Mopani Copper Mines Plc (Incorporated in Zambia)
COMPANY REGISTRATION NUMBER – 44139

Annual report and financial statements
for the year ended 31 December 2023

Mopani Copper Mines Plc

Annual report and financial statements
for the year ended 31 December 2023

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Mopani Copper Mines Plc

DIRECTORATE AND ADMINISTRATION

Board of Directors

Ravindra Kumar Sharma	Chairman	Appointed on 20 March 2024
Prof. Stephen Simukanga	Non-Executive	Re-appointed on 20 March 2024
Mambwe Sepo Mwiya	Non-Executive	Appointed on 20 March 2024
Vinet Mehra	Non-Executive	Appointed on 20 March 2024
Gareth John Taylor	Non-Executive	Appointed on 20 March 2024
Frijo Chungath Francis	Non-Executive	Appointed on 20 March 2024
Patrick Mfungo	Non-Executive	Appointed on 20 March 2024
Sydney Matamwandi	Non-Executive	Appointed on 20 March 2024
Mukela Muyunda	Non-Executive	Resigned on 20 March 2024
Brian Musonda	Non-Executive	Resigned on 20 March 2024
Tisa Chama	Non-Executive	Resigned on 20 March 2024
Charles Mpundu	Non-Executive	Resigned on 20 March 2024
Dr. Diana Kangwa	Non-Executive	Resigned on 20 March 2024
Kakenenwa Muyangwa	Non-Executive	Resigned on 8 May 2023
Charles P. Sakanya	Executive	Resigned on 20 March 2024

Key Management Personnel

Charles P. Sakanya	-	Chief Executive Officer
John Chiwele	-	Chief Financial Officer
Oscar Matebele	-	Acting Chief Services Officer
Jacob Banda	-	General Manager - Mining & Technical Services
Maambo Chooye	-	General Manager - Processing
Douglas Bbela	-	General Manager - Asset Management

Company Secretary

Alick Gondwe

Principal Bankers

Standard Chartered Bank Zambia Plc
P.O Box 32238
Lusaka

Auditors

KPMG Chartered Accountants
6th floor Sunshare Towers
PO Box 31282
Olympia Park
Lusaka

Registered Company Address

Nkana Central Offices
Central Street
Nkana West
Kitwe

CHAIRMAN'S STATEMENT

Throughout 2023, Mopani Copper Mines Plc's (Mopani) Strategic Equity Process (SEP) was ongoing through ZCCM Investments Holdings Plc (ZCCM-IH) appointed advisory firm, Rothschild. In December 2023, ZCCM-IH announced the selection of International Resources Holdings (IRH) of Abu Dhabi as the preferred Equity Partner to invest a total of US$1.1 billion into Mopani Copper Mines Plc. The deal was concluded on 20 March 2024 culminating in a colorful public announcement ceremony on 21 March 2024 attended by the President of the Republic of Zambia, His Excellency, Mr. Hakainde Hichilema.

The deal includes novation and settlement of Glencore International AG's (Glencore) loan, previous majority shareholder before ZCCM-IH, liabilities of US$400 million and an investment into Working Capital and Expansion Capital projects works of US$220 million and US$400 million respectively. The former has already been disbursed to Mopani in quarter1 of 2024 while the latter will be made available over a period of four years per the agreed Project Development Plan signed by both shareholders, IRH and ZCCM-IH. In this agreement, IRH will disburse US$40 million in 2024, US$100 million in 2025, US$140 million in 2026 and US$120 million in 2027. The agreement further provides for an additional $80 million to be made available to Mopani by IRH in loans should the Company require funding.

I am delighted that IRH will be consistent on this commitment of ensuring that Company production and financial performance returns to glorious and sustainable levels going forward in accordance with the Five-Year Strategic Plan. The Glencore debt of US$1.7 billion will be restructured to under US$500 million and will transform the balance sheet position.

Review

During the financial year under review, the team managed to limit losses to US$436 million (2022: US$593 million). The Company's losses have compounded over the years arising from a debt overhang culminating from the departure of Glencore that made it very difficult for Mopani to secure necessary finances to run the operation optimally.

I am happy that the acquisition of majority shareholding in Mopani by IRH will result in a restructured balance sheet for the Company from debt position of over US$1.7 billion to under US$500 million and turn reserves and equity from over a negative US$1.2 billion to positive US$888 million. This transformation will position the balance sheet for funding opportunities as and when required especially for investment into long term capital projects including exploration. The future can't look any better!.

Strategy

As part of our long-term strategy, Mopani is the foremost acquisition by the IRH. We will continue with our plans into base metals expand our footprint by keeping the Company as our flag ship in the group. I am glad to state that we shall maintain the mission of delivering superior value to all stakeholders centered around the core values of Safe, Smart, Simple, Responsible and Open. The strategic vision continues to be established with five strategic objectives in mind that are simply abbreviated as ABCDE and set out below:

(a) Accomplished operational excellence - so as to become one of the best operators;
(b) Business performance and strong balance sheet - so as to provide consistently superior and sustainable shareholder rewards;
(c) Community - so as to be the employer of choice that develops local talent, contributes to the local economy by supporting and developing Small and Medium Enterprises (SMEs);
(d) Diversification - creation of longer lasting superior value addition through a diversified portfolio model; and
(e) Environment - so as to be a leading Company in environmental management and achieve impeccable Environmental, Social and Governance (ESG) credentials.

Capital projects

Funding for Expansion projects amounting to US$400 million has been committed by IRH over the next four years beginning in 2024 with US$40 million. The balance of US$360 million will be made available from 2025 to 2027 under the Project Development Plan.

Changes at the Board

There have been changes at the Board after the completion of the majority shareholder acquisition formalities on 20 March 2024. I would like to thank the following colleagues, the predecessor directors, for their work during the time they served:

(i) Mr. Mukela Muyunda – Former Board Chairman;
(ii) Prof. Stephen Simukanga – Former Vice Board Chairman;
(iii) Dr. Diana Kangwa;
(iv) Mr. Charles Mpundu;
(v) Mr. Tisa Chama;
(vi) Mr. Charles P. Sakanya; and
(vii) Mr. Brian Musonda.

In the same vein, I would like to welcome new members to the Board, including myself, and for the confidence exhibited through my election as Chair of the Board:

(i) Mr. Vineet Mehra;
(ii) Ms. Mambwe Sepo Mwiya;
(iii) Mr. Ravindra Kumar Sharma;
(iv) Mr. Gareth John Taylor;
(v) Mr. Frijo Chungath Francis;
(vi) Mr. Patrick Mfungo;
(vii) Mr. Sydney Mwatamwandi; and
(viii) Prof. Stephen Simukanga.

I look forward to working closely with all my colleagues in our collective fiduciary responsibility of providing strategic direction, governance and oversight to the management team and to the Company in general.

Outlook 2024

Mopani's efforts for 2024 will be concentrated largely on delivering the execution of Expansion projects while stabilizing mine development and production for 2024. This will set the foundation for ramping up production in the years ahead aligned to the approved Five-year Strategic Plan and the Project Development Plan.

IRH have so far provided working capital funding amounting to US$220 million during the period January to March 2024, resulting in the dismantling of overdue obligations and investment in mobile equipment and other necessary production facilities. Funding for expansion capital projects will be provided per plan over the years through to completion and commissioning.

I am happy to report that we shall support the management team in achieving production through our funding commitments and other necessary means of help.

The copper industry looks bright as price is forecast to tilt over US$9,000 per tonne in 2024.

CHAIRMAN'S STATEMENT *(continued)*

I wish to wholeheartedly thank all our stakeholders, management and employees and I am looking forward to positive performance in the years ahead.

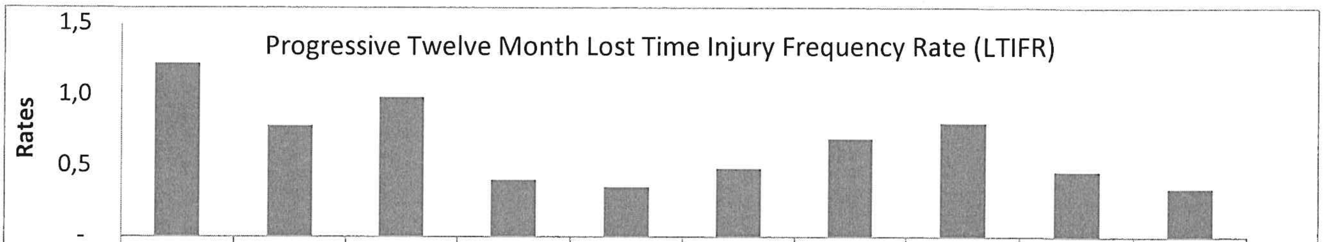
RAVINDRA KUMAR SHARMA
CHAIRMAN

CHIEF EXECUTIVE OFFICER'S REPORT

Safety

Safety is the most paramount aspect of the Mopani Culture. The Mopani work culture is aimed at safeguarding the lives and welfare of both direct and contractor employees. This ethic is firmly embedded in SAFEMINING programmes which are fundamentally aimed at zero fatalities across all the operations and all year round.

During the year, Mopani unfortunately recorded 1 fatality (2022: 3) and 9 Lost Time Injuries (2022: 14). The progressive Twelve-Month Lost Time Injury Frequency Rate (LTIFR) of 0.34 (2022: 0.46) signifies great improvement on the Safety aspect. Historical LTIFRs are set out in the table below.



	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023 YTD
Rate	1,22	0,78	0,98	0,40	0,35	0,48	0,69	0,80	0,46	0,34

Mopani management and employees will continue enhancing a culture of safety at the workplace and in the community where workers reside.

Production

The total contained copper in ore hoisted of 38,246 tonnes was 21% less than the previous year (2022: 48,475 tonnes). This reflects funding challenges that the Company continued to face which had negatively impacted on our operations and the ability for development contractors to continue to provide optimal support to the Company.

I am happy to announce that despite all the financial challenges, Mopani produced total finished copper of 65,207 tonnes (2022: 72,694 tonnes) representing a marginal 10% decline during the year.

The Company had been working with ZCCM-IH, the previous sole shareholder, to conclude the Strategic Equity Process deal with International Resources Holdings (IRH) of Abu Dhabi. The deal was concluded on 20 March 2024 culminating in the public announcement of the partnership by the Republican President Mr. Hakainde Hichilema. Working capital finding amounting to US$220 million has already been made available to Mopani by IRH resulting in dismantling of overdue obligations and investment in mobile equipment. Further, funding for Expansion capital amounting to US$400 million has been committed by IRH over the next four years beginning in 2024 with US$40 million. The balance of US$360 million will be made available from 2025 to 2027 under the approved Project Development Plan.

The unlocking of working capital funds has already seen stability and improved trend in mine development and production in quarter 1 2024.

Profitability

The net loss for the year was US$ 436 million (2022: US$ 593 million). The losses have compounded over the recent years arising from inadequate funding for the operation with a significant debt overhang from the previous shareholder's transaction exit deal in 2021 before ZCCM-IH.

I am happy to announce that the debt of over US$1.7 billion has been restructured down to under US$500 million with the balance sheet equally having the reserves and equity changing from over a negative US$1.2 billion to positive US$888 million. This has positioned the balance sheet for the Company well to take advantage of future opportunities that will no doubt be forthcoming.

Capital projects

Total capital expenditure for the year was US$ 35 million (2022: US$ 77 million). Sustaining capital of US$32 million was spent mainly on mine development in addition to US$ 2 million spent on expansion projects.

