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EXECUTIVE SUMMARY

Dear reader

Welcome to the Deep Earth International wrapper for May 2023, your flagship online publication for the extractives and electricity industries in East Africa.

For first-time readers, the wrapper covers Uganda, Kenya, Tanzania, Rwanda and the Democratic Republic of the Congo, mainly looking at company plans and government regulatory policies, looking into the future of how these industries are shaping up.

In this edition, we look at Uganda's prospects of achieving First Oil by early 2025, and tell you why this schedule will not be met.

Still on Uganda's oil, we look at the terms behind the award of Turaco Oil block, and discuss how the country is shifting its position in order to create a conducive environment for investors.

Narendra Raval, a renowned steel and cement investor in East Africa, has made a giant stride in Uganda's mining sector. Find out why and how.

We also delve into the Kilembe copper mines project, and whether government is committed to get it off ground.

The Bujagali hydropower project is our main subject for Uganda's electricity segment. The international lenders of this project are not happy over recommendations by members of parliament over the debt to the project. We tell you what the lenders have told Uganda's government.

In our special Boardroom Talk, Emmanuel Wamala, the Ag. Assistant Commissioner of Nuclear Fuel and Radioactive Waste at the Ministry of Energy and Mineral Development, discusses Uganda's nuclear energy plans.

For our readers interested in Kenya, we look at the issues that Joseph Siror, the new chief executive officer of Kenya Power and Lighting Company Limited, will have to tackle to make his impact felt.

The Tanzanian section is rich with stories on the country's journey towards incorporating solar into its energy mix for the first time, and the deal that the government signed with Australian companies over graphite projects.

In Rwanda, Ron Weiss has been reappointed the chief executive officer of Rwanda Energy Group. Find out what awaits him.

We also take a look at Trinity Metals' latest plans as the company vies to become the biggest mining company in the country.

The Democratic Republic of the Congo has quite some bit of interesting mining content, especially now that the global battery market is witnessing heavy investments. We discuss President Felix Tshisekedi's balancing act with different investors as the hunger for DR Congo's minerals grows.

We also have an update on the highly-valuable Tenke Fungurume mine.

Enjoy this wrapper.

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EACOP moves closer to financial close, but lost time dents First Oil target

One of the glitches behind the delayed announcement of the financing of the East African Crude Oil Pipeline has been resolved, drawing the project closer to receiving the much-needed capital to ramp up construction activities on one of the largest cross-border projects in the region. A resolution over the company that would supply pipes for the projects has brought the project closer to finally receiving the investment capital.

While most of the conditions for the approval of the financing have been agreed upon, a formal announcement for the approval of the money for the East African Crude Oil Pipeline (EACOP) is still needed. That announcement is expected before December, more than 20 months after the Uganda oil project was launched in February 2022. Our projection now shows that the delays will see Uganda miss its target for achieving first oil by April 2025.

Our projection is mainly based on the delay to close financing for the EACOP. There have also been heavy rains which have disrupted work at the Industrial Park for the Tilenga project in Buliisa district. The central processing facility, which will process the oil from the fields, will be located at the industrial park.

Contracts to local goods and services providers have also slowed down, and there are now some complaints by some local contractors over delayed payments at the industrial park for the Tilenga project. A consortium of McDermott International Ltd and Sinopec International Petroleum Service Corporation has the contract for the Engineering, Procurement and Construction works at Tilenga.

$4 BILLION

From land acquisition contests to environmental activists campaigning against the project, the $4 billion investment is now likely to be completed later than April 2025

TotalEnergies, the operator of the Tilenga oil field, the biggest in the country, was expected to have three rigs on site by April 2023, but that did not happen. Only one rig was fully operating on site by the end of April. However, by the end of May, the second rig had been partially assembled on site, while equipment for construction of the third rig was expected on site in early June 2023.

The three rigs are expec ted to drill more than 420 wells over 31 well pads at Tilenga.

China's Cnooc, the operator of the Kingfisher oil field, received their rig on site in October last year. But until recently, the rig was working below capacity because the project's waste treatment plant was not ready to receive the waste from the drilling. However, the waste treatment plant is now ready and drilling resumed recently. Cnooc is to drill 31 wells over four well pads.

Construction at Kabaale international airport, which is expected to receive a large chunk of the equipment for oil activities, has run into financial troubles of its own. While the runway is expected to be completed soon, other sections of the airport, like the cargo terminal, are behind schedule partly because of the unavailability of government's equity financing for the project.

The EACOP remains the main infrastructure needed to ship Uganda's crude from the fields in Hoima to the Tanzania coast at Tanga, and later into the international market.

However, a series of largely external factors have hampered the progress of the project. From land acquisition contests to environmental activists campaigning against the project, the $4 billion investment is now likely to be completed later than April 2025 amidst global financial shifts and local politics – all of which are likely to slow down the progress.

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First Oil target slipping away although approval for EACOP financing draws closer

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Land acquistion for the entire pipeline route is expected to be concluded by December 2023.

On a global scale, the EACOP's prospects have been dented by the cutback from international banks that now prefer to channel their money towards cleaner forms of energy.

FitchSolutions, a subsidiary of the global credit rating agency, Fitch, in its capital expenditure outlook for oil and gas projects for the years 2021-2025, noted: "Pressure to curb emissions and reduce climate impacts from shareholders and regulatory pressures will mount on oil and gas companies in the coming years. Net zero ambitions announced in prior years and dramatic changes in governing boards and legislative and governmental policy will see increasing amounts of capex diverted from core upstream businesses into the new energy efforts that are low-carbon-focused."

At home, part of the delay behind the EACOP getting financial approval was created by the uncertainty over the company that would supply pipes for the crude oil pipeline project – a 1,445km pipeline between Uganda and Tanzania. That has now been resolved with a Chinese company, China Petroleum Pipeline Engineering, taking over the job.

According to documents we have, the Russian company, Chelpipe, had been awarded a contract to supply at least 10 batches of low wall thickness pipes for the EACOP at a cost of $165 million. However, Russia's war with Ukraine has placed the country on a collision course with other economic blocs such as the United States of America and the European Union, who have announced sanctions against the country. This affected Chelpipe's revenue streams and ultimately its position to undertake its work on the EACOP project. The award to Chelpipe had to be withdrawn, and a new tender issued.

> **$165 MILLION**
>
> According to documents we have, the Russian company, Chelpipe, had been awarded a contract to supply at least 10 batches of low wall thickness pipes for the EACOP at a cost of $165 million.

But as the Western world isolates Russia, and international banks sneer at oil and gas projects, China has plugged that gap, dangling a sweet financial kitty.

China, however, is coming with its own demands – the most obvious being the award of certain contracts to Chinese companies.

Weighing at how desperate the situation is getting, China has also dragged its feet on making an announcement of the financing for the EACOP, probably part of a bargaining chip for a sweet deal.

Our sources say that carrot-and-stick negotiations in China over a trade dispute in Tanzania needed to first be resolved before money can be put on the table.

With a potentially volatile general election season in Uganda expected to start sometime in 2024, which could further disrupt activities in the fields and the pipeline route, and also influence some business decisions, it is unlikely that first oil can be achieved in early 2025.

UNOC eyes new investor for Kampala Storage Terminal

A decision by the Uganda National Oil Company to cancel a call for expression of interest for a joint venture partner for the development and management of the Kampala Storage Terminal (KST) for petroleum products is the strongest indication so far that government is zeroing in on a particular investor to take up the job.

UNOC has been scouting for a joint venture partner for the project for months, and had in March and early April issued adverts calling on interested investors to submit expressions of interest. However, less than three weeks after the adverts ran, UNOC cancelled the call "indefinitely."

UNOC did not give any reason for the cancellation.

However, we have been told that a directive from President Yoweri Museveni to UNOC to consider a certain investor is partly the reason as to why the call for the expression of interest for the KST was cancelled.

There has been strong interest and progress from Algeria's Sonatrach Petroleum Corporation, which is now favoured to partner UNOC for the KST.

In March, Museveni, together with a team from the ministry of Energy and Mineral Development, was in Algeria, where they met investors from the north African country that expressed interest in Uganda's refinery project, of which the KST is part.

"We are looking at Algeria investing in our refinery. We want to build an inland refinery," Museveni tweeted after his visit in Algeria, where he oversaw the signing of a memorandum of understanding in the development of Uganda's refinery.

