

## **ZAMBIA: FEBRUARY 2013 \_ MINING INFORMATION**

### **1 “Chibuluma Mine pays KR 108m in taxes”**

Chibuluma Mines of Kalulushi paid KR108,9 million in company taxes to Government in 2012 and KR37 million in royalties which represents 53 per cent of its profit. Chibuluma Mines general manager, Jan Trouw said that this would increase further in 2013 with new tax changes applicable on capital expenditure. Chibuluma Mines produced 17,806 tonnes of Copper in 2012 which is about 2 per cent of Zambia’s total Copper production and netted a profit of KR157,2 million. Mr. Trouw said operating costs (cost exclusive of capital depreciation) averaged KR18,200 per tonne of copper produced and that the cost inclusive of capital depreciation, royalties and financing costs averaged KR27,731 (US \$5,333) per tonne of copper produced. (5 Feb, Times)

### **2 “Kagem Mine ups output”**

Emerald production at the Gemfields owned Kagem Mine in Lufwanyama district, has increased by 6.5 per cent to 14.5 million carats from last year’s figure of 8.8 million carats, chief executive officer Ian Harebottle has said. Production figures moved up to 14.5 million carats during the period

July to December, 2012 from 8.8 million in the same period in 2011, which was the highest capacity achieved to date during the rainy season. (5 Feb, Times)

### **3 “Govt to boost mine taxes”**

Government will introduce new measures to boost tax collection from the mining sector, Finance Minister Alexander Chikwanda has said. Last year, The Guardian of the United Kingdom, reported that Zambia lost more than KR41 billion (K41 trillion) in the past 10 years through tax evasion, which could be traced mainly to mining multinationals. Mr. Chikwanda said that the mining sector in Zambia was contributing less compared to other regions. To this effect, Mr. Chikwanda said, local experts would be engaged to assist with implementation of the new system. The minister said there was need to calculate the taxing based on the true production and export data of minerals generated. (6 Feb, Times)

### **4 “KCM pumps KR1bn in open pit mine project”**

Konkola Copper Mines (KCM) Plc is expected to invest about KR1billion (US\$200 million) in the Mimbula open

pit mine project which is expected to create about 600 jobs. KCM chief executive officer Jeyakumar Janakaraj said feasibility studies for the project have been completed and the firm is awaiting approval from the Zambia Environmental Management Agency (ZEMA). Mr. Janakaraj said mining at the Mimbula project is expected to commence in April next year. "The Mimbula feasibility has been completed and we are in active engagement with ZEMA and once the approval comes we will start pre-striping. This is a mine that is going to create between 500 and 600 jobs when we commence mining next year," he said. (8 Feb, Daily Mail)

#### **5 "State to decide on 10 p.c. concentrates tax request"**

Government is yet to make a decision on calls by the Zambian mining industry for the removal of 10 per cent duty on copper concentrates to allow for the processing of the ore outside the country. Mines, Energy and Water Development Minister Yamfwa Mukanga said the Government had asked the mining firms to submit their request on how best to have the copper concentrates processed outside the country in writing, while his ministry was also considering the best way to deal with the situation. Mr. Mukanga said

Government was working hard to ensure that more than 60,000 tonnes of copper worth about US\$100 million remained in the country for processing. First Quantum Minerals (FQM) Limited is stuck with 60,000 tonnes of copper concentrates worth \$100 million from its Kansanshi Mine in Solwezi because all smelters on the Copperbelt were heavily congested with the mineral. (12 Feb, Times)

#### **6 "Copper park coming"**

Plans by the Government to create a copper park in Kabwe, Central Province, have advanced following the setting up of a technical committee which will look at the modalities of its operation, Commerce Minister Bob Sichinga has said. Mr Sichinga said a technical committee comprising the private sector and other technocrats was instituted last month and will immediately start looking at how best the park will operate. The committee also includes mining firms, the ministry's department of industry as well as, the Zambia Development Agency (ZDA). Mr. Sichinga explained that the main purpose of the establishment of the park by the Government was solely value addition to hundreds of tonnes of copper mainly, concentrates which leaves the country in raw form. (13 Feb, Times)

