

Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this announcement.



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 2023

FINANCIAL HIGHLIGHTS OF THE GROUP

In 2023, the Group's production system continues to maintain its high-load operations, the Group recorded revenue of US\$3,606.4 million, representing a decrease by 11.9% from US\$4,094.7 million in 2022.

In 2023, the Group recorded net profit of US\$381.4 million, representing a decrease by 1.0% from US\$385.1 million (restated) in 2022.

In 2023, the Group recorded profit attributable to owners of the Company of US\$277.6 million, representing an increase by 4.2% from US\$266.3 million (restated) in 2022.

In 2023, basic earnings per share attributable to owners of the Company was approximately US¢7.43 (equivalent to approximately HK\$0.58), representing an increase by approximately US¢0.31 (equivalent to approximately HK\$0.03) from approximately US¢7.12 (restated) (equivalent to approximately HK\$0.55) in 2022.

The Board proposed a payment of US¢2.9702 per share as final dividend for the year of 2023.

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 2023, together with the comparative figures for the corresponding period in 2022.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

YEAR ENDED 31 DECEMBER 2023

	<i>Notes</i>	2023 <i>US\$'000</i>	2022 <i>US\$'000</i> (Restated)
Revenue from contracts with customers	3, 4	3,606,421	4,094,716
Cost of sales		<u>(2,728,963)</u>	<u>(3,287,495)</u>
Gross profit		877,458	807,221
Other income		21,736	11,912
Other gains and losses	5	(89,629)	(18,697)
Distribution and selling expenses		(10,569)	(39,763)
Administrative expenses		(199,118)	(167,445)
Other expenses		<u>(8,462)</u>	<u>(6,802)</u>
Profit from operations		591,416	586,426
Finance costs	6	<u>(32,796)</u>	<u>(33,920)</u>
Profit before tax		558,620	552,506
Income tax	7	<u>(177,177)</u>	<u>(167,367)</u>
Profit and total comprehensive income for the year		<u>381,443</u>	<u>385,139</u>
Profit and total comprehensive income attributable to:			
Owners of the Company		277,645	266,270
Non-controlling interests		<u>103,798</u>	<u>118,869</u>
		<u>381,443</u>	<u>385,139</u>
Earnings per share			
– Basic and diluted	9	US¢7.43/share	US¢7.12/share
– Basic and diluted (HK\$ equivalent)	9	<u>HK\$0.58/share</u>	<u>HK\$0.55/share</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 DECEMBER 2023

	<i>Notes</i>	2023 <i>US\$'000</i>	2022 <i>US\$'000</i> (Restated)
ASSETS			
Non-current assets			
Property, plant and equipment		1,518,121	1,591,299
Right-of-use assets		189	5,543
Mining rights		99,481	115,062
Restricted bank balances		1,505	1,505
Deferred tax assets		27,651	10,286
Prepayments and other receivables		44,784	52,886
		<u>1,691,731</u>	<u>1,776,581</u>
Current assets			
Inventories	10	861,271	820,069
Trade receivables at amortised cost	11	50,012	39,897
Trade receivables at fair value through profit or loss (“FVTPL”)	11	367,565	368,669
Prepayments and other receivables		243,526	250,229
Restricted bank balances		3,044	4,291
Time deposits		110,000	30,000
Bank balances and cash		492,364	732,923
		<u>2,127,782</u>	<u>2,246,078</u>
Total assets		<u>3,819,513</u>	<u>4,022,659</u>

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)

31 DECEMBER 2023

	<i>Notes</i>	2023 <i>US\$'000</i>	2022 <i>US\$'000</i> (Restated)
EQUITY AND LIABILITIES			
Capital and reserves			
Share capital		740,119	740,119
Reserves		<u>1,102,267</u>	<u>931,214</u>
Equity attributable to owners of the Company		1,842,386	1,671,333
Non-controlling interests		<u>644,217</u>	<u>672,251</u>
Total equity		<u>2,486,603</u>	<u>2,343,584</u>
Non-current liabilities			
Deferred tax liabilities		130,518	137,568
Bank and other borrowings			
– due after one year	13	–	351,500
Lease liabilities		–	299
Provision for restoration, rehabilitation and environmental costs		50,679	53,119
Deferred income		<u>11,672</u>	<u>12,776</u>
		<u>192,869</u>	<u>555,262</u>
Current liabilities			
Trade payables at amortised cost	12	233,306	265,172
Trade payables at FVTPL	12	298,553	289,691
Other payables and accrued expenses		270,687	224,738
Income tax payable		151,652	145,921
Bank and other borrowings			
– due within one year	13	177,486	177,609
Lease liabilities		191	7,596
Contract liabilities		2,854	1,742
Financial liabilities		<u>5,312</u>	<u>11,344</u>
		<u>1,140,041</u>	<u>1,123,813</u>
Total liabilities		<u>1,332,910</u>	<u>1,679,075</u>
Total equity and liabilities		<u>3,819,513</u>	<u>4,022,659</u>

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

YEAR ENDED 31 DECEMBER 2023

	Equity attributable to owners of the Company				Non- controlling interests US\$'000	Total equity US\$'000
	Share capital US\$'000	Other reserve US\$'000	Retained profits US\$'000	Total US\$'000		
	At 1 January 2022	740,119	–	802,083		
Effect of adoption of amendments to HKAS12	–	–	5,711	5,711	1,927	7,638
Balance at 1 January 2022 (restated)	740,119	–	807,794	1,547,913	631,609	2,179,522
Profit and total comprehensive income for the year (restated)	–	–	266,270	266,270	118,869	385,139
Dividend declared by subsidiaries	–	–	–	–	(78,227)	(78,227)
Dividend declared by the Company (Note 8)	–	–	(142,850)	(142,850)	–	(142,850)
At 31 December 2022 (restated)	740,119	–	931,214	1,671,333	672,251	2,343,584
Profit and total comprehensive income for the year	–	–	277,645	277,645	103,798	381,443
Disposal of interest to a non-controlling shareholder in a subsidiary	–	(1,118)	–	(1,118)	1,118	–
Dividend declared by subsidiaries	–	–	–	–	(132,950)	(132,950)
Dividend declared by the Company (Note 8)	–	–	(105,474)	(105,474)	–	(105,474)
At 31 December 2023	<u>740,119</u>	<u>(1,118)</u>	<u>1,103,385</u>	<u>1,842,386</u>	<u>644,217</u>	<u>2,486,603</u>

CONSOLIDATED STATEMENT OF CASH FLOWS

YEAR ENDED 31 DECEMBER 2023

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
NET CASH FROM OPERATING ACTIVITIES	<u>589,278</u>	<u>782,522</u>
NET CASH USED IN INVESTING ACTIVITIES	<u>(224,118)</u>	<u>(75,705)</u>
NET CASH USED IN FINANCING ACTIVITIES	<u>(604,661)</u>	<u>(578,999)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(239,501)	127,818
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	732,923	606,746
Effect of foreign exchange rate changes on the balance of cash held in foreign currencies	<u>(1,058)</u>	<u>(1,641)</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR, represented by:		
Bank balances and cash	<u><u>492,364</u></u>	<u><u>732,923</u></u>

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2023

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 2023 and 2022 included in this announcement of annual results 2023 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 2022 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 2023 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

The Group has applied the following new and amended HKFRSs issued by the HKICPA to these financial statements for the current accounting period:

- HKFRS 17, *Insurance contracts*
- Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*
- Amendments to HKAS 1, *Presentation of financial statements and HKFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies*
- Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction*
- Amendments to HKAS 12, *Income taxes: International tax reform – Pillar Two model rules*

The Group has not applied any new standard or interpretation that is not yet effective for the current accounting period. Impacts of the adoption of the new and amended HKFRSs are discussed below:

HKFRS 17, *Insurance contracts*

HKFRS 17, which replaces HKFRS 4, sets out the recognition, measurement, presentation and disclosure requirements applicable to issuers of insurance contracts. The standard does not have a material impact on these financial statements as the Group does not have contracts within the scope of HKFRS 17.

