www.ucmp.ug

The Uganda Chamber of MINES & PETROLEUM

Issue: 14 MWC2015 Edition September, 2015

MORE INVESTMENTS EXPECTED AFTER TAX WAIVERS

CAUTION AFTER MINERAL EXPORTS' BAN IS LIFTED

MINING RESUMES AT KILEMBE

COST CUTTING TO CONTINUE - PWC

CHINA MINING GIANT EYES UGANDA

Private Sector Seeks More Participation in EAC projects




www.bollore-africa-logistics.com

We Believe. We Deliver!

A billion miles in 50 years for Africa

With more than **250** subsidiaries in **55** countries, **45** in Africa, and an unrivaled experience in end to end logistics, Bolloré Africa Logistics is the leading integrated logistics network in Africa offering seamless and consistent services. As the leading operator of Public-Private Partnership in the port and rail sector, Bolloré Africa Logistics is committed to link Africa to the world.

Bolloré Africa Logistics in East Africa offers multimodal tailor-made logistics solutions to meet your requirements in sea & land forwarding, air transit, road & sea freight, supply chain management and warehouse management services.

Bolloré Africa Logistics in Uganda
Plot M-611, Ntinda Road
Tel; +256 414 336000 I Email; info.uganda@bollore.com

Bolloré
AFRICA LOGISTICS

UCMP COUNCIL MEMBERS

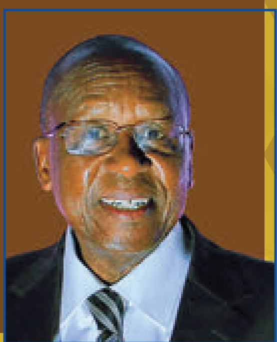
CHAMBER COUNCIL

Hon Elly Karuhanga,
Chairman

Partner – Kampala Associated Advocates and Chairman dfcu bank, Nile Breweries, BAT and other companies

Adewale Fayemi,
COUNCIL

General Manager, Total E&P, Uganda



Hon Richard Kaijuka,
Vice Chairman

Chairman, EA Gold & Africa Gold Refinery

Kellen Kayonga,
COUNCIL

Managing Director, of Askar Security Services

Paul Sherwen
General Secretary

Jimmy Mugerwa,
COUNCIL

Tullow, Uganda Country Manager

Jeff Baitwa
Treasurer

Director ThreeWays Shipping Services [Group] Ltd

Matthew Tallarovic
COUNCIL
Partner, Deloitte (Uganda) Ltd

Xiao Zong Wei
COUNCIL

CNOOC, Uganda, President Xiao Zong Wei

Irene Nakalyango
COUNCIL

CEO, UCMP

UCMP COUNCIL MEMBERS

ADVISORS

Gordon Sentiba
ADVISOR

Astor Finance Plc

Herman Kasekende
ADVISOR

Standard Chartered Bank,
Managing Director

Joshua Tuhumwire
ADVISOR

Mining consultant, Gondwana Geoscience Consulting Ltd. Also former Commissioner of the Uganda Department of Geological Survey & Mines

Denis Kusaasira,
ADVISOR

ABMAK
Managing Partner

Igor Markov
ADVISOR

Semliki Rift Trading

Sam Thakkar,
ADVISOR

A. H. Thakkar & Sons

Gerald Mukyenga
ADVISOR

Multilines International

Daniel Pettersson,
ADVISOR

Hima Cement,
Country Manager

The doors have been swung wide open

When he lifted the ban on mineral exports recently, President Yoweri Museveni removed a clog in the development of the mining industry that had frustrated the sector for quite some time.

This development is very exciting for not only members of the Uganda Chamber of Mines and Petroleum (UCMP) but everyone in the industry and the country at large.

You may recall that recently when we asked the government to remove taxes on exploration; the waiver was granted. More particularly we thank the government for reviewing the laws and regulations on mining to make the legal regime truly user-friendly for investors.

The doors have indeed been swung wide open to welcome any investor interested in unlocking Uganda's mining potential in any of about 50 minerals that Mother Nature blessed us with.

In fact, come October 1st & 2nd, we are asking the international mining community to come and attend our flagship interactive forum, the Mineral Wealth Conference (MWC) in a big way, because Uganda's mining sector is now reawakened.

We applaud the Government of Uganda's focus on infrastructural development with at least four big hydro power plants coming up simultaneously besides the numerous roads that are being constructed across the country. This infrastructure will take Uganda ever so closer to extensive beneficiation in the mining sector.

Furthermore, the agreement by the government of Uganda and that of Kenya on the crude oil export pipeline is commendable.

The Heads of State in the region are doing a fantastic job in fast-tracking the implementation of 14 major projects under the Northern Corridor Integration Projects (NCIP) framework.

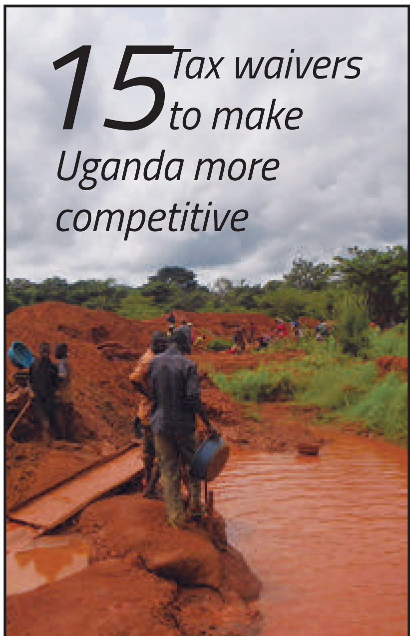
The UCMP was greatly honored, when we were asked us to lead the private sector in organizing the first regional forum and dinner on the NCIP initiative in June, 2015. This was the first time that business matters were given precedence at a summit of this magnitude. The involvement of the private sector in such deliberations makes it even easier and faster to harmonize best practices in the region.

In addition, President Museveni's recent appointment of the UCMP to the Presidential Investors Round Table - to champion the commercial aspirations of Uganda's mining sector for the next two years - fills us with great pride.

Our challenge as the UCMP and the business community in general is to ready ourselves and the East African people to reap the benefits of these great initiatives.

I thank you.

contents

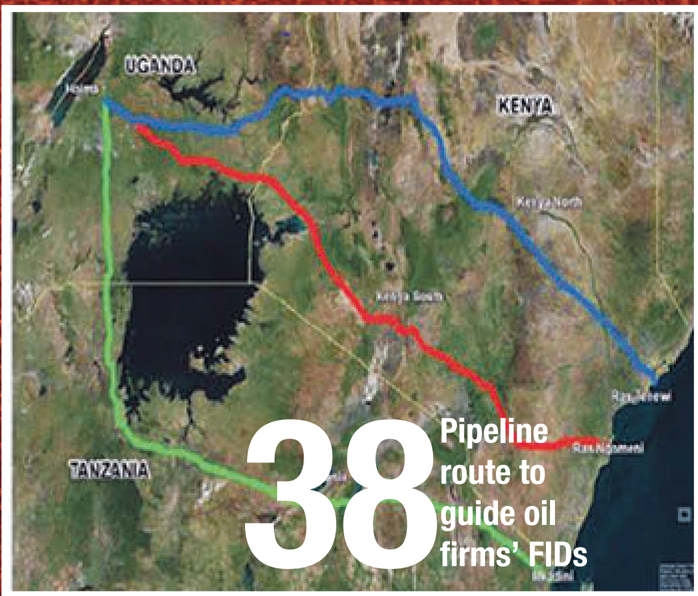


Acknowledgements
to the editorial team assisted by Richard Kaijuka.

Layout and Design:
Moses L. Katumba (mkatumba@gmail.com)

Editorial
Deep Earth International Ltd. (amugenyi@gmail.com)

TULLOW
UWA
NILE SAFARI LODGE



UGANDA
KENYA
TANZANIA

LAUNCH OF THE REVAMPED OIL AND GAS SECTION AT THE UGANDA MUSEUM.

Members of the media signing in the guest book

The revamped oil & gas section

The project is offically unveiled when the Minister of Energy and Mineral Development Hon. Eng. Irene Muloni, cuts the ribbon

Total E&P Uganda's Planning Engineer Moses Kirumira takes the minister on a tour of the section

Hon. Muloni unveils the project plaque

The chronology of the oil and gas cycle

L-R: CNOOC's Shen Shirong, Tullow's Abdu Kibuuka, Total's Ahlem Friga-Noy and Hon. Muloni share a light moment

The invited guests

Amb. Patrick Edwards of Trinidad & Tobago shares a moment with the British Amb. Alison Blackburne

Total E&P Uganda, together with Joint Venture partners, CNOOC Uganda Limited, and Tullow Uganda Operations PTY unveiled the revamped oil and gas section at the Uganda Museum.

Officiated on June 25th by the Minister of Energy, Hon Eng. Irene Muloni, the project is aimed at educating and increasing awareness of the oil and gas industry to various stakeholders and the general public.

TOTAL
COMMITTED TO BETTER ENERGY

Course View Towers, Plot 21 Yusuf Lule Road, Kampala Uganda Tel: +256 (0) 204 916 000, Email: EP.TEPUinfo@total.com

MWC2015 backs Uganda's Vision2040 dream

Steel giant Roofings' is keen on adding value to Uganda's iron ore

In a country that is blessed with deposits of copper, gold, iron ore, vermiculite, tin, tantalite, tungsten, nickel, platinum and phosphate amongst many others the potential for a flourishing mining industry in Uganda cannot be ignored.

However, Uganda's mineral sector remains largely uncharted as large scale exploration has not yet been carried out.

Organized by the Uganda Chamber of Mines and Petroleum, the Mineral Wealth Conference (MWC) is at the forefront of advancing mineral development in Uganda.

Every October, the conference welcomes more than 400 international delegates from mining majors such as Canada, Australia, China, South Africa, and USA and regional players like Tanzania, Ghana, Zambia, Botswana, DRC, South Sudan, Nigeria and Kenya amongst other countries.

The primary objective of the MWC is to not only encourage mining majors to invest in Uganda's promising mining sector, but to also create joint venture partnerships with serious local players.

With President Yoweri Kaguta Museveni backing value addition to Uganda's minerals, these networking sessions have become important platforms to learn the best practices from visiting delegates.

Held under the theme "Minerals Value Addition – Road to Development", the MWC2015 is organized in line with Uganda's Vision 2040 and the National Development Plan 2 (NDP II) which is projected to transform the country's economy into a middle income country with an average real Gross Domestic Product (GDP) growth rate of 8.2% per annum.

This year the UCMP, in association with ENS Africa and AON Uganda will hold a pre-conference one week capacity building session, open to both the private and public sectors. The workshop will be sponsored by the African Development Bank.

The MWC2015 is organised in partnership with the Ministry of Energy and Mineral Development, Ministry of Foreign Affairs, Africa Mining Network, Win Win 4 Africa Consultancy and African Legal Support Facility.

The sponsors include Zakhem International Construction, the Democratic Governance Facility (DGF), Stanbic Bank, Hima Cement, AON Uganda, ENS Africa, Standard Chartered Bank, Swala Energy, Tororo Cement, United Bank for Africa (UBA) and Krone Uganda.

"Once again we would like to specially thank our partners and sponsors without whom it wouldn't have been possible to organize this event," says Irene Ivy Nakalyango, the UCMP CEO.

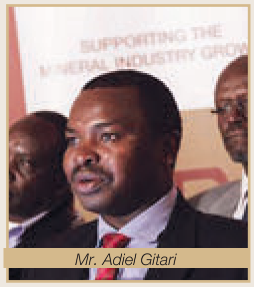
Assorted Speakers at MWC2015

As has often been the case, the Mineral Wealth Conference will have numerous speakers from diverse backgrounds across the world; a factor that has always guaranteed lively debates and invaluable learning.


Dr. Zwelini Mkhize

Giving the keynote address on Day 1 will be **Dr. Zwelini Mkhize, Treasurer General, African National Congress (ANC).** Dr Mkhize is also the former Premier of KwaZulu-Natal.

His counterpart, **Ms Jean Chawapiwa, the founder and Managing Director of Win-Win Solutions 4 Africa Consultancy** from Johannesburg, is also scheduled to speak on the same day.



Mr. Adiel Gitari

Presenting a paper titled ***"Potential for Economic Transformation thorough Mineral Wealth"*** will be **Mr. Adiel Gitari, the Chairman, Kenya Chamber of Mines (KCM)** and Director, Stout Minmetals Ltd, a minerals exploration and mining company. Mr Gitari has been at the helm of KCM for the last five years.

Mr. N. M. Patnaik, MD & CEO at Aditya Birla Minerals Ltd (a subsidiary of Hindalco Industries) will make the keynote presentation on October 2, 2015.

Also from India, **Mr Manoj Rastogi, Vice President overseas business development JSW**, will be speaking on Day 2 of the MWC2015.

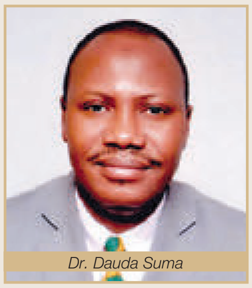
JSW Steel is the leading steel producer in India's private sector and among the world's most illustrious steel companies. The global conglomerate spread over six locations in India, with a footprint that extends to the US, South America and Africa has a net worth of about $9 billion.

The flagship company of JSW Group, JSW Steel is testament to decades of experience and a dynamic culture that have culminated in the company becoming the leading provider of specialized steels in India.

Currently around worth $11 billion, JSW Group's foray into steel manufacturing began in 1982, when it set up the Jindal Iron and Steel Company with its first steel plant at Vasind near Mumbai. Its global operations include a plate and pipe mill in the US. In order to securitize resources, the company has acquired mining assets in Chile, USA and Mozambique.


Maureen Jangulo Dlamini

Maureen Jangulo Dlamini, CEO, Chamber of Mines of Zambia, will also make a presentation. Ms Dlamini, is a highly experienced, Operations Executive who has demonstrated the ability to lead diverse teams of professionals successfully in highly competitive, fast paced markets. With over 10 years in the financial services sector at Executive level, she has acquired vast technical and business experience in strategic planning, business unit development and product and project management. An excellent communicator, her work experience includes being Chief Executive Officer of Zambezi Airlines, Senior General Manager Investor Education at the Johannesburg Stock Exchange, and Executive Head of the Africa Board at the Johannesburg Stock Exchange, Executive Head of Corporate Affairs at Lion Of Africa Insurance Company in Johannesburg South Africa. She sits on the Boards of Proflight Zambia and Nyiombo Invstments Limited and has recently been appointed Deputy Chair for the University of Zambia, School of Mines, Advisory Board.


Dr. Dauda Suma

Dr. Dauda Foday Suma's topic of discussion is also the MWC2015 theme ***"Minerals Value Addition-Road to Development".*** Dr Suma is an International Development Professional with special expertise on Trade and Industrial Development Issues. Since 2007, he has been working at the Department of Trade and Industry of the African Union Commission in Addis Ababa. He is currently a Senior Trade Officer in and his responsibilities include promoting African Integration through the implementation of the Plan of Action for Boosting Intra-Africa Trade (BIAT) and the establishment of the Continental Free Trade Area (CFTA).

He also works on coordinating and consolidating common African positions with regards to the continent's trade with the rest of the world. Prior to this position, he was a Policy Officer for Industry in the same Department, promoting the Africa's industrialization and better management of the continent's mineral resources through the implementation of the Africa Mining Vision. Dr. Suma holds a B.Sc. Degree in Economics from the University of Sierra Leone, a Post Graduate Diploma in International Economics from the Johns Hopkins University, School of Advanced International Studies (SAIS), an MA in International Studies from the Diplomatic Academy in Vienna and University of Vienna, an MPA in International Development from the University York, and a Ph.D in Regional Economics and Development from the Vienna University of Economics and Business.

Stephen Turyahikayo, a mineral certification expert and currently coordinating support for mineral certification implementation in five countries in the Great Lakes Region, will speak about the sensitive topic of mineral certification.

Some of the other speakers include:

- Melody Kweba- President- South Africa Women in Mining
- Otsile Matlou- Director Mining ENS Africa
- Lynda Burnett- Managing Director-Sipa Exploration Uganda
- Ms. Jennifer Hinton-Director Auranda Minerals
- Prof. Hany Besada - Regional Advisor-African Minerals Development Centre (AMDC)- Special Initiatives Division (SID)- United Nations Economic Commission for Africa (UNECA)
- Elizabeth Sagay-Relationship Director, Oil Services & Local Content-Energy Bank UBA PLC
- Muyiwa Akinyemi -Head, Corporate Banking, UBA Africa Subsidiaries
- Mr. Anthony Ndegwa- Standard Bank
- Zachary Baguma- Ag. Assistant Commissioner Geology- Directorate of Geological Survey & Mines
- And others from Ernst & Young, Hima Cement etc

From the Oil & Gas Segment:

- Representatives from the JV Partners-Tullow Uganda, TOTAL E&P, CNOOC Uganda
- Dr. David Mestres Ridge- CEO and Managing Director- Swala Energy Limited
- Mr. Ricardo Aboud- East Africa Manager- GE Oil & Gas

Zakhem will boost Uganda's extractive industries

You would be hard pressed to find a more rounded construction and engineering company anywhere in Africa like Zakhem International Construction Ltd (ZIC) of the Zakhem International S.A. Group.

IMS certified, with an Integrated Management System consisting of ISO 9001:2008 – Quality Management System; OHSAS 18001:2007 – Occupational Health and Safety Management System and ISO 14001:2004 – Environmental Management System, Zakhem, has consistently delivered maximally on any of the multi-million dollar development projects it has undertaken across the world.

Zakhem was founded in Lebanon in 1963 to meet the expanding construction needs of the Middle East and Africa. Since then, its excellent work is now evident in Nigeria, Senegal, Sierra Leone, Ghana, Congo, Algeria, Libya, Kenya and Tanzania. Syria, UAE, Kuwait, Iraq, Qatar, Jordan, USA, United Kingdom, Luxembourg, Cyprus and Italy are the other beneficiaries of our services.

As the fastest growing region currently, at over 4.5% economic growth rates per annum, Africa presents us with even more potential opportunities to demonstrate our globally renowned expertise; which is always on time and of the highest quality.

Whereas the traditional oil producers like Nigeria have enjoyed the full experience of our petrochemical industry expertise, the East African region is yet to totally get a feel of what we are famous for across the entire value chain.

In Kenya, Zakhem completed the Mombasa to Nairobi, 452km pipeline in 1977 and the 450km Western Kenya Pipeline Extension in 1993 that have over the years played a great part in the transportation of oil products across the wider East African region; seeing that neighboring Uganda, Rwanda and Burundi are landlocked and hence depend on the Mombasa Port for vital imports.

