The 15-year battle for ownership of the Kangankunde Rare Earth mine in Balaka is finally over as the Malawi Government has signed a consent agreement with a South African geologist Michael Saner of Rift Valley Resources who in 2003 dragged the government to court for snubbing his application to renew an exclusive prospecting licence (EPL) for the tenement.

Rift Valley has signed the consent agreement with government following a deal it has struck with ASX-listed Lindan Resources for the latter to acquire a controlling 75% interest in the controversial mine.

In 2003, the Malawi government snubbed Rift Valley’s application to renew the Kangankunde EPL and later granted the tenement to a local firm, Rare Earths Company which was believed to have links with the then Bakili Muluzi administration.

In 2006, Rare Earths Company sold the mineral rights to ASX-listed firm, Lynas Corporation, at US$4-million but though the deal received the...

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By Marcel Chimwala

Kabungo: Lindan Resources Chairman

Australian firm moves to acquire Kangankunde
Govt. signs consent to end 15-yr court battle

Malawi facing EITI ‘Compliant’ status test
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Government reviews mining sector safety regulations
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blessing of the late Bingu Wa Mutharika’s administration, Saner obtained an injunction from the court restraining the granting of the mineral rights to any other party other than himself.

Saner was also claiming US$100-million from the Malawi Government for damages plus sunk costs, legal costs and interest.

But Government sources have confided with Mining & Trade Review that following the coming in of Lindian Resources, Saner has signed the consent order with the Ministry of Natural Resources, Energy and Mining on Kangankunde Project.

Director of Mines in the Ministry Jalf Salima says in an interview that the Malawi Government will soon issue a public statement to inform Malawians about the country’s benefits on the deal.

“We are waiting for the Attorney General to finalise the legal requirements before we make a public announcement,” he says.

He says it will be the decision of Lindian Resources whether to come up with a development agreement with the government or operate using the existing mining and taxation laws.

Malawi’s civil society groups have been advocating for mining companies to operate using existing taxation laws other than entering into development agreements saying due to poor negotiating skills by its personnel, the government risks getting a raw deal from development agreements as was the case with Kayelekera.

Information collected from Lindian’s press statements on Australian Stock Exchange indicates that with the consent order now obtained from the Malawi Government, the company will move to verify and update all previous reports and studies on the project which include pre-feasibility economics; and conduct initial on-site sampling and mapping to assist in confirming previously reported grades.

After the initial stage acquisition has been finalised with the issuing of a new EPL over the project, Lindian, which has a technical team in Tanzania, will conduct further drilling to provide confirmation of grade as well as confirm and raise Resource confidence from previously reported categories.

Lindian Chairperson Asimwe Kabunga says: “The consent order is an incredibly important milestone for Lindian and its option to acquire up to 75% of the Kangankunde Rare Earths Project.”

“The settlement between the Malawi Ministry of Natural Resources and Mining and Mr. Saner effectively ends 15 years of litigation in respect of this project and allows for Lindian to finalise its due diligence.”

“The global rare earths market is expected to surpass US$20 billion by 2041, driven in part by surging demand for electric and hybrid vehicles.”

“The Kangankunde rare earths project has all the hallmarks of a top tier global rare earths project underpinned by its size and scale. As a result, Lindian has every opportunity to become a major player in the global rare earths market through the successful development of Kangankunde.”

Kabunga says with the consent order now, Lindian will proceed to finalise its due diligence on the proposed acquisition and then convene a meeting to seek the necessary shareholder approvals.

The consent order settles all matters between the parties and, more importantly, provides for the issuing of a new EPL (25 km²) over all the ground that comprises the Kangankunde rare earths project.

The EPL will be in accordance with current Malawi regulations and will be for an initial period of three years and renewable twice for periods of two years each.

It also provides for the Malawi Ministry of Natural Resources and Mining to support the conversion of the EPL into a Mining Licence (in accordance with the application of all valid regulations) as well as assistance with any financing parties introduced to develop the project.

The Kangankunde deposit is a large rare earth carbonatite system that rises up to 200 m above the surrounding plate over an area of 1.4 km by 1.7 km.

Studies have indicated that the deposit has extremely low thorium and uranium levels for a rare earths deposit.

Project economics have not been independently updated since 2011 but since then, key rare earths Neodymium and Praseodymium have become increasingly valuable given their strategic use in permanent magnets.

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Sovereign discovers rutile in Malingunde

By Gloria Mbwanak

ASX-listed resources group Sovereign Metals which is currently prospecting for flake graphite at Malingunde in Lilongwe has discovered high grade rutile at the site.

Sovereign says in a Press Release that the discovery was made out of a successful metallurgical separation of the high grade rutile (TiO2) from within the soft, saprolite-hosted graphite deposit at Malingunde.

“Importantly, clean rutile concentrates are produced (with no cross-contamination with graphite) via a simple process flow sheet using traditional flotation for graphite and typical mineral sands separation,” says MD for Sovereign Metals Julian Stephens.

He explains that the metallurgical test work by the company, which is focused on future low-cost production of high quality graphite concentrates at Malingunde, has highlighted the potential to produce rutile as a valuable co-product from the graphite tailings.

The metallurgical test work recovered rutile and leucoxene which are high-value, premium natural titanium products normally mined from mineral sands deposits commonly consumed in the pigment industry (paint, paper, cosmetics, plastics).

Rutile is a highly sought after, high grade titanium feed stock currently fetching ~US$900 – $1,050/tonne and projected to reach long term pricing of US$1,250/tonne (FOB) by 2019.

The Company controls a very large ground position in central Malawi, providing significant potential for additional graphite-rutile/leucoxene discoveries.

Stephens says: “Sovereign is focused on developing the world-class, low-cost graphite operation at Malingunde.”

“The discovery of rutile-leucoxene as a potential co-product, produced from the graphite tailings via a simple process flow sheet provides the potential for additional revenue streams and enhanced project value.”

“The Company intends to undertake further studies to advance work on this discovery, without compromising the focus upon the development of graphite operations at Malingunde.”

Meanwhile, Sovereign is undertaking a drilling program to extract over 100 tonnes of ore to be used for a pilot processing program and production of bulk graphite concentrates from Malingunde Saprolite.

“Acceleration of the pilot program and the production of bulk concentrates have been driven by significant demand from potential off take partners, as they seek greater quantities of product for continuation and up scaling of testing and qualification,” says Stephens.

The Company is currently completing the final stages of its Pre-feasibility Study (“PFS”) for the Malingunde project with results expected in the coming weeks.

The initial pilot plant program will process over 40 tonnes of ore to produce approximately 3.5 tonnes of graphite concentrates for assessment by various potential off take partners.

Sovereign is targeting sales of premium flake graphite concentrates into existing traditional markets (refractory’s, foundries etc.) as well as to emerging markets (Li-ion batteries).

Stephens explains that the Company is focused on developing relationships with high-quality off take partners with established industry sand market presence and to date has engaged with a diverse range of credible off take parties across a number of industrial sectors and global locations.

He says the pilot plant program is an early Definitive Feasibility Study (“DFS”) activity which will have the added benefit of providing confidence and de-risking the process flow sheet.

The bulk drilling program is being undertaken by a 0.65m diameter auger drill-bit, and a total of nine holes are planned to maximum depths of 25m in order to gather over 100 tonnes of representative soft saprolite graphite ore from Malingunde.

Initially, the Company plans to ship over 40 tonnes of the material to SGS Lakefield in Canada for production of high-quality flake graphite concentrates at a pilot plant scale.

“The pilot plant program will be based on Malingunde’s simple and robust process flow sheet that requires no primary crush or grind and no chemical or heat purification to produce high-quality graphite concentrates,” says Stephens, adding: “Our test-work will also serve to further validate the flow sheet for detailed plant design in the upcoming DFS.”

