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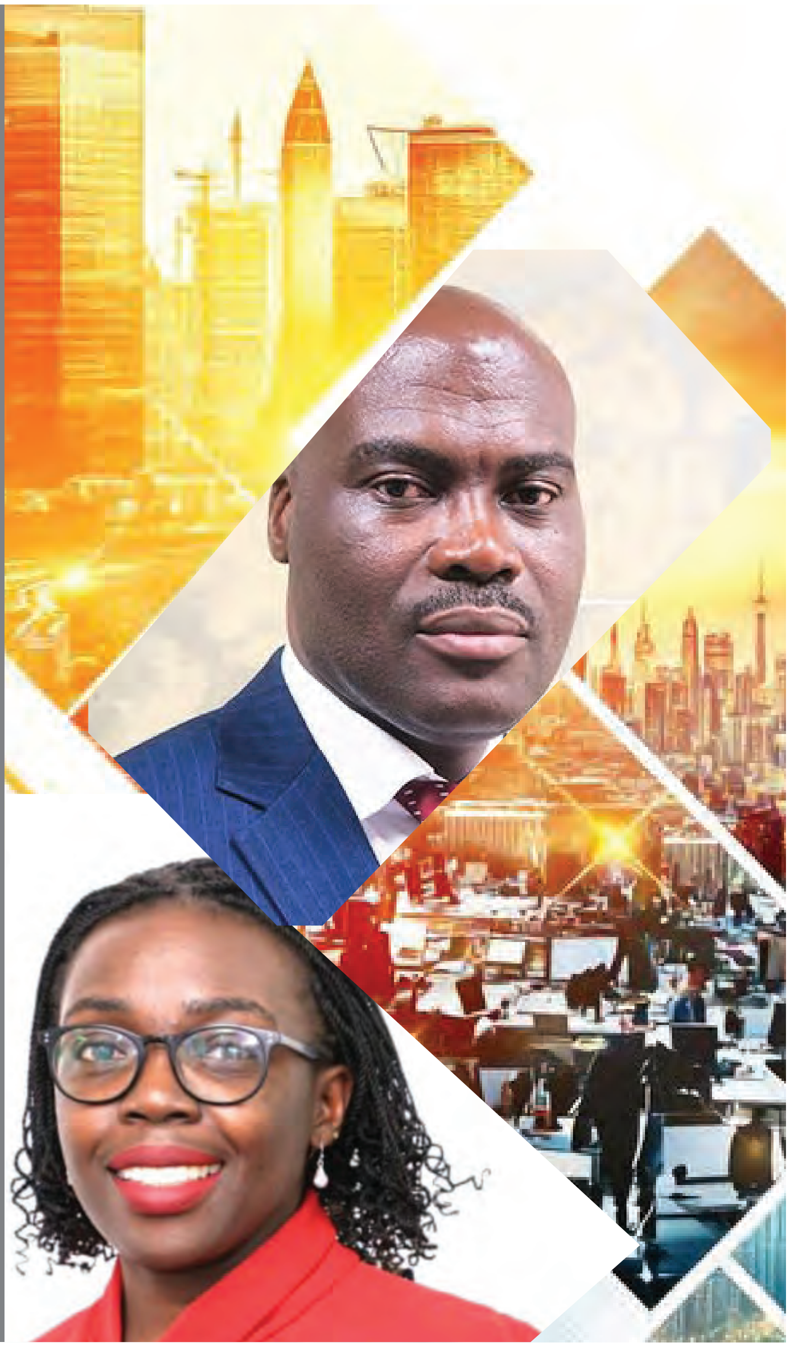

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EXECUTIVE SUMMARY

Dear reader

Dear reader,

We are back, in the proverbial bigger and better mode. For the benefit of our first-time readers, The Deep Earth wrapper is an in-depth coverage of East Africa's oil and gas, mining and electricity industries' top stories of the month. Our focus is on finding where the opportunities are, the underlying risks therein, and any changes in government legal frameworks.

In this edition, we introduce Burundi for the first time in our coverage of the region. We have an update on Rainbow Rare Earths' Gakara mine.

But first, Uganda. In Uganda's oil and gas industry, we look at DGR Global's plans for the Kanywataba and Turaco oil projects, and why the company is looking for new investors.

In the electricity sector, we assess whether the Uganda Electricity Distribution Company Limited is ready to take over the license areas that Umeme Limited operates.

For our boardroom talk, we speak to Irene Batebe, the permanent secretary in the ministry of Energy and Mineral Development, who offers a round perspective of the energy and extractives sectors in Uganda. Find her explanation on why the newly-commissioned Karuma hydropower product is channelling just 200MW out of the total 600MW.

In Tanzania, the government is preparing to launch an oil licensing round. Get to know what those plans are.

Companies in Tanzania are also ramping up exploration activities of uranium. We offer you a sneak peek into these company plans.

In Kenya, Joseph Lagat is the new chairperson of the country's mining corporation. We explore what tasks await him.

Rwanda has seen the success of its first Green bond, which was issued to collect money for the construction of a hydropower project. The full subscription of the bond opened a new source of financing for the country.

And in the Democratic Republic of the Congo, we bring you the story of the cancellation of the oil licensing round, and the struggles the plan faced.

We end the edition with a calendar of major upcoming events that offer strong networks for those looking for opportunities in Africa.

DGR scouts for investors for Kanywataba, Turaco oil blocs

Australia's DGR Global, which holds the exploration licenses for the Kanywataba and Turaco oil projects through its subsidiary Armour Energy Limited, is scouting for an investor for both projects after the company has spent months without doing any substantive work.

The Australian company told its shareholders that until it gets an investor for the project, the assets will remain impaired on its books.

"The Group is currently still seeking to continue the project but until the Group finds investors for the project, the exploration and evaluation assets do not meet the requirements of Australian Accounting Standards Board 6 and hence have been impaired," the company wrote in reference to the two blocks in its latest annual report to the shareholders.

Finding an investor for the Kanywataba and Turaco oil projects in the current financial market, where climate activists continue to rally banks to back off certain fossil fuel projects, will likely be quite challenging for DGR Global. It leaves DGR Global, which had its licenses renewed for another two years for the last time in May 2023, to find the money to meet the targets under its work programme or see its licenses relinquished back to government.

Since acquiring the licenses in 2017, the company has shot 2D seismic lines to understand the petroleum system of the Kanywataba contract area, and has undertaken a geochemical analysis on the previous studies undertaken in the blocs.

DGR Global has yet to drill any wells despite its repeated promises to do so, some of which are noted in its work programmes. For example, the company promised to drill the Ntajumba 1 well in the Kanywataba bloc in February 2024, before moving to the Eriiba well in the same bloc. It had also promised to drill the Oberlander 1 well in the Turaco bloc, adding that it would be targeting a resource oil in place of one billion barrels for the three wells.

The company estimates that there are about 3.1 billion barrels of oil in place in nine prospects at the Kanywataba and Turaco oil blocs.

3.1 BILLION
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DGR scouts for investors for Kanywataba, Turaco oil blocs

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But with less than seven months to the expiry of the Kanywataba license, the prospects of launching a drill programme look dim.

DGR Global has pointed to the force majeure it triggered over the rains that made the roads around the Kanywataba contract area impassable in 2019, and the emergence of the Covid-19 pandemic, as some of the reasons as to why its work programme in Uganda has been behind schedule.

DGR has also faced financial struggles in the recent past, which has seen Armour Energy enter into administration. Some service providers in Uganda are already complaining over Armour's failure to settle its local bills.

In February 2023, DGR Global and Armour Energy incorporated a company called Conjugate Energy Limited in the United Kingdom with a primary focus of holding their interests in the Kanywataba and Turaco oil projects.

Conjugate Energy has also not survived this short period without challenges. In May this year, the company faced the threat of being struck off the UK company registry over its failure to file books of accounts in time. The threat was withdrawn after the company put its house in order.

Uganda's officials appear comfortable with DGR Global's work programme. They say that for as long as DGR's performance bond is still valid, they have no reason to revoke the company's exploration license.

Uganda needs to develop more oil fields if the country is to extract enough rewards from its proposed oil refinery. Uganda's proposed oil refinery, which is to be developed by Alpha MBM Investments from the United Arab Emirates, is facing delays of its own due to challenges of acquiring certain critical studies done by the previous contractor. While the refinery has the first call on Uganda's oil resources ahead of the crude oil pipeline, which is being constructed, the condition of first call can only be triggered when the refinery is in place. There are worries that a lot more oil will be shipped out long before the refinery is constructed, thereby creating the need for the development of other oil fields such as Kanywataba and Turaco.

FEBRUARY 2023

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OIL AND GAS

EACOP Ltd sees a change of guard

Martin Tiffen is set to leave his position as the managing director of the East African Crude Oil Pipeline Limited at a time when the company is trying to nail down just over $1 billion in debt for the construction of the world's longest underground heated crude oil pipeline.

