



The Uganda Chamber of

MINES & PETROLEUM

Issue: 3

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THE Oil Trinity

**Total, CNOOC's Global Expertise
And Financial Muscle To Boost
Uganda And Tullow**



Yang Hua, President
of CNOOC Limited



Total CEO, Christophe
de Margerie

Inside:

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WE SHOULD PROCEED CAUTIOUSLY

Dear Readers,

Welcome to the third edition of the Uganda Chamber of Mines and Petroleum magazine.

The Chamber has made big achievements this year, and all this would not have been possible without your support. We salute you all.

When we re-launched the Chamber in March, 2010, our goal was to promote investments in the sector through dialogue with investors and government. We are glad to inform you that the Chamber has stayed the course in achieving that goal.

We are pleased to inform you that we have had new companies joining the Chamber, and the existing ones reiterating their desire to see the industry grow to greater heights. Allow us to welcome our new members and hail the old timers for staying the course.

We have also realized good progress in Tullow's farm-down process to CNOOC and Total. Together, CNOOC and Total come with great global expertise, which will greatly benefit Uganda once the deal is finally completed.

The Chamber welcomes the Uganda Parliament's recent move to critically understand the Oil & Gas sector however our prayer is that as the MPs carry

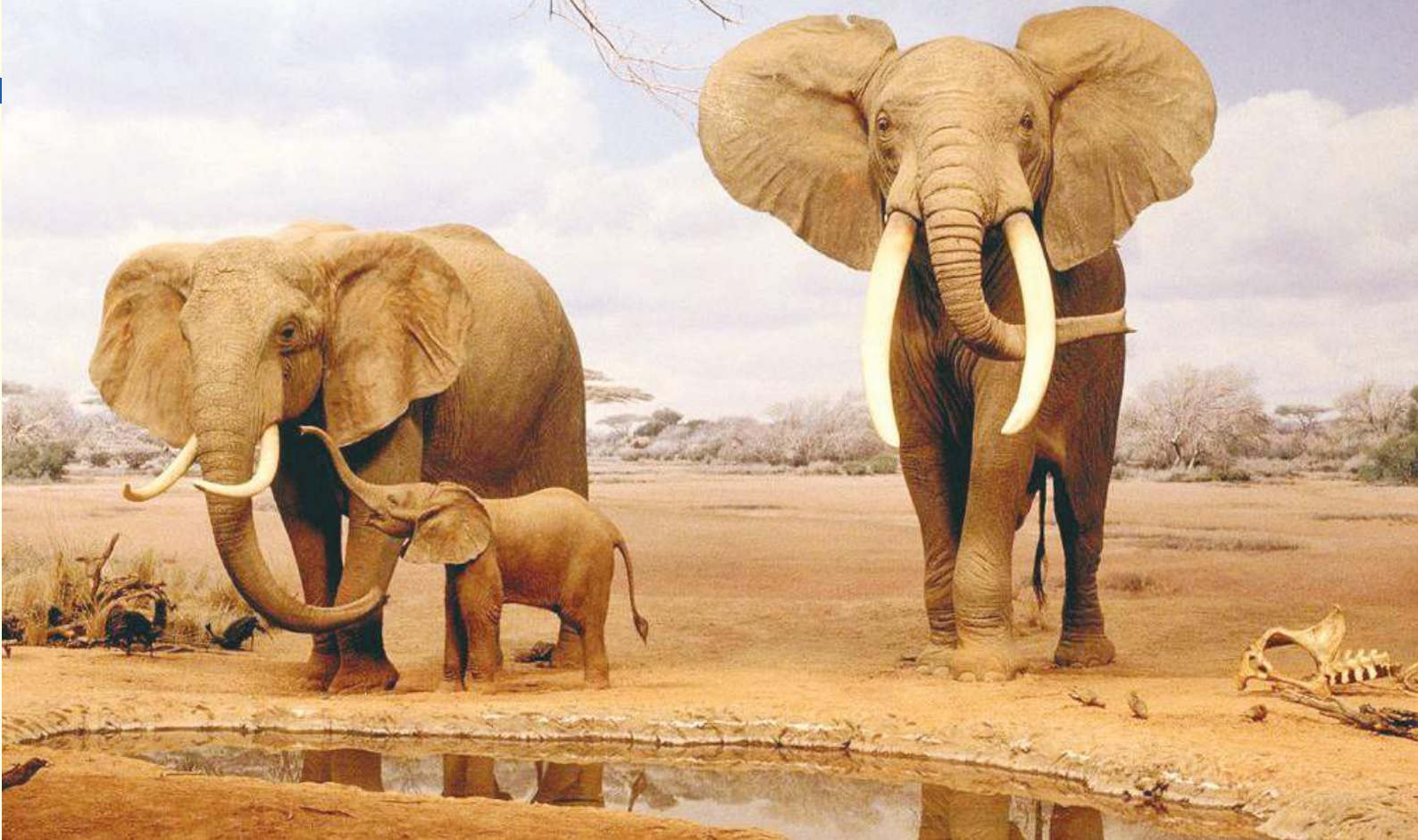
out their watchdog role, they also appreciate the ever growing costs arising from further delays in the farm-down procedure.

We are happy that the three oil majors have promised to boost local content in the sector. Government has also continued with its scholarship scheme to train Ugandans to take up the employment opportunities in the oil and gas sector. We applaud government for this, and the Chamber's members have assured me they are more than ready to help in any way possible to boost local content.

We should not deny our children the chance to participate in this rare opportunity. We are glad that this magazine has the kind of stories that everyone can read and understand as regards the petroleum and mining sector.

Our call therefore, is for everyone to strive to create an enabling environment for our country's petroleum and mining sector. Not many countries are blessed with the natural mineral wealth Uganda enjoys. Let us not squander the chance to benefit from these resources. We all can, and should, play a role in building this country.





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THE OIL TRINITY

Total, CNOOC's global expertise, financial muscle to boost Uganda and Tullow

Judging by their operations elsewhere, French oil major Total E&P and China's CNOOC are expected to remain committed towards investing a substantial amount of money in Uganda, bring a wealth of experience and expertise while ensuring environmental protection when they start work in the country's nascent oil industry.

Last year, Tullow agreed to sell stakes in its Ugandan assets to Chinese group CNOOC (China National Offshore Oil Corporation), and Total for \$2.9 billion pending government approval. Recently though, Parliament asked the government to delay completion of the deal until the country has all necessary oil laws in place.

The finalization of the deal will end one of the longest negotiations in Uganda's

corporate history, and will finally pave way for oil production, which is estimated to start sometime in 2015. Total will take charge of the exploration Area 1 while CNOOC will take over at Block 3A/Kingfisher.

What the three firms will need is a vibrant a legal regime that is fair to all. Like observers have noted, further delays in approving Tullow's farm-out plans hurts all parties involved, including Uganda. "As a Ugandan, I am proud of what Parliament is doing in fighting the cancer of corruption in our society. My own worry is that Uganda has delayed the process of Total and CNOOC farming-in with Tullow. This has taken over 2 years. These are big global oil industry players who have mobilized skilled manpower and equipment expecting to sign and conclude this deal by end of September

2011. All stakeholders cannot afford to wait a further three months with idle rigs, cranes, expensive engineers etc," says Richard Kaijuka, the Vice Chairman of the Chamber of Mines and Petroleum.

For him therefore, there is no reason why Parliament should not go ahead with putting in place a legal framework and institutions for the Oil and Gas sector – which he feels are long over-due – whilst the companies embark on the more serious exercise of more oil exploration, development and production.

"I understand that oil firms do not mind having full disclosure of the Production Sharing Agreements (PSA). As a country that has not produced even one barrel of oil, we cannot afford any further delay," adds Kaijuka.



TULLOW CEO Mr. Aidan Heavey

Further interruptions he notes can have far-reaching damage on direct foreign and local investment if not checked eroding efforts to make Uganda an attractive investment destination. For Total and CNOOC not only come in with deep pockets, but Uganda and Tullow will benefit immensely from their global expertise in the Oil and Gas industry.

In spite of a healthy balance sheet, the Chinese oil major also enjoys heavy backing from its government guaranteeing its investment plans financial backing at any time. CNOOC doubled its profit between 2009 and 2010 making a profit of \$8.2bn in the year ending December 2010, up from \$4.3bn the year before, according to its annual reports.

It says it intends to spend almost \$150bn over the next five years to ramp up its production and expand its overseas operations. The company already has a strong track record in investing in large projects. In 2009, CNOOC built the Huizhou Refinery Project, the largest refinery in China.

Total on the other hand, understands the African market all too well. It is currently operating one of Africa's largest oil field, the Pazflor in Angola (with proved oil reserves totaling 590 million barrels) which it managed to bring on stream mid this year; way ahead of schedule. It has been operating in Angola - Africa's second biggest oil exporter after Nigeria - since 1953.

Total also operates in Gabon, another market where the firm has recorded improved revenues. It has also just acquired interests in five offshore blocks in the Lamu Basin in neighbouring Kenya, underlining its faith in Africa's markets. Apart from its excellent business record, the French company is also regarded



Total CEO, Christophe de Margerie

highly as far as upholding the tenets of human rights is concerned - an important trait for any company seeking global growth. It has just entered into a two-year agreement with the Danish Institute for Human Rights to promote issues of equality and fairness in all its areas of operation

At the signing of the partnership, Margaret Jungk, the director of the Human Rights and Business Department at DIHR, commended Total for taking the crucial step.

"Human rights have a universal value and are fundamental to sustainable economic development. As a significant long-term economic actor in a number of countries transitioning to democracy, Total has a key human rights role to play in those societies as well. With this collaboration we have the opportunity to work together with Total to further address the many opportunities and challenges that come with that role," she said.

On its part, Total says it is already critically assessing how to further improve its human right record. "Total is committed to respecting human rights and is implementing rules and processes to assess the impact of its activities," said Bernard Claude, the Chairman of Total's Ethics Committee.

He added that in 2009, Total EP Myanmar and DIHR piloted a training program on human rights awareness which proved a success and paved the way for further collaboration.

Denmark's DANIDA is one of Uganda's top donors. On top of funding development projects throughout Uganda, Denmark has also been critical in raising awareness about human rights in the country. The move by Total to partner with the



CNOOC CEO Mr. Yang Hua

Danish institute is of great importance to a country like Uganda. The country has struggled to come up with strong policies that respect human rights, such as labour laws, an updated legislation on oil effects on the environment, among others.

China's CNOOC on the other hand brings an aggressive business model, one that will likely see Uganda's oil industry move at a fast pace. CNOOC's presence in Africa is still low, with Uganda offering the strongest platform for the Chinese major to widen its operations on the continent.

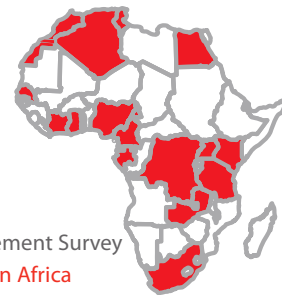
In a company statement showing the kind of attachment CNOOC holds to Uganda's oil fields, Mr. Yang Hua, the CEO said "As one of the project operators, the Company will apply its strong operational capability and work closely with our partners to accelerate the basin-wide development. I believe our investment will create considerable value for our shareholders, while contributing to Uganda's economic growth and social welfare for local people."

Also, the entry of the French and Chinese in Uganda will complement efforts by Tullow in educating and encouraging locals about the need to improve their services in order to match the standards required within the oil industry. Tullow has already sponsored several brilliant but less privileged Ugandan students to international universities to gain post graduate skills in oil and gas. The graduates are later guaranteed employment on return. The company, early this year, held a workshop to bring the business community up to speed with the downstream opportunities in the oil industry.

Uganda remains keen on the issue of building local content. The government has communicated to the oil companies about the need of granting locals first priority on whatever front.

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- Offshore sweeps are also permissible, however, the process is not yet automated.
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Uganda's oil excites world media

The endorsement of Tullow Oil's purchase of Heritage Oil Corporation's exploration assets in Uganda and Tullow's subsequent farm down of two thirds of its Ugandan assets to France's Total and China's CNOOC cleared the

way for what is likely to be east Africa's biggest single investment ever.

The three companies embarked on a \$10 billion investment that will see Uganda's budding petroleum

sector transformed into a production phase—a vast project that will encompass development of a wide range of infrastructure projects from a refinery, to gigantic storage tanks, to roads, pipeline networks and several others.

From the scale of this investment, it is clear that Uganda's economy has rocketed to a lofty new pedestal from which it can now set on new sights.

Broader economic prospects, too, outside of the oil sector, are brilliant as offshore investors, traditionally averse to ploughing their money into small and politically unstable countries like Uganda, start to flood in.

But while much of the attention on the unfolding oil-fueled dynamism has been put on the improving fortunes of the economy, there's an equally enormous transformation that is taking place in a less noticed area.

The name of that small,

impoverished, long misgoverned landlocked east African country called Uganda is now unmistakably something of a darling for the world media—from famous news agencies like Reuters, Bloomberg and Dow Jones to major western newspapers and magazines to specialty news websites in areas as diverse as commodities, stocks and civil society organizations.

A prowl through the internet's news content can offer a small window into how the onset of the oil sector in Uganda has triggered a sudden and enormous rise in the range of international media houses covering Uganda and the enormous scale of reportage that's flowing outward.

And the world media is not merely interested in oil, as can be discerned from the news articles featured in the western news pages.