Two months after Museveni's trip, the Algerians were in Kampala and met Museveni at State House Entebbe on May 11. Led by Mohammed Arkab, Algeria's minister of Energy and Mines, a group of Algerian investors further reinforced their interest in Uganda's oil refinery project.

After the State House visit, Museveni tweeted on his handled: "I welcome the collaboration in the energy sector on oil refinery, infrastructure development and electricity generation. We will be happy to work with the Algerians."

It is not clear whether the Algerians are frontrunners for the KST. We have been told that strong interest has emerged from another Asian company although those discussions are closely guarded.

The Kampala Storage Terminal (KST) is a planned 320 million liter petroleum storage terminal in Mpigi district. The KST project, where UNOC intends to hold 51 per cent of the stake, is part of Uganda's oil refinery project that is being undertaken between the Uganda government and Albertine Graben Energy Consortium.

Mohammed Arkab, Algeria's minister of Energy and Mines

Turaco oil deal: Uganda relaxes some key financial conditions

Energy Minister Ruth Nankabirwa (R) handing over the Turaco approval

OIL AND GAS

DGR Global has received an exploration licence for the Turaco oil block, with Uganda's government hoping that the company can make a commercial discovery within four years so that the block is upgraded for further development.

The licence to the Turaco oil block is the Australian junior firm's second asset within its Uganda portfolio, the other being the Kanywataba oil block.

However, the conditions Uganda's government attached to the Turaco oil block point to some changes within the country's licensing regime, one that appears to accommodate the interests of private players and attract more exploration firms to the market.

The fairly relaxed oil licensing regime comes as new oil and gas projects attract little global interest as banks shift their focus to cleaner forms of energy.

Uganda was expected to announce a third oil licensing round soon during the recently-concluded East African Petroleum Conference, and the financial conditions for the Turaco oil block were expected to send a signal to the market that Uganda is ready to listen and negotiate with investors on fairer grounds. However, the announcement of the oil licensing regime has been pushed ahead with no official schedule.

CONDITIONS

One of the contentious issues within Uganda's oil licensing regime has been the obligation to pay a performance guarantee. In April 2020, DGR Global wrote to Uganda's government questioning the legality of the performance guarantee it had been required to pay for the Kanywataba block.

Uganda's government awarded DGR Global a licence for the Kanywataba block in September 2017, and then demanded that the company pay a performance guarantee of $990,000, which was equivalent to 50 per cent of the minimum exploration expenditure for the first exploration period.

It is not clear why the company agreed to sign up to the government's licence conditions, but later contested the terms. Nonetheless, in 2020, DGR argued that "neither the Ugandan license, the PSA, nor the Petroleum Act mandate that a Ugandan licence performance guarantee is required for the remainder of this term of the Ugandan licence." The company, nevertheless, added that it was negotiating with the government over the amount.

In October 2017, four weeks after issuing out the Kanywataba licence, Uganda's government awarded two licences to Nigeria's Oranto Petroleum for the Ngassa shallow and deep play. Similar conditions were locked into the two Ngassa licences, with each of them attracting a $1.2 million performance guarantee.

Nearly six years later, Uganda's government appears to have relaxed some of the terms on the oil exploration licences. With the Turaco oil licence, Uganda's government is now asking for a performance guarantee that equals only 27.5 per cent of the minimum work program for each of the two-year period – a huge drop from the earlier 50 per cent.

There has been a drop in the signature bonus that oil companies are required to pay. While Oranto Petroleum paid $800,000 in a signature bonus for Ngassa, only $100,000 will be paid for Turaco.

However, while DGR Global paid a signature bonus of $316,000 (this amount also included research and training fees, and annual acreage rental fees) for the Kanywataba, it is required to pay $200,000 for research and training alone for Turaco.

Uganda appears to have relaxed on the work programme too. The licence condition requires DGR Global to have drilled at least one well. However, during the Noosa Mining Investor conference in July 2022 at the Peppers Noosa resort in Queensland, Australia, Nicholas Mather, the boss at DGR Global, confident of getting the Turaco oil block licence, made a presentation to investors where he said the company would drill two wells at Turaco in 2024. Government is only expecting one well though. DGR says it will drill its first well - Ntajumba-1 - to a depth of 4,000 metres in February 2024. It says it will later drill Eriiba 1 at Kanywataba and Oberlander 1 in Turaco. DGR is targeting 1 billion barrels from the three wells.

Across the board, most of the financial conditions have remained relatively the same. For example, the cost recovery limit has not changed from the 65 per cent as that is cast in stone in Uganda's petroleum laws.

$200,000

and annual acreage rental fees) for the Kanywataba, it is required to pay $200,000 for research and training alone for Turaco.

Lenders warn of high power tariffs if Bujagali tax holiday is not renewed

The group of lenders for the Bujagali hydropower project have written to the government of Uganda, warning that should there be any failure to further extend the corporate income tax exemption for the 250MW plant, then electricity tariffs in the country will shoot up.

The lenders - African Development Bank, British International Investment plc, Germany's DEG, the World Bank's International Finance Corporation and France's Proparco – in a joint letter, wish for government to further extend the corporate income tax exemption until their loan is fully repaid.

A parliamentary ad hoc committee had earlier issued a report, saying they would not approve any request for the extension of the tax holiday.

In a rebuttal, the lenders, in a May 26 letter, said: "The [parliamentary] report contains several material elements calling into question the initial contractual framework agreed between the parties (BEL and GoU) and which would jeopardize the objective of tariff reduction... If the Corporate Income Tax (CIT) exemption is not extended, then the CIT component of the tariff will increase, thus losing part of the tariff reduction achieved to date." The Bujagali tax holiday ends on June 30, 2023.

The lenders wrote the letter to Uganda's ministries of finance, energy and the attorney general after a parliamentary ad hoc committee released a report in March that, among other things, said they would not approve any extension of the CIT exemption to Bujagali Energy Limited and recommended the renegotiation of the project agreements.

Governments offer tax incetives to allow investors recoup their investments without the burden of paying too much tax. Denying investors a tax holiday usually means that the investor has to devis certain means to recover their investments, in this particular case push for an increase in the Bujagali tariff.

The parliamentary report has ruffled feathers within the lending community and brought into question the validity of Uganda government's promise to honour its agreements. Observers predict that should government adopt parliament's recommendations, many investors would consider Uganda a risky environment to do business.

In 2006, Uganda experienced a long spell of drought, which led to a huge drop in water levels along Lake Victoria. The drop in water levels meant that the two main hydropower projects – Kiira and Nalubaale – could not generate enough electricity.

250MW PLANT

...warning that should there be any failure to further extend the corporate income tax exemption for the 250MW plant, then electricity tariffs in the country will shoot up.

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High power tariffs loom over Bujagali tax holiday

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As a result, a stringent power-rationing schedule was introduced in the country, where certain parts of the country would go an entire day without electricity.

The power rationing, largely known as load shedding, nearly brought Uganda's economy to its knees as many businesses closed shop over the unavailability of electricity.

To mitigate the situation, government introduced the more expensive diesel generators into the energy mix, with state officials sending a message to the public that it is better to have expensive electricity than not have it all.

Renewed attention was placed back on getting the Bujagali hydropower deal signed, that attempt having failed in 2003 after environmental activists criticised the project over its purported dangers to nature.

In 2007, a determined Ugandan government entered into a contract with Bujagali Energy Limited for the construction of the 250MW Bujagali hydropower project. The financing for this contract was split into debt and equity contributions. The total project cost was $903 million, of which $703 million was debt.

The debts were structured as senior loans and subordinate loans. A senior loan carries a lower interest rate compared to a subordinate loan, and they differ in payment schedules. Borrowers usually take up both sets of loans to spread their risk.

Part of the agreement for the Bujagali hydropower project was for Uganda's government to pay back the loan in agreed batches over 15 years, on top of a 10-year corporate income tax exemption that would allow the electricity tariff to stay low.

In 2012, the Bujagali hydropower plant was commissioned, and with it, more than 100MW of expensive diesel-generated electricity was stopped, together with a series of government subsidies. There was relief in the market.

But by early 2017, it was clear that government would not be able to meet its debt obligations as payments were behind schedule. At the time, the debt to be repaid was about $478 million.