Tiffen, who is expected to leave before the end of this year, has been at the helm of the company for the last four years. His exit is not the only change at the company.

Two shareholders – TotalEnergies and the Uganda National Oil Company – have approved the appointment of some of their staff at EACOP Limited.

Patrick Oghittu, the business and development director at TotalEnergies Uganda, has been drafted in as a director at EACOP Ltd. He has been instrumental in finding a solution to the funding gap for the EACOP.

Barbara Daisy Nabuweke, the head of contracts at the Uganda National Oil Company, has been appointed the secretary of the company.

She has the duty of ensuring that the legal frameworks that govern the crude oil pipeline, such as the Shareholders Agreement, and the Tariff and Transportation Agreement, are respected at all times.

The changes come at a sensitive time when negotiations for debt with possible Chinese funders are drawing closer to the end. Those negotiations, held under a tightly-guarded unit, are expected to be concluded before the end of the year, according to some sources.

Over the past months, there have been discussions to ensure the EACOP is not derailed. TotalEnergies, the biggest shareholder in EACOP Ltd with 62 per cent of the shares, has proposed to bridge the funding gap for the EACOP.

62 PER CENT

TotalEnergies, the biggest shareholde in EACOP Ltd with 62 per cent of the shares, has proposed to bridge the funding gap with capital, although the other shareholders preferred the cheaper credit from China.

Barbara Daisy Nabuweke

ELECTRICITY

UEDCL Managing Director Paul Mwesigwa

UEDCL prepares to take Umeme's space

The Uganda Electricity Distribution Company Limited says it is ready to run Uganda's power distribution network when Umeme Limited's 20-year concession expires at the end of March 2025.

At a recent public hearing, Paul Mwesigwa, the managing director of UEDCL, said the company has built enough experience within its set-up, especially after acquiring five electricity distribution concessions outside Umeme's operational areas over the last 10 years. He said customer numbers and revenues have grown. He added that the company had built enough expertise, while its model of operation had achieved commendable results, all of which were enough to attract the confidence of the market as it seeks to acquire the sixth and largest electricity distribution concession in Uganda – Umeme Limited's. UEDCL is seeking licenses from the Electricity Regulatory Authority to run Uganda's distribution network of 33kV lines and under.

Uganda's government has decided not to renew Umeme Limited's 20-year electricity distribution concession when it expires at the end of March 2025. That decision completed a cabinet plan to have all the three major components of the country's electricity supply industry – the generation, transmission, and distribution – operated and maintained by government companies.

Before it takes up the assignment of being Uganda's biggest electricity distributor, UEDCL has tabled a revenue requirement of Shs 4.02 trillion (just over $1 billion) to finance the operational and capital costs for three years starting April 2025.

SHS 4.02 TRILLION

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This revenue requirement will be sourced through the two main components: the power tariff and debt.

UEDCL is seeking a loan of $435 million from the ministry of Finance, Planning and Economic Development, whose expenditure will be split in two. The biggest portion of this debt - $225 million – will go towards the compensation of Umeme Limited's unrecovered investments, otherwise known as the buyout amount. [However, the Electricity Regulatory Authority is yet to compute the exact amount of this component.] The second component of the loan UEDCL is looking for - $210 million - will be channelled towards capital investments in the network.

Under its computations, UEDCL is looking at borrowing this amount at no more than 6.4 per cent per annum. And it is hoping the loan tenure will be at a minimum of 10 years.

UEDCL says it needs this money to revamp a large part of the distribution network. The company said that 36.7 per cent of the distribution transformers have surpassed their expected lifetime of 30 years. It added that the network still has transformers that are more than 80 years old. The company added that 10 per cent of the utility poles require immediate replacement.

One of the tough questions UEDCL has to answer is where the money will come from. Uganda is already burdened by a high public debt stock, totalling $25.6 billion as at June 30, 2024, which is 46.9 per cent of the country's gross domestic product. The level is close to the East African cap of 50 per cent.

Already, Uganda's electricity industry eats up the lion's share of the country's debt component. The ministry of Finance says more than 90 per cent of the loans it has amassed over the last five years have been channelled to the electricity generation and transmission companies.

Government is now managing some key generation assets it took over from private developers such as the 380MW Nalubaale-Kira complex from South Africa's Eskom Limited, and the 50MW Namanve thermal power plant from Jacobsen Elektro. Government plans to take up the thermal plant from Electromaxx.

The electricity transmission network has always been under government's ambit, although some space is being ceded to the private sector.

It is not clear how government intends to finance UEDCL's activities, considering it has limited space to take up more debt. One thing is clear though: if Umeme Limited's buyout amount is not paid out before March 2025, then UEDCL will not be able to take up the concession of running Uganda's electricity distribution network.

ELECTRICITY

Umeme's buyout amount: what is at stake?

The Uganda Electricity Regulatory Authority is preparing to audit Umeme Limited's investments in Uganda's power distribution industry ahead of the company winding up its 20-year concession on March 31, 2025. The audit, which is expected to start three months before the concession ends, will resolve one of the most contentious issues that could see both parties lock horns – the Umeme buyout amount.

The buyout amount is the capital investments that Umeme would have sunk into the electricity distribution network but not recovered at the end of the concession. Umeme recovers the money it has invested in the network mainly through the power tariff that consumers pay.

The terms of the agreement Umeme signed with the government of Uganda note that Umeme would only hand over the concession if the buyout, which is listed as an asset on the company's books, is paid in full. Any delay in paying the buyout amount will attract interest.

Available figures from Uganda's government and Umeme, which is listed on the Uganda Securities Exchange and the Nairobi Securities Exchange, show a disparity. For example, while the Uganda Electricity Distribution Company Limited, the state entity likely to take over Umeme's licenses, has an indicative figure of $225 million as the buyout amount, Umeme Limited estimated the amount to be $240 million at the end of June 2024.

There is, however, a certain separate amount that Umeme is pursuing, which, it says, the Electricity Regulatory Authority has declined to approve for the company to recover. Umeme is seeking $145 million as investment it made in Uganda's electricity distribution network between the years 2008 and 2021 that it says it has not yet recovered. As such, Umeme's managing director, Selestino Babungi, who is also one of the biggest individual shareholders in the company, has asked the Electricity Regulatory Authority not to move ahead with calculating its buyout amount until the $145 million case is resolved.

$225 MILLION

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If this matter is not resolved before the end of the concession, it is likely Umeme will include this amount in the final buyout amount.

For good measure, Umeme and the government have in the past disagreed about the recovery of different investments. Some of these disputes have ended up at the Electricity Disputes Tribunal.

Why, then, do Umeme's figure and that of the Electricity Regulatory Authority differ even after there is an agreed expenditure plan before investments are rolled out? Two reasons are common, which are usually the source of contention: unforeseen expenses that Umeme makes after the budget has been approved, and investments that Umeme agreed to make but did not.

To be clear, when Umeme prepares its annual budget for the next calendar, its figures are simply presumptive. What the company cannot clearly predict is when, for example, a transformer will blow up, and the magnitude of the damage. So, when Umeme makes this investment outside the approved budget, it will require the regulator to allow it recover it in the tariff.

$20 MILLION

The account, whose amounts were capped at $20 million, was initially funded by UEDCL and thereafter by Umeme's monthly deposit of rental payments due to UEDCL.

In other incidents, Umeme has been found not to make investments it had earlier agreed to. Now, as the audit into Umeme's investments draws closer, the potential disagreement on the buyout amount has the hallmarks of a long legal battle if a solution is not found quickly.

For example, as part of the agreements that Umeme signed with government at the beginning of the concession, an escrow account was opened in Citibank N.A., London. The account, whose amounts were capped at $20 million, was initially funded by UEDCL and thereafter by Umeme's monthly deposit of rental payments due to UEDCL.

One of the objectives of the escrow account was to act as a fallback position for Umeme in the event that the government does not meet its financial obligations.

There is a problem, though. The escrow account, however, is operating on zero balance.

It appears Umeme is left with only one option: to engage government.

ELECTRICITY

ELECTRICITY

European Investment Bank offers €20 million for Nalubaale-Kiira

The European Investment Bank is arranging a €20 million (about $21.6 million) grant for the rehabilitation of the 380MW Nalubaale-Kiira power complex. The grant, which is a top up to an already agreed grant of €10 million from the European Union, was expected to be concluded before the end of October.

The grant will be used to rehabilitate the Nalubaale power plant, which was commissioned 70 years ago by Queen Elizabeth in 1954.

