

WEDNESDAY, 28 MARCH, 2018

MINISTERIAL STATEMENT

DEVELOPMENT ON SLAG DUMP NO.48

The Minister of Mines and Minerals Development (Mr Musukwa)

Madam Speaker, before I proceed, I want to place on record my profound gratitude on behalf of the ministry and the Government for the support that we got from the Committee on National Economy, Trade and Labour Matters for the recommendations it made on the approval of the Ratification of the African Mineral Development Centre. The report presented was well cased by Hon. Musokotwane and seconded by Hon. Kopulande. We are most grateful for the support.

Madam Speaker, I want to thank you for according me the opportunity to inform this august House and the nation at large on the status of the Nkana Slag Dump commonly known as “Black Mountain”.

Madam Speaker, I wish to start by giving a brief history of the Nkana Slag Dump. Before privatisation, Nkana Slag Dump belonged to Nkana Mine of the Zambia Consolidated Copper Mine (ZCCM) Limited. It was a licensed dump where slag from the Nkana smelter was being dumped until it reached its maximum design limit in the 1990s. At privatisation in 1998, Nkana Slag Dump area was hived off from the Nkana Mine rights and awarded to Chambeshi Metals Plc who had a plant in Chambeshi that could treat the slag materials and recover some of the copper and cobalt contained in it. In the same year, Chambeshi Metals was granted a large scale mining license over the same area. The company worked the dump from early 2000 to 2010, when operations were suspended due to the slump in commodity prices and the global economic crisis that not only Zambia, but the entire world faced.

Madam Speaker, on 27th December, 2012, Chambeshi Metals Plc applied to the ministry to transfer the licence over the Nkana Slag Dump to a newly formed company called Nkana Alloy and Smelting Company Limited. Nkana Alloy and Smelting Company Limited acquired the license over the dump through a transfer from Chambeshi Metals PLC on 23rd April, 2013, at a total cost of K19,320,000. At the time of the transfer, the shares in Nkana Alloy and Smelting Company Limited were Eurasia Natural Resources Corporation (ENRC) (British Virginia Island

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(BVI) Limited at 90 per cent and ZCCM-IH at 10 per cent. ENRC (BVI) is the majority shareholder in Chambeshi Metals Plc with 90 per cent while ZCCM-IH holds 10 per cent of the shares.

Madam Speaker, immediately after the transfer, before Nkana Alloy and Smelting Company Limited could move on site, Chambeshi Metals withdrew the security personnel who were guarding the dump. This created room for illegal miners in the form of youth groups who immediately invaded the dump and started mining illegally. The Ministry of Mines and Minerals Development later engaged the Zambia Police Services who drove away the illegal miners and provided security at the dump round the clock.

Madam Speaker, a few weeks later, a company called Lunga Mineral Resources and Exploration Limited acquired a mineral processing license over an area within Kitwe District whose coordinates overlapped on the ground with the license held by Nkana Alloy and Smelting Company Limited. Lunga Mineral Resources and Exploration Limited quickly sought a court order to protect their rights over the Black Mountain. The court order was granted to Lunga Mineral Resources and Exploration Limited and an injunction was served on Nkana Alloy and Smelting Company Limited which kept Nkana Alloy and Smelting Company Limited from operating the dump until 2013.

Madam Speaker, Lunga Mineral Resources and Exploration Limited then moved on site and started mining and security by Zambia Police was removed because there was a court order to that effect. The matter was in court from 2013 until early 2016, when the interim injunction was discharged and the court ruled in favour of Nkana Alloy and Smelting Company Limited as the rightful owner of the slag dump. Following this ruling, the Ministry of Mines and Minerals Development requested the Ministry of Home Affairs to again provide security at the dump and allow the legitimate owners of the dump, Nkana Alloy and Smelting Company Limited, to resume their mining and processing operations. The mineral processing license for Lunga Mineral Resources and Exploration Limited was then terminated by the Mining License Committee in public interest in accordance with Section 72 of the Mines and Minerals Act No. 11 of 2015.

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Madam Speaker, the Government through the Ministry of Mines and Minerals Development decided to review the status of the Nkana Slag Dump No. 48 which has not been operational since acquisition of the asset by Nkana Alloy and Smelting Company Limited due to invasion by illegal miners and court cases initiated by different groups in an effort to secure the slag dump and prevent access to others.

Security of tenure, Madam Speaker, in terms of mining operation in the Republic of Zambia and beyond is a key pillar for investors. Particularly very important in the mining sector where long term investment has long pay back periods. As such the Government will always want to ensure that legitimate licence holders interests' are protected.

Madam Speaker, Nkana Alloy and Smelting Company Ltd is the rightful holder of a Mining Licence No.7071-HQ-LML granted by the Ministry of Mines and Mineral Development which encompasses the slug dump No.48 popularly known as Black Mountain.

Madam Speaker, the various groups that have emerged to claim the ownership of the dump and even undertaken some mining activities have always been illegal.

Madam Speaker, exploitation of the dump by these groups had resulted in environmental impacts which could not be assessed and mitigated because the Government institutions, in this regard, mine safety department, cannot regulate illegal mining operations. Consequently, the Government has been losing out in terms of revenue in form of mineral royalties, taxes, local revenues and because of this the Government has taken a position to ensure that this matter is adequately managed and dealt with once and for all.

Madam Speaker, mineral resources in the Republic of Zambia are vested in the President. In order to address the foregoing, the Government recently engaged stakeholders to find a lasting solution to the problem. The Government engaged ZCCM-HI, Nkana Alloy and Smelting Company Ltd, local leaders and small scale miners. The stakeholders resolved as follows:

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- (i) the various parties and interest groups mostly youths with an interest in the slug dump must all unite into one legal entity to be used as a common purpose vehicle with a representative structure to hold a mining right in order to exploit this resource;
- (ii) the common purpose vehicle acquires 10 per cent shares held by ZCCM-HI on commercial basis;
- (iii) the ministry of mines and minerals development demarcates 10 per cent of the slug dump No.48 asset area in favour of the common purpose vehicle and crate a safety pillar at the boundary with Nkana Alloy and Smelting Company Limited consistent with the provisions of the mining regulations; and
- (iv) the common purpose vehicle obtains an appropriate mining right from the ministry and complies with all relevant regulations including environmental statutes in the land of the Republic of Zambia.

Madam Speaker, with the above resolutions, small scale miners in Kitwe, the Copperbelt and Zambia at large, are expected to transform themselves into law abiding citizens who will contribute to the social economic development of our country.

Madam Speaker, Nkana Alloy and Smelting Company Limited who are actually the majority shareholder should continue to enjoy security of tenure and be allowed to develop the asset in line with the condition of grant of the licence without hindrance from any quarter.

Madam Speaker, I thank you.