The Kayelekera Uranium Mine, owned by Paladin Africa which is a subsidiary of ASX and TSX listed Paladin Energy, is so far Malawi’s largest mining investment. The mine, now on care and maintenance due to the prevailing low uranium prices on the world market, was opened in 2009 and reached its peak production in 2012 when it accounted for 10% of the country’s gross domestic product (GDP).

But a field visit by Mining & Trade Review sponsored by a civil society grouping, Publish What You Pay Malawi with funding from the Open Society Initiative for Southern Africa (OSISA), has established that despite the economic significance of the mine to global mining investors and the national economy, the local inhabitants of Kayelekera are going through a myriad of problems.

The outstanding issues include failure by the government to compensate displaced households and inadequate terminal benefits for retrenched workers. The government is also failing to rehabilitate or complete infrastructural projects initiated by the miner as part of corporate social responsibility despite Extractives Industry Transparency Initiative (EITI) reports indicating that it collected money in form of taxes and royalties from the mine. Full stories on pages 6 to 9

By Our Reporters

A compound within Kayelekera Village where former Paladin employees live
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Shayona Cement
Sovereign engages stakeholders on Malingunde graphite project

By Deborah Manda

ASX-listed Sovereign Metals has kick-started consultations with stakeholder groups and community members in its Malingunde Flake Graphite prospecting area in Lilongwe to present to them the environmental scoping report and also get their views, comments and concerns on the project.

Speaking during the presentation of an environmental scoping report to stakeholders in Lilongwe, Anelle Lotter of AECOM, an international consultancy executing environmental and social impact assessment (ESIA) for the project, said the main aim of the scoping phase of the ESIA is to identify potential environmental and social issues that will require detailed investigation and assessment by a range of specialists as well as develop the terms of references (ToR) for a variety of specialist studies to be undertaken.

“The specific objective of the scoping phase is to provide opportunity for all key project stakeholders; thus relevant authorities, stakeholder groups and community members in the project area to exchange information with the project team and express their views and concerns regarding the project,” said Lotter.

The scoping report outlines some of the potential impacts and issues that will be assessed in further detail in the environmental and social impact assessment ranging from terrestrial flora and fauna, geochemistry (acid mine drainage), aquatic ecology, surface and ground water, soils and land capability, air quality and greenhouse gas emissions, noise and vibrations, visual impact assessment, resettlement action plan, social impact assessment, heritage and archaeology, health impact assessment, and rehabilitation and closure plan.

Sovereign Metals plans to use open pit mining with traditional excavator and haul trucks to mine the ore at Malingunde.

The report says: “Mining will be free-dig in nature and no drilling and blasting activities will be required for the operation as the material is relatively soft.”

“Mining will be undertaken in a number of long, shallow open pits, with maximum depths of 25m and maximum widths of approximately 200m.”

The scoping report also highlights potential impacts and issues that need to be considered based on concerns raised by stakeholders during consultations as well as identified by various specialists.

The issues include creation of employment opportunities, and the labour will be from local communities close to the project area as well as from Lilongwe.

The project will also contribute to improvement in social infrastructure subject to agreement with the government.

“Subject to agreement with government, community development projects or funding could be created by the project and be used to improve infrastructure and services at the local and regional level,” reads the report.

The report also stipulates that the project will likely contribute to the regional economy, either by its input to an increase of exports or incentives for small and medium enterprises associated with the project.

But there are also negative impacts that could arise once mining starts including increased soil erosion as heavy machinery and mining vehicles may result in the compaction of soil, leading to decreased infiltration of rain water and increased surface run-off volumes and velocities, increasing the risk of erosion. Such impacts may result from the stripping and stockpiling of topsoil, polluted water run-off, spillages of hydrocarbons and chemical and erosion.

“These impacts may further alter nutrients, chemical and physical properties of the soil, thus reducing its ability to support certain land uses post closure,” says the report.

It further says that there will be increased levels of dust in the area particularly during the dry season, and dust settling on plant material can reduce photosynthesis which in turn reduces plant productivity, growth and recruitment.

There will also be an impact on aquatic biodiversity as changes in water quality as a result of surface water run-off could impact on aquatic biodiversity in the Kamuzu dam II and river systems.

“Increased sedimentation of aquatic systems could potentially affect macro invertebrate communities, decrease photosynthesis and impact fish population,” the report reads.

Lotter told the meeting that engagement with stakeholders on the project will continue throughout the Environmental and Social Impact Assessment phase; and comments, issues and queries raised will inform the feasibility studies and be incorporated in the ESIA report.

“As part of the social impact assessment and data collection for the resettlement action plan, consultations will be undertaken at household level and will commence in late April 2018 and the detailed ESIA phase and specialists studies are expected to be completed by September 2018,” said Lotter.

Sovereign is currently conducting a number of technical studies, which will culminate in a feasibility study to determine the financial viability of developing a mine at Malingunde.

An economic scoping study for the project was completed in mid 2017. The results of the study demonstrate that the project has the potential to be developed as a low capital and operating cost operation, with an annual graphite concentration production of approximately 44,000 tonnes over an initial life-of-mine of 17 years.

Malingunde is a large high-grade saprolite-hosted flake graphite deposit on the Lilongwe plain.

By James Kasemba

Equipment and Parts Suppliers Ltd
Kanyika court case goes for mediation

By Deborah Manda

The Malawi High Court has referred for mediation a court case in which communities in the area hosting the Kanyika Niobium Exploration Project in Mzimba sued tenement holder Globe Metals and Mining and the Malawi Government claiming compensation and damages.

This is according to an article posted on the website of a regional human rights organization, the Southern Africa Litigation Center (SALC), which is assisting the Kanyika Community in seeking justice on the issue.

SALC, which is jointly working with Livingstonia Synod’s Church and Society, says in the article that it commenced the action in the Malawi High Court on August 28, 2017 but on September 11, 2017, the Attorney General, on behalf of the Malawi Government who are the second defendants in the case filed defence denying the

Kanyika Community’s claims and later the first defendants, Globe Metals and Mining followed suite.

In 2006, ASX-listed Globe Metals started prospecting niobium, tantalum and uranium at Kanyika after it was granted an exclusive prospecting licence by the Government of Malawi.

