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**China Nonferrous Mining Corporation Limited**  
**中國有色礦業有限公司**

*(Incorporated in Hong Kong with limited liability under the Companies Ordinance)*

(Stock Code: 01258)

**ANNOUNCEMENT OF ANNUAL RESULTS**  
**FOR THE YEAR ENDED 31 DECEMBER 2022**

**FINANCIAL HIGHLIGHTS OF THE GROUP**

In 2022, the Group's production system continues to maintain its high-load operations, resulting in a year-on-year increase in the output of main products, the Group recorded revenue of US\$4,094.7 million, representing an increase by 1.1% from US\$4,050.6 million in 2021.

In 2022, the Group recorded net profit of US\$382.1 million, representing a decrease by 25.9% from US\$515.4 million in 2021.

In 2022, the Group recorded profit attributable to owners of the Company of US\$263.7 million, representing a decrease by 26.2% from US\$357.1 million in 2021.

In 2022, basic earnings per share attributable to owners of the Company was approximately US¢7.05 (equivalent to approximately HK\$0.55), representing a decrease by approximately US¢2.73 (equivalent to approximately HK\$0.21) from approximately US¢9.78 (equivalent to approximately HK\$0.76) in 2021.

The Board proposed a payment of US¢2.8209 per share as final dividend for the year of 2022.

## FINANCIAL INFORMATION

The board of directors (the “**Board**”) of China Nonferrous Mining Corporation Limited (the “**Company**”) is pleased to announce the audited consolidated results of the Company and its subsidiaries (hereinafter collectively referred to as the “**Group**”) for the year ended 31 December 2022, together with the comparative figures for the corresponding period in 2021.

### CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2022

|   | <i>Notes</i> | <b>2022</b><br><i>US\$'000</i> | 2021<br><i>US\$'000</i> |
|---|--------------|--------------------------------|-------------------------|
| <b>Revenue from contracts with customers</b>                  | 3, 4         | <b>4,094,716</b>               | 4,050,588               |
| Cost of sales   |              | <u>(3,287,495)</u>             | <u>(2,965,553)</u>      |
| Gross profit  |              | <b>807,221</b>                 | 1,085,035               |
| Other income  |              | <b>11,912</b>                  | 9,656                   |
| Other gains and losses  | 5            | <b>(18,697)</b>                | (35,743)                |
| Distribution and selling expenses                             |              | <b>(39,763)</b>                | (82,313)                |
| Administrative expenses                                       |              | <b>(167,445)</b>               | (122,902)               |
| Other expenses  |              | <b>(6,802)</b>                 | (9,381)                 |
| Finance costs   | 6            | <u><b>(33,920)</b></u>         | <u>(37,316)</u>         |
| <b>Profit before tax</b>                                      |              | <b>552,506</b>                 | 807,036                 |
| Income tax expense  | 7            | <u><b>(170,377)</b></u>        | <u>(291,641)</u>        |
| Profit and total comprehensive income for the year            |              | <u><b>382,129</b></u>          | <u>515,395</u>          |
| <b>Profit and total comprehensive income attributable to:</b> |              |                                |                         |
| Owners of the Company   |              | <b>263,694</b>                 | 357,121                 |
| Non-controlling interests                                     |              | <u><b>118,435</b></u>          | <u>158,274</u>          |
|   |              | <u><b>382,129</b></u>          | <u>515,395</u>          |
| <b>Earnings per share</b>                                     |              |                                |                         |
| – Basic and diluted   | 9            | <b>US¢7.05/share</b>           | US¢9.78/share           |
| – Basic and diluted (HK\$ equivalent)                         | 9            | <u><b>HK\$0.55/share</b></u>   | <u>HK\$0.76/share</u>   |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2022

|   | <i>Notes</i> | <b>2022</b><br><i>US\$'000</i> | 2021<br><i>US\$'000</i> |
|---|--------------|--------------------------------|-------------------------|
| <b>ASSETS</b>   |              |                                |                         |
| <b>Non-current assets</b>   |              |                                |                         |
| Property, plant and equipment                                       |              | <b>1,591,299</b>               | 1,697,104               |
| Right-of-use assets   |              | <b>5,543</b>                   | 9,930                   |
| Mining rights   |              | <b>115,062</b>                 | 130,216                 |
| Restricted bank balances  |              | <b>1,505</b>                   | 1,505                   |
| Deferred tax assets   |              | <b>8,643</b>                   | 13,102                  |
| Prepayments and other receivables                                   |              | <b>52,886</b>                  | 68,283                  |
|   |              | <u><b>1,774,938</b></u>        | <u>1,920,140</u>        |
| <b>Current assets</b>   |              |                                |                         |
| Inventories   | 10           | <b>820,069</b>                 | 848,301                 |
| Trade receivables at amortised cost                                 | 11           | <b>39,897</b>                  | 25,863                  |
| Trade receivables at fair value through profit<br>or loss (“FVTPL”) | 11           | <b>368,669</b>                 | 529,904                 |
| Prepayments and other receivables                                   |              | <b>250,229</b>                 | 229,784                 |
| Restricted bank balances  |              | <b>4,291</b>                   | 3,246                   |
| Time deposit  |              | <b>30,000</b>                  | –                       |
| Bank balances and cash  |              | <b>732,923</b>                 | 606,746                 |
|   |              | <u><b>2,246,078</b></u>        | <u>2,243,844</u>        |
| <b>Total assets</b>   |              | <u><b>4,021,016</b></u>        | <u>4,163,984</u>        |

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

31 DECEMBER 2022

|   | <i>Notes</i> | <b>2022</b><br><i>US\$'000</i> | 2021<br><i>US\$'000</i> |
|---|--------------|--------------------------------|-------------------------|
| <b>EQUITY AND LIABILITIES</b>                                     |              |                                |                         |
| <b>Capital and reserves</b>                                       |              |                                |                         |
| Share capital   |              | 740,119                        | 740,119                 |
| Retained profits  |              | <u>922,927</u>                 | <u>802,083</u>          |
| Equity attributable to owners of the Company                      |              | <b>1,663,046</b>               | 1,542,202               |
| Non-controlling interests   |              | <u>669,890</u>                 | <u>629,682</u>          |
| <b>Total equity</b>   |              | <u><b>2,332,936</b></u>        | <u>2,171,884</u>        |
| <b>Non-current liabilities</b>                                    |              |                                |                         |
| Deferred tax liabilities  |              | 146,573                        | 141,373                 |
| Bank and other borrowings   |              |                                |                         |
| – due after one year  | 13           | 351,500                        | 848,133                 |
| Lease liabilities   |              | 299                            | 6,411                   |
| Provision for restoration, rehabilitation and environmental costs |              | 53,119                         | 37,400                  |
| Deferred income   |              | <u>12,776</u>                  | <u>13,940</u>           |
|   |              | <u><b>564,267</b></u>          | <u>1,047,257</u>        |
| <b>Current liabilities</b>  |              |                                |                         |
| Trade payables at amortised cost                                  | 12           | 265,172                        | 359,327                 |
| Trade payables designated at FVTPL                                | 12           | 289,691                        | 231,803                 |
| Other payables and accrued expenses                               |              | 224,738                        | 112,507                 |
| Income tax payable  |              | 145,921                        | 196,669                 |
| Bank and other borrowings   |              |                                |                         |
| – due within one year   | 13           | 177,609                        | 24,225                  |
| Lease liabilities   |              | 7,596                          | 7,472                   |
| Contract liabilities  |              | 1,742                          | 9,069                   |
| Financial liabilities designated at FVTPL                         |              | <u>11,344</u>                  | <u>3,771</u>            |
|   |              | <u><b>1,123,813</b></u>        | <u>944,843</u>          |
| <b>Total liabilities</b>  |              | <u><b>1,688,080</b></u>        | <u>1,992,100</u>        |
| <b>Total equity and liabilities</b>                               |              | <u><b>4,021,016</b></u>        | <u>4,163,984</u>        |

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2022

|   | Equity attributable to owners<br>of the Company |                     |                  | Non-<br>controlling<br>interests | Total<br>equity  |
|---|---|---------------------|------------------|----------------------------------|------------------|
|   | Share<br>capital                                | Retained<br>profits | Sub-total        |                                  |                  |
|   | <i>US\$'000</i>                                 | <i>US\$'000</i>     | <i>US\$'000</i>  | <i>US\$'000</i>                  | <i>US\$'000</i>  |
| At 1 January 2021                                     | 613,233   | 498,531             | 1,111,764        | 547,178                          | 1,658,942        |
| Issue of shares                                       | 127,482   | –                   | 127,482          | –                                | 127,482          |
| Share issuance cost                                   | (596)   | –                   | (596)            | –                                | (596)            |
| Profit and total comprehensive income<br>for the year | –   | 357,121             | 357,121          | 158,274                          | 515,395          |
| Dividend declared by subsidiaries                     | –   | –                   | –                | (75,770)                         | (75,770)         |
| Dividend declared by the Company<br>(Note 8)          | –   | (53,569)            | (53,569)         | –                                | (53,569)         |
|   | 740,119   | 802,083             | 1,542,202        | 629,682                          | 2,171,884        |
| At 31 December 2021                                   |   |                     |                  |                                  |                  |
| Profit and total comprehensive income<br>for the year | –   | <b>263,694</b>      | <b>263,694</b>   | <b>118,435</b>                   | <b>382,129</b>   |
| Dividend declared by subsidiaries                     | –   | –                   | –                | (78,227)                         | (78,227)         |
| Dividend declared by the Company<br>(Note 8)          | –   | (142,850)           | (142,850)        | –                                | (142,850)        |
|   | 740,119   | 922,927             | 1,663,046        | 669,890                          | 2,332,936        |
| <b>At 31 December 2022</b>                            | <b>740,119</b>                                  | <b>922,927</b>      | <b>1,663,046</b> | <b>669,890</b>                   | <b>2,332,936</b> |

## CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2022

|  | <b>2022</b><br><i>US\$'000</i> | 2021<br><i>US\$'000</i> |
|--|--------------------------------|-------------------------|
| <b>NET CASH FROM OPERATING ACTIVITIES</b>  | <u>782,522</u>                 | <u>536,383</u>          |
| <b>NET CASH USED IN INVESTING ACTIVITIES</b>   | <u>(75,705)</u>                | <u>(204,393)</u>        |
| <b>NET CASH USED IN FINANCING ACTIVITIES</b>   | <u>(578,999)</u>               | <u>(225,050)</u>        |
| <b>NET INCREASE IN CASH AND CASH<br/>EQUIVALENTS</b>   | <b>127,818</b>                 | 106,940                 |
| <b>CASH AND CASH EQUIVALENTS AT<br/>BEGINNING OF YEAR</b>                                    | <b>606,746</b>                 | 497,829                 |
| Effect of foreign exchange rate changes on the balance<br>of cash held in foreign currencies | <u>(1,641)</u>                 | <u>1,977</u>            |
| <b>CASH AND CASH EQUIVALENTS<br/>AT END OF YEAR, represented by:</b>                         |                                |                         |
| Bank balances and cash   | <u><u>732,923</u></u>          | <u><u>606,746</u></u>   |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2022

## 1. GENERAL INFORMATION

The Company was incorporated in Hong Kong on 18 July 2011 and its shares are listed on The Stock Exchange of Hong Kong Limited. In the opinion of the directors of the Company (the “**Directors**”), the Company’s immediate holding company is China Nonferrous Mining Development Limited, a private company incorporated in the British Virgin Islands and the Company’s ultimate holding company is China Nonferrous Metal Mining (Group) Co., Ltd. (“**CNMC**”), an enterprise established in the People’s Republic of China (the “**PRC**”) and wholly-owned by State-owned Assets Supervision and Administration Commission of the State Council. The registered office of the Company is located Unit 1303, 13/F, Austin Tower, 22-26 Austin Avenue, Tsimshatsui, Kowloon, Hong Kong, and its principal places of business are located at 32 Enos Chomba Road, Kitwe, the Republic of Zambia (“**Zambia**”) and Bloc B-Luano City-Route Aeroport Commune Annexe Lubumbashi, the Democratic Republic of Congo (“**DRC**”).

The principal activity of the Company is investment holding. The Company’s subsidiaries are principally engaged in exploration, mining, ore processing, leaching, smelting and sale of copper cathodes, blister copper and copper anodes, and production and sale of cobalt hydroxide, sulphuric acid and liquid sulphur dioxide.

The financial information relating to the years ended 31 December 2022 and 2021 included in this announcement of annual results 2022 does not constitute the Company’s statutory annual consolidated financial statements for those years but is derived from those financial statements. Further information relating to these statutory financial statements disclosed in accordance with section 436 of the Companies Ordinance (Cap 622 of the laws of Hong Kong) (“**CO**”) is as follows:

The Company has delivered the financial statements for the year ended 31 December 2021 to the Registrar of Companies as required by section 662(3) of, and Part 3 of Schedule 6 to, the CO and will deliver the financial statements for the year ended 31 December 2022 in due course.

The Company’s then auditors have reported on the financial statements of the Group for both years. The auditors’ reports were unqualified; did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying its reports; and did not contain a statement under sections 406(2), 407(2) or (3) of the CO (or under their equivalent requirements found in section 141 of the predecessor CO).

## 2.1 BASIS OF PREPARATION

These financial statements have been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards (“**HKASs**”) and Interpretations) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”), accounting principles generally accepted in Hong Kong and the CO. They have been prepared under the historical cost convention, except for certain trade receivables, trade liabilities and copper future contracts accounted for as financial assets or liabilities at fair value through profit or loss which have been measured at fair value. The consolidated financial statements of the Group are presented in United States dollars (“**US\$**”), which is also the functional currency of the Company. And all values are rounded to the nearest thousand except when otherwise indicated.

