

FIRST QUANTUM MINING AND OPERATIONS LIMITED

Company registration number: 119960036100

ANNUAL REPORT

FOR THE YEAR ENDED 31 DECEMBER 2024

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First Quantum Mining and Operations Limited Annual Report
Annual report
For the year ended 31 December 2024
Directors' Report

The Directors submit their report together with the audited annual financial statements for the year ended 31 December 2024, which disclose the state of affairs and performance of First Quantum Mining and Operations Limited (the "Company").

Principal Activities

The principal activity of the Company is the provision of support functions for related companies in Zambia. Currently FQMO will continue to offer services related to local and Corporate CSR and Health, Local Human Resources, Corporate Legal and Corporate Public Relations and Affairs.

Share capital and beneficial owner(s)

The Company shareholding and beneficial ownership is represented as follows:

<i>Name of shareholder</i>	<i>Percentage of shareholding</i>	<i>Beneficial Owner(s)</i>
Cover Investments Limited	100.00%	None as ultimate parent company is an entity and not a natural person

There were no changes in the beneficial owner(s) during the year.

Significant events during the year

In November, the exploration team, previously functioning as a division under FQMO, was transitioned to a separate legal entity - First Quantum Minerals Exploration Africa Limited. And the global services teams (including Internal Audit, Pronto Support, Security, Safety, and Technical Services), were also transitioned to a separate legal entity - First Quantum Minerals Zambia Global Services. Currently FQMO will continue to offer services related to local and Corporate CSR and Health, Local Human Resources, Corporate Legal and Corporate Public Relations and Affairs.

Results and Dividends

	2024 US\$'000	2023 US\$'000
Revenue	20,679	272,937
Loss for the year	(4,031)	24,779

The loss for the year has been deducted from retained earnings (2023: loss deducted from retained earnings). The Directors do not recommend payment of a dividend for the year ended 31 December 2024 (2023: Nil).

Directors and remuneration

The Directors who held office during the year and to the date of this report were:

Rudi Badenhorst	- Non-executive Chairman
Godwin Beene	- Non-executive Director
Hugh Carruthers	- Non-executive Director

During the year, the total Director's remuneration was nil (2023: Nil) for services rendered by non-executive directors as their remuneration is being paid by other fellow subsidiaries.

Interests register information

During the year, the Company officers (a director, company secretary or executive officer of a company) made declarations of interest in Company transactions and business as follows:

Rudi Badenhorst	(Chairperson)	6 interests declared
Godwin Beene	(Director).....	17 interests declared
Hugh Carruthers	(Director).....	10 interest declared

The interests' register, as required by the Companies Act 2017, of Zambia, containing particulars of the above stated interests declared, is available for inspection at the Company's registered office.

Average number of employees and remuneration

The total remuneration of employees during the year amounted to US\$13.8 million (2023: US\$85.5 million) and the average number of employees was as follows:

Month	Number	Month	Number
January	218	July	215
February	219	August	214
March	203	September	219
April	204	October	218
May	211	November	132
June	212	December	140

The Company recognises its responsibility regarding the occupational health, safety, and welfare of its employees and has put in place measures to safeguard them.

Gifts and Donations

The Company made donations to charitable organisations and events amounting to US\$333,604 during the year (2023: US\$148,358).

Exports

The Company did not export any goods during the year (2023: Nil).

Property, plant and equipment

The Company purchased property, plant and equipment amounting to US\$0.2 million (2023: US\$3.9 million) during the year.

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

Research and development

The Company spent US\$0.2 million on prospecting, exploration and research during the year (2023: US\$2 million).

Company Auditor and remuneration

The Auditor, PricewaterhouseCoopers Zambia, has indicated their willingness to continue in office and a resolution for their reappointment will be proposed at the next annual general meeting.

The Auditor remuneration for the year was US\$0.04 million (2023: US\$0.07 million) for audit services rendered to the Company. No other services were rendered by the auditor.

Signed on behalf of the Board of Directors



Godwin Beene
Director



Hugh Carruthers
Director

Date: 02/ 04/ 2025

First Quantum Mining and Operations Limited
Annual report
For the year ended 31 December 2024
Statement of Directors' responsibilities on the annual financial statements

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

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

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

The Directors are of the opinion that the annual financial statements set out on pages 9 to 37 give a true and fair view of the state of the financial affairs of the Company and of its financial performance in accordance with IFRS Accounting Standards and the requirements of the Companies Act, 2017 of Zambia. The Directors further report that they have implemented and adhered to the corporate governance principles or practices contained in sections 82 to 122 of part VII of the Companies Act, 2017 of Zambia.

Nothing has come to the attention of the Directors to indicate that the Company will not remain a going concern for at least twelve months from the date of these annual financial statements.

Signed on behalf of the Board of Directors



Godwin Beene
Director



Hugh Carruthers
Director

Date: 02/ 04/ 2025



Independent auditor's report

To the Shareholders of First Quantum Mining and Operations Limited

Report on the audit of the annual financial statements

Our opinion

In our opinion, the annual financial statements give a true and fair view of the financial position of First Quantum Mining and Operations Limited (the "Company") as at 31 December 2024, and of its financial performance and its cash flows for the year then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board (IASB) and the requirements of the Companies Act, 2017 of Zambia.

What we have audited

First Quantum Mining and Operations Limited's annual financial statements are set out on pages 9 to 37 and comprise:

- the statement of financial position as at 31 December 2024;
- the statement of profit or loss and other comprehensive income for the year then ended;
- the statement of changes in equity for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the annual financial statements, comprising material accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the annual financial statements* section of our report.

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

Independence

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

PricewaterhouseCoopers, PwC Place, Stand No 2374, Thabo Mbeki Road, P.O. Box 30942, Lusaka, Zambia

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A list of Partners is available from the address above.



