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Newly discovered high-grade lithium deposits have potential to boost Nigerian economy

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Lithium discovery implications

Nigeria recently discovered large deposits of lithium, an essential component for building batteries for electric cars, laptops and mobile devices. Elon Musk, CEO of Tesla, showed interest in signing a trade partnership with the Federal Government of Nigeria for the mining of lithium but Nigeria's Minister of Mines and Steel Development, Olamilekan Adegbite, rejected the offer. The minister stated that Nigeria would only deal with Tesla if the company agreed to build its battery-making factories in Nigeria.

The price of lithium has risen from \$6,000 per tonne in 2020 to \$78,000 per tonne in 2022, and it is expected to be the most valuable mineral on earth by 2040. Additionally, Nigeria's lithium is high-grade. The director-general of the Nigerian Geological Survey Agency, Dr Abdulrazaq Garba stated that:

the standard worldwide for even exploration and mining starts from 0.4 per cent lithium oxide but when we started exploration and mining, we saw one per cent up to 13 per cent lithium oxide content.⁽¹⁾

Mining industry titles

Like many jurisdictions, such as the UAE and Australia, the mining industry in Nigeria is regulated by the Federal Government. The government ministry tasked with this responsibility is the Ministry of Mines and Steel Development.

To protect its resources and regulate all aspects of exploration and exploitation of solid minerals in the country, the Nigerian government re-enacted the Nigerian Mineral and Mining Act in 2007. This Act vested ownership and control of all lands where minerals are found in commercial quantities in the Federal Government, thereby prohibiting unauthorised persons from exploring and exploiting these mineral resources.

The Federal Government grants the right to explore and exploit minerals in Nigeria by issuing various mineral titles. Thus, a mining company wishing to mine lithium or any solid mineral in Nigeria requires one of the mineral titles in the form of a:

- reconnaissance permit;
- exploration licence;
- small-scale mining lease;
- mining lease;
- quarry lease; or
- water use permit.

The type of mineral title obtained depends on the mining activity the applicant company wants to undertake. Descriptions of the various mineral titles are set out below.

Reconnaissance permit

The holder of a reconnaissance permit has the non-transferable, non-exclusive right to obtain and remove surface samples in small quantities. The permit is for 1 year, renewable annually and expressly prohibits excavation drilling and other subsurface activities.

Exploration licence

A person who holds an exploration licence has the exclusive right to conduct exploration within the licence area (not exceeding 200 kilometres) for a period of three years and it is renewable for two further periods of two years each. The exploration licence grants the holder the right to remove, conduct bulk sampling and testing, export and sell mineral resources within the limits prescribed in the licence.

Small-scale mining lease

A small-scale mining lease is issued upon fulfilment of all the conditions attached to the exploration licence. The lease is valid for five years and is renewable for a further period of five years. A small-scale mining lease grants the holder the exclusive right to carry out small-scale mining operations within an area between five hectares to three kilometres. The holder of a small-scale mining lease may apply to the Mining Cadastre Office to convert the small-scale mining lease to a mining lease.

Mining lease

A mining lease is granted for 25 years and is renewable every 24 years. The mining lease is granted for commercial-scale mining and gives the holder the exclusive right to use, occupy and exploit minerals in the lease area not exceeding 50 kilometres.

Quarry lease

A quarry lease allows the holder to carry out quarry operations, exploit naturally occurring minerals (eg, clay, marble, gypsum, limestone, gravel, and sand), remove and dispose of any minerals in the lease area, not exceeding five kilometres. A quarry lease is issued for a five-year period and is renewable every five years.

Water use permit

A water use permit is an ancillary permit granted to the holders of any mineral title who require the use of water for their operations.

Comment

Energy transition has globally increased the focus on renewable sources of energy. Goal seven of the Sustainable Development Goals focuses on affordable and clean energy and, as a result, there has been an increase in demand for lithium batteries. The discovery of lithium will encourage foreign direct investment into Nigeria and provides an opportunity for Nigeria to:

- improve its gross domestic product;
- create employment;
- increase its foreign exchange earnings by exporting finished products;
- leverage the transfer of technology; and
- embrace the energy of the future.

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Endnotes

(1) Gabriel Ewepu, "Mining: Agency Discloses Discovery of High-Grade Lithium" (7 June 2022) <[Mining: Agency discloses discovery of high grade lithium - Vanguard News \(vanguardngr.com\)](#)>.