

MINING & TRADE *Review*

ISSUE NO. 42

October 2016

Mining & Business News that Matter

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Minister's powers queried



● Petroleum Act needs review - Study

Msaka: The 1983 Petroleum Act gives him absolute powers

By Modester Banda & Marcel Chimwala

A scoping study on the Extractives Industry Transparency Initiative [EITI] has questioned the absolute powers provided to the Minister of Natural Resources, Energy and Mining in the Petroleum (Exploration and Production Act) 1983, which the country is currently applying in the governance of the oil and gas subsector.

"The Act has deficiencies regarding the modern day transparency and accountability arrangements as it recognizes no authority other than the Minister responsible and the Commissioner (of Exploration and Production) the latter being singlehandedly appointed by the Minister so that at the end of it all, the Act is entirely administered by the Minister,"

says the report.

The Petroleum Act provides for, amongst other administrative and institutional arrangements, the licensing and regulation of private operators who are expected to pay the following fees; application fees, assignment fees, ground rent, training fees and social contribution with respect to exploration and production licences.

"Payment of royalty is mandatory but the rate is at the discretion of the Minister as well as the mode of payment, and it can be non-monetary," says the report.

The report points out that the Act promotes lack of transparency in oil and gas transactions as it contains a provision that information cannot be disclosed without the consent of the licence holder and a fine or prison sentence awaits violation.

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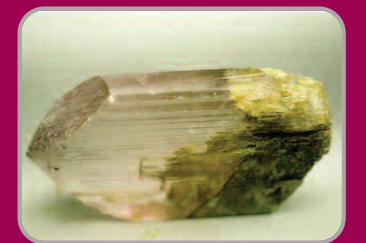
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Tonse Tipindule project improves investor-community relations

...Investors responding with CSR interventions

By Chiku Jere

Tonse Tipindule, a mining governance project supported by Tilitonse Fund is registering notable success in improving the once hostile relationship between mining investors and members of the communities in areas where mining activities are taking place.

This is according to the Qadria Muslim Association of Malawi (QMAM), which is implementing the project which involves local level interventions on mining issues, in the districts of Mangochi, Balaka and Ntcheu.

QMAM says its evaluation of the project shows that so far, the impact is much in line with its goal which is to contribute to a transparent mining regime that benefits the people of Malawi through improved social inclusion, accountability and responsiveness among duty bearers in mining sector.

According to QMAM's *Tonse Tipindule* quarterly technical report compiled by Project Officer for Extractives Biswas Ismael, the project is gradually instilling genuine spirit of understanding, tolerance and co-existence between mining investors and communities in its three targeted mining districts.

"The effectiveness of the project has come about because of the non-confrontational approach we have taken, which largely emphasizes on need for dialogue, tolerance and understanding between investors and communities," Ismael says.

Further he says the cordial atmosphere which has been created between investors and communities has resulted in both sides mutually benefiting from mining projects.

Ismael says his organisation has so far facilitated meetings between companies and community leaders that have substantially strengthened the relationship between the two parties in so doing removing the aura of mistrust and enhancing understanding.

"The result of this cordial relationship is that the investors have responded to community needs and have undertaken a number of corporate social responsibility projects that are benefitting the communities," he says.

Prior to these meetings, the association empowered the members of the community to engage the investors through capacity building workshops for community structures. The process created local action advocacy groups on mining policy which were equipped with crucial skills to provide guidance to their respective communities.

QMAM also conducted sensitization meetings with communities on Corporate Social Responsibility (CSR), which has led to the increased knowledge on how Community Action Groups (CAGs) and community leaders can engage with investors and district officials on mining issues.

"The programme empowered communities with knowledge and skills that have helped them to make right choices when proposing development projects to investors," he said.

Ismael says QMAM trained communities on negotiation skills, decision making and governance which



Ismael: The project has had tremendous impact

included presentations on legal framework of the mining sector, steps and strategies in community advocacy, development of Memorandum of Understanding (MoU), CSR and Environmental Impact Assessment.

QMAM also organised District Mining Indabas where communities discussed common issues and developed joint action plans at district level.

The indabas conducted in Mangochi and Balaka drew



Jambo: QMAM's Executive Director

an interim district mining coordinator to oversee mining activities at district level.

"There was no link person at a council level whom the communities could liaise with on mining issues, and the organisation managed to empower the communities to request the appointment of the District Environmental Officer to serve as interim personnel to oversee mining related issues," he says.



Mangochi-Njereza community members march to petition the District Commissioner to appoint a mining coordinator

together a diverse of participants among them traditional leaders, members of CAGs, Village Development Committee (VDC) Area Development Committee (ADC) and District Education Committee (DEC); faith leaders, mining companies, representatives from the departments of Mines, Geological Survey and the Civil Society.

According to Ismael, the Mangochi indaba registered instant success in the sense that a petition was delivered to the District Council which resulted in the appointment of

The Indabas also provided a platform for mining companies to share their concerns and make clarifications on certain pertinent issues. For instance, Cement Products Limited (CPL), a company that has mining rights for limestone at Mayera Village but has a factory plant in the neighbouring Njereza Village used the gathering to inform the people of its key boundaries, effectively preventing community encroachment, which has led to tension and eventually conflicts in other areas.

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EDITORIAL

Government needs to fast-track review of mining legislation



BY MARCEL CHIMWALA
PUBLISHING EDITOR

As reported in our main article, there is a lot of secrecy in the oil and gas subsector because Malawi is using outdated and archaic legislation.

A scoping study on the Extractive Industry Transparency Initiative pointed out that the Petroleum (Exploration and Production Act) 1983 recognizes no authority other than the Minister responsible and the Commissioner (of Exploration and Production), the latter

being singlehandedly appointed by the Minister so that at the end of it all, the Act is entirely administered by the Minister.

The report says based on the Act, payment of royalty is mandatory for oil and gas producing firms but the rate is at the discretion of the Minister as well as the mode of payment, and it can be non-monetary.

