

TANZANIA CHAMBER OF MINERALS AND ENERGY

NEWSLETTER NO. 34

January-March 2007

NEW EXECUTIVE COUNCIL

The full list of the new Councillors for 2007 are as shown below:

Senior Companies representatives

1. Mr. Gareth Taylor
2. Mr. Don Mcleod
3. Mr. Tony Devlin
4. Mr. Brent Horochuk

Junior Companies representatives

5. Mr. Hatibu Senkoro
6. Mr. Joseph Kahama

Senior Associates representatives

7. Mr. Akram Aziz

Junior Associates representative

8. Mr. Quentin Gray

Individual Class representatives

9. Prof. Simon Mbilinyi
10. Mr. Samuel Lwakatare
11. Mr. Rogers Sezinga

The elected new office Bearers are as follows:

Amb Ami Mpungwe	Chairman
Mr. Gareth Taylor	Vice Chairman
Mr. Deo Mwanyika	Hon. Secretary
Mr. Don McLeod	Hon Treasurer

TANZANIA CHAMBER OF MINERALS AND ENERGY 12th ANNUAL GENERAL MEETING

On December 8th 2006 the Chamber held its 12th Annual General Meeting at the Royal Palm Hotel in Dar es Salaam followed by the annual dinner at Golden Tulip. The turnout of members at both the AGM and dinner was commendable. Members' participation made the event a success. The Chamber takes this opportunity once again to thank

members for their attendance. It is hoped that such cooperation and support would continue in future.

A number of important issues were on the Agenda and the following are the highlights of the AGM and Annual Dinner.

12th AGM HIGHLIGHTS

During the AGM, which brought together Chamber members, the Chairman Amb. Ami Mpungwe gave a comprehensive report on the chamber activities and achievements during year 2006 and plans for the year 2007. A brief review of the Chairman's report to the annual general Meeting is given below:

Chamber's Major activities and Initiatives.

The Chairman pointed out that the industry is faced with many challenges on of them being the overall debate over the extent to which the mining sector has benefited the country economically and socially. He mentioned that the following interventions were made by the Chamber to address this and other aspects of importance to the industry.

Public relations and media plan

The rapid growth of the mining industry in the last five years has been publicly acknowledged particularly in areas of exploration and new mine development. Concurrently with this growth and expansion, there has been wide spread criticisms that, the mining industry is not benefiting the nation as much as it benefits the investors. Various

accusations have been raised over such issues as smuggling of minerals, large versus small-scale mining, environmental issues, the fiscal regime being overly generous, and general suspicion and mistrust that have often been featuring in the front pages of local news papers albeit, with a lot of distortion.

As part of the strategic plan to disseminate information on the mining industry, the Chamber entered into a contract with the Journalists Environmental Association of Tanzania (JET) in May 2006 whereby JET will conduct a comprehensive public relations and media campaign for a period of one year. This commenced with a training workshop for 15 journalists conducted from 22nd May 2006 to 25th May 2006 under the sponsorship of the Chamber.

Members' donations towards food relief

The Chamber heeded to the call by His Excellency President Jakaya Kikwete to contribute towards food relief following severe drought that had hit the country.

In that regards, the Chamber made a contribution amounting to TShs 228,150,000 (US Dollars 190,000) to the Prime Minister on 17th May 2006. The following companies made the contributions: Geita Gold Mining, TanzaniteOne, Bulyanhulu Gold, North Mara Gold, Tulawaka Gold, Resolute Tanzania, Williamson Diamonds, SDV TransAmi, IAM Gold (formerly EAML), Northern Mining & Consultancy, Caspian Mining, Analabs, SGS Superintendence, Kabanga Nickel Company, Sandvik Mining and

Construction, Twigg Gold and African Explosives Ltd..

Meetings with Ministry of Public Security

The security situation in the Country in general and mining community in particular has not been very reassuring to the safety of both property and personnel following a number of incidences that have occurred in exploration sites and mining operations. The Chamber addressed this on a two-pronged approach, that is, through the security subcommittee and the Executive Council. This led to discussions with the Inspector General of Police on of the police force.

The security committee on the other hand held a meeting in Mwanza on 25th August 06 that was attended by senior police officials from regional and district offices surrounding the lake zone and discussed the state of security in exploration sites and mining operations and the need to cooperate in determining appropriate future steps.

Presidential Environmental Excellence Award in Mining (PEEA)

The Chamber has been actively involved in the preparations for awarding the Presidential Environmental Award for Excellence and Leadership in Environmental Management in Mining, in collaboration with the Ministry of Energy and Minerals and the Vice President's Office Department of Environment.. The 2006/2007 PEEA competition has already been announced through the press and members are encouraged to participate. Closing date

for registration has been extended to 15th December 2006

Mining Industry assessment.