Funding for Expansion capital amounting to US$400 million has been committed by IRH over the next four years beginning in 2024 with US$40 million. The balance of US$360 million will be made available from 2025 to 2027 under the Project Development Plan signed by Mopani and the two shareholders.

Corporate Social Responsibility ("CSR")

The Company remained committed to improving the welfare of employees, contractors, and the people in the surrounding communities through its robust Corporate Social Responsibility initiatives. Mopani recognises its Corporate, Social and Environmental responsibilities as an integral part of its overall business engagement and is committed to achieving best practices in managing social issues and promoting sustainable social economic development. Below are some of the CSR activities that the Company undertook during the period under review.

(i) Medical services

Mopani operates 2 hospitals, Malcom Watson in Mufulira with a capacity of 60 beds and Wusakile Mine Hospital in Kitwe with a capacity of 120 beds. These facilities offer a wide range of curative services such as Internal medicine, General surgery and Obstetrics and Gynecology. Additionally, the medical department carries out numerous preventive community services such as HIV/AIDS and Malaria integrated eradication programmes which we continue to undertake in partnership with USAID/ZamHealth and the ministry of Health.

Towards the end of 2023 the department had to position itself to prepare for the Cholera outbreak in the country and joined the Cholera Task force on the Copperbelt. Malaria on the other hand has shown an increase in cases among the employees from 478 the previous year to 820 in 2023. Various interventions such as clearing of breeding sites, distribution of mosquito nets and indoor house spraying continue to be undertaken.

The accreditation of the 2 hospitals with the National Health Insurance Authority (NHIMA) medical scheme had an immediate impact through increased numbers of patients visiting the hospitals. This also resulted in an increase in Revenue, accounting for 38% of the operating cost by the end of 2023.

(ii) General community support

Mopani continued to support various charitable organisations and sports clubs in both Kitwe and Mufulira, with an investment of approximately US$1.2 million. The Community activities supported include Football (Nkana FC and Mufulira Wanderers FC), Rugby, Tennis, and Cricket. Mopani also supports orphans and vulnerable children through grants with focus on children with disabilities, street kids and orphans.

Corporate Social Responsibility ("CSR") *(continued)*

(ii) General community support *(continued)*

Mopani's community support has four main objectives:

(a) Contribute to community development

Mopani implements inclusive approaches with local communities to identify their development priorities and support activities that contribute to their lasting social and economic wellbeing, in partnership with government, civil society and development agencies, as appropriate and supports dialogue platforms to provide structured input into decision making and priority setting.

(b) Support local economic opportunities

Mopani enables access by local enterprises to procurement and contracting opportunities across the project life cycle, both directly and by encouraging larger contractors and suppliers, and by supporting initiatives to enhance economic opportunities for local communities. Specific focus has been given to enhancing the participation of women owned businesses in the mining supply chain and to this effect Mopani introduced a "Women in Mining" flagship programme that will run for 6 years.

(c) Support an effective complaints and grievances mechanism

Mopani provides local stakeholders with access to effective mechanisms for seeking resolution of grievances related to the Company and its activities. The Company conducts stakeholder engagement based on an analysis of the local context and other social impact assessments to ensure feedback is incorporated.

(d) Enhance partnerships

The Company continues to identify and engage with key corporate-level external stakeholders on sustainable development issues in an open and transparent manner.

Environmental performance

Sustainability remains central to Mopani's mission statement and how we operate. We recognise that our mining and processing activities generate material emissions and waste, and we know that we must always act responsibly. We continued to work very actively to limit our environmental footprint through greater innovation, energy efficiency and best waste management programmes aimed at early warning identification systems.

Mopani's Environmental Management System (EMS) is certified to ISO 14001:2015 international standard and this was once again re-validated by British Standards Institution (BSI) through a robust audit in 2023. The recertification audit by BSI is scheduled for mid-2025 when the current certificate will expire on completion of the three-year certification cycle.

A third-party environmental audit for the purpose of determining contributions into the Environmental Protection Fund (EPF) was carried out in the second half of 2023. Mopani mines were placed in Category 1, which is the highest classification. The validation of the classification by Mines Safety Department was being awaited at the end of the reporting period.

CHIEF EXECUTIVE OFFICER'S REPORT *(continued)*

Environmental performance *(continued)*

The Zambia Environmental Management Agency (ZEMA) also reissued Mopani with operating permits valid for the period 1 January 2023 to 31 December 2025.

Mopani will carry on with the commitment to doing our business in a climate friendly manner.

I thank you in large measure!

CHARLES P. SAKANYA
CHIEF EXECUTIVE OFFICER

14 June **2024**

REPORT OF THE DIRECTORS

The directors submit their annual report together with the audited annual financial statements for the year ended 31 December 2023, which disclose the state of affairs and performance of Mopani Copper Mines Plc ("the Company").

Principal activity and principal places of business

Mopani Copper Mines Plc is a mining Company operating in the Republic of Zambia. It is a major producer of copper cathodes and related by-products. The Company's metals are sold worldwide via offtake agreements with Glencore International AG and locally via customer contracts with Zambia Metal Fabricators Plc and Neelkanth Group Zambia Limited. There were no significant changes in the Company's business during the year. Mopani's key operating locations include: -

(i) **Nkana**; which includes the South Ore Body (SOB) Shaft, Synclinorium Shaft, Synclinorium North Shaft, Mindola Subvertical Shaft, Nkana old Concentrator and the New Synclinorium Concentrator;

(ii) **Mufulira**; which includes the Henderson Mufulira Shaft, Mufulira Concentrator and the Smelter and Refinery Complex; and

(iii) **Expansion projects** under construction include Mindola Deeps, Henderson Shaft, Synclinorium Shaft and the Tailings Storage Facilities at both Nkana and Mufulira.

Results and dividends

The loss for the year amounted to US$436 million (2022: US$593 million). During the year, the Company did not pay any dividends (2022: Nil). The directors do not recommend payment of any dividends.

Going concern

The directors consider that despite the significant loss recorded in the year, the Company remains a going concern as disclosed under note 2.3 in the notes to the financial statements.

Share capital

The authorised share capital of Mopani Copper Mines remained unchanged at 200,000,000 ordinary shares of US$1 each. The issued and fully paid-up share capital remained at 6,900,000 ordinary shares of US$ 1 each.

The Mopani Copper Mines shareholding and beneficial ownership is represented as follows:

Name of shareholder	Percentage of shareholding	Beneficial Owners
ZCCM Investments Holdings PLC	100%	Government of the Republic of Zambia

There were no changes in the beneficial owners during the year 2023 (2022: None). However, as disclosed in note 29, IRH was issued with and allotted 7,181,633 new shares in return for a 51% stake in Mopani Copper Mines Plc.

Interests register information

During the year, the Mopani Copper Mines officers (directors, company secretary or executive officers of the Company) did not declare any interest in the Company's transactions and business (2022: None). The interests' register, as required by the Companies Act, 2017 of Zambia, that should contain particulars of the interests declared, is available for inspection at the Company's registered office.

Directorate

Refer to page 1 for the details of the directorate. During the year, total director's remuneration paid amounted to US$288,000 (2022: US$229,000) for services rendered by non-executive directors as disclosed in note 22.3 in the notes to the financial statements.

Key management personnel

Refer to page 1 for the details of key management personnel. During the year, total executive management remuneration was US$3.0 million (2022: US$3.2 million) as disclosed in note 22.3 in the notes to the financial statements.

Changes in property, plant, and equipment

The following were the additions to property, plant, and equipment during the year as shown in note 14 to the financial statements.

	2023	2022
	US$'000	US$'000
Sustaining	**32,533**	70,439
Expansionary	**2,477**	6,981
Total	**35,010**	77,420

The directors are of the view that there is no significant difference between the carrying value of property, plant, and equipment in the statement of financial position and the market value thereof.

Exports

The value of exports during the year amounted to US$457 million (2022: US$624 million) as disclosed in note 6(b) in the notes to the financial statements.

Research and development

The Company did not engage in research and development activities during the year (2022: Nil).

Risk management and control

In its normal operations, the Company is exposed to several risks including fair value, credit, operational, strategic, and foreign exchange risks. These are described and explained in note 27 to the financial statements.

The directors have approved policies to mitigate the above risks by introducing controls that are designed to safeguard the Company's assets while allowing sufficient freedom for the normal conduct of business.

Health, safety and welfare of employees

Mopani Copper Mines Plc has a safety and health management system which is regularly reviewed to ensure it continues to conform to all the requirements of the Occupational Health and Safety Assessment Series (OHSAS) 18001: 2007 specifications.

Health, safety and welfare of employees *(continued)*

The Company has developed and defined roles and responsibilities, authority and a time scale for achieving the Mopani safety system objectives at relevant functions and levels within the Company. Legal and other requirements have been identified and are monitored for compliance through a legal register.

The Company has developed and established suitable training programmes for employees and contractors in risk assessments, identification of hazards and control of such hazards in workplaces.

The Company empowers its workers to refuse to carry out work in a manner that is unsafe. The Company has in place a worker empowerment policy that gives the right to any Company or Contractor employee to refuse to work in places of imminent danger.

A safety check campaign was also launched which puts the employee at the centre of responsibility in terms of safety as opposed to the top-down approach.

Average number and remuneration of employees

The total remuneration paid in respect of the employees was US$94 million (2022: US$109 million) as disclosed in note 9 in the notes to the financial statements The average number of employees during each month of the year was as follows:

	2023	2022
January	**5,705**	5,501
February	**5,703**	5,570
March	**5,672**	5,611
April	**5,696**	5,641
May	**5,709**	5,657
June	**5,705**	5,664
July	**5,679**	5,685
August	**5,696**	5,687
September	**5,707**	5,743
October	**5,706**	5,745
November	**5,688**	5,740
December	**5,677**	5,717

During the year donations to charitable causes in the aggregate sum of US$1.54 million (2022: US$1.82 million) were made as disclosed in note 9 in the notes to the financial statements. The Company has in place stringent internal controls for review and approval of gifts and donations prior to payment.

Legislation

To the best of their knowledge, the directors confirm that the Company has complied with the Factories and Public Health Act including but not limited to the Occupational Health and Safety Act 2010 and the Mines and Minerals Development Act of 2015.

Events after the reporting date

Refer to the note 29 in the notes to the financial statements for material facts or significant events after the reporting date.

Auditors

PricewaterhouseCoopers, who were the auditors of the Company for the year ended 31 December 2022, retired upon conclusion of the 2022 audit. KPMG Chartered Accountants were subsequently appointed as auditors for the financial year ended 31 December 2023.

KPMG Chartered Accountants have indicated their willingness to continue in the office as auditors and a resolution for their reappointment will be proposed at the next Annual General Meeting. The Auditors remuneration for the year was US$170,000 (2022: US$230,000).

Signed on behalf of the Board by:

RAVINDRA KUMAR SHARMA
DIRECTOR

..14..June....... **2024**

FRIJO FRANCIS CHUNGATH
DIRECTOR

.14..June..... **2024**

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for the preparation of the financial statements that give a true and fair view of Mopani Copper Mines Plc (''the Company''), comprising the statement of financial position as at 31 December 2023, the statements of profit or loss and other comprehensive income and changes in equity and cash flows for the year then ended, and the notes to the financial statements which include a summary of significant accounting policies and other explanatory notes, in accordance with IFRS Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in compliance with the requirements of the Companies Act of Zambia. In addition, the directors are responsible for preparing the Director's report.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for maintaining adequate accounting records and an effective system of risk management.

