

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: Chabby Chabala – Company Secretary

SPONSOR



Stockbrokers Zambia Limited

[Founder Member of the Lusaka Securities Exchange]

[Regulated and licensed by the Securities and Exchange Commission of Zambia]

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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. Stockbrokers Zambia Limited ("SBZ")

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: 15 DECEMBER 2020



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MARKET ANNOUNCEMENT – UPDATE ON ONGOING ZCCM-IH TRANSACTIONS

Shareholders of ZCCM Investments Holdings Plc ("ZCCM-IH" or "the Company") and market participants are advised by way of update of the ongoing key strategic and operational activities in the Company as outlined below.

1. Strategic Plan (2020-2026)

The ZCCM-IH Board approved the Strategic Plan (2020-2026) in September 2020. With a renewed strategic focused investment impetus in the mining and mining-related projects, the Strategic Plan will focus on 4 key goals:

- a) Extract, and where possible, to add value to the current portfolio;
- b) Invest in greenfield and brownfield mining, and mining-related ventures across a diverse range of minerals:
 - Commodity diversification to include cobalt, gold, manganese and other base metals, gemstones, limestone, phosphate and rare earth minerals;
 - Value addition downstream and exploration upstream, and
 - Energy – to sustain sustainability of mining operations.
- c) Achieve operational and financial excellence; and
- d) Generate greater shareholder value by ensuring price discovery on stock exchanges where ZCCM-IH is listed.

In 2020, ZCCM-IH revised its business model and positioned itself to deliver superior shareholder value. The revisions include taking steps to enhance value extraction from its current portfolio through diverse means other than dividend income. It includes broadening its investments in the mining sector to include the whole value chain across a diverse mineral portfolio. These initial steps show the strategic intent stemming from this new strategic focus.

2. Upgrade from Euronext Access to Growth

ZCCM-IH places the generation of greater shareholder value as one of its key strategic goals. To that end, the Board approved the upgrading of the listing of the ZCCM-IH shares on the Euronext Stock Exchange from the Access tier to the Growth tier.

This will ensure that ZCCM-IH improves the liquidity of its shares on Euronext via access to a greater pool of investors than is currently the case. In addition, over the next 6 years, ZCCM-IH will take steps to improve the liquidity and price discovery of its shares on all the Stock Exchanges where it is listed.

3. Zambia Gold Company Limited (“ZGC”)

Zambia Gold was incorporated on 10 January 2020 and is 51% owned by ZCCM-IH and 49% by the Ministry of Finance. ZGC’s main objective is to lead the development of the Zambian gold sector from the current state of activities, which are characterized by illegal mining and trading, to a commercially viable sector which will not only benefit the investors but also all other relevant stakeholders. In order to achieve this objective, ZGC is undertaking the following activities:

- Acquire exploration licences with a specific focus on gold tenements in Zambia;
- Raise funding or identify potential partners for the purpose of carrying out mineral exploration and evaluation on the acquired tenements;
- Develop tenements into fully operational gold and other precious mineral mines in subsequent years;
- Refining, processing, and grading of gold and other precious minerals;
- Active trading of gold and other precious minerals; and
- Support artisanal mining operations and transforming these into commercially viable activities.

For the flagship project – Kasenseli Mine in the Mwinilunga area (North-Western Zambia), mechanised partial surface mining and processing activities are being undertaken as part of the exploration works that commenced in March 2020. Using gravity concentration method to test mineralised zones/areas and generate data. In Phase one of the detailed exploration activities completed in September 2020, the initial target of 5,000 meters has been drilled around targeted pits. Infill drilling targeting 2, 000 meters commenced at the end of November 2020. Core samples from Phase one are currently being analysed and results are expected in the next couple of months.

For gold trading, purchases were extended to Vubwi, Lumezi and Rufunsa districts in May/June 2020 and these activities are ongoing with the ZGC team increasing its footprint and experience.

In June 2020, the Ministry of Mines and Minerals Development in collaboration with the Ministry of Commerce Trade and Industry donated equipment to selected Cooperatives in Rufunsa, Lumezi and Vubwi. Following this development, ZGC facilitated the training of cooperative members in governance, gold production and processing methods among other matters. In total 149 members representing 11 cooperatives have been trained. This is aimed at improving their gold production that ZGC will be off taking.