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Group has adopted the following revised HKFRSs for the first time for the current year’s financial statements.

|  |  |
|--|--|
| Amendments to HKFRS 3                          | <i>Reference to the Conceptual Framework</i>   |
| Amendments to HKFRS 16                         | <i>Property, Plant and Equipment: Proceeds before Intended Use</i>                       |
| Amendments to HKAS 37                          | <i>Onerous Contracts - Cost of Fulfilling a Contract</i>                                 |
| <i>Annual Improvements to HKFRSs 2018-2020</i> | Amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41 |

The nature and the impact of the revised HKFRSs that are applicable to the Group are described below:

- (a) Amendments to HKFRS 3 replace a reference to the previous *Framework for the Preparation and Presentation of Financial Statements* with a reference to the *Conceptual Framework for Financial Reporting* (the “**Conceptual Framework**”) issued in June 2018 without significantly changing its requirements. The amendments also add to HKFRS 3 an exception to its recognition principle for an entity to refer to the Conceptual Framework to determine what constitutes an asset or a liability. The exception specifies that, for liabilities and contingent liabilities that would be within the scope of HKAS 37 or HK(IFRIC)-Int 21 if they were incurred separately rather than assumed in a business combination, an entity applying HKFRS 3 should refer to HKAS 37 or HK(IFRIC)-Int 21 respectively instead of the Conceptual Framework. Furthermore, the amendments clarify that contingent assets do not qualify for recognition at the acquisition date. The Group has applied the amendments prospectively to business combinations that occurred on or after 1 January 2022. As there were no business combinations during the year, the amendments did not have any impact on the financial position and performance of the Group.

## 2.2 CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

The nature and the impact of the revised HKFRSs that are applicable to the Group are described below: (continued)

- (b) Amendments to HKAS 16 prohibit an entity from deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced while bringing that asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead, an entity recognises the proceeds from selling any such items, and the cost of those items as determined by HKAS 2 *Inventories*, in profit or loss. The Group has applied the amendments retrospectively to items of property, plant and equipment made available for use on or after 1 January 2021. Since there was no significant sale of items produced prior to the property, plant and equipment being available for use, therefore the amendments had no material impact on the financial position or performance of the Group.
- (c) Amendments to HKAS 37 clarify that for the purpose of assessing whether a contract is onerous under HKAS 37, the cost of fulfilling the contract comprises the costs that relate directly to the contract. Costs that relate directly to a contract include both the incremental costs of fulfilling that contract (e.g., direct labour and materials) and an allocation of other costs that relate directly to fulfilling that contract (e.g., an allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract as well as contract management and supervision costs). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. The Group has applied the amendments prospectively to contracts for which it has not yet fulfilled all its obligations at 1 January 2022 and no onerous contracts were identified. Therefore, the amendments did not have any impact on the financial position or performance of the Group.
- (d) *Annual Improvements to HKFRSs 2018-2020* sets out amendments to HKFRS 1, HKFRS 9, Illustrative Examples accompanying HKFRS 16, and HKAS 41. Details of the amendment that is applicable to the Group are as follows:
  - HKFRS 9 *Financial Instruments*: clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. The Group has applied the amendment prospectively from 1 January 2022. As there was no modification or exchange of the Group's financial liabilities during the year, the amendment did not have any impact on the financial position or performance of the Group.

## 2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in these financial statements.

|   |   |
|---|---|
| Amendments to HKFRS 10 and HKAS 28 (2011)           | <i>Sale or Contribution of Assets between an Investor and its Associate or Joint Venture</i> <sup>3</sup> |
| Amendments to HKFRS 16                              | <i>Lease Liability in a Sale and Leaseback</i> <sup>2</sup>   |
| HKFRS 17  | <i>Insurance Contracts</i> <sup>1</sup>   |
| Amendments to HKFRS 17                              | <i>Insurance Contracts</i> <sup>1,5</sup>   |
| Amendment to HKFRS 17                               | <i>Initial Application of HKFRS 17 and HKFRS 9 – Comparative Information</i> <sup>6</sup>                 |
| Amendments to HKAS 1                                | <i>Classification of Liabilities as Current or Non-current (the “2020 Amendments”)</i> <sup>2,4</sup>     |
| Amendments to HKAS 1                                | <i>Non-current Liabilities with Covenants (the “2022 Amendments”)</i> <sup>2</sup>                        |
| Amendments to HKAS 1 and HKFRS Practice Statement 2 | <i>Disclosure of Accounting Policies</i> <sup>1</sup>   |
| Amendments to HKAS 8                                | <i>Definition of Accounting Estimates</i> <sup>1</sup>  |
| Amendments to HKAS 12                               | <i>Deferred Tax related to Assets and Liabilities arising from a Single Transaction</i> <sup>1</sup>      |

<sup>1</sup> Effective for annual periods beginning on or after 1 January 2023

<sup>2</sup> Effective for annual periods beginning on or after 1 January 2024

<sup>3</sup> No mandatory effective date yet determined but available for adoption

<sup>4</sup> As a consequence of the 2022 Amendments, the effective date of the 2020 Amendments was deferred to annual periods beginning on or after 1 January 2024. In addition, as a consequence of the 2020 Amendments and 2022 Amendments, Hong Kong Interpretation 5 *Presentation of Financial Statements - Classification by the Borrower of a Term Loan that Contains a Repayment on Demand Clause* was revised to align the corresponding wording with no change in conclusion

<sup>5</sup> As a consequence of the amendments to HKFRS 17 issued in October 2020, HKFRS 4 was amended to extend the temporary exemption that permits insurers to apply HKAS 39 rather than HKFRS 9 for annual periods beginning before 1 January 2023

<sup>6</sup> An entity that chooses to apply the transition option relating to the classification overlay set out in this amendment shall apply it on initial application of HKFRS 17

Further information about those HKFRSs that are expected to be applicable to the Group is described below.

### 2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs (continued)

Amendments to HKFRS 10 and HKAS 28 (2011) address an inconsistency between the requirements in HKFRS 10 and in HKAS 28 (2011) in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The amendments require a full recognition of a gain or loss resulting from a downstream transaction when the sale or contribution of assets between an investor and its associate or joint venture constitutes a business. For a transaction involving assets that do not constitute a business, a gain or loss resulting from the transaction is recognised in the investor's profit or loss only to the extent of the unrelated investor's interest in that associate or joint venture. The amendments are to be applied prospectively. The previous mandatory effective date of amendments to HKFRS 10 and HKAS 28 (2011) was removed by the HKICPA in January 2016 and a new mandatory effective date will be determined after the completion of a broader review of accounting for associates and joint ventures. However, the amendments are available for adoption now.

Amendments to HKFRS 16 specify the requirements that a seller-lessee uses in measuring the lease liability arising in a sale and leaseback transaction to ensure the seller-lessee does not recognise any amount of the gain or loss that relates to the right of use it retains. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively to sale and leaseback transactions entered into after the date of initial application of HKFRS 16 (i.e., 1 January 2019). Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 1 *Classification of Liabilities as Current or Non-current* clarify the requirements for classifying liabilities as current or non-current, in particular the determination over whether an entity has a right to defer settlement of the liabilities for at least 12 months after the reporting period. Classification of a liability is unaffected by the likelihood that the entity will exercise its right to defer settlement of the liability. The amendments also clarify the situations that are considered a settlement of a liability. In 2022, the HKICPA issued the 2022 Amendments to further clarify that, among covenants of a liability arising from a loan arrangement, only those with which an entity must comply on or before the reporting date affect the classification of that liability as current or non-current. In addition, the 2022 Amendments require additional disclosures by an entity that classifies liabilities arising from loan arrangements as non-current when it has a right to defer settlement of those liabilities that are subject to the entity complying with future covenants within 12 months after the reporting period. The amendments are effective for annual periods beginning on or after 1 January 2024 and shall be applied retrospectively. Earlier application is permitted. An entity that applies the 2020 Amendments early is required to apply simultaneously the 2022 Amendments, and vice versa. The Group is currently assessing the impact of the amendments and whether existing loan agreements may require revision. Based on a preliminary assessment, the amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 1 *Disclosure of Accounting Policies* require entities to disclose their material accounting policy information rather than their significant accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. Amendments to HKFRS Practice Statement 2 provide non-mandatory guidance on how to apply the concept of materiality to accounting policy disclosures. Amendments to HKAS 1 are effective for annual periods beginning on or after 1 January 2023 and earlier application is permitted. Since the guidance provided in the amendments to HKFRS Practice Statement 2 is non-mandatory, an effective date for these amendments is not necessary. The Group is currently revisiting the accounting policy disclosures to ensure consistency with the amendments.

### 2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs (continued)

Amendments to HKAS 8 clarify the distinction between changes in accounting estimates and changes in accounting policies. Accounting estimates are defined as monetary amounts in financial statements that are subject to measurement uncertainty. The amendments also clarify how entities use measurement techniques and inputs to develop accounting estimates. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and apply to changes in accounting policies and changes in accounting estimates that occur on or after the start of that period. Earlier application is permitted. The amendments are not expected to have any significant impact on the Group's financial statements.

Amendments to HKAS 12 narrow the scope of the initial recognition exception in HKAS 12 so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences, such as leases and decommissioning obligations. Therefore, entities are required to recognise a deferred tax asset (provided that sufficient taxable profit is available) and a deferred tax liability for temporary differences arising from these transactions. The amendments are effective for annual reporting periods beginning on or after 1 January 2023 and shall be applied to transactions related to leases and decommissioning obligations at the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to the opening balance of retained profits or other component of equity as appropriate at that date. In addition, the amendments shall be applied prospectively to transactions other than leases and decommissioning obligations. Earlier application is permitted.

The Group has applied the initial recognition exception and did not recognise a deferred tax asset and a deferred tax liability for temporary differences for transactions related to leases and decommissioning obligations. Upon initial application of these amendments, the Group will recognise deferred tax for all temporary differences related to leases at the beginning of the earliest comparative period presented. The Group will apply the amendments from 1 January 2023 and is currently assessing the impact of the amendments.

### 3. SEGMENT INFORMATION

The Group's operating segments are identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board, being the chief operating decision maker (the "CODM"), in order to allocate resources to the segments and to assess their performance.

Information reported to the CODM for the purposes of resource allocation and assessment of segment performance focuses on the types of goods produced. The Group's operating and reportable segments in current year under HKFRS 8 *Operating Segments* are as follows:

- Leaching – Production and sale of copper cathodes and cobalt hydroxide (including exploration and mining of oxide copper mines) which are produced using the solvent extraction-electrowinning technology; and production and sale of sulphur-burning sulphuric acid.
- Smelting – Production and sale of blister copper and copper anodes (including exploration and mining of sulphuric copper mines), sulphuric acid and liquid sulphur dioxide which are produced using ISA smelting technology. Sulphuric acid and liquid sulphur dioxide are by-products in the production of blister copper and copper anodes. Copper products processing services are also rendered using ISA smelting technology.

No operating segments have been aggregated to be derived from the reportable segments of the Group.

### 3. SEGMENT INFORMATION (continued)

#### Segment revenue and results

The following is an analysis of the Group's revenue and results by reportable and operating segments:

For the year ended 31 December 2022

|                                 | <b>Leaching</b><br><i>US\$'000</i> | <b>Smelting</b><br><i>US\$'000</i> | <b>Consolidated</b><br><i>US\$'000</i> |
|---------------------------------|------------------------------------|------------------------------------|--|
| Revenue from external sales     | <b>1,210,910</b>                   | <b>2,883,806</b>                   | <b>4,094,716</b>                       |
| Inter-segment sales             | <u>–</u>                           | <u>57,587</u>                      | <u>57,587</u>                          |
| Total segment revenue           | <u><b>1,210,910</b></u>            | <u><b>2,941,393</b></u>            | <u><b>4,152,303</b></u>                |
| Elimination                     |                                    |                                    | <u>(57,587)</u>                        |
| Revenue from external customers |                                    |                                    | <u><b>4,094,716</b></u>                |
| Segment profit                  | <b>209,804</b>                     | <b>191,935</b>                     | <b>401,739</b>                         |
| Unallocated income*             |                                    |                                    | <b>600</b>                             |
| Unallocated expenses#           |                                    |                                    | <u>(20,210)</u>                        |
| Profit for the year             |                                    |                                    | <u><b>382,129</b></u>                  |

### 3. SEGMENT INFORMATION (continued)

#### Segment revenue and results (continued)

For the year ended 31 December 2021

|                                 | Leaching<br><i>US\$'000</i> | Smelting<br><i>US\$'000</i> | Consolidated<br><i>US\$'000</i> |
|---------------------------------|-----------------------------|-----------------------------|---------------------------------|
| Revenue from external sales     | 969,007                     | 3,081,581                   | 4,050,588                       |
| Inter-segment sales             | –                           | 47,123                      | 47,123                          |
|                                 | <u>969,007</u>              | <u>3,128,704</u>            | <u>4,097,711</u>                |
| Total segment revenue           |                             |                             | 4,097,711                       |
| Elimination                     |                             |                             | <u>(47,123)</u>                 |
| Revenue from external customers |                             |                             | <u>4,050,588</u>                |
| Segment profit                  | 286,291                     | 246,012                     | 532,303                         |
| Unallocated income*             |                             |                             | 192                             |
| Unallocated expenses#           |                             |                             | <u>(17,100)</u>                 |
| Profit for the year             |                             |                             | <u>515,395</u>                  |

\* The unallocated income mainly represents the interest income arising from the bank deposits and bank balances of (i) the Company, (ii) China Nonferrous Mining Holdings Limited (“**CNMH**”), a directly wholly-owned subsidiary of the Company which directly holds the Group’s shareholdings in the subsidiaries in Zambia, (iii) China Nonferrous Mining Hong Kong Holdings Limited (“**CNMHK**”), a directly non-wholly-owned subsidiary of the Company which directly holds the Group’s shareholdings in three subsidiaries in DRC, and (iv) China Nonferrous Mining Hong Kong Investment Limited (“**CNMHKI**”), a directly wholly-owned subsidiary of the Company which directly holds the Group’s shareholdings in the other three subsidiaries in DRC (collectively referred to as the “**Holding Companies**”).

