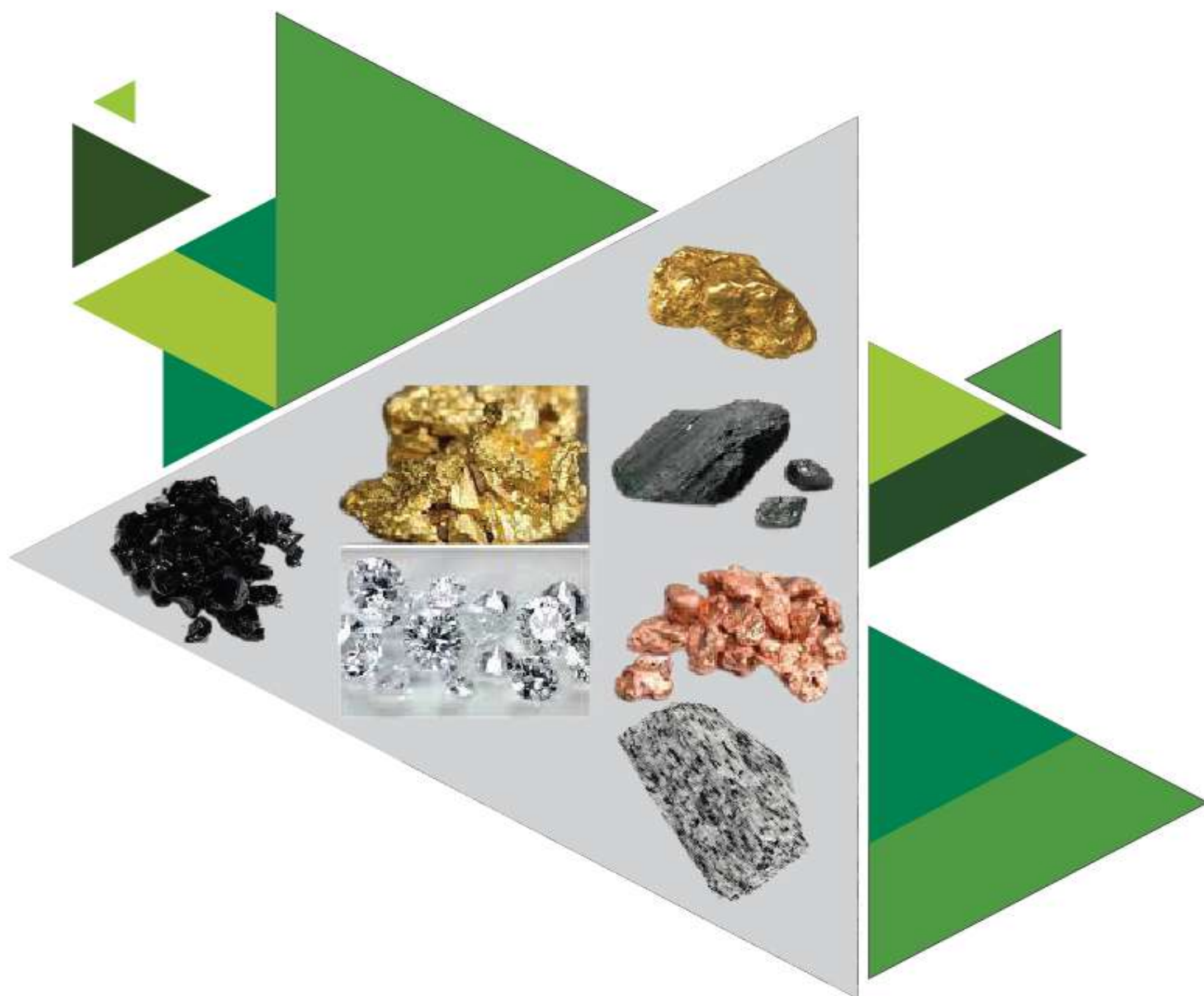


2019 SOLID MINERALS AUDIT (SMA) INDUSTRY REPORT



THIS REPORT

This report is prepared by Haruna Yahaya & Co in accordance with the procedures agreed with NEITI and in compliance with the 2019 EITI Standard for implementing countries. This report contains a reconciliation of payments made by extractive companies for the 2019 fiscal year.



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LIST OF ABBREVIATIONS

AFS	Audited Financial Statements
ANFO	Ammonia Fuel Oil
ASM	Artisanal and Small-Scale Mining
BME	Budget Monitoring and Evaluation
BO	Beneficial Ownership
CAC	Corporate Affairs Commission
CAMA	The Company and Allied Matters Act 2020 (as amended)
CBN	Central Bank of Nigeria
CCNN	Cement Company of Northern Nigeria
CDA	Community Development Agreement
CIT	Company Income Tax
CITA	Company Income Tax Act, 2007
EDT	Education Tax
EIA	Environmental Impact Assessment Act 2004
EITI	Extractive Industries Transparency Initiative
EL	Exploratory License
EPRH	Environmental Protection and Rehabilitation Fund
FCT	Federal Capital Territory
FIRS	Federal Inland Revenue Service
FME _{Env}	Federal Ministry of Environment
FMFNP	Federal Ministry of Finance and National Planning
FoB	Free On Board
IA	Independent Administrator
IFRS	International Financial Reporting Standards
IPSAS	International Public Sector Accounting Standards
ISRS	International Standards on Related services
LGA	Local Government Area
MCO	Mining Cadastre Office
MDAs	Ministries, Departments and Agencies
MECD	Mines Environmental Compliance Department
MID	Mines Inspectorate Department
MIREMCO	Mineral Resources and Environmental Management Committee
ML	Mining Lease
MMSD	Ministry of Mines and Steel Development
Mt	Metric Ton
MoU	Memorandum of Understanding
MTEF	Medium Term Expenditure Framework
MSG	Multi Stakeholder Group
NCS	Nigeria Customs Service
NEITI	Nigeria Extractive Industries Transparency Initiative
NGSA	Nigeria Geological Survey Agency
NIPC	Nigeria Investment Promotion Commission Act 2004
NMMA 2007	Nigerian Minerals and Mining Act 2007
NSWG	National Stakeholders Working Group
PAGMI	Presidential Artisanal Gold Mining Development Initiative
PAYE	Pay As You Earn
PITA	Personal Income Tax Act
PPP	Public Private Partnership
QL	Quarry Lease
RMAFC	Revenue Mobilization Allocation and Fiscal Commission
RP	Reconnaissance Permit
SBIR	State Board of Internal Revenue
SG	Specific Gravity
SMA	Solid Minerals Industry Audit
SMDF	Solid Minerals Development Fund
SOEs	State-owned Enterprises
SSML	Small Scale Mining Lease
ToR	Term of Reference
VAT	Value Added Tax
WHT	Withholding Tax

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1

BACKGROUND





1.1. Introduction

This report sets out the results of reconciliation of the financial flow from activities in the solid minerals sector in Nigeria for the 2019 fiscal year. The report was commissioned as part of the implementation of the NEITI Act 2007 and the EITI Standard 2019.

1.1.1. EITI Implementation

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

1.1.2. EITI Implementation in Nigeria

Nigeria Extractive Industries Transparency Initiative (NEITI) is responsible for implementing the EITI Standard in Nigeria. Nigeria signed up to the EITI in 2003 and the implementation began on February 2004. The Act establishing NEITI was enacted in 2007 with powers to enforce the implementation of the EITI Standard in the extractive sector in Nigeria. The NSWG is the governing body of NEITI, and consists of 15 members representing government, civil society, and the extractive Companies in Nigeria. It has the prime duty of formulating policies, programs and strategies for effective implementation of the NEITI Act in compliance with global best practices and the EITI Standard (visit: <https://neiti.gov.ng> for more information).

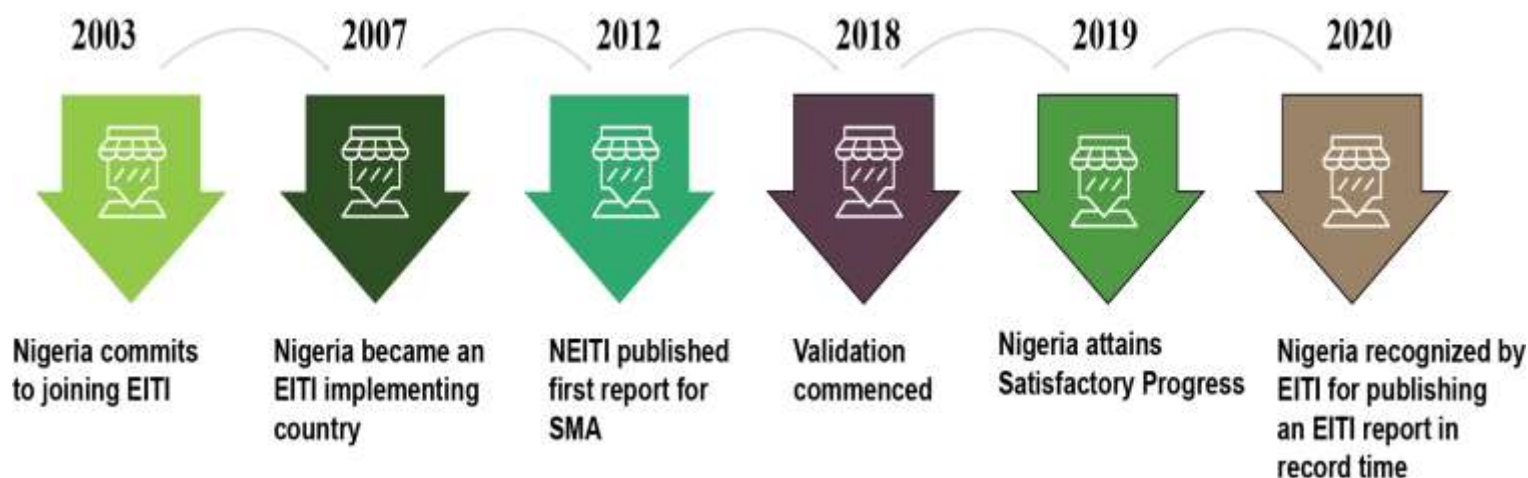


Fig 1: EITI Implementation in Nigeria

1.1.3. Annual Reporting

The 2019 SMA report is the tenth (10th) SMA report to be published since NEITI signed up to the EITI in 2003. The sector has contributed a total of ₦496.28 billion in the last 13 years as shown in Table 1.

Table 1: 13-year trend of sector contribution

S/N	Reporting Year	Number of Reporting Companies	Government Receipts ₦'billion	CBN Exchange rate @ 31st	Government Receipts US\$' million	Publication Dates
1	2007	78	7.59	116.3	65.26	12-Dec
2	2008	78	10.57	130.75	80.82	12-Dec
3	2009	78	19.15	147.6	129.73	12-Dec
4	2010	78	17.10	148.67	115.00	12-Dec
5	2011	67	27.01	156.2	172.91	13-Jan
6	2012	65	25.57	155.27	164.67	15-Dec
7	2013	65	30.25	155.2	194.93	16-Mar
8	2014	39	49.17	167.5	293.57	16-Dec
9	2015	42	64.46	196.5	328.06	17-Jul
10	2016	56	43.22	304.5	141.94	18-Nov
11	2017	59	52.76	305.5	172.69	19-Oct
12	2018	69	69.47	306.5	226.66	20-Mar
13	2019	74	79.96	306.5	260.88	20-Dec
			496.28		2,347.12	

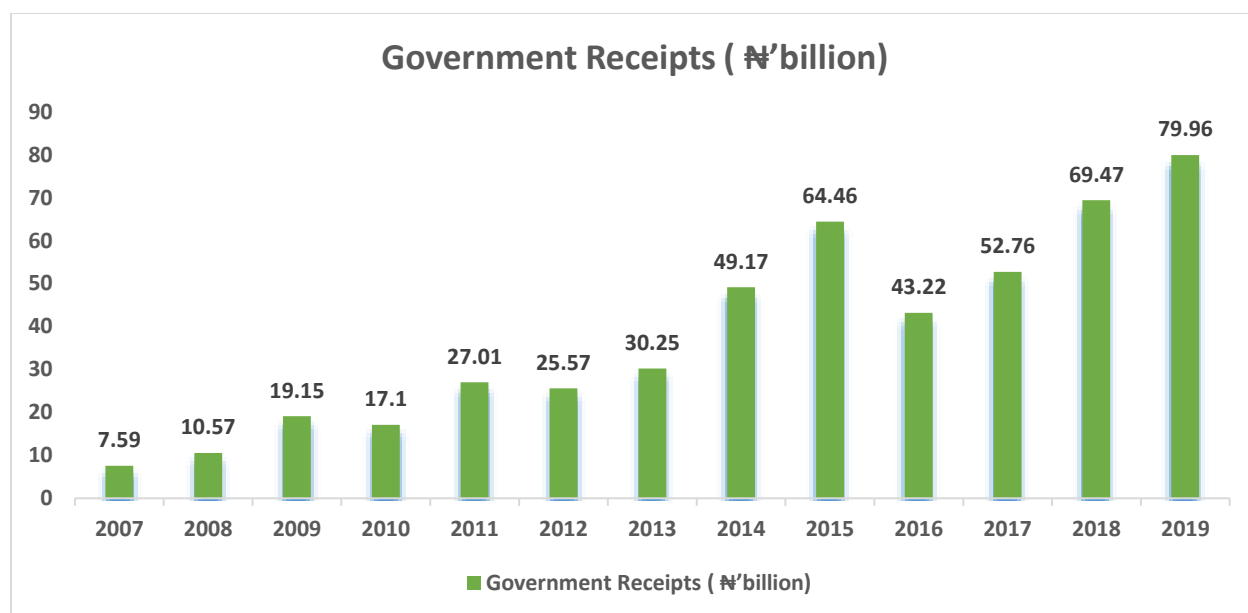


Figure 2: Thirteen-Year Trend of SM Sector Contribution to Government revenue

1.2. Scope and Objectives of the Audit

1.2.1. Scope of the Audit

The audit covers payments made by companies to government in the solid minerals sector in the 2019 fiscal year. The full scope of work is detailed in the ToR for the audit (see Appendix 1).

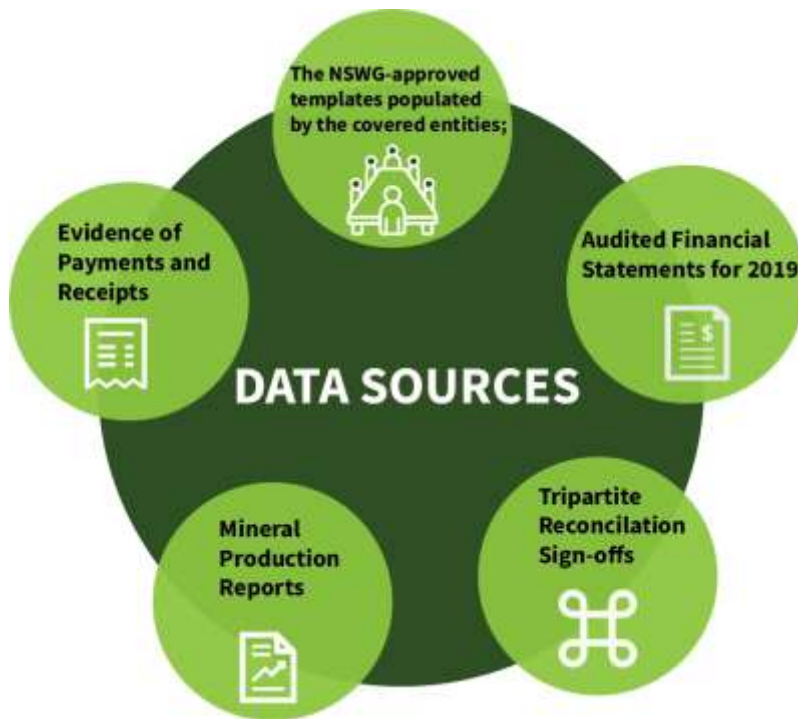
The main objective of the audit is to produce a Solid Minerals Industry Audit (SMA) Report for 2019 in accordance with the NEITI Act, the EITI Standard 2019 and the ToR.

Other objectives that the audit aimed to achieve include:

- Report on the quantities of minerals produced, utilized, and exported
- Analyse payments made by mining companies to the Government;
- Identify and analyse receipts by the Government;
- Reconcile data on production and payments made by mining companies with receipts by the Nigerian government; and
- Give a detailed financial statement on surpluses or deficits payable/receivable at the end of the audit period for transparency and accountability.

1.2.2. Data Sources and Basis of Accounting

The IA used the following data sources:



Secondary sources of data included previous NEITI audit reports; reports produced by government agencies and solid minerals extractive companies.

The report conforms to the International Standards on Auditing (ISA) as applied in the planning and collection of audit data; while all financial information was handled to comply to the International Standards on Related services (ISRS).

1.2.3 Materiality

The NSWG approved royalty payments as the basis for selection of companies that were covered by the audit. A materiality threshold of ~~N~~3 Million was set for the 2019 solid minerals audit by the NSWG. The IA agreed with the NSWG, that the condition and threshold set for the audit provided adequate coverage for the reconciliation report. See Appendix 2 for approved NSWG Materiality documents.

1.2.4 Covered Entities

The entities covered for the reconciliation report of the 2019 SMA include Extractive Companies and Government Agencies, and are listed in Tables 2 and 3 respectively.

- a) **Extractive Companies:** A total of seven hundred and two (702) companies paid royalties in 2019, while seventy-four (74) met the materiality threshold of ₦3million set for the SMA. However, out of these 74 companies, 68 of them were in operations during the course of audit and were reconciled; they accounted for 87.63% of the total royalties paid in the year. The top five (5) companies paid 51.97% of the total royalties.

b)

Table 2: List of companies

S/N	NAME	Royalty Paid (₦)	% Contribution
1	Dangote Cement Plc	635,515,563.95	25.40%
2	Lafarge Plc	320,111,882.50	12.79%
3	Dangote industries	142,760,695.26	5.71%
4	Julius Berger Plc	107,910,086.40	4.31%
5	Reynolds Construction Company Nig. Ltd	94,124,643.50	3.76%
6	BUA-CCNN	71,051,487.00	2.84%
7	Setraco NIG. LTD	69,922,112.07	2.79%
8	BUA Cement Plc- Okpella	64,164,260.00	2.56%
9	Zeberced Limited	62,146,170.00	2.48%
10	First Patriot Limited	49,292,317.50	1.97%
11	CCECC Nig Ltd	46,775,370.00	1.87%
12	Solid Unit Nig. Ltd	32,760,000.00	1.31%
13	Triacta Nig Ltd	32,708,042.00	1.31%
14	Mother Cat Nig Ltd	30,992,032.40	1.24%
15	Mercury Mining Investment Ltd	25,071,443.00	1.00%
16	CGC Nig. Ltd	21,080,336.00	0.84%
17	Woda Mountain Invest. Nig. Ltd	17,891,142.00	0.72%
18	Zuma 828 Limited	17,310,703.00	0.69%
19	Ratcon Construction Company Ltd	16,624,113.00	0.66%
20	Arab Contractor Limited	14,693,432.00	0.59%
21	China Zhonghao Nig. Ltd	14,163,250.00	0.57%
22	Georgio Rocks Limited	14,005,024.25	0.56%
23	Mark-Sino Nig. Ltd	12,923,672.00	0.52%
24	CNC Mining Company Limited	12,510,305.25	0.50%
25	Z & Y Investment Company Ltd	12,308,250.00	0.49%
26	Levant Construction Ltd.	12,200,000.00	0.49%
27	Kopek Construction Limited	11,942,700.00	0.48%
28	Hitech Construction Ltd	10,660,277.00	0.43%
29	Datum Construction Ltd	10,185,333.00	0.41%
30	Gilmor Engineering	9,464,126.00	0.38%
31	Gitto Costruzioni Generau Nig. Ltd	9,100,000.00	0.36%
32	NBHH Nig Ltd	9,046,271.00	0.36%
33	Petra Quarries Ltd	8,665,556.00	0.35%
34	Jinziang Quarry Co. Ltd	8,340,300.00	0.33%

35	E. B. H. Granite Ltd	8,048,280.00	0.32%
36	Zhong Xing Mining Investment Ltd	7,276,320.70	0.29%
37	Crushed Rock Industries (Nig) Ltd	6,876,310.59	0.27%
38	Saliini Nigeria Ltd	6,831,942.72	0.27%
39	Saturn Mining Company Ltd	6,609,104.00	0.26%
40	Rock Waters Integrated Services Nig. Ltd	6,491,467.50	0.26%
41	Malcomines Ltd	6,390,000.00	0.26%
42	OFL Marble & Granite Ltd	6,139,500.00	0.25%
43	Platinum Asphalt and Crushing Co. Ltd	5,592,802.00	0.22%
44	Zhong Tai Mining (Nig.) Limited	5,260,700.00	0.21%
45	Rock King Construction Limited	5,139,942.00	0.21%
46	A.A.Y. International Mining Company Ltd	4,913,850.60	0.20%
47	XVE GAO (Nig.) Limited	4,800,000.00	0.19%
48	Brothers Quarry Nig. Ltd	4,562,940.63	0.18%
49	Inorganic Earth Resources Ltd	4,521,987.98	0.18%
50	Homaset Limited	4,430,000.00	0.18%
51	Venus Mining Co.	4,391,950.00	0.18%
52	XinXin Mining Resources	4,378,678.00	0.17%
53	Master Rock Ltd	4,358,972.40	0.17%
54	China Railway Construction Company	4,350,400.00	0.17%
55	Ganan Construction company Ltd	4,350,000.00	0.17%
56	Afdin Construction company Ltd	4,322,227.00	0.17%
57	Lake Petroleum Ltd	4,200,157.50	0.17%
58	Gerawa Global Engineering Ltd	4,180,074.00	0.17%
59	Baltimore Trading Company Ltd	4,116,910.27	0.16%
60	CLC Technical and Engineering Nig. Ltd	4,115,713.00	0.16%
61	CCC Construction Nig. Limited	4,096,133.20	0.16%
62	Sizhe Global Ltd	3,719,000.00	0.15%
63	Kunlun Niigeria Limited	3,442,360.00	0.14%
64	Manhardi Nigeria Limited	3,410,000.00	0.14%
65	Dantata & Sawoe Construction Co. Nig	3,393,275.00	0.14%
66	Rockston Dredging and Allied Work Limited	3,240,000.00	0.13%
67	Rock Bottom Mines & Power	3,234,129.50	0.13%
68	Al'Sa'ab Quarry Multipurpose Cooperative Society	3,099,075.00	0.12%
	Subtotal Total	2,192,705,099.67	87.63%
	Unilateral payments of 6 companies above 3million threshold	40,760,155.80	1.63%
	Unilateral payments below 3million threshold	268,763,758.42	10.74%
	Grand total	2,502,229,013.89	100.00%

Source: 2019 NEITI SMA Template& MID Record

- c) **Government Agencies:** Information was obtained from six (6) government entities for the 2019 audit as enumerated in Table 3.

Table 3: List of Government Entities

S/N	Government collecting agencies	Data Extract
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 Cadastral Office (MCO)	Fees (e.g., Annual service fee, Application fees)
4	Nigeria Custom Service (NCS)	Export Data
5	Central Bank of Nigeria (CBN)	Export Data
6	Revenue Mobilization Allocation and Fiscal Commission (RMAFC)	Revenue Distribution Data

Source: 2019 NEITI SMA Templates

1.2.5 Structure of the Report

The report is structured into seven sections. Section 1 captures the contextual information including the background of EITI in Nigeria, the scope and objectives of the report and an overview of the mining industry in Nigeria. It also highlights the methodology used for the audit, the materiality threshold, the work done by the IA and Data Quality and Assurance.

The Legal and Institutional framework including fiscal regime and incentives, allocation of contracts and licenses are captured in section 2. Section 3 highlights mining operations in Nigeria, including exploration, production, and export.

Section 4 details revenue collection and taxes paid to the government in the reporting period while revenue allocation is captured in Section 5. Section 6 sets out the social, economic and environmental impact of the solid mineral sector; the section also describes industry reforms and other emerging issues. Lastly, section 7 provides the Independent Administrator's findings and recommendations.



Figure 3: Structure of the report

1.2.6 Approach and Methodology

The approach and methodology to the audit involves five steps:

- a) Preliminary planning and documentation;
- b) Financial flow assessment and analysis;
- c) Physical production and export volumes;
- d) Reconciliation validation and investigation of discrepancies; and
- e) Final Nigeria EITI report.

The preliminary planning and documentation involved the review of the companies operating in the industry and relevant government entities as well as assessing the materiality threshold set by the NSWG.

The IA compared government receipts with the payments disclosed by the mining companies and reported discrepancies. Major differences were subjected to further investigation and

reconciliation. Key financial flows including royalty, education tax, Company Income Tax (CIT), Value Added Tax (VAT), Withholding Tax (WHT), license fees, ground rent, levies and penalties were further validated in order to confirm the correctness and completeness of payments with the underlying records. There was also project level reporting of the 74 covered companies¹. The IA also assessed the production and export volumes with a view to determining the accuracy of the information provided. Analysis, findings and recommendations from previously completed solid minerals audits were built upon to update prior assessments of reporting structures and procedures to reflect information and findings for 2019; including analysis and reconciliation of financial and associated data.



Figure 4: Audit approach and Methodology

1.2.7 Work done by the Independent Administrator (IA)

This report was planned and prepared based on the ToR, International Standards on Related Services (ISRSs), EITI Standard (2019) and the NEITI Act. The IA also obtained reasonable assurance that the data provided including information and explanations are free from material misstatement.

To ensure compliance with EITI Requirement 4.9 (2019), and to satisfy the credibility of the data submitted for the audit exercise, we held validation meetings with the covered entities during which all original receipts and other related supporting documents and records were confirmed for accuracy. The IA is satisfied that the records are prepared in conformity with International Financial Reporting Standards (IFRS) and other applicable financial reporting frameworks in Nigeria. The IA provides recommendations based on specific and general findings.

1.2.8 Data Quality and Assurance

All legal and regulatory frameworks on data quality and assurance in Nigeria, including the Nigeria data protection regulation 2019, were evaluated and complied with by the IA for the

¹ See appendix 3 for project level reporting.

process to guarantee that data quality meets the EITI Standard. Other indicators employed for the assessment of data quality by the IA included availability of signed off templates by senior officers in the covered entities, presentation of audited financial statements (AFS), tripartite reconciliation sign-off and relevant documents for validation. Table 4 summarizes the compliance level based on the evaluation criteria.

Table4: Data quality compliance indicators

S/N	Parameter	No of reporting companies	Provided	Not Provided	% Coverage
1	Audited financial statement/ Management account	68	18	56	26.47
2	Template sign-off by senior officer	68	60	8	88.23
3	Tripartite reconciliation sign-off	68	63	2	92.64
4	Official receipts / General ledger	68	68	0	100

Source: 2019 NEITI SMA Templates



Figure 5: Data quality compliance indicators

The IA assessed the responses obtained from the covered entities to evaluate the impact of the non-responsive companies. Of the 68 companies that met the \$43 million materiality threshold, 6 companies were non-responsive, as shown in Table 5.

Table 5: Schedule of Non-Responsive Companies

S/N	Name of company	Royalty paid (₦)	% of Contribution
1	Imperial J V Ltd	15,839,222.50	0.63%
2	Prossy Investment Limited	7,126,027.80	0.28%
3	Pioneer Sinochino Investment Venture Ltd	6,541,468.00	0.26%
4	Asphalt Unity Construction Company	4,584,300.00	0.18%
5	Muhammad Idris Dankabo	3,399,687.50	0.14%
6	Cossel Construction company Nig. Ltd	3,269,450.00	0.13%
		40,760,155.80	1.63%

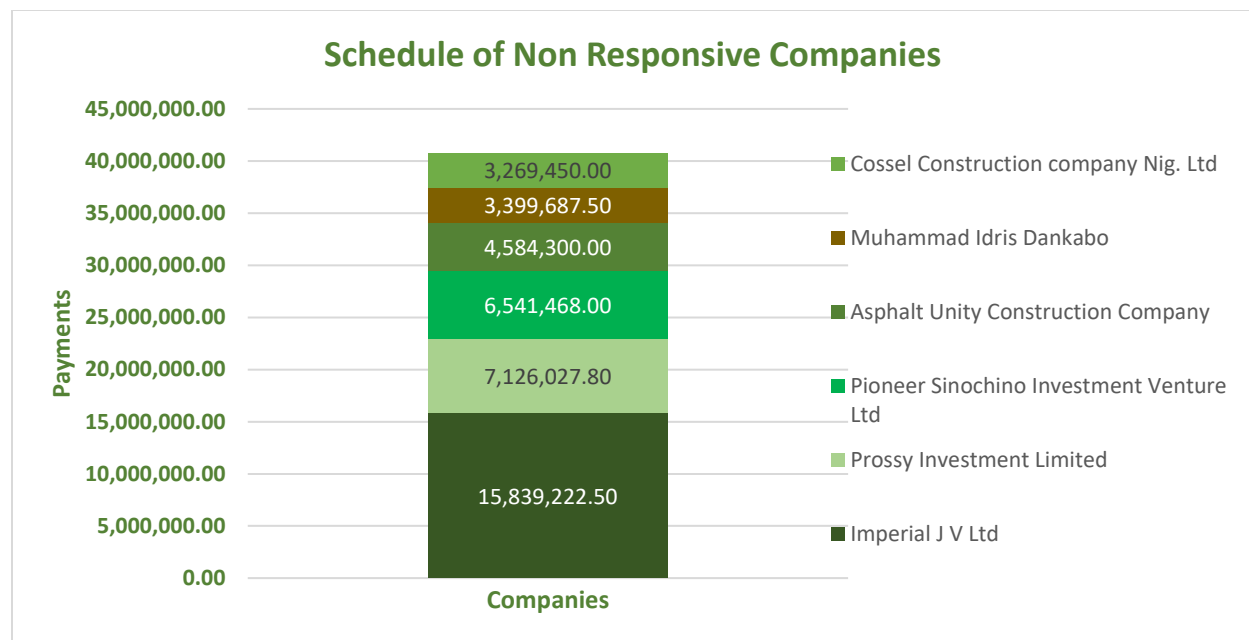


Figure 6: Royalties paid by Non-Responsive Companies

The 6 non-responsive companies paid total royalties of **₦40,760,155.80** representing 1.63% of the reconciled revenue. The IA obtained the details of the revenue attributed to these companies from validated government records. Based on the IA's assessment, the non-responsiveness of the companies did not impact on the accuracy of the report nor materially alter the total revenue flow to government in 2019.

