SINO METALS LEACH (ZAMBIA) LIMITED

FINANCIAL STATEMENTS
for the year ended 31 December 2023

SINO METALS LEACH (ZAMBIA) LIMITED
(Incorporated in Zambia)

FINANCIAL STATEMENTS
for the year ended 31 December 2023

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SINO METALS LEACH (ZAMBIA) LIMITED

REPORT OF THE DIRECTORS

The Directors submit their report and audited financial statements for the year ended 31 December 2023.

REGISTERED OFFICE AND PRINCIPAL PLACE OF BUSINESS

The Company's registered office is at:

32 Enos Chomba Road
Parklands
P O Box 22592
Kitwe

The Company's principal place of business is at:

Sino Metals Leach (Zambia) Limited
Chambishi Mine
Chambishi

PRINCIPAL ACTIVITY

The Company's principal activities are to mine, purchase and treat copper ores to produce LME A-grade copper cathodes using the Solvent - Electrowinning (SX-EW) technology and copper flotation technology to produce copper concentrate.

RESULTS AND DIVIDENDS

The profit for the year after tax amounted to US$19,124, 983 (2022:US$18,072,203). The Directors paid out a dividend of US$10,000,000 during the year (2022:US$20,000,000).

DIRECTORS

The Directors who held office during the year were:

Xu Weimin
Yi Xi
Zhang Jin Jun
Zhang Pei Wen
Guo Jian
Chen Zhimin
Yang Ligang
Zhang Bing

PLANT AND EQUIPMENT

Additions to property, plant and equipment during the year amounted to US$7,327,800 (US$3,190,903) and comprised of the following:

	2023 US$	2022 US$
Leasehold land and buildings	259 505	2 485 524
Motor vehicles	685 851	266 225
Plant and equipment	531 902	237 813
Capital work in progress	5 850 542	201 341
	7 327 800	3 190 903

EXPORTS

Exports during the year amounted to **US$104,226,423** (2022: US$150,677,447).

RESEARCH AND DEVELOPMENT

The Company did not engage in research and development activities during the year.

RISK MANAGEMENT CONTROL

In its normal operations, the Company is exposed to a number of risks which are fair value, credit, operational, strategic and foreign exchange risks. These are described and explained under notes 5 and 20 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.

SHARE CAPITAL

There were no changes to issued and authorised share capital during the year.

EMPLOYEES

The number of employees during the year on a month by month basis was as follows:

	2023	2022
January	423	430
February	430	431
March	429	431
April	432	431
May	431	430
June	430	428
July	428	429
August	432	426
September	433	428
October	431	422
November	432	427
December	436	423

The average number of employees during the year was 430 (2022: 428). The remuneration paid to the employees amounted to **US$3,676,810** (2022: US$4,435,143).

GIFTS AND DONATIONS

Donations during the year amounted to **US$86,845** (2022: US$74,767).

AUDITORS

A resolution proposing the reappointment of Deloitte & Touche as auditors to the Company will be put to the Annual General Meeting.

By order of the board.

Company Secretary

Kitwe, Zambia

STATEMENT OF RESPONSIBILITY FOR ANNUAL FINANCIAL STATEMENTS

The Companies Act of Zambia, 2017 requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of its financial performance for that year. It also requires the directors to ensure that the company maintains proper accounting records that disclose, with reasonable accuracy, the financial position of the company. The directors are also responsible for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors are further required to ensure the company adheres to the corporate governance principles or practices contained in Part VII's, Sections 82 to 122 of the Companies Act of Zambia, 2017.

The Directors accept responsibility for the preparation and presentation of these annual financial statements in accordance with the International Financial Reporting Standards and in the manner required by the Companies Act of Zambia, 2017. They also accept responsibility for:

- designing, implementing and maintaining such internal controls as they determine necessary to enable the presentation of financial statements that are free of material misstatement, whether due to fraud or error;
- selecting suitable accounting policies and applying them consistently;
- making accounting estimates and judgements that are reasonable in the circumstances; and
- preparing the directors' report.

The Directors are of the opinion that the financial statements set out on pages 7 to 36 give a true and fair view of the state of the financial affairs of the company and of its financial performance in accordance with International Financial Reporting Standards and in the manner required by the Companies Act of Zambia, 2017.

The Directors further report that they have implemented, and adhered to, the corporate governance principles or practices contained in Part VII's, Sections 82 to 122 of the Companies Act of Zambia, 2017.

The Directors have made an assessment of the company's ability to continue as a going concern, and have no reason to believe that the company will not be a going concern for at least twelve (12) months from the date of this statement.

The auditor is responsible for reporting on whether the financial statements are fairly presented in accordance with the applicable financial reporting framework described above.

APPROVAL OF THE ANNUAL FINANCIAL STATEMENTS

The financial statements of Sino Metals Leach (Zambia) Limited were approved by the board of directors on .... and signed by:

__________________________)
)
)
) DIRECTORS
__________________________)
)

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Sino Metals Leach (Zambia) Limited

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Sino Metals Leach (Zambia) Limited (The "Company") set out on pages 7 to 36, which comprise the statement of financial position as at 31 December 2023, the statement of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board, and in the manner required by the Companies Act, 2017.

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code)) and other independence requirements applicable to performing audits of 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 Directors' Report as required by the Companies Act, 2017 and the statement of responsibility which we obtained prior to the date of this audit 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 or 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 and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2017, and for such internal control as the Directors determine is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities of the Directors for the financial statements (continued)

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional 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.

Report on other legal and regulatory requirements

Sections 250 (2) and 259 (3) of the Companies Act, 2017 require that in carrying out our audit, we consider and report on whether:

- There is a relationship, interest or debt which we as the Company's auditors have with and in Sino Metals Leach (Zambia) Limited;
- There are serious breaches of corporate governance principles or practices by the Directors. This statement is made on the basis of the corporate governance provisions as enshrined in Part VII - corporate governance section of the Companies Act, 2017; and

Report on other legal and regulatory requirements (continued)

- There is an ommission in the financial statements as regards particulars of loans made to a Company officer (a director, Company secretary or executive office of a Company) during the year, and if reasonably possible, disclose such information in our opinion.