# The unallocated expenses mainly represent the administrative expenses, interest expenses and income tax expenses of the Holding Companies.

### 3. SEGMENT INFORMATION (continued)

#### Segment revenue and results (continued)

Segment profit represents the profit earned by each segment. This is the information reported to the CODM for the purposes of resource allocation and performance assessment.

Inter-segment sales are charged at prevailing market rates.

#### Segment assets and liabilities

The following is an analysis of the Group's assets and liabilities by reportable and operating segments:

|                                   | 2022<br><i>US\$'000</i> | 2021<br><i>US\$'000</i> |
|-----------------------------------|-------------------------|-------------------------|
| <b><i>Segment assets</i></b>      |                         |                         |
| Leaching                          | <b>1,301,195</b>        | 1,348,698               |
| Smelting                          | <b>2,625,217</b>        | 2,746,800               |
| Total segment assets              | <b>3,926,412</b>        | 4,095,498               |
| Unallocated assets*               | <b>97,180</b>           | 73,319                  |
| Elimination                       | <b>(2,576)</b>          | (4,833)                 |
| Consolidated assets               | <b>4,021,016</b>        | 4,163,984               |
| <b><i>Segment liabilities</i></b> |                         |                         |
| Leaching                          | <b>498,161</b>          | 517,953                 |
| Smelting                          | <b>1,112,255</b>        | 1,432,463               |
| Total segment liabilities         | <b>1,610,416</b>        | 1,950,416               |
| Unallocated liabilities*          | <b>80,240</b>           | 46,517                  |
| Elimination                       | <b>(2,576)</b>          | (4,833)                 |
| Consolidated liabilities          | <b>1,688,080</b>        | 1,992,100               |

\* The unallocated assets and liabilities mainly represent those of the Holding Companies.

For the purposes of monitoring segment performance and allocating resources between segments, all assets and liabilities, other than certain assets and liabilities of the Holding Companies, are allocated to reportable and operating segments.



#### 4. REVENUE FROM CONTRACTS WITH CUSTOMERS (continued)

##### Performance obligations for contracts with customers

The Group sells copper product, sulphuric acid, liquid sulphur dioxide and cobalt hydroxide and renders copper product processing services to customers, and revenue is recognised when control of the goods or services has transferred based on the terms of relevant contracts. In most cases, the control of goods has transferred upon delivery when the goods have been shipped at the Group's premises. In some other cases, the control of goods has transferred upon delivery at specific destination ports. Revenue from the rendering of copper product processing service is recognised when control of the completed processing copper product has transferred based on the terms of the service contracts. The Group normally requires prepayments from certain customers before the dispatch of goods with the remainder to be settled not exceeding one month upon issuance of sales invoice.

All sales are for periods of one year or less. As permitted under HKFRS 15, the transaction price allocated to the unsatisfied contracts is not disclosed.

#### 5. OTHER GAINS AND LOSSES

|  | 2022<br><i>US\$'000</i> | 2021<br><i>US\$'000</i> |
|--|-------------------------|-------------------------|
| Loss on disposal of property, plant and equipment, net                             | (241)                   | (6,745)                 |
| Impairment loss (recognised)/reversed in respect of                                |                         |                         |
| – input VAT receivables  | (21,551)                | (28,977)                |
| – financial assets under ECL   | 124                     | (2,473)                 |
| – property, plant and equipment  | (5,676)                 | –                       |
| Foreign exchange (losses)/gains, net   | (11,938)                | 6,433                   |
| (Losses)/gains from changes in fair value of financial liabilities/assets at FVTPL |                         |                         |
| – financial liabilities designated at FVTPL  | 21,334                  | (48,246)                |
| – trade receivables at FVTPL   | (112,204)               | 168,753                 |
| – trade payables designated at FVTPL   | 111,455                 | (124,488)               |
|  | <u>(18,697)</u>         | <u>(35,743)</u>         |

## 6. FINANCE COSTS

|                                       | 2022<br><i>US\$'000</i> | 2021<br><i>US\$'000</i> |
|---------------------------------------|-------------------------|-------------------------|
| Interest on bank and other borrowings | 32,400                  | 34,365                  |
| Interest on lease liabilities         | 363                     | 637                     |
| Unwinding of the discount             | 1,157                   | 2,314                   |
|                                       | <u>33,920</u>           | <u>37,316</u>           |

## 7. INCOME TAX EXPENSE

Income tax expense recognised in profit or loss:

|   | 2022<br><i>US\$'000</i> | 2021<br><i>US\$'000</i> |
|---|-------------------------|-------------------------|
| Current tax:  |                         |                         |
| – Income tax in The Republic of Ireland (“Ireland”) | 2,880                   | 1,338                   |
| – Income tax in DRC                                 | 56,055                  | 65,802                  |
| – Income tax in Zambia                              | 101,783                 | 138,875                 |
|   | <u>160,718</u>          | <u>206,015</u>          |
| Deferred tax  |                         |                         |
| – Current year                                      | 9,659                   | 83,676                  |
| – Attribute to a change in tax rate                 | –                       | 1,950                   |
|   | <u>9,659</u>            | <u>85,626</u>           |
| Total income tax expense                            | <u>170,377</u>          | <u>291,641</u>          |

Income tax in Ireland is calculated at 12.5% (2021: 12.5%) on the estimated taxable income.

Income tax in DRC is calculated at 30% (2021: 30%) on the estimated taxable income when 30% of the taxable income exceeds 1% of gross sales, and calculated at 1% (2021: 1%) of gross sales when 30% of the taxable income does not exceed 1% of gross sales.

## 7. INCOME TAX EXPENSE (continued)

In accordance with the 2018 Mining Code of DRC with effect from 8 June 2018, should a single product meet the threshold condition that its average effective selling price within one accounting year rises over 25% more than its average selling price in such year as predicated in the Feasibility Report, excess profit taxes is imposed on a tax base being the difference between the EBITDA of the product and the predicted amount in the Feasibility Report in that accounting year with applicable tax rate of 50%.

Pursuant to “An Act to amend the Income Tax Act, 2021” enacted by the parliament of Zambia on 29 December 2021, the income tax rate of Zambia changes from 35% to 30% and non-deductible mineral royalty expense under the Mines and Minerals Development Act, 2015 becomes deductible.

For both periods, the applicable tax rate on income from mining operation in Zambia is 30%. Accordingly, the applicable tax rate on the taxable income of Chambishi Copper Smelter Limited (“CCS”) is 30% (2021: 35%), and the applicable tax rate on the taxable income of NFCA, CNMC Luanshya Copper Mines PLC (“Luanshya”) and Sino-metals Leach Zambia Limited (“SML”) is 30% (2021: 30%).

The Group enjoyed the following income tax incentives:

- Certain phase of production facilities of CCS (the “Phase”) is eligible for the tax exemption for the first five profitable years; 50% income tax relief for the next three years thereafter; and 25% of income tax relief for the next two years thereafter. For the year ended 31 December 2022, it was the third year of the 50% income tax relief that the Group enjoyed regarding the phase (2021: 50%).
- Lualaba Copper Smelter SAS (“Lualaba Copper Smelter”), a non-wholly-owned subsidiary of the Company located in DRC, is eligible for a 68.29% income tax relief for the five years starting from July 2021. The calculation of income tax relief rate is based on the current production volume proportion of sulphuric acid, which also depends on the remaining investments in blister copper and sulphuric acid.

The actual applicable tax rate of CCS was 23.3% during the current year (2021: 27.1%).

According to the *Convention between the Republic of Zambia and Ireland for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Tax on*, which is effective on 1 January 2016, certain dividend paid by a company which is a resident of Zambia to a resident of Ireland may be taxed in Zambia according to tax law of Zambia, but for a beneficial owner of the dividends which is a resident of Ireland, the tax so charged shall not exceed 7.5% of the gross amount of the dividends in Zambia. Therefore certain dividend income of CNMH from CCS was subject to withholding tax in Zambia at tax rate of 7.5% (2021: 7.5%) and certain dividend income of CNMH from Luanshya, NFCA and SML which are mining operations was under withholding tax relief for both years.

Certain dividend income of CNMHK and CNMHKI from subsidiaries in DRC is subject to withholding tax at tax rate of 10% (2021: 10%).

## 8. DIVIDENDS

|   | 2022<br><i>US\$'000</i>  | 2021<br><i>US\$'000</i>  |
|---|--------------------------|--------------------------|
| Dividends recognised as distribution during the year: |                          |                          |
| 2022 Final, paid - US¢ 3.8205 per share               | <b>142,850</b>           | –                        |
| 2021 Final, paid - US¢ 1.4327 per share               | –                        | 53,569                   |
|   | <u><u>          </u></u> | <u><u>          </u></u> |

Subsequent to the end of the reporting period, a final dividend in respect of the year ended 31 December 2022 of US¢2.8209 (2021: US¢ 3.8205) per share, in an aggregate amount of US\$105,474,466 (2021: US\$142,848,400), has been proposed by the Directors and is subject to the approval of the shareholders of the Company in the forthcoming annual general meeting.

## 9. EARNINGS PER SHARE

The calculation of the basic earnings per share attributable to the owners of the Company is based on the following data:

|  | 2022                     | 2021                     |
|--|--------------------------|--------------------------|
| Profit for the year attributable to owners of the Company for the purpose of basic earnings per share calculation ( <i>in US\$'000</i> ) | <b>263,694</b>           | 357,121                  |
|  | <u><u>          </u></u> | <u><u>          </u></u> |
| Weighted average number of ordinary shares for the purpose of basic earnings per share calculation ( <i>in '000</i> )                    | <b>3,739,036</b>         | 3,649,995                |
|  | <u><u>          </u></u> | <u><u>          </u></u> |
| Earnings per share   |                          |                          |
| – Basic and diluted ( <i>US cents per share</i> )  | <b>7.05</b>              | 9.78                     |
| – Basic and diluted ( <i>equivalent to approximately HK\$ per share</i> )  | <b>0.55</b>              | 0.76                     |
|  | <u><u>          </u></u> | <u><u>          </u></u> |

In 2021, the weighted average number of ordinary shares for the purpose of basic earnings per share calculation has been adjusted for subscription of new shares which took place on 14 May 2021.

The Group had no potentially dilutive ordinary shares in issue during the years ended 31 December 2022 and 2021.

## 10. INVENTORIES

|                             | 2022<br><i>US\$'000</i> | 2021<br><i>US\$'000</i> |
|-----------------------------|-------------------------|-------------------------|
| Raw materials               | 514,890                 | 490,952                 |
| Spare parts and consumables | 91,314                  | 90,829                  |
| Work in progress            | 159,277                 | 150,286                 |
| Finished goods              | 54,588                  | 116,234                 |
|                             | <u>820,069</u>          | <u>848,301</u>          |

## 11. TRADE RECEIVABLES AT AMORTISED COST/TRADE RECEIVABLES AT FVTPL

|  | 2022<br><i>US\$'000</i> | 2021<br><i>US\$'000</i> |
|--|-------------------------|-------------------------|
| Trade receivables at amortised cost – contracts with customers | 42,153                  | 28,438                  |
| Less: Allowance for credit losses                              | <u>(2,256)</u>          | <u>(2,575)</u>          |
|  | <u>39,897</u>           | <u>25,863</u>           |
| Trade receivables at FVTPL – contracts with customers          | <u>368,669</u>          | <u>529,904</u>          |

The following is an ageing analysis of trade receivables at amortised cost, net of allowance for credit losses, presented based on the invoice dates:

|                 | 2022<br><i>US\$'000</i> | 2021<br><i>US\$'000</i> |
|-----------------|-------------------------|-------------------------|
| 0 to 30 days    | 25,451                  | 22,245                  |
| 31 to 90 days   | 11,386                  | 3,618                   |
| 91 to 180 days  | 2,877                   | –                       |
| 181 to 365 days | <u>183</u>              | <u>–</u>                |
|                 | <u>39,897</u>           | <u>25,863</u>           |

**11. TRADE RECEIVABLES AT AMORTISED COST/TRADE RECEIVABLES AT FVTPL  
(continued)**

The following is an ageing analysis of trade receivables at FVTPL, presented based on the invoice dates:

|                 | 2022<br><i>US\$'000</i> | 2021<br><i>US\$'000</i> |
|-----------------|-------------------------|-------------------------|
| 0 to 30 days    | 311,027                 | 370,242                 |
| 31 to 90 days   | 43,968                  | 139,626                 |
| 91 to 180 days  | 11,829                  | 15,338                  |
| 181 to 365 days | 1,845                   | 4,698                   |
|                 | <u>368,669</u>          | <u>529,904</u>          |

**12. TRADE PAYABLES AT AMORTISED COST/TRADE PAYABLES DESIGNATED AT FVTPL**

|                                    | 2022<br><i>US\$'000</i> | 2021<br><i>US\$'000</i> |
|------------------------------------|-------------------------|-------------------------|
| Trade payables at amortised cost   | <u>265,172</u>          | <u>359,327</u>          |
| Trade payables designated at FVTPL | <u>289,691</u>          | <u>231,803</u>          |

The following is an ageing analysis of trade payables at amortised cost, presented based on the invoice dates:

|                 | 2022<br><i>US\$'000</i> | 2021<br><i>US\$'000</i> |
|-----------------|-------------------------|-------------------------|
| 0 to 30 days    | 102,882                 | 160,051                 |
| 31 to 90 days   | 103,766                 | 96,299                  |
| 91 to 180 days  | 5,992                   | 44,208                  |
| 181 to 365 days | 46,186                  | 13,385                  |
| 1 to 2 years    | 6,346                   | 1,055                   |
| Over 2 years    | –                       | 44,329                  |
|                 | <u>265,172</u>          | <u>359,327</u>          |

**12. TRADE PAYABLES AT AMORTISED COST/TRADE PAYABLES DESIGNATED AT FVTPL  
(continued)**

The following is an ageing analysis of trade payables designated at FVTPL, presented based on the invoice dates:

|                | 2022<br><i>US\$'000</i> | 2021<br><i>US\$'000</i> |
|----------------|-------------------------|-------------------------|
| 0 to 30 days   | 219,524                 | 209,919                 |
| 31 to 90 days  | 66,726                  | 9,166                   |
| 91 to 180 days | 3,441                   | 12,718                  |
|                | <u>289,691</u>          | <u>231,803</u>          |

The average credit period on purchases of certain goods is within three months.

