

Uganda seeks investors to revive copper mine

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Uganda said on Tuesday, 12 April, it was inviting expressions of interest from investors to restart a vast copper mine in the country's west that also holds significant cobalt deposits.



A mine employee shows a piece of copper ore at the Kilembe mines, in the foothills of the Rwenzori Mountains, 497km west of Uganda's capital Kampala. Reuters/James Akena

The Kilembe mine, which sits on the foothills of the ice-capped Rwenzori mountains on the border with Democratic Republic of the Congo, is estimated by government geologists to contain about 4 million tonnes of ore that is 1.98% copper and 0.17% cobalt.

"We have invited companies to express their interest in partnering with the government through a mineral production sharing agreement," Uganda's finance and mining ministers said in a joint statement.

"The redevelopment of Kilembe Mines will have a catalytic effect of facilitating industrialisation, offer significant employment opportunities and increase revenue."

The statement did not specify when the government expects to have chosen an investor.



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Low copper prices, political instability

Production at the mine began in 1956 and peaked at 18,000 tonnes of copper cathode annually in the early 1970s before activity was halted later that decade by Canadian firm Falconbridge due to low copper prices and political instability.

The mine has since largely lain abandoned. The Kilembe project, the ministers said in the statement, currently comprises a greenfield exploration area, a brownfield copper mine, a processing plant, a small hydropower plant and cobalt-rich tailings.

Previous attempts to revive the mine have fallen through, stymied by a downturn in the commodities market and a failed 2013 deal with a Chinese investor, eventually cancelled after years of slow progress and missed targets.

But with copper prices hitting all-time highs earlier this year due to supply concerns, investors are looking for new sources of the metal used in electric vehicles.

Ugandan President Yoweri Museveni is eager to expand exploitation of the country's mineral wealth - which includes gold, base metals, uranium, rare earths, iron, titanium, vermiculite, and diamonds - to help boost growth.

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