

# MINING & TRADE *Review*

ISSUE NO. 34 February 2016

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# Mutharika under fire

## INSIDE

- President accused of marketing already secured mineral tenements
- Government insists nothing is wrong with the undertaking

By Chiku Jere

President Peter Mutharika has come under fire from holders of mineral tenements including some oil exploration blocks, who are accusing him of demining their capability to develop the tenements through his investment drive which has seen the President criss-crossing the globe to market the tenements as part of Malawi's investment opportunities.

The concerned companies have been flooding this publication with calls registering their displeasure and seeking explanation as to why government was selling their legally acquired projects after Mining & Trade Review carried an article in the July 2015 edition where it highlighted some of the mining projects that have appeared in the compendium of projects that Mutharika's government is marketing to international investors.

Last year, the President gave line ministries a 60 day ultimatum to come up with marketable projects that were compiled in the compendium by the Malawi Investment and Trade Centre (MITC) and were presented at the Malawi Investment Forum as well as sold to investors across the globe.

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Mutharika meddling with legally acquired licences



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# Construction of Tedzani IV Power Plant to start this year

By Chiku Jere

The Malawi Government says the construction of the 23 Megawatts Tedzani IV Power Plant will start before the end of this year with the facility scheduled to be up and running by 2018.

Spokesperson for the Ministry of Natural Resources, Energy and Mining responsible for Energy Affairs, Joseph Kalowekamo, says the project which is funded by the Japanese International Corporation Agency (JICA) is currently at a contractor procurement phase which is being executed in Japan.

He tells *Mining & Trade Review* in a questionnaire interview that the project is one of the remedies government has put in place to ease perennial power shortages and outages Malawi is facing.

He explains that the Tedzani IV project is contained in the master plan for 2016 to 2020, in which government has lined-up several 'committed power supply options' that are aimed at addressing both immediate and periodical energy issues.

"These are projects with technical feasibility already

done and financing aspect secured," says Kalowekamo, who also doubles as Deputy Director (Renewable Energy) in the Ministry.

He says, currently, the government and the Electricity Supply Corporation of Malawi (Escom) are implementing such options in order to overcome the country's energy woes once and for all.

Other projects that fall under committed power supply options include the Chinese-funded 300MW Kam'mwamba Coal Fired.

This project, whose construction is also expected to start mid this year, is planned to bring 10% of output on line by 2019, 90% by 2020 and finally 100% by 2021.

As part of its master plan, the Malawi Government is also undertaking feasibility and design studies on a number of long-term projects which could be partly implemented within the term of 2016 – 2020.

Among these projects are the Songwe River Basin Hydro Electric Power Project Phase I, which is a joint African Development Bank-funded Malawi/Tanzania governments project, whose feasibility and design studies were completed towards the end of 2015, while funding and other administrative issues are expected to be finalised this



Kalowekamo: Energy Affairs spokesperson

year. The project is expected to be commissioned in 2022 with 90MW reserved for each country.

There is also the 350MW Mpatamanga Hydro Electric Power Project which is under feasibility studies and will go up to detailed design stage with funding from the World Bank under the Energy Sector Support Project (ESSP).

Mpatamanga is expected to become on line by 2021 as another long-term solution to Malawi's energy deficiencies.

Additionally, the African Development Bank is funding the on-going feasibility and design studies for Kholombidzo Hydro Electric Power Project whose study report is expected to be delivered in 2016 with an anticipated potential power generation of 100MW.

With funding from the World Bank under ESSP, the government is also carrying out a feasibility study and detailed design work for the South Rukuru River-located Lower Fufu Hydro Electric Power Project with studies expected to be completed by 2016.

According to government, the location of this project is of paramount importance as it would greatly enhance security of the power system and also reduce losses in the northern part of the country.

## Malawi invites investors to sample geo-data

By Madalitso Charwita Mhango

The Malawi Government has finally released the long awaited geo physical data which was officially launched by the Minister of Energy and Mining Bright Msaka last year.

The geo-data is now available to interested investors following the publication of the price list in the government gazette as stipulated in the country's laws.

Public Relations Officer for mining in the Ministry of Natural Resources, Energy and Mining Wesley Undi tells *Mining & Trade Review* that investors, who have been complaining of the delays by the government to release the data, are now free to access the data of their choice.

The published price list, among other details, indicates that a high resolution airborne geophysical map of 1: 100,000 in PDF costs K75,000 while a high resolution geophysical paper map of 1: 100,000 in colour costs K20,250.

"The availability of the data will go a long way in attracting mining investors into Malawi as it will reduce the risk in selecting potential exploration targets," says Undi.

The countrywide airborne geophysical survey was conducted between September 2013 and August 2014 as a

component of the Mining Governance and Growth Support Project, which was bankrolled by the World Bank and the European Union.

The Malawi Government contracted Canada's Sanders Geophysics to execute the survey, and the Canadian firm worked with the British and Malawian Geological Survey Departments as quality control supervisors.

The data was processed by Sander Geophysics and delivered to Malawi's Geological Survey Department in June 2015.

Results of the survey, among other things, indicate that there is high uranium concentration in the area surrounding Paladin's mothballed Kayelekera Uranium Mine.

The survey also indicated a uranium anomaly further south of Kayelekera, which calls for more ground follow up.



Minister Msaka sampling the displays of the data during the launch

The survey has also pinpointed the Ngabu Fault in the Lowe Shire as a possible petroleum trap while Mchinji, Rumphu and Chitipa may be mineralized with nickel, platinum group minerals, copper and cobalt.

...from front page

SECTOR 3 in the compendium under the headline 'MINING SECTOR INVESTMENT PROJECTS' markets projects such as the Kangankunde Hill rare earth project, Oil Exploration Projects on block 1, 2 and 3, Mulanje Mountain Bauxite Project and Lilongwe Chimutu Graphite Project.

However, it turns out that the tenements for all these projects are already owned by various investors, who are not even listed as promoters in the compendium.

Asked why they decided to include these projects as part of Malawi's investment possibilities that are up for grabs, MITC's Public Relations Manager Deliby Chimbalu said their role as MITC is to help government and the private sector to market investment projects and what they do is to only package the projects submitted by project promoters.

"The projects in the current Compendium were submitted to MITC by the line ministries. So I guess it is the Ministry of Natural Resources, Energy and Mining who can sufficiently answer why those projects we submitted to us for marketing," said Chimbalu.

When contacted, spokesperson for the Ministry of Natural Resources Energy and Mining responsible for Mines, Levison Undi, insisted that there was nothing wrong for government to market such projects as information about existing exploration and mining projects helps in promotion of mineral potential for a country.

"Investors need to know which minerals exist and even companies involved. Exploration is not production. The companies doing exploration are always looking for partners to work with, to finance the exploration, develop the projects as well as look for markets for the commodities meaning an exploration licence is not the end in itself," said Undi.

But one of the affected investors who e-mailed this publication wondered why government made a unilateral decision to start marketing their projects without liaising with the tenement holders.

"We are really confused as to why government is doing this without consulting us. We are capable investors who negotiated for these tenements and were awarded licences; now to hear that government is floating the same projects on the market, it smacks of double dealing. They could have informed us first and explained their intentions before going full throttle marketing the projects."

In response, Undi said there was a column in the compendium showing the status of the projects which indicated the current licence holder and the progress.

He explained that in other words, Government wanted to inform the would-be interested party that despite the project being promoted, there is already another active player.

Undi also said that companies are always looking for investors to buy shares in the projects hence Government or MITC has to include them as investment opportunities.

"Moreover others will be interested in the mineral products from those projects while some companies will be interested just to offer goods and services to the existing projects, all these are investment opportunities from existing projects that government needs to market," he said.

He also said that it is very unfortunate that the calls from the investors are being made to a media house which he described as 'a wrong institution, which cannot offer any solution or explanation', suggesting that the concerned investors had better approached the Ministry which awarded them the exploration rights.

He said there is no cause for panic – "on the contrary other investors have given thumbs-up to the Ministry for that step because they realise that partnerships and takeovers happen in mining."



Mutharika (2nd right) during one of his numerous 'investor wooing' escapades

On the issue that companies in the mining sector look for financiers and partners, Undi cited Surestream, which he said used to own 100% rights for oil blocks 2 and 3 but now has partnered with Hamra Oil, Kanyika Niobium Project which was 100% owned by Globe Metals but has now a Chinese Company as Majority shareholder and Kayelekera which was owned by Central Electricity Generation Board (CEGB) of UK until later when it relinquished the licence which was given to Paladin.

