



Investment Opportunities for Economic Development and Diversification in Niger State Mining and Mineral Resources Sector

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Abstract

Niger State, often referred to as "The Power State", is endowed with vast mineral resources that offer substantial investment potential for Nigeria's economic diversification. This paper Niger State's mineral wealth and richness, emphasizing important reserves including iron ore, kaolin, gold, tantalite, and more, and evaluates the state's capacity to draw in both domestic and global investment. The review looks at current government incentives and policies for investors, including deferred royalties, exemptions from import and customs taxes for plant, machinery, and equipment used in mining operations, potential capitalization of exploration and survey costs, and state government infrastructure expansion. Challenges in the sector and recommendations for sustainable development were highlighted. with improved regulatory frameworks, enhanced security, and public-private partnerships, Niger State can become a mining powerhouse, contributing substantially to Nigeria's GDP and job creation.

Keywords: Mineral resources, mining, investment, diversification, Niger State

1. Introduction

Although Nigeria's economy has historically relied on crude oil, current diversification initiatives have highlighted the solid minerals industry as a promising substitute. Solid mineral investment options are now essential for economic diversification, particularly in light of rising living expenses and shifting fossil fuel prices [1]. Nigeria must optimize its extractive sectors, like other resource-rich nations, which calls for the execution of strategic policies by the government, the private sector, and international organizations [2].

Though the Nigerian Institute of Mining and Geosciences and the Mining Cadastre Office were established to improve geoscience data collection and mineral rights management, encouraging best practices and avoiding past exploitation pitfalls, it is still unclear how effective this legal framework will be in promoting sustainable economic development in Nigeria [3].



With quantities of gold, tantalite, kaolin, marble, and other minerals, Niger State, which is in North-Central Nigeria, is one of the most mineral-rich areas of the nation [4]. Despite this wealth, the industry is still underdeveloped as a result of poor infrastructure, illicit mining, and insufficient investment. This study explores Niger State's mining and mineral resources, which provide large investment potential that might significantly contribute to Nigeria's economic diversification and growth, moving beyond its conventional reliance on the oil and gas sector.

1.1 Overview of Niger State's Mineral Resources

Niger State boasts a considerable variety of solid minerals found in commercial quantities.

Table 1: Available Mineral Resources in Niger State

S/N	Mineral Type	Uses	L.G.A.	Specific Location
1	Kaolin	Fillers (plastics), paints, lining of kilns, agriculture (fertilizer, pharmaceutical	Lavun Mashegu Edati	Kutigi Mashegu Enagi
2	Ball Clay	Bricks, Pottery wares, Ceramics, Refractory lining	All over the state	All over the state
3	Gold	Jewelries, electronics, telecommunication, space technology, aesthetic	Chanchaga Shiroro Katcha Gurara Magama Munya Rafi Borgu Lapai Rijau	Minna Erena, Zumba, Allawa, Gwada, Galadima-Kogo, Erena, Chukuba Maiwayo Laiba Tungan-Agana/Majinga Beni Garafini, Garun-Gabas, Kadaura Old Awuru, New Awuru, Farindoki Mayaki Tungan Ibrahim Lete
4	Feldspar	Glass-wares & Ceramics	Wushishi Shiroro Borgu Munya	Zungeru Zumba New-Bussa Akutayi
5	Tantalite	Aircraft components, electronics & jewelries	Shiroro Munya Rafi Mariga	Zumba, Zazzaga Kuchi Pandogari Shadadi
6	Talc	Pharmaceuticals, paints, cosmetics, oil drilling, fertilizer	Rafi Shiroro	Kumumu, Kagara, Tungan-Makeri, Ringa Yarada (Erena)
7	Silica	Glasswares, refractories	Gbako Lavun	Lemu Nupeko
8	Mica	Oil drilling, Fire fighting equipment, electrical installations	Rafi Shiroro Munya	Pandogari Allawa Sarkin-pawa, Akutayi
9	Marble	Building construction, grave stones, monuments, hydrated lime	Paikoro Rijau	Kwakuti Darga
10	Graphite	Pencil, cosmetics, heat conductors	Munya	Guni
11	Granite	Road & building constructions	Rijau Kontagora Paikoro Chanchaga Bosso Rafi Suleja Munya Wushishi	Rijau Kontagora, Gwadabe Paiko Minna Bosso Kagara, Tegina Suleja Sarkin-pawa Wushishi