As such, we can proudly say that we have played our part in the strengthening of the East African Community.

And as the next petroleum industry frontier, Zakhem hopes to continue playing a major role in East Africa's growth. Uganda's petroleum resources are now estimated at 6.5 billion barrels of oil initially in place; Kenya on the other hand has discovered over 600 million barrels of oil while Tanzania and Mozambique have unearthed world-class gas deposits offshore. South Sudan too is looking to partner with the EAC in the refinery and export pipeline projects.

Gas Energy for Iron Smelting

By extension, our pipeline and energy expertise will also come in handy in the proposed construction of a 400km gas pipeline from the oil-rich Hoima to the iron ore-gifted Kigezi region in South Western Uganda where gas power plants will be built. Without coal deposits, Uganda is considering using gas as a reducing agent in the refining of its iron ore.

Currently the country imports close to 60% of its steel making inputs hence it is very important to add value to the huge iron ore reserves which now stand at more than 200 million metric tonnes (proven) with the unproven deposits are projected to scale a billion metric tonnes. On the other hand, the oil gas ratios for the different fields in the Albertine Graben are estimated at 173 and 500 billion cubic feet of associated and non-associated gas respectively, according to the Petroleum Exploration and Production Department.

Furthermore, whereas the Hoima-Kigezi gas pipeline and the associated energy plants could address the coal problem, it would also mean that Uganda gets an immediate return on its gas reserves instead of flaring it like has unfortunately been the case elsewhere in Africa.

Zakhem has over the years diversified into other fields of construction and broadened its range of services to the extractive sectors to include oil & gas pipelines, power plants, water supply systems, sewage and waste water schemes, water pipelines, roads, highways, buildings, housing estates, hospitals, marina works, hotels and leisure facilities. As such, we can confidently proclaim that when the call comes, we will be ready to not only offer direct infrastructural services to the East African and African oil and mining industries but also to build support infrastructure as well.

I Thank You,

Ibrahim S. Zakhem,

Zakhem International Construction Ltd (ZIC)

President, Africa

Tororo Cement Remains on Top

Tororo Cement Limited (TCL) continues to dominate cement manufacturing in Uganda after expanding its annual production capacity to 1.8 million tons; up from 1.4 million tons. This is after the addition of ultramodern technology, cement grinding mills, rotary packers and storage silos.

"Our wish has always been to stay at the very top of Uganda's mining and beneficiation sectors. As such, Tororo Cement contributes about Shs1.5 billion ($0.6m) annually to the annual revenues of Uganda," notes B.M. Gagrani, the Managing Director.

Operating in the districts of Tororo (manufacturing) and Kapchorwa and Moroto (mining), the company has been keen to keep on the right side of the country's mining and environmental regulations.

Growth Path

Tororo Cement Ltd's owners gave the company its present name after acquiring it in 1995 from the Government of Uganda. A carefully executed staff recruitment drive coupled with well tested operational strategies has seen the company emerge as the leading and largest manufacturer of cement in Uganda over the years.

TCL has not limited itself to producing only cement – albeit various types – it also manufactures and distributes numerous construction materials like corrugated iron sheets, nails, chain link and barbed wire under the reputable brand Nyumba.

The high quality of its products, which has since attracted UNBS and ISO certification, has seen the company build a huge customer base across the East African landscape in addition to the Democratic Republic of the Congo and South Sudan markets.

These expansion and upgrading projects have happened in phases. Since 1995, TCL has invested more than $150m to upgrade the clinkerzation plant and to expand (with updated technology) the cement-grinding, storage and electronic packing system.

TCL also undertook a major expansion and diversification campaign in the steel section with the goal of adding stylish and innovatively colored iron sheets to the market.

"Tororo Cement's policy is to continuously satisfy its customers through supply of consistently superior products under effective quality management system, in time delivery and efficient after

A boda boda rides past the Tororo Cement's factory

sales services. We also ensure that staffers and all the stakeholders in the company are committed to the quality management system objectives through regular training and education," Gagrani says.

Social Economy

Tororo Cement directly employs 900 people while providing approximately 16,000 indirect jobs in the Tororo district area. This is notwithstanding its mining operations in Kapchorwa and Moroto districts where clinker and marble are procured respectively.

Besides that, TCL also boasts being a top seven revenue contributor to the Uganda Revenue Authority.

Amidst all this, the company has continued to directly contribute financial assistance and building materials to various district and national projects.

These include constructing a school in Kapchorwa near its mining lease plus bridges, culverts, roads, school and dispensary in Karamoja. Need students in Karamoja have also benefited from school fees and scholarships from TCL. In Tororo, building renovations (Osukuru School) and road repairs have been carried out by the company while it has also offered food stuffs to internally displaced people at the district. Primary school children around the factory have also had their meals taken care of by TCL with the company mainly feeding them off its 200 acres of banana plantation.

Our wish has always been to stay at the very top of Uganda's mining and beneficiation sectors. As such, Tororo Cement contributes about Shs1.5 billion ($0.6m) annually to the annual revenues of Uganda - GM

Others include a UWESO donation for HIV project assistance and another to Busiro North Development Foundation. Clean water natural springs at six places in Tororo district have also been set up while a Public Health Clinic has been constructed for the local community. In Karamoja, a fully equipped Mobile Health dispensary is run by the company.

TCL is also a proud sponsor of the UCMP organized Mineral Wealth Conference, slated for October 1st and 2nd, 2014.

Challenges

Tororo Cement has had its fair share of challenges. Foremost being the high foreign exchange conversion costs paid on the many imports needed in the running of the company. "Uganda being landlocked, there is a high importation of major inputs like fuel, minerals, spares among others," notes Gagrani.

Reliable electric power is also a rarity which means the cost of fuel is another concern. Besides, there is too a noticeable lack of a sizeable pool of skilled manpower and other support infrastructure.

"Conversely there are positive steps by the state to improve the road network, skilled labour, banking and telecommunication plus rapid industrialization. These developments will play a very positive role our industry once they come to fruition," he adds.

By joining UCMP – an association charged with encouraging, protecting and fostering responsible exploration and participation in the mining and petroleum sectors – Tororo Cement Ltd will now have counterparts with similar concerns; which should make pleading its case to the state easier.


Tax free mining equipment could come in handy for these Busoga artisanal miners

Tax waivers to make Uganda more competitive


Finance Minister, Matia Kasaija

The Uganda Chamber of Mines and Petroleum has hailed the long overdue scrapping of value added tax on exploration and other upstream activities in the extractive sector, as a major step forward in attracting more investments into the country.

"The tax was a bottleneck for investors. Now that the doors have been opened, we are likely to see even new players who have been waiting to join the sector come in. This will make us competitive," said Elly Karuhanga, the UCMP chairman.

Finance Minister Matia Kasaija said that investors in oil and mining will only be taxed when they start production. Companies could register for VAT during exploration but they would access plants and machinery VAT-free, he added. a

VAT in Uganda stands at 18%.

"In order to unlock investment in the petroleum and mining sector, we have made changes to the Value Added Tax Act to allow licensees to register for VAT during the exploration and development stages of their operations. This will enable them to obtain relief from VAT payable on goods and services supplied to them."

"Previously licensees were not allowed to register because they do not make taxable supplies during the exploration and development stages, which is a requirement for refund of VAT on inputs," Kasaija said during the reading of the 2015/16 national budget.

Income Tax Act now provides for a comprehensive regime for the petroleum and mining sectors so that they are taxed in accordance with the commercial rules, under which they operate, noted the minister. In addition, the Act now provides for the tax rate applicable to non-residents providing goods and services to the licensee.

It has been the contention of the mining and oil and gas companies that charging VAT was premature at this stage because it amounts to taxing investment as opposed to profit. Because exploration is a hit and miss exercise, the mining and oil investors have argued that taxing them before making a discovery is irrational and completely undermines the process of exploration itself.

President Yoweri Museveni has sided with them on this, noting: "Taxing prospectors, to me, I think is total madness. How do you tax someone who has not even started mining?"

The scrapping of the tax follows relentless lobbying by the UCMP through the offices of the President and that of the Prime Minister.

Calls For Objectivity In Beneficiation Drive

after the lifting of the ban on mineral exports

UCMP VC, Hon Richard Kaijuka (C) makes a point as Sam Thakkar (L) and Irene Nakalyango, the UCMP CEO listen in

The Uganda Chamber of Mines and Petroleum has welcomed the lifting of the ban on mineral exports, while calling for a more balanced approach to the value addition strategy in the country's nascent mineral sector.

President Yoweri Museveni issued a directive to lift the ban on all minerals exports, but those of iron ore and copper, at the Presidential Investors Roundtable (PIRT) in August.

This followed an outcry from UCMP members in the mining sector whose operations had suffered immense setbacks following the ban in February 2015. For iron ore, the sanction has prevailed for over 2 years now.

However, despite the relief across the mining industry, players are urging for a more predictable business climate that can guide the industry.

Ikrom Muminov, the operations director at 3T Mining Ltd, a tungsten and coltan mining firm, says the industry need assurances that the ban will not happen again out of the blue, as it raises credibility issues with their customers.

Greenstone Resources' Nimit Patel shares the same view, noting how it will be difficult to regain the trust of his clientele after failing to honor supply contracts.

Their concerns echo those raised by Hon Richard H. Kaijuka, the Vice Chairman of the Chamber and also a former Minister of Energy and Mineral Development.

Addressing the press in July before the sanctions were lifted, he said: "The UCMP supports and encourages its members to embrace minerals value addition as a strategic policy for the country. However, the omnibus ban on all minerals creates a credibility crisis for Uganda. We cannot be saying that we are attracting investment in the mineral sector and at the same time we impose a ban on mineral exports."

First Mining company's tin site in in Insingiro

Defining value addition on a case by case basis is one way how a middle ground can be reached, notes Sam Thakkar, an advisor to the UCMP and also to Sipa Exploration, Uganda, which holds a number of exploration licenses in Kitgum, northern Uganda.

"What do we define as value addition?" wonders Thakkar, "Value addition has different meaning for different minerals. It is not a standard that final products are manufactured locally using minerals that have come out of our ground. A case by case approach is needed when determining how much value should be added to a particular mineral."

The 3Ts (tungsten, tantalite, tin) for instance are largely used in the manufacture of electronic products; which factories are nonexistent in Uganda currently. Besides the proven mineral reserves so far are not that big, rendering a big smelting plant and electronics factory unviable.

"We enrich the ore from 5%-25% to a concentrate of 65-80% before we export the tungsten. That is as far as we can go in adding value locally," says Ronald Murisa, the operations manager at Krone-Avan Mines, which runs a tungsten mine in Kabale.

To his credit, President Museveni owned up to his mistake noting: "I think I over-reacted. I now totally agree that for wolfram, tin and other small minerals, the ban should be lifted."

Cement manufacturing from limestone and marble amongst other minerals remains the most noticeable beneficiation project in Uganda to date. Chinese conglomerate, Tibet Hima, which holds the Kilembe copper mines concession is also setting up plants to manufacture copper products in western Uganda.

More and more similar factories will be set up in due course as Uganda's infrastructure improves by the day and more favourable laws are enacted to support the mining sector, notes, Hon Elly Karuhanga, the UCMP Chairman.

"We are thrilled by the energy sector's construction of at least 4 large and medium sized hydro power plants in one go besides the numerous roads that are being built across the country. More particularly we thank the government for waiving taxes on mineral exploration and also reviewing the laws and regulations on mining to make the legal regime truly user-friendly for investors. These streamlined laws and modern infrastructure take Uganda ever so closer to extensive beneficiation in the mining sector," says Karuhanga.

Numbers

A draft report prepared by the Directorate of Geological Survey and Mines, reviewing the performance of the minerals sector in the last financial year (July 2014/June 2015) shows a significant drop in prospecting and exploration license fees in the last quarter of April to June, 2015.

Prospecting License fees dropped from UGX8m in the January to March quarter to UGX1.8m in the next quarter. Exploration License fees and rents on the other hand, dropped from UGX103.6m to UGX29.84m in the same period.

Similarly, the Mineral Dealers' license fees fell from UGX44.5m to UGX18m while Royalties went from UGX1.6bn in to UGX721.9m during that phase.

NEW LIFE IN MINING INDUSTRY, AMIDST CAUTION

The lifting of the ban on mineral exports was akin to the removal of a frustrating clog in the development of the mining industry according to Hon Elly Karuhanga, the Chairman, Uganda Chamber of Mines and Petroleum (UCMP).

"Remember all the mining companies had been issued with licenses and they were of legal value; so enacting the ban had not only breached the contracts with investors but had frustrated any developments that they would have been looking forward to," Karuhanga noted.

This is what this development means to some of the exploration and mining companies in Uganda currently:

Krone lawsuit still on despite ban lift

FOLLOWING the February 2015 blanket ban on mineral exports, Krone Uganda Ltd, which operates the Nyamuliro mine in Kabale, was sued for failing to fulfill supply contracts for tungsten with smelting plants in Europe.

A British firm that had at least 60 metric tonnes of the mineral concentrate it had procured from Krone stuck in stores in Kampala is still going ahead with the lawsuit to recover losses made on the deal despite the recent lift of the ban.

Workers at the Krone-Avan site in Nyamuliro, Kabale

In July, Ronald Murisa, the operations manager Krone-Avan Mines said they were stuck with more than 80 metric tonnes (with a market value of $720,000) of the concentrated mineral themselves that couldn't reach the market due to the export ban. On their part, Avan, Krone's Uzbekistan joint venture partner also had a separate 40 metric tonnes stockpiled away in the same period.

On the issue of value addition, going forward, Krone has always maintained that there was no additional value that can be added beyond what they are already doing – processing the tungsten to concentrate level.

"We do appreciate the value addition sentiment; but there is nothing we can add to improve on the quality after we have enriched it to the level of a mineral concentrate that is between 65-80% in terms of value added from an ore of 5%-25%," said Muriisa.

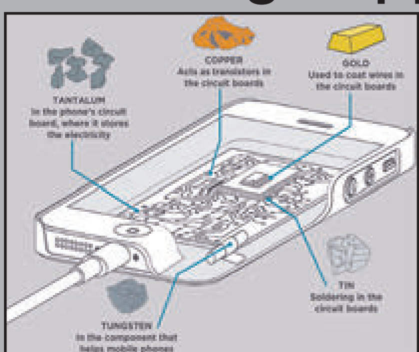
Avan's Rauskan Abdujaparov, notes that a Russian company had been seriously considering setting up a $20m value addition plant here. However, for Uganda to attract a smelting plant investor to be able to process tungsten and its related metals like tantalite (coltan) and tin further, it would require a discovery of huge deposits of the 3Ts notes Muriisa.

> "We plead for clarity, transparency, and simplicity regarding a sensible and pragmatic policy for the export of minerals from Uganda. If this does not occur, the entire minerals business will collapse before it even gets going" - Sipa

Currently there are only about seven major smelting plants of the kind in the world, he adds.

Despite the weight of the lawsuit and other losses the company has endured, Muriisa is however grateful that at least 1,500 mine workers can return to their jobs now that the ban has been lifted.

3T Mining Happy But Cautious



3T influence in a phone

3T Mining Ltd has so far invested over US$6m in its two mines – Wampewo Mine in Wakiso and Buyaga Mine in Lyantonde – while employing a support staff 160 casual labourers.

But having averaged $60,000 in losses every month because of the reduction in revenues coupled with penalties on pending contracts with its buyers, at least 50 of the labourers were discharged with the expert staff too leaving.

The unlucky workers' fortunes are set to change for the better now that the company is set to resume out-and-out activities.

"The lifting of the ban on exports is a good development. We are already working on exports," said Ikrom Muminov, the Operational Manager at 3T Mining Ltd.

With $3m borrowed from lending firms, servicing the loans can resume with exports.

The firm currently has 20 tonnes and 6 tonnes of well processed tungsten (wolfram) and columbo-tantalite (coltan) material respectively ready for export, with similar amounts ready for processing.

Muminov remains cautious however.

"We need assurances that it won't happen again. There is an issue of credibility," he noted.

3T Mining's Ikrom Muminov

The company he said was already working on building another high-cost enrichment factory (processing plant) that would improve the wolfram from 0.3/0.5% to 60/65%; the highest stage of value addition that can be reached in Uganda for now.

He too does not think there are enough reserves now to justify a plant to process the product further beyond those percentages.

Greenstone faced with uncertain market future

Greenstone Resources' Nimit Patel (R)

The Tira gold mine in Busia, which had been in limbo for at least 7 years due to various land conflicts, had only resumed operations after Nimit Patel's Greenstone Resources bought in, in 2012 and changed the name from Busitema Mining Co.

From February 2013, further investment in exploration, plant refurbishments and equipment procurement plus staff training, followed before the mining of gold kicked off in April 2014. At least $5m has been sunk in so far by the new owners.

But only two and a half months after starting the export of the mineral, Greenstone had to contend with the export sanctions – stuck with close to 6 kilograms by July, 2015.

"We are quite happy about the lifting of the ban but it has cost us heavily," says Patel, also the company's Managing Director.

The Greenstone Resources mine in Busia

His guarded demeanor is not only because of concerns about the skilled staff the company has lost and the care and maintenance costs since the ban, but also how to regain the trust of the market.

"Customers with whom we had entered into supply contracts with have lost faith in us. It will take a long time to recover," says Patel.

And without a bullion market in Uganda in addition to a very small, weak jewelry one, Patel does not see any commercially viable locally reason to add value beyond what Greenstone Resources is already achieving.

"We are already refining the mined gold in house; up to 98 % in fact. But we have to export it since there are no Ugandan banks or investors involved in bullion trading. Besides, the jewelry market is very small," says Patel.

The good news for the Tira, Busia community is that with the veto's lifting, some life can now return to the Eastern Uganda town seeing most of the labourers are largely drawn from the surrounding community. Greenstone had laid off over 200 workers following the ban.

However, rehiring the 20 or so foreign experts and the other highly trained staff as the company resumes operations may not be as easy as with the menial workers since many have joined other companies.

Sipa expects exploration financing to resume

Sipa's Akelikongo Ni Cu Sulphide discovery in June 2014

When a blanket ban was enacted on the export of all unprocessed minerals Sipa Exploration Uganda, was of the view that an industry that had been attempting redemption had been brought to a shuddering halt.

"The ban means no further investment by Sipa in this country and more importantly no initial or further investment by any other mineral explorers or companies interested in mining in this country," Sam Thakkar, an advisor of the company noted earlier.