In respect of the foregoing requirements, we have nothing to report.

Deloitte & Touche

Alice Tembo
Audit Partner
AUD/F000433

Date:

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
for the year ended 31 December 2023

	Notes	2023 (US$)	2022 (US$)
Revenue	6	104 226 423	150 677 447
Mineral royalty		(6 442 264)	(5 719 760)
		97 784 159	144 957 687
Cost of sales		(59 603 811)	(106 060 133)
Gross profit		38 180 348	38 897 554
Other income (losses)	7	480 761	(2 760 935)
		38 661 109	36 136 619
Operating expenditure			
Other gains and losses	8	(1 371 062)	28 656
Administration expenses	9	(5 170 726)	(3 864 313)
Finance costs	10	(187 062)	(408 205)
Depreciation expense	11	(2 210 620)	(2 823 549)
Staff expenses	11	(1 725 337)	(1 661 602)
		(10 664 806)	(8 729 013)
Profit before interest and tax	11	27 996 303	27 407 606
Income tax expense	12	(8 871 320)	(9 335 404)
Profit for the year and total comprehensive income		19 124 983	18 072 202

SINO METALS LEACH (ZAMBIA) LIMITED

STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2023

	Share capital (US $)	Retained earnings (US $)	Total (US $)
Balance at 1 January 2022	**3 600 000**	**44 689 630**	**48 289 630**
Dividends paid (Note 24)		(20 000 000)	(20 000 000)
Profit for the year	-	18 072 203	18 072 203
Balance at 31 December 2022	**3 600 000**	**42 761 833**	**46 361 833**
Dividends paid (Note 24)	-	(10 000 000)	(10 000 000)
Profit for the year	-	19 124 983	19 124 983
Balance at 31 December 2023	**3 600 000**	**51 886 816**	**55 486 816**

SINO METALS LEACH (ZAMBIA) LIMITED

STATEMENT OF FINANCIAL POSITION
at 31 December 2023

	Notes	2023 (US $)	2022 (US $)
Assets			
Non-current assets			
Property, plant and equipment	14	18 158 094	15 845 275
Intangible assets	15	31 377	62 753
Deferred tax assets	13	1 013 466	624 297
Total non-current assets		19 202 937	16 532 325
Current assets			
Inventories	16	17 912 236	18 420 778
Trade and other receivables	17	6 733 076	10 172 341
Amounts due from related parties	21	2 150 943	3 444 068
Cash and bank balances		24 705 046	20 374 454
Total current assets		51 501 301	52 411 641
Total assets		70 704 239	68 943 966
Equity and liabilities			
Capital and reserves			
Share capital	18	3 600 000	3 600 000
Retained earnings		51 886 816	42 761 833
Total equity		55 486 816	46 361 833
Non-current liabilities			
Environmental restoration provision	19	1 849 633	2 023 998
Current liabilities			
Trade and other payables	20	8 381 333	15 777 620
Amounts due to related parties	21	118 320	41 899
Current tax liabilities	12	4 868 137	4 738 616
Total current liabilities		13 367 790	20 558 135
Total liabilities		15 217 423	22 582 133
Total equity and liabilities		70 704 239	68 943 966

The responsibilities of the Company's Directors with regard to the preparation of the financial statements are set out on page 3. The financial statements set out on pages 7 to 36 were approved by the board of directors on ______________________ and were signed on its behalf by:

_____________________________)
)
) DIRECTORS
)
_____________________________)
)

STATEMENT OF CASH FLOWS
for the year ended 31 December 2023

	Notes	2023 (US $)	2022 (US $)
Cash flows from operating activities			
Profit before tax		27 996 303	27 407 606
Adjustments:			
Depreciation	14	4 361 833	4 234 645
Amortization of intangible assets	15	31 376	31 376
Interest receivable		(657)	(1 343)
Lease interest receivable		-	(5 862)
Unwinding of environmental restoration provision	19	187 062	408 205
Foreign exchange gain on taxation	12	(1 214 942)	(106 282)
(Gain) loss on retirement of property, plant and equipment		(74 402)	3 541
Write-down of inventory – stock obsolescence	11	52 347	-
		31 338 920	31 971 886
Movement in working capital:			
Decrease in inventories		508 542	16 704 905
Decrease (increase) in trade and other receivables		3 439 265	(2 334 465)
Decrease in amounts due from related parties		1 293 125	5 639 544
Decrease in trade and other payables		(7 396 287)	(4 916 741)
Increase in amounts due to related parties		76 421	31 901
Cash generated from operations		29 259 986	47 097 030
Tax paid	12	(7 916 026)	(12 985 664)
Net cash generated by operating activities		21 343 961	34 111 366
Cash flows from investing activities			
Interest received		657	1 345
Lease interest received		-	5 862
Proceeds from disposal of property, plant and equipment		131 555	-
Expenditure on property, plant and equipment	14*	(7 327 800)	(3 190 902)
Net cash used in investing activities		(7 195 588)	(3 183 695)
Cash flows from financing activities			
Payment of dividends	24	(10 000 000)	(20 000 000)
Net cash used in financing activities		(10 000 000)	(20 000 000)
Net increase in cash and cash equivalents		4 148 373	10 927 671
Effect of exchange rate movement on cash balances		182 219	-
Cash and cash equivalents at beginning of the year		20 374 454	9 446 783
Cash and cash equivalents at end of the year		24 705 046	20 374 454
Cash and cash equivalents comprise of:			
Cash and bank balances		24 705 046	20 374 454

* Excludes addition on environmental provision as it is a non cash item.

1. General information

Sino Metals Leach (Zambia) Limited is a limited Company incorporated in Zambia. The address of its registered office and principal place of business is disclosed in the Report of the Directors. The principal activities of the Company are to mine, purchase and sale of copper cathodes produced using the Solvent - Electrowinning (SX-EW) technology and copper flotation technology to produce copper concentrate.

