

TANZANIA CHAMBER OF MINES

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Taking Stock

CHAMBER'S INAUGURATION

Seven years ago, November 1994 the Tanzania Chamber of Mines came into existence after a long period of consultations among key stakeholders including mining and exploration companies, Ministry of Energy and Minerals and individuals involved in minerals exploitation.

The Chamber was formed primarily to represent, protect and foster the common interests of private sector players in the mineral sector particularly those of its members and to generally promote the mining industry in the country following Government's resolve to liberalize the economy placing mineral development in private hands.

In his keynote speech during the launching of the Tanzania Chamber of Mines on 22nd November 1994, Hon. Lt. Col. Jakaya Kikwete (MP), the then Minister of Energy and Minerals said, *"It is now well known that the Government has decided to disengage itself from direct production and business undertakings. The increasing participation of the private sector in the mining industry is the positive outcome of*

these changed policy directions. However, placing the mineral wealth of the country in the hands of the private sector will be more acceptable and meaningful to the people of Tanzania if such a sector shows itself to be responsible and aware of its social, technical and economic responsibilities".

Today the Chamber has grown and is being recognized as a critical link between the industry and public as well as the government. The Chamber has currently nearly fifty members cutting across the entire spectrum of mining industry players such as service providers, exploration companies, gold producers and individuals and small scale miners owning mineral rights.

Since its inception the Chamber has performed various important tasks and responded to challenges of an evolving and rapidly developing mineral sector. This Newsletter, coined as "Taking Stock", is devoted to reviewing some of the key activities that the Chamber has undertaken during the period. Let us look at some of these.

CHAMBER'S INVOLVEMENT IN VARIOUS LEGISLATIONS

THE MINING ACT 1998

The Chamber was fully involved in the formulation and review of the Mining Act 1998 before it was promulgated. Various key stakeholders gathered in Arusha in November 1997 to review and deliberate on the Mining Act prepared by Transborder, a renowned mineral consulting company. This resulted in the Mining Act 1998 being regarded internationally as amongst the most modern, comprehensive and rational in Africa. The Act has consolidated the regulatory regime of the sector and has addressed the investor concerns to the extent that it has resulted in confidence building to both local and foreign investors. One of the most appreciated changes by small miners has been the provision which allows for the easy transfer of licenses thereby facilitating joint ventures and the use of licenses as a basis for sourcing financing.

Fiscal terms for the mineral sector

In June 1997 the Chamber submitted to the Ministry of Energy and Minerals a document in response to the the Minister's statement on fiscal terms for the mineral sector. The response which contained members' views was largely responsible for what is contained in the fiscal regime for the mining sector.

During the same period the Chamber made an appeal to the Minister of Finance against the charging of 30% withholding tax on payments of professional and technical services required for mineral exploration. The appeal in essence propounded on the negative impact this would have on investors in exploration bearing in mind that mineral exploration is the precursor of development of new mines. The appeal was heard and today there is no such thing as 30%WHT but 3%.

LONDON INVESTMENT CONFERENCE ON TANZANIA

A successful conference under the title of "Tanzania: The Opportunities for Business in the Mineral Sector", was held at the Four Seasons Hotel in London on Tuesday 28th October 1997. The Minister for Foreign Affairs and International Relations, Hon. Lt. Colonel Jakaya Kikwete led the delegation and delivered a keynote speech on behalf of H. E. President Benjamin Mkapa. This important event was

hosted by the Confederation of British Industry (CBI), in conjunction with the Tanzania High Commission, and sponsored by Standard Chartered Bank. The Conference focussed on promoting investment opportunities in the mining and petroleum sectors in Tanzania.

Chairman Mr. Samuel Lwakatara, who delivered a speech on exploration and mining activities and opportunities in Tanzania, represented the Tanzania Chamber of Mines.

The Minister for Energy and Minerals, Hon Dr, Abdallah Kigoda, in his speech to the conference, gave a detailed promotion of the Tanzania mineral sector. Other speakers included Hon. Samuel Sitta, Executive Director of the Tanzania Investment Centre, Chris Keljik, General Manager for Africa, Standard Chartered Bank, Mr. Michael Kenyon, President, Sutton Resources and Sir Clive Thompson, Deputy President of the CBI.

THE ARUSHA CONFERENCE MINING EXECUTIVES DIALOGUE WITH THE HEAD OF STATE

This meeting took place in Arusha between 11th and 12th February 1998. The nature of it was to provide direct dialogue between the President and Chief Executives of both local and international mining companies, a very rare occasion indeed. The theme of the meeting was "*Mining Industry in Tanzania, A new Engine for Growth*".

The meeting was organized by a number of institutions including the Chamber of Mines, which took a leading role. In his address to the gathering The President of the United Republic of Tanzania, His Excellency Benjamin William Mkapa said that the most important goal of the dialogue was to hear from the Chief Executives how best the Government can continue to improve the enabling environment to speed up investments in the mineral sector and to continue attracting foreign direct investment in the sector competitively. The President said, "We have began a dialogue, Let it be an ongoing one". In ending his speech His Excellency the President had three pleas;

- the first one being, please try, of your own free will, to work in partnership with artisanal miners that give up their areas of operation in favour of large scale miners.

