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Oil search saga

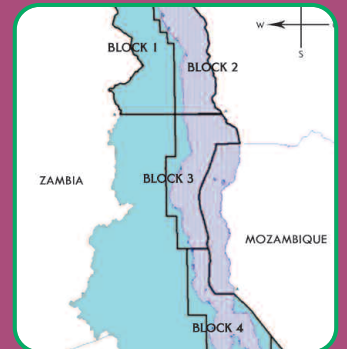
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By Our Reporters

Government, which has come under fire from civil society organisations for poor governance of the potentially lucrative oil subsector, has admitted flaws in the sector and has quickly moved in to undertake several reforms which include review of the laws and regulations governing the sector, renegotiation of petroleum sharing agreements with tenement holders, demarcation of new prospecting blocks and a possible re-demarcation of the existing six blocks which are deemed too large. *Stories on pages 3, 5 & 7*



Offshore oil drilling rig: Will Malawi have one soon?

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Draft petroleum policy in place

• Govt admits flaws in oil sector governance

By Deborah Manda

Government says it is formulating a new policy to govern oil exploration and production activities in order to ensure that petroleum resources that may be found in the country are exploited for the benefit of the current and future generations without compromising on the sustainable management of the environment.

Minister of Natural Resources, Energy and Mining Bright Msaka, whose ministry has been blamed by civil society organisations for governing the subsector without adequate legal framework, admits that there have been flaws in the management of the industry which have prompted his ministry to take action.

He explains that, among other things, the government's overarching strategy, the Malawi Growth and Development Strategy (MGDS), whose goal remains wealth creation and reduction of poverty through sustainable economic growth and infrastructure development, does not mention the utilisation of petroleum resources to attain such strategic goal.

"Although the MGDS II isolated nine key priority areas, one of which was energy generation and supply, there was no direct mention of development of petroleum resources to attain that strategic goal," says Msaka.

He says in the same vein, the National Energy Policy (2003) does not elaborate much on upstream petroleum subsector leaving much to imagination and discretion.

Msaka says: "The Policy does not specifically mention the petroleum resources in the energy mix, but uses liquid fuels as a generic term to encompass all liquid sources of the energy."

"The problem with this approach is that it lumps together the upstream petroleum with biodiesel, ethanol, coal-bed methane and biomass in the development planning and strategy, so this sectorial policy is meant to fill this gap. When the current National Energy Policy will be reviewed and revised, this policy will be integrated within the revised energy policy."

He says it is important to put in place an appropriate upstream petroleum policy in anticipation of petroleum finds as Malawi, just like other countries straddling the East African Rift Valley system, is now a prime target for oil prospecting firms.

"The country needs to have a stable and attractive policy and establish legal, regulatory, contractual and institutional frameworks for the regulation and sustainable management of petroleum resources to ensure that the country benefits from these resources and is able to deal with challenges associated with exploiting them," he says.

Principal Secretary for the Ministry of Natural Resources, Energy and Mining, Patrick Matanda, explains that the development of the new petroleum policy started with a situational analysis of the oil and gas sector in the country with assistance from the Economic and Legal Section

of the Commonwealth Secretariat, and through this analysis, the problems and gaps were identified which assisted in the drafting of the policy.

He says the draft policy was formulated through reviewing of policies from other countries, particularly those sharing similar geological setting as Malawi, and extensive consultations with various stakeholders that included other government institutions, local authorities, private oil companies, civil society organisations and the academia.

He says: "It should be acknowledged that successful implementation of this policy will require all the stakeholders to play their role. The Ministry of Natural Resources, Energy and Mining will provide overall leadership, oversight, guidance and direction to ensure successful implementation of the policy. This policy will assist the Ministry to develop appropriate legal, regulatory and institutional framework for the upstream petroleum sector. The Ministry will prepare a strategic plan for the implementation of the policy."

The draft policy recommends that much work needs to be done to investigate oil and gas occurrence in Malawi because insufficient exploration work done in the Lake Malawi region has heightened uncertainty regarding its petroleum resource potential and invariably discouraged investments in the Malawi upstream petroleum sub-sector.

"With the absence of a coherent upstream petroleum policy and strategic action plan as well as inadequate legal, regulatory, contractual and fiscal framework for petroleum exploration and development, it was doubtful that investors would be willing to risk scarce exploration capital in a largely unknown and poorly developed legal and institutional setting," it says.

It says without a clear-cut policy in place, the current institutional set up of the petroleum sub-sector will face a lot of challenges in terms of management, operational and functional performances.

The draft policy also calls on stakeholders to provide training opportunities for government personnel working in the oil exploration subsector.

"Significant training and other capacity building efforts will have to be undertaken in order to enable the existing institutions effectively carry out their different roles and mandates as this sub-sector needs qualified people," it says.

Matanda explains that the adoption of the new policy will assist the government to deal with the issue of lack of trust by the general public in the governance of the petroleum sub-sector including licencing procedure, entering into petroleum sharing agreements and, management of revenues coming from the petroleum sub-sector.

The draft petroleum policy also says there is, currently,



Msaka: Govt taking action on flaws



Matanda: Stakeholders should play their role

little clarity on the link between the legislative, regulatory and contractual articulation of the fiscal regime and there is not enough evidence to suggest stability of the fiscal terms negotiated with government in the Petroleum Act.