2. Adoption of new and revised standards

2.1 New and amended IFRS Accounting Standards that are effective for the current year

In the current year, the Company has applied a number of amendments to IFRS Accounting Standards issued by the International Accounting Standards Board (IASB) that are mandatorily effective for an accounting period that begins on or after 1 January 2023. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

Amendments to IAS 1 Presentation of Financial Statements and IFRS Practice Statement 2 Making Materiality Judgements— Disclosure of Accounting Policies	The Company has adopted the amendments to IAS 1 for the first time in the current year. The amendments change the requirements in IAS 1 with regard to disclosure of accounting policies. The amendments replace all instances of the term ‘significant accounting policies’ with ‘material accounting policy information’. Accounting policy information is material if, when considered together with other information included in an entity’s financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The supporting paragraphs in IAS 1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material. The IASB has also developed guidance and examples to explain and demonstrate the application of the ‘four-step materiality process’ described in IFRS Practice Statement 2.

Amendments to IAS 37 *Onerous Contracts—Cost of Fulfilling a Contract*

Amendments to IAS 12 Income Taxes—Deferred Tax related to Assets and Liabilities arising from a Single Transaction	The Company has adopted the amendments to IAS 12 for the first time in the current year. The amendments introduce a further exception from the initial recognition exemption. Under the amendments, an entity does not apply the initial recognition exemption for transactions that give rise to equal taxable and deductible temporary differences. Depending on the applicable tax law, equal taxable and deductible temporary differences may arise on initial recognition of an asset and liability in a transaction that is not a business combination and affects neither accounting profit nor taxable profit. Following the amendments to IAS 12, an entity is required to recognise the related deferred tax asset and liability, with the recognition of any deferred tax asset being subject to the recoverability criteria in IAS 12.

2. Adoption of new and revised standards (Cont'd)

2.1 New and amended IFRS Accounting Standards that are effective for the current year (Cont'd)

Annual Improvements to IFRS Accounting Standards 2018-2020 Cycle

Amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors—Definition	The Company has adopted the amendments to IAS 8 for the first time in the current year. The amendments replace the definition of a change in accounting estimates with a definition of accounting estimates. Under the new definition, accounting estimates are “monetary amounts in financial statements that are subject to measurement uncertainty”. The definition of a change in accounting estimates was deleted.

2.2 New and revised IFRS Accounting Standards in issue but not yet effective

At the date of authorisation of these financial statements, the Company has not applied the following new and revised IFRS Standards that have been issued but are not yet effective.

Amendments to IAS 1	*Classification of Liabilities as Current or Non-current*
Amendments to IAS 1	*Classification of Non-current liabilities with Covenants*

The Directors do not expect that the adoption of the Standards listed above will have a material impact on the financial statements of the Company in future periods.

Amendments to IAS 1 Presentation of Financial Statements—Classification of Liabilities as Current or Non-current assets

The amendments to IAS 1 published in January 2020 affect only the presentation of liabilities as current or non-current in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items.

The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of ‘settlement’ to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services.

The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted. The IASB is currently considering further amendments to the requirements in IAS 1 on classification of liabilities as current or non-current, including deferring the application of the January 2020 amendments.

The Directors of the Company anticipate that the application of these amendments may have an impact on the Company's financial statements in future periods.

Amendments to IAS 1 Presentation of Financial Statements—Non-current Liabilities with Covenants

The amendments specify that only covenants that an entity is required to comply with on or before the end of the reporting period affect the entity’s right to defer settlement of a liability for at least twelve months after the reporting date (and therefore must be considered in assessing the classification of the liability as current or non-current). Such covenants affect whether the right exists at the end of the reporting period, even if compliance with the covenant is assessed only after the reporting date (e.g. a covenant based on the entity’s financial position at the reporting date that is assessed for compliance only after the reporting date).

2. Adoption of new and revised standards (Cont'd)

2.2 New and revised IFRS Accounting Standards in issue but not yet effective (Cont'd)

Amendments to IAS 1 Presentation of Financial Statements—Non-current Liabilities with Covenants (continued)

The IASB also specifies that the right to defer settlement of a liability for at least twelve months after the reporting date is not affected if an entity only has to comply with a covenant after the reporting period. However, if the entity’s right to defer settlement of a liability is subject to the entity complying with covenants within twelve months after the reporting period, an entity discloses information that enables users of financial statements to understand the risk of the liabilities becoming repayable within twelve months after the reporting period. This would include information about the covenants (including the nature of the covenants and when the entity is required to comply with them), the carrying amount of related liabilities and facts and circumstances, if any, that indicate that the entity may have difficulties complying with the covenants.

The amendments are applied retrospectively for annual reporting periods beginning on or after 1 January 2024. Earlier application of the amendments is permitted. If an entity applies the amendments for an earlier period, it is also required to apply the 2020 amendments early.

The directors of the Company anticipate that the application of these amendments may have an impact on the Company's consolidated financial statements in future periods.

3 Critical accounting judgements and key sources of estimation uncertainty

3.1 Income taxes

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

3.2 Impairment losses on trade receivables

When measuring ECL the Company uses reasonable and supportable forward looking information which is based on assumption for the future movement of different economic drivers and how these drivers will affect each other. Loss given default is an estimate of the loss arising in default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cashflows from collateral and mortgage credit enhancement. Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon; the the calculation of which includes historical data, assumptions and expectations of future conditions.

3.3 Restoration, rehabilitation and environmental costs

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing production. Costs arising from the installation of plant and other site preparation work, are provided for and a corresponding amount is capitalised at the start of each project, as soon as the obligation to incur such costs arise. These costs are charged to the profit or loss over the life of the operation through the depreciation of the asset. The cost estimates are reviewed periodically and are adjusted to reflect known developments which may have an impact on the cost estimates or life of operations. The cost of the related asset is adjusted for changes in the provision due to factors such as updated cost estimates, changes to lives of operations and new disturbances. The adjusted cost of the asset is depreciated prospectively over the life of the asset to which it relates.

4. Accounting policies

4.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards.