The directors have made an assessment of the Company's ability to continue as a going concern as disclosed in note 2.3 in the notes to the financial statements.

The auditor is responsible for reporting on whether the financial statements give a true and fair view in accordance with the applicable financial reporting framework, described above.

Approval of the financial statements

The financial statements of Mopani Copper Mines Plc, as identified in the first paragraph, were approved by the Board of Directors on ...14 June..... **2024** and are signed on its behalf by:

RAVINDRA KUMAR SHARMA
CHAIRPERSON

14 June... **2024**

FRIJO FRANCIS CHUNGATH
DIRECTOR

14 June... **2024**

KPMG Chartered Accountants
6th floor Sunshare Towers,
Cnr Lubansenshi / Katima Mulilo Roads,
Olympia Park,
P O Box 31282
Lusaka, Zambia

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INDEPENDENT AUDITOR'S REPORT

To the shareholders of Mopani Copper Mines Plc

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Mopani Copper Mines Plc ("the Company") set out on pages 17 to 61, which comprise the statement of financial position as at 31 December 2023, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the period then ended, and the notes to the financial statements, including a summary of significant accounting policies/material accounting policy information.

In our opinion, the financial statements give a true and fair view of the financial position of Mopani Copper Mines Plc as at 31 December 2023, and of its financial performance and cash flows for the period then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards) and in compliance with the requirements of the Companies Act of Zambia.

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 Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' *International Code of Ethics for Professional Accountants (including International Independence Standards)* (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Zambia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Directors are responsible for the other information. The other information comprises the Director's Report as required by the Companies Act of Zambia and the Company's annual report. The other information does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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 financial statements

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

In preparing the financial statements, 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.

Auditors' responsibilities for the audit of the financial statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

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

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

KPMG

Report on other legal and regulatory requirements

Companies Act of Zambia

In accordance with Section 259 (3) (a) of the Companies Act of Zambia (the Act), we consider and report that:

- there is no relationship, interest or debt we have with the Company; and
- there were no serious breaches of corporate governance principles or practices by the directors. This statement is made on the basis of the corporate governance provisions of the Act, Part VII – Corporate Governance of the Companies Act of Zambia.

KPMG

KPMG Chartered Accountants ....28/08/.. **2024**

Maaya Chipwayambokoma **AUD/F000861**
Partner signing on behalf of the Firm

Mopani Copper Mines Plc

Statement of profit or loss and other comprehensive income
for the year ended 31 December 2023

All figures in US$ '000

	Notes	2023	2022
Revenue from contracts with customers	6	**584,040**	720,990
Mineral royalties	7	**(19,204)**	(30,771)
		564,836	690,219
Cost of sales	8	**(714,625)**	(769,588)
Gross loss		**(149,789)**	(79,369)
Other income		**8,368**	4,575
Administration costs	8	**(65,976)**	(70,209)
Realisation costs	8	**(21,170)**	(25,738)
Loss before finance costs and impairment loss		**(228,567)**	(170,741)
Finance costs	10	**(207,225)**	(121,809)
Operating loss before impairment loss		**(435,792)**	(292,550)
Impairment loss	14	**-**	(300,000)
Loss before tax		**(435,792)**	(592,550)
Income tax expense	11	**-**	-
Loss for the year		**(435,792)**	(592,550)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss:			
Change in terminal benefit obligation	21	**1,654**	11,972
Total comprehensive loss for the year		**(434,138)**	(580,578)
Basic and diluted loss per share	12	**(US$ 62.92)**	(US$ 84.14)

The notes on pages 21 to 61 are an integral part of these financial statements.

Mopani Copper Mines Plc

Statement of financial position

as at 31 December 2023

All figures in US$ '000

	Notes	**2023**	2022
Assets			
Non-current assets			
Property, plant, and equipment	14	**989,513**	975,591
Long term assets	17	**11,206**	17,012
Environmental protection fund	15	**5,731**	5,231
Total non-current assets		**1,006,450**	997,834
Current assets			
Inventories	16	**162,534**	228,191
Trade and other receivables	17	**92,933**	127,575
Amounts due from related parties	22	**394**	357
Bank and cash balances	28	**2,267**	8,840
Total current assets		**258,128**	364,963
Total assets		**1,264,578**	1,362,797
Equity and liabilities			
Capital and reserves			
Share capital	18	**6,900**	6,900
Share premium	19	**48,160**	48,160
Accumulated losses		**(1,214,609)**	(780,471)
Total shareholders deficit		**(1,159,549)**	(725,411)
Non-current liabilities			
Long term provisions and accruals	20	**126,741**	61,967
Retirement benefits*	21	**371**	396
Borrowings due to third parties	23	**1,688,291**	1,569,936
Borrowings due to related parties	24	**107,840**	-
Total non-current liabilities		**1,923,243**	1,632,299
Current liabilities			
Trade and other payables*	25	**430,437**	403,972
Retirement benefits*	21	**4,669**	4,959
Bank overdraft	28	**42,548**	37,607
Borrowings due to third parties	23	**1,965**	-
Amounts due to related parties	22	**21,265**	9,371
Total current liabilities		**500,884**	455,909
Total liabilities		**2,424,127**	2,088,208
Total equity and liabilities		**1,264,578**	1,362,797

*In the prior year, employee related payables and provisions amounting to US$11.972 million were incorrectly included in retirement benefits instead of trade and other payables. The amounts have now been restated.

The annual financial statements on pages 17 to 61 were approved for issue by the Board of Directors on ...14 June..... **2024** and signed on their behalf by:

.... **DIRECTOR**

.... **DIRECTOR**

The notes on pages 21 to 61 are an integral part of these financial statements.

Mopani Copper Mines Plc

Statement of changes in equity
for the year ended 31 December 2023

All figures in US$ '000

	Share capital	Share premium	Accumulated losses	Total
Year ended 31 December 2022				
At start of the year	6,900	48,160	(199,893)	(144,833)
Comprehensive income:				
Loss for the year	-	-	(592,550)	(592,550)
Other comprehensive income for year	-	-	11,972	11,972
Total comprehensive income	-	-	(580,578)	(580,578)
At year end -	6,900	48,160	(780,471)	(725,411)
Year ended 31 December 2023				
At start of the year	**6,900**	**48,160**	**(780,471)**	**(725,411)**
Comprehensive income:				
Loss for the year	-	-	**(435,792)**	**(435,792)**
Other comprehensive income for year	-	-	**1,654**	**1,654**
Total comprehensive income	-	-	**(434,138)**	**(434,138)**
At year end	**6,900**	**48,160**	**(1,214,609)**	**(1,159,549)**

Accumulated losses are the brought forward losses of the Company plus current period loss attributable to shareholders of the Company, less any dividend distributions.

The notes on pages 21 to 61 are an integral part of these financial statements.

Mopani Copper Mines Plc

Statement of cash flows

for the year ended 31 December 2023

All figures in US$ '000

	Notes	2023	2022
Cash flows from operating activities			
Loss for the year		**(435,792)**	(592,550)
Adjustments for:			
Depreciation of property, plant and equipment	14	**84,876**	101,638
Impairment loss	14	**-**	300,000
Interest expense (excluding unwinding of discount on environmental provisions)	10	**206,239**	120,822
Unwinding of discount in respect of environmental restoration provision	10	**986**	986
		(143,691)	(69,104)
Movements in working capital:			
Decrease/(increase) in inventories		**65,657**	(15,943)
Decrease in trade and receivables, long term assets and amounts due from related parties		**40,411**	67,685
Increase in trade payables		**38,437**	139,342
Decrease in amounts due to related parties		**11,894**	14,507
Cash (used in)/generated in operating activities		**12,708**	136,487
Interest paid		**(93,712)**	(88,598)
Net cash (used)/generated in operating activities		**(81,004)**	47,889
Cash flows from investing activities			
Payments for acquisition of property, plant and equipment	14	**(35,010)**	(77,420)
Payments to environmental protection fund		**(500)**	-
Net cash outflows from investing activities		**(35,510)**	(77,420)
Cashflows from financing activities			
Borrowings from third parties	23	**5,000**	-
Borrowings from related parties	24	**100,000**	-
Net cash inflows from financing activities		**105,000**	-
Net decrease in cash and cash equivalents		**(11,514)**	(29,531)
Net cash and cash equivalents at beginning of the year		**(28,767)**	764
Net cash and cash equivalents at end of the year		**(40,281)**	(28,767)
Net cash and cash equivalents comprise of:			
Bank and cash balances	28	**2,267**	8,840
Bank overdraft	28	**(42,548)**	(37,607)
		(40,281)	(28,767)

The notes on pages 21 to 61 are an integral part of these financial statements.

1. General information

Mopani Copper Mines Plc ("Mopani" or the "Company") is engaged in mining, production, and marketing of copper in the Kitwe and Mufulira areas of the Copperbelt Province of Zambia. These activities are conducted principally in Zambia.

The Company is incorporated in Zambia under the Companies Act, 2017 of Zambia as a public limited company, and is domiciled in Zambia. The registered Company address is:

Nkana Central Offices
Central Street
Nkana West
Kitwe

2. Significant accounting policies

2.1 Statement of compliance

The annual financial statements of Mopani Copper Mines Plc have been prepared in accordance with International Financial Reporting Standards (IFRS) and interpretations issued by the IFRS Interpretations Committee (IFRS IC) applicable to companies reporting under IFRS and with the requirements of the Companies Act, 2017 of Zambia. The annual financial statements comply with IFRS as issued by the International Accounting Standards Board (IASB).

2.2 Basis of preparation

The financial statements have been prepared on a historical cost basis except for certain financial instruments that are measured at fair values, at the end of each reporting period as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for share-based payment transactions that are within the scope of IFRS 2, leasing transactions that are within the scope of IFRS 16, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2. Significant accounting policies

2.3 Going concern

The financial statements have been prepared on a going concern basis, which assumes the continuity of normal business activity and the realization of assets and the settlement of liabilities in the normal course of business. During the year ended 31 December 2023, the Company made a loss after tax of US$435.8 million (2022: US$592.6 million).

As of 31 December 2023, the Company had accumulated losses of US$1,214.6 million (2022: US$780.5 million) whilst the Company's total liabilities exceeded its total assets by US$1,159.5 million (2022: US$725.4 million). As of 31 December 2023, the Company's current liabilities exceeded its current assets by US$242.8 million (2022:US$81.7 million).

The Company had been working with ZCCM-IH to conclude the Strategic Equity Partnering deal with International Resources Holdings (IRH) of Abu Dhabi. The deal was concluded on 20 March 2024 culminating in the public announcement of the partnership by the Republican President, Mr. Hakainde Hichilema. Working capital funding amounting to US$220 million has already been made available to Mopani by IRH resulting in dismantling of overdue accounts payable and investment in mobile equipment. Further, funding for Expansion capital amounting to US$400 million has been committed by IRH over the next four years beginning in 2024 with US$40 million. The balance of US$360 million will be made available from 2025 to 2027 under the Project Development Plan signed by Mopani and the two shareholders.

At the closure of the acquisition deal by Delta Mining Limited (parent entity of IRH), the Glencore loan of US$1.7 billion (refer to note 23) was written down and settled in full while a new loan will be issued by Delta Mining Limited amounting to US$397.5 million. As a result of this loan modification, the Company's total assets will exceed its total liabilities by US$888 million significantly moving from a negative to a positive equity position. The resulting balance sheet will be free of Glencore charges and will position the Company to leverage its position for further opportunities.