He also said Malcoal was previously 100% owned by a Malawian investor but later partnered with an Australian company.

"Such examples illustrate that exploration or mining projects are investment opportunities though licensed to a company," Undi said.

He then schooled this publication suggesting that as a media house it should know better that any business needs advertising- though the issue at hand is marketing projects that are owned by right holders without their consent.

Another investor, who also contacted this publication, described the move as an over sight on the part of the Ministry of Natural Resources, Energy and Mining officials, saying the proper way, though a mineral deposit or occurrence is a State property, was for government to

inform and explain their intention to the tenement holders, who were taken unawares.

But Undi assured current licence holders that government has no plans of cancelling their licences, stressing that the marketing of the licenced areas was just one way of promoting mineral deposits or occurrences that Malawi has, which need to be promoted at all times.

He also said that information about

minerals has to be included in any development or investment related documents because it still remains an investment opportunity since a licence given to a company expires or a company may relinquish it at any time.

Since his ascent to power, President Mutharika has personally been spearheading policy driven efforts to woo investors into the country by marketing identified investment opportunities.

On several occasions, the Malawi leader has declared his belief in the private sector as the vehicle through which the country can uproot itself from the current economic quagmire.

Our questionnaire to State House Press Office to find out the intention of the President in marketing the oil blocks and some mining projects through the compendium without involving tenement holders or promoters was not answered until we got to press.

Mutharika's government suspended oil exploration in November 2014 saying it wants to review the oil licences which were awarded by the previous Joyce Banda administration and up to now the government has not lifted the suspension.



By James Kazembe

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## EDITORIAL

## Govt. must come out clearly on oil exploration



BY MARCEL CHIMWALA,  
PUBLISHING EDITOR

It is unfortunate that since November 2014, there is no activity in the oil exploration subsector as government suspended oil exploration in the country pending a review of the licences.

While the prospectors are still waiting for the government's decision on the issue, President Peter Mutharika is championing an investment promotion drive, which has included the same oil exploration blocks in a compendium of projects that is being marketed to investors.

This is indeed mind boggling for the investors who would expect Mutharika's government to initially find a solution to the dragging oil exploration suspension saga before advertising the

tenements to other investors.

In fact, we, just like the investors who called our newsroom after we published an article lining up the mining projects that the government is marketing through the compendium, are in the dark on government's intention to start marketing the exploration blocks to other investors when the tenement holders are being blocked to continue doing their work.

Of course, the explanation we have from the spokesperson for mining at the Ministry of Natural Resources, Energy and Mining, Wesley Undi, is that the government is marketing the projects in the compendium as a form of enlightening the world on the country's mineral potential.

But if the Mutharika administration is truly interested to market the country's mineral potential, why is it taking ages to lift the oil exploration suspension and let the prospectors for blocks 2, 3, 4 and 5 release the results of the full tensor gravity survey they already conducted, which would give a more clear picture of the oil exploitation potential for the country?

We, therefore, suspect that there is dirty politics which the Mutharika administration is playing on the oil exploration issue which is surely a disincentive to investment.

It would be a huge promotion of Malawi as an investment destination to let existing investors operate freely without distracting them with Presidential or Ministerial orders and this would carry more weight than spending huge chunks of tax payers' money to fly the President and his entourage to an international podium to talk of Malawi as an investment destination.

Surely as representatives of mining investors noted at the Malawi Investment Forum that was held in Lilongwe last year, the best way to attract investment is to treat well existing investors.

We can produce numerous compendiums but an oil investor wealth his salt would not wish to come to invest in oil exploration in a country where he knows that when another political party is ushered into power, his project would be discontinued.

It is against this background that we were impressed by Mutharika during his campaign in the run up to the 2014 elections when he used to say that he would leave the issues of mining and oil exploration with technocrats.

But it seems the President is failing to walk the talk as evidenced by his talk when he was interviewed by state run Malawi Broadcasting Corporation when he said he can shelve the oil exploration plans for future generations.

But Mr. President, the future generations will benefit more if we discover oil today, start mining it and use the proceeds to develop the country.

The politics of discontinuity which has resulted in oil exploration being suspended because the licences were awarded by the Joyce Banda administration will take the country nowhere.

Our plea to the government is to come out clearly on the oil exploration issue other than just advertising the tenements without any clear intention!

MINING & TRADE *Review*

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EYE ON  
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Extractive  
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By Rachel Eter-Phoya



Examining Malawi's journey towards EITI compliance

## Who is benefitting from our resources?

The question of who should and does benefit from natural resources is a challenging one and measuring benefits is even more difficult. Depending on whom you speak to, the government, investors, communities, workers, suppliers and customers should all benefit from the extraction of resources. The Extractive Industries Transparency Initiative (EITI) seeks to understand particularly the financial benefits of exploiting natural resources such as oil, gas, minerals and forests. This is why Malawi signed up – to improve knowledge and information about what benefits are being derived in the sector, especially in terms of revenue.

In light of asking who benefits, Malawi's Multi-Stakeholder Group took a bold step last year when it decided to include a voluntary requirement on beneficial ownership for EITI reporting. The Group, which is required to maintain a fully-costed work plan, decided to include public disclosure of beneficial owners of companies in Malawi's extractive sector. Since the development of the work plan, the EITI International Board decided in December 2015 to make beneficial transparency requirements obligatory.

Responding to this decision, Global Witness, a leading international investigatory organisation that campaigns for transparency, declared, "This is an important step forward towards shining a light on who owns and controls companies so that they can no longer be used anonymously against the public good". Global Witness argues that anonymous companies are used to facilitate corruption in natural resources and "Citizens own these resources and have a right to know who controls the companies that extract them and who benefits from the revenues raised".

In 2015, Global Witness reported that Angola, Nigeria, the Republic of Congo and the Democratic Republic of Congo awarded oil and mining licences worth USD 4 billion to companies with hidden owners. Companies were often registered in offshore locations making it hard for the countries to find out further information. In some cases, politically exposed persons, individuals who are entrusted with a prominent function with access to state funds and exercise state, were thought to be connected to these companies, presenting a high corruption risk.

The EITI Board's decision will mean that companies operating in Malawi, bidding for licences or investing in mining and oil and gas assets will have to report their beneficial owners including details such as names, nationality and country of residence as well as politically exposed persons. The beneficial owner are the people who actually benefit from the licence or right to the natural resource while, in contrast, the legal owner is the company or people who hold the right to the licence on paper or the people recorded in business register records. It is often hard for countries to find out information beyond the legal owners when companies are registered in secrecy jurisdictions or set up with a series of shell companies. If companies do not comply with this EITI requirement, the companies will have to be named Malawi's EITI reporting.

This month of February is a busy month for the Extractive Industries Transparency Initiative (EITI) family. Malawi will be joining 48 other countries in Lima, Peru, at the end of February for the EITI Global Conference. Some civil society activists will travel a couple of days earlier to Lima to attend the Publish What You Pay Global Assembly. These take place only every two or three years. More about that next month!



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# Sunbird plans to construct Eco-Tourism Lodges



Liwonde National Park

By Madalitso Mhango & Chifuniro Makhasu

Malawi's leading tourism group, Sunbird Tourism, says it is scouting for financial partners to develop eco-tourism lodges each with 25 rooms at Liwonde National park in the district of Machinga and Majete Game Reserve in Chikwawa.

The project to set up the two facilities is contained in the compendium of projects, which was launched by State President Arthur Peter Mutharika.

Sunbird says the estimated cost for the construction of the lodges is pegged at US\$8 million for the two eco-lodges.

"The idea of coming up with the project is to expand the group's investment portfolio into new opportunity niche markets and timely position the company into strategic market segments in anticipation of the huge tourism flows Malawi is going to experience," says Sunbird in a brief of the project.

Sunbird Tourism Limited, which is the largest single hospitality and tourism enterprise in Malawi, presently owns seven hotels in all the three regions of the country.

According to the compendium, the Ministry of Information, Tourism and Culture is also promoting to investors a project to develop an Eco-Lodge at Chongoni Rock Art World Heritage Site in Dedza Forestry area which will accommodate visitors patronizing the World Heritage Area while at the same time adding value to the site.

