



Lubambe Copper Mine is an underground mining operation situated on the Zambian Copperbelt close to the town of Chlililabombwe. The Lubambe Copper Mine was set up under a fifty-fifty joint venture agreement between African Rainbow Minerals (ARM) and Vale SA. The joint venture has an 80% share,

while 20% is held by ZCCM Investments Holdings Plc.

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Location

The greater Lubambe mining licence area includes the extensions of the copper mineralisation from the current south and east Limb of the current mine to the Konkola basin in the south as well as the area to the east, covering the Kawiri and Kawiri North basins.

The extension of the Lubambe Copper Mine includes the expansion of operations into an area six kilometres south of the current mine, within the allocated Large-scale Mining Licence area, along the Konkola basin. The Joint Venture has previously completed a pre-feasibility study on a resource of 80 million tonnes, which would boost total production output to 100 000 tonnes of copper in concentrate per annum. Initial drill results indicate an average ore-body width of approximately 11 metres at 2.81'10 total copper and an average depth of 1 100 metres below surface.

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Present Status

Construction of the concentrator plant was completed in September 2012, two months ahead of schedule. The commissioning was completed in October 2012 with initial concentrate production in the same month. The total cost of the project is USD456 million. Up to 1 500 full-time employees will be employed at full production.

Production

The mine's throughput design from both the south and east Limb ore bodies is 2.5 million tonnes of ore, at an average mill head grade of 2.3'10 copper, which will result in the production of 45 000 tonnes of contained copper in concentrate per annum. Life of mine is estimated at 28 years. Longitudinal room and pillar (LRP) stoping commenced in August 2012. Copper concentrate produced by Lubambe will be sold for smelting and refining within Zambia. All the copper concentrate sale agreements have been agreed and signed and the first concentrate was sold in October 2012.

Corporate Social Responsibility

The mine's corporate social responsibility programme includes a resettlement and a Millennium Village Project. Under the resettlement, the company has undertaken to re-settle 205 households from an area to be affected by mining to a new area within the existing Konkola Village.

Lubambe has initiated programmes to entrench safety, environmental responsibility and community interaction from the outset. A campaign to drive these programmes was initiated early in 2011. This campaign is known as 'Target Zero... pantu tulasakamana' (pantu tulasakamana being a Bemba phrase meaning 'because we care'). Its aims to include the entrenchment of safety and health as a culture, within the workforce and the surrounding

communities.

The mine's environmental management programme includes monitoring of dust, noise, diesel emissions, water quality, vibration and illumination. Audits are conducted to establish performance against the requirements of the environmental management programme's targets.

Extract from 2015 annual report

Lubambe Copper Mine Limited's (LCM) financial results to 31 March 2015 showed revenues of K1, 071 million (US\$164.7 million (2014: K1, 483 million (US\$237 million)) and a loss for the period of US\$78 million (2014: US\$39 million).

The major challenge LCM faced during the financial year under review was dilution of concentrates. Following an extensive ore body stoping design review conducted by SRK Consulting, Lubambe evaluated various slot development methods and equipment requirements with the recommended solution being inverse raise using 3x Sandvik DL411-15 long hole drill rigs. The overall capital cost of this equipment is estimated at US\$7.7 million. The implication of this is that the Project Capital cost forecast for 2015 will be under spent by approximately \$7.86million and \$3.85million on a commitment and accrual basis respectively. Hence the purchase of the equipment at US\$7.7 million will remain within the budget limit of the capital project.

Owing to the operational and financial challenges that LCM faced, K705 million (US\$93 million) due to ZCCM-IH in the financial year 2014-2015 under the shareholder loan agreement remained unpaid. The total amount has been fully impaired as at 31 March 2015.

There were no dividends declared during the year ended 30th June 2014 (2013: Nil).

Extract from 2014 annual report

For the period ended 31 March 2014 Lubambe Copper Mine Limited (LCM) reported revenues of K1,483 million (US\$237 million) and a loss for the period of K243 million (US\$39 million). The company only commenced production in October 2012 and is thus still in its nascent stages of operation.

The overall project capital cost in nominal terms is forecast to be 7% over budget (US\$489.2 million forecast total against budget of US\$456.2 million). The increase in final forecast value is due to the unforeseen US\$15.2 million withholding tax provision following the Zambia Revenue Authority (ZRA) audit, and the capitalisation of operating cost for a further 4 month period from end of December 2012 to end of April 2013 which added another US\$20 million.

There were no dividends declared during the year (2013:Nil).

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