

The Uganda Chamber of

# MINES & PETROLEUM

Issue: 6

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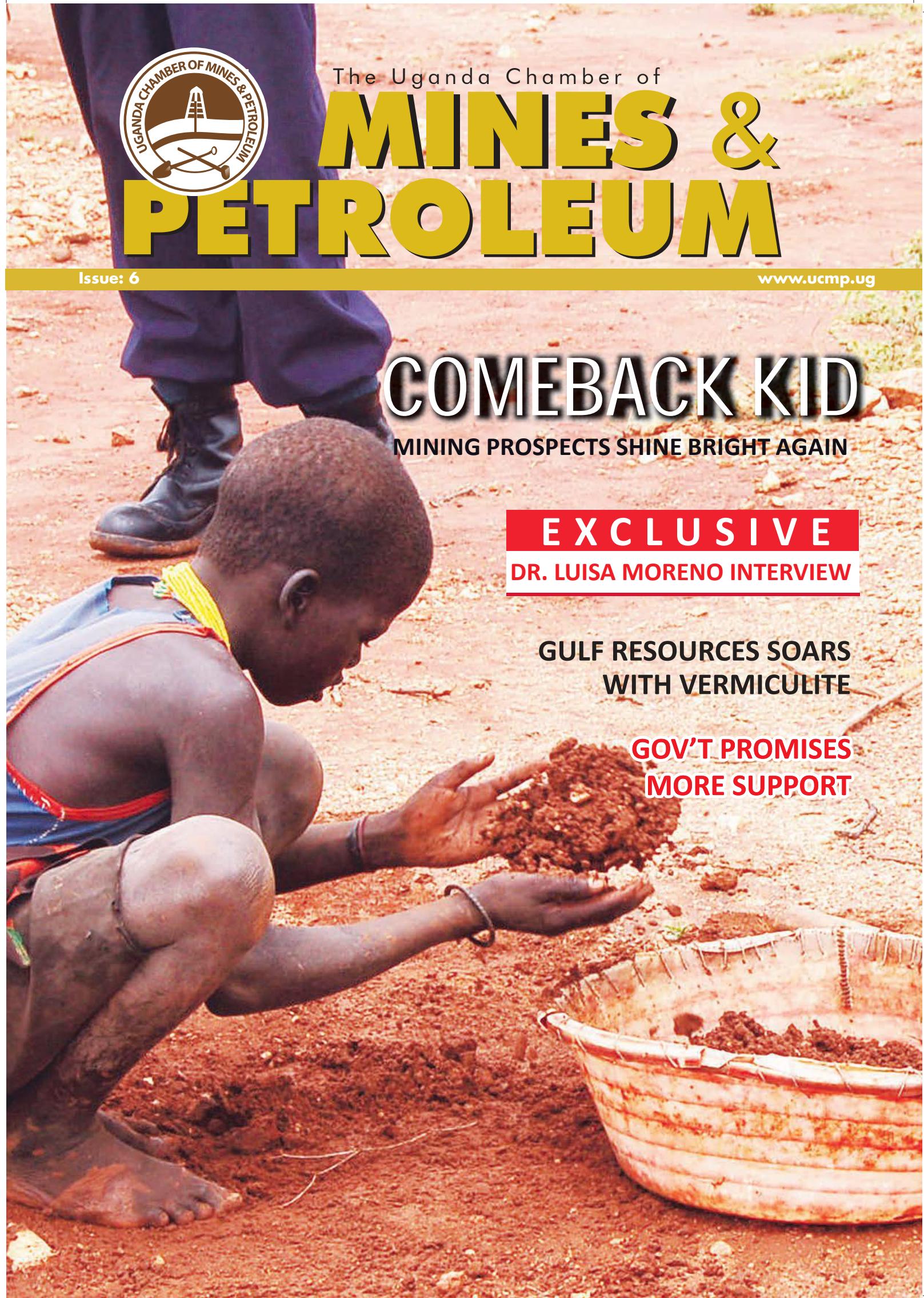
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# Chairman's Note

## Fulfilling Our Potential Is Imperative

It gives me great pleasure to welcome you to this special edition of the Uganda Chamber of Mines and Petroleum magazine. This particular one is distinct because it seeks to solely highlight Uganda's untapped mineral wealth.

Uganda, without a doubt, is a blessed country. Other than the beautiful weather, the rich soils, the largely pristine wildlife, Uganda is also home to some of the most lucrative minerals you will find anywhere in the world. This special journal not only explores some of the mineral potential in the country, it goes further to give a deeper understanding of issues in Uganda's mining industry.

No doubt, anyone learning of this promise for the first time will wonder – like many have done before – why the country has not taken full advantage of the same to better its fortunes. This is the question which we will all be seeking to answer at the inaugural Mineral Wealth Conference slated for the first week of October. As a Chamber, the conference is dear to our hearts as it will bring together investors, government officials, the small miners amongst other key stakeholders to deliberate on how best to unlock Uganda's mineral wealth.

Taking place a week before the country celebrates its 50<sup>th</sup> Independence Anniversary; this seminar couldn't have been timed better. We feel this is the perfect time for Uganda to stand up and be counted.

Research shows that Africa is gradually turning into one of the last frontiers for mineral exploration. The World Investment Report 2012 lists the extractives sector as the dominant attraction of FDI in LDCs. The same report also notes that the demand for commodities remains strong despite the slowdown of the global economy. As Uganda, and East Africa in general, we need to be prepared to exploit these investment opportunities. The likes of Botswana and South Africa are what they are today because of booming mining sectors over the years.

Minerals and oil are convertible cash and must not be sat on. In 1989 when I was a Member of Parliament, China had no cars, TV, highways or international hotels. Its economy is now number 1 or 2 in the world! We too can achieve this! Poverty is not African! At a minimum, we must empower sectors to develop. We are gifted by nature and let us exploit our good fortunes and drive away the curses of underdevelopment,

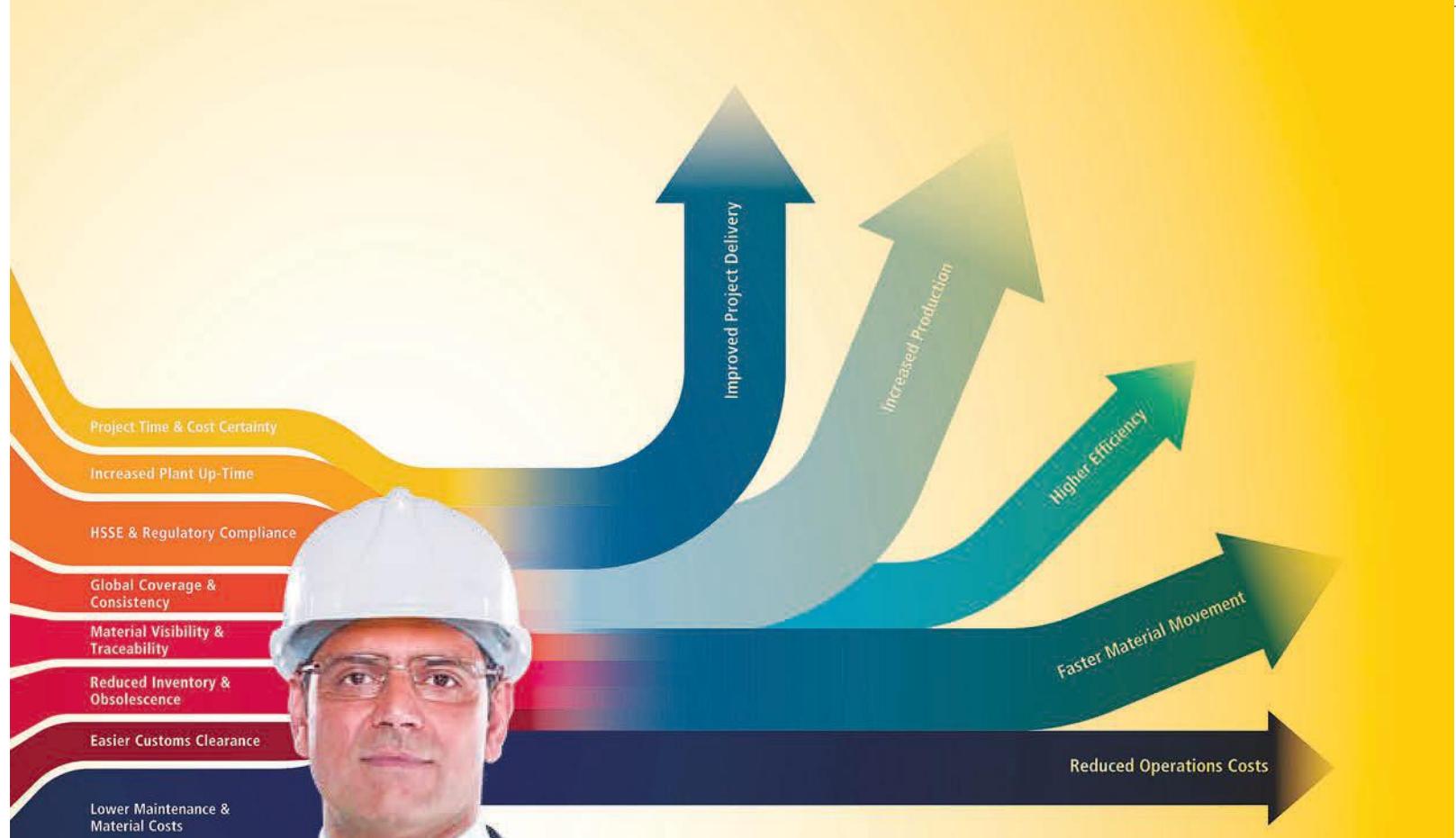
While others can afford to walk, we must run if we are to become a winning nation. Any leader who delays progress of development belongs to the political museums of Africa!

This culture of delaying and politicizing projects like Kilembe, oil production and the rest must be relegated to history. In 2008, in Niger, CNPC signed a PSA promising not only to build an oilfield but a pipeline and refinery to ease transport; within 66 days they had built an airport. An agreement was reached on the price of the refined oil and on November 28, 2011 the first barrel was produced from a 462km pipeline to the Zinder refinery.

This is proof enough that we cannot afford to waste more time talking. Let us go to work. Others can walk but we must start running already.

I thank you,

*Elly Karuhanga*



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• • • • •

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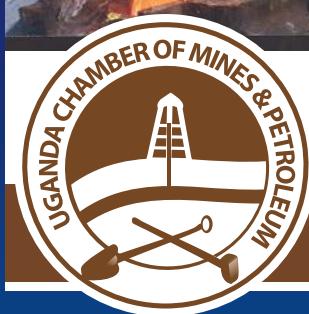
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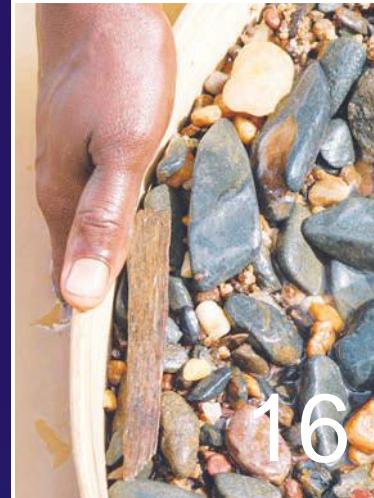
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## Acknowledgements

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# PRESENTERS



## MINERAL WEALTH CONFERENCE 2012



THE REPUBLIC OF UGANDA

MINISTRY OF ENERGY & MINERAL DEVELOPMENT

	PRESENTER	TOPIC	COMPANY	DESIGNATION
	Hon. Elly Karuhanga	Welcome remarks (Day ONE)	UGANDA CHAMBER OF MINES & PETROLEUM	Chairman
	Hon. Richard Kaijuka	Welcome remarks (Day TWO)	UGANDA CHAMBER OF MINES & PETROLEUM	Vice Chairman
	Mr. Kabagambe Kaliisa	Policy paper presentation	MINISTRY OF ENERGY AND MINERAL DEVELOPMENT	Permanent Secretary
	Prof. Tumusiime Mutebile	Uganda's potential as an economy for the next 5 years	BANK OF UGANDA	Governor
	Mr. Francis Kamulegeya	Regulatory framework and taxation of Uganda's Mineral Sector	PRICE WATER HOUSE COOPERS LIMITED	Partner

# PRESENTERS



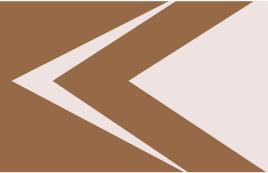
## MINERAL WEALTH CONFERENCE 2012



THE REPUBLIC OF UGANDA

MINISTRY OF ENERGY & MINERAL DEVELOPMENT

	PRESENTER	TOPIC	COMPANY	DESIGNATION
	Mr. Edwards Katto	Investment opportunities in the mineral sector in Uganda	DEPARTMENT OF GEOLOGICAL SURVEY AND MINES	AG. Commissioner Department of Geological Survey and Mines
	Dr Tom Okurut	Environmental act and regulations with specific emphasis on the mining sector	NATIONAL ENVIRONMENT MANAGEMENT AUTHORITY	Executive Director
	Mr. Tapio Lehto	The new geological mapping and geo databases of Uganda	GTK CONSORTIUM	Project Manager
	Dr. T Sawyer	Exploration work in Kabong	EAST AFRICAN GOLD	Chief Executive Officer
	Mr. Rune Johansson	Processing and interpretation of Pre-SMMRP and SMMRP geophysical data	SWEDISH GEOLOGICAL AB	Consultant



# PRESENTERS

	PRESENTER	TOPIC	COMPANY	DESIGNATION
	Mr. John Bosco Tindyebwa	Presentation on mining cadastre and registry system of DGSM	MTL CONSULTING COMPANY LTD	Director
	Mr. Jussi Pokki Mr. Hannu Makitie	New geological maps and geodatabases for Uganda	GTK CONSORTIUM	Chief Catographer; Senior Researcher
	Mr. Isaac Kabongo	Unlocking Karamoja Mineral Potential	ECOLOGICAL CHRISTIAN ORGANIZATION	Executive Director
	Mr. Issa Mukasa	Uganda's investment climate and incentives related to the mining sector	UGANDA INVESTMENT AUTHORITY	Director Investment Promotion Division
	Mr. Edgal Gabriel	Facilitating economic growth in the mining sector	UNITED BANK FOR AFRICA	UBA Africa CEO
	Dr. Richard Sezibera	East Africa's Mineral Potential and Regional Integration	EAC	Secretary General

# PRESENTERS

	<b>PRESENTER</b>	<b>TOPIC</b>	<b>COMPANY</b>	<b>DESIGNATION</b>
	Mr. Japheth Katto	The role of capital markets in the mining sector	CAPITAL MARKETS AUTHORITY	Chief Executive Officer
	Mr Jonny Sasirwe	Small Scale Mining in Uganda	SHAFT SINKERS	Chairman Smallscale Miners
	Mr. Dennis Kusasira	Security of tenure of mineral rights under the mining laws of Uganda	KUSASIRA & CO. ADVOVATES	Partner
	Mr. Leon Rossouw	Global Mining Insurance Developments and Trends	MARSH AFRICA	Senior Vice President; Mining Metals and Minerals Division
	Dr. Annabella Habinka Basaza Ejiri	How to use ict to improve the start-up decision process for a mining entrepreneur in uganda	INDUSTRIAL MINERALS	Partner
	Dr. Frank Schmidt	Establishment of a modern Documentation Centre at DGSM	BEAK CONSULTANTS	Project Manager

# The worst is behind us – Karuhanga



As international investors look to Africa as one of the last frontiers for mineral wealth exploration, **Elly Karuhanga**, the **Chairman of the Uganda Chamber of Mines and Petroleum**, says that it is high time Uganda exploited its mineral potential, and that the Mineral Wealth Conference is a big step towards achieving that goal:

## How has the Chamber performed so far?

The Uganda Chamber of Mines and Petroleum has been able to attract dynamic membership from key and leading companies stretching through the whole width and breadth of big business. We are very delighted at the Chamber headquarters for the recruitment of an excellent team of staff led by our new CEO, an engineer by qualification and with petroleum engineering experience, working together with some geologists and PR professionals. We have a robust programme that we have been adhering to and our networking activities are something that we look to every month. The Chamber has grown from just a few members to over one hundred in such a short time. I am proud to be part of the building blocks and to lead such a dynamic team.

### **What are we trying to achieve with the Minerals conference?**

For a while now, the Chamber has spent a lot of time and energy trying to promote the oil and gas discoveries in Uganda and a lot has been achieved on that front so far. It's now time for us to turn our eyes – especially during the time when the oil companies are negotiating with government on the next stages of development and production – to highlighting minerals exploration and mining in Uganda. We happen to have been well endowed by Mother Nature and the Almighty God in a special way and indeed Uganda is blessed beyond all sorts of measure of understanding. The climate, the unique weather, fertile soils, fresh water, wild game, forests and snow-capped mountains coupled with the minerals wealth – ranging from gold, uranium, iron ore, cobalt, copper, REEs to vermiculite and phosphates amongst others – are what this October 1st and 2nd, 2012 conference will showcase to the entire world.

This is the first such conference in Uganda, and the Chamber and the ministry of Energy and Minerals Development are working together to make this an annual event.

### **What should the visiting delegates expect here?**

We are expecting a lot of international guests and I want to take this opportunity to welcome them and to thank them for coming to celebrate 50 years of our independence with us. This conference should help them make an informed decision on whether to invest their hard earned savings here. We have companies of high technical competence and of world repute participating in this conference and I want to thank my secretariat and the Chamber executive for their tireless efforts in securing their involvement. I am sure our guests will find Uganda a hospitable, welcoming and warm country for them to settle and invest in. Our government has been able to establish sufficient stability and security of persons and property.

### **Wouldn't you achieve more by spreading this interaction across the mineral rich East African region?**

Indeed we are working with Trademarks East Africa to make this a regional Mineral Wealth Conference. In fact we have invited the East African Community Secretary General to be part of this inaugural conference.

### **What will be the standout points to look out for?**

His Excellency President Yoweri Museveni will be our official guest of honour with the Central Bank Governor also addressing the conference on how he sees Uganda in the next five to ten years.

The private sector is going to participate very actively, especially the companies that have been working on an aerial magnetic survey of the country and the Energy and Minerals' Development Minister plus the Permanent Secretary and the Commissioner will showcase Uganda's mineral potential to the world.

Like the networking sessions organized by the Chamber every month, we will have cocktails and get-togethers during these two days, especially as we shall be celebrating Uganda's 50th Independence.

The conference may get a live TV and radio broadcast that should go a long way in helping Ugandans appreciate their country's heritage.

### **What opportunities will small mining firms get at this conference?**

This conference is indeed meant for the small firms as it provides an opportunity for them to network with large minerals exploration and mining players. The large investors coming to Uganda also get an opportunity to invest together with people who already hold some important licenses and in the process take these projects to the next level.

### **Is the government doing everything in its power to ensure that the legal regime in place can protect these investors?**

Although Uganda is still sitting with some old laws on mining, we are happy that efforts are underway to streamline and improve on these laws.

Land issues, which could be a stumbling block to investments, persist, and they have seen artisanal miners and small scale land owners engage in compensation battles with big investors. We believe that all these are going to be sorted out in the new laws. So I am appealing to our Parliament and the Executive to work in tandem with us – the spokespersons of the private sector – to come up with laws that will become very attractive to the investors and also appealing to our local people. It is critical that the artisanal miners are persuaded to work through cooperatives in an organized manner. We have lessons to learn from other countries.