But members of the Kanyika Community claim they were not consulted by either Globe Metals or the Government of Malawi before commencement of operations in the area.

In 2011, Globe Metals, working in collaboration with Mzimba District Council’s office, entered into negotiations and consultations for the resettlement of the Kanyika Community and the payment of compensation for any loss and damage occasioned to the Community as a result of the implementation of the project.

“Globe Metals said it would resettle all members of the Kanyika Community adversely affected by their operations by the year 2012 (the ‘resettlement undertaking’) and compensate any loss and damage suffered as a result of the project,” says SALC.

The Mzimba District Council is reported to have given assurances to the Kanyika people that it would ensure they were paid compensation and relocated from the Kanyika

Government launches investment guide

By Deborah Manda

G overnment has launched an online portal, the Malawi Investment Guide (iGuide), which will help investors to find required information under one platform hence doing away with the cumbersome scenario of moving from one office to another in search of information.

Minister of Industry, Trade and Tourism Henry Mussa told Mining & Trade Review that the iGuide, among other things, provides information on the laws of the country pertaining to foreign investment.

“The iGuide also provides information on the compendiums of all bankable projects that investors out there can be attracted into, and beyond that the incentives that are on offer to both foreign and local investors,” said Mussa.

The Minister explained that the iGuide is an important tool that will disseminate information, which potential investors have labored to obtain by travelling from one office to another, at a touch of a button.

“From now on, all relevant institutions and ministries that have the information that would attract and motivate investors will be under one roof via a touch of a button through the investment guide,” said the minister.

Mussa bemoaned lack of interest by local investors to express keen interest to go into joint ventures with foreign investors and members of the diplomatic community.

He said: “I thought locals would have been in majority to express keen interest to go into joint ventures with foreign investors and enlighten the foreigners on the status of the local investment climate in this forum.”

“We are not only targeting foreign investors but local investors as well, who are accorded investment incentives similar to those on offer for foreign investors,” said Mussa.

United Nations Economic Commission for Africa (UNECA) Chief for Sub-Regional Data Center Southern African Office Sizo Mhlanga described the launch of the iGuide as a national approach to investment and touted the portal as a vibrant marketing tool for Malawi to attract investors.

Mhlanga explained that the iGuide will help investors to easily acquire information about the country and the sectors in which they are planning to invest.

“What the iGuide does is that it brings together all the institutions into a web based platform and an investor can access the information from registration of companies to tax information under one platform,” said Mhlanga.

Malawi is the second African country to launch this frameworks that would encourage private sector investment and facilitate economic growth.

The Malawi Government has scaled up measures to improve the country’s business climate and attract more foreign direct investment to spur economic growth.

In addition to developing the iGuide, the government has established the One Stop Service Centre at the Malawi Investment and Trade Centre (MITC) to facilitate more investment, streamline and simplify business set-up processes such as company registration, granting of immigration permits, taxation and land acquisition issues.

Delegates who attended the launch

Drilling works at Kanyika

Area by the year 2012 which has not been done to this day.

“In return the Kanyika Community significantly laid off the use of their land, ceased long term activities such as the growing and maintenance of perennial crops and ceased maintaining their homes which were marked for demolition by Globe Metals,” the SALC report says.

The article alleges that Globe Metals with the authorisation, approval and full knowledge of the Mzimba District Council, continued with the project for over five years without paying any compensation to the Kanyika Community and without effecting their resettlement from the Kanyika Area contrary to what had been promised.

Project Manager for Mining Governance at Church and Society of the Livingstonia Synod, Paul Mvula, said he cannot comment much on the issue as it is in court but said that the people of Kanyika deserve better as they have suffered a lot from the effects of the mineral exploration activities, which involved drilling works.

Mvula said the Kanyika people’s right to dignity has greatly been violated and it is high time government became very responsible with regard to the plight of communities around mining activities in Malawi.

The Kanyika Community consists of 1042 individuals - and their forefathers have occupied and used the customary land in the area since time immemorial; growing seasonal and perennial crops, rearing animals, residing within the area and maintaining cemeteries and burial sites to which they attach great sentimental, religious and cultural value.

An important river which they rely on for their water supply needs also passes through the prospecting area.
Govt. has goofed by leaving out mining in development strategy

It is unfortunate that the third phase of the Malawi Growth and Development Strategy (MGDS III), which has been officially launched by State President Arthur Peter Mutharika, has downgraded the significance of mining as a driver for economic development.

The focus is now on the following national development priorities: Agriculture and Climate Change Management, Education and Skills Development, Transport and ICT infrastructure, Energy, Industry and Tourism Development, and Health and Population Management.

We regard all these sectors as important to uplift the economy of Malawi, which in 2017 was ranked by the International Monetary Fund as the sixth poorest country in the world with Gross Domestic Product (GDP) standing at US$1,172 as compared to resource rich Qatar which tops the rich list with a GDP of US$124,927 and conflict-plagued Central African Republic, which emerged as the poorest country with US$482.

But looking at the world’s richest countries list, it is evident that countries that are achieving higher economic value as compared to Malawi are those which are developing their extractive industries.

Here we are talking about copper-rich Zambia whose GDP is at US$3,997, Tanzania (US$3,283), Zimbabwe (2,277), Mozambique (1,266), South Africa (US$13,403) and Botswana (US$18,146).

It is, therefore, a worrisome development that instead of borrowing a leaf from its regional peers who are developing their extractive industries to spur economic development, Malawi has chosen to take a retrogressive path to exclude the minerals sector in MGDS III.

The surprising thing is that the government included the sector in MGDS II and its implementation saw projects such as the World Bank and European Union funded Mining Governance and Growth Support Project (MGGSP) which has gathered significant data on the country’s mineral potential through an Airborne Geophysical Survey.

The ongoing Geological Mapping and Mineral Assessment Project, being implemented with debt relief financing from the French government, is continuing from where MGGSP has left by interpreting this data and coming up with digital data on mineral occurrence in Malawi which is set to attract investors into this important sector.

