THE MINERAL INDUSTRY OF

LIBERIA

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Liberia was attempting to recover from the devastating civil war that ended in 1997. Prior to the war, production of iron ore had accounted for about 20% of Liberia's gross domestic product. Cement production from imported clinker and artisanal production of diamond and gold constituted the postwar mineral industry of Liberia. In 1997, the newly elected Government created Liberian Resources Co. to manage the rehabilitation of the nation's mineral industry. Holistic Resources (West Africa), a subsidiary of Commonwealth Gold of the United Kingdom, which, in turn, was a subsidiary of Amalia Gold Mining & Exploration Co. of South Africa, acquired 40% interest in Liberian Resources for promised exploration activity. Amalia's subsequent financial difficulties resulted in the Government cancelling the venture in June 1998 for contract noncompliance. The Government was revising the mining code and attempting to control the myriad illicit diamond and gold mining operations and illegal diamond traders.

Mining of the remaining Liberian portion of the high-grade Nimba iron ore deposit at Yekepa was discontinued in 1992 because of the war. The facilities at Yekepa of the Iron Mining Co. of Liberia had been throughly scavenged [Fondation Hirondelle, March 1, 1999, radio broadcast (Star Radio—Liberian Daily News Bulletin] transcription, accessed March 2, 1999 at URL http://www.africanews.org/west/liberia/stories/19990301_feat1.html]. Amalia promoted the use of the railroad from Yekepa to Buchanan to transport iron ore from the Nimba deposit in Guinea (formerly known as the Mifergui project). Rehabilitation of the railroad through Liberia was estimated by the Government to cost less than $100 million (Metal Bulletin, 1997). Amalia unsuccessfully negotiated funding plans with the Trinity Alliance and Ivanhoe Capital Corp. of Canada (Africa Energy & Mining, 1998). The Bong iron ore mine, closed in 1990, had been overrun several times during the war. Recovery of the mine's remaining 150 million metric tons of low-grade reserves was considered uneconomic (Metal Bulletin, 1997).

There was limited formal diamond and gold exploration activity—only a few junior mining companies retained exploration concessions, including Consolidated Venturex Holdings Ltd. of Canada; Freegold of Australia; Mano River Resources Inc. of Canada, formed in 1998 when Zicor Mining Inc. acquired Mano River Resources Ltd.; and Rex Diamond Mining Corp. of Canada. Exploration concessions were also claimed by various subsidiaries of the Greater Ministries International Church of the United States, including Greater Diamond Co. (Liberia) Ltd., Greater Gold Mining Co. Ltd., Greater Aggregates Ltd., and Greater Goldfields Liberia Ltd.

Poor to nonexistent bridge and road conditions impeded access to much of the country, and the nation's electrical power grid had been largely destroyed during the civil war. About 8 megawatts (MW) of generating capacity had been restarted by the state-owned Liberia Electricity Corp. Rehabilitation of the 64-MW Mt. Coffee hydroelectric power plant was estimated by the company to cost $100 million (Liberia Electricity Corp., 1998, LEC—Master energy recovery and development plan, accessed March 2, 1999, at URL http://www.integrityonline7.com/yhaplec/lecpress16.htm).

Rebuilding the transportation infrastructure will create a strong demand for cement and locally produced construction materials. Diamond and gold production should continue unabated; however, additional expansion of Liberia's mineral economy will hinge on improvements in international investor confidence. That will require significant improvements in the level of security; reconstruction of communications, power, and transportation infrastructure; reduction in the level of corruption; reintegration of former combatants; resettlement of displaced population and refugees; and resumption of normal economic activity (Daily Times, 1999).

References Cited

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