**13. BANK AND OTHER BORROWINGS**

|  | 2022<br><i>US\$'000</i> | 2021<br><i>US\$'000</i> |
|--|-------------------------|-------------------------|
| Bank loans, unsecured                    | 396,500                 | 870,633                 |
| Loan from a fellow subsidiary, unsecured | 130,000                 | –                       |
| Interest payable                         | 2,609                   | 1,725                   |
|  | <u>529,109</u>          | <u>872,358</u>          |

The carrying amounts of the above borrowings are repayable\*:

|  |                  |                 |
|--|------------------|-----------------|
| Within one year  | 177,609          | 24,225          |
| More than one year but not exceeding two years                       | 90,000           | 45,000          |
| More than two years but not exceeding five years                     | 209,500          | 696,633         |
| More than five years   | 52,000           | 106,500         |
|  | <u>529,109</u>   | <u>872,358</u>  |
| Less: Amounts due within one year shown under<br>current liabilities | <u>(177,609)</u> | <u>(24,225)</u> |
| Amounts shown under non-current liabilities                          | <u>351,500</u>   | <u>848,133</u>  |

\* The amounts due are based on scheduled repayment dates set out in the loan agreements.

## MANAGEMENT DISCUSSION AND ANALYSIS

### OVERVIEW

In 2022, the Group extensively carried out energy expansion, cost reduction, innovation and quality improvement to enhance efficiency and strived hard to expand the market and grasp internal management, achieving remarkable results in maintaining, stabilizing and increasing production capacity with stable production and operation.

During the reporting period, affected by fluctuations in copper and cobalt prices, as well as higher costs of production and other components, revenue of the Group has increased by 1.1% to US\$4,094.7 million over the last year, the profit attributable to owners of the Group amounted to US\$263.7 million, representing a decrease of 26.2% as compared with the same period last year.

### BUSINESS REVIEW

The Group is a leading, fast-growing and vertically integrated copper producer focusing on mining, ore-processing, leaching, smelting and sales of copper and cobalt, based in the Republic of Zambia (“**Zambia**”) and the Democratic Republic of the Congo (“**DRC**”). In particular, sulphuric acid and liquid sulphur dioxide are by-products generated during the blister copper smelting process. The Group is making greater efforts to develop cobalt business.

The businesses of the Group are principally carried out through the following companies: NFC Africa Mining PLC (中色非洲礦業有限公司\*) (“**NFCA**”), CNMC Luanshya Copper Mines PLC (中色盧安夏銅業有限公司\*) (“**Luanshya**”), Chambishi Copper Smelter Limited (謙比希銅冶煉有限公司\*) (“**CCS**”) and Sino-Metals Leach Zambia Limited (贊比亞謙比希濕法冶煉有限公司\*) (“**SML**”) located in Zambia, as well as Huachin Metal Leach SA (中色華鑫濕法冶煉股份有限公司\*) (“**Huachin Leach**”), CNMC Huachin Mabende, Lualaba Copper Smelter and Kambove Mining SAS (剛波夫礦業簡易股份有限公司\*) (“**Kambove Mining**”) located in the DRC.

\* Translation of English forms for reference purposes only

In 2022, the Group accumulatively produced 319,398 tonnes of blister copper and copper anodes, representing a year-on-year decrease of 1.6%; sulphuric acid of 1,010,164 tonnes, representing a year-on-year decrease 3.0%; copper cathodes of 140,684 tonnes, representing a year-on-year increase of 13.2%; cobalt contained in cobalt hydroxide of 1,673 tonnes, representing a year-on-year increase 177.9%; and liquid sulphur dioxide of 19,651 tonnes, representing a year-on-year decrease of 24.4%. The processed copper products for the Group amounted to 59,538 tonnes. In 2022, revenue of the Group increased by 1.1% to US\$4,094.7 million in 2022 from US\$4,050.6 million in 2021 as a result of the continued growth in sales volumes of the Group's products and the impact of a year-on-year decrease of international copper price.

## RESOURCES AND RESERVES

### Assumptions adopted for the annual update of resources and/or reserves

The same assumptions as those applied in the 2012 prospectus of the Company in accordance with the JORC Code were adopted for the annual update of resources and/or reserves in this announcement. Relevant updates were made according to new exploration and based on the historical data used by technical consultants.

The main changes in resources and/or reserves were attributable to the adjustments arising from production wastage and intensified exploration.

As of 31 December 2022, the Group's mineral resources and mineral reserves reported in accordance with the JORC Code were as follows:

#### (1) Resources

##### *Chambishi Main Mine*

| JORC category | 31 December 2022 |               |              |          | 31 December 2021 |               |          |          |
|---------------|------------------|---------------|--------------|----------|------------------|---------------|----------|----------|
|               | Ore              | Average grade |              | Cobalt   | Ore              | Average grade |          | Cobalt   |
| (Mt)          | Total copper     | Oxide copper  | Total copper |          | Oxide copper     |               |          |          |
| Measured      | 9.65             | 2.37%         | -            | -        | 9.67             | 2.35%         | -        | -        |
| Indicated     | 7.39             | 2.52%         | -            | -        | 7.48             | 2.50%         | -        | -        |
| Inferred      | 6.68             | 2.20%         | -            | -        | 6.68             | 2.20%         | -        | -        |
|               | <u>6.68</u>      | <u>2.20%</u>  | <u>-</u>     | <u>-</u> | <u>6.68</u>      | <u>2.20%</u>  | <u>-</u> | <u>-</u> |

Note: In 2022, 55,000 tonnes of ore were extracted.

*Chambishi West Mine*

| JORC category       | 31 December 2022 |               |              |        | 31 December 2021 |               |       |        |
|---------------------|------------------|---------------|--------------|--------|------------------|---------------|-------|--------|
|                     | Ore (Mt)         | Average grade |              | Cobalt | Ore (Mt)         | Average grade |       | Cobalt |
| Total copper        |                  | Oxide copper  | Total copper |        |                  | Oxide copper  |       |        |
| <b>Oxide ore</b>    |                  |               |              |        |                  |               |       |        |
| Measured            | 3.64             | 2.03%         | 1.00%        | -      | 3.64             | 2.03%         | 1.00% | -      |
| Indicated           | 1.46             | 1.83%         | 0.96%        | -      | 1.46             | 1.83%         | 0.96% | -      |
| Inferred            | 1.45             | 2.32%         | 1.10%        | -      | 1.45             | 2.32%         | 1.10% | -      |
| <b>Sulphide ore</b> |                  |               |              |        |                  |               |       |        |
| Measured            | 15.27            | 2.06%         | -            | -      | 14.89            | 2.08%         | -     | -      |
| Indicated           | 5.16             | 2.11%         | -            | -      | 6.25             | 2.23%         | -     | -      |
| Inferred            | 6.14             | 1.94%         | -            | -      | 7.77             | 2.04%         | -     | -      |

*Note:* 1,740,000 tonnes of ore were extracted from sulphide ore in 2022, and supplemental exploration was carried out.

*Chambishi Southeast Mine*

| JORC category | 31 December 2022 |               |              |        | 31 December 2021 |               |   |        |
|---------------|------------------|---------------|--------------|--------|------------------|---------------|---|--------|
|               | Ore (Mt)         | Average grade |              | Cobalt | Ore (Mt)         | Average grade |   | Cobalt |
| Total copper  |                  | Oxide copper  | Total copper |        |                  | Oxide copper  |   |        |
| Measured      | 36.93            | 2.30%         | -            | 0.13%  | 38.99            | 2.29%         | - | 0.13%  |
| Indicated     | 29.27            | 1.92%         | -            | 0.11%  | 33.04            | 1.87%         | - | 0.11%  |
| Inferred      | 58.16            | 1.75%         | -            | 0.08%  | 55.89            | 1.76%         | - | 0.08%  |

*Note:* In 2022, 2,250,000 tonnes of ore were extracted.

*Mwambashi Mine*

| JORC category | 31 December 2022 |               |              |        | 31 December 2021 |               |              |        |
|---------------|------------------|---------------|--------------|--------|------------------|---------------|--------------|--------|
|               | Ore<br>(Mt)      | Average grade |              | Cobalt | Ore<br>(Mt)      | Average grade |              | Cobalt |
|               |                  | Total copper  | Oxide copper |        |                  | Total copper  | Oxide copper |        |
| Measured      | 0.60             | 1.31%         | 1.17%        | -      | 0.76             | 2.26%         | 1.25%        | -      |
| Indicated     | 4.71             | 1.97%         | 0.54%        | -      | 4.25             | 2.13%         | 0.58%        | -      |
| Inferred      | 2.92             | 2.11%         | 0.28%        | -      | 2.49             | 2.35%         | 0.31%        | -      |

*Note:* In 2022, 363,400 tonnes of ore were extracted.

*Samba Mine*

| JORC category | 31 December 2022 |               |              |        | 31 December 2021 |               |              |        |
|---------------|------------------|---------------|--------------|--------|------------------|---------------|--------------|--------|
|               | Ore<br>(Mt)      | Average grade |              | Cobalt | Ore<br>(Mt)      | Average grade |              | Cobalt |
|               |                  | Total copper  | Oxide copper |        |                  | Total copper  | Oxide copper |        |
| Measured      | 0.32             | 1.17%         | -            | -      | -                | -             | -            | -      |
| Indicated     | 9.26             | 1.47%         | -            | -      | 3.89             | 1.74%         | -            | -      |
| Inferred      | 5.53             | 1.43%         | -            | -      | 5.14             | 1.55%         | -            | -      |

*Note:* In 2022, supplemental exploration was carried out at Samba Mine.

*Baluba Center Mine*

| JORC category       | 31 December 2022 |              |              |        | Ore (Mt) | 31 December 2021 |              |              |
|---------------------|------------------|--------------|--------------|--------|----------|------------------|--------------|--------------|
|                     | Average grade    | Total copper | Oxide copper | Cobalt |          | Average grade    | Total copper | Oxide copper |
|                     | Ore (Mt)         |              |              |        |          |                  |              |              |
| <b>Oxide ore</b>    |                  |              |              |        |          |                  |              |              |
| Measured            | 3.61             | 1.93%        | 1.11%        | 0.12%  | 3.86     | 1.98%            | 1.15%        | 0.12%        |
| Indicated           | 5.07             | 1.80%        | 0.78%        | 0.11%  | 5.53     | 1.86%            | 0.87%        | 0.12%        |
| Inferred            | 1.43             | 2.06%        | 1.15%        | 0.17%  | 1.33     | 2.18%            | 1.36%        | 0.19%        |
| <b>Sulphide ore</b> |                  |              |              |        |          |                  |              |              |
| Measured            | 1.03             | 2.22%        | 0.13%        | 0.15%  | 1.59     | 2.23%            | 0.11%        | 0.15%        |
| Indicated           | 1.76             | 2.05%        | 0.19%        | 0.15%  | 2.61     | 2.02%            | 0.15%        | 0.14%        |
| Inferred            | 1.07             | 2.10%        | 0.24%        | 0.15%  | 1.56     | 2.01%            | 0.22%        | 0.14%        |

Note: 750,000 tonnes of ore were extracted from sulphide ore in 2022.

*Muliashi North Mine*

| JORC category       | 31 December 2022 |              |              |        | Ore (Mt) | 31 December 2021 |              |              |
|---------------------|------------------|--------------|--------------|--------|----------|------------------|--------------|--------------|
|                     | Average grade    | Total copper | Oxide copper | Cobalt |          | Average grade    | Total copper | Oxide copper |
|                     | Ore (Mt)         |              |              |        |          |                  |              |              |
| <b>Oxide ore</b>    |                  |              |              |        |          |                  |              |              |
| Measured            | 1.35             | 1.33%        | 0.53%        | 0.04%  | 3.14     | 1.26%            | 0.47%        | 0.03%        |
| Indicated           | 3.69             | 1.73%        | 0.58%        | 0.01%  | 4.83     | 1.66%            | 0.56%        | 0.02%        |
| Inferred            | 11.88            | 1.48%        | 0.52%        | 0.02%  | 18.50    | 1.31%            | 0.43%        | 0.02%        |
| <b>Sulphide ore</b> |                  |              |              |        |          |                  |              |              |
| Measured            | 0.03             | 1.32%        | 0.13%        | 0.06%  | –        | –                | –            | –            |
| Indicated           | 6.04             | 1.46%        | 0.23%        | 0.04%  | –        | –                | –            | –            |
| Inferred            | 6.85             | 1.47%        | 0.21%        | 0.04%  | –        | –                | –            | –            |

Note: 3,450,000 tonnes of ore were extracted from oxide ore in 2022, and supplemental exploration was carried out.

*Mashiba Mine*

| JORC category | 31 December 2022 |               |              |        | 31 December 2021 |               |   |        |
|---------------|------------------|---------------|--------------|--------|------------------|---------------|---|--------|
|               | Ore<br>(Mt)      | Average grade |              | Cobalt | Ore<br>(Mt)      | Average grade |   | Cobalt |
| Total copper  |                  | Oxide copper  | Total copper |        |                  | Oxide copper  |   |        |
| Measured      | 6.62             | 1.88%         | 0.42%        | 0.03%  | –                | –             | – | –      |
| Indicated     | 3.03             | 1.92%         | 0.20%        | 0.01%  | 6.62             | 1.88%         | – | 0.03%  |
| Inferred      | 1.05             | 1.68%         | 0.27%        | 0.01%  | 1.05             | 1.68%         | – | 0.01%  |

*Note:* In 2022, SRK reassessed and audited the extent and quality of the historical exploration work, updated the ore body model, reclassified the resource types, and reestimated the amount of resources.