A further review by the IA showed that 97.06% of the covered companies signed-off on their reports, while only 26% provided audited accounts. However, in order to mitigate this low level rate of return of AFS, the IA ensured that the companies concerned presented their official receipts of payments as well as bank statements and general ledger; to ensure that information provided are in their books of account. The reason for non submission of AFS by some companies was attributed to the delay in preparation of their AFS due to the COVID-19 pandemic.

2

LEGAL & INSTITUTIONAL FRAMEWORK



2.1. Legal Framework

The Nigerian constitution vested the ownership and control of all minerals in the country both on land and its territorial waters and exclusive economic zone in the Federal Government as provided in section 44(3) of the **1999 Constitution of the Federal Republic of Nigeria**.

In order to effectively manage these mineral resources, there are legal and institutional frameworks prescribed by the National Assembly for implementation by the Federal Government. Some of these laws and legal framework are the 1999 Constitution of the Federal Republic of Nigeria (as amended), Nigerian Minerals and Mining Act, 2007, Nigerian Minerals and Mining Regulations of 2011, and the Company and Allied Matters Act, 2020 (as amended). Summary of the laws governing the solid minerals sector in Nigeria are set out in Table 6.

Table 6: Laws and Regulations Guiding Operations in Nigeria's Solid Minerals Sector

S/NO	Law/Regulation	Key Features
1	1999 Constitution of the Federal Republic of Nigeria (as amended)	The Constitution places the 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 under the authority of the Federal Government (Section 44 (3)); with the same having the exclusive powers and jurisdiction over all mineral resources in Nigeria (item 39, Schedule II) http://www.nigeria-law.Org/ConstitutionOfTheFederalRepublicOfNigeria.htm#Chapter_4
2	Nigerian Minerals and Mining Act, 2007	The Act vests control of all properties and minerals in the State and prohibits unauthorized exploration or exploitation. It further provides that the use of land for mining operations shall have a priority over other uses of land and be considered as constituting an overriding public interest within the meaning of Land Use Act. See NMMA 2007 (www.minesandsteel.gov.ng)
3	Nigerian Minerals and Mining Regulations of 2011	The regulations provide guidelines on how mining operations should be conducted including obtaining mineral titles and sanctions for defaulters. See: Nigerian Minerals and Mining Regulations 2011 (minesandsteel.gov.ng)
4	Land Use Act, 2004	The Act gives authority over all land in the territory of each state solely to the governor of the state, except lands vested to the Federal Government or its Agencies. The governor exercises authority over land use in such a way that benefits all the citizens. See https://www.lawyard.ng/wp-content/uploads/2015/11/LAND-USE-ACT-2004.pdf .
5	Environmental	The Act mandates that an impact assessment be done in respect of any

	Impact Assessment Act, 2004	proposed project or activity (including mining) to evaluate likely environmental effects before the commencement of the activity to propose appropriate remedial actions. See http://faolex.fao.org/docs/pdf/nig18378.pdf
6	The Company and Allied Matters Act, 2020(As amended)	The Act establishes the Corporate Affairs Commission, deals with the incorporation of companies in Nigeria and incidental matters, registration of business names and the incorporation of trustees of certain communities, bodies and association. It also relates to terms of partnerships and administrative proceedings of companies. See: https://www.naijabusiness.com.ng/wp-content/uploads/2020/08/CAMA-2020-Download.pdf
7	Nigerian Investment Promotion Commission Act, 2004	The act establishes the Nigerian investment Promotion Commission (NIPC), to encourage and promote investment in the Nigerian economy; and for matters connected therewith, which includes mining of solid minerals. The NIPC is mandated to initiate and support measures which shall enhance the investment climate in Nigeria for both nationals and foreign investors. See: Preface – Nigerian Investment Promotion Commission (nipc.gov.ng)
8	Nigerian Environmental Standard Regulation and Enforcement Agency (NESREA) Act	The Act establishes NESREA as the body to enforce appropriate and adequate regulations and sanctions for the protection of the environment. NESREA has developed thirty-three (33) environmental regulations which have been published in the official Gazette of the Federal Government of Nigeria. See: www.nesrea.gov.ng/publications-downloads/laws-regulations/
9	Company Income Tax Act	The company Income Tax Act (CITA) is the principal law that regulates the taxation of companies in Nigeria. The Federal Inland Revenue Service (FIRS) administers the income tax which is on the profits of registered companies in Nigeria. See: C21.pdf (placng.org)
10	Finance Act 2019	The Finance Act reviews and consolidates into one statute, many tax provisions from different statutes. The focus of the Act is to increase revenue of the Federal Government and to curb avenues by which tax has been evaded and avoided over the years. See https://www.firs.gov.ng/finance-act-2019/ (2019) https://www.firs.gov.ng/wp-content/uploads/2021/01/finance-act-2020_signed.pdf (2020)
11	Personal Income Tax Act	The Act guides the taxes paid on income of individuals, corporate, sole or body of individuals, communities, Families and trustees or executors of any settlement. The rate of the tax ranges from 7% to 24%, depending on the amount of chargeable income and is administered by the State Inland Revenue

		Service in respect of their residents. See: https://www.firs.gov.ng/personal-income-tax-pit/ .
12	Value Added Tax (VAT)	This is an Act to impose and charge Value Added Tax on certain goods and services and to provide for the administration of the tax and matters related thereto. The tax is computed at a specified rate on the value of all goods and services unless otherwise stated. See: https://www.firs.gov.ng/value-added-tax-vat/

2.1.1. Acquisition of mining licences

All investors or companies wanting to engage in mining in Nigeria require a license to proceed. Acquisition of licenses in the extractive industry in Nigeria allows for either competitive bidding or application for title. In the solid minerals sector, the approvals are issued through title applications.

The Mining Cadastre Office (MCO) an agency under the supervision of the Ministry of Mines and Steel development (MMSD) is responsible for the issuance of licenses. Figures 5 and 6 illustrate the procedures for acquisition of titles. Further details can be found at: <https://portal.minesandsteel.gov.ng/Home/Guidelines>

2.1.2. Revocation of Mining Licence

Chapter 6, Section 151 of NMMA 2007 list conditions for the revocation of a mineral title as enumerated below:

- a) Where the title holder is convicted by a court of competent jurisdiction of an offence committed under the act.
- b) Where the title holder breaches any provision of the act.
- c) Where the title holder breaches an order or notice issued or given under the act.
- d) Where the title holder surrenders the mineral title in the manner prescribed under the act before the expiration of the term of the title.
- e) Where the title holder is declared insolvent or bankrupt or goes into insolvent liquidation except in circumstances involving a reorganisation, amalgamation or arrangement with creditors.
- f) In the case of small-scale mining lease, the title holder wholly discontinues operations under the lease during continues period of six months.
- g)

Where the title holder fails to pay the prescribed fees which include annual fee, application fee, and other fees as may be prescribed from time to time by the MCO.



Fig 7: Process of Acquisition of Title by Application



Fig 8: Process of Acquisition of Title by competitive bidding

2.1.3 Five-year trend analysis of mining titles issuance

A five-year trend analysis of titles issued up to 31 December 2019 is presented in Table 7. A total of 6,360 titles were issued by the MCO between 2015 and 2019. The year 2017 had the highest number of issuance 1,484 while 2015 had the least figure of 1,047.

Table7: Titles Issued by MCO in the past 5 years

S/N	TITLE	2015	2016	2017	2018	2019	TOTAL
1	Exploration License	488	513	631	634	501	2767
2	Mining Lease	15	15	37	35	24	126
3	Quarry Lease	294	288	228	212	169	1191
4	Small Scale Mining Lease	250	337	588	499	602	2276
	Total	1047	1153	1484	1380	1296	6360

Source: 2019 MCO Record

2.2 Institutional Framework

The institutions and their organizational structures are designed to promote and organize the orderly conduct of mining operations in the solid minerals sector of Nigeria. Among those set up to direct and monitor the operations in the solid minerals sector of the Nigerian economy in line with global best practices are the institutions listed in Figure 9.

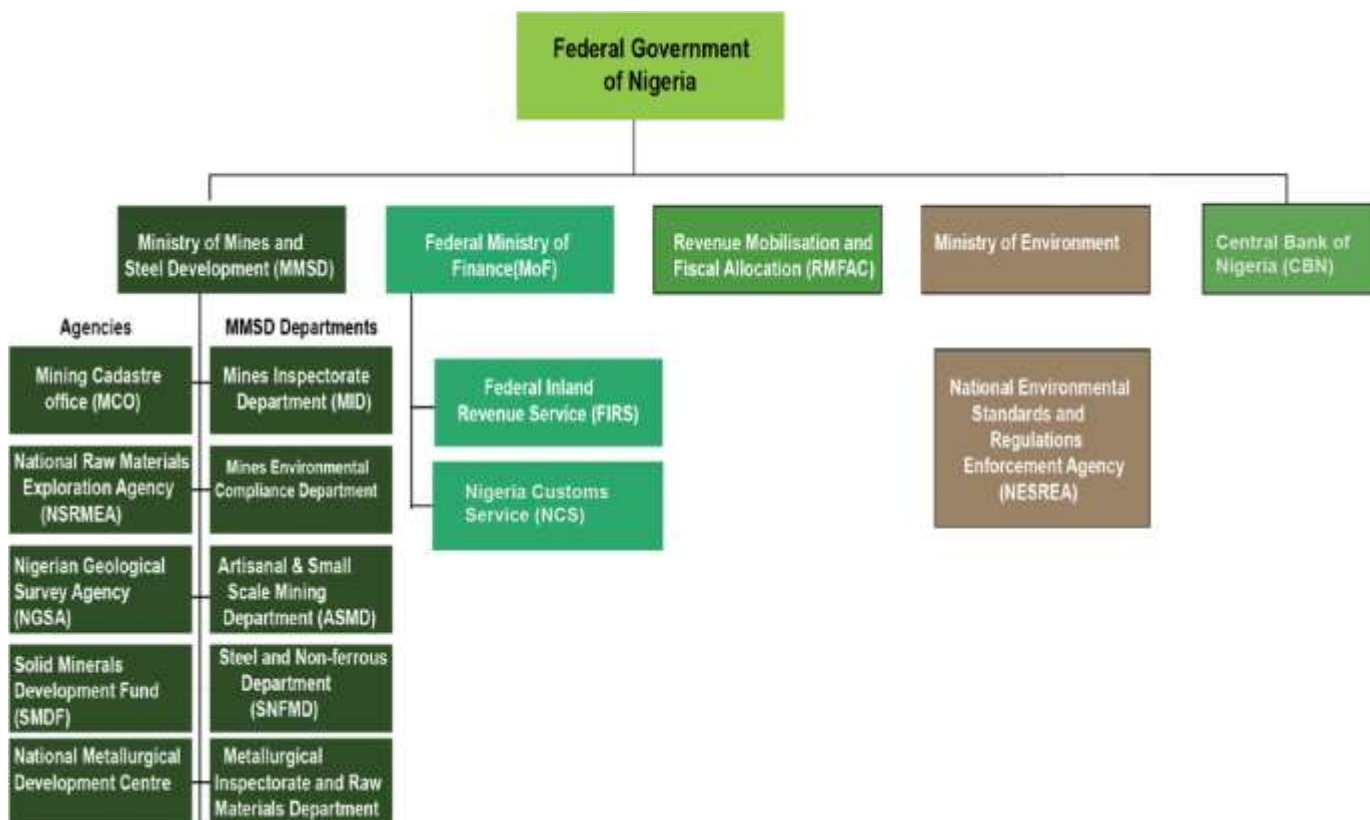


Fig 9: Structure of Government Agencies

2.2.1 The Ministry of Mines and Steel Development

The Ministry of Mines and Steel Development (MMSD) has overall responsibility for the sector and oversees departments with specific responsibilities. These include the Mines Inspectorate Department (MID), Mines Environmental Compliance Department (MECD), Artisanal and Small Scale Mining Department (ASMD), the Metallurgical Inspectorate and Raw Materials Department (MIRMD) and the Steel and Non-Ferrous Metals Department (SNFMD) respectively.

The Ministry also supervise other agencies such as Mining Cadastre Office, National Raw Materials Exploration Agency (NSRMEA), Nigerian Geological Survey Agency (NGSA), Solid Minerals Development Fund (SMDF) and the National Metallurgical Development Center (NMDC).

2.2.2. The Mining Cadastre Office (MCO)

The Mining Cadastre Office (MCO) is an agency under the supervision of MMSD and is the sole agency responsible for the management and administration of mineral titles in Nigeria. In 2019,

MCO issued a total of one thousand two hundred and ninety-Six (1,296) mineral titles to entities to carry out various operations in the sector.

A breakdown of the different license types is set out in Table 8. See appendix 5 for details MCO register.

Table 8: Mineral Titles issued in 2019

S/N	Mineral Title	Quantity
1	Exploration License (EL)	501
2	Small scale Mining Lease (SSML)	602
3	Quarry Lease (QL)	169
4	Mining Lease (ML)	24
	Total	1,296

Source: MCO Record

2.2.3. The Federal Ministry of Environment (FMEnv.)

The Federal Ministry of Environment (FMEnv.) is responsible for the regulation of environmental matters as well as the protection and development of the environment, biodiversity conservation and sustainable development of Nigeria's natural resources in general. It also ensures coordination and liaison with relevant stakeholders within and outside Nigeria on matters of enforcement of environmental standards, regulations, rules, laws, policies and guidelines.

The institutions that have regulatory control over the solid minerals sector are listed in Table 9.

Table 9: Institutions regulating Operations in Nigeria's Solid Minerals Sector

S/NO	Law/Regulation	Key Functions
1	Federal Ministry of Solid Minerals and Steel Development (MMSD)	The Federal Ministry of Solid Minerals and Steel Development (MMSD) is the ministry primarily saddled with the responsibility of monitoring and supervising the solid minerals sector of the country. MMSD was set up to unlock the economic potentials of the solid minerals sub sector in Nigeria. For Details of the ministry's operations and agencies see Home Ministry of Mines and Steel Development .
2	The Mining Cadastral Office (MCO)	The MCO is an autonomous Agency under the supervisory responsibility of the Federal Ministry of Solid Minerals and Steel Development (MMSD) as provided by section 5(1) of the Nigerian Minerals and Mining Act, (2007). It is responsible for the management and administration of mineral titles, which is considered as the cornerstone of a secure mineral right system. See Nigeria Mining Cadastre Office – The Official Website of the Nigeria Mining Cadastre Office for the details.
		It is a geo-scientific information centre for investors and researchers in the

3	Nigerian Steel Raw Materials Exploration Agency (NSRMEA)	solid minerals sector with a mandate amongst others to carry out exploration of steel raw materials in all parts of Nigeria and elsewhere for the iron and steel industry. See: NSRMEA – National Steel Raw Materials Exploration Agency
4	Federal Inland Revenue Service (FIRS)	The FIRS is statutory and administratively charged with the responsibility for the assessment, collection and accounting of taxes to the Federal government of Nigeria. Taxes collected relating to solid minerals sectors are Corporate Income Tax (CIT), Withholding Tax (WHT), Education Tax (EDT), Value Added Tax (VAT), Stamp Duty (SDT), Capital Gain Tax (CGT). Details of various taxes can be found at: https://www.firs.gov.ng/tax-laws/
5	Nigerian Custom Service (NCS)	The Nigeria Customs Service (NCS) is an agency under the supervisory oversight of the Federal Ministry of Finance and National Planning (FMFNP). It has the responsibility of collecting of custom revenue such as imports, export and other excise duties on behalf of the Federal Government of Nigeria. Details of its operation can be seen at MANDATE OF NCS – Nigeria Customs Service https://customs.gov.ng/?page_id=3101
6	Revenue Mobilisation, Allocation and Fiscal Commission (RMAFC)	This is a body established to handle revenue allocation and fiscal matters on a continuous basis. It is also mandated to advice on fiscal matters and to monitor effectively all remittances for equitable and fair disbursement to the beneficiaries to promote national unity and development through established fiscal structures under extant laws. See: Establishing Law RMAFC, Solid Minerals RMAFC
7	Corporate Affairs Commission. (CAC).	The Corporate Affairs Commission (CAC) oversees regulating the formation and management of companies in Nigeria. Therefore, every company (private or public) in the country must be duly registered with the CAC. The Corporate Affairs Commission (CAC) is the government agency in charge of registering companies and business in Nigeria. see https://www.cac.gov.ng/about/https://www.cac.gov.ng/about/

Source: FIRS/NCS/CAC/RMAFC/MMSD

2.3 Fiscal Regime

Nigeria is structured as a Federal Republic consisting of three tiers of Government, that is the Federal, State and Local Governments as enshrined in the constitution. https://publicofficialsfinancialdisclosure.worldbank.org/sites/fdl/files/assets/law-library-files/Nigeria_Constitution_1999_en.pdf.

The constitution and other extant laws such as CAMA and CITA governing the solid mineral sector are set of laws that proscribe various taxes collectable in the solid minerals sector as indicated in Figure 10.

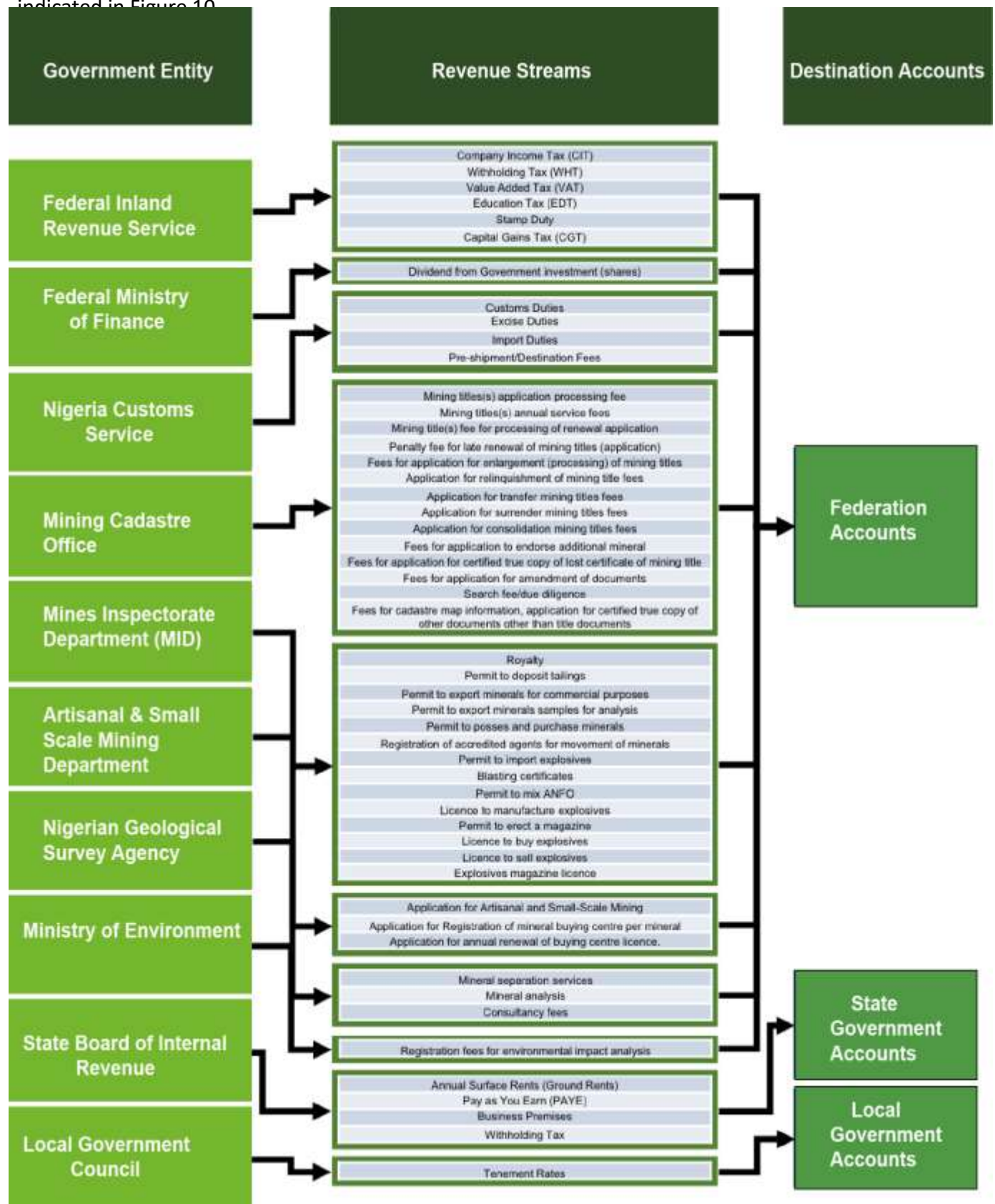


Fig 10: Government Revenue Streams
2.3.1 Federal Taxes

The Federal Inland Revenue Service (FIRS) is the institution mandated by law for tax administration at the Federal level. The agency oversees enforcement of the provisions of the Companies Income Tax Act (CITA), 2007 (as amended). A summary of federally administered taxes payable by companies in the solid minerals sector are listed in Table 10.

Table10: Federal Tax Legislation

S/N	ACT	Key Provisions
1	Company Income Tax Act	The company Income Tax Act (CITA) regulates the taxation of companies in Nigeria and is administered by the Federal Inland Revenue Service (FIRS) on the profits of registered companies in Nigeria. The CIT is currently charged at 30% for companies having more than ₦100 million turnovers and 20% for companies with turnover between ₦25-100 million. Companies having less than ₦25 million turnovers are not liable to pay CIT. See: C21.pdf (placng.org)
2	Finance Act 2019	The aim of Finance Act 2019 is to amongst other things bring about changes to Nigeria's tax laws by making them more responsive to tax reforms policies of Federal Government, enhance its implementation and effectiveness and improve the ease of doing business. See: https://www.firs.gov.ng/finance-act-2019/ (2019) https://www.firs.gov.ng/wp-content/uploads/2021/01/finance-act-2020_signed.pdf (2020)
3	Personal Income Tax Act, 2011	The Act guides the taxes paid on income of individuals, corporate, sole or body of individuals, communities, Families and trustees or executors of any settlement. It is administered by the State Inland Revenue Service in respect of their residents. The rate of the tax ranges from 7% for annual income less than ₦300000, 11% for income between ₦300000 and ₦500000, 15% or 19% for income between ₦500,000 and ₦1,600,000, 21% for income between ₦1,600,000 to ₦3,200,000 and 24% for annual income above ₦3200000. See: https://www.firs.gov.ng/personal-income-tax-pit/

4	Value Added Tax Act- 2007	This is a form of levy imposed by the federal government on the purchase and consumption of goods and services in Nigeria. The current rate of VAT is 7.5% of the total value of goods or services purchased. See: https://www.firs.gov.ng/value-added-tax-vat/
5	Withholding Tax (WHT)	WHT is paid into the Federation account through FIRS designated banks. It is an advance payment of income tax. There are varying rates of WHT ranging from 2.5% to 10% for companies and 5% to 10% for individuals depending on the transaction. See: https://www.firs.gov.ng/withholding-tax-wht/
6	Stamp Duties	These are taxes the government imposes on legal documents needed to record certain types of written or electronic transactions in Nigeria. It is charged at a flat rate or a percentage of the transaction/instrument value. Stamp duty is imposed at the rate of 0.75% on the authorised share capital at incorporation of the company or on registration of new shares. See https://www.firs.gov.ng/stamp-duty-sd/

Source: <https://www.firs.gov.ng>

2.3.2 State Taxes

The State Boards of Internal Revenue (SBIRs) administer taxes at the state levels. The Personal Income Tax Act (PITA) 2011 (as amended) is the principal instrument that governs taxation in this respect. Individuals and partnerships in the sector are assessed for tax under PITA 2011.

In addition, Withholding Tax and Capital gains Tax relating to individuals and partnerships are also collected by the state governments. See list of taxes and levies collectable by state <https://lirs.gov.ng/tax-information/tax-collection>.

2.3.3 Local Taxes and Levies

Taxes and levies collected by local authorities are restricted mainly to rights of occupancy, fees on lands in rural areas, and tenement rates (these exclude those in the jurisdiction of the Federal and State Governments). Schedule iv (4) to the 1999 constitution as amended (2011) provides a list of taxes and levies collectible by State and Local governments.

2.4 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. Furthermore, the Finance Act 2019 which became effective in February 2020 offers additional incentives to encourage the flow of investments to the sector for sustainable development. For incentives in the solid minerals sector in Nigeria, see <http://www.minesandsteel.gov.ng/wp-content/uploads/2017/10/Nigeria-Ministry-of-Solid-Minerals-Investment-BrochureV14.pdf>

In 2019, one notable agreement reached was an initiative between the government of Nigeria and Russia to revamp the iron and steel industry.



According to NMMA 2007, each mineral title holder is required to negotiate a contract in the form of a Community Development Agreement (CDA).



An intending investor is expected to make a formal application to the MCO requesting for a mineral title.

2.5 Contracts and Licences

2.5.1 Contracts

Nigeria's solid minerals sector operates a cadastre system that promotes private sector investment in the sector. The government provides oversight function through policy direction and regulations for the improvement of the investment climate and attraction of foreign investors.

According to NMMA 2007, every mineral title holder is required to negotiate a contract in the form of a Community Development Agreement (CDA) that ensures the flow of economic and social benefits to the local community. A Community Development Agreement (CDA) contains undertakings with respect to the social and economic contributions that the project would make to the sustainability of such community; it as well addresses all or some of the issues relevant to the development of the host community i.e. educational scholarship, apprenticeship, technical training and employment opportunities, health or other community services, roads, water and power etc.

CDA is subject to renewal every 5 years. However, in the event of failure to reach an agreement by both parties, the Honourable minister of mines will be called upon to resolve the impasse. The CDA is between the title holder and the host community, with the ministry having a copy for reference and monitoring purpose.

In 2019, one notable agreement reached was an initiative between the government of Nigeria and Russia to revamp the iron and steel industry. see:

<https://portal.minesandsteel.gov.ng/home/viewnews/56>

2.5.2 Licences

The Mining Cadastre Office (MCO) is the agency charged with the responsibility for the administration and management of mineral titles in Nigeria. An intending investor is expected to make a formal application to the MCO requesting for a mineral title. Section 2 (1) of NMMA prohibits 'exploration or exploitation of minerals without authority' evidenced by a grant of mineral title. However, in line with section 94 of the NMMA, a person can purchase or possess any mineral if he holds a license to purchase minerals. While proceeds of the minerals recovered under a small-scale mining Lease shall be Sold to a licensed Mineral Procurement Centre, which is referred to as Mineral Buying Centre. In addition to Licenses and leases, permits are also granted by the MCO. These are Reconnaissance Permit (RP) and Water Use Permit. See; <https://www.miningcadastre.gov.ng/wp-content/uploads/2020/05/Guidelines-on-Mineral-Titles-App.-with-eMC-1-1.pdf>.

Reconnaissance Permit (RP): This title is non-transferable and is valid for only one year.

Water Use Permit: It is granted only to holders of exploration licenses, mining lease, quarry lease or small-scale mining lease who may require access to the use of water for operations.

Table 11 provides a summary of active mineral titles in the Mining Cadastre Office register as at December 2019.

Table 11: Total Mineral Titles issued by MCO as at December 2019

Mineral Title	Purpose	Duration	Number Valid Titles
Exploration Licence (EL)	a) 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. b) 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.	1,840
Small scale Mining Lease (SSML)	a) Right to obtain access and enter the mining area. b) Exclusively use, occupy and carry out mining exploitation within the lease area. c) Mining Lease not to exceed 50 km ² .	5 years initially; renewable for further period of 5years only	1,811
Quarry Lease (QL)	a) Quarrying under the Mining Act applies to all naturally occurring quarriable minerals, such as	5 years and renewable every 5	1,205

	asbestos, clay, fuller's earth, gypsum, marble, limestone, slate, sand, stone, gavel, etc. b) Quarrying covers land area not exceeding 5 km ² .	years.	
Mining Lease (ML)	a) The holder of the lease has the exclusive right to carry out small-scale mining operations. b) The mining area is greater than 5 acres but less than 3km ² .	25 years initially; renewable every 24 years.	304
Total			5,160

2.5.3 Transfer of Title

In 2019, a total of 24 titles were transferred. These transfers followed due process as stipulated in section 147 subsections 3 and 4 of the Nigerian Minerals and Mining Act 2007². A review of the process showed that all applicable fees were paid; and all necessary documentations relating to the transfers duly made³. Table 12 shows the titles transferred and the new beneficiaries.