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

Other information

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

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

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

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

Responsibilities of the Directors for the annual financial statements

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

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

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

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

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



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

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

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

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

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



Report on other legal and regulatory requirements

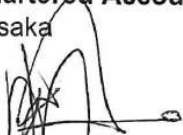
The Companies Act, 2017 of Zambia

The Companies Act, 2017 of Zambia requires that in carrying out our audit of First Quantum Mining and Operations Limited, we report on whether:

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

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


PricewaterhouseCoopers
Chartered Accountants
Lusaka


Nsansa Mkonda
Practicing Certificate Number: AUD/F005598
Associate Director signing on behalf of the firm

2 April 2025

Statement of profit or loss and other comprehensive income

		Year ended 31 December	
	Notes	2024 US\$'000	2023 US\$'000
Revenue	4	20,679	272,937
Cost of sales	7	(3,690)	(218,792)
Gross profit		16,989	43,456
Other income	5	1,046	12,642
Administrative expenses	7	(21,934)	(82,835)
Operating loss		(3,899)	(16,048)
Finance income	6	1,915	8,075
Finance cost	6	(3,088)	(23,937)
Loss before income tax		(5,072)	(31,910)
Income tax credit	9	1,041	7,131
Loss for the year		(4,031)	(24,779)
Other comprehensive income		-	-
Total comprehensive loss for the year		(4,031)	(24,779)


The notes on pages 13 to 37 form an integral part of these annual financial statement

Statement of financial position


		As at 31 December	
		2024	2023
		US\$'000	US\$'000
ASSETS			
Non-current assets			
Property, plant and equipment	10	7,209	9,737
External investment		123	-
Deferred income tax asset	16	10,498	7,035
VAT receivable	11	21,640	23,185
		<u>39,470</u>	<u>39,957</u>
Current assets			
Inventories	12	33	426
Trade and other receivables	13	45,383	138,067
Loans to related parties	13	170,208	72,456
Cash and cash equivalents	14	915	3,292
Current income tax receivable	9	2,760	2,760
VAT receivable	11	5,849	12,698
		<u>225,148</u>	<u>229,699</u>
Total assets		<u><u>264,618</u></u>	<u><u>269,656</u></u>
EQUITY AND LIABILITIES			
Equity attributable to owners			
Share capital	15	10	10
Retained earnings		252,792	256,823
Total equity		<u>252,802</u>	<u>256,833</u>
LIABILITIES			
Current liabilities			
Trade and other payables	17	10,740	11,747
Borrowings	18	1,076	1,076
		<u>11,816</u>	<u>12,823</u>
Total liabilities		<u>11,816</u>	<u>12,823</u>
Total Equity and Liabilities		<u>264,618</u>	<u>269,656</u>

The notes on pages 13 to 37 form an integral part of these annual financial statements.

The annual financial statements on pages 9 to 37 were approved for issue by the Board of Directors on 2nd April 2025 and signed on its behalf by:



Director



Director

Statement of changes in equity

	Share capital US\$'000	Retained earnings US\$'000	Total US\$'000
Year ended 31 December 2023			
At the start of the year	10	281,602	281,612
Comprehensive income:			
Loss for the year	-	(24,779)	(24,779)
Total comprehensive loss for the year	-	(24,779)	(24,779)
At end of year	10	256,823	256,833
Year ended 31 December 2024			
At start of the year	10	256,823	256,833
Comprehensive income:			
Loss for the year	-	(4,031)	(4,031)
Total comprehensive loss for the year	-	(4,031)	(4,031)
At end of year	10	252,792	252,802

The notes on pages 13 to 37 form an integral part of these annual financial statements.

Statement of cash flows

		Year ended 31 December	
		2024	2023
		US\$'000	US\$'000
Cash flows from operating activities			
Cash utilised in operations	20	93,553	(30,506)
Income tax paid	9	-	-
Net cash (utilised in)/generated from operating activities		93,553	(30,506)
Cash flows from investing activities			
Purchase of property, plant and equipment	10	(192)	(3,957)
Proceeds from disposal of property, plant and equipment	20	2,180	44,372
Receipts on loans to related parties	23	38,025	7,630
Loans to related parties	23	(135,778)	(16,136)
Net cash (utilised in)/generated from investing activities		(95,765)	31,909
Cash flow from financing activities			
Repayment of loans to related parties	18	-	(1,905)
Borrowings from related parties	18	-	1,080
Net cash (utilised in) /generated from financing activities		-	(825)
Net increase (decrease) in cash and cash equivalents		(2,212)	578
Cash and cash equivalents at beginning of year		3,292	6,563
Effects of exchange rate changes on cash and cash equivalents		(165)	(3,849)
Cash and cash equivalents at end of year	14	915	3,292

The notes on pages 13 to 37 form an integral part of these annual financial statements.

1 General information

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

Plot 245/61, 5027 Birdcage Walk / Haile Selassie Avenue
Longacres
Lusaka
Zambia

2 Summary of material accounting policies

The principal accounting policies adopted in the preparation of these annual financial statements are set out below. These policies have been consistently applied to all years presented, unless otherwise stated.

(a) Basis of preparation

The annual financial statements have been prepared in accordance with IFRS Accounting standards, IFRS Interpretations Committee (IFRS IC) and the requirements of the Companies Act, 2017 of Zambia. The annual financial statements comply with IFRS Accounting standards as issued by the International Accounting Standards Board (IASB). The annual financial statements are presented in United States Dollar (USD), rounded to the nearest thousand.

The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below.

These annual financial statements have been prepared on a going concern basis. In making the assessment that the Company is a going concern, management have taken into account all available information about the future, which is at least, but is not limited to, twelve months from December 31, 2024. The preparation of annual financial statements in conformity with IFRS Accounting standards requires the use of certain critical accounting estimates. It also requires the Directors to exercise judgment in the process of applying the accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the annual financial statements are disclosed in note 3.

(b) Changes in accounting policy and disclosures

IFRS Accounting Standards and amendments effective for the first time for December 2024 year-ends		
Number	Effective date	Executive summary
Amendments to IAS 1, 'Presentation of Financial Statements' - Non-current liabilities with covenants	Annual periods beginning on or after 1 January 2024 (Published January 2020 and November 2022)	These amendments clarify how conditions with which an entity must comply within twelve months after the reporting period affect the classification of a liability. The amendments also aim to improve information an entity provides related to liabilities subject to these conditions.