The Company has a total of 321 million tonnes in reserves and resources audited by SRK Mining Consultants of the United Kingdom. Management has conducted an annual-going concern assessment of the business through the Life of Mine modelling of the proven and probable reserves standing at 117 million tonnes. The modelling involves use of the discounted cash flow method. A Net Present Value (NPV) of US$791 million has been established with key assumptions of the availability of expansion and working capital from the selected equity partner, International Resources Holdings (IRH) of Abu Dhabi.

The positive NPV of cashflows is representative of the presence of strong reserves and resources for which the mining methods are well known.

The Company has developed a Five-Year Development Plan that will see completion of Expansion projects as explained above which will see production ramp up from circa 79,000 in 2024 tonnes to circa 204,000 tonnes in 2029.

The directors consider the going concern basis for preparation of the financial statements to be appropriate based on forecast cash flows and the imminent injection of capital and debt and further restructuring of the balance sheet. The copper price, which is on an upward trajectory, and foreign exchange assumptions used in the forecast have taken into account management's best estimate of current market conditions.

3.0 Material accounting policies

The material accounting policies are set out below.

3.1 Revenue recognition

The Company recognises revenue from the following major sources.
- Sale of copper cathodes
- Sale of copper concentrates
- Sale of sulphuric acid
- Sale of anode slimes

Revenue is measured based on the consideration to which the company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product or service to a customer.

Export sales - Copper cathodes, slimes, and sulphuric acid

The Company sells copper cathodes, slimes, and sulphuric acid to both related and third-party customers. For export sales, revenue is recognised when control of the goods has transferred, being when the goods have crossed the Zambian border. A receivable is recognised by the Company when the goods have crossed the border as this represents the point in time at which the right to consideration becomes unconditional.

For sales of copper cathodes, Concentrates and Sulphuric acid locally, revenue is recognised when control of goods has transferred, being at the point the customer takes goods from the Company's premises.

3.2 Foreign currencies

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

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (other currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting date, monetary items denominated in other currencies are retranslated at the rates prevailing at the reporting date. Non-monetary items carried at fair value that are denominated in other currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historic cost in a foreign currency are not retranslated. Exchange differences are recognised in the profit or loss in the period in which they arise except for:

- exchange differences on other currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those other currency borrowings; and
- exchange differences on transactions entered into to hedge certain other currency risks.

3.0 Material accounting policies *(continued)*

3.3 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current income tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from accounting profit as reported in the statement of comprehensive income because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred income tax

Deferred tax is recognized as temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

3.4 Financial instruments

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

The Company's financial instruments consist of cash and cash equivalents, restricted cash, deposits held by related parties, trade receivables, trade payables and derivative instruments. Financial assets are classified as measured at amortised cost, fair value through other comprehensive income ("FVOCI") and fair value through profit and loss ("FVTPL"). Financial liabilities are measured at amortised cost or FVTPL.
Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instruments.

3.0 Material accounting policies *(continued)*

3.4 Financial instruments *(continued)*

Cash and cash equivalents comprise cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Restricted cash comprises cash deposits used to guarantee letters of credit issued by the Company or held for escrow purposes.

Cash and cash equivalents and restricted cash are measured at amortised cost.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss. All regular way purchases or sales of financial assets are recognised and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at amortised cost.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):
- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Company may make the following irrevocable election/designation at initial recognition of a financial asset.

3.0 Material accounting policies *(continued)*

3.4 Financial instruments *(continued)*

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met; and
- the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition. For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance. The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance.

Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI. For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become credit-impaired (see below). For financial assets that have subsequently become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

3.0 Material accounting policies *(continued)*

3.4 Financial instruments *(continued)*

(i) Amortised cost and effective interest method *(continued)*

For purchased or originated credit-impaired financial assets, the Company recognises interest income by applying the credit-adjusted effective interest rate to the amortised cost of the financial asset from initial recognition.

The calculation does not revert to the gross basis even if the credit risk of the financial asset subsequently improves so that the financial asset is no longer credit-impaired. Interest income is recognised in profit or loss.

(ii) Foreign exchange gains and losses

The carrying amount of financial assets that are denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. Specifically:

- for financial assets measured at amortised cost that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss.
- for debt instruments measured at FVTOCI that are not part of a designated hedging relationship, exchange differences on the amortised cost of the debt instrument are recognised in profit or loss. Other exchange differences are recognised in other comprehensive income in the investment's revaluation reserve.
- for financial assets measured at FVTPL that are not part of a designated hedging relationship, exchange differences are recognised in profit or loss; and
- for equity instruments measured at FVTOCI, exchange differences are recognised in other comprehensive income in the investment's revaluation reserve.

(iii) Impairment of financial assets

The Company recognises a loss allowance for expected credit losses (ECL) on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guaranteed contracts. The number of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Company always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

3.0 Material accounting policies *(continued)*

3.4 Financial instruments *(continued)*

(iii) Impairment of financial assets *(continued)*

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

(iv) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks, and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition.

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating.
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost.
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations.
- an actual or expected significant deterioration in the operating results of the debt.
- significant increases in credit risk for other financial instruments of the same debtor.
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligation.

3.0 Material accounting policies *(continued)*

3.4 Financial instruments *(continued)*

(iv) Significant increase in credit risk *(continued)*
Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise. Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(i) The financial instrument has a low risk of default.
(ii) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
(iii) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

(i) Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable.

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).
- Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

(ii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events.

- significant financial difficulty of the issuer or the borrower
- a breach of contract, such as a default or past due event
- the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted the borrower a concession(s) that the lender(s) would not otherwise consider.
- it is becoming probable that the borrower will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties

3.0 Material accounting policies *(continued)*

3.4 Financial instruments *(continued)*

(iv) Significant increase in credit risk *(continued)*

(iii) Write-off policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the trade receivables has crossed the law of limitation period past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, considering legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(iv) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guaranteed contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate.

The Company recognises an impairment, gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

(v) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and recognises a collateralized borrowing for the proceeds received.

3.0 Material accounting policies *(continued)*

3.4 Financial instruments *(continued)*

(iv) Significant increase in credit risk *(continued)*

(v) Derecognition of financial assets *(continued)*

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss. In addition, on derecognition of an investment in a debt instrument classified as at FVTOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is reclassified to profit or loss. In contrast, on derecognition of an investment in equity instrument which the Company has elected on initial recognition to measure at FVTOCI, the cumulative gain or loss previously accumulated in the investment's revaluation reserve is not reclassified to profit or loss but is transferred to retained earnings.

Financial liabilities and equity

(1) Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

(2) Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue, or cancellation of the Company's own equity instruments.

Financial liabilities

All financial liabilities are measured subsequently at amortised cost using the effective interest method or at fair value through profit and loss (FVTPL).

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments.

These foreign exchange gains and losses are recognised in the 'other gains and losses' line item in profit or loss.

3.0 Material accounting policies *(continued)*

3.4 Financial instruments *(continued)*

Financial liabilities and equity *(continued)*

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled, or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

3.5 Property, plant, and equipment

Property, plant, and equipment are stated at cost less accumulated depreciation and impairment losses.

The Company provides for depreciation on the following basis.

Leasehold land and buildings	Life of mine (LOM)
Plant and machinery	10 years-15 years or Life of mine
Motor vehicles	20% straight line method
Fixtures and fittings	20% straight line method
Office equipment	33 1/3% straight line method
Information technology equipment	33 1/3% straight line method
Mineral properties	Units-of-production method
Mine development	Units-of-production method

Expenditure on assets under construction is initially shown as capital work in progress and is transferred to the relevant class of property, plant and equipment when commissioned. Renewal of mine license is done once it falls due and hence the use of LOM.

Capital work in progress is not depreciated and is carried at cost less impairment.

Asset impairment

Assets are tested for impairment on a regular basis to prevent overstatement on the balance sheet. Assets that are mostly tested for impairment include accounts receivable, as well as long-term assets and fixed assets.

When an impaired asset's value is written down on the statement of financial position, there is also a loss recorded on the profit or loss.

On each reporting date, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss, if any.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing the value in use all assets are considered to be a single cash generating unit. The estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

3.0 Material accounting policies *(continued)*

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

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of comprehensive income, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised immediately in the profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, where it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the obligation can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, considering the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, it's carrying amount is the present value of those cash flows (where the effect of the time value of money is material).

When some or all the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

3.6 Mine development costs

Exploration and associated costs relating to non-specific projects or properties are expensed in the period in which they are incurred. Significant property acquisition costs and development costs relating to specific properties for which economically recoverable reserves are believed to exist and are deferred until the project to which they relate is sold, abandoned, or placed into production. No costs are deferred on a property believed to be impaired in value.

Mine development and property acquisition costs, including costs incurred during production to expand ore reserves within existing mine operations, are deferred, and amortized over the life of the mines.

Reviews are undertaken regularly to evaluate the carrying values of operating mines and development properties. If it is determined that the net recoverable amount is significantly lower than the carrying value, and the impairment in value is likely to be permanent, a write-down to the net recoverable amount is made by a charge to profit or loss.

3.0 Material accounting policies *(continued)*

3.7 Employee pensions, retirement, and termination benefits

Employee benefits

(i) Short-term obligations

Liabilities for wages and salaries, including non-monetary benefits and accumulating leave that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as current employee benefit obligations in the statement of financial position.

(ii) Retirement benefit obligations

Employees are registered with the statutory retirement benefits pension scheme. A retirement benefits 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 obligations 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.

For the retirement benefits scheme, the Company makes mandatory contributions to the National Pension Scheme Authority. These contributions constitute net periodic costs and are charged to the profit and loss as part of employee benefits expense in the year to which they relate. The Company has no further obligation once the contributions have been paid.

(iii) 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.

Certain employees are entitled to a gratuity when they complete a three-year contract with the Company. An accrual is made for the estimated liability for such entitlement as a result of services rendered by these employees up to the statement of financial position date. The Company recognises a liability and an expense for bonuses, based on a formula that takes into consideration the profit attributable to the Company's shareholders after certain adjustments. The Company recognises a provision where contractually obliged or where there is past practice that has created a constructive obligation.

The Company makes contributions alongside employees to an externally managed retirement benefits contribution pension scheme. The Company also contributes alongside qualifying employees to the National Pension Scheme Authority which is a statutory retirement benefits contribution pension scheme. The company also pays short term employee benefits to qualifying employees.

In addition to the above contributions' employees are entitled to retirement benefits under a collective agreement or the terms of their conditions of service. A liability is raised for past service based on present conditions and earnings. All contributions made by the Company are dealt with in the profit or loss for the period in which they arise. The Company also contributes to Saturnia Pension Fund, a retirement benefits contribution pension scheme.

3.0 Material accounting policies *(continued)*

3.7 Employee pensions, retirement, and termination benefits *(continued)*

For retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding interest), is reflected immediately in the statement of financial position with a charge or credit recognised in other comprehensive income in the period in which they occur. Past service cost is recognised in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined liability or asset. Retirement benefit costs are categorized as follows.

Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements.

- net interest expense or income; and remeasurement
  The retirement benefit obligation recognised in the company's financial position represents the actual deficit or surplus in the Company's retirement benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

  A liability for a termination benefit is recognised at the earlier of when the company can no longer withdraw the offer of the termination benefit and when the company recognises any related restructuring costs.

