

**SENS ANNOUNCEMENT**  
(the "Notice" or "Announcement")

**ISSUER**

**ZCCM INVESTMENTS HOLDINGS PLC ("ZCCM-IH")**  
[Incorporated in the Republic of Zambia]

Company registration number: 771  
Share Code: ZCCM-IH  
ISIN: ZM0000000037  
Authorised by: Charles Mjumphi – Company Secretary

**SPONSOR**



**STOCKBROKERS ZAMBIA LIMITED**

**Stockbrokers Zambia Limited**

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**APPROVAL**

The captioned Notice or Announcement has been approved by:

- i. The Lusaka Securities Exchange ("LuSE")
- ii. The Securities and Exchange Commission ("SEC")
- iii. ZCCM Investments Holdings Plc

**RISK WARNING**

The Notice or Announcement contained herein contains information that may be of a price-sensitive nature. Investors are advised to seek the advice of their investment advisor, stockbroker, or any professional duly licensed by the Securities and Exchange Commission of Zambia to provide securities advice.

**ISSUED: 22 December 2023**



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["ZCCM-IH" or "the Company"]

### TRANSACTION ANNOUNCEMENT

#### Regarding

#### Mopani Copper Mines Plc

The shareholders of ZCCM Investments Holdings Plc ("**ZCCM-IH**" or "**the Company**"), and other market participants, are referred to the cautionary announcements issued on 10 November 2023 and 30 November 2023 in relation to the Board of Directors of ZCCM-IH ("**the Board**") selecting International Resources Holding RSC Limited ("**IRH**"), as the preferred Strategic Equity Partner ("**SEP**") for Mopani Copper Mines Plc ("**MCM**" or "**Mopani**").

The Board is pleased to announce that on 22 December 2023, ZCCM-IH entered into an agreement with IRH pursuant to which IRH has committed to invest a total of US\$1.1 billion into MCM as a Strategic Equity Partner (the "**Transaction**"), subject to the fulfilment of Conditions Precedent defined herein. Consequently, upon the satisfaction of those Conditions Precedent, the relationship between Glencore International AG ("**Glencore**") and MCM will be restructured.

ZCCM-IH, in consultation with its Transaction Advisors, is preparing a Transaction Circular providing all the relevant information in respect of the Transaction, including financial and technical information. Shareholders will be able to vote on the Transaction at an Extraordinary General Meeting ("**EGM**") due to take place in the first quarter of 2024.

In compliance with the requirements of Section 9 of the Listings Requirements of the Lusaka Securities Exchange ("**LuSE**"), the key features of the Transaction are set out below.

#### 1. Brief Particulars of the Transaction

- IRH to invest a total of US\$1.1 billion into MCM to fund MCM's Project Development Plan ("**PDP**"), provide working capital and restructure certain existing Glencore liabilities as set out below:
  - US\$620 million will be provided in the form of new equity capital in return for a 51% stake in MCM, which will be used for MCM's capital projects, and to stabilise the working capital position of the business;

- Approximately US\$400 million will be provided as a Shareholder Loan to MCM by way of novation of the Glencore debt, that will be used as part of the consideration to settle the original Glencore Transaction Debt of US\$1.5 billion plus interest and the Glencore Super Senior procured letters of credit;
- Further capital may be made available to MCM as shareholder loans, if required, based on the future working capital requirements of the business.
- ZCCM-IH will retain a 49% equity stake in MCM at Closing;
- The executive management of MCM will be retained and will be supplemented by industry experts from IRH with the relevant skills and expertise to complete MCM's capital projects and turnaround its operational performance;
- A new Board of Directors, reflective of the revised shareholding structure, will be constituted; and
- IRH will, subject to certain conditions precedent being met, provide up to US\$220 million in interim funding. This funding will be available to MCM prior to the Closing, to ensure that the business has sufficient liquidity until Closing. The interim funding will form part of the US\$620 million new equity investment.

## 2. Consideration

The total consideration is US\$1.1 billion which will be split between equity and debt in the following proportion:

- US\$620 million in new equity;
- US\$300 million as a shareholder loan by way of novation of part of the Glencore Transaction Debt;
- Up to US\$100 million for settlement of the Glencore procured letters of credit;
- Up to US\$80 million in shareholder loans, if required.

## 3. Transaction Rationale

MCM is one of the most important copper mining operations in Zambia, with a long history that is synonymous with the growth and development of the Copperbelt. ZCCM-IH took full control of MCM from Glencore in 2021, with a plan to find a suitable SEP to contribute to the expansion of the business and provide the necessary capital for growth.

IRH's strategy aims to invest in critical minerals in the region, across the entire mining value chain. The selection of IRH as the preferred SEP was carefully considered against the key criteria outlined above. The Board of ZCCM-IH believes that IRH's partnership with ZCCM-IH and MCM represents an important strategic step towards the revitalisation of the Zambian economy, the Zambian mining industry, and the continued development of the Copperbelt by enabling the long-term sustainability of MCM.

IRH's investment into MCM will recapitalise its balance sheet, secure direct and indirect jobs, and provide both funding and technical experience to complete MCM's Project Development Plan, all of which underpin MCM's strategy to achieve its target of becoming a 200,000 ton per annum producer of copper cathodes in the next 3 years. Beyond this, ZCCM-IH and IRH will work with MCM and the Government of the Republic of Zambia ("**GRZ**") to pursue other opportunities in the Zambian mining industry that will attract further investment into the region.

