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The Uganda Chamber of MINES & PETROLEUM

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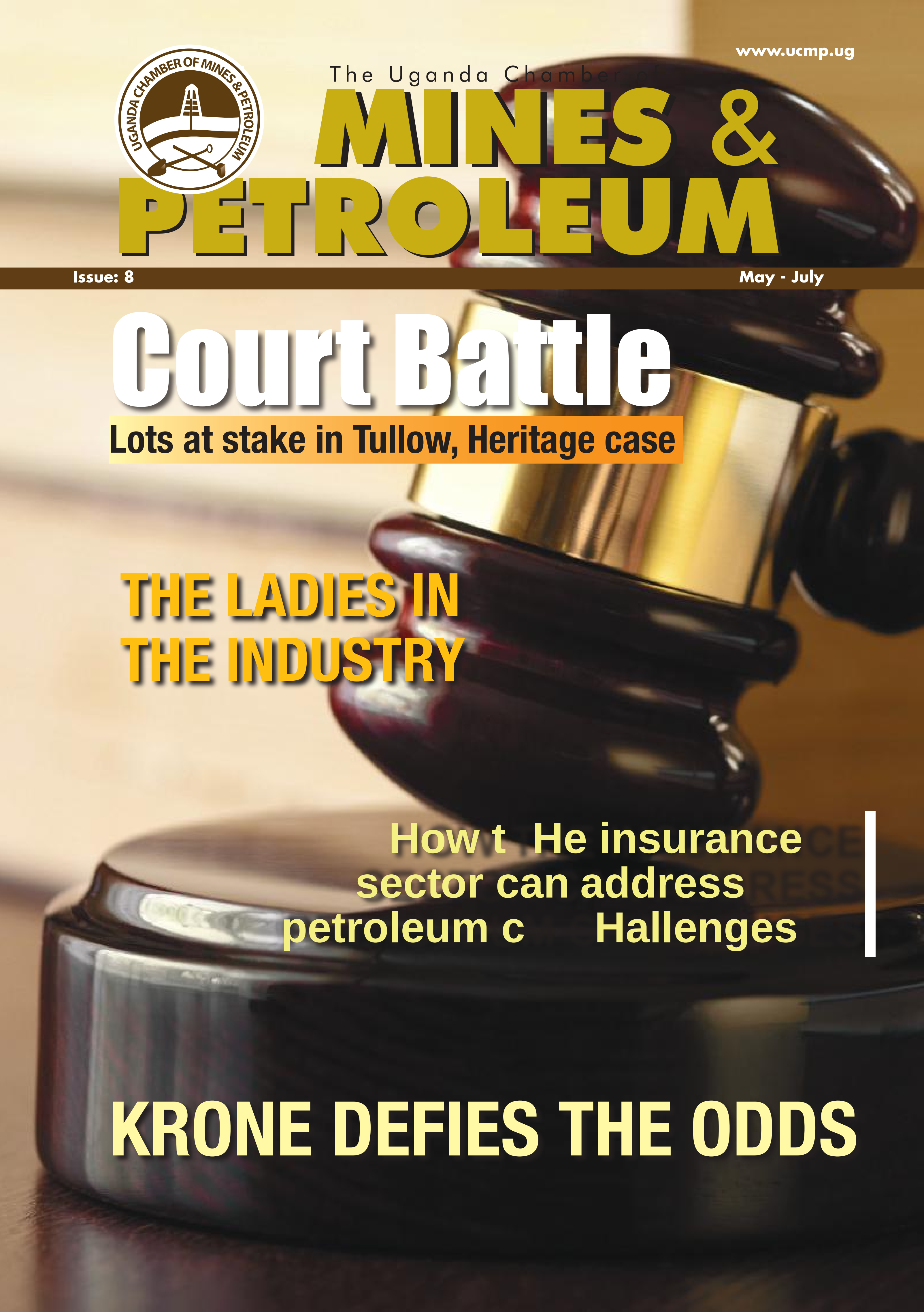

Court Battle

Lots at stake in Tullow, Heritage case

THE LADIES IN THE INDUSTRY

How t He insurance sector can address petroleum c Hallenges

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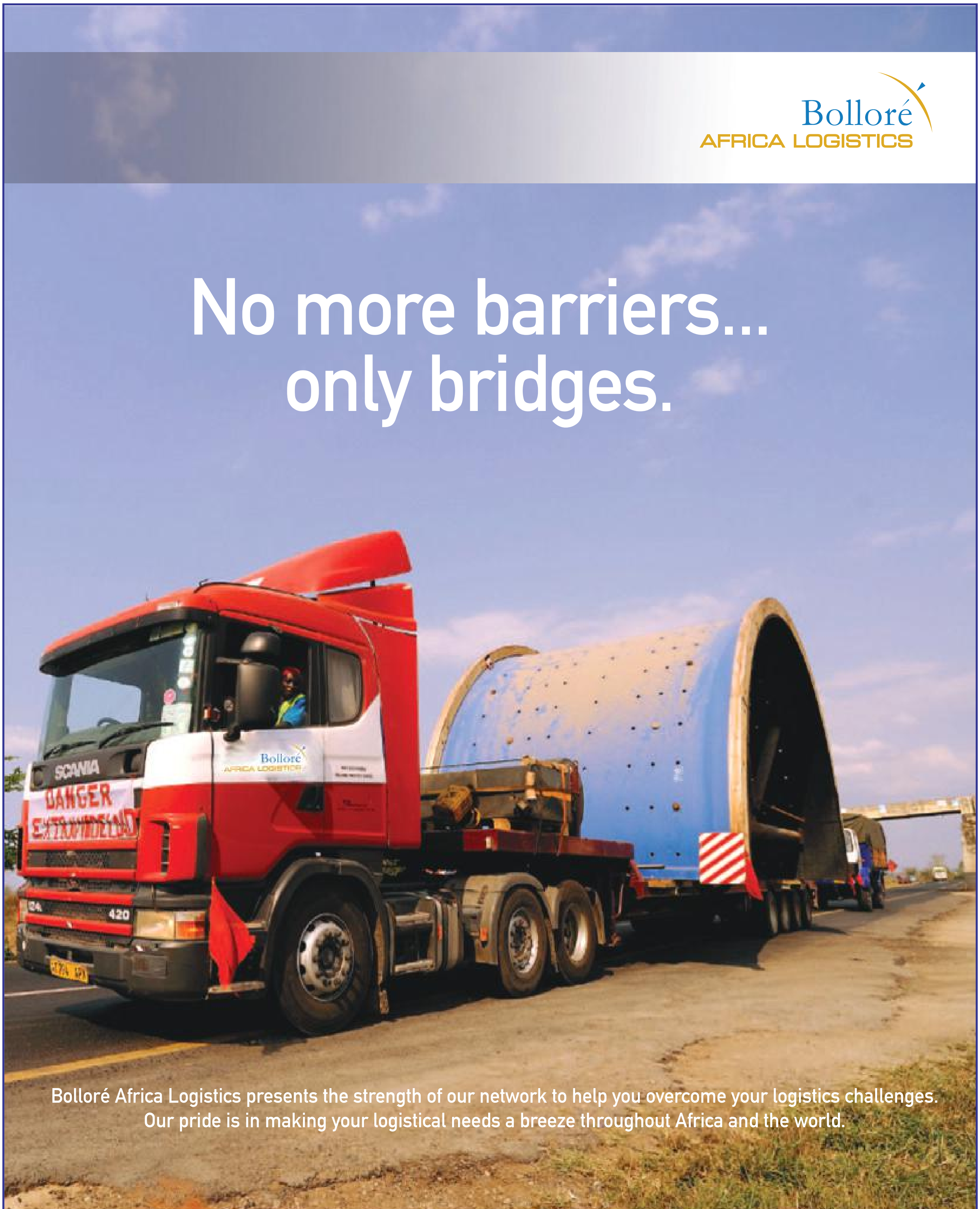

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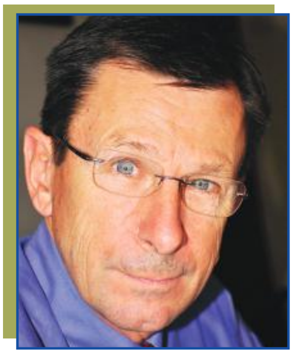

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Chairman's Note

We are almost there

The recent reaching of a common understanding between Uganda and the oil companies on the key factors that impact the development of the Albertine Graben is news that everyone in the country's petroleum industry will welcome. Critically, agreement has been reached on a basin commercialisation plan which will include an export pipeline and a refinery sized to meet the local market demand. An impasse on this very issue had contributed significantly to the inactivity in the industry; in the process not only hurting the heavy investment already committed to the cause by the oil companies and their service providers but also delaying Uganda's quest to become an oil producing country.

Like Tullow Oil Plc noted in its recent Interim Management Statement on the company website, a Memorandum of Understanding, to document this agreement, is now being prepared and will form the basis of the integrated development work plan for the basin. It is expected to include a number of Field Development Plans and Production Licence Applications that will be submitted during the course of the year. Being critical and intricate, the finalisation of the MoU should set everything in motion.

Importantly, the industry has remained vibrant despite the holdup – albeit at the workshop level. Just recently Uganda hosted its regional counterparts at the COMESA Oil,Gas & Mining summit where a lot was shared and discussed. I am proud that the Uganda Chamber of Mines and Petroleum was an organizing partner of this successful meet.

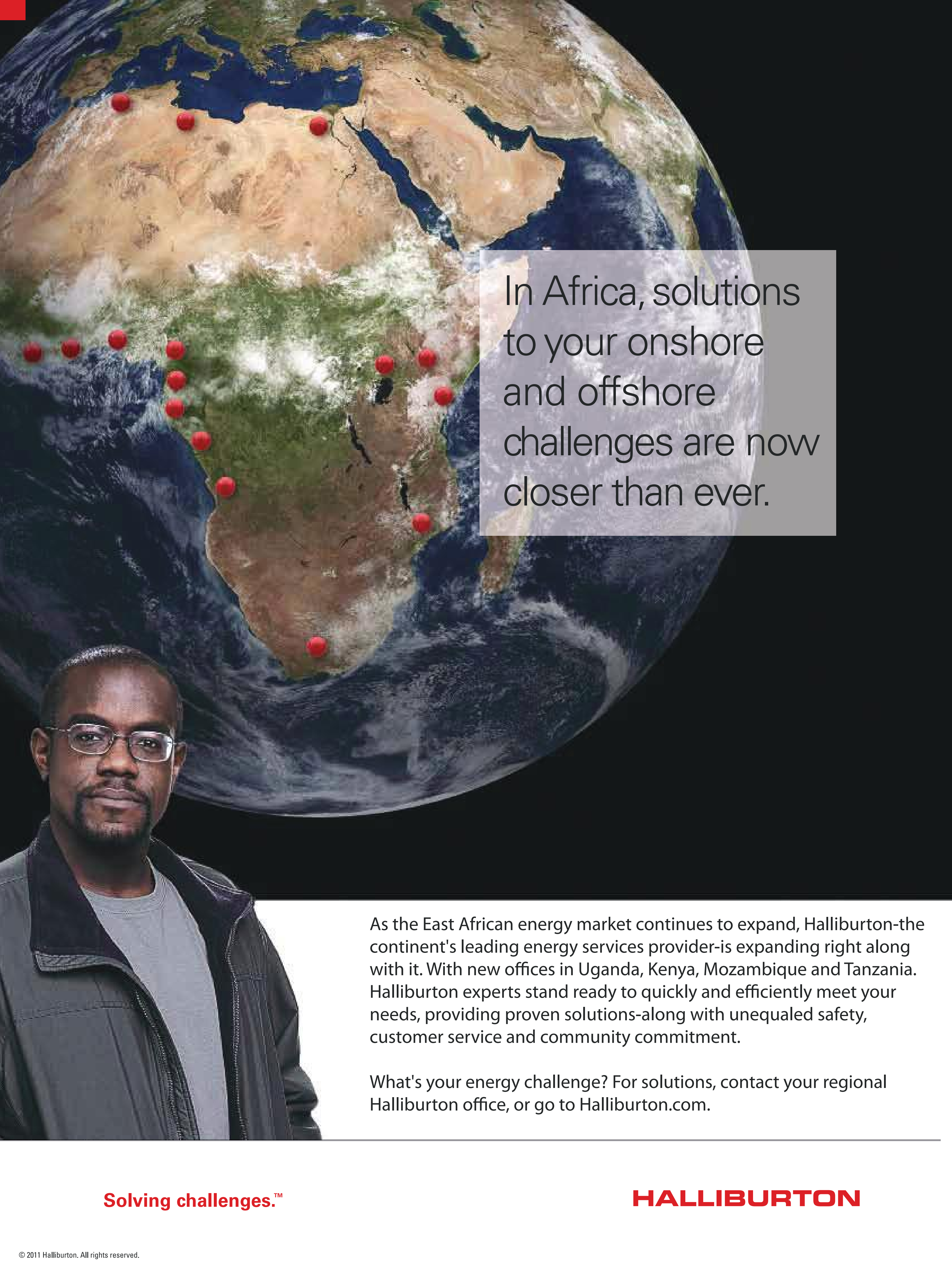
Now, the first Uganda, Mining, Energy & Oil & Gas Conference (UMEC) is upon us and our Chamber will be ably represented. We look forward to learning more from our visitors as we share the Ugandan experience with them.

Apart from the conferences, the Chamber has also started carrying out fact-finding trips across the country that should give us a clear picture of where our extractive industries are. The first of these trips happened in the first quarter of this year, taking in most of the key mining areas in Western Uganda. The members who undertook this trip saw it as an eye opener; with immense opportunities revealed. We encourage more of our members to take part in the upcoming trips as they will definitely increase their options on what they can do.

Talking of the West, I would like to use this platform to commiserate with our brothers and sisters in the copper town of Kilembe and the wider Kasese district who suffered devastating floods recently when the River Nyamwamba burst its banks. We pray that they can quickly get back on their feet.

I hope that you enjoy your read.

Elly Karuhanga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contents

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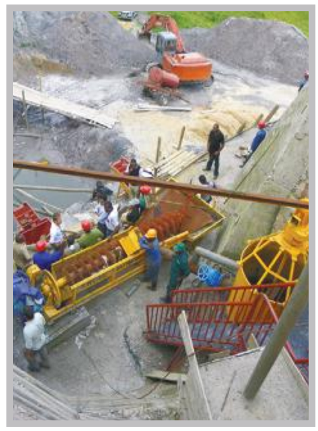
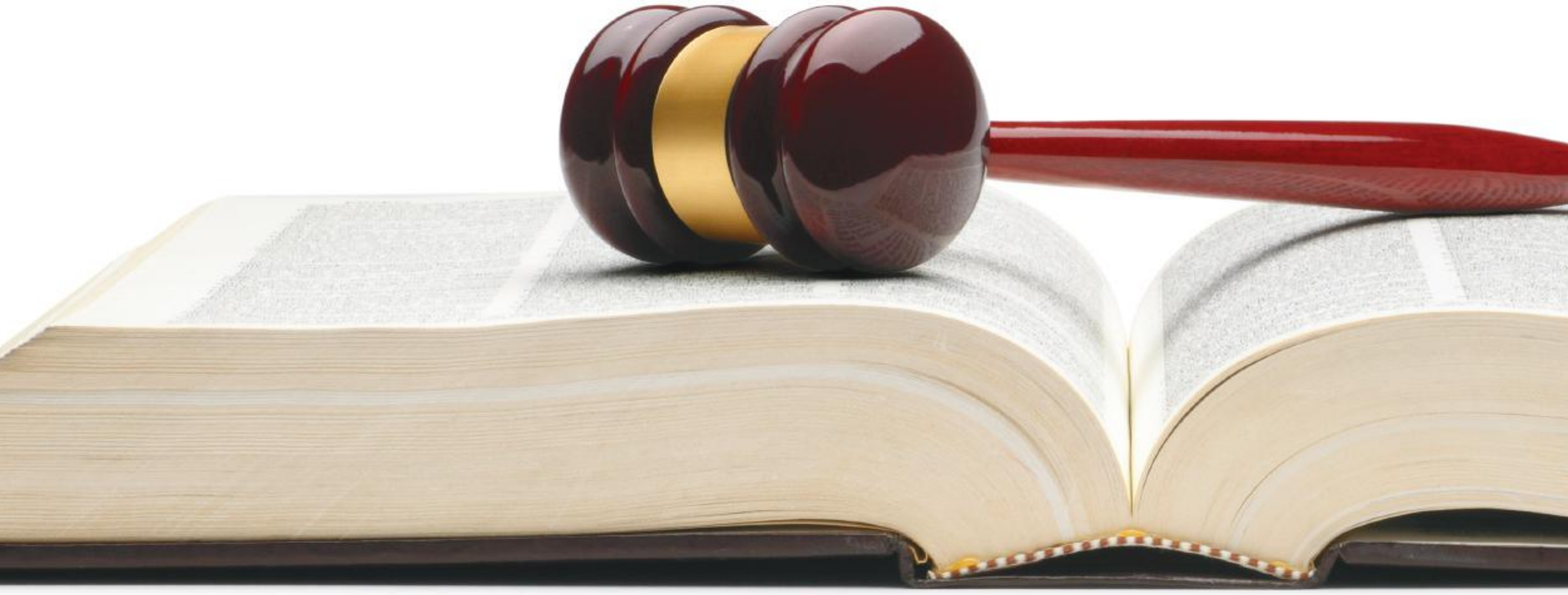
contents





A Lot At Stake As...

Tullow, Heritage await London court $313 million tax decision

The judge in London trying to get to the bottom of the $313 million tax dispute between Tullow Oil Plc and Heritage Oil Plc will very likely look to the kind of agreement the two firms had while exploring for oil in western Uganda. The judge will look at the East African's tax laws for guidance, and quite possibly whether there was a deliberate intent by Heritage Oil to evade tax.

Tullow and Heritage have been locked up in the dispute for close to two years, with the ruling expected sometime later this year.

At the centre of the case is whether Heritage Oil was supposed to pay tax on the sale of its Uganda assets for $1.45 billion, and questions over Tullow Oil's decision to pay that tax on behalf of Heritage.

In getting to the bottom of the case, the final judgement will offer clearer financial direction for international companies prowling over the African continent in search of minerals. But broadly, the case offers a good example of how African governments should treat tax issues when it comes to their mineral industries, learning from the wobbled trail of this particular case.

History

After acquiring Energy Africa in 2004, and later Hardman Resources in 2006, Tullow Oil partnered Heritage Oil in exploring for oil in Western Uganda.

Later in 2006, Uganda discovered its first commercially viable oil at the Waraga well. From thereafter, it almost became one successful discovery after another. In 2009, however, Heritage made its intention of quitting Uganda. At the time, Heritage had struck oil at one of Uganda's biggest well, the Kingfisher, which is estimated to hold more than 500 million barrels.

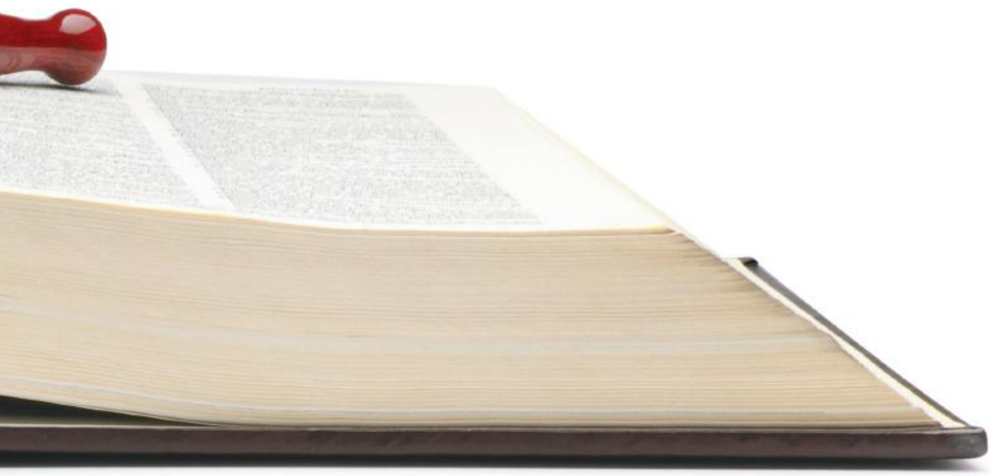
Heritage, according to reports then, kicked off discussions with Italy's ENI.

In January 2010, however, Tullow pre-empted its first right to buy Heritage's assets, as both parties had agreed in the Sale and Purchase Agreement. Uganda's government announced that it would recognise Tullow's acquisition of Heritage's assets for $1.45 billion if Capital Gains Tax on the deal was paid.