2 Summary of material accounting policies (continued)

Number	Effective date	Executive summary
Amendment to IFRS 16, 'Leases' - sale and leaseback	Annual periods beginning on or after 1 January 2024 (Published September 2022)	These amendments include requirements for sale and leaseback transactions in IFRS 16 to explain how an entity accounts for a sale and leaseback after the date of the transaction. Sale and leaseback transactions where some or all the lease payments are variable lease payments that do not depend on an index or rate are most likely to be impacted.
Amendments to Supplier Finance Arrangements (IAS 7 'Statement of Cash Flows' and IFRS 7 'Financial Instruments: Disclosure')	Annual periods beginning on or after 1 January 2024 (Published May 2023)	These amendments require disclosures to enhance the transparency of supplier finance arrangements and their effects on a company's liabilities, cash flows and exposure to liquidity risk. The disclosure requirements are the IASB's response to investors' concerns that some companies' supplier finance arrangements are not sufficiently visible, hindering investors' analysis.

2 Summary of material accounting policies (continued)

IFRS Accounting Standards and amendments issued but not effective		
Number	Effective date	Executive summary
Amendments to IAS 21, 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability (Amendments to IAS 21)	Amendments to IAS 21, 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability (Amendments to IAS 21)	Amendments to IAS 21, 'The Effects of Changes in Foreign Exchange Rates' - Lack of Exchangeability (Amendments to IAS 21)
Amendment to IFRS 9, "Financial Instruments" and IFRS 7, "Financial Instruments: Disclosures" - Classification and Measurement of Financial Instruments	Annual periods beginning on or after 1 January 2026 (Published May 2024)	<p>These amendments:</p> <ul style="list-style-type: none"> clarify the requirements for the timing of recognition and derecognition of some financial assets and liabilities, with a new exception for some financial liabilities settled through an electronic cash transfer system; clarify and add further guidance for assessing whether a financial asset meets the solely payments of principal and interest (SPPI) criterion; add new disclosures for certain instruments with contractual terms that can change cash flows (such as some instruments with features linked to the achievement of environment, social and governance (ESG) targets); and <p>make updates to the disclosures for equity instruments designated at Fair Value through Other Comprehensive Income (FVOCI).</p>

2 Summary of material accounting policies (continued)

IFRS 18, 'Presentation and Disclosure in Financial Statements'	Annual periods beginning on or after 1 January 2027 (Published April 2024)	<p>The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.</p> <p>IFRS 18 replaces IAS 1 'Presentation of Financial Statements' and focuses on updates to the statement of profit or loss with a focus on the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.</p> <p>Many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'.</p>
IFRS 19, 'Subsidiaries without Public Accountability'	Annual periods beginning on or after 1 January 2027 (Published May 2024)	<p>The objective of IFRS 19 is to provide reduced disclosure requirements for subsidiaries, with a parent that applies the Accounting Standards in its consolidated financial statements.</p> <p>IFRS 19 is a voluntary Accounting Standard that eligible subsidiaries can apply when preparing their own consolidated, separate or individual financial statements.</p>

There are no any other changes that would have a significant impact to the company.

2. Summary of material accounting policies (continued)

(c) Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of value-added tax (VAT), rebates and discounts.

The Company identifies contracts with customers, the performance obligations within it, the transaction price and its allocation to the performance obligations. Revenue is recognised when control of the product passes to the customer and is measured based on expected consideration. It is the Company's policy to recognise revenue from a contract when it has been approved by both parties, rights have been clearly identified, payment terms have been defined, the contract has commercial substance, and collectability has been ascertained as probable.

Collectability of customer's payments is ascertained based on the customer's historical records, guarantees provided, the customer's industry and advance payments made if any.

For the sales of services, this is the period in which the services are rendered by reference to completion of the specific transaction assessed on the basis of the actual service provided as a percentage of the total services to be provided. Revenue from the sale of services is recognised overtime when performance obligation is satisfied.

Disaggregation of revenue from contract with customers

The Company derives revenue from two primary sources i.e. mining contracts and earthworks. The Company has determined that the disaggregation of revenue based on the criteria of type of products meets the revenue disaggregation disclosure requirement of IFRS 15 as it depicts how the nature, amount, timing and uncertainty of revenue and cash flows are affected by economic factors. See further details in note 4.

(d) Property, plant and equipment

All property, plant and equipment is initially stated at historical cost and subsequently measured at historical cost less accumulated depreciation and impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of these assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated on the straight-line basis and units of production to write down the cost of each asset, to its residual value over its estimated useful life as follows:

Mines, processing facilities and equipment	Units of production / Straight-line 3 – 50 years
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The residual values of assets and their useful lives are reviewed and adjusted if appropriate, at each statement reporting date.

Property, plant and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Gains and losses on disposal are determined by comparing proceeds with their carrying amounts and are included in profit or loss.

2. Summary of material accounting policies (continued)

(e) Inventories

Inventories are stated at the lower of cost or net realisable value. Cost is determined by the weighted average cost method less provision for impairment. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

(g) Financial Instruments

(i) Financial assets

Initial recognition and measurement

Financial assets are recognised when the entity becomes a party to the contractual provisions of the instrument. Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset.

At initial recognition, the Company measures a financial asset at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are incremental and directly attributable to the acquisition or issue of the financial asset or financial liability, such as fees and commissions. Transaction costs of financial assets and financial liabilities carried at fair value through profit or loss are expensed in profit or loss. Immediately after initial recognition, an expected credit loss allowance (ECL) is recognised for financial assets measured at amortised cost and investments in debt instruments measured at FVOCI, which results in an accounting loss being recognised in profit or loss when an asset is newly originated.

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

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in three categories

- Fair value through profit or loss (FVPL)
- Amortised cost
- Fair value through other comprehensive income (FVOCI)

The Company's financial assets, which comprise trade and other receivables, amounts due from related Companies and cash and cash equivalents, are all classified at amortised cost.

