



MALAWI CHAMBER OF MINES ANNUAL REPORT FOR 2023

1. MINES AND MINERALS ACT 2023

This Act replaced the Mines and Minerals Act of 2019. The Parliament passed the Mines and Minerals Bill, 2023 repealing the Mines and Minerals Act, of 2019. The Bill has significantly changed the landscape of the mining sector.

The key changes and improvements made under the Bill compared to the 2019 Act include;

- Establishment of a Mining and Mineral Regulatory Authority to regulate mineral resources development in Malawi. Its role is to granting mining licenses; inspecting mining activities and to advise the minister on policy matters of the mining sector. The Mineral Resources Committee was abolished. The positions of Commissioner for Mines and Minerals and the Director for Geological Surveys and their respective duties have been allocated to the Regulatory Authority.
- The Regulatory Authority is tasked with keeping and maintaining the register of mineral permits. The new Act has added a register of cooperative mining societies and mining partnerships.
- The new Act mandates the grant of a licence after a project has been approved by the Malawi Environment Protection Authority. has certified in writing that the project has been approved by the
- The term for Exploration Licence has been increased to 5 years from 3 years and may be extended to a further 3 years.
- Some penalties have been revised such as the custodial penalty for a person who obstructs an authorized officer of the Regulatory Authority from conducting his duties from 2 years to 4 years in prison with hard labour and a monetary penalty of MK10,000,000.00 has been maintained. A monetary penalty for evading or assisting someone to evade payment of annual ground rent and mineral royalty has been reduced to MK10,000,000.00 from MK20,000,000.00 under the 2019 Act. The other punitive and custodial penalties have been maintained.

- Government Ownership Interest under the Act has removed a ceiling of 10% to give it the right to reduce or increase the percentage as the Minister responsible deems fit.

The bill is silent on establishment of a National Mining Company and fiscal incentives necessary to promote the sector as one of Government’s priority areas of Agriculture, Tourism and Mining. It is necessary for the Government to come up with a package of investment incentives in order to shorten the period for which mining agreements need to be shortened.

2. REVISED MINERAL RESOURCE ENDOWMENT

Companies under the Chamber have made a lot of good progress in exploring for critical minerals such as uranium, niobium, rare earths, rutile and graphite. The critical minerals are necessary for energy transition to reduce climate emanating from carbon emissions. These are raw materials for renewable energy technologies such electric vehicle components, wind and solar energy products. The projects are well spread to foster balanced job creation and local economic linkages and development. The Table below shows an updated Mineral inventory of the year 2023.

Table 1: Delineated mineral reserves by CMEM Members

PROJECT	GRADE	TONNAGE	STATUS
Kangankunde REE	2.2 TREO%	261 Mt	Lindian Resources - Resource upgrade
Songwe REE	1.2% TRE	18.15 Mt	Mkango Resources - Mining Negotiation
Kayelekera Uranium	500 ppm U ₃ O ₈	46.3 Mlb	Mining Negotiation
Malingunde graphite	9.5 % TGC	9.5 Mt	NGX Ltd – Definitive Feasibility Study
Kasiya rutile/graphite	1. 1.01% Rutile 2. 1.32% Graphite	1,809 Mt	Sovereign Metals Feasibility Study
Malowa Limestone	51.7% CaO	15.17 Mt	Mining Development

Stone aggregate production is being done by Terrastone Limited, Masterstone Breakers Limited and Mota Engil Limited. Shayona Cement Corporation and Cement Products Limited are mining limestone for cement manufacture while Kasikizi Coal Mine and Rukuru Coal Mining Limited are mining coal for agro processing and manufacturing.

