333,117 (2022: US\$380,486) and non-cash deductions of US\$13,351 (2022: deductions of US\$18,793).

In 2023, the Company had an increase of US\$12,879 to its cashflow due to changes in estimates for future rehabilitation costs (2022: nil).

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Impairment reversal sensitivities

Should there be a significant increase or decline in commodity prices, actions would be taken to assess the implications on the LOM plans, including the determination of reserves and resources, and the appropriate cost structure. The recoverable amount of the Company would be affected by these changes and also be impacted by other market factors such as changes in net asset value multiples and the value per pound of comparable market entities.

18. Deferred income tax liabilities

	2023	2022
<i>The balance comprises temporary differences attributable to:</i>		
<i>Deferred income tax assets:</i>		
Environmental rehabilitation	19,603	18,724
Provisions	6,837	4,787
Other	1,052	443
	<u>27,492</u>	<u>23,954</u>
<i>Set-off of deferred tax liability pursuant to set-off provisions:</i>		
Property, plant and equipment	(149,379)	(169,612)
Net deferred income tax liabilities	<u>(121,887)</u>	<u>(145,658)</u>
<i>Movements:</i>		
<i>Credited/(charged) to profit or loss:</i>		
Property, plant and equipment	20,233	(13,713)
Environmental rehabilitation	879	9,816
Provisions	2,050	(17,906)
Other	609	443
	<u>23,771</u>	<u>(21,360)</u>

As at 31 December 2023, there are no tax losses carried forward that expires in the future periods.

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19. Trade and other payables

These amounts represent unsecured current liabilities for goods and services, provisions for withholding and customs duty taxes, royalties, and provisions for environmental rehabilitation that are expected to be paid within one year. The carrying amount of trade and other payables approximates its fair value.

As at 31 December	Note	2023	2022
Accounts payable		64,716	139,988
Accrued liabilities		131,277	79,723
Related party payables	28	30,743	19,747
<i>Non-financial liabilities:</i>			
Royalties and other payables		6,787	11,325
Statutory obligations - withholding taxes		18,098	27,905
		<u>251,621</u>	<u>278,688</u>

20. Current income tax liabilities

As at 31 December	Note	2023	2022
Current income tax liability		5,750	5,146
Current withholding tax liability		—	(25)
		<u>5,750</u>	<u>5,121</u>
<i>Movements:</i>			
As at 1 January		5,121	14,694
Current income tax expense	13	18,052	37,338
Current withholding tax liability		—	(25)
Income taxes paid		(7,620)	(46,151)
Over provision of current income taxes		(12,168)	(265)
Tax FX adjustment		2,365	(470)
As at 31 December		<u>5,750</u>	<u>5,121</u>

21. Borrowings

As at 31 December	Note	2023	2022
Related party borrowings	28	<u>482,357</u>	<u>369,167</u>
		<u>482,357</u>	<u>369,167</u>
<i>Current portion:</i>			
Related party borrowings	28	<u>—</u>	<u>—</u>
		<u>—</u>	<u>—</u>
<i>Non-current portion:</i>			
Related party borrowings	28	<u>482,357</u>	<u>369,167</u>
		<u>482,357</u>	<u>369,167</u>

The carrying amounts of borrowings approximate their fair values.

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22. Provision for environmental rehabilitation

	Note	2023	2022
As at 1 January		72,801	89,431
Payments		(42)	(314)
Reduction in obligation		(2,720)	(18,461)
Accretion	11	2,855	2,145
Change in estimate		12,879	—
As at 31 December		85,773	72,801
Current		4,796	303
Non-current		80,977	72,498
Total		85,773	72,801

The PER has been recorded as a liability at fair value based on the estimated future cash flows required to settle the environmental rehabilitation liability discounted at the Company's credit adjusted risk-free interest rate. The fair value has been calculated assuming a credit adjusted risk-free discount rate of 3.9554% as at 31 December 2023 (2022: 1.7345%).

Although the ultimate amount to be incurred is uncertain, based on proven and probable reserves, management has at 31 December 2023 estimated the PER cost of work to be completed using an expected remaining mine life of 37 years and a total discounted estimated cash flow for the PER obligations of US\$85,773 (2022: US\$72,801). The significant increase in the PER was due to changes in discount rate and estimate caused due to increase in mine activity resulting in land disturbance. The eventual settlement of the PER is expected to take place between 2024 - 2053.

Sensitivity

At 31 December 2023, a 10% (2022: 10%) change in the inflation rate, with all other variables held constant, would have resulted in US\$94,350 (2022: US\$80,081) impact on post tax profit for the year and shareholder equity.