We, therefore, expected the government to continue to embrace the mining sector as a priority so that donors continue to devote more funding to develop the sector, which is showing more potential with the continued discovery of sizeable mineral streams and losses is key when the government designs a fiscal package that deviates from the resource rent tax (RRT), accelerated depreciation, and a stability clause [4].

But by ignoring the minerals sector in MGDS III, the government has declined the large group of small-scale miners who extract the said development minerals and precious minerals including gemstones and gold, who unlike the large scale miners need no assistance from the government to ensure economic survival.

We, therefore, request the government to review MGDS III and consider mining as a priority area. We should not get back to the past when politicians used to say the country has no minerals and people should work hard in subsistence farming when neighbouring countries with similar geological set-up are developing their mineral sectors for socio-economic gains.

References for further reading, look at:
Nkhotakota District Council, traditional leaders and fishing communities have demanded periodical disclosure of progress reports of oil exploration activities taking place in the lakeshore district saying this will help them make an informed decision on whether to embrace the investment or not.

Mining & Trade Review learnt about this during random interviews the publication conducted in the district to assess communities’ awareness of the project.

The Ministry of Natural Resources, Energy and Mining granted oil exploration licences which were divided in six blocks across the country with block 1 which covers Chitipa and part of Karonga being awarded to South Africa’s Sacoil Holdings, blocks 2 and 3 stretching from parts of Karonga, Rumphi, Nkhata Bay and Nkhotakota to UAE firm Hamra Oil, Rakgas MB45 got blocks 4 and 5 while Pacific Oil Limited had block 6.

But interviews with members of the Nkhotakota community indicate that a large number of people is not aware of oil prospecting activities in the district portraying an over-all picture that there has not been adequate consultations and sensitisation of the communities about the project.

Our chat with Village Headman Chande whose subjects mainly comprise fishermen gave out the first indicator that more awareness and civic education need to be done on oil exploration in the district.

The chief feigned complete ignorance of the project saying no one has come forth to inform him about oil exploration in his area.

“I am first hearing it from you. If you did not come I could not have known that there is oil exploration happening on the lake. But why are we kept in the dark?” wondered the chief.

Chande went ahead to question the wisdom behind keeping the information about the investment from the very same people who will be required to grant the passage for the investment’s activities.

“I really do not understand. But what government should know is that people have now opened their eyes and they will demand answers,” he said.

Chande, who is a retired teacher, explained that on his part he can easily understand and embrace the project, but when it comes to his subjects, whose livelihood wholesome depends on the lake, it will take some systematic sensitization to convince them because they are misled by civil society groups who use the radio to spread messages that oil drilling in the lake will kill fish.

“This laissez-faire approach they have deployed in their awareness activities will not work. They should rather try serious engagement for the locals to embrace this important project,” he said.

The chief reiterated that, personally, he supports the investment, because he foresees it bringing development to his area and creating other opportunities such as employment and market for local businesses.

By Chiku Jere

Ministry must face communities directly

People demand oil exploration progress updates

...secrecy bleeding public mistrust

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Off they go! Fishermen starting off on a boat into the lake on a fishing errand

On the part of fishermen, oil exploration taking place in their side of the lake is nothing but a grapevine story heard on radio.

“We just hear it on the radio but I have not seen anyone carrying out the oil exploration-related activities, neither has someone formally approached us fishermen to share information about the issue,” said Limbani Mdutu, a fisherman we found preparing his boat and net for the next fishing errand.

The 35-year-old said the noise which they heard much was about the Kaunini (airborne geophysical survey), which was conducted by the government through the Mining Governance and Growth Support Project (MGGSP) with funding from the World Bank and European Union.

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Specialising in coal, industrial minerals and base metals exploration and assessments; projects supervision, mineral rights acquisitions and negotiations.
Uranium mining leaves Kayelekera community destitute

...former mine employees wallowing in poverty
...natives cry foul over compensation issues

"There can be no development for indigenous peoples without their free, prior and informed consent and without them being involved in every step of a project. These fundamental principles are enshrined in the UN Declaration on the Rights of Indigenous Peoples." - Former UN Secretary-General Ban Ki-moon.

By Marcel Chimwala

Despite hosting an imposing uranium mine which is so far Malawi’s largest investment in the sector, members of the community in the Kayelekera area in Karonga say they are wallowing in abject poverty as mining activities have brought more harm than good to their day to day livelihoods.

During a media tour of the Kayelekera area organized by a civil society grouping, Publish What You Pay Malawi, with funding from the Open Society Initiative for Southern Africa (OSISA), the community members mainly complained of poor handling of compensation and labour issues by the government and the mine owner, Paladin Africa.

In narrating their ordeal, representatives of the Gondwe clan who were the native settlers of the mining site said that in 2006 they just woke up one day to receive a visitor who happened to be an official from Karonga District Council’s office instructing them to move to a new village site allocated to them as the government had earmarked their home area for mining activities.

“It was a nightmare for us because we had to unexpectedly move to the new place about 5km from Kayelekera with all our belongings including livestock. The sad thing is that the soil at our original home was fertile that we never applied fertilizer in our maize gardens and there was also better grazing land for our livestock while in our new village, we have to apply fertilizer to our gardens three times a year which is expensive for us and we have also lost our flock of cattle due to lack of grazing land,” said a clan leader Hayson Gondwe, who claimed to have lost 38 cattle, 30 goats and herds of pigs.

Hayson said 12 households were displaced and government only gave K80,000 to five families which was even quite inadequate to compensate for the losses associated with the displacement from their ancestral land now hosting the mine.

His sentiments were echoed by Gracious Gondwe who said the gardens at their new home, Mbutuka Village, are not productive as the soil is sandy and infertile so we have annual food shortages and we are failing to pay school fees for our children since we depend on the sale of agricultural commodities as a source of income,” he said.

He also said the family left fruit trees at Kayelekera which cannot grow in the sandy soils of their new location.

Gracious further claimed that Paladin promised to build the displaced families decent houses at their new location but never fulfilled the promise.

“We were surprised that we were just forced to move from our original houses to temporary shelters made of stems and mud to pave way for the mine. Government never evaluated our property for compensation purposes and we signed no documents to that effect. These grass-thatched shelters never lasted a month before they fell. We have, therefore, struggled to build new houses as up to now Paladin’s promise to construct houses for us remains a pipedream,” he said.

