Kilembe mines struggle to rise from the ashes

Deal. THICOL was granted a 25-year concession to run from 2013 to 2038. It covered the rehabilitation of the facility that closed in mid 1970s due to fall in global copper prices. President Museveni cancelled the THICOL contract in June.

BY MISAIRI THEMBO KAHUNGU

On duty: Workers at Kilembe copper mines in Kasese District recently. FILE PHOTO

KASESE. On July 1, 2014, Tibet Hima Industry Company Ltd (THICOL) officially took over the management of Kilembe Copper Mines in Kasese District with a contractual responsibility to revamp the mining activities at the redundant facility.

The mining activities would provide thousands of jobs to professional and none professionals alike, but anxiety remained high from the expected beehive of activities from an influx of people.

To Mr Johnson Kambale, a resident of Kilembe Sub-county, the takeover by the Chinese consortium was a "a rebirth of Kilembe" which to him "died off" a few years after the mining activities ceased in the 1970s.

"This was a rebirth of the good old days of our fathers because most of the rich men in Kasese attribute their wealth to their working days in the mines. And this too was going to be our opportunity, but things have not gone as well as we expected," Kambale says.

The fast growing Kasese metropolis, its primary schools including Namuhuga and Bulembia, the foundry, the roads, the electricity line, piped water, the housing estates and the Buhunga playground are some of features that evoke memories of the mine's glorious past.

The famous Kilembe market was burnt down by the Allied Democratic Forces rebels in 1998 and one of its key roads and some houses were washed away by floods in May 2013.

The Kampala-Kasese railway line that once transported copper ore from Kasese to the smelting plant in Jinja in eastern Uganda, died off in mid 1990s.

The smelter itself has since been shut down.

Chinese takeover

Outcompeting four other bidders, the government in October 2013 announced THICOL as the investor trusted with revamping of the mines.

The 25-year concession worth Shs620b investment was to run from 2013 to 2038 and cover the rehabilitation of the facility that closed in mid 1970s due to fall in global copper prices.

Mr Ki Qianguo, the THICOL general manager, said in July 2014 while receiving the facility from the government, that THICOL had the capacity to mine an estimated 4,000,000 copper ore deposits in Kilembe and also contribute to development of the community.

"Tibet Hima is going to work with the government of Uganda and all stakeholders to ensure we change lives of the people of Kilembe by creating employment and also undertaking corporate social responsibility initiatives," Mr Qianguo said then.

THICOL troubles

With progress of the rehabilitation, more than 500 people were employed by the company and within three months, mining of the mineral soon commenced in earnest.

Speaking on condition of anonymity, a former underground staff told *Sunday Monitor* that the mining of copper started nearly three months into the rehabilitation works.

"After three months of maintenance, we started going underground to drill the copper ore," he said.

"This was a risky working condition since the stair on which we land were rotten. The tunnels were also old. We had no option but to continue with the work," the source said.

In November 2015, THICOL project manager, Mr Alex Kwatampora, told journalists during a study tour that test mining was already taking place with the company expecting to go full blast into production in 2016.

Closure

When President Museveni cancelled the THICOL contract in June this year, the mining activities had stalled for more than a year following orders from the National Environmental Management Authority (Nema).

Nema had swung into action after the mining company failed to produce an Environmental Impact Assessment (EIA) regarding the management of waste within the facility and also at a waste deposit site.

Mr Alex Kwatampora the THICOL project manager, told *Sunday Monitor* that the company had complied with the Nema demands and submitted the EIA by April 2016, and by the time President Museveni cancelled the contract mid this year, it had not been approved.

He said 1,600 tonnes of copper concentrates that had so far been crashed by the time of the closure are being stored, with no one sure of its fate.

"These concentrates are likely to be affected by moisture and lose value like those that have been piled from the 1970s," Mr Kwatampora said.

President Museveni cancelled the mining contract in June over an the alleged Shs1 billion bribe to a former minister at the time of awarding the contract on grounds that THICOL had failed to invest the contractual $175 million (about Shs620 million) minimum capital expenditure.

Current status

Members of Parliament from Kasese District have alleged that despite the contract termination notice giving September 5 for the company to have vacated the mines, THICOL still occupies it with extraction of other minerals, including gold and zinc going on.

Kasese District Woman MP Winfred Kiiza and Kasese Municipality MP Robert Centenary also allege that the current deployment by the army to the mines is intended to cover up dubious activities that may result in an illegal takeover by another group linked to Gen Salim Saleh, the brother of President Museveni.

The MPs alleged that the takeover by the army was intended to prevent residents of Kasese from accessing the mines so as to give way for illegal mining.

"The government has continued to allow the Chinese to operate on the mines even when their time expired on September 5. Instead the army has taken over the mines to protect illegal mining. If there is any investor taking over, the people of Kasese will not accept because they have a stake in the mines," Mr Centenary said in a statement.

But the UPDF spokesperson, Brig Richard Kalemire, has since described the allegations by the politicians as unfounded because the ongoing deployment is not restricted to Kilembe but extends across the across the Rwenzori sub-region.

"Kilembe Mines borders an area that is infested with ADF terrorists and it is a strategic area to us because of the national wealth there," he said.

"It is in our strategic interest to ensure that such wealth of the country and all the facilities that are there are protected," Brig Karemire said.

Contract cancelled

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But Mr Kwatampora told *Sunday Monitor* that much as the termination notice had set September 5 as the last day for the company to stop occupying the facility, the rest of the actions lie in the hands of the government.

"The company cannot just pack [quit] before official handover to the government. It is all up to the government to act then we shall move machines and everything away from the facility," Mr Kwatampora said.

He also said 200 workers are still stuck without any information from the company directors concerning their future after the date of vacation.

Ms Evelyn Anite, the State minister of Finance in charge of Investments, said the Kilembe Mines Winding-Up Commission is yet to submit a report on the performance of the investor.

Why the debate now?

The frantic activities around the copper mines even when the contract has been cancelled can be linked to the rush for copper products, including wires and cables, among others.

Across Africa and Uganda inclusive, there are several electricity projects that will need such supplies to thrive.

Also, the global copper prices have been increasing over the past three years with a tonne of copper fetching $7007 (about Shs25.18 million) on the world market as of last Tuesday, according to Mining.com, a website monitoring mineral markets.

This has seen a 50 per cent increase in the prices of copper in September this year from what it was a year ago.

With no exports from Kilembe so far, world copper dealers may be willing to pour here millions of dollars since world's leading producer, Chile's Codelco, has posted a 5.3 per cent fall in production at its eight sites.