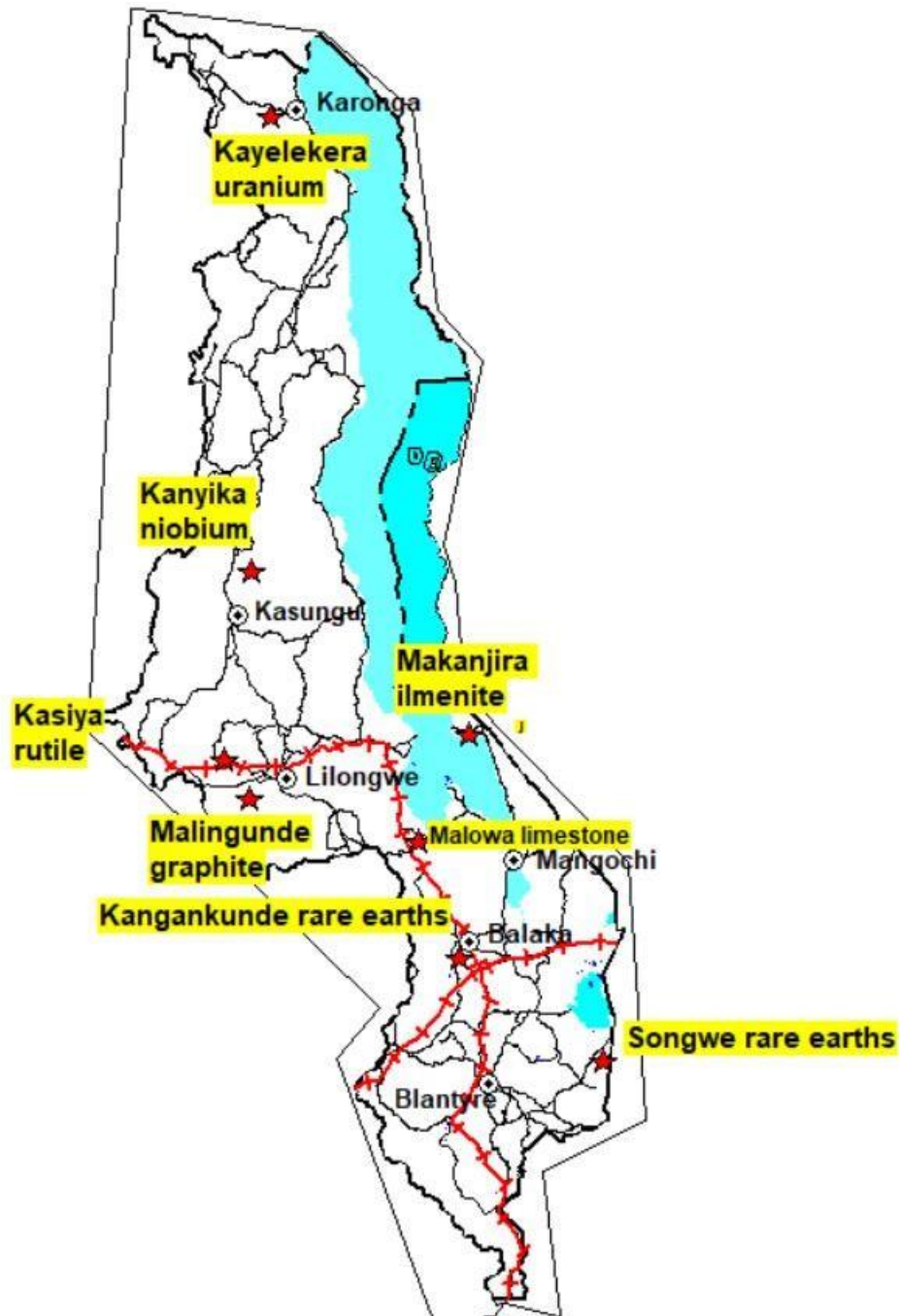


Figure 1: Malawi updated mineral deposit location

3. ECONOMIC IMPACT OF MINING

The current mineral production (Table 1) is dominated by coal, limestone and aggregate for domestic use. Limestone is mainly used for cement production, coal for agro-processing and aggregate for construction industry. The entrance of gold production is noted due to formalization of the artisanal and small scale mining (ASM).

2019 -2022 MINERAL PRODUCTION STATISTICS

Commodity		2019	2020	2021	2022
Coal	Tonnes	33,100.70	54,875.80	30,250.8	62,166.10
	MK 'million	488	2,063.30	430.5	1,530.10
Limestone*	Tonnes	335,967.80	600,122.60	486,630.80	319,641.50
	MK 'million	1,363.40	797.4	746.3	1,400.30
Aggregate	Tonnes	15,729,206.60	749,902.60	783,416.6	504,536.00
	MK 'million	26,154.50	4,359.10	5,035.90	6,124.80
Gemstone	Tonnes	716.4	20.4	15	329.5
	MK 'million	295.9	211.5	101,165.70	320.5
Gold	Tonnes	-	0	0	186.9
	MK 'million	-	0	0	9,400.00
Dimension stone	Tonnes	-	926.5	1,845.10	2,040.50
	MK 'million	-	227.5	289.5	549.4
Total	MK 'million	28,301.80	7,658.70	107,667.90	19,325.10

The projects being pursued by the Chamber members have the potential to generate an estimated total capital investment of US\$5.2 billion over a ten year period generating the value of exports totaling about US\$10 billion starting with Kayelekera from 2025 if Mining agreements are to be concluded within next year. Data obtained from the Chamber members show that the mining sector has the ability to generate about \$1.0 billion dollars annually if government speeds up conclusion of Mining Development Agreements.