Another descendant of the Gondwe clan, Stuart Gondwe, said the other issue of concern is that Paladin never retained anyone of the Gondwe clan as an employee of the company although its Kayelekera mine was constructed on their ancestral land.

He said, in his case, he was employed as a watchman at the mine with a K10,000 monthly salary but claimed that he was dismissed after only six months.

“Surely, I have nothing to show as a benefit from the mine. This mine has only added more miseries to my life and that of my family,” said Stuart.

Their new home is 5km from Kayelekera Primary School and children going to school cross four rivers without bridges.

Another member of the clan Maskin Gondwe told the visiting journalists that such a situation makes it difficult and risky for the children to go to school especially during rainy season when rivers are flooded.

“It was better when we were in Kayelekera Village, our original home, as it was close to school. In the current situation, our children cannot concentrate in class because they are always tired of travelling over the hills,” he said.

Maskin said in order to address the situation, they tried to construct a grass thatched junior primary school at their new location with the hope that Government and Paladin would support the initiative and come up with a better facility but their plea for assistance was met with deaf ears.

He also complained that it is difficult to get patients including pregnant women to the hospital from their new home which is far away from the main road to Kayelekera mine.

Maskin and his septuagenarian father Hayson were initially employed by Paladin as a driver and security guard respectively, as part of the deal for the family to relocate, only to be unceremoniously sacked six months down the line.

But the misery associated with the government’s poor handling of mining issues at Kayelekera is not only confined to the original inhabitants of the mining area. The mine’s ex-workers are also feeling the pinch.

A sad story is of Maneno Kandulu Milanzi who worked as a cook at Kayelekera mine for 10 years starting from 2007 and has now lasted 1-year and 4-months without employment.

Milanzi, who is originally from Mangochi, said he only received K680000 as terminal benefits when he was retrenched last year.

“I left Mangochi to seek employment at the mine because I thought that my economic status will improve as has been the case with my colleagues from Mangochi who worked at mines in South Africa and are now rich. But alas, this mine has not benefitted us retrenched workers!” He lamented.

The article is sponsored by Publish What You Pay Malawi with funding from Open Society Initiative for Southern Africa (OSISA)
Members of the community surrounding the Kayelekera Uranium Mine in Karonga have proposed the need for Malawi to enact an Extractive Industries Transparency Initiative (EITI) legislation that will provide legal enforcement for adherence to principles of the global standard on transparency and accountability in oil, gas and mineral resources governance.

The call was made when representatives of a civil society grouping Publish What You Pay (PWYP) Malawi with funding from Open Society Initiative for Southern Africa (Osisa) went to the area on a fact-finding mission as to whether the project has benefitted the people of the area or not.

The members of the community, who were sensitized on EITI issues by PWYP Malawi, said enactment of the EITI legislation will help uphold transparency and accountability, which are lacking at the Kayelekera Uranium Mine, the biggest mining project in Malawi’s history operated by Paladin Africa Limited, a subsidiary of ASX- and TSX-listed Paladin Energy.

If the Kayelekera people’s wish is granted, Malawi will join neighbouring Tanzania, Liberia, Nigeria and Ukraine that have enacted dedicated EITI legislation.

The community members said that they believe such legislation will play a role in ensuring compliance with EITI requirements by companies engaged in exploration or mineral extraction and relevant government agencies, which are mandated to timely provide accurate information for the EITI annual report.

PWYP and EITI are some of the commonly used approaches to transparency and use what is commonly known as the pillars of change to advocacy along the whole extractive value chain, from licensing, production to revenue management.

PWYP National Coordinator, Cynthia Simkonda, said in its initial MWEITI Report, the Malawi government published revenue it received from Paladin, and PWYP wanted to know if that money has had any impact on the livelihoods of the Kayelekera community.

“So we took the report and enlightened the people of what the document was all about. We made them understand issues of transparency and accountability in the sector and how they can hold authorities accountable,” she said.

She said it was after being sensitised that Kayelekera village groupings called ‘Reflection Action Circles’, whose main objective is to allow communities consensually reflect on the impact of the mine on their lives and make informed demands vis-à-vis their rights and needs, were formed.

“It is through group reflections that the community is now making demands for an EITI law, because they believe that adherence to requirements of the initiative’s process will ensure transparency and accountability,” she said.

Simkonda urged authorities to take the Kayelekera people’s demands seriously as they are the ones that have experienced the impact of the mining activity.

The community also demands an insertion of a legal provision in the EITI legislation and Mines and Minerals Bill that ensures mandatory allocation of a certain percentage of reported revenue to a community where the mining activity is taking place to finance development activities.

Village Development Committee (VDC) chairperson for Kayelekera-Mwenechanga area Edward Kapondi Sichinga explained that they are making such a demand because it is the only way mining areas would be assured of benefitting from mining investments.

“Despite being subjected to numerous livelihood disturbances such as loss of farming land, displacement of villages as well as environmental damage, 10 years down the line, there is little we can point at as benefits from this so called largest mining investment in the land,” Sichinga said.

However, he said blaming Paladin alone will be unfair, because they were brought to the area by government.

“Government needs to also own this mess as it could have put conditions in place to prevent the abuse that people have suffered,” he said.

Joining Sichinga in condemning government was Welani Mweso, Chairperson for Uwembe Village-based Tikondane Reflection Circle who said officials botched everything during the mining contract negotiations.

“They could have facilitated a binding development agreement between the community and the company to ensure that the area attains tangible benefits from this investment. This is why there is need to put measures in place to prevent the abuse that people have suffered,“ he said.

The article is sponsored by Publish What You Pay Malawi with funding from Open Society Initiative for Southern Africa (OSISA)

By Chiku Jere
Kayelekera community proposes enactment of EITI legislation for local development

Kayelekera area HSA, Chikwera: ‘I just improvise suffering?’

The community has since agreed that the re-opening of the Kayelekera mine, currently on ‘care and maintenance’ since 2014, must now depend on the signing of a government-facilitated and binding community development agreement between the people and the company.

