Mining Projects

BIHARAMULO GOLD MINE

Biharamulo Gold Mine formally known as Tulawaka Gold Mine is currently operated by STAMIGOLD Company Limited a subsidiary of the State Mining Corporation (STAMICO). It is located 160km south-west of Mwanza in the western part of the Lake Victoria Goldfield, in Biharamulo District, Kagera Region.

STAMIGOLD was incorporated on 28th October 2013 mandated to engage in prospecting, exploration, development, production, processing of gold and market gold within the country and foreign markets.

Initially the mine was known as Tulawaka Gold Mine and owned by African Barrick Gold (ABG). Due to gradual decrease of reserves, ABG ceased its operation in 2013 and transferred ownership of the mine and its surrounding exploration licenses to STAMICO so that the Corporation could operate it profitably as a medium scale for a period of not less than two years.

The Tulawaka Gold Mine was initially developed as an open-pit operation in 2005 whereby the East Zone deposit was mined and it was converted to underground mine operation in 2008. As the result of reserve decrease and high operating cost the operation ended by ABG in 2013.

STAMIGOLD Company Limited is a growing gold company having estimated resource of more than 200,000 troy ounces. The main ore body is located in the Western Zone and Moja Moja areas; with potential for near plant mining around the mineralized Eastern Zone.

Adjacent to the special mining licence there are a number of highly prospective grounds owned by STAMIGOLD Company Limited through a number of Prospecting Licenses (PLs). Basing on the available resources, the STAMIGOLD Company Limited is expected to be operational for at least three years. This life of mine is expected to increase as more exploratory work is conducted in the area.

BUHEMBA GOLD MINE RE-DEVELOPMENT PROJECT

PROJECT BACKROUND

The Buhemba Gold Mine project is situated within PL7132/2011 owned by STAMICO that covers an area of approximately 8.18 km^2. Mining activities began during colonial time between 1930 and 1970 where 350,000 ounces of gold were produced at an average grade of 13.5Au g/t.

The colonial mining operations stopped in 1970 when many privately owned mines were either abandoned or closed for various reasons including nationalization threats. Mining activities commenced again on 2003 by Meremeta Mining Ltd till 2007 when mining operations were stopped again and 274,000 ounces were produced (Latin 2013). It was reported that a total of 610,590 ounces of gold remained after cessation of Meremeta mining activities (Massano, 2012).

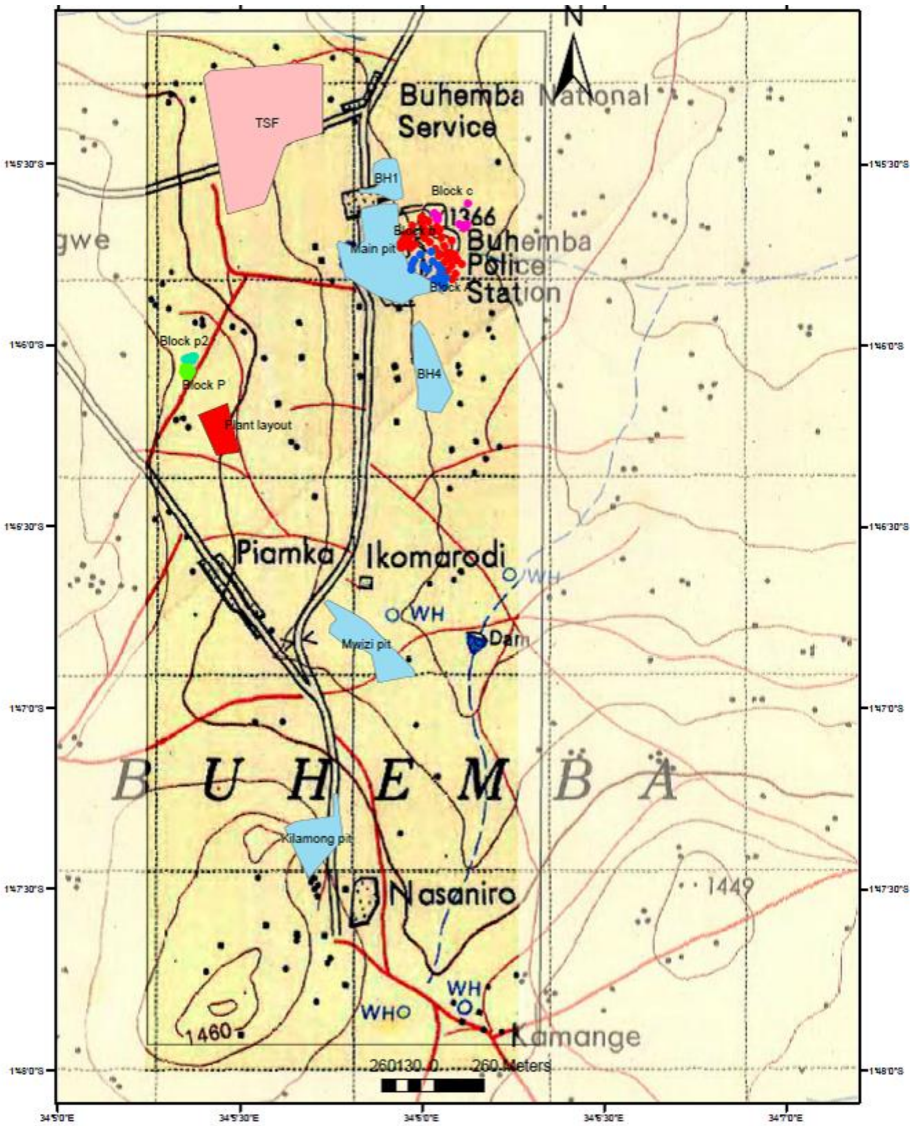
In 2001, Jeffares & Green Inc reported that, TGL and KD Munro companies in 1996 completed evaluation study on colonial tailings and came up with resources available ranging at 984,000 and 1,007,000 (averaged 995,500) tons, grading at 1.6g/t and 1.65g/t (averaged 1.62g/t) of gold respectively with potential gold content of 52,183 ounces. Due to the potentiality of resources that still exist at Buhemba Gold mine; STAMICO has divided the project into two phases;

