



REPUBLIC OF LIBERIA

MINISTRY OF LANDS, MINES AND ENERGY



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December 31, 2008

Her Excellency
Mrs. Ellen Johnson Sirleaf
President
Republic of Liberia
Executive Mansion
Monrovia, Liberia

Excellency:

We present our compliments and are pleased to forward you the Annual Report of the Ministry of Lands, Mines and Energy, covering the period January 1 to December 31, 2008.

The activities of the Ministry were geared towards the achievement of the goals and objectives of Liberia's Poverty Reduction Strategy (PRS) in the land, mineral, energy, environment and water & sanitation subsectors which are components of Pillars 2 and 4.

We are beginning to make steady progress in the restoration of the mining sector to its pre-war status. The former Bong Mines Concession has been awarded to China Union Investments Company Ltd. Request for Proposals (RFPs) have been issued for the Western Cluster Iron Ore Deposits and negotiations for these concessions as well as for Kitoma, Goe-Fantro, Putu Iron Ore Deposits and AmLib's gold and associated mineral deposits will be completed in 2009.

In the land sector, the reform process is continuing with the establishment of the Land Reform Commission. In 2008, the Ministry resolved several land disputes and demarcated land parcels for markets and other public uses.

Excellency, in fulfillment of your campaign pledge to deliver modern, affordable, reliable and sustainable energy services to all parts of Liberia, we are pleased to report the expansion of electricity to some additional parts of Monrovia under the EPP 2 Program; negotiations with the Buchanan Renewable (Monrovia) Power Inc. for provision of electricity from 35 MW rubber wood-fired power plants; and the payment of a portion of Liberia's contribution to the West African Power Pool for its Cross-border Project which will connect 18 Liberian cities, towns and villages by end of 2010 and many other noteworthy projects.

Progress has also been made in the water & sanitation sub-sectors with the expansion of pipe-borne water supply to many areas in Monrovia and the construction of water wells in many parts of Rural Liberia.

Excellency, we owe our motivation to accomplish these activities to you for the exemplary efforts to lift Liberia and the guidance you have provided the Ministry of Lands, Mines and Energy during the period covering this report.

Thank you, Madam President, for the opportunity given us to make this contribution towards the socio-economic development of Liberia and its people.

Kind regards,

Respectfully yours,

Eugene H. Shannon, PhD
MINISTER

SUMMARY

1.0 INTRODUCTION

This summary contains the overview of the activities of the Ministry of Land, Mines and Energy in the Lands, Minerals, Energy and Water Sub-sectors and span two Pillars of Liberia's Poverty Reduction Strategy, namely: Pillar II, Economic Revitalization and Pillar IV, Rehabilitating Infrastructure and Delivering Basic Services.

2.0 Mineral Sector

The Government has made significant progress in the rehabilitation of the mining sector. The evaluation of the tenders for the residual iron ore reserves at Bong Mines has been completed in line with the Public Procurement and Concessions Act (PPCA). China Union Investment Company Ltd. has been selected and negotiations for a Mining Concession have begun.

The Government has decided to re-tender the Western Cluster Iron Ore Deposits. A Request for Proposals (RFP) has already been issued in accordance with the PPCA. A bid winner will be selected by the end of April 2009.

Negotiations for Mineral Development Agreements with the following companies will start in early 2009.

1. BHP Billiton for Kitoma and Goe-Fantro Iron Ore Deposits in Nimba and Grand Bassa Counties, respectively;
2. Mano Iron Ore Ltd for the Putu Iron Ore Deposits in Grand Gedeh County; and
3. AmLib United Minerals, Inc for gold and associated minerals in Central and Eastern Liberia.

A Mining Cadastre Information Management System (MCIMS) has been designed and the facility to host it is being constructed. It will minimize conflict in awarding mineral titles through clear and transparent delineation of mineral properties. The MCIMS will also improve information on mineral and mining titles, mineral inventories and other crucial mineral development parameters.

A Model Mineral Development Agreement has been completed and is awaiting Cabinet endorsement.

The draft Mineral Policy is undergoing a Stakeholders Validation Process and will be presented for Cabinet endorsement by April 2009.

Based on the newly approved Mineral Exploration Guidelines, a total of Thirty-three (33) Mineral Exploration Licenses were issued in 2008.

Other exploration companies with valid exploration licenses from previous regimes continued exploration for primary sources of gold, diamonds, base metals and other minerals in all of the fifteen counties.

3.0 Gold and Diamond Exports

Gold export for 2008 shows a remarkable recovery of the sub-sector. Approximately fifteen thousand seven hundred (15,700) ounces of gold with appraised value of approximately US\$ 10.8m were exported in 2008.

Forty-five thousand six hundred (45,600) carats of diamonds with appraised value of approximately US\$9.6m were exported in 2008. Due to the present global economic meltdown, the local diamond industry is at a plateau. The American market, which is the largest consumer of finished diamonds, is responding to low demand which in turn has an effect on the rough diamond industry internationally and hence the local industry.