12	Iron Ore	Iron & Steel making	Lapai Borgu Rafi Mariga	Mayaki Malale, Kakihum Madaka, Pandogari Kasuwan-Ango, Bangi, Konkoso
13	Manganese Ore	Power generation, Manganese, Flux for steel production	Rafi	Pandogari, Madaka
14	Kyanite	Refractories, Ceramics, Electronics & insulation	Shiroro	Kuta
15	Limestone	Cement production, construction works	Darga	Rijau
16	Copper	Electrical Wires	Borgu Mariga	New-Bussa, Marraban Tungan Bako, Jankonah, bangi
17	Potash	Fertilizer, Domestic, pharmaceutical & Chemical industries	Lapai	Mayaki
18	Bismuth	Electronics & Computer chips	Kontagora Rijau	Kontagora Mera
19	Wolframite	Jet engines, electronics	Shororo Magama	Zumba, Zazzaga, Okpoho, East of Libale
20	Quartz	Decoration, Jewelleries & refractories	Rijau Rafi	Dukku, Tungan Ibrahim Lete Pandogari, Rafin Sardauna Kwatachi
21	Topaz	Decoration, Jewelleries	Mariga Rijau	Shadadi Darga
22	Amethyst	Decoration, Jewelleries	Kontagora Edati Rija Mariga	Kuimo Kwale Darga Bangi
23	Beryl	Decoration, Jewelleries	Borgu Rijau	New-Bussa Darga, Mera
24	Tourmaline	Jewelleries, Decoration	Munya	Akutayi
25	Hydrocarbon	Oil & gas, Plastics, petrochemicals	Bida, Gbako, Katcha, Edati, Lavun, Agaie, Lapai, Mokwa	Bida-Basin

Sources: [5, 6, 7].

1.2 Current Mining Activities in Niger State

Currently, mining activities in Niger State range from artisanal and small-scale operations to some more organized ventures.

Artisanal and Small-Scale Mining (ASM): Artisanal miners use crude techniques to conduct a large amount of mining, especially for gold. Even while they give some people a living, these businesses frequently face inefficiencies, safety risks, environmental damage, and money leaks. According to recent reports, illicit mining is still a problem in the state and is occasionally connected to security concerns [8].

Formal Mining Operations: There are some corporate mining companies interested in extracting minerals like gold, manganese, tantalite, talc, marble, and kaolin. However, the scale of these operations is generally seen to be below the state's potential.

1.3 Investment Opportunities and Incentives in Niger State Mining Sector

1.3.1 Investment Opportunities in Niger State Mining Sector

Across the mining value chains, Niger State's underutilized endowment of mineral resources offers a plethora of alluring business prospects for both foreign and indigenous enterprises:

Prospecting and Exploration: To completely define the scope and calibre of the known mineral deposits (reserves) and grades of the different minerals, thorough geological surveys and exploration operations are required. Investing in contemporary exploration methods can pay off handsomely. Investing in contemporary exploration methods and technologies is necessary for this.

Large-Scale Mining and Extraction Activities: For minerals like gold, talc, kaolin, marble, granite, copper, and lead, setting up technologically sophisticated and well-capitalized mining operations can result in more effective extraction, greater yields, and higher-quality products.

Value Addition, Beneficiation, and Mineral Processing: To add value to the harvested raw minerals, processing facilities must be funded. For example, setting up talc processing facilities can meet demand both domestically and abroad [9]. In a similar vein, different businesses can benefit from the processing of iron ore and gold. Local mineral processing is another priority for the Nigerian government [10]. Establishing processing facilities in Niger State to transform raw minerals into more valuable goods—such as refining gold, cutting and polishing marble and granite, processing kaolin for particular industrial uses, and beneficiating talc for industrial use—can greatly increase economic returns and generate jobs in the area.

Mining Equipment and Services: Specialized mining equipment, maintenance services, technical know-how for the expanding mining industry, infrastructure development (roads, power, water supply), and skilled personnel are all opportunities.

Downstream Industries: Niger State's mineral resources have the potential to promote the growth of downstream industries. Marble deposits, for instance, can help the building and interior design industries expand. In line with the government's emphasis on steel development, iron ore can be used to produce steel [10].

