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April 2, 2012

via email only:

mugeni_joseph@yahoo.co.uk

Personal Secretary

Chief Administrative Officer Bugiri

PO Box 37

Bugiri, Uganda

Re: Wildcat Gold Mining Operation in Bugiri District

Dear Mr. Mugeni,

This is in regard to the small-scale gold mining operation that I observed in Bugiri District during my recent visit. I do not recall the name of the sub-county in which the gold mine is located. I observed it with other Bugiri officials on Sunday, March 18th.



I understand that it is the policy of the State of Uganda to “regularize and improve artisanal and small-scale mining.” (See presentation of the Commissioner, Department of Geological Survey and Mines, Attachment A hereto.) The Uganda Mining Act of 2003 and the

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Uganda Mining Regulations (November 5, 2004) set out the statutory and regulatory framework for all mining activities in the nation. I am concerned that the activity I saw appears to be entirely unregulated, and, moreover, appears to be (in some respects) in contravention of Ugandan law. I present this information to you hoping that it will facilitate your inquiry into the situation and perhaps aid you and your central government counterparts in regulating the activity for the benefit of those persons presently engaged and for Uganda generally.

DISCUSSION

My major concerns relate to:

1. The possible use of child labor in one or more steps of the ore refining process;
2. The use of elemental mercury in the final gold refining process; and
3. The potential for a presently cooperative activity to become dangerously competitive.

Child Labor

I am no good judge of age within the Ugandan population and I made no inquiry beyond the observations I made and photos that I took at the site. I will send you representative photos in addition to what I have included in this report (above). I have posted all my photos and some video on YouTube for your review (<http://www.youtube.com/watch?v=CbGOkMpGjPA>). I do not intend to suggest that the presence of children in the mining camp is itself indicative of child labor, but it did appear to me that the youths engaged in the final ore-washing step were not yet old enough to be working day-to-day in a mining operation. The youth were supervised by adults. I did not inquire whether the supervising adults were related to the youth.

The Use of Elemental Mercury

Elemental mercury is a neurotoxin. It damages the central nervous system and often causes tremors and learning disabilities. Child-bearing women and children are particularly vulnerable since the mercury bio-accumulates in the human body and can be present in high doses in breast milk. I observed children playing with the mercury (also called “quicksilver”). In its elemental state, the mercury is bright and semi-liquid. The mercury is placed into a rag with the refined ore and squeezed into the ore so that the gold and mercury form a solid amalgam that can be easily separated. The amalgam is later heated over a fire to vaporize the mercury,

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leaving pure gold. Touching the elemental mercury during the amalgamating process results in direct transmission through the skin. When the mercury is vaporized it can be inhaled by all the individuals in the area. The mercury settles into the near environment and bio-accumulates in the fish and plants that are a prime source of food for the community. We have a similar history of “wildcat” gold mining with elemental mercury in my home State of Texas and we are now spending millions of dollars cleaning up the environmental damage caused by that activity.

The United Nations Environment Programme (UNEP) has prepared a short publication addressing these issues. (See “Module 3, Mercury Use in Artisanal and Small Scale Gold Mining”, Attachment B hereto.) The UNEP publication makes several recommendations on dealing with the problem that I believe could be helpful to Bugiri District. One of the most important, I believe, pertains to the role of the central government in limiting the availability of elemental mercury as a means of encouraging less harmful mechanical processes for separating out the gold.

Dissolution of Cooperative Activity

I understand that the miners are presently cooperating in the exploration and production activity. I am concerned that if the mine “proves out” that there will be violent contests for control and exploitation of the mine. I can also understand the miners’ concern that the intervention of government will result in the loss of their rights to a stronger entity (like an international mining company.) I respectfully suggest that Bugiri District advocate for and assist the mining community to patent their claims (if any) within the existing statutory framework. This will place them in a stronger position as the mine proves-out and will tend to discourage any strong-arm tactics within the mining community. The positive engagement of government will also make it easier to enforce workplace safety and child labor rules.

CONCLUSION

I wish the people of Bugiri District all success in the exploitation of Uganda’s rich natural resources. I fear that the viability of the unregulated gold mine in Bugiri District depends not merely on the concentration of gold beneath the ground but also upon the exploitation of children, serious health effects on the miners and their families, and irreversible damage to the natural environment. It is possible, perhaps even likely, that if the adult men were required to do the work that the youth are now doing that the entire operation would suddenly become less attractive. It is possible that if Ugandan officials crack down on the illegal provision of elemental mercury to the miners that the entire operation would become unprofitable. On the other hand, if the gold mine is viable without child labor, and without the use of mercury in

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refining, there is a positive role of government in facilitating the exploitation of an important natural resource for the benefit of the people of Uganda. I would be pleased to learn that Bugiri District has begun to regulate the mining activity and is a proponent of the lawful and sustainable exploitation of the mine. Please let me know if I can be of assistance in that regard.

Sincerely,



Thomas R. Benke
Executive Director

Attachments

- A. Recent Mineral Sector Interventions and On-Going Activities in Uganda, Presentation of Joshua T. Tuhumwire, Commissioner, Department of Geological Survey and Mines, dated July 16-17, 2009.
- B. Module 3, Mercury Use in Artisanal and Small Scale Gold Mining, United Nations Environmental Programme, dated 2008.

Phido - Uganda

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Greeting Thomas,

I received your letter on the issues you observed in the Gold mining area of Mutere Sub County in Bugiri District.

I have been making my investigations and I visited the sites where the gold is being mined and I saw very many short comings. I visited Mutere, Budhaya and Bude Mining sites in Bugiri District and also Busitema, Tiira and Ndaiga mining sites in Busia District. Truly I found children who were being employed by the companies mining to do the washing of gold with Mercury. This is very dangerous when I contacted one Dr. Oundo Abanga he confirmed to me that mercury is dangerous for direct contact with the body and eyes, he told me that in some time come such people get affected with cancer.

All your observation of the child labour was true, I discovered that most people working in the mining sites are children below 17 years. The Uganda Laws states that a child is a person who is below 18 years of age. The children I found are between 15 and 9 years and most of them were supposed to be at school.

I had a meeting with the company directors on the issue but there response was so rude on me but when they realized that I am working at the district they wanted to bribe me with 6million UGX then when I insisted they ran away from me. But later on they sent some body to apologize and promised to stop using children.

I also traveled to Busia sites and I had a meeting with the managers who told me that they have not

been aware that some of their casual labourers are children under 17 years, they said it is they field supervisors who employ children. When I asked them about use mercury which is very the dangerous environmental they did not have an answer for that.

When I spoke to the children most of them told me very horrible stories. Most of them told me that they were orphans and the only way they can survive is when they work with the companies.

The whole issues were complicated and real need an address.

Dear Thomas I am inviting you to intervene the situation such that we can help on the issue of child labour, also handle the use of elemental mercury in the final gold refining process; and the potential for a presently cooperative activity to become dangerously competitive.

I will be grateful to here from you.

A handwritten signature in purple ink, reading "Mugeni J.", with a stylized, cursive font.

Joseph Mugeni