Heritage disputed the tax on grounds that Uganda's laws were silent on that. The company said it would challenge the decision to levy tax on the deal in court. While Heritage desired a court battle in London, Uganda's government insisted that its judicial system, especially the Tax Appeals Tribunal, was strong enough to handle the case.

Tullow paid Heritage two instalments for the assets - $1.35 billion and an additional $100 million - in July 2010. Uganda's government slapped a $404 million capital gains tax, or 30%, on the $1.35 billion deal. Later on, government also made a second capital gains tax assessment of $30 million on the second instalment of $100 million.

Of the $404 million tax charge, Heritage deposited $121 million with Uganda Revenue Authority, with the rest, $283 million, placed in an escrow



account with Standard Chartered Bank, London. According to Ugandan laws, anyone who disputes a tax charge has to deposit 30% of the amount due before going to court, with the rest of the money placed in an escrow account.

Chasing the Money
With Heritage gone without paying the full tax, Uganda issued Tullow Oil with an agency notice. Tullow was required to pay the amount that the GOU felt was due from the $1.45 bn.

Uganda recovered the expired license to the Kingfisher oil well, declined to approve Tullow Oil's proposal to sell two thirds of its Uganda assets to France's Total and China's CNOOC for $2.9 billion, while much of the exploration work came to a standstill as the dispute dragged on.

The government issued Tullow Oil with a tax bill of $313 million. The money equalled the $283 million that was held in an escrow in Standard Chartered London, and the $30 million capital gains tax on the $100 million that Heritage had gotten in the second instalment.

Faced with limited options, Tullow paid up the money in April 2011, 10 months after Heritage had received its money and gone. Later that year, Uganda's Tax Appeals Tribunal ruled in favour of the government in two separate cases, pointing out that Heritage should have paid tax on both the $1.35 billion and $100 million transactions.

But right after Tullow paid government the $313 million, it instituted legal proceedings against Heritage, the spectacle of which is being played out along Fetter lane in the Rolls building in Court 19, in London.

Deconstructing the Case
Heritage Oil says under the Production Sharing Agreements it signed with the government of Uganda, and Uganda's tax laws, there is no mention of capital gains tax being paid just in case there was a sale of a mineral licence. In any case, Heritage argues that Tullow's acquisition of Energy Africa and Hardman, both of which were operating in Uganda at the time, did not fetch any capital gains tax.

However, by the time Tullow bought Energy Africa and Hardman, no commercially viable oil had been discovered in Uganda. Also, Tullow bought shares in the companies, which meant that any gains made were related in another country and not Uganda.

The judge will also look at Heritage's actions just before concluding the sale of its assets, and try and see whether they raise any suspicion of tax evasion. Heritage relocated its tax headquarters from the Bahamas to Mauritius shortly before completing its deal with Tullow. And Heritage is accused of doing this without alerting Tullow or the Ugandan government, something that they were contractually obliged to do. Mauritius is known to be a tax haven, and Uganda has a double taxation treaty with the country.

But of more interest is the Sale and Purchase Agreement between Tullow and Heritage as the two embarked on being partners in the oil exploration activities in western Uganda.

While there might be questions over Uganda's tax laws at the time, Tullow points out that Article 7.2 of that Sale and Purchase Agreement is strong enough to have Heritage reimburse the $313 million. Under that Article, "Any non-transfer taxes arising in the respect of the Transaction, including any capital gains tax, shall be borne by the Seller... In the event that any Non-Transfer Taxes is charged at any time to the buyer in connection with the transaction, the seller shall in each case pay to the Buyer an amount equal to such tax."

It has also become clearer that Heritage's attempt to stir up controversy on allegations that Tullow tried to bribe President Yoweri Museveni with $50 million – both Tullow and Uganda strongly deny these allegations – are diversionary from the merits and demerits of the case.

Nevertheless, Heritage argues that Tullow did not have any contractual obligation to pay any money on its behalf. It adds that Tullow "made the payment to the Uganda Revenue Authority for its own commercial reasons," and that the Irish firm was aware that Heritage had disputed the tax assessment. These commercial reasons, Heritage argues, were Tullow's plans to farm down two third of its assets to Total and CNOOC, and retrieve the Kingfisher licence.

Whether Heritage Oil is using diversionary tactics, and flimsy excuses to avoid paying the tax; or if Tullow Oil miscalculated to pay the $313 million, the decision will put to rest a case that will for a long time define how tax matters are treated in Uganda's oil industry.

ANXIETY WON'T GO AWAY with continued delays

When Uganda discovered rich oil deposits in 2006, many people hoped that in just a couple of year or so, the country could begin oil production, bringing in the much needed cheaper petroleum products and triggering economic growth.

To their disappointment, 7 years down the road, the country is yet to pump out even a single barrel of oil; a delay that has left not only the public but the oil companies that have already injected colossal sums of money in the industry, very apprehensive.

More worryingly, the country already appears behind schedule to start oil production by 2016, as it had hoped.

EARLY PRODUCTION SCHEME

Soon after the discovery, government announced plans to first track oil production by 2012, through the Early Production Scheme. Later, however, the scheme was abandoned in favour of a larger refinery.

In his book, 'The Story of Petroleum Exploration in Uganda, A matter of Faith, 2008', Reuben Kashambuzi, a former Commissioner in the Petroleum Exploration and Production Department (PEPD), notes that the Early Production Scheme visualized refining 4,000 barrels of oil per day, to meet the country's immediate petroleum demands.

For starters, this was a time when the country was experiencing a severe electricity shortage where thermal generators were installed to scale down load-shedding, driving the cost of fuel high.

In fact, on November 26, 2008, government signed a memorandum of understanding (MoU) with Tullow Oil Uganda Ltd to actualize the Early Production Scheme (EPS).

Kashambuzi explains that the EPS hoped realize, on a daily basis, at least 500 barrels of diesel, 180 barrels of kerosene, 120 barrels of naphtha and 3,200 barrels of heavy fuel oil HFO) for electricity generation.

However, following more discoveries, Kashambuzi wrote, it became clear that a larger refinery could be sustained. In 2008, the East African Community conducted a study that revealed a 150,000 capacity refinery to serve the regional demand, and therefore government abandoned the EPS in favour of a large oil refinery.

DELAYS

Just three years to 2016, the proposed start of production date, a lot is yet to be done. For instance, **government has not yet approved field development plans** to pave way for field development. The government and the companies have at least already agreed the refinery size and an oil export pipeline – but are working out the details of the pipeline capacity, which will depend on the field development plans (FDPs).

Loic Laurendel, Total E&P General Manager recently said that once the FDPs are approved, an oil company would need not less than three years to put the required infrastructure in place.

The process of constructing the northern and southern crude pipelines to the refinery in Kabaale Hoima district is yet to kick off, while the process of constructing an oil refinery has just started with the hiring of a transactional advisor to guide Uganda on how best to secure finance and source for a developer.

But even after the procurement of a developer is complete, construction of the refinery is expected to take between 3-5 years, meaning that the country might miss the 2016 target, causing another long wait.

Irene Batebe, a petroleum officer in charge of refining at the Petroleum Exploration and Production Department (PEPD), is optimistic that the 2016/2017 target will be met.

the delays in the oil production process are hurting service providers like multilines too; which have invested heavily in new equipment and machinery

Peter Lokeris, the state minister for minerals has often attributed the delay to government's caution as it seeks to ensure all safeguards are put in place to avoid the mistakes committed by other African countries in managing the oil resource.

"We have to first put in place the legal and regulatory framework first, before we can move into production," Lokeris says. The immensely frustrated oil companies like Tullow which have been in Uganda for close to a decade now, however feel it's only fair that production begins sooner rather later so that they can start recovering the money they sunk in.

"As people who sunk in capital, we have expectations and cost recovery. We should move faster," Jimmy Mugerwa, Tullow, Uganda, Country Manager told an oil forum in April, 2013. Mugerwa often cites the example of Ghana that discovered oil 2007 a year after Uganda, but is already exporting crude.

For some time now, government and oil companies under the Albertine

> Just three years to 2016, the proposed start of production date, a lot is yet to be done. For instance, government has not yet approved field development plans to pave way for field development.

Basin Development Committee have been discussing how to reach a final investment decision but a conclusion remains elusive for now.

"We need to reach a final investment decision as soon as a possible," Mugerwa said.

Government's limited capacity has in the past been blamed for complicating the situation. The enactment of the upstream Petroleum Act and the Midstream Act are likely to delay oil production even further. For instance, under the new law, the field development plans from oil companies are supposed to be approved by the Petroleum Authority of Uganda, a key regulatory authority that is yet to be set up.

Currently, the ministry is still developing the regulations to operationalize the Petroleum (Exploration, Production and Development) Act, 2013 and then establish the institutions the Act creates, before it can embark on production. In early, a statement from Tullow reported that Uganda was close to approving its field development plans.

neptune's marilyn Hill

Neptune remains undeterred – Hill

Once beaten, twice shy; so the adage goes. At least that's how the wider majority approach life and its numerous challenges. For Neptune Petroleum though, this is a step that will not be taken just yet. Of the companies exploring for oil in Uganda, the subsidiary of Tower Resources Plc has suffered the most heartache; with the company calling time on its six years of unsuccessful exploration in the Rhino Camp Basin in northern Uganda last year.

But instead of boarding the next plane out of the country to say Namibia or to the Sahawari Democratic Republic where the company holds other more promising interests, ***Marilyn Hill, the Country Manager, Neptune, Uganda*** and her staff will stay put for now. She tells us why:

You spent in excess of $50m in an unsuccessful hunt for oil; what impact did the failure have on Neptune (Tower Resources) both short and long term plans?

Neptune and its parent company, Tower Resources Plc, are experienced explorers and were well aware of the risks in taking on our licence in West Nile. The universal success rate is approximately two discoveries for every ten wells drilled. We are still interested in exploring for oil in Uganda and have kept our small operation going to be ready for the next licensing round.

We choose to emphasize our successes which included excellent community programs, education of Ugandans and pride in our reputation in the oil industry here. Some of our former employees, many of whom have found work with other Ugandan oil companies, take with them experience in the industry as well as on the job and university training with three masters level university degrees and four bachelor's degrees.

Why would you be interested in Uganda? Aren't you afraid of having your fingers burned again?

We hope to bid in the next licencing round if it comes about soon. The upstream part of the oil and gas industry is a high risk business that exploration companies accept as a necessary business decision.

What lessons can you share with prospecting firms and the general public in general in relation to your unsuccessful oil-deposits search?

It was a good six years' experience working and building relationships with all stakeholders and especially the people of West Nile. Treating people well including employees, service providers and other stakeholders is key in attaining success in exploration activities. Caring for the environment is very important too. Competent firms were hired to do our technical work and it was unfortunate that we did not find oil where we drilled.

How do firms like Neptune handle such a setback? (Or is it just a blip; with companies of your stature having huge stacks of cash for just this kind of outlay?)

There is no set formula. Every company has a unique way of dealing with different situations. In the oil industry it is generally not uncommon to drill several wells and find nothing. In Kenya there were 37 wells drilled before their first discovery last year.

There have been a lot of ups and downs in the nascent petroleum industry of Uganda. What is your take on the general outlook?

The general outlook going forward is about balancing the interests of the country, which owns the petroleum and those of the private entities that are involved in supporting the country but have their own key commercial interests as well. As the country is so young in this industry, it is expected that there will be some challenges and lessons to learn along the way.

I think in general that the current operators and service providers are frustrated with the delays in moving forward. The proven oil reserves are sitting stagnant in storage tanks or in the ground and commercial interests require that the oil be sold to start to reap the benefits from their exploration costs. The long wait for a refinery and/or pipeline make the potential revenue stream for businesses seem too far in the future. They see countries such as Ghana which went from discovery to production in just three years and wonder why Uganda has still no production after the first discovery seven years ago.

Neptune has had its own run in with Uganda authorities; how have you resolved these differences?

During the six year term of our exploration licence, we had excellent relations with the Petroleum Exploration Department (PEPD) of the Ministry of Energy as well as other regulator s such as NEMA. There was a great deal of mutual respect in our partnership with the Government of Uganda (GOU). At the end of our licence, we fulfilled all requirements under our Production Sharing Agreement (PSA) except that we asked to retain our assets as we wished to continue as an operating company in Uganda ready to bid in the next licencing round. The PSA states that all assets owned by the licencee shall become the property of the government "if the government so desires".

Since this was a discretionary requirement, we hoped that PEPD would agree that we could keep our assets and return them if we decided not to continue in Uganda. PEPD refused to allow this and insisted on taking everything from laptops and office equipment to the razor wire protecting our office perimeter. We felt betrayed after having such a good relationship.

We also have issues to rise with GOU regarding our inability to continue to claim our input VAT refund as provided for in our PSA after GOU changed the tax law in the middle of our exploration period. The agreement states that we are protected from any changes in the law which had a "material effect" on our operations. This claim is ongoing.

About Tower Resources

Tower Resources Plc is an AIM-listed, London-based, independent oil and gas exploration company with a regional focus on sub-Saharan Africa. The Company holds a 30% working interest in a licence comprising three blocks offshore Namibia through its operating subsidiary, Neptune Petroleum (Namibia) Ltd., and a 50% interest in three contiguous licences, onshore and offshore, in the Sahawari Democratic Republic through its subsidiary Comet Petroleum Ltd.

According to the company website www.towerresources.co.uk, Tower Resources has traditionally targeted exploration licences, focused on Africa, where potential is thought to exist by analogy to similar hydrocarbon provinces elsewhere. "This is a high risk high reward strategy. The aim is to secure Licences before they attract the interest of larger oil industry players," it says. The developments in Namibia, after the signing of Licence 0010 support this thinking.

neptune drilling at mvule-1 in Feb 2012 in obongi

ministry of energy, state minister simon d'ujanga and the ps Kabagambe Kaliisa. the ministry is discussing a fresh round of licensing.

oil industry awaits new licensing round

The oil blocks in the Rhino Camp and in the Southern basin in the district of Kanungu are to be brought back to the table when the next round of licensing gets underway, Fred Kabagambe-Kaliisa, the Permanent Secretary in the Ministry of Energy and Mineral Development, has said.

"We shall at an opportune time be promoting it for future licensing," Kabagambe said, referring to the Rhino Camp, otherwise known as Block 5.

Neptune Petroleum used to be in charge of the Rhino camp, which is located in the West Nile region. The company drilled three wells, Iti, Avivi, and Mvule, but failed to find any commercially viable oil deposits.

After the exploration license of this area expired it was returned to government. Commenting on speculation over the prospect of the Rhino camp – some say politics stood in the way of getting an oil find there – Kaliisa said "There was no politics. It was an issue of science." Neptune retains interested in bidding for a license in the next round.

The Southern basin, once operated by Dominion, is another area that Kaliisa feels has strong prospects for oil.
"We are very optimistic about that area. It should be a very good candidate for the future," he said. He was speaking to a group of media editors at Protea Hotel in April.
The next round of licensing is expected after the establishment of institutions like the Petroleum Authority. Under the new Petroleum Act of 2013, the Authority is expected to advise the minister during the issuance of a license. Brazil's Petrobras and Shell are some of the oil majors that are expected to bid for oil blocks in the country.
The licensing round, and the approval of the companies' field development plans, remains one of the biggest steps in speeding up Uganda's race towards oil production.
Already, government has agreed in principle with the oil companies to have a pipeline and refinery built at the same time. Uganda is likely to kick off with a 30,000 barrels of oil per day refinery, before raising that figure to 60,000 at some point in the future. The companies, on the other hand, will export up to 120,000 barrels of oil in a pipeline every day. Kaliisa said this formula "makes business sense."
Uganda has discovered about 3.5

billion barrels of oil. Of this amount, about 1.2 billion barrels can be recovered. A total of 89 wells have been drilled so far, with oil being found in 77 of these. According to Kaliisa, the asset value of Uganda's oil is estimated at $150 billion.

The gentleman's agreement on a refinery and pipeline broke a long running impasse on a subject that had held back Uganda's oil industry, and it renewed hope of the country producing its first barrel of oil as early as 2017.

Big Prospects

It has been a long journey, but 2013 is already shaping up like more breakthroughs are underway. This year, oil companies are expected to announce massive investment plans for the future.

To do that though, there will have to be an agreement in place with government over the companies' field development plans. Under the field development plans, the oil companies are to show how they intend to transport the crude, the technology they intend to use, just to mention a few.

The other critical component remains the refinery. For government, getting an investor to build a refinery appears to be a herculean task.

In 2008, it was recommended that East African partner states invest in one refinery, to be located in Uganda. It was also recommended that this will be done on a public private partnership. The East Africa partner states would take up a stake in Uganda government's 40% shareholding, leaving the rest to the private investor.

However, there has been little commitment from the East African partner states over this venture. In fact, the Uganda government, through the late minister of East African Affairs, Eriya Kategaya, had written to his counterparts in the other countries to rally behind the refinery.

There is renewed interest coming from top Asian countries, though, with government planning to issue an expression of interest soon, according to Kaliisa. The refinery is expected to cost $1.6bn.

More money will be needed to develop the wider oil industry infrastructure too. Up to $10bn – more than half Uganda's current Gross Domestic Product - is needed for the infrastructure before Uganda starts producing oil. Oil companies have agreed to unlock these funds, although certain policies could act as barriers.

For starters, the oil companies are locked in discussions with Uganda Revenue Authority over the Value Added Tax on inputs imported into the country. A lot of finished goods are expected to be imported into the country for the oil infrastructure network. URA is eying this as a source of revenue. The oil companies want some reprieve.

Then there is the political posturing between Parliament and the Executive, which have in the past slowed down oil activities. This means decision making processes, especially those that concern the governance of oil, are caught in the middle of political infighting. This hurts companies' financial targets, and slows down the pace to recoup their investments.

However, the political showdown between the central government and Parliament is waning, if the smooth passage of the midstream bill is anything to go by.

While the first upstream bill met stiff resistance when it was bought to Parliament last year, the Petroleum (Refining, Gas Processing and Conversion, Transportation and Storage) Bill 2012, sailed through without any hullabaloo.

It was surprising because the midstream bill is important as it touches on the sensitive aspect of the impact of oil activities on the environment, especially in areas like the Murchison Falls National Park, Uganda's biggest, where a number of oil wells are found.

Eoin Mekie, the former General Manager of Tullow Oil Uganda, is quoted in a report, ***Oil in Uganda***, by Ben Sheperd, discussing the sensitivity of oil on the environment. "The difficulty with this development is that it's spread over a massive geographical area: the basin is 160 kilometres long, it's a very long way from the market place, and it's an incredibly environmentally and social economically sensitive area," he said. He added: "It's not just developing the actual technology for the wells; it's getting the stuff to market that's the real difficulty." The midstream law is expected to take care of these concerns.

Tom Okurut, the Executive Director of the National Environmental Management Authority, says they have already drawn up an oil spill contingency plan to deal with any threats.

BRIEFS

Weatherford confirms corruption probe

Weatherford, one of companies operating in Uganda, has announced the United States authorities are investigating its compliance with the Foreign Corrupt Practices Act (FCPA) and other laws worldwide.

“We have retained legal counsel, reporting to our Audit Committee, to investigate these matters and we are cooperating fully with the Department of Justice and Securities and Exchange Commission.”

The company added that “As part of our internal investigations, we have uncovered potential violations of US law in connection with activities in several jurisdictions. We have been in frequent negotiations with the government agencies to resolve these matters, and although these negotiations have advanced significantly, we cannot yet anticipate the timing, outcome or possible impact of the ultimate resolution of the investigations, financial or otherwise.

CAMAC completes data acquisition in Kenya

CAMAC Energy has announced that Sander Geophysics (SGL) has completed shooting airborne gravity and magnetic geophysical surveys on the Company’s Kenya onshore Lamu Basin Blocks L1B and L16. The data acquisition covers essentially the entire 12,129 square km in L-1B and the entire 3,613 square km in L-16 and satisfies the gravity and magnetic survey requirements for each Block under the relevant PSAs.

The company expects to receive initial results of the shoot in the third quarter of 2013. Results will be used to optimise the placement of 2-D seismic lines by identifying faults, basement structures and intra-sedimentary volcanic layers and/or intrusions. “I am pleased that we completed the acquisition of the airborne gravity and magnetic geophysical surveys in Kenya safely, on time, and under budget,” said Senior Vice President of Exploration and Production Segun Omidele. “Our geophysical team will now work with SGL to interpret the data and delineate optimal areas for 2-D seismic acquisition.”