We support the findings of the study that these clauses in the Act represent grave deficiencies regarding the modern day transparency and accountability in managing the country's resources.

We, therefore, call upon the government to expedite the process of reviewing this legislation which has such elements of dictatorship as it was formulated during the single party regime era.

It is sad that we are now 22 years in multiparty democracy whose major cornerstones are transparency and accountability but we are still using laws that were formulated in the dictatorial era to manage our mineral resources.

It has to be noted that besides the Petroleum (Exploration and Production Act) 1983, the government has shelved the Revised Mines and Minerals law after the Ministry of Natural Resources, Energy and Mining finalized consultations on the Bill.

The question we have is that; why is it taking ages to table this Bill and kick-start the review process of the Petroleum Act?

Certainly, one would conclude that there is a deliberate ploy by politicians to let the nation continue using the outdated and archaic laws which they have always taken advantage to fulfil their greedy motives.

Of course, State President Arthur Peter Mutharika and Minister of Natural Resources, Energy and Mining Bright Msaka have always said that the government is serious in implementing necessary legal reforms in the mining sector to ensure that the country's laws entertain mining projects that benefit both the investor and members of the local community.

But what we need now from our government is not mere rhetoric but action because by delaying to execute the necessary legal reforms, the government is continuing to expose communities in mining areas to bad mining practices.

It is also denying the communities an opportunity to benefit from the new law which provides for community development agreements that oblige mining companies to execute corporate social responsibility projects ■

...from front page However, the Commissioner has rights to waive this provision in connection with individuals carrying out their duties.

"One needs to be careful about what information this provision covers. For example, payments to government may not be in this prohibition; these can

further South and Pacific Oil for Block 6 located in the lower Shire Valley area.

The government went further to sign Petroleum Sharing Agreements (PSAs) with RAK GAS MB45 and Pacific Oil Limited.

The Act provides that the tenement holders make



Malawi's mining sector stakeholders celebrating EITI candidacy

and must be disclosed through government receipts in accounting and budget records of government but ownership and all other transactions not related to government may be a problem to declare without consent," says the report.

There are no legal reforms envisaged for the petroleum sector in the immediate future but, according to Acting Director for the Department of Mines Aileni Wona, the Petroleum Act shall be the next to be reviewed once the reviewing process of the Mines and Minerals Act has been finalized.

Malawi already awarded exploration licences for hydrocarbons to six expatriate firms namely SacOil of South Africa for Block 1 located onshore in the Northern Region, Hamra Oil for Blocks 2 and 3 located offshore in the northern part of Lake Malawi, RAK GAS MB45 for Block 4 located in the southern part of Lake Malawi and Block 5 located onshore

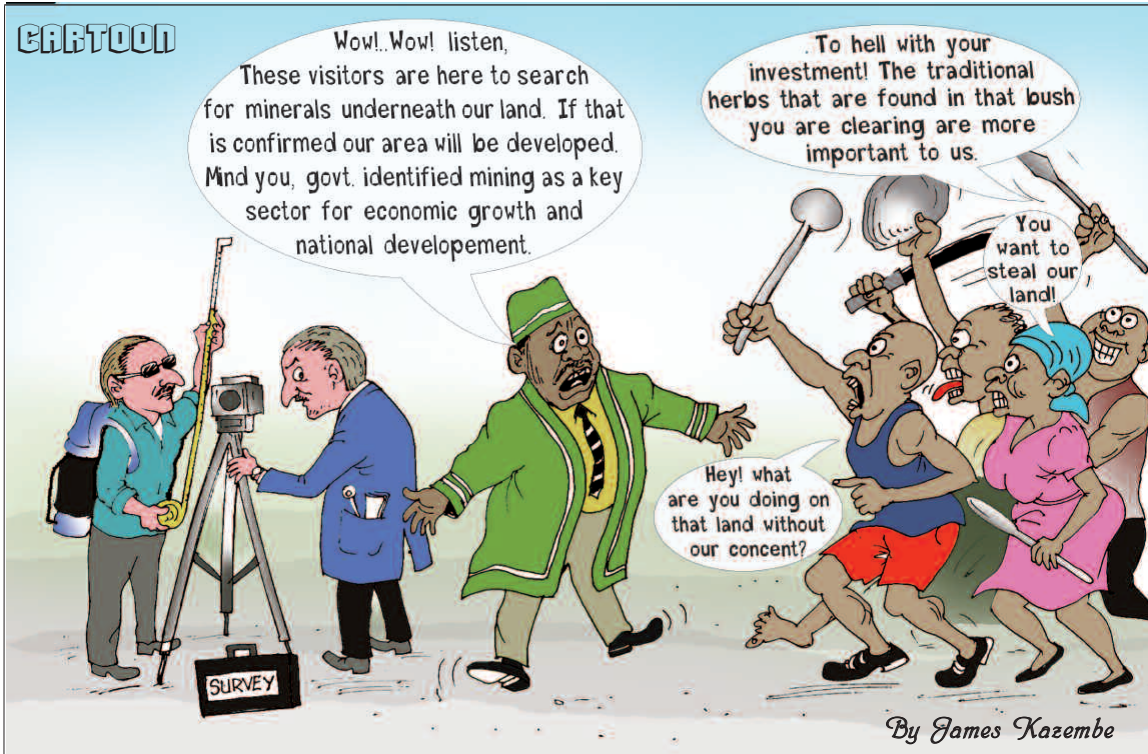
payments to the government as social contribution which include K7million for each block per year for those with exploration licences and K21million for each block for those with PSAs.

But, according to the report, controversy has continued since 2014 on the awarding, suspension and operation of the granted licences including the petroleum sharing agreements.

"This constituted a hindrance to the dialogue with licence holders during the scoping exercise, and would substantially affect EITI reporting," says the report.

However, Wona confirmed to *Mining & Trade Review* that all the tenement holders are fulfilling the legal requirements in making the social contributions.

