

# THE MINERAL INDUSTRY OF

# UGANDA

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Uganda was a modest producer of cement, columbium-tantalum, gold, and steel. In 1998, the growth rate of the gross domestic product (GDP) was estimated to have reached 5.6% despite the adverse affect on agriculture of the El Niño weather events that began in 1997 (World Bank, June 10, 1999, Macroeconomic profile for Uganda, accessed October 5, 1999, via URL <http://wbln0018.worldbank.org/afr/aftbrief.nsf>). Agriculture accounted for about 44% of the GDP of this east African country of 22 million people (Wrong, 1998).

Mineral industry activities in Uganda are administered by the Ministry of Natural Resources. The Ministry's Department of Geological Survey and Mines issues prospecting, location, and mineral dealer licenses; mining leases; and water rights. The Ministry's Commissioner for Energy and the Directorate of Energy and Mineral Development sets energy sector policies. The Uganda Investment Authority facilitates investment ventures.

The Government actively promoted the development of the nation's mineral resources. Cobalt, gold, marble, nickel, phosphate rock, and vermiculite prospects have garnered international interest. Additional Ugandan mineral resources reported to have the potential to attract commercial investment include diatomite, gypsum, iron deposits, mica, and salt (Hester and others, 1996). Although prospecting licenses were staked all over the country, the mining licences were in the southeast and southwest. Active anti-Government rebellions continued in the north and west, adversely affecting exploration activity.

The Government was attempting to help local mining entrepreneurs secure international joint-venture partners and financing; however, the collapse in international interest in gold exploration opportunities in Uganda reflected the drop in the price of gold during 1998, and a number of local companies were saddled with gold concessions they were unable to farm out. Additionally, to the Government's dismay, some gold prospecting licenses appear to be used by international companies merely to maintain a presence in the gold districts instead of being active mineral prospects (Crespo Sebunya, March 1998, *The riddle of Ugandan gold*, *NewAfrican*, accessed August 7, 1998, at URL <http://www.africalynx.com/icpubs/na/mar98/namb0302.htm>).

Kasese Cobalt Co. Ltd. (KCCL) continued to build the facility to recover cobalt from Kilembe Mine pyrite concentrates stockpiled near the Kasese railhead in southwestern Uganda; however, construction was disrupted and delayed by rebel attacks in the area twice during the year (Canadian Corporate News, August 4, 1998, *Banff Resources Ltd.—Kasese cobalt project possible construction delay*, accessed November 30, 1998, at URL [\[com/scripts/ccn-release.pl?1998/08/04/0804067n\]\(http://com/scripts/ccn-release.pl?1998/08/04/0804067n\)\).](http://www2.cdn-news-</a></p></div><div data-bbox=)

Commercial production of cobalt was scheduled to begin in 1999 at a rate of about 1,000 metric tons per year.

Gold was recovered by artisanal miners in the northeast and along the western border. Catalyst Ventures Corp. of Canada held an option to acquire a 100% interest in a Kaabong area gold concession from Oslo International Investments Ltd. In December, Catalyst Ventures also obtained exploration rights to the adjacent Lopedo prospect when Branch Energy Ltd. of Uganda withdrew from the concession. Nabisoga Mining Ltd., an affiliate of Uganda Gold Mining Ltd. of Canada continued to explore the Kyakiddu property and in June entered into a joint venture with Gold Empire Ltd. of Uganda on the Bushenyi Properties, a package of 22 gold concessions. New Ensign Resources Ltd., an affiliate of Glencar Mining plc of Ireland, continued exploration on its four concessions in southeastern Uganda. International Roraima Gold Corp. of Canada was working on 20 gold prospects, 17 of which were being funded by ISCOR Ltd. of South Africa. Big Star Energy Inc. of Canada (formerly Dobrana Resources Ltd.) withdrew from the Luwero gold prospect, and Rift Resources Ltd. of Canada wrote off all of its exploration interests in Uganda.

Eight nickel prospecting concessions were under exploration by Ruwenzori Exploration (Uganda) Ltd.. Ruwenzori was a joint venture of Avmin Africa Holdings B.V. (70%), a subsidiary of Avmin Ltd. of South Africa, and Nhlanhla Ltd. of Uganda (30%).

In February, Canmin International Corp. of the Cayman Islands, a subsidiary of International Business Investments Corp. of Canada (IBI), acquired an option to earn 70% interest in the phosphate and vermiculite prospecting license on the Bukusu Carbonatite Complex from International Mining and Development of Canada (formerly IFMB) which retained 30% interest in the prospect. IBI reported phosphate resources at Busumbu on the Bukusu Carbonatite of 5.5 million metric tons (Mt) at an average grade of 15% P<sub>2</sub>O<sub>5</sub> and 3 Mt at an average grade of 11% P<sub>2</sub>O<sub>5</sub> (International Business Investments Corp., 1998). Resources at the adjacent Namekara vermiculite deposit were reported to be 2.7 Mt (International Business Investments Corp., March 29, 1999, IBI Corporation reports in excess of two million tonne vermiculite resource, press release, accessed March 31, 1999, at URL [http://biz.yahoo.com/bw/990329/ibi\\_corp\\_1.html](http://biz.yahoo.com/bw/990329/ibi_corp_1.html)).