### **How can investor confidence in Uganda be improved in the wake of depressing delays in the petroleum industry?**

The fact that the government has agreed to work with us in this conference is a good sign that it is really active and appreciates what we are doing. The delays that have been occasioned in the oil and gas sector are challenges that always occur with any pioneering

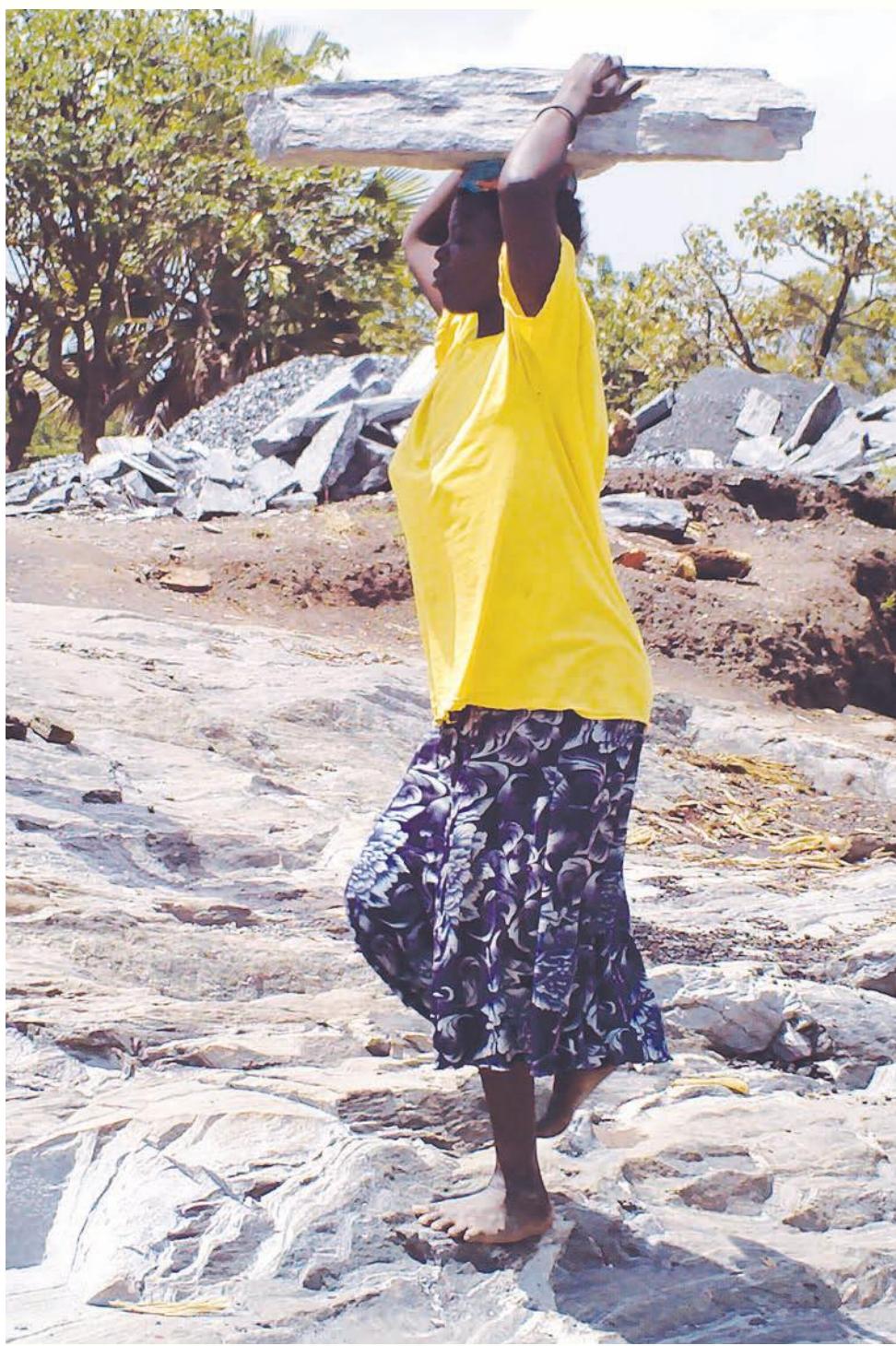
project. But I believe after the oil and gas laws are passed – which are currently being debated in Parliament – there will be a speeding up of process. Besides, government has more trained staff who should go a long way in expediting its activities.

### **Can Uganda return to its mining glory – where the sector contributed a third of GDP?**

We were getting 30% of GDP mainly from Kilembe's copper; but this time we have been able to scientifically establish even more lucrative minerals. I have no doubt that Kilembe will be privatized and it will come and play its role in a much more organized and meaningful way.

# UGANDA'S MINING:

## The best is around the corner



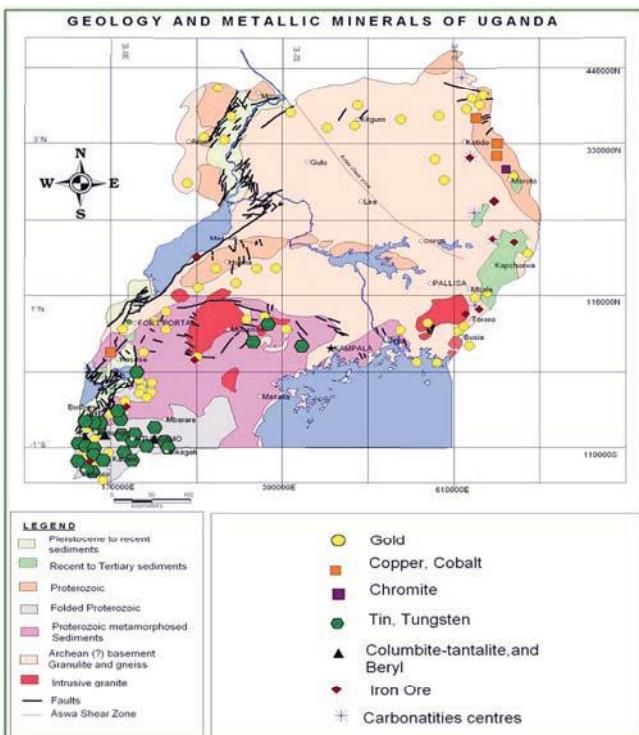
Modern mining in Uganda started in late 1920's after putting in place the Geological Survey Department (GSD) at Entebbe in 1919 as part of a policy of geological exploration to meet the need for minerals for weapons and to carry out grass-root geological investigations to assess the mineral potential of the country at that time. Among the GSD's many roles, was to provide basic geological maps of the country, undertake mineral exploration, provide laboratory services and technically advise miners.

According to Uganda's geological setting, the underlying rocks host a variety of economic minerals such as copper, phosphate, marbles, diatomite, limestone and tungsten. Others are tin, columbite (tantalite), pyrochlore, lead, zinc, beryl, bismuth, asbestos, lithium minerals, cobalt, feldspar, gold, salt, sands, stone, clay, iron ore, sulphur minerals, ceramic minerals, bentonite, vermiculite, gypsum, amblygonite as well as gemstones.

Mining activity in Uganda did not start in earnest till 1921 when geological investigations started and it seems to have climaxed in the sixties. Gold was first produced in Uganda in 1931, and from 1934-42 the mining of alluvial gold was flourishing in swamps and rivers in many parts of Uganda. It is reported that total production to the end of 1964 was 140,085 troy oz, valued at £996,000 by then. Despite attempts to produce a pure salt on a commercial basis by the Katwe Salt Trust in 1948-49 and by Uganda Development Corporation (UDC) in 1955-57, none of the two entities was successful mainly because of high costs of separating and purifying the common salt.

Large amounts of beryllium were

# Old Geology Map



first mined in south-western Uganda although prices and quantity started out low in the late 1930's only growing in the 1950's, and even hit higher ground in 1964 at estimated volumes of 3,732 tons valued at £422,000 by then. Maximum production however was obtained at 1,200 tons in 1962 when higher prices came into play.

This income and volumes are reported to have represented more than 10% of world's beryllium production for that year. The United Kingdom Atomic Energy Authority is said to have examined and mapped all major beryl deposits in the 1960's with an estimated tantalite and columbite ore produced to the end of 1964 being at 198 tons with a value of £131,000 by then. Production of lithium ores at the end of 1964 was estimated at some 1,050 tons valued at £7,500 by then. Production of bismuth ores since 1948 to 1964 was only 51 tons valued at £27,000 by then.

An agreement between the United Nations Special Fund and the government of Uganda was put in place in November 1960 and an airborne geophysical survey was mounted in July 1961 and flown in three regions and financed by the United Nations Special Fund to areas such as Karamoja region, the strip along Aswa fault zone and on eastern side of the Western Rift Valley.

Copper production started at Kilembe in Kasese, western Uganda in 1956 and by the late 1960's production averaged about 16,000 tons per year. It is reported that during the early 1960's the Uganda government established the Tororo Industrial Chemicals and Fertilizers Ltd (TICAF) to manufacture granular single super-phosphate and the reported production capacity was 25,000 tons per year gradually declining in the early 1970's until the plant closed down in 1978.

Like all other production sectors, the mineral sector showed a healthy growth trend during the sixties, when mineral production played a key role in export earnings and the supply of raw materials to local industries. The sector contributed about 30% of the Gross Domestic Product (GDP), and the combined export of copper, columbite, tantalite, bismuth, amblygonite, lead, molybdenum, wolfram, beryl, tin, and gold placed the mineral sector as the third most important source of foreign exchange for Uganda after coffee and cotton during the sixties. Similarly production of limestone, phosphates, salt, sand and stone aggregates formed a basis for industrial processing of cement and fertilizers, and for construction and building industries.

When a special Carbonatite Exploration Project (1969-70) was set up by the Geological Survey Department in October 1968, with the objective of making an economic mineral appraisal of the known carbonatite complexes and of searching for new ones, it indicated further reserves of limestone and phosphates and investigated possible sources of pyrochlore, iron ore, vermiculite, titanium, vanadium, copper, rare earths, radio-active elements, strontium, barium minerals, beryllium, molybdenum, lead, zinc, cobalt, nickel, chromium, zirconium minerals, barium, strontium, potassium minerals and fluorite. The Carbonatite Exploration Project covered seven carbonatites (Toror/Theno, Napak, Lolekek, Koryet, Budeda, Butiriku and Sukulu) in eastern Uganda.

From 1970 to 1973, the German Geological Mission, working in south central Uganda, found pointers to mineralization, notably a possible equivalent horizon to the copper-bearing Kilembe Series. In 1971 UDC started on a feasibility study of developing Lake Katwe salt. The year 1971 was a bad year for the mining industry due to a worldwide decline in the demand for many minerals with corresponding fall in prices. However, diamond prospecting was continued by Mineral Prospecting (U) Ltd in



1971 despite the low mineral prices and surprisingly during 1971, there were about 130 Mining Title holders in Uganda compared to 113 in 1970, according to the annual report of 1971.

In a period of economic decline and social hardship (1971-1980), the Uganda's economy was shattered by a series of misguided economic policies and neglect of economic management.

In 1979, mineral productivity at Kilembe Mines Ltd virtually came to a standstill and blister copper could not be produced any more because of degenerated machineries and a lack of spare parts worsened by an unstable volatile political and economic climate that had existed since the early seventies.

Similarly, during the late seventies, two traditionally major producers of wolfram, Kirwa Wolfram Mines Ltd and Bjordal Wolfram Mines Ltd in the Kigezi region were doing so at very low capacity then. Their machines were not only just too old, but were absolutely obsolete. Coupled with this state of affairs was the shortage of foreign capital to purchase replacement machinery and new production tools. Factories such as TICAF that produced fertilizers, The East African Glassworks Limited that produced glass and African Ceramics Ltd that produced ceramics also closed down (1978) due to failure to procure spares and to repair

**"The objective of the SMMRP was to strengthen government capacity to develop a sound minerals sector based on private investments and improvements in selected artisan and small scale mining areas. SMMRP has built institutional capacities, acquired extensive geo-scientific data and developed information on mineral resources, improved small-scale and artisan mining and established environmental and social capacity for the mining sector"**



and maintain their machinery and production tools.

Around the same time, the Uganda Cement Cooperation and the Uganda Steel Cooperation were producing very much under capacity. The lack of monetary and fiscal policies led to uncontrolled monetary expansion and the steep decline in production thus making things worse which led to disenable economic growth. Output of copper, fertilizers and other export minerals virtually ceased in mid-seventies. State-owned enterprises collapsed one by one. The war of liberation which was accompanied by looting and loss of life also took its toll on the economy. Uganda's ability to manage and promote the mineral sector lagged. Individuals in government inadvisably or inappropriately misdirected precious development opportunities and revenues in the mining industry.

Between 1981-1985 due to the new governments basis on free market forces, the achievement of rational allocation of scarce resources, and realization of efficiency and discipline in the conduct of economic affairs, there was proposed rehabilitation of the existing mining activities, while at the same time direct efforts and funds to the exploitation of the known unexploited minerals and to explore for new minerals.



During this period, an effort was made to carry out geological, geochemical and geophysical exploration in search of industrial minerals and metallic ores or elements. Emphasis was placed on the search for gypsum, limestone, asbestos, diatomite and graphite. The first three minerals were in response to the increasing demands for material for the construction industry. Prospected with a similar tempo were iron, manganese and gold.

It is however the period after 1986 that marked by a favorable business climate in Uganda when a number of mining companies took up licenses in the mining sector and the mining and quarrying industry is now growing at a rate of 11% per annum.

From 1989 to 1991, government undertook geological survey together with the French Government (Bureau de Recherches Géologiques et Minières - BRGM) and a number of mineral occurrences were discovered in Busia area. In 1989, the Anglo-Ugandan Corporation acquired exploration rights at Kamalenge in Mubende.

From 1992 to 1996, Uganda, with assistance from UNDP (UNDESD) appraised several mineral occurrences which resulted in discovery of mineral targets. These include: Tira gold mine near Busia, Bjordal, Nyamuliro wolfram mine in Kigezi region, Wampewo tantalite mine in Wakiso, Namekhara

vermiculite mine in Bukusu carbonatite complex, Manafwa, Kisita gold mine in Mubende, Kamalenge gold mine in Mubende.

The government put in place interventions for example a Mineral Policy in 2001 followed by a conducive legal framework in 2003 in order to address the constraints that for a long time had affected exploration and development of the country's mineral resources. The policy goal was to have sufficient geoscientific data and well trained human resource that would interpret the data which consequently would attract both local and foreign investors in exploration of more potential mineral prospects that when developed sustainably would lead to both social and economic transformation of the country.

In fulfillment of the mineral policy framework to address the technical constraints of government's mineral sector, financing was obtained from the World Bank (IDA), the Nordic Development Fund (NDF) and African Development Bank (AfDB) for a five year Sustainable Management of Mineral Resources Project (SMMRP) that commenced in August 2004 and was implemented by the Department of Geological Survey and Mines (DGSM). The SMMRP was initially funded by an IDA Credit of US\$25 million, with US \$7.7 million co-financing from the AfDB and €6 million from the NDF and US\$ 3 million as government

counterpart funding. An additional US\$5 million was secured from the IDA in order to address the cost-overruns caused by inflation over the project life.

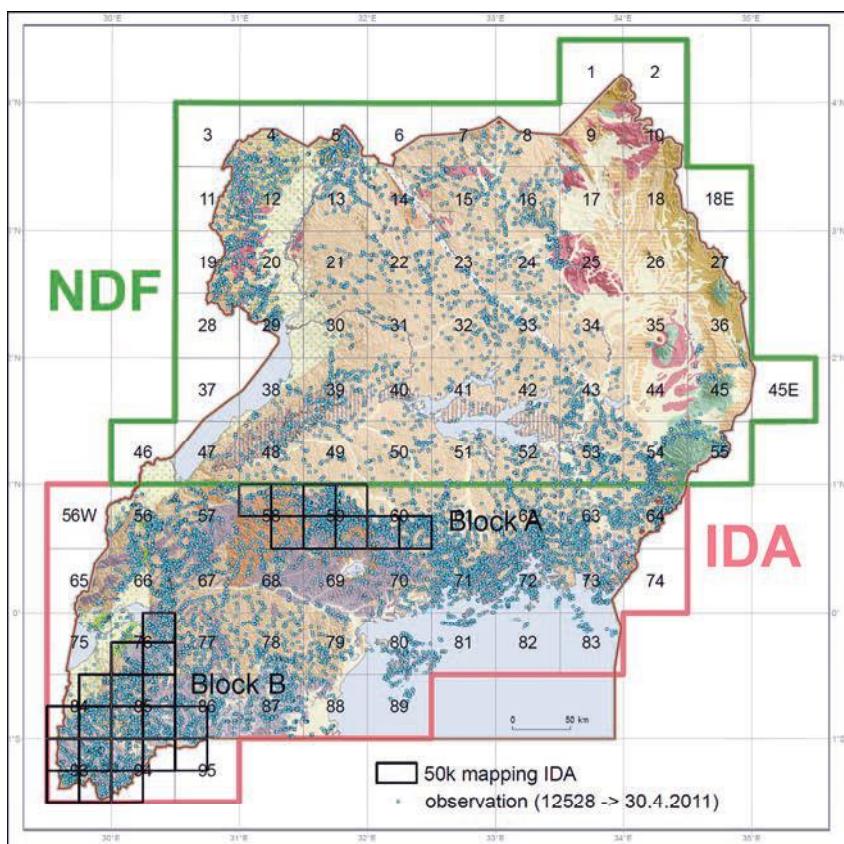
The objective of the SMMRP was to strengthen government capacity to develop a sound minerals sector based on private investments and improvements in selected artisan and small scale mining areas. SMMRP has built institutional capacities, acquired extensive geo-scientific data and developed information on mineral resources, improved small-scale and artisan mining and established environmental and social capacity for the mining sector.

Project implementation has put in place, for example, a Modern Documentation Centre to ensure efficient storage, search, retrieval, and dissemination of Uganda's geo-information. The new system also has a website that allows easy access to geological information on Uganda. The Airborne Geophysical Surveys that was carried out generated high quality, purpose oriented geophysical data (radiometric, magnetic and electromagnetic) which will create new mineral exploration targets and provide basic geological information to assist in geological mapping, and to demarcate high mineral potential areas. 80% of the country was covered during the airborne geophysical survey (magnetic, radiometric and EM).



**Grace Nassuna, the Principal Documentation Officer at the DGSM demonstrates how the new e-data systems work**

# Recent Geology Mapping



It is also worth noting that Geological and Mineral Information System (GMIS) is in place and able to integrate the various databases and geo-information into an easily accessible system. An environmental and social framework has been established and a modern computerized Mining Cadastre and Registry System for management of mineral licenses in a transparent manner is in place. Construction, rehabilitation and equipping of office buildings and laboratories at DGSM, Entebbe has been accomplished. Two more earthquake monitoring stations have been installed at Butologo (Mubende district) and Nakauka (Wakiso district) in order to increase the earthquake network and obtain better and more reliable data. The current stations are basically very close to the Western Rift Valley and the Katonga fault zone as these areas have in the past been prone to earthquakes but efforts are underway to source for funds and put in place more stations in eastern, north-eastern and northern Uganda in order to provide a balanced national seismological network.

Despite the challenges of global mineral price fluctuations and vulnerability of artisanal and small

scale miners, as well as difficulty to access geo-science data due to the way it is organized hence resources ending up underutilized; a lot of ground has been covered since the 1920's. However, there is need to get maximum value from geo-science data holdings, mainly through the use of modern computerized digital techniques and retaining human resource trained especially under SMMRP for sustainability of activities. The need to maintain the equipment procured under SMMRP should be emphasized, otherwise much of the recently procured equipment will stop to function and become obsolete due to the lack of budgetary funds for repair services and components, reagents and supplies.

It is also key that there is an outstanding need to develop an infrastructure policy as many mining projects occur within remote areas of the country. With a lot done, and yet a lot more required it is only hoped that more interest will spur further development of the mineral sector brought to light once again. A case in point is when for example government put in a lot of effort and trained human resource that eventually became very well facilitated and

sustained and ended in the discovery of oil in the country.

With the enactment of the Mining Act (2003) replacing the old Mining Act of 1964, regulation, administration and technical procedures relating to mineral exploration and mining will hopefully be dealt with better. The Mining Law of 2003 provides that minerals of Uganda are the property of the people, managed and developed by the government on behalf of the people. The Mining Act (2003) was followed by the promulgation of the implementing Mining Regulations (2004) to guide a sound mineral sector for the benefit of all involved. There is need to develop a new mineral sector legal, regulatory and fiscal regime more in line with international norms so that it is competitive internationally.

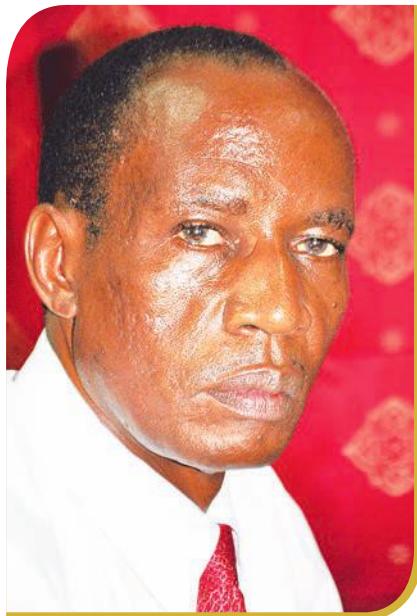
Development of mineral resources is important to developing countries in order to promote their economic growth. However, it is difficult for Uganda to operate exploration development by itself because it cannot afford a large cost or the advanced technologies needed. That explains why Uganda gave up state-owned mining enterprises and invited foreign investment or private capital to operate mining projects. Over 120 enterprises among them Hima Cement (U) Ltd and Tororo Cement Ltd were privatized under the divesture process. In order to promote economic development, a one stop center was created known as Uganda Investment Authority (UIA) to attract local and foreign capital in the mining and other sectors.

It is also true that the mineral sector looks promising geologically, and the international community has raised the level of interest and large and small companies have acquired mineral rights. There is need to up-grade the recently refurbished laboratories at DGSM and equipping them further with the aim of commercializing their services in future. This will include continuous capacity building of human resource and development of infrastructure (computers and other necessary equipment) at DGSM. The legal framework for the mining sector needs to be reviewed as well as the fiscal regime. Finally, there is need to complete the mineral appraisal of the whole country if Uganda is to benefit from the mining industry.

