

**TANZANIA
CHAMBER OF
MINES
NEWSLETTER
NUMBER 20
DECEMBER 2002**

THE CHAIRMAN'S LETTER

Dear Members,

On November 29th 2002 we held our Annual general Meeting at the Royal Palm Hotel in Dar es Salaam and the following day we held the Annual Dinner at the New Africa Hotel. Hon. Daniel Yona MP, Minister of Energy and Minerals was the Guest of Honour. This was the first Chamber function the Minister has attended since he was appointed to his portfolio in April this year.

It was indeed an opportune time for the members to interact with our Minister, other government officials and amongst ourselves.

I wish to thank the Governing Council and members for facilitating the success of both the Annual General meeting and the Dinner.

On behalf of the Governing Council and myself I wish to extend the Best wishes for Christmas and the New year to the members of the Tanzania Chamber of Mines and all our friends and colleagues in the minerals

industry and the government. We are grateful for the cooperation and support the Chamber received from members and government throughout the year. We are looking forward to further growth of the Chamber and the industry in the New Year.

S. L. Lwakatare
Chairman

AGM HIGHLIGHTS

During the AGM, held at the Royal Palm on 29th November 2002 that brought together Chamber members, the Chairman Mr. S. L. Lwakatare addressed the Meeting with a comprehensive report depicting Chamber activities during the year. Here are some extracts from the speech.

With regard to developments in the mining industry the Chairman said: "... We note with pleasure that during the period some major developments in the mining industry have occurred, of significant importance was the opening of North Mara Gold Mine at Nyamongo in North Mara in September 2002 by His Excellency Benjamin Mkapa, President of the United Republic of Tanzania...".

In his speech H. E. the President challenged the mining industry to initiate measures to integrate and work on linkages between the mining sector and the rest of the economy through value adding activities.

On benefits to the government, the Chairman said, "The coming into production of North Mara Gold mine will increase the country's gold production capacity from the current 1.2 million ounces to 1.4 million ounces annually. Gold exports from Chamber member mines (including copper and silver concentrate) was US\$ 266 million by October and is expected to rise to over US\$ 300 million by the end of the year 2002. This compares favorably with US\$

257 million of gold exports attained during the previous year. Total mineral exports are projected to exceed US\$ 400 million in 2002”.

The Chairman said, “During the year mining operations have also been conducting expansions/process optimization programmes such as at Williamson Diamonds, Golden Pride Mine and Geita Gold Mine. On exploration activities, he pointed out that activities to augment mineral reserves have been progressing concurrently with mining operations. These activities will certainly result in increased mineral production and exports thereby increasing the mining sector's contribution to the national economy, He said.

He pointed out that considerable grass root exploration activities took place especially for gold in various prospects and for platinum, nickel, copper and Cobalt at Goldstream's Mibango Project near Lake Tanganyika which has led to a joint venture with a leading platinum miner, Lonmin plc. The work so far carried out on the prospect confirmed substantial mineralization. The Kabanga Nickel Project under Barrick Gold which has undergone extensive exploration has advanced to feasibility study”.

The Chairman also touched on various issues that the Chamber has been in dialogue with Government throughout the year which include VAT refunds, backcharges and abandonment, the newly introduced pay and refund system on Excise duty on fuel, delays in granting mineral titles and why it was important and necessary to address the issues with the Government.

LABOUR COMMITTEE

Regarding labour issues the Chairman pointed out that the emergence and rapid growth of the mining industry as exhibited by the progressive opening of new mines has turned the mining industry to be one of the major employers in the country. In realization of this the Minister of Labour,

Youth Development and Sports agreed to a meeting with mining executives to discuss labour related issues of interest to the industry and also his intended visit to the mines. At the meeting it was agreed that whilst labour laws are currently under review, a committee comprising the Chamber of Mines and the Ministry of Labour should be formed to work towards putting in place strategies that will promote harmonious labour relations in the mines and other areas in the industry.

The Chairman informed the members that the Governing Council has nominated the following companies to constitute the Chamber's representatives in that committee: Geita Gold Mining Ltd, Resolute (T) Ltd, Williamson Diamonds Ltd. Kahama Mining Corporation, Afrika Mashariki Gold mining Company Ltd and AngloGold.

USAID PROJECT ON SUPPORT FOR ECONOMIC GROWTH AND INSTITUTIONAL REFORM

The Chairman informed the members that in August 2002 the Chamber signed an agreement with International Business Initiatives (IBI) on a project, which is funded by USAID. The initial funding for the project is TShs. 8.6 million. In this project, the Chamber is responsible for completing the following tasks: Setting up a database to track developments in the mining industry, conducting Workshops for media and public education on mining and its impact on development and small scale mining development. Under the programme, the Chamber will also conduct public awareness/educational Workshops for media officials and other groups. The Chairman said that the output of the programme would be improved accuracy of media coverage and greater public awareness of the mining industry.