Uganda's government, together with the lenders, asked for a refinancing of the loan and also agreed to convince parliament to rubberstamp that proposal with an additional five-year extension of the corporate income tax exemption.

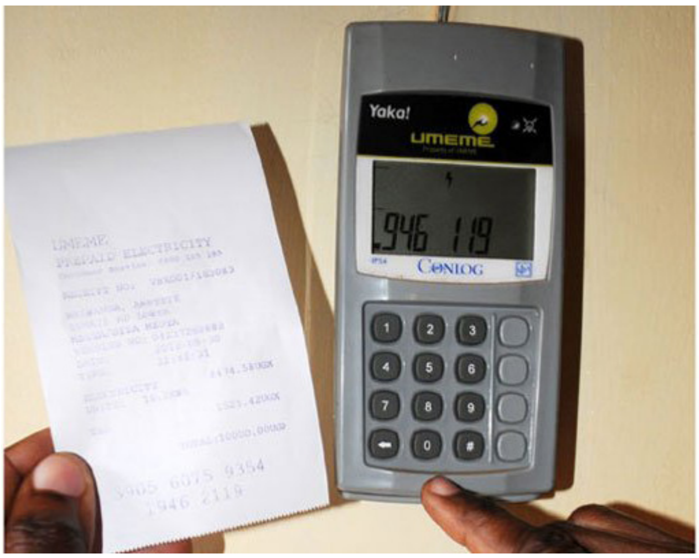
In June 2018, the two parties agreed to a new 15-year payment schedule, where the loan would be fully repaid by 2032. Parliament also approved an extra five years for the CIT holiday to end in June 2023. That time has now arrived but the payments still fall short of the approved schedule.

Last year, parliament instituted a committee to look into the Bujagali energy agreements, possibly to find where government faltered. The legislators needed to also understand why the generation tariff for Bujagali was not within the five US cents range that President Museveni desires, and is at eight US cents.

In their report, the MPs, after doing their mathematics of the numbers, said the 19 per cent return on investment that Bujagali Energy Limited enjoys is too high and, therefore, want it knocked down; wailed over the "high" electricity tariffs that consumers still pay; and ultimately called for the renegotiation of the agreements while making it clear that they have no intention of approving any extension of the tax exemption.

Now, the lenders, together with Bujagali Energy Limited, through their lawyers – Kampala Associated Advocates – say whatever calculations the MPs used, they were way off the mark, and showed little appreciation of the gravity of the resolutions they had come up with in their report.

The next couple of weeks towards June 30, 2023 are expected to see heavy lobbying as government and Bujagali Energy Limited try to break the deadlock over the tax exemption.



Karuma on course for launch as Uganda prepares to shift strategy

Harrison Mutikanga (L), the CEO of UEGCL at the launch of unit one at Karuma

Karuma hydropower project is on schedule to achieve commercial operations by September this year after the first two units were synchronised on the national grid.

The 600MW project, which will be the largest power project in Uganda when it is fully commissioned, has already had two units – one and four – each with 100MW connected to the national grid, 10 years after construction started. Unit three has also been tested and is expcted to be synchronised to the national grid soon. There are six units at Karuma, each with an installed capacity of 100MW.

Dr. Badru Kiggundu, the chairman of the Project Steering Committee for Karuma and Isimba Hydro Power projects, inspected works at Karuma, where he acknowledged the progress being undertaken.

Karuma hydropower project has missed at least three deadlines for the start of commercial operations, and we have been told that pressure had began mounting on Sinohydro, the Chinese company undertaking works, over the delays.

Karuma hydropower project has faced challenges of shoddy works where the contractor, Sinohydro, has been accused of violating the agreed bills of quantity.

The government has placed a lot of hope in Karuma lowering electricity tariffs in the economy. Karuma is expected to charge five US cents per unit.

But it is the challenges that Uganda has had in getting Karuma online that is forcing government to change its strategy on such large power projects.

The delays over the commissioning of Karuma, and earlier the 183MW Isimba HPP, have offered government enough proof that the Build and Transfer model that was used for these two flagship projects needed a review.

Uganda government officials had numerous run-ins with Chinese contractors over the poor quality of work.

Karuma is expected to be the last such project that government will use the build and transfer model.

The experience from Karuma, we have been told, has convinced government to seek alternative sources of funding for its power projects for it to have some control on the quality of work

Museveni, Suluhu launch Kikagati power project

President Yoweri Museveni and his Tanzanian counterpart, President Samia Suluhu Hassan, officially commissioned the 14MW Kikagati hydropower project – the first cross-border electricity generation plant between the two countries.

The Kikagati hydropower project is expected to serve up lessons for those who seek to develop such projects.

"It's good that we're beginning to utilize the potential of the Kagera River," President Museveni said, adding that 11 miles downstream from the location is Nshungyezi where there are 38 megawatts to benefit Uganda, Rwanda and Tanzania.

The project, which was developed by Berkeley Energy, will sell electricity to Uganda Electricity Transmission Company Limited at 8.5 US cents per kilowatt hour. Museveni said the price was high, and that there was need to bring it to five US cents.

According to the bilateral agreement for the Kikagati power project, the electricity generated will be equally shared between the two countries. Under the power sharing agreement, according to a press release, the two countries agreed that Tanzania would take 2.5MW in the first three years from the commissioning date (about 35 per cent of power generated) to fulfil the lower energy demand on the northwestern part of Tanzania.

Built under the GET FiT programme, where a group of development partners offered financing to different renewable energy projects through a subsidised tariff, the Kikagati hydropower plant was supposed to have been commissioned by 2018. However, the dates kept shifting as the project ran into different challenges such as delayed financial close, on top of the difficult Covid-19 pandemic, which disrupted travel of goods and people.

38 MEGAWATTS

11 miles downstream from the location is Nshungyezi where there are 38 megawatts to benefit Uganda, Rwanda and Tanzania.

Tanzania's President Suluhu Hassan and President Yoweri Museveni at the launch of Kikagati hydropower plant

MINING

Who is Narendra Raval, the only man allowed to export Uganda's iron ore?

For nearly a decade, many investors in Uganda's mining sector have stayed patient, waiting for a profit windfall. A directive by President Yoweri Museveni blocking the exportation of raw minerals has seen many investors lose huge amounts of money, with some packing their bags and leaving the country.

These junior investors have long argued that their duty is to simply explore for minerals and find a market for them. They have added that the development of mines into commercial production requires completely different resources, expertise and financing, which they – and some parts of the country - don't have. For emphasis, these investors say that the discoveries made so far are not enough to attract the heavy investment needed for processing and the value addition that Museveni desires.

But all attempts to convince President Museveni to see their side of the story and rescind his decision have fallen flat.

Museveni, a passionate crusader of value addition, stopped the exportation of raw minerals just over a decade ago, and instead called for their processing, saying it is the only way Uganda would make money from its natural resources. A ban was instituted.

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However, one man appears to have flipped a major tide in Museveni's school of thought. That man is Guru Bhai Narendra Raval – a top steel honcho in Kenya who has made billions of shillings from his different lines of business under his Devki Group of Companies.

Raval's foray into Uganda's business market appears to have started in August 2015 when he met President Yoweri Museveni at State House Entebbe – the same year when the businessman featured on Forbes' list of the top 50 richest men in Africa. At State House, the two men talked about business opportunities, with Museveni inviting Raval to tap into Uganda's market.

Unlike many investors who need middlemen to schedule a meeting at State House Entebbe, we have been told that Raval does not need to go through such barriers. Also, Raval is a strong ally of Kenya's President William Ruto. And in certain situations, Ruto has said how he has helped Raval on some of the negotiations with Uganda.

Raval, who has strong religious beliefs, likes to handle his business with the main decision makers.

Just over three years after the State House meeting, Raval launched his $55 million National Cement Company Limited plant in Tororo, which trades under the Simba cement brand. Museveni was the chief guest at the launch.

The entry of Simba Cement in Uganda led to a drop in cement prices, and started Raval's journey of slicing into the market share of the two major cement companies at the time – Hima Cement and Tororo Cement. Currently, Simba Cement enjoys about 15 per cent of the Uganda's cement market.

Looking at Raval's journey, here is a man who does not settle for second best.