G4S introduces new human rights policy

G4S, the world’s leading international security solutions group in the mining sector, has today launched a landmark global human rights policy, designed to safeguard the rights of its employees, support the communities in which it operates, and to ensure that its operational practices enable it to identify and mitigate against human rights risks.

Co-authored by Dr Hugo Slim, an internationally recognized human rights expert, and senior G4S executives, the policy will be communicated to G4S staff in 125 countries across the world.

The policy and its related guidance aims to align the company’s human rights practices with the ‘UN Guiding Principles on Business and Human Rights – 2011 and to introduce additional global guidelines for areas not currently covered by existing standards.

Existing standards such as the International Code of Conduct for Private Security Providers and the Voluntary Principles on Security and Human Rights are already important standards for G4S and have been embedded into the relevant parts of the business.

Ernst and Young predict fewer oil deals

The bi-annual Oil & Gas Global Capital Confidence Barometer highlights that nearly half (44%) of the 152 oil and gas company executives surveyed believe the global economic situation is improving, up from 27% in October 2012. Notably, oil and gas companies are generally more optimistic than the broader global sample of 1,600 respondents in 50 countries.

However, only 27% of the respondents expect to undertake any M&A activity in the next six months, a decline from six months ago.

Andy Brogan, Ernst & Young's Global Oil & Gas Transactions Advisory Leader explains this "confidence paradox": "While general confidence in the state and outlook of the economy is improving, this is accompanied by increasing levels of uncertainty about the direction of travel of commodity prices in general and oil and gas prices in particular. This is leading to a valuation disconnect which is delaying many transactions."

The oil and gas sector has been one of the most resilient for M&A over the last five years. However, this survey sees a slight decrease in sentiment with 27% of respondents now expecting to pursue acquisitions over the next 12 months, down from 28% in October 2012 and 31% a year ago.

It is not just a lack of confidence in the business environment that is holding companies back – many are also concerned about the gap between their valuation of potential acquisitions and the prices sought by sellers. For many companies, the appetite for M&A has declined. Five years after the financial crisis, many executives are still waiting for more price visibility before taking action.

That conservatism aside, oil and gas respondents expect that global M&A deal volumes will increase over the next 12 months, with 72% expecting volumes to at least modestly improve. Expectations of the larger global sample were broadly similar.

ERNST & YOUNG
Quality In Everything We Do

UCMP partners with UNBS, ISO

The Uganda Chamber of Mines and Petroleum has been identified as an "important stakeholder" in the implementation of Social Responsibility initiatives. Uganda National Bureau of Standards (UNBS) is coordinating the awareness campaign to create awareness on the International Standard ISO 26000 on Social Responsibility (SR).

UNBS, which is charged with insuring standardization and quality assurance, is carrying out this role, under the auspices of the Deutsche Gesellschaft fur Internationale Zusammenarbeirt (GiZ) GmbH, on behalf of BMX, Federal Ministry of Economic Cooperation and Development of Germany.

The project's overarching objective is to build capacity within each of the selected East African countries (Kenya, Tanzania and Uganda), using UNBS as the central pivot. The project will facilitate training, exchange of experience and good practices among partner countries on the application of ISO 26000 in company operations. ISO 26000 defines social responsibility as the responsibility of an organization for the impacts of its decisions and activities on society and the environment that contributes to sustainable development.

"Social Responsibility plays a vital role in Sustainable Development," says Ben Manyindo, the Executive Director, UNBS.

The seven core subjects of Social Responsibility include: community involvement and development, human rights, consumer issues, labour practices, fair operating practices and the environment.

Ben manyindo, the executive director, unBs.

Mashonga gold fields, Bushenyi

Mining Industry Needs Shake Up

Mashonga gold fields, Bushenyi

A fact-finding trip to the mining areas in western Uganda, organised by the Uganda Chamber of Mines and Petroleum (UCMP) has discovered numerous encumbrances that will need immediate attention if the country's mining industry is to have anything to write home about.

Apart from limited staff and equipment plus inadequate facilitation at the Department of Geological Survey and Mines (DGSM) regional branches, mining firms also have to contend with bad roads, limited or inexistent electricity to power the intensive activities, land wrangles, minerals smuggling and limited data amongst others.

The excursion was aimed at gathering as much data about the sector as possible so that UCMP could be better placed to lobby for adequate support to improve the industry's fortunes. The first of many similar upcoming trips, took in the Western Uganda districts of Kisoro, Kabale, Ntungamo, Bushenyi and Kasese in late February.

"While my office is meant to oversee the entire western region – from Mbarara, all the way to Bundibugyo – it doesn't have enough capacity to do so. A mere Shs100,000 in fuel for an entire month is a drop in the ocean when you consider the amount of movement required in adequately supervising the mining activities in the area. As such, mining investors constantly under declare their finds which costs the state a lot in royalties and taxes," notes Gideon Amunyo, the Inspector of Mines in charge of Western Uganda.

Amunyo also thinks its high time Uganda adopted the Dodd Frank Law, a USA legislation that aims to limit the trading of conflict minerals that have for long funded wars like that in the neighbouring Democratic Republic of Congo. The "bag and tag" initiative requires U.S. companies buying from a region rich in minerals to ensure their supply doesn't not come from areas controlled by armed groups or corrupt soldiers. Since Uganda neighbours the DRC, it's important that it adopts the initiative according to Amunyo, otherwise its minerals like tin and wolfram (tungsten) become unattractive and are only smuggled out costing the country a lot in would be tax returns. Uganda will soon adopt the law according to top DGSM officials.

For the Kirwa Wolfram Mine located in the valleys of hilly Kisoro, the oldest and biggest of its kind, only minimal artisanal mining is evident seeing that for a while now it has been ensnared in an ownership dispute. Gerald Eneku, the Inspector of Mines, Kigezi Region believes the conflict would have been avoided hadn't his advice to compensate the original license holder not been ignored by his superiors.

"My bosses were ill advised and forcefully reclaimed Kirwa. Now it's in limbo because the aggrieved party has since sued the state for hefty compensation," said Eneku.

The only active mine of significance in the vicinity is Krone (U) Ltd, which also sources wolfram. However, the rudimentary mining methods it employs mean it continues

Zhou Fei, sino minerals investments, Kabale

to operate below capacity; a factor that it's working around the clock to change with new equipment having recently been sought. A derelict road and a rickety bridge over a swampy area in the precincts of the mine also mean transportation is difficult. In addition, the only electricity that is used is that from expensive thermal generators; shooting the company's operation costs through the roof.

"Our pleas to the government to have a workable road constructed and cheap electricity supplied have fallen on deaf ears over the years. This has greatly hampered us especially seeing that affordable financing is also difficult to access," says Rose Rugazzora, Krone, Managing Director.

The infrastructural inefficiencies too are what, Zhou Fei, Operations Manager, Sino Minerals Investment has to contend with as his company explores for iron ore in Buhara, Kabale. Water to be used during the drilling process is sourced 4km away; electricity is from expensive thermal generators while their current rig can only be reached on foot.

"We have only drilled in 3 places on our 46sq.km exploration area as a result of these hindrances which is worsened by a very hard rock that is difficult to drill," says Zhou Fei.

In Mashonga parish in Bushenyi, where it partners John Muruli's Aine Hope Empire to explore for gold, Sino is not faring any better on the electricity and road network front.

Further west at Hima Cement in Kasese, a new eco-friendly plant plus additional deposits of raw materials have upped the company's stakes in the last couple of years. William Gumisiriza, the quarry manager notes Hima is well set for the next two or so decades as a result. A reliance on road transport however means costs in that regard will remain high.

"A working railway network linking western Uganda to the Indian coast like it was in the past would of course serve us and other mining firms in the area well," says

Hima cement entrance

Deis Twine, the Production Superintendent.

As such the most impressive establishment in terms of infrastructure, unfortunately still remains the defunct copper mines at Kilembe. Fully facilitated with its own electricity plant, workshops, housing and good roads (before the recent devastating floods), all it needs is to finally have a credible investor coming in to resuscitate it. Five companies have been shortlisted for the same and a winning bidder should be known by the end of the year.

Going forward, acquisition of extensive geoscientific facts such as airborne geophysical survey data covering 80% of the country; geological and geochemical surveys data together with mineral resources assessment data, Uganda is embarking on a serious exploration phase concentrating on areas that have obvious anomalies. In all this though, exploration remains a very high risk investment.

CSR

Despite the numerous hardships however, it is worth noting that some of the companies are in one way or another positively contributing their host communities. Krone for one, employs at least 800 people both directly and indirectly, a factor that is praised by the authorities.

"By employing these people, Krone is not only transforming their livelihoods, but also indirectly curbing crime since it keeps the youth gainfully occupied," says Robert Nabimanya, the Kabale District Security Officer.

For the Mashonga residents, especially the tea farmers, they have Aine Hope and Sino to thank for a much flatter and wider road which also leads to the partner firms' gold exploration site. Next on the cards for the area is a modern primary school from the same companies.

Hima Cement has on its part built a health centre for its locals on top of offering free male circumcision last year. Some excelling school kids in the area have also gotten scholarships for further studies.

The coffee farmers too have Hima to that for the extra buck they earn from selling coffee husks used for heating in the company's kilns - husks that would have otherwise been thrown away. The small forests planted by Hima too in its restoration of the mined sites are also laudable.

Robert Nabimanya (L), the Kabale District Security Officer listens to ucmp's cathy at the Krone hosted dinner in Kabale

the workshop at Kilembe mines ltd

COMMENTS:

*For **Catherine N. Wabomba, the Geotechnical Officer at UCMP,** the inaugural fact-finding trip has proved to be a valuable eye opener that puts in perspective the level of investment and commitment that is still required to push the mining industry forward.*

"We have on many occasions been approached with questions about mining operations in Uganda but have always had to rely on the operators for information.

However, this information could not be relied upon confidently because many of these companies are hardly supervised. The idea is to gather as much first-hand information as possible about the country's mining operations which can reliably be used to attract investment into the sector. It is our duty as a Chamber to strive to promote the mining sector and we believe that with our vast membership we shall achieve the goal and hope that a few years down the road, this sector will be one of the biggest contributors to the country's GDP."

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*According to **Achelis Uganda Limited's Business Development Manager, Mr Michael Nyangabyaki,** whose company deals in heavy machinery needed in the mining industry, feels that the exploration investors should be compelled to modernise their works to reasonable standards. He thinks there is too much rudimentary work being done even by supposedly well-facilitated foreign firms which in the end not only denies service providers would be work but also means the investing mining company realises dismal returns.*

"There should be some stern measures put in place to ensure adequate investment is sunk into such projects. Why should a company be granted a very valuable license and then use archaic methods to explore and mine? Mining companies need to emulate the oil companies if they want to be taken seriously," notes Nyagabyaki.

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*For **Victoria Equipment's Joshua Kaala,** the trip was an eye-opener; helping him clearly appreciate the intricate needs of the industry which going forward should help him and his company strategize how best to offer solutions.*

"Many small scale miners are using very rudimentary tools yet digging up valuable minerals. They would clearly increase their fortunes with better equipment. A simple backhoe wheel loader (at only $25,000 second hand or $50,000 new) can boost a small scale miner's returns big time," says Kaala, whose company is a subsidiary of Atlas Copos. For those who cannot buy outright, they have the option of hiring the equipment.

Kaala thinks opening the trips up to the wider public will even be more beneficial seeing that there are many mining opportunities that could interest many who are not necessarily Chamber members.

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***Dickson Mwesigwa from Victoria Motors** believes in future it would help the touring service providers more if the managers of the mines that are to be visited have ready clear-cut information demonstrating what help they would need. "That way, I have a better picture of what deal I can broker with the miner, if any," he added.*

The Chamber delegation meeting with Kilembe officials

iron ore drilling at sino minerals investments, Kabale

gerald eneku, mines inspector, Kigezi region

construction of a new plant at the Krone mine

KRONE DEFYING THE ODDS

Incorporated in Uganda in 1999, Krone is a private limited company operating the Nyamuliro Tungsten Mine in Muko, Rubanda, Kabale district in South Western Uganda. Under the stewardship of Isingoma Amooti, the CEO and Rose Nuwagaba Rugazzora, the Managing Director it remains the major miner and exporter of tungsten (wolfram) especially with Kirwa in Kisoro next door in limbo. The Nyamuliro wolfram mine has been in existence since the 1940's when it was first exploited by a one Bjordal, a Norwegian national. Due to the sudden death of the original prospector coupled with the political turmoil and a slump in global prices, the mine went into disuse in the late 1960's (at the time in the hands of Continental Ores and Uganda Development Corporation) and was only revived when Krone obtained the site lease to resume mining activities in 1999. It hasn't been an easy journey though, as Isingoma will reveal in this interview. A catalogue of hurdles like a not-so-welcoming local populace, a tricky swamp that makes accessing the mine nightmarish, loan sharks amongst others, have combined to test the owners resolve over the years. A burning tenacity though, has ensured that Isingoma and co defy the odds to give the company a fighting chance going forward. He expounds more on this fascinating story:

How would you describe the Krone tungsten mining experience so far?

We went into tungsten mining at Nyamuliro prematurely. We didn't have the required knowledge and have literally learnt on the job. Mining is a very capital intensive venture. A poor road and insufficient electricity have been our major problems. The letters from President Museveni instructing authorities to help plus the numerous promises have not materialized.

Because of the dilapidated nature of whatever equipment that had not been looted at the old mine, full-mechanized exploitation could not be started. In addition, over the years, the community in the vicinity of the mine had continued to carry out rat hole mining and selling the products to speculators. The directors therefore, opted to start operations on a small-scale test basis. In so doing, the over 300 rat whole miners were inherited so to speak and continue to conduct their mining activities.

In the absence of organized mining, even the access road was totally swallowed up by farming activities rendering access to the mine strictly by footpaths. To reach the actual mine, a road once existed over a swamp. However, due to disuse and run off from heavy rains, it was washed away. A swamp therefore stands in the way and is now being crossed by use of dugout canoes.

Initially our personal efforts to fix the road in the swampy environs in the vicinity of the mine backfired because they were based on a faulty design. The Belgian constructor in charge had originally thought an ordinary bridge over the swamp enjoining the road would do but within just two months, the structure had fallen apart. Prior to that, the government had tried to fix the road itself but it caved in within a week, despite spending at least

Shs600 million on Multiplex, the constructing firm.

It was later discovered that the swamp was one of the arms of Lake Bunyonyi and hired divers realized that it was too deep to even get to the bottom. The bridge debacle was very costly and left Krone financially dented, and exposed to its creditors. With the borrowed money gone without any return on it, the bank swooped in and auctioned off our $2m Kololo house and some other property in 2002 to recover its money. We were small petty businessmen then with limited knowledge in mining. The old mines had been mishandled by the locals, the houses destroyed and equipment stolen – which naturally set us back. And with an increasingly stable economy, it was difficult to keep up with the Indian and Chinese competitors who came in with big capital and global contacts. Without ready, cheap financing, mining is a difficult area to venture that can cause one immense stress.

How did you recover?

Later, the floating bridge concept was tried out and it worked pretty well and it's what we are using to date. There is a possibility of another road across but we haven't tried it out yet seeing that landslides have in the past washed away the older roads. Because of the previous bad experiences, we decided to look for a simpler and faster way of recovering. The quickest way to get a return on any new investment was to deal with the tailings (ore residual). Currently, we only have an interim plant to try and propel us (like a springboard) and enable us to raise capital quickly. For now we have been merely scooping the tailings and processing them.

"I would advise that financing institutions try to clearly understand their customers' problems and maybe allow them grace time in case they need it"

How have you solved the financing issues?

Currently, we have some bit of money from Tropical Bank. In fact Krone is very indebted to Tropical which has gone beyond being a mere financier to a partner – it clearly understands its customers and goes out of its way to help them realize their dreams. Our old financier, dfcu bank, didn't give us a chance – all they were interested in was selling the house we had staked as collateral yet we had clearly demonstrated a willingness to make this work. Our struggles with the road and bridge were well documented but dfcu ignored our pleas for more time and just rushed to sell our house (below its value) and the equipment we had recently acquired.

Mining, like you have also acknowledged, is very capital intensive and highly risky. Maybe this is why some banks are apprehensive when it comes to lending miners. How can banks work with miners fruitfully?

Its true mining has a lot of disasters, but if I can clearly demonstrate my struggles to my bank, and ask for more time, I would expect to be helped. Bankers should go beyond eying interest on their loans and act like 'doctors of businesses' – because that is what they are. As a doctor, they should be prescribing an alternative treatment, instead of discharging you from hospital. I believe there are syndicates involving the auctioneer, the valuer and some bank officials to sell off property staked as collateral for their selfish interests. They even declare less for what they have sold the property for, leaving a borrower bare and spent. But if they could come in and identify the problem study the project's potential, they can even put in more money and earn more in interest – but they don't. If a mine is struggling, a reasonable bank can even choose to recapitalize it and bring in more experienced managers after identifying the problem and studying the project's potential. Subsequently it will earn more from its future success. Banks should stop looking at ripping off struggling businesses. With mining, I would advise that financing institutions try to clearly understand their customers' problems and maybe allow them grace time in case they need it. For instance currently, the heavy rains and landslides (in April and May) have disrupted our mining activities – so it would be thoughtless of our bank if it were to come in and claim we have failed to perform. I can only vouch for Tropical and Housing Finance Bank as very considerate institutions which go out of their way to help a borrower realize their dream.

Have you tried to partner with say foreign capitalized individuals and companies?

In the past we have tried to bring in several foreign partners with impressive CVs but unfortunately we have later discovered that many are just quacks after a due diligence.

What about requesting government for subsidies?
Other than giving us adequate power and an efficient road, there is nothing more we would want from government. All we need is an enabling environment. The rural electrification program seems to have put us in consideration because the lines are passing in our vicinity and we have been visited by the government officials to establish how much electricity we would need.

But again, having experienced firsthand how capital intensive mining is, maybe government can consider selling licenses together with thorough prospecting data. Hiring competent prospectors can cost in excess of $2m oftentimes. If the

Department of Geological Survey and Mines would have an office dedicated to prospecting, it would go a long way in developing the industry; as investors would wholeheartedly commit their cash to the actual mining. A fee can be paid for a positive report but if there are no viable deposits found, government can cushion the loss.

Some heavy equipment dealers like Victoria Engineering have hire purchase packages for your like. Have you examined these options?
Before we venture into borrowing one has to know their capacity to pay back. Like I mentioned before, we lost our property in Kololo, and this experience has taught us that we need to go slow. When our production lines are stable, and we understand the trends of the trade very well, then we will indeed borrow when the need arises.

Many a licensed company has struggled to deal with local inhabitants on their mining area – who at times can be hostile. How has Krone addressed this seeing that the mine had been illegally occupied since the 1960s when it closed?

People have been empowered beyond their wildest dreams in recent years. Every day we see ordinary people involved in running battles with police even when they are in the wrong. So to avoid people destroying your property and hostility, you have got to adjust and bend the rules to accommodate them. When we came in, we found locals carrying out unlicensed mining on the land and to avoid clashes we had to find a suitable way of accommodating them. We have just over 100 core employees who have a sort of Local Council system – with chairmen and councilors – where everyone (usually relatives) is looked after. We identify a spot, the locals come in, mine the area and we buy through their head who subsequently distributes the money amongst them.

Going forward, we will divide the mining area into two; with our new mine occupying one side and the locals on the other. In the past, 3 people have died in clashes here and we don't want to see a repeat. Some families going back 3 to 4 generations have always considered the tungsten mine their source of income so we can't throw them out just like that – though the law would be on our side. We are also considered immigrants in the Kigezi area, so naturally they disown us.

What is the present state of the company?
The Directors initially made a logical decision to start operations more on a test basis as they assessed market response in addition to the operating costs. The

Krone ceo isingoma amooti

experience over the years has revealed a readily available market in view of the wide variety of use to tungsten can be applied. In addition, world market prices are relatively stable. With the experience since gained at the mine, the operating costs have increased on the whole because of the bigger volume of business. However the actual pro-rated operating cost has greatly reduced, resulting into a higher net profit to sales ratio.

years.

Immediately the tailing plant is available and our purse is bigger, we will start doing our own mining. The rains are really disruptive and have slowed down the establishment of the new plant so I cannot be certain exactly when we will be ready. So far we have invested around $1.2m in the mine. The company is committed to improving its image in the community especially since the successes

"If government would have an office dedicated to prospecting, it would go a long way in developing the industry; as investors would wholeheartedly commit their cash to the actual mining"

There are new developments taking place on your mine, what are your trying to achieve?

