



**MEDIA STATEMENT ON THE STATUS OF UGANDA'S
MINERAL DEVELOPMENT PROGRAMME**

**DELIVERED AT
THE UGANDA MEDIA CENTRE**

BY

**HON. DR. RUTH NANKABIRWA SSENTAMU
MINISTER FOR ENERGY AND MINERAL DEVELOPMENT**

Tuesday, February 21, 2023

INTRODUCTION

1. Colleagues and members of the Forth Estate, ladies and gentlemen, I welcome you to this media briefing, which will focus on the key milestones of the Mineral Development Programme but mainly on the Mining and Minerals Act, 2022.
2. The Ministry has registered several achievements in the Mineral Development Programme. The mineral investment promotion program has attained steady progress with increased ore reserves.
3. New gold targets have been identified in several parts of the country, including Buhweju, Mubende, Namayingo, Karamoja, and Zombo districts. Significant investment has been registered in mineral exploration and development through Wagagai Mining Limited – a large-scale gold project in Busia, Eastern Uganda – scheduled for commissioning in December 2023. Wagagai has discovered 30 million tons of gold ore in a greenstone belt in the Busia district.
4. On the other hand, over 500 million tonnes of Rare Earth Elements (REEs) have been estimated in Eastern Uganda by the Makuutu Rare Earth Project. REEs is one of the critical minerals the Ministry is positioning to support the deployment of renewable energy. Makuutu has the potential to bolster Uganda’s worldwide positioning among countries with the most significant production of REEs worldwide, after China.
5. The reserves of high-quality vermiculite at Namekhara in Manafwa district have subsequently increased from 5 million tonnes to the current 54.9 million tonnes.
6. The government has completed phase one of the airborne geophysical survey, where preliminary data has been acquired over the Karamoja and Lamwo region, completing the 20% gap in the geophysical dataset in the country. Interpretation of the data and sensitisation of communities for ground follow-up is ongoing.
7. The Ministry launched Artisanal and Small-Scale Miners (ASM) biometric registration in December 2021 to streamline operations and increase revenues. Other initiatives shall include zoning ASM areas, formalisation and regularisation, training and provision of extension services.
8. On transparency in the sector, Uganda is now a member of the Extractive Industries Transparency Initiative. Each year, it releases a report detailing mineral statistics and revenue management in line with international obligations.

9. The government is currently reviewing a minerals revenue strategy (royalty-tax regime) to ensure optimal benefits for all stakeholders in the mining and profit-sharing across the value chain for both the investor and the country. The proposed initiatives may include production sharing, state-equity participation or a levy-tax structure.
10. The Ministry plans to conduct a detailed exploration of some mineral prospects, leading to feasible mining projects that can be packaged for investments through competitive bidding. The government is investing in acquiring high-resolution geological, geochemical and geophysical data and generated mineral targets to be packaged for investors to carry on detailed exploration. Besides, incentives are extended to investors within the extractives industry to lessen investment costs, including zero-rated import fees for equipment and machinery and tax holidays.
11. In the region, the International Conference on the Great Lakes Region (ICGLR) has come up with a mechanism (Regional Certification Mechanism) to combat illegal exploitation and illicit trade in designated (conflict) minerals, including Tin, Tungsten, Tantalite and Gold. The requirement has mechanisms to trace minerals to their origin and ensure they are conflict-free. The government has developed the requisite regulations to implement this mechanism.

Mining and Minerals Act, 2022

12. The new Mining and Mineral Act 2022, which came into force on October 28, 2022, implements the objectives of the Mining and Mineral Policy 2018. The new law is expected to address critical challenges and increase revenue from the mineral sector. It introduces a comprehensive, stable, transparent, efficient and effective legal and regulatory framework to govern the mining sub-sector.
13. The Act provides for competitive bidding for mineral licenses, exploration for geothermal resources and their direct uses, state equity participation, and establishing a state-owned mining company to cater for the state's commercial interests in mining. The Act establishes mineral production sharing, local content, international treaties domestication and ASM regulation.
14. The Ministry of Energy and Mineral Development, in conjunction with the Attorney General's Chambers, has also commenced the development of regulations to operationalise the provisions of the new law.

15. The Ministry has also embarked on a national sensitisation campaign to popularise the new Mining and Mineral Act 2022. Activities include community outreach and engagements with stakeholders nationwide, including miners, communities, district local governments, civil society and the media.
16. The government has set up an inter-ministerial committee to commence the efforts of setting up UNMC to manage the Government of Uganda's commercial interests in strategic minerals. State equity participation will be in medium and large-scale mining of up to 15% participatory equity interest (at no cost to the government). Several countries have established State-owned mining companies in Africa, including Botswana, Namibia, Cameroon, Morocco, Tanzania, and Zambia.
17. The new Legal and Regulatory Framework will unlock the Mineral Subsector's potential to spur Uganda's economic development and transformation. It will also address the need for Uganda to comply with new and emerging trends in the global mining industry, including mineral traceability and certification, environmental, social and governance, and state participation. State Participation will go a long way to maximise the value that accrues to the country with the involvement of the UNMC.
18. In line with the National Development Plan III and the NRM Manifesto, the new Act seeks to develop a Mining Sector to catalyse agriculture and broad-based growth and development of downstream linkages into value addition, industrialisation and manufacturing.
19. Up-stream linkages will spur mining capital goods, consumables and services industries, while side-stream linkages will enhance infrastructure development such as power, logistics, communications, water, skills and technology development. The new Act also aligns with the other policies and sectoral legislative frameworks.
20. The Mining and Minerals Act will further promote national participation in the mineral industry by including Mineral Production Sharing Agreements (MPSAs). MPSAs are a contract signed between a government and a resource extraction company (or group of companies) determining the resource each party will receive from the country.