Table 12: Transferred Titles in 2019

S/N	Title Type	Title No	Cadastral Unit	Transferor	Transferee
1	EL	2801	50	SAO ELLAS Energy and Petroleum Nig. Ltd	Africa Nonferrous Industries Ltd
2	EL	14273	6	Greenfield Metals Ltd	Halfthor Minerals Ltd
3	EL	18633	40	P.W Nigeria Ltd	Dagma Mining Ltd
4	EL	22036	930	Kilbawo Kaoje Nigeria Ltd	Orient Mining Ltd
5	EL	23273	4	Greenfield Metals Ltd	Arab Contractors OAO Ltd
6	EL	23505	17	Syils Service Ltd	Syils Mining Ltd
7	EL	25093	872	P.W Nigeria Ltd	Pamasa Mining Ltd
8	EL	26962	165	Prime General Merchants Ltd	African Natural Resources and Mines Ltd
9	EL	27039	32	P.W Nigeria Ltd	Dext Mining Ltd
10	QLS	3397	9	Leenford Project Ltd	International Miners Concept Ltd
11	QLS	10125	2	C and C Construction Company Ltd	HITEC Construction Company Ltd
12	QLS	22028	2	Badeowo Rock Cowergence Ltd	CNBM Mining Investment Nig Ltd
13	QLS	22768	1	Sahelian Granites Ltd	Ganan Construction Ltd
14	QLS	23523	1	Smogu Integrated Ltd	CGC Nigeria Ltd

²[http://www.miningcadastre.gov.ng/wp-content/uploads/2020/07/Requirements for Transfer of Mineral Title.pdf](http://www.miningcadastre.gov.ng/wp-content/uploads/2020/07/Requirements_for_Transfer_of_Mineral_Title.pdf)

³ See appendix 7 for Transfer fee payments

15	QLS	28031	4	Groundwork Perfect Solution Ltd	Neon Tongho Enterprises Co. Ltd
16	QLS	28570	2	Groundwork Perfect Solution Ltd	Neon Tongho Enterprises Co. Ltd
17	QLS	28571	2	Groundwork Perfect Solution Ltd	Neon Tongho Enterprises Co. Ltd
18	QLS	28738	10	Badeowo Rock Cowergence Ltd	CNBM Mining Investment Nig Ltd
19	QLS	29236	2	Abubakar Audu Toro	Xusheng Global Ltd
20	QLS	29593	1	Abubakar Audu Toro	Xusheng Global Ltd
21	SSML	21711	15	SAO ELLAS Energy and Petroleum Nig. Ltd	Africa Nonferrous Industries Ltd
22	SSML	23951	6	Abdul & Acituvo Enterprises	Huijin Mining Industries Ltd
23	SSML	26838	5	Sadris Trading Co. Ltd	Hayupada Nigeria Ltd
24	ML	769	224	Western Metal Product Co. Ltd	Orbit Exploration & National Products Ltd

Source: MCO Record

2.5.4 Beneficial Ownership



Beneficial ownership (BO) refers to natural persons who directly or indirectly own and derive financial benefits from a company or commercial activity. Transparency in BO prevents the true beneficiaries of extractive industry revenues from hiding behind opaque shell companies or using complex corporate or other legal structures to perpetuate non-disclosure of income, tax evasion and disguising conflicts of interest. Also, BO disclosure allows stakeholders to obtain a clear view of persons investing in the extractive sector, their status in society (e.g., politically exposed persons (PEPs), government employees) and their link (if any) to PEPs.

Requirement 2.5 of the EITI Standard 2019 mandates all implementing countries to publish information on the beneficial owners of all companies applying for and holding an interest in a license/ lease or permit to explore for or extract oil, gas, and mineral resources. Consequently, in fulfilment of the need for the establishment of a public register of beneficial owners of companies in Nigeria; section 119(3) of CAMA 2020 provides that the CAC shall maintain a register of persons with significant control in companies. The CAC as at the time of this report was set to implement these provisions.



NEITI has taken steps to make BO information more easily accessible and to mainstream the collection and public disclosure of BO information in line with EITI Requirement 2.5. On December 12, 2019, NEITI launched a BO portal for companies covered by the NEITI annual audits, this is found https://bo.neiti.gov.ng/sm_search.

Furthermore, the MCO now makes it a mandatory requirement for companies to provide beneficial ownership information as part of new license application process or renewal.

The Independent Administrator (IA) reviewed the initial BO data collection template in line with EITI requirement 2.5 as well as other relevant guidance notes and NSWG decisions. Based on the IA's review, a BO template was sent out to 74 covered companies out of which only 68 companies responded for the 2019 NEITI solid minerals audit (SMA). The IA compared the data as contained in the companies' populated BO templates and incorporation documents with Mining Cadastral office (MCO) documentation to ascertain the accuracy and completeness of information. Where incomplete information was provided, the IA contacted the entities to provide the missing details. Also, during the tripartite reconciliation such incomplete information was requested from the relevant companies, with some providing them.

Ownership information was received from 62 out of 68 responsive companies, i.e. a response rate of 91%. A total of 30 companies (48% of the 62 responsive companies) provided complete information on their beneficial owners, including the percentage of ownership. A further 21 companies (34%) provided partial BO information while a total of 17 companies failed to provide any beneficial ownership information. See appendix 16 for details.

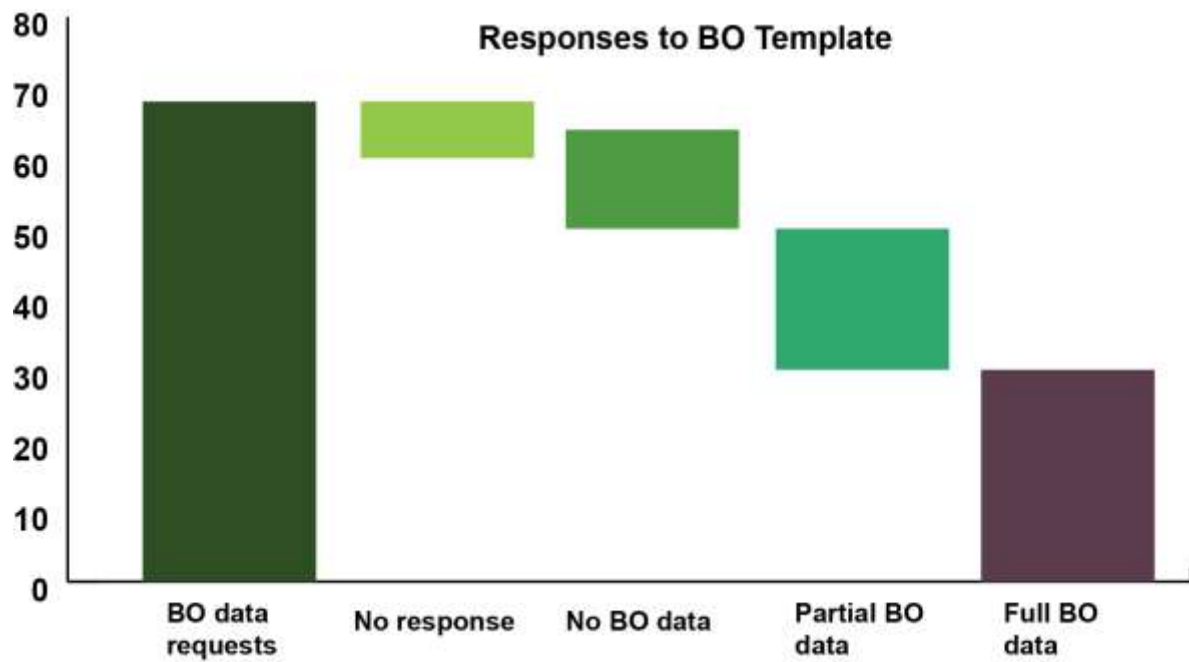
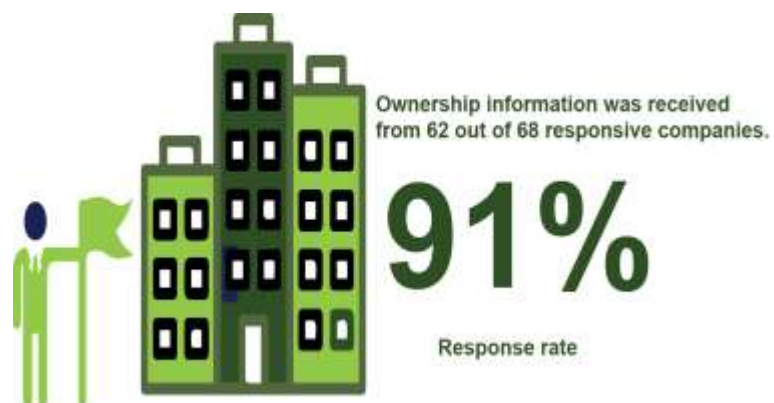


Figure 11: Beneficial Ownership Response



2.5.5 State Participation

A review of the activities in Nigeria solid minerals sector in 2019 indicated that there was no active state-owned enterprise.

3

MINING OPERATIONS IN NIGERIA



This section of the report provides an overview of the solid minerals industry in Nigeria, as well as data on exploration, production and strategic minerals in the country. It also provides information on export, reforms and recent developments in the sector.

3.1. Background

Organized mining activities in the solid minerals began in 1903 when the mineral survey of the Northern Protectorate was created by the British colonial government. In the first half of the 20th century, the mining of cassiterite and columbite in the Jos Plateau involved some medium to large-scale open-pit and hydraulic placer operations which continued until the late 1950s. In the South-East, some small scale open-cast mining of lead-zinc-barite veins and underground coal mines were common.

Currently, mining activity is limited mostly to small-scale (involving some mechanization) and artisanal (mostly manual) operations for gold, gemstones and tin-tantalite. Mining of metallic minerals is sporadic over large areas of the country involving small and artisanal operations of panning, pitting, or excavation of low bulk but high-value minerals, such as gold, lead-zinc, tin, columbite and manganese. The mining activities include but not limited to eluvial/alluvial placers, mechanized and hand-dug pitting and excavation through both legal and unlicensed activities.

A major aspect of the mining landscape in Nigeria today is quarrying and associated open-pit extraction of industrial minerals and rocks. Quarrying accounts for about 90% of the sector's production which involves the removal of bulky materials of low unit value, such as limestone, shale, granite, sand, and laterite. See details at (<https://ngsa.gov.ng/mineral-exploration/>).

3.2 Mineral Exploration

Nigeria possesses vast mineral resources spread across the states which are categorised as energy, industrial, metallic ores and precious stones. Their exploration is aimed at discovering viable minerals for exploitation as raw materials for industrial production. Currently, about 44 different minerals are found in commercial quantities in 450 locations across the country <https://ngsa.gov.ng/mineral-exploration-evaluation/>.

The MCO in 2019 issued a total of four hundred and ninety-one (491) Exploration Licenses (EL), were issued for strategic minerals as enumerated in Table 13.

Exploration Licenses (EL) for strategic minerals constituted 98% of the total 501 license issued; this is an indication of potential for the development of the identified strategic minerals.

Government effort towards the development of strategic minerals, especially gold, was reflected in the issuance of two license for gold refineries in 2019 namely, Kian Smith Refinery and Segilola Mines (Thor Explorations) for the production of gold bullion.

Table 13: Exploration Licences (EL) issued in 2019

S/N	TITLE	MINERAL	Number
1	EL	Limestone	33
2	EL	Lead/Zinc Ore	121
3	EL	Coal	13
4	EL	Tin Ore	128
6	EL	Barites	22
7	EL	Gold	168
8	EL	Bitumen	6
	Total		491

Source: MCO 2019 Records

3.3 Strategic minerals

Nigeria is endowed with over 155 mineral deposits across the country. Out of these mineral deposits, Nigeria has identified 44 types of minerals of various mix and proven qualities, some of which are concentrated in certain regions as presented in Figure 12.

In order to effectively develop these minerals, the Federal Government has identified seven (7) strategic minerals for development namely, Gold, Limestone, Barite, Lead/Zinc, Iron Ore, Bitumen, and Coal. These designated seven minerals are important in industrial processes as well as in the revenue diversification strategy of the government. It is believed that these minerals have the potential to make a significant contribution to Nigeria's economic development as captured in the Nigerian Mining Growth Roadmap 2016 (<https://portal.minesandsteel.gov.ng/MarketPlace/Mineral>). As at 2019, there were 2,586 valid Strategic Minerals Titles as presented in Table 14.

Table 14: Valid Strategic Minerals Titles as at 2019

S/N	MINERAL	EL	ML	SSML	QL	TOTAL
1	Coal	51	30	1		85
2	Limestone	141	45	42	43	271
3	Lead/Zinc	469	38	4	252	763
4	Gold	746	40	6	349	1,141
5	Baryte	54	8	0	62	124

6	Bitumen	11	7			18
7	Iron ore	130	12	1	41	184
	Total	1,602	180	54	750	2,586

Source: MCO 2019 Records

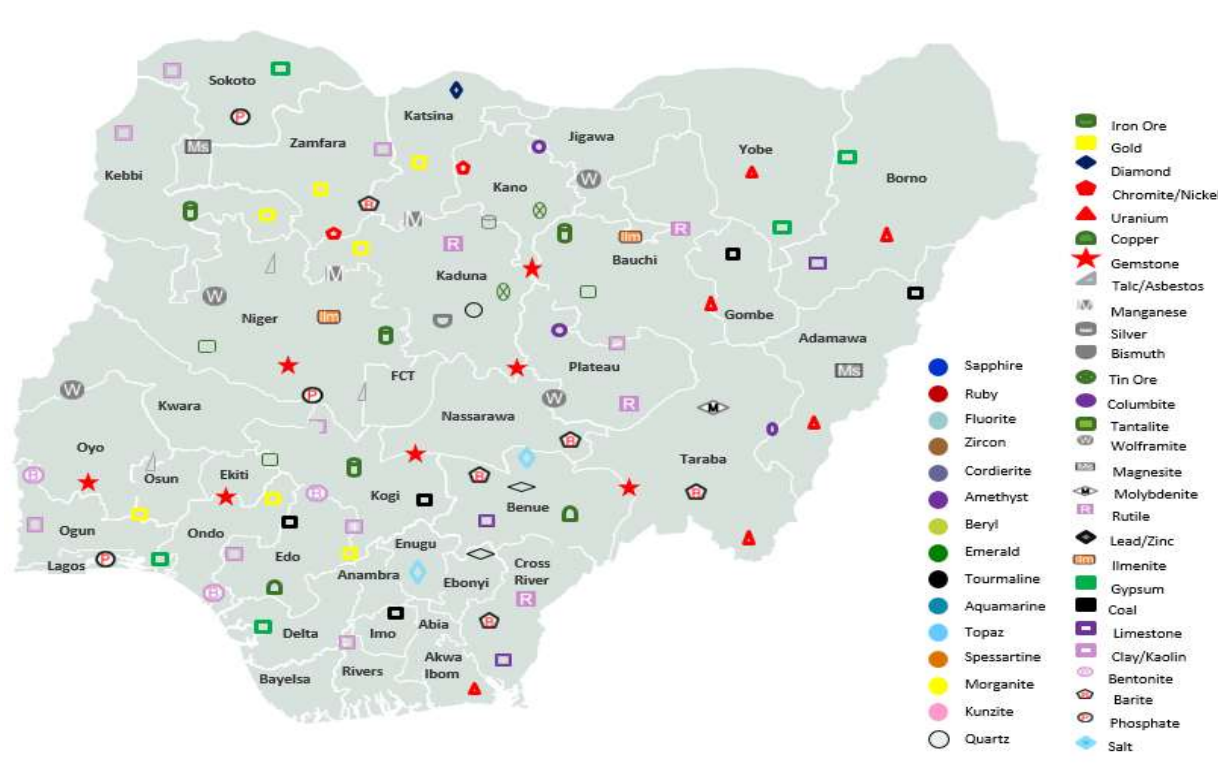


Figure 12: Mineral Deposits in Nigeria



Gold: Gold occurrences are found within the schist belts in Zamfara, Kaduna, Niger, Kogi and Osun States. Many of the known gold occurrences are currently being worked on by ASM. To foster the formalization and integration of artisanal gold mining activities into Nigeria's legal, economic and institutional frameworks the Federal Government of Nigeria in July 2020 inaugurated the Presidential Artisanal Gold Mining Development Initiative (PAGMI)⁴.

⁴ <https://statehouse.gov.ng/news/everything-you-need-to-know-about-the-presidential-artisanal-gold-mining-development-initiative-pagmi/>.



PAGMI model is not unique to Nigeria; it is currently being practiced in several countries notably in Asia and Africa countries that have large artisanal gold mining activities. Some of these countries are Ethiopia, Zambia, Ghana, Mongolia, Philippines, Tanzania and Zimbabwe.

PAGMI is designed as a broader strategy to address the structural and institutional factors such as rural poverty, lack of alternative livelihoods, and difficulties in meeting legal and regulatory requirements that tend to push artisanal gold mining operators deeper into the informal economy.

The Segilola Gold Project located in Osun State Nigeria is considered Nigeria's most advanced gold project with an indicated resource of 556,000 ounces graded at 4.2g/t, an inferred resource of 306,000 ounces graded at 4.7g/t and a probable reserve of 448,000 ounces graded at 4.2 g/t.

The Project comprises of an open pit gold mining project based on an indicated mineral resource.

The Water Storage Facility has been constructed to final height and the spillway construction is progressing. The facility is filling well and is expected to reach full capacity before the end of 2021. Procurement is 60% complete, with vendors re-confirming delivery times. Segilola Mines (Thor Explorations), with capital expenditure of \$82.3 million and operating expenditure of \$ 638 per ounce, intends to produce 500,000 tons of gold per annum for six years at prices of between \$1,250 - \$1,300/oz.

In 2019, forty-three mineral buying centers had 325 valid licenses with an official gold output quantity of 1,212.77 ounces estimated at ₦11,688,775,200, with a gross royalty payment of ₦6,462,768.94 by thirty-one companies.⁵

⁵ Appendix 15 list of companies that paid royalty on gold.

Eight states produced **1212.77** ounces of the mined gold in the country with Osun and Niger states contributing 70.36% of the total production as presented in the Table 15.

Table 15: State distribution of gold mined in 2019

S/NO	NAME OF STATE	QUANTITY (Ounce)	ROYALTY (₦)	% Contribution
1	OSUN	521	2,750,540.00	42.56%
2	NIGER	332.68	1,796,480.00	27.80%
3	KWARA	176.37	952,398.00	14.74%
4	ZAMFARA	95	490,000.00	7.58%
5	KEBBI	45.48	245,592.00	3.80%
6	KANO STATE	20	108,000.00	1.67%
7	KADUNA STATE	13.15	71,001.44	1.10%
8	BAUCHI STATE	9.09	48,757.50	0.75%
	TOTAL	1212.77	6,462,768.94	100.00%

Source: MID 2019 Records

Iron Ore



Nigeria is endowed with all the raw materials required for steel development. Ferruginous quartzites and oolitic ironstones are found in the Okene and Lokoja areas of Kogi State (Itakpe and Agbaja) respectively. More than 500 million tons of proven reserves and 3 billion tons of probable reserves exist in the area. Grades are low, ranging between 32 and 40% Fe, but can be upgraded to 65% by beneficiation for ore feed into steel processing plants at Ajaokuta and Aladja complexes. At the African-Russian summit held in Sochi, Russia in October 2019, an agreement was reached between Nigeria and Russia for METPRON, a Russian construction group to complete the Ajaokuta Steel Company. Also, a new Steel Plant is being established by the African Natural Resources and Mines Limited (ANRML) in Jere, Kaduna State.

The project is expected to mine over 5.4 mt of iron ore per annual. ANRML has carried out CDA with the host community including an Environmental Impact Assessment with the project expected to take off in 2023. Thirty licenses were issued for Iron exploration in 2019; but there was no record of production.

Lead-Zinc ores



Estimated reserves are 10 million tons of lead-ore and 100,000 tons of zinc-ore spread over eight States. These two minerals are usually found together as fissure-filling veins within the cretaceous sediments of the Benue Trough, extending from the south of Abakaliki in the south-east to Gombe in the north-east. The best Pb- Zn mining prospects are found in the Abakaliki-Ishiagu areas of Ebonyi State.

In 2019, the total lead production was 38,750.12tonne, representing a decrease of 36.41% as against 60,944tonne produced in 2018. Lead and zinc accounted for 41% of the mineral export from Nigeria.

Coal



Nigeria is richly endowed with coal deposits that cut across 17 identified coalfields in thirteen states of the federation. The proven reserves of coal in the country are 639 million tonnes while the inferred reserves are about 2.75 billion tonnes, consisting approximately of 49% sub-bituminous, 39% bituminous, and 12% lignitic coals. Currently, there are 69 valid titles for coal comprising of 38 exploration licenses, 29 mining leases and 2 Small-Scale Mining leases.

In 2019, a total of 1,013,47 metric tons of coal was produced by eight companies namely Dangote Industry Ltd, Lafarge Plc, Rock Bottom, Zuma 828 Ltd, investment De-Rehoboth, Sanisami Farms Ltd, Sybstec Nig Ltd and Udomu Multipurpose Cooperative Ltd.

The major use of coal is in power generation as well as for the production of cement. Presently the aggregate Nigerian coal demands stand at about 15 million metric tonnes annually (<https://bpe.gov.ng/nigerian-coal-corporation/>).

Barite



Barite is a non-metallic mineral with a relatively high specific gravity (SG = 3 to 4.4). Its 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 meta-sediments and granitoid. Azara Barite deposit in Nasarawa State has been actively mined by artisanal and small-scale miners. As an example of misuse of mineral licence, Maifata Nigeria Ltd., a Barite mining Company, operates on a revoked licence SSML 19413 sited at Ribi village in Awe local Government Area, Nasarawa State.

The company conducts open cast mining operation, using three excavators in addition to other motorized equipment, and only reported 250 tonnage of production with a payment of ₦100,000 as royalty in 2019. Another operator, Azara mines with licence SSML 30577, valid till 2024 also carries out mining activities yet it has no record of production or royalty payment in 2019 or the years before.

Limestone



Nigeria has abundant Limestone covering 18 states namely: Cross-River, Ogun, Imo, Abia, Anambra, Ebonyi, Enugu, Benue, Ogun, Kogi, Edo Nasarawa, Yobe, Adamawa, Borno, Sokoto, Ondo and Kebbi States. Predominately, limestone is used in Cement production; it is also used as lime fertilizer, flux in glass, ceramics, iron and steel industries. In 2019, 31,729,954 tonnes of limestone were produced by 23 companies representing an increase of 23.92% over 2018 production of 25,604,581 tonnes.

Out of the 23 companies, three 3 cements manufacturing companies namely Dangote Cement Company plc, Lafarge Plc and BUA cement plc produced a total of 31,638,549 tonnes representing 99.71% of the total production. These three companies operate 10 cement factories across the nation. Thirty-six exploration licenses were issued in 2019.

Bitumen



Nigeria has the sixth-largest bitumen deposit in the world which is estimated at 38 billion barrels. Nigeria's bitumen occurs both on the surface and sub-surface, stretching to about 200km². Bitumen occurs within the Quaternary Coastal Plain Sands of the Benin Formation dispersed along the coastal areas of South-western Nigeria in Ondo, Ogun, Edo and Lagos States. 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, but it remains untapped. In 2019, there were 11 valid exploration licenses and 7 mining leases; none has commenced production. The earliest issued mining license was to Aspect Petroleum Ltd in 2016.

3.4 Mineral Production

Production data in the sector represents the quantity of minerals extracted, consumed or sold. This forms the basis for the computation of royalties in line with the provisions of the Nigeria Minerals and Mining Regulation 2011.

To obtain access to the desired mineral ore, the mining process requires the extraction of vast volumes of waste rock. In Nigeria, such mineral deposits are primarily mined using the open pit technique. The minerals obtained are used as raw materials for industrial and infrastructural growth as well as for import substitution. They are categorised as metallic minerals viz: precious metals (e.g. gold, Silver), ferrous metals (e.g. iron ore, Nickel) and base metals (e.g. lead/zinc, aluminum, tin) while the non-metallic minerals and rocks can be subdivided into industrial minerals (e.g. barite, salt, limestone, granite) and gemstones (e.g. sapphire, emerald, ruby). Energy minerals are those solid substances used for fuel (e.g. coal and uranium) See: [Nigeria Mining Association Nigeria Ministry of Solid Minerals Investment Brochure - Nigeria Mining Association \(minersassociation.org.ng\)](http://minersassociation.org.ng)

In 2019, the total quantity of the minerals produced was 59.820million tons with royalty payment of **₦2.502 billion**. See detailed breakdown in appendix 8.

3.4.1. Five-Year Production Trend

Table 16: Five-Year Production Trend

Year	2015	2016	2017	2018	2019	Total
Quantity	39,272,591	43,087,164	35,326,690	46,680,658	59,820,953	224,188,056
Difference		3,814,574	(7,760,474)	11,353,968	24,759,068	13,140,295
% Change		9.71%	-18%	32.14%	28.15%	

Source: NEITI SMA Reports

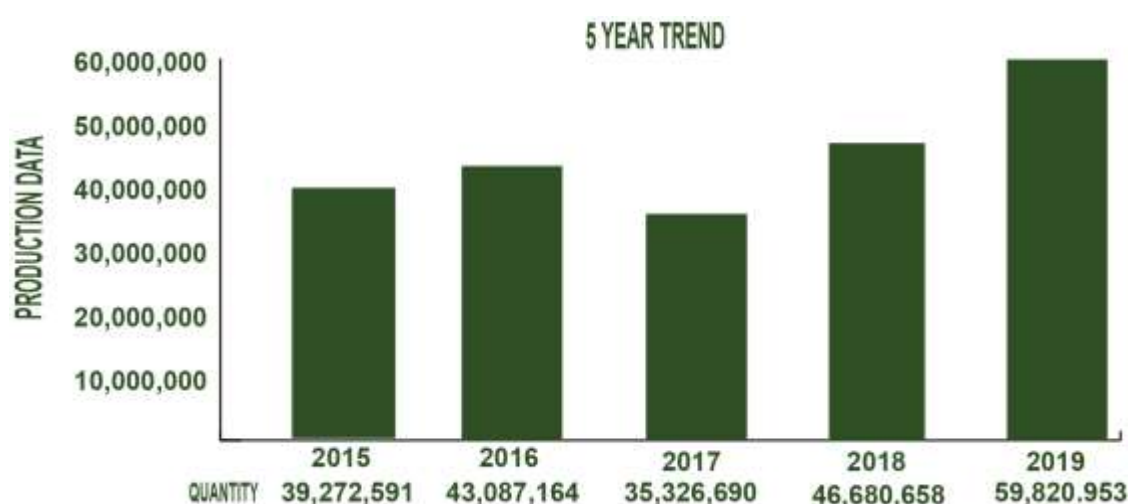


Figure 23: Five-Year Production Trend

3.4.2. Production by Mineral Types

The total production in 2019 was **59,820,953.07t** with royalty payment of **₦2.502 billion**, which represents an increase of 29.41% over 2018 production of 46.7 million tons.