Currently we have a mini-plant handling the tailings. Krone has laid a solid foundation for the future by investing in state of the art equipment and developing the talent of the people who will steer the company into the future. The majority of the miners and the technical team are locals who are apply supplemented by a few expatriates with a rich knowledge in mining.

We have in place a work program which will involve opening up the tunnels and putting in rails, ventilators and therefore a proper mine. Currently our production numbers as erratic; the workers target the rich spots also called pockets and may mine 200kgs today, tomorrow 900kg and the next day zero. Since we started consistent operations in 2004, we have averaged 106 tonnes per year. We recover 2.2kgs of the mineral per tonne of tailings. Estimates show that the mine should still be operative for another 20

of the company's activities are better reflected in the improved welfare of the community. These are in addition to providing employment and the inevitable benefits to society of a full weather road deep into the rural area previously served by footpaths alone. In 2009, Krone won an international award for Excellence in Products and Service presented by the Trade Leaders' Club to distinguished firms of every Industrial branch whose products and services have deserved universal acclaim along the course of the year. This demonstrates the firm's determination to become a world class company in all aspects.

About Krone
The company's head office is located at Umbwa Kali House, Weraga Road in Kabowa, Kampala. The 176 hectare tungsten mine is at Plot 6; block 182 Nyamuliro, Muko in Rubanda, Kabale district. It is situated 40km out of Kabale town along the main Kabale-Kisoro road. Kabale town is in the South Western of Uganda. It is 420kms from the capital Kampala.

razia Khan, the Head of Research, Standard Chartered Bank Africa

Banks prepare to spend big on oil

...as economist cautions on an extractives' dependent economy

Standard Chartered Bank is set to open up a branch in the oil-rich region of Bunyoro in Hoima district as financial institutions position themselves to tap into the various opportunities that have been unearthed as Uganda gears up to become an oil producing country.

The announcement by StanChart, a bank that has less than 15 branches countrywide (with most located in the capital Kampala, despite being here for over 100 years), shows just how crucial the oil industry is to the economy, and the role the financial institutions intend to pay to support it.

"There are huge opportunities for the financial institutions. Infrastructure, the roads, the SMEs are coming into play to cash in at the oil industry and it is the banks that are supposed to finance these projects. Already, Standard Chartered is planning to put up a branch in Hoima. Oil is big business for the banks," James Mutuku, the Head, Financial Markets at the bank said recently.

Other banks like dfcu have set up a special desk specifically to deal with the financial issues for investors within the oil and gas industry. Citi Bank has promised any investor looking for large packages of finance within the oil industry to simply get in touch. United Bank of Africa on the other hand, says its experience in other African countries blessed with oil and gas will serve it in good stead in Uganda.

Uganda has so far discovered 3.5 billion barrels of oil from less than half the identified exploration area. Of this, only 1.2 billion can be recovered, although the authorities believe that with better technology the figure can go up to 1.7 billion.

To get to the production stage, expected somewhere between 2016 and 2017, the country needs to invest at least $10 billion, according to government officials. It is this finance that has got banks excited about the prospects of the oil industry.

Razia Khan, the Head of Research, Standard Chartered Bank Africa, calls for caution however. Instead, she warns against the oil resources being used as a pillar to drive Uganda's economic growth.
"Countries like Uganda shouldn't entirely depend on the oil revenues for growth. It's bad to be overly dependent on oil revenue," she said recently in Kampala.

To support her point, Khan offered the example of Botswana; a country she notes as a key producer of diamonds, has saved much of the wealth from its mining industry to act as a buffer against any unforeseen risks.
Khan advised Uganda to "focus on resource mobilisation from the rest of the economy and not just oil," arguing that oil is a finite resource that will be depleted.

"It is much better to re-invest the revenue. It is bad for an economy of the potential of Uganda to say our revenue ratio will increase with oil," she said.
The manner in which oil revenues are to be invested is part of the debate surrounding the Public Finance Management Bill, which is expected for another round of debate in Parliament soon. The bill seeks to combine a number of Acts into a solid piece of legislature that will strengthen public expenditure, among others.

There is debate whether oil revenues, should, for example, be placed under a separate budget. Those who argue for a separate budget believe that the oil revenues are likely to be so huge that combining them with the rest of the resource envelop would distort the management of the country. The proponents of the separation also believe that it will be easier to track the oil revenues.

Technocrats at the Ministry of Finance feel that should not be the case. "There is a certain sexiness about oil.I wonder why," said Finance Minister Maria Kiwanuka, emphasizing that "oil should be treated like any other resource."

The Ministry of Finance argues that if, for example, Uganda discovered another resource far worthier than oil, should there then be another budget specifically for the newly discovered resource?
Whichever school of thought carries the day, the most important thing will be whether the resources can be managed according to the set rules.
In the meantime, Khan says massive investment is on the way, and this

Bank of uganda

comes with widespread effects.

"There is an investment story behind oil production in Uganda. As we start to see Uganda progressing towards oil production, there is going to be enormous investment especially in-terms of infrastructure construction," she said.

A refinery and an export pipeline are expected to consume about half of the $10 billion that is expected to be invested in the industry.

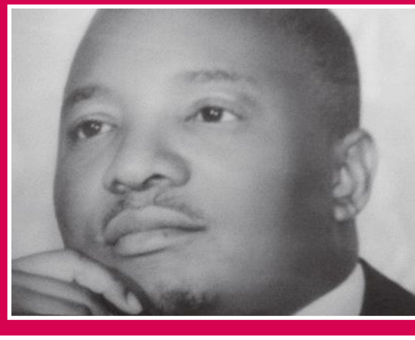
Due to this investment programme, Khan says Uganda should brave for "trade deterioration." This means that in the short term, imports, mostly in the form of machinery being brought into the country, will far outstrip exports.

When that happens, it means that inflationary pressures, the spark behind the increase in the prices of goods and services, are bound to intensify due to imported inflation, and there could be heavy disruptions in the forex market, among others.

The bigger effect could, however, come if the resources are mismanaged. Khan remains optimistic about Uganda's prospects. She advises: "Don't allow your expenditure to balloon and don't make your government expand because you have oil."

Reflecting on the 3.5 billion barrels of oil Uganda has discovered so far, Khan said: "It's not going to be Nigeria, Angola, or Libya, and maybe that's the good news that the oil reserves we are talking about are still relatively too modest and the economy like Uganda shouldn't completely pitch the growth picture [onto oil]."

Handling petroleum insurance challenges



How Uganda's insurers can tackle the intricate oil & gas industry

By Munyaradzi Daka

Any major investment demands comprehensive protection for the shareholders' peace of mind. This is particularly critical in the oil and gas industry where investments are in the billions of dollars. Protection at the same time allows the organization to concentrate on their core business. Insurance plays a major role in providing this protection and give that peace of mind.

It is common knowledge that the local insurance industry is working on frameworks and products to be able to serve the petroleum industry. In most African countries Nigeria being a reference, there is regulation on how insurance of oil and gas business should be conducted. This regulation is mainly to protect the flight of insurance premiums from the country and to provide for accountability. The regulation as it stands currently prohibits offshore placing of insurance business without prior approval of the Insurance Commissioner. The Insurance Commissioner if he assents to the request can only allow 30% of the business to be placed offshore should there be no local capacity to retain 100% of the business.

insuring against oil spills, like this Bp one in the gulf of mexico is very costly

It is my belief that this model is what will be pursued by the local Ugandan insurance regulators obviously adjusted accordingly to meet local conditions. This sort of framework is beneficial to the industry as it encourages growth and retention for the local industry. There are however some dangers that come with these kinds of frameworks in new oil and gas markets.

"In coming up with the thresholds of local business retention and offshore placement rules the regulator should balance this need for local retention with the ability to sufficiently cover resultant losses..."

Losses in oil and gas are usually high in severity and mostly catastrophic though low in frequency. It is therefore imperative that the insurance companies have enough capacity to deal with the expected losses. Usually this capacity is provided by foreign international specialized companies as the sum insured values involved are normally in excess of what the local market can provide. Building the local capacity requires careful projections of loss scenarios and prudent purchase of covers from international reinsurers. It also requires a highly skilled oil and gas insurance staffing in the local companies which also take time to develop.

It is very critical that in drafting their guidelines for writing of oil and gas business, the local regulator is aware of the inherent dangers that the insurance of this business can present. The officers in the Insurance Commissioner's office should be well trained in the operations of the oil and gas underwriting for effective monitoring and auditing.

In coming up with the thresholds of local business retention and offshore placement rules they should balance this need for local retention with the ability to sufficiently cover resultant losses. At the same time there should be a gradual and deliberate policy which allows capacity building in the industry.

As the attraction of huge premiums in the petroleum industry lure the local companies, they will scramble to attain and retain as much premiums for their books often times disregarding the prudence which is required in underwriting according to what their balance sheets can accommodate. This will lead to huge unprotected exposures which put the affected companies and the whole industry at risk. Any significant loss experienced by the written business in this situation will likely cause the demise of the underwriting company with a resultant domino effect in the industry. To guard against such scenarios the regulators can limit the capacities of the local underwriters to say 5% of their shareholder's value. This will mitigate against severity losses associated with this industry whilst having a capped limit of their aggregate capacity to prevent against accumulation issues.

At the same time the oil and gas treaties or placement arrangements employed by oil and gas insurers should be scrutinized to avoid obvious accumulation scenarios. The most common arrangements offered by the overseas oil and gas underwriters are 'excess of loss' programs which are programs that make the underwriting insurance company responsible for usually up to $2m of any loss before the reinsurance company starts paying. An accumulation of just 3 or more series of claims will lead to the collapse of the said company.

In conclusion, it is advisable that as it readies itself for the expected boom in premiums with the impending oil and gas business, the local industry is aware of the inherent challenges of the business and at the same time also take the opportunity to develop capacity in a well thought out and structured manner. It is also advisable for the regulators to allow a gradual capacity building for the industry until the requisite skills and capacity are achieved and the local industry can take full advantage of the opportunities presented by the petroleum industry.

The writer Munyaradzi Daka is an Insurance Consultant, who until recently was a technical expert at the African Management Services Company (AMSCO) in Nigeria.
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How To Develop Local Content

By Eeshi Katugugu

Following the confirmation of existence of commercial oil reserves in Uganda in 2006, the Government of Uganda formulated the National Oil and Gas Policy of 2008 (the Policy). The Policy was designed to provide for the appropriate and efficient management systems for the oil and gas resource in line with the country's Poverty Eradication Action Plan (PEAP). Both the Policy and the PEAP are aimed at creating lasting value to the country.

In addition to the revenue expected to be created by the oil and gas sector there are other significant benefits for Ugandans such as creation of employment across the value chain and skills transfer. One of the objectives of the Policy is to ensure optimum national participation in the oil and gas activities and to support the development and maintenance of national expertise. National participation through capacity building in the oil and gas sector is one of the key avenues for achieving the desired lasting value in Uganda.

It is intended that the national participation objective will be achieved in many ways including: use of local goods and services; ensuring participation of local entrepreneurs in providing goods and services in the sector; ***promoting employment of Ugandans in the oil and gas sector; as well as transfer of skills and technology to Ugandans.***

The Government has made a deliberate effort of identifying skills required in the sector and made plans for developing these skills through formal and industrial training. The Government plans to utilise oil and gas activities to support provision of necessary training to Ugandans both in the public and private sectors and to develop skills during the implementation of oil and gas activities. According to the National Oil and Gas Policy, the Petroleum Exploration and Production Department (PEPD) of the Ministry of Energy and Mineral Development (MEMD) is responsible for the implementation and regulation of petroleum resources in Uganda.

In order to ensure national participation in the oil and gas sector, the PEPD has taken on its mandate of monitoring the activities of oil companies by actively getting involved in the process of employment of expatriates. In this regard in October 2012, the PEPD issued revised guidelines for application of work permits and special passes in the oil and gas sector in Uganda. It should be noted that prior to 2011, applications for work permits for employees in the oil and gas sector were made to the Directorate of Immigration without any involvement by the PEPD. The new guidelines are in line with the regulatory framework and the Government policies aimed at enhancing national content and national participation in the sector. Involvement of the PEPD in work permits process is a necessary step in order to monitor and evaluate achievements in capacity building among Ugandans in the sector.

The Government has given priority to employment and training of Ugandans in the sector because it recognises that capacity building among Ugandans is a must in order for Uganda to benefit from the petroleum resource.
It is also an indisputable fact that capacity building in the sector can only be achieved if there is proper monitoring and enforcement of compliance with provisions of the Agreements signed between the oil companies and the Government. It is expected that the PEPD's involvement in the process will provide a mechanism for the Government to keep track of how many Ugandans are employed in the sector, their positions, training being offered to build relevant capacity, outcome of such training and technology transfer, and actions that the Government should take to further enhance capacity building.

Through regular monitoring, the Government will also be able to assess the oil companies' compliance with their commitments for training Ugandans and then work collaboratively with the companies to address any shortcomings that may be identified in order to enhance capacity building.

According to the guidelines issued by the PEPD, in order for an expatriate employee to be issued with a recommendation to be granted a work permit, the oil company must provide the following information:

- Proof of academic qualification which include certified academic certificates and/or transcripts of the foreign employee. This is despite the fact that the oil and gas industry is a skills based industry and not necessarily dependent on academic qualifications. For those employees who do not possess academic qualifications, the oil company employing the expatriate must demonstrate that the skills that the employee possesses are not available in Uganda;

- Proof that there are no suitably qualified Ugandan nationals to fill the position being offered to the foreign employees. The proof required is usually in form of advertisement in the local media and an evaluation report on the candidates that responded to the advertisement. The report should also contain a signed attendance list of all Ugandans who attended the job interviews to ensure that qualified Ugandans who applied were properly evaluated;

- A copy of the succession plan formally approved by the Government which includes the succession periods. The purpose of the succession plan is to ensure that each foreign employee is training Ugandans who will take over the jobs held by foreign employees after an agreed period; and

- Applications for work permits and special passes should be made prior to the foreign employee entering the country. This requirement is in accordance with the Uganda Citizenship and Immigration Control Act which requires any person intending to take on employment under entry permit class G (Employees) to only enter Uganda after his or her application for the entry permit has been granted.

Restriction on employment of

foreigners is widely practiced in the modern world including in developed countries. Uganda is therefore not alone when it comes to restricting employment of foreigners. Every sovereign country has special obligations they owe to their citizens including protection of their economic interests. These obligations may include giving special considerations to its own citizens such as first preference to fill job vacancies. For example last year Kenya introduced what some consider extreme restrictions on employment of foreign nationals with age and salary restrictions among others. The new restrictions require work permits to be given only to those foreigners over the age of thirty five years making more than US$24,000 annually.

According to the restrictions foreign medical, accounting, engineering, legal and real-estate professionals are banned from practicing in Kenya. In Ghana, an investment ranging from USD $10,000 to USD $100,000 entitles the enterprise to two (2) automatic visas/work permits. An investment of USD $500,000 and above qualifies an enterprise to have four (4) expatriate employees. The enterprise may apply for extra visas/work permits, but the investor must justify why a foreigner must be employed rather than a Ghanaian.

The guidelines introduced by the Government of Uganda though different in nature from the restrictions introduced by Kenya and Ghana, have the same objective which is to ensure that locals fully benefit from the oil and gas sector through employment and skills transfer. On the other hand, restrictions on employment of foreigners in the sector should be implemented prudently to facilitate fast admission of highly skilled and experienced foreign workers who will transfer skills to Ugandans. As the Government implements these restrictions there is a need for dialogue with the oil companies to agree on what is best and practical for both sides. If employment restrictions on foreigners are reasonable, Uganda will attract more investments which in the end mean employment for more Ugandans, skills and technology transfer, economic growth, and so on. Skills, experience and ability to perform the job should therefore take precedence in recruitment if Uganda is to fully benefit from the petroleum resource.

In order to fully achieve the national content ambitions, the Government has put in place the necessary regulatory framework for implementation and enforcement of national content. The Government is also in the process of identifying more opportunities for national content in the oil and gas activities and planning for implementation. Under the new legal framework licensed oil companies and their subcontractors will be required to provide on job training to Ugandans employed in the sector; as well as formal training paid for by licensed oil companies. It is expected that licensed oil companies will provide direct employment mainly for science professionals, engineers, and technicians. The sector will also provide a lot of indirect employment through companies that provide goods and services to the oil and gas sector.

"The licensees, their contractors and subcontractors in all phases of petroleum activities are required to train Ugandans and submit a detailed programme for recruitment and training of Ugandans within twelve months after the grant of a licence..."

The Policy and the new regulatory framework namely the Petroleum (Exploration, Development and Production) Act, 2012 (the new Act) passed in December 2012 will provide a legal framework for implementation of the requirements for capacity building through employment of Ugandans and skills transfer. The new Act which commenced on 5 April 2013 repealed the Petroleum (Exploration and Production) Act, Cap 150. The Act operationalised the National Oil and Gas Policy and established the Petroleum Authority of Uganda (Authority). The Act will strengthen the requirement for national participation by employment of Ugandans in the oil companies as well as in businesses that provide goods and services in the sector. Companies in the oil and gas sector are expected to facilitate participation of Ugandans through employment and provision of services in sectors of the economy which are necessary for supporting the sector. The guidelines released by the PEPD are therefore aimed at enhancement and enforcement of implementation of national participation in the oil and gas sector in Uganda.

According to the new Act when the Petroleum Authority is in place it will take over the functions of monitoring and regulating the exploration, development and production of petroleum. The Authority will also take on the responsibility of ensuring that the licencees uphold laws, regulations, rules, and the contract terms. The licensees, their contractors and subcontractors (oil companies) in all phases of petroleum activities are required to train Ugandans and submit a detailed programme for recruitment and training of Ugandans within twelve months after the grant of a licence, and on each subsequent anniversary of such grant. Where a programme or a scholarship proposed to be awarded under the Act has been approved, the oil companies will not be permitted to vary the programme without permission. The licensees are also required to submit a report on the execution of the programme.

In addition, oil companies are required to have a clearly defined training programme for training Ugandans either in Uganda or abroad through scholarships and other financial support for education. The oil companies are also required to commit to maximisation of knowledge transfer to Ugandans and to establish in Uganda, management and technical capabilities and any necessary facilities for technical work, including the interpretation of data.

The Petroleum (Refining, Gas Processing and Conversion, Transportation and Storage) Act, 2013 also passed by the Parliament in February contains similar provisions on employment and training of Ugandans as those in the Petroleum (Exploration, Development and Production), Act 2012.

Compliance with the local content requirements is a condition precedent to obtaining work permits for foreign employees in the oil and gas sector. It is therefore important that oil companies include in their work plans local content programmes that they are implementing and ensure compliance with the laws and any other applicable guidelines issued by the MEMD in order to ease the process of getting work permits for their employees.

The good news is that since the introduction of the new guidelines, we have witnessed a remarkable improvement in the time the Directorate of Immigration Control takes to process and grant work permits in the sector. This is because the Government recognises the importance of the expertise brought to Uganda by expatriates in the oil and gas sector. For this reason work permits for employees in the oil and gas sector are given a priority and fast tracked. It is therefore important that the oil and gas companies are compliant with employment guidelines so that they can obtain the recommendations from the Ministry of Energy and have the work permits issued in the shortest time possible. This cooperation will be beneficial to the contractors and subcontractors and the people of Uganda as a whole.