Malawi is currently a candidate country of the EITI and authorities are pushing for the country to attain compliance status ■



By James Kazembe

MINING & TRADE *Review*

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Tonse Tipindule Project empowers mining communities



Participants at Stakeholders Capacity Building on Revenue Transparency and Accountability conference at Mwanza District Council that was organized by EAM with funding from NCA and Tilitonse Fund

By Evangelical Association of Malawi (EAM)

In the past, rural communities in the districts of Mwanza and Phalombe were in the dark about mining activities that are taking place in their areas as they could just see strangers flying survey planes or conducting drilling works on their land.

Now the eyes of these poor villagers are open thanks to the *Tonse Tipindule* Project, which the Evangelical Association of Malawi (EAM) is implementing with financial support from Norwegian Church Aid (NCA) and Tilitonse Fund.

“We have established Community Action Groups, which besides advocating for transparency and

accountability on mining projects, are able to engage the companies to push for community benefits through corporate social responsibility projects,” says Coordinator for the Tonse Tipindule Project at EAM, Golden Mbaula.

He says through the project, EAM has enlightened members of the community in the two districts on mineral occurrences in the districts as mapped out in the airborne geophysical survey, which the Malawi government conducted with funding from the World Bank and European Union.

The survey confirmed potential for discovery of uranium, niobium, tantalum and other minerals in the Thambani area in Mwanza.

The government awarded an exclusive prospecting licence for the area to Canada-listed UK firm Mkango Resources, which is conducting prospecting work through its subsidiary, Lancaster Exploration.

“We have empowered the community to engage government and the company not only on CSR but also on how they can work together with the company to ensure that the environment is protected as exploration and mining activities take shape. This is because Thambani Forest which is included in the company’s prospecting licence supports the community in so many ways. Even water for the Thambani community does come from the forest,” says Mbaula.

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A survey plane that confirmed the Thambani mineral anomaly



A borehole that is part of Mkango Resources CSR in Phalombe



A bridge that Mkango constructed to link communities



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- (4) Solar power technology for on-site solar power supplies for mines and construction sites.
- (5) Laundry and cleaning services for mining uniforms/clothing, and chemicals etc.

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The company is therefore very pleased to re-assure its suppliers and clients that its services and out-look in market-place is very strong and is destined for rapid upward mobility.

2. Company Services' Overview

The Company's operational pillars highlight the fundamentals of our business model and the axis of our operational focus.

The four (4) business pillars are structured as follows:-

- (a) **Mining:** Mineral prospecting and mining across Malawi, in joint-ventures with other companies.
- (b) **Equipment Rental:** Portable diesel power generator sets for on-site electrical power supplies.

- (c) **Lighting:** LED lighting fixtures, including flood-lights and streetlights, for mining and construction sites, etc.

- (c) **Protective Clothing and Safety Equipment supplies:** for the mining and construction industry.

- (d) **Others:** Laundry services for mining uniforms/clothing, and construction, etc.

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A resource curse that is Mw

By Church and Society- Livingstonia Synod

Is Karonga district a case of resource curse? The resource curse (also known as the paradox of plenty) refers to the failure of many resource-rich countries to benefit fully from their natural resource wealth, and for governments in these countries to respond effectively to public welfare needs. Considering the challenges that the people of Mwaulambo have gone through amid the plenty resources within their community, they more or less have become a curse rather than a blessed society.

Mwaulambo village is situated almost 30 kilometers away from Karonga business centre. The district borders Tanzania to the North and Chitipa to the West. According to the District Social Economic profile, the district is endowed with a number of mineral resources such as uranium, coal, limestone, among others. Coal and Uranium have been exploited. There are also strong indications that the district also has oil and gas. Surveys are currently underway to establish the hydrocarbon occurrence.

On 19th December, 2007, Eland Coal Mine Company Limited was granted a mining licence by the Ministry of Energy and Mines to mine coal in Lufira coalfield. This was after the Environmental Impact Assessment was approved by the Department of Environmental Affairs through the National Committee on Environment. With the coming in of the mine in the area, surrounding communities hoped for employment and other developments in their area. This was further consolidated by a memorandum of understanding through which the company promised that it would provide portable drinking water, a clinic, school blocks, staff houses and solar energy. Sadly, none of these promises have been fulfilled.

“The coming in of Eland Coal mine was unprocedural”. This is according to Group Village Headman Mesiya. “We only came to know about the existence of the miner when he was already at the site’. Here one tends to see how local councils were ruled out in the whole equation. Instead of the councils being part and parcel of decision making as local governance structures, they were only recipients. This promoted top- down approach against the established decentralization policy in Malawi. This again created tension among the locals who were wondering who the investors were but also what they intended to do. The conflict also escalated between the local council and central government. Central government was forced to travel to the local council to clarify that the investor was indeed allowed to operate in the district by government.

Some years down the line, another conflict ensued between the community and the company. Communities were again embroiled in a conflict with the company over compensation, relocation, and employment. Communities bemoaned poor compensation, short notice for relocation to their new areas and lack of employment opportunities for local indigenous community members. It took the intervention of Church and Society Programme of the Livingstonia Synod with funding from *Tilitonse* Fund to help address some of these concerns. For instance, Church and Society Programme advocated for fair compensation and the compensation packages were raised from around MK 50, 000 for a family to figures ranging up to MK 3million.

Fast track to 2016, Mwaulambo coal mine is a deserted area. No one is in charge of the site. Neither Karonga district council nor the Ministry of Natural Resources, Energy and Mines Headquarters are aware whether the company has left the site or not. If indeed the miner has left the site, this is a clear violation of Section 46 subsection (1)(a) of the Mines and Minerals Act of 1981 which states that ‘the holder of a mining license shall give notice to the Commissioner for Mines, 12 months in advance if he proposes to cease production...’. Since civil society organisations in Karonga alerted the government on 14th August, 2015 about the company leaving the site through a petition, government has not taken any tangible steps to address the issue. One is left to speculate that somebody somewhere within government is aware about the plans that



Works at Mwaulambo Coal Mines before it was closed

Eland had to disappear from the site. He / she thus, assisted the company to leave the site by way of violating the laws of the land. This is a clear case where some politicians or government officers have purposefully dismantled societal checks or created new regulations to get access to these resources for their own benefits. It is a good case that befits investigation on the part of the Anti-corruption bureau. If this issue is not investigated, it further consolidates the resource case argument that institutions are weaker in resource-rich countries because it is easy

for elites to capture or take large sums of cash.