Amendments to HKAS 8, *Accounting policies, changes in accounting estimates and errors: Definition of accounting estimates*

The amendments provide further guidance on the distinction between changes in accounting policies and changes in accounting estimates. The amendments do not have a material impact on these financial statements as the Group’s approach in distinguishing changes in accounting policies and changes in accounting estimates is consistent with the amendments.

2.2 CHANGES IN ACCOUNTING POLICIES (continued)

Amendments to HKAS 1, Presentation of financial statements and HKFRS Practice Statement 2, Making materiality judgements: Disclosure of accounting policies

The amendments require entities to disclose material accounting policy information and provide guidance on applying the concept of materiality to accounting policy disclosure. The Group has revisited the accounting policy information it has been disclosing and considered it is consistent with the amendments.

Amendments to HKAS 12, Income taxes: Deferred tax related to assets and liabilities arising from a single transaction

The amendments narrow the scope of the initial recognition exemption such that it does not apply to transactions that give rise to equal and offsetting temporary differences on initial recognition such as leases and decommissioning liabilities. For leases and decommissioning liabilities, the associated deferred tax assets and liabilities are required to be recognised from the beginning of the earliest comparative period presented, with any cumulative effect recognised as an adjustment to retained earnings or other components of equity at that date. For all other transactions, the amendments are applied to those transactions that occur after the beginning of the earliest period presented.

Prior to the initial application of these amendments, the Group 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 recognised (i) a deferred tax asset for all deductible temporary differences associated with lease liabilities and provision for restoration, rehabilitation and environmental costs (provided that sufficient taxable profit is available), and (ii) a deferred tax liability for all taxable temporary differences associated with right-of-use assets and property, plant and equipment related to decommissioning obligations as at 1 January 2022. The quantitative impact on the financial information is summarised below.

2.2 CHANGES IN ACCOUNTING POLICIES (continued)

Amendments to HKAS 12, *Income taxes: Deferred tax related to assets and liabilities arising from a single transaction* (continued)

(i) *Impact on the consolidated statement of financial position:*

		Impact on application of Amendments to HKAS 12 Increase/(decrease)		
		At 31 December 2023 <i>USD'000</i>	At 31 December 2022 <i>USD'000</i>	At 1 January 2022 <i>USD'000</i>
Deferred tax assets	(i)	1,758	1,643	2,116
Total non-current assets		1,758	1,643	2,116
Deferred tax liabilities	(i)	(8,501)	(9,005)	(5,522)
Total non-current liabilities		(8,501)	(9,005)	(5,522)
Net assets		10,259	10,648	7,638
Retained profits		7,789	8,287	5,711
Total equity attributable to owners of the Company		7,789	8,287	5,711
Non-controlling interests		2,470	2,361	1,927
Total equity		10,259	10,648	7,638

Note:

- (i) The deferred tax assets and the deferred tax liabilities arising from lease contracts and decommissioning obligations of the same subsidiary have been offset in the statement of financial position for presentation purposes.

2.2 CHANGES IN ACCOUNTING POLICIES (continued)

Amendments to HKAS 12, Income taxes: Deferred tax related to assets and liabilities arising from a single transaction (continued)

(ii) *Impact on the consolidated statement of profit or loss and other comprehensive income:*

	Impact on application of Amendments to HKAS 12	
	Increase/(decrease)	
	2023	2022
	<i>USD'000</i>	<i>USD'000</i>
Income tax	389	(3,010)
(Loss)/profit and total comprehensive income for the year	(389)	3,010
Equity shareholders of the Company	(498)	2,576
Non-controlling interests	109	434
(Loss)/profit and total comprehensive income for the year	(389)	3,010
Earnings per share		
– Basic and diluted (US cents per share)	(0.02)	0.07
– Basic and diluted (equivalent to approximately HK\$ per share)	–	–
	<u> </u>	<u> </u>

The adoption of amendments to HKAS 12 did not have any impact on consolidated statements of cash flows for the years ended 31 December 2023 and 2022.

Amendments to HKAS 12, Income taxes: International tax reform – Pillar Two model rules

The amendments introduce a temporary mandatory exception from deferred tax accounting for the income tax arising from tax laws enacted or substantively enacted to implement the Pillar Two model rules published by the Organisation for Economic Co-operation and Development (“OECD”) (income tax arising from such tax laws is hereafter referred to as “Pillar Two income taxes”), including tax laws that implement qualified domestic minimum top-up taxes described in those rules. The amendments also introduce disclosure requirements about such tax including the estimated tax exposure to Pillar Two income taxes. The amendments are immediately effective upon issuance and require retrospective application.

2.3 POSSIBLE IMPACT OF AMENDMENTS, NEW STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE FOR THE YEAR ENDED 31 DECEMBER 2023

Up to the date, the HKICPA has issued a number of new or amended standards, which are not yet effective for the year ended 31 December 2023 and which have not been adopted in these financial statements. These developments include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to HKAS 1, <i>Presentation of financial statements: Classification of liabilities as current or non-current</i> (“ 2020 amendments ”)	1 January 2024
Amendments to HKAS 1, <i>Presentation of financial statements: Non-current liabilities with covenants</i> (“ 2022 amendments ”)	1 January 2024
Amendments to HKFRS 16, <i>Leases: Lease liability in a sale and leaseback</i>	1 January 2024
Amendments to HKAS 7, <i>Statement of cash flows and HKFRS 7, Financial Instruments: Disclosures: Supplier finance arrangements</i>	1 January 2024
Amendments to HKAS 21, <i>The effects of changes in foreign exchange rates: Lack of exchangeability</i>	1 January 2025

The Group is in the process of making an assessment of what the impact of these developments is expected to be in the period of initial application. So far it has concluded that the adoption of them is unlikely to have a significant impact on the consolidated financial statements.

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.

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 2023

	Leaching <i>US\$'000</i>	Smelting <i>US\$'000</i>	Consolidated <i>US\$'000</i>
Revenue from external sales	1,100,855	2,505,566	3,606,421
Inter-segment sales	–	53,186	53,186
Total segment revenue	1,100,855	2,558,752	3,659,607
Elimination			(53,186)
Revenue from external customers			3,606,421
Segment profit	180,089	215,512	395,601
Unallocated income*			3,073
Unallocated expenses#			(17,231)
Profit for the year			381,443

3. SEGMENT INFORMATION (continued)

Segment revenue and results (continued)

For the year ended 31 December 2022

	Leaching <i>US\$'000</i> (restated)	Smelting <i>US\$'000</i> (restated)	Consolidated <i>US\$'000</i> (restated)
Revenue from external sales	1,210,910	2,883,806	4,094,716
Inter-segment sales	–	57,587	57,587
Total segment revenue	<u>1,210,910</u>	<u>2,941,393</u>	<u>4,152,303</u>
Elimination			<u>(57,587)</u>
Revenue from external customers			<u><u>4,094,716</u></u>
Segment profit	212,836	191,834	404,670
Unallocated income*			600
Unallocated expenses#			<u>(20,131)</u>
Profit for the year			<u><u>385,139</u></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:

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i> (restated)
<i>Segment assets</i>		
Leaching	1,124,397	1,301,363
Smelting	2,569,078	2,626,613
	<hr/>	<hr/>
Total segment assets	3,693,475	3,927,976
Unallocated assets*	134,507	97,259
Elimination	(8,469)	(2,576)
	<hr/>	<hr/>
Consolidated assets	3,819,513	4,022,659
	<hr/> <hr/>	<hr/> <hr/>
<i>Segment liabilities</i>		
Leaching	537,252	490,282
Smelting	745,484	1,111,129
	<hr/>	<hr/>
Total segment liabilities	1,282,736	1,601,411
Unallocated liabilities*	58,643	80,240
Elimination	(8,469)	(2,576)
	<hr/>	<hr/>
Consolidated liabilities	1,332,910	1,679,075
	<hr/> <hr/>	<hr/> <hr/>