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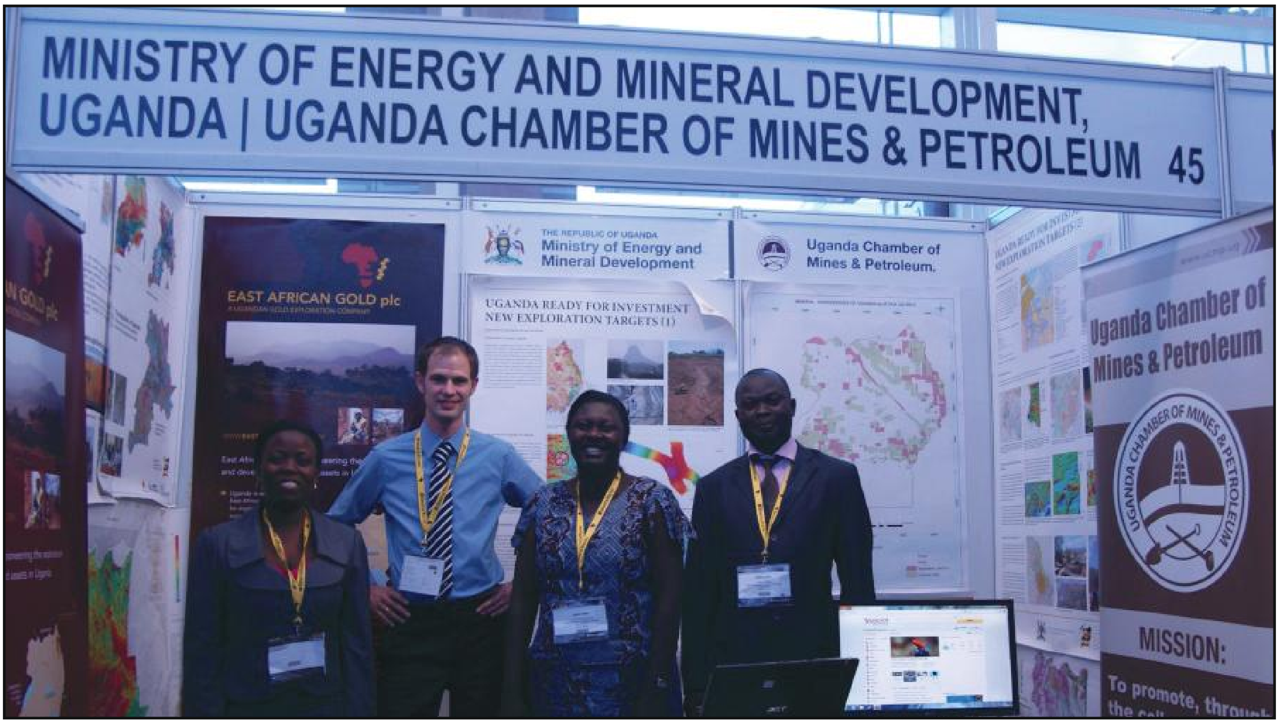
Chamber Pictorial

The Victoria Motors Cocktail at Silver Springs Hotel





the ucmp stall at the indaba in south africa

Chamber Pictorial

Total E&P workshop with service providers

MEET THE LADIES

holding their own in the oil industry

In a country where customary dogmas still ring loud, it is important that efforts by traditionally sidelined groups to disregard the status quo are highlighted and celebrated. Like Tullow Oil spokesperson Cathy Adengo notes, it is often times difficult for women to be taken as seriously as men on technical subjects in the field of Petroleum Engineering and the like, especially in developing states like Uganda. As such, in a series of articles over the next edition of the Chamber magazine, we will turn the spotlight on the ladies who are holding their own in Uganda's oil and gas and mining sectors:

MARILYN HILL,

Country Manager, Neptune, Uganda

"I am an ordinary person who had the good fortune of being trusted to establish Neptune's operations in Uganda and I was given full support to make community programs and education of Ugandans priority endeavors. I am proud of our achievements to date," says Marilyn Hill, Country Manager, Neptune, Uganda.

Hill, who thinks a lot should not be drawn into what women are doing vis-à-vis their male counterparts, believes young Ugandan women should never feel that the petroleum industry is exclusively a male club if they are to make inroads in the sector.

"If they perceive this bias, then they will never succeed. In the oil companies operating here as well as at the Petroleum Exploration and Production Department and National Environmental Management Agency, there are many women successfully carrying on meaningful work and being compensated the same as men for work of equal value," says Hill.

Adding, "I am more concerned with Ugandans of both sexes perceiving that it is a foreigners' industry. I think that integration of Ugandans into the industry is moving ahead and with training and further education we will have both Ugandan women and men fairly represented."

Hill has also worked on the Presidential Investors Round Table (PIRT) for five years and as Chairman for the last two.

"I was privileged to work on the PIRT. Furthermore, the work that we have put into helping reinvigorate the Uganda Chamber of Mines and Petroleum has also been extremely satisfying. So in total my six years working in Uganda have been extremely rewarding," she says.

IRENE NAKALYANGO,

CEO, Uganda Chember of Mines & Petroleum

The effervescent Irene Ivy Nakalyango is now in her second year as the Uganda Chamber of Mines and Petroleum, Chief Executive Officer. Nakalyango is charged with running the day to day operations of the over 100-member association. And this is no easy task, considering that the UCMP looks out for the best interests of all the major players in Uganda's oil, gas and mining sectors; while seeking to promote responsible exploration all targeted towards the country's social and economic transformation.

"My job involves taking the lead in delivering stakeholder value and taking responsibility for the organization's professional growth and performance. This may mean petitioning Parliament on the petroleum legislation and meeting with the Ministry of Energy and Mineral Development officials amongst other government authorities to negotiate for the best reasonable playing field for our members," says Nakalyango.

No mean feat, one must say.
Graduating with a Bachelor's Degree in Mechanical Engineering at Makerere University in 2008, Nakalyango's interest in all things underground was first tickled by a scholarship offer to Nigeria for a graduate oil & gas management training in 2008 with Orwell International. Living in Port Harcourt, Nigeria's foremost oil town, her career path was set as she picked up an understanding of the oil and gas industry operations, business communication, leadership, planning among other vital skills!

On return to Kampala in 2009, she joined Orwell's Uganda subsidiary as the business development officer before volunteering to help out at the Chamber with day to day operations. An appointment as an advisor to the UCMP board, followed her appointment as the Chamber's CEO after impressing the board during her volunteering streak.

"It's been hectic, but I try to take it, one day at a time! I see the Chamber growing into a leading association that all its peers will want to emulate. With the team and council we have here, all focused on adopting the best practices available, only the sky can be the limit," says Nakalyango.

IRENE BATEBE,
PEPD

Though she insists that she is nothing but a regular lady, a job involving being part of a team of professionals to ensure that Uganda achieves its goal of developing a refinery to convert the crude oil discovered in the country into useful petroleum products like petrol, diesel and kerosene is far from the standard.

"My work revolves around reviewing technical designs for the planned refinery, participating in formulating legislation to govern the midstream petroleum section, and promoting the refinery project to prospective investors, among others," says Batebe.

Having completed her secondary education from Mary hill High School, Mbarara, Batebe undertook a Bachelor of Science degree in Chemical and Process Engineering at the University of Dar es salaam, Tanzania. This was followed with a Master of Science in Sustainable Energy Engineering at the Royal Institute of Technology, Stockholm, Sweden. Following which, she commenced work with the Ministry of Energy and Mineral Development as a Chemical Engineer in the Midstream Petroleum Unit. Batebe later took off a year from work (in 2010) to pursue a MSc in Refinery Design and Operations at the University of Manchester, UK.

"I am very privileged to work with a very dynamic and professional team at the Petroleum Exploration and Production Department," she says.
About whether she hasn't felt she has to outdo herself to gain recognition in a male-dominated sphere, Batebe says: "I have never seen being a woman as a stumbling block to what I can achieve. I would like to remind the girls and women out there that God has given them great potential that is waiting to be exploited. Young ladies should not shy away from science subjects like physics, chemistry and mathematics. This will be your stepping stone to the petroleum sector. Do not allow to curve out your abilities and ultimately your destiny based on society myths and stereotypes. The sector has several ladies who are contributing greatly to its running. If others have made it, so can you."

Furthermore, she believes if women excel in their work and develop the necessary skills and values, such as, integrity, leadership and interpersonal skills there can be no reason why they should be denied the opportunity to lead the petroleum sector. Women should endeavor to attain the required skills for the job by going back to school.

"Always thirst for knowledge by reading good books that will contribute to your personal growth," Batebe advises.

Uganda's oil and gas sector has great potential with Ugandans developing the necessary skills to handle the increasing work in the sector, she says.

"More Ugandans are increasingly participating in the development of the sector through either providing services or direct employment. This should be an exciting time for us all as this sector will definitely contribute to transforming our country," she concludes.

IRENE MULONI,
Minister

The third 'Irene' on this list is also the most highly placed woman in the petroleum industry.

As the Minister for Energy and Minerals, the Bulambuli Woman MP Representative, Irene Nafuna Muloni is clearly the most recognisable role model for many a young lady that harbours dreams of working in the oil and mining industries.

The 52 year old holds In 1982, Bachelor of Science in Electrical Engineering degree from Makerere University and a Master of Business Administration (MBA), from Capella University in Minneapolis, Minnesota, USA.
She is also a Certified Public-Private Partnership Specialist, accredited by The Institute for Public-Private Partnerships, Inc. (IP3) and the Water, Engineering and Development Centre (WEDC) of Loughborough University.

From 2002 until 2011, Muloni has worked as the Managing Director of the Uganda Electricity Distribution Company Limited (UEDCL).
After winning the Bulambuli District Women's Representative MP seat in 2011, she was appointed as Energy Minister that year.
Muloni is an advocate for gender equality, women's empowerment and utilization of science and technology for sustainable development.

Tullow nudges women in the right direction

Joan namukasa and susan musiime

As part of Tullow Oil's commitment to promote capacity development of Ugandans in Oil and Gas, the company has made tremendous strides in supporting Ugandan women in high skilled and specialized roles that will see them involved in the growth of Uganda's oil and Gas future.
Among the key capacity and development training programmes, Tullow embarked on a graduate engineering programme in 2010 that enrolled three young talented Uganda women pursuing careers as petroleum engineering.
The three skilled ladies; Joan Namukasa, Susan Namuganyi and Susan Musiime Okello, are pursuing careers as drilling engineers and are currently undergoing extensive technical training.
The programme is internationally recognized and rewarding with experience guaranteed across the globe in countries where Tullow Oil Plc operates.
"So far, the three Ugandan Drilling Engineers have attended a total of 8 training courses in various countries all over the world such as Scotland, England, Ghana, France and the USA. The technical trainings and mentorship opportunities they have received have not only empowered them as individuals, but are nurturing them into well groomed female engineers instrumental to the country's national development," says Tullow Uganda's spokesperson, Cathy Adengo.
Adding, "It is often times difficult for women to be taken as seriously as men on technical subjects in the field of Petroleum Engineering and as such, it is important for our young female talent prove their technical abilities which Tullow Uganda has made possible through a structured development programme for Well Engineers of which they are a part."
As the process to becoming a skilled Drilling Engineers takes time and lots of experience, the learning never ends and Tullow is continuously coming up with programs to continue the learning process, Adengo notes.
Let's take a cursory look at the three ladies:

Joan Namukasa Kamya

Joan Namukasa Kamya joined Tullow in 2010 as part of the Graduate Drilling Engineering Training Program where Graduate Engineers spend time on Tullow's various field sites to attain the relevant operational experience.
She is in charge of producing daily drilling operations reports in a system dubbed 'Well View', following up on the Persons on Board (POB), preparing mud reports and project cost estimates, preparing the 24 hours look ahead and also following up on the service companies.

Her development program requires her to be at the rig site to learn about the drilling operations as per the design, program, and detailed procedure of the well. This is because at the office they do the design, the program and the detailed procedures. While on site they ensure that the programs and procedures are followed to the letter by the service companies and the drilling contractors.
"A career in Petroleum Engineering is hugely interesting and I would love to see more women in the profession because it is truly a rewarding experience," says Namukasa.

Susan Musiime-Okello

Also joining Tullow in 2010 as a Graduate Drilling Engineer fresh from university after pursuing a Masters in Petroleum and Environmental Process Engineering with no experience in the Oil and Gas industry was Susan Musiime-Okello.
Tullow was keen to develop and enhance her skills through training in various subjects of the oil industry as well as enable her obtain the required hands-on experience required to make her a competent Drilling Engineer. In light of this, she spent the most part of the first year and the following years with Tullow working at the rig sites in Uganda (such as Kigogole-6, Nsoga-2, Ngege-3 and Waraga-1), being part of, participating and learning from the drilling operations as well as the experienced personnel conducting the operations, who are always more than willing to help. In addition, her role involves offering support to the field from the office in Kampala, under the supervision of the more senior Drilling Engineers.
According to Susan Musiime-Okello, being female has not hindered her learning process at all as she is treated with respect by her male counterparts. In addition to the valuable learning that she is receiving, the newlywed mother of one has also had the chance to travel the world and experience different cultures which are invaluable to her as she interacts and works with colleagues from all over the world.

namukasa reviews techinical information with her colleagues

Susan Namuganyi

For Susan Namuganyi, she joined Tullow as a graduate drilling engineer in 2011 and has since then developed into a Wellsite Drilling Engineer with immense opportunities at her disposal in her current role.
Since her enrolment in the training program, Susan has worked on land rigs in Uganda (onshore) and on deep-water projects in Ghana (offshore).
Outside the field experience, Tullow through the training programme has facilitated her in-class training courses with key Petroleum Engineering training providers to supplement the self-study modules and in-house discussions.

ura commissioner general allen Kagina and the energy ministry ps Kabagambe Kaliisa

How tax rates are applied on formal jobs

After deducting royalties, cost recovery oil and profit oil share, the contractor's profit oil share is subjected to income tax in accordance with Uganda's income tax laws. ***URA's Robert Wamala Lumanyika*** *shows how this works:*

Except for certain categories of individuals say those serving as policemen, soldiers in the army; who are exempted by the law, any one employed formally and earning above 235,000 shillings a month, is subject to paying tax on their income.

The Income Tax Law under which Uganda Revenue Authority administers tax on income defines Employment Income as any income derived by an employee from any employment, whether past, present or in future, including the value of any benefit, advantage or facility granted to an employee.

This income also includes an amount or benefit provided by a third party under an arrangement with an employer or an associate of the employer and it does not matter whether it is paid to the employee or to his/her associates.

Employment on the other hand refers to a position of an individual in the employment of another person, a directorship of a company, a position entitling the holder to affixed or ascertainable remuneration and or holding or acting in a public office.

Employment is said to exist where there is a contractual relationship between the master and a servant for a pay. An employee is an individual engaged in employment while an employer is a person who employs or remunerates an employee.

Employment Income includes; wages, salary, leave pay, payment in lieu of leave - that is to say if you decide to work during your leave and are paid, overtime pay, fees, commission, gratuity, bonus and allowances (entertainment, duty, utility, welfare, housing or any other allowance).

Also included are benefits among which; the value of any benefit in kind provided by or on behalf of the employer to the employee, amount of private/personal expenditure discharged or given back to the employer and employment terminal and retirement benefits.

The benefits in kind among others include; private use of an official motor vehicle, provision of domestic servants and utilities, meals, refreshments and entertainment and provision of residential accommodation.

Employment income is collected on a monthly basis through a system called Pay As You Earn at rates prescribed in the law and employers are supposed to withhold such amounts from employees and submit it to URA by the 15th day of the following month.

How is tax charged on employment income?

Whiling reading the National budget on June 14, 2013, Finance Minister, Maria Kiwanuka the monthly threshold (amount below which a resident individual does not pay tax) from 130,000 to 235,000 shillings and introduced an additional tax of 10% for those who earn above 10 million shillings a month.

So for income exceeding 235,000 shillings but not exceeding 335,000, the rate applied is 10% of the amount by which the employees' chargeable income exceeds 235,000 shillings. This means that the maximum amount of tax paid in this bracket is 10,000 shillings a month.

Those earning income above 335,000 shillings but below 410,000 shillings a month, pay 10,000 shillings plus 20% of the amount by which their chargeable income exceeds 335,000. Therefore, the maximum amount of PAYE for this bracket is 25,000 shillings.

The last bracket has two categories; those whose income exceeds 410,000 but does not exceed 10 m shillings a month. These pay 25,000 plus pay 30% of the amount by which chargeable income exceeds 410,000 shillings.

The second category is for those who earn above 10 million shillings a month. These shall have all their chargeable income taxed at rates in the first category of this bracket and thereafter the excess income above 10 million shillings will also be taxed at a rate of 10%.

You need to remember that these rates apply to resident individuals for the year of income. Please also note that on the URA website; http://ura.go.ug, is a Pay As You Earn calculator which if amount earned as income is input, will compute the would be tax.

Under the Income Tax Act, an employer is obliged to withhold tax, pay it to URA, maintain the employees' records and account for the tax deducted on a monthly basis while the employee is obliged to declare total income from all sources including business income.

An employer who fails to withhold and pay the tax as required by the law is personally liable to pay the tax together with any penal tax and interest there on, although he/she may recover it from the employee!

The writer works with the Public and Corporate Affairs Division, Uganda Revenue Authority

Our commitment:

Making local Content and capacity building a reality

By Loïc Laurandel, General Manager, Total E&P Uganda

As one of the major oil company, with a longstanding presence in Africa of over 60 years, Total has made the promotion of local content and the strengthening of capacity a strong policy, not only because it's key in ensuring the success of our operations but also because we are convinced that empowering local businesses and talents is beneficial for the host country as a whole.

Here in Uganda, this policy applies to our scholarship programs and our partnerships with education institutions aimed at strengthening young talented students and professionals who will be the future drillers, engineers, managers and administrators (etc…), of the oil and gas industry in Uganda. Oil companies and their contractors will need many of such skilled people in the near future. In this regard, time is of essence and key is ensuring that everything is being done and prepared for when the construction phase and then production start. As a result, we continue to encourage students who want to pursue their study in oil related fields to venture in this direction and we, at Total E&P Uganda, will continue to grant scholarships and conduct various trainings.

To ensure the smooth success of the construction and production phases, engineering and drilling expertise is important, but not enough. It is also important to have competent local service providers offering the appropriate essential services. As an oil company listed in several stock exchanges, Total has to abide not only to local regulations but as well to the international standards, rules and regulations in all countries where the company operates. We therefore pay strong attention to the professional know-how of the service providers contracted and as well to their compliance to the set standards. However, since the upstream sector is nascent in Uganda, some service providers may need some time to adapt their structures in order to comply with the applicable standards which may include setting up management systems for HSE, quality and traceability or meeting our requirements in respect to the goods and services delivery deadlines. Therefore, emphasising the added value of training to ensure and strengthen personnel qualifications is critical. Putting in place policies to reinforce or acquire the necessary skills will be of great benefit to the service providers in the short, medium and long run, taking into account the oil potentialities of Uganda and the needs which will gradually increase.

To help in the mapping of the existing services and identify the gaps to be filled in order to meet the requirement which will arise in the oil and gas sector, Total E&P Uganda, together with CNOOC and Tullow have launched a local industrial base line survey. This survey aims at encouraging local service providers to pro-actively and increasingly be involved in the future opportunities we will offer. For more specialized services, Total will promote partnerships between foreign and local companies. We are convinced it is also one of the ways to build and strengthen capacities.

All parameters towards making the Ugandan oil and gas sector a success story are known. Oil companies and local service providers have to work hand in hand with confidence towards this goal. It is now all about partnering in the most constructive and conducive manner to transform this aspiration into a grand reality for the Ugandan people, the Ugandan business community and the investors.

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TOTAL E&P UGANDA

a giraffe near an exploration area in the murchison park

NEMA Talks Tough On Environment

Black gold underground to respect natural green above ground

A new report that looks at oil activities in the environmentally-sensitive areas of western Uganda advises some moderation on the "speed of development to ensure balanced capacity building amongst relevant institutions, such as NEMA (National Environment Management Authority), to manage the sector."

The report, conducted by a Norwegian consultancy firm, Eco-Management Support, points out that such a strategy would help prepare local government institutions, and the public, to adapt to the oil activities in the area.

A number of oil wells, more than 30, are found in the sensitive areas in western Uganda. Wells in national parks like Murchison have gotten institutions like Uganda Wildlife Authority (UWA) and the NEMA working together to ensure that oil activities do not leave a terrible legacy behind.

NEMA recently released its oil contingency plan, which shows what it intends to do just in case there is an oil spill. Tom Okurut, the Executive Director at NEMA, said the reason as to why a contingency plan had to be in place is because there is "bound to be a spill" at some point. Oil spills lead to degradation of the vegetation, and endanger wild species.

Traffic is expected within the parks as the oil companies either move waste to the storage sites or during the building of the pipelines. Already, the oil companies, together with UWA, have agreed to maintain a certain speed limit as they move through the parks to avoid any incidents of knocking down wild animals.

Former Tullow Oil Uganda General Manager Eoin Mekie perhaps put it best.

"The difficulty with this development is that it's spread over a massive geographical area: the basin is 160 kilometres long, it's a very long way from the marketplace, and it's an incredibly environmentally and socio-economically

sensitive area. So developing all that, it's not just developing the actual technology for the wells, it's getting the stuff to market that's the real difficulty.

Comparing Uganda to Ghana, where Tullow Oil also operates, Mekie added: “If you compare this to what we did in Ghana: Ghana was deepwater, single platform, pretty much off-the-shelf technology from the Gulf of Mexico – a floating storage buoy, tanker comes alongside to take it away to market. High capital costs, but technically relatively easy. This is completely different.”

Optimism is high though since the global oil giant Total operates in EA 1, which has oil wells in sensitive areas. Total has a solid record in working in such areas, one of the most prominent being in Gabon.