In his book, *Guru: A Long Walk to Success: An autobiography*, Raval reflects on how his humble journey from the small village of Mathak in Gujarat, India, led him to Kenya as a 16-year old boy, and propelled him to becoming one of the richest men in East Africa.

A man with a knack of donating to different charities, Raval, according to the Devki Group of Companies website, lives a modest life – he does not own that many pairs of shoes and jumps on a boda boda to beat Nairobi's heavy traffic if need be.

And yet, behind that humble look lies a fiercely competitive businessman. In Kenya, for example, where he is the biggest producer of cement, the media there reported early this year that Raval had sought government support to pass a policy that would widen his market share for clinker.

His dominance of Kenya's cement market is replicated in his steel business under Devki Steel Mills Limited, which owns more than 50 per cent of the market share.

Now, Raval, a man who wakes up at 5:30 am every morning and says his prayers before attacking the day, has one foot into Uganda's iron ore market.

Recently, government issued a statutory instrument which passed the Mining and Minerals (Export of Raw and Semi-processed Iron Ore) Regulations, 2023. Government says "These Regulations apply only to Devki Group of Companies (Devki Steels Mills Limited)."

Devki, our sources say, has already received an export permit for the iron ore.

The choice of iron ore raises many questions. Unlike other minerals such as tin, tantalum, among others, a lot of capital expenditure has been spent on iron ore. Companies such as Thembo Steel, Steel Rolling Mills have made large investments in iron ore. In fact, Uganda's National Planning Authority had been offering guidance on a proposed $17 million iron ore plant in the Kigezi region.

The decision to allow one man export iron ore could easily flip those plans. Now, the decision to allow Raval is likely to raise debate within the industry – is Uganda finally changing its position on the export ban of raw minerals, or has this decision to award Raval the monopoly to export iron ore taken the country's mining industry a couple of steps back.

Whatever the case, Raval appears to have achieved a major headway in becoming East Africa's biggest mining magnate.

Narendra Raval

Uncertainty continues to cloud Kilembe Copper Mines

Indecision continues to shroud the future of Kilembe Mines, nearly 10 months after a shortlist of the preferred bidders for the copper mines in Kasese, Western Uganda, was released.

Appearing on NBS TV on May 15, 2023, Godfrey Kabbyanga, the minister of state for ICT and National Guidance, said President Yoweri Museveni had informed a cabinet meeting that "very serious investors" had met him and expressed their interest in taking over the Kilembe project.

"They are Chinese and he thinks their negotiations should be fast-tracked. So, I am very optimistic that negotiations will move faster so that we can conclude the deal and then mining resumes because when the mine was fully operational, it was employing 5,000 people," Kabbyanga said.

The many skilled but unemployed youths in the region would find jobs with the mine once it resumed operations, he added.

The Chinese firm that approached the president is said to be state-owned and, therefore, had more financial and technical resources at hand, our sources said.

Kabbyanga's remarks have, however, left the seven companies that emerged as the best evaluated bidders last year worried about their fate.

The firms – China Railway No. 10, Gingko Energy, Lianoning Hongda (trading as Wagagai Mining), Sinomine Power China, Mota-Engil Uganda, Jervois Global and Sarrai Group – have been waiting for government to issue the Request for Proposal (RFP) since they were first shortlisted in August, 2022.

In March this year, Ruth Nankabirwa, the minister of Energy and Mineral Development (MEMD), dismissed concerns that the Kilembe concession had been arbitrarily awarded without following due process.

She also told Deep Earth that the Divestiture and Reform Implementation Committee (DRIC) was still reviewing the RFP.

We now understand that the RFP has since been approved and is awaiting the Attorney General's clearance before it is issued out to the qualified bidders; probably by mid-June, 2023.

"The MEMD continues to work with the Ministry of Finance to advance the tender process for an investor for Kilembe Mines. The Request for Proposal (RFP) documents are being finalized, including the Model Production Sharing Agreement (MPSA) that will be issued to the shortlisted companies soon," a source, who preferred anonymity because they aren't authorized to speak on behalf of government, said.

However, a representative from one of the shortlisted companies remains pessimistic.

5,000 PEOPLE

So, I am very optimistic that negotiations will move faster so that we can conclude the deal and then mining resumes because when the mine was fully operational, it was employing 5,000 people.

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Uncertainty continues to cloud Kilembe Copper Mines

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"It appears due process will not be followed. To avoid lawsuits, they are likely to go through the RFP process even if they've already decided who to award the Kilembe concession. We are still hoping for the best, though," the source said, also preferring to remain anonymous.

Incorporated in 1950, Kilembe Mines Limited (KML) is jointly owned by the Government of Uganda (99.99 per cent) and the estate of the late Rukiidi III, the Omukama of Tooro Kingdom (0.005 per cent).

In the 1960s, the minerals' industry, led by KML, contributed about 30 per cent to Uganda's gross domestic product (GDP).

If indeed a concession for the Kilembe Mines is handed to an investor, it will not be the first time that President Museveni is awarding contracts outside government procurement guidelines. Contracts for the construction of roads and energy plants have been handed out in a similar way before.

Chinese firms have been preferred partners of the state over the last 10 years due to the easier access to credit.

Kilembe is not new to Chinese investors. In 2013, Uganda's government awarded Tibet-Hima, a Chinese consortium, a 25-year concession to revamp the mines. However, in 2017, government terminated the concession, saying the firm had failed to fulfill most of its contractual obligations.

Over the last 15 years, China has sought to secure – from across the world – the natural resources and raw materials needed to sustain its rapid economic growth in its manufacturing and industrial sectors. Chinese companies already have a sizeable footprint in gold, iron ore, phosphates, marble and oil and gas in Uganda.

Drilling resumes at Makuutu

Another round of drilling has commenced at the Makuutu rare earths project as the developers look to widen the potential of one of the most prospective ionic absorption clay deposits in the region.

Tim Harrison, the managing director of Ionic Rare Earths, the company that owns 60 per cent shares in the project, said he was excited about resuming the drilling at Makuutu, explaining that "we have ambitious plans for further growth along the 37km long mineralised corridor on our tenements."

The latest drilling is part of Ionic Rare Earth's ambition to widen their targets for the clays, which are a critical ingredient in gadgets such as smartphones and computers.

Currently, plans are underway to construct a technical facility at the Makuutu mine site, which will be used to validate and optimise metallurgical test work and provide a foundation for grade control, mine design, material handling, metallurgical reconciliation and scale up construction activity to support the commercial project financing process, the company announced.

Makuutu is estimated to have resources that would require an initial 35-year mine life with earnings of $1.3 billion and an investment rate of return of 32.7 per cent – numbers that would attract any mining investor.

Ionic Rare Earths has already applied to the government of Uganda for a mining licence, and is expected to receive it before the end of the year.

Blencowe hopes for positive Orom graphite test results from China, USA

UK firm Blencowe Resources is progressing with the compilation of the Definitive Feasibility (DFS) Study for the Orom Cross graphite project in Kitgum district with the company sourcing £635,000 to support the continuation of the work.

CPC Engineering has been carrying out the study at the graphite project in northern Uganda since January 2023, and is expected to take one year to complete it.

Blencowe announced that the DFS will scrutinise the associated infrastructure required to drive the operation, and plans to ensure that all necessary infrastructure is in place for mining at Orom-Cross, among other things.

Blencowe has sent a couple of samples to China for testing, having received an export permit. The company said a bulk sample of 100 tonnes was mined from Orom-Cross in January and (via a special export permit) was approved for transport to China by sea, where it will be put through an existing graphite pilot testing facility." It added that "a 150kg sample was sent to China by air as a preliminary raw material product for the same pilot facility to run tests on how to achieve the best results on the larger sample."

Blencowe also announced that it is conducting further metallurgical test work in USA to provide evidence that the 96 per cent concentrate it will deliver at Orom-Cross will be suitable for upgrading to the 99.9 per cent end products that the market demands.

The company is also weighing its funding options to be able to attract a suitable partner for the Orom-Cross project. The company says it has passed the first screening stages in its pursuit of financing from the Development Finance Corporation, a US financial institution.

100 TONNES
Blencowe has sent a couple of samples to China for testing, having received an export permit. The company said that a bulk sample of 100 tonnes was mined from Orom-Cross...