Although Uganda's economy, even with years of robust and sustained growth, remains relatively low-key and of little interest to world markets, the discovery of oil is triggering a turnaround in investor attitude and awakening them to the evolving potential of non oil sectors: debt and equity markets, manufacturing, telecoms, financial services, retail etc.

And the world media is apparently not blind to this rising interest of world markets in the blossoming economic prospects of this emerging oil producer.

"Even if much of the expectations of economic revival and transformation from the oil bounty doesn't

happen, the fact that the likes of Bloomberg, Reuters, Financial Times will be frequenting a remote place like Hoima and Bulisa will be something of a new high water mark," said public affairs commentator, Timothy Kalyegira.

For better or worse, oil has its magic of fueling up things to a scale that is hard to escape even when the black gold leaves a trail of misery, indignation and poisonous politics, as it has arguably done in most of sub Saharan Africa.

Although a great deal of the western reportage on Nigeria, for instance, highlights the political bankruptcy and social hopelessness of that gigantic nation, it is also true that Nigeria could also perhaps be the most reported-on African country after South Africa.

And much of that news coverage is either about the oil industry or is about oil-related issues.

In the fullness of time, Uganda's history will perhaps be spoken of as pre and post two of the most profound developments in the country's history to date, which, while unrelated, occurred in quick, strange succession: CHOGM in 2007 and the discovery of oil 2006.

The Commonwealth Heads of Government Meeting (CHOGM), which convenes together leaders of all Britain's former colonies, was the first mega summit to be hosted by Uganda, debunking prejudices by the West and local critics that Uganda possessed no economic and

social infrastructure robust and sufficient enough to host such an event.

Since the Commonwealth was founded in 1944 as "Meeting of Commonwealth Prime Ministers (MCPM)" and later morphing into CHOGM, only three African countries had been able to successfully bid and host CHOGM before Uganda in 2007: Nigeria, Zambia and Zimbabwe.

The avalanche of western media coverage that accompanied CHOGM soon bore fruit and subsequently Uganda hosted the International Criminal Court (ICC) review Summit, AU Summit, the Organization of Islamic Countries (OIC) meeting and so many other medium-level conferences in between.

If CHOGM, however, catapulted Uganda onto a new lofty pedestal in the world of hospitality industry by marketing its hidden capacity, the discovery of oil has thrust it at the centre of region's business and economic nexus.

Already, in the near-six years since the hydrocarbon deposits were discovered Uganda has seen its mention in the region and global media leap dramatically.

That growing media spotlight and the concomitant investor interest that this exposure will draw will initially focus on petroleum and the bounty around it but gradually pan out into banking, telecommunications, insurance, manufacturing and several others.

Of course, the newfound love with world media can adeptly be leveraged into a strategic international platform for Uganda from which it can woo and win world investor favour or it can be squandered, as Angelo Izama, a public affairs commentator with a keen interest in oil, says.

"Yes, the new media interest in Uganda is both a blessing and a curse and how it affects Uganda will pretty much depend on how the government exploits it," he said.

Izama argued that because of the strategic nature of the oil resource, once its discovered anywhere in the world, it instantly becomes intertwined with the politics of that country.

"And that's why an oil producing country is bound to have all the diplomatically powerful countries nosing around in its affairs. And so if you preside over a corrupt and despotic government the oil-inspired media attention can become a curse once it starts to muckrake and expose that reality to the world."

For the Ugandan government, the new reality of a probing and persistent presence of the world media, will probably not pose an overwhelming challenge. The country already boasts one of the region's toughest and most robust media industries. That should help offer a helpful experience and ample insights for public officials and top leadership in seeking to navigate the country's new place in the world media and how it can be parlayed into a productive national asset.

More gov't effort needed to up oil & gas skills



Scholarship beneficiaries James Ecau (L) Rebecca Kyokwijuka, (C) and Jude Bwanika (R) pose for a photo with Tullow's Karuhanga (2nd R) and Michael Gaughan (2nd L)

Amidst the bustling activity in the oil and gas sector within the East African region, Uganda stands a high chance of becoming the regional skills and knowledge hub. But for this to happen, the government of Uganda and other stakeholders in the sector must invest significantly in imparting the necessary skills to Ugandans, Elly Karuhanga Tullow Oil President has counselled.

Karuhanga was speaking during a send-off dinner for three Ugandan student beneficiaries of Tullow Oil's second post graduate Oil and Gas Scholarships offer. The three Makerere University graduates: Rebecca Kyokwijuka, James Ecau and Jude Bwanika, have been admitted to the prestigious University of Manchester to undertake post graduate degrees in Petroleum Geosciences specialising in reservoir development and production. This brings to seven the total number of Ugandans who have benefitted from the scholarships initiative.

"Uganda is some years ahead of Kenya and Tanzania in the oil and gas sector. Now is our opportunity to train enough skilled Ugandans in the business such that when Kenya and Tanzania are ready for production, Uganda will be

the source of the much needed skills. But for this to happen, there must be a deliberate and strategic efforts to pump money and resources into this huge opportunity," Karuhanga, who is also the Chairman of the Uganda Chamber of Mines and Petroleum, said.

Karuhanga argued that even though some few initiatives such as scholarships and on the job training had been made, this was not only a drop in the ocean but was also too expensive and unsustainable.

"It costs \$60,000 to train one person in a European university yet if done locally, this money can train about 10 people. A sustainable solution is working with local universities as well as the Petroleum Institute in Kigumba to offer these courses locally to even many more Ugandans," he said.

Speaking at the scholarships award press briefing, Tullow Uganda's Michael Gaughan said Tullow was proud to play a role in shaping Ugandan skills ahead of the production phase. "We are committed to working with all stakeholders to shape Uganda's potential in oil and gas as well as the

future of Uganda as a nation. We intend to offer more opportunities such as the scholarships programme to promote capacity development of more Ugandans in oil and gas," he said.

He said that the Tullow Uganda Oil and Gas scholarship scheme was established with the aim to build capacity of Uganda nationals so that they could support and participate in the early phases of oil production as the business supplements government's efforts to build long term training capability for oil and gas skills in Uganda. The scholarships mainly target brilliant but less privileged Ugandan students who cannot afford post graduate education in oil and gas in the leading universities in the UK. Each scholarship, worth \$60,000 (Shs162 million), covers the beneficiaries' full tuition fees, return international airfares and living expenses.

"As a responsible organisation, Tullow Oil focuses on making a valuable contribution in the development of our nation and will continue to undertake various initiatives that will support empowerment of Ugandans in leading the growth of the oil and gas sector and creating shared prosperity for all," he added.

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Reinstatement around a wellhead



SLL LEADS THE WAY

in restoration of oil exploration areas

Deep inside rural West Nile, in the sweltering midday heat, a couple of men are taking an exhausted break in tents, while some of their colleagues drive huge excavators, bulldozers and trucks on approximately a hectare of flat land. It is early March 2011 and, on first sight, the scene is similar to that of men building the foundation for a new shopping arcade. Hardly anything betrays the fact that just a couple of months back, huge oil rigs and men wearing helmets tried to find evidence of oil in the area. This is Iti, one of Neptune Petroleum's former oil sites. Rock formations had indicated that the area might have oil but by the time tests were done and attempts to strike the black gold were concluded, Iti had become another statistic on the list of dry wells so far encountered in Uganda. The drilling machinery that Neptune had hired was carried away, while the technicians left for another venture. Left behind were the by-products of the previous activities – mostly murram used to build the site before drilling began and some waste fluids and drilling muds, thoroughly unglamorous materials by any

measures. However, unglamorous or not, according to the Environmental Impact Assessments that all oil companies adhere to, an area has to be restored back to its original status after exploration. This is where Strategic Logistics Ltd (SLL) comes in. The company is leading the way in not just building but also reinstating sites in the oil areas of Western Uganda and West Nile. Here, in West Nile, SLL is in the process of reinstating Iti back to its original status. There is nothing dramatic to write home about concerning the area surrounding Iti; it is dry and the minimal flora and fauna is sparsely spread out. But SLL is contracted to make sure that few can tell that oil exploration ever happened here. "We are the most experienced company (in Uganda) managing such site reinstatement," Paul Sherwen, a director of SLL says. The company has already carried out many similar works at Tullow's oil wells including, inter alia, Nzizi 1 and 2, Mputa 1, 2, 3, and 4. In the process, which is a mix of high value, large and complex machinery operations and simple, manual activities,

the company creates employment for the local people around.

"The bottom line is that we are one of the bigger direct dispensers of cash in the oil areas where we work. We do the so-called lesser jobs around the periphery of exploration that require numbers of additional unskilled and semi-skilled workers, who benefit directly and immediately from our payments for their services. So, as a local company, we have an arguably closer relationship with the local communities than some of those bigger, international service companies "that come and go" along with the major component of the process, namely the short duration drilling and testing phases. At the end of the working week, we are the ones standing there handing out the cash; meaning at that particular time, at least, we are quite popular," Sherwen pointed out, with a small smile.

Local content, currently the big buzz words in oil in Uganda, is taken seriously by SLL, a Uganda-incorporated business, who have a 97% local content component to their permanent workforce. "Our employee numbers can

easily double when we are busy with field work" noted Sherwen.

While reinstating the oil areas back to their original status, SLL also puts the drill pads back to "as-before" condition, removing the murram surface for re-use elsewhere or return to the pits where it was initially excavated, and takes away any waste fluids or other residual solid matter to a central storage point. Currently, there is a central waste point in Buliisa where waste fluids are kept in large, secure containers. The waste fluids contain different components, which could possibly be harmful to the environment if left untreated on the surface to simply run off, particularly with the proximity of the large water courses that are found in the exploration areas (the Nile river and Lake Albert to name but two). Until legislation allows for the treatment of this waste, it is likely to have to stay in temporary storage. Sherwen's company is currently awaiting the issuance of a license from the National Environment Management Authority (NEMA) to transport drilling waste. This is a lengthy and involved process that has many stages, to



Dump truck moving drilling solids



Replanting a well site

ensure the process is both transparent and inclusive, thus ensuring input from all the various stakeholders that would in time be affected. "It shouldn't be possible to fast-track a licence application," he argues, "There is far too much risk potentially at stake". That risk of course includes the possibility of illegal disposal, incorrect handling, use of substandard or unsuitable equipment and so-on. "In some barren areas when the reinstatement is done after drilling we often leave the area better than we found it, because we fully re-plant with indigenous trees and grass species and water them until we know they have taken root," said Sherwen. If the well was dry, the company leaves only a "grave-stone" to mark where the wellhead was. If the well was successful, it may require a small wellhead (or Christmas Tree in drilling parlance) to be left behind with a small, five metre-square fenced area around it, to secure and demarcate it. This is often the only indication that the area was once tested for oil. The issue of having oil companies restore their areas of operation back to the original environmental status needs to be, and is, taken seriously in Uganda. If there is anyone who doubts that ideology,



Iti reinstatement replanting

then they need to look no further than Nigeria. Recently, a report by the United Nation's Environment Programme noted that the restoration of Ogoniland – a major oil region – to its original state could take decades. "The environmental restoration of Ogoniland could prove to be the world's most wide-ranging and long term oil clean-up exercise ever undertaken, if contaminated drinking water, land, creeks and important ecosystems such as mangroves are to be brought back to full, productive health," the UN notes in a press statement.

The statement adds that "The oil industry has been a key sector of the Nigerian economy for over 50 years, but many Nigerians have paid a high price (from environmental degradation)..." The UN report finds out that "In at least 10 Ogoni communities where drinking water is contaminated with high levels of hydrocarbons, public health is seriously threatened... In one community, at Nisisioken Ogale, in western Ogoniland, families are drinking water from wells that are contaminated with benzene - a known carcinogen - at levels more than 900 times

above World Health Organization guidelines." Benzene is a natural component of crude oil, the World Health Organisation notes. "Human exposure to benzene has been associated with a range of acute and long-term adverse health effects and diseases, including cancer and aplastic anaemia," the WHO points out. Badly-handled waste often has the effect of contaminating nearby waters and threatening the lives and ecosystems of living creatures. The waste could also wipe out or permanently alter existing plant and animal interactions. Kasese



Clearing murrum from well head

Cobalt in the west of the country is an example of poor waste management and the effects there are clear for all to see. Sherwen agrees that it's crucial that the waste is properly managed. "If it handled incorrectly, the legacy could haunt the country for many years to come" he suggested.

Uganda, according to Sherwen, has shown immense caution to control the impact of oil activities on the environment. "There is a clear desire being demonstrated (by government) to ensure that it is handled properly right from the beginning," he said.

Indeed NEMA has already made it clear to oil companies that there will be no compromise when it comes to managing waste and the environmental reinstatement of oil sites. Just to be sure, officials of NEMA toured Texas and Louisiana to study their central waste management system.

Also, teams from NEMA, the Petroleum Exploration and Production Department (PEPD) and Uganda Wildlife Authority (UWA), are doing field visits to other African oil-producing countries to learn from their experiences.

Yet, as the regulatory officials compare notes with their counterparts elsewhere, drafting a strong legislation to govern the management of waste remains a big challenge. "Getting the legislation passed is proving to be quite slow at the moment," said Sherwen, "Allowing temporary storage is happening right now. That's all fine and good. But what are you going to do with that stored material in the longer term. The next stage is to have the waste processed, and that is probably the most contentious part of it. Sooner or later, that waste has to be put back into nature, one way or the other.

It can't just be stored indefinitely, so the processing modalities need to be defined via legislation, and in the shorter term, before stored volumes become problematic."