The fiscal provisions are also unclear with respect to natural gas so there is significant uncertainty in the application of the fiscal regime as all fiscal elements appear open to negotiations which implies that potential investors cannot predict the fiscal regime they will face.

"The fiscal regime lacks a progressive fiscal element to enable the host country to capture a fair share of the economic value generated by the petroleum projects under a wide range of economic circumstances," states the draft.

The draft policy, therefore, calls for the development and standardisation of a transparent fiscal regime for upstream oil and gas operations which attracts investment and generates revenue for the people of Malawi.

It also recommends that the government develops competitive petroleum tax laws that complement existing laws and clarifies and harmonises upstream petroleum fiscal terms across all licences and agreements in order to ensure a transparent and level playing field for all entrants into Malawi's upstream oil and gas plays.

The draft policy says the government shall develop a progressive fiscal regime that imposes an internationally competitive level of fiscal burden for marginally profitable operations and ensures an increasing level of fiscal revenues to the government of Malawi as profitability of the operation increases.

"The government shall ensure stability of fiscal provisions through clarifying the fiscal tools in the legislation and regulations and creating in-built progressive mechanisms in the fiscal regime, develop a clear fiscal regime for natural gas operations, minimise the risk of transfer pricing through the imposition of arms length restrictions on transfers, reduce the number of fiscal elements open to negotiation, reduce ministerial discretion for the deferral or remittance of fiscal payments, hire or train accountants specialised in petroleum taxes and ensure and maintain coordination with other stakeholders with roles to play in the administration of the fiscal regime," it says.

A recently released report by a civil society grouping, Oxfam, lambasts the government for promoting oil exploration in the country in the absence of a clear policy framework ■



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EYE ON MALAWI'S EXTRACTIVES

With Rachel Etter Phoya



How can we improve the way we manage our mining, petroleum and forestry sectors?

-10 recommendations from Malawi's first EITI report

At the end of April, Moore Stephens submitted the final version of Malawi's first Extractive Industries Transparency Initiative report to the Multi-Stakeholder Group. Over the last two months I have shared the top ten insights I gleaned from the report and the questions I have after reading the report. In the final column in this series, I explore ten recommendations made to improve our natural resource management.

These recommendations are based on the report and all government entities as well as representatives from private sector and civil society had a chance to comment on the report.

1. Department of Mines should monitor minerals produced at each mine

'Data on mining production is unreliable' because the government depends on company declarations and the Department of Mines database had 'significant gaps'. The Department of Mines needs its own procedures and system for collecting and monitoring production data especially because it affects the payments companies owe government, such as royalties.

2. Improve licence register and publically-accessible data on extractive industries

The Department of Mines is introducing a cadastre, which is a great development if managed well. However, at the time of data collection (three months ago), there was no integrated system or system to share information between the Malawi Revenue Authority (MRA) and the Department of Mines on companies that hold a licence. As a result, several licence holders have not registered with MRA. Some of the licence holder names were written incorrectly in the Department of Mine's records and for several licence holders contact details were not available or up-to-date.

Some information from the cadastre is already online <http://portals.flexicadastre.com/malawi/>, but the Department of Mines website has not been updated since 2014. According to the MWEITI report, the tax payer identification number was not included alongside the companies in the register, the status of a licence did not always reflect reality, and some licences were not included. For example, Mota-Engil Engenharia is reported to hold an active licence ML0205/13 in Bunda, but the licence was not included in the cadastre.

3. Publish statistics and information on the extractive industries

Again, another recommendation on data and information. The MWEITI Independent Administrator had to primarily rely on the government's Annual Economic Report, but some of the information – such as on employment – was from an outdated report. It was even more challenging for forestry because it is grouped with agriculture and fisheries in terms of its contribution to GDP. To improve this, the responsible departments in coordination with the MWEITI Secretariat should update annually information on 'the industry potential, the contribution to the economy, the strategy for the sector, relevant events and facts, current regulations and upcoming changes, amongst others'.

4. Decentralise cadastral system for the Department of Forestry

The Forestry Cadastre Administration System was introduced in 2013-15 to ensure all forestry rights applications and their subsequent approval, associated payments and monitoring are managed electronically. At present, this is only being used for export licences and permits at the Department of Forestry's headquarters. Regional and plantation offices need to be linked to the system to ensure licences, certificates,

agreements, permits, rights, and payments all go through the system. If this is done, data would be available from across offices and Malawi's plantations.

5. Update the Petroleum (Exploration and Production) Act

There are many reasons this legislation should be updated and to its credit the Government has restarted the process of developing a Petroleum Policy ahead of a review of legislation. In the meantime, challenges remain, including Section 78 that stipulates royalties may be paid in kind at the discretion of the Minister.

6. Make the awarding process for licences more transparent and robust

Significant discretion lies with the Minister to award and allocate rights to solid mineral, petroleum, and forestry resources. The legal framework does not include technical or financial criteria to assess applications against and there are no requirements to award contracts through a tendering process or to advertise requests for proposals (the much awaited Mines and Minerals Bill addresses this). The Petroleum Act in particular does not provide conditions or minimum requirements and does not regulate contents of agreements. The legal framework should include model agreements for all resources as guidance. The government currently has a draft, incomplete model Production Sharing Agreement for petroleum although three agreements have already been signed for half of the petroleum exploration blocks in Malawi.