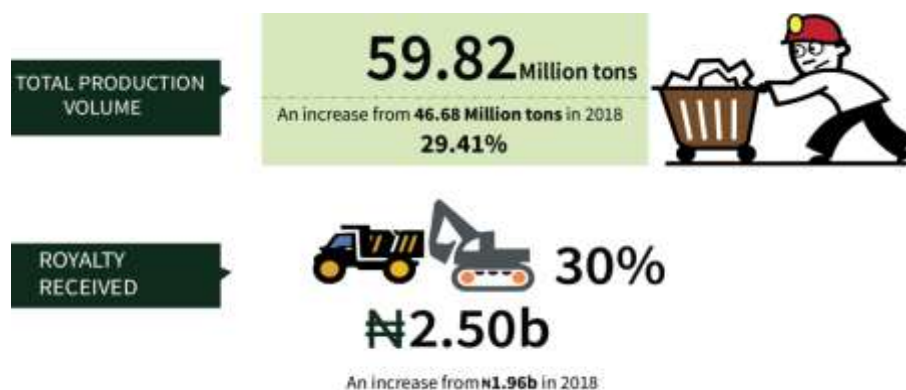


Figure 14: Production by Mineral type

Table17: Production by Mineral Type

S/N	Mineral	Quantity	Royalty (₦)	% Contribution (Ton)
1	Limestone	32,853,221.99	987,008,542.05	54.92%
2	Granite Aggregate	11,042,450.61	826,599,858.33	18.46%
3	Laterite	6,479,290.26	195,751,061.40	10.83%
4	Clay	2,874,504.38	57,506,754.21	4.81%
5	Sand	2,311,913.33	94,293,098.89	3.86%
6	Granite Dust	1,827,497.50	68,933,616.42	3.05%
7	Shale	1,092,124.15	27,303,103.65	1.83%
8	Coal	1,021,307.92	76,611,275.68	1.71%
9	Marl Clay	78,750.00	1,575,000.00	0.13%
10	Tourmaline	48,010.00	960,200.00	0.08%
11	Lead/zinc Ore	38,750.12	106,405,164.39	0.06%
12	Dolomite	34,505.79	1,725,289.50	0.06%
13	Feldspar	32,691.44	4,903,716.00	0.05%
14	Gypsum	22,637.09	5,536,115.00	0.04%
15	Kaolin	11,352.26	1,419,032.50	0.02%
16	Quartz	9,314.73	1,397,210.00	0.02%
17	Zircon	8,161.46	2,377,227.70	0.01%
18	Fluorite	5,930.83	889,625.00	0.01%
19	Basalt	5,266.67	395,000.00	0.01%
20	Marble block	4,571.78	4,571,780.00	0.01%
21	Talc	3,414.33	512,150.00	0.01%
22	Granite Block	3,257.67	4,886,500.00	0.01%
23	Sapphire	2,850.00	427,500.00	0.0048%
24	Tin Ore	1,786.76	2,816,519.00	0.0030%
25	Topaz	1,625.94	507,184.00	0.0027%
26	Gemstones	1,564.49	110,915.00	0.0026%
27	Wolframite	1,160.00	93,000.00	0.0019%
28	Manganese	1,100.00	330,000.00	0.0018%
29	Columbite	575.77	17,635,168.07	0.0010%
30	Barites	347.50	139,000.00	0.0006%
31	Aquamarine	301.60	15,080.00	0.0005%
32	Mica	212.00	15,900.00	0.0004%
33	Graphite	184.00	184,000.00	0.0003%
34	Iron Ore	160.29	31,257.50	0.0003%
35	Lithium	66.67	14,500.00	0.0001%
36	Copper	30.00	36,000.00	0.0001%
37	Garnet	26.00	26,000.00	0.0000%
38	Cassiterite	16.52	123,900.00	0.0000%

39	Tantalite	11.18	1,677,000.00	0.0000%
40	Amethyst	10.00	2,000.00	0.0000%
41	Gold	0.04	6,482,768.94	0.0000%
	TOTAL	59,820,953.07	2,502,229,013.23	100.00%

Source: 2019 NEITI SMA Templates

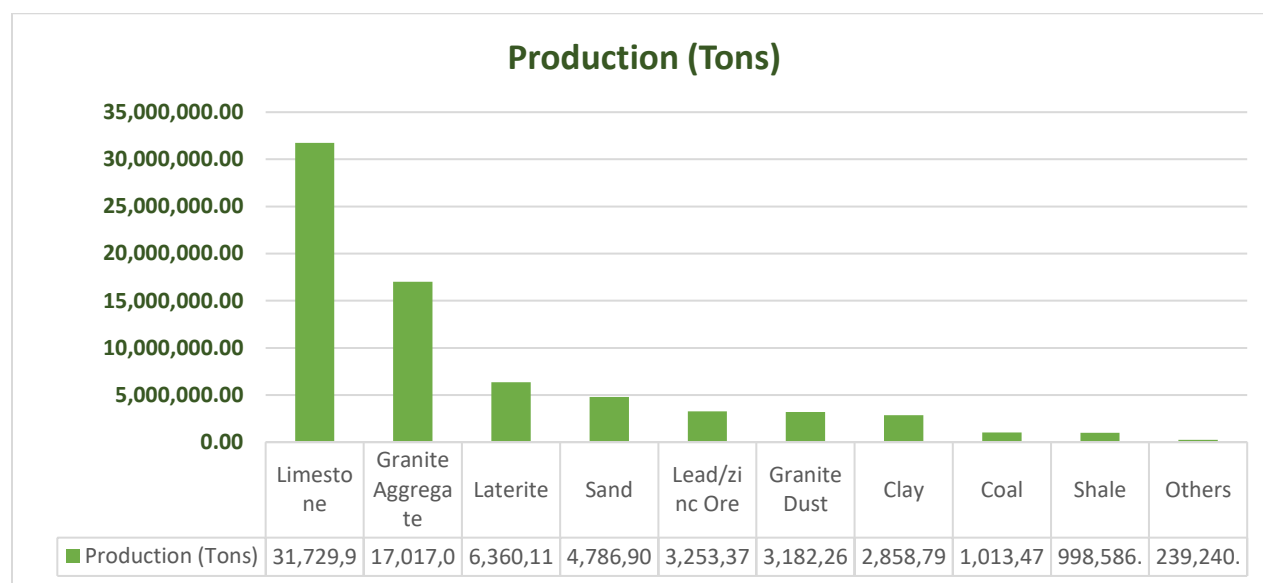


Figure 15: Production by Mineral Type

3.4.3. Five-year trend of minerals production

A five-year trend of mineral production shows that the total production in last five years was 224,188,056t. The highest production was in 2019 with 59,820,953.07t. This represents an increase of 29.41%, while the lowest production was in 2017 with 7,760,474t representing 18% reduction.

Table 18: Five-year trend of mineral production

S/N	Mineral Type	2019	2018	2017	2016	2015
		Tons	Tons	Tons	Tons	Tons
1	Limestone	32,853,222	25,604,581	19,433,558	26,996,569	21,454,966
2	Granite Aggregate	11,042,451	11,147,174	8,147,527	7,458,238	6,368,192
3	Laterite	6,479,290	3,483,564	2,702,365	2,074,013	2,377,975
4	Lead/zinc Ore	38,750	60,944	6,390	5,795	-
5	Granite Dust	1,827,498	-	1,810,741	1,212,553	4,015,866
6	Clay	2,874,504	1,752,047	1,237,375	1,646,012	1,178,069

7	Columbite	576	1,300	873	1,044	289
8	Sand	2,311,913	1,486,134	205,733	1,508,705	2,008,035
9	Coal	1,021,308	1,909,813	638,062	104,425	121,316
10	Shale	1,092,124	1,026,279	849,868	1,882,676	1,075,870
11	Granite Block	3,258	-	7,628	-	-
12	Marble	4,572	21,650		22,649	-
13	Feldspar	32,691	26,409		35,092	13,238
14	Dolomite	34,506	23,664		33,364	-
15	Gypsum	22,637	39,052	16,619	720	34,621
16	Kaolin	11,352	10,429		26,710	25,280
17	Quartz	9,315	2,900		-	-
18	Fluorite	5,931	-		-	-
19	Basalt	5,267	-		-	-
21	Wolframite	1,160	50	4	15	52
22	Sapphire	2,850	-		-	-
23	Talc	3,414	1,427		667	-
24	Graphite	184	-		-	-
25	Topaz	1,626	5		7	-
26	Tin Ore	1,787	4,657	2,125	3,625	473
27	Manganese	1,100	58,666	37,346	70,107	-
28	Gemstones	1,564	-		-	-
29	Aquamarine	301.6	-		-	-
30	Barites	347.5	83		1,712	-
31	Mica	212	1,080		-	-
32	Tantalite	11.18	6		29	32
33	Lithium	66.666697	-		-	-
34	Zircon	8161.4623	120	1,799	1,073	-
35	Tourmaline	48010	-		-	-
36	Garnet	26	-		-	-
37	Amethyst	10	-		-	-
38	Gold	0.0381721	-	-	-	-
39	Copper	30	30		-	-
40	Lead Ore		-	1,470	700	-
41	Iron	160.29487	3,198		665	-
42	Marl	78750	-	227,508	-	595,044
43	Rea Alluvium		-		-	3,274
44	Silica Sand		12,059		-	-
45	Calcite		3,168		-	-

46	Kunzite		50		-	-
47	Cassiterite	16.52				
48	coltan ore			50		
49	Bentonite		120		-	-
	Total	59,820,953	46,680,659	35,327,040	43,087,165	39,272,592

Source: 2019 NEITI SMA Templates

3.4.4 Production according to State and region

The record of production of various minerals and their values according to the states and regions is presented in Table 19.

Table 19: Analysis of Production of Minerals by State

S/N	STATE	QUANTITY	ROYALTY PAID	% CONTRIBUTION PRODUCTION	REGION
1	OGUN	18,653,740	649,063,073	31.18%	SOUTH WEST
2	KOGI	12,777,507	414,996,602	21.36%	NORTH CENTRAL
3	CROSS RIVER	6,503,063	226,736,085	10.87%	SOUTH SOUTH
4	EDO	3,491,740	135,949,224	5.84%	SOUTH SOUTH
5	SOKOTO	2,404,804	72,446,835	4.02%	NORTH WEST
6	OYO	1,872,324	124,185,385	3.13%	SOUTH WEST
7	FCT, ABUJA	1,503,378	93,747,662	2.51%	NORTH CENTRAL
8	ONDO	1,484,643	98,038,573	2.48%	SOUTH WEST
9	EBONYI	1,472,016	150,465,038	2.46%	SOUTH EAST
10	GOMBE	1,304,948	51,880,093	2.18%	NORTH EAST
11	KANO	1,290,327	59,090,626	2.16%	NORTH WEST
12	LAGOS	791,166	35,402,183	1.32%	SOUTH WEST
13	AKWA IBOM	742,314	24,423,902	1.24%	SOUTH SOUTH
14	KADUNA	707,073	36,163,859	1.18%	NORTH WEST
15	ZAMFARA	593,834	27,920,173	0.99%	NORTH WEST
16	ANAMBRA	556,279	21,566,998	0.93%	SOUTH EAST
17	KATSINA	409,860	16,272,834	0.69%	NORTH WEST
18	DELTA	388,603	14,210,500	0.65%	SOUTH SOUTH
19	BAUCHI	372,371	45,746,966	0.62%	NORTH EAST
20	NIGER	334,482	24,915,362	0.56%	NORTH CENTRAL
21	ABIA	302,743	20,312,105	0.51%	SOUTH EAST
22	NASARAWA	273,819	24,286,350	0.46%	NORTH CENTRAL
23	JIGAWA	190,052	10,355,429	0.32%	NORTH WEST

24	OSUN	160,044	10,511,485	0.27%	SOUTH WEST
25	KWARA	155,623	12,116,513	0.26%	NORTH CENTRAL
26	YOBE	150,636	4,519,040	0.25%	NORTH EAST
27	PLATEAU	150,332	56,638,673	0.25%	NORTH CENTRAL
28	EKITI	136,898	9,411,483	0.23%	SOUTH WEST
29	ADAMAWA	131,829	7,349,113	0.22%	NORTH EAST
30	ENUGU	119,434	3,859,000	0.20%	SOUTH EAST
31	IMO	95,250	3,810,000	0.16%	SOUTH EAST
32	TARABA	79,480	4,649,067	0.13%	NORTH EAST
33	BAYELSA	75,146	3,005,828	0.13%	SOUTH SOUTH
34	KEBBI	53,301	3,547,399	0.09%	NORTH WEST
35	RIVERS	39,812	1,592,479	0.07%	SOUTH SOUTH
36	BENUE	32,082	1,543,076	0.05%	NORTH CENTRAL
37	BORNO	20,000	1,500,000	0.03%	NORTH EAST
	TOTAL	59,820,953	2,502,229,013	100.00%	

Source: 2019 NEITI SMA Templates

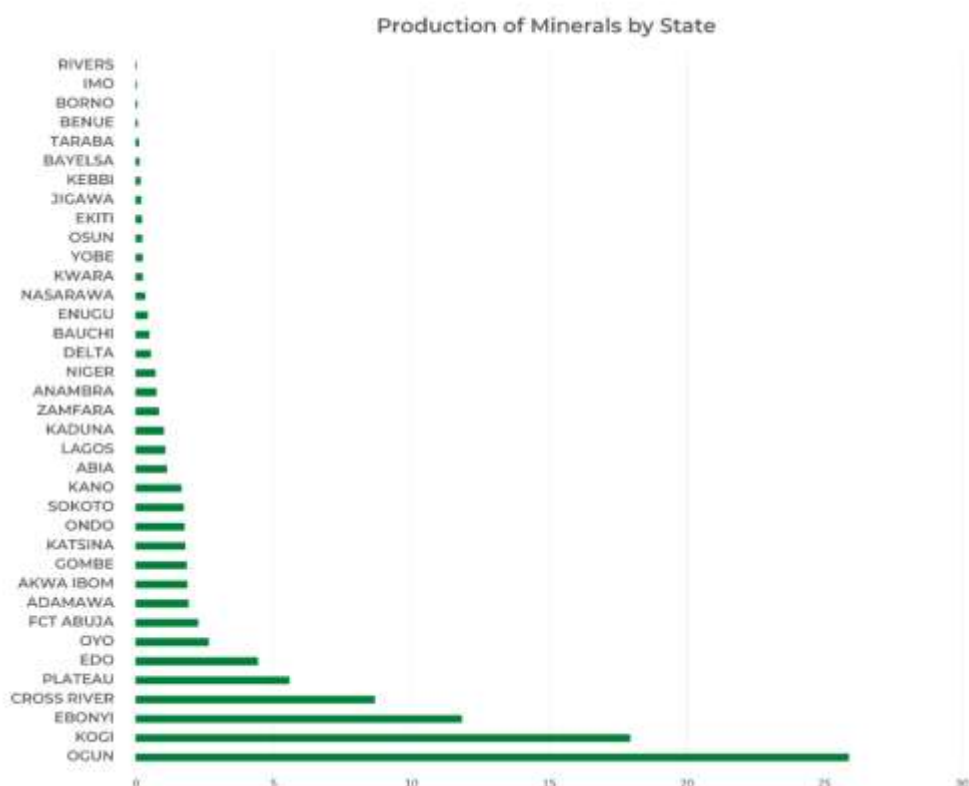


Figure 16: Production of Minerals by State

3.4.5 Production by Company

Records of mineral production by companies in 2019 are presented in Table 20. The total quantity produced by the 74 material companies was 55,209,434.02 tonnes which represents **92.3%** of total production of 59,820,953.07tonnes.

Table 20: Summary of Minerals Produced by Companies

S/N	Minerals	Quantity (T)	Mineral	Quantity (T)
1	A.A.Y. International Mining Company Ltd	76,708.10	Granite Aggregate	54,327.92
			Granite Dust	22,380.18
2	AFIDIN Construction Ltd	141,925.72	Granite Dust	8,592.72
			Laterite	133,333.00
3	Al'Sa'ab Quarry Multipurpose Cooperative Society	41,321.00	Granite Aggregate	41,321.00
4	Arab Contractors Limited	239,135.07	Granite Aggregate	165,327.70
			Granite Dust	9,947.37
			Laterite	63,860.00
5	Asphalt Unity Construction	61,123.31	Granite Aggregate	61,123.31
6	Baltimore Trading Company Ltd	54,892.13	Granite Aggregate	54,892.13
7	Brothers Quarry Nigeria Limited	67,451.20	Granite Aggregate	54,129.27
			Granite Dust	13,321.93
8	BUA Cement Plc.	2,282,585.83	Limestone	1,851,254.33
			Clay	431,331.50
9	BUA International	2,388,737.65	Limestone	2,266,609.17
			Shale	122,128.48
10	C. R. C. C	108,760.00	Sand	108,760.00
11	CCC Construction Nigeria Limited	110,132.76	Granite Aggregate	17,601.76
			Laterite	92,531.00
12	CCECC Nig Ltd	979,282.52	Laterite	361,421.30
			Granite Aggregate	338,044.95
			Granite Dust	274,566.27
			Sand	5,250.00
13	CGC nig. Ltd	309,178.51	Granite Aggregate	262,334.09
			Laterite	46,844.42
14	China Zhonghao nig. Ltd	190,043.33	Granite Aggregate	188,043.33
			Laterite	2,000.00
15	CLC Technical and Engineering Nigeria Limited	61,975.97	Granite Aggregate	47,776.38
			Granite Dust	14,199.59
16	CNC Mining Company Ltd	166,804.00	Granite Aggregate	166,804.00
17	Cossel construction company nig. Limited	43,592.66	Granite Aggregate	43,592.66

18	Crushed Rock Industries (Nig) Ltd	91,684.14	Granite Aggregate	91,684.14
19	Dangote Cement	21,959,186.06	Laterite	617,216.46
			Limestone	19,015,967.80
			Clay	2,326,001.80
20	Dangote Industries	1,903,476.52	Granite Aggregate	1,268,105.88
			Coal	635,370.64
21	Dantata & Sawoe Construction Company	113,109.14	Laterite	113,109.14
22	Datum Construction Ltd	136,303.90	Granite Aggregate	135,303.90
			Granite Dust	1,000.00
23	EBH Granite Ltd	107,318.00	Granite Aggregate	107,318.00
24	First Patriot Limited	17,924.48	Lead/zinc Ore	17,924.48
25	Ganan Construction Company Limited	80,000.00	Granite Aggregate	26,666.67
			Granite Dust	53,333.33
26	Georgio Rock Limited	217,742.31	Granite Aggregate	155,725.00
			Granite Dust	62,017.31
27	Gerawa Global Engineering	91,623.47	Granite Aggregate	30,844.00
			Granite Dust	5,779.48
			Laterite	54,999.99
28	Gilmor Engineering Nigeria Limited	144,687.63	Granite Aggregate	107,689.07
			Granite Dust	36,998.56
29	Gitto Construzioni Generali Nigeria Ltd.	213,328.20	Granite Aggregate	56,000.00
			Granite Dust	23,995.20
			Laterite	133,333.00
30	Hitech Const. Ltd	202,269.69	Granite Aggregate	80,803.69
			Granite Dust	121,466.00
31	Homaset Limited	59,066.67	Granite Aggregate	59,066.67
32	Imperial J V Ltd	5,759.72	Lead/zinc Ore	5,759.72
33	Inorganic Earth Resources ltd	81,317.93	Granite Aggregate	39,268.15
			Granite Dust	42,049.78
34	jinziang Quarry Co. Ltd	111,204.00	Granite Aggregate	111,204.00
35	Julius Berger Nigeria Plc	3,172,151.35	Granite Aggregate	187,666.97
			Laterite	2,554,425.16
				430,059.21
36	Kopek Construction Limited	158,906.00	Granite Aggregate	158,906.00
37	Kunlun Nigeria Limited	45,898.08	Granite Aggregate	45,898.08
38	Lafarge Africa Plc	10,483,927.33	Limestone	9,386,652.47
			Gypsun	18,884.00
			Shale	969,995.67
			coal	108,395.20
39	Lake Petroleum Ltd	105,000.00	Sand	105,000.00
40	Levant Construction Limited	162,666.67	Granite Aggregate	162,666.67

41	Malcome mines limited	555.94	Tin Ore	62.50
			Columbite	493.44
42	Manhardi (nig.) Ltd	45,465.50	Granite Aggregate	45,465.50
43	Mark-Sino Nig. Ltd	172,313.00	Granite Aggregate	172,313.00
44	Master Rock Ltd.	58,119.90	Granite Aggregate	58,119.90
45	Mercury Mining Investment	334,277.00	Granite Aggregate	334,277.00
46	Mothercat Limited	792,619.67	Granite Aggregate	147,183.77
			Granite Dust	48,249.67
			Laterite	574,356.23
			Sand	22,830.00
	Muhammad Idris Dankabo	75,015.51	Granite Aggregate	15,322.51
			Granite Dust	59,693.00
	NBHH Nig Ltd	120,000.00	Granite Aggregate	120,000.00
	OFL Marble & Granite Ltd	4,830.00	Granite Block	2,619.00
			Marble Blocks	2,211.00
49	Petra Quarries Limited	115,540.75	Granite Aggregate	115,540.75
50	Pioneer Sinochino Investment Venture Ltd	87,219.57	Granite Aggregate	87,219.57
51	Platinum Asphalt & Crushing Company Ltd	74,570.69	Granite Aggregate	74,570.69
52	Prossy Investment Limited	237,534.26	Limestone	237,534.26
53	Ratcon Construction Company Limited	237,222.66	Granite Aggregate	205,486.66
54			Granite Dust	31,736.00
55	Reynolds Construction Company Nigeria Limited	1,745,999.17	Granite Aggregate	881,729.55
			Granite Dust	275,559.02
			Laterite	588,710.60
56	Rock Bottom Mines and Power	43,121.73	Coal	43,121.73
57	Rock King Limited	80,157.90	Granite Aggregate	56,884.80
			Granite Dust	23,273.10
58	Rock waters integrated services nig. Limited	86,552.90	Granite Aggregate	86,552.90
59	Rockston Shelter Company Limited	81,000.00	Sand	81,000.00
60	Saliini Nigeria Ltd	91,093.00	Granite Aggregate	91,093.00
61	Saturn Mining Company Ltd	88,121.00	Granite Aggregate	88,121.00
62	Setraco nig. Ltd	1,001,097.05	Granite Aggregate	881,438.06
			Granite Dust	29,626.66
			Laterite	90,032.33
63	Sizhe Global Ltd	49,582.00	Granite Aggregate	49,582.00
64	Solid Unit Nigeria Limited	11,912.73	Lead/zinc Ore	11,912.73
65	Triacta Nig Ltd	589,701.52	Granite Aggregate	307,434.75
			Granite Dust	156,991.00
			Laterite	124,775.77
			Sand	500.00

66	Venus Mining Co.	58,557.74	Granite Aggregate	58,557.74
67	Woda Mountain Investment Limited	238,544.00	Granite Aggregate	238,544.00
68	XinXin Mining Resources	58,382.65	Granite Aggregate	58,382.65
69	XVE Gao Nig. Ltd.	64,000.30	Granite Aggregate	64,000.30
70	Z & Y INVESTMENT COMPANY LTD	164,070.00	Granite Aggregate	164,070.00
71	Zeberced Limited	1,016,292.33	Granite Aggregate	640,938.67
			Granite Dust	375,353.67
72	Zhong Tai Mining	70,142.67	Granite Aggregate	70,142.67
73	Zhong Xing Mining Investment Ltd	97,017.61	Granite Aggregate	97,017.61
74	Zuma 828 Limited	230,602.22	coal	230,602.22
	Total	55,209,434.02		55,209,434.02

Source: 2019 NEITI SMA Templates

3.5 Export

Nigeria is promoting the export of solid minerals to support foreign exchange earnings for the country. Most of Nigeria's minerals are exported in raw form with little or no beneficiation. The total exported mineral ores and concentrates in 2019 was 7,019,297.27t with a FoB value of US\$2,531,910,885. Analysis of this is presented in Table 22, while further analysis of minerals export by type, destination and the exporting companies during the year under review is also presented in appendix 9.

3.5.1 Five Year-Trend of Mineral Export

A Five-year trend of mineral exports presented in Table 21 shows that 2018 recorded the highest percentage increase of 663% in total export, while the highest FOB increase of 1,653.66% was recorded in 2019.

Table 21: Five-Year Trend of Mineral Export

Year	2015	2016	2017	2018	2019
Quantity (t)	23,703,100.00	24,397,534.87	16,344,113.48	124,748,240	7,019,297.27
FOB (US\$)	206,520,058.98	40,924,053.00	29,901,420.00	144,378,580.00	2,531,910,885
% Change Quantity		2.93%	(33.01)%	663.26%	(94.37)%
% Change FOB		(80.18)%	(26.93)%	382.85%	1,653.66%

Source: CBN/NCS Record

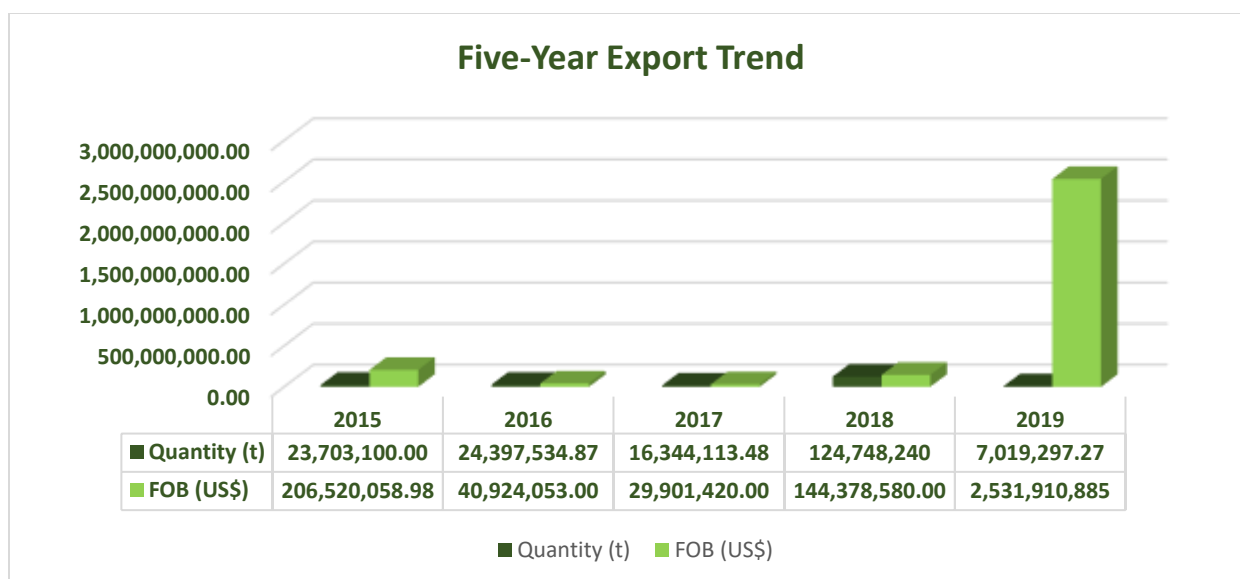


Figure 17: Five-Year Trend of Mineral Export

3.5.2 Export by Mineral Type and Destination



The total exported minerals in 2019 was 7,019,297.27t with an FOB Value of \$2,531,910,884.87; Silica and quartz sands constituted 59.09%, followed by Zinc and lead-ore with 36.2%.

Table 22: Export by Mineral Types and Destination

S/N	DESTINATION	EXPORTED PRODUCTS	GROSS WEIGHT (MT)	NESS FEE (NAIRA)	FOB VALUE(USD)
1	Albania	Clays	107	16,300.00	16,300.00
2	Belgium	Lead Concentrate	100	300,566.00	117,505.00
		SUB TOTAL	207	316,866	133,805
3	Canada	Sandstone	21	3,070.00	3,070.00
4	China	Columbite	2,350.32	3,928,071.90	2,550,545.60
		Crude mica and mica rifted into sheets or splitting	186,900.71	20,886,214.00	21,223,915.00
		Fluorite and Lead Ore	60	32,235.00	21,000.00
		Granite cut into blocks or slabs in rectangular/ square	10,153.00	158,569,166.00	176,980,916.00
		Lead ores and concentrates.	2,177,973.59	1,153,370,391.23	1,148,565,407.51

		Manganese Ore	78,800.00	17,513,427.71	17,441,798.50
		Silica sands and quartz sands	4,147,444.50	733,656,247.00	817,216,070.00
		Tin Ore	127.6	81,606.20	51,559.20
		Zinc and Lead Ore	382,877.47	238,418,261.12	234,839,706.04
		Zircon Sand	3,371.32	477,790.94	324,107.96
		SUB TOTAL	6,990,058.51	2,326,933,411.10	2,419,215,025.81
5	Gabon	Kaolin	25,105.00	6,645,331.00	6,635,800.00
6	Germany	Lead ores and concentrates.	250	32,231,750.00	32,231,750.00
7	Ghana	Dolomite, not calcined or sintered.	293	932,360.00	932,360.00
		Quartz	50	2,302,500.00	2,609,500.00
		SUB TOTAL	343	3,234,860.00	3,541,860.00
8	India	Zircon Sand	19.97	13,931.87	8,547.16
		Crude mica and mica	800	4,757.00	543,391.00
		SUB TOTAL	819.97	18,688.87	551,938.16
9	Kenya	Sandstone	108	26,080.00	149,843.00
10	Netherland	Zinc Ore	50	32,565.63	21,250.00
11	Poland	Lead ores and concentrates.	180	66,301,200.00	63,463,898.20
12	Republic of South Africa	Pebbles, gravel, broken or crushed	2	17,357.00	17,357.00
13	Russian Federation	Silica sands and quartz sands	80	600	900
14	South Korea	Lead Concentrate	234.53	156,502.50	106,757.50
15	Thailand	Columbite Concentrate	26.26	440,031.99	286,759.20
16	Turkey	Natural sands of all kinds, excluding silica and quartz	1,556.00	5,000.00	5,050.00
17	United Arab Emirates	Silica sands and quartz sands	20	1,000.00	1,000.00
		Lead Ore	24	25,319.25	16,500.00
		SUB TOTAL	44	26,319.25	17,500.00
18	United States	Natural sands of all kinds, excluding silica and quartz	12	3,221.00	3,221.00
19	Vietnam	Lead ores and concentrates.	200	5,525,100.00	5,525,100.00
		Grand Total	7,019,297.27	2,441,917,954.34	2,531,910,884.87

Source: CBN/NCS Record

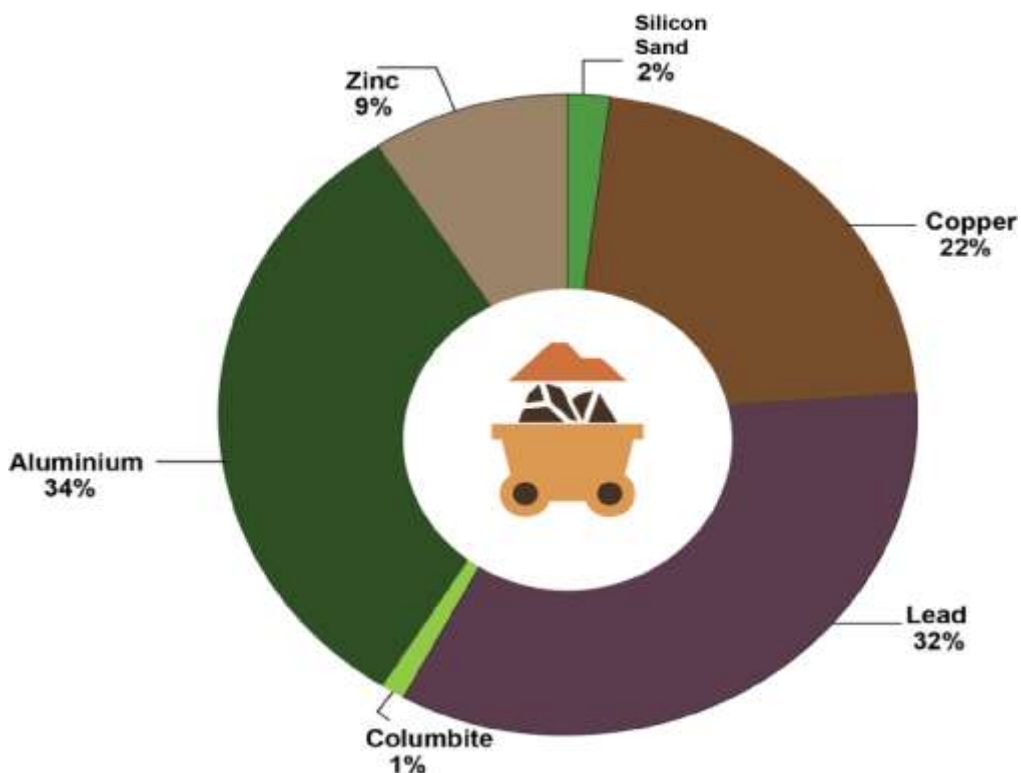


Figure 18: Export by Mineral Type

3.5.3 Export by Company



A total of Sixty-one (61) companies exported 7,019,297.27 Million tons with a FoB value of \$2,531,910,884.87 in 2019 as presented in Table 23.

