NEITI SOLID MINERALS AUDIT 2018

DRAFT REPORT




Abbreviation and Meaning

S/No	Abbreviation	Meaning
1	AFS	Audited Financial Statements
2	ANFO	Ammonium Fuel Oil
3	ASM	Artisanal and Small-Scale Mining
4	BME	Budget Monitoring and Evaluation
5	BO	Beneficial Ownership
6	BPE	Bureau of Public Enterprises
7	CAC	Corporate Affairs Commission
8	CAMA	The Company and Allied Matters Act 2004 (as amended)
9	CBN	Central Bank of Nigeria
10	CDA	Community Development Agreement
11	CIT	Companies Income Tax
12	CITA	Companies Income Tax Act, 2007
13	DIG	Deputy Inspector General of Police
14	EDT	Education Tax
15	EFCC	Economic and Financial Crimes Commission
16	EIA	Environmental Impact Assessment
17	EITI	Extractive Industries Transparency Initiative
18	EL	Exploration License
19	ERGP	Economic Recovery and Growth Plan
20	FCT	Federal Capital Territory
21	FGN	Federal Government of Nigeria
22	FIRS	Federal Inland Revenue Service
23	FMoF	Federal Ministry of Finance
24	FoI	Freedom of Information Bill
25	IA	Independent Administrator
26	ICAN	The Institute of Chartered Accountants of Nigeria
27	IFRS	International Financial Reporting Standards
28	IPSAS	International Public Sector Accounting Standards
29	LGA	Local Government Area
30	LUA	Land use Act 2004
31	MCO	Mining Cadastre Office
32	MDAs	Ministries, Departments and Agencies
33	MECD	Mines Environmental Compliance Department
34	MID	Mines Inspectorate Department
35	MIREMCO	Mineral Resources and Environmental Management Committee
36	ML	Mining Lease
37	MMSD	Ministry of Mines and Steel Development
38	Mt	Metric Ton
39	MoU	Memorandum of understanding
40	MTEF	Medium Term Expenditure Framework
41	NASS	National Assembly
42	NCC	Nigeria Coal Corporation
43	NCS	Nigerian Customs Service
44	NEITI	Nigeria Extractive Industry Transparency Initiative
45	NGSA	Nigeria Geological Survey Agency
46	NIOMCO	National Iron Ore Mining Company

47	NIPC	Nigeria Investment Promotion Commission Act 2004
48	NMMA 2007	Nigerian Minerals and Mining Act 2007
49	NMMP 2008	National Minerals and Metals Policy 2008
50	NSE	Nigerian Stock Exchange
51	NSWG	National Stakeholders Working Group
52	OAGF	Office of the Auditor-General for the Federation
53	OGP	Open Government Partnership
54	PAYE	Pay As You Earn
55	PDT	Project Delivery Team
56	PITA	Personal Income Tax Act, 2004
57	QL	Quarry Lease
58	RMAFC	Revenue Mobilisation Allocation and Fiscal Commission
59	RP	Reconnaissance Permit
60	SBIR	State Board of Internal Revenue
61	SG	Specific Gravity
62	SMA	Solid Minerals Audit
63	SMDF	Solid Minerals Development Fund
64	SMSSTF	Special Mines Security and Surveillance Task Force
65	SOEs	State-owned Enterprises
66	SPV	Special Purpose Vehicle
67	NSRMEA	National Steel Raw Materials Exploration Agency
68	SSML	Small Scale Mining Lease
69	ToR	Term of Reference
70	VAT	Value Added Tax
71	WHT	Withholding Tax

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1.0 BACKGROUND

1.1 Extractive Industries Transparency Initiative (EITI)

EITI is a global body committed to promoting high standard of transparency and accountability in the use of a country's wealth from natural resource for the benefit of all its citizens. Nigeria voluntarily signed up to EITI in 2003 in order to promote prudent management of revenues from its abundant natural resources to reduce poverty and ensure sustainable development. For more information on EITI, please visit: https://eiti.org/who-we-are

1.2 EITI in Nigeria

The Nigeria Extractive Industries Transparency Initiative (NEITI) is the Nigerian sub-set of the global EITI. The NEITI Act was enacted in 2007 specifically to enforce the implementation of the EITI Standard in the extractive sector. Subsequent to the Act, the National Stakeholders Working Group (NSWG) was constituted; with oversight function on NEITI's affairs including formulating policies, programmes and strategies for effective implementation of the Act and compliance with EITI Standard in order to achieve the overall objectives of the global body for the benefit of Nigerians. Nigeria achieved Satisfactory Progress ranking in EITI 2017 validation audit. NEITI remains committed to implementing and adhering to the EITI principles in order to sustain the progress Nigeria has made so far. For more information on NEITI, kindly visit: https://neiti.gov.ng

1.2.1 The National Stakeholders Working Group (NSWG)

The NSWG is the governing body of NEITI. Its 15-man member is drawn from various spectrum of the society, including government representatives, as follows:

- Extractive industry companies
- Civil Society groups
- Labour Unions in the extractive industry
- Experts in the extractive industry, and
- one member from each of the six geopolitical zones of the Federal Republic of Nigeria
- Government representative (Minister of Mines and Steel Development e.t.c)

All members of the NSWG, except the secretary (the Executive Secretary of NEITI), serve on part-time basis. (Please see Appendix 1 for the composition of the NSWG in 2018).

1.3 Annual Reporting

The EITI Standard requires that extractive companies disclose payments to government and, the relevant government agencies also disclose receipts from extractive companies. The disclosed payments and receipts are subsequently subjected to reconciliation by Independent Administrator (IA) who is to report its findings accordingly.

Nigeria has published eight (8) cycles of solid minerals audit (SMA) reports since it signed up to the EITI. The sector, as shown in the Table below, has contributed ₦416.32billion ($2.09billion at Central Bank of Nigeria (CBN) exchange rate at 31st December of relevant reporting year) to government receipt.

Table 1: Twelve years trend of sector contribution

S/N	Reporting Year	Number of reporting company	Government receipt ₦'million	CBN Exchange rate @ 31st December	Government receipt $'million	Publication dates
1	2018	69	69,470.82	306.50	226.66	**
2	2017	59	52,756.80	305.50	172.69	19-Oct
3	2016	56	43,220.73	304.50	141.94	18-Nov
4	2015	42	64,463.79	196.50	328.06	17-Jul
5	2014	39	49,172.98	167.50	293.57	16-Dec
6	2013	65	30,253.14	155.20	194.93	16-Mar
7	2012	65	25,568.31	155.27	164.67	15-Dec
8	2011	67	27,008.54	156.20	172.91	13-Jan
9	2010	78	17,097.05	148.67	115.00	12-Dec
10	2009	78	19,148.15	147.60	129.73	12-Dec
11	2008	78	10,567.22	130.75	80.82	12-Dec
12	2007	78	7,589.74	116.30	65.26	12-Dec
			416,317.27		**2,086.24**	

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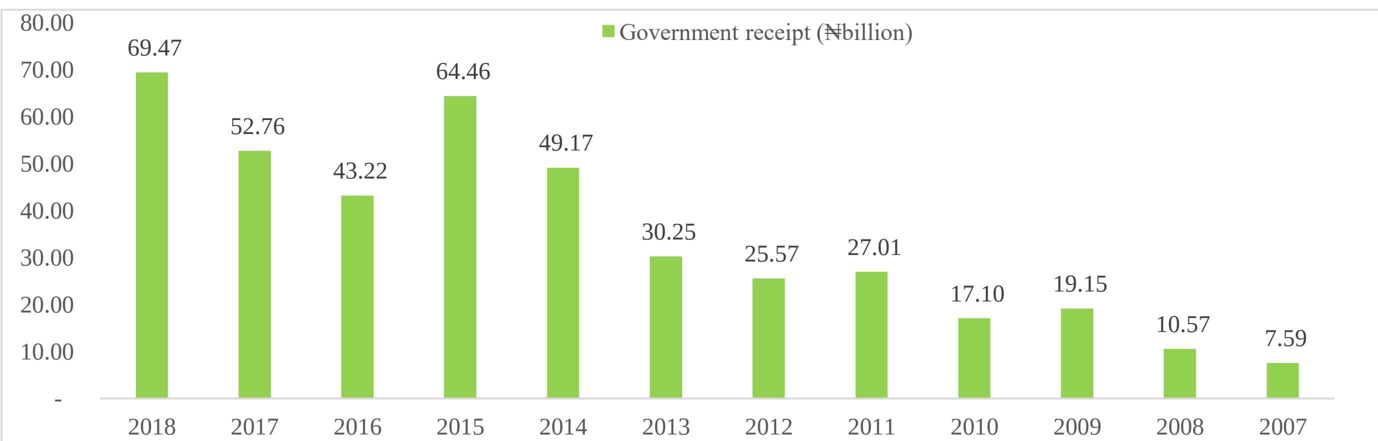

Figure 1: Twelve years trend of sector contribution

1.4 Independent Administrator

NEITI engaged Messer Tajudeen Badejo & Co. (Chartered Accountants) as IA for the 2018 Solid Minerals Industry Audit (SMA) through a competitive bidding process. Amongst others, the IA's mandate is to carry out a comprehensive reconciliation of the payments by operators and the corresponding receipts by government agencies and produce a report consistent with the EITI standard, NEITI Act and the Terms of Reference (ToR) thereon.

1.5 Scope and Objective of Assignment

The scope of the assignment is set out in terms of reference (ToR) for the engagement.

The objective of the assignment is to produce a Solid Minerals Industry Audit Report for 2018 per EITI standard and NEITI Act. The overall aim is to assist the government in ascertaining the contributions of the solid minerals sector to the economy realise its potentials through improved resource governance.

The summary of other objectives of the assignment includes:

- To collect and analyse payments made by mining companies to the Federal Government of Nigeria (FGN);
- To collect and analyse receipts by the government;
- To reconcile payments by mining companies to receipts by the government; and
- To report on balances payable/receivable at the end of the audit period for financial flows.

1.6 Receipts in the sector

In 2018, the total sum of ₦69.47billion was received by the government from the sector. This accounted for an increase of ₦16.69billion (representing 32.63%) receipts over the year 2017 (Table below).

Table 2: Summary of financial flows

Government Agent	Financial Flows	2018 ₦	2017 ₦	Increase/(decrease) ₦	%
Mines Inspectorate Department (MID)	Royalty & permits	2,210,768,004.55	1,606,540,630.00	604,227,374.55	38.61
Mining Cadastre Office (MCO)	Fees & penalty	1,571,099,265.00	2,013,041,450.00	(441,942,185.00)	(21.95)
Federal Inland Revenue Service (FIRS)	CIT, EDT, VAT & WHT	65,688,955,017.25	49,158,000,475.03	16,530,954,542.22	33.63
		69,470,822,286.80	**52,777,582,555.03**	**16,693,239,731.77**	

1.7 Data Collection

The templates for data collection were distributed to all covered entities with clear guidance (instructions) on how to complete them. Also, a help desk was established by the IA to provide technical assistance where necessary.

1.8 Materiality

The NSWG approved royalty as the basis for setting the materiality threshold for the 2018 solid minerals audit. It further approved ₦3million royalty as materiality threshold. For more information, kindly refer to Appendix 2 (Determination of Materiality Document, page 1-7)

The independent administrator (IA) was satisfied that the basis and the threshold for the audit are sufficient and provide reasonable coverage for the reconciliation. For more information on IA's evaluation procedures, please refer to Appendix 3 (SMA 2018 Inception Report, page 19-22).

1.9 Covered Entities

For reconciliation, entities shown in Tables 3 and 4 are the covered entities considered for 2018 SMA.

1.9.1 Extractive Companies

Sixty-nine (69) companies (reporting companies) out of the seven hundred and twenty (720) companies that paid royalty in 2018, met materiality threshold of ₦3million royalty. These are shown in Table below.

Table 3: Schedule of extractive companies that met materiality threshold

S/N	Company	Royalty paid ₦	Royalty paid %	Cumulative royalty paid %
1	Dangote Cement Plc	622,533,899.25	31.73	31.73
2	Lafarge Africa Plc	140,733,482.68	7.17	38.90
3	Julius Berger Nig. Plc	116,936,292.88	5.96	44.86
4	First Patriot Nigeria Limited	77,214,851.00	3.94	48.80
5	Setraco Nigeria Limited	57,025,498.62	2.91	51.71
6	CCECC Nig Ltd	47,387,461.43	2.42	54.13
7	Ashaka Cement Plc	47,049,306.80	2.40	56.53
8	Zeberced Limited	45,517,102.50	2.32	58.85
9	CCNN Plc	36,003,507.50	1.83	60.68
10	Reynolds Construction (Nigeria Limited	34,598,789.05	1.76	62.44
11	BUA International Limited	28,224,315.00	1.44	63.88
12	Mothercat Nigeria Limited	27,830,429.00	1.42	65.30
13	C.G.C NIG. LTD	26,628,213.50	1.36	66.66
14	Triacta Nig Ltd	23,175,143.50	1.18	67.84
15	Sodex Mines Nig. Ltd	20,030,000.00	1.02	68.86
16	Levant Const. Ltd.	18,105,000.00	0.92	69.78
17	Ratcon Construction Company Limited	16,510,168.00	0.84	70.62
18	Sino Minmetals company Ltd	14,299,896.00	0.73	71.35
19	Woda Mountain Investment Ltd	14,000,200.00	0.71	72.06
20	Mercury Mining & Investment Ltd	11,755,842.50	0.60	72.66
21	Arab Contractors Ltd	11,514,496.22	0.59	73.25
22	Georgio Rocks Ltd	11,003,372.74	0.56	73.81
23	Kopek Construction Ltd	10,785,300.00	0.55	74.36
24	Z & Y Investment Company Ltd.	10,113,450.00	0.52	74.88
25	CNC Mining Company Limited	9,741,137.50	0.50	75.38
26	Ashpalt Unity Const. Ltd	9,414,300.00	0.48	75.86
27	E. B. H. Granite Ltd.	8,872,611.46	0.45	76.31
28	Prossy Investment Limited	8,799,092.50	0.45	76.76
29	Crushed Rock Industries (Nig) Ltd	8,367,006.02	0.43	77.19
30	West African mining co ltd	8,275,000.00	0.42	77.61
31	Gilmor Engineering Ltd	8,067,306.50	0.41	78.02
32	P.W. Nigeria limited	7,882,998.29	0.40	78.42
33	Jinziang Quarry Co. Ltd	7,014,560.00	0.36	78.78
34	Mark-Sino Stone	6,937,000.00	0.35	79.13
35	Pioneer Sinochino Inv. Ventures Ltd.	6,657,142.86	0.34	79.47
36	C.C.C. Construction Nigeria Limited	6,260,102.50	0.32	79.79
37	CCNC Nigeria Ltd	6,208,905.00	0.32	80.11
38	OFL Marble &Granite Ltd.	6,135,000.00	0.31	80.42
39	S.C.C. Nigeria Limited	5,896,001.91	0.30	80.72
40	Zuma 828 Limited	5,515,849.80	0.28	81.00
41	Saturn Mining Company Ltd	5,366,250.00	0.27	81.27
42	NBHH Nig. Ltd	5,102,950.00	0.26	81.53
43	Seaman Mining & Const. Ltd	4,951,300.00	0.25	81.78
44	A&B Global Service Limited	4,875,650.00	0.25	82.03
45	Rock Waters Integrated Services Limited	4,852,714.28	0.25	82.28
46	Multiverse Resources Limited	4,820,290.00	0.25	82.53
47	Dantata & Sawoe Nig. Ltd	4,760,400.13	0.24	82.77
48	CNC Engineering Company Ltd	4,719,820.00	0.24	83.01
49	Platinum Asphalt And Crushing Co. Ltd	4,561,253.28	0.23	83.24
50	Venus Mining Co. Ltd	4,412,757.00	0.22	83.46

S/N	Company	Royalty paid ₦	Royalty paid %	Cumulative royalty paid %
51	Datum Const. Nigeria Limited	4,356,147.00	0.22	83.68
52	Muhammed Idris Dankabo	4,230,000.00	0.22	83.90
53	China Zhongho Nigeria Ltd	4,177,760.00	0.21	84.11
54	Zhong Xing Mining Investment Limited	4,027,357.50	0.21	84.32
55	Gerawa Global Limited	3,872,750.00	0.20	84.52
56	Conrok Nigeria Limited	3,794,568.29	0.19	84.71
57	Ganan Construction Company	3,749,975.00	0.19	84.90
58	Akins gems Ltd	3,671,500.00	0.18	85.08
59	Zhong Tai Mining (Nig.) Limited	3,616,000.00	0.18	85.26
60	Lake Petroleum Ltd	3,500,000.00	0.18	85.44
61	Inorganic Earth Resources Ltd	3,360,000.00	0.17	85.61
62	Hitech coning Company Ltd.	3,298,899.50	0.17	85.78
63	Xve Gao (Nig.) Limited	3,264,400.00	0.17	85.95
64	Petra Quarries Ltd	3,259,871.75	0.17	86.12
65	Malcome Mines Ltd	3,250,000.00	0.17	86.29
66	Tongyi Allied Mining Ltd	3,202,200.00	0.16	86.45
67	Purechem Industries Limited	3,185,431.79	0.16	86.61
68	Don & Chyke Nig. Ltd	3,159,000.00	0.16	86.77
69	CLC Technical & Engineering	3,129,849.50	0.16	**86.93**
Royalty of N3m and above		**1,705,549,127.53**	**86.93**	
Royalty below N3m		**256,500,472.72**	13.07	**100.00**
Total Royalty		**1,962,049,600.25**	**100.00**	

1.9.2 Government Agencies

The government entities considered for 2018 SMA reconciliation are listed in the Table below.

Table 4: Covered government entities

S/N	Government collecting agencies	Revenue streams
1	Federal Inland Revenue Service (FIRS)	Company Income Tax (CIT), Value Added Tax (VAT), Withholding Tax (WHT) Education Tax (EDT)
2	Mines Inspectorate Department (MID)	Royalty, permits
3	Mining Cadastre Office (MCO)	Fees (e.g. ,Annual service fee, Application fees)

1.10 Data Quality

The IA evaluated the legal and regulatory framework on data quality and assurance in Nigeria and was satisfied that the process is robust enough to guarantee reliable and quality data in line with EITI requirement 4.9. Please see Appendix 3 (2018 SMA Inception Report, page 15-17). The key indicators adopted for the evaluation of data quality by the IA are listed below:

- Availability of AFS
- Attestation letter (at validation)
- Tripartite Reconciliation sign off
- Availability of other documentary evidence (e.g., official receipts)

Table 5: Indicators for quality assurance

Parameter	Compliance	Non-conpliance	No of reporting company	% of complianc
Audited financial statement	56	13	69	81.16
Attestation letter	64	5	69	92.75
Tripartite reconciliation sign-off	63	6	69	91.30
Official receipts	69	0	69	100.00

The summary of the compliance level based on the evaluation criteria is presented in Table 5 and further illustrated in Figure 2.

Based on our evaluation outcome, the data for the exercise met the necessary quality assurance required for the subject assignment. Please see Appendix 4 for details of the compliance matrix.

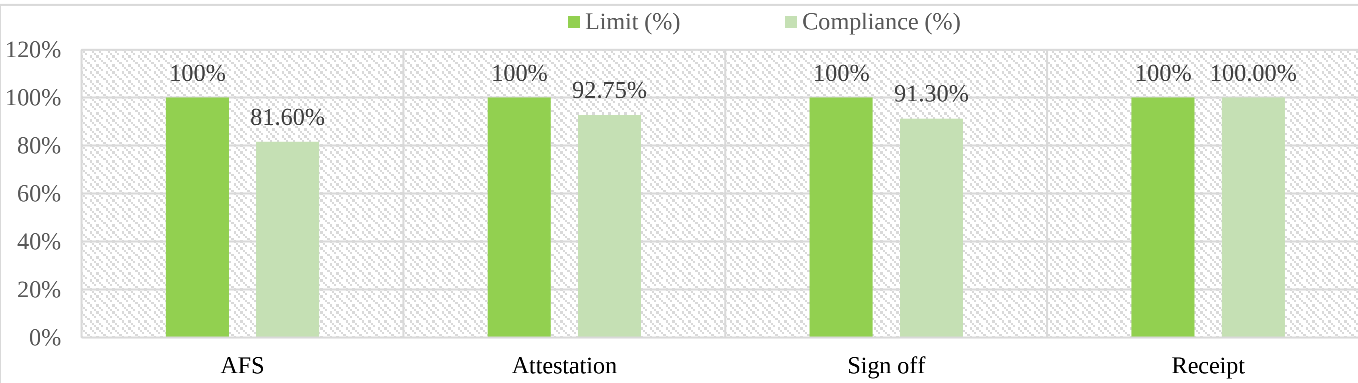

Figure 2:Data quality compliance matrix

1.11 Limitation to the reconciliation

The scope of work was set out in the ToR for the exercise. However, out of the 69 companies that met the materiality threshold for reconciliation, four companies namely, Don & Chyke Nig. Ltd, First Patriot Nigeria Limited, Pioneer Sinochino Investment Ventures Ltd and Venus Nig Ltd failed to cooperate with (participate in) the audit. Total revenue from these companies amounted to ₦154.89 million representing 0.28% of the total reconciled revenue. The IA validated the revenue attributable to these companies at the respective receiving government agencies.

From the above analysis and overall assessment of the data collected, the Independent Administrator is satisfied that the non-participation of the companies mentioned above did not impact the quality of data employed for the exercise or materially alter the quantum of revenues that flowed to the government for the period under review.

2.0 EXPLORATION AND PRODUCTION

2.1 Background

Mining in Nigeria is over 240 years old, although organised mining commenced around 1903 following the commissioning of the mineral's surveys of the Southern and Northern protectorates by the colonial government. The sector suffered a dip following years of neglect occasioned by the discovery of crude in commercial quantity in Nigeria. As part of strategies to revive the sector, the government has initiated and been implementing various policy reforms (since 1999) aimed at attracting investments locally and internationally. The sector is now private sector-driven, with the government providing policy direction and enabling environment through gradual but systematic removal of identified barriers. As part of efforts to further position the sector as a growth engine and vehicle for economic diversification, the government launched 'Roadmap for the growth and development of the Nigeria Mining Industry' in 2016[1]. Economic Recovery and Growth Plan (ERGP) of the government also identified the sector for the strategic focus to diversify the Nigerian economy. To this effect, the Solid Minerals Development Fund (SMDF) which was created under the NMMA 2007, was constituted as part of the implementation of the blueprint provided in the ERGP.

2.2 Production

Production data is based on minerals used or sold during the year. The total production volume used or sold is 46.68 million tons with a total market value of ₦47.87 billion. This section presents mineral production data by type, state and company. The comprehensive details of production by state are presented in Appendix 5.

2.2.1 Production by state

The total production by state, analysed by volume and value is presented in the Table below.

Table 6: Production by state

S/N	State	Production	Value (in-situ)	Cumulative contribution	Contribution to production	Cumulative contribution to production	Region
		TON	₦	TON	%	%	
1	Ogun	12,662,663.86	10,167,605,068.50	12,662,663.86	27.13	27.13	South-west
2	Kogi	10,679,964.37	6,527,431,003.00	23,342,628.23	22.88	50.01	North-central
3	Benue	4,713,247.84	5,095,915,080.00	28,055,876.07	10.10	60.11	North-central
4	Cross Rivers	2,463,035.66	2,014,163,464.00	30,518,911.73	5.28	65.39	South-south
5	FCT	1,998,157.15	2,426,369,029.50	32,517,068.88	4.28	69.67	North-central
6	Ebonyi	1,819,501.57	6,559,057,231.00	34,336,570.45	3.90	73.57	South-east
7	Edo	1,662,844.64	1,367,206,005.50	35,999,415.09	3.56	77.13	South-south
8	Sokoto	1,205,645.18	722,470,144.00	37,205,060.27	2.58	79.71	North-west
9	Gombe	1,170,856.95	1,204,773,858.00	38,375,917.22	2.51	82.22	North-east
10	Ondo	1,143,454.45	1,661,724,970.00	39,519,371.67	2.45	84.67	South-west
11	Oyo	1,000,294.80	1,405,373,350.00	40,519,666.47	2.14	86.81	South-west
12	Akwa Ibom	814,261.00	488,556,600.00	41,333,927.47	1.74	88.55	South-south
13	Kano	699,104.00	762,309,199.00	42,033,031.47	1.50	90.05	North-west
14	Katsina	673,722.06	481,290,511.50	42,706,753.53	1.44	91.49	North-west
15	Bauchi	662,392.05	882,459,711.00	43,369,145.58	1.42	92.91	North-east
16	Lagos	508,199.30	406,559,440.00	43,877,344.88	1.09	94.00	South-west
17	Abia	478,999.65	637,255,564.00	44,356,344.53	1.03	95.03	South-east
18	Zamfara	427,911.92	497,810,363.50	44,784,256.45	0.92	95.95	North-west
19	Anambra	255,451.09	192,149,447.00	45,039,707.54	0.55	96.50	South-east
20	Delta	243,508.35	185,840,413.00	45,283,215.89	0.52	97.02	South-south

[1] https://www.minesandsteel.gov.ng/wp-content/uploads/2016/09/Nigeria_Mining_Growth_Roadmap_Final.pdf

S/N	State	Production	Value (in-situ)	Cumulative contribution	Contribution to production	Cumulative contribution to production	Region
		TON	₦	TON	%	%	
21	Jigawa	194,878.21	274,317,315.00	45,478,094.10	0.42	97.44	North-west
22	Kaduna	188,373.32	274,052,581.00	45,666,467.42	0.40	97.84	North-central
23	Nasarawa	146,395.60	378,110,235.00	45,812,863.02	0.31	98.15	North-central
24	Niger	139,885.46	253,317,606.00	45,952,748.48	0.30	98.45	North-central
25	Osun	124,828.08	188,808,163.00	46,077,576.56	0.27	98.72	South-west
26	Ekiti	100,181.87	127,600,010.00	46,177,758.43	0.21	98.93	South-west
27	Kwara	99,903.28	144,104,829.00	46,277,661.71	0.21	99.14	North-central
28	Adamawa	87,373.60	89,446,497.00	46,365,035.31	0.19	99.33	North-east
29	Plateau	72,468.86	1,716,112,540.00	46,437,504.17	0.16	99.49	North-central
30	Kebbi	66,110.30	576,215,372.00	46,503,614.47	0.14	99.63	North-west
31	Taraba	58,266.74	65,727,910.00	46,561,881.21	0.12	99.75	North-east
32	Rivers	49,090.30	39,272,240.00	46,610,971.51	0.10	99.85	South-south
33	Imo	36,500.00	29,200,000.00	46,647,471.51	0.08	99.93	South-east
34	Yobe	17,086.65	16,529,989.50	46,664,558.16	0.04	99.97	North-east
35	Enugu	9,125.00	7,300,000.00	46,673,683.16	0.02	99.99	South-east
36	Borno	6,975.00	5,580,000.00	46,680,658.16	0.01	100.00	North-east
37	Bayelsa	-	-	46,680,658.16	-	100.00	South-south
	Others*	0.08	-	46,680,658.24	-	100.00	
		46,680,658.24	**47,872,015,740.00**		**100.00**		

In 2018, most of the mining activity took place in Ogun state. It accounted for 12.66 million metric tons or 27.13% of total production.

