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DISSECTING LEGAL PROVISIONS IN THE MINING AND FOREX MANAGEMENT

FOR ICAM

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Topic introduction

- Malawi holds commercially significant deposits of rutile, coal, uranium, rare earths, graphite, and gemstones.
- The mining sector sits under Pillar 2 of Malawi Vision 2063.
- MITC – Mining is a Priority Sector for Investment in Malawi
- According to the World Bank, Malawi's mining sector is projected to generate up to $30 billion in mineral exports between 2026 - 2040
- MEITI report of April 2026 projects that we will generate $300 million a year

Introduction…

Recent developments include:

- World's largest rutile deposit (1.8B tons) discovered by Sovereign Metals in Kasiya.
- 368 million metric tonnes of coal across Malawi.
- Uranium production by Lotus Resources at Kayelekera.

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Legal Framework

The Mines and Minerals Act, 2023

The 2023 Act transformed the sector by:

- Establishing the Mines and Minerals Regulatory Authority (MMRA)—an independent regulator.
- Introducing clearer, faster, more predictable licensing processes.
- Supporting mining agreements with enforceable obligations on both government and operators.
- For financiers, this means reduced regulatory uncertainty, improved governance, and a clearer path to risk assessment.

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Environmental Compliance – Mandatory for Project Bankability

Under the Environment Management Act (2017), no licence is granted without environmental clearance from the Malawi Environment Protection Authority.

This aligns Malawi with global ESG standards, ensuring:

- Reduced environmental liabilities
- Improved investor confidence
- Enhanced access to climate finance

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Legal Framework

Taxation Framework – Predictable & Revenue-Secure

Key components relevant to lenders and investors:

- Resource Rent Tax (15%) – mandatory for mining companies
- Royalty rates (5–10%), deductible for tax purposes
- MRA now administers all royalties—improving compliance and transparency
- These mechanisms support cash-flow predictability and revenue assurance, crucial for debt structuring and loan recovery.

Companies Act, 2013

When applying for a mining licence, the Applicant company must produce proof of incorporation under the Companies Act, 2013.

Procedures

The Licensing Process – Financial Capacity Is the Centrepiece

To obtain mining licences (medium or large-scale), applicants must demonstrate, Technical Competence, Clear work programmes, Environmental compliance and strong financial capacity

The MMRA requires proof of dedicated project capital.

Sections 146-147 of the Mines and Minerals No. 25 of 2023 Act (MMA) provide the initial application requirements for a Medium-Scale and Large-Scale Mining Licence.

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PROCEDURAL OVERVIEW-REQUIREMENTS

Signed letter of submission of application by the Applicant

Payment of the prescribed application fee, or proof that such fee has been paid thus demonstrating technical competence to fulfil license obligations, etc.

Provision of financials as well as financial statements

It is widely known to be a capital-intensive venture and majorly associated with corporate finance transactions.

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Implications for Banks & Investors

Mining projects are capital-intensive by design: geological mapping, drilling, sampling, feasibility studies, equipment, environmental management, and community engagement.

Financing is typically structured through project finance, equity partnerships, debt facilities, and risk-sharing instruments.

There is limited local participation, indicating a wide-open market for domestic financial institutions to develop specialized mining finance products.

Not many local financiers have the appetite for the mining industry due to its unfavorable bankability and risks. However, it remains a very lucrative and rewarding investment opportunity

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From Licence to Production – Ongoing Compliance & Financial Oversight

Once a licence is granted, the holder must:

- Commence operations per MMRA-approved work plans
- Pay ground rents and royalties on schedule
- Submit monthly production and ESG reports
- Undergo MMRA inspections

This creates clear monitoring checkpoints for lenders, who may rely on regulatory reporting to assess operational risk.

Business Opportunities for Investors

Local Contractors

- Civil works contractors for site preparation, road construction, and infrastructure development at mining sites
- Construction firms building worker accommodation, office facilities, and processing plant foundations
- Maintenance and repair service providers for ongoing mine operations
- Security companies providing site protection and personnel safety services

Equipment Suppliers

- Local distributors and rental companies supplying excavators, drillers, trucks, and heavy machinery
- Safety equipment suppliers providing personal protective equipment (PPE), helmets, boots, and safety gear
- Spare parts dealers and maintenance equipment providers supporting ongoing operations

The Plans cont..