The Chamber has been in consultation with the World Bank (WBG) aiming at conducting a study on the impact of the mining industry in the Tanzanian economy. The study would establish to what extent does the economy benefited from the mining activities and what needs to be done to further expand these benefits. These talks are yet to be concluded

Mineral Policy Review

The rapid growth of the mining industry has brought with it the criticism that the country is not economically benefiting from the mining activities currently taking place. The government saw it necessary to review the mineral policy and in particular the fiscal regime of the mining sector. TCME and a government negotiating team (GNT) have been engaged in discussions and consultations on specific key result areas put forward by the government that it feels that would enhance the possibilities of achieving a win-win situation.

The talks with the GNT have been in progress at both the Chamber and bilateral level where the Chamber's position has been to urge government to maintain Tanzania's competitiveness in attracting FDI into the sector and work towards improving infrastructure to enhance the linkages between the industry and the rest of the economy rather than relying on taxation alone.

TCME involvement in Labour economic and social council (LESCO)

The Chamber is a member of LESCO under the Ministry of Labour and Youth development. Chairman of the Chamber's Education, Training and Human Resources committee is the current representative in the LESCO.

The Council comprise sixteen members whose functions are to advise the government on measures to promote economic growth and social equity; economic and social policy; any significant changes to social and economic policy before it is submitted to cabinet; the promotion of a coordinated policy, on labour, economic and social matters and to generally advise the Minister on local and international issues as they relate to labour matters.

Madini Institute curriculum development workshop

The workshop was designed to give an opportunity to all the stakeholders to deliberate on a proposed Madini Institute curriculum.

The participants were urged to ensure that, the final product merits its relevance and practical application to the extent it can be used in providing the requisite skills and appropriate knowledge that is needed by the fast growing mining industry. Of equal importance the curriculum should ensure that training will be commensurate with the requirements of the mineral sector for many years to come and in the end be able to empower the students in a manner that, at the end of their various training programmes, they are able to become entrepreneurs in their own right and be able to participate in organized and formalised small and medium scale mining and beneficiation activities

which are currently are not developed at all.

Representation in the association of Tanzania employers (ATE)

The Chamber is represented by three members from the Education Training and Human Resources committee in the ATE Mining Division. They will be Chairperson, Vice Chairperson and member a of ATE Mining division. This is a good opportunity for presenting mining views as they relate to labour issues, problems and recommendations on the way forward on Human Resources, training, labour Laws and issues which need to be handled and resolved properly.

Participation in the Dar es Salaam International Trade Fair (DITF)

In pursuit of its public awareness campaign for the mining industry the Chamber in collaboration with the Ministry of Energy and Minerals participated in the Dar-es-Salaam International Trade Fair which took place from June 28th to July 10th 2006. This being an event attracting over 100,000 people annually is one of the forums for the Chamber to project and promote the mining industry through exhibiting promotional and informative materials and keep the Tanzanian public informed of the emerging mining industry in the country. The general public expressed their desire to see future participation in the trade fair. I call upon other companies to join hands in the next Dar International Trade Fair.

Collaboration with local and international bodies

The Chamber is represented in a number of important local and international institutions, including:

- TRA Stakeholders Forum;
- Labour Economic and Social Council (LESCO);
- Tax Review Task Force in the Ministry of Finance;
- Mining Industries Association of Southern Africa (MIASA);
- SEAMIC board of Governors;
- Commercial Court;
- Public Expenditure Review Committee;
- National Employment Council (NEC);
- Tanzania Private Sector Foundation (TPSF);
- Tanzania National Business Council (TNBC);
- VETA Advisory committee on developing mining trades curriculum;
- Project Steering Committee for Strategic Approach to International Chemical Management (SAICM)
- ATE mining division;
- The proposed Golden Pride University College of Mines Trust Foundation Board;

These are important bodies that we need to continually engage with in order to into the future protect and enhance the interests of our industry as we move into the future.

A brief review of the Chairman's Speech 12th Annual dinner

The Annual dinner was held on 8th December 2006 at the Golden Tulip.

The TCME Chairman Amb. Ami Mpungwe delivered a speech. In his

speech among other things the Chairman pointed out that members of the Chamber represent companies which have invested nearly USD 2 billion in Tanzania over the last couple of years. As a result, total mineral exports (by our members) in the year 2005 amounted to US dollars 692.8 compared to just US dollars 16.1 million in 1997 with gold alone rising from US dollars 13.1 million in 1999 to US dollars 639.2 million in 2005. He further mentioned that the Mining sector's contribution to the GDP rose from almost zero in 1997 to 3.5% in 2005/2006

With regard to taxes, in 2005, he said mining companies paid to the Government of Tanzania a total of US dollars 68.9 million in the form of royalties; taxes and other contributions compared to only US dollars 2.15 million US dollars in 1997. From 1997 to 2005, the Government received a total of US dollars 255.5 million in statutory taxes and royalties with far greater impact to the Tanzanian economy than ever before.