Simkonda said PWYP Malawi, a campaign run by a coalition of 16 organisations drawn from 33 Natural Resources Justice Network (NRJN) member-organisations that advocate the following of paper trail of the payments made to government by extractives sector companies, will continue conducting public awareness activities on EITI issues in Malawi, so that citizens’ understanding of the is reasonably improved.

She said: “We very much support the community perspective on EITI to be backed by a legal provision that will empower communities in mining areas to demand part of revenue the government has generated from a mining project in their area for local development.”

“We want to avoid situations like that of Kayelekera where the government is not showing interest to provide the necessary amenities such as water, electricity, drugs and a medical practitioner to have the Health Centre, which was constructed by Paladin, up and running. This is despite the EITI report showing that the Government has been collecting money in form of royalties, taxes and licence fees from Paladin.”

Charged Fologo: “For God’s sake! Do they hate us that much? How could they play dumb and deaf to our place to prevent this from happening again,” Mweso suggested.

He said most of the development infrastructure that Paladin put in place were substandard and incomplete, citing the collapsed and washed-away bridges and an Under Five Clinic that has no doctor, medicine, equipment supplies and furniture.

“This clinic which is in a state of non-operational remains a telling symbol of promises and lies that people of Kayelekera have been fed with for years by authorities,” said Mweso, an assertion that was cheered by women present during the meeting.

The clinic issue triggered emotions from the women, who had initially remained quiet, to start adding their voice to the contributions.

“I was present when council officials came on December 7th last year and promised that, within a week, a doctor, drugs and necessary furniture will be supplied to the clinic, but it has now been months of waiting,” Hilda Maluwa Gama said.

Her contribution emboldened other women and one after another they rose to speak, with most of them focusing on the clinic issue.

Wyness Mkonda took a swipe at Paladin and Government for conducting a handover ceremony of the clinic to the community before it was completed wondering why a whole high-level delegation from government and the company would travel all the way from ‘wherever they hide; gather members of the community, and literally lie to them’.

“I was also here when they handed over the clinic and I find their lies demeaning and disrespectful towards humanity. Imagine being told to leave your chores, to attend to a ceremony which you thought would address our crucial problems once and for all, only to discover later that it was all lies? We really feel insulted,” said Mkonda.

Delays in operationalising the clinic implies that the Kayelekera people continue to travel a 7km distance to seek medical services at Wiliro Health Centre. The only personnel at Kayelekera Clinic is Blessing Chikwera, a Healthy Surveillance Assistant (HSA) who only plays the advisory role to community on health issues as he is not qualified to perform medical duties.

“Let me tell you that for us there is nothing to tell about the investment, but only misery, betrayal and insult to our dignity as a people,” the visibly exasperated traditional leader, who was flanked by colleagues, village headmen, Nyireneje and Chisulo said.

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“The area really needs a fully functional medical facility because there are a lot of health issues here. Sometimes, I am forced to attend to patients, though that
Minerals Bill yet to be enacted. We urge government to legally binding as reflected in the Revised Mines and be consulted and must be allowed to take part in decision making on every step of the project.”

“Thus when the government grants a licence to an investor to pursue a mining project, the community has to be consulted and must be allowed to take part in decision making on every step of the project.”

“Community Development Agreements must also be legally binding as reflected in the Revised Mines and Minerals Bill yet to be enacted. We urge government to fast-track the enactment process for this bill.”

Simkonda is advocating for the Malawi Government to uphold the concept of free, prior and informed consent (FPIC) which is a specific right that pertains to indigenous people and is recognised in the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP).

FPIC allows indigenous communities to give or withhold consent to a project that may affect them or their territories and once they have given their consent, they can withdraw it at any stage.

Furthermore, FPIC enables the communities to negotiate the conditions under which the project will be designed, implemented, monitored and evaluated which is embedded within the universal right to self-determination.

The following are some of the key issues and questions:

1. Non-disclosure of the Production Sharing Agreement (PSA) signed with RAK Gas for Blocks 4 and 5, and with Pacific Oil for Block 6.
   - What is the motive behind this secrecy on PSAs signed with RAK Gas for Blocks 4 and 5; and with Pacific Oil for Block 6?
   - Confidentiality breeds suspicion, make known the contracts and its proceedings to the public.

2. Non-disclosure of the addendum that includes revisions to the fiscal terms for the RAK Gas PSAs and its justification for the changes.
   - Has the Addendum been published?
   - Let’s end secrecy by disclosing oil and gas deals and profits to the public;

3. Questionable allocation of petroleum licenses or PSAs
   - What are the criteria used to allocate Petroleum licenses or Production sharing agreements?
   - Take a turn towards transparency by explaining how oil and gas contracts were allocated.

4. The absence of a report on all payments made by companies holding petroleum Licenses or PSAs, including Corporate Social Responsibility to any organization.
   - Malawians deserve to know what companies are paying to the Government; what Government is receiving from the companies and the benefit from the value of wealth beneath our feet

5. Nonexistence of information on the beneficial owners of petroleum rights holders.
   - Malawians need to know who owns what in the petroleum rights in Malawi.

   - Develop a petroleum policy now!
   - Can a 35-year-old Petroleum (Exploration and production) Act be relevant today?
   - Give a new face and dimension to the 35 years old Petroleum Act.
We saw a plane flying and the issue was all over the airwaves, both on radio and television. After that, we heard nothing and up to now we do not know what is happening and where the issue ended, but we could have loved to learn about the results of that survey. Why all this secrecy? Are they afraid of something?” he wondered.

Mdutu’s narrative was corroborated when he took the Mining & Trade Review crew to a home of one of his colleagues, where four fishermen were fixing their nets in readiness for the evening fishing escaped.

They all refused to be identified by names but the four agreed to the notion that there has not been community engagement on the issue, adding if there was any, even in their absence, they could have heard about it, because they live in a closely linked community, where news reach is fast.

“Normally such important matters are delivered through village headmen or our vibrant Village Development Committee (VDC) and we make sure that every household is aware of what is happening amidst us,” said one of them.

He said all they hear are murmurings against the activity by some civil society on radio with their argument premised on the fear that oil drilling in the lake will kill fish, something which, he said, instills fear in them, as they are afraid of losing their only means of livelihood.