When Church and Society Programme (CSP) visited the mine between 13th and 14th September, 2016, what remain are the crusher plant, dumping truck, stores building, and an organ machine. The area is not secured and has heaps of coal all over. The area also has deep trenches filled with toxic waters.

“The water is hazardous to human and animal health since it contains high concentration of chemicals such as carbon”, said one senior government officer in Karonga.



Coal mine

Mwaulambo Village in Malawi



Mining activities raped the land at a now abandoned Mwaulambo mine

The dams have now turned into swimming pools for children. Animals such as cattle, goats and pigs also drink water from the same sources.

“My heart sinks whenever I reminisce that we have big trenches in our community. I remember one day when my oxen fell into the trench. I rushed to the scene with my sons and lucky enough we managed to rescue it,” recounts Lazarous Mapunga, a resident of the area.

Rogina Nankhonde was not so lucky. He had an expectant pig that also fell into one of the trenches. She searched everywhere but could not find it. She later discovered that the pig had fallen into the deep trench and by the time he found it, it was already dead and rotten. Rogina lost a pig that supported her household. This is another example of a curse that the people of Mwaulambo have to live with.

The big trenches are also an existing reality that also poses danger to children as witnessed by another member of the Mwaulambo Community, Mama Anna Nangonde.



Coal spillage that has destroyed soil fertility



Community facing danger of drowning in several of these gullies that are filled with water

She recounts: “One day my grandson went out to play. Little did I know that he went to swim with the older friends. Being very young, he failed to swim and drowned. By the grace of God, he was rescued by his friends with the help of some older men. Since that incident, my grandson always complains of stomachache. I strongly suspect that the stomachache is as a result of the toxics that he drunk.

Cases of Rogina Nankhonde and Mama Anna Nangonde certainly shows how women have disproportionately been impacted by the mine in Mwaulambo.

Farmers in Mwaulambo have also cried foul due to the mining activities that have disturbed the environment. “As a farmer, I used to produce over ten bags of rice. It is now down to less than five. This is because my rice field has been contaminated with coal dusts,” narrated Funny Mapunga.

It should be noted that this is a community that already endured a number of environmental problems whilst mining was in operation. They included dust from mining, noise from the process operation and seismic disturbances.

It is precisely for these reasons that the community of Mwaulambo is calling for a thorough rehabilitation of their area as per the requirements of the Environmental Management Act.

“We will be happy if the trenches were filled as soon as possible” GVH Mwaulambo retorted. He added that ‘If the trenches were filled we would replant trees on the bare grounds and start farming in some of the areas.’

Considering the challenges that the members of community of Mwaulambo have gone through, Church and Society Programme of the CCAP Synod of Livingstonia has recently stepped up efforts to ensure that government and Eland Coal Mine are held accountable, courtesy of a Tilitonse funded project through Norwegian Church Aid (NCA). The project is titled *Tonse Tipindule* and is being implemented in Karonga, Mzimba and Chitipa.

The project held a mining indaba in August, 2016 at Mwaulambo. The project also worked with Times TV and Daily Times Newspaper and produced a news story about the trenches in Mwaulambo. The TV story appeared on 2nd September, 2016. Through the story, it was revealed through late Mr. Mweso of the Ministry of Mines, that government was not aware that the miner had left the site. They further hinted that government had written the miner and were waiting for a response.

The project team also visited the offices of the District Commissioner, Director of Planning and Development, Human Resources Officer and Traditional Authority to engage them on the issue and using its paralegal department, the project has documented all the affected households. The project plans to use its paralegal department and partner with the Centre for Human Rights and Rehabilitation (CHRR), who are also willing to commence a case against both the investor and government, for failure to protect and promote the rights of the people of Mwaulambo.

In conclusion, the project has documented that Eland Coal Mine started without consent from the local government structures. This continues to show how central government, without involving local government, pushes investors to communities. This has had disastrous results on the community such as environmental damage, failure to follow the established law, kickbacks and conflicts. It is now not a secret that Mwaulambo community is a good example of a resource curse in Malawi ■

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in Mwanza, Phalombe

...from page 4 He says before the EAM, NCA and Tilitonse Fund's intervention, the issue of mineral deposits in Thambani was confusing to the community members because the government never conducted any awareness programmes in the area.

"The government even failed to introduce the investor to the members of the community hence the people felt their rights to know what is going on in their area was being violated. Now through the Community Action Groups (CAG), the people are now empowered to demand information on the exploration project from government," he says.

Mbaula, however, expresses concern over lack of information on mining issues at district level saying in the case of Mwanza even the District Commissioner does not have the required information because there is lack of communication between his office and the Department



Mkango manager Burton Kachinjika consoling flood-hit communities of Mines.

"Our experience in Thambani shows that it is necessary for Malawi to have mining officers at district level to facilitate free flow of information on mining issues to the community," he says.

EAM is also working in Phalombe where the community has managed to engage the investor, Mkango Resources, which is prospecting for rare earth elements at Songwe Hill in the area to undertake corporate social responsibility projects.

Though the project is still in exploration phase, Mkango has been implementing a number of CSR projects proposed by the community in different sectors including agriculture, education, culture, and transport and infrastructure development.

In the area of education, Mkango Resources is pursuing a programme involving the improvement of infrastructure and provision of learning materials to primary schools in the Songwe area. The programme saw the company partnering a non-governmental organization, boNGO World-wide, in a Happy Classrooms project that renovated and painted six classrooms for primary schools in the area with artistic expressions depicting what is in the school curriculum in so doing developing the classrooms into learner-friendly facilities.