**Written in consultation with Mr Edwards Katto, Ag. Commissioner DGSM**

# DGSM UPS ITS GAME...

## Uganda's growing mineral sector in safe hands



**Edwards Katto**

Uganda has several tonnes of unexploited mineral wealth which have been documented since 1920s. The introduction of better technology continues to boost the industry with surveying, exploration and production itself becoming easier by the day; all great signs for a sector that had seen its fortunes dip over the years.

Playing catch-up amidst one constraint after another is the Department of Geological Survey and Mines (DGSM), headquartered by the lakeside in Entebbe. For Edwards Katto Kagimba, the Ag Commissioner at the department, every effort to keep up with the changing times and therefore adequately provide all the necessary support mining investors need is a never-ending challenge.

The completion of Airborne Geophysical Surveys and purpose oriented geophysical data (radiometric,

magnetic and electromagnetic) to create new mineral exploration targets and provide basic geological information while demarcating high mineral potential areas is one achievement that DGSM is proud of.

"This important data is now available here and will go a long way in encouraging more investments in the sector," says Katto.

Like all government departments, issues of inadequate funding are rife with an argument that more money should be availed for exploration to understand Uganda's mineral base better. To this, Katto says that money is not necessarily the issue as DGSM collects a sizeable amount in form of royalties which is remitted to the Ministry of Finance. It is the redistribution after collection that needs to be addressed to fund critical work.

"Efforts should be put in place to send back some of this money to DGSM in order to assist in exploration and conducting regular supervision of activities in the mineral sector. In some cases, there is a feeling that the companies paying royalties under-declare the royalties due to lack of on-spot supervision and inspection," Katto argues.

For a while there has been talk of the lack of a go-to documentation center with all the information one may need about the industry. Such centers ensure efficient storage, search, retrieval, and dissemination of the country's geo-information. A visit to the department reveals a well thought out library and information system in place, with archived data from as far back as 1920.

The center has captured Meta data for all the available 25,000 published media and digitized 6,000 unpublished geological reports and it is open to the public. It is operated by the information system LIBERO. There is a free access and a closed Library with internet access and well archived, easy to search labeling system.

In line with managing information, a Mining Cadastre system has also been set up. The cloud-computing based Flexi Cadastre Portal for publishing public domain information on mining sector also improves transparency and security of tenure; increases accessibility of information to private sector investors including small-scale miners; and ensures standardization and uniformity of mineral licensing procedures. It now allows for the efficient and reliable management of mineral rights for the benefit of all mineral stakeholders, the people and the Government of Uganda.

There is no denying that Uganda's mineral sector looks promising geologically with the international community raising the level of interest and several companies acquiring mineral rights. As a consequence, this has required an up-grade of the laboratories and development of geological infrastructure.

"The laboratories have been refurbished and moderately equipped. However, there is need to procure more advanced equipment so that the laboratories can perform commercial analysis of samples in tandem with other international laboratories," notes Kato.

Another challenge that DGSM and the Ministry of Energy and Mineral Development will have to address quickly is the artisanal and small scale miners who despite their contribution to the mining sector output, they remain largely unrecognized or even being legalized.

"The legal framework is to be reviewed by the Commonwealth Secretariat to cater for the regulation of the Artisanal and Small scale miners (ASMs). Under the Sustainable Management of Mineral Resources Project (SMMRP), the ASMs were extensively trained in sustainable exploitation of minerals plus paying more attention to their health and safety together with protection of environment," says Katto while emphasizing the need to give the issue more critical attention.

# Uganda's vermiculite makes international waves



Uganda's best-kept story about its mining industry is probably buried in the Eastern part of the country. For long, stories about the vermiculite at Namakera, located deep in Bugisu region, were largely based on speculation over whether the mine was big enough to make international headlines. That debate has since been settled.

Uganda is said to have the best vermiculite in the world, and with the Namakera mine thought to be the largest. And unlike many other minerals that have created some tension

between the big mining firms and the local communities, vermiculite is one of those minerals that have created important mutual benefits between the two parties.

There is a lot that one can do with vermiculite: high temperature insulation, making fireproof structures, a fertilizer for the soils, just to mention a few. It is due to its vast array of uses that vermiculite is one of the most sought-after minerals in the world.

Figures from Gulf Resources, the company producing the vermiculite



in Namakera, indicate impressive growth. Compared to the quarter ending March 2012, production increased to 3,798 tones, an increase of 19%, according to the latest company figures. The sales went up by 17% to 3,082 tones over the same period.

The numbers are quite eye-catching considering that heavy rains disrupted operations at the mine in April and May, bringing work to a standstill. If it weren't for those rains, it was likely the figures would have been better.

So what makes the Namakera mine special? Henson Mambo, the Operations Manager at Gulf Resources, says it is the quality of the mineral. "Our vermiculite flakes are large unlike other countries whose flakes are small. Our sole advantage is that we can meet any required size for any market interested in our products," he said.

Gulf Resources has also installed a granulator from Italy, which can resize the vermiculite into different sizes to meet the market requirements, the company says in a statement.

The Namakera mine is so important to Gulf Resources that it accounts for the biggest part of its workload. The company plans to produce at least 30,000 tonnes of vermiculite per year within the next two to three years. Currently the company is producing roughly 22,000 tonnes. Mambo, a vermiculite expert, says that the firm signed an agreement with Dupre Minerals Ltd, a renowned marketing firm in the United Kingdom that distributes Gulf



### Inside Guld Resource's vermiculite plant at Namakera

Resources' vermiculite, to increase the sales price of Uganda's product. The prices cut across vermiculite grades of micron, super fine, fine, medium, large and extra-large.

Gulf Resources already has a 25-year distribution agreement with Dupre, signed in 2010. Part of that agreement required Dupre to invest \$1 million in the Namakera mine to shore up production of the mineral. It is estimated that the vermiculite is located in a surface of 1km to 5km.

Gulf Resources acquired the Namakera mine from Rio Tinto in 2009. At the point of the acquisition, the mine had taken months without any work going on.

In mid-2010, Gulf Resources announced that the mine had moved from the exploration stage to production.

The company, however, faces challenges. Reliable power supply remains a big challenge, says Joseph

Kunikina the Human Resource Manager at Gulf Resources. The lack of reliable power increases the company's costs of production, and eats into its savings. The state of the roads around the mine is still an issue for the company. Kunikina said that the problem is broadened during the rainy season. "During the rainy seasons, the roads get slippery and our trucks cannot freely move to the Mombasa Port to export our products," he said.

While Gulf Resources awaits government intervention to solve some of these challenges, vermiculite is changing lives among the agricultural communities in the Bugisu region. Gulf Resources gives out vermiculite residues to the farming communities around Namakera.

The mineral has a high water holding capacity; facilitates re-wetting and absorbs excess nutrients, according to different researches. Vermiculite has a good air holding capacity, insulates and minimizes soil temperature fluctuations

and has low alkalinity. For an area that is close to western Kenya, a region that imports significant food supplies from Uganda, the vermiculite residues are an added boost to the farmers.

"Usage of the residues should be made a priority countrywide to boost productivity. Its only farmers who are located in distant areas who will foot the cost of transporting the residue to their respective gardens," says Kunikina.

Mike Brook, the Chairman of African Lion, a fund that invests in Africa's mineral potential, and one that has spent money on the Namakera mine, believes even more can be done. "A big mining firm like Gulf Resources should expand its scope in relation to its corporate social responsibility activities. We should not only mine the minerals but also be in position to better the livelihoods of surrounding communities by providing basic necessities such as water and health facilities," he said.



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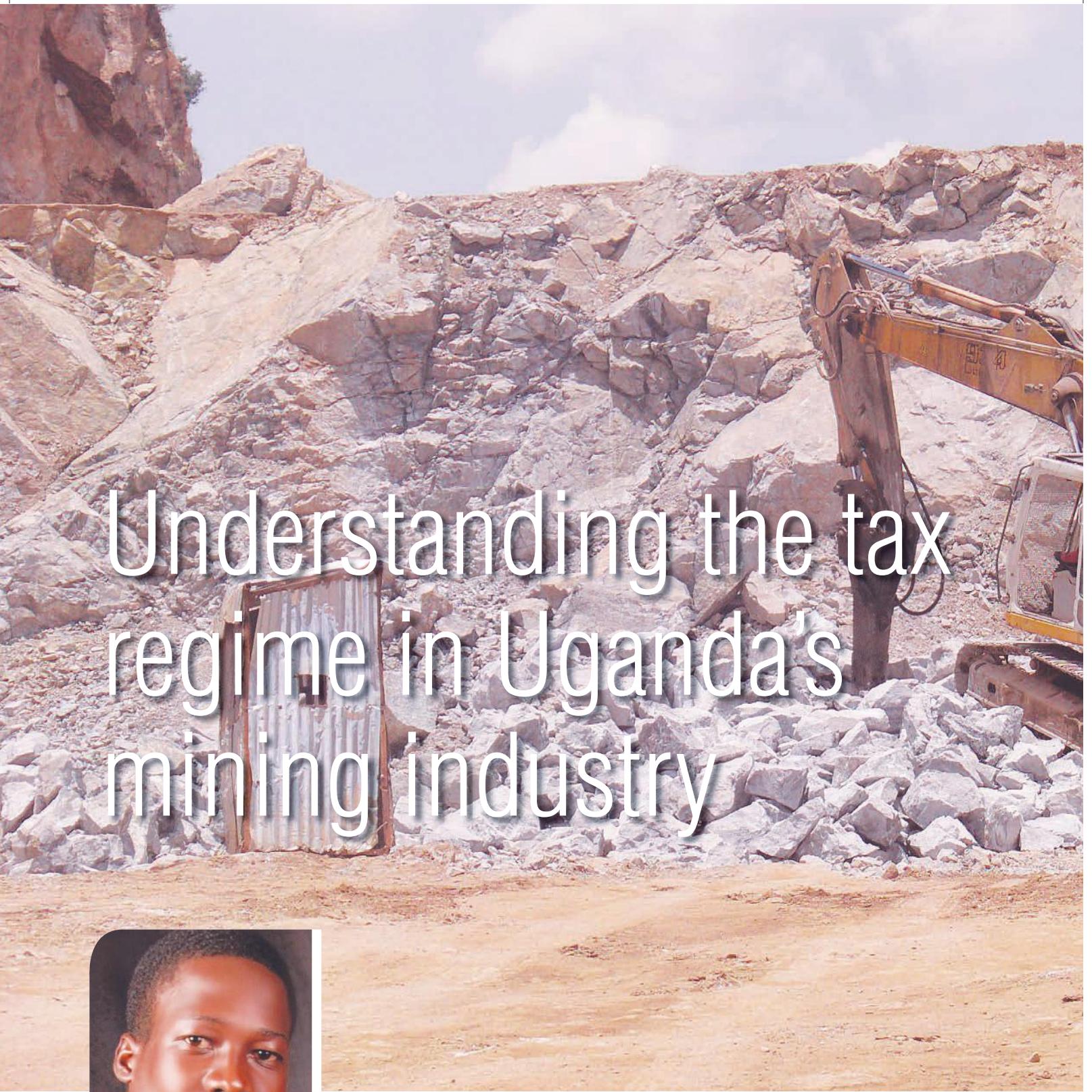
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# Understanding the tax regime in Uganda's mining industry



**Micheal Kabuuka**  
Senior Associate Tax,  
Deloitte, Uganda

Mining is not as new as the petroleum sector in Uganda. Mining has been going on in the country for decades with copper mining the standout activity before everything came to a halt in the early 1980s.. The sector is however on the verge of rejuvenation.

There is a need to explore further to determine the commercial viability of the prospects and Uganda is mainly looking at foreign companies to invest in the sector.

It should be noted that the regulatory and tax regime which applies to mining

in Uganda does not include petroleum exploration and production activities. Mining relates to all methods and processes by which minerals are won from the soil or constituents of the soil. The definition of minerals in the 2003 Mining Act specifically excludes petroleum.

Below, we give a brief overview of the taxes that might influence the investment decision of foreign companies into the budding mineral sector.

**Deduction for exploration expenditure**



During the early stages of prospecting and exploring it is not expected that a mining company will be generating revenue. Therefore, expenditure of a capital nature incurred in the prospecting and exploration stage is allowed as a deduction from future gross income.

#### **Capital allowances – 30%**

When computing taxable income, a deduction for capital allowances of 30% on a reducing balance basis is given to plant and machinery used in mining operations.

A building used for mining operations also qualifies as an industrial building. Industrial buildings get a 20% capital allowance in the first year they are put into use and subsequently at 5% on a reducing balance basis.

#### **Capital gains**

A prospecting license is not transferrable. However, transfer of any other type of mining license or shares in other licenses is acceptable but only if approved by the Commissioner, Department of Geological Survey and Mines (DGSM).

A gain on the disposal of a share in a company holding a mining license or a direct interest in a mining license is potentially taxable.

#### **Corporation tax rate**

There is a special formula for obtaining the corporation tax rate for mining companies.  $70 - (1500/X)$  X is the percentage of the tax adjusted taxable income over the gross income of that company. This rate is also subject to a range of 25% - 45%. If the rate obtained using the formula is below 25%, then the rate used is 25% and likewise if the rate from the formula exceeds 45%, then the rate used is 45%.

#### **Example 1**

Company C made revenue from the sale of gold of USD 1000 in a year. It had tax deductible expenses of USD 200.

$$\begin{aligned} \text{Chargeable income} &= 800 \quad (1000 - 200) \\ x &= 80 \quad (800/1000) \end{aligned}$$

$$\text{Rate} = 51.25\% \quad (70 - (1500/80))$$

Tax rate will be 45% because 51.25% > 45%

$$\text{Corporation Tax} = 360 \quad (45\% \times 800)$$

#### **Example 2**

Company D made revenue from the sale of cobalt of USD 1000 in a year. It had tax deductible expenses of USD 700.

$$\begin{aligned} \text{Chargeable income} &= 300 \quad (1000 - 700) \\ x &= 30 \quad (300/1000) \end{aligned}$$

Rate = 20%  $(70 - (1500/30))$   
Tax rate will be 25% because 20 is less than 25%.

$$\text{Corporation Tax} = 75 \quad (25\% * 300)$$

\* The computed rate will only be used if it lies between 25% and 45%.

#### **Branch tax**

Where the mining company is registered as a foreign legal entity (branch), in

addition to the corporate tax, there is an additional 15% tax on the deemed repatriated profits of the branch on income sourced in Uganda. This 15% is levied on the net assets movement of the branch computed with reference to the beginning and the end of the year.

#### **Withholding Tax (WHT)**

Foreign payments like interest, dividends, and royalties, among others are subject to WHT. Uganda has nine double tax agreements which could potentially reduce WHT on foreign payments. The standard rate of WHT is however 15% on foreign payments.

#### **Royalty**

There is a royalty payment on the gross market value of the minerals obtained during mining. The royalty rate is usually prescribed in the license.

#### **VAT credit claim**

Mineral sales are subject to VAT at 18% when sold in Uganda and 0% when exported. This implies that companies involved in mining make taxable supplies and are therefore permitted to register for VAT. This will enable mining companies to recover the VAT incurred on domestic purchases of goods and services. The issue however would be that a mining company will not have any taxable supplies during the prospecting and exploring stages. It would therefore be advisable for companies to sell some of the minerals discovered during the prospecting and exploration process to be able to recover the VAT suffered. The sale of minerals in the prospecting and exploration stage is however subject to approval by the Commissioner of DGSM.

#### **Imported services VAT**

Mining companies like all other companies in Uganda will be required to self-charge and forward to URA VAT at 18% on imported services. Head office reallocations, equipment rental charges, service contracts with nonresident companies are some of the examples of items that would qualify as imported services. It should be noted that unlike in other countries, imported services VAT is not claimable in Uganda.

#### **Customs**

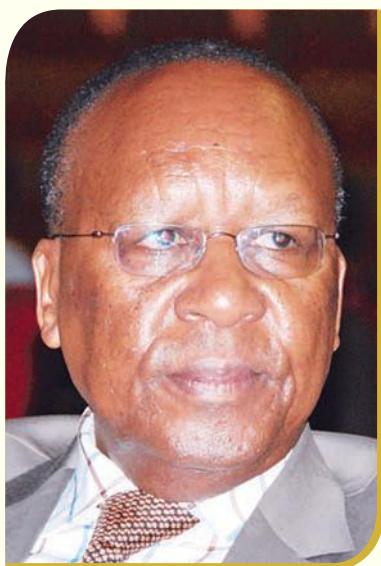
Importation of mining plant and equipment is subject to 0% import duties. There is also a possibility of deferring the payment of import VAT on the same.

This is intended to be a brief overview of the taxes affecting the mining sector in Uganda. Should you have any specific queries to the application or require greater detail, you would have to acquire the services of a reputable tax advisor.



# The time is now

to invest in Uganda's mineral sector – Kaijuka



**Richard Kaijuka**  
EA Gold Chairman

As a former Minister of Energy and Minerals, key mineral investment promoter, mineral exploration investor as well as Vice Chairman UCMP, **Richard Kaijuka** – commonly known as Sir Rich to his peers – has seen it all and then some. He shares his views on the minerals and mining sector in this interview:

**Where does Uganda stand as far as mineral exploration and mining is concerned?**

It is extremely important that Ugandans and the world on the whole understand that apart from cement production and quarrying in general is all that is happening on a reasonable scale in the sector. The Kasese cobalt project is based on stockpiles of copper pyrites

deposited over the years when Kilembe Mines was still active.

For now the World Bank, Nordic Development Fund and African Development Bank project – the Sustainable Management of Mineral Resources Project (SMMRP) that commenced in 2004 – has helped broaden our knowledge as far as mineral occurrences are concerned.

But we need to take this further. Because whereas there might be minerals, for now we can't know for certain what type, quality or quantity they are until serious exploration work has been done; and this means serious commitment, serious money and serious expertise all put together.



## E.A Gold activities in Karamoja

So at this stage, all we have are people across the country engaged in artisanal mining – using rudimentary tools; there are no serious projects to write home about.

Hence this minerals conference comes at a time when we are saying, "Yes we may have this potential but until we have serious people going into exploration in earnest, Uganda will not establish serious mines to match those in the likes of South Africa, Namibia, Zimbabwe or even Northern Tanzania."

As such, I have personally driven this initiative; landing myself in not only oil exploration but mineral exploration as well – the risks involved notwithstanding.

As regards mineral exploration, I am glad to be associated with East African Gold – where and I serve as executive chairperson. For the first time in a long time, Uganda has a committed mining firm which has put together a team of geologists and other professionals to carry out serious work. We cover quite a large exploration area in Kabong, in Karamoja and are employing a sizeable

number of locals.

If the results are promising then thorough drilling will follow to appraise the mineral. These are very capital intensive processes that the average Ugandan may not appreciate. One needs deep-pockets from the very start and must be ready for any eventuality.

### **How do we move from merely celebrating mineral occurrences to the next stage – with mining projects aplenty?**

This is what the Uganda Chamber of Mines and Petroleum is trying to achieve with this minerals conference. We believe that it is high time Uganda's mineral wealth was brought to the attention of the world. What we are talking about for now are Greenfield investments and projects.

We have to start somewhere; and remember one good story builds another. Say we got a reasonable mine structure; a well-established mine can employ up to 5000 people. Four more of those, you are on your way to employing a large number of Ugandans – be it professional or

otherwise – the direct benefits of tax revenues notwithstanding. So it's a great opportunity.

### **Apart from promising would be investors credible minerals' deposits, what other incentives can Uganda offer them to encourage them to actually spend their money here?**

I think there has not been a clear focus on making Uganda the go-to-area for a mining investor seeking the same minerals that can be found elsewhere in the region. There are no clear incentives that should persuade people to invest here and not Tanzania or Congo.

With time, nothing succeeds better than success. If any of the companies here could end up having a good story with a working mine in place, others would follow. We need pioneers.

### **What other lobbying is being done to make it easy for new firms to join the mining sector?**

The main focus has been on oil and gas over the past few years. But as the Chamber of Mines and Petroleum we have done a number of interactions,

not only with MPs, but also with Presidential Investors' Round Table. We've articulated the need to have more Ugandans taking the initiative to develop the sector rather than being mere onlookers. Empowerment of local communities is also seriously encouraged. The local content debate is on top of the agenda, so that Ugandans can be part and parcel of what is evolving. But of course, we haven't even seen the bigger picture. It's an ongoing effort and more needs to be done.

#### **Where should government's focus be if more is to be achieved in the sector?**

After this conference, we would like to see government clearly talk about minerals. After all, the legal framework to guide the petroleum industry should soon be in place hence the need shift the focus to the minerals.

Let's have a debate on how we can encourage more people into the sector and also get rid of people who excessively speculate. For instance we have people who merely acquire

licenses and spend over five years doing nothing with it; but this cannot hold anymore - you're either serious or you're out!