4.0 Energy Sector

The Government's Program of the Expansion of Electricity Services to Monrovia and its Environs and to the rest of the country is continuing. Under the Second Phase of the Emergency Power Program for Monrovia (EPP 2), an additional 7.8 MW is being provided to increase the installation of streetlights and customer connections in some parts of Bushrod Island, Central Monrovia, Sinkor and Congo Town. Streetlights and customer connections in some parts of GSA Road, Du-port Road, the Police Academy Area and other areas in Paynesville will start in January 2009.

The Royal Government of Norway has approved a grant request from the Government of Liberia for funding to supply power and connect some areas between Paynesville Redlight and the Freeport of Monrovia along the Somalia Drive. This will serve the Gardersville and Bardnersville Areas. Some of the other areas on Bushrod Island, in Central Monrovia and Capitol Hill will benefit from this additional power supply and connections which should be in place before the end of 2009.

Other endeavors have been undertaken to supply power to other places outside the Monrovia Area and to the rest of the country. Under the West African Power Pool (WAAP) Cross-border Project, Eighteen (18) towns and villages in Maryland, Rivergee, Grand Gedeh and Nimba Counties will be connected with power from La Cote d'Ivoire. The Government of Liberia has already contributed a little over half a million US Dollars to WAAP for the implementation of this project and \$450,000.00 to the Liberia Electricity Corporation towards mobilization for the project which should be completed in 22 months.

Feasibility Studies for the rehabilitation and expansion of the Mt. Coffee Hydroelectric Facility has been completed. Cost estimate to produce 66 MW of power, all year around is \$383m. The Government is in discussion with private sector entities and bilateral and multilateral partners for the funding of this project.

A Power Concession Agreement between the Government and Buchanan Renewables (Monrovia) Power, Inc. is nearing completion. Under this Agreement, the company will produce 34 MW of power from rubber-wood and should be ready in 24 months.

The distribution of this power requires the building of a viable and efficient transmission and distribution network and a viable state utility, the Liberia Electricity Corporation. In this respect, by the beginning of the next Fiscal Year, the Government will sign a Management Contract for the operation of the LEC and start the process of seeking funding from Donors and the private sector to build the transmission and distribution networks.

In the Upstream Petroleum Sector, petroleum exploration has started in earnest. The 3D Seismic Acquisition Program for Oranto Petroleum Ltd has been completed while a seismic ship to conduct exploration for a Consortium consisting of Repsol, Woodside and Anadarko Petroleum arrived Offshore Liberia on November 15. Negotiations for Petroleum Sharing Contracts (PSCs) with an American Company, Andarko a Liberian Company and one Chinese Company, HongKong Tongtai Petroleum International Corporation, are in progress.

The National Energy Policy has been completed and will be presented to the Cabinet for its approval in the first quarter of 2009.

5.0 Land Sector

Although the land sector is still plagued with many problems, the Government has made significant progress towards land sector reform. A Land Reform Commission has been established.

In 2008, there were several land disputes requiring the intervention of the Ministry of Lands, Mines and Energy; More than 1,307 complaints were recorded. About 38% of the cases were resolved, about 15% sent to court, while the others are still pending.

The Paynesville Central Market Survey has begun and will be completed in January 2009. This project calls for the re-demarcation of the market's property.

The Water Front (Waterside –Mesurado River) Investigative Survey for the development of land along the Providence Island has started and will be completed by January 2009.

Acquisition of land for the National Housing Authority (NHA) Housing Project, approximately 200-300acres, has been completed.

Other projects which have started and will be completed in 2009 include the following:

1. The identification and mapping of public land in the country for the purpose of creating a land bank;
2. The adjudication process to determine current claims to land in Paynesville, Gardnersville, and Brewerville ;
3. A Land registration system in those counties with resident surveyors;
4. The surveying and mapping of the Omega Market Site for the Liberia Marketing Association (LMA) will be completed in May 2009;
5. Tracing of Government Land within Montserrado and Margibi Counties;
6. An investigative survey demarcating the boundary between Ricks Institute and the adjacent village hosting former Sierra Leonean refugees;
7. Survey of the Joe Bar Market, Sinkor Old Road; this will be completed by January 2009.

6.0 The Water Sector

The Integrated Water Resources Management Policy has been completed and will be presented to the Cabinet for its approval in January 2009.

The Water Supply and Sanitation Policy has been drafted and is undergoing the stakeholders validation process through the hosting of seminars in the counties. This is expected to be completed and presented to the Cabinet for its approval in January 2009.

7.0 Revenue Intake

Sources of revenue deposited at the Central Bank of Liberia through the Ministry of Finance included mineral exploration licenses, gold and diamond artisanal mining licenses, royalty on gold and diamond exports, mineral trading licenses, scrap trading licenses, survey fees and ArcelorMittal's Community Development Contribution

Total Revenue intake for 2008 is approximately US\$6.43m.

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