During the year ended 31 December 2023, the reduction in obligation of US\$2,720 (2022: US\$18,461) was comprised of cost adjustments to the ARC asset of US\$2,720 (2022: US\$18,459) and improvements to the ARC Asset of US\$nil (2022: US\$2).

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23. Other financial liabilities

For the year ended	2023	2022
<i>Other current financial liabilities:</i>		
Lease liabilities	1,559	136
	<u>1,559</u>	<u>136</u>
<i>Other non-current financial liabilities:</i>		
Lease liabilities	992	4,038
Restricted share units	1,025	480
	<u>2,017</u>	<u>4,518</u>
<i>Changes in lease liabilities consist of the following:</i>		
	2023	2022
As at 1 January	4,174	6,237
Lease additions	473	—
Lease interest costs	314	483
Lease payments	(2,410)	(2,546)
As at 31 December	<u>2,551</u>	<u>4,174</u>

See Note 2(c) for contractual maturities of the lease liabilities.

Restricted Share Units (RSUs) are notional shares held on behalf of employees and mature on an annual basis and classified as non-current. The amount of RSU payment is based on the five day average Barrick share price at the end of the vesting period multiplied by the number of RSUs and accumulated dividends in the grant. As at 31 December 2023, the number of shares held were 135,568 and the average share price applied was \$18.09.

24. Share capital

Share capital as at 31 December is as follows:

	2023 Shares	2022 Shares	2023 US\$	2022 US\$
<i>Ordinary shares</i>				
Authorised	20,000	20,000	—	—
Issued and fully paid	6,962	6,962	1	1

During the year ended 31 December 2023, there were no new shares issued. As at 31 December 2023, 6,962 shares (2022: 6,962 shares) with a par value of K1.00 per share were issued and fully paid. The authorised number of shares is 20,000 (2022: 20,000 shares). During 2023, there was no dividend declared or paid (2022: US\$292,539) was declared and paid to the shareholders.

During the year ended 31 December 2022, the Company cancelled the share premium of US\$1 billion by converting it to distributable reserve for future dividend payments.

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25. Auditor remuneration

The auditor remuneration for fellow subsidiaries Lumwana Property Development Company Limited ("LPDC"), Lumwana International School Limited ("LIS") and Equinox Zambia Limited ("EQZ"), is borne by LMC.

During the year, the following fees were paid or payable for services provided by the auditor of the Company:

	2023	2022
Audit of annual financial statements	<u>220</u>	<u>242</u>

The Auditor received no other benefits during the year (2022: nil).

26. Contingencies

LPDC buy-back scheme

Lumwana Mining Company Limited has guaranteed to its subsidiary Lumwana Property Development Company that it will pay for LPDC's mortgage buy-back scheme liability in the event, and only to the extent, that LPDC is unable to finance this liability. As at 31 December 2023, LPDC's mortgage buy-back scheme liability is estimated at US\$213 (2022: US\$267).

27. Commitments

Capital commitments

As at 31 December 2023, the Company has entered into various operational commitments which were entered during the normal course of business of US\$305,390 (2022: US\$190,172) for the purchase of trucks, supplies, services & consumables.

28. Related party transactions

The Company's immediate parent is Barrick African Copper Pty Limited ("BAC") incorporated in Australia. The Company's ultimate parent and controlling party is BGC, incorporated in Canada. There are other companies that are related to LMC through common shareholdings or common directorships.

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i) Related party receivables

As at 31 December

	2023	2022
Lumwana Property Development Limited	4,489	2,155
Lumwana International School Limited	192	79
Barrick Gold Corporation	771	—
	<u>5,452</u>	<u>2,234</u>

Related party receivables from fellow subsidiaries Lumwana Property Development Limited and Lumwana International School Limited are not collateralised as they are provided interest-free and have no specified repayment date. Under the terms of the shareholder loan agreements, the loans are repayable on demand by LMC provided that LMC shall not unreasonably demand payment. In May 2022, the Company assigned the loan receivables balance as of that date due from LPDC, EQX and LIS to BAC in the sum of US\$69,727 as consummation of the distribution of dividend according to its respective rights and interests in the profits of the Company for the financial year ended 31 December 2021.

