

NIGERIA

By T. Greg Hawkins

The key elements for the successful re-emergence of an active mining sector in Nigeria are in place. A robust and diverse natural resource base is supported by an attractive mining and investment code, and an increasingly committed Ministry of Solid Minerals Development.

Clearly the continuing improvements in the practical implementation of good policy and the successful and timely execution of basic business practice is paramount if Nigeria wants to attract foreign investors. Transparent land tenure and security of mineral title have been long standing issues. The most significant development in the sector has been the implementation of a programme to clarify and regularise current land tenure by demanding and getting an update on the existing legal and active leases and licenses. This programme culminated in the gazetting and subsequent revocation under current law of some 1,443 defunct licences in January 2002. This has cleared the way in what has been an untenable situation for interested local and foreign investors.


In the public sector, the development of bitumen or tar sands projects has progressed. The management of this vast resource base has done a thorough evaluation and compilation of a comprehensive preliminary data base recently made available for review to potential private sector bidders.

The National Steel Raw Materials Exploration Agency went to bid on the Lafila coal project with respect to an updated scoping study. Seven international bidders are awaiting the outcome.

Nigerian Coal Corp. is in negotiations with a South African group to develop power generation. Coal is one of the few commodities that has the benefit of a reasonable data base and history of

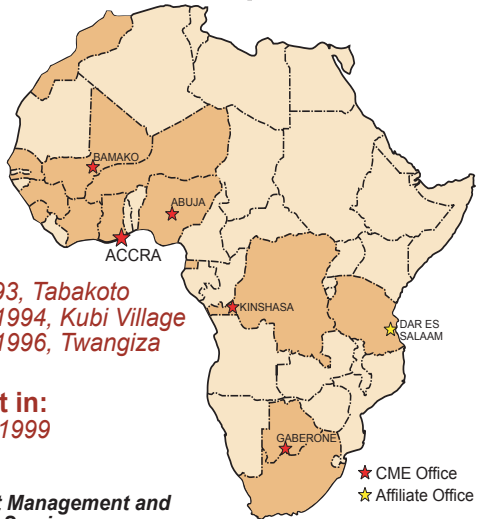
development that will be useful in the evaluation of a way forward for the estimated 639 Mt of reserves and 2,750 Mt of resources.

Nigeria Mining Corp's management is breathing new life into a number of projects, including gold, tantalum and tin, by restructuring to attract new financing. The corporation has aggressively pursued a programme of commercialisation and rationalisation through its numerous mining subsidiaries (Brick and Clay products Ltd, Nigerian Feldspar/Quartz Mining Co., Jakura Marble Ltd, Nigeria Barytes Mining and Processing Co. and Nigeria Kaolin Mining Co.). Privatisation has become the focus in attracting the much needed capital and management to rationalise these operations.



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Ogun State has signed a contract with Fugro Airborne Surveys to conduct a regional airborne magnetics and radiometrics survey of the state in order to encourage interest in the solid minerals potential of that state.

Zamfara State appointed Wardell Armstrong of the UK to conduct a regional resource appraisal of the state in anticipation of heightened private sector interest.

In the private sector numerous local Nigerian companies continue to try and raise exploration and development capital. Examples include Transafric Technical Services Corp., which continues to evaluate the tantalum and rare metals potential in Ekiti State, and awaits final approval of its exploration applications in that state. Prowess International Ltd is investigating the feasibility of feldspar production in Niger State.

Blue Circle Industries of the UK and Scancem International have been the beneficiaries of

the privatisation of state enterprises West African Portland Cement and the Cement Co. of Northern Nigeria, respectively.

Tropical Mining Ltd continues to seek investment needed to develop the Iperindo gold project in Oshun State, where a resource of some 400,000 oz of gold has been demonstrated.

Strategic Metals Ltd continues to evaluate the tantalum and rare metals potential of Nasarrawa State and is finalising its 300 km² SEPL. CME & Co. has been contracted as project managers for the exploration and development of the licence. In late September 2001, President Obasanjo addressed the audience of the Nigeria Investment Summit in London, where he stressed the importance of the Solid Minerals sector along with the much needed improvements in the power supply and communications sectors. The meeting was in part organised by Nigerian Mining Corp. and it attracted a number of mining industry participants.