*Baluba East Mine*

| JORC category | 31 December 2022 |               |              |        | 31 December 2021 |               |       |        |
|---------------|------------------|---------------|--------------|--------|------------------|---------------|-------|--------|
|               | Ore<br>(Mt)      | Average grade |              | Cobalt | Ore<br>(Mt)      | Average grade |       | Cobalt |
| Total copper  |                  | Oxide copper  | Total copper |        |                  | Oxide copper  |       |        |
| Measured      | 10.47            | 1.67%         | 0.56%        | –      | 10.47            | 1.67%         | 0.56% | –      |
| Indicated     | 1.67             | 1.23%         | 0.20%        | –      | 1.67             | 1.23%         | 0.20% | –      |
| Inferred      | 0.79             | 1.08%         | 0.18%        | –      | 0.79             | 1.08%         | 0.18% | –      |

*Note:* No mining activities were carried out in 2022.

*Roan Basin*

| JORC category | 31 December 2022 |               |              |        | 31 December 2021 |               |              |        |
|---------------|------------------|---------------|--------------|--------|------------------|---------------|--------------|--------|
|               | Ore<br>(Mt)      | Average grade |              | Cobalt | Ore<br>(Mt)      | Average grade |              | Cobalt |
|               |                  | Total copper  | Oxide copper |        |                  | Total copper  | Oxide copper |        |
| Measured      | 5.90             | 2.44%         | 1.76%        | 0.02%  | 5.32             | 2.38%         | 1.75%        | 0.02%  |
| Indicated     | 2.01             | 2.13%         | 1.53%        | 0.02%  | 1.95             | 2.10%         | 1.51%        | 0.02%  |
| Inferred      | 1.24             | 2.29%         | 1.51%        | 0.02%  | 1.24             | 2.29%         | 1.51%        | 0.02%  |

Note: 100,000 tonnes of ore were extracted and supplemental exploration was conducted in 2022.

*Roan Ext. West*

| JORC category | 31 December 2022 |               |              |        | 31 December 2021 |               |              |        |
|---------------|------------------|---------------|--------------|--------|------------------|---------------|--------------|--------|
|               | Ore<br>(Mt)      | Average grade |              | Cobalt | Ore<br>(Mt)      | Average grade |              | Cobalt |
|               |                  | Total copper  | Oxide copper |        |                  | Total copper  | Oxide copper |        |
| Measured      | 1.17             | 2.57%         | 2.18%        | -      | 1.17             | 2.57%         | 2.18%        | -      |
| Indicated     | -                | -             | -            | -      | -                | -             | -            | -      |
| Inferred      | -                | -             | -            | -      | -                | -             | -            | -      |

Note: No mining activities were conducted in 2022.

*Roan Ext. East*

| JORC category | 31 December 2022 |               |              |        | 31 December 2021 |               |              |        |
|---------------|------------------|---------------|--------------|--------|------------------|---------------|--------------|--------|
|               | Ore<br>(Mt)      | Average grade |              | Cobalt | Ore<br>(Mt)      | Average grade |              | Cobalt |
|               |                  | Total copper  | Oxide copper |        |                  | Total copper  | Oxide copper |        |
| Measured      | 3.65             | 2.57%         | 2.00%        | -      | 4.70             | 2.54%         | 2.03%        | -      |
| Indicated     | 1.28             | 2.36%         | 2.06%        | -      | -                | -             | -            | -      |
| Inferred      | 0.20             | 1.75%         | 1.83%        | -      | -                | -             | -            | -      |

Note: In 2022, supplemental exploration was carried out at Roan Ext. East, and 1,230,000 tonnes of ore were extracted.

### Smelting Slag

| JORC category | 31 December 2022 |               |              |          | 31 December 2021 |               |              |          |
|---------------|------------------|---------------|--------------|----------|------------------|---------------|--------------|----------|
|               | Ore<br>(Mt)      | Average grade |              | Cobalt   | Ore<br>(Mt)      | Average grade |              | Cobalt   |
| Total copper  |                  | Oxide copper  | Total copper |          |                  | Oxide copper  |              |          |
| Measured      | -                | -             | -            | -        | -                | -             | -            | -        |
| Indicated     | 4.33             | 0.98%         | 0.28%        | -        | 6.58             | 1.03%         | 0.31%        | -        |
| Inferred      | -                | -             | -            | -        | -                | -             | -            | -        |
|               | <u>-</u>         | <u>0.98%</u>  | <u>0.28%</u> | <u>-</u> | <u>6.58</u>      | <u>1.03%</u>  | <u>0.31%</u> | <u>-</u> |

Note: 700,000 tonnes of ore were extracted in 2022, and the resource model was upgraded.

### Kambove Main Mine

| JORC category | 31 December 2022 |               |              |              | 31 December 2021 |               |          |              |
|---------------|------------------|---------------|--------------|--------------|------------------|---------------|----------|--------------|
|               | Ore<br>(Mt)      | Average grade |              | Cobalt       | Ore<br>(Mt)      | Average grade |          | Cobalt       |
| Total copper  |                  | Oxide copper  | Total copper |              |                  | Oxide copper  |          |              |
| Measured      | -                | -             | -            | -            | -                | -             | -        | -            |
| Indicated     | 6.17             | 2.82%         | -            | 0.12%        | 6.41             | 2.80%         | -        | 0.12%        |
| Inferred      | 6.08             | 2.95%         | -            | 0.12%        | 4.25             | 2.88%         | -        | 0.10%        |
|               | <u>6.08</u>      | <u>2.95%</u>  | <u>-</u>     | <u>0.12%</u> | <u>4.25</u>      | <u>2.88%</u>  | <u>-</u> | <u>0.10%</u> |

Notes: In 2022, supplemental exploration was carried out, with 960,000 tonnes of ore being consumed.

### Kambove Main Open Pit Tailings

| JORC category | 31 December 2022 |               |              |              | 31 December 2021 |               |          |              |
|---------------|------------------|---------------|--------------|--------------|------------------|---------------|----------|--------------|
|               | Ore<br>(Mt)      | Average grade |              | Cobalt       | Ore<br>(Mt)      | Average grade |          | Cobalt       |
| Total copper  |                  | Oxide copper  | Total copper |              |                  | Oxide copper  |          |              |
| Measured      | -                | -             | -            | -            | -                | -             | -        | -            |
| Indicated     | -                | -             | -            | -            | -                | -             | -        | -            |
| Inferred      | 1.39             | 0.67%         | -            | 0.15%        | 1.41             | 0.69%         | -        | 0.17%        |
|               | <u>1.39</u>      | <u>0.67%</u>  | <u>-</u>     | <u>0.15%</u> | <u>1.41</u>      | <u>0.69%</u>  | <u>-</u> | <u>0.17%</u> |

Notes: In 2022, 170,000 tonnes of tailings were consumed.

*Kambove West Open Pit Tailings*

| JORC category | 31 December 2022 |               |              |              | 31 December 2021 |               |          |              |
|---------------|------------------|---------------|--------------|--------------|------------------|---------------|----------|--------------|
|               | Ore<br>(Mt)      | Average grade |              | Cobalt       | Ore<br>(Mt)      | Average grade |          | Cobalt       |
| Total copper  |                  | Oxide copper  | Total copper |              |                  | Oxide copper  |          |              |
| Measured      | -                | -             | -            | -            | -                | -             | -        | -            |
| Indicated     | -                | -             | -            | -            | -                | -             | -        | -            |
| Inferred      | <u>2.35</u>      | <u>1.15%</u>  | <u>-</u>     | <u>0.22%</u> | <u>2.35</u>      | <u>1.15%</u>  | <u>-</u> | <u>0.22%</u> |

Note: No mining activities were conducted in 2022.

(2) **Reserves**

*Chambishi Main Mine*

| JORC category | 31 December 2022 |               |              |          | 31 December 2021 |               |          |          |
|---------------|------------------|---------------|--------------|----------|------------------|---------------|----------|----------|
|               | Ore<br>(Mt)      | Average grade |              | Cobalt   | Ore<br>(Mt)      | Average grade |          | Cobalt   |
| Total copper  |                  | Oxide copper  | Total copper |          |                  | Oxide copper  |          |          |
| Proved        | <u>5.88</u>      | <u>1.81%</u>  | <u>-</u>     | <u>-</u> | <u>5.59</u>      | <u>1.74%</u>  | <u>-</u> | <u>-</u> |
| Probable      | <u>1.67</u>      | <u>1.69%</u>  | <u>-</u>     | <u>-</u> | <u>1.63</u>      | <u>1.63%</u>  | <u>-</u> | <u>-</u> |

Note: 55,000 tonnes of ore were extracted in 2022.

*Chambishi West Mine*

| JORC category       | 31 December 2022 |               |              |          | 31 December 2021 |               |          |          |
|---------------------|------------------|---------------|--------------|----------|------------------|---------------|----------|----------|
|                     | Ore<br>(Mt)      | Average grade |              | Cobalt   | Ore<br>(Mt)      | Average grade |          | Cobalt   |
| Total copper        |                  | Oxide copper  | Total copper |          |                  | Oxide copper  |          |          |
| <b>Sulphide ore</b> |                  |               |              |          |                  |               |          |          |
| Proved              | <u>10.74</u>     | <u>1.75%</u>  | <u>-</u>     | <u>-</u> | <u>11.72</u>     | <u>1.70%</u>  | <u>-</u> | <u>-</u> |
| Probable            | <u>1.33</u>      | <u>1.85%</u>  | <u>-</u>     | <u>-</u> | <u>2.20</u>      | <u>1.84%</u>  | <u>-</u> | <u>-</u> |

Note: 1,740,000 tonnes of ore were extracted from sulphide ore in 2022, and supplemental exploration was carried out.

*Chambishi Southeast Mine*

| JORC category | 31 December 2022 |               |              |        | 31 December 2021 |               |   |        |
|---------------|------------------|---------------|--------------|--------|------------------|---------------|---|--------|
|               | Ore<br>(Mt)      | Average grade |              | Cobalt | Ore<br>(Mt)      | Average grade |   | Cobalt |
| Total copper  |                  | Oxide copper  | Total copper |        |                  | Oxide copper  |   |        |
| Proved        | 36.36            | 1.93%         | -            | 0.11%  | 36.92            | 1.93%         | - | 0.11%  |
| Probable      | 9.37             | 1.69%         | -            | 0.08%  | 10.90            | 1.62%         | - | 0.07%  |

Note: 2,250,000 tonnes of ore were extracted in 2022.

*Mwambashi Mine*

| JORC category | 31 December 2022 |               |              |        | 31 December 2021 |               |       |        |
|---------------|------------------|---------------|--------------|--------|------------------|---------------|-------|--------|
|               | Ore<br>(Mt)      | Average grade |              | Cobalt | Ore<br>(Mt)      | Average grade |       | Cobalt |
| Total copper  |                  | Oxide copper  | Total copper |        |                  | Oxide copper  |       |        |
| Proved        | 0.53             | 2.26%         | 1.18%        | -      | 0.74             | 2.23%         | 1.22% | -      |
| Probable      | 1.40             | 2.32%         | 0.96%        | -      | 1.49             | 2.31%         | 0.97% | -      |

Note: 363,400 tonnes of ore were extracted in 2022.

*Baluba Center Mine*

| JORC category       | 31 December 2022 |               |              |        | 31 December 2021 |               |   |        |
|---------------------|------------------|---------------|--------------|--------|------------------|---------------|---|--------|
|                     | Ore<br>(Mt)      | Average grade |              | Cobalt | Ore<br>(Mt)      | Average grade |   | Cobalt |
| Total copper        |                  | Oxide copper  | Total copper |        |                  | Oxide copper  |   |        |
| <b>Oxide ore</b>    |                  |               |              |        |                  |               |   |        |
| Proved              | 2.17             | 2.07%         | 1.42%        | -      | -                | -             | - | -      |
| Probable            | 1.92             | 2.17%         | 1.47%        | -      | -                | -             | - | -      |
| <b>Sulphide ore</b> |                  |               |              |        |                  |               |   |        |
| Proved              | -                | -             | -            | -      | 0.50             | 1.30%         | - | -      |
| Probable            | -                | -             | -            | -      | 1.33             | 1.36%         | - | -      |

Note: In 2022, oxide ore of Baluba Center Mine was designed for open cast mining. 750,000 tonnes of ore were extracted from sulphide ore, and its reserves have been exhausted and the pit has been closed.

*Muliashi North Mine*

| JORC category | Ore<br>(Mt) | 31 December 2022<br>Average grade |              |   | Cobalt | Ore<br>(Mt) | 31 December 2021<br>Average grade |              |        |
|---------------|-------------|-----------------------------------|--------------|---|--------|-------------|-----------------------------------|--------------|--------|
|               |             | Total copper                      | Oxide copper |   |        |             | Total copper                      | Oxide copper | Cobalt |
| Proved        | 0.21        | 2.18%                             | 0.91%        | - | 0.58   | 1.98%       | 0.62%                             | -            |        |
| Probable      | 0.73        | 2.01%                             | 0.66%        | - | 1.16   | 1.95%       | 0.62%                             | -            |        |

*Mashiba Mine*

| JORC category | Ore<br>(Mt) | 31 December 2022<br>Average grade |              |   | Cobalt | Ore<br>(Mt) | 31 December 2021<br>Average grade |              |        |
|---------------|-------------|-----------------------------------|--------------|---|--------|-------------|-----------------------------------|--------------|--------|
|               |             | Total copper                      | Oxide copper |   |        |             | Total copper                      | Oxide copper | Cobalt |
| Proved        | 2.71        | 1.93%                             | 0.30%        | - | 2.71   | 1.93%       | 0.30%                             | -            |        |
| Probable      | 1.78        | 1.83%                             | 0.19%        | - | 1.78   | 1.83%       | 0.19%                             | -            |        |

*Note:* No mining activities were conducted at Mashiba Mine in 2022.