Logistics Companies

- Transport companies moving minerals from mine sites to ports
- Warehousing and storage facilities for equipment, consumables, and mineral stockpiles
- Fuel distribution companies supplying diesel and petroleum products to mining operations
- Cross-border freight forwarders managing export logistics

SMEs Supporting mining projects

- Catering companies providing meals for mining workforce
- Cleaning and facilities management services
- IT and telecommunications providers installing and maintaining communication systems at mining sites
- Medical clinics and occupational health service providers for worker health and safety compliance

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MINING INFRASTRUCTURE AND EXPERTISE GAPS

- Mining requires- Roads, Power , Telecommunications, Water supply, Storage and transport facilities Each represents a bankable infrastructure opportunity, especially through:PPPs, Project finance, Development finance alignment, Guarantees and blended finance structures.

- Malawi lacks specialists capable of ; Valuation of minerals, Advanced geology ,Mining economics. Investment opportunities include: Training centres, Partnerships with international mining institutes, Technical service companies, Value-chain professional services as such Banks/Investors can finance these ecosystem enablers.

- **Malawi Mining Company (MAMICO) – New Partnership Opportunities,** MAMICO is opening the door for: Joint ventures, Co-investment in exploration, Shared-risk mining projects, Downstream manufacturing partnerships, Banks and investment houses can mobilize: Project finance, Bridge financing Syndicated loans, Equity instruments ,Carbon-credit-backed financing (for ESG-compliant operations)

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FOREX MANAGEMENT

Foreign Exchange Regimes and Management

Investors want predictable foreign exchange regimes and strong regulatory frameworks.

Currently we have exchange control act and the foreign exchange regulations as well as RBM guidelines 2026 on forex, which are good laws. However we still are being faced with forex shortages, why?

Perhaps the issue is enforcement of such laws and also the management of such forex when available.

The Malawi Confederation of Chambers of Commerce has proposed boosting export diversification and enhancing local production as a solution i.e. mining sector and beneficiation .

The Malawi Confederation of Chambers of Commerce and Industry suggest creating a private sector driven mining investment fund to increase revenue generation and management.

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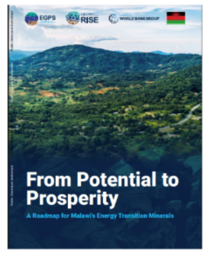
Publication: From Potential to Prosperity: A Roadmap for Malawi's Energy Transition Minerals



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Published

2026-04-13

Abstract

Malawi's mining sector has the potential to transform the country's economy, with projected exports exceeding US$30 billion between 2026 and 2040, more than doubling current export levels. Seven advanced-stage mining projects, including uranium, rutile, and rare earth deposits, are ready for investment; however, under business-as-usual conditions, only three are likely to proceed, limiting government revenue to around US$400 million annually by 2040. Coordinated, whole-of-government reforms could unlock additional projects, raising annual revenues to approximately US$600 million. Reliable electricity supply emerges as the most binding constraint, alongside weak transport infrastructure, macroeconomic instability, skills shortages, and governance gaps. Addressing these challenges requires accelerated power generation, regional energy integration, cost-reflective tariffs, improved logistics corridors, predictable foreign exchange regimes, and strengthened regulatory frameworks. Strong environmental and social governance is essential to ensure mining expansion benefits local communities and avoids conflict and degradation. Fiscal systems must prioritize predictable, progressive revenue instruments over state equity participation, while

Delayed Chitipa-Ilomba Road to cost K131bn more

INFRASTRUCTURE

JOSEPH MWALE
Mzuzu Bureau Supervisor

Delayed project implementation will force taxpayers to foot an additional K131 billion bill for the completion of the 31-kilometre (km) Chitipa-Ilomba Road over and above K34.5 billion already spent, it has emerged.

The project for the road that links Malawi to Tanzania, which started in December 2022, was initially billed at K34.5 billion and was expected to be completed by June 2024. However, it remains unfinished with the Roads Authority (RA) now indicating that an additional K131 billion will be required to complete the outstanding works.