The development of oil legislation in Uganda has generally been very slow over the last few years. The Petroleum Bill, which has sections on how to protect the environment, has been on the table since last year but is yet to be brought before Parliament. There was hope that it would be passed this year, although that is looking unlikely at the moment. A new Parliament also has the task of understanding and digesting the contents of the legislation before passing it into law. Stakeholder action is now what is required.

"You can't define how you are going to manage waste until you know exactly what's in it. Potato peelings are not handled the same way as used engine oil, or medical waste, or scrap steel for example. We need to know the composition of the wastes from the wells at all times going forwards, or history may be a harsh judge," Sherwen suggests. What constitutes the waste influences how the waste is processed and managed thereafter, he adds.

As already stated, for instant one would obviously manage less dangerous waste in a different manner to the highly dangerous. Some might need incineration, some might need burying or biological degradation, others it may be possible to re-inject back deep into the earth.

"Drilling wastes may on the whole turn out to be totally benign, but until the facts are known, in each case, it is in part conjecture. It should also be noted that much of what is used in drilling can actually be reused on subsequent wells, and as such is not even defined as waste, until finally discarded. These materials that can be reused are actually

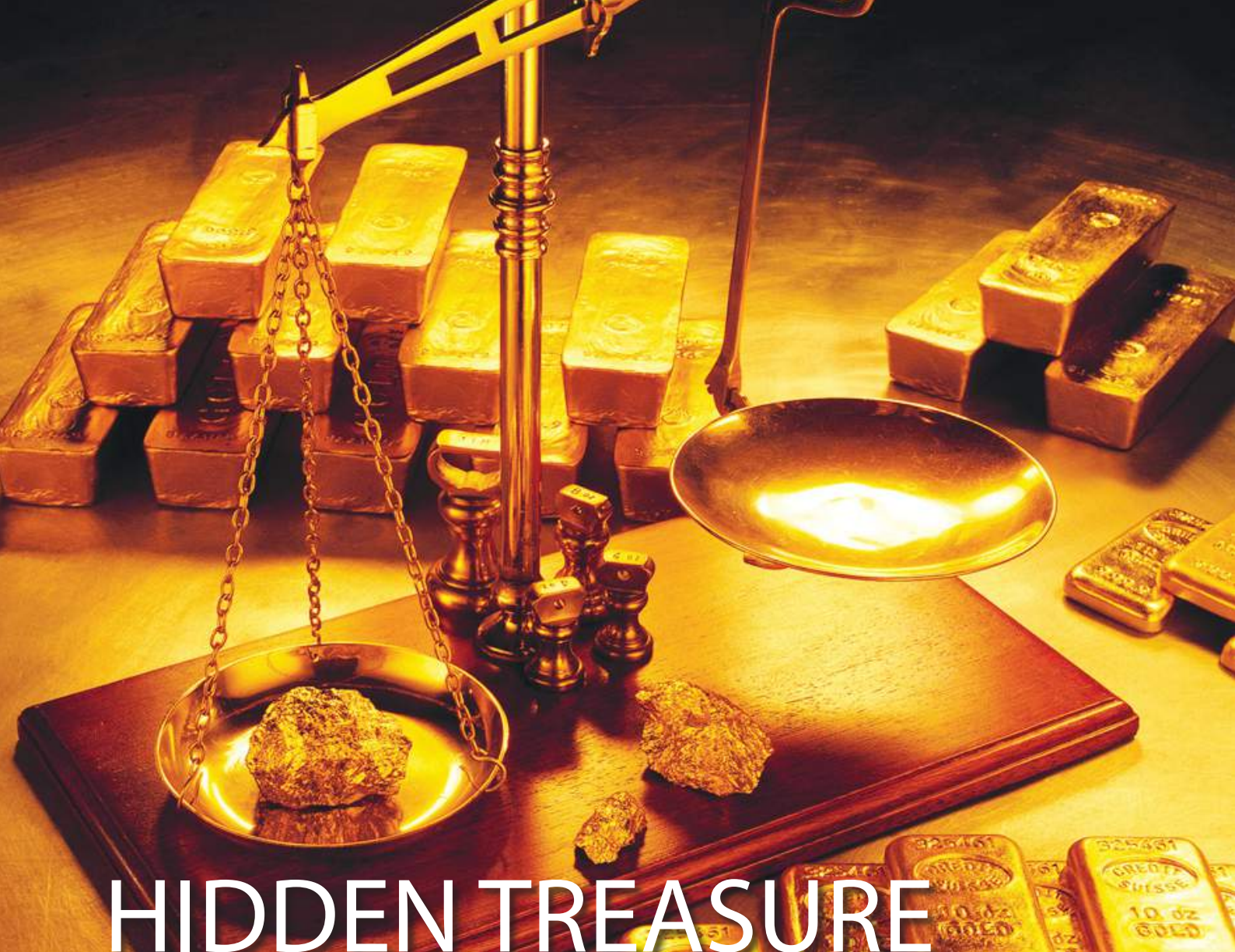
still defined as drilling fluids and are an asset!" he explains.

Testing and defining of that waste should, however, always be contracted to a third party entity, which is at arms-length separation from the oil companies, the likely service companies that may wish to handle the waste commercially and, indeed, even Government, Sherwen advises.

"It needs to be done by an internationally recognized and directly experienced test house that has all the appropriate, internationally accepted test equipment and systems in place. It needs to be an independent, third-party body that has no vested interests in the outcome of what is discovered in that waste or how that waste is subsequently handled," he adds. This is because if testing is done by a company that also specializes in handling particular wastes, there is always a risk that that company might distort the findings of the survey for purely commercial reasons, so as to artificially suit a preferred type of disposal that they may favour.

As such, Sherwen is of the view that a neutral, offshore or foreign company is appointed that can produce a balanced, pragmatic and neutral report on what is contained in drilling wastes produced in Uganda, and suggest possible processing solutions that meet globally accepted standards, for the relevant bodies here to consider and to set legislation against. As yet there is little sign of this happening. These, of course, need to be solutions that are practical and workable on the ground, but with honest findings and recommendations.

"This is the only way that all interests can be protected, most importantly to the long-term benefit of the country and its inhabitants, including future generations that will still be living here long after the flow of oil is exhausted and all the main players have left, but the waste still remains behind," concludes Sherwen.



HIDDEN TREASURE

An untapped world class mineral province that takes in Busoga, Busia and Tororo

By Edris Kisambira

Artisanal miners have been digging for gold in the south eastern districts of Bugiri, Namaingo and Busia for some time now.

With their simple implements and tools, they have kept coming back home with the yellow shiny rock time and again. Observers and experts in Uganda's awakening mining sector say that artisanal miners, though illegal as they take away royalties from government-licensed fields and destroy the environment, have at the same time helped unravel gold fields in the three districts.

Elsewhere, studies by the Department of Geology Survey and Mines (DGSM) and surveys have showed that the districts of Iganga, Namutumba and Bugiri hold potential for precious and base metals like iron, nickel, lead and zinc in addition to

Uranium and REEs (Rare Earth Elements).

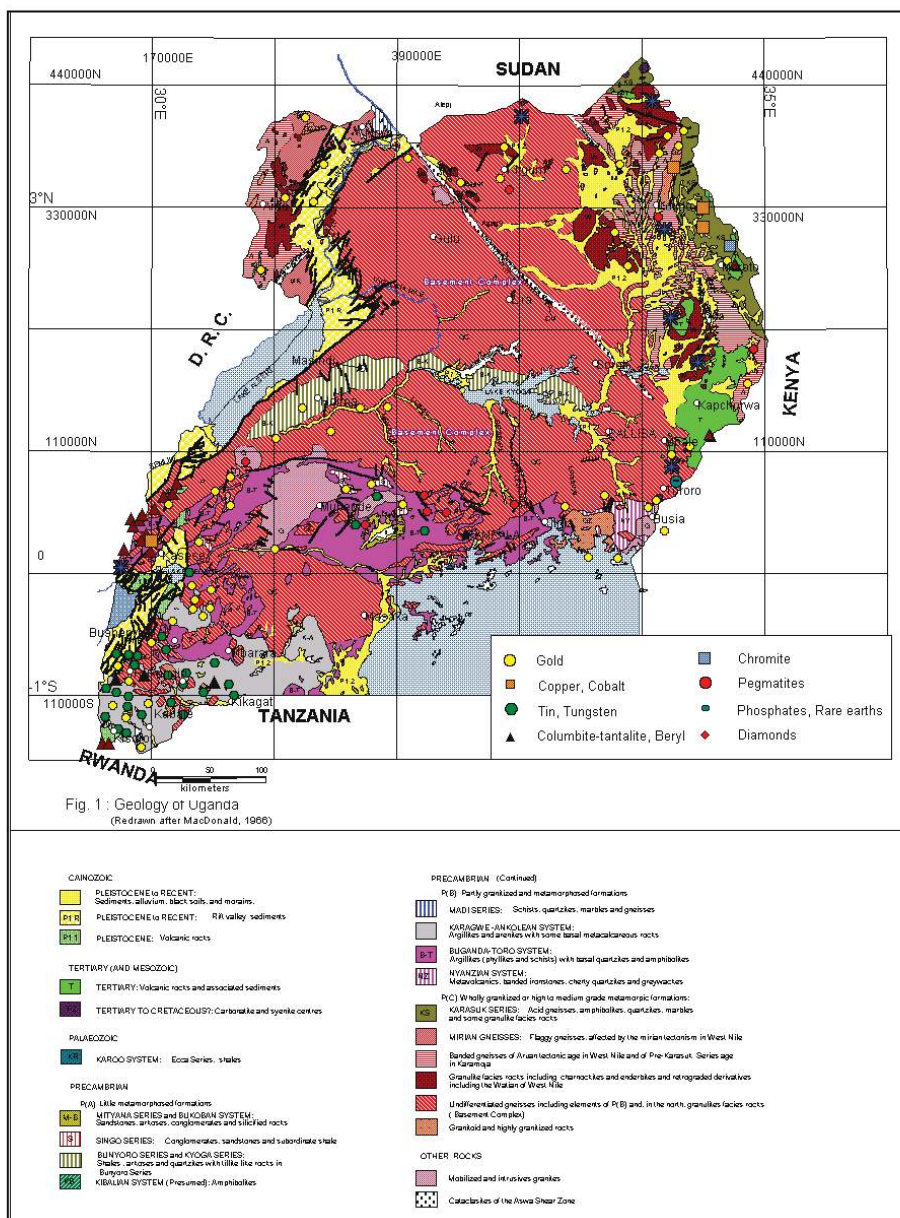
Iganga, Tororo, Manafwa and Namaingo also hold mining potential for rare earth elements and rare metals.

"Now to add to this, a region starting from Bugiri district, crossing into Iganga and Mayuge hosts a very significant uranium-thorium anomaly – the Makuutu Radiometric Anomaly," David Kyagulanyi of Fels Consultants Ltd, a member of the Geological Survey of Finland Consortium, said, "It is a series of what were thought to be apparently disconnected uranium bodies straddling an area of about 24kms by 1.8kmkms in extent. Recent field ground radiometric surveys have now revealed that these bodies may actually be connected and may be forming a meandering paleochannel (old channel) uranium-REE-Vanadium-Titanium deposit. If further field studies prove this to be true, over the whole length of

24kms; and the grades are hazardously high (above 200ppm over significant thicknesses or depths), then a world-class Uranium-REE-Vanadium-Titanium deposit will have been discovered. This can revolutionise the development and income levels of the people and economics of the Busoga and Bugiri regions."

Kyagulanyi said this anomaly has been detected on two occasions: first, when the Uganda government carried out an airborne geophysical survey in the early 1980s by GeosurveyGmbH (1982) and in 2007-2008 by Fugro Airborne Survey Services under a Uganda Government contract. Also limited field sampling by Kweri Ltd and Kilembe Mineral Consultants has discovered that under the murram of this airborne anomaly are rocks or formations that are suspected to be of Karoo age.

According to Kyagulanyi, these forma-



tions are mud and sand formations and rocks that resemble those already identified and mapped in Bugiri under the colonial era and are very similar in composition and geological age to those of the deposits in Tanzania, Botswana, Namibia, South Africa, Malawi and Zambia. They lie on a basement of leucogranite and gneiss.

"There is a very present danger to the health of the people of the area of the Makuutu Radiometric Anomaly, as anomalous radioactive material, previously covered by thick laterite or murrum, is now being exposed through human activities like excavation of pit latrines, drilling of water wells, foundational works and mining of murrum for road works. If the concentrations of uranium and thorium in these formations are high, then a geo-health-hazardous environment will have been innocently unleashed by the people of the area on themselves."

Joshua Tuhumwire, a mining consultant with Gondwana Geoscience Consulting Ltd. said that the potential of this area for gold and base metals is good, but it requires extensive mineral exploration activities to find out whether it can be a world class mineral province. He says the geology is of greenstone belts and is a continuation of the Lake Victoria greenstone belt in northern Tanzania, which to date has six world class gold deposits/mines including North Mara, Bulyanhulu, Buzwagi, Tulawaka, Golden Pride and Geita. Tuhumwire says world famous greenstone belts occur in other parts of the world including the Yilgan in Australia, Abitibi in Canada, the Birimian in a large part of West Africa in Ghana, Mali, Burkina Faso, Kilo-Moto in DR Congo and in Zimbabwe, all of which are prolific producers of gold.

"Therefore, based on above analogies, south eastern Uganda is one of the country's major exploration targets," he

said.

As a result, this region, whose economy and backbone is largely subsistence-agrarian, is at the moment attracting considerable interest from mining companies both from within and outside Uganda.

