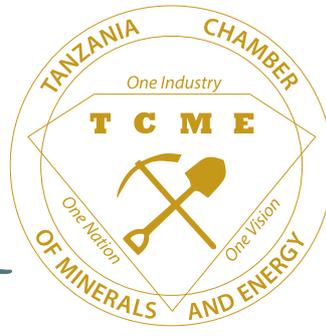


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TANZANIA EXTRACTIVE INDUSTRY UPDATE



JOJA

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PAMOJA is free and those interested in receiving the monthly update are invited to register by simply sending an email with their full name, job title and email address to: info@tcme.or.tz

We also welcome your comments, queries and any suggestions on how we can further improve PAMOJA.

About us

Established in 1994, the Tanzania Chamber of Minerals and Energy represents the interests of its members in the Tanzanian mineral sector. Acting as a voice for the industry the Chamber plays a pivotal role within the sector as a mediator between the mining investment community and key stakeholders, most notably the Government of Tanzania and the public.

With close to 60 members the Chamber represents a broad spectrum of relevant players in the mining industry, including small-scale miners, individuals, service providers, and international mining companies of all sizes who have identified Tanzania as a worthwhile place to invest their money. These companies are carrying out a range of activities within the mining sector from exploration to production.

Industry Insights

Gold Price, Uranium & Legal issues dominate Tanzania, Mining, Energy, Power and Infrastructure Indaba 2013

The Tanzania, Mining, Energy, Power and Infrastructure Indaba 2013 theme focused on increasing local content and indigenous participation in the mining, energy/oil & gas and infrastructure sectors and delivering the critical insights and business networks for you to navigate a fast changing mining and energy investment landscape.

The Indaba attracted over 500 people from around the world, speaking at the opening of the Tanzania Mining, Energy/Power and Infrastructure Indaba (TMEPII), the Chairman of the Tanzanian Chamber of Minerals and Energy Joseph Kahama, read on his behalf by Mr. Deo Mwanyika, called for sensible economic reform to safeguard the mining industry which employs thousands of Tanzanians in a variety of jobs and pays hundreds of millions of dollars in taxes every year.

Putting into perspective some of the challenges faced by the mining industry particularly the high operational costs, notwithstanding the fluctuating world gold

prices; the TCME chairman was categorical that the Tanzania government should consider its push for additional revenue collection from the gold sector given the genuine profitability questions.

The Chairman cautioned stakeholders about pushing for counterproductive policies that are not responsive to global challenges facing key commodities such as gold and nickel. "During these challenging times, undue revisions to the fiscal regime can have far reaching negative consequences to investment flows into the mining sector.

He pointed out that Fifteen years ago Tanzania was able to craft a winning combination of legislative, fiscal and regulatory framework that considered the investor's risk and reward and today, according to the 3rd TEITI Report, the extractive industry is generating Shs. 497.2 Billion to government coffers, enabling the government increase its capacity to meet many of its development budget needs. •••

••• He said that in terms of Corporate Social Responsibility, community investments have further broadened the positive impact of the industry; schools, hospitals, clinics, orphanages, roads, water and power are just some of the benefits that host communities have gained in recent years.

In his Keynote speech the minister of energy and minerals Hon Prof. Sospeter Muhongo pointed out that the government was keen in ensuring that extractives industry benefited the people of Tanzania through payment of rightful taxes and that it is essential that both the government and the investor enjoyed the fruits of their investments. He pointed that the purpose of any business venture is to create wealth for all the parties concerned; shareholders get their dividends as well as the host government. He laid down the key infrastructure projects that will support the mining sector in Tanzania. The minister addressed global issues on energy demand and supply and pointed out that the world will have to brace for energy deficits and water depletion as the world population bloats to 9 billion approaching year 2050; these, he said, are the hard issues.

The Indaba also heard about the Uranium Mkuju River Project. Presenting his paper on 'Tanzania Mining energy Transition to uranium mining', Mantra Tanzania's managing director Asa Mwaipopo said they are in final discussions

with the Government on Mining Development Agreement.

