



Uganda ready for the ‘big boys’

HOPES HIGH THAT RIO TINTO’S ENTRY INTO COUNTRY JUST THE BEGINNING

BY SUSAN KIRWIN

After watching mining companies flock to its neighbours Tanzania and the Democratic Republic of the Congo, the government of Uganda is finally doing something to promote the country’s mineral potential.

The last big name in Uganda was Falconbridge, which produced 16 million tonnes of copper from the Kilembe mine between 1956 and 1979, but a \$5.75-million deal that is seeing **Rio Tinto** (RTP-N, RIO-L) acquire **IBI Corp.’s** (IBI-V, IBIPF-O) Ugandan vermiculite mine could signal a fresh start for the country.

Joshua Tuhumwire, commissioner of Uganda’s Department of Geological Survey and Mines, hopes having Rio Tinto in the country will attract some much needed exploration attention.

“I can assure you that once Rio Tinto arrives, other big mining companies will want to see where this big boy is and why he is there,” Tuhumwire says.

Tuhumwire hopes Rio Tinto’s move into the East African country will make mining companies notice the steps the Geological Survey has taken to improve the country’s mining sector.

Uganda has produced cobalt, columbium, tantalum, gold, iron ore, tin and tungsten as well as industrial minerals such as gypsum, kaolin and other clays, lime, salt, talc and vermiculite.

In December, the Geological Survey began a \$10.3-million airborne survey that will cover 80% of the country as a part of a program to commercialize the country’s mineral resources.

The project is part of a \$42-million program that the government began in 2004 to help increase production and tax revenue from the mining sector. It’s funded by the World Bank, the African

Development Fund and the Nordic Development Fund.

A new mining act came into effect in 2004 and since then, Tuhumwire says the number of exploration licences has increased to 220 from 50.

Tuhumwire says the lack of exploration in Uganda is fallout from the dictatorship of Idi Amin, who came into power after leading a military coup in 1971. Amin was responsible for hundreds of thousands of deaths, drove out foreigners and nationalized all businesses.

opportunities in Uganda, so we said there must be a problem.”

In the early 1990s, Tuhumwire began going to international mining conferences to drum up interest in Uganda, but was unsuccessful. Finally, the government initiated the mineral sector program.

Brian Hester, a retired geologist who worked as an adviser to Uganda’s government, says Uganda could be the next Tanzania; the country just needs to be explored.

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—JOSHUA TUHUMWIRE,
COMMISSIONER OF UGANDA’S DEPARTMENT
OF GEOLOGICAL SURVEY AND MINES

“He left in 1979 but his legacy stayed on,” Tuhumwire says. “The mining activities that were taking place were all corrupt when he was in power.”

As new exploration technologies and techniques developed in the 1970s and ’80s and used in other parts of the world, nothing happened in Uganda.

In the mid-1980s, Tuhumwire says there was a noticeable wave of mining companies coming into Africa, but Uganda didn’t do much to attract attention and make its mineral potential known.

“Ugandans have a different attitude — they were a bit complacent and thought, Uganda is good, everybody will come here. In mining, nobody came,” Tuhumwire says. “Companies went to Tanzania but nobody swam across Lake Victoria to come explore

Barrick Gold’s (ABX-T, ABX-N) Kabanga nickel deposit on the northwestern border of Tanzania is “within spitting distance” of the southwest corner of Uganda, Hester says. Kabanga has an indicated resource of 9.7 million tonnes grading 2.37% nickel, 0.32% copper and 0.19% cobalt.

Across Lake Albert, which borders the DRC, is the Kilo Moto gold belt, which has produced more than 9 million oz. gold. **Moto Goldmines’** (MGL-T, MTOGF-O, MOE-L) 2006 feasibility study estimates gold production of at least 290,000 oz. annually over eight years at its Kilo Moto gold project.

“The Ugandans are saying, ‘Why don’t we have one them?’ They may have, but they haven’t looked,” Hester says.

Mining companies are taking note.



Vangold Resources (VAN-V, VNGRF-O) has licences covering 60 sq. km in the Kilembe copper-cobalt belt, and more than 250 sq. km within the Burundi-Tanzania nickel belt.

African Mineral Fields, a subsidiary of **Magnus International Resources** (MGNU-O) began exploring in Uganda in May 2006. The company has four early stage gold properties on 14 licences totalling 2,000 sq. km. Airborne and magnetic surveys are currently under way on

African Mineral Fields properties that are not within the government survey area. In June, the company will begin 5,000 metres of drilling on five gold targets at depths of 50 to 250 metres.

IBI president and CEO Gary Fitchett says Uganda is investor friendly. The company has been in the country since 1999 and has been anxious for the Geological Survey's program to begin.

He says IBI has built a strong base of "relationship capital" in Uganda.

"In some places they discourage you, but in Uganda they really bend over backwards to help you — they want things to happen," Fitchett says.

Now that IBI has sold its vermiculite project to Rio Tinto, the company is focusing on several gold and uranium properties.

"We are there on the ground floor with the major success of bringing Rio Tinto into Uganda," Fitchett says. "That will be a signal to the rest of the world."