And according to Tuhumwire, discovery of deposits in this new mining region should be a reality in the near future if there are substantial exploration expenditures by companies holding licenses.

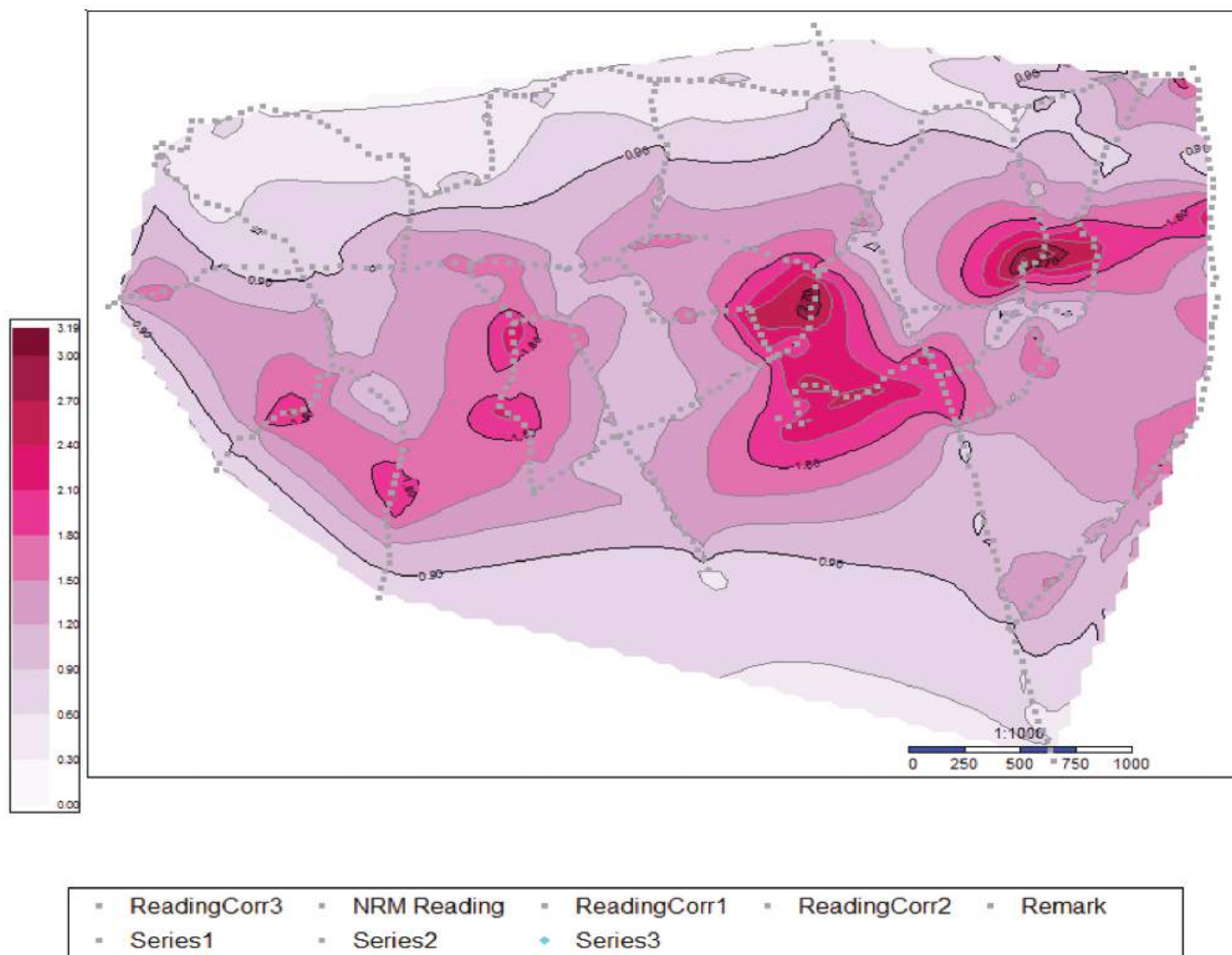
He said in Tanzania for example, serious exploration work was done from 1997 and by 2001, the first goldmine, Golden Pride at Nzega was built in 2001. After ten years, there are now six mines in the same greenstone belt and more mineral deposits have since been discovered in other parts of Tanzania in other geological terrains in the south and southwest. Tanzania has now overtaken Ghana as Africa's second largest gold producer after South Africa.

As far as local interest goes, Kweri Ltd. and Kilembe Mineral Consultants have put in significant private resources to ensure that the mineral potential of this area of Uganda is explored and developed for the benefit of the people of the area, Uganda and those investors who take the business risk. Kyagulanyi said geophysical airborne data has been bought from the Department of Geological Survey and Mines (DGSM), competent geophysicists have processed it and preliminary samples have been taken on the formations of the area.

"Numerous models of potential uranium, rare earth elements (REE) and other mineral deposits are being studied to enable the most cost effective exploration approaches," Kyagulanyi said.

Further, ground radiometric surveys are soon being launched in the area. These Kyagulanyi said will be followed by ground geochemical surveys, trenching and test drilling. And all future surveys will be conducted in a transparent manner, bearing in mind the potentially hazardous nature of the rocks hosting this potentially great resource.

"At the end of the day and above all other considerations, the people of the



Surface Radiation Map of part of Makuutu Sub-county

area must be educated, protected and must see their lives possibly change beyond their wildest dreams. This is what this is all about. Transparently developing and extracting Uganda's mineral resources for the good and benefit of all those involved."

The region, especially within the Makuutu uranium-thorium anomaly has potential for other technological and strategic metals apart from Uranium-Thorium. Kyagulanyi said sampled mudstones, excavated while digging pit latrines, in the region, return highly anomalous values of more than 0.15% total rare earth elements plus scandium and yttrium.

Titanium values are also high at 0.4 to 0.8%. Titanium alloys are metallic materials which contain a mixture of titanium and other chemical elements. Such alloys have very high tensile strength and toughness (even at extreme temperatures), light weight, extraordinary corrosion resistance, and ability to withstand extreme temperatures. However, the high cost of both raw materials and processing limit their use to military applications, aircraft, spacecraft, medical devices, connecting

rods on expensive sports cars and some premium sports equipment and consumer electronics. Auto manufacturers Porsche and Ferrari also use titanium alloys in engine components due to its durable properties in these high stress engine environments. (Wikipedia)

Vanadium values are also very anomalous at 0.03 to 0.05%. According to Kyagulanyi, very few top-surface samples have been analyzed so far but the little that has been done has produced encouraging results. Kyagulanyi said the Makuutu Uranium-Thorium-REE-Vanadium-Titanium prospect compares very favourably with a large vanadium project in Nevada in the United States. The American Vanadium Gibellini project will produce 14 million pounds of vanadium per year for a mine life of seven years. The vanadium deposits at Gibellini occur within organic-rich siliceous mudstone, siltstone, and chert. The unique disseminated sedimentary deposit allows for simple processing, with a recovery of 72% and presents an opportunity for the development of one of the lowest cost primary vanadium operations in the world. The vanadium mineralization is remark-

ably continuous in grade and thickness, to a depth of approximately 200 feet (67m), and over a strike length of 2,500 feet (800m).

Approximately 85% of vanadium produced is used as ferrovanadium or as a steel additive. Mixed with aluminium in titanium alloys it is used in jet engines and high-speed airframes. Several vanadium alloys show superconducting behaviour. The most common oxide of vanadium, vanadium pentoxide V_2O_5 , is used as a catalyst in manufacturing sulfuric acid by the contact process[35] and as an oxidizer in maleic anhydride production.[36] Vanadium pentoxide is also used in making ceramics.[37] Another oxide of vanadium, vanadium dioxide VO_2 , is used in the production of glass coatings, which blocks infrared radiation (and not visible light) at a specific temperature.[38] Lithium vanadium oxide has been proposed for use as a high energy density anode for lithium ion batteries, at 745 Wh/L when paired with a lithium cobalt oxide cathode.[42] [43](Wikipedia).



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1. Elly Karuhanga(L) with South African High Commissioner H.E.D.J.Qwelane
2. VP. Ssenkandi with Tullow and Total officials at a Chamber get-together
3. Chamber booth at the EAPCE'11
4. VP. Ssenkandi at a UCMP get-together
5. Chamber members at a networking evening at Serena Hotel





6. Elly Karuhanga with other delegates at the EAPCE'11
7. Chamber Council members 2011
8. Min. Irene Muloni addressing Chamber members at one of the networking evenings
9. Min. Irene Muloni, PS. Kabagambe Kaliisa of Ministry of Energy at a Chamber get-together
10. Prof. Nsibambi at the Chamber booth at the EAPCE'11



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SDV is a major international logistics service provider with more than 525 offices spread over 92 countries. The extent of its global network enables SDV to be in control of the cargo at origin and destination

In Africa, SDV forms a part of the Bolloré Africa Logistics network, which constitutes over 250 agencies in 44 African countries. This is the leading integrated logistics network in the continent.

SDV – BOLLORÉ AFRICA LOGISTICS MAIN OIL & GAS PROJECTS

Project	Period	Client	Country
Olowi Field Development	2007/ On going	CNR	Gabon
Angola LNG	2007/ On going	Bechtel	Angola
West Africa Gas Pipeline	2004/ 2006	Horizon/Brede roshow	Ghana/Togo/Benin/ Nigeria
NLNG Bonny Island	1998/ On going	TSKJ	Nigeria/Bonny Island
Chad Development Project	2000/ 2003	Exxon	Chad/Cameroon
Drilling Programme	2004/ 2006	Woodside	Mauritania
Drilling Programme	2006/ On going	Woodside	Kenya

SDV – TRANSAMI UGANDA

SDV Transami Uganda is one of the largest operator in Uganda, offering a wide range of logistics services including customs clearance, warehousing, freight forwarding and logistics service (covering oversize movements), and numerous other disciplines.

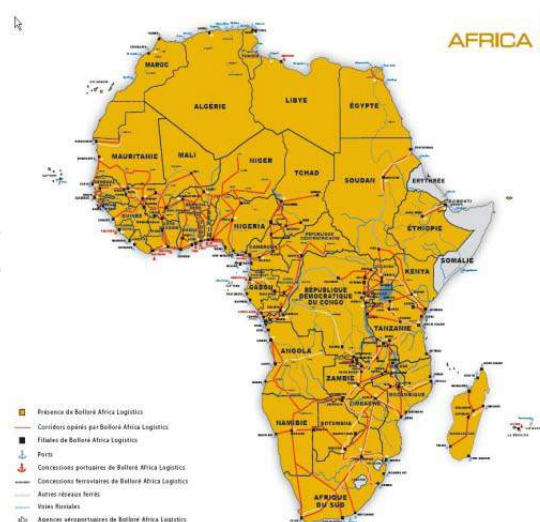
Where required, extensive additional resource equipment and skilled technical support can be provided from the SDV Africa resources in nearby countries. Further details about the SDV Group can be found at www.sdv.com and parent website www.bolloré.com

SDV TRANSAMI MAIN PROJECTS

- Buzwagi Mines project
- Electrogaz/Wartsila project – Rwanda
- Hima Cement/CBMI project – Kasese/Uganda
- Montreal Montajes/KPLC project- Kamburu, Lessos
- Olkaria II Extension 3/ Kengen project- Naivasha/ Kenya
- CNOOC Merti Drill Rig project
- Pauwels KPLC
- Siemens/ KPLC project
- IAL/ Zesco project
- Siemens Embaksi
- EEPKO Elsewedy Power Transformers
- Wartsila Kipevu 3
- Krones New Bottling Line for Uganda Breweries Ltd

CONTACT INFORMATION

SDV Transami Uganda has a dedicated Oil and Gas department. For more information please contact **Mrs Dolorès Biamou** at the following email address: dolores.biamou@bolloré.com



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Your No.1 Logistics Service Provider

As one of the largest countries in the world, Canada's substantial land mass of more than nine million square kilometres contains some of the most diverse geology on the planet.

From arctic ice flows to sub-arid deserts, the Canadian landscape offers a stunning variety of conditions for drillers. With mountains that scrape the sky at heights of 6,000 meters and coastal plains that sit below sea level, the country's terrain offers both a wealth of riches and its fair share of challenges.

The list of Canada's natural resources is long; iron ore, nickel, zinc, copper, gold, lead, molybdenum, potash, diamonds, silver, coal, petroleum and natural gas to name a few.

Ironically, most of those riches are covered by millions of square kilometres of dirt, sand, silt, cobble, granite or ice – a fact that has made drilling for them all that more difficult.

Despite that, there are thousands of drilling projects on-going at any given time – primarily in response to a global economy that relies on Canada's harvested natural resources. But, as old projects are completed, new searches for mineral resources must take place, often with only a "best guess" to direct them.

Mineral exploration in unconsolidated material has always been a risky proposition due to the lack of an economical, versatile or accurate method of determining where to mine – at least that was the case until the development of the sonic drill head.

Although the diamond drill has long been the preferred tool for mineral exploration in hard rock, in unconsolidated material, it has two unfortunate drawbacks.

First, it doesn't drill well in unconsolidated materials and, secondly, it can't provide accurate core samples from those kinds of rock formations.

Only a sonic drill can recover a continuous core including boulders, clays, silt, sand and gravel and lay it in its stratigraphic sequence – from



Using Sonic Drilling Technology for Mineral Exploration

the surface all the way down to 300 ft (100 m) and deeper.

Using the patented sonic drill head, coring, in overburden material, can be performed as a completely dry process, producing core samples that range from 3" to 8" in diameter.

