

NIGERIA

By Bob Foster

Exploration Consultants Ltd, Henley-on-Thames, UK

Following the election of a civilian government under the leadership of President Obasanjo in 1999 Nigeria has made significant strides in economic reform, and growth in GDP during 2002 was probably slightly in excess of 4%. Inflation during 2002 started at a four-year high of 18.9% but, by the end of the year, had been brought down to 12.9%. The economy remains oil-driven but the Ministry of Solid Minerals Development (MSMD) has made determined efforts to improve the investment environment for the minerals sector. Reform of the country's minerals legislation was heralded in May 1999 with release of the Mining and Minerals Decree, No.34. Early in 2003 the government approved a plan for a substantial overhaul of the mining legislation.

A positive and practical development, during the early part of 2002, was the revocation of almost 1,500 defunct minerals licences, leading to opening up of previously inaccessible mineralised areas. Towards the end of the year the Ministry was authorised to establish the country's first Geological Survey, its key tasks being to act as a repository of minerals information and to ensure that this is available to the private sector.

Government-owned Nigerian Mining Corp. has a mandate for exploration and mining and this is achieved through its nine wholly-owned subsidiaries and a number of joint-venture companies. However, the NMC is committed to privatisation of many of its activities and is continually searching for new joint-venture partners.

One apparent setback during the year was the refusal by the US Trade Development Agency of a request from the MSMD for support for a range of initiatives including an airborne geophysical survey of the country and feasibility studies relating to development of an asphalt plant and a coal-fired power station. Somewhat confusingly, however, the TDA appeared to have relented by the end of the year when sources reported that some projects probably would be supported. If so, this would be a big boost for the Ministry's efforts to inject new impetus into the country's minerals sector. Early in 2003 the TDA backed a proposal for an aluminium can factory and this is currently the focus of a feasibility study.

In November it was reported that the government was looking to sell off 51% of the state-owned Aluminium Smelter Co. Expression of interest had previously led to a number of positive responses in the smelter, which carries exporter status with Nigeria's Export Processing Zone Authority.

Bituminous sands in southern Nigeria are an important resource and the Bitumen Development Authority has been created by the government to

promote investment and development of what amounts to about 47 billion barrels of asphalt that occur along a 350 km-long zone extending through the states of Ogun and Edo. In the latter part of the year two exploration concessions were awarded to Canadian company Nisands Ltd and Nigerian company Beecon Ltd respectively, the latter comprising a consortium of nine Nigerian private-sector entities.

During the year, the MSMD gave the go-ahead for a joint venture between South African group LSC Consortium and Polish company Kopex to exploit coal from mines at Mnyeama, Okpara and Owupka.

In another important initiative, the government has established an inter-ministerial panel to breathe fresh life into the country's joint venture partnerships with Niger and Guinea relating to phosphates and bauxite respectively. Nigerian Mining Corp. actually owns 10% of Niger Phosphate Co. and 13% of Guinea Bauxite Co.

Nigeria boasts numerous gemstone occurrences but no systematic study of the various resources has ever been undertaken. However, in November, the Dutch firm Geotess International Corp. established the country's first diamond cutting and polishing centre at Jos. The same company, Geotess, also exports tantalite to China.

The country boasts a large number of small lode-type gold deposits hosted by the Precambrian rocks that cover approximately 50% of the country and these mostly still lack any committed investment and exploration. Tantalite is produced on a small scale from the late Precambrian (Pan-African) pegmatite bodies of the Joss Plateau.

ECL MINERALS

Global Exploration Expertise



Target generation

Project sourcing

**Country & project
risk analysis**

**Feasibility & due
diligence**

**Complete
exploration
management**

**Innovative science &
technology for exploration**

metals • industrial minerals • diamonds

EXPLORATION CONSULTANTS LTD.

Highlands Farm, Greys Road, Henley-on-Thames, Oxon. RG9 4PR, UK
Tel: +44 (0)1491 415400, Fax: +44 (0)1491 415415, email: r.foster@ecqc.com

EXPLORATION CONSULTANTS, AUSTRALIA PTY. LTD.

Level 1, 610 Murray Street, West Perth, Western Australia, 6005
Tel: +61 (0)8 9322 4333, Fax: +61 (0)8 9322 7254, email: office.oz@ecqc.com

EXPLORATION CONSULTANTS LTD. INC.

9801 Westheimer, Suite 1060, Houston, Texas 77042, USA
Tel: +1 713 784 5800, Fax: +1 713 974 3687, email: office.usa@ecqc.com

Website at www.ecqc.com

