

Venmyn hopeful about Nigeria's mining sector growth

By Deborah Spicer

Venmyn's completion of a Nigerian project in October marks its first foray into the West African country, which has a mining sector that contributes only 0.3% to the country's gross domestic profit (GDP).

The project involved the writing of a prospectivity report for a deposit in the Anambra Coal Basin. The report showed that the project area is prospective for coal and has recommended a twin drilling programme that would further assist in confirming a historical resource statement generated from historical exploration results.

Venmyn is hopeful that the country's ambitious aim to grow mining's contribution to the country's GDP to 15% will result in additional commissions for the Venmyn.

"Projects that might be established in Nigeria would have to be privately funded, since the market is sceptical of the Nigerian mining sector and the government's commitment to security of tenure," describes Venmyn mineral industry analyst Gbenga Ojo, the Nigerian born engineer who project managed the Anambra Coal Basin Project.

New projects that are coming on stream typically have a significant participation by local indigenous partners and tend to be in coal, gold and iron ore, he says.

Nigeria's power woes could lead to a boom in the coal mining sector, in particular, since the country needs to increase its output and distribution to cater for the 150m-person country.

Coal projects that are likely to succeed are those that are designed to feed locally-established power stations, and that are not dependent on coal exports which would, in turn, require a well-established infrastructure system, describes Ojo.

These are supported by the government, which is attempting to resolve the electricity supply and distribution problem, he notes.

South Africans use 55 times more energy per person than Nigerians, while Americans consume 100 times more, largely as a result of the irregular power supply.

The intermittent power supply has also been blamed for the lack of growth in the country's manufacturing sector, which only contributes 4% to GDP.

To find out more about the Nigerian mining sector, contact Gbenga Ojo.