- ❑ My second plea is on environmental protection and preservation.
- ❑ My third plea is you should consider yourselves part and parcel of the communities in which you operate. These are challenges to all of us to work together towards that Vision.

In recognition of the work done by the Chamber in making the Dialogue a success the President wrote a letter of appreciation which is quoted here verbatim.

"Dear Mr. Lwakatare,

I am writing to express my personal appreciation and that of the Government to you personally, and to Tanzania Chamber of Mines, for the support you provided to make the Dialogue with Chief Executives of Mining companies held in Arusha on February 11-12, 1998, a truly historic and successful event.

I am informed by the Minister for Energy and Minerals and his staff that your contribution was key to making the event not only possible but also very successful as well. Thanks to you and to our other supporters, I now believe our minerals sector is poised to assume its rightful role as a major engine of growth in Tanzania. It is for this reason that I would like you to share with the Government the sense of accomplishment that we all feel regarding this event.

I need not tell you that successful as the event was, *it only marks the beginning of a long and perhaps arduous journey towards the destination we all long for.* The only way we can all get there is by strengthening our relationship of partnership and dialogue that was so vivid in Arusha. I do hope that when the time comes for all of us to pull together to bring the mineral sector in Tanzania to another historic plateau, you and your organization will readily provide the same level of commitment and support that you have shown in this instance.

Once more, please accept my personal appreciation and thanks for your contribution in making the Dialogue such a great success.

Yours Sincerely

Benjamin William Mkaapa

PRESIDENT OF THE UNITED REPUBLIC OF TANZANIA. "

THE MERELANI TRAGEDY

"That Good Friday that never was"

It was on a Good Friday when everybody was preparing to enjoy the Easter Holiday on April 12th 1998 that disaster struck the Mererani gemstone mines in Arusha. Thick slurry caused by heavy rains washed in large volumes into the mining pits trapping 100 miners underground. The Mererani disaster was one of the worst mine accidents involving small-scale miners to ever happen in the country.

Soon after the news broke, the Chamber of Mines Council met to deliberate on possible rescue plans. Consultations with various members were done and assistance came quickly. Mine rescue team experts came from South Africa, electrician with cables, slurry pumps, surgical gloves, stretchers and six special mine rescue apparatus with independent air supply systems arrived at the incident.

The Chamber coordinated donations of nearly US\$ 8,000 from members that were used towards the rescue efforts as well as for offerings to orphans of the deceased.

CHAMBER MEMBERS VISIT TO TANZANIA HARBOURS AUTHORITY

At a time when mine development activities were in the offing the Chamber successfully organized a visit to the Port for its members on 4th June 1998. Members were able to see the Port's capability to handle goods of all types and also had the opportunity to give suggestions towards the Port's overall operations and organization.

PRESENTATIONS TO TRA ON VALUE ADDED TAX (VAT) AS APPLIED TO THE MINING INDUSTRY

The Chamber engaged with the Ministry of Finance and the Tanzania Revenue Authority in 1998 soon after introduction of VAT in Tanzania. The main thrust of the meetings were to have the dreaded 20% rate waived for mineral exploitation endeavours. These consultations which extended for a long time were finally concluded in favour of proposals put forward by the Chamber as evidenced by the VAT Act 1997 and subsequent amendments. This has resulted in

savings of millions of dollars which could be injected into further exploration. The implementation phase of VAT brought with it a number of setbacks to members especially long delays on refunds. The Chamber made various presentations through meetings and written submissions, to find solutions to this problem. This resulted in alleviation of the situation although much remains to be done. In financial year 2000/2001 a new system has been introduced. In this system companies are required to submit to TRA documents that are duly certified by a registered audit firm. However, while the system works, it is yet to be regarded as efficient.

CHAMBER HOLDS A NATIONAL MINING AWARENESS WORKSHOP IN MWANZA

The Chamber held a Workshop in Mwanza from 15th - 17th September 1999 as part of its mining awareness campaign in light of new developments in the mining industry and the need to involve the support of key stakeholders. The Guest of Honour was Hon. Dr. Abdallah Kigoda the then Minister of Energy and Minerals.

The major aims of the workshop were to bring together representatives from all interested stakeholder groups; the government, Regional and District heads, small - scale mining associations, Tanzania Revenue Authority, Natural resources officials, Members of Parliament, and executives from exploration, mining and services companies to discuss the problems affecting stakeholder and how they can be resolved to pave way for a more harmonious coexistence. In a nutshell the key aims were:

- ❑ To enlighten participants on what it entails to build a sustainable mining industry.
- ❑ To make participants more informed of the social benefits accruing from organized mining activities.
- ❑ To discuss some key issues that impinge on harmonious co-existence among the stakeholders and ways to resolve them so as to improve relations and hence conditions for sustainable development.
- ❑ To address environmental, safety and fiscal issues.
- ❑ To address issues facing the small scale and artisanal miners.
- ❑ To consolidate efforts and establish a process or consultative mechanism for future dialogue.

The workshop was held at the Bank of Tanzania Training Institute and attended by 136 delegates, including various multi-national exhibitors, making it a very well attended event.

Presentations were made from various speakers from the industry and on the second day participants went on field trips visiting two mines and artisanal diamond diggings.

In between, the participants toured exhibitors who displayed various articles and mining products.

