ZCCM-IH

ZCCM INVESTMENTS HOLDINGS PLC

INTEGRATED ANNUAL REPORT

For the year ended 31 December 2023

Investing SMARTLY

www.zccm-ih.com.zm

Konkola Copper Mines

ZCCM INVESTMENTS HOLDINGS PLC

Investing SMARTLY

ABOUT THIS REPORT

The Integrated Annual Report for the year ended 31 December 2023 provides a holistic view of ZCCM Investments Holdings Plc ("the Company or ZCCM-IH") and its subsidiaries ("the Group") business model, how the Company is managed and how it manages its investment portfolio. This report therefore provides a complete analysis of our business to satisfy the information needs of key stakeholders that will use the Integrated Report. The information presented aims to provide our various stakeholders with a good understanding of the financial, human, social, environmental and economic impacts of ZCCM-IH to enable them to evaluate our ability to create sustainable value for our stakeholders.

FRAMEWORK

The Financial Statements set out on Pages 61 to 197 have been prepared in accordance with International Financial Reporting Standards (IFRS Accounting Standards) and its interpretations as issued by the International Accounting Standard Board ("IASB"). Our Integrated Report is prepared in compliance with the Companies Act of Zambia and the listing requirements of the three stock markets on which ZCCM-IH is listed namely: Primary market – Lusaka Securities Exchange, and Secondary markets – Paris Euronext Access and London Stock Exchanges.

SCOPE AND BOUNDARY

This report outlines who we are, what we do and how we create value, providing insights into our structure, strategy, objectives, performance, governance, and future viability. The report provides an overview of the operations and performance of all businesses in which ZCCM-IH is invested. The scope of this report relates to ZCCM-IH as an investment holding company and as a group encompassing its subsidiary and associate investee companies' activities and material matters arising from its investment activities. Material developments beyond the reporting period up to the date of publishing of this report have been included.

MATERIALITY

This report provides information on all those matters that we believe could substantively affect value creation at ZCCM-IH. Written primarily for current and prospective investors, the report is of interest to any stakeholder who wishes to make an informed assessment of ZCCM-IH's ability to create value over time. This report presents the identified material information through a clearly structured narrative. Additional information not material for this report, but of interest for other purposes, are provided on our website: www.zccm-ih.com.zm

ABOUT US

ZCCM Investments Holdings Plc (ZCCM-IH) is a premier diversified mining investment and operations company, with significant and focused interests in Zambia's mining and energy sectors. The Group's portfolio commodity mix includes copper, gold, amethyst, manganese, limestone, coal and electric power energy. The shareholding structure is as follows: the Industrial Development Corporation Ltd (IDC) holds 60.3%, Government of the Republic of Zambia (GRZ) holds 17.3%, National Pension Scheme Authority (NAPSA) holds 15% and the remaining 7.4% is held by private investors. The geographical spread of the minority shareholders, who number over 4000, cover countries in Europe, Africa, the Caribbean, Australia, Asia and North America.

The Company has a primary listing on the Lusaka Securities Exchange, and secondary listings on the – Euronext Access Paris and London Stock Exchanges under ISIN number ZM0000000037 on all listings.

Vision: *"To be a world-class mining and energy investment company that benefits the people of Zambia"*

This vision's underlining aspiration of being world class entails that:

- Our global competitiveness edge is driven by our value propositions, extensive and deep industry knowledge and technical expertise in mining, financial and investment management;
- We uphold the highest institutional standards in Environmental, Social and Governance principles and Transparency; and that,
- We have a resilient organisational structure that thrives on a high-performance culture that has exceptional employee skill sets and talent management practices.

Mission: *"To create tangible wealth sustainably for the benefit of the Zambian people and all our stakeholders"*.

- The underlying and fundamental aspect of our mission is creation of wealth in a sustainable manner. This entails that: Our strategy is informed by ambition that is focused, innovative, agile and adaptable to the changing environment;
- We are driven by creating and maximising value through value addition and beneficiation of commodities within our portfolio; and,
- We build sustainability in all aspects through commodity diversification that will lead to sustained business growth.

Our vision and mission are espoused and supported by our core values that are deeply ingrained principles guiding all of our Company's actions. The following values serve as our corporate cultural cornerstones:

- **Integrity:** We resolve to always act and operate ethically, in dealing with one's colleagues and for one's stakeholders even when no one is looking.
- **Teamwork:** We will always strive to work together as a team.
- **Respect:** We give respect to ourselves, our peers, our stakeholders, subordinates, our superiors and our business partners
- **Transparency and accountability:** We respect processes and procedures in an open manner in all our dealings and take ownership of our actions.
- **Efficiency:** We will achieve more with less and apply all our resources optimally.

ABOUT US *(continued)*

Our Investments

S/N	Asset Name	% Interest	Product/Service	Status as at date of this report.
01	Mopani Copper Mines Plc	100.0	Copper cathode and anode slimes	Operational
02	Limestone Resources Ltd	100.0	Supplier of limestone products	Operational
03	Ndola Lime Company Ltd	100.0	Supplier of limestone products	Winding up
04	Nkandabwe Coal Mine Ltd	100.0	Coal mining	Winding up
05	Misenge Environmental and Technical Services Ltd	100.0	Services to the mining sector	Operational
06	Kariba Minerals Ltd	100.0	Amethyst mine	Operational
07	Mushe Milling Ltd	100.0	Milling	Winding up
08	Kabundi Resources Ltd	100.0	Manganese mining	Development
09	Investrust Bank Plc	71.4	Commercial bank	In possession by Bank of Zambia
10	Zambia Gold Company Ltd	51.0	Gold mining, exploration and trading	Development/Exploration
11	Central African Cement Ltd	49.0	Cement and thermal power energy	Development
12	Rembrandt Properties Ltd	49.0	Real estate	Operational
13	Consolidated Gold Company Ltd.	45.0	Gold processing	Operational/Divestment
14	Maamba Collieries Limited	35.0	Supplier of coal and generator of 300Mw thermal power	Operational
15	Copperbelt Energy Corporation Plc	31.07	Distribution network to large-scale copper mines on the Copperbelt in Zambia	Operational
16	Konkola Copper Mines Plc	20.6	Copper cathode, copper-cobalt alloys and anode slimes	(In provisional liquidation)
17	CNMC Luanshya Copper Mines Plc	20.0	Copper concentrates and copper cathode	Operational
18	Kansanshi Mining Plc	20.0	Copper concentrate, smelter, Copper anode, copper cathode and Gold Dore	Operational
19	Lubambe Copper Mine Plc	20.0	Copper concentrates	Operational
20	Mingomba Mining Limited	20.0	Copper concentrates	Exploration
21	Copper Tree Minerals Limited	15.6	Copper cathode	Development
22	NFC Africa Mining Plc	15.0	Copper concentrates	Operational
23	Chibuluma Mines Plc	15.0	Copper concentrates	Operational/Further Exploration
24	Chambishi Metals Plc	10.0	Copper cathode and cobalt metal processing	Care and maintenance
25	Oranto Petroleum Limited	10.0	Oil and gas	Exploration/Divestment

ABOUT US *(continued)*

Our Investments *(continued)*

List of investments as per sector

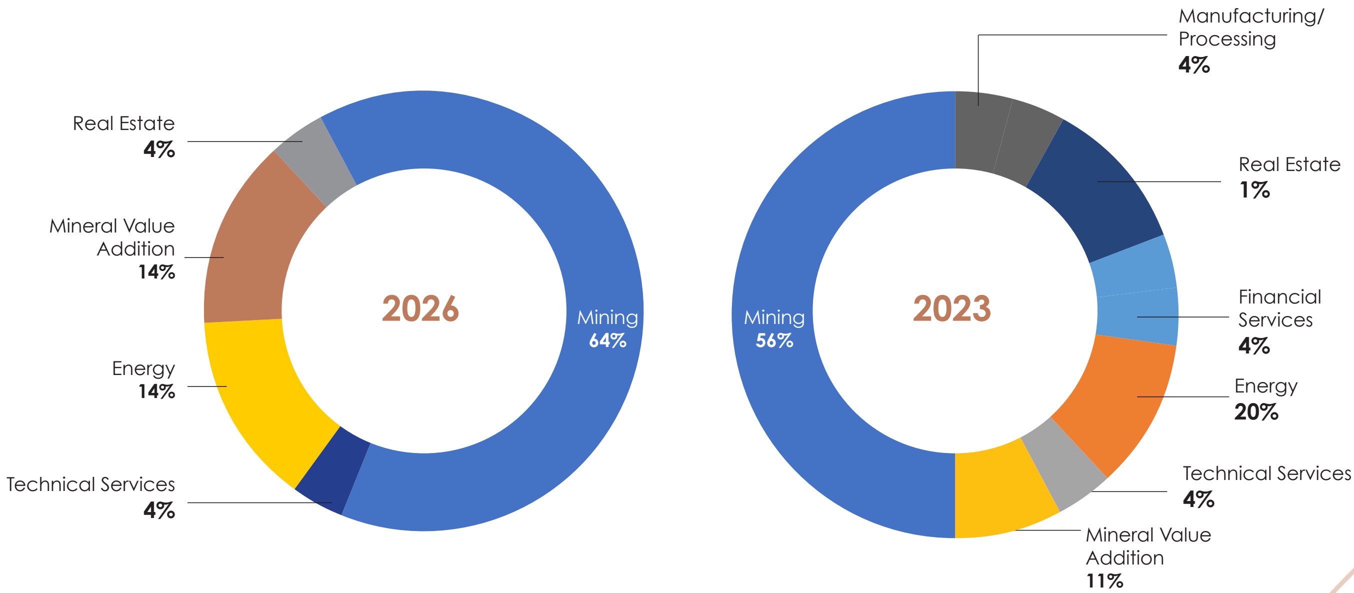
ZCCM-IH	
Mining Assets	• Mopani Copper Mines Plc • Limestone Resources Ltd • Ndola Lime Company Ltd • Chibuluma Mines Plc • CNMC Luanshya Copper Mines Plc • Kansanshi Mining Plc • Konkola Copper Mines Plc • Lubambe Copper Mines Plc • Kariba Minerals Ltd • NFC Africa Mining Plc • Kabundi Resources Ltd • Zambia Gold Company Ltd • Copper Tree Minerals Limited
Technical Services	• Misenge Environmental and Technical Services Ltd
Manufacturing/ Processing	• Consolidated Gold Company Ltd. • Chambishi Metals Plc • Mushe Milling Ltd • Central African Cement Limited
Financial Services	Investrust Bank Plc
Real Estate	Rembrandt Properties Ltd
Energy Assets	• Maamba Collieries Limited • Copperbelt Energy Corporation Plc • Oranto Petroleum Ltd

ABOUT US *(continued)*

Our Investments *(continued)*

The current portfolio as per sectoral investment value contribution is illustrated in the figure below. The pie charts further shows the direction the Company intends to take in line with the 2023-2026 strategic plan, realigning its portfolio to focus on Mining, Energy and Beneficiation/Value Addition.

Portfolio Mix Snapshot




Kansanshi Mining Plc

OUR STRATEGY AND KEY PERFORMANCE INDICATORS

The year ended 31 December 2023 marked the first year of our revised four-year (2023 – 2026) strategy period (SP). The key pillars underpinning this ZCCM-IH SP period and performance progress as at 31 December 2023 are set out below:

No.	STRATEGIC GOAL/ PILLAR	KEY TARGETS	PERFORMANCE PROGRESS
1	Achieve Financial excellence and sustainability	• Income growth of from prior year; • Annual average profit after tax of Consistency in dividend pay-outs to shareholders with a dividend pay-out ratio of 35%; and • Portfolio return (NAV growth) above the higher benchmark or 40%.	• Recorded total income* of ZMW6,942 million in 2023. • Achieved a profit after tax of ZMW 4,841 million. • Total dividend of ZMW724 million declared for 2021 and 2022. • NAV per share movement increase from ZMW153.48 in 2022 to ZMW232.72 in 2023.
2	Strengthen stakeholder relationships and improve stakeholder satisfaction.	• Improve the ZCCM-IH brand recognition to 90%; • Improve stakeholder relations; and • Improve Compliance rates to 100%.	• Increased brand recognition to 68%. • Strenthened shareholder engangement and management • Compliance at 98%.
3	Achieve operational excellence and business focus.	• Improve Corporate Governance index; • Implement an agile entreprise Technology architecture ; and • Optimise the ZCCM-IH organisational structure.	• Corporate Governance index at 100%. • 80% of business processes integrated. • Organisational design process in progress
4	Invest in our people.	• Implement a high-performance culture; and • Promote learning and development; and • Develop and implement staff retention strategies.	• % of high performers at 30%. • 78% of employees with skills upgraded • Staff turnover at 1%.

**Total income comprises revenue from contracts with customers, other income, fair value gain on financial assets , investment income and finance income.*

FY 2023 Group Performance Highlights

Revenue
ZMW 11.7 billion

Loss for the year
-ZMW 4.08 billion

ROA
-7.0%

EPS
-ZMW25.35

Five-Year Group Performance Highlights

	31 Mar 2019	31 Dec 2019	31 Dec 2020	31 Dec 2021	31 Dec 2022	31 Dec 2023
RETURNS						
Total Returns (ZMW Mn)	2,458	1,605	8,428	-8,144	-4,815	-12,976
Return on Opening Equity (%)	28.00%	15.00%	67.00%	-38.80%	-37.61%	-164.07%
Earnings per share (ZMW)	2.79	1.91	13.91	-78.19	-23.54	-25.35
FINANCIAL POSITION						
Total Assets (ZMW Mn)	13,412	15,248	23,296	46,818	48,919	58,464
Net Asset Value (ZMW Mn)	11,025	12,630	21,004	12,809	7,909	-5,691
NAV Per Share ZMW	68.56	78.54	130.62	79.66	49.18	-35.39
Current ratio	0.90	0.83	1.17	1.25	1.11	0.46
Cash and cash equivalents (ZMW Mn)	74	57	181	185	329	360
GEARING						
Debt (ZMW Mn)	104	-	171	25,414	29,029	-
Debt to equity %	0.94%	0.00%	0.81%	66.49%	78.59%	0.00%
Net Cash (Debt) to Equity %	0.30%	0.00%	0.00%	66.33%	78.40%	5.96%

ROA: *Return on Assets, is computed as profit for the year expressed as a percentage of closing total assets for the year*

EPS: *Earning Per Share, is computed as profit for the year divided by total number of issued shares*

FY 2023 Group Performance Highlights *(continued)*

Dividend Policy

The ZCCM-IH dividend policy provides that the Company may pay a minimum of 35% of the unconsolidated realised net profit after tax for a particular financial year, when conditions for declaring a dividend are met after considering the Company's free cash flows and Investment needs.

The following table shows the Company's historical dividend declaration:

Year	Dividend Declared ZMW Per Share	Total Dividend
2023 Dec	1.51	ZMW243 million
2022 Dec	2.41	ZMW387 million
2021 Dec	2.09	ZMW336 million
2020 Dec	0.53	ZMW 85 million
2019 Dec	0.33	ZMW 53 million
2019 March	0.33	ZMW 53 million
2018 March	0.61	ZMW 98 million
2017 March	0.84	ZMW 135 million
2015 March	1.56	ZMW 251 million

Zambia Gold Company Ltd

OUR OPERATING ENVIRONMENT

Global Economy

Global economic growth is held up well in the face of sharp monetary policy tightening and geopolitical shocks. Europe avoided a recession in the winter of 2022/23 (helped by its shift away from Russian oil and gas), and US consumer spending continued to grow in the first half of 2023. China's economic rebound following the exit from its zero-covid policy has fizzled out, but growth remained higher than in 2022. Strength in the global economy reflected a good starting point. Rising corporate profits, aided by high prices, protected consumption and investment. These factors limited the weakening in global growth to 2.3% at market exchange rates in 2023, from 3.1% in 2022, a reasonable outturn given the headwinds.

Strong household and corporate balance sheets helped the global economy to weather price pressures, higher interest rates and geopolitical tensions. EIU forecasts that the global economy will continue to skirt a recession, growing by 2.3% in 2024 - the same rate as estimated in 2023. Faster growth in Europe (led by Germany) will counteract softer US expansion in 2024, while moderate stimulus will stabilise China's economy.

OECD inflation is forecast to moderate from 4.4% in 2023 to 2.2% in 2024. That prices will not undo recent gains of 2021-23, however, will preserve a source of social tension. Inflation in several emerging and frontier markets will remain rapid into 2024. Scenarios related to Russia's invasion of Ukraine and the US-China rivalry will remain major sources of geopolitical risk, with the potential to upend our global outlook. Even absent major escalation in either arena, however, global firms will revisit their approach to supply chains and markets as geopolitical factors increasingly influence trade and investment policies, driving changes in global capital allocation.

Renewables are expected to continue their rapid growth, driven in part by their cost competitiveness—in many regions they are already the lowest-cost option for incremental new-build power generation. Renewable energy sources are expected to provide between 45 and 50 percent of global generation by 2030, and between 65 and 85 percent by 2050. In all scenarios, solar is the biggest contributor of renewable energy, followed by wind. The ramp-up of renewables could see emissions from power generation reduced by between 17 and 71 percent by 2050 compared to present levels, despite a doubling or even tripling of demand. However, the renewables build-out faces challenges, from supply-chain issues to slow permitting and grid build-out implications.

Global copper producers benefited from robust China demand in 2023 as decarbonization drivers offset a weak property market. Mined supply could return strongly until 2025, tipping the market into a modest, multiyear surplus. South America's challenging regulatory and political environments, which impede delivery of new mines, remain solid midterm supports. In this report, our interactive copper supply-and-demand model analyses risks and opportunities for the rest of the decade.

Demand for electric vehicles and renewables could remain decisive drivers over the next two decades, offsetting the negative pull from China's maturing economy and sustaining consumption at or slightly above long-term trends. Yet in the near term, copper could fall below US$8,000 a ton, with marginal cost support kicking in at US$7,400.

Our Operating Environment *(continued)*

Zambian Economy

Zambia is posting strong growth but in a rising inflationary environment. This is mainly being driven by a currency weakening that is breeding cost push effects wider. Investors still found kwacha bonds attractive despite premiums above inflation narrowing. The country continues to register offshore interest from players that still hold a bullish view around the sovereign posture post full debt restructure. The Kwacha has been consistently depreciating, reaching new record highs in 2023. This trend is concerning as it could potentially undermine the economic progress made so far this year.

Towards the end of 2023, the Central Bank raised the cash reserve ratio 550 bps to 17.0% in a space of two weeks in addition to upward adjusting its benchmark interest rate to 11.0% in the quest to stem a currency slide that continues to depreciate. The country continued to grapple with rising cyclical demand for foreign exchange for agribusiness inputs in the fourth quarter while the supply side remains constricted by lower mining production whose royalties feed directly to the treasury by passing the forex markets.

Gross Domestic Product (GDP) estimates for the third quarter of 2023 show that the economy grew by 5.1 percent from 7.5 percent in the third quarter of 2022. This translates in a slowdown in growth of 2.4 percentage points compared to the corresponding quarter in 2022. The estimates are based on the year- on-year comparison of GDP at constant 2010 prices. The GDP quarterly growth rate can be seen in the figure below.

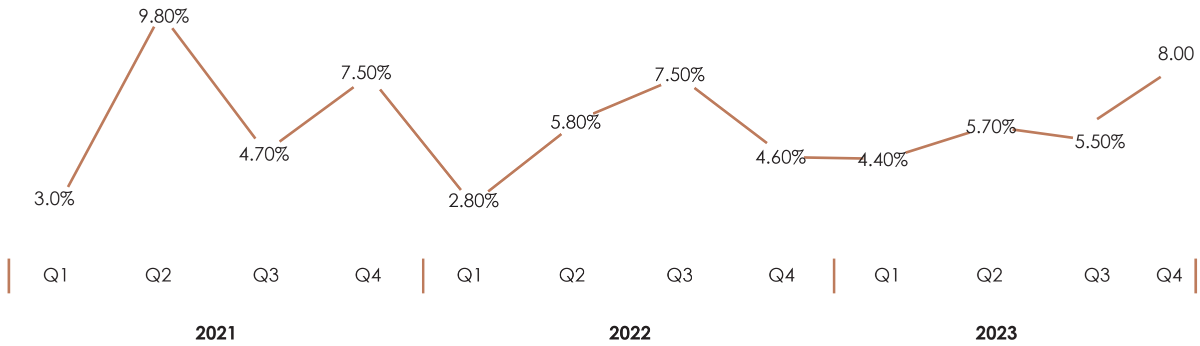


Figure 1: GDP Quarterly Growth Rate 2021 – 2023 (Source – ZAMSTATS)

The key industries driving growth included:

Information & communication (4.9%), Construction (1.5%), Wholesale and retail (1.2%). Others included Financial and Insurance services, Manufacturing and Transportation and storage which accounted for 0.7%, 0.3% and 0.3% respectively. On the other hand, Agriculture, Forestry and Fishing (-0.9%), along with Mining and quarrying (-0.9%), Electricity (-0.1%) and Administrative and support service activities (-0.3%t) had a negative effect on overall GDP growth. Industry growth contributions provide an insight into the sources of growth in the economy.

Annual inflation for December 2023 increased to 13.1 percent from 12.9 percent recorded in November 2023. This means that on average, prices of goods and services increased by 13.1 percent between December 2022 and December 2023 as shown in the figure below:

Our Operating Environment *(continued)*

Zambian economy *(continued)*

Source - ZAMSTATS

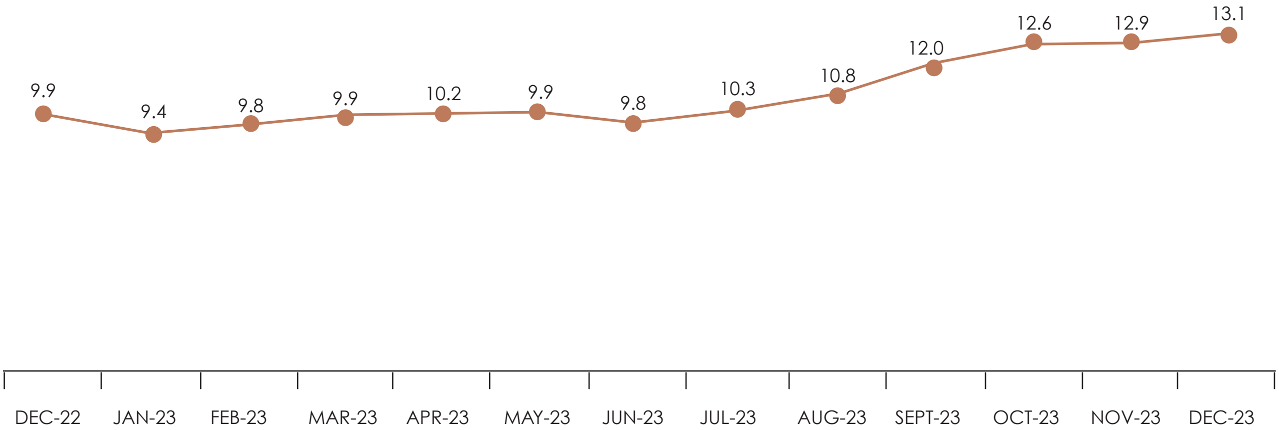
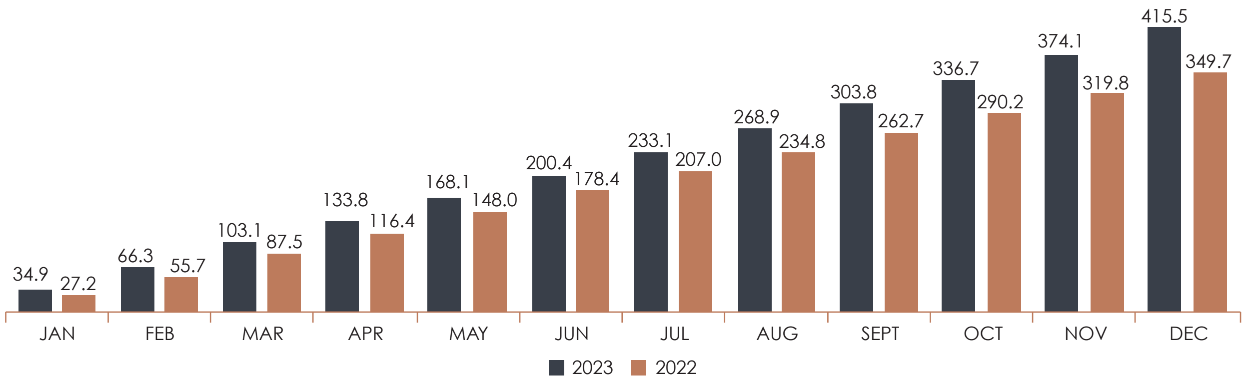


Figure 2: Annual Inflation (Dec 2022 to 2023)

The cumulative total trade for the period January to December 2023 was ZMW415.5 billion while that of 2022 for the same period was ZMW349.7 billion representing a 18.0 percent increase as shown in the figure below:



Source: ZAMSTATS

NOTE: Total Trade = (Export + import)

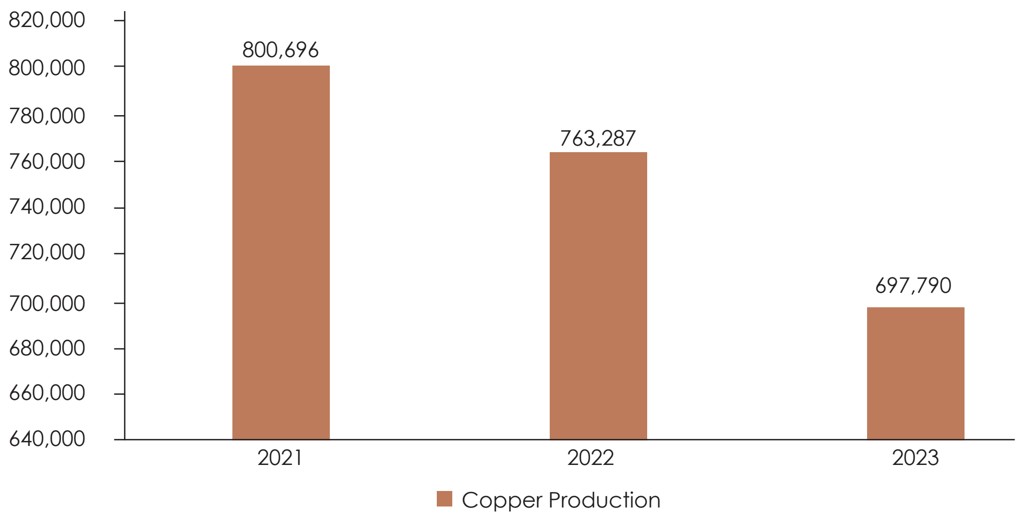
Figure 3: Total Trade (Dec 2022 to 2023)

The total value of exports via all modes of transport for the period January to December 2023 was ZMW210.8 billion. The total volume of exports via all modes for the period January to December 2023 was 10.2 million Mt. The total value of imports via all modes of transport for the period January to December 2023 was ZMW204.7 billion. In terms of volumes, a total of 7.2 million Mt of imports was recorded for the year 2023. Exports mainly comprising domestically produced goods, increased by 14.6 percent to ZMW21.1 billion in December 2023 from ZMW18.4 billion in November 2023. This was mainly on account of 21.4 percent increase in export earnings from intermediate goods.

Our Operating Environment *(continued)*

Zambian economy *(continued)*

Zambia's annual copper production in 2023 dropped to 697,790 tons from 763,287 tons in 2022 despite a strong copper outlook. The drop in production can be attributed to the decline in production at Mopani and Konkola copper mines. Copper remains a very important commodity in Zambia's economic development and the continued decrease in annual production has had serious implications on the local economy. The continued decrease in copper production is against the Government's target of 3 million tonnes per annum in 10 years. Zambia's annual copper production figures over the last 3 years are shown in the figure below:



Annual Copper Production 2021-2023
Source – MOMMD

The currency slide, low mining production and environmental factors such as erratic precipitation remain key upside risks to the Zambian economy which could breed further inflation and power generation bottlenecks respectively.

RISK MANAGEMENT

Managing risk and uncertainty is integral to the successful delivery of our strategy and supports our desire to grow a sustainable and resilient business. ZCCM-IH recognises that risks and uncertainties are inherent to business activities and may have a significant financial, operational, or reputational impact.

Effective risk management supports the delivery of our strategic objectives and the sustainable growth of our business. As with any business, ZCCM-IH regularly faces business uncertainties, and it is only through a structured approach to risk management that we, continue to proactively respond to, mitigate, and manage these risks and embrace opportunities as they arise. Our performance continues to highlight the resilience of our people, our business model, and our proven track record of delivery despite business uncertainty. ZCCM-IH has a robust risk management governance framework and management process in place.

The Risk Management Governance Framework

The Board is ultimately responsible for the management of risk and for setting ZCCM-IH's risk appetite. On a quarterly basis, the principal and emerging risks facing the ZCCM-IH are assessed, and a robust risk management governance framework is in place which enables the Company to effectively prioritise and manage risk within our risk appetite levels.

ZCCM-IH's risk management governance framework has been designed using a three lines of defence model which has been implemented to ensure there is clear ownership and delegation of responsibility for the management and oversight of risk to support the appropriate flow of information throughout the Company.
An overview of the Company's risk management governance structure along with the key responsibilities within it is outlined in the diagram below.

Board of Directors

The Board has overall responsibility to ensure that appropriate risk management and internal control systems, designed to identify, manage and mitigate risks which may impact the achievement of the ZCCM-IH's objectives are in place. The Board also ensure an appropriate risk appetite has been set and consider how the Company's longer-term viability may be impacted by the crystallisation of one or more of these risks.

↓

Audit Committee

Responsibility has been delegated by the Board to provide structured and systematic oversight of the ZCCM-IH's risk management and internal control systems. They review and monitor the effectiveness of the Company's risk management and internal control systems throughout the year. The Chairman reports to the Board on its activities regarding audit matters and risk management.

↓

Management Team

Executive management are responsible for the effective operation of internal controls designed to manage and mitigate the principal risks and uncertainties. The 3 lines defence model ensures accountability for risk management is embedded into processes and procedures. Key management committees support risk management including the Management Committee, and the Management Investment Committee.

RISK MANAGEMENT *(continued)*

Enterprise Risk Management Process

Our enterprise risk management process is embedded across ZCCM-IH to support the delivery of our strategic objectives, and our annual risk assessment is an integral part of this process. This risk assessment incorporates a group-wide top down and bottom-up evaluation to determine the likelihood of occurrence and potential impact of risks on the Company and Group at a residual level. Input is obtained from senior business and functional management through a series of workshops, one-to-one interviews, and surveys, which are consolidated to produce the Corporate Risk Register. Our risk universe forms the basis of conversations and additional new and emerging risks are added as they are identified and assessed. A standard risk scoring methodology has been devised to provide context and ensure consistency in reporting and evaluation of risks. The output from this process is consolidated to determine the principal risks and uncertainties for the ZCCM-IH.

Main Risks

Our business is subject to inherent risks in financial, regulatory, strategic, and operational areas among others. The risks described below are not the only ones facing ZCCM-IH, but describe some of our key sources of uncertainty and critical risk management activities:

Key focus areas:

- Strategy/Stakeholder engagement: risks arising from uncertainties that may impact the achievement of our strategic objectives and stakeholders.
- Investments: risks arising from events and uncertainties that may impact our investment activities.
- Financial: risks arising from events related to financial reporting, funding, liquidity, and credit.
- Operations: risks arising from our business, that have the potential to impact operational performance, people, and environment.
- Compliance: risks arising from non-compliance.

The following are key risks that the Group considers to be of great significance as it stands today. They have the potential to affect the Group's business adversely and materially. For each risk there is a description of the possible risk impact on the Group should it occur, and the mitigation plan to manage the risk. The Group also faces risk and uncertainties in common with other businesses. These have not been set out as key risks below. This list is likely to change over time as different risks take on larger or smaller significance. The size, complexity and spread of the business and the continually changing environment in which the Group operates also mean that the list cannot be an exhaustive list of all significant risks that may ultimately affect the Group.

RISK MANAGEMENT *(continued)*

Main Risks *(continued)*

Key Risk Type	Risk Description	Risk Management and Mitigation
Strategic Risk	Strategic risk arises from the design and implementation of our business model, the key decisions made in relation to investment and capital allocation, as well as uncertainties and untapped opportunities embedded in our strategic intent and how well they are executed. It also arises from the negative impact that can result from the deterioration of the Groups reputation among stakeholders and the public, resulting in revenue loss, litigation, regulatory sanctions, and decline in share price. As the scale and breadth of its business and operations expand, the Group faces risks associated with implementing its strategic initiatives. Sub-optimal allocation of resources in areas like investments and exploration may result in the inability to meet the desired strategic outcomes, such as to effectively counter competitive pressures.	• The Group's strategic planning process incorporates prioritization and focus on strategic objectives to guide effective and efficient allocation of resources required to execute plans Alignment of subsidiary strategic plans to group strategy. • Strategy reviews for all businesses are conducted periodically. • Appointment of representatives on subsidiary boards to ensure oversight. • Ensuring that the group only invests in opportunities that have been extensively tested, reviewed, and approved by the investments committee. The testing phase includes stress testing of the models, considerations of a legal, tax and risk opinion to validate the business case.
Issues of Social Licence to Operate	This is caused by evolving expectations around the sector's impact on communities and the environment make obtaining and maintaining our social licenses an increasingly complex issue to navigate. Two of ZCCM-IH subsidiaries have had to halt their business operations, due to changes/evolving requirements and expectations of maintaining the Social Licences.	• Continuous stakeholder engagement especially with traditional leaders and their communities. • Taking steps in building relationships with the indigenous communities to go beyond doing just what's required by regulation.

Risk Management *(continued)*

Main Risks *(continued)*

Key Risk Type	Risk Description	Risk Management and Mitigation
Capital/Funding Risk	Limited access to affordable capital required to fund exploration and identified investment opportunities especially those that require significant capital outlay. Non-availability of capital/funding for the subsidiaries (especially the mining firms) that is required for the capital projects if they are to enhance/increase their production levels.	• Our approach has been on a case-by-case basis, from seeking for strategic equity partners for some of our subsidiaries such as Mopani Copper Mines that has a significant contribution to ZCCM-IH's balance sheet by asset size, to providing funding for the turnaround plans of others, such as Limestone Resources and Kariba Minerals.
Credit Risk	ZCCM-IH's Credit risk mainly stems from: • significant high exposure of both credit and concentration risk emanating from loans advanced to its subsidiaries and other investee companies. • Continued non-performing related party loans, therefore increasing its Non-Performing Loans ratio and subsequently the impairment ratio.	Our mitigation strategy to credit risk includes the following: • Implementation of credit limits that are defined by the risk appetite statement. This provides a threshold/limit of how much credit risk the institution can take on to meet its set objectives. • Enhance its Subsidiary Oversight policy, to improve monitoring. • Explore options to restructure loan agreements.
Compliance Risk	Compliance risk is ZCCM-IH's potential exposure to legal penalties, financial forfeiture, and material loss, resulting from failure to act in accordance with industry laws and regulations, internal policies or prescribed best practices	• Ensure compliance by facilitating the regular identification, mitigation and reporting of compliance risk. • Regular review of applicable legislation, policy direction and other relevant documentation, such as budgets to execute directives and resolutions
Investment Risk	This is the risk of incurring financial losses in ZCCM-IH's portfolio in pursuit of returns. This risk would arise from. • Under-performance by investee companies. • non-performing shareholder loans and advances; and • Investment concentration risk. • Change in the political, economic, social factors and economic outlook.	• The implementation of risk management process on all investments and subsidiary matters to provide assessment and identification of emerging and on-going risks with corresponding information and advice on how to manage these risks. This allows business/investment decisions to take all relevant risks adequately into account. • The Group's portfolio focus approach includes business review meetings. The key agenda in each of these meetings is to assess the management of all the key risks that the asset is exposed to. The Group also seeks to, as much as possible, diversify its investments by investing in a diverse range of minerals.

Risk Management *(continued)*

Main Risks *(continued)*

Key Risk Type	Risk Description	Risk Management and Mitigation
Operational Risk	Failure of key processes, systems and/or people comes at additional operating costs to ZCCM-IH, thereby reducing overall operational efficiency and effectiveness	• Establishment of clear policies and processes. • Embracing and fostering a culture of diversity and inclusivity which encourages staff to be innovative and be supportive of each other. • Monitoring compliance with the policies and processes • Clear goal setting and performance management A people driven approach to managing the enabling technology and ensuring that system support is always available. This includes technology allowing staff to work remotely as may be needed from time to time.

Three Lines of Defence Model

Since the implementation of the three lines of defence model in 2021 several initiatives have been implemented to facilitate an effective risk management system. Some of the initiatives include the implementation of Risk Management Policies and Procedures, Annual Risk Assessments across the Group and regular assessment and reporting of the status of the principal and emerging risks.

- The 3 lines of defence model implemented by the Company are:
- First Line of Defence: Operational Management is responsible for risk identification, managing the internal control environment and monitoring changes in the risk profile of the Group.
- Second Line of Defence: Group functional teams ensure the first line is operating as designed, manage performance reviews, internal control verifications and facilitate risk assessments. This includes Compliance, Information & Cyber Security, Legal and Risk Control functions.
- Third Line Defence: Group Internal Audit function with other external assurance providers perform reviews which give independent assurance over the operation of the internal control framework, risk management systems and governance processes.

This model is used because it provides a standardised and comprehensive risk management process that clarifies roles and provides guidance for effective risk management and governance.

The Board sets the tone and influences the risk management culture. All strategic, business and investments decisions are made with due consideration of the related risks and mitigants. The risk culture is fostered by periodic risk register reviews by a cross functioning Risk Coordinators Committee. This initiative reviews the risk registers and status of the mitigating controls.

A robust Risk Management Training Program has been implemented with a focus on operational risk management with the objective to foster risk awareness and understanding across the institution to strengthen the risk management.

CHAIRPERSON'S STATEMENT

Mr. Kakenenwa Muyangwa

As we reflect on the past fiscal year, it is with a sense of pride that we present to you the operational performance and strategic developments experienced during the financial year 2023. The year was marked by both challenges and significant achievements that underscore our resilience and commitment to excellence in the mining sector.

Performance Overview

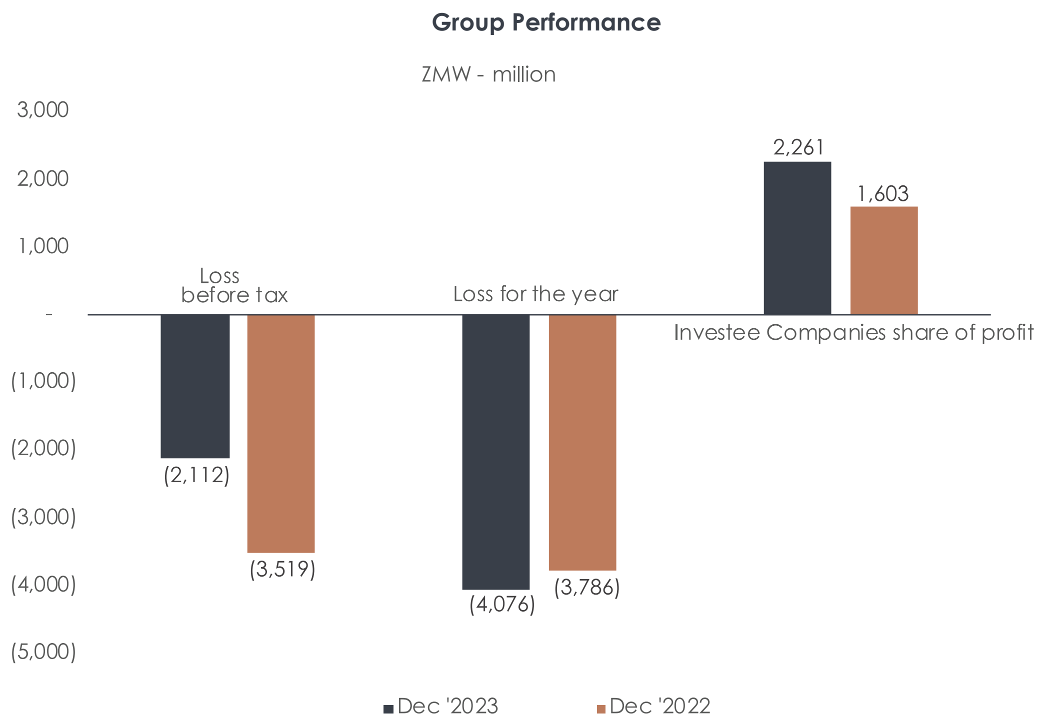
The Group's financial performance has experienced a downturn, with an increased post-tax loss of ZMW4.08 billion (US$199 million) in 2023 from ZMW3.79 billion (US$222 million) recorded in 2022, primarily due to the persistent underperformance of our subsidiary, Mopani Copper Mines ("Mopani").

The Group recorded an increase in total assets from ZMW48.92 billion (US$2.8 billion) recorded in 2022 to ZMW 58.46 billion (US$2.3 billion) recorded in 2023 mainly due to increase in fair value of investee companies during the year.

The Group's total liabilities increased from ZMW41.01 billion (US$2.27 billion) in 2022 to ZMW64.15 billion (US$2.50 billion) in 2023 on account of unpaid interest on Glencore long-term loan facility of US$1.5 billion in addition to exchange losses due to the depreciation of the Kwacha during the year.

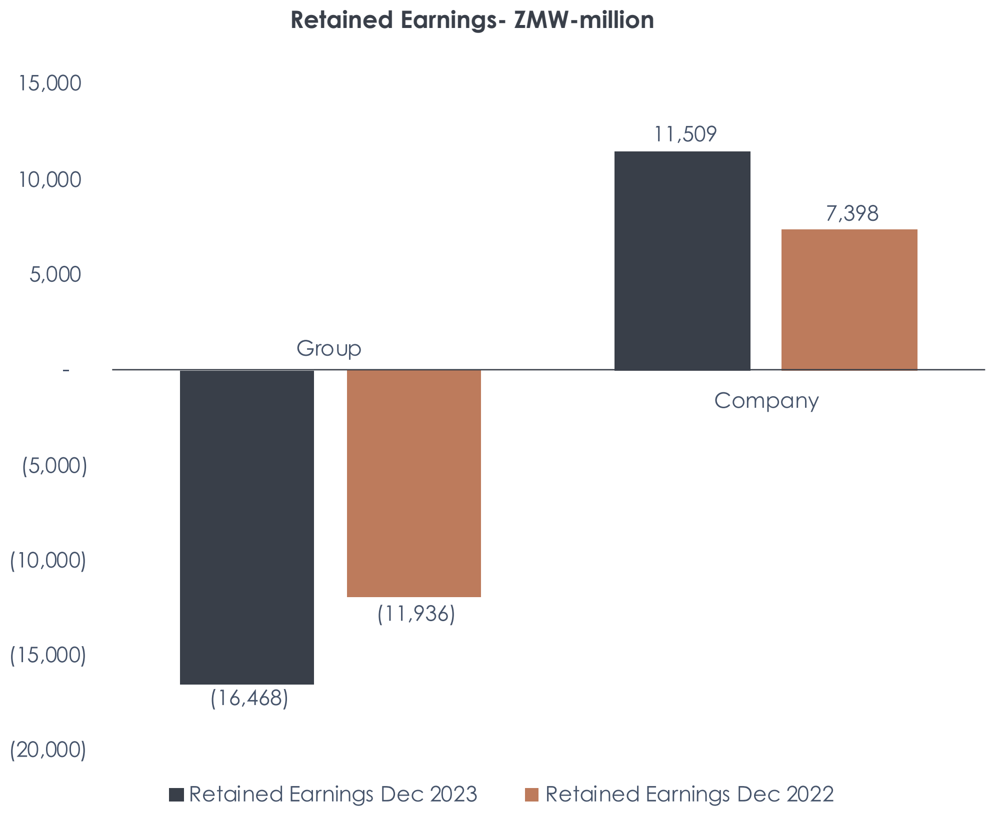
The Group's accumulated loss as of 31 December 2023 was at ZMW16.47 billion (US$639.60 million loss) [2022: ZMW11.94 billion negative (US$561.56 million loss)]. The adverse increase in retained earnings is attributable to the recorded Group loss of ZMW4.08 billion (US$199 million loss) [2022: ZMW3.79 billion loss (US$222 million loss)].

The Company's performance during the year was favourable with a profit for the year of ZMW4.84 billion (US$236 million) up from ZMW4.26 billion (US$249.78 million) recorded in 2022.



CHAIRPERSON'S STATEMENT *(continued)*

Performance overview



Strategic Investments

Our focus on sustainable mining practices and enhancing operational efficiencies across our portfolio has been pivotal in ensuring long term environmental stewardship and maximising our operational performance. We have made significant progress in our key projects, as highlighted below:

- Expanded interest in Copperbelt Energy Corporation Plc ("CEC") from 24.1% held since 2018, to 31.07%.

- Employed cutting-edge mining exploration technologies through our 20% owned associate, Mingomba Mining Limited. Mingomba Mining Limited is a partnership between Mingomba Holdings Limited 52%, EMR Capital, 28%, and ZCCM-IH, 20%. MML was established in 2023. At the Mingomba project, the mine is leveraging on artificial intelligence (AI) to enhance mineral exploration. This AI-enhanced method is a significant deviation from traditional exploration techniques, combining geoscience with data science to optimize the exploration process. By integrating various types of data, including public and historical records as well as information from AI-guided field programs. This approach aims to identify geological anomalies with a level of precision previously unattainable through conventional methods positioning ZCCM-IH at the forefront of the industry's evolution towards sustainability and innovation.

- After the year end, ZCCM Investments Holdings Plc (ZCCM-IH), entered into an agreement with International Resources Holding (IRH), marking a strategic partnership focused on Mopani Copper Mines (MCM). IRH, through its subsidiary Delta Mining, acquired a 51% stake in MCM as part of this agreement. The investment detail includes IRH committing to investing a total of $1.1 billion in MCM. This investment includes $620 million in new equity capital for a 51% stake in MCM, about $400 million provided as a shareholder loan by way of novation of Glencore debt, and additional funds aimed at restructuring existing Glencore liabilities and bolstering MCM's balance sheet.

