

NATIONAL IRON ORE MINING COMPANY (NIOMCO)

The Company

National Iron Ore Mining Company Limited (NIOMCO) was incorporated as a limited liability company with 500,000 shares of N1.00 on 6th November 1979 pursuant to the promulgation of the National Steel Council Act CAP 218 of the Laws of the Federation of Nigeria, 1990 that repealed the National Steel Development Authority Decree of 1971. The Company's name was Associated Ores Mining Company but was later changed to National Iron Ore Mining Company Limited on the 13th February, 1987, when its activities were streamlined to exploration, exploitation, processing and supply of Iron Ore concentrate to the Nation's major steel plants at Ajaokuta and Aladja.

The Industrial processing plant was designed to supply 2.15 metric tones per year of 63/64% Fe grade super concentrate to Ajaokuta Steel Company (ASCL) and 550,000 metric tones per year of 67/68% Fe grade super concentrate to Delta Steel Company Limited (DCL). Supply of concentrate grade 65-67% Fe to DSC started in October 1994, by road transportation systems, to test the compatibility of the concentrate to the steel plant's requirements.

The Mine facilities, the Industrial plant, Power Supply, basic infrastructures such as Roads, Communication. Mining Township and other ancillary are on going.

Location:

It is located at KM 15, Itakpe, Okene-Lokoja Road, Kogi State of Nigeria

Ownership Structure:

100% equity owned by the Federal Government of Nigeria under the supervision of the Federal Ministry of Power and Steel.

Nature of Business:

- Production and supply of Iron Ore to Ajaokuta Steel plant (Fe Super-concentrates – 2.15 million tones per annum);
- To export concentrates to the international market after local needs have been satisfied.
- To export concentrates to the international market after local needs have been satisfied.
- To arrange and co-ordinate the exploitation and supply of other locally available raw materials – cooking coal, limestone/marble, dolomite, refractory clays, manganese, bauxite, Ferro iron, etc required by the major steel plants.
- To represent the interest of the Federal Government of Nigeria in foreign Iron Ore Mining projects, such as Mifergui –Nimba Iron Ore project in the Republic of Guinea where Nigeria has a 16.47% shareholding.

Staffing/Manning Levels:

Presently operating with reduced staff strength of 1892, made up of Senior (1,007) and Junior (885) well-trained staff.

Facilities:

NIOMCO operates a Beneficiation plant whose function is to upgrade the Run-of Mine Ore (36%) to concentrate (64% Fe) and Super concentrate (67% Fe) to supply the entire need of ASC and DSC. Details of plants amongst others are as follows:

- 7.5V generating sets;
- The primary plant with a 54 " X74" Gyratory crusher and peak rate of 2,000T/h;
- The Blending storage;
- The Belt conveyor system
- Low intensity drum magnetic separation;
- Horizontal vacuum belt filters
- Staff housing;
- A Jetty; and
- Functional Beneficiation plant – designed and configured to upgrade the Raw Ore from the mine (38% Fe) into concentrate (63-64% Fe) for Ajaokuta and (65-68% Fe) for Delta Steel Companies.

Privatization Plan:

The Federal Government intends to divest 51% of its equity holdings to a core investor, which may be local or foreign, or a consortium of investors, while the remaining shares will be sold to the Nigerian public.

Future Prospects:

Market surveys conducted have shown bright opportunities in the area of Iron Ore concentrates, pellets, Billets and Steel Products. Other benefits include:

- Sustained demand for raw materials by Ajaokuta and Delta Steel Companies;
- Sustained demand by the Katsina, jos and Oshogbo Steel Rolling Mills; and
- Expansion of the fourth post-beneficiation plant.

Current Status: Has been operating below installed capacity

Case for and Objective of Privatization:

- i. Some preliminary tests indicated that Itakpe Iron Ore concentrate could suitably be used for heavy mud drilling, abrasive and pipeline coating.
- ii. There is high market value of NIOMCO's Iron Ore especially to the West Africa sub-region
- iii. Creation of employment opportunities

Proposed Privatization Strategy:

i. Tender /Auctioning: -

A maximum of 51% sold to a Strategic Investor while the remaining balance (49%) will be offered to the employee of the company and the general public. This option is made based on the fact that exploration of iron ore is capital intensive, and requires a fleet of large capacity mining equipment. Also due to the environmental sensitivity of the ore, the private investment should be kept at a minimal level

ii. Concession

The company has been operating below the installed capacity and at a loss with huge amount of liabilities. Government's interest from concession can be used to offset the liabilities and upgrade the operational level.

iii. **Privatization by capitalization.**

Contact

Mrs. Irene Chigbue

Director General

Bureau of Public Enterprises (BPE)

Tel: + 234-9-4134670

Fax: + 234-9-4134672

E-mail: ichigbue@bpeng.org

Mr. A. Udofia

Director (Industry and Solid Minerals)

Bureau of Public Enterprises (BPE)

Tel: + 234- 9-4130662

Fax: + 234-9-4130662

E-mail: audofia@bpeng.org

Note of Caution

The Bureau of Public Enterprises takes no responsibility whatever for the correctness or accuracy of the facts, descriptions, details and content of this information sheet. It was developed based on information provided by the company and other sources. BPE has made no attempt to verify the information provided. Full due diligence must be undertaken by any prospective buyer.