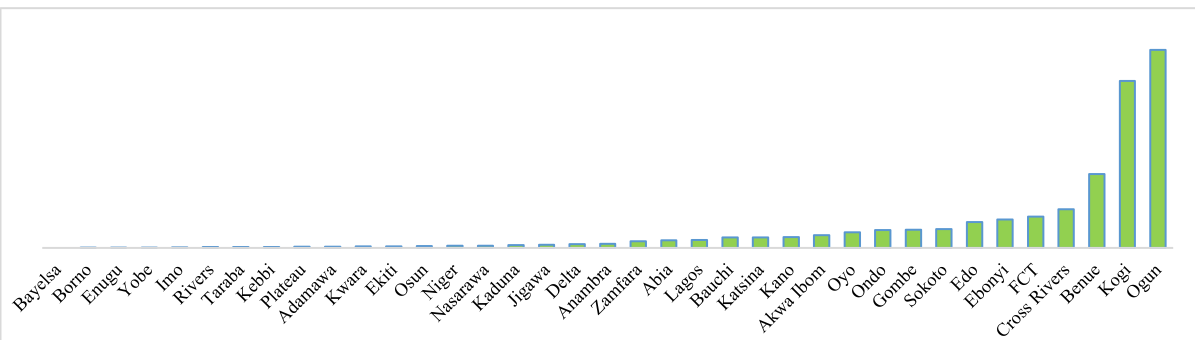

Figure 3: Production by state

2.2.2 Production by Company

Production by company, analysed by volume and value is presented in the Table below.

Table 7: Production by company

S/N	Company	Production	Value	Cumulative contribution	Contribution to production	Cumulative contribution to production
		TON	₦	TON	%	%
1	Dangote Cement Plc	21,652,176.57	15,666,430,629.00	21,652,176.57	46.38	46.38
2	Lafarge Africa Plc	5,058,657.55	2,980,151,830.00	26,710,834.12	10.84	57.22
3	Julius Berger Nig. Plc	1,837,943.50	2,290,723,746.00	28,548,777.62	3.94	61.16
4	CCECC Nig. Ltd	1,203,478.21	1,141,735,851.00	29,752,255.83	2.58	63.74
5	CCNN Plc	1,202,311.85	720,070,146.00	30,954,567.68	2.58	66.32
6	Ashaka Cement	1,062,000.36	1,087,607,067.00	32,016,568.04	2.28	68.60
7	Setraco Nigeria Limited	1,031,325.14	1,402,841,818.00	33,047,893.18	2.21	70.81
8	BUA International Ltd	993,743.83	564,486,298.00	34,041,637.01	2.13	72.94
9	Zeberced Limited	933,139.00	1,016,155,500.00	34,974,776.01	2.00	74.94

S/N	Company	Production	Value	Cumulative contribution	Contribution to production	Cumulative contribution to production
		TON	₦	TON	%	%
10	Mothercat Nigeria Limited	759,078.99	595,824,588.50	35,733,855.00	1.63	76.57
11	Reynolds Const. Co. Ltd	570,140.66	691,975,800.00	36,303,995.66	1.22	77.79
12	Triacta Nig Ltd	446,328.66	476,631,027.00	36,750,324.32	0.96	78.75
13	CGC Nig. Ltd	392,360.57	494,189,385.00	37,142,684.89	0.84	79.59
14	Prossy Investment Limited	313,843.96	238,418,106.00	37,456,528.85	0.67	80.26
15	Ratcon Const Co Ltd	282,301.81	330,161,362.50	37,738,830.66	0.60	80.86
16	Levant Const. Ltd.	251,400.00	362,099,997.00	37,990,230.66	0.54	81.40
17	CCNC Nigeria Ltd	226,346.82	135,808,092.00	38,216,577.48	0.48	81.88
18	Woda Mount. Invest Ltd	186,669.34	280,004,010.00	38,403,246.82	0.40	82.28
19	Arab Contractors Ltd	184,401.57	237,823,126.00	38,587,648.39	0.40	82.68
20	Zuma 828 Limited	173,892.43	434,731,075.00	38,761,540.82	0.37	83.05
21	Georgio Rocks Ltd	170,454.83	220,067,460.00	38,931,995.65	0.37	83.42
22	Gilmor Eng Ltd	165,358.04	161,366,115.00	39,097,353.69	0.35	83.77
23	Mercury Min & Invest Ltd	156,739.00	235,108,500.00	39,254,092.69	0.34	84.11
24	Z & Y Invest Co Ltd	148,179.34	222,269,010.00	39,402,272.03	0.32	84.43
25	Kopek Construction Ltd	148,003.99	215,705,994.00	39,550,276.02	0.32	84.75
26	CNC Mining Co Ltd	129,881.83	194,822,745.00	39,680,157.85	0.28	85.03
27	Ashpalt Unity Const. Ltd	125,524.02	188,286,030.00	39,805,681.87	0.27	85.30
28	P.W. Nigeria limited	119,606.84	157,659,960.00	39,925,288.71	0.26	85.56
29	Purechem Industries Ltd	119,075.94	63,738,006.00	40,044,364.65	0.26	85.82
30	E. B. H. Granite Ltd.	118,303.57	177,455,355.00	40,162,668.22	0.25	86.07
31	C.C.C. Const. Nig Ltd	111,865.94	125,198,904.00	40,274,534.16	0.24	86.31
32	Crushed Rock Ind. Nig. Ltd	111,560.10	167,340,150.00	40,386,094.26	0.24	86.55
33	Dantata & Sawoe Nig Ltd	110,366.47	95,208,000.00	40,496,460.73	0.24	86.79
34	S.C.C. Nigeria Limited	98,879.12	117,920,041.00	40,595,339.85	0.21	87.00
35	Gerawa Global Limited	96,636.65	77,454,993.00	40,691,976.50	0.21	87.21
36	Jinziang Quarry Co. Ltd	93,527.47	140,291,205.00	40,785,503.97	0.20	87.41
37	Pioneer Sinochino Inv. Ven. Ltd.	88,761.40	133,142,100.00	40,874,265.37	0.19	87.60
38	Mark-Sino Stone	87,993.00	131,989,500.00	40,962,258.37	0.19	87.79
39	Lake Petroleum Ltd	87,500.00	70,000,000.00	41,049,758.37	0.19	87.98
40	Venus Mining Co. Ltd	85,874.16	88,252,755.00	41,135,632.53	0.18	88.16
41	NBHH Nig. Ltd	83,680.75	102,059,002.50	41,219,313.28	0.18	88.34
42	Inorganic Earth Res Ltd	81,832.63	90,194,467.50	41,301,145.91	0.18	88.52
43	Platinum Asphalt & Crushing Co	77,675.39	91,225,080.00	41,378,821.30	0.17	88.69
44	Multiverse Resource Limited	74,210.40	99,905,805.00	41,453,031.70	0.16	88.85
45	CNC Engineering Co Ltd	73,072.19	94,396,312.50	41,526,103.89	0.16	89.01
46	Saturn Mining Company Ltd	71,550.00	107,325,000.00	41,597,653.89	0.15	89.16
47	A&B Global Service Limited	70,280.62	97,512,952.50	41,667,934.51	0.15	89.31
48	Rock Waters Integ. Serv. Ltd	68,643.34	102,965,010.00	41,736,577.85	0.15	89.46
49	Zhong Xing Min Inv. Ltd	64,640.18	80,547,150.00	41,801,218.03	0.14	89.60
50	Seaman Mining & Const. Ltd	63,350.68	95,026,020.00	41,864,568.71	0.14	89.74
51	Datum Const. Nig. Ltd	61,704.64	90,800,460.00	41,926,273.35	0.13	89.87
52	Ganan Const. Co	60,015.67	74,999,505.00	41,986,289.02	0.13	90.00
53	Muhammed Idris Dankabo	59,400.00	84,600,000.00	42,045,689.02	0.13	90.13
54	Petra Quarries Ltd	56,796.14	74,194,215.00	42,102,485.16	0.12	90.25
55	China Zhongho Nigeria Ltd	55,703.46	83,555,190.00	42,158,188.62	0.12	90.37
56	CLC Technical & Eng	54,397.31	62,596,980.00	42,212,585.93	0.12	90.49
57	Zhong Tai Mining (Nig) Ltd	51,213.33	72,320,002.50	42,263,799.26	0.10	90.59
58	Conrok Nigeria Limited	50,834.25	76,251,375.00	42,314,633.51	0.11	90.70
59	First Patriot Nigeria Limited	48,178.32	4,372,156,800.00	42,362,811.83	0.10	90.80
60	Sino Minmetals co Ltd	47,666.32	476,663,200.00	42,410,478.15	0.10	90.90
61	Xve Gao (Nig) Ltd	45,667.69	65,288,002.50	42,456,145.84	0.10	91.00

S/N	Company	Production	Value	Cumulative contribution	Contribution to production	Cumulative contribution to production
		TON	₦	TON	%	%
62	Hitech Coning Co Ltd	43,985.32	65,977,980.00	42,500,131.16	0.09	91.09
63	OFL Marble & Granite Ltd	4,605.54	117,090,000.00	42,504,736.70	0.01	91.10
64	Sodex Mines Nig. Ltd	2,568.67	667,667,500.00	42,507,305.37	0.01	91.11
65	Tongyi Allied co. Ltd	1,926.00	106,740,000.00	42,509,231.37	-	91.11
66	Akins gems Ltd	1,700.59	120,450,000.00	42,510,931.96	-	91.11
67	West African mining co ltd	1,015.00	286,000,000.00	42,511,946.96	-	91.11
68	Don & Chyke Nig Ltd	405.00	105,300,000.00	42,512,351.96	-	91.11
69	Malcome Mines Ltd	195.00	108,000,000.00	42,512,546.96	-	91.11
Contributions of < 0.01					0.01	91.12
Total		42,512,546.96	42,202,954,287.00	42,512,546.96	91.12	100.00
Below Threshold:		4,168,111.28	5,669,061,453.00	**46,680,658.24**	8.88	
Grand Total		**46,680,658.24**	**47,872,015,740.00**		**100.00**	

Dangote Cement Plc and Lafarge Africa Plc contributed 57.22% of the total production in the year.The details of production by companies are contained in Appendix 6.

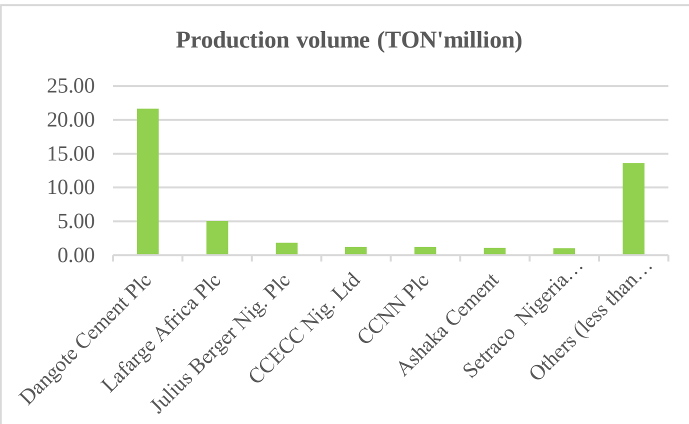

Figure 5: Production volume by company

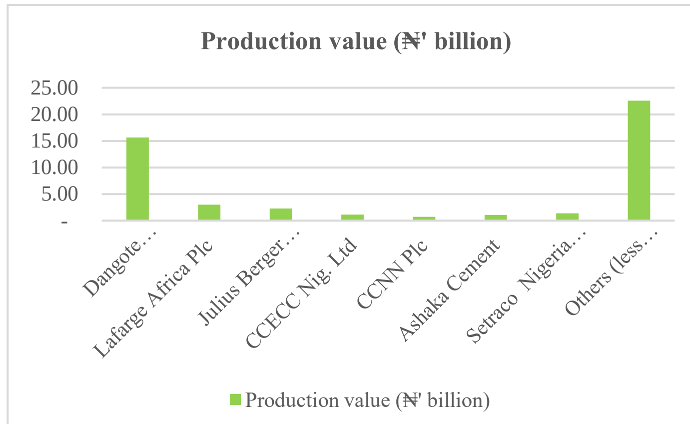

Figure 4: Production value by company

2.2.3 Production by Mineral

Limestone was the most produced mineral in 2018. It accounted for 25.60 million metric tons or (54.85%) of total production. The summary of minerals production is shown in the Table below while the details are in Appendix 7.

Limestone and granite have, over the years, been the most mined minerals as depicted in the Figure below.

Table 8: Production by mineral

S/N	Minerals	Production	Value (in-situ)	Cumulative production	Contribution to production	Cumulative contribution to production
		TON	₦	TON	%	%
1	Limestone	25,604,581.37	15,362,748,822.00	25,604,581.37	54.85	54.85
2	Granite	11,147,174.33	15,198,014,070.00	36,751,755.70	23.88	78.73
3	Laterite.	3,483,563.75	2,090,138,250.00	40,235,319.45	0.76	79.49
4	Coal	1,909,812.85	4,774,532,125.00	42,145,132.30	4.09	83.58
5	Clay	1,752,047.07	700,818,828.00	43,897,179.37	3.75	87.33
6	Sand	1,486,133.61	1,188,906,888.00	45,383,312.98	3.18	90.51
7	Shale	1,026,279.23	513,139,615.00	46,409,592.21	2.20	92.71
8	Lead-Zinc	60,944.04	4,923,160,200.00	46,470,536.25	0.13	92.84

S/N	Minerals	Production	Value (in-situ)	Cumulative production	Contribution to production	Cumulative contribution to production
9	Manganese	58,666.32	586,663,200.00	46,529,202.57	0.13	92.97
10	Gypsum	39,051.61	195,258,050.00	46,568,254.18	0.08	93.05
11	Feldspar	26,409.39	79,228,170.00	46,594,663.57	0.06	93.11
12	Dolomite	23,664.40	23,664,400.00	46,618,327.97	0.05	93.16
13	Marble concentrate	21,649.76	64,949,280.00	46,639,977.73	0.05	93.21
14	Silica Sand	12,059.18	9,647,344.00	46,652,036.91	0.03	93.24
15	Kaolin	10,428.80	26,072,000.00	46,662,465.71	0.02	93.26
16	Tin ore	4,656.63	1,176,172,500.00	46,667,122.34	0.01	93.27
17	Iron Ore	3,197.95	20,786,675.00	46,670,320.29	0.01	93.28
18	Calcite	3,167.67	1,900,602.00	46,673,487.96	0.10	93.38
19	Quartz	2,900.00	2,900,000.00	46,676,387.96	0.01	93.39
20	Talc	1,426.66	4,279,980.00	46,677,814.62	-	93.39
21	Columbite ore	1,299.80	519,920,000.00	46,679,114.42	-	93.39
22	Mica	1,080.00	1,620,000.00	46,680,194.42	-	93.39
23	Bentonite	120.00	600,000.00	46,680,314.42	-	93.39
24	Zircon Sand	120.00	720,000.00	46,680,434.42	-	93.39
25	Barite	82.50	660,000.00	46,680,516.92	-	93.39
26	Kunzite	50.00	2,500,000.00	46,680,566.92	-	93.39
27	Wolframite	50.00	50,000,000.00	46,680,616.92	-	93.39
28	Copper ore	30.00	1,200,000.00	46,680,646.92	-	93.39
29	Tantalite Crude	6.11	30,550,000.00	46,680,653.03	-	93.39
30	Topaz	4.97	24,832,800.00	46,680,658.00	-	93.39
31	Crystals Quartz	0.08	75,000.00	46,680,658.08	-	93.39
32	Tourmaline	0.05	44,087,581.00	46,680,658.13	-	93.39
33	Amethyst	0.02	104,960.00	46,680,658.15	-	93.39
34	Gold concentrate	0.01	245,214,000.00	46,680,658.16	-	93.39
35	Aquamarine	-	2,067,400.00	46,680,658.16	-	93.39
36	Bruit	-	70,000.00	46,680,658.16	-	93.39
37	Garnet	-	10,000.00	46,680,658.16	-	93.39
38	Sapphire	-	4,803,000.00	46,680,658.16	-	93.39
	Others*	0.08	-	**46,680,658.24**	-	93.39
Contributions of < **0.01**				-	6.61	**100.00**
		46,680,658.24	**47,872,015,740.00**		**100.00**	

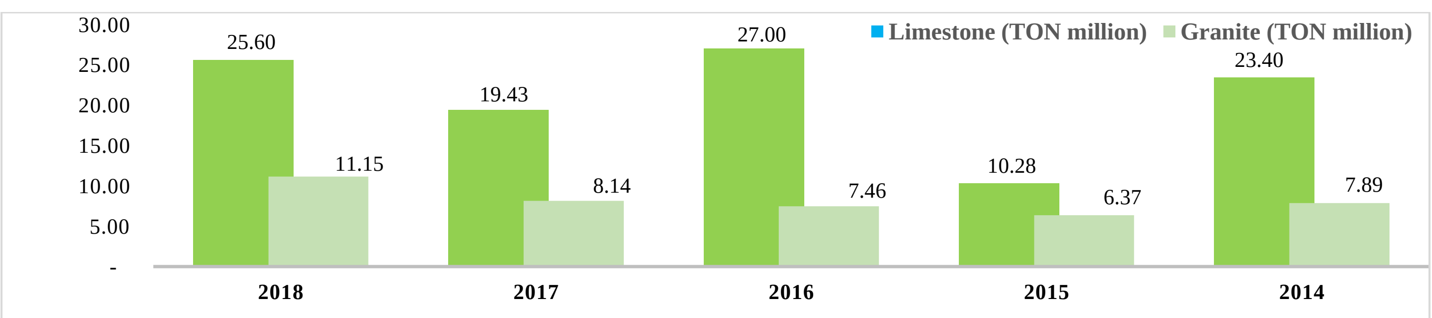

Figure 6: Five years trend of limestone and granite

2.3 Export

A total of 66,019.81 tons of minerals, with an FOB value of $33,991,048.61 (₦10,418,256,398.97 @ ₦306.50/$; CBN Central Rate as at Dec 31, 2018) was exported in 2018. Please see Appendix 8 for the details of export.

2.3.1 Export by Mineral

The Table below represents the summary of minerals export in 2018. Lead, and Aluminum Silver Ends were respectively the highest and the least exported minerals.

Table 9: Mineral export

S/N	Exported products	Gross weight (mt)	FOB value ($)
1	Lead Oxide Ore	18,263.47	10,628,659.49
2	Manganese Ore	14,897.20	1,323,830.00
3	Zinc Concentrates	14,356.09	17,441,673.14
4	Lead And Zinc Ore	13,410.80	3,001,890.20
5	Zinc Ore	2,809.50	1,249,350.00
6	Zircon Sand	2,262.75	330,234.09
7	Quartz	15.30	7,500.00
8	Aluminum Silver Ends	4.70	7,911.69
		66,019.81	**33,991,048.61**

2.3.2 Export by Destination

The principal destination of Nigerian minerals was China, which accounted for 52,500.51metric tons of total minerals exported in 2018 (Table below).

Table 10: Principal destination of Nigeria mineral export

S/N	Destination	Exported minerals	Gross weight (mt)	FOB value ($)
1	China	Lead/Zinc Ore	16,872.35	4,352,563.50
2	China	Lead Concentrates	4,096.82	4,471,095.32
3	China	Manganese Ore	14,897.20	1,323,830.00
4	China	Quartz	15.30	7,500.00
5	China	Zinc Concentrates	14,356.09	17,441,673.14
6	China	Zircon Sand	2,262.75	330,234.09
7	**Sub-total: China**		**52,500.51**	**27,926,896.05**
8	Germany	Lead Concentrate	11,062.32	4,330,015.50
9	South Korea	Lead Concentrate	967.00	1,256,064.32
10	Poland	Lead Concentrates	945.00	141,750.00
11	Spain	Lead Concentrate	440.28	233,636.05
12	Belgium	Lead Concentrate	75.00	84,150.00
13	Netherland	Zinc Ore	25.00	10,625.00
14	Benin	Aluminum Silver Ends	4.70	7,911.69
			66,019.81	**33,991,048.61**

2.3.3 Export by Company

Forty-seven (47) companies exported solid minerals in 2018. As presented in Table below, First Patriot Ltd exported 17,816.50 metric tons.

Ta-ble 11: Companies and minerals exported

S/N	Exporter name	Exported products	Multiple minerals	Gross weight (mt)	FOB value $
1	First Patriot Ltd	Lead Concentrate	4,324.02	-	5,591,550.34
2	First Patriot Ltd	Zinc Concentrate	13,492.49	-	17,288,673.14
3	**Sub-total: First Patriot Ltd**		-	**17,816.50**	
4	Everest Metal Nigeria Limited	Lead Concentrated	-	11,064.30	4,351,895.55
5	Sino Minmetals Co. Limited	Manganese Ore	-	6,950.00	601,000.00
6	Xinye Mining Resources African Limited	Lead And Zinc Ore	-	6,722.80	319,090.20
7	Luxeon Minning Co. Limited	Manganese Ore	-	4,335.70	346,200.00
8	Tongyi Allied Mining Limited	Lead Concentrates	685.80	-	117,000.00
9	Tongyi Allied Mining Limited	Lead Ore	533.40	-	78,750.00
10	Tongyi Allied Mining Limited	Zinc Concentrates	863.60	-	153,000.00
11	Tongyi Allied Mining Limited	Zinc Ore	1,041.40	-	153,750.00
12	**Sub-total: Tongyi Allied Mining Limited**		-	**3,124.20**	
13	Oriental International Transport Nigeria Ltd	Lead And Zinc Ore	2,500.00	-	375,000.00
14	Oriental International Transport Nigeria Ltd	Zircon Sand	250.00	-	20,000.00
15	**Sub-total: Oriental Int'l Transport Nigeria Ltd**		-	**2,750.00**	
16	Haido Intercontinental Services Ltd	Manganese Ore	-	1,991.50	247,030.00
17	Agrofix Intergrated Services Ltd	Lead Ore	-	1,625.00	1,010,625.00
18	Lexeon Mining Co. Ltd	Manganese Ore	-	1,620.00	129,600.00
19	Sunray Mining Investment Company Limited	Zircon Sand	-	1,027.81	87,562.59
20	Venuz Worldclass Limted	Lead Ore	-	1,000.00	631,250.00
21	Anglomittal Nig. Limited	Lead Concentrates	-	945.00	141,750.00
22	Metaminera Nigeria Ltd	Lead Ore/Zinc Ore	-	850.00	488,175.00
23	DTO Commodity Trade Nigeria Limited	Lead Ore/Zinc Ore	-	635.55	108,339.00
24	Kenyang Mining Company Ltd	Zircon Sand	-	518.34	44,062.90
25	PU-Well International Nigeria	Lead/Zinc Ore	-	470.00	376,000.00
26	Timefield Minning (Nigeria) Ltd.	Lead Ore	-	457.20	67,500.00
27	Madexoom Services Ltd	Lead Ore/Zinc Ore	-	320.00	96,000.00
28	Palladium Mining Limited	Lead Ore Concentrate	-	200.00	40,000.00
29	Charzom Cpncept Limited	Lead Concentrate	-	175.00	184,150.00
30	Lippo Enterprises Nig.Ltd	Lead Ore	-	140.00	210,000.00
31	Zovin 83 Logistics Ltd	Zircon Sand	-	135.00	94,500.00
32	Somiatea Ventures Nigeria Ltd	Lead And Zinc Ore	-	133.00	143,900.00
33	Esuvic Nigeria Limited	Zircon Sand	-	125.10	31,200.00
34	Cherish Logistic Limited	Zinc Ore	-	125.00	78,125.00
35	N-Fizah Investment Limited	Lead Ore	-	125.00	100,000.00
36	Saint Emmaniz Nigeria Limited	Lead Concentrate	-	81.00	29,780.00
37	Strateq Global Consult Limited	Zircon Sand	-	80.20	25,600.00
38	Westcoast Market Place Nigeria Ltd	Zircon Sand	-	76.30	23,308.60
39	Adakun Global Services Limited	Lead Ore	-	75.00	46,875.00
40	Great Focus Nigeria Investment Consultants	Zinc Ore	-	72.00	57,600.00
41	Ace Rodiac International Ltd	Lead Concentrate	-	57.30	41,976.00
42	3T Impex Trade And Logistics Services Limited	Lead Ore	-	54.00	18,609.30
43	Light Of Wisdom Agro-Allied Limited	Lead Ore	-	54.00	18,609.30
44	Oriental Food Industry Limited	Zircon Sand	-	50.00	4,000.00
45	Igor Logistics And Services Limited	Lead Ore	-	18.00	3,600.00
46	Abdulrasaq & Co. International Minning Company	Quartz	-	15.30	7,500.00
47	GZ Industries Limited	Aluminum Silver Ends	-	4.70	7,911.69
				66,019.81	**33,991,048.61**

2.4 Project Reporting

Project reporting, in the context of EITI reporting is, any operational activities that are governed by a single license, contract, agreement and/or any other similar legal document and form the basis for payment of liabilities with the government. These activities can be governed by an Exploration License (EL), Quarry Lease (QL) or Small-Scale Mining Lease (SSML). Where activities relating to one or more ELs, QLs and/or SSMLs are substantially interconnected and are governed by a single agreement, they may be treated as a single project. Kindly refer to Appendix 10 for details of project reporting.

