

THE MINERAL INDUSTRY OF GUINEA-BISSAU

By Philip M. Mobbs

Agriculture dominated the economy of Guinea-Bissau, with construction accounting for about 10% of the gross domestic product. The intermittent domestic demand for construction materials, such as clay, gravel, and sand has sustained small-scale mining activity. The development of the mineral resources of Guinea-Bissau was attracting international interest; however, a military coup enveloped the country in civil war in June 1998, severely disrupting ongoing and proposed mineral operations. The November 1998 peace accord dissolved during renewed fighting in January 1999.

Guinea-Bissau joined the Western African Monetary Union in 1997, subsequently converting the national currency from the Guinea-Bissauan peso to the Communauté Financière Africaine (CFA) franc. The Government also revised the national tax system, including customs tariffs and excise taxes. Guinea-Bissau was a member of the African legal accord—Organization pour l'Harmonization du Droit des Affaires en Afrique. Applications for export and investment incentives passed through the Government's Private Investment Promotion Office. The Ministry of Energy, Industry, and Natural Resources was responsible for the mineral industry and the 1990 mining code was under review.

Bauxite had been discovered in the Boé region, about 150 kilometers (km) east of Bissau, by N.V. Billiton Maatschappij of the Netherlands during the late 1950's. The Soviets drilled the Boé deposits in the early 1970's, and Tsvetmet Promexport of the U.S.S.R. prepared a feasibility study on the deposits in the 1983. Reserves estimates of 110 million metric tons (Mt) of bauxite with an average grade of 44% Al_2O_3 and 4% SiO_2 have been published (U.S. Agency for International Development, 1998, Guinea-Bissau investing—Location specific mining and offshore drilling, accessed November 3, 1998, at URL <http://www.investgb.com/engv/emine.html>).

The United Nations Development Programme began investigations of the Farim phosphate deposit, approximately 75 km northeast of Bissau, in 1978. The Bureau de Recherches Géologiques et Minières of France studied the deposit from 1981 to 1985 and Sofremines prepared a positive prefeasibility study in 1986; however, market conditions impeded development. In 1997, Champion Resources Inc. of Canada acquired a 2-year, countrywide exploration permit and the exploration concession on the Farim deposit. Champion

estimated an initial capital cost of \$101 million to develop the 115-Mt phosphate deposit (Champion Resources Inc., December 4, 1997, [untitled], press release, accessed February 20, 1998, at URL http://www.championresources.com/news/chl_120497.html). Analysis of core recovered during a 1998 drilling program reported an average 30.6% P_2O_5 content and cadmium values ranging from 6 to 12 parts per million (Champion Resources Inc., August 17, 1998, [untitled], press release, accessed May 7, 1999, at URL http://www.championresources.com/news/chl_081798.html). The Farim concession subsequently was transferred to a Champion subsidiary, Champion Industrial Minerals Inc.

In the mineral fuels sector, Petrobank Energy and Resources Ltd. of Canada (70%) and the state company Empresa Nacional de Pesquisa e Exploração de Guiné-Bissau (Petroguin) (30%) had a seismic survey on offshore block 2 shot and processed. During 1998, interpretation of the seismic data confirmed the potential for salt dome-related traps on the block; however, the civil unrest impeded initiation of drilling operations. In 1997, the joint venture of West Oil NL and Fusion Investments Ltd. of Australia agreed to survey the formerly disputed offshore border region between Guinea-Bissau and Senegal for the Agence de Gestion et de Coopération entre la Guinée-Bissau et le Sénégal. In 1998, West reinterpreted existing seismic data coverage. IKODA Ltd. of the United Kingdom was preparing a promotional report for the prospect. Monument Oil and Gas Plc of the United Kingdom, Sociedad Internacional Petrolera S.A. of Chile, and Petroguin relinquished the offshore Becuda license in 1998 after evaluation of geochemical and geophysical surveys of the prospect.

Development of the bauxite and phosphate deposits had been hampered in the past by the lack of suitable transportation infrastructure. The Government was interested in constructing a deepwater terminal at Buba.

Major Source of Information

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