BOARDROOM TALK

Uganda's Nuclear Power Project Is Beginning to Take Shape

An ever-increasing population, economic growth, and rising social needs that require sustainable development of energy resources mean that Uganda has to continue growing its electricity supply capacity from the current 1,378MW.

While the country's Vision 2040 identifies electricity as a critical driver of the socio-economic transformation, studies have shown that electricity generated from hydro, biomass and geothermal will not be sufficient to meet Uganda's future targets of 52,481MW.

It is for this reason that Uganda has embarked on diversifying the electricity generation mix and, therefore, develop all the available generation potential.

In this interview, **Emmanuel Wamala, the Ag. Assistant Commissioner of Nuclear Fuel and Radioactive Waste at the Ministry of Energy and Mineral Development (MEMD),** spoke to us about the country's nuclear energy plans:

Uganda's Nuclear Power Project Is Beginning to Take Shape

Emmanuel Wamala

At what stage is Uganda's nuclear energy program?

Uganda is one of the seven sub-Saharan African countries that have committed to having nuclear energy as part of their energy mix between 2030 and 2037. The other countries are Ghana, Nigeria, Sudan, Rwanda, Kenya and Zambia.

All these countries have developed national positions on having nuclear energy and have engaged with the International Atomic Energy Agency (IAEA) to assist in their nuclear power programs. Ongoing activities in the countries include site selections, drafting nuclear laws and regulations, establishing dedicated nuclear organizations and developing strategic cooperation with key global nuclear nations such as the USA, South Korea, China, France and Russia.

In Uganda, firm steps have been taken to integrate nuclear energy into the electricity generation mix to ensure energy security and provide sufficient electricity for industrialization. In addition, the government has identified nuclear as part of Uganda's energy transition plan. It continues to invest in developing the requisite infrastructure, including human capital development in specialized areas to support the early development of nuclear power.

In 2021, we hosted the IAEA Integrated Nuclear Infrastructure Review Mission (INIR Phase1) to evaluate the status of nuclear infrastructure development. The experts made recommendations and suggestions to the Uganda Nuclear Power Programme and identified good practices in national position, stakeholder involvement and local industrial involvement.

What happens between now and adding nuclear energy to the national grid after 2030?

Uganda has taken significant steps towards implementing the INIR recommendations and suggestions to support the development of its nuclear power program.

Among these is the preparation for the amendment of the Atomic Energy Act 2008, to strengthen the legal regime for nuclear safety, security, safeguards for nuclear material, civil nuclear liability and maintaining the nuclear institutional framework. We hope to have finalized this process by the next financial year.

In addition, preparation to evaluate the Buyende Nuclear Power Plant site is ongoing to pave the way for the first nuclear power project expected to generate 2,000MW, with the first 1,000MW to be connected to the national grid by 2031.

We are negotiating with the locals on how best we should acquire that land. Upon acquisition of the land (hopefully by 2026), we will move into the project development phase – with about five years needed before the plant is commissioned.

The process of establishing a training program within five years from now for nuclear energy education, training, research and development, is also ongoing.

How are the skilling plans shaping up to address the human capital gaps in the industry?

Government of Uganda embarked on a capacity building program in 2009, starting by recruiting graduate scientists and sending them for nuclear training in various universities across the world in-

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Wamala (3rd R) and other nuclear energy department officers pose with Energy Minister, Ruth Nankabirwa

cluding in South Korea, the UK, China, Russia, the USA, Ghana and Egypt.

Many who received this training, like myself, are working at the Ministry of Energy and Mineral Development in the Nuclear Energy Department where we are charged with planning the country's nuclear power project.

Others work with the Atomic Energy Council, which is the national regulatory body for peaceful applications of atomic energy in the country. The Council develops regulations, standards, codes of practice and guides for the country's nuclear power project.

We currently have several other Ugandans studying nuclear science, technology and engineering in South Korea, China and Russia.

The nuclear power plant may need over 1,000 workers to run it. Will this piecemeal training of Ugandans abroad suffice?

We intend to set up a Center for Nuclear Science and Technology, at Soroti University where nuclear specialists will be trained to serve not only the nuclear power plant but in other facilities as well.

The health sector which needs nuclear technology in cancer management and diagnosis of diseases will also benefit.

We expect to train nuclear engineers, medical physicists and radiologists, nuclear medicine technologists and experts in radiation protection, among others (required by the nuclear industry).

For the Ugandan nuclear specialists that are working abroad, we intend to attract them back home once our nuclear power project is underway. There is a group working in the United Arab Emirates (UAE) at the Barakah Nuclear Power Plant and another employed by the IAEA as inspectors.

It is important to recruit employees in tandem with the project progress to avoid redundancy and unemployment. The current Ministry and Council staff is sufficient to move the project forward for now; when we identify a need for additional workers, we will recruit more.

But remember that apart from nuclear specialists, the industry will also require other professionals including mechanical and civil engineers, accountants and drivers, among others. These will be trained at the existing learning institutions.

How do you intend to raise the $10bn needed for the nuclear power project?

The best financing option is still being discussed. It will not differ much from how the Karuma hydropower project has been financed.

The financing mechanism should not only provide inexpensive capital but should also ensure low-cost electricity is generated.

TO NEXT PAGE

Will the government's role extend to running the plant as well?

International experience shows that governments have a huge role to play in nuclear power projects. Most of the nuclear power projects which were constructed in the 1970s like South Korea's had strong government backing.

Uganda intends to draw lessons from these experiences and have the government heavily involved in the operations of the nuclear power plant.

There are always safety fears around nuclear energy. How will Uganda address this?

Nuclear power plants are some of the safest facilities anywhere because of the stringent regulatory measures associated with the industry.

Like the aviation industry, the nuclear industry is also heavily regulated because any catastrophe would cause monumental damage. Importantly, safety lapses anywhere impact the entire industry globally – including affecting countries that are planning and constructing nuclear power plants.

A plant site should have enough land for an exclusion zone – the zone around the nuclear power plant, which cannot be accessed by anyone. Outside the exclusion zone, is the low population zone – which can be utilized by citizens only if the activities are agreed upon together with the nuclear power plant operator.

Our nuclear power plant boundary will require about 1sqkm; with another 30sqkm necessary around it for demarcation of emergency zones so as to protect the people and the environment in the event of an accident.

How did Uganda benefit from hosting the Africa Nuclear Business Platform 2023 (AFNBP 2023) in March?

AFNBP2023 allowed us to strengthen our cooperation with key nuclear industry players and to explore areas of strategic collaborations to move our nuclear energy plans forward.

Major companies and policymakers from North America, South America, Europe, Asia and Africa were in attendance.

Uganda also got a chance to showcase its nuclear industry to the world.

This industry is going to create many opportunities for Ugandans not only in terms of jobs during construction of the plant and during its operation and maintenance, but also for businesses looking to supply materials for construction and operations.

Meanwhile, the extra electricity generated will boost industrialization and social development.

Small Nuclear Power Plants Suit Uganda

While Uganda plans to build a 2,000MW nuclear power plant (NPP), Enobot Agboraw, the Executive Secretary, African Commission for Nuclear Energy, thinks the country would be better off investing in small modular reactors (SMRs) instead.

Large-scale NPPs are often beset by countless challenges like financing difficulties, with a lot needed in borrowed money to fund their construction. Uganda needs to borrow at least $10 billion to build its nuclear plant (and will spend more servicing the loan).

A large plant also requires investing significantly in transmission and distribution infrastructure – probably similar in size to what is already currently in place. Uganda has an installed generation capacity of 1,378MW although it only consumes about 800MW.

At $10 billion for a 2000MW plant, Uganda would be spending $5m per megawatt while for an SMR, it would require just about $3m per megawatt produced – or about $300m for a 100MW plant. This is well in the range of the accepted costing by the Electricity Regulatory Authority (ERA) for hydro power plants – the most affordable power option in Uganda currently.

Besides the above, it takes much longer constructing large-scale NPPs compared to SMRs. Each SMR consists of several parts — the reactor, steam generator and coolant pumps — that can be assembled as a single unit.

SMRs also offer flexibility because reactors can be added in modules, allowing a scale-up of power capacity to meet rising energy demand.

SMRs would also ease the burden of having to build new infrastructure in places without enough transmission lines, ports and roads.