Table 23: Export of Minerals By Companies

S/N	Exporter Name	Exported Products	Destination	Gross Weight (Mt)	FOB Value (USD)
1	Abyem-Diva Intl Ltd.	Marble and travertine blocks	China	3,000.00	4,052,400.00
2	Adakunle Micheal Ayodele	Kaolin and other kaolinic clays	Gabon	45	4,401,000.00
3	Agrofix Intergrated Services Limited	Lead ore	China	250	156,250.00
		Zinc ore	Netherland	50	21,250.00
4	Amocity And Enochris Global Services Ltd	Lead ores and concentrates.	China	3,000.00	1,956,000.00

5	Anglomittal Nig Limited	Lead ores and concentrates.	Poland	180	66,301,200.00
6	Anyang Kuangye Investment Ltd Abuja	Lead ores and concentrates.	China	162,000.00	16,300,001.00
7	Aramex Delivery Services Limited	Clays	Albania	107	16,300.00
8	Backbone Intergrated Services Limited	Kaolin	Gabon	60	18,000.00
9	Barinua Communication Co Ltd	Kaolin		25,000.00	2,216,800.00
10	Can Long Mining Limited	Columbite	China	24	36,816.00
11	Century Mining Co. Limited	Columbite-Nb Concentrate	Thailand	26.26	286,759.20
12	Charzom Concept Limited	Lead Concentrate	Belgium	100	117,505.00
13	Cosood Global Resources Limited	Crude Mica and Mica Rifted	China	28,140.11	4,253,760.00
14	Divine Austine Intl Ventures Ltd	Crude Mica and Mica Rifted	China	28,198.00	2,168,318.20
15	Dove Quest International Ltd	Crude Mica and Mica Rifted		27,650.00	2,148,014.00
16	Dto Commodity Trade Nigeria Limited	Lead Ore	China	976.2	235,000.00
17	Everest Metal Nigeria Limited	Lead Concentrate	South Korea	210.15	94,567.50
18	F.Y.O. Alamm & Sons Nigeria Limited	Lead Concentrate	South Korea	24.38	12,190.00
19	First Patriot Limited	Lead Concentrate		6,098.72	6,479,071.51
		Zinc Concentrate		13,818.72	12,202,697.91
		Columbite - Nb Concentrate		104.5	1,596,090.00
20	Flem Viotad Nigeria Ltd	Crude Mica and Mica Rifted		50,000.00	3,681,001.00
21	Fujian Stone Company Ltd	Granite Cut into Blocks Or Slabs		6,313.00	111,896,916.00
22	Futura Polyesters and Polymers Limited	Dolomite	Ghana	293	932,360.00
23	G.C.C. Vanguard Ltd	Granite Cut into Blocks or Slabs	China	3,840.00	65,084,000.00
24	Great Focus Nigeria Investments Ltd	Beryllium Ore and Zircon Sand	China	20	7,000.00
		Flourite And Lead Ore		60	21,000.00
		Zinc and Lead Ore		80	28,000.00
		Lead Ore		128	102,400.00
25	Hanker Nonferrous Metals Company Ltd.	Lead Ores and Concentrates.	China	220,000.00	35,669,502.00
26	Ijiyemi Victor Kolawole	Zinc ores and concentrates.	China	25,000.00	12,322,800.00
27	Iji International Investment Ltd	Zinc ore	China	42	37,800.00
28	Imperial Jv Limited	Zinc ore		326,200.84	2,871,043.13
29	International	Sandstone	Kenya	108	149,843.00

	Fertilizer Development Center & Agriculture Development				
30	Jachillins International Nigeria Ltd	Manganese ore	China	300	43,200.00
31	Juri Logistics Limited	Zircon sand	India	19.97	8,547.16
32	Kenyang Mining Company Ltd	Columbite	China	249.46	101,927.60
		Zircon sand		1,511.22	161,757.53
33	Kurian Link Ventures Ltd	Lead Ores and Concentrates.	China	440	181,023,700.00
34	Lead Freight & Forwards Nig Ltd	Lead Ores and Concentrates.	Vietnam	200	5,525,100.00
35	Lima Enterprises Limited	Natural Sands of All Kinds, Excluding Silica and Quartz	Turkey	1,556.00	5,050.00
36	Malcomines Ltd	Lead Ores and Concentrates.	China	1,427,207.67	809,408,904.00
37	Metaminera Nigeria Limited	Zinc ore	China	1,071.00	492,695.00
38	Muahad Global Resources Nig. Ltd.	Zinc / Lead Ore Concentrates.	China	15,000.00	1,630,000.00
39	Nasibi International Ltd	Zinc / Lead Ore Concentrates.	China	49,957.00	1,085,580.00
40	Newrest Asl Epze	Silica Sands and Quartz Sands	Russian Federation	80	900
41	Oriental International Transport Nig. Ltd	Lead ore	China	1,302.00	213,750.00
		Zircon sand		300	24,000.00
42	Palladium Mining Limited	Lead Ores and Concentrates.	Germany	250	32,231,750.00
43	Peter Ekunwe	Crude Mica and Mica Rifted into Sheets Or Splitting	China	53,000.00	4,228,220.00
	Phoenix Steel Mills Limited,Ogijo-Remo	Quartz	Ghana	50	2,609,500.00
44	Pu-Well International Nigeria Ltd	Zinc ore	China	40	32,000.00
45	Rexomorph Limited	Crude Mica and Mica Rifted		54.6	1,657,800.00
		Lead ore		30	10,500.00
46	Sunray Mining Investment Co. Ltd	Columbite	China	1,296.68	524,512.00
		Tin ore		76.1	30,759.20
		Zircon sand		1,540.10	131,350.43
47	Synee Alumony Mining Ltd	Zinc ore		54.91	15,000.00
48	S.B Olatunji Global Nigeria Ltd	Lead Ores and Concentrates.		50	7,335,000.00
49	Spectrum Products Limited	Zinc Ores and Lead Ore Concentrates	China	1,400.00	205,131,170.00
50	Tarka Minerals Lftz Enterprises			303,279.00	86,983,874.00
51	The Shell Petroleum Development Company of Nigeria Limited	Natural Sands of All Kinds, Excluding Silica and Quartz	United States	12	3,221.00
52	Teromont Mining	Columbite	China	675.68	291,200.00

	Company Nig Ltd	Tin ore		51.5	20,800.00
53	Uay Int'l Investments Limited	Lead ore	United Arab Emirates	24	16,500.00
54	Unr Mining Limited	Manganese ore	China	500	83,798.50
55	Ups Nigeria Limited	Pebbles, Gravel, Broken or Crushed Stone Other	Republic of South Africa	2	17,357.00
		Sandstone	Canada	21	3,070.00
		Silica Sands and Quartz Sands	United Arab Emirates	20	1,000.00
56	Venus World Class Limited	Lead ore	China	3,215.00	1,573,875.00
57	Wolbrys International Limited	Crude Mica and Mica Rifted	India	800	543,391.00
58	Yan Global Limited	Crude Mica and Mica Rifted	China	28	326,000.00
59	Yygc Energy Technology Company Limited	Silica Sands and Quartz Sands		4,147,444.50	817,216,070.00
60	Zeeny Global Resources Ltd	Manganese Ores/Concentrates, Including Ferruginous Manganese' Dry Content =>20 %		75,000.00	13,262,400.00
61	Zovin 83 Logistics Ltd	Lead ore		40	32,000.00
				7,019,297.27	2,531,910,884.87

Source: CBN/NCS/MID Records

A further review of the record of mineral exports by companies showed that out of the Sixty-one (61) companies that exported mineral ores and concentrates (solid minerals) in 2019 as presented in Table 24. A total of 25 companies did show evidence of paying royalty; these companies have a royalty liability of ~~N~~**482,005,247.55**.

Table 24: Liabilities of Exported minerals by companies

S/N	Exporter Name	Exported Products	Destination	Gross Weight (Mt)	FOB Value (US\$)	Royalty Rate	Royalty Payable (₦)
1	AGROFIX INTERGRATED SERVICES LIMITED	COLUMBITE	China	49.6	19,857.20	12,000	595,200.00
		ZINC ORE	Netherland	50	21,250.00	1,350	67,500.00
		LEAD ORE	China	250	156,250.00	1,350	337,500.00
2	BACKBONE INTERGRATED SERVICES LIMITED	KAOLIN	Japan	60	18,000.00	125	7,500.00
3	CAN LONG MINING LIMITED	COLUMBITE	South Korea	24	36,816.00	12,000	288,000.00
4	CENTURY MINING CO. LIMITED	COLUMBITE-NB CONCENTRATE	South Korea	26.26	286,759.20	61,650	1,618,929.00
5	CHARZOM CONCEPT LIMITED	LEAD CONCENTRATE	South Korea	100	117,505.00	2,700	270,000.00
6	DTO COMMODITY TRADE NIGERIA	LEAD ORE	China	976.2	235,000.00	1,350	1,317,870.00

	LIMITED						
7	EVEREST METAL NIGERIA LIMITED	LEAD CONCENTRATE	China	210.15	94,567.50	2,700	567,405.00
8	F.Y.O. ALAMM & SONS NIGERIA LIMITED	LEAD CONCENTRATE	South Korea	24.38	12,190.00	2,700	65,826.00
9	GREAT FOCUS NIGERIA INVESTMENT CO.LTD	FLOURITE AND LEAD ORE	China	60	21,000.00	1,350.00	81,000.00
		BERYLLIUM ORE AND ZIRCON SAND	China	20	7,000.00	300	6,000.00
		ZINC AND LEAD ORE		208	130,400.00	1,350.00	280,800.00
10	IJI INTERNATIONAL INVESTMAENT LTD	ZINC ORE	China	42	37,800.00	1,350.00	56,700.00
11	IMPERIAL JOINT VENTURE LIMITED	ZINC ORE	Indonesia	326,200.84	2,871,043.13	1,350.00	440,371,127.25
12	JACHILLINS INTERNATIONAL NIGERIA LTD	MANGANESE ORE	China	300	43,200.00	300	90,000.00
13	JURI LOGISTICS LIMITED	ZIRCON SAND	India	19.97	8,547.16	300	5,991.00
14	KENYANG MINING COMPANY LTD	COLUMBITE	South Korea	249.46	101,927.60	12,000.00	2,993,556.00
		ZINCON SAND	India	1,511.22	161,757.53	300	453,364.80
15	METAMINERA NIGERIA LIMITED	ZINC ORE	Benin	1,071.00	492,695.00	1,350.00	1,445,850.00
16	ORIENTAL INTERNATIONAL TRANSPORT NIG. LTD	LEAD ORE	China	1,302.00	213,750.00	1,350.00	1,757,700.00
		ZIRCON SAND	China	300	24,000.00	300	90,000.00
17	PU-WELL INTERNATIONAL NIGERIA LTD	ZINC ORE	China (Hong Kong)	40	32,000.00	1,350.00	54,000.00
18	SOMIATEA VENTURES NIGERIA LIMITED	LEAD ORE	China	30	10,500.00	1,350.00	40,500.00
19	SUNRAY MINING INVESTMENT CO. LTD	COLUMBITE	China	1,247.08	504,654.80	12,000.00	14,964,960.00
		ZIRCON SAND	China	1,540.10	131,350.43	300	462,030.00
		TIN ORES	Indonesia	76.1	30,759.20	7,500.00	570,750.00
20	SYNEE ALUMONY MINING LTD	ZINC ORE	China	54.91	15,000.00	1,350.00	74,128.50
21	TEROMONT MINING COMPANY NIG LTD	COLUMBITE	China	675.68	291,200.00	12,000.00	8,108,160.00
		TIN ORE		51.5	20,800.00	7,500.00	386,250.00
22	UAY INT'L INVESTMENTS LIMITED	LEAD ORE	United Arab Emirates	24	16,500.00	1,350.00	32,400.00
23	UNR MINING LIMITED	MANGANESE ORE	China	500	83,798.50	300	150,000.00
24	VENUZ WORLD CLASS NIGERIA	LEAD ORE	China	3,215.00	1,573,875.00	1,350.00	4,340,250.00

	LIMITED						
25	ZOVIN 83 LOGISTICS LTD	LEAD ORE	China	40	32,000.00	1,350.00	54,000.00
				340,549.45	7,853,753.25	167,225.00	482,005,247.55

Source: CBN/NCS/MID Records

3.5.4 Mineral Export in the Records of the Ministry of Mines and Steel Development

Sections 131 and 132 of the Nigerian Minerals and Mining Regulation 2011 confer on the Director of Mines Inspectorate Department (MID) of the Ministry of Mines and Steel Development (MMSD) the authority to issue permits to exporters of minerals for either commercial or analysis purposes.

In 2019, the MMSD record showed that a total of 37,220t of minerals were commercially exported, while 1.2mt of minerals were exported for analysis and sample purposes as contained in appendix 9. A further review of the permits issued for commercial export showed that a greater proportion of the exported minerals in the Nigeria Customs Service records are not in the MMSD records.

There is a cumulative difference of 6,982,076.7mt between NCS and MMSD records as contained in Table 25.

Table 25: Comparative analysis of exported minerals

S/N	Minerals	NCS Records	MMSD Records	Variance
		MT	MT	MT
1	Amethyst	0	0.008986	(0.0)
2	Aquamarine	0	0.050984	(0.1)
3	Beryl,	0	0.000259	(0.0)
4	Citrine	0	0.000002	(0.0)
5	Coal Ore	0	10,000.00	(10,000.0)
6	Columbite	2,377	179.73	2,197.3
7	Crude mica & mica	187,700	0	187,700.0
8	Dolomite, not calcined or sintered	293	0	293.0
9	Emerald	0	0.0000399	(0.0)
10	Flourite	60	0	60.0
11	Garnet	0	0.00601	(0.0)
12	Gold	0	0.07241	(0.1)
13	Green Tourmaline	0	0.0085	(0.0)
14	Iron Ore	0	0.00031	(0.0)

15	Kaolin	25,105	0	25,105.0
16	Lead Zinc Concentrate	6,433	25,120.00	(18,687.0)
17	Lead/Zinc Ore	2,172,528	1,700	2,170,828.0
18	Manganese Ore	75,800	0	75,800.0
19	Marble cut into blocks/ rectangular shape	13,260	0	13,260.0
20	Natural sands excluding silica & quartz	1,568	0	1,568.0
21	Pebbles, gravel, broken or crushed stone	2	0	2.0
22	Quartz	50	0	50.0
23	Ruby.	0	0.0001	(0.0)
24	Sapphire	0	0.0000432	(0.0)
25	Sandstone	129	0	129.0
26	Silica sands and quartz sands	4,147,545	0	4,147,545.0
27	Tantalite Concrete	0	0.01	(0.0)
28	Tin ore	128	95.22	32.8
29	Topaz	0	0.190422	(0.2)
30	Zinc and lead ore	369,109	125	368,984.0
31	ZINC CONCENTRATE	13,819	0	13,819.0
32	ZIRCON SAND	3,391	0	3,391.0
	TOTAL	7,019,297	37,220	6,982,076.7

Source: NCS/CBN/MID Record

From Table 25 above, there is a cumulative variance of 6,982,076.7 t of exported minerals between Nigeria Custom Service (NCS) and Mines Inspectorate Department (MID) record.

For instance, a total of 0.07241MT of gold was exported as per MID record, while NCS records shows that no gold was exported in 2019. Similarly, fourteen (14) exported minerals type as per NCS record are not in MID records, which implies that these minerals were exported without obtaining permits from MID.

3.5.5 Mineral Processing

Mineral processing significantly increases the value and income of minerals from their exploitation. Under private or public arrangements, Nigeria has few mineral processing plants being operated. Thus, the Federal Government plans to create solid minerals processing hubs in the six geopolitical zones in order to maintain the value addition initiatives. To this end, various projects/collaborations were undertaken towards promoting value addition:

In line with the concept of value addition on run-of mine-ore, a tin-ore Processing Plant was established by MMSD in response to a request made by Kaduna Mining Development Company Ltd in November 2019 (see Appendix 17 for details). Another flotation plant was installed and commissioned in 2017/2018 in Furfuri, Bungudu L.G.A, Zamfara State by a company called Surajabul Nigeria Limited for mineral processing. In 2019, Symbol Mining Ltd (ASX:SL1) constructed a density separation processing plant at its high-grade zinc and lead Macy Project, costing about \$225,000. Mining at Macy Project started in July and ore is currently being mined above the resource grade of 18.3% zinc. Macy is part of the Imperial Project, a joint venture with Goidel Resources (40%). <https://portal.minesandsteel.gov.ng/Home/ViewNews/30>.

3.6 Artisanal and Small-Scale Mining

Artisanal and Small-scale Mining (ASM) activities involve groups of people who exploit mineral deposits with little capital, skill and technical know-how. The Artisanal and Small-scale mining (ASM) Department of the MMSD oversees and supervises ASM activities to ensure that they are restricted to the established zones of mineralisation, among other functions as specified in chapter 2 Section 90(3) of the Nigerian Mineral and Mining Act (2007), and the Nigerian Minerals and Mining Regulations (2011).

Artisanal and Small-scale miners operating in Nigeria solid minerals sector actively engage in mining of gold, tourmaline, topaz, lead/zinc, and other precious minerals which are highly priced internationally (<https://africacheck.org/reports/digging-up-the-numbers-on-informal-mining-in-nigeria>). In the year under review, the Ministry of Mines and Steel Development (MMSD) through the ASM department reportedly carried out some critical sectorial activities aimed at developing and coordinating the activities of artisanal miners. These activities were:

- a) **Nationwide formalization and regularisation of Artisanal miners:** The ministry, with funding from the world bank project; Mineral Sector Support for Economic Diversification (MinDiver), commenced the process for the comprehensive mapping of ASM sites, trading centres and registered co-operatives, through the establishment of remote sensing monitoring systems. This was aimed at formalization of the artisanal miners.
- b) **Provision of extension services to registered artisanal miners:** The services included the distribution of safety equipment, capacity building on best safe mining practice, empowerment and clean-up of polluted environment.

- c) **Development of National Action plan on the elimination of mercury in Mining:** Due to the hazardous nature of the use of mercury in mining, a pilot scheme was launched in Osun State for the elimination of mercury in mining.
- d) **Establishment of Child labour and Gender desk:** This programme was launched in two states namely Niger and Kogi States to address the effect of child labour in communities where there is prevailing incidence of child labour.

As at 2019, there were 1,273 registered artisanal mining operators in Nigeria.⁶ Summary Table 26 shows state distributions of these operators

Table 26: State distribution of ASM Operators

S/N	State	No of Operators	Zone
1	Kogi	83	North Central
2	Nasarawa	50	North Central
3	Plateau	81	North Central
4	Benue	26	North Central
5	Kwara	19	North Central
6	Niger	73	North Central
7	FCT	23	North Central
8	Yobe	20	North East
9	Adamawa	20	North East
10	Bauchi	59	North East
11	Gombe	67	North East
12	Taraba	12	North East
13	Borno	6	North East
14	Kaduna	34	North West
15	Jigawa	13	North West
16	Kano	25	North West
17	Kastina	21	North West
18	Kebbi	3	North West
19	Sokoto	77	North West
20	Zamfara	63	North West
21	Enugu	26	South East
22	Abia	33	South East
23	Ebonyi	44	South East
24	Anambra	33	South East

⁶ Appendix 17 List of registered ASM operators in Nigeria

25	Imo	34	South East
26	Edo	49	South-South
27	Delta	23	South-South
28	Bayelsa	4	South-South
29	Akwa Ibom	17	South-South
30	Cross Rivers	36	South-South
31	Rivers	17	South-South
32	Oyo	37	South West
33	Ekiti	12	South West
34	Lagos	15	South West
35	Ogun	32	South West
36	Ondo	14	South West
37	Osun	72	South West
	Total	1273	

Source: MMSD-ASM

3.7 Mineral Buying Centres

The Nigerian Minerals and Mining Act, 2007 (Chapter 3: section 95) provided for the establishment of Mineral Buying Centres (MBCs) for the purpose of purchasing minerals recovered under small scale mining leases. The centres indirectly ensure the enforcement of compliance by mining operators on payment of royalties and mining taxes on mineral production.

As at 2019, Government transferred 3 MBCs to state Governments in Zamfara, Cross River and Taraba States. Currently, Nigeria has 284 certified Private Mineral Buying Centres as enumerated in Table 27. See appendix 6 for detail list of mineral buying centres across Nigeria.

Table 27: The Geo-Political Distribution of PMBC Across Nigeria

North Central		North West		NORTH EAST		SOUTH WEST		SOUTH EAST		SOUTH SOUTH	
State	Total	State	Total	State	Total	State	Total	State	Total	State	Total
Plateau	129	Kaduna	13	Borno	0	Lagos	18	Abia	1	Rivers	1
Kogi	13	Kano	3	Bauchi	6	Ogun	0	Anambra	8	Cross River	0
FCT	39	Zamfara	14	Yobe	0	Oyo	6	Imo	1	Bayelsa	0
Nasarawa	17	Jigawa	0	Taraba	0	Osun	4	Enugu	0	Akwa Ibom	0
Niger	1	Sokoto	1	Adamawa	0	Ondo	0	Ebonyi	3	Delta	0
Kwara	5	Katsina	0	Gombe	0	Ekiti	0			Edo	1
Benue	0	Kebbi	0								
Total	204	Total	31	Total	6	Total	28	Total	13	Total	2
Grand Total A+B+C++D+E+F		284									

Source: MMSD- ASM Records

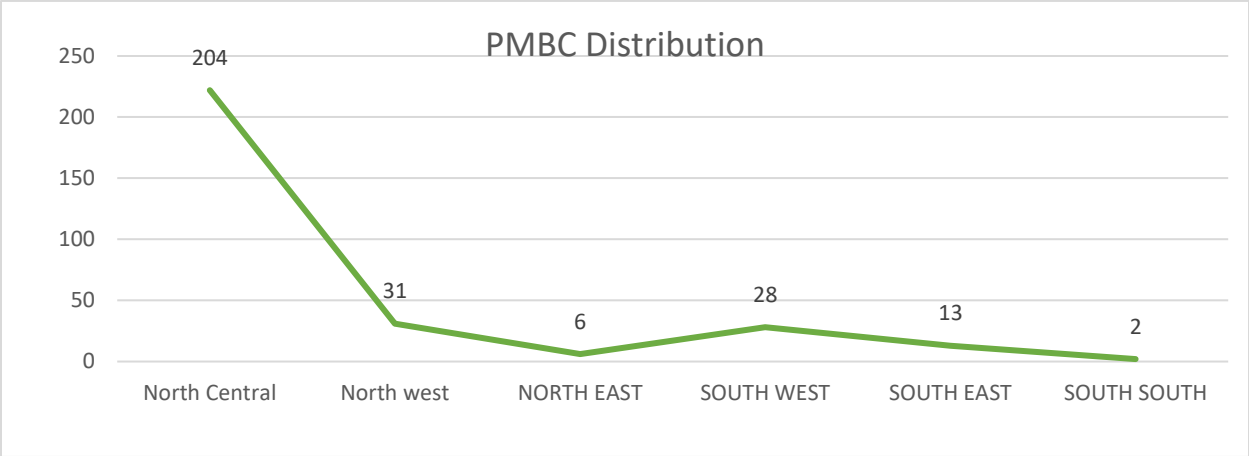


Figure 19: The Geo-Political Distribution of PMBC across Nigeria

4

REVENUE COLLECTION



This chapter covers revenue collection as well as report on all financial flows and all revenue that accrued to both Federal and State governments from the solid minerals sector.

4.1. Background

There are several streams through which government collects revenues from companies that operate in the solid minerals sector in Nigeria. The 2019 audit considered thirty-one (31) revenue streams which were reconciled using both primary source documents and third-party confirmations to ensure completeness, accuracy and reliability of data. Twenty-five (25) company level financial flows were reconciled, while six (6) flows were unilaterally disclosed. The unilaterally disclosed revenues were validated but not reconciled.

Validated and Reconciled Revenue Flows		Validated Unilateral Disclosed Reconciled Revenue Flows
1. Royalty	16. Application for Surrender Mining Titles	1. Pay As You Earn (PAYE)
2. Company Income Tax (CIT)	17. Renewal of Quarry Lease	2. Annual Surface Rents (Ground Rents)
3. Education Tax (EDT)	18. Fees for Application for Certifies True Copy of Lost Certificate	3. Business Premises Fee
4. Value Added Tax (VAT)	19. Application for Relinquishment of Title	4. Environmental Fee
5. Annual Service Tax	20. Licence to Buy Explosives	5. Air Quality & Waste Permit
6. Withholding Tax (WHT)	21. Renewal Ammonium Nitrate Magazine	6. Registration Fees for Environmental Impact Analysis
7. Capital Gains Tax (CGT)	22. Explosives Magazine Licence	
8. Stamp Duties	23. Permit to Export Mineral	
9. Renewal of Detonating Magazine	24. Renewal of Buying Centre Fee	
10. Blasting Certificates	25. ASM Annual Fee	
11. Permit to Mix ANFO		
12. Storage Facility		
13. Permit to Erect Magazine		
14. Mining Title(s) Application Processing Fee		
15. Fee for Processing Renewal Application		

Figure 20: Revenue Streams Validated and Reconciled

Overall reconciled receipts stood at ₦ 72,488,081,000 while un-reconciled receipts stood at ₦ 7,472,146,000. Also, a sectoral analysis shows that the FIRS collected the highest revenue of

₦69,918,427,563.00 in 2019, followed by the MID, MCO and FMoEnv respectively. State Board of Internal Revenue Services (SBIRS) collected the sum of ₦5,092,349,020.00. See fig. 21 below.

4.2 Total Taxes and Revenues

The total revenue accrued to the Federation and other sub-national entities from the sector in 2019 was ₦79,960,226,962; revenue flow to the federation contributed 93.63% (₦74,867,877,942) while other sub-national entities contributed 6.3% (₦5,092,349,020) as presented in Table 28. The aggregate financial flows comprise of revenue from FIRS, MCO, MID, FMoEnv and State Board of Internal Revenue Services (SBIRS). See appendix 4 content details of company level report.