7. Improve Department of Mines and Forestry's collection of revenue

Government may be losing revenue because of shortcomings in control and monitoring that may lead to tax evasion. As an example, the report says that Mota Engil Ltd has over eight mining licences and pays royalties on only one because it is exempt on non-commercial licences used for government infrastructure projects, such as road building. However, the Department of Mines 'has no means of ensuring which quarried products are being sold for commercial purposes from those being sold for Government projects' use'. To improve this, the Department of Mines should carry out a desk review of all ground rent payments that are outstanding, enquire about non-payment of royalties on active licences, perform spot checks to review level of activity and assess genuineness of declarations made by companies, and annually audit amounts declared. In the forestry sector, the Director of Forestry can waive fees or royalties, which may lead 'to a lack of traceability, transparency and accountability'. Instead, a committee, made up of representatives that have no direct connection to the forestry sector, should oversee a decision to give a waiver.

8. Apply good accounting practices and carry out bank reconciliations

5,900 and 11,300 receipts were reported by the Department of Mines and Forestry, respectively. All of these are stored manually and there were some weaknesses as a result. In some instances, the receipts did not include the identity of the person/entity making the payment. The Department of Forestry reported total revenue of MWK 1,286,783,000 but was unable to provide details of taxpayer names for payments amounting to MWK 342,419,653 (about one quarter). The departments need to make sure accounting records are updated on a daily basis and reconciled with bank accounts – any discrepancies found must be investigated and resolved.

9. Improve our implementation of the Extractive Industries Transparency Initiative

To ensure accuracy of the data companies and government submit, the revenue information should be certified by an external auditor or the Auditor General. This certification was not done for most companies and all government entities. All government entities submitted information after the MWEITI deadline and the MRA and Department of Mines were not able to respond to queries raised in the reconciliation in part due to capacity and system shortfalls. The report points out that MRA's lack of reported payments was because the relevant receipt could not be traced, the receipt had been issued manually but the system had not been updated, or the receipt was 'simply unavailable'. Almost one-quarter of the 23 companies did not comply and another quarter submitted their information late. This can also be attributed to the short timeframe given to entities to report and points to the need for improved and consistent engagement by the MWEITI Secretariat with all stakeholders.

10. Introduce EITI reporting regulations

EITI reporting is voluntary, but many countries have made it mandatory. MWEITI is exploring how to do this at present. It should include placing obligations on extractive companies and government entities including the level of disaggregation of data, realistic time frames to submit information, and sanctions for non-compliance or false declarations, such of taxes or production volumes.

Take a look at Malawi's first EITI report here: <https://eiti.org/document/malawi-eiti-report-20142015> ■



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EDITORIAL



BY MARCEL CHIMWALA, PUBLISHING EDITOR

It will be absurd for govt. to tamper with oil tenements

It is good news that government has admitted that there is no adequate legal framework to govern the oil exploration subsector and is now working on reforms for the sector including the development of a policy which will be followed by amendments to the Petroleum (Exploration and Production) Act 1983.

As the Ministry of Natural Resources, Energy and Mining says, it is indeed important to develop a new policy to govern the sector because it cannot continue to use the National Energy Policy (2003) which does not elaborate much on the upstream petroleum subsector leaving much to imagination and discretion.

Worse still, the energy policy does not specifically mention the petroleum resources in the energy mix, but uses liquid fuels as a generic term to encompass all liquid sources of the energy thus lumping together the upstream petroleum with biodiesel, ethanol, coal-bed methane and biomass in development planning and strategy.

We, therefore, support the government's move to develop the policy and want to appeal to the general public including civil society groups which are always vocal on issues to do with oil resources to offer their contributions to the government on the development of the policy.

It is also a welcome development that the government has planned to review the Petroleum Act regulations which will result in the demarcation of new oil prospecting blocks to be auctioned to oil firms.

We feel auctioning of the blocks is the right way to go because it reduces suspicion of corruption in the award of licences, and the auctioning process also generates income for the government.

However, while we welcome the demarcation of the new blocks, we are against suggestions from some quarters in government that the current blocks are too large and need to be re-demarcated.

We feel such suggestions if implemented will disturb the tenement holders who have just resumed work after a lengthy suspension of oil exploration activities by the Peter Mutharika administration.

We also feel such disturbances will be costly on the part of the investors as the case was with the suspension of exploration effected in 2014.

The government does not have to be too much excited on oil exploration in Malawi to the point of scaring away investors.

We have to understand that Malawi is just lucky to have serious investors in the oil search subsector as it is an untested investment destination for global investors in the sector.

In competing for foreign direct investment with other countries regionally and globally, the other disadvantage that Malawi has is that it is landlocked which makes it expensive and sometimes even difficult for companies to mobilise for exploration activities.

It could also become more difficult or expensive for companies to transport the oil if it is discovered thus taking into account the prevailing low oil prices on the world market.

We, therefore, urge the government to treat the investors with caution because serious investors may become frustrated and pull out of Malawi which could be scaring to other investors interested in Malawi.

Suspension of exploration, renegotiation of contracts and re-demarcation of blocks already held by investors will not help in putting the country on the map as an investment destination of choice. It will, therefore, be absurd for government to tamper with existing oil tenements ■

Malawi plans to demarcate more oil prospecting blocks

By Marcel Chimwala

The Malawi Government has planned to demarcate more oil exploration blocks to be awarded to multinational oil prospecting firms through a bidding process.