4. Industrial Development Corporation (“IDC”) Group Restructuring

As part of the IDC Group Rationalisation and Reorganisation, ZCCM-IH and IDC are in the process of undertaking a share swap in which IDC will swap its stake in Kagem Mining Ltd for ZCCM-IH’s stakes in Mushe Milling Ltd and Investrust Bank Plc. This process is intended to rationalise the portfolio of ZCCM-IH to reflect the new mining focus. It is expected that this process will be concluded by end of Quarter one (1) 2021.

5. Kabundi Resources Limited (“KRL”)

Mining operations commenced in May 2020 with a monthly production target of 20, 000 tonnes of manganese ore. Wash Plant operations commenced in September 2020 producing approximately 100TPD (tonnes per day) of washed Manganese. A second wash plant is currently being installed with a capacity of 150TPH (Tonnes Per Hour). This will increase the processing capacity to approximately 10,000 tonnes per month of washed manganese. Exploration to open new mine operations within the license area is currently ongoing. Feasibility studies have also commenced to ascertain the viability of setting up a 60, 000 tonnes ferroalloy smelter.

6. The Mining Supply Chain (“MSC”)

Over the Strategic Period (2020-2026), the MSC will be undertaken in three phases:

- Phase I: Supply of Consumables such as flocculants, mill balls, explosives and valves and pumps;
- Phase II: Providing Contract Mining services to mining investee companies; and,
- Phase III: Manufacturing of consumables. Explosives and mill balls have been identified as initial targets.

Tentative steps have been taken already in this regard including some trial transactions and samples being purchased for Phase I. Once scaled up, the MSC initiative will lead to greater participation in the mining value chain and therefore more synergistic relationships with all Investee Companies.

7. Mopani Copper Mines

ZCCM-IH is in discussions with Glencore Finance (Bermuda) Ltd regarding the future of Mopani Copper Mines Plc (“Mopani”). Glencore Finance is the major shareholder of Carlisa Investments Corporation which in turn is the majority shareholder of Mopani. The circumstances relating to the Company and the full impact of the discussions are currently being determined and the market will be appraised on the outcome once finalised.

8. Konkola Copper Mines Court Processes

Shareholders of ZCCM-IH are referred to the announcement dated 23rd May 2019, concerning the filing by ZCCM-IH of a petition in the High Court of Zambia for:

- i. the winding-up of Konkola Copper Mines PLC on 21st May 2019;
- ii. the appointment by the Court of Mr. Milingo Lungu as provisional liquidator of KCM; and,
- iii. the legal proceedings commenced in the High Court of South Africa and applications made to the Zambian High Court by Vedanta Resources Limited and Vedanta Resources Holdings Limited.

Shareholders are informed that Vedanta appealed against the decision of the High Court which denied them their application to stay the liquidation proceedings and refer the matter to arbitration. The Court of Appeal on 20th November 2020 found in favour of Vedanta and stayed the liquidation proceedings and referred the matter to arbitration.

ZCCM-IH intends to appeal against the decision of the Court of Appeal and to stay the judgment. ZCCM-IH will provide details on this matter, as it progresses, in due course.

9. Kansanshi Holdings Limited Confidential Arbitration

On 11th November 2019, Kansanshi Holdings Limited (“KHL”) filed a Request for Arbitration in London against ZCCM-IH (as Respondent) and Kansanshi Mining Plc (“KMP”) (as Nominal Respondent). These Arbitration proceedings are strictly confidential as between the parties.

The Arbitration proceedings follow a criminal complaint made by ZCCM-IH against the allegedly unauthorised transfer by KMP of KMP monies to a KHL related party/affiliate. The matter is yet to be determined and shareholders will be updated as the case progresses.

10. Ndola Lime Company Ltd Restructuring

The restructuring of Ndola Lime Company Limited (“NLC”) commenced. The restructuring was done through a hybrid of Out of Court Settlement and formal insolvency procedures. In this regard, it was decided that a Scheme of Arrangement (“the Scheme”) and reconstruction of creditors be undertaken. The objective of the Scheme was to create a new company that was free from liabilities and able to operate more efficiently.

Therefore, the new company was incorporated and is known as Limestone Resources Limited (“LRL”). Furthermore, the restructuring involved the transfer of the business and assets of NLC to LRL and the consequent issue of equity shares by LRL to the shareholders of NLC.

Accordingly, shareholders of ZCCM-IH are advised to exercise caution when dealing in securities of the Company until further information is published.

**Mr. Mabvuto Chipata
Chief Executive Officer
ZCCM Investments Holdings Plc**

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