In the agricultural sector, the company's interventions are also visible. With the guidance of the National Small Holder Farmers Association of Malawi (NASFAM), Mkango donates various kinds of seeds to the farming communities within the area it operates as one way of developing the impoverished farming communities.

Mkango also invested in the development of various social infrastructures in the Songwe Hill area which include access roads, bridges and boreholes.

"In my area, there was community hostility towards mineral exploration at Songwe Hill due to communication shortfalls before Tilitonse came in through the civil society to empower us with knowledge and negotiating skills to engage the investor on corporate social responsibility issues. Now after constructive dialogue with them, Mkango Resources has demonstrated the desire to partner us, the people in development," says the area's Village Headman Namalamba ■

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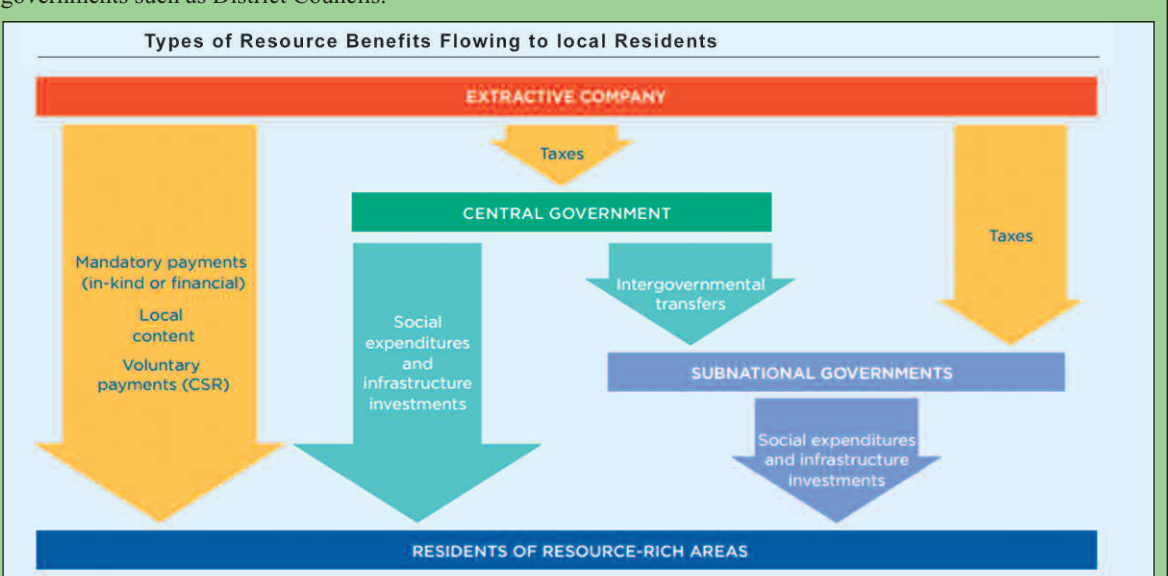
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Examining Malawi's journey towards ETI compliance

Where does the money go? Sharing mining revenues with District Councils

Revenue utilisation and management is key in ensuring mining contributes to needed socio-economic transformation. There are many potential ways residents in mining areas derive resource benefits (see the image below). These residents from districts that are home to mining projects argue that benefits should accrue to their areas and they should be compensated from possible environmental and social disruption. This is one of the drivers for the global move to allocate non-renewable natural resource revenues to subnational governments such as District Councils.



Types of Resources Benefits Flowing to Local Residents taken from Natural Resource Revenue Sharing (UNDP/NRGI, September 2016), p. 21

At present, revenue mobilised through Malawi's small extractives sector feeds into the Government's consolidated account, "Account Number One", and is then used in financing the national budget that our parliamentarians pass each year. This means revenues generated from non-renewable resources, such as from uranium and coal, and revenues from other sectors, such as our income taxes, are distributed in the same way. Arguably, this is because revenues from mining are relatively small. According to the recently released Annual Economic Report (2016) produced by the Ministry of Finance, Economic Planning and Development, mining revenues contributed a small 0.9% to GDP in 2014 and 2015.

Nonetheless, as we consider the potential of a growing industry and more positive outlook for commodity prices, the discussion on how money is used and if and how Districts are involved in revenue utilisation will become more pertinent. Malawi's Extractive Industries Transparency Initiative has the opportunity to provide data to inform our debate on revenue utilisation and later, if transfers are made to Districts, to track these sub-national transfers.

Given the proliferation of the mechanism to transfer public finances raised from extractive industries from central to district governments, a study to understand this mechanism was undertaken by the United Nations Development Programme (UNDP) and the Natural Resources Governance Institute (NRGI). The culmination of this study was the report Natural Resource Revenue Sharing, released in September that examines 30 countries that have specific rules governing the distribution of natural resource revenues as distinct from other revenues. This includes countries like South Sudan, Ghana, Ethiopia and the DRC where transfers are made on the basis of the area of origin or adjacent areas and a few countries, like Uganda, Mexico and Ecuador, which determine the distribution of natural resource revenues on the basis of indicators (e.g. population size or income level) regardless of where natural resources are extracted. Countries including Canada, China and Australia have a different set up where subnational governments collect significant revenues directly from extractives companies and these revenues then make up the local budget.

According to NRGI and UNDP, "These resource revenue sharing systems can raise standards of living and reduce poverty in resource-rich regions, provide additional financing for governments in poor or underserved regions, and compensate affected areas for the social and environmental impacts of exploitation and depletion of natural resources. [...]Resource revenue sharing can also help address local groups' special claims on natural resources and contribute to lasting peace in regions suffering from resource-related violence." (p9).

There are also challenges with these revenue sharing systems. For example, the reliance on taxes linked to mining, oil and gas projects may be volatile given the nature of unpredictable fluctuations in commodity prices. There are also failures in revenue sharing where District Councils are mismanaged, there are attempts to gain control over local municipalities in mining areas, and poorly designed systems are in place that exacerbate regional inequalities.

