

**Mining legislation: comparison with SADC and other countries**  
**Tenure – prospecting & retention licences**

Jurisdiction	Mining legislation	Granting authority	Licence max. size	Licence cumulative maximum	Total duration	Renewals	Retention licence	Flexibility
<b>Zambia</b>	Mines and Mineral Development Act 2008	Director Geological Survey. Applications referred to Mining Advisory Committee	1,000 km <sup>2</sup>	5,000 km <sup>2</sup>	7 years	1st licence: 2 years. 2 renewals of 2 years each. 1 discretionary year. 50% reduction at 1st & 2nd renewals. Implies no reduction at discretionary, 3rd renewal.	No provision	No possibility of extension beyond 7 years.
<b>Angola</b>	Mining Law 1992	Appropriate State authority after prior approval by Minister's Council.	No restriction	No restriction	No apparent restriction: negotiable?	1st licence: 5 years. Unspecified number of renewals. 50 % reduction at each renewal.	No provision-may be negotiable under Contract	Prospecting licences are a contract containing negotiated conditions which fall beyond the provisions of current legislation.
<b>Botswana</b>	The Mines and Minerals Act 1999	Minister	1,000 km <sup>2</sup>	No restriction	7 years	1st licence: 3 years. 2 renewals of 2 years each. 50% reduction at each renewal.  Two contiguous licences with the same tenure period (i.e. applied for at the same time) and for the same elements can be treated as 1 tenement during renewal/relinquishment	Yes - If at the end of 7 years, a feasibility study indicates that the deposit cannot be mined profitably at the time of application, that the licence is not in default, the company can apply for a retention licence.	The Minister may renew a PL for further agreed period/periods specified where a discovery has been made and evaluation work has not, despite proper efforts, been completed.
<b>DR Congo</b>	Code Minier 2002	Minister	400 km <sup>2</sup>	20,000 km <sup>2</sup>	8-15 years	1st licence: 4 to 5 years. 2 renewals each of 2 to 5 years. 50% reduction at each renewal.	No provision	Maximum tenure of 15 years under prospecting licence
<b>Madagascar</b>	Code Minier 1999	Minister	1,000 km <sup>2</sup>	10,000 km <sup>2</sup>	15 years	1st licence: 10 years. 1 renewal of 5 years. 50% reduction at each renewal .	No provision?	Maximum tenure of 15 years under prospecting licence.
<b>Malawi</b>	Mines and Mineral Act 1982	Minister	2,500 km <sup>2</sup>	No restriction	7 years	1st licence: 3 years. 2 renewals of 2 years each. 50% reduction at each renewal.	Unknown	Minister may allow extensions if it is deemed to be in the National Interest to do so.
<b>Mozambique</b>	Mining Law 2002	Minister	250 km <sup>2</sup>	No restriction	No restriction	1st licence: 5 years. 2nd licence: 5 years Unspecified number of renewals of 2 years each are permitted.	No provision	Maximum tenure of 10 years under prospecting licence.
<b>Namibia</b>	The Minerals Act 1992	Minister	1,000 km <sup>2</sup>	No restriction	7 years Extensions negotiable.	1st licence: 3 years. 2 renewals of 2 years each. 25% reduction at first renewal. 50% reduction for subsequent renewal. All reductions negotiable with Minister.	Yes - if meeting stipulated conditions can be demonstrated. 1st licence: 5 years. 2nd licence: 2 years.	Minister may allow further renewals of exclusive prospecting licence ( 3rd or 4th renewal) if deemed to be in the National Interest. Maximum tenure of 18 years under prospecting and retention licences.
<b>South Africa</b>	Mineral Resources and Development Act 2002	Minister	No restriction	No restriction	8 years	1st licence: 5 years. 1 renewal of 3 years.	Yes - if meeting stipulated conditions can be demonstrated. 1st licence: 3 years. 2nd licence: 2 years.	Maximum tenure of 13 years under prospecting and retention licences.
<b>Tanzania</b>	The Mining Act 1998	Minister	5,000 km <sup>2</sup>	No restriction	7 years	1st licence: 3 years. 2 renewals of 2 years each. 50% reduction at each renewal.	Yes – 1st licence: 5 years 2nd licence: 5 years	Maximum tenure of 17 years under prospecting and retention licences.