In his opening remarks, Mr. S. L. Lwakatare - Chairman of Tanzania Chamber of Mines said that the country was beginning to witness the benefits of enlightened policies and legislation for the sector put in place by government. He pointed out that these important developments call for dialogue amongst all stakeholders. He further pointed out that unless this is done, conflicts suspicions or mistrust, insecurity and even fear will prevail to the detriment of development. The Chamber believes that such a forum would be the beginning of the dialogue addressing to the concerns of the stakeholders.

In his keynote address, the guest of honour, Hon. Dr. A. O. Kigoda (MP), Minister for Energy and Minerals said that unprecedented increased activities in the mineral sector have made local communities and the public at large become inquisitive and asking "*What's in it for us*". Judging from representation of participants in the workshop, he believed that it is the springboard to a better understanding of the concerns of stakeholders, which will ultimately lead to improved relations and smooth management of the mining sector in the country.

The Minister said that the government has decided through economic policy reforms to invite foreign investment into mining because of the need to attract global finance into this capital and technologically intensive risky mining industry. He urged mining companies to always maintain contact with Regional and District authorities through regular briefings on the progress and setbacks of their respective projects and the need to maintain good public relations strategy.

The Minister concluded his address by saying he hoped that at the end of workshop participants would see mining companies as agents of development rather than instruments of destruction.

Today as we recap on that workshop we see improvements in many fronts particularly in

dealings with TRA and other government departments.

DIALOGUE WITH CONTRACTORS REGISTRATION BOARD CRB

During the year 2000 the Contractor's Registration Board required all contractors working in mines to be registered with the Board. The implication of this move meant that contractors would be subjected to undue payment of exorbitant registration and annual fees. The Chamber felt that not only would this move fuel the already high cost of doing business in Tanzania but would subject contractors who by the nature of their activities are regulated under a different legislation.

It is for this reason that the Chamber held several meetings, made submissions to the CRB and organized a tour of their senior officials to major mining operations. It is the Chamber's hope that CRB will respond positively on the issues.

MEMBERS OF PARLIAMENT ENTHUSIASTIC ABOUT THE MINING INDUSTRY.

The Chamber was given an opportunity to address Honourable Members of Parliament on July 19th 1999, in Dodoma. The Seminar was chaired by Honorable Shelukindo (MP) and attended by 180 members of Parliament and thereafter the MPs were invited to a reception. Among the dignitaries were the Prime Minister and Speaker of the National Assembly.

In his keynote address, the Tanzania Chamber of Mines Chairman, Mr. S. L. Lwakatare told the members of parliament that Tanzania has provided one of the latest surprises in the world Mining industry emerging from amongst countries that mattered least a decade ago to currently becoming one of Africa's most attractive mineral investment destinations.

He pointed out that currently there are about 400 prospecting licenses compared to hardly ten licenses issued a decade ago, some mines are currently being developed when no viable mine was opened in the country for a period of nearly 30 years prior to 1995.

Now world class multinationals such as Anglo-American, Barrick Gold Corporation, Ashanti Goldfields and others are exploring and developing mines in Tanzania.

The MPs were informed that gold production will amount to one million ounces annually worth over 300 million US dollars (about 225bn/-) in exports once development of the major mines reach fruition.

In his presentation, the Managing Director of Geita Gold Project under Ashanti Goldfields, Harry Michael, told the seminar that mining development in Tanzania is taking place at a time when the price of gold has sunk to a 20-year record low, sending the world gold producing countries into crisis with the loss of thousands of jobs in major gold producing countries such as South Africa, Australia and the United States.

In his presentation, the Operations Manager of Resolute (T) Ltd. Mr. Tony Thornton told the MPs that construction of Nzega-based Golden Pride Mine, about 17 kilometers north of Nzega town, started in October 1997 and in November 1998 during the commissioning stage the first gold was produced and full production was achieved on 7th February.

CHAMBER'S ADDRESS TO TANZANIAN AMBASSADORS CONFERENCE

The Chamber of Mines was called upon to make a presentation to Hon. Tanzania Ambassadors on 23rd April, 1999 on a theme titled "*Tanzania's Energy and Mining Policies, the Role of Tanzania Missions*". The conference was held at the Silver Sands Hotel in Dar es Salaam.

The Chairman of the Chamber, Mr. S. L. Lwakatare who made the presentation pointed out to the ambassadors that the intensifying globalization of trade and investment meant a shift from political diplomacy to economic diplomacy. The Chairman hailed the diplomats drive in selling the country's geological potential and the improved investment environment which was being put in place.

The Chairman mentioned the policy objectives and challenges of the mineral policy as:-

- Stimulation of exploration and mining development;
- Raising the contribution of the mineral sector in the national economy, increasing

foreign exchange earnings and government's revenue and ensuring environmental protection;

- Regularizing and improving artisanal mining;
- Promoting mineral marketing arrangements.

In his address his main focus was on the first two objectives. Regarding the first policy objective he emphasized the need to aggressively promote the mineral endowment potential amidst competitors. He suggested to the diplomats that they would help in identifying useful meetings, conferences, exhibitions overseas and give the necessary support to those attending.