*Baluba East Mine*

| JORC category | Ore<br>(Mt) | 31 December 2022<br>Average grade |              |   | Cobalt | Ore<br>(Mt) | 31 December 2021<br>Average grade |              |        |
|---------------|-------------|-----------------------------------|--------------|---|--------|-------------|-----------------------------------|--------------|--------|
|               |             | Total copper                      | Oxide copper |   |        |             | Total copper                      | Oxide copper | Cobalt |
| Proved        | 3.53        | 2.06%                             | 0.89%        | - | 3.53   | 2.06%       | 0.89%                             | -            |        |
| Probable      | 0.04        | 1.48%                             | 0.48%        | - | 0.04   | 1.48%       | 0.48%                             | -            |        |

*Note:* No mining activities in Baluba East Mine were carried out in 2022.

*Roan Ext. East*

| JORC category | 31 December 2022 |               |              |        | 31 December 2021 |               |       |        |
|---------------|------------------|---------------|--------------|--------|------------------|---------------|-------|--------|
|               | Ore<br>(Mt)      | Average grade |              | Cobalt | Ore<br>(Mt)      | Average grade |       | Cobalt |
| Total copper  |                  | Oxide copper  | Total copper |        |                  | Oxide copper  |       |        |
| Proved        | 2.42             | 2.37%         | 1.99%        | -      | 3.07             | 2.32%         | 1.96% | -      |
| Probable      | 0.74             | 2.27%         | 2.01%        | -      | -                | -             | -     | -      |

*Note:* Additional mining exploration was conducted in Roan Ext. East and 1,230,000 tonnes of ore were extracted in 2022.

*Roan Basin*

| JORC category | 31 December 2022 |               |              |        | 31 December 2021 |               |       |        |
|---------------|------------------|---------------|--------------|--------|------------------|---------------|-------|--------|
|               | Ore<br>(Mt)      | Average grade |              | Cobalt | Ore<br>(Mt)      | Average grade |       | Cobalt |
| Total copper  |                  | Oxide copper  | Total copper |        |                  | Oxide copper  |       |        |
| Proved        | 1.21             | 2.73%         | 1.71%        | -      | 1.33             | 2.67%         | 1.71% | -      |
| Probable      | 0.09             | 2.80%         | 2.12%        | -      | 0.09             | 2.79%         | 2.12% | -      |

*Note:* 100,000 tonnes of ore in Roan Basin were extracted in 2022.

*Smelting Slag*

| JORC category | 31 December 2022 |               |              |        | 31 December 2021 |               |       |        |
|---------------|------------------|---------------|--------------|--------|------------------|---------------|-------|--------|
|               | Ore<br>(Mt)      | Average grade |              | Cobalt | Ore<br>(Mt)      | Average grade |       | Cobalt |
| Total copper  |                  | Oxide copper  | Total copper |        |                  | Oxide copper  |       |        |
| Proved        | -                | -             | -            | -      | -                | -             | -     | -      |
| Probable      | 4.33             | 0.98%         | 0.28%        | -      | 6.58             | 1.03%         | 0.31% | -      |

*Note:* 700,000 tonnes of ore were extracted from Smelting Slag in 2022.

### *Kambove Main Mine*

| JORC category | 31 December 2022 |               |              |              | 31 December 2021 |               |          |              |
|---------------|------------------|---------------|--------------|--------------|------------------|---------------|----------|--------------|
|               | Ore<br>(Mt)      | Average grade |              | Cobalt       | Ore<br>(Mt)      | Average grade |          | Cobalt       |
| Total copper  |                  | Oxide copper  | Total copper |              |                  | Oxide copper  |          |              |
| Proved        | -                | -             | -            | -            | -                | -             | -        | -            |
| Probable      | <u>5.75</u>      | <u>2.59%</u>  | <u>-</u>     | <u>0.11%</u> | <u>6.03</u>      | <u>2.61%</u>  | <u>-</u> | <u>0.11%</u> |

*Note:* In 2022, supplemental exploration was carried out, with 960,000 tonnes of ore being consumed.

## **PRODUCTION OVERVIEW**

### **NFCA**

NFCA mainly operates three mines, namely the Chambishi Main Mine, Chambishi West Mine and Chambishi Southeast Mine, as well as the ancillary processing plant.

In 2022, copper anodes produced by NFCA amounted to 68,104 tonnes in total, representing a year-on-year increase of 3.2%. Such increase was primarily due to the fact that the production of copper anodes at the southeast ore body amounted to 36,042 tonnes, representing a year-on-year increase of 2.9%.

### **Luanshya**

Luanshya operates five copper mines under production, namely Baluba Underground Mine (closed by the end of 2022), Baluba Center Mine, Muliashi North Mine, Roan Ext. East Mine and Roan Basin Mine, and also operates Muliashi Leach Plant.

In 2022, copper cathodes produced by Luanshya amounted to 43,117 tonnes, remained stable compared to last year; the total amount of copper anodes produced amounted to 12,482 tonnes, representing a year-on-year decrease of 9.8%, mainly due to the decrease in grade of slag raw ores and the decrease in processing volume and selected average grade of raw ores in Baluba Mine.

## **CCS**

CCS mainly operates the Chambishi Smelting Plant.

In 2022, CCS produced 251,629 tonnes in total of blister copper and copper anodes, including the processed copper products of 90,270 tonnes for enterprises within the Group, representing a year-on-year increase of 1.0%; produced 712,538 tonnes of sulphuric acid, remained stable compared to last year.

## **SML**

SML mainly operates Mwambashi Mine and the Chambishi Leach Plant.

In 2022, the copper cathodes produced by SML amounted to 7,465 tonnes, representing a year-on-year decrease of 18.2%, mainly due to decrease in the volume and grade of oxide ore purchased from external. SML produced 9,684 tonnes of blister copper and copper anodes, representing a year-on-year increase of 43.0%, mainly attributable to the increase in commissioned processing of copper concentrates purchased from external.

## **CNMC Huachin Mabende**

In 2022, CNMC Huachin Mabende produced 38,080 tonnes of copper cathodes, representing a year-on-year increase of 5.4%, mainly attributable to the increase in processing volume of ore and recycling capacity of backwater from tailings through process optimization.

## **Huachin Leach**

Huachin Leach produced 24,605 tonnes of copper cathodes in 2022, including the processed copper products of 866 tonnes for enterprises outside of the Group, representing a year-on-year decrease of 8.9%, mainly due to the local power supply shortage; and produced 345 tonnes of cobalt contained in cobalt hydroxide, representing a year-on-year increase of 27.3%, mainly due to the improvement of the processing capacity of cobalt base liquid through technical transformation. Huachin Leach produced 13,654 tonnes of sulphuric acid.

## **Lualaba Copper Smelter**

Lualaba Copper Smelter mainly operates the Lualaba Smelting Plant.

Lualaba Copper Smelter produced 126,441 tonnes of blister copper, including the processed copper products of 58,672 tonnes for enterprises outside of the Group, representing a year-on-year decrease of 5.6%; produced 283,972 tonnes of sulphuric acid, representing a year-on-year decrease of 12.0%; produced 19,651 tonnes of liquid sulphur dioxide, representing a year-on-year decrease of 24.4%, mainly due to the major repair work implemented from July to August 2022.

## Kambove Mining

The Kambove Main Mine achieved production capacity and quality, and produced 28,283 tonnes of copper cathodes and 1,328 tonnes of cobalt contained in cobalt hydroxide in 2022.

The table below presents the production volume of the products of the Group and the year-on-year situation for the periods indicated.

|                                      | <b>Production volume for 2022</b> <sup>(1), (2), (3)</sup><br><i>(Tonnes)</i> | Production volume for 2021 <sup>(1), (2), (3)</sup><br><i>(Tonnes)</i> | Year-on-year increase/<br>(decrease)<br><i>(%)</i> |
|--------------------------------------|---|--|--|
| Blister copper and copper anodes     | <b>319,398</b>  | 324,501  | (1.6)  |
| Copper cathodes                      | <b>140,684</b>  | 124,327  | 13.2   |
| Cobalt contained in cobalt hydroxide | <b>1,673</b>  | 602  | 177.9  |
| Sulphuric acid                       | <b>1,010,164</b>  | 1,041,490  | (3.0)  |
| Liquid sulphur dioxide               | <b>19,651</b>   | 26,002   | (24.4)   |
| Copper products processing services  | <b>59,538</b>   | 58,615   | 1.6  |

*Notes:*

- (1) The production of all products is based on the copper content, except for sulphuric acid, liquid sulphur dioxide, and cobalt hydroxide.
- (2) Copper product processing services refer to the processing and production of copper product made by the smelters of the Group under the entrust of enterprises outside of the Group, and the Group earns processing fees from these enterprises.
- (3) Among the above copper products, production volume of copper by self-owned mine are as follows:

|  | <b>Production volume for year ended 31 December 2022</b><br><i>(Tonnes)</i> | Production volume for year ended 31 December 2021<br><i>(Tonnes)</i> |
|--|---|--|
| Blister copper and copper anodes produced by self-owned mine | <b>75,491</b>   | 76,377   |
| Copper cathodes produced by self-owned mine                  | <b>75,695</b>   | 54,399   |
| Total  | <b>151,186</b>  | 130,776  |



## **MINING EXPLORATION, MINING DEVELOPMENT AND ORE MINING ACTIVITIES**

### **Mining Exploration**

During the reporting period, NFCA, SML, Luanshya, CNMC Huachin Mabende, Kambove Mining, CCS, each being subsidiaries of the Company, conducted mining exploration for production and exploration purposes, respectively. In particular:

At Chambishi Main Mine, Chambishi West Mine and Chambishi Southeast Mine of NFCA, 392 drilling holes in the pit and deep exploration drilling holes were completed, with 28,020.41 m drilled, of which 133 underground drilling holes were completed at Chambishi Main Mine and Chambishi West Mine in aggregate, with 10,280.44 m drilled, and 259 drilling holes in the pit were completed at Chambishi Southeast Mine in aggregate, with 17,739.97 m drilled.

At Samba Copper Main Mine of SML, 7 drilling holes in the deep exploration drilling holes were completed, with 2,326.56 m drilled. In perimeter surveys, 1:10000 soil geochemical survey was completed, with an area of 10.42 km<sup>2</sup>, 1:10000 ground magnetic method high-precision survey (100 meters × 20 meters) was completed, with an area of 30 km<sup>2</sup>, 1:10000 intermediate gradient IP survey (100 meters × 20 meters) profile survey was completed, with an area of 10.40 km<sup>2</sup>, 1:10000 high-density resistivity method survey (point distance 10 meters) was completed, with 505 points completed, and 1 drilling holes for physical and chemical anomaly verification was completed, with 151.70 m drilled.

Luanshya conducted mining exploration projects including the “Extended Section of Roan to Muliashi South Project” and the “Near-surface Oxidation Ore Exploration Project in the North Wing of the Roan Basin SS19-SS35 Line” and production prospecting. In particular, 5 surface drilling with a drilling footage of 4,655.63 m were completed at the Extended Section of Roan to Muliashi South Project, 35 surface drilling with a drilling footage of 2,745.86 m were completed at the near-surface oxidation ore exploration project in the north wing of the Roan Basin SS19-SS35 line. The mining work was carried out at Baluba Underground Mine and the Extend Section of East Roan. In particular, 10 intensive drilling holes in the pit with a drilling footage of 390.80 m were completed at Baluba Underground Mine, and 14 intensive drilling holes in the open pit with a drilling footage of 782.94 m were completed at the Extend Section of East Roan.

CNMC Huachin Mabende completed shallow drilling of 2,668 m at the PE5276 tenement.

Kambove Main Mining conducted the supplementary exploration of the south ore body, with a footage of 1,469 m/10 holes, and the MSEA ore body has completed the supplementary exploration, with a footage of 2,717.64 m/9 holes.

CCS conducted geophysical and geochemical explorations for PE5468, during which 1/25,000 soil geochemical survey was completed, with an area of 119 km<sup>2</sup>, 1/10,000 soil geochemical survey was completed, with an area of 16 km<sup>2</sup>, 1/10,000 low-altitude high-precision magnetic survey was conducted, with an area of 150 km<sup>2</sup>, EH-4 geophysical survey was conducted, with 125 points completed, and trenching was conducted, with an area of 1,684 m<sup>3</sup> and 1,898.9 m drilled, 880 pieces of chemical samples and 30 pieces of bulk density.

## **Mining Development**

For details of mining development, please refer to “Projects Under Progress” on page 41.

## **Mining Activities**

For details of mining activities, please refer to “Production Overview” on pages 36 to 38.

## **PROJECTS UNDER PROGRESS**

### **Luanshya**

#### ***Open Pit Mine Project at Baluba Center Mine***

The Open Pit Mine Project at Baluba Center Mine has a designated capacity of 1.5 million tonnes of quality oxide copper mine per annum. At present, the design demonstration of open cast mining has been completed, and the construction and stripping work has started in July 2022.

### **Kambove Mining**

#### ***The Resumed Project of Kambove West Mine***

The Resumed Project of Kambove West Mine was officially approved in October 2022 and is expected to be put into production in 2026. In 2022, US\$245,400 were invested, and the total investment will be US\$2,606,900.