Another fisherman said they could have loved if government and oil investors had organised meetings to update community on the progress of the exploration works and assure them that nothing wrong would happen in the process of the oil search.

“Doing so would have eased the fear and sense of insecurity that the people of this area are dealing with,” he said.

When contacted, Acting Director of Planning and Development (DPD) for Nkhotakota District Council, Derek Mwenda, acknowledged that community awareness has not been conducted and cited lack of funding as the reason.

However, he explained that the investor, Hamra Oil, brought in a consultant, a renowned but now retired human rights activist Undule Mwakasungula, who only sensitized members of the District Executive Committee (DEC) and full council comprising sector heads of government departments present in the district, council officials, members of parliament and councilors.

“These are the only people who know about the issue. But we proposed and it was agreed that before engaging communities, the consultant should allow DEC and full council members to inform their respective communities so that they should not be taken unawares when the consultant visits them.

“We have not done that yet because of, as I already alluded to, financial constraints that the council is facing, but our commitment still stands,” he said.

He said the issue was further tackled during a recent full council meeting where it was agreed that they should first sensitize Area Development Committee (ADC) members, who will, in turn, be able to use their frequent contact with village traditional leaders to pass on the message to the people.

Nonetheless, Mwenda said he was optimistic that the task will be done and people will be able to appreciate the multiply effect that the oil activities will have in their area, that will end up spurring development in the district and the nation as a whole.

In an earlier interview Chief Mining Engineer responsible for Oil and Gas, Cassius Chiwambo, made an assurance of government’s commitment to sensitizing communities in all areas where exploration is taking place.

He said government has already started, and they are lobbying for more resources to conduct more community sensitisation meetings. He also urged exploration companies to sensitise the communities before they begin geological mapping processes as part of their social licence obligation.

Chiwambo assured the communities not to be worried about fish dying during exploratory drilling as that does not happen often.

Last year, President Peter Mutharika assured Malawians that the Malawi Government will work with multinational oil firms in applying clean technologies to explore for oil in the country’s portion of the Great African Rift Valley which has potential for oil discoveries.

Mutharika said his government made a decision to go ahead with oil resources exploration because it does not want Malawi to stay behind as other countries in the region are doing the same.
Labour Laws and Working Conditions in the Mining Sector in Malawi

"From a Mine Workers Perspective"

Extractive industries hold significant development potential in any country. In Africa, these industries bring about much suffering to the local people. Although many countries have mineralized and exploited these valuable resources, there is not much to show for improved lives of people. Most multi-national mining companies undermine the position of locals in many ways such as depressed wages, violations of the people’s rights, deliberate avoidance of national labour laws and practices, swearing in their language for a local not to grasp, perpetuation of inequality and injustice through authoritarianism, exploitation, racism and other forms of discrimination.

The paradox of plenty is a reality for many African countries. There’s an abundance of natural resources such as oil, natural gas and minerals, but there has not been much economic prosperity and development for many countries. The resource curse is a reality for many African countries in terms of minerals. The natural resources that are abundant in most African countries tend to benefit not the communities and countries within which the minerals are found and extracted but the mining companies themselves who are foreigners. It is concerning to note that many of the mining deals on the continent benefit companies operating in the various communities more than they benefit African people. These resources should be a blessing for the African countries and communities.

In Malawi, Labour and work conditions are regulated by three main areas:
• The Employment Act which regulates matters of work hours and remuneration.
• Workers Compensation and Welfare Act which is incorporated into the Employment Act
• The Industrial Relations Act which regulates work related issues between the employee and the employer.

There is also the Labour Relations Act that deals with unionism at workplace that protects and promotes the freedom of association, and collective bargaining.

The main challenge which the legal framework of the Labour Act has when applied to the mining industry is that different pieces of labour legislation are generic and there is need to develop a comprehensive Act that would speak on mining related work conditions, handling of exposure to mining related occupational diseases and also mine accidents. A good example is the Occupational Diseases and Works Act Number 78 of 1973 of South Africa, which despite its inherent shortfall that it talks of miners as black people, deals with almost all diseases exposed to mining work and how these would be handled.

Challenges faced by mine workers in Malawi

There are so many challenges that are faced by mine workers in Malawi. These among others include but not limited to the following:
(a) Homogenity in the minimum wage in the Employment Act as if all the sectors are the same.
• Much as many mining companies pay workers above the minimum wage, there is need however that a minimum wage for mining related work of dangerous and hazardous sectors be set. This is because the nature of work and the profits that often times these companies make should commensurate with the pay given to the people who provide the labour.
(b) Different labour related legislative issues are also homogenous
(c) Absence of Workers Compensation Fund and its implementation
(d) Absence of Mining Charter
(e) Lack of freedom of expression and flexibility
(f) Language problem
(g) Inadequate/ lack of occupational safety and health standards and enforcement.
• From visits in some mines, especially the coal mining areas in the north, it has been observed that coal works are exposed to harsh conditions and even working without Personal Protective Equipment(PPE) and a careful assessment shows that government officials under OSHE rarely or they do not go to these mines. It is also a requirement that mining companies must have implementation of an EHS Plan that addresses such issues and remedies to overcome them to achieve maximum production.
(h) Lack of periodic checking on workers’ conditions
• Safety, health and protection from work hazards.
This is hampered by the fact that mine sites are more or less protected areas so much so that even the Minister of Labour cannot visit any mine site without prior appointment and approval to do so by the management for the mining company.
(i) Weak job protection measures of labour in the sector...no job security.
• The legal framework does not stipulate clearly what work at a mine could or should be done by local people and which should be done by expatriates. In other words, there is little job protection and some mining companies are taking advantage to source cheap labour outside Malawi when such jobs could equally be done by local Malawians although there is a backup of exposure or work experience.
(j) Workers denied rights to access some company policies
• Some policies are deliberately targeted at locals as victims than their expatriate counterparts.
(k) Absence of proactive unionism for fear or reprisals.
• Most local employees in Malawi working in mines either fear the formation of the union or they form but still progressively inactive. This is because the selected leaders/individuals often fear reprisals from the Management whenever unionism seems very active. As a result, most of the issues to do with labour laws and conditions are left unattended by the local employees so that the union sometimes dies a natural death.
(l) Absence of frequent monitoring of OSH by concerned authorities to minimize hazards.

