

MINING REVIEW

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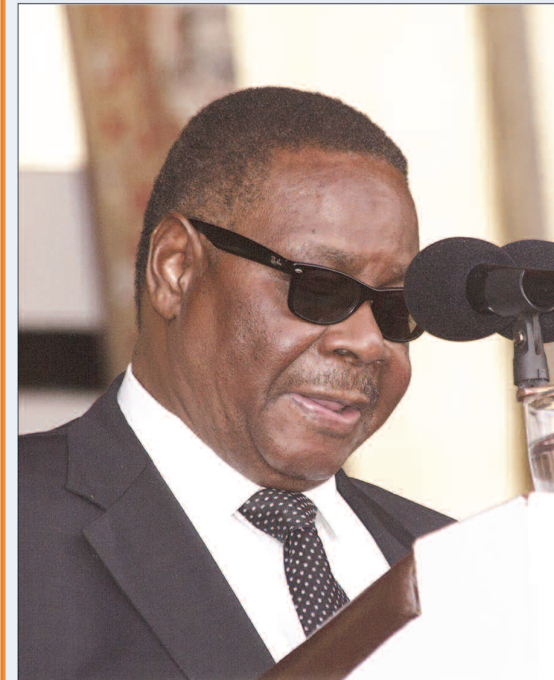


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Malawi fights graft in minerals sector



President Mutharika stresses the importance of good governance

By Marcel Chimwala

Malawi has stepped up its efforts to root out corruption in the minerals sector and ensure sustainable growth of the high-corruption-risk sector for the benefit of the country's economy.

Deputy Director for the country's graft busting body, the Anti Corruption Buareau (ACB), Reyneck Matemba, said when he officially launched a workshop to kickstart the Publish What You Pay (PWYP) Campaign in the extractive industry that the Bureau is engaging the civil society and other stakeholders to intensify the fight against corruption and ensure sustainable growth of the minerals sector, which is high on the government priority areas.

PWYP, which encourages players in the minerals sector to announce revenue generated from their projects, is a civil society initiative aimed at ensuring transparency and accountability in the sector.

Matemba said the PWYP concept is in tandem with government's efforts to promote transparency and accountability in the minerals sector.

Said Matemba: "We are all aware that State President Professor Arthur Peter Mutharika, right from his inauguration, stresses the importance of good governance, transparency and accountability."

"He has singled out the mining sector as a potential growth sector in a bid to diversify the economy away from overreliance on agriculture and to broaden sources of foreign exchange revenues. In singling out the mining sector, he has also stressed the wish of his Government to facilitate the promotion of transparency through among other things joining the Extractive Industry Transparency Initiative (EITI)."

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Highlights of the month

Chamber of Mines off ground

Private sector representatives from the minerals sector met in Lilongwe to map the way forward for the establishment of their representative body, the Malawi Chamber of Mines.

An interim committee was formulated to oversee the take off of the Chamber with Mr. Dean Lungu, a Director for Bwanje Cement Company as the Interim Chairperson. The Executive has Burton Kachinjika Country Director of Mkango Resources as Vice Chairman, Dina Longwe as Secretary while Grain Malunga, Elton Jangale, Greg Walker, Chrispine Ngwenya, Bobby Singh and Paulo Rocha are committee members. Director for Mines Charles Kaphwiyo is an ex-officio member.

RAKGAS oils Mining Review

Globally renowned oil prospecting firm RAKGAS has agreed to offer monthly financial support to meet basic production requirements for *Mining Review*.

Country Manager for RAKGAS Chimwemwe Chikusa says the management of the UAE firm, which has oil prospecting permits in Malawi, is impressed with the good work being undertaken by *Mining Review* in promoting awareness of mining issues in Malawi.

Mining Review Editor Marcel Chimwala thanks RAKGAS for the support saying the publication will keep on sticking to the truth as far as reporting of mining issues is concerned in order to maintain credibility and the trust of its sponsors who are the real owners of the publication as reflected in its motto "Voice of the mineral sector in Malawi."

Mining Review partners Mining in Malawi

Mining Review, the country's premier minerals sector publication has struck a partnership deal with Mining in Malawi, a blog that features news from Malawi's minerals sector. The arrangement sees articles published in *Mining Review* appearing on *Mining in Malawi* website, www.mininginmalawi.com.

As part of a long time partnership with the Ministry of Natural Resources, Energy and Mining, *Mining Review* articles will also be appearing on the official website for the Department of Mines, which has been set up as part of the World Bank and European Union funded Mining Governance and Growth Support Project.

Mining Review has also developed a facebook page, *Mining Review* Malawi, which features articles from the print edition and more.