Debt instruments - Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest ('SPPI'), and that are not designated at FVPL, are measured at amortised cost. The carrying amount of these assets is adjusted by any expected credit loss allowance recognised and measured as described in note 19. Interest income from these financial assets is included in 'Interest and similar income' using the effective interest rate method.

2. Summary of material accounting policies (continued)

(g) Financial Instruments (continued)

(i) Financial assets (continued)

This category is the most relevant to the Company. These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in profit or loss. The losses arising from impairment are recognised in profit or loss in finance costs for intercompany loans and in cost of sales or other operating expenses for receivables.

This category generally applies to trade and other receivables. For more information on receivables, refer to Notes 13.

Derecognition

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

- The rights to receive cash flows from the asset have expired or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either

(a) the Company has transferred substantially all the risks and rewards of the asset, or

(b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

Impairment of financial assets

Under IFRS 9 the Company calculates allowance for credit losses as expected credit losses (ECL's) for financial assets measured at amortised cost. ECL's are a probability weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the original effective interest rate of the financial asset.

The Company applies the simplified approach to determine the ECL for trade receivables. This results in calculating lifetime expected credit losses for trade receivables. ECL for trade receivables is calculated using a provision matrix.

(ii) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Company's financial liabilities include trade and other payables and amounts due to related parties.

After initial recognition, trade and accounts payable and amounts due to group companies are subsequently measured at amortised cost using the effective interest rate method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate method (EIR) amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance costs in profit or loss.

2. Summary of material accounting policies (continued)

(g) Financial Instruments (continued)

(ii) Financial Liabilities (continued)

Derecognition

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

(iii) Offsetting of financial instruments

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

(h) Share capital

Class A and Class B Redeemable shares are classified as 'share capital' in equity.

(i) Employee benefits

Short-term obligations

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

Retirement benefit obligations

The Company operates defined contribution retirement benefit schemes for its employees. The Company and all its employees make mandatory contributions to the National Pension Scheme Authority.

A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. The Company's contributions to the defined contribution schemes are recognised as an employee benefit expense when they fall due. The Company has no further payment obligations once the contributions have been paid.

2 Summary of material accounting policies (continued)

(j) Income tax

The tax expense for the period comprises current and deferred income tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity respectively. Current income tax is the amount of income tax payable on the taxable profit for the year determined in accordance with the relevant tax legislation.

a) Current income tax

The current income tax charge is calculated on the basis of the tax enacted at the statement of financial position date. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

b) Deferred income tax

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the annual financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted at the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled. Deferred income tax assets are recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised. Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

(m) Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

(n) Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. Trade receivables are classified as amortized cost financial assets and are recorded at the transaction price, net of transaction costs incurred and expected credit losses.

(o) Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held on call with banks, other short term highly liquid investments with original maturities of three months or less.

(p) Functional and presentation currency and translation of foreign currencies

(i) Functional and presentation currency

Items included in the annual financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The annual financial statements are presented in United States dollars (US\$) which is the Company's functional currency.

2 Summary of material accounting policies (continued)

(p) Functional currency and translation of foreign currencies (continued)

(ii) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuations where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Foreign exchange gains and losses that relate to borrowings, cash and cash equivalents and VAT receivables are presented in profit or loss within 'finance income or cost'. All other foreign exchange gains and losses are presented in profit or loss within 'other income or expenses'.

3 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including experience of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(i) *Property, plant and equipment*

Critical estimates are made by the Directors in determining depletion and amortization rates for property, plant and equipment and mineral properties. The rates used are set out in the significant accounting policies.

During the year, the Company impaired mobile equipment with a carrying value of \$7.15 million to \$1.8 million after an assessment of the carrying amount by independent valuation consultants.

(ii) *Inventory obsolescence provision*

The Company reviews the market value of and usage demand for its inventories on a periodic basis to ensure that recorded inventory is stated at the lower of cost and net realisable value. In assessing the ultimate realisation of inventories, the Company is required to make judgements as to future internal usage demand for its consumables based on past issues out of stores and fair value less cost to sell.

(iii) *Taxes*

Judgement is required in determining the recognition and measurement of uncertain tax positions, deferred income tax assets and liabilities on the statement of financial position. In the normal course of business, the Company is subject to assessment by taxation authority. The authority may have different interpretations of tax legislation or tax agreements than those applied by the Company in computing current and deferred income taxes. These different interpretations may alter the timing or amounts of taxable income or deductions. The final amount of taxes to be paid or recovered depends on a number of factors including the outcome of audits, appeals and negotiation.

The Company has continued to accrue VAT receivable amounts during the year with no cash refunds received and limited offsets to other tax liabilities. The Company considers that the outstanding VAT claims are fully recoverable and has classified the VAT balances due as current and non-current. The accounting estimates includes significant assumptions around discount rate and quantum of timing of Government receipts. See note 11 for further disclosures.

4 Revenue

Contracts with customers

	Contract Mining		Roads & Earthworks		Total	
	2024	2023	2024	2023	2024	2023
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Revenue from Contracts with Customers	-	253,515	-	8,733	-	262,248
Timing of revenue recognition:						
Over time:	-	253,515	-	8,733	-	262,248
Total	-	253,515	-	8,733	-	262,248

Intercompany cost recovery

Intercompany cost recovery	20,679	10,689
Total Revenue	20,679	272,937

5 Other (expense)/ income

	2024	2023
	US\$'000	US\$'000
Sundry income	277	279
Net foreign exchange (losses)/gains other than on cash and cash equivalents	-	(216)
Write off of receivables	-	(2,864)
Asset impairment (Note 10)	-	(5,350)
Profit /(loss) on disposal of property, plant and equipment	769	20,793
	<u>1,046</u>	<u>12,642</u>

6 Finance income / (cost)

Finance cost

Foreign exchange loss on VAT receivable (Note 11)	(2,616)	(20,088)
Other finance costs	(307)	-
Foreign exchange loss on cash and cash equivalents	(165)	(3,849)
Total finance cost	<u>(3,088)</u>	<u>(23,937)</u>

