

## TANZANIA

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In the year 2002, the Tanzanian mining industry continued to enjoy considerable growth as in the previous year, mainly due to continued developments in gold exploration and mining in the Lake Victoria goldfields. Exploration activities increased in the area, as did work on a number of small-to large-scale mining projects (Tables 1 & 2). The number of Prospecting Licences rose by 23% from 390 in 2001 to 480 in 2002, and the number of Mining Licences increase by 28% from 130 to 166 (Table 2).

As a result of this continuing growth, the contribution of the minerals sector to the country's GDP has risen from 2.3% in 2001 to 2.5% in 2002. Direct foreign investment since 1998 in the mining industry is now valued at US\$1.3 billion.

The main contribution to this growth has come from exploration and mining (Table 2) in the Lake Victoria goldfields. For example, last year Barrick Gold Exploration undertook extensive exploration campaigns around greenstone belts in the Lake Victoria region, in the hope of expanding the resource base for its Bulyanhulu mine at Kahama. There has also been a growing interest in metals exploration in southwestern Tanzania where the principal target has been platinum group metals (PGM).

A significant event during the year was the commissioning of the North Mara mine of Afrika Mashariki Gold Mines Ltd in the Tarime District on September 12, 2002. The mine is based on a resource of 4.1 Moz of gold, and annual production is projected at 200,000 oz. Total investment in this mine, as of September 12, 2002 was US\$90 million.

The value of mineral exports increased by 52%, from US\$319 million in 2001 to US\$485 million in 2002, mainly as a result of improved gold exports. These rose by 65%, from US\$263 million in 2001 to US\$414 million in 2002. Production of gold rose from 33.8 t to 42.3 t (Table 3). There were also significant contributions to total mineral exports from silver and copper which rose from US\$4.2 million in 2001 to US\$16.5 million in 2002. They are produced by Kahama Mining Corp. Ltd at Bulyanhulu and are exported in the form of Au-Ag-Cu concentrates.

Last year's increase in gold exports had a significant effect on Tanzania's total exports, boosting the revenues from non-traditional exports (minerals, fish and fish products, manufactured goods, horticulture and other products) from US\$545.5 million in 2001 to US\$675.6 million in 2002. Gold exports now account for about 49% of total non-traditional exports. Traditional exports (cloves, coffee, tea, tobacco, sisal, cashew nuts and cotton) were valued at US\$201.5 million in 2002, about 23% of the value of total exports. Thus, non-traditional exports now account for 77% of the country's total exports of which

gold accounts for 38%. Gold mining has become one of the major areas of the economy bringing in foreign currency to Tanzania.

The increase in mineral exports also reflect growth in gemstone trading (Table 4) exports (excluding diamonds) having jumped by 12% from US\$19.6 million to US\$22 million.

Despite the success stories in the minerals sector, the public seems not to have appreciated the contribution that mining is now making to the national economy, and 2002 was characterised by public concern that the industry is not bringing the intended benefits, with mining centres such as Merelani and Bulyanhulu, witnessing tensions between foreign companies and the local communities.

To address this problem, the government has taken deliberate efforts to educate the general public about the social and economic impacts of the fast-growing minerals sector. Through organisations such as the Tanzania Chamber of Mines, the Tanzania Women Miners Association, Regional Miners Associations and Mineral Dealers Associations, constructive dialogue has been possible.

In order to realise the full potential of the minerals sector, the government has also continued its strategy of creating and perfecting a conducive investment environment that puts the emphasis on private-sector led mineral development conducted in an environmentally sound manner. Efforts have been directed to the establishment and strengthening of institutional capacity. In this context the Mineral Resources Department has been restructured to form the Minerals Division and the Geological Survey of Tanzania. The Minerals Division is responsible for the administration of the minerals sector, and the Geological Survey of Tanzania (now being transformed into an executive agency) is the national geo-scientific database, from which investors can obtain vital geological information.