Secondly, he said, "we need to maintain a stable investment regime, undue revision of incentives could have a very adverse and possibly irreversible negative effects on mineral investment for a foreseeable future." The Chairman stressed the need for government to fully appraise the diplomats on policy changes to enable them convey such changes to mining houses or Chambers of Mines or associations in the respective accredited countries for decision making.

The Chairman ended his presentation by requesting the diplomats to assist in identifying market opportunities for gemstones abroad.

In response, the diplomats expressed confidence that the mining industry will grow in consonance with continued betterment of fiscal policies.

PRESIDENTIAL VISIT TO JAPAN AND SOUTH KOREA

The Chairman, Mr. S.L. Lwakatate was invited by the State House along with other businessmen to join H.E. The President Benjamin Mkapa on his entourage of Japan and South Korea as the mining industry representative. Through workshops and seminars, question and answer sessions conducted in those countries, the Chairman was able to enlighten the participants of the mineral endowment of Tanzania and the current developments in the mining industry.

TOUR OF MINING OPERATIONS, AN EYE OPENER TO SENIOR GOVERNMENT OFFICIALS

The Chamber organized a tour to major mining projects in Tanzania for a number of key senior

public officials from 23rd to 24th May 2000. The purpose of the visit was to give a perspective of the developing mining industry in Tanzania to civil servants who might not be fully aware of the nature of modern mining business.

The officials visited the Kahama Gold Mine, Geita Gold Mine, the Williamson Diamonds mine and the Golden Pride mine.

Undoubtedly, the trip served to increase the overall appreciation of the size, complexity, sophistication and international standards of practice adopted by the mining projects visited by the party. Some of the more significant issues raised are summarized below.

Environmental Impact and Management.

This issue was highly prominent at the Geita project, as an inflammatory press article had been published on the previous Wednesday 24th May. The article implied that the proximity of the Geita gold project to Lake Victoria and the use of sodium cyanide for gold recovery would *ipso facto* result in massive environmental damage to the Lake and the Nile watercourse from cyanide pollution once the mine starts production.

Explanations were given to the participants as to the nature of cyanide, its recovery in the process circuit, the facilities for safe storage, destruction in spent process water and overall control and monitoring mechanisms put in place, they were convinced that the environment was safe from mine pollution. This demonstration was backed up by the "live" example of cyanide use and control at the operating Golden Pride Mine which was visited the following day.

Civil security and policing in the mining areas

At Williamson Diamonds Ltd Mwadui operation, management revealed that mining operation and the town of Mwadui was under immediate threat of invasion from large squads of illicit diamond diggers and buyers operating illegally in and around the WDL lease. The concern of the management was that the situation called for intervention of regional authorities and police.

The issue of security was also raised at Golden Pride, where at one time an armed gang attacked the gold room. The impact on investor confidence that would occur in the event of repeated attacks without deterrent police action was discussed and acknowledged. The factors leading to these security issues were acknowledged to be several and complex,

needing action on several fronts. The relevant officials undertook to take up the matter immediately after the tour and today as we look back Williamson Diamonds have cleared the illegal miners and situation has improved.

Interaction with local communities.

At all four project sites, several examples were given of the benefits flowing to the communities surrounding the mining operations. Schools, community social welfare improvements, flourishing small businesses supplying the mine, and improved health facilities were all demonstrated to the party.

Involvement of Tanzanian-based companies in new mining ventures.

At WDL, a presentation was made by the Managing Director of Caspian Mining and Construction, a local company which has been awarded a 3-year contract by WDL to perform drill-blast-haul services to the mine. This contract was awarded in the face of international competitive bidding, and was held to be a good example of how a home grown Tanzanian business has succeeded in the new mining boom.

CHAMBER MEETS WITH INTERNATIONAL MONETARY FUND COUNTRY REPRESENTATIVE.

Chamber officials lead by the Chairman of the Policy Committee, Mr. Paul Fortin met with the IMF Resident Representative concerning IMF's intentions to review fiscal incentives given to the mining sector. This follows a report, the Zee Report that spelt out that incentives given to the mining sector are overly generous. From this meeting it emerged that the IMF had no such intentions.

CHAMBER MAKES PRESENTATION TO PRIVATE SECTOR CEO's MEETING WITH H. E. THE PRESIDENT

The Chamber took part and made a presentation on the Commercial Mining Sector. Mr. Thornton, the Vice Chairman and Paul Fortin Chairman of the Policy Committee represented the Chamber. It was organized by the Ministry of Industry and Commerce and attended by CEOs of various companies covering all sectors of the economy. The Guest of Honour was H. E. President Benjamin Mkapa.

The main purpose of the meetings was to find ways and strategies to stimulate and accelerate growth of the economy. Others were to respond to changes that are rapidly taking place in the global economic order, and to gather views from the business community on how the country can best revamp and sustain the industrial sector currently at lowest ebb.

The Chamber's presentation focused on the current status of the mining industry in the context of the success registered in the sector. A rundown of achievements by company followed by environment analysis (SWOT analysis) of the industry was made. The paper called for the need of government to continue nurturing the nascent mining industry so as to ensure continued investor confidence that would result in significant future investments in exploration and mine development.