3.8 Inventories

Finished and Process metal inventories are valued at the lower of cost and estimated net realizable value. Cost represents the average production cost and includes overhead, administration and selling expenses. Net realizable value is determined after the deduction of anticipated realization expenses.

Consumable stores inventories are valued at cost. A provision is made for excess, slow moving and obsolete items. Cost is determined on a continuous average cost basis and includes all direct costs incurred up to delivery to mine.

3.9 Environmental restoration

Provision is made for costs associated with the restoration and rehabilitation of mining sites as soon as the obligation to incur such costs arises. Such restoration and closure costs are typical of the extractive industry and are normally accrued to reflect the Company's obligations at that time.

The costs are estimated on the basis of mine closure plans and the estimated costs of dismantling and removing these facilities and the costs of restoration are capitalized when incurred, reflecting the Company's obligations at that time. A corresponding provision is created on the liability side. The capitalized asset is charged to the profit or loss over the life of the asset through depreciation over the life of the operation and the provision is reviewed annually. Management estimates are based on local legislation and the work of an independent expert. The actual costs and cash outflows may differ from estimates because of changes in laws and regulations, changes in prices, analysis of site conditions and changes in restoration technology.

3.0 Material accounting policies *(continued)*

3.9 Environmental restoration *(continued)*

Changes in the estimated timing of rehabilitation or changes to the estimated future costs are dealt with prospectively by recognizing an adjustment to the rehabilitation liability and a corresponding adjustment to the asset to which it relates if the initial estimate was originally recognised as part of an asset measured in accordance with IAS 16.

Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in the statement of profit or loss and other comprehensive income as part of finance costs. For closed sites, changes to estimated costs are recognised immediately in the statement of profit or loss and other comprehensive income.

The Company is required to make contributions to the Government for future rehabilitation work relating to its production activities. The contributions are based on an environmental assessment that is performed by environmental auditors.

3.10 Share capital

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.

3.11 Dividends

Dividends on ordinary shares are charged to equity in the period in which they are declared. Proposed dividends after the end of the year are only disclosed as part of related dividend notes.

3.12 Cash and cash equivalents and restricted cash

Cash and cash equivalents comprise cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Restricted cash comprises cash deposits used to guarantee letters of credit issued by the Company or held for escrow purposes Cash and cash equivalents and restricted cash are measured at amortized cost.

3.13 Trade and other receivables

Except for provisionally priced receivables which are recognised at fair value through profit or loss, all trade and other receivables are recognised initially at their invoice value which represents fair value and do not bear interest and are subsequently carried at amortised cost, less provision for impairment. A provision for impairment of receivables is established when there is objective evidence that the Company will not be able to collect all the amounts due according to the original terms of receivables.

The amount of the provision is the difference between the carrying amount and the present value of expected cash flows. The amount of the provision is recognised in profit or loss.

Prepayments are initially recognised at cost of consideration paid once it meets the criteria for a prepaid expense and are subsequently carried at cost less amortised amounts.

3.0 Material accounting policies *(continued)*

3.14 Trade payables and other liabilities

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year which are 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 after the reporting period.

The amounts are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method.

4.0 Critical accounting estimates and judgements

4.1 Critical judgements in applying accounting policies.

During the preparation of annual financial statements in terms of IFRS, the Company's management is required to make certain judgments, estimates and assumptions that may materially affect reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenue and expenses during the reported year and related disclosures. The estimates and judgments are based on historical experience, current and expected future economic conditions and factors. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

4.2 Key sources of estimation uncertainty

The following are the key assumptions concerning the future, and other key sources of estimation uncertainty at the end of the reporting period, that have a significant risk of causing material adjustment to the carrying amounts of assets and liabilities within the next financial year.

4.2.1 Income taxes

The tax charged to the profit or loss is subject to agreement with the Zambia Revenue Authority ("ZRA"). When the final tax outcome upon agreement of assessments differs from the amounts initially recorded, such differences are adjusted in subsequent periods. Where the actual assessment differs from management's estimates, the Company would need to increase or decrease the tax charge to the profit or loss by the resulting difference.

In addition, deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable profits are available to utilize those temporary differences and losses, and tax losses continue to be available having regard to the nature and timing of their origination and compliance with tax legislation. Assumptions are also made about the application of income tax legislation. These assumptions are subject to risk and uncertainty and there is a possibility that changes in circumstances will alter expectation which may impact the amount of deferred tax assets and deferred tax liabilities recorded on the statement of financial position and the amount of deferred losses and timing differences not yet recognised. In these circumstances the carrying amount of deferred tax assets and liabilities may change, resulting in an impact on the earnings of the Company.

4.0 Critical accounting estimates and judgements *(continued)*

4.2 Key sources of estimation uncertainty *(continued)*

4.2.1 Income taxes *(continued)*

Deferred tax

There was no deferred tax asset balance at the end of the year (2022: Nil). However, due to uncertainty of having sufficient taxable income to utilize tax losses before they expire, all previously recognised assets have been reversed and none have been carried forward. Current year assessed losses have not been recognised.

4.2.2 Fixed asset impairment review

Impairment tests on property, plant and equipment are only done if there is an impairment indicator. Future cash flows are based on management's estimate of future market conditions.

These cash flows are then discounted and compared to the current carrying value, and, if lower, the assets are impaired to the present value of the cash flows. Impairment tests are based on information available at the time of testing. These conditions may change after year-end.

4.2.3 Exploration and evaluation expenditure

The application of the Company's accounting policy for exploration and evaluation expenditure requires judgement to determine whether future economic benefits are likely, from either future exploration or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

4.2.4 Estimation and assumptions relating to the timing of VAT receivables

In addition to the recoverability of VAT receivables being a key judgement, calculating the present value of these recoveries also includes assumptions regarding the timing of recoveries. Changes to the timings could materially impact the amounts charged to finance costs. The carrying amount of the Company's VAT receivables is disclosed in note 17.

4.2.5 Estimation and assumptions relating to timing of Expansion Capital availability

In assessing the going concern status of the Company, management relied on the Life of Mine which has been reviewed by SRK Mining Consultants and in which a Competent Person's Report was issued. The qualification in the Competent Persons Report (CPR) was that the Life of Mine is viable subject to availability of Expansion Capital flows. Assertions by the Shareholder indicate the timing of these cashflows is before the end of 2024.

4.2.6 Impairment of financial assets

Expected Credit Losses ("ECL") are recognised for financial assets held at amortised cost. This is based on credit losses that result from default events that are possible within a 12-month period, except for trade receivables, whose ECLs are on a simplified lifetime basis, and any financial assets for which there has been a significant increase in credit risk since initial recognition, for which ECLs over the lifetime are recognised. To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

4.0 Critical accounting estimates and judgements *(continued)*

4.2 Key sources of estimation uncertainty *(continued)*

4.2.6 Impairment of financial assets *(continued)*

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2023 or 1 January 2023 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

4.4.7 Other

Other critical judgements and sources of estimation uncertainty include the following:

(a) Legal claim contingency (see details under note 13(a) to the financial statements.
(b) Transfer pricing case (see details on note 13 (b) to the financial statements.
(c) Estimates of mineral resources and ore reserves. Such estimates relate to the category for the resources (measured, indicated, or inferred), the quantum and the grade.

5.0 Risk management objectives and policies

In the normal course of its operations the Company is exposed to commodity price, currency, interest rate, liquidity, and credit risk. In order to manage these risks, the Company has developed a comprehensive risk management process to facilitate control and monitoring of these risks and has since appointed a competent Risk manager.

5.1 Interest rate risk

Fluctuations in interest rates impact on the value of short-term investment and financing activities, giving rise to interest rate risk. The Company's interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings at fixed rates expense the Company to fair value interest rate risk. During 2021 and 2022, the Company's borrowings at variable rates were denominated in US Dollar.

In the normal course of business, the Company receives cash proceeds from its operations and is required to fund working capital and capital expenditure requirements. The cash is managed to ensure that surplus funds are invested to maximize returns whilst ensuring that capital is safeguarded to the maximum extent by only investing with top financial institutions.

5.2 Fair value of assets and liabilities

Fair value is the amount at which assets and liabilities can be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by a quoted market price, where one exists. The estimated fair values of assets and liabilities have been determined by the Company using available market information and appropriate valuation methodologies. However, judgment is necessarily required to interpret market data to estimate fair values. Accordingly, the estimates are not necessarily indicative of the amounts the Company could realize in a current market exchange. The carrying amounts of the assets and liabilities approximate their fair values.

All figures in US$ '000

5.0 Risk management objectives and policies *(continued)*

5.3 Operational risk

All policies, procedures and limits are properly documented in each department within the Company and updated occasionally to take account of the changes to internal controls, procedures, and limits.

5.4 Strategic risk

The Company's strategic plan is comprehensive in all aspects with particular emphasis on compliance with legal and market conditions and senior management effectively communicates the plan to all staff levels and allocates resources in line with the laid down procedures.

6. Revenue

The Company derives its revenue from contracts with customers for the transfer of goods at a point in time in the following major product lines.

Disaggregation of revenue

(a) Revenue by product line

	2023	2022
Copper cathodes	**560,453**	645,480
Sulphuric acid	**17,153**	21,647
Slimes	**5,603**	11,216
Copper concentrates	**500**	37,314
Copper anodes	**331**	5,333
	584,040	720,990

b) Analysis by local and export sales

	2023	2022
Export sales to Glencore International AG - Switzerland	**456,982**	624,208
Local Sales	**127,058**	96,782
	584,040	720,990

7. Mineral royalties

Mineral royalty rate changed from a sliding scale of between 5.5% to 10% in 2022 to a graduated system of bands between 4% to 10% depending on the London Metal Exchange (LME) monthly average. This change was effected in 2023.

	2023	2022
Mineral royalties paid	**(19,204)**	(30,771)

All figures in US$ '000

8. Expenses by nature

The Company expenses comprise the following:

Cost of sales	**2023**	2022
Concentrate and metal purchases	**(215,852)**	(350,920)
Mining and concentrating	**(188,919)**	(168,390)
Processing	**(87,643)**	(78,673)
Labour	**(64,736)**	(73,319)
Depreciation, impairment, and amortisation (Note 14)*	**(84,876)**	(101,638)
Metal inventories valuation write (down)/up	**(63,230)**	10,375
Other costs of sales	**(9,369)**	(7,023)
	(714,625)	(769,588)

*The entire depreciation expense is charged to cost of sales as the assets currently being depreciated relate to production. All assets which relate to administration have been fully depreciated.

Administrative expenses		
Corporate and general administration costs	**(18,730)**	(24,886)
Labour	**(29,075)**	(35,384)
Director's fees (Note 22.3)	**(288)**	(229)
Audit fees	**(170)**	(230)
Net foreign exchange losses other than from borrowings and cash and cash equivalents	**(17,713)**	(9,480)
	(65,976)	(70,209)
Other expenses		
Realisation charges*	**(21,170)**	(25,738)
Total operating costs	**(801,771)**	(865,535)

* Realisation charges are costs incurred in transporting finished copper to market destinations.