Drawing on their review of revenue sharing regimes, UNDP and NRGI provide the following 10 broad recommendations, some more obvious than others, that we should consider when planning how revenue will be shared in Malawi.

1. Insist on clear objectives
2. Align the revenue system with its objectives (e.g. to reduce poverty or improve infrastructure)
3. Keep expenditure responsibilities in mind
4. Choose appropriate revenue streams and fiscal tools
5. Smooth fiscal expenditures and make spending predictable
6. Make any revenue transfer formula simple and enforceable
7. Build a degree of flexibility into the system
8. Achieve national consensus on the formula
9. Codify the formula in law
10. Make revenue sharing transparent and formalise independent oversight

To explore these recommendations in more depth, access the NRGI and UNDP Study Natural Resource Revenue Sharing (September 2016) here http://www.resourcegovernance.org/sites/default/files/documents/nrqi_undp_resource-sharing_web_0.pdf ■

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TECHNICAL FILE

by Grain Wyson Phillip Malunga FIMMM
Mining and Environmental Management Expert

Possible Sources of Lithium in Malawi

Abstract

Lithium (Li) is an element used in the production of glass, aluminum products, ceramics, lubricants, greases, rocket propellant and batteries. It is mined from ores associated with granitic rocks such as pegmatites and sub surface brines. The main viable sources of lithium in granitic rocks are petalite ($\text{LiAl}(\text{Si}_2\text{O}_5)_2$) and spodumene ($\text{LiAl}(\text{SiO}_3)_2$).

In Malawi potential areas for exploration include pegmatites of Mzimba, Balaka and Mwanza. Saline soils of Mzimba, Bwengu, Phalombe River delta and lower Shire Valley may be of interest too.

Introduction

Recent enquiries about lithium sources have come in because of the demand in the element for high technology application and price. Recent prices for battery-grade lithium carbonate in China rose up through \$10,000 per tonne. Prices are likely to continue rising, particularly as demand from the new battery megafactories kicks in response to demand for electronic equipment and high performing batteries.

Table 1: Sector demand for lithium

Application	2014 Market Size	Growth Rate	Products
Traditional Uses			
Glass / Ceramics	46KT	GDP	• Spodumene • Li_2CO_3
Greases / Lubricants	18KT	GDP	• LiOH
Chemical Synthesis	11KT	GDP	• Li Organometallics fed by Li Metal LiCl
Energy			
Portable Electronics & Other Handhelds	48KT	16% (Base Case)	<ul style="list-style-type: none"> • BG Li_2CO_3 • BG LiOH • BG Li Metal • BG Electrolyte Salts • BG LiCl • BG Alloys • BG Specialty Compounds
Hybrids			
Battery Electric Vehicle (BEV)			
Grid and Other Power Storage Applications			

Source: Internal Total Global LCE Market: 160KT (2014)

Lithium

Lithium is a chemical element found in the minerals petalite, lepidolite and spodumene. Commercial quantities are found in pegmatites.

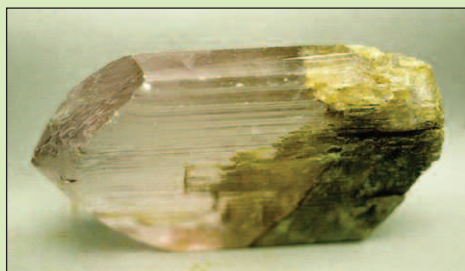


Figure 1: Lithium battery



Figure 2: Spodumene

Lithium is also obtained from saltwater (or brine). As saltwater evaporates, dissolved solids are left behind. These solids include sodium chloride (NaCl), potassium chloride (KCl), and lithium chloride (LiCl). Subsurface brines trapped in the Earth's crust are the major source material for lithium carbonate.

Geothermal lithium brine deposits can be explored in the vicinity of hot springs such as those found along Karonga – Chitipa road, Nkhota Kota, Liwonde, Mpyupyu and along Mwanza fault in Chikwawa. Geothermal lithium resources are comprised of a hot, concentrated saline solution that has circulated through crustal rocks in areas of extremely high heat flow and become enriched with elements such as lithium, boron and potassium.

Lithium Extraction

Salt water sources are less expensive to mine than from rock such as spodumene, petalite, and other lithium-bearing minerals.

Salt water is first pumped into evaporative ponds where lithium concentration exceeds 6,000 ppm Li through solar evaporation. Lithium saltwater is pumped to a recovery plant and treated with soda ash, precipitating lithium carbonate, which is then filtrated, dried, and shipped.

Hard rock liberation of lithium involves mineralogical studies, grindability testing, gravity, heavy liquid and heavy media separation, Flotation and pyrometallurgy (concentrate roasting and acid roasting). The roasting process may reach 1100°C, crushed the product and then mixed it with sulphuric acid and heated to 250°C. The product is extracted into water producing a lithium sulphate (Li_2SO_4) solution. Soda ash is then added to form lithium carbonate. The carbonate is then reacted with hydrochloric acid (HCl) to convert it to the chloride which can then be processed into lithium metal by electrolysis.

Possible areas for discovery of lithium in Malawi

Pegmatites contain quartz, sodium-feldspar, spodumene, lepidolite (mica), petalite, lithiophilite, microcline, and variable amounts of muscovite (1-5%) (Figure 3). Other commercially interesting minerals found in pegmatites include columbite, tantalite and apatite. Pegmatites of Mzimba – Nkhata Bay area and Thambani area in Mwanza.

