Govt names team to probe Kilembe Mines investor

By Taddeo Bwambale

A five-member commission has started investigating the operations of Tibet Hima Mining Company, a Chinese firm whose concession to run Kilembe mines in Kasese district was terminated last month.

The commission will make recommendations on whether the concessionaire should be allowed to continue running the mines or cease operations and transfer the assets to a third party.

The state finance minister for investment and privatisation, Evelyn Anite, unveiled the names of the commission members before Parliament on Wednesday.

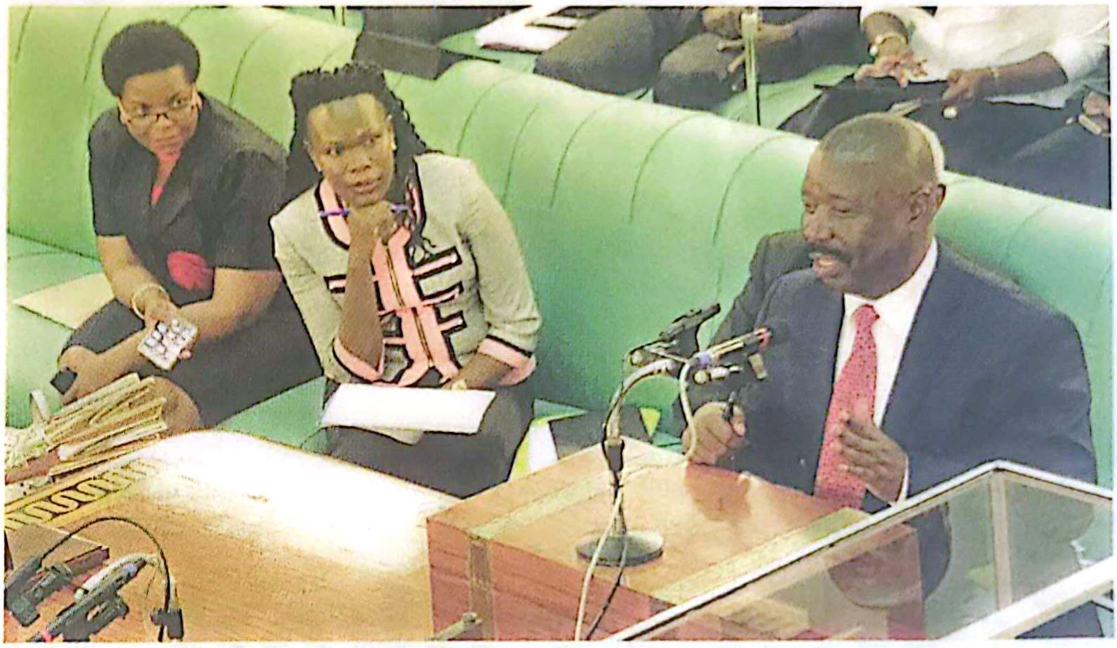
They are Noah Mwesigwa (chairperson), Agnes Alaba (Ministry of Energy and Mineral Development), Joselyn Ategeka (finance ministry) plus Li Wei Guo and Bi Lei, both from Tibet Hima.

In September 2013, the Government awarded a 25-year concession to Tibet Hima to revive the long-stalled Kilembe Mines, albeit with a string of commitments.

The company was required to invest $175m (about sh621b) and pay an upfront signature fee of $4.3m (about sh15b) and an annual concession of $1.5m (about sh5b), among other fees.

As part of the concession, it was also agreed that the firm would conduct further exploration studies and rehabilitate a 5MW Mubuku hydropower project to 17.6MW capacity.

The company committed to introduce modern environmentally-friendly mining and processing technology and spur growth by paying royalties to the local communities.



Deputy Attorney General Mwesigwa Rukutana speaking during the plenary on Wednesday about the Kilembe Mines as Anite (centre) and the state minister for lands, Persis Namuganza, look on. Photo by Miriam Namutebi

Part of the deal also involved investing in downstream value-addition by building a copper factory and an industrial park.

The company shipped 115kg of copper samples for testing in China that have never returned, but has since asked for an additional 300kg, raising queries.

In addition to paying an annual concession fee, the investor was meant to unveil its concession partners to the Government by November 2015.

However, the Auditor General, John Muwanga, in a December 2016 audit report, said Tibet Hima had defaulted on key terms of the concession agreement.

The investor was required to unveil the seven concession partners it lined up at the time of the bidding process, but four years down the road, their identities have not been revealed to the Government, officials said.

> A five-member commission, which has started the investigation, will release an initial report on its findings after 30 days, during which time a decision will be reached.
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> **REPORT**

Last year, the National Environmental Management Authority declined to approve the investor's environmental impact assessment over non-compliance with environmental standards.

In September 2012, the Government opened tenders for the running of Kilembe Mines, banking on a rise in global copper prices. Nine firms were shortlisted and three rose to the final stage.

An evaluation at the time found Tibet Hima to have submitted the 'most competitive' bid.

The Government hired Risk Advisory Group, an independent consultancy firm, to carry out due diligence.

The firm was tasked with investigating the financial capacity and reputation of Tibet Hima and report any red flags. No red flag was found.

The second phase of verification was done by a committee comprising several ministries and agencies, whose role involved physical verification of premises and site visits, which also endorsed the deal.