

THE MINERAL INDUSTRY OF

ANGOLA

By George J. Coakley

Angola has a population of about 10.5 million in a 1,246,700 square kilometers (km²) area, which includes Cabinda, a 100-kilometers (km) wide and 150-km deep coastal strip located between Congo-Brazzaville and Zaire. Cabinda is the source of about 50% of Angola's oil production. The mineral economy of Angola is dominated by petroleum with a significant contribution from diamond production (*See table 1*). Angola's gross domestic product (GDP) was \$8.31 billion by yearend 1996, with petroleum and related services accounting for about 50% of GDP. Following over 20 years of fighting, the country's lengthy civil war appeared to be resolved. During 1996, the Government began to rebuild a shattered economy and to attract foreign investment back to the minerals sector. Favorable exploration results from offshore drilling in 1996 and early 1997 indicated considerable potential for significantly expanding Angola's petroleum production over current levels of about 710,000 barrels of crude oil per day. International oil companies operated in joint ventures or under production-sharing agreements with the Government's Sociedade Nacional de Combustiveis de Angola (Sonangol). Chevron of the United States and the French company, Le Group Elf Aquitaine, were the major petroleum operators.

The diamond producing areas, previously controlled by the opposition forces of the National Union for the Total Independence of Angola (UNITA), in Lunda Norte and Lunda Sul Provinces accounted for about \$400 million out of Angola's annual national diamond output of \$1.1 billion and were opened to outside exploration and development companies in 1996. The state-owned diamond mining company, Empresa Nacional de Diamantes de Angola (Endiama), issued exploration licenses or entered joint ventures for a number of projects. De Beers, after a 10-year absence from Angola, acquired a 5-year exploration right to examine the alluvial and kimberlite diamond potential in Cuando-Cubango Province. Endiama entered a joint venture with Sociedade Portuguesa de Empreendimentos in Sociedade Mineira de Lucapa's 8,000 km² concession in the Camfue and Camiambo areas of Lunda Norte. Endiama also entered a joint venture with Brazil's Oderbrecht Mining Services and Russia's Almay Rossii-Sakha to begin production

by late 1996 of over 900,000 carats annually from the Sociedade Mineira de Catoca's kimberlite holdings in Lunda Sol Province. American Mineral Fields acquired a 50% interest in a 3,700 km² diamond concession held by a Dutch West Indies security firm, International Defense and Security Forces, on the Luremo River near the border with Zaire. The Canadian company, Carson Gold Corporation, and its subsidiary, Branch Energy Ltd., acquired majority interest in reported resources of over 10 million carats of diamond in the Luo and Luarica concessions in Lunda Norte Province (DiamondWorks Ltd., 1996). Carson Gold was acquired by DiamondWorks Ltd. of Canada in 1997. SouthernEra Resources Ltd. of Canada entered an agreement with Sphere Trading Ltd. in September 1996 to cooperate in exploration and development of four alluvial diamond concession areas. Sphere mined 48,000 carats averaging over \$99 per carat from the area in 1996. For payment of \$2.5 million, SouthernEra obtains rights to 35% of profits from properties it operates and 10% of net profits from Sphere operations in return for technical expertise and financing (SouthernEra Resources Ltd., 1996).

References Cited

- DiamondWorks Ltd., 1996, Carson to become world player in diamond industry—Carson acquires major diamond concessions in Africa: DiamondWorks Ltd. (formerly Carson Gold Corp.) press release, June 27, 4 p. (Accessed February 3, 1997, on the World Wide Web at URL http://www.info-mine.com/press_releases/dmw/pr062796dmw.html or currently at <http://www.diamondworks.com/press.html>)
- SouthernEra Resources Ltd., 1996, SouthernEra to participate immediately in mining of alluvial diamonds in Angola: Southern Era Resources Ltd. press release, September 25, 1 p. (Accessed October 16, 1996, on the World Wide Web at URL <http://www.southernera.com/pr960925.htm>)

Major Source of Information

Ministry of Geology and Mines

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TABLE 1
ANGOLA: PRODUCTION OF MINERAL COMMODITIES 1/

Commodity		1992	1993	1994	1995 e/	1996 e/
Cement, hydraulic e/	thousand metric tons	260	250	300	300	300
Diamond 2/ 3/	thousand carats	1,180	1,000	1,400	2,900	2,500 4/
Gas, natural: e/						
Gross 5/	million cubic meters	5,600	5,600	5,600	5,210 r/ 4/	5,600
Dry	do.	564 4/	560	560	560	560
Granite	thousand cubic meters	184	1,130	1,490 e/	1,500	1,500
Marble	do.	455	104	91	100	100
Petroleum:						
Crude	thousand 42-gallon barrels	190,000	182,865	196,370	232,800 4/	259,150 4/
Refinery products e/ 6/	do.	10,200	9,000	9,000	10,585 4/	11,000
Salt	metric tons	30,000 r/	40,000 r/	40,000 r/	40,000 r/	40,000

e/ Estimated. r/ Revised.

1/ Includes data available through December 1997.

2/ Does not include smuggled production.

3/ Production is approximately 90% gem and 10% industrial grade.

4/ Reported figure.

5/ Angola has no natural gas distribution system. Most gas is vented and flared.

6/ Includes asphalt and bitumen.