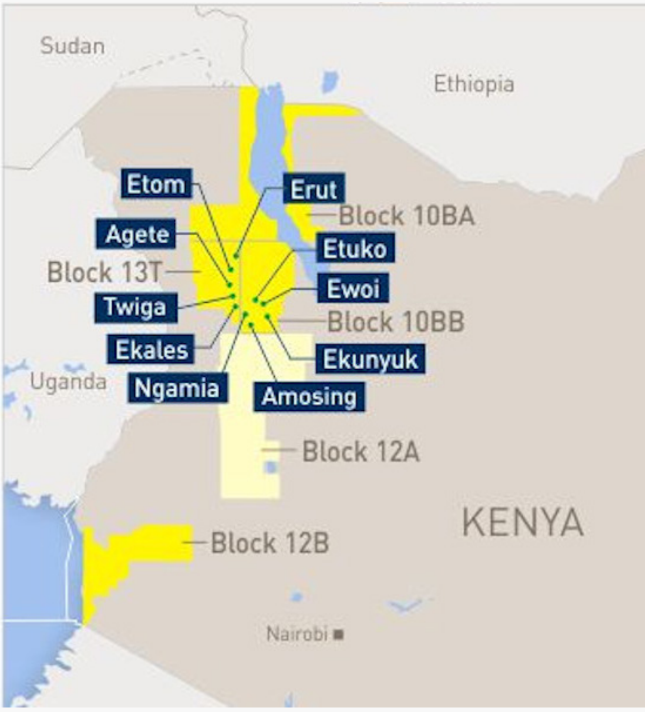
Agboraw wants to see African countries collaborating and collectively bargaining with nuclear reactor manufactures for continent-centric modular designs – since it will not only lower the costs but also ensure efficiency in the technology provided.

He appreciates that achieving this requires unwavering political will, from African leaders.

It remains to be seen whether Uganda will readjust its plans going forward, especially after hosting the Africa Nuclear Business Platform 2023 (AFNBP2023) in Kampala in March, where the country's policymakers had a chance to interact with key nuclear industry players from across the world.

We understand that a delegation from Uganda's Energy and Defence ministries will visit Pretoria, South Africa this year on a fact-finding mission at both the nuclear power plant and at the headquarters of the African Commission for Nuclear Energy.

TotalEnergies, AfricaOil exit Lokichar basin



Tullow Oil Plc has taken full control of Blocks 10BB, 13T and 10BA after its minority partners – TotalEnergies and Africa Oil Corp – agreed to relinquish their stakes in the block.

Africa Oil Corp issued a statement that noted that it had decided to leave Kenya in order to focus on its new prospects in Namibia.

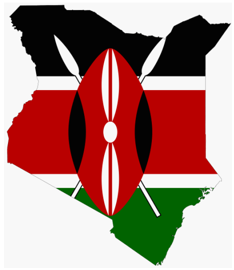
Keith Hill, the CEO of Africa Oil Corp, said: "We have taken the decision to exit our Kenya concessions as our strategy has shifted to focus on production and high-potential exploration opportunities, including our Orange Basin portfolio where we are now appraising the exciting Venus discovery, offshore Namibia."

The exit of the two companies, which owned a 25 per cent stake each in the blocks, leaves the UK's Tullow Oil with the financial burden of taking Kenya's main oil project forward at a time when financing is hard to come by.

Tullow has already announced that it is already speaking to new partners for the Kenya oil project.

Tullow also submitted a field development plan to Kenya's ministry of Energy and Petroleum, with the document still under review.

The UK firm said that its expenses for 2023 in Kenya will not hurt its purse. The company said the net capital expenditure for 2023 in Kenya will increase to $15 million from $10 million, which is less than five per cent of the group capex.



KENYA

UK's Marula Mining launches Kenyan subsidiary

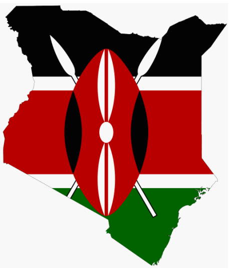
Marula Mining Plc has established a copper and graphite subsidiary company in Kenya as the United Kingdom-incorporated company looks to expand its footprint in areas where there are battery metals.

The name of the Kenyan subsidiary is called Muchai Mining Kenya, and it is the fifth in Africa. Marula has other subsidiaries in South Africa, Zambia, Zimbabwe and Tanzania.

Marula is yet to acquire a license to undertake any exploration works in Kenya's fields, although the company says it has been carrying out some due diligence on certain projects with a decision expected soon.

"The decision to create Muchai Mining Kenya comes after thorough due diligence on various copper and graphite prospects in Kenya. The company expects to finalize these opportunities in the near future," the company announced.

Marula Mining shares are traded on the AQUIS Stock Exchange (AQSE) in the United Kingdom. The company said it is exploring opportunities to admit its shares to trading on AIM, the market operated by the London Stock Exchange, and Kenya's Nairobi Securities Exchange.



KENYA

Joseph Siror faces new assignments at KPLC

Joseph Siror is the new chief executive officer of Kenya Power and Lighting Company Limited.

Siror, who has been the managing director of Kenya Transmission Company Limited, takes over a state entity that has the duty of generating and distributing electricity throughout the country.

Siror takes the helm at a time when KPLC is undertaking preparations for the fourth phase of the Last Mile Connectivity Programme (LMCP), which is expected to benefit an additional 280,473 Kenyan households. As such, the company has already invited prospective turnkey contractors who will undertake the electrification project in 32 targeted counties at a total cost of KShs 26.8 billion (about $194 million). The project, which is funded by Agence Française de Dévelopment (AFD), the European Union (EU), and European Investment Bank, is expected to start in November 2023. The first three phases of the programme, which started in 2015, and was funded by government, the African Development Bank and the World Bank, has already connected more than one million households, according to an official statement.

Siror will also have the task of being part of a technical team that is planning the transition from take-or-pay contracts for Independent Power Producers to take-and-pay. Under take-or-pay contracts signed with KPLC, IPPs were guaranteed a clawback of the investments made to generate electricity regardless whether there was off-take of the available power or not. But with the take-and-pay model, IPPs will only be paid for the electricity taken.

Joseph Siror

A taskforce team has already issued a report over this policy change, and detailed the risks associated with it. The taskforce team said power producers will be paid only for the power taken by KPLC and, therefore, the power producers will no longer be guaranteed of a certain income level. The team added that power producers will be required to undertake more strategic and futuristic due diligence based on power demand and supply before they undertake any power projects.

However, the taskforce team warned that "potential investors may react negatively and hold back further investment in the sector. The operational IPPs may decide not to renew their PPAs or proceed to terminate them." The team added that "lenders may also lack interest in financing the power generation project as the payments will no longer be guaranteed..."

Siror, who holds a PhD in Engineering from Shanghai Jiao Tong University in China, will have to balance the interests of the state and those of the investors, while grappling with a strained revenue kitty at his disposal after the company's weak financial performance last year.

Nevertheless, Kenya Power says it will spend KSh.10 billion ($72.3 million) during the financial year starting July 2023 to construct new substations and power lines in order to strengthen the electricity distribution network.

Kisumu jetty to limit regional fuel shortage

Kenya is building two ships at the Kisumu Oil Jetty to further ease the transport of petroleum products into Uganda and other inland countries, and limit any fuel shortages.

While giving no schedule on when the building of the ships will be completed, Davis Chirchir, the cabinet secretary in the ministry of Energy and Petroleum, said there were still many petroleum trucks plying the Kampala-Kisumu route, which pose a risk of accidents and increased wear and tear of the roads. He was speaking at the official commissioning of the Kisumu jetty, where one ship has been operating between Uganda and Kenya along Lake Victoria since December last year.

At least 11,000 litres of petroleum products have been transported from the Kisumu jetty into Uganda since December 2022, according to Chirchir. In December 2022, MT Kabaka Mutebi II, which was built by Mahathi Infra Uganda, delivered its first shipment of 4.5 million litres from Kisumu to Kawuku near Entebbe.

While attending the East African Petroleum Conference in Kampala in the second week of May, Chirchir met business executives of the oil marketing companies in Uganda, where he pledged to ensure a conducive environment for them to move their products.

Sinohydro to build Tanzania's first solar grid power plant

TANZANIA

Tanzania has embarked on building a 150MW solar power project – the first time that the country is introducing this source into its energy mix – by signing an agreement with China's Sinohydro Corporation, which will put up the first 50MW plant. The project is expected to propel Tanzania as the solar power hub for the region and also boost its profile in undertaking clean energy projects.