Finance income

VAT discount movement (Note 11)	1,915	8,075
Total finance income	<u>1,915</u>	<u>8,075</u>

Net finance cost	<u>(1,173)</u>	<u>(15,862)</u>
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7 Expenses by nature

	2024	2023
	US\$'000	US\$'000
Consumable inventory expensed	(1,283)	91,231
Provision for obsolete stock and write off of inventory	(318)	8,053
Employee benefits expense (Note 8)	13,842	85,540
Fuel	199	57,148
Explosives	-	34,567
Contractors	3,125	11,034
Depreciation on property, plant and equipment (Note 10)	6,659	7,519
Plant hire	(15)	2,794
Employee related medical expenses	(259)	4,097
Travel	2,049	2,815
Freight	49	(7,680)
Other expenses	1,536	4,439
Audit fees	40	70
	<u>25,624</u>	<u>301,627</u>
Total cost of providing services and administration expenses	<u>25,624</u>	<u>301,627</u>

8 Employee benefits expense

Salaries and wages	13,428	50,837
Redundancy pay	-	30,534
Retirement Benefits		
Provision for retirement benefits	351	2,504
Social security costs-NAPSA	63	1,665
	<u>13,842</u>	<u>85,540</u>

9 Income tax expense

Current income tax expense	-	-
Deferred income tax credit (Note 16)	(1,041)	(7,131)
	<u>(1,041)</u>	<u>(7,131)</u>
Income tax credit	<u>(1,041)</u>	<u>(7,131)</u>

The tax on the Company's loss before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

Loss before income tax	(4,764)	(31,910)
Tax calculated at the statutory income tax rate of 30% (2023: 30%)	(1,429)	(9,573)
<i>Tax effect of:</i>		
-Expenses not deductible for tax purposes	388	2,442
Income tax credit	<u>(1,041)</u>	<u>(7,131)</u>

9 Income tax expense (continued)

Current income tax movement in the statement of financial position

At start of year	(2,760)	(2,760)
Current income tax charge	-	-
Tax paid during the year	-	-
At end of the year	(2,760)	(2,760)

The corporate tax has been calculated at 30% in accordance with the Income Tax Act provision for non – mining operations.

10 Property, plant and equipment

	Mineral Properties	Buildings, Equipment and Motor Vehicles	Capital Work in Progress	Total
	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January 2023				
Cost	12,185	233,346	35	245,566
Accumulated depreciation	(12,185)	(191,153)	-	(203,338)
Net book amount	-	42,193	35	42,228
Year ended 31 December 2023				
Opening net book amount	-	42,193	35	42,228
Additions	-	-	3,932	3,932
Asset improvement	-	25	-	25
Transfers	-	3,538	(3,538)	-
Impairment	-	(5,350)	-	(5,350)
Disposals	-	(23,579)	-	(23,579)
Depreciation charge	-	(7,519)	-	(7,519)
Closing net book amount	-	9,308	429	9,737
As at 31 December 2023				
Cost	4	231,559	429	231,992
Accumulated depreciation	(4)	(222,251)	-	(222,255)
Net book amount	-	9,308	429	9,737
Year ended 31 December 2024				
Opening net book amount	-	9,308	429	9,737
Additions	-	-	192	192
Transfers	-	621	(621)	-
Disposals	-	(1,411)	-	(1,411)
Depreciation charge	-	(1,309)	-	(1,309)
Closing net book amount	-	7,209	-	7,209
As at 31 December 2024				
Cost	4	232,180	-	232,184
Accumulated depreciation	(4)	(224,971)	-	(224,975)
Net book amount	-	7,209	-	7,209

The main items of property, plant and equipment remaining include buildings, vehicles and other equipment used by Service departments within FQMO. Management is in the administrative process of selling and reallocating assets to operating related parties.

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

11 VAT receivable

	2024 US\$'000	2023 US\$'000
At start of year	35,883	54,954
VAT claims during the year	223	-
Refunds/offsets	-	(7,808)
VAT (recovered)/expensed during the year	-	(250)
Unrealised foreign exchange loss (Note 6)	(2,616)	(20,088)
December 2024 VAT payable	320	(320)
Adjustments in the year	161	1,320
Long term VAT discount movement (Note 6)	(6,160)	8,075
At end of year	<u>27,489</u>	<u>35,883</u>

Disclosed as:

Non-current	21,640	23,185
Current	<u>5,849</u>	<u>12,698</u>
Total	<u>27,489</u>	<u>35,883</u>

Long term VAT discount movement (Note 6)

Prior year VAT discount movement	8,075	-
VAT discount movement	<u>(6,160)</u>	<u>8,075</u>
Total VAT discount	<u>1,915</u>	<u>8,075</u>

12 Inventory

	2024 US\$'000	2023 US\$'000
Consumable stores	18,838	22,491
Goods in transit (GIT)	6	7
Provision for stock obsolescence	<u>(18,811)</u>	<u>(22,072)</u>
	<u>33</u>	<u>426</u>

The cost of inventories recognised as an expense and included in 'cost of sales' amounted to -US\$1.6 million (2023:US\$99 million). Inventory is carried at the lower of cost and net realisable value.

13 Trade and other receivables

	2024 US\$'000	2023 US\$'000
Trade receivables	963	1,867
Amounts due from related parties (Note 23)	39,527	130,705
Other receivables	427	1,372
Impairment on other receivables	<u>-</u>	<u>-</u>
	427	1,372
Prepayments	<u>4,466</u>	<u>4,123</u>
Trade and other receivables	45,383	138,067
Loan to related party (Note 23)	<u>170,208</u>	<u>72,456</u>
	<u>215,591</u>	<u>210,523</u>

The carrying amount of the trade and other receivables approximate to their fair values. Information about the impairment of trade and other receivables, their credit quality and the Company's exposure to credit risk, foreign currency risk and interest rate risk can be found in note 19.