The money comes at a time when the Nalubaale-Kiira power complex is experiencing operation inefficiencies, which have cost it money. Ever since the Uganda Electricity Generation Company Limited took over the complex from South Africa's Eskom in April 2023, it has complained that part of the reason behind the operational challenges at the plant was due to the lower generation tariff the plant charges, which has denied it money to refurbish certain equipment at the plant and also pay their staff well. The company has complained that the USD 0.018 per Kwh charged is way below the sector average of about USD 6.1 cents per Kwh. UEGCL intends to apply for a higher tariff for the 2025 calendar year.

In the meantime, UEGCL has rolled out an Internal Performance Contract within its operations and maintenance model in order to improve the efficiency at the plant. UEGCL says the Internal Performance Contract, which has already been applied by the power utility bodies in Rwanda and Tanzania, will lead to gains such as cost rationalisation, improved asset management, enhanced staff capacity building, and attainment of the performance expectations for plant availability, reliability, and compliance with the operational standards.

€20 MILLION

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Blaze Minerals agrees to acquire Gecko's tin, lithium licenses

Blaze Minerals Limited, an Australian company, has entered into a binding agreement for the acquisition of tin and lithium licenses held by a Ugandan subsidiary of another Australian junior, Gecko Minerals Limited.

If all conditions are met, Blaze will acquire 60 per cent shareholding in Gecko Minerals Uganda Limited, with room to snap up the rest of the stake within two years.

Blaze intends to acquire three exploration licenses in the western Ugandan district of Ntungamo. These licenses are said to be close to the Mwerasandu tin mine, one of the largest in the country. The fourth license is located in the central region of Mityana district.

The agreement brings to an end Gecko's more than 12-month search for a partner for its Uganda assets.

In September last year, Gecko acquired four-year exploration tin licenses and thereafter started the process of finding a partner to develop them. However, this attempt did not materialise as the potential suitor, Javelin Minerals Limited, dropped its bid in October last year partly due to what it termed as unsatisfactory due diligence results.

According to the terms of the new binding agreement, Blaze is to take a financial, legal and technical due diligence of Gecko. If it is satisfied with its findings, it will seek shareholder approval to go ahead and complete the transaction. Gecko will also be required to get its own shareholder approval for the sale of the licenses. The two companies will then sign a joint venture agreement.

Mathew Walker, the corporate director of Blaze Minerals, is quoted in a statement, saying: "This strategic acquisition is consistent with our focus on critical metals and provides near-term excitement for our shareholders with all preliminary exploration work and regulatory approvals in place in support of a maiden drilling program."

The company said both the Ntungamo and Mityana projects have the necessary government regulatory approvals and are, therefore, "drill ready."

Gecko said the licenses have "the potential to host world-class strategic mineral deposits in a largely under explored regional setting."

The statement noted that Gecko director and African specialist Mark Gasson will oversee technical exploration activities led by experienced South African geologist Dylan le Roux and Gecko Uganda director Allan Agumya.

60 PER CENT

According to the agreement, Blaze will acquire 60 per cent shareholding in Gecko Minerals Uganda Limited, with room to snap up the rest of the stake within two years.

Sipa winding up Uganda operations

Sipa Resources Limited, the Australian company that once raised the hopes of Uganda's extractives industry when it attracted global mining giant, Rio Tinto, as its partner in the country a few years ago, has announced that it is winding up its activities in Uganda.

The company's announcement brings to an end a more than 10-year relationship with Uganda after its failed attempt to find a reliable partner for its Akelikongo nickel project in Kitgum district.

"Sipa was unable to find a suitable partner or buyer for the project, and the Uganda leases were consequently allowed to lapse. The company is in the final stages of winding up all involvement with the Uganda project," the company announced recently in its annual report for the year ended June 30, 2024.

The company, which in the past assembled a formidable team of geologists such as Joshua Tuhumwire, a former commissioner at Uganda's ministry of Energy, added that it has "minimum obligations of expenditure" in Uganda.

In all fairness, Sipa's decision to exit Uganda is not surprising. The company, which once said that the Akelikongo project gives it a "massive leverage to the nickel price," has not undertaken any work at the project for more than two years, and its hopes of attracting a new partner have been dashed twice, at the very least.

In August 2018, Rio Tinto, one of the biggest mining companies in the world, announced that it had embarked on a process of buying into Sipa's Akelikongo project.

The mining giant promised that it would spend up to $57 million before taking up a controlling stake in the project, a reasonable amount in Uganda's young mining industry.

However, by April 2020, just after Uganda had announced a raft of stringent lockdown measures to limit movements during the Covid-19 pandemic, Rio Tinto had lost interest in the project.

Rio Tinto wrote off a pocket-change amount of $4.2 million that it had spent in farming into the Akelikongo project, citing poor results.

Almost two years later, in February 2022, Sipa Resources Limited found a new suitor – UK's Blencowe Resources Limited. Sipa agreed to sell its project to Blencowe, which is developing the neighbouring Orom-Cross graphite project.

However, six months later, in August 2022, Blencowe also dropped its bid for the nickel project, saying that exploration results at its graphite project had turned out to be impressive, so much so that the company did not want to be distracted by other ventures.

Sipa has desperately tried to find a partner for its project over the last 18 months but the feedback, it is now clear, has been lukewarm. With the licenses expiring, Sipa decided to cut its losses and dump the project.

MINING

James Mukasa Sebugenyi

City lawyer Sebugenyi to lead national mining company

James Mukasa Sebugenyi, a partner with S&L Advocates, one of the oldest law firms in Uganda, has been appointed the first chairperson to the board of the Uganda Mining Company.

A seasoned lawyer who specialises in litigation and arbitration, Sebugenyi enters an industry that carries a lot of promise amid different dispute over land and mineral rights.

Sebugenyi might not be a well-known figure within Uganda's mining circles, but he has the expertise and knowledge on interpreting the mining law to favour the country.

As a lawyer, Sebugenyi is tried and tested. Under his law firm, he was part of the team that argued one of the most controversial cases in Uganda's mining history – the heated contest for the rich Dura limestone mineral rights between his client, Hima Cement Limited, and a smaller entity called East Africa Gold Sniffing Company Limited.

At the National Mining Company, Sebugenyi will lead eight other board members, some of whom already have a strong background in the sector. For example, Agnes Alaba, is a commissioner at the Directorate of Geological Survey and Mines, and is responsible for issuance of licenses.

Maria Kiwanuka, the former minister of Finance, Planning and Economic Development, who also had a stint with the World Bank, brings a wealth of financial knowledge to the board.

Alex Kwatampora, a man who grew up in Kilembe and understands the workings of the copper mine in the area, is also a formidable addition to the board.

The other board members include: James Byagaba, Kevin Aanyu, Francis Twinamatsiko, Wilfred Kokas Aupal, and John Fisher Kanyembwa.

One of the first assignments of the board will be to accept the duty of carrying Uganda's 15 per cent participating interest in the Kilembe copper mines. The ministry of Finance is currently assessing the credentials of the company, thought to be Sarrai Group, which will take over the concession of the Kilembe copper mines.

Sebugenyi might not be a well-known figure within Uganda's mining circles, but he has the expertise and knowledge on interpreting the mining law to favour the country.

BOARDROOM TALK

- Uganda oil project remains attractive
- We are building demand to offtake all Karuma power
- Govt to take 15 percent in Kilembe Mines

The energy and mining sectors remain one of the most critical industries in Uganda, attracting the largest investment deals in the country. Uganda continues to pursue a plan of creating a healthy balance between developing its oil and gas resources amid promoting cleaner forms of energy, supported by the exploitation of transition minerals. In this broad range interview, **IRENE BATEBE**, the Permanent Secretary in the ministry of Energy and Mineral Development, tells DEEP EARTH, why Uganda's oil remains attractive and how the country is building demand for the largest power plant, the Karuma hydropower project.

We are building demand to offtake all Karuma power


Irene Batebe

Let's kick off with the East African Crude Oil Pipeline (EACOP), where there are concerns over Uganda's ambition of hitting its schedule of first oil in 2025. What is the current progress of this project?

Overall, the project continues to make significant strides. You note that for this entire project, we are looking at almost $15 billion in investment. That is not a simple feat.

So, as we speak, the upstream project is on course. We are continuing with the drilling in both the Tilenga for TotalEnergies and Kingfisher for Cnooc. For the EACOP, there is progress even amidst the process of mobilizing its financing. We have so far seen about 700 kilometers of line pipe imported into Tanzania and you note that that is halfway the project almost, because the project is about 1,443 kilometers. So, of these 700 kilometers of line pipe, we have also seen after coating in Tabora, and a portion of that has come to Uganda. We have about 200 kilometers of line pipe in country, and we continue to build on that. What does that mean? That means that construction of the project is imminent also on the Ugandan side. We have seen work on the camp yard in Kakumiro district, but also we have seen work at the thermal insulation or coating plant in Tabora and work at Tanga Port. So, we are now moving to the actual laying of the line pipes, which work has also progressed on the Tanzanian side. So, overall the project is on course. Like I keep saying, it's on a path of no return.