## FINANCIAL REVIEW

### Results of Operations

The following table sets forth sales volume, average selling price, revenue and percentage contribution to total revenue of the products of the Group during the years indicated.

|  | For the year ended 31 December |  |                       |                              |                                |  |                       |                              |
|--|--------------------------------|--|-----------------------|------------------------------|--------------------------------|--|-----------------------|------------------------------|
|  | 2022                           |  |                       |                              | 2021                           |  |                       |                              |
|  | Sales<br>Volume <sup>(1)</sup> | Average<br>Selling<br>Price<br>(US\$ per<br>tonne) | Revenue<br>(US\$'000) | % of Total<br>Revenue<br>(%) | Sales<br>Volume <sup>(1)</sup> | Average<br>Selling<br>Price<br>(US\$ per<br>tonne) | Revenue<br>(US\$'000) | % of Total<br>Revenue<br>(%) |
|  | (Tonnes)                       |  |                       |                              | (Tonnes)                       |  |                       |                              |
| Blister copper and copper anodes                   | 325,049                        | 8,069  | 2,622,744             | 64.1                         | 333,499                        | 8,667  | 2,890,597             | 71.4                         |
| Copper cathodes                                    | 146,808                        | 7,870  | 1,155,328             | 28.2                         | 114,521                        | 8,334  | 954,423               | 23.6                         |
| Cobalt contained in cobalt hydroxide               | 1,314                          | 34,008   | 44,687                | 1.1                          | 363                            | 40,193   | 14,584                | 0.3                          |
| Sulphuric acid                                     | 705,470                        | 301  | 212,121               | 5.2                          | 765,565                        | 172  | 132,023               | 3.2                          |
| Liquid sulphur dioxide                             | 19,415                         | 1,184  | 22,979                | 0.6                          | 25,833                         | 871  | 22,498                | 0.6                          |
| Copper products processing services <sup>(2)</sup> | 59,507                         | 619  | 36,857                | 0.8                          | 58,615                         | 622  | 36,463                | 0.9                          |
| Total  |                                |  | <u>4,094,716</u>      | <u>100.0</u>                 |                                |  | <u>4,050,588</u>      | <u>100.0</u>                 |

Notes: (1) The sales volumes of blister copper and copper anodes, copper cathodes are on a contained-copper basis.

(2) The copper products processing services refer to the processing and production of copper products by the Group's smelters as entrusted by the external enterprises and the Group receives processing fees from these enterprises.

### Revenue

The revenue of the Group increased by 1.1% from US\$4,050.6 million in 2021 to US\$4,094.7 million in 2022. In 2022, the Group's revenue generated from blister copper and copper anodes, copper cathodes and sulphuric acid accounted for 64.1%, 28.2% and 5.2%, respectively, of the total revenue.

The revenue from blister copper and copper anodes decreased by 9.3% from US\$2,890.6 million in 2021 to US\$2,622.7 million in 2022, mainly due to the decrease in global copper prices and the decrease in sales volume.

The revenue from copper cathodes increased by 21.0% from US\$954.4 million in 2021 to US\$1,155.3 million in 2022, mainly due to the increase in sales volume, as compared with the same period last year.

The revenue from sulphuric acid increased by 60.7% from US\$132.0 million in 2021 to US\$212.1 million in 2022, mainly attributed to the increase in the unit selling price as compared with the same period last year.

## Cost of Sales

The following table sets forth the cost of sales, unit cost of sales, gross profits and gross profit margins of the products of the Group during the periods indicated.

|   | For the year ended 31 December |                    |                |                     |                  |                    |                  |                     |
|---|--------------------------------|--------------------|----------------|---------------------|------------------|--------------------|------------------|---------------------|
|   | 2022                           |                    |                |                     | 2021             |                    |                  |                     |
|   | Cost of sales                  | Unit cost of sales | Gross profit   | Gross profit margin | Cost of sales    | Unit cost of sales | Gross profit     | Gross profit margin |
|   | (US\$'000)                     | (US\$ per tonne)   | (US\$'000)     | (%)                 | (US\$'000)       | (US\$ per tonne)   | (US\$'000)       | (%)                 |
| Blister copper and copper anodes                    | 2,468,591                      | 7,595              | 154,153        | 5.9                 | 2,363,683        | 7,088              | 526,914          | 18.2                |
| Copper cathodes                                     | 695,964                        | 4,741              | 459,364        | 39.8                | 522,953          | 4,566              | 431,470          | 45.2                |
| Cobalt contained in cobalt hydroxides               | 19,598                         | 14,915             | 25,089         | 56.1                | 4,919            | 13,557             | 9,665            | 66.3                |
| Sulphuric acid                                      | 70,063                         | 99                 | 142,058        | 67.0                | 39,926           | 52                 | 92,097           | 69.8                |
| Liquid sulphur dioxide                              | 5,500                          | 283                | 17,479         | 76.1                | 4,320            | 167                | 18,178           | 80.8                |
| Copper products processing services <sup>Note</sup> | 27,779                         | 467                | 9,078          | 24.6                | 29,752           | 508                | 6,711            | 18.4                |
| Total   | <u>3,287,495</u>               |                    | <u>807,221</u> | <u>19.7</u>         | <u>2,965,553</u> |                    | <u>1,085,035</u> | <u>26.8</u>         |

*Note:* The copper products processing services refer to the processing and production of copper products by the Group's smelters as entrusted by the external enterprises and the Group receives processing fees from these enterprises.

The cost of sales of the Group increased by 10.9% from US\$2,965.6 million in 2021 to US\$3,287.5 million in 2022, primarily due to the year-on-year increase in the sales volume of copper cathodes and the increase in the unit production costs of blister copper and copper anodes.

The cost of sales in respect of blister copper and copper anodes increased by 4.4% from US\$2,363.7 million in 2021 to US\$2,468.6 million in 2022, primarily due to the increase in the unit production costs.

The cost of sales in respect of copper cathodes increased by 33.1% from US\$523.0 million in 2021 to US\$696.0 million in 2022, primarily due to the year-on-year increase of sales volume.

The cost of sales in respect of sulphuric acid increased by 75.7% from US\$39.9 million in 2021 to US\$70.1 million in 2022, primarily due to the transportation expenses of sulphuric acid for the period which constituting the performance costs of customer contracts, which were charged to the cost of sales.

### **Gross profit and gross profit margin**

The Group recorded a gross profit of US\$807.2 million in 2022, representing a decrease of 25.6% from US\$1,085.0 million in 2021. The gross profit margin decreased from 26.8% in 2021 to 19.7% in 2022. In particular:

The gross profit margin of blister copper and copper anodes decreased from 18.2% in 2021 to 5.9% in 2022, primarily attributable to the year-on-year decrease in global copper prices and the increase in the unit production costs of blister copper and copper anodes.

The gross profit margin of copper cathodes decreased from 45.2% in 2021 to 39.8% in 2022, mainly due to the year-on-year decrease in global copper prices and the year-on-year increase in the unit production cost of copper cathodes.

The gross profit margin of sulphuric acid decreased from 69.8% in 2021 to 67.0% in 2022, primarily due to the transportation expenses of sulphuric acid for the period which constituting the performance costs of customer contracts, which were charged to the cost of sales.

### **Distribution and selling expenses**

The distribution and selling expenses of the Group amounted to US\$39.8 million in 2022, representing a decrease of 51.6% from US\$82.3 million in 2021, primarily due to the decrease in the costs of sales for the period due to the transportation expenses constituting the performance costs of customer contracts which were charged to the costs of sales.

### **Administrative expenses**

The administrative expenses of the Group increased by 36.2% from US\$122.9 million in 2021 to US\$167.4 million in 2022, primarily due to the expanding scale of production of the Group as Kambove Mining put into production in October 2021 officially.

## **Finance costs**

The finance costs of the Group were US\$33.9 million in 2022, decreased by 9.1% from US\$37.3 million in 2021, mainly due to a decline in financing due to the repayments of bank borrowings.

## **Other gains and losses**

Other gains and losses of the Group decreased by US\$17.0 million from a net loss of US\$35.7 million in 2021 to a net loss of US\$18.7 million in 2022, mainly due to the decrease of loss on change in fair value of financial instruments as compared with the same period last year.

## **Income tax expense**

The income tax expense of the Group decreased by US\$121.2 million from US\$291.6 million in 2021 to an expense of US\$170.4 million in 2022, mainly due to the decrease in total profit as compared with the same period last year, as well as the resource tax can be deducted before income tax in Zambia.

## **Profit and net profit margin attributable to owners of the Company**

As a result of the foregoing, the profit attributable to owners of the Company decreased by 26.2% from US\$357.1 million in 2021 to a profit of US\$263.7 million in 2022. The profit margins attributable to owners of the Company (being the profit attributable to the owners of the Company as a percentage of revenue) were 8.8% in 2021 and 6.4% in 2022, respectively.

## **LIQUIDITY AND CAPITAL RESOURCES**

### **Cash flows**

#### ***Net cash flows generated from operating activities***

Cash inflows generated from operating activities are primarily attributable to the sales revenue of copper and sulphuric acid products and cash outflows are primarily attributable to the purchase of raw materials and various operating expenses. Net cash flows generated from the operating activities of the Group increased by 45.9% from an inflow of US\$536.4 million in 2021 to an inflow of US\$782.5 million in 2022, primarily attributable to the year-on-year decrease in the balances of inventories and trade receivables.

### ***Net cash flows used in investing activities***

Cash outflows used in investing activities are mainly for the purchase and construction of property, plant and equipment for copper production. The net cash flows used in investing activities of the Group amounted to US\$75.7 million in 2022, decreased by US\$128.7 million from an outflow of US\$204.4 million in 2021, mainly due to the commissioning of Kambove Main Mine Leach Copper Smelting Project which resulted in the decrease in fixed assets investments during the reporting period.

### ***Net cash flows used in financing activities***

The cash inflows generated from financing activities primarily consist of new bank borrowings and other borrowings. The cash outflows from financing activities primarily consist of repayments for bank borrowings, payments of dividends and interest payments. The net cash outflows in financing activities of the Group increased by US\$353.9 million from an outflow of US\$225.1 million in 2021 to an outflow of US\$579.0 million in 2022, primarily due to the repayments of bank borrowings in 2022.

### **Time deposits, bank balances and cash**

The Group's time deposits, bank balances and cash (including cash, time deposits and demand deposits) increased by US\$156.2 million from US\$606.7 million as at 31 December 2021 to US\$762.9 million as at 31 December 2022.

### **Trade receivables at amortised cost/Trade receivables at FVTPL**

As at 31 December 2022, the Group recorded trade receivables at amortised cost of US\$39.9 million and trade receivables at FVTPL of US\$368.7 million. The trade receivables at FVTPL were the trade receivables arising from the sales of copper products under provisional pricing arrangements. The aggregate trade receivables amounted to US\$408.6 million, which decreased by US\$147.2 million from US\$555.8 million as at 31 December 2021, primarily attributable to a year-on-year decrease in receivables corresponding to year-end sales revenue.

### **Inventories**

The inventories held by the Group decreased by US\$28.2 million from US\$848.3 million as at 31 December 2021 to US\$820.1 million as at 31 December 2022, which was mainly due to the decrease in finished goods as compared with the same period last year.

## Trade payables at amortised cost/Trade payables designated at FVIPL

As at 31 December 2022, the Group recorded trade payables at amortised cost of US\$265.2 million and trade payables designated at FVTPL of US\$289.7 million. The trade payables designated at FVTPL were the trade payables arising from the purchase of copper concentrates under provisional pricing arrangements. The aggregate trade payables amounted to US\$554.9 million, which decreased by US\$36.2 million from US\$591.1 million as at 31 December 2021, primarily due to the decrease in the amounts payable for ancillary materials and spare parts.

## Capital expenditure

|  | <b>For the year ended</b> |                   |
|--|---------------------------|-------------------|
|  | <b>31 December</b>        |                   |
|  | <b>2022</b>               | 2021              |
|  | <i>(US\$'000)</i>         | <i>(US\$'000)</i> |
| Mining and ore processing facilities at Chambishi                |                           |                   |
| Southeast Mine of NFCA   | <b>25,552</b>             | 33,578            |
| Other mining and ore processing facilities of NFCA               | <b>7,210</b>              | 21,784            |
| Other facilities at Luanshya                                     | <b>2,374</b>              | –                 |
| Mining and leaching facilities at Luanshya<br>(Muliashi Project) | <b>6,165</b>              | 15,017            |
| Mining facilities at Luanshya (Roan Mine)                        | <b>5,372</b>              | 1,848             |
| Smelting facilities at CCS                                       | <b>8,854</b>              | 5,333             |
| Leaching facilities at SML                                       | <b>4,252</b>              | 2,660             |
| Leaching facilities at Huachin Leach                             | <b>2,853</b>              | 1,604             |
| Mining rights and leaching facilities at CNMC                    |                           |                   |
| Huachin Mabende  | <b>726</b>                | 3,473             |
| Smelting facilities at Lualaba Copper Smelter                    | <b>39,410</b>             | 473               |
| Mining and the processing facilities at Kambove Mining           | <b>21,935</b>             | 135,912           |
| Other facilities   | <b>95</b>                 | 38                |
|  | <hr/>                     | <hr/>             |
| Total  | <b>124,798</b>            | 221,720           |
|  | <hr/> <hr/>               | <hr/> <hr/>       |

The total capital expenditure of the Group amounted to US\$124.8 million in 2022, decreased by US\$96.9 million as compared with US\$221.7 million in 2021, mainly due to the decrease in the investments in mining and ore processing facilities at Kambove Mining.

## **Principal risks and uncertainties**

Although the Company has established a risk management system to identify, analyse, evaluate and respond to risks, our business activities are still subject to the following risks, which could have material impacts on our strategy, operations, compliance and financial condition. We urge you to carefully consider the risks described below.

### **Commodity price risk**

The Group's commodity price risk mainly derives from the exposure to fluctuations in the market price of copper, since copper is the major commodities purchased, produced and sold by the Group. The sharp fluctuations of copper price mainly reflect the changes in supply and demand of copper products, the market uncertainties and other factors which are out of the control of the Group, including but not limited to the overall economic situation, political unrest, armed conflicts, terrorist acts, economic condition in major copper producing countries, accessibility of other metals, domestic and overseas regulations of governments, natural disasters and weather conditions. Price fluctuations will have a material impact on the business, cash flow and revenue of the Group. To mitigate this risk, the Group has adopted the sales strategy with combination of long-term and short-term orders and combined with hedging to enhance the turnover of spot inventory, so as to strive to reduce the commodity price risks.