Tullow Oil, which operates in EA 2, has also put in place environmental guidelines, which it adheres to.

Nevertheless, that has not stopped NEMA from putting a few ground rules. Okurut said that they had advised the oil companies, among others, against driving white cars or wearing white shirts while in the parks because “for some reason, that disrupts animals from mating.”

The new report from PEPD, titled *Strategic Environment Assessment of Oil and Gas Activities in the Albertine Graben, Uganda,* notes that ‘The activities should also ensure maintenance of the status quo of the ecosystem and the biodiversity or even improving it.”

The report recognizes the significance of the oil industry to Uganda, but calls for caution with regard to the environment.

“The emerging petroleum sector has a high potential to contribute significantly to Uganda’s economy, industrialization and poverty alleviation plans. However, as the petroleum resources are located both within and in the vicinity of environmentally sensitive and protected areas, this poses a particular challenge to the government, the petroleum industry and the society at large in Uganda,” it states.

Further focus should be on the waste management. A team from NEMA toured Texas and Louisiana in the United States in late 2010 to learn about waste management system. Government officials have also held discussions with other African states on how to manage waste.

The report points out that “Waste management has already received increasing attention. Waste management strategies and facilities covering the existing legacy waste as well as future waste have to be developed in the very near future in line with international best practice.”

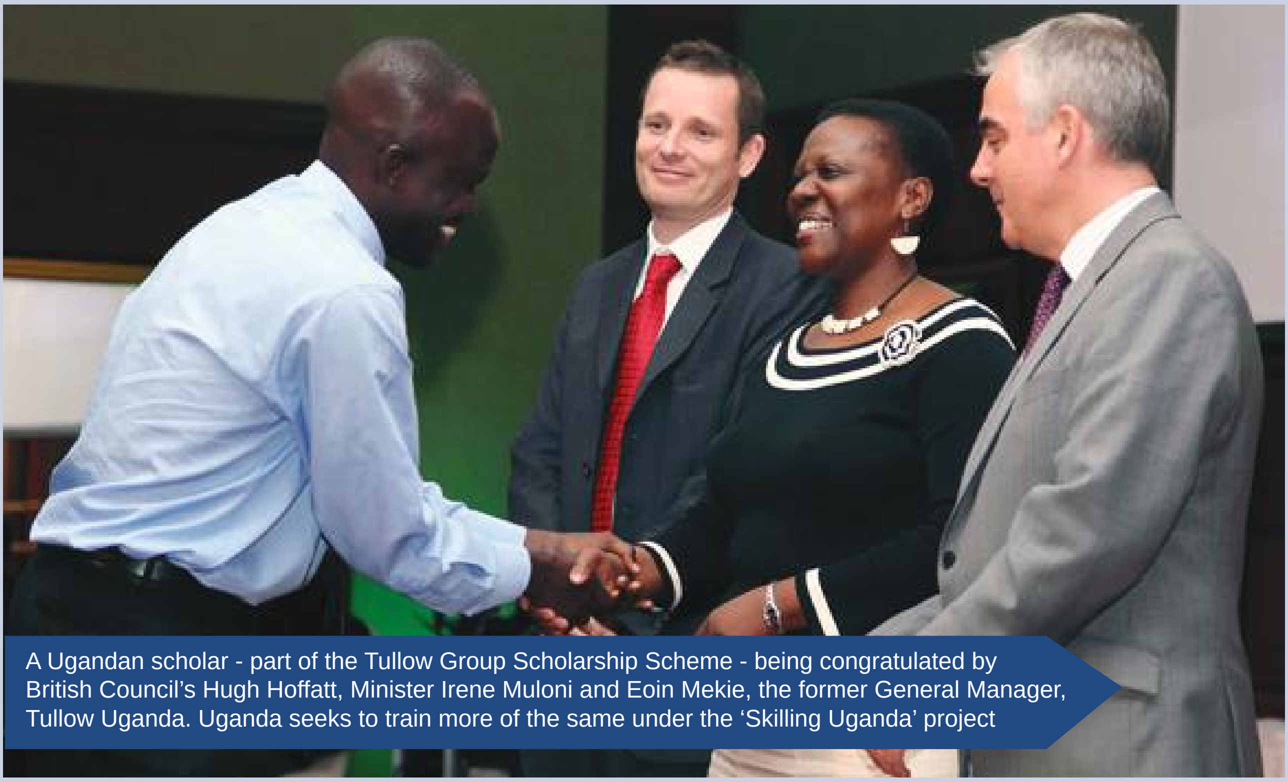
Government intends to hire a company to manage the waste. There are a number of companies that have been licensed, which are awaiting government advertisement for a waste management firm.

The report calls for the adherence of the Environment Impact Assessment reports, with work carried out to meet international best practices.

Most importantly, the report recommends deeper collaboration between the different institutions around the oil industry, and applauds the discussions government has held with the Democratic Republic of Congo thus far.

“The government has taken a proactive role in communication with neighboring states regarding trans-boundary issues such as sharing of petroleum reserves across borders with Democratic Republic of Congo. Further efforts should be made regarding shared oil spill contingency for Lake Albert and the Nile, fisheries management, security of oil and gas installations, as well as border security,” the report notes.

Collaboration appears to be the best way that the black gold underground does not destroy the natural green above the surface. So far, all parties agree that this is how it is supposed to be.



A Ugandan scholar - part of the Tullow Group Scholarship Scheme - being congratulated by British Council's Hugh Hoffatt, Minister Irene Muloni and Eoin Mekie, the former General Manager, Tullow Uganda. Uganda seeks to train more of the same under the 'Skilling Uganda' project

Skilling Uganda...

How Ugandans will achieve their national content aspirations.....

dr. charles ingole okou,
The scheme's Executive Secretary

That the skills of Uganda's human resource can be improved is not debatable. This detail is especially glaring in certain industrial segments. For emerging sectors like oil & gas, the situation is more challenging; yet having citizens managing their own natural resources can only be the right thing. When we look at the evolution of national content in other countries it can be seen that only with the aligned efforts of industry stakeholders and political will can the correct policies to improve skilling levels be realised.

For example, in the early days of the oil & gas industry in the UK there were many non-British workers recruited. They brought their expertise to the workplace and passed on knowledge to the domestic workforce. The transition to adopting the new technical skills was reasonably straightforward for the UK as a solid educational infrastructure was in place and a long history of engineering, shipbuilding, mining etc. had been established over generations.

In Uganda, an aligned effort is required across the oil & gas industry and government to ensure the industry can provide substantial employment for its citizens. As the oil & gas industry requires such a high level of technical expertise, the time is now to address the issues and reform the education system where necessary. This will be a long and challenging journey but one which will be necessary and beneficial to all stakeholders.

As such, 'Skilling Uganda', a 10 year development plan, is specifically meant to address this skilled workforce shortage. Not only will it be looking at addressing traditional sectors like agriculture, but the nascent ones like oil & gas and mining will be at the forefront when designing the relevant institutional bodies. Being a key player in the oil and gas sector, the Uganda Chamber of Mines and Petroleum (UCMP), has pledged to partner with Skilling Uganda to help equip the local populace with the precise proficiency needed to undertake the lucrative but greatly specialised tasks in the sector. To illustrate how wide-reaching Skilling Uganda is intended to be is Dr. Charles Ingole Okou, the scheme's Executive Secretary:

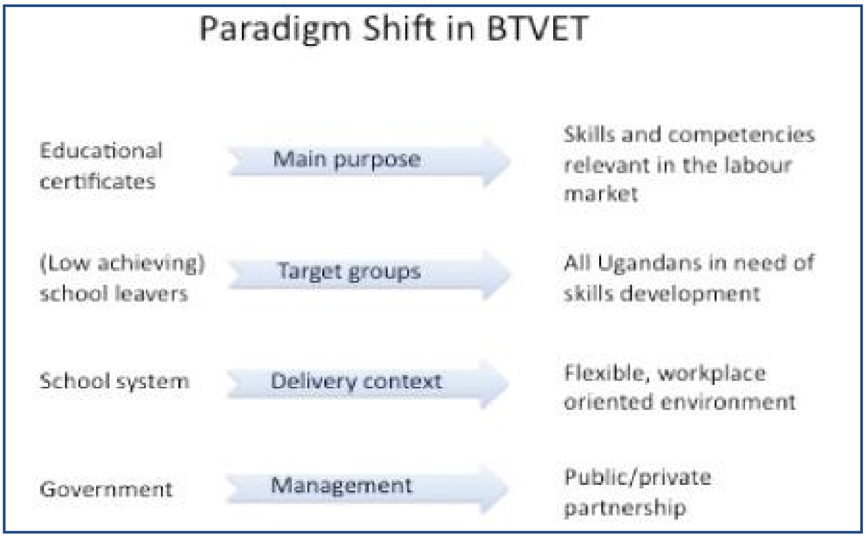


Figure 1: major areas of reform to be addressed by skilling uganda

'Skilling Uganda' is the term used for the 10 year 'Business, Technical & Vocational Education Training (BTVET) Strategic Plan 2012/3-2021/2' for skills development in Uganda. With this programme operationalized, the BTVET system of Uganda will undergo a paradigm shift (see Figure 1) by transforming from an educational sub-sector into a comprehensive system of skills development for employment, productivity and growth.

Instead of educational certificates, the main purpose will be to create employable skills and competencies relevant in the labour market. Training contents will be aligned with skills requirements in the labour market. Skilling Uganda will embrace all Ugandans in need of skills, not only school leavers.

This reform requires new thinking and new concepts for the way BTVET is planned, organized and implemented. It calls for a broader scope of BTVET in (i) stakeholder participation, particularly employers, (ii) target groups, including adults, disabled and out-of-school youth), (iii) occupations, and (iv) public departments, including agriculture and industry.

Processes

Skilling Uganda is Private Sector led and is being implemented in 2 phases. The first phase is expected to achieved in 2016 and the second by 2022. This first phase of implementation will lead to the creation of a Skills Development Authority and will be managed by the Reform Task Force (RTF).

The RTF is a 26 member team appointed by the Minister of Education and Sports. It is headed by Mr. David Lukwago, a representative and employee of Federation of Uganda Employers. More than 50% of RTF are from Private Sector. The RTF is assisted by a Secretariat headed by an Executive Secretary. Kevin Hughes of Petroleum Skills Uganda is the RTF member representing the Uganda Chamber of Mines and Petroleum.

Skilling Uganda incorporates BTVET activities of existing actors, specifically the BTVET Department and the Directorate of Industrial Training (DIT) under the Minister of Education and Sports (MoES). It will model its activities around creating employable skills and competencies relevant in the labour market instead of educational certificates, a move meant to reduce unemployment and increase entrepreneurship in the country. It is also expected to bridge the gap of youth unemployment and will embrace all Ugandans in need of skills.

There will be short courses, individualised, practical and flexible leading to the awarding of qualifications that will be equated to those in formal systems of education.

Why go the 'Skilling Uganda' Way?

Employers in Uganda often complain about the shortage of appropriately skilled and qualified workers. Skills gaps in some sectors, such as construction, actually constrain enterprise production and expansion. AIDS has sometimes depleted scarce human capital and magnified the need to replace skills across a wide range of occupations. The direct impact in companies is manifest, inter alia, in staff turnover, skills shortfalls and high retraining costs. Large segments of the population, including those in the informal sector of the economy, youth and women, lack access to the skills they need for productivity and incomes. The Ugandan system of skills provision also faces major challenges in improving linkages with the world of work, raising standards and expanding coverage.
This ten-year plan sets out the main reforms needed to upgrade the skills of the Ugandan labour force. The strategy builds on considerable progress in the reform of the BTVET system achieved during the last decade, which included the adoption of the BTVET Act in 2008, which established Uganda Vocational Qualifications Framework (UVQF).

Technical-vocational training is vitally important for the production of critical skills in Uganda. Technical-vocational training is a sound investment for the individual, the employer, and the economy. For the individual, the economic returns on this investment accrue in the form of increased earnings. For employers, the economic returns are realised through gains in productivity and profits. For an economy, the returns are found in the expanded output of goods and services and economic growth.
Skills development for participants in the labour force is important in Uganda for several reasons. Technological change, higher value added and the increased competition flowing from trade liberalisation accelerate the demand for higher skills and productivity among workers. Skilled workers are more readily able to adapt to new processes. Growing, competitive economies benefit from their presence and their movement to employment that is more productive.

It is equally important to invest in the skills of economically vulnerable people.
Skills development is essential for individual prosperity.
Skills enable the individual to increase productivity and incomes. This is especially important for the people who must eke out a living in the informal sector of the economy.

It is doubtful if Uganda will be able to generate enough wage jobs for those entering the labour market. The vast majority of new entrants to the labour market will have no alternative but to work in the informal sector. Knowledge and technical skills are essential for workers in the informal sector to increase their productivity and incomes and raise them out of poverty.

Critical intervention areas include the development of comprehensive public-private partnership in BTVET, building a unified body for managing skills development in Uganda, expanding the scope of the UVQF and reforming the system of BTVET funding, including the introduction of a BTVET levy.

Priority investment programmes include institution-building, expanding BTVET in the National Development Plan (NDP) priority sectors, expansion and improvement of agriculture training, improving skills for productivity in the informal sector; strengthening of existing BTVET institutions and BTVET instructors' training.

The tough road ahead of building local content

The presidential assent to the Petroleum (Exploration, Production and Development) Act, 2013, is opening up the country's petroleum industry to a new level. The Act was passed by parliament in 2012 and received a presidential assent in March this year.

It became effective on April 5, 2013 setting another stage of petroleum activities in the country.

For starters, the Act lifts the moratorium on acquisition of exploration acreage that has been in force since 2007, thus opening the door for the first time for competitive bidding of exploration licenses.

A new round of licensing is expected to attract new players in Uganda's petroleum industry. This will definitely foster competition and offer Ugandans an opportunity to participate in the industry through employment and provision of goods and services.

The Act also establishes new institutions — the Directorate of Petroleum, the Petroleum Authority, and the National Oil Company.

Fred Kabanda, a principal geologist in the Petroleum Exploration and Production Department (PEPD), notes that the establishment of these institutions, coupled with other production and exploration activities, creates an excellent opportunity for Ugandans to participate in the sector.

"All these institutions will need qualified staff. Oil companies that will be licensed will also need staff. So, this is an opportunity. Ugandans need to prepare themselves to tap into these opportunities," Kabanda said.

According to PEPD, 10,000-20,000 people will be directly employed in the production phase alone, while others will be employed by oil exploration firms and others to Ugandan companies providing goods and services to the sector.

However, these opportunities could be missed if Ugandans don't train and prepare themselves to take up the jobs, and also if they don't improve the quality of their services.

According to the Act, oil companies will have to employ Ugandans as long as they are qualified. For instance, section 126 of the Act makes it mandatory for oil companies to have plans of technology and skills transfer.

"The licensee shall within 12 months, after the grant of the licence, submit to the Petroleum Authority for approval a detailed programme for recruitment and training of Ugandans in all phases of petroleum activities and shall take into account gender, persons with disabilities and the host communities," the Act reads.

The licensee shall also be required to submit a report to the Petroleum Authority showing achievements of trainings and recruiting Ugandans. Part of the training, the act emphasizes, includes offering Ugandans scholarships and financial support towards their education.

"Since local content is already provided for in the Act, the new regulations are going to ensure Ugandans participate in the sector," Bukenya Matovu, the spokesperson for the Ministry of Energy, said, "The principle will be that for every expatriate staffer, there is a Ugandan counterpart being trained to take over."

According to Matovu, expatriates will be given three years within which to train Ugandan replacements. After that, the three-year permit of the expatriate will not be renewed. It will be the Ugandan to take over.

Fred Kabanda says so far oil companies have been compliment to local content in terms of employing Ugandans and offering scholarships for further training and skills development. "Over 80% of Tullow staff are Ugandans, while Total is 70% and CNOOC 60%," Kabanda explained.

Cathy Adengo, the Corporate Communications Manager, Tullow Oil, says the company employs 167 Ugandans, representing 84% of the total workforce. She said wherever the company can, they source for local services.

For instance, all oil companies advertise existing vacancies as well as tenders in Ugandan media, which offers Ugandans an opportunity to apply. Tullow Oil and Total have also been instrumental in giving Ugandans scholarships for further studies, especially at master's level and supporting the Uganda Petroleum Institute Kigumba (UPIK).

The scholarships are meant to ensure that Ugandans are skilled enough to take up even expatriates' jobs.

Zakalia Lubega, the Corporate Social Responsibility Manager at CNOOC, reveals that like its partners, Total and Tullow, CNOOC will soon launch a scholarship.

"You know CNOOC is a late entrant. We are still establishing structures and procedure, but we are going to launch our scholarships at Master's level before the end of the year. Skills transfer is part of our objectives as a company," Lubega said

Challenges ahead
However, Matovu said that getting qualified and experienced Ugandans in highly technical areas in the industry is still a challenge. "When it comes to high technical areas like operating and engineering of rigs, we don't have Ugandans there," Matovu said. This, he acknowledges, is likely to remain a challenge for some time because neither the oil companies nor the government of Uganda own an oil rig.

"The rig is hired together with its manpower. This has denied Ugandans an opportunity to get skills in operating and engineering a rig," Matovu said.

Another challenge is that the country is likely to have a mismatch in terms of training and skills and the available jobs. The majority of students, according to Matovu, are rushing for degrees and masters, and ignoring middle-level hands-on skills like welding, where the bulk of workforce will be employed especially during production.

> "…expatriates will be given three years within which to train Ugandan replacements. After that, the three-year permit of the expatriate will not be renewed; it will be the Ugandan to take over…"

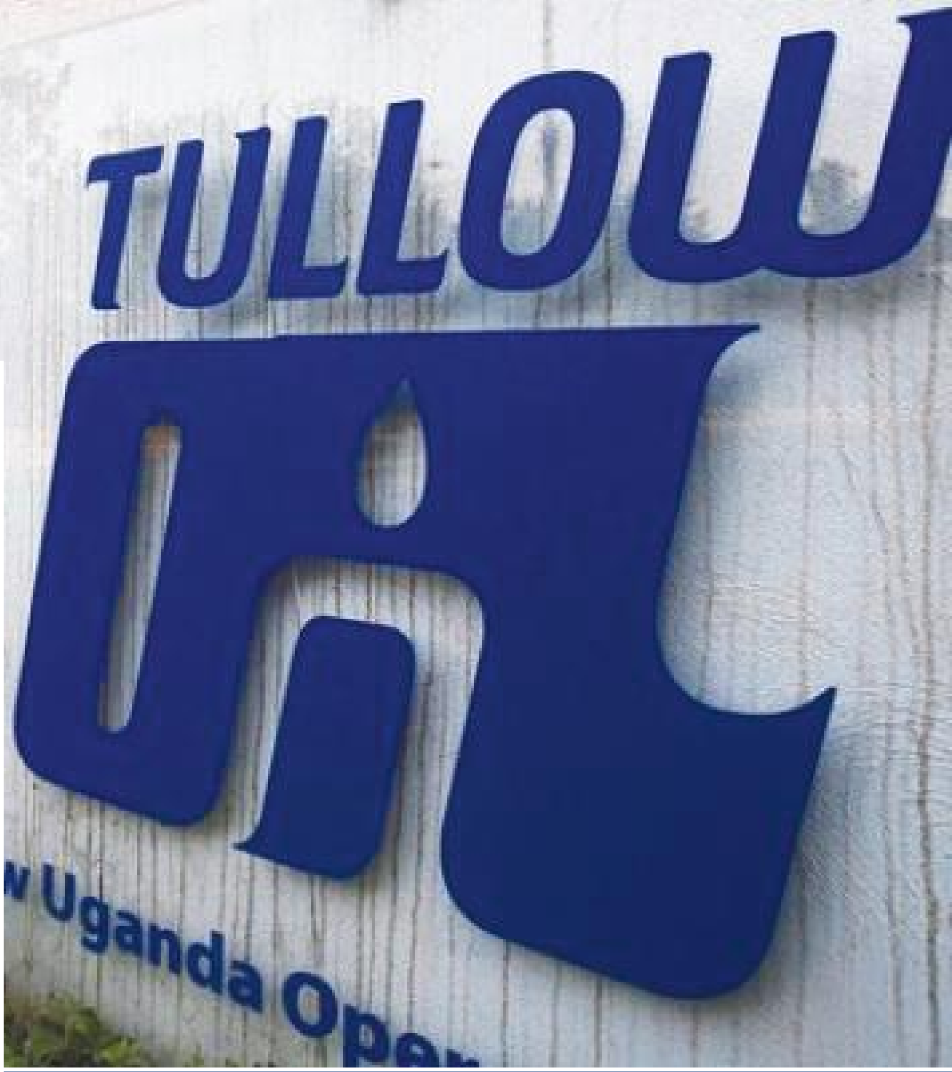
"Some production stages will be automated. For instance, we shall not need more than three people at production," Matovu said. He added: "During production, the industry will need few people with Masters Degrees," stressing the need for more engineers than petroleum geo scientists.