2.5 Exploration

In 2018, six hundrend and thirty-four Exploration Licenses were issued in a bid to boost reserve and improve production in the sector. The country's strategic minerals accounted for 70.66% or four hundrend and forty-eight ELs issued.

The following were the major exploration activities in the sector in 2018:

- Segilola Resources Operating Limited/Thor Explorations Limited, operating in Atakunmosa East LGA, Osun State, has established a proven reserve base of about one million (1,000,000) ounces of gold undertaking mine development and further exploration work.

- Symbol Mining/Imperial Joint Ventures located in Bauchi State mines zinc with material grades 22%, continuing with exploration activities to expand its reserves.

- Royal Salt Ltd (Formerly First Patriot Ltd) located at Ikwo LGA, Ebonyi State, mining lead/zinc with an estimated reserve of two million tonnes. The company also has a facility for beneficiation, with an estimated installed lead/zinc ore processing capacity of 500 metric tonnes of lead/zinc concentrate per day.

- Eta Zuma located in Ankpa LGA, of Kogi State, which mines coal and is also into exploration to improve on coal reserves.

2.6 Developments in the Solid Mineral Sector

The following are key developments aimed at removing barriers and repositioning the sector for sustainable growth:

a. Security

Security in the mines has been a serious challenge, which is a disincentive to investors. This was being tackled through:

- Resuscitation and tooling of the Mines Police. To ensure proper coordination and focused attention, the office of Deputy Inspector General of Police (DIG) Mines has also been created;

- Creation and commissioning of Special Mines Security and Surveillance Task Force (SMSSTF).

b. Infrastructure and vallue chain development

- The government has developed modalities for identification and focusing on mineral corridors to create clusters where facilities can be developed to achieve economies of scale.

The FGN has initiated National Gold Policy aimed at facilitating formal gold production, trade and exports and increase government revenue from gold mining activities.

Two gold refining facilities, located in the south-west region (Ogun State) and north-central (Abuja) are underway as a part implementation of the National Gold Policy

- The FGN has also introduced a National Gold Purchase Scheme to promote the production and local refining of gold for purchase by the Central Bank of Nigeria (CBN) under a Federal Gold Reserve Treasury Scheme. About 10,000 artisanal miners across five states of Kaduna, Kebbi, Niger, Osun, and Zamfara have been accreditated under the pilot phase. The outline of the program is as below:
  - ✓ Artisanal miners are pooled and register under an agent;
  - ✓ Capacity building for artisanal miners;
  - ✓ Funding of artisanal miners and related support;
  - ✓ Technical support (e.g. removal of overburden);
  - ✓ Mineral purchase agents/operators of processing facilities
  - ✓ Beneficiation center in a cluster of operation for economies of scale
  - ✓ CBN to offtake the refined gold bars
- Six MCO zonal offices newly established across the six geopolitical zones of the federation for increased reach to operators and also enhance monitoring.

c. Environmental Issues

Document publication: Mines Environmental Compliance Department (MECD) published key documents (Guides) to promote uniformity on environmental issues. Some of these guides include:

- ✓ Mining Environmental Regulatory Compliance Handbook in Nigeria;
- ✓ Guidelines for the Production of Environmental Protection and Rehabilitation Programme Report;
- ✓ Guidelines for the Production of Community Development Agreement (CDA) in the Sector;
- ✓ Operational Guides for Mineral Resources and Environmental Management Committee (MIREMCO);

Supervision: In 2018, MECD supervised two closed-out mine sites operated by Julius Berger Plc and Reynolds Construction Company Limited.

2.6.1 Mineral Sector Support for Economic Diversification (MinDiver) Project

MinDiver is a World Bank assisted project with the overall objective of linking with the Roadmap (2016) and enhance the solid mineral sector's contributions to the economy. The trust of the project is to strengthen key government institutions, improving information infrastructure and knowledge so as to foster domestic investment in the sector. The various departments and agencies of government which has benefited from the MinDiver project and nature of benefit are as follows:

- MID Process automation: This includes, though not limited to automation of revenue collection.
- Process improvement and capacity building to curtail revenue linkages.
- MCO Process automation: to enhance efficiency and increase transparency in minerals title administration and management.
- Development and launch of online real-time publicly available register of mineral titles.
- Enhanced capacity for geoscience data gathering through funding and technical assistance
- Supported the production of geosciences map of Nigeria

- Embarked on a special project, 'Integrated Exploration Programme' through NGSA as a means of addressing the challenges of scarce geological data in Nigeria;
- The award of contracts to five exploration companies to explore priority minerals like Gold, Lead, Zinc, Iron Ore and Rare Earth Metals;
- Funding of formalisation of artisanal miners' process;
- Support for technical assistance/extension services;
- Sensitization on safe and sustainable mining;
- Addressing gender issues amongst artisanal miners, to include protecting women in mining and fight; against child labour in the Nigeria solid mineral sector;
- MECD capacity enhancement through technology deployment for remote site monitoring.

2.7 Mineral Endowment

Nigeria is richly endowed with natural resources which are classified into industrial, energy, metallic ore, and precious stones. The federal government, through Nigeria Mining Growth Roadmap, identified seven strategic minerals. These are listed in table below with their reserve estimate. (Pls refer to the link below for more details on the roadmap.
http://minersassociation.org.ng/wp-content/uploads/2018/03/Nigeria_Mining_Growth_Roadmap_Final.pdf

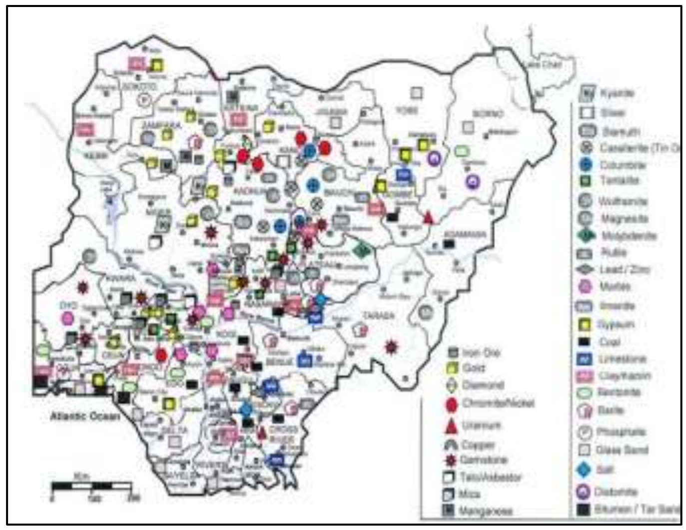

Figure 7: Mineral Resource Map of Nigeria

2.7.1 Strategic Minerals

The map in Figure 7 depicts the distribution of minerals across the country. While Table 12 presents the reserve of the key strategic minerals as contained in the Roadmap, Table 13 presents the classification of the strategic minerals identified in the Roadmap.

Table 12: Data on strategic minerals in Nigeria

Mineral	Total reserve (in million – metric ton)	Proven reserve (in million – metric ton)
Coal	2,750	639
Lead/Zinc	10	5
Iron ore	10,000	3,000
Barites	15	0.1
Limestone	2,300,000	568
Bitumen[1 2]	27,000	0
Gold[23]	200	1

Source: Roadmap for the growth and development of the Nigeria Mining Industry

Table 13: Classification of Nigeria minerals deposit

[2] Measured in barrel
3 Measured in ounce

S/N	Classification	Minerals
1	Industrial	barite, kaolin, gypsum, feldspar, limestone, granite, gravel, laterite, sand
2	Energy	coal, bitumen, lignite, uranium
3	Metallic ore	gold, cassiterite, columbite, iron ore, lead-zinc, copper
4	Precious stones	sapphire, tourmaline, emerald, topaz, amethyst, garnet, etc.

Nigeria strategic minerals

Coal

Coal is classified as an energy mineral and considered strategic in the Roadmap as a source of energy for electricity generation. Nigeria is richly endowed with coal deposit, with an estimated reserve of about 2.75billion metric tons in 17 identified coalfields. States in Nigeria where coal has been discovered in commercial quantity include Enugu, Benue, Kogi, and Nasarawa. Nigerian coal is mainly lignite and sub-bituminous and is of cretaceous tertiary age. Also, its characteristic properties (low sulfur and ash content and low thermoplastic properties), make Nigeria coals ideal for coal-fired electric plants. Nigeria coal also has export potentials. According to the Bureau of Public Enterprises (BPE), about five (5) coal blocks belonging to the defunct Nigeria Coal Corporation (NCC) are available for sale. A Project Delivery Team (PDT) was reconstituted in March 2018 to midwife the process. For more on Nigeria coal, please visit https://bpe.gov.ng/nigerian-coal-corporation/

Figure 8: Coal mining in Nigeria

Lead-Zinc

Lead-Zinc ores are metallic minerals that usually occur together. Often, lead-zinc are associated with other metallic minerals such as copper and silver. The minerals occur in commercial quantities in the south-east through north-central to the north-east of Nigeria. The estimated reserve is well over 10 million tons of lead, and 80,000 tons of zinc spread over about eight states[4]. Lead-zinc export in 2018 stood at 68,781.64 tons with a FOB value of $67,958,025.04. This underscores the importance of the minerals as foreign exchange earner for the country.

Figure 9: Specimen of lead-zinc

Limestone

Limestone is a sedimentary rock composed primarily of calcium carbonate (CaCO3) in the form of calcite. It is an organic sedimentary rock that forms from the accumulation of shell, coral, algal, and faecal debris. Nigeria boasts of about 2.3 trillion tons of limestone reserve (see Table 6), scattered across 17 states of the federation; Cross River, Ebonyi, Abia, Akwa Ibom, Anambra, Bauchi, Bayelsa, Benue, Borno, Edo, Enugu, Imo, Ogun, Ondo, and Sokoto states. Limestone has wide applications. In 2018, similar to previous years, limestone was the highest produced mineral. A total of 25.6 million metric tons, representing 54.85%, and was mainly for cement production.

Figure 10: Specimen of limestone

[4] https://www.minesandsteel.gov.ng/portfolio/lead-zinc/

Barite

Barite, also known as "heavy spar" or "spar," is the principal mineral of barium[5] . It is a non-metallic mineral with a relatively dense high specific gravity (SG = 3 to 4.4). Barite occurrences in Nigeria are spread across the Cretaceous Benue Trough, which comprises of carbonaceous shales, limestone, siltstones, sandstones, as well as in the north-eastern, north-western and south-eastern parts of the Precambrian Basement Complex comprising of metasediments and granitoid. Principal areas of barite occurrences in Nigeria include Nassarawa, Plateau, Taraba, Benue, Adamawa, Cross River, Gombe, Ebonyi, and Zamfara. Barite is used as a weighting agent to increase the density of drilling fluids, principally for oil and gas exploration in order to minimise the incidence of blowouts. The licenses issued in 2018 in respect of barite are presented in Table below. The total royalty paid on barite in 2018 was N33,000.

Figure 11: Specimen of barite

Table 14: Strategic minerals - Barite titles issued in 2018

[5] https://www.researchgate.net/publication/324156593_Review_of_the_occurrence_and_structural_controls_of_Baryte_resources_of_Nigeria (Review of the occurrence and structural controls of Barite resources of Nigeria), accessed on Nov 27, 2019

S/N	Title	Code	Titleholders	Cu	State	LGA
1	SSML	26412	Design Collections Limited	5	Benue	Ushongo
2	SSML	27704	Helicon International Limited	2	Benue	Ushongo
3	SSML	26383	Helicon International Limited	5	Benue	Ushongo
4	SSML	27250	Ummah International Limited	4	Benue	Ushongo
5	SSML	21942	Moriah Gold Industries Ltd	14	Benue	Logo
6	SSML	22979	Ephraim Keys International Limited	7	Cross River	Obubra
7	SSML	27123	Gerrysam International Limited	10	Benue	Ushongo
8	EL	27443	Seamless Solution Mining Company Limited	49	Taraba	Gasssol
9	EL	26135	The Field Of Diamond Limited	104	Cross River	Obubra

Bitumen

Nigeria has the sixth-largest bitumen deposit in the world which is estimated at 38 billion barrels[6] . Nigeria's bitumen reserves are found in Lagos, Ogun, Ondo, and Edo states, typically occurring both on the surface and sub-surface, stretching to about 200km^2. The primary use of bitumen in Nigeria is in road construction, where it is used as the glue or binder mixed with aggregate particles to create asphalt concrete. Bitumen is strategic to Nigeria as a major source of material for the development of its stock of road infrastructure as well as in the building industry. Nigeria bitumen remains untapped. The Table below is the schedule of titles issued in 2018 in respect of bitumen.

Figure 12: Specimen of bitumen

Table 15: Strategic minerals - Bitumen Titles Issued in 2018

S/N	Title	Code	Title Holders	Cu	State	LGA
1	EL	28420	Lake Afrik Petroleum Ltd	296	Ondo	Okitipupa
2	ML	26963	Southwest Bitumen Ltd	235	Ondo	Irele
3	ML	26964	Southwest Bitumen Ltd	249	Ondo	Irele
4	ML	26965	Southwest Bitumen Ltd	222	Ondo	Irele
5	EL	27901	Bluebridge Minerals Ltd	924	Ondo	Irele/Odigbo

[6]https://www.researchgate.net/publication/324200829_Physical_Properties_of_Agbabu_and_Yegbata_Bitumen_in_Nigeria/link/5ac482904585

Gold

Gold as a precious metal is considered the most valuable resource in Nigeria apart from oil and gas[7]. The country boasts of large alluvial and primary deposits, spread across several parts of the schist belts in North-west and South-west of Nigeria. There are also several small occurrences beyond the aforementioned major areas. According to the Nigeria Mining Growth Roadmap (page 20), the country's gold reserve is estimated at 200 metric tons. To harness the economic potentials of gold, Nigeria seeks to implement a national gold policy, National Gold Purchase Scheme. The scheme will promote the production and refining of gold for purchase by the Central Bank of Nigeria under a Federal Gold Reserve Treasury Scheme. Already, a Presidential Artisanal Gold Mining Development Initiative has been inaugurated and will be funded to accredit and support 10,000 artisanal gold miners in five states of the federation. The core objective of the policy is to formalize gold production, trade and exports to ensure increased government revenue from the subsector. Other gold mineral titles issued in 2018 are as shown on Appendix 11, and the summary of which is listed in the Table below.

Figure 13: Specimen of gold

Nigeria issued its first gold refining license to Kian Smith Trade & Co in 2018, with a view to promoting local value addition

Table 16: Strategic minerals - Gold titles issued in 2018

State	EL	ML	SSML	Total
Abuja	6	-	1	7
Bauchi	6	-	1	7
CRS	4	-	1	5
Edo	1	-	-	1
Kaduna	4	1	6	11
Kano	7	-	1	8
Katsina	14	-	2	16
Kebbi	14	1	8	23
Kogi	6	-	9	15
Kwara	14	-	2	16
Nassarawa	9	-	4	13
Niger	85	1	28	114
Ogun	-	-	1	1
Osun	15	-	9	24
Sokoto	1	-	-	1
Taraba	3	-	3	6
Zamfara	35	2	10	47
Total	**224**	**5**	**86**	**315**

[7] https://www.minesandsteel.gov.ng/portfolio/gold/

Iron Ore

Nigeria is endowed with all the raw materials required for steel development, with an estimated iron ore deposit of 3 billion tonnes. A vibrant iron and steel sector is necessary for the infrastructural and technological development of any nation. Iron has a wide range of use in the engineering materials for production, fabrication, construction and ship-building, vehicles, defense etc. The government of Nigeria has taken various steps towards jump-starting the steel industry; it began with the commissioning of geophysical and geological investigations on different ore sites in the 70s, which subsequently led to the establishment of the National Iron Ore Mining Company (NIOMCO), amongst others.

Figure 14:Specimen of iron ore

Although the government role has changed from operator to regulator since the return to civil rule in 1999, it continues to strive to create an enabling environment to encourage private investment in the sector. For further information on the iron ore, please see http://minersassociation.org.ng/wp-ontent/uploads/2018/03/Nigeria_Mining_Growth_Roadmap_Final.pdf

3.0 LEGAL AND INSTITUTIONAL FRAMEWORK, INCLUDING ALLOCATION OF CONTRACTS AND LICENSES

This section provides an overview of the legal and institutional framework that regulates the solid minerals sector, including the allocation of contracts and licenses. The various provisions ensure orderly conduct of business in the sector and guarantees the right of operators amongst others.

3.1 Legal and Institutional framework, including fiscal regime

3.1.1 Legal Framework

The mineral ordinance of 1946, the coal ordinance of 1950, the Explosives Act of 1964, and the Explosives Regulations of 1967 provided the foundation for the legal framework for the development of the solid minerals sector in Nigeria. Nigeria passed into law the Minerals and Mining Act (NMMA), 2007, with the prime objective of regulating all aspects of exploration and exploitation of solid minerals in Nigeria; it is the principal piece of legislation that strides across the sector. The Nigerian Minerals and Mining Regulations (NMMR) was produced in 2011 to guide the implementation of the NMMA. Other extant legislations and policies which constitute the legal arrangements in the sector are shown in the Table below.

Table 17: Solid minerals sector - Legal provisions

S/N	Legal instrument	Key provisions/focus
1	1999 Constitution of the Federal Republic of Nigeria (As Amended)	The entire property in and control of all minerals, mineral oils, and natural gas in under or upon any land in Nigeria or in, under or upon the territorial waters and the Exclusive Economic Zone of Nigeria is vest in the Government of the Federation. (Section 44 (3)). Also, mines and minerals are placed under the exclusive legislative list, which gives the federal government the exclusive powers and jurisdiction over mineral resources in Nigeria. (item 39, Schedule II) Please see http://www.nigeria-law.org/ConstitutionOfTheFederalRepublicOfNigeria.htm#Chapter_4
2	Land use Act (LUA) 2004	The Act vests authority over all land in the territory of each state (except land vested in the Federal Government or its Agencies) solely on the Governor of the state. The Governor is expected to exercise authority over the land in a judicious manner for the benefit of all. Please visit: https://lawsofnigeria.placng.org/print.php?sn=228
3	The Environmental Impact Assessment (EIA) Act 2004	The Act makes it mandatory to carry out impact assessment in respect of any proposed project or activity (including mining) in order to evaluate the likely environmental effect prior to commencement and therefore chart remedial course of action as appropriate. Please visit: http://lawnigeria.com/LawsoftheFederation/ENVIRONEMNTAL-IMPACT-ASSESSMENT-ACT-1992.html
4	The Company and Allied Matters Act (CAMA) 2004	The CAMA requires that all companies (including extractive companies) must be incorporated under the Act before it can carry on business in Nigeria. The Act also provides for reporting and disclosure requirements. Finally, it forbids foreign companies from carrying on business in Nigeria unless it incorporates a local subsidiary under the Act. Please visit: http://lawnigeria.com/LawsoftheFederation/COMPANIES-AND-ALLIED-MATTERS-ACT.htm
5	Nigerian Investment Promotion Commission (NIPC) Act 2004	The NIPC provides for various incentives in order to encourage and promote investment in the Nigerian economy, including the extractive sector. Section 29 (2) of the Nigeria Minerals and Mining Act 2007 aligns with the provisions of the NIPC Act 2004 with respect to any foreign investment in the solid minerals sector. Please visit: http://www.lawnigeria.com/LFN/N/Nigerian-Investment-Promotion-Commission-Act.php

6	National Minerals and Metals Policy (NMMP) 2008	The NMMP derived from and complement the Mining Act, 2007. The thrust of the Policy includes, though not limited to the following: Ensure that extractive companies comply with environmental best practices by conducting their affairs in a responsible manner Promote and encourage a transparent mining titles and permit regime Please visit: https://www.minesandsteel.gov.ng/wp-content/uploads/2016/04/National_Minerals_and_Metals_Policy.pdf

Efforts to deepen the Sector through Legal Provisions:

In 2018, a new bill to amend the NMMA 2007 was proposed for consideration at the National Assembly. The two principal changes proposed by the bill are:

- The creation of a new regulatory agency for the mining sector to be called the Nigerian Mining & Minerals Commission, and
- Provision for a separate mineral lease and licensing process for artisanal miners. Kindly refer to the Government of Nigeria Capstone Report – pg. 18; notes 42 and 43)

3.1.2 Institutional Framework

The institutional framework has been designed to facilitate and coordinate the orderly conduct of mining activities in the Nigerian solid minerals sector.

The institutions described below were among those established to guide and control the operations in the solid minerals sector of the Nigerian economy in line with global best practices.

Ministry of Mines and Steel Development (MMSD)

The Ministry of Mines and Steels Development (MMSD) is an agency set up to unlock the economic potentials of the solid minerals sub-sector in Nigeria. It was established in 1995 as a bold attempt by the Nigerian Government to spur the rapid and beneficial development of the country's solid mineral resources. The technical units of MMSD are:

Mines Inspectorate Department

- Supervision of all reconnaissance, exploration and mining operations
- Enforcement of all mine health and safety regulations as approved by law at mine sites
- Inspection and investigation necessary for ensuring compliance by the operators with applicable regulations
- Review and recommend to the Minister, programs for controlling mining operations

Mines Environmental Compliance Department

- Review plans, studies, and reports prepared by holders of mineral title in respect of their environmental obligations
- Periodically audit environmental requirements
- Liaise with relevant government agencies for social, and environmental issues.

- **Artisanal and Small Scale Mining**
- introduce them to new mining technology
- Provision of extension services

- Organizing, supporting and assisting Artisanal Small Scale Miners (ASM) on exploration, mineral processing, and entrepreneurial training
- Prospecting and exploration services
- Facilitate mineral testing and determination of mineral grade
- Teach ASM skills in mining and regularly introduce them to new mining technology

For details on MMSD, kindly visit: https://portal.minesandsteel.gov.ng/

Mining Cadastre Office

The Mining Cadastre Office is created under Section 5 of NMMA 2007, with the core mandate for administering mining titles with integrity and transparency on a "first come, first served" basis. Please, for detail information, visit: https://www.miningcadastre.gov.ng/

Nigerian Geological Survey Agency (NGSA)

It has the statutory role of providing relevant and up-to-date geosciences information necessary for the economic development of Nigeria. NGSA is currently working in collaboration with the British Geological Survey (BGS) to produce a detailed geochemical map of the surface of Nigeria, develop a geodata policy and data protocols to support data transparency and beneficial use in the solid minerals sector. The World Bank funds the project under the MinDiver program of the Ministry of Mines and Solid Minerals. Please visit https://www.ngsa.gov.ng/basic-page/about-us for more information on the Agency.

National Steel Raw Materials Exploration Agency (NSRMEA)

The NSRMEA is a geo-scientific information centre for investors and researchers in the solid minerals sector that delivers results and solutions through the collective efforts of well trained, dedicated and motivated workforce.