CHAMBER'S PRESENTATION TO CCM ECONOMIC COMMITTEE

The Chairman made a presentation to a Special CCM economic committee on 4th March 2000. The paper covered policy, fiscal and strategic issues pertaining to the mining sector in Tanzania and the future outlook in terms of projected mineral output and contribution to the national economy for the next decade. Members of the CCM economic committee consisted of some ministers, Speaker of National Assembly and other dignitaries. The paper could be useful in enhancing the CCM manifesto.

CHAMBER LAUNCHES PUBLICATION

On 23rd March 2001 at the SeaCliff Hotel, the Chamber launched a publication titled "*What Mining Means for Tanzania*" at a function that was graced by Hon. Edgar D. Maokola Majogo who had just been appointed Minister of Energy and Minerals. Hon. Abdallah Kigoda the outgoing Energy and Minerals Minister and new Minister for Planning and Privatization was also at the function. The twin objective was to welcome the new minister, bid farewell to the outgoing one and also use the occasion to launch the Chamber publication. The publication is the result of efforts by various parties including member companies, individuals and consultants. It has been widely distributed to various institutions and has been acclaimed by many as good source of information about the mining industry in Tanzania.

PARLIAMENTARY SEMINAR

"KEEPING THE PROMISES"

The Chamber of Mines and Geita Gold Mine conducted a half-day Seminar to Members of Parliament in Dodoma on 31st March 2001. The major objective of the Seminar was to address the current developments in the mining industry in Tanzania and point out to the legislators the developments and problems of Geita Gold Mine which was officially opened in August 2000. The theme of the presentation was **"Keeping the Promises"**.

In his opening speech, TCM's Chairman Mr. S. Lwakatare said that Geita Gold Mine is one of the largest gold producers in Africa, and has a big impact on the communities in the lake zone and on the national economy as a whole.

Recalling two years back when Chamber of Mines was given an opportunity to make a similar presentation to Members of Parliament, he said the Chamber promised the mining industry's commitment to good practices on safety and environmental protection, provision of social services, employment opportunities. Others were local sourcing of materials, mine exploration to prove new ore reserves so that the industry could make its due contribution to the growth of the economy of the country. He said that the promises have indeed been kept.

He pointed out that the growth of the mining industry is reflected in the rise of the mineral exports that reached US\$ 184. 86 Million compared to just US\$ 22. 57 Million in 1998 with gold alone rising from US\$ 3. 33 Million in 1998 to US\$ 120. 41 Million in 2000.

In his presentation Mr. Harry Michael, the Chief Executive Officer of Geita Gold Mining Limited gave a detailed account on the achievements and problems facing the company by way of an immaculate video presentation. Mr. Michael told the MPs that Geita Gold Mine did not run away from the promises made to the same Parliament two years ago. Detailed accounts of contributions to local communities in the areas of health, education, roads, were mentioned. On promoting local businesses Harry said that over 90 local companies supply goods and services to the company.

Regarding compensation to Mtakuja village dwellers, he told MPs that his company paid 900

people a total of TShs. 4.3 billion as compensation for displacement to give room for mining operations. He mentioned however that it was disappointing that new claims were produced one year later involving 860 people on the pretext that they were omitted, and therefore additional payments would have to be made. Due to irregularities, the matter is in the hands of the Prevention of Corruption Bureau. Mr. Michael said, the issue of deaths of 16 cattle 400 meters from the tailings dam allegedly from cyanide poisoning, were in fact caused by thiodan, a pesticide used in cotton farming. He said this was revealed by independent Consultants from Canada and Australia and Tanzania's Chief Government Chemist.

CHAMBER'S PRESENTATION TO PARLIAMENTARY COMMITTEE ON FINANCE AND ECONOMICS

The Chamber of Mines made a presentation to the parliamentary committee on Finance and Economics at Dodoma on 17th July 2001 in an effort to expose to legislators some of the problems currently facing the mining industry. The meeting was chaired by Dr. Juma Ngasongwa - Chairman of the Parliamentary Committee on Finance and Economics and attended by 30 members of the committee. The Chairman presented the following main points:

Security of tenure is a necessary ingredient in attracting high risk capital. Cases of overlap of mineral rights have been reported as a hindrance to investments in the sector and suggested better management of the mineral registry.

He told the committee that investors want to be assured of security and protection of their investment and that the law will determine in the event of conflicts. He suggested strengthening the capacity of the Mineral Resources Department so that regular mine inspections, policing and security systems in the districts can be efficiently discharged.

Prospecting License applications

He remarked that processing of prospecting licenses precipitated delays in issuance to applicants which not only delay mineral evaluation and development of new mineral properties but also denies revenue to government.

He pointed out that the Mineral Resources Department needs appropriate equipment, adequate, well-trained and motivated staff.

Changes to mining sector fiscal incentives

The Chairman emphasized that consistency, transparency and predictability of the fiscal regime is a vital ingredient in attracting and sustaining investment and equally important in instilling investor confidence particularly in light of intense competition for investments from various countries.

Issue related to small-scale mining

He said, problems associated with small-scale mining which can be grouped under organizational, technological and financial. Small-scale mining has not been contributing significantly to the national economy despite the big number of people involved.

Some of the major problems facing the small-scale mining sub-sector are:

Financing/organizational

Getting loans from Banking institutions is difficult because of lack of collateral and good track record and inability of miners to prepare feasibility studies. Difficulties in organizing formal groups which could attract financing and technical support have added to the problem.