Tenders
An important aspect of local content is buying local products like food, construction materials, whenever they are available as opposed to importation. For instance, section 125 of the Act, provides that a licensee, its contractors and sub contractors shall give preference to goods, which are produced or available in Uganda and services, which are rendered by Ugandan citizens and companies.

Where such goods or services are not available in Uganda, they (companies) shall be provided by a company which has entered into a joint venture with a Ugandan company, provided that a Ugandan company has a share capital of not less than 48% of the joint venture.

The licensee shall within 60 days after the end of each calendar year, provide the authority with a report of its achievements and its contractors and sub contractors' achievements in utilizing Ugandan good and services.

These provisions, Matovu said, are meant to ensure that Ugandans get maximum benefits from the industry.



Jimmy mugerwa, Tullow Uganda, General Manager

Tullow reaffirms commitment to Uganda

Tullow Oil is committed to operating in Uganda and seeing the country join the exclusive club of oil producers contrary to claims that the company was scaling down on its operations in the country.

Citing disagreements over investment decisions that were holding the company's resources and frustrating its bosses, a streak of speculation dominated media that Tullow was contemplating quitting Uganda.

The heat from the corruption allegations made in a London court in March this year, reports indicated worsened an already brittle relationship between the company and the Ugandan government.

However, Cathy Adengo, the company's Corporate Communications Manager, dismissed these claims noting that Tullow continues to have a good working relationship with the Government of Uganda.

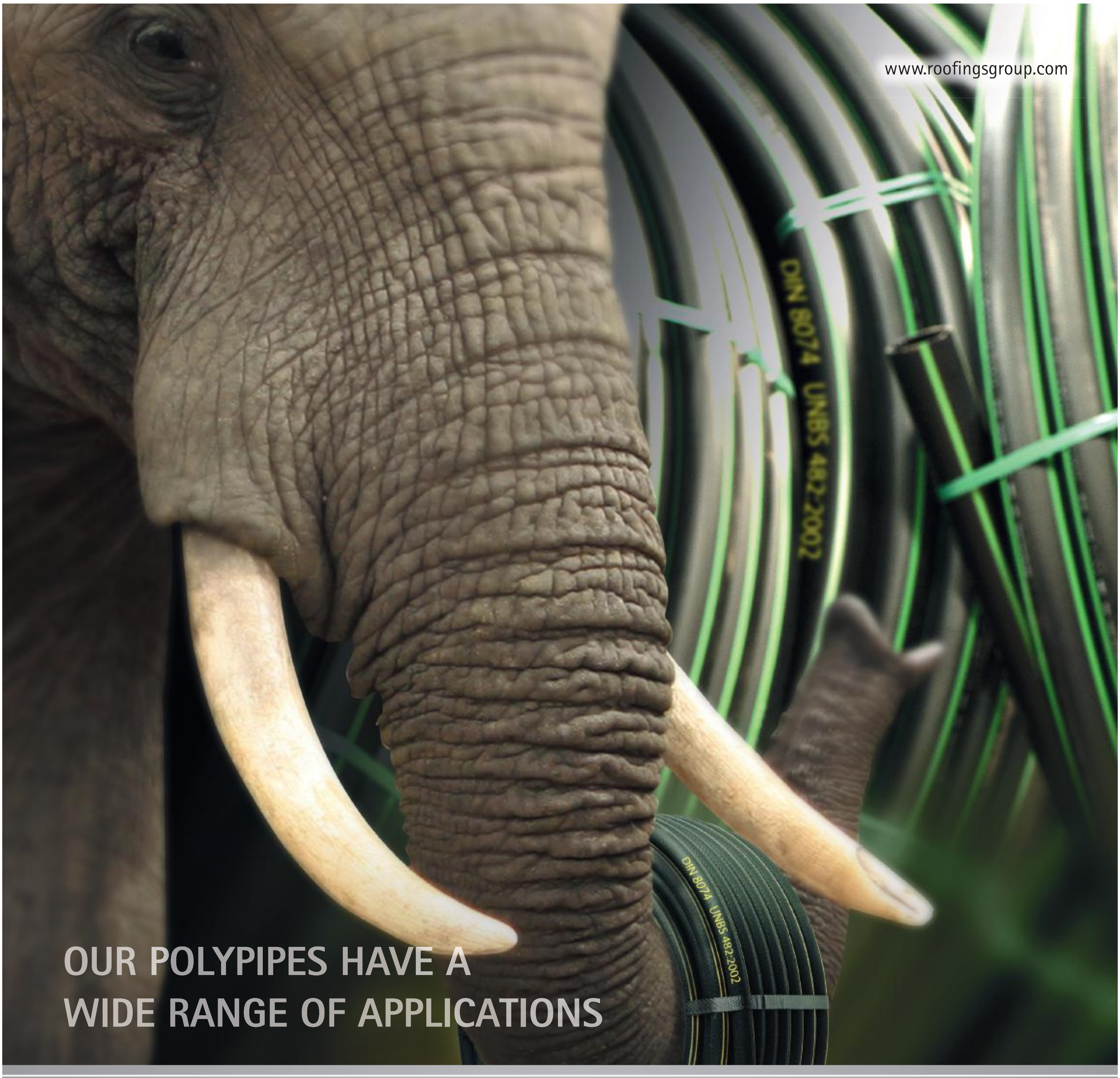
"The Uganda project is of great significance to Tullow and we committed to being in Uganda for the long term," Adengo said, "Uganda's Oil and Gas sector has a bright future ahead of it and we are proud together with our partners to be a part of this journey as the project moves forward into development and production for the success and growth of Uganda's economy and the country as a whole."

Tullow's partners are France's Total E&P and Chinese Offshore Oil Company (CNOOC), which each own a 33.3 percent stake in each of its four licence interests in Uganda – Exploration Area (EA) 1A, EA1, E A 2 and EA 3A.

Of the four, Total operates EA 1A and EA that has the Jobi-Rii well and CNOOC, 3A where the Kingfisher well is. Tullow Oil, an operator of EA2 that has Mputa, Waraga Kasamene wells, retains a 33 percent stake in all the interests.

Adengo noted that the oil company was not scaling back on its footprint in Uganda. She said that the Irish company has exploration activities in Kenya just like it has activities in Uganda, which is moving on from exploration to development phase, a critical stage that will lead to production and see Uganda join the league of oil producing countries.

"These are key projects for Tullow in the East African region in addition to our exploration activities also taking place in Ethiopia," Adengo added.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OUR POLYPIPES HAVE A
WIDE RANGE OF APPLICATIONS

cathy adengo, tullow spokesperson

Reports had indicated that recently, Tullow missed several meetings held between the oil companies and the President to discuss development plans.

President Museveni's meeting with a top official from Total, Jacques Marraud des Grottes, the Africa Vice President of Exploration and Production for Total at his country home in Kisozi, Gomba district also further fuelled speculation.

Museveni and Marraud des Grottes discussed the oil refinery among other things. This would appear like Tullow, a pioneer company in the country's oil industry was being sidelined.

But Adengo told the UCMP Magazine that Tullow, Total E&P and CNOOC together have undertaken all engagements regarding the development as a Joint Venture Partnership.

Adengo is not the first to affirm Tullow's commitment to Uganda. "Tullow is not planning to exit Uganda and has stated repeatedly that it is committed to Uganda for the long-term," George Cazenove, the Head of Media Relations at Tullow Oil Plc was quoted in the media last year.

The issue then, was a gridlock over reaching a commercially viable investment decision. Tullow and its partners wanted a small capacity refinery of 20- 30,000 barrels and a pipeline to ship out most of the crude. But the government had insisted on a much bigger refinery of 120,000 barrels per day of oil.

The government's argument is that the demand for oil products in Uganda is 30,000 bbl/day, the region, 200,000 bbl/day and growing at 7 percent.

This disagreement fuelled allegations that Tullow was planning to quit the Ugandan industry since it could not hold out for a long time for financial reasons.

However, recently, after months of stalling negotiations, the government and the oil companies finally reached a compromise. The government agreed to 30,000 bpd refinery that will be improved to 60,000 bpd and gradually to 120,000 bpd. The government procured US based energy investment advisory, Taylor-DeJongh to among others recommend the appropriate ownership for the refinery among other things. As part of the agreement, there will also be an optimum pipeline.

Apart from the investment decision, Tullow's relations with Uganda were distorted by the allegations made by Khawar Qureshi, a Heritage Oil lawyer that Tullow had toed with the idea of bribing Ugandan authorities.

Tullow, through a March 21, 2013 statement from Jimmy Mugerwa, the company's General Manager, apologized and said it regretted the embarrassment caused to the President and the people of Uganda by the allegations,

Aidan Heavey, the CEO and founder of

Tullow Oil, had also written to President Museveni noting that, Tullow will take all necessary action to clarify the facts to the public.

"I have been Chief Executive Officer of Tullow Oil for 27 years and from humble origins have built Africa's largest independent Exploration and Production company with an enviable reputation for successful …" Heavey's letter read, "At no point in those 27 years has any allegation of corruption been substantiated in respect of Tullow's management."

In his closing statement to the Judge, Tullow's barrister, David Wolfson QC, said that Tullow regretted that Uganda, its public servants and political leaders, including the President, were, solely as a result of Heritage's strategy, caught up in the dispute, and that Heritage used the cover of Court proceedings to make statements and/or insinuations which were false and entirely baseless.

He added that Tullow's behaviour was entirely proper throughout and Tullow never engaged in any illegal, immoral or corrupt behavior and threatened that if Heritage repeated the allegations out of court Tullow would take action.

The dispute started when Heritage Oil, from which Tullow had acquired part of this stake in a $1.45 billion transaction, left town without paying the $434 million Capital Gains Tax (CGT) that the government had levied on the transaction.

To clear its farm-dowm, Tullow paid Heritage only $1.045 billion. $ 121.5 million or 30 percent of the levied tax went into an escrow account as is required in a situation of a dispute and Tullow paid $313 million to the Uganda Revenue Authority (URA).

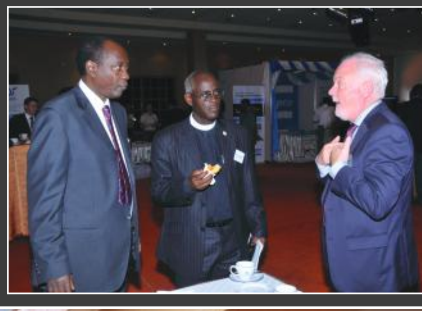
Tullow would battle Heritage in court to get back its money. Uganda was also in another court with Heritage over the tax — a case Ugandan officials said the country had since won after Heritage lost its three arguments against the CGT levied on its transaction.

All this was intended to clear a way for production. With the storm about the allegations having calmed down, Tullow and its partners say that their focus is now on production.

CitiBank Cocktail

chinedu ikwudinma, md citibank uganda, poses with guests. dr. roberto Ridolfi (C) the head of the European Union delegation here said Uganda needed to invest in infrastructure immediately over the petrodollars come in to help the private sector prosper.

COMESA Oil, Gas & Mining Summit



COMESA Oil, Gas & Mining Summit

Potentially More **Valuable** Than Oil?

In-ground value of the clays is at least US$500 billion

david Kyagulanyi makes his presentation at the COMESA summit

In the end Churchill may be proved right, decades after he said that Uganda is the Pearl of Africa; because it appears that Uganda hosts another mineral resource which not only could very easily surpass Oil in in-ground value, but could last for a much longer period than our oil.

According to Kweri Ltd., a local Ugandan Company which has doggedly been carrying out mineral exploration activities in areas of Bugiri, Iganga and Mayuge District, it is indeed true that Uganda is gifted by nature; and maybe as President Museveni has taken to saying of late "Gifted by God and Nature".

At the recently concluded COMESA Oil, Gas &Mining Summit in Munyonyo, Kampala, David Kyagulanyi of Kweri Ltd made the first public presentation of analysis Kweri's recently received geochemical results of exploration pitting work in Bugiri, Iganga and Mayuge District.

In Kweri's presentation, which was very well received and given a thumbs-up, by the experienced geologists from Zambia and Malawi as well as Uganda's most well trained geologists, Kyagulanyi mentioned that Uganda hosts a potentially very large tonnage of Aluminous Clays highly enriched in rare earths, yttrium and the rare metals scandium and gallium. Of the clays and sediments outside of China, these Aluminous Clays of Makuutu have comparably very good TREOs and Metrics in comparison to other geologically similar deposits under development in other parts of the world.

In addition, when considering only rare earths, these clays of Eastern Uganda have good basket prices and the highest 'ore-values' for clays outside of China. With Gallium and Scandium, the Aluminous Clays of Makuutu have far much higher basket prices than all the clays and sediments in the world; including the Chinese Ion-Adsorption Clays which do not have Scandium and Gallium. They also have the highest 'ore-value' of all the clays and sediments worldwide to date.

"The Aluminous Clays of Makuutu and those of Grande Vallee Deposit in Quebec, Canada, seem to be forming a new outside-the-box distinct category of economic mineralisation – especially thanks to Orbite Aluminae's new game changing technology. The rare earth and rare metal Aluminous Clays of Makuutu and Grande Vallee, have far much higher basket prices than all REE deposits worldwide, inclusive of hard rock deposits, because of their enrichment in Scandium and Gallium. Only Russia's Tom Mot Deposit may have a higher basket price," noted Kyagulanyi, Consultant and Director of Kweri Ltd., who also made this rather rare discovery.

Kweri believes that using Orbite Aluminae's technology, from the Makuutu Clays can be extracted:
Alumina, Haematite/ Iron ore, High Purity Silica, Titania, Magnesia, Oxides of Rare Earth Metals as well as Oxides of the Rare Metals -Scandium and Gallium. Kyagulanyi says that given the large area which has been sampled and proved to

be having aluminous clays below the murram; complimented by some work that was carried out a few years ago that showed that the sedimentary basin could go to 500m depth in places, there is easily a potential in ground / tonnage of 3 billion tonnes of clays whose raw, in ground value is at least US$500 billion (UShs1,250 trillion).

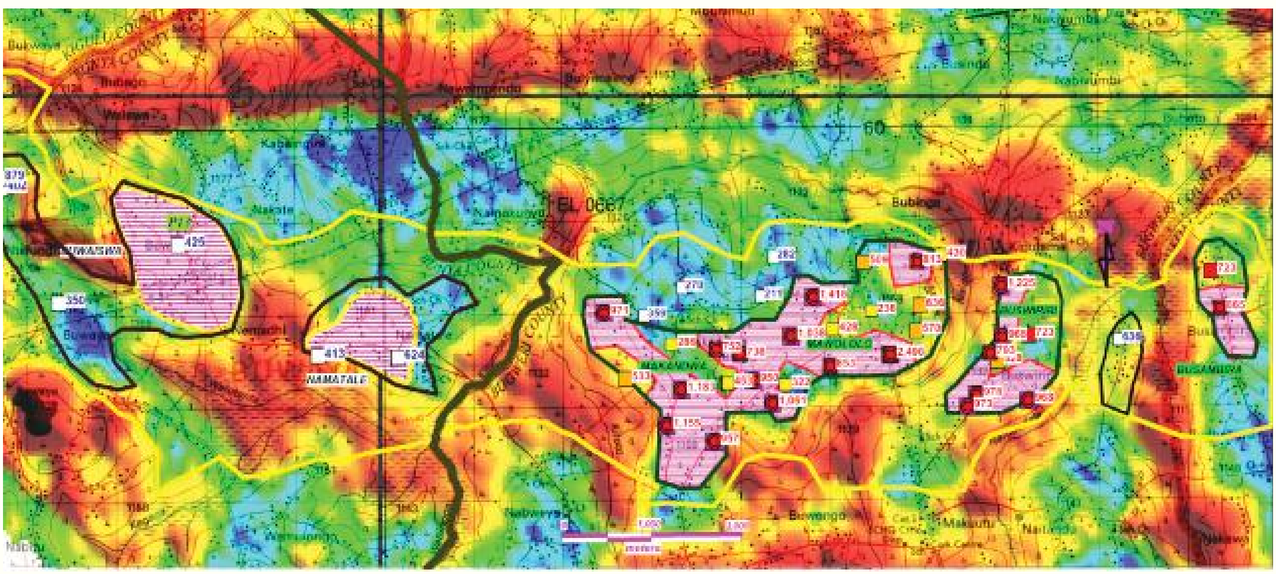
"One standard Orbite Technology plant may need at most 110 million tonnes of clays to operate for 30 years. Given the large area available, the open mining pits need not be deeper than 11m for the first plant, except if the economics of the minerals to be extracted demand so. For a second plant, the depths need not be more than 17m. Given the world-class mineral endowment levels of the Makuutu clays, first year sales revenue could be enough to cover more than 80% of the Capex and Opex of an Orbite Technology SGA plant. Even the laterite, which is the overburden, is an economic resource in itself. This is astounding economics, to say the least," Kyagulanyi explains.

In Kweri's presentation, it was shown that the area infrastructure could not have been better; being less than 20kms away from an international railway line and international highway, in addition to having a High Power Voltage line, carrying electricity to Kenya, going through the area of Kweris exploration license. Kweri also showed why they believe this may be a truly unique resource; a very difficult type of Aluminous clays to locate elsewhere worldwide.

"It is not yet celebration time and there is still a 4 to 5 year-long road ahead, of focussed work. This geological resource has the potential to change many industrialisation aspects of the East African and COMESA Regions, when you look at the mineral products that Orbite Technology unleashes out of these clays. I do believe that hosted within the entirety of the Makuutu-Buwaaya basin, is a significantly substantial (>500,000,000 tonnes), world-class tonnage, of potentially, the most valuable, economically endowed and economically attractive Rare Earths and Rare Metals Aluminous Clays in the World." humbly adds Kyagulanyi.

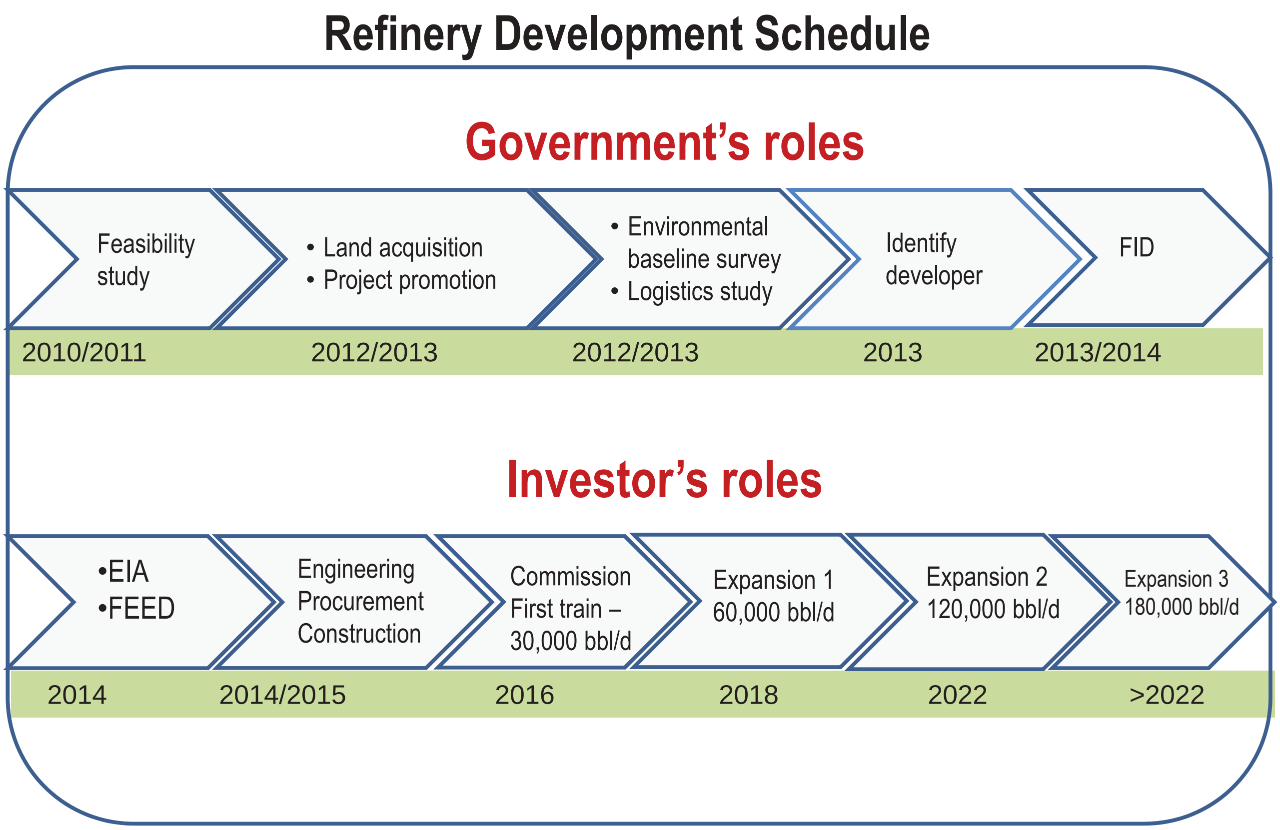
clays from neitandhu Village, makuutu subcounty, iganga district

the Aluminous Clays of Makuutu have far much higher basket prices than all the clays and sediments in the world; including the Chinese Ion-Adsorption Clays which do not have Scandium and Gallium



location of sample pits and areas of high rare earths and rare metals in aluminous clays in parts of makuutu, Buwaaya and Buwunga subcounties of iganga, mayuge and Bugiri districts

Companies, Gov't agree on refinery, pipeline



The agreement between oil companies and the government to start refining 30,000 barrels of oil per day in 2016 might be the greatest piece of news in Uganda's oil industry so far. An export pipeline has also been agreed to.