For details, visit http://nsrmea.minesandsteel.com/page/index/services

Revenue Mobilization Allocation and Fiscal Commission (RMAFC)

The RMAFC derives its powers and constitutional functions from paragraph 32 of Part I of the Third Schedule to the 1999 Constitution of the Federal Republic of Nigeria. The commission is constitutionally empowered to:

- Monitor the accruals into and disbursement of revenue from the Federation Account;
- Review from time to time, the revenue allocation formulae and principles in operation to ensure conformity with changing realities; provided that any revenue formula which has been accepted by an Act of the National Assembly shall remain in force for not less than five years from the date of commencement of the Act;
- Advise the federal, state and local governments on fiscal efficiency and methods by which their revenue is to be increased;

- Determine the remuneration appropriate to political office holders, including the President, Vice-President, Governors, Deputy Governors, Ministers, Commissioners, Special Advisers, Legislators and the holders of the offices mentioned in Section 84 and 124 of the Constitution; and
- Discharge such other functions as are conferred on the Commission by the constitution or any Act of the National Assembly.

For more information, kindly visit: http://www.rmafc.gov.ng/rmafc-mandate/

Corporate Affairs Commission (CAC)

The CAC was established by the Companies and Allied Matters Act (CAMA), which was promulgated in 1990 to regulate the formation and management of companies in Nigeria. For more information, kindly visit: http://new.cac.gov.ng/home/about-us/

Federal Inland Revenue Service (FIRS)

The FIRS is the agency that collects federal taxes for the Federal Government of Nigeria. For more information, kindly visit: http://www.firs.gov.ng

Nigeria Customs Service (NCS)

The NCS has responsibilities of revenue collection (import and excise duties). For details, see: https://www.customs.gov.ng/About/mission_statement.php

3.1.3 Fiscal Regime

Nigeria operates three tiers of government; federal, state, and local. The three tiers of government are empowered to impose and administer tax in their respective capacities[8]. In 2018, the various collectable taxes in the sector by the three tiers of government were as indicated below:

Federal Administered Taxes

Companies operating in the solid minerals sector are subjected to tax under the Companies Income Tax Act (CITA), 2007 (as amended). The Federal Inland Revenue Service (FIRS) is the institution charged with the responsibility for tax administration at the Federal level, overseeing the enforcement of the provisions of CITA. The Table below is the summary of federally administered taxes payable by companies in the solid minerals sector:

Table 18: Taxes under federal administration

Applicable tax	Tax rate	Enabling law
Companies Income Tax (CIT)	30 % of total profits of a company less allowable deductions	Companies Income Tax Act[9]
Capital Gains Tax (CGT)	10% of gains realized upon disposal of a chargeable asset	Capital Gains Tax Act[10]
Value Added Tax (VAT)	5% on the supply of goods and services	Value Added Tax Act[11]
Education Tax	2% of assessable profits of a company	Education Tax Act[12]

State Administered Taxes

[8] http://www.nigeria-law.org/Taxes%20and%20Levies%20(Approved%20list%20for%20collection)%20Decree%20No%2021%20of%201998.htm

[9] CITA: https://lawsofnigeria.placng.org/laws/C21.pdf

[10] CGT: https://jointtaxboard-my.sharepoint.com/personal/enquiries_jtb_gov_ng/Documents/Attachments/CGT%20ACT.pdf

[11] VAT: https://jointtaxboard-my.sharepoint.com/personal/enquiries_jtb_gov_ng/Documents/Attachments/Value_Added_Tax_Amendment_Act__2007_.pdf

[12] EDT: https://www.tetfund.gov.ng/download/TETFund%20Act.pdf

State Board of Internal Revenue (SBIR) has responsibility for administering taxes at the state level. The Personal Income Tax Act (PITA) 2011 (as amended) is the principal instrument that governs taxation herein. Individuals and partnerships in the solid minerals sector are assessed to tax under PITA 2011. Capital Gains Tax relating to individuals and partnerships are also collectible by the state government. For more information of PITA
https://jointtaxboard-my.sharepoint.com/:b:/g/personal/enquiries_jtb_gov_ng/ESKhUdFn6_pLoCuI_fRE-9QBWSuWOdgzOVBi3J-weXrdaw?e=3yS5hQ

Local Government Administered Taxes

Taxes and levies by the local government authority are as follows:

Right of Occupancy, fees on lands in rural areas, excluding those collectable by the Federal and State Governments, Tenement rates

Withholding Tax

Nigeria's tax laws provide for withholding of tax from the payment due to any person or company (whether or not resident in Nigeria) that provided goods or services to another person or company in Nigeria. It should be noted that this is not a separate category of tax; rather, it is an advance payment of income tax. WHT due on companies is collected by FIRS on behalf of the Federal Government, while SBIR is responsible for the collection of WTH due to individuals on behalf of the state.

Please see: https://taxaide.com.ng/files/further-explanatory-comments-on-withholding-tax-200602%20(1).pdf
https://pwcnigeria.typepad.com/files/wht-regulation-amendment-2015.pdf;

As part of the efforts to ensure implementation of fiscal regime specific to solid minerals sector, the Institute of Chartered Accountants of Nigeria (ICAN) has introduced mining taxation as a requirement to be certified to practice. The objective is to raise middle-level managers with requisite skills to drive the implementation of sector-specific fiscal regime. Please visit: http://icanig.org/students/documents/p-e-syllabus.pdf (pg. 120)

3.1.4 Incentives

Investment in the Nigerian mining sector attracts a bouquet of incentives, ranging from those offered by the NMMA 2007, NIPC, and to those under the CITA 2004. In 2019, the federal government of Nigeria proposed a finance Bill. The Finance Bill 2019[13], which was accented to in January 2020, aims to offer additional incentives to encourage the flow of investments to the sector for sustainable development.

Kindly refer to section 3.2 of the link below for applicable incentives in the sector.
https://pwcnigeria.typepad.com/files/nipcfirs_compendium-of-investment-incentives-in-nigeria_nov2017.pdf

3.2 Contract and License allocations

3.2.1 Contracts

The Nigeria solid minerals sector is principally private sector driven, with the government providing oversight function through policy direction and regulations. The sector operates a cadastre system whereby investors may acquire right over cadastre units (mineral title) either through the application or

[13] https://pwcnigeria.typepad.com/files/finance-bill-2019.pdf

competitive bidding process openly and transparently. However, the holder of the mineral right is required to negotiate a contract in the form of Community Development Agreement (CDA) that ensures the flow of economic and social benefits to the local community where mining or quarrying activity is to be conducted. The MMSD plays a key role concerning the negotiation of CDAs and has developed 'Guidelines for the Production of Community Development Agreement in the Solid Minerals Sector.' Copies of such CDAs can be freely obtained from MMSD as provided by the Freedom of Information Bill Act, 2011.

See: https://www.cbn.gov.ng/FOI/Freedom%20Of%20Information%20Act.pdf

There were no contracts between government and operators in the solid minerals sector in 2018.

3.2.2 Licenses

Section 2 (1) of NMMA prohibits 'exploration or exploitation of minerals without authority' evidenced by a grant of mineral title. A mining title can be granted to an entity upon application. The MCO is the agency charged with the responsibility for the administration and management of mineral titles in Nigeria.

3.2.2.1 Type of Mineral Titles Obtainable

The Table below provides a summary of the types of mineral titles available, uses, and duration thereon.

Table 19: Type of mineral titles obtainable in the Nigeria solid minerals sector

S/N	Title	Purpose	Duration
1	Reconnaissance Permit (RP)	▪ Right to obtain access into, enter on or fly over any land within the territory of Nigeria available for mining purpose to search for mineral resources on a nonexclusive basis ▪ Right or permission to obtain and remove surface samples in small quantities However, drilling and other subsurface activities are not permitted	1 year; renewable annually
2	Exploration License (EL)	▪ To conduct exploration on the land within the area of the license ▪ The holder is allowed to remove, conduct bulk sampling and testing, export and sell mineral resources not exceeding established limits ▪ The mining area is not more than 200sqkm Please note that the mining activity is restricted to specified minerals	3 years initially; renewable two further periods of 2 years each
3	Mining Lease (ML)	▪ Right to obtain access and enter the mining area ▪ Exclusively use, occupy and carry out mining exploitation within the lease area ▪ Mining Lease not to exceed $50Km^2$	25 years initially; renewable every 24 years
4	Quarry Lease (QL)	▪ Quarrying under the Mining Act applies to all naturally occurring quarriable minerals, such as asbestos, clay, fuller's earth, gypsum, marble, limestone, slate, sand, stone, gavel, etc. ▪ Quarrying covers land area not exceeding 5km2	5 years and renewable every 5 years
5	Small Scale Mining Lease (SSML)	▪ The holder of the lease has the exclusive right to carry out small-scale mining operations ▪ The mining area is greater than 5 acres but less than 3km2	5 years initially; renewable for further period of 5years only

6	Water Use Permit	▪ Granted only to holders of exploration license, mining lease, quarry lease or small scale mining lease who may require access to the use of water for operations

Acquisition of Title

In Nigeria, Mineral title can be acquired either by application for title(s) or through a competitive bidding process. Figure 15 illustrates the procedure for acquiring mineral title by application, while Figure 16 depicts the procedures through competitive bidding.

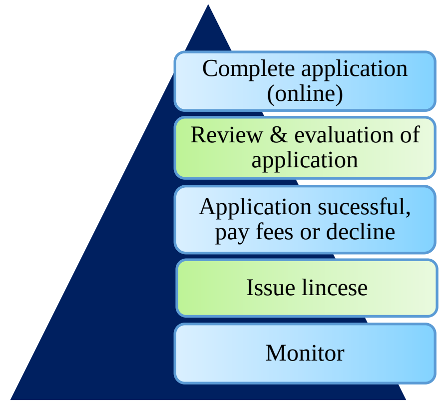

Figure 15:Acquisition of title by application

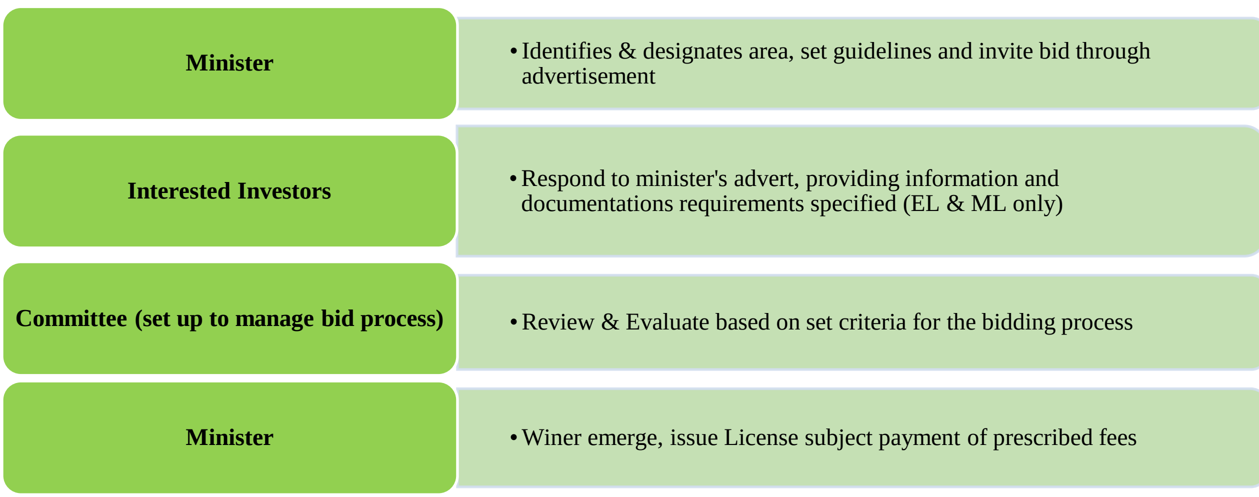

Figure 16: Acquisition of title by competitive bidding

3.3 Mineral Buying Centres

According to the NMMA 2007, only duly authorized individuals under the Act could be in possession of or purchase minerals in Nigeria. Section 95 provides for Minerals Buying Centre (MBC). The minerals buying centres ensure market access to artisanal and small scale miners in line with the provisions of the Act.

As at 31st January 2020, the licenses of all 103 MBC summarized in the Table below and detailed in Appendix 12 have expired. Please visit: https://portal.minesandsteel.gov.ng/MarketPlace/Buying

Table 20: Classification of MBC by Mineral

Mineral classification	No of MBC
Gemstone	23
Metallic	64
Non-Metallic	3
Precious Metal	13
	103

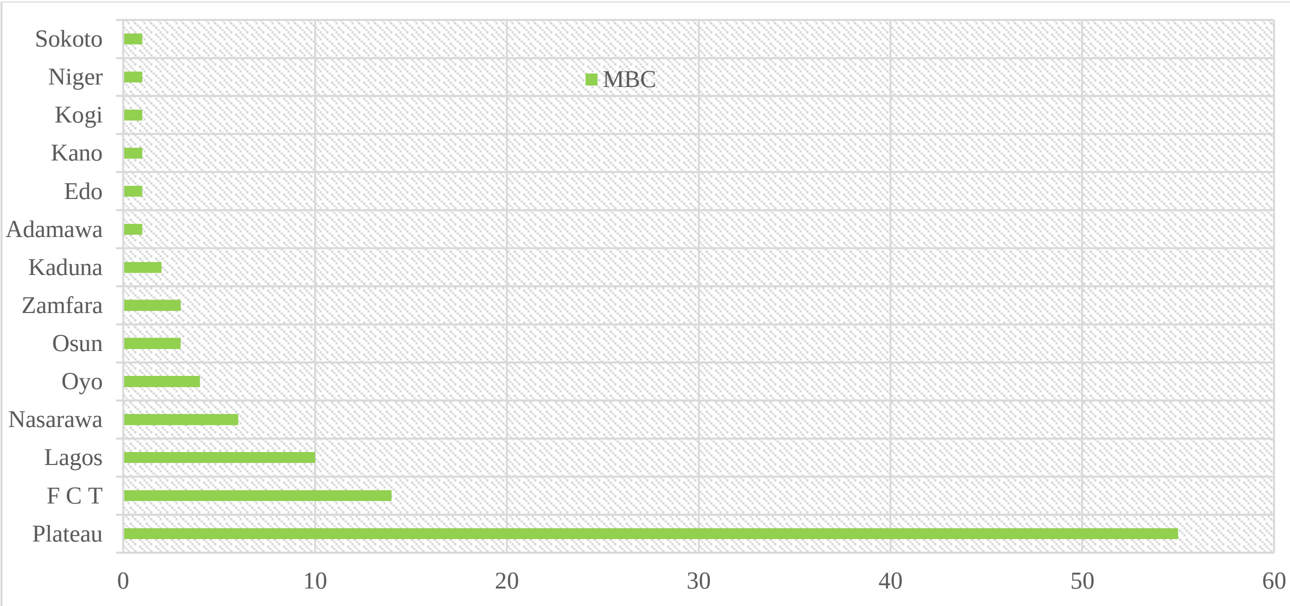

Figure 17: Distribution of MBC by state

3.4 Register of Licenses

In line with its statutory role, the MCO maintains a publicly available database of all mineral titles**.** The register of titles for 2018 can be found at**:**
http://www.miningcadastre.gov.ng/wp-content/uploads/signed_licences/licence_signed_as_at_20th_december_2017.pdfPur

In 2018, One thousand, five hundred and sixteen (1,516) mineral titles were issued by MCO. None of the titles issued in 2018 was acquired through a competitive bidding process. Summary of the title register is shown in Table and the Figure below while the details are contained in Appendix 13.

Table 21: Four years trend of titles issued

S/No	Title	2018	2017	2016	2015
1	Reconnaissance Permit	137	163	510	309
2	Exploration License	634	568	15	455
3	Mining Lease	35	33	288	11
4	Quarry Lease	212	229	338	262
5	Small Scale Mining Lease	498	587	314	193
6	Water Use Permit	-	-	-	-
	Total	**1,516**	**1,580**	**1,465**	**1,230**

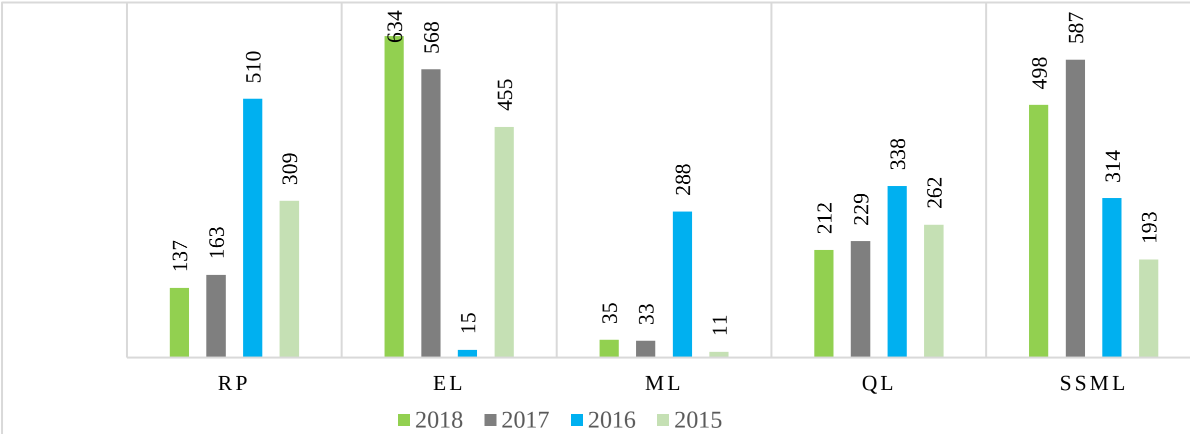

Figure 18: Four years trend of titles issued

3.5 Beneficial Ownership

Nigeria successfully launched a BO portal in December 12, 2019 in conpliance with EITI requirement 2.6 on BO disclosure, which came into effect January 1, 2020. A bill for the repeal and re-enactment of the CAMA1990 to provide legal backing and ensure full BO disclosure was also introduced in 2018 based on the OGP comittment. When eventually passed into law, it will empower CAC (the registrar of companies in Nigeria) to maintain a robust register to include information on BO that would be publicly available. The information on BO of the reporting companies covered in this report in 2018 are in Appendix 14. Please see https://bo.neiti.gov.ng/ on NEITI BO portal for extractive companies.

3.6 State Participation

Since 1999 when Nigeria returned to democratic rule, the government has implemented various economic reforms, some of which touch directly on the solid minerals sector. NSWG reflected on these reforms and after wide consultations with other stakeholders, it concluded that there was no state-owned enterprise in the solid minerals sector in 2018. IA has carefully reviewed the conclusions of the NSWG and concurred that there was no active state-owned enterprise in the solid minerals sector for 2018.

4.0 REVENUE COLLECTION

The total government receipts in the solid minerals sector in 2018 was ₦69,470,822,286.80 as shown in the Table below. This section set out the payments and receipts by Companies and Government and respectively, and outcome of IA reconciliation exercise.

Table 22: Summary of comprensive receipts

Flows	Receipt	Contribution
Financial flows	**₦**	**%**
MID - Royalty and permits	1,890,715,306.83	2.72
MCO - Annual service & others	346,734,300.00	0.5
FIRS – VAT	39,578,311,276.75	56.97
FIRS – CIT	10,034,683,376.77	14.44
FIRS – EDT	3,790,263,831.02	5.46
FIRS – WHT	12,285,696,532.71	17.68
Sub-total: Reconciled	**67,926,404,624.08**	**97.77**
Unilateral disclosures	-	
MID	45,163,945.00	0.07
MCO	1,499,253,717.72	2.16
Sub-total: Unilateral disclosure	**1,544,417,662.72**	**2.23**
TOTAL	**69,470,822,286.80**	**100**

4.1 Comprehensive Disclosure of Taxes and Revenues

4.1.1 Initial declaration

Initial payments declared by companies in 2018 amounted to ₦61,208,457,318.12 while the initial receipts declared by the government were ₦37,026,180,871.26. The difference, which represents the reconcilable flows, was ₦24,182,276,446.86. Kindly refer to the Table below and Appendix 15 respectively for the summary and the details of initial aggregate declaration.

Table 23: Summary of initial declaration by the government and company

Revenue stream	Company declaration ₦	Government declaration ₦	Difference ₦
Reconcilable flows			
Royalty	1,252,225,655.12	1,705,549,127.53	453,323,472.41
Annual Service	136,408,457.50	-	(136,408,457.50)
VAT	46,029,180,406.19	13,712,342,555.99	(32,316,837,850.20)
CIT	5,776,081,869.25	8,939,064,576.81	3,162,982,707.56
EDT	745,732,457.59	3,621,535,732.39	2,875,803,274.80
WHT	7,268,828,472.47	9,047,688,878.54	1,778,860,406.07
Sub-total (reconcilable flows)	**61,208,457,318.12**	**37,026,180,871.26**	**(24,182,276,446.86)**
Unilateral disclosure	-	-	-
Government	-	-	-
Within threshold	-	17,702,945.00	17,702,945.00
Below threshold	-	302,349,752.72	302,349,752.72
Company (Within threshold)	13,415,160,270.04	-	(13,415,160,270.04)
Sub-total (unilateral disclosure)	**13,415,160,270.04**	**320,052,697.72**	**(13,095,107,572.32)**
Grand total	**74,623,617,588.16**	**37,346,233,568.98**	**(37,277,384,019.18)**

4.1.2 Reconciliation of Discrepancies

The IA carried out validation of the data on the initial templates submitted by the extractive companies and government agencies and identified the differences. The differences were reconciled during the tripartite reconciliation meeting. The unreconciled difference of ₦154.89million is attributed to four companies mention in section **1.11.** The Table below is the summary of outcome of the reconciliation exercise. The details of the reconciliation is contained in Appendix 16

Table 24: Outcome of the reconciliation exercise

Revenue Stream		Company declared payments ₦	Government declared receipts ₦	Difference ₦
Royalty		1,745,323,107.65	1,890,715,306.83	145,392,199.18
Annual Service		346,334,300.00	346,734,300.00	400,000.00
VAT		39,574,164,662.80	39,578,311,276.75	4,146,613.95
CIT		10,032,010,196.77	10,034,683,376.77	2,673,180.00
EDT		3,787,987,445.04	3,790,263,831.02	2,276,385.98
Sub-total: Reconciled revenue	**‘a’**	**55,485,819,712.26**	**55,640,708,091.37**	**154,888,379.11**
Unilateral disclosure				
Government		-	-	-
Within threshold		-	45,163,945.00	45,163,945.00
Below threshold		-	1,499,253,717.72	1,499,253,717.72
Company		13,997,218,253.24	-	(13,997,218,253.24)
Sub-total: Unilateral disclosure	**‘b’**	**13,997,218,253.24**	**1,544,417,662.72**	**(12,452,800,590.52)**
Total revenue c = (a + b)		**69,483,037,965.50**	**57,185,125,754.09**	**(12,297,912,211.41)**
WHT (Advance receipt, NOT REVENUE) ‘d’		**12,285,259,374.96**	**12,285,696,532.71**	**437,157.75**
Total (c + d)		**81,768,297,340.46**	**69,470,822,286.80**	**12,297,475,053.66**

4.1.3 Trend analysis of financial flows

The table below is the five years trend of government receipts from the solid mineral sector.

Table 25: Five years trend of Government receipts

Year	**2018**	**2017**	**2016**	**2015**	**2014**	**Total**
No of reporting companies	**69**	**59**	**56**	**42**	**39**	
	₦	**₦**	**₦**	**₦**	**₦**	**₦**
Royalty & Permits	2,210,768,004.55	1,606,540,630.00	1,690,212,218.21	1,315,000,634.35	1,230,279,994.95	8,052,801,482.06
Annual service & Others	1,571,099,265.00	2,013,041,450.00	1,150,864,100.00	554,874,000.00	94,421,500.00	5,384,300,315.00
CIT	10,034,683,376.77	2,360,603,443.42	10,575,945,892.31	16,004,390,554.63	8,281,752,127.39	47,257,375,394.52
VAT	39,578,311,276.75	34,024,831,429.47	20,244,510,690.43	32,851,491,914.15	26,658,017,275.78	153,357,162,586.58
EDT	3,790,263,831.02	10,250,628,330.32	2,284,103,975.85	4,493,118,698.39	2,632,764,327.32	23,450,879,162.90
WHT	12,285,696,532.71	2,521,937,271.82	7,175,636,759.59	9,244,744,177.06	10,275,209,371.19	41,503,224,112.37
PAYE	-	-	101,114,676.30	-	-	101,114,676.30
Total	**69,470,822,286.80**	**52,777,582,555.03**	**43,222,388,312.69**	**64,463,619,978.58**	**49,172,444,596.63**	**279,106,857,729.73**

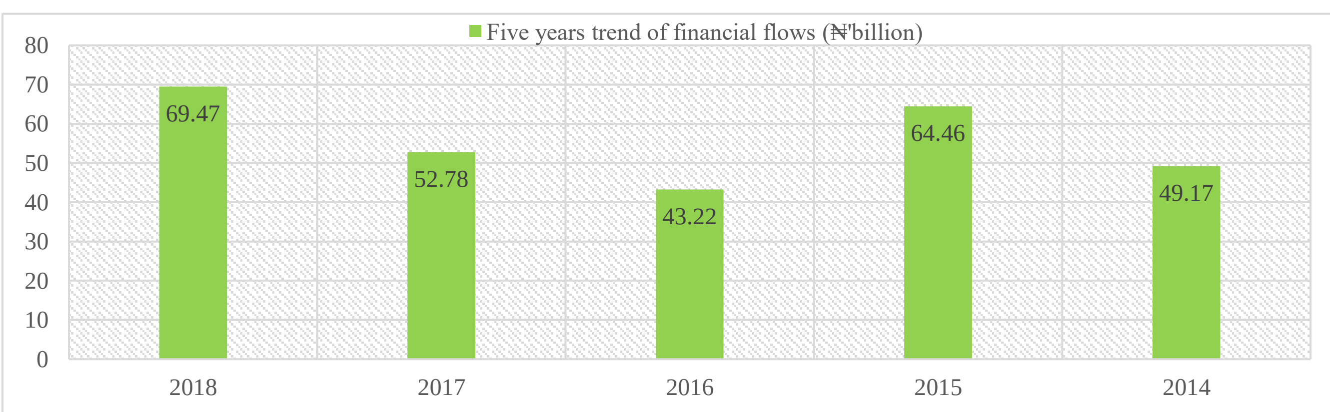

Figure 19: Five years trend of financial flows

Royalty

The NMMA 2007 provides that royalty is chargeable on minerals obtained in the course of exploration or mining operation. The computation of royalty payable is based on the quantity of minerals consumed/used or sold in line with Minerals and Mining Regulations 2011(see Regulation 99 (1)). Royalty payable is calculated based on the government-approved rate. The total royalty for 2018 was ₦2,147,215,779.55, paid by 720 companies. The Figure below depicts the improvement in royalty received in 2018 over the previous four years.

