



# OPPORTUNITIES IN NIGERIA'S MINERALS SECTOR

**MINISTRY OF MINES AND STEEL DEVELOPMENT, ABUJA,  
NIGERIA**

**BY**

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# Nigeria - <sup>2</sup>Where We Are



# So Background Information on Nigeria

- Official Language: English
- Major Languages: Hausa, Yoruba, Igbo, Fulani
- Population: 140 Million
- Currency: Naira ₦1.00 = 100kobo
- 1 British Pound Sterling = 240 Nigerian Naira
- GDP: Approx. 135 billion USD
- **Per – Capita Income:** Approx. 493 USD (2005)
- **Main Religions:** Islam, Christianity and Indigenous religions
- **Rail Network:** 4660 km (standard/narrow gauges)
- **Road Network:** 195,000 km
- **Major Ports:** Lagos, Port Harcourt, Warri, Calabar, Onne and Sapele
- **Major Airports:** Abuja, Lagos, Kano, Port Harcourt, Enugu, Kaduna, Maiduguri, Yola, Calabar, Sokoto, Owerri, Jos, Ilorin.

# Government Diversifying the National Economy through the Non-oil Sector

- Oil sector generates more than 95% of Nigeria's export revenues.
- The sector accounts for about 85% of Nigeria's foreign exchange earnings.
- The Oil and Gas Sector of the economy accounts for one-third of the country's Gross Domestic Product.
- The Oil and Gas Sector employs about 6% or less of the work force.
- The sector is subject to major price fluctuations and volatility, as we are currently experiencing.

# Revitalisation of the Minerals and Metals Sector

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- This sector has the potential of driving our national economic growth (compared to its current contribution of less than 1.0% of GDP).
- Growth of the sector will diversify the national economy and minimize over-dependence on Oil and Gas as primary sources of revenue.
- Upstream and downstream activities will greatly promote sustainable economic growth.

# Production

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- Widespread Gold production.
- World's 6<sup>th</sup> largest producer of Cassiterite (Tin Ore) mostly by British Owned Companies
- Exporter of Coal.
- Major exporter of Columbite and Tantalite (Coltan).
- Substantial Wolfram and Lead/Zinc Sulphide production.

# the Mining Industry in Nigeria

- “Oil Boom”
- Inefficient State Operations
- State participation in Mining Activities
- Depleted Surface Alluvial Deposits( Especially Tin)
- Collapse of commodity prices in the mid-1990s

# Nigeria's Mining Sector Reform (Pre-2005)

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- Inadequate Geological Information & Data.
- The 1999 Minerals & Mining Act allowed for substantial subjectivity.
- Opaque and Inefficient Licensing Procedures Leading to speculative title holding.
- Cumbersome mining license application processes
- Prevalence of Illegal Mining Activities.
- Jurisdictional Conflicts between Federal and State Governments.



# Outcomes of the Mineral Sector Reform

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- Reorientation of Government from ‘Owner-Operator’ to ‘Administrator-Regulator’
- Private Sector to be engine of Growth
- Liberal & Transparent Access to Mining Titles
- Guaranteed Security of Tenure of Mining Titles
- Competitive Fiscal Incentives
- Strengthening Geological Data Generation
- Institutional and Human Capacity building

# Elements of Recent Government Policy on Solid Minerals

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- Development of solid minerals to be driven by the private sector
- Government now Regulator-Administrator
- Government is providing an enabling environment for private sector participation
- Government has established the necessary institutional and regulatory framework

# Nigerian Minerals and Mining Act, 2007

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- Enacted in March, 2007
- Based on international best practices
- Modeled after successful mining jurisdictions

# Mining Act

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- Security of tenure of titles/rights.
- Competition for mining titles/rights on **'first come, first served'** basis.
- Application of the principle of **'use it or lose it'** in mining title/rights administration.
- Use of time limits for granting titles.

# Key Provisions of the New Mining Act – Contd.

- Creation of a Mining Cadastre System in Mineral Title Administration.
- Introduction of Community Development Agreement, Environmental Protection and Mitigation Measures.
- Transferability of Mining Rights.

