

# MINING REVIEW

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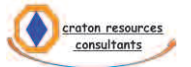
The Voice of Mineral Sector in Malawi

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## Mutharika spells out bouyant prospects

● Review of mining legislation to facilitate investment

His Excellency, State President Professor Arthur Peter Mutharika has projected rosy prospects for the country's budding mining sector. The President made the projections in his State of the Nation Address when he was launching this year's budget sitting of Parliament.

Full story on page 3



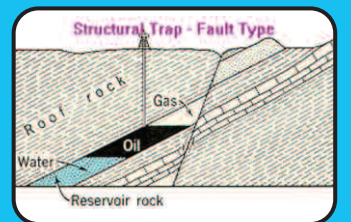
Pres. Prof. Mutharika converses with the Speaker of National Assembly Hon. Richard Msowoya before delivering the State of Nation Address marking the opening of the 45th session of Parliament and the 2015-2016 budget meeting

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# Mining to contribute 20% GDP by 2020

By Chiku Jere

**W**ith floods, drought and other siblings of climate change having a knock on effect on the performance of the core sector of agriculture and tobacco prices reeling under the curse of the global anti-smoking lobby, Malawi expects mining to come to the economic fore in the near future with the President projecting a huge increase in the sector's contribution to GDP.

Delivering his State of Nation Address when he presided over the opening of the 2015-2016 budget meeting on May 5, 2015, His Excellency the State President Professor Arthur Peter Mutharika explained that the on-going review of the Mines and Minerals Act (1981) as well as the implementation of some corresponding policies will contribute to a dramatic increase in the mining sector's contribution to the economy as the country seeks to make a paradigm shift from an agro-based to mineral based economy.

From a meager 3% in 2004, the mining sector now contributes 10.8% to Malawi's GDP and Mutharika foresees the sector's contribution to GDP hitting 20% by the year 2020.

"Government will, among other interventions, use the recently completed Country-wide Airborne Geophysical Survey to attract prospective investors as well as put in place deliberate policies to encourage increased local participation in the sector," he said.

Malawi, which has a New Mines and Minerals Policy in place, is reviewing archaic pieces of legislation including the Mines and Minerals Act (1981) in order to come up with

a law that conforms to current international best practices while ensuring that benefits accrued from the sector trickle down to the local population.

In his speech, the Malawi leader also reiterated his Government's commitment to enhancing transparency and accountability in the mining sector.

He said Government will formally be applying for the candidature of the Extractive Industries Transparency Initiative (EITI) later this year, once all preparatory processes are concluded.

"In view of the commitment by Government to enhance transparency in the mining sector, Mr. Speaker, Sir, Government will join the EITI to promote revenue transparency," Mutharika said.

Malawi, which hugely relies on tobacco as a major source of foreign exchange, is an agro-based economy with the agricultural sector accounting for over 39 percent of GDP, 85% of the labour force and 83% of foreign exchange earnings.

The Government is, therefore, promoting the mining sector to attract investors and consequently ensure robust growth of the sector and economic diversification from overdependence on agriculture which is exposed to natural risks including floods and drought while the future of the major crop, tobacco, is being haunted by the anti-smoking lobby.

President Mutharika noted that his government is as well promoting the energy sector to meet the energy needs of some mining projects, which are failing the feasibility test due to lack of reliable, sustainable and affordable energy.

"Reliable, sustainable and affordable energy is a necessary precondition for economic growth, social development and survival of all human societies and in recognition of this, a search for alternative sustainable energy sources and the initiation of energy cost-effective projects centred on the people and investor's needs are of utmost importance," he said.

He said his government will be introducing new incentives to facilitate Public Private Partnerships (PPPs) in the energy sector, and also called upon private players to invest in the introduction of other viable alternative energy sources such as solar, wind as well as biogas.

Professor Mutharika also



Mutharika addressing Parliament

said there is need for enhancement of efficiency in the services offered by the Electricity Supply Corporation of Malawi (Escom) by separating its functions into independent generation, transmission, distribution and marketing units.

Malawi hosts proven quantities of a variety of minerals such as rare earths, bauxite, uranium, niobium, tantalum, strontianite, corundum, graphite, limestone, titanium, heavy sands, vermiculite, coal, phosphate, pyrite, glass sands, dimension stones and gemstones.

The country has also anomalous sites for gold, platinum group metals, diamond and copper.

However, lack of adequate and reliable power has proven to be a stumbling block to kickstart mining operations for a number of minerals notably heavy mineral sands, whose deposits exist in the Lake Malawi and Chilwa shores.

Kayelekera, the country's biggest mining investment now on care and maintenance, uses diesel for its operations.

Malawi is also hoping to cash on the oil and gas subsector having awarded all its six hydrocarbon exploration tenements to international expatriate firms.

Experts have rated Malawi, especially the Lake Malawi and Shire Valley area, as a potential target for the discovery of hydrocarbons as it falls within the African Great Rift Valley area which has seen oil being discovered up North in countries such as Burundi, Uganda, Tanzania and Kenya.