The Malingundes Project’s bias to large, jumbo and super-jumbo flake concentrates has resulted in the company receiving significant interest from potential purchasers of these high-value graphite products.

Sovereign is pursuing credible sales agreements with these respected and credible organizations to support the project’s development.
Unpack Heritage

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Editorial

Transparency key to success of Kangakunde

Studies have shown that Malawi is endowed with rare earth minerals, the 17 elements which are dubbed “The Vitamins of modern industry,” due to their importance in modern technological applications. Demand for these elements with irreplaceable properties has been rising particularly in the areas of energy efficiency and high technology as alternative energy systems such as wind power generation, fuel cells, hydrogen storage and rechargeable batteries as well as the permanent magnets used in electric and hybrid electric vehicles rely on rare earths.

As reported in our main article, Malawi is in a position to benefit from the growing market for rare earths through sustainable exploitation of its deposits including Kangakunde in Balaka, which is a proven large unexploited rare earths source outside the People’s Republic of China which dominates production of the metals.

Over the years, a court wrangle has prevented the development of the mine as the original exclusive prospective licence holder, South African geologist Michael Saner sued the government for snubbing his application to renew his EPL. Instead of renewing Saner’s licence, the government in 2003 granted the mineral rights to Rare Earths Company, which was believed to have links with the then Bakili Muluzi administration.

In 2006, Rare Earths sold the mineral rights to ASX-listed firm, Lynas Corporation at US$4 million, but though the deal received the blessing of the late Bingu Wa Mutharika’s administration, Saner obtained an injunction from the court restraining the granting of the mineral rights to any other party other than himself.

Using the courts, Saner has been pushing the Malawi Government to pay him US$100-million for damages plus sunk costs, legal costs and interest.

Now it seems there is light at the end of the tunnel as after 15-years of legal wrangling, Saner has signed a consent agreement with the Malawi Government to amicably resolve the issue and pave way for investment by ASX-listed miner Lindian Resources, which is in the process of acquiring 75% Kangakunde shareholding from Saner.

We welcome the news as a good development for Malawi to develop its rare earth mining industry, which has the potential to turn around the economy of this impoverished nation whose overdependence on rain-fed agriculture has proved disastrous over the years due to the effects of climate change.

However, the Kangakunde story should act as a lesson to politicians not to abuse their powers to interfere with granting of mineral licences as such cases cost the government money which could be used for social services.

Such cases also slow down development of mines which would benefit the country’s economy and surrounding rural communities through corporate social responsibility.

Kangakunde should present a lesson to government to conduct a due diligence on an applicant for mineral rights before granting the licence.

In this case, we are saying the government should have investigated the capacity of Saner to develop the tenement before granting the licence to such a speculative company.

Above all, the Kangakunde scenario should enlighten the government and mining companies on the need for transparency when sealing mining deals. Definitely, one would question how Rare Earths Company managed to get government approval to sell the Kangakunde licence to Lynas Corporation at a whopping US$4-million while the issue was in court? Was Capital Gains tax paid and how much?

Certainly, as Malawi advances with this worthwhile project, we will need the government and the mining companies involved to be transparent to allay any fears and suspicion of corrupt dealings.

There should also be transparency by the company and the government must scale up its monitoring of environmental issues as some of the minerals at Kangakunde are radioactive.

By Gloria Mbwana

Mediation team resolves that Kanyika community be compensated

The mediation team presiding over a case in which members of the Kanyika community in Mzimba are seeking compensation from Australian resources firm Globe Metals and Mining for disturbing their livelihoods through its planned venture to open a niobium mine in the area has resolved that the firm compensates the community members.

Church & Society Program for the Synod of Livingstonia Coordinator (Extractives) Paul Mvula says in a press statement the mediation team resolved that whoever had land disturbed during Kanyika Niobium Project’s exploration phase needed to have been compensated.

“In case some were not compensated, Globe Metals and Mining Company needs to compensate such households/individuals,” says Mvula.

According to Mvula’s statement, all parties to the case were present during the mediation process including the Kanyika community members, Office of the Attorney General, Globe Metals and Mining and their lawyers – Savjani and Company and the Ministry of Natural Resources, Energy and Mining.

Mvula says the Kanyika Community has been asked to compile a list of all affected households/individuals who were not compensated.

“It came out clearly that some households/individual were subjected to exploration activities and did not get any compensation,” he says.

The parties are expected to meet again on November 15, 2018 at Mzuzu High Court to seal this agreement but also continue to discuss other unresolved issues.

On August 28, 2017, the Kanyika Community commenced an action in the High Court against Globe Metals and Mining as the first defendant and Malawi Government as the second defendant seeking constitutional and common law damages.

Mvula: Kanyika community to be compensated and compensation.

By Gloria Mbwana

Mining & Trade Review

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Money Saving Guide:

Save Energy. Save Money. Save our Planet. Get Smart Switch to Solar!

By Michael Saner

Some of the aggrieved members of Kanyika community who are to be compensated
NCA convenes indaba on Mangochi illegal gold mining

• Community wants government to flush out illegal miners

• Unregulated mining contributing to socio-environmental problems

By Marcel Chimwala

Members of the community in Mangochi, who are subjected to the ills of illegal gold panning activities taking place in Makanjira area, had an opportunity to voice out their concerns on the malpractice in front of relevant government officials thanks to the Mangochi District Mining Indaba which the Norwegian Church Aid (NCA) convened last month in conjunction with the Natural Resources Justice Network (NRJN).

Natural Resource Governance Coordinator for NCA, Thokozani Mapemba, says the Indaba was organized after NCA was informed of the increased mining activities in Mangochi-Makanjira specifically in Namizimu Forest where unlicensed artisanal and small scale miners (ASMs) including foreigners from countries such as Rwanda, Mozambique, Tanzania and Zimbabwe have been camping for almost a year mining gold and corundum (the precious rubies and sapphire).

Mapemba explains that the development prompted NCA and NRJN to conduct a study using Theatre for Development (TFD) methodology which verified the same. “This propelled the two organizations to bring together all the key stakeholders to find ways of addressing the problem, which was the basis for conducting the indaba,” says Mapemba.

He says the Indaba created a platform where office bearers in the Department of Mines, the District Council responsible offices, Civil Society Organizations and communities affected by mining activities engaged to find a solution to the upsurge of the illegal mining activities in Mangochi.

Participants included the Director of Mines in the Ministry of Natural Resources, Energy and Mining, the Officers in-charge for Mangochi and Makanjira police stations, District council officers from Environment, Labour and the District Commissioner who was represented by the Director of Administration, faith leaders both Muslims and Christians, representatives of Mangochi civil society network, councilors, Traditional Authorities (TAs), manager for Mangochi-based Cement Products Limited and members of the affected local communities.

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Specifically, the activity achieved its objectives which were to provide a platform for the affected communities to demand accountability from the duty bearers with regards to the Makanjira illegal mining issue, present the community stand on government’s lack of commitment to swiftly address mining issues in Makanjira and force duty bears to take action to address the illegal mining issue and its consequences,” says Mapemba.

Upon being pressurized by members of the affected community, Director for the Department of Mines, Jalf Salima, made a commitment to visit Makanjira to have first-hand information of the extent of the environmental damage and the extent of the mining activities inside Namizimu Forest within a week.

The community demanded that “within two weeks, the government must evacuate the illegal miners or face community action.”

A participant Shiekh Abdullah Kaposa took Salima to task saying time for consultation was over because the communities had earlier given government an ultimatum to have the illegal miners evicted by July which had not been done.