There have been media reports about a delayed First Oil from the dates that have been in the past, especially the one of early 2025. Should we expect any implication in terms of Uganda's profit oil in case of a delay? Is there any revised financial modelling for the project to cater for the likelihood of a delay?

Yes, we continue to model the project. You will note that the financing for the project has many drivers. It's not just time. First of all, you have the oil price that you keep monitoring and studying. And in our current models, we do not see a significant impact on the overall targeted returns from the project. The key driver for the financing and the returns is largely the oil price, which today you might not fully forecast because it's fluctuating. So, for us we work with a delta; we don't work with a single spot price. We model between $50 and $100 per barrel of oil. So, currently the project remains attractive.

Uganda chose Alpha MBM Investments as its preferred partner for the construction of the proposed 60,000 barrels-of-oil refinery. There have been delays in the company receiving intellectual properties for the project from the previous partners. What is the current state of Alpha progressing the oil refinery project?

We executed our memorandum of understanding with Alpha early this year. For the last few months, we have been putting in place the framework to support our negotiations for the key agreements with the company. We managed to get a number of commitments between them and the oil companies in terms of the information they will be sharing. We are now negotiating the Implementation Agreement, which will be an agreement between the government of Uganda and the refinery company that is comprised of all the private sector investors and Uganda National Oil Company in their shareholding of 60 : 40 per cent.

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Govt to take 15 per cent in Kilembe Mines

Irene Batebe

BOARDROOM TALK

There are hardly any updates from the development of the Ngassa deep and shallow oil play by Nigeria's Oranto Petroleum Ltd, and the Kanywataba and Turaco oil contract areas by Australia's Armour Limited. What is the progress of these oil projects?

So, we have Oranto and Armour, but also DGR Global that came on board alongside UNOC in the last licensing round. So, for the previous ones, Armour and Oranto, continue to work in line with their work programs. They have encountered some challenges, especially post-Covid-19 pandemic where they continue to recover. We have had to review some of their work programs to realign with the targets

under the production sharing governments that they possess. Otherwise, they continue to deliver their work programs and we continue to address those constraints.

Armour is going through some financial difficulties. Why are you still holding hope with the company?

Well, on our side we have instruments that we work with under the Production Sharing Agreement. Besides the work program, we maintain certain guarantees that the companies deposit with government. And for as long as these guarantees still hold, then the company is required to continue working until otherwise. But as we speak, these instruments remain intact.

What kind of opportunities should the local supplier market look out for in the EACOP? Should we expect a new major procurement round where contracts are given out?

So, for each of these projects, in alignment with our national content policy, the developers are required, on an ongoing basis, to advertise all opportunities. And that is exactly what EACOP has been doing up to now. The opportunities cut across, from the ring-fenced areas to the specialised services. Under the ring-fenced areas, there are opportunities for civil works, subcontracting, etc. Under the Tier one contractor, there are opportunities for supplies to the camp sites, the camp yards that we are setting up, materials for these particular civil works and other construction works.

We have welding services, and there will be certain supplies that one can provide for those particular welding services in terms of steel products, among others. In fact, some of our steel mills are providing certain materials to support the projects.

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Moving on to electricity, the 600MW Karuma hydropower project was commissioned recently. Why aren't all the units dispatching electricity?

First of all, we commissioned Karuma at 600MW, although it has a capacity of up to 660MW. We do have a 15 per cent reserve capacity on the plant, based on the demand side.

As we speak, we are running, based on the demand side, two units, which is 200MW, as we continue to work to grow the demand to off-take the other units. We have entered a number of agreements with companies, especially data centers, that set up very fast and are able to utilize this power. We have a Power Purchase Agreement (PPA) for a 300MW off-take for a data center, and other smaller capacity data centers PPA. We have one with a company called Zhirong Technology Company Limited. We have another one with a Singapore-based company called Carefree Technologies.

And then there is another whole arrangement we have with companies that want to access this extra power for purposes of making hydrogen, to combine with ammonia for fertilizer purposes. We are negotiating another PPA with the Aga Khan's Industrial Promotion Services, where they should be able to also offtake part of this power for purposes of hydrogen production. So, we expect that in the coming half year, we should have a number of these commence consumption and, therefore, these units should be off-taken.

And for Isimba, are all the units on?

Right now, all the units are running at 183MW as we continue to rectify all the issues that we have raised with the contractor over the years. Most of them are done, and our focus is now on the spillway.

Moving to the mining sector, when should the market expect Uganda to trigger the 15 per cent state participating interest in a mining project?

For us to trigger the 15 per cent, the Uganda National Mining Company must be operational. So, the first project where we are going to trigger it will be the Kilembe copper mines, where we are finalising the identification of the developer and are commencing the negotiations of the Production Sharing Agreement. So, in that PSA is where we are going to provide for the 15 per cent participation of the national mining company.

So, we will then study that and then roll it out as the mining company sets itself up. We should be able to see that for our key projects, gold and other strategic minerals projects, the national mining company will participate.

But beyond the strategic minerals, we want to see the national mining company leading on growing our national content in mining, capacity building, and creating a critical mass of expertise of Ugandans. We also want the mining company to support us in setting up mineral markets, where

there will be transparent designated areas for mineral trading. We expect that they will also advance the work that the ministry started on the mineral beneficiation centers to support artisanal and small-scale miners. So, their plate is already full.

Speaking of mineral markets, Bank of Uganda was supposed to start buying gold in June 2024 from artisanal miners. What role are you playing in facilitating this whole process?

Well, we are working very closely with the Bank of Uganda on their gold purchase program, where they want to grow gold reserves for the country.

So, our role as the ministry of Energy is probably threefold. Number one; we have reviewed the legal and regulatory framework to see how best we can support the program. Largely, the legal framework as is today is supportive of the program.

Two, the issues around traceability are very critical for the bank and avoiding any gold that has gone through illicit trading and all of that. So, we are supporting them to set up a chain of custody to be able to track the source of gold from the point of exploitation, the entire journey, traceability to the point of sale.

The third area is of course the gold refineries, ensuring that they are licensed under the new regime. Previously, gold refineries would only acquire a permit from the Uganda Revenue Authority to operate. But under the new Mining and Minerals Act, they are required to be licensed by the ministry. So, we are working with the gold refineries to ensure they align with this new legislation. That way, the Bank of Uganda, given its reputation, will be confident that they are purchasing gold from responsible refiners.

Ketraco, Adani sign $736 million electricity transmission deal

KENYA

Adani Energy Solutions has signed an agreement with Kenya's government to put up five different infrastructures to support the transmission of power throughout the country in a transaction worth $736 million. The transaction, modelled around a public private partnership, is a slight departure from sourcing funds from donor agencies to courting private capital. Also, this is the biggest package the country has signed since it opened up the transmission segment of its electricity industry to the private sector in March 2024.

Adani Energy Solutions, a subsidiary of the Indian conglomerate Adani Group, emerged the best bidder, beating two other companies, Africa 50 and Power-Grid Corporation of India Limited, and EDF of France.

According to the agreement, Adani will construct the 400kV Gilgil-Thika-Malaa-Konza transmission line, the 400/220/132kV Rongai substation, the 220kV Rongai-Keringet-Chemosit transmission line, the 132kV Menengai-Ol'kalou - Rumuruti transmission line, and the 132/33kV Thurdibuoro substation. These projects are expected to improve power reliability in the country.

Kenya Electricity Transmission Company Limited (Ketraco) said the public private partnership it has entered into with Adani Energy Solutions is in line with Kenya's Transmission Master Plan. The Transmission Master Plan (TMP) notes that Kenya requires an additional 9,600km of transmission lines to meet the country's need for reliable access to electricity, and $5.2 billion – or $250 million per year - in investment to support that by 2042.

John Muoki Mativo, the chief executive officer of Ketraco, is expected to oversee the design of more plans to ensure the availability of transmission lines to evacuate power from the sprouting generation facilities spread across the country. That Mativo managed to knock down Adani's earlier request for a financial package of just over $1 billion to $736 million for the job, at a time when funds from the development partners have gotten scarce, is seen as a merit on his profile. Ketraco says the next round of funding from the development partners is expected in 2028.

Ketraco said in a statement that Adani will implement the projects under the Build-Own-Operate-Transfer model on a 30-year concession. That means Adani will finance, design, construct, operate and maintain the projects.

Adani will fund the project using 70 per cent debt and 30 per cent equity.

The progress of the Ketraco-Adani partnership is likely to be followed keenly within East Africa. Uganda has also just opened up its transmission segment to private companies, and the government is reviewing some applications for certain projects.