* 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

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
Loss on disposal of property, plant and equipment, net	(67)	(241)
Impairment loss (recognised)/reversed in respect of		
– input VAT receivables	(22,879)	(21,551)
– financial assets under ECL	(7,603)	124
– property, plant and equipment	–	(5,676)
Foreign exchange (losses)/gains, net	(50,309)	(11,938)
(Losses)/gains from changes in fair value of financial liabilities/assets at FVTPL		
– financial liabilities at FVTPL	(15,284)	21,334
– trade receivables at FVTPL	12,526	(112,204)
– trade payables at FVTPL	(6,013)	111,455
	<u>(89,629)</u>	<u>(18,697)</u>

6. FINANCE COSTS

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
Interest on bank and other borrowings	30,995	32,400
Interest on lease liabilities	337	363
Unwinding of the discount	1,464	1,157
	<u>32,796</u>	<u>33,920</u>

7. INCOME TAX

Income tax recognised in profit or loss:

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i> (Restated)
Current tax:		
– Income tax in The Republic of Ireland (“Ireland”)	2,457	2,880
– Income tax in DRC	43,803	56,055
– Income tax in Zambia	153,311	101,783
– Income tax in Hong Kong	2,021	–
	<u>201,592</u>	160,718
Deferred tax		
– Current year	<u>(24,415)</u>	<u>6,649</u>
Total income tax	<u>177,177</u>	<u>167,367</u>

Income tax for trading income in Ireland is calculated at 12.5% (2022: 12.5%) on the estimated taxable income. Income tax for non-trading income in Ireland is calculated at 25.0% (2022: 25.0%) on the estimated taxable income.

Income tax in DRC is calculated at 30% (2022: 30%) on the estimated taxable income when 30% of the taxable income exceeds 1% of gross sales, and calculated at 1% (2022: 1%) of gross sales when 30% of the taxable income does not exceed 1% of gross sales.

7. INCOME TAX (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% (2022: 30%), 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% (2022: 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 2023, it was the first year of the 25% income tax relief that the Group enjoyed regarding the phase (2022: 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 26.6% during the current year (2022: 23.3%).

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% (2022: 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% (2022: 10%).

8. DIVIDENDS

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
Dividends recognised as distribution during the year:		
2023 Final, paid - US¢ 2.8209 per share	105,474	–
2022 Final, paid - US¢ 3.8205 per share	–	142,850
	<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 2023 of US¢2.9702 (2022: US¢ 2.8209) per share, in an aggregate amount of US\$111,057,000 (2022: US\$105,474,000), 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:

	2023	2022 (Restated)
Profit for the year attributable to owners of the Company for the purpose of basic earnings per share calculation (<i>in US\$'000</i>)	277,645	266,270
	<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>)	3,739,036	3,739,036
	<u><u> </u></u>	<u><u> </u></u>
Earnings per share		
– Basic and diluted (<i>US cents per share</i>)	7.43	7.12
– Basic and diluted (<i>equivalent to approximately HK\$ per share</i>)	0.58	0.55
	<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 2023 and 2022.

10. INVENTORIES

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
Raw materials	569,992	514,890
Spare parts and consumables	116,290	91,314
Work in progress	113,737	159,277
Finished goods	61,252	54,588
	<u>861,271</u>	<u>820,069</u>

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

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
Trade receivables at amortised cost – contracts with customers	54,144	42,153
Less: Allowance for credit losses	(4,132)	(2,256)
	<u>50,012</u>	<u>39,897</u>
Trade receivables at FVTPL – contracts with customers	<u>367,565</u>	<u>368,669</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:

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
0 to 30 days	20,494	25,451
31 to 90 days	20,153	11,386
91 to 180 days	9,365	2,877
181 to 365 days	–	183
	<u>50,012</u>	<u>39,897</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:

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
0 to 30 days	292,465	311,027
31 to 90 days	73,203	43,968
91 to 180 days	1,897	11,829
181 to 365 days	–	1,845
	367,565	368,669

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

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
Trade payables at amortised cost	233,306	265,172
Trade payables designated at FVTPL	298,553	289,691

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

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
0 to 30 days	79,869	102,882
31 to 90 days	41,865	103,766
91 to 180 days	67,326	5,992
181 to 365 days	34,275	46,186
1 to 2 years	9,971	6,346
	233,306	265,172

**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:

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
0 to 30 days	186,256	219,524
31 to 90 days	19,431	66,726
91 to 180 days	68,845	3,441
180 to 365 days	21,942	–
1 to 2 years	2,079	–
	298,553	289,691

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

13. BANK AND OTHER BORROWINGS

	2023 <i>US\$'000</i>	2022 <i>US\$'000</i>
Bank loans, unsecured	45,000	396,500
Loan from a fellow subsidiary, unsecured	130,000	130,000
Interest payable	2,486	2,609
	177,486	529,109

The carrying amounts of the above borrowings are repayable*:

Within one year	177,486	177,609
More than one year but not exceeding two years	–	90,000
More than two years but not exceeding five years	–	209,500
More than five years	–	52,000
	177,486	529,109
Less: Amounts due within one year shown under current liabilities	(177,486)	(177,609)
Amounts shown under non-current liabilities	–	351,500

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

MANAGEMENT DISCUSSION AND ANALYSIS

OVERVIEW

In 2023, 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 for the financial year ended 31 December 2023, affected by fluctuations in copper and cobalt prices, as well as higher costs of production and other components, revenue of the Group has decreased by 11.9% to US\$3,606.4 million over the last year, the profit attributable to owners of the Group amounted to US\$277.6 million, representing an increase of 4.2% 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 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 terms for reference purposes only

In 2023, the Group accumulatively produced 285,733 tonnes of blister copper and copper anodes, representing a year-on-year decrease of 10.5%; sulphuric acid of 955,360 tonnes, representing a year-on-year decrease 5.4%; copper cathodes of 142,423 tonnes, representing a year-on-year increase of 1.2%; cobalt contained in cobalt hydroxide of 1,520 tonnes, representing a year-on-year decrease 9.1%; and liquid sulphur dioxide of 11,971 tonnes, representing a year-on-year decrease of 39.1%. The processed copper products for the Group amounted to 89,843 tonnes. In 2023, revenue of the Group decreased by 11.9% to US\$3,606.4 million from US\$4,094.7 million in 2022 as a result of the decrease in production volume 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 2023, the Group's mineral resources and mineral reserves reported in accordance with the JORC Code were as follows:

(1) Resources

Chambishi Main Mine

JORC Code	Ore (Mt)	31 December 2023 Average grade			Cobalt	31 December 2022 Average grade		
		Total copper	Oxide copper			Ore (Mt)	Total copper	Oxide copper
Measured	9.80	2.28%	-	-	9.65	2.37%	-	-
Indicated	7.26	2.47%	-	-	7.39	2.52%	-	-
Inferred	6.67	2.18%	-	-	6.68	2.20%	-	-
	<u>6.67</u>	<u>2.18%</u>	<u>-</u>	<u>-</u>	<u>6.68</u>	<u>2.20%</u>	<u>-</u>	<u>-</u>

Note: In 2023, 114,000 tonnes of ore were extracted.

Chambishi West Mine

JORC Code	31 December 2023				31 December 2022			
	Ore (Mt)	Average grade		Cobalt	Ore (Mt)	Average grade		Cobalt
Total copper		Oxide copper	Total copper			Oxide copper		
Oxide ore								
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%	-
Sulphide ore								
Measured	14.44	1.99%	-	-	15.27	2.06%	-	-
Indicated	4.50	2.15%	-	-	5.16	2.11%	-	-
Inferred	6.59	1.89%	-	-	6.14	1.94%	-	-

Note: 1,467,000 tonnes of ore were extracted from sulphide ore in 2023.

Chambishi Southeast Mine

JORC Code	31 December 2023				31 December 2022			
	Ore (Mt)	Average grade		Cobalt	Ore (Mt)	Average grade		Cobalt
Total copper		Oxide copper	Total copper			Oxide copper		
Measured	38.72	2.24%	-	0.12%	36.93	2.30%	-	0.13%
Indicated	28.33	1.92%	-	0.12%	29.27	1.92%	-	0.11%
Inferred	57.79	1.74%	-	0.08%	58.16	1.75%	-	0.08%

Note: In 2023, 2,576,000 tonnes of ore were extracted, and supplemental exploration was carried out.