Malawi already demarcated six oil exploration blocks which were awarded to different firms with Block 1 held by South Africa's SacOil Holdings, and UAE based Hamra Oil holds the licence for Block 2 and 3, Rak Gas MB45 for Blocks 4 and 5 while Pacific Oil acquired the licence for Block 6.

Head of Oil and Gas Section at Malawi's Ministry of Natural Resources, Energy and Mining, Cassius Chiwambo, says due to growing enquiries from a number of multinational firms to prospect for oil in the country, the Ministry has embarked on a process to review the country's regulations governing the petroleum sector to allow the demarcation of the additional blocks.

Chiwambo says: "We have planned six visits to demarcate new blocks to conform to the proposed laws and cadastre system's requirements."

"We have also planned three meetings to review the new blocks and any changes introduced to the existing ones (if any), and presentation on the tenement maps."

There have been concerns from some government officials that the current six blocks will also need to be re-demarcated because they are too big.

Chiwambo says such concerns will be looked into

when the government comes up with a new policy and regulations to govern the sector.

Exploration for petroleum in Malawi dates back to the 1980's when US's Duke University conducted a ship borne seismic survey over Lake Malawi, which was sponsored by over 10 international oil companies including giant multinationals Shell B.V., Mobil and Placid.

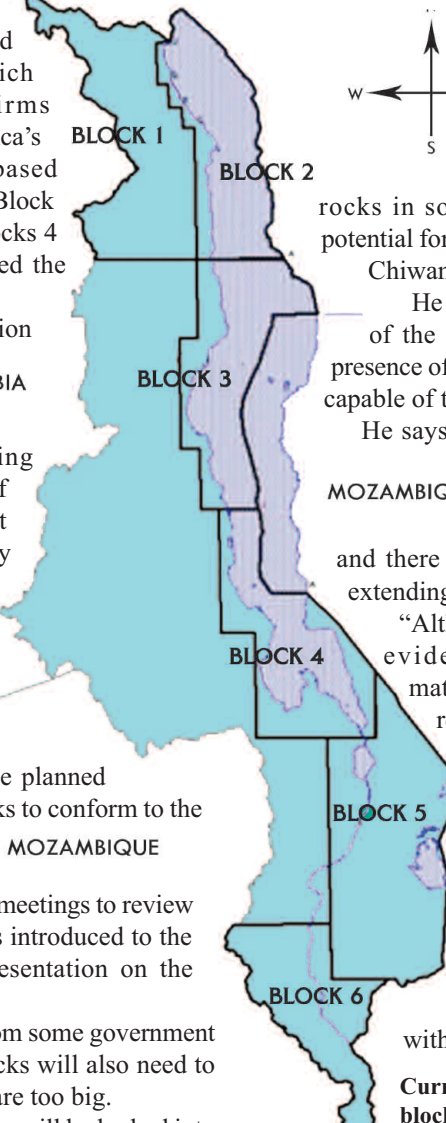
"The results of this research work indicate that there are thick sedimentary rocks in some parts of the lake-bed with potential for hydrocarbon accumulation," says Chiwambo.

He explains that based on the results of the University's research; there is a presence of large structural features which are capable of trapping migrating petroleum.

He says in addition, there is evidence to suggest that potential reservoir rock is being deposited locally along the lake margins, and there is a possibility of such deposits extending into the lake.

"Although there is lack of geological evidence to demonstrate thermal maturity and a potential for source rocks, it is plausible to consider the petroleum potential of Malawi as good," says Chiwambo.

The oil discoveries in lakes in Chad, Sudan, Kenya and Uganda, which form part of the East African Rift system, have aroused interest by oil companies to explore for oil and gas in Lake Malawi which is also located within the same Rift system ■



Currently Malawi has 6 oil blocks as shown on the Map

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For Editorial inquiries

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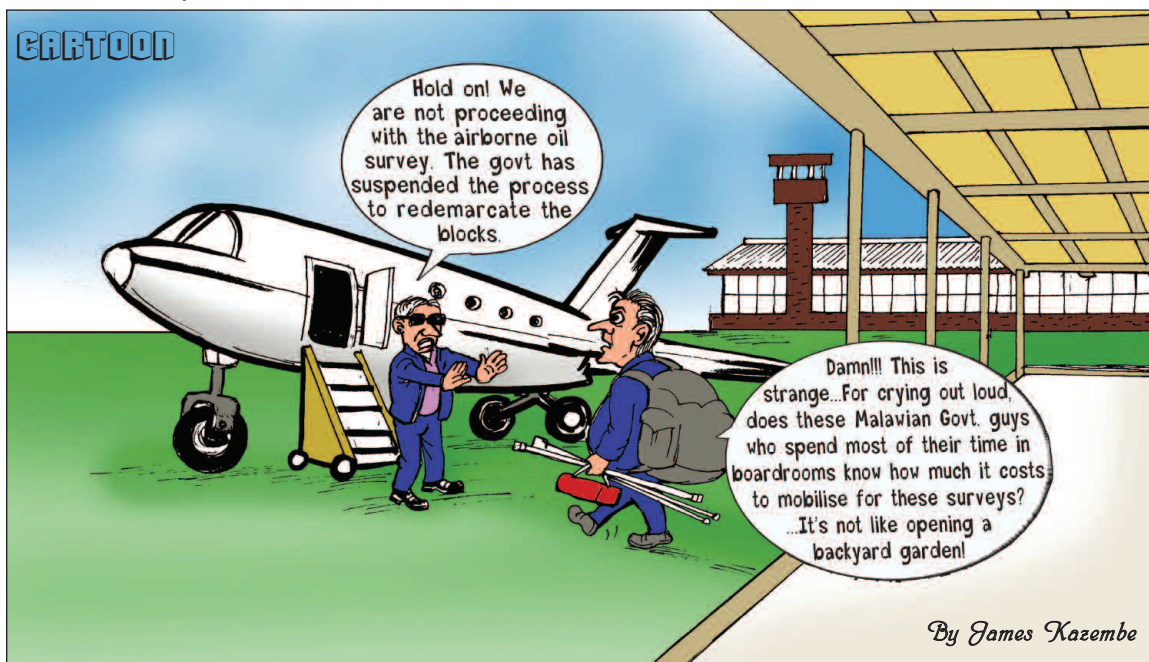
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TECHNICAL FILE