“We do not have time for your presentations or further meetings, all we want is to see the illegal miners out of our area. We are giving you two to three weeks to do your job or else we will mobilize communities and do it ourselves,” said Kaposa.

Kapos’s sentiments got full backing from Traditional Authorities Makanjira as well as Chowe, Group Village Headman (GVH) Saiti and other GVHs whose areas are affected by the illegal mining activity.

NRJN, whose Chairperson Kossam Munthali was in attendance, took advantage of the Indaba to engage the CSO network in Mangochi to scale up its advocacy activities on extractive issues which is necessary with the increase in mining activities in the district.

Mapemba says “Upon convening the Indaba, NCA and NRJN have learnt that the community has more power and capacity to spearhead the desired change if they are empowered. This was noted during the Indaba deliberations where local people pinned the duty bearers and managed to shape the perspective of the Indaba outcome. However, all they require is the provision of necessary support.”

“The Mangochi District Indaba played a pivotal role in shaping the future of illegal mining activities in the district more especially in Makanjira. The Department of Mines opened its eyes and realized the need to take a proactive approach in responding to the mining developments happening in the country. However, it remains unknown if the move will receive the political will that the activity deserves.”

Mining contributing to socio-environmental problems in Makanjira

The study commissioned by the NCA reveals that a number of environmental and social problems have arisen in the area of GVH Saiti in Makanjira as a result of illegal gold mining activities.

The study report says one of the worries of the community is that since gold panning started in 2015 in Unga River and surrounding area, there are tunnels and big holes that have been created posing a threat to lives of people.

“As the holes or tunnels are left without any proper environmental protective measures, there is a danger of water percolating during heavy rains which may end in landslides which may endanger lives of innocent members of the community,” the report reads.

It says the other environmental problem identified in the study is that of river siltation saying people openly explained that the Unga River which was previously depended on for irrigation farming is drying up and the small quantity of water remaining is contaminated.

“This, therefore, is disturbing the farming system for those who relied on irrigation farming, and the value of the river in general is decreasing,” it says.

The study which was executed on behalf NCA by a local civil society group, Institute for Community Mobilisation, using the Theatre for Development (TFD) methodology says the other community concern is that of early pregnancies and breaking of marriages as illegal miners who are earning a fortune from the trade take advantage of the poverty of girls in the area to sleep with them.

The report says married women are also being coaxed to have extra-marital affairs with the miners who use money as a tool to fulfill their malicious sexual intentions.

Traditional leaders in Mangochi whose area was affected by illegal mining activities

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One of the chiefs reportedly revealed that the miners dangle amounts of money ranging from K10,000 to K15,000 to buy sex from the women or girls.

The study also says security threats are one of the concerns in the area citing the case of GVH Saiti who confirmed to have been receiving death threats through anonymous phone calls.

The callers have been threatening to kill him should he continue seeking for proper mechanisms and procedures regarding gold mining in the area.

“Another version of threat has been presented in the perspective that those who are involved in illegal mining are mostly strangers and local people are living in persistent fear of the strangers in their midst,” says the report.

The other problem noted in the study is that school going children abscond classes to indulge in illegal gold panning.

The gold buyers who are mainly from neighbouring countries such as Mozambique, Zimbabwe, Tanzania and Rwanda buy the precious resource at MK25,000 per gram. Mapemba, says in view of these problems, the study established that members of the community want the government to use force to flush out all illegal gold miners and buyers.

“People also proposed to the government to put in place a proper arrangement or mechanism such as bringing an investor to employ locals so that they should substantially benefit from the gold found in their own land,” Mapemba says.

In a separate interview with the Mining & Trade Review crew on its visit to Makanjira, an aide to GVH Saiti, Wilson Ishmael concurs with Mapemba’s view saying the people of Makanjira are not rejecting mining activities but rather they want the activities to be conducted in an organized and sustainable manner.

“I stayed in Zimbabwe which is a mining country for a number of years. In that country, there is sanity on the activities of ASMs because the government regulates the trade and enforces relevant legislation. Here, it is unfortunate that the government seems not to care as we, members of the community are suffering from the effects of unregulated and unsustainable mining practices,” he says.

He cites the drying of Unga River due to the gold panning activities taking place upstream as one of the environmental problems, which has made it impossible for the people in the area to grow vegetables in the river banks as is the tradition.

“The situation has resulted in the scarcity of vegetables in our village such that we travel to buy vegetables in other villages, mostly those close to Lake Malawi which have ample water for irrigation,” he says.

Ishmael also concurs with the NCA TFD research findings that the coming of illegal miners has created problems such as marriage breakages and unwanted pregnancies in the area.

He commits to rally his subjects to work with NRJN to force the government to chase out the illegal miners whose presence in the area has brought more misery than gains.
"It is a pity that even those natives of our village who joined the illegal mining operations are wallowing in poverty as they are used by these foreigners who buy the precious stones at very low prices and sell them at a whooping profit in foreign markets," he says.

At the Indaba, Chiefs, led by Group Village Headman Saiti committed to use different mechanisms to trace the illegal miners so that they are kicked out of the area while members of the community committed to stop providing accommodation to the illegal miners.

On its part, NRJN committed to follow up on the issue to ensure that the police use force to kick out the illegal miners.

“NRJN will ensure that after the illegal miners are chased, a mining cooperative (company) is established to conduct mining activities in the area in a sustainable way that allows that gold mining benefits both the community and the country,” says Mapemba.

Over 300 illegal artisanal miners (both men and women including children) have reportedly been involved in illegal gold panning activities in Makanjira area.

Government’s failure to enforce existing legislation

The Ministry of Natural Resources, Energy and Mining in July this year issued a strongly worded Press Statement in local newspapers warning individuals engaged in the illegal mining activities to stop the ‘malpractice’ or face eviction and prosecution in accordance with the laws of Malawi.

“The Ministry would like to inform the public that exploration, mining, and trading of mineral products without valid license issued by the Ministry is a punishable offence as stipulated in the Mines and Minerals Act (1981),” said Principal Secretary for the Ministry, Patrick Matanda in the statement.

He also quoted the Forest Act (1997) which prohibits exploration, mining, settlement and cutting down of trees in forest reserves without a licence from the Forestry Department, saying any activity currently happening in protected areas such as Namizimu Forest Reserve is against the law.

The Ministry gave the miners July 20, 2018 as the deadline to stop the activities and urged the public to report any suspected illegal mining practices to the Ministry’s headquarters, Departments of Mines, Forestry and Geological Survey, District Commissioner’s offices and law enforcing agents.

It also urged local communities to desist from encouraging the malpractice through provision of shelter, food, labour, selling of merchandise and providing mining plots in their land to the dealers.

But Mining & Trade Review through its visits to the gold panning hotspots has established that despite the threats from the government, the miners are still continuing with the illegal activities, which have attracted buyers from different countries including Rwanda, Tanzania, Mozambique and Zimbabwe.

Mapemba comments that this lack of action by the government against the illegal miners is a sign of failure to enforce existing legislation that the Ministry cited in its Press Release.

“Why are government officials failing to take action? Have they been corrupted by the gold buyers or are they afraid of some ruling party politicians who are rumoured to be involved in the trade in Makanjira?” questions Mapemba.

He says NCA will continue working with partners including CSOs, faith groups and the affected communities to push government to action to end the malpractice.

NCA’s natural resource governance programme

NCA is implementing a natural resource governance programme, whose goal is to ensure accountable governance of public resources for equitable distribution of wealth and sustainable development in Malawi.

Evidence of environmental damage caused by illegal mining activities in Makanjira enclave
Malawian facing EITI ‘Compliant’ status test

Malawi will this month go through its first-ever on-ground Extractive Industry Transparency Initiative (EITI) process assessment with an expected visit of EITI International Validator to investigate if the country is complying with the global transparency and accountability standards for natural resources governance or not.