Regarding employment the Chairman said the mining sector has created 8,500 direct jobs, which does not include the thousands of jobs created in other sectors, which are closely linked with the mining industry. He also stated that mining companies have also made significant contribution training of Tanzanians and other related services.

The Chairman further pointed out that, the rural and remoteness character of the mining industry is such that, it also involves significant investments in social and economic infrastructure, such as schools, hospitals, roads, electricity and water supply which in turn, not only

contributes positively to the development of human capital in the most remote areas of our country but also open growth potential in other sectors, such as agriculture, tourism, trading and different aspects of service industry. He further mentioned that TCME member companies are deeply committed to ensuring best practices in terms of efficient exploitation of resources, safety and environment protection measures as well as in fair employment matters.

Our suppliers for various goods and services continue to grow their various businesses to sustainable levels and opportunities keep on expanding as the industry grows.

The Chairman said that the mining industry is also making significant contribution in the social upliftment area through comprehensive social responsibility programmes as well as specialized campaigns like the fight against HIV/AIDS, Malaria, Cholera and cultural and sporting events.

In brief, Honourable Deputy Minister, our involvement in Tanzania's socio-economic transformation is total, all-round, and sustainable, driven by our long-term view and commitment to the country and its development. And we are not doing this, Honourable Minister, as matter of charity or attaining a higher moral ground! To the contrary, we strongly feel that it is also in our industry's own best interest that, much sooner than later, our activities become fully integrated with the rest of the sectors of the Tanzanian economy.

The chairman mentioned that in the areas that the mining industry we may

appear to be under performing or fall short of other stakeholders' expectations, it could be because, the rest of the national or regional infrastructure is unable to support our activities or factor conditions have not been fully developed but certainly not out of lack of interest or commitment on our part. In that regard, he said that if one sees, some of our members are importing goods through Mombasa or fuel from Kisumu, it is simply because our central railways system and road transportation networks are unable to meet our needs and demands, even if we avail them with maximum flexibility in our delivery schedules. The same would be with specialized expatriate staff as well as some of the imported goods and services.

The Chairman expressed appreciation on the very cordial, frank and positive and most transparent working relationship that so happily prevails between TCME members and Ministry of energy and Minerals other government authorities at all levels. He said

such a positive spirit and transparent approach has been amply demonstrated in the greater part of this year, consultative meetings were conducted between the Chamber and the Government Negotiating Team (GNT) on the ongoing mineral policy review. As a result significant achievements have been registered, having reached agreements in most areas that were under discussions.

**Cooperation with other Chambers
Mining Industry Association 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 contributing and influencing the adoption of appropriate mining policies among the member states of SADC. In the past eight years MIASA interacted with the SADC structures at various levels, in that regard. Additionally, MIASA currently engages the African Mining Partnership (AMP), a pan-African mining minister's forum for dialogue on mining issues that was formed two years ago. This has subsequently encouraged the formation of an All Africa Mining Industry Associations (AAMI).

The current members of MIASA are; Chamber of Minerals and Energy 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.

Future Outlook

In the light of the above mentioned activities and initiatives the Chairman concluded by mentioning that the Chamber would continue to remain proactive in addressing and attending to critical issues that continue to impact upon the growth and development of our industry.

During the coming year the Chamber's efforts will, amongst others be directed towards the following areas:

- Expanding the membership base so as to increase participation in

the Chamber activities by all players in the industry.

- Continue to give top priority to our current media campaign with the view to improving the mining industry's image on our own as well as through collaboration with Journalists Environmental Association of Tanzania (JET). We will work and improve on the initiatives we have already started including:

Organising educational workshops/seminars for various stakeholders in the mining districts, - running sponsored TV and radio educational programmes in line with the TCME/JET project.

- Continue to work towards realization of the Presidential Environmental Award in Mining.
- To participate fully in national economic and social programmes through participation in bodies that we are continuously being invited to attend.

2007 PRESIDENTIAL ENVIRONMENTAL AWARD CEREMONY

The PEEA Award Presentation Day was on March 19, 2007. The following is the brief Minister of Environment Speech.

The minister of Environment Prof. M.J.Mwandosya mentioned that the purpose and objective of the Award is to recognize excellence in environmental management and to acknowledge outstanding contributions or commitments, which go beyond statutory compliance with regulations.