Aerial view of Kayelekera mine

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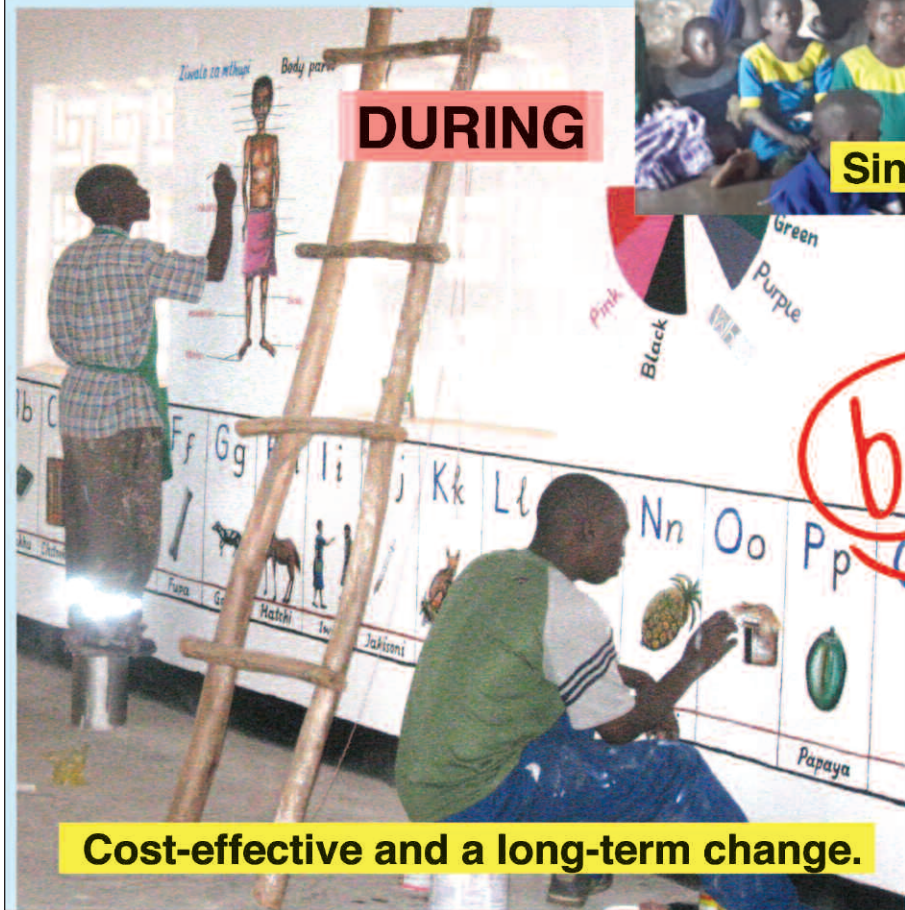
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**AFTER**

The **Happy Classrooms** project improves education provided at government primary schools and has already been supported by dozens Malawian companies as part of their **Corporate Social Responsibility**.

Children learn easier and teachers use more teaching methods.



## EDITORIAL

## New law must promote investment



BY MARCEL CHIMWALA,  
PUBLISHING EDITOR

It is a welcome development that the Government has formulated a New Mines and Minerals Bill, which will possibly be tabled in parliament and assented into law by the end of this year.

Having attended the workshop to scrutinise the bill and followed the serious debate that characterised the event held at Capital Hotel in Lilongwe a month ago, we have the impression that Malawians are really serious to come up with a law that will not retard but propel growth of the mining sector for the benefit of the nation.

Among other issues, some delegates insisted that the new law should ensure that mining companies execute

their corporate social responsibility obligations.

They also pushed for the new law to ensure that the Government and Malawian citizens have a big chunk of shares in mining ventures as opposed to the new bill which stipulates a free equity ownership interest of up to 10% for the Government.

On the push for more corporate social responsibility gains for Malawians, we agree with the delegates who emphasized on the need for issues of corporate social responsibility to be clearly stipulated in the new law understanding how community involvement is necessary in the development of any mining project.

However, we at Mining Review believe that as a nation we have to be cautious in pushing companies to implement corporate social responsibility projects. We agree with views raised by private sector representatives at the forum that pushing exploration and mining companies to prioritize corporate social responsibility projects at the expense of their core activities will make Malawi an uncompetitive investment destination.

It has to be understood that for mining to take place, there has to be exploration which is a very risky business as the exploration firm can either find a sizeable and quality quantity of the resource that can propel it to raise finance to develop the resource or not. So why do we push a mere holder of a tenement to invest funds in corporate social responsibility when we are not sure whether the explorer will make a relevant discovery and pursue the project further or not?

We also find illogical the suggestions that the new law should provide for more free equity to the government and locals in mining ventures. As the Commissioner for Mines, Mr. Charles Kaphwiyo, said at the workshop, giving more shares to the government and locals will expose Malawi to the big risks that exist in mining ventures as mining is a capital intensive and risky business.

We believe the best way for Malawi is to open up to investors who are ready to bring money in the country and employ more Malawians in so doing helping to eradicate poverty.

Malawi will lag behind in attracting investors if it puts in place several retrogressive conditions that may threaten investors, and we have to bear in mind that currently all the countries are competing for the same investment.

We, therefore, support the route taken by the formulators of the new bill by not providing for more shares to government in mining projects as such a scenario cannot benefit the country.

