

Confusion mars Kilembe mines deal

Divergent. While Ms Anite welcomes the termination of the government contract with the Chinese company managing the mines, her boss equates it to a divorce.

FINDINGS

The Commission's report states in part:

"Notwithstanding the activities done by the concessionaire, there was little or no work done; there was no clear indication of what had happened to some of the assets replaced, key operational areas like the shaft and skip/hoist were not functional and there was encroachment on the Kilembe Mines land."

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KAMPALA. A government-appointed committee has recommended termination of a contract to Tibet Hima Mining Company Limited (THMCO) and called for a fresh search to secure a new investor to revive Kilembe Mines.

The taskforce, referred to as the Winding-up Commission, had been appointed to advise government on how to proceed with the contract on copper mining and processing at Kilembe Mines, which had been leased to THMCO.

Under the terms of the 2013 agreement between government and THMCO, if the government was to terminate the contract, it would have to appoint a "Winding up Commission" to look into the issues of contention and advise on the right course of action to take.

When the contract ran into trouble in June, the government issued a termination notice to THMCO, accusing the latter of failing to revive the once vibrant copper/cobalt mines in Kasese District.

The termination notice followed

revelations that senior government officials had taken bribes to favour THMCO for the concession. The claims are under investigation by the Inspector General of Government.

In July, Investment minister Evelyn Anite appointed the Winding up Commission chaired by Ms Noah Mwesigwa.

At a function to receive the Commission's report yesterday, Ms Anite told journalists that the government decision to terminate the contract remained unchanged and there was "nothing to reconsider with Tibet because they have clearly failed."

Contrasting views

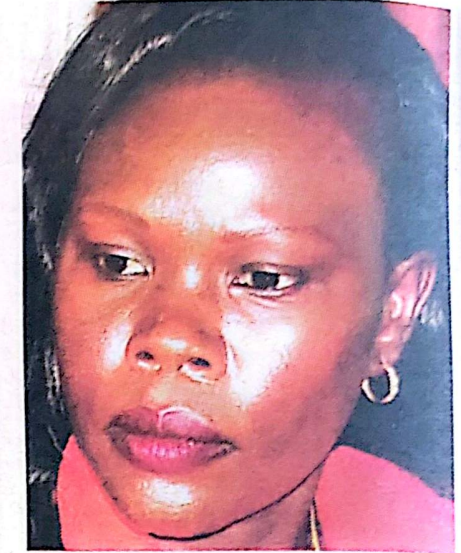
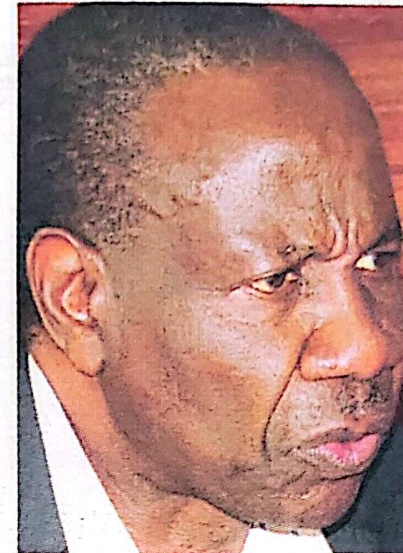
Speaking at the same conference, Finance minister Matia Kasaija equated the government-Tibet fallout to a divorce.

His statement was reiterated later by Ms Anite.

"They are welcome to invest in other sectors but on this one (Kilembe), our cooperation is done," Ms Anite charged, at times slamming tables.

"They were on site for this entire time but we have not seen any investment. Divorces happen every day but always painful for one side, so they [Tibet] have to accept," she added.

However, Ms Anite's position contradicted the stand of Minister



At loggerheads. Ministers Matia Kasaija (Finance) and Evelyn Anite (Investment).

Kasaija, who described the Commission's recommendation for termination of the Tibet contract as an "unfortunate divorce."

He said, like in marriage, when the relationship is on the rocks, mediation is pursued first and divorce is made as a last resort.

Shortly after the two ministers retired to their offices, sources in the Finance ministry told *Daily Monitor* that Ms Anite brought a copy of the termination letter for Mr Kasaija to sign but the latter declined on account that he needed time to consult the Attorney General, who had not received a copy of the Commission's report at that time.

Mr Kasaija could not be reached for comment on why he did not sign the termination letter yet his junior had

earlier told the Chinese investors to leave the Kilembe Mines project site. *Daily Monitor* was told that some high ranking officials have been lobbying for the Chinese company to be accorded a second chance but under revised terms of the contract. However, they met vehement opposition from other government officials.

Daily Monitor received information yesterday that new Chinese investors, who had helped THMCO settle part of the huge debt \$5.3m (about Sh13.5b) in signature bonus and annual concession fees, were due to fly into the country over the matter.

THMCO officials took a swipe at government for being "unreasonable" in terminating the contract, arguing that the mines had been idle for a long time and any meaningful turnaround would need time.