The Ministry says: "The World Heritage site lacks accommodation facilities for visitors. There is need to construct these accommodation units near the information centre to make the site complete. The lodge will be provided with all the necessary facilities such as restaurant, accommodation rooms and a multi-purpose hall. This lodge will be constructed using eco-friendly materials considering that it is located in a protected forest reserve."

The Ministry says the Government will maintain a 40% shareholding while the preferred private investor is expected to acquire the 60% majority shareholding in the project pegged at US\$300,000 to US\$400,000.

The Ministry says the project will be concessioned out to a private investor under a public-private partnership in a Build-Operate-Transfer mode, which will see the private investor holding 60% and the government retaining 40% shareholding.

The Chongoni Rock Art World Heritage is located near the information centre in Chongoni Forest near Dedza Centre, and was inscribed on the United Nations Educational Scientific and Cultural Organisation (UNESCO) World heritage list in 2006.

The tourist attraction site offers a number of services including hiking, natural and cultural landscape, rock art sight-seeing, historic research, educational programmes and relaxation.

Though tourism is one of the emerging sectors in

Malawi with great potential to significantly contribute towards the country's socio-economic development, the sector faces a number of challenges including poor supporting infrastructure, poor service delivery, uncoordinated and insufficient marketing of tourism products, and inadequate purpose-built cultural infrastructure that impede attainment of the sector's full potential.

Malawi is promoting eco-tourism with the goal to conserve and manage wildlife in both protected areas and natural habitats.

It is also promoting cultural tourism sites to uphold and promote natural heritage for identity, prosperity and development.

Malawi is open to private sector investment in the tourism sector as the goal of the government is to create a vibrant tourism sector.

Those investing in the sector, therefore, enjoy free import duty, free import excise while value added tax is zero rated.



Chongoni Rock Art World Heritage in Dedza



Majete Game Reserve in Chikwawa



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# Tilitonse Project empowers rural mining communities



Members of CAGS for Njereza posing in front of a school block built by CPL

By Marcel Chimwala

In the past, rural communities in mining areas lived in the dark on the mining projects taking place in their areas as the government and mining companies never included them in decision making on the projects.

Now it is a different story thanks to the wound of magic from the Mining Governance Project otherwise known as Tonse Tipindule implemented by the Norwegian Church Aid (NCA) and other non-governmental organizations with funding from the Tilitonse Fund.

NCA Malawi's Economic Justice Coordinator, Thokozani Mapemba, explains that under its first phase which is now being completed, the Mining Governance Project has demonstrated considerable success in promoting increased inclusion, accountability, and responsiveness in

Malawi's Mining Sector.

"The project has empowered rural communities to have a voice on exploration and mining projects that various companies are carrying out in their respective areas," says Mapemba.

The project has been implemented in ten districts of Malawi namely; Karonga, Mzimba, Chitipa, Ntcheu, Dowa, Balaka, Mangochi, Mwanza, Mulanje and Phalombe since 2013.

In order to achieve its goal, the project had the following four outputs: policy, institutional and legal framework reforms initiated in the mining sector; a comprehensive stakeholder engagement framework established at community level; civil society organizations mobilized and supported to effectively support affected communities and engage the mining sector and government; and improved capacity among coalition partners to effectively implement and

monitor interventions in the mining sector.

NCA's partners in the project include; Evangelical Association of Malawi (EAM), Quadria Muslim Association of Malawi (QMAM), Church and Society project of Livingstonia Synod, and Catholic Commission for Justice and Peace (CCJP) national office.

Mapemba says the project endeavored to influence reforms in the policy, legal and institutional environment through advocacy initiatives at local and national level and attempts were made to work with other players in the same thematic area or sector to avoid duplication of efforts, ensure proper coordination and effectiveness.

He explains that recognizing that some policy level reforms will require more time, the project primarily focused on initiating reforms aimed at ensuring increased transparency, accountability and mutual responsiveness in the sector by engaging key stakeholders in government and private sector.

"Through this project and additional input from joint CSOs initiative, there is now in place a new draft Mines and Minerals Bill that is being assessed before it is tabled before parliament for deliberation. The involvement of Tonse Tipindule partners was conspicuous and systematic as issues of concern were already generated and consolidated through wider consultations in all the 10 districts. This process is currently on going."

Mapemba reports that some activities under the project placed emphasis on establishing a more structured engagement framework between Civil Society Organizations (CSOs), communities, government and mining investors.

He says: "Community Action Groups (CAGs) have been established in the 10 districts of operation and an informal coalition of CSOs at national level has been operational under this project which is involved in dialoguing with mining companies, parliamentary committees and government ministries on mining issues."



The project brought together a diverse of stakeholders including government officials, experts in the mining sector and traditional leaders to debate on issues

# Highlights of Malawi's first

This month, civil society groups with funding from Norwegian Church Aid and Tilitonse Fund have organised an alternative mining indaba. This Indaba is dubbed an Indaba for the people because unlike traditional mining indabas that represent the interests of executives from mining companies, the Alternative Mining Indaba caters for the views of civil society groups and mining communities who are always the victims of unsustainable mining practices. This year's Indaba will be the second one after Malawi held another Alternative Mining Indaba from November 25 to 27, 2014 at Crossroads Hotel in Lilongwe. *Mining & Trade Review* has published the highlights from the previous Indaba, which will form the basis for discussion in this month's indaba.

The meeting was probably the biggest gathering in the history of Malawi where stakeholders shared ideas and experiences on the best way to have sustainable mining in Malawi. The function, which was also financed by Norwegian Church Aid and Tilitonse Fund was organised by Citizens for Justice and Action Aid Malawi.

## Knowledge and Skills of Malawians on mining issues

Director for Mines Department, Charles Kaphwiyo, was bombarded with a number of questions following his presentation on the history of mining in Malawi. Among other issues, the participants were interested to know what government is doing to improve the skills of Malawians in the mining sector to enhance the country's capacity for monitoring the sector

Kaphwiyo informed the gathering that the government is working with the academia to include courses covering mining related subjects in tertiary institutions including Universities and technical colleges.

## Weaknesses in the Mining Act

The other pertinent issue that was discussed was the weaknesses in the current laws governing the mining sector in Malawi. Simon Thipa, an Action Aid Partner, posed a question to Kaphwiyo asking why the government continues issuing exploration and mining licences to investors using the existing Mines and Minerals Act, which has many loopholes other than waiting for the review of the Act to be completed before starting to issue new licences.

Kaphwiyo noted that exploration of minerals takes a long and it is important that it continues concurrently with the review of the Act.

## Decentralisation of Department of Mines

Benjamin Kamanga, a District Environmental Officer for Balaka pinned Kaphwiyo on why the Department of Mines is not decentralised as is the case with other departments that have officers at District level. Kaphwiyo explained that his department which only has officers at regional level is considering recruiting some at district level to enable easy connection with the local levels as suggested by Kamanga.

Kaphwiyo also said the new law coming will give powers to District Commissioners to award some of the licences because real work is done in their jurisdictions.

## Mining companies not fulfilling Corporate Social Responsibility Pledges

A participant Reverend Somanje raised a concern that some mining companies are benefiting from the country's resources without fulfilling any corporate social responsibility obligations.

Kaphwiyo told the participants that government is working with the communities through their representatives including Members of Parliament, civil society groups and ward councillors to engage companies on corporate social responsibility.

## Inadequate government assistance to small scale miners

A Mzimba gemstone miner, Mrs Ngwira, complained that the artisanal and small scale miners are not getting adequate assistance from government to promote their

business and secure better markets for their products.

In response, Kaphwiyo told the gathering that a policy is being developed to take care of the needs of small scale miners.

## Undervaluation of minerals by multinational companies

Another question that was posed to government was on how it is addressing the issue of the alleged underpricing of minerals exported by multinational companies in order to pay lesser tax.

Kaphwiyo said government will address the issue by continually monitoring the activities of the players.

## Secrecy in negotiating Kanyika Niobium mining deal

Traditional Authority Mwaulabo accused the government of negotiating a deal with Globe



Group photo of delegates who participated at the National Alternative Mining Indaba in 2014



VH Soliyati of Njereza in Mangochi also took part

Metals and Mining to start mining at Kanyika without involvement of the local community.

Kaphwiyo answered that the community will be involved in the project as the new law will include community developments agreements, which the community will sign with the developers to ensure that benefits of projects adequately trickle down to communities.

## Gaps in Project Financing

A senior corporate banking manager for National Bank of Malawi, Gladys Ganda, had also a question to government. "Mining is very capital intensive, is there anything government is doing to help small scale miners secure long term financing?"



