

**THE MINES AND MINERALS DEVELOPMENT  
(AMENDMENT) BILL, 2014**

---

MEMORANDUM

The object of this Bill is to amend the Mines and Minerals Development Act, 2008, so as to—

- (a) increase the rate of mineral royalty from—
  - (i) six percent to eight percent for underground mining operations; and
  - (ii) six percent to twenty percent for open cast mining operations; and
- (b) provide for matters connected with, or incidental to, the foregoing.

M. MWENYE,  
*Attorney-General*

**N.A.B. 8, 2014**

26th November, 2014

# A BILL

ENTITLED

An Act to amend the Mines and Minerals Development  
Act, 2008.

ENACTED by the Parliament of Zambia.

Enactment

1. (1) This Act may be cited as the Mines and Minerals Development (Amendment) Act, 2014, and shall be read as one with the Mines and Minerals Development Act, 2008, in this Act referred to as the principal Act.

Short title  
Act No. 7 of  
2008

(2) This Act shall come into operation on 1st January, 2015.

2. Section *two* of the principal Act is amended in subsection (1) by the insertion, in the appropriate place, of the following new definitions:

Amendment  
of  
section 2

10 “ open cast mining operations ” means any working or excavation open to the surface beneath the original surface of the ground for the purpose of mining, but excludes prospecting pits; and

15 “ underground mining operations ” means any working beneath the surface of the ground, which is accessed by means of a ramp, adit, raise, shaft or winze, but does not include an open pit mine or quarry.

3. The principal Act is amended by the repeal of section *one hundred and thirty-three* and the substitution therefor of the 20 following:

Amendment  
of  
section 133

25 **133.** (1) A holder of a largescale mining licence, largescale gemstone licence, smallscale mining licence, smallscale gemstone licence or an artisan’s mining right shall pay a mineral royalty at the rate of twenty percent for open cast mining operations and eight percent for underground mining operations of—

Royalties on  
production  
of minerals

N.A.B. 8, 2014

- (a) the norm value of the base metals or precious metals produced or recoverable under the licence or right; and
- (b) the gross value of the gemstones or energy minerals produced or recoverable under the licence or right.

(2) The mineral royalty payable on industrial minerals shall be 5 at six percent of the gross value of the minerals produced or recoverable under the licence.

(3) Notwithstanding subsections (1) and (2), a person who is not a holder of a mining right or licence who extracts minerals or is in possession of minerals extracted in the Republic is liable to pay 10 mineral royalty at the rate of—

- (a) six percent of the gross value for industrial minerals; and
- (b) twenty percent of the norm or gross value for other minerals.

(4) Where the Commissioner-General determines that 15 the realised price does not correspond to the price that would have been paid for the minerals if they had been sold on similar terms in a transaction at arm's length, between a willing seller and a willing buyer, the Commissioner-General may give a notice to that effect to 20 the licensee and the amount of the gross value shall be determined in accordance with the mechanism contained in sections *ninety-seven A to ninety-seven D* of the Income Tax Act.

Cap. 323

(5) In this section— 25

“gross value” means the realised price for a sale free on board at the point of export from Zambia or point of delivery within Zambia;

“norm value” means—

- (a) the monthly average London Metal 30 Exchange cash price per metric tonne multiplied by the quantity of the metal or recoverable metal sold;
- (b) the monthly average Metal Bulletin cash price per tonne multiplied by the quantity 35 of metal sold or recoverable metal sold to the extent that the metal price is not quoted on the London Metal Exchange; or

5

(c) the monthly average of any other exchange market approved by the Commissioner-  
General cash price per metric tonne multiplied by the quantity of the metal or recoverable metal sold to the extent that the metal price is not quoted on the London Metal Exchange or Metal Bulletin; and  
“open cast mining operations” includes winnings from tailings dumps or similar dumps and leaching.

---