OPPORTUNITIES IN MINING AND MINERALS IN UGANDA

By

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2019
1. Uganda’s Mineral Potential
2. Legal, Regulatory and Institutional Framework
3. Mineral value addition
4. Recent developments in Uganda’s Mineral Sector
5. Mining Investment Opportunities
6. Incentives in Mining Sector
7. Conclusions
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Uganda’s mineral potential

**Metallic mineral resources:** Beryllium, Bismuth, Copper, Cobalt, Columbite - Tantalite (Coltan), Chromium, Gold, Iron, Lead, Lithium, Manganese, Platinum Group of Metals (PGM), Rare Earth Elements (REE), Tin, Uranium, Wolfram and Zinc.

**Industrial minerals:** Bentonite, Clay, Diatomite, Dimension Stones (Granite), Feldspar, Glass sands, Graphite, Gypsum, Kaolin, Kyanite, Marble/limestone, Mica, Phosphate (Apatite), Pozzolana, Salt (rock salt, halite), Talc and Vermiculite.

**Gemstones:** Apatite, Beryl – emerald, aquamarine, heliodor, morganite, Corundum (Ruby, Blue Sapphire), Fluorite, Garnet, Opal, Quartz (Amethyst, Rose), Topaz, Tourmaline and Zircon
Uganda’s mineral potential cont’d
Mineral Occurrence map of Uganda
Mineral occurrence map of Uganda
Legal framework consists of: **Mining and Mineral Policy (2018), Mining Act (2003) and Mining Regulations (2004)**

**New Mining and Mineral Policy 2018**

*Policy Goal:*
To develop the mining industry through increased investment, value addition, national participation and revenue generation to contribute significantly to socio-economic transformation and poverty eradication.

*Policy objectives:*
1. To strengthen the legal and regulatory framework for the development of the mineral sector;
2. To ensure efficient, equitable, accountable and transparent management of mineral revenues;
3. To establish, manage and promote the country’s mineral potential;
iv. To enhance and strengthen the institutional capacity for effective governance of the mineral sector;

v. To organize and legislate artisanal and small scale mining in Uganda;

vi. To promote and protect Health, Safety and Environment in the mineral industry;

vii. Provide a framework for gender mainstreaming, equity and human rights and eradication of child labour in the mining industry;

viii. To provide a framework for marketing and value addition of minerals;

ix. To promote local content and national participation in the mineral industry; and

x. To promote regional and international cooperation.
The Mining Act, 2003: Provides that:
• Ownership of minerals is vested in the Government.
• Mineral Licenses/Rights include: Prospecting License, Exploration License, Retention License, Mining Lease, Location License, Mineral Dealers Licence & Goldsmith License.
• Mineral Agreements can be made with investors for large scale projects.

Mining Regulations, 2004: Give guidelines to operationalize the Mining Act, 2003

Note: Mining Act, 2003 and Mining Regulations 2004 are currently under review!

Refer: http://www.dgsm.go.ug/generallInformation and download pdf copies of Mining Act, 2003 and Mining Regulations, 2004
## MINERAL RIGHTS (LICENCES)