by Grain Wyson Phillip Malunga FIMMM
Mining and Environmental Management Expert

MINERAL POTENTIAL OF LOWER SHIRE AREA

Abstract

The Lower Shire Area is endowed with mineral resources associated with sedimentary deposition and remobilisation of ultrabasic intrusions. Main minerals of interest are nickel-copper-chrome, gold, uranium and; oil and gas. Corundum is hosted in biotite nepheline syenites while agate is hosted in Karroo basalts.

Introduction

The Lower Shire Area consists of Shire-Zambezi Karroo outcrops in west of the Shire River and charnockitic granulite gneiss along the Thyolo Escarpment. The Shire River valley is underlain by recent stretches of alluvium and colluvium. These sediments may be lying under Karroo formations which lie on Precambrian basement rocks. The Rifting System triggered volcanic activities that brought about intrusion of basaltic lavas which were later followed by dolerite sills and dykes. Hydrothermal activity led to intrusion of siliceous and calcareous vein rocks along faults and joints (Figure 1).

The basement rocks contain mineral resources such as agates in Karroo basalts, gold, nickel-copper-chrome in metapyroxenites, titanium minerals in anorthositic gneisses and limestone. The Karroo sedimentary rocks host coal and uranium. Recent alluvial and colluvial clays and sands host titanium minerals.

This paper is a compendium of mineral resources of the Lower Shire Valley. It aims to bring new interest in mineral resource exploration in light of recent airborne geophysical survey.

Salt

Salt has been traditionally been extracted around Nchalo and Nkhate Chikwawa. The saline brine is scooped on the surface of the soil and dissolved in water before filtration and evaporation through low heating or sun evaporation. This industry can be a candidate for poverty alleviation through technology support.

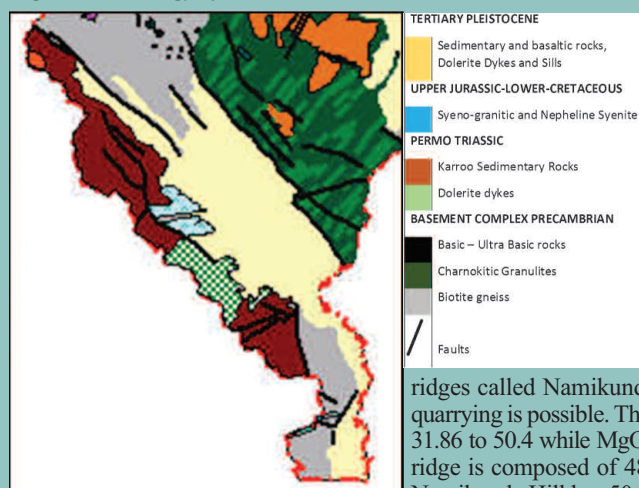
The water from which salt is extracted is rich in Na-Cl, HCO₃-Cl and Ca-HCO₃ with electrical conductivities of up to 17500 minhos/cm. The source of the water is believed to be from cretaceous Lupata sediments because surface water contains 15 -27 ppm Na while ground water contains 120 -3035 ppm.

Titanium and Iron Ore

The Tengani area between Chiromo and Nsanje host titanium and iron in form of heavy mineral sands and lenticular bodies of ilmenite, magnetite and rutile in quartzite ore bodies. Significant deposits have been observed at Naminjale, Chiradzulu and Nkhate. The streams around these areas contain garnet, rutile, zircon and ilmenite sand.

Recent work (Crown Minerals, 2006) has shown that the alluvial and eluvial deposits with a grade of 4.4% ilmenite, 0.83% rutile and 0.2% zircon exceeds 180.0 million tonnes. The Tengani area is estimated to have over 800.0 million tonnes of heavy mineral sands.

Figure 1: Geology of the Lower Shire Area



Marble

Marble is metamorphosed limestone. The same word is commercially used for sedimentary and other rocks that can be polished as ornamental stone. Common inclusions are graphite and diopside. Malawi has several significant metamorphic limestones within the basement complex.

Numerous marble bands exist in the area near Makoko village. There are two main ridges called Namikunda and Nyamitambo from which quarrying is possible. The marbles have CaO varying from 31.86 to 50.4 while MgO varies from 0-21.7. Nyamitambo ridge is composed of 48.9 % CaO and 0 % MgO while Namikunda Hill has 50 % CaO and 0 % MgO.