Also, the Chamber needs to build a database and framework, so that investors can get to know exactly who has which area and for what. This should be easily accessed on a website, so that whoever is serious can gain easy access to the information. All these we look forward to happen.

**Some people will argue that there isn't enough commitment by a few firms here to develop the communities around their mines and Uganda in general. That there is capital flight and this never helps the country going forward. What needs to be done in this regard?**

It all depends on our legal framework and taxation policies. Surely, if we have put certain laws in place it follows that all companies – whether foreign or local – must respect them. If they have to pay a certain royalty or corporate tax so be it. We just have to implement our laws.

There shouldn't be such scaremongering even before anything significant is off the ground. Our job at the Chamber is to encourage more mining firms and individuals to make more of these discoveries and develop them too.

#### **What message do you want the international delegates attending this conference to leave with?**

I want our visitors to appreciate that if there was ever a good time to get into mineral exploration in Uganda, it is now. Because 5-10 years from now, once we've made the findings, it will not be that easy to get an exploration license. It's important now because we are literally starting from scratch. Often times because no big names are heard in Uganda's mining circles, some potential foreign investors never pick interest to come here but in the end it becomes "a chicken and egg situation". We are saying, "Let's break this line of thinking." Hence we are inviting everyone to come, those who have the cash as well as the expertise to finally get this potential off the ground.





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# CROSSING THE CHASM

*“Consistent policies will take Africa far”*



Dr. Luisa Moreno of Euro Pacific Capital (Canada) is one of the most respected Research and Mining Analysts in North America. A holder of a Bachelor's and Master's in physics engineering as well as a Ph.D. in Materials and Mechanics from Imperial College, London, she is a frequent speaker at international conferences on commodities, rare earth elements and other strategic metals. The Uganda Chamber of Mines and Petroleum interviewed her about Africa's mineral wealth potential and the geopolitics involved:

**What is your view of Africa in light of mineral exploration, resources development, the geopolitical situation and calls for nationalization of mines within South Africa?**

Africa is rich in so many resources. Nations rich in resources need to always be smart about how they exploit them. This is true whether we are referring to Zambia, Norway, Australia or Canada. I think many parts of Africa are fairly well surveyed for their resources, but my understanding is that there are many other regions in Africa that still need to be studied for their resources. The common sense, however, is that Africa is without a doubt blessed with many mineral resources. Africa continues to attract exploration geologists from around the world and hopefully the departments of mining in each of these countries are keeping a good record of these generally expensive studies for the future. All the ongoing exploration work in Africa is very positive. Not all projects are going to be feasible today but they may become feasible in the future as prices of metals adjust to demand, or new processing technologies are developed. South African politics is fairly complex and I would rather not comment on their discussions about nationalization of mines. What I can say, however, is that it seems that there has been a 'mining nationalization' fever around the world, particularly in the emerging markets; usually this is not seen favorably by the capital markets. You see, mining projects depending on the size could require billions of dollars to be developed, and investors around the world, some of them common individuals, invest in these projects. When resource countries suddenly

change their mining laws, for instance, to increase royalties and/or to request a partial government ownership of the projects, it usually has a negative effect on the company's stock, on its ability to raise funds for a project. Mining countries must be consistent with their laws and maintain their words and promises.

**What is your feeling of investors' view of the investment climate in Africa in general and of the East African Region in particular?**

There are numerous studies that attempt to rank the best and worst mining jurisdictions in the world. In Africa, some of the countries that are seen favorably by investors include Botswana, Burkina Faso, Guinea Conakry and Mozambique, to name a few. On the other hand, countries under conflict such as the DRC are usually not well received by investors.

**What policies should African Governments focus on at this point in time?**

I would recommend African countries to be consistent with their policies as much as possible. African nations should establish their mining related policies regarding taxes, interest, royalties, etc, taking into account the potential for increases and decrease in demand for the underlying resources, and not go unexpectedly back on their word and policies in the middle of a project; as it seems to have been the case for South American Silver in Bolivia, South America. There are different ways a mining country could collect the benefits of a mining development. Resource rich nations in Africa must perform a thorough

economic study to determine the best mining laws for their economy. Once those laws are established, officials need to reinforce them in a consistent way.

Furthermore, for every mining project it's imperative that African nations educate and consult their local communities and have a full assessment of the environmental impact of a project. Yes, some projects may cost hundreds of millions to be built and may generate millions in revenue for many years. However, sometimes it could take many more millions to remediate a site devastated by poor mining practices. A well-run mining industry could benefit the local communities, and the country, as well as all the global investors that took some of the initial risk.

**Finance for mineral exploration is extremely hard to come by in Africa especially for Greenfield projects. How can African states overcome such bottlenecks?**

It takes time to build good reputation and African nations need to be patient. It usually helps attract investments when for instance, taxes are low, or there are other government incentives. In Quebec Canada for instance, the local government offers tax benefits to exploration companies. Many countries offer tax credits against capital costs for the construction of a mine, which could be an option for some countries. But again, for some of the more unstable regions, prospectors and investors need to have the confidence that their projects are not going to be taken away, or that policies will not change as the project becomes more economically viable. Consistency is important.

**Explorers and prospectors are sometimes referred to as speculators and gamblers. What is your view of this perspective? Doesn't this scare off serious investors?**

These stocks are speculative because the companies don't have revenues and are still exploring. It takes years to determine if a deposit would be economic to mine. Early investors take the risk, but usually are well diversified in their investments to account for the possibility that certain projects/investments may not be economic. That is the nature of mining projects, there are always a number of investors that take the risk and if they are correct, they are usually well rewarded.

**In which commodities do you think Africa has a serious chance of attracting serious investments?**

Africa is rich in all commodities. They have all major precious metals such as gold, silver, platinum, all the important industrial metals like copper and alumina, including the strategic materials such as tantalum, niobium, graphite and rare earths. Africa is also rich in the energy commodities of oil, gas and coal. Africa as a continent has all the necessary natural resources for sustainable economic development.

African nations can and should also make use of renewable energies such as the sun and the wind.

During her recent trip to Africa, US Secretary of State, Hillary Clinton, while in Senegal, is quoted saying: "Washington wanted a partnership that adds value, rather than extracts it, adding that the days of outsiders taking Africa's wealth for themselves should be over."

**Which mining sectors do you think Africa has a realistic chance of adding value? What would you expect Africans to be doing to enable this, to cross the industrialism chasm, so to say?**

Africa, like all other continents, needs to secure good sources of energy, water and food, now and for the future. As far as mineral commodities are concerned, depending on the stage of development, developing nations tend to use certain amounts of steel, aluminum and oil per capita. Not all countries in Africa are rich in the same minerals, but Africa is rich in all major industrial minerals. As the industrialization of Africa progresses, it will be imperative for African nations to collaborate. Some of the developed nations outside Africa, and with

resource experience, could also offer a contribution to African universities for the development of labour so that resources are exploited at a controlled rate, managed by local professionals and operated by machines built in Africa. Developed nations have shown the willingness to help Africa. Africa should together with its global friends develop a more industrialized continent.

**From the global perspective you have acquired over time, any last message to Ugandans and East Africans in general?**

The world is becoming more globalized; we are building a global economy where billions of people will be moving from poverty to the middle class. Many believe that now is the time for African nations to move forward and become more industrialized and have a larger contribution to the global economy. Africans in general need to continue to focus on education that leads to economic development, and they need to work together. Again, as Africa welcomes the financial support from global investors, they need to be truthful and consistent in their policies, while making sure that more Africans benefit from the development of their mining industry, leading ultimately to a much broader African middle class and stronger African economy.



Dr. Moreno is in no way related, neither is she named after the legendary activist, Luisa Moreno, who was once a leader in the United States labour movement and a social activist. She says she was actually named after her aunt who joined the military during the fight of independence of Portuguese colonies. Her name, she adds is also derived from the German name Ludwig which apparently means warrior. "On a personal note, I will continue to be a warrior and fighter for what is right and for my own progress as a contributing individual to the global economy; and I hope that more Africans are given the tools and opportunity to continue to make an economic contribution to Africa and the world," she notes.

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# TOTAL E&P UGANDA

## Total E&P Uganda proud to be a part of **Uganda @50 Jubilee**

As Uganda commemorates its 50<sup>th</sup> jubilee anniversary, Total group would like to take this opportunity to congratulate its people and the country at large for attaining this tremendous achievement.

Total E&P Uganda is a new subsidiary that started operations in February 2012, when it announced the finalization of its farm-in with Tullow Oil plc (Tullow) for an interest of 33% 1/3, covering licences Exploration Area-1, Exploration Area-2, the new Kanywataba license and the Kingfisher production licence . The licences are located in the Albertine region where oil resources have already been

discovered, with a remaining important potential to be explored.

As the operator of EA-1, Total E&P Uganda has been actively preparing for its future operations; rig operations and testing of oil wells on-site in Bullisa and Nwoya districts have commenced and work is in progress to pave way for more drilling activity in these areas. Operations activities have been closely linked to Environmental Impact and Social Assessments, Environment Management Plans as well as engagement and communication with external stakeholders. The company is engaged in developing a pro-active communication strategy with dedicated

materials such as illustrations, brochures and radio talk shows in English and the local languages to address the public and the communities around the sites where it operates.

The past few months have been covered with a lot of appraisal work wells in blocks 1. Numerous on site activities have also commenced including rig movements that have been carried out recently from Jobi-3 and now on their way to dispose of Ngiri-3 and will start moving to Mpyo-1.

In keeping with its commitment and aware of its social and environmental

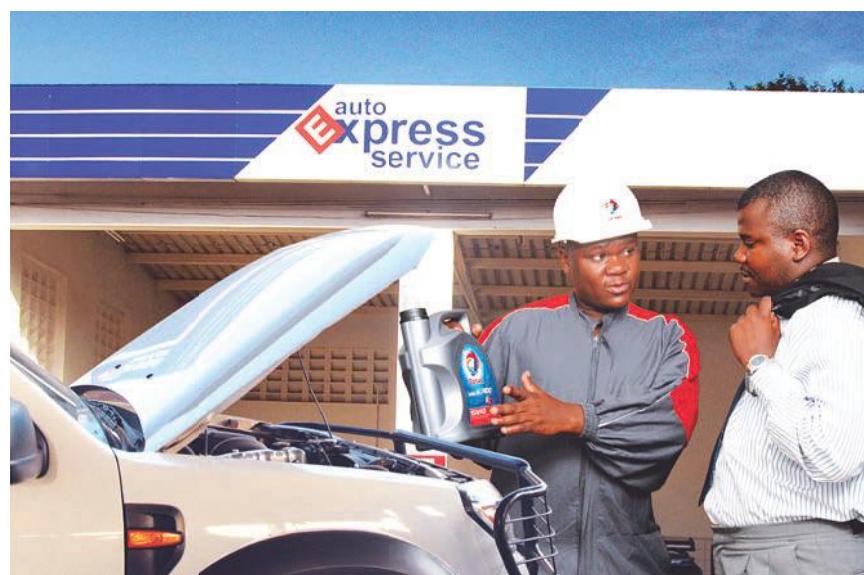
responsibility, the societal aspect is a main subject for Total E&P Uganda with an emphasis on the relationships between the company and local populations. Efforts are dedicated to mitigate and compensate the impacts that the company's Operations may have on the local communities as the company acknowledges that the acceptability of Total E&P Uganda Operations in EA-1/EA-1A, in a very sensitive human and physical environment, is one of its biggest challenges.

As part of its Human Resources strategy, Total E&P Uganda has signed a lifelong Memorandum of Understanding with Makerere University in a bid to pave way for young people from all backgrounds to study and apply their talents in the oil industry. The collaboration will see 5 Ugandan students who are to pursue Oil and Gas related courses commence studies in September 2012. The scholars were chosen a few months ago from a pool of more than 100 qualified applicants through a selection process that involved the Company's Education and Human Resources departments.

The sponsored courses include; Masters in Petroleum Geosciences and Reservoir Geosciences & Engineering at the renowned French Institute of Petroleum (IFP) and Masters in Petroleum Engineering at the Imperial College in London and will be attended by Joshua Ndugga, Paul Odongo, Perez Kakaire, Tony Ongin and Joel Egesa.

Mr. Loïc Laurandel, General Manager, Total E&P Uganda notes that the start of exploration and production sector will be a great milestone and wishes the country continued economic growth.

He adds that, "Total will keep on working with the people of Uganda to make sure that sustainable development is achieved in this nascent oil and gas sector which will lead to better development in terms of infrastructure as well as other social amenities".



### Note to Editors:

#### About Total

Total is a leading multinational energy company operating in more than 130 countries. Together with its subsidiaries and affiliates, Total is the fifth largest publicly-traded integrated international oil and gas company in the world. Total engages in all aspects of the petroleum industry, including Upstream operations (oil and gas exploration, development and production, LNG) and Downstream operations (refining, marketing, trading and shipping of crude oil and petroleum products). More information about the Total Group can be found on the website: [www.total.com](http://www.total.com)

#### Total in Uganda

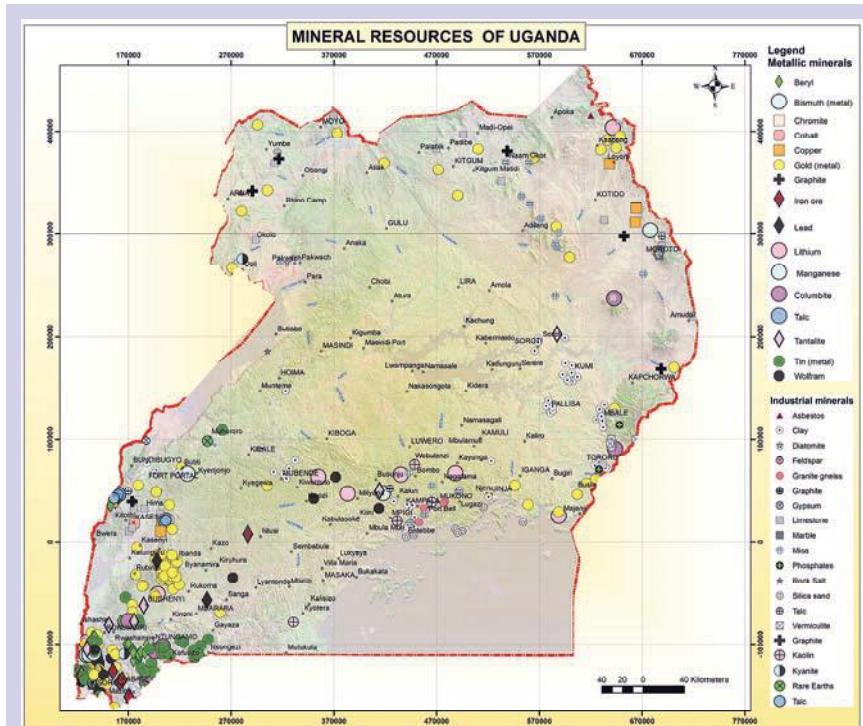
Total has been present in Uganda since 1955 through its marketing operations, and the Group holds more than 20% of the market share. Total E&P Uganda is a new upstream affiliate which will handle the exploration and production of oil in Exploration Area 1 (EA-1) and Exploration Area 1A (EA-1A) within the Albertine Region.

#### FOR FURTHER INFORMATION PLEASE CONTACT:

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# NEW CADASTRE AND REGISTRY SYSTEM Eases Mining Work



A web based portal on [www.flexicadastre.com/uganda](http://www.flexicadastre.com/uganda) was launched on September 7, 2012 for the public to get access to mineral rights information

As has already been greatly spelled out elsewhere in this journal, Uganda is underlain by some of the world's oldest rocks that are favourable for economic mineral deposits. Numerous rich mineral deposits and mining activities have been documented in the country since the 1920's (Figure 1). It's this favourable geological environment has been responsible for attracting investment in the mineral sector.

However as has always been the case, the importance of a mineral sector in the national economy does not depend on the geological environment alone but also, very importantly, on an efficient legal and regulatory framework – conducive enough to attract the right

mix of investors.

In 2001, the government of Uganda put in place a Mineral Policy whose goal was to develop the sector to enable it contribute to sustainable economic and social growth. The policy objectives included: stimulating investment by promoting private participation, ensuring that mineral wealth supports national economic and social development, development and strengthening of local capacity and value addition to mineral ore and increasing trade in minerals among others.

Two years later, the government enacted a new mining legislation, the Mining Act 2003 and Mining

Regulation 2004 to replace the Act of 1964. This was mainly to address the inadequacies in the old law and conform to international standards that could attract even further investment in the sector.

For the efficient implementation of the new legislation, the government – through the Sustainable Management of Mineral Resources Project – acquired a consultancy for the establishment of a Mining Cadastre and Registry System.

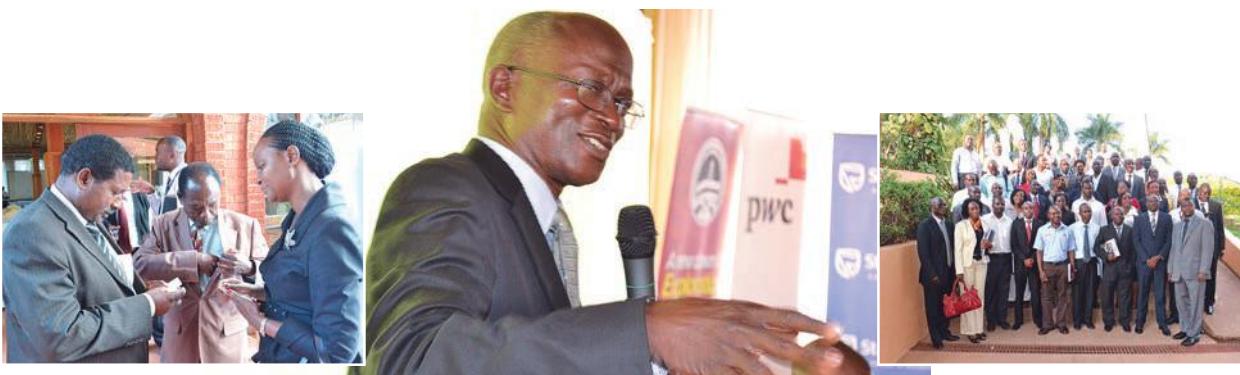
The Mining Cadastre and Registry System is a computerized system that captures information about the area on the ground and the processes undertaken to grant or reject an application for a mineral right. The system consist of a database component that stores location of the mineral rights, ownership, status, date of grant , date of expiry and work obligations such as fees payment and renewals of mineral right licences.

"The Mining Cadastre provides transparency and accountability on the process of issuing mineral rights. The system is operated by authenticated users and keep track of each actions performed by each user. It is designed based on a first-come-first-serve-basis and thus will eliminate issues of overlapping of mineral rights over an area," says Agnes Alaba Kuterema, the Ag. Assistant Commissioner (Geodata) at the Department of Geological Survey and Mines.

The system, she adds, is based on a structured workflow program that stretches from the time of application through renewals until its expiry and thus, will facilitate the enforcement of the Mining Act and monitoring of defaulters in the mineral sector.

Also, an SMS module has been inbuilt into the system to provide notification on issues such as compliance and any other such requirements that may be needed from time to time.

# Chamber Pictorial



Nelson Ofwono, Local Content and Supplier Development Advisor, Tullow Oil, Uganda speaks at a seminar to outline the business opportunities available to Ugandans in the sector



Keynote Presenter Petter Nore from Norway's NORAD and Dr. Ezra Suruma, Presidential Advisor on the Economy joined by PEPD Commissioner Ernest Rubondo, UCMP Chairman Elly Karuhanga and Dickens Kamugisha, from AFIEGO at a recent conference about oil production in Uganda. Dubbed "Oil Production in a Social Market Economy – Perspectives for Uganda", the symposium was organised by the Konrad-Adenauer-Stiftung in conjunction with the Uganda National Chamber for Commerce and Industry. While Nore shared Norway's excellent example, Suruma called for the equitable distribution of oil revenues. On his part, Karuhanga called for a hastening of the oil production process



Guests mingle with Schlumberger Oilfield executives at the company's cocktail



Participants who attended the training for the UCMP members on regulations in oil, gas and the mining sector in Uganda in September organised by Petroleum Skills Uganda



Annabella Habinka  
Basaza (PhD)

# Overcoming start-up challenges for mining SMEs in Uganda

The startup phase plays an important role in the success and survival of any enterprise, which greatly depends on adequate and timely information for decision making. The entrepreneur's ability to identify and access relevant information promptly is significant to making timely decisions within the startup stage.

The correctness of the decision made is mainly affected by the quality of information which depends on its availability. Enterprise suites have been developed to support the startup segment by enabling timely access to information. However, there is lack of a generalized and systematic means to carrying out enterprise startup that emphasizes constant communication and prioritization to support decision making. This article is part of the results of my doctoral study under the supervision of Prof. Henk G. Sol from the University of Groningen and Dr. Josephine Nabukenya from the School of Computing and Informatics Technology at Makerere University.