14 Cash and cash equivalents

	2024 US\$'000	2023 US\$'000
Cash at Bank	910	3,286
Cash in hand	5	6
	<u>915</u>	<u>3,292</u>

15 Share capital

	Number of shares (Thousands)	Ordinary Shares US\$'000
Balance at 31 December 2023, 1 January 2024 and 31 December 2024	<u>100</u>	<u>10</u>

16 Deferred income tax

Deferred income tax is calculated using the enacted income tax rate of 30% (2023: 30%). The movement on the deferred income tax account is as follows:

	2024 US\$'000	2023 US\$'000
At start of year	(7,035)	96
Credit to profit or loss (Note 9)	(1,041)	(7,131)
Prior year under provision on deferred tax asset	(2,422)	-
At end of year	<u>(10,498)</u>	<u>(7,035)</u>

Deferred income tax assets and liabilities, deferred income tax charge/credit to profit or loss is attributable to the following items:

	1.1.2024 US\$'000	Prior year under provision on deferred tax asset US\$'000	Charged/ (Credited) to P/L US\$'000	31.12.2024 US\$'000
Deferred income tax liabilities				
Property, plant and equipment	2,490	-	(4,501)	(2,011)
Deferred income tax assets				
VAT discounting	(663)	(2,422)	575	(2,511)
VAT receivable	(5,627)	-	(785)	(6,412)
Other temporary differences	(3,235)	-	3,669	436
	<u>(9,525)</u>	<u>(2,422)</u>	<u>3,460</u>	<u>(8,487)</u>
Net deferred income tax liability (asset)	<u>(7,035)</u>	<u>(2,422)</u>	<u>(1,041)</u>	<u>(10,498)</u>

16 Deferred income tax (continued)

	1.1.2023	Charged/ (Credited) to P/L	31.12.2023
	US\$'000	US\$'000	US\$'000
Deferred income tax liabilities			
Property, plant and equipment	7,433	(4,943)	2,490
Deferred income tax assets			
VAT discounting	(3,086)	2,423	(663)
VAT Receivable	-	(5,627)	(5,627)
Other temporary differences	4,351	1,016	(3,225)
	(7,337)	(2,188)	(9,525)
Net deferred income tax liability	96	(7,131)	(7,035)

17 Trade and other payables

	2024	2023
	US\$'000	US\$'000
Trade payables	-	-
Amounts due to related parties (Note 23)	6,289	3,722
Accrued expenses	4,317	6,844
Statutory payables	365	722
Other payables	(231)	458
	10,740	11,746

The carrying amount of the trade and other payables approximate to their fair values.

18 Borrowings

	2024 International Mining Development Finance Limited US\$' 000	2023 International Mining Development Finance Limited US\$' 000
At start of year	1,076	1,901
Addition	-	1,080
Repayment	-	(1,905)
At end of year	1,076	1,076

The borrowings are denominated in US\$, not secured, have no repayment date and are not interest bearing. As these are payable on demand with the Company not having an unconditional right to defer for more than 12 months from date of demand, the borrowings are classified as part of current liabilities.

19 Financial Instruments

Financial instruments classification

Financial assets and liabilities are recorded initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

	2024 US\$'000	2023 US\$'000
<i>Financial assets at amortised cost</i>		
Assets as per statement of financial position		
Trade and other receivables (excluding non-financial assets)	40,917	133,944
Loans to related parties	170,208	72,456
Cash and cash equivalents	915	3,292
Total	212,041	209,692

Financial liabilities at amortised cost

Liabilities as per statement of financial position		
Trade and other payables (excluding non-financial liabilities)	10,971	11,024
Borrowings	1,076	1,076
Total	12,047	12,100

Financial risk management

The Company's activities expose it to a variety of financial risks: market risk (including currency risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance, but the Company does not hedge any risks. Financial risk management is carried out by the finance department under policies approved by the Board of Directors.

Market Risk

i) Foreign exchange risk

The Company is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the Zambian kwacha ("ZMK") and to the local currencies of suppliers who provide spares and major components for equipment maintenance; principally the South African rand ("ZAR"). Management has set up a policy to require the Company to manage its foreign exchange risk against the functional currency. To manage the Company's foreign exchange risk arising from recognised assets and liabilities, the Company transacts with group treasury and holding bank balances in the relevant foreign currencies. Foreign exchange risk arises when recognised assets or liabilities are denominated in a currency that is not the entity's functional currency.

As at 31 December, 2024, with other variables unchanged, a 11% (2023: 16%) change in value of the US Dollar against the Zambia Kwacha (ZMK) pretax loss and shareholders' equity would have been US\$0.05 million (2023: US\$5.2 million) lower/higher, mainly as a result of Zambia Kwacha receivables, payables and bank balances.

As at 31 December, 2024, with other variables unchanged, a 5% (2022: 5%) change in value of the US Dollar against the South Africa Rand (ZAR) pretax loss and shareholders' equity would have been nil (2023: nil) higher/ lower, mainly as a result of ZAR payables.

(ii) Price risk

The Company has no financial instruments subject to price risks.

(iii) Cash flow and fair value interest rate risk

The Company has no financial instruments subject to cash flow or fair value interest rate risk.

19 Financial Instruments (continued)

Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposure to customers, including outstanding receivables and advances to related parties. The Company does not have significant concentrations of credit risk. The Company's credit controller assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored. For cash and cash equivalent balances, the Company's exposure and credit ratings of counterparties are regularly monitored and the aggregate value of transactions spread amongst approved financial institutions. The Company actively seeks to limit the amount of credit exposure to any one financial institution and credit exposure is controlled by counterparty limits that are reviewed and approved by the FQML Group Treasury. For banks and financial institutions, only independently rated parties with a minimum rating of 'A' for International banks with a local presence are accepted.

All receivables that are neither past due nor impaired are within their approved credit limits. The Company does not use external credit ratings for the purposes of assessing credit quality. The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to historical information about counterparty default rates. All receivables from related parties are with parties that the Company has a history of trading with and there has been no history of default. No collateral is held for any of the assets.

Impairment of financial assets

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for trade and other receivables. To measure the expected credit losses on trade and other receivables have been grouped based on shared credit risk characteristics and the days past due criterion.