21. The Act domesticates regional and international conventions, treaties, agreements, and protocols to allow for mineral certification and traceability to prevent the illegal exploitation and illicit trade in minerals.

Highlights of the Mining and Minerals Act, 2022

- a) Designates the Minister as the licensing grant authority for mineral rights, licenses and permits.
- b) Provides a robust, predictable and transparent legal regime, improves mining and mineral administration and business processes and ensures efficient collection and management of mineral revenues.
- c) Provides for the formalisation, organisation and progressive development of Artisanal and Small-Scale Mining (ASM) through registration, licensing, and regulation. It also provides for specific sites for the ASM operations and extends to their support services.
- d) Amends the sharing of royalties.

ENTITY/RIGHT OWNER	PREVIOUS SHARING	NEW SHARING
Central Government	80%	70%
Local Governments	10%	15%
Sub-Counties and Town Councils	7%	10%
Land Owners / lawful occupants of land subject to a mineral right	3%	5%

- e) Classifies mining licenses into four thresholds based on the anticipated capital investment in the project.

LICENSE TYPE	CAPITAL INVESTMENT (UGX)
Artisanal Mining License	Below 388.2 million
Small Scale Mining License	Between 388.2 million and 19.4 billion
Medium Scale Mining License	Between 1.164 billion and 388.2 billion
Large-Scale Mining License	More than 388.2 billion

- f) Makes financial provisions, including state equity participation, royalties, taxes and fees.
- g) Provides for state equity participation in medium and large-scale mining of up to 15% participatory equity interest (at no cost to the government).

- h) Establishes Uganda National Mining Company (UNMC) to manage the Government of Uganda's commercial interests in strategic minerals. The state company would.
 - Get direct earnings, dividends, capital gains or other types of profits from operations.
 - Earn experience in managing and operating a mining company.
 - Get improved oversight and monitoring of private sector partners and keep a closer eye on the mineral sector.
 - Have a seat on the board of directors as a shareholder, enabling the company to access complete information about the operations.
- i) Promotes value addition to minerals increases mineral trade, and regulates direct uses of geothermal resources.
- j) Clarifies and strengthens the functions of the Departments of Geological Survey, Mines, and Geothermal Resources in the Ministry of Energy and Mineral Development, especially regarding regulation.
- k) Separates the licensing function from the regulation function by establishing a Mining Cadastre Department.
- l) Regulates value addition and beneficiation of minerals, including processing, refining, and smelting and introduces new licenses and permits, including Mineral Processing License, Mineral Smelting License, and Mineral Refining License.
- m) Implements protection of the health, safety and environment with specific provisions in tandem with the National Environment Act (2019), including a Decommissioning Fund.
- n) Provides for surface rights and co-existence of land uses.
- o) Mandates national and local content in mining operations, including employment, service provision, training and skilling.
- p) Mandates community engagement, local development and introduces community development agreements.
- q) Provides for mineral agreements, including production-sharing arrangements.
- r) Introduces exploration and extraction of geothermal resources for direct use and presents a License for Geothermal Resources.
- s) It prohibits the use of mercury in mining and regulates the use of cyanide.

- t) Provides for certification and traceability of designated minerals and designates the competent authority for that purpose.
- u) Introduces statutory offences and provides penalties, sanctions and fines for non-performing mineral rights and illegal mining, including conducting prospecting, exploration, or mining without a mineral right or mining license.

Online Mining Cadastre Portal

- 22. Lastly, we established the Online Mining Cadastre Transaction Portal in 2019 to manage mineral rights, including licensing, communication, reporting and payments. The Ministry is upgrading its online mineral licensing system to align with the new law. The Ministry has ensured that all the mineral licensing processes and transactions are conducted online to ensure transparency and accountability in the mineral.
- 23. I take this opportunity to re-open the Online Mining Cadastre Transaction Portal to the general public today. We encourage current and prospective license holders to familiarise themselves with the law, including imminent regulations, because all registered portal users shall strictly adhere to the legal requirements in the Act. The process of applying for mineral licenses is entirely online at <https://dgsportal.minerals.go.ug/site/> or <https://portals.landfolio.com/uganda/>

I thank you.

FOR GOD AND MY COUNTRY

Hon. Dr. Ruth Nankabirwa Ssentamu,
MINISTER OF ENERGY AND MINERAL DEVELOPMENT