Mwambashi Mine

JORC Code	31 December 2023				31 December 2022			
	Ore (Mt)	Average grade		Cobalt	Ore (Mt)	Average grade		Cobalt
		Total copper	Oxide copper			Total copper	Oxide copper	
Measured	0.34	1.42%	0.87%	-	0.60	1.31%	1.17%	-
Indicated	4.53	1.95%	0.54%	-	4.71	1.97%	0.54%	-
Inferred	2.83	2.11%	0.28%	-	2.92	2.11%	0.28%	-

Note: In 2023, 510,000 tonnes of ore were extracted.

Samba Mine

JORC Code	31 December 2023				31 December 2022			
	Ore (Mt)	Average grade		Cobalt	Ore (Mt)	Average grade		Cobalt
		Total copper	Oxide copper			Total copper	Oxide copper	
Measured	-	-	-	-	0.32	1.17%	-	-
Indicated	9.24	1.65%	-	-	9.26	1.47%	-	-
Inferred	8.58	1.60%	-	-	5.53	1.43%	-	-

Note: In 2023, supplemental exploration and deep exploration was carried out at Samba Mine, and the resource volume was updated. The deep exploration report has not been submitted.

Baluba Center Mine

JORC Code	Ore (Mt)	31 December 2023 Average grade			Ore (Mt)	31 December 2022 Average grade		
		Total copper	Oxide copper	Cobalt		Total copper	Oxide copper	Cobalt
Oxide ore								
Measured	13.58	1.52%	0.90%	0.14%	3.61	1.93%	1.11%	0.12%
Indicated	2.35	1.14%	0.41%	0.08%	5.07	1.80%	0.78%	0.11%
Inferred	0.29	1.04%	0.37%	0.09%	1.43	2.06%	1.15%	0.17%
Sulphide ore								
Measured	1.03	2.22%	0.13%	0.15%	1.03	2.22%	0.13%	0.15%
Indicated	1.76	2.05%	0.19%	0.15%	1.76	2.05%	0.19%	0.15%
Inferred	1.07	2.10%	0.24%	0.15%	1.07	2.10%	0.24%	0.15%

Note: In 2023, SRK reassessed and audited the extent and quality of historical exploration work, reclassified resource categories, adjusted the reported cut-off grade to 0.3%, and the density to 1.85t/m3.

Muliashi North Mine

JORC Code	Ore (Mt)	31 December 2023 Average grade			Ore (Mt)	31 December 2022 Average grade		
		Total copper	Oxide copper	Cobalt		Total copper	Oxide copper	Cobalt
Oxide ore								
Measured	1.24	1.38%	0.56%	0.04%	1.35	1.33%	0.53%	0.04%
Indicated	3.65	1.74%	0.58%	0.01%	3.69	1.73%	0.58%	0.01%
Inferred	11.92	1.48%	0.52%	0.02%	11.88	1.48%	0.52%	0.02%
Sulphide ore								
Measured	0.03	1.35%	0.11%	0.05%	0.03	1.35%	0.11%	0.05%
Indicated	6.00	1.46%	0.23%	0.04%	6.00	1.46%	0.23%	0.04%
Inferred	6.85	1.47%	0.21%	0.04%	6.85	1.47%	0.21%	0.04%

Note: 320,000 tonnes of ore were extracted in 2023.

Mashiba Mine

JORC Code	31 December 2023				31 December 2022			
	Ore (Mt)	Average grade		Cobalt	Ore (Mt)	Average grade		Cobalt
Total copper		Oxide copper	Total copper			Oxide copper		
Measured	6.62	1.88%	0.42%	0.03%	6.62	1.88%	0.42%	0.03%
Indicated	3.03	1.92%	0.20%	0.01%	3.03	1.92%	0.20%	0.01%
Inferred	1.05	1.68%	0.27%	0.01%	1.05	1.68%	0.27%	0.01%

Note: In 2023, SRK re-assessed and audited the extent and quality of the historical exploration work, updated the ore body model, re-classified the resource types, and re-estimated the amount of resources.

Baluba East Mine

JORC Code	31 December 2023				31 December 2022			
	Ore (Mt)	Average grade		Cobalt	Ore (Mt)	Average grade		Cobalt
Total copper		Oxide copper	Total copper			Oxide copper		
Measured	11.99	1.36%	0.52%	-	10.47	1.67%	0.56%	-
Indicated	1.70	1.04%	0.32%	-	1.67	1.23%	0.20%	-
Inferred	0.03	1.05%	0.37%	-	0.79	1.08%	0.18%	-

Note: 760,000 tonnes of ore were extracted from oxide ore in 2023. In 2023, SRK adjusted the reported cut-off grade to 0.3%.

Roan Basin

JORC Code	31 December 2023				31 December 2022			
	Ore (Mt)	Average grade		Cobalt	Ore (Mt)	Average grade		Cobalt
Total copper		Oxide copper	Total copper			Oxide copper		
Measured	5.76	2.40%	1.73%	0.02%	5.90	2.44%	1.76%	0.02%
Indicated	2.08	2.17%	1.56%	0.02%	2.01	2.13%	1.53%	0.02%
Inferred	1.13	2.12%	1.41%	0.02%	1.24	2.29%	1.51%	0.02%

Note: 140,00 tonnes of ore were extracted in 2023.

Roan Ext. West

JORC Code	31 December 2023				31 December 2022			
	Ore (Mt)	Average grade		Cobalt	Ore (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 2023.

Roan Ext. East

JORC Code	31 December 2023				31 December 2022			
	Ore (Mt)	Average grade		Cobalt	Ore (Mt)	Average grade		Cobalt
Total copper		Oxide copper	Total copper			Oxide copper		
Measured	0.34	2.09%	1.38%	-	3.65	2.57%	2.00%	-
Indicated	1.34	2.10%	1.43%	-	1.28	2.36%	2.06%	-
Inferred	0.26	1.81%	1.12%	-	0.20	1.75%	1.83%	-

Note: 2,730,000 tonnes of ore were extracted from Roan Ext. East in 2023, and the reported cut-off grade was adjusted to 0.3%.

Smelting Slag

JORC Code	31 December 2023				31 December 2022			
	Ore (Mt)	Average grade		Cobalt	Ore (Mt)	Average grade		Cobalt
Total copper		Oxide copper	Total copper			Oxide copper		
Measured	-	-	-	-	-	-	-	-
Indicated	2.23	0.97%	0.32%	-	4.33	0.98%	0.28%	-
Inferred	-	-	-	-	-	-	-	-
	<u>-</u>	<u>0.97%</u>	<u>0.32%</u>	<u>-</u>	<u>4.33</u>	<u>0.98%</u>	<u>0.28%</u>	<u>-</u>

Note: 696,000 tonnes of ore were extracted in 2023

Kambove Main Mine

JORC Code	31 December 2023				31 December 2022			
	Ore (Mt)	Average grade		Cobalt	Ore (Mt)	Average grade		Cobalt
Total copper		Oxide copper	Total copper			Oxide copper		
Measured	-	-	-	-	-	-	-	-
Indicated	4.82	2.85%	-	0.13%	6.17	2.82%	-	0.12%
Inferred	5.80	2.96%	-	0.12%	6.08	2.95%	-	0.12%
	<u>4.82</u>	<u>2.85%</u>	<u>-</u>	<u>0.13%</u>	<u>6.17</u>	<u>2.82%</u>	<u>-</u>	<u>0.12%</u>

Notes: 1,160,000 tonnes of ore were extracted in 2023, and supplemental exploration was carried out.