4.2 Basis of presentation of the financial statements

The financial statements have been prepared on the historical cost basis of accounting, except for certain financial instruments that are measured at fair value. 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 IAS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorised 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.

These financial statements are presented in United States Dollars, the functional currency.

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The principal accounting policies are set out below:

4.3 Revenue recognition

The Company recognises revenue from the following major sources:

- Sale of copper cathodes
- Sale of copper blister

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. The majority of the entity's sale of copper cathodes and concentrates allow for price adjustments based on the market price at the end of the relevant Quotation Period (QP) stipulated in the contract. These are referred to as provisional pricing arrangements and are such that the selling price is based on prevailing spot prices on a specified future date after shipment to the customer. Adjustments to the sales price occur based on movements in quoted market prices up to the end of the QP. The period between provisional invoicing and the end of the QP can be between one and three months.

4. Accounting policies (Cont'd)

4.3 Revenue recognition (Cont'd)

The revenue is measured at the amount to which the Company expects to be entitled, being the estimate of the price expected to be received at the end of the QP, i.e, the forward price, and a corresponding related party receivable is recognised. For these provisional pricing arrangments , any future changes that occur over the QP are embedded within the provisonally prices related party receivables and are, therefore, within the scope of IFRS 9 and not within the scope of IFRS 15. Given the exposure to the commodity price, these provisionally priced related party receivables will fail the cash flow characteristics test within IFRS 9 and will be required to be measured at fair value through profit or loss from initial recognition until the date of settlement. These subsequent changes in fair value are recognised on the face of statement of profit or loss and other comprehensive income in each period as part of other gains and losses. Changes in fair value over, and until the end of, the QP, are estimated by reference to updated forward market prices for copper.

Export sales - Copper cathodes and copper blister

The Company sells copper cathodes and copper blister to third party customers. Revenue of copper cathodes and copper blister is recognised when control of goods has transferred being at the point the customer takes goods from the Company's premises. A receivable is recognised by the Company when goods have been collected by the customer as this represents the point in time at which the right to consideration becomes unconditional.

4.4 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying asset is reduced from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

4.5 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past events, for which it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligations, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the 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.

4.6 Provision for environmental rehabilitation and restoration

The provisions for environmental rehabilitation and decommissioning costs are calculated using management's best estimate of the costs to be incurred based on the entity's environmental policy, taking into account current technological, environmental and regulatory requirements discounted to a present value. The estimated present value of costs relating to the future decommissioning of plant or other site preparation work is capitalised as part of property, plant and equipment, to the extent that it relates to the construction of an asset, and the related provisions are raised in the statement of financial position, as soon as the obligation to incur such costs arises.

4. Accounting policies (Cont'd)

4.6 Provision for environmental rehabilitation and restoration (Cont'd)

The ultimate rehabilitation costs are uncertain, and cost estimates can vary in response to many factors, including estimates of the extent and costs of rehabilitation activities, technological changes, regulatory changes and changes in discount rates (14.62% (2021: 14.32%)). Additionally, future changes to environmental laws and regulations and Life of Mine estimates could affect the carrying amount of this provision. These uncertainties may result in future actual expenditure differing from the amounts currently provided. Therefore, significant estimates and assumptions are made in determining the provision for the mine rehabilitation. As a result, there could be significant adjustments to the provisions established which would affect future financial result. The provision at reporting date represents management's best estimate of the present value of the future rehabilitation costs required.

Any subsequent changes to the carrying amount of the provision resulting from changes to the assumptions applied in estimating the obligation are recognised as a charge in the related asset recognised as property, plant and equipment.

4.7 Employee Benefits

The Company contributes to National Pension Scheme Authority, a defined contribution scheme, for its eligible employees Membership is compulsory and monthly contributions by both employer and

The Company contributes to National Pension Scheme Authority, a defined contribution scheme, for its eligible employees Membership is compulsory and monthly contributions by both employer and

A defined contribution scheme is a pension plan under which the company pays fixed contributions into a separate entity (a fund) and will have no legal or constructive 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.

Employees on fixed term contracts are entitled to end of contract gratuity. Provision is made for past service on the basis of present conditions and earnings.

4.8 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax as follows:

Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the statement of profit or loss because it excludes items of income or expense that are taxable or deductible in the other years and it further excludes items that are neither taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantially enacted by reporting date.

Deferred tax

Deferred tax is recognised on 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 recognised for all taxable temporary differences. Deferred tax assets are generally recognised 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 recognised 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.

4. Accounting policies (Cont'd)

4.8 Taxation (Cont'd)

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 asset 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 liabilities are recognised on surpluses arising from the revaluation of property, plant and equipment.

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.

4.9 Property, plant and equipment

Property, plant and equipment is stated in the statement of the financial position at cost less

Assets under construction are carried at cost, less any identified impairment loss. Such assets are initially shown as capital work in progress and transferred to the relevant class of assets when commissioned. Cost includes professional fees and where necessary, borrowing costs.

Depreciation is charged directly to the income statement.

Depreciation is charged to write off the cost of property, plant and equipment over their estimated useful lives on a straight line basis, at the following rates:

Leasehold land and buildings	10%
Plant and machinery	20%
Motor vehicles	20%
Office equipment	20%
Software	20%

Capital work in progress is not depreciated

4.10 Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight-line basis over their estimated useful lives which are disclosed in note 16. The estimated useful life and amortisation method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

4.11 Impairment of tangible and intangible assets

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible 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 in order to determine the extent of the impairment loss, if any.

4. Accounting policies (Cont'd)

4.11 Impairment of tangible and intangible assets (Cont'd)

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, 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.

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 profit or loss, 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 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 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.

4.12 Inventories

Inventories are stated in the statement of financial position at the lower of cost and net realisable value. Cost is calculated using the weighted average method and includes expenditure incurred in bringing the inventories to their present location and condition. Net realisable value takes into account all directly related costs to be incurred in marketing, selling and distribution. A provision is made for excess, slow moving and obsolete items.

4.13 Financial instruments

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 instrument.