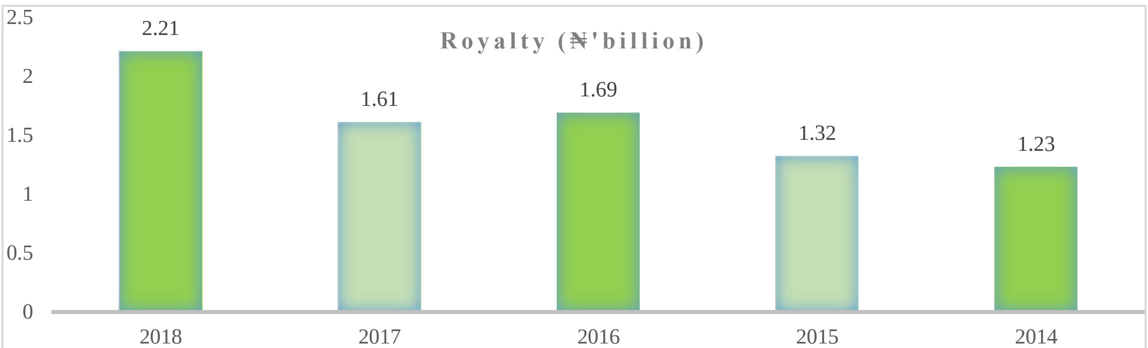

Figure 20: Five years trend of royalty

Royalty Payment by State

The Table below shows the royalty payment by state. Please see details in Appendix 17.

Table 26: Royalty contribution by state

S/N	State	Total market value ₦	Contribution on royalty %	Cumulative contribution ₦	Cumulative contribution %
1	Ogun	487,735,856.28	22.71	487,735,856.28	22.71
2	Kogi	316,918,776.15	14.76	804,654,632.43	37.47
3	Ebonyi	238,839,227.55	11.12	1,043,493,859.98	48.59
4	Benue	196,834,961.65	9.17	1,240,328,821.63	57.76
5	FCT	119,490,588.12	5.56	1,359,819,409.75	63.32
6	Cross Rivers	100,494,973.71	4.68	1,460,314,383.46	68.00
7	Ondo	83,086,248.07	3.87	1,543,400,631.53	71.87
8	Edo	68,359,280.97	3.18	1,611,759,912.50	75.05
9	Oyo	68,297,568.40	3.18	1,680,057,480.90	78.23
10	Plateau	53,583,984.50	2.50	1,733,641,465.40	80.73
11	Gombe	52,907,646.30	2.46	1,786,549,111.70	83.19
12	Bauchi	38,248,547.94	1.78	1,824,797,659.64	84.97
13	Kano	37,256,761.06	1.73	1,862,054,420.70	86.70
14	Sokoto	36,123,507.30	1.68	1,898,177,928.00	88.38
15	Abia	31,862,778.00	1.48	1,930,040,706.00	89.86
16	Akwa Ibom	24,427,830.00	1.14	1,954,468,536.00	91.00
17	Zamfara	24,319,918.69	1.13	1,978,788,454.69	92.13
18	Katsina	24,064,525.68	1.12	2,002,852,980.37	93.25
19	Lagos	20,327,972.00	0.95	2,023,180,952.37	94.20
20	Kebbi	17,519,781.60	0.82	2,040,700,733.97	95.02
21	Nasarawa	16,387,108.50	0.76	2,057,087,842.47	95.78
22	Jigawa	13,715,865.75	0.64	2,070,803,708.22	96.42
23	Kaduna	12,798,631.20	0.60	2,083,602,339.42	97.02

S/N	State	Total market value ₦	Contribution on royalty %	Cumulative contribution ₦	Cumulative contribution %
24	Niger	9,963,529.50	0.46	2,093,565,868.92	97.48
25	Anambra	9,607,470.00	0.45	2,103,173,338.92	97.93
26	Delta	9,192,000.20	0.43	2,112,365,339.12	98.36
27	Osun	8,776,359.51	0.41	2,121,141,698.63	98.77
28	Kwara	7,205,250.00	0.34	2,128,346,948.63	99.11
29	Ekiti	6,360,000.00	0.30	2,134,706,948.63	99.41
30	Adamawa	4,472,324.05	0.21	2,139,179,272.68	99.62
31	Taraba	3,142,395.75	0.15	2,142,321,668.43	99.77
32	Rivers	1,963,611.34	0.09	2,144,285,279.77	99.86
33	Imo	1,460,000.00	0.07	2,145,745,279.77	99.93
34	Yobe	826,499.78	0.04	2,146,571,779.55	99.97
35	Enugu	365,000.00	0.02	2,146,936,779.55	99.99
36	Borno	279,000.00	0.01	2,147,215,779.55	**100.00**
37	Bayelsa	-	-		
		2,147,215,779.55	**100.00**		

Royalty payment by Company

The reporting companies, as depicted in the Table below, paid ₦1,890,715,306.83 (88.05%) while others paid the balance of ₦256,500,472.72 (11.95%). Kindly refer to Appendix 18 for details.

Table 27: Royalty contribution by company

S/N	Company	Total market value ₦	Contribution to royalty %	Cumulative contribution ₦	Cumulative contribution %
1	Dangote Cement Plc	704,716,341.45	32.82	704,716,341.45	32.82
2	Lafarge Africa Plc	149,007,591.50	6.94	853,723,932.95	39.76
3	First Patriot Nigeria Limited	131,164,704.00	6.11	984,888,636.95	45.87
4	Julius Berger Nig. Plc	114,536,187.30	5.33	1,099,424,824.25	51.20
5	Setraco Nigeria Limited	70,142,090.90	3.27	1,169,566,915.15	54.47
6	CCECC Nig. Ltd	57,086,792.62	2.66	1,226,653,707.77	57.13
7	Zeberced Limited	50,807,775.00	2.37	1,277,461,482.77	59.50
8	Ashaka Cement	47,049,306.85	2.19	1,324,510,789.62	61.69
9	CCNN Plc	36,003,507.30	1.68	1,360,514,296.92	63.37
10	Reynolds Construction (Nigeria Limited	34,598,790.00	1.61	1,395,113,086.92	64.98
11	Mothercat Nigeria Limited	29,791,229.43	1.39	1,424,904,316.35	66.37
12	BUA International Ltd	28,224,314.90	1.31	1,453,128,631.25	67.68
13	CGC Nig. Ltd	24,709,469.26	1.15	1,477,838,100.51	68.83
14	Triacta Nig Ltd	23,831,551.35	1.11	1,501,669,651.86	69.94
15	Sodex Mines Nig. Ltd	20,030,025.00	0.93	1,521,699,676.86	70.87
16	Levant Const. Ltd.	18,104,999.85	0.84	1,539,804,676.71	71.71
17	Ratcon Construction Company Limited	16,508,068.16	0.77	1,556,312,744.87	72.48
18	Sino Minmetals company Ltd	14,299,896.00	0.67	1,570,612,640.87	73.15
19	Woda Mountain Investment Ltd	14,000,200.50	0.65	1,584,612,841.37	73.80
20	Zuma 828 Limited	13,041,932.25	0.61	1,597,654,773.62	74.41
21	Prossy Investment Limited	11,920,905.30	0.56	1,609,575,678.92	74.97
22	Arab Contractors Ltd	11,891,156.33	0.55	1,621,466,835.25	75.52
23	Mercury Mining & Investment Ltd	11,755,425.00	0.55	1,633,222,260.25	76.07
24	Z & Y Investment Company Ltd.	11,113,450.50	0.52	1,644,335,710.75	76.59
25	Georgio Rocks Ltd	11,003,373.07	0.51	1,655,339,083.82	77.10
26	Kopek Construction Ltd	10,785,299.70	0.50	1,666,124,383.52	77.60
27	CNC Mining Company Ltd	9,741,137.25	0.45	1,675,865,520.77	78.05
28	Ashpalt Unity Const. Ltd	9,414,301.50	0.44	1,685,279,822.27	78.49
29	E. B. H. Granite Ltd.	8,872,767.75	0.41	1,694,152,590.02	78.90
30	West African mining co ltd	8,580,000.00	0.40	1,702,732,590.02	79.30
31	Crushed Rock Industries (Nig) Ltd	8,367,007.50	0.39	1,711,099,597.52	79.69
32	Gilmor Engineering Limited	8,068,305.75	0.38	1,719,167,903.27	80.07
33	P.W. Nigeria limited	7,882,998.00	0.37	1,727,050,901.27	80.44

S/N	Company	Total market value ₦	Contribution to royalty %	Cumulative contribution ₦	Cumulative contribution %
34	Jinziang Quarry Co. Ltd	7,014,560.25	0.33	1,734,065,461.52	80.77
35	CCNC Nigeria Ltd	6,790,404.60	0.32	1,740,855,866.12	81.09
36	Pioneer Sinochino Inv. Ventures Ltd.	6,657,105.00	0.31	1,747,512,971.12	81.40
37	Mark-Sino Stone	6,599,475.00	0.30	1,754,112,446.12	81.70
38	C.C.C. Construction Nigeria Limited	6,259,945.20	0.29	1,760,372,391.32	81.99
39	S.C.C. Nigeria Limited	5,896,002.05	0.27	1,766,268,393.37	82.26
40	OFL Marble & Granite Ltd	5,854,500.00	0.27	1,772,122,893.37	82.53
41	Saturn Mining Company Ltd	5,366,250.00	0.25	1,777,489,143.37	82.78
42	Rock Waters Integrated Services Limited	5,148,250.50	0.24	1,782,637,393.87	83.02
43	NBHH Nig. Ltd	5,102,950.14	0.24	1,787,740,344.01	83.26
44	Multiverse Resource Limited	4,995,290.26	0.23	1,792,735,634.27	83.49
45	A&B Global Service Limited	4,875,647.65	0.23	1,797,611,281.92	83.72
46	Dantata & Sawoe Nig Ltd	4,760,400.00	0.22	1,802,371,681.92	83.94
47	Seaman Mining & Const. Ltd	4,751,301.00	0.22	1,807,122,982.92	84.16
48	CNC Engineering Company Ltd	4,719,815.66	0.22	1,811,842,798.58	84.38
49	Platinum Asphalt and Crushing Company Ltd	4,561,254.03	0.21	1,816,404,052.61	84.59
50	Datum Const. Nigeria Limited	4,540,023.00	0.21	1,820,944,075.61	84.80
51	Inorganic Earth Resources Limited	4,509,723.41	0.21	1,825,453,799.02	85.01
52	Venus Mining Co. Ltd	4,412,637.80	0.21	1,829,866,436.82	85.22
53	Muhammed Idris Dankabo	4,230,000.00	0.20	1,834,096,436.82	85.42
54	China Zhongho Nigeria Ltd	4,177,759.50	0.19	1,838,274,196.32	85.61
55	Zhong Xing Mining Investment Limited	4,027,357.51	0.19	1,842,301,553.83	85.80
56	Gerawa Global Limited	3,872,749.65	0.18	1,846,174,303.48	85.98
57	Conrok Nigeria Limited	3,812,568.75	0.18	1,849,986,872.23	86.16
58	Ganan Construction Company	3,749,975.25	0.17	1,853,736,847.48	86.33
59	Petra Quarries Ltd	3,709,710.76	0.17	1,857,446,558.24	86.50
60	Akins gems Ltd	3,671,500.00	0.17	1,861,118,058.24	86.67
61	Zhong Tai Mining (Nig) Ltd	3,616,000.14	0.17	1,864,734,058.38	86.84
62	Lake Petroleum Ltd	3,500,000.00	0.16	1,868,234,058.38	87.00
63	Hitech Coning Company Limited	3,298,899.00	0.15	1,871,532,957.38	87.15
64	Xve Gao (Nig) Ltd	3,264,400.14	0.15	1,874,797,357.52	87.30
65	Malcome Mines Ltd	3,240,000.00	0.15	1,878,037,357.52	87.45
66	Tongyi Allied co. Ltd	3,202,200.00	0.15	1,881,239,557.52	87.60
67	Purechem Industries Limited	3,186,900.30	0.15	1,884,426,457.82	87.75
68	Don & Chyke Nig Ltd	3,159,000.00	0.15	1,887,585,457.82	87.90
69	CLC Technical & Engineering	3,129,849.01	0.15	1,890,715,306.83	88.05
	TOTAL: Reporting companies	**1,890,715,306.83**	**88.05**		
	TOTAL: Unilateral disclosure	**256,500,472.72**	**11.95**	2,147,215,779.55	**100.00**
	GRAND TOTAL	**2,147,215,779.55**	**100.00**		

Royalty by sub-sector

The Table below shows contribution to royalty by sub-sector in 2018 by the reporting companies. The cement manufacturing (51.57%) and construction (24.71%) dominated activities, which accounted for 76.28% of the total royalty paid.

Table 28: Royalty contribution by sub-sector

Sector	Royalty ₦	Contribution to royalty %	Cumulative contribution to royalty (%)
Manufacturing (cement)	974,978,366.90	51.57	51.57
Construction	467,277,401.31	24.71	76.28
Quarry	244,570,281.37	12.94	89.22
Mining	203,889,257.25	10.78	**100.00**
	1,890,715,306.83	**100.00**	

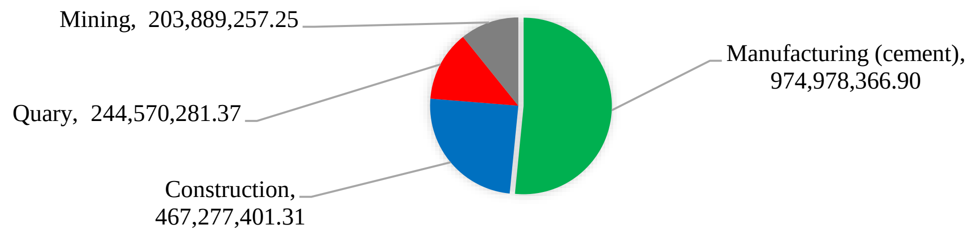

Figure 21:Sectorial contribution to royalty

Royalty payment by Mineral

The Table below shows the royalty payment by minerals. The details are contained in Appendix 19.

Table 29: Royalty contribution by minerals

S/N	Minerals	Total royalty ₦	Contribution to royalty %	Cumulative contribution ₦	Cumulative contribution %
1	Limestone	768,137,441.70	35.77	768,137,441.70	35.77
2	Granite	760,080,704.71	35.04	1,528,218,146.41	70.81
3	Lead/zinc	147,694,249.50	6.88	1,675,912,395.91	77.69
4	Coal	143,235,963.00	6.67	1,819,148,358.91	84.36
5	Laterite	104,506,912.05	4.87	1,923,655,270.96	89.23
6	Sand	59,445,341.24	2.77	1,983,100,612.20	92.00
7	Tin	35,285,068.00	1.64	2,018,385,680.20	93.64
8	Clay	35,040,941.30	1.63	2,053,426,621.50	95.27
9	Shale	25,656,980.75	1.19	2,079,083,602.25	96.46
10	Manganese	17,599,896.00	0.82	2,096,683,498.25	97.28
11	Columbite ore	15,597,650.00	0.73	2,112,281,148.25	98.01
12	Gypsum	9,762,902.50	0.45	2,122,044,050.75	98.46
13	Gold concentrate	7,356,381.50	0.34	2,129,400,432.25	98.80
14	Feldspar	3,961,407.50	0.18	2,133,361,839.75	98.98
15	Marble concentrate	3,247,785.00	0.15	2,136,609,624.75	99.13
16	Tourmaline	2,204,379.80	0.10	2,138,814,004.55	99.23
17	Wolframite	1,500,000.00	0.07	2,140,314,004.55	99.30
18	Kaolin	1,303,600.00	0.06	2,141,617,604.55	99.36
19	Topaz	1,240,640.00	0.06	2,142,858,244.55	99.42
20	Dolomite	1,183,220.00	0.06	2,144,041,464.55	99.48
21	Tantalite Crude	916,800.00	0.04	2,144,958,264.55	99.52
22	Iron Ore	623,600.00	0.03	2,145,581,864.55	99.55
23	Silica Sand	482,367.30	0.02	2,146,064,231.85	99.57
24	Sapphire	240,150.00	0.01	2,146,304,381.85	99.58
25	Talc	214,000.00	0.01	2,146,518,381.85	99.59
26	Quartz	145,000.00	0.01	2,146,663,381.85	99.60
27	Kunzite	125,000.00	0.01	2,146,788,381.85	99.61
28	Aquamarine	103,370.00	-	2,146,891,751.85	99.61
29	Calcite	95,030.00	-	2,146,986,781.85	99.61
30	Mica	81,000.00	-	2,147,067,781.85	99.61
31	Copper ore	36,000.00	-	2,147,103,781.85	99.61
32	Zircon Sand	36,000.00	-	2,147,139,781.85	99.61

S/N	Minerals	Total royalty ₦	Contribution to royalty %	Cumulative contribution ₦	Cumulative contribution %
33	Barite	33,000.00	-	2,147,172,781.85	99.61
34	Bentonite	30,000.00	-	2,147,202,781.85	99.61
35	Amethyst	5,247.70	-	2,147,208,029.55	99.61
36	Crystals Quartz	3,750.00	-	2,147,211,779.55	99.61
37	Bruit	3,500.00	-	2,147,215,279.55	99.61
38	Garnet	500.00	-	2,147,215,779.55	99.61
Contributions of < 0.1		-	0.39	**2,147,215,779.55**	**100.00**
		2,147,215,779.55	**100.00**		

Nigeria strategic minerals

The seven (7) strategic minerals mined in 2018 contributed 49.7% to royalty declared in the year. The cumulative contribution of gold and barite to royalty for the year was less than 1%; gold (₦7.36 million or 0.343%) and barite (₦0.03 million or 0.001%) as depicted in Table 32. Bitumen did not record any royalty contribution. Gold and bitumen deposits in Nigeria are estimated at 200 million and 37 billion metric tons respectively.

The insignificant contribution of gold to royalty payment is not as a result of lack of activity. It is believed that gold mining in Nigeria is largely under-reported, occasioned by illegal mining and smuggling[14]. However, the government is making a concerted effort to arrest the ugly trend; this was demonstrated by the arraignment and conviction of 4 (four) men in August 2019 for failure to declare to the Nigeria Customs Service, smelted gold estimated at ₦1billion; The EFCC (Lagos Zonal office) also arraigned 8 (eight) suspected members of a syndicate of illegal gold dealers; the prime suspect was arrested on March 1, 2019 at the Murtala Muhammed International Airport, Ikeja, Lagos[15].

As a further measure to curtail illegal dealings in gold, the government needs to implement its national gold policy. The policy is aimed at facilitating formal gold production, trade and exports to ensure regular payment of royalties and taxes[16]

Table 30: Activity (measured by royalty) on Nigeria's strategic minerals

[14] https://www.minesandsteel.gov.ng/2019/01/22/nigeria-beyond-oil-3yrs-account-of-stewardship-in-the-minerals-and-metal-sector/ (see item 44; accessed on Jan 18, 2020)
[15] https://web.facebook.com/officialefcc/posts/2272706406085170?comment_id=2273002896055521&_rdc=1&_rdr (accessed on Jan 18, 2020)
[16] https://www.minesandsteel.gov.ng/2019/01/22/nigeria-beyond-oil-3yrs-account-of-stewardship-in-the-minerals-and-metal-sector/ (see item 44; accessed on Jan 18, 2020)

S/N	Mineral	Royalty ₦	Percentage contribution %
1	Limestone	768,137,441.70	35.774
2	Lead/Zinc	147,694,249.50	6.878
3	Coal	143,235,963.00	6.671
4	Gold[1] Measured in ounce	7,356,381.50	0.343
5	Iron ore	623,600.00	0.029
6	Barites	33,000.00	0.001
7	Bitumen[2] Measured in barrel	0.00	0.000
	Sub-total Strategic minerals	**1,067,080,635.70**	**49.696**
	Sub-total Other minerals	**1,080,135,143.85**	**50.304**
		2,147,215,779.55	**100.000**

Annual Service Fee

The annual service fee is payable to MCO by all extractive companies in respect of valid titles. The fee is chargeable per cadastral unit. The applicable rate is determined based on the type of mineral title and number of cadastral units held by the paying company. The total annual service fee paid by 2,212 companies in 2018 was ₦1,186,423,290.00. The summary of the annual service fee paid is presented in the Table below.

Table 31: Analysis of the annual service fee

Category of company	No of company	Amount ₦	%
Payment by reporting companies	69	346,734,300.00	29.23
Payment by non-reporting companies	2,143	839,688,990.00	70.77
Annual Service	**2,212**	**1,186,423,290.00**	**100.00**

Twenty-four (35% of 69 reporting companies) did not pay annual service in 2018, as depicted in the Figure below.

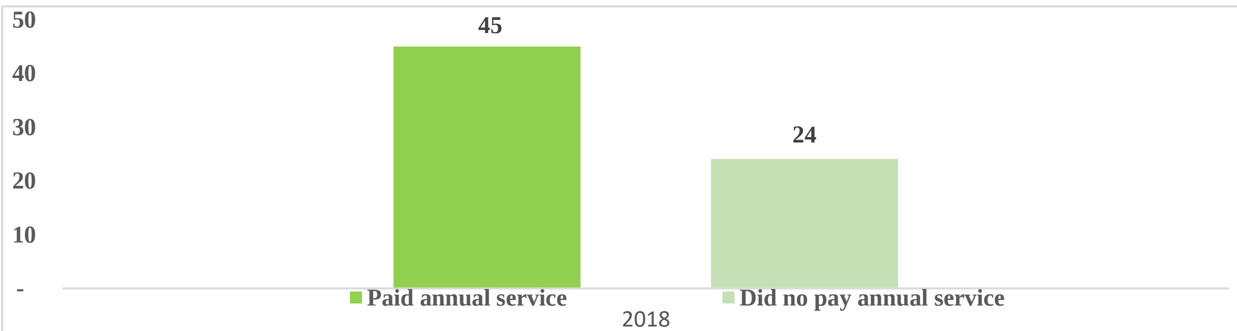

Figure 22: Annual service fee in 2018

Company Income Tax

This represents tax imposed on profits of all companies (other than those engaged in oil exploration and production) accruing in, derived from, brought into, or received in Nigeria. The CIT rate is 30% of the taxable profit of a Nigerian company and non-Nigerian company (where tax authority can determine the taxable profit). The sum of **₦10,034,683,376.77** was declared by the government as the CIT collected in 2018. The amount was duly validated and reconciled.