# Improved Enabling Environment

- Favourable Tax Regime
- Investment Friendly Policy and Legislation
  - Security of Tenure
  - Attractive Fiscal Regime
  - Divestment by Government from Mining Activities to Open Additional Areas for Private Investors
- Internationally Competitive Fiscal Incentives (Enshrined in the Law)

# Improved Enabling Environment – Contd.

- Increased Support Mechanisms and Facilities (e.g. infrastructure and improved service delivery, etc,)
- Enhanced Institutional Capacity for Monitoring and Supervision, etc

# Improved Enabling Environment – Contd.

- A Robust and Liberalised Economy
- Minimal Public Debt
- Developing New and Rehabilitating Existing Railway Infrastructure Nationwide



# OPPORTUNITIES IN NIGERIA'S MINERALS AND METALS SECTOR

# Nigeria's Mineral Endowment

- Nigeria is endowed with many solid minerals.
- Solid minerals have been found in more than 500 locations in the country.
- All the 36 States of the Federation and the Federal Capital Territory have more than one mineral type.
- The Ministry identified seven mineral commodities with the potential for development,

# Primary Minerals

- Gold
- Tarsand (Bitumen)
- Coal
- Iron Ore
- Columbite-tantalite
- Tin Ore
- Wolframite
- Lead –Zinc Sulphides
- Industrial Minerals

# Nigeria's Seven Strategic Solid Minerals

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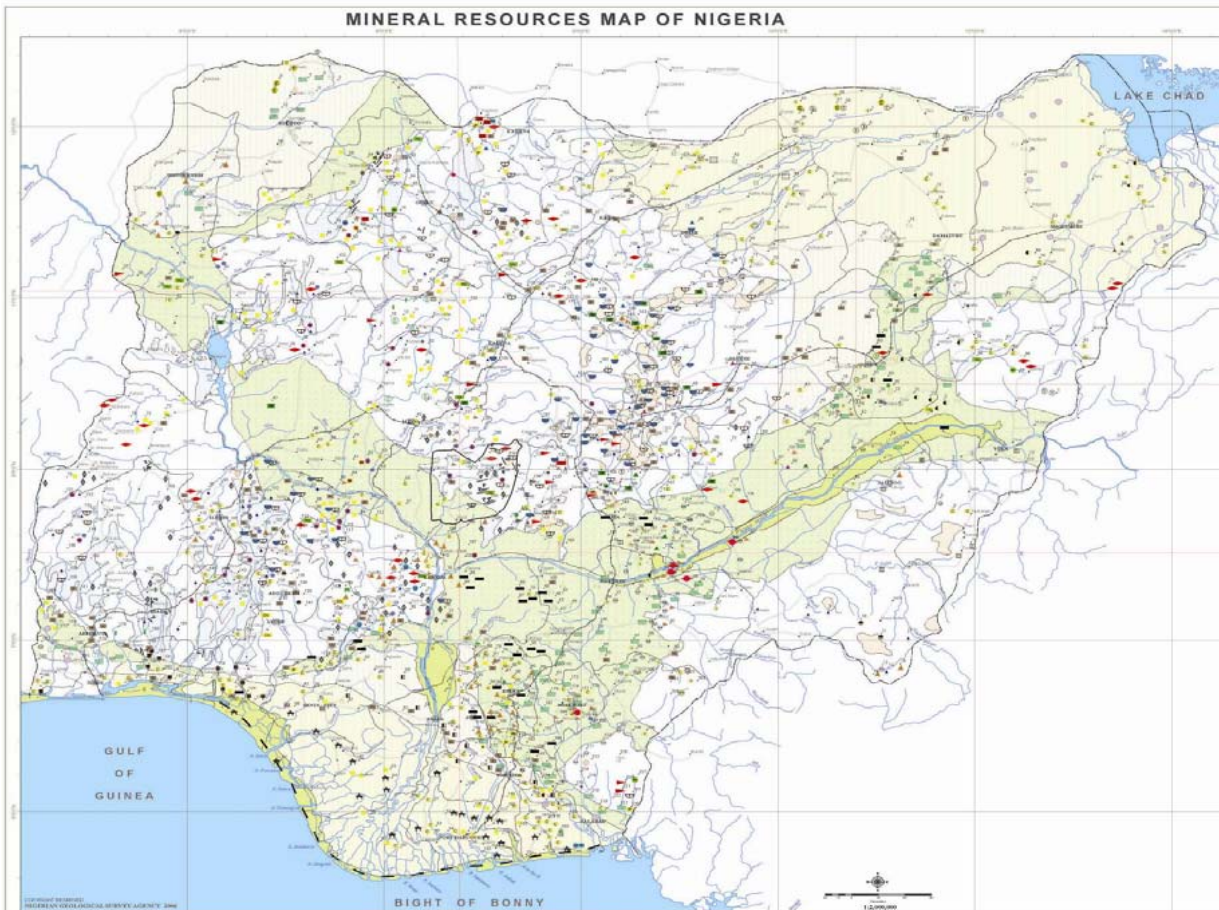
1. Gold – Several prospects have been identified in many locations.
2. Tarsand (Bitumen) – Estimated Resource: 27 billion barrels of oil equivalent.
3. Coal – Estimated Resource 2.7 billion tonnes.
4. Iron Ore – Estimated Resource at 3 billion tonnes.
5. Limestone – Estimated at 2.23 trillion tonnes.
6. Barytes – Estimated at 14 million tonnes.
7. Lead/Zinc Sulphides – Estimated at over 1 million tonnes.