CHAIRPERSON'S STATEMENT *(continued)*

Strategic Investments *(continued)*

The investment will be used to fund MCM's production expansion plan, provide working capital, and contribute to paying off part of the $1.5 billion debt previously owed to Glencore.

- Kansanshi Mining Plc: On 4th April 2023, ZCCM-IH completed the conversion of its dividend right in Kansanshi Mining Plc ("Kansanshi") into a Life of Mine royalty right which would provide ZCCM-IH with predictable income streams going forward. This transaction marked a turning point for a new operating model which would result in improving shareholder value. Kansanshi has continued to invest in its expansion program for the S3 project which is aimed at increasing production significantly from 2026 onwards.

- Konkola Copper Mines Plc: Significant progress was made to resolve outstanding legal matters between ZCCM-IH and Konkola Copper Mines Plc ("KCM"). KCM's Provisional Liquidator entered into a written agreement to suspend the hearing of the disputes between the parties to pursue amicable settlement of the disputes. Following this engagement, the parties engaged in ex-curia discussions to resolve the disputes and have reached a significant milestone. Subsequently, the parties finalised and agreed the terms of the new Shareholders' Agreement and the Implementation Agreement which agreements will be legally binding on the Parties to ensure that the renewed commitments are fulfilled.

Corporate Governance

Good corporate governance is fundamental to our operations. We have continued to strengthen our governance structures, ensuring transparency, accountability, and ethical business practices.

Major Company risks in 2023

The material risks that the business remains exposed to as at close of Q4 2023, included Strategic risk, Credit risk, Operational risk, and Compliance risk. The overall rating of the ZCCM-IH risk profile is rated as Medium as at Q4, 2023.

The key drivers for the overall company risk posture include, the significantly high contingent off-balance sheet liabilities, breach of the Securities & Exchange Act which resulted in being suspended from London Stock Exchange- LSE- due to non-compliance to publish audited financial results for 2021 and 2022, however the company was reinstatement on the London Stock Exchange by the end of 2023.

The overall future forecast has been rated medium owing to the expected significant reduction in the contingent off-balance sheet liabilities once the Strategic Equity Partner (SEP) process on Mopani Copper Mines (MCM) is concluded, increasing social license issue where two of our social licenses have been revoked and the potential risk of this increasing, high Non-Performing Loans Ratio, and non-finalization of the Investrust Bank Financials that has the potential to have significant impact on the ZCCM-IH 2024 financials now that the SEP process on MCM is concluded.

Capital market

The ZCCM-IH share price on the three stock exchanges closed as follows, with an inclusion of the respective market capitalisation using the issued share capital:

		Market Capitalisation 31 December 2023		31 December 2022	
Stock Exchange	**Number of Shares**	**Share price**	**Market capitalisation**	**Share price**	**Market capitalisation**
Lusaka Securities Exchange	149,888,015	ZMW 42.00	ZMW6,295,296,630.00	ZMW 37.98	ZMW5,692,746,809.70
Euronext Access	10,619,577	EUR 1.54	EUR 16,354,148.58	EUR 1.40	EUR 14,867,407.80
London Stock Exchange	292,694	US$ 1.65	US$ 483,811.47	GBP 1.29	US$ 483,811.47
Total	**160,800,286**				

CHAIRPERSON'S STATEMENT *(continued)*

Lusaka Securities Exchange

The Company's share price on the Lusaka Securities Exchange ("LuSE") opened at ZMW37.98 and closed at ZMW42.00 per share, which was also the low and high for the year respectively, representing a 10.58% increase in value. During the period a total of 11,851 shares were traded in 324 transactions for a ZMW480,476.00 turnover.

Euronext Access

ZCCM-IH stock trading on the Euronext Access ("Euronext") commenced the period trading at EUR1.40 and concluded the year trading at EUR1.54 per share representing a 10% increase in value. Euronext traded stock peaked at EUR1.78 per share and hit a low of EUR1.12 per share during which a total of 919,248 shares were traded in 982 transactions for a turnover of EUR 1,277,683.00.

London Stock Exchange

The trading of ZCCM-IH shares on the London Stock Exchange ("LSE") was restored effective 27 November 2023, following a temporal suspension on 8 May 2023 by the Financial Conduct Authority of the United Kingdom. This suspension was due to the Company's non-compliance with Financial Conduct Authority ("FCA") Disclosure and Transparency Rules Sourcebook 4.1.3, related to the delayed publication of audited financial results for the years 2021 and 2022.

The lifting of the suspension follows the successful completion and publication of the audited financial results for the said years.

The ZCCM-IH share price on the London Stock Exchange ("LSE") commenced and concluded the year trading at US$1.65 per share. This was also the high and low for the period representing a no change in value. No shares were traded during the year hence a nil turnover for the period.

Directorate Changes

During the year, the Company had three (3) changes in terms of non-executive directors, one (1) change in the office of the executive director following the appointment of Dr Ndoba J Vibetti as ZCCM-IH Chief Executive Officer effective 1st February 2023. I wish to thank the directors that retired from the Board during the year, for the service rendered to the Company. At the same time, I am confident that the new directors appointed in the year, together with the colleagues they joined on the Board will live up to the huge expectations of the shareholders and the nation at large.

Outlook

Looking ahead, we are optimistic about the future of ZCCM-IH and the mining industry at large. While we anticipate continued market uncertainties, our strategic initiatives are designed to enhance our resilience and growth. We will continue to focus on operational excellence, sustainable practices, strategic partnerships, and exploring new opportunities that align with our growth trajectory. ZCCM-IH will continue to play a significant role in supporting Government's long-term goals of achieving production targets of over 3 million tonnes per year by 2032.

Acknowledgement

On behalf of the board, I extend our sincere gratitude to our employees for their hard work and dedication. We also thank our shareholders, partners, and the communities we operate in for their continued support and trust in ZCCM-IH. Together, we are building a stronger, sustainable, and more profitable future.

Mr. Kakenenwa Muyangwa
Board Chairperson

REPORT OF THE DIRECTORS

The Directors submit their report together with the audited financial statements for the year ended 31 December 2023, which disclose the state of affairs of ZCCM Investments Holdings Plc ('the Company') and its subsidiaries (together "the Group").

BOARD OF DIRECTORS

Mr. Kakenenwa Muyangwa
Board Chairperson
(Non - Executive Director)

Mr. Moses Smart Nyirenda
(Non - Executive Director)

Mr. Mubita Akapelwa
Vice Board Chairperson
(Non - Executive Director)

Mr. Philippe G. Taussac
(Non - Executive Director)

Ms. Masitala Nanyangwe Mushinga
(Non - Executive Director)

Mr. Muyangwa Muyangwa
(Non - Executive Director)

Dr. Ndoba Joseph Vibetti
(Chief Executive Officer)

Bishop John Mambo
(Non - Executive Director)

REPORT OF THE DIRECTORS *(continued)*

SHARE CAPITAL

The authorised share capital of the Company remained unchanged at ZMW2,000,000 divided as follows:

120,000,000 "A" Ordinary Shares of ZMW 0.01 each*; and*

80,000,000 "B" Ordinary Shares of ZMW 0.01 each.

Class "A" Ordinary Shares and Class "B" Ordinary Shares all rank pari passu in all respects.

During the year, the issued share capital remained unchanged at 160,800,286 shares with a nominal value of ZMW1, 608,003 as detailed below:

	Number of shares	Amount ZMW
At beginning and end of year	160,800,286	1,608,003

SHAREHOLDING BY DIRECTORS

As at 31 December 2023, Mr Philippe G. Taussac (Non-Executive Director and Chairperson of the Investments Committee of the Board) had 162,015 shares.

CHANGES TO SENIOR MANAGEMENT

During the year 2023, the Company welcomed the following employees to Senior and middle Management:

- Dr Ndoba Vibetti, Chief Executive Officer. He was appointed on 1 February 2023.
- Mr Lombe Mbalashi, Chief Legal Officer. He was appointed on 5 June 2023.
- Mr Charles Mjumphi, Company Secretary. He was appointed on 23 March 2023.
- Mr Mukuka Kangwa, Chief Information and Technology Officer. He was appointed on 1 February 2023.
- Mr Gift Zulu, Procurement Manager. He was appointed on 1 August 2023.
- Ms Mwaka Mwamulima, Risk Manager. She was appointed on 1 February 2023.

PRINCIPAL ACTIVITIES

ZCCM-IH ("the Company'') is an investments holdings company which has a primary listing on the Lusaka Securities Exchange and secondary listings on the London and Euronext Paris Stock Exchanges. The Company has the majority of its investments held in the copper mining sector of Zambia. The Company's focus going forward will include the following:

- Developing and implementing investments strategies and aligning Company operations towards maximizing of shareholder value in the mining sector;
- Monitoring the performance of investee companies to ensure they consistently declare reasonable dividends and ensure Company growth;
- Ensuring effective representation on the Boards of the investee companies;
- Establishing and securing joint venture partnerships for projects assessed to be viable;
- Establishing metal streaming arrangements;
- Establishing a royalty model to maximize shareholder value; and

REPORT OF THE DIRECTORS *(continued)*

DIVIDENDS

During the year, the Company declared a dividend of ZMW 243 million (2022: ZMW 387 million).

DIRECTORATE CHANGE

During the year and up to signing date of this report, the following were changes in the directorate:

Ms Dolika E S Banda (Board Chairperson)	Appointed on 13 December 2021 and resigned 5 May 2023
Mr. Kakenenwa Muyangwa (Board Chairperson)	Appointed on 5 May 2023
Mr Mubita Akapelwa (Non-Executive Director/Vice Board Chairperson)	Appointed on 10 October 2023
Mr Muyangwa Muyangwa (Non – Executive Director/ Investment Committee)	
Mrs. Masitala Nayangwe Mushinga (Non – Executive Director/ Audit Committee Chairperson)	Appointed on 7 March 2023
Dr. Ndoba J Vibetti (Executive Director/ Chief Executive Officer)	Appointed on 1 February 2023
Mr Gregory Kabwe (Non – Executive Director/ Audit Committee Chairman)	Appointed on 13 December 2021 and retired on 2 March 2023
Mr Brian Nalishuwa (Non-Executive Director)	Appointed on 7 December 2022 and retired on 10 October 2023

BOARD COMMITTEE'S FUNCTIONS

Audit Committee	Remuneration Committee
Ms. Masitala Mushinga (Chairperson). (Appointed on 7 March 2023).	Mr Moses Nyirenda (Chairman)
Bishop John H Mambo	Mr Bishop H Mambo
Mr Philippe G Taussac	Dr Ndoba J Vibetti
Mr Vincent Nyambe (Co-opted member)	Mr Muyangwa Muyangwa
Mr Brian Nalishuwa (Appointed 7 December 2022 and retired on 10 October 2023)	Mr Gregory Kabwe (Retired on 2 March 2023)
Mr Mubita Akapelwa (Non-Executive Director/Vice Board Chairperson) (Appointed on 10 October 2023)	Ms Masitala Mushinga
Mr. Gregory Kabwe (Chairman) (Retired on 2 March 2023)	Mr Ronnie Kamanya
Dr Ndoba J. Vibetti (Chief Executive Officer/ Appointed 1 February 2023	

REPORT OF THE DIRECTORS *(continued)*

BOARD COMMITTEE'S FUNCTIONS

Investments Committee	
Mr Philippe G Taussac	Chairman
Dr Ndoba J. Vibetti	Chief Executive Officer
Mr Moses S Nyirenda	Non-Executive Member
Mr Albert Halwampa	Co-opted Member
Mr Brian Musonda	Chief Investments Officer
Mr Basil Nundwe	Co-opted Member
Mr Muyangwa Muyangwa	Non-Executive Member
Mr Mubita Akapelwa	Non-Executive Member
Mr Brian Nalishuwa	Retired) (Non-Executive Member

REPORT OF THE DIRECTORS *(continued)*

BOARD COMMITTEE'S FUNCTIONS *(continued)*

DIRECTORS' PARTICIPATION IN MEETINGS

Record of attendance of Board and Committee meetings held during the period to 31 December 2023.

Board Meetings:

Name of Director	03/01/23	03/02/23	17/03/23	28/03/23	07/04/23	04/05/23	17/05/23	09/06/23	23/06/	21/07/23	28/07/23	22/08/23	25/08/23	01/09/23	19/09/23	27/09/23	03/11/23	28/11/23	30/11/23	07/12/23	22/12/23
Ms Dolika Banda, (Former Chairperson)	√	√	√	√	√	□	□	□	□	□	□	□	□	□	□	□	□	□	□	□	□
Mr Kakenenwa Muyangwa (Chairperson)	□	□	□	□	□	□	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Mr Moses Nyirenda	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Ms Masitala Mushinga	□	□	√	√	√	√	√	√	√	√	X	√	√	√	√	√	√	√	√	√	√
Mr Gregory Kabwe (Retired)	√	√	X	X	√	√	□	□	□	□	□	□	□	□	□	□	□	□	□	□	□
Mr Bishop John Mambo	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	X
Dr Ndoba J Vibetti	□	□	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Mr Philippe G Taussac	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√
Mr Muyangwa Muyangwa	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	X	X	√	√	√	X
Mr Brian Nalishuwa (Retired)	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	√	□	□	□	□	□
Mr Mubita Akapelwa (Vice Chairperson)	□	□	□	□	□	□	□	□	□	□	□	□	□	□	□	□	√	√	√	√	√

Key: √ - In attendance X – Not in attendance □ - Not a member on a stated date of meeting

REPORT OF THE DIRECTORS *(continued)*

BOARD COMMITTEE'S FUNCTIONS *(continued)*

Audit Committee

The committee provides oversight on the effectiveness of the Group's operational and financial reporting systems and accuracy of information, and that the Group's published Financial Statements represent a true and fair reflection. The specific terms of reference include:

- Reviewing and appraising the soundness of risk management, internal controls, and the reliability and integrity of financial, managerial, and operating data.
- Ascertaining compliance with the ZCCM-IH Group policies and procedures.
- Evaluating asset safeguards and accountability.
- Evaluating the economy and efficiency with which resources are employed.
- Reviewing operations or programs to assess whether they are being carried out as planned and whether results are consistent with established objectives.
- Providing advice to management regarding the adequacy and effectiveness of controls regarding major decisions.

Meeting Attendance:

Name Of Director	7/04/23	8/05/23	13/06/23	13/07/23	22/08/23	14/11/23	05/12/23
Ms Masitala Mushinga (chairperson)	√	√	√	√	√	√	√
Mr Philippe G Taussac	√	√	√	√	√	√	√
Mr Mubita Akapelwa	☐	☐	☐	☐	☐	√	√
Mr Vincent Nyambe	√	√	√	√	√	√	√
Mr Bishop John Mambo	√	√	√	√	√	√	√
Dr Ndoba J Vibetti	√	√	√	√	√	√	X
Mr Brian Nalishuwa (Retired)	√	√	√	√	√	☐	☐

Key: √ - In attendance X – Not in attendance ☐ - Not a member on a stated date of meeting

Investments Committee

To adequately supervise and monitor the investment function of the Company, the Investments Committee of the Board's duties and responsibilities shall be:

- To evaluate and approve or disapprove and refer all approved investments to the full Board.
  To evaluate and recommend to the Board on the disinvestments.
- To periodically review each investment in terms of performance against benchmark returns for the Company.
- To guide management on the activities of the Management Investment Committee and ensure they comply with the laid down procedures.
- To advise the Board and guide management on investment-related issues.
- To circulate for information, quarterly reports to the Board and through the Chairman present on matters therein, if necessary; and,
- To determine the amount to be invested in a period.

REPORT OF THE DIRECTORS *(continued)*

BOARD COMMITTEE'S FUNCTIONS *(continued)*

Investments Committee *(continued)*

Meeting Attendance

Name of Director	18/01/23	14/07/23	02/11/23	16/11/23
Mr Philippe G Taussac (Chairman)	√	√	√	√
Mr. Moses Nyirenda	√	√	√	√
Mr. Albert Halwampa	√	√	√	√
Mr Basil Nundwe	√	√	√	√
Mr Muyangwa Muyangwa	√	√	√	√
Dr Ndoba J Vibetti	☐	√	√	√
Mr Mubita Akapelwa	☐	☐	√	√
Mr Brian Nalishuwa	√	√	☐	☐

Key: √ - In attendance X – Not in attendance ☐ - Not a member on a stated date of meeting

Remuneration Committee

The committee is responsible for formulating remuneration policies and principles that promote the success of the Company. More specifically, the Remuneration Committee's terms of reference include:

- Determine and agree with the Board the framework or broad policy for the remuneration of the Chief Executive and such other members of the executive management as it is designated to consider.
- Determine targets for any performance-related pay schemes operated by the Company.
- In determining such remuneration packages, give due regard to the prevailing compensation levels in comparable commercial organizations.
- Agree the policy for authorising claims for expenses from the Chief Executive and Chairman.
- Be exclusively responsible for establishing the selection criteria, selecting, appointing, and setting the terms of reference for any remuneration consultants who advise the committee.
- Report the frequency of, and attendance by members at, remuneration committee meetings in the annual report.
- Make the committee's terms of reference publicly available. These should set out the committee's delegated responsibilities and be reviewed and, where necessary, update annually.

Meeting Attendance:

Name of Director	27/01/23	20/04/23	12/07/23	17/11/23
Mr Moses Nyirenda (Chairman)	√	√	√	√
Dr Ndoba J Vibetti	☐	X	X	√
Mr Bishop John Mambo	√	√	√	√
Mr Muyangwa Muyangwa	√	√	√	√
Mr Gregory Kabwe	√	☐	☐	☐
Ms Masitala Mushinga	☐	√	√	√
Mr Ronnie Kamanya	X	√	√	X

Key: √ - In attendance X – Not in attendance ☐ - Not a member on a stated date of meeting

REPORT OF THE DIRECTORS *(continued)*

BOARD COMMITTEE'S FUNCTIONS *(continued)*

Remuneration Policies

Board of Directors fees and emoluments

	Group		Company	
	2023	**2022**	**2023**	**2022**
Item	**ZMW'000**	**ZMW'000**	**ZMW'000**	**ZMW'000**
Executive Director's fees and Emoluments	10,605	4,978	4,694	1,074
Non-executive Director's Fees	26,477	26,176	10,465	9,265
Total	**37,082**	**31,154**	**15,159**	**10,339**

Average number and remuneration of employees

The total amount paid as remuneration to employees during the year amounted to ZMW2,167.15 million (2022: ZMW2,145.92 million) for the Group and ZMW157.32 million (2022: ZMW129.35 million) for the Company. The average number of employees was as follows:

Month	Company	Subsidiaries	Group
January 2023	105	6,508	6,613
February 2023	107	6,501	6,608
March 2023	105	6,479	6,584
April 2023	105	6,421	6,526
May 2023	107	6,439	6,546
June 2023	107	6,440	6,547

Month	Company	Subsidiaries	Group
July 2023	108	6,442	6,550
August 2023	111	6,456	6,567
September 2023	111	6,470	6,581
October 2023	111	6,465	6,576
November 2023	110	6,449	6,559
December 2023	109	6,434	6,543

Staff expenses	Group		Company	
	2023	**2022**	**2023**	**2022**
	ZMW'000	**ZMW'000**	**ZMW'000**	**ZMW'000**
	2,167,145	2,145,918	157,323	129,353

Health and safety employee environment

Health and safety are a top priority in the Group. In order to maintain productivity, the Group ensured a healthy environment by providing the following to employees:

- Periodic health talks to educate and sensitise employees on various health issues.
- Medical services with some medical facilities
- Subscription to the gym to ensure wellness.
- Work-Life Balance by ensuring that employees took annual leave to refreshen their minds.
- Hand sanitisers, fumigation of offices buildings and generally a clean environment to prevent contraction and spread of the Covid-19 virus.

The Group ensured a safe working environment by observing the following:

- Adherence to laws and regulations governing safety at places of work.
- Provision of first aid kit
- Availability of trained first aiders and fire marshals.
- Serviceable fire extinguishers

REPORT OF THE DIRECTORS *(continued)*

CORPORATE GOVERNANCE

ZCCM-IH activities are streamlined by the full utilisation of its Management and Board via committees that are guided by its Corporate Governance Policies. Being a publicly listed entity, ZCCM-IH Corporate Governance Policies are in line with various codes of conduct required by the regulatory authorities of the stock markets the Company is listed on.

The Group continued to operate by enforcing good corporate governance practices contained in Sections 82 to 122 of Part VII of the Companies Act, 2017 of Zambia, and the Lusaka Securities Exchange (LuSE) Corporate Governance (CG) Code, publicly available on the Company's website and from the LuSE upon request.

The Companies diversity policy is embedded in the Human Resource Policy under the clause titled "Equal Opportunity, Diversity and Positive Action", which states in part that, "*ZCCM-IH will provide equal employment opportunity to the Zambian nationals on the basis of merit without unlawful discrimination on the basis of age, gender, colour, tribe, disability, race or religion*".

The Company's internal controls are implemented amongst others through its Internal Control Policy as approved by the Board in 2019 and incorporates guidance aligned to requirement of the Securities Act of 2016 related to the Company's internal controls. The Company also maintains a Business Risk Register (BRR) which identifies the risks affecting the various aspects of ZCCM-IH strategic and operational areas and how these risks are to be mitigated. The BRR is monitored on a regular basis by Management and the Audit Committee and reported to the Board.

Further to this, the Company has formally adopted the OECD principles of Corporate Governance.

The separation of powers between the Directors and Management on one hand and the Chairman of the Board and the Chief Executive Officer on the other was strictly adhered to. All Directors except the Chief Executive Officer on the Board were non-executive during the financial period.

The Board of Directors is committed to sound corporate governance and the management of environmental and social issues. Towards the achievement of this commitment, the Board has continued to put in place appropriate governance policies. This is enshrined in ZCCM-IH's Strategic Plan for the period 2020 to 2026 by committing to enhancing its Environmental, Social, and Governance (ESG) adherence.

CHIEF EXECUTIVE OFFICER'S STATEMENT

Dr Ndoba Vibetti

Introduction

We entered 2023 with much optimism owing to a pipeline of initiatives within the portfolio, that would culminate in shaping the future we envisage. Some of these included resolving legacy issues at Mopani Copper Mines Plc and Konkola Copper Mines Plc to unlock their value; finalising the Kansanshi royalty agreement to generate predictable and guaranteed revenue; increased exploration activities to achieve commodity diversification; divestment from non-core assets; recapitalising our subsidiaries to improve their performance and profitability; and reviewing our company 2020 – 2026 Strategic plan to ascertain delivery on the set goals and objectives.

Further, at Company level, ZCCM-IH performed solidly in FY2023. Our commitment to operational excellence saw us achieve another year of strong company financial results and cost performance, having maintained operating costs at 11.5% of total income. This financial performance is encouraging, and we remain positive that at a Group level the picture moving forward will change. After the year end, ZCCM-IH successfully secured Delta Mining Limited (Delta) as the Strategic Equity Partner at MCM which forms a significant part of our portfolio and has great impact on our performance. This impact can be seen at Group level where we recorded a loss of ZMW 4,076 million for FY23 of which Mopani contributed a loss of ZMW 8.97 billion.

Building a Resilient and Agile Strategy

In 2023, we reviewed our strategic plan, which has resulted in some changes. Our revisions to the strategic plan have mainly been to our vision, mission and strategic goals. This has been driven by the need to provide sufficient clarity on where we want to go, who we are and how we intend to 'win' as a company. Further, we have streamlined the company's strategic goals from eighteen (18) to four (4), which are:

1. Financial excellence and sustainability;
2. Strengthen stakeholder relationships and improve stakeholder satisfaction;
3. Operational excellence and business focus; and,
4. Invest in our people.

CHIEF EXECUTIVE OFFICER'S STATEMENT *(continued)*

The revision in respect to ZCCM-IH values now put in an acronym as **RITTE**. The main change here is the reclassification of 'E' from ESG awareness to Efficiency as we want to be expedient and nimble in what we do. ESG or rather Environmental, Social and Governance will now be embedded in our processes as per industry and global standards.

Further, we have also restated our strategic ethos from **Mining** SMARTLY to **Investing** SMARTLY. SMARTLY is an acronym that entails: S-for sustainability, M-managing our investments proactively, A-Accretion and Agility signifying the gradual and incremental growth of ZCCM-IH assets; R-Risk, we will ensure all investments are risk mitigated, T – Timely, our decisions and information dissemination will be undertaken timeously, L – Longevity, that entails ZCCM-IH investments will be undertaken with sustainability in focus; and lastly Y – Yield, entailing ZCCM-IH investments should yield a return on investment and maximise value for our shareholders.

Our strategic thrust is now anchored on the new understanding of 'Unlocking national wealth for all our stakeholders'. Our focus remains streamlined to exploration, mining and energy related investments, in which we will aim for significant shareholding. In addition, our business operations will be optimised into business focused units to drive efficiency and focus. ZCCM-IH will identify itself as an investment company that acquires and secures profitable investments within the mining and energy sectors, from which we will maximise shareholder value and deliver returns. This strategy will be achieved by applying proven investment principles and innovative practices.

Most importantly, we have also focused on embedding a high-performance culture, and innovation that are critical enablers for achieving our strategic objectives and to creating the future institution that is premised on RITTE (Respect, Integrity, Transparency, Teamwork and Efficiency) values. Our drive for continuous improvement is at the core of our mandate and purpose. Our aspiration is to be the partner of choice for local communities, government and joint venture partners both local and international.

CHIEF EXECUTIVE OFFICER'S STATEMENT *(continued)*

Environmental, Social and Governance (ESG)

We recognise our ongoing responsibility to not only deliver financial performance but also make a positive contribution and impact to our host communities and create lasting benefits for all our stakeholders in a manner that is responsible and transparent. We know that striving for impeccable ESG principles will help us meet stakeholder expectations. For instance, in helping to reduce our carbon footprint in our subsidiary operations, Kariba Minerals Ltd is replacing the use of diesel for power energy with a 250KVA solar captive power plant to power the mine operations. ZCCM-IH is committed to driving business resilience in the Group through such sustainable mining practices that works towards decarbonisation and the use of green and sustainable energy. We will continue to focus on the pursuit of having impeccable environmental, social and governance (ESG) credentials embedded in our operations at both Company and Group level.

Reshaping our Corporate Culture

Everything we have planned to achieve in our strategic plan is driven and underpinned by creating a secure and safe working environment, in which our people are able to fully utilise their capabilities. Priority in this area is to ensure that we create a work environment that rewards and recognises innovation and hard work, whilst at the same time upskilling and training our workforce. Added to this, in 2023, we undertook job analysis to ascertain the responsiveness of our organogram and to make it more agile, and the same time reviewed our incentives and performance reward mechanism.

Leveraging the Global Energy Transition Opportunities

We are working at shaping our portfolio for the future. We have an attractive project pipeline and considerable momentum to diversify our commodity portfolio to include other critical minerals. We are further strengthening our portfolio by recapitalising our subsidiaries and divesting from non-core mining and energy assets. We have embarked on a robust exploration programme in our exploration licences such as the Rufunsa gold exploration licence and Kabundi's manganese exploration licence.

Further, we remain on track with regards to growing our foothold in the energy space, having increased our stake from 20% to 31.07% in CEC Plc in 2023. In line with this, we believe we need to be in the best shape possible to capture the opportunities ahead of us, which is why we are investing in the long-term health of our people and assets. By prioritising these areas, we are creating the conditions for consistent operational and financial performance. As an indigenous mining and energy investment company with assets in the both the mining and energy sectors, our portfolio is positioned and built for the future, aimed at maximising shareholder value.

Looking Ahead

Looking ahead, our focus will remain on securing business growth sustainability, with an emphasis on organic growth, improving operational performance in our subsidiaries, exploring investment opportunities along the mineral value chain, decarbonizing our operations at Group level, building trust with our partners and host communities, and investing in our people, who are the greatest company asset. I believe this is what will drive and sustain our performance and enable us to continue delivering for all our stakeholders in 2024.

We look to the future with confidence that we have the right pathway to succeed with the various initiatives and strategies aimed at creating sustainable long-term value for all stakeholders, while operating in a responsible and ethical manner across all aspects of our business operations.

Acknowledgement

I end by expressing gratitude to ZCCM-IH members of staff, management team, the board leadership, all representative directors on our portfolio companies, all ZCCM-IH investees and our partners who have delivered for ZCCM-IH, its shareholders and all other stakeholders during the year.

Dr. Ndoba Vibetti
Chief Executive Officer

EXECUTIVE MANAGEMENT TEAM

Dr Ndoba Vibetti
Chief Executive Officer

Mr Brian Musonda
Chief Investments Officer

Ms Chilandu Sakala
Chief Financial Officer

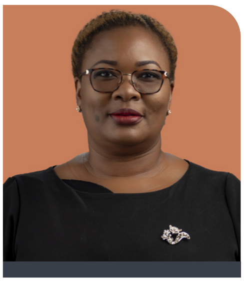
Mr Shepherd Mwanza
Chief Internal Audit Officer

Mr Lombe Mbalashi
Chief Legal Officer

Mr Charles Mjumphi
Company Secretary

Mr Tisa R. Chama
Chief Technical Officer

Mr Mukuka Kangwa
Chief Information and Communications Technology Officer



Ms Betty Meleki
Chief Human Resource and Administration Officer

Ms Loisa Mbatha
Corporate Affairs Manager

Ms Mwaka Mwamulima
Risk Manager

Mr Gift Zulu
Procurement Manager

Mr Kalembo Tito
Strategy Manager

OPERATIONS REPORT

Portfolio Performance Review

SN	PORTFOLIO COMPANY	2023 PERFORMANCE REVIEW
A	**Subsidiary Companies**	
1	Mopani Copper Mines Plc	For the year ended 31st December 2023, Mopani Copper Mines (MCM) recorded cumulative net revenue of ZMW11.55 billion (US$562.87 million), (2022: ZMW11.85 billion (US$695.25 million)). The net loss for the year under review was ZMW8.97 billion (US$435.29 million) (2022: ZMW5.05 billion (US$292.55 million)). During the year under review, MCM produced a total of 65,602 tonnes of finished copper (2022: 72,694 tonnes). The lower production during the year under review was mainly due to low equipment availability, and limited ore sources to mine due to delayed development. In addition, there were multiple outages of the fixed plants across all shafts. After the year ended 31 December 2023, ZCCM-IH achieved a significant development on Mopani involving a new partnership and an investment that marks a transformative chapter for Zambia's mining sector and its economy at large. Zambia selected the United Arab Emirates' International Resources Holdings (IRH), a unit linked to Abu Dhabi's most valuable listed company, International Holdings Company (IHC), as the new strategic equity partner for Mopani Copper Mines. This partnership is aimed at investing funds into Mopani to help with short-term working capital and finance the completion of the mine development to unlock its long-term potential. Additionally, this move is expected to restructure the Mopani's balance sheet and increase copper production to at least 200,000 metric tons per annum in future. In 2024, ZCCM-IH has a 49% equity stake in Mopani Copper Mine, with IRH through its subsidiary Delta Mining Limited (Delta) holding a 51% equity stake after an initial investment of US$1.1 billion was made. This agreement included financing MCM's Project Development Plan (PDP) by providing working capital and restructuring certain existing Glencore liabilities. A new Board of Directors reflecting the revised shareholding structure has been established, and further capital has been made available as shareholder loans based on future working capital requirements. There were no dividends declared during the period under review (December 2022: Nil).

OPERATIONS REPORT *(continued)*

Portfolio Performance Review *(continued)*

SN	PORTFOLIO COMPANY	2023 PERFORMANCE REVIEW
A	**Subsidiary Companies**	
2	**Zambia Gold Company Limited (ZGC)**	The Zambia Gold Company Limited (ZGCL) has a significant role in the Zambian gold sub-sector, with a mandate that spans across the country to foster the formalisation and growth of this sector. ZGCL engages in various stages of the gold value chain, encompassing activities such as gold exploration, production, mine development, processing, and the marketing of gold both within Zambia and internationally. This comprehensive involvement is aimed at enhancing the gold sub-sector's contribution to the Zambian economy and ensuring sustainable development and growth within this industry. Zambia Gold Company is in its start phase, and for the year under review, it did not produce any gold due to the continued suspension of mining activities at Kasenseli by the Mines Safety Department which is the main source of gold production. The sale of gold in the period under review was from stock held since 2021 and was used to finance operations of the company. ZGC continues to engage key stakeholders to reopen the mine in 2024. ZGC shall continue conducting exploration activities on its other licences and partnership with third party licence holders. Zambia Gold Company Limited (ZGC) reported revenue of ZMW 38.52 million (2022: ZMW 0.03 million) for the year ended 31 December 2023. During the period under review, the company sold 33.9 Kg of gold from Kasenseli production and trades conducted at ZGC headquarters compared to no sales in 2022. Net loss recorded for the year was ZMW 23.35 million (2022: ZMW 51.57 million loss). There were no dividends declared during the year under review (December 2022: Nil).

OPERATIONS REPORT *(continued)*

***Portfolio Performance Review** (continued)*

SN	PORTFOLIO COMPANY	2023 PERFORMANCE REVIEW
A	**Subsidiary Companies**	
3	**Limestone Resources Limited (LRL)**	Limestone Resources Limited, formerly known as Ndola Lime Company, is specializing in the production and supply of limestone products. Its diverse product line-up includes quicklime, hydrated lime, and other lime product tailored to meet specific customer needs. The transition from Ndola Lime Company to Limestone Resources Limited represents a strategic move to address past challenges and leverage on new opportunities. This change signals an intent to revitalize the business, possibly by attracting new investment, improving operational efficiencies, and better aligning with market demands. Limestone Resources Limited's journey reflects a commitment to not only continuing its legacy of quality limestone product supply but also enhancing its operational and financial health for future success. Limestone Resources Limited has an opportunity to attract fresh capital, revamp the business, and potentially cut the losses experienced by its predecessor, Ndola Limestone. During 2023, LRL continued to build up on the knowledge and experience of operating the modified VK2 which was fired in October 2022 after nearly 6 years of being idle. The modification and the prolonged idle time presented initial challenges which took time to resolve. VK 2 was the only operational kiln at the company as no restoration repair works were carried out on VK1, while the Rotary kiln remained mothballed. Production from VK2 was an average of 140 tonnes per day against the kiln's capacity of 500 tonnes per day due to technical limitations on the kiln's operating mode. Another key stumbling block to attain nameplate capacity was a lack of reliable mining equipment and a frequently malfunctioning crushing plant. Revenue for the year was ZMW96.7 million, a notable increase from ZMW26.8 million in 2022. The company made a loss of ZMW180.74 million (2022: ZMW90.81 million). There were no dividends declared during the year under review (Dec 2022: Nil)

OPERATIONS REPORT *(continued)*

Portfolio Performance Review *(continued)*

SN	PORTFOLIO COMPANY	2023 PERFORMANCE REVIEW
A	Subsidiary Companies	
4	Investrust Bank PLC	Investrust Bank Plc is a financial institution in Zambia, and operations span across Zambia with a comprehensive network of branches. Investrust recorded an income of ZMW 202.8 million (2022: ZMW164.25 million). Investrust reported a net loss of ZMW758.18 million (2022: Loss of ZMW2.6 million). On the Lusaka Securities Exchange, the Bank's share price closed at ZMW 25, maintaining the same level as in 2022. On April 2, 2024, the Bank of Zambia ("BoZ") took possession of Investrust Bank Plc ("Investrust"). The possession of Investrust by BoZ was necessitated by its insolvency. On 24 April 2024, the Bank of Zambia cancelled the shareholding of ZCCM-IH in Investrust. There were no dividends declared during the period under review (December 2022: Nil).
5	Misenge Environmental and Technical Services Limited (METS)	Misenge Environmental and Technical Services Ltd (METS) is a subsidiary of ZCCM-IH, and its business activities is to provide a wide range of environmental, analytical, radiation safety, and engineering services. METS prides itself on being a multifaceted, full-service company with a strong record in environmental management within Zambia's mining and mineral processing industry. Its service range includes environmental impact assessments, environmental compliance audits, mineral sample preparation, water supply and sewerage systems design, radiation safety management, and many more. The company operates with a clear vision to lead in providing its specialized services in Zambia, driven by a mission to deliver these services efficiently to maximize shareholder value. For the fiscal year ended December 31, 2023, METS reported a total of ZMW 14.63 million in revenue for the year ended 31st December 2023 (2022: ZMW10.61 million restated), and net loss of ZMW6.48 million (2022: profit of ZMW1.01 million restated) The company has been actively seeking to increase third-party business by participating in several bids during the year. There were no dividends declared during the period under review (December 2022: Nil).

OPERATIONS REPORT *(continued)*

Portfolio Performance Review *(continued)*

SN	PORTFOLIO COMPANY	2023 PERFORMANCE REVIEW
A	Subsidiary Companies	
6	Kariba Minerals Limited (KML)	Kariba Minerals Ltd, a subsidiary of ZCCM Investments Holdings (ZCCM-IH), is renowned for producing some of the world's quality amethyst, a semi-precious gemstone. The company primarily exports to China and India among others and during the year under review, KML produced a total of 1,392.52 tonnes of amethyst which comprised of 374.12 tonnes medium and high grade, and 1,018.40 tonnes commercial grade (2022: 1,503.58 tonnes – 327 tonnes medium and high grade, and 1,175.76 tonnes commercial grade.) For the year ended 31st December 2023, Kariba Minerals Limited (KML) reported total revenues of ZMW29.87 million (2022: ZMW23.04 million) with a net profit of ZMW0.55 million (2022: net loss of ZMW5.19 million). The ZCCM-IH Board approved funding amounting of US$4.077 million for the execution of the Kariba Minerals Limited's Turnaround Plan. This funding aims to improve the company's production capabilities, fostering market development and expansion, strengthening the balance sheet, enhancing operational efficiency, and improving its overall financial performance going forward. The overarching objective is to transform the company from loss making to profit making. There were no dividends declared during the year (2022: Nil).
7	Mushe Milling Company Limited	Mushe Milling Ltd, initially acquired by ZCCM-IH in 2019, is undergoing liquidation as it is deemed not to be of strategic fit following a refocus to invest in mining and energy related investment in ZCCM-IH's revised 2020-2026 strategic plan. The liquidation proceedings of Mushe Milling Limited (MML) began in July 2023 following the appointment of the office of the Official Receiver as liquidator. The liquidation of MML was still underway as at the end of the year.

OPERATIONS REPORT *(continued)*

Portfolio Performance Review *(continued)*

SN	PORTFOLIO COMPANY	2023 PERFORMANCE REVIEW
A	**Subsidiary Companies**	
8	**Kabundi Resources Limited**	Kabundi Resources Ltd, established in May 2019 by ZCCM-IH, operates in the Central Province of Zambia focusing on manganese mining. Since beginning operations in May 2020, it has aimed for a production expansion, currently running two wash plants with capacities of 1,200 tonnes per day (8-hour shift) and 150 tonnes per hour. The ore grade averages about 45% manganese. A total of 2,325 tonnes of manganese was produced during the year ended 31st December 2023. Future plan includes establishing a manganese plant with a capacity of 60,000 tonnes per annum over three phases and developments in the Company's manganese mining activities. For the year ended 31 December 2023, Kabundi Resources Limited reported total revenues of ZMW1.1 million (2022: ZMW 13.64 million) with a net profit of ZMW3.85 million (2022: net profit of ZMW 5.5 million). There were no dividends declared during the year (2022: Nil).

OPERATIONS REPORT *(continued)*

Portfolio Performance Review *(continued)*

SN	PORTFOLIO COMPANY	2023 PERFORMANCE REVIEW
B	**Associate Companies**	
1	**Maamba Collieries Limited (MCL)**	Maamba Collieries Limited (MCL) reported total revenue of ZMW5.00 billion (US$243.69 million) for the year ended 31 December 2023 (2022: ZMW4.75 billion (US$278.68 million)) and had a profit after tax of ZMW2.57 billion (US$125.04 million) (2022: profit of ZMW1.53 billion (US$89.95 million). In 2022, ZESCO, Zambia's state power utility, reached a settlement in international arbitration with Maamba Collieries Ltd to pay $518 million by August 2024 to settle outstanding arrears for power supplied. This settlement follows arbitration in London where both parties agreed on the terms for resolving the debt. According to the agreement, ZESCO will discharge the arrears in tranches by August 2023, after adjusting for a cash discount of $60 million extended by Maamba. The settlement was reached amicably to address overdue power purchase bills while ensuring that monthly payments for power sales from May 2022 are fully paid to Maamba. As at the year ended 31 December 2023 the outstanding debt from ZESCO to Maamba was USD323.18 million (2022:US$539.93 million). In 2023, significant developments were observed at Maamba Collieries Ltd (MCL), particularly around the Maamba Power Station and its coal mining operations. MCL operates a modern Coal Handling and Processing Plant (CHPP) that facilitates the production of different coal products with consistent quality. Since its privatization in 2010, MCL has made significant improvements in managing coal dumps to mitigate air pollution caused by spontaneous combustion in the overburden dumps. These efforts in environmental management have been recognized through awards from the Zambia Environmental Management Agency (ZEMA). The Maamba Power Station, fuelled by low-grade coal from MCL's Maamba mine, plays a crucial role in Zambia's energy sector. Currently, the station has two operating units, each with a capacity of 150 MW, commissioned in 2016. There is potential for expansion, with plans to add two more units, each also with a capacity of 150 MW, to meet the growing electricity demand in the country. This expansion, projected to cost around US$400 million, would potentially double the station's output to 600 MW. Maamba Collieries has also explored the possibility of increasing the power station's capacity to 600 MW to support Zambia's ambition to become an electricity hub in the region. A technical feasibility study for the expansion was completed, and MCL is seeking third party funding for the project. These developments indicate MCL's commitment to enhancing energy production capabilities in Zambia, contributing significantly to the national grid and supporting sustainable energy security in the region. During the year, Maamba undertook semi-annual maintenance on unit 1 of the 150 MW thermal power units between 4th August 2023 to 17th August 2023. Unit 2 underwent semi-annual maintenance between 25th March 2023 and 7th April 2023 as well as forced shut

OPERATIONS REPORT *(continued)*

Portfolio Performance Review *(continued)*

SN	PORTFOLIO COMPANY	2023 PERFORMANCE REVIEW
B	**Associate Companies**	
2	**Konkola Copper Mines Plc (KCM)**	KCM's challenges continued during the year as the fundamental problems surrounding the underdevelopment of the Konkola Deep Mining Project (KDMP) remained unresolved, resulting in the Company reporting low production from own sources and therefore having to rely on third-party copper concentrates to feed its Smelter. As a result, finished copper production was also negatively impacted. The Provisional Liquidator continued to have full control over the operations at KCM and the Company continues to face financial challenges and is currently unable to produce sufficient output to support its operations. On 5th September 2023, the Government of the Republic of Zambia announced that it had reached an agreement with Vedanta Resources Limited to resolve all outstanding disputes and Vedanta committed to investing US$1.27 billion towards working capital and mine development at KCM. Following the announcement made by GRZ, ZCCM-IH and Vedanta have entered into various agreements which are intended to pave way for the settlement of outstanding creditors, vacation of the Provisional Liquidator and finally the reinstatement of the Board of Directors at KCM. There were no dividends declared during the year (2022: Nil).

OPERATIONS REPORT *(continued)*

Portfolio Performance Review *(continued)*

SN	PORTFOLIO COMPANY	2023 PERFORMANCE REVIEW
B	**Associate Companies**	
3	**Kansanshi Mining Plc (Kansanshi)**	The principal activities of the mine includes mining, prospecting for minerals and processing of ore in Solwezi area of North Western Province. The key notable occurrences in 2023 were: ▪ The successful conversion of ZCCM-IH's dividend right in KMP to a 3.10% Life of Mine Royalty Right. This will ensure that ZCCM-IH's cashflows are more stable and predictable going forward. ▪ KMP implementation of the S3 Expansion project commenced. The S3 Expansion is a significant $1.5 billion investment by First Quantum Minerals aimed at extending the mine's life into the 2040s, enhancing its production capacity, and generating employment opportunities. It includes expanding the mining pit, upgrading the fleet, and enlarging the processing plant and smelter. This expansion is pivotal for adding value within Zambia and contributes to the nation's goal of increasing mineral processing locally and aiming to maximize the mine's output and efficiency, thereby contributing to local economic development and job creation. Completion is anticipated by mid-2025. For the year ended 31 December 2023, Kansanshi recorded revenue of ZMW32.30 billion (US$1.57 billion) (2022: ZMW25.98 billion US$1.52 billion). Net profit over the period reduced to ZMW343.83 million (US$16.75 million) from ZMW 2.62 billion (US$153.93 million) in 2022. The geological and hydrological challenges at Kansanshi continued to affect average grades which were at 0.6% in 2023, significantly affecting the amount of copper and gold recovered. Royalties received in 2023 were ZMW1,200.19 million (US$56.13 million) and dividends received were ZMW170.74 million (US$9.05 million).
4	**Consolidated Gold Company of Zambia Limited (CGCZ)**	The Consolidated Gold Company of Zambia Limited (CGCZ) represents a collaborative venture between ZCCM-IH, holding a 45% stake, and Karma Mining Services and Rural Development, with a 55% share. Established in 2020, this Special Purpose Vehicle is dedicated to establishing a central hub for gold processing and trading within Zambia. During the year ended 31st December 2023, the Company produced 90.6kg (2022: 50.7kg) of gold, the majority of which was sold to Zambia Gold Company. Revenue for the year ended 31st December 2023 was ZMW54.20 million (2022: ZMW 50.81 million). CGCZ recorded a loss for the year of ZMW9.44 million (2022: -ZMW8.76 million) Due to ongoing profitability challenges stemming from the company's inability to control the supply of gold feedstock, the ZCCM-IH Board approved a divestiture from CGCZ. The Share Purchase Agreement and the Deed of Mutual Termination were executed during the year, awaiting the fulfilment of the condition's precedent specified in the agreement. ZCCM-IH is set to recover its initial investment of US$1.568 million over three years. Karma has already paid an upfront fee of US$679,600.