Honourable Atupele Austin Muluzi (M.P), Minister of Natural Resources, Energy and Mining – Statement after attending Africa- Down-Under Conference in Australia from 3rd to 5th September 2014 in Perth, Australia

1.0 Introduction

I am privileged and honoured to report to you that I led a four-man delegation from the Ministry of Natural Resources, Energy and Mines to the Fifty Third(53rd) Africa-Down-Under International Conference on Mining Investment which took place in the City of Perth, Western Australia from the 3rd to 5th September 2014.

Africa- Down- Under (ADU) is an annual Mining Investment Conference which is organized by the Australian Government for African countries to showcase their investment potentials with a view of attracting Australian companies into investing in Africa. The event attracted 33 African Mining Ministers, African mining industry players, academic speakers and an impressive list of both local and international companies.

Objectives of the 2014 ADU conference:-

- * To promote and provide a platform for the establishment of business partnerships, attract and accelerate mining investments as well as to uncover African potential opportunities mainly in the mining (solid minerals) sector.

- * Provide an opportunity for Australian companies to make contact with African Governments and together identify opportunities that can enhance their mining industry and commercial opportunities.

- * Provide an opportunity to show how the Australian Government is committed to strengthening Australia's engagement Africa's mining sector by giving the sector the priority it requires and deserves.

- * Support Africa's efforts in promoting economic growth and prosperity through investment and trade in the mineral sector and to accelerate Africa's progress towards the achievement of its Millennium Development Goals.

- * Using Australian companies to bring world-class technology and expertise to their Africa operations through their well-earned reputation, integrity, good mining practice, good mining safety record, environmental sustainability and protection and assisting in developing requisite African mining skills in their workforce, just to mention a few.

I am pleased to inform you that the event attracted the participation of over 2300 delegates, 30 exhibitors and at least 300 exhibition visitors, coming from over 30 different African, European and Asian countries.

2.0 Opening Session

The conference was officially opened by H.E. Colin Barnett, the Prime Minister of Western Australia State on 3rd September 2014. In his opening remarks, he highlighted the importance of the conference and the need for Africa and Australia to join hands in the mineral investment sector with a view of improving growth of African countries economically, uplifting people's lives and assimilation of technologies.

The Premier reiterated the Australian Government's commitment to ensuring that Australia's investment meets Africa's economic and development objectives. He also indicated his Government's vision of continuously working closely with African governments with a view of maximizing opportunities for investment, skills development, technology transfer, community development and sustainable environmental management.

The Premier said that Australia is in a unique position to help build Africa's mineral resource sector and harness its economic potential. He spoke of Australian Government's priority of establishing high-level contact with African Governments, to personally convey Australia's commitment to enhanced long-term relationships with Africa.

In his conclusion the Premier highlighted the importance of Australia's linkages with African growth through business, education and people-to-people both as a friend and a partner.

3.0 Main Proceedings

During the three-day meeting, there was an update on the progress of Australian mining projects in Africa by different investors as well as discussing major challenges facing the sector. The main challenges highlighted included production capacities, marketing of minerals' products and finally a discussion on the recent emergence of Ebola disease and its potential effects on mining, especially in West Africa.

Also under discussion were the future investments in the mineral sector and aspects impacting on mineral sector growth in Africa. Energy is of high priority particularly in mining sector investment. The potential for energy production in many of the African countries is much higher than the current energy availability and ongoing projects aimed at increasing the production of electricity to guarantee energy adequacy.

Other issues presented include strategies for the African mining sector, particularly the successes of different projects through promotion of local capacity, transfer of knowledge and strategies regarding the role that the State and state owned companies on major projects versus the private sector interests.

Government of Malawi's message at the conference

As at the last financial year, the contribution from the mining sector to the country's GDP stood at an average of 10%. Government of Malawi through the Ministry of Natural Resources, Energy and Mines believes that with clear structures put in place, the mining sector can contribute over 30% to the country's GDP. The Government of Malawi's key message at the conference was that Malawi is now open for business with key reforms which are being put in place within the mining sector to attract and protect long term investment and at the same time maximize returns to the country.

Some of the reforms within the mining sector include:-

- * Review of the Mines and Minerals Act 1981.
- * Completion of the Airborne Geophysical Survey of the whole country and release of the data to potential investors.
- * One stop mineral sector documentation and mineral information centre

- * Modern Mining Cadastre and Computerised Registry System
- * Strengthening transparency and accountability of the sector including the decision to join of EITL.

