

DEVELOPMENTS IN THE MINERAL SECTOR IN UGANDA

The mineral potential in Uganda is vast and the country has already been touted by some commentators as having more minerals than many of the traditional mineral rich countries in Africa. The development of this sector is a high priority for the Government of Uganda and strategic policies as well as the legal and regulatory framework have been streamlined to facilitate its growth.

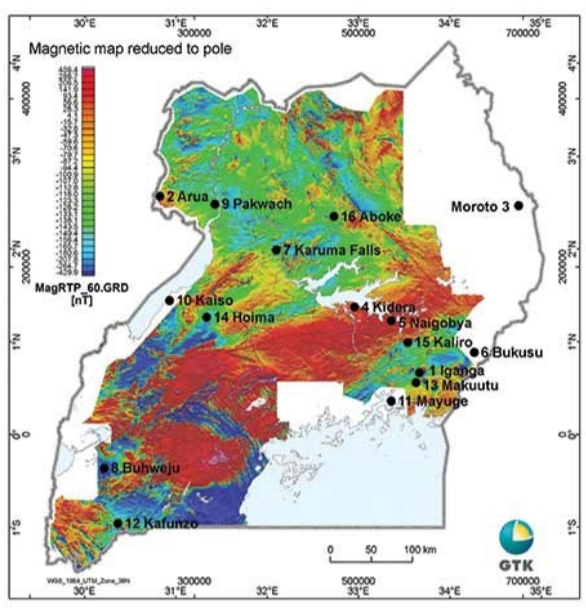
Geology

Uganda lies within the African plate, a continental crust that contains Archaean cratons that date at least 2700Ma. The country's geology, endowed with a wide variety of mineral deposits is grouped in major tectono-thermal domains as follows: * Archaean basement (2500Ma) * Palaeoproterozoic Fold Belts (2500-1600Ma) * Mesoproterozoic rocks (1600-900Ma) * Neoproterozoic rocks (900-570Ma) * Cenozoic rocks (66Ma to recent)

Exploration Activity

In 2004, the Government of Uganda embarked on the Sustainable Management of Mineral Resources Project (SMMRP) using funds that were supported by the World Bank, African Development Bank and Nordic Development Fund. Between 2006 – 2008, an airborne survey totaling 648,400 line km of magnetic and radiometric data was undertaken covering 80% of the country and high-resolution geophysical data was acquired. Processed airborne geophysical maps were produced combining both magnetic and radiometric data. Geological mapping, geochemical and geophysical surveys and mineral resources assessment were undertaken jointly by GTK Consortium and the Government Department of Geological Survey and Mines. Detailed geological and thematic maps were generated and integrated with the geophysical data resulting in identifying prospective mineral potential or target areas for further detailed exploration.

Airborne Survey of 80% of Uganda



Mineral Occurrences

Mineral	Reserves (approx.)	Other Minerals	Status
Tungsten	801,300 metric tonnes (68.67% WO ₃)	Titanium	Under evaluation
Marble	Over 300 million tonnes	REE	Under evaluation
Phosphates	280 million tonnes	Beryl	Under evaluation
Iron Ore	200 metric tonnes	Chromite	Under evaluation
Tantalite (Columbite)	130 million tonnes	Diatomite	Under evaluation
Vermiculite	54.9 million tonnes	Feldspar	Under evaluation
Limestone	26 million tonnes	Kyanite	Under evaluation
Salt	22 million tonnes	Lead	Under evaluation
Copper	6 million tonnes	Lithium	Under evaluation
Gold	6 million ounces	Silver	Under evaluation
Cobalt	5.5 million tonnes	Zinc	Under evaluation
Glass sand	2 metric tonnes (99.95% SiO ₂)	Nickel	Under evaluation
Kaolin	2.8 million tonnes	Diamond	Under evaluation
Gypsum	2 million tonnes	Platinum	Under evaluation
Tin	1 million tonnes	Uranium	Under evaluation

Opportunities in the Mineral Sector

Following the results of the airborne survey of 80% of the country, exploration activity in Uganda has gone up more the 50%. There are opportunities in exploration, extraction, infrastructure, skills training, energy generation, value addition to minerals etc. Mineral exploration expenditures are expensed 100%, Import taxes such as customs duty for all mining equipment is zero-rated for VAT, and there is externalisation of dividends and profits.

Establishment of a Transparent Mining Cadastral and Registry System

A mining cadastral and registry system has been put in place. This has improved governance in issuance of mineral rights and facilitated transparency from the traditional manual cadastral procedures to the new computerised system.

Legal and Regulatory Framework

A **Mineral Policy** was formulated in 2001. In 2003, the Mining Act of 1964 was repealed and replaced with a more investor friendly **Mining Act of 2003** and in 2004, the **Mining Regulations** were also enacted. Some of the key highlights from the Act are that investors are not required to give a stake to the government and the Investors can repatriate income from Mining.

Types of Mineral Rights

License Type	Purpose	Area	Maximum Duration
Prospecting License	Search for minerals and evaluation	Over the country	1 year
Exploration License	Mineral exploration and quantification	500km	7 years
Retention License	Holder of EL when mineral cannot be exploited for economic reasons	Same as the existing EL	2 years
Location License	Citizens for operations not exceeding US\$10 million (approx. USD 4000)	Varies	2 years renewable every 2 years
Mining Lease	Mining operations	Not exceeding area of EL	21 years and renewable for 15 years

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