According to the plans, Sinohydro Corporation will build the first plant of 50MW at an estimated cost of $45 million. An additional 100MW of solar power will be later introduced. The solar project is located in Kishapu district in Shinyanga region in the northern part of the country.

France's Agence Française de Développement is supporting this solar project with a "soft loan" of Euros 130 million. The money will be used to support the procurement of fixed solar panels, inverters and build a direct connection line to the existing Singida-Shinyanga 220kV high-voltage line, which borders the site. The consulting contractor is JV Artelia of France and Energiovida of Tanzania.

The French agency said that "with this renewable energy, the plant is expecting to produce 91,600 MWh per year and to fight against climate change by reducing Co2 emissions by 22,400 tCO2 eq/year."

Tanzania's minister of Energy, January Makamba, said the country intends to tap into the huge pool of climate financing that is currently available as the world aggressively promotes clean energy solutions.

"The government is preparing a new Renewable Energy Policy, which will help the country increase investment in the area [of clean energy] as a lot of money in the world, capital markets and new technologies is directed towards renewable energy," he said during the signing ceremony with China's Sinohydro. The first 50MW of electricity is expected to be connected to the national grid within one year.

Tanzania resolves deadlock over Lindi natural gas project

The deadlock over Tanzania's billion-dollar Liquefied Natural Gas project is almost being resolved.

While meeting representatives of the International Monetary Fund recently, Engineer Felchesmi Mramba, the general secretary in the ministry of Energy, said some key agreements had been signed, pointing to a major breakthrough in breaking the ice that had seen talks between a group of investors and the government of Tanzania go cold over the last five years. He said the Host Government Agreement and the Production and Revenue Sharing Agreement (PSA) between the government negotiation team and investors in the respective blocks at Lindi and Mtwara had been completed.

For years, a group of investors – Shell Plc, Exxon Mobil Corp, Equinor SSA, Medco Energi Internasional Tbk PT, and Pavilion Energy Pte Ltd – have invested at least $4 billion in the exploration and appraisal activities for the gas. The amount of gas discovered, the companies say, is enough to power the whole of Tanzania, and also export some to the international market. However, to export the gas, a number of critical facilities must be built, which need more than $20 billion in investments.

A series of financial discussions have taken place over the years as government negotiators push for better terms for the country. It now appears that the two sides have come to a compromise, and a major official announcement over this project is expected soon.

Tanzania looking for consultants for Kakono HPP

The signing of some of the agreements for the Kakono HPP.

Tanzania is looking for consultancy services for the construction, supervision and management of the 87.8 MW Kakono hydropower project after it signed a loan agreement with key international lenders.

The Kakono HPP, a critical plant in the northern Tanzanian region of Kagera that will relieve a sizeable part of the population from highly-priced diesel-generated electricity, is being implemented by the Tanzania Electric Supply Company Limited, which is expected to start issuing specific procurement notices for project works in early 2024.

At the moment, Tanzania is looking for a consultant who will, among other things, assist it during contract negotiations with successful bidders. The overall project cost of the Kakono HPP is estimated at $308.85 million, including contingencies but excluding local taxes and levies such as overweight road transportation surcharges, etc.

A few weeks ago, Tanzania signed agreements that will see it receive just over $270 million in loans from the African Development Bank ($161.47 million), French Development Agency (Euros 110 million), and a grant of Euros 36 million from the European Union.

The Kakono HPP has already passed the feasibility stage after studies were concluded by Norway's Norplan A.S in 2014, with additional geotechnical investigations done by Italy's M/s Studio Pietrangeli Consulting Engineers in 2018 to beef up the study.

Part of the project component for the Kakono HPP will also include the construction of a 38.5km-long 220kV single-circuit overhead transmission line.

Completion of the Kakono HPP is expected in the last quarter of 2026.

Investors court Australian firms after Tanzania binding agreements

Tanzania's recent decision to enter into partnerships with three Australian mining companies, which has led to the creation of new joint venture firms, has triggered investor interest in their projects.

Peak Rare Earths, Evolution Energy Minerals, and EcoGraf have all reported that investor interest in their mining projects has gone a notch higher after the binding framework agreements the companies signed in April, which saw Tanzania's government take a 16 per cent participating interest, boosted the confidence in the financial markets.

Peak Resources announced recently that it has received commitments of a $27.5 million placement to advance works at its Ngualla rare earth project. It added that the financial commitment from investors will allow the company to make a final investment decision for its Ngualla project by September 2023.

A few weeks after Evolution Energy Minerals signed its binding framework agreement with the Tanzanian government for its Chilalo graphite project, the company announced: "Engagement to date with major European, African and Tanzanian banks has seen the company receive non-binding expressions of interest to provide debt finance for the development of Chilalo. The company is considering various options for the financing of Chilalo. In addition to traditional debt/equity financing at the corporate level outlined above, discussions are being held with multi-lateral institutions, investment funds (including ESG funds), private equity groups and strategic investors."

EcoGraf praised Tanzania's President Samia Suluhu Hassan for creating a conducive environment that attracts investment capital. "Tanzania has implemented a range of business-friendly policies to attract a greater share of international mining investment and it is an important emerging supply chain partner for the global lithium-ion battery markets of Asia, North America and Europe. Accordingly, EcoGraf is continuing discussions with a number of corporate groups that have expressed interest in Innogy Limited to assess preferred options for advancing its highly prospective mineral assets."

Ron Weiss reappointed as REG CEO

The confusion over who would lead the Rwanda Energy Group was finally resolved with the reappointment of Ron Weiss as its chief executive officer, one week after an interim boss had been announced.

Ron Weiss, an Israeli national who has been at the helm of Rwanda's main energy company in the country, retains his position and is expected to focus on improving the reliability of electricity supply.

There was confusion when Felix Gakuba, the managing director of Rwanda's Energy Development Corporation, was appointed the interim chief executive officer of REG, with little information about Weiss' fate.

The reappointment of Weiss, who has been the CEO of REG since May 2017, is meant to support the continuation of plans at REG, the state-owned company. Some of REG's plans for the next nine to 12 months include the upgrade of single to three-phase lines countrywide, the rehabilitation of the Ntaruka Hydro Power Plant, construction of Nyabarongo I - Nyabihu 110kV transmission line and associated line bays, the design, supply, and installation of 15kv switching substations in Kigali, just to mention a few.

Ron Weiss is already credited for supporting government's ambition of achieving its universal energy access by 2024. Today, more than three quarters of Rwanda's population has access to electricity.

Ron Weiss

RWANDA

Aterian Plc set to sign trading agreements with miners

UK firm Aterian Plc says it is about to start creating a mineral supply chain in Rwanda, where it will enter into business partnerships with artisanal miners to be able to access certain minerals, especially tin, tantalum and tungsten.

"Over the past two months, the trading team has visited potential suppliers of 3Ts mineral concentrates across Rwanda to build a supply chain before physical trading commences. Most of the 28 sites visited have expressed an interest in working with the company, and the intention is to sign the first agreements in May and June this year," the company announced in a trading update.

Tin, tantalum and tungsten are critical elements in the manufacturing of electronics, and Aterian Plc wants to leverage on its presence in Rwanda to grow its market share in the trade of these minerals. The company works through its Rwandan subsidiary Eastinco Limited, which holds a mineral trading license.

Aterian says that it "intends to partner with several suppliers in Rwanda to support their mining operations by providing mining and processing equipment, capital investment and training. The first partner project has been identified, and the company is now conducting additional due diligence and technical planning to start in June this year officially. This initial project will evaluate the installation of basic mineral processing systems under a lease agreement and the development of new access tunnels into the deeper levels of the mining area."

RWANDA

UK firm ARC Power signs solar deal

British renewable energy firm ARC Power has signed a partnership with Rwanda's government to deploy solar units across the country as part of a grid extension programme to ease access to electricity, especially for those in the rural areas. The plan is to provide at least 40,000 households with solar power, a statement from the signing ceremony notes.

The statement notes: "Under the terms of this agreement, ARC Power will collaborate closely with the national utility, Rwanda Energy Group, to identify strategic locations for grid extensions and installation of grid-tied solar generation units, known as ARCs. These units will harness the abundant solar energy resources available in the country to generate clean, reliable electricity."