Kambove Main Open Pit Tailings

JORC Code	31 December 2023				31 December 2022			
	Ore (Mt)	Average grade		Cobalt	Ore (Mt)	Average grade		Cobalt
Total copper		Oxide copper	Total copper			Oxide copper		
Measured	-	-	-	-	-	-	-	-
Indicated	-	-	-	-	-	-	-	-
Inferred	2.28	0.95%	-	0.17%	1.39	0.67%	-	0.15%
	<u>2.28</u>	<u>0.95%</u>	<u>-</u>	<u>0.17%</u>	<u>1.39</u>	<u>0.67%</u>	<u>-</u>	<u>0.15%</u>

Notes: In 2023, 230,000 tons of tailings were consumed, and the volume of tailings has been corrected based on the remeasured terrain line.

Kambove West Open Pit Tailings

JORC Code	31 December 2023				31 December 2022			
	Ore (Mt)	Average grade		Cobalt	Ore (Mt)	Average grade		Cobalt
Total copper		Oxide copper	Total copper			Oxide copper		
Measured	-	-	-	-	-	-	-	-
Indicated	-	-	-	-	-	-	-	-
Inferred	2.35	1.15%	-	0.22%	2.35	1.15%	-	0.22%

(2) Reserves

Chambishi Main Mine

JORC Code	31 December 2023				31 December 2022			
	Ore (Mt)	Average grade		Cobalt	Ore (Mt)	Average grade		Cobalt
Total copper		Oxide copper	Total copper			Oxide copper		
Proved	6.08	1.75%	-	-	5.88	1.81%	-	-
Probable	1.60	1.72%	-	-	1.67	1.69%	-	-

Note: 114,000 tonnes of ore were extracted in 2023.

Chambishi West Mine

JORC Code	31 December 2023				31 December 2022			
	Ore (Mt)	Average grade		Cobalt	Ore (Mt)	Average grade		Cobalt
Total copper		Oxide copper	Total copper			Oxide copper		
Sulphide ore								
Proved	9.59	1.70%	-	-	10.74	1.75%	-	-
Probable	1.09	1.81%	-	-	1.33	1.85%	-	-

Note: 1,467,000 tonnes of ore were extracted from sulphide ore in 2023, and productive exploration was carried out.

Chambishi Southeast Mine

JORC Code	31 December 2023				31 December 2022			
	Ore (Mt)	Average grade		Cobalt	Ore (Mt)	Average grade		Cobalt
Total copper		Oxide copper	Total copper			Oxide copper		
Proved	37.34	1.90%	-	0.10%	36.36	1.93%	-	0.11%
Probable	8.04	1.71%	-	0.08%	9.37	1.69%	-	0.08%

Note: 2,567,000 tonnes of ore were extracted in 2023, productive exploration was carried out.

Mwambashi Mine

JORC Code	31 December 2023				31 December 2022			
	Ore (Mt)	Average grade		Cobalt	Ore (Mt)	Average grade		Cobalt
Total copper		Oxide copper	Total copper			Oxide copper		
Proved	0.28	2.33%	1.08%	-	0.53	2.26%	1.18%	-
Probable	1.25	2.44%	0.96%	-	1.40	2.32%	0.96%	-

Note: 510,000 tonnes of ore were extracted in 2023.

Baluba Center Mine

JORC Code	31 December 2023				31 December 2022			
	Ore (Mt)	Average grade		Cobalt	Ore (Mt)	Average grade		Cobalt
Total copper		Oxide copper	Total copper			Oxide copper		
Oxide ore								
Proved	7.41	1.71%	1.24%	-	2.17	2.07%	1.42%	-
Probable	0.26	1.57%	1.47%	-	1.92	2.17%	1.47%	-

Note: In 2023, a cut-off grade of 0.3% was used to redefine the reserves of the Baluba Center Mine.

Muliashi North Mine

JORC Code	Ore (Mt)	31 December 2023 Average grade			Cobalt	Ore (Mt)	31 December 2022 Average grade		
		Total copper	Oxide copper				Total copper	Oxide copper	Cobalt
Proved	0.26	1.66%	0.50%	-	0.21	2.18%	0.91%	-	
Probable	0.37	1.85%	0.47%	-	0.73	2.01%	0.66%	-	

Note: 320,000 tonnes of ore in Muliashi North Mine were extracted in 2023.

Mashiba Mine

JORC Code	Ore (Mt)	31 December 2023 Average grade			Cobalt	Ore (Mt)	31 December 2022 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%	-	

Baluba East Mine

JORC Code	Ore (Mt)	31 December 2023 Average grade			Cobalt	Ore (Mt)	31 December 2022 Average grade		
		Total copper	Oxide copper				Total copper	Oxide copper	Cobalt
Proved	5.70	1.40%	0.68%	-	3.53	2.06%	0.89%	-	
Probable	0.21	1.02%	0.52%	-	0.04	1.48%	0.48%	-	

Note: In 2023, a mining design was carried out at the Baluba East Mine, 760,000 tons of ore was extracted, the cut-off grade of oxide ore was adjusted to 0.3%, and the ore body was redefined.

Roan Ext. East

JORC Code	31 December 2023				31 December 2022			
	Ore (Mt)	Average grade		Cobalt	Ore (Mt)	Average grade		Cobalt
Total copper		Oxide copper	Total copper			Oxide copper		
Proved	0.58	1.97%	1.50%	-	2.42	2.37%	1.99%	-
Probable	0.90	1.89%	1.35%	-	0.74	2.27%	2.01%	-

Note: 2,730,000 tonnes of ore in Roan Ext. East were extracted in 2023, and the cut-off grade of oxide ore was changed (0.3%) and the ore body was redefined.

Roan Basin

JORC Code	31 December 2023				31 December 2022			
	Ore (Mt)	Average grade		Cobalt	Ore (Mt)	Average grade		Cobalt
Total copper		Oxide copper	Total copper			Oxide copper		
Proved	1.04	2.61%	1.60%	-	1.21	2.73%	1.71%	-
Probable	0.11	2.86%	2.23%	-	0.09	2.80%	2.12%	-

Note: 140,000 tonnes of ore in Roan Basin were extracted in 2023, and the cut-off grade of oxide ore was changed (0.3%) and the ore body was redefined.

Smelting Slag

JORC Code	31 December 2023				31 December 2022			
	Ore (Mt)	Average grade		Cobalt	Ore (Mt)	Average grade		Cobalt
Total copper		Oxide copper	Total copper			Oxide copper		
Proved	-	-	-	-	-	-	-	-
Probable	2.23	0.97%	0.32%	-	4.33	0.98%	0.28%	-

Note: 690,000 tonnes of ore were extracted in 2023

Kambove Main Mine

JORC Code	31 December 2023				31 December 2022			
	Ore (Mt)	Average grade		Cobalt	Ore (Mt)	Average grade		Cobalt
Total copper		Oxide copper	Total copper			Oxide copper		
Proved	-	-	-	-	-	-	-	-
Probable	<u>4.38</u>	<u>2.63%</u>	<u>-</u>	<u>0.12%</u>	<u>5.75</u>	<u>2.59%</u>	<u>-</u>	<u>0.11%</u>

Note: 1,160,000 tonnes of ore were extracted in 2023, and supplemental exploration was carried out.

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 2023, copper anodes produced by NFCA amounted to 76,539 tonnes in total, representing a year-on-year increase of 12.4%. Such increase was primarily due to (i) in 2023, CCS returned the anode copper owed in 2022, and (ii) in 2023, the output of self-produced copper concentrate increased year-on-year.

Luanshya

Luanshya operates five copper mines under production, namely Baluba East Mine, Baluba Center Mine, Muliashi North Mine, Roan Ext. East Mine and Roan Basin Mine, and also operates Muliashi Leach Plant.

In 2023, copper cathodes produced by Luanshya amounted to 43,518 tonnes, representing a year-on-year increase of 0.9%; the total amount of copper anodes produced amounted to 7,865 tonnes, representing a year-on-year decrease of 37.0%, mainly due to Baluba Underground Mine was closed by the end of 2022, resulting in a sharp decline in copper concentrate production. Currently, Baluba SP3 low-grade heap ore was used to replace the original Baluba sulfide ore as a temporary measure. However, the high oxidation rate of the ore resulted in a low recovery rate of ore dressing, and the overall supply of sulfide ore was reduced.