A large number of investors are showing a growing interest, and there has been a growing number of mineral rights applications (Table 1). Responding to this need, the Minerals Division is developing a modern Mining Cadastre Licensing System which should speed up the mineral rights licensing process.

**Table 1: Exploration and Mining Licences in Tanzania; 1999 – 2002**

| Year | Reconnaissance | Prospecting | Mining |
|------|----------------|-------------|--------|
| 1999 | 15             | 260         | 45     |
| 2000 | 20             | 270         | 87     |
| 2001 | 23             | 390         | 130    |
| 2002 | 17             | 480         | 166    |

**Table 2: Operating Mines and advanced projects in Tanzania (2002)**

| Name of Mine/Project              | Owner                                     | Type of Mineral | Estimated resource (Moz) | Production per annum (oz) | Capital Investment (US\$ million) | Stage   |
|-----------------------------------|---|-----------------|--------------------------|---------------------------|-----------------------------------|---|
| Kahama Mining Corp. Ltd           | Barrick Gold Corp.                        | Gold            | 20.0                     | 400,000                   | 610                               | Underground mine                                    |
| Geita Gold Mines                  | 50% Ashanti Gold Fields and 50% AngloGold | Gold            | 12.0                     | 500,000                   | 400                               | Open-pit mine                                       |
| Golden Pride                      | Resolute Tanzania Ltd                     | Gold            | 2.71                     | 180,000                   | 77                                | Open-pit mine                                       |
| Merelani Mining Co. Ltd           | 75% AFGEM and 25% Tanzania Citizens       | Tanzanite       | Na                       | Na                        | 20                                | Underground mine                                    |
| Williamson Diamonds Ltd           | 75% De Beers and 25% Tanzania Govt.       | Diamonds        | Na                       | 300,000 ct                | 16                                | Open-pit mine                                       |
| North Mara Mines                  | Africa Mashariki Gold Mines Ltd           | Gold            | 4.1                      | 200,000                   | 90                                | Open-pit mine                                       |
| East African Mines Ltd            | East African Mines and Spinifex Gold Ltd  | Gold            | 1.37                     | na                        | 17                                | Buckreef, Nyakafuru, Kitongo, Ikina projects        |
| Buhemba Gold Mine                 | Meremeta                                  | Gold            | na                       | na                        | na                                | Open-pit mine                                       |
| Tancan Mining Ltd and TANZAM 2000 |   | Gold            | Na                       | na                        | na                                | Luhala, Itetemia, Lunguya and other projects        |
| Pangea Minerals and Barrick Gold  |   | Gold            | 5 (approx.)              | na                        | na                                | Chocolate reef, Golden Ridge, and Tulawaka projects |
| Barrick Gold                      |   | Nickel          | Na                       | na                        | na                                | Feasibility completed                               |
| Tembo Project                     | Lakota Resources                          | Gold            | Na                       | na                        | na                                | Ikina Reef Project in Kahama                        |

**Table 3: Tanzania Gold Production - Exports; 1999 – 2002**

| Year | Gold production (t) | Exports (US\$ million) |
|------|---------------------|------------------------|
| 1999 | 7.0                 | 39                     |
| 2000 | 15.0                | 120                    |
| 2001 | 33.8                | 263                    |
| 2002 | 42.3                | 414                    |

**Table 4: Value of Mineral Exports (US\$ million) 1999 – 2002**

| <b>Mineral category</b> | <b>2000</b>  | <b>2001</b>  | <b>2002</b>   |
|-------------------------|--------------|--------------|---------------|
| Diamonds                | 46.0         | 30.6         | 27.95         |
| Gold                    | 121.0        | 263.0        | 414.00        |
| Gemstones               | 18.5         | 19.8         | 22.02         |
| Other minerals          | -            | 6.0          | 19.10         |
| <b>Total</b>            | <b>185.5</b> | <b>319.4</b> | <b>485.07</b> |