Vein Calcite

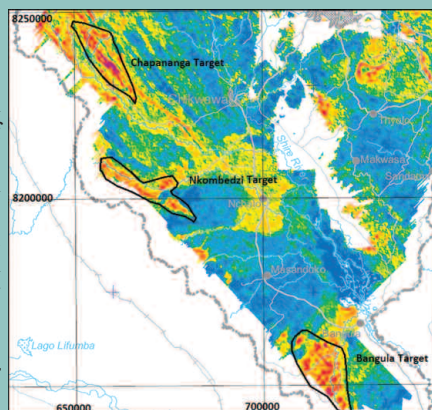
Vein calcite occurs up to 6 meters thick in the vicinity of Panga Fault (Habgood, 1963). This is pure and can support a reasonable lime industry.

Radioactive Minerals

Davidite seems to be a source of U₃O₈ (uranium) and some rare earths (Yt, Ce and La) in quartz-feldspathic granulite along north of Mwanza fault west of Tomali. Further work was recommended by Habgood, 1963, to establish economic importance of this mineralization.

Recent geophysical survey has revealed several uranium anomalies and major ones are shown in Figure 2. These are associated with sedimentary basins.

Figure 2: Uranium Exploration Targets of the Lower Shire Valley (Source: Geological Survey of Malawi)



Nickel-Copper-Chrome

This association of minerals has been observed on Ngala Hill near Mapelera. The mineralization is in Metapyroxenite, pyroxene amphibolite and hornblendite. A number of trenches dug by Placer Dome in 2000 showed encouraging results potraying 12 m @ 3 g/t PGE+Au and 70 m @ 1.12 g/t. The average trench depth was between 1.5 m and 2 m and sampled material consisted of saprolite. Some copper mineralisation is associated with malachite coating along cleavages and interstitial sites.

A significant copper mineralisation is present on Namikunda Hill at Makoko in Nsanje. This is believed to be stratabound and shows secondary copper carbonates (malachite and azurite) on the surface. The primary copper is associated with pyrrhotite.

Gemstones

The Karroo extrusive rocks (basalts) are exposed South of Ngabu, west of Sorjin and West of Bangala extending to the Mozambique border. These volcanic rocks cover an area of about 1000 square kilometers. The basalts are host to gem quality chalcedony including blue agate, chrysoprase (green), variegated agate, and carnelian (pink-red). The chalcedony was formed from aqueous solutions by infilling of the cavities (amygdales) which formed in the upper parts of the basalt lava pile.

Green garnet and gem spinel have been found in the Makoko marble. Beryl (aquamarine) and corundum been found north of Wanga-wanga hill and Malawe Mountain between Chididi and Lulwe missions (Bloomfield, 1958).

Corundum is found around Makoko village in nepheline syenite and plumasite veins. This occurs in colluvial deposits as well as pegmatites.

Coal

The Lower Shire Valley area has two identified coalfields with indicated reserves of 20 million tonnes. These are Lengwe near Nchalo (10.0 million tonnes) and Mwabvinear Bangala (5.5 million tonnes). The coal is bituminous to sub-bituminous.

Previous studies have shown that these deposits have an average ash content of 51%, Sulphur content of 0.6% and a calorific value of 14.5% MJ/Kg. further work does not rule out low ash coal especially at coal seams that could be found at depth as these coal fields are linked with Moatize coal field in Mozambique.

Diamond Exploration Targets

Interpretation and processing of aeromagnetic data by Paterson, Grant and Watson Limited identified targets that exhibit kimberlitic signatures. These areas give potential for diamond discovery.

The Mwanza Ultra basic intrusive is located to the southeast of Chikwewo along Mwanza River. Modelling results reveal a shallow depth of burial estimated at 100 metres. Another intrusive is buried about 320 metres to the south of Mthumba fault.

Gold

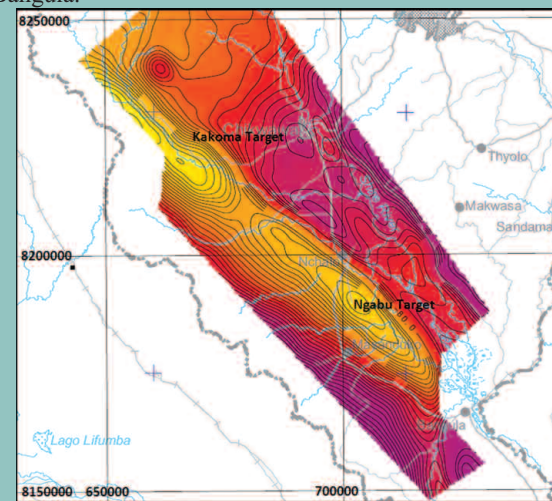
Previous geochemical exploration of stream sediments as well as recent geophysical surveys have revealed several exploration targets. These targets are usually underlain either by schists and granulites or marbles and calc-silicate granulites. The main sources of gold in these areas seem to be quartz veins and sulphide bands.

Targets requiring further work include Myovwe Hill near Chapananga, Ngala Hill near Mapelera and Nyamalambo Hill near Bangala.