- * Revision and development of an investor friendly but best world practice Fiscal regime that provides a win-win situation for Malawi and the investor yet reducing management and implementation.
- * Energy and supportive infrastructure such as improving electricity generation and transmission capacity, rail and road network infrastructure among others

4.0 Companies and organizations meeting

We had an opportunity to hold side meetings with companies operating in Malawi and mining investors wishing to invest in Malawi. Some of the issues discussed include the business climate in Malawi, challenges in the mining sector, role of mining companies in Malawi in attracting foreign investment and growth opportunities in the mining sector. Below are some of the issues raised from some of the meetings we held in Perth during the conference.

Paladin Africa Limited – John Borshoff

- * Being the single largest foreign direct investment (FDI) in Malawi's mining sector, Paladin Africa through its CEO John Borshoff confirmed its commitment to the Kayelekera Project and in particular to restart production when Uranium price rises to \$ 75/lb for benchmark profitability to occur.

- * This message was delivered at a private four hour presentation at Paladin's office which was introduced by John Borshoff the CEO and Rick Crabb the Chairman followed by presentations from the senior executive management attending.

- * We were briefed on the current care and maintenance (C&M) position which is currently in convalescence and the optimism for a full recovery and a return to a productive life.

- * Paladin Africa welcomed the new Government's open approach to direct foreign investment, minerals and fiscal policy changes and anti-corruption focus.

- * During our meeting, Paladin urged the Government of Malawi to promote the country's mineral potential to the possible maximum to encourage more companies to explore and develop.

- * Paladin Africa offered its willingness to assist Malawi's geological and geophysical departments through the promotion of Malawi's geological potential from the nationwide geophysical survey recently completed.

- * Paladin Africa proposed the possibility of appropriate academics coming to Malawi from Australia to teach specialties at Malawian Universities/technical colleges on short 3 month courses to benefit Malawian students.

Intra Energy – Graeme Robertson

- * Our meeting discussed the clear synergies between agricultural and mining sectors.

- * The possibility of increasing Malawi's power production capacity and its ability to export power to its neighbouring countries.

- * The meeting highlighted that the problems facing existing transmis-

sion lines are the bottleneck

- * There were recommendations that increasing transmission line capacity should come after bringing on line 3 new 40MW power stations. Preferable as this would establish a track record of successfully delivering projects of this nature and that smaller 40MW stations can be added incrementally.

- * Media note: MALCOAL has the highest proportion of females to male working on a mine in Africa
- * Sovereign Metals - Julian Stephens and Matt Syme

- * Sovereign metals expressed interest in exploring graphite deposits and the burgeoning demand for graphite in the US

- * Sovereign metals has a smaller interest in copper (presently operating a mine in Queensland, AUS)

- * During the meeting, Sovereign Metals commented that the reliability of land titles and transparency of mining processes were critical for potential investors

- * Based on various media articles on Malawi's mining sector, Sovereign urged the Government of Malawi to "Set the rules and stick to the rules".

- * They also commented that they pay less attention to publications such as the Fraser Institute and more attention to "word of mouth" from other miners on the ground hence the need to improve on business relations within Malawi's current mining sector.

- * Dept. of Foreign Affairs and Trade - Andrew Barnes
- * We talked about the various educational and training programs that the Australian Government provides.

- * Mr Barnes mentioned that individual embassies including those in South Africa and Zimbabwe (responsible for Malawi) have their own budgets for funding local / specific mining projects.

- * It is worth noting that federally, Australia provides long and short term scholarships through the Australia Awards program.

- * In partnership with the Australian Government through an Australian Aid initiative, The University of Western Australia and The University of Queensland have established the International Mining for Development Centre (IM4DC) to assist in lifting the quality of life in developing nations through a more sustainable use of mineral and energy resources.

- * It was the IM4DC program which delivered training to the Malawian delegation that visited Perth and Canberra in April 2014.
- * Woodside Oil and Gas - Tim Walster, Jayne Baird

- * At this meeting, Woodside made it clear that they were still at very early stages of investigating and were not about to make an investment in Malawi imminently but showed some high level interest in mining under Lake Malawi

- * Woodside spoke of their "one global standard" policy and pointed out the experiences they had working in sensitive marine environments including off the Western Australian coast at Exmouth.

- * Woodside have a "gated" approach to projects where they assess, and re-assess projects at each stage - only moving forward when safety (of people and environment) can be assured.

Swala Energy – Neil Taylor and Ken Russell

- * Swala talked extensively about their "local model" - structures that encourage locals to participate in the financing of the project from the very earliest stages.

- * Swala referenced a project in Tanzania which is 42% owned by Tanzanians.