Regarding small scale mining, the Chamber has formed an Internal Working Group consisting of four members who will be responsible for identifying ways of

maximizing sustainable development benefits related to mining.

LAKE VICTORIA WATER /SHINYANGA WATER SUPPLY SCHEME

The Chairman took the opportunity to thank members for the contributions made towards Lake Victoria water supply project to Shinyanga Region. The Chamber on behalf of the members pledged to contribute US\$ 30,000 towards the project in a special meeting called by the Prime Minister in Dodoma last year. So far contribution from some of our members has reached US\$ 18,823.50.

The companies that made the contributions as follows: Kahama Mining Corporation (US\$ 10,000), Resolute (T) (US\$ 1764.70), Geita Gold Mining Ltd. (US\$ 1764.70), AngloGold Exploration (US\$ 1,764.70), Stanley Mining Services (US\$ 1,764.70) and Caspian Construction (US\$ 1,764.70).

He urged other members who have not made any contributions to come forward and contribute so as to bridge the shortfall and added that it was an important project which promises to improve the quality of lives for the people.

CHAMBER DONATIONS TOWARDS MERELANI DISASTER AND DODOMA TRAIN ACCIDENT

The Chairman's report also touched on the Chamber's involvement in responding to issues of national concern such as the underground mine accident that occurred at Merelani in Simanjiro District and the train accident near Dodoma. He said that after these unfortunate incidents, the Chamber and its members mobilized resources in terms of technical expertise, material and financial dispensation in rescue operations at both localities.

The Chairman mentioned that a financial contribution of US Dollars 12,400 and TShs.

950,000 as relief funds for the injured and relatives of the deceased was made to the Prime Minister on 30th August 2002. The government commended the Chamber for the assistance. Contributions in kind were as follows: Geita Gold Mine (USD 5,000), Kahama Mining Corporation USD 13,800 in terms of material assistance), AFGEM Merelani Mining Ltd., Caspian Construction (TShs 950,000), Resolute (USD 2,000), AngloGold (USD 500), Stanley Mining Services (USD 1,000), Gailey and Roberts (250), African Mining Services (USD 500), Consolidated African Diamonds (1,000), Energy and Telecom (USD 150), East Africa Mines Ltd (USD 500.), Goldstream Mining (USD 500), Williamson Diamonds (USD 500), and TanCan Mining/Tanrange (USD 500). The Chairman thanked the members for the contributions.

TCM PARTICIPATION IN TRADE FAIRS AND EXHIBITIONS

On public awareness campaign the Chairman pointed out that the Chamber participated in various exhibitions as a way of increasing public awareness in mining such as the 26th Dar es Salaam International Trade Fair, which took place from 28th June to 8th July 2002. Members who participated include resolute (T) Ltd, Kahama Gold Mine, Geita Gold Mining Limited and Stanley Mining Services. The Chamber also participated in an exhibition at the Royal Palm Hotel on 17th and 18th May 2002 that followed a conference on African Banking Institutions and another one titled Mining Electricity and Water that was held at the Diamond Jubilee on 29th and 30th May 2002.

COLLABORATION WITH LOCAL AND INTERNATIONAL BODIES

The Chairman pointed out that the Chamber continues to gain recognition and credibility as a representative body for the private sector in the mining industry and has been associating with various organizations such as the Tanzania Private Sector Foundation

(TPSF) and the Tanzania National Business Council (TNBC). The Tanzania Private Sector Foundation (TPSF) is a coordinating body for representing private sector associations and the Tanzania National Business Council (TNBC) is a forum for dialogue between private sector and the Government whose Chairman is the H. E. the President. The TPSF, of which the Chamber is a member, has been pivotal in representing the views and interests of its members for example through the Public Expenditure Review process (PER), Tanzania Assistance Strategy and Tax Review activities. The Chamber has a seat on the Board of the TPSF represented by the Chairman. The Chamber is also represented in the National Business Council. One of the remarkable achievements by the TPSF/TNBC during the year has been the holding of the local and International Investors Round Table meetings in Dar es Salaam chaired by H. E. the President of the United Republic of Tanzania. The success of these meetings is an outcome of the government's resolve to make the private sector a true engine of growth as well as an outcome of the close co-operation that has been forged between the private sector, the World Bank and IMF.