Former NCA country representative Oddbjorn Flem with Elevyn Nkhonjera, then of Actionaid, welcoming the then Minister Muluzi

Kaphwiyo said government is ready to work with any bank on funding arrangements for the mining sector citing Standard Bank and FDH Bank as the banks that have already come forward to actively play a role in the sector.

## Rural Development Bank for Artisanal Miners

Paramount Chief Kyungu suggested that there is need to have a rural development bank to lend money to small-scale miners.

After the plenary, there were two case studies on how mining investors are treating communities and the first one was made by Village Headman Soliyati of Njereza in Mangochi where a local company Cement Products Limited (CPL) is prospecting for limestone for cement production.



# Alternative mining indaba



Stein Vullumstad: current NCA country representative is at the core of this year's Indaba



Inkosi Mabulabo: His area hosts the Kanyika Niobium project

to have courage and not to fear anyone. All we need is to work together with the mining companies. This way our environment will not be destroyed," said Soliyati.

#### Case study: Kanyika Niobium Project

Inkosi Mabulabo made a presentation on the Kanyika Niobium Project, which started in 2008 in his area. He lamented government secrecy on the project saying the community never took part in the Environmental Impact Assessment (EIA) process whose report was released in 2012.

"Government scrutinised the report and approved it without the community's scrutiny. Government has also not included the community in discussions with the investor on the development agreement for the project."

Mwabulabo also complained on how the government is handling resettlement issues at Kanyika saying the people of the area were in 2011 told that at some time they would have to move to make way for the project but up to now nothing has materialised on the issue, which is brewing more suspense for the communities.

was pinned by a participant on why he failed to solve the problems rocking the country's mining sector when he was at the helm.

In reply, Malunga said the Ministers are only advisers and their opinions are not taken wholesome as decision making in government is made collectively through meetings.

A participant from the Trade Union also suggested that Ministers should not have the powers to provide tax holidays to mining investors as the tendency robs the country of foreign exchange.

Another participant, Dr Yusuf Aofi, proposed that government establishes a mining commission to monitor mining issues or the Department of Mines be turned into a parastatal to efficiently collect revenue from the sector.

#### Private Sector Presentation

An official from FDH Bank, Robert Kapyepye, encouraged Malawians to take advantage of his bank's products such as loans to invest in mining.

He said if Malawi's mining sector continues to be dominated by foreign firms that are not listed on the Malawi Stock Exchange; the country stands to lose a fortune because the companies repatriate proceeds to their countries.

#### Sharing Alternative Mining Indaba experiences from southern Africa

Commodus Nyirenda of Norwegian Church Aid made a presentation on sharing Alternative Mining Indaba experiences in Southern Africa. He noted that complaints on mining companies not doing much on CSR are all over in the region because most mining companies take advantage of local communities which are not aware of their rights.

He said there is need to empower those councils where mining is taking place to pursue CSR issues with government and mining investors.

#### Native people perception on oil exploration

In his presentation, Chairman of the Natural Resources Justice Network Cossam Munthali asked the government to involve communities in oil exploration programmes, which foreign companies are conducting in the country.

Kaphwiyo said it is always the trend that government introduces companies to the communities in areas where there are mining activities and it will continue doing that.

#### EITI Process

An official from the Ministry of Finance, Economic Planning and Development, George Harawa, updated the gathering on progress that Malawi has made to join the Extractive Industry Transparency Initiative. Malawi is now a candidate country.

He said joining EITI will assist the government to remove the veil of secrecy surrounding mining sector proceeds.

Harawa made his comments following a presentation on EITI issues by Actionaid Malawi Programmes Officer Blessings Botha who emphasized that civil society needs to play an active role in the EITI process.

#### Mine workers rights in Malawi

An ex-mine worker, Ignatius Kamwanje, bemoaned lack of respect for workers' rights by mining companies. He said there is need for mine workers in Malawi to form unions to advocate for their rights.

"We should be advocating for unions and not welfare schemes in the workplaces," he said.

#### Safety and Health in the mining sector

What followed was a discussion on safety and health in the mining sector. The meeting asked the government to ensure strict monitoring of mines so that they adhere to health and safety regulations for the work place.

It was indeed an eventful three days that brought in more issues which needed to be followed up, and certainly the big question at the Indaba this month is: **Have the issues been followed up?**

#### Case study: Njereza Cement Project

Soliyati told the gathering that members of the Njereza community approached CPL for interventions on corporate social responsibility. The result is that the company has constructed two school blocks. The company has also installed a maize mill, built a mosque and donated 40 bicycles to the communities. In addition, the company has a promised to build a clinic about 35km away from the main district hospital.

"Relocation is our main fear but we hope we will not relocate due to these mine activities. The relationship with the investor so far has been fine and we hope this situation will continue. My word of encouragement is for us citizens

#### Mining and social protection experience from Civil Society in Malawi

On the second day of the Indaba came a presentation by Chris Chisoni then of Catholic Commission for Justice and Peace (CCJP) who emphasized on the need to have regulations for investors to fulfil corporate social responsibility (CSR) obligations because as is the current case the companies conduct CSR for charity implying they are free to do it at their own will.

#### Partnerships between government and mining companies

Then came a presentation by Grain Malunga, a former Minister of Natural Resources, Energy and Mining who

...from page 7

“Realizing that there might be potential resistance on some reforms among mining investors, the project at all stages involved responsible government departments to bring about consensus and a win-win situation. The stakeholder engagement framework was designed to strengthen community structures to be able to negotiate with and engage mining investors and government on issues affecting them. To this effect a capacity building training tool kit on mining governance was developed and implementing partners were trained on how to use it with members of Community Action Groups (CAGs) and this process was further strengthened by mapping key players at community, district and national levels.”

“As a result, dialogue platforms were erected at community and district levels in so doing creating spaces of interaction between mining investors, government officials and communities on issues arising from the mining processes.”

Mapemba explains that to address the weak coordination and collaboration among CSOs, the project implemented a set of activities aimed at bringing about consensus, increased information sharing on best approaches and



Participants at one of the public discussions under Tonse Tipindule project



A panel at one of the public debates comprising government, private sector and civil society representatives



GVH Namalima of Phalombe contributing to the debate

advocacy strategies.

In this regard, efforts entailed working closely with key CSO networks and platforms like Natural Resources Justice Network, Centre for Environmental Policy Action (CEPA), Citizens for Justice Karonga, Mzuzu CCJP and Action Aid on mining to avoid duplication and unnecessary competition in the sector.

He reports that a national alternative Mining Indaba was organised jointly by the CSOs in Lilongwe in 2014, the first ever in the history of Malawi in bringing different key stakeholders in the mining sector to dialogue on emerging issues. Through the Mining Indaba, community members, CSOs and other stakeholders were ably provided with a platform to engage.

The project also supported and mobilized civil society organizations to effectively support affected communities and engage the mining sector and government.

## Case Studies

### 1. Mines and Minerals Act

CCJP in their report appealed to government to trim powers of the Minister of Mining. The government has responded to these issues, which is evident by the sections that have been included in the draft Mines and Minerals Act where the powers of the minister have been reduced. Other sections include section 304 -dealing with community engagement, section 173-dealing with resettlement, section 174-dealing with community development plans and other sections that are aimed at enhancing accountability and transparency.

### 2. Kanyika Community engagement

Kanyika mine native forum petitioned the Minister responsible for mining summoning him to visit the community so that they can engage with him on challenges that the community was facing due to mining. The community further conducted a demonstration and presented a petition to the District Commissioner accusing government of making promises it never fulfills. They also took the government to task for not coming into the open on whether mining would take place at Kanyika or not. The

community demanded answers because they were left in suspense and could not proceed with any activity including agriculture as they feared they would be evacuated at any time.

The project under the above activities also empowered the communities to demand developmental projects from mining investors as part of corporate social responsibilities.

### 3. Communities benefiting from mining

Working with QMAM, Njereza Community in Mangochi managed to engage with Cement Products Limited (CPL), a company exploring for limestone for cement production, to initiate projects that will benefit the community. In response, the company has built a school block, maintained roads, and constructed a borehole at John Sawadi Village in the area. The company has further pledged to continue fulfilling other development pledges it made to the communities.