The visit comes after Malawi’s second successful implementation of the EITI process whose report was submitted to EITI International Secretariat based in Oslo, Norway on June 30, 2018 as per requirement.

The second report chronicles corporate entities to government revenue activities in three sectors of Malawi’s extractives industry namely; mining, oil and gas and forestry in the financial year starting July 1, 2015 to June 5, 2016.

Just like the first report which was produced last year, the second includes company payments as well as government receipts covering information on tax, royalties, rents, licences, contracts, and production, among other key elements around resource extraction.

The aim of the reporting is to strengthen the understanding of the level of contributions of the extractive sectors to the economic and social development of the country in order to improve transparency and accountability in all components of the extractive industry value chain.

The Validator’s visit was disclosed by Malawi EITI National Coordinator George Harawa during a day’s long media engagement workshop in Salima on September 26, 2018, where members of MWEITI Media Taskforce which comprises journalists from various media houses – electronic, print and online – were taken through the report.

Harawa said the Validator who is expected to be in the country from October 22 to 26, 2018 will meet and interview various stakeholders, including members of the media, to get first-hand information on their take regarding implementation of the EITI process and adherence to the EITI principles.

The Coordinator sounded optimistic of passing the test by saying in MWEITI’s own self-assessment, Malawi has done a commendable job in improving the EITI implementation process given the fact that it is only the second year of reporting.

Harawa said: “We remain optimistic that the validator will appreciate the commitment that the country has shown so far. We have made tremendous strides in as far as EITI reporting is concerned and we expect the validator to find us compliant and award this country that status.”

“IT was our ambition to achieve country complaint status this year (2018) and with the support we have received from various stakeholders plus the political will that our leaders and authorities have shown, we still nurse this belief that Malawi deserves to be granted the ‘Compliant’ status.”

The new report shows that unlike during the maiden reporting which catalogued payments and receipts of financial year 2014/15, the second process has seen improved participation in terms of companies selected to take part in the reporting process, with many adhering to the required standard of reporting using an appropriate template.

Also comparable to the first report which saw K810, 084,438 of revenue not reported due to payments and receipts discrepancies, the second report shows that only K93,773,902 remains unidentified by payments and receipts records, which shows an improvement in payments and receipts reconciliation.

“This does not mean the money is stolen, that will be a total misrepresentation of facts, only that the records are yet to be traced or corroborated,” Harawa explained.

In his overall assessment, he said though Malawi is moving towards the right direction in terms of EITI implementation, there remains room for improvement.

“All we want is for MWEITI to help put the industry in order, first by helping putting a proper legal framework in place that will ensure that mining environment is conducive for both companies and the country for the benefit of all the citizens,” he said.

Harawa said next step will be to mainstream MWEITI implementation, develop a guiding policy and conduct legal impediment study to inform policy direction. However, the outcome of the validation process will be key to what happens next.

Despite registering promising progress in as far as opening up the dealings in the extractives industry is concerned, Malawi’s EITI implementation is facing a foggy future, as there is no guaranteed financial support to the initiative.

Currently the initiative solely runs with the support from GIZ’s Public Financial and Economic Management (PFEM) project which aims at helping the government in addressing weaknesses in public financial management, restore basic internal control mechanisms, increase transparency, and make efforts to regain public trust in financial governance.

GIZ with co-financing from DFID funded the initial EITI reporting process. However, the second report was entirely funded by GIZ, but it has since reduced its funding commitment, cutting out MWEITI’s Secretariat operational...
“As government as well as MWEITI, we will remain indebted to this remarkable support from these development partners,” said Harawa.

On his part, Kossam Munthali, Board Chairperson of Natural Resources Justice Network (NRJN), a grouping of civil society organisations that advocate for good governance for extractives sector and also representative of civil society in the MWEITI Multi-Stakeholder Group that oversees EITI implementation, expressed concern over the issue of insufficient funding, describing it as an unfortunate development.

Nonetheless, Munthali expressed appreciation for the support that GIZ and other development partners have offered and continue to offer, but said pulling out now will be retrogressive considering the encouraging progress that has been made this far in improving transparency in the extractives sector, citing that all contracts are now accessible on MWEITI website.

He proposed the need for a clearly and jointly developed exit plan to be agreed upon between Malawi government and German government in case the donor contemplates pulling out its funding.


The principles state that the wealth from a country’s natural resources should benefit all its citizens and that this requires high standards of transparency and accountability.

Through EITI, resource-rich countries are compelled to prudently manage their natural resources for inclusive benefit of its citizenry through economic growth, sustainable development and reduction of poverty. A subsequent new EITI Standard (the “EITI Standard”) whose principles are based on the affirmation that public understanding of government revenues and expenditure over time, could help public debate and inform choice of appropriate and realistic option for sustainable economic growth and reduction of poverty in resource-rich countries, was later published on February 23, 2016.

The EITI Standard sets out the requirements which countries need to meet in order to be recognised, first as an EITI ‘Candidate’ and ultimately as an EITI ‘Compliant’ country after meeting all requirements.

Malawi was admitted as EITI ‘Candidate’ in October 2015 and through MSG, is expected to annually produce EITI report for assessment to attain ‘Compliant’ status.

There are currently 51 implementing countries, of which 16 made meaningful to satisfactory progress and 25 countries are yet to be assessed against the 2016 standard. Malawi falls in the latter category.

Some of the MSG members comprising civil society, companies, MRA and government representatives

Moure Stephens MWEITI’s Independent Administrator representatives, Rached Maales and Ben Toorabally chatting with Rakgas Country Manager Chimwemwe Chikusia

MWEITI’s Independent Administrator engaging extractive sectors gurus

costs, making it almost impossible for the Secretariat to retain essential staff needed to carryout implementation activities.

“As in fact, all administrative support has been cut off without prior warning or even a grace period for Malawi government to plan to absorb the costs, as the Secretariat is yet to be included on the annual budget since the functional review is yet to be done.”

“Imagine only one officer, the accountant, is remaining. The rest have gone since the office has no money for administration, and the employees had to go for several months without getting salaries. This is why they left,” said a source who did not want his name mentioned for other important reasons, but expressed worry that losing trained personnel who were well-conversant with EITI issues was an unfortunate development and it is affecting the momentum of the reforms.

The source also said even funding for activities takes very long to be released, resulting in some timelines being missed.

Efforts to seek a comment from GIZ-PFEM Team leader on the matter proved futile as a questionnaire sent through christina.krause@giz.de, an email obtained from Getrude Kachule GIZ Communication Officer who has reportedly just resigned, was yet to be responded to.

Meanwhile, Mining & Trade Review has also observed waning of political will that was initially shown by Malawi leader, President Peter Mutharika, when he publicly declared interest to join the initiative in his maiden State of the Nation Address and eventually appointing Minister of Finance and Economic Development Goodall Gondwe as the ‘Champion’ for EITI.

Apparently, Malawi Government seems not ready to take responsibility of funding the initiative through budgetary subvention, despite hosting MWEITI Secretariat in the Ministry of Finance premises at Capital Hill.

When asked, Harawa acknowledged financial constraints MWEITI is facing but remained hopeful of Malawi’s continued implementation of the initiative.

“As government, we are still trying to look for other funding options to supplement GIZ’s. And let me stress here, pulling out of this very important initiative is not an option,” he said.

The national coordinator also emphasized further that the fact that MWEITI is facing some financial limitations should not water down, even a bit, or discredit the great and immeasurable financial and technical support that the initiative has received and continue to do so, from GIZ and other development partners.
One of our objectives to achieve this goal is ensuring that rights holders contribute to improved policies and legal frameworks governing the extractives industry,” says NCA Country Director for Malawi, Havard Hovdhaugen.

