

# CHINESE CONSORTIUM TO REVIVE UGANDA'S COPPER MINES

By Fredrick Mugira

First published on [People's Daily Online](#) on 17 March 2014

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FREDRICK MUGIRA is a multiple award-winning Ugandan journalist and development communicator who now works with Uganda's leading multimedia house – Vision Group – as a radio editor. He has reported from various countries in Africa, Europe and most recently in Asia, where he observed African migrants struggling to make a living in Hong Kong as part of a Wits China-Africa Reporting Project tour. Fredrick has a Master's Degree in Communication for Development from Malmo University in Sweden and has won various continental and national journalism awards including the prestigious CNN/Multichoice African Journalist award in 2009 and the UN Development Journalism Award in 2013. When a Chinese consortium won a concession to revive production at the Kilembe mines in south western Uganda, which had stopped operating in 1982, he applied for a Wits China-Africa Reporting Project grant to find out what the investment would mean for the locals and for Uganda.

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The knocked-knee driver of the Boda Boda motorcycle whistled as he rode. I was sure he heard my question because he changed to a low tone and answered over his shoulder. “Of course we have already started benefiting from the resumption of Kilembe copper mines. We transport people from Kasese town to the mines. And when the mines start operating we shall get more passengers. We are happy we shall get more money.”

In their heyday, the Kilembe mines were the lifeblood of the Kasese district in south-western Uganda, and accounted for a large part of the 30% that the mining sector contributed to total export earnings. However, production of copper and cobalt ore at the mines stopped in 1982 and the mines were abandoned due to political turmoil in neighbouring Democratic Republic of Congo (DRC) and a fall in copper prices.

A Chinese consortium recently won a concession to

revive the mine, however, and clearly the locals are hopeful that this could once again mean prosperity for the area.

## **Kilembe mines today**

The abandoned and ghost-city-like Kilembe copper mines are nestled in the foothills of the Rwenzori Mountains, about 368 km south of Kampala. The old but unique colonial-style buildings constructed with wood still lie barely unchanged over the course of three decades, although several were destroyed by last year's massive flooding in the area.

As we cross a narrow bridge over the Nyamwamba river a pebbled road leads uphill to an area described as ‘45 portal’, where the lower mines are located. A steel tower used for crushing the copper ore stones hangs loosely above a large heap of stones. Four large tanks that were used to treat liquid waste from the mines sit

still atop the lower mines. A rail of cable cars that carried miners in and out of the mines is stuck in one place.

With dozens of houses at the mines, Kilembe estate covers an area about 8.5 km long on the banks of the Nyamwamba River and Nyalusegi Stream. Life is relatively slow and it is not until you get to Kilembe Hospital, owned and run by Kilembe Mines Limited, that we are drawn out of the gloom that comes with visiting the abandoned mines.

The main fuel station and post office are non-functional. Only a few shops remain in the once-thriving town that seems to have been frozen in time; apart from encroaching decay, nothing has changed in decades.



Houses that still stand at Kilembe despite recent flooding.

### Chinese consortium takes over

But Kilembe looks set for change. Tibet Hima Industry Company Limited, a consortium of Chinese companies, is reviving copper mining in Kilembe after signing a concession agreement with the government of Uganda in 2013.

The firm is to invest US\$175 million in the mines in the first three years, which will go to resuscitating smelting, refining and product factory development. It also plans to increase power production at the Maluku power plant, one of Kilembe's assets, from 5MW to 12MW.

According to the Ugandan government, Kilembe had 4.17 million tons of copper reserves when it ceased production in 1982. In addition to the unexploited copper ore, there are 5.5 million tons of cobalt in tailings (dumped mining material). The government also says there are additional copper reserves in the vicinity of the mine.

Lu Guo, the deputy chief executive of Tibet Hima, told journalists in Kampala at the announcement of the investment that they paid the Ugandan government a signature fee of more than US\$4 million and shall pay an annual concession fee of US\$1.5 million for 25 years – the duration of the concession.