In a notification of intention to award a contract published on Monday, RA said China Civil Engineering Construction Corporation will undertake the upgrading and completion of the road, among other projects.

Explaining the sharp increase, RA spokesperson Laurent Kumchenga said the K131 billion was the value of the new contract awarded to complete the outstanding works, based on the remaining scope and prevailing 2026 construction costs.

He said: "The K131 billion takes into account future material price escalations as the contract price will not be subject to price escalations."

Kumchenga said the new contract covers asphalt surfacing, base course and sub-base; construction of one concrete bridge with pile foundations; eight box culverts and additional pipe culverts; road signage and road-line marking; implementation of the required environmental and social measures; and other associated works necessary to complete the road.

Commenting on the project, Construction Sector Transparency Initiative (CoST) Malawi chairperson Samuel Biton said while such escalation may result from design changes, inflation, unforeseen conditions, delays and additional works, every major increase should be quantified, authorised and supported by documentation.

In July this year, Minister of Transport and Public Works Jappie Mhango unveiled National Bank of Malawi (NBM) plc and FDH Bank plc as financiers of the 58-kilometre Golomoti-Monkey Bay Road, with each partner putting in K100 billion.

Kumchenga: It covers future material costs. | Nation

US investors target Malawi's minerals

INVESTMENT

LUCKY MKANDAWIRE
News Analyst

Investors from the USA are targeting Malawi's mineral resources with the launch of the American Chamber of Commerce in Malawi (AmCham) that seeks to strengthen commercial ties.

US Embassy Chargé d'Affaires Melania Arreaga said during the launch of AmCham's in Blantyre on Tuesday evening that Malawi's critical minerals could boost America's supply chains while reducing dependence on adversaries for resources that power economies and security.

"We expect to see growing US investment in Malawi's mining sector in the years ahead and AmCham will be an important vehicle for connecting American companies to these opportunities," she said.

Arreaga said American businesses bring professionalism, efficiency, transparency, entrepreneurship and meritocracy while hiring Malawians, developing local talent and reinvesting in host communities.

Nico Holdings plc managing director Vizenge Kumwenda described AmCham as an important platform that will connect Malawi to global markets, particularly the US.

He said the US offers Malawi opportunities as an export market and a source of technology, skills and capital for businesses seeking expansion.

Kumwenda identified tourism, agriculture and newly discovered critical minerals as major opportunities, but warned Malawi must strengthen regulation, governance and investor confidence.

He said: "We are lucky that we have huge deposits that if properly exploited it would make Malawi develop tremendously.

"However, there's a lot of work. We have to have a proper regulatory system in as far as these critical minerals are concerned. We also need to improve on our governance."

Kumwenda also called for an effective judicial system to protect investors' rights, faster court processes and stronger action against corruption to improve the investment climate.

Taking her turn, Malawi Confederation of Chambers of Commerce and Industry chief executive officer (CEO) Daisy Kambalame said AmCham gives Malawi confidence that investors recognise genuine opportunities and are willing to expand their presence in the country.

She said AmCham could connect Malawian businesses with American capital, skills, experience and technology while Malawians contribute local opportunities and resources.

Kambalame said private sector growth remains essential because businesses create employment, generate tax revenue and support infrastructure development,

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Arreaga: We expect to see growing US investment. | Lucky Mkandawire

Kumwenda: We also need to improve on governance. | Lucky Mkandawire

Mera explains rate cut

FROM | PAGE 2

a trip to Dar es Salaam, dry cargo transporters' profits are in the range of K10 million to K15 million as they are paid to and from at a rate of K15 million one way.

The association has since requested a meeting with government to discuss the matter, which is expected to take place next week.

Banda also warned that continued withdrawal of local transporters would result in job losses and reduced tax revenue.

Mera reduced the pump price of diesel by 7.2 percent from K6 306 to K5 863 with effect from August 1 2026. On June 18, the regulator also reduced diesel prices from K6 687 to K6 306, representing a 5.7 percent reduction.

Yesterday, Mera consumer affairs and public relations manager Fitina Khonje said when working out the rates the regulator strives to strike a balance between the interests of the players in the supply chain and those of consumers.

"Transport rates are reviewed in response to movements in the key elementsused to compute them, one such element is the price of fuel," she said.