All in all, we support the assertions made by the Minister of Natural Resources, Energy and Mining Honourable Bright Msaka SC that Malawi needs a modern Mines and Minerals Law that adequately addresses corporate social responsibility, has in place a system for determining fair practices, enforces transparent and accountable decision making, encourages local equity participation, protects investors from being hounded out of their investments, and does not ignore the role of women and the youth.

EYE ON  
MALAWI'S

EITI

Extractive  
Industries  
Transparency  
Initiative

## EITI candidature and what it takes to maintain membership

The EITI Standard lays out seven requirements on how to report activity in the oil, gas and mining sectors along the value chain of extracting a resource to turning it into public benefit. All information is regularly published in a country's EITI Report.

A country pledging to adhere to the Standard is a "candidate". It has 2.5 years from the date of admission as a candidate to meet the requirements. The country is then evaluated independently, and if deemed to have met the EITI Requirements for transparency, becomes "compliant". From then on, countries are assessed every three years and can be suspended from the transparency standard at any time.

## The seven requirements of the EITI Standard:

- 1 Effective oversight by the multi-stakeholder group.
- 2 Timely publication of EITI Reports.
- 3 EITI Reports that include contextual information about the extractive industries.
- 4 The production of comprehensive EITI Reports that include full government disclosure of extractive industry revenues, and disclosure of all material payments to government by oil, gas and mining companies.
- 5 A credible assurance process applying international standards.
- 6 EITI Reports that are comprehensible, actively promoted, publicly accessible, and contribute to public debate.
- 7 The multi-stakeholder group to take steps to act on lessons learned and review the outcomes and impact of EITI implementation.

## Implementing the EITI leads to a wide range of benefits

*Strengthened governance*

Implementing the EITI Standard improves government systems and can lead to improved tax collection and budgetary planning. It signals commitment to the transparent and accountable management of the country's natural resources. A transparent and open government enhances citizens' trust.

*Level-playing field*

All companies are required to disclose the same information – same rules for all companies. Companies also benefit from an improved and more stable investment climate in which they can more effectively engage with citizens and civil society.

*Reliable and accessible information*

Citizens benefit from receiving reliable information about their country's natural resources and enable them to hold the government and companies to account. Civil society is an essential partner in implementing the EITI.

Fare thee well,  
Muckraker

Mining Review joins the State President His Excellency Professor Arthur Peter Mutharika, Minister of Information Honourable Kondwani

Nankhumwa and the entire media fraternity in condoling the family of the late Raphael Kinn L. Tenthani, the country's BBC Correspondent who was popular with his Muckracking column in the Sunday Times Newspaper. Tenthani, who passed away in a car accident last month, was an influential journalist in Malawi. Fare thee well, Mr. Raphael Tenthani.

## MINING REVIEW

*The Voice of Mineral Sector in Malawi*

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# Standard Bank beckons

## Bank has financial muscle to finance

*Standard Bank has a rich pedigree in the mining industry. It is also the only bank in Malawi with a fully fledged investment banking section that takes care of the needs of investors in mining and other sectors.*

*Mining Review Publishing Editor, Marcel Chimwala, had this online interview with Standard Bank Malawi Chief Executive Officer Andrew Mashanda. Excerpts:*

**Q.** *The Government is in the process of reviewing the 1981 Mines and Minerals Act to come up with a new law that suites mining development while incorporating international best practices. As a Bank well versed in serving the mining sector in Africa, what is your advice to the Government in framing the new legislation? How do you think the law should be framed to ensure that the country has more bankable projects that can take the country to new economic heights?*

**A.** Fairness and transparency are key to any piece of regulation. To achieve this, those drafting laws must consult all relevant stakeholders extensively. Naturally, it becomes a very delicate balancing act to draft a law that satisfies all parties. Another key consideration must be regulation in other jurisdictions. We live in a competitive world and Malawi needs to be a mining destination that's attractive to investors.

**Q.** *How ready is Standard Bank to finance large-scale mining projects understanding that the projects require big chunks of financing?*

**A.** Our strength and passion is for Africa as a region. And so when clients speak with Standard Bank Malawi, they are actually having a conversation with an entire regional backbone. And with MWK32.7 trillion Kwacha in gross loans and advances at the end of 2014, Standard Bank Group definitely has the financial muscle to finance large-scale mining ventures in Malawi.

**Q.** *Exploration is the most significant but financially risky step in the development of a mining project. Is Standard Bank ready to finance exploration projects?*

**A.** We are always ready to finance business ventures with an established business plan and viable outlook. Exploration projects however have a very unique business structure in that income streams tend to be highly speculative and dependent on what's in the ground and the interested extraction counterparty. For this reason, most exploration projects are funded by owner equity or by sizeable minerals extraction firms.

**Q.** *Mining is a risky business which is influenced by several factors including uncertainties in commodity prices on the world markets. Is it not risky for Standard Bank to embrace such a sector?*

**A.** 2015 has so far been challenging for the global mining industry. In terms of the outlook, commodity prices are not



**Standard Bank ready to bankroll big mining projects**

anticipated to exhibit material improvement, impacting on sector valuations and the ability to raise financing. But Standard Bank Group research shows that African mining remains underexplored. In 2013, African exploration accounted for 17% of the worldwide exploration budget despite the fact that the continent holds more than 30% of the world's mineral resources. So amid a more sober outlook, the prospects for mining in Africa remain essentially intact over the medium term. And although cautious, our appetite for mining projects, especially in an untapped market such as Malawi, is quite strong.

