

MALAWI

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Malawi's macroeconomic performance showed a slight improvement during 2003. Real GDP grew by 4.9% and inflation averaged about 11% from 18% in 2002. The cost of domestic borrowing went down to 35% from 45% in the previous year. The issue of Treasury Bills created a huge internal debt stock. Short-term investments became more attractive, affecting long-term investments in the industrial sector.

Government is now seriously looking into promoting mining, agriculture, manufacturing and tourism in order to reverse slow economic growth. These sectors have potential for high growth and could contribute to poverty alleviation. Most mineral projects at present fall within the small-scale mining category. The drafting of the first ever Minerals Policy will be completed by the fourth quarter of 2004 and will be followed by a revision of the Mines and Minerals Act.

Government support, both financial and technical, has been forthcoming for small-scale miners in the field of lime and salt production. Research and training of small-scale miners continue in the areas of crystal gypsum mining and in the processing, cutting and polishing of gems. Table 1 includes mineral deposits that the government is trying to promote under small-scale mining as part of its poverty-reduction strategy.

Exploration activities during 2003 focussed mainly on heavy minerals, precious metals and tantalum. Allied Procurement Agency finished feasibility studies for exploitation of the Chipoka heavy mineral sands in Salima, and is currently erecting a pilot plant for concentrating rutile, ilmenite, garnet and zircon. This will be followed by the preparation of a bankable feasibility study document.

Millennium Mining Ltd continued to hold concessions over the heavy mineral sands (HMS) resources in the Nkhotakota, Salima, Makanjira and Lake Chilwa areas. The target minerals which have been found at economic grades include ilmenite, rutile and zircon. During the period under review, the company concentrated on the Halala heavy mineral deposit along Lake Chilwa. A feasibility study was completed and the company is now seeking to raise finance to implement the project.

Lisungwi Mineral Resources Ltd continued to hold several exploration concessions in the Lisungwi – Kirk Range area. The company continued with its efforts to secure funds for its Ni-Cu- PGM-Au exploration project, and the prospects were reported to be encouraging. Future plans include core drilling and trenching over the target ultramafic rocks.

Maravi Mineral Development Ltd continued to hold exploration licences (EPLs) over tracts of ground in the Thambani Mountains in Mwanza and pegmatite areas in Mzimba. The company is interested in tantalite, niobium-bearing minerals, zircon and corundum. Exploration activities included pitting and trenching over target areas. Most of the financial assistance came from the Centre for Development of Enterprises in Brussels, an organisation supported by the EU and African, Pacific and Caribbean states.

In southern Malawi, about 20 km southwest of Blantyre, Albidon Ltd holds an exploration licence in the Bimbili River area in respect of its Mpemba nickel-platinum project. In October 2003, it entered into an agreement with a subsidiary of WMC Resources Ltd of Australia, whereby WMC may earn a 30% interest by spending US\$5.0 million on exploration, with an option to earn a further 40% on completion of a pre-feasibility study. The area contains extensive mafic intrusions and sulphide nickel occurs in many of the outcrops. WMC and Albidon have since conducted detailed airborne geophysical surveys to improve geological knowledge, and to locate targets for ground follow-up and possible core drilling.

Rare Earths Co was granted a mining licence over Kangankunde monazite and strontianite Deposit in Balaka District. During 2003, the company was fine tuning its metallurgical test-work results and equipment design. Orders were made to import a processing plant from India and it is expected to arrive by June 2004.

Industrial mineral production improved in the year under review but cement production went down due to closure of Portland Cement Co's quarry. The company imported most of its clinker from countries within the region and from Egypt.

Blue agate production has increased but reliable statistics are difficult to obtain owing to an increase in smuggling activities. Most blue agates are exported through Tanzania and find their way to markets in the Far East. The government is trying to reorganise small-scale agate miners into associations so that the sector becomes formalised.

Mineral Exploration (Pvt) Ltd owns and operates the Chimwadzulu gemstone mine, producing small quantities of placer rubies that are cut and polished in London, and some placer sapphires. The company has carried out trial cutting of small stones within Malawi and is reported to be negotiating a prospective joint venture partner for both gem finishing and jewellery manufacture in the country. The government is fully supportive of such a venture.

Tables next page.

Table 1: Proven and Probable Mineral Reserves as at January 31, 2003

Category	Name	Tonnage/grade
Proven Reserves	Kayerekera uranium	2.4 Mt/0.26% U ₃ O ₈
	Mulanje bauxite	28.8 Mt/43.9% Al ₂ O ₃
	Chimwadzulu corundum	8 t/75.6 g/m ³
	Malowa Hill limestone	15 Mt/48%CaO, 1.2% MgO
	Kangankunde rare earth minerals	11 Mt/8%Str, 2.6% Mzt
	Katengeza graphite	2.7 Mt/5.8% C
	Chipoka heavy mineral sands	210 Mt/5.6% HMZ
	Feremu vermiculite	1.5 Mt/4.9% (med+fine)
	Probable Reserves	Mwabvi coalfield
Tundulu phosphate		2.0 Mt/17% P ₂ O ₅
Ngana coalfield		15 Mt/21.2% ash
Chenkumbi limestone		10 Mt/46% CaO, 6.3% MgO
Chisepo pyrite -Nkhanyu Hill		34 Mt/8% S
Linthipe kaolinitic clay		14.1 Mt/33.8% Al ₂ O ₃
Mchinji glass sand		1.6 Mt/97% SiO ₂
Salima heavy mineral sands		250 Mt/5.6% HMS

Table 2: Mineral Production

Mineral	Unit	2000	2001	2002	2003
Coal	'000 t	34.3	36.7	41.9	46.0
Cement	'000 t	155.1	-	180.1	23.9
Limestone	'000 t	-	169.1	169.1	22.4
Gemstone (including blue agates)	kg	152,000	164.3	122.3	2,967.6 (excluding agate)
Blue Agates					161.1
Lime	'000 t	2.7	2.1	3.6	6.2