### 4. Communities fairly compensated

Through community action groups in T/A Tsikulamowa in Ntcheu, two community members managed to receive compensation worthy K4, 500, 000 from TPT Investment and JK Investment after losing land to the mining companies. Selina Jemusi got K2, 500, 000 from TPT Investment while Joseph Kenati Mbewe got K2, 000, 000 from JK Investment. Both companies are mining limestone in the area.

### 5. Balaka lime companies respond to CSR Queries

Ng'onga area is blessed with raw materials for lime production surrounding the Chenkumbi Hill, 15 kilometers away from Balaka Township. Many lime producers such as Zalewa Lime Company (ZALCO), Balaka Lime Works, Intact Lime Company and JK Investment started their operations in the area in the early 1980's. However, to the community's surprise, all of the mining companies have been neglecting to respond to the community needs in form of corporate social responsibility (CSR).

Since the commencement of the Tonse Tipindule project in September, 2013, the Quadria Muslim Association of Malawi (QMAM) has been mounting advocacy in mining issues in the area together with other stakeholders such as the Ng'onga Community Action Group (CAG),

Balaka District Commissioner, Director of Planning and Development (DPD), Environmental, Land, Labour, Community Developmental officers as well as other civil society organizations (CSO) like Mining Network to bring about change for a win-win situation between the community and mining investors.

In May 2015, QMAM project team organized a local mining indaba at Chiyendausiku Hall in the district where communities discussed common issues and developed joint action plans. The indaba attracted five mining investors from the district including ZALCO. The Balaka community Developmental officer, the DPD and the Chiyendausiku Ward Councilor pleaded with the investors to work with the community in all mining activities happening around Chenkumbi Hill.

The result is that the Ng'onga community is now all smiles at ZALCO's response through various CSR programmes. For instance, ZALCO has provided two shelters for a bus stand at Chikombera in the area. It has also maintained the dilapidated bridge that connects Dzimalame and Chilumba areas. Besides, ZALCO is providing assistance in the construction of Chiyendausiku Zone Secondary School through transportation of bricks and sand from Chimwarire and Manjawira areas, 50km to 60km away from Chiyendausiku. As a good gesture towards ZALCO from the community, Group Village Head (GVH) Ng'onga has promised to help ZALCO acquire a larger part of Chenkumbi hill to expand its mining operations.

### 6. Ntcheu Community engages Mota-Engil on gold exploration project

Courtesy of the Tonse Tipindule Project, residents of Namisu and Senzani areas in Ntcheu District engaged Mota-Engil, a Portuguese multinational exploring for gold in the area after being mobilized by QMAM.

Besides requesting for CSR projects from the company, the community asked the company to take care of the environment as it has drilled big holes in the area as part of the exploration.

Certainly, all these cases studies bear testimony that rural communities in Malawi have now a voice on mining projects taking place in their areas thanks to Tonse Tipindule Project.

# Standard Bank partners Intra Energy in 120MW power project

By Evetar Chinsolo

Africa's financial power house, Standard Bank, has entered into mandate with Intra Energy Corporation (IEC) with respect to sourcing joint venture partners for the Pamodzi coal fired power generation project in Salima which seeks to utilize coal from its Nkhachira coal mine in the northern region.

Chairperson of IEC Graeme Robertson says in the company's 2015 annual report that his company which is pursuing the Pamodzi Project through its local subsidiary, Malcoal Mining, struck the deal with Standard Bank South Africa in May 2015.

"The mandate is structured on a success only basis. Two potential partners have been identified and they are currently undertaking due diligence," says Robertson in the report.

He reports that In December 2014, power purchase agreement (PPA) term sheet negotiations with the Electricity Supply Corporation of Malawi (ESCOM) were concluded and the term sheet was initiated.

Robertson says: "Approval for execution has been given by IEC's board, and the Attorney General's office in Malawi has also approved the term sheet. It is currently being circulated amongst ESCOM's board for final execution approval."

"The delay in execution stems from ESCOM having a new board constituted in March 2015."

Meanwhile, Intra Energy has expressed concern over market challenges in continues to encounter in Malawi as regards sales from the Nkhachira Coal Mine.

Robertson says due to the market challenges, Malcoal continues to grow slowly while pushing into supplying more of the Malawi industrial market.

"There is limited scope for regional exports given logistical challenges and existing coal mines in Mozambique, Zambia, and Zimbabwe," he says.



Coal to be used for electricity power generation

As at 30 June 2015, Malcoal had 3,900 tonnes of coal held in stockpiles due to the market hiccups.

Robertson also reports that a haul road was planned for construction during the previous financial year but it has been delayed due to the wet season and then the withdrawal of the nominated contractor, hence it is now planned for 2016.

"Laboratory equipment is currently on order which will further assist with timely quality assurance," says Robertson.

Malawi is currently experiencing a serious power crisis which is having a knock on effect on mining and other economic sectors.

The Government is, therefore, promoting investment

by independent power producers (IPPs) such as Malcoal to start producing power that will be channeled into the national power grid.

Escom currently sources up to 98% of its power from hydro power stations cascaded on the Shire River and production is always affected by environmental problems including siltation, which damages the company's machines.

It is, therefore, expected that Malawi's adoption of alternative energy sources including coal will ensure security of power a part from beefing up generation capacity for Escom, which now stands at 351MW against the soaring demand pegged at 400MW.

## New mining law tough on stone peddling

By Madalitso Mhango & Evetar Chinsolo

The honeymoon will be over for smugglers of Malawi's precious stones when the new Mines and Minerals Act comes into effect as the new law has stipulated stiff measures against stone peddlers in order to allow that marketing of minerals is conducted in an organized platform that generates adequate revenue in form of taxes for the government.

According to the Mines and Minerals bill, any person who possesses, purchases or sells any reserved mineral in its raw state is guilty of an offence and upon conviction is liable to a fine as prescribed in the regulations or to imprisonment for a period of not exceeding one year, or both such fine and imprisonment.

Malawi is, currently, losing billions of kwachas through stone smuggling mainly targeting precious minerals including gold and gemstones, according to a report by the Malawi miner's tax force.

"The quality and quantity and value of the stones do not match the declared value of the exported gemstones," says the report.

The proposed law says an application for a reserved mineral license is to be made to the Commissioner for Mines in a prescribed form and shall be accompanied by the extension fee.

It says: "The licenses will be granted to any licensed bank and any person who is fit to hold such a license and who understands the provisions of this Act."

"The licenses will have a validity of one year and they will be renewed on payment of the prescribed fee hence the



From L-R: James Otto (consultant) PS Botolo and Minister Msaka during Mines and Minerals bill consultative workshop

license is not transferable as it may be cancelled at anytime if the licensee is convicted and unfit to hold the license."

"Even though the license will be granted to the mineral possessors, the holders are limited from purchasing any reserved minerals in their raw form from any person."

The law, however, says there is no restriction of granting licenses to museum, education or scientific establishment from the possessing amounts of reserved minerals for the purpose of display as far as teaching or scientific study is concerned.

of the new Act will ensure sanity in the sector to enable the government generate more revenue, which is lost through unscrupulous and black market deals.

Mining used to contribute 10% to the country's Gross Domestic Product (GDP) when the mothballed Kayelekera Uranium Mine was up and running but now its contribution to GDP has plummeted to less than 5%, according to the World Bank.

The new law also stipulates tough conditions for contractors who happen to discover precious minerals.

"Any contractor constructing public works that inadvertently discovers reserved mineral into the course of its work shall inform the Registrar of Mineral Tenements within 30 calendar days of its discovery," says the Bill.

The Mines and Minerals Bill was expected to be tabled in parliament last year but the house referred it back to the Ministry of Natural Resources, Energy and Mining after noticing anomalies in some clauses in the document that needed to be rectified.

Malawi hopes the introduction of the new Act will ensure sanity in the sector to enable the government generate more revenue, which is lost through unscrupulous and black market deals.



# TECHNICAL FILE

by Grain Wyson Phillip Malunga FIMMM  
Mining and Environmental Management Expert

## Chimwadzulu Hill corundum in Ntcheu, Malawi

### Abstract

Chimwadzulu Hill corundum is mainly associated with soil and surface layers of weathered ultrabasic rocks originating from dunite, peridotite and amphibolite. Rich pockets of red/pink corundum have been identified in weathered bed rock. The chemistry of the intrusive rocks have produced red corundum through chromium presence while natural or blue corundum originates from containment of iron and titanium. Nickel and chrome anomalies have been identified in soils and serpentinised rocks.