Cores can be obtained from a wide variety of mineral deposits including oil sands, slag piles, mine tailings and heap leach pads with an absolutely minimal amount of disturbance and compaction.

The samples are then extruded into clear plastic sleeves. Neatly laid out, these core samples can be subjected to a detailed visual examination and analysis, followed by

sampling, photographing and archiving for a permanent record of the existing mineral conditions.

In other words, the gold, or other valuable mineral, remains where it was found in the sample. As well, cased holes prevent the collapse of the borehole and ensure that cores are not contaminated by up-hole debris.

By creating a comprehensive description of the lithology and stratigraphy of the underlying geological setting, a prospective property can be evaluated in the most accurate manner possible.

In Canada, and in other countries where challenging terrain exists, the sonic drill

has proved to be the much-anticipated tool that can help direct new exploration in the most efficient manner possible.

Drilling 3-5 times faster (in unconsolidated material) than any other drill and able to provide accurate, continuous core samples, the sonic drill has overcome the traditional hurdles to cost-effective mineral exploration in unconsolidated material. With the advent of this revolutionary technology, turning Canada's dirt into gold (or silver or copper) just got a whole lot easier.

The writer Nancy Argyle, is Director of Marketing and Communications, Sonic Drill Corporation



Sonic Drill Helps Students Reveal Glacial Secrets

Motivated by a desire to teach and learn, Dan Kelleher and Ken Borrell of the Midwest Geosciences group drove 20 hours from their home city of Waverly, Minnesota, USA, to the University of Calgary in Calgary, Alberta, to experience their first sonic borehole in Canada.

Midwest Geo was offering one of its workshops on glacial successions for more than 50 geologists from Canada and the United States. The course teaches the principles of sedimentary depositions, the effects of sedimentary weathering and the methods to describe those elements on boring logs.

The workshop also allows the university's geological, engineering and environmental sciences students to identify the same geological units in different boreholes in the region.

"The sonic drill was awesome," says Kelleher, a hydrogeologist and project manager with Midwest Geo and co-founder of the company. "It's the answer this industry needs so badly. The world really needs to get out about what these rigs can do."

"The company that actually drilled in Calgary was Crater Lake Drilling from Red Deer, Alberta, working with personnel from Sonic Drilling Ltd. of Surrey, British Columbia. The crew did a world-class job of carefully sampling and providing 100 percent core recovery which makes teaching sedimentary sequences much easier," adds Kelleher.

First, the team drilled a pilot hole the day before the course to better understand the geology of the region. Next, for the instructional hole, Kelleher had the sonic rig drill down 100 feet. The continuous core was then placed from end to end on a table enabling them to analyze it and read the story of the sediments below.

"The soil core is remarkable when inspecting it in this manner," says Kelleher. "The sedimentary story is so much easier to read and the geologic history is apparent, even to those without a science background."

Developed by Ray Roussy, president of the Sonic Drill Corporation and Sonic Drilling Ltd., sonic drills are quickly becoming the environmental superstars of the drilling industry. Using water instead of drilling mud to case the hole, sonic drill rigs greatly reduce the clean-up time at each site and help leave a smaller environmental footprint.

Looking much like a conventional air or mud rotary drill rig, a sonic can be easily recognized by its drill head, which is slightly larger than a standard rotary head. It is this patented drill head that allows rapid drilling through most geological formations through a combination of forces including rotary motion, oscillation and vibration.

With its ability to drill through overburden material at a

rate of 3-5 times faster than other methods, sonic drills are now considered the elite tool of choice for many drilling companies around the world.

In addition, sonic drill rigs are more environmentally friendly with the following benefits:

Sonic rigs produce fewer cuttings than conventional rigs, reducing clean-up costs and shortening on-site project time.

Sonic Drill Corporation rigs use as much as 50 percent less horsepower while still drilling holes faster. This makes their fuel consumption, on a hole-to-hole basis, considerably less.

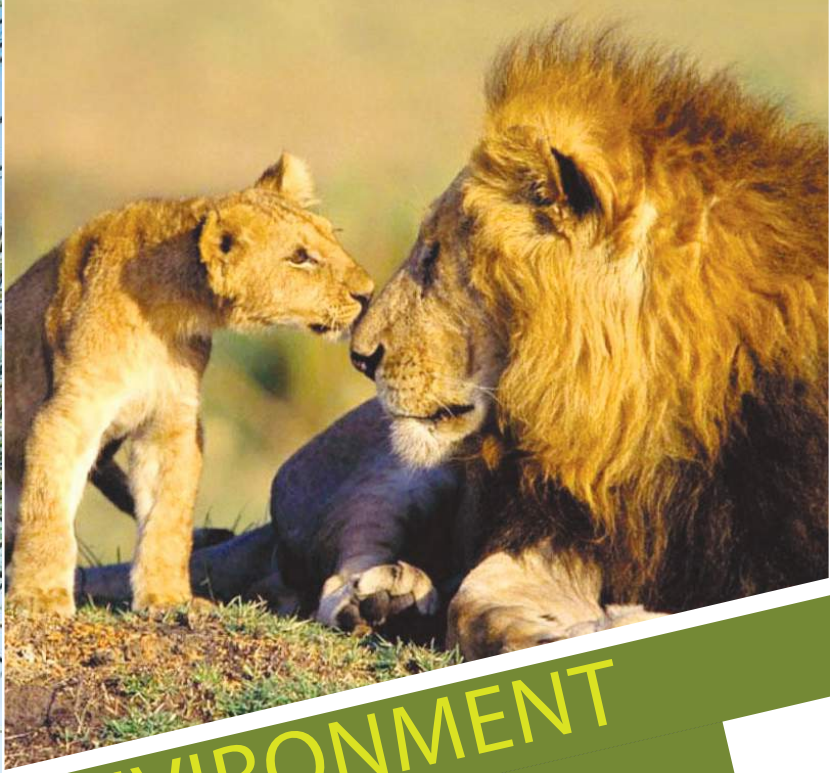
The lower horsepower used by sonic rigs is supplied by 250 hp Caterpillar engines, which are lighter and smaller than conventional rigs, reducing fuel consumption when moving the rigs between sites.

These same engines never exceed 1850 rpm, making them more efficient and quieter.

And, finally, Sonic Drill Corporation rigs can use "green" hydraulic oil that does not harm the environment. In environmental investigations like the Calgary workshop, high sample recovery rates combined with large sample volumes increase subsurface resolution which is a key element in why sonic is gaining so much popularity for environmental and engineering projects.

"The sonic's wide sample diameter of 4.5 inches allows for large-volume samples," says Kelleher. "That is priceless when geologic conditions are comprised of buried large gravel and cobbles. Plus, the rapid sampling rate often does not reduce the sample recovery, yielding financial benefits for appreciable-sized projects."

Although the Calgary instructional hole was only drilled to 100 feet, sonic drill rigs are capable of providing uninterrupted core samples to 300 feet and beyond – a distinct advantage in many applications.



ENVIRONMENT PROTECTION

remains key for all
stakeholders

The Buffalo East Five oil well, right inside Murchison National Park, represents one of the best examples why the debate between Uganda's oil industry and the environment cannot be ignored. Animals such as giraffes and elephants can easily be seen nearby if there are no oil activities taking place. Waterbucks are also usually in the vicinity.

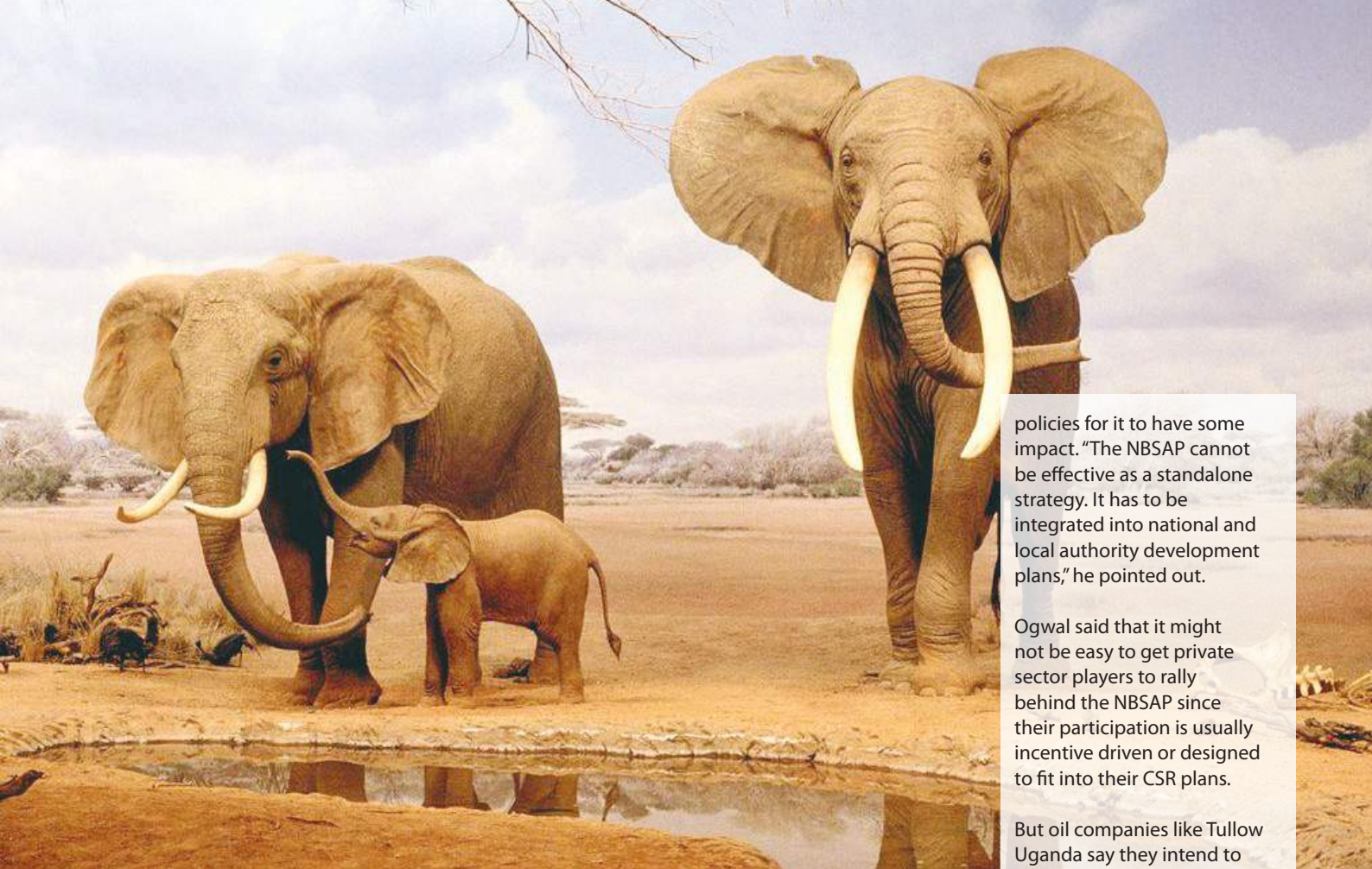
The Ngege D oil well on the periphery of Murchison Falls National Park, Uganda's largest park is also another typical example of the intricate relationship between oil and the environment. The green vegetation around the well means that any error from mismanaging the waste could lead to such devastating effects like the flora and fauna being wiped out.

The Ngassa II, where the oil head – sometimes known as the Christmas Tree – is found on the banks of Lake Albert, is one of the two wells with oil in the waters. This well has been drilled vertically in the land and horizontally in the water.

A few metres away from the well, many human activities such as fishing, bathing and laundry take place. Besides, cattle partake in the water nearby. The Ngassa II, just like the Kingfisher, is a giant well by Uganda's standards, as it is suspected to hold more than 200 million barrels of oil, according to officials from the Petroleum Exploration Production Department. An oil spill on such wells, when production starts, could leave legendary effects if not well managed.

Uganda has more than 30 oil wells in wildlife reserve areas, according to figures from the Uganda Wildlife Authority, a feature that puts pressure on government to protect the country's pristine environment from any devastating effects of oil activities. Such a statistic has brought Uganda's oil industry under intense international media scrutiny.

To protect the natural surroundings, the National Environment Management Authority (NEMA), is banking on a number of legislations to see to it that activities from oil do not hurt the environment.



policies for it to have some impact. "The NBSAP cannot be effective as a standalone strategy. It has to be integrated into national and local authority development plans," he pointed out.

Ogwal said that it might not be easy to get private sector players to rally behind the NBSAP since their participation is usually incentive driven or designed to fit into their CSR plans.

But oil companies like Tullow Uganda say they intend to respect all the legislations that

There are no visible impacts of oil activities in Uganda at the moment, according to Ghad Mugiri, the Uganda Wildlife Authority' compliance manager in the oil exploration areas. Mugiri explained that any impacts from oil activities can only be seen over a longer period – perhaps 10 or more years. Some effects on the environment could emerge in the event of an oil spill or poor management of toxic waste materials.

The draft Petroleum Bill points out that there will be an evaluation of the oil companies on the environment. Section 49 (2) of the Petroleum Bill notes that "...an assessment shall be made of the impact of the petroleum activities on trade, industry and the environment, and of possible risks of pollution, as well as the economic and social effects that may result from the petroleum activities." The Bill also calls on oil companies to adhere to rules set by NEMA.