(i) Financial assets

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 derecognised 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 market place.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

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):

4. Accounting policies (Cont'd)

4.13 Financial instruments (Cont'd)

- 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:

- 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.

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.

4. Accounting policies (Cont'd)

4.13 Financial instruments (Cont'd)

Financial assets (Cont'd)

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 investments 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 investments revaluation reserve.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses 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 guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the

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.

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.

(i) *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.

4. Accounting policies (Cont'd)

4.13 Financial instruments (Cont'd)

Financial assets (Cont'd)

Impairment of financial assets (Cont'd)

(i) Significant increase in credit risk (Cont'd)

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 debtor;
- significant increases in credit risk on other financial instruments of the same debtor; and
- 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

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:

(1) The financial instrument has a low risk of default,
(2) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term; and
(3) 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.

(ii) 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.

(iii) 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:

4. Accounting policies (Cont'd)

4.13 Financial instruments (Cont'd)

Financial assets (Cont'd)

Impairment of financial assets (Cont'd)

(iii) Credit-impaired financial assets (Cont'd)

(a) significant financial difficulty of the issuer or the borrower;

(b) a breach of contract, such as a default or past due event;

(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;

(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or

(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) 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, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(v) *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 guarantee 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.

Derecognition of financial assets

The Company derecognises 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 also recognises a collateralised borrowing for the proceeds received.

4. Accounting policies (Cont'd)

4.13 Financial instruments (Cont'd)

Financial assets (Cont'd)

Derecognition of financial assets (Cont'd)

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 investments 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 investments revaluation reserve is not reclassified to profit or loss, but is transferred to retained earnings.

Financial liabilities and equity

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.

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 FVTPL.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (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) through the expected life of the financial liability, or (where appropriate) a shorter period, to the amortised cost of a financial liability.

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.

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.

4. Accounting policies (Cont'd)

4.14 Translation of foreign currencies

The financial statements of the Company are not presented in the currency of the primary environment in which the entity operates. For the purpose of the financial statements, the results and financial position of the Company are expressed in United States Dollars, which is the functional currency of the Company and the presentation currency for the financial statements.

In preparing the financial statements of the Company, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign 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 foreign 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 these foreign currency borrowings;
- exchange differences on transactions entered into in order to hedge certain foreign currency risks; and
- exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in the foreign operation) which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

5. 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.

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.

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 maximise returns whilst ensuring that capital is safeguarded to the maximum extent by only investing with top financial institutions.

5.2 Fair value risk

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 judgement is necessarily required to interpret market data to estimate fair values. Accordingly, the estimates are not necessarily indicative of the amounts the Company could realise in a current market exchange. The carrying amounts of the assets and liabilities approximate their fair values.

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. Risk management objectives and policies (Cont'd)

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 objectives.

6. Revenue

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

Disaggregation of revenue

	2023 (US $)	2022 (US $)
Copper cathodes	55 636 073	68 291 879
Blister copper	48 590 351	82 385 568
	104 226 423	150 677 447

7. Other income (losses)

	2023 (US $)	2022 (US $)
Mark to market gains (losses) arising from sales and purchased concentrates	383 812	(6 797 656)
Sundry income	96 291	23 026
Interest income	657	1 343
Sale of materials	-	51 715
Profit on disposal	-	3 960 637
	480 761	(2 760 935)

8. Other gains and losses

	2023 (US $)	2022 (US $)
Foreign exchange loss (gain)	1 371 062	(28 656)

9. Administration expenses

	2023 (US $)	2022 (US $)
General expenses	3 300 679	2 877 420
Research and development	1 068 227	32 825
Travel	592 096	319 445
Consulting	131 990	106 198
Repairs and maintenance	77 734	120 218
	5 170 726	3 864 313

10. Finance costs

	2023 (US $)	2022 (US $)
Unwinding of discount on environmental provision	187 062	408 205

11. Profit before interest and tax

Profit before interest and tax is stated after charging:

	2023 (US $)	2022 (US $)
Depreciation*	4 361 833	4 234 645
Staff expenses**	3 676 810	4 435 143
Pension costs	279 143	336 716
Directors remuneration as managers of Company	182 774	210 500
Donations	86 845	74 767
Write down of inventory	52 347	-
Amortisation	31 376	31 376
Loss on retirement of property, plant and equipment	96 291	3 541

* Portion included in cost of sales of **K 2,151,213** (2022: K1,411,096).

** Portion included in cost of sales of **K1,951,474**(2022: K2,773,541).

12. Income tax expense

	2023 (US $)	2022 (US $)
Income tax at 30%:		
Current tax	9 260 489	9 720 681
Deferred tax	(389 169)	(385 277)
	8 871 320	9 335 404
Included under current liabilities:		
Payable in respect of the year	9 260 489	9 720 681
Exchange gains	(1 214 942)	(106 282)
Payable in respect of previous years	4 738 616	8 109 881
	12 784 163	17 724 280
Paid during the year	(7 916 026)	(12 985 664)
	4 868 137	4 738 616

Reconciliation of the income tax expense

	2023 (US $)	2022 (US $)
Profit before tax	27 996 303	27 407 606
Tax calculated at the statutory rate of 30%:	8 398 891	8 222 282
Permanent differences:		
Non deductible expenses	322 719	977 137
Non cash benefits	149 710	135 985
Income tax expense	8 871 320	9 335 404

Deferred tax asset

Analysis of deferred tax asset:

Year ended 31 December 2023

Temporary differences:	At beginning of the year	Movement for the year	At end of the year
Property, plant and equipment	(477 546)	(305 029)	(782 575)
Unrealised exchange losses	(1)	-	(1)
Unrealised exchange gains	(320 346)	-	(320 346)
Contingent employee provisions	(3)	(84 140)	(84 143)
Prior year adjustment	173 599	-	173 599
	(624 297)	(389 169)	(1 013 466)

Year ended 31 December 2022

Temporary differences:	At beginning of the year	Movement for the year	At end of the year
Property, plant and equipment	(92 269)	(385 277)	(477 546)
Unrealised exchange losses	(1)	-	(1)
Unrealised exchange gains	(320 346)	-	(320 346)
Contingent employee provisions	(3)	-	(3)
Prior year adjustment	173 599	-	173 599
	(239 020)	(385 277)	(624 297)