**Q.** *What financing products is Standard Bank offering to medium and large scale exploration and mining firms?*

**A.** We offer solutions in Advisory, Capital Markets, Debt and Transactional Services. All these capabilities bring together complementary skills from corporate finance and balance sheet banking to geology and mining engineering. And with our global footprint, our transactional banking network is able to provide our clients with a more seamless solution for their day-to-day operations.

**Q.** *How do you convince a local miner to access project financing from your Bank other than foreign financial institutions understanding that it is always cheaper to borrow from Banks in foreign countries where interest rates are relatively lower?*



# ons mining investors

## e large-scale mining ventures - CEO



**Mr. Mashanda: We are able to finance miners on dollar/kwacha needs**

24-hour trading capabilities to support price-risk management and hedging strategies. In addition, we carry out in-depth analyses of commodity trends and stay on top of the latest developments in the mining and metals industry. We continue to play a leading role in arranging facilities for many of the most significant mining projects in Africa and other key emerging markets.

Our comprehensive suite of financing and advisory solutions for the mining and metals sector include:

- **Project finance**
- **Corporate finance advisory solutions**
- **Working capital facilities**
- **Bridging finance**
- **Acquisition finance**
- **Inventory financing**
- **Structured trade and commodity finance**
- **Commodity price risk management solutions**
- **Foreign exchange and interest rate hedging**
- **Global transactional banking services**

**Q.** I understand Standard Bank in countries such as South Africa finances mining conferences that bring together mining executives and facilitate mining development deals. Are there any plans to hold such conferences in Malawi?

**A.** We continue to explore such options and ultimately it's a matter of timing. In the meantime we continue to participate in dialogues that promote sustainable growth and business in the mining sector. For example, we recently participated in consultative workshop, where we submitted substantive feedback on the Mines and Minerals Draft Bill.

**A.** This question symbolizes our strength as a regional bank. We are able to finance miners on both Kwacha and foreign exchange expenditure needs within our integrated Group structure.

**Q.** As a Bank, how do you look at the future of the minerals sector in Malawi, which is traditionally an agricultural country?

**A.** Given the surge in investment in mining all across Africa and the fact that Malawi is fairly late in the game, we have a positive outlook for Malawi's mining sector.

**Q.** As one of the stakeholders in the minerals sector, how will Standard Bank contribute to the growth of the mining sector in Malawi? Do you have any specific projects/services to support mining development other than offering ordinary banking services?

**A.** Because of our history as a mining bank and our enduring expertise in this sector, we work to understand our client's individual requirements. We coordinate and execute our clients' financing and banking requirements across Africa and emerging global markets. Our highly regarded commodity and currency trading desks offer



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At Maravi, we understand that companies involved in the mining and extractive industry are often faced with a wide range of challenges and risks. These can range from managing local stakeholders, keeping staff safe while operating in remote and arduous areas and securing assets and equipment vital to production operations. Our understanding of the extractive industry makes Maravi the ideal partner to mitigate against the numerous security challenges posed as part of these types of projects.

#### Who we are

Maravi is a Malawi-based, ethically-aware security risk management company, focussing on East and Southern Africa. Maravi was born out of the need for high-quality, cost-effective and responsible security risk management services in the region.

#### Services

Maravi offers a range of services to help protect the staff, assets and operations of companies engaged in the oil and gas, mining and other extractive industry sectors against the different types of risk to which they are exposed. Some of those services include:

#### Security consulting

- o Pre-market entry and path-finding services
- o Threat and risk assessments
- o Security reviews of operations and facilities
- o Compilation and updating of security specific documentation
- o Security incident investigations
- o Brand and reputational protection
- o Background and due diligence checks

#### Security services

- o Protective services/security coordination
- o Airport meet and greet
- o Discreet escort
- o Remote security management
- o Event security planning and management
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#### Training (including bespoke courses)

- o Security awareness training
- o Training for specific security duties
- o Crisis management training
- o Training for staff for specific emergency situations