- * Swala Energy advised that a strong focus on local participation may have appeal in Malawi by way of overcoming the initial skepticism associated with foreign direct investment (FDI). Based on these discussions it is clear that Malawi left a mark at the conference despite its mineral sector being in embryonic stage. The Ministry is equally convinced that our presentation will without doubt enable more and other investors who may have not known or had interest in Malawi's mineral potential to come and examine our mineral potential.
- * Globe Metals Limited

- * The company gave a brief on their business undertakings in Malawi at present such as the testing of samples at one of China's mineral processing institutes with a view of maximizing niobium and other mineral exploration.

- * Globe Metals gave brief details of their five hundred million dollars (\$500,000,000) investment in the country's mining sector.

- * We also discussed their expectation from the



Muluzi discussed development agreement for Kanyika

mining agreement which is under discussion with the Government of Malawi and guarantees of power supply from ESCOM to avoid use of diesel generated power that increases the cost of doing business in the country.

5.0 Concluding Remarks

In conclusion, the Ministry wishes to reiterate the success of the conference and Malawi's presentation in terms of its attractiveness to mineral investment. One key factor is that there is indeed enormous competition for mining investments in Africa against limited FDI.

It is my considered view that with the efforts being undertaken by the current Government to improve the minerals sector, more investors will continue to come and inquire on investment potential especially after the completion of the Airborne Geophysical Survey interpretation besides current inquiries underway.

I would like to assure you that we will endeavour to continuously improve Malawi's mineral attractiveness as well as attend conferences of this nature with a view of continuously attracting more investors to the sector.

May God bless Malawi through its natural resources.

Hon. Atupele Austin Muluzi (M.P), Minister of Natural Resources, Energy and Mines



Globe has concluded field work at Kanyika

FROM FRONT PAGE

Malawi fights graft in minerals sector

He also called upon civil society groups to corroborate with agencies such as the ACB, Human Rights Commission and Parliament in enhancing transparency and accountability in the minerals sector.

"We need to capitalize on the political will that has been expressed by the President in using it to ensure that we lay a good foundation and engage with Government to translate the rhetoric into tangible action on the ground that would lead to a transparent, accountable and corrupt free mining sector which we can bequeath to generations to come for a better Malawi," said Matemba.

He pointed out that promoting transparency and accountability reduces corruption, which is still a serious challenge in Malawi as confirmed by the recent Governance and Corruption survey as well as the Afro barometer survey.

Matemba said with the proliferation of mining activities, Malawi has to be vigilant in the fight against corrupt activities because corruption in the minerals sector has a devastating impact on society.

"Not only does corruption worsen poverty, but it also erodes the rule of law, leads to political instability and conflicts, damages the environment as enforcement

and monitoring of mining activities are left unchecked due to bribery of Government officials and politicians, erodes trust in Government amongst the citizenry and exacerbates income inequalities," he said.

Matemba noted that a number of studies have shown that natural resource dependence is highly correlated with disappointing economic growth, inequality and onset of civil conflict.

In this vein, the World Bank has cited that mining and oil production in developing countries are having profound impact on the natural environment and rights on marginalized groups.

Matemba, however, said across this continent there are also examples of countries where this picture has been avoided.

He said "For Malawi, we have had at least a test of whether mining can be of benefit or not and what sort of things needs to be done right already with the experience of the Kayelekera

project. We have sufficient lessons both locally and internationally to enable us do things right."

"The fact that in Malawi we may have come late into the game of mining should be a blessing in disguise because we have the opportunity to learn both the positive lessons from those countries that have benefited from mining and negative lessons from those that have mismanaged and not benefited from it. The same point was alluded to by the state President when he returned from the SADC Summit recently in Victoria Falls."

The PWYP campaign and Malawi's EITI interventions are backed by the German Development Cooperation (GIZ) through financial and technical support.

A local civil society organisation, Citizens for Justice (CFJ), is coordinating the PWYP campaign and Board Chairperson for CFJ Margaret Sikwese, who also spoke at the launch of the workshop, thanked GIZ

for its support saying the support has enabled Malawians to see the dream of globally established PWYP and EITI interventions becoming a reality in Malawi.

"Today marks yet another important milestone in the civil society's concerted effort to strengthen advocacy towards meaningful transparent and accountable governance in relation to revenue emanating from extractive industries in Malawi; and I must challenge all civil society leaders present here to use this as a platform to meaningfully engage government and industry players." She said.

Since the founding of the PWYP Coalition in 2002 by the global civil society community led by Global Witness to tackle the 'resource curse', the coalition has over the years grown to become a truly global network comprising as many country-level civil society coalitions.

Malawi's neighbouring countries namely Mozam-



Matemba: Promoting transparency reduces corruption

bique, Zambia and Tanzania as well as Zimbabwe already have formally established PWYP Coalitions and campaigns.