KENYA

Joseph Lagat is Kenya's new mining corporation chairperson

Joseph Kipchumba Lagat

Joseph Kipchumba Lagat, the recently-reappointed chairperson of Kenya's National Mining Corporation, has his work cut out.

Lagat steps into the position at a time when Kenya is trying to deal with illegal miners that are curtailing its efforts to becoming a top regional player in the supply of energy transition minerals.

To catch up with its East African counterparts, Kenya's cabinet, in early October 2023, listed 14 minerals as "strategic" to its economy, declaring that any activity in these minerals should be in partnership with or by the National Mining Corporation. Many of these strategic minerals such as copper, lithium, tin, tantalum are energy transition minerals, which are key in the production of technologies like electric batteries and solar panels.

Even though Kenya's government recently issued a strongly worded statement saying that it is committed to "total protection of strategic minerals from merchants of impunity who are attempting to plunder our mineral resource through circumventing the law for selfish gains," illegal miners are still dealing in the minerals.

In Lagat, President William Ruto has appointed a man who knows just exactly what the problem is. Lagat is not new to the challenges that Kenya's mining industry faces, especially those that are dampening investor appetite for key minerals.

Artisanal miners dominate Kenya's mining sector, many of whom are operating without licenses. The National Mining Corporation – the investment arm of Kenya's government in the mining sector – has for long said that investors are reluctant to acquire licenses for fear of getting into disputes with unregistered and informal artisanal miners.

One of Lagat's early duties in his new three-year term will be to comfort investors with explanations on how order will be restored.

Indeed, in one of his first meetings since his appointment was announced in early October, Lagat met officials of Tana and Athi Rivers Development Authority, a government body charged with coordinating development projects in the rich Tana River basin, where he reassured them of his support. The meeting discussed the need for responsible mining.

Lagat is expected to use his term to scout for blue-chip investors to partner in developing different minerals such as coltan in Embu County in Eastern Kenya, and the niobium and rare earths deposits in Mrima in Kwale County in the southern part of the country near Mombasa, where a feasibility study will soon be undertaken.

Kisumu jetty receives second petroleum vessel from Uganda

Lake Victoria Logistics Limited has promised to build two more vessels that will move petroleum products between Kenya's Kisumu and Uganda's Kampala as it deepens its footprint across the shores of the world's second largest fresh water lake.

Steve Mainda, the chairperson of the company, which was formerly known as Mahathi Infra Uganda, made this announcement after the company's second vessel – MT Elgon - docked in Kisumu recently as it prepares to move 4.5 million litres of fuel to Uganda.

Kenya Ports Authority handed the company a certificate of first call and a plaque to the vessel's captain in Kisumu.

MT Elgon started trial runs in June this year before launching a vessel that would supplement the company's first vessel, MV Kabaka Mutebi II, which is also of the same 4.5 million litre capacity. MT Elgon is expected to deliver the petroleum products at Kawuku in Entebbe. Mainda said the company will build two more vessels to meet its target of moving 180 million litres of petroleum products per month. With MT Elgon, the company is moving half that amount.

Lake Victoria Logistics Limited says it has set up a combined fuel storage capacity of 70 million litres in Uganda, the largest in the country.

The cost of transport plays a big factor in the pricing of petroleum products in landlocked Uganda. A litre of petrol in Uganda goes for $1.4, one of the highest in the region.

Water transport is cheaper than road transport, where most of Uganda's petroleum products is moved.

KENYA

Shanta seeks to develop Kenya's biggest gold mine

Shanta Gold Kenya Limited is undertaking a feasibility study for its West Kenya Gold project, with the company planning to sink $137 million in capital expenditure in a bid to develop the country's biggest goldmine.

According to its just-released Environmental and Social Assessment study, the company wants to determine the viability of developing an open pit gold mine and processing centre for the Ramula-Mwibona gold resource in Siaya and Vihiga counties.

The Environmental and Social Assessment will form part of the feasibility study as the company measures the risk of a project in a country where land is a hotly-guarded prime asset among local communities.

As part of developing an open pit for the Ramula - Mwibona gold resource, Shanta Gold plans to put key infrastructure such as a processing plant and associated facilities, a Tailings Storage Facility, Waste Rock Dumps, water management infrastructure, power supply, administrative buildings, and ancillary infrastructure. Shanta Gold forecasts production of 370koz from the open pit.

Land will be purchased from private land owners.

Shanta Gold says production will be ramped up in the first three years, and then peak from the third to fifth year, before slowing down from the sixth to eighth year.

According to the company's cost benefit analysis, at least $137 million will be spent as capital expenditure, while operation costs are estimated at $45 million per year. The company intends to pay $2.6 million in royalties per year, on top of a mineral development levy of $1 million. Also, the company plans to share one per cent of the gold produce with local communities.

Kenya's new mining royalties kick in

Kenya's new mining royalty rates have finally kicked in. The rates, which started on October 1, 2024, follow the gazettement of the Mining (Royalty Collection and Management) Regulations 2024 that were introduced in July this year.

Now, all mineral license holders will be required to pay royalties, as set by the government of Kenya, within 60 days after filing.

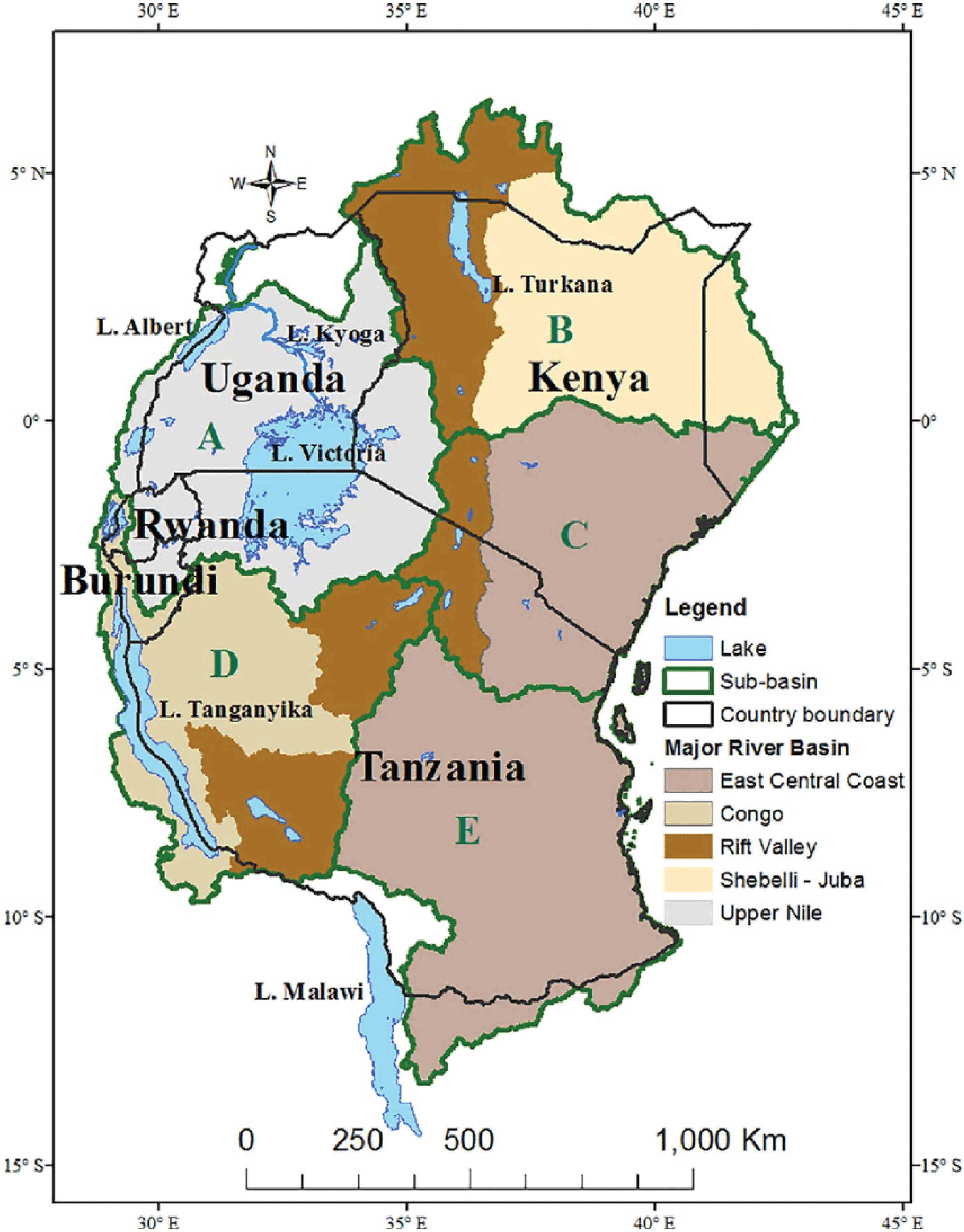
Kenya's government says "the aim of royalties is to provide monetary compensation to the people of Kenya, as owner of the minerals..."