For its Rwanda project, ARC Power received funding from Renewable Energy Performance Platform (REPP), which is funded by the UK government and managed by Camco Clean Energy. ARC Power is targeting to develop at least 3.5MW of electricity in Rwanda. The company is expected to recover its investment in Rwanda through a tariff.

Rwanda is determined to achieve its goal of having the entire population connected to the electricity grid. The country's electricity access rate is just over 75 per cent.

ARC has hybrid solar projects in Zambia and Mozambique.

Trinity Metals prepares to drill Musha-Ntunga site

One year after it was formed, Trinity Metals Limited is ramping up work at its tin, tantalum and tungsten projects in Rwanda, with the company now preparing to carry out deep diamond drilling at its site in Rwamagana district.

Trinity Metals, a merger of three companies – Piran Rwanda Limited, Rutongo Mines, Eurotrade International Ltd – is preparing to drill the Musha-Ntunga deposit, covering at least six holes at depths of 600 metres.

The drilling in Rwamagana represents Trinity Metal's first active work, and it is expected to send a message of the company's expansion plans in Rwanda, especially on seeking other opportunities in the country.

Recently, members of Rwanda's parliament visited the Nyakabingo site to grasp the size of work in the mines.

Trinity Metals was formed after two years of negotiations between shareholders of the three companies. The purpose of the merger, the company says, is to build "upon the strengths of each of the three companies to achieve operational synergies such as increased production capacity, greater supply chain leverage, improve career growth opportunities for employees and stronger community and government relations."

Peter Geleta, CEO of Trinity Metals Group, said: "The aim is to build a modern and professional mining company in Rwanda."

The company says it plans to invest \$30m in its existing tin and tungsten projects over the next two to three years with the focus on the construction of Process Facilities and opening up new mining areas on its mining concessions. Trinity is also exploring for lithium at Ntunga.

Trinity Metals is eying other options of sourcing for funds such as listing its shares on Rwanda's stock exchange.

Rwanda updates industrial minerals inventory

The Rwanda Mines, Petroleum and Gas Board has updated its inventory of industrial minerals and building materials in what has given the government a better understanding of the amount of the country's commercial resources.

While sharing the final findings, the board said they now have more than 1,200 sources of industrial and building minerals, which are critical in the construction industry. Many people were carrying out quarrying activities outside regulatory approval. The new inventory now guides the government on what activities to loop into its regulatory net.

The process, which was supported by the Belgium embassy in Kigali, is now expected to see government design programmes to support this critical mining sector, but also see how to generate more revenue.

Some of the industrial minerals include clays, and limestone, just to mention a few.

In February 2022, the government issued requirements on environmental protection to guide mining and quarrying operations. Some of these requirements include a company having a life of mine plan, prohibition to carry out quarrying activities less than 20 metres from water bodies such as a river, et cetera.

Tshisekedi juggles Western interests as hunger for DRC minerals grows

French President Emmanuel Macron and President Felix Tshisekedi

President Felix Tshisekedi is a busy man. Over the last two months, the president of the Democratic Republic of the Congo has found himself at the centre of a delicate game of political craftmanship as he juggles the western world's different interests in his hugely resource-endowed backyard.

In March, Tshisekedi hosted France's President Emmanuel Macron in Kinshasa, which coincided with the announcement of a €50 million investment package from the European Union towards DR Congo's infrastructure and mining industries.

The investment package was part of a give-and-take deal as Europe tries to secure crucial raw resources such as lithium, cobalt, manganese, and rare earths, which it needs to power its electric vehicles and wind turbines back home.

Macron's visit came at a time when Europe was rolling out its Essential Raw Minerals Act, which aims to guide it on how to secure critical minerals for its battery market.

With the Essential Raw Minerals Act, the EU noted that "while demand for critical raw materials is projected to increase drastically, Europe heavily relies on imports, often from quasi-monopolistic third-country suppliers." It added that "The EU needs to mitigate the risks for supply chains related to such strategic dependencies to enhance its economic resilience, as highlighted by shortages in the aftermath of the Covid-19 and the energy crisis following Russia's invasion of Ukraine. This can put at risk the EU's efforts to meet its climate and digital objectives."

In late May, Tshisekedi was on a plane, this time to China, the Asian country that enjoys lucrative mining rights within DR Congo. It is not a secret that China and the other Western world are jostling for dominance in DR Congo's mining industry.

It was reported that Tshisekedi was in China partly to renegotiate some mining deals in which Democratic Republic of the Congo is aiming to boost its stake in a cobalt and copper joint venture with Chinese firms from 32 per cent to 70 per cent. The 32 per cent is part of a $6 billion infrastructure for minerals agreement that the earlier administration signed with China. The Tshisekedi administration says DRC is not earning enough from these agreements.

€50 MILLION

In March, Tshisekedi hosted France's President Emmanuel Macron in Kinshasa, where a €50 million investment package from the European Union towards DR Congo's infrastructure and mining industries was announced.

China is not expected to easily relent to DRC's demands. While in China, President Xi Jinping told Tshisekedi that he hoped "DRC will provide policy support and convenient services to Chinese enterprises investing and doing business in the DRC, and foster a fair, just, and safe business environment."

With general elections coming in December 2023, Tshisekedi is expected to balance his country's interests and those of the Western world with mining contracts at the centre of it all.

DR Congo, with its immense resources, has become an important factor as the pursuit of cleaner forms of energy grows intense.

And there is no doubt that DR Congo is going to attract many more companies in the near short term, many of whom will be backed by their home governments.

DR Congo, CMOC make amends over Tenke Fungurume mine

For days towards the end of May, the five-star Saint Régis hotel in Beijing became a popular rendezvous for Chinese investors with prospects in DR Congo. That is because that is where Antoinette N'Samba Kalambayi, DR Congo's minister of Mines, was staying ahead of President Felix Tshisekedi state visit to China.

Kalambayi, who had arrived in Beijing a couple of days earlier, became one of the most sought-after Africans in the city as investors facing trouble in DR Congo, and those wishing to dive into the mineral-rich country, set appointments with her.

But the most anticipated meeting was the one she had with Sun Ruiwen, the president of China Molybdenum Co Ltd (CMOC). The company has faced trouble in DR Congo after it was accused of under declaring its mineral production figures as a scheme to cheat the government. Government slapped an export ban on its Tenke Fungurume Mining (TFM) site, which holds one of the world's largest cobalt and copper deposits.

At the hotel meeting, Kalambayi assured Ruiwen that DR Congo still wants to work with the CMOC, and that is why the suspension of TFM's exports had been lifted. Now, copper and cobalt exports at TFM are expected to shoot up in the coming months.

Possibly as a sign that the two parties have buried the hatchet, Kalambayi encouraged Ruiwen to also explore for nickle opportunities in DR Congo, and hopefully reciprocate the kind of success that the company has recorded in Brazil.

Hon. Antoinette N'Samba Kalambayi

DR Congo suspends Boss Mining Ltd operations

The government of the Democratic Republic of the Congo has stopped the business operations of Boss Mining Limited, a subsidiary of South Africa's Eurasian Resources Group, over environmental pollution in the southeastern Lualaba and Katanga provinces.

Antoinette N'Samba Kalambayi, DRC's minister of Mines, suspended Boss Mining for three months and warned the company that the ban would be extended if nothing had been done to rectify the mistakes.

Boss Mining Limited, a miner of cobalt and copper, has been accused of environmental-degrading occurrences at its site on March 21 and 22, and later April 9, which led to the kind of pollution that placed surrounding communities in great danger.

Minister Kalambayi says these incidents could have been avoided if Boss Mining had followed proper environmental-mitigating procedures before it resumed its operations in November 2022, nearly three years after it had been placed under care and maintenance.

Kalambayi, in the May 29 letter, said that Boss Mining was operating illegally since the company's environmental and social impact study was no longer valid. She also asked her team to ensure that the communities are compensated for the pain they have been taken through as a result of the pollution.

It is quite likely that Boss Mining will take longer than three months to resume its operations now that it has also been accused of lacking an updated environmental and social impact study. It means the company has to issue a call for expression of interest for a company to undertake a new study. That is likely to take longer than three months before a new study is in place, which is duly approved by the government.

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