The Chamber has also been participating in meetings of the Mining Industry Associations of Southern Africa (MIASA) as a member and through it, the International Council of Mining and Metals (ICMM).

CHAMBER'S INFORMAL GATHERING

The Chairman said in his report that the Chamber held three get-togethers out of which Geita Gold Mining Ltd. and Stanley Mining Services had the opportunity to make presentations on their activities. These events were attended by senior Government and public officials and have provided the opportunity for our members to have

informal exchanges with public officials and amongst themselves.

NEWS FROM THE INDUSTRY

KAHAMA MINING EDUCATION PROGRAMME TRIPLES EXAM SUCCESS IN BUGARAMA WARD

Kahama Mining Corporation has been involved in various community development initiatives in the surrounding areas. In this special article a report has been provided on one important sector.

By Louisa Muir

The results of the regional Standard 7 mock exams taken by children in the Bugarama Ward, Kahama District in June this year, have revealed that the number of pupils achieving a pass has almost tripled since Kahama Mining Corporation started its education enhancement project with CARE Tanzania in the area last November.

The US\$ 2m, Kahama Mining funded 6-year project, known as the Kahama Educational Enhancement Project (KEEP), was set up as a partnership between Kahama Mining, CARE Tanzania, the district education authorities, & communities to improve educational facilities, teacher academic and professional development & pupil attainment in all 7 schools in the Bugarama Ward.

“We are delighted that this vital educational programme has had such a positive impact on results in so short a time,” says Aida Kiangi, Kahama Mining’s Community Development Manager. “Educational enhancement is one of the core elements of Kahama Mining’s comprehensive community development programme and in time we will initiate projects across all 5 key education areas including Early Childhood Development, pre-primary, primary, secondary and non-formal education so that

children in this Ward have the chance they need to secure their own future.’

At the start of the project in November 2001, the CARE team undertook a baseline survey to identify what the major issues were. The results revealed that almost 50% of children were not attending school at all, with girl attendance particularly poor. In addition, exam results fell way short of the national average and very few children were passing through into secondary education.

One of the first tasks therefore was to sensitize communities on the importance of education, as well as helping to improve schoolrooms, provide refresher training, and purchase equipment & teaching aids.

Leticia Pima the CARE Tanzania KEEP manager says ‘This project has already had a major impact in the Ward. There was full enrolment for the 2002 year; teachers have their own desks, classrooms have been renovated, pupils have chairs, pencils & books. The result is that everyone is now motivated and eager to be in school.’

‘This is a unique project because it is the first comprehensive education initiative of its kind involving the private sector, local authorities, NGOs, community leaders and parents,’ she explains.

‘We hope that it will generate sufficient significant lessons on how to manage education in a participatory manner, to serve as a model for other communities, donors and implementing agencies in the country. We feel that emphasis on community ownership, school specific development planning and implementation, inclusion of all 5 Levels of education service and access to resources are the main strengths of the project.’

GOLDSTREAM MINING - OPERATIONS REPORT/TANZANIA

Mibango Project (Platinum, Nickel, Copper, Cobalt)

During 2002 major advances have been made at Mibango culminating in signing of an exploration and development joint venture agreement with leading platinum miner Lonmin plc.

Trenching

Trenches excavated across the strike of the soil anomalies indicated broad zones of platinum mineralisation. All 14 trenches returned significant platinum values including; 50m@ 1.63g/t platinum +palladium + gold (3PGE) 154m @ 0.97 g/t 3PGE
10m @ 2.7 9/t 3PGE
12m @ 2.46g/t 3PGE

Chromite boulders and insitu chromite layers were exposed in three adjacent trenches. Twelve chromite samples collected from the trenches were assayed and returned values ranging from 1.0g/t combined platinum+palladium (2PGE) with an average value of 4.1g/t. Gold values generally followed the platinum with a peak value of 0.26g/t. The average platinum/palladium ratio was 2.2: 1 with values over 5.5g/t having an average ratio of 1:1.

RAB Drilling

The northern and southern platinum anomalous geochemical trends were investigated by Rotary airblast Drilling (RAB). This style of drilling is designed to sample un-indurated weathered material and does not penetrate fresh rock. Vertical RAB drill holes at 25m intervals on traverses 800 and 400m apart were positioned across the anomalies trends. A total of 213 RAB holes were completed for 3998m.

RC Percussion Drilling

Eleven inclined RC Percussion holes totaling 1004m also completed with nine penetrating fresh rock to maximum depth of 100m below surface. Six of the holes intersected primary sulphide mineralisation with the best 4PGE (platinum+palladium+rhodium+ gold).