Trade receivables

Trade receivables are balances due from related parties. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all financial assets that are classified within amounts due from related parties. Impairment allowances on receivable amounts were assessed to be insignificant. This was on the basis that there has been no history of default on these assets.

Loans to related parties

Loans to related parties are balances due from related parties. The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all financial assets that are classified within amounts due from related parties. Impairment allowances on loan receivable amounts were assessed to be insignificant. This was on the basis that there has been no history of default on these assets.

Other receivables

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all financial assets that are classified as other receivables. Impairment allowances on other receivables were assessed on an individual basis and no provision was deemed necessary.

19 Financial Instruments (continued)

Impairment of financial assets (continued)

Other receivables (continued)

31 December 2024 (US\$'000)	Current	More than 30 days	More than 60 days but less than 120 days	More than 120 days	Total
Expected loss rate	-	-	-	-	-
Gross carrying amounts	-	14	-	413	427
Loss allowance	-	-	-	-	-

31 December 2023 (US\$'000)	Current	More than 30 days	More than 60 days but less than 120 days	More than 120 days	Total
Expected loss rate	-	-	-	-	-
Gross carrying amounts	1,372	-	-	-	1,372
Loss allowance	-	-	-	-	-

The balance on other receivables mainly relates to staff debtors where the repayments are deducted directly from the staff's monthly salary and there has been no history of default. The closing allowances for other receivables and prepayments as at 31 December 2024 reconcile to the opening loss allowance as follows:

	2024	2023
	US\$'000	US\$'000
At start of year	-	5,284
Loss allowance applied against bad debts	-	(5,284)
As at 31 December	-	-

Liquidity risk

Cash flow forecasting is performed by the Company's finance department. Finance monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet its operational needs. Such forecasting takes into consideration the entity's compliance with internal statement of financial position ratio targets.

Surplus cash held by the entity, over and above the amounts required for working capital management are invested in interest bearing current accounts and fixed term deposits.

The Company's approach when managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, without incurring unacceptable losses or risking damage to the Company's reputation.

19 Financial Instruments (continued)

Impairment of financial assets (continued)

Liquidity risk (continued)

The table below analyses the Company's financial liabilities that will be settled on a net basis into relevant maturity groupings based on the remaining period at the statement of financial position date to the contractual maturity date. The amounts disclosed in the table below are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	Less than 1 year US\$'000
At 31 December 2024	
Trade and other payables (excluding non-financial liabilities)	10,971
Borrowings	1,076
	<u>12,047</u>
At 31 December 2023	
Trade and other payables (excluding non-financial liabilities)	11,024
Borrowings	1,076
	<u>12,100</u>

Capital risk management

The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, issue new capital or sell assets to reduce debt. Total capital is calculated as equity plus net debt. Net debt is calculated as total borrowings less cash and cash equivalent. Total capital is calculated as equity, as shown in the statement of financial position, plus debt as at 31 December 2024.

20 Cash flows from operations

Loss before income tax	(5,072)	(31,910)
Adjustments:		
- Depreciation on property, plant and equipment (Note 10)	1,309	7,519
- (Profit)/loss on disposal of property, plant and equipment (Note 5)	(769)	(20,793)
- VAT discounting (movement)/charge (Note 11)	1,915	(8,075)
- Asset impairment (Note 10)	-	5,350
- External investment	(123)	
- Foreign exchange loss /(gain) on cash and cash equivalents (Note 6)	165	3,849
Change in operating assets and liabilities:		
- trade and other receivables	92,684	(52,154)
- inventories	392	87,066
- trade and other payables	(1,006)	(48,504)
- Gross movement on VAT receivable	4,057	27,146
Cash used in generated from operations	<u>93,553</u>	<u>(30,506)</u>

20 Cash flows from operations (continued)

In the statement of cash flows, proceeds from sale of property, plant and equipment comprise:

	2024 US\$'000	2023 US\$'000
- Net book amount (Note 10)	1,411	23,579
- Profit /(Loss) on disposal of property, plant and equipment (Note 5)	769	20,793
Proceeds from disposal of property, plant and equipment	<u>2,180</u>	<u>44,372</u>

21 Contingent liabilities

The entity, along with other subsidiaries of First Quantum Minerals Ltd, act as guarantor for the loan obtained by First Quantum Minerals Ltd, its ultimate parent company. No Company assets have been pledged as security towards this loan.

22 Commitments

Capital commitments

There were no capital commitments contracted for at the reporting date (2023: Nil).

23 Related party transactions

The Company is controlled by Cover Investments Limited, incorporated in the Republic of Ireland, which owns 99.99% of the Company's shares. The ultimate parent of the Company is First Quantum Minerals Limited, incorporated in Canada. There are other companies that are related to First Quantum Mining and Operations Limited through common shareholdings or common directorships.

The following transactions were carried out with related parties:

(i) Purchase of goods and services

<i>From fellow subsidiaries:</i>	2024 US\$'000	2023 US\$'000
First Quantum Minerals Australia Pty Limited	370	1,020
First Quantum Minerals South Africa Pty Ltd	858	5,357
Kansanshi Mining Plc	4,982	266
First Quantum Minerals (UK) Limited	163	1,827
First Quantum Minerals Global Services Limited	47	137
FQM Trident Limited	0	1,569
Kalumbila Town Development Corporation	112	40
First Quantum Minerals Ltd	968	5,505
Kabitaka Housing Development	20	561
First Quantum Minerals Support Services Limited	54	157
FQM Trident Limited	263	-
Mauritania Copper Mines SA	33	-
Minera Panama	142	-
First Quantum Minerals Global Exploration Service	79	126
Kafue Transport Services Ltd	325	1,716
	<u>8,415</u>	<u>18,281</u>

23 Related party transactions (continued)

(ii) Sales of goods and services

To fellow subsidiaries:

Kansanshi Mining Plc	15,453	376,420
FQM Trident Limited	10,707	13,507
Kalumbila Town Development Corporation	150	247
First Quantum Minerals Australia Pty Limited	100	654
First Quantum Minerals South Africa Pty Ltd	65	66
Kafue Transport Services Limited	2,219	5,453
Gamma Copper Limited	480	928
Metal Corp Limited	10	52
First Quantum Minerals Exploration Zambia Limited	616	2,295
Kashime Copper Limited	1,037	70
First Quantum Minerals Technical Services	-	11
First Quantum Minerals Global Services	-	12
First Quantum Minerals Support Services Limited	-	10
Mineral Panama SA	50	1,084
First Quantum Minerals limited	440	3,606
First Quantum Minerals (UK) Limited	133	860
Mauritania Copper Mines	194	365
Kabitaka Housing Development	-	200
FQM Exploration Africa Ltd	75	-
FQM Zambia Global Services	252	-
FQM Australia Nickel Pty Ltd	482	-
Cayeli Bakir Isletmeleri A.S.	70	70
	<u>32,532</u>	<u>405,910</u>

23 Related party transactions (continued)

(iii) Amounts outstanding to related party

	2024 US\$'000	2023 US\$'000
<i>To fellow subsidiaries:</i>		
First Quantum Minerals Australia Pty Limited	48	427
Kansanshi Mining Plc	5,343	863
Kafue Transport Services Limited	427	103
FQM Trident Limited	13	20
First Quantum Minerals UK Limited	18	12
First Quantum Minerals Limited	276	-
First Quantum Minerals Global Exploration Service	8	7
First Quantum Minerals Global Services Limited	1	16
First Quantum Minerals Support Services Limited	-	3
Minera Panama SA	84	-
Kabitaka Hills Development Corporation**	18	1,939
Kalumbila Town Development Corporation**	38	305
First Quantum Minerals SA Pty Limited	14	27
	<u>6,289</u>	<u>3,722</u>

(iv) Amounts outstanding from related party transactions

Amounts due from fellow subsidiaries:

Kansanshi Mine Plc	26,210	78,668
Kafue Transport Services Limited	6,436	6,398
FQM Trident Limited	1,174	2,107
First Quantum Minerals Australia Pty Limited	7	74
First Quantum Minerals South Africa Pty Limited	5	8
First Quantum Minerals Technical Services	-	11
First Quantum Minerals Global Services	-	11
First Quantum Minerals Support Services Limited	-	1
First Quantum Minerals Limited	(161)	871
First Quantum Minerals Exploration Zambia Limited	509	8,671
Mineral Panama SA	-	64
Metal Corp Limited**	-	126
First Quantum Minerals (UK) Ltd	491	358
Mauritania Copper Mines	-	-
Kalumbila Town Development Corporation	92	26,095
Gamma Copper Limited	2,637	2,157
Kashime Copper Limited	1,767	729
Cayeli Bakir Isletmeleri A.S.	1	-
First Quantum Minerals Exploration Africa	75	-
First Quantum Minerals Zambia Global Services	252	-
FQM Australia Nickel Pty Ltd	33	-
Kabitaka Housing Development Corporation**	-	4,304
Chisola Resources Limited**	-	-
	<u>39,527</u>	<u>130,705</u>

Amounts to and receivable from related parties are governed by individual agreements with a requirement to settle outstanding balances on a monthly basis. Trade receivable from related parties are unsecured and credit period term is same for third parties, been 30 days. None of the amounts receivable from related parties are past due or impaired and repayments have been received regularly and on time historically.

** - These balances relate to payments made on behalf of related parties.

(v) Loans to related parties

To fellow subsidiaries:

	2024	2023
	US\$'000	US\$'000
Kabitaka Housing Development Corporation	47,223	9,238
FQM Trident Limited	43,434	63,208
Kalumbila Town Development Corporation Ltd	29,948	-
Solitaire Copperbelt Housing Limited	26,970	-
FQM Exploration Zambia	22,493	-
First Quantum Minerals Zambia Global Services Ltd	74	-
First Quantum Minerals Exploration Africa Ltd	66	-
Cover investments	-	10
	<u>170,208</u>	<u>72,456</u>

23 Related party transactions (continued)
(v) Loans to related parties (continued)

Year ended 31 December 2024	FQM Trident Limited US\$'000	Kabita ka US\$'000	Cover Invest ments US\$'000	FQM Explor ation Zambia US\$'000	KTDC Ltd US\$'000	Solitaire US\$'000	FQM Zambia Global Service s Ltd US\$'000	FQM Explor ation Africa Ltd US\$'000	Total US\$' 000
At start of year	63,207	9,239	10	-	-	-	-	-	72,456
Addition	18,242	37,984	-	22,493	29,948	26,970	74	66	135,778
Receipts on loans to related parties	(38,015)	-	(10)	-	-	-	-	-	(38,025)
At end of year	43,434	47,223	-	22,493	29,948	26,970	74	66	170,208

Year ended 31 December 2023	FQM Trident Limited US\$'000	Kabitaka US\$'000	Cover Investments US\$'000	Total US\$' 000
At start of year	57,877	6,063	10	63,950
Addition	12,960	3,176	-	16,136
Receipts on loans to related parties	(7,630)	-	-	(7,630)
At end of year	63,207	9,239	10	72,456

The loans to related parties are unsecured, interest free and repayable on demand.

	2024 US\$'000	2023 US\$'000
(vii) Loans from related parties		
<i>From fellow subsidiaries</i>		
International Mining Development Finance Limited (IMDF)	1,076	1,076
	<u>1,076</u>	<u>1,076</u>

Refer to note 18 for movement disclosure

(viii) Key management compensation

Key management personnel include all the heads of department at First Quantum Mining and operations limited

	2024 US\$'000	2023 US\$'000
<i>Salaries and related benefits</i>		
Cash settled shared based employment benefits	264	4,723
Salaries and other short-term employment benefits	3,898	5,447
Retirement benefit cost		
Redundancy compensation	181	568
NAPSA contributions	12	36
	<u>4,355</u>	<u>10,774</u>

23 Related party transactions (continued)

(ix) Directors' remuneration

Fees for services as Directors'

- -

The directors' fees have been paid by fellow subsidiaries.

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24 Subsequent Events

There were no subsequent events that require disclosure or adjustment to these annual financial statements (2023: None).