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**Fiscal policy & incentives – applicable to copper producers**

Jurisdiction	Comment	Corporate Tax	Royalty/ Mining Tax (Tax deductible)	Windfall Tax (Not tax deductible)	Export Levy (Tax deductible)	Effective Tax Rate					
						Assumptions: Operating cost US\$1.50/lb copper cathode: no debt: no TC/RC Total GRZ revenue = Tax + 20% ZCCM –IH shareholding					
SADC JURISDICTIONS						\$2.00/lb	\$2.50/lb	\$3.00/lb	\$4.00/lb	\$5.00/lb	
Zambia	Prior to 1 <sup>st</sup> April 2008 Development Agreements in place.	25%	0.6% Net Smelter Return (NSR) (Gross revenue less TC/RC)	0%	0%	Tax on operating result	27%	27%	26%	26%	26%
						Total GRZ revenue	42%	41%	41%	41%	41%
Zambia	1 <sup>st</sup> April 2008 – 1 <sup>st</sup> April 2009 Development agreements cancelled.	30% Plus 15% variable profit tax	3% Gross revenue	Commences where LME Cu price : \$2.50 - \$3.00: 25% \$3.00 - \$3.50: 50% >\$3.50: 75%	15% Cu in cons	Tax on operating result	52%	50%	44%	65%	77%
						Total GRZ revenue	62%	60%	55%	72%	82%
Zambia	After 1 <sup>st</sup> April 2009 Windfall tax repealed. Investment Promotion and Protection Agreements under ZDA Act, 2006, 2009 only.	30% Plus 15% variable profit tax	3% Gross revenue	0%	15% Cu in cons	Tax on operating result	52%	50%	49%	48%	48%
						Total GRZ revenue	62%	60%	59%	58%	58%
Angola	Fiscal regime negotiated with each Mining Title. Total exemption of corp tax for 3-5 years, 50% reduction for up to 10 years.	40%	2 – 5% Gross revenue	0%	0%	3% Royalty	52%	48%	46%	45%	44%
Botswana	Development agreements permitted.	25%	3% NSR	0%	0%		37%	33%	31%	30%	29%
DR Congo	Development agreements permitted.	30%	2% NSR	0%	1% Cu export revenue		38%	35%	34%	33%	33%
Madagascar	Stability Agreements permitted. Duration 8 -20 years depending on size of investment.	24%	2% Gross revenue	0%	0%		32%	29%	28%	27%	27%
Malawi	Unspecified tax allowances for mining companies. Development agreements permitted.	30%	5% Gross revenue	10% Resource Rent Tax on profits after tax, if the operation's rate of return exceeds 20%	0%	Excluding Resource Tax	50%	43%	40%	38%	37%
Mozambique	25% reduction in corporate tax for first 50 years from start of production. DA's permitted.	35%	3%	0%	0%		47%	43%	41%	40%	39%
Namibia	Incentives may be negotiated with Ministries of Finance & Trade and Industry.	25-40%	5% Gross revenue	Windfall royalty recently introduced. Rate?		30% corporate tax	50%	43%	40%	38%	37%
South Africa		29%	1% NSR	0%	0%		33%	32%	31%	31%	30%
Tanzania	Development agreements permitted.	30%	3% to 7% NSR	0%	0%		42%	38%	36%	35%	34%
Zimbabwe		15%	2% NSR	0%	0%		23%	20%	19%	18%	18%
INTERNATIONAL JURISDICTIONS - EXAMPLES											
Chile	Investments over \$50m attract tax stability for 15 years after start of production.	17%	5% Net profit	0%	0%		20%	20%	20%	20%	20%
Finland		26%	0% No royalties	0%	0%		26%	26%	26%	26%	26%