Sipa holds a number of exploration licenses in what is a new mining province of Kitgum in northern Uganda – with potential for base metals like Nickel, Copper, Zinc and Lead – sinking in about of $8m in exploration since 2012.

Before Uganda carried out aeromagnetic geophysical surveys between 2004 and 2007, where new geophysical and geological datasets were realized, no mineral exploration had ever taken place in the area Sipa operates.

Following the interpretation of the data by the late Nick Archibald, Sipa has – through careful and thorough scientific modern exploration methods – found indications that nickel copper sulphide systems and zinc lead sulphide systems exist.

Typical exploration methods include soil sampling, ground and more detailed airborne geophysics, shallow RAB drilling and deeper diamond core drilling.

However, it is yet to ascertain whether these systems are economic or not as the exploration was still in the early stages. Hence, no return is guaranteed on the $8m already spent on this process, as commercial deposits have not yet been ascertained.

With the lifting of the ban, Sipa can now breathe a sigh of relief as additional funding for exploration in the form of private equity, public equity or from other larger mining companies through joint ventures can be procured again.

Without certainty of tenure and the ability to export, it would be impossible to find new capital to fund such exploration works, Sipa had warned.

"In the event that minerals are unable to be exported, typically in concentrate form, no further investment would occur on Sipa's projects; whether it is by Sipa or any other party potentially involved in the project," Thakkar, who is also a UCMP, council advisor had further noted.

Adding that even without any restrictions on exports, it was still an enormous challenge to develop mineral resources in northern Uganda due to the poor roads, rail and electricity infrastructure.

As such, Sipa's continued investment in exploration in Uganda was wholly dependent on its ability to mine, process and ultimately export the mineral products.

Going forward, Sipa acknowledges the need for "clarity, transparency, and simplicity regarding a sensible and pragmatic policy for the export of minerals". Because without this, the entire minerals business would collapse before it even go going.

The base metals like nickel, copper, lead and zinc that are found on the Sipa license require onsite processing to concentrate to a level which may be acceptable to a smelter prepared to buy such a concentrate.

Smelters are purpose built facilities in parts of the world, usually where there is cheap power and port facilities. Smelters are generally not economic to build in their own right without an extensive and world class resource base to supply them.

Unlike the other minerals Sipa has discovered, copper exports remain banned; with the concessionaire of Kilembe copper mines Tibet Hima Mining Co Ltd, already set to build smelting and product manufacturing plants in Kasese as their agreement with the government of Uganda stipulates,

Copper deposits in Kilembe are significantly large and maybe the Kitgum copper, once certified to be of commercial value may find its way to the Kasese smelters.

Namekara eyes quick return to world market

Mambo (2nd L) explains the beneficiation process at the Namekara vermiculite mine

By the time the ban on mineral exports was lifted in August, 2015, Namekara Mining Company Ltd was on the verge of collapse; unable to pay its employees, creditors and suppliers. The Manafwa district based, vermiculite exporter was stuck with about 1400 tonnes of processed vermiculite concentrate worth $260,000.

A relieved Henson Mambo, the Country Director, says everything is now in place to resume operations and reopen the distribution doors.

However, he is quick to add that it will not be easy.

"We are operating in a very competitive market; and after 7 months away it will be difficult to get back in since many of our clients had cancelled their orders after we could not execute them on time due to the mineral export ban. It is a bit akin to starting all over again", he said.

In mid-September, the Vermiculite Association (TVA) which is the industry trade promotion body converges in Palaborwa, South Africa for a conference. Mambo, who plans to attend the forum, will seek to reassure his clients that these interruptions are a thing of the past.

"It takes time for our customers to fully understand what this is all about. So it is best I meet up with them face to face," he notes.

Mambo though remains optimistic that the export volumes for vermiculite will pick up in the medium term.

Improving Awareness

To avoid a repeat however, he believes more discussions should be held with the state authorities to help them understand exactly how the vermiculite industry in general, works.

"The biggest challenge we face is an asymmetry of information and knowledge between the miners and the authorities about how the industry works. So we as an industry need to continue engaging with the authorities and to share information to discourage a reoccurrence," says Mambo.

Adding, "That is critical for both the industry and the country because as we saw over the course of the ban, no one benefited at all: not the miners, not the government, not the employees and certainly not the communities around these operating mines."

At Namekara, Mambo says they mine at average grades of 30% and locally beneficiate at their plant to produce a concentrate of 95% vermiculite, which is then exported to Europe, North America and Japan.

In his view, several factors need to be taken into account when looking at the feasibility of establishing a vermiculite final product factory in Uganda. Firstly, vermiculite on its own is not used in any industrial process to produce what one would call a "vermiculite final product". In reality, vermiculite is used as a mere additive in the manufacture of already existing products where it lends its useful properties to those products.

"For example vermiculite can be added to paint to produce fire resistant paints, and it can also be used in the manufacture of brake pads where it improves the handling characteristics of the composite materials and also reduces cost and weight of the brake pads. However, it is misleading to say that you can manufacture either paint or brake pads using vermiculite," explains Mambo.

Secondly, he adds, vermiculite is used in a number of highly specialized applications where the manufacturers or end users hold the patents to those applications. As such there is no law that compels companies that use vermiculite in their processes to disclose their formulae. Given that scenario, it would only make sense for a manufacturer to share their technology in return for securing their supply of raw material if the market were characterized by shortages.

"The vermiculite market is however currently oversupplied, and there are still a number of projects that are still coming on stream. Uganda currently accounts for less than 1% of global supply and has absolutely no leverage in influencing how the market works," he notes.

Thirdly, vermiculite use in the various jurisdictions is largely influenced by legislation and climate factors.

In Europe and North Africa for instance, every building is by law required to have fire protection which must be installed during the construction stage.

"This legal requirement has spawned the birth of a big fireproofing products' industry in which vermiculite finds application. This easily guarantees a market," says Mambo.

While it is not inconceivable that in future, vermiculite may find increasing use and application in Africa, it is also important to realize that a profit making, private-led venture to locally manufacture "vermiculite final products" cannot be economic not just in Uganda, but in any country where the domestic and regional consumption for these products is none existent, he reasons.

Iron ore miner not losing hope

Though the continuation of the ban on all iron ore exports is disappointing, BNN Roa, of Uganda International Mining Company Ltd (UIMCL), refuses to throw in the towel just yet,

Iron ore miners have experienced the longest ban on mineral exports and unfortunately for them, the wait for a reprieve continues as the recent lift on the same was not extended to iron ore and copper.

Roa remains hopeful however that with time, the state will give his company the green light to export some ore as other options are considered.

For now, his first wish is to be granted the option to export the already mined 100,000 tonnes lying neglected at the company's mine in Kanungu district.

"We have people in Kenya and Tanzania who are willing to buy what we have and with that we think we will be able to sustain our operations until major investments to build a smelter come on board," said Roa.

UIMCL which has so far invested $7.5m has been in limbo for over a year and a half; with only care and maintenance works ongoing. Its mining lease extends to 262 acres.

President Yoweri Museveni has always defended the ban of the export of unprocessed iron ore on the fact that it was crucial in the making of the steel used in construction, which a developing Uganda needed in bulk.

He repeated the same remarks last year when officials from UIMCL led by Ashok Mustapure, the Managing Director, met with him at State House, Nakasero to negotiate a ban lift. The President encouraged the company officials to solicit for other partners who are already in steel manufacturing to come and invest in Uganda so that a final product is produced locally.

During his budget speech earlier this year Museveni also noted the need to attract stronger investors who will not only mine but manufacture products out of the minerals too.

Uganda International Mining Company workers before operations halted.

OPINION

Uganda Improves Mineral Certification Capacity

Training of DGSM mine inspectors, technical and senior staff

Since May 2015, Partnership Africa Canada (PAC) has embarked on a six month training programme to enhance capacity of Ugandan mine inspectors and technical staff in the Directorate of Geological Survey and Mines to effectively implement the regional mineral certification mechanism.

PAC is an official partner of the International Conference of the Great Lakes Region (ICGLR) and has participated in the development of the six tools particularly the regional certification mechanism (RCM) under the regional initiative to combat illegal exploitation of natural resources.

In addition, PAC has extended technical assistance and capacity building to ICGLR member states in support of their efforts to implement the six tools against illegal exploitation of natural resources, and particularly the RCM.

The specific achievements so far under this programme include:

- A draft mine site inspection and certification template for conducting inspection and certification of mine sites in Uganda.
- Trained team of DGSM mine inspectors (4), technical (7) and senior staff (10). These are to remain critical pillars throughout implementation of the ICGLR six tools and particularly regional certification mechanism and OECD due diligence guidance for responsible mineral supply chains from conflict-affected and high risk areas.
- A work plan and roadmap for implementation of regional mineral certification mechanism in Uganda.
- Preliminary cost estimates for implementation of regional mineral certification mechanism and taking into consideration the Ugandan context.
- Mock mine inspection and certification as part of a test run for the draft mine site inspection and certification template. In addition, this has benefited mines inspectors as a field training platform on application and use of the mine site inspection and certification template.

These achievements are a boost to Uganda's efforts in implementing the ICGLR six tools and particularly the regional certification mechanism.

Nevertheless, there is still more that needs to be achieved for mineral certification to take root in Uganda. These include:

- Domestication of the ICGLR protocols.
- Adoption of the regional certification manual and standards into the mining act and regulations to create a legal framework for implementation of the regional certification mechanism. This could be done by either a statutory instrument or the often longer parliamentary process.
- Design and production of a foolproof ICGLR certificate for Uganda.
- Establishment of a certification unit in the Directorate of Geological Survey and Mines to lead the certification process.
- Full scale mine sites inspection and certification. This shall classify mine sites into three distinct categories i.e. Green (Certified-can produce for export), Yellow (Uncertified but can still produce for export since it is does not violate a major standard criteria. Is given 6 months to rectify the issues raised before another inspection is conducted) and Red (Uncertified and cannot produce for export since it violating a major standard criteria).
- Attracting and regulation of competent chain of custody (traceability) service providers into Uganda.
- Independent third party audits of entire certification system and processes by the ICGLR accredited auditors to monitor and report if it is or not compliant with the specified standards.

In conclusion, mineral certification is achievable in Uganda. It is worth remembering the ICGLR certificate became mandatory on December 10, 2012 for all ICGLR member states producing tin, tantalum, tungsten and gold. The ICGLR certificate developed and issued by the member state is the sole acceptable proof that minerals originating from the great lakes region are conflict free. Let us all work towards achieving this for a noble cause and to realize the full potential and enjoy all the benefits of our mineral sector.

Stephen Turyahikayo is a Mineral Certification Expert/Anglophone Country Coordinator, PAC

The Shandong delegation meeting with the Prime Minister, Dr Ruhakana Rugunda.

China mining giant eyes Uganda INVESTMENTS

Uganda has a very good investment climate conducive for viable mining projects, the chief executive officer, Shandong Provincial Bureau of Geology & Mineral Resources Corporation has said.

"There is big potential here because Uganda is very gifted with many minerals. The people are also very good and nice," said Hou Xinwen, CEO of the Chinese conglomerate, who was here in June 2015, on the invitation of the Uganda Chamber of Mines and Petroleum.

While in Uganda, Xinwen and his high-level team of geologists and experts in various fields met with the Prime Minister, the Rt. Hon Dr. Ruhakana Rugunda, the Chinese Ambassador to Uganda, His Excellence Zhao Yali and Hon Peter Lokeris, the Minister of State for Mineral Development.

The Chinese team that included, Cao Fa Wei, Wan Zhongjie, Andy Lu Yongan, Yu Xishun and Challie Zhang, also visited the Roofings steel plant at the Namanve Industrial Park, a mini-show room of granite tiles at UMA Show Grounds belonging to Building Majesties Ltd besides holding several business-to-business (B2B) sessions with various mining license holders in the country.

Their 2015 visit followed a similar trip by a Ugandan delegation to the Shandong Province led by President Yoweri Museveni in April, this year. Hon Elly Karuhanga, the Chairman UCMP, was also part of the President's lobby group, which held a business forum with the mining giant.

At that first meeting, a cooperation agreement was signed between the UCMP and the Shandong Provincial Bureau of Geology & Mineral Resources Corporation, where the latter agreed to invest in different areas of the mining sector in Uganda. These areas include building a modern mineral laboratory, carrying out mineral exploration, supplying specialized mining equipment, with a mobile mining unit in addition to manufacturing some equipment here. The agreement also involves offering human resource training and technology exchanges.

"While we have had small mining companies coming to invest in Uganda, this is the first time that we are having a very big multinational mining conglomerate showing interest in Uganda's promising minerals industry," Karuhanga said.

The Shandong Provincial Bureau of Geology & Mineral Resources Corporation is a state owned organization in China, with 22 subsidiaries – making it the biggest mining business in China. Its revenues were over $1bn in 2014. It also has a presence in Namibia, DRC, Chile, Colombia, and Australia in the field of exploration plus other mining investments. Through its subsidiaries, they have ten state-of-the-art labs with 60 years of experience, a mineral equipment manufacturing company, training centers, 7,000 employees with 2,000 geologists. At least 90% of all minerals in China have been discovered by them. They also have the third largest gold reserve (offshore) in the world estimated at 6500 metric tons.

With their visit coming within two months of signing the agreement, the impressed Prime Minister identified the Shandong Corporation as serious partners that would help move the Ugandan mining industry forward.

"Your quick follow up on the bilateral agreements that were signed only a couple of months ago shows how serious you are about Uganda. This can only foster further development here," Dr Rugunda noted.

Adding: "At long last we have a serious group that will help Uganda to efficiently explore and exploit its mineral resources. Unemployment is high here and therefore this mineral exploration and exploitation can be a source of jobs and consequently eradicate poverty."

As such the Premier further encouraged the UCMP to continue supporting the state in attracting more serious international investments in the mining and petroleum sectors.

The Chinese Ambassador also said he would help in the same regard; noting that in this instance, his countrymen would bring in modern mineral exploration and exploitation equipment that is currently lacking in Uganda while also entering joint ventures with local players.

"My presence here is to show support and assure the people of Uganda about Chinese investments here," he said.

B2B & Exploration Need

Hon Richard Kaijuka, the UCMP vice chairman who held a B2B (business-to-business) session with the Shandong team noted the need for thorough exploration to ascertain mineral reserves in Uganda.

Kaijuka was making a case for further investment in East African Gold's gold exploration license in Kaabong, Karamoja, where further exploration still needs to be done despite millions of dollars already having been spent on the venture. He, together with Kweri's David Kyagulanyi also highlighted the potential of the aluminous clays in Makuutu, Eastern Uganda which are likely to be rich with rare earth elements/minerals.

"Uganda's mineral sector is largely, at the exploration stage. At this stage, mineral anomalies have been identified through mainly aeromagnetic surveys. Yes there is strong mineral potential but until significant amounts of money are spent on exploration to determine proven reserves, we cannot talk seriously. That is why we are excited that a firm with the capacity that Shandong has is interested in Uganda," he said.

Mr Xinwen, hands the PM a gift

Shandong's Lu agrees with Kaijuka about the need for thorough exploration.

"Once you know where the mineral is, the important thing to do is to know how big the reserve is and then we can move to the development stage. We are very strong in exploration and we know what to do," he said.

The Chinese delegation also interacted with Kelen Kayongo, John Muruli Muyambi and several other miners who also hold various exploration licenses across the country.

Lu said that they would critically examine the data they had gotten from the mining firms, visit the fields and carry out their own basic geological work on them before selecting the best ones to move forward with. The company already has Ugandan based geologists who will be tasked with these follow-ups.

"We cannot do everything. We will find the key ones," he noted.

To establish a large scale mine by world standards, at least $5m to $100m is needed in the exploration process – from discovery to proving viability. However, due to a fall in commodity prices and a global economic downturn, exploration expenditure has plummeted by at least 30% worldwide with an additional 15% to 20% decline in exploration investment in Africa predicted in 2015 and beyond. An estimated 90% of junior exploration companies that existed in 2010 are no more; hence there exists a very strong competition for this high-risk capital globally.

Uganda also lacks modern laboratories hence it is currently impossible to get quick mineral identification tests done locally. Currently samples have to be flown out to Tanzania, South Africa, Canada, Australia and Europe for thorough laboratory tests; which is not only expensive but also time consuming.

A solution to this problem is round the corner though, with the Shandong Mineral Resources Corporation only awaiting a suitable location to set up the first modern minerals laboratory in Uganda. So far, the available land in the Namanve Industrial Park has not been found appropriate for the project; with a more serene environment preferred.

All things considered, the Shandong delegation feels everything went as well it would, especially for a first visit.

"We have gotten a positive response from the government of Uganda at different levels – from the Prime Minister to Hon Lokeris – and of course from our hosts the Uganda Chamber of Mines and Petroleum. Everyone supports us and we will definitely be making follow ups as soon as possible," said Lu at Entebbe Airport, just before the delegation caught the flight back home.