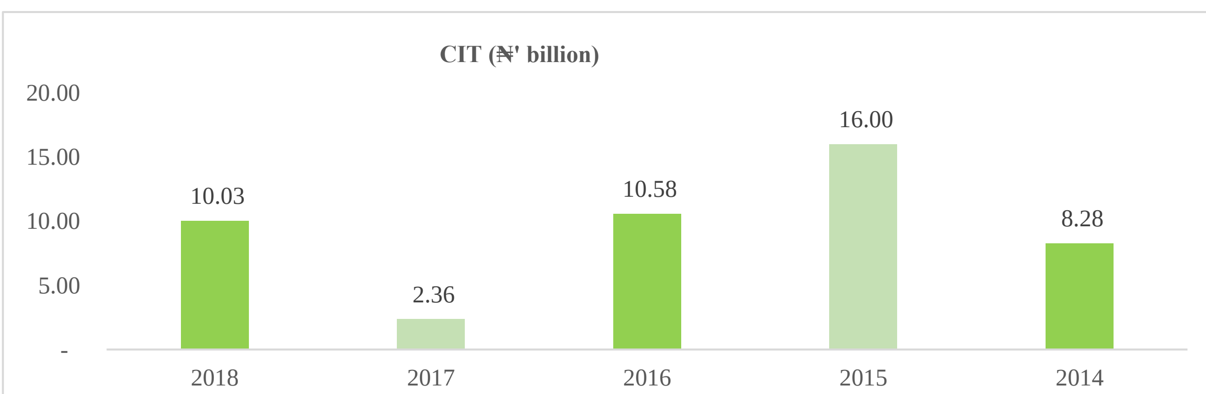

Figure 23: Five years trend of CIT

Education Tax

A 2% tax is imposed on the assessable profits of all companies registered in Nigeria to fund the maintenance and upgrade of tertiary institutions in Nigeria under the Tertiary Education Trust Fund. This is payable at the same time as the companies' income tax. The sum of **₦3,790,263,831.02** represents the EDT declared by the government in respect of 2018.

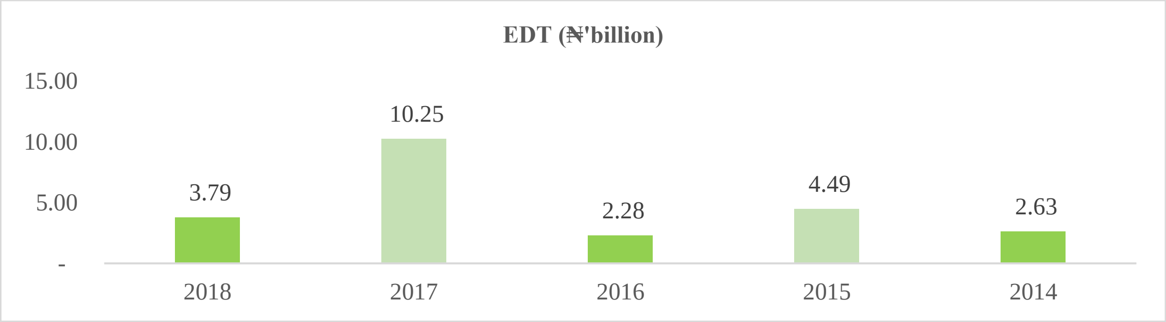

Figure 24: Five years trend - EDT

Value-Added Tax

The Value Added Tax Act 2004 imposes a value-added tax (VAT) as a consumption tax on the supply of all goods and services (known as vaTable goods and services) other than those which are listed as exempt goods and services in the Act. The VAT rate during the year under review was 5% (now 7.5% effective from February 2020) of the value of the supply or sell. The VAT is administered by the FIRS and is collected across the entire federation. The VAT **₦39,578,311,276.75** represents the amount declared by the government for 2018. The VAT was duly validated and reconciled.

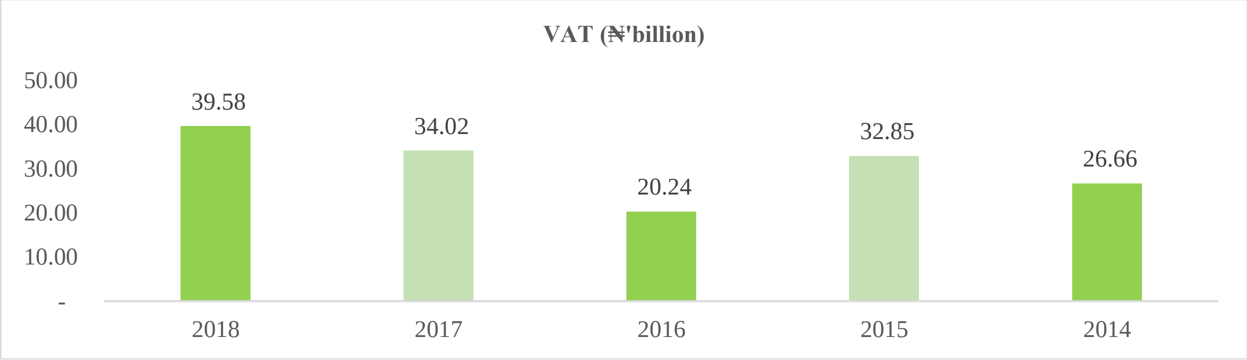

Figure 25 Five years trend - VAT

Withholding Tax

WHT is not a separate tax but is an advance payment of income tax. It is deducted from income earned by individuals or companies at the time of payment of such income to the receiving party. The deducted WHT is available as credit notes to offset CIT. WHT deducted is to be remitted within 21 days after the month it was deducted. The total WHT duly reconciled in respect of 2018 is **₦12,285,696,532.71.**

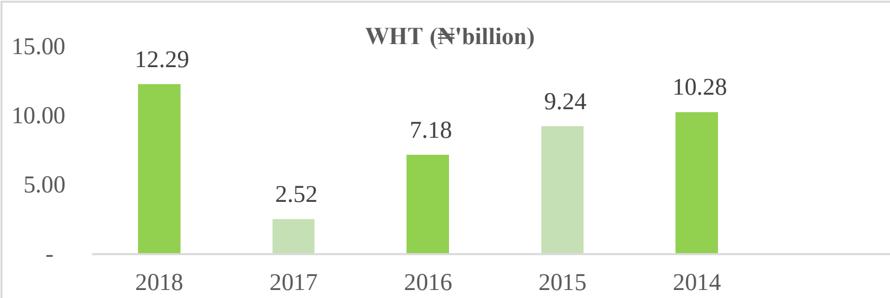

Figure 26: Five years trend - WHT

4.1.4 Unilateral Disclosure

Companies

The total companies' unilateral disclosure was **₦13,997,218,253.24** (see Table below). It is made up of payments to sub-nationals (state and local government authorities) and those revenue stream that did not fall under the EITI scope in line with the agreed materiality threshold. The details of companies unilateral disclosure is contained in Appendix 20.

Table 32: Companies unilateral disclosure

Recipient	Amount (₦)
Mining Cadastre Office (MCO)	29,161,200.00
Mines Inspectorate Department (MID)	12,141,787.50
Federal Ministry of Environment (FMoE)	5,014,000.00
Nigeria Custom Service (NCS)	2,722,732,649.00
Payments to National Inland Waterways Authority (NIWA)	500,000.00
State Board of Internal Revenue (SBIR)	10,688,312,167.43
Social payment	538,769,449.31
Federal Ministry of Industry, Trade and Investment	587,000.00
	13,997,218,253.24

Government

The government unilateral disclosure was **₦1,544,417,662.72** (see Table below). It represent receipts from companies and collections by government agencies that were not included in the reconciliation scope. Please see Appendix 21 for details.

Table 33 Government unilateral disclosure

Description	Amount (₦)
Royalty	256,500,472.72
ASM Co-op. Registration	4,700,000.00
Blasting certificates	8,783,917.50
Explosives magazine licence	19,450,315.00
Licence to buy explosives	5,780,472.50
Oilfield	5,820,000.00
Permit to erect a magazine	4,680,000.00
Permit to export minerals for commercial purposes	800,000.00
Permit to export minerals samples for analysis	152,000.00
Permit to import explosives	2,000,000.00
Permit to mix ANFO	5,780,000.00
Permit to possess and purchase minerals	3,705,520.00
Annual service	839,688,990.00
Application fee	380,277,975.00
Mapping	66,000.00
Penalty on late renewal	6,232,000.00
	1,544,417,662.72

4.2 Sale of State's Share of Production or other Revenues Collected In-kind

In-kind flows are non-financial transactions that involve the settlement of liabilities with minerals produced instead of financial payments. After a detailed review and consultations with stakeholders, NSWG concluded that there were no in-kind payments in the sector in 2018. The IA carefully reviewed the operating environment and agreed that there was neither state's share of production nor in-kind payment in 2018

4.3 Infrastructure/Barter Arrangements

Infrastructure provisions and barter arrangements are any provisions in the form of goods and services (including loans, grants and infrastructure works) in full or partial exchange for oil, gas or mining exploration or production concessions entered between the government or any of its agents with any third party(s). The NSWG confirm, after review of the Nigerian solid minerals sector and wide consultations with stakeholders, that there was no infrastructure and/or barter arrangement in the solid minerals sector in 2018. The IA reviewed the operating environment and agrees with NSWG that there were no infrastructure/Barter Arrangements in the Nigerian solid minerals sector in 2018.

4.4 Transportation Revenues

The NSWG confirmed, after review of the solid minerals sector and consultations with stakeholders that there are no transportation revenues in the solid minerals sector. After a careful review of the operating environment, the IA hereby affirm that there was no transport revenue in Nigeria's solid minerals sector in 2018.

4.5 Transactions related to state-owned enterprises (SOEs)

Given that there was no state participation recorded in the Nigeria solid minerals sector 2018 (Section 3.6 – State Participation), no SOE(s) related transactions or transfers were recorded accordingly.

4.6 Sub-national Payments

Sub-national payments are direct payments to sub-national governments as a result of contractual obligations, national law or local regulations.

Nigeria operates a federal system with three (3) tiers of government; federal, state and local; each of the tiers is assigned taxing powers for raising revenue to help effectively discharge their statutory roles. Any payment, therefore, made to the states and local governments in the exercise of these powers is regarded as subnational payments. The Table below is the summary of subnational payments (under unilateral disclosure) in 2018. The payments were duly validated and subjected to the agreed standard of data quality parameters.

Table 34: Summary of subnational payments

S/N	Revenue Stream	States ₦	LGA ₦	Total ₦
1	Annual surface rents (Grounds Rents)		105,279,305.29	105,279,305.29
2	Property Rates(Tenement Rate)		13,865,620.00	13,865,620.00
3	Pay As You Earn (PAYE)	10,090,735,433.96		10,090,735,433.96
4	Business Premises	13,715,000.00		13,715,000.00
5	Withholding Tax	464,716,808.18		464,716,808.18
	TOTAL	**10,569,167,242.14**	**119,144,925.29**	**10,688,312,167.43**

5.0 REVENUE ALLOCATIONS

5.1 Distribution of Revenues

The 1999 Constitution of the Federal Republic of Nigeria (as amended) provided for 'the Federation Account' which receives all revenues, including revenues from the solid minerals sector accruing to the government of the federation (except income tax of the personnel of the armed forces of the Federation, the Nigeria Police Force, the Ministry or department of government charged with responsibility for Foreign Affairs). The credit standing in the account represents distributable funds available to the three tiers of government. Representatives from across the states (mostly state commissioners of Finance), including senior officials from the federal ministry of finance, meet monthly to share the accrued revenue in the Federation Account.

5.2 Subnational Transfers

5.2.1 General Transfers

The 1999 constitution stipulates that any amount standing to the credit of the Federation Account is to be distributed amongst the three tiers of government at a sharing ratio or formulae prescribed by Revenue Mobilisation Allocation and Fiscal Commission (RMAFC)**.**

The RMAFC is a body established under the constitution and charged with the responsibility amongst others, of monitoring the accruals to and disbursement of revenue from the Federation Account. The revenue sharing formulae are subject to review from time to time to reflect changing realities. During 2018, the extant revenue sharing formulae is as shown in the Table below.

Table 35: Revenue sharing formulae

S/No	Tier of government	Applicable Rate
1	Federal	52.68%
2	State	26.72%
3	Local	20.60%

https://www.lawyard.ng/wp-content/uploads/2016/01/ALLOCATION-OF-REVENUE-FEDERATION-ACCOUNT-ETC.-ACT.pdf

5.2.2 Revenue Distribution Based on Principles of Derivation

Section 162 (2) of the constitution further provides for the distribution of amount not less than 13% of revenue accruing to the Federation Account directly from any natural resources on the principle of derivation to the region where the minerals are mined. The sharing formulae for mineral revenue is presented in the Table below.

Table 36: Sharing formulae for Mineral Revenue

S/No	Tier of Government	Applicable Rate
1	Federal	45.83%
2	State	23.25%
3	Local	17.92%
4	Derivation	13.00%

https://www.lawyard.ng/wp-content/uploads/2016/01/ALLOCATION-OF-REVENUE-FEDERATION-ACCOUNT-ETC.-ACT.pdf

The sum of Sixteen billion, seven hundred and eighty-two million, eight hundred and three thousand, fifty-two naira and seventy-six kobo only (₦16,782,803,052.76) was the accumulated revenue from

Solid Minerals sector as at 30th September 2019. Out of this amount, the sum of Eight billion, seven hundred million, two hundred and thirty-two thousand, nine naira and five kobo only (₦8,700,232,009.05) was distributed amongst the three tiers of government in October 2019, leaving a balance of ₦8,082,571,043.71. As at 31 December 2019, the accumulated balance in the solid mineral revenue account amounted to ₦8,887,109,360.22. The movement in the account is shown in the Table below. The Figure below further illustrates the relationship between the available fund and amount distributed.

Table 37: The solid mineral revenue account

Description	Amount ₦
Balance as at 1 January, 2018	8,538,330,450.19
Revenue accrued to the account in 2018	4,049,100,041.86
Balance as at 31st December, 2018	12,587,430,492.05
Revenue accrued to the account: January - September, 2019	4,195,372,560.71
Calculated balance available at 30th September, 2019	16,782,803,052.76
Distribution in October, 2019	**(8,700,232,009.05)**
Balance available after distribution	8,082,571,043.71
The revenue accrued to the account October - December, 2019	804,538,316.51
Balance as at 31st December, 2019	8,887,109,360.22

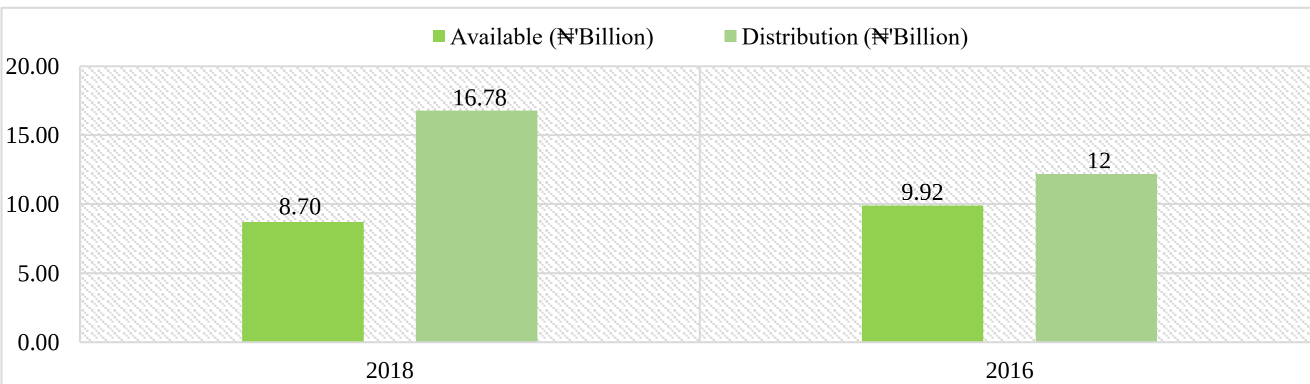

Figure 27: Fund available and distribution

Based on the indices recommended by RMAFC, the sum of ₦1,131,030,161.18 was shared on 13% derivation. The IA is satisfied that the indices were correctly applied except for the difference of ₦113,103.02 (see Table below) due to approximation.

Table 38: Test of RMFAC indices on 13% derivation

A	B	C	D	E	f	G	h = (d+e+f+g)	i	j = (h*i)	k = (g-h)
S/N	State	No. of LGA	Federal ₦	State ₦	LG ₦	Actual 13% derivation ₦	Total ₦	RMFAC indices	Computed13% derivation ₦	Difference ₦
1	Abia	17	-	49,942,041.74	32,364,172.54	14,944,999.60	97,251,213.88	0.0132	14,929,598.13	15,401.47
2	Adamawa	21	-	53,129,744.06	40,822,758.64	3,144,265.98	97,096,768.68	0.0028	3,166,884.45	(22,618.47)
3	Akwa Ibom	31	-	53,623,474.60	54,373,515.65	4,178,542.71	112,175,532.96	0.0037	4,184,811.60	(6,268.89)
4	Anambra	21	-	53,030,211.74	41,043,369.15	3,688,216.48	97,761,797.37	0.0033	3,732,399.53	(44,183.05)
5	Bauchi	20	-	63,797,121.44	46,592,345.96	8,062,963.92	118,452,431.32	0.0071	8,030,314.14	32,649.78
6	Bayelsa	8	-	47,191,736.67	18,964,790.24	2,782,097.66	68,938,624.57	0.0025	2,827,575.40	(45,477.74)
7	Benue	23	-	59,813,925.46	50,699,683.44	13,414,571.53	123,928,180.43	0.0119	13,459,258.92	(44,687.39)
8	Borno	27	-	66,265,257.23	55,044,662.74	104,106.41	121,414,026.38	0.0001	113,103.02	(8,996.61)
9	Cross River	18	-	53,632,619.62	35,485,560.38	64,556,821.28	153,675,001.28	0.0571	64,581,822.20	(25,000.92)
10	Delta	25	-	54,153,980.67	45,469,656.22	7,942,093.03	107,565,729.92	0.0070	7,917,211.13	24,881.90
11	Ebonyi	13	-	47,715,710.29	26,249,930.62	39,828,184.46	113,793,825.37	0.0352	39,812,261.67	15,922.79
12	Edo	18	-	49,870,564.63	34,790,441.37	48,788,524.66	133,449,530.66	0.0431	48,747,399.95	41,124.71
13	Ekiti	16	-	47,688,784.60	27,624,872.10	6,292,546.45	81,606,203.15	0.0056	6,333,768.90	(41,222.45)
14	Enugu	17	-	53,637,248.48	35,347,605.66	288,861.37	89,273,715.51	0.0003	339,309.05	(50,447.68)
15	Gombe	11	-	50,237,173.95	24,220,204.08	28,929,856.82	103,387,234.85	0.0256	28,954,372.13	(24,515.31)
16	Imo	27	-	55,453,017.96	47,373,654.59	1,361,571.51	104,188,244.06	0.0012	1,357,236.19	4,335.32

A	B	C	D	E	f	G	h = (d+e+f+g)	i	j = (h*i)	k = (g-h)
S/N	State	No. of LGA	Federal ₦	State ₦	LG ₦	Actual 13% derivation ₦	Total ₦	RMFAC indices	Computed13% derivation ₦	Difference ₦
17	Jigawa	27	-	59,644,864.88	49,770,484.53	4,173,004.94	113,588,354.35	0.0037	4,184,811.60	(11,806.66)
18	Kaduna	23	-	69,880,896.52	55,971,622.62	6,492,227.50	132,344,746.64	0.0057	6,446,871.92	45,355.58
19	Kano	44	-	84,598,605.07	89,111,620.30	10,547,857.93	184,258,083.30	0.0093	10,518,580.50	29,277.43
20	Katsina	34	-	65,561,511.26	67,842,193.34	3,678,510.60	137,082,215.20	0.0033	3,732,399.53	(53,888.93)
21	Kebbi	21	-	56,317,665.26	42,815,706.12	9,738,789.72	108,872,161.10	0.0086	9,726,859.39	11,930.33
22	Kogi	21	-	58,947,593.77	44,253,168.46	193,318,533.98	296,519,296.21	0.1709	193,293,054.54	25,479.44
23	Kwara	16	-	47,476,169.56	31,313,751.98	3,765,551.22	82,555,472.76	0.0033	3,732,399.53	33,151.69
24	Lagos	20	-	71,449,010.14	53,342,857.14	30,904,276.15	155,696,143.43	0.0273	30,877,123.40	27,152.75
25	Nassarawa	13	-	49,185,413.68	27,937,263.83	8,496,618.51	85,619,296.02	0.0075	8,482,726.21	13,892.30
26	Niger	25	-	63,176,473.94	51,709,720.35	5,267,512.24	120,153,706.53	0.0047	5,315,841.76	(48,329.52)
27	Ogun	20	-	49,550,713.84	36,889,527.53	354,201,755.33	440,641,996.70	0.3132	354,238,646.48	(36,891.15)
28	Ondo	18	-	49,648,879.35	35,231,832.22	40,985,038.10	125,865,749.67	0.0362	40,943,291.83	41,746.27
29	Osun	30	-	48,642,350.76	47,722,407.52	3,744,533.91	100,109,292.19	0.0033	3,732,399.53	12,134.38
30	Oyo	33	-	59,820,534.18	60,198,093.57	59,607,049.49	179,625,677.24	0.0527	59,605,289.49	1,760.00
31	Plateau	17	-	55,694,888.64	37,736,138.97	30,010,268.46	123,441,296.07	0.0265	29,972,299.27	37,969.19
32	River	23	-	57,519,641.26	46,776,036.23	5,671,214.26	109,966,891.75	0.0050	5,655,150.81	16,063.45
33	Sokoto	23	-	58,779,851.58	47,110,708.29	12,403,618.41	118,294,178.28	0.0110	12,441,331.77	(37,713.36)
34	Taraba	16	-	51,376,046.15	35,309,633.47	2,024,642.23	88,710,321.85	0.0018	2,035,854.29	(11,212.06)
35	Yobe	17	-	52,962,108.47	35,500,742.01	252,311.83	88,715,162.31	0.0002	226,206.03	26,105.80
36	Zamfara	14	-	53,074,902.29	32,077,293.57	8,211,214.74	93,363,410.60	0.0073	8,256,520.18	(45,305.44)
37	FCT-Abuja	6	-	-	14,167,555.22	89,227,407.75	103,394,962.97	0.0789	89,238,279.72	(10,871.97)
	Sub-total	**774**	**-**	**2,022,490,733.74**	**1,559,255,580.65**	**1,131,030,161.17**	**4,712,776,475.56**	**1.0001**	**1,131,143,264.19**	**(113,103.02)**
	.1Federal Government	48.50%	3,671,062,896.22	-	-	-	3,671,062,896.22	-	-	-
	1,46% Derivative & Ecology FGN Share	1%	75,692,018.48	-	-	-	75,692,018.48	-	-	-
	FCT – Abuja	1%	75,692,018.48	-	-	-	75,692,018.48	-	-	-
	0.72% Stabilization account	0.5%	37,846,009.24	-	-	-	37,846,009.24	-	-	-
	3.0% Development of natural resources	1.68%	127,162,591.04	-	-	-	127,162,591.04	-	-	-
		52.68%	**3,987,455,533.46**	**-**	**-**	-	**3,987,455,533.46**	**-**	**-**	**-**
		TOTAL	**3,987,455,533.46**	**2,022,490,733.74**	**1,559,255,580.65**	**1,131,030,161.17**	**8,700,232,009.02**	**1.0001**	**1,131,143,264.19**	**(113,103.02)**

5.3 Revenue Management and Expenditures

5.3.1 Solid Minerals Development Fund (SMDF)

The solid minerals development fund (SMDF or Fund) is established by the NMMA 2007
(see section 34)
http://admin.theiguides.org/Media/Documents/Nigeruian%20Minerals%20and%20Mining%20Act,%202007.pdf

The core objective of the fund is to crystalize growth in the sector through the following:

- development of both human and physical capacity
- funding of geoscientific data gathering, storage and retrieval, equipping the mining institutions to enable them to perform the statutory roles
- funding for extension services to small scale and artisanal miners
- provision of infrastructure in mines land

The Fund was inaugurated in 2013 with the constitution of its board but has struggled due to funding challenges[17]. Section 38 (NMMA 2007) provided for the funding mechanism of the SMDF, which includes inflow from the share of FGN solid mineral revenue. The FGN is to set aside 3.19% of its share of solid mineral revenue for the Development of Natural Resources. Notwithstanding the distribution of accumulated solid minerals revenue in 2016 (₦9billion) and 2019 (₦8billion), there was no evidence that the Fund received any money from the FGN in line with extant provision.

[17] https://worldpolicy.org/2017/10/03/can-the-nigeria-solid-minerals-development-fund-delive

The IA, however, noted that:

- The Government has engaged experts to assist the Fund to achieve its mandate, with emphasis on institutional capacity upgrade (human capital and infrastructure) and formalization of the activities of artisanal miners.
- The fund is also receiving support from the MinDiver project.
- Talent hunt by the Fund was in progress as at January 15, 2020.

5.3.2 Overview of the Nigeria Budget System

Budget Preparation

Nigeria operates a multi-year budgetary system under the Medium Term Expenditure Framework (MTEF) in line with global best practices. MTEF is a transparent planning and budget formulation

process within which the government establishes credible models for allocating limited public resources to strategic priorities while ensuring overall fiscal discipline. The summary of the Nigerian budget process is as depicted in the Figure below.