In August 2022, as part of a global initiative to simplify and standardize intercompany loans between entities, BGC and LMC off-set an amount owing by LMC to BGC of US\$37,227 against an amount owing by BGC to LMC of \$260,000, reducing the amount owing by BGC to LMC to US\$222,773. LMC declared and paid a dividend of US\$222,773 by assigning the BGC receivable to BAC.

ii) Related party payables

	2023	2022
Barrick Gold Corporation	27,016	11,152
Lumwana International School Limited	2,106	2,037
Lumwana Property Development Limited	1,520	723
Inversiones Barrick Consosur	104	104
Barrick Administration Company Pty Ltd	79	433
Nevada Goldmines	70	55
Barrick Gold North America	(152)	(29)
Barrick Gold Holdings Ltd	—	5,272
	<u>30,743</u>	<u>19,747</u>

In May 2022, the LPDC payable balance of US\$1,897,645 was offset against the receivable balance prior to assigning the receivables as a dividend to BAC.

iii) Related party deposits

	2023	2022
Barrick Gold Corporation	—	366
	<u>—</u>	<u>366</u>

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Based on the Intercompany Account Agreement entered into on 29 January 2021, BGC acknowledges receipt of United States Dollars ("Receipts") from time to time from the Company. The receipts shall be payable by BGC to LMC on demand, provided LMC shall provide BGC with notice of any such demand by 2pm on the previous day, due to which this deposit is considered as Cash and cash equivalents. Interest shall accrue on all receipts at a fixed rate of 1.38%, consisting of a deposit rate of 0.25% based on the 6M LIBOR rate at this time plus the current credit risk spread of 1.13%, representing the current spread on the BGC revolving credit facility. This credit facility arrangement was closed as of August 2022.

iv) Borrowings from related parties:

	2023	2022
As at 31 December		
Barrick Finance Ireland Limited	482,357	319,167
Barrick Gold Corporation	—	50,000
	<u>482,357</u>	<u>369,167</u>

Movement on borrowings from related parties:

	2023	2022
As at 1 January	369,167	319,025
(Repayment)/reclassification of related party borrowing	(50,000)	50,000
Addition to the loan facility	115,000	—
Interest expense	52,811	24,526
Interest paid	(4,621)	(24,384)
As at 31 December	<u>482,357</u>	<u>369,167</u>

As at 31 December 2023, included within the US\$482,357 (2022: US\$369,167) related party loan balance is a US\$482,357 (2022: US\$319,167) loan with Barrick Finance Ireland Limited (fellow subsidiary), denominated in USD, bearing interest compounded each period at LIBOR plus 5.65%, maturing on 31 January 2027. Beginning 30 December 2023, compounded interest will be calculated each period at SOFR plus 4.37%. The loan balance included an advance of US\$115,000 added to the loan facility in February 2023. During the year ended 31 December 2023, the Company made principal repayments and interest payments of nil and US\$4,621, respectively (2022: nil and US\$24,384, respectively). The effective interest rate on this loan was 10.93% (2022: 7.13%). The loan is not secured.

Transactions

v) Disbursements made by the Company on behalf of related parties include the following:

	2023	2022
For the year ended 31 December		
Lumwana Property Development Limited	2,334	(50,180)
Equinox Zambia Limited	—	(8,717)
Lumwana International School Limited	113	(9,891)
	<u>2,447</u>	<u>(68,788)</u>

vi) There was no reimbursements to the Company from related parties for the years ended 31 December 2023 and 2022.

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vii) Remuneration of key management personnel

During the year, the total Directors remuneration was US\$2,715 (2022: US\$1,753), comprised of US\$1,132 (2022: US\$1,094) for services rendered by executive directors, and US\$nil (2022: US\$659) for services rendered by non-executive directors. The key management personnel of LMC includes the Directors and those executives that report directly to the general manager. Key management compensation for all subsidiaries of BAC, the immediate parent company, is borne by LMC. Amounts paid to key management personnel, including short-term and long-term benefits, were US\$1,583 (2022: US\$639). Payment made to non-executive directors during the year were US\$nil (2022: US\$659).

29. Cash generated from operating activities

	Note	2023	2022
(Loss)/profit before income taxes		(9,895)	186,874
Depreciation expense	17	247,151	137,263
Foreign exchange losses on operating activities		18,795	3,613
PER accretion charges	22	2,855	2,145
Interest expense	11	53,125	24,526
Long-term compensation expense		2,098	569
Non-cash inventory movement		(10,241)	18,058
Change in working capital:			
(Increase)/decrease in:			
Inventories		16,851	94,299
Trade and other receivables		33,405	(181,563)
Increase/(decrease) in:			
Trade and other payables		(43,497)	(89,574)
Other liabilities		(6,591)	(112)
Change in estimate/payment on provision for environmental rehabilitation	22	17,330	(314)
Cash generated from operating activities before interest and income taxes		321,386	195,784

30. Subsequent events

The Company has evaluated events occurring after the reporting period through the date of issuance and determined that no matter or circumstance has arisen since 31 December 2023 that has significantly affected, or may significantly affect, the Company's operations or state of affairs in future financial years.