Oil and Gas

Recent airborne geophysical survey has revealed areas with thick sediments greater than 2.0 kilometres around Nchalo, Chapananga, to the west of Mwanza Fault and Makhanga to the west of Thyolo Escarpment Fault. These depth are favourable for formation of oil and gas. Exploration drilling is highly recommended. Figure 3 shows oil and gas exploration targets in the Lower Shire Valley.

Figure 3: Oil and Gas Potential of the Lower Shire Valley (Source: Geological Survey of Malawi)



Conclusion

The Lower Shire Valley area offers for mineral resource development. It has fairly good infrastructure that can easily support access to Beira Port especially if the rail line can be rehabilitated to connect with the Tete line. Nsanje Port offers opportunity for an in-land dry port that can also support export of agriculture products such as sugar, rice, cotton and meat.

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Rural communities call for transparency on oil search activities

• as firms forge ahead with data interpretation on preliminary survey

By Deborah Manda

Rural communities in districts where oil exploration activities are taking place have called on the government to ensure that it updates them on the progress of the prospecting work in their areas.

The members of the community made the call during a consultative meeting on the Draft Petroleum Policy, which the Ministry of Natural Resources, Energy and Mining held in Mangochi.

The government has scaled up work on oil exploration following recent remarks by State President Arthur Peter Mutharika at the commemoration of the World Water Day in Mangochi recently that Malawi does not need to lag behind other countries in the region in its pursuit of oil wealth.

Among other activities, the government is developing the new policy to govern the sector and has been conducting consultative meetings with stakeholders in all the districts of the country.

"We want continued engagement with the government and oil firms regarding the oil exploration activities happening in our areas. It is an insult for us just to get the news from the media that our area was demarcated for oil exploration without first being consulted," said one of the

people during the consultations.

He also questioned the criteria the government used to come up with the six blocks where petroleum is being explored.

In his response, Consulting Geologist Charles Kaphwiyo said that they were looking at the geological aspect of Malawi in demarcating the blocks and areas that fall within African Rift System were prioritised during the demarcation process.

At the meeting, Dave Jambo, a geologist in the oil and gas section in the Ministry of Natural Resources, Energy and Mining assured stakeholders that the government will keep them informed about oil exploration and mining activities taking place in their respective areas.

Jambo said currently the government is conducting an interpretation of data from the Countrywide Airborne Geophysical Survey dubbed Kauniuni through a project dubbed the Geological Mapping and Mineral Assessment Project, and the data will be available to interested stakeholders including representatives of communities in prospecting areas.

He also assured stakeholders that government is open to further questions and queries on the draft petroleum policy and any pertinent issues to do with mining.

A representative of Mangochi District Commissioner, Anthony Zimba, thanked the Ministry of Natural Resources, Energy and Mining for including the people of the district in the consultations adding that "they hope their input will be incorporated in the final copy of the policy."

Meanwhile, following the government's lift of the suspension of oil search activities, tenement holders have resumed their prospecting activities.

Head of Oil and Gas Section at the Ministry, Cassius Chiwambo, told *Mining & Trade Review* that Hamra Oil Holdings, which holds the tenements for Blocks 2 and 3 mainly located offshore in the Northern Region, is currently mobilising to start onshore drilling to study offshore outcrops of oil formation.

Rak Gas MB45, which holds blocks 4 and 5 located both onshore and offshore starting from Nkhotakota southward to Mulanje, is reportedly studying data that it collected from the full tensor survey (FTG) which was executed before government suspended the activities in 2014 to review the licences.

Tenement holder for block 6 Pacific Oil, which failed to utilise the local presence of a plane hired by Rak Gas and Hamra Oil to conduct the preliminary FTG survey due to the suspension, is reportedly studying data collected from its licence area by the government through the Countrywide Airborne Geophysical Survey ■

Teveta to impart more ASMs with mining skills



ASM's in practical lessons at gemstone mine

By Deborah Manda

Technical entrepreneurial and vocational training authority (Teveta) has said that it will develop small scale miners by imparting them with skills and knowledge on sustainable mining practices as a way of assisting the miners to make more profits while sparing the environment from damage.

Speaking at Mzuzu Artisanal Mining Training Centre during the graduation ceremony for the first intake of miners who completed a two weeks training programme, Acting Chief Executive Officer for Teveta Wilson Makulumiza Nkhoma said his organisation is ready to support artisanal and small scale miners (ASMs) with training in proper ways of mining.

"One area that Teveta has not developed is mining because we believed that there were no minerals in the country, but now we want to expose ASMs to the best practices of mining that do not destroy the environment," said Nkhoma.

He said it was high time ASMs graduated from primitive mining methods which destroy precious stones in so doing reducing their prices on the market, and adopt modern sustainable mining practices.

During the ceremony the trainees asked Teveta to also provide the training centre with value addition equipment and in response the acting CEO said that Teveta will engage Ministries of Natural Resources, Energy and Mining and Industry and Trade.

"Value addition is very important in every trade and we are going to look into that with relevant Ministries but first we have to see high quality products that can compete internationally," he said.

Makulumiza commended small miners for their interest to make use of the training centre to develop professionally.

"The Department of Mines and Geological survey also have done a commendable job in the opening of the centre as they are offering their technical expertise to small scale miners," he said.

Nkhoma therefore urged the trainees who had

completed the training to put into practice the skills and knowledge acquired.

Teveta Service Centre Manager for Northern Region Conceptor Kachoka said she was happy that their dream of opening a mining training centre has materialised.