14. Property, plant and equipment

	Leasehold land and buildings (US $)	Plant and equipment (US $)	Motor vehicles (US $)	Mining rights (US $)	Decommissioning asset (US $)	Capital work in progress (US $)	Total (US $)
Cost							
At 1 January 2022	46 633 032	20 371 020	10 824 974	3 000 000	716 825	332 006	**81 877 857**
Additions	2 485 524	237 813	266 225	-	211 808	201 341	**3 402 711**
Retirements	-	(92 079)	(271 935)	-	-	-	**(364 014)**
At 1 January 2023	**49 118 556**	**20 516 754**	**10 819 264**	**3 000 000**	**928 633**	**533 347**	**84 916 554**
Additions	259 505	531 902	685 851	-	-	5 850 542	**7 327 800**
Transfers from capital work in progress	4 693 783	186 259	-	-	-	(4 880 043)	-
Adjustment to decommissioning asset	-	-	-	-	(361 427)	-	**(361 427)**
Reclassifications	793 723	3 514 934	(4 308 657)	-	-	-	-
Retirements	(115 767)	(334 749)	(1 258 036)	-	-	-	**(1 708 551)**
At 31 December 2023	**54 749 800**	**24 415 101**	**5 938 423**	**3 000 000**	**567 206**	**1 503 847**	**90 174 377**
Depreciation							
At 1 January 2022	36 102 748	20 178 774	6 612 096	2 303 487	-	-	65 197 105
Charge for the year	2 243 151	215 223	1 461 605	113 504	201 162	-	4 234 645
Reclassification	(195 753)	-	-	-	195 753	-	-
Eliminated on retirements	-	(91 044)	(269 427)	-	-	-	(360 471)
At 1 January 2023	**38 150 146**	**20 302 953**	**7 804 274**	**2 416 991**	**396 915**	-	**69 071 279**
Charge for the year	2 851 582	424 717	681 502	175 944	228 088	-	**4 361 833**
Reclassifications	53 795	2 764 153	(2 760 151)	-	(57 797)	-	-
Eliminated on retirements	(65 513)	(210 951)	(1 140 367)	-	-	-	**(1 416 830)**
At 31 December 2023	**40 990 011**	**23 280 872**	**4 585 258**	**2 592 935**	**567 206**	**-**	**72 016 282**
Carrying value							
At 31 December 2023	**13 759 789**	**1 134 228**	**1 353 165**	**407 065**	**-**	**1 503 847**	**18 158 094**
At 31 December 2022	10 968 410	213 801	3 014 990	583 009	531 718	533 347	15 845 275

The Directors consider that the carrying value of property, plant and equipment does not exceed their fair values.

A schedule listing the properties owned by the Company as required by Section 248 of the Companies Act of Zambia, 2017 is available for inspection by the members or their duly authorised representatives at the registered office of the Company.

15. Intangible assets - software

	(US $)
Cost	
At 1 January 2022 and 31 December 2022	156 881
31 December 2022 and 31 December 2023	**156 881**
Amortisation	
At 1 January 2022	62 752
Amortisation for the year	31 376
Balance at 31 December 2022	94 128
At 1 January 2023	94 128
Amortisation for the year	**31 376**
Balance at 31 December 2023	**125 504**
Carrying amounts	
Balance at 31 December 2022	62 753
Balance at 31 December 2023	**31 377**

16. Inventories

	2023 (US $)	2022 (US $)
Consumable stores	9 988 622	7 997 945
Copper ore	5 105 913	5 564 317
Copper concentrate	2 489 777	4 161 332
Copper cathode	380 271	697 185
Provision for obsolete stock	-52 347	-
	17 912 236	18 420 778

The cost of inventories recognised as an expense during the year was **US$38,350,465** (2022: US$40,883,231).

17. Trade and other receivables

	2023 (US $)	2022 (US $)
Value added tax receivable	4 614 097	8 441 827
Other receivables	1 769 317	47 630
Trade receivables	316 174	-
Pre-payments	33 488	1 682 884
	6 733 076	10 172 341

The Company applies a simplified approach to measure the loss allowance for trade and other receivables classified at amortised cost, using the lifetime expected loss provision. The expected credit loss on trade and other receivables is estimated using a provision matrix by reference to past default experience and adjusted as appropriate for current observable data. Expected credit loss provisions are recognised in administration expenses and during the current year, nil (2022:nil) of such losses were recognised.

For all copper sales, 95% of the cash is received when the revenue is recognised and the remaining 5% cash is received at the end of the quotational period. Thus the historical level of default from trade receivables has been minimal.

17. Trade and other receivables (Cont'd)

For VAT receivable amount, a provision for impairment has not been raised as management believe that the amount is fully recoverable and discussions are on going with Government and the tax authorities.

	2023 (US $)	2022 (US $)
18. Share capital		
Authorised, issued and fully paid		
3,600,000 ordinary shares of US$1 each	**3 600 000**	3 600 000

19. Environmental restoration provision

	2023 (US $)	2022 (US $)
At beginning of the year	**2 023 998**	1 403 985
Adjustment to decommissioning liabilities	**(361 427)**	211 808
Charged to profit or loss	**187 062**	408 205
At end of the year	**1 849 633**	2 023 998

In the current year, a review of the environmental rehabilitation provision was carried out and results indicate that the amount represent the fair value of the best estimate of the expenditure required to to settle the obligation to rehabilitate environmental disturbances caused by mining operations. These costs are expected to be incurred over the life of the mine.

The provision is measured at the present value of the expected future cash flows required to perform the rehabilitation and decommissioning. The calculation requires the use of certain estimates and assumptions when determining the amount and timing of the future cash flows and the discount rate. The report is updated at each reporting date, for changes in the estimates of the amount or timing of future cash flows, inflationary changes in the expected cash flows, utilisation of prior year provisions and changes in the discount rate.

