

THE UNITED REPUBLIC OF TANZANIA
MINISTRY OF ENERGY AND MINERALS

Telegrams "ENERGY"
Telephone: 022 21117156
Fax: 022 - 2116719
Email: ps@mem.go.tz



5 Samora Machel Avenue,
P.O. Box 2000,
11474 DAR ES SALAAM.

On reply please quote:
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19th November, 2014

Mr. Deo Mwanyika
Vice President,
African Barrick Gold,
P.O.Box 1081
DAR ES SALAAM

**RE: ADDRESSING PROBLEMS FACING
NORTH MARA GOLD MINE**

As you may recall, the Permanent Secretary of the Ministry of Energy and Minerals (Mr. Eliakim Maswi) and other senior officials of the Ministry visited Tarime District from 04th to 07th November, 2014 to analyze and assess problems facing North Mara Gold Mine (NMGM) and find solutions to address such problems. The visit became necessary from the fact that, the NMGM is currently facing a serious security problem due to frequent intrusions from youths who invade the mine for the purpose of getting low grade rocks from the pits. This has largely affected the operations of the mine, the situation that requires an urgent action from the Government and other parties involved so as to achieve zero intrusion and zero fatalities.

During the visit, several meetings were held with various stakeholders namely: Communities around NMGM, District Security Committee, Senior District Officials, Political leaders, Village leaders, Tribal leaders, Religious leaders and NMGM officials. The aim was to find the main cause of mine invasions made by intruders and establish a possible solution to end it.

Through that visit, it has been revealed that intrusions have been resulting into crushes between intruders and Police while in the process of preventing intruders from entering the mine. This

situation has caused injuries or fatalities on the side of the intruders, injuries on the side of the Police and damage of mine properties. The Government cannot allow this situation to continue.

Through inspection and thorough discussions with individuals and groups involved, it has been revealed that, there are three main issues to be addresses in order to solve problems facing NMGM. These are: security of the mine, compensation issues and implementation of the contracts between NMGM and villages around the mine. With this regard, the three parties: Government, villages and NMGM have to work together in solving the above three problems in order to enable smooth mining operations at NMGM. Each party therefore has its role to play to achieve the same. As part of the strategy to solve the problems facing NMGM, you are directed to implement the following without delay:

1. SECURITY ISSUE

1.1 The Use of National Service (JKT)

For a long time, NMGM has been using the Police Force to control security of the mine in the outer perimeter of the mine site through a MoU signed by the two parties. However, despite having large number of Police at the mine (about 160) the intrusions have been escalating. It was reported during the visit that, some of the Police collude with some of the intruders by allow them to enter and get low grade rocks from the mine, the situation that encourages invasion from other intruders who are not in agreement with the Police.

With this regard, NMGM should immediately make use of the National Service (JKT) which is an integral component part of the Tanzania Peoples Defence Force (TPDF) to control security of the mine. The JKT should take control of the outside the mine as well as the pits. The rest of the security guards (KK Security and MRF) should be used in other areas inside the fence. In addition, you are advised to consider using security guards from the villages around the mine who should slowly replace the MRF as well as the KK Security.

1.2 Alternative Economic Projects

It has been learnt that, a large number of the locals staying in the seven villages around NMGM are unemployed. Therefore, NMGM should collaborate with the village leaders of Kewanja, Kerende, Nyangoto, Genkuru, Nyamwaga, Matongo and Nyakunguru to establish economic projects in order to create more employment to villagers, particularly the youth. Such alternative economic projects will help in stopping invasion of the mine currently made by the youth since they will have an alternative livelihood through those projects.

1.3 Designating Areas for Small Scale Miners

It is our understanding that, ABG owns a few Prospecting Licences around NMGM Special Mining Licences. The mine should collaborate with the Ministry of Energy and Minerals in designating suitable areas for small scale mining within those PLs. Coordinates of the sought areas shall be sent to you for consideration if you can relinquish them to be demarcated for the small scale miners.

2. COMPANSATION ISSUES

The speculation behaviour called "tegesha" made by people from various parts of the country has largely affected the implementation of the compensation exercise at NMGM. Due to change of your mine plan, it was noted that you will not acquire some of the areas as previously planned. In order to adequately address compensation issues at NMGM, you should implement the following:

- i. All families living too close to your workings and in unsafe areas should be compensated and relocated to safe areas by December, 2014;
- ii. The mine should immediately inform in writing all individuals whose land was valued for compensation, but now the mine does not intend to go on with compensation as previously commutated to the families in question.

- iii. Fair compensation should be paid to all villagers whose crops were destroyed during valuation exercise, but now the mine does not intend to acquire their land.
- iv. NMGM should establish beacons at the boundaries of the SMLs;
- v. The mine should inform village leaders of Kewanja, Kerende, Nyangoto, Genkuru, Nyamwaga, Matongo and Nyakunguru on areas within NMGM SMLs which are currently not planned to be used for mining operations; and
- vi. It is advised that, all court cases (on land compensations) initiated by the mine against surface right holders should be withdrawn by the mine and be filed to the Commissioner for Minerals in accordance to Section 102 of the Mining Act 2010.

3. IMPLEMENTATION OF VILLAGE CONTRACTS

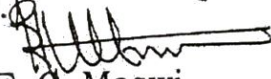
Inadequate implementation of contracts has been another serious source of conflicts between NMGM and villagers around the mine. It was noted that, some of the projects under agreement are not implemented accordingly. For instance, building of VTC at Nyangoto area; relocation of the Nyabigena Primary School to a designated area; and rehabilitation of the Nyabichune Primary School are among the projects not implemented to-date. NMGM should implement the following projects, among others, as highlighted below:

1. Building VTC at Nyangoto area as agreed;
2. Relocate Nyabigena Primary School to an area designated by the village;
3. Replace the vandalised water infrastructure to Sungusungu Hospital;
4. Collaborate with the villages to rehabilitate roads from the budget of TZS 71 million per year per village;
5. Implement water projects in villages around the mine; and

6. Meet with village leaders of Nyakunguru and Matongo to review the village contracts to reflect wider benefits similar to that of the other five villages around the mine.

It is our hope that, if the above highlighted measures are fully implemented by the mine, the current critical problems facing NMGM will be solved. The Government is assuring NMGM of its highest commitment in making sure that NMGM operates in a safe environment and sustainable manner.

Thank you for your cooperation.


E. C. Maswi

PERMANENT SECRETARY