

MINISTERIAL STATEMENT
ON THE
STATUS OF KONKOLA COPPER MINES AND MOPANI COPPER MINES
BY
THE MINISTER OF MINES AND MINERALS DEVELOPMENT (MR
KABUSWE), MP

Madam Speaker, I thank you for according my ministry the occasion to update the House and the nation at large on the status of Konkola Copper Mines (KCM) and Mopani Copper Mines.

Madam Speaker, KCM has been under provisional liquidation, a process that was initiated by the Zambia Consolidated Copper Mines Investment Holdings (ZCCM-IH) pursuant to Section 57 (g) of the Corporate Insolvency Act of 2017. ZCCM-IH, a minority shareholder, presented a petition for compulsory liquidation in the High Court on 21st May, 2019. The petition included an application for the appointment of a provisional liquidator. This was necessitated by the need to protect the assets in the interim period between presentation of the petition and determination of the matter. Following the commencement of winding up proceedings on 21st May, 2019, KCM has been under the full control of the provisional liquidator.

Madam Speaker, as you may recall, on 7th September, 2022, ZCCM-IH, Vedanta Resources Limited and KCM's provisional liquidator entered into a written agreement to suspend the hearing of the disputes between the two parties, Vedanta Resources Limited on one hand and ZCCM-IH on the other, to pursue amicable settlement of the disputes.

Madam Speaker, during the protracted dispute, the asset had greatly deteriorated and the production output substantially reduced. This was a sad development for a national strategic asset as this negatively affected its operations and stakeholders particularly in terms of its contribution to the economic activities on the Copperbelt. In order to progress and unlock KCM, the Government and parties involved were in consistent engagements to resolve the dispute and find a sustainable solution that would be mutually beneficial.

Madam Speaker, following extensive consultations with various stakeholders, including the unions, we made a very bold decision to restore normalcy at KCM by bringing back Vedanta

Resources Limited. The company will return to run and resuscitate the operations of KCM as the majority shareholder alongside ZCCM-IH as the minority shareholder.

Madam Speaker, I am pleased to inform the House that all disputes between the parties have been resolved and all proceedings relating to disputes will be withdrawn with each party bearing their own costs. In addition, Vedanta Resources Limited has committed to the following mutually agreed conditions:

- (a) investing US\$1 billion for capital mine development of KCM;
- (b) US\$250 million payment to local creditors;
- (c) invest US\$20 million in robust and transparent corporate social responsibility programmes; and
- (d) increase workers' salaries by 20 per cent and a one-off payment of K2,500 across the board. Additionally, the Government has also enhanced its position by reinstating the golden share in KCM which will act as a further safeguard in ensuring that the asset is protected.

Madam Speaker, with this development, we have no doubt that the return of Vedanta Resources Limited premised on the mutually agreed terms and conditions will unlock mining activities on the Copperbelt, particularly in Chililabombwe and Chingola through renewed business opportunities for Zambians, guarantee employment as well as wealth creation for the nation.

Madam Speaker, moving on to Mopani Copper Mine, the House may recall that ZCCM-IH took control of Mopani Copper Mines from Glencore in 2021 following an agreement to pay the Swiss mining company US\$1.5 billion in a deal funded by debt. Since then, the Government has been engaging with potential equity partners to take over the operations of Mopani Copper Mines and due diligence on the potential partners is currently ongoing.

Madam Speaker, let me reiterate that as the Government, we are in a hurry to conclude and secure a partner as this will further reinvigorate economic activity on the Copperbelt as well

as contribute towards the attainment of the 3 million metric tonnes copper production target. Once an equity partner has been secured, I will come back to this House and provide an update.

As I conclude, Madam Speaker, let me, once again, thank the Zambian citizenry, in general, and the people of the Copperbelt, in particular, for their patience and unwavering support during the negotiations with Vedanta Resources Limited. As the Government, we are aware of the plight that our people endured and we will endeavour to avoid a repeat of the state of affairs at all costs in the future. We wish to commit that we will expedite the negotiations on Mopani Copper Mines so that the asset is also unlocked to secure jobs and livelihoods for a long time to come.

I thank you, Madam Speaker.