Table 28: Aggregate Financial Flows

S/N	Description	Table Ref.	2019		% Contribution	
			Naira		Naira	
A	PAYMENT FLOWS TO FIRS					
I	Value Added Tax (VAT)	40	41,913,013,072			52.42%
II	Corporate Income Tax (CIT)	39	4,557,019,391			5.70%
III	Education Tax	42	5,214,490,072			6.52%
IV	Withholding Tax Credit	41	17,194,837,946			21.50%
V	Capital Gain Tax	43	589,554,787			0.74%
VI	Stamp Duties	43	449,512,295			0.56%
	Sub Total of payment to FIRS (A)		69,918,427,563			87.44%
B	PAYMENT FLOWS TO MCO					
I	Annual Service Fees	38	1,756,578,500			2.20%
II	Application Fees	38	226,909,815			0.28%
III	Transfer Fee	38	161,140,000			0.20%
IV	Assignment	38	95,757,000			0.12%
V	Renewal of Licence	38	81,040,000			0.10%
VII	other fees and payments	38	58,095,000			0.07%
	Sub Total of payment to MCO (B)		2,379,520,315.00			2.98%
C	PAYMENT FLOWS TO MID					
I	Royalty	33	2,502,229,014			3.13%
II	Explosives magazine licence	33	20,170,630			0.03%
III	other fees and licences	33	30,400,020			0.04%
	Sub Total of payment to MID (C)		2,552,799,664			3.19%
D	PAYMENT FLOWS TO MINISTRY OF ENVIRONMENT					
I	Environmental fee	58	13,138,400			0.02%

II	Air quality & waste Permit	58	290,000	0.00%
III	Registration fees for environmental impact analysis	58	3,702,000	0.00%
	Sub Total of payment to Moe (D)		17,130,400	0.02%
	TOTAL FLOW TO FEDERAL GOVERNMENT		74,867,877,942	93.63%
E	OTHER SUB NATIONAL ENTITIES (STATES)			
I	Annual surface rents (Grounds Rents)	45	525,381,008	0.66%
II	Pay as You Earn (PAYE)	45	4,549,836,609	5.69%
III	Business Premises	45	17,131,403	0.02%
	Sub Total of payment to States (E)		5,092,349,020	6.37%
	Grand total (A+B+C+D+E)		79,960,226,962	100.00%

Source: 2019 NEITI SMA Templates

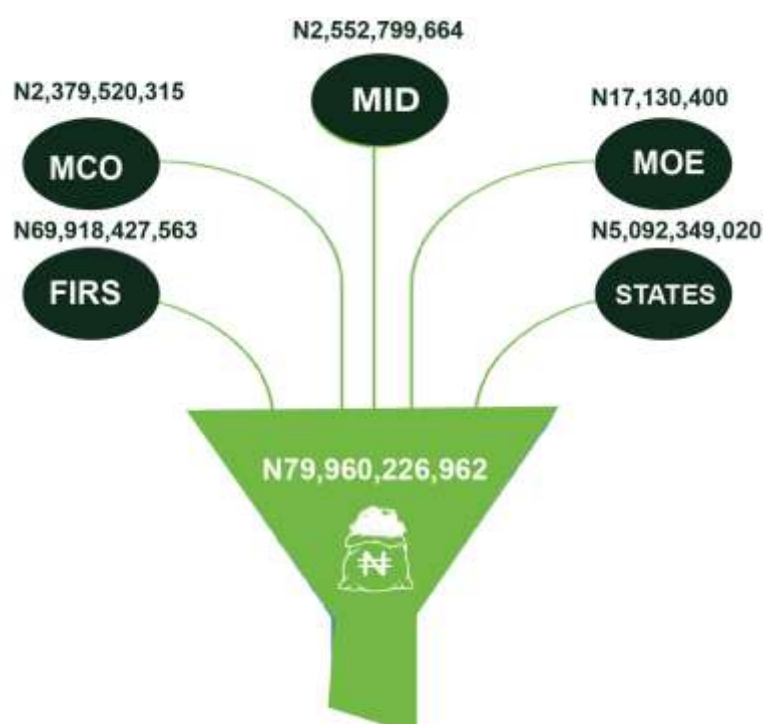


Figure 21: Aggregate Financial Flows

4.2.1 Summary of Company and Government Reconciliation

The total company payments to the government was ₦79.960billion of which ₦72.488billion representing 90.66% was reconciled against government records, while ₦7.472billion representing 9.34% was unilaterally disclosed. Table 29 shows the summary of company level payments by revenue streams. The unilaterally disclosed revenue comprises government disclosed revenue of ₦2.363 billion while company level disclosure ₦5.109 billion.

Table 30 shows the adjustment the IA made to arrive at the reconciled position. In arriving at the final reconciled position, the initial templates submitted by both the companies and government agencies were validated against source documents. Thereafter, the validated companies and government records were reconciled; where there were differences, further investigation was carried out and necessary adjustments made to arrive at the final reconciled position.

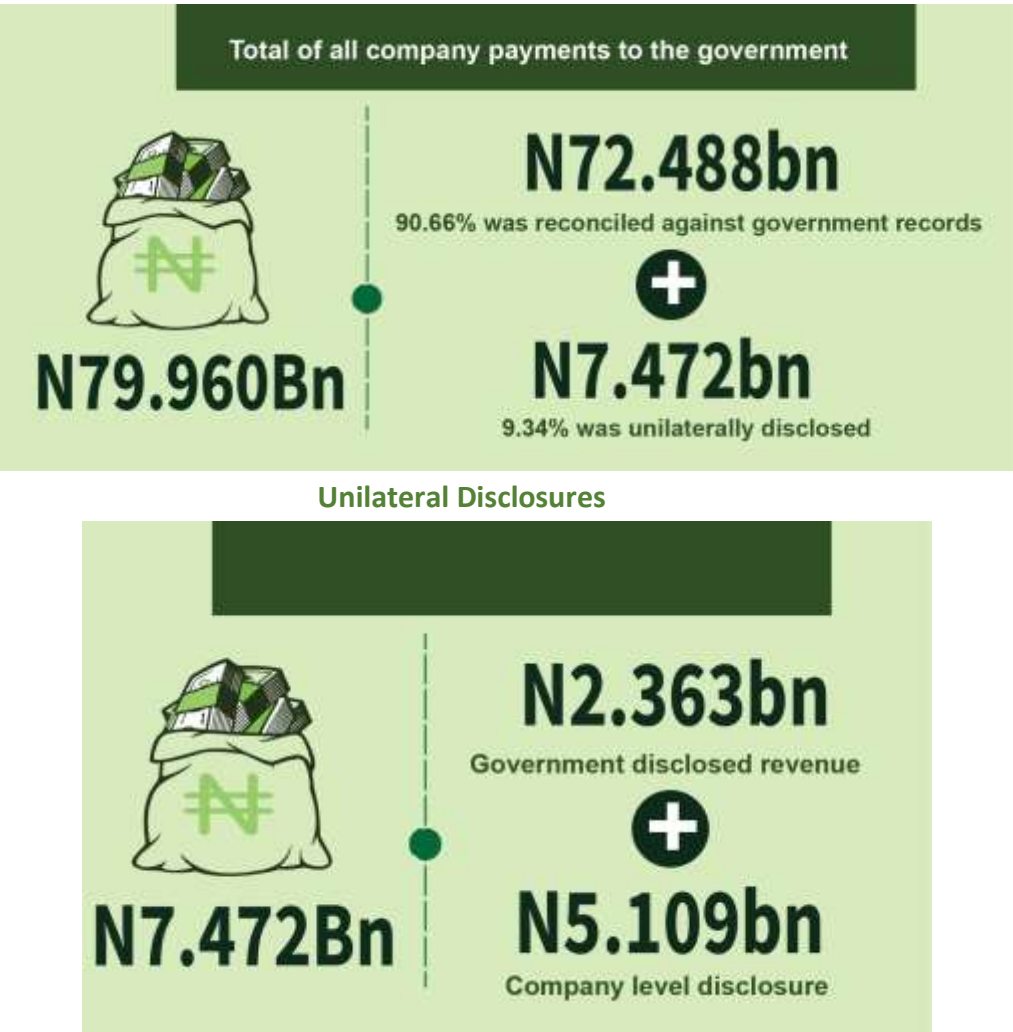


Figure 22:: Summary of Company and Government Reconciliation

4.2.2 Initial Declaration

The initial payments declared by the companies through the populated templates in 2019 was ₦58.633 billion, while initial receipts as reported by Government was ₦69.889 billion. This gave rise to a reconciliation difference of ₦16,365 billion.

Table 29: Initial Declaration data

Revenue Stream	Government	Company	Differences
	₦'000	₦'000	₦'000
Value Added Tax (VAT)	35,225,805	28,123,272	7,102,532
Corporate Income Tax (CIT)	4,539,659	4,330,019	209,640
Education Tax	5,534,590	5,025,780	508,810
Withholding Tax Credit	17,283,798	17,165,738	118,060
Capital Gain Tax	573,555	542,555	31,000
Stamp Duties	449,512	449,512	-
Mining titles(s) application processing fee	2,940	2,040	900
Fee for processing of renewal application	550	130	420
Annual service fees	1,667,926	967,926	700,000
Application for relinquishment	50	50	-
Application for surrender mining titles	20	20	-
Fees for cadastre map information	600	800	-200
Fees for application for certified true copy of lost certificate	250	250	-
Renewal of Quarry Lease	200	200	-
Royalty	2,233,465	2,013,465	220,000
Renewal of detonating magazine	160	160	-
Blasting certificates	1,463	103	1,360
Permit to mix ANFO	1,030	603	427
Storage facility	150	150	-
Permit to erect a magazine	10	10	-
License to buy explosives	1,830	1,450	380
Renewal Ammonium nitrate magazine	50	50	-
Explosives magazine license	9,320	9,320	-
Renewal of Buying Centre	170	170	-
	-	-	-
Total (reconcilable flow)	67,527,104	58,633,774	8,893,329
Unilateral Disclosed	-	-	-
Annual surface rents (Grounds Rents)- company	-	525,381	
Pay as You Earn (PAYE)- company	-	4,549,837	
Business Premises- company	-	17,131	
Environmental fee- company	-	13,138	
Air quality & waste Permit- company	-	290	
Registration fees for EIA- company	-	3,702	

ASM fee- Government	1,120	-	
Unilateral Disclosed payments to MCO- Government	2,057,516	-	
Unilateral Disclosed payments to MID- Government	304,031	-	
Sub Total	2,362,667	5,109,479	7,472,146
Grand Total	69,889,771	63,743,253	16,365,475

Source: 2019 NEITI SMA Templates

4.2.3. Reconciliation of Discrepancies

The initial declared information as provided by both government and the companies were validated against sourced documents, while the established differences were investigated and reconciled. The un-reconciled differences of 16.625 billion were reconciled as contained in Table 30:

Table 30: Reconciliation of Discrepancies

S/N	Revenue Stream	Government	Company	Difference
		₦'000	₦'000	₦'000
1	Value Added Tax (VAT)	6,687,208.00	13,789,741.00	7,102,533
2	Corporate Income Tax (CIT)	17,360.00	227,000.00	209,640
3	Education Tax	-320,100.00	188,710.00	508,810
4	Withholding Tax Credit	-88,961.00	29,099.00	118,060
5	Capital Gain Tax	15,999.00	46,999.00	31,000
6	Mining titles(s) application processing fee	0.00	900.00	900
7	Fee for processing of renewal application	0.00	420.00	420
8	Annual service fees	-1,350,730.00	-650,730.00	700,000
9	Fees for cadastre map information	200.00	0.00	-200
10	Royalty	0.00	220,000.00	220,000
11	Blasting certificates	0.00	1,360.00	1,360
12	Permit to mix ANFO	0.00	427.00	427
13	License to buy explosives	0.00	380.00	380
14	Total Reconciled flow	4,960,976.00	13,854,306.00	8,893,330
	Unilateral Disclosed		-	
15	Annual surface rents (Grounds Rents)		-	525,381
16	Pay as You Earn (PAYE)		-	4,549,837
17	Business Premises		-	17,131
18	Environmental fee		-	13,138
19	Air quality & waste Permit		-	290
20	Registration fees for EIA		-	3,702
21	ASM fee		-	1,120
22	Unilateral Disclosed payments to MCO		-	2,057,516

23	Unilateral Disclosed payments to MID		-	304,031
	Sub Total Unilateral		-	7,472,146
	Grand Total	4,960,976	13,854,306	16,365,476

Source: 2019 NEITI SMA Templates

4.2.4. Trend Analysis of Financial Flows

4.2.4.1. Analysis of Revenues Accruing to Federation

Five-year analysis of revenues accruing to the Federation from the sector from 2015 to 2019 shows that the aggregate revenue earned was ₦304.8 billion as presented in Table 24. Revenue that accrued to the Federation increased from 2018 to 2019, by 7.77%.

Table 31: Five-year trend analysis

Year	2015	2016	2017	2018	2019	Total
	₦ bn	₦ bn	₦ bn	₦ bn	₦ bn	₦ bn
Amount	64.46	43.22	52.78	69.47	74.87	304.8
%Variance		-32.95%	22.11%	31.63%	7.77%	

Source: 2019 NEITI SMA Templates & NEITI Reports

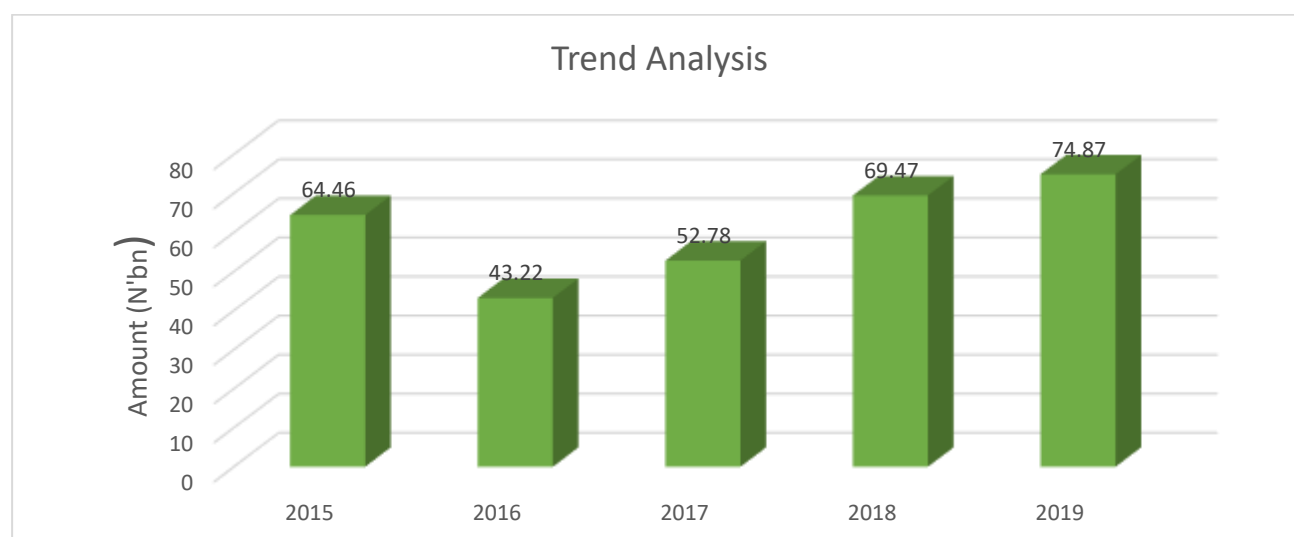


Figure 23: Five-Year Trend of Revenue to Federation

4.2.4.2. Financial flow statements

Table 32 presents a comprehensive distribution of revenue flow over the last 5 years:

Table 32: Five-Year Trend Financial Flows Statement

S/N		2015	2016	2017	2018	2019
		Naira	Naira	Naira	Naira	Naira
A	PAYMENT FLOWS TO FIRS					
I	Value Added Tax (VAT)	32,851,491,914	20,244,510,690	34,024,831,429	39,578,311,277	41,913,013,072

ii	Corporate Income Tax (CIT)	16,004,390,555	10,575,945,892	2,360,603,443	10,034,683,377	4,557,019,391
iii	Education Tax	4,493,118,698	2,284,103,976	2,521,937,272	3,790,263,831	5,214,490,072
iv	Withholding Tax Credit	9,244,744,177	7,175,636,760	10,250,628,327	12,285,696,533	17,194,837,946
V	Capital Gain Tax	-	-	-	-	589,554,787
	Others			4,007,857		
Vi	Stamp Duties	-	-	-	-	449,512,295
	Sub Total of payment to FIRS (A)	62,593,745,344	40,280,197,318	49,162,008,329	65,688,955,017	69,918,427,563
B	PAYMENT FLOWS TO MCO					
I	Annual Service Fees	123,287,500	840,107,100	275,978,000	1,186,423,290	1,756,578,500
ii	Other Fees	431,586,500	310,757,000	1,732,788,950	384,675,975	622,941,815
	Sub Total of payment to MCO (A)	554,874,000	1,150,864,100	2,008,766,950	1,571,099,265	2,379,520,315
C	PAYMENT FLOWS TO MID					
I	Royalty	1,102,238,511	1,641,018,938	1,561,405,717	2,147,215,780	2,502,229,014
ii	Permits & Others	212,762,123	49,193,280	24,996,754	63,552,225	50,570,652
	Sub Total of payment to MID (C)	1,315,000,634	1,690,212,218	1,586,402,471	2,210,768,005	2,552,799,666
D	PAYMENT FLOWS TO MINISTRY OF ENVIRONMENT					
I	Environmental fee	-	-	-	-	13,138,400
ii	Air quality & waste Permit	-	-	-	-	290,000
iii	Registration fees for environmental impact analysis	-	-	-	-	3,702,000
	Sub Total of payment to FMEnv (D)		0	0	0	17,130,400
		64,463,619,978	43,121,273,636	52,757,177,750	69,470,822,287	74,867,877,944
E	OTHER SUB NATIONAL ENTITIES (STATES & LGA)					
I	Annual surface rents (Grounds Rents) – LGA	17,897,060	12,785,260	96,181,011	105,279,305	525,381,008
ii	Pay as You Earn (PAYE) – State	4,249,764,595	3,969,874,652	2,446,949,420	10,090,735,434	4,549,836,609
iii	Property Rates (Tenement Rate) – LGA	92,537,198	690,000	21,397,620	13,865,620	-
iv	Withholding Tax Credit – State	253,235,212	94,672,593	284,580,290	464,716,808	-
V	Operation Fee – LGA	-	-	1,650,000	-	-
Vi	National Inland Water Ways Authority (NIWA) – State	26,158,000	-	5,341,320	-	-
Vii	Development Levy – State	100,000	-	2,317,000	-	-
Viii	Environment Support – State	-	-	360,000	-	-
ix	Ind. Affluent Discharge Fee – State	-	-	240,000	-	-
X	Fire Service – State	-	-	3,000,000	-	-
Xii	Fees – Ministry of Public Transportation	-	592,500	-	-	-
Xiii	Business Premises	505,000	300,000	15,257,206	13,715,000	17,131,403
	Sub Total of payment to States (E)	4,640,197,065	4,078,915,005	2,877,273,866	10,688,312,167	5,092,349,020
	Grand total (A+B+C+D+E)	69,103,817,044	47,200,188,641	55,634,451,616	80,159,134,454	79,960,226,964
	Percentage increase/(decrease)		-31.70%	17.87%	44.08%	-0.25%

Source: 2019 NEITI SMA Templates& NEITI Reports

4.3. Royalty and other levies

The total revenue attributable to the solid minerals sector from the Ministry of Mines and Steel Development (MMSD) in 2019 was ₦4,932,319,981 with royalty contributing ₦2,502,229,014 representing 50.73%, and revenue from Mining Cadastre Office (MCO) contributing 2,379,520,315 representing 48.24%. Other revenue streams contributed ₦ 50,570,652 representing 1.03% as presented in Table 33.

Table 33: Breakdown of Revenue to MMSD

S/N	Revenue Flow	Naira	% Contribution
I	Royalty	2,502,229,014	50.73%
II	Renewal of detonating magazine	160,000	0.00%
III	Blasting certificates	6,838,288	0.14%
IV	Permit to mix ANFO	1,450,000	0.03%
V	Storage facility	150,000	0.00%
VI	Permit to erect a magazine	500,000	0.01%
VII	Licence to buy explosives	4,716,789	0.10%
VIII	Renewal Ammonium nitrate magazine	50,000	0.00%
IX	Explosives magazine licence	20,170,630	0.41%
X	Renewal of Buying Centre	170,000	0.00%
XI	ASM fee	1,120,000	0.02%
XII	other fees and licenses	15,244,945	0.31%
XIII	MCO revenue	2,379,520,315	48.24%
	Total	4,932,319,981	100.00%

Source: 2019 NEITI SMA Templates

4.4. Royalty Payments

Total royalty earned in 2019 was ₦2,502,229,014⁷ showing an increase of ₦292 million over 2018 receipts, representing a 13.21% increase. Table 34 shows five-year trend analysis of royalty payments.

Table 34: 5 years Trend of royalty payments

Year	2015	2016	2017	2018	2019	Total
	₦ bn	₦ bn	₦ bn	₦ bn	₦ bn	
Revenue	1.32	1.69	1.61	2.21	2.502	9.32
Difference		0.37	(0.08)	0.6	0.292	
% Increase/Decrease		28.52%	(4.97) %	37.61%	13.21%	

Source: 2019 NEITI SMA Templates& NEITI Reports

⁷ Appendix 10 breakdown of royalty payment

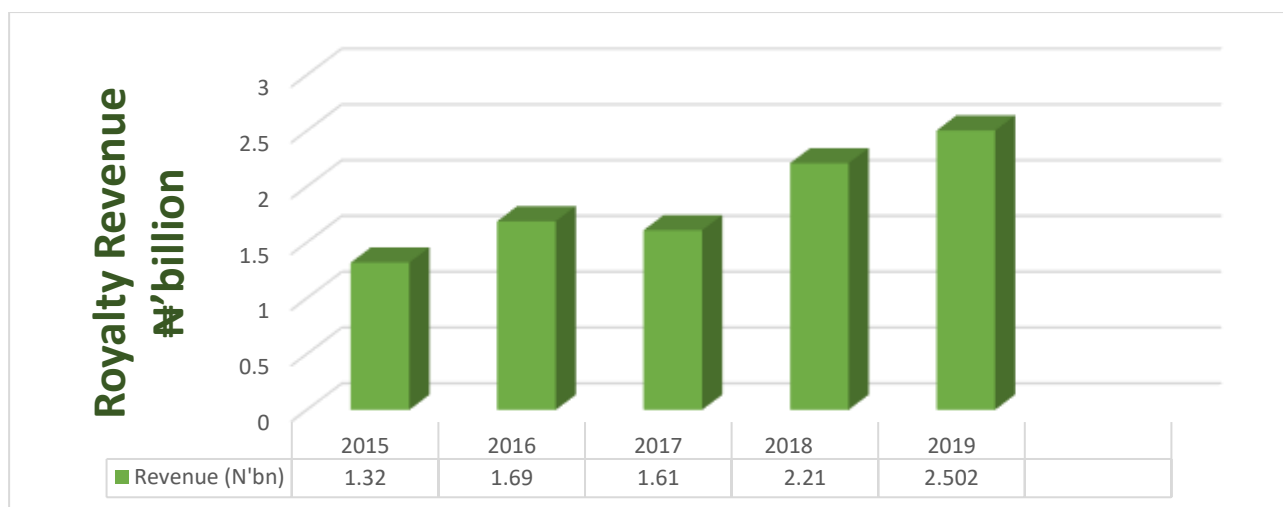


Figure 24: Five-Year Trend of Royalty Revenue

4.4.1. Royalties by Minerals

In 2019 Limestone contributed 37.68% of the total royalty earned, followed closely by granite which contributed 31.31% as presented in Table 35.

Table 35: Royalty by Mineral

S/N	Minerals	Royalty (N)	% Contribution
1	Limestone	942,784,724.00	37.68%
2	Granite Aggregate	783,458,628.52	31.31%
3	Laterite	181,596,429.58	7.26%
4	Granite Dust	129,591,332.00	5.18%
5	Lead/zinc Ore	106,190,157.14	4.24%
6	Sand	83,514,574.98	3.34%
7	Coal	76,613,525.68	3.06%
8	Shale	127,303,103.65	5.09%
9	Columbite	14,395,352.27	0.58%
10	Clay	11,035,718.00	0.44%
11	Tin Ore	8,605,477.25	0.34%
12	Gold	6,482,768.94	0.26%
13	Gypsum	5,536,115.00	0.22%
14	Granite Block	4,811,500.00	0.19%
15	Feldspar	4,803,716.00	0.19%
16	Marble	2,365,780.00	0.09%
17	Granite Marbles	2,211,000.00	0.09%
18	Dolomite	1,725,289.50	0.07%
19	Tantalite	1,677,000.00	0.07%
20	Kaoline	1,590,157.50	0.06%
21	QUARTZ	1,397,210.00	0.06%
22	Fluorite	889,625.00	0.04%

23	Tormaline	860,200.00	0.03%
24	Topaz	507,184.00	0.02%
25	Sapphire	427,500.00	0.02%
26	Basalt	395,000.00	0.02%
27	Talc	391,550.00	0.02%
28	Manganese	330,000.00	0.01%
29	Barites	209,500.00	0.01%
30	Graphite	184,000.00	0.01%
31	Gemstones	110,915.00	0.004%
32	Wolframite	93,000.00	0.004%
33	Copper	36,000.00	0.001%
34	Zircon	31,500.00	0.001%
35	Garnet	26,000.00	0.001%
36	Mica	15,900.00	0.001%
37	Aquamarine	15,080.00	0.001%
38	Lithium	14,500.00	0.001%
39	Amethyst	2,000.00	0.000%
	Total	2,502,229,014.00	100.00%

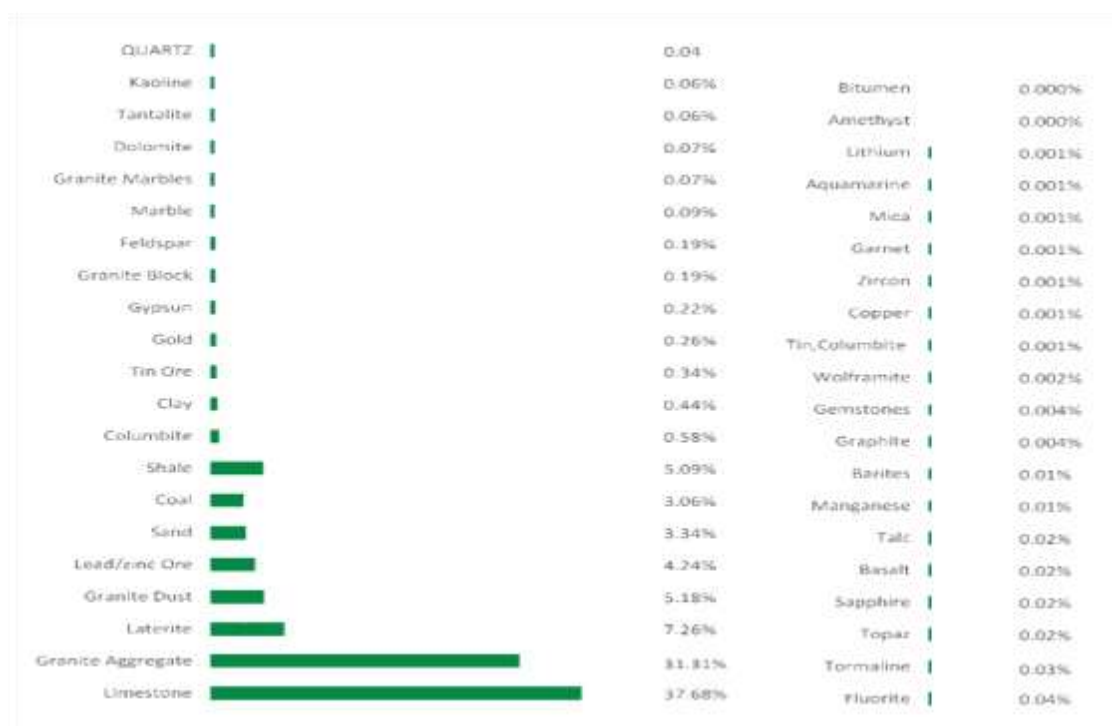


Figure 25: Royalty by Mineral

4.4.2. Royalties by State

The disaggregated royalties by state shows that, Ogun state provided the largest share of royalties, contributing 25.94% of the total royalty earned in 2019; while the lowest royalty was paid by Borno state with 0.06% contribution.

Table 36: Royalties by States

S/N	State	Total	% Contribution	Region
1	Ogun	649,063,073	25.94%	South West
2	Kogi	414,996,602	16.59%	North Central
3	Cross River	226,736,085	9.06%	South South
4	Ebonyi	150,465,038	6.01%	South East
5	Edo	135,949,224	5.43%	South South
6	Oyo	124,185,385	4.96%	South West
7	Ondo	98,038,573	3.92%	South West
8	FCT, Abuja	93,747,662	3.75%	North Central
9	Sokoto	72,446,835	2.90%	North West
10	Kano	59,090,626	2.36%	North West
11	Plateau	56,638,673	2.26%	North Central
12	Gombe	51,880,093	2.07%	North East
13	Bauchi	45,746,966	1.83%	North East
14	Kaduna	36,163,859	1.45%	North West
15	Lagos	35,402,183	1.41%	South West
16	Zamfara	27,920,173	1.12%	North West
17	Niger	24,915,362	1.00%	North Central
18	Akwa Ibom	24,423,902	0.98%	South South
19	Nasarawa	24,286,350	0.97%	North Central
20	Anambra	21,566,998	0.86%	South East
21	Abia	20,312,106	0.81%	South East
22	Katsina	16,272,834	0.65%	North West
23	Delta	14,210,500	0.57%	South South
24	Kwara	12,116,513	0.48%	North Central
25	Osun	10,511,485	0.42%	South West
26	Jigawa	10,355,429	0.41%	North West
27	Ekiti	9,411,483	0.38%	South West
28	Adamawa	7,349,113	0.29%	North East
29	Taraba	4,649,067	0.19%	North East
30	Yobe	4,519,040	0.18%	North East
31	Enugu	3,859,000	0.15%	South East
32	Imo	3,810,000	0.15%	South East
33	Kebbi	3,547,399	0.14%	North West
34	Bayelsa	3,005,828	0.12%	South South
35	Rivers	1,592,479	0.06%	South South
36	Benue	1,543,076	0.06%	North Central
37	Borno	1,500,000	0.06%	North East
		2,502,229,014.00	100.00%	

Source: 2019 NEITI SMA Templates



In 2019 the total royalty received was **~~N~~2,502,229,014.00**. Sixty-Eight (68) reconciled companies paid **~~N~~2,192,705,099.67** representing 87.63% while 634 companies below the materiality threshold paid **~~N~~309,523,914.22**. The Dangote group comprising Dangote Cement Plc and Dangote Industries contributed 31.11% of the total royalties, followed by Lafarge plc with 12.79%.

