

TANZANIA CHAMBER OF MINERALS AND ENERGY

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**PRESIDENTIAL
ENVIRONMENTAL EXCELENCE
AWARD**

The World Environment Day was commemorated nationally at Iringa on

Sunday 5th June 05 and TCME was well represented by Chamber members that took part in the competition. The event was officiated by the Vice President HE Ali Mohamed Shein. Results of the 2004 Presidential Awards in Environmental Management in Mining went to the following recipients:

Excellence Award: Resolute Tanzania Ltd for the second time in a row.

Certificates of Merit:

1st: Geita Gold Mining Ltd

2nd: Tanga Cement Company Ltd

3rd: Kahama Mining Corporation Ltd

Certificate of Encouragement + USD 2,500:

Nsangano Paul Sebastian (small scale miner from Nyarugusu)

Certificates of Participation:

Williamson Diamonds Ltd
TanzaniteOne
Christopher Michael Kadeo (small scale miner from Geita)

VAT Special Relief reinstated

In his Budget speech for 2005/06, the Minister for Finance announced the removal of Item 7 of the third Schedule to the VAT Act 1997 which grants special relief from VAT, It states as follows: -

'the importation by or supply to a registered licensed exploration, prospecting, mineral assaying, drilling or mining company, of goods which if imported would be eligible for relief from duty under customs laws and services for exclusive use in exploration, prospecting, drilling or mining activities.'

The effect of the special relief is to allow businesses in the mining industry to procure goods and services which are directly related to their mining activities without paying VAT to their suppliers. This is a great benefit to the exploration and mining companies who must spend very large sums of money to develop a mine and keep it operational.

The provision of special relief has been seen as a considerable incentive for the potential investor and its continued availability is a significant factor in the guaranteeing of 'fiscal stability' to investors in the sector which has been Government policy for many years and is indeed enshrined in the development agreements between the Government and the individual mining companies.

The Chamber had played a key role in designing Item 7 of the VAT Act and therefore made representations to government pointing out that removal of special relief would impact negatively on the mining industry and the general investment climate in the country. Following the Chamber's interventions, the government decided to reverse its decision which saw the reinstatement of the special relief.

Fuel Levy puzzle resolved

The Tanzania Revenue Authority required some members of the Chamber to pay Road Toll/Fuel Levy in excess of the annual capped amount stipulated under their respective Development Agreements. The basis of TRA's demand was Government Notice No. 22 published on 5th February, 1999 ("GN 22"). Extensive consultations between the Chamber and government was made to bring to light that the move to institute fuel levy in full on the strength of GN 22 was invalid, in view of the Development Agreements between the licence holders and the Government of Tanzania. The matter has finally been laid to rest.

MINING INDUSTRY ASSOCIATIONS OF SOUTHERN AFRICA (MIASA)

On July 1st 2005 the Mining Industry Associations of Southern Africa held its meeting at the Chamber of Minerals and Energy in Dar Es Salaam. MIASA was established in early 1998 and its mission is to promote the interests of the mining industry in the SADC Region. Tanzania Chamber of Minerals and Energy is one

of the founding members. The others are:

The Botswana Chamber of Mines
The Chamber of Mines of Namibia
The Chamber of Mines of South Africa
The Chamber of Mines of Zambia
The Chamber of mines of Zimbabwe

In pursuit of its mission, MIASA interacts with SADC structures at various levels and encourages the development and implementation of a mining policy that will ensure the continued effectiveness and growth of mining in the region.

MIASA supports SADC initiatives by developing position papers on issues that have critical impact on the success of the mining industry. Examples of papers already endorsed by the SADC Committee of Mining Ministers are:

Environmental Policies and Principles

A framework of principles to guide the development of environmental standards and environmental objectives within SADC has been outlined.

Small Scale Mining in SADC

Policies that assist with the identification of and access to mineral deposits, encourage investment, and further training in mining, marketing and financial skills have been proposed.

Public support for mining

In the SADC region, mining development is at times adversely affected by a poor understanding of the long-term economic and social benefits of responsible mining, and by misconceptions about the environmental and social impacts of development. Misunderstanding also hampers the formulation of measures that would

encourage the sector's growth. MIASA has therefore proposed a SADC initiative that generates an appreciation of mining as the primary economic force for the promotion of socio-economic growth and prosperity, enhances policy formulation processes in SADC states and the region as a whole, creates understanding of the consequences of unrealistic mining policies and decisions, and promotes the sound environmental management practice of the sector.