These projects have the ability to create wealth for the country to be self-reliant and support local content such as improved agriculture commodity



market, skills support such as welding and fabrication and supply of rural infrastructure that promotes urbanization. Apart from direct employment, indirect employment can increase up to 10-fold.

4. MINING AGREEMENTS WITH GOVERNMENT

Globe Metals and Mining concluded a Mining Development Agreement with government in March 2023. Negotiations with Lotus Resources, over Kayelekera Mine, and Mkango Resources, over Songwe rare earths deposit, are at an advanced stage. Issues to do with fiscal interpretation and phraseology in the Mines and Minerals Act of 2018 seem to be delaying consensus on the way forward. There is also need to have a reference base in form of a mining investment incentive package in line with government's emphasis on promoting Agriculture, Tourism and Mining (ATM).

It is time to take advantage of current critical minerals favorable prices in order to reap high financial and economic benefits both for the investor and the government.

5. LIASON AND OUTREACH

The Chamber was involved in several consultative meetings with government and the private sector. The Chamber was involved in drafting of the proposed (Malawi Extractive Industry Transparency Initiative (MWEITI) policy and bill in order to legitimize the process.

The Chamber has been participating in national and regional meetings aiming at eradicating or controlling TB and other respiratory diseases in the Mining Sector. Recently it was included in the Task force for the establishment of national Business and Human Rights Action Plan and principles for Malawi.

The Chamber attended MIASA annual meeting and Mining Indaba in South Africa. At the Mining Indaba the Chamber attended Mining Ministers' meeting and CEO's meeting hosted by Minerals Council of South Africa and Deloitte.



6. MEMBERSHIP GROWTH

Membership subscription of the Chamber started with a membership of 15 in 2016 and has grown to 16 after dropping down to 10 between 2019 and 2020. This drop can be attributed to low business revenue arising from COVID lock down where most businesses slowed production and exploration activities.

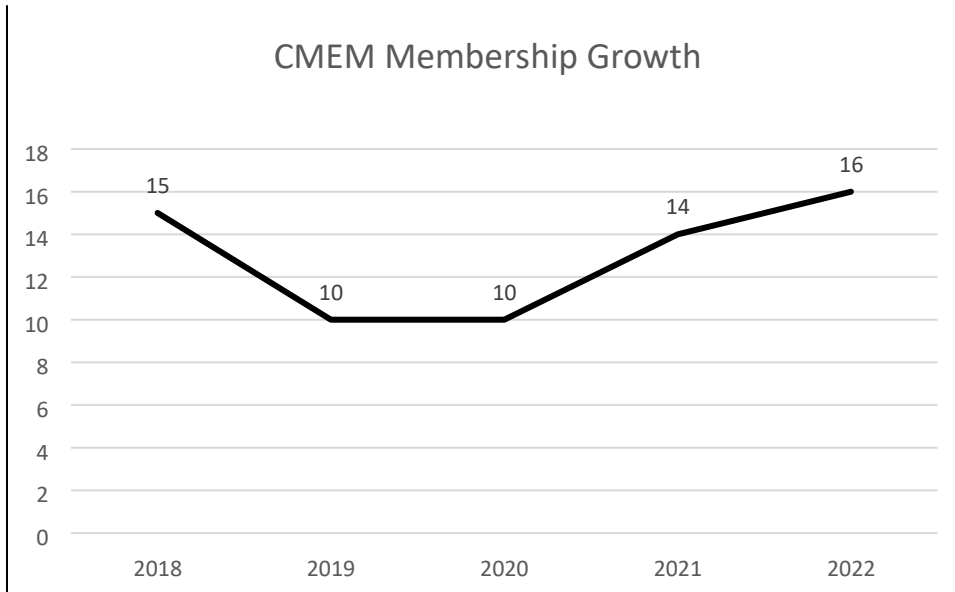


Figure 2: Membership growth Chart 2018 – 2022

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