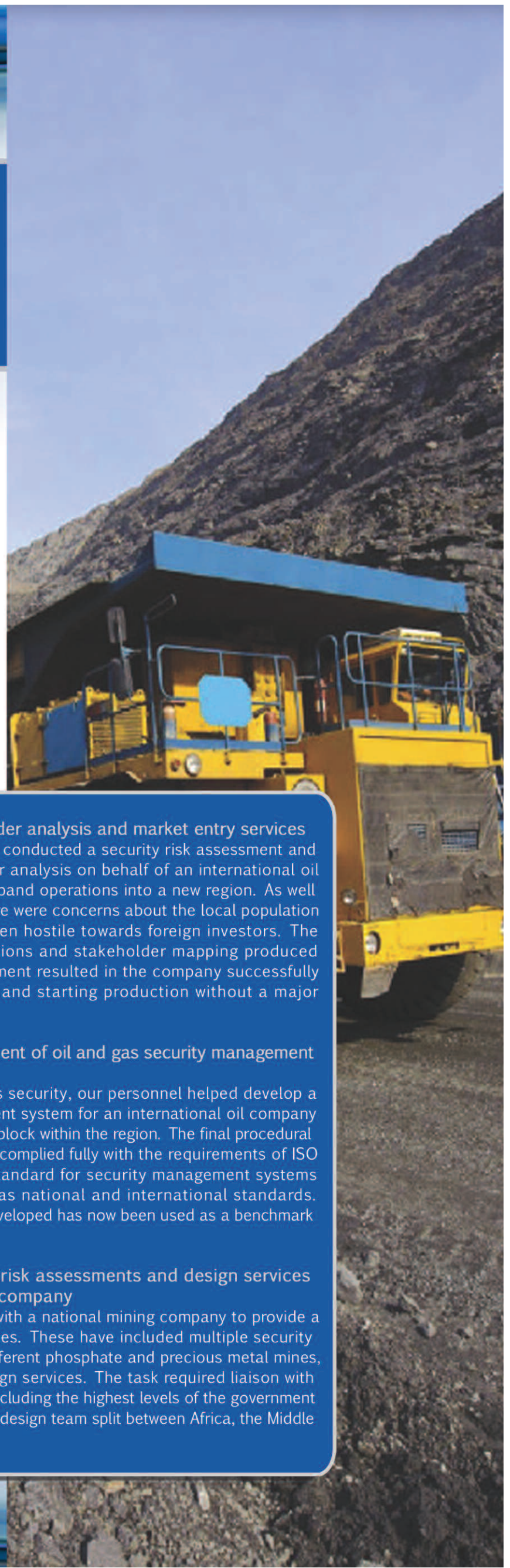
#### Analysis

- o Stakeholder analysis by in-country consultants
- o Pre-deployment country threat briefings
- o Analytical training for managers/heads of security
- o Regular security reporting



## Extractive Industry Services

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#### Case study: Stakeholder analysis and market entry services

One of our consultants conducted a security risk assessment and carried out stakeholder analysis on behalf of an international oil company seeking to expand operations into a new region. As well as terrorist threats, there were concerns about the local population that had previously been hostile towards foreign investors. The security recommendations and stakeholder mapping produced as part of this engagement resulted in the company successfully deploying to the area and starting production without a major security incident.

#### Case study: Development of oil and gas security management system

To better coordinate its security, our personnel helped develop a security risk management system for an international oil company operating a concession block within the region. The final procedural and physical framework complied fully with the requirements of ISO 28000 (international standard for security management systems specification) as well as national and international standards. The system that was developed has now been used as a benchmark for other companies.

#### Case study: Security risk assessments and design services to a national mining company

Our staff have worked with a national mining company to provide a range of security services. These have included multiple security risk assessments on different phosphate and precious metal mines, as well as security design services. The task required liaison with multiple stakeholders, including the highest levels of the government and managing a project design team split between Africa, the Middle East, Europe and Asia.



**Shayona Cement Corporation** is pursuing a massive expansion programme at its Kasungu Factory. The company, which largely sources limestone to feed its clinker plants from the mines in the vicinity of the factory, is also carrying out social responsibility projects. The developments at the site prompted a visit by the Hon. Minister of Natural Resources, Energy and Mining last month. *Mining Review* has captured some landmark activities and events at the factory in this pictorial.



Min. of Natural Resources, Energy and Mining Hon. Bright Msaka (2nd from left) Shayona's MD Mr Jitendra Patel (right), MP Kazombo (far right), during the Minister's tour of the plant



Min. of Natural Resources, Energy and Mining Hon. Bright Msaka making his address after visiting the plant



Shayona Cement Corporation's Chairman and his entourage pose for a photo at the plant



MP for the area Hon. Kazombo joining Shayona Cement Corporation's tree-planting initiative



Shayona Cement Corporation's MD Patel planting a tree as part of the company's natural resources conservation drive



Traditional leaders also took part in the tree-planting exercise



Shayona Cement Corporation fulfils its corporate responsibilities: In the picture are the donated hospital essentials



Shayona Cement Corporation boss Patel making a symbolic presentation of bags of cement to a health centre



Part of the Shayona Cement Corporation new plant in rural Kasungu





# TECHNICAL FILE

by Grain Wyson Phillip Malunga FIMMM  
Mining and Environmental Management Expert

## OIL AND GAS POTENTIAL IN MALAWI

### Abstract

Oil and gas exploration in Malawi is a new phenomenon. Six exploration blocks have been delineated and exploration licences issued. There is need to understand the process of exploration, development and revenue structure for government. Challenges of finding economic deposits exist due to the nature of geotechnical environment. Revenue transparency and utilisation will play a big role to avoid resource curse.

### INTRODUCTION

Oil and gas are derivatives of transformation of plant and animal tissue into kerogen within shale, marl carbonate rocks. Accumulations of these organic substances between a depth of 2 to 6 km and at a temperature of 60 OC to 160 OC forms petroleum (or oil and gas). It is important to note that algal and herbaceous kerogen are the best source of oil while woody kerogen is best source of gas. These migrate through porous and permeable rocks, such as sandstone and limestone, to a confined place or trap with a cap of impermeable layer such as shale or salt. These traps are structurally controlled and exist in form of fault type or anticline type (Figure 1). Oil and gas are light and buoyant usually settling in form of gas, oil and water in that order.