Delineated or mine grid area has a total resource of 8,000 Kg of corundum averaging 75.15 g/m<sup>3</sup> with a cut-off grade of 10 g/m<sup>3</sup>. Wide surface stripping to bed rock and processing of over 100 m<sup>3</sup> from the current 25 m<sup>3</sup> to make the project financially and economically viable. This will mean increased mechanization and investing in high volume water abstraction or borehole drilling and building a large tailing dam.

### Introduction

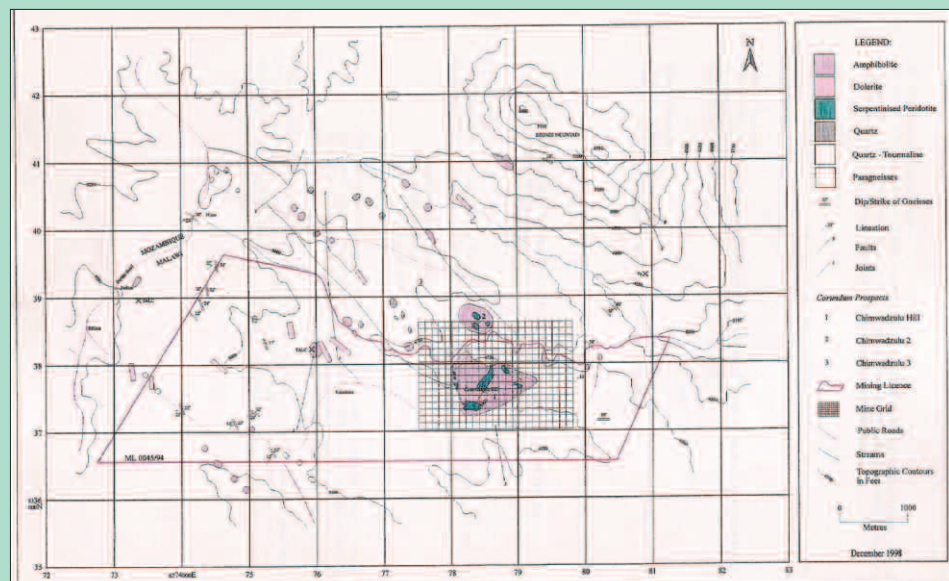
Chimwadzulu Hill is located 6 kilometres east of the Mozambique border about 35 kilometres from Tsangano turn off along a gravel road. The deposit is about 145 kilometres from Lilongwe. The nearest village to the hill is Katsikera.

Chimwadzulu corundum was first reported in 1958 by Bloomfield. Gunson Exports Limited did some small scale mining from 1965. In 1988 and 1989 Malawi Development Corporation (MDC) mined the deposit. Mineral Exploration PVT Limited (MINEX) took the mine in 1994 with Government assuming 15% stake in the company. The mining Licence expired in 2006 and was later acquired by Nyala Mine in 2007. Government owns 10% equity in Nyala Mines under an Agreement signed on 18th June 2008. The agreement allows Nyala mine to grant 30% of its shares to Malawians through subscription.

### Geology

Chimwadzulu Hill is an ultrabasic body which intruded into quartzo-feldspathic gneiss. The ultramafic intrusive body mainly comprises of ortho-amphibolites and serpentinised peridotites that are rich in aluminum. The gneisses are Precambrian meta-sedimentary paragneisses, graphitic, calc-silicate and kyanitic in nature.

The ultramafic body seems to have altered from dunite, pyroxenite and peridotite through metamorphism, metasomatism and hydrothermal activities. These reactional activities might have introduced chromium in ruby and various ratios of iron and titanium in sapphire. Dark-reddish brown residual soils rich in corundum lie over a deeply weathered bedrock to a depth of up to 2 metres.



### Reserves

Chimwadzulu hill was explored in detail between 1994 and 1999 by Mineral Exploration Private Limited (MINEX). Stuart Brand did detailed trenching, pitting and bulk sampling was done culminating into digging of 6,500 pits and 12 bulk sample pits. Power auguring was done in target areas. A reserve of 8000 kg of corundum has been delineated (Table 1).

Table 1 : Corundum Resources of Chimwadzulu Hill

DESCRIPTION	GRADE (gm/m <sup>3</sup> )	RESERVES (Kg)
Red/Pink	6.1	250
Red/Pink	75.2	7,750
<b>TOTAL</b>		<b>8,000</b>

Building on the work done by Stuart Brand, further work was done following discovery of discrete, rich pockets of red/pink corundum occurring in weathered bed rock. A total of about 6000 reconnaissance pits were excavated by hand on a 10m square grid to cover the area underlain by basic rocks. In some areas the grid was closed in to 5m. Red and pink corundum were quantified into indicated and inferred resources. A. C. A. Howe's report came up with a total of 447.6 Kg of red/pink corundum summarized in the table below.



Figure 1: Red/pink corundum

Table 2: Chimwadzulu Red/Pink corundum reserves

RESOURCE CATEGORY	DESCRIPTION	VOLUME (m <sup>3</sup> )	GRADE (g/m <sup>3</sup> )	WEIGHT (Kg)
Indicated	Surface material +soil + Bedrock extensions	31,491	1.9	59.6
Inferred	Surface material +soil + Bedrock extensions	8,862	21.2	188.0
<b>TOTAL RESOURCES</b>		<b>40.353</b>	<b>6.1</b>	<b>447.6</b>

Further assessment of the residual soils showed presence of chromite and nickel which could further be assessed for recovery of black sand concentrate if a mechanized processing plant was to be used. Chip sampling of weathered serpentinite rock has also recorded values in the range of 1.3 to 1.7% Nickel. This encourages exploration of bed rock Nickel and chrome resources at Chimwadzulu Hill.

The current hand digging for natural ruby is not sufficient to achieve operating profits. Worse still, less than 1% of red/pink corundum is of top grade. An attempt was made to install a heavy mineral separator to process 25m<sup>3</sup> per operational shift. This never brought any operational profit. A plan to purchase a processing plant that can achieve 100m<sup>3</sup> per operational shift is a progressive one and may help avoid selective mining which has not been profitable at all.

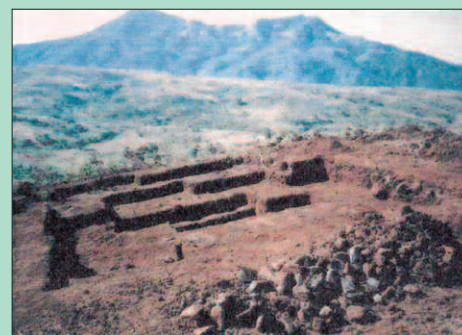


Figure 2: Excavation Pit on Chimwadzulu Hill (Source: Stuart Brand, 1977)



Figure 3: Sorting and grading of corundum (Source: Stuart Brand, 1977)

The mine will need to increase water availability, for processing, through dam construction or drilling of high yield boreholes. A large tailings dam will also be required.

The processing plant should consist of a trommel launder and jig plant with a magnet separator installed along a conveyor belt to remove magnetic minerals in order to ease extraction of gem material.

### Conclusion and Recommendation

It is apparent that the Chimwadzulu Hill has potential to economically produce gem corundum, nickel and chrome if assessed in detail. An accurate survey of pit location using a GPS is necessary as all pits and trenches were located using a mine grid from a local baseline.

There is need to come up with predictive tools to identify targets for coloured corundum. The colours are associated with chromium, iron and titanium related to the original basic rocks i.e. dunite, peridotite and amphibolite. Dunite and peridotites have been serpentinised.

A resource of 8,000 kg comprised a grade of 6.1 gm/m<sup>3</sup> for red/pink corundum and 75.2 gm/m<sup>3</sup> for colourless/blue corundum is dominated by the latter which amounts to 7,750 Kg. The resource has not been fully quantified except where pits and trenches were dug.

Mining or excavation of soils for corundum recovery can be profitable if large volumes of soil are processed as compared to the current selective mining. Wider prospecting and deep pitting or drilling can reveal the occurrence and economic potential of gem corundum on this hill.

Credits to exploitation of corundum on Chimwadzulu Hill could be nickel and chrome found in weathered serpentines and soils that could be recovered as black sand concentrate. Platinum may also be of interest in this ultrabasic body.