S/N	Name	Royalty Paid (Mn)	% Contribution
1	Dangote Cement Plc	635,515,563.95	25.40%
2	Lafarge Plc	320,111,882.50	12.79%
3	Dangote industries	142,760,695.26	5.71%
4	Julius Berger Plc	107,910,086.40	4.31%
5	Reynolds Construction Company Nig. Ltd	94,124,643.50	3.76%
6	BUA-CCNN	71,051,487.00	2.84%
7	Setraco NIG. LTD	69,922,112.07	2.79%
8	BUA Cement Plc- Okpella	64,164,260.00	2.56%
9	Zeberced Limited	62,146,170.00	2.48%
10	First Patriot Limited	49,292,317.50	1.97%
11	CCECC Nig Ltd	46,775,370.00	1.87%
12	Solid Unit Nig. Ltd	32,760,000.00	1.31%
13	Triacta Nig Ltd	32,708,042.00	1.31%
14	Mother Cat Nig Ltd	30,992,032.40	1.24%
15	Mercury Mining Investment Ltd	25,071,443.00	1.00%
16	CGC Nig. Ltd	21,080,336.00	0.84%
17	Woda Mountain Invest. Nig. Ltd	17,891,142.00	0.72%
18	Zuma 828 Limited	17,310,703.00	0.69%
19	Ratcon Construction Company Ltd	16,624,113.00	0.66%
20	Arab Contractor Limited	14,693,432.00	0.59%
21	China Zhonghao Nig. Ltd	14,163,250.00	0.57%

22	Georgio Rocks Limited	14,005,024.25	0.56%
23	Mark-Sino Nig. Ltd	12,923,672.00	0.52%
24	CNC Mining Company Limited	12,510,305.25	0.50%
25	Z & Y Investment Company Ltd	12,308,250.00	0.49%
26	Levant Construction Ltd.	12,200,000.00	0.49%
27	Kopek Construction Limited	11,942,700.00	0.48%
28	Hitech Construction Ltd	10,660,277.00	0.43%
29	Datum Construction Ltd	10,185,333.00	0.41%
30	Gilmor Engineering	9,464,126.00	0.38%
31	Gitto Costruzioni Generau Nig. Ltd	9,100,000.00	0.36%
32	NBHH Nig Ltd	9,046,271.00	0.36%
33	Petra Quarries Ltd	8,665,556.00	0.35%
34	Jinziang Quarry Co. Ltd	8,340,300.00	0.33%
35	E. B. H. Granite Ltd	8,048,280.00	0.32%
36	Zhong Xing Mining Investment Ltd	7,276,320.70	0.29%
37	Crushed Rock Industries (Nig) Ltd	6,876,310.59	0.27%
38	Saliini Nigeria Ltd	6,831,942.72	0.27%
39	Saturn Mining Company Ltd	6,609,104.00	0.26%
40	Rock Waters Integrated Services Nig. Ltd	6,491,467.50	0.26%
41	Malcomines Ltd	6,390,000.00	0.26%
42	OFL Marble & Granite Ltd	6,139,500.00	0.25%
43	Platinum Asphalt and Crushing Co. Ltd	5,592,802.00	0.22%
44	Zhong Tai Mining (Nig.) Limited	5,260,700.00	0.21%
45	Rock King Construction Limited	5,139,942.00	0.21%
46	A.A.Y. International Mining Company Ltd	4,913,850.60	0.20%
47	XVE GAO (Nig.) Limited	4,800,000.00	0.19%
48	Brothers Quarry Nig. Ltd	4,562,940.63	0.18%
49	Inorganic Earth Resources Ltd	4,521,987.98	0.18%
50	Homaset Limited	4,430,000.00	0.18%
51	Venus Mining Co.	4,391,950.00	0.18%
52	XinXin Mining Resources	4,378,678.00	0.17%
53	Master Rock Ltd	4,358,972.40	0.17%
54	China Railway Construction Company	4,350,400.00	0.17%
55	Ganan Construction company Ltd	4,350,000.00	0.17%
56	Afdin Construction company Ltd	4,322,227.00	0.17%
57	Lake Petroleum Ltd	4,200,157.50	0.17%
58	Gerawa Global Engineering Ltd	4,180,074.00	0.17%
59	Baltimore Trading Company Ltd	4,116,910.27	0.16%
60	CLC Technical and Engineering Nig. Ltd	4,115,713.00	0.16%
61	CCC Construction Nig. Limited	4,096,133.20	0.16%
62	Sizhe Global Ltd	3,719,000.00	0.15%
63	Kunlun Niigeria Limited	3,442,360.00	0.14%
64	Manhardi Nigeria Limited	3,410,000.00	0.14%
65	Dantata & Sawoe Construction Co. Nig	3,393,275.00	0.14%
66	Rockston Dredging and Allied Work Limited	3,240,000.00	0.13%

67	Rock Bottom Mines & Power	3,234,129.50	0.13%
68	Al'Sa'ab Quarry Multipurpose Cooperative Society	3,099,075.00	0.12%
	Subtotal Total	2,192,705,099.67	87.63%
	Unilateral payments	309,523,914.22	12.37%
	Grand total	2,502,229,013.89	100.00%

Source: 2019 NEITI SMA Templates& NEITI Reports

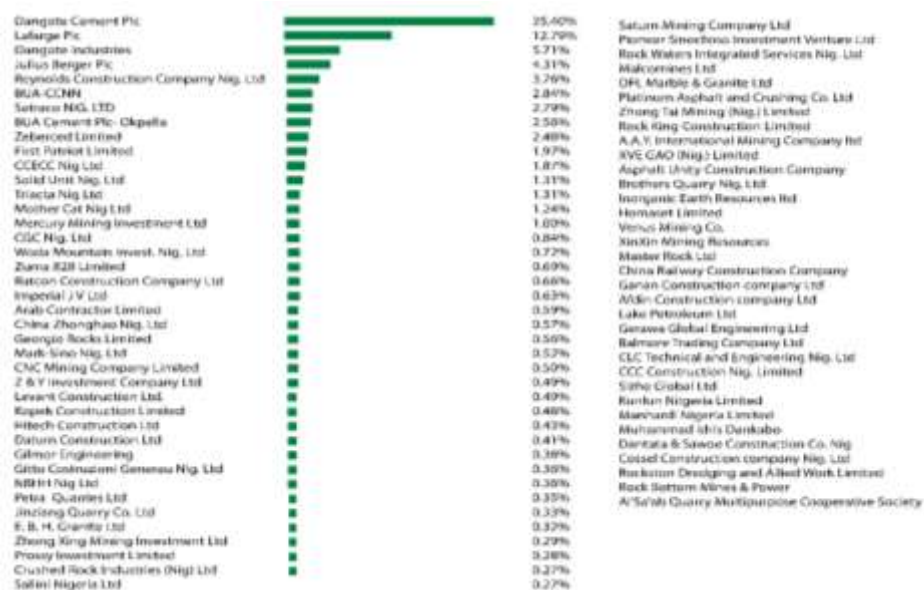


Figure 27: Company Distribution of Royalty

4.5. Annual Service and Other Revenue

In the year under review MCO collected the sum of **₦2,379,520,315** with annual service fee contributing 73.82% which is **₦1,756,578,500.00**. There was a 40.58% increase when compared with 2018 collection.

Table 38: Total Revenue Received By MCO In 2019

S/N	Description	3 Million & Above Threshold Companies (₦)	Other Companies (₦)	Total (₦)	% Contribution
1	Annual Service Fees	317,196,000.00	1,439,382,500.00	1,756,578,500	73.82%
2	Application Fees	2,940,000.00	223,969,815.00	226,909,815	9.54%
3	Transfer Fee	0	161,140,000.00	161,140,000	6.77%
4	Assignment	0	95,757,000.00	95,757,000	4.02%
5	Renewal of License	200,000.00	80,840,000.00	81,040,000	3.41%
6	Late Renewal of License	0	26,752,000.00	26,752,000	1.12%
7	Reconnaissance Permit	0	11,757,000.00	11,757,000	0.49%
8	Processing Fee	550,000.00	5,450,000.00	6,000,000	0.25%
9	Due Diligence Fees	0	2,710,000.00	2,710,000	0.11%
10	Search Fees	0	2,000,000.00	2,000,000	0.08%

11	Enlargement Fees	0	1,980,000.00	1,980,000	0.08%
12	Loss of Certificate	0.00	1,110,000.00	1,110,000	0.05%
13	Relinquishment Fees	50,000.00	950,000.00	1,000,000	0.04%
14	Certified True Copy	250,000.00	718,000.00	968,000	0.04%
15	Conversion	0	750,000.00	750,000	0.03%
16	Consolidation Fees	0	550,000.00	550,000	0.02%
17	Additional Mineral Fees	0	300,000.00	300,000	0.01%
18	Surrender Fees	20,000.00	190,000.00	210,000	0.01%
19	Printing of Maps	0	8,000.00	8,000	0.00%
20	Cadastral Map Fees	800,000.00	1,200,000.00	2,000,000	0.08%
	Total	322,006,000.00	2,057,514,315.00	2,379,520,315	100.00%

Source: 2019 NEITI SMA Templates& MCO Records

4.6. Company Income Tax

Company Income Tax is levied on the profits of incorporated bodies in Nigeria. Prior to the Finance Act 2019, the general applicable CIT rate in Nigeria was 30% of taxable profits; now the act introduced a new progressive CIT rate regime.

The Finance Act 2019, provides for amendments to CITA such that: start-ups and Small Companies (SC) with annual gross turnover less than ₦25 million are exempted from paying CIT, Medium Size Company (MSC) whose turnover exceeds ₦25million but is less than ₦100 million are subject to CIT of 20%, while Large Companies (LC) with annual gross turnover of ₦100 million and above which are defined by the Act as “Large companies” pay a standard CIT rate of 30%. The total Company Income Tax received from the solid minerals sector in 2019 was ₦4,557,019,391 as against ₦10,034,683,377 received in 2018, representing a decrease of 54.57%.

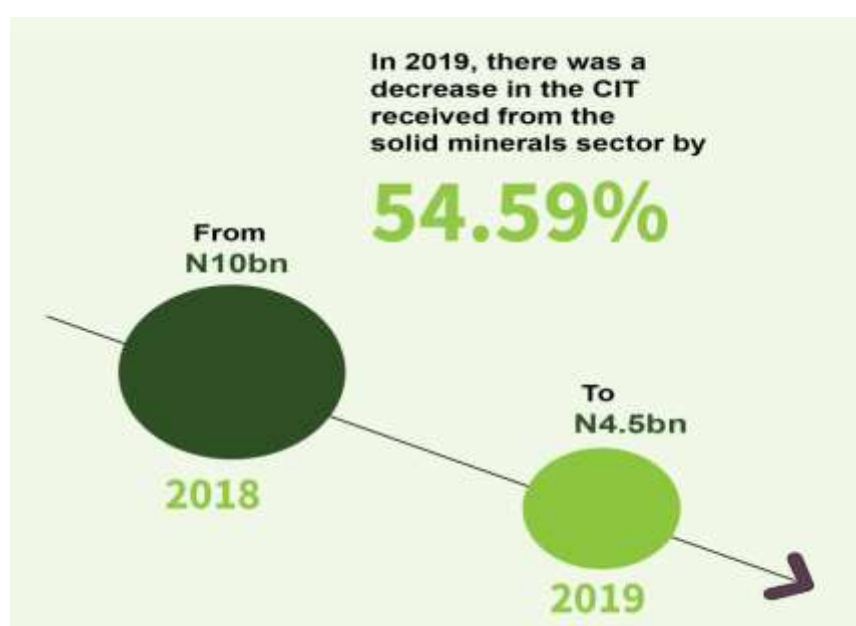


Table 39: Five-year financial flow of CIT

Year	2015	2016	2017	2018	2019
	N"000	N"000	N"000	N"000	N"000
Amount	16,000,000	10,580,000	2,360,000	10,030,000	4,557,019
Variance		(5,420,000)	(8,220,000)	7,670,000	-5,472,981
% Variance		-33.88%	-77.69%	325.00%	-54.57%

Source: 2019 NEITI SMA Templates& NEITI Report

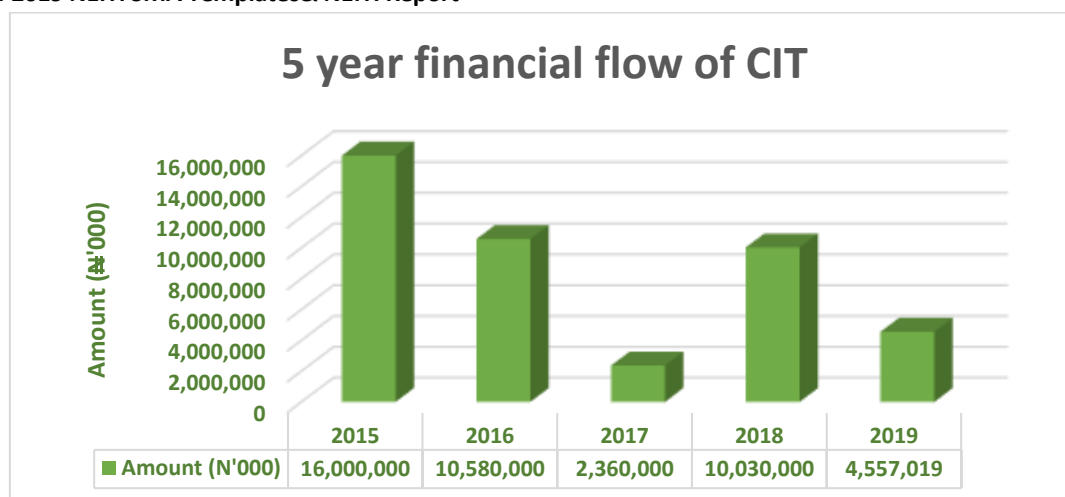


Figure 28: Five- Year Financial Flow of CIT

4.7. Value Added Tax

Value Added Tax (VAT) is charged on the supply of goods and services which is eventually borne by the final consumer but collected at each stage of the production and distribution chain.

The standard rate of VAT based on the Finance Act 2019 is 7.5% of invoice value of goods and services except items specifically stated as exempt or zero-rated. However, in the solid minerals sector, exports minerals are exempted from VAT payment. The total VAT paid in 2019 was ₦41,913,013,072. This represented a 5.90% (₦2,334,701,794.64) increase over the ₦39,578,311,277 received in 2018. Details of the companies that paid VAT in 2019 are contained in Appendix 4.

Table 40: Five-year flow of VAT

Year	2015	2016	2017	2018	2019
	N"000	N"000	N"000	N"000	N"000
Amount	32,851,491	20,244,511	34,024,831	39,578,311	41,913,013
Variance		(12,606,980)	13,780,320	5,553,480	2,334,702
% Variance		-38.38%	68.07%	16.32%	5.90%

Source: 2019 NEITI SMA Templates& NEITI Reports

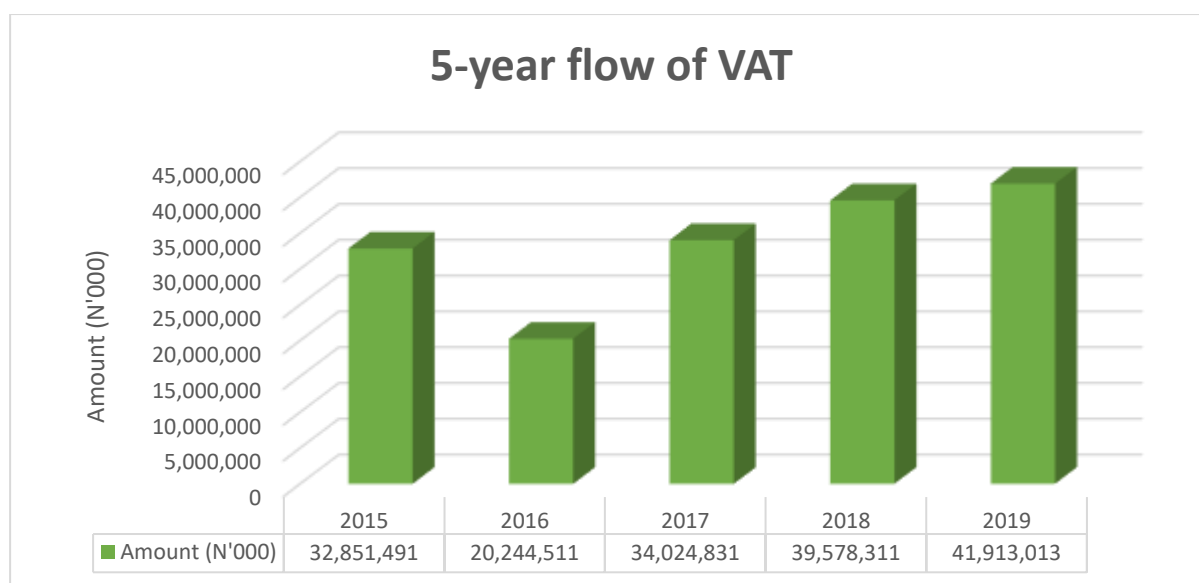


Figure 29: Five-Year Flow of VAT

4.8. Withholding Tax (WHT)

Withholding tax is an advance payment of income tax. Payable tax is deducted directly from the invoices of the taxpayer with the main purpose of checking tax evasion. Withholding tax rates are usually 10% or 5% depending on the type of transaction and collecting authority for the tax (which can either be Federal Inland Revenue or the State Board of Internal Revenue Service).

The total withholding tax paid in 2019 was ₦17,194,837,946 which represented a 39.96% (₦4,909,141,416) increase over the ₦12,285,696,530 received in 2018. Appendix 4 contains details of companies that paid withholding tax in 2019.

Table 41: 5 years flow of WHT

Year	2015	2016	2017	2018	2019
	N"000	N"000	N"000	N"000	N"000
Amount	32,851,491	7,175,637	10,250,628	12,285,697	17,194,837
Variance		(25,675,854)	3,074,991	2,035,069	4,909,140
% Variance		-78.16%	42.85%	19.85%	39.96%

Source: 2019 NEITI SMA Templates& NEITI Reports

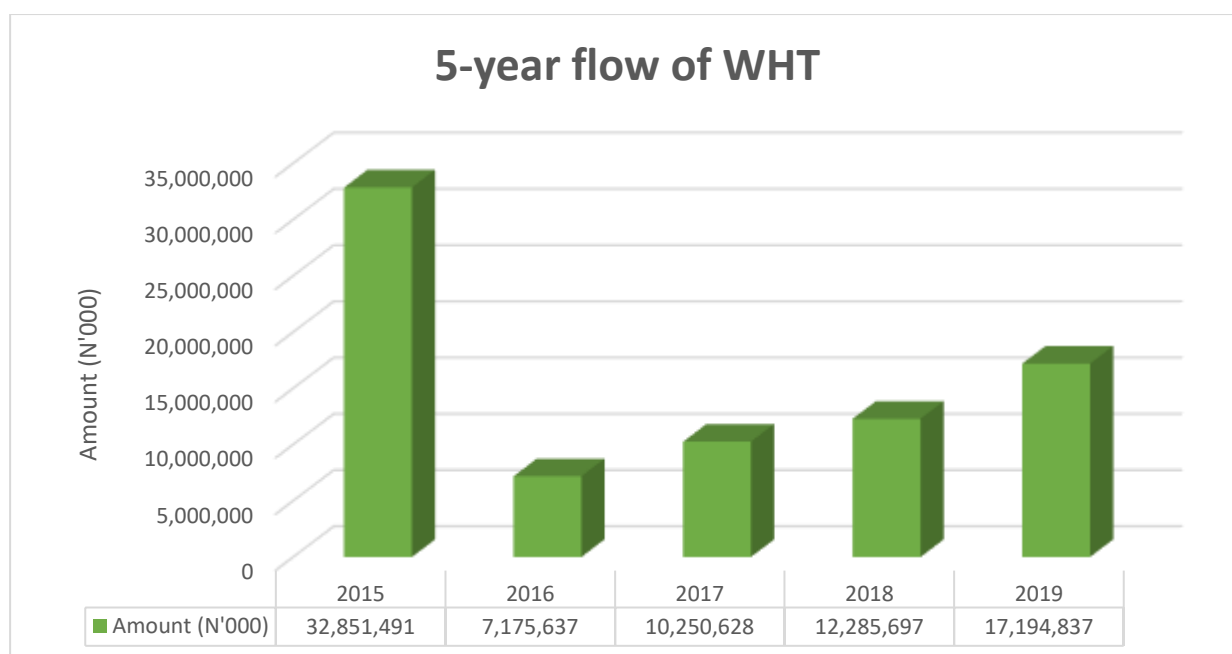


Figure 30: Five-Year Flow of WHT

4.9. Education Tax

Promulgated, under the Education Tax Act 7 of 1993 and amended by Act No 40 of 22nd December 1998 and the Finance Act 2019⁸. It is a 2% rate charged on the assessable profits of a registered company in Nigeria. The total Education Tax paid in 2019 was ₦5,214,490,072, increasing by 37.58% from 2018 receipts of ₦3,790,263,831.

Table 42 shows a five-year trend analysis of Education Tax paid by the entities from 2015 to 2019. The highest was paid in 2019, while the lowest revenue was recorded in 2016 which is (₦2.284billion).

Table 42: Five (5) year flow of EDT

Year	2015	2016	2017	2018	2019
	N"000	N"000	N"000	N"000	N"000
Amount	4,493,119	2,284,104	2,521,937	3,790,264	5,214,490
Variance		-2,209,015	237833	1268327	1424226
% Variance		-49.16%	10.41%	50.29%	37.58%

Source: 2019 NEITI SMA Templates& NEITI Reports

⁸ <https://www.firsov.ng/TaxResources/FinanceAct2019>

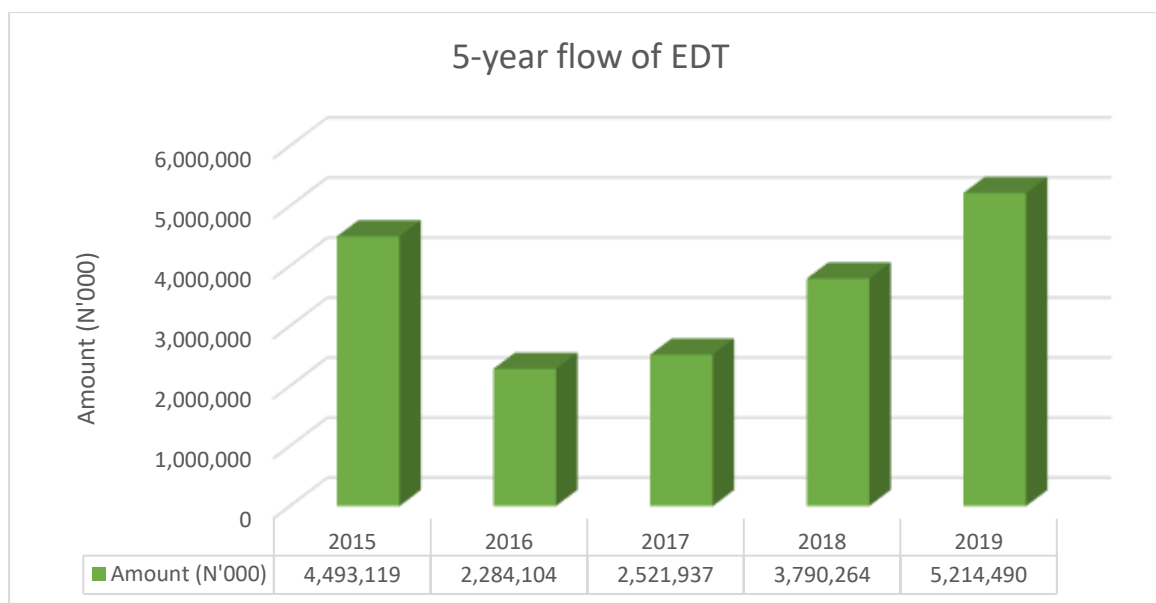


Figure 31: Five -year Flow of EDT

4.10. Stamp Duties and Capital Gain Tax

Stamp Duties: Under the Stamp Duty Act (SDA)⁹, stamp duty is payable on any agreement executed in Nigeria. It also relates to any property situated in or to any matter or thing done in Nigeria. Instruments that are required to be stamped under the Stamp Duties Act must be stamped within 40 days of first execution. In 2019 the total stamp duties paid was ₦449,512,295 paid by 3 companies namely Julius Berger Plc, Salini Nigeria Ltd and NBHH Nig Ltd.

Capital Gain Tax: In line with the Capital Gain Tax Act (CGTA)¹⁰ all gains accruing to a chargeable person (individual or company) on the disposal of chargeable assets shall be subject to tax at the rate of 10%. All forms of assets, including options, debts, goodwill, and foreign currency, are liable for CGT. The gains on the disposal of shares are exempt from CGT. This is also applicable on the chargeable gains received or brought into Nigeria in respect of assets situated outside Nigeria. In 2019 only Dangote Cement Plc. paid the sum of ₦589,554,787 as CGT. Table 43 shows the total Stamp duty and Capital Gain paid in 2019.

Table 43: Other Taxes Paid

S/N	Name f Company	Stamp Duty	Capital Gain Tax
1	Dangote Cement Plc.	-	589,554,787
2	Julius Berger Plc	433,838,052.54	-
3	Salini Nigeria Ltd.	12,128,885.99	-
4	NBHH Nig Ltd	3,545,356.24	-
	TOTAL	449,512,295	589,554,787

⁹ Stamp duty Act <https://www.firs.gov.ng/stamp-duty-sd/>

¹⁰ Capital Gain Tax <https://www.wipo.int/edocs/lexdocs/laws/en/ng/ng032en.pdf>

Source: 2019 NEITI SMA Templates

4.11. Sectorial Distribution of Revenue

A sectorial review of revenue distribution of taxes and royalties by the 74 covered entities shows that manufacturing and construction companies contributed 68.60% and 29.67% respectively in royalty and taxes while quarry, mining companies and buying centres contributed only 1.73% as presented in Table 44:

Table 44: Sectorial distribution of revenue

S/N	SECTOR	Number of Companies	VAT	CIT	EDT	WHT	ROYALTY	TOTAL	% Contribution
			₦' million	₦' million	₦' million	₦' million	₦' million	₦' million	
1	Manufacturing ¹¹	4	32,835.38	2,428.07	3,227.49	9,167.05	1,090.84	48,748.83	68.60%
2	Construction	24	8,671.16	2,045.10	1,878.25	7,950.08	538.72	21,083.32	29.67%
3	Quarry	33	341.71	80.40	48.96	18.40	287.52	776.99	1.09%
4	Mining	11	64.37	2.96	7.59	59.30	277.24	411.46	0.58%
5	Buying Centre	2	0.38	0.49	2.20	0.00	36.12	39.19	0.06%
	Total	74	41,913.01	4,557.02	5,164.49	17,194.84	2,230.43	71,059.79	100.00%

Source: 2019 NEITI SMA Templates

4.12. Sub-National Payments

The subnational payments made by the covered companies are PAYE, ground rent and business premises tax. These payments were made to the various state board of internal revenue services. In 2019, the total reported subnational payment was ₦5,092,349,020 with PAYE constituting 89.35% of the total amount as presented in Table 45.

Table 45: Sub-National Payments

S/N	Description	%	₦
i	Annual surface rents (Grounds Rents)	10.32%	525,381,008
ii	Pay As You Earn (PAYE)	89.35%	4,549,836,609
iii	Business Premises	0.34%	17,131,403
	Sub Total of payment to States (D)	100%	5,092,349,020

Source: 2019 NEITI SMA Templates

¹¹ The manufacturing companies represent Cement companies



Arrangements, which relates to provision of any form of goods and services including loans, grants and infrastructure works in partial or full exchange for oil, gas or mining exploration and production concessions entered between the government and any persons or corporate entities, the IA reviewed the NSWG position as contained in the NSWG materiality document⁶ and affirmed that there was no infrastructure and/or barter arrangements in the solid minerals sector in 2019.

4.13.2. Transportation Revenue

The IA reviewed the NSWG position on transportation revenue accruing from the solid mineral sector in 2019 as contained in NSWG materiality document¹². After extensive interaction with various stakeholders i.e. the companies and staff of MMSD, the IA confirmed that the Federation did not earn any transportation revenue in 2019 from the solid minerals sector.