**UGANDA CHAMBER OF MINES
STUDY TOUR**

On 31st May a delegation from Uganda Chamber of Mines visited TCME with intention to get acquainted with the activities of the Chamber. The delegation comprised the following officials and from the Uganda Chamber of Mines Ms.Kellen Kayonga Vice Chairperson Mr.Sisto Andama Secretary General and Mr. Nathan Wolukawu, Director, the delegation was accompanied by officials from the Ministry of Energy and Mineral Development, Mr. Joshua Tuhumwire, Commissioner of Mines Department of Geological Survey and Mines, Mr.Callist Wandera, Assistant Commissioner of Mines.

TCME organized a tour to Golden Pride, Nzega.

P3 Remuneration Survey

The aim of the P3 remuneration survey is to be the most useful and credible source of remuneration information in Tanzania. The objectives are to provide the best market sector comparisons; the most accurate survey position comparisons; the most appropriate data

analysis and addressing the most relevant remuneration issues. A minimum of six companies is required to make a sector.

Participants for the 2005 survey from our membership include the following companies: Williamson Diamonds, Geita Gold Mining Ltd, Kahama Mining Corporation, Pangea Minerals Resolute Tanzania Ltd, Placer Dome Tanzania, Caspian Mining.

The Education Training and Human Resources subcommittee is to be commended for spearheading the drive to encourage industry participants.

NEWS FROM THE INDUSTRY

The Tanzania golden chain reaction; Tulawaka Gold – the sixth gold mine in operation.

On 20th June 2005, Tanzania witnessed the opening of a new gold mine confirming its record of opening a mine a year since 1998. President Benjamin William Mkapa, officially opened the Tulawaka Gold Mine which is jointly owned by Barrick Gold 70% and 30% Miniere Du Nord. Pangea Minerals Ltd. a subsidiary of Barrick Gold being the main operator.

According to the General Manager of Tulawaka the capital cost for the project was some US Dollars 60 million. The mine is expected to produce 125,000 ounces of gold annually. This production adds up to over 1.7 million ounces gold production annually making Tanzania the third largest gold producer in Africa.

In his speech, John Shipp, vice president Australia and Africa for Barrick Gold said that the mine attained 3-million man-hours in total safety. Tulawaka being the second Barrick mine Shipp said: “ Barrick is not just building mines but also building skills. The company plans to be in Tanzania for many years.” And pledged to work closely with neighbouring communities and to promote Tanzanian businesses. In pursuance of this company policy Dave Anthony, general manager at Tulawaka gave an example of Caspian, a Tanzanian company which has been awarded a 3-year, US \$ 9-million contract to carry out Tulawaka’s mining. This augers well for the future of Tanzania as the mining industry continues to grow and the much-needed skills imparted to the people. Local sourcing increases economic benefits that accrue from mining activities.

In his speech, the minister of minerals and energy, Daniel Yona reaffirmed Tanzania government’s avowed intent to work with the private investors in order to enhance further growth of the mining industry. Pointing to the fact that Tulawaka Mine is situated within a national forest reserve he underlined his government’s willingness to balance environmental conservation and economic prosperity. Minister Yona applauded the project developers for being able to complete the project against many odds such as lack of supportive infrastructure in the rural areas where these projects are located. As in the case of Bulyanhulu, Barrick has made invaluable contribution to regional infrastructural development in the process.

Carlos Bertoni, CEO of Northern Mining Exploration said that Tulawaka is the first of the truly new discoveries in Tanzania. He expressed the belief that all the easy pickings are gone with the result that future exploration will increasingly become expensive and difficult. Bertoni declared the presidency of Benjamin Mkapa as the “golden presidency” with Tulawaka being the fifth gold mine to be opened during his two terms in office.

President Mkapa took the opportunity to reaffirm the government’s role as that of supporting private investment in the sector and reiterated that private investors are indeed Tanzania’s development partners.

RANDGOLD RESOURCES IN JV WITH TANZANIAN GOVERNMENT TO DEVELOP NEW MINERAL DEPOSITS

Dar es Salaam, 24 August 2005 (LSE:RRS) (Nasdaq: GOLD) – London and Nasdaq listed gold miner Randgold Resources announced that it had signed a joint-venture agreement with the government of Tanzania to develop new mineral deposits in the country.

Known as the Tangold agreement, it relates to a specific area of interest, the Kiabakari Maji Moto region, which covers 2,692 km² around the Buhemba mine but not the mine itself. Included in the agreement are the Buhemba South prospecting licence and the Kiabakari prospecting licence, which incorporates the old Kiabakari mine. The Kiabakari deposit was discovered in 1893 and when closed in 1966 was the third-largest gold mine in Tanzania.