"It, therefore, becomes imperative that Malawi does not continue to remain behind on formalising this indispensable initiative for national socio-economic development. I am happy that we are gathering here today for this important common cause," said Sikwese.

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Mkango Resources has announced positive pre-feasibility study results for its Songwe Hill Rare Earth Exploration Project in Phalombe District in Sothem Malawi.

Mkango Resources CEO Mr Will Dawes explains that the study supports the declaration of a maiden probable mineral reserve estimate of 8.5 million tonnes grading 1.60% total rare earth ore (TREO) for the project and is based on an open pit operation, using contract mining, with a mine life of 18 years potentially commencing in 2017.

"There is potential to significantly expand production or the mine life and for a lower strip ratio given the large additional inferred resource and potential to expand the mineral resource," says Dawes.

He says the first phase of development envisages production of a high grade, critical and heavy rare earth enriched, purified chemical concentrate for toll treatment or sale, with annual production of approximately 2,840 tonnes per year of REO in concentrate.

The pre-feasibility study has pegged the after-tax net value of the deposit at US\$293-million using a 10% nominal discount rate and 36% after-tax internal rate of return based on rare earth oxide (REO) prices equivalent to a total rare earth basket price for Songwe Hill of US\$55 per kg of REO, which reflects the removal of a large percentage of cerium during the hydrometallurgical process to enhance the value of the product mix.

The study, which was based on an open pit mining operation, pegs the capital expenditure at US\$217-million including a contingency of US\$20-million, which Dawes describes as among the lowest in the rare earth sector.

Assuming an additional cost of US\$10/kg to account for the cost or discount associated with toll separation or the sale of a mixed chemical concentrate, the study outlines cash operating costs of US\$13.4/kg for the first five years of production, increasing to US\$17/kg for the remainder of the mine life.

Mkango President Alexander Lemon says: "The results are a major milestone for the company and position Mkango and Malawi as one of the few rare earth companies / countries globally with a pre-feasibility study announced."

"There is significant scope to optimise the flow sheet and mining operation and this will be the near term focus going forward, as we move into the next stage."

"With the ongoing support of the Ministry of Natural Resources, Energy and Mining as well as the communities surrounding the project, the Nation of Malawi has the potential to be a leading sustainable producer of rare earths on a global scale. We are proud to be spearheading this initiative with the Government and People of Malawi."

Mkango CEO William Dawes comments that the firm is encouraged by the positive outcome of the study, which is an inspiration to take the project to the definitive feasibility study stage.

"This is a major milestone in the development of the project. Since listing in 2011, Mkango has progressed an early stage exploration project to one of only three rare earth projects in Africa with a Pre-feasibility Study or Feasibility Study announced. We are very encouraged by the Project's strong returns and relatively low capex (Initial capital expenditure)," says Dawes.

The Songwe Hill project features broad zones of outcropping rare earth mineralisation on the northern slopes of a steep sided hill.

The annual processing capacity was assumed at 500,000 tonnes per year of ore with a view to producing an average of approximately 2,840 tonnes of REO in mixed chemical concentrate per year with a large proportion of the cerium removed during the hydrometallurgical process.

Cerium is currently considered to have challenging market fundamentals and, under Mkango's current strategy to produce a concentrate, there is a strong economic rationale to remove as much as possible of the cerium from the final concentrate.

It is currently envisaged that the product of the operation in Malawi will be a high grade, heavy and critical rare earth enriched, purified chemical concentrate.

Mkango Resources contracted MSA Group of South Africa to conduct mine design for Songwe Hill based on a conventional open pit mining operation and assumed the use of a contract miner.

The mine plan incorporates the use of stockpiles to manage the grade profile and maximise returns.