The study was conducted to establish the characteristics of mining SMEs and their decision issues that matter to the starting mining entrepreneur, and recommend the important business information needs required for enhancing decision making in Uganda. It was carried out on the assumption that the mining SMEs in Uganda collapse because of lack of information access to improve decision making at

*The challenges affecting mining SMEs range from inaccessibility to mineral identification information, land cost and ownership issues to regulations and environmental and institutional hurdles*

startup. The findings reveal that the mining SMEs have business information needs that require a studio based approach in the provision of business information for improved decision making at the enterprise startup. The study recommends that a design unique to mining SMEs in Uganda to provide information on mineral identification, land ownership, regulatory, pricing, financial analysis and communication issues.

## Introduction

The start up process plays a vital aspect in enterprise survival. There is a global drive for job creation and self employment as the population of unemployed youth is on the rise. Enterprise ventures are a viable means of dealing with this concern. SMEs are important for a national economy. An enterprise is defined by the number of employees, its annual sales or revenue turnover. Uganda adopted the following definitions of small and medium enterprises.

**A Small Enterprise** employs a maximum of 50 people, annual revenue turnover of a maximum UShs360m (\$144,000 or €106,000) and total assets of UShs360.

**A Medium Enterprise**, on the other hand, employs more than 50 people with a maximum of 500 people; annual sales/revenue turnover of more than UShs360 and total assets of more than UShs360m.



In Uganda, SMEs contribute to more than 20% of the National Gross Domestic Product (GDP) with an estimated 1,500,000 SMEs of which more than 90% are privately owned. More than 150,000 of these are mining SMEs with estimated one million Ugandan direct beneficiaries [Kato, 2010; Hinton et al. 2009].

A 2012 study carried out by Uganda Bureau of Statistics, clarified the reason why many SMEs collapse and fail to remain in operation for more than a year. It was attributed to the entrepreneurs' decision making problems since they rely on intuition and lack of information to base their decisions.

In Uganda, more than 30% of SMEs established do not survive the first year due to limited access to information, lack of appropriate technologies and inadequate opportunities.

Decision processes that lack agility and quality have a tremendous impact on the SME start-ups. In situations where the current decision process is slow, inflexible, fragmented, conflicted, multiple unknown procedures, and highly bureaucratic, chances of crisis and collapse are high. Enterprises that sustain success develop decision disciplines that are an integral part of their culture which enables the entrepreneurs to focus on the decision priorities in the enterprise start-up process.

Literature on mining SMEs start-up support is relatively limited. There has been a growing tendency to focus on the use of technology in the optimization of rock cracks, which deal with the operational sector of the mining industry. Additionally, little has been provided on "how to" enable a starting entrepreneur make an informed decision. Various technologies in the mining sector were proposed, however their emphasis was on the use of experts to make decisions without the managers and owners involved thus the need for the fusion of the stakeholders, process and the technology for improved start-up decision processed. In absence of comprehensive integrated models and information systems, incomplete decisions are faced.

Emphasis has been put on the use of technology to improve production in the mining sector; however, people handle complex decisions using human judgment, intuition, word of mouth, sixth sense, and experience in starting a mining enterprise.

The current ways of enterprise start-up are adhoc and not structured hence the need for a guiding framework and services to support the mining SME start-up decision process in Uganda.

This article seeks to address the following research question: "**What are the current and key issues in mining enterprise start ups in Uganda?**" This research question was answered in

an exploratory case study described. The study enabled us to understand the main issues in mining SME start-up services in rural areas and to determine how Information Communication and Technology (ICT) could be used to improve the start-up services in these areas. We found out that the development of such services is complex because of the environmental and technological constraints.

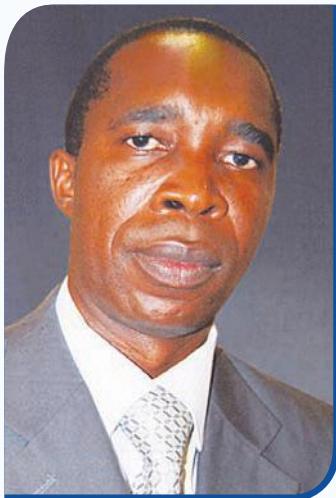
Information on mining SME start-ups in rural areas is limited or non-existent. SMEs operate in resource constrained business environments characterized by fragmented, incomplete and inconsistent start-up services. The challenges that affected mining SME start-up decisions included internal factors (inaccessibility to mineral identification information, fragmented and incomplete information on land cost and ownership, regulations, middlemen, mining plan, financial), and (b) external factors (environmental and institutional). In summary, this article was intended to help us gain understanding on the contextual small and medium enterprise startup challenges.

The objective of this study was to establish the issues potential to explain the mining enterprise startups in Uganda. We identified seven issues: limited accessibility to information about mineral distribution; lack of information on the alternative methods of land ownership; limited access to regulatory and licensing information, difficulty in developing a mining plan as a prerequisite in the legalization process, increased costs as a result of middlemen, limited support for Cost Benefit Analysis (CBA) and Return On Investment (ROI) projections or forecasting; there is no interaction between the miners and the service providers. Our results face some important limitations. Firstly the factors may have causal effects towards each other.

In this study, we did not investigate that aspect. Secondly, issues such as national administration style may have an impact on mining SME startups. Thirdly because the study was carried out only in Uganda, care must be taken in utilizing its conclusions in other contexts. However, they still provide an important starting point as far as mining enterprise startup is concerned. They provide initial understanding for designing appropriate approaches for overcoming mining startup issues in developing countries.

**Dr. Annabella Habinka Basaza (PhD), Partner, Industrial Minerals**

# Lion Assurance eyes Oil & Gas opportunities



**George Alande**  
MD. Lion Assurance

## Lion Assurance eyes Oil & Gas opportunities

No sector has generated as much excitement and hope in Uganda like the oil and gas industry. The oil sector offers Uganda's insurance industry, whose penetration remains extremely low, the opportunity to finally boost its sales. **George Alande, the Managing Director of Lion Assurance**, tells us why his company is prepared to tap these opportunities:

### How does the insurance industry intend to tap into the opportunities in the oil and gas sector?

The Uganda insurance fraternity is eager and waiting to underwrite the oil and gas business in Uganda. With the current market capitalization we may not be able to underwrite a big chunk of this business. The industry is therefore in advanced stage of forming an oil and gas insurance pool. I am currently chairing the sub-committee of Uganda Insurance Association which is spearheading the pool model. With this pool we shall share the oil and gas business insured in Uganda. After we have exhausted the local insurance capacity, we shall then

share the balance with the international reinsurance and insurance market. This will also include the captive insurance companies formed and run by the oil companies themselves.

We request the oil and mining companies to take cognizance of the Insurance Act, which states that all businesses operating in Uganda must insure locally with insurance companies incorporated in Uganda. They can only place the business outside the country after the local capacity is exhausted and with the permission from the Insurance regulatory Authority.

Since the world reinsurance market does to have enough insurance capacity for large oil and gas risks ,the room for captive insurance companies owned by oil players such as TOTAL etc will still have a role to play in the insurance sector in Uganda. We pray for harmonious relationship in this sector.

### How has Lion Assurance performed on the same front?

Lion Assurance Company of Uganda Ltd is already participating in the oil and gas industry both directly and indirectly. We currently insure some classes of insurance for some players in the oil and gas sector. We are also the lead insurer of one of the largest logistics company in the country who are the market leader in this sector. Being the local network partner of ACE Group of the UK, we believe that, this will give us a head start with the players who value their services in Europe. We are also a well-capitalized insurance company with strong reinsurers such as Hannover Re and Africa Re just but to mention a few.

### How is Lion Assurance building capacity both in skills and capitalization to be able to take on more business in the oil and gas business?

As stated above, we have a strong panel of reinsurers and we are well capitalized company in Uganda. Secondly we are building a network with large multinational insurance companies which will back up our capacity before the captive

companies come in. Thirdly we have trained our staff to be able to understand and write the oil and gas risks with support of international reinsurers.

### What is the general outlook of the insurance industry in Uganda?

Generally the insurance industry in Uganda is still young. The sector is just starting to walk. Basically the penetration level is nearly less than 1% hovering around 0.6% in 2011. This is the lowest in the East African region with Kenya nearly at 2.5% and Tanzania at 0.8 % of GDP. In the industry, the growth has averaged about 20% for some time now. The industry total premium turnover was nearly \$96 million in 2010 and \$118m by 2011.

Uganda's insurance sector is therefore still an untapped market. It is still what we call a Blue Ocean. There is a lot we need to do in order to grow the sector.

In our country, majority of motorists still insure their vehicles only for the statutory third party limit, which does not insure their vehicle but insures the third party vehicle. You therefore do not protect your financial outlay used to buy the vehicle. This is a misnomer. In any sense you are protecting the third party's vehicle other than your vehicle. What then do we need to do? We need to educate the clients and potential clients about the benefits and various insurance packages available in the market. We also request the government, to insure their assets and empower the regulatory authority to ensure that our countrymen are educated about insurance from P2 level to University level.

### How is Lion Assurance prepared to lead in a small and lowly penetrated insurance market which is at the same time highly competitive?

As Lion Assurance we always dream outside the box and currently been leading in various innovative insurance products like agriculture insurance. We believe this is an important area of the economy that needs to be developed. We are the only insurance company that has written



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weather index agriculture insurance for the farmers in northern Uganda together with a local bank.

In the oil sector, we are also positioning ourselves to be leaders. We are already talking to potential clients. With our experience in East and South African insurance industry, we are positioning ourselves to give them the best service possible. Let the players in the sector listen to us.

**The East Africa Community promises to create more opportunities but will also bring challenges. How do you see the EAC factor playing out?**

Basically, as companies in the region we should have branches in other countries without committing new capital as is being done in West Africa. We should write business in Rwanda, Burundi, Kenya and Tanzania without trying up new capital in EAC.

What will separate the boys from the men will be the share capital capability, human skills, technology and innovativeness. Reaching the frontiers where the others dare not go!

However, there should be free labour movement in the region, so that the human capital can move around easily. This should be the opportunity waiting outside for us to grab.

For companies that are not well capitalized, lacking skilled human capital and technology, they should come together and merge to be able to compete better in a bigger market.

**What is your message to prospective investors in the oil, gas and minerals exploration sector?**

Investors should know that we are a stable company. We insure a lot of mines in Botswana through our major shareholder – the Botswana Insurance Company (BIC). We have a lot of experience. We are also part of T/A Group of Companies which operates in Botswana, Zimbabwe and Uganda. We therefore have a regional and worldly outlook to things. We have the strength and skills to serve our clients and potential clients well. We have sent a lot of our staff to be trained in oil and gas. We are an open company and we listen to you.

We have won FIRE awards by the institute of public accountants in Uganda, claims settlement and products innovation of the association of insurance brokers in Uganda, among other awards. We work on the premise of integrity, security and care. You can trust us with your risks.

**We are a global provider of remote site services. Whether you live on an onshore or offshore rig, or in mining or military camps - we provide you with a home away from home.**

- Camp Construction
- Catering and Life Support Services
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- Specialised Labour Supply





# Gov't is making it easy for investors – Minister

The state sent out a big statement when it had the Ministry of Energy and Mineral Development partnering with the private sector supported Uganda Chamber of Mines and Petroleum in the hosting of the inaugural Mineral Wealth Conference, 2012. And according to **Hon Peter Lokeris, the State Minister for Mineral Development**, even more ground-softening gestures are in store for interested investors. Read on:

## How attractive is Uganda as a mining investor's destination?

Globally, Africa in general is the investment destination of choice currently. Having already granted quite a sizeable number of mining licences even before the country was politically stable the number of investors can only grow now that the risks have been lowered and the government is very pro-business. Going forward, we intend to attract more genuine investors with real cash to spend on minerals exploration and value addition in the sector. This will see licensing and other fees hiked to keep out pretenders who currently hold many redundant licenses. Also an individual or company will only be allowed to hold a limited number of licenses and the holders will have to adhere to strict development guidelines so that real progress is achieved in real time. Mining projects are both capital and labour intensive

so it's important that we attract the right crop of investors. Resource rich countries that have attracted investment – like Australia where I recently attended two major mining conferences – are going in heavily and hence they are reaping big.

**Notwithstanding their support to the sector over the years (in fact they are the most active currently) artisanal miners are still disregarded. Some observers feel they can coexist with the big firms. Does the ministry have any significant plans for them?**

Artisanal mining is done mainly by Ugandans hence there is now way we can throw them out of mining. When they become organised, depending on the type of mineral they intend to mine, government intends to mobilise them so that they can buy light machinery to aid them. Going forward, with fairly good equipment and an enabling environment, these artisanal miners can desist from smuggling the minerals out and market them legally to fully benefit Uganda.

But as we do this, we have to be cognizant of the fact that it's the big firms that can afford to employ a sizeable number of people. Hence we will continue to court them. In Calcutta, India, for instance a big iron ore smelting plant employs over 15,000 workers – both skilled and unskilled. And some of Uganda's

renowned steel firms purchase their rolls from there yet they would actually get it from here was Kabale's excellent iron ore exploited. At a purity ranging from 87% to 90% this is some of the most valuable ore anywhere seeing and that even that at 10% is usable. Such successful projects here can go a long way in fixing Uganda's employment problems while guaranteeing sizeable revenues to government.

**But with Uganda's electricity supply still pitiful, how would you expect high power consuming industries like the iron smelter in Calcutta which need lots of dedicated electric power (say 300MW to 600MW a smelter plant each) to function?**

The plant in Calcutta uses 500MW but to their advantage, the plant produces it, itself. With new technology readily available, the same can be replicated here whereby, the steam generated in the production process is converted into power instead of letting it out into the atmosphere. In India the plant's electricity supply is linked to the national grid where during that time when they have excess power, it's released to the state and vice versa. Having said that, this government, especially President Museveni himself, is determined to fix the electricity deficit. But with the country developing at a very fast rate the uptake of electricity is very high.



Government intends to take high voltage power (about 132 megawatts) to Moroto in Karamoja to facilitate the building of a cement factory there – which will not only employ lots of locals but also save the roads that have to bear the brunt of over 50 heavy trucks carrying limestone and marble to Tororo.

**There has been talk of resource nationalisation in various African countries. Is there such a plan in Uganda?**

Not under this government. We learnt our lesson when the Indians were abruptly sent away in the 1970s by President Amin. Having said that, there are a number of laws – both local and international – that protect these private firms. And as the world get more and more interconnected, we cannot afford to misbehave. Besides these firms know which nations are stable and will protect them – and Uganda is one very attractive investment destination as we speak.

**DGSM feels it would do with more money for it to adequately map the country and supervise companies and individuals involved in mining. Why isn't more money sought for these important ventures?**

Every ministry plus any other government department are looked at holistically. So during the budget

process, every function is looked at and given a particular stipend. Having said that government is not oblivious of what is happening in this sector. When extra money is badly needed we find it – just like we did for the comprehensive geophysical survey.

**Talk within the industry still prevails that there isn't enough documentation going around about Uganda's mineral wealth; hampering the fast growth of the sector. When will this gap be finally bridged?**

We have already covered at least 80% of Uganda in an aeromagnetic geophysical survey and specialists continue to interpret and release the data as we speak. At the time of the survey, Karamoja was considered a bit unstable and hence was not studied, but this too will be done soon.

The data collected and interpreted so far is available for a minimal fee on request. And during the Mineral Wealth Conference more of this information will be revealed to participants.

**Land disputes continue to hamper minerals exploration in many areas. A case in point is that involving Busitema Gold in Busia. Can a permanent solution be found for this?**

Solutions can mainly be sought on a case by case basis. Sometimes it depends on the company; if they don't follow the law they are likely to clash with the locals. So we can only continue sensitising the investors and also the people. Local communities must appreciate that though the constitution says they own the land, government is in charge of the minerals, hence they must respect this. For investors, if there's anything to be destroyed the locals must be compensated.

**What message do you have for the visiting delegates attending the Minerals Wealth Conference 2012, here in Kampala?**

I would like to assure them that Uganda is an attractive place for investment. All the stumbling blocks are being addressed as I have noted above. Going forward, we will start carrying out due diligence on interested investors to ensure licenses are not handed to mere speculators. The mining laws are being reviewed to ensure they are even more palatable to investors. I think Uganda's future is very bright and this optimism can even be felt when one travels abroad – with many potential investors expressing interest in coming here.



# THE MINING AND MINERALS SECTOR IN KARAMOJA REGION: Development opportunities & constraints



## A Summary for Key Stakeholders

The Karamoja region is made up of 7 districts of Abim, Amudat, Kaabong, Kotido, Moroto, Nakapiripirit and Napak covering approximately 10% of the area of Uganda. The region's development is invariably tied to the natural environment and the arid and semi-arid region has experienced increasing unpredictability and frequency of extreme climate events that have, in conjunction with other development factors, contributed to major development challenges. Compared to 6% nationally, 10.9% of the Karamoja region's population suffers acute malnutrition and it is estimated that at least 80% lives below the poverty line. Although circumstances related to security, social services and infrastructure seem to be improving, a large number of Karamojong have been facing major challenges in sustaining their traditional agro-pastoral livelihoods.

The population of 1.1 million endures significant hardship yet possesses tremendous assets, not the least of which includes rich cultural traditions, vast and diverse landscapes, substantial biodiversity and what appear to be significant mineral endowments. **The Karamoja Region hosts occurrences of over 50 different economic minerals**, including gold, silver, copper, iron, gemstones, limestone and marble, making it one of the most prospective areas of the country and attracting over 20 foreign and Ugandan owned companies to conduct exploration and, to a much lesser extent, mining in the region.

As perhaps an even greater testament to the mineral potential, **up to 18,000 Karimojong men, women and children** are carrying out Artisanal and Small scale Mining (ASM) to support their day-to-day survival. Unlike larger scale or more formalized mining, ASM is conducted using manual, labour intensive and often hazardous methods on a seasonal or year-round basis. Most of these miners have entered the sector in response to threats to or loss of their traditional livelihoods and as a means to escape abject poverty. Exploration and mining activities, including ASM, are expected to increase in Karamoja in the coming years. The implications of **minerals sector growth in the region brings to the forefront important questions** about equitable and sustainable livelihoods development as well as actual and potential development impacts and opportunities of the minerals sector. With support from Irish Aid, this assessment explores the current and potential role of the minerals sector in the region. The Baseline Study intends to inform policy, towards better planning and intervention by central and local government, NGOs, donors and other actors.



Gold mining from deep shafts at Lopedo in Kaabong District.



A woman marble miner hauls and stacks marble for collection at the mining site at Kiseroi, Moroto District.



Mining is a family activity in Karamoja

The Baseline Assessment of the Mining and Minerals Sector in Karamoja Region was made possible with support from Irish Aid.



