

OVERCOMING CHALLENGES TO AFRICA'S DEVELOPMENT: AGENDA 2063 IN PERSPECTIVE

MINING SECTOR DEVELOPMENT OPPORTUNITIES

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1. INTRODUCTION

- (a) Since 1906, all major investments in mining were by the colonialist and private sector driven. Private funds covered exploration, exploitation, processing, export, and relevant infrastructure – hydro-electric power stations, roads, and water dams.
- (b) The miners' association then, proposed to build a rail-line to link the Bauchi-Plateau mining provinces to the national rail system at Baru. The British Administration, however, considered it better for government to own it.
- (c) In line with this, the Explanatory Memo on page 61 of Nigeria Mineral and Mining Act 2007, clearly stipulates that minerals exploitation be solely private sector driven.

(d) Quote

This Act creates a distinct role for the private sector as operator and owner of mineral resources won in accordance with the provision of this Act, and a role for the government as regulator of all matters relating to the reconnaissance, exploration, exploitation, beneficiation, processing, retention, transportation, transformation, sale, marketing and other related purposes of mineral resources in Nigeria.

2. JURISDICTION

- (a) The laws of Nigeria give state governments authority over the surface of any land within its borders, while all that lies below the ground and the waterways are strictly under the control of the Federal government.
- (b) This implies that a mining company is required to obtain the consent of the landowners (those who use the surface) before the Federal Government may issue such an entity the license to explore for and to exploit minerals below the surface.

3. WHAT DOES IT TAKE TO INVEST IN MINING

- (a) Funds – considerable source(s) required
- (b) Relevant information (ore type, reserve estimation, best mining, beneficiation and rehabilitation methods, ready market)
- (c) Returns on investment (based on information from the geologist, accountants determine the economic viability of the venture)

4. THE MINERAL SUPPLY VALUE CHAIN

- (a) UPRSTREAM – mining proper, is carried out by mining companies with titles or artisanal miners (who are most often not registered or holders of valid licenses).
- (b) MIDSTREAM – trading: minerals mined are used by industries internally or exported to users abroad.
- (c) DOWNSTREAM – involve beneficiation, smelting, refining and production activities. These operations may also be set up using imported minerals.

5. OPERATION INDEX IN THE TWO MAJOR SECTORS

- (a) Metals
 - 80% ARTISANAL PRODUCTION
 - 20% CORPORATE PRODUCTION
- (b) Industrial minerals
 - 80% CORPORATE PRODUCTION
 - 20% ARTISANAL PRODUCTION

6. STEPS TO MINING INVESTMENTS

- (a) Reconnaissance
- (b) Geophysical exploration
- (c) Environmental impact assessment
- (d) Feasibility studies and mining plan
- (e) Exploitation
- (f) Reclamation

7. MINING LAWS, REGULATION AND POLICY DOCUMENTS

- (a) Nigerian Minerals and Mining Act 2007
- (b) National Minerals and Metals Policy 2008
- (c) Nigerian Minerals and Mining Regulations 2011

- (d) Nigeria Mining Growth Roadmap 2017
- (e) Industrial Minerals Roadmap 2022
- (f) Nigerian Mineral Value Chain Regulation 2022

8. RELEVANCE TO AFRICA VISION 2063

Nigeria's mining law and regulatory documents promote good environmental and Social Guidance (ESG) and further accentuate the accomplishment of the following components of Agenda 2063:

- (a) Prosperous Africa
- (b) A peaceful and secure Africa
- (c) People driven development
- (d) A strong and influential global player and partner

9. REGULATION AND COMPLIANCE

- (a) Licenses and permits issued by the Mining Cadaster Office (MCO)
 - Reconnaissance Permit
 - Exploration License
 - Small-Scale Mining Lease
 - Mining Lease
- (b) Regulation and compliance are ensured by:
 - Mines Inspectorate and
 - Mining Environmental Compliance Departments

10. INDICES THAT DRIVE INVESTMENT DECISIONS

- (a) Market
- (b) Technology
- (c) Investment

11. NIGERIA IS CURRENTLY A MINERAL EXPLORATION DESTINATION

- (a) Nigeria is so described because there is significant unavailability of data on mineral deposits with proven reserves, hence all intending investors must commence with data acquisition.
- (b) Profitable economic mining requires precise information, which is mostly determined during geophysical exploration.
- (c) The following are determined during the exploration exercise:
 - Ore type

- Mineralization sequence
- Inferred or proven reserves
- Economics

12. PUBLIC SECTOR INVESTMENT OPPORTUNITIES

- (a) Governments have found it relevant to use mineral resource assets to hedge their economies.
- (b) This requires Federal Government to carry out deep geophysical exploration activities using competent persons, who will follow the Joint Ore Estimation Code (JORC) standards.
- (c) Mineral resources become assets when the reserves have been estimated through geophysical exploration and asserted as “proven reserves”.

13. PRIVATE SECTOR INVESTMENT OPPORTUNITIES

- (a) Exploration
- (b) Trading
- (c) Production (investment in industrial minerals in mainly concentrated in production of cement)
- (d) Some available opportunities:
 - **Coal** for thermal operations
 - **Kaolin** for ceramics, food, and pharmaceutical industries
 - **Silica** for glass
 - **Salt** for domestic use - this could be further processed to chlorine for industrial use
 - **Potash** -
 - **Limestone** for quicklime for water treatment and aglime granules for agriculture
 - **Talc** for the cosmetic industry

14. MANAGING INTERNAL MINERAL TRADE

- (a) Government has found it difficult to control internal trade notwithstanding provisions for it in the NMM Act 2007
- (b) Permit To Purchase and Possess Minerals
- (c) Mineral Buying Center Permit
- (d) Holders of these licenses are required to buy only from registered artisans in mining cooperatives and holders of SSML or ML.

- (e) What is being proposed is for federal government to allow for the establishment of a **Nigeria Mineral Exchange**, which will include mineral analysis and bonded warehousing. It will be the one-stop shop for miners and buyers and exporters.

15. DOWNSTREAM OPPORTUNITIES

- (a) The mining industry in Nigeria reached this peak in 1963, when the Makeri Smelting Company was set up in Jos for smelting tin.
- (b) The special “Makeri” brand was officially delisted from the London Metal Exchange (LME) in 1992.
- (c) Currently, only three companies have been issued licenses to operate in the upstream sector of metals
- PT Timah – Tin Smelting
 - Kian Smith Trading Co. Ltd - Gold refining
 - Dukia Gold and Precious Metals Refining Co Ltd - Gold refining

16. INDICES DRIVING DOWNSTREAM INVESTMENTS

- (a) Availability of the mineral – requires building a supply chain for the raw mineral
- (b) Requisite equipment
- (c) Good power supply
- (d) Imported inputs, if required
- (e) Technical staff

17. FUNDING MODELS

- (a) Earlier investments in Nigerian mining by the British colonialist were by private subscriptions, funded mainly through the London Stock Exchange.
- (b) There are currently less than ten companies whose funding come from stocks offered on the Nigerian Stock Exchange (NSE).
- (c) Corporate mining is the key to promoting viable investments in mining.
- (d) Private individuals who also desire to fund their operations singularly have higher odds against them.

18. CONCLUSION

- (a) From the submissions above, it will be observed that relevant information is what drives mining investments.

- (b) Opportunities are said to be there ONLY when the necessary exploration work has been carried out.
- (c) Hence, we may rightly call Nigeria an exploration destination.
- (d) MINING SECTOR DEVELOPMENT OPPORTUNITIES in Nigeria are currently dependent on investment in geophysical exploration.

Thank You!