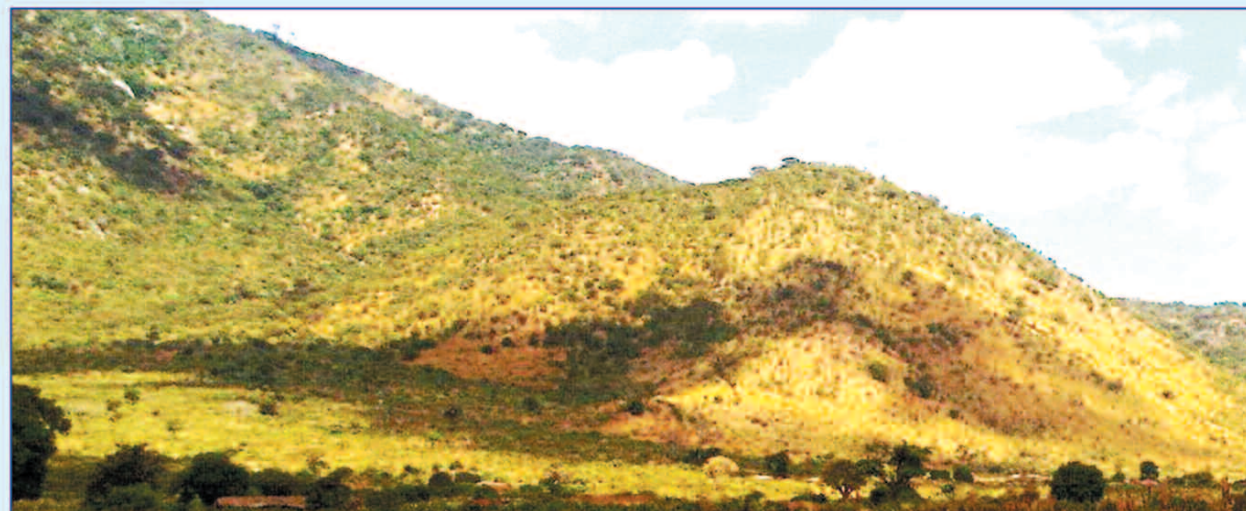
As part of the study, a contract mining company visited the Songwe Hill site and was integrally involved in the estimation process.

The rare earths to be mined at Songwe Hill as major re-

Mkango Wabuma Tsopano!!

Mkango Resources announces positive pre-feasibility study results for Songwe Hill Rare Earth Project

- Net Present Value estimated at US\$293-M with an 18-year mine life
- Pre – Feasibility Results have positioned Malawi globally as a potential sustainable rare earth producer



Panorama-Songwe-Hill-looking-south

venue drivers include neodymium, dysprosium, praseodymium and europium.

Mkango Resources, which wholly owns the Songwe Hill Project through its subsidiary called Lancaster Exploration, conducted pre-feasibility environmental and social baseline studies of the project in 2013 through contractors Digby Wells of South Africa in consultation with Malawian environmental specialists.

The studies are based on the requirements of the Equator Principles, International Finance Corporation performance standards as well as specific requirements and interpretations of Malawian legislation as provided by the Department of Environmental Affairs.

A project brief for the proposed environmental and social studies for the Environmental, Social and Health Impact Assessment was submitted to Department of Environmental Affairs in the fourth quarter of 2013.

Lemon reports that the Department has responded with sug-

gested Terms of Reference which will be addressed in the Environmental, Social and Health Impact Assessment for the planned Definitive Feasibility Study.

The Songwe Hill Rare Earth Project is accessible by road from Zomba, Malawi's former capital, and the commercial capital, Blantyre.

Total travel time from Blantyre is approximately 2 hours, which will reduce as infrastructure continues to be upgraded in the area.

The Songwe Hill Rare Earth Deposit is Mkango's main exploration target, and features carbonatite hosted rare earth mineralisation, which was subjected to previous exploration in the late 1980s.

In parallel, the Corporation is also undertaking regional and detailed mineral exploration at its second licence area known as Thambani in the district of Mwanza in South Western Malawi where it has identified a number of areas with potential for uranium, zircon, corundum and niobium.

"The Corporation's corporate strategy is to further develop the Songwe Hill rare earth deposit and secure additional rare earth element and other mineral opportunities in Malawi and elsewhere in Africa," says Lemon.

Mkango Resources is listed on Canada's TSX Venture Exchange and runs its operations in Malawi through Lan-

caster Exploration, which has its head office for Malawi operations in Blantyre.

Country Manager for Lancaster Exploration Burton Kachinjika comments that the whole Lancaster team is excited with the coming in of the positive results.

"The results are beyond our expectation. With such type

of results, we are assured of a great future not only for us as employees of Lancaster Exploration but also for Malawi as a mining investment destination," says Kachinjika, whose views are shared by the company's Senior Geologist James Mtegha, Ansel Zabula, Chikondi Meheka and company administrator Effie Likaku.



Cutting drill core at Mkango's Songwe field camp



Moving Drill Rig to Drill Pad



Geologist Training Programme



Mkango undertook drilling at Songwe



Constructing drill roads at Songwe hill



Sampling work underway

Mining projects in progress in Malawi

Songwe Hill Rare Earth Project

The project is located at Songwe Hill in the Southern District of Phalombe. It is owned by a UK firm Mkango Resources, which is listed on Canada's TSX Venture Exchange.

Latest developments

Mkango has announced positive results of a pre-feasibility study of the project. The results have indicated that the deposit has a net present value of US\$293-million with an 18-year mine life. The study results have positioned Malawi globally as a potential sustainable rare earth producer. Mkango is intending to launch a definitive feasibility study for the project with mine construction scheduled for 2017. Mkango earlier announced a metallurgical flow sheet that produced high grade products from a proof of concept test work. The rare earth elements recovered in the process included lanthanum, cerium, praseodymium, neodymium, samarium, europium, gadolinium, terbium, dysprosium and yttrium.