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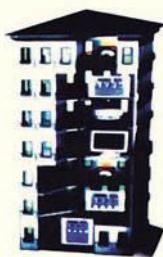


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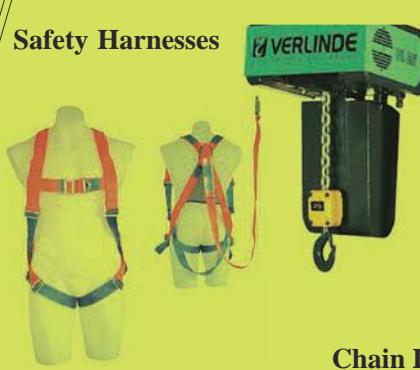
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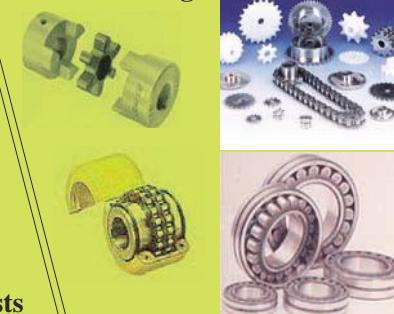


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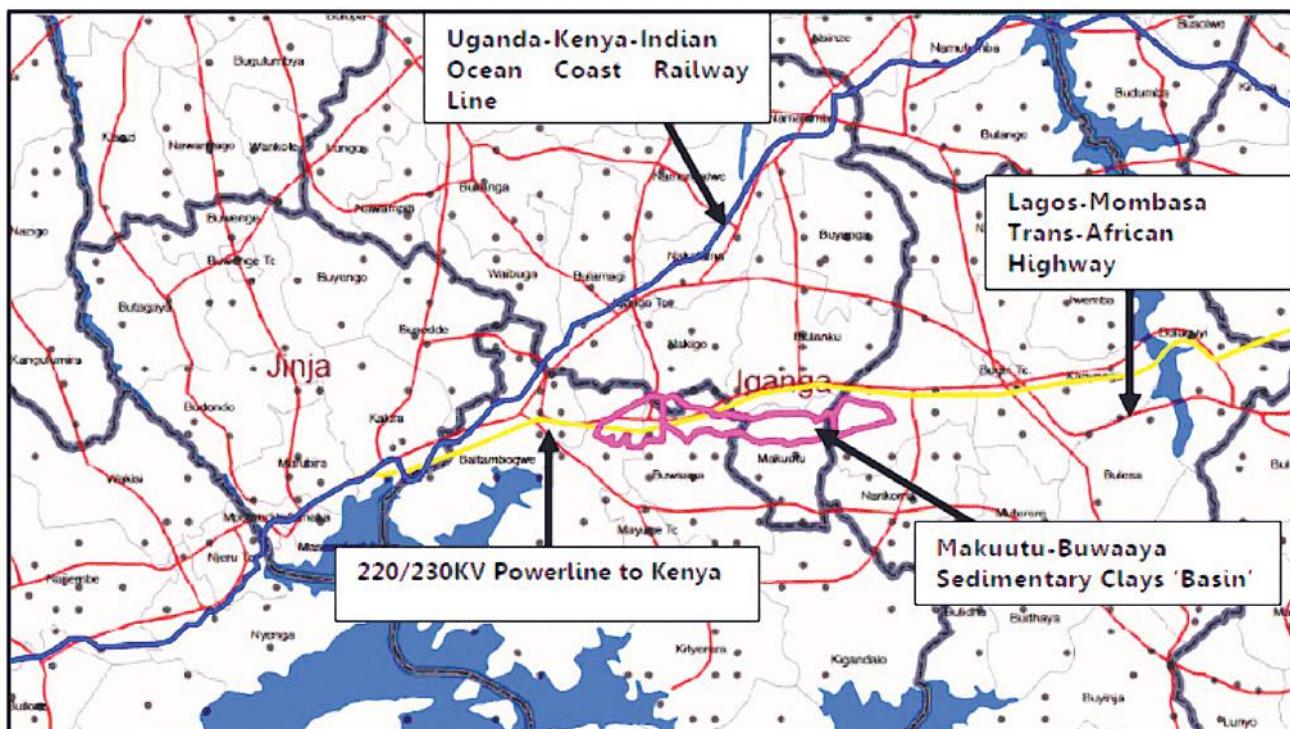


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# Uganda Clayey Sediments

Gain Immense Value with new clean Canadian tech



Location and Infrastructure Map of Region of Makuutu-Buwaaya 'Basin' of Sedimentary Clays.



David Kyagulanyi

On Sept. 21, 2012 Orbite Aluminae, a clean technology company based in Montreal Quebec, announced that, leveraging its patented processes for high-purity and smelter-grade alumina production, it had developed a purification technology to purify silica based on its hydrochloric acid leaching process. This development allows the Company to purify silica to the 99.9% (3N) level and provides a conceptual base to eventually reach purities of 99.999% (5N) to 99.99999% (7N). Orbite's silica purification technology which has been developed in-house, enables a projected recovery rate for silica within Orbite's global process of 99.97%.

Mr. Richard Boudreault, President and CEO of Orbite, added, *"This is an important breakthrough, particularly considering that silica will be a by-product of our SGA and HPA plants and could provide a higher commercial value than we had anticipated. Our*

*PEA assumption was for low-grade silica sold at a C\$25/ per tonne."*

It is not yet known well what this new breakthrough by Orbite Aluminae adds by way of potential revenues to Orbite's SGA plant economics. But given that high purity silica ranges from \$500 to \$1,000,000 per tonne, depending on the purity, Orbite's SGA plant economics could be very significantly positively affected by an additional potential revenue of 100s of millions or even billions of dollars. High purity silica is seen to cost from \$0.5-\$3/Kg (\$500-\$3000/Tonne) for 3N purity to \$100/Kg (\$100,000/Tonne) for 5N purity to \$3000/kg (3,000,000/Tonne) for 7N purity.

Orbite Aluminae is now a Clean Technology Company that will mine clays and produce Alumina (feedstock for aluminium manufacture), High Purity Alumina (feedstock for numerous technological applications like LEDs,

etc.,), High Purity Haematite / Iron Ore, Ordinary Silica as well as High Purity Silica, Magnesia, and high purity oxides of Rare Earth Elements and Rare Metals (mainly Scandium and Gallium). In addition, the author sees as very possible, the production of Titania and Sulphate of Potash at little additional capital and operational costs while the Orbite Process's mining residues, according to the author, are economic-grade ore, in themselves, for Vanadium, Manganese, Phosphate, Lime, Molybdenum, Copper, Cobalt, Niobium, Rubidium, Wolfram, Zinc and Zircon.

#### **What It Means To East Africa**

What this means for Uganda, is that the Makuutu-Buwaaya Clayey sediments of Eastern Uganda (Iganga and Mayuge Districts) have even much greater, potential, resource value than previously estimated, given that it is believed that they are amenable to the Orbite Clean Technological Process. Orbite Aluminae's new proprietary clean technological process just added 100s of Billions of USD to the projected prognostic, geological-reconnaissance resource value of the Makuutu-Buwaaya sedimentary clays.

Recently concluded due diligence work on the Makuutu clays and previous sampling by the GTK in Mbaale-Mayuge of similar formations,

shows that silica is present in virtually all the raw materials of the Makuutu-Buwaaya sedimentary clays. Collaborating with the Orbite-Rusal JV and employing the Orbite process on Uganda's sedimentary clays, since the Orbite process is well-suited to purify silica, East Africa may become a significant producer of purified silica for mass production applications (e.g., cement, optical glass, etc.) as well as for specialty products, photovoltaic applications, electro-optics, and other industries.

And this would tie in very well with Dr. Moreno's foresight that African nations can and should also make use of renewable energies such as the sun and the wind, being blessed as they are by long sunny days, that could be used to power African houses and factories across the continent. Dr Luisa Moreno, has deep experience in technical and economic evaluation of strategic metals projects and has visited numerous strategic metals projects worldwide. According to Dr. Luisa Moreno of Euro Pacific Capital Canada, Africa is rich in all commodities and Africa as a continent, has all the necessary natural resources for sustainable economic development.

For East Africa, the Rusal-Orbite JV could be the next priority investor of regional choice. According to the

Russian, Inter-Tass Agency release of September 7, 2012, the Orbite-Rusal JV was to form a key topic of discussion between the Prime Minister Putin of Russia and Prime Minister Harper of Canada. Canadian Prime Minister Stephen Harper, discussed with Russian Prime Minister Putin a purchase of a 30% share in the new oil fields in Alberta Province by Russian oil companies, a strategic cooperation between the corporations Rosneft and ExxonMobil, as well as the recent agreement between the Russian non-ferrous metals producer Rusal and the Canadian company Orbite Aluminae, which plan building a joint factory to produce alumina.

*"The common sense however, is that Africa is without a doubt blessed with many mineral resources. Africa continues to attract exploration geologists from around the world and hopefully the departments of mining in each of these countries are keeping a good detail record of these generally expensive studies for the future. All the ongoing exploration work in Africa is very positive. Not all projects are going to be feasible today but they may become feasible in the future as prices of metals adjust to demand, or new processing technologies are developed." Dr. Luisa Moreno – Euro Pacific Capital, Canada.*

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# **Oil discovery rejuvenates Makerere's Geology department**



More than forty years after the Department of Geology at Makerere University was started, the faculty is still reinventing itself. To remain relevant, the department officials are looking up to its pioneer head, Prof. Robert McDonald, for guidance.

Makerere's department of Geology began in 1967 as a sub department to the department of Geography, which was then housed at the faculty of arts. It however became a

fully fledged department in 1969 with Prof Robert McDonald as its founding head of department.

"McDonald has been very influential to this department. Although he left, we are still collaborating with him and has been helping us in revising the curriculum all the years, even for the new program in Petroleum," says Dr John Vianney Tiberindwa, the head of department.

Back then, it was only pure Geology

that was taught with the first batch of students graduating in 1970. Although a Post graduate diploma in pure and applied Geology was introduced in 1973, it ran for only one year.

In 1979, the Department under UNESCO assistance introduced applied Geology courses that were taught along with pure Geology. But at that time, a graduate of Geology would only be employed in mines, in the ministry of energy

or become a teacher.

When the mining sector lost its touch in the early 1970s – especially when international prices of copper, Uganda's main mineral, collapsed - the study of Geology became somewhat irrelevant, leading to poor enrollment at that time.

In order to attract more people to the program, the department introduced other programmes [in early 2000s] like Geological Resource Management (GRM), Masters of Science in Geology (MSc), although these too received lukewarm reception.

"Geology is not a common program among people and very few students can directly apply for it. For instance, most of us came here on government sponsorship and very few had it as the first choice," says Lauben Twinomujuni, a petroleum geologist.

"The curriculum has been revised and approved after every three years. And we always involve all players like the ministry of energy, environmentalists and international bodies to make sure that we teach in accordance to the changing trends," he says.

#### **Ray of hope after oil discovery**

In 2006, commercial deposits of oil were discovered in the Albertine region of Western Uganda. This meant that the mining sector, which had been thriving only on lime, cement and sand, had now been blessed with a more lucrative mineral.

The department reacted quickly and introduced a new program of Petroleum Geo-sciences and production in academic year 2009/2010. This programme was originally offered under private sponsorship (with tuition of Shs1.3m - \$650 then) but in the academic year 2012/13, the government came in to sponsor 10 of the 80 students that were admitted.

"Oil discovery was a very big boost for this department and the mining sector in general. As things stand, everything looks to be pointing in the right direction," says Dr Erasmus Barifayo, one of the longest serving lecturers in the department.

Tiberindwa, on the other hand, notes that the department is undergoing a structural rejuvenation, working hand in hand with the Ministry of Energy – which is providing expertise and also availing its laboratories for practical sessions.

He said they are also collaborating with the Norwegian government to equip all the laboratories, and avail refresher courses (at the University of Bergen) to lecturers in the areas of petroleum exploration and production.

The department that formerly relied on a single program of Geology (where someone could either major in geo-physics or chemistry) now boasts of another program which has led to a change of department name to the 'Department of Geology and Petroleum Sciences'.

In this arrangement, the department has this year admitted a record 18 students for a Masters in Petroleum Geosciences, five of whom are sponsored by the Norwegian Government.

"I did my bachelors in Geology and most people would laugh at us but today this sector provides a lot of opportunities and that's why I decided to upgrade," says Jacqueline Nagendo, a 2012 graduate of Geology.

#### **Revived enrollment**

"We are doing great. Before the inception of the Petroleum programme, we had a student population of less than 50, most of whom were government sponsored. But today we have more than 250 students and the enrollment continues to grow," notes Dr Barifayo.

Tiberindwa says that the last four years have seen a huge turnaround in the student enrollment. The department that was close to collapsing is now among the most sought-after. Proof of that is the fact that in this year's admissions, Petroleum Geo-science and production had the highest cut off points of 54.

"In the 1970s, about 20 students enrolled in the department, but this started reducing to tens in the 80s and 90s since people were interested in

readily available jobs which Geology could not offer," Barifayo says.

This further fell to below ten in the 2000s. For instance, in this academic year the department only admitted 6 students for basic Geology.

While the Geology program lost steam, the petroleum program revamped the department.

"We are admitting an average of 80 students every year for petroleum and this is incredible for the department," says Tiberindwa.

Despite the new programme, there have been concerns over the availability of human resource and facilities.

But Tiberindwa says that the department is well equipped. "We have an academic staff of 14 of which there are nine PhD holders and two are associate Professors. 20 years back the most qualified staff was a Masters' holder," he says.

He however highlights the problem of specialization especially in the oil courses.

"Every course needs a specialized person and sometimes we lack the capacity but we thank our development partners and the ministry of energy for continuing to extend a helping hand," he says.

#### **Mining sector remains untapped**

The mining sector looks set for revival. The government and development partners are in high gear for this sector.

This is an industry that was once among the top three foreign exchange earners for this country.

To Tiberindwa, despite being a mineral rich country, Uganda's mining sector has not been fully tapped. "Very few people in Uganda are interested in exploration," he says.

But with the discovery of oil, Tiberindwa is optimistic that the sector will regain its lost glory.

"Many exploration companies have been licensed in Uganda and we are happy that these will employ our graduates," he says.



# The Marikana shootings teach us a lot

The shooting of 34 workers at Lonmin's platinum mine in the South African area of Marikana on August 16 has brought into sharp focus the whole idea of Black Economic Empowerment, and presented new lessons to all those African countries looking to nationalize their mining industries.

The death of the miners, who Police shot at while protesting against poor working conditions, shook South Africa's mining industry to the core, and has since become a big political gambit in the power struggle within the already fractured Africa National Congress, the ruling party. Lonmin is listed on the Johannesburg Stock Exchange and the London Stock Exchange.

Experts speaking to reporters on Newsquote – an international platform for journalists covering global issues – say the deplorable conditions of mining communities in Africa have always been there. To observers, all that was needed was a spark such as the Marikana shooting to bring the whole debate of poor living conditions of miners and the communities that live nearby to international attention. "Mines have failed with regards to BEE [Black Economic Empowerment] by focusing on politically connected individuals and by-passing communities who suffer the ill effects and costs but not the benefits,"

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"The rest of Africa cannot afford to look at the Marikana shooting in isolation. In some countries, there has been some tension between the mining companies and the artisanal miners"

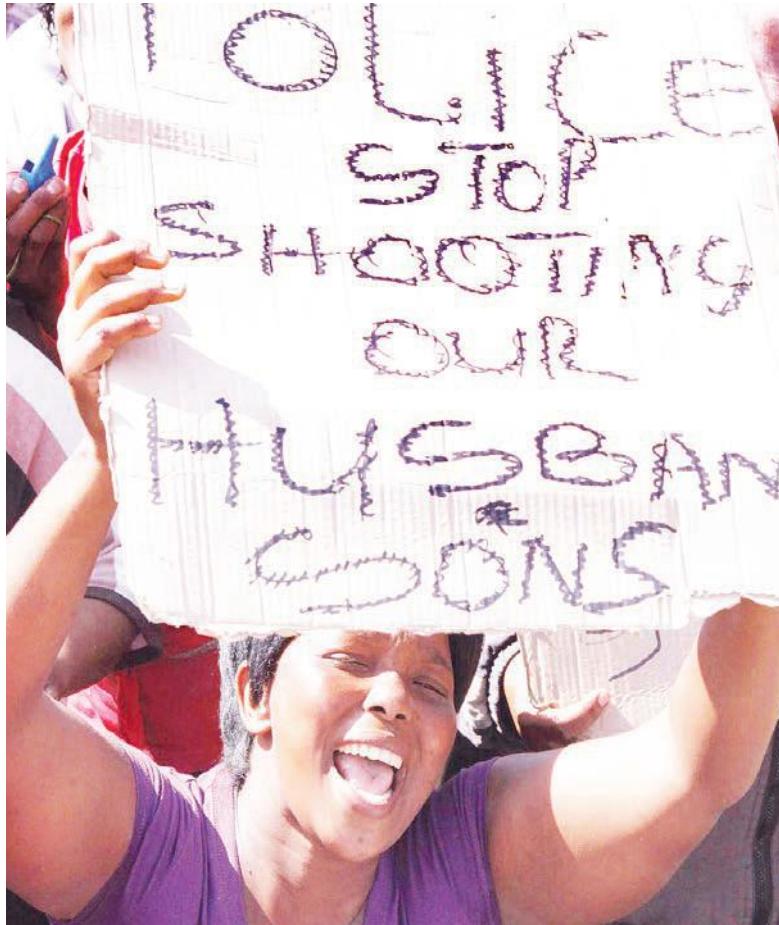
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said John Capel, the Executive Director of Bench Marks, an advocacy group that focuses on good governance.

In all fairness, a couple of years ago, South Africa embarked on a journey to correct the anomaly within mining communities. In its Black Empowerment Programme, South Africa, through its mining charter, sought to transfer at least 26% ownership of the country's mines to blacks by 2014.

However, as early as 2010, it was clear the target would not be met. South Africa reviewed the charter with a focus on speeding up black ownership, offer more skills to workers, improve housing and living conditions of the miners, provide more employment to blacks, among others.

It was a fine blueprint with great ideas. But the question that has played on many South Africans' minds is whether there is enough political will to execute the plan. "They are well conceived ideas but the implementation fails us all," said Dumisane Lubisi, the Executive Editor of City Press, one of the vibrant media houses in South Africa. "This is mainly because people then tend to think of themselves first and forget what the intentions were. The big problem is the channeling of the resources to benefit only a few, not the masses," he



continued, adding that it would be a "miracle" if any achievements would be made from the charter.

The rest of Africa cannot afford to look at the Marikana shooting in isolation. In some countries, there has been some tension between the mining companies and the artisanal miners.

While the mining firms have to pay for mining licenses and invest substantial amounts of dollars to explore for minerals, the artisanal miners, on the other hand, hardly invest anything and yet they feel it is their right to benefit from the minerals in their communities.

Although, it is fair to say that an incident on the scale of the Marikana shooting cannot play out in a country Uganda today. For starters, Uganda's mining potential, unlike South Africa's, remains heavily untapped. And it is also going to take some time before Uganda's mining industry generates the kind of revenue as a percentage of the country's Gross Domestic Product at the scale of South Africa's.

Then again, Uganda does not have a strong mining labourforce like South Africa's. Trade unions in South Africa also hold a lot of sway unlike in Uganda where there are no such unions.

Nevertheless, Uganda's poorly structured land laws present a potential area of conflict between the mining firms and the communities. Issues of compensation to owners of the land are usually controversial, while paying out royalties to areas where the minerals are found is never easy.

To avoid any scenario that could spark

off any conflict, some of the more recognised mining firms in Uganda have moved quickly to contribute to the communities nearby (albeit in a small way) for purposes of harmony and mutual economic benefit. For example, Gulf Resources, mining vermiculite in Eastern Uganda, provides fertilizers to the farming communities nearby.

On a national level, Uganda's government has in the past tried to come up with measures to cool any tensions that might exist between the registered mining firms and the artisanal miners. Many of government's plans have rotated around bringing artisanal miners into some formal structure by registering and training them. Not much progress has been achieved on that front though.

The South African experience offers clues on how other African governments can avoid the mistakes that could lead to a Marikana shooting scenario. "The real issue of equitable distribution of benefits. The present skewed distribution where 4200 rock drillers earn the same as three top executives at Lonmin is a case in point and says a lot. We need not only a new social contract but a fairer distribution of proceeds between capital and labour and communities," said Capel, the top executive at Bench Marks.

A number of African countries are looking to resource nationalization, in a wave of black empowerment. Ghana and Zambia have drafted plans on how to generate more revenue from their mining industries. Many countries

looking to resource nationalization are generating revenue through hiked license fees, higher taxes, among others.

Joshua Tuhumwire, a mining consultant at Gondwana Geoscience Consulting Limited, says that to nationalize mines is just "stupid" and is more of a political move to reward regime hangers-on.

"At the end of the day, its economics, hence the collapse of badly state enterprises," he noted.

David Kyagulanyi, a mining expert, also feels that Uganda should steer clear of resource nationalization. "Populist advocates of greater state participation in mining often forget that nationalization, partial or complete, means that when the going gets tough, as it eventually will in a cyclical industry like mining, the state must be prepared to cough up, like any other shareholder, to keep the business afloat."

In Uganda's case, he notes, it would be best that rather than take over the resources, the state becomes a responsible co-investor and think and act like one."

Peter Leon, one of South Africa's best mining lawyers, and a partner at Webber Wentzel in Johannesburg, feels resource nationalization will not work in South Africa either. "In my view, for obvious reasons, nationalisation of the South African mining industry would be an economic disaster for the country as it would inevitably lead to disinvestment, international arbitration under South Africa's investment treaties, and massive capital flight," said Leon, also speaking to Newsquote.

# Healthy, Safety Environment A Must

You may be one of those that ask: "Why should we be concerned with health, safety and environmental issues?"

