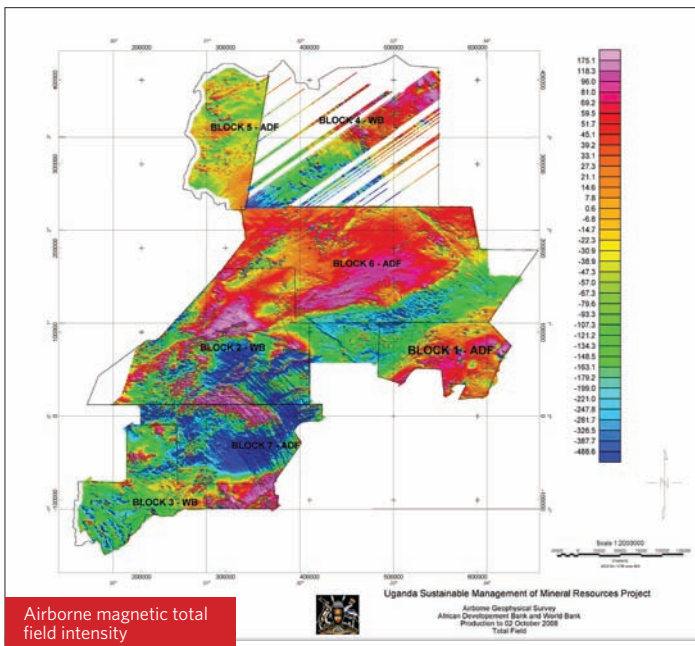


UGANDA OPENS FOR MINING BUSINESS

Uganda, says Joshua Tuhumwire, is destined to become Africa's next major mining destination. "Without a doubt," he adds.

Tuhumwire concedes that he is not exactly a neutral observer. He is, after all, the commissioner of the Department of Geological Surveys and Mines for the landlocked East African nation of nearly 31 million people.



But he also has facts aplenty to support his position. Start with the country's known mineral deposits. Gold, currently mined by small-scale and artisanal operators, can be found in the south, west, northeast, southeast and centre of Uganda.

Base metals, including copper, cobalt, nickel, lead and zinc, are known to exist in the west, south and northeast. Proven copper reserves at the existing Kilembe mine are estimated at 4.3-million tonnes and the deposit also contains cobalt. Copper-cobalt mineralization is believed to extend beyond the limit of the Kilembe property. Elsewhere, occurrences and deposits of platinum, tin, tungsten, columbite-tantalite, beryl, bismuth and iron have been identified.

The country is also endowed with industrial minerals. The world-class Sukulu carbonatite complex has proven phosphorous reserves estimated at 230-million tonnes and may host copper,

vermiculite, pyrochlore, rare earth elements and titanium, among other resources.

But Uganda is under-explored, Tuhumwire notes, and its mineral wealth underdeveloped due partly to past political upheavals. Prior to the military coup that brought Idi Amin to power in 1971, mining generated some 30% of the country's foreign exchange earnings.

But foreign investment dried up completely during the Amin years. Even after he was driven from power in 1979, successive governments did not put a high priority on mining. That began to change in 2001 when President Yoweri Museveni's administration adopted a new mineral policy that encouraged the development of mineral resources. Two years later, says Tuhumwire, the Ugandan parliament enacted a mining law that brought the country's legislative and administrative regimes into line with international practice.

With the changes, foreign companies are now allowed to own mining properties outright, without granting the government a stake, and they can repatriate profits to their home country. The commissioner, rather than the minister, grants exploration and development licences although the minister has the authority to resolve disputes. Licensees also have access to the courts if they disagree with a ministerial decision. Tuhumwire adds that the new system also includes a tax exemption on mining equipment and machinery, as well as other incentives to promote activity.

Finally, the World Bank, African Development Bank and Nordic Development Fund have been financing a high-resolution, airborne geophysical survey. The project began in December, 2006 and is expected to be complete by the end of 2008. The government plans to supplement this work with geological mapping and terrestrial geophysical and geochemical surveys.

"These efforts are beginning to bear fruit," says Tuhumwire. "We expect to see a lot of interest in Uganda in the next few years."

Indeed, if the government has its way, the country's natural wealth finally will be unlocked.