While the Mining Development Agreement and the consent to operate in a game Reserve are the key outstanding Government permits, Mr. Mwaipopo said they had received UNESCO's approval to a minor boundary change of the World Heritage area – granted in July 2012, Environmental Impact Assessment Certificate – granted in October 2012 and Special Mining Licence – issued in April 2013.

The uranium project is expected to attract Foreign direct investment in excess of \$1 billion over the life of the mine, Project royalties – \$195 million over the life of the mine, Project corporate taxes – \$363 million over the life of the mine and Substantial new employment – 1,600 jobs created during construction and over 700 permanent jobs. The uranium project will require at least two years of construction work before commencing production. Making Tanzania the third largest uranium producer in Africa after Niger and Namibia.

The Uranium update comes days after government announced that 175.8 million tons of uranium reserves confirmed so far at Mkuju River, whose extraction will enable the Treasury to collect 363 million US dollars in corporate taxes and 50 million US dollars in Pay As You Earn (PAYE).

Commenting from a legal perspective on the extractives sector, Kibuuka Law Chambers' Managing Partner & Advocate,

Paul Kibuuka, said the Tanzania, Mining, Energy, Power and Infrastructure Indaba has provided a platform for business executives, entrepreneurs, professionals, and potential investors to get rare insights into the policy, legal and regulatory frameworks that govern these sectors and the available investment opportunities"

He noted that "as a newly resource-enriched country, Tanzania needs international investors to tap its mining, energy, oil and gas resources to help transform its economy and improve the lives of its people."

Other discussions at the Indaba included 'The legislative & regulatory framework in the mining and energy sector, contracting with State Entities – stabilization clauses/bi-lateral investment treaties, which have been topical in Tanzanian politics for the last decade. The last day was dominated by a panel discussion and debate around mining benefits in Tanzania, 'are we winning the game and can we do more?' Mr. Emmanuel Jengo Chief Executive of the Chamber expressed the need for Tanzania to sustain and nurture her competitiveness in the wake of other emerging economies opening up to foreign direct investment. Mr. Ally Samaje, the acting commissioner of minerals pointed out that the government continues to refine its policies to ensure that they are rational to the extent both the investor and the government arrive at a win-win situation.



News from Tanzania's Minerals and Energy Industry

Dar es Salaam demands redress on controversial mining licences

allAfrica.com, 4 September 2013

Allegation of district mining authorities favouring potential foreign investors over local small-scale miners has prompted government reaction on the need for redress of the situation.

Full Story

Richland Resources surges on success in combating illegal miners

Proactiveinvestors, 9 September 2013

Richland Resources has made a major breakthrough in the removal of illegal miners from its licence area in Northern Tanzania.

Full Story

African Barrick COO quits, sends stock nose-diving

Mining.com, 9 September 2013

Chief Operating Officer Marco Zolezzi's resignation, just three months after the company's CEO was sacked, triggered a significant drop in share prices. *Full Story*

Kinana puts big mining block hoarders on notice

allAfrica.com, 12 September 2013

Secretary General of Chama Cha Mapinduzi (CCM), Mr. Abdulrahman Kinana revealed that the party has advised the government to revoke big scale miners' licences, those who have hoarded big mining blocks and allocate them to small-scale miners. *Full Story*

Tanzania says H1 2013 gold output down 12 percent

Lse.com, 6 September 2013

Tanzania has witnessed a 12 percent drop in gold output in the first half of 2013 from a year earlier.

Full Story

Gold exploration firm scoops Presidential Award

allAfrica.com, 10 September 2013

The CANACO Tanzania Limited received the first ever Presidential Award on Corporate Social Responsibility and Empowerment for 2013.

