



# 2005 Minerals Yearbook

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## NIGERIA

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# THE MINERAL INDUSTRY OF NIGERIA

By Philip M. Mobbs

Nigeria, which was a member of the Organization of the Petroleum Exporting Countries (OPEC), was Africa's leading unprocessed petroleum (crude oil) producer. In 2005, Government revenue from hydrocarbons soared to \$35.6 billion<sup>1</sup> and accounted for 86% of total Government revenues; in 2004, Government natural gas and petroleum revenues were \$25.1 billion. The increase in hydrocarbon revenues in 2005 was attributed to the rise in international oil prices. Some of the increase in international prices had been attributed to the civil unrest in Nigeria, which introduced additional uncertainty into the world supply of crude oil (Central Bank of Nigeria, 2006, p. 164, 201; Power and Interest News Report, 2006§<sup>2</sup>).

In 2005, the growth of Nigeria's gross domestic product (GDP) at constant prices was estimated to be 6.9%. The GDP based on purchasing power parity was estimated to be about \$174 billion, and the GDP per capita based on purchasing power parity was estimated to be about \$1,188. Despite the nation's significant petroleum income, Nigeria was 165th on a list of 180 countries ranked by GDP per capita by the International Monetary Fund. Nigeria's GDP per capita rank was skewed by its position as the most populous country in Africa. Estimates of Nigeria's population in 2005 varied from about 132 million to about 146 million (Central Bank of Nigeria, 2006, p. 175; International Monetary Fund, 2006§; World Bank Group, 2006§).

In addition to hydrocarbons, artisanal miners and companies produced columbium (niobium), gold, lead, tantalum, tin, and zinc ores; and other minerals and mineral-based commodities, such as barite, cement, clays, coal, copper, feldspar, gemstones, gypsum, lead, phosphate rock, steel, stone, and tin.

## Government Policies and Programs

In 2005, proposed amendments to the Mining and Minerals Decree No. 34 of 1999 were under consideration by the Legislature and the Ministry of Solid Mineral Development. Under the Mining Law, the Federal Government holds all mineral rights. In November, the Government and the State governments agreed to close all State government mineral development agencies because the existence of the State organizations effectively usurped the Federal Government's statutory powers in the solid minerals development arena (Onuorah, 2005§).

## Trade

In 2005, total official exports were provisionally valued at about \$47.9 billion, of which the value of crude oil exports

was estimated to be \$46.8 billion. The value of natural gas exports was estimated to be \$456 million. Hydrocarbon exports accounted for 98.5% of total Nigerian exports. According to the Central Bank of Nigeria (2006, p. 201) official crude oil exports declined by about 5.8% in 2005 compared with 2004. Of the total official crude oil exports in 2005, about 47% was shipped to the United States, 11% to India, 6% to countries of West Africa, 5% to Spain, and 5% to Canada.

## Commodity Review

### Metals

**Iron and Steel.**—In 2005, Global Infrastructure Holding Co. (GIHL) of India acquired Delta Steel Co. from the Bureau of Public Enterprises (BPE), which managed the Federal Government's privatization program. Delta Steel subsequently restarted production of pellets from stockpiled iron ore, crude steel, and rolled steel products. GIHL also acquired the Ajaybanko and the Itakpe iron ore deposits (formerly held by the National Iron Ore Mining Co. Ltd.) from the BPE. Iron ore production was expected to resume in 2006. In 2005, the BPE accepted bids to privatize the steel-rolling mill at Jos from Zuma Steel West Africa Ltd. and the rolling mill at Oshogbo from Kura Holdings Ltd. The BPE rejected new bids for the rolling mill at Katsina.

### Industrial Minerals

**Nitrogen.**—In 2005, the construction of a urea plant at Yenagoa, Bayelsa State, was proposed. A North American investor group was to fund the 1-million-metric-ton-per-year (Mt/yr)-capacity plant (Etim, 2005§).

### Mineral Fuels

**Natural Gas.**—In November, Nigeria Liquefied Natural Gas Ltd. (NLNG) began production from liquefied natural gas (LNG) train 4. LNG train 5 was expected to begin production in early 2006. The construction of LNG train 6 at NLNG's facility at Finima on Bonny Island was underway; initial production was scheduled for 2007. Planning for NLNG's proposed 4.8-Mt/yr-capacity LNG train 7 began in 2005 (Scott, 2005§).

**Petroleum.**—Despite the civil violence directed at the international oil company facilities, intertribal conflicts that adversely impacted production operations, and repeated vandalism of domestic pipelines, Nigerian oil production continued to increase. The Nigerian National Petroleum Corp. (NNPC) estimated that about 200,000 barrels per day of crude oil was not produced because of the violence (Oduniyi, 2005§).

In 2005, initial crude oil production from offshore facilities included the deepwater (1,000 meters water depth) Bonga Field and the Okwori Field, which was operated by Addax

<sup>1</sup>Where necessary, values have been converted from Nigerian Naira (N=) to U.S. dollars (US\$) at the average rates of N=131.66=US\$1.00 for 2005 and N=133.50=US\$1.00 for 2004.

<sup>2</sup>References that include a section mark (§) are found in the Internet References Cited section.