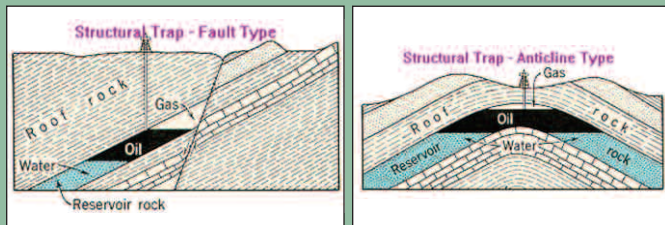


Figure 1: Structural Traps for oil and gas

In Malawi these traps can be found in thick sedimentary formations such as in the northern and southern Karoo rocks or under Lake Malawi. This is why the country is divided into six blocks for oil and gas (hydrocarbon) exploration (Fig 2).

### EXPLORATION METHODS

The basic tools for exploration for hydrocarbons are knowledge of earth formation, lithology and structure. The main methods used to find hydrocarbons are geophysical, remote sensing and wild catting. Geophysical methods usually used are seismic and gravity surveys while use of remote sensing is observation and interpretation of satellite and aerial images. Large scale features of sub surface geology are eventually detected.

Remote sensing is an art and science of seeing and interpreting objects, structures. These help mitigate against higher risks of conducting expensive investigation before oil and gas potential is determined.

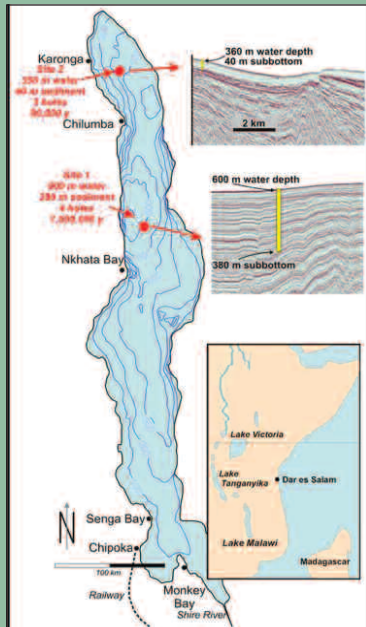


Figure 3: Seismic survey location in Lake Malawi (Source: Syracuse University)

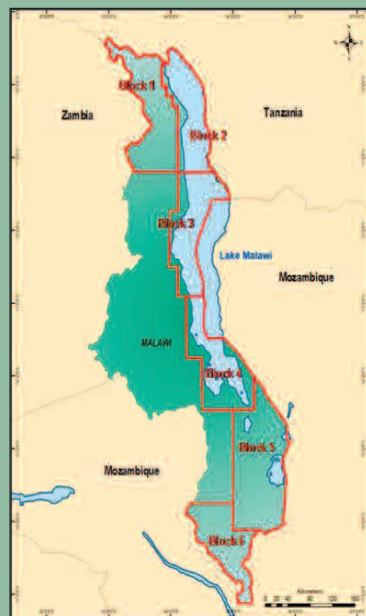


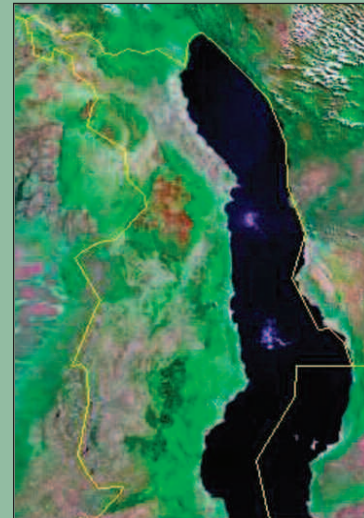
Figure 2: Oil and gas exploration blocks in Malawi.

### GEOPHYSICAL METHODS

Geophysical methods include seismology which provides imaging boundary layers and relative density of rocks (Figure 3), radiometric survey which uses gamma rays to detect permeable layers such as shale and clay sands, gravity survey to understand sub surface geology through rock density correlation. Table 1 shows density of various rock types and minerals.

### REMOTE SENSING

Remote sensing helps in identification of variations in geological properties, mineral and vegetation distribution using satellite imagery and aerial photos (Figure 4). Structures such as



folds, lineaments and deposition structures are identified at local and regional level, and augment information required for interpretation of petroleum geology.

The satellite image of Northern Malawi shows geological and vegetation contrast with two interesting reflections on Lake Malawi.

Figure 4: Satellite Image of Northern Malawi

Table 1: Density of various rock types and minerals (Source: P.V. Sharma, 1997)

Rock type or mineral	Density (wet) ( $\times 10^3$ kg/m <sup>3</sup> )
Sand	1.6-2
Moraine	1.5-2
Sandstones (Mesozoic)	2.15-2.4
Sandstones (Paleozoic and older)	2.35-2.65
Quartzite	2.60-2.70
Limestone (compact)	2.5-2.75
Shales (younger)	2.1-2.6 (2.4) <sup>a</sup>
Shales (older)	2.65-2.75 (2.7)
Gneiss	2.6-2.9 (2.7)
Basalt	2.7-3.3 (2.98)
Diabase	2.8-3.1 (2.96)
Serpentine	2.5-2.7 (2.6)
Gypsum	2.3
Anhydrite	2.9
Rocksalt	2.1-2.4 (2.2)
Zincblende	4.0
Chromite	4.5-4.8
Pyrite	4.9-5.2
Hematite	5.1
Magnetite	4.9-5.2 (5.1)
Galena	7.4-7.6
Granite	2.52-2.81 (2.67)
Granodiorite	2.67-2.79 (2.72)
Syenite	2.63-2.90 (2.76)
Quartzdiorite	2.68-2.96 (2.81)
Gabbro	2.85-3.12 (2.98)
Peridotite	3.15-3.28 (3.23)
Dunite	3.20-3.31 (3.28)
Eclogite	3.31-3.45 (3.39)

Note:  
<sup>a</sup> Figures in parentheses are taken to be average values.