Medium Term Expenditure Framework (MTEF)	• MTFF articulates government's revenue, expenditure, borrowing and fiscal balance for the next 3years. • The document consist of the Revenue Framework, which handles how government gets its money and an Expenditure Framework that takes care of how it spends its money • It also set out the macroeconomic targets that underline the projections
Stakeholders' Engagment	• Interactive sessions with various stakeholders, such as NASS, National Economic Council, Organized Private Sector, Civil Society in order to promote transparency in the budget system • The sessions also help members of the public make useful contribution on priorities and macro-economic targets • It is required by lwas that the MTFF is laid befor the Federal executive council for consideration and approval after wide consultations
Call for Proposal	• Budget call Circular issued to MDAs by FMOF • Circular provides guide to the MDAs on how to organize and present their spending projections within the limit of the presented expenditure framework, and in agreement with the objectives of the government
Evaluation & Defence of Proposal	• Proposals are evaluated by FMOF and Budget office • Consildation of proposals from across MDAs
President forward Bill to National Aassembly	• President lays the proposals before the joint House (NASS) in form of Appropriation Bill • Bill subject to debate and, in practise Head of MDAs invited for further deffence of their respective proposals • Subject to any amendement, the Bill is returned to the President for ascent
Presidential Assent	• Presidential assent, the bill become an Appropriation Act • Budget implementation

Figure 28: Nigeria budgetary process

5.3.3 Budget Performance Monitoring and Evaluation

The Nigeria budget office has a Budget Monitoring and Evaluation (BME) unit, which is saddled with the responsibility for monitoring revenue and expenditure of MDAs, including statutory transfers and capital projects as detailed in the Appropriation Act. It also evaluates and reports on the effectiveness and outcomes of government policies and programs as a means for plans. The National Assembly also has oversight function on the implementation of the budget through its various committees.

5.4 Audit of Public Accounts

Section 85 of the Constitution of the Federal Republic of Nigeria 1999 (as amended) provides for the Office of the Auditor-General for the Federation (OAuGF). The OAuGF is empowered and has the responsibility to audit and report on Public Accounts of the Federation and of all Offices and Courts of the Federation. The OAuGF is expected to submit its report and findings to the National Assembly. The independence of the Auditor-General is well guaranteed as he is 'not subject to the direction or control of any other authority or person in the exercise of his constitutional role.' (See Section 85(6). The audit functions of the OAuGF, coupled with the independence conferred on it by the constitution, is to ensure accountability and transparency in the management of public finances in Nigeria.

6.0 SOCIAL AND ECONOMIC SPENDING

The social and economic spending evaluate the impact of economic and social benefits in the mining community. It also evaluates the sector's contributions to the national economy.

6.1 Social and Environmental Expenditures by Extractive Companies

6.1.1 Social Expenditures

The NSWG agreed that social expenditures are those payments or contributions by extractive companies to promote the development and foster better partnerships with host communities. The NMMA 2007 (Section 116) requires holders of mining lease, small scale mining lease, or quarry lease to conclude a community development agreement (CDA) that will ensure the transfer of economic and social benefits within the host community where the operation will be conducted before commencement of operation. All social payments by extractive companies under the CDA are regarded as mandatory payments. Payments not covered under the CDA are discretionary or non-mandatory.

In 2018, the sum of ₦538,769,449.31 was expended by extractive companies in this regard, as detailed in Appendix 22. The IA validated the payments during field validation exercise. List of companies and the amount expended as social payment is shown in the Table below.

Table 39: Social expenditures

S/N	Company	Total ₦
1	A&B Global Service Limited	2,000,000.00
2	Ashpalt Unity Const. Ltd	11,978,500.00
3	Ashaka	200,780,031.00
4	CCECC Nig Ltd	48,764,766.27
5	CCNN Plc	18,598,000.00
6	CNC Engineering Company Ltd	2,200,000.00
7	Dangote Cement Plc	161,957,126.38
8	Datum Const. Nigeria Limited	270,000.00
9	Hitech Coning Company Ltd.	8,740,000.00
10	Jinziang Quarry Co. Ltd	306,800.00
11	Kopek Construction Ltd	1,680,500.00
12	Levant Const. Ltd.	8,589,117.00
13	Mark-Sino Stone	2,900,000.00
14	Mothercat Nigeria Limited	2,500,000.00
15	NBHH Nig. Ltd	4,783,587.00
16	P W Nigeria Limited	7,825,000.00
17	Platinum Asphalt & Crushing Co Ltd	1,781,250.00
18	Sino Minmetals Company Ltd	2,700,000.00
19	Zeberzed Limited	1,535,685.00
20	Zhong Xing Mining Investment Ltd	7,350,000.00
21	Zuma 828 Limited	41,529,086.66
	Total	**538,769,449.31**

6.1.2 Environmental Expenditures

To ensure compliance with EITI requirement 6.2 and 6.4, the IA:

- Designed, discussed and shared draft questionnaire with extractive companies during the data template workshop;
- Engaged extractive companies on environmental practices and expenditure during the validation exercise;
- Held separate meeting with MECD and Federal Ministry of Environment. (IA request on environmental matters from the FMoE was yet to be responded to as at February 13, 2020).

The response obtained from the consultations, which aids extensive scoping exercise for comprehensive reporting on environmental expenditure, is contained in Appendix 23.

Mines environmental compliance department

Section 121 of the NMMA 2007 provides for mandatory payment to the Environmental Protection and Rehabilitation Fund (EPRF) by every mineral titleholder. The EPRF is to guarantee responsible mining and care for the environment. However, as at December 31, 2018, the Fund was yet to become operational. Once the EPRF becomes operational, the titleholders would be required to meet the arrears of financial obligations. It is pertinent to note that some companies (e.g., BUA International Limited) have taken the initiatives by setting aside funds in anticipation of the take-off of the Fund.

Federal ministry of environment

The Environmental Assessment (EA) is the key technical department responsible for impact assessment, monitoring, and environmental audit. It charges a one-off application fee of ₦50,000 in respect of environmental impact assessment requests. The ministry environmental assessment department undertakes environmental compliance monitoring exercise for mining sites.

The challenges of the Ministry include, though not limited to:

- Duplication of functions: Functions of some other government agencies, e.g., NESRA and MECD, overlap that of FMoE on environmental matters.
- Conflict of interest between the federal and states' ministry of environment
- Inadequate fund to acquire critical work tools for effective monitoring functions

To mitigate these challenges and foster a healthy and cordial working relationship, FMoE signed memorandum of understanding (MoU) with NESRA and MECD among others.

For more information on environmental compliance and monitoring, please visit: https://ead.gov.ng/mining-environmental-compliance-monitoring/

In 2018, the unilateral disclosure by extractive companies on environmental expenditure was ₦5,014,000.00 (see Table below).

Table 40: Breakdown of the environmental expenditure

Description	Amount ₦
Environmental/ADM	2,100,000.00
National regulation	2,000.00
Registration fees for environmental impact analysis	2,912,000.00
	5,014,000.00

6.2 Quasi-Fiscal Expenditures

Quasi-fiscal expenditures are arrangements whereby SOE(s) undertake public social expenditures such as payments for social services, public infrastructure, fuel subsidies, and national debt servicing, etc., outside of the national budgetary process.

There was no quasi-fiscal expenditure in the solid minerals sector in 2018 since there was no SOE during the reporting period.

6.3 The Contribution of the Extractive Sector to the Economy

6.3.1 Contribution to GDP

Nigeria's GDP in 2018 was ₦127.76trillion. The contribution of the solid minerals sector to the national GDP was ₦224,790.49million, which represents 0.18%. The respective contributions of the various sub-sectors presented in the Table and Figure below.

Sub-Sector	Contribution ₦'million	Contribution sector %	Contribution national GDP %
Coal Mining	9,782.10	4.35	0.01
Metal Ores	10,904.02	4.85	0.01
Quarrying and Other Minerals	204,104.37	90.80	0.16
Total Sector Contribution	**224,790.49**	**100.00**	**0.18**

Table 41: Contribution to national GDP

ttps://nigerianstat.gov.ng/resource/Final%20Draft%20Q4%20GDP%202018.xlsx

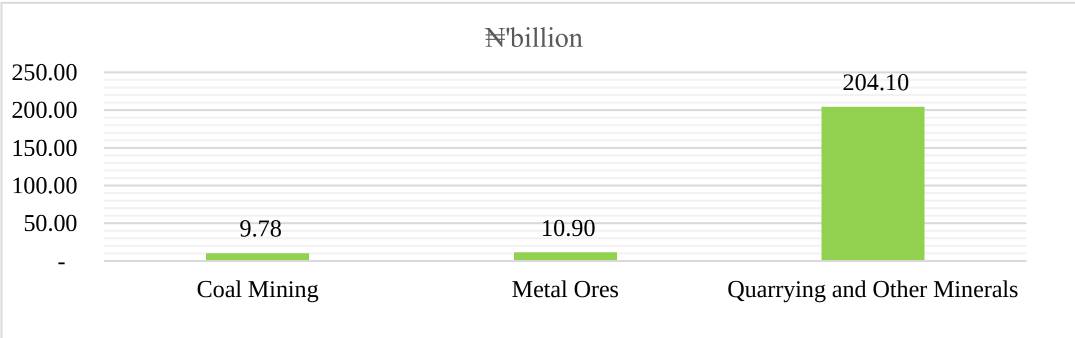

Figure 29: Sub-sectoral contribution

The Table below presents five years contribution of the solid minerals sector to GDP. The trend of the sector's contribution over five years is shown in the Figure below.

Table 42: Five years trend of the sector's contribution to GDP

Year	2018	2017	2016	2015	2014
National GDP (₦'million)	127,762,546	113,719,048	67,980,000	94,144,960.45	89,043,615.26
Sector Contribution (₦'million)	224,791	126,026	87,610	109,591.75	100,271.30
Percentage Contribution	**0.18%**	**0.11%**	**0.13%**	**0.12%**	**0.11%**

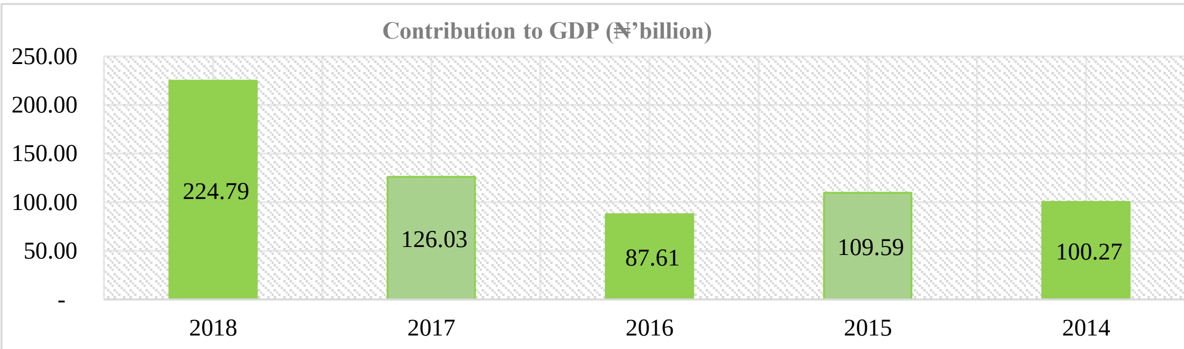

Figure 30: Five years contribution to GDP trend

6.3.2 Contribution to Government Revenues

In 2018, the federal government revenue collection was ₦9.444Trillion[18]. The solid minerals sector contribution was ₦67.93billion (0.74%), as presented in the Table below.

[18] CBN Economic Report Fourth Quarter 2018 Published 1.pdf (pg. 19)

Table 43: Contribution to Government revenues

	Contribution ₦'billion	Contribution %
Federal Revenue	**9,444.49**	**100.00**
Solid Minerals Sector Contribution		
MID – Royalty	1.89	0.020
MCO - Annual Service Fee	0.35	0.004
Unilateral disclosure (Government)	1.54	0.016
Sub-total MMSD	**3.78**	**0.040**
FIRS – VAT	39.58	0.419
FIRS – CIT	10.03	0.106
FIRS – EDT	3.79	0.040
FIRS – WHT	12.29	0.130
Sub-total FIRS	**65.69**	**0.695**
Total Sector Contribution	**69.47**	**0.735**

The five years' trend of federal government revenue collection and the sector's contribution thereon is shown in the Table and Figure below.

Table 44: Five years trend of the sector's contribution to government revenues

Year	2018	2017	2016	2015	2014
	₦'million	₦'million	₦'million	₦'million	₦'million
Federally Collected Revenue	9,444,490.00	7,350,000.00	5,679,032.79	6,959,570.00	10,191,680.00
Sector's Contribution	69,470.82	52,757.18	41,975.13	69,200.50	74,912.64
Percentage Contribution	**0.74%**	**0.72%**	**0.74%**	**0.99%**	**0.74%**

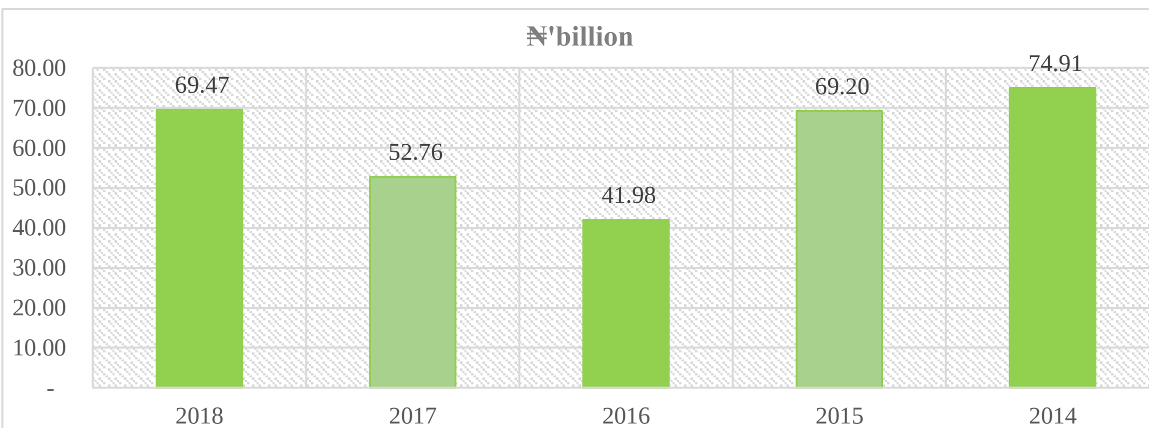

Figure 31: Five years revenue trend

6.3.3 Contribution to Exports

The value of Nigeria export in 2018 was ₦19,099,545.38 million; the solid minerals sector accounted for ₦64,412.99million[19], as presented in the Table below. This represents 0.34% of the total export for the year. There was a slight dip in the sector's contribution in 2018 when compared with 2017.

[19] CBN Economic Report Fourth Quarter 2018 Published 1.pdf (pg. 19)

Table 45: Five-year trend of the sector's contribution to export

Year	2018 ₦' million	2017 ₦' million	2016 ₦' million	2015 ₦' million	2014 ₦' million
Total Export	19,099,545.38	13,598,277.30	8,527,430.99	134,168.38	418,322.07
Solid minerals sector	64,412.99	77,233.98	11,162.68	1,941.73	16,732.88
Percentage Contribution	0.34%	0.57%	0.13%	1.45%	4%

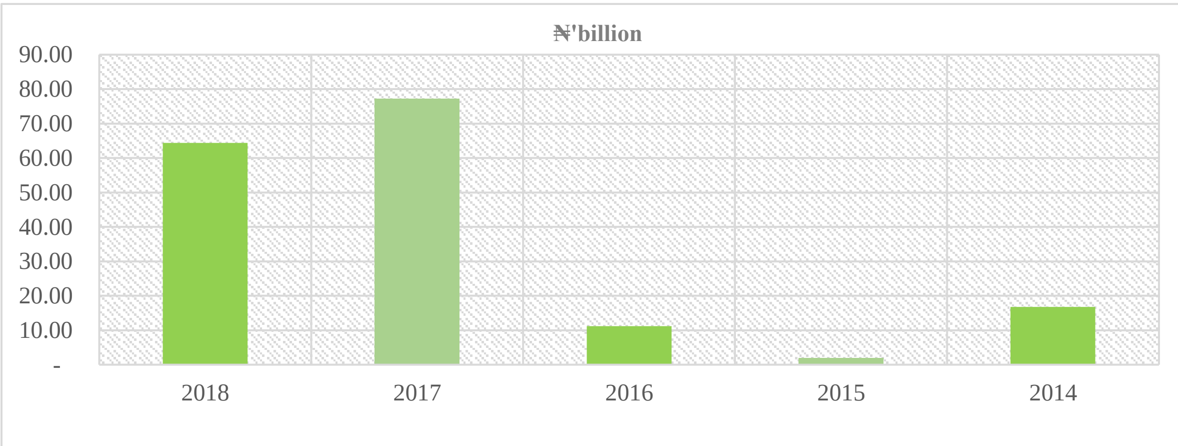

Figure 32: Five years trend of sector contribution to export

6.3.4 Contribution to Employment

The analysis of employment data in 2018 is shown in the Table below. The data is limited to those supplied by the reporting companies, which does not include artisanal and women in mining.

Table 46: Employment data

Description	Number
Total Employment	9,873
National	
Local	5,823
Non Local	3,759
Sub-Total National	**9,582**
Expatriate	291
Total	**9,873**
Gender Parity	
Male	9,530
Female	343
Total	**9,873**
Non-discriminatory	
Physically challenged persons engaged	6
Abled bodied men	9,867
Total	**9,873**

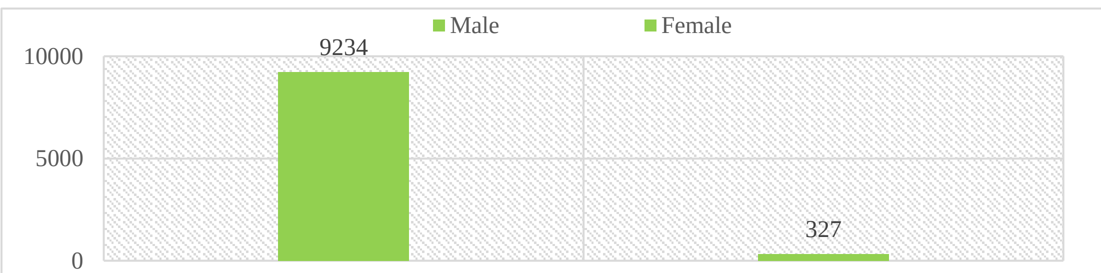

Figure 33: Gender employment parity

The sector offers Nigerian nationals more employment opportunity based on the available data. However, the percentage of men to women employed in 2018 stood at 96.53% and 3.47% respectively (Figure below). Only six physically challenged persons were recorded as employed during the year under review. A five-year summary of employment data as provided by reporting companies is shown in the Table below.

Table 47: Five years trend of employment in the sector

Year	2018	2017	2016	2015	2014
National	9,582	12,888	10,561	13,193	12,430
Expatriate	291	185	347	1,842	1,328
Total	**9,873**	**13,073**	**10,908**	**15,035**	**13,758**

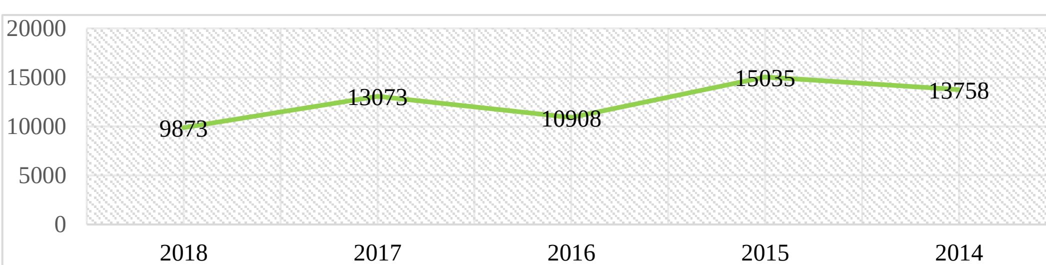

Figure 34: Five years trend of sector contribution to employment

6.4 Environmental Impact of Extractive Activities

Nigeria has robust environmental legislation, backed by a regulatory framework to ensure effective management of its bio resources, including environmental protection and preservation for sustainable development. The Nigeria environmental legal and regulatory framework is predicated on the principle of sustainability in the use of natural resources and ecosystems through preventive and protective measures by encouraging compliance. The legal and institutional arrangement that governs the environment in Nigeria is presented below:

A. Legal Framework

i. **National Environmental Standards Regulations and Enforcement Agency (Establishment) Act 2007 Act (NESREAA)**

This statute takes its root from the 1999 Constitution of the Federal Republic of Nigeria (as amended) (see section 20). It repealed the Federal Environmental Protection Act 1988. The Act is the major piece of legislation that entrench environmental protection and conservation. It empowers the relevant government agents to enforce all environmental laws, regulations, guidelines, and standards; this includes enforcing environmental conventions, treaties, and protocols to which Nigeria is a signatory.

ii. **Environmental Impact Assessment Act. (Cap E12 LFN, 2004)**

This law sets out the general principles, procedures and methods of environmental impact assessment in various sectors, including mining and quarrying activities.

Its key thrust to achieve the set objectives are:

- Before any person or authority decides to undertake or authorize the undertaking of any activity that may likely or significantly affect the environment, prior consideration of its environmental effects should first be taken.
- To promote the implementation of appropriate procedures to realize the above goal.
- To seek the encouragement of the development of reciprocal procedures for notification, information exchange, and consultation in activities likely to have significant trans-state (boundary) environmental effects.

The Act is currently undergoing review to adequately address contemporary environmental issues.

iii. **Nigerian Minerals and Mining Act 2007**

The Act was enacted for the purpose of regulating the exploration and the exploitation of solid minerals in a responsible manner, among other purposes. In particular, with relation to the environment, (see Chapter 4: Environmental Considerations and Rights of Host Communities; sections 97 – 130); the Act provides for:

- Restoration of mines land, reclamation, Community Development Agreements;
- Environmental obligations to include preparation and submission of environmental impact assessment statements and participation in the environmental protection and rehabilitation program;
- Establishment of Environmental Protection and Rehabilitation Fund to guarantee the environmental obligations of holders of mineral titles as provided under the Act;

- Prohibition of pollution of a watercourse, alterations in water supply and provides that everyone who uses water in connection with mining operation shall ensure that the water in use does not contain injurious substances in the quantity that could be detrimental to animal or vegeTable life.

B. Regulatory and Institutional Framework

i. Federal Ministry of Environment (FMoE)

The MoE is the apex regulatory body on the environment in Nigeria. It is charged with the responsibility of ensuring a sustainable environment through the formulation and implementation of environmental policies and collaborating with other statutory bodies, including international organizations for the protection and preservation of the environment.

Key Technical Unit of FMoE

✓ The Environment Assessment (EA) Department is the key technical unit of the ministry through which it carries out its functions. The Department's responsibility is to ensure that all developmental projects in the country are carried out in compliance with relevant environmental laws and regulations. Some of the functions of the Department include, though not limited to:

- Implementation of the provisions of the Environmental Impact Assessment (EIA) Act of 1992 on development projects.
- Ensure environmental sustainability of development projects through the regulation of activities within the oil and gas, mining, infrastructure, agriculture, manufacturing sectors, etc.
- Development of guidelines and standards for environmental quality monitoring.
- Implementation of environmental audit and environmental management system (EMS) in Nigeria. Please see https://ead.gov.ng/publichome/ for further information

ii. **National Environmental Standards and Regulations Enforcement Agency (NESREA)**

The agency was established according to the NESREA Act 2007. It has responsibility for the protection and development of the environment, biodiversity conservation, and sustainable development of Nigeria's natural resources. Please see https://www.nesrea.gov.ng/ for further details.

iii. Ministry of Mines and Steel Development

MMSD collaborates with the MoE for the care, protection and conservation of the environment through its functional unit, Mines Environmental Compliance Department (MECD). The functions of MECD include, though not limited to:

- Review plans, studies and reports prepared by holders of mineral title in respect of the environmental obligation
- Periodically audit environmental requirements
- Liaise with other relevant government agencies concerning social and environmental issues.

C. Reporting and Environmental Audit

The EIA provides for the operation and maintenance of a public register, which gives the public access to information on potential hazards likely to impact negatively on environmental health and safety.

7.0 AUDIT FINDINGS AND RECOMMENDATIONS

This section document the key audit findings of the IA, together with recommendations. The review of the status of prior years' findings and recommendations are also reported in this section.

7.1 Review of previous findings and recommendations

The Table below presents the outcome of the review of prior years findings and recommendations.