(m) Labour related issues are not taken seriously by most mining companies due to laxity by concerned supervisors from government.
(n) Mine workers lack knowledge of their labour rights. They are only recognized when there is an incident e.g. strike, unionism, accidents, occupational diseases.

Women Involvement

The mining industry is perceived to be dominated by males and women are not necessarily welcomed. Women face stigmatization in mining. They are treated as inferiors and when they participate in any mining activity as such, they are perceived not to have passion for their families even culturally. It is therefore considered by males that these women abscend family responsibilities from their matrimonial homes. There is also lack of technical capacity among women to compete favourably with their male counterparts in the mining industry. Therefore, there must exist incentives that try to address women challenges in mining in Malawi as a country as it is in other sectors. There also exists lack of cohesive base in women in mining and this results from poor response from government and other key stakeholders.

The labour and employment environment for mine workers described shows that much as there are laws and policies to regulate labour, there is need to attune them to the nature of work and where possible create new laws that will have to deal with emerging labour and employment issues including those specifically on women although gender plays an integral part in the sector in Malawi. Some mining laws could be strengthened to incorporate realistic and manageable demands. This should be paired with an approach toward devising a mining code that emphasizes rationalization. One must understand that minerals are a national asset as such benefits need to be fairly shared.

Recommendations

• There is need to match minimum wage with mining related work because of the hazards associated with it.
• The profits realised from mining companies with the nature of work should commensurate with the wages provided.
• Develop a comprehensive Labour Act specifically for the mining sector because of its complexity.
• Incorporate women and gender issues into the agenda at least to balance the inequality that exists.
• Enforce job protectionism/security measures. Some mining companies are taking advantage of sourcing cheap labour from outside at the expense of local Malawians.
• Frequent sensitisation of labour related issues to mine workers by concerned parties.
• Empower local workers to form unions and persuade/enforce mining companies to adhere.
• Devise measures that restrict ministers or labour officials/supervisors to book an appointment to visit mines or the visits should be ad hoc.

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ABSTRACT
The minerals sector is the driver for economic development in most African countries. South Africa, Zimbabwe, Zambia, Democratic Republic of Congo, Tanzania, Nigeria, Ghana and Angola are some of the countries that have benefited from the minerals sector. It is therefore surprising that Malawi has downgraded mining, in Malawi Growth and Development Strategy III (MGDS III), as a low key priority area. The country continues to dwell much on social development and not economic development. Economic development comes from private sector growth whose revenue to government should meet the needs of social development.

What the country should do is to speed up conclusion of Development Agreements, enact the Mines and Minerals Bill, promote import substitution and oversee speedy development of rare earths, niobium and graphite projects within the next 5 to 10 years.

This paper tries to focus on how the minerals sector could have enriched the MGDS III.

INTRODUCTION
The Malawi Growth Development Strategy III (MGDS III) has downgraded the importance of mineral resources as a driver for economic development. The focus is now on the following national development priorities:
1. Agriculture and Climate Change Management
2. Education and Skills Development
3. Transport and ICT infrastructure
4. Energy, Industry and Tourism Development and
5. Health and Population Management

MGDS II states that agriculture contributed 28% to the GDP 28% in 2017 though lower than 38% in 1994. Between 2012 and 2017, the inflation rate was stable, but relatively high at around 20% as compared to single-digit levels in the first half of the decade. The bank lending rate is high and at 22% increasing significantly the cost of goods and services produced from bank loans businesses.

Overreliance on rain fed agriculture means being at the mercy of unpredictable weather pattern. Wrong choice of components of education and skills development lead to mismatch with the needs of energy development and industrialisation. Mining plays a big economic role in promoting market availability for agriculture produce and triggers skills development in the areas of welding and fabrication, automation, environmental health and infrastructure development.

The development agenda states that 50.7% of the population are still living under the poverty line of below $1 a day. Ultra-poor population has increased from 22.4% to 25% between 2005 and 2015. The Gini coefficient, the most commonly used measure of inequality increased from 0.39 in 2005 to 0.45 in 2014.

For Malawi’s economy to grow there is need to include the minerals sector as key priority area. The minerals sector offers an opportunity for economic linkages, growing local content and creating employment for the youth both skilled and unskilled.

MGDS III AND LOST LINKAGES WITH THE MINERALS SECTOR
The Table below shows how promotion of the minerals sector should have benefited economic growth:

<table>
<thead>
<tr>
<th>AREA OF INTERACTION</th>
<th>Strategy</th>
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<tr>
<td><strong>AGRICULTURE</strong></td>
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| Increased agriculture market development, agro processing and value addition | - Promotion of agro minerals for agricultural productivity e.g. vermiculite, rock phosphate and agriculture lime.  
- Access to agro markets through cooperative societies supplying food to the mines.  
- Promoting access to finance for women, youth and vulnerable groups in agriculture. |

| **WATER DEVELOPMENT** |          |
| Increased access to water resources | - Improving water supply in rural and urban areas.  
- Promoting empowerment of local communities to properly develop and manage catchment areas.  
- Linking fresh water mine dams with community irrigation farms. |

| **EDUCATION AND SKILLS DEVELOPMENT** |          |
| Improved access to quality tertiary education for economic linkages and local content | - Improving, expanding and maximizing the use of permanent infrastructure such as classrooms, school facilities and teachers houses.  
- Promoting research, technology development and transfer in minerals value addition.  
- Developing higher education institution programs that are relevant to the prevailing needs of the nation e.g. welding, fabrication, automation and process engineering. |

| **URBANISATION AND RURAL ECONOMIC GROWTH** |          |
| Integrated rural development | - Development of sustainable rural growth centres related with mining.  
- Provision of social amenities and infrastructure such as education, health, water and electricity.  
- Generation of employment to the youth, women and other minority groups. |

| **IMPROVED FISCAL AND REVENUE MANAGEMENT** |          |
| Sustainable Economic Growth | - Revenue generation through taxes and fees e.g. Royalties, Corporate Tax, Value Added Tax, and Rents and Pay As You Earn.  
- Creation of sovereign fund.  
- Improved transparency and accountability through Extractive Industries Transparency Initiative (EITI). |

THE MINERALS SECTOR HAS THE POTENTIAL TO STEER ECONOMIC GROWTH IN MALAWI
Fiscal Policy and National Development Program uncertainty poses a lot of risks and challenges to investors. Malawi’s economy needs to graduate from tertiary industry to secondary industry through proper planning and realization of benefits of economic diversification.