## **7 “Copper production drops - BoZ”**

Zambia’s copper production dropped to 824,976 tonnes in 2012 from 881,108 tonnes the previous year despite an increase in investment in the mining sector. Bank of Zambia (BoZ) head of public relations Kanguya Mayondi said copper exports rose to 903,138 tonnes during the period from 832,145 tonnes during the previous twelve months. The Central Statistical Office (CSO)’s latest bulletin indicates that there has been a decrease in the total value of metal exports to KR2.65 billion (K2.65 trillion) in December, 2012 from K2.84 billion (K2.84 trillion) in November, 2012. (13 Feb, Daily Mail)

## **8 “Shut down Chambishi Copper Smelter ordered”**

The Zambia Environmental Management Agency (ZEMA) has ordered Chambishi Copper Smelter (CCS) to shut down its plant and put in place measures to minimise sulphur dioxide emissions which have polluted the environment and destroyed crops in the surrounding farming communities. This follows complaints by farmers in the surrounding communities in Kalulushi that the sulphur dioxide emissions caused by CCS have destroyed their crops. “We ordered Chambishi Copper

Smelter to shut down the smelter on Monday, we want them to put in place certain measures that will prevent emissions from polluting the environment. Right now, we are just from there and they have started implementing certain measures according to our directives,” he said. Mr. Zulu said ZEMA is still holding discussions with CCS management over the matter. (14 Feb, Daily Mail)

## **9 “Zambia, Kenya compile mining data”**

Zambia and Kenya have started the process aimed at publishing online cadastre data showing records of ownership and value of properties in the mining sector to reduce opportunities for corruption and improve transparency. Spatial Dimension managing director Bill Feast said his organisation had been engaged in the exercise and was currently working with the Ministry of Mines, Energy and Water Development in Lusaka and its Kenyan counterpart to create an online mining cadastre system. “This is also the first step towards a transactional online mining cadastre system for Zambia,” he said. Mr Feast said Zambia and Kenya joined a growing group of countries that had decided to put practical effect to

internal efforts to drive operational efficiencies, improve stakeholder communications, reduce opportunities for corruption and improve transparency within their respective mining sectors. (14 Feb, Times)

#### **10 “ZRL rehabilitation to unlock mineral resource potential”**

Standard Bank says the allocation of US\$ 120 million to Zambia Railway Limited (ZRL) to rehabilitate its infrastructure and railway network will form the catalyst for Africa’s ability to unlock bulk mineral resource potential. The bank notes that with the mining sector set to thrive in the next decade, mining companies will greatly benefit from infrastructure development. In statement released in Lusaka, the bank’s global sector head of power and infrastructure David Humphrey says rehabilitation of the railway sector in Zambia will ease pressure on road networks and shift bulk commodities from road to the railway system. Recently, Government released a US\$120 million grant to ZRL to enable it rehabilitate about 980 kilometer stretch from Chingola to Livingstone. Mr Humphrey said the inadequate rail networks in Africa are limiting the economic potential of some of the commodity hot spots on the continent. (14 Feb, Daily Mail)

#### **11 “Smelter can re-open - ZEMA”**

The Zambia Environmental Management Agency (ZEMA) has allowed Chambishi Copper Smelter Limited (CCS) to reopen the plant under specified conditions, a day after ordering a shutdown of the smelter.