In terms of the Tangold agreement, Randgold Resources will fund all exploration and feasibility study costs related to the joint venture. The government retains a free and carried stake of 10% in the area of interest and in any special purpose company which may develop a mine there. On the completion of a feasibility study, the government will have a one-time right to buy an additional 15% participating interest in the specific discovery.

“The Tangold agreement marks a significant milestone in the evolution of our Tanzanian strategy and is in line with our overall strategy of developing gold opportunities in close partnership with the host country, “Randgold Resources chief executive Dr. Mark Bristow said.

GEITA GOLD MINE FOCUS ON SAFETY, HEALTH AND ENVIRONMENT

Geita Gold Mine (GGM) places a high priority on carrying out all its activities in an environmentally responsible manner and in looking after the health and well being of employees.

GGM is also committed to continuous improvements in Health and Safety performance. The commitment includes an emphasis on working towards providing a safe and healthy environment in the workplace for employees and visitors and on minimizing the impacts of mining operations on the physical environment.

Safety at Geita Gold Mine is their No 1 priority. The mine utilizes the National Occupational Association (NOSA) to monitor and manage safety programmes

In 2003, GGM gained 4 (platinum) stars rating from NOSA following their annual Health, Safety and Environment audit.

Health

GGM has a clinic staffed by qualified medical practitioners who provide free medical treatment for all employees. It also supports the Geita District Hospital and sponsors community organizations such as AMREF, working on projects to reduce HIV/AIDs and other diseases.

Environment

Geita Gold mine is surrounded by forest reserve and is in close proximity to Lake Victoria. In view of that the environmental management of the ecosystem is of vital importance to Geita gold Mine.

The Mining Act, 1998 and The Mining (Environmental Management and Protection) Regulations, 1999 and special mining Licence issued under section 39 of the Mining Act, 1998 are principal documents regulating the mine site.

An Environmental Impact Assessment and Environmental Management Plan were prepared for the project area prior to the commencement of the operations. In 2001 GGM achieved certification to the International Standards Organization for environmental management-ISO 14001. Compliance with this standard exceeds the requirement of environmental management plan.

GGM has rehabilitated over 70 hectares of disturbed land around the site. Several hundred kilograms of local tree species seeds have been collected and planted to rehabilitate the large waste dump.

Large and Small-scale Mining Connects at Nyarugusu

Geita Gold Mine held a small-scale mining fair at Nyarugusu, which was attended by over 2000 miners. The fair intended to promote health, safety and technology issues critical to the success of small-scale miners. GGML plans to hold it on an annual basis so as to gradually impart new skills to SSMs. Other mining companies are encouraged to put in place such initiatives within their localities.

This is typical large scale / small scale miners co-operation project which has potential for eliminating conflicts and misunderstanding eventually fostering the relationship between large and small scale miners.

The Geita Gold Mine (GGM) has plans to support legitimate small-scale miners operating close to their lease area aimed at improving their mining efficiency and minimizing illegal activities.

Speaking during the Artisanals and Small-Scale Miners' Fair at Nyarugusu on 1st August 05, the acting GGM Managing Director, Ulrich Sibilski, said it was high time for the small-scale miners to recognize their important status and identify areas in which they need assistance as well as defining the kind of support that would be appropriate.

“GGM as a large mining company adheres fully to the government’s call to assist our small scale neighbour,” said Sibilski, adding that the mining company values were loud and clear on the issue, and that it has obligations in impacting them to its host communities. He said

one of the major challenges facing the mining sector in the country today is the identification of viable, amicable and effective working relationships and partnerships between big mining operations and small-scale miners.

He noted that despite the fact that small scale and large mining operations are competitors, still they can maintain harmonious partnerships as operators in the same sector.

He said, “one can’t choose neighbours, he only finds them”, so let us use both our neighbourliness and identical operations for a better future for us all. Sibilski, however, regretted that the picture being painted was not good. “Our two sides are perceived as enemies to each other, which is unfounded,” he said.

He further said that there was a great need now than ever for the two sides to meet regularly and enhance their relationship and that there was also a need to sit together and see how they could foster the sector to great heights.

He explained that there were some petty issues facing the artisanal miners that only need some help or even advice from large-scale operations, hence his company was ready to help.

Earlier, the Secretary of Mwanza Region’s Miners Association (MWAREMA), Golden Hainga, said artisanal miners were lacking capital, poor working equipment and insufficient mining knowledge.

He also appealed to financial institutions to provide them with soft loans to enable them to buy working tools. “We also

ask investors both in the country and outside to come and invest with us so that our mining operations are raised to medium scale in order to improve production and provide more employment,” he said. The event was organized and sponsored by the United Kingdom’s Department for International Development (DFID).