The company is required by the Mines and Minerals Development Act of 2008 to rehabilitate environmental disturbances caused by its operations. The environmental rehabilitation provision represents the best estimate of the expenditure required to settle the obligation.

The company has made cash contributions to the amount of US$55,178 to the environmental protection fund, controlled by the Department of Mines and Mineral Development.

The estimated liability for restoration, rehabilitation and environmental obligations as at 31 December 2023 is US$1 849 633 (2021: US$2 884 511) based on the MSD guidelines and methodology. This information is being used to calculate the contribution to the Environmental Protection Fund, which is being administered by the MSD. The discount rate used in 2023 was 14.62% (2022: 14.32%). A bank guarantee for the full liability has not yet been secured by management.

The carrying value of the closure provisions is sensitive to the estimates and assumptions used in its measurement. If the discount rate of 14.62% (2022:14.32%) had been 1% higher than management's estimate, the company would have decreased the provision by US$62,484 (2022: US$495,579). On the other hand, if the discount rate had been 1% lower than management's estimate, the company would have increased the current provision by US$65,270 (2022: US$356,184).

20. Trade and other payables

	2023 (US$)	2022 (US$)
Trade payables	**6 867 094**	13 834 926
Other creditors and accruals	**949 137**	1 446 879
Payroll accruals	**565 102**	495 815
	8 381 333	15 777 620

21. Related parties

The immediate holding company is China Nonferrous Mining Holdings Limited (CNMH), a company incorporated in Hong Kong.

The ultimate holding company is China Nonferrous Metal Mining Corporation (CNMC), incorporated in the People's Republic of China.

The Company in the ordinary course of business enters into various purchase and service transactions with related parties. During the period the Company entered into the following transactions with related parties:

(a) Trading transactions

	Relationship	Purchases of goods and services 2023 (US$)	2022 (US$)
Fifteen MCC African Construction & Trade incorporated in Zambia	Fellow subsidiary	**13 248 742**	7 761 136
Chambishi Copper Smelter Ltd incorporated in Zambia	Fellow subsidiary	**8 089 654**	8 067 587
Nonferrous Corporation Africa Mining Plc incorporated in Zambia	Fellow subsidiary	**6 888 847**	6 062 233
CNMC International Trade Ltd incorporated in China	Fellow subsidiary	**2 768 191**	2 449 608
		30 995 433	24 340 564

	Relationship	Sale of goods and services 2023	2022
Kingsail Limited incorporated in Hongkong, China	Fellow subsidiary	**48 590 351**	82 385 568
New Spread Trading Ltd incorporated in China	Fellow subsidiary	**17 241 965**	21 627 499
		65 832 316	104 013 067

(b) Year end balances

Amounts due from related parties

Kingsail Limited incorporated in Hongkong, China	Fellow subsidiary	**1 903 953**	3 311 318
New Spread Trading Limited, incorporated in China	Fellow subsidiary	**246 990**	132 750
		2 150 943	3 444 068

21. Related parties (Cont'd)

(b) Year end balances (Cont'd)

Amounts due to related parties

		2023 (US $)	2023 (US $)
Hebei Songqi Machinery Manufacturing Co Ltd incorporated in China	Fellow subsidiary	70 689	41 899
Fifteen MCC African Construction & Trade incorporated in Zambia	Fellow subsidiary	46 016	-
Nonferrous Corporation Africa Mining Plc incorporated in Zambia	Fellow subsidiary	1 615	-
		118 320	41 899

Amounts due to and from related parties are measured at fair value (refer to the accounting policy on revenue recognition). In monitoring customers' credit risk, the Company assesses its customers on an individual basis. The Company considers each customer's credit characteristics, their geographical location, industry, trading history and existence of previous financial difficulties. For all copper sales, 95% of the cash is received when the revenue is recognised and the remaining 5% cash is received at the end of the quotational period. The historical level of default from these related parties is minimal and there is no indication of material future default.

(c) Financial instruments

	2023 (US $)	2023 (US $)
Salaries and other short term employment benefits	182 774	210 500

22. Capital commitments

	2023 (US $)	2023 (US $)
Authorised and contracted for	1 160 000	5 800 000

The capital commitments will be financed by borrowings and internally generated funds.

23. Contingent liabilities/ assets

The Zambia Revenue Authority (ZRA) conducted a Mineral Royalty Tax audit for the period January 2018 to August 2022 of which they issued a preliminary assessment of MRT not declared from own production on 1,287 tonnes amounting to K17,297,203 and 2,743 tonnes on purchased copper amounting to K32,723,080. An addition penalty of K9,378,803 was charged as a result giving a total of K59,399,086. Management then objected on 9 December 2022 with the assessment for which ZRA has not provided formal response on the objection. On 28 February 2023, ZRA issues a Ganish order on the Company's account with Stanbic Bank Zambia Limited for payment of K29,699,543 to ZRA which has since been paid. Management is of the view that they do not owe ZRA any MRT and hence disclose the K29,699,543 as a contigent asset yet to be finalised with ZRA.

	2023 (US $)	2022 (US $)
23. Contingent liabilities/ assets (Cont'd)		

There were no known material contingent liabilities at 31 December 2023 and 2022.

24. Dividends paid or proposed

Dividends are recognised in the period in which the dividends are declared. These dividends are recorded and disclosed as dividends paid in the statement of changes in equity and classified as cashflow from financing activities in the statement of cashflows. Dividends proposed or declared subsequent to the date of the statement of financial position are not recognised, but are disclosed in the notes to the financial statements.

Cash dividends declared and paid during the year:

	2023 (US $)	2022 (US $)
Total cash dividends paid in the year	10 000 000	20 000 000

25. Events after the reporting date

There have been no subsequent events that may have material effect on the financial statements.

26. Financial instruments

(i) Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of debt and equity balance.

The Directors review the capital structure on a regular basis. As part of the review Directors consider the cost of capital and risk associated

The gearing ratio at the year end was as follows:

	2023 (US $)	2022 (US $)
Cash and cash equivalents	(24 705 046)	(20 374 454)
Net debt	(24 705 046)	(20 374 454)
Equity (ii)	55 486 816	46 361 833
Net debt/equity ratio	NA	NA

(i) Debt is defined as long term borrowings.