### Thousands of jobs to be created

As a direct result of this investment, Lee Quinaguo, the company's general manager, says the mines would offer more than 3,500 direct jobs after the exploration process.

“Currently we are doing the rehabilitation and exploration process and after that, we shall start the mining and processing,” Lee says.



Tinka Alex Kwatampora, a geologist and consultant with Tibet Hima Industry Company, shows Chinese visitors around the Kilembe mines copper smelting plant.

Alex Tinka Kwatampora, Tibet Hima's lead consultant, says that exploration is taking place in the areas of Kyalumba, Ihandiro, Kitholu, Muhokya, Rukooki, Bubara and Bukangara.

“According to the results so far obtained, the copper that exists is economically viable and can run the company for the next 25 years,” he says.

The company plans to renovate the mines and the houses which surround them. “During the rehabilitation process we are also going to look at the property that we have inherited from government,” says Kwatampora. “We shall renovate those which we can and demolish those that have been condemned.”

Currently, up to 300 people are employed in the mines as field assistants, and casual labourers, among other jobs.

## Memories of the old mines

In the 1970s copper from Kilembe was one of Uganda's leading foreign exchange earners and production provided employment to over 6,000 workers, according to Kwatampora who has lived in Kilembe for the last 40 years.

For about 12 years, until 2002, Amos George Mfitebasaze was the general manager of Kilembe Mines Limited (KML), a public company that was 99% owned by the government of Uganda and 1% by the Kingdom of Tooro. KML maintained the mines from 1975 until Tibet Hima was given the concession to run the mines.

"Even after stopping production, in 1990 the mines employed 1,200 people. By 2000 we had 600 employees," says Mfitebasaze.

Buhikire Bwakatahwire, a social worker, lived at the mines in the mid-1960s. He was then a secondary school student staying with his uncle who worked in the mines. Bwakatahwire says that during the 1960s people employed in the mines lived better lives.

"They had at least enough money to take their children to school, build better houses back at home, and their children are right now living good lives."

"Several Bakiga (a Ugandan tribe) migrated from Kabale district to work in the mines. They were able to get money and educate their children. This is why Bakiga people are among the mostly highly educated Ugandans now," Bwakatahwire says.

Bwakatahwire also cites the extension of the railway line to Kasese to transport copper to Jinja for smelting, and the introduction of cotton as a cash crop as some of the benefits the mines brought to Kasese.

"If the old mines were able to bring all these developments to the region, then expect the new ones to more than triple them," insists Buhikire.

## Kasese to benefit too

The revival of the mines will bring several other benefits, not just employment.

The company plans to increase power production at the Mobuku power plant from 5MW to 12MW, increasing power supply to the communities living close to the mines. The company will also pay royalties and other taxes as stipulated by the government in the concession agreement.

"We have started benefiting indirectly because the hotels where they (consultants and exploration experts)

"IF THE OLD MINES WERE ABLE TO BRING ALL THESE DEVELOPMENTS TO THE REGION, THEN EXPECT THE NEW ONES TO MORE THAN TRIPLE THEM."

are residing in Kasese town pay local service taxes and when full production starts we shall also get royalties from them," says Lieutenant Colonel Dura Muhindo Mawa, the Kasese district chairperson.

Guo says Tibet Hima is also considering taking over the management of Kasese Cobalt Company Limited (KCCL), which closed last year as a result of lack of raw materials. "You can't run a cobalt plant when you don't have raw materials. Now that we have the raw materials we are going to consider buying KCCL so that we can process our cobalt from that plant." Cobalt is extracted from the sludge left after copper is extracted from the raw ore.

## Pollution fears

However, there are fears that reviving the mines will cause pollution. Asimwe Wilson, a Kasese-based journalist, says he has covered stories of pollution from the mines and fears that their revival could mean increased pollution in the area.

But Augustine Koli, the Kasese district environment officer, says there should be no cause for worry. "We are working closely with the new company in the exploration process to ensure that what is taking place is environmentally friendly," says Koli.