The answer is three fold:

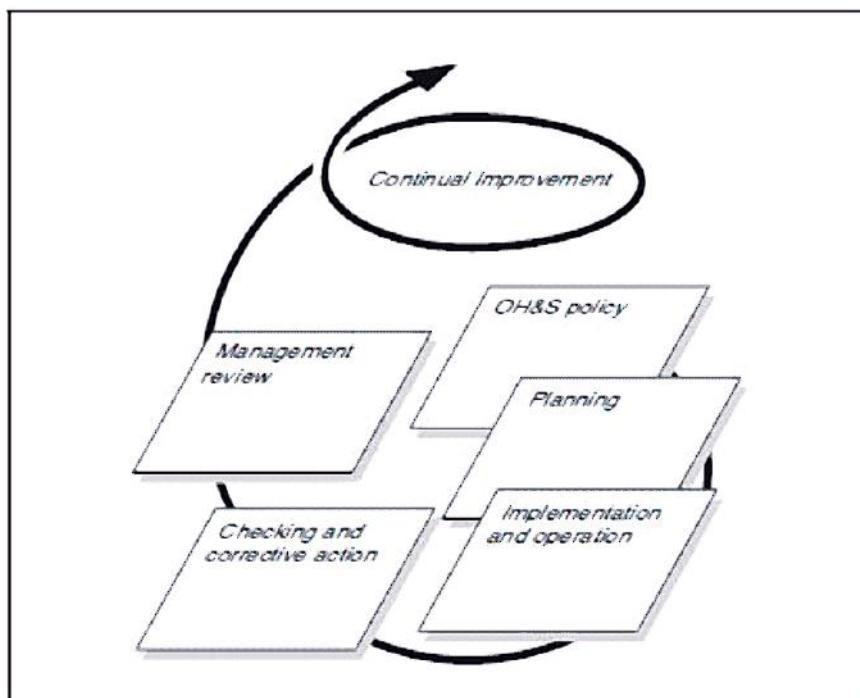
- It is a legal requirement. We have a legal duty of care to ensure we cause no harm.
- It makes good business (economic) sense not just to reduce loss, but to maximise gain. History shows that safe companies are successful.
- Most importantly, we have a moral duty to protect people and the planet from harm.

## The Cost

**July 6, 1988** - the infamous explosion on Piper Alpha, an oil and gas production platform in the North Sea. The resulting oil and gas fires destroyed the platform, killed 167 men. The total insured loss was in the region of £1.7 billion (USD \$3.4 billion). However, this loss does not include the company's share price drops, or the subsequent loss of future contracts in the North Sea. Furthermore, 167 families lost their loved ones in what should have been a preventable incident.

**April 20, 2010** – the Macondo blowout on the Deepwater Horizon drilling rig killed 11 men and cost the companies involved over \$40bn. The legal disputes between the various companies are still ongoing.

**So what priority does 'Health & Safety' have in your company?**



## This is a continual process of improvement:

Review - Plan – Do – Check – Act; Review - Plan – Do – Check – Act;  
Review - Plan – Do – Check – Act; Review - Plan – Do – Check – Act.

Evidence demonstrates that failure to consider health and safety in equal measure with production and cost may lead to a company's downfall.

## Safety Culture

The reality is that instilling a Health & Safety culture is quite a challenge, especially when performance deadlines loom and the focus is on the bottom line. Senior leaders should have the vision and determination to create this culture. They should ensure the vision and determination permeates throughout the organisation. This

can only happen effectively when that determination is supported by an effective safety management system.

## Implementing a Management System

The system will typically have a number of elements:

### Initial Review

- Where are we now and where do we want to be? Gap analysis.

## **Policy & Planning**

- Set out intentions and how to implement them.

## **Implementation & Operation**

- Make policy a reality. Define roles and responsibilities. Ensure appropriate training for personnel, both your staff and your contractors.

## **Checking & Corrective Action**

- Investigate incidents and non-conformances. Monitor and measure performance. For example, through verifications such as workplace inspections or tracking statistics.

## **Management Review**

- Business environment and management positions change. It is essential to conduct a periodical management review to ensure the system is still fit for purpose. The management system also needs to ensure compliance with legislation. In Uganda, it is believed that health and safety legislation still needs to catch up with the requirements of the industry, but it is being actively developed. Companies should look towards more mature jurisdictions to understand what the requirements will be.

## **Key elements of a Safety Management System**

### **Understanding Hazards and Risk**

Some Hazards are common for all mechanised industries, but some are intrinsic to the oil industry. Workers will be exposed to a wide

variety of hazards in the workplace. They need to know how to reduce the risks from these hazards by identifying them, assessing their significance and taking action to remove or reduce them.

### **Risk Assessment**

Risk is a measure of the likelihood of a hazard causing harm. Taken as a whole, the severity of the harm and risk assessment mark the cornerstone of any safety management system. It is important that supervisors work with their staff to review routine and non-routine tasks in a structured way. By motivating and supporting your staff to participate, you will together identify hazards, evaluate the level of risk and then implement control measures to reduce the risk to an acceptable level.

### **Monitoring**

In order to promote and develop a 'Health & Safety Culture', managers and supervisors will need to spend time conducting scheduled inspections, audits and also informal observation and conversations about safety issues.

Timetabled leadership involvement not only demonstrates to staff where leadership priorities lie, it also reinforces good safe practices while unsafe work practices are eradicated.

### **Incident Reporting and Investigating**

Systematic reporting and investigation into accidents or 'near-misses' are essential. Everyone has a duty to report an

incident or accident. Therefore, it is the responsibility of the leadership to make sure that a reporting system is readily available and that employees know how and when to notify. Supervisors should ensure workers use the reporting system correctly and provide the necessary training. All accidents and near-misses should be investigated to establish the root cause. The findings should be fed back into the organisation to prevent re-occurrence.

Communication extends naturally from a culture of trust. If leadership creates this culture then people will report, but if fear and blame are allowed to develop, it will be difficult for workers to report openly.

### **Training**

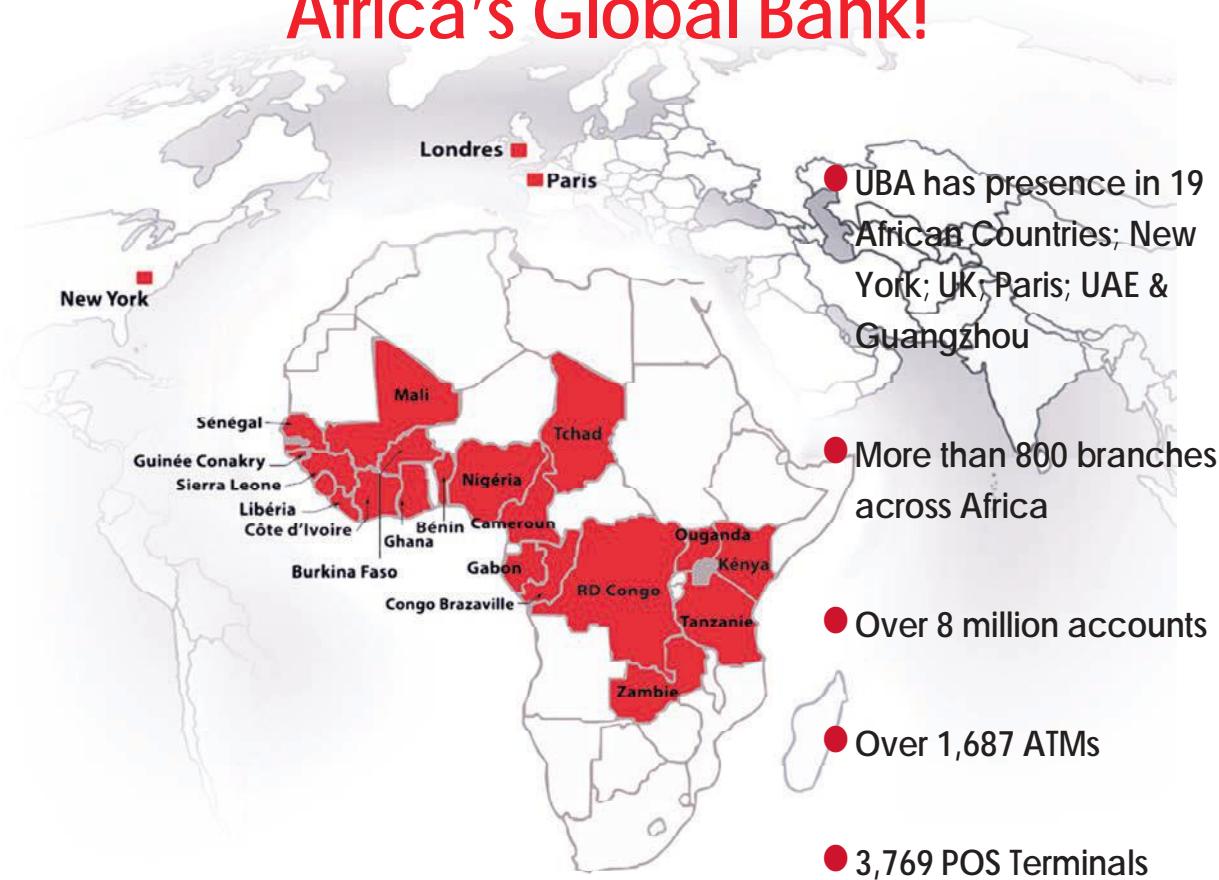
Whilst company management can design the Safety Management System, they must recognise that the more involved the workforce are in developing the system, the more ownership and commitment they will have to the system created.

Often, it is difficult for workers who are unused to questioning authority to actively participate in the hazard management activities such as risk assessment, which are at the core of the Management System. Supervisors need to be shown and have the opportunity to develop such leadership and conversational skills that develop trust and openness. Supervisors also need to be able to ensure that the welfare of their staff is never compromised due to tasks or workplace environmental factors.

## **PSU at a glance**

Lawrence Batageka, Tom Keane, Jacqueline Nalubwama and Kevin Hughes are Directors of Petroleum Skills Uganda. A company delivering short Operational, Health & Safety courses to companies and individuals participation in Uganda's Industries. PSU offers many Occupational Health & Safety training courses including the British Safety Council accredited "Supervising Staff Safely" 3-day and "Risk Assessment" 1-day training courses, which cover many of the elements discussed above.

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## *SDV Transami is now Bolloré Africa Logistics*

For years Africa has known SDV Transami as the leading Logistics and Transportation company in the continent.

As we push forward and help develop Africa's rich history, we invite you to keep us as the ever reliable partner you can always count on to deliver.

"Bolloré Africa Logistics, subsidiary of Bolloré Group, is the leading private operator of port concessions in Africa. With 250 subsidiaries in 55 countries which 45 in Africa, Bolloré Africa Logistics is one of the most important private employers on the African continent, with a workforce of 23,000.

Specialist in industrial projects logistics, Bolloré Africa Logistics brings for major international operators global logistics tailored-made solutions.

We accompany our clients in their projects

and can assist them in all stages of their projects in major sector such as Oil & Gas, Mining, IT, FMCG...

We enable many African and international operators doing business in Africa's hinterland countries to transport their merchandise to the seaboard via the many corridors that we have developed. Africa's leading container terminal operator, Bolloré Africa Logistics is established in Conakry, Freetown, Abidjan, Tema, Lomé, Cotonou, Lagos, Douala, Libreville, Pointe-Noire, Bangui, Misrata & Moroni. Its port concessions in Africa comply with European standards.

***With a Sustainable Development advanced strategy in Africa, Bolloré Africa Logistics invests in health, education, quality, environment, culture and sport."***

# AON Uganda Ltd

## Combining Strengths for the Mining Industry

Aon Corporation is the leading global provider of risk management, insurance and reinsurance brokerage and human resources solutions. Through our more than 61,000 colleagues worldwide, Aon unites to empower results for clients in over 120 countries.

Mining, energy and Oil & Gas are fast growing sectors in Uganda with huge growth potential. Harnessing this potential requires a keen understanding and optimization of the unique risks inherent to each sector.

The mining sector is a multifaceted and diverse industry with unique hazards. Providers of insurance, reinsurance and risk management need specialist skills to understand the complexities of working in hostile environments with hazardous and expensive machinery. Aon has these skills.

With access to the global resources and distribution network of Aon Corporation, Aon Uganda has the unique capability to design risk management solutions that address the special risks faced by the mining sector.

Local knowledge, supplemented by global resources and backed by the most skillful and experienced mining broking and risk practitioners, gives Aon the leading edge in Sub-Saharan Africa's mining business.

### KEY FOCUS AREAS

Aon Uganda services the entire spectrum of mining, and our activities focus largely on the following key areas:

- New Projects
- Existing operations
- Minerals and metals
- Open pit and underground mines
- Mineral processing
- Exploration

We empower tangible results for our clients via innovative and effective risk and people solutions and through industry-leading technical expertise and global resources. With these resources, we can create customized solutions that bring tangible value to the bottom line.



Our expertise has been acknowledged through numerous public accolades. Aon has been named repeatedly as the world's best broker, best insurance intermediary, reinsurance intermediary, captives manager and best employee benefits consulting firm by multiple industry sources.

With our corporate head office in London, United Kingdom and over 500 offices worldwide, we bring

together market leading expertise and experience from around the world to deliver a seamless service to our clients, working in close partnerships with them to solve their risk problems.

In line with our mission statement, we provide professional insurance, risk management and human capital consulting services with the highest sense of integrity.

Aon Uganda are proud sponsors of the Mineral Wealth conference 2012.

# UCMP delegation visits new Roofings plant



Roofings Group Chairman/M.D Mr Sikander Lalani (above right & centre below) welcomes and guides a delegation from the Uganda Chamber of Mines and Petroleum around the multimillion dollar plant in September, 2012



of quality steel products to Rwanda, Burundi, DR. Congo, Southern Sudan, northern Tanzania and Kenya.

Our most recent backward integration establishment Roofings Rolling Mills Limited in the newly established industrial park-KIBP NAMANVE is comprised of three phases worth USD 112 million where the most modern technology from renowned international experts in the steel sector is being employed.

Phase 1 is a wire galvanising plant with installed capacity to manufacture 1000 metric tonnes per month and 40% being exported to Kenya at competitive rates even after meeting the transport costs of the raw materials from Mombasa to Kampala and back to Kenya.

Phase 11 is a steel rolling mill for the manufacture of high tensile TMT-STEEL bars with an installed capacity of 72,000 metric tonnes per annum. The above two phases are already operational.

Phase 111, which is the biggest of all, is a cold rolling plant for galvanising and colour coating line. Its investment value is approximately USD 87 million where we have acquired Japanese equity partnership for transfer of modern technology and quality control. All our products and management systems are ISO Certified and conform to both local and international standards.

We are in high prospects of venturing into sponge iron ore exploration and mining and would appreciate maximum support from the chamber (UCMP).

OUR GRATITUDE GOES TO THE GOVERNMENT OF UGANDA AND THE NRM LEADERSHIP FOR HAVING CREATED AN ENABLING INVESTMENT CLIMATE TO FOSTER GROWTH AND DEVELOPMENT. We are proud to be partners in the development of the Ugandan economy and the region at large.

Thanks to all our customers and partners for the continued support. Long Live Uganda the pearl of Africa.

Roofings Group is the number one quality steel manufacturer in the region. The Group supplies over 350,000 metric tonnes per annum to both the local and export market on completion of its third phase at Roofings Rolling Mills, Namanve.

With its head office located at Lubowa on Entebbe road, the group is comprised of three sister companies i.e. Roofing limited, Roofings Polypipes and Roofings Rolling Mills in Namanve. The total investment value has grown from a mere USD 2 million to now over USD 200 million over a period of 18 years (1994 to Date).

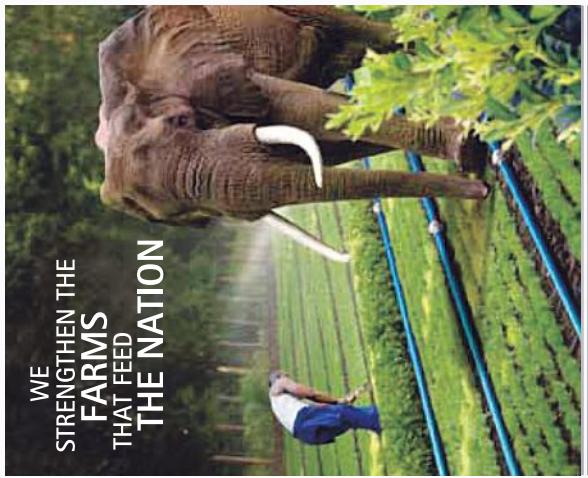
Our workforce at the moment totals 2350 people with 92% of the staff being Ugandan. We are ranked the top tax payer and foreign exchange earner in the steel sector having contributed over Shs 100 bn in the last financial year and export earnings in excess of USD 120 million from suppliers



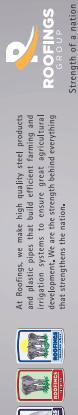


WE STRENGTHEN  
EVERYTHING THAT  
STRENGTHENS  
THE NATION.

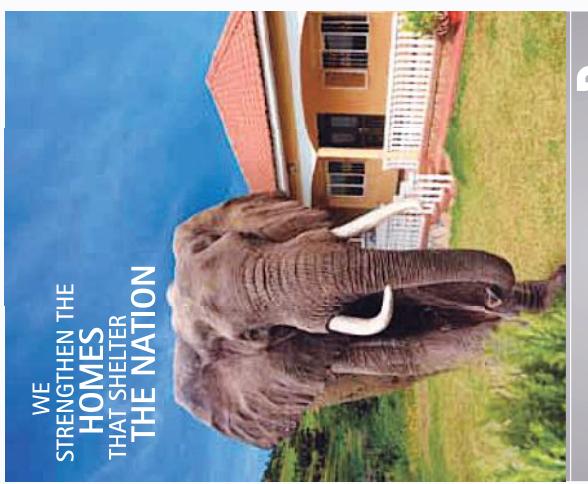
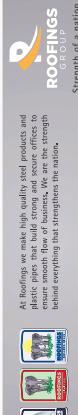
We strengthen  
the farms that feed,  
the homes that shelter,  
the offices that develop,  
the industries that build,  
the schools that educate.



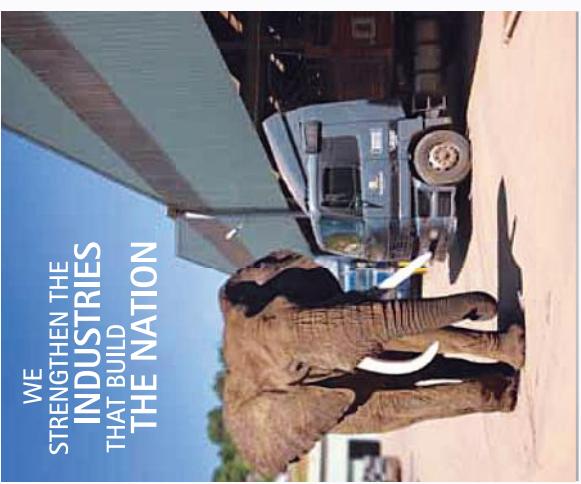
WE  
STRENGTHEN THE  
**FARMS**  
THAT FEED  
THE NATION



WE  
STRENGTHEN THE  
**OFFICES**  
THAT DEVELOP  
THE NATION



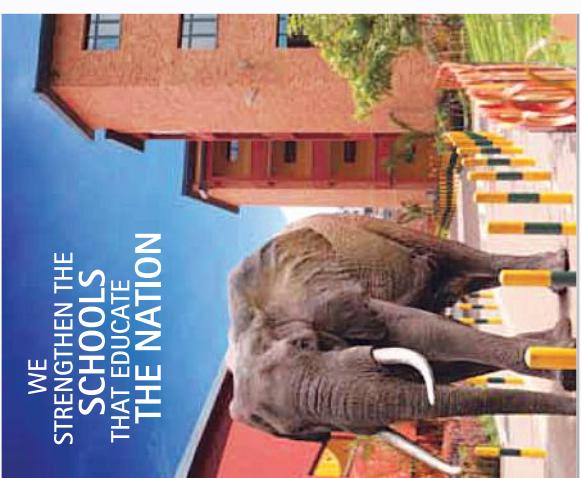
WE  
STRENGTHEN THE  
**HOMES**  
THAT SHELTER  
THE NATION



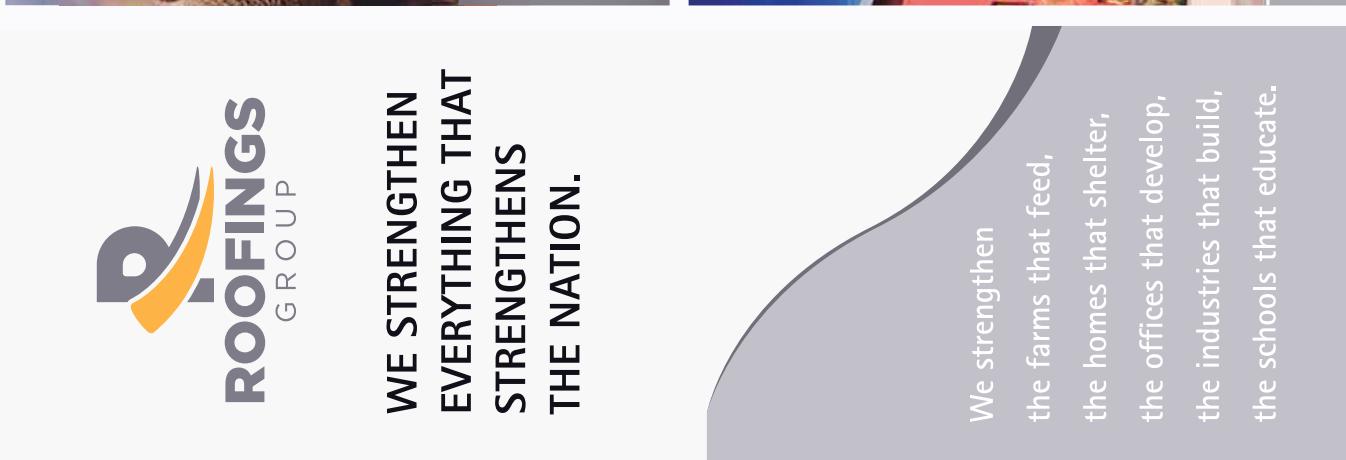
WE  
STRENGTHEN THE  
**INDUSTRIES**  
THAT BUILD  
THE NATION



We strengthen  
the farms that feed,  
the homes that shelter,  
the offices that develop,  
the industries that build,  
the schools that educate.  
WE STRENGTHEN  
EVERYTHING THAT  
STRENGTHENS  
THE NATION.