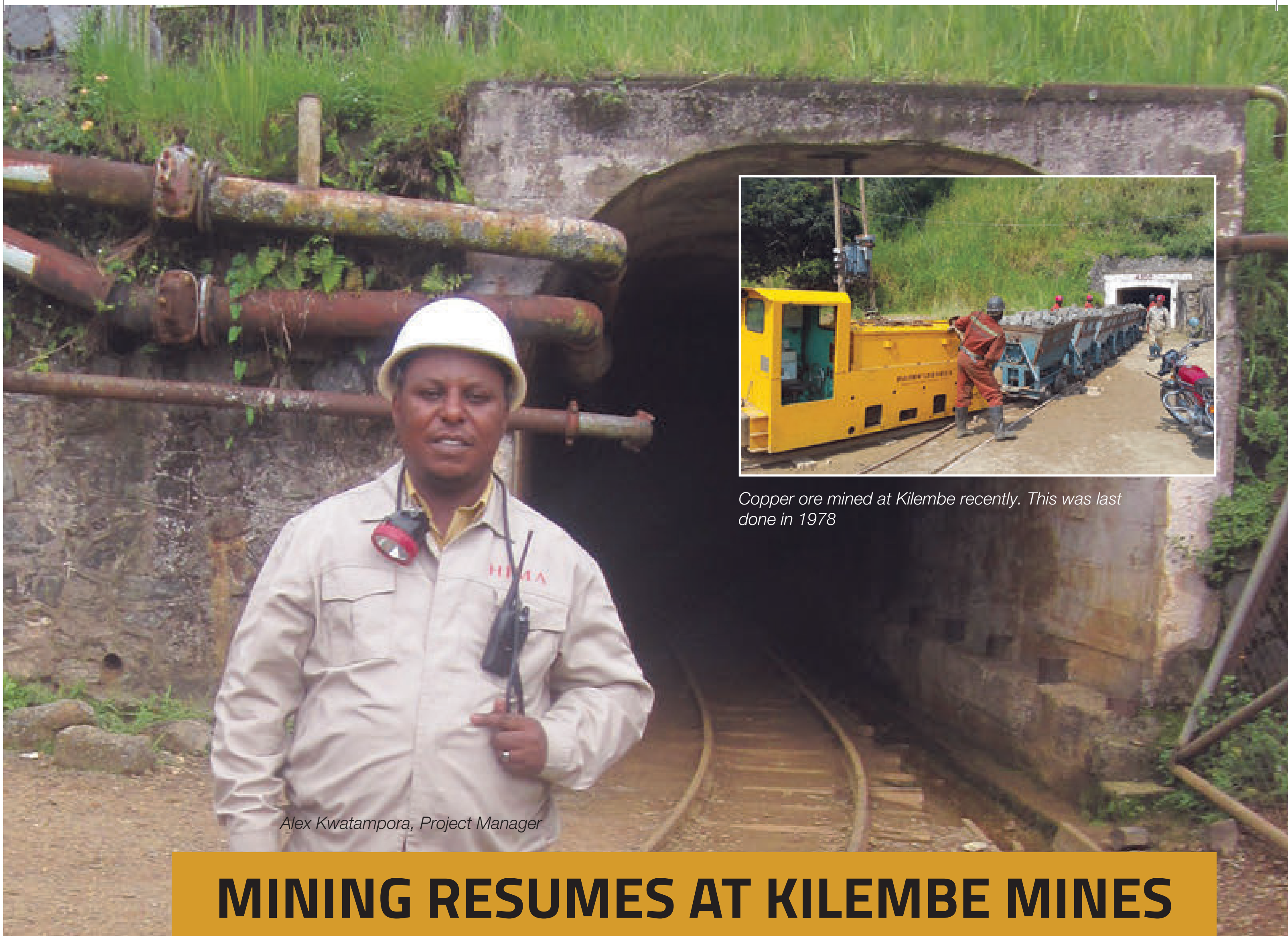












Alex Kwatampora, Project Manager

Copper ore mined at Kilembe recently. This was last done in 1978

MINING RESUMES AT KILEMBE MINES

After more than 3 decades in limbo, mining of copper at Kilembe Mines in Kasese district has resumed.

Managed by Tibet-Hima, the Chinese consortium that was granted a 25 year concession in September 2013, Kilembe Mines' recommencement of operations is a very significant development in Uganda's fledgling mining industry. This is mainly because Kilembe's copper exports alone were once contributing at least 30% to the country's GDP during the mine's heydays.

At least more than 1200 metric tonnes of ore at an average grade of 1.70% has been mined so far, says Alex Kwatampora, the project manager. The last time copper ore was mined at the western Uganda based mine was in 1978.

At the commencement of the concession, Tibet Hima committed to make an initial investment of $135m towards rehabilitation of the mine and the upgrade of Mobuku Power Plant from 5MW to 12MW.

To date, Kwatampora says, the consortium has spent over $19m installing new machinery and rehabilitating old plants.

A milling plant has been rebuilt and another installed in addition to a new conveyor system and transformers for the mills. Also added are new high frequency furnaces. Other additions are locally fabricated copper and cobalt floatation cell banks plus ore transportation tram cars, ore harvesting earthmovers and drilling equipment installed underground.

"Having always had a functional foundry (a factory producing metal castings) even when mining operations were grounded, it has been easy to locally fabricate a lot of the needed stuff," noted Kwatampora.

The company is also setting up value-addition mini-plants to produce end-user products like electric copper wires, as its agreement with the government of Uganda stipulates.

The mining operations will follow the Kilembe mines copper belt from Kilembe, Katadoba and Kihara in Kasese town onwards to Kiraro in the Rwenzori Mountains national park following the approval of the environmental impact assessment studies.

Challenges

While at the current metal prices, it would be overly optimistic to expect Kilembe's copper fortunes to impact Uganda's economy as much as they did in the 1960s and 1970s, the jury is still out on Tibet-Hima. For turning around the sleeping giant is no walk in the park.

Of urgent concern for now however is the increasingly regular problem of seasonal flooding resulting from a silt-laden River Nyamwamba. Kwatampora says Tibet Hima has since acquired a heavy duty excavator and is desilting portion by portion of the river which flows through the Kilembe valley. This unforeseen, unbudgeted for costly process has taken its toll on the company though, and Kwatampora says the intervention of the state as had been earlier promised, would be very beneficial.

Thus far, the government of Uganda has only replaced a bridge up the river at Kyanjuki.

"More, sustained desilting remains an urgent need though," says Kwatampora.

Cost Cutting By Mining Majors To Continue – PwC

"While the mining industry had been indicating for the last two years their intention to reduce capital spending, such reductions were actually realised in 2014 as expenditures on significant projects declined 20%"

- *Overall market values plummeted $156 billion due to commodity price declines*
- *Free cash flow turned positive again to $24 billion; but net profit down 9%*
- *Capital velocity declined for the first time since 2010 and continues to slow*
- *Dividend yields at an all-time high of 5%*
- *Government intervention and conflict abound with strategy debates as effect of lower prices felt by many*

According to PwC's annual 'Mine' report released in June, the initial scorecard for the largest 40 miners was mixed and now the gloves are off for the industry with widespread government intervention, internal industry conflicts and rising shareholder activism. After all, 2014 was expected to be a tough fight for the global mining industry with commodity prices down and short-term volatility increasing.

A new analysis of the 40 largest global miners from PwC shows that in 2014 the industry trimmed spending and largely managed expectations through higher production and unexpected help from currency devaluations and lower input costs, despite continued headwinds from weak commodity prices.

Michal Kotze, Head of PwC's Africa Mining Centre of Excellence, says: "The success of cost-saving initiatives became more apparent in 2014 as operating costs decreased 5%. While the mining industry had been indicating for the last two years their intention to reduce capital spending, such reductions were actually realised in 2014 as expenditures on significant projects declined 20%."

Adding: "A key measure of the industry's investment agenda, capital velocity, slowed to just over 12% with further decreases expected in 2015 and for the first time, the total asset base shrunk 1%."

The report analysed 40 of the largest listed mining companies by market capitalisation. Two of the three new entrants in this year's Top 40 were Chinese companies and one was North American. The financial information for 2014 covers the reporting periods from 1 April 2013 to 31 December 2014, with each company's results included for the 12-month financial reporting period that falls into this time frame.

While commodity prices decreased across a number of commodities and drove lower revenues, the report found this was partially offset by increased volumes, particularly in iron ore where supply expanded on the back of large expansion programs of the past few years.

"The decline in the iron ore price is having a significant impact on the top 40 miners. While slower demand from China is making headlines, the price declines are more related to the current oversupply in the market.

"With few exceptions, market supply and demand trends result in miners operating on the assumption that lower commodity prices will continue and the focus will therefore remain on containing operating costs and maintaining capital discipline," adds Kotze.

'Mine' also found, for the second year, the majority of the largest mining companies came from emerging markets Brazil, Central & Eastern Europe, China, India, and Saudi Arabia, rather than the Organisation for Economic Cooperation and Development (OECD) markets, with another two top entrants from China and a lower overall decline of only 7% - compared to an OECD drop of 21% - in market capitalisation. This decrease was despite a lower adjusted profit contribution from companies in the emerging markets.

Andries Rossouw, PwC Assurance Partner, says: "Mining companies from emerging markets tend to focus on mining in their own jurisdictions whereas those in the OECD tend to have more diverse global portfolios. This divide, coupled with the wealth of new development potential in emerging markets and differing shareholder expectations, continues to create divergence."

Marble mining in Moroto, Karamoja. More government incentives would boost the industry

"How the industry will grow in the years ahead will be impacted by a number of factors, including the ability of tier 1 assets to produce substantial quantities at costs significantly below average; the demand for commodities from China and other emerging markets; the impact of changing tax, environmental and beneficiation regimes; and the willingness by the industry to enter into greenfield projects, instead of only developing smaller brownfield projects," concludes Rossouw.

For David Kyagulanyi, Kweri director and mining consultant, those mining companies that continue to enjoy various forms financial and technical interventions from their government will continue to dominate in the positive benefits of the mining sector.

"These same companies from these same countries will probably dominate the ownership of mineral resources, on behalf of their own countries, in much of the rest of the world. And they will most probably be the ones left standing if the downturn continues for long," he added, noting the need for African governments to quickly emulate the emerging countries and wholesomely support the extractive sector, for the benefit of the natives.

pwc

Private Sector Seeks more participation in EAC projects

The three Presidents, Kagame, Uhuru and Museveni arrive for the dinner

The private sector in the East African region believes infrastructural projects in the region can ably be funded with the right environment in place.

This was the sentiment shared at a dinner hosted by the Uganda Chamber of Mines and Petroleum, to give the private sector a look-in into the Northern Corridor Integration Projects (NCIP) framework as the Kampala leg of the Northern Corridor Infrastructure summit got underway.

In attendance was President Yoweri Museveni of Uganda, President Paul Kagame of Rwanda and Kenya's Uhuru Kenyatta.

The NCIP initiative seeks to fast track the implementation of 14 projects ranging from road and railway construction to energy generation, ICT, social economic development and security cooperation.

This was the first time that business matters were given precedence at a summit of this magnitude, and the private sector used the opportunity to implore the presidents to involve it in key issues like infrastructure developments so as to not only hasten their success rate but to also advise on their structuring.

Speaking at the dinner, Patrick Mweheire, Stanbic Bank, Uganda's Managing Director, made a strong case for the banking industry's ability to finance investment projects, noting: "Capital is no longer a scarce resource anymore."

Stanbic is the largest bank in Uganda in terms of assets.

> "President Kenyatta said the private sector should take the lead in executing development ventures while governments concerned themselves with creating an enabling environment for business to thrive"

He explained that some of the top private equity funds were "looking for yield in the region," meaning that foreign players were willing to spend money on investments that could bring them higher interest earnings. Private equity funds usually channel money through financial institutions such as banks.

A report by Ernst and Young, released last year, notes that East Africa, will continue to attract private equity funds for the years ahead.

"As growth rates declined across most of the developed world in the aftermath of the credit crunch, private equity (PE) firms turned to emerging markets as an engine of growth," the

President Museveni makes a point as his counterparts from Rwanda and Kenya look on

report, titled Private Equity Roundup Africa, noted.

It further noted that "East Africa will be attractive partly because it is doing more than most other African regions to become integrated, thereby facilitating easier cross-border activity and attracting investors."

The report pointed out that there are already private equity funds targeting the continent's infrastructure projects. It listed Convergence Partners as one of those that recently announced a first close of $145m on an infrastructure fund for information and communications technology investments across the continent. Harith General Partners is also said to be fundraising for an infrastructure fund targeting $1.2b, which will be invested in projects across the continent. Sithe Global, a company majority-owned by a fund managed by Blackstone Group, helped partly develop Uganda's Bujagali hydropower project to a tune of $116 million.

More of these funds are expected to target the projects under East Africa's northern corridor programme.

The Northern Corridor Infrastructure summit is an initiative that was launched in 2013 to implement a number of programmes, most of which are trade-related, to support economic growth around the region. This was the 10th meeting where the presidents discussed the progress of the different projects.

Some of the 14 projects that the summit is focussing on include: two petroleum pipelines, the oil refinery in western Uganda, the standard gauge railway between Uganda and Kenya, the one stop border points, ICT, among others.

For the projects to be impactful however there was need for the regional governments to consult the private sector before embarking on them, Hon Richard H. Kaijuka, told the Heads of State at the Speke Resort Munyonyo dinner.

Hon Richard Kaijuka, UCMP Vice Chairman

"Your excellences, we suggest that before you endorse policies and regulations in the region, get our views so that we do not register shortcomings while transacting our businesses," Kaijuka said.

Kaijuka also noted that the private sector "can do wonders" as it had demonstrated in various sectors like education and health.

Agreeing with him was President Kenyatta, who noted that the governments had no business undertaking the projects on their own. He said that the private sector should take the lead in executing them while governments concerned themselves with creating an enabling environment for business to thrive.

President Yoweri Museveni however was against leaving everything to the private sector, noting that key sectors like electricity needed government participation. The Bujagali hydropower project, he said, was distributing expensive energy because the private players had to service costly loans they had borrowed for its construction.

He acknowledged that his government was already listening to the concerns of the private sector by creating the right environment for the extractives sectors. He pointed to the abolition of Value Added Tax on exploration for minerals and oil.

Patrick Mweheire, Stanbic Bank Uganda, MD

Museveni also thanked Kenyatta for creating a comfortable environment for Ugandan importers in Kenya.

"Before Kenyatta came, there used to be a mentality that they are doing us a favour by allowing our goods to go through Kenya. These were enemies… I am happy that Kenyatta has dealt with this mentality," he said.

He was pointing to the numerous complaints from Ugandan traders who said they faced harsh conditions at Kenya's busy port of Mombasa.

Jeniffer Mwijukye, who is a part owner of Unifreight Cargo Handling Limited, which also manages an inland port facility on behalf of Uganda Property Holdings Limited at Mombasa, said Ugandan importers would appreciate it if Kenya implemented the electronic cargo system, which partly eases the clearance of goods.

She said TradeMark East Africa has a fund that facilitates the implementation of this system, and that Uganda is already benefiting from it.

Stanbic's Mweheire also said some of the investors' main concerns centred on credit risk and political risk. On credit risk, Mweheire said a lot of money was spent on the preparation stage. He estimated that about five to 10 per cent of the total project cost was spent on such things like feasibility studies, among others, which, he was said, was too much money.

It is the private sector's concerns, such as those involved in the sensitive tourism industry, about the political risk that could pose a bigger headache for the presidents.

President Paul Kagame of Rwanda said there was political will to address some of the concerns of the private sector and also push ahead with the infrastructure projects. But that, he added, was not sufficient.

"There is political will. But political will alone is not enough. There is need for urgency," he advised

Elly Karuhanga, Chairman, UCMP, said throwing a dinner alone did not offer the private sector and the presidents enough time to brainstorm all the issues holding back development in the region. He asked for a full day to do so, a request that President Museveni granted.

In picture

Summit Makes Case for Business Sense in Uganda's Oil Industry

The Uganda Chamber of Mines and Petroleum's first Oil & Gas convention held under the theme, ***"Delivering Uganda's Potential in the Oil & Gas Sector",*** went out of its way to debate in great detail issues that remain pertinent in Uganda's drive to become an oil producing country.

This convention drew together the business and public sector to reflect on key issues and enablers in the development of Uganda's emerging Industry.

The standout discussion revolved around the frustration of the private sector as regards the endless lulls in activity in the petroleum industry. This meant that government representatives were always called upon to make a case for their slow decision making.

The delays in the issuance of Production Licenses to the oil firms plus the socio-economic and multinational factors surrounding the pipeline and refinery infrastructure were extensively deliberated upon. This was especially in their relation to the final investment decisions (FIDs) of the Joint Venture partners of Total E&P, Tullow and CNOOC.

Despite being singled out as the main cause of the frustrating delays, the government of Uganda was also commended for having an astute technical team leading its foray into what was, until a decade ago, a largely unknown industry.

Generally the summit provided a great platform for stakeholders in Uganda's petroleum industry to reexamine themselves and reassess their strengths and weaknesses as they seek to maximize the benefits from the sector, going forward.

Following are some of the highlights from the first annual Oil & Gas Convention:

Delays

Jimmy Mugerwa – Fears

Our regulator, the Ministry of Energy has done a good job, seeing how much they have to contend with under tight schedules. The Lake Albert Basin project is a very good one and can be a world class development, when you consider the amount of oil we have found in just 40% of the area.

We have several concerns, however.

Firstly, I would hope that the Production Licenses (PLs) are issued as soon as possible. For some of us who have invested $3bn, we start having negative thinking with every delay, as our business is seriously affected. Without PLs, we can't do anything from enacting the resettlement action plan to advertising for EPC (engineering, procurement & construction) etc.

My other worry is the uncertainty on the route-to-market. As an upstream player my work is to ensure that the oil is on the surface. And by the time it is on the surface, I would like it to be clear where the oil will go; so the refinery and pipeline need to be ready by then.

And it is important to note that the crude export pipeline is key to unlocking the developments of this country.

This is because 80% to 90% of the exported crude will belong to government, and also because, a $10bn investment has to be underpinned to a certain market - the domestic market is not big enough to be able to mobilise the project financing that will be required. We need some kind of international market assurance. So while it is important to have a refinery to produce for the local market, we also need an export pipeline.

My other concern is that we are trying to launch 3 or 4 major projects at the same time. In other oil countries, at least a pipeline or refinery already exists. So it is a tricky situation as the projects are all inter-related and hence create a project on project risk. What comes first?

Managing expectations – the communities, the state, the investors, name it – is also another major concern for me.

Andrew Mwenda – Business Sense

In military science, it is said that the basic principle of a commander on the battlefield is selection and maintenance of the aim or goal.

Uganda's oil sector is generally lacking an overall aim that has a timeframe. Our aim is to produce and export oil and we are working with partners who have invested private capital like Tullow's $3bn. But if we seek to make the best deal for Uganda by squeezing the last coin out of the oil companies and perhaps push them into bankruptcy, then we will make Uganda's oil unviable. If I invest $3bn and am delayed by bureaucratic wrangling for 10 years, then my investment isn't making a return, which means Uganda is again not attractive to genuine investment; and therefore may only start attracting the worst companies.

There needs to be a point when the management of the production process of oil has to move from geologists to business people (those with MBAs), so that they are able to balance the interests of the oil companies and those of Uganda.

Assuming, for the next five years, I engage myself in the discussion with Tullow, Total and CNOOC over whether the recovery rate of a given oil well should be 25% or 22%. From a business viewpoint, I must also ask myself whether the 3%, can justify a delay of 5 years. The time value of money has to be considered. I have seen a lack of business sense in the current negotiations on how to proceed to get oil out of the ground. The $10bn today is better than the $20bn gotten a decade later.

Uganda also needs to start considering how to achieve a balance between effective regulation and oversight and facilitation of business. A government can choose to focus on regulation and stifle the ability of the private sector to act. Uganda's private partners who have committed a lot of money need to recover their money as quickly as possible.

Bob Kabonero – Compensation

I would like to thank Keith Muhakanizi, the Permanent Secretary at the Ministry of Finance, for coming out bluntly and appreciating that there is something wrong; which wrongs have made we in the private sector suffer.