CCS

CCS mainly operates the Chambishi Smelting Plant.

In 2023, CCS produced 216,430 tonnes in total of blister copper and copper anodes, including the processed copper products of 90,385 tonnes for enterprises within the Group, representing a year-on-year decrease of 14.0%; produced 595,965 tonnes of sulphuric acid, representing a year-on-year decrease of 16.4%, mainly due to KML suppliers owed the Company a total of 80,814 dry tonnes and 21,400 metal tonnes of raw materials supply from January to October 2023 due to the occurrence of force majeure and other factors, which seriously disrupting the Company's production and operation plan formulated at the beginning of the year. KML's unexpected supply cutoff caused serious difficulties in the Company's chemical process ingredients, which were mainly manifested in insufficient smelting heat, increased ferrosilicon slag type, increased slag viscosity, boiler flue sticking, increased fuel consumption and other process problems, forcing the Company to reduce load production, affecting the output of approximately 25,000 tonnes of copper products and 73,000 tonnes of sulfuric acid products.

SML

SML mainly operates Mwambashi Mine and the Chambishi Leach Plant.

In 2023, the copper cathodes produced by SML amounted to 6,784 tonnes, representing a year-on-year decrease of 9.1%, mainly due to (i) the mining depth of the Mwambashi Mine of SML has deepened, the oxidation rate of the oxidized ore and the grade were decreased, and the output of cathode copper has decreased year-on-year; (ii) in 2023, Zambia Mineral Royalty changed, and SML became the designated resource tax collection agent, resulting in a decrease in outsourced oxidized ore and a decrease in raw materials for the production of cathode copper. SML produced 5,981 tonnes of blister copper and copper anodes, representing a year-on-year decrease of 38.2%, mainly attributable to Zambia Mineral Royalty changed in 2023. SML did not carry out outsourced copper concentrate processing business in 2023, and the output of blister copper and anode copper declined year-on-year.

CNMC Huachin Mabende

In 2023, CNMC Huachin Mabende produced 36,842 tonnes of copper cathodes, representing a year-on-year decrease of 3.3%, mainly attributable to the local power supply shortage.

Huachin Leach

Huachin Leach produced 24,160 tonnes of copper cathodes in 2023, including the processed copper products of 2,121 tonnes for enterprises outside of the Group, representing a year-on-year decrease of 1.8%, mainly due to the local power supply shortage; and produced 185 tonnes of cobalt contained in cobalt hydroxide, representing a year-on-year decrease of 46.4%, mainly due to the cobalt content in the ore continues to decrease. In view of the current oversupply of cobalt hydroxide in the market, in order to ensure copper production, electricity is mainly used for copper production, resulting in a decrease in raffinate treatment capacity. Huachin Leach produced 4,741 tonnes of sulphuric acid.

Lualaba Copper Smelter

Lualaba Copper Smelter mainly operates the Lualaba Smelting Plant.

Lualaba Copper Smelter produced 157,025 tonnes of blister copper, including the processed copper products of 87,722 tonnes for enterprises outside of the Group, representing a year-on-year increase of 24.2%; the main reasons were: (i) in 2022, the melt-blowing air supply system, which has “stuck” the production capacity, was transformed to achieve an increase in production capacity. It currently has an annual production capacity of 160,000 tonnes of blister copper; (ii) through the “ternary slag system” test, Lualaba Copper Smelter reduced the dependence on the copper concentrate from Frontier copper mine, and has maintained continuous production and increased output even when the high iron-sulfur copper concentrates were insufficient; and (iii) through precise management, no strikes or general production process and equipment accidents occurred throughout the year. Production of 354,655 tonnes of sulphuric acid, representing a year-on-year increase of 24.9%, mainly due to adding sulfur through the smelting system, processing 26,000 tonnes of sulfur annually and increasing sulfuric acid production by about 75,000 tonnes; production of 11,971 tonnes of liquid sulphur dioxide, representing a year-on-year decrease of 39.1%, mainly due to the price drop of cobalt, the market has been sluggish, and the demand for liquid sulfur dioxide users has dropped, resulting in a drop in production.

Kambove Mining

The Kambove Main Mine produced 33,239 tonnes of copper cathodes, representing a year-on-year increase of 17.5%, which was mainly due to Kambove purchased large-scale diesel generator sets, and through technical research, realized the grid-connection operation of diesel generator sets and external power, ensuring the power supply for normal production, which has been greatly improved compared with 2022. It produced 1,335 tonnes of cobalt contained in cobalt hydroxide in 2023, remained stable compared with last year.

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

	Production volume for 2023^{(1), (2), (3)} (Tonnes)	Production volume for 2022 ^{(1), (2), (3)} (Tonnes)	Year-on-year increase/ (decrease) (%)
Blister copper and copper anodes	285,733	319,398	(10.5)
Copper cathodes	142,423	140,684	1.2
Cobalt contained in cobalt hydroxide	1,520	1,673	(9.1)
Sulphuric acid	955,360	1,010,164	(5.4)
Liquid sulphur dioxide	11,971	19,651	(39.1)
Copper products processing services	89,843	59,538	50.9

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:

	Production volume for year ended 31 December 2023 (Tonnes)	Production volume for year ended 31 December 2022 (Tonnes)
Blister copper and copper anodes produced by self-owned mine	87,696	75,491
Copper cathodes produced by self-owned mine	81,652	75,695
Total	169,348	151,186

EXPLORATION, DEVELOPMENT AND MINING COSTS OF THE GROUP

Costs of exploration, development, and mining activities of the Group for the year ended 31 December 2023 are set out below:

	NFCA		Luanshya			SML			Kambove Mining			Total
	Chambishi West Mine	Chambishi Southeast Mine	Baluba Center Sulphide Mine	Muliashi North Mine	Roan Ext. East	Roan Basin	Mwambashi Mine	Samba Mine	Kambove Principal	Kambove West	Kambove Lavarte	
<i>Unit: Million US dollars</i>												
Exploration activities												
<i>Including:</i>												
Drilling and analysis	0.64	2.35	0.15	-	1.07	0.75	-	1.48	0.20	0.37	0.03	7.04
Others	-	0.20	-	-	-	-	-	-	-	-	-	0.20
Sub-total	0.64	2.55	0.15	-	1.07	0.75	-	1.48	0.20	0.37	0.03	7.24
Development activities												
<i>(including mine construction)</i>												
<i>Including:</i>												
Purchases of assets and equipment	1.51	4.85	-	-	-	-	-	-	-	-	-	6.36
Civil work for construction of tunnels and roads	3.43	18.70	-	-	-	1.61	-	-	-	-	-	23.74
Others	3.14	13.84	20.07	1.67	14.45	0.44	-	-	-	-	-	53.61
Sub-total	8.08	37.39	20.07	1.67	14.45	2.05	-	-	-	-	-	83.71
Mining activities												
<i>(excluding ore processing)</i>												
<i>Including:</i>												
Staff cost	0.20	8.02	-	-	-	-	-	-	-	-	-	8.22
Materials and equipment	10.81	46.28	-	-	-	-	-	-	-	-	-	57.09
Fuel, electricity, water and others services	6.57	9.11	-	-	-	0.12	-	-	-	-	-	15.8
Non-income taxes, royalties and other government expenses	0.30	2.50	-	-	-	-	-	-	-	-	-	2.80
Sub-contracting charges	49.65	69.29	0.49	2.51	21.41	1.09	10.38	-	24.57	-	-	179.39
Depreciation	6.10	24.23	-	-	-	-	-	-	-	-	-	30.33
Sub-total	73.63	159.43	0.49	2.51	21.41	1.21	10.38	-	24.57	-	-	293.63

MINING EXPLORATION, MINING DEVELOPMENT AND ORE MINING ACTIVITIES

Mining Exploration

During the reporting period, NFCA, SML, Luanshya, Kambove Mining, each being a subsidiary 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, 244 drilling holes in the pit and deep exploration drilling holes were completed, with 17,360.57 m drilled, of which 29 underground drilling holes were completed at Chambishi Main Mine and Chambishi West Mine in aggregate, with 3,680.26 m drilled and 215 drilling holes in the pit were completed at Chambishi Southeast Mine in aggregate, with 13,680.31 m drilled.