### WILDCATTING TECHNIQUES

Wildcat techniques have been used to locate well drilling using "educated guess". Some largest US discoveries were made this way without economic analysis. This is very risky because drilling a well can cost over \$100.0 million dollars. Wildcat techniques are now being practiced through contractual arrangement or obligation.

### POTENTIAL FOR OIL DISCOVERY IN MALAWI

The potential for oil and gas discovery in Malawi is very high especially in Blocks 2 (Karonga), 3 (Nkhata Bay – Nkhota Kota) and 6 (Chikwawa – Nsanje). Blocks 1 (Chitipa) and 5 (Phalombe) have relatively shallow sediments of up to about 3700 metres. The depth provides conducive environment for hydrocarbon formation but there is need to study volcanicity and tectonic activities that could have possibly released the oil and gas. Similar the effect of Stormberg volcanicity needs to be analysed in Chikwawa.

### REALISING ECONOMIC BENEFITS FROM OIL AND GAS DEVELOPMENT

It is a fact that most petroleum resources are owned by host country. Land ownership can play a role in negotiating oil development especially in countries where government issues exploration and extraction licences while the surface right belongs to another individual. Licences are normally awarded in competitive bidding on the basis of available finance, technical competence, environmental mitigation, extent of work program and corporate social responsibility. Development Agreements or Production Sharing Agreements (PSA) are best dealt with when there is a discovery of an economic deposit.

Development expenditure is offset against production revenue. Usually production sharing agreements are signed on a 60 to 40 percent sharing of oil produced.

Another arrangement is for payment of tax and royalty on oil produced. Profit tax is also applied or can be used to offset development expenses. Bonuses and ground rents may be payable to government. A word of caution: William Devanter once said "The power to tax carries with it the power to embarrass and destroy". In other words taxation to investors requires fairness and the realisation that it can discourage further investment.

Where host government has been fully responsible for exploration, a Service contract can be signed for an oil company to act as a contractor for the host government, to be paid to produce oil and gas.

### CONCLUSION

Oil and gas exploration in Malawi is a recent effort. There is need to understand practices in the global oil industry in order to build confidence to the citizens and avoid resource curse. Issues of transparency in negotiating contracts and accounting for revenue in a transparent manner will bring confidence and trust to the participating government. It is pleasing to note that this is happening at a time when government is preparing to subscribe to Extractive Industry Transparency Initiative (EITI).

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# MAWIMA wants women issues addressed in Mines and Minerals Act



MAWIMA members from all regions of the country pose in a group photograph with the Guest of Honour Mrs. Chilima, Minister of Gender Children, Disability and Social Welfare, Hon. Kaliati and representatives of other stakeholders

By Chiku Jere

**M**alawi Women in Mining Association (MAWIMA) has called for inclusion of affirmative clauses in the new Mines and Minerals Act that would help address challenges that women in mining encounter.

The call was made by MAWIMA President, Mrs. Emma Adam, on the sidelines of the association's three-day Annual General Meeting (AGM) held from April 27th to 29th 2015 at Sagecoa Golden Peacock Hotel in the Capital City, Lilongwe.

Speaking in an exclusive interview with *Mining Review*, Mrs. Adam observed that the initial Mines and Minerals Draft Bill that was presented during the recently-held National Consultative Workshop had nothing tangible in terms of addressing issues that affect women in mining.

Mrs. Adam said that MAWIMA has since proposed some changes and suggested the addition of some clauses that would ensure that issues to do with women in mining as well as matters conforming to the ideal of women empowerment are addressed in this piece of legislation.

"We are hopeful that the final law would take on board our proposals so that no one is left aside, particularly women and the youth, as the nation cannot afford to ignore these parties when it comes to issues of national development," stressed Adam.

Turning to the AGM, the MAWIMA president said the holding of the event marked a new era on the part of Malawi women miners.

"From this meeting, we want to come out more focused, united and reinforced in our efforts, so that we consolidate our position. We want to form a strong tool and coherent machinery for the advancement of women's voice and interests in the sector," said Adam.

The gathering was the first one since 2003 and Adam attributed MAWIMA members' failure to meet for such a long period to lack of financial resources.

In her address to the gathering, Mrs. Adam noted that mining is one of the mainstream economic activities in Africa and women, who form a large chunk of the continent's population, should not be pushed to the periphery, but incorporated at each and every stage.



Mrs. Chilima graced the event as the Guest of Honour



Hon. Kaliati: Promised to assist women miners through her ministry



MAWIMA President, Mrs. Adam speaking at the AGM

She highlighted a number of challenges that women miners face including lack of readily available markets, capital deficiency, unavailability of proper mining machinery, difficulties in acquiring licences and raw deals offered by unscrupulous middlemen for their products.