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# Mfiti atsutsana ndi kafukufuku wamafuta panyanja ya Malawi

Wolemba Marcel Chimwala

**M**kulu amene amagwira ntchito yoteteza zachilengedwe, Godfrey Mfiti, watsindika zakuipa kwa ntchito yofuna kuyamba kuyenga mafuta mu nyanja ya Malawi, ponetsa kuti izi zibweretsa chiopsyeyo chachikulu pa zachilengedwe zomwe zimadalira nyanjayi.

Mkuluyu amayankhula izi ku msonkhano omwe udachitika mu mzinda wa Lilongwe ku malo a zokopa alendo otchedwa Four Seasons.

Muchikalata chomwe Mfiti adawerenga patsikuli, iye adaunikira dziko pochenedza kuti lingaliro lofuna kutsegula migodi yokumba mafuta m'nyanja ya Malawi ndilofunika kuliunika bwinobwino chifukwa mafutawo akamapopedwa atha kuononga madzi abwino a m'nyanjayi, zomwe zitha kubweretsa vuto lalikulu pa zachilengedwe.

Mosapsyatira mawu, iwo adanenetsa zakufunika koteteza nyanjayi ndi zachilengedwe zake pakuti ndiyofunika ndi yokongola kusiyana ndi nyanja zambiri pa dziko lapansi.

Mfiti adapereka zitsanzo za mitundu yambiri yansomba yomwe imapezeka m'Malawi muno mokha.

“Mitundu ya nsomba zomwe tilinazo m'nyanjayi ndi yopyola mazana atatu ndipo palibenso kwina kumene imapezeka kupatula kuno kwathu, chimene chilli chinthu chonyaditsa ndipo chifunika kuchiteteza,” anatero Mfiti.

Iye adalangiza boma kuti litengerepo mwawi pa ndondomeko ya chitukuko yomwe a United Nations akhazikitsa ya Sustainable Development Goals (SDGs) gawo 6 lomwe likuwunikira m'mene mayiko angasamalire madzi mwa ukhondo.

Mfiti adalangiza akuluakulu aboma kuti adzitenga nyanya ya Malawi ngati chinthu cha mtengo wapatali ndikuonetsetsa kuti ganizo lililonse lopangidwa pa zakagwiritsedwe ntchito kake lili ndi umboni okwanira oti anthu adzapindula ndipo dziko lizatukuka.

“Pakufunika kuti pakhale kauniuni osabisa ofufuza za m'mene ntchito ya migodi pa nyanja yathuyi izakhudzire zinthu zachilengedwe, maka-maka kuonongeka kwa madzi



Mfiti: Mkulu oteteza zachilengedwe

Boma la Malawi lidapereka malaisensi akafukufuku wa mafuta ku makampani motere: Dera la kumpoto kwadziko lino ku malire a Tanzania ndi Zambia linaperekedwa ku kampani yak u South Africa yotchedwa Sacoil Holdings, gawo lachiwiri ndi lachitatu lomwe lilinso kumpoto kwa Nyanja mmaboma a Karonga ndi Nkhatabay linaperekedwa kwa Hamra Oil, pomwe lachinayi ndi chisanu lili ndi Rakgas MB45 Limited, pomwe gawo lomaliza lomwe likupeza ku chigwa cha nsinje wa Shire linapasidwa kwa Pacific Oil Limited.

Makampaniwa adalonjeza kuteteza zachilengedwe ndi kuthandiza anthu ammdadera ozungilira komwe akugwira ntchito yankhosi yazachuma komanso chitukuko.

Koma pakali pano ntchito yofufuza mafuta pa nyanja ya Malawi yaima kaye kamba ka chiletso chomwe boma linapereka. Malingana ndi uthenga ochokera kuboma, kufufuza kulikonse kwa mafuta pa nyanjayi kudaimikidwa chifukwa likuganiza kuti ziphaso zofufuzira mafuta pa nyanjayi zinaperekedwa kumakampaniwa mwachinyengo panthawi ya ulumuliro wamayi Joyce Banda. Koma makampaniwo akukana za nkhanayi.

achilengedwe. Komanso m a k a m p a n i okhudzidwa ayenera kutenga udindo osamalira ndi kuteteza zachilengedwe zomwe zingazaonongeke chifukwa cha ntchito za migodi pa nyanja ya Malawi,” adatero kadaulo oteteza zachilengedweyu.

Iye adati Malawi ayenera kudziwa kuti madz ndi ofunika kwambiri kumbali zonse za chitukuko chakumudzi, m'mizinda, pa zaulimi ndiponso pakhani za usodzi wa nsomba.

## Bungwe la amigodi ing'onoing'ono likufuna boma likhazikitse mwachangu ndondomeko yatsopano yoyendetsera ntchito zawo



Amayi amigodi ing'onoing'ono kuonetsa katundu wawo ku msonkhano wa azamalonda (Malawi Investment Forum)

Wolemba Deborah Manda

**B**ungwe la eni migodi yayiang'onoang'ono la Gemstone Association of Malawi (GAM) ladandaula ndi kuchedwa kwa boma povomereza ndondomeko yatsopano yoyendetsera ntchito zawo yotchedwa Small Scale Mining Policy.

Mlembi wamkulu wabungweli, Ian Petros Mbewe, anawuzza Mining and Trade Review kuti ndondomeko yatsopano yoyendetsera ntchito ka a migodi yayiang'ono yomwe zingatukule eni migodiyo komanso

kuthandiza kubweretsa chuma m'dziko kudzera m'misonkho.

Mbewe adati: “Boma likutaya chuma chambiri chifukwa pakali pano kulibe dongosolo lenileni loyendetsera zamigodi ing'onoing'ono zomwe zikupangisa kuti anthu ambiri azingogulitsa miyala osalipira msonkho. Iye tikufuna kuti ndondomeko yatsopano yomwe inasindikizidwa kale iyambe kugwira ntchito kuti zinthu ziziyenda mwadongosolo. Pano anthu akukumba, kugula komaso kugulitsa miyala ya mtengo wapatali opanda ziphaso zovomerezeka motero sapereka msonkho kuboma zomwe zili zosaloledwa.”

Iye adanenanso kuti bungwe lawo ndilokonzeka, mothandizidwa ndi boma, kufufuza ndi kugwira anthu omwe amaziika ngati am'nkhalakali pakati ogulitsa miyala ya mtengo wapatali koma ali akambe-mbele ndi asidzinantole ofuna kubela anthu pokugula miyala pa mtengo wozizila .

Ndondomeko yatsopano yoyendetsera kuti eni migodi ndi ogulitsa miyala akhale ndiziphaso zoyenerela zimene zaunikidwanso mulamulo latsopano la ntchito zamigodi lomwe likukonzedwanso.

Mkulu wa GAMyu adapemphanso unduna wazachilengedwe ndi migodi kuti ugwire ntchito limodzi ndi bungwe lake pothandizana kutukula azamigodi ing'ono yomwe ingathandize kutukula chuma cha dziko la Malawi.

## Shayona ikhazikitsa simenti watsopano wa “Thanthwe”



Wolemba Chiku Jere

Kampani yiyikulu yopanga simenti m'dziko muno ya Shayona Cement Corporation yakhazikitsa mtundu wina wa simenti wotchedwa “Thanthwe” yomwe athu ambiri akukamba kuti ndi simenti yabwino kuyelekeza ndi simenti zina zomwe zikukupezeka pamsika.

Kukhazikitsidwa kwa simenti komanso kukhazikitsidwaso kwa ina yomwe inalipo m'mbuyomu ya Buildplast kunachitika pa 7 disemba 2015 ku Capital Hotel mumzimda wa Lilongwe ndipo ku mwambowu kunali anthu ogwira ntchito za boma ndi makampani omwe siaboma.

Yemwe adatsogolera mwambowu anali nduna yazamakampani ndi malonda Josephy Mwanamveka omwe anati simenti ya Thanthwe ndi Buildplast ithandiza kwambiri pachitukuko chadziko lino.

Ndunayi idayamikira kampani ya Shayona popita patsogolo ndi bizinesi: “Ndikukhulupilira Shayona ikukwanitsa kuchita izi chifukwa choti anthu omwe ali pakampaniyi amalimbikira komaso kuikirapo luntha pantchito,”

“Ife a unduna ndife okondwera ndikampani ngati Shayona mdziko muno yomwe yayesetsa kukonza ndi kupanga katundu wapambwa pamsika,” Mwanamveka anatero.

Mwanamveka anayamikilanso Shayona pokulitsa fakitale yake ku Kasungu chomwe chipangitse dziko la Malawi kukhala lozidalira palokha popanga simenti pofika kumapeto a 2016.