OPERATIONS REPORT *(continued)*

Portfolio Performance Review *(continued)*

SN	PORTFOLIO COMPANY	2023 PERFORMANCE REVIEW
B	**Associate Companies**	
5	**Copperbelt Energy Corporation Plc (CEC)**	Copperbelt Energy Corporation PLC (the "Company") is incorporated in Zambia under the Zambia Companies Act as a public limited Company and listed on the LuSE. The Company and its subsidiaries (together "the Group") is involved in power generation, transmission, distribution, supply, and professional football through its Club subsidiary. Key milestones noted during the year: ▪ CEC commissioned the 34 MW Solar PV plant at our Riverside location in Kitwe and commenced with the evacuation of power into the grid. In addition, CEC commenced the implementation of the 60MW Solar PV plant located at Itimpi in Kitwe. All this is in line with the green growth agenda and comes alongside technological improvements to the transmission network. The combined capital investment made for the Riverside and Itimpi Solar plants was US$75 million. ▪ Copperbelt Energy Corporation (CEC) has also initiated Zambia's first green bond program to raise $200 million on the LuSE for further investment in solar and other renewable energy generation projects. Through the Green Bond, CEC's subsidiary, CEC Renewables raised US$454 million in the oversubscribed first tranche of the bond program, and this expected to anchor CEC's green energy generation ambitions. For the year under review, CEC reported total revenue of ZMW7.85 billion (US$382.27million), (2022: ZMW6.38 billion (US$374.449 million)) and profit after tax of ZMW2.83 billion (US$137.65 million), (2022: ZMW866.41 billion (US$50.82 million)). Further, the CEC share price opened at ZMW3.78 per share and closed at ZMW7.09. The Company declared a dividend of US$ 55.25 million with ZCCM-IH receiving US$14.59 million (2022:US$10.3 million).

OPERATIONS REPORT *(continued)*

Portfolio Performance Review *(continued)*

SN	PORTFOLIO COMPANY	2023 PERFORMANCE REVIEW
B	**Associate Companies**	
6	**Rembrandt Properties Limited**	Rembrandt Properties Limited (Rembrandt), a Special Purpose Vehicle, was established through a partnership involving ZCCM-IH with a 49% stake, Urban Brands Asset Management holding 25.5%, and Sims Capital Ltd also at 25.5%. The entity was specifically created for the development of the Leopards Square Hotel, featuring 74 rooms. Beyond the equity contribution from ZCCM-IH, the company successfully secured approximately US$2.2 million in equity contributions from the other shareholders, in addition to obtaining debt financing from ZANACO. The completion of the property has stalled at approximately 95% due to challenges with inadequate cash flows. However, the project has been operational since the second quarter of 2022, offering a full range of services including conferences, dining, and accommodation. During the year ended 31 December 2023, Rembrandt reported total revenue of ZMW14.77 million (2022: nil) and net loss of ZMW2.47 million (2022: nil). There were no dividends paid during the year (2022: Nil).
7	**Lubambe Copper Mines Limited**	Lubambe Copper Mine Limited (Lubambe) reported total revenue of ZMW2.52 billion (US$ 122.59 million) (2022: ZMW2.38 billion (US$139.72 million)). Over the same period, the Company recorded a loss of ZMW3.06 billion (US$ 148.86 million (2022: loss of ZMW1.83 billion loss (US$107.12 million)). Lubambe's road to recovery was challenging due to poor ground conditions, dewatering challenges, and high ore dilution. Management changed its mining methods and mine plan following completion of the SRK technical report. In the period under review, the company implemented its 420-pump station to improve flooding and ground conditions for mining. Lubambe produced 14,984 tonnes in payable copper against a budget of 22,979 tonnes. Lubambe completed the US$150 million investment by Kobold which was for debt restructuring and operations of the business. This also resulted in the separation of the highly promising Extension Project into Mingomba Mining Limited (Mingomba) with ZCCM-IH still retaining 20% in both Lubambe and Mingomba. US$35 million of the funding was committed for Mingomba explorations. This has been on-going throughout the period under review. Lubambe's existing licence has a remaining life of the mine of less than 7 years and there is need to explore new business opportunities. There were no dividends paid during the year (2022: Nil).

OPERATIONS REPORT *(continued)*

Portfolio Performance Review *(continued)*

SN	PORTFOLIO COMPANY	2023 PERFORMANCE REVIEW
B	**Associate Companies**	
8	**CNMC Luanshya Copper Mines Plc (CLM)**	The principal activity of the Company continued to be the mining of copper and exploration for other base and precious metals. As at 31st December 2023, CLM recorded revenue of ZMW8.5 billion (US$414.51 million) (2022: ZMW7.95 billion (US$467.47 million). The drop in year-on-year revenue was attributable to a reduction in copper production due to the loss of ore from Baluba underground mine which was decommissioned in December 2022. During the period under review, CLM produced a total of 48,904 tonnes of copper compared to copper output of 53,952 tonnes produced in 2022. ***Key developments:*** CNMC Luanshya Copper Mines (LCM) is set to revitalize the old Luanshya Mine with a $500 million investment, aiming to create over 3,000 jobs and annually produce 40,000 tonnes of copper concentrate. This initiative comes after the mine was dormant for 22 years due to waterlogging issues. The feasibility study for reopening the mine is underway, with dewatering scheduled to start in April 2024 following the rainy season. For the year ended 31st December 2023, the Company recorded a profit of ZMW2.93 billion (US$142.71 million) (2022: ZMW1.68 billion (US$98.71 million). Despite a drop in copper production, strong copper price and cost reduction initiatives led to the increase in profitability in 2023. Due to this improved performance and positive equity position, the Company declared dividends of US$30 million with US$6 million paid to ZCCM-IH (2022: US$70 million was declared).

OPERATIONS REPORT *(continued)*

Portfolio Performance Review *(continued)*

	PORTFOLIO COMPANY	2023 PERFORMANCE REVIEW
C	Other Investments	
1	NFC Africa Mining Plc (NFCA)	For the year ended 31 December 2023, NFCA reported revenue of ZMW12.8 billion (US$619.82 million), (2022: ZMW9.9 billion (US$548.46 million)). The drop in year-on-year revenues were attributable to lower-than-expected production during the year due to a suspension of operations that occurred in November 2023. During the year under review, NFCA produced a total of 68,757 tonnes of copper compared to copper output of 67,626 tonnes produced in 2022. During the period under review, the Company recorded a profit of ZMW1.5 billion (US$76 million) (2022: ZMW1.01 billion (US$56.01 million)). Despite a drop in copper production, strong copper price and cost reduction initiatives led to the increase in profitability in 2023. The company currently has a high debt burden and the increase in US Dollar denominated lending rates has significantly increased the company's interest costs. There were no dividends paid during the year ended 31 December 2023 (2022: ZMW51.78 (US$3 million)).
2	Chibuluma Mines Plc	Chibuluma remains on lease to LC & Y with no operations of its own as the life of mine has been depleted. The company received a total of US$ 0.26 million in royalty revenue against a budget of US$ 0.23 Million. The company is currently exploring potential areas that would be deemed viable for renewed mining and has engaged Kobold Metals of the USA to apply their advanced Artificial Intelligence technology to enhance chances of discovery. There were no dividends paid during the year under review (2022: Nil).
3	Chambishi Metals Plc	During the period under review, Chambishi continued to be under care and maintenance due to lack of feedstock for the plant and other strategic reasons. There were no dividends paid during the year under review (2022: Nil).

CLIMATE RELATED FINANCIAL DISCLOSURES

The ZCCM-IH Board remains committed to the Company's progress in implementing our approach to climate change aligning with our broader approach to responsible mining. Alongside our Annual Report, we are providing a summary report on the approach and contribution to sustainable and responsible mining. The Board recognizes the importance of maintaining a strategy that remains resilient to the risks and opportunities of the evolving energy transition and encourages us to continue our focus on progressing towards achieving reduced net emissions in future.

We recognise our responsibility to contribute to the global effort to achieve the goals of the Paris Agreement by decarbonising our own operational footprint. We believe that our contribution should take a holistic approach and have considered our commitment through Joint Venture energy investment vehicles with one of our stakeholders and to develop a large-scale renewable energy infrastructure to service the Copperbelt mining and industrial sectors.

Energy transition metals/commodities such as copper, nickel, cobalt, zinc, and vanadium could become substantially more important given their role in the technologies / infrastructure that underpin low or no carbon energy sources. We are prioritising exploration activities towards these transition metals and diversification of our portfolio of metals, is likely to mitigate the financial impact of a negative demand shift in the event of substitution of a particular commodity. Our business development and strategy teams continue to assess the underlying demand for our commodities as well as the new materials that could impact current renewable technology solutions.

CLIMATE CHANGE RESPONSE KEY DRIVERS

Global Limit to Temperature Rise: It is expected that limiting the increase in global temperature will have an impact on the demand of fossil fuel which will increase the rate at which decarbonise the global economy as nations are increasingly coordinating efforts aimed at reducing greenhouse gas emissions, including IEA's target of net zero emissions by the end of 2050.

The Paris Agreement aims to hold the increase of global average temperatures to well below 2°C above pre-industrial levels and to pursue efforts to limit temperature increase to l .5°C above pre-industrial levels. Higher commodity prices and resource scarcity increase the likelihood of mineral portfolio concentration: Widespread adoption of renewable energy sources as a means of decarbonising energy supply creates significant new demand for the current key enabling commodities, including copper, nickel, and cobalt. The quantum of potential new demand is generally of a size that is large relative to the current annual production and known defined global resources of that commodity.

Demand for the commodities we produce: Decarbonisation demand, population growth and industrialisation of developing economies has an impact on commodity demand. The industrialisation and urbanisation of developing economies over almost two decades has driven significant growth in commodity demand. China's rapid growth over this period now means that it accounts for up to half of global demand for many commodities. All potential decarbonisation pathways require significantly more non-fossil fuel commodities.

OUR APPROACH TO CLIMATE RELATED OPPORTUNITIES

According to CNBC, "Copper prices are set to soar more than 75% over the next two years amid mining supply disruptions and higher demand for the metal, fuelled by the push for renewable energy. This rise in demand driven by the green energy transition and a likely decline in the U.S. dollar in the second half of 2024 will push copper prices higher, according to a report by BMI, a Fitch Solutions research unit.
Additionally, at the recent COP28 climate change conference, more than 60 countries backed a plan to triple global renewable energy capacity by 2030, a move that Citibank says, "would be extremely bullish for copper." In a December report, the investment bank forecast that the higher renewable energy targets would boost copper demand by extra 4.2 million tons by 2030.This would potentially push copper prices to $15,000 a ton in 2025, the report added, way higher than the record peak of $10,730 per ton scaled in March last year.

CLIMATE RELATED FINANCIAL DISCLOSURES *(continued)*

OUR APPROACH TO CLIMATE RELATED OPPORTUNITIES *(continued)*

ZCCM-IH has responded to the projected increase in renewable energy by are prioritising investment in metals that support the low-carbon transition across its business, the Company is cognisant of the fact that these commodities will need to be available in large amounts for the transition to progress. With the anticipated rise in copper demand the cumulative copper deficit by 2030 is expected to increase, illustrating the opportunity for ZCCM-IH's investment in copper.

For ZCCM-IH to benefit from this anticipated opportunity the current level of mining sources and production levels will significantly need to increase, to take advantage of the expected increase in demand. The ZCCM-IH's 2023 - 2026 revised strategic plan recognises the opportunity in increasing its portfolio in low-cost transition metals, hence providing resources that will increase the portfolio of these metals which is well positioned to provide the commodities important to the decarbonisation of the global economy.
As the world shifts from fossil fuels to other sources of energy and governments and consumers continue to embrace renewable energy, energy storage, electric vehicles and other decarbonising technologies, demand for the refined metals that enable these transitions is expected to keep growing. It is anticipated that the energy transition will be non-linear across time and geography. The global transition from fossil fuels to battery power will require metals such as copper, nickel, cobalt, vanadium, and zinc.

At ZCCM-IH climate risk remediation refers to efforts and strategies aimed at mitigating or reducing the negative impacts of climate-related challenges. This can involve various actions, such as implementing measures to adapt to changing climate conditions, developing resilient infrastructure, promoting sustainable practices, and fostering policies to minimize environmental risks. The goal is to enhance the ability of communities, ecosystems, and economies to cope with and recover from the impacts of climate change.

During the 2023 Financial Year ZCCM-IH through its subsidiary, Misenge Environmental and Technical Services (METS) continued to provide recurrent environmental services for its liability. The services included conducting inspections and monitoring of the Overburden Dumps and the Uranium Tailings Engineered Disposal Cell on the Copperbelt Province and disused Open Pits in Kabwe. The objective is to ensure that there is very little or no soil erosion taking place from the facilities. METS offers services to companies under the ZCCM-IH Group to ensure sustainable mining in its operations. METS proposes measures to mitigate the effects of soil erosion from the facilities which otherwise may end up in receiving streams and deforestation in areas where exploration or mining is taking place. ZCCM-IH through METS provides input on Environmental Management Plans in all the environmental assessment reports that it prepares for and its subsidiaries. The input promotes sustainable practices by subsidiaries such as:

1. Education and Awareness Programs: Raising awareness about climate change and its impacts, educating communities on sustainable practices, and fostering a sense of responsibility towards the environment. (Applicable to Kabundi Resources Limited for 2023).

2. Renewable Energy Adoption: Transitioning to renewable energy sources like solar, wind, and hydroelectric power reduces dependence on fossil fuels, lowering greenhouse gas emissions and mitigating climate change. Such as the commencement of the construction of the Captive Solar Power Project at Kariba Minerals in Mapatizya, Southern Zambia in 2023.

   These potential initiatives/opportunities range from renewable power purchases and on-site renewable power generation, through to energy storage systems, operational efficiency initiatives and electrification. Our carbon abatement initiatives have also advanced and during the period 2023 to the end of 2026, our planning includes partnering with stakeholders to set up at least one solar power plant to supply power to one of our mines. Once this is successfully set up, we intend to execute a Joint Venture energy investment vehicle with one of our stakeholders and to develop a large-scale renewable energy infrastructure to service the Copperbelt mining and industrial sectors. This initiative addresses the non-reliability of power supply in the Zambian copper belt area (power outage during dry seasons and costs) and reduces GHG emissions which will progressively position the Zambian mining sector, not only as a government revenues contributor, but also as sustainable source of energy.

CLIMATE RELATED FINANCIAL DISCLOSURES *(continued)*

OUR APPROACH TO CLIMATE RELATED OPPORTUNITIES *(continued)*

3. Regulatory Compliance: Keep clients informed about evolving environmental regulations related to climate change, ensuring they remain compliant and helping them navigate regulatory frameworks.

4. Afforestation and Reforestation: Planting trees and restoring forests can reduce carbon dioxide, enhance biodiversity, and reduce the risks of extreme weather events.

5. Community-Based Adaptation Initiatives: Empowering local communities to develop and implement adaptation strategies based on their specific vulnerabilities and needs.

In the period under review, ZCCM-IH's contribution to climate change risk remediation through METS, was through continuous monitoring of overburden dumps (mine waste) to manage erosional problems which if left unattended can contribute to floods and stream or river sedimentation thereby impacting the quality of water for downstream users.

Some of the major activities undertaken by METS during the year included the following:

i. Routine Radiation Surveillance of the Radiation Waste Storage Building (RWSB) and the Uranium Tailings Engineered Disposal Cell (UTEDC) continued throughout the year. This is a statutory requirement by the Radiation Protection Authority to ensure compliance.

ii. During the period under review, security surveillance at the Radioactive Waste Storage Building in Kalulushi continued. ZCCM-IH installed three additional cameras in a bid to improve on technological security to deter unauthorised personnel entry and eliminate threats to national and global security.

METS engaged the local contractor (SATCOM) sub-contracted by Golden Security Services (GSS) of South America in charge of the security at the RWSB to ensure that the newly installed cameras were configured to the existing system to operationalize them. However, the contractor indicated that the newly installed cameras could not be configured to the existing system as they failed to meet the camera standard specifications of the Company. The contractor recommended that if it wished, ZCCM-IH could have its own system to run the cameras.

SATCOM, conducted quarterly routine system checks and to carry out maintenance works., which included:

- The access control system which was had malfunctioned.
- The camera at the gate which was not working due to problems with the radio link
- The faulty alarm siren of the intrusion system
- New locks were also installed at the entrance to the RWSB and at the small control building outside. A new fibre cable was also installed to enable visual connection of the CCTV cameras to the computer.

Experts from the United States Department of Energy's Office of Radiological Security (ORS) visited the Radioactive Waste Storage Building to conduct a sustainability assessment of the existing security systems at the facility once the contract signed with the Radiation Protection Authority (RPA) expires in April 2024. The team was accompanied by RPA and National Anti-Terrorism Committee officials.

The ORS reported that it had renewed the contract with Golden Security Services (GSS) to continue providing security and maintenance services at the facility up to April 2024. They also indicated that there will be need to upgrade the security system with new cameras to replace the existing ones. They also promised to increase the number of cameras to improve security at the facility. In addition, they would also like to improve security measures to restrict access into the building.

CLIMATE RELATED FINANCIAL DISCLOSURES *(continued)*

OUR APPROACH TO CLIMATE RELATED OPPORTUNITIES *(continued)*

iii. Routine monitoring of environmental liabilities in Chingola (OB4, OB18, OB19, Mimbula Overburden Dumps), Kitwe (OB53) on the Copperbelt Province and Kabwe (Open Pit No, 5 and 6) in Kabwe, Central Province continued throughout the year.

Routine monitoring of environmental liabilities in Mufulira district on the Copperbelt Province were discontinued in March 2020 following the transfer of TD8 and TD10 to the Ministry of Mines and Minerals Development.

iv. Monitoring of children affected by lead poisoning continued through the Integrated Case Management (ICM) activities in Kabwe. This included medical reviews and where necessary clinical assessment at clinics in Makululu, Kasanda and Chowa Health Centres. Other activities involved home visitations and environmental assessments at homes in the lead affected areas to investigate the causes of persistently high lead levels in blood in some children.

v. Sampling of underground water effluent from the Ore Shaft at the former ZCCM Ltd Kabwe Mine to test for statutory compliance in terms of water quality continued during the period under review. All parameters were found to be in compliance to ZEMA industrial water effluent standards.

vi. Following the submission of the Resettlement Action Plan (RAP) implementation reports to ZEMA for review and clearance in 2021, ZEMA expressed satisfaction with the implementation of the Kabundi RAP. However, the Agency expressed concern on the two Project Affected Persons (PAPs) who were yet to be resettled and compensated (one could not be identified, and the other one was sitting on state land). ZEMA had directed that during the period under review, ZCCM-IH should ensure that the two PAPs were compensated. ZCCM-IH made every effort, and one PAP was located and compensated while the other one could still not be found despite the compensation package being ready. Records at the Provincial Ministry of Lands offices in Kabwe could not be found show the details of the remaining PAP.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE PREPARATION OF CONSOLIDATED AND SEPARATE ANNUAL FINANCIAL STATEMENTS

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

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

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

The Directors are of the opinion that the consolidated and separate annual financial statements set out on pages 61 to 197 give a true and fair view of the state of the financial affairs of the Group and Company and of its financial performance in accordance with IFRS Accounting Standards and its interpretations as issued by the IASB and the requirements of the Companies Act, 2017 of Zambia. The Directors further report that they have implemented and further 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 Group and 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,

Mr Kakenenwa Muyangwa
Director

Ms Masitala N Mushinga
Director

Date: 31st May 2024

KPMG Chartered Accountants
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INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF ZCCM INVESTMENTS HOLDINGS PLC

Report on the Audit of the Financial Statements

Opinion

We have audited the consolidated and separate financial statements of ZCCM Investments Holdings Plc ("the Group and Company") set out on pages 61 to 197, which comprise the consolidated and company statements of financial position as at 31 December 2023, and the consolidated and company statements of profit or loss and other comprehensive income, the consolidated and company statements of changes in equity and the consolidated and company statements of cash flows for the period then ended, and the notes to the financial statements, including a summary of material accounting policies.

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

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the consolidated and separate financial statements* section of our report. We are independent of the Group and Company in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code) together with the ethical requirements that are relevant to our audit of the consolidated and separate 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.

Key audit matters

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

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Valuation of investments in subsidiaries and associates
(Only applicable to the separate financial statements).

Refer to note 4: use of estimates and judgement, note 22: investment in subsidiaries, note 23(c): investment in associates and note 44(a)(ii) and note 44(a)(v)

Key audit matter	How the matter was addressed in our audit
The Company recognises its investments in subsidiaries and associates at Fair Value Through Other Comprehensive Income (FVTOCI). As at 31 December 2023 these balances amounted to ZMW 282,384,000 and ZMW 11,240,080,000 respectively. Management utilized a valuation expert to determine the fair value of its investments. Management exercises significant judgement when determining the valuation inputs utilized to value its level 3 investments. The approach used can either be the discounted cash flows, relative valuation or net asset values depending on the industry, life cycle and comparability of the investee's business to other similar listed companies. Investments in subsidiaries and associates are measured at fair value and are classified as either level 1,2 or 3 in accordance with IFRS 13, Fair value measurement based on the inputs used in the valuation. The key inputs and assumptions involving significant estimation judgement and having the most significant impact on the fair value of the investments is the: - Valuation technique used - Weighted average cost of capital - Market risk premium - Earnings before Interest Tax Depreciation Amortisation (EBITDA) projections This was an area of focus and considered a key audit matter due to the significant complexity, estimation and judgement applied by management in the valuation of investments.	The following procedures were performed: • We assessed the competence, independence and experience of management's expert by inspecting their qualifications and experience obtained in performing valuations of a similar nature; • We evaluated the reasonableness of the Earnings before Interest Tax Depreciation Amortisation (EBITDA) projections used in the computation by comparing the values used to actual results; • We evaluated the design and operating effectiveness of relevant controls relating to management's review of the valuation expert's fair valuation report. • With the assistance of our internal valuation specialists: • We challenged the approach employed by management's appointed expert, including assessing the reasonableness of the weighted average cost of capital, market risk premiums assumptions used by comparing it to external data; • We assessed comparability of companies used were the multiples valuation technique was utilised for reasonableness by evaluating whether industry, risk profiles were similar; • We recalculated the fair value of investments in subsidiaries and associated and compared it to management's valuation expert's calculation; • We assessed the adequacy of the disclosures in the consolidated and separate financial statements related to the valuation of investments in accordance with IFRS 13, Fair value measurement.

Provision for environmental rehabilitation

(Only applicable to the consolidated financial statements).

Refer to note 37: Provisions for environmental rehabilitation and note 21 Assets classified as held for sale and note 44(w)

Key audit matter	***How the matter was addressed in our audit***
As at the reporting date, the Group had ZMW 3.4 billion as environmental provision made up of ZMW 3,263,137,000 included in Mopani Copper Mines as part of liabilities directly associated with assets classified as held for sale and ZMW 112,751,000 from the other subsidiaries. • The provision for environmental rehabilitation is determined by an independent consultant based on significant assumptions and judgements in determining the: - costs of rehabilitation - inflation - discount rate and - the life of mine. We considered this to be a key audit matter, given the significance of the liability to the consolidated financial statements and subjectivity in applying procedures to evaluate audit evidence relating to the significant judgments made by management in its selection of method and assumptions of calculating the liability.	The following procedures were performed: • We tested the design and operating effectiveness of the relevant controls relating to management's review of the environmental rehabilitation provision. • We evaluated the experience, qualification, objectivity and independence of the independent consultant engaged by management by assessing their qualifications, experience on similar engagements and determining if they have any interest with the Group. • We assessed management's calculations for compliance with the requirements of IAS 37-*Provisions, Contingent Liabilities and Contingent Assets* with regards to decommissioning costs. • We assessed the reasonableness of the inflation used in determining the future costs by comparing to with external sources. • We assessed the arithmetic accuracy of the computation. • We assessed whether the discount rate used was comparable with the rate communicated by the KPMG impairment review specialist (discount used for the discounting of future cash inflows). • We compared the period used for discounting the environmental provision with the life of mine determined by management's independent consultant. • We engaged our own internal environmental rehabilitation specialist to assist us with the following: i) Assessing the appropriateness of the costs of rehabilitation used by comparing it with the mine closure plan. ii) Assessing whether the costs of rehabilitation were in compliance with the Environmental Management Plan (EMPs). iii) Assessing whether the rates used in determining the costs of rehabilitation were in accordance with the Mines and Safety Department (MSD). We assessed the adequacy of the disclosures in the consolidated financial statements in accordance with the relevant IAS 37- Provisions, contingent liabilities and contingent assets.

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<table>
<tr><td colspan="2">Valuation of financial assets at fair value through profit loss and valuation of the royalty right interest (applicable to both consolidated and separate financial statements)</td></tr>
<tr><td colspan="2">Refer to note 4: use of estimates and judgement, note 24: Financial assets at fair value through profit and loss, note 19: intangible assets, note 44(d) and 44(g)</td></tr>
<tr><th>Key audit matter</th><th>How the matter was addressed in our audit</th></tr>
<tr><td>The Group and Company recognises its investments at Fair Value Through Profit or Loss (FVTPL) and Royalty right as ZMW 3,019,500,000 and ZMW 14,259,000,000 respectively

Management utilized a valuation expert to determine the fair value of its investments.

Management exercises significant judgement when determining the valuation inputs utilized to value its level 3 investments . The approach used can either be the discounted cash flows, relative valuation or net asset values depending on the industry, life cycle and comparability of the investee's business to other similar listed companies.

The investments in financial assets and royalty right are measured at fair value and are classified as either level 1, 2 or 3 in accordance with IFRS 13, Fair Value Measurement based on the inputs used in the valuation.

The key inputs and assumptions involving significant estimation judgement and having the most significant impact on the fair value of the investments is the:

- Valuation technique used

- Weighted average cost of capital

- Market risk premium

- Earnings before Interest Tax Depreciation Amortisation (EBITDA) projections

This was an area of focus and considered a key audit matter due to the significant complexity, estimation and judgement applied by management in the valuation of investments.</td><td>The following procedures were performed:

• We assessed the competence, independence and experience of management's expert by inspecting their qualifications and experience obtained in performing valuations of a similar nature;

• We evaluated the reasonableness of the Earnings before Interest Tax Depreciation Amortisation (EBITDA) projections used in the computation by comparing the values used to actual results;

• We evaluated the design and operating effectiveness of relevant controls relating to management's review of the valuation expert's fair valuation report.

• We checked the arithmetic accuracy of the data used in the valuation calculations.

• With the assistance of our internal valuation specialists:

i) We challenged the approach employed by management's appointed expert, including assessing the reasonableness of the weighted average cost of capital, market risk premiums assumptions used by comparing it to external data;

ii) We assessed comparability of companies used were the multiples valuation technique was utilised for reasonableness by evaluating whether industry, risk profiles were similar;

iii) We recalculated the fair value of investments in financial assets and royalty right and compared it to management's valuation expert's calculation;

• We assessed the adequacy of the disclosures in the consolidated and separate financial statements related to the Valuation of investments in accordance with IFRS 13, Fair value measurement.</td></tr>
</table>

Emphasis of matter - comparative information

We draw attention to Note 45 to the consolidated and separate financial statements which indicates that the comparative information presented as at and for the year ended 31 December 2023 has been restated. Our opinion is not modified in respect of this matter.

Other matter relating to comparative information

The consolidated and separate financial statements of the Group and Company as at and for the year ended 31 December 2022, excluding the adjustments described in note 45 to the consolidated and separate financial statements were audited by another auditor who expressed an unmodified opinion on those consolidated and separate financial statements on 8 September 2023.

As part of our audit of the consolidated and separate financial statements as at and for the year then ended 31 December 2023, we audited the adjustments described in note 45 that were applied to restate the comparative information presented as at and for the year ended 31 December 2022.

We were not engaged to audit, review, or apply any procedures to the consolidated and separate financial statements for the comparative financial statements for the year ended 31 December 2022 other than with respect to the adjustments described in note 45 to the consolidated and separate financial statements. Accordingly, we do not express an opinion or any other form of assurance on those respective financial statements taken as a whole. However, in our opinion, the adjustments described in note 45 are appropriate and have been properly applied.

Other information

The directors are responsible for the other information. The other information comprises the information included in the document titled "ZCCM Investments Holdings Plc Integrated Annual Report for the year ended 31 December 2023" which includes the Report of the directors and Directors' responsibilities and approval as required by the Companies Act of Zambia. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

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

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

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

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the group's and 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 group and/or company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate 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 consolidated and separate 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 consolidated and separate 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 group's and 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 Group and 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 consolidated and separate 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 group and/or company to cease to continue as a going concern.

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

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Report on other legal and regulatory requirements

Companies Act of Zambia

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

- there is no relationship, interest or debt we have with the Company; and

- there were no serious breaches of corporate governance principles or practices by the directors. This statement is made on the basis of the corporate governance provisions of the Act, Part VII – Corporate Governance of the Companies Act of Zambia.

Securities Act of Zambia

In accordance with Rule 18 of the Securities (Accounting and Financial Reporting Requirements) Rules (SEC Rules), Statutory Instrument No.163 of 1993, we consider and report that:

- The consolidated and separate statement of financial position and consolidated and separate statement of profit or loss and other comprehensive income were in agreement with the Company's accounting records; and

- We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

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KPMG Chartered Accountants **7 June 2024**

Jason Kazilimani, Jr **AUD/F000336**
Partner signing on behalf of the firm

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

	Note	31 December 2023 ZMW'000	31 December 2022 ZMW'000
Assets			
Property, plant and equipment	17	248,857	12,484,907
Exploration and evaluation asset	18	51,437	51,437
Intangible assets	19	14,393,945	3,148,325
Investment property	20	208,598	200,751
Investment in associates	23	10,090,940	15,174,862
Financial assets at fair value through profit or loss	24	3,019,500	1,252,400
Trade and other receivables	26	1,628,837	2,931,539
Environmental Protection Fund	27	7,060	94,433
Deferred tax asset	35	-	122,852
Total non-current assets		**29,649,174**	**35,461,506**
Inventories	25	38,299	4,921,366
Trade and other receivables	26	339,169	762,831
Term deposit	28	4,450,451	5,340,202
Cash and cash equivalents	29	360,356	329,173
		5,188,275	**11,353,572**
Assets classified as held for sale	21(ii)	23,626,388	2,103,761
Total current assets		**28,814,663**	**13,457,333**
Total assets		**58,463,837**	**48,918,839**
Equity			
Share capital	32(i)	1,608	1,608
Share premium	32(iii)	2,089,343	2,089,343
Other reserves		8,861,258	17,800,836
Accumulated losses		(16,468,059)	(11,936,251)
Equity attributable to shareholders		**(5,515,850)**	**7,955,536**
Non-controlling interest		**(174,784)**	**(46,729)**
Total equity		**(5,690,634)**	**7,908,807**
Liabilities			
Borrowings	34	-	27,476,859
Deferred tax liability	35	751,833	-
Retirement benefits	36	17,381	182,940
Provisions for environmental rehabilitation	37	112,751	1,221,068
Total non-current liabilities		**881,965**	**28,880,867**
Borrowings	34	-	864,411
Overdraft	29	-	688,120
Trade and other payables	30	312,756	7,451,177
Provisions	31	44,243	487,689
Current income tax liabilities	14	238,553	190,143
Retirement benefits	36	-	139,131
		595,552	**9,820,671**
Liabilities directly associated with assets classified as held for sale	21(ii)	62,676,954	2,308,494
Total current liabilities		**63,272,506**	**12,129,165**
Total liabilities		**64,154,471**	**41,010,032**
Total equity and liabilities		**58,463,837**	**48,918,839**

The notes on pages 69 to 197 are an integral part of these consolidated and separate financial statements.
The consolidated financial statements were approved and authorised for issue by the Board of Directors on 31 May 2024 and signed on its behalf by:

....
Mr Kakenenwa Muyangwa
Director

....
Ms Masitala N Mushinga
Director

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

		31 December 2023	31 December 2022
Assets	**Note**	**ZMW'000**	**ZMW'000**
Property, plant and equipment	17	110,624	90,471
Intangible assets	19	14,260,690	3,377
Investment property	20	208,598	200,751
Investments in subsidiaries	22	282,384	405,051
Investment in associates	23	11,240,080	16,256,411
Financial assets at fair value through profit or loss	24	3,019,500	1,252,400
Trade and other receivables	26	4,586,471	958,162
Deferred income tax asset	35	-	258,966
Total non-current assets		**33,708,347**	**19,425,589**
Inventories	25	-	16,427
Trade and other receivables	26	288,268	173,829
Term deposits	28	4,411,330	5,340,202
Cash and cash equivalents	29	61,137	45,586
		4,760,735	**5,576,044**
Assets classified as held for sale	21	-	145,700
Total current assets		**4,760,735**	**5,721,744**
Total assets		**38,469,082**	**25,147,333**
Equity			
Share capital	32(i)	1,608	1,608
Share premium	32(iii)	2,089,343	2,089,343
Other reserves		23,821,722	15,191,294
Retained earnings		11,509,346	7,397,607
Equity attributable to shareholders		**37,422,019**	**24,679,852**
Liabilities			
Deferred income tax liability	35	618,059	-
Retirement benefit obligations	36	17,381	9,275
Provisions for environmental rehabilitation	37	54,498	39,357
Non-current liabilities		**689,938**	**48,632**
Trade and other payables	30	78,288	121,005
Provisions	31	41,461	108,686
Current income tax liabilities	14	237,376	189,158
Current liabilities		**357,125**	**418,849**
Total liabilities		**1,047,063**	**467,481**
Total equity and liabilities		**38,469,082**	**25,147,333**

The notes on pages 69 to 197 are an integral part of these consolidated and separate financial statements.

The Company financial statements were approved and authorised for issue by the Board of Directors on 31 May 2024 and signed on its behalf by:

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………………………………………

Mr Kakenenwa Muyangwa
Director

………………………………………

Ms Masitala N Mushinga
Director

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

		31 December 2023	31 December 2022 Restated*
	Note	**ZMW'000**	**ZMW'000**
Continuing operations			
Revenue from contracts with customers*	7	11,747,105	11,920,429
Cost of sales*	11	(15,306,333)	(14,670,351)
Gross loss		**(3,559,228)**	**(2,749,922)**
Net investment income	8	1,388,863	47,893
Other income*	9	243,727	175,747
Fair value adjustment on financial assets at fair value through profit or loss	24	1,767,100	(205,600)
Net impairment losses on financial assets*	10	(80,165)	(2,331)
Administration expenses*	11	(1,865,261)	(580,348)
Operating loss		**(2,104,964)**	**(3,314,561)**
Finance income	13	2,212,694	452,441
Finance costs*	13	(4,480,532)	(2,259,534)
Net finance costs	13	**(2,267,838)**	**(1,807,093)**
Share of profit of equity-accounted investees, net of tax	23(a)	2,261,209	1,603,143
Loss before income tax		**(2,111,593)**	**(3,518,511)**
Income tax expense*	14	(1,206,049)	(248,019)
Loss for the year from continuous operations		**(3,317,642)**	**(3,766,530)**
Loss from discontinued operations	21(iii)	(758,181)	(19,003)
Profit for the year		**(4,075,823)**	**(3,785,533)**
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Revaluation surplus on transfer of property, plant and equipment	17	3,794	12,480
Deferred income tax on revaluation reserve	35	221	(3,746)
Remeasurements of post-employment benefit obligations	36	24,134	204,217
Deferred income tax on remeasurements of post-employment benefit obligations	35	2,944	(28)
Equity-accounted investees- share of other comprehensive income	23	11,529	11,123
Fair value change on royalty right	19	3,586,824	-
		3,629,446	**224,046**
Items that are or may be reclassified to profit or loss			
Foreign currency translation differences - equity - accounted investees	23(a)	3,907,834	1,361,754
Foreign currency translation differences- subsidiaries	33	(16,437,514)	(2,615,140)
		(12,529,680)	**(1,253,386)**
Other comprehensive income, net of tax		**(8,900,234)**	**(1,029,340)**
Total comprehensive income		**(12,976,057)**	**(4,814,873)**
Loss attributable to:			
Owners of the Company		(3,847,544)	(3,759,520)
Non-controlling interests	22(c)	(228,279)	(26,013)
		(4,075,823)	**(3,785,533)**
Total comprehensive income attributable to:			
Owners of the Company		(12,747,778)	(4,788,860)
Non-controlling interests	22(c)	(228,279)	(26,013)
		(12,976,057)	**(4,814,873)**
Earnings per share Basic and diluted earnings per share (ZMW)	15	(25.35)	(23.54)
Earnings per share- continuing operations			
Basic and diluted earnings per share (ZMW)	15	(20.63)	(23.42)
Earnings per share- discontinuing operations			
Basic and diluted earnings per share (ZMW)	15	(4.72)	(0.12)

The notes on pages 69 to 197 are an integral part of these consolidated and separate financial statements.

*The amounts were restated as a result of a prior period error. Refer to note 45 for impact on restatement.

COMPANY STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

		31 December 2023	31 December 2022
	Note	ZMW'000	ZMW'000
Investment income	8	2,128,699	4,916,309
Revenue from contracts with customers	7	23,180	778
Cost of sales related to revenue from contracts with customer	11	(16,878)	(2,130)
Other income	9	42,300	88,203
Fair value adjustment on financial asset at fair value through profit or loss	24	1,767,100	(205,600)
Net impairment losses on financial assets	10	(83,055)	(543)
Administration expenses	11	(794,148)	(742,731)
Operating profit		**3,067,198**	**4,054,286**
Finance income	13	2,980,430	446,047
Finance costs	13	(1,115)	(5,284)
Net finance income	13	**2,979,315**	**440,763**
Profit before tax		**6,046,513**	**4,495,049**
Income tax expense	14	(1,205,034)	(236,321)
Profit for the year		**4,841,479**	**4,258,728**
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Revaluation surplus on property, plant and equipment	17	-	12,480
Deferred income tax on revaluation reserve	35	221	(3,746)
Remeasurements of post-employment benefit obligations	36	(9,813)	94
Deferred income tax on remeasurements of post-employment benefit obligations	35	2,944	(28)
Fair value change in investments in subsidiaries	21/22	(464,207)	112,033
Fair value change in investments in associates	23	5,508,327	(4,346,678)
Fair value change on royalty right	19	3,586,824	-
Other comprehensive income, net of tax		**8,624,296**	**(4,225,845)**
Total comprehensive income		**13,465,775**	**32,883**
Earnings per share Basic and diluted earnings per share (ZMW)		30.11	26.48

The notes on pages 69 to 197 are an integral part of these consolidated and separate financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

				Other reserves				
ZMW'000	Note	Share capital	Share premium	Revaluation reserve	Translation/ fair value reserve	Non-controlling interests	Retained earnings	Total
Balance at 1 January 2022		**1,608**	**2,089,343**	**269,964**	**18,775,524**	**(20,716)**	**(8,306,818)**	**12,808,905**
Loss for the year		-	-	-	-	(26,013)	(3,759,520)	(3,785,533)
Other comprehensive income								
Currency translation – equity accounted investees	23(a)	-	-	-	1,361,754	-	-	1,361,754
Currency translation of foreign denominated subsidiaries	33(ii)	-	-	-	(2,615,140)	-	-	(2,615,140)
Revaluation surplus on property plant and equipment		-	-	12,480	-	-	-	12,480
Deferred tax on revaluation reserve		-	-	(3,746)	-	-	-	(3,746)
Remeasurements of post-employment benefit obligations	36	-	-	-	-	-	204,217	204,217
Share of associates other comprehensive income	23(a)	-	-	-	-	-	11,123	11,123
Deferred tax on remeasurements of post-employment benefit obligations	35	-	-	-	-	-	(28)	(28)
Total comprehensive income		**-**	**-**	**8,734**	**(1,253,386)**	**(26,013)**	**(3,544,208)**	**(4,814,873)**
Transaction with owners of the Company – Distributions								
Dividends		-	-	-	-	-	(85,225)	(85,225)
Balance at 31 December 2022		**1,608**	**2,089,343**	**278,698**	**17,522,138**	**(46,729)**	**(11,936,251)**	**7,908,807**
Balance at 1 January 2023		**1,608**	**2,089,343**	**278,698**	**17,522,138**	**(46,729)**	**(11,936,251)**	**7,908,807**
Loss for the year		-	-	-	-	(228,279)	(3,847,544)	(4,075,823)
Other comprehensive income								
Currency translation – equity accounted investees	23(a)	-	-	-	3,907,834	-	-	3,907,834
Currency translation of foreign denominated subsidiaries	33(ii)	-	-	-	(16,437,514)	-	-	(16,437,514)
Revaluation surplus		-	-	3,794	-	-	-	3,794
Transfer of excess depreciation		-	-	(737)	-	-	-	-
Deferred tax on transfer of excess depreciation	35	-	-	221	-	-	-	221
Fair value change on royalty right	19	-	-	-	3,586,824	-	-	3,586,824
Remeasurements of post-employment benefit obligations	36	-	-	-	-	-	24,134	24,134
Share of associates other comprehensive income	23(a)	-	-	-	-	-	11,529	11,529
Deferred tax on remeasurements of post-employment benefit obligations	35	-	-	-	-	-	2,944	2,944
Total comprehensive income		**-**	**-**	**3,278**	**(8,942,856)**	**(228,279)**	**(3,808,200)**	**(12,976,057)**
Transaction with owners of the Company – Distributions								
Dividends		-	-	-	-	-	(723,608)	(723,608)
Derecognition	22(c)	-	-	-	-	733	-	733
Equity funding	22(c)	-	-	-	-	99,491	-	99,491
Balance at 31 December 2023		**1,608**	**2,089,343**	**281,976**	**8,579,282**	**(174,784)**	**(16,468,059)**	**(5,590,634)**

Retained earnings are the brought forward recognised income, net of expenses, of the Group plus current period profit or loss attributable to shareholders.
The notes on pages 69 to 197 are an integral part of these consolidated and separate financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	Share capital	Share Premium	Other Reserves: Revaluation reserve	Other Reserves: Fair value reserve	Retained earnings	Total
		ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000
Balance at 1 January 2022		1,608	2,089,343	20,750	19,396,455	3,224,038	24,732,194
Profit for the year		-	-	-	-	4,258,728	4,258,728
Other comprehensive income							
Revaluation surplus on property plant and equipment		-	-	12,480	-	-	12,480
Deferred income tax on revaluation surplus	35	-	-	(3,746)	-	-	(3,746)
Change in fair value of investments in subsidiaries	21/22	-	-	-	112,033	-	112,033
Change in fair value of investments in associates	23	-	-	-	(4,346,678)	-	(4,346,678)
Remeasurements of post-employment benefit obligations	36	-	-	-	-	94	94
Deferred income tax on remeasurements of post-employment benefit obligations		-	-	-	-	(28)	(28)
Total comprehensive income		**-**	**-**	**8,734**	**(4,234,645)**	**4,258,794**	**32,883**
Transactions with owners of the Company – distributions							
Dividends		-	-	-	-	(85,225)	(85,225)
Balance at 31 December 2022		**1,608**	**2,089,343**	**29,484**	**15,161,810**	**7,397,607**	**24,679,852**
Balance at 1 January 2023		**1,608**	**2,089,343**	**29,484**	**15,161,810**	**7,397,607**	**24,679,852**
Profit for the year		-	-	-	-	4,841,479	4,841,479
Other comprehensive income							
Transfer of excess depreciation		-	-	(737)	-	737	-
Deferred tax on transfer of excess depreciation	35	-	-	221	-	-	221
Change in fair value of investments in subsidiaries	21/22	-	-	-	(464,207)	-	(464,207)
Change in fair value of investments in associates	23	-	-	-	5,508,327	-	5,508,327
Remeasurements of post-employment benefit obligations	36	-	-	-	-	(9,813)	(9,813)
Fair value change on royalty right	19	-	-	-	3,586,824	-	3,586,824
Deferred income tax on remeasurements of post-employment benefit obligations		-	-	-	-	2,944	2,944
Total comprehensive income		**-**	**-**	**(516)**	**8,630,944**	**4,835,347**	**13,465,775**
Transactions with owners of the Company – distributions							
Dividends		-	-	-	-	(723,608)	(723,608)
Balance at 31 December 2023		**1,608**	**2,089,343**	**28,968**	**23,792,754**	**11,509,346**	**37,422,019**

Retained earnings are the carried forward recognised income, net of expenses, of the Company plus current period profit or loss attributable to shareholders.