Luanshya conducted mining exploration projects including the “Deep Exploration in 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 SS24-SS35 Line” and “Near-surface Sulfur Oxide Census Project in the Baluba West SS75-SS111 Line”. In particular, 5 surface drilling with a drilling footage of 5,524.33 m were completed at the Deep Exploration in the Extended Section of Roan to Muliashi South Project, 33 surface drilling with a drilling footage of 3,667.07 m were completed at the Near-surface Oxidation Ore Exploration Project in the North Wing of the Roan Basin SS24-SS35 line, 9 surface drilling with a drilling footage of 734.34 m were completed at the Near-surface Sulfur Oxide Census Project in the Baluba West SS75-SS111 Line.

SML carried out geological prospecting work in the deep and peripheral areas of Samba Copper Main Mine in Copperbelt Province. The field work of this survey was started in June 2023 and end in January 2024. 15 surface drilling with a drilling footage of 5,627.84 m were carried out at the main mine, controlled source audio magnetotelluric sounding was completed, with 941 sounding points completed, and 2 drill holes for peripheral physical and chemical anomaly verification were completed, with 398.7 m drilled. SML reassessed the resources amount and compiled an exploration report based on existing work.

Kambove Main Mining conducted the productive exploration, with a footage of 2,260 m, and completed hydrological drilling of 235 meters/2 holes, the west ore body has completed 500 m of supplemental exploration, and 1,053 meters/52 holes of PER3229/PER13230 tailings rights resource verification were completed.

Mining Development

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. The project is currently in the construction and stripping period, the annual stripping amount had exceeded by 237% in 2023.

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 2028 according to the fifth shareholder supplementary agreement signed recently. No investment was made in 2023, with a total investment of US\$3.3 million completed.

Mining Activities

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

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							
	2023				2022			
	Sales Volume ⁽¹⁾	Average Selling Price (US\$ per tonne)	Revenue (US\$'000)	% of Total Revenue (%)	Sales Volume ⁽¹⁾	Average Selling Price (US\$ per tonne)	Revenue (US\$'000)	% of Total Revenue (%)
	(Tonnes)				(Tonnes)			
Blister copper and copper anodes	284,784	7,796	2,220,190	61.6	325,049	8,069	2,622,744	64.1
Copper cathodes	140,454	7,649	1,074,269	29.8	146,808	7,870	1,155,328	28.2
Cobalt contained in cobalt hydroxide	1,256	11,929	14,985	0.4	1,314	34,008	44,687	1.1
Sulphuric acid	736,183	288	212,264	5.9	705,470	301	212,121	5.2
Liquid sulphur dioxide	12,160	894	10,874	0.3	19,415	1,184	22,979	0.6
Copper products processing services ⁽²⁾	89,874	822	73,839	2.0	59,507	619	36,857	0.8
Total			<u>3,606,421</u>	<u>100.0</u>			<u>4,094,716</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 decreased by 11.9% from US\$4,094.7 million in 2022 to US\$3,606.4 million in 2023. In 2023, the Group's revenue generated from blister copper and copper anodes, copper cathodes and sulphuric acid accounted for 61.6%, 29.8% and 5.9%, respectively, of the total revenue.

The revenue from blister copper and copper anodes decreased by 15.3% from US\$2,622.7 million in 2022 to US\$2,220.2 million in 2023, mainly due to the decrease in global copper prices and the decrease in sales volume.

The revenue from copper cathodes decreased by 7.0% from US\$1,155.3 million in 2022 to US\$1,074.3 million in 2023, mainly due to the impact of falling global copper prices and declining sales.

The revenue from sulphuric acid increased by 0.1% from US\$212.1 million in 2022 to US\$212.3 million in 2023, mainly attributed to the increase in sales volume 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							
	2023				2022			
	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	1,934,027	6,791	286,163	12.9	2,468,591	7,595	154,153	5.9
Copper cathodes	633,663	4,512	440,607	41.0	695,964	4,741	459,364	39.8
Cobalt contained in cobalt hydroxides	34,109	27,152	(19,124)	(127.6)	19,598	14,915	25,089	56.1
Sulphuric acid	75,772	103	136,492	64.3	70,063	99	142,058	67.0
Liquid sulphur dioxide	7,483	615	3,391	31.2	5,500	283	17,479	76.1
Copper products processing services ^{Note}	43,909	489	29,929	40.5	27,779	467	9,078	24.6
Total	2,728,963		877,458	24.3	3,287,495		807,221	19.7

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 decreased by 17.0% from US\$3,287.5 million in 2022 to US\$2,729.0 million in 2023, primarily due to the year-on-year decrease in the sales volume of copper products and the year-on-year decrease in the production cost of copper products.

The cost of sales in respect of blister copper and copper anodes decreased by 21.7% from US\$2,468.6 million in 2022 to US\$1,934.0 million in 2023, primarily due to the impact of the year-on-year decrease in sales volume and the year-on-year decrease in unit production costs.

The cost of sales in respect of copper cathodes decreased by 9.0% from US\$696.0 million in 2022 to US\$633.7 million in 2023, primarily due to the impact of the year-on-year decrease in sales volume and the year-on-year decrease in unit production costs.

The cost of sales in respect of sulphuric acid increased by 8.1% from US\$70.1 million in 2022 to US\$75.8 million in 2023, primarily due to the year-on-year increase in sales volume.

Gross profit and gross profit margin

The Group recorded a gross profit of US\$877.5 million in 2023, representing an increase of 8.7% from US\$807.2 million in 2022. The gross profit margin increased from 19.7% in 2022 to 24.3% in 2023. In particular:

The gross profit margin of blister copper and copper anodes increased from 5.9% in 2022 to 12.9% in 2023, primarily attributable to the decrease in the unit sales costs of blister copper and copper anodes.

The gross profit margin of copper cathodes increased from 39.8% in 2022 to 41.0% in 2023, mainly due to the year-on-year decrease in the unit sales cost of copper cathodes.

The gross profit margin of sulphuric acid decreased from 67.0% in 2022 to 64.3% in 2023, primarily due to the year-on-year decrease in sulphuric acid unit sales prices.

Distribution and selling expenses

The distribution and selling expenses of the Group amounted to US\$10.6 million in 2023, representing a decrease of 73.4% from US\$39.8 million in 2022, primarily due to the decrease in the costs of sales for the period due to the customs clearance fees 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 18.9% from US\$167.4 million in 2022 to US\$199.1 million in 2023, primarily due to the increase of research expenses and other expenses.

Finance costs

The finance costs of the Group were US\$32.8 million in 2023, decreased by 3.2% from US\$33.9 million in 2022, 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 increased by US\$70.9 million from a net loss of US\$18.7 million in 2022 to a net loss of US\$89.6 million in 2023, mainly due to the depreciation of Zambia's local currency, increase in exchange losses as compared with the same period last year.

Income tax

The income tax of the Group increased by US\$9.8 million from US\$167.4 million (restated) in 2022 to an expense of US\$177.2 million in 2023, mainly due to the year-on-year increase in total profit and the tax rate of CCS increased year-on-year after the preferential treatment this year.

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 increased by 4.2% from US\$266.3 million (restated) in 2022 to a profit of US\$277.6 million in 2023. 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 6.5% (restated) in 2022 and 7.7% in 2023, 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 decreased by 24.7% from an inflow of US\$782.5 million in 2022 to an inflow of US\$589.3 million in 2023, primarily attributable to the year-on-year increase of inventories and decrease in the balances of 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\$224.1 million in 2023, increased by US\$148.4 million from an outflow of US\$75.7 million in 2022, mainly due to the increase in the investments in Baluba Mine Open Pit Mine Project at Luanshya and the increase in time deposits.

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\$25.7 million from an outflow of US\$579.0 million in 2022 to an outflow of US\$604.7 million in 2023, primarily due to the repayments of bank borrowings in 2023.