Shayona Cement Expansion project

The project involves setting up of a new state of the art plant at Shayona Cement Kasungu Factory hence increasing mined quantities for limestone at the company's Livwezi and Chikowa deposits located close to the factory.

Latest developments

Shayona Cement Corporation has invested US\$65-million in the project, which is being implemented in phases. The first phase will see production of cement jumping to 650 before it reaches 1200 tonnes in the second.

This is a model project for Malawi as it uses over 80% of raw materials sourced locally while other cement companies continue to import clinker.

As part of its corporate social responsibility, Shayona Cement which employs about 1200 mostly locals, is reconstructing a nearby primary school and is also assisting a clinic and a police stations in their operations.

Kanyika Niobium Project

The project is located at Kanyika in the Northern Region district of Mzimba. It is owned by ASX listed Africa-focused firm Globe Metals and Mining.

Latest developments

Globe Metals and Mining has successfully completed field exploration work with a bulk sampling programme. The firm is now ready to invest US\$400-million to start mine construction at the site. However, negotiations for a development agreement with the Malawi Government are still ongoing.

Tengani Titanium Project

The project located at Tengani in the southern lower Shire Valley district of Nsanje is owned by a locally registered firm, Crown Minerals Limited.

Latest developments

The firm is involved in metallurgical test work, and has involved international experts to execute the studies. Work so far has indicated that the deposit contains rutile, and ilmenite and apatite with minor zircon. Metallurgical work continues to determine how the important industrial minerals from the site could be recovered.

Nkhachira Mining Project

The project is owned by Malcoal Mining, which is a joint venture firm between ASX listed Intra Energy Corporation and Malawi's Consolidated Mining Limited. It is located at Nkhachira close to the Kayelekera area in Northern Malawi.

Latest developments

Further exploration at the mining site has upped a combined total in situ coal resource for the project to 38.4 million tonnes comprising 10.1 million tonnes Measured, 13.8 million tonnes Indicated and 14.4 million tonnes Inferred category coal.

The firm is pushing the project to feed its Pamadzi Power Project that will produce up to 120MW of power for the Malawi market.

Chikhwawa Natural Gas Exploration

The project located in the lower Shire District of Chikhwawa is owned by ASX listed Nu Energy Gas. The firm is exploring for shale gas and coal bed methane.

Latest development

Nu Energy Gas has ascertained its economic interest in the Chikhwawa licence area following an airborne geophysical survey that it conducted at the site. Of particular interest to Nu Energy is the coal shale of the Permian Ecca Series of the Shire Valley's succession, which appears to be in the order of 600m thick. The exploration report indicates that: "The coal shale probably underlines the majority of the licenced 'Lengwe Area 1' at an attractive exploration depth, and consists of grey and black mudstones and carbonaceous shales, and interbedded coal seams and sandstones."

Mchenga Coal Mine

The mine located in the 90 square kilometers Livingstonia Coalfield in Northern Malawi is owned by local investors after the government privatized it in 1999.

Latest developments

Mchenga Coal Mine produces 3,000 tonnes of coal per year helping to meet the growing energy demand for the local industry. The company is also helping the country serve the much need foreign exchange through import substitution, and generates foreign exchange for the country through export of duff coal, which has no market locally.

The firm has planned to undertake further exploration at the site to increase its production capacity starting from June 2014. The firm is also actively seeking to raise capital externally by roping in a foreign strategic partner.

Mulanje Mountain Rare Earth project

The project located at Mulanje Mountain's Chambe Basin is owned by Springstone Limited, a joint venture between Canada's Gold Canyon Resources and Japan Oil, Gas and Metals National Corporation. Springstone started its exploration work in 2011, and the work involved an exploratory drilling programme that came up with encouraging results.

Latest developments

Springstone has completed field work at the site and is conducting a mineral resource calculation and economic analysis of the project including an infrastructure survey. Additional research and development work continues to seek the optimum rare earth element leaching

process.

Block 2 and 3 Oil exploration

The project is owned by UAE firm Hamra Oil, and entails oil exploration in blocks 2 and 3 located in the northern part of Lake Malawi.

Latest developments

Hamra Oil has completed initial environmental and social impact assessment studies at the exploration site. The process has involved public consultations that have also been finalized, and Hamra Oil is waiting for a nod of approval from the Environmental Affairs Department to kickstart work on the exploration programme.