Hovdhaugen explains that to achieve this objective, his organization is working with civil society groups which are organized in an advocacy coalition advocating for the revision of extractive industry policy and legal framework based on inputs and documented challenges from mining affected communities.

The second objective of the programme is to ensure that rights holders have held duty bearers accountable to communities’ rights in extractive industry.

Hovdhaugen explains that NCA is pursuing this objective by ensuring that women and men in mining affected communities have access to a simplified version of the Mines and Minerals Act in their mother tongue and are able to advocate towards local government and mining companies and claim their right.

He says the other objective of the programme is to ensure that duty bearers demonstrate increased transparency of public resources.

Hovdhaugen says under this objective, NCA provides training to partners, which include civil society and faith organisations, in order to develop skills and competence so that they are able to document key information gaps and advocate for revenue transparency, contract transparency and enforcement of the Access to Information Act.

“Partners then engage parliamentarians and government in dialogue so that the EITI (Extractive Industry Transparency Initiative) is implemented, mining contracts are publicized and the Access to Information Law is operationalized. The essence is to ensure that right holders have access to public information and community members are empowered to claim their rights,” he says.

The programme is targeting the districts of Balaka, Mangochi, Mwanza, Phalombe, Mulanje, Mchinji, Nchisi, Lilongwe, Mzimba and Karonga.

The targeted population include religious and traditional leaders, community members, mining investors, parliamentarians, policy makers, District Council members and state actors.

NCA’s approach promotes increased engagement between stakeholders in the extractives sector including the government, investors, civil society groups and communities in resource rich areas to ensure that the impoverished communities are kept abreast of mining projects taking place in their areas.

Hovdhaugen explains that NCA embraced this approach after studies conducted by his organisation proved that in Malawi there is an information gap between stakeholders and communities in mining areas due to lack of dialogue and effective communication.

NCA employs the TFD strategy, which Hovdhaugen says has proved to be an excellent tool to create space for dialogue between the affected communities and other stakeholders.

The organisation engages a local civil society grouping, Institute for Community Mobilisation (ICOM), to execute TFD in specific mining areas and has lately been to Malingunde Flake Graphite Project in Lilongwe, and Njereza Limestone Mining Project and Makanjira gold panning area in Mangochi.

Under the methodology, ICOM initially conducts research to establish root causes for various problems and also background information on the areas.

ICOM later facilitates discussions among duty bearers in this case government officials, CSOs, investors and community members and also facilitate development of action plans.

The action plans come from investors, community members and duty bearers on how they can solve critical problems affecting not only the community but also investors and government as they carry out their duties.

Then a theatrical performance follows, unveils the research findings and verifies them with the community.

The performance also facilitates development of action plans and resolution of issues between the community members, miners and duty bearers.

“This strategy is effectively working here in Malawi where dialogue has been difficult because of poor communication strategies. For example, in projects such as Malingunde, communities say they were better sensitized by our TFD programme as officials from government and mining companies previously tasked with sensitizing communities used some technical language which they failed to understand,” Hovdhaugen says.

Following the success of TFD in facilitating dialogue between stakeholders for the Malingunde Graphite Project in Lilongwe, Cement Products’ Njereza limestone mine, and gold panning areas in Mangochi, NCA has planned to take TFD to other mining areas where there are similar problems of lack of dialogue and effective communication between stakeholders and affected communities.

The expectation is that the approach will help eliminate fear among the affected communities as was the case with Malingunde.

“The fear created in Malingunde was not only related to the issue of relocation, it was also about the lack of information in general. If relocated, to where? If compensated, how much? If mining will take place what will happen to the communities’ sacred places, graveyards?” says Hovdhaugen.
NRJN Board Chair Kossam Munthali (standing) addressing the Mangochi Mining Indaba

Part of the audience at Mangochi Mining Indaba listening to speeches

A female delegate stressing a point during Mangochi Mining Indaba

---from pages 12

ASX-listed Sovereign Metals is conducting a feasibility study for the Malingunde flake graphite mining project which is expected to yield approximately 44,000 tonnes of graphite concentrate per annum over an initial mine life of 14 years.

The company is also conducting environmental and social impact studies which include consultations with local stakeholders on the way-forward for the project.

Sovereign aims to complete all studies for the project towards the end of 2018 to decide whether the mine will be developed or not in 2019.

If a decision will be made to proceed to mining stage, a resettlement exercise will be implemented. Sovereign has, therefore, advised the communities in the project area to live their normal life until the relocation decision is made.

At Njerema in Mangochi, Cement Products, which is a local firm mining limestone in the district, has launched a clinker plant.

Alongside its partners, NCA is also advocating for the enactment of the Revised Mines and Minerals Law to replace Mines and Minerals Act (2001), which is considered outdated and archaic.

The studies indicated that despite such an increase in revenue, the government collects little revenue from the industry because of a poor taxation framework and lack of bargaining power towards the investors. Moreover, tax invasion and corruption greatly affect the sector.

“The intervention of NCA and its partners is to create a just environment in the sector where it is not only the investor benefiting but affected communities have a fair share of the mining proceeds and the government as well benefits by collecting more revenue,” says Hovdhaugen.

NCA has established in Malawi in 2002 and has a long standing history both locally and internationally for its work with civil society groups and faith based organisations through whom it has succeeded in achieving sustainable change in communities.

NCA Malawi’s dependence on tobacco citing an increase in mineral production from K21.9 billion in 2010 to K23.7-billion in 2011.

The Kayelekera Uranium Mine, which is so far the country’s largest mining investment, remains on care and maintenance due to prevailing low uranium prices on the world market.

Rationale for NCA’s resource governance programme

NCA says it launched its resource governance programme after studies established that the extractive industry is an increasingly economic alternative to Malawi’s dependence on tobacco citing an increase in mineral production from K21.9 billion in 2010 to K23.7-billion in 2011.

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The Ministry of Natural Resources, Energy and Mining finalized consultations on the new Law a couple of years ago but despite repeated promises to expedite the enactment of the law, the government is yet to bring the Bill to parliament.

The new Law, among other things, provides for mining companies to sign community development agreements to enable communities in mining areas benefit from proceeds of mining projects.

The new Law vests ownership of the country’s resources on the State on behalf of the country’s citizens while the 1981 Act, which was formulated during the single party dictatorial era vests the resources on the Life Presidency on behalf of the people of Malawi.

Though it does not have a rich mining history, Malawi has operational mines for coal, gemstones including ruby and sapphire, limestone and quarry.

Traces of gold have continued to be discovered in areas such as Makanjira, Balaka, Lisungwe in Nchewu, and Nanthenje and Chimutu in Lilongwe where ASM s are involved in unregulated gold panning activities.

The country has huge untapped deposits of flake graphite at Malingunde and Duwi in Lilongwe, which are being pursued by Sovereign Metals.

There are also several unexploited deposits of rare earth elements in the southern region, which include Songwe Hill in Phalombe where a UK Company Mkango Resources is conducting a feasibility study and Kangankunde Hill in Balaka which has been at the centre of a legal wrangle between the government and a South African investor Rift Valley Resources which sued the government after it rejected an application for renewal of its licence.

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BWB lauds progress on Mulanje Water Project

By Gloria Mbwana

Blantyre Water Board (BWB) says it has recorded substantial progress in its US$23.5 million Mulanje Water project, which will see the parastatal tapping water from Likhubula River on Mulanje Mountain to supply the city of Blantyre and surrounding areas.