9. Loss before finance costs and tax

Loss before finance costs and tax is stated after charging the some of the following costs:

	2023	2022
Impairment loss (Note 14)	**-**	(300,000)
Depreciation (Note 14)	**(84,876)**	(101,638)
Staff costs	**(93,811)**	(108,703)
Exchange losses	**(17,713)**	(9,480)
Executive management emoluments (Note 22.3)	**(2,994)**	(3,225)
Pension contributions	**(4,549)**	(4,130)
Donations	**(1,536)**	(1,824)
Directors' emoluments as directors of the Company (Note 22.3)	**(288)**	(229)
Interest cost – Retirement benefits (Note 21)	**(1,046)**	(1,240)
Sundry income	**8,368**	4,575

All figures in US$ '000

10. Finance costs

	2023	2022
Arising on:		
Interest on bank overdrafts and loans	**(143,750)**	(75,587)
Interest on Glencore advance payments	**(13,911)**	(7,473)
Interest on letter of credits	**(14,306)**	(12,359)
Withholding tax on interest expense	**(33,226)**	(24,164)
Unwinding of discounts on environmental provisions (Note 20)	**(986)**	(986)
Interest cost on retirement benefits (Note 21)	**(1,046)**	(1,240)
Total finance costs	**(207,225)**	(121,809)

11. Taxation

There was no tax charged or credited to the profit or loss for the year (2022: Nil). The tax reconciliation is as below:

Tax reconciliation	**2023**	2022
Accounting loss before tax	**(435,792)**	(592,550)
Taxation at 30% (2022: 30%)	**(130,738)**	(177,765)
Timing and permanent differences:		
Impairment	**-**	90,000
Timing differences	**129,366**	85,835
Costs disallowed	**1,372**	1,930
Actual tax expense	**-**	-
Deferred tax asset		
Net temporary differences on fixed assets	**113,083**	262,617
Other temporary differences:		
Exchange (loss)/gain	**(1,436)**	493
Payroll provisions	**(1,857)**	(8,187)
Stock provisions	**(19,098)**	(18,140)
Trade receivable impairment	**(1,556)**	(1,556)
VAT Provision	**(19,336)**	(22,106)
Rehabilitation & restoration provision	**(18,886)**	(18,590)
Interest carried forward	**(148,619)**	(57,346)
Tax losses	**(862,276)**	(709,809)
Total other temporary differences	**(1,073,064)**	(835,241)
Net deferred tax asset	**(959,981)**	(572,624)

Recognition of deferred tax assets

The Company applies IAS 12 – Income Taxes, to temporary differences between the carrying amount of the assets and liabilities and their tax bases. Under IAS 12, a deferred tax asset should be recognised for the carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and unused tax credits can be utilised. When considering the availability of future taxable profits, judgement is applied by the Company's management when evaluating the projections of the future taxable income which are based on approved business plans and cash flow projections. Estimates such as projected inflation rates and interest rates are used by management in determining cash flows.

All figures in US$ '000

11. Taxation *(continued)*

Recognition of deferred tax assets *(continued)*
The realisation of deferred tax assets is dependent upon the generation of future taxable income during the periods in which these temporary differences become deductible. Due to the uncertainties regarding the Company's ability to generate future taxable profits, management has not recognised the deferred tax asset of US$960 million (2022: US$573 million).

Tax losses
The Company has estimated accumulated tax losses amounting to US$2.9 million (2022: US$2.8 million), which are subject to agreement with the Zambia Revenue Authority. Tax losses can be carried forward for a maximum period of ten years from the year in which they are incurred for setting off against future profits from the same source.

The tax losses arose from the following financial years:

	2023	2022
2023 to expire in 2033	**90,215**	-
2022 to expire in 2032	**319,910**	319,947
2021 to expire in 2031	**230,397**	230,397
2020 to expire in 2030	**419,678**	419,678
2020 hedging losses to expire in 2025	**43,644**	43,644
2019 to expire in 2029	**512,110**	512,110
2018 to expire in 2028	**470,286**	470,286
2017 to expire in 2027	**281,514**	281,514
2016 to expire in 2026	**269,986**	269,986
2015 to expire in 2025	**236,513**	236,513
2013 to expire in 2023	**-**	41,012
	2,874,253	2,825,087

Interest c/f

2023 to expire in 2033	**207,225**	207,225
2022 to expire in 2032	**97,018**	97,018
2021 to expire in 2031	**36,715**	36,715
2020 to expire in 2030	**1,087**	1,087
2019 to expire in 2029	**153,351**	153,351

12. Basic and diluted loss per share

The calculation for the basic and diluted loss per share is based on the total comprehensive loss for the year of US$434 million (2022: US$581 million) and the weighted average number of ordinary shares in issue of 6,900,000 (2022: 6,900,000).

	2023	2022
Loss per share	**(US$62.92)**	(US$84.14)

All figures in US$ '000

13. Commitments and contingencies

(a) Legal claim

Glencore International AG (the previous majority shareholder) made a decision on 8 April 2020 to place the Mopani operations under care and maintenance in the wake of the COVID-19 situation and other persistent operational challenges. This resulted in termination of contracts with all contractors.

As a result of these terminations, three of the contractors commenced action against the Company in the International Court of Arbitration of the International Chamber of Commerce. The directors were of the view that material losses may arise and made provisions of US$ 19 million in the financial statements. The court has since ruled in favor of the contractors and Mopani started making pay outs. The current balance outstanding is US$16.5 million (2022: US$19 million) as disclosed in note 25.

(b) Transfer pricing case (2012 to 2017)

In October 2020, the Company received a report from the Zambia Revenue Authority (ZRA) relating to assessments for alleged transfer pricing breaches for sales between 2012 to 2017. The report highlighted additional tax to be paid by Mopani amounting to K917 million (US$50.62 million).

In November 2020, Mopani responded to ZRA and objected to the additional tax indicated in the audit report.

Following this objection and discussions management had with ZRA, the amount for additional tax to be paid was reduced to K640 million (US$35.3 million). Later, on 7 April 2021, ZRA issued an assessment to the amount of K281 million (US$15.51 million) to which Mopani has formally objected through their tax experts. On this basis, directors believe that no provision is required as of 31 December 2023 as the matter is currently in progress with ZRA for resolution.

(c) Capital commitments

	2023	2022
Amounts authorised and contracted for:	**31,355**	16,751

The capital commitments will be funded from internally generated cash flows and borrowings from third parties as the need arises. See more details on the going concern note under note 2.3.

All figures in US$ '000

14. Property, plant and equipment

	Leasehold land and buildings	Plant and machinery	Motor vehicles	Fixtures and fittings	Mine development	Capital work in progress	Total
Cost							
1 January 2022	110,199	1,131,415	224,067	20,648	1,695,805	601,696	3,783,830
Additions	-	-	-	-	-	77,420	77,420
Transfers from CWIP	6,833	4,550	11,413	2,720	39,237	(64,753)	-
Disposals	-	-	(264)	-	-	-	(264)
1 January 2023	**117,032**	**1,135,965**	**235,216**	**23,368**	**1,735,042**	**614,363**	**3,860,986**
Additions	-	-	-	-	-	**35,010**	**35,010**
Increase in restoration costs (Note 20)	-	63,788	-	-	-	-	**63,788**
31 December 2023	**117,032**	**1,199,753**	**235,216**	**23,368**	**1,735,042**	**649,373**	**3,959,784**
Accumulated depreciation and Impairment							
1 January 2022	37,056	790,325	202,057	19,582	1,291,797	143,129	2,483,946
Charge for the year	5,757	36,825	12,995	3,786	42,275	-	101,638
Impairment	-	-	-	-	300,000	-	300,000
Disposals	-	-	(189)	-	-	-	(189)
1 January 2023	**42,813**	**827,150**	**214,863**	**23,368**	**1,634,072**	**143,129**	**2,885,395**
Charge for the year	**5,824**	**50,326**	**11,705**	-	**17,021**	-	**84,876**
31 December 2023	**48,637**	**877,476**	**226,568**	**23,368**	**1,651,093**	**143,129**	**2,970,271**
Carrying amount at 31 December 2023	**68,395**	**322,277**	**8,648**	-	**83,949**	**506,244**	**989,513**
Carrying amount at 31 December 2022	74,219	308,815	20,353	-	100,970	471,234	975,591

All figures in US$ '000

14. Property, plant, and equipment *(continued)*

In accordance with section 278 of the Companies Act 2017 of Zambia, the register of land and buildings is available for inspections by members and their dully authorized personnel at the registered office of the Company.

Included in CWIP is ongoing projects mainly Mufulira and Mindola Deeps projects (Winders, Bulk Air Cooler) of US$344 million; Synclinorium Shaft (Ventilation shaft, Bulk Air Cooler and Pump Chamber) of US$39 million and Mining (Primary development) projects of US$29 million.

Impairment

In the 2021 and 2022, ZCCM-IH, the parent company, engaged Stockbrokers Zambia (SBZ) to conduct a valuation of Mopani (the "Company") as of 31 December 2021 and 31 December 2022 respectively. The exercise was commissioned for purpose of a standard ZCCM-IH consolidated financial statements process, to determine the equity value attributable to ZCCM-IH's stake in Mopani. The resultant valuation by SBZ amounted to a zero value of ZCCM-IH's 100% shareholding, both as of 31 December 2021 and 31 December 2022. This was deemed as an impairment indicator and management proceeded to perform an impairment assessment on Mopani.

Based on valuation analysis of Mopani by SBZ, the Discounted Cash flow (DCF) enterprise value was US$1.3 billion as of 31 December 2021 and US$976 million at 31 December 2022. Management deemed the enterprise value to represent the recoverable amount of property, plant and equipment. As a result, the Company had written down the value of property, plant and equipment by US$393 million as at December 2021 and US$300 million as at December 2022, to reflect the derived recoverable amounts.

15. Environmental protection fund

	2023	2022
At the beginning of the year	**5,231**	5,231
Payments	**500**	-
At the end of the year	**5,731**	5,231

The Mines and Minerals Regulations, 1998 (Statutory Instrument No.102 of 1998) provides for the payment of contributions by mine owners into the Environmental Protection Fund designed to provide for environmental restoration of defunct sites. The Company contributes to the Environmental Protection Fund and the contributions paid into the Fund are based on the environmental assessment carried out by environmental experts.

All figures in US$ '000

16. Inventories

	2023	2022
Process metal inventories	**114,003**	177,274
Copper Cathode in transit	**9,112**	11,328
Finished inventories	**5,013**	2,754
Slimes stock in transit	**1,209**	1,494
Metal inventory	**129,337**	192,850
Consumable stores	**96,859**	95,808
Provision for obsolescence	**(63,662)**	(60,467)
Net consumable stores	**33,197**	35,341
At end of year	**162,534**	228,191

The cost of consumable stores charged to profit or loss during the year was US$101 million (2022:US$ 87 million).

Movement in provision for obsolescence

	2023	2022
At beginning of year	**60,467**	61,831
Increase/(decrease) in the provision	**3,195**	(1,364)
At end of year	**63,662**	60,467

17. Trade and other receivables

Trade receivables	**8,855**	26,762
Sundry receivables	**1,839**	3,493
Impairment provision	**(5,185)**	(7,215)
	5,509	23,040
Non-financial assets		
VAT recoverable	**151,878**	188,003
VAT provision	**(64,454)**	(73,686)
	92,933	137,357
Prepayments		
Prepayments	**8,273**	3,190
Insurance prepaid	**2,933**	4,040
	11,206	7,230
Total trade and other receivables	**104,139**	144,587

All figures in US$ '000

17. Trade and other receivables *(continued)*

Trade and other receivables can be analyzed as follows:

	2023	2022
Non-current	**11,206**	17,012
Current	**92,933**	127,575
	104,139	144,587

Prepayments are done on goods or services and an asset under receivables is accounted for in our books. Once the goods are delivered or service rendered by the supplier, the prepayment is cleared from our books and cost recognized.