The exploration programme will begin with an airborne gravity, magnetic and full tensor gravity survey. A two-dimensional seismic survey (an exploration method used to create a map of the structures beneath earth's surface) will be carried out at the earliest this year... and will last up to two years. The seismic survey will be undertaken from a vessel or a combination of two vessels serviced by a support boat.

Depending on the results of this initial survey, Hamra Oil will undertake another EIA in order to continue with its exploration work.

Block 1 Oil Exploration

The project is owned by a South African firm SacOil Holdings and involves exploration in Malawi's biggest block located in the Northern Region bordering Tanzania and Zambia.

Latest developments

SacOil has completed an environmental risk screening study of the prospecting area. The firm engaged independent consulting firm Golder Associates to conduct the study. The aim of the study was to provide a basis for more detailed environmental and social follow-up and exploration planning. It will also help in the development of a geographic information system geodatabase of the exploration area to assist in the planning of the exploration



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By Mining Reporter

Minister of Natural Resources, Energy and Mining, Atupele Muluzi, says he took advantage of his recent trip to Australia to attend the Africa Down Under Conference in Perth by meeting a number of top executives of Australian companies with interest in Malawi to discuss topical issues related to their investments in the country.

Muluzi says in a statement that among others he met CEO for Paladin Energy John Borshoff whose company has suspended production at Kayelekera Uranium Mine in Karonga, and has currently put the mine on care and maintenance.

"Being the single largest foreign direct investment (FDI) in Malawi's mining sector, Paladin Africa through its CEO John Borshoff confirmed its commitment to the Kayelekera Project and in particular to restart production when Uranium price rises to \$ 75/lb for benchmark profitability to occur," says Muluzi.

Muluzi reports that Paladin Africa welcomed Malawi's new administration's open approach to direct foreign investment, minerals and fiscal policy changes and anti-corruption focus.

He says during the meeting, Paladin urged the Government of Malawi to promote the country's mineral potential to the possible maximum to encourage more companies to explore and develop mining prospects.

Muluzi also says Paladin Africa offered its willingness to assist Malawi's geological and geophysical departments through the promotion of Malawi's geological potential from the nationwide geophysical survey recently completed.

"Paladin Africa proposed the possibility of appropriate aca-

Kayelekera, Kanyika issues on spotlight

• as Atupele meets Australian mining investors

demics coming to Malawi from Australia to teach specialties at Malawian Universities/technical colleges on short three month courses to benefit Malawian students," says the Minister.

Muluzi also met officials of Globe Metals & Mining, who are currently negotiating a development agreement with the Malawi Government for the Kanyika Niobium Mining Project in Mzimba.

The minister reports that the company gave a brief on their business undertakings in Malawi at present such as the testing of Kanyika samples at one of China's mineral processing institutes with a view of maximizing niobium and other mineral exploration.

Says Muluzi: "Globe Metals gave brief details of their five hundred million dollars (\$500,000,000) investment in the country's mining sector."

"We also discussed their expectation from the mining agreement which is under discussion with the Government of Malawi and guarantees of power supply from ESCOM to avoid use of diesel generated power that increases the cost of doing business in the country."

The minister also met Executive Chairperson of Intra Energy Graeme Robertson, whose firm is mining coal at Nkhachira in the Kayelekera area, and wants to use it for generation of electricity at its Pamodzi Power Project at Chipoka in Salima.

Muluzi says his meeting with



Kayelekera mine may open if uranium prices pick up

the company discussed the clear synergies between agricultural and mining sectors and the possibility of increasing Malawi's power production capacity and its ability to export power to its neighbouring countries.

Says Muluzi: "The meeting highlighted that the problems facing existing transmission lines are the bottleneck. There were recommendations that increasing transmission line capacity should come after bringing on line 3 new 40MW power stations. Preferable as this would establish a track record of successfully delivering projects of this nature and that smaller 40MW stations

can be added incrementally."

Intra Energy's Malawi subsidiary, MALCOAL has the highest proportion of females to male working on a mine in Africa.

While in Australia, Muluzi also met officials of Australian Department of Foreign Affairs and Trade, Woodside Oil and Gas, Swala Energy and Sovereign Metals.

"One key factor is noted in this trip to Australia is that there is indeed enormous competition for mining investments in Africa against limited foreign direct investment (FDI). It is my considered view that with the efforts

being undertaken by the current Government to improve the minerals sector, more investors will continue to come and inquire on investment potential especially after the completion of the Airborne Geophysical Survey interpretation besides current inquiries underway," says Muluzi.

The Africa Down Under conference was officially opened by H.E. Colin Barnett, the Prime Minister of Western Australia State on September, 3 2014.

(See Page 2 and 7 for a full statement on Honourable Muluzi's visit to Australia)



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