The Water Board, which is financing the project using proceeds of a loan that the Malawi government obtained from Exim Bank of India, last year engaged an Indian contractor SMC Infrastructure Limited to execute the works.

BWB CEO Eng. Dan Chawaza says in an email interview that there has been satisfactory progress in different work components of the project including; intake structure works, pipeline works, treatment works and storage tank works.

“At the onset, some members of the community protested that the project will disturb the ecosystem of Mulanje Mountain, which is an iconic environment in terms of preservation of Malawi’s natural beauty.

Public Relations Officer for the Board Evelyn Khonje explains that such issues are not sorted out as the Board is planting trees at Chambe Basin on Mulanje Mountain which is the catchment area for Likhubula River.

“The total hectarage for the catchment area is 520.9 and will be replanted in three years. Currently preparations are on track to have more than 200,000 trees planted in the next growing season”, says Khonje.

She, however, cites some delays on the project due to change of water intake point “because of stakeholder issues” as one of the challenges that the project has so far encountered in its commencement.

Khonje, nonetheless, says the contractor has put up strategies to catch up on lost time which includes executing some work packages simultaneously.

Currently, the Mulanje Water Project is at an advanced stage and is expected to be completed by May 2019. The new water supply system will increase BWB’s current water production from 96000 cubic metres to 116000 cubic metres per day.

The water from the mountain will enable areas such as Limbe to have an uninterrupted water supply and also expand the Board’s service to other areas like Chiradzulu and the Malawi University of Science and Technology in Thyolo.”

Kasikizi Coal Mine gives back to Karonga community

Kasikizi Coal Mine, on behalf of its partner Zagaf Cement, donated two cooking oil extraction machines to the people of Kasikizi area in Karonga which hosts the coal mine. MD for Kasikizi K S Gurulingaswamy and another director Grain Malunga presented the machines, one each, to GVH Mwenenguwe and Village Chief Vungu to underline the company’s commitment to the development of the respective villages. Representative of Mr. Rajath, the other Director, was also present along with his mine staff on this occasion.

Kasikizi Coal Mines Limited has partnered with ZAGAF Cement Sales to mine and sell steam coal from Vungu Mine in Mwankenja Coalfield, Karonga District. The mine is expected to produce 10,000 tonnes per month to supply coal for agroprocessing and cement industry. Export opportunities and thermal power generation offer increase in production.

Our coal is of high quality which does not require it to be washed. It has low sulphur and high calorific value as shown below:

<table>
<thead>
<tr>
<th>Parameter</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Calorific Value</td>
<td>6260 Kcal/Kg</td>
</tr>
<tr>
<td>Ash Content</td>
<td>15 %</td>
</tr>
<tr>
<td>Volatile Matter</td>
<td>28 %</td>
</tr>
<tr>
<td>Total Moisture</td>
<td>4%</td>
</tr>
<tr>
<td>Sulphur</td>
<td>0.23 %</td>
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<tr>
<td>Fixed Carbon</td>
<td>52.8%</td>
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</tbody>
</table>

We produce high calorific value coal of the following qualities:

<table>
<thead>
<tr>
<th>Grain</th>
<th>Size</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cobbles</td>
<td>Run of mine</td>
</tr>
<tr>
<td>Nuts/Grains</td>
<td>16 mm</td>
</tr>
<tr>
<td>Peas</td>
<td>28 mm</td>
</tr>
<tr>
<td>Duff</td>
<td>5.50 mm</td>
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</table>
Government reviews mining sector safety regulations

By Wahard Betha

The Malawi government has embarked on the process of reviewing the mining sector safety regulations which were produced in 1981 to come up with new regulations expected to be applied to all mining and prospecting operations.

Mining Inspector for the Department of Mines in the Ministry of Natural Resources, Energy and Mining, Mphatso Kapokosa, says that the Department has already come up with draft regulations and will engage various stakeholders to get their input.

“We would appreciate if stakeholders went through the document containing the revised regulations at their convenience and give us feedback or raise any issues to be considered,” says Kapokosa.

He says in order to ensure availability of the regulations to the workers or any other persons at the operations, the regulations will be made accessible at any mine in different local languages.

Among other provisions, the draft regulations strictly forbid persons from passing through unsafe places in mines unless one is working to make that place safe.

“Any mine manager or supervisor allowing the working in the unsafe places is guilty of an offence and liable to an administration fine of K1-million and suspension of any license issued under these regulations,” reads the draft.

It says a mine manager or supervisor of authority who coerces any worker to work in a dangerous area is guilty of an offence and liable to not less than K10-million and two years imprisonment and revocation of his certificate if he is a holder of such.

The regulations say the Commissioner for Mines will be responsible for creation of standards or designation of any existing national or international standard and any employee who contravenes any such standards applicable to him is guilty of an offence.

The draft states that before the commencement of exploration or mining operations, hazards have to be identified and undergo risk assessment which will be approved by the inspectors giving a go ahead of the project.

The safety regulations will be reviewing the risk assessment three months after the start of operations, every 12 months from the start of operations, whenever major changes occur at the operation, when the operation exhibits a pattern of accidents and incidents, when a major accident occurs; or when an Inspector directs.

However, the Contractor holding international certification under these regulations is required to get a Malawi license and failure to do so will be considered to show competence.

The regulations also give the employees the right to openly or anonymously report any hazardous occurrences to the employer and to an inspector to anonymously request and obtain safety and health grounds.

The document is refraining portrayal of negligence by any person by failure to take all necessary and proper precautions to ensure the safety of persons and property, and removal of anything which intends to provide for the health or safety.

“It shall be the duty of every employee and any person at a mine; to comply with prescribed safety and health measures; to take reasonable care for their own safety and health and that of other persons who may be affected by their acts or omissions at work, including the proper care and use of protective clothing, facilities and equipment placed at their disposal for this purpose”

The regulations also give the employee the right to refuse to work where there is a reasonable belief of exposure to risk of harm to the health of the employee.

The mine manager shall take all reasonable means to ensure that the provisions of these regulations are observed and enforced on the mine and any manager who fails to do so shall be guilty of an offence.

The new regulations have also provisions to ensure that the employer provides and maintain suitable and adequate personal protective clothing and appliances to the employees at the mine.

“All employee at a mine, shall use and take proper care of protective clothing, and other health and safety facilities and equipment provided for the protection, health or safety of that employee and other employees.”

The regulations obliges the principal employer to also ensure that appropriate first aid equipment, facilities and services are provided at the mine.

“Every person who is guilty of negligence in or about a mine or works by which a person is injured or killed is guilty of an offence,” reads the draft.

It says considering how harmful the underground mines are to the young generation, no person below the age of 18 is allowed to work in underground mines.

The regulations will also ensure proper design and construction of plants and proper installation, maintenance or use of the plants.

“A person who erects or installs any plant for use at a mine must, so far as is practicable, ensure that it is so erected or installed that persons who properly use the plant are not subjected to any hazard that arises from, or is increased by, the way in which the plant is erected or installed”

Malawi is also reviewing the Mines and Minerals Act (1981) to come up with a new law that is in tandem with modern mining practices.
An overview of Mineral Exploration activities prior to commencement of mining an Ore body

Exploration field activities take place as part of a strategy to locate and define a particular economically viable/mineable mineral (ore) in a mineral locality zone. Large exploration activities are broken down into individual projects (referred to as tenements) and each project may contain one or more prospects. A prospect is a restricted volume of ground that is considered to have the possibility of directly hosting an ore body and is usually a named geographical location. The prospect could be outcropping mineralization, an old abandoned mine, an area selected on the basis of some geological idea, or some anomaly as a result of geophysical or geochemical surveys that can be interpreted as having a close spatial link with ore. Prospects are the basic units with which exploration geologists or prospectors work. A prospectors’ job is to generate new prospects and then to explore them in order to locate and define any ore body that might lie within them.