Infrastructure Development: The expansion of the mining industry depends on the construction of infrastructure, such as access roads, electricity supplies, and water resources. This also creates investment opportunities in adjacent businesses.

Sustainable Mining Solutions: Putting money into eco-friendly and sustainable mining methods and technologies is becoming more and more crucial, and it provides a market for specialty companies.

Mining Support Services: There are chances to offer vital services to the mining industry, like environmental management, equipment upkeep, geological consulting, and drilling.

The Niger State Government is receptive to collaborations in exploration, exploitation, and processing and has demonstrated a dedication to growing its mineral industry [6]. This dedication is further demonstrated by the state government's creation of the Zuma Minerals Development Company.

1.3.2 Available Incentives in the Niger State Mining Sector

The Nigerian government has introduced several incentives to attract investment into the mining sector:

Accelerated Capital Allowances: 95% of qualified capital expenditures may be claimed by businesses involved in mining operations in the state.

Loss Relief: Under recent modifications, the four-year limit on the deduction of incurred losses from assessable profits has been lifted, allowing losses to be carried forward forever for mineral title holders.

Tax Holidays: Companies may be eligible for tax holidays based on the size and type of their investment, in form of tax relief.

Customs and Excise Duties: Importing mining equipment may result in exemptions or concessions from customs and excise duties, especially for machinery.

Foreign Exchange Remittance (Repatriation of Profits): Investors are typically permitted to repatriate their capital and profits, subject to applicable foreign exchange regulations.

Mineral Resources Decision Support System: The government has established a portal to give investors convenient access to geological and policy data.

Other new incentives provided are remittance on cost of infrastructural facilities provided by companies, prompt issuance of certificate of occupancy (C of O), local industry protection and availability of infrastructural facilities such as road network, electricity, water supply hotel services and others.

2. Challenges in the Sector, Potential Economic and Social Impacts for Nigeria

2.1 Challenges

Despite the significant potential, there are challenges that need to be addressed to ensure the successful development of Niger State's mining sector and Nigeria. Some of which are:

1. **Security Concerns:** Some areas in the state like Munya, Shiroro and Tafa local government areas, face insecurity threat/challenges. This is indeed a setback to the mining sector development as not every investor will like to put his/her funds in areas with security threats and hence, discourage investors; they need government-backed framework and model before committing their capital. This also causes an increase in the cost of business both investors and the government.
2. **Infrastructure Deficit:** Mining areas are in most cases, located in remote/rural areas. The presence of infrastructure is another great concern to investors in the development of mining sector, especially, individuals from urban areas, as they may likely not enjoy the lavish lifestyle and infrastructures they were used to from where they are from.
3. **Environmental Degradation:** It is of importance to note that without proper mine closure plans and Environmental Impact Assessment (EIA), this sector risks backlash from communities and non-governmental organisations (NGOs) just as sustainable mining practices and rehabilitation funds are needed to be built into investment models. Indiscriminate mining leads to land degradation, deforestation, air pollution and water pollution from dust and chemicals like mercury used in gold processing.
4. **Social Issues and Community Relations:** Adequate and successful investment requires fair compensation, early community engagement and local content policies that empower indigenes with jobs and contracts. With arousal of conflicts between mining companies and host communities over compensation, land use, Corporate Social Responsibility (CSR) and employment, mining investments are always affected in the communities with such issues. Most communities feel excluded from benefits while bearing the environmental costs which usually leads to project delays, sabotage, and protests.
5. **Illegal Mining:** Niger State houses a lot of artisanal miners that are mostly unlicensed, as can be observed in Bosso, Shiroro and Munya local government areas. These miners operate in lithium, gold and gemstone sites with no royalties, regulation, or safety standards. This in turn result in loss of revenue to government, unfair competition for formal investors, as well as the encouragement of child

labour. Formal establishment of artisanal miners clusters through cooperatives and licensing can curb this menace and hence, turning it into an opportunity.