Time deposits, bank balances and cash

The Group's time deposits, bank balances and cash (including cash, time deposits and demand deposits) decreased by US\$160.5 million from US\$762.9 million as at 31 December 2022 to US\$602.4 million as at 31 December 2023.

Trade receivables at amortised cost/Trade receivables at FVTPL

As at 31 December 2023, the Group recorded trade receivables at amortised cost of US\$50.0 million and trade receivables at FVTPL of US\$367.6 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\$417.6 million, which increased by US\$9.0 million from US\$408.6 million as at 31 December 2022, primarily attributable to a year-on-year increase in receivables corresponding to year-end sales revenue.

Inventories

The inventories held by the Group increased by US\$41.2 million from US\$820.1 million as at 31 December 2022 to US\$861.3 million as at 31 December 2023, which was mainly due to the increase in inventory of raw materials and spare parts as compared with the same period last year.

Trade payables at amortised cost/Trade payables designated at FVIPL

As at 31 December 2023, the Group recorded trade payables at amortised cost of US\$233.3 million and trade payables designated at FVTPL of US\$298.6 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\$531.9 million, which decreased by US\$23.0 million from US\$554.9 million as at 31 December 2022, primarily due to the decrease in the amounts payable for ancillary materials and spare parts.

Capital expenditure

	For the year ended	
	31 December	
	2023	2022
	(US\$'000)	(US\$'000)
Mining and ore processing facilities at Chambishi		
Southeast Mine of NFCA	25,665	25,552
Other mining and ore processing facilities of NFCA	16,784	7,210
Other facilities at Luanshya	3,403	2,374
Baluba Mine Open Pit Mine Project at Luanshya	27,490	
Mining and leaching facilities at Luanshya (Muliashi Project)	776	6,165
Mining facilities at Luanshya (Roan Mine)	4,107	5,372
Smelting facilities at CCS	17,685	8,854
Leaching facilities at SML	7,098	4,252
Leaching facilities at Huachin Leach	5,269	2,853
Mining rights and leaching facilities at CNMC		
Huachin Mabende	1,239	726
Smelting facilities at Lualaba Copper Smelter	1,479	39,410
Mining and the processing facilities at Kambove Mining	25,854	21,935
Other facilities	3	95
	<hr/>	<hr/>
Total	136,852	124,798
	<hr/> <hr/>	<hr/> <hr/>

The total capital expenditure of the Group amounted to US\$136.9 million in 2023, increased by US\$12.1 million as compared with US\$124.8 million in 2022, mainly due to the increase in the investments in Baluba Mine Open Pit Mine Project at Luanshya.

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 2023, the Group employed a total of 8,683 employees (as of 31 December 2022: 9,115 employees), which comprised 895 Chinese and 7,788 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 2023, the total cost of employees reflected in the consolidated statement of profit or loss and other comprehensive income amounted to approximately US\$130.1 million (2022: US\$120.3 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 2023, 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 2023, the carrying amount of the Group's charge of assets amounted to US\$9,619,000 (31 December 2022: US\$10,078,000).

Gearing ratio

As at 31 December 2023, as the Group had a net cash position* of approximately US\$ 427.9 million, it is therefore not considered to have any net gearing (2022: Nil).

* 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

As at 31 December 2023, there were no any material contingent liabilities.

2024 OUTLOOK

In the past year, the world's century-long changes accelerated, the global economic growth momentum was insufficient, and the complicated and volatile external environment brought a lot of uncertainties to the Company's production and operation and day-to-day management. Meanwhile, in South Central Africa, the social unrest caused by the local election, insufficient supply of goods due to supplier's default on production, production cost pressure caused by the tight power and transportation capacity, and the increasingly severe safety situation and other unfavorable factors continued to disturb the normal production of the mining and smelting plant. However, under the leadership of the board of directors and the strong support of the shareholders, all the employees of the Company overcame many kinds of difficulties, preserved production, stabilized costs, increased efficiency and improved quality, and completed the production and operation work of the whole year in a better way. In 2023, the presidents of Zambia and Congo visited China, showing their willingness to cooperate with Chinese enterprises, especially the visit of the President of Zambia to CNMC which opened up new space for the Company's development in the country. In the capital market, the Company further strengthened its investor relations maintenance work; and through high-frequency and efficient communication activities, it gained the attention and recognition of more domestic and overseas investors, the share price performance was stable and improving, and the Company's value transmission and value realization ability was significantly improved. These changes strengthened the confidence of the majority of investors, and laid a solid foundation for the Company's quality development.

In 2024, the global geopolitical landscape remains complex, conflicts in hot spots continue, and the world economy is still in recovery. The Federal Reserve's interest rate hike is expected to be gradually coming to an end, and it may turn into a cycle of interest rate reduction during the year, which will bring more liquidity to the economic recovery. Global copper production disturbances intensified, geopolitics, community disputes, natural disasters and other unfavorable factors, will lead to copper supply increment is less than expected; at the same time, the construction of electric power facilities, energy transformation and upgrading of demand will support the stable growth of consumption. From a full-year perspective, the copper mine supply landscape will maintain a tight balance, and the combination of commodity attributes and financial attributes may push the copper metal price center upward.

In the year ahead, the Company will face more opportunities and challenges, we will continue to focus on high-quality development, promote various reform tasks, ensure the completion of the annual production tasks, steadily push forward the construction of the expansion project, pay close attention to compliance and production safety, improve the level of environmental, social and governance ("ESG") work, and continue to strengthen the maintenance of the capital market, enterprising, and work hard to hand over a satisfactory response to all shareholders.

DIVIDEND

During the year ended 31 December 2023, the 2022 final dividend of US¢2.8209 per share had been paid. During the year ended 31 December 2022, the 2021 final dividend of US¢3.8205 per share had been paid.

The Board proposed the payment of US¢2.9702 per share as final dividend for the year ended 31 December 2023 (the “**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 27 June 2024 to shareholders whose names appear on the register of members of the Company on Thursday, 4 July 2024. The proposed Final Dividend will be paid on Monday, 15 July 2024 after approval at the AGM.

ANNUAL GENERAL MEETING

It is proposed that the AGM will be held on Thursday, 27 June 2024. 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 Monday, 24 June 2024 to Thursday, 27 June 2024 (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 Friday, 21 June 2024 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 Friday, 21 June 2024.

About the 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 Wednesday, 3 July 2024. 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 Tuesday, 2 July 2024.

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 (the “**Model Code**”) as contained in Appendix C3 (former 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 2023.

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

As at 31 December 2023, 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 2023, 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 ^(Note)	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 2023, 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 2023, 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	33.25%
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

The Company had complied with all the code provisions as set out in the Corporate Governance Code contained in Appendix C1 (former Appendix 14) of the Listing Rules (the “**CG Code**”) during the year ended 31 December 2023.

AUDIT COMMITTEE

The Company’s audit committee (the “**Audit Committee**”) was established with written terms of reference in compliance with Rule 3.22 of the Listing Rules and paragraph D.3 of Part 2 of the CG Code. 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. Guangfu GAO and Mr. Huanfei GUAN (both independent non-executive Director). The Group’s financial statements for the year ended 31 December 2023 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 KPMG

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 2023 as set out in the preliminary announcement have been agreed by the Company’s auditor, KPMG, to the amounts set out in the Group’s audited consolidated financial statements for the year. The work performed by KPMG 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 KPMG 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 2023.

IMPORTANT EVENT AFFECTING THE GROUP SINCE THE END OF THE REPORTING PERIOD

Save for the proposed payment of final dividend for the year ended 31 December 2023, there were no other significant events of the Group after the reporting period up to the date of this announcement.

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.cnmc1.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

28 March 2024

As at the date of this announcement, the Board comprises Mr. He YANG as an executive Director; Mr. Yaoyu TAN and Ms. Yani GONG as non-executive Directors; and Mr. Dingfan QIU, Mr. Guangfu GAO and Mr. Huanfei GUAN as independent non-executive Directors.