(a) Activity 1
This involves choosing of potential target, study of demand, supply and commodity price trends, available markets, exploration cost, draw up budgets.

(b) Activity 2
This involves what is called Reconnaissance Survey. In this exercise, desk studies are involved i.e. collation and collection of already existing geological data for information interpretation. These studies also include literature reviews of selected areas of similar geological formations to correlate with the area of study, any exploration work in adjacent areas previously carried out is also of fundamental importance, regional geochemical studies, and aerial photographs. It also starts with a literature search and progress to a review of available remote sensing and photogeological data leading to selection of favourable areas, initial field reconnaissance, and land acquisition, probably followed by airborne surveys, geological mapping and prospecting, geochemical and geophysical surveys, and limited drilling.

(c) Activity 3
This involves detailed geological mapping and detailed geochemical and geophysical surveys, trenching and pitting, drilling usually called Exploration targeting/Invasive Work. Detailed geological mapping of the area is done to understand the real geology and this forms the basis for identification of areas prior to drilling, also the structure and deformation patterns of the area will be recognized. Geophysical survey/investigation involves surveying the ground to know the subsurface geology of underlying rocks with reference to their physical properties/characteristics. This process is very important because it comes out with potential areas for target identification that are usually ‘hotspots’ for mineral prospecting before any geological mapping commences. It can either be airborne or ground survey. In the absence of geophysical equipment, there are current available airborne geophysical maps which can be sourced from the government at a fee and shall be interpreted by a geophysicist. Geochemical surveys analyze the composition of the rock/soil sample through known chemical elements that are present using the sophisticated equipment of a chosen type. Pitting and trenching is done in selected areas to identify the vertical and lateral extent of mineralization respectively and to get an overview picture of the subsurface geology. The next process is called exploration drilling/targeting and this will be done to give a bigger picture of the mineralization of the area, to determine the vertical extent in a perspective view at depth, formation history, core recovery, deformation patterns and structure of the core samples for geotechnical purposes. Before drilling commences, potential areas (collars) will be identified with the use of a GPS and pegs are staked into the ground. Access roads and drill pads are constructed possibly using a Bulldozer before the arrival of the drill rigs ready for drilling.

(d) Activity 4
During this phase, another geological mapping exercise will be carried out in detail but in a reconnaissance way in order to update the already existing geological map from the first exercise because new information has now been collected from the drilling exercise that include visual examination of vertical mineralization. The type of drilling here will be considered as core/diamond drilling where the recommended drill spacing is chosen. Core drilling is very important at this stage because it determines the geology and structure of the rocks and recovers the rock using cores and during such an exercise, logging, bulk sampling, laboratory testing, analytical sample tests are carried out.

Another drilling exercise called Infill drilling (whose drilling spacing will depend on extent of mineralization of resource estimation) is also carried out. This gives the geological and resource base in detail because the drilling space is being reduced to have a representative sample analysis. This second phase of drilling will be carried out after it is determined that there is good probability that an ore body is present and will consist of a set of drill holes that include viable estimation of mineralization. Based on the mineralization model the type of drilling is also determined so as to have a Conceptual model of the area under study because drilling plans change with the previous drilling results/findings.

The process defines the Resource base and drilling will be concentrated in areas where mineralization is highly indicated and forms the most crucial phase because data collected will provide the basis for updating the database and evaluation of the geological model, conceptual mine planning, market study, costing and defines the resource base and modelling will be required to have an expected geological model that will give the Resource estimation/evaluation/definition, and if successful this will lead to an order of magnitude study which will establish whether there could be a viable project that would justify the cost of progressing to a feasibility study.

(e) Activity 5
Feasibility study is the final phase of target evaluation based on sound basic data with much greater detail analysis of the property toward development of mine and plant leading to production. All previous estimates are modified and finalized with the availability of every detail on geology, engineering, and economics. The majority of the ore reserves and grade in is the proven category. Detailed engineering on mining and beneficiation plant is made. Capital and operating costs are set. Cash flow analysis with NPV (Net Present Value) and IRR (Internal Rate of Return) and sensitivity to different assumptions regarding revenues, costs, discount rates and inflation are realistic and more authentic Environmental and social impacts with possible mitigation measures, and government formalities are expected to be cleared. Economic viability of the project is assured.

Feasibility report acts as a “bankable” document for sources funding from potential financial institutions, equity, and joint venture.

(i) Scoping Studies
A Scoping Study may be carried out very early in the exploration phase, as a basis for acquiring exploration areas or making a commitment for exploration funding. At this stage the investment risk may be relatively small but it is obviously undesirable to expend further funds on something that has no chance of being economic.

The major risk at this stage is that a viable mining project is relinquished due to an inadequate assessment. As there is a very low probability of an exploration project proceeding to become a mine it is evident that this risk is quite a serious one at the Scoping Study stage. For this reason it is essential that experienced people are involved in the Scoping Study. The intended estimation accuracy is usually 30 to 35%, though some companies accept +/- 50%

It is acceptable for Scoping Studies to be based on very limited information or speculative assumptions in the absence of hard data. The study is directed at the potential of the property rather than a conservative view based on limited information. A Scoping Study should present the likely range of possible outcomes so that decision making, including investment decisions that may follow a public release of the study results, is not biased to the optimistic end of the range.

The results of a Prefeasibility Study may be the first hard project information which is seen by corporate decision makers and investors. Usually the findings are announced publicly so that it becomes difficult to change perceptions with subsequent information. In such cases, the Prefeasibility Study becomes the real decision point, with the subsequent Feasibility Study being seen by management and investors as a necessary step along a path which has already been irrevocably committed. While undesirable, this sequence of events may occur due to modern reporting requirements.

For these reasons the Prefeasibility Study must be prepared with great care by experienced people, and its conclusions should be heavily qualified wherever necessary. Assumptions should be realistic rather than optimistic because it is very difficult to bring management and markets back to reality in the event that the final Feasibility Study is significantly less favourable.

(ii) Final Feasibility Studies
The final Feasibility Study is usually based on the most attractive alternative for the project as previously determined. The aim of the study is to remove all significant uncertainties and to present the relevant information with back up material in a concise and accessible way. The final Feasibility Study has a number of key objectives.

• to demonstrate within a reasonable confidence that the project can be constructed and operated in a technically sound and economically viable manner
• to provide a basis for detailed design and construction
• to enable the raising of finance for the project from banks or other sources

Whether the project design has been optimised in the feasibility study will depend on the time and budget allowed. An acceptable design is used as the basis of the feasibility study with further optimisation undertaken (or not) once the project has been approved. When all these processes are followed and done, it appears that commissioning ramp up production and mining follows...
Government has lauded progress in the construction of the Malawi-Mozambique and Malawi-Zambia power interconnectors, which will enable Malawi conduct electricity trade with countries in the region in so doing becoming an operating member of the Southern Africa Power Pool (SAPP).

Public Relations Officer for the Department of Energy in the Ministry of Natural Resources, Energy and Mining Saidi Banda says in an interview with Mining & Trade Review that feasibility studies for the Malawi-Mozambique interconnector have been completed while for the Malawi-Zambia are still in progress.

He says the procurement of the Engineering Procurement Construction (EPC) contractor for the Malaw-Mozambique interconnector is in progress and the countries have jointly secured financing for the project from the World Bank, Germany’s development bank (KfW) and the Norwegian Trust Fund.

The scope of the project is to interconnect the Mozambique and Malawi Power Systems at 400 kilovolts (kV) through a transmission line to be constructed from Matambo Substation in Tete Province in Mozambique to Phombeya Substation in Balaka District in Lilongwe, Malawi.