6. **Limited Access to Finance:** To commercial banks, mining is a high-risk business due to the volatility and long-term period of gestation, with small investors struggling to get a digit interest loan and many viable mineral areas remain under developed due to lack of funds and capita, just as some of the local artisanal miners hold no collateral and financial literacy. Creating a mineral development fund is the only route to remedy such menace.
7. **Funding Gaps:** Inadequate funding of exploration activities by the public is also an issue, just as development of clusters and geological surveys, affects its development, since the private investors cannot bear the burden alone. The government is in need public-private partnership to fund gemstone markets, training centres and processing plants, which can easily be obtained through donor agencies and mining development funds leveraging.
8. **Regulatory Hurdles:** The duplication of functions by the government to different regulatory agencies and overlapping of permits, creates setbacks and delays in licence processing and unclear jurisdiction of federal-state ministries. The presence of these multiple regulatory agencies such as federal ministry of mines, state ministries and local tiers of government are some of the bottle necks for potential investors, aside the tax regimes and royalties.
9. **Limited Geological Data:** Despite being known to house kaolin, gold, lithium and limestone, the state, there is limited data on the mineral resources found in the state and as such, investors have to spend much to explore these resources to make viable decision. This hinders investors to put in their funds due to the increased risk due to lack of availability of proven geological data. Though the Nigerian Geological Survey Agency (NGSA) has started carrying out air-bone surveys and data digitization, there is need for investors to partner with them.

2.2 Potential Economic and Social Impacts for Nigeria

The following are some of the major economic and social benefits that Nigeria could experience from developing its mining and mineral resources:

1. Economic diversification;
2. Job creation;
3. Increased revenue generation;
4. Local Economic Development;
5. Industrialization;
6. GDP contribution;
7. Infrastructure Development;
8. Poverty Reduction.

However, it is also necessary to mitigate the negative repercussions, such as environmental degradation and social displacement, through responsible mining techniques and effective community participation [11, 12].

3. Sustainable Mining Practices as Strategies for Sustainable Investment and Recommendation

Sustainable Mining Practice and Strategies for Sustainable Investment

Adopting sustainable mining practices is crucial for the long-term viability of the sector and to minimize negative impacts:

Environmental Responsibility: Protecting biodiversity, cutting pollution, minimizing waste, and putting land restoration plans into action are all examples of environmental responsibility.

Resource Efficiency: Resource efficiency includes adopting technology that lessen the carbon footprint of mining operations as well as making effective use of energy and water.

Social Responsibility: Ensuring the health and safety of workers, fair labour practices, and supporting community development initiatives.

Accountability and Transparency: Including stakeholders in decision-making procedures and conducting business in an ethical and transparent manner.

By enforcing more stringent environmental laws and encouraging ethical mining methods, the Nigerian government is placing a greater emphasis on sustainable mining.

4. Recommendations

Developing this sector can contribute significantly to economic diversification, job creation, and overall economic growth. To realize this potential, the government needs to:

- **Strengthen Regulatory Framework:** Enforce environmental regulations and encourage the adoption of sustainable mining technologies and practices.
- **Promote Sustainable Practices:** Enforce environmental regulations and encourage the adoption of sustainable mining technologies and practices.
- **Formalize Artisanal Mining:** Develop strategies to formalize artisanal mining activities to improve safety, environmental standards, and revenue collection.
- **Engage Communities:** Develop positive relationships with local communities through consultation, compensation, and benefit-sharing agreements.
- **Strengthen Security:** Prioritize the security of mining areas to attract and protect investments.
- **Invest in Infrastructure:** Build essential infrastructure to support mining operations.
- **Strengthen Regulatory Framework:** Ensure a transparent and efficient regulatory environment that attracts investment while protecting the environment and local communities.
- **Strengthen Regulatory Framework:** Ensure a transparent and efficient regulatory environment that attracts investment while protecting the environment and local communities.
- **Attract Investment:** Actively promote the investment opportunities in Niger State's mining sector through targeted campaigns and by offering attractive incentives.

By tackling these issues, Nigeria may unleash the enormous potential of Niger State's mineral resources and mining, promoting economic growth and building a more prosperous future for the country. This is where the

present reforms to streamline processes and attract investment are a good start, and sustained dedication to these reforms is crucial.

5. Conclusion

The development of the mining industry in Niger State can significantly contribute to Nigeria's economic growth, diversification, and social development, creating a win-win situation for investors, the government, and local communities. Continued government support, coupled with responsible private sector investment, is crucial for realizing the full potential of Niger State's mineral resources. With the help of sustainable mining practices, regulatory framework adherence, and addressing current challenges, investors can unlock the vast potential of this sector.

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