Full Story

Kibo Mining raises more funds for Tanzanian exploration

Stockmarketwire, 11 September 2013

Kibo Mining has managed to raise an additional £500,000, before expenses, through the issue of 10,000,000 new ordinary shares at 5p per share. *Full Story*

Richland Resources' 1st half revenue, loss widens

Diamonds.net, 12 September 2013

Richland Resources Ltd. reported that its revenue slipped 10.5 percent year on year to US\$7.54 million and cost of sales was flat at US\$4.32 million for the first half that ended on June 30. The mining company's gross margin fell to 43 percent compared with 48 percent one year earlier. *Full Story*

Asco secures US\$100 million oil services deal in Tanzania

The Scotsman, 13 September 2013

Oilfield services provider Asco, has secured a three-year agreement, valued at US\$100 million (£63.3 million) to provide supply base services to BG. [Full Story](#)

Edenville's Rukwa deemed viable

Mining Weekly, 20 September 2013

A scoping study conducted by London-listed Edenville Energy has firmed up the viability of the Rukwa coal project, in south-western Tanzania. [Full Story](#)

Envoy wants oil and gas kept out of politics

The Daily News, 21 September 2013

The Norwegian Ambassador to Tanzania has urged the government to establish a national consensus which is independent from any political ideology that will govern extraction of oil and gas reserves in the country to benefit citizens more than foreigners. [Full Story](#)

Government softens stance over mineral block shares

The African, 23 September 2013

The Tanzania government has expressed its intent of establishing a platform that will cater for local investors' participation in the expected floatation of the eight oil and gas blocks. [Full Story](#)

Debate over oil, gas blocks exploration rages on

The Daily News, 17 September 2013

Energy and Minerals Minister, Prof. Sospeter Muhongo, received complaints of alleged local labourers mistreatments on the hands of Chinese supervisors. [Full Story](#)

NEMC issues three-month ultimatum to mining firms

allAfrica.com, 20 September 2013

The National Environment Management Council (NEMC) has ordered three gold mining companies in the Lake Zone to comply with the Environment Act within the next three months. [Full Story](#)

TPDC called upon to manage oil, gas sector

Sunday News, 22 September 2013

The private sector has urged the government to lay down clear strategies for the Tanzania Petroleum Development Corporation to be able to fully dominate the natural gas and oil subsector. [Full Story](#)

Natural Gas Policy ready for cabinet approval

The Daily News, 28 September 2013

According to government officials, the eagerly awaited gas policy is expected to be ready having gone through all the required stages and currently waiting for the cabinet's approval. [Full Story](#)



Upcoming Events

Mining Business and Investment

17 - 18 October 2013 - Safari Park Hotel, Nairobi, Kenya

The MBI Eastern Africa Summit is the pivotal annual event of great investor and stakeholder interest in the mining sector in the region. It expects to host regional and international mining communities and provide the most-up-to-date business opportunities and most importantly the chance to network with all the people who will have direct influence over decision making for the region.

Visit the event website

The 2nd Tanzania Oil and Gas Conference - 2013

23 - 24 October 2013 - Mwalimu Nyerere International Convention Centre, Dar es Salaam, Tanzania

The summit is expected to bring together stakeholders in the industry to discuss the challenges and prospects of extractive industries development and harnessing their potentials, capacity building and awareness raising. The summit also expects to cover technological issues in upstream, midstream and downstream, business taxation and finance and also discuss on institutional, policy, legal and regulatory framework. *Visit the event website*

Arusha International Gem and Mineral Fair 2013

28 - 31 October 2013 - Mount Meru Hotel, Arusha, Tanzania

The event expects to attract international participants in the mining industry presenting them with an opportunity to exchange their experiences, discuss value addition options and sell or buy minerals at reduced prices. The event will continue to have a special focus on empowering women in the gemstone trade through education in the areas of cutting and carving, and mentoring by strong female leaders. *Visit the event website*

Africa's Premier International Oil & Gas Event

25 - 29 November 2013 - Cape Town International Convention Centre, Cape Town, South Africa

The event is considered as one of the world's leading meetings on Africa for corporate deal-making, Roadshows and senior-level networking across the oil/gas industry in and on Africa, and designed to build the African Continent's economic future. This year, the event expects to feature over 1,000 delegates from six continents with 90 presentations made during the week. [Visit the event website](#)

Investing in African Mining Indaba

3 - 6 February 2014 - Cape Town International Convention Centre, Cape Town, South Africa

The event is one of the world's largest mining investment events and Africa's largest mining event. Investing in Africa Mining Indaba for the past 19 years has channelled billions of dollars of foreign investment into the African mining value chain. The event is considered the world's largest gathering of mining's most influential stakeholders and decision-makers vested in African mining. [Visit the event website](#)