The notes on pages 69 to 197 are an integral part of these consolidated and separate financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

	Notes	31 December 2023 ZMW'000	31 December 2022 ZMW'000
Cash flows from operating activities			
Loss before tax continuous operations		(2,111,593)	(3,536,029)
Loss before tax discontinued operations	21(iii)	(758,181)	-
Adjustments for:			
Depreciation	17,18	1,783,108	1,769,302
Amortisation of intangible assets	19	389,366	66,813
Profit/(loss) on disposal of property, plant and equipment	9	(233)	22
Interest income from related parties and term deposits	8,13	(211,452)	(351,898)
Interest expense	34	4,037,815	1,523,989
Impairment of property, plant and equipment	17	44	339
Net impairment losses on financial assets	10	80,165	-
Derecognition of subsidiaries net liabilities	22(d)	(19,366)	(3,995)
Change in fair value on financial assets at fair value through profit or loss	24	(1,767,100)	205,600
Fair value change on investment property	20	(22,521)	(8,465)
Defined benefits (expense) /credit	36	36,853	168,173
Provision for environmental rehabilitation charged to income statement	37	39,822	-
Other provisions charged to income statement	31	(67,015)	-
Share of profit of equity – accounted investees, net of tax	23	(2,261,209)	(1,603,143)
Unrealised foreign currency gain		(4,271)	39,851
		(855,768)	**(1,729,441)**
Change in:			
Inventories		1,393,938	(269,480)
Trade and other receivables		(98,657)	1,128,978
Trade and other payables		(414,818)	2,227,309
Assets and liabilities held for sale		1,008,129	59,245
Environmental Protection Fund		(17,322)	(20,977)
Cash generated from operating activities		**1,015,502**	**1,395,634**
Interest paid	34	-	(14)
Tax paid	14	(279,789)	(46,217)
Retirement benefits paid	36	(11,078)	(7,340)
Dividends paid		(808,362)	(85,225)
Net cash from operating activities		**(83,727)**	**1,256,838**
Cash flows from investing activities			
Interest received	8,13	198,637	253,191
Dividend received	23	739,836	4,868,317
Acquisition of property and equipment	17	(754,113)	(1,338,234)
Acquisition of intangible assets	19	(221)	(2,804)
Proceeds on disposal of property, plant and equipment		233	3,069
Acquisition of investment property	20	-	(59)
Acquisition of investments in associates	23(c)	(540,849)	-
Cash from asset write off		-	(3)
Investments in exploration and evaluation asset	18	-	(3,794)
Proceeds from term deposits	28	5,340,202	653,742
Investments in term deposits	28	(4,450,451)	(5,340,202)
Net cash generated from (used in) investing activities		**533,274**	**(906,777)**
Cash flows from financing activities			
Minority equity finance	22	99,491	-
Proceeds from borrowings	34	128,733	-
Repayment of borrowings	34	(436,036)	(698,833)
Net cash used in financing activities		**(207,812)**	**(698,833)**
Net increase/(decrease) in cash and cash equivalents		**241,735**	**(348,772)**
Effects of translation of cash and cash equivalents		(281,464)	(28,538)
Effect of movement in exchange rates on cash held		4,271	(39,851)
Cash and cash equivalents at 1 January		(81,060)	336,101
Cash and cash equivalents at 31 December	29	**(116,518)**	**(81,060)**
Included in the statement of financial position		360,356	(358,947)
Included in assets held for sale	21	(476,874)	277,887
Cash and cash equivalent at 31 December		**(116,518)**	**(81,060)**

The notes on pages 69 to 197 are an integral part of these consolidated and separate financial statements

COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2023

	Note	31 December 2023 ZMW'000	31 December 2022 ZMW'000
Cash flows from operating activities			
Profit before tax		**6,046,513**	**4,495,049**
Adjustments for:			
Depreciation	17	11,276	12,005
Amortisation of intangible assets	19	365,658	1,816
Profit/(loss) on disposal of property, plant and equipment	9	(233)	22
Fair value changes of financial assets at fair value through profit or loss	24	(1,767,100)	205,600
Impairment of investments in subsidiaries	21(a)/22	-	418,821
Net impairment losses on financial assets	10	83,055	-
Defined benefits expense	36	2,619	3,154
Fair value change on investment property	20	(22,521)	(8,465)
Interest expense	34	-	14
Interest receivable on loan and held to maturity investments	13,8	(434,433)	(145,334)
Dividend receivable	8	(739,836)	-
Royalty receivable	8	(1,201,395)	-
Provision for environmental rehabilitation charged to the income statement	37	15,141	-
Other provisions charged to income statement	31	(67,225)	-
Unrealised foreign currency gain		(4,271)	39,851
		2,287,248	**5,022,533**
Change in:			
Inventory		16,427	5,607
Trade and other receivables		(3,440,758)	(158,962)
Trade and other payables		42,037	4,122
Assets held for sale		-	(12,244)
Provision		-	79,158
Provision for environmental rehabilitation		-	(40,574)
Cash generated from operating activities		**(1,095,046)**	**4,899,640**
Interest paid		-	(14)
Tax paid	14	(276,626)	(44,030)
Dividends received		801,139	-
Dividends paid		(808,362)	(85,225)
Royalty received		1,014,511	-
Retirement benefit paid	36	(4,326)	(4,041)
Net cash (used in)/generated from operating activities		**(368,710)**	**4,766,330**
Cash flows from investing activities			
Interest received	13,8	198,637	46,627
Acquisition of property, plant and equipment	17	(16,755)	(13,370)
Acquisition of intangible assets	19	(147)	(2,656)
Acquisition of investment property	20	-	(59)
Proceeds on disposal of property, plant and equipment		233	1,791
Proceeds from term deposits	28	5,340,202	632,992
Acquisition of investments in subsidiaries	22	(190,001)	(86,379)
Acquisition of investments in associates	23	(540,849)	-
Investments in term deposits	28	(4,411,330)	(5,340,202)
Net cash flows generated from/(used in) investing activities		**379,990**	**(4,761,256)**
Cash flows from financing activities			
Repayment of borrowings	34	-	(1,135)
Net cash used in financing activities		**-**	**(1,135)**
Increase in cash and cash equivalents		11,280	3,939
Effect of movement in exchange rates on cash held		4,271	(39,851)
Cash and cash equivalents at 1 January		45,586	81,498
Cash and cash equivalents at 31 December	29	**61,137**	**45,586**

The notes on pages 69 to 197 are an integral part of these consolidated and separate financial statements

NOTES TO THE FINANCIAL STATEMENTS

in thousands of Kwacha

1 Reporting entity

ZCCM Investments Holdings Plc (the "Company" or "ZCCM – IH") is domiciled in Zambia. The Company's registered office is at Stand No. 16806, Alick Nkhata Road, Mass Media Complex Area, P.O Box 30048, Lusaka. These consolidated annual financial statements comprise the Company, its subsidiaries and investments in associates (together referred to as the 'Group'). The principal activity of the Company is to manage the Zambian Government's stake in the mining sector, as the Zambian Government through the Industrial Development Corporation (IDC), is the principal shareholder of the Company.

The Company's shares are listed on the Lusaka Securities Exchange (LuSE), the London Stock Exchange and Euronext.

2 Basis of preparation

The consolidated annual financial statements are prepared in compliance with International Financial Reporting Standards ("IFRS Accounting Standards") and its interpretations as issued by the International Accounting Standards Board ("IASB®"). The measurement basis applied is the historical cost basis, except where otherwise stated in the accounting policies below. The Consolidated annual financial statements are presented in Zambian Kwacha (ZMW), rounded to the nearest thousand. In accordance with the Companies Act, 2017 of Zambia, the annual financial statements for the year ended 31 December 2023 have been approved for issue by the Directors. Reference to *"annual financial statements*" in this report refers to the Consolidated annual financial statements.

The preparation of consolidated annual financial statements in conformity with IFRS Accounting Standards requires the use of estimates and assumptions. It also requires the Directors to exercise judgement in the process of applying the Group's accounting policies. The areas involving higher degree of judgement or complexity, or where assumptions and estimates are significant to the Consolidated annual financial statements are disclosed in Note 4.

3 Functional and presentation currency

These consolidated and Company annual financial statements are presented in Zambian Kwacha. The functional currency for the Company is Zambian Kwacha. All amounts presented in Kwacha have been rounded to the nearest thousand, unless otherwise indicated.

Several of the Company's equity investments prepare financial statements in US Dollars, which is their functional currency, due to the nature of the industry in which they operate. This has resulted in a foreign currency translation reserve at the consolidated level. More detail is included in notes 22 and 23.

4 Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's and Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

(a) Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated and separate financial statements are included in:

- **Note 17 – impairment of property, plant and equipment.**

  In assessing impairment of property plant, management estimates the recoverable amount of each asset or cash generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

4 Use of estimates and judgements *(continued)*

(a) Judgements *(continued)*

Going Concern Assumption

These financial statements have been prepared on a going concern basis.

During the year ended 31 December 2023, the Group made a loss after tax of ZMW4.08 billion (2022: ZMW3.79 billion). As of 31 December 2023, the Group had accumulated loss of ZMW16.5 billion (2022: ZMW11.94 billion). Furthermore, the Group's material current liabilities contributing to net liability position of ZMW 5.69 billion (2022: Net asset position of ZMW 7.91 billion) relates to the subsidiary, Mopani Copper Mines Plc which has been classified as held for sale as at 31 December 2023. The net current liability position at 31 Deecember 2023 is ZMW 4.81 billion (2022: Current asset position of ZMW 36.79 billion)

The Directors consider the going concern basis of preparation of the financial statements for the financial year ended 31 December 2023 to be appropriate based on the following factors:

Mitigating factors

- Management's recent change of shareholder agreements in 2022 with certain investee companies i.e., Kansanshi Mining PLC, from dividend model to royalty model. This agreement is expected to result into more cashflows for the Group, at an annual average receipts of ZMW772 million (US$30 million), spanning over a 25 years estimated life of mine from 2021. Royalty income amounting to ZMW1.2 billion (US$58.5 million) was receivable for the year ended 2023.
- The management and Board of ZCCM-IH have been working with a team of consultants, Rothschild & Co., South Africa (Pty) Ltd ("Rothschild & Co.") to assist ZCCM-IH with the strategic review of Mopani Copper Mines Plc ("MCM" or "Mopani") to ensure its sustainability and continued development. Subsequent, to the financial year end of 31 December 2023 . ZCCM-IH secured the engagement of a strategic equity partner (IRH/Delta) who has acquired 51% of Mopani's shareholding.
- IRH / Delta have committed to invest a total of US$1.1 billion into Mopani Copper Mines Plc ("MCM" or "Mopani") as a Strategic Equity Partner (the "Transaction"). Consequently, the relationship between Glencore International AG ("Glencore") and MCM is expected to be restructured. The ZCCM-IH guarantee on this loan will also be restructured. Refer to note 42: subsequent Events for details.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

4 Use of estimates and judgements *(continued)*

(a) Judgements *(continued)*

Going Concern Assumption *(continued)*

- IRH to invest a total of US$1.1 billion into MCM to fund MCM's Project Development Plan ("PDP"), provide working capital and restructure certain existing Glencore liabilities as set out below:
    - US$620 million will be provided in the form of new equity capital in return for a 51% stake in MCM, which will be used for MCM's capital projects, and to stabilise the working capital position of the business;
    - US$300 million will be provided as a Shareholder Loan to MCM, that will be used to fully settle the Glencore Transaction Debt of US$1.5 billion plus interest;
    - Glencore's existing debt will be written down to zero and its offtake agreement with MCM will be terminated;
    - Further capital will be made available to MCM as shareholder loans, if required, based on the future working capital requirements of the business.
    - IRH will provide up to US$220 million in interim funding. This funding will be available to MCM prior to the Transaction Closing, to ensure that the business has sufficient liquidity until Transaction Close. The interim funding will form part of the US$620 million new equity investment.
    - ZCCM-IH will retain a 49% equity stake in MCM at Closing of the Transaction.
    - As at 21 March 2024, IRH had provided MCM with US$220 million in equity funding.

` The Directors have therefore formed a judgement that the Going concern assumptions remains applicable to the Group and Company for at least 12 months from the signing date of the financial statements. This basis assumes that the funds will be available to finance future operations, and that the realisation of the assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of the business.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

4 Use of estimates and judgements *(continued)*

(a) Judgements *(continued)*

Note 17 – impairment of property, plant, and equipment.

In assessing impairment of property plant, management estimates the recoverable amount of each asset or cash generating unit based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to assumptions about future operating results and the determination of a suitable discount rate.

Note 21 – Assets held for sale.

Management has continued to classify Investrust Bank Plc as an entity held for sale despite the sale not happening within 12 months from the date they were classified as held for sale in 2020. The Board is committed to divest from this investment and actively searching for buyers. Subsequent to the year end, the Bank of Zambia took possession of Investrust Bank Plc which was necessitated by its insolvency.

During the financial year, ZCCM-IH was focused on securing a strategic equity partner (SEP) for Mopani Copper Mine Plc (Mopani) to finance the completion of expansion projects and boost operational efficiency. In 2024 financial year, ZCCM-IH successfully secured Delta Mining Limited (Delta) as the strategic equity partner. This new partnership resulted in Delta acquiring new shares in Mopani, which diluted ZCCM-HI's stake from 100% to 49%. Reduction in ownership interest in Mopani has necessitated a reclassification of Mopani's assets and liabilities as Held for Sale and are separately presented in the consolidated financial statements in accordance with International Financial Reporting Standard 5: Held for Sale.

Note 22, 23 and 24 – Determining the fair values of investment in subsidiaries, associates, royalty right and financial assets at fair value through profit or loss on the basis of significant unobservable inputs.

Valuation of the Group and Company's unquoted investments is an area of judgement which involves the use significant estimates and assumptions. Management uses various valuation techniques when determining the fair values of unquoted investee companies whose outcome is dependent on several significant unobservable inputs and assumptions as disclosed under Note 19, 22, 23 and 24.

Note 44 (a) iv – consolidation: whether the Company has significant influence over an investee or de facto control over an investee.

Management has reassessed its involvement in Rembrandt Properties Limited (49%) in accordance with IFRS 10's control definition and guidance. It has concluded it has significant influence but not outright control. In making its judgement, management considered the following:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

4 Use of estimates and judgements *(continued)*

(a) Judgements *(continued)*

Note 44 (a) v – consolidation: whether the Company has significant influence over an investee or de facto control over an investee.(continued)

- Company's voting rights – the Company's voting rights are limited to 49% and 45% respectively but in relation to the dispersion of the voting rights held by other shareholders the Company has a significant right; and
- Relative size – in relation to the extent of recent participation by those shareholders in general meetings, the Company is deemed to have significant influence over the investees.
- Further, management has reassessed its involvement in Central African Company Limited (49%) in accordance with IFRS 10's control definition and guidance. It has concluded it has de facto control in the Company. In making its judgement, management considered the following:
- ZCCM-IH's representation on the board of the investee Company
- Appointment of key management staff
- Number of voting rights.
- Following the above assessment, management has determined that the Company's involvement in all its investee companies in accordance with IFRS 10's control definition and guidance has not changed from prior year except for Kansanshi Mine Plc.

(b) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ended 31 December 2022 is included in the following notes: · Notes 22 – acquisition of subsidiary: fair value of the consideration transferred, and fair value of the assets acquired and liabilities assumed;

- Notes 22, 23 and 24 – measurement of fair value of investee companies; key assumptions about discounted cash flow assumptions;
- Note 36 – measurement of defined benefit obligations: key actuarial assumptions;
- Note 31 and 37 – recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 41 – measurement of ECL allowance for trade receivables and contract assets: key assumptions in determining the weighted-average loss rate and the valuation of VAT receivable; and
- Note 44(j) - impairment test of intangible assets and goodwill: key assumptions underlying recoverable amounts

(c) Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. Significant valuation issues are reported to the Group Audit Committee. This includes the Group finance team that has overall responsibilities for overseeing all significant fair value measurement including level 3 fair values and reports directly to the Chief Financial Officer (CFO).

The finance team regularly reviews significant unobservable inputs and valuation adjustments. If third party information arises such as broker quotes or pricing services, used to measure fair values, then the finance team assesses the evidence obtained from third parties to support the conclusion that such valuations meet the requirement of IFRS Accounting Standard, including the level in the fair value hierarchy in which such valuations should be classified.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

4. Use of estimates and judgements *(continued)*

(c) Measurement of fair values (continued)

When measuring the fair value of an asset or a liability, the Group uses observable market data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Determination of ore reserves and life of mine plan

Reserves are estimates of the amount of product that can be economically and legally extracted from the group's properties. Estimating the quantity and/or grade of reserves requires the size, shape and depth of ore bodies or fields to be determined by analysing geological data such as drilling samples. Following this, the quantity of ore that can be extracted in an economical manner is calculated using data regarding the life of mine plans and forecast sales prices (based on current and long-term historical average price trends).

A majority of the groups' property, plant and equipment associated with its mining subsidiaries are depreciated over the estimated lives of the assets on a units-of-production basis. This also includes the timing of repayments of life of mine linked borrowings. The calculation of the units-of-production rate, and therefore the annual depreciation expense could be materially affected by changes in the underlying estimates which are driven by the life of mine plans. Changes in estimates can be the result of actual future production differing from current forecasts of future production, expansion of mineral reserves through exploration activities, differences between estimated and actual costs of mining and differences in the commodity prices used in the estimation of mineral reserves.

Changes in the proven and probable reserves estimates may impact the carrying value of property, plant and equipment, asset retirement obligation provision, recognition of deferred income tax amounts and depreciation expense amount.

Further information about the assumptions made in measuring fair values is included in the following notes:

- Note 41- Financial instruments.
- Note 20 - Investment property
- Note 22 – Investment in subsidiaries; and
- Note 23 – Investment in associates.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

5 New or revised Standards or Interpretations

5.1 New and amended standards adopted by the Company and Group

The Group adopted the applicable new, revised or amended standards for the financial reporting periods commencing on or after 1 January 2023.

The amendments to accounting standards below, effective for the reporting period 1 January 2023 did not have any material impact on the Group's accounting policies and required no retrospective adjustments to the annual financial statements of the Group.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – **(Amendments to IAS 12)**

The Group has adopted Deferred Tax relating to Assets and Liabilities arising from a Single Transaction (Amendments to IAS 12) from 1 January 2023. The amendments narrow the scope of initial recognition exemption to exclude transactions that give rise to equal and offsetting temporary differences – e.g. leases and decommissioning of liabilities. For leases and decommissioning liabilities, an entity is required to recognise the associated deferred tax assets and liabilities from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, an entity applies the amendments to the transactions that occur on or after the beginning of the earliest period presented.

The amendment will be applied to transactions that occur on or after the beginning of the earliest comparative period presented. In addition, Group will recognise deferred tax assets (to the extent that it is probable that they can be utilised) and deferred tax liabilities at the beginning of the earliest comparative period for all deductible and taxable temporary differences associated with:

- right-of-use assets and lease liabilities, and;
- decommissioning, restoration and similar liabilities, and the corresponding amounts recognised as part of the cost of the related assets.

The cumulative effect of recognising these adjustments is recognised in retained earnings, or another component of equity, as appropriate. IAS 12 did not previously address how to account for the tax effects of on-balance sheet leases and similar transactions and various approaches were considered acceptable.

Disclosure of Accounting Policies – Amendments to IAS 1 and IFRS Practice Statement 2.

The Group has also adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of 'material', rather than 'significant', accounting policies. The amendments also provide guidance on the application of disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting information that users need to understand other information in the financial statements.

Definition of Accounting Estimates – Amendments to IAS 8.

The amendment to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors clarifies how companies should distinguish changes in accounting policies from changes in accounting estimates. The distinction is important, because changes in accounting estimates are applied prospectively to future transactions and other future events, whereas changes in accounting policies are generally applied retrospectively to past transactions and other past events as well as the current period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

5 New or revised Standards or Interpretations *(continued)*

5.2 New and amended standards not yet adopted by the Group.

Certain new accounting standards and interpretations have been published that are not mandatory for 31 December 2023 reporting periods and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods and on foreseeable future transactions.

Classification of Liabilities as Current or Non-current – Amendments to IAS 1.

The narrow-scope amendments to IAS 1 Presentation of Financial Statements clarify that liabilities are classified as either current or non-current, depending on the rights that exist at the end of the reporting period. Classification is unaffected by the entity's expectations or events after the reporting date (e.g., the receipt of a waiver or a breach of covenant).

The amendments also clarify what IAS 1 means when it refers to the 'settlement' of a liability. The amendments could affect the classification of liabilities, particularly for entities that previously considered management's intentions to determine classification and for some liabilities that can be converted into equity.

They must be applied retrospectively in accordance with the normal requirements in IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors. Since approving these amendments, the IASB has issued an exposure draft proposing further changes and the deferral of the amendments until at least 1 January 2024.

Sale or contribution of assets between an investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28. The IASB has made limited scope amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures.

The amendments clarify the accounting treatment for sales or contribution of assets between an investor and their associates or joint ventures. They confirm that the accounting treatment depends on whether the non-monetary assets sold or contributed to an associate or joint venture constitute a 'business' (as defined in IFRS 3 Business Combinations).

Where the non-monetary assets constitute a business, the investor will recognise the full gain or loss on the sale or contribution of assets. If the assets do not meet the definition of a business, the gain or loss is recognised by the investor only to the extent of the other investor's interests in the associate or joint venture. The amendments apply prospectively. In December 2015, the IASB decided to defer the application date of this amendment until such time as the IASB has finalised its research project on the equity method.

Leases on sale and leaseback – Amendment to IFRS 16.

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 impacted. These amendments are applicable for annual period beginning on or after 1 January 2024.

Supplier Finance Arrangements – Amendment to IAS 7 and IFRS 7.

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. These amendments are applicable for annual periods beginning on or after 1 January 2024.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

6 Operating segments

(a) Basis for segmentation

The Group has three operational reportable segments, as described below, which are the Group's strategic operations. The strategic operation offer different products and services and are managed separately because they require different technology and marketing strategies.

The group's management committee, consisting of the chief executive officer, the chief financial officer, chief investment officer, chief legal officer, chief internal audit officer, chief ICT officer, chief human resource and administration officer, chief technical officer, and Company secretary, examines the group's performance from an operations perspective and has identified three reportable segments of its business:

1. **Investments** – This comprises of only ZCCM-IH. This is premiere diversified mining investments and operations Company whose majority owner is Industrial Development Corporation (IDC). The Company's focused interests are investments in Zambia's mining and energy sectors.
2. **Mining and processing** – This comprise of entities actively in the exploration activities, mining of minerals and processing to finished products. The minerals mined include copper, gold, amethyst, manganese, and limestone.
3. **Technical services** – This comprises the entity involved in the provision of environmental consultancy services, analytical services, surveying services and radiation safety. This Company has been maintained as a separate segment because of its value to the ZCCM-IH subsidiaries in monitoring of its environmental activities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

6 Operating segments *(continued)*

(a) Basis for segmentation *(continued)*

The Group's Chief Executive Officer and the management committee reviews internal reports of each division at least quarterly. The following summary describes the operations of each reportable segment.

Segment	Entity	Country of operations	Total revenue	Revenue from Zambia	Revenue from foreign countries	Total segment assets	Non-current assets	Current assets
Investments	ZCCM-IH Plc	Zambia	23,180	23,180	-	14,579,912	14,579,912	-
Mining and processing	Mopani Copper Mine Plc (Held for sale)	Zambia	11,552,419	2,173,264	9,379,155	19,135,738	15,646,610	3,489,128
Mining and processing	Limestone Resources Limited	Zambia	96,741	75,058	21,683	85,317	57,013	28,304
Mining and processing	Kabundi Resources Limited	Zambia	1,095	1,095	-	13,858	13,008	850
Mining and processing	Zambia Gold Company Limited	Zambia	38,524	38,524	-	211,303	211,303	-
Mining and processing	Kariba mineral Limited	Zambia	29,868	-	29,868	37,442	28,297	9,145
Technical Services	Misenge	Zambia	20,308	20,308	-	14,095	14,095	-
Total from segments			**11,762,135**	**2,331,429**	**9,430,706**	**34,077,665**	**30,550,238**	**3,527,427**
Less consolidation ad-justments			(15,030)	(15,030)	-	-	-	-
Consolidated balance			**11,747,105**	**2,316,399**	**9,430,706**	**34,077,665**	**30,550,238**	**3,527,427**

Note: Segment assets exclude financial instruments, deferred tax assets/liabilities and employee benefit assets

Revenue from foreign countries is distributed as follows:

Country	Foreign revenue - ZMW
Switzerland	9,379,155
Malawi	6,687
Democratic Republic of Congo	14,996
India	29,868
Total	**9,430,706**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
in thousands of Kwacha

6 Segment reporting *(continued)*

(a) Information about reportable segments

Information recorded on each reportable segment is set out below. Segment profit before tax, as included in internal management reports reviewed by the Group's Chief Executive Officer is used to measure performance because management believes that such information is the most relevant in evaluating the results of the respective segments relative to other entities that operate in the same industries. Only one segment meets the 10% reportable segment criteria per IFRS 8- Segment Reporting. The segment results for the Group were as follows:

The segment results for the Group were as follows:

December 2023

	Investments	Mining and processing						Technical services			
	ZCCM-IH ZMW'000	Mopani Copper Mine Plc (Held for sale) ZMW'000	Limestone Resources Limited ZMW'000	Zambia Gold Company Limited ZMW'000	Central African Cement ZMW'000	Kabundi Resources Limited ZMW'000	Kariba minerals Limited ZMW'000	Misenge Environmental and Technical Services Limited ZMW'000	Others (Discontinued operations)	Consolidation Adjustments ZMW'000	Consolidated ZMW'000
Revenue from external customers:											
Sales*	23,180	11,552,419	96,741	38,524	-	1,095	29,868	-	-	-	11,741,827
Services	-	-	-	-	-	-	-	5,278	-	-	5,278
Total revenue from external customers	**23,180**	**11,552,419**	**96,741**	**38,524**	**-**	**1,095**	**29,868**	**5,278**	**-**	**-**	**11,747,105**
Inter-segment revenue	-	-	-	-	-		-	15,030	-	(15,030)	-
Total segment revenue	23,180	11,552,419	96,741	38,524	-	1,095	29,868	20,308	-	(15,030)	11,747,105
Consolidated revenue	**23,180**	**11,552,419**	**96,741**	**38,524**	**-**	**1,095**	**29,868**	**20,308**	**-**	**(15,030)**	**11,747,105**
Interest income	434,433	-	-	-	-	-	-	-	206,224	(206,224)	434,433
Interest expense	-	(2,971,812)	(13,995)	-	-	-	(1,240)	-	(95,445)	305,741	(2,776,751)
Net (impairment)/recovery of financial assets	(83,055)	-	(2,607)	-	-	-	-	(3,986)	545,886	(536,403)	(80,165)
Personnel expenses	(157,323)	(1,925,389)	(48,022)	(10,047)		(2,283)	(15,950)	(8,131)	(104,647)	104,647	(2,167,145)
Depreciation and amortisation expense	(13,110)	(1,765,630)	(10,913)	(13,043)	-	(2,397)	(2,770)	(1,546)	(8,180)	8,939	(1,808,650)
Other income/(expenses)	5,842,388	(13,857,463)	(201,791)	(39,721)	-	10,654	(11,177)	(7,164)	(1,302,019)	(155,335)	(9,721,628)
Total profit/ (loss) before tax for reported segments	**6,046,513**	**(8,967,875)**	**(180,587)**	**(24,287)**	**-**	**7,069**	**(1,269)**	**(519)**	**(758,181)**	**(493,666)**	**(4,372,802)**
Income tax credit/(expense)	(1,205,034)	-	(149)	942	-	(3,217)	1,817	(408)	-	-	(1,206,049)
Share of profit of equity accounted investees	-	-	-	-	-	-	-	-	-	-	2,261,209
Loss from discontinued operations	-	-	-	-	-	-	-	-	-	-	(758,181)
Consolidated profit for the year	**4,841,479**	**(8,967,875)**	**(180,736)**	**(23,345)**	**-**	**3,852**	**548**	**(927)**	**(758,181)**	**1,009,362**	**(4,075,823)**

**The Group's main customer, Glencore International AG of Switzerland, accounts for 79% of the Group's total revenue.*

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

6 Segment reporting *(continued)*

(b) Information about reportable segment *(continued)*

December 2023

	Investments	Mining and processing						Technical services			
	ZCCM-IH *ZMW'000*	Mopani Copper Mine Plc (Held for sale) *ZMW'000*	Limestone Resources Limited *ZMW'000*	Zambia Gold Company Limited *ZMW'000*	Kariba minerals Limited *ZMW'000*	Kabundi Resources Limited *ZMW'000*	Central African Cement *ZMW'000*	Misenge Environmental and Technical Services Limited *ZMW'000*	Others (Discontinued operation)	Consolidation Adjustments *ZMW'000*	Consolidated *ZMW'000*
Segment assets*											
Opening balance	311,026	20,221,177	103,943	118,459	39,639	8,872	-	5,220	109,447	-	20,917,783
Additions	16,902	718,550	1,382	266	161	6,647	-	10,426	9,373	-	763,707
Mineral royalty/right	14,259,000	-	-	133,122	-	-	-	-	-	-	14,392,122
Movement in inventory	(16,427)	(1,347,552)	187	(27,501)	(3,382)	736	-	-	(10,933)	-	(1,404,872)
Property plant and equipment Revaluation	-	-	-	-	3,794	-	-	-	-	-	3,794
Increase/(Decrease) in environmental asset	-	1,309,193	(9,243)	-	-	-	-	-	-	-	1,299,950
Disposal	-	-	-	-	-	-	-	-	(5,440)	-	(5,440)
Depreciation and amortisation	(13,110)	(1,765,630)	(10,913)	(13,043)	(2,770)	(2,397)	-	(1,546)	(8,180)	8,939	(1,808,650)
Fair value change	22,521	-	-	-	-	-	-	-	-	-	22,521
Transfer	-	-	-	-	-	-	-	-	(94,267)	-	(94,267)
Impairment of PPE	-	-	(39)	-	-	-	-	(5)	-	-	(44)
Closing balance	**14,579,912**	**19,135,738**	**85,317**	**211,303**	**37,442**	**13,858**	**-**	**14,095**	**-**	**8,939**	**34,086,604**
Equity accounted investees	11,240,080	-	-	-	-	-	-	-	-	(1,149,140)	10,090,940
Other assets	12,649,090	2,897,253	104,245	115,491	90,274	55,662	-	38,886	1,593,397	(3,258,005)	14,286,293
Total assets	**38,469,082**	**22,022,991**	**189,562**	**326,794**	**127,716**	**69,520**	**-**	**52,981**	**1,593,397**	**(4,398,206)**	**58,463,837**
									-		
Segment liabilities	113,340	4,488,361	-	-	-	-	-	2,333	-	-	4,604,034
Other liabilities	933,723	58,461,265	103,165	161,643	30,093	5,569	-	17,140	2,606,990	(2,769,151)	59,550,437
Total liabilities	**1,047,063**	**62,949,626**	**103,165**	**161,643**	**30,093**	**5,569**	**-**	**19,473**	**2,606,990**	**(2,769,151)**	**64,154,471**
Cashflows from operating activities	(368,710)	(1,672,840)	(93,682)	18,599	(4,394)	7,440	-	(1,323)	4,167	2,016,713	(83,727)
Cashflows from investing activities	379,990	(718,550)	(1,383)	(267)	(146)	(7,488)	-	(10,427)	(9,373)	911,180	533,274
Cashflows from financing activities	-	2,155,034	132,767	95,247	90,417	-	-	-	-	(2,681,277)	(207,812)

* Segment assets exclude financial instruments, deferred tax assets/liabilities and employee benefit assets.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
in thousands of Kwacha

6 Segment reporting *(continued)*

(b) Information about reportable segment (continued)

December 2022

	Investments	Mining and processing						Technical services			
	ZCCM-IH ZMW'000	Mopani Copper Mine Plc ZMW'000	Limestone Resources Limited ZMW'000	Zambia Gold Company Limited ZMW'000	Central African Cement ZMW'000	Kabundi Resources Limited ZMW'000	Kariba minerals Limited ZMW'000	Misenge Environmental and Technical Services Limited ZMW'000	Others (Discontinued operation)	Consolidation Adjustments ZMW'000	Consolidated ZMW'000
Revenue from external customers:											
Sales	778	11,854,038	26,843	31	-	13,635	23,038	-	38,925	-	11,957,288
Services	-	-	-	-	-	-	-	2,066	-	-	2,066
Total revenue from external customers	**778**	**11,854,038**	**26,843**	**31**	**-**	**13,635**	**23,038**	**2,066**	**38,925**	**-**	**11,959,354**
Inter-segment revenue	-	-	-	-	-		-	2,866	-	(2,866)	-
Total segment revenue	778	11,854,038	26,843	31	-	13,635	23,038	4,932	38,925	(2,866)	11,959,354
									-		
Consolidated revenue	**778**	**11,854,038**	**26,843**	**31**	**-**	**13,635**	**23,038**	**4,932**	**38,925**	**(2,866)**	**11,959,354**
Interest income	145,334	-	-	340	-	-	-	-	206,224	-	351,898
Interest expense	(14)	(2,060,039)	(155)	(439)	-	-	(1,304)	-	(102,198)	96,387	(2,067,762)
Net (impairment)/recovery of financial assets	(543)	-	(1,616)	-	-	-	-	71	5,800	(11,843)	(8,131)
Depreciation and amortisation expense	(13,821)	(1,797,870)	(15,978)	(3,503)	-	(1,736)	(2,770)	(474)	(6,945)	6,982	(1,836,115)
Other income/(expenses)	4,363,315	(13,049,069)	(97,067)	(36,763)	-	(6,687)	(26,256)	(8,874)	(159,324)	(4,517,691)	(13,538,416)
Total profit/ (loss) before tax for reported segments	**4,495,049**	**(5,052,940)**	**(87,973)**	**(40,334)**	**-**	**5,212**	**(7,292)**	**(4,345)**	**(17,518)**	**(4,429,031)**	**(5,139,172)**
Income tax credit/(expense)	(236,321)	-	(2,811)	(11,231)	-	294	2,099	(49)	(1,485)	-	(249,504)
Share of profit of equity accounted investees	-	-	-	-	-	-	-	-	-	1,603,143	1,603,143
Consolidated profit for the year	**4,258,728**	**(5,052,940)**	**(90,784)**	**(51,565)**	**-**	**5,506**	**(5,193)**	**(4,394)**	**(19,003)**	**(2,825,888)**	**(3,785,533)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

6 Segment reporting *(continued)*

(b) Information about reportable segment *(continued)*

December 2022

	Invest-ments	Mining and processing							Technical services			
	ZCCM-IH *ZMW'000*	Mopani Copper Mine Plc *ZMW'000*	Limestone Resources Limited *ZMW'000*	Zambia Gold Company Limited *ZMW'000*	Nkand-abwe Coal Mine Limited *ZMW'000*	Kariba minerals Limited *ZMW'000*	Kabundi Resources Limited ZMW'000	Central African Cement ZMW'000	Misenge Environmental and Technical Services Limited *ZMW'000*	Others *(Discontinued operations)*	Consolidation Adjustments *ZMW'000*	Consolidated
Segment assets*												
Opening balance	295,237	20,428,487	61,970	114,795	-	38,852	10,627	-	2,972	110,220	8,663	21,071,823
Acquisition of subsidiary	-	-	-	-	-	-	-	-	-	-	-	-
Additions	16,085	1,320,011	235	7,167	-	-	189	-	2,722	6,778	-	1,353,187
Movement in inventory	(5,607)	271,828	(412)	-	-	3,557	114	-	-	(258)	-	269,222
Property plant and equipment Revaluation	12,480	-	-	-	-	-	-	-	-	-	-	12,480
Increase in environmental asset	-	-	58,128	-	-	-	-	-	-	-	-	58,128
Disposal	(1,813)	(1,279)	-	-	-	-	-	-	-	-	-	(3,092)
Depreciation and amortisation	(13,821)	(1,797,870)	(15,978)	(3,503)	-	(2,770)	(1,736)	-	(474)	(7,293)	7,330	(1,836,115)
Fair value change	8,465	-	-	-	-	-	-	-	-	-	-	8,465
Impairment of PPE	-	-	-	-	-	-	(339)	-	-	-	-	(339)
Closing balance	**311,026**	**20,221,177**	**103,943**	**118,459**	**-**	**39,639**	**8,855**	**-**	**5,220**	**109,447**	**15,993**	**20,933,759**
Equity accounted investees	16,256,411	-	-	-	-	-	-	-	-	-	(1,081,549)	15,174,862
Other assets	8,579,896	2,870,637	55,874	3,849	-	10,100	52,932	15	48,292	1,994,314	(805,691)	12,810,218
Total assets	**25,147,333**	**23,091,814**	**159,817**	**122,308**	**-**	**49,739**	**61,787**	**15**	**53,512**	**2,103,761**	**(1,871,247)**	**48,918,839**
										-		
Segment liabilities	157,318	2,110,355	-	-	-	-	-	-	1,213	-	-	2,268,886
Other liabilities	310,163	35,963,451	103,165	30,225	-	54,356	1,616	-	17,782	2,353,162	(92,774)	38,741,146
Total liabilities	**467,481**	**38,073,806**	**103,165**	**30,225**	**-**	**54,356**	**1,616**	**-**	**18,995**	**2,353,162**	**(92,774)**	**41,010,032**
										-		
Cashflows from operating activities	4,766,330	1,994,127	(74,408)	(28,508)	-	(5,113)	7,237	-	(1,223)	59,245	(5,460,849)	1,256,838
Cashflows from investing activities	(4,761,256)	(697,698)	(235)	(6,855)	-	-	150	-	(2,723)	-	4,561,840	(906,777)
Cashflows from financing activities	(1,135)	-	97,380	1,547	-	445	41,174	-	45,224	-	(883,468)	(698,833)

* *Segment assets exclude financial instruments, deferred tax assets/liabilities and employee benefit assets.*

Group reconciliation of reported assets and liabilities

(i) Other assets consist of trade and other receivables, term deposits, cash and cash equivalents.

(ii) Other liability includes tax liabilities, retirement benefits, environmental liability and legal provision.

(iii) Elimination adjustments relate to intersegment transactions. The adjustment to other liabilities relates to the elimination of shareholder loans and the reclassification of deferred tax liabilities

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
in thousands of Kwacha

7 Revenue from contracts with customers

	Group		Company	
	31 Dec 2023	31 Dec 2022 Restated*	31 Dec 2023	31 Dec 2022
Sales of goods transferred at a point in time	12,176,323	12,357,193	23,180	778
Realisation charges (i)	(434,496)	(438,830)	-	-
Services transferred over time	5,278	2,066	-	-
	11,747,105	**11,920,429**	**23,180**	**778**

Disaggregation of revenue

Revenue by product line:

	Group		Company	
	31 Dec 2023	31 Dec 2022 Restated*	31 Dec 2023	31 Dec 2022
Copper cathodes	11,068,316	10,566,593	-	-
Sulphuric acid	352,050	369,081	-	-
Slimes	114,997	191,233	-	-
Limestone	96,741	26,843	-	-
Gold	61,461	-	23,180	-
Amythest	29,868	23,038	-	-
Copper concentrates	10,262	636,204	-	-
Copper anodes	6,793	90,928	-	-
Technical Services	5,278	2,065	-	-
Manganese	1,095	13,635	-	-
Other Goods (Value addition sales)	244	31	-	-
Other Goods (Mine Supplies)	-	778	-	778
Total	**11,747,105**	**11,920,429**	**23,180**	**778**

**The amounts were restated as a result of a prior period error. Refer to note 45 for impact on restatement.*

8 Investment income

	Group		Company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Investment income				
Dividends income	-	-	739,836	4,868,317
Interest income	187,468	46,967	187,468	46,627
Royalty income*	1,201,395	1,365	1,201,395	1,365
Total Investment income	**1,388,863**	**48,332**	**2,128,699**	**4,916,309**
Interest expense	-	(439)	-	-
Net Investment income	**1,388,863**	**47,893**	**2,128,699**	**4,916,309**

**On 31 March 2023 an Extraordinary General Meeting ("EGM") was held and the shareholders of ZCCM-IH approved an agreement for a royalty transaction between ZCCM-IH and First Quantum Minerals Limited. The transaction involved ZCCM-IH conversion of its 20% dividend right in Kansanshi Mining Plc into a 3.1% life of mine royalty right. The transaction also provides for 20% of the KMP VAT refunds as at June 30, 2022, to be paid to ZCCM-IH, as and when these are received by KMP from the ZRA. Accordingly, the ZCCM-IH's 3.1% life of mine royalty right has been reclassified as an intangible asset.*

During the year, ZCCM-IH has recorded total royalty income and VAT refund of ZMW1.2 billion (US$ 58.48 million) and ZMW170.74 million (US$8.32 million) respectively.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

9 Other (expenses)/income

	Group		Company	
	31 Dec 2023	31 Dec 2022 Restated*	31 Dec 2023	31 Dec 2022
Management fees and commissions	5,083	-	5,378	5,944
Fair value adjustment- investment property (note 20)	22,521	8,465	22,521	8,465
Fair value adjustment - inventory	-	(5,607)	-	(5,607)
Rental income	9,955	10,193	10,097	10,334
Gain/(loss) on disposal of property, plant and equipment	233	(22)	233	(22)
Derecognition of subsidiaries' net liabilities (Note 22(d))	19,366	3,995	-	-
Sundry income (ii)*	186,569	158,723	4,071	69,089
Total balance	**243,727**	**175,747**	**42,300**	**88,203**

(i) *Realisation charges*
Realisation *charges relate to deductions from the purchase price in line with the sales agreement which includes freight and transportation costs.*

(ii) *Sundry income*
Sundry income mainly includes income such as core shed viewing/sampling and sale of scrap.

10 Net impairment losses on financial assets

Movements on the provision for impairment of loans and receivables are as follows:

	Group		Company	
	31 Dec 2023	31 Dec 2022 Restated*	31 Dec 2023	31 Dec 2022
Balance at 1 Jan	1,087,959	1,127,128	1,168,203	1,646,147
Impairment recognised*	325,595	6,435	341,190	4,748
Impairment recoveries	(245,430)	(4,104)	(258,135)	(4,205)
Net impairment (release)/expense recognised	**80,165**	**2,331**	**83,055**	**543**
Included in assets held for sale	-	-	(29,233)	-
Receivables written off	-	(41,500)	-	(478,487)
Balance at 31 Dec	**1,168,124**	**1,087,959**	**1,222,025**	**1,168,203**

*The amounts were restated as a result of a prior period error. Refer to note 45 for impact on restatement.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

11 Expenses by nature

Profit/(loss) before income tax is stated after charging:

	Group		Company	
	31 Dec 2023	31 Dec 2022 Restated*	31 Dec 2023	31 Dec 2022
Cost of sales*				
Inventories valuation write (down)/up	1,337,198	5,821,857	(5,729)	2,130
Mining and mineral processing costs	10,148,519	4,714,825	-	-
Employee costs*	1,373,457	1,779,261	-	-
Depreciation and amortisation*	1,773,107	1,813,408	-	-
Other cost of sales	674,052	541,000	22,607	-
	15,306,333	**14,670,351**	**16,878**	**2,130**
Administration expenses				
Depreciation and amortisation*	396,513	31,410	376,934	13,821
Auditors' remuneration:				
- Audit fees	6,506	2,922	1,285	985
- Taxation services	306	224	117	117
Employee costs*	793,688	275,201	157,323	129,353
Impairment of PPE and other assets	40	-	-	-
Environmental consultancy expenses	-	-	15,030	2,564
Provision for environmental rehabilitation	(1,632)	(46,568)	(1,632)	(47,273)
Impairment of investments in subsidiaries (note 22(a)/23)	-	-	-	418,821
Corporate and administration expenses ((i) below)*	669,840	317,159	245,091	224,343
	1,865,261	**580,348**	**794,148**	**742,731**

(i) *Other administration expenses*

Corporate and administration expenses mainly include Mopani's administration cost of ZMW377million (2022: ZMW100 million), legal expenses of negative ZMW63 million (2022: ZMW115 million) and investment expenses of ZMW209 million (2022: ZMW30.1 million).

12 Personnel expenses

	Group		Company	
	31 Dec 2023	31 Dec 2022 Restated*	31 Dec 2023	31 Dec 2022
Salaries and wages*	2,120,337	1,881,325	149,831	123,000
Retirement benefit costs:				
Defined benefit scheme (note 36)	36,853	168,173	2,619	3,154
Mukuba Pension Scheme	4,967	1,791	3,210	1,791
National Social Security Funds*	4,988	3,173	1,663	1,408
	2,167,145	**2,054,462**	**157,323**	**129,353**

*The amounts were restated as a result of a prior period error. Refer to note 45 for impact on restatement.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

13 Finance income and finance costs

	Group		Company	
	31 Dec 2023	31 Dec 2022 Restated*	31 Dec 2023	31 Dec 2022
Interest on borrowings (Note 34)*	(2,776,751)	(2,061,009)	-	(14)
Interest on letter of credit and withholding tax	(1,261,064)	-	-	-
Exchange differences	(419,197)	(179,633)	(1,115)	(5,270)
Unwinding of discount on site restoration	(23,520)	(18,892)	-	-
Finance costs	**(4,480,532)**	**(2,259,534)**	**(1,115)**	**(5,284)**
Interest income from associate companies	24,707	98,809	246,965	98,707
Exchange differences	2,187,987	353,632	2,733,465	347,340
Finance income	**2,212,694**	**452,441**	**2,980,430**	**446,047**
Net finance income recognised in profit or loss	**(2,267,838)**	**(1,807,093)**	**2,979,315**	**440,763**

14 Income tax expense

	Group		Company	
	31 Dec 2023	31 Dec 2022 Restated*	31 Dec 2023	31 Dec 2022
Amounts recognised in profit or loss:				
Current income tax*	(328,199)	(33,797)	(324,844)	(30,952)
Deferred income tax charge (note 35)	(877,850)	(214,222)	(880,190)	(205,369)
Income tax expense	**(1,206,049)**	**(248,019)**	**(1,205,034)**	**(236,321)**

The tax on the Group and Company profit before income tax differs from the theoretical amount that would arise using the statutory income tax rate as follows:

	Group		Company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
(Loss)/Profit before income tax	(2,111,593)	(3,518,511)	6,046,513	4,495,049
Less: share of profit from equity accounted associates	(2,261,209)	(1,603,143)	-	-
Total balance	**(4,372,802)**	**(5,121,654)**	**6,046,513**	**4,495,049**
Tax calculated at rates applicable to profits @ 30% (2022: 30%) Tax effect of:	(1,311,841)	(1,536,496)	1,813,954	1,348,515
Non-deductible expenses***	2,636,975	3,221,079	(439,349)	324,370
Income taxed at a lower rate**	(173,475)	(1,432,905)	(173,458)	(1,432,905)
Effect of change in the deferred tax rate	-	(3,659)	-	(3,659)
Unrecognised deferred tax	54,390	-	3,887	-
Total income tax expense	**1,206,049**	**248,019**	**1,205,034**	**236,321**

*The amounts were restated as a result of a prior period error. Refer to note 45 for impact on restatement.

** Income taxes at lower rate relates to rental income and dividends taxed at 15% and 0% respectively. Dividend income received from Zambian mines is subject to zero tax. Dividend taxed at 0% tax rate amounted to ZMW404 million (2022: ZMW4.62 billion).

*** Included in the Non-deductible are expenses that are not allowable for deduction for tax purposes such as unrealised exchange differences and fair valuation movements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

14 Income tax expense *(Continued)*

Current income tax movement in the statement of financial position

	Group		Company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Opening balance 1 Jan	190,143	202,563	189,158	202,236
Charge for the year	328,199	35,282	324,844	30,952
Tax paid	(279,789)	(46,217)	(276,626)	(44,030)
Included in assets held for sale	-	(1,485)	-	-
Closing balance	**238,553**	**190,143**	**237,376**	**189,158**

15 Earnings per share

(a) Basic earnings per share

The calculation of basic earnings per share has been calculated based on profit or loss attributable to ordinary shareholders and weighted average number of ordinary shares outstanding.

i) Profit/(loss) attributable to ordinary shareholders (basic)

Group

	31 Dec 2023			31 Dec 2022		
	Continuing operations	Discontinued operations	Total	Continuing operations Restated*	Discontinued operations Restated*	Total Restated*
Loss for the year, attributable to ordinary shareholders	(3,317,642)	(758,181)	(4,075,823)	(3,766,530)	(19,003)	(3,785,533)

Company

	31 Dec 2023			31 Dec 2022		
	Continuing operations	Discontinued operations	Total	Continuing operations Restated*	Discontinued operations	Total
Profit for the year, attributable to ordinary shareholders	4,841,479	-	-	4,258,728	-	-

*The amounts were restated as a result of a prior period error. Refer to note 45 for impact on restatement.

ii) Weighted average number of shares (basic)

	31 Dec 2023	31 Dec 2022
Opening balance at 1 January	160,800,286	160,800,286
Closing balance	160,800,286	160,800,286

The weighted average number of shares is determined by taking the number of additional shares issued and multiplying by the number of days the new shares were in issue over the reporting period.