I think it comes down to government not knowing the cost of business. I guess, with all due respect to the government technocrats, they are assured of a salary at the end of every month, so however long it takes, they don't mind.

Uganda is not reinventing the wheel, seeing that we are not the first country to discover oil. If we fear making mistakes, we can always learn from countries that have done it right. It is not viable to spend 10 years, saying we are trying to do the right thing, yet on the other hand we have encouraged local Ugandans to invest in the sector. Many local businesses, for who joined the oil industry for the first time, have since been foreclosed by the banks because they borrowed heavily to build capacity in logistics and the like after encouragement by the state and oil companies. The oil firms claim they cannot do much since government is not making decisions. So who do we go to? The slow pace of decision making by government is the biggest problem as it creates uncertainty, and we all end up suffering.

So whereas there are very many projects coming up, who is going to do them locally? The banks cannot lend me money because I have no contract; which I cannot get it from Total because it will say it has no license. It's a chicken and egg situation.

The cost of doing business is very high. All the oil companies have scaled down.

So why isn't government doing what they are supposed to do? Who will bail us out in the private sector?

Earnest Rubondo – Varying Interests

It's important to recognize that investors in the petroleum sector fall in two broad categories. There are those that acquired rights to develop the oil and gas resources; and they were contracted by government to do the exploration, production and development.

Then there are those companies and individuals that are providing a service to the licensed oil firms and they too are investors in the oil and gas industry.

On a broad scale they both want a return on their investment whether they are the ones that were licensed or they are the ones contracted to provide services.

It is very important to recognise that licensees have interests and equally, it's also very important to appreciate that sometimes the interests of these firms are not the same as those of the Government or the country.

Do not assume that both the investors and the Government have common interests.

From a commercialization perspective for instance, where the investors wanted the oil that has been found to be quickly transported to open markets where buyers are many, the Government is interested in using these resources to contribute to industrialisation by developing a refinery.

Here you have two interests that are genuine, by partners, but different.

And so in a situation like this, it's not a matter of taking decisions, it's actually a negotiation so that you come to a win-win situation.

Keith Muhakanazi, Finance Ministry PS - First Oil Curse

Very slow decision-making has been the major problem in the industry; with the fear of going wrong very strong. I think this is an Oil Curse already. How do we get out of this problem?

Is there anyone that will never make a mistake? I think the time has come for us to deal with this time wasting problem so that the industry can move forward.

Having said that, I think the laws are now in place. We agreed and worked on tax issues. We have also started working on infrastructure though we still need to do more. Parliament needs to pass the loans so we move very fast on infrastructure.

Ade Adeola, on National Oil Companies

There is a growing influence of National Oil Companies (NOCs) on the African continent. This is good but NOCs should be run commercially, independently and should be able to commercialise and take decisions that will create long term value for government, Ugandans and the partners it chooses to work with. We have seen too many instances where NOCs are underfunded and create challenges for potential partners. Uganda can learn from NOCs of other countries – some have done well and some not so well; but we must remember the NOC's major objective is to ensure energy security for the country.

Adeola, on impact of global prices on Uganda's oil prospects

I believe that East Africa and Uganda is particularly fortunate because the cost of drill and complete is about $10-15 per barrel since onshore drilling is a lot cheaper than offshore drilling. In places like Angola, Nigeria, Ghana – the cost ranges between $25-30 per barrel in terms of drill and complete.

Ade is MD, Standard Chartered Bank (Head, Energy and Chemicals) on National Oil Companies

Mugerwa on the dropping oil price:-

Tullow is off course concerned about price; but the important thing to note is that the oil prices have always been volatile. The important thing is to recognize what to do in a low-price environment. We have deliberately decided to take out costs. For instance we have renegotiated contracts with the drillers – taking out almost $3bn.

Also in a low price environment, other countries, like the UK and Iran, have given incentives to the oil companies so that they can keep their capital in their fields in the North Sea. Maybe Uganda should also be thinking the same, to ensure there is no further capital flight out of the country. Some of the PSA terms are pretty difficult at this material time.

Ready

Ernest Rubondo – Commendable history

The oil and gas sector in Uganda is evolving. Some of the challenges we are facing are because we are going through this for the first time. It's very clear though that the fields Uganda discovered first are all entering the development stage at the same time. What happens in other countries is that they have several cycles of an activity. That's why you hear that in some countries they have several licensing rounds – even up to 10 rounds. The impact therefore is less than it is in Uganda where we are taking forward the first licensing fields.

Besides a first competitive licensing round has been announced which will be a new set of investments. So in a situation like this, we do not expect to see all the fields come to a close at the same time. All this is happening because we have several stages.

As far as the Government of Uganda is concerned, the oil and gas industry has a commendable history.

Agreements have caused some turmoil in some countries and Uganda has been able to overcome this by signing sustainable agreements that are not leading into any crisis. With exploration, we have had a success rate of over 88%, which is way above the global standard of 25%.

Over 6.5 billion barrels of oil have been discovered after investing about $3bn – meaning the cost of finding a barrel is below $1 – a great plus for Uganda. Globally, the cost of finding a barrel is between $20 and $25.

Why am I saying this? Uganda has not gone through the next phases (development and production) and hence it's difficult for me to say everything will be done well. All I can assure you is that the journey we have walked so far is an admirable one and everything is going to be done to extend the success we have had up to this point.

For the next phase, we expect more and bigger participants; therefore the coordination is going to be extra necessary so it is important everybody plays their part very well. As far as the Ministry is concerned, we have a good history and would want to commit that this is the excellence we wish to continue with going forward.

Hon Richard Kaijuka – Exciting Opportunities

We see these oil and gas discoveries as a great moment in our history. The challenges surrounding the development of the oil industry will open up the great investment opportunities therein, which our youthful population must exploit. Imagine the field developments investments that are valued to over $10bn. The lull since the end of the exploration phase has seen a scale down of employees at the oil companies which has worried many. But no one should worry because the future is very exciting; and youngsters should continue training. I know that with the big upcoming infrastructural developments, the financiers may be worried about the Dutch Disease. But I have no doubt in my mind that it is possible if there is coordination, realignment and commitment and we are all focused on getting the job done.

Hon Kaijuka, is the Vice Chairman of the UCMP

Keith Muhakanizi – *Financial stability*

No we are doing a good job but we need to improve – that is a fact. On whether we have the mechanism of managing the volatility that is expected once oil revenues begin to come in, the answer is yes. In our macro-economic management, which is now enshrined in the Public Finance Management Act is that much of the money which will not be remitted within the Macro-economic Framework will be saved to be used in the future and probably kept outside the country. So a stabilisation mechanism is in place.

Rubondo _ Coordination

I would like to assure you that the Ministry of Energy works very solidly with the Finance and Justice ministries before any agreements are concluded. This coordination is increasing as we take the oil and gas sector forward.

Jimmy Mugerwa – MoU plan

The MoU implementation plan was drafted by the oil companies and we have now shared it with Government. There is an Implementation Committee that has been put in place and it will be jointly owned. It is jointly owned because there are some actions which are specific to government like the inter-governmental agreements between Uganda and Kenya and there are some actions that are specific to the oil companies. Going forward, the Implementation Plan will be used to track actions as agreed during the Presidential Investors Round Table.

Rubondo – Local Talent

The oil and gas sector is progressive. At the start, during exploration, there were a lot of geologists, geo-physicists required. As we moved to the drilling stage, a lot of petroleum engineers and drill engineers were hired. Over the last two years, the Government has been trying to build human capacity in refinery and pipeline engineering.

The department (PEPD) currently has 166 people working for it and over half of them are professionals in this field.

Jimmy Mugerwa – *Recovery*

Actually a recovery rate of 30% is very good because the world average is about 25% but the reality is Mother Nature has produced different fields, different characteristics, and different structures in the ground. So sometimes you have prolific fields like is the case in the north Buliisa fields and sometimes there will be shallow wells and the recovery will not be so good. So we have a mixture of both on average the recovery factor that we hope to get out as a joint venture is 25%, which is actually very good compared to the world.

Elly Karuhanga _ coordination within Govt bodies

As the Uganda Chamber of Mines and Petroleum, we don't see coordination. We would like to see more coordination between the Ministry of Finance and that of Energy plus all the other Government agencies that will play a part in the next stage of developing the oil and gas sector.

Mugume, PS Foreign Affairs _ coordination within Govt bodies

Having worked with the EAC Presidents for the last 2 years, the key words are fast-track and implementation. The slow decision making is recognized as being bad for business. And in fact the reason why the Northern Corridor Integration Projects summits came up was because we were too slow; so the presidents said, let us get things done. So every 2 months now, the Presidents meet and the bureaucrats explain to them how far we are from the targets. We have also realized we need to work with the private sector hence the summit in Munyonyo where we will interact freely in joint sessions. The private sector is in it to make money, so it is willing to participate in the fast-tracking. The Ministry of Foreign Affairs is coordinating with other countries regionally; however at the national level we have to coordinate the other government bodies to ensure Uganda is ready and progress is being made. Kenya is taking the lead on the pipeline, whereas Uganda is focused on the refinery and the railway. I think the private sector has been skeptical as regards government's commitment, but I think if they find us prepared to fast-track, they will come on board.

President Museveni is keen on refining Uganda's oil locally

"Uganda oil developments need to pick up pace"

Having slowed down to a snail's pace, developments in Uganda's oil and gas sector need to pick up pace to reduce the associated costs that will come once oil starts flowing, Ade Adeola, Managing Director, Head of Energy and Chemicals at Standard Chartered Bank London has said.

Tax wrangles between Uganda and oil companies Heritage Oil & Gas and Tullow Oil have been largely responsible for a massive slow-down in activity, suffice to mention bureaucratic red tape on project approvals for a refinery, an export pipeline and a host of attendant infrastructure.

Independent experts and oil company executives are calling for an increased pace in developments.

"Right from the approvals to development as well as permits, how do we shrink the time for each activity? Every single day that you spend doing nothing or shipping a rig or taking no action, you are actually costing the country," Adeola said.

Using the analogy of a ship that has left port, Adeola said Uganda must move from the mode of trying to achieve the best possible outcome to an optimal outcome.

He said that unless Uganda is able to get production going within a given time-frame, the country will be competing against an investment environment that will make Uganda uncompetitive as an investment destination.

Adeola said: "Think about what is happening; China is not demanding as much oil right now; India is growing massively but you have Iraq coming into the market with large volumes. The good news is a lot of your partners; Total, CNOOC are in those markets and they have got priorities in terms of the dollars they are investing.

"So it is important that on top of fiscal as well as other approval processes, things need to move swiftly."

Jimmy Mugerwa, the General Manager & Director for Tullow Uganda's operations in his presentation at an Oil Convention in Kampala reiterated the need to speed up things outlining a number of concerns that stem directly from the slowed-down processes especially on the Government side.

"Our current estimate of first oil in Uganda is 2019. That assumes that everything goes as per plan," Mugerwa said.

According to Mugerwa, the one item that is sticking out – central to Uganda's path to becoming an oil producer are the Production Licences, which the Government has been promising to issue for the last 18 months or more.

"If you look back, this time last year we were told we would have the licences by end of December, both parties were working to have the licences by end of December, unfortunately that did not happen, then a new date was put to ensure they were finalised by Easter, that did not happen and the new date is June and we hope it will be the right date," noted Mugerwa.

Mugerwa referred to the stage where Uganda's oil sector stands as financial closing saying that as far the three joint partners are concerned, it is the Uganda Government that is at the centre of engagement before they go back to their different boards with a bankable project.

He said: "Our bosses in London, Paris and Beijing will want to see the commercial, fiscal and regulatory aspects of the project covered and the risks pointed out before they will commit investment. "

"They will want to see the route to market, all necessary licensing, financing and that we have identified all the risks and that there is an acceptable return on their investment."

Raising a number of concerns at this stage of the development process, Mugerwa said the upstream fiscal terms are very tough – Uganda takes about 80-90 percent of project revenue which leaves them playing with a margin of 10-20%.

"So if there is a slip is schedule, a slip in project cost, or a delay in FID the MPV just gets smaller and smaller for the project and that is one of the things that worries us a lot," he said.

Mugerwa said once the production licences are issued, the next stage they will go into will be engineering designs, mapping of environmental and social impacts of the project, after which they will drill the production wells and then conclude with constructing of their production facility.

"That is how much work we still need to do as a joint venture – it is a lot of work and oil can only flow after we have done all of the above," he said.

In terms of the environmental and social impacts, the Tullow boss acknowledges that they have to come up with the cumulative impacts of the project and all the associated facilities.

"We are talking about the entire region and not only about where our central processing facility will be," explained Mugerwa.

"We have tried to look at the entire basin taking in the people, the biodiversity, the fisheries, the grazing and that is why we are doing the environment and social assessment and we have already started the work – which should take us between 8 to 12 months."

In terms of resettling the people that will be displaced by the oil production infrastructure and developments, Mugerwa revealed they are working on resettlement planning.

Joint Venture Concerns

Since various projects have slowed down with the Government failing to hit timelines it has set itself, the three joint venture partners naturally have numerous concerns.

Mugerwa said the agreement on the pipeline is a key success factor either in Uganda or Kenya so the earlier the Governments agree or align their plans, the better it will be for all the parties involved.

"One of the key risks we have is what can delay this project if there is no alignment between the two Governments. The key objective is cost efficiency but also a technically robust implementable project that takes in the concerns we have raised on the ground," said Mugerwa.

For the joint venture partners, Mugerwa said the timing of the issuance of production licences has a significant impact on the project's schedule.

The other big concern for the joint venture partners according to Mugerwa is a fiscal and regulatory framework that is stable and predictable.

Mugerwa said: "Until the last Presidential Investor's Round Table, we were still complaining about the VAT, the Withholding tax and that makes planning a project like this pretty difficult so it's important that we kind of have a predictable regime as far as taxes and the different royalties are concerned. Otherwise it becomes difficult taking this project for banking to our boards."

The other concern the three oil companies have is managing project investments in what is a tough environment currently.

"You saw the graph of where the oil price is. That is fine because the oil prices are volatile. What we have done over the last nine months since oil prices began coming down by almost 46% is to re-look at the internal costs," explained Mugerwa.

To make the Uganda project viable, Tullow, Total and CNOOC have had to look at the project economics, and are reducing costs, re-negotiating contracts with their contractors and have had to let go of very experienced staff.

Mugerwa said that because the upstream fiscal terms are tough, delays are resulting into their margins shrinking further – a situation he referred to as a big worry.

The other concern is the reliability of the available infrastructure. "When you have 850 tonnes of bulk material that needs to come through the port at Mombasa to Uganda, it is a big challenge and we kind of need to find a solution as far as the logistics are concerned," Mugerwa said.

Mugerwa said the joint venture partners would like to get what he called a "coordinated final investment decision" given that each of the refinery and export pipeline create a risk on the other if their implementation is not synchronised or coordinated.

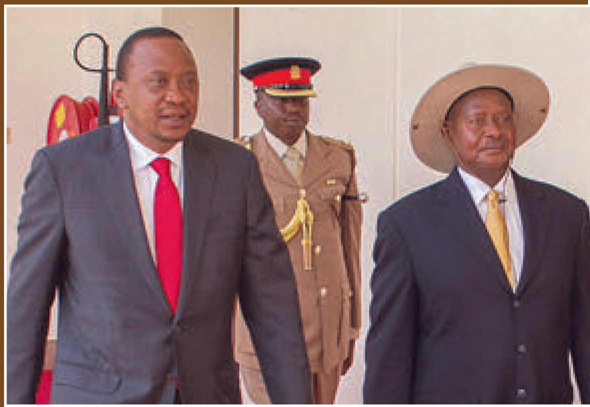
He said expectations need to be managed more as Uganda moves to the next stage ahead of first oil.

"Everybody has different expectations, everyone wants to go and study a Masters in Oil and Gas, we can only employ so many people," said Mugerwa.

"So as we work through this project we should also work to ensure we manage expectations of stakeholders, the local suppliers who are investing their money, the people who are going to work with us – so that is key as far as the project is concerned."

Mugerwa said the MoU Implementation Plan discussions are important because they will deliver the integrated project and agreement of the pipeline routing and ownership structure are critical to upstream development of Uganda and the region as a whole.

Buliisa district town centre



Presidents Uhuru Kenyatta of Kenya and Museveni of Uganda

Lamu preferred for oil export pipeline

The Northern Route from Hoima in Western Uganda to Lokichar in Turkana County and onwards to the Port of Lamu on the Kenyan coast is the preferred route of choice for a crude oil export pipeline, for Uganda and Kenya.

This selection follows a meeting in Kampala hosted by President Yoweri Museveni during the 3-day state visit of his Kenyan counterpart, Uhuru Kenyatta in August, 2015. A State House communiqué says that the two leaders noted the importance of expediting the commercialization of the petroleum resources seeing that Uganda had first discovered oil 9 years ago in 2006.

Kenya made its own commercial discoveries in 2012, with its deposits now estimated at about 1 billion barrels. Uganda's reserves on the other hand are currently estimated at 6.5 billion barrels.

A feasibility study and design by Japan's Toyota Tsusho valued the potential Hoima-Lokichar-Lamu 1,300km export pipeline at $4bn. This is the least cost route, hence its choice.

According to the communiqué, however, the development of the crude oil pipeline is subject to agreeing on the financing arrange
Kenya guaranteeing s
on its side of the p
while ensuring transit
tariff not higher than
the alternative routes pl
guaranteeing no delays
implementation of the p

In the same m
President Museveni
reiterated Uganda's p
to develop her oil re
noting that prot
engagement with the in
players on its importan
delayed commerciali
Uganda's refinery
is to be developed u
public private partn
(PPP) arrangement wi
Government holding
equity. Kenya and othe
African Community p
states have shown i
in participation in the
Shares.

A Russian consortiur
Global Resources wa
preferred bidder se
to lead the building
60,000bpd refinery.

Related to the Alb
refinery, the Heads of
agreed to develop a r
flow petroleum p
pipeline capable of transp
imported petroleum pr
to Uganda from Momba
Eldoret to Kampala an
from the refinery in Uga

Kenya.

Pipeline is crucial - Total

Of all the major infrastructure projects needed in place before Uganda can adequately become an oil producing country, the crude oil export pipeline is the most crucial and hence should be given top priority, says Antonin Fotso, Total E&P's Senior Adviser for Africa.

Fotso made his remarks during a panel discussion at the Oil & Gas Convention in Kampala.

Uganda, he says, will find it very costly to have all the needed infrastructural projects up at once, and may as such make a quick return on crude oil exports via the pipeline.