It added that "royalties should be based on the full market value of a mineral in its most processed, marketable form, taking into account all enhancements made to increase its saleability."

Rare earths and radioactive materials attracted the highest rate, at eight per cent, while cut gemstones received the least rate, at one per cent. Failure to remit the royalties could lead to the revocation of a license, the government announced.

Communities located around mining areas are some of the poorest in Kenya. In some instances, the communities have shunned mining projects because of the little benefits they claim accrues from these activities.

The new royalties, when put to good use, are expected to be seen as a victory for both the local communities and the investors.



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Australian firms ramp up uranium exploration

Irene Batebe

There is heightened activity in Tanzania's uranium industry as some private companies acquire new assets, while others expand their areas of operation, ahead of what could be a busy exploration period in the coming year.

Australia's Askari Metals Limited made the most eye-catching movement when it acquired the entire stake of the Eyasi uranium project, describing it as a "highly prospective target." This acquisition came eight months after the company snapped up the Matemanga uranium project, still within Tanzania. The Matemanga uranium project is located just 70km south east of the "world class" Nyota uranium project, which is owned by Uranium One, a subsidiary of Russian global company, Rosatom.

Moab Minerals Limited, the Australian developer of the Manyoni uranium project, has expanded its tenement and bought four neighbouring licenses as it looks to turn that whole area – located 100km north east of the capital Dodoma – into a top uranium minefield.

Gladiator Resources, another Australian company, also released another set of colourful news, saying that drilling activities at its Mkuju uranium project have boosted the potential of the area. Gladiator says it is going to deploy the In Situ Recovery method – the most commonly used form globally - to assess the potential of uranium in the area.

Askari Metals says it intends to "fast track a series of low-cost exploration programmes in order to generate drill targets."

Moab says drilling activities on its site – including on the four acquired tenements - are already underway, and the company intends to release its maiden mineral and ore resource study in 2025.

Gladiator Resources says it has appointed ERM – a mining consultancy firm – to advance its uranium project. And that if the In Situ Recovery study pops up positive results, Gladiator will consider large scale exploration at the Likuyu North, Likuyu South and the Mtonya deposit areas at the Mkuju project.

While the Tanzanian government has issued licenses to companies to explore for uranium, the East African country is yet to pass robust regulation for the mineral. Uranium is used in the production of nuclear energy, and in some instances for radiation equipment such as those used in hospitals.

In April 2023, the Tanzanian government signed its Country Programme Framework (CPF) with the International Atomic Energy Agency (IAEA) for the period of 2023-2027. A CPF, according to the IAEA, is the frame of reference for the medium-term planning of technical cooperation between a member state and the IAEA and identifies priority areas where the transfer of nuclear technology and technical cooperation resources will be directed to support national development goals.

TANZANIA

Tanzania to license out new oil blocks in March 2025

Tanzania officials will be in Cape Town, South Africa, in the first week of November for the Africa Energy Week conference to promote a couple of oil blocks to prospective investors as the country prepares to kick off its fifth licensing round in March 2025.

Officials from Tanzania's Petroleum Upstream Regulatory Authority (PURA), headed by its Director General Charles Sangweni, recently announced that they were preparing to offer more than 20 exploration oil and gas blocks to prospective investors staring March 5, 2025. At least 15 onshore and 11 offshore blocks – some of which are located in the Indian Ocean and Lake Tanganyika – will be on offer.

Different reports indicate that the government will issue nine-year exploration licenses before a 25-year development and production period is granted. Tanzania has already collected seismic data for the blocks, saying that investors have a strong starting point in understanding the terrain they will be exploring.

Tanzania has one of the largest gas reserves in Africa, estimated at more than 50 trillion cubic feet, which is enough to comfortably power the whole of East Africa. The country has attracted world class companies such as Shell Plc to explore these gas reserves.

Director General Charles Sangweni

It is on finding commercial oil reserves that Tanzania has not recorded much access. The Eyasi Wembere basin, one of the most prospective for possible oil finds, has not been explored to the fullest. The government has already collected 2D seismic data in the basin, which is located in the Singida region in the central part of the country.

Tanzania's fifth licensing round comes at a time when oil and gas projects are facing resistance from climate activists, who criticise such investments for adding carbon emissions to the environment. These emissions are responsible for drastic weather changes such as droughts and floods.

EACOP coating plant in Tabora nears completion

Works at the coating plant at Sojo in Nzega district, Tabora region, have reached 93 per cent, according to officials from the Tanzania Petroleum Development Corporation, with some pipes already dispatched to Uganda for the East African Crude Oil Pipeline Project.

The plant, whose construction started in November 2021, hosted different delegations recently, some from the Petroleum Authority of Uganda, to check on the progress of the works. The insulated line pipes from the coating plant will help to keep the East African Crude Oil Pipeline, which will be shipping waxy oil from Uganda to the port of Tanga over a distance of 1,443km, warm.

At the end of September, at least nine trucks with insulated pipes from the coating plant at Sojo were delivered to China Petroleum Pipeline Engineering Co. Ltd, the construction contractor for the EACOP, on the Ugandan side. With the insulated pipes, the contractor will start laying the EACOP on the Ugandan side.

Tanzanian officials say they have laid close to 70 kilometers of the EACOP on their side. The EACOP will traverse more than 1,100 kilometers of land in Tanzania, while Uganda will cater for 296 kilometers.

The laying of the pipeline is ongoing as the shareholders of the product – TotalEnergies, CNOOC, the Uganda National Oil Company, and TPDC – try to nail down about $1.2 billion in debt for the project. The entire project is estimated at close to $4 billion.

The shareholders say they can achieve first oil by late 2026.

Songas' gas contract expires as Tanzania places faith in hydro

Songas Limited, a gas-to-power company, has stopped generating electricity in Tanzania after its 20-year concession elapsed at the end of October 2024. The government of Tanzania decided not to renew the company's concession after the country's electricity generation capacity was ramped up with the commissioning of the first units at the mega 2,115MW Julius Nyerere Hydropower plant, the biggest in East Africa, earlier this year.

In a statement, Tanesco, the state electricity company of Tanzania, which holds a 9.56 per cent stake in Songas on behalf of government, said the expiry of Songas' contract will not disrupt electricity supply in the country. The company said that there is excess electricity being generated and, therefore, there was no need for some gas-to-power plants. Tanzania has more than 60 billion cubic feet of non-associated gas, which, if exploited, is more than enough to power the entire country.

Songas, whose majority shareholder is Globeleq of the UK, has been generating 190MW of electricity using gas from the Songo Songo gas reserves.

The expiry of Songas' contract is seen as an indicator of the challenges that await other gas-to-power companies in Tanzania. For example, PanAfrican Energy Tanzania, which also produces electricity using gas from Songo Songo, has for more than a year asked the Tanzania Petroleum Development Corporation, its shareholder in the project, to apply for an extension of the Songo Songo Development license, but the state company has not done so.

For Songas, the next point of action is to seek compensation for any unrecovered capital investments from the government of Tanzania.

Elsewhere, the government of Tanzania is expected to push for the full commissioning of the Julius Nyerere Hydropower Plant. Tanesco says 940MW of electricity has already been connected to the grid.

There have been calls for Tanzania to maintain a healthy balance between its gas-to-power plants and hydroelectricity, which is sensitive to weather changes.

Russia eyes opportunities in Tanzania

A number of Russian investors were in Tanzania recently scouting for opportunities in the energy and mining industries, bringing along with them top bankers who showed willingness to finance whatever potential projects that were available.

Msafiri Mbibo, Tanzania's deputy secretary general of the ministry of Mines, while meeting a Russian delegation that was in the country to attend the Tanzania-Russian Business and Investment Forum, called on his visitors to build on a memorandum of understanding between the two countries signed for joint research in the mining sector. He specifically said that Tanzania needed geological research that uses modern technology to identify new areas with mineral indicators.

Msafiri Mbibo

Andrey Vorobieve, the leader of the Russian delegation, assured his host that whatever was discussed would be implemented.

Mbibo also held talks with officials from Sberbank International, one of the banks in Russia, to finance research in the mining sector.

Russia views Tanzania as a potential strategic partner into the Great Lakes region due to its coastline of Dar es Salaam, which can become a key entry point of Russian goods.

RWANDA

Cabinet approves Rio Tinto joint venture

A cabinet meeting chaired by President Paul Kagame at Urugwiro village on October 18 approved the joint venture between Rwanda's government and Rio Tinto Minerals Development Limited, opening up the way for the exploitation of key energy transition minerals in the East African country.

The cabinet approval came nearly nine months after the two parties signed a memorandum of understanding for the exploitation of lithium, tin, tantalum, tungsten and associated metals.