(b) Diluted earnings per share

There were no potentially dilutive shares outstanding at 31 December 2023 (2022: nil). Diluted earnings per share are therefore the same as basic earnings per share.

16 Dividends per share

A dividend of ZMW1.51 per share was declared for the year ended 31 December 2023 (2022: ZMW 2.41 per share).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
in thousands of Kwacha

17 Property, plant and equipment
Reconciliation of carrying amount

Group	Land and buildings	Plant and equipment	Vertical and rotary kilns	Mine Development	Motor vehicles	Work in progress	Total
Cost or valuation							
Balance at 1 January 2022	**614,197**	**10,009,740**	**-**	**2,247,364**	**399,362**	**1,067,743**	**14,338,406**
Additions	178	5,311	-	-	9,637	1,323,108	1,338,234
Transfers	116,503	123,954	-	668,991	194,592	(1,104,040)	-
Revaluation	8,007	-	-	-	-	-	8,007
Increase in environmental asset	-	-	101,015	-	-	-	101,015
Disposal	-	(283)	-	-	(9,484)	-	(9,767)
Balance at 31 December 2022	**738,885**	**10,138,722**	**101,015**	**2,916,355**	**594,107**	**1,286,811**	**15,775,895**
Balance at 1 January 2023	738,885	10,138,722	101,015	2,916,355	594,107	1,286,811	15,775,895
Additions	1,253	8,473	-	-	536	743,851	754,113
Transfers	13,205	13,265	-	-	-	(26,470)	-
Transfer from investment property (Note 20)	16,790	-	-	-	-	-	16,790
Transfer to investment property (Note 20)	(2,116)	-	-	-	-	-	(2,116)
Revaluation	1,081	(7,083)	-	-	(1,971)	-	(7,973)
Increase in environmental asset	-	1,309,193	-	-	-	-	1,309,193
Disposal	-	(5,107)	-	-	(2,333)	-	(7,440)
Reclassified to assets held for sale (Note 21)	(620,012)	(11,331,194)	-	(2,916,355)	(471,903)	(1,886,625)	(17,226,089)
Balance at 31 December 2023	**149,086**	**126,269**	**101,015**	**-**	**118,436**	**117,567**	**612,373**
Accumulated depreciation and impairment losses							
Balance at 1 January 2022	**149,449**	**1,068,499**	**-**	**221,540**	**(69,917)**	**111,383**	**1,480,954**
Charge for the year	101,575	845,250	8,081	587,799	235,251	-	1,777,956
Impairment	-	-	-	-	339	-	339
Decrease in environmental asset	-	-	42,887	-	-	-	42,887
Eliminated on revaluation	(4,473)	-	-	-	-	-	(4,473)
Disposal	-	(136)	-	-	(6,539)	-	(6,675)
Balance at 31 December 2022	**246,551**	**1,913,613**	**50,968**	**809,339**	**159,134**	**111,383**	**3,290,988**
Balance at 1 January 2023	246,551	1,913,613	50,968	809,339	159,134	111,383	3,290,988
Charge for the year	123,233	1,052,636	4,352	349,341	253,546	-	1,783,108
Impairment	39	5	-	-	-	-	44
Revaluation	(1,372)	(6,840)	-	-	(3,555)	-	(11,767)
Decrease in environmental asset	-	-	9,243	-	-	-	9,243
Disposal	-	(5,107)	-	-	(2,333)	-	(7,440)
Reclassified to assets held for sale (Note 21)	(351,578)	(2,886,441)	-	(1,158,680)	(303,961)	-	(4,700,660)
Balance at 31 December 2023	**16,873**	**67,866**	**64,563**	**-**	**102,831**	**111,383**	**363,516**
Carrying amounts							
Balance at 31 December 2022	**492,334**	**8,225,109**	**50,047**	**2,107,016**	**434,973**	**1,175,428**	**12,484,907**
Balance at 31 December 2023	**132,213**	**58,403**	**36,452**	**-**	**15,605**	**6,184**	**248,857**

(i) *Impairment*
Property, plant and equipment are reviewed for impairment in accordance with note 44 (j) (ii) ZMW44 thousand worth of assets were impaired during the year (2022: ZMW339 thousands)

(i) *Assets pledged as security*
Refer to note 39 (ii) for information on non-current assets pledged as security by the Group.

(ii) *Leased plant and equipment*
The Group did not have any assets under lease as at 31 December 2023 (2022: nil).

(iii) *Work in progress*
Work in progress relates to the Group's property plant and equipment in transit and under construction.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
in thousands of Kwacha

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

Reconciliation of carrying amount

Company	Land and buildings	Plant and equipment	Motor vehicles	Work in progress	Total
Cost or revaluation					
Balance at 1 January 2022	**59,699**	**27,371**	**35,638**	**987**	**123,695**
Additions	-	2,109	5,707	5,554	13,370
Revaluation	8,007	-	-	-	8,007
Disposal	-	(283)	(4,983)	-	(5,266)
Balance at 31 December 2022	**67,706**	**29,197**	**36,362**	**6,541**	**139,806**
Balance at 1 January 2023	67,706	29,197	36,362	6,541	139,806
Additions	240	1,922	-	14,593	16,755
Transfers	13,205	6,377	-	(19,582)	-
Disposal	-	(5,107)	(2,333)	-	(7,440)
Transfer from investment property (Note 20)	16,790	-	-	-	16,790
Transfer to investment property (Note 20)	(2,116)	-	-	-	(2,116)
Balance at 31 December 2023	**95,825**	**32,389**	**34,029**	**1,552**	**163,795**
Accumulated depreciation and impairment losses					
Balance at 1 January 2022	**3,790**	**18,232**	**22,247**	**987**	**45,256**
Charge for the year	1,406	4,430	6,169	-	12,005
Eliminated on revaluation	(4,473)	-	-	-	(4,473)
Disposal	-	(136)	(3,317)	-	(3,453
Balance at 31 December 2022	**723**	**22,526**	**25,099**	**987**	**49,335**
Balance at 1 January 2023	723	22,526	25,099	987	49,335
Charge for the year	1,704	4,108	5,464	-	11,276
Disposal	-	(5,107)	(2,333)	-	(7,440)
Balance at 31 December 2023	**2,427**	**21,527**	**28,230**	**987**	**53,171**
Carrying amount					
Balance at 31 December 2022	66,983	6,671	11,263	5,554	90,471
Balance at 31 December 2023	**93,398**	**10,862**	**5,799**	**565**	**110,624**

Revaluation

Buildings were revalued on 31 December 2022, by independent registered valuers, Sherwood Greene. Valuations were made based on the Open Market Value. The Company revalues land and buildings every three years. The carrying values of the properties were adjusted to their revalued amounts and the resultant surplus net of deferred income tax was credited to the revaluation surplus in shareholders' equity. Revaluations are done with sufficient regularity to ensure that the carrying amount does not differ materially from the fair value.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
in thousands of Kwacha

17 Property, plant and equipment *(continued)*

Revaluation *(Continued)*

The carrying amounts of revalued land and buildings were stated on the historical cost basis, the amounts would be as follows:

	31 Dec 2023	31 Dec 2022
	ZMW,000	**ZMW,000**
Land and buildings		
Cost	38,489	38,489
Accumulated depreciation	(11,110)	(5,257)
Net book amount	**27,379**	**33,232**

18 Exploration and evaluation asset

Reconciliation of carrying amount	Group
Cost	ZMW'000
Balance at 1 January 2022	49,367
Additions	3,794
Balance at 31 December 2022	**53,161**
Balance at 1 January 2023	53,161
Additions	-
Balance at 31 December 2023	**53,161**
Accumulated depreciation and impairment losses	
Balance at 1 January 2022	10,378
Depreciation adjustment*	(8,654)
Balance at 31 December 2022	**1,724**
Balance at 1 January 2023	1,724
Charge for the year	-
Balance at 31 December 2023	**1,724**
Carrying amount	
Balance at 31 December 2022	51,437
Balance at 31 December 2023	**51,437**

Exploration and evaluation assets represent costs capitalized by the Group in relation to diamond drilling, laboratory analysis of drilling core samples, geochemical and geophysical studies as well as costs incurred in acquisition of rights to explore the license area in Kasenseli, Mwinilunga district. The site has been deemed to possess commercial reserves.

*The depreciation adjustment in 2022 relates to a reversal of overstated depreciation in prior years for the exploration and evaluation asset for Zambia Gold Limited.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

19 Intangible assets

The Group's intangible assets relate to mineral rights and acquired computer software programmes while the company's intangible assets relate to computer software.

Reconciliation of carrying amount:

	Group Mineral rights	Group Computer software	Group /Company Royalty right	Total Group intangible assets	Company Computer software	Total Company intangible assets
Cost						
Balance as at 1 January 2022	3,281,457	6,703	-	3,288,160	6,313	6,313
Additions	-	2,804	-	2,804	2,656	2,656
Balance at 31 December 2022	**3,281,457**	**9,507**	**-**	**3,290,964**	**8,969**	**8,969**
Balance at 1 January 2023	3,281,457	9,507	-	3,290,964	8,969	8,969
Additions	133,122	221	-	133,343	147	147
Disposals	-	(1,841)	-	(1,841)	(1,841)	(1,841)
Transfer from Associates * (Note 23 (c))	-	-	11,036,000	11,036,000	-	11,036,000
Fair valuation	-	-	3,586,824	3,586,824	-	3,586,824
Classified to assets held for sale	(3,281,457)	-	-	(3,281,457)	-	-
Balance at 31 December 2023	**133,122**	**7,887**	**14,622,824**	**14,763,833**	**7,275**	**14,630,099**
Amortisation						
Balance as at 1 January 2022	71,692	4,134	-	75,826	3,776	3,776
Amortisation charge	64,961	1,852	-	66,813	1,816	1,816
Balance at 31 December 2022						
	136,653	**5,986**	**-**	**142,639**	**5,592**	**5,592**
Balance as at 1 January 2023	136,653	5,986	-	142,639	5,592	5,592
Disposals	-	(1,841)	-	(1,841)	(1,841)	(1,841)
Amortisation charge	23,623	1,919	363,824	389,366	1,834	365,658
Classified to assets held for sale	(160,276)	-	-	(160,276)	-	-
Balance at 31 December 2023	**-**	**6,064**	**363,824**	**369,888**	**5,585**	**369,409**
Carrying amount						
Balance at 31 December 2022	3,144,804	3,521	-	**3,148,325**	3,377	3,377
Balance at 31 December 2023	**133,122**	**1,823**	**14,259,000**	**14,393,945**	**1,690**	**14,260,690**

*On 4th April 2023, ZCCM-IH completed the conversion of the dividend rights and certain economic rights attached to the 20% shareholding in Kansanshi Mining Plc to a 3.1% life of mine royalty right pursuant to the Royalty Agreement. The directors have since recognised the royalty right as intangible asset in accordance with IAS 38 Intangible assets. The royalty right has been recognised as an intangible asset and amortised over the life of mine of Kansanshi Mining Plc. The fair value as at 31 December 2023 was determined by an independent expert, Stock Brokers Zambia ("SBZ").

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

19 Intangible assets *(continued)*

Royalty right

The following table shows the valuation technique used in measuring the fair value of investment in Kansanshi as well as the significant unobservable inputs used.

Royalty Right	Valuation technique	Significant unobservable inputs and key assumptions	Inter-relationship between Key unobservable inputs and fair value measurement
Kansanshi Mining	**Discounted cash flows:** It is an income approach to valuation and the most widely used valuation methodology. It computes the value of a business by calculating the present value of anticipated future cash flows generated by the business. The expected net cash flows are discounted using risk adjusted discount rates. **Relative valuation:** The relative valuation methodology values a company using market-based multiples, including operational and asset-based metrics	• ***Target participation capital structure*** - Debt to total capitalisation (2023:11.0%, 2022: 21.0%). - Equity to total capitalisation (2023:89.0%, 2022:79.0%) • ***Cost of debt*** - Cost of debt (2023: 4.5%, 2022: 8.0%) - Effective tax rate (2023: 30%, 2022: 30%) - After tax cost of debt (2023: 3.2%, 2022: 5.6%) • ***Cost of equity*** - Risk free rate (2023: 3.88%, 2022: 3.88%) - Market risk premium (2023: 9.7%, 2022: 10.29%) - Levered beta (2023: 0.7, 2022: 0.98). - Cost of equity (2023:10.7%, 2022: 16.8%) • ***WACC (2023: 9.88%, 2022: 15.75%)*** • **Key assumptions considered were as follows:** - Mineral Royalty tax is assumed as follows for copper (a sliding scale – from 4% to 10%, with the higher bands being: 10% for Cu price over US$7,000/t. Mineral royalty is treated as deductible from income tax from 2023 onwards. - The MRT for gold revenue is assumed at a fixed rate of 6% and is treated as deductible from income tax from 2023 onwards. - Copper prices are projected at US$8,482 per ton in 2023 and steadily increase to US$8,501 per ton in 2024. Gold prices are projected at US$1,940/oz in 2023 and to steadily decrease to US$1,915/ oz in 2024. After 2024, Copper and Gold prices are projected at a flat rate of US$8,303 per ton and US$1.566/oz respectively. - Capex expenditure has been projected at US$1.25 billion over the life of mine budget incorporating the S3 expansion. - Life of mine was estimated to be 22 years.	The estimated fair value would increase/ (decrease) if: • Equity to total capitalisation were (lower)/higher • Cost of debt were higher/(lower) • The cost of equity were higher / (lower). • The copper price increased / reduced. • WACC (lower)/higher

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
in thousands of Kwacha

20 Investment property

(i) Reconciliation of carrying amounts

	Group & Company	
	31 Dec 2023	31 Dec 2022
Balance at 1 January	200,751	192,227
Additions	-	59
Transfer from property, plant and equipment (Note 17)	2,116	-
Transfer to property, plant and equipment (Note 17)	(16,790)	-
Change in fair value (Note 9)	22,521	8,465
Closing balance	**208,598**	**200,751**

(ii) Amounts recognised in profit or loss for investment properties.

	Group		Company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Rental income from operating leases (note 9)	9,955	10,193	10,097	10,334
Direct operating expenses from property that generated rental income	(3,466)	(2,287)	(3,466)	(2,287)
Net rental Income	**6,489**	**7,906**	**6,631**	**8,047**

(iii) Leasing arrangements

The investment properties are leased to tenants under operating leases with rentals payable quarterly. Lease income from operating leases where the group is a lessor is recognised in income on a straight-line basis over the lease term. There are no variable lease payments that depend on an index or rate. Where considered necessary to reduce credit risk, the group may obtain three months rental deposit for the term of the lease.

Minimum lease payments receivable on leases of investment properties are as follows:

	Group and Company		
	31 Dec 2023		31 Dec 2022
Within 1 year	7,405		6,837

(iv) Measurement of fair value

Investment properties, principally office buildings and residential apartments, are held for long-term rental yields. They are carried at fair value. Changes in fair values are presented in profit or loss as part of other income.

Fair value hierarchy

The fair value of investment property for the Company was determined, as at 31 December 2023 by Sherwood Green Property Consultants, who are sufficiently independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
in thousands of Kwacha

20 Investment property *(continued)*

(iv) Measurement of fair value *(continued)*

Fair value hierarchy *(continued)*

The fair value measurement for investment property of ZMW209 million (2022: ZMW201 million) has been categorised as a Level 3 fair value based on the inputs to the valuation technique used.

Valuation techniques and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment property, as well as the significant unobservable inputs used:

Valuation technique	Significant unobservable inputs	Inter-relationships between Key unobservable inputs and fair value measurement
The investment method of valuation was applied for valuation of the investment properties. In the Investment Method, the annual rental income presently received or expected over a period of time for the lease of the property is estimated and deducted there from the expenses or outgoings incidental to the ownership of the property to obtain the net annual rental value. This net annual income is then capitalised by an appropriate capitalisation rate or years' purchase figure to arrive at the present Capital Value of the property. In addition, the direct comparison method of valuation was also applied for residential properties. In the direct comparison method, a number of similar properties called comparable are assembled and analysed preferably within the vicinity. The analysis involves comparing relevant aspects of the subject property with the comparable such as the condition, location, design, accessibility and amenities in the area among others. Weights in terms of figures or percentages are assigned to determine a fair rate to be applied to the subject property.	• Expected market rental growth (3 - 5%. Weighted average 4%) (2023: 4%, 2022: 4%) • Void periods (average 6 months after the end of each lease) (2023: 6 months, 2022: 6 months) • Occupancy rate (90-95%, weighted average 90%) (2023: 90%, 2022: 90%) • Rent-free periods (1-month period on new leases) (2023: 1 month, 2022: 1 month) • Risk-adjusted discount rates (9% - 10.5%. weighted average 10%) (2023: 10% 2022: 10%). • Land value assessment, a rate per acre of K1,000,000 was adopted. • Capitalization rate ranging 9% - 12% has been applied. • Costs associated with managing and maintaining a property or building range from 15% -20%.	The estimated fair value would increase or (decrease) if: • expected market rental growth were higher (lower); • void periods were shorter (longer); • the occupancy rate were higher (lower): • Rent-free periods were shorter (longer); or • The risk-adjusted discount rate were lower (higher).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

21 Assets classified as held for sale

i) **Description**

Reconciliation of carrying amount for the Company;

Company		
	31 Dec 2023	31 Dec 2022
Balance at 1 Jan	145,700	430,977
Additions	-	12,244
Impairment	-	(386,007)
Change in fair value	(145,700)	88,486
Balance at 31 Dec	**-**	**145,700**

Investrust Bank Plc

The Board of ZCCM-IH approved management's plan to divest from Investrust Bank Plc following the change in the Company's strategic focus in mining and energy. Investrust Bank Plc is being actively marketed for sale at a price reasonable in relation to its fair value. Management has a concrete plan in place to dispose off the bank, which includes actively seeking a buyer and exploring other alternatives within the financial year 2024. Subsequent to the year end, the Bank of Zambia took possession of the bank. On 2 April 2024, LuSE issued a notice to halt the trading in securities of Investrust Bank Plc. With effect from 24 April 2024 LuSE had formally suspended the listing of Investrust Bank Plc on the Lusaka Stock Exchange.

Mopani Copper Mines Plc

During the financial year, ZCCM-IH was focused on securing a strategic equity partner (SEP) for Mopani Copper Mine Plc (Mopani) to finance the completion of expansion projects and boost operational efficiency. This initiative would result in dilution of ZCC-IH's ownership interest in Mopani and hence meet the criteria for reclassification of Mopani's assets and liabilities as Held for Sale which have been separately presented in the consolidated financial statements in accordance with International Financial Reporting Standard 5: Held for Sale.

The value of Mopani in the company as of 31 December 2023 was nil and the Company had a net liability value of ZMW40.92 billion.

Subsequent to the year end, ZCCM-IH successfully secured Delta Mining Limited (Delta) as the strategic equity partner. This new partnership resulted in Delta acquiring new shares in Mopani, which diluted ZCCM-HI's stake from 100% to 49%.

(ii) The assets and liabilities of the investments classified as held for sale are as follows:

31 Dec 2023	Group		Company
	Assets	Liabilities	Fair value
Mopani Copper Mines	22,032,991	(60,173,129)	-
Investrust Bank Plc	1,593,397	(2,503,825)	-
Total	**23,626,388**	**(62,676,954)**	**-**

31 Dec 2022	Group		Company
	Assets	Liabilities	Fair value
Investrust Bank Plc	2,097,750	(2,249,997)	145,700
Mushe Milling Company Limited	6,011	(58,497)	-
Total	**2,103,761**	**(2,308,494)**	**145,700**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of kwacha

21 Assets classified as held for sale *(continued)*

(iii) Financial performance and cash flow information

The financial performance and cash flow information presented for the year ended 31 December 2023.

	Investrust Bank Plc
	31 Dec 2023
Revenue	188,822
Other income	13,977
Cost of sales and expenses	(960,980)
Loss before income tax	**(758,181)**
Income tax expense	-
Loss for the year	**(758,181)**
Loss attributable to non-controlling interest	**(216,840)**
Net cash outflow from operating activities	569,594
Net cash outflow from investing activities	(9,373)
Net cash inflow from financing activities	-
Net cash (out)/in flow	**560,221**

The financial performance and cashflow information presented for the year ended 31 December 2022:

	Investrust Bank Plc	Mushe Milling Company	Total
	31 Dec 2022	**31 Dec 2022**	**31 Dec 2022**
Revenue	-	38,925	38,925
Net investment income	110,779	-	110,779
Fees and commission inco	39,998	-	39,998
Other income	13,473	18	53,489
Cost of sales and expenses	(165,373)	(55,338)	(316,156)
Loss before income tax	(1,123)	(16,395)	(17,518)
Income tax expense	(1,485)	-	(1,485)
Loss for the year	**(2,608)**	**(16,395)**	**(19,003)**
Profit attributable to non-controlling interest	**(746)**	-	**(746)**
Net cash outflow from operating activities	(4,874)	(1,569)	(6,443)
Net cash outflow from investing activities	(342)	-	(342)
Net cash outflow from financing activities	-	1,969	1,969
Net cash in flow	**(5,216)**	**400**	**(4,816)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of kwacha

21 Assets classified as held for sale *(continued)*

The following assets and liabilities were reclassified as held for sale as at 31 December 2023;

	Mopani Copper Mines	Investrust Bank Plc	Total
Assets classified as held for sale			
Property, plant, and equipment	12,525,429	-	12,525,429
Intangible assets	3,121,181	-	3,121,181
Trade and other receivables	2,691,333	28,161	2,719,494
Term deposits	-	1,005,015	1,005,015
Inventories	3,489,128	-	3,489,128
Other assets	147,553	-	147,553
Cash and cash equivalents	58,367	560,221	618,588
Total assets of disposal group held for sale	**22,032,991**	**1,593,397**	**23,626,388**
Liabilities directly associated with assets classified as held for sale			
Borrowings	(43,518,156)	-	(43,518,156)
Provisions for environmental rehabilitation	(3,263,137)	-	(3,263,137)
Bank Overdraft	(1,095,462)	-	(1,095,462)
Trade and other payables	(12,296,374)	(2,503,825)	(14,800,199)
Total liabilities directly associated with assets classified as held for sale	**(60,173,129)**	**(2,503,825)**	**(62,676,954)**
Net liabilities held for sale	**(38,140,138)**	**(910,428)**	**(39,050,566)**
Accumulated non-controlling Interest	**-**	**(252,969)**	**(252,969)**

For segment reporting purposes, Investrust Bank Plc included in the assets held for sale above, has been classified under investments segment as part of other assets. Whie Mopani Copper Mines Plc has been classified under the mining and processing segment.

The following assets and liabilities were reclassified as held for sale as at 31 December 2022;

	Investrust Bank Plc	Mushe Milling Company	Total
Assets classified as held for sale			
Property, plant, and equipment	51,327	5,296	56,623
Intangible assets	1,603	-	1,603
Financial assets at fair value through profit or loss	584	-	584
Trade and other receivables	811,725	-	811,725
Term deposits	829,211	-	829,211
Inventories	51,077	144	51,221
Other assets	74,907	-	74,907
Cash and cash equivalents	277,316	571	277,887
Total assets of disposal group held for sale	**2,097,750**	**6,011**	**2,103,761**
Liabilities directly associated with assets classified as held for sale			
Borrowings	-	(32,387)	(32,387)
Trade and other payables	(2,249,997)	(26,110)	(2,276,107)
Total liabilities directly associated with assets classified as held for sale	**(2,249,997)**	**(58,497)**	**(2,308,494)**
Net liabilities held for sale	**(152,247)**	**(52,486)**	**(204,733)**
Accumulated non-controlling Interest	**(36,129)**	-	**(36,129)**

For segment reporting purposes, the 2 companies included in the disposal group above were classified under investments segment as part of other assets.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of kwacha

22 Investment in subsidiaries

The following are considered when determining whether the Company has control over the investee companies:

- ZCCM-IH's representation on the board of the investee company
- Appointment of key management staff
- Number of voting rights.

Currently all subsidiaries are wholly owned by ZCCM-IH save for Zambia Gold Company Limited. Zambia Gold Company Limited is in its their development stage. During this period, ZCCM-IH appoints key management personnel for the investee company, funds and exercises control over its operations and activities. ZCCM-IH is deemed to exercise control over the entity.

Set out below is a list of subsidiaries, which are listed and unlisted:

December 2023

Company	Country of incorporation	Principal place of business	Held % Interest	Opening carrying amount	Addition	Conversion of loan	Change in fair value	Closing carrying amount
Mopani Copper Mine Plc	Zambia	Kitwe	100	-	-	-	-	-
Misenge Environmental and Technical Services	Zambia	Kalulushi	100	45,323	-	-	(11,815)	33,508
Kariba Minerals Limited	Zambia	Mapatizya	100	-	93,568	5,839	217	99,624
Kabundi Resources Limited	Zambia	Serenje	100	85,927	-	-	(21,077)	64,850
Limestone Resources Limited	Zambia	Ndola	100	172,553	94,521	-	(267,074)	-
Zambia Gold Company limited	Zambia	Lusaka	51	99,811	1,912	-	(17,321)	84,402
Central African cement Company limited	Zambia	Lusaka	49	1,437	-	-	(1,437)	-
				405,051	**190,001**	**5,839**	**(318,507)**	**282,384**

December 2022

Company	Country of incorporation	Principal place of business	Held % Interest	Opening carrying amount	Addition	Impairment	Change in fair value	Closing carrying amount
Mopani Copper Mine Plc	Zambia	Kitwe	*100*	-	-	-	-	-
Misenge Environmental and Technical Services	Zambia	Kalulushi	*100*	-	45,323	-	-	45,323
Nkandabwe Coal Mines Limited	Zambia	Sinazeze	*100*	-	-		-	-
Kariba Minerals Limited	Zambia	Mapatizya	*100*	32,814	-	(32,814)	-	-
Kabundi Resources Limited	Zambia	Serenje	*100*	20,959	41,421	-	23,547	85,927
Limestone Resources Limited	Zambia	Ndola	*100*	172,553	-	-	-	172,553
Zambia Gold Company limited	Zambia	Lusaka	*51*	100,176	(365)	-	-	99,811
Central African cement Company limited	Zambia	Lusaka	*49*	1,437	-	-	-	1,437
				327,939	**86,379**	**(32,814)**	**23,547**	**405,051**

Capital Contributions

During the year 2023, ZCCM-IH Plc made equity contributions to Kariba Minerals, Limestone Resources Limited and Zambia Gold Limited amounting to ZMW93.57 million, ZMW94.52 and ZMW1.91 million respectively. The capital contributions were aimed at strengthening balance sheets and improve the operations of the respective companies. Further, Ministry of Finance invested ZMW 99.49 million during the year into Zambia Gold as capital contribution for its 49% minority interest in the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of kwacha

22 Investment in subsidiaries *(continued)*

(a) Reconciliation of carrying amounts

	Company	
	31 Dec 2023	31 Dec 2022
Balance at 1 January	405,051	327,939
Additions	190,001	86,379
Change in fair through other comprehensive income	(318,507)	23,547
Conversion of loan to equity	5,839	-
Impairment	-	(32,814)
Closing Balance	**282,384**	**405,051**

In line with the accounting policy for investments in subsidiaries, to carry all its investments at fair value, the Company performs annual fair value of its investments in subsidiaries and fair value gain/(loss) is recognised. The fair value gain/(loss) is recognised in the other comprehensive income (OCI). During the year, a fair value movement of (ZMW318.5 million) was recognised (2022: ZMW23.5 million). Valuation techniques used are disclosed in note 22 (b).

(b) Measurement of fair value

During the year ZCCM – IH Plc engaged an independent expert Stockbrokers Zambia ("SBZ") to perform the valuation of the investments held at the year end. SBZ performed a full valuation and provided an independent valuation opinion in accordance with IFRS 13: Fair Value Measurement and IFRS 9: Financial Instruments.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of kwacha

22 Investment in subsidiaries *(continued)*

(b) Measurement of fair value *(continued)*

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment in subsidiaries as well as the significant unobservable inputs used.

Subsidiary	Valuation technique	Significant unobservable inputs and key assumptions	Inter-relationship between Key unobservable inputs and fair value measurement
Mopani copper Mine Plc	Discounted Cash Flow (DCF)	• **Target capital structure** Debt to total capitalisation (2023: 26.2%, 2022: 21%). • **Equity to total** capitalisation (2023:73.8%, 2022: 79%) • **Cost of debt** Cost of debt (2023: 10.3%, 2022: 7%) **Effective tax rate** (2023: 30 %, 2022: 30%) **After tax cost of debt** (2023: 7.2%, 2022: 4.9%) • **Cost of equity** Risk free rate (2023: 3.9 %, 2022: 3.9%) **Market risk premium** (2023: 26.7%, 2022: 26.7%) **Unlevered beta** (2023: 1.2, 2022: 0.95). • Mineral Royalty tax is assumed at 7.5%. (2022: 7.5%)	The estimated fair value would change in response to the changes in the factors below: • Equity to total capitalisation • Cost of debt • The cost of equity • Copper/Cobalt prices • Capital Expenditure

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of kwacha

22 Investment in subsidiaries *(continued)*

(b) Measurement of fair value *(continued)*

Subsidiary	Valuation technique	Significant unobservable inputs and key assumptions	Inter-relationship between Key unobservable inputs and fair value measurement
Misenge Environmental and Technical Services	Net asset value approach	The values of the assets and liabilities	Increase/(decrease) in assets would increase/(decrease) the fair value decrease/(increase) in liabilities would increase/(decrease) the fair value
Kariba Mineral Limited	Net asset value approach	The values of the assets and liabilities	Increase/(decrease) in assets would increase/(decrease) the fair value decrease/(increase) in liabilities would increase/(decrease) the fair value
Kabundi Resources Limited	Net asset value approach	The values of the assets and liabilities	Increase/(decrease) in assets would increase/(decrease) the fair value decrease/(increase) in liabilities would increase/(decrease) the fair value
Limestone Resources Limited	Net asset value approach	The values of the assets and liabilities	Increase/(decrease) in assets would increase/(decrease) the fair value decrease/(increase) in liabilities would increase/(decrease) the fair value
Zambia Gold Company Limited	Net asset value approach	The values of the assets and liabilities	Increase/(decrease) in assets would increase/(decrease) the fair value decrease/(increase) in liabilities would increase/(decrease) the fair value

Valuation technique and significant unobservable inputs

Investments in subsidiaries have been measured at fair value as follows:

	Company	
Company investments in subsidiaries analysis	**31-Dec 2023**	**31-Dec 2022**
Mopani Copper Mine Plc	-	-
Misenge Environmental and Technical Services	33,508	45,323
Kariba Minerals Limited	99,624	-
Kabundi Resources Limited	64,850	85,927
Limestone Resources Limited	-	172,553
Zambia Gold Company Limited	84,402	99,811
Central African Cement Company Limited	-	1,437
Total	**282,384**	**405,051**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of kwacha

22 Investment in subsidiaries *(continued)*

(b) Measurement of fair value *(continued)*

Fair value hierarchy

The fair value measurement for the Company's investment in subsidiaries of ZMW282 million (2022: *ZMW405* million) has been categorised as a level 3 fair value based on the inputs to the valuation technique used. The following table shows a reconciliation from the opening balances to the closing balances for level 2 and 3 fair values.

December 2023	Level 2	Level 3	Total
Balance at 1 January	-	405,051	405,051
Additions	-	195,840	195,840
Change in fair value	-	(318,507)	(318,507)
Balance at 31 December	**-**	**282,384**	**282,384**

December 2022	Level 2	Level 3	Total
Balance at 1 January	-	327,939	327,939
Additions	-	86,379	86,379
Change in fair value	-	(9,267)	(9,267)
Balance at 31 December	**-**	**405,051**	**405,051**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of kwacha

22 Investment in subsidiaries *(continued)*

(c) Non-controlling interest

The Group includes three subsidiaries, Investrust Bank Plc, Zambia Gold Company Limited and Central Cement Company Limited, with material non-controlling interests (NCI):

Name	Proportion of ownership interests and voting rights held by the NCI		Total comprehensive income allocated to NCI		Accumulated NCI	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Investrust Bank Plc	28.6%	28.6%	(216,840)	(746)	(252,969)	(36,129)
Zambia Gold Company Limited	49%	49%	(11,906)	(25,267)	78,185	(9,867)
Central Cement Company Limited	45%	45%	-	-	-	(733)
Total			**(228,279)**	**(26,013)**	**(174,784)**	**(46,729)**

Minority interest equity finance

During the year, the Ministry of Finance invested ZMW 99.49 million into Zambia Gold as capital contribution for its 49% minority interest in the Company.

Summarised financial information for Investrust Bank Plc, Zambia Gold Company limited and Central Cement Company Limited, before intragroup eliminations, is set out below:

2023	31 Dec 2023	31 Dec 2023
	Investrust Bank Plc	Zambia Gold Company Limited
Non-current assets	-	211,303
Current assets	1,593,397	114,712
Total assets	**1,593,397**	**326,794**
Non-current liabilities	-	15,313
Current liabilities	2,503,825	146,330
Total liabilities	**2,503,825**	**161,643**
Equity attributable to owners of the parent	**(657,459)**	**86,966**
Equity attributable non-controlling interests	**(252,969)**	**78,185**
Revenue, investment income, fees and commission	188,822	38,524
Other income	13,977	-
Loss for the year attributable to owners of the parent	(541,341)	(11,906)
Loss for the year attributable to NCI	(216,840)	(11,439)
Loss for the year	**(758,181)**	(23,345)
Net cash from operating activities	569,594	18,599
Net cash used in investing activities	(9,373)	(267)
Net cash from financing activities	-	95,247
Net cash inflow	**560,221**	**113,579**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of kwacha

22 Investment in subsidiaries *(continued)*

(c) Non-controlling interest *(continued)*

2022	31 Dec 2022	31 Dec 2022	31 Dec 2022
	Investrust Bank Plc	Zambia Gold Company Limited	Central African Company Limited
Non-current assets	56,424	90,958	-
Current assets	2,041,326	31,350	15
Total assets	**2,097,750**	**122,308**	**15**
Non-current liabilities	-	16,448	-
Current liabilities	2,249,997	13,777	-
Total liabilities	**2,249,997**	**30,225**	-
Equity attributable to owners of the parent	**(116,118)**	**101,950**	**748**
Equity attributable non-controlling interests	**(36,129)**	**(9,867)**	**(733)**
Revenue, investment income, fees and commission	150,777	31	-
Other income	13,473	443	
Loss for the year attributable to owners of the parent	(1,862)	(26,298)	-
Loss for the year attributable to NCI	(746)	(25,267)	-
Loss for the year	**(2,608)**	**(51,565)**	**-**
Net cash used in operating activities	(4,874)	(28,508)	-
Net cash used in investing activities	(342)	(6,855)	-
Net cash from financing activities	-	1,547	**-**
Net cash out flow	**(5,216)**	**(33,816)**	**-**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of kwacha

22 Investment in subsidiaries *(continued)*

(d) Derecognition of a subsidiary

During the year, a wholly owned subsidiary of ZCCM-IH, Mushe Milling Limited was declared insolvent and ceased it operations. The Board of Directors resolved that Mushe be liquidated and a notice for a meeting to wind up the company voluntarily be issued. Following the decision by the Directors of Mushe, the reminder of the assets and liabilities were derecognised and written off.

The table below shows the assets and liabilities being derecognised.

	31 Dec 2023	31 Dec 2023	31 Dec 2023	31 Dec 2022
	Mushe Milling Limited	Central African Cement Limited	Total	Nkandabwe Coal Mine Limited
Property, plant and equipment	5,296	-	5,296	-
Inventories	144	-	144	-
Cash and cash equivalents	571	-	571	3
Retirement benefits	(1,932)	-	(1,932)	(3,998)
Trade and other payables	(22,864)	-	(22,864)	-
Provisions	(1,187)	-	(1,187)	-
Current tax liabilities	(127)	-	(127)	-
Non-controlling interest	-	733	733	-
Net liabilities derecognised	**(20,099)**	**733**	**(19,366)**	**(3,995)**

23 Investment in associates

(a) Reconciliation of carrying amounts

	Group		Company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Balance at 1 January	15,174,862	17,067,159	16,256,411	20,603,089
Share of profit of equity accounted associates	2,261,209	1,603,143	-	-
Share of other comprehensive income	11,529	11,123	-	-
Dividend received	(739,836)	(4,868,317)	-	-
Additions	540,849	-	540,849	-
Transfer to intangible assets (Note 19) *	(11,036,000)	-	(11,036,000)	-
Transfer from associate to receivable	(29,507)	-	(29,507)	-
Change in fair value (unrealised)	-	-	5,508,327	(4,346,678)
Currency translation adjustment	3,907,834	1,361,754	-	-
Total Balance	**10,090,940**	**15,174,862**	**11,240,080**	**16,256,411**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of kwacha

23 Investment in associates *(continued)*

(a) Reconciliation of carrying amounts *(continued)*

* On 4th April 2023, ZCCM-IH Plc converted its dividend right in Kansanshi to a 3.10% Life of Mine Royalty Right.

Investments in associates are measured at fair value in the Company's statement of financial position. In the consolidated financial statements, investments in associates are equity - accounted.

The decrease in fair value from ZMW 16.26 million to ZMW11.24 million is largely on account of the transfer of the investment in Kansanshi from Investment in associates to royalty right following the conversion of dividend rights to royalty right at 3.1% of Kansanshi revenue of own mined minerals. The transaction was approved by the shareholders at an extra ordinary general meeting on 31 March 2023.

Company

Name	Principal place of business	Ownership interest	Fair value of ownership interest ZMW' million	Functional currency
Konkola Copper Mines Plc	Zambia	20.60%	Nil	US$
Kansanshi Mining Plc	Zambia	20%	-	US$
Copperbelt Energy Corporation Plc	Zambia	31.07%	3,579	US$
CNMC Luanshya Copper Mining limited	Zambia	20%	1,228	US$
Maamba Collieries Limited	Zambia	35%	5,066	US$
Lubambe Copper Mines Limited	Zambia	20%	Nil	US$
Rembrandt Properties Limited	Zambia	49%	20	ZMW
Mingomba Mining Limited	Zambia	20%	1,328	US$

The following are considered when determining the level of control or influence over the investee companies:

- ZCCM-IH's representation on the Board of the investee company
- Appointment of key management staff
- Number of voting rights

Currently ZCCM-IH appoints directors in line with its percentage holding on all the Boards of its associates except for Kansanshi Mining Plc, and as such it exercise's significant influence over them.

Many of the investee companies have United States Dollars (US$) as their functional currency, due to the nature of the mining industry, although all investee companies are domiciled in Zambia.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

23 Investment in associates *(continued)*

(b) Investment in associates' analysis

Group

Summary of financial information for material equity accounted investees.

Where the equity accounted value is zero, no further losses are recognised by ZCCM-IH as there is no obligation to settle any liabilities. The equity accounted value was zero for Konkola Copper Mines Plc and Lubambe Copper Mines Limited as at 31 December 2023. There was no profit or loss from discontinued operations.

Dec-23													
Investee companies	Accounting year end	Country of incorporation	% interest held	Assets Current	Non-Current Assets	Liabilities Current	Liabilities Non-Current	Net assets Value	Revenues	Profit/(Loss)	Share of profit/(loss)	Share of profit/(loss) not recognised	Share of net assets
				ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000
Copperbelt Energy Corporation Plc	31-Dec	Zambia	31.07%	4,631,023	12,764,059	(1,093,634)	(5,597,083)	10,704,365	7,845,760	2,825,126	877,767	-	3,325,846
CNMC Luanshya Copper Mine Plc	31-Dec	Zambia	20.0%	5,418,840	4,345,211	(3,234,867)	(247,733)	6,281,451	8,492,866	2,929,081	585,816	-	1,256,290
Maamba Collieries Limited	31-Mar	Zambia	35.0%	8,816,113	12,170,941	(2,657,654)	(6,495,708)	11,833,692	5,001,542	2,566,315	898,210	-	4,141,792
Lubambe Copper Mines Limited	31-Dec	Zambia	20.0%	1,782,150	5,683,344	(3,563,927)	(22,544,188)	(18,642,621)	2,516,011	(3,055,266)	-	(611,053)	-
Rembrandt Properties Ltd	31-Dec	Zambia	49.0%	5,774	156,648	(37,643)	(44,476)	80,303	14,768	(2,468)	(1,209)	-	39,348
Mingomba Mining Limited	31-Dec	Zambia	20.0%	5,808	6,652,908	(20,396)	-	6,638,320	-	(496,875)	(99,375)	-	1,327,664
Total				**20,659,708**	**41,773,111**	**(10,608,121)**	**(34,929,188)**	**16,895,510**	**23,870,947**	**4,765,913**	**2,261,209**	**(611,053)**	**10,090,840**

The financial statements of the Company and associates used in the preparation of the current consolidated financial statements have the same reporting date of 31 December except for Maamba Collieries and Konkola Copper Mine. For the two-investee companies with different reporting date from that of the Company, their financial information has been adjusted to align to the reporting date of the consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

23 Investment in associates *(continued)*

(b) Investment in associates' analysis *(continued)*

Group

Summary of financial information for material equity accounted investees.

Dec-22	Accounting year end	Country of incorporation	% Interest held	Current Assets	Non-Current Assets	Current Liabilities	Non-Current Liabilities	Net asset value	Revenues	Profit/(Loss)	Share of profit/(loss)	Share of profit/(loss) not recognised	Share of net assets
				ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000	ZMW'000
Kansanshi Mining Plc	31-Dec	Zambia	20.00%	19,373,853	47,737,850	(2,260,408)	(9,994,207)	54,857,088	25,982,597	2,624,472	524,894	-	10,971,418
Copperbelt Energy Corporation Plc	31-Dec	Zambia	24.10%	2,731,650	9,224,557	(3,103,983)	(2,866,881)	5,985,343	6,384,202	866,413	208,806	-	1,442,468
CNMC Luanshya Copper Mine Plc	31-Dec	Zambia	20.00%	3,454,653	3,027,188	(2,441,601)	(1,058,147)	2,982,093	7,949,648	1,683,023	336,605	-	596,419
Maamba Collieries Ltd	31-Mar	Zambia	35.00%	12,192,257	8,669,716	(4,760,267)	(10,052,793)	6,048,913	4,751,431	1,533,668	536,784	-	2,117,120
Lubambe Copper Mines Ltd	31-Dec	Zambia	20.00%	1,374,664	4,203,226	(2,192,239)	(14,071,280)	(10,685,629)	2,382,201	(1,826,317)	-	(365,263)	-
Rembrandt Properties Ltd	31-Dec	Zambia	49.00%	14	150,305	(27,126)	(51,818)	71,375	-	-	-	-	34,974
Zambia Consolidated Gold Company Ltd	31-Dec	Zambia	45.00%	521	36,554	(9,380)	-	27,695	50,810	(8,768)	(3,946)	-	12,463
Totals				**39,127,612**	**73,049,396**	**(14,795,004)**	**(38,095,126)**	**59,286,878**	**47,500,889**	**4,872,491**	**1,603,143**	**(365,263)**	**15,174,862**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

23 Investment in associates *(continued)*

(b) Investments in associates' analysis *(continued)*

Company

Summary of fair values for equity accounted investees held by the Company:

		% Interest	31 Dec 2023	% Interest	31 Dec 2022
Copperbelt Energy Corporation Plc	c(i)	31.07	3,579,268	24.1	1,480,987
Kansanshi Mining Plc (note 19)		20.0	-	20.0	11,036,000
Konkola Copper Mines Plc	c(iv)	20.6	-	20.6	-
Lubambe Copper Mines Limited	c(v)	20.0	-	20.0	-
Maamba Collieries Limited	c(ii)	35.0	5,066,300	35.0	2,965,600
CNMC Luanshya Copper Mines Plc	c(iii)	20.0	1,227,500	20.0	744,000
Rembrandt Properties Limited	c(vi)	49.0	39,348	49.0	20,324
Zambia Consolidated Gold Company	c(viii)	49.0	-	49.0	9,500
Mingomba Mining Limited	c(vii)	20.0	1,327,664	-	-
			11,240,080		**16,256,411**

New investments:

- During the period under review ZCCM-IH increased its shareholding in Copperbelt Energy Corporation Plc ("CEC") from 24.1% held since 2018, to 31.07%. The increase was influenced by our strategic drive to maximize shareholder value in profitable and viable ventures; coupled with the confidence in CEC's projected business growth arising from its expansion into renewable energy.

- Mingomba Mining Limited is a partnership between Mingomba Holdings Limited 52%, EMR Capital, 28%, and ZCCM-IH, 20%. MML was established in 2023 and is currently undertaking a drilling programme in the Mingomba license area in Chililabombwe, a tenement close to the Konkola Copper Mine ("KCM") and the Democratic Republic of Congo border area which was previously a part of the Lubambe mine licence area. Kobold is using Artificial Intelligence ("A.I") computer-based techniques in the exploration process, which will help fast track the process to orebody definition and thereafter, mine development. So far, Kobold has drilled a total of about 32,322 metres in sixteen drill holes as at end of December 2023.

- On 4th April 2023, ZCCM-IH Plc converted its ordinary equity holding in Kansanshi to a 3.10% Life of Mine Royalty Right. Following this conversion which resulted in loss of significant influence, management made an assessment and reclassified int investments in Kansanshi from associate to fair value through profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

23 Investment in associates *(continued)*

(c) Measurement of fair value

Fair value hierarchy

The fair values of the Company's investment in associates were determined by Stock Brokers Zambia, an external independent fair valuation expert, having appropriate recognised professional qualifications and experience. The independent valuers provide the fair value of the Company's associates annually. The fair value moved from ZMW16.26 billion in December 2022 to ZMW11.24 billion in December 2023.