"This is just a tip of the iceberg. Other modules are coming. There is a need for a fully fledged workshop with a lot of equipment so that trainees can learn how to add value to their minerals, and part of it is already in our budget," said Kachoka.

Kachoka added that they decided to come up with the training centre as they noted that small scale miners were not using proper methodologies of mining which was contributing to environmental degradation.

Chief Mining Engineer in the Department of Mines responsible for the North George Maneya, who is also the coordinator for the training centre, said the training taught the miners skills in the exploration and mining which will help them grow economically as they will now be able to spend less energy to identify targeted minerals.

"We taught them geology, mining and the environment and now they can spend less to identify a mineral deposit," said Maneya.

Maneya said it is now imperative for the miners to adopt mechanised mining and asked the miners to work with the Mines, Geological Survey and Environmental Affairs Departments to source funds for the advanced equipment.

As part of the course, Maneya said the miners were schooled on the requirement is to fill the pit after mining because if the pits are not filled they pose a great danger to the environment and the community.

Chairperson for Mzuzu Artisanal Training Centre Jerrifton Gama who was also a trainee thanked Teveta for the initiative saying it will contribute a lot in developing the ASM sector.

"Trainees came with the interest to learn the skills and knowledge of mining. Now they know how to open a pit and the case is not like before when miners were just mining anyhow which was very expensive and environmentally unfriendly," said Gama.

Before graduation day when the trainees received their certificates of attendance, they had a field day to Katcheni mine in Kafukule in Mzimba where they went through practical lessons.

The Mzuzu Artisanal Mining Training Center is housed at the Department of Mines in Luwingu ■



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Shayona cements relationship with KU communities

... builds a K2.1 million house for Senior Group Village Headman Mwimila

By Chiku Jere

Shayona Cement Corporation has strengthened its relationship with Kusungu East communities by donating a house to Senior Group Village Headman Mwimila, in a gesture the company describes as a token of appreciation for the hospitality and good relationship it enjoys in the area which hosts its factory plant and limestone mine.

The donation is part of the company's corporate social responsibility programme which has an annual budget of K30million, catering for several projects including construction of school blocks, bridges, boreholes, and provision of education bursaries, medical drugs and other health facilities.

The two-bedroom house was officially handed over to the communities by Shayona officials through District Commissioner for Kasungu James Kanyangalazi who was visiting the factory for the first time having been transferred to the district a few months ago.

The DC praised Shayona for the house as well as the investment which he said is not only benefiting the people of Kasungu but the nation as a whole.

"Before I came here I thought it was just one of those most pampered investments which has nothing to show on the ground only to discover that it is indeed 'a mini city in the bush', whose infrastructure, even beats by far that of some districts' headquarters," said the DC.

He described what Shayona is doing as a long lasting venture which will benefit several generations in the area.

Kanyangalazi described Shayona's CSR programme as exceptional, owing to the fact that it benefits rural communities not authorities, and it tackles essential elements such as education, health, and environment.

He advised the communities to maintain and guard jealously the good relationship they have with Shayona for continued enjoyment of the benefits.

"You can take advice from elsewhere on how to handle issues to do with Shayona but you should assess it first to find out if it is helpful to your cause. Make sure that whatever advocacy you do should not disturb the good work that Shayona is doing here or you will end up losing and regretting," he said.

The DC then pledged to take necessary action to address the problems that are impeding smooth operations of the company including the poor condition of the 28km Mwimila Road leading to the factory, which is also important to farming communities who use it to transport produce to



DC (left) officially handing over a house to SGVH Mwimila in green hat franked by wife, T/A Wimbe (in red helmet) and Shayona's Mvula in spectacles

the market.

Before the house handover ceremony, Kanyangalazi was taken through a tour of the factory where he appreciated the Shayona project.

In an interview after the day's events, Shayona's Administrator Spencer M'baka explained that the company is heavily investing in CSR because it feels duty-bound to Malawi people, who are the ones who make the company thrive.

"We are talking about the communities surrounding our factory as well as Shayona cement customers across the country, these are the major contributors to the growth of Shayona and the company owes them much appreciation," he said.

He said the company is happy that its CSR initiative has brought happiness to the communities, gauging by the jubilation and dancing that spiced the presentation ceremony.

Meanwhile, Shayona is making strides with plans to open a new mine as the current Rivwezi mine is almost exhausted. The new mine site whose concession area covers 200 hectares is located in the same jurisdiction of T/A Wimbe but at Chikowa Village, which neighbours Mwimila.

Shayona Factory Human Resource and Administration Manager Austin Mvula disclosed that the company has already compensated community members who have been relocated from the area where the new mine will be



Dancing for house: jubilant SGVH Mwimila's subjects



DC: guard the relationship with Shayona jealously



M'baka: Shayona feels duty-bound to help those that make company thrive

opened.

"They are all happy with the handsome compensation they have received and they all feel they are part and parcel of this investment and development in their area," said Mvula, whose sentiments received backing from Group Village Headwoman Chikowa who confirmed her subjects received 'huge' sums of money, ranging from MK2million to MK6million, depending on piece of land one forwent.

So far, Mvula said the company envisages brighter future of their investment, particularly with the cooperation they are getting from the communities.

Projections indicate that the current Rivwezi mine plus the new Chikowa mine have combined limestone deposits that will sustain Shayona's cement production for an estimated period of 50 years ■



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