Khonje said the currency payment arrangements are informed by the country's Exchange Control Regulations which provide for payment in local currency to local businesses.

She urged the hauliers to directly approach Mera for clarity.

In July this year, truck drivers affiliated to Bulk Vehicle Operators Trade Union threatened to ground fuel tankers, accusing Mera of failing to honour their agreement that Nocma should commit 85 percent of the contractual fuel transportation volumes to Malawian transporters.

Unima graduates 2 191 more

FROM | PAGE 2

this year.

Unima is the country's first and oldest public university founded in September 1964. It previously had five constituent colleges; namely, Chancellor College as the main campus in Zomba, the Polytechnic and College of Medicine (CoM) in Blantyre, Kamuzu College of Nursing (KCN) and Bunda College of Agriculture in Lilongwe. However, Bunda was delinked in 2011 to become standalone Lilongwe University of Agriculture and Natural Resources.

In 2021, Unima was then unbundled, leaving Unima in Zomba while birthing Malawi University of Business and Applied Sciences (formerly Malawi Polytechnic) while CoM and KCN merged to form Kamuzu University of Health Sciences.

Sajidu: Character wins trust. | Holyce Kholowa

BRIEF

Nsanje, Chikwawa to host 2nd peoples conference

The Nsanje and Chikwawa Socio-Economic Development Trust (Neck) has said it will hold its Second People's Conference (NeckPC2) from September 4 to 5 at Arrows Hotel in Chikwawa. In a statement yesterday signed by co-chairpersons Gift Trapence and Leo Masamba alongside secretary Felix Lombe, the group said NeckPC will discuss and adopt the status report on Shire Valley citizens' socio-economic development. It also meant to discuss and adopt Shire Valley unified voice strategy and road-map, discuss and adopt Shire Valley road-map for engagement (advocacy) with national duty-bearers but also discuss and adopt Shire Valley people's road-map on socio-service delivery and infrastructure development. This year's People's Conference with an expected 170 participants, will be preceded by the Leaders Consultations Forum on September 4 2026. Neck was established in 2020 to contribute to meaningful and sustainable development for the people of Nsanje and Chikwawa districts.—The Nation

THE BUSINESS Times

Established in 2012

Malawi's Economic & Financial Weekly

Wednesday, 26 August 2026

Tobacco volume lowest in 4 years

By Justin Mkweu

Malawi has this year registered the lowest volume and average price for tobacco, which may affect total annual revenue.

Our analysis of figures from market operator AHL show that, in the first 17 weeks of tobacco sales, farmers have realised $272.2 million (K476.6 billion) after trading 136.5 million kilogrammes (kg) of tobacco at an average price of $1.99 (K3,484.49).

By this time last year, Malawi had earned $464.8 million

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Inside this edition

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ALL EYES ON MALAWI

As mining prospects elevate investor interest

By William Kumwembe

Discoveries of minerals in parts of the country in the recent past have turned Malawi into a place of interest for prospective investors.

Recently, businesspersons from advanced economies have been on economic tours, exploring avenues for investment in the various sectors of the local economy.

And the mining sector has turned out to be one of the priority areas.

This comes as Malawi is emerging as a potentially important player in the global critical-minerals industry, with major deposits of rutile, graphite, rare earth elements, niobium and tantalum being advanced in different parts of the country.

Recent resource estimates indicate

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NEXT BIG THING—The mining sector

DOUBLE DOUBLE PROMOTION Grand Prize K10 MILLION Monthly Prize K500,000 How to Enter

National News

Report sees mining revenue falling short

Joseph Mwale April 13, 2026 0 177 2 minutes read

The ninth Malawi Extractive Industries Transparency Initiative (Mweiti) report has forecast that revenue from the mining sector would not be enough to offset budget deficits by 2036.

The report projects that in the next two decades, mining revenue would average $300 million (about K525 billion) a year, which is even less than the 2026/27 fiscal deficit projected at K2.852 trillion,or 9.0 percent of gross domestic product (GDP).

The report, titled 'Optmisation of extractive sector revenues and reduction of illicit financial flows', projects that under the most optimistic scenario, the government would collect roughly $19 million (about K 33.25 billion) in 2026.

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