The fair value measurement for the Company's investment in associates of ZMW7,661 million (2022: ZMW14,775 million) has been categorised as a level 3 fair value based on the inputs to the valuation technique used (see Note 4 (c)).

For Copperbelt Energy Corporation Plc, ZMW3,579 million (2022: ZMW1,481 million) has been categorised as a level 1 based on quoted market prices .

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

23 Investment in associates *(continued)*

(c) Measurement of fair value (continued)

The following table shows a reconciliation from the opening balances to the closing balances for level 2 and 3 fair values.

Company

	Level 1	Level 3	Total
Balance at 1 January 2023			
Kansanshi Mining Plc	-	11,036,000	**11,036,000**
Copperbelt Energy Corporation Plc	1,480,987	-	**1,480,987**
CNMC Luanshya Copper Mine Plc	-	744,000	**744,000**
Maamba Collieries Limited	-	2,965,600	**2,965,600**
Rembrandt Properties Limited	-	20,324	**20,324**
Consolidated Gold Company of Zambia Limited	-	9,500	**9,500**
	1,480,987	**14,775,424**	**16,256,411**
Fair value movement			
Kansanshi Mining Plc	-	-	**-**
Copperbelt Energy Corporation Plc	1,557,423	-	**1,557,423**
CNMC Luanshya Copper Mine Plc	-	483,500	**483,500**
Rembrandt Properties Limited	-	19,024	**19,024**
Maamba Collieries Limited	-	2,100,700	**2,100,700**
	1,557,423	**2,603,224**	**4,160,647**
Additions/ Transfer			
Copperbelt Energy Corporation Plc	540,858	-	**540,858**
Consolidated Gold Company of Zambia Limited	-	(9,500)	**(9,500)**
Mingomba Mining Limited	-	1,327,664	**1,327,664**
Kansanshi Mining Plc	-	(11,036,000)	**(11,036,000)**
	540,858	**(9,717,836)**	**(9,176,978)**
Balance at 31 December 2023			
Kansanshi Mining Plc	-	-	**-**
Copperbelt Energy Corporation Plc	3,579,268	-	**3,579,268**
CNMC Luanshya Copper Mine Plc	-	1,227,500	**1,227,500**
Maamba Collieries Limited	-	5,066,300	**5,066,300**
Rembrandt Properties Limited	-	39,348	**39,348**
Mingomba Mining Limited	-	1,327,664	**1,327,664**
	3,579,268	**7,660,812**	**11,240,080**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

23 Investment in associates *(continued)*

(c) Measurement of fair value *(continued)*

Company

	Level 1	Level 3	Total
Balance at 1 January 2022			
Kansanshi Mining Plc	-	15,799,000	**15,799,000**
Copperbelt Energy Corporation Plc	1,038,258	-	**1,038,258**
CNMC Luanshya Copper Mine Plc	-	1,513,000	**1,513,000**
Maamba Collieries Limited	-	2,203,000	**2,203,000**
Rembrandt Properties Limited	-	20,324	**20,324**
Consolidated Gold Company of Zambia Limited	-	29,507	**29,507**
	1,038,258	**19,564,831**	**20,603,089**
Fair value movement			
Kansanshi Mining Plc	-	(4,763,000)	**(4,763,000)**
Copperbelt Energy Corporation Plc	442,729	-	**442,729**
CNMC Luanshya Copper Mine Plc	-	(769,000)	**(769,000)**
Maamba Collieries Limited	-	762,600	**762,600**
Consolidated Gold Company of Zambia Limited	-	(20,007)	**(20,007)**
	442,729	**(4,789,407)**	**(4,346,678)**
Balance at 31 December 2022			
Kansanshi Mining Plc	-	11,036,000	**11,036,000**
Copperbelt Energy Corporation Plc	1,480,987	-	**1,480,987**
CNMC Luanshya Copper Mine Plc	-	744,000	**744,000**
Maamba Collieries Limited	-	2,965,600	**2,965,600**
Rembrandt Properties Limited	-	20,324	**20,324**
Consolidated Gold Company of Zambia Limited	-	9,500	**9,500**
	1,480,987	**14,775,424**	**16,256,411**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

23 Investment in associates *(continued)*

(c) Measurement of fair value *(continued)*

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment in associates as well as the significant unobservable inputs used.

Associate	Valuation technique	Significant unobservable inputs and key assumptions	Inter-relationship between Key unobservable inputs and fair value measurement
Maamba Collieries	**Discounted cash flows:** It is an income approach to valuation and the most widely used valuation methodology. It computes the value of a business by calculating the present value of anticipated future cash flows generated by the business. The expected net cash flows are discounted using risk adjusted discount rates. There has been no changes to the valuation technique applied in the prior year. **Relative valuation:** The relative valuation methodology values a company using market-based multiples, including operational and asset-based metrics.	▪ ***Target participation capital structure*** - Debt to total capitalisation (2023: 36.7%, 2022: 36.7%). - *Equity to total capitalisation* (2023:63.4%, 2022: 63.4%) ▪ ***Cost of debt*** - Cost of debt (2023: 11.90%, 2022: 10.20%) - Effective tax rate (2023:30 %, 2022: 30%) - After tax cost of debt (2023: 8.34%, 2022: 7.28%) ▪ ***Cost of equity*** - Risk free rate (2023:3.88 %, 2022: 3.88 %) - Market risk premium (2023: 19.2 %, 2022: 26.7 %) - Unlevered beta (2023: 0.53, 2022: 0.34) - Cost of equity (2023: 18.2%, 2022: 16.6%) ▪ ***WACC (2023: 13.20, 2022: 13.20%)*** ▪ ***The assumptions considered were as follows:*** - PPA is valid until 2036 - The MRT on coal is projected at 5% throughout the forecast period - Plant Availability is assumed to be 85%. For the years 2025, 2029 and 2033, plant availability is reduced by 10.38% to allow for major rehabilitation works. - Projected to produce an annual average of 1.9 million MWH - Projected to mine an annual average of 500,000 tonnes of high-grade coal - Projected to mine an annual average of 1.52 million tonnes of thermal coal	The estimated fair value would increase /(decrease) if: ▪ Equity to total capitalisation were (lower)/higher ▪ Cost of debt were (higher)/ lower ▪ The cost of equity were (lower)/higher ▪ Coal sales prices increase/ decrease. ▪ Capital Expenditure increase/decrease

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of kwacha

23 Investment in associates *(continued)*

(c) Measurement of fair value *(continued)*

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment in associates as well as the significant unobservable inputs used.

Associate	Valuation technique	Significant unobservable inputs and key assumptions	Inter-relationship between Key unobservable inputs and fair value measurement
CNMC Luanshya Copper Mines Plc	Discounted cash flows: It is an income approach to valuation and the most widely used valuation methodology. It computes the value of a business by calculating the present value of anticipated future cash flows generated by the business. The expected net cash flows are discounted using risk adjusted discount rates.	▪ ***Target participation capital structure*** - Debt to total capitalisation (2023: 26.00%, 2022: 21.00%) - Equity *to total capitalisation* (2023: 74.00%, 2022: 79.00%) ▪ ***Cost of debt*** - Cost of debt (2023: 7.00%, 2022: 7.00%) - Effective tax rate (2023: 30%, 2022: 30%) - After tax cost of debt (2023: 4.90%, 2022: 4.90%) ▪ ***Cost of equity*** - Risk free rate (2023: 3.88%, 2022: 3.88%) - Market risk premium (2023: 9.72%, 2022: 13.19%) - Levered beta (2023: 1.10, 2022: 1.16). - Cost of equity (2023:14.54%, 2022: 19.21%) ▪ ***WACC (2023: 12.03%, 2022: 16.21%)*** ▪ **Key assumptions considered were as follows:** - Mineral Royalty tax is assumed as follows for copper (a sliding scale – from 4% to 10%, with the higher bands being: 10% for Cu price over US$7,000/t. Mineral royalty is treated as deductible from income tax from 2023 onwards. - The MRT for gold revenue is assumed at a fixed rate of 6% and is treated as deductible from income tax from 2023 onwards. - Copper prices are projected at US$8,482 per ton in 2023 and steadily increase to US$8,501 per ton in 2024. Gold prices are projected at US$1,940/oz in 2023 and to steadily decrease to US$1,915/ oz in 2024. After 2024, Copper and Gold prices are projected at a flat rate of US$1.566/oz and US$8,303 per ton respectively. - Capex expenditure has been projected at US$ 177 million over the life of mine - Life of mine was estimated to be 7 years.	The estimated fair value would increase/decrease if: ▪ Equity to total capitalisation were lower/higher ▪ Cost of debt were lower/ higher ▪ The cost of equity were lower/ higher. ▪ If the copper price reduced/ increased the fair value would be lower/higher.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

23 Investment in associates *(continued)*

(c) Measurement of fair value *(continued)*

(i) Copperbelt Energy Corporation Plc (CEC)

CEC is listed on Lusaka Securities Exchange (LuSE) and consequently the valuation was based on the spot price and has been categorised as level 1 as shown below:

	Mark to market	
	31-Dec	31-Dec
	2023	2022
Details		
Spot price per share at 31 December (ZMW)	7.09	3.78
Number of issued shares owned	504,833,325	391,795,562
Market value (ZMW'000)	**3,579,268**	**1,480,987**

CEC categorised as a level 1 based on the quoted market price on the Lusaka Securities Exchange.

(ii) Maamba Collieries Limited

A sensitivity analysis table of the equity value, which is based on the discount rate over the life of power plant indicating reasonably possible changes at the reporting date to one of the relevant valuation assumptions, holding other assumptions constant, would have affected the value of the investment by the amounts shown below:

2023

		MRT AND ERB FEES				
		5.1%	5.4%	5.7%	6.0%	6.3%
WACC	13.1%	5,385,000	5,382,000	5,379,000	5,376,000	5,374,000
	13.9%	5,224,000	5,222,000	5,219,000	5,216,000	5,213,000
	14.6%	5,072,000	5,069,000	**5,066,300**	5,064,000	5,061,000
	15.3%	4,927,000	4,924,000	4,922,000	4,919,000	4,916,000
	16.0%	4,789,000	4,786,000	4,784,000	4,781,000	4,779,000

The equity value ranges from ZMW4,924 million (2022: ZMW2,843 million) to ZMW5,216 million (2022: ZMW3,094 million) with the calculated equity value being ZMW5,066 million (2022: ZMW2,966 million).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

23 Investment in associates *(continued)*

(c) Measurement of fair value *(continued)*

(ii) Maamba Collieries Limited *(continued)*

2022

		MRT AND ERB FEES				
		5.13%	5.42%	5.70%	5.99%	6.27%
WACC	11.9%	3,236,000	3,235,000	3,233,000	3,231,000	3,229,000
	12.5%	3,099,000	3,098,000	3,096,000	3,094,000	3,093,000
	13.2%	2,969,000	2,967,000	2,965,600	2,964,000	2,962,000
	13.9%	2,845,000	2,843,000	2,842,000	2,840,000	2,838,000
	14.5%	2,726,000	2,725,000	2,723,000	2,722,000	2,720,000

The equity value ranges from ZMW2,843 million (2021: ZMW2,088 million) to ZMW3,094 million (2021: ZMW2,324 million) with the calculated equity value being ZMW2,966 million (2021: ZMW2,203 million).

(iii) CNMC Luanshya Copper Mines Plc

A sensitivity analysis table of the equity value, which is based on the discount rate over the life of mine indicating reasonably possible changes at the reporting date to one of the relevant valuation assumptions, holding other assumptions constant, would have affected the value of the investment by the amounts shown below:

2023

		Equity Value Sensitivity Analysis				
		Long-Term Copper Price (US$ / lb)				
		3.40	3.58	3.77	3.95	4.15
WACC	13.4%	801,000	1,048,000	1,308,000	1,568,000	1,841,000
	14.1%	772,000	1,013,000	1,268,000	1,522,000	1,790,000
	14.9%	743,000	979,000	1,227,500	1,476,000	1,737,000
	15.6%	715,000	946,000	1,189,000	1,432,000	1,687,000
	16.4%	688,000	913,000	1,151,000	1,388,000	1,637,000

The equity value ranges from ZMW946 million (2022: ZMW637million) to ZMW1,522 million (2022: ZMW854 million) with the calculated equity value being ZMW1,228 million (2022: ZMW744 million).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

23 Investment in associates *(continued)*

(c) Measurement of fair value *(continued)*

(iii) CNMC Luanshya Copper Mines Plc

2022

Equity Value Sensitivity Analysis						
		Long-Term Copper Price (US$ / lb)				
		3.72	**3.91**	**4.12**	**4.33**	**4.54**
WACC	**14.6%**	557,000	655,000	759,000	862,000	971,000
	15.4%	552,000	649,000	751,000	854,000	961,000
	16.2%	547,000	643,000	**744,000**	845,000	951,000
	17.0%	543,000	637,000	737,000	836,000	941,000
	17.9%	538,000	631,000	729,000	827,000	930,000

The equity value ranges from ZMW637 million (2021: ZMW1,352 million) to ZMW854 million (2021: ZMW1,654 million) with the calculated equity value being ZMW744 million (2021: ZMW1,513 million).

(iv) Konkola Copper Mines Plc (KCM)

The equity value is nil (negative equity value is limited to a zero-value due to the limited liability nature of the investee company) (2022: nil).

(v) Lubambe Copper Mine Limited

The equity value is nil (negative equity value is limited to a zero-value due to the limited liability nature of the investee company) (2022: nil).

(vi) Rembrandt Properties Limited

The equity value is ZMW39.35 million (2022: ZMW20.32 million)

Associate	Valuation tech-nique	Significant unobservable inputs and key assumptions	Inter-relationship between Key unobservable inputs and fair value measurement
Rembrandt Proper-ties Limited	Net asset value approach	The values of the assets and liabilities	Increase/(decrease) in assets would increase/(decrease) the fair value decrease/(increase) in liabilities would increase/(decrease) the fair value

(vii) Mingomba Mining Limited

The equity value is ZMW1.3 billion (2022: nil).

(viii) Consolidated Gold Company Limited (CGCL)

No equity value has been determined for ZCG as the interest in the company was disposed off during the year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

24 Financial assets at fair value through profit or loss

(a) Reconciliation of carrying amounts

	Group and Company	
	31 Dec 2023	31 Dec 2022
Balance at 1 January	1,252,400	1,458,000
Changes in fair value (unrealised)	1,767,100	(205,600)
	3,019,500	**1,252,400**

Financial assets at fair value through profit or loss include the following:

			Group and Company	
			31 Dec 2023	31 Dec 2022
Unlisted equities – at fair value				
Chibuluma Mines Plc	b(i)		-	-
Chambishi Metals PLC	b(ii)		-	-
NFC Africa Mine PLC	b(iii)		3,019,500	1,252,400
			3,019,500	**1,252,400**

(b) Measurement of fair value

Fair value hierarchy

The fair value for the Company's financial investments at fair value through profit or loss was determined by Stock Brokers Zambia ("SBZ"), an external independent valuer, having appropriate recognised professional qualifications and recent experience of the financial investments being valued. The independent valuers provide the fair value of these investments annually.

The fair value measurement for the Company's investments of ZMW 3.02 billion (2022: ZMW 1.25 billion) has been categorised as a level 3 fair value based on the inputs to the valuation technique used.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

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

(b) Measurement of fair value *(continued)*

Level 3 fair value

The following table shows a reconciliation from the opening balances to the closing balances for level 3 fair values.

Group and Company

31 Dec 2023	Level 3	Total
Balance at 1 January	1,252,400	1,252,400
Transfer from associated	-	-
Net change in fair value	1,767,100	1,767,100
Balance at 31 December	**3,019,500**	**3,019,500**

31 Dec 2022	Level 3	Total
Balance at 1 January	1,458,000	1,458,000
Net change in fair value	(205,600)	(205,600)
Balance at 31 December	**1,252,400**	**1,252,400**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

in thousands of Kwacha

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

(b) Measurement of fair value *(continued)*

Valuation technique and significant unobservable inputs

The following table shows the valuation technique used in measuring the fair value of investment in associates as well as the significant unobservable inputs used.

Associate	Valuation technique	Significant unobservable inputs and key assumptions	Inter-relationship between Key unobservable inputs and fair value measurement
NFC Africa Mine	**Discounted cash flows:** It is an income approach to valuation and the most widely used valuation methodology. It computes the value of a business by calculating the present value of anticipated future cash flows generated by the business. The expected net cash flows are discounted using risk adjusted discount rates. **Relative valuation:** The relative valuation methodology values a company using market-based multiples, including operational and asset-based metrics.	▪ ***Target participation capital structure*** - Debt to total capitalisation (2023:26.2%, 2022: 21.0%). - Equity to total capitalisation (2023:73.8%, 2022:79.0%) ▪ ***Cost of debt*** - Cost of debt (2023: 10.0%, 2022: 10.0%) - Effective tax rate (2023: 30%, 2022: 30%) - After tax cost of debt (2023: 7.0%, 2022: 7.0%) ▪ ***Cost of equity*** - Risk free rate (2023: 3.9%, 2022: 3.9%) - Market risk premium (2023: 9.72%, 2022: 13.2%) - Levered beta (2023: 1.53, 2022: 1.16). - Cost of equity (2023:18.7%, 2022: 19.2%) ▪ ***WACC (2023: 15.6%, 2022: 16.6%)*** ▪ **Key assumptions considered were as follows:** - Mineral Royalty tax is assumed as follows for copper (a sliding scale – from 4% to 10%, with the higher bands being: 10% for Cu price over US$7,000/t. Mineral royalty is treated as deductible from income tax from 2023 onwards. - The MRT for gold revenue is assumed at a fixed rate of 6% and is treated as deductible from income tax from 2023 onwards. - Copper prices are projected at US$8,482 per ton in 2023 and steadily increase to US$8,501 per ton in 2024. Gold prices are projected at US$1,940/oz in 2023 and to steadily decrease to US$1,915/ oz in 2024. After 2024, Copper and Gold prices are projected at a flat rate of US$1.566/oz and US$8,303 per ton respectively. - Capex expenditure has been projected at US$3.1 billion over the life of mine budget incorporating the S3 expansion. - Life of mine was estimated to be 13 years.	The estimated fair value would increase/(decrease) if: ▪ Equity to total capitalisation were (lower)/higher ▪ Cost of debt were higher/(lower) ▪ The cost of equity were higher /(lower). ▪ If the copper price reduced/ increased the fair value would be higher/(lower).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

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

(b) Measurement of fair value *(continued)*

(i) Chibuluma Mines Plc

The equity value is nil (negative equity value is limited to a zero-value due to the limited liability nature of the investee company) (2022: nil).

(ii) Chambishi Metals Plc

The equity value is nil (negative equity value is limited to a zero-value due to the limited liability nature of the investee company) (2022: nil).

(iii) NFC Africa Mines Plc

A sensitivity analysis table of the equity value, which is based on the discount rate and long-term average copper price over the life of mine indicating reasonably possible changes at the reporting date to one of the relevant valuation assumptions, holding other assumptions constant, would have affected the value of the investment by the amounts shown below:

2023

Equity Value Sensitivity Analysis						
		Long-Term Average Copper Price (US$/lb)				
		3.39	**3.58**	**3.77**	**3.95**	**4.14**
WACC	**11.6%**	3,378,000	3,557,000	3,736,000	3,915,000	4,094,000
	13.6%	3,049,000	3,200,000	3,352,000	3,504,000	3,656,000
	15.6%	2,761,000	2,890,000	**3,019,500**	3,149,000	3,278,000
	17.6%	2,509,000	2,619,000	2,730,000	2,840,000	2,951,000
	19.6%	2,286,000	2,381,000	2,476000	2,571,000	2,665,000

The equity value ranges from ZMW2, 619 million (2022: ZMW 983 million) to ZMW3,504 million (2022: ZMW1,580 million with the calculated equity value being ZMW3,020 million (2022: ZMW1,252 million).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

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

(b) Measurement of fair value *(continued)*

(iii) NFC African Mines Plc *(continued)*

2022

	Long-Term Average Copper Price (US$/lb)				
	3.71	**3.91**	**4.12**	**4.33**	**4.53**
WACC	1,451,000	1,584,000	1,716,000	1,849,000	1,981,000
	1,240,000	1,353,000	1,467,000	1,580,000	1,694,000
	1,057,000	1,155,000	**1,252,400**	1,350,000	1,447,000
	899,000	983,000	1,067,000	1,151,000	1,235,000
	760,000	833,000	906,000	979,000	1,052,000

The equity value ranges from ZMW 983 million (2021: ZMW1,220 million) to ZMW1,580 million (2021: ZMW1,746 million) with the calculated equity value being ZMW1,252 million (2021: ZMW1,458 million).

25 Inventories

	Group		Company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Consumable stores	11,686	764,324	-	-
Production stock	14,659	4,062,702	-	-
Stockpiles	4,440	39,112	-	-
Gold nuggets	-	43,928	-	16,427
Gemstones	7,514	11,300	-	-
Balance at 31 December	**38,299**	**4,921,366**	**-**	**16,427**

The cost of inventories recognised as an expense and included in the cost of sales amounted to ZMW2,145 million (2022: ZMW1,527 million. The expensed amounts include ZMW2,072 million (2022: ZMW1,483 million) relating to Mopani which is classified as held for sale. The amount of inventory write down recognised as cost of sales amounted to ZMW1.34 billion (2022: ZMW5.86 billion).

Assets pledged as security

Refer to note 39 (ii) for information on current assets pledged as security by the Group.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

26 Trade and other receivables

Group
Dec 2023

Current	Gross	Expected credit loss/ Impairment	Net
Trade receivables	51,455	(12,601)	38,854
Dividend receivable	124,970	(78,066)	46,904
Prepayments	31,409	(217)	31,192
VAT receivable	5,971	(655)	5,316
Other receivables	76,959	(44,799)	32,160
Amounts due from related parties (note 38b (vi))	497,669	(312,926)	184,743
Price participation receivable (see note 38b (vi))	9,182	(9,182)	-
Total current receivables	**797,615**	**(458,446)**	**339,169**
Non-current			
Amounts due from related parties (note 38b(vi))	2,338,515	(709,678)	1,628,837
Total non-current receivables	**2,338,515**	**(709,678)**	**1,628,837**
Total balance	**3,136,130**	**(1,168,124)**	**1,968,006**

Group
Dec 2022

Current	Gross	Expected credit loss/ Impairment	Net
Trade receivables	367,646	(6,557)	361,089
Dividend receivable	186,381	(78,174)	108,207
Prepayments	150,653	(152)	150,501
VAT receivable	5,358	(170)	5,188
Other receivables	143,088	(40,903)	102,185
Amounts due from related parties (note 38b (vi))	36,830	(1,169)	35,661
Price participation receivable (see note 38b (vi))	9,182	(9,182)	-
Total current receivables	**899,138**	**(136,307)**	**762,831**
Non-current			
VAT receivable*	3,659,482	(1,595,766)	2,063,716
Amounts due from related parties (note 38b(vi))	1,819,475	(951,652)	867,823
Total non-current receivables	**5,478,957**	**(2,547,418)**	**2,931,539**
Total balance	**6,378,095**	**(2,683,725)**	**3,694,370**

Assets pledged as security

Refer to note 39 (ii) for information on current assets pledged as security by the Group.

VAT receivable

The expected credit loss on VAT receivable of ZMW1.6 billion relates to the time value of money adjustment for Mopani Copper Mines Plc.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

26 Trade and other receivables *(continued)*

VAT receivables

Valued Added Tax ("VAT") receivable balance of ZMW3.6 billion relates to Mopani for the financial year ended 31 December 2022. Of this balance, A time value of money adjustment of ZMW1,595 million has been recognised given the long-term nature of VAT refunds. Management deems the gross VAT receivable is fully recoverable based on ZRA verification procedures conducted up as at the end of the financial year.

An assessment of output tax amounting to US$362 million (ZMW3.6 billion) had been raised by ZRA. The assessment covers the years 2011, 2012 and the first quarter of 2013. The basis of assessment is that the Company (Mopani) has not provided all the evidence that was required under the old Rule 18 of the VAT (General) Rules to prove an export and in particular the requirement to submit customs import certificates from the country of final destination. Therefore all sales of metal that were zero rated in the returns have been standard rated in the assessment by ZRA.

In 2015, VAT Rule 18 was subsequently amended to allow exporters to submit transit documents issued by the customs authority in the country of transit of the goods instead of import certificates from the country of final destination, as proof of export for purposes of VAT zero rating. The amendment was with effect from 23 February 2015. As a result, the Company has been able to claim and receive VAT refunds claimed after 1 March 2015.

Company

December 2023

Current	Gross	Expected credit loss/Impairment	Net
Trade receivables	22,955	(166)	22,789
Dividend receivable	124,970	(78,066)	46,904
Prepayments	942	(217)	725
VAT receivable	2,848	(655)	2,193
Other receivables	75,668	(44,799)	30,869
Amounts due from related parties (note 38b(vii))	549,188	(364,400)	184,788
Price participation receivable (see note below)	9,182	(9,182)	-
	785,753	**(497,485)**	**288,268**
Non-current			
Amounts due from related parties (note 38b(vii))	**5,311,011**	**(724,540)**	**4,586,471**
Total balance	**6,096,764**	**(1,222,025)**	**4,874,739**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

26 Trade and other receivables *(continued)*

Company
December 2022

Current	Gross	Expected credit loss/ Impairment	Net
Trade receivables	547	(233)	314
Dividend receivable	186,381	(78,174)	108,207
Prepayments	2,199	(152)	2,047
VAT receivable	2,450	(170)	2,280
Other receivables *	65,725	(40,903)	24,822
Amounts due from related parties (note 38b(vii))	123,896	(87,737)	36,159
Price participation receivable	9,182	(9,182)	-
	390,380	**(216,551)**	**173,829**
Non-current			
Amounts due from related parties (note 38b(vii))	**1,909,814**	**(951,652)**	**958,162**
Total balance	**2,300,194**	**(1,168,203)**	**1,131,991**

Other receivables analysis

Group

	31 Dec 23			31 Dec 22		
	Gross	Impairment	Net	Gross	Impairment	Net
Staff receivables	14,365	(234)	14,131	12,264	(1,004)	11,260
Management fees receivable	12,309	(12,309)	-	11,974	(11,650)	324
Other sundry debtors	50,285	(32,256)	18,029	118,850	(28,249)	90,601
	76,959	**(44,799)**	**32,160**	**143,088**	**(40,903)**	**102,185**

Company

	31 Dec 23			31 Dec 22		
	Gross	Impairment	Net	Gross	Impairment	Net
Staff receivables	14,365	(234)	14,131	12,264	(1,004)	11,260
Management fees receivable	12,309	(12,309)	-	11,974	(11,650)	324
Other sundry debtors	48,994	(32,256)	16,738	41,487	(28,249)	13,238
	75,668	**(44,799)**	**30,869**	**65,725**	**(40,903)**	**24,822**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

27 Environmental Protection Fund

	Group	
Environmental Protection Fund Deposit	31 Dec 2023	31 Dec 2022
	7,060	94,433
	7,060	**94,433**

Environmental Protection Fund deposit relates to the subsidiary Mopani Copper Mine Plc deposits made for the Company's estimated decommissioning and closure costs to be incurred at the closure of the Nkana and Mufulira mines. This is recoverable from Government or can be offset against future liabilities as assessed by the Government.

The Mines and Minerals Regulations, 1998 (Statutory Instrument No.102 of 1998) provide for the payment of contributions by mine owners into the Environmental Protection Fund designed to provide for environmental restoration of defunct sites. The Company contributes into the Environmental Protection Fund and the contributions paid into the Fund are based on the environmental assessment carried out by environmental experts. The funds are not accessible and are only available at the time of restoration. Kariba Minerals Limited have not made any contributions towards the environmental protection funds. The contributions are only due based on the assessment made by the government department in line with the Act. In this case, there was no assessment in 2023 and therefore no payment has been made. Assessment is due in 2023. However, all entities have recognised ARO liabilities which are driven by themselves and are significantly material than the assessments done by the mining department of the government. This is done in line with IAS 37.

Assets pledged as security

Refer to note 39 (ii) for information on current assets pledged as security by the Group.

28 Term deposits

Term deposits relate to fixed deposits placed in various banks.

The movement in term deposits is as follows:

	Group		Company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Current				
Balance at 1 January	5,340,202	653,742	5,340,202	632,992
Matured during the period	(5,340,202)	(653,742)	(5,340,202)	(632,992)
Additions	4,450,451	5,340,202	4,411,330	5,340,202
Total	**4,450,451**	**5,340,202**	**4,411,330**	**5,340,202**

A lien/chare in the sum of US$550,000 was created over the term deposit as security for the payment of an overdraft facility and a balance is included in the total of 2023 (nil) (2022: ZMW5.34 million). The Company performs the Expected Credit loss (ECL) on term deposits. Based on the assessment, the ECL was considered immaterial for both 2023 and 2022.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

29 Cash and cash equivalents

For the purposes of the cash flow statement, cash and cash equivalents comprise the following:

	Group		Company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Cash and bank balances	360,204	328,970	61,119	45,560
Cash in hand	152	203	18	26
Cash and cash equivalents in the statement of financial position	**360,356**	**329,173**	**61,137**	**45,586**
Bank overdraft	-	(688,120)	-	-
Cash and cash equivalents	**360,356**	**(358,947)**	**61,137**	**45,586**
Under assets held for sale (Note 21)	(476,874)	277,887	-	-
Cash and cash equivalents at 31 Dec	**116,518**	**(81,060)**	**61,137**	**45,586**

Bank overdrafts

Mopani Copper Mines Plc

Mopani has overdraft facilitates with Zambia National Commercial Bank Plc amounting to US$10 million, Ecobank amounting to US$15 million, Indo Zambia Bank amounting to US$5 million, Atlas Mara Bank amounting to US$10 million and Zambia Industrial Commercial Bank amounting to US$2.8 million. The overdraft facilities are secured by unconditional corporate guarantee from ZCCM Investment Holdings Plc. The overdraft facilities carry interest rate at 10%.

As at year end, Mopani had outstanding overdraft facilities with ZANACO amounting to US$10 million, Indo-Zambia Bank amounting to US$4.8 million, ZICB amounting to US$ 2.8 million, Atlas Mara amounting to US$9.9 million and Eco Bank amounting to US$15 million.

Kariba Minerals Limited

The overdraft facility has a limit of US$ 500,000 and attracts interest at 12% per annum. The overdraft is secured by a cash cover provided by ZCCM-IH.

Financial guarantees

The fair value of the corporate guarantees above was immaterial, thus nil value (2022: nil) was recognised.

As at 31 December,2023 the ECL on the two guarantees was assessed to be nil (2022: nil), as there was no adverse conditions that existed.

Assets pledged as security

Refer to note 39 (ii) for information on current assets pledged as security by the Group.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

30 Trade and other payables

Current	Group		Company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Trade payables	177,076	2,828,762	-	-
Concentrate purchases	-	2,782,359	-	-
Statutory liabilities	29,686	1,290,633	1	1
Other payables and accrued expenses	105,994	549,423	78,287	121,004
Total balance	**312,756**	**7,451,177**	**78,288**	**121,005**

(i) *Concentrate* purchases relates to costs accrued for purchases of third party concentrates by Mopani Copper Mine Plc

(ii) *The carrying amount of the current payables and accrued expenses approximate their fair values due to the short-term nature and low impact of discounting.*

(iii) *Statutory liabilities relate to Pay As You Earn (PAYE), National Pension Scheme Authority (NAPSA), Mineral Royalty Tax and Value Added Tax (VAT).*

(iv) *Other payables and accrued expenses analysis**

	Group		Company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Staff payables	9,193	406,177	9,193	4,327
Dividends received in advance*	10,724	10,724	10,724	10,724
Treasury security deposits	2,949	2,649	2,949	2,649
Dividend payable	2,777	87,531	2,777	87,531
Accrued expenses	5,026	731	5,026	731
Sundry payables	75,325	41,611	47,618	15,042
Total balance	**105,994**	**549,423**	**78,287**	**121,004**

******Dividends received in advance relates to dividends received from investee companies which are not payable but will be offset against future dividends*

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

31 Provisions

	Group		Company	
	31 Dec 2023	**31 Dec 2022**	**31 Dec 2023**	**31 Dec 2022**
Legal provisions (i)	5,036	85,332	5,036	85,332
Provisions – others (ii)	39,207	402,357	36,425	23,354
	44,243	**487,689**	**41,461**	**108,686**
i) Legal provision				
Opening balance	85,332	10,332	85,332	10,332
Addition	-	76,400	-	76,400
Payments/reversal	(80,296)	(1,400)	(80,296)	(1,400)
Closing balance	**5,036**	**85,332**	**5,036**	**85,332**
ii) Provisions other				
Opening balance	402,357	378,746	23,354	19,196
Addition/Reduction	38,501	31,485	35,719	28,913
Amounts used during the period	(25,220)	(36,984)	(22,648)	(24,755)
Translation (Note 31)	160,435	29,110	-	-
Reclassified to held for sale (Note 21)	(536,866)	-	-	-
Closing balance	**39,207**	**402,357**	**36,425**	**23,354**
Total provision closing balance	**44,243**	**487,689**	**41,461**	**108,686**

i) *Legal provision arises mainly from a number of legal cases involving the Group. These cases relate to various legacy matters of the old ZCCM Limited, mostly relating to employee cases and sale of houses. Legal provisions amounts are premised on claims against the Company before the courts of law and the likelihood of matter going in favour of the claimant as determined by the legal team. Legal provisions are payable within 12 months.*

ii) *Provisions* other comprises provisions for consultancy fees regarding various investments projects, as well as staff related provisions which includes gratuity and leave pay. Provisions other are payable within 12 months. Gratuity disclosed as part of provisions is based on the employee contracts and is fixed per contract as a rate of the total salary (known percentage of the agreed basic salary in the contract).

iii) The makeup of provisions other balances are:

Provisions Other

	Group		Company	
	31 Dec 2023	**31 Dec 2022**	**31 Dec 2023**	**31 Dec 2022**
Staff costs provision	14,697	15,480	11,915	12,879
Consultancy fees provision	24,510	10,446	24,510	10,446
Contractors' costs provision	-	376,431	-	-
Total	**39,207**	**402,357**	**36,425**	**23,325**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

32 Share capital and premium

(i) *Ordinary shares*

Group and Company						
	Class A shares		Class B shares		Total	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Balance at 31 Dec	969	969	639	639	1,608	1,608

Class "A" Ordinary Shares and Class "B" Ordinary Shares all rank pari passu in all respects.

Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share.

The Company has authorised class A and B shares of 96,976,669 and 63,873,617 respectively of ZMW0.01 each. Both class A and B shareholders have a right to vote, appoint directors, chairperson and receive a dividend.

(ii) *Number of shares*

In thousands of shares	Class A shares		Class B shares		Total shares	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
In issue at 31 December – fully paid	96,927	96,927	63,873	63,873	160,800	160,800
Authorised – par value ZMW0.01	**120,000**	**120,000**	**80,000**	**80,000**	**200,000**	**200,000**

(iii) *Share premium*

	Class A shares		Class B shares		Total	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Ordinary shares	1,259,407	1,259,407	829,936	829,936	2,089,343	2,089,343
	1,259,407	1,259,407	829,936	829,936	2,089,343	2,089,343

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

33 Other reserves

(i) ***Revaluation reserve***

The revaluation reserve arises from the periodic revaluation of items of property, plant and equipment, and represents the excess of the revalued amount over the carrying value of the property, plant and equipment at the date of revaluation. The reserves are non-distributable to the shareholders and are recognised net of deferred income tax. Deferred tax arising in respect of the revaluation of property, plant and equipment has been charged directly against revaluation reserves in accordance with IAS 12: Income Taxes.

(ii) ***Translation reserves of foreign denominated subsidiaries***

The translation reserve arises from the translation of the results of the investments in subsidiaries and equity accounted investees whose functional and presentation currency is the US Dollar. Subsidiary translation reserve for the year were as follows;

	ZMW'000 31 Dec 2023	ZMW'000 31 Dec 2022
Trade and other receivables	904,155	230,243
Environmental protection fund	42,858	7,303
Cash and cash equivalents	(281,464)	(28,538)
Borrowings (note 34)	(12,707,437)	(2,172,561)
Retirement benefits (note 36)	(69,146)	(25,167)
Provisions for environmental rehabilitation (note 37)	(815,048)	(86,118)
Trade and other payables	(3,350,997)	(511,192)
Provisions (note 31)	(160,435)	(29,110)
Total	**(16,437,514)**	**(2,615,140)**

(iii) ***Fair value reserve***

Fair value reserve comprises the cumulative net change in the fair value through other comprehensive income financial assets until the assets are derecognised or impaired. The reserves are distributable upon realisation. Where a revalued financial asset is sold, the portion of the reserve that relates to that financial asset, which is effectively realised, is reduced from the investment revaluation reserve and is recognised in profit or loss. Where a revalued financial asset is impaired, the portion of the reserve that relates to that financial asset is recognised in retained earnings. (See note 44 (d (ii)).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

34 Borrowings

	Group		Company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Current				
Borrowings	-	864,411	-	-
Non-current				
Borrowings	-	27,476,859	-	-
Total borrowings	**-**	**28,341,270**	-	-

	Group		Company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Opening balance	28,341,270	25,343,567	-	1,135
Additions	128,733	-	-	-
Repayments	(436,036)	(698,833)	-	(1,135)
Interest – expense	2,776,751	1,523,989	-	14
Interest paid	-	(14)	-	(14)
Exchange difference due to translation (included in reserves) (note 33 (ii))	12,707,437	2,172,561	-	-
Reclassified to held for sale (Note 21)	(43,518,155)	**-**	-	-
Closing balance	**-**	**28,341,270**	-	-

	Group		Company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
International AG/Calisa	-	28,341,270	-	-
Closing balance	-	**28,341,270**	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

34 Borrowings *(continued)*

Glencore International AG / Carlisa facility

Mopani has historically been funded by shareholder loans from Carlisa and other members of the Glencore group. As of 31 December 2020, the total shareholder loan was ZMW 71.509 billion (US$4.3 billion). Before the acquisition of Mopani's 90% stake from Glencore in March 2021, the shareholder loans agreements were amended, such that the remaining debt in Mopani was reduced to ZMW 24.95 billion (US$1.5 billion.) The amended debt to Carlisa and Glencore key terms and conditions are summarised below:

The facilities include the following parties:

- Mopani as a borrower
- Glencore International AG (GIAG) as a lender in respect of the GIAG facility
- Carlisa as a lender in respect of the Carlisa facility
- ZCCM-IH as a guarantor

The facility has a balance of ZMW 43.52 billion (2022: ZMW 28.341 billion) as of 31 December 2022 with repayment period ending 2035 or any such later date as agreed amongst the Parties in writing from time to time. ZCCM-IH has guaranteed the obligations of Mopani under the GIAG and Carlisa facility. Interest is capitalised for the first 3 years and thereafter payable quarterly at Libor plus 3%. The Glencore and Carlisa borrowings bear interest at the 3 month SOFR rate plus 3%. The borrowings are payable on 31 December 2035 or any such later date as agreed amongst the Parties in writing from time to time.

Repayment terms

The facility is repayable under a dual mechanism

- 3% of gross revenue of the Mopani group from 2021- 2023, and 10% to 17.5% of gross revenue of Mopani thereafter.
- 33.3% of EBITDA less taxes, changes in working capital, capital expenditure, royalty payment to Government of the Republic of Zambia (GRZ) for that quarter

Repayment of principal (together with accrued interest) may additionally be required in the event of an occurrence of certain other early repayment events. These include certain change of control events in respect of Mopani, proceeds from capital raising or disposal and sales of product other than those pursuant to the offtake agreements, amongst others. The Group is in compliance to the above terms.

If ZCCM-IH ceases to control Mopani or the GRZ ceases to control ZCCM-IH, the lenders may, at any time thereafter cancel the facilities and declare all loans, together with accrued interest, immediately due and payable.

Security

- The facility is secured by first ranking fixed and floating charge over all assets and undertakings of Mopani
- ZCCM-IH shares in Mopani.
- ZCCM-IH Corporate guarantee in favour of Glencore

Aside the terms on repayment, security, off taking and shareholding, there were no other debt covenants.

Mopani's capital is currently being restructured with the engagement of an equity partner, Delta Mining Limited ("Delta"), who are expected to inject a total of US$620 million fresh capital through the issue of new shares. The balance sheet will also be restructured by way of renegotiate the quantum of the transaction debt with Glencore International AG. Subsequent to the year end, the ZCCM agreement of having the shares in Mopani as a guarantee for the Glencore loan has been restructured. Glencore no longer has a right over the share of ZCCM in Mopani on default as part of the investment agreement with Delta Mining Limited. Refer to note 42 Subsequent Events.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

35 Deferred income tax

Group

Deferred income tax assets are recognised for provisions to the extent that the future related tax benefits will be realised. There were no unrecognised deferred tax assets during the period. The deferred tax asset have been recognised only to the extent that it is probable that future taxable profits will be available against which the temporary differences will be utilised.

Subject to agreement with the Zambia Revenue Authority, the Group has no estimated tax losses as at 31 December 2023 (2022: ZMW469 million). The Group utilised all the tax losses during the year following the conversion from the dividend model (subjected to 0% income tax rate) to the royalty right (subjected to 30% income tax rate). The tax losses are available to be carried forward for a period of not more than 5 years from the charge year in which they were incurred, for set off against future taxable profit from the same source as follows:

Tax loss analysis

	2023 ZMW'000	2022 ZMW'000
2022 tax losses available until 2027	-	-
2021 tax losses available until 2026	-	261,822
2020 tax losses available until 2025	-	184,593
2019 tax losses available until 2023	-	22,574
Total	**-**	**468,989**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

35 Deferred income tax *(continued)*

Group *(continued)*

Deferred income tax was calculated using the enacted income tax rate of 30% (2022: 30%).

Group	Balance 1 Jan 2022	Rec-ognised in profit or loss	Rec-ognised OCI	Balance 31 Dec 2022	Rec-ognised in profit or loss	Rec-ognised in OCI	Balance 31 Dec 2023
Movement in temporary differences during the year							
Deferred tax asset							
Provision for gratuity and leave pay	(2,834)	(66)	-	(2,900)	(890)	-	**(3,790)**
Other provisions	(14,860)	2,022	-	(12,838)	(11,171)	-	**(24,009)**
Bad debt Provision	(389,533)	129,983	-	(259,550)	(25,088)	-	**(284,638)**
Legal Provision	(3,100)	(22,428)	-	(25,528)	24,017	-	**(1,511)**
Environmental provision	(23,979)	12,172	-	(11,807)	(4,204)	-	**(16,011)**
Unrealised exchange losses	(110,122)	22,497	-	(87,625)	(1,981)	-	**(89,606)**
Supply chain tax losses	-	(405)	-	(405)	-		**(405)**
Tax losses	(156,972)	20,641	-	(136,331)	136,331	-	-
	(701,400)	**164,416**	-	**(536,984)**	**117,014**	-	**(419,970)**
Deferred tax liability							
Property, plant, and equipment	20,200	15,523	-	35,723	6,344	-	**42,067**
Property, plant, and equipment – Revaluation	6,679	(9,189)	3,746	1,236	-	(221)	**1,015**
Unrealised exchange gains	319,478	43,206	-	362,684	753,980	-	**1,116,664**
Employee provision	14,195	266	28	14,489	512	(2,944)	**12,057**
	360,552	**49,806**	**3,774**	**414,132**	**760,836**	**(3,165)**	**1,171,803**
Deferred tax asset/liability	**(340,848)**	**214,222**	**3,774**	**(122,852)**	**877,850**	**(3,165)**	**751,833**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

35 Deferred income tax *(continued)*

Deferred tax on foreign currency reserve

The translation reserves which arise from consolidation (reporting) are not recognised. There is no group tax registration in Zambia, hence translation reserves will not result in any tax obligations at any time. All taxes recognised at group level are a summation of individual entity's tax obligations/claims.

Deferred income tax assets are recognised for provisions to the extent that the future related tax benefits will be realised. There were no unrecognised deferred tax assets during the period.

Company

Deferred income tax assets are recognised for provisions to the extent that the future related tax benefits will be realised. There were no unrecognised deferred tax assets during the period. Deferred income tax assets and liabilities are attributable to the following items:

Company	Balance 1 Jan 2022	Recognised in profit or loss	Recognised OCI	Balance 31 Dec 2022	Recognised in profit or loss	Recognised OCI	Balance 31 Dec 2023
Movement in temporary differences during the year							
Deferred Tax Asset							
Property, plant and equipment	(1,677)	(4,433)	-	(6,110)	3,735	-	**(2,375)**
Provision for gratuity and leave pay	(2,867)	(66)	-	(2,933)	(444)	-	**(3,377)**
Other provisions	(1,291)	895	-	(396)	396	-	**-**
Bad debt Provision	(493,863)	129,983	-	(363,880)	(24,917)	-	**(388,797)**
Legal Provision	(3,100)	(22,428)	-	(25,528)	24,017	-	**(1,511)**
Employee provision	(3,077)	266	28	(2,783)	512	(2,944)	**(5,215)**
Environmental provision	(23,979)	12,172	-	(11,807)	(4,542)	-	**(16,349)**
Tax losses	(154,488)	14,097	-	(140,391)	139,986	-	**(405)**
	(684,342)	**130,486**	**28**	**(553,828)**	**138,743**	**(2,944)**	**(418,029)**
Deferred Tax Liability							
Property, plant and equipment – Revaluation	6,009	-	3,746	9,755	-	(221)	**9,534**
Unrealised exchange gains	318,308	43,206	-	361,514	753,179	-	**1,114,693**
Unrealised exchange Losses	(108,084)	31,677	-	(76,407)	(11,732)	-	**(88,139)**
Change in investment property	-	-	-	-	-	-	**-**
	(216,233)	**74,883**	**3,746**	**294,862**	**741,447**	**(221)**	**1,036,088**
Deferred Tax (Asset)/Liability	**(468,109)**	**205,369**	**3,774**	**(258,966)**	**880,190**	**(3,165)**	**618,059**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

36 Retirement benefits

(i) Group defined contribution plan

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

(ii) Group defined contribution obligation

Under the terms of employment, permanent employees of the Group are entitled to post employment gratuity benefits. The benefits are defined benefit in nature based on the members' length of service and their salary at the earlier of retirement or death or termination from employment. This scheme is unfunded, and the Group only pays a benefit upon retirement of an individual qualifying for the benefit.