It put an end to a gridlock that had blocked further development of the oil industry also unlocking a potential $12 billion in investments into the sector. Hopes are now renewed Uganda will pump oil in three to five years.

The refinery, the Permanent Secretary in the Ministry of Energy, Kabagambe-Kallisa said would have a full capacity of 60,000 barrels per day but would start pumping the said barrels in 2018.

It will then be expanded to 120,000 barrels per day in 2022 according to the ministry's refinery development schedule. Excess oil will then be pumped in crude form through a pipeline to a seaport on the Indian Ocean in neighbouring Kenya.

The refinery had remained a sticking point in the development of Uganda's oil resources for almost a year after Tullow farmed-down 66 percent of its assets to France's Total E&P and the Chinese National Offshore Oil Company.

The government with an army of statistics had said d a bigger refinery was more economically viable for Uganda, though the IOCs had preferred a smaller one (about 20,000bpd).

Uganda alone, government officials say, was consuming about 30,000 barrels of petroleum products per day and the region was at 200,000bpd growing at 7 per cent per annum, hence the stance on that refining capacity.

The refinery should relieve Uganda's expenditure on petroleum imports that stands at about $2 billion, hence improving the country's balance of payment, create jobs and transfer of technology in the refining and associated industries, Irene Batebe, the Petroleum Officer – Refinery said.

She also noted that the refinery will be developed on a Private – Public Partnership (PPP) basis through a joint venture company with a proposed 40:60 sharing between public and private entities, respectively.

The higher participation share of 60 percent is intended to provide confidence to investors for funding and also operation of the industry.

After everything is hammered out, a special purpose vehicle (Refinery Company) will be formed to take forward the development and operation.

Parliament has already passed the Petroleum Bill for Refining, Gas Conversion, Transmission and Storage that was meant to facilitate investment in petroleum processing, transportation and storage facilities.

The refinery area that will include an aerodrome, waste management facilities, future associated industries such as petrochemical industries and staff quarters is a 29 sq.km stretch in in Kabaale parish, in Hoima district.

Government has already earmarked over Shs70 billion ($27m) for their compensation and relocation of those that demanded that during the surveys that the government carried out.

The government also hired US based firm Taylor-DeJongh to offer transaction advisory services about the appropriate ownership and financing options for the refinery. Together with the government, the company will also source for the lead investor and financing for the refinery.

At the May meeting with, President Museveni and energy officials, the IOCs agreed to the construction of an export pipeline, without which, oil giant Total, had said that its project in Uganda would stall.

Like Total, the other two oil companies also wanted to produce and export crude that has ready market, and then recover their costs and profit than have to go into the lengthy refining and marketing of finished products from a land locked country.

Batebe said that a study to evaluate the pipeline and storage facilities for crude oil and gas by Fitchner MEI Oil awaits a cabinet approval on the ownership structure.

Energy officials said a pipeline of 120,000 barrels would make economic sense. The country is expected to produce up to 200,000 barrels per day at peak production for 25 years.

"Significant engagement between the partners and the Government of Uganda has taken place recently and a common understanding has now been reached …" Tullow Oil wrote in a May, 8 Interim Management Statement, "Critically, agreement has been reached on a basin commercialisation plan which will include an export pipeline and a refinery sized to meet the local market demand."

The government and the oil companies are now waiting to seal the deal in a Memorandum of Understanding being prepared that will form the basis of the integrated development work plan for the basin that will also include a number of Field Development Plans and Production Licence Applications that will be submitted during the course of the year, Tullow Oil noted.

"The MOU is probably the most critical thing and the hardest thing to get done. Once that's done then the rest is just a process," Aidan Heavey, the Tullow Oil Plc boss said.

Loic Laurandel, the Total E&P, Country Manager also told local media that 2013 will be an important year for the Ugandan oil sector and the private investors saying that they expected to reach some conclusions very soon about the best scheme for Uganda.

Following new discoveries the country's reserves had jumped to 3.5 billion barrels last year. And with better technology, extractable oil is expected to jump to 1.7 from the previously mentioned 1.2 billion barrels.

The current estimates, however, are based on only about 40 per cent of the Uganda's oil basin. Of this area, 21 discoveries have been made, 89 wells drilled, with 77 having oil in them representing an 87 per cent success rate.

Uganda has so far already extracted 36,000 barrels of oil from 16 wells and stored under the extended well testing programme. This is to be used for power generation. In the Budget Framework 2013/2017, the government noted it will spend Shs35 billion on refinery funding.

total's loic laurandel:
Students need further training

Kigumba graduates' unfulfilled dreams

Following oil discovery in the Albertine graben, many Ugandans have been trying to position themselves on how to tap into the benefits from the petroleum industry. Many have refocused their businesses to suit the sector while others have embarked on petroleum related training with a hope of scoping 'juicy oil jobs.'

Moses Onegi is one of the many Ugandans who went back to school. When Onegi joined the Uganda Petroleum Institute Kigumba in 2010, his ambition was to work in one of the international oil companies, or the energy ministry. Born in Nebbi district, West Nile, an area thought to hold vast amounts of oil deposits, Onegi is among the 28 pioneer students of UPIK.

By the time he joined UPIK, Onegi was already a graduate of engineering and a tutor of civil engineering at Pakwach Polytechnic. He abandoned his teaching career to join the bandwagon of Ugandans studying oil-related courses following the country's discovery of the black gold.

"Everyone was talking about oil and gas and the potential of getting well-paying jobs," he explains. While at UPIK, Onegi was a student leader and says the pioneer class often considered themselves lucky. "We knew the whole country was behind us, and we would immediately get jobs," he said. Things would later turn out differently.

UPIK was established in 2010 as part of a strategy to enhance local content in the nascent petroleum industry. The institute offers a diploma in technical skills related to oil and gas, followed by an additional six-months training in Trinidad and Tobago. The courses at UPIK are designed to impart high-level practical skills in areas such as drilling, pipe-fitting and health and safety, among others.

"...All the students are competent enough but there is need to reconcile the academics on one hand and the practice on the other. Kigumba students need a lot of attention..."

Unmet expectations

"I thought I would get a job immediately after finishing the course. I'm still looking for a job," Onegi reveals. "I am now well-qualified but can't find a job," he complains bitterly.

Moses Arupei, Onegi's course-mate, also abandoned his career in information technology to chase his oil and gas dream. By the time he joined UPIK, Arupei was a graduate of Computer Science from Makerere University.

"I had a job. But I had an interest in serving Uganda as an informed person in oil and gas. It was a virgin area," he says. At UPIK, Arupei says, government paid for everything. "All of us were government-sponsored students," he says with a sense of pride.

Like Onegi, Arupei hoped to get a job even before he could graduate. Today, both are still on the street looking for that elusive job. "Theoretically, I can drill," Arupei says, adding, "That is why I need a job to put my skills into practice. I have put in three years to study this prestigious course, but what hurts me is I have no job."

Out of the 28 pioneer students, only two students have found jobs, Arupei reveals. One of the lucky two, Simon Katugume, works with Tran Track, a service company in the oil sector. He works as a health and environment safety officer.

"If the petroleum sector has failed to take on board only 28 people, I'm worried when we become thousands," Arupei says.

On their part, the oil companies feel the students need further training. Loic Laurandel, the General Manager of Total E&P Uganda, says UPIK is doing well and just needs more support to enhance its training. He said Total had partnered with UPIK in that respect.

"Some of these students should apply for scholarships for masters to go for further studies and specialize," he said. "All the students are competent enough but there is need to reconcile the academics on one hand and the practice on the other," Laurandel explained, "Kigumba students need a lot of attention."

Irene Batebe, a petroleum officer in charge of refining at the Petroleum Exploration and Production Department (PEPD), says UPIK is doing well. "The Ministry of Energy plans to engage UPIK and even other institutions of higher learning to consider even incorporating refinery as a course unit in their curriculum," she notes.

Prof Charles Kwesiga, who heads UPIK, recently told the website ***Oil in Uganda*** that there is need for some patience. "We are doing our best to identify further training for them," Kwesiga said. He blames the slow progress towards oil production as companies and government take long to agree on issues such as field development and taxes.

Bandwagon

Many universities now offer oil-related courses. Makerere University has an undergraduate as well as a master's programme; Nkumba University last year introduced a Bachelor of Science in Petroleum and Mineral Management and Technology; Mbarara University of Science and Technology is building a new faculty on petroleum studies while Uganda Christian University also plans to introduce oil-related courses.

Yusuf Bukenya-Matovu, the Energy Ministry spokesperson, says it is important for Ugandans to be strategic while choosing courses. The petroleum industry in general and the upstream sector in particular, he explains, is more capital intensive than labour-intensive. PEPD estimates that between 10,000-20,000 jobs will be directly created within the industry in Uganda, although more widespread opportunities are to be found in auxiliary industries such as construction, services and even agriculture.

"Some production stages will be automated. For instance, we shall not need more than three people at a production site," Matovu explained. This means that the majority of Ugandans need to acquire skills and specialise in areas such as pipe-fitting, welding and metal fabrication, among others, where the bulk of the jobs will be.

Arupei though believes his fellow countrymen need to quickly understand that oil and gas is not the only option because short of that, they will continue to suffer great disappointment.

chamber members

Chamber Diamond Members

COMPANY	CONTACT PERSON	SECTOR
1. Tullow Oil Ltd	Ms. Cathy Adengo	Oil and gas exploration and production
2. CNOOC	Ms. Chai Wei	Oil and gas exploration & production
3. Total E&P	Mr. Loic Laurandel	Oil and gas exploration & production
4. Hima Cement Ltd	Mr. David Njoroge	Cement manufacturers
5. Schlumberger Oilfield	Mr. Denis Bonifay	Oil &gas services
6. National insurance Corp	Ms. Jocelyn Ucanda	Insurance
7. Orient Bank	Mr. Ben Lewis	Banking
8. East African Gold	Hon. Richard Kaijuka	Mineral Exploration
9. Bank of Africa	Ms. Afsa M. Mukasa	Banking
10. Housing Finance Bank	Ms. Judith Owembabazi	Banking

Chamber Gold Members

COMPANY	CONTACT PERSON	SECTOR
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12. Bank of Uganda	Mzee Juma Binehe	Bank of Uganda
13. DFCU Bank	Mr. James Mugabi	Banking
14. Kilembe Mines	Mr. Fred Kyakonye	Copper Mining
15. Neptune Petroleum Ltd	Ms. Marilyn Hill	Oil & Gas Exploration and Production
16. Orwell International U Ltd	Mr. Fred Umunna	Drilling Tools and Well Services
17. Stanbic Bank	Mr. Nsibambi Daniel K	Banking
18. Standard Chartered Bank	Mr. Mundua Godfrey	Banking
19. Lion Assurance Co. Ltd	Mr. Newton Jazire	Insurance
20. United Bank for Africa (U) Ltd	Mr. Wibrod Owor	Banking

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21. Barclays Bank	Mr. Gibson Nangono	Banking
22. Roofings Group	Mr. Stuart Mwesigwa	Steel Manufacturing
23. Centenary Bank	Mrs. Beatrice Lugalambi	Banking

Chamber Silver Members

COMPANY	CONTACT PERSON	SECTOR
24. Agility logistics ltd	Mr. George Odeke	Logistics
25. AON Risk Services	Ms. Caroline Athiyo	Insurance & Risk Management
26. Askar Security	Ms. Kellen Kayonga	Security
27. AUC mining Ltd	Mr. Moses Masagazi	Gold mining
28. Bemuga Forwarders	Mr. Ben Mugasha	Clearing and Forwarding
29. BTS clearing & forwarding	Ms. Merian Sebunya	Clearing and Forwarding
30. Greenstone Resources Ltd	Mr. Nimit Patel	Gold mining
31. Canmin resources	Mr. Gary Fitchett	Mineral Exploration
32. Casco Petroleum	Mr. Eugene Lazarenco	Rig Supply
33. AIG Uganda Limited	Mr. Edward Hire	Insurance
34. Citibank U Ltd	Ms. Magdalene Weya	Banking
35. Civicon Limited	Mr. Jason Horsey	Mechanical & Civil Engineering Works
36. Deloitte U Ltd	Mr. Tallarovic Matthew	Auditors
37. DHL global forwarding	Mr. Eivind Larsen	Logistics Service Provider
38. Eagle logistics solutions ltd	Mr. David Walabyeki	Customs Clearance, Heavy Equipment Hire
39. East African Chains U Ltd	Mr. David Mayanja	Dealers in Mechanical Tools
40. East African Cranes	Ms. Colette Gibbons	Lifting Services
41. Epsilon U Ltd	Ms. Hellen Nambi	Waste Management
42. Ernst & Young	Mr. Muhammed Ssempija	Auditors

43. Farm Engineering Industries	Mr. T. S Padhaal	Equipment Supply
44. Flemish inv. Ltd	Mr. Bruce Milne	Mineral Exploration
45. Freight forwarders(E.A) Ltd	Mr. Russell Knight	Clearing and Forwarding
46. GCC Services (U) Ltd	Mr. Rabih Riad Jaber	Catering Services
47. Gold empire ltd	Mr. John Muruli	Gold Exploration
48. Goodlife (U) Ltd	Mr. Shem Nnaggenda	Training Solutions
49. Gulf Resources Uganda	Mr. Henson Mambo	Mining
50. Habib Oil Ltd	Mr. Osman Ahmed Noor	
51. Halliburton International Inc.	Mr. Robert Salmon	Oil & Gas Services
52. Inspecta International	Mr. William Pike	Inspection Services
53. Integrated logistics	Mr. Attila Jonathan	Onshore & Offshore Logistics Support
54. Kampala Associated Advocates	Mr. David Mpanga	Law Firm
55. KAMU KAMU drilling experts	Mr. Gilbert Mujogya	Mineral Exploration and Water Wells Drilling
56. Krone (U) Ltd	Mrs. Rose Rugazora	Mineral Exploration/ Wolfram
57. Kusaasira & Co. Advocates	Mr. Denis Kusaasira	Natural Resources Lawyers
58. Lloyds British Testing	Mr. Stewart Anderson	Inspection, Training and Assessment
59. Marsh Uganda Ltd	Mr. Paul Mulira	Insurance & Risk Management
60. Askar Investments Ltd	Mr. Kellen Kayonga	Mineral Exploration/ Tantalite
61. Multilines International U Ltd	Mr. Gerald Mukyenga	Clearing and Forwarding
62. NFT Consult Ltd	Mr. Badru Ntege	HR Outsourcing
63. NPK resources ltd	Mr. Nathan Wanda	Mineral Consultancy
64. Oli gold muruli ltd	Mr. John Muruli	Gold Exploration
65. Oryx minerals ltd	Mr. Garvin Conway	Mineral Exploration
66. Petroleum Skills Uganda	Mr. Kevin Hughes	Skills Training
67. Pricewaterhouse Coopers Limited	Mr. Francis Kamulegeya	Auditing, Tax and Advisory Services

68. Richflo Lift services	Mr. Richard Magezi	Lift Services
69. SAIPEM	Mr. Henry Magoba	Oil and Gas Services
70. Salini Costruttori SPA	Mr. Sergio Pelosini	Construction
71. Bollore Africa Logistics	Ms. Monica Kisubi	Logistics Service Provider
72. Seafast holdings U Ltd	Mr. Michael Majeed	Logistics Service Provider
73. Semliki Rift trading Co	Mr. Patrick Van Pee	Lift Services& Ferries
74. Sino Minerals Investments Co. Ltd	Ms. Sarah Namara	Mineral Exploration
75. Specialized Welding Services	Mr. Yvick Robin	Welding Services
76. Spedag Interfreight U Ltd	Mr. Dilip Bhandari	Logistics Service Provider
77. Strategic Logistics	Mr. Paul Sherwen	Logistics
78. Tamoil East Africa Ltd	Mr. Gamal Bouargob	Market &Sale of Crude Oil Products
79. Threeways shipping	Mr. Jeff Baitwa	Logistics Service Provider
80. Toyota U Ltd	Mr. Dino Romano Bianchi	Car Dealers
81. Transeast (U) Ltd	Ms. Sheila H. Graig	Transporting
82. Uganda Insurers Association	Mr. David Tumuhaise	Insurance
83. Union Logistics	Mr. Hitesh Shan	Clearing and Forwarding
84. Victoria Equipment Ltd	Mr. Peter Sekandi	General Machinery
85. Victoria Motors Limited	Mr. Sam J Kibuuka	Car Dealers
86. Woodmore Energy Consultancy Ltd	Mr. David Kayemba	Oil & Gas Downstream
87. British High Commission	Mr. Eric Olanya	Diplomatic Mission
88. Mining, Minerals & Metals Ltd	Mr. Nari Patel	Mining
89. EOD Technology Inc.	Mr. Nobert F. Rugunda	Critical Mission Support & Site Restoration Services
90. Let's Go Travel	Mrs. Joan Kantu Else	Tours & Travel
91. Achelis Uganda Ltd	Mr. Michael Nyangabyaki	Equipment Sale & Rental
92. Africa Ecoinvest	Dr. Abdullahi Hajji	Mining & Energy

93. Pearl Engineering Company Limited	Mr. Gumisiriza Birantana	Construction
94. Green Albertine Limited	Ms. Jennifer Bangirana	Waste Management
95. Goldstar Insurance Co. Ltd	Mr. Paul Kavuma	Insurance
96. UAP Insurance Uganda Ltd	Mr. Paul Muhame	Insurance
97. Unifreight Cargo Handling	Ms. Jennifer Mwijukye	Cargo Handling
98. First Mining Company Ltd	Mr. Dorde Grujic	Mining
99. The Mineral Group Co. Ltd	Mr. Barnabas Taremwa B	Mining
100. Gras Savoye Uganda Insurance Brokers Ltd	Mr. Johnny Evans	Insurance

Chamber Individual Members

NAME	SPECIALTY
101. Mr. BB Sinha	Consultant- Environmental Health
102. Mr. Brian Kaggwa	Lawyer
103. Mr. David Kyagulanyi	Mineral Consultant
104. Mr. Joshua Tuhumwire	Mining
105. Mr. Malkit Singh Saini	Construction
106. Mr. Minaz Karmali	Businessman
107. Mr. Rajesh Dewani	Construction
108. Mr. Sam Thakkar	Accounting
109. Ms. Anne Babinaga	Business Consultant
110. Ms. Annebritt Aslund	Audit/Finance Consultant
111. Mr. Gerard Grant	Transportation
112. Ms. Lydia Babinaga	Procurement and Consultancy

CREATING SHARED PROSPERITY

Investing in Uganda

Tullow has invested over $1billion in exploration, seismic and drilling activities which has enabled the discovery of over 1 billion barrels of recoverable resources, with an estimated 1.5 billion barrels yet to be found. This level of resource could place Uganda in the top 50 oil producers in the world.

Investing in communities

Success for us is inseparable from the development and prosperity of the communities in which we operate. That is why our Social Enterprise programme focus areas are health, education, environment and enterprise development.

Investing in our people

People are our greatest asset and we believe in developing capacity for Tullow and for sustainable development and management of Uganda's Oil and Gas Industry. We therefore invest extensively in capacity building for all our staff, of whom 85% are Ugandans.

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