Apart from a $2.5bn, 1300km pipeline from the oil region of Bunyoro to the Indian Ocean coast, Uganda also plans to develop the 29sqkm land acquired in Kabaale, Hoima as a petroleum based industrial park with a $4bn refinery, an international airport, export hub, energy based industries, petro-chemical industries, crude oil and product storage facilities on site and other associated facilities as well as a 205-kilometer product pipeline to a terminal near Kampala.

Antonin Fotso, Senior Adviser for Africa, Total E&P

"Economically it may not be easy to do all those projects at a go that's why it is better to go with the oil pipeline first," says Fotso.

However, Elly Karuhanga, the UCMP chairman, disagreed with Fotso, noting that it would not be wise to focus on exporting all the crude away without seeking to develop an internal oil industry, since it would be akin to giving away all the jobs and revenues that accrue from a refinery and a petrochemical industry.

"Surely we cannot keep exporting Africa's wealth away like Nigeria, which only started adding value to its oil recently despite over 50 years of producing oil. What can Uganda do to avoid this?" Karuhanga challenged Fotso.

The Total executive agreed that indeed there were lessons to learn for Uganda from the mistakes committed by other countries, who he noted mainly failed to protect their oil wealth 50 years ago because they lacked a sizeable skilled, human resource, technology and infrastructure which should not be the case today.

He advised Uganda to develop a strong local content policy to benefit more from its oil wealth, noting that the country was in a better position than the other African countries which discovered their oil half a century ago. However, he warned that this would take quite some time to put in place.

Pipeline route to guide oil firms' FIDs

Jimmy Mugerwa, Tullow's Country Manager

Uganda and Kenya prefer the Northern Route for the crude oil pipeline crude oil export pipeline; following a meeting between President Museveni and President Kenyatta. This 1,300km route runs from Hoima in Western Uganda to Lokichar in Turkana County and onwards to the Port of Lamu on the Kenyan coast.

Toyota Tsusho Corporation from Japan was contracted in November 2014 to carry out a feasibility study and preliminary engineering design for the pipeline and it proposed two possible routes. One was running from the Albertine rift through North Kenya to Lamu and the other followed an existing products pipeline further South and that would run from the production facilities in the Albertine rift to the port of Mombasa with a loop to Lokichar in northern Kenya.

While the finer details confirming the Northern Route choice are not yet known, the definite conclusion on its selection is eagerly awaited as this will guide the joint venture oil firms in making their Final Investment Decisions (FIDs).

Oil executives say they cannot make progress with their FIDs on developing discoveries in Uganda and Kenya until the pipeline route and related costs are clear.

"Without a pipeline we don't have a project because the amount of investment required cannot be under-pinned by the domestic market alone," Jimmy Mugerwa, the General Manager Tullow Uganda Operations said during an Oil and Gas Convention in Kampala that was called to address current opportunities and concerns.

"When the lenders walk in here they will look at the GDP of the country and that is their basis for lending. So it is important we have the world as the market, so that we can underpin some of the financing that is required."

According to Mugerwa, the agreement on the pipeline is a key success factor either in Uganda or Kenya so the earlier the Governments conclude, the better as it helps the oil companies meet a set schedule.

"One of the key risks we have is what can delay this project if there is no alignment between the two Governments. The key objective is cost efficiency but also a technically robust implementable project that takes in the concerns we have raised on the ground," he said.

"While the decision on the pipeline is a Government-to-Government one, it is important that the route they choose is as cost-efficient as possible and that it is shipper-led"

Behind-the-scenes work is already underway on the pipeline as the two Governments of Uganda and Kenya are engaging each other to work out the modalities of what would become the longest heated pipeline in the world.

"From the joint venture perspective, we have spent almost 18 months trying to study the routes. We have walked the routes from Hoima to the coast and we know the terrain and we know what to do," said Mugerwa.

Mugerwa said that while the decision on the pipeline is a Government-to-Government one, it is important that the route they choose is as cost-efficient as possible and that it is shipper-led as opposed to being Government-led.

"The pipeline is not a profit centre, it is a means to an end and that is the message we are pushing but it's the Government that will help us and what we are doing is to advise what the best route should be," he said.

Britain's Tullow Oil, with stakes in Uganda and Kenya, has previously said it expects to decide on whether to proceed with investment in early 2016.

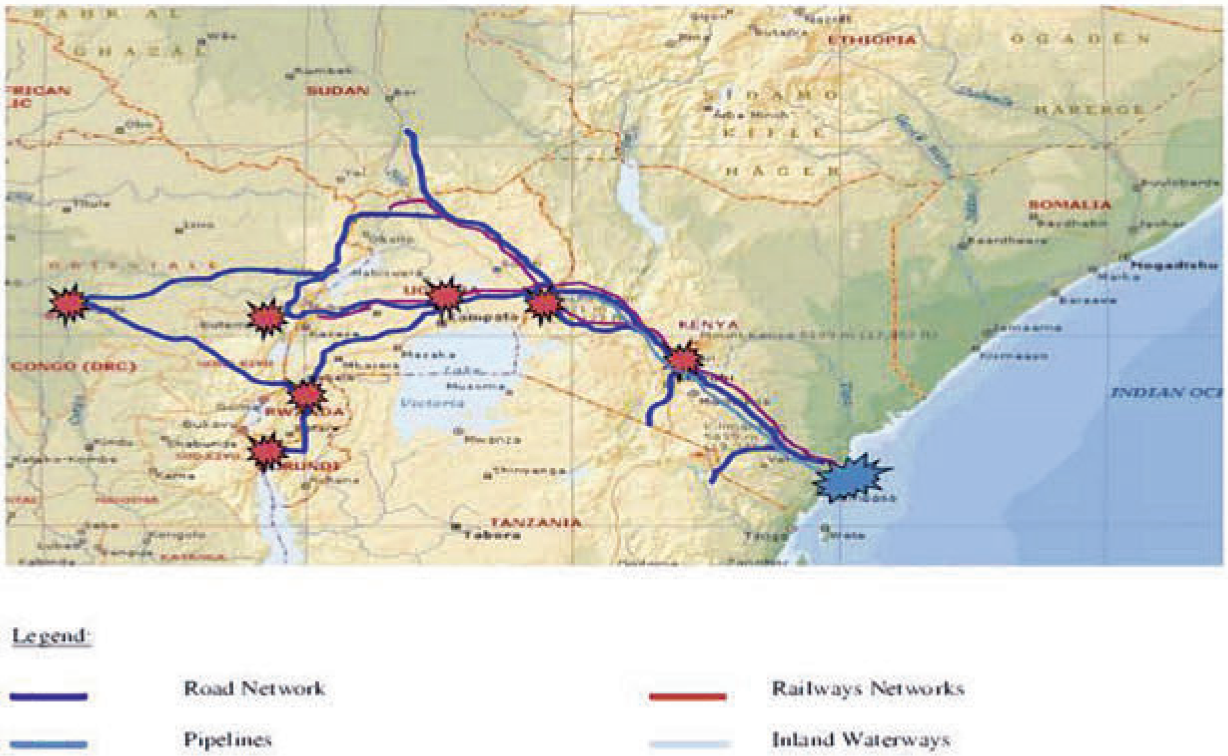
France's Total and China's CNOOC are also investing in Uganda, while Tullow's partner in Kenya is Africa Oil.

Kenya has previously talked of piping oil along a corridor of land in the north of the country to Lamu, where it wants to build a new port to serve the region.

Mombasa is an established but also crowded port that already serves as the main trade gateway for Kenya, Uganda and other landlocked African states in the region. This is probably why it is second best.

EAC states eye joint oil infrastructure, skills dev't

Location Map of the Norhern Corridor



The Government of Uganda is awaiting feedback from its neighbours on whether they will take up interest in a 40% public stake that is available for the US$2.5 billion oil refinery that will be constructed in Kabale, Hoima district.

Uganda put aside shares in the refinery for the East African Community (EAC) states.

"To-date, Kenya has pledged 2.5 percent towards its initial equity shareholding in the refinery," Ambassador James Mugume, the permanent secretary in the Ministry of Foreign Affairs, the coordinating agency for the Northern Corridor Integration Projects said.

"The remaining partner states are expected to pronounce themselves on the equity shareholding they would wish to take up in the project soon."

The Northern Corridor is the transport corridor linking the landlocked countries of the EAC including Uganda and Rwanda to Kenya's maritime Port of Mombasa. It also serves DR Congo, Burundi, South Sudan and northern Tanzania.

The framework of the Northern Corridor Integration Projects is designed to generate and sustain the political will necessary to get the projects like the refinery implemented. These projects lie in the realm of infrastructural development, energy generation, security cooperation, ICT and socio-economic development.

The refinery's private developer, Russia's RT Global Resources and partners will take up the remaining 60% stake, in the 60,000 bpd. The first phase of the refinery is expected to be in place by 2018.

Uganda struck oil in 2006 but commercial production has been delayed and is not expected to start until 2018 at the earliest. Wrangling over taxes and the viability and/or an export pipeline of the refinery has delayed crude production.

RT Global Resources, owned by Russian defence conglomerate Rostec, leads a consortium that also includes Russian oil producer Tatneft and VTB Capital, the investment banking unit of Russia's No. 2 bank VTB. Others partners include South Korea's GS and Telconet Capital Ltd Partnership.

The development of the Refined Petroleum Products pipeline from Eldoret through Kampala to Kigali is yet another deliverable under the Northern Corridor Integration Projects - a critical component of the oil and gas sector.

Mugume said the product pipeline, which today ends at Eldoret will continue to Kampala, link with the planned refinery in Hoima and continue to Kigali, the Rwandan capital.

He said mobilisation of funds for the petroleum pipeline by the project partners to the tune of $1.6 billion is on-going.

"Partner states are currently engaged in determining the pipeline corridor as part of the greater infrastructure corridor," said Mugume.

Standard Gauge Railway

The Standard Gauge Railway (SGR) is another infrastructure project that is priority for the Northern Corridor member states but will also play a critical role in the oil and gas value chain once production starts.

Kenya has already commenced construction of the Mombasa-Nairobi section having received support from China. Meanwhile for the Nairobi-Malaba Section, feasibility and engineering designs are nearing completion in preparation for sourcing of financing ahead of construction works.

In Uganda, construction was launched on October 8, 2014 and an engineering procurement contract for the eastern and northern section was signed on March 30, 2015 when President Yoweri Museveni visited China.

Uganda was also granted some $15 million under the Uganda-China Cooperation to enable the final feasibility studies to enable construction to begin.

According to Mugume, Uganda is also working on a Memorandum of Understanding for the western and southern links from Kampala to Kasese, Mpondwe, Bihanga, Mbarara to Mirama Hill in Ntungamo and Kigali plus the spike to Muko for the iron ore project that is planned.

"The MoU for those two is about to be concluded and jointly signed with the Republic of Rwanda," said Mugume.

Similarly, Rwanda and South Sudan are engaged with contractors on MoU for the SGR to link with Ugandan sections.

"What is important to note is that the SGR would be one single project, seamless and managed under one management structure," said Mugume.

Energy

Mugume said no amount of investment will succeed without adequate energy as a driver for all infrastructure projects. Continuous investment in the energy sector by the partner states in both hydro and geothermal capacity is underway.

At the regional level the Partner States of the Northern Corridor have concluded both Power Purchase Agreements and Power Wheeling Agreements to enable creation of power pools and standardizing wheeling charges.

Creation of Power Pools are in line with AU Policy which encourages regional power pools to be created to facilitate sharing with other regions in need. To this extent, harmonization with Ethiopia in this continental infrastructure development is underway. As such, the regional countries are embarking on upgrading power transmissions to 400Kv level. A Norwegian Company is to undertake feasibility study of the project.

Human skills

Under the Human Resource Capacity Building Cluster, the partner states are also rolling out a Regional Skills Audit. The Audit is to establish the skills gap that exists and recommend the means of bridging these gaps.

"We cannot dream of delivering on any of these critical infrastructure projects without addressing the aspect of human capacity. Workforce skills development to sustainably support and manage the oil and gas industry as well as all the other key infrastructure projects is critical. We have realized the urgency and critical role the skilled people play in the delivery of the project," says Mugume.

The private sector participation in all of these projects is key, he adds, either through investments or manpower and equipment (local content).

Prime Minister Dr Ruhakana Rugunda shares a light moment with Energy State Minister, Simon D'Ujang (R)

Scope of Work Is Immense

Road works leading to the Kingfisher oil field.
The road was treacherous when it rained.

By Elly Karuhanga

The Bujagali Hydropower project had about 100 agreements to be signed; which process of course needed lawyers. I learnt recently during a presentation I attended with the vice chairman, Hon Kaijuaka, at Total that Uganda's crude export pipeline will need at least 40 agreements signed – hence the state has to find the lawyers for this.

Similarly, government needs a legal team to handle the refinery agreements in addition to the contracts involving the licensing for the new 6 oil blocks. This is not forgetting the legal headache the Uganda government is already contending with as it negotiates various agreements with the players already here – Tullow, CNOOC and Total.

For us in the private sector, we are ready with our lawyers.

With regard to the pipeline route, there will be need for serious multi-lateral meetings and arrangements. The pipeline project will need to employ and accommodate over 3000 people. To keep the pipeline warm, every 30km, there will be need for a substation to heat it etc. Decisions will need consultations across borders; for instance, compensating

UCMP CM, Hon Elly Karuhanga

people living along that route amongst other headaches. Also, roads will be damaged and some roundabouts fully destroyed as heavy equipment needed in constructing the refinery is being transported to Hoima. When I visited the second largest refinery in the world in South Korea, I learnt that the pipe network therein can stretch from the earth to the moon if enjoined.

This unfolding situation leaves everyone wondering about the timeframes and when they will unleash their investment in Uganda.

Tullow's Jimmy Mugerwa has told us that the Final Investment Decisions (FID) from his fellow JV partners will be probably be finalized in 2016. Which poses the questions: How many people will companies employ or lay off between now and then? How many trucks do you buy if you are in logistics?

Those are serious investment decisions to make. We are talking about bringing in $10 to $20bn. That's the GDP of Uganda in one sector alone

This whole story is a little bit too complicated for me to fathom but I think for government it's easy to understand.

"Zakhem will support Uganda's local content aspirations"

Ibrahim S. Zakhem,
Zakhem CEO / Managing Director

By Ibrahim Zakhem

As many of you know Zakhem International Construction, is a pioneer in the construction of pipelines, refineries, power plants in Kenya, Tanzania and hopefully will do so in Uganda too.

Our sponsorship of this very successful conference is manifest of Zakhem's commitment for the development of the oil and gas sector in Uganda.

We are very interested and excited at the possibility of being part of the development of the oil sector here.

Local Content

When we started the construction of the Mombasa-Nairobi pipeline in Kenya in the early 1970s, you could hardly find a Kenyan who knew what a pipeline was or one who would operate an excavator and the like.

We had to import about 200 expatriates to operate the machines and to weld the pipeline. Soon after we completed the first one, we were engaged on another pipeline in Kenya.

And I will not be exaggerating if I say that 90% of the expatriates we had used in the Mombasa-Nairobi pipeline were replaced by Kenyans. We had set up training centres to skill the locals.

Kenya Pipeline Company was eager to operate the pipeline after its completion and engaged many well trained Kenyans.

Similarly, Ugandans should participate and be very instrumental in the management of their own oil and gas sector.

I don't see the worry over a lack of local human resource manifesting in Uganda, because you have enough craftsmen, skill, education and managerial training to run any company regardless of its size and magnitude.

Zakhem Strengths

Apart from being pioneers in the oil pipeline construction industry, we have also been a pioneer in financing projects; and we are currently dealing in that.

We are committed to financing projects of the same magnitude in Uganda particularly the pipeline sector and the power plants. Zakhem is an EPC (engineering, procurement & construction) contractor and an EPC/Finance contractor.

With the progress we are making in the oil exploration sector, we look forward to seeing Uganda becoming an active member of OPEC.

This is a very good position for the country and the people.

As pipeline manufacturers, we rely on time, quality and highly skilled human resource. On the issue of time, we have demonstrated the ability and capability to complete projects within agreed schedules which is very important since a delayed project shortens its income generating period.

Our high quality standards are evident with regard to the pipeline we built in Kenya in 1975; which is to date still operating at more than half its original capacity yet it had a lifetime of just 30 years.

So we do not compromise on quality. Neither do we compromise on the human resource. We intend to select and train local Ugandans to work with us in line with the Local Content policy that is a concern of the authorities here.

‘Uganda has to take lead on gas monetisation’

Oil companies will not invest in the 100 billion cubic feet of gas that has been discovered alongside the oil in the Albertine rift and as such, the Uganda Government has to take the lead to produce power from it, Ade Adeola, the Head Energy and Chemicals at Standard Chartered Bank London, has said.

Adeola said the Uganda Government will have to lead in the conversion of the gas to power by owning and putting special funding around it as the private sector players are not ready to spend CAPEX to develop it.

“Many Governments all over Africa have believed that the oil companies will develop the gas but the truth of the matter is many oil companies cannot lead this. Unless a way of rewarding the oil companies is found, they have no incentive to produce power from the gas,” Adeola said.

The expectation is that joint venture partners Tullow Oil, CNOOC and Total will invest in the gas for power.

Yet experts like Adeola have realised over time that gas and power are the components of the oil and gas sector that resonates well and creates an even bigger impact with the people as they get to light their homes.

Adeola said Uganda has the potential to become a net exporter of power if the available gas reserves are tapped and developed.

Standard Chartered Bank’s Ade Adeola

“It might not be necessarily commercially viable on a stand-alone basis but it is something Governments need to own and put special funding around,” said Adeola. “And there is a lot of support for it from the International Finance Corporation (IFC) and the World Bank.”

Since the commercial discovery of oil in Uganda, less has been said about the vast potential of natural gas reserves that coexist alongside the 6.5 billion barrels of oil so far discovered.

Gas is a natural hydrocarbon mixture of methane (good as a fuel component), ethane, butane, propane, nitrogen, hydrogen and carbon dioxide.

In hydrocarbon rich grounds like the Albertine Graben, where oil exploration is taking shape, the presence of natural gas is high and is usually found in the natural rock formations along with underground water and oil.

When natural gas is refined it produces Compressed Natural Gas (CNG), Liquefied Natural Gas (LNG) and Liquefied Petroleum Gas (LPG); all used differently for domestic purposes like cooking, heating and automobile fuel.

Strategically, the Uganda Government plans to use the current gas reserves for the generation of large scale electricity supply to add to the current power supply of 805 megawatts. Given the size of the reserves, some of the power that will be produced can be exported to neighbours Rwanda, Burundi, DR Congo and South Sudan.