The regulator, Pensions and Insurance Authority, does not regulate gratuity schemes such as this one. However, companies that opt to provide an additional and separate unfunded gratuity benefit for their employees are required to operate within the governing covenants and agreements with their employees. Taxation of this scheme falls under the framework and administration of this arrangement, including decisions as to whether to prefund the benefit costs or amend the arrangement design.

The Group's accrued liability in respect of each employee is the present value of the benefits in respect of service completed to the valuation date but based on projected earnings to retirement or date of payment. The total accrued liability (or the required provision) at the valuation date is a summation of the accrued liability in respect of each employee.

Key risks

The plan typically exposes the Group to actuarial risks such as: interest rate risk, salary risk and liquidity risk.

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

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

36 Retirement benefits *(continued)*

(a) The amounts recognised in the statement of financial position are determined as follows:

	Group		Company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Present value of unfunded obligations	17,381	322,071	17,381	9,275

(b) Movement in the defined benefit obligation over the year is as follows:

	Group		Company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Balance at 1 January	322,071	340,288	9,275	10,256
Charge for the period – expense	36,853	168,173	2,619	3,154
Charge for the period – other comprehensive income	(24,134)	(204,217)	9,813	(94)
Benefits paid during the year	(11,078)	(7,340)	(4,326)	(4,041)
Reclassified to trade and other payables	(245,715)	-	-	-
Foreign currency translation	69,146	25,167	-	-
Reclassified as held for sale (Note 21)	(129,762)	-	-	-
Closing balance – 31 December	**17,381**	**322,071**	**17,381**	**9,275**

Non-current liability	17,381	182,940	17,381	9,275
Current liability	-	139,131	-	-
	17,381	**322,071**	**17,381**	**9,275**

(c) Recognised in profit or loss

	Group		Company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Current service cost	13,414	165,823	648	804
Interest cost	23,439	2,350	1,971	2,350
Personnel expenses (note 12)	**36,853**	**168,173**	**2,619**	**3,154**

(d) Recognised in equity

	Group		Company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Experience adjustment	(27,510)	(307,622)	6,437	5,476
Demographic assumptions	7,208	-	7,208	-
Financial assumptions	(3,832)	103,405	(3,832)	(5,570)
Total	**(24,134)**	**(204,217)**	**9,813**	**(94)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of kwacha

36 Retirement benefits *(continued)*

Group defined benefit plans

(e) Actuarial assumptions

Critical assumptions are made by the actuary in determining the present value of retirement benefit obligation including the discount rate. The carrying amount of the provision and the key assumptions made in estimating the provision were as follows:

	Group			Company	
	31Dec 2023	31 Dec 2022		31 Dec 2023	31 Dec 2022
Discount rate	26.95%	27.75%		23.00%	25.40%
Benefit increase rate				16.59%	18.86%
Future salary increases	10.0%	10.0%		11%	11%

The liability and actuarial assumptions are based on the actuarial valuation report as at 31 December 2022.

(f) Sensitivity analysis

The results of the actuarial valuation are sensitive to changes in the financial assumptions than changes in the demographic assumptions. In preparing the sensitivity analysis of the results to the discount rate used, the actuary relied on calculations of the duration of the liability. Based on this methodology, the results of the sensitivity analysis are summarized in the table below:

	Group			Company	
	31 Dec 2023	31 Dec 2022		31 Dec 2023	31 Dec 2022
	Present value of obligation	Present value of obligation		Present value of obligation	Present value of obligation
1% increase in discount rate	(4,660)	(4,188)		(1,221)	(479)
1% decrease in discount rate	5,095	5,567		1,359	528
1% increase in salary rate	5,876	5,289		1,494	604
1% decrease in salary rate	(5,398)	(4,874)		(1,352)	(551)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

36 Retirement benefits *(continued)*

(f) Sensitivity analysis *(continued)*

Since all the benefits payable under the plan are salary related, the sensitivity of the liability to a change in the salary escalation assumption is not expected to be materially different.

On Company cash flows

The arrangement is unfunded and the Company pays benefits from general revenues as and when they arise. The timing of the benefit payments from the plan will be influenced by the age at which employees retire from the Company.

37 Provisions for environmental rehabilitation

	Group		Company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Balance at 1 January	1,221,068	1,198,814	39,357	79,931
Charge for the year	(471)	(46,568)	(1,632)	(47,273)
Increase/(decrease) in environmental provision charged to environmental assets	1,299,950	(42,887)	-	-
Exchange movement	16,773	6,699	16,773	6,699
Unwinding of discount	23,520	18,892	-	-
Translation - included in reserves	815,048	86,118	-	-
Reclassified to held for sale (Note 21)	(3,263,137)	-	-	-
Balance at 31 December	**112,751**	**1,221,068**	**54,498**	**39,357**

The year-end balance represents restoration, rehabilitation and environmental provisions for the Company and its subsidiaries Mopani Copper Mine Plc, Limestone Company Limited (Limestone) and Kariba Minerals Limited (Kariba). The Company's provision is as a result of inherited environmental obligations from the old ZCCM Limited combined with environmental disturbances from mining operations at Mopani, Limestone and Kariba.

The provisions have been assessed to cost ZMW118.42 million as at 31 December 2023 as compared to ZMW1,221.07 million as at 31 December 2022. The decrease in the provision for environmental rehabilitation in 2023 as compared to 2022 was as a result of the reclassification of the held for sale balance for Mopani Copper Mine Plc.

The provision represents the best estimate of the expenditure required to settle the obligations to rehabilitate environmental disturbances caused by mining operations. Mining Companies are expected to make contributions to the Environmental Protection Fund, controlled by the Department of Mines and Mineral Development. Contributions made towards the fund reduces the environmental provision obligation. At the end of useful life of the mine, Mining Companies are obligated to rehabilitate the damage to the environment and all payments made to the Environmental Protection Fund will be reimbursed towards this rehabilitation.

The valuation for the environmental restoration provision at 31 December 2023 for the Company and subsidiaries were performed by independent consultants.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

37 Provisions for environmental rehabilitation *(continued)*

Assumptions

The following assumptions were taken into account: Inflation rate of 7% (2022: 6.5%), Discount rate of 3.84% (2022: 3.99%) and time to settle of 5 to 25 years when cashflows are expected to be incurred.

Based on this assessment, there was an increase in the liability for ARO and remediation on an undiscounted basis after an inflation factor of 7% (2022:6.5%) of approximately ZMW 118 million (US$4.58 million) ZMW1.22 billion (2022: US$55.62 million). The discount factor of 3.84% was applied in 2022 (2022: 3.99%). The increase in the restoration provision in the current year is principally attributable to exchange movements.

The changes in cash flow estimates result from new Net Present Value (NPV) estimates of the asset retirement obligation. An impact of a 10% movement in the inflation rate results into ZMW0.12 million (2022: ZMW356.54 million) change in the retirement and remediation liability while a 10% movement in the discount rate results into a ZMW0.02 million (2022: ZMW292.54 million) change in the liability and corresponding mineral properties asset. For each mining area, the ARO cash outflows have been estimated to occur after the end of the mining over a period which is between 5 to 25 years.

38 Related party transactions

a) Parent and ultimate controlling party

The Group is controlled by the Government of the Republic of Zambia through the Zambian Industrial Development Corporation (IDC) (60.3%) and Ministry of Finance (17.2%) which owns a total of 77.5% of the Company's shares.

b) Related party transactions

(i) **Dividend paid to parent Company**

Name	Type	Ownership interest	Place of incorporation	31 Dec 2023	31 Dec 2022
Industrial Development Corporation	Ultimate parent entity and controlling party	60.3%	Zambia	436,000	51,000

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

38 Related party transactions *(continued)*

b) Related party transactions *(continued)*

(ii) **Key management personnel compensation**

	Group		Company	
	2023	2022	2023	2022
Executive Director's fees and Emoluments	10,605	4,978	4,694	1,074
Non-executive Director's Fees	26,477	26,176	10,465	9,265
Total	**37,082**	**31,154**	**15,159**	**10,339**

Key management compensation relates to Director's in the Company and its subsidiaries. Directors' emoluments include sitting allowances and salaries.

(iii) **Dividend income from related parties**

Company

Relationship	31 Dec 2023	31 Dec 2022
Kansanshi Mines (Associate)	170,745	4,370,267
CNMC Luanshya Copper Mines Plc (Associates)	233,568	250,282
Copperbelt Energy Corporation (Associate)	335,523	195,988
NFC Africa Mining Plc – (Other investee)	-	51,780
Total dividends (note 8)	**739,836**	**4,868,317**

(iv) **Interest income from related parties**

Company

Relationship	31 Dec 2023	31 Dec 2022
Maamba Collieries Limited (Associate)	56,504	77,936
Konkola Copper Mines Plc (Associate)	832	7,305
Mushe Milling Company Limited (Subsidiary)	-	8,623
Staff loans	1,330	908
Limestone Resources Limited (Subsidiary)	14,070	2,461
Rembrandt Properties Limited (Associate)	5,501	1,474
Mopani Copper Mines (Subsidiary)	168,728	-
Total interest income (Note 13)	**246,965**	**98,707**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

38 Related party transactions *(continued)*

b) Related party transactions *(continued)*

(v) **Management fees income from related parties**

Company

Relationship	31 Dec 2023	31 Dec 2022
Lubambe Copper Mines (Associate)	5,072	-
Misenge Environmental and Technical Limited (Subsidiary)	-	32
Kariba Minerals Limited (Subsidiary)	11	127
Kabundi Resources Limited (Subsidiary)	-	942
Zambia Gold Company Limited (Subsidiary)	295	4,843
Total management fees (note 9)	**5,378**	**5,944**

(vi) **Amounts due from related parties**

Group 2023

	Relationship	Gross	Impairment	Carrying amount
Konkola Copper Mines Plc (vii)	Associate	309,420	(309,420)	-
Royalty receivable (Kansanshi)	Associate	185,397	(3,506)	181,891
Royalty receivable (Consolidated Gold Company Limited)	Associate	2,852	-	2,852
Sub total		**497,669**	**(312,926)**	**184,743**
Maamba Collieries Limited (i)	Associate	1,595,707	(7,978)	1,587,729
Lubambe Copper Mines Limited (ii)	Associate	701,493	(701,493)	-
Rembrandt	Associate	41,315	(207)	41,108
Sub total		**2,338,515**	**(709,678)**	**1,628,837**
Price participation receivable	Associate	9,182	(9,182)	-
Dividends receivable Dividends receivable Kansanshi	Associate	124,970	(78,066)	46,904
Sub total		**134,152**	**(87,248)**	**46,904**
Total amounts due from related parties		**2,970,336**	**(1,109,852)**	**1,860,484**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

38 Related party transactions *(continued)*

b) Related party transactions *(continued)*

(vi) **Amounts due from related parties**

Group 2022

	Relationship	Gross	Impairment	Carrying amount
Maamba Collieries Limited (i)	Associate	1,082,168	(250,159)	832,009
Lubambe Copper Mines Limited (ii)	Associate	701,493	(701,493)	-
Rembrandt	Associate	35,814	-	35,814
Sub total		**1,819,475**	**(951,652)**	**867,823**
Konkola Copper Mines Plc (vi)	Associate	35,697	(36)	35,661
Consolidated Gold Company Limited	Associate	1,133	(1,133)	-
Sub total		**36,830**	**(1,169)**	**35,661**
Price participation receivable	Associate	9,182	(9,182)	-
Dividends receivable from CNMC Luanshya Plc	Associate	186,381	(78,174)	108,207
Sub total		**195,563**	**(87,356)**	**108,207**
Total amounts due from related parties		**2,051,868**	**(1,040,177)**	**1,011,691**

Company

December 2023

	Relationship	Gross	Impairment	Carrying amount
Misenge Environmental and Technical Services Limited (v)	Subsidiary	4,669	(4,624)	45
Konkola Copper Mine Plc (vi)	Associate	309,420	(309,420)	-
Limestone resources limited (ix)	Subsidiary	46,850	(46,850)	-
Royalty receivable (Kansanshi)	Associate	188,249	(3,506)	184,743
Sub total		**549,188**	**(364,400)**	**184,788**
Maamba Collieries Limited (i)	Associate	1,595,707	(7,978)	1,587,729
Lubambe Copper Mine Limited (ii)	Associate	701,493	(701,493)	-
Mopani (x)	Subsidiary	2,776,497	(13,882)	2,762,615
Rembrandt (viii)	Associate	41,315	(207)	41,108
Limestone resources limited (ix)	Subsidiary	195,999	(980)	195,019
Sub total		**5,311,011**	**(724,540)**	**4,586,471**
Mushe Milling Company Limited (vii)	Subsidiary	73,965	(73,965)	-
Price participation receivable	Associate	9,182	(9,182)	-
Dividends receivable (Kansanshi)	Associate	124,970	(78,066)	46,904
Total amounts due from related parties		**6,068,316**	**(1,250,153)**	**4,818,163**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

38 Related party transactions *(continued)*

b) Related party transactions *(continued)*

(vi) **Amounts due from related parties** *(continued)*

Company

December 2022

	Relationship	Gross	Impairment	Carrying amount
Maamba Collieries Limited (i)	Associate	1,082,168	(250,159)	832,009
Lubambe Copper Mine Limited (ii)	Associate	701,493	(701,493)	-
Limestone resources Limited (ix)	Subsidiary	90,339	-	90,339
Rembrandt (viii)	Associate	35,814	-	35,814
Sub total		**1,909,814**	**(951,652)**	**958,162**
Kariba Minerals Limited (iii)	Subsidiary	5,839	(5,839)	-
Nkandabwe Coal Mine (iv)	Subsidiary	7,845	(7,845)	-
Misenge Environmental and Technical Services Limited (v)	Subsidiary	4,816	(4,318)	498
Limestone resources Limited (ix)	Subsidiary	46,850	(46,850)	-
Consolidated Gold Company Limited	Associate	1,133	(1,133)	-
Konkola Copper Mine Plc (vi)	Associate	35,697	(36)	35,661
Mushe (Trade receivables) (vii)	Subsidiary	21,716	(21,716)	-
Sub total		**123,896**	**(87,737)**	**36,159**
Mushe (loan receivable) (vii)	Subsidiary	44,732	(44,732)	-
Price participation receivable (KCM)	Associate	9,182	(9,182)	-
Dividends receivable: (CNMC Luanshya Plc)	Associate	186,381	(78,174)	108,207
Sub total		**240,295**	**(132,088)**	**108,207**
Total amounts due from related parties		**2,274,005**	**(1,171,477)**	**1,102,528**

(i) *Maamba Collieries Limited (MCL)*

On 17 June 2015, ZCCM –IH entered into an inter-company loan agreement for a cash advance of ZMW321.15 million (US$26.345 million) as part of its contribution towards the implementation of the Integrated Mining Project and the establishment of the 300MW Thermal Power plant project. The loan attracts an interest rate of 6 % per annum. The principal and interest accrued is repayable in 5 annual instalments commencing in one year after the commercial operational date of 27 July 2017. This loan is subordinated to the third-party lenders who have financed the Maamba project.

On 25 March 2019, ZCCM-IH advanced a short-term liquid support of ZMW 220.5 million (US$10 million) to MCL payable within 60 days from the date of disbursement, and when Maamba receives payment for its power sales to ZESCO. This shareholder loan is subordinated to the project finance loans and is unsecured and interest is charged at 6% per annum. After the year end, the loan has been fully paid.

The above loans are subordinated to the financier's loans of Maamba project and are payable after the financial close date when all project finance loans are repaid by 2026. MCL has made considerable progress in settling the outstanding debt with the Commercial Lenders, driven by improved cash flows. Throughout the year, MCL made a significant advance payment on its loan principal to Commercial Lenders, totalling US$88.5 million, after informing the commercial lenders about its plan to continue with monthly prepayments. Moreover, the company aims to rapidly settle the remaining project loan balance of US$118 million, utilizing the subsequent payments received from ZESCO.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

38 Related party transactions *(continued)*

b) Related party transactions *(continued)*

(vi) **Amounts due from related parties** *(Continued)*

(i) *Maamba Collieries Limited (MCL) (Continued)*

No payment was made during the year towards the ZCCM-IH shareholder loan. Management has assessed the sufficiency of the provision for impairment on the loan receivable, based on Maamba's loan repayment performance relating to all project finance loans, as well as its financial performance, and has determined that there are no indicators for additional impairment provision.

(ii) *Lubambe Copper Mines Limited*

On 9 November 2023, ZCCM-IH amended the inter-company loan agreement with Lubambe Copper Mines Limited. The principal amount outstanding for the loan is ZMW701 million (US$103.7 million). The loan is fully impaired by ZCCM-IH Plc.

(iii) *Kariba Minerals Limited*

On 22 January 2019, ZCCM-IH advanced a loan to Kariba Minerals Limited amounting to ZMW5.84 million (US$489,520) for the purchase of equipment. The loan attracts an interest rate of 6 % per annum. The loan has a moratorium of two years. This loan is fully impaired. On 28th July 2023, the ZCCM-IH Board approved the conversion of the loan to Equity as part of Kariba Minerals Limited Turnaround Plan Funding initiatives.

(iv) *Nkandabwe Coal Mine Limited*

ZCCM – IH advanced a loan to Nkandabwe Coal Mine of ZMW7.85 million is recoverable from Ministry of Finance through a debt swap arrangement. Under this arrangement ZCCM-H, will recover the Nkandabwe loan from dividend payable to Ministry of Finance. Subsequently, the outstanding amount has been recovered in full.

(v) *Misenge Environmental and Technical Services Limited*

The loan amount outstanding from Misenge Environmental and Technical Services Limited is totalling ZMW4.25 million. The loan is fully impaired by ZCCM-IH Plc.

(vi) *Konkola Copper Mine Plc (KCM)*

Following the High Court order to appoint a provisional liquidator for KCM, ZCCM-IH advanced ZMW166.57 million (US$10 million) to KCM through the liquidator. Further, on 23rd August 2019, ZCCM-IH advanced a loan of ZMW208.21 million (US$12.5 million) to KCM. The US$12.5 million loan attracted an interest rate of 6 % per annum. As at 31 December 2023, a combined loan total of ZMW71.64 million (US$2.78 million) was still outstanding. KCM has since written to ZCCM-IH for the loan to be restructured given the recent developments regarding the resolution of disputes between shareholders.

ZCCM Investments Holdings Plc had previously provided a Corporate Guarantee to Zambia National Commercial Bank Plc ("ZANACO") for ZMW 220 million (US$10 million) (the "Transaction"). The provision of ZMW 220 million (US$10 million) Corporate Guarantee to ZANACO Plc by ZCCM-IH was for working capital to Konkola Copper Mines Plc ("KCM"). The Corporate Guarantee to ZANACO Plc was valid until 30th November 2023 and upon expiry, ZANACO informed KCM that they would not be renewing the facility. Given KCM's financial challenges, they were unable to repay the facility with ZANACO and as a result, ZCCM-IH was obligated to pay ZANACO US$10 million. The Corporate Guarantee issued by ZCCM-IH was on the back of a Promissory note issued in favour of ZCCM-IH by Ministry of Finance for the Corporate Guarantee. ZCCM-IH has since written to the Ministry of Finance to request them to repay ZCCM-IH the US$10 million owed by KCM.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

38 Related party transactions *(continued)*

b) Related party transactions *(continued)*

(vi) **Amounts due from related parties** *(Continued)*

(vii) *Mushe Milling Company*

On 12 December 2019, ZCCM-IH and Mushe Milling Company Limited entered into a loan facility agreement amounting to ZMW20.48 million. The facility attracts interest computed as the Bank of Zambia average commercial lending rate plus 2% per annum. Payment of interest to commence six months from the date of the facility. The principal repayment of the loan has a moratorium of 12 months, thereafter, the principal to be paid in 24 equal monthly instalments. The loan is fully impaired.

On 7th September 2021, ZCCM-IH and Mushe Milling Company Limited entered into a loan facility agreement amounting to ZMW6.29 million. The facility attracts interest computed as the Bank of Zambia average commercial lending rate plus 2% per annum. Payment of interest to commence six months from the date of the facility. The principal repayment of the loan has a moratorium of 12 months, thereafter, the principal to be paid in 24 equal monthly instalments. The loan is fully impaired.

(viii) *Rembrandt*

On 1 September 2022, ZCCM-IH issued a term loan of ZMW29,500,000 to improve the company's working capital, with a repayment deadline of 20 August 2023. Additionally, on 29 December 2022, ZCCM-IH granted an additional shareholder loan totalling ZMW4,839,513.71, due by 30 November 2023. Both loans bear interest at the 364-day Bank of Zambia treasury bill yield rate as of 1 September 2022, plus a margin of 1%, and are secured by an equal shareholding percentage of 25.5% from each of the other shareholders in Rembrandt, Urban Brands, and Sims Capital. As of 31 December 2023, Rembrandt had not repaid either loan, leading ZCCM-IH to explore necessary actions to exercise its rights and acquire the shares of Sims and Urban in Rembrandt, as stipulated in the Shareholder Loan agreement.

(ix) *Limestone Resources Limited*

On 7th July 2022, ZCCM-IH and Limestone Resources Limited (LRL) signed a Preference Share Subscription Agreement where ZCCM-IH subscribed for ZMW174.86 million (US$6.79 million) worth of Redeemable Preference Shares (RPS). The RPS have a tenure of two (2) years and will mature in July 2024. They have a fixed interest rate of 10.0%. The total amount receivable from Limestone as 31 December 2023 is ZMW196 Million and ZMW46.9 million as loans and trade receivables. The total amount receivable is fully impaired.

(x) *Mopani Copper Mines Plc*

On 19th January 2023, ZCCM-IH and Mopani Copper Mines Plc (Mopani) signed a Bridge Facility Agreement to make working capital available. The Bridge Facility Agreement to Mopani is financing the immediate working capital needs and to sustain the operations before the completion of the Strategic Equity Partner (SEP) process. The bridge facility agreement was a short-term recapitalisation of Mopani by ZCCM-IH. The facility carries an annual interest rate of 8% plus a 30-day average Secured Overnight Financing Rate (SOFR) as published by the Federal Reserve Bank of New York. The maturity date of the facility is 31st December 2035. As at 31 December 2023, the amount outstanding on the bridge facility was ZMW2.78 billion (US$107.84 million). After the year end and upon conclusion of the SEP process, ZCCM-IH will immediately recover US$19 million, and the remaining balance plus the interest will be restructured and carried as a shareholder loan.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

39 Contingent liabilities

(i) Maamba contingent liabilities

ZCCM-IH, being a co-owner of Maamba Collieries Limited (MCL) with Nava Bharat (Singapore) PTE Ltd (NBS), was in 2017 required to contribute ZMW 162 million (US$9.75 million) in form of a shareholder loan towards Maamba's Base Project Equity according to its shareholding ratio of 35%. However, NBS contributed the whole amount including the ZMW 215 million (US$9.75million) share for ZCCM-IH.

As a result, it was resolved that ZCCM-IH refunds NBS, interest free, the excess contribution through offset of ZMW 27.1 million (US$1.23 million) interest payment which was due to ZCCM-IH from Maamba on the initial outstanding shareholder loan of 31 May 2015. The balance of ZMW 141.68 million (US$8.52 million) was to be paid by Maamba to NBS from future dividends of Maamba, payable to ZCCM-IH.

ZMW 27.1 million (US$1.23 million) was paid to NBS in 2017, however, no dividends have been received from Maamba since 2017 to settle the balance. ZCCM-IH has determined that in the absence of dividends from Maamba it has no present obligation to settle the outstanding balance.

For this reason, ZMW 187.9million (US$8.52 million) due to NBS has not been recognised in these financial statements.

As at 31st December 2023, ZCCM-IH has provided Corporate Guarantees for the following credit facilities on behalf of Mopani:

- Overdraft facility dated 18 September 2023 with African Banking Corporation Zambia Limited with a principal value of US$10 million, with an interest rate equal to the lender's USD base rate minus 5% per annum on a compounding basis and is repayable on demand;
- Overdraft facility dated 16 May 2023 with Zambia National Commercial Bank plc with a principal value of US$10 million, with an interest rate equal to the lender's USD base rate minus 1.5% per annum on a compounding basis and is repayable on demand;
- Overdraft facility dated 15 June 2023 with Indo Zambia Bank Limited with a principal value of US$5 million, with a processing fee of 1% per annum and is repayable on demand;
- Overdraft facility dated 29 September 2023 with Ecobank Zambia Limited with a principal value of US$15 million, with an interest rate of 8.5% per annum compounding monthly, repayable on demand and secured via assignment of receivables whereby Mopani channels US$30 million quarterly to its account with Ecobank Zambia Limited;
- Medium-term loan facility dated 16 May 2023 with Zambia National Commercial Bank plc with a principal value of US$5 million, with an interest rate equal to the lender's USD base rate minus 1.5% per annum on a compounding basis, repayable through 36 monthly instalments from the date of disbursement and secured via a subordination agreement and corporate guarantee provided by ZCCM-IH; and
- Overdraft facility dated 8 November 2023 with Zambia Industrial Commercial Bank Limited with a principal value of US$ 2.857 million with an interest rate of 11% per annum, repayable on demand and secured via a letter of undertaking provided by Mopani to channel US$15 million bi-monthly to its account with Zambia Industrial Commercial Bank Limited.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

39 Contingent liabilities *(continued)*

(ii) Assets pledged as security

Assets pledged as security amounting to ZMW22.48 billion (2022: 24.53 billion) relates to Mopani. The assets pledged as security are specifically for Mopani's liabilities. The carrying amounts of assets pledged as security for the borrowings and included assets held for sale are:

		31 Dec 2023	31 Dec 2022
Assets	Notes		
Property, plant, and equipment	17	12,525,429	12,239,693
Intangible assets	19	3,121,181	4,579,133
Trade and other receivables	26	3,137,572	2,616,620
Environmental protection fund	27	147,553	94,433
Inventories	25	3,489,128	4,836,680
Term deposits	28	-	9,026.00
Cash and cash equivalents	29	58,367	159,584
Total assets		**22,479,230**	**24,535,169**

40 Commitments

Capital expenditure authorised by the Board of directors at the reporting date but not yet contracted for is as follows:

	Group			Company	
	31Dec 2023	31Dec 2022		31Dec 2023	31 Dec 2022
Property, plant, and equipment*	5,113,296	337,519		43,835	35,118
	5,113,296	337,519		43,835	35,118

* *Included in capital commitments is a balance of was ZMW5.07 billion (US$247 million) relating to Mopani authorised by the Board at the reporting date but not yet contracted as at 31 December 2023.*

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NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

41 Financial risk management

The Group has exposure to the following risks arising from financial instruments:

- Market risk (see (a))
- Credit risk (see (b))
- Liquidity risk (see (c))

(i) Risk management framework

The Company's Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Board of Directors has established the audit and risk committee, which is responsible for developing and monitoring the Group's risk management policies. The committee reports quarterly to the Board of Directors on its activities.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group, through its training and management standards and procedures, aims to maintain a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Group audit committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. The Group audit committee is assisted in its oversight role by internal audit. Internal audit undertakes both regular and ad hoc reviews of risk management controls and procedures, the results of which are reported to the audit committee.

(a) Market risk

Market risk is the risk that changes in market prices such as foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(i) *Exposure to currency risk*

The Group is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar. The Group is affected by foreign exchange movements on account of assets and income which are denominated in currencies other than the Company's functional currency, which is the Zambian Kwacha.

Management's policy to manage foreign currency risk is to hold both functional and foreign currency fixed deposits with various banks which act as a natural hedge for foreign currency obligations. Hedging techniques such as currency swap are also used to manage currency risk. The Group did not enter into any transactions that required currency swap technique during the year and the prior year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

41 Financial risk management *(continued)*

(a) Market risk *(continued)*

(i) *Exposure to currency risk* *(continued)*

The summary quantitative data about the Group's exposure to foreign currency risk at the end of the reporting period, expressed in Zambian Kwacha is detailed in the table below.

Group

2023	ZMW equivalent of US$ and other foreign currencies	US$ Amounts	ZMW equivalent of EUR and other foreign currencies	EUR Amount	ZMW equivalent of GBP and other foreign currencies	GBP Amount	ZMW equivalent of RAND and other foreign currencies	RAND Amount	ZMW equivalent of PULA and other foreign currencies	PULA Amount
Cash and cash equivalents	180,414	7,007	-	-	-	-	12	9	-	-
Trade and other receivables	1,831,666	71,142	-	-	-	-	35	25	-	-
Term deposits	4,023,712	156,282	-	-	-	-	-	-	-	-
Assets held for sale	157,163	6,104	11,302	397	6,117	186	64	46	83	60
Borrowings	-	-	-	-	-	-	-	-	-	-
Bank overdraft	-	-	-	-	-	-	-	-		
Trade and other payables	(108,524)	(4,215)	-	-	-	-	-	-	-	-
Liabilities directly associated with assets classified as held for sale	(54,506,470)	(2,117,044)	(11,968)	(420)	(5,892)	(180)	(452)	(326)	-	-
Net exposure	**(48,422,038)**	**(1,880,723)**	**(666)**	**(23)**	**225**	**6**	**(341)**	**(246)**	**83**	**60**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
In thousands of Kwacha

41 Financial risk management *(continued)*

(a) Market risk *(continued)*

(i) Exposure to currency risk *(continued)*

Group

Dec 2022	ZMW equivalent of US$ and other foreign currencies	US$ Amounts
Cash and cash equivalents	85,438	5,129
Trade and other receivables	506,340	30,399
Term deposits	4,550,140	273,175
Assets held for sale	248,840	14,940
Borrowings	(25,343,567)	(1,521,542)
Trade and other payables	(5,088,232)	(305,480)
Liabilities directly associated with assets classified as held for sale	(254,297)	(15,267)
Net exposure	**(25,295,338)**	**(1,518,646)**

The summary quantitative data about the Company's exposure to foreign currency risk at the end of the reporting period, expressed in Zambian Kwacha is detailed in the table below.

Company

Dec 2023	ZMW equivalent of US$ and other foreign currencies	US$ Amounts
Cash and cash equivalents	49,574	1,925
Financial assets at fair value through comprehensive income	11,200,732	435,039
Trade and other receivables	4,777,010	185,540
Term deposits	4,023,712	156,282
Trade and other payables	(32,128)	(1,248)
Net exposure	**20,018,900**	**777,538**

Dec 2022	ZMW equivalent of US$ and other foreign currencies	US$ Amounts
Cash and cash equivalents	28,668	1,588
Financial assets at fair value through comprehensive income	16,226,587	898,855
Trade and other receivables	867,670	48,064
Term deposits	5,047,459	279,599
Borrowings	-	-
Trade and other payables	(178)	(10)
Net exposure	**22,170,206**	**1,228,096**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

41 Financial risk management *(continued)*

(a) Market risk *(continued)*

(i) Exposure to currency risk *(continued)*

The following significant exchange rates have been applied during the year:

	Average rate		Reporting date spot rate	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Kwacha				
US$ 1	20.52413	17.0500	25.7465	18.0525

Sensitivity analysis

A 10 percent strengthening of the Kwacha against the US Dollar at 31 December 2023 would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant and ignores any impact of forecast sales and purchases. The analysis is performed on the same basis for 31 December 2022.

	Equity and profit or loss	
	Group	Company
31 Dec 2023		
ZMW	(4,842,274)	2,001,890
31 Dec 2022		
ZMW	(2,772,587)	2,217,021

A 10 percent weakening of the Kwacha against the US Dollar at 31 December 2023 would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remain constant.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

41 Financial risk management *(continued)*

(a) Market risk *(continued)*

(ii) Exposure to interest rate risk

The Group's operations are subject to cash flow variability due to the risk of interest rate fluctuations to the extent that interest-earning assets (including investments) and interest-bearing liabilities mature or reprice at different times and/or in differing amounts. In the case of floating rate assets and liabilities the Group is also exposed to basis risk, which is the difference in repricing characteristics of the various floating rate indices. Asset-liability risk management activities are conducted in the context of the Group's sensitivity to cash flow variability attributable to interest rate changes.

Group	31 December 2023				31 December 2022			
	Total	Zero rate instruments	Floating rate instruments	Fixed rate instruments	Total	Zero rate instruments	Floating rate instruments	Fixed rate instruments
Assets								
Cash and cash equivalents	360,356	-	-	360,356	329,173	-	-	329,173
Trade and other receivables*	1,899,338	270,501	-	1,628,837	1,366,758	463,274	-	903,484
Assets held for sale	1 ,661,908	656,893		1,005,015	1,919,407	1,090,196	-	829,211
Term deposits	4,450,451	-	-	4,450,451	5,340,202	-	-	5,340,202
Total assets	**8,372,053**	**927,394**	**-**	**7,444,659**	**8,955,540**	**1,553,470**	**-**	**7,402,070**
Liabilities								
Borrowings	-	-	-	-	(28,341,270)	-	(28,341,270)	-
Bank overdraft	-	-		-	(688,120)	-	-	(688,120)
Trade and other payables*	(177,076)	(177,076)	-	-	(5,611,121)	(5,611,121)	-	-
Liabilities directly associated with assets classified as held for sale	(56,466,686)	(11,354,896)	(43,518,155)	(1,593,635)	(2,255,562)	(2,255,562)	-	-
Total liabilities	**(56,643,762)**	**(11,531,972)**	**(43,518,155)**	**(1,593,635)**	**(36,896,073)**	**(7,866,683)**	**(28,341,270)**	**(688,120)**
Gap	**(48,271,709)**	**(10,604,578)**	**(43,518,155)**	**5,851,024**	**(27,940,533)**	**(6,313,213)**	**(28,341,270)**	**6,713,950**

The interest rate gap is measured on an ongoing basis to assess the impact of the exposure after which corrective measures are deliberated. These may include contract renegotiation and use of money market options to hedge against significant change in variable interest rates.

**Trade and other receivables/payables, excludes prepayments and statutory obligations and contract liabilities respectively. Statutory liabilities are imposed by law while contract liabilities represent an obligation to deliver a good or service rather than cash or other assets in settlement. Therefore, these do not meet the definition of financial instruments and have been excluded from the table above.*

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

41 Financial risk management *(continued)*

(a) Market risk *(continued)*

(ii) Exposure to interest rate risk *(continued)*

Company

	31 December 2023				31 December 2022		
	Total	Zero rate instruments	Floating rate instruments	Fixed rate instruments	Total	Zero rate instruments	Fixed rate instruments
Assets							
Cash and cash equivalents	61,137	-	-	61,137	45,586	-	45,586
Trade and other receivables*	4,581,312	243,605	2,762,615	1,575,092	860,493	11,051	849,442
Term deposits	4,411,330	-	-	4,411,330	5,340,202	-	5,340,202
Total assets	**9,053,779**	**243,605**	**2,762,615**	**6,047,559**	**6,246,281**	**11,051**	**6,235,230**
Liabilities							
Trade and other payables*	(25,643)	(25,643)	-	-	(105,231)	(105,231)	-
Total liabilities	**(25,643)**	**(25,643)**	**-**	**-**	**(105,231)**	**(105,231)**	**-**
Gap	**9,028,136**	**217,962**	**2,762,615**	**6,047,559**	**6,141,050**	**(94,180)**	**6,235,230**

**Trade and other receivables/payables, excludes prepayments and statutory obligations and contract liabilities respectively. Statutory liabilities are imposed by law while contract liabilities represent an obligation to deliver a good or service rather than cash or other assets in settlement. Therefore, these do not meet the definition of financial instruments and have been excluded from the table above.*


Copperbelt Energy Corporation Plc

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

41 Financial risk management *(continued)*

(a) Market risk *(continued)*

(ii) ***Exposure to interest rate risk*** *(continued)*

Risks arising from the interest rate benchmark reform

The key risks for the Group arising from the transition are:

- **Interest rate basis risk**: There are two elements to this risk as outlined below:

  If the bilateral negotiations with the Group's counterparties are not successfully concluded before the cessation of IBORs, there are significant uncertainties with regard to the interest rate that would apply. This gives rise to additional interest rate risk that was not anticipated when the contracts were entered into and is not captured by our interest rate risk management strategy. For example, in some cases the fallback clauses in IBOR loan contracts may result in the interest rate becoming fixed for the remaining term at the last IBOR quote. The Group is working closely with all counterparties to avoid this from occurring, however if this does arise, the Group's interest rate risk management policy will apply as normal and may result in closing out or entering into new interest rate swaps to maintain the mix of floating rate and fixed rate debt.

- **Interest rate risk basis** may arise if a non-derivative instrument held to manage the interest risk on the non-derivative instrument transition to alternative benchmark rates at different times. The Group will monitor this risk against its risk management policy which has been updated to allow for temporary mismatches of up to 12 months and transact additional basis interest rate swaps if required.

- **Liquidity risk:** There are fundamental differences between IBORs and the various alternative benchmark rates which the Company will be adopting. IBORs are forward looking term rates published for a period (e.g. 3 months) at the beginning of that period and include an inter-bank credit spread, whereas alternative benchmark rates are typically risk-free overnight rates published at the end of the overnight period with no embedded credit spread. These differences will result in additional uncertainty regarding floating rate interest payments which will require additional liquidity management. The Group's liquidity risk management policy has been updated to ensure sufficient liquid resources to accommodate unexpected increases in overnight rates.

- **Accounting**: If transition to alternative benchmark rates for certain contracts is finalised in a manner that does not permit the application of the reliefs introduced in the Phase 2 amendments, this could lead to volatility in the profit or loss if nonderivative financial instruments are modified or derecognised. The Group is aiming to agree changes to contracts that would allow IFRS 9 reliefs to apply.

- **Litigation risk**: If no agreement is reached to implement the interest rate benchmark reform on existing contracts, (e.g., arising from differing interpretation of existing fallback terms), there is a risk of prolonged disputes with counterparties which could give rise to additional legal and other costs. The Group is working closely with all counterparties to avoid this from occurring.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

41 Financial risk management *(continued)*

(a) Market risk *(continued)*

(ii) Exposure to interest rate risk *(continued)*

Interest rate risk

The Group's interest rate risk arises primarily from the interest received on short term deposits and variable interest long term borrowings. This exposes the Group to cash flow interest risk.

Cash flow sensitivity analysis of variable rate instrument

A reasonable possible change of 100 basis points in interest rates at the reporting date would have increased / (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency exchange, remain constant.

Group

Effect in thousands of Kwacha	Profit or loss	
	Increase	Decrease
31 Dec 2023		
Variable rate instruments	43,518	(43,518)
31 Dec 2022		
Variable rate instruments	28,341	(28,341)

Company

31 Dec 2023		
Variable rate instruments	(2,762.62)	2,762.62
31 Dec 2022		
Variable rate instruments	-	-

The Group's investments in corporate term deposits, all of which are fixed rate and are measured at amortised cost exposes the Group to cash flow interest rate risk. The tenure of the investments is mostly less than 1 year. At 31 December 2023, an increase/decrease of 100 basis points would have resulted in a decrease/increase in the Consolidated and separate post tax profit and equity of ZMW43.5 million (December 2022: ZMW28.3 million).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

41 Financial risk management *(continued)*

(a) Market risk *(continued)*

(iii) *Price risk*

The Group is exposed to equity securities price risk because of investments in quoted and unquoted shares classified as financial assets at fair value through profit or loss. To manage its price risk arising from investments in equity and debt securities, the Group diversifies its portfolio, in accordance with limits set by the Group. All quoted shares held by the Group are traded on the Lusaka Securities Exchange. Further, management of the Group monitors the proportion of equity securities in its investment portfolio based on market indices. Material investments within the portfolio are managed on an individual basis and all buy and sell decisions are approved by the Investment Committee of the Board.

The primary goal of the Group's investment strategy is to maximise investment returns and to improve its returns in general. Management is assisted by external advisers in this regard.

At 31 December 2023, if the LUSE Index had increased/decreased by five percent with all other variables held constant and all the Group's equity instruments moved according to the historical correlation to the index, consolidated equity and profit or loss would have been ZMW178.96 million (2022: ZMW81.33 million) higher/lower.

Commodity price risk

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

The Group is subject to price risk from fluctuations in the market prices of copper and gold. The impact of a 10% movement on commodity prices with all other variables held constant, consolidated equity and profit or loss would have been ZMW1.16 billion higher/lower (2022: ZMW1.9 billion higher/lower)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

41 Financial risk management *(continued)*

(b) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's from cash and cash equivalents, term deposits with banks, as well as trade and other receivables. Credit risk is managed on a Group basis.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each counterparty. However, management also considers the factors that may influence the credit risk of its counterparty base, including the default risk associated with the industry.

(i) *Risk management*

The Group through risk and audit committee has established a credit procedure under which each new customer or counterparty is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, if they are available, financial statements, credit agency information, industry information and in some cases bank references. Sale limits are established for each customer and monitored regularly by line management.

(ii) *Security*

To limit the amount of credit exposure to financial institution for term deposits, the Group obtains collateral from financial institutions which are rated "B" and below. As at 31 December 2023, ZMM680.77 million (December 2022: ZMW571.60 million) of term deposits, collateral was held in the form of treasury bills and government bonds. Due to the short-term nature of collateral held for term deposits, their carrying amounts approximates their fair values. No collateral is obtained as security for trade and other receivables. Instead, the Group requests for advance payments where necessary to reduce credit risk on some customers.

The amount that best represents the Group's and Company's maximum exposure to credit risk at 31 December 2023 is made up as follows:

	Group			Company	
	31-Dec 2023	31-Dec 2022		31-Dec 2023	31-Dec 2022
Cash and cash equivalents	360,356	329,173		61,137	45,586
Trade and other receivables	1,899,338	1,366,758		4,581,312	860,493
Term deposits	4,450,451	5,340,202		4,411,330	5,340,202
	6,710,145	**7,036,518**		**9,053,779**	**6,246,281**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

41 Financial risk management *(continued)*

(b) Credit risk *(continued)*

(iii) *Impairment of financial assets*

The Group applies the Simplified Approach to assess and measure expected credit losses (ECLs) for cash and cash equivalents, financial instruments at amortised costs and contract assets. The simplified approach entails recognising the ECL on the lifetime of the balance due to the Group. It involves the calculation of the loss rates to categories of the third parties that is then applied to the balance. The categorization is done both per unique characteristics and time the balances are outstanding.

The loss rates is derived using the Group's own historical credit loss experience and adjust for both current and forward-looking information. The information is evaluated for its appropriateness in light of market changes so as to remain relevant and provide valid assessment results. To calculate ECL, trade and other receivables are grouped based on shared credit risk characteristics and the days past due.

The Group's historical credit loss experience does not indicate significantly different loss patterns for the various customer segments. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers. Historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group has identified long term consensus copper price of $3/lb or 6,615/MT, gross domestic product projected growth of 4% for Zambia, inflation rate for Zambia projected to trend around 8% and 10%, The group considers these factors in which it sells its goods and services to be the most relevant and, accordingly, adjusts the historical loss rates based on expected changes in these factors.

The Group's historical credit loss experience does not show significantly different loss patterns for the various customer segments. Therefore, the grouping of trade receivables is not disaggregated into further risk profiles other than days past due.

There were no changes in the estimating techniques or significant assumptions made as at the reporting period.

The loss allowance as at reporting date was determined as follows:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

41 Financial risk management *(continued)*

(b) Credit risk *(continued)*

Trade receivables (Excludes prepayments, statutory receivables and other receivables)

Group

31 December 2023

	Gross	Lifetime expected credit loss	Net	Estimated rate of Default (%)
Not due	1,935,205	(14,090)	1,921,115	0.73
Past due 30 - 60 days	2,657	(1,231)	1,426	46.33
Past due 61 – 90 days	5,237	(2,283)	2,954	43.59
Past due 91 - 120 days	6,006	(4,983)	1,023	82.97
Over 121 days	1,147,202	(1,144,659)	2,543	99.78
	3,096,307	**(1,167,246)**	**1,929,061**	

31 December 2022

	Gross	Lifetime expected credit loss	Net	Estimated rate of Default (%)
Not due	3,928,200	(253,993)	3,674,207	6.47
Past due 30 - 60 days	12,218	(798)	11,420	6.53
Past due 61 – 90 days	4,893	(303)	4,590	6.19
Past due 91 - 120 days	5,792	(1,639)	4,153	28.30
Over 121 days	2,426,992	(2,426,992)	-	100.00
	6,378,095	**(2,683,725)**	**3,694,370**	

Company

31 December 2023

	Gross	Lifetime expected credit loss	Net	Estimated rate of Default (%)
Not due	4,900,413	(28,592)	4,871,821	0.58
Past due 30 - 60 days	1,044	(1,044)	-	100.00
Past due 61 - 90 days	841	(841)	-	100.00
Past due 91 - 120 days	221	(221)	-	100.00
Over 121days	1,190,455	(1,190,455)	-	100.00
	6,092,974	**(1,221,153)**	**4,871,821**	

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

41 Financial risk management *(continued)*

(b) Credit risk *(continued)*

(iii) Impairment of financial assets (continued)

Company

31 December 2022

	Gross	Lifetime expected credit loss	Net	Estimated rate of Default (%)
Not due	1,383,953	(253,085)	1,130,868	18.29
Past due 30 - 60 days	1,340	(686)	654	51.19
Past due 61 - 90 days	655	(303)	352	46.26
Past due 91 - 120 days	713	(596)	117	83.59
Over 121days	913,533	(913,533)	-	100.00
	2,300,194	**(1,168,203)**	**1,131,991**	

As at 31 December 2023 an expected credit loss of ZMW341.19 million was recognised in the Company mainly relating to KCM which has been under liquidation since 2019. These amounts have been impaired in accordance with the Company's expected credit loss model.

No trade receivables has been written off during the year.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

The loss allowance recognised is categorised as follows:

	Group		Company	
	2023	2022	2023	2022
	ZMW'000	ZMW'000	ZMW'000	ZMW'000
Performing debtors	23,144	2,494	22,267	1,403
Non-performing debtors	318,046	46,851	318,923	48,013
	341,190	**49,345**	**341,190**	**49,416**

Cash and cash equivalents

While cash and cash equivalents are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial. To limit the amount of credit exposure to financial institution for cash and cash equivalent, cash and cash equivalents are held with banks which are rated A.