Guest of honour at the event, the Second Lady Madam Mary Chilima, said the Government will help MAWIMA address the said challenges because it realises the importance of mainstreaming gender issues in all sectors of the economy.

"The Government of His Excellency Professor Arthur Peter Mutharika recognises issues of gender equality as of prime importance to the growth and development of this country and MAWIMA is regarded as one of the catalysts to the increased involvement of women in mainstream economic activities that are in line with national priorities," Chilima said.

She also said Government is committed to uplift the welfare of women miners pointing out the adoption of the National Artisanal and Small Scale Mining Policy and the review of the Mines and Mineral Act as some of the significant steps that the government is taking to address all the hurdles that women in mining face.

Speaking at the same event, Minister of Gender,

Children, Disability and Social Welfare, Honourable Patricia Kaliati said the gathering was a clear manifestation of collective commitment to gender equality and women's economic advancement in Malawi.

Kaliati said that Malawi cannot afford to relent on its efforts to promote gender equality and the full realisation of women's rights since this is necessary to achieve growth that is inclusive and sustainable.

"We cannot leave women, who form over half of our population, outside of the job market, the economic sector and the political and decision making realm and say we are okay as a nation," said Kaliati, promising to provide the necessary leadership role for women in mining through her ministry, as part of its mandate to strengthen the framework for gender equality in Malawi.

She also stressed the need for MAWIMA to collaborate with the One Village One Product (OVOP) which has programmes to provide artisanal miners with suitable value addition machinery that will help develop their trade.

The AGM brought together a cross-section of stakeholders including; legal experts, chiefs, government officials, civil society members, financial sector gurus, representatives from academia, the clergy, women and youth representatives.



# MINING REVIEW

VOICE OF THE MINERAL SECTOR IN MALAWI

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## Malawi learns from Marikana tragedy

By Mining Reporter

Malawians had an opportunity to discuss problems dogging the mining sector in the country in comparison with the South African situation which saw 34 striking workers killed by the country's Police at the Marikana Platinum Mine in August 2012 when they watched a documentary film of the tragic event and participated in a panel discussion.

The function, broadcasted live on Zodiak Broadcasting Station and TV courtesy of Civil Society groups Actionaid and Citizens for Justice, was held at Crossroads Hotel in Lilongwe on May 22 with funding from Tilitonse Fund through the Responsive Mining Governance Project.

The panelist included William Nyirenda of Actionaid representing the civil society, Inkosi Mwalabulo of Mzimba representing the local community, South African mine worker at the Marikana Mine Mxoxolo Magidiwana, Firm Director for *Uhuru Productions* which came up with the documentary *Rehad Desai* and Consultant in Film Production Michael Phoya.

The organisers said the aim of the event was to enhance the understanding of the general public on mining governance issues, enhance the understanding of different stakeholders including the general public on how to respond to injustices in the mining sector and discuss how films can be used to document and drive discussion on mining governance issues and justice in Malawi.

During the panel discussion, Desai advised Malawians to promote engagement among stakeholders including the Government, mining firms and civil society groups in order to avoid tragedies such as Marikana.

"Malawi has to make sure that locals benefit from the mining sector. This can be achieved through engaging in amicable dialogue with the government and mining firms. Africa, and not only Malawi, has to do away with the economic inequalities that exist between the poor and the rich and this can be achieved by ensuring that benefits from mining trickle down to the poor," he said.

In his turn, Nyirenda noted that Malawi has a lot to learn from the South African situation because though its mining sector is small and young, the country is already witnessing conflicts pitting communities on one hand and the government and mining investors on the other hand.

"In Malawi, the conflicts are coming because communities are not sure that they will benefit from mining projects. We, therefore, have to advocate for sustainable mining at any cost that will ensure that communities benefit from corporate social responsibility

projects, and check any social and environmental concerns," he said.

Traditional Authority Mwalabulo, whose area covers the Kanyika Niobium Deposit being pursued by Australia's Globe Metals and Mining, proposed that the award winning film be shown in rural areas where communities are exposed to dangers of unsustainable mining practices.

"The action by the Police in the film is an absolute violation of human rights. Malawi has to review labour laws as regards mining industry if we are to avoid such a scenario. We also have to ensure that there is transparency, inclusiveness and accountability in sealing mining deals with investors to avoid suspicion that may arouse anger and mass protests. In a nutshell, any mining agreement has to be crafted in a way that will benefit the investor,



Rehad Desai: Firm Director (L), Mxoxolo was shot nine times (R)



Marikana massacre: South African police shot dead 34 striking mine workers

the government, local communities and mine workers," he said.

Magidiwana, who was shot nine times during the Marikana tragedy and stayed in a comma for six months, said it is imperative for Malawi to ensure that such a scenario does not occur in Malawi, which is developing its mining sector.

"The situation was terrible. I do not want to visualize

it happening elsewhere not even here in Malawi," he said.

Elyvin Nkhonjera Chawinga of Actionaid commented that the film brings a lesson to the country that it is the responsibility of every Malawian to make sure that mine workers are protected.

"It was raised in the last national mining indaba that there are a number of gaps on labour issues. We urge the Ministry responsible to follow up," she said.

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