The actual amount of gas reserves is not yet ascertained because appraisal of the discoveries is still on-going. However, gas has been found in Nzizi, Ngiri, Kasamene, Kigogole, Ngege, Jobi-Rii, Ngassa, Nsoga and Jobi East wells.

Other wells where gas has been found are Kasamene, Kigogole, Nsoga, Wairhindi, Ngara, Lyec, Mpyo, Gunya, Ngiri and Jobi-Rii.

The current findings are not final, since only a fraction of the entire Albertine stretch has been appraised and as such more discoveries are in the offing.

The government through the Ministry of Energy and the Electricity Regulatory Authority (ERA) are trying to fast track all plans to commence electricity production.

The selection of a company to set up the Integrated Power Project which is expected to produce between 50 and 80 megawatts of electricity is in advanced stages. The project will utilise gas from the Nzizi field in addition to crude from the Mputa oil field.

Business Growth Is Top Govt Priority – Rugunda

Prime Minister pledges unlimited support to extractive industry

Uganda's Prime Minister, Ruhakana Rugunda, has praised the Uganda Chamber of Mines and Petroleum (UCMP) for always leading from the front when it comes to marketing Uganda's investment capacity in mining and petroleum.

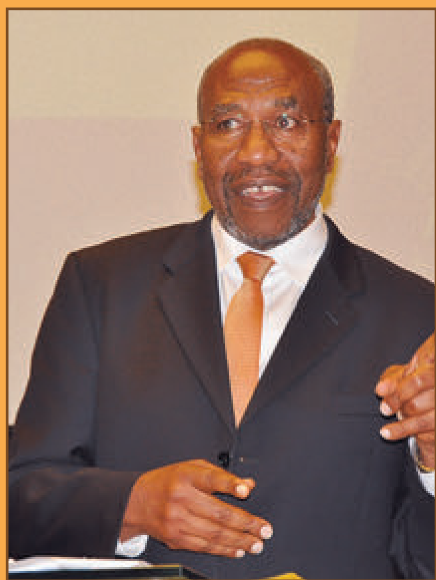
"I commend you for partnering with the government in advancing mineral and petroleum development in Uganda. In several interactions with the Chamber, we have been able to learn more about Uganda's mineral potential and the gaps that government needs to fix in order to have the whole picture mapped out," said Rugunda, at the Oil & Gas Convention in Kampala.

The upstream capital investments in oil and gas grew to about US$2.5b by 2013. Private investment in the sector increased from US$1.074b in 2010 to US$1.8b in 2012. This was mainly in the acquisition of seismic data and drilling of exploration and appraisal wells. Investments are expected to increase as Uganda embarks on the next stage of field development and production.

The Prime Minister noted that the government was fully cognizant of these opportunities and was therefore making every effort to optimize the benefits sector would offer to Uganda. As such, he added, the second National Development Plan, had identified minerals and oil as one of the "three growth opportunities", in addition to agriculture and tourism.

"The two fundamental factors remain infrastructure and human capital development. Fortunately government is heavily investing here as well," Rugunda emphasized.

The interventions so far include construction of energy projects like Karuma (600MW), rehabilitation of the existing railway lines and construction of the Standard Gauge Railway from Malaba to Kampala, onwards to Rwanda, in addition to improvement of water transport and extensive road construction.



Rt Hon Dr Ruhakana Rugunda

> *"...it was now a government of Uganda policy to give anything that rejuvenates and accelerates economic activity in the country first priority."*

Other structural challenges including inadequate financing, difficulties in acquisition of land, and environmental risk management were also being addressed, Rugunda said.

The Prime Minister made it a point to remind the business community that they were partners with government and hence it was important to sustain dialogue in developing a strategic integrative relationship, rather than merely lament the state's shortcomings.

"If government is slow in decision making, what are you doing about it? Our doors are open for you. Contact us and ensure that there is no one slowing down your business. I encourage you to continue actively participating through these platforms and other communication channels to voice your concerns and provide constructive feedback to government on institutional and governance issues in this sector," he added.

Rugunda also explained that it was now a government of Uganda policy to give anything that rejuvenates and accelerates economic activity in the country first priority. This was how the Value Added Tax on exploration activities came to be scrapped early this year.

As such, he was quick to acclaim the vibrancy of the government officials at the conference, who he felt articulated their points without any encumbrance; and in so doing were able to give reasonable explanations on some difficult government decisions that may have affected the private sector in one way or another.

Rugunda also hailed the conference for having vibrant and enriching ideas and exchanges that would go a long way in shaping Uganda's petroleum industry.

Roofings Unveils Premium Iron Bar

Steel giant Roofings Group recently introduced the new Roofings TMT+ Grade 500 C iron bar to the market at a colourful function at the firm's Namanve Industrial Park base.

The event was graced by three ministers – Matia Kasaija of Finance and Economic Planning, Dr James Mutenda, the State Minister for Trade and Industry as well as Kamanda Bataringaya, the State Minister for Labour Employment and Industrial Relations.

According to Oliver Lalani, the Executive Director at Roofings, the TMT+ bar is of superior quality because it is manufactured directly from iron ore billets. The average bars on the market have been gotten out of scrap.

With these premium iron bars, Roofings can meet the needs of major projects like the hydroelectricity dams, express highways the Jinja Bridge amongst others. So far though, its production capacity of the TMT+ bars stands at only 40% of the installed 72,000 tonnes per annum due to low demand.

A major exporter of steel to the East African and wider Great Lakes Region, Roofings is in total producing close to 200,000 tonnes of steel annually currently. The firm can produce up to 350,000 tonnes yearly however; but only once demand grows substantially.

"We can't produce to maximum capacity without adequate demand," says Stuart Mwesigwa, Roofings' Business Development Manager.

"We urge the Government of Uganda to involve local manufacturers like ourselves in all major local projects like the Standard Gauge Railway, the highways and power dams. We have the capacity to match the quality of whatever products are imported, so we are ready to participate fully."

And the multiplier effects of such a move could be numerous, reasons Mwesigwa, noting an obvious raise in employees, taxes and spending power amongst others.

Uninterrupted, affordable electricity would also be a major boost to Roofings which already enjoys a 42MW dedicated line. Industrial power is still about 15 cents per kilowatt in Uganda almost four times that in Egypt at 4 cents.

Hon Kasaija, the Finance Minister, noted that better electricity terms would come about once the construction of the Karuma, Isimba and other hydropower dams was done.

Since it started operations in Uganda with its first factory in Lubowa on Entebbe Road, the company's investment valuation has grown from $2m to stand at $275m currently.

Mwesigwa also notes that Roofings recently invested $7.5m in modern technology for the production of quality PVC and HDPE pipes for drainage and water transportation system projects.

Some of the notable projects where Roofings products have been used include the Bujagali and Karuma hydropower plants, Rwenzori Courts, Hilton Hotel, Kololo Airstrip Pavilion, Nakawa House, Mapera House, Church House, the new Nile Bridge in Jinja, Entebbe Express Highway, Bugolobi Water Treatment Plant, Century Hotel in Rwanda, the Gold Mines Project in DR Congo plus several power transmission lines in the Great Lakes Region.

On the Corporate Social Responsibility front, the company supports schools and donates oxygen to hospitals. It also supplies seedlings though the Roofings Forever forestry projects.

Meanwhile, the leading steel manufacturer is also targeting investments in iron ore mining having acquired two exploration licenses recently.

Sany Partners with Bemuga

CHINESE heavy machinery maker Sany has appointed Bemuga Heavy Equipment —a subsidiary of Bemuga Forwarders Ltd — as its dealer for Uganda, Rwanda and Burundi.

"We are anticipating increased activities in the construction sector especially roads, as the economies of the three East African countries improve," said David Xiao, Sany's managing director for Central and Southern Africa.

Xiao said Uganda's plan to develop its oil and gas sector will also increase the need for construction machinery.

Sany — which sells machines such as excavators, truck cranes, and rough terrain cranes — has had operations in Kenya and Tanzania since 2007.

Ben Mugasha, Bemuga chairman said the new developments will enable local contractors participate in large government tenders. On the logistic front, Bemuga is also a major player in the oil and gas industry.

Environmental concerns as Uganda shortlists 16 oil firms

The Ngassa field extends into Lake Albert

Even if several key aspects of the 17 firms that applied to participate in Uganda's first competitive licensing round for petroleum exploration were assessed, Global Witness believes more cautious scrutiny of the companies' environmental and social records is needed, especially given the sensitive nature of the oil regions.

Uganda recently concluded the evaluation of Applications for Qualification from the 17 firms, with 16 meeting the evaluation criteria as spelt out in the Request for Qualification document.

"The firms were evaluated based on their technical competence, financial capabilities, legal qualifications as well as National Content and Health Safety and Environment track record," said Fred Kabagambe-Kaliisa, the Permanent Secretary, Ministry of Energy and Mineral Development.

But while Global Witness hailed the publication of the list of bidders as "an important step forward for transparency in the country" and "a welcome first step toward securing the right deal and maintaining the trust of the public", it expressed its grave concerns about drilling for oil in environmentally sensitive areas like Lake Edward, where the Ngaji block is found.

Lake Edward in Western Uganda, borders Virunga National Park, a UNESCO world Heritage site in the Democratic Republic of Congo and oil drilling there will seriously undermine the global campaign to protect the park from such activity, George Boden, campaigner at Global Witness says.

Global Witness is an organization which seeks to expose the hidden links between demand for natural resources, corruption, armed conflict and environmental destruction.

"Given that all the blocks overlap with environmentally protected areas the government must at a minimum publish information on the criteria for selecting companies - including what their environmental and social track record look like," said Boden.

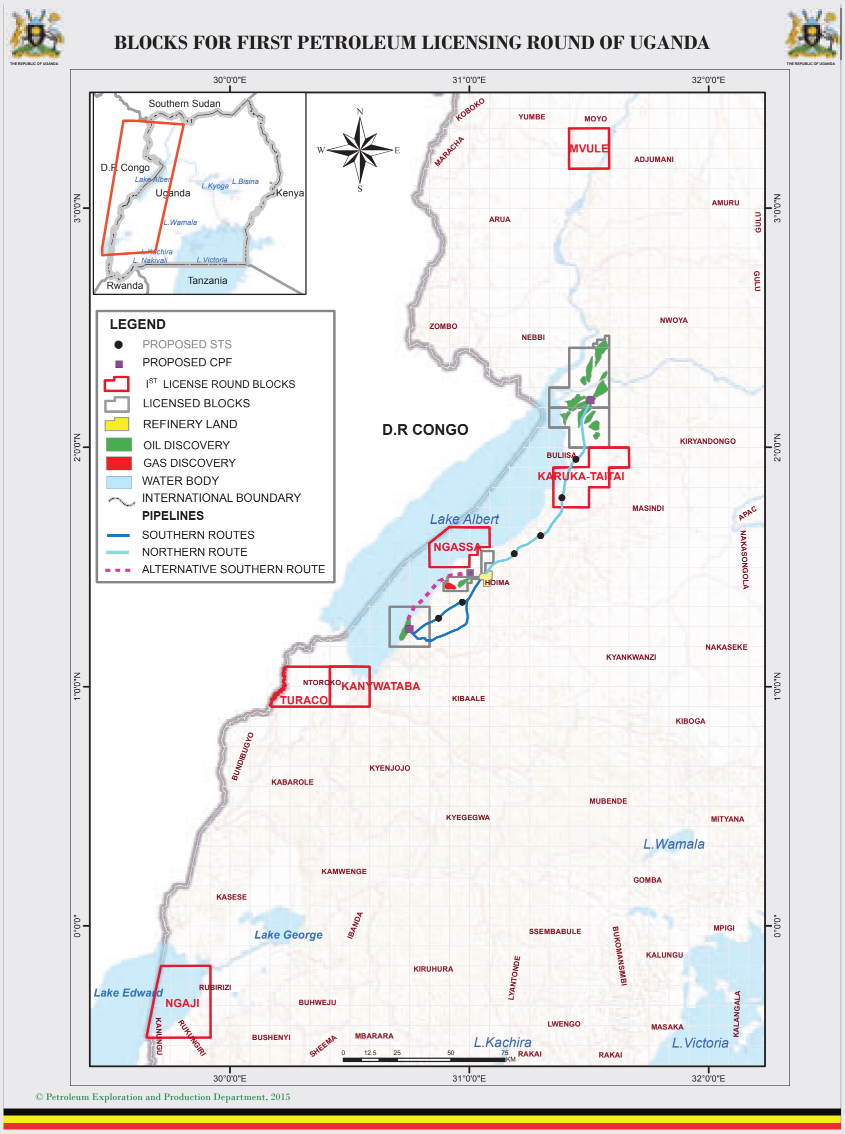
The true ownership details of the companies and the contracts they sign needed to be made public too, before the process was completed, he added.

The 16 successful firms are African Exploration Venture and SASOL Exploration and Production International (South Africa), African Global Resources (a Russian consortium whose member RT Global will build the Uganda refinery), Armour Energy and Swala Energy (Australia), Brightoil Petroleum (Hong Kong/China), Glint Energy (USA), MDC Oil and Gas Holding Company (UAE), Oranto Petroleum International, Niger Delta Petroleum Resources and Waltersmith Petroman (Nigeria).

Others are Oil and Natural Gas Corporation Videsh (India), Petoil (Turkey), Petrica Energy AS (Norway), Rift Energy (Canada) and Tullow (Ireland) which already has operations here.

The Ministry said in a statement that it will in due course issue the Request for Proposal and the Modal Production Sharing Agreement documents to the qualified firms to bid for the block (s) of their interest after the mandatory acquisition of data.

The six biddable blocks are Ngassa, Taitai & Karuka, Ngaji, Mvule, Turaco and Kanywataba.



Blocks for the first licensing round for petroleum exploration in Uganda, 2015

The six oil blocks at a glance

At least 16 companies have qualified to bid for exploration blocks in Uganda's oil industry as the country prepares to carry out its first competitive licensing round since it discovered oil nine years ago.

The Ministry of Energy released a shortlist of the companies in August, with Tullow Uganda Operations Pty Limited of Ireland the most easily –recognisable.

The six oil blocks are not new as they were once explored; with commercially-viable hydrocarbons not readily ascertained then. Uganda is, however, optimistic that the oil blocks are prospective. The new companies should find comfort in the fact that the risk on the blocks is quite low.

Of much interest to the companies will be the features of the oil wells, and their drilling history. Below is the compilation of the performance of these wells.

Ngassa

Of all the six wells on offer, Ngassa is perhaps the most promising. This particular well had much prospect that Tullow Oil, the company that held the license over it and explored it, said it was one of the biggest wells in the country. The well had some characteristics that were similar to the Kingfisher oil well, which is thought to be one of the biggest in Uganda. Kingfisher, which is now being prepared for production by China's CNOOC, also stretches into Lake Albert. The well has more than 500 million barrels of oil.

The Ngassa well stretches into Lake Albert, and will therefore need to be drilled vertically into the ground before deviating horizontally into Lake Albert.

There are some communities living near Ngassa, who depend on the shores of Lake Albert for water for their cattle and washing.

In September 2009 after Tullow Oil had drilled Ngassa, the company announced: "Although evaluation is still at an early stage, with further appraisal drilling, Ngassa has the potential to be the largest oil field in the basin to date."

The company added that "Reservoir quality [of Ngassa] is excellent and the oil is of a similar quality to that encountered in the Mputa and Kingfisher discoveries... Wireline log characteristics indicate that the reservoirs seen in Ngassa-2 are equivalent to those encountered in the Kingfisher discovery some 40 km southwest, pointing to significant lateral reservoir extent."

But Ngassa, which stretches 410km, failed to live up to its billing. In 2013, Tullow said it had "written off [the well] due to offshore appraisal and development being currently uneconomic." The company wrote off $67 million as a result of the loss made on the Ngassa well.

Turaco

Turaco was one of the first wells drilled as Uganda started to promote its oil industry in the late nineties and early 2000. Heritage Oil, the company that, together with its partner Energy Africa, held the license for Turaco, said, back then that it had drilled the well to a depth of close to 2,500 metres and "encountered good shows of both methane and higher order gasses (C1 to C4) and also shows of live oil."

The company added that "the results of the well have vindicated the hydrocarbon potential of the basin and demonstrated the presence of a mature oil source, reservoir and seal."

Heritage was impressed by the results of Turaco-1 that it said it would bring in a more powerful rig to drill the appraisal well, Turaco-2.

Micael Gulbenkian, the chairman and CEO at Heritage at the time, said that "the spudding of Turaco-2 is a significant event in the company's history, involving the potential for a world-class discovery in an unexplored sedimentary basin, in a country with no domestic supply."

The Uganda government announced that both Turaco-1 and 2 "encountered oil."

When the wells were all finally tested, Heritage discovered that the well was not commercially viable. In early February 2005, Heritage put out a statement showing the mixed results it had attained.

"The presence of carbon dioxide in the well stream compromised the well test and sampling procedures... The results of the analysis show very high concentrations of carbon dioxide with hydrocarbon content of between 10% and 20%. As a consequence, the well is not believed to be commercially viable," the statement noted.

Gulbenkian, nevertheless, had some reassuring parting words.

"The Turaco-3 well has proved all elements of a new hydrocarbon system in the license area; notably a world-class reservoir, an effective seal and mature hydrocarbon source rocks. While the presence of carbon dioxide represents an additional and hitherto unidentified exploration risk, the basin nonetheless remains highly prospective for oil."

Turaco covers 425km.

Ngaji

The Ngaji, formerly known as the Silverback, was the first well to be drilled within the Lake Edward basin. Dominion, the company that held its license, took quite a risk to venture into a basin that others had shunned.

When it was drilled in 2009, Dominion did not find any potential for hydrocarbons.

That, however, did not mean that Ngaji was not promising. The Ngaji well is located in a special area for an investor looking at exploring for oil in both Uganda and the Democratic Republic of Congo. It is the reason as to why Dominion decided to take its chances on the basin.

Andrew Cochran, the Chief Executive at Dominion, then, stated: "We are pleased with the geology observed in Ngaji as it demonstrates key elements of a prospective basin which had otherwise seen fundamental risks in the Lake Edward Graben of Uganda and D.R. Congo. While stronger indications of hydrocarbons were hoped for, the well supports our planned exploration program for the whole basin in both countries over the next couple of years."

Of the six oil blocks on offer, the Ngaji has the biggest surface cover of 895km.

Mvule

This was a well that was supposed to change Neptune Petroleum's fortunes in Uganda, after the company had hit two dry wells at Avivi and Iti. The well, like the other two, is located in block five, sometimes known as the Rhino Camp Basin, in the West Nile region.