Other legislations that the industry can look up to include the Fisheries, Forestry, Wildlife and the

National Environment Management policies. The National Fisheries Policy was developed in 2004, while the National Environment Management Policy came into place in 1994. The National Forestry Policy was formulated in 2001, while improving the Wildlife Policy to include a wider aspect of oil remains a subject of conjecture.

Yet, while all the above policies reinforce the need to protect the environment, they are weak when it comes to oil and petroleum legislation. In fact, many of these legislations came into force before oil exploration activities hit fever-pitch.

Many environment officials believe their best hope in legislation in regards to the impact of oil activities on the environment lies with the National Biodiversity Strategy and Action Plan (NBSAP), which, too, continues to face its own challenges. Touring oil wells in Western Uganda in March, officials of NEMA said that the NBSAP, which is being revised by a committee comprising of players from different sectors, would help

guard against devastating effects of oil activities. No one is sure when the NBSAP will be enforced; it has to go to the floor of Parliament before Cabinet approves it – a process that usually takes more than a year at the very least.

The first NBSAP was completed in 2002, and it had a shelf life of 10 years. This action plan has nothing about oil or petroleum. However, it had to be reviewed after every five years. No review has been done ever since.

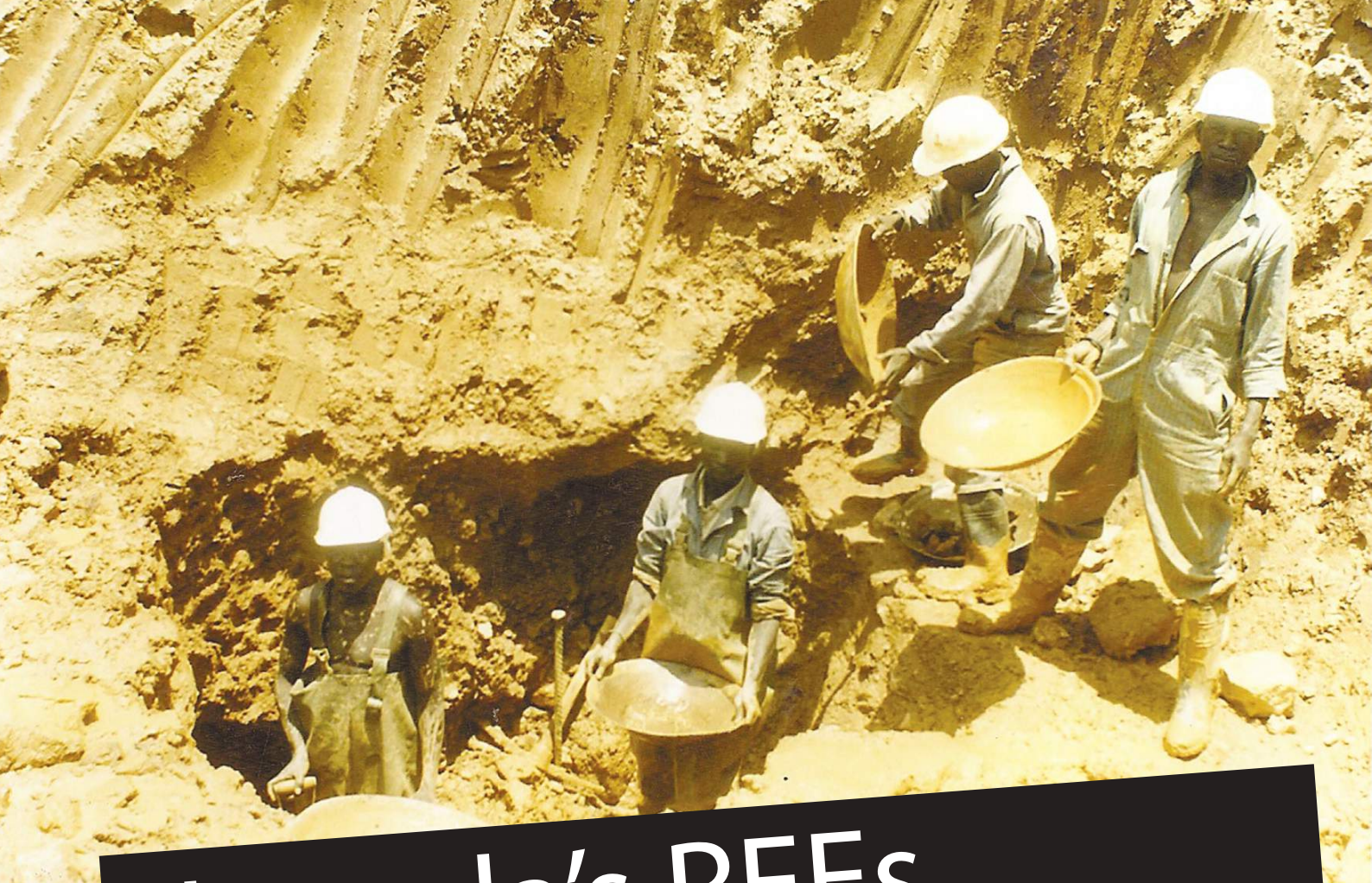
Francis Ogwal, a specialist of Natural Resources Management (biodiversity and rangelands) at NEMA explains why work to improve the NBSAP has been sluggish. "It is supposed to be reviewed at the end of every five years, hence a rolling action plan. But thong long overdue, the review has not been done due to financial constraints," he points out.

Ogwal argues that when funds are made available, the NBSAP should be integrated into a wide range of sector

are put forward, and also build internal mechanism to protect the environment. In its environmental approach, Tullow notes in a company statement: "We maintain and update a legislation register which indicates all applicable legislation, including necessary regulatory permits, consents and notifications. Measurable and achievable environmental objectives and targets, derived from our significant environmental aspects and risks currently apply to all our operating units."

Tullow also points out that it carries out assessments on some of its units to ascertain that they are compliant with environment issues. "Audits are undertaken by our personnel to provide reasonable assurance that operations and work tasks are being conducted in compliance with the requirements of an Environment Management System or other relevant standard."

The Irish oil major says it has plans in place to deal with such occurrences like a spill.



Uganda's REEs are the next big thing

Canadian firm - Frontier Minerals – eyes the rare minerals

James F Kenny, the 83 year old founder of Frontier Minerals and Frontier Rare Earths of Canada was recently in Uganda, to assess the investment potential of the Karamoja region for Rare Earth Elements (REEs).

The Canadian company, which is publicly listed on the Toronto Stock Exchange, is looking for REE opportunities in Uganda.

"For this purpose, it has registered a local company, Frontier Exploration Uganda Ltd and has been granted a prospecting license," a source in the Uganda mining circles who did not want to be named said, "The company plans to look around the country and if there are prospects apply for exploration licenses."
REEs are not gold, copper, diamond or

any of the other common precious earth metals as the world has come to know them. REEs have been described as very rare metals that were not in high demand until recently.

One of the major reasons their demand is increasingly going up today is because China, which supplies 97% of the world demand for these strategic elements, is about to hold back on its REE exports.

A report by BBC that Toyota Motor Corporation, the world's largest car maker was to manufacture key components for its hybrid cars in China is a key pointer seeing that REEs are important in the making of parts like batteries.

With hybrid car sales catching on, Toyota does not want to be caught offside once China's strict quotas on production

and export of these elements (citing environmental concern), catch on.

"Rare earths and concerns about their supplies could very well have played a role in this decision," Vivek Vaidya of Frost & Sullivan was quoted by the BBC as saying.

He explained that Toyota's move to start producing components in China may help counter these restrictions as it will be buying the elements to use within China.

Great importance

In total, there are 17 rare earth elements, ten of which have commercial and industrial uses.

In an article published in the second issue of the Uganda Chamber of Mines and Petroleum (UCMP) magazine, the late Gary Watkins (RIP) wrote that the 17

elements – all of which are metals are in many ways similar to rubber – a resource so valuable and important to the world that many experts call it the ‘fourth most important natural resource in the world’, right after water, steel and oil.

Without rubber, you couldn’t drive your car to work or water your lawn; many medical technologies would cease to work and virtually all commercial construction would grind to a halt, Watkins wrote.

REEs are used throughout the global economy based on their unique electrical, chemical, and physical properties. Another report says that research shows that REEs are to the 21st Century high-technology what copper was to the 20th Century and steel to the 19th Century.

These elements are critical to a number of product paradigm shifts and that their demand will continue to grow. Without REEs, we would have no iPhones, no fibre optic cables, no X-ray machines, no car stereos and no high-tech missile guidance systems for the military and no electric motors.

REEs are used in oil refining catalysts, optical glass polishing, and high-tech military applications. Some specific applications include rechargeable batteries and when REEs are used, they have the benefit of lower toxicity over lithium cadmium batteries.

For example, a single Toyota Prius battery contains over 30 pounds of the rare earth element lanthanum. REEs are also used in high-powered magnets. These magnets have higher power, are smaller in size, and have longer life than traditional iron magnets. Such magnets make possible today’s miniaturized digital world of computer disk drives, PDA’s, smartphones and iPods.

An REE like neodymium is used in conjunction with iron and boron in magnets that are now utilized in wind generators because they generate more power with less weight and maintenance than traditional electric magnets.

Uganda’s potential
In his article, Watkins said it is almost certain that prices for REEs will skyrocket over the next 2-5 years. This creates a huge investment opportunity for countries that have potential for these elements.

In Uganda, exploration continues and promising levels of REEs have been recorded, but so far, no large mineable resource has been located within the country.

While there are many known occurrences of rare earth minerals, prior to 2006 there had been very little historical explo-

ration of rare earth mineral deposits. Most known deposits are associated with other base metals, precious metals, or with radioactive metals such as uranium and thorium.

Over the next four years, industry experts forecast global demand for REEs to grow from 130,000 tons per year in 2010 to 190,000 tons per year in 2014. At a time when the world’s appetite for rare earth oxides is growing, the world’s supply is shrinking.

‘Rare earth elements are to the 21st Century high-technology what copper was to the 20th Century and steel to the 19th Century

China has cut exports by 50% over the last two years so as to retain a greater percentage of rare earth oxides available to produce higher value products such as rare earth metals, alloys, and magnets.

As demand for rare earth oxides has outstripped supply, rare earth oxide and metal prices have soared – a development that is leading to a worldwide search for these oxides.

It is against this background that players like James Kenny of Frontier Minerals are looking to places like Uganda to find these rare elements. Tapio Lehto with the Geological Survey of Finland said that attention from people like Kenny should show the global mining sector that Uganda is a good place to invest.

“If Frontier Minerals decides to invest in exploration for minerals containing Rare Earth Elements, that would be a sign for other developers that Uganda is a good, safe and financially stable target,” said Lehto. “Undoubtedly further exploration for REE by other companies would be activated,” he said.

Lehto, who has been at the forefront of geological surveys in Uganda, said currently, the Australian Gulf Minerals, who are exploiting Namakera vermiculite mine, are working in a REE potential carbonatite environment but are not yet exploiting the resource fully.

Joshua Tuhumwire from Gondwana Geoscience Consulting said Uganda’s potential for REEs is not tested but exists within carbonatite ring complexes such as Sukulu, Bukusu, Tororo and Napak along the country’s eastern border.

Asked what the impressions of Kenny were when he was in the country, Lehto said it seems to be important for Frontier Minerals to be “the first” in REE in Uganda - which is the case now seeing that the company has registered a local company to explore its interests.

Lehto said challenges abound for investors interested in this new resource. He said it is important to be able to secure an exploration license (exclusive tenure) and find reliable and professional partner within Uganda.

“Naturally the poor infrastructure is a major challenge, already for exploration, but much more for exploitation,” he said. Safety and security, he said, is also a major concern.

Besides Karamoja, Lehto said elevated REE grades can be found in different rock types, but in certain geological environments in eastern Africa and South Africa. He said the best tool in locating those rocks that contain REEs is the airborne geophysical survey that Uganda undertook in 2009.

“The modern satellite images can be processed to reveal locations of these economically interesting round structures, by using specific software that looks for certain forms and sizes,” Lehto said.

No REEs are mined in Uganda today but rocks that hold REE potential are already mined in Uganda today, according to Lehto.

They include the Tororo carbonatite, which is the raw material for cement and the Namakera vermiculite. “But REE has not been investigated or is not extracted anyway in these deposits,” Lehto noted.

Frontier Rare Earths Ltd (Frontier), formerly Frontier Minerals Ltd, is a Canada-based company. Today, the company is engaged in finding, mining and processing rare earth mineral resources in South Africa.

The company is focusing on the Zandkopsdrift (the prospecting rights), which covers a total area of 58,862 hectares in the south western part of the Northern Cape Province of the Republic of South Africa, encompassing the Zandkopsdrift Project.

The Zandkopsdrift Project comprises a large, rare earth-bearing carbonatite and 30 smaller satellite intrusives. The prospecting right is held by Frontier’s 74% owned South African subsidiary, Sedex Minerals Proprietary, with the remaining 26% held by historically disadvantaged South Africans in accordance with South African Black Economic Empowerment (BEE) requirements.



The National Environment Management Authority (NEMA) is yet to decide which option is best for Uganda in terms of developing a central waste management system to manage possible oil and gas pollution for the young sector. This system of managing oil waste and minimising the effect of oil operations will have on plant and animal species in a region that is ecologically dynamic is critical.

Today, the major waste or pollutants are the mud cuttings that come out of the drilled holes. These according to NEMA are containerized as a stop-gap measure ahead of a centralized waste management system that will be permanent.

However, no decision has been made on this critical infrastructure but NEMA is positive it will be in place by the time production starts.