Table 48: Status Prior years findings and recommendations

	Status of Prior Year Findings & Observations		
S/N	**Finding**	**Recommendation**	**Status of Implementation**
1	▪ **Irregularity in Issue of Treasury Receipt** The total royalty payment declared by UNICEM was ₦71,635,522.11 in 2016 as per MMSD records. The company denied the audit team access to its documents during the validation visit. However, at the tripartite reconciliation meeting which the company attended, the IA discovered an irregular issuance of a receipt for the sum of ₦28,813,021.20. While the receipt with number Z009454299 was issued on 24th May 2016; three other receipts Nos: Z009449771-3 were issued for the same amount on August 11th, 2016.	IA recommends that MMSD undertakes further investigation of this observed irregularity and take appropriate action, including checking the records of other covered entities.	We are unable to confirm MMSD action(s) in this regard
2	▪ **Under-declaration of Value of Minerals Exported** The IA discovered a difference between the FOB value of the number of minerals exported by Tongyi Allied Mining Ltd. and export records submitted by NCS. Based on NCS records, the company exported 5,521 tons {5,521,520 Net Mass (kg)} of Lead/Zinc Concentrate and/or Lead Ore in 2016. However, Tongyi declared 3,100 tons and paid the sum of ₦7,425,000 as royalty as against ₦12,847,455.75; thus leaving a difference of ₦5,422,455.75 which represents payment for the undeclared 2,421 tons.	Government (MMSD) should follow up with the company to recover the sum of ₦5,422,455.75.	We are unable to confirm MMSD/Government action(s) in this regard

3	▪ **Need for Segment Reporting(IFRS 8)** Multiple business activities of some operators limit the extent to which some statutory payments (e.g. taxes) in respect of their extractive activities can be identified and reconciled; This practice is mostly found among the companies in the construction and cement manufacturing sectors.	Companies with multiple lines of business activities should be mandated to: Maintain separate books of account for their extractive activities; ▪ Prepare separate audited financial statements where all relevant statutory payments accruing to Government from extractive activities are easily identified, and ▪ Adopt and implement segmented reporting in line with IFRS 8.	▪ Although there is increased awareness activities towards achieving sector specific fiscal regime, no improvement was observed with respect to financial reporting in line with IFRS 8
	▪ Field visits by the IA revealed the prevalence of illegal mining activities in the sector. However, there are isolated cases of registered Cooperative Societies who are operating in accordance with the law.	▪ Government (ASMD) should improve its mechanism of integrating these informal miners into the mainstream with specific timelines and milestones.	▪ We noted government concerted efforts towards formalization of the activities of artisanal miners through, tracing, identification/registration and formation into self-help groups; mass education and enlightenment campaign is also on-going in this regard
4	▪ **Weak Supervisory Oversight** The IA observed that some titleholders enter into MOUs with other companies without duly informing the relevant government agencies. This impairs royalty accountability and other statutory obligations. ▪ Specifically, Inorganic Earth Resources Limited (legitimate holder of title No: QLS 8630) engaged in quarrying in 2016 through Tigong Investment Limited by an MOU between the two companies that were not regularized.	▪ Investigation of the activity of operators with similar arrangement should be carried out by MMSD to ensure conformity with statutory laws. ▪ Also, FIRS should investigate the possibility of tax evasion or underpayment of taxes by the two companies and others with similar arrangements.	▪ No action taken by the concerned authorities
5	▪ **Non Compliance with EPRF** We noticed that none of the extractive entities showed any evidence of contributions to the Environmental Protection and Rehabilitation Fund in accordance with Section 121(4) of the Minerals and Mining Act, 2007.	▪ The Government (MMSD) should speed up on the establishment of the Environmental Protection and Rehabilitation Fund so that mineral title holders meet their obligations to the Fund accordingly.	▪ A Project Delivery Team (PDT) has been constituted and actively working towards the set-up of the Fund, including modalities for its management in line with the provisions of the Act

6	**Export** The export data received from the Nigerian Customs Service (NCS) includes minerals that were not captured in the production data provided by the MID. It was observed in the data received from the NCS that there is inconsistency in FOB value of minerals. For instance, Copper Ore with Net Mass (MT) of 36,000 has FOB value of 1, while that of 100 has FOB value of 18,000. (See appendix 7).		There is increased collaboration between various agencies of government to forestall revenue leakage through minerals smuggling, the recent case of the attempted gold smuggling (valued at) that was busted is commendable. However, we are unable to confirm whether or not MMSD/Government took any action(s) towards recovery of royalty from exporter who evaded royalty payment at the time of export
7	**Community Development Agreement (CDA)** It was observed that only thirteen (13) representing twenty-two percent (22%) out of the fifty-nine (59) of the covered entities provided information on mandatory social expenditure (i.e. expenditure related to Community Development Agreement. (see table 15 on page 43 of this report) The total expenditure as per the table under reference was ₦643,125,000. This implies that the extractive companies are reluctant to provide these information	There is urgent need to review the data gathering templates relating to CDA to include the following matters among others: a Name of host community b Date of signing the CDA c Names and designation including contact details of persons that signed the CDA on behalf of the host community Specific agreement in respect of the following: a Infrastructure development b Employment for the host community into managerial and non-managerial positions Scholarship scheme c Skill acquisition Government should develop administrative mechanism for monitoring and penalising extractive companies that fail to sign and/or implement CDA in line with the Nigerian Minerals and Mining Act of 2007. Furthermore, the government in each state of the Federation should work closely with the MMSD to resuscitate and strengthen MIREMCO to function optimally	Similar trend was also observed during the 2018 exercise. The IA's recommendation is commendable although it is yet to be implemented.

<table>
<tr>
<td></td>
<td>Payments by Companies not in MCO License
Register
It was observed that the following companies paid royalties to MID in 2017.
<table>
<tr><td>S/N</td><td>Company</td><td>₦</td></tr>
<tr><td>1</td><td>Washington Farms Ltd.</td><td>13,200,219</td></tr>
<tr><td>2</td><td>CLC Tech. Nig. Ltd.</td><td>3,532,000</td></tr>
<tr><td colspan="2">Total</td><td>16,732,219</td></tr>
</table>
However, we could not trace information relating to them in MCO license register and database of Minerals Buying Centers.</td>
<td>The MID and MCO should put in place a Know Your Customer (KYC) mechanism to enable them keep proper check on operators in the sector</td>
<td>Similar incidents were also noted during the 2018 audit exercise, beyond the KYC,MCO and MID should work closely together, including information exchange to forestall revenue loss to government</td>
</tr>
<tr>
<td>8</td>
<td>Production Data
It was observed that the production data made available by the extractive companies was largely in respect of industrial minerals such as limestone and granite leaving the metallic, precious metals and gemstones largely unreported.</td>
<td>Government should deploy a robust inter-agency task-team to monitor all mining activities with a view to ensuring that all revenues accruable to the government are collected as well as prevent the creation of security challenges.</td>
<td>No evidence of MMSD/government action in this regard was noted during the cause of 2018 exercise</td>
</tr>
<tr>
<td>9</td>
<td>De-risking of the Solid Minerals Sector

The royalties paid by fifty-nine (59) entities in 2017 was ₦1.3billion as against the ₦1.4billion paid by fifty six (56) companies in 2016 resulting in a decrease of about 7.7% in revenue.

The decline in royalty payments is an indication of a lower investment and mining activities during the period under review which may not be unconnected with the challenges relating to access to capital among other risk factors.</td>
<td>Government should establish a Special Purpose Vehicle (SPV) charged with the responsibility of de-risking the solid minerals sector value chain with a view to facilitating the flow of capital to the sector and promoting massive investment by private individuals and companies.</td>
<td></td>
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7.2 Findings and recommendations on 2018 SMA

The Table below presents the findings and recommrndations in respect of solid mineral audit in 2018.

Table 49: 2018 findings and recommendations

S/N	Issue	Findings	Implications	RECOMMENDATIONS
2018 FINDINGS AND RECOMMENDATIONS				
ROYALTY & TAX ISSUES				
1	***Unauthorised operations***	Appendix 24 contains the schedule of 302 companies (i.e., 42% of companies that paid royalty in 2018) but whose names/title are not found on the MCO register (in spite of the fact they paid royalty in 2018).	▪ This lapse could open the sector up for illegal activities and unquantifiable revenue loss to the government	▪ MID and MCO must collaborate, essentially to ensure only duly authorized individuals operate in the sector. ▪ Going forward, the documents for royalty payment should tally with the MCO register and operator advised to supply title No. when paying royalty. The state's mines officers are asked to ensure compliance by royalty payers. ▪ MCO should be periodically furnished with list of title holders that produce and make royalty payments
2	***Issuance of treasury receipt in advance of payment***	IA noted that cash received from operators in some states were not lodged on time. Examples are shown in the inserted table below.	▪ This could result in huge revenue loss to the government if it remains unchecked.	▪ MID's head office Internal audit procedure should be strengthened to carry out oversight function to the states mine offices more effectively ▪ Work on automation of government revenue collection process should be accelerated to minimize access to cash at all times.

Company	***Date on MID receipt***	***Receipt No.***	***Amount received***	***Date lodged in the bank***	***RRR No***	***Amount deposited***
						₦
Modakeke (Aanu Oluwapo Sand Gravel Women in Mining)	*12/12/2018*	*Z009456839*	*5,000*	*07/01/2019*	*1602-6489-7116*	*5,000*
Opa, Ile-Ife Ifesowapo Sand & Quarry Women in Mining	*12/12/2018*	*Z009456841*	*5,000*	*07/01/2019*	*1202-7004-9098*	*5,000*
Ademog Nig Ltd	*17/12/2018*	*Z009456843*	*7,000*	*07/01/2019*	*3102-6486-0004*	*7,000*
United Quarriable Associates Osun State	*28/12/2018*	*Z009456844*	*50,000*	*16/01/2019*	*1002-7123-7097*	*50,000*

S/N	Issue	Findings	Implications	RECOMMENDATIONS
3	***Misstatement of government revenue/ receipts***	It was noted that transaction charges, (otherwise refers to as remita charge of ₦157 per transaction under TSA) were recorded by some states' Mine Offices as part of government revenue, which is misleading as government revenue is thereby overstated	▪ Misleading over bloated government revenue; ▪ Monthly bank reconciliation might not have been properly carried out or required attention was not accorded the exercise.	▪ MID to carry out capacity building and regularly conduct walk- through exercises to ensure receipts are issued in the form that is ethically acceptable
4	***Operators (Titleholders) that did not Pay Royalty (in) that did not pay***	A total of 1,801 holders of valid titles (***Appendix 25)*** did not make any royalty payment in 2018	▪ There is possibility of unreported mining activities; ▪ Some titleholders might be	▪ MCO and MID should jointly constitute a task-force team to review the status of these titles; ▪ The policy of 'use it-or-loose it'

	royalty in 2018		keeping them for speculative purpose ▪ There might be some challenges that have prevented them from engaging in productive activity	be implemented. Alternatively, an independent consultant with requisite experience should be engaged to unearth the causes and proffer recommendations.
4	***Delay in the issuance of payment receipt to operators***	IA observed that some state mine officers unduly delay issuance of payment receipt to operators; e.g., Zuma 828 Coal Ltd was only issued receipts in 2019 even though the company made a payment since 2018.	▪ This could indicate weak supervisory/internal controls that may lead to massive revenue leakage; ▪ This might be an indication that the conduct of monthly bank reconciliation did not comply with the best practice where the value on the reconciling document (e.g. MID's treasury receipt) is checked against lodgements reported in the bank statement	▪ MMSD is encouraged to step up in its control functions over out-stations. ▪ Monthly reconciliation of all bank accounts is also recommended
5	***The need for proper reporting/ classification of government's receipts***	IA noted that withholding tax (WHT) receipts by the government have been erroneously classified as revenue in the past. WHT is an advance tax which a taxpayer may utilize as tax credit when finally assessed to tax.	▪ Over statement of government revenue (when WHT initially included in a previous report is utilized to defray CIT) ▪ Recognition of WTH as revenue from the sector does not only negate relevant section of IFRS (IAS 18) but also not in alignment with EITI requirement number 4 (revenue collection) and 5 (revenue allocation); ▪ Understatement of government liability	▪ Discontinue classification and disclosure of WHT as revenue to government; ▪ If the inclusion of WHT in the flows is to be sustained, the word 'REVENUE' in EITI requirement number 4 (revenue collection) and 5 (revenue allocation) should be replaced with the word 'RECEIPT'.
6	***Need for improvement on FIRS auto receipt generation system***	During the course of our data validation tour to AshakaCem Limited, Gombe State, we noted that the company's various VAT remittances were wrongly receipted as WHT by FIRS. The explanation was that the FIRS automated receipt portal suffered a breakdown at some point in time in 2018.	▪ Given that WHT represent advance tax payment that can be applied to off-set CIT or withdrawn as cash, wrong receipt generation could expose the government to loss of revenue	▪ FIRS is encouraged to commit to systems upgrade and also institute procedure for assurance control of systems processing output at all times.
EXPORT ISSUES				

7	***Some Mineral exporting companies did not pay royalty***	Out of 47 companies that engaged in export of solid minerals in 2018, there was no evidence that 30 (64%) paid royalty on minerals exported	▪ The government might lose revenue in the form of royalty to the tune of N45,318,640.50 in respect of 23,585.66 metric tons of solid minerals exported in 2018. This analysis is contained in Appendix 26	▪ Government (MMSD) should follow up with these companies, listed in appendix 25, to ensure compliance with extant regulation and recovery of unpaid revenues; ▪ Defaulters should be penalised accordingly to serve as a deterrent to others.
8	***Under declaration by mineral exporting companies***	Two exporters, Xinye Mining Resources African Limited and Tongyi Allied Mining Limited), as inserted below, understated production and royalty payable to Government in 2018.	▪ Government revenue might have been eroded to the tune of ₦11,435,440.00 resulting from non-disclosure of 7,367.30 metric tons of solid minerals exported in 2018.	▪ government should investicate and ensure recovery of underpayments; ▪ Any company discovered to have continued to indulge in the practice of evasion should be sanctioned according to applicable section of the Act.

	CBN – Export record			***MID – Declaration***		
Company	***Export (ton)***	***Declaration (ton)***	***Difference (ton)***	***Export Royalty due NGN***	***Declaration Royalty paid NGN***	***Difference NGN***
Xinye Mining Resources African Ltd	*6,722.80*	*553.70*	*6,169.10*	*9,075,780.00*	*747,500.00*	*8,328,280.00*
Tongyi Allied Mining Limited	*3,124.20*	*1,926.00*	*1,198.20*	*6,309,360.00*	*3,202,200.00*	*3,107,160.00*
	9,847.00	*2,479.70*	***7,367.30***	*15,385,140.00*	*3,949,700.00*	***11,435,440.00***

CONTROL AND POLICY ISSUES

9	***Lukewarm approach to addressing identified remedial actions***	A review of some of the keys findings in the previous audits revealed that required oversight on the implementation of IA recommendations is inadequate. For example, in 2016, liability was established against some companies, yet there was no evidence that action had been taken to address the issues raised against such companies	▪ Lack of action from regulators gives operators the confidence to continue to indulge in the act of evasion and/or flagrant disregard to the extant mining laws and regulations. For example, Tongyi Allied Mining Limited, continued to indulge in the act of suppression of volume of production and royalty payable because required action was not taken against the company following the exception reported in 2016 SMA; ▪ There is tendency for government to continue to loss revenue if mitigating measures are not taken on time.	▪ Furtherance to IA recommendation, MID and/or MCO should take proactive measures on time to seek redress of any anomaly reported in the SMA report; ▪ MID to institute procedure to ensure recovery of royalty due in respect of under-declaration by Tongyi Allied Mining Limited and any other companies.
10	***Concern over the management of MCO's register***	In 2016, a total of 312 out of 651 companies paid royalty despite their names were not in any of the MCO's registers. As earlier reported, 302 of 720 companies were found in similar dealings in 2018. IA, however, analysed the status of companies who were in default in 2016 (**Appendix 27**) as	▪ Concern over the level of reliance that can be reposed on the MCO register; ▪	▪ MCO should undertake an in-depth review of its register in order to ensure regularization; ▪ MCO could engage consultant(s) with the requisite experience to carry out enumeration of the operators; ▪ MCO and MID should create a synergetic working relationship

		compared with 302 discovered in 2018 and the finding is inserted hereunder.		so as to ensure all operators are appropriately captured in the title register

S/N	Analysis of 312 companies that paid royalty but not in MCO register in 2016	No of company	MCO's Remark
1	Not in MCO valid register in 2016 but appeared in 2018; paid royalty in 2016 but did not pay in 2018	49	
2	Not in MCO register in 2016 but appeared in revoked register in 2018; paid royalty in 2016 but did not pay royalty in 2018	3	
3	Not in MCO register in 2016 & 2018, paid royalty in 2016 but not in 2018	216	
4	In 2016 & 2018, they were not in MCO register but paid royalty in both years	44	
		312	

11	***Some operators did not grant IA access during validation exercise***	The following companies; ▪ Pioneer Sinochino Inv. Ventures Ltd. ▪ First Patriot Nigeria Ltd ▪ Don & Chyke Nig. Ltd ▪ Venus Mining Co. Ltd declined to participate in the NEITI exercise and refused to cooperate with IA in every material respect, including refusal to provide information on their extractive activities in 2018.	▪ Deliberate failure to comply with the NEITI Act; ▪ Loss of revenue to government if companies feel not responsible to government agents	▪ Every company that meets the materiality threshold as set by NSWG must be compelled to account at all times, failing which NEITI must be prepared to apply appropriate sanctions as provided by its enabling Act ▪ Appropriate sanctions should apply.
12	***Multiple operating segments (Segment Reporting)***	Cement manufacturing and construction sub-sectors have the most financial contribution in the sector. Operators in these sub-sectors usually have more than one operating segments which, in most cases is characterized by vertical integration. However Consequently, the information of the primary segment, mining and/or quarrying, is not often disclosed in a manner that would provide users a clearer understanding of economic information of each component of integration.	▪ There is a high tendency that information (e.g., on the correct assessment of statutory liability; or – determination of performance and return on investment etc. might be clearly stated. ▪ There is a high possibility for the misstatement of financial statements which might occur from financial risks which include, though not limited to management override.	▪ Government should ensure compliance with International Financial Reporting Standard number 8 (IFRS 8). It requires operators that engage in other business segments (other than mining/quarrying) to disclose separately all financial information ▪ The benefits of compliance with the standard include, though not limited to the following: ✓ Actual revenue (especially taxes) accruable from mining/quarrying of solid minerals can be correctly reported ✓ Ease of proper assessment of the performance of the sector by any potential investor ✓ Identification of the sector-specific challenges thereby providing an opportunity for effective remediation
13	***Inadequate Funding of the SMDF to attain its full potentials***	The Solid Mineral Development Fund (the Fund) is established by the NMMA 2007. However, the Fund is yet to attain its full operation due to the paucity of funds. Contrary to the relevant section of the Act, IA confirmed that the Fund is yet to benefit from	▪ Attainment of the objectives of creating the Fund might be delayed if not adequately funded; ▪ Delay in the development of the sector might have negative effect on the Country economic indices (GDP, Employment, Export earnings etc.);	▪ Federal Government should ensure the Fund is given required attention, including funding; ▪ The Fund should follow up on the N127,162,591.04 being the amount due for the development of natural resources from FGN share of solid minerals revenue (distribution by the 3 tiers of

		1.68% (i.e. 3.19% Development of Natural Resource) out of FGN share of Solid minerals revenue; IA also noticed that the N30billion intervention received from FGN, except it is not applicable under section 38 (b) of the Act, did not pass through the Fund.	▪ The sector represents one of the veritable means of economic diversification; but this might be unattainable with the continued neglect of the Fund.	government in October, 2019); ▪ Furthermore, Fund should carry out back duty investigation to ascertain the total amount due to the Fund from FGN distribution of 1.68% Development of Natural Resource since its creation and be remitted to it without further delay. ▪ We also recommend that out of N30billion intervention received by the Ministry from FGN, proportionate amount should be transferred to the Fund.
14	***Inactive Titles***	We observed that, out of the 291 titles held by the 69 reporting companies, 143 or 49% of the titles were inactive during the reporting period. However, we confirmed the payment of annual service fee in respect of these inactive titles	▪ Acquiring titles without putting them into use deprive other prospective investors the opportunity to gainfully participate in the sector; leading to loss of government revenue, employment opportunity and the sector's contribution to the economy.	▪ MCO and MID to collaborate to ensure implementation of use it or loss it rule; ▪ Punitive levy (minimum royalty) should be imposed on holders of inactive titles so as to discourage the speculative acquisition of titles.
15	***Inadequate publicity in respect of loanable funds with Bank of Industry***	Only 3 operators were able to access the intervention fund under BoI management in 2018. A cursory review revealed that the fund suffers from a combination of insufficient publicity and stringent borrowing conditions (similar to those of commercial lending) are hindering genuine operators from accessing the fund.	▪ The true value and purpose of the Fund may be defeated if operators cannot access the fund to improve on their operations.	▪ MMSD through ASM is encouraged to increase the Fund's visibility through targeted campaigns and, consider the conditions for lending so as to support genuine activities in the ASM sector.
16	***Assessment to Royalty Payment based on Operators' Self declaration***	The common practise in the industry has been royalty payment based on self-assessment/declaration. A cursory review revealed a wide disparity between declared production figures for royalty payment and potential production. Taking the purchase and use of explosives as a major factor that determines production volume, we noted that a number of companies who did not meet the materiality threshold use as many explosives as those companies that met materiality. More worrisome is the fact that some of the companies appear to spend more on blasting	The implication of the noted concern are as follows: ▪ Under reporting of production which ultimately results in loss of government revenue ▪ Immense security threats if the use of explosives cannot be accurately accounted for	▪ Government to carry out back duty investigation to uncover production under reporting and recover the resulting royalty under payments accordingly and, erring companies should be sanctioned in line with the extant provisions ▪ Government should complement self-declaration with regular spot checks to validate companies' returns. ▪ Audit of use of explosive at all times

		permits yet without meaningful royalty payments		
NIGERIA'S STRATEGIC MINERAL				
18	***Lack of activity in some of the nation's strategic minerals***	The following strategic minerals; bitumen, barite and gold have remained largely untapped: **Bitumen** Nigeria's bitumen deposit is estimated at 37 billion barrels. Bitumen is an essential component in the building (manufacture of asbestos and water-proofing materials) and construction (production of asphalt for road building) sector. Unfortunately, despite the abundant deposit, Nigeria depends on importation to meet its bitumen requirement. Based on our review, bitumen has attracted very little attention in the last three years, as shown below:	This leads to: ▪ loss of scare foreign exchange through importation ▪ under development of the mineral which is strategic to the road infrastructure ▪ opportunity for employment is lost to other countries ▪ revenue which would have accrued to government in form of taxes is also lost	We humbly recommend ▪ Deliberate efforts by government to encourage exploratory and mining activities on our bitumen to meet local requirements and discourage importation ▪ Strategies to phase out importation of bitumen for forex conservation

Mineral	*Deposit*	*Year*	*Title Issued*			*Production*	*Royalty*
	Barrel		*EL*	*ML*	*SSML*		*₦*
Bitumen	*37,000,000,000*	*2016*				*1,712*	*684,815*
Bitumen	*37,000,000,000*	*2018*	*2*	*-*	*3*	*-*	*-*

19		**Barite** Nigeria's barite endowment is estimated at 15 million metric tons. Barite is a key material input in the oil and gas industry (for drilling and exploration activities), besides other uses. It is estimated that over ₦5billion[20] is expended in the importation of barite on annual basis despite the mineral is locally available. Below is the summary of activities on the mineral in the last three years:	Repercussions: ▪ loss of opportunity ot save scare foreign exchange through importation ▪ under development of the mineral, which is strategic to the oil and gas industry ▪ opportunity for employment is lost to other countries ▪ revenue which would have accrued to government in form of taxes is unrealised. ▪ The continued importation of barite negates the Oil & Gas local content development initiatives	We recommend ▪ We reiterate a deliberate government policy aiming at encouraging exploratory and mining activities on our barite and of great importance to ban or discourage importation of barite. ▪ Strategies to phase out importation of barite for forex conservation

Mineral	*Deposit*	*Year*	*Title Issued*			*Production*	[illegible]
	M/Ton		*EL*	*ML*	*SSML*		
Barite	*15,000,000*	*2016*	*9*		*8*	*1,712.04*	[illegible]
Barite	*15,000,000*	*2018*	*2*	*-*	*7*	*82.5*	

20		**Gold** Gold has potential to attract foreign exchange for Nigeria. Unfortunately, the mineral has	The implications of the current gold environment are: ▪ Massive loss of government revenue	It is recommended that government should expedite action on the proposed national gold policy so as to arrest further revenue loss, return

[20] https://pengassan.org/wp-content/uploads/2018/11/ENHANCING-LOCAL-CONTENT-DEVELOPMENT-IN-THE-OIL-AND-GAS-SECTOR-THROUGH-LOCAL-BARITE-PRODUCTION.pdf

		not received the attention it deserves in form of investments. It’s been left at artisanal operation and mostly smuggled out of the country. Our review revealed that the mineral has received sustained interest in the past two years, evidenced by tiles acquired as shown on the table. However, this has not reflected in production volumes or royalty payments.	through under reporting and black market activities ▪ Back market activities generally pose security risks which is a disincentive for investors. Therefore, the subsector may not be able to attract sufficient investment to realise its full potentials ▪	sanity to the gold mining environment to make it attractive to world class investors. Government to also step up strong measures to rid the gold mining environment of unauthorized miners whose activities pose security threat. Increased monitoring of holders of gold titles, including their banking activities so as to detect under reporting for prompt action. MID, collaborating with MCO is encouraged to pay closer attention to activities of gold title holders and or activities in identified gold corridors Government to intensify efforts at actualizing the proposed national gold policy.

Mineral	***Deposit***	***Year***	***Title Issued***			***Production***	
	M/Ton		*EL*	*ML*	*SSML*		
Gold	*200,000,000*	*2016*	*181*	*2*	*34*	*0.025*	*4,*
Gold	*200,000,000*	*2018*	*224*	*5*	*86*	*0.039*	*7,*