### **Foreign currency exchange risk**

The Group operates business in Zambia and the DRC and most of its sales and purchases in the past were denominated in US dollar, its functional currency, while certain sales and purchases were settled in currencies other than its functional currency (mainly ZMK, Congolese Franc and RMB), which exposed the Group to foreign currency risk. To mitigate such risk, the Group engaged in foreign currency exchange hedging activities through various methods including locking the signing and settlement currency and expediting tax rebates.

### **Interest rate risk**

The Group is exposed to interest rate risk of cash flow under the impact of interest rates changes of interest-bearing financial assets and liabilities, which mainly include interest-bearing restricted bank balances, bank balances and bank and other borrowings at variable interest rates. The Group currently does not have any interest rate hedging policy. However, the Group will consider hedging significant interest rate risk should the need arise.

## **Human resources**

As of 31 December 2022, the Group employed a total of 9,115 employees (as of 31 December 2021: 8,756 employees), which comprised 889 Chinese and 8,226 local employees in Zambia and the DRC. Employees' remuneration was determined by the Group based on their performance, experience and the prevailing market practice. For the year ended 31 December 2022, the total cost of employees reflected in the consolidated statement of profit or loss and other comprehensive income amounted to approximately US\$120.3 million (2021: US\$130.1 million).

## **Significant investments held, material acquisitions and disposals of subsidiaries and future plans for material investments or acquisition of capital asset**

Saved as disclosed in this annual results announcement, there were no other significant investments held, material acquisitions or disposals of subsidiaries during the year ended 31 December 2022, and there was no plan approved by the Board for other material investments or acquisition of capital assets as at the date of this annual results announcement.

## **Charge on assets**

As of 31 December 2022, the carrying amount of the Group's charge of assets amounted to US\$10,078,000 (31 December 2021: Nil).

## **Gearing ratio**

As at 31 December 2022, as the Group had a net cash position\* of approximately US\$ 239.6 million, it is therefore not considered to have any net gearing (2021: net gearing ratio# 16.9%).

\* Net cash position is defined as bank balances and cash, time deposit, and restricted bank balances less bank and other borrowings.

# Net gearing ratio is defined as bank and other borrowings minus bank balances and cash, time deposit, and restricted bank balances, divided by the total equity attribute to owners of the Company.

## **Contingent liabilities**

Other than disclosed in this annual results announcement, there were no other material contingent liabilities.

## 2023 OUTLOOK

The year 2022 was an extraordinary year, with the world's geopolitical situation ever changing, international copper prices experiencing significant fluctuations, and COVID-19 pandemic still plaguing our production and life, which brought a lot of uncertainties to the Company's production and operation and daily management. However, under the correct leadership of the Board of Directors and with the strong support of our shareholders, all employees of the Company overcame various difficulties to maintain production, reduce costs, increase efficiency and improve quality, and completed the various production and operation tasks in a better way. In the capital market, the Company has been included in the "Hong Kong Stock Connect" and MSCI China Small Cap Index successively, gaining the attention of more investors. The performance of the share price has been stable to positive, the maintenance of shareholder relations has been recognized, and the Company's ability to deliver and realize value has been significantly enhanced. These changes have reinforced the confidence of investors and laid a solid foundation for the Company's high quality development.

In 2023, we will enter into a new stage of development and obtain development opportunities. The recovery of the economy in PRC, the world's second-largest economy, which consumes more than half of the world's refined copper, will give the industry a boost. While international hotspots are constantly in conflict and the geopolitical environment is more complex, market expectations of global economic trends and changes in policies of Federal Reserve will bring certain uncertainty to the copper price. However, the rebound of the traditional power and real estate industries and the rapid growth of the new energy industry will provide strong support to copper prices.

In the foreseeable future, opportunities lie within challenges. The goals are distant but can be reached, the tasks are challenging but can be accomplished. The Company will work together with all investors to take solid steps and forge ahead to deliver satisfactory results to the market in 2023.

## **DIVIDEND**

During the year ended 31 December 2022, the 2021 final dividend of US¢3.8205 per share had been paid. During the year ended 31 December 2021, the 2020 final dividend of US¢1.4327 per share had been paid.

Subsequent to the reporting period, the Board proposed the payment of US¢2.8209 per share as 2022 final dividend (“**Final Dividend**”). The proposed Final Dividend is subject to the approval of the Company’s shareholders at the forthcoming annual general meeting of the Company (the “**AGM**”) and payable in Hong Kong dollars, which will be calculated at the market exchange rate on 28 June 2023 to shareholders whose names appear on the register of members of the Company on Tuesday, 4 July 2023. The proposed Final Dividend will be paid on Thursday, 13 July 2023 after approval at the AGM.

## **ANNUAL GENERAL MEETING**

It is proposed that the AGM will be held on Wednesday, 28 June 2023. Notice of the AGM will be published and issued to shareholders of the Company in due course.

## **CLOSURE OF REGISTER OF MEMBERS**

### **About the AGM**

The share register of the Company will be closed from Friday, 23 June 2023 to Wednesday, 28 June 2023 (both days inclusive), during which no transfer of shares will be effected. Shareholders of the Company whose names appear on the register of members of the Company at the close of business on Wednesday, 21 June 2023 will be entitled to attend and vote at the AGM. In order to be entitled to attend the AGM, all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company’s share registrar, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Wednesday, 21 June 2023.

### **About Final Dividend**

The distribution of the Final Dividend proposed by the Board is subject to approval by the Company’s shareholders at the forthcoming AGM. The Register of Members of the Company will be closed on Tuesday, 4 July 2023. To be qualified to receive the proposed Final Dividend, all completed share transfer forms accompanied by the relevant share certificates must be lodged with the Company’s share registrar in Hong Kong, Computershare Hong Kong Investor Services Limited at Shops 1712–1716, 17th Floor, Hopewell Centre, 183 Queen’s Road East, Wanchai, Hong Kong, not later than 4:30 p.m. on Monday, 3 July 2023.

## **CODE OF CONDUCT REGARDING SECURITIES TRANSACTIONS BY DIRECTORS**

The Company has adopted a code of conduct regarding securities transactions by directors on terms no less exacting than the required standard of dealings as set out in the Model Code for Securities Transactions by Directors of Listed Issuers (“**Model Code**”) as contained in Appendix 10 of the Listing Rules.

The Company had made specific enquiry to all the Directors and confirmed that all of them complied with the Model Code for the year ended 31 December 2022.

## **DIRECTORS’ AND CHIEF EXECUTIVE’S INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES**

As at 31 December 2022, none of the Directors or chief executive had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the Securities and Futures Ordinance of Hong Kong (Chapter 571 of the Laws of Hong Kong) (the “**SFO**”)) which would fall to be disclosed to the Company and The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”) pursuant to Division 7 and 8 at the Part XV of the SFO; or interests or short positions required to be recorded in the register kept by the Company pursuant to Section 352 of the SFO; or interests or short positions which fall to be disclosed to the Company and the Stock Exchange pursuant to the Model Code.

## **DIRECTORS’ RIGHTS TO ACQUIRE SHARES**

The Company or any of its subsidiaries did not have any arrangement in place at any time during the reporting period whereby the Directors or their respective spouse or minor children can obtain benefit by acquiring shares of the Company or other body corporate.

## SUBSTANTIAL SHAREHOLDERS' AND OTHER PERSONS' INTERESTS AND SHORT POSITIONS IN SHARES AND UNDERLYING SHARES

As at 31 December 2022, so far as it is known to the Director and chief executive of the Company, interests or short positions which would fall to be disclosed to the Company and the Stock Exchange pursuant to the provisions of Division 2 and 3 at the Part XV of the SFO is as follows:

| Substantial Shareholder                                       | Capacity/Nature of interest          | Long/short position | Number of shares | Approximate percentage of shareholdings |
|---|--------------------------------------|---------------------|------------------|---|
| China Nonferrous Mining Development Limited <sup>(Note)</sup> | Registered owner                     | Long position       | 2,600,000,000    | 69.54%                                  |
| CNMC  | Interest in a controlled corporation | Long position       | 2,600,000,000    | 69.54%                                  |

*Note:* China Nonferrous Mining Development Limited is a wholly-owned subsidiary of CNMC and therefore, by virtue of the SFO, CNMC is deemed or taken to be interested in all the shares which are owned by China Nonferrous Mining Development Limited.

Save as disclosed above, as at 31 December 2022, no person had registered an interest or short position in the shares or underlying shares of the Company that was required to be recorded pursuant to Section 336 of the SFO.

As at 31 December 2022, each of the following entities were directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at the general meeting of any other members of the Group:

| Member of the Group    | Entity with 10% or more interest (other than member of the Group)     | Percentage of that entity's interest |
|------------------------|---|--------------------------------------|
| NFCA                   | Zambia Consolidated Copper Mines Investments Holdings Plc (“ZCCM-IH”) | 15%                                  |
| Luanshya               | ZCCM-IH   | 20%                                  |
| CCS                    | Yunnan Copper Industry (Group) Co., Ltd.* (雲南銅業集團有限公司)                | 40%                                  |
| SML                    | Hong Kong Zhongfei Mining Investment Limited (“Hong Kong Zhongfei”)   | 30%                                  |
| Huachin Leach          | Huachin SARL  | 32.5%                                |
| CNMC Huachin Mabende   | Huachin SARL  | 35%                                  |
| CNMHK                  | Hong Kong Zhongfei  | 30%                                  |
| Kambove Mining         | La Generale Des Carrieres Et Des Mines SA                             | 45%                                  |
| Lualaba Copper Smelter | Yunnan & Hongkong Metal Company Limited (“YH Metal”)                  | 38%                                  |
| Kingsail Limited       | YH Metal  | 40%                                  |

\* Translation of English terms for reference purposes only

## CORPORATE GOVERNANCE

Mr. Jinjun ZHANG was appointed as the Chairman of the Board on 8 January 2021, and continued to serve as the President of the Company (“**President**”) until his resignation of the President on 4 August 2022. After Mr. Jinjun ZHANG’s resignation of the President, Jinping MA, the vice president of the Company, has temporarily performed the duties of the President. Save as that Mr. Jinjun ZHANG served as the Chairman and President of the Company with effect from 8 January 2021 to 4 August 2022 which was at variance with code provision C.2.1 of the CG Code (as defined below), the Company had complied with all the code provisions as set out in the Corporate Governance Code (“**CG Code**”) contained in Appendix 14 of the Listing Rules during the year ended 31 December 2022.

The Board believes that the balance of power and authority is adequately ensured by the operation of the Board, which comprises experienced talents with a sufficient number of Directors being independent non-executive Directors (the majority of Board members are independent non-executive Directors), and therefore, the performance of the roles of the Chairman of the Board and the President of the Company concurrently by Mr. Jinjun ZHANG will not impair the balance of power and authority between the Board and the management of the Company and the deviation from code provision C.2.1 of the CG Code is appropriate in such circumstance. As disclosed above, the roles of the Chairman and the President of the Company have been performed by different persons since Mr. Jinjun ZHANG has resigned the President on 4 August 2022.

## AUDIT COMMITTEE

The Company’s audit committee (“**Audit Committee**”) was established with written terms of reference in compliance with Rule 3.22 of the Listing Rules and paragraph D.3 of the CG Code of the Listing Rules. The primary duties of the Audit Committee are to supervise the financial reporting process and internal control and risk management systems of the Group. As at the date of this announcement, the Audit Committee consisted of three members, being Mr. Yaoyu TAN (non-executive Director), Mr. Jingwei LIU and Mr. Huanfei GUAN (both independent non-executive Director). The Group’s financial statements for the year ended 31 December 2022 have been reviewed by the Audit Committee, who was of the opinion that such statements complied with the applicable accounting standards, the Listing Rules and legal requirements, and that adequate disclosures had been made.

## **SCOPE OF WORK OF ERNST & YOUNG**

The figures in respect of the Group's consolidated statement of financial position, consolidated statement of profit or loss and other comprehensive income and the related notes thereto for the year ended 31 December 2022 as set out in the preliminary announcement have been agreed by the Company's auditor, Ernst & Young, to the amounts set out in the Group's audited consolidated financial statements for the year. The work performed by Ernst & Young in this respect does not constitute an assurance engagement in accordance with Hong Kong Standards on Auditing, Hong Kong Standards on Review Engagements or Hong Kong Standards on Assurance Engagements issued by the Hong Kong Institute of Certified Public Accountants and consequently no assurance has been expressed by Ernst & Young on the preliminary announcement.

## **PURCHASE, SALE OR REDEMPTION OF THE COMPANY'S SECURITIES**

Neither the Company nor any of its subsidiaries purchased, redeemed or sold any of the Company's listed securities during the year ended 31 December 2022.

## **SUBSEQUENT EVENT AFTER THE END OF FINANCIAL YEAR**

Save for the proposed payment of final dividend for the year ended 31 December 2022, there were no other significant events of the Group after the reporting period.

## **PUBLICATION OF ANNUAL RESULTS AND ANNUAL REPORT**

The annual results announcement is published on the websites of the Stock Exchange (<http://www.hkexnews.hk>) and the Company (<http://www.cnmccl.net>). The annual report will be despatched to the shareholders and will be available on the websites of the Stock Exchange and the Company in due course.

By Order of the Board  
**China Nonferrous Mining Corporation Limited**  
**He YANG**  
*Chairman*

30 March 2023

*As at the date of this announcement, the Board comprises Mr. He YANG as an executive Director; Mr. Yaoyu TAN as a non-executive Director; and Mr. Dingfan QIU, Mr. Jingwei LIU and Mr. Huanfei GUAN as independent non-executive Directors.*