ZEMA will continue to monitor the refinery to ensure that it complies with the Environmental Management Act (EMA). ZEMA principal information and communications officer Irene Lungu-Chipili said in a statement issued that inspections have revealed that CCS has put in place adequate rehabilitation and operational measures, to reduce sulphur dioxide emissions to the satisfaction of the agency. “Chambishi Copper Smelter Limited has put in place logistics to compensate affected farmers and is making consultations with the Kalulushi Municipal Council and other government departments,” Ms Chipili said. She said CCS will continue to improve operational modifications and install online monitoring for gaseous emissions. Ms Chipili said CCS was ordered to put in place necessary measures to ensure that there is no further high-level emission of sulfur dioxide above statutory limits into the environment

from the smelter and sulphuric acid plants. (15 Feb, Daily Mail)

## **12 “KCM plans to increase copper production”**

Konkola Copper Mines (KCM) says it will develop two large declines (tunnels) to access new ore bodies at Nchanga underground mine, to produce between 6,000 and 7,000 tonnes of copper in the initial stage. KCM chief executive officer Jeyakumar Janakaraj said development of tunnels will start next month with trail mining expected to commence next year. “We have decided to do two large declines to access new ore bodies. The project is currently at development stage and will start the development next month while trail mining will start in the next one year. We expect to get between 6,000 and 7,000 tonnes of copper in the 2013-2014 financial year,” he said. (18 Feb, Daily Mail)

## **13 “Explore non-metallic minerals firms urged”**

Government has urged the Association of Zambia Mineral Exploration Companies (AZMEC) to take keen interest in the exploration of non-metallic industrial minerals to further develop the mining sector. Non-metallic minerals are minerals such as coal, clay and crystals which

do not yield new products once melted. Minister of Mines, Energy and Water Development Yamfwa Mukanga said there are a disproportionately low number of organizations engaged in the exploration of non-metallic industrial minerals in the country. “My ministry will rely on institutions such as AZMEC to help promote the exploration of non-metallic industrial minerals. “I have been made to believe that members of AZMEC have interest mostly in base metals, this should not be surprising as Zambia has been known as a producer of metals,” he said. (19 Feb, Daily Mail)

## **14 “Govt takes over Collum mine”**

Government has with immediate effect taken over Collum coal mine from Xu-jianxue of China, citing poor safety and environmental conditions that have characterised the mine for a long time resulting in deaths. Minister of Mines, Energy and Water Development Yamfwa Mukanga, who announced the takeover in Lusaka, said Government has also cancelled all the three small-scale mining licenses held by the mine with ZCCM-Investment Holding (IH), taking over the operations until a suitable investor is identified. Collum coal mine, situated in Sinazongwe, has had a history of poor safety, health

and environmental compliance mainly due to employment of non-qualified personnel. (21 Feb, Daily Mail)

#### **15 “Mining revenue to Govt soars”**

The revenue mines are paying to government has soared from KR2.603 billion in 2009 to KR3.794 billion in 2010. And Government has launched the third Extractive Industries Transparency Initiative (EITI) Reconciliation Report. Mines, Energy and Water Development Minister Yamfwa Mukanga said in 2010, the mining companies payment went up to KR3.794 billion compared to KR2.603 billion in 2009 and KR1.737 million in 2008. (22 Feb, Times)

#### **16 “Mining license fees go up”**

The Government has with immediate effect increased all the license fees for mining companies and non-mining rights to improve the management of the mining industry. The adjustment of the fees has been effected through statutory Instrument number 17 of 2012 of the Mines and Minerals Development (amendment) regulations, 2013. (24 Feb, Times)

#### **17 “Mining licence fees increased”**

Government has increased fees for mining licences and minimum annual prospecting expenditure in a bid to

raise revenue. Minister of Mines, Energy and Water Development Yamfwa Mukanga announced the development at a briefing in Lusaka that the new rates are in line with Statutory Instrument number 17 under the mines and minerals development act which came into effect on February 8, 2013. “Zambia has for some time been among the countries in Africa with the lowest mining rates. The fees for mining rights include that of prospecting licences and renewal of prospecting licences that have been increased to 10,000 units, he said. Mr Mukanga said fees for other mining rights and other categories under the type of licence, certificate and permit and consent include mineral processing licences which have been increased to 16,000 units. (25 Feb, Daily Mail)