The country imports mineral based commodities such as lime, fertilizer, ceramic products, coal and steel. These can be produced locally to promote import substitution and save foreign exchange. Malawi has a lot of limestone deposits that can be used for manufacture of agriculture lime, chemical grade lime and cement. We import cement while we can manufacture our own through locally based minerals such as rock phosphate and pyrite. We continue to import ceramic products such as sanitary ware and tiles when we have clays. We continue to export scrap metal instead of recycling to metal products such as reinforcement steel and flat metal sheets. We continue to import coal for steam generation when we can develop our coal deposits for domestic use (coal briquettes), agro processing and energy generation.

Malawi has immediate potential to generate export revenue through graphite, rare earths, niobium and uranium. The projects are well spread to steer regional economic growth. Real opportunities are emerging in the renewable energy sector and battery industry to support exploitation of the above minerals within three to five years. These projects can be developed with a short period if the government can be serious with timely conclusion of development agreements and timely enactment of the new mines and Minerals Bill that will put into effect the Mines Taxation Act. There is also need to remove Value Added Tax in exploration programs as resources used are risk based with no clear opportunity of pay-back.

The mineral sector has a lot of projects under way in China, India, America, Europe and Africa. These will require uranium as fuel and therefore Malawi stands to benefit again and more opportunities are there to discover more deposits.

New focus for exploration should be in gold, copper, lithium, nickel, platinum, diamonds, gemstones and dimension stone. This is only possible if government puts mining as one of its Key Priority Areas in order to attract development cooperation and private sector investment.

As the world evolves towards electric cars and renewable energy, the importance of rare earths, lithium and graphite to the global wind energy and battery industry will be a strong driver of mining investment in this country. President Trump’s revolution of developing America’s steel industry will also require niobium as part of the steel alloys.

We now see that mining projects are increasingly seen as an opportunity to provide communities with significant financial and educational benefits.

CONCLUSION
Exclusion of the Minerals Sector in the MGDS III as a key priority sector slows down progress that was gained in MGDS II when the Minerals sector saw generation of geoscientific information necessary to trigger exploration activities in the mining sector. MGDS III should have firmly up this progress and concentrate on investment into import substitution projects and concentrating on promoting and facilitating development of niobium, graphite and rare earths projects for export. The policy strategy would be to link the mining industry with tertiary education that promotes economic linkages, local content and youth and women employment. Agriculture sector stands to benefit from the mining sector through development of agro minerals and promoting marketing of agro produce to mines. Infrastructure developed through mining will promote agro processing and create access to other markets.

Revenue from the minerals sector will also boost revenue generation for government. Super profits will be used to create sovereign fund for critical infrastructure projects and funds for future generation.
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Japan has asked Malawi to renew an exclusive prospective licence for Springstone Limited, a joint venture between Japan, Oil, Gas and Metals National Corporation (JOGMEC) and Canada's Gold Canyon Resources, which is exploring for rare earth elements at Chambe Basin in Mulanje Mountain.

This is contained in a communique detailing engagements of Minister of Natural Resources, Energy and Mining, Aggrey Masi, in Cape Town, South Africa, where he led a Malawi delegation that attended the 2018 Investing in Africa Mining Indaba.

The Ministry says in the statement that Masi met a Japanese delegation led by Dr Masaki Oguchi, Parliamentary Vice Minister, Ministry of Economy, Trade and Industry of Japan on February 5, 2018, and the discussions, among other things, focused on renewal of exploration licence by Springstone Limited, which has JOGMEG as a major shareholder with 67% shares while the rest of the shareholding is in the hands of Gold Canyon.

The statement says Masi also discussed with the Japanese delegation about Japan's interest in minerals such as nickel, cobalt, graphite and lithium following the advent of electric vehicles and green energy.

The discussion as well centred on Japanese assistance to Malawi on capacity building in the areas of geological information systems and remote sensing for Malawian Geoscientists.

Says the statement: “The two countries have an existing memorandum of understanding that binds Japan to assist Malawi in capacity building in the said areas and the discussion centred on the need to review the MOU.”

“The Hon. Minister expressed gratitude for the technical assistance it gets from the Japanese Government. He pledged government’s support to exploration companies from Japan investing in Malawi.”

In 2013, Spring Stone announced the completion of a field exploration programme at Chambe basin, which paved way for mineral resource calculation and an economic analysis of the project including an infrastructure survey.

The company also said it was conducting additional research and development work to seek the optimum rare earth element leaching process.

Spring Stone, which kick-started the exploration campaign in 2011, engaged Japan’s Mitsui Mining Company as the contractor for exploratory drilling at the 400 km² exclusive prospecting licence area.

Phase 1 drilling ran from September to October 2011 and involved the digging of 24 holes while Phase 2 drilling was conducted from May to November 2012, and involved the drilling of 176 holes.

The campaign discovered a superficial horizon of rare-earths-bearing kaolinite/halloysite clay ranging from 3 m to 26 m in thickness.

Independent analysis of core from these holes indicates that the clay contains comparable levels of total rare earths enrichment to its Chinese counterparts, as well as similar heavy rare earths enrichment.

Springstone says very low radio-activity is associated with the clays, which is potentially a positive metallurgical attribute.

In addition to drilling, the company undertook extensive baseline environmental work, including a study on how indigenous vegetation could be regenerated as part of future development of the site.

Seasoned geologist and former Principal Secretary for the Ministry of Mining, Leonard Kalindekafe, describes the Mulanje Mountain deposit as an important and interesting discovery for Malawi because few such rare-earth deposits (with an ion-adsorption clay type similar to China) have been found elsewhere.