



**COPPERBELT ENERGY CORPORATION PLC (“CEC”)**

[Incorporated in the Republic of Zambia]

Company registration number: 119970039070  
Share Code: CEC  
ISIN: ZM0000000136  
Authorised by: Julia C Z Chaila – Company Secretary

**SPONSOR**



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**Stockbrokers Zambia Limited**

[Founder Member of the Lusaka Securities Exchange]

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**APPROVAL**

The captioned Notice or Announcement has been approved by:

- i. the Lusaka Securities Exchange
- ii. the Securities and Exchange Commission
- iii. Stockbrokers Zambia Limited

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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: 16 November 2021**



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[“CEC” or “the Company”]

## FURTHER CAUTIONARY ANNOUNCEMENT

The shareholders of Copperbelt Energy Corporation Plc (“CEC”) are referred to the cautionary announcement dated 27<sup>th</sup> September 2019 and subsequent announcements wherein the Company advised of the action taken by ZESCO Limited (“ZESCO”) against CEC, pursuant to the Bulk Supply Agreement (the “BSA” or the “Agreement”) and the UNCITRAL Arbitration Rules. Further to those notices, the Board of Directors (the “Board”) of CEC wishes to inform shareholders that the sole arbitrator has issued a Second Partial Award by Consent over the matters detailed below.

ZESCO had taken the aforesaid action against CEC in relation to:

1. ZESCO’s claim, pursuant to a Notice of Intention to Arbitrate issued to CEC on 4<sup>th</sup> September 2019, in which it was stated that CEC had not fully paid monies due to it for electricity supplied under the BSA in the sum of USD51,620,063 plus interest of USD2,623,771 (the “Demand Claim”). The principal claim relates to the 2011 tariff increment dispute in relation to Konkola Copper Mines Plc (“KCM”) power supply and the dispute over the currency conversion arising from the effect of Statutory Instrument No. 33 of 2012, which outlawed charging and/or paying in any currency other than the Zambian Kwacha;
2. ZESCO further sought a determination through the arbitral proceedings that certain sums were payable to it as a consequence of the 2014 Energy Regulation Board (“ERB”) decision to increase electricity tariffs to the mines if that decision is found to have been lawful, irrespective of whether or not sums due to CEC as a consequence of the same ERB decision have not been received by CEC from the mines (the “Contingent Claim”).\*

\*The ERB announced an electricity tariff increase applicable to all mining companies with effect from 2<sup>nd</sup> April 2014. The tariff increase was to be implemented for the period between April 2014 to December 2016. However, the majority of the mines contested this tariff increase and commenced an action in the Zambian High Court by way of Judicial Review (*please refer to the CEC annual reports for further detail on contingent assets and liabilities*). The High Court consequently stayed the implementation of the ERB’s decision pending a determination as to its lawfulness.

The Board can now inform shareholders that on 2<sup>nd</sup> November 2021, the sole arbitrator issued a Second Partial Award by Consent, following the Interim/Partial Award of 21<sup>st</sup> July 2021 that determined the matters under dispute. Accordingly, the sole arbitrator has made the following determination:

- i. A principal sum of USD4,246,666.42 plus interest of USD12,246,555 on the Demand Claim be paid by CEC to ZESCO;
- ii. If a court of competent jurisdiction finds that the ERB's decision is valid and lawful as a matter of Zambian Law, that it had the force of law and that it had the effect by law of varying the tariff payable under the BSA, notwithstanding the High Court stay, an additional amount in aggregate of USD227,944,799 was payable for power supplied by ZESCO pursuant to the BSA;
- iii. Any obligation to pay such amount under the BSA would not have been contingent either upon there first being an agreed variation of the BSA nor upon CEC first receiving payments in respect of increased tariffs under the ERB Decision from the mining companies to whom the power received under the BSA in the relevant period was supplied; and
- iv. The arbitrator has retained jurisdiction in respect of all outstanding matters, including but not limited to, costs and in respect of any award of costs.

The Board, therefore, informs the shareholders of the Company that in relation to the Second Partial Award by Consent:

- i. CEC has paid in full the principal sum of USD4,246,666.42 plus interest of USD12,246,555 to ZESCO in accordance with the Award.
- ii. The contingent liability as disclosed in the Company's annual reports is modified as set out above.

The Second Partial Award by Consent having been issued, the arbitral proceedings have effectively concluded, other than for the issue of costs.

The Board further notifies the shareholders that, as reported in the annual reports of the Company, any potential finding by a court of competent jurisdiction that the ERB's decision is valid and lawful as a matter of Zambian Law and had the effect of varying the tariff under the BSA in the relevant period by law, notwithstanding the High Court stay, would also apply to the PSAs such that the increased tariffs would also have been payable to CEC by the mining customers.

Shareholders are, therefore, advised to exercise caution in dealing in the Company's securities until further notice.

**By Order of the Board**

**Julia C Z Chaila**  
**Company Secretary**

**Issued in Lusaka, Zambia on 16 November 2021**

Lusaka Securities Exchange Sponsoring Broker



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First Issued on 27 September 2019