WE  
STRENGTHEN THE  
**SCHOOLS**  
THAT EDUCATE  
THE NATION



# FAST AFRICAN CHAINS (U) LTD.

TRANSMISSION, CONVEYING, LIFTING, LUBRICATION, SEALING & PUMPING PRODUCTS, FIRE & SAFETY PRODUCTS/SERVICES.

2nd street, P.O.Box 3209, Kampala, Tel/Fax: 0414-257028/9; 258837, Email: sales@africaonline.co.ug.



THE NAME THAT  
CARRIES WEIGHT

## COMPANY PROFILE:

We are a leading supplier of engineering products and a service-oriented company with operations in Uganda, Kenya and an affiliate in Tanzania.

Incorporated in 1972, EACU thrives on a wealth of expertise based on providing training, supplies, and installations. Our core areas of engagement are Transmission, Conveying, Lifting, Pumping, Lubricating Sealing products and services.

The company has fully fledged offices in Kampala, Nairobi and Mombasa with a satellite station in Tanzania and is in the process of establishing networks in Rwanda and Burundi as it rolls out to cover the entire East African region. We are dedicated to offering end users with quality, safe and cost effective solutions to diverse engineering needs in our fields of expertise.

Our close ties with manufacturers of international repute as representatives and distributors (ground custodians and flag bearers) in the East African region is testimony of our reliability and efficiency. We emphasize and endeavor to work closely with our clients in order to ensure that our end users derive maximum benefits in their operations from products and services we offer. This track record has in turn created a good reputation and endeared us to our clients.

## EXPERTISE:

We have a dedicated team which comprises of multi-disciplinary engineers who are technologically abreast of current trends in the engineering sphere, technicians, customer relations executives and managers with varied professional capabilities, all of whom are ready to serve our

clients. Our staff collectively, tirelessly works towards meeting customer expectations against a background of numerous well-accomplished projects undertaken in the close to four decades of our existence.

You can confidently count on our motivated, skilled and well equipped workforce inspired by a shared vision of delivering quality service.

EACU has traditionally executed its in-house Environment, Health and Safety Program which has in turn created a safe work environment for its workforce, clients and the general public.

We accord special attention to safety of personnel and never compromise on the use of Personal Protection Equipment (PPE) and continuously review performance and conduct in-house training in this vital respect.

## PRODUCTS AND SERVICES:

EACU is engaged in the provision of customized and proven designs of Conveyor systems Components, lifting equipment accessories and devices, and transmission systems which suit our varied client base. Besides provision of products, our engineers and consultants are at the clients' disposal to offer guidance and after-sales service.

We exercise a high degree of flexibility which is the reason we are able to provide immediate response to varied customer needs that emerge as a result of the competitive business environment and technological advancement in the challenging marketplace. In the same vein, we ensure compliance with acceptable industry standards and regulations.

## CLIENTELE:

We have built a broad and sound customer base including most of the high value manufacturing companies who cut across various sections of the econ-

omy. This is testimony of our quality service and first class products. It is therefore not surprising that our client base is drawn from major multi-national and national organizations in the mining and quarrying, hydro power generation, oil and gas, foods and beverages, paper and pulp, civil engineering, construction and the transport sectors.

## INTERNATIONAL PARTNERS:

Under each respective core field of expertise, East African Chains (U) Ltd represents international manufacturers with standards of high repute serving different sectors. We are thus able to provide and attend to our varied customer needs within their respective product categories.

Some of our International affiliates include:-

Crosby Europe, Rexnord FlatTop Europe, Eriks International, A.P Lifting Co.Ltd, Spanset, Verlinde Lifting Equipment, Precision Chains, Ammeral Beltech (Spain), Gummilabor (Italy), Whessoe (France), Chiaravalli (Italy), Bearingman (S. Africa) and Eagle Burgmann Seals(S.A)

With the continuous growth and development of Uganda's oil and gas industry and the economy in general, East African Chains (U) Ltd seeks to strengthen its position as it aims to become a preferred provider for assorted engineering products solutions in the East African region.

East Africa Chains is proud to be a member of the Uganda Chamber of Mines and Petroleum and commends the job done by the Chamber in rousing interest in the sectors. As such, we are indeed proud exhibitors at the Minerals Wealth Conference 2012.

By: Mr. David MAYANJA  
Managing Director

# MINING CALENDAR

## **Uganda Mining and Energy Conference**

**(UMEC) 2013** is a turnkey event focusing on the Republic of Uganda's mining, energy and petroleum potential and their sustainable development. The event will take place at Serena Hotel, Kampala, from 28 – 30 May 2013 UMEC will feature two days of conference sessions, a trade exhibition, round table discussions, seminars as well as touristic trips and technical visits. The event will be organized by the Ministry of Energy & Mineral Development, Republic of Uganda, in association with AME Trade Ltd.

## **Rare Earths and Minor Metals Exploration and Production Africa 2012, October 09 - 10, 2012 in Johannesburg, South Africa**

This niche conference brings together rare earths and minor metals exploration firms, producers, mineral processing companies, investors and the end-users to discuss the opportunities and challenges in the industry.

## **Drill and Blast Africa 2012 October 16 - 17, 2012 in Johannesburg, South Africa, Holiday Inn Sandton Hotel**

The 2nd Annual Drill and Blast 2012 Africa summit will look at advanced solution based technologies becoming available. The summit will also discuss new developments in explosives and in electronic blasting and new developments in wireless solutions. The 2012 edition will explore on-site challenges in pre and post drill and blast planning, implementation and execution.

## **SIM 2012 - Senegal International Mining Show November 06 - 08, 2012 in Dakar, Senegal at Hotel King Fahd Palace**

SIM Senegal is organised by the Ministry of Mines and Energy, Senegal. The event will feature a three-day conference, exhibition and the option to visit some of Senegal's key mining sites.

## **Process Mineralogy '12 Conference November 7 - 9, 2012 Cape Town, South Africa**

The 2nd International Symposium on Process Mineralogy (Process Mineralogy '12), is organised by Minerals Engineering International in consultation with Dr. Megan Becker.

## **Investing in African Mining Indaba 2013 - February 04 - 07, 2013 in Cape Town, South Africa**

For 18 years, Investing in African Mining Indaba has been at the forefront of investing in African mining. Investing in African Mining Indaba is the world's largest gathering of mining's most influential stakeholders and decision-makers vested in African mining. Each year the event is well-attended, with more than 6,500 individuals representing more than 1000 international companies and approximately 40 African and non-African government delegations.

## **World Gold Mining Forum November 9, 2012 Park Hyatt Toronto Canada**

This Conference will get together all the stalwarts in the industry to discuss trends, recent movements and happenings in the industry. It represents a great opportunity to present your story, sell your products and much more.

## **2nd International Seminar on Human Capital Management in Mining, HRMINING 2012, November 7 - 9, 2012, Santiago, Chile**

The Seminar will identify emerging human resources opportunities and challenges; Share best practices in people development processes; identify paths for developing common action plans and targeted solutions; and promote mining as a career choice.

## **Twenty First International Symposium on Mine Planning and Equipment Selection November 28 - 30, 2012 Delhi, India.**

International event dealing with the development, extraction and utilization of mineral resources in a safe environmentally responsible manner.



## Agility

From roots in emerging markets, Agility brings efficiency to supply chains in some of the world's most challenging environments, offering unmatched personal service, a global footprint and customized capabilities in developed countries and emerging economies. Agility is one of the world's leading providers of integrated logistics with more than 22,000 employees in over 550 offices and 100 countries.

### Global Integrated Logistics

Agility's core commercial business, Global Integrated Logistics (GIL), provides supply chain solutions to meet traditional and complex customer needs. These include:

- Freight forwarding products: air, sea, sea/air and road freight forwarding

- Logistics capabilities: warehousing and distribution, systems and technology
- Specialty services: fairs and events logistics, chemicals logistics, and project logistics

### GCC Services

Customers operating oil & gas, construction and mining operations in remote locations call on GCC Services, a wholly owned Agility subsidiary, to provide a home away from home for their staff.

Our scope of services extends across the full spectrum of remote site support services, from facility design and construction to operations management, facilities maintenance, catering, skilled and unskilled manpower supply, as well as utilities and environmental services.

### For further information please contact:

#### Global Integrated Logistics:

Prashant Prabhu, General Manager Uganda, Tel 0750 512-897  
or email [PPRabhu@AgilityLogistics.com](mailto:PPRabhu@AgilityLogistics.com)

#### GCC Services:

Rabih Jaber, Country Manager Uganda,  
Tel 0791 200-105 or e-mail [RJaber@GCCServices.com](mailto:RJaber@GCCServices.com).

# Chamber Members

## Chamber Diamond Members

COMPANY	CONTACT PERSON	SECTOR
1. Tullow Oil Ltd	Mr. Jimmy Kiberu	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	Ms. Grace Nakolo	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

## Chamber Gold Members

COMPANY	CONTACT PERSON	SECTOR
9. Astor Finance Plc Ltd	Mr. Gordon Sentiba	Micro-leasing and financial services
10. Bank of Uganda	Mzee Juma Binehe	Bank of Uganda
11. DFCU Bank	Mr. James Mugabi	Banking
12. Kilembe Mines	Mr. Fred Kyakonye	Copper mining
13. Neptune Petroleum Ltd	Ms. Marilyn Hill	Oil & gas exploration and production
14. Orwell International U Ltd	Mr. Fred Umunna	Drilling tools and well services
15. Stanbic Bank	Mr. Nsibambi, Daniel K	Banking
16. Standard Chartered Bank	Mr. Mundua Godfrey	Banking
17. Lion Assurance Co. Ltd	Mr. George Alande	Insurance
18. United Bank for Africa (U) Ltd	Mr. Wibrod Owor	Banking
19. Barclays Bank	Mr. Gibson Nangono	Banking
20. Roofings Group	Mr. Stuart Mwesigwa	Steel Manufacturing
21. Centenary Bank	Mr. Fabian Kasi	Banking

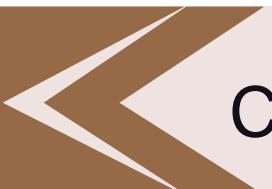


# Chamber Silver Members

COMPANY	CONTACT PERSON	SECTOR
<b>22. Agility logistics Ltd</b>	Mr. George Odeke	Logistics
<b>23. AON Risk Services</b>	Ms. Caroline Athiyo	Insurance & risk management
<b>24. Askar security Ltd</b>	Ms. Kellen Kayonga	Security
<b>25. AUC mining Ltd</b>	Mr. Moses Masagazi	Gold mining
<b>26. Bemuga Forwarders</b>	Mr. Ben Mugasha	Clearing and forwarding
<b>27. BTS clearing &amp; forwarding</b>	Ms. Merian Sebunya	Clearing and forwarding
<b>28. Busitema mining Ltd</b>	Mr. Paul Sherwen	Gold mining in Busia
<b>29. Canmin resources</b>	Mr. Gary Fitchett	Mineral Exploration
<b>30. Casco Petroleum</b>	Mr. Eugene Lazarenco	Rig supply
<b>31. Chartis Uganda Insurance Co. Ltd</b>	Mr. Paul Muhame	Insurance
<b>32. Citi Bank U Ltd</b>	Ms. Magdalene Weya	Banking
<b>33. Civicon Limited</b>	Mr. Jason Horsey	Mechanical & civil engineering works
<b>34. Deloitte U Ltd</b>	Mr. Bill Page	Auditors
<b>35. DHL global forwarding</b>	Mr. Eivind Larsen	Logistics service provider
<b>36. Eagle logistics solutions Ltd</b>	Mr. David Walabyeki	Customs clearance, heavy equipment hire
<b>37. East African Chains U Ltd</b>	Mr. David Mayanja	Dealers in mech-tools
<b>38. East African Cranes</b>	Ms. Colette Gibbons	Lifting Services
<b>39. Engen (U) Ltd</b>	Mr. David Okonye	Gas and oil downstream
<b>40. Epsilon U Ltd</b>	Ms. Sarah Ntabazi	Waste management
<b>41. Ernst &amp; Young</b>	Mr. Muhammed Ssempija	Auditors
<b>42. Farm Engineering Industries</b>	Mr. T. S Padhaal	Equipment supply
<b>43. Flemish inv. Ltd</b>	Mr. Bruce Milne	Mineral exploration
<b>44. Freight forwarders( E.A) Ltd</b>	Mr. Russell Knight	Clearing and forwarding

# Chamber Silver Members

COMPANY	CONTACT PERSON	SECTOR
45. GCC Services (U) Ltd	Mr. Rabih Riad Jaber	Catering Services
46. Gold empire Ltd	Mr. John Muruli	Gold exploration in Buhweju
47. Goodlife (U) Ltd	Mr. Shem Nnaggenda	Training Solutions
48. Gulf Resources Uganda	Mr. Rob Guest	Mining
49. Habib Oil Ltd	Mr. Osman Ahmed Noor	
50. Halliburton International Inc.	Mr. Robert Salmon	Oil & Gas Services
51. Inspecta International	Mr. William Pike	Inspection Services
52. Integrated logistics	Mr. Attila Jonathan	Onshore&offshore logistics support
53. Kampala Associated Advocates	Mr. David Mpanga	Law firm
54. KAMU KAMU drilling experts	Mr. Gilbert Mujogya	Mineral exploration and water wells drilling
55. Krone (U) Ltd	Mr. Tom Nsubuga	Mineral exploaration/ wolfram
56. Kusaasira & Co. Advocates	Mr. Denis Kusaasira	Natural resources lawyers
57. Lloyds British Testing	Mr. John McKee	Inspection
58. Makugem U Ltd	Mr. Farouk Makubuya	Mineral exploration
59. Marsh Uganda Ltd	Mr. Paul Mulira	Insurance & risk manangement
60. Marubeg Co. 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



# Chamber Silver Members

COMPANY	CONTACT PERSON	SECTOR
<b>69. SAIPEM</b>	Mr. Henry Magoba	Oil and gas services
<b>70. Salini Costruttori SPA</b>	Mr. Sergio Pelosini	Construction
<b>71. SDV Transami</b>	Ms. Monica Kisubi	Logistics service provider
<b>72. Seafast holdings U Ltd</b>	Mr. Michael Majeed	Logistics service provider
<b>73. Semliki Rift trading Co</b>	Mr. Patrick Van Pee	Lift services& ferries
<b>74. Sino Minerals Investments Co. Ltd</b>	Ms. Sarah Namara	Mineral exploration
<b>75. Specialized Welding Services</b>	Yvick Robin	Welding services
<b>76. Spedag Interfreight U Ltd</b>	Mr. Dilip Bhandari	Logistics service provider
<b>77. Strategic Logistics</b>	Mr. Paul Sherwen	Logistics
<b>78. Sumitomo corporation</b>	Mr. John Musisi	
<b>79. Tamoil East Africa Ltd</b>	Mr. Gamal Bouargob	Market &sale of crude oil products
<b>80. Threeways shipping</b>	Mr. Jeff Baitwa	Logistics service provider
<b>81. Toyota U Ltd</b>	Mr. Dino Romano Bianchi	Car dealers
<b>82. Transeast (U) Ltd</b>	Ms. Sheila H. Graig	Transporting
<b>83. Uganda Insurers Association</b>	Mr. David Tumuahise	Insurance
<b>84. Union Logistics</b>	Mr. Hitesh Shan	Clearing and forwarding
<b>85. Victoria Equipment Ltd</b>	Mr. Kyazze S Raymond	General Machinery
<b>86. Victoria Motors Limited</b>	Mr. Sam J Kibuuka	Car dealers
<b>87. Woodmore Energy Consultancy Ltd</b>	Mr. David Kayemba	Oil & Gas Downstream
<b>88. British High Commission</b>	Mrs. Margaret Magera	Diplomatic Mission
<b>89. Mining, Minerals &amp; Metals Ltd</b>	Mr. Nari Patel	Mining
<b>90. EODT EOD TECHNOLOGY INC</b>	Mr. Nobert F. Rugunda	Critical Mission Support & Site Restoration Services
<b>91. Let's Go Travel</b>	Mrs. Joan Kantu Else	Tours & Travel

# Chamber Individual Members

Name	Specialty
92. Mr. BB Sinha	Consultant- Environmental health
93. Mr. Brian Kaggwa	Lawyer
94. Mr. David Kyagulanyi	Mineral consultant
95. Mr. Joshua Tuhumwire	Mining
96. Mr. Malkit Singh Saini	Construction
97. Mr. Minaz Karmali	Businessman
98. Mr. Rajesh Dewani	Construction
99. Mr. Sam Thakkar	Accountant
100. Ms. Anne Babinaga	Business Consultant
101. Ms. Annebritt Aslund	Audit/finance consultant
102. Ms. Lydia Babinaga	Procurement and consultancy



THE REPUBLIC OF UGANDA  
MINISTRY OF ENERGY & MINERAL DEVELOPMENT

# MINERAL WEALTH CONFERENCE 2012

SHOWCASING  
**Uganda's Mining Potential**

1st –2nd October 2012  
Kampala Serena Hotel

 <b>EAST AFRICAN GOLD LTD</b> A UGANDAN GOLD EXPLORATION COMPANY	 <b>imr</b> Management Services Limited		
 <b>UBA</b> United Bank for Africa	 BANK OF UGANDA	 <b>ROOFINGS</b> GROUP	 <b>Aon</b>
 <b>Bolloré</b> AFRICA LOGISTICS		 <b>Agility</b> Global Integrated Logistics	
 <b>GEOTECH</b> AIRBORNE GEOPHYSICAL SURVEYS	 <b>FEIL</b> FARM ENGINEERING INDUSTRIES LTD	 REMAX ENERGY	
 <b>GCC SERVICES</b> Home Away From Home		 THREeways SHIPPING SERVICES (GROUP) LTD.	
 GIG Consortium Geological Mapping GIG-GIGS-TIGERS NDF IDA Uganda - World Bank MEMO-SIMPER	 <b>FUGRO</b> Fugro Airborne Surveys	 <b>Geosearch</b> INTERNATIONAL	



3<sup>rd</sup> Floor, Amber House  
Plot 29/33 Kampala Road  
P. O. Box 71797 Kampala  
[info@ucmp.ug](mailto:info@ucmp.ug)  
[www.ucmp.ug](http://www.ucmp.ug)

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### APPLICATION FORM FOR MEMBERSHIP

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

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

Company/Organization.....

Address:.....

.....

Telephone.....

Contact person: .....

Position..... Telephone.....

E-mail: .....

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

Description.....

.....

.....

.....

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

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



3<sup>rd</sup> Floor, Amber House  
Plot 29/33 Kampala Road  
P. O. Box 71797 Kampala  
[info@ucmp.ug](mailto:info@ucmp.ug)  
[www.ucmp.ug](http://www.ucmp.ug)

### SUBSCRIPTIONS

Subscription to the Chamber is annual and membership fee of 500,000 UGX is payable only once. Membership is categorized as follows:-

- Large Scale Companies or institutions with an investment of more than one million United States dollars.
- Medium Scale Companies or institutions with an investment of more than one hundred thousand United States dollars up to 1 million United States dollars.
- Small Scale Companies or institutions with an investment of less than one hundred thousand United States dollars
- Individual operators/Small workgroups.

The annual subscriptions are as follows:

<u>Category of Member</u>	<u>Annual Subscription</u>
Individual	US \$ 300.00
Small scale companies/service providers	US \$ 1,250.00
Medium scale companies/Institutions	US \$ 3,000.00
Large scale companies/Institutions	US \$ 6,000.00

Membership fee (500,000shs) is payable to **Uganda Chamber of Mines & Petroleum Standard Chartered Bank account number 0102014135500**, Speke road Branch.

Subscription (in US dollars) is payable to the **Uganda Chamber of Mines & Petroleum US dollar account 8702014135500**, Standard Chartered Bank, Speke road branch

Yours,

Ivy Irene Nakalyango,  
Chief Executive Officer

# HEADED FOR SUCCESS



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**The Expert for Project Logistics Services throughout East Africa!**

# CREATING SHARED PROSPERITY

## Investing in Uganda

Tullow has invested over \$1 billion 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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