Before it started drilling the well, Neptune is said to have targeted at least 80 million barrels of oil at the site. The well was quite shallow, stretching 600 metres deep.

However, when the well was drilled, Neptune did not find any hydrocarbons. Instead, the well was found to hold water, making it commercially unviable.

In his parting shots before Neptune left Uganda, Peter Kingston, the CEO of Tower Resources, the company that owned Neptune Uganda, said "...while I believe that the largest structures have now been tested, I also believe that the generation of oil has been established and there remains potential for oil discoveries in West Nile sometime in the future."

Whoever takes the Mvule license will have 344km to work with.

Taitai and Karuka

Taitai and Karuka in the Butiaba area, both of which belonged to Tullow Oil, are two wells that were drilled in 2007, and were roughly 20 kilometres apart.

In May 2008, Tullow Oil announced promising results from the Taitai – 1, where the company noted that the well had a "potential oil column of up to 80 metres."

An appraisal well, Karuka-2, was supposed to offer Tullow a better understanding of the oil features in the area. And when Tullow drilled Karuka-2, the results pointed to moveable waxy crude, although the company also noticed that the reservoir was "close to a possible oil-water contact."

Karuka is located within the Bugungu wildlife reserve, an area that could attract environmental scrutiny.

However, at the end of it all the wells did not have commercially-viable potential for oil. The catch, and which is what the government of Uganda is banking on to attract the investors, is that the two wells are close to the prolific Buliisa and Kaiso-Tonya oil fields, and therefore might also be prospective.

The two wells have a combined surface cover of 565km.

Kanywataba

The Kanywataba came into Uganda's oil play after the government had agreed to a farm-down between Tullow Oil, Total E&P, and CNOOC after a long tax dispute. Government issued a six-month exploration licence to CNOOC to drill the well in Ntoroko district. Although, the three companies each held a one third interest in the well.

When CNOOC drilled the well, it found the reservoir to be water-bearing. The license to the area later reverted to government.

The Wall Street Journal reported that CNOOC was supposed to drill three wells but opted for one.

In bringing the Kanywataba back to the table for the next round of bidding, government says "the prospect has good potential for hydrocarbons in other parts which were not drilled."

The block covers an area of 344 km.

Executive watch

Fayemi is new Total E&P, Uganda boss

Adewale Fayemi,
General Manager, Total E&P, Uganda

Mr Adewale Fayemi has been appointed General Manager, Total E&P, Uganda. The Senior Business Executive, who has worked with Total for 22 years, commenced his tenure on August 31, 2015. The company has not had a substantive General Manager, Francois Rafin, left in January this year.

Fayemi will be responsible for preparing Total E&P Uganda's operations in the Lake Albert basin during the transition from the exploration and appraisal phase to development phase.

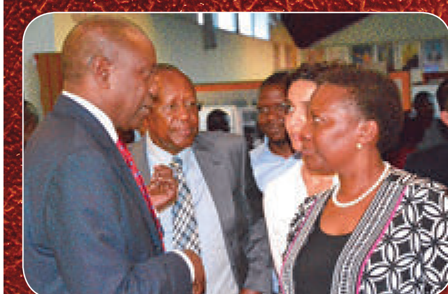
Prior to his appointment in Uganda, Adewale Fayemi was the Managing Director of Total E&P Ivory Coast, from June 2014 to August 2015. Before that, he worked with Total E&P Nigeria as the Executive General Manager, Deep Water Field Operations, from 2012 to 2014 and General Manager, Akpo Field Operations, from 2011 to 2012.

He has also served as Field Operations Manager in both Total E&P Netherlands (2009 to 2011) and Elf Petroleum Nigeria (2007 to 2009). Prior to this he held various positions in Elf Petroleum Nigeria, TotalFinaElf EP, Smith International Inc. and Mobil Producing Nigeria Ultd.

Adewale Fayemi is a graduate of the University of Lagos and holds a master's degree in Chemical Engineering. He has also attended various technical and management courses at E.N.S.P.M. (IFP) France, Cranfield School of Management United Kingdom, INSEAD France and Harvard Business School, USA.

Uganda museum gets revamped oil section

Muloni unveils the plaque at the launch of the refurbished oil and gas section of the Uganda museum. Looking on is Ahlem Friga-Noy (R)



The oil and gas section at the Uganda Museum has been given a facelift by Total E&P, CNOOC and Tullow – the Joint Venture (JV) partners in the country's petroleum industry.

The project aimed at educating and increasing public awareness on the oil and gas industry was graced by the Minister of Energy and Mineral Development, Hon Eng. Irene Muloni.

The section is to serve as a centre for basic information and research about oil and gas in Uganda. It consists of historical information and achievements to date in the Ugandan oil and gas sector, the oil cycle like exploration, development and production plus some of the equipment used during operations and related videos.

Muloni commended the oil companies for their commitment to information sharing with Ugandans.

"The Ministry is proud to work in collaboration with the joint venture partners to promote access to information, especially seeing that the oil and gas industry is new to most Ugandans."

"This initiative will play a great role in shaping our future through educating the public about the oil, encouraging young minds to pursue academic studies related to the sector and also possibly push the private sector to pursue business opportunities within the industry," she said.

Ahlem Friga Noy, the Corporate Affairs Manager, Total E&P Uganda said the JV partners felt a strong sense of responsibility towards the country and the need to share information on the oil sector with the public.

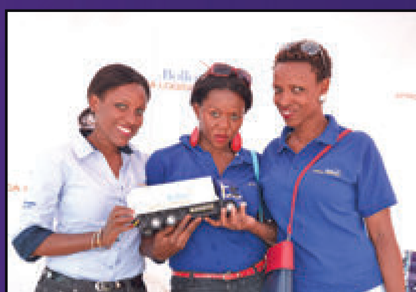
"Because oil and gas is often considered a complex subject, the aim of the project is to present this subject in the most simplified way for the general public using both visual and audio material," she said.

"This section is the only one in the museum which illustrates the past, the present and the future. The past with the history of the oil discoveries and the extraordinary way nature through geology enables us to dispose a sustainable source of energy; the present, with the presentation on the pre-development phase and the hopes that are triggered; the future with the production and the commercialization through the refinery and the crude export pipeline and the new economic prosperous era it will open for Uganda," Friga Noy added.

Rose Mwanje, the Commissioner of Museums and Antiques welcomed the JV partners' contribution, noting that the revamped section would revitalize public interest in the museum.

When oil was discovered in 2006, the museum in conjunction with the Ministry of Energy attempted a small display on oil but it had limitations because of poor funding, she said.

PICTORIAL



PICTORIAL







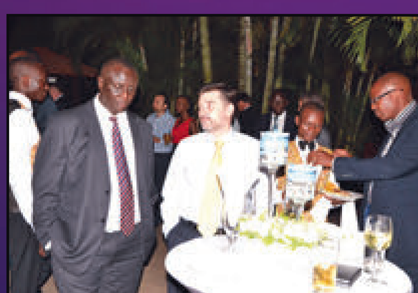













UCMP MEMBERS 2014-2015

Chamber Diamond Members

COMPANY	CONTACT PERSON	SECTOR
1. Tullow Oil Ltd	Mr. David Onyango	Oil and gas exploration and production
2. CNOOC Uganda	Ms. Chai Wei	Oil and gas exploration & production
3. Total E&P Uganda	Mr. Ahlem Friga-Noy	Oil and gas exploration & production
4. Bank of Africa	Ms. Sarah Muhaise	Banking
5. Housing Finance Bank	Ms. Judith Owembabazi	Banking
6. Zakhem International Construction Ltd	Mr. Peter Bitarakwate	Oil & Gas Infrastructure

Chamber Gold Members

COMPANY	CONTACT PERSON	SECTOR
7. DFCU Bank	Mr. James Mugabi	Banking
8. Orient Bank	Mr. Nicholas Sennungi	Banking
9. Hima Cement Ltd	Mr. Daniel Pettersson	Cement Manufacturers
10. Stanbic Bank	Mr. James Karama	Banking
11. Standard Chartered Bank	Ms. Cynthia Mpanga	Banking
12. Lion Assurance Co. Ltd	Mr. Newton Jazire	Insurance
13. United Bank for Africa (U) Ltd	Mr. Wibrod Owor	Banking
14. Barclays Bank	Mr. Gibson Nangono	Banking
15. Roofings Group	Mr. Stuart Mwesigwa	Steel Manufacturing
16. Centenary Bank	Mrs. Beatrice Lugalambi	Banking
17. KPMG	Mr. Benson Ndungu	Audit, Tax and Advisory
18. AERSUD Uganda Ltd	Mr. William Mutlow	Mineral Trading & Mining
19. ENS AFRICA	Mr. Alexander Kibandama	Law Firm
20. Mukwano Industries Uganda Ltd	Mr. Ali Reza	Manufacturing
21. Sebalu & Lule	Mr. Nicholas Ecimu	Law Firm
22. Tibet Hima Mining Co. Ltd-Kilembe Mines	Mr. Alex Kwatampora	Copper Mining
23. SEKO Logistics Uganda Ltd	Mr. Hubert Vermaak	Freight Forwarding/Logistics
24. ST & Associates	Mr. Sam Thakkar	Tax Advisory, Accounting
25. International Energy Technik (U) Ltd	Mr. Dinanath Yadav	Electrical Engineering

Chamber Silver Members

COMPANY	CONTACT PERSON	SECTOR
26. Agility logistics ltd	Mr. Lakshmi Narasimha	Logistics
27. AON Risk Services	Ms. Caroline Athiyo	Insurance & Risk Management
28. AUC mining Ltd	Mr. Moses Masagazi	Gold mining
29. BTS clearing & forwarding	Ms. Merian Sebunya	Clearing and Forwarding
30. Greenstone Resources Ltd	Mr. Nimit Patel	Gold mining
31. AIG Uganda Limited	Mr. Edward Hire	Insurance
32. Citibank U Ltd	Ms. Bagorogoza Clare	Banking
33. Civicon Limited	Mr. Nick Dames	Mechanical & Civil Engineering Works
34. Deloitte U Ltd	Mr. Tallarovic Matthew	Auditors
35. Eagle logistics solutions ltd	Mr. David Walabyeki	Customs Clearance, Heavy Equipment Hire
36. East African Chains U Ltd	Mr. David Mayanja	Dealers in Mechanical Tools

COMPANY	CONTACT PERSON	SECTOR
37. ORTEC Group	Ms. Michele Ottria	Lifting Services
38. Epsilon U Ltd	Ms. Hellen Nambi	Waste Management
39. Ernst & Young	Mr. Muhammed Ssempija	Auditors
40. Farm Engineering Industries	Mr. T. S Padhaal	Equipment Supply
41. Flemish inv. Ltd	Mr. Bruce Milne	Mineral Exploration
42. GCC Services (U) Ltd	Mr. Wesley Musinga	Facilities Maintenance & Catering Services
43. Goodlife (U) Ltd	Mr. Shem Nnaggenda	Training Solutions
44. Namekara Mining Company Limited	Mr. Henson Mambo	Mining
45. Halliburton International Inc.	Ms. Natasha Epenu	Oil & Gas Services
46. Schlumberger Oilfield	Mr. Denis Bonifay	Oil &gas services
47. Kampala Associated Advocates	Mr. David Mpanga	Law Firm
48. Krone (U) Ltd	Mrs. Rose Rugazora	Mineral Exploration/ Wolfram
49. ABMAK Associates	Mr. Denis Kusaasira	Law Firm
50. Lloyds British Testing	Mr. Andrew Davies	Inspection, Training and Assessment
51. Marsh Uganda Ltd	Mr. Paul Mulira	Insurance & Risk Management
52. Askar Investments Ltd/ Askar Security	Mrs. Kellen Kayonga	Mineral Exploration/Tantalite
53. Multilines International U Ltd	Mr. Gerald Mukyenga	Clearing and Forwarding
54. Astor Finance Plc Ltd	Mr. Gordon Sentiba	Micro-Leasing and Financial Services
55. Oli gold muruli Ltd/ Gold Empire Ltd	Mr. John Muruli	Gold Exploration
56. Oryx minerals ltd	Mr. Garvin Conway	Mineral Exploration
57. Ogas Solutions	Mr. Patrick Danaux	Recruitment and Training
58. Pricewaterhouse Coopers Limited	Mr. Francis Kamulegeya	Auditing, Tax and Advisory Services
59. Richflo Lift services	Mr. Richard Magezi	Lift Services
60. Bollore Africa Logistics	Ms. Nancy Kiconco	Logistics Service Provider
61. Semliki Rift Rrading Co	Mr. Patrick Van Pee	Lift Services& Ferries
62. Sino Minerals Investments Co. Ltd	Ms. Sarah Namara	Mineral Exploration
63. Specialized Welding Services/Strategic Logistics	Mr. Sameer Vyas	Welding Services
64. Spedag Interfreight U Ltd	Mr. Dilip Bhandari	Logistics Service Provider
65. Threeways shipping	Mr. Jeff Baitwa	Logistics Service Provider
66. Toyota U Ltd	Mr. Dino Romano Bianchi	Car Dealers
67. Uganda Insurers Association	Mr. Faith Ekudu	Insurance
68. Union Logistics	Mr. Hitesh Shan	Clearing and Forwarding
69. Victoria Equipment Ltd	Mr. Peter Sekandi	General Machinery
70. Victoria Motors Limited	Mr. Dickson Mwesigwa	Car Dealers
71. Woodmore Energy Consultancy Ltd	Mr. David Kayemba	Oil & Gas Downstream
72. British High Commission	Mr. Eric Olanya	Diplomatic Mission
73. Sterling Global Operations, Inc	Mr. Nobert F. Rugunda	Critical Mission Support & Site Restoration Services
74. Let's Go Travel	Mrs. Joan Kantu Else	Tours & Travel
75. Achelis Uganda Ltd	Mr. Hans Georg Hinterberger	Equipment Sale & Rental
76. Africa Ecoinvest	Dr. Abdullahi Hajji	Mining & Energy
77. Pearl Engineering Company Limited	Mr. Gumisiriza Birantana	Construction
78. Enviroserv U Ltd	Ms. Jennifer Bangirana	Waste Management
79. Goldstar Insurance Co. Ltd	Mr. Paul Kavuma	Insurance

COMPANY	CONTACT PERSON	SECTOR
80. UAP Insurance Uganda Ltd	Ms. Ruth Nduhukire	Insurance
81. Unifreight Cargo Handling	Ms. Jennifer Mwijukye	Cargo Handling
82. First Mining Company Ltd	Mr. Dorde Grujic	Mining
83. The Mineral Group Co. Ltd	Mr. Barnabas Taremwa B	Mining
84. Gras Savoye Uganda Insurance Brokers Ltd	Mr. Ronnie Musoke	Insurance
85. Sipa Exploration Uganda Ltd	Ms. Natasha Venus	Mining
86. Sheraton Kampala Hotel	Mr. Ian Duncan	Hospitality
87. Beta Projects Ltd	Mr. Nelson Mugenyi	Procurement & Consulting
88. ADT Africa Explorational Drilling Services	Mr. Ben Vietnieks	Exploration Drilling Services
89. Tower Resources plc	Mr. Rashid Mugabe	Oil & Gas Exploration and Production
90. Aerophoto Systems Engineering Co.	Mr. Nalukoola Muwanga	Airborne Geospatial Data Acquisition, Aerial Photography, Surveying, Mapping
91. East African Gold	Hon. Richard Kaijuka	Mineral Exploration
92. Megha Minerals	Mr. Sikander Meghani	Mineral Exploration
93. Capital Law Partners	Mr. Ronald Asiimwe Mitegyeko	Law Firm
94. Mineral Services Ltd	Mr. Edward Kabuchu	Construction, Warehousing, Camp Building, Motor Vehicle Support
95. Kenfreight	Mr. Amos Dwoka	Freight Services
96. Velosi Corporate Services	Mr. Willie Rankin	Asset Integrity Management
97. CFAO Motors Uganda Limited	Ms. Tammy Hein	Car Dealers
98. Simba Mines and Mineral Resources Ltd	Mr. Jonny Sasirwe	Mining
99. Mantrac Uganda Ltd	Mr. Walid Hassan	Caterpillar Products
100. Tororo Cement Limited	Mr. Gagrani B. M	Cement Manufacturers
101. Beta Minerals Ltd	Ms. Jennifer Hinton	Mineral Exploration
102. TransAfrica Assurance Company Ltd	Mr. Madhav Kumar	Insurance
103. Ligomarc Advocates	Mr. Joshua Ogwal	Law Firm
104. Traminco U Ltd	Mr. David K Kawooya	Roads, Mining, Consulting, Construction, Earthmoving
105. Quantum Express Logistics	Mr. George Odeke	Freight Forwarding Logistics Services
106. Nangwala, Rezida, & Co. Advocates	Mr. Nangwala James	Law Firm
107. Niletrac Uganda Ltd	Mr. Mark Davidson	Dealers in plant & machinery
108. GeoTraceability	Mr. Matthieu Guemas	Mineral Traceability

Chamber Individual Members

Name	Specialty
109. Mr. Brian Kaggwa	Lawyer
110. Mr. Joshua Tuhumwire	Mining
111. Mr. Malkit Singh Saini	Construction
112. Mr. Minaz Karmali	Businessman
113. Mr. Rajesh Dewani	Construction
114. Harald Van Aubel	Fabrication
115. Rossini Silveira	Oil & Gas & Renewable Energy

3rd Floor, Amber House
Plot 29/33 Kampala Road
P. O. Box 71797 Kampala
info@ucmp.ug
www.ucmp.ug

APPLICATION FORM FOR MEMBERSHIP

To: The Executive Secretary,
Uganda Chamber of Mines and Petroleum
P.O. Box 71797 Kampala
E-mail: **info@ucmp.ug**

I hereby apply for membership of the Uganda Chamber of Mines and Petroleum

Company/Organization…………………………………………………………………..

Address:………………………………………………………………………………

………………………………………………………………………………………

Telephone……………………………………………………………………………...

Contact person: ………………………………………………………………………

Position……………………………………………..Telephone……………………………

E-mail: ……………………………………………………………………………...

Please provide a brief description of your company/investment, its size and its activities.

Description...

....

....

....

....

Signature of Applicant: …………………………….……. Date: ………………………

Your application will be considered by the Governing Council as soon as possible.

LAFARGE

Hima cement

Build them a home that will last a lifetime

Make your home future-proof with Multipurpose Cement.

Build a home that lives up to your dreams. When you build a home, build it with Multipurpose Cement from Hima, that is reliable and trusted to build durable structures. Because homes are built to last forever.

Homes are built to last forever

For more information visit www.lafarge.co.ug