The cabinet endorsement now gives Rio Tinto Minerals Development Limited, which is part of the global mining giant, Rio Tinto, leeway to deploy its capital and expertise to exploit some of the most sought-after minerals in the region.

In Rwanda, Rio Tinto finds a country that has built one of the most internationally-approved systems on mineral traceability, which has gone a long way in derisking the industry of irresponsibly-sourced minerals.

Francis Gatare, a graduate of Economics at the Harvard Kennedy School, and the current chief executive officer of Rwanda Development Board – the body that will partner Rio Tinto on behalf of Government

– carries a lot of responsibility in ensuring that this partnership works. The success of this partnership could attract internationally-acclaimed mining companies to Rwanda.

It is not clear which areas exactly Rio Tinto will focus on. Although the government has been undertaking some exploration of lithium in Ntunga in Rwamagana district.

Rwanda is yet to develop a large scale mine, while capital is still low in the industry.

The mining sector contributes about three per cent to Rwanda's Gross Domestic Product, according to official figures.

Aterian Plc receives Musasa license, suspends Eastinco trading activities

Aterian Plc, a United Kingdom junior mining firm, says it has received a mineral exploration license for the Musasa project, located in the western province district of Rutsiro, adding that the area "is highly prospective in critical minerals such as lithium, tantalum, niobium, tungsten, and tin."

The company said its subsidiary, Musasa Mining Limited, where it has an 85 per cent stake, holds the license that stretches over 350 hectares. The other 15 per cent is held by a local partner called Kuaka Cooperative.

Aterian said it is in the process of acquiring Kuaka's 15 per cent shareholding in exchange for what it said was "past consideration... including the provision of water reticulation assets to Kuaka's small-scale processing facility."

While Aterian is making progress in one license area in Rwanda, it is experiencing a couple of setbacks in other areas within the same country. The company said its other subsidiary, Eastinco Limited, had suspended its secondary trading activities "in light of significant issues with the ongoing rollout of a new online mineral traceability platform, called the "Inkomane System", which is a new initiative of the Rwanda Mines Board." The company added that "the implementation and enrolment of mining companies and mineral traders to the system has been slow, resulting in very restricted trading activity over the past few weeks across the entire market."

The company said Eastinco will return to the market when normal trading resumes, and that in the meantime it will continue working with the government of Rwanda to resolve the issue.

RWANDA

Prime Energy Plc basks in Rwanda's first green bond

Prime Energy Plc says the financial market has shown a lot of confidence in its plans to put up another hydropower project after its recently-issued Green bond – the first in Rwanda – was fully subscribed.

In a statement, Prime Energy Plc, a local private company, said it had successfully sourced Rwf9.58 billion (about $7 million) from the financial market after it got support from the International Finance Corporation, the private sector arm of the World Bank Group, in structuring the bond.

The bond has a seven-year tenor. Investors will earn a coupon rate of 13.75 per cent per annum, payable semi-annually, for a tranche that was pegged in Rwandese francs. Investors in the dollar–denominated tranche will earn an interest of 9.5 per cent per annum, also payable semi-annually.

According to a statement from Prime Energy, most of the proceeds from the bond, nearly 80 per cent of it, will be used to fund construction of Rukarara VI, a 10MW run-of-river hydropower project. The rest of the money will be deployed to maintain the company's existing power plants. Prime Energy has the 3.6MW Mukungwa II hydropower plant, the 2.2MW Rukarara II hydropower plant, the 1.6MW Gisenyi plant, and the 0.3MW Gashashi hydropower plant.

Izuba to set up Rwanda's biggest battery system

Izuba Energy is setting up Rwanda's first and largest battery energy storage system. The system, together with a solar plant, has the potential of transforming the country's energy outlook.

The company will put up a 5.1MW solar plant and supplement that output with an 8MWh battery energy storage system to power BioNTech's vaccination plant. The project is expected to be concluded in mid-2025.

Izuba will look to Chaim Motzen, its managing partner and co-founder, to deliver the project under the stipulated schedule. With close to a decade of experience in the renewable energy space in Africa, where he was the co-founder and managing director of Gigawatt Global, the company that delivered the first utility-scale solar electricity interconnection project under the United States of America's Power Africa programme in Rwanda, Motzen has the expertise and connections to deliver the project.

Located in Rwinkwavu, Rwanda, BioNTech is leading the production of vaccines in East Africa. The project recently hosted Tedros Adhanom Ghebreyesus, the director general of the World Health Organization, who applauded the ongoing works.

RWANDA

Shane Ryan

Trinity Metals hires Shane Ryan to boost company fortunes

Trinity Metals has hired Shane Ryan, a top experienced mining executive who has worked in bigger mining markets such as Australia's, as its chief operating officer. A company statement describes Ryan as a man who "specialises in the operational facets of mining, including resource recovery, material handling, mineral processing, and logistics for final product delivery."

A former top executive of Piran Resources, one of the companies that merged to form Trinity Metals, Ryan has built global experience in managing projects of critical minerals such as rare earths, tin, tantalum, lithium, and gold, just to mention a few.

Ryan joins the company at a time when it has made a strong commitment to the country to adhere to responsible mining practices.

At a recent stakeholder meeting, Trinity CEO Peter Geleta promised to build a strong and responsible local mining company that is ready to support the communities where it holds projects.

Trinity Metals unveiled its approach towards mine closure and rehabilitation planning, emphasising that "the world cannot survive without responsible mining."

Trinity Metals has three mining projects in Rwanda: the Rutongo mines, Nyakabingo mine, and Musha mines, all of which are exploring for tin, tungsten, coltan and lithium.

DRC cancels oil licensing round

The Democratic Republic of the Congo has cancelled the oil licensing round it launched two years ago partly due to what it said was lukewarm interest from investors.

The cancellation brings to an end – if only briefly – a process that attracted criticism from environmentalists who opposed the inclusion of oil blocks that overlapped pristine ecosystems.

In a statement, the ministry of Hydrocarbons said the applications for the 27 oil blocks that were on offer in the licensing round fell below its expectations. The ministry said some applications came past the deadline. The few applications that came in on time, the ministry noted, made irregular offers, which did not make business sense to the country's prospects.

As such, the ministry concluded that there just wasn't enough competition for the oil blocks for the country to strike a good deal, forcing it to terminate the whole process.

The cancellation of the tendering process of the oil blocks signals the global financial market's perception of DRC's oil industry, and the risk premium it has attached to it. The global credit market for new oil and gas assets in Africa is not growing as it did a decade ago, partly due to increased pressure on countries to transit from dirty fuels to cleaner forms of energy. The international credit market has come under attack for financing new oil and gas ventures, with some facing protestors outside their offices.

Already, environmentalists have applauded the move, saying it is a victory for those pushing to conserve the Congo basin forest, where some of the oil blocks overlap.

Nevertheless, the DRC government has said it intends to reschedule the offer of the blocks at some point in the future, and asked those who submitted bids to get in touch.

DRC, a country blessed with natural resources beyond one's imagination, needs to exploit its abundant oil and gas reserves in order to pull many people out of poverty; nearly three quarters of the population live in extreme poverty.

In September 2023, the country signed production sharing agreements with wildcat firms - Winds Exploration and Production LLC, and Alfajiri Energy – for the exploration of two gas blocks in Lake Kivu, although progress on the work programmes has been slow.

The cancelled oil licensing round was seen as one that could flip the industry's fortunes and attract some world class companies. It now appears the country will have to wait longer to realise those fortunes.

DRC makes strong proposals to Angola on key petroleum issues

Aime Sakombi Molendo, the minister of Hydrocarbons in the Democratic Republic of the Congo

Aime Sakombi Molendo, the minister of Hydrocarbons in the Democratic Republic of the Congo, recently tabled a raft of proposals to his counterpart in neighbouring Angola, that are geared towards facilitating trade in petroleum products and exploitation of natural resources between the two countries.

The proposals, if agreed to, could ease some of the energy challenges that landlocked DRC faces, and support business around the neighbouring regions.

Molendo asked the Angolan government to consider creating a branch in Muanda, a small Congolese town located at the tip of the Congo river, where the Angolan pipeline passes as it ships gas between Cabinda and Soyo. The proposal is seen as part of DRC's move to tap into the 500MW dual-fuel power facility at Soyo that Angola is constructing, whose commissioning is expected next year.

The two ministers also discussed the implementation of their long-overdue agreement for Angola to supply petroleum products to DRC. By the end of the meeting, Diamantino Pedro Azevedo, Angola's minister of Mineral Resources, Oil and Gas, promised that the first batch of petroleum products would arrive before the end of October.

Still on petroleum, Molendo said DRC faces a bigger problem in the Kongo Central region – smuggling. He asked the Angola government to join a taskforce that is trying to rout out the problem.