Ms. Naome Karekaho, the public relations manager NEMA says that the environmental watchdog is looking at a number of options ranging from finding a private company with experience in oil and gas waste management to a joint venture arrangement between government and the oil companies. "We really are looking at a lot of options. A decision will be made before oil production starts," she said. Apparently, NEMA could push for a public private partnership whereby government and a private player come together to develop the waste facility or ask the oil companies to come together to build the waste system and manage it. The third option according to Karekaho is a private player with proven capabilities of managing oil and gas waste will be procured to handle the waste. Reserves of more than 2 billion barrels of oil have so far been discovered in the Albertine Graben near Lake Albert and on its shores while further exploration

NEMA

reexamines oil waste system

work is ongoing in an area so vast it stretches from Kanungu in south western Uganda to Arua in the West Nile region. That definitely is good news considering that oil bearing sands extend some 23,000 square kilometres from one end to the other but the flipside is that the expensive exploration work is going on in an area that is pristine from an environmental and tourism perspective. Companies like Tullow, Dominion Petroleum and Neptune Petroleum are exploring for oil in either national parks or game reserves in the Albertine Graben.

That is Uganda's dilemma as it explores for this expensive commodity considering that in other places, oil is found in the deserted hot desert with no animal or plant species in danger of being abused. For a very poor and under developed country like Uganda, discovery of oil and gas is a real harbinger for social and economic development.

As exploration work and actual drilling for oil goes on, it is clear the process will disrupt animal habitats. While there is little that can be done about animal habitats as the need for this resource far outweighs any considerations, it's the oil waste and cuttings from the drilled oil wells that need to be disposed of safely that is critical.

NEMA faces the mammoth task of leading government in ensuring that little damage is done to the environment at this stage as well as the latter, which will see a refinery erected.

"Oil waste is one of the areas we regulate," Karekaho said, "Oil and gas is a non-renewable resource and gets finished. In that case, because we have animals reproducing, trees and other vegetation regenerating, we have to do our part of course with the communities where oil has been found to try and prevent abuse of the environment." Karekaho said the Albertine Graben is home to 39 percent of Africa's mammal species, 51 percent of Africa's bird species, 19 percent of amphibians and 14 percent of plant species and reptiles. She said the environmental matters in this nascent industry will arise majorly from the solid waste that is associated with exploration.

"The mud cuttings could pollute water sources and the soil. If you pollute water or soils, a lot of other problems may arise."

NEMA has carried out environmental impact assessments to determine the negative impacts of oil production on the environment.

"These have been done and there are plans for a strategic environmental

impact assessment for the entire region," she said.

She said the Graben will be studied for negative impacts but also for specific ones to solve individual problems. She said a multi-sectoral environment committee involving government officials from the Ministry of Water, Agriculture, Energy and Minerals and the Uganda Wildlife Authority has been set up to look at the environmental impacts from oil. To be able to monitor on a daily basis the impacts of oil and gas exploration, Karekaho said NEMA has put environmental officers in the Albertine Graben with plans to hire more to be able to cover the breadth of the oil exploration areas. She said a sensitivity atlas has been developed to provide information on environmental, geographical and social issues related to oil and gas. "And we have continued to build capacities teaching even the communities in the oil and gas regions about the environment and oil," Karekaho said.

On top of the waste management challenge, the institution is confronted with inadequate capacity building by other institutions like the local governments to facilitate raising awareness about the impact of oil and gas on the environment. Independent environmentalists are adamant the environment has already been affected by ongoing exploration work.

Dr. Emmanuel Kasimbazi, a senior lecturer from the School of Law, Makerere University notes, in a paper titled "Legal and environmental dimensions of oil exploration in Uganda" that since the first trace of petroleum in Uganda, the environment in the Graben has not remained the same.

"Because wildlife is so easily disturbed by noise, pollution, extending infrastructure and human presence, oil production has in many parts of the region, especially in natural ecosystems, been seriously harmful for the environmental balance," the report reads in part.

He said that an EIA on the botched early production scheme had said groundwater, surface water quality, ground air quality, terrestrial and aquatic habitats as a result of sewage, waste and effluent pollution, spillages and leakages, are negligible while the impacts on biodiversity are medium but are high on fauna.

According to Kasimbazi, the government lacks a comprehensive environmental management plan to deal with biodiversity, air quality, water, fisheries, wastes, oil spills and pollution, affected communities and tourism in the Graben. Karekaho however disclosed that NEMA has put in place a multi sectoral committee to oversee environmental impacts in the oil and gas region.

Ophir Energy Plc To Buy Dominion



Ophir Energy Plc has agreed to buy Dominion for \$183 million, or 5.9 pence, in a deal that raises the significance of East Africa's mineral potential.

A statement from Ophir notes the importance of East Africa to the company. "The acquisition reinforces Ophir's position in its core East Africa play where it has led exploration activity resulting in three consecutive deepwater discoveries," the statement, dated October 13, 2011, points out.

The statement continues to note that the deal will "create the largest independent net deepwater acreage portfolio in the emerging and highly prospective hydrocarbon province of East Africa,



consolidating Ophir's current portfolio of Blocks 1, 3, 4 (40 per cent.) and East Pande (70 per cent.) in Tanzania with the addition of Block 7 (80 per cent.), offshore Tanzania and provide Ophir with entry to offshore Kenya through Block L-9 (60 per cent.) and Block L-15 (100 per cent.)"

Ophir intends to drill at least two wells within the next 18 months.

BofA Merrill Lynch and RBC Capital Markets, Dominion's advisers, say the deal is good.

"The Dominion Directors, who have been so advised by BofA Merrill

Lynch and RBC Capital Markets, consider the terms of the offer to be fair and reasonable. In providing their advice to the Dominion Directors, BofA Merrill Lynch and RBC Capital Markets have taken into account the commercial assessments of the Dominion Directors," the statement notes.

A lot of attention has been placed on East Africa, with Uganda by far containing the largest deposits of oil.

FlexiCadastré To Guarantee Transparency In Mining

Uganda has signed up to the FlexiCadastré system to ensure transparency in access to information within the mining industry. This was after the Ministry of Energy signed an agreement with MTL Consulting Company Limited, a Tanzanian based firm.

According to a statement from Spatial Dimension, the designers of the cadastre system, the "new Mining Cadastre and Registry System will improve transparency and security of tenure; increase accessibility of information to private sector investors including small-scale miners; and ensure standardisation and uniformity of mineral licensing procedures."

The statement also adds that "it will allow

for the efficient and reliable management of mineral rights for the benefit of all mineral stakeholders."

The project is being funded by the Nordic Development Fund, and forms part of the Sustainable Management of Mineral Resources Project. This is a World Bank project which supports the Uganda government to promote private sector investments in the minerals industry.

John-Bosco Tindyebwa, a Director of MTL Consulting, will lead the implementation of the Flexicadastre system. Tindyebwa was previously Head of Licensing and Mineral Rights Registry at the Tanzanian Ministry of Energy and Minerals, where he oversaw the implementation of FlexiCadastré within the Ministry back in 2005.

SERVICES:

Managing Tax For On Site Camp

By Micheal Kabuuka

About 2 billion barrels of oil have so far been discovered in the Albertine Graben in western Uganda. Development activities at the oil wells are gathering pace. Exploration activities for more oil wells are also continuing. What is unique about the oil and gas sector is that oil is often found in remote and isolated places. In Uganda, deposits are along the Lake Albert Rift Valley region most of which is isolated and rural in nature.

The exploration and production processes of oil

require the presence of engineers and associated experts present in the field as well as technicians and manual workers. This necessitates the setup of camps to provide accommodation for the workforce. In the case of exploration activities, on site camps are setup temporarily because exploration involves moving from one place to another. In the case of production, camps may be established for longer periods say the production life of particular oil wells. Oil companies have two alternatives either to setup and manage their own camps or outsource the facilities from a service provider. The choice is influenced by a number of issues especially tax, as this article explores.





However setting up and managing camps is not a core business of oil companies and instead of taking up their attention and time, it's usually easier to outsource, so we shall examine how this works.

Outsourcing

The expense relating to hiring camps is an allowable expense for corporation tax purposes to the oil company. The oil company may however have to pay VAT on this service. Input VAT on accommodation is not claimable under section 28 (5b) of the VAT act as it's defined as entertainment. Some experts argue that input VAT should be claimable as the oil company is not the "final consumer". In order to achieve this treatment a change in law would be necessary.

The assets of the camp qualify for wear and tear allowance each according to the rate applicable to that item class.

Provision of accommodation facilities like camps is subjected to withholding tax on payments as a supply of a service. The company can however apply to be withholding tax exempt and the requirement is usually tax compliance with all laws in the act.

Another issue to note is that a foreign company cannot own free hold land in Uganda but can only lease the land. Rent of leased land qualifies as an expense while computing corporation tax.

The issues of tax treatment of camps and related items as highlighted in the article may be complex and it's important for companies involved in providing or hiring camps to consult before carrying out any activities so as to structure their activities in a way that minimizes tax risks and exposure.

The writer is a tax advisor at Deloitte, Uganda. He can be reached by email: mkabuuka@deloitte.com

Self-help

If an oil company decided to set up and manage their own camps, all the costs relating to the camp setup and management are allowable expenses for tax. Camp maintenance expenditure would be an allowable expense for corporation tax under paragraph 9(2c) of the eighth schedule of the Income Tax Act as costs and expenses, while capital expenditure would qualify for tax depreciation.

In addition to providing accommodation, other on site camp services such as catering and laundry may be provided. The employees of the oil companies would be exempt from tax on such benefits on condition that these benefits are enjoyed while in the course of duty and are available to all fulltime employees on equal

terms as stipulated under section 19 (2e) of the Income Tax Act.

The tax treatment of the accommodation benefit to employees is not very clear. The Ugandan laws do not have a specific provision relating to camps and usually any accommodation benefit is taxable on the employee. However in practice it is difficult to apportion this benefit to individuals as the camps are usually communal in nature. Some experts argue that this benefit is similar to the exempt reimbursement under section 19 (2d) where the reimbursement is exempt if it relates to accommodation, travel, meals or refreshment in the course of performing duties of employment. This seems to be a reasonable approach to take in practice.



Ugandan Banks Eye Petrodollars

Once its partnership with CNOOC and Total E&P receives final government approval, Tullow Oil Uganda and its partners will need about \$10bn to finance, production, storage, transportation and maybe further exploration of the petroleum product amongst other needs.

One would say that the most required funding needed now is for the construction of a \$2bn refinery in western Uganda, a \$2bn oil pipeline (if need demands) while other gas projects that will come up as soon as oil production starts.

Naturally, this funding would be expected to be sought from the big western markets as Uganda's banking sector is too small to meet such huge finance demands.

However, being a billion dollar market local banks would not want to be left out especially as Uganda moves ever so closer to commercial oil production. It being a new territory altogether, though, the local financial institutions clearly lack expertise in oil financing hence the move to acquire specialised knowledge in the same field.

"Local banks need to prepare themselves and be ready to finance oil and energy projects once the occasion avails itself," noted Margaret Osius, principal and trainer at MEO Associates Inc. in the

'This is a huge opportunity for local banks since this sector is going to be the fastest growing in Uganda. However, we must be able to assess the risks and opportunities that come with the oil and gas sector'

USA, at a workshop called to awaken the financial industry players to the opportunities and challenges that lay ahead in the petroleum and energy sectors. Osius has also worked at JP Morgan Chase Manhattan Bank and served on the technical advisory panel of Private Infrastructure Advancement Fund (PPIAF) in the USA.

The workshop was organised jointly by dfcu bank and EuroMoney, a leading

UK-based financial consultancy, which conducted the training.

dfcu Managing Director, Juma Kisame noted that studies had shown that more information and skills were required for bankers to effectively respond to key issues in the oil, gas and power sector. The training therefore would enable bankers to close this skills gap in the process setting them up nicely to deal with the numerous banking and finance issues associated with the industry.

While Ugandan banks have financed thermal and hydro-electric energy schemes in the past, they have barely touched oil and gas. Recently in a show of strength East African giant Equity Group, joined major global financiers to facilitate a major capital intensive project which will see the Rift Valley Railways refurbished. Equity, which runs a Ugandan subsidiary, contributed a cool \$20m.

Local Ugandan banks, are seeking such opportunities in the oil and gas sector.

"There is need for intense collaboration in allocating resources better so that banks can commit to financing the



BoU's Justine Bagyenda, addresses participants at the training as dfcu's Kisame and Osius look on

oil and gas sector. This is a huge opportunity for local banks since this sector is going to be the fastest growing in Uganda. However, we must be able to assess the risks and opportunities that come with it that's why we have brought in the best experts to bring us up to speed in this regard," noted Kisame.

Justine Bagyenda, the Executive Director – Supervision at Bank of Uganda also noted the need for financial stakeholders to take part in such dialogues since it would go a long way in empowering them to appropriately package solutions across the oil sector's value chain.

Henry Banyenzaki, the State minister for Economic Monitoring in the President's Office also hailed the spirit in which the workshop was convened; calling for more of the same as developments in the nascent oil sector start taking shape.

Stanbic, CitiBank, KCB, Uganda Development Bank, East African Development Bank and the National Social Security Fund (NSSF) participated in the training.

"We are at an important phase in this country and we cannot afford to be left out of this billion dollar sector," Chinedu Ikwidinma, the Managing Director CitiBank Uganda noted.

For Barclays, Standard Chartered and Stanbic Banks, their parent firms already have immense experience in financing oil projects. The Standard Bank Group for instance through Stanbic, Congo (Brazzaville) has been financing a 5-year US\$250m medium term reserve base lending facility meant for the completion

of developments in the Azurite oil field.