Petrel Resources plc of Ireland acquired a 10% interest in the Block 3 concession in the southern Lake Albert Basin of Heritage Oil and Gas Ltd., a London-based Bahamian company. In 1998, the Heritage/Petrel partnership completed a seismic survey on the concession. Ownership of the

production-sharing agreement for Block 2 in the northern portion of the Lake Albert region changed hands during the year. In August, Hardman Resources NL of Australia, the parent of Hardman Petroleum (Uganda) Pty. Ltd., acquired an additional 45% interest in Block 2 when it bought former partner Planet Oil International plc of the United Kingdom. In October, Golden Gate Resource Ltd. of Australia acquired the 10% interest in the Block formerly held by Balmain Resources Pty. Ltd. of Australia. During 1998, the joint venture completed an environmental study of the concession and contracted for a seismic shoot in 1999.

Uganda's surface transportation was adversely affected by the El Niño torrential rains and associated flooding that damaged bridges and highways and periodically halted rail traffic to landlocked Uganda. The rail line from Uganda to the seaport at Mombasa, Kenya, was reopened in July, after a 2-month closure. A rail ferry connected Port Bell, near Kampala, with Mwanza, Tanzania, which was connected to Dar Es Salaam, Tanzania, by rail; however, from February through August 1998, the rail segment in Tanzania had been under repair owing to flood damage (Awori, 1998). In September, the Uganda Railways suspended operations along the Kampala-Kasese line, forcing industry in western Uganda, including Hima Cement Co. and the KCCL operation, to depend entirely on road transportation (A. Mutumba-Lule, September 7, 1998, [untitled], East African, accessed September 11, 1998, at URL <http://www.nationaudio.com/News/EastAfrican/Current/Maritime/MA10.html>).

With its growing economy, Uganda has been subject to electric power deficits since the early 1990's. Power was generated at the Owen Falls hydroelectric dam, supplemented by smaller hydroelectric generation facilities near Kabale and Kasese, and the diesel-fired electricity-generating plants near Arua, Kampala, Kitgum, Mbale, Moroto, Moyo, and Nebbi.

Uganda's economy continues to expand despite the unrest in the Central African region and the rebellion in northern Uganda. Its varied mineral resources are underdeveloped, but it is expected that the Ugandan mineral industry will diversify through the coming years. Development of cobalt, gold, and nickel projects could attract additional international interest and investment in the nation's mineral industry.

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## Major Sources of Information

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- Ministry of Natural Resources  
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TABLE 1  
UGANDA: PRODUCTION OF MINERAL COMMODITIES 1/ 2/

(Metric tons unless otherwise specified)

| Commodity                        | 1994             | 1995   | 1996 e/    | 1997 e/    | 1998 e/ |
|----------------------------------|------------------|--------|------------|------------|---------|
| Cement, hydraulic                | 42,000           | 85,000 | 180,000 r/ | 203,000 r/ | 210,000 |
| Columbium-tantalum               | kilograms<br>435 | 1,842  | 2,000      | 2,000      | 1,500   |
| Gold                             | do.<br>1,627     | 1,506  | 2,954 3/   | 3,000 3/   | 2,500   |
| Gypsum                           | 201              | 1,538  | 2,000 r/   | 2,000 r/   | 2,000   |
| Iron ore                         | --               | 7      | 200 3/     | 200 3/     | 300     |
| Lime, hydrated and quick         | 163              | 970    | 1,000      | 1,000      | 1,000   |
| Limestone e/                     | 38,000           | 78,000 | 135,000    | 245,000 r/ | 300,000 |
| Phosphate minerals, apatite      | --               | 20     | -- 3/      | -- 3/      | (4/)    |
| Salt                             | 10               | 10     | 10         | 10         | 5       |
| Steel                            | 10,000           | 12,000 | 12,000     | 15,000     | 15,000  |
| Tin, mine output, Sn content     | 3                | 43     | (4/) 3/    | (4/) 3/    | (4/)    |
| Tungsten, mine output, W content | 12               | 17     | -- 3/      | -- 3/      | --      |

e/ Estimated. r/ Revised.

1/ Includes data available through October 7, 1999.

2/ In addition to the commodities listed, the following are presumably produced but information is inadequate to estimate output: clay, copper content of slag, corundum, garnet, gemstones, gravel, kaolin, marble, ruby, sand, and vermiculite.

3/ Reported figure.

4/ Less than 1 unit.