He further mentioned that since 2001 the award is presented on annual basis by the President of the United Republic of Tanzania in order to promote and encourage advances in environmental management and rehabilitation in all aspects on the mining industry in Tanzania. He also mentioned that The Presidential Prof Mwandosya indicated that objective of a Presidential Environmental Excellence Award is to symbolize a company's or individual's commitment to go beyond statutory compliance with regulations and to provide the public and industry recognition for their efforts towards excellence and leadership in environmental management.

The Minister said that nominations for the Presidential Environmental Excellence Award are encouraged from all sectors of the mining industry, from individuals, to small companies and finally to large scale miners. However, he noted that the response by many companies is still poor despite efforts by the Government to advertise and invite them every year. In order to ensure participation of all companies concerned the Minister directed that efforts be made to launch an awareness campaign and a company. He emphasizes that companies, which fails to participate, would be required to submit a report as required by law and an explanation why they failed to participate.

Regarding Award categories the minister pointed out that there are four categories:

Presidential Award (PA)

There is only one Presidential Award that can be given to any individual or company in the. The winner will be given a Certificate of Excellence and a

Presidential Award trophy, which will move from one winner to another.

Presidential Certificate of Merit (PCM)

A Certificate of Merit is given to those entries that meet the objectives of the Award and have been approved by the Selection Committee.

Presidential Certificate of Encouragement (PCE)

The best submission in the small-scale mining group will be issued with a Presidential Environmental encouragement Certificate.

Presidential Certificate of Participation (PCP)

Companies or entities that will not qualify for any of the above Awards will be presented with a Certificate of Participation so as to encourage them participate in future events.

The Minister said that there might be any number of nominations, which could be recognized as achieving environmental excellence. Any nomination will be eligible if it relates directly to any of these categories.

- Water management
- Air quality management
- Mine waste management
- Protection of fauna and flora
- Community development
- New technologies

All the Certificates together with the Presidential Award were presented by the President at a function that was held in Dar es Salaam as follows:

Presidential Award: **Geita Gold Mine**
Presidential Certificate of Merit:
Resolute Tanzania Limited
Presidential Certificate of Participation:
Pangea Minerals Limited
Kahama Mining Corporation limited
Tanga Cement Company limited

NEW TCME MEMBERS

Two new members have joined the Chamber namely: Major Drilling and Sub-Saharan Resources.

NEW MINING PROJECTS

Niobium Mine

Euromet's subsidiary Aliya Minera has a mining license for a Niobium Mine in Mbeya region, which has a 50 million tonne of ore body where mining is expected to commence in 2007 at a rate of 2 million tonnes of ore per annum yielding 30,000 tonnes of Niobium concentrate per annum.

Barrick Makes Progress on Buzwagi gold project

Barrick Gold Corporation announced that there is significant progress at its Buzwagi gold project in the Lake Victoria district of Tanzania. The project is anticipated to represent a substantial investment in the national and regional economy. It will provide direct benefits to the community through infrastructure development, health, education, and social development initiatives.

The company announced that it has completed its feasibility study for Buzwagi, the positive results from which support proceeding to the next stage of project development. Detailed engineering plans for

Buzwagi are already 40 per cent complete. Barrick recently reached an agreement with the Republic of Tanzania regarding a Mineral Development Agreement - a major milestone which paves the way for the development of Buzwagi.

The investment required to develop the Buzwagi project is estimated to be approximately US\$400 million. Construction is expected to take two years to bring the mine into production.

"Tanzania is a core area of development for Barrick and we are committed to building and operating our mines in a responsible manner, ensuring that communities share the benefits of mining," said Deo Mwanyika, Executive General Manager for Corporate and Legal Affairs, Barrick Tanzania. "Buzwagi is now poised to become Barrick's next mine in Tanzania, and we look forward to working with the government and the community on this exciting project."

Barrick Tanzania is now awaiting approval of the project's environmental impact assessment from the Government, expected shortly.

Buzwagi is expected to generate benefits for at least ten years as it currently has proven and probable gold reserves of 2.64¹ million ounces. As envisioned, the open pit mining operation would produce about 240,000-250,000 ounces of gold per year.

The design of the project builds upon Barrick's experience could benefit from the company's talented workforce in Tanzania. Advancement of the project has also benefited from the support of the community and the Government of Tanzania.

Barrick completed 200,000 meters of exploration drilling on the property in 2006, and plans to proceed in 2007 with additional drilling on exploration targets in the area.

Barrick has been active in Tanzania since 1999, greatly contributing to the growth of the country's gold mining sector, which now ranks third in gold production among African nations. The company currently operates three mines in Tanzania: Tulawaka, Bulyanhulu and North Mara.