Technological

Technologically, small-scale miners suffer from inability to carry out a proper technical assessment of their prospects, poor mining practices which endanger lives and inefficient mineral recovery methods resulting in low outputs and incomes and environmental degradation.

The Chairman pointed out that government has a big role to play by way of encouraging better organizational set-up, monitoring small-scale mining activities to ensure that they abide by prevailing mining regulations as well as offering training and demonstrations on mining best practices.

The Chairman emphasized that well organized small-scale mining communities could provide new avenues for economic/technical co-operation with some large scale operators.

Good governance/Bureaucracy

The Chairman pointed out that mining is technologically a very complex industry and involves various professional disciplines and

referred to difficulties encountered by mining companies in some government departments such as at the immigration department when processing applications for work permits for their expatriate personnel. Similarly investors face problems with customs when importing vital project materials. He pointed out that such hitches will invariably cause delays in project implementation and presumably have the potential of increasing the cost of doing business.

Publicity

The Chairman said the industry has been under negative criticism from the press and attributed it to the sector's rapid expansion after many years of little mining activities. He said that contrary to what people say about the industry not contributing much to the country, there is a lot being done even now when mining is considered infant, with much more future contributions of the sector to the economy as the industry grows. He informed the committee that the Chamber has seen this problem and has been active in public awareness campaigns, workshops and producing publications.

PRESIDENTIAL ENVIRONMENTAL EXCELLENCE AWARD Chamber plays key role

The Chamber has been actively involved in preparations, together with the Ministry of Energy and Minerals and the Vice President's Office Department of Environment in creating the Presidential Environmental Award for Excellence and Leadership in Environmental Management in Mining. All the necessary groundwork such as design and fabrication of the trophy and Certificates, constitution of the Technical Panel and Selection Committee has been accomplished. The contestants are in high spirits awaiting the two critical bodies to start their work.

TCM PARTICIPATION IN DAR ES SALAAM INTERNATIONAL TRADE FAIR

Chamber participated in the Dar-es-Salaam International Trade Fair which took place from June 28th to July 10th 2001. This event attracts over 100,000 people annually. The Chamber had the opportunity to promote the mining industry through exhibiting a number of promotional and informative materials as well keeping the Tanzanian public informed of the emerging mining industry in the country. Members who

took part include Stanley Mining Services, Kahama Mining Corporation, Resolute (T) Ltd., Geita Gold Mining Limited

Participants in the Chamber booth were Stanley Mining Services, Resolute (T) Ltd., Geita Gold Mining Ltd., Kahama Mining Ltd. and the Ministry of Energy and Minerals. Public commended the initiative taken by the Chamber and expressed their desire to see future participation of the Chamber.

TOUR OF MINING OPERATIONS BY SENIOR MEDIA EXECUTIVES

The mining industry has been growing quite rapidly in the last five years in areas of exploration and new mine development. Parallel with these developments the mining industry has been criticized that it is not benefiting the nation. Issues such as smuggling of minerals, large versus small-scale mining, environmental issues, the fiscal regime being overly generous, and general suspicion and mistrust have often decorated front pages of local news dailies and in the process the public was fed with a lot of misinformation.

There arose the necessity for the Chamber to respond to the criticism and to bring to light what the industry is doing, what it seeks to achieve and to show the benefits that accrue to the nation. As a first step, the Chamber organized a one day tour of the three large modern gold mines; Bulyanhulu gold mine, Geita gold mine and Golden Pride mine for 20 senior media executives on 18th September 2001. The tour was an eye-opener for the participants most of whom being their first encounter with modern mining. At Geita the participants were shown the open-pit mine, process plant and tailings dam where experts explained how modern environmental conservation methods were being practiced particularly to alleviate fears of cyanide pollution of the Lake Victoria catchment area. At Bulyanhulu goldmine, the participants were driven down the underground mine and shown working faces with Tanzanians operating complex mining equipment. Participants also toured the process plant and were able to see a gold bar (dore) as well as the controversial copper concentrate awaiting shipment to Japan for processing to recover gold copper and silver. Participants also flew over the ambitious and impressive Bugarama workers estate that is currently being developed. At

Golden Pride mine the participants could see the extent and magnitude of a well developed open-pit mine and the tree nursery that caters for environmental reclamation at the mine and surrounding localities.

ROUNDTABLE DISCUSSION

To support the mines visit and allow for deeper interaction with the industry, the Chamber organized a half-day meeting with media executives on 24th October 2001 at the Royal Palm Hotel. The Guest of Honour to the meeting was Hon. Edgar D. Maokola-Majogo (MP) Minister of Energy and Minerals accompanied by the Commissioner of Minerals. Five companies gave presentations on their operations namely: Geita gold mine, Kahama Mining Corporation, AFGEM Merelani Mining, Golden Pride mine and Afrika Mashariki gold mine. The Chamber made a presentation giving an industry perspective "putting it all together". The overall objective of the exercise is to have a news media industry that is better informed through facts of what the mining industry is all about so that reporting is more responsible and accurate and represents a balanced view of the mining industry. On the other hand the participants hoped to have more access to the industry in order to understand it better.