(ii) Equity includes all capital and reserves of the Company.

(ii) Categories of financial instruments

Financial assets

	2023 (US $)	2022 (US $)
Cash and cash equivalents	24 705 046	20 374 454
Amounts due from related parties	2 150 943	3 444 067
Trade and other receivables	1 769 317	47 630
	28 625 305	23 866 151

26. Financial instruments (Cont'd)

(ii) Categories of financial instruments (Cont'd)

Financial liabilities

	2023 (US $)	2022 (US $)
At amortised cost:		
Trade and other payables	7 816 231	15 281 805
Amounts due to related parties	118 320	41 899
	7 934 551	15 323 704

The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Zambian Kwacha.

The Company's exposure as at the end of the year is as follows:

	2023 (US $)	2022 (US $)
Liabilities		
Zambia Kwacha	3 254 537	1 284 178
Assets		
Zambia Kwacha	6 541 079	3 920 635

At 31 December 2023, if the Dollar had strengthened/weakened by 10% against the Kwacha with all other variables held constant, pre tax profit for the year would have been US$328,654 higher/lower (2022: US$263,646) lower/higher), mainly as a result of Kwacha payables, receivables and bank balances.

(iii) 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 the credit sales is low. Proper appraisals are carried out for all credit customers and adequately documented before being forwarded for approval.

The credit risk on liquid funds is limited because counter parties are banks with high credit rating.

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

	2023 (US $)	2022 (US $)
Cash and cash equivalents	24 705 046	20 374 454
Amounts due from related companies	2 150 943	3 444 067
Trade and other receivables	1 769 317	47 630
	28 625 305	23 866 151

(iv) Foreign currency risk management

The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Zambian Kwacha. The Finance Department is responsible for hedging the net position in each currency.

The Company's exposure as at the end of the year is as follows:

26. Financial instruments (Cont'd)

(iv) Foreign currency risk management (Cont'd)

	2023 (US $)	2022 (US $)
Liabilities		
Zambian Kwacha	3 254 537	5 738 240
Assets		
Chinese Yen	1 534 372	74 165
Zambian Kwacha	6 541 079	1 524 460
	8 075 451	1 598 625
	(4 820 914)	4 139 615

At 31 December 2023, if the Dollar had weakened/strengthened by 10% against the Kwacha with all other variables held constant, pre tax profit for the year would have been **US$328 654** lower/higher (2022: US$421 378) lower/higher mainly as a result of Kwacha payables, receivables and bank balances.

At 31 December 2023, if the Dollar had weakened/strengthened by 10% against the Chinese Yen with all other variables held constant, pre tax profit for the year would have been **US$ 153 437** higher/lower (2022:US$ 7 417) higher/lower mainly as a result of Chinese Yen

(v) Liquidity risk management

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

The following table details the Company's remaining contractual maturity for its non-derivative financial assets and liabilities based on the undiscounted contractual maturities of the financial assets and

Year ended 31 December 2023

Liabilities	1-3 months (US$)	3-12 months (US$)	1-5 years (US$)	Total (US$)
Trade and other payables	7 816 231	-	-	7 816 231
Amounts due to related parties	118 320	-	-	118 320
	7 934 551	-	-	7 934 551

Assets	1-3 months	3-12 months	1-5 years	Total
Cash and cash equivalents	24 705 046	-	-	24 705 046
Amounts due from related parties	2 150 943	-	-	2 150 943
Trade and other receivables	1 769 317	-	-	1 769 317
	28 625 305	-	-	28 625 305

26. Financial instruments (Cont'd)

(v) Liquidity risk management (Cont'd)

Year ended 31 December 2022	1-3 months (US$)	months (US$)	1-5 years (US$)	Total (US$)
Liabilities				
Trade and other payables	15 281 805	-	-	15 281 805
Amounts due to related parties	41 899	-	-	41 899
	15 323 704	-	-	15 323 704

	1-3 months (US$)	3-12 (US$)	1-5 years (US$)	Total (US$)
Assets				
Cash and cash equivalents	20 374 454	-	-	20 374 454
Trade and other receivables	3 444 067	-	-	3 444 067
Amounts due from related parties	47 630	-	-	47 630
	23 866 151	-	-	23 866 151

(vi) Interest rate risk management

The Company's only interest bearing assets are short term bank deposits and borrowings at floating rates. However, there were no borrowing during the year.

27. Fair value measurements

The Directors consider that the carrying amounts of financial assets and financial liabilities recognised in the financial statements approximate their fair values. Refer to note 4.2 on how fair value is determined for each level.

	Fair value hierarchy as at 31 December 2023			
	Level 1 (US$)	Level 2 (US$)	Level 3 (US$)	Total (US$)
Financial assets				
Amounts due from related parties	-	-	2 150 943	2 150 943
Trade and other receivables	-	-	1 769 317	1 769 317
	-	-	3 920 260	3 920 260

	Fair value hierarchy as at 31 December 2023			
	Level 1	Level 2	Level 3	Total
Financial liabilities				
Trade payables	-	-	7 816 231	7 816 231
Amounts due to related parties	-	-	118 320	118 320
	-	-	7 934 551	7 934 551

27. Fair value measurements (Cont'd)

	Fair value hierarchy as at 31 December 2022			
	Level 1	Level 2	Level 3	Total
Financial assets				
Amounts due from related parties	-	-	3 444 067	**3 444 067**
Trade and other receivables	-	-	47 630	**47 630**
	-	-	3 491 697	**3 491 697**

	Fair value hierarchy as at 31 December 2022			
	Level 1	Level 2	Level 3	Total
	(US$)	(US$)	(US$)	(US$)
Financial liabilities				
Trade payables	-	-	15 777 620	**15 777 620**
Amounts due to related parties	-	-	41 899	**41 899**
	-	-	15 819 519	**15 819 519**

The categorisation of fair value measurements into the different levels of the fair value hierarchy depends 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.