“Malawi is set to connect to regional power pool through Mozambique from where it intends to initially import 50MW of power,” he says.

The Malawi-Zambia interconnector is expected to be constructed from Chipata in Zambia to Nkhoma substation in Malawi.

Banda says upon completion these two interconnectors will not only enable Malawi to trade in power but also give the country enough time to develop domestic power supply at a steady pace as it will have the opportunity to close down some power stations for repairs and upgrading while depending on imported power.

Malawi has just boosted the capacity of some of its power stations and transmission lines in readiness for increased supply from the interconnectors using proceeds of a US$350-million compact from the US Federal Agency, Millennium Challenge Corporation.

The country is, currently, experiencing a power crisis due generation challenges attributed to low water levels in the Shire River which hosts a large percentage of the country’s power stations.

“There are a lot of benefits that will come with the interconnector which include improving stability and security in power supply, increase in production in industries, creation of jobs as availability of power will attract investors to invest in various industries, and improved health standards as people will shift from use of biomass to electricity thereby avoiding inhaling harmful fumes and it will also ensure preservation of some medicine that need low temperatures like vaccines,” he says.

Meanwhile, as a short term measure the country has entered into several agreements to solve the electricity problems.

For instance, the country is importing at distribution level 3MW from Mozambique through Mandimba to Mangochi, the government just signed agreement of importation of 20MW power from Zambia through Chipata and Mchinji and also the country commenced discussions on importation of gas from Tanzania through Karonga to support a 100MW Gas Fired Power Plant by either EGONCO or any Independent Power Producer (IPP).

Malawi-Mozambique interconnector is expected to be completed by 2021 while completion period for interconnection with Zambia will be determined as studies progress.

ABSTRACT
Recent reaction from stakeholders in the mining sector has been the inadequacy of the Mines and Minerals Act (1981) in addressing issues related with transparency in handling of mining contracts by government, environmental management and community benefit sharing. These have not been the only issues that need to be addressed in coming up with the new Mines and Minerals Act. This paper tries to highlight other shortfalls that need to be addressed in line with the Mines and Minerals Policy (2013).

INTRODUCTION
The current Mines and Minerals Act (1981) was drafted based on the existing Acts from the region, more especially Namibia and Botswana. That time Malawi was engaged in exploration activities through government which had insignificant mining operations. Malawi Development Corporation was in cement production while lime production and artisanal/small scale gemstone prospecting were under individuals. The act had no foundation based on Mines and Minerals Policy and did not have provisions to address ownership of minerals. The Commissioner for Mines and Minerals has been the Principal Secretary and does not have the mandate to undertake economic empowerment through divestiture.

SHORTFALLS IN THE CURRENT MINES AND MINERALS ACT (1981)
The current Mines and Minerals Act (1981) was introduced at a time when the minerals sector was at its infancy stage and before the establishment of Department of Mines and Minerals. The Act does not address emerging issues that have arisen through private sector involvement. Current issues surrounding sustainable development in mining requires equitable benefit sharing among mining companies, government and mining communities in a manner as to benefit mining communities for promotion of sustainable development.

CONCLUSION
The new Minerals and Mines Act is expected to address the following:

1. The need to recognize Malawi as a sovereign state with no recognition of the interests of the British Crown
2. Mineral wealth needs to be vested in state and not the president on behalf of the people of Malawi
3. Ministerial discretion needs to be removed through establishment of a Minerals Advisory Board to look into allocation of mineral rights for minister’s consideration.
4. There is need to harmonise the provisions of the Mines and Minerals Act (MMA) with other Acts governing Environment, Agriculture, Land, Public Roads and Water Resources.
5. The MMA needs to be clear on issues related with security of tenure, licence retention and holding of licences for speculative purposes.
6. Mining contracts for strategic minerals and those dealing with large scale investors require parliamentary oversight.
7. Trading in precious metals and gemstones should be through miners, dealers and brokers licensed through Minerals Advisory Board.
8. Community Benefit Sharing is a serious emerging issue and must be addressed through non-tax revenue such as royalties and ground rents.
9. The role of State Enterprises is necessary where strategic minerals of lesser value are required for infrastructure development and import substitution. State equity in strategic minerals and liquid minerals will require participation of State Owned Enterprises that will have the mandate to undertake economic empowerment through divestiture.
10. Taxation types and levels will require a stability clause in order to determine fully profitability of a project. Taxation should not be negotiated to avoid skewing and discreational tendencies that breed corruption and misunderstanding.
11. Adherence to environmental management and rehabilitation needs to be secured through an environmental bond.
12. Conditions for employment of expatriate staff needs to safeguard employment of local skilled and non-skilled labour.
13. The rights of local people and minority groups need to be protected in order to encourage peaceful coexistence.
14. The structure of the institutions under the minerals sector needs to be properly set up and enacted so that the sector is ably administered and promoted.

The private sector hopes that these issues will be adequately addressed and that the new Act will be simple, clear and will serve both government and mining companies in a manner as to benefit mining communities for promotion of sustainable development.

EXPECTATION OF ALL STAKEHOLDERS
The new Minerals and Mines Act is expected to address the following:

1. Vesting of minerals in the state
2. Introduction of stable taxation and fiscal regime
3. Promote transparency in contract negotiations
4. Introduce accountability and transparency in mining revenue management
5. Introduction of Minerals Advisory Board under the Commission for Minerals and Mines
6. Introduce legally binding Community Development Agreement or benefit sharing with local communities
7. Introduction of Environmental Bond

BIBLIOGRAPHY
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Mineral sector captains have expressed sorrow over the death of Former Acting Director for the Department of Mines in the Ministry of Natural Resources, Energy and Mining, Atileni Ackim Wona, who passed away last month.

Chief Mining Engineer for the Department, Burnett Msika, says he is saddened by the loss of Wona as the Department will miss both his technical ability and leadership skills.

Msika says: “I am buffeted by authentic bouts of sorrow and disbelief following the unexpected loss of a humble, hard-working and highly disciplined mining engineering guru and peace-maker, Mr. Wona.”

“He was neither jealousy-ridden with the success of others, nor double-faced in handling the affairs of people, nor was he a man who would publicly blast you on top of your voice in order to humiliate you when you crossed his path.”

“He always handled office issues with gentlemanly calmness, focus and wisdom. I will always miss him! Department of Mines has lost a giant who will always be remembered for his virtuous golden patience, discipline and love for work. May his soul rest in eternal peace.”

Veteran geologist John Nkhoma, who runs a private firm called Chiwandama GeoConsultants, says in Wona, the nation has lost a hard working individual who dedicated his life towards the development of the country’s minerals sector.

Nkhoma says: “I have known Mr. Wona since 1990 when he was studying for BSC (Hons) degree in mining engineering at the University of Zimbabwe.”

“When he joined the Department of Mines in Malawi, he was assigned to man the Mines office at Mzimba as the first Regional Mining Engineer in the country and I was the Regional Geologist for the northern region based in Mzuzu. We, therefore, coordinated in many mining activities mainly related to small scale gemstone mining in wonderful joint efforts.”

“He worked very hard promoting the small scale gemstone miners by, among other things, training new comers in the industry.”

“We have also worked together when I was Deputy Commissioner for Mines when we coordinated a lot of activities; the notable ones being the formulation of a draft Mining policy and revision of the Mines and Minerals Act. Till his death he has been both my professional and social friend. I will greatly miss him. May his soul rest in eternal peace.”

Seasoned geologist and former Principal Secretary for the Ministry of Mining, Leonard Kalindekafe, says in Wona, the country has lost a highly trained person who was humble and jovial.