The Chamber is represented in a number of important local and international institutions. Some of them are shown below:

CHAMBER'S MEMBERSHIP IN KEY ORGANIZATIONS **Tanzania Private Sector Foundation (TPSF)** **and Tanzania National Business Council (TNBC)**

The Chamber has been fully involved in the consultations which led to the formation of the Tanzania Private Sector Foundation (TPSF) which is the main private sector coordinating body for articulating private sector interests. It comprises of business associations such TCCIA, CTI, TCM, TFA and others. The Chamber of Mines is formally registered as one of the founding members of the foundation as well as a Board member.

The major objectives of TPSF are:

- ❑ To serve as a focal point for policy impact and advocacy;
- ❑ To promote and ensure sustained Government/Private sector dialogue;

- ❑ To act as a focal point for setting and maintaining performance standards for private sector associations and businesses;
- ❑ To promote dialogue and co-operation amongst members associations of the foundation and other public sector organizations;
- ❑ To design educational and training programs for the development of the private sector in Tanzania.

The TNBC which has been officially launched and duly constituted is the focal point for Public/Private sector dialogue. Chairman represents the Chamber in this body. Members are drawn from both the Government and the private sector, twenty from each side. The President of the United Republic of Tanzania will chair meetings.

NATIONAL EMPLOYMENT COUNCIL (NEC)

Tanzania Chamber of Mines as a member of the National Employment Council (NEC). The Chairmanship of NEC will be under the office of the Vice President. The responsibilities of the Council will be:-

1. To coordinate Employment Policy in the country by relating activities of each sector with the growth of employment and labour productivity;
2. To lay way for conducive environment which will attract Parastatals and various institutions, private sector, NGOs' individuals in contributing to the increase and sustainability of employment;
3. To supervise, coordinate and evaluate the implementation of the employment policy;
4. To relate the implementation of other national policies with the objectives of employment policy in order to facilitate implementation on an integrated basis;
5. To direct more resources to the implementation of the policy;
6. To coordinate expenditure and development of youth, women and petty trader's funds with the objective of ultimately having a self sustaining National Employment Trust Fund. This fund will finally be owned by the target groups as share holders.

MEMBERSHIP OF MINING INDUSTRY ASSOCIATIONS OF SOUTHERN AFRICA (MIASA)

The Chamber is a member of the Mining Industry Associations of Southern Africa (MIASA) and has continued to be an active member. MIASA continues to execute its role of influencing SADC mining policies. MIASA interacts with SADC structures at various levels and encourages the development and implementation of a mining policy that will ensure the effectiveness and growth of mining in the region. MIASA also determines regional positions on issues of global concern and takes these forward into international mining forums. The current members of MIASA are:
Chamber of Mines of Tanzania
Chamber of Mines of South Africa
Chamber of Mines of Zambia
Chamber of Mines of Namibia
Chamber of Mines of Zimbabwe
Chamber of Mines Botswana
The Federation of Swaziland Employers
MIASA meets twice annually.

MEMBERSHIP OF THE COMMERCIAL COURT

The Chamber is a member of the Commercial Court Users Committee. The purpose of this committee, which comprises 12 members, is to provide a forum for information exchange and dialogue, to ensure all key players (users) feel part of the process of developing this new institution. Functionally, it will be the responsibility of the commercial Court Users Committee to advise the Commercial Division of the High Court on matters of Court practice and submit a list of persons knowledgeable in commercial matters to serve as assessors, or in other words "Expert Judges".

The Chamber was represented at a Commercial Court Assessors Course held at the University of Dar Es Salaam faculty of Law where Swedish and Danish experts and Tanzania law professors guided participants through what is expected of assessors in the Commercial Court. Assessors who attended were senior and respected people in the community, retired civil servants and businessmen. Among other things, assessors are expected to build confidence of the Commercial Court, ensure it is corrupt free, and in addition be expected to maintain integrity. Assessors from

the mining sector include Mr. S. L. Lwakatare, F. Ngunangwa and Mr. A. Y. Hangi and Mr. Mbude Said.

NEWS FROM THE INDUSTRY

TAN RANGE LISTED ON TORONTO STOCK EXCHANGE

VANCOUVER, B. C.

Tan Range Exploration Corporation ("TNX") is pleased to announce that the Toronto Stock Exchange, Canada's premier equity market, has approved the listing of TNX's common shares under the trading symbol: "TNX". The Company's shares commenced trading on Monday, October 29, 2001 and will be delisted from trading on the Canadian Venture Exchange.

" We believe a TSE listing will provide TNX with greater market visibility and increased access to capital markets, especially through the participation of an expanded audience institutional investors," said Marek Kreczmer, President of Tan Range. Our listing on a senior exchange coincides with recent advances at our two key gold properties, Luhala, 100% owned by Tan Range and Itetemia, a joint venture with Barrick Gold Corporation"

Tan Range is a gold company with advanced exploration projects in the Lake Victoria gold belt of Tanzania.

FOR FURTHER INFORMATION PLEASE CONTACT:

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TWIGG MINERALS plc ENCOURAGING GOLD-IN-SOIL RESULT FROM KIKUMBI

Twigg has received results from reconnaissance soil sampling at the Company's recently acquired Kikumbi (Nyakafuru North) license. The survey has delineated several gold anomalies.