Molendo proposed to Angola to partner with DRC for the production of bitumen from Mavuma asphalt sand in Kongo-Central. Asphalt, a petroleum byproduct, is used in the manufacturing of bitumen, which DRC is targeting to build its roads.

USA is biased against our cobalt - DRC

The Democratic Republic of the Congo is not happy with the United States of America's portrayal of its cobalt mining industry after the global super power claimed that the rights of children were being violated. The DRC says the USA's move reeks of a sinister attempt to downgrade one of the most sought-after minerals in the production of technologies needed to facilitate the transition towards cleaner forms of energy.

The United States Department of Labour recently released a report that noted that children were working in cobalt mines under hazardous conditions, which was against both local and international laws.

"The DRC is a global leader in cobalt production and accounts for over 50 per cent of the world's cobalt reserves," the USA report noted. It added that "Children routinely work in these mines, often under hazardous conditions. While mining is on the DRC's list of hazardous activities for which children's work is forbidden, the majority of cobalt mining in the DRC is done informally, where monitoring and enforcement are poor."

The DRC government has pushed back, calling the report "biased." The DRC government says that while it faces challenges in its mining sector, zeroing on only cobalt points to ill motive.

The government says artisanal miners in cobalt account for only five per cent of national production, and that there is so much progress that has been undertaken in the sector.

To prove its point, the DRC government says it has formalised artisanal mining by creating cooperatives that supervise artisanal miners. The cooperatives help to police the miners, ensuring that they follow agreed standards.

The government says it has created an interministerial commission that brings together different ministries to combat child labour in mines.

DRC's President Felix Tshisekedi

The government says these interventions have already made it possible to identify and record 16,845 children in artisanal mining areas, of which 13,587 were stopped from engaging in mining activities.

There has been a lot of jostling for DRC's mining industry with delegations of top officials from the USA, Europe and China visiting the East African country to strike deals.

Uganda-DRC planned transmission line faces delay over security threat

The social and environmental studies related towards the planned construction of a critical electricity transmission line between eastern Democratic Republic of the Congo and western Uganda are facing security threats, with the funders of the study saying there will be a delay in their completion.

The 220kV (400kV) Uganda (Beni) – DR Congo (Beni-Bunia-Butembo) Power Interconnection Project is seen as one of the most critical infrastructures needed to light up a bigger part of eastern DRC where access to electricity is still low.

These pre-investment studies are meant to support Uganda and DRC to update the 2013 Feasibility Study, polish the Detailed Design and Bidding Documents; update the 2013 Environmental and Social Impact Assessment and improve the Resettlement Action Plan. And most importantly, the update of the feasibility study will also validate whether the voltage level is either placed at 220kV or 400kV.

However, the African Development Bank, one of the funders of the Resettlement Action Plan study, says "the DRC side is experiencing challenges due to insecurity in Eastern DRC. Side survey had not been conducted as planned. This might require further attention from stakeholders."

Different armed militia continue to prowl through different parts of DRC, creating unease among those living and working in the area. It is not clear what sort of intervention the stakeholders can make to resolve this challenge beyond making extensions on the schedules and increasing funding. AfDB is funding the studies to a tune of just over $900,000, with 61 per cent of this amount already disbursed.

Uganda's recent commissioning of the 600MW Karuma hydropower station has raised the expectation that the country will experience surplus electricity soon. It is this surplus that the DRC-Uganda line is targeting.

Rainbow, Burundi still deadlocked over Gakara rare earth project

The directors of Rainbow Rare Earths Limited held discussions with government officials of Burundi for much of 2024 to try and break the deadlock over the suspension of work at the Gakara rare earth project, but the two sides failed to agree to a common position, according to the company's latest annual report.

Now, the directors of Rainbow say they cannot predict when work at the Gakara rare earth project will resume, and have instead impaired the asset to nil.

The failure to resolve the impasse has left the directors of Rainbow frustrated, with the board agreeing that even if the Burundian government lifts the ban over the Gakara project, they will not invest money in the project unless the international price of rare earths is profitable. In fact, Rainbow is also considering the option of selling the project, where the government of Burundi holds a non-dilutable interest of 10 per cent, to another investor on the table if the ban is lifted.

The Gakara rare earths project, where Cesare Morel is currently acting as the General Manager, was once seen as a game-changer in Burundi's mining industry, one that had the potential of unlocking investments into the country. The developers of the project enjoyed a lot of government support during the former administration of the late President Pierre Nkurunziza, and promised to create jobs and boost the government's tax revenue kitty. The company then depended on Gilbert Midende, who owns a three per cent stake in the local branch of the company, to ensure that the relations with the Burundian government were kept smooth.

However, the new regime of President Évariste Ndayishimiye, who assumed office after the death of Nkurunziza in June 2020, has flipped things a little bit. He only needed one year in office to sign off a ban on activities at Gakara. In doing so, President Ndayishimiye has dragged the investors from Rainbow back to the negotiation table over the Gakara mining contract, which, according to government's position, has unfavourable terms for the people of Burundi. Rainbow officials say the actions of the Burundian government are against the legally-binding mining convention in place.

For now, Rainbow says that at least 421 tonnes of concentrate are available at its site in Burundi. However, the company cannot sell them because of the export ban in place. Rainbow used to have a long-term offtake contract with ThyssenKrupp Metallurgical Products GmbH of Germany.

With no money being made, Rainbow has very limited obligations in Burundi. The company is keeping the Gakara project on a care and maintenance basis, and has capped a budget of $0.6 million to fund these activities.

The group also has a $282,000 loan with FinBank in Burundi, denominated in Burundi Francs, which is due to be repaid on a reducing balance basis by April 2027. The loan has an interest of 15 per cent.

Other than that, the company says it has lost quite some bit of money in Burundi. Rainbow says that it has "historically overpaid royalties arising from the sale of rare earth concentrate. Whilst the government accepted in writing that the overpaid royalties are recoverable, no repayment has been received to date." The company says it is losing hope in recovering this money.

BURUNDI

Activists raise red flag over Burundi Cement Company

Burundi Cement Company has come under criticism from a human rights group over its delayed compensation and relocation of people living around its area of operation in Rugombo.

The Burundian League of Human Rights, in a statement, says the country's oldest cement plant is spewing toxic fumes and dust in the air, which has left local residents battling all sorts of respiratory ailments. This is on top of the noise pollution, which, the human rights activists, say has made life for the residents unbearable.

The activists say the government's promise to move the local residents to a safer area is yet to be met. The activists are asking the government to honour this pledge.

Burundi Cement Company is planning to ramp up its production as it faces competition from imported cement.

Brian Kelly is transforming Burundi's energy grid

Brian Kelly

Brian Kelly is arguably one of the most prominent men walking on the streets of Bujumbura, a city that straddles the shores of the world's second deepest lake, Lake Tanganyika.

As the founder and CEO of Anzana Electric Group, Brian is embarking on a venture that could light up a sizeable part of Burundi, where access to the national grid is at just 12 per cent, and far lower in the rural areas.

Anzana has just launched construction works on the 9MW Upper Mulembwe hydropower project, the largest project to be undertaken by a private company in the country.

The company has also closed a $5 million grant with American financiers "to help develop [studies for] a rural electric utility with the capacity to connect nine million people to the national grid." That the population of Burundi is estimated at 14 million people, Brian, a graduate from the University of Pennsylvania, is onto something huge.

The start of the construction works at the Upper Mulembwe is expected to be a game-changer that could derisk the country's energy industry, and attract more private capital into the country. Already, Anzana is building the much smaller 1.6MW Upper Ruvyironza hydropower project, with the first energy scheduled to come onto the grid before the end of this year. Anzana will then sell the energy to Burundi's state company, REGIDESO, that is responsible for the distribution of electricity and water in the country.

Should Brian succeed in his ventures, he will have opened major inroads for American companies in the French-speaking country.

"These agreements, and the cooperative efforts to provide electricity to all Burundians, represents another U.S. investment in the future of this country. With an expanded national grid, and increased power supplies, electricity will reach the rural communities. Every single Burundian will someday benefit from the impact of these projects," U.S. Ambassador to Burundi, Lisa Peterson, is quoted in a statement detailing the $5 million funding.

The project will support the U.S. government's Partnership for Global Infrastructure and Investment; Prosper Africa; Power Africa, which aims to increase energy access on the continent, the statement concluded.

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Africa 2025
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18 - 20 February, Millennium Hall,
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ARE
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Investment Forum
2025
10th
EDITION
8 – 10 April 2025
Kampala, Uganda
EAIF
2025


11th WaCA
MINING 2025
West and Central Africa (WaCA) Mining Summit & Expo
28-29 May 2025
Conference and Exhibition
Accra, Ghana


KENYA MINING INVESTMENT
CONFERENCE & EXHIBITION
2024
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