# Minerals of Special Focus

- Gold
- Iron Ore
- Coal for Power Generation
- Tarsand (Bitumen)
- Limestone

# Mineral Map of Nigeria

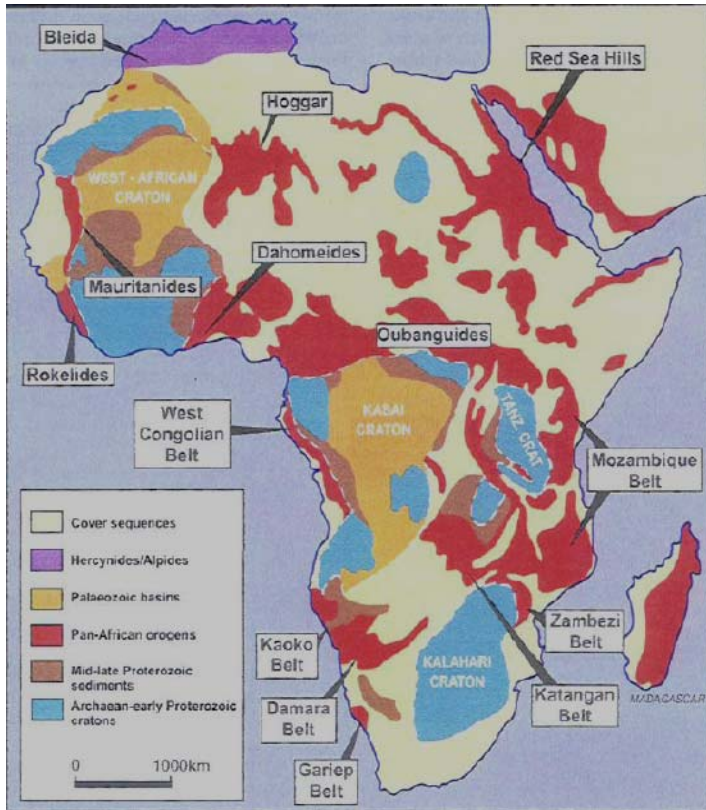
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At least 50  
minerals  
occur in  
more than  
500  
locations in  
Nigeria