- Phase 1-Reprocessing colonial old tailings
- Phase 2- Developing existing mine through exploration and mining

To start with STAMICO is evaluating the possibility of reprocessing old tailings at medium scale mining level and looking for a joint venture partner on redeveloping existing mine which shows to have a potential of 610,590 ounces of gold. There is also a possibility of developing both phases as a single joint venture project depending on the outcome of the evaluation stage.

PROJECT LOCATION AND ACCESSIBILITY

Buhemba Gold Mine is located in Butiama district Mara region which is found in northern Tanzania. The area can be accessible by car through tarmac road about 60km east adjoining Mwanza- Musoma road.



PROJECT STATUS

Recently the following activities have been conducted and others are in progress for evaluating the possibility of reprocessing colonial gold tailings using appropriate processing technology:-

- Sampling on colonial tailings and sample analysis
- Metallurgical test work on Vat leaching, Cyanide Bottle roll, CIL pilot plant test
- Business plan, Feasibility Study Report and Environmental Management Plan on Vat leaching technology
- Feasibility study report on Carbon in Leach technology is in progress and expected to be completed at the end of December, 2014.

KIWIRA COAL MINE AND POWER GENERATION

Project overview

Kiwira Coal & Power Co. Ltd, formerly known as Kiwira Coal Mines Co. Ltd, was registered in 1988 under the Companies Ordinance (Cap 212). Between “1988-2005” the company was a wholly owned subsidiary of State Mining Corporation (STAMICO). Since it was commissioned in 1988 the Mine had a 6MW Power Station which used to generated power for the mine operations and for selling to TANESCO.

The designed underground mine capacity is 150,000 tons per annum but it requires major investment on mining re-development. Currently proven mineable ore reserve at Ivogo Ridge is 35 million tons. With further exploration, it is expected to increase up to 90 million tons.

Background

In 2005, Kiwira Coal Mines Limited was privatized to a local company Tan Power Resources Limited (TPR) with an objective of increasing power production to 200MW. TPR acquired 70% of the shareholding while the Government through Consolidated Holding Corporation (CHC) remained with 30% shares. The name of the company was changed from Kiwira Coal Mines Limited to Kiwira Coal and Power Limited (KCPL).

In 2008 the Government decided to re-own the Kiwira Coal and Power Limited. December 2013 the Government handed over the Kiwira Coal and Power Limited to State Mining Corporation with the mandate to re-develop the mine and power generation.

Current status

State Mining Corporation intends to develop the mine and generate electricity in two phases beginning with revamping 6 MW power generation followed by 200 MW power project.

Phase one

It involves mainly rehabilitation of the underground mine; processing plant as installation of the new washing plant is considered; purchasing and installing two new boiler of 3MW each; repair of workshop and estate maintenance.

Phase two

Phase two of the project will involve generating 200MW electricity power and selling to TANESCO. Expression of Interests had already been advertised and nine (9) companies have been identified as qualified companies/consortium for tender documentation. The company/consortium which will be selected from the list qualified firms will run this project jointly with STAMICO.

The project has four main components as follows:-

i.) Expansion of the existing underground coal mine from its designed capacity of 150,000 tons per annum to 300,000 tons per annum;

ii.) Construction of an opencast mine within Ivogo ridge for producing 1.2 million tons per annum;

iii.) Procurement and Installation of a 200MW power plant; and

iv.) Construction of 100Km, 400Kv transmission line from Kiwira Coal Mine to Mbeya City whereby the power generated will be connected to the national grid.

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