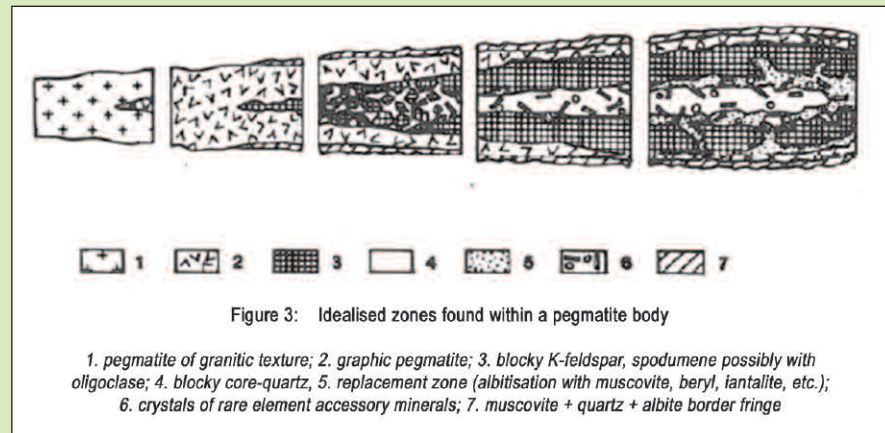


Figure 3: Idealised zones found within a pegmatite body

1. pegmatite of granitic texture; 2. graphic pegmatite; 3. blocky K-feldspar, spodumene possibly with oligoclase; 4. blocky core-quartz; 5. replacement zone (albitisation with muscovite, beryl, tantalite, etc.); 6. crystals of rare element accessory minerals; 7. muscovite + quartz + albite border fringe

Cameroon in 1959, characterised pegmatites in terms of their mineralogical sequence from border towards the core:

- 1.0. Plagioclase-quartz-muscovite.....Border zone
- 2.0. Plagioclase-quartz.....Wall zone
- 3.0. (a) Quartz-perthite-plagioclase+muscovite, biotite
(b) Perthite –quartz
(c) Perthite-quartz-plagioclase-amblygonite-spodumene
(d) Plagioclase-quartz-spodumene
(e) Quartz spodumene
(f) Lepidolite-quartz-plagioclase
(g) Quartz-microcline
(h) Microcline-plagioclase-lithiamica-quartz
- 4.0. Quartz

The above sequence can be observed in Malawi pegmatites too.

Salt has been traditionally exploited around Nchalo in Chikwawa, Bwengu in Mzimba and Embangweni in Mzimba. Recent geophysical survey has added Phalombe River delta where there is a strong, 13km diameter, potassium response indicating a possible large deposit of salt.

Geothermal lithium brine deposits may not be a viable lithium source, around geothermal hot springs, looking at previous chemical analysis of geothermal springs. Li has been non traceable showing chemical composition of water that has not circulated much through crustal rocks.

Table 2: Chemical characteristics of some Malawi Hot springs

HOT SPRING	LI	NA	K	CO ₃	Cl	TEMP (°C)
Chinuka (Chitipa)	-	134	10.5	0	57	29
Mwankanja (Karonga)	<0.2	324	4.0	21	22	53
Vungu (Karonga)	-	327	3.1	-	22	38.2
Mpata (Karonga)	<0.2	312	2.2	22	24	46
Nkhotakota	-	282	3.0	-	18	65
Chipwidzi (Nkhotakota)	-	270	2.2	-	30	52
Liwonde (Machinga)	-	-	2.7	-	-	-
Manondo (Mwanza)	-	6.7	5.5	12	71	38

Source: Bloomfield and Garson (1965); Bloomfield (1975); Harrison and Chapusa (1975).

Conclusion

Lithium demand has been boosted by rechargeable battery manufacturing, smartphone and tablet sales. Prices have risen to beyond USD10, 000 per tonne. The potential to discover commercial lithium sources exist but there is need to focus on geological prospectivity and pointers such as pegmatites and saline soils.

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Karim: QMAM Secretary General



Participants at Ntcheu District local mining indaba

...from page 2 “Before QMAM’s interventions through *Tonse Tipindule* project, people in the area had no clue on what CPL was initially up to in their area. They were just surprised to see strangers with tools, going around, drilling holes in their gardens and nearby bushes, showing stones to each other and taking notes,” says Ismael.

Factory works started in the area in early 2009 though the chiefs were still not consulted and when they sought clarifications, they were told that CPL had now been given a license to open a limestone mine in their area for cement production.

Ismael says: “Upon hearing the word ‘government’, the people were hopeless and conceded defeat without asking further questions because of fear until four years later when QMAM went to the area with *Tonse Tipindule* project and established channels of engagement between CSOs, citizen, government and mining investors which enlightened the people of their rights, roles and responsibilities on the mining activities happening in their area.”

“This has resulted in the recognition of the communities by the company which is now hiring members of the community through community action groups, instead of a foreign contractor, to provide sand and stone as part of a good gesture towards the people of Mayera area.”

CPL has also procured a cooking oil processing machine for the Mayera communities as a way of economically empowering the community and is constructing a structure to house the machine.

“This underlines how strong the investor-community relationship has grown through the interventions of the *Tonse Tipindule* project,” he says.

Similar success stories for the project are also visible in Balaka and Ntcheu where the same approach has resulted in interface meetings between stakeholders on mining issues.

The QMAM report says in Balaka an action point was developed which proposes how mining activities should be carried out and monitored at district level. However, unlike in Mangochi, the project team is yet to receive feedback from the District Commissioner on the appointment of an interim coordinator to oversee mining issues and the proposed action points.

But Ismael says progress is being made on other equally important issues citing that there is now an agreement between district councillors and community members which stipulates that every company must follow community development plans in any CSR initiative, a proposal that has received positive response from some mining companies operating in the area.

He said ZALCO, which has limestone mining operations at Chemkumbi Hills had a meeting with people from surrounding areas, through Ng’onga CAG, where they agreed to build a school block at Ng’onga Primary School.

The report also points out positive developments in Ntcheu where the locals of Katsekera area managed to negotiate with Nyala Mines Company management to fund the construction of six teachers’ houses and two classroom

blocks at Kandoma Primary School.

And again in a joint effort with communities surrounding the school, the company has upgraded some facilities at Katsekera Health Centre and carried out other important investor / community coordinated area development initiatives.