Prepayments are mostly done for long lead items and customer tailored items.

The Company applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all the trade and sundry receivables. The Company's historical credit loss experience does not show significantly different loss patterns for the various customer segments. Therefore, the grouping of trade receivables is not disaggregated into further risk profiles other than days past due. The loss rates are derived using the Company's own historical credit loss experience and are based on the payment profiles of collections over a period of 90 days. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

There have been no changes in the estimation techniques or significant assumptions made during the current reporting period.

The entity writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. None of the trade receivables that have been written off is subject to enforcement activities.

Fair value on initial recognition

The Company assesses the expected period over which trade and other receivables are likely to be recovered to assess the impact of time value of money on the carrying value of trade and other receivables.

The Company used observable discount rates which best reflects the risk and timing profile of the underlying receivable to determine its fair value. The fair value adjustment is likely to be realized as finance income over the period over which the related receivable will be recovered.

18. Share capital

	2023	2022
Authorised		
200,000,000 ordinary shares of US$1 each (US$ 200 000 000)	**200,000**	200,000
Issued and fully paid		
6,900,000 ordinary shares of US$1 each (US$ 6 900 000)	**6,900**	6,900

All figures in US$ '000

19. Share premium

The share premium relates to the excess of the purchase consideration paid over the nominal value of shares allotted.

A share premium account is credited for money paid, or promised to be paid, by a shareholder for a share, but only when they pay more than the cost of a share.

	2023	2022
Share premium	**48,160**	48,160

20. Long term provisions and accruals

Environmental and restoration cost

At the start of the year	**61,967**	60,981
Unwinding of discount (Note 10)	**986**	986
Recognised during the year (Note 14)	**63,788**	-
At the end of the year	**126,741**	61,967

Environmental and restoration costs

Rehabilitation provision represents the accrued cost required to provide adequate restoration and rehabilitation upon the completion of production activities. These amounts will be settled when rehabilitation is undertaken, generally, at the end of a project's life, which ranges more than twenty-five years with the majority of the costs expected to be incurred in the final year of the underlying mining operations. The assessment is done by Knight Piesold Consulting.

21. Retirement benefits

(i) Defined contribution plan

A defined contribution plan is a pension plan under which the Company pays fixed contributions into the fund. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior years. The Company's contributions to the defined contribution schemes are charged to profit or loss in the year to which they relate. The Company has no further obligation once contributions have been paid.

All figures in US$ '000

21. Retirement benefits *(continued)*

(ii) Terminal benefits

Under the terms of employment, qualifying permanent employees of the Company are entitled to terminal benefits. The terminal benefits are in nature based on the members' length of service and their salary at the earlier of retirement or death or termination from employment. The benefits are paid for by the Company.

The terminal benefits are determined using an actuarial technique to determine the ultimate cost to the company and as such typically expose the Company to actuarial risks such as: interest rate risk, salary risk and liquidity risk.

Interest rate risk	The liabilities are calculated using a discount rate set with reference to Zambian government bond yields. A decrease in government bonds will increase the plan liabilities
Salary risk	The present value of the terminal benefits liability is calculated by reference to the future salaries of employees. As such, an increase in the salary of employees will increase the liability
Liquidity risk	Terminal benefits are unfunded. There is a risk that resources might not be available when needed to pay the benefits that have become due

The most recent actuarial valuation of the present value of terminal benefits obligation was carried out on 31 December 2023 by Quantum Consultants & Actuaries. The present value of terminal benefit obligation, and the related current service cost and past service costs were measured using the projected unit credit method. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	2023	2022
Discount rate	**26.95%**	27.75%
Salary increase	**10.0%**	**10.0%**

Amounts recognized in the profit or loss and other comprehensive income in respect of terminal benefits:

	2023	2022
Current service cost	**2,204**	3,845
Amounts recognised in profit or loss	**3,250**	5,085
Actuarial gains arising on retirement benefit liability	**(1,654)**	(11,972)
Total	**3,800**	(3,042)

Amounts recognised in the statement of financial position.

Present value of benefit obligation	**5,040**	5,355

All figures in US$ '000

21. Retirement benefits *(continued)*

(ii) Terminal benefits *(continued)*

Movements in the present value of the retirement benefit obligation are as follows:

	2023	2022
At beginning of year	**5,355**	5,196
Service cost	**2,204**	3,845
Interest cost (Note 10)	**1,046**	1,240
Other losses	**(1,582)**	7,239
Exit benefits	**(329)**	(193)
Actuarial gains on obligations	**(1,654)**	(11,972)
At end of year	**5,040**	5,355

Significant actuarial assumptions for the determination of the future terminal benefits obligation are discount rate and expected salary increase. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting year, while holding all other assumptions constant.

Impact on present value of obligations from changes on:

Assumption	**Percentage**	**Increase /(decrease)**	**Increase /(decrease)**
Increase in discount rate	+1%	(227)	(232)
Decrease in discount rate	-1%	248	253
Increase in salary	+1%	286	293
Decrease in salary	1%	(263)	(270)

(iii) Total retirement benefit obligation recorded on the statement of financial position.

	2023	2022
Mopani terminal benefits	**5,040**	5,355
Analysed as:		
Non-current	**371**	396
Current	**4,669**	4,959
Total	**5,040**	5,355

22. Holding company and related party transactions

Until 31 March 2021, the Company was controlled by Carlisa Investments Corporation, incorporated in the British Virgin Islands, which owned 90% of the issued share capital with ZCCM Investments Holdings Plc owning the remaining 10%. Carlisa Investments Corporation is owned by Glencore Finance (Bermuda) Limited (81.2%), a wholly owned subsidiary of Glencore Plc (formerly Glencore Xstrata Plc); and Sky-blue Enterprise Incorporated (18.8%), a wholly owned subsidiary of First Quantum Minerals Limited.

All figures in US$ '000

22. Holding company and related party transactions *(continued)*

On 31 March 2021, a Share Purchase Agreement (SPA) was reached whereby Carlisa Investments Corporation agreed to sell it's 90% shares and ZCCM Investments Holdings Plc agreed to purchase the same for a debt consideration of US$1,500,000,000 and a cash consideration of $1.00.

22.1 Trading transactions

(a) Acid sales

	2023	2022
ZCCM - Investments Holdings Plc	-	52

(b) Purchases

	2023	2022
Copperbelt Energy Corporation Plc	111,544	110,398

22.2 Year end balances

(i) Amounts due from related parties

	2023	2022
Kansanshi Mining Plc	309	309
Konkola Copper Mines Plc	55	34
Copperbelt Energy Corporation Plc	8	12
ZCCM - Investments Holdings Plc	20	-
Lubambe Copper Mines	2	2
	394	357

(ii) Amounts due to related parties

	2023	2022
Copperbelt Energy Corporation Plc	21,265	9,370
Lumwana Copper Mine Plc	-	1
	21,265	9,371

22.3 Holding company and related party transactions

Amount payable to and receivable from related parties are governed by individual agreements with a requirement to settle outstanding balances on a monthly basis. All trade receivables from related parties are unsecured and credit period term is same as for third parties. None of the amount's receivable from related parties is past due or impaired and repayments have been received regularly and on time historically.

	2023	2022
Directors' emoluments as directors of the Company	288	229
Key management personnel	2,994	3,225
	3,282	3,454

All figures in US$ '000

23. Borrowings due to third parties

(i) Carlisa Investments Corporation

	2023	2022
At the start of the year	**32,214**	31,219
Interest accrued	**2,772**	1,835
Repayments	**(392)**	(840)
At the end of the year	**34,594**	32,214

(ii) Glencore International AG

	2023	2022
At the start of the year	**1,537,722**	1,490,255
Interest accrued	**132,274**	109,848
Repayments	**(18,735)**	(62,381)
At the end of the year	**1,651,261**	1,537,722
Sub-total (Loans due from Glencore International AG)	**1,685,855**	1,569,936

(iv) Zambia National Commercial Bank

	2023	2022
Opening amount as of 14 July 2023	**5,000**	-
Interest accrued	**245**	-
Repayments	**(844)**	-
At the end of the year	**4,401**	-
Total borrowings due to third parties	**1,690,256**	1,569,936

The classification of the loans is as follows:

	2023	2022
Current	**1,965**	-
Non-current	**1,688,291**	1,569,936
Total	**1,690,256**	1,569,936

(i) & (ii) Carlisa Investment Corporation and Glencore International AG

The third-party borrowings (Glencore and Carlisa) bear interest at the 3-month SOFR rate plus 3%. These are term facility agreements between the Company as borrower, Glencore International AG as lender and ZCCM - Investments Holdings Plc as guarantor and are payable on 31 December 2035 or any such later date as agreed amongst the Parties in writing from time to time.

(iii) Zambia National Commercial Bank

The loan of US$5 million was obtained on 18 May 2023 for the purchase of mining equipment. Interest on the loan is calculated on the outstanding balance at a rate of 11% per annum and is repayable through thirty-six (36) monthly instalments of principal and interest from date of disbursements until full settlement. The loan is secured by a subordination agreement from the parent company, ZCCM-IH.

All figures in US$'000

24. Borrowings due to related parties

ZCCM-Investments Holdings Plc

	2023	2022
Opening amount as of 20 January 2023	**100,000**	-
Interest accrued	**7,840**	-
Total borrowings due to related parties	**107,840**	-

The related party borrowings bear interest at the 1-month Secured Overnight Financing Rate (SOFR) rate plus 8% and are payable on 31 December 2035 or at the change of ownership control.

25. Trade and other payables

	2023	2022
Trade payables	**151,287**	158,382
Accruals	**197,302**	135,126
Legal provisions (Note 13(a))	**16,473**	19,000
	365,062	312,508
Non-financial liabilities		
Mineral royalty tax	**26,802**	47,501
Employee statutory liabilities	**5,870**	22,260
Pay As You Earn (PAYE)	**32,703**	21,703
	65,375	91,464
Total payables	**430,437**	403,972

Accruals comprise mainly specific accruals for items delivered/consumed for which invoices have not been received or processed by the year end. Employee liabilities relate to leave pay, life assurance and workers' compensation liabilities.

26. Bank overdraft

The Company has overdraft facilities with Zambia National Commercial Bank Plc (ZANACO) amounting to US$10 million, Ecobank amounting to US$15 million, Indo Zambia Bank amounting to US$5 million, Atlas Mara Bank amounting to US$10 million and Zambia Industrial Commercial Bank (ZICB) amounting to US$2.8 million. The overdraft facilities are secured by unconditional corporate guarantees from ZCCM-IH Investments Holdings Plc. The overdraft facilities carry an interest rate of 10%.

As at year end, Mopani had outstanding overdraft facilities with ZANACO amounting to US$10 million, Indo-Zambia Bank amounting to US$4.8 million, ZICB amounting to US$ 2.8 million, Atlas Mara amounting to US$9.9 million and Ecobank amounting to US$15 million. The average cost of funds is 10% per annum. At the financial year end, the amount drawn in overdraft facilities amounted to US$ 43 million (2022:US$ 38 million) as disclosed in note 28.

The overdraft facilities with financial institutions will be due for renewal on the dates set out below:

Zambia National Commercial Bank	15 May 2024
Indo-Zambia Bank	31 August 2024
Zambia Industrial Commercial Bank	31 October 2024
Atlas Mara Bank	30 September 2024
Ecobank	31 July 2024

All figures in US$ '000

27. Financial instruments

(i) Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged from the prior year.