## **Strong track record across the mining value chain**

IRH has a technical team of over 120 professionals working with major global mining companies and possessing a variety of experience, including in geology, engineering, metallurgy, and project management. The IRH team will provide support and expertise to the existing MCM management team to ensure a successful turnaround of the mine's operations. IRH will also leverage the expertise of its various subsidiaries and joint venture companies as required, to support the development of ancillary opportunities across the entire mining value chain.

## **Environmental, social and governance (ESG)**

IRH's investment into MCM embraces a strict focus on multiple ESG principles. In collaboration with GRZ, IRH will not undertake staff redundancies at MCM as part of the Transaction. Any staff separations to occur will be strictly performance-related and carried out purely in the ordinary course of business. IRH has also committed to work with ZCCM-IH and MCM to optimise the local supply chains to benefit the Zambian economy and will ensure that, *inter alia*, MCM continues to be managed by the existing local management team. MCM's existing Corporate Social Responsibility programs, including its investments in schools, hospitals and sports clubs will continue to receive funding and other support.

## **4. Key Financial Terms**

### **US\$620 million Equity Investment into MCM**

IRH, through its wholly owned subsidiary, Delta Mining Limited ("**Delta**"), will, subject to certain conditions precedent, provide an equity investment of US\$620 million through the subscription of new shares in MCM. Delta will thus subscribe for 7,181,633 shares ("**Investor Shares**"), issued at \$86.33 a share (the "**Subscription Price**").

The Investor Shares, when issued, shall constitute 51% of the entire issued share capital of MCM, with the balance of 49% being held by ZCCM-IH. The equity investment will be used to undertake MCM's Project Development Plan and stabilise the working capital position of the business.

### **US\$400 million of loans to MCM**

In addition to the equity investment, IRH will provide US\$400 million in loans by way of novation of the Glencore debt as outlined below. IRH will also, subject to certain conditions precedent, make available additional shareholder loans, if required, to support MCM's working capital and short-term liquidity requirements.

### **Glencore and MCM Capital Restructuring**

As part of the overall restructuring of MCM's balance sheet, agreement has been reached between IRH, ZCCM-IH and Glencore to restructure US\$1.5 billion of Glencore Transaction Debt that resulted when ZCCM-IH acquired 100% of MCM in 2021, as well as up to US\$100 million of the letter of credit support that has been provided to MCM by Glencore since ZCCM-IH's acquisition. The final terms of this restructuring are still being finalised and further detail will be provided once definitive agreements are signed.

## 5. Conditions Precedent

Closing or completion of the Transaction is subject to the fulfilment or waiver of, inter alia, the following Conditions Precedent:

- Approval of the Transaction by the shareholders of ZCCM-IH at a general meeting ("**ZCCM-IH Shareholder Approval**");
- Receipt of the renewal of MCM's Mining Licences pursuant to section 76 of the Mines and Minerals Development Act, 2015 (No. 11 of 2015) from the Minister of Mines and Minerals Development for a period of 25 years, on the basis of the revised mine plan;
- Receipt of approval and/or consent of the Transaction pursuant to section 67 of the Mines and Minerals Development Act, 2015 (No. 11 of 2015) from the Minister of Mines and Minerals Development;
- Delivery by Delta to ZCCM-IH of the final PDP;
- Execution and delivery by Delta of commitment letters undertaking to pay the Subscription Price and US\$400 million of loans to MCM in order to settle the Glencore debt;
- Receipt of a duly signed tax covenant in respect of MCM's tax position at Closing;
- Agreement by Delta and ZCCM-IH of the list of unanimous shareholder consent matters to be scheduled to the shareholders' agreement in respect of MCM to be entered into a Completion;
- The SEC approving the change of control of MCM in connection with the Transaction; and
- Reaching agreement with Glencore on the documents governing the restructure mentioned above.

## 6. Effective Date

The Transaction will close and become effective once all of the Conditions Precedent listed have been completed. It is estimated that Closing will occur during the first quarter of 2024.

Accordingly, shareholders are advised to continue to exercise caution when dealing in the Company's securities until the completion of the Transaction.

ZCCM-IH is working with its sub-advisors and MCM to firm up on the required technical and financial information and, therefore, the information relating to the proforma effect of the Transaction on ZCCM-IH shall be published in a subsequent announcement. In accordance with section 9 of the LuSE Listings Requirements, ZCCM-IH has commenced preparation of the Circular to be distributed to shareholders to convene a General Meeting of the members of the Company to approve the Transaction. ZCCM-IH shall continue to give further updates in this regard.

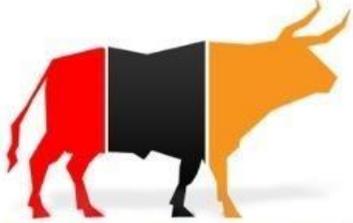
**By Order of the Board**

**Charles Mjumphi**

**Company Secretary**

**Issued in Lusaka, Zambia on 22 December 2023**

## Lusaka Securities Exchange Sponsoring Broker



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First Issued on 22 December 2023