“Izi zithandiza kwambiri boma kuti lisamaitanitse katundu wakunja zomwe zakhala zikuonongetsa chuma chadziko lino kwa nthawi yaitali” idatero ndunayi.

Mukuyankhula kwake mwini wa kampani ya Shayona Cement Corporation Jitendra Patel adati kukhazikitsidwa kwa “Thanthwe” komanso kukhazikitsidwaso kwa Buildplast ndi zinthu zazikulu pambiri yakampaniyi.

Shayona imathandiza pachuma chadziko la Malawi ndi ndalama zokwana 2.5 biliyoni kudzera mumisonkho.

Shayona ili ndi anthu ogwira ntchito 1200 omwe ambiri mwa iwo ndi a Malawi.

Padakali pano, bungwe la GAM lidasankha anthu atsopano m'maudindo kumsokhano omwe unachitikila ku Livingstonia Beach ku Salima kumayambiliro a mwezi wa November chaka chatha. Bambo John Chikokoto adasakhidwa kukhala mtsogolero, Mbewe adatenga udindo wa mlembi wamkulu ndipo Mayi Jessie Munthali ndi msungichuma.

Boma la Malawi lili ndi chiyembekezo choti ndondomeko yatsopano yoyendetsera mchitidwe wotulutsa miyala popanda chilolezo chaboma, zomwe zapangitsa boma kutaya chuma posatolera misonkho.

Kudzera mundondomeko yomweyi, boma lili ndichikhulupilira kuti ntchito yopereka ziphaso kwa a eni migodi ing'ono-ing'ono ikhala yosavuta ndipo yokhazikika.

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# Shayona pleads with govt. to curb cement imports

By Chiku Jere

**G**iant cement producer, Shayona Cement Corporation, has pleaded with the Malawi government to put into effect its pledge to support and protect local investments by curbing cement imports from neighbouring countries that are threatening the survival of the local cement industry.

Managing Director and founder, Jitendra Patel, conveyed this message directly to the Minister of Industry and Trade, Joseph Mwanamveka, when he presided over the launch of Shayona's new cement brand 'Thanthwe,' at an event held at Capital Hotel in Lilongwe.

He said the company has repeatedly been assured by the Ministry of Trade and Industry that everything shall be done to support and protect the local cement industry but what is now required from government is action on the ground.

"I would wish to put to record that we are facing heavy challenges from cement imports from surrounding countries, a situation that is not health for the development of the local cement industry," Patel lamented, apparently in a direct address to the Minister.

Patel said unlike local manufacturers, promoters of cement which are currently exporting their product into

Malawian market have no interest in creating employment in the country nor do they carry out any Corporate Social Responsibility projects to assist the nation.

"Cement imports are also having a draining effect on our valuable foreign exchange, putting pressure on our already tight hard currency reserves."

The Forbes Magazine featured magnet urged the authorities to maintain and put into operation the policy of supporting and protecting its local industries, on the other hand promoting foreign direct investment into Malawi.

Patel also assured the nation of continued investment in the country with expectations of total support for local industry from government.

"We are investing hugely such that by end of next year, Malawi shall be self-sufficient on its requirement for clinker and cement," he said.

He said the reason his company continues to invest in Malawi is that it is very sure that the Malawi Government will fulfil its promise to do everything possible to support private firms like Shayona Cement Corporation.

Currently, the Malawi market is flooded with cement imports from neighbouring countries such as Zambia, Tanzania, Zimbabwe and Mozambique.

The imported cement is sold at a lower cost than locally manufactured cement as production cost in Malawi is always higher than in neighbouring countries due a various



Patel: Shayona Managing Director and Founder

economic factors including easy access to many raw materials in the competing countries.

Shayona opened its operations in Malawi 20 years ago and it has grown into a leading local producer of cement with a rapid rise from a rated production capacity of 100 tons per day with less than 100 employees back in 1997 to a present rated production capacity of 650 tons per day with 1,200 personnel.

Plans are that upon the completion of the expansion project at the rural Kasungu East-based factory, the company will produce more than 30,000 bags of cement per day.

...from back page

A representative for Kanyika community, Folger Nyirongo, says the members of the Kanyika community are frustrated as they were told not to make any developments since mining may start anytime, but now the government has told them to live as they used to live before and this has left them with so many questions as to whether the mine will be constructed or not."

"People have now a negative attitude towards the project. There is no mining which means no any economic advantage but disadvantages as the aura of suspense created has drawn us backwards instead of moving forward," says Nyirongo.

Besides the delays in executing the project, he lists the positives of the project saying it will improve income for members of the community through employment at the mine and securing of a market for their agricultural produce.

"We also expect the investor to embark on various community development projects like construction of schools, markets, and hospitals as part of corporate social responsibility thus if the project will take off, which we very much doubt," he says.

But Undi says the project will certainly get off the ground at some point although it is difficult to predict as to when.

Globe Metals, which has China Mineral Exploration Bureau as the major shareholder, is, currently, scouting for funds to launch mining works at Kanyika as the Chinese have indicated that they will not solely fund the project as earlier expected due to market uncertainties.

Consequently, Globe has announced that it is looking

for a local partner in the wake that the Chinese may not be willing to participate.

Undi says: "Globe will require more than US\$250 million to invest in the mining operation. This magnitude of money is usually raised through financiers such as banks and no banks are willing to lend finances for new mining projects and with this, Globe is facing the same problem of identifying a financier."

"Two to three years from now when the prices pick up, the song will be different. This type of cycle is not unusual in the mining industry."

Sources, however, confirm to *Mining & Trade Review* that the company has already identified a local consortium comprising Malawi's leading financial institutions and the consortium is just monitoring the niobium prices before it releases development financing.

Globe Metals and Mining General Manager, Neville Huxham, told *Mining & Trade Review* in an earlier interview that his company is pushing to sign pre-purchase agreements with suitable niobium buyers, which will help it unlock financing for the project.

Huxham, however, differed with Undi on the issue of the royalty regime saying the company is not ready to pay the prescribed 5% royalty in addition to the 30% fixed income tax describing it as "double taxation."

He, therefore, said Globe is waiting for the Malawi government to come up with a tax rate for the mining sector since royalty on its own is another tax and Malawi's royalty rate is said to be one of the highest in Africa region whose average is 3%.

In the development agreement for Paladin Africa's



Huxham: Globe Metals & Mining General Manager

Kayelekera Uranium Mine, the Malawi Government reduced the royalty rate paid by the investor to 3% in exchange for 15% shareholding but the move attracted fierce criticism from civil society groups and opposition politicians who claimed that Malawi got a raw deal.



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# Kanyika deal sealed

- Government to acquire 15% in mine
- investor will pay the prescribed 5% royalties
- Globe says still negotiating with govt. on royalties

By Chifuniro Makhasu

**G**overnment says it has finalized development agreement negotiations for the Kanyika Niobium Project in Mzimba with ASX-listed, Globe Metals and Mining, which is expected to invest US\$250-million to kick-start the construction phase of the project.

Spokesperson for the Ministry of Natural Resources, Energy and Mining responsible for mining, Levison Undi, says as part of the agreement with Globe, the Malawi Government will acquire 15% shareholding in the Kanyika Mine, which will produce niobium, tantalum and uranium.

Undi says the arrangement has come about after the two parties successfully negotiated on the draft development agreement which Globe submitted to government a couple of years ago.

He explains that the draft agreement was discussed with the government on a similar format to that of Paladin Africa for the mothballed Kayelekera Uranium mine but the terms were completely different.

However, Undi says Globe has not immediately embarked on mine construction works at Kanyika because it is yet to mobilize financing and identify a suitable market for the mined products.

“The mining industry is going through a down turn because the prices of most of the metals are very low therefore Globe is looking for partners to finance the project,” Undi says.

There have been loud concerns on the delays by government to give a green light to the Africa-focused resources firm to kickstart the project with some quarters



Folger Nyirongo: Kanyika community representative



Exploration works at Kanyika

suspecting that the government is dilly-dallying on the project in order to allow for the enacting of the new Mines and Minerals law, which will impact on the project.

Undi, however, says there is nothing in the new Mining Act that can impact on the development agreement as the new changes in the draft Mines and Minerals Act like

community development agreements were already taken on board in the development agreement.

The delay in launching the Kanyika Mining Project has attracted a horde of complaints from members of the community at the site who are living in suspense over relocation and compensation issues.



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