Petroleum Exploration (Nigeria) Ltd. Shell Nigeria Exploration and Production Co. (55% interest) operated the Bonga Field for partners Esso Exploration and Production Nigeria Ltd. (20%), Nigerian Agip Exploration Ltd. (12.5%), and Elf Petroleum Nigeria Ltd. (12.5%), under a production-sharing contract with NNPC.

## Outlook

The BPE plans to continue its privatization program in 2006. Mineral sector companies scheduled to be offered (or reoffered) to bidders include the Aluminum Smelter Co. of Nigeria Ltd., the Kaduna Refinery and Petrochemicals Co. Ltd., the Nigerian Gas Co., the new and the old refineries of Port Harcourt Refining Co. Ltd., and the Warri Refinery and Petrochemicals Co. Ltd.

The Government is expected to continue efforts to attract local and foreign investors to the Nigerian mineral industry, but except for coal, columbium (niobium) and tantalum, granite, gypsum, iron ore, limestone, natural gas, liquid hydrocarbons, and tin, known resources of most mineral commodities currently are not considered large enough to generate significant international interest. Civil unrest, which tends to mute international investor's interest in the Nigerian solid minerals sector, is expected to continue.

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## Major Sources of Information

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TABLE 1  
NIGERIA: ESTIMATED PRODUCTION OF MINERAL COMMODITIES<sup>1,2</sup>

(Metric tons unless otherwise specified)

Commodity <sup>3</sup>	2001	2002	2003	2004	2005
<b>METALS</b>					
Columbium (niobium) and tantalum concentrates:					
Gross weight	610	156 <sup>4</sup>	383 <sup>4</sup>	100	99
Columbium (niobium) content	250	65	160	40	35
Gold kilograms	37 <sup>4</sup>	40	50	30	30
Iron ore, gross weight thousand metric tons	25 <sup>4</sup>	25	--	--	--
Lead:					
Lead-zinc ore	247 <sup>4</sup>	250	250	200	200
Metal, refined	5,000	5,000	5,000	5,000	5,000
Steel	--	--	--	10,000	40,000
Tin:					
Mine output, cassiterite concentrate:					
Gross weight	3,677 <sup>4</sup>	1,004	2,341	1,300	1,000
Sn content	2,870 <sup>4</sup>	790	1,800	1,000	790
Metal, smelter	25	25	25	25	25
<b>INDUSTRIAL MINERALS</b>					
Barite <sup>5</sup>	5,000	5,000	5,000	6,000	6,000
Cement, hydraulic thousand metric tons	2,400	2,100	2,300	2,300	2,400
Clays:					
Kaolin	209,478 <sup>4</sup>	200,000	200,000	210,000	200,000
Unspecified	60,474 <sup>4</sup>	60,000	60,000	50,000	50,000
Feldspar	1,811 <sup>4</sup>	1,800	1,800	1,700	1,700
Gypsum	609,800 <sup>4</sup>	300,000	100,000	100,000	100,000
Stone:					
Granite thousand metric tons	2,419 <sup>4</sup>	2,500	2,500	2,000	2,000
Limestone do.	3,392 <sup>4</sup>	11,415 <sup>4</sup>	7,408 <sup>4</sup>	2,100	2,100
Marble do.	129 <sup>4</sup>	1,551 <sup>4</sup>	840 <sup>4</sup>	150	149
Shale do.	163 <sup>4</sup>	130	130	70	70
Topaz kilograms	1 <sup>4</sup>	10	10	10	10
<b>MINERAL FUELS AND RELATED MATERIALS</b>					
Coal, bituminous	11,495 <sup>4</sup>	43,482 <sup>4</sup>	23,089 <sup>4</sup>	9,000	9,000
Natural gas:					
Gross million cubic meters	57,530 <sup>4</sup>	50,000	53,000	57,747 <sup>4</sup>	56,000
Dry do.	39,640 <sup>4</sup>	30,000	31,000	34,411 <sup>4</sup>	34,744 <sup>4</sup>
Petroleum:					
Crude thousand 42-gallon barrels	823,000	773,000	825,000	900,400 <sup>4</sup>	923,500 <sup>4</sup>
Refinery products:					
Liquefied petroleum gases do.	1,000	2,300	2,000	2,200	7,100
Gasoline do.	24,400	22,400	20,000	22,000	14,800
Kerosene do.	12,500	11,800	12,000	13,000	10,100
Distillate fuel oil do.	18,900	18,800	19,000	21,000	15,800
Residual fuel oil do.	21,500	17,200	17,000	18,000	19,200
Unspecified do.	700	4,000	4,000	4,300	4,400
Total do.	79,000	76,500	74,000	80,500	71,400

-- Zero.

<sup>1</sup>Estimated data are rounded to no more than three significant digits; may not add to totals shown.

<sup>2</sup>Table includes data available through November 29, 2006.

<sup>3</sup>In addition to the commodities listed, amethyst, aquamarine, bitumen, copper (secondary), diamond, emerald, garnet, lime, monazite, phosphate rock, ruby, rolled-steel products, rutile, sand and gravel, sapphire, soda ash, talc, tourmaline, tungsten, zinc, and zircon are produced, but information is inadequate to estimate output.

<sup>4</sup>Reported figure.

<sup>5</sup>Considerably more barite is produced but is considered to be commercially unusable.