The capital structure of the Company consists of debt, which includes the borrowings disclosed in note 23, cash and cash equivalents and equity attributable to equity holders, comprising issued capital, share premium and deficits on retained earnings.

The Company is not subject to any externally imposed capital requirements.

Gearing ratio
The Company reviews the capital structure on an ongoing basis. As part of this review, management considers the cost of capital and the risks associated with each class of capital.

	2023	2022
Debt (i) (Note 23)	**1,690,256**	1,569,936
Add: Net cash and cash equivalents (Note 28)	**(40,281)**	(28,767)
Net debt	**1,649,975**	1,541,169
Equity (ii)	**(1,159,549)**	(725,411)
Debt to equity ratio	**(1.42)**	(2.12)

(i) Debt is defined as long-term third-party loans.
(ii)Equity includes all equity capital and revenue reserves of the Company.

(ii) Categories of financial instruments

	2023	**2022**
Financial assets		
Loans and receivables:		
- Amounts due from related parties (Note 22)	**394**	357
- Trade and other receivables – Exclude statutory (Note17)	**5,509**	23,040
- Bank and cash (Note 28)	**2,267**	8,840
	8,170	32,237
Financial liabilities		
At amortised cost:		
- Borrowings due to third parties (Note 23)	**1,690,256**	1,569,935
- Trade and other payables – Exclude statutory (Note 25)	**365,062**	312,508
- Bank overdrafts (Note 28)	**42,548**	37,607
- Amounts due to related parties (Note 22)	**21,265**	9,371
	2,119,131	1,929,421

The Company may enter into futures contracts in order to hedge its exposure to fluctuations in mineral prices on specific transactions. The contracts if so, entered into, will be matched with anticipated future cash flows from mineral sales.

All figures in US$ '000

27. Financial instruments *(continued)*

(iii) Price risk management

General corporate hedging unrelated to any specific project is not undertaken. The Company also does not issue or acquire derivative instruments for trading purposes.

(iv) Credit risk management

The Company is exposed to credit risk arising from credit sales. In the opinion of the Directors the credit risk arising from credit sales is low. Proper appraisals are carried out for all credit customers and adequately documented before being forwarded for approval. The Company does not have significant credit risk exposure to any single counter party or group of counter parties with similar characteristics. The credit risk on liquid funds is limited because counter parties are banks with high credit ratings.

The Company's maximum exposure to credit risk is analyzed below:

	2023	2022
Trade and other receivables - Exclude statutory and prepayments (Note 17)	**5,509**	23,040
Amounts due from related parties (Note 22)	**394**	357
Bank and cash balances (Note 28)	**2,267**	8,840
	8,170	32,237

(v) Liquidity risk management

The Company manages liquidity risk by maintaining adequate bank and cash balances and by continuously monitoring forecasts and actual cash flows to ensure that it has adequate funds available to meet its liabilities as they become due.

The following table details the Company's remaining contractual maturities for its non-derivative financial assets and liabilities based on the undiscounted contractual maturities of its financial assets and liabilities. Refer to note 3.2.1 for disclosures on going concern.

Year ended 31 December 2023

	Effective Interest Rate	**1 – 3 Months**	**3 months to 1 year**	**1 year to 5 years**	**+ 5 years**	**Total**
Liabilities						
Trade and other payables	-	**365,062**	-	-	-	**365,062**
Bank overdraft	10.00%	**42,548**	-	-	-	**42,548**
Amounts due to third parties	-	**21,265**	-	-	-	**21,265**
Loans due to third parties	8.743%	-	-	**4,401**	**2,024,053**	**2,028,454**
Total liabilities		428,875	-	4,401	2,024,053	2,457,329

All figures in US$ '000

27. Financial instruments *(continued)*

(v) Liquidity risk management *(continued)*

	Effective Interest Rate	1 – 3 Months	3 months to 1 year	1 year to 5 years	+ 5 years	Total
Assets						
Trade and other receivables	-	**5,509**	-	-	-	**5,509**
Amounts due from related parties	-	**394**	-	-	-	**394**
Bank and cash balances	-	**2,267**	-	-	-	**2,267**
Total assets		**8,170**	-	-	-	**8,170**
Net exposure		**(420,705)**	-	**(4,401)**	**(2,024,053)**	**(2,449,159)**

Year ended 31 December 2022

	Effective interest rate	1 – 3 Months	3 months to 1 year	1 year to 5 years	+ 5 years	Total
Liabilities:						
Trade and other payables	-	312,508	-	-	-	312,508
Bank overdraft	10.00%	37,607	-	-	-	37,607
Amounts due to third parties	-	9,371	-	-	-	9,371
Loans due to third parties	6.74%	-	-	-	1,884,878	1,884,878
Total liabilities		359,486	-	-	1,884,878	2,244,364
Assets:						
Trade and other receivables	-	23,040	-	-	-	23,040
Amounts due from related parties	-	357	-	-	-	357
Bank and cash balances	-	8,840	-	-	-	8,840
Total assets	-	32,237	-	-	-	32,237
Net exposure	-	(327,249)	-		(1,884,878)	(2,212,127)

All figures in US$ '000

27. Financial instruments *(continued)*

The information set out below provides information about how the Company determines fair values of various financial assets and financial liabilities.

- **Level 1** – Quoted prices (unadjusted) in active markets for identical assets or liabilities. This level includes listed equity securities and debt instruments on exchanges (for example, Lusaka Stock Exchange).
- **Level 2** – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- **Level 3** – Inputs for the asset or liability that are not based on observable market data (unobservable inputs). This level includes equity investments and debt instruments with significant unobservable components.

This hierarchy requires the use of observable market data when available. The Company considers relevant and observable market prices in its valuations where possible.

Fair value of the Company's financial assets that are measured at fair value on a recurring basis:

There were no financial assets and liabilities that are measured at fair value on a recurring basis during the year.

Fair value of financial assets and financial liabilities that are not measured at fair value on a recurring basis (but fair value disclosures are required):

Except as detailed in the following table, the directors consider that the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values.

Financial assets	**Carrying amount 2023**	**Fair value 2023**	Carrying amount 2022	Fair value 2022
Loans and receivables:				
Trade and other receivables	**5,509**	**5,509**	23,040	23,040
Amounts due from related parties	**394**	**394**	357	357
Bank and cash balances	**2,267**	**2,267**	8,840	8,840
Total	**8,170**	**8,170**	32,237	32,237

Financial liabilities	**2023**	**2023**	2022	2022
Financial liabilities measured at amortised cost:				
Borrowings due to third parties	**1,690,256**	**1,690,256**	1,569,935	1,569,935
Trade and other payables	**365,062**	**365,062**	312,508	312,508
Amounts due to related parties	**21,265**	**21,265**	9,371	9,371
Bank overdraft	**42,548**	**42,548**	37,607	37,607
Total	**2,119,131**	**2,119,131**	1,929,421	1,929,421

All figures in US$ '000

27. Financial instruments *(continued)*

	Level 1	Level 2	Level 3	Total
Financial assets				
Loans receivable				
Trade and other receivables	-	-	**5,509**	**5,509**
Amounts due from related parties	-	-	**394**	**394**
Bank and cash balances	**2,267**	-	-	**2,267**
Total	**2,267**	-	**5,903**	**8,170**

Fair value hierarchy as of 31 December 2023

	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial liabilities measured at amortised cost				
Amounts due to related parties	-	-	**21,265**	**21,265**
Borrowings due to third parties	-	-	**1,690,256**	**1,690,256**
Trade and other payables	-	-	**365,062**	**365,062**
Bank overdraft	**42,548**	-	-	**42,548**
Total	**42,548**	-	**2,076,583**	**2,119,131**

	Level 1	Level 2	Level 3	Total
Financial assets				
Loans and receivables:				
Trade and other receivables	-	-	23,040	23,040
Amounts due from related parties	-	-	357	357
Bank and cash balances	8,840	-	-	8,840
Total	8,840		23,397	32,237

Fair value hierarchy as of 31 December 2022

	Level 1	Level 2	Level 3	Total
Financial liabilities				
Financial liabilities measured at amortised cost:				
Amounts due to related parties	-	-	9,371	9,371
Borrowings due to related party	-	-	1,569,935	1,569,935
Trade and other payables	-	-	312,508	312,508
Bank overdraft	37,607	-	-	37,607
Total	37,607	-	1,891,814	1,929,421

The fair values of the financial assets and financial liabilities included in the level 2 and level 3 categories above have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant inputs being the discount rate that reflects the credit risk of counterparties.

28. Cash and cash equivalents

	2023	2022
Cash at bank and in hand	**2,267**	8,840
Bank overdraft (Note 26)	**(42,548)**	(37,607)
Net cash position	**(40,281)**	(28,767)

29. Events after the reporting date

The material facts or significant events after the reporting date which would require disclosure in these financial statements are as per below.

Government of the republic of Zambia through ZCCM Investments Holdings Plc appointed a consultant, Rothschild and Co Pty Ltd, to assist with the identification and selection of a Strategic Equity Partner for Mopani Copper Mines. On 22 December 2023, ZCCM-Investments Holdings Plc entered into an agreement with International Resources Holdings (IRH) pursuant to which IRH, through its wholly owned subsidiary Delta Mining Limited, committed up to US$1.1 billion for a 51% interest in Mopani Copper Mines Plc and the formation of a strategic partnership with ZCCM-Investments Holdings Plc. This investment comprises of US$620 million in new equity capital, up to US$100 million in settlement of existing third-party letters of credit and up to US$380 million of shareholder loans into Mopani Copper Mines Plc as a Strategic Equity Partner.

On 20 March 2024, IRH was issued with and allotted 7,181,633 new shares in return for a 51% stake in Mopani Copper Mines Plc at the completion and sign off of the transaction. The value of the issued new shares to IRH amounted to US$620 million.

The Government of Zambia, through ZCCM Investments Holdings Plc has retained 49% equity stake in Mopani Copper Mines Plc at the completion of the transaction.

The Glencore International AG's loan will be written down to US$300 million. This amount will be settled by International Resources Holdings (IRH). The US$300 million will be shown on Mopani's balance sheet as a loan from IRH.

30. New accounting standards or amendments for 2023 and forthcoming requirements

Newly current effective requirements

The table below lists the recent changes to accounting standards that are required to be applied by an entity with an annual reporting period beginning on 1 January 2023.

Effective date	New accounting standards or amendments
	Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2
1 January 2023	*Definition of Accounting Estimates – Amendments to IAS8*
	Deferred tax relating to assets and liabilities arising from a single transaction – Amendments to IAS 12
23 May 2023	*International Tax Reform – Pillar Two Model Rules – Amendments to IAS 12*

The accounting standards below are required to be applied for annual periods beginning on or after 1 January 2023 and earlier application is permitted, however, the Corporation has not early adopted the new or amended standards in preparing these financial statements.

30. New accounting standards or amendments for 2023 and forthcoming requirements *(continued)*

The following amended standards and interpretations are not expected to have a significant impact on the Corporation's financial statements:

- *IAS 1 amendment* — *Classification of liabilities as current or non-current, Non-current liabilities with covenants*
- *IFRS 16 amendment* — *Lease Liability in a Sale and Leaseback*
- *IAS 7 and IFRS 7 amendments* — *Disclosure of supplier finance arrangements*
- *IAS 21 amendments* — *Lack of Exchangeability*