<table>
<thead>
<tr>
<th>LICENCE</th>
<th>PURPOSE</th>
<th>PERIOD</th>
<th>REMARKS</th>
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<tbody>
<tr>
<td>Prospecting Licence (PL)</td>
<td>To prospect for minerals around the country.</td>
<td>1 year</td>
<td>Not renewable.</td>
</tr>
<tr>
<td>Exploration Licence (EL)</td>
<td>To explore for minerals in an area not more than 500 Km².</td>
<td>3 years</td>
<td>Renewable two terms of 2 years each and half area relinquished on each renewal.</td>
</tr>
<tr>
<td>Retention Licence (RL)</td>
<td>Granted to the holder of an EL after establishing mineral deposit with feasibility study and can not be exploited due to economic or other reasons.</td>
<td>3 years</td>
<td>Renewable once for 2 years.</td>
</tr>
<tr>
<td>LICENSE</td>
<td>PURPOSE</td>
<td>PERIOD</td>
<td>REMARKS</td>
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<tr>
<td>Mining Lease (ML)</td>
<td>For mining operations.</td>
<td>21 years</td>
<td>Should not exceed area of Exploration Licence and is renewable for 15 years or until exhaustion of ore.</td>
</tr>
<tr>
<td>Location Licence (LL)</td>
<td>For mining operations of a smaller investment where expenditure to achieve production will not exceed 50 currency points (1cp = UGX 20,000 ≈ US$ 7.</td>
<td>2 years</td>
<td>Granted to citizens of Uganda or in case of corporate, citizen of Uganda holds ≥50% of ownership. Renewable for terms of 2 years each.</td>
</tr>
<tr>
<td>LICENSE</td>
<td>PURPOSE</td>
<td>PERIOD</td>
<td>REMARKS</td>
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<tr>
<td>Mineral Dealers Licence (MDL)</td>
<td>For internal mineral trade or export</td>
<td>1 year</td>
<td>Expires on 31st December in the year in which the licence is granted.</td>
</tr>
<tr>
<td>Goldsmith Licence (GL)</td>
<td>For manufacturing of articles from any precious mineral or from any substance containing any precious mineral.</td>
<td>1 year</td>
<td>Expires on 31st December in the year in which the licence is granted.</td>
</tr>
<tr>
<td>PERMIT</td>
<td>PURPOSE</td>
<td>PERIOD</td>
<td>REQUIREMENTS</td>
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<tr>
<td>Export Permit</td>
<td>For exporting minerals from Uganda to other countries</td>
<td>Granted per consignment</td>
<td>• Valid MDL or a mineral right.</td>
</tr>
<tr>
<td></td>
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<td></td>
<td>• Import Permit for minerals from out of Uganda or Proof of royalty payment for minerals from Uganda.</td>
</tr>
<tr>
<td>Import Permit</td>
<td>Importing minerals into Uganda from other countries</td>
<td>Granted per consignment</td>
<td>• Valid MDL for the right group of minerals</td>
</tr>
<tr>
<td></td>
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<td></td>
<td>• Export Permit and certificate of origin from originating country</td>
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<td>• Payment of import permit fees</td>
</tr>
<tr>
<td>Movement Permit</td>
<td>Movement of minerals between 6 o’clock at night and 7 o’clock in morning</td>
<td>Granted per consignment</td>
<td>• Valid MDL or a Mineral Right (Licence)</td>
</tr>
<tr>
<td></td>
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<td>• Proof of royalty payment</td>
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ROYALTIES

- 5% of gross value for gold and base metals
- 10% of gross value for precious stones
- 10,000/= per ton for phosphates, vermiculite, limestone, kaolin, chalk, gypsum
- 5,000/= per ton for marble, granite, sandstone, quartz, coal or peat and other dimension stones
- 1,000/= per ton for pozzolanic materials
- 500/= per ton for salt

Note: Figures are UGX; (UGX 3700 = 1 US Dollar, March 2019)
All mineral rights are granted and revoked by the Commissioner, Department of Geological Survey and Mines (DGSM).

Any person aggrieved by the decision of the Commissioner’s can appeal to the Minister for an Administrative Review.

Decisions of the Minister may be subjected to judicial review in the High Court.

In case any party is not satisfied with Uganda’s courts of law, they can go to international arbitration.

**Environment**: The Mineral Right (Licence) holder is required to comply with the National Environmental Management Act.

**Royalties** on gross value is charged as follows: Precious stones (5%); precious and base metals (5%); Industrial minerals - quantity based.

**Revenues** from royalty are shared by: Government (80%); Local Governments (17%); and Land Owner (3%).

**Compensation**: Any disturbance of surface rights of the land owner has to be adequately and fairly compensated.
Mineral Value Addition

- The government requires that minerals mined in Uganda should be processed and refined in Uganda into semi-finished or finished products before they are exported.
- Currently, copper, cobalt, lithium, graphite and iron ore are strictly not for export in raw form; the rest can be exported as high concentrates.
Recent developments in Uganda’s Mineral Sector

1. Geological data covering 80% of the country, maps (at different scales)
   - 1:250,000 (19 Sheets)
   - 1:100,000 (74 Sheets)
   - 1:50,000 (52 Sheets)

2. Online e-government mineral licencing system
   - The licencing system has been upgraded to allow online applications and processing of all mineral rights through an e-Government portal; (System shall be activated soon).
   - This has enhanced transparency in licensing of mineral rights. It accessed at:
     http://portals.flexicadastre.com/uganda/
3. Integrated Geological Mineral Information System (GMIS): This hosts the following information that can be accessed at website:

- Geological, geochemical, geophysical mineral information, maps and data
- Environmental data
- Seismological data
- Laboratory data and
- Documentations

www.dgsm.go.ug

4. Training and regulation of Artisanal and Small Scale Miners (ASM):

- ASM have been trained basic mineral exploration methods, best mining practices, mineral resources production; mineral marketing; environment protection, value addition (beneficiation) and Occupational Health and Safety issues
- ASM have formed associations that are being registered by DGSM and allocated Location Licences for effective regulation
5. Acquisition of Airborne Geophysical Data

- High resolution **magnetic data** covering 80% of Ugandan area has been acquired

- Similarly high resolution **radiometric (Th, K & U)** data covering 80% of the country has been acquired

- **Transient Electromagnetic (TEM)** data for selected high mineral prospective areas has been acquired

![Analytical signal map](image1)

![Radiometric Ternary map](image2)
6. New mineral potential targets

- Recent airborne geophysical data integrated with new geological maps have resulted into 18 mineral potential targets for further detailed exploration by investors.
AGR has constructed a **gold refinery** at Entebbe, close to Airport.

The refinery processes gold and other precious metals (e.g. silver and platinum) with a production capacity of **200 kg of gold bars (purity 99.9%) per day.**

The company is planning to set up a **jewellery unit and a commercial laboratory.**
Investment Opportunities in Mining Sector

1. **Precious Metals**: Gold, silver, platinum occur in all regions of Uganda.

2. **Iron ore**: Over 300 million tonnes of indicated and measured iron ore (haematite) resources in SW of Uganda and over 100 million tonnes of (magnetite) have been explored in SE Uganda.

3. **Rare Earth Elements (REE)**: Potential exist in Isolated pegmatite’s in SW Uganda, Carbonatite centres in Eastern Uganda, Aluminous clays (≈ 300mt measured and indicated resources) in Makuutu area (SE Uganda).
Investment Opportunities in Mining Sector

4. **Base metals:** 4.5 million tonnes measured and indicated Copper, cobalt, Lead, Zinc resources in Kilembe, PGMs occur in all regions of Uganda.

5. **3Ts [Tin, Tantalite (Coltan) & Tungsten]:** In SW and central Uganda and Sukulu Carbonatites

6. **Industrial Minerals:** Vermiculite (Eastern Uganda), Dimension stones (Marble, Granite, Gneisses) and Glass sand occur in all regions of Uganda.

7. **Lithium:** Spodumene, lepidolite, and amblygonite are associated with pegmatites occurring in many areas in Uganda

2. **Graphite:** About 1 billion tonnes of measured and indicated graphite resources in Orom hills, Kitgum district – needed for production of carbon cathode rod for lithium batteries
7. Uranium

• 50 Uranium targets have been identified from Airborne radiometric data for detailed exploration
  – Carbonatite – 01
  – Sandstone – 06
  – Springs - 03
  – Unclassified – 40

• Potential uranium targets
8. Geothermal energy:

- 5 key geothermal prospects are:
  - Buranga
  - Katwe
  - Kibiro
  - Panymur
  - Ihimbo

- All are in Western Rift Valley

- The geothermal potential in Uganda is estimated at 1,500 MW.
Incentives in Mining Sector

1. Uganda Investment Authority (UIA)
   - The Code encourages private investment by streamlining procedures and guaranteeing protection of investors against appropriation.
   - Foreign individuals and companies - own 100% of a business in Uganda (Mining companies inclusive).

2. Taxation
   - Import taxes such as customs duty for all mining equipment is zero-rated.

3. Mineral Certification Mechanism
   - Uganda is in process to certify tin, tungsten and columbite-tantalite (3Ts) and gold minerals in compliance with the Great Lakes initiative. Certification is aimed at eradicating regional conflicts and maximizing 3Ts prices.
Conclusions

• Uganda is richly endowed with mineral resources; the recently conducted geological, geochemical and airborne geophysical surveys revealed potential for more mineral resources; specifically, new 18 targets for gold, iron ore and platinum group of metals (PGMs), REEs, nickel-chromium, copper, cobalt, uranium, titanium, limestone, phosphate, vermiculite, diatomite and bentonite.

• Airborne Geophysical Survey, follow up ground mapping and mineral exploration of Karamoja Region will expand Uganda’s mineral database that will lead to discovery of more mineral deposits for development.

• Government intends to develop these resources in partnership with private sector in a sustainable manner.

• Mining Act, 2003 allows partnership (Joint Venture) in mineral investment and total transfer of the Mineral Right (Licence).
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Thank You