“People are quickly realising that their areas can benefit much from mining investments through constructive dialogue with investors other than confrontational approach,” says the report.

In his remarks during a *Tonse Tipindule* faith-based mining governance workshop held at NCA office premises in Lilongwe, QMAM’s Secretary General Osman Karim emphasized on the need for all stakeholders to approach mining issues with soberness and balanced views and avoid creating alienated atmosphere among players, which might dearly cost the country in terms of development and economic aspiration.

“We all want the mining industry to develop. I believe, as a country, we are short of options in terms of means to grow our economy and with mining having been identified as a key viable alternative to economic diversification, it is incumbent upon every good citizen to be positive and challenge the negativity that has been synonymous with mining,” he said.

He said the communities in mining areas should look at miners as friends not rivals to allow room for negotiations and agreements that will benefit both sides.

On his part, QMAM’s Executive Director Saiti Burhan Jambo noted some wholesome challenges that the people are facing due to mining activities in their areas but remained optimistic that *Tonse Tipindule* project’s non-confrontational interventions will be able to address such hurdles.

Jambo cited unfair employment practices, poor working condition, environmental and cultural issues, and livelihood disturbances, among others, as some of the mishaps that need mitigation.

QMAM is a member of a consortium of five faith-based organizations that are implementing the 15-months *Tonse Tipindule* Project, which started on November 1, 2015 under the coordination of the Norwegian Church Aid (NCA), and will wrap-up on January next year.

The other faith-based organizations implementing the project in different districts include NCA, Catholic Commission for Justice and Peace (CCJP), Evangelical Association of Malawi (EAM) and Church and Society of Livingstonia Synod ■



Mangochi Mayera local leader speak during community sensitisation event



Clinical officer for Ntcheu Katsekera explain to CAG members of Nyala CSR



Deliberations underway during Balaka District local mining indaba



Exchange visit of Mangochi Mayera and Ntcheu Katsekera communities



Training for Mangochi Mayera CAG members and traditional leaders



Capacity building event for Balaka CAGs members and community leaders

Sponsored by:-





Kaphwiyo

Kaphwiyo retires in style

By Chiku Jere

Members of staff from Department of Mines in the Ministry of Natural Resources, Energy and Mining recently hosted an emotional send-off party bidding farewell to Director for the department Charles Kaphwiyo, who retired after 33 years in the civil service.

The event which took place at Department of Mines' offices in Lilongwe attracted several top officials from the ministry and private sector representatives who all spoke highly of the veteran geologist who served in different capacities including that of Director of Geological Survey



Wona speaking at the event



Kaphwiyo (dark suit); wife in blue, dancing



Colleagues shower Kaphwiyo with gifts

and Commissioner for Mines.

Among the ranked attendees from Ministry was Director of Administration a Mr. Chitedze - representing the minister as guest of honour, Director for Geological Survey Department (GSD) Jalf Salima, Mining Governance and Growth Support Project (MGGSP) Coordinator Hastings Chipongwe and Acting Director for Department of Mines Atileni Wona.

to the establishment of a good working relationship between government and the private sector.

"Since you are now no longer a government official, we would like to officially welcome you to the private sector and we believe we can use your experience and channels you have established to achieve greater things for the sector," said Lungu.

Kaphwiyo immensely contributed to the drafting of

The private sector was represented by President of Chambers of Mines and Energy Dean Lungu, Mkango Resources Country Manager Burton Kachinjika, one of country's top consulting geologists John Nkhoma of Chiwandama Geo-Consultants, just to mention but a few.

Kaphwiyo retired while serving as a Director/Commissioner of Mines and Minerals in the ministry and he was hailed for spearheading a lot of progress on important issues in the mining sector.

Speaking during the function, Wona said with so many achievements within the 33 years of his service, Kaphwiyo has laid down a clear path envisioned with a direction that would lead to more achievements in the mining sector.

"We will miss his services but all we can do is just to express our heartfelt appreciation for the huge impact his great works and efforts have had in the ministry. Still, we will be looking forward to his further support within the sector as he embarks on his life in private endeavors," he said.

He said Kaphwiyo has left big shoes difficult to fill but the good thing, he said, is that he imparted his immense knowledge to others; "not only about work but also how to relate with each other and the field out there."

Lungu praised Kaphwiyo for his humble and accommodative approach to issues which, he said, has led

mining sector legal frameworks - the new Mines and Minerals Bill, and the Mines and Minerals Regulations, and additionally the development of mining sector Communication Strategy and the initiation of the Petroleum Policy and Regulations review process.

He also had a passion in grooming junior officers in the sense that he initiated as well as facilitated numerous capacity building programs for staff in his department.

Artisanal and small scale miners also benefited from his efforts, as he initiated training workshops for miners, equipping them with important information regarding their trade.

Kaphwiyo was recruited in the civil service on July 25, 1983 when he was employed as a Geologist at Geological Survey Department in Zomba and he quickly rose through the ranks. He was appointed as Senior Geologist on February 6, 1986 on and then Principal Geologist on August 11, 1988.

His journey up the ranks continued on November 4, 1993 when he was made an Assistant Chief Geologist, a position he served for six year before attaining the Chief Geologist post.

On April 24, 2002, Kaphwiyo was appointed Deputy Director of Geological Survey, before being transferred to the seat of government in Lilongwe on August 29, 2011 where he took the post of Director of Mines and subsequently Commissioner of Mines and Minerals up to May 31, 2016 the day he called it a day as government officer ■

REST IN PEACE LEVI WESLEY UNDI



Mining & Trade Review joins family, friends and colleagues in mourning the untimely demise of Levi Wesley Undi, who died in a car crash in Blantyre last month.

Until his death, the youthful Undi was Mining Inspector in the Ministry of Natural Resources, Energy and Mining and the ministry's spokesperson responsible for mining issues.

We comiserate with the bereaved family and ask for God's strength in this trying period ■

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