StanChart is also a mandated lead arranger for a reserve based lending project of \$2bn for the Jubilee Field in Ghana, a leader arranger of a \$1.6bn in Nigeria and a mandated lead arranger, joint technical and modelling and syndicated agent for a term loan facility of \$1.6bn in Gabon.

In fact, locally, StanChart, Uganda has worked as a financial advisor on Tullow Oil acquisitions within the oil and gas sector.

Banks can finance projects covering Greenfield (rural, undeveloped) and Brownfield (abandoned or underused industrial and commercial facilities), refinancing, reserve based lending and bridge financing.

"We can also carry out specialised finance that cover credit enhanced facilities involving Export Credit Agencies (ECAs) and Multilateral Agencies and Insurance Companies," Carol Karungi the Head of Global Corporates at StanChart, Uganda says.

Banks can also play a big role in mergers and acquisitions by oil companies. This involves Buy-side and Sell-side Advisory, Leveraged and Management Buyouts, Privatisation and strategic alliances as well as corporate advisory.

"We are looking at financing the entire value chain; the upstream (exploration and production), the midstream (refinery and services) and downstream (pipeline and retailers)," Karungi adds.

She however notes that StanChart Uganda cannot finance any of these projects alone. Group facilities will have to be used here. After all its parent company has vast experience and capacity (\$35bn in African Oil and Gas projects).

Huge projects like these also require banks to court external financiers, syndicate finances with other local banks or attract equity investors into the country.

"The local banks have to work together in order to align their goals so as to fund the oil and gas sector," Osius says.

George Cazenove, the Head of Media Relations at Tullow Oil Plc, London says it's still too early to say exactly how developments in Uganda will be financed as no plans have been finalized yet.

"We would happily and willingly work with local banks as we have in Ghana where we have also listed on the Ghana Stock Exchange," he adds.

Tullow Oil however declined to comment whether they were in negotiations with some of the local banks and investors on financing projects in Uganda.

NSSF in particular collects about half a trillion shillings annually which it has in the past heavily invested in equity and real estate. However the oil and gas sector needs now provide the Fund with an opportunity to participate through financial partnerships with local banks.

Uganda's oil reserves are believed to be about 2 billion barrels with analysts saying that the country could produce about 150,000 barrels per day by 2015. The Uganda government also needs about \$8bn in oil and gas sector investments in the next ten years which would earn the country \$2bn annually by 2015.

Bankers that attended the training were non-committal on the projects they have been negotiating to finance.

They will however have to pass intensive risk assessments before they can partner with the large and experienced foreign financiers who will need local partners to handle the huge cash transfers.

In Ghana and Nigeria, local banks are engaged in financing upstream and downstream projects.

Ghana's Fidelity Bank and The African Finance Corporation partly funded the \$20m importation of petroleum products to fix refinery challenges.



The Role of Vehicle Leasing in the development of Uganda's Oil, Gas & Mineral Sectors.

The development of any new industry in Uganda requires stakeholders to look at various options to manage costs and ensure budgets are allocated prudently as a pre-requisite to any profits being realized. Oil, Gas & Mineral Industry Executives & Managers are faced with these question when deciding on how to manage their Transport & Fleet function.

Uganda has been fortunate to discover Oil & Gas deposits which when developed fully will be used to transform the socio-economic status of the Country and her population. The country is also endowed with numerous valuable minerals which have various applications in our quest towards industrialization. There is naturally a heavy financial investment involved in developing such nascent industries. The element of Vehicles for the movement of Personnel & Goods to and from remote sites is critical towards successful exploration activities. We have key stakeholder Companies in Uganda who have taken the lead in developing our Oil, Gas&Mineral sectors.

Over the last few years it has made more financial sense for these Companies to Lease their vehicles instead of purchase them. The prudent decision is to lease the vehicles and direct Shareholder Investment funds to core Exploration and Drilling activities.

The Vehicle Operating Lease option has proved to be a valuable tool for the Oil & Gas exploration Companies to manage their Transport requirements. There is no need to worry about vehicle maintenance usually catered for by an in-house Office staff Team. The manpower and headcount is focused on Exploring, Drilling, and associated administrative functions.

The Oil & Energy sector has a large requirement for Logistics based activities which churn the wheels of production. These Logistics activities require extremely reliable Transport with back-up Maintenance capacity. The Vehicles required for this work must either be brand new or no more than 3 years old. There is a deliberate

move to empower indigenous Companies to participate in Logistics-based business. Lease financing provides an avenue for up-and-coming local business people to participate in the Logistics Supply chain arena and earn attractive revenues.

Keen local observers of the primarily foreign-based Oil & Gas Exploration companies may be able to learn some valuable lessons. The current economic challenges require a paradigm shift in mind-set to survive tough times. Financial Directors are being compelled to think outside-the-box to maintain profitability and control costs. The challenge is for the Financial Directors to convince the Board of Directors to shift from the emotional disposition of Vehicle Fleet "Ownership" to the more effective model of Vehicle Fleet "Use". The Ugandan private sector has for a while lacked options for acquiring their Fleets and therefore been subjected to sometimes ineffective & costly Fleet management arrangements. The forward-thinking Corporations today have outsourced some of their

Transport function and fully embraced Operating Leases and/or Full Maintenance Finance Leases to manage their Fleets. The issue of Corporate vehicle "Ownership" should no longer be so important.

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BaisamaAwori is the Leasing Manager at TOYOTA UGANDA LIMITED.



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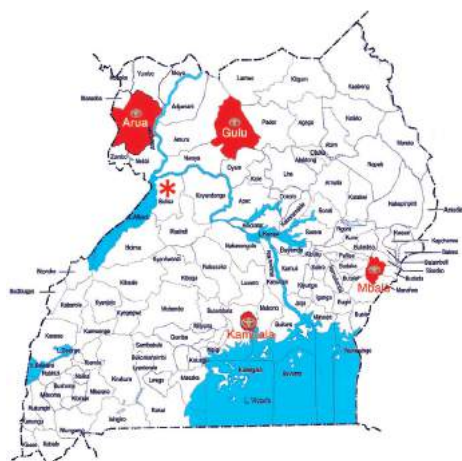
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CHAMBER MEMBERS

COMPANY	CONTACT PERSON	SECTOR
DIAMOND MEMBERS		
1. Tullow Oil Ltd	Ms. Kristina Kasibayo Mr. Jimmy Kiberu	Oil and gas exp.and production
2. CNOOC	Mr. Chai Wei	Oil and Gas exp& prod
3. Total E&P	Mr. Loic Laurandel	Oil and Gas exp& prod
4. Hima Cement Ltd	Mr. Ken Lubega	Cememt manufacturers
5. Schlumberger Oilfield	Eugene Francois Kleyn	Oil &gas services
6. National insurance Corp	Ms.Jocelyn Ucanda	Insurance
GOLD MEMBERS		
7. Astor Finance Plc Ltd	Mr. Gordon Sentiba	Micro-leasing and financial services
8. *Bank of Uganda	Mzee Juma Binehe	B O U
9. DFCU Bank	Mr. James Mugabi	Banking
10. Kilembe Mines	Mr. Fred Kyakonye	Copper mining
11. MTN U Ltd	Ms. Ruhk Shana Namuyimba	Communication
12. Neptune Petroleum Ltd	Ms. Marilyn Hill	Oil&gas exploration and production
13. Orwell International U Ltd	Ms. Irene Nakalyango	Drilling tools and well services
14. Stanbic Bank	Mr. Nsibambi, Daniel K	Banking
15. Standard Chartered Bank	Mr. Mundua Godfrey	Banking
16. Wood Group	Ms. Monica Corredor	Energy Services
SILVER MEMBERS		
17. Aggility logistics ltd	Mr. George Odeke	Logistics
18. Alexander Forbes Risk Services	Mr. Busani Ngwenya	Insurance & Risk Manangement
19. AON Risk Services	Ms. Caroline Athiyo	Insurance & Risk Manangement
20. *Askar security Ltd	Ms. Kellen Kayonga	Security
21. AUC mining Ltd	Mr. Moses Masagazi	Gold mining
22. Bemuga Forwarders	Mr. Ben Mugasha	Clearing and forwarding

COMPANY	CONTACT PERSON	SECTOR
23. Berkeley Reef Ltd	Hon. Richard Kaijuka	Mineral exploration
24. Bts clearing & forwarding	Ms. Merian Sebunya	Clearing and forwarding
25. Busitema mining Ltd	Mr. Paul Sherwen	Gold mining in Busia
26. Canmin resources	Mr. Gary Fitchett	Mineral Exploration
27. Casco Petroleum	Mr. Albert Vartic	Rigs supply
28. Citi Bank U Ltd	Mr. Anthony Ndegwa	Banking
29. Deloitte U Ltd	Mr. Bill Page	Auditors
30. DHL global forwarding	Mr. Juliet Kagwa	Logistics service provider
31. Eagle logistics solutions ltd	Mr. David Walabyeki	Customs clearance, heavy equipment hire
32. East African Chains U Ltd	Mr. David Mayanja	Dealers in mech-tools
33. Engen (U) Ltd	Mr. David Okonye	Gas and oil
34. Epsilon U Ltd	Ms. Sarah Ntabazi	Waste management
35. Ernst & Young	Mr. Muhammed Ssempija	Auditors
36. Flemish inv. Ltd	Mr. Bruce Milne	Mineral exploration
37. Freight forwarders(E.A) Ltd		Clearing and forwarding
38. Freight forwarders Kenya Ltd	Mr. Samson Kavoi	Clearing and forwarding
39. Gold empire ltd	Mr. John Muruli	Gold exploration in Buhweju
40. Habib Oil Ltd	Mr. Umar	
41. Integrated logistics	Mr. Attila Jonathan	Onshore&offshore logistics support
42. Interfreight U ltd	Mr. Dilip Bhandari	Clearing & forwarding
43. Kakira Sugar Ltd	Mr. Mayur Madhvani	Sugar manufacturers
44. Kampala Associated Advocates	Mr. Alfred Mwebaze	Law firm
45. KAMU KAMU drilling experts	Mr. Gilbert Mujogya	Mineral exploration and water wells drilling
46. Krone (U) Ltd	Mr. Tom Nsubuga	Mineral exploaration/ wolfram
47. Makugem U Ltd	Mr. Farouk Makubuya	Mineral exploration
48. Marubeg Co. ltd	Mr. Kellen Kayonga	Mineral exploration/ Tantalite
49. Multilines International U Ltd	Mr. Gerald Mukyenga	Clearing and forwarding
50. NFT Consult Ltd	Ms. Unnie Wamala	HR outsourcing

COMPANY	CONTACT PERSON	SECTOR
51. NPK resources ltd	Mr. Nathan Wanda	Mineral consultancy
52. Oli gold muruli ltd	Mr. John Muruli	Gold exploration
53. Oryx minerals ltd	Mr. Bruce Milne	Mineral exploration
54. Richflo Lift services	Mr. Richard Magezi	Lift services
55. Salini Costruttori SPA	Mr. Citarella Domenico	Construction
56. SDV Transami	Ms. Harriet Wandira	Logistics service provider
57. Seafast holdings U Ltd	Mr. W Smith	Logistics service provider
58. Semliki Rift trading Co	Mr. Patrick Van Pee	Lift services& ferries
59. Spedag U Ltd	Mr. Lynda Kazairwe	Logistics service provider
60. Strategic Logistics	Mr. Paul Sherwen	Logistics
61. Sumitomo corporation	Mr. John Musisi	
62. Tamoil East Africa Ltd	Mr. Gamal Bouargob	Market &sale of crude oil products
63. Threeways shipping	Mr. Jeff Baitwa	Logistics service provider
64. Toyota U Ltd	Mr. Dino Romano Bianchi	Car dealers
65. Transeast (U) Ltd	Ms. Sheila H. Graig	Transporting
66. Uganda Insurers Association	Mr. David Tumuhaise	Insurance
67. Union Logistics	Mr. Hitesh Shan	Clearing and forwarding
68. Victoria Equipment Ltd	Mr. Kyazze S Raymond	General Machinery
69. Victoria Motors Limited	Mr. Sam J Kibuuka	Car dealers
70. Warid Telecom	Mr. George Waigumbulizi	Communication
INDIVIDUALS		
71. Mr. BB Sinha		Consultant- Env'tal health
72. Mr. Brian Kaggwa		Lawyer
73. Mr. David Kyagulanyi		Mineral consultant
74. Mr. Gordon Sentiba		
75. Mr. Minaz Karmali		Businessman
76. Mr. Sam Thakkar		Accountant
77. Ms. Annebritt Aslund		Audit/finance consultant
78. Ms. Lydia Babinaga		

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UGANDA'S DEVELOPMENT PARTNER

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Tullow has invested over \$800 million in exploration, seismic and drilling activities which has enabled the discovery of over 1 billion barrels of recoverable resources with an estimated 1.5 billion barrels yet to be found. This level of resource could place Uganda in the top 50 oil producers in the world.

Investing in communities

Success for us is inseparable from the development and prosperity of the communities in which we operate. That is why our Social Enterprise Programme focus areas are health, education, environment and enterprise development.

Investing in our people

People are our greatest asset and we believe in developing capacity for Tullow and for sustainable development and management of Uganda's Oil and Gas Industry. We therefore invest extensively in capacity building for all our staff, of whom 85% are Ugandans.

Tullow Oil - Uganda's development partner

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