#### **18 “Luiri Gold completes feasibility study”**

Luiri Gold Limited has completed feasibility studies at the Dunrobin gold project in Mumbwa. The development of the mine is expected to start this year, managing director Clinton White has said. Mr White said gold production is targeted to commence in the first quarter of next year. He said about 150,000 tonnes of gold will be produced annually. The project is currently at funding

stage and feasibility studies were completed in November 2012. Construction of the Dunrobin Mine is expected to start in May 2013. We have engaged with funding institutions and shareholders from South Africa, Australia and the United Kingdom and with other institutions in Zambia as well, he said. (25 Feb, Daily Mail)

### **19 “Grizzly to expand gemstone mine”**

Grizzly Investment Holdings Limited intends to develop a gemstone mine on Copperbelt at a cost of KR4.6 million (K4.6 billion). The Chantete mining project which has a lifespan of five years with possible extension of mine life is expected to create 83 permanent jobs and will contribute to the development of small -scale mining in Zambia. This is according to an Environmental Impact Assessment (EIA) report obtained from the Zambia Environmental Management Agency (ZEMA) recently. The EIA also says the project will enhance social and security services through corporate social responsibilities and engaging local contractors and suppliers. (25 Feb, Daily Mail)

### **20 “Copper output to rise to 1.5 million tonnes”**

Copper output in Zambia is expected to rise to 1.5 million tonnes in 2017 from 800,000 tonnes this year due to increased investment in the mining sector. The projection is due to new projects coming on stream and expansion of Lumwana Mine, First Quantum Mineral’s US\$2 billion greenfield Trident project. Other projects are China Nonferrous Mining Corporation’s US\$832 million copper projects and the Lubambe mine jointly owned by Brazil’s Vale, African Rainbow Minerals and state-owned, ZCCM Investments Holdings. “Copper output should rise from 800,000 tonnes this year to 1.5 million tonnes in 2017 as foreign companies invest in expanded capacity,” it says. (26 Feb, Daily Mail)

### **21 “Mopani stakes KR142m”**

Mopani Copper Mines Plc will invest more than KR142,000,000 (US\$27,000,000) to upgrade the Nkana cobalt plant which will result in increased production capacity from 2,800 tonnes to 7,000 tonnes of cobalt metal per annum. The upgrade of the plant would also improve the quality of the metal produced and that the investment would further secure more than 300 jobs. MCM public relations manager Cephas Sinyangwe said in a statement in Lusaka that the upgrade was critical

to Zambia's economy as the Government sought ways of creating more jobs and sustaining existing ones. He said the upgrade of the plant would enable processing of intermediate cobalt hydroxide from third-party concentrates to produce cobalt metal. (26 Feb, Times)

## **22 "Mines GDP contribution to hit \$1bn in 2015"**

Zambia's mining contribution to the Gross Domestic Product (GDP) is projected to grow to US\$1.35 billion by the year 2015, due to increased mining activities. According to the Zambia Extractive Industry Transparency Initiative (EITI), reconciliation report, contribution to GDP was expected to grow from \$590 million in 2010 to \$1.35 billion in 2015. The Government launched the EITI third report based on the 2010 financial year, which showed that mining revenue was up to KR3.787 billion as compared to KR2.572 billion in 2009. The report said the mining sector was a crucial part of the Zambian economy, with direct contribution being approximately 11 per cent in 2010. (26 Feb, Times)

## **23 "Sakeni clears Collum mine air"**

Government has dispelled mounting

speculation that it has nationalised Collum Coal Mine Limited saying what it has done is simply cancel the company's mining licence after it breached various mining laws. This is according to a statement from Government spokesperson Kennedy Sakeni who was clearing the air on where Xu-jianxue of China currently stands regarding Collum. Last week, Minister of Mines, Energy and Water Development Yamfwa Mukanga announced that Government had with immediate effect taken over Collum coal mine from Xu-jianxue of China because of poor safety and environmental conditions that have characterized the mine for a long time, resulting in deaths. "The action taken by Government is not nationalization. The government merely cancelled the mining licence for Collum Coal Mine Limited because it breached the provisions of the Mines and Minerals Development Act Number 7 of 2008 regarding safety, health, environmental and other regulatory matters," Mr Sakeni said. (27 Feb, Daily Mail)

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