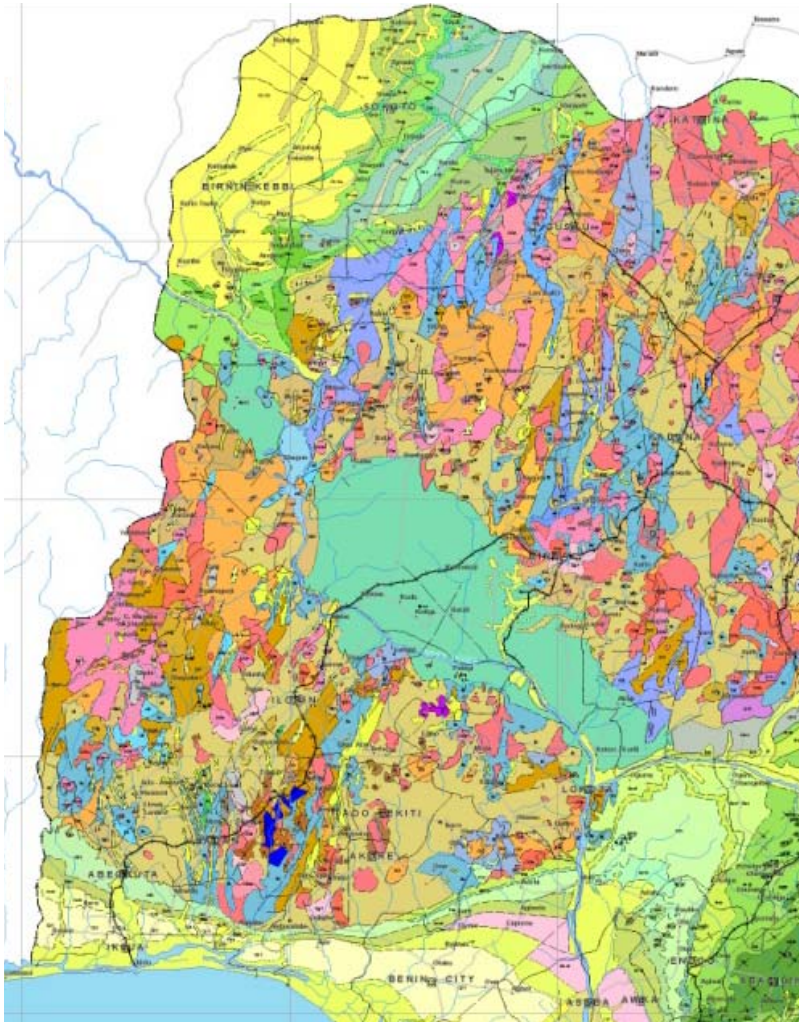
# Mineral Deposits of Nigeria

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# Gold in Nigeria

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Associated with the schist belts of the western half of Nigeria.

**Schist Belt in blue is similar to gold bearing rocks in Ghana**



# Gold in Nigeria – Contd.

Gold in Nigeria is found in alluvial, eluvial and primary veins from several parts of schist belts in the Northwest and Southwest Nigeria.



# INVESTMENT OPPORTUNITIES FOR GOLD

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- Occurs in primary, alluvial, eluvial forms and can be found at:
  - Okolom/Kogi State, with grades from 1.0-36g/ton
  - Dogondaji/Kogi State with grade values from 1.0-75g/ton
  - Waya/Kebbi State, with grade values 0.4 - 11g/ton
  - Iperindo/Osun State, as primary gold
    - Recent drilling by CGA Mining (former Central Asia Gold)
    - 3,000 metres of coring has proved more than 300,000 ounces. 2 million ounces estimated.
  - Other major occurrences in Ogun, Adamawa, Edo, Kwara, Niger, Kaduna and Zamfara States

# **COLUMBITE-TANTALITE (COLTAN)**

- In recent past, Nigeria has been the largest producer of Coltan in Africa.
- Wide spread Artisanal and Small Scale Mining Activities.

# IRON ORE

- There is significant commercial deposits of Iron Ore
- Estimated Iron Ore Resource of 3 billion tonnes
- Iron Ore grades range from 32% to 50% iron content
- Most of the Iron Ore deposits are close to

# NIGERIA'S STEEL SECTOR

- Government considers the development of its steel sector to be of strategic economic importance
- In view of Government's privatisation programme, any investment of its steel sector will be driven by market principles and not government intervention
- Nigeria is a country with rapidly growing economy. There is a large opportunity for local steel production
- Liberalised financial and export conditions exist to encourage any investment in this sector

# COAL

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- Discovered in 1909
- Exploration/mining started in 1913.
- Mainly sub-bituminous and has been found in more than 22 locations, in central and eastern Nigeria.
- Some Coking Coal has also been found.
- Proven reserves of over 639 million tonnes with a further 2,750 million tonnes inferred

# COAL – Contd.

- Nigerian Coal Corporation mineral properties being privatised.
- Three Coal Blocks have been sold through open bidding process.
- Greenfield and brownfield areas available for auctioning.

# FOR COAL TO POWER GENERATION

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- There is a new focus in developing the nation's coal resources for power generation
- A collaboration with the Ministry of Power to facilitate Coal to Power Generation projects by the private sector
- Successful concessionaires have carried out extensive work for the use of Coal in Power Generation



# TARSANDS (BITUMEN)

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- First reported in 1900 and exploration began in 1905.
- Over 120 exploration wells were sunk to determine the quantity and quality.
- Estimated resource of about 27 billion barrels of oil equivalent.
- Blocks being sold through an open and competitive bidding process.

# TARSANDS (BITUMEN) – Contd.

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- The Ministry will soon commence the bidding process for the allocation of Bitumen and Tarsand blocks.

# PRIVATIZATION PROGRAMME

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- Divest government from mining operating interests
- Attract strong, credible players into the mining sector
- Several properties sold: Gold, Kaolin, Barytes, Coal

# Geo-Science Data Generation

- Government continues to generate new geo-science data to facilitate private sector investment
- Many agencies of Government are involved in the generation and upgrading of critical data



# Airborne Geophysical Survey – Contd.

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- Phase (1) covering 44% of the country completed and processed.
- Magnetic and Radiometric Data available.
- Coverage of the rest of the country is ongoing.

# Specific Exploration of Mineral Targets

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- Airborne geophysical surveys and other surveys have indicated the occurrence of mineralized zones in several parts of the country.
- Nigerian Geological Survey Agency (NGSA) is carrying out further exploration of mineral targets.

Thank you for your  
attention.