

# Uganda: Australian firm to exit Manafwa Mines over debt

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3 May 2018

Black Mountain Resources Limited has decided to sell its license for the Namekara vermiculite mine in Manafwa in exchange for a debt relief of about \$4.2m from one of its shareholders.



Namekara Vermiculite Mine

The company has struggled to pay off its debts, explaining that demand for vermiculite, a key mineral used as a fertiliser, had slumped on the international market.

"The market conditions for consistent sales of vermiculite products have impacted on the company's ability to achieve the intended cash flow from the Namekara vermiculite mine as initially intended, and the company has been unable to consistently service its debt obligations (without extensions).

Given this, and subject to shareholder approval, the company proposes to dispose of its 100% interest in the Namekara Vermiculite Mine," Black Mountain Resources announced recently.

## Sale of licence

In March, after releasing its annual report, Black Mountain Resources confirmed that it had "entered into a restructuring heads of agreement with its major creditor Richmond Partner Masters Limited, under which it will dispose of its wholly owned subsidiary Namekara Mining Company Ltd and its Namekara Vermiculite Mine". The sale of the license will see Black Mountain's debt drop to \$460,000.

The sale of the license comes less than five months after the company exited the mining industry in the USA, where it held some silver assets, claiming it needed to focus on developing the Namekara mine.

The sale is bound to take the development of the Nameraka mine a couple of steps back even though some specialists consider the large flakes of vermiculite at the site to be world-class. Richmond Partners Master is now scouting for a mining company that can take up the Namekara vermiculite license.

Black Mountain Resources has now instead said it will concentrate on the phosphate resources and other minerals at the nearby Busumbu mine for which it controls a 75% interest in a mining license.

Black Mountain says it plans to invest at least \$1m each year for the next three years in the Busumbu phosphate project, taking it into commercial production within two years.

The company considers the Busumbu project to be 'one of two world-class' phosphate deposits in Uganda.

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