Kikumbi lies about 35km north of Twigg's Miyabi project and 1.5 km from Spinifex Gold's Nyakafuru license, which contains eleven north-trending gold bearing reefs, with a total inferred resource of 730,000 ounces of gold at a grade of 6.3 g/t.

Twigg's soil geochemical survey investigated a number of abandoned artisanal gold workings and the granite - greenstone contact running through the license. Samples were collected at 50-meter intervals along traverses 200 meter apart.

Anomalous gold values up to 122 ppb occur around the areas of abandoned diggings, as expected. However, the highest values, up to 165 ppb, lie near the granite - greenstone contact. Soil gold values above 30 ppb are considered clearly anomalous in the Lake Victoria Goldfields. Granite - greenstone properties of the two rock types, so these preliminary results are very encouraging, especially in view of the proximity to Nyakafuru.

Twigg now plans detailed geochemistry and ground magnetometer surveys over the anomalous areas, to be followed by trenching and drilling. Reconnaissance geochemical sampling will also be extended to cover other parts of the license area.

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Court rules in favour of AFGEM

In a unanimous decision of the full bench of the High Court of Tanzania, the lawsuit faced by Africa Gem Resources (Afgem) has been struck of in its entirety with costs. JSE - listed Afgem, based in Johannesburg, is investing US 20 million in the development of a Tanzanite mine in northern Tanzania.

Three mining associations in Tanzania filed various charges against, Afgem members of its directorate and the previous Tanzanian Minister of Energy and Minerals. The allegations related to the legality of Afgem's mining licence, taxes paid alleged misconduct by Afgem staff towards small-scale artisanal miners and Afgem's monopolization of the Tanzanite market.

Ami Mpungwe, Chairman of Afgem's Tanzanian subsidiary, says ***"the ruling reaffirms Tanzania's commitment to nurturing foreign investment."*** The finding of the courts endorses Tanzania's integrity one of Africa's premier investment destinations,' he says.

Lakota lines up mining claims within the famous Ikina Reef

Canada's Lakota Resources reported that its Tanzania subsidiary company Lakota Resources (T) Ltd. has concluded an agreement giving its exclusive right to purchase seven small mining claims current owned by a private Tanzania company. In addition Lakota resources Inc. has also concluded an agreement that gives it the exclusive right to purchase five small mining claims from a private Tanzanian company that currently holds them under separate agreements.

The twelve small mining claims are situated within the Ikina Reefs Limited prospecting license adjoining the west side of the Bulyanhulu gold mine property, Lakota, through its 100% Ikina Reef's prospecting license.

These small mining claims have a long history of extensive ongoing artisanal mining activity similar to other areas in the immediate vicinity.

Good news Goldstream N.L., announces Platinum find

Australian explorer Goldstream Mining reports it has discovered extensive platinum mineralisation on its wholly owned Mibango project in the Wansisi district to the east of Lake Tanganyika.

A soil geochemical survey completed over the central 8 x 2 km section of the Kapalagulu layered mafic intrusive has located highly anomalous platinum / palladium (pt + pd) value associated with nickel/copper/cobalt/gold and chrome. Samples were taken at 50-m intervals on traverse 400 m apart and sent to Johannesburg for assay. Samples returning anomalous copper were selected of PGM analysis by fire Assay.

Combined platinum plus palladium values in soil and from regolith drill holes define an opened anomaly over 13 km in strike length in excess of 0.2 g/t. The width of the anomaly varies from 5 to 8000 m. A central core zone 3 km long exceeds 0.5 g/t Pt + Pd and a maximum width of 250 m. Peak soil values of 0,77 g/t Pt + Pd are associated with peak gold value of 0,1 g/t.

Goldstream says it is extremely encouraged by the Mibango results and particularly the indicative scale of the mineralisation. " It should be emphasized that results at this stage are based on qualitative surface and regolith drill hole geochemistry, " the company says. "Primary grade metallurgy and other economic parameters will require detailed drill testing and analysis."

Planning is advanced to upgrade access roads, contract an airstrip and accommodation camp. A drill program of 5 00 m of RAB and 100 m RC is due to commence soon.

Goldstream believes that the scale of the geochemical footprint at Mibango ranks the prospects as having world class potential.

Presentation of Dodoma Train Accident Funds

It was reported that presentation of funds contributed by members towards the train accident that occurred near Dodoma was made on 30/8/02.

The Chamber delegation led by the Chairman Mr. S. L. Lwakatare was met by the Prime Minister Hon. Fredrick Sumaye MP, others in the delegation were CEO's and Senior officials of mining companies namely Mr. Roy Meade, Mr. Ron Clarke, Mr. Florian Ngunangwa, Mr. Paddy Hoon and Mr. Clement Msalangi and E. Jengo.

The Chairman presented cheques worth US \$ 12,400 and Tshs 950,000 to the Prime Minister, amidst a number of newspaper reporters who covered the event.

On a sad note however, it was pointed out that the media reported on some negative issues that transpired during the general discussions on the status of the mining industry. The issue revolved around the Kahama Mining Corporation shipment of copper concentrate to Japan where the Prime Minister remarked that he was not convinced that it was the best available economic alternative.

Kahama Mining Corporation undertook to provide

information on the concerns raised during the meeting.

Don't save up the News! Members and non-members alike are encouraged to inform the Chamber of what's happening in the field.