Term deposits and other financial assets

Term deposits and other financial assets at amortised cost relate to staff debtors are considered to have a low risk of default and the counterparts have a strong capacity to meet their contractual cash flow obligations in the near term.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

41 Financial risk management *(continued)*

(c) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Management monitors rolling forecasts of the Group's liquidity reserve on the basis of expected cash flows. The Group maintains the level of its cash flow and cash equivalents and other highly marketable debt investments at an amount in excess of expected cash outflows on financial liabilities through cash flow forecasts.

(i) *Financing arrangements*

The Group had no undrawn borrowing facilities at the end of the reporting period (2020: Nil).

(ii) *Maturities of financial liabilities*

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted and include estimated interest payments and exclude the impact of netting agreements. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

Group

	Carrying amount	Contractual amount	Within 1 year	2 -5 years
At 31 December 2023				
Financial liabilities				
Borrowings	-	-	-	-
Overdraft	-	-	-	-
Trade and other payables	177,076	177,076	177,076	-
Liabilities directly associated with assets classified as held for sale	56,466,686	57,294,412	57,294,412	-
	56,643,762	**57,471,488**	**57,471,488**	**-**

	Gross	Lifetime expected credit loss	Net	Estimated rate of Default (%)
At 31 December 2022				
Financial liabilities				
Borrowings	28,341,270	28,341,270	-	28,341,270
Overdraft	688,120	688,120	688,120	-
Trade and other payables	5,611,121	5,611,121	5,611,121	-
Liabilities directly associated with assets classified as held for sale	2,255,562	2,255,562	2,255,562	-
	36,896,073	**36,896,073**	**8,554,803**	**28,341,270**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

41 Financial risk management *(continued)*

(c) Liquidity risk *(continued)*

Company

	Carrying amount	Contractual amount	Within 1 year	2 - 5 years
At 31 Dec 2023				
Financial liabilities				
Trade and other payables	25,643	25,643	25,643	-
	25,643	**25,643**	**25,643**	-

	Carrying amount	Contractual amount	Within1 year	2 - 5 years
At 31 Dec 2022				
Financial liabilities				
Borrowings	-	-	-	-
Trade and other payables	105,231	105,231	105,231	-
	105,231	**105,231**	**105,231**	-

(iii) Capital management

The scope of the Group management framework covers the Group's total equity reported in its financial statements.

The Group's and Company objectives when managing capital are to safeguard their 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 Group may adjust the number of dividends paid to shareholders, issue new capital or sell assets to reduce debt.

The Board's policy is to implement a sound financial strategy that ensures financial independence and maintains adequate capital to sustain the long terms objectives of the Group and to meet its operational and capital budget.

The Group monitors capital on the basis of the average gearing ratio in the industry, in Zambia which currently stands at below 50% of equity. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash and cash equivalents. Total capital is calculated as equity plus net debt. The gearing ratios at 31 Dec 2023 and 31 Dec 2022 were as follows:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

41 Financial risk management *(continued)*

(c) Liquidity risk *(continued)*

(iii) Capital management *(continued)*

	Group		Company	
	31 Dec 2023	31 Dec 2022	31 Dec 2023	31 Dec 2022
Borrowings	-	28,341,270	-	-
Bank overdraft	-	688,120	-	-
Less: cash and cash equivalents	(360,356)	(329,173)	(61,137)	(45,586)
Net debt	(360,356)	28,700,217	(61,137)	(45,586)
Total equity	(5,690,634)	7,908,807	37,422,019	24,679,852
Total capital	(6,050,990)	36,609,024	37,360,882	24,634,266
Gearing ratio	**5.96%**	**78.40%**	**0%**	**0%**

The interest rates used to discount estimated cash flows when applicable are based on the government yield curve at the reporting date plus an appropriate credit spread, and are as follows:

	31 Dec 2023	31 Dec 2022
Loans and borrowings	14.21%	12.21%

There has been no change in management of capital during the year.

(iv) Fair value estimation

The Group classifies its financial assets in the following measurement categories:

(i) those to be measured subsequently at fair value (either through OCI or through profit or loss): and

(ii) those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. Financial liabilities are recorded initially at fair value and subsequently measured at amortised cost using the effective interest rate method except for derivative instruments that continue to be measured at fair value.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

41 Financial risk management *(continued)*

(c) Liquidity risk *(continued)*

(iv) Fair value estimation *(continued)*

The fair value of the financial assets and liabilities carried at amortised cost including cash and cash equivalents, trade and other receivables, term deposits, borrowings and trade and other payables are considered to approximate their respective carrying values due to their short-term nature and negligible credit losses.

Group – 2023	Financial assets at FVTPL	Financial liabilities at FVTPL	Financial assets at amortised cost	Financial liabilities at amortised cost
Financial assets at fair value through profit or loss	3,019,500	-	-	-
Cash and cash equivalents	-	-	360,356	-
Trade and other receivables	-	-	1,899,338	-
Term deposits	-	-	4,411,330	-
Assets classified as held for sale	584	-	1,661,324	-
Financial liabilities				
Borrowings	-	-	-	-
Bank overdraft	-	-	-	-
Trade and other payables	-	-	-	(177,076)
Liabilities directly associated with assets classified as held for sale	-	-	-	(56,466,686)
	3,020,084	**-**	**8,332,348**	**(56,643,762)**

Group – 2022	Financial assets at FVTPL	Financial liabilities at FVTPL	Financial assets at amortised cost	Financial liabilities at amortised cost
Financial assets at fair value through profit or loss	1,252,400	-	-	-
Cash and cash equivalents	-	-	329,173	-
Trade and other receivables	-	-	1,366,758	-
Term deposits	-	-	5,340,202	-
Assets classified as held for sale	584	-	1,918,823	-
Financial liabilities				
Borrowings	-	-	-	(28,341,270)
Bank overdraft	-	-	-	(688,120)
Trade and other payables	-	-	-	(5,611,992)
Liabilities directly associated with assets classified as held for sale	-	-	-	(2,272,861)
	1,252,984	**-**	**8,954,956**	**(36,914,243)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

41 Financial risk management *(continued)*

(c) Liquidity risk *(continued)*

(iv) Fair value estimation *(continued)*

Company – 2023	Financial assets at FVTPL	Financial assets at FVTOCI	Financial liabilities at FVTPL	Financial assets at amortised cost	Financial liabilities at amortised cost
Financial assets at fair value through profit or loss	3,019,500	-	-	-	-
Investments in associates	-	11,240,080	-	-	-
Investments in subsidiaries	-	282,384	-	-	-
Cash and cash equivalents	-	-	-	61,137	-
Trade and other receivables	-	-	-	4,581,312	-
Term deposits	-	-	-	4,411,330	-
Assets classified as held for sale	-	-	-	-	-
Financial liabilities					
Trade and other payables	-	-	-	-	(25,643)
	3,019,500	**11,522,464**	**-**	**9,053,779**	**(25,643)**

Company – 2022	Financial assets at FVTPL	Financial assets at FVTOCI	Financial liabilities at FVTPL	Financial assets at amortised cost	Financial liabilities at amortised cost
Financial assets at fair value through profit or loss	1,252,400		-	-	-
Investments in associates	-	16,256,411	-	-	-
Investments in subsidiaries	-	405,051	-	-	-
Cash and cash equivalents	-		-	45,586	-
Trade and other receivables	-		-	860,493	-
Term deposits	-		-	5,340,202	-
Assets classified as held for sale	145,700	-	-	-	-
Financial liabilities					
Trade and other payables	-		-	-	(105,231)
	1,398,100	**16,661,462**	**-**	**6,246,281**	**(105,231)**

Valuation techniques and sensitivity analysis are included in note 23 and 24.

The fair value of the financial assets and liabilities carried at amortised cost including cash and cash *equivalents*, trade and other receivables, term deposits, borrowings and trade and other payables are considered to approximate their respective carrying values due to their short-term nature and negligible credit losses.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

42 Subsequent events

(i) Konkola Copper Mines Plc (KCM) Court proceeding

Winding Up Proceedings (Lusaka Proceedings).

ZCCM-IH and Vedanta Resources Group have agreed to reset the relationship which resulted in the execution of an Implementation Agreement, and a New Shareholders Agreement on 6th November 2023. Subsequently, the parties entered into a Global Settlement Agreement which effectively resolved all disputes between the parties. The legal processes to withdraw the winding up petition in the Zambian Courts and the Arbitration proceedings in South Africa are currently being attended to.

(ii) Mopani Copper Mines (MCM)

After the year end, and at an Extraordinary Meeting of the shareholders of ZCCM-IH held on Friday 23 February 2024, the shareholders approved the ZCCM-IH for the transaction relating to up to a US$1.1 billion investment by International Resources Holding RSC Limited ("IRH"), through its wholly owned subsidiary, Delta Mining Limited ("Delta"), for a 51% interest in Mopani Copper Mines plc ("Mopani"). This investment will comprise of US$620 million in new equity capital and shareholder loans (the "Transaction"). The transaction is to be implemented by the following steps outlined in and in accordance with the terms of the Transaction Agreements:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

42 Subsequent events *(continued)*

(ii) Mopani Copper Mines (MCM) *(continued)*

- On the Closing Date (being the date at which completion of the subscription by Delta for the Investor Shares occurs), Mopani shall issue, and Delta shall subscribe for 7,181,633 ordinary shares in Mopani, comprising 51% of the entire issued share capital of Mopani, at a total price of US$620 million being a price per share of US$86.33 of which US$85.33 per share is share premium.

- On the Closing Date, Mopani shall issue and the Government of the Republic of Zambia shall subscribe for 1 special ordinary share which, in accordance with the terms of the Shareholders' Agreement and Mopani's new Articles of Association, shall grant the bearer of such share certain special shareholder rights in respect of Mopani.

- On the Closing Date, Mopani shall repay US$19 million of the bridge facility agreement dated 20 January 2023, as amended, and restated from time to time, and presently between ZCCM-IH as lender and Mopani as borrower and this bridge loan agreement shall be amended and restated in accordance with the terms of the ZCCM Amendment and Restatement Agreement into the ZCCM Shareholder Loan Agreement

- Prior to or on the Closing Date, Delta shall pay Glencore US$400 million who shall also receive payment, in accordance with the terms of the Glencore Payment Covenant, of US$150 million and the benefit of the Glencore Royalty Agreement, as a result of which the current debt owed by Mopani to Glencore shall be dealt with as follows:

(a) facility agreements dated 25 July 2013 and 31 March 2000 as consolidated, amended and restated from time to time and both presently between Glencore and Mopani, shall be novated from Glencore to Delta in accordance with the Glencore Novation Deed and amended, consolidated and restated effective as of the Closing Date in accordance with the terms of the IRH ACRA into the Investor Loan Agreement.

(b) cathode and anode slimes offtake agreements dated 31 March 2021, as amended from time to time, and presently between Carlisa, Glencore and Mopani will be terminated effective as of the Closing Date in accordance with the terms of the Offtake Deed of Termination.

(c) a charge over all assets of Mopani shall be granted by Mopani in favour of Delta as security for Mopani's obligations under the Investor Loan Agreement, in accordance with the terms of the Investor Loan Security Agreement; and

(d) Glencore shall release the following security it holds over Mopani in accordance with the Finance Documents Release Deed:

- floating and fixed charges granted by Mopani in favour of Glencore dated 31 March 2021; and

- a share charge agreement between ZCCM-IH, Mopani and Glencore dated 31 March 2021.

(e) With effect from the Closing Date, Mopani and Delta shall enter into the Delta Trading Offtake Agreement.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

42 Subsequent events *(continued)*

(iii) Payment of US$150,000,000 Glencore Payment Covenant

Subsequent to 31 December 2023 and following the finalisation of the Mopani Transaction, ZCCM-IH entered into an agreement with the Government of the Republic of Zambia (GRZ) for the settlement of US$150 million plus interest to be paid by GRZ to Glencore on behalf of ZCCM IH. The US$150 million was a partial consideration for the write-down of the MCM's debt to Glencore. The loan agreement has zero interest with a repayment moratorium of five years and provides GRZ with an option to convert the loan into equity, subject to shareholders' and regulatory approvals.

As at 21 March 2024, IRH had provided MCM with US$220 million in funding.

(iv) Investrust Bank Plc

On April 2, 2024, the Bank of Zambia ("BoZ") took possession of Investrust Bank Plc ("Investrust"). The possession of Investrust by BOZ was necessitated by its insolvency. On 24 April 2024, the Bank of Zambia terminated all interests of shareholders in Investrust.

43 Basis of measurement

The consolidated and separate financial statements have been prepared on the historical cost basis except for the following *items which are measured on an alternative basis on each reporting date.*

Items	Measurement basis
Financial assets at fair value through profit or loss	Fair value
Investments in associates (Company)	Fair value
Investment property	Fair value
Investment in subsidiary	Fair value
Retirement benefits	Present value of the defined obligation revaluation

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

44 Material accounting policies

The Group has consistently applied the following accounting policies to all policies to all periods presented in these financial statements. Certain comparative amounts in the statement of profit or loss and OCI have been re-presented, to ensure consistency (see Note 7,8 and 13).

Set out below is an index of the significant accounting policies, the details of which are available on the pages that follow:

(a)	Basis of consolidation
(b)	Foreign currency
(c)	Discontinued operation
(d)	Financial instruments
(e)	Property, plant and equipment
(f)	Investment property
(g)	Intangible assets
(h)	Assets held for sale
(i)	Inventories
(j)	Impairment
(k)	Employee benefits
(l)	Provisions and contingent liabilities
(m)	Revenue from contracts with customers
(n)	Investments income and expenses
(o)	Finance income and costs
(p)	Exploration costs
(q)	Income tax
(r)	Earnings per share
(s)	Segment reporting
(t)	Share capital
(u)	Dividend
(v)	Mine Developments
(w)	Environmental restoration

(a) Basis of consolidation

(i) ***Business combinations***

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if they are related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss. Any contingent consideration payable is measured at fair value at the acquisition date. If the contingent consideration is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

44 Material accounting policies *(continued)*

(a) Basis of consolidation *(continued)*

(i) ***Business combinations*** *(continued)*

If share-based payment awards (replacement awards) are required to be exchanged for awards held by the acquiree's employees (acquiree's awards) and relate to past services, then all or a portion of the amount of the acquirer's replacement awards is included in measuring the consideration transferred in the business combination. This determination is based on the market-based value of the replacement awards compared with the market-based value of the acquiree's awards and the extent to which the replacement awards relate to pre-combination service.

(ii) **Subsidiaries**

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date when control ceases.

In the separate financial statements, investments in subsidiaries are classified as fair value through other comprehensive income (OCI).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

44 Material accounting policies *(continued)*

(a) Basis of consolidation *(continued)*

(iii) *Non-controlling interests (NCI)*

The group recognises non-controlling interests in an acquired entity either at fair value or at the noncontrolling interest's proportionate share of the acquired entity's net identifiable assets. This decision is made on an acquisition-by-acquisition basis.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

The Group attributes total comprehensive income or loss of subsidiaries between the owners of the parent and the non-controlling interests based on their respective ownership interests.

(iv) *Loss of control*

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related Non-controlling interests (NCI) and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

(v) *Interest in equity accounted investees*

The Group's interest in equity accounted investees comprise interests in associates.

Associates are those entities in which the Group has significant influence, but not control or joint control over the financial and operating policies. Interests in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the profit or loss and other comprehensive income, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

In the separate financial statements investments in associates is subsequently measured at fair value. These are classified as fair value through other comprehensive income.

When the Group's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, including any long-term interests that form part thereof is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

(vi) *Transactions eliminated on consolidation*

Intra-group balances and transactions, fair value changes recognised in respect of its investment in subsidiaries and associates, and any unrealised income and expenses arising from intra group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

44 Material accounting policies *(continued)*

(a) Basis of consolidation *(continued)*

(vii) ***Remeasurement of previously held equity interest – Step up Acquisition***

A step acquisition occurs when a shareholder obtains control over an entity by acquiring an additional interest in that entity. If that entity is a business, the group's previously held equity interest is remeasured to fair value at the date the controlling interest is acquired. The remeasurement of the previously held equity interest is recognized in Profit or loss. Any amounts previously recorded in other comprehensive income relating to the investee is reclassified and included in the calculation of the gain or loss as of the acquisition date.

(viii) ***Reporting date***

The financial statements of the Company and subsidiaries used in the preparation of the current consolidated financial statements have the same reporting date of 31 December. When the end of the reporting date of the Company is different from that of the subsidiary or associates, the Company consolidates the financial information of the subsidiaries or associates using the most recent financial statements of the subsidiaries or associates adjusted for the effects of significant transactions or events that occur between the date of those financial statements and the date of the consolidated financial statements.

(ix) **Price Participation Fee**

Price Participation fees are variable amount, if any, to be credited to the seller as an additional income based on variations in the Payable Copper Price, if, as and when reflected in Benchmark Reference Terms from time to time. The price participation fees are recognised once conditions indicate that additional income is to be received, based on prevailing prices over the agreed period, and that its been agreed with other parties involved, in this case the buyer.

(b) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in foreign currency are translated to the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

However, foreign currency differences arising from the translation of the following items are recognised in other comprehensive income:

- An investment in equity securities designated as at FVOCI (except on impairment, in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss).

- Foreign currency differences which arise on the translation of investee companies (which have a different functional currency) are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

44 Material accounting policies *(continued)*

(c) Discontinued operation

A discontinued operation is a component of the Group's business, the operations and cash flows of which can be clearly distinguished from the rest of the Group and which:

- represents a separate major line of business or geographic area of operations;
- is part of a single co-ordinated plan to dispose of a separate major line of business or geographic area of operations; or
- is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs at the earlier of disposal or when the operation meets the criteria to be classified as held-for-sale. When an operation is classified as a discontinued operation, the comparative statement of profit or loss and OCI is re-presented as if the operation had been discontinued from the start of the comparative year.

(d) Financial instruments

(i) **Recognition and initial measurement**

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

(ii) **Classification and subsequent measurement**

Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; FVOCI – debt investment; FVOCI – equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

44 Material accounting policies *(continued)*

(d) Financial instruments *(continued)*

(ii) **Classification and subsequent measurement** *(continued)*

Financial assets (continued)

Financial assets are measured at amortised cost if the assets meet the following conditions (and are not designated as FVTPL):

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows;
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not

designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual.

  cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of

principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost or FVOCI as described above are measured at FVTPL. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

44 Material accounting policies *(continued)*

(d) Financial instruments *(continued)*

(ii) **Classification and subsequent measurement** *(continued)*

Financial assets – Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management.
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed.
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets – Assessment whether contractual cash flows are solely payments of principal and interest

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

44 Material accounting policies *(continued)*

(d) Financial instruments *(continued)*

(ii) **Classification and subsequent measurement** *(continued)*

Financial assets – Subsequent measurement and gains and losses

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

44 Material accounting policies *(continued)*

(d) Financial instruments *(continued)*

(ii) **Classification and subsequent measurement** *(continued)*

Financial liabilities – Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

(iii) **Derecognition**

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and it does not retain control of the financial asset

The Group enters into transactions whereby it transfers assets recognised in its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets. In these cases, the transferred assets are not derecognised.

Financial liabilities

The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

(iv) **Offsetting**

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously. No set offs have been effected in these financial statements.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

44 Material accounting policies *(continued)*

(e) Property, plant and equipment

(i) ***Recognition and measurement***

All items of property, plant and equipment are measured at cost save for land and buildings are which are measured at revalued amounts for the Company. For subsidiaries, property plant and equipment are measured at cost less accumulated depreciation and others at revalued amounts as applicable (see note 17 for full disclosure). Cost includes capitalised borrowing costs, less accumulated depreciation, and any accumulated impairment losses.

If significant parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located and capitalised borrowing costs.

Capital work in progress relates to items of property, plant and equipment that are under construction and are yet to be commissioned for use. Work in progress is measured at the costs incurred in relation to the construction up to the reporting date. Capital work in progress is not depreciated.

The Group's policy is to revalue regularly to ensure that the carrying amount does not differ materially from the fair value. The revaluation differences are recognised in other comprehensive income and accumulated in equity "revaluation reserve" unless the revaluation difference represents the reversal of a revaluation decrease previously recognised as an expense, in which case the revaluation difference is recognised in profit or loss. A decrease arising as a result of a revaluation is recognised as an expense to the extent that it exceeds any amount previously credited to the revaluation surplus relating to the same asset. The revaluation surplus included in equity is transferred directly to retained earnings when the asset is used by the Group. The amount of the surplus transferred is the difference between depreciation charge based on the revalued carrying amount of the assets and the depreciation charge based on the original cost.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognised net within other income/other expenses in profit or loss. When revalued assets are sold, any related amount included in the revaluation reserve is transferred to retained earnings.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

44 Material accounting policies *(continued)*

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

(ii) ***Subsequent expenditure***

Subsequent expenditure is capitalised only if it is probable that future economic benefits associated with the expenditure will flow to the Group and its cost can be measured reliably. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

(iii) **Depreciation**

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their estimated useful lives, and is generally recognised in profit or loss.

Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the Group will obtain ownership by the end of the lease term. Land is not depreciated.

The estimated useful lives for the current and comparative years are as follows:

▪	Property	20 years
▪	Leasehold land and buildings	Life of mine
▪	Motor vehicles	3 - 5 years
▪	Plant and equipment	3 - 7 years
▪	Vertical and rotary kiln	15 years
▪	Rotary kiln	12 years
▪	Mineral properties	Unit of production method
▪	Mine Development	Unit of production method

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(iv) ***Reclassification to investment property***

When the use of a property changes from owner-occupied to investment property, the property is remeasured to fair value and reclassified accordingly. Any gain arising on this remeasurement is recognised in profit or loss to the extent that it reverses a previous impairment loss on the specific property, with any remaining gain recognised in other Comprehensive Income (OCI) and presented in the revaluation reserve. Any loss is recognised in profit or loss. However, to the extent that an amount is included in the revaluation surplus for that property, the loss is recognised in other comprehensive income and reduces the revaluation surplus within equity.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

44 Material accounting policies *(continued)*

(f) Investment property

Investment property is property held to earn rental income or capital appreciation or for both, but not for sale in the ordinary course of business, use for the production or supply of goods or services or for administrative purposes. Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in the profit or loss.

Any gain or loss on the disposal of investment property (calculated as the difference between the net proceeds and the carrying amount of the item) is recognised in profit or loss. When investment property that was previously classified as property, plant and equipment is sold, any related amount that is included in the revaluation reserve is transferred to retained earnings.

(g) Intangible assets

(i) *Recognition and measurement*

Intangible assets

Intangible assets that are acquired by the Group and have finite useful lives are measured at cost less any accumulated amortisation. The group's intangible assets comprises acquired computer software programmes. Costs associated with maintaining software programmes are recognised as an expense as incurred.

Royalty right

Royalty rights have finite useful lives and are measured at fair value less any accumulated amortisation. The group's Royalty right comprises the converted dividend right in Kansanshi Mining Plc to a 3.1% life of mine royalty right.

(ii) *Subsequent expenditure*

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill are recognised in profit or loss as incurred.

(iii) *Amortisation and impairment*

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is recognised in profit or loss.

The estimated useful lives of the Group's computer software is three to five years.

The estimated useful life of the royalty right is over the life of the mine.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(iv) *Derecognition*

Intangible assets are derecognised when an asset is sold, exchanged or abandoned and therefore, removed from the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

44 Material accounting policies *(continued)*

(h) Assets held for sale

Non-current assets, or disposal groups comprising assets and liabilities, are classified as held-for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is allocated first to goodwill, and then to the remaining assets and liabilities on a pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets or investment property, which continue to be measured in accordance with the Group's other accounting policies. Impairment losses on initial classification as held-for-sale or held-for distribution and subsequent gains and losses on remeasurement are recognised in profit or loss.

Once classified as held-for-sale, intangible assets and property, plant and equipment are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

(i) Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is based on the first-in, first-out principle. In the case of manufactured inventories, cost includes an appropriate share of production overheads based on normal operating capacity.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

44 Material accounting policies *(continued)*

(j) Impairment

(i) Non-derivative financial assets

Financial instruments and contract assets

The Group recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- contract assets.

The Group measures loss allowances at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and including forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Group considers a financial asset to be in default when: the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or the financial asset is more than 90 days past due.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

44 Material accounting policies *(continued)*

(j) Impairment *(continued)*

(i) **Non-derivative financial assets** *(continued)*

Financial instruments and contract assets *(continued)*

12-month ECLs are the portion of ECLs that result from default events that are possible within the. 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

Measurement of ECLs

ECLs 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 Group expects to receive).

ECLs are discounted at the effective interest rate of the financial asset.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- a breach of contract such as a default or being more than 90 days past due;
- the restructuring of a loan or advance by the Group on terms that the Group would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

44 Material accounting policies *(continued)*

(j) Impairment *(continued)*

(i) **Non-derivative financial assets** *(continued)*

Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI

Write-off

The gross carrying amount of a financial asset is written off when the Group has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

(ii) **Non-financial assets**

At each reporting date, the Group reviews the carrying amounts of its non-financial assets (other than, investment property, inventories and deferred tax assets) to determine whether there is any indication of impairment. Non-financial assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, 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 or CGU.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its recoverable amount.

Impairment losses are recognised in profit or loss. They are allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

Determining whether goodwill is impaired requires an estimation of the present value of future cash flows generated from the cash generating units to which the goodwill has been allocated. The present value calculation requires an estimation of the future cash flows expected to arise and a suitable discount rate in order to calculate present value.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

44 Material accounting policies *(continued)*

(k) Employee benefits

(i) *Short -term employee benefits*

Short term-employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably.

(ii) *Defined contribution plans*

Obligations for contribution to defined contribution plans are expensed in the profit or loss as the related service is provided. Prepaid contributions are recognised as an asset to the extent that a cash refund or reduction in future payments is available. The Group and all its employees also contribute to the National Pension Scheme Authority, which is a defined contribution scheme.

(iii) *Defined benefit plans*

The Group provides for retirement benefits (i.e. a defined benefit plan) for all permanent employees in accordance with established pension scheme rules as well as the provisions of Statutory Instrument No. 119 of the Laws of Zambia. A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The cost of providing the defined benefit plan is determined annually using the Projected Unit Credit Method, with actuarial valuations being carried out at the end of each reporting period.

The discount rate is required to be determined with reference to the corporate bond yield. However, due to the non-availability of an active developed market for corporate bonds the discount rate applicable is the yield at the reporting date on the Government of the Republic of Zambia's bonds that have maturity dates approximating the terms of the Group's obligations and that are denominated in the same currency in which the benefits are expected to be paid.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

44 Material accounting policies *(continued)*

(k) Employee benefits *(continued)*

(iii) *Defined benefit plans (continued)*

The defined benefit obligation recognised by the Group, in respect of its defined benefit pension plan, is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods and discounting that benefit to determine its present value, then deducting the fair value of any plan assets. When the calculations above result in a benefit to the Group, the recognised asset is limited to the net total of any cumulative unrecognised actuarial losses and past service costs and the present value of any economic benefits available in the form of any refunds from the plan or reductions in future contributions to the plan. An economic benefit is available to the Group if it is realisable during the life of the plan or on settlement of the plan liabilities.

Actuarial gains and losses arising from changes in actuarial assumptions are charged or credited to other comprehensive income when they arise. These gains or losses are recognised in full in the year they occur.

Past service costs are recognised immediately in the profit or loss, unless the changes to the pension plan are conditional on the employees remaining in service for a specified period (the vesting period). In this case, the past-service costs are amortised on a straight-line basis over the vesting period.

(iv) *Other entitlements*

Some employees are on fixed term contracts and are entitled to gratuity. These are recognised when they accrue to employees. An estimate is made for the liability for such entitlements as a result of services rendered by employees up to the reporting date.

The estimated monetary liability for employees' accrued annual leave entitlement at the reporting date is recognised as an expense accrual.

(l) Provisions and contingent liabilities

Provisions are determined by discounting the expected future cash flows at a pre – tax rate that reflects current market assessment of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost.

1. Environmental rehabilitation and restoration

In accordance with applicable legal requirements, a provision for site restoration in respect of contaminated land, and the related expense, is recognised when the land is contaminated.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

44 Material accounting policies *(continued)*

(l) Provisions and contingent liabilities *(continued)*

1. Environmental rehabilitation and restoration *(continued)*

Changes in the measurement of an existing decommissioning, restoration and similar liability that result from changes in the estimated timing or amount of the outflow of resources embodying economic benefits required to settle the obligation, or a change in the discount rate, is accounted for in accordance with:

i. changes in the liability alter the revaluation surplus or deficit previously recognised on that asset, so that:

1. a decrease in the liability is (subject to (b)) be recognised in other comprehensive income and increase the revaluation surplus within equity, except that it is recognised in profit or loss to the extent that it reverses a revaluation deficit on the asset that was previously recognised in profit or loss;

2. an increase in the liability is recognised in profit or loss, except that it shall be recognised in other comprehensive income and reduce the revaluation surplus within equity to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

ii. in the event that a decrease in the liability exceeds the carrying amount that would have been recognised had the asset been carried under the cost model, the excess is recognised immediately in profit or loss.

iii. a change in the liability is an indication that the asset may have to be revalued in order to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period. Any such revaluation is taken into account in determining the amounts to be recognised in profit or loss or in other comprehensive income under If a revaluation is necessary, all assets of that class are revalued.

The adjusted depreciable amount of the asset is depreciated over its useful life. Therefore, once the related asset has reached the end of its useful life, all subsequent changes in the liability shall be recognised in profit or loss as they occur. This applies under both the cost model and the revaluation model.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

44 Material accounting policies *(continued)*

(l) Provisions and contingent liabilities *(continued)*

2. Financial guarantee contracts

guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under IFRS 9 Financial Instruments, and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15 Revenue from Contracts with Customers.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no

compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

3. Contingent liabilities

All possible obligations whose outcomes are dependent on whether some uncertain future event occurs, or a present obligation but payment is not probable, or the amount cannot be measured reliably are considered as Contingent liabilities. These contingent liabilities are reviewed on a regular basis and were appropriate an estimate is made of the potential financial impact on the Group. As at 31 December 2021 and 2020, no potential liability was recognised.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

44 Material accounting policies *(continued)*

(m) Revenue from contracts with customers

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

The following provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms, and the related revenue recognition policies.

Type of product/ service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Sale of goods	Customers obtain control of the products when the goods are delivered. Invoices are generated and revenue is recognised at that point in time. Invoices are payable within 30 days.	Revenue is recognised in the period in which the Group has delivered products to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligations that could affect the customers' acceptance of the products. Delivery does not occur until the products have been accepted by the customers.
Type of product/ service	Nature and timing of satisfaction of performance obligations, including significant payment terms	Revenue recognition policies
Services rendered	The Group is involved in provision of environmental consultancy services, analytical services, surveying services and radiation safety. Revenue from providing services is recognised in the accounting period in which the services are rendered.	Revenue from providing services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided, because the customer receives and uses the benefits simultaneously.

Contract assets primarily relate to the Group's right to consideration for the work completed but not billed at the reporting date on the customer contracts. The Group had no contract assets as at year end. Contract liabilities primarily relate to the advance consideration received from the customer for which revenue is recognised when the goods and services are provided. The Group had no contract liabilities as at year end.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

44 Material accounting policies *(continued)*

(n) Investment income and expenses

The Group's investments income and expenses costs include:

- Dividends receivables;
- Interest income; and
- Interest expense.

Dividends are recognised as revenue in the period in which the right to receive payment is established, which in the case of quoted securities is usually the ex-dividend date.

Interest income or expense is recognised using the effective interest method.

(o) Finance income and finance costs

The Group's finance income and finance costs include

- Gain or loss on financial assets at fair value through profit or loss;
- The foreign currency gain or loss on financial assets and financial liabilities;
- Unwinding income or expense on price participation fees;
- Unwinding expense on environmental provision; and
- Borrowing costs.

All borrowing costs are recognised in the profit or loss using the effective interest method.

Borrowing costs attributable to fixed assets during construction are capitalised

(p) Exploration costs

The Group is involved in exploration and evaluation of mineral resources including, oil and gas and other similar non – regenerative resources in specific licence areas where the Group has legal rights. This process also involves the determination of both the technical feasibility and commercial viability of extracting the mineral resource.

General exploration and associated costs incurred in connection with exploration and evaluation of mineral resources before the technical feasibility and commercial viability of extracting a mineral resource is demonstratable, are expensed in the period in which they are incurred. Exploration and associated costs for projects which are commercially viable, and it is considered that future economic benefits will flow to the Company are capitalised.

Accounting for exploration and evaluation expenditures

Exploration and evaluation expenditures are measured at cost on initial recognition. Costs directly associated with commercially viable exploration project are capitalised until the determination of reserves is evaluated. If it is determined that commercial discovery has not been achieved, these costs are charged to expenses.

Depreciation of exploration and evaluation assets

Exploration and evaluation asset are depreciated using a straight-line method over a period of five years.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

44 Material accounting policies *(continued)*

(p) Exploration costs *(continued)*

After recognition, the exploration and evaluation assets are measured using the cost model in IAS 16 Property, plant and equipment.

(q) Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI.

(i) ***Current tax***

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

(ii) ***Deferred tax***

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for:

- temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;`

- temporary differences related to investments in subsidiaries and associates to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and

- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised; such reductions are reversed when probability of future taxable profit improves.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

44 Material accounting policies *(continued)*

(q) Income tax *(continued)*

(ii) *Deferred tax* *(continued)*

The measurement of deferred tax reflects the tax consequences that would follow the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. For this purpose, the carrying amount of investment property measured at fair value is presumed to be recovered through sale, and the Group has not rebutted this presumption.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

(iii) *Tax exposures*

In determining the amount of current and deferred tax, the Group considers the impact of tax exposures, including whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities would impact tax expense in the period in which such a determination is made.

(r) *Earnings per share*

The Group presents basic and diluted earnings per share data for its ordinary shares. Basic earnings per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Group by the weighted average number of ordinary shares outstanding during the year, adjusted for own shares held. Diluted earnings per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options.

(s) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Group's Chief Executive Officer to make decisions about resources to be allocated to the segment and to assess its performance.

(t) Share capital

Ordinary shares Incremental costs directly attributable to the issue of ordinary shares, net of any tax effects, are recognised as a deduction from equity.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

45 Restatement

Discontinued Operations Restatement

The statements of profit of loss and other comprehensive income of Investrust Bank Plc and Mushe Milling Company Limited for the year ended 31 December 2022 were wrongly consolidated and not classified as discontinued operations despite meeting the criteria of classification as discontinued operations as per IFRS 5 *Non-Current Assets Held for Sale and Discontinued Operations*. The error affected several income statements line Items. This classification error resulted in overstatement and understatement of the affected Income statement lines for the year ended 31 December 2022. The error has been corrected by restating each of the affected financial statement line items for the prior period.

Consolidated Statement of profit or loss and other comprehensive Income 2022

	31 Dec 2022	Correction	31 Dec 2022
	As previously stated	Reclassification from Consolidation	Restated amount
Revenue from contracts with customers	11,959,354	(38,925)	11,920,429
Net Interest Income from loans and advances/			
Financial Instruments	110,779	(110,779)	-
Fees and commissions	39,998	(39,998)	-
Cost of sales	(14,709,114)	38,763	(14,670,351)
Gross profit	**(2,598,983)**	**(150,939)**	**(2,749,922)**
Net investment income	47,893	-	47,893
Other income	189,238	(13,491)	175,747
Fair value adjustment of financial asset at fair value through profit or loss	(205,600)	-	(205,600)
Net impairment losses on financial assets	(8,131)	5,800	(2,331)
Administration expenses	(749,743)	169,395	(580,348)
Operating profit/(loss)	**(3,325,326)**	**10,765**	**(3,314,561)**
Finance income	452,441	-	452441
Finance costs	(2,266,287)	6,753	(2,259,534)
Net finance income	**(1,813,846)**	**6,753**	**(1,807,093)**
Share of profit/(loss) of equity accounted investees	1,603,143	-	1,603,143
Profit before tax	**(3,536,029)**	**17,518**	**(3,518,511)**
Income tax (expense) credit	(249,504)	1,485	(248,019)
Profit from continuing operations	**(3,785,533)**	19,003	**(3,766,530)**
Loss from discontinuing operations	-	(19,003)	(19,003)
Profit for the year	**(3,785,533)**	-	**(3,785,533)**
Other comprehensive income	(1,029,340)	-	(1,029,340)
Total comprehensive income	**(4,814,873)**	**-**	**(4,814,873)**

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

45 Restatement *(continued)*

The impact of the restatement on Earnings Per Share in the year ended 31 December 2022 is that the EPS from continuing operations of (ZMW 23.42) is presented separately from total EPS of (ZMW 23.54).

Statement of financial position 2022 – Consolidated
There was no impact on the consolidated statement of financial position as these were reclassifications within the statement of profit and loss.

Statement of Cashflows 2022 – Consolidated
There was no impact on the consolidated statement of cash flows.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

In thousands of Kwacha

44 Material accounting policies *(continued)*

(u) Dividends

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's annual financial statements in the period in which the dividends are approved by the Company's shareholders. When dividends are proposed they are presented in a separate column in the statement of changes in equity.

(v) Mine development costs

Exploration and associated costs relating to non-specific projects or properties are expensed in the period in which they are incurred. Significant property acquisition costs and development costs relating to specific properties for which economically recoverable reserves are believed to exist are deferred until the project to which they relate is sold, abandoned, or placed into production. No costs are deferred on a property believed to be impaired in value. Mine development and property acquisition costs, including costs incurred during production to expand ore reserves within existing mine operations, are deferred, and amortised over the life of the mines. Reviews are undertaken regularly to evaluate the carrying values of operating mines and development properties. If it is determined that the net recoverable amount is significantly lower than the carrying value, and the impairment in value is likely to be permanent, a write-down to the net recoverable amount is made by a charge to profit or loss.

(w) Environmental restoration

Provision is made for costs associated with the restoration and rehabilitation of mining sites as soon as the obligation to incur such costs arises. Such restoration and closure costs are typical of the extractive industry and are normally accrued to reflect the Company's obligations at that time. Additional disturbances that arise due to further development/construction at the mine are recognised as additions or charges to the corresponding assets and rehabilitation liability when they occur.

Changes in the estimated timing of rehabilitation or changes to the estimated future costs are dealt with prospectively by recognising an adjustment to the rehabilitation liability and a corresponding adjustment to the asset to which it relates, if the initial estimate was originally recognised as part of an asset measured in accordance with IAS 16. If the related asset is measured using the revaluation model, a decrease in the liability shall be recognised in other comprehensive income and an increase in the liability shall be recognised in profit or loss, except that it shall be recognised in other comprehensive income. Any reduction in the rehabilitation liability and, therefore, any deduction from the asset to which it relates, may not exceed the carrying amount of that asset. If it does, any excess over the carrying value is taken immediately to the statement of profit or loss and other comprehensive income.

Over time, the discounted liability is increased for the change in present value based on the discount rates that reflect current market assessments and the risks specific to the liability. The periodic unwinding of the discount is recognised in the statement of profit or loss and other comprehensive income as part of finance costs. For closed sites, changes to estimated costs are recognised immediately in the statement of profit or loss and other comprehensive income. The Company is required to make contributions to the government for future rehabilitation work relating to its production activities. The contributions are based on an environmental assessment that is performed by environmental auditors. The Company records a liability for the future contributions to be made to the government based on the environmental disturbances incurred to date per the environmental auditor's assessment with a corresponding charge to profit or loss.

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Appendix

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

(Unaudited)

	31-Dec 2023 US$'000	31-Dec 2022 US$'000
Assets		
Property, plant and equipment	9,666	756,962
Exploration and evaluation asset	1,998	2,767
Intangible assets	559,064	189,407
Investment property	8,102	11,120
Investment in associates	391,934	840,596
Financial assets at fair value through profit or loss	117,278	69,375
Trade and other receivables	63,264	162,390
Environmental Protection Fund	274	5,231
Deferred tax asset	-	6,805
Non-current assets	**1,151,580**	**2,044,653**
Inventories	1,488	295,855
Trade and other receivables	13,173	42,255
Assets held for sale	917,654	116,536
Term deposit	172,857	295,815
Cash and cash equivalents	13,996	18,235
Current assets	1,119,168	768,696
Total assets	**2,270,748**	**2,813,349**
Equity		
Share capital	62	132
Share premium	81,151	171,398
Other reserves	343,949	934,253
Retained earnings	(639,401)	(561,555)
Equity attributable to shareholders	**(214,239)**	**544,228**
Non-controlling interest	(6,789)	(2,589)
Total Equity	**(221,028)**	**541,639**
Liabilities		
Borrowings	-	1,522,053
Deferred tax liability	29,201	-
Retirement benefits	675	10,134
Provisions for environmental rehabilitation	4,379	67,640
Non-current liabilities	**34,255**	**1,599,827**
Borrowings	-	47,883
Bank overdraft	-	38,118
Trade and other payables	12,148	412,750
Liabilities associated with assets classified as held for sale	2,434,387	127,877
Provisions	1,721	27,015
Current tax liabilities	9,265	10,533
Retirement benefits	-	7,707
Current liabilities	**2,457,521**	**671,883**
Total liabilities	**2,491,776**	**2,271,710**
Total equity and liabilities	**2,270,748**	**2,813,349**

Appendix

SEPARATE STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2023

(Unaudited)

	31-Dec 2023	31-Dec 2022
	US$'000	US$'000
Assets		
Property, plant and equipment	4,297	7,408
Intangible assets	553,888	198
Investment property	8,102	11,120
Investments in subsidiaries	10,968	22,437
Investment in associates	436,567	900,507
Financial assets at fair value through P&L	117,278	69,375
Deferred tax assets	-	14,345
Trade and other receivables	178,140	53,076
Non-current assets	**1,309,240**	**1,078,466**
Inventory	-	830
Trade and other receivables	11,196	9,629
Assets held for sale	-	8,071
Term deposit	171,337	295,815
Cash and cash equivalents	2,375	2,525
Current assets	**184,908**	**316,870**
Total assets	**1,494,148**	**1,395,336**
Equity		
Share capital	62	132
Share premium	81,151	171,398
Other reserves	925,297	758,033
Retained earnings	446,969	439,877
Equity attributable to shareholders	**1,453,479**	**1,369,440**
Liabilities		
Deferred tax liability	24,006	-
Retirement benefits	675	514
Provisions for environmental rehabilitation	2,117	2,180
Non-current liabilities	**26,798**	**2,694**
Borrowings	-	-
Trade and other payables	3,041	6,703
Provisions	1,610	6,021
Current tax liabilities	9,220	10,478
Current liabilities	**13,871**	**23,202**
Total liabilities	**40,669**	**25,896**
Total equity and liabilities	**1,494,148**	**1,395,336**

Appendix

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2023

(Unaudited)

	31-Dec 2023	31-Dec 2022
	US$'000	**US$'000**
Revenue from customer with contracts	**572,356**	**699,145**
Net Interest Income from loans and advances		
Financial Instruments	-	-
Fees and commissions	-	-
Cost of sales	(745,772)	(860,431)
Gross profit	**(173,416)**	**(161,286)**
Investment income	67,670	2,835
Investment expenses	-	(26)
Net investment income	**67,670**	**2,809**
Other income	11,875	10,308
Fair value adjustment financial asset at fair value through profit or loss	86,099	(12,059)
Impairment of goodwill on acquisition	-	-
Net impairment losses on financial assets	(3,906)	(4137)
Administration expenses	(90,881)	(34,038)
Operating profit/(loss)	**(102,559)**	**(194,403)**
Finance income	107,809	26,536
Finance costs	(218,306)	(132,524)
Net finance income	**(110,497)**	**(105,988)**
Share of profit of equity-accounted investees, net of tax	110,173	94,026
Profit before tax	**(102,883)**	**(206,365)**
Income tax (expense)/credit	(58,762)	(14,547)
Profit from continuing operations	**(161,645)**	**(220,912)**
Loss from discontinued operations	(36,941)	(1,115)
Profit for the year	**(198,586)**	**(222,027)**
Other comprehensive income		
Items that will never be reclassified to profit or loss		
Revaluation on property, plant and equipment	185	732
Deferred tax on revaluation reserve	11	(220)
Actuarial gain on defined benefit pension plans	1,176	11,978
Deferred tax on defined benefit actuarial loss	143	(2)
Royalty right fair valuation	174,761	-

Appendix

Equity-accounted investees- share of other comprehensive income	562	652
	177,117	13,140
Items that are or may be reclassified to profit or loss		
Foreign currency translation differences - equity - accounted investees	190,402	79,868
Foreign currency translation differences - Subsidiaries investees	(800,887)	(153,381)
	(610,485)	(73,513)
Other comprehensive income, net of tax	**(433,647)**	**(60,373)**
Total comprehensive income	**(632,233)**	**(282,400)**

Appendix

SEPARATE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2023

		31-Dec 2023	31-Dec 2022
		US$'000	US$'000
Investment income		103,717	288,347
Revenue from contracts with customers		1,129	46
Cost of sales		(822)	(125)
Other income		2,061	5,173
Fair value adjustment financial asset at fair value through profit or loss		86,099	(12,059)
Net impairment losses on financial assets		(4,047)	(32)
Administration expenses		(38,693)	(43,562)
Operating (loss)/profit		**149,444**	**237,788**
Finance income		145,216	26,161
Finance costs		(54)	(310)
Net finance income		**145,162**	**25,851**
Profit/(loss) before tax		**294,606**	**263,639**
Income tax (expense)/credit		(58,713)	(13,860)
Profit/(loss) for the year		**235,893**	**249,779**
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Revaluation of property, plant and equipment		-	732
Deferred tax on amortisation of revaluation reserve		11	(220)
Actuarial (loss)/gain on defined benefit pension plans		(478)	6
Deferred tax on defined benefit actuarial/(loss) gain		143	(2)
Fair value change in Investments in subsidiaries		(22,618)	6,571
Fair value change in Investments in associates		268,383	(254,937)
Royalty right fair valuation		174,761	-
Other comprehensive income, net of tax		**420,202**	**(247,850)**
Total comprehensive income		**656,095**	**1,929**

Team ZCCM-IH, Kariba Minerals, Zambia Gold, & Mopani at the 2024 Zambia International Trade Fair.

ZCCM-IH

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