4.13.3. Transactions with SOEs

The IA's review of the NSWG materiality document¹³ and transactions in the solid minerals sector in the year under review and confirmed that there was no participation by state-owned companies in 2019.

4.13.4. Sale of state's share of production or revenue collected in-kind.

Non-financial transactions are regarded as in-kind payments. These arise when companies use minerals produced to offset financial obligations such as taxes, royalties, levies, and other liabilities. In 2019, the IA confirmed that there was neither sale of the state's share of production nor was there any revenue collected in-kind.

4.13. Other Revenue

4.13.1. Infrastructure and Barter Arrangements

In line with requirement 4.3 of the EITI Standard 2019 on Infrastructure and Barter

¹² Appendix 2 2019 NSWG materiality Document

¹³ Appendix 2 2019 NSWG materiality Document

5

REVENUE ALLOCATION





The Federal government of Nigeria in accordance with laws based on fiscal federalism distributes revenue accruing to the Federation account amongst the three tiers of government (federal, state and local). The budgetary process, which includes budget monitoring and implementation, and the distribution of revenue based on the principle of derivation, is highlighted in this section.

The section also reviews the funding mechanism for the Solid Minerals Development Fund (SMDF); the prospects and challenges, and investments in the solid minerals sector.

5.1 The Budgetary System

The National Budget is prepared based on the Medium-Term Expenditure Framework (MTEF) in line with the provisions of the Fiscal Responsibility Act (FRA) 2007 (see: www.budgetoffice.gov.ng/index.php/the-2018-2020-medium-term-expenditure-framework-and-fiscal-strategy-paper).

It is also prepared in line with the National Charter of Account which includes income from the solid minerals sector, thus complying with the International Public Sector Accounting Standards (IPSAS) charter of account. The MTEF is a 3-year transparent planning and budget formulation that helps in the achievement of a purpose-driven budget with a platform for monitoring, evaluation, and performance analysis. The process creates credible models for allocating resources to strategic priorities with a view of ensuring moderate overall fiscal spending that minimize project abandonment.

The MTEF consists of a macroeconomic model that indicates estimates of revenues and expenditures, fiscal targets, risks, as well as government financial obligations. This way, policies, planning, and budgeting are linked over a medium-term.

The budgetary process follows three main stages: ministerial approval, executive approval, and legislative approval before it is generally accepted. However, in more detail, there are seven steps as shown here.



Figure 32: Budget Process

A Budget Monitoring and Evaluation (BME) unit is based at the Nigerian budget office, which is responsible for monitoring revenue and expenditure of MDAs, including statutory transfers and capital projects as detailed in the Appropriation Act. The BME evaluates and reports on the outcomes of government policies and how effective they have been in executing the programs they are planned for (see: [About Us \(budgetoffice.gov.ng\)](http://budgetoffice.gov.ng))

5.2 Sub-National Distribution

The 1999 Constitution of the Federal Republic of Nigeria (as amended) established the Federation Account as a pool from which allocations are made to the three tiers of government. All revenue collected by the government, except those from the PAYE of the personnel of the Armed Forces, the Police Force, Foreign Service Officers and Residents of the Federal Capital Territory, Abuja (paid into the CRF) are paid into the Federation Account. Transfers to the federal, state and local governments are made based on two arrangements:

- a. **Statutory Allocation:** The Revenue Mobilization Allocation and Fiscal Commission (RMAFC), as tasked by the 1999 Constitution, prescribes the sharing formula of any amount standing to the credit of the Federation Account of Nigeria amongst the three tiers of government.

The RMAFC has a mandate under the Constitution to monitor accruals to and disbursements of revenue from the Federation Account with timely reviews to reflect changing realities. For 2019, the revenue sharing formula is as given in Table 46.

Table 46: Revenue Sharing Formula

S/N	Tier of Government	Applicable Rate
1	Federal Government	52.68%
2	State Government	26.72%
3	Local Government	20.60%
		100.00%

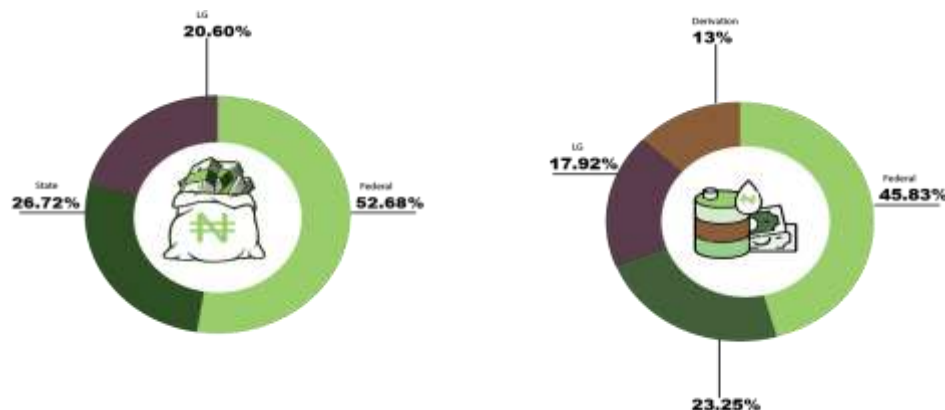
Source: RMAFC Record

- b. **13% Derivation:** Section 162 of the 1999 Constitution provides that, as a matter of principle, an amount of not less than 13% accruing to the Federation Account directly from any natural resource shall be paid to the region where it is extracted on the principle of derivation (see: <https://www.lawyard.ng/wp-content/uploads/2016/01/ALLOCATION-OF-REVENUE-FEDERATION-ACCOUNT-ETC.-ACT.pdf>). The sharing formula for the period under review is given in Table 47.

Table 47: Distribution of Derivation-based Transfers

S/N	Tier of Government	Applicable Rate
1	Federal Government	45.83%
2	State Government	23.25%
3	Local Government	17.92%
4	Derivation	13.00%
		100.00%

Source: RMAFC Record



The revenue distribution account for the solid minerals sector has a closing balance of ₦8,887,109,360.22 as at 31st December 2019 which was distributed in May 2020 amongst the three tiers of government based on the revenue sharing formula. The fund has a closing balance of ₦3,948,064,066.12 as at 31st October 2020.

A reconciliation of the inflow and distribution of revenues as at 31st October 2020 is presented in Tables 48 and 49.

Table 48: Reconciliation of Revenue Distribution Account.

Description	Total (₦)
Opening balance as at 1 st January 2019	12,587,430,492.05
Revenue accrued from January- September 2019	4,195,372,560.71
Sub Total	16,782,803,052.76
Distributed in October 2019	(8,700,232,009.05)
Balance as at 31 st October 2019	8,082,571,043.71
Revenue accrued from October- December 2019	804,538,316.51
Closing balance as at 31 st December 2019	8,887,109,360.22
Revenue Accrued from January - May 2020	0.00
Sub Total	8,887,109,360.22
Distributed as at May 2020	(8,887,109,360.22)
Balance as at 31 st May 2020	0.00
Revenue accrued from June – October 2020	3,948,064,066.12
Closing balance as at 31 st October 2020.	3,948,064,066.12

Source: RMAFC Record

Table 49: Solid Minerals Revenue Distribution

Beneficiary	Total (₦)	% Distribution
Federal Government	4,073,104,413.54	45.83%
State Governments	2,065,932,990.31	23.25%
Local Governments	1,592,747,739.54	17.92%
13% Derivation Share	1,155,324,216.83	13.00%
TOTAL	8,887,109,360.22	100.00%

Source: RMAFC Record



Figure 33: Solid Mineral Revenue Distribution

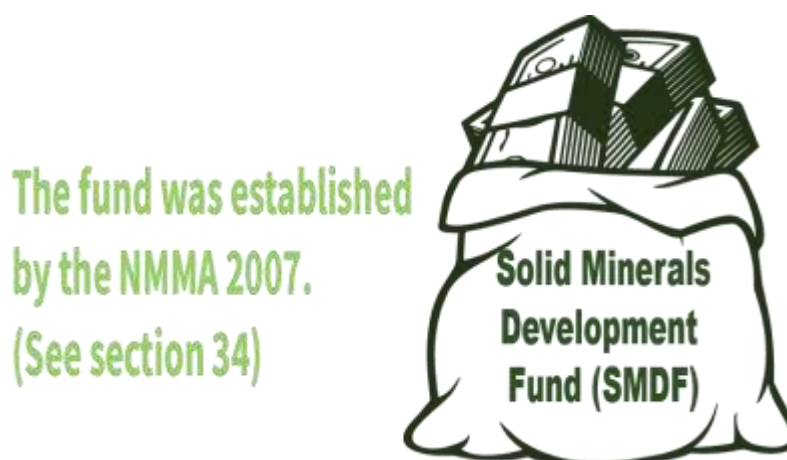
A total of ₦3,221,257,205.04 inclusive of 13% Derivation was distributed among the 36 states of the federation and the FCT in May 2020 as presented in Table 50.

Table 9: State and LGA Distribution of Solid Minerals Revenue

S/N	State	Statutory Allocation (₦)	Distribution 13% Derivation (₦)	Gross Total (₦)
1	ABIA	51,014,775.95	9,165,714.92	60,180,490.87
2	ADAMAWA	54,270,948.78	6,719,838.58	60,990,787.36
3	AKWA IBOM	54,775,284.44	2,705,159.07	57,480,443.51
4	ANAMBRA	54,169,278.55	5,207,403.45	59,376,682.00
5	BAUCHI	65,167,456.98	33,783,017.33	98,950,474.31
6	BAYELSA	48,205,395.47	1,746,621.28	49,952,016.75
7	BENUE	61,098,701.61	30,555,023.26	91,653,724.87
8	BORNO	67,688,607.29	3,566,322.01	71,254,929.30
9	CROSS RIVER	54,784,625.90	59,490,760.34	114,275,386.24
10	DELTA	55,317,185.57	5,742,093.67	61,059,279.24
11	EBONYI	48,740,623.83	39,722,762.67	88,463,386.50
12	EDO	50,941,763.54	43,189,423.07	94,131,186.61
13	EKITI	48,713,119.78	6,142,648.18	54,855,767.96
14	ENUGU	54,789,354.18	4,065,728.99	58,855,083.17
15	GOMBE	51,316,247.45	27,154,164.08	78,470,411.53
16	IMO	56,644,125.64	2,406,077.63	59,050,203.27
17	JIGAWA	60,926,011.67	3,284,475.07	64,210,486.74
18	KADUNA	71,381,909.00	30,796,159.42	102,178,068.42
19	KANO	86,415,747.79	15,544,864.08	101,960,611.87
20	KATSINA	66,969,745.14	6,171,762.76	73,141,507.90
21	KEBBI	57,527,345.20	14,790,195.74	72,317,540.94
22	KOGI	60,213,763.47	179,336,005.61	239,549,769.08
23	KWARA	48,495,937.86	13,768,282.05	62,264,219.91
24	LAGOS	72,983,705.04	25,969,278.42	98,952,983.46
25	NASSARAWA	50,241,895.83	29,695,281.75	79,937,177.58
26	NIGER	64,533,478.23	27,927,149.99	92,460,628.22
27	OGUN	50,615,042.48	251,237,586.29	301,852,628.77
28	ONDO	50,715,316.55	39,357,945.00	90,073,261.55
29	OSUN	49,687,168.15	20,564,792.13	70,251,960.28
30	OYO	61,105,454.28	45,503,922.15	106,609,376.43
31	PLATEAU	56,891,191.60	33,486,281.53	90,377,473.13
32	RIVERS	58,755,139.14	4,468,872.11	63,224,011.25

33	SOKOTO	60,042,418.25	13,904,884.14	73,947,302.39
34	TARABA	52,479,582.17	7,652,456.27	60,132,038.44
35	YOBE	54,099,712.44	3,956,266.18	58,055,978.62
36	ZAMFARA	54,214,929.04	40,247,616.20	94,462,545.24
37	FCT-ABUJA	-	66,297,381.33	66,297,381.33
	TOTAL	2,065,932,988.29	1,155,324,216.75	3,221,257,205.04

Source: RMAFC Record



The SMDF was established under statutory provisions of section 34 of the Minerals and Mining Act, 2007 to act as a catalyst to accelerate the development of the Nigerian mining sector, in line with the Nigerian mining industry roadmap of 2016. The fund is to target at sustainable profit-oriented investment and interventions in key areas, and to collaborate with relevant stakeholders in the industry.

The Fund has specific mandates to equip mining institutions for efficient service delivery, fund mining development to support the development of capacity in the solid minerals sector; as well as enable funding for geoscientific data gathering, storage and retrieval to meet the needs of private sector-led mining industry, and to support small-scale and artisanal mining operators.

The Fund consists of the following:

- sums appropriated for solid minerals development under any Federal Law;
- sums appropriated for solid minerals development under the Small and Medium Industries Equity Investment Scheme (SMIEIS);
- funds received as grants, donations, foreign loans, bonds and long-term swaps; and
- sums appropriated to it by the Federal Government's budgetary allocation.

This Fund is to address the financial gaps across the mining value chain, including geoscience activities, exploration, equipment financing, mines development, production, infrastructure and

capacity building. The SMDF also engages in sensitization projects that enables the public to be aware of its activities.

In June 2020, the Fund launched the Presidential Artisanal Gold Mining Development Initiative (PAGMI) in Kano to develop gold mining, processing and beneficiation¹⁴ . Currently, SMDF is developing two (2) other projects under the headings below: ¹⁵

- a) **Presidential Salt Initiative (PSI):** This involves the development of salt deposits in Ebonyi State to commercial levels in Uburu, Okposi and Enyim sites. The initiative aims to optimize Federal Government revenues through royalties¹⁶.
- b) **Presidential Fertilizer Initiative (PFI):** This initiative has been a beneficiary of ₦107 billion in investments from the Nigeria Sovereign Investment Authority (NSIA). The PFI has the objective to positively alter the agricultural and agro-business industry; make high quality fertilizers available to farmers at affordable prices while simultaneously reviving the fertilizer blending industry to help Nigeria achieve food security¹⁷.



¹⁴ Details of PAGMI see [Everything You Need To Know About The Presidential Artisanal Gold Mining Development Initiative \(PAGMI\) - The Statehouse, Abuja](#)

¹⁵ See details at [Solid Minerals Development Fund \(smdf.gov.ng\)](https://smdf.gov.ng)

¹⁶ <https://nipc.gov.ng/2019/12/03/fg-approves-salt-development-projects-in-ebonyi/>

¹⁷ [Presidential Fertilizer Initiative \(PFI\), Farmers To Benefit More-Abubakar – Federal Ministry of Agriculture & Rural Development | FMARD](#)

6

SOCIAL EXPENDITURE



6. Social and Environmental Impact

6.1 Social Expenditure

Social expenditures are those payments or contributions made by companies to promote development and foster better partnerships with their host communities and can be made in cash or in kind depending on the arrangements or individual agreements in place. Companies in Nigeria carry out social expenditures, which are either mandatory or non-mandatory payments.

Mandatory social expenditures relate to payments that are required in line with section 116 of the Nigerian Minerals and Mining Act, 2007; these are Community Development Agreements (CDA) entered by the companies and the host communities. Basically, these social expenditures incurred by these companies covers the following areas:

- a) Amenities and social infrastructure (road, potable water, health centres, etc.)
- b) Educational scholarships (primary, secondary and tertiary)
- c) Skills acquisition (fashion designing, hairdressing, cobbling etc.)
- d) Agricultural support (provisions of seedlings, fertilisers, fishing gears, etc.)

In 2019, the sum of ₦2.598 billion was spent on 557 projects by 44 extractive companies¹⁸ as social expenditure, as detailed in Table 51. These payments were documented and validated by the IA. See appendix 11 for details.

Table 10: Social expenditure

S/N	NAME OF COMPANY	NO. OF PROJECTS	AMOUNT	% CONTRIBUTION
1	A.A.Y. International Mining Company Ltd	1	88,230,000	3.40%
2	Al'Sa'ab Quarry Multipurpose Cooperative Society	2	2,500,000	0.10%
3	ARAB CONTRACTOR LIMITED	5	30,000,000	1.15%
4	OBU CEMENT PLC- Opella	4	36,169,250	1.39%
5	CCECC NIG LTD	2	2,040,000	0.08%
6	CHINA ZHONGHAO NIG. LTD	7	31,797,000	1.22%
7	CLC Technical and Engineering Nig. Ltd	9	2,337,000	0.09%

¹⁸ Appendix 11 detail social expenditure

8	CNC MINING COMPANY LIMITED	1	400,000	0.02%
9	Dangote Cement Plc	68	676,160,336	26.03%
10	Dantata & Sawoe Construction Co. Nig	5	300,000	0.01%
11	Datum Construction Ltd	1	492,000	0.02%
12	FIRST PATRIOT LIMITED	46	603,955,031	23.25%
13	Ganan Construction company Ltd	1	500,000	0.02%
14	Gilmor Engineering	2	2,000,000	0.08%
S/N	NAME OF COMPANY	NO. OF PROJECTS	AMOUNT	% CONTRIBUTION
15	Gitto Costruzioni Generau Nig. Ltd	6	2,526,000	0.10%
16	HITECH CONST. LTD	12	8,310,000	0.32%
17	Inorganic Earth Resources ltd	1	3,500,000	0.13%
18	JINZIANG QUARRY CO. LTD	1	4,200,000	0.16%
19	Julius Berger Plc	16	145,263,103	5.59%
20	KOPEK CONSTRUCTION LIMITED	15	2,245,000	0.09%
21	Kunlun Nigeria Limited	3	3,400,000	0.13%
22	Lafarge Plc	72	613,643,959	23.62%
23	Lake Petroleum Ltd	10	1,050,000	0.04%
24	LEVANT CONSTRUCTION LTD.	7	8,559,297	0.33%
25	Manhardi Nigeria Limited	4	3,350,208	0.13%
26	Mark-Sino Nig. Ltd	3	5,350,000	0.21%
27	MASTER ROCK LTD	16	10,072,450	0.39%
28	MERCURY MINING INVT.	1	400,000	0.02%
29	NBHH NIG LTD	1	500,000	0.02%
30	PLATINUM ASPHALT AND CRUSHING COMPANY LTD	2	769,050	0.03%
31	RATCON CONSTRUCTION COMPANY LIMITED	2	26,400,000	1.02%
32	REYNOLDS CONSTRUCTION COMPANY NIGERIA LTD	6	20,265,302	0.78%
33	Rock Bottom Mines & Power	4	11,350,000	0.44%
34	SALIINI NIGERIA LTD	1	7,560,000	0.29%
35	SETRACO NIG. LTD	4	12,180,000	0.47%
36	SOLID UNIT NIG. LTD	9	134,000,000	5.16%
37	Triacta Nig Ltd	15	22,795,000	0.88%
38	Venus Mining Co.	15	13,510,000	0.52%
39	WODA MOUNTAIN INVEST. NIG. LTD	1	4,000,000	0.15%
40	XinXin Mining Resources	1	1,000,000	0.04%
41	XVE GAO (NIG.) LIMITED	8	770,000	0.03%
42	Zeberced Limited	21	2,326,758	0.09%
43	ZHONG XING MINING INVESTMENT LTD	6	10,740,001	0.41%
44	ZUMA 828 LIMITED	140	41,156,105	1.58%
	TOTAL	557	2,598,072,850	100%

6.2 Quasi-Fiscal Expenditure

Quasi-fiscal expenditure are expenditures or conditions where SOE(s) undertake public social expenditures outside of the national budgetary process. These may include, among other things payments for social services, public infrastructure, fuel subsidies, and national debt servicing. The IA reviewed the NSWG position on quasi-fiscal expenditure and confirmed that there was no quasi-fiscal expenditure in the solid minerals sector in 2019.

6.3 Contribution to the Economy

6.3.1 Contribution to GDP

In 2019, data from the National Bureau of Statistics (NBS) showed that the mining and quarrying sector contributed 0.26% to GDP. This was higher than the 0.18% contribution recorded in 2018. Nigeria's GDP in 2019 was ₦144.210 trillion with contributions from the solid minerals sector totaling ₦368.998billion, representing 0.26% of the total amount.

The contributions of the various solid minerals sub-sectors are presented in Table 52.

Table 11: Contribution of Solid Minerals to the Economy.

MINING AND QUARRYING	2018	2019	
	₦ ' billion	₦ ' billion	% Change
1. Coal Mining	9.78	12.91	24.21%
2. Metal ores	10.90	11.14	2.15%
3 Quarrying and Other Minerals	204.10	344.95	40.83%
Total	224.79	368.998	39.08%

Source: <https://www.nigerianstat.gov.ng>

6.3.2 Five-Year Trend

The total contribution of the solid minerals sector over the last five years was ₦917.02billion as presented in Table 53. There was a steady growth in the contribution of the solid minerals sector to the economy, from 0.12% in 2015 to 0.26% in 2019.

Table 12: Five-Year Trend

Year	2015	2016	2017	2018	2019	Total
National GDP (N' billion)	94,144.96	67,980.00	113,719.05	127,762.55	144,210.49	547,817.05
Sector contribution (N' billion)	109.59	87.61	126.03	224.79	368.998	917.02
Percentage contribution	0.12%	0.13%	0.11%	0.18%	0.26%	

Source: NEITI SMA Reports

6.3.3 Contribution to Government Revenues

The total revenue generated by the Federal government in 2019 was ₦10.215 Trillion¹⁹ with the solid minerals sector contribution standing at ₦74.87 billion as given in Table 54.

Table 13: Solid Mineral Revenue Contribution to Government Revenue

S/N	Agencies/entities	Contribution	% Contribution
		₦ ' Billion	
A	Federal Government Revenue (FGN)	10,215.05	100%
B	Solid Mineral Sector Contribution		
I	MMSD-MID&ASM	2.552	0.025%
II	MCO	2.379	0.023%
III	FIRS	69.918	0.66%
IV	Ministry of Environment	0.017	0.0017%
	Sub Total (B)	74.87	0.73%
	%Contribution		0.73%

Source: 2019 NEITI SMA Templates

6.3.4 Five-Year Trend Analysis of Contribution to Government Revenues

The total revenue accruing to the federal Government in the last five (5) years from all sectors was ₦ 39.648 trillion with the solid minerals sector contributing ₦308.43 billion, representing 0.78% as presented in Table 55.

Table 14: Five-Year Trend Analysis of Contribution to Government Revenue

Year	2015	2016	2017	2018	2019	Total
	₦ ' Billion	₦ ' Billion	₦ ' Billion	₦ ' Billion	₦ ' Billion	₦ ' Billion
FGN Collected Revenue	6,959.57	5,679.03	7,350.00	9,444.49	10,215.05	39,648.14
Sector Mineral Revenue	69.2	41.98	52.76	69.47	75.019	308.43
Percentage Contribution	0.99%	0.74%	0.72%	0.74%	0.73%	0.78%

Source: NEITI SMA Reports

¹⁹ CBN Economic Report Fourth Quarter 2019

<https://www.cbn.gov.ng/Out/2020/RSD/CBN%20ECONOMIC%20REPORT%20FOURTH%20QUARTER%202019%20Final.pdf>

6.3.5 Contribution to Export

The solid minerals sector accounted for ₦124 billion of the total National exports of ₦24.275 trillion in 2019, representing 0.51% of total export for the year. The details are given in Table 56.

Table 15: Five Year Trend of Solid Mineral Contribution to Export

Year	2015	2016	2017	2018	2019	Total
Total Export (₦ Million)	134.68	8,527.43	13,598.28	19,099.55	24,274.64	65,634.58
Sector contribution (₦ million)	1.942	11.163	77.24	64.41	124.23	278.99
Percentage contribution	1.44%	0.13%	0.57%	0.34%	0.51%	0.43%

Source: NEITI SMA Reports

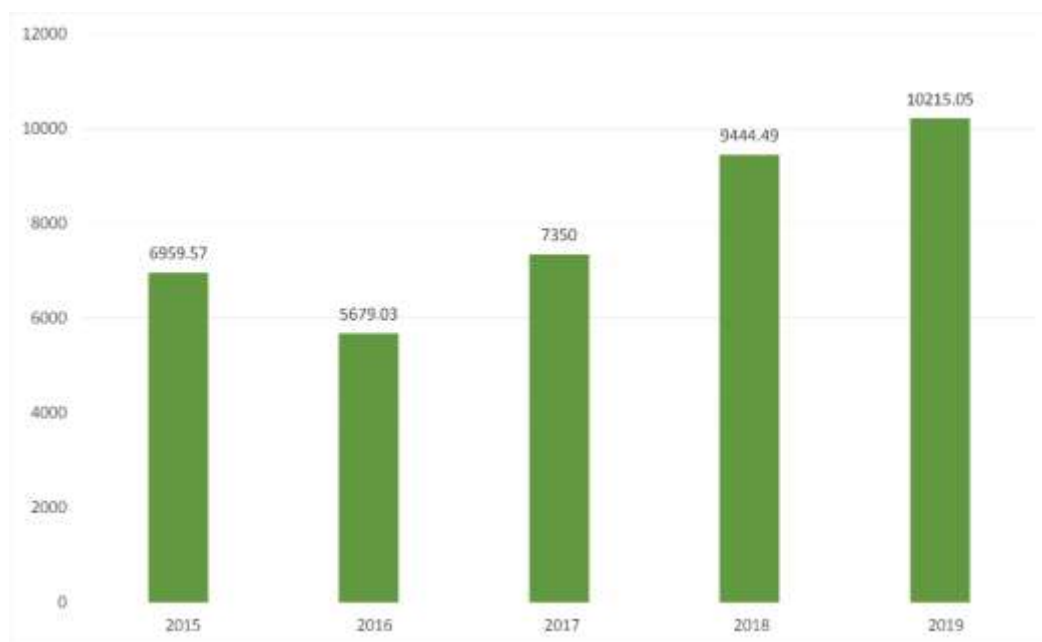


Figure 34: Five-Year Trend of Solid Mineral Contribution to Export

6.3.6 Contribution to Employment

The total number of persons in the labor force in 2019 was estimated to be 80,291,894²⁰. The solid minerals sector accounted for 18,545 employees with 294 reportedly employed in 2019; however, this information is limited to the 74 companies covered in this report.

²⁰<https://nigerianstat.gov.ng/elibrary?page=19&offset=180>

6.4 Employment Data

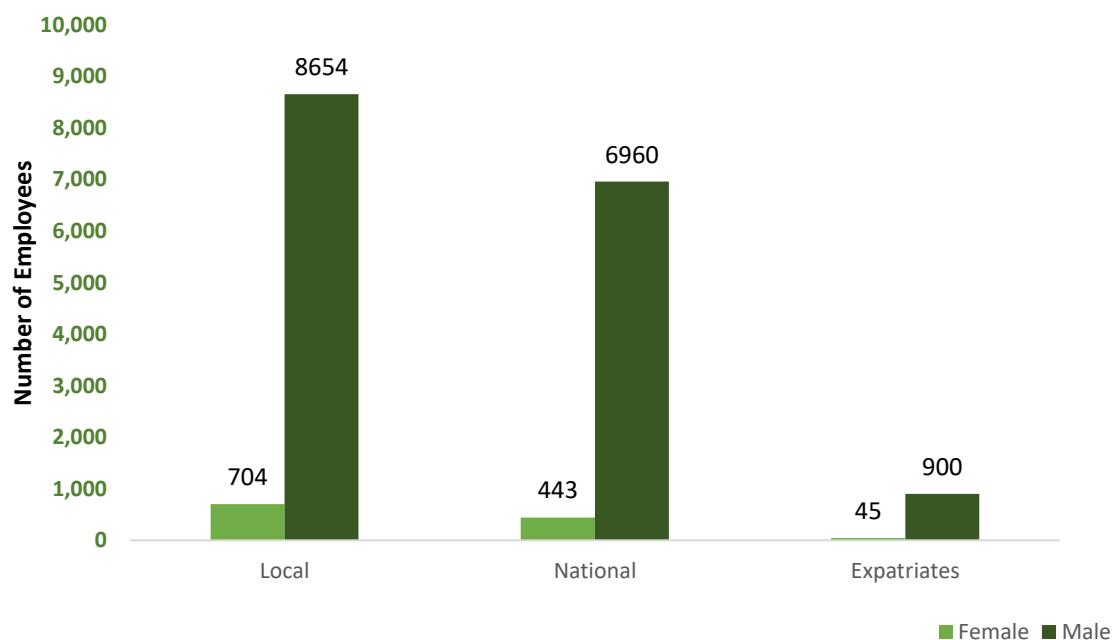
The IA received data from 63 of the 74 reporting companies, giving a response rate of 85%. Local employees accounted for 54.9% of total employment in 2019, nationals accounted for 39.9% and the rest (5.1%) were expatriates.

The proportion of male and female employees was 93.2% and 6.8% respectively, with no females employed in 11 of the 63 companies that responded for 2019. Physically challenged employees accounted for only 0.1%.

Table 16: Employment and Gender

S/N	Male		Female		Total
	Number	%	Number	%	
Local	9,406	92.4%	776	7.6%	10,182
National	6,960	94.0%	443	6.0%	7,403
Expatriate	900	95.2%	45	4.8%	945
Physically challenged	15	100.0%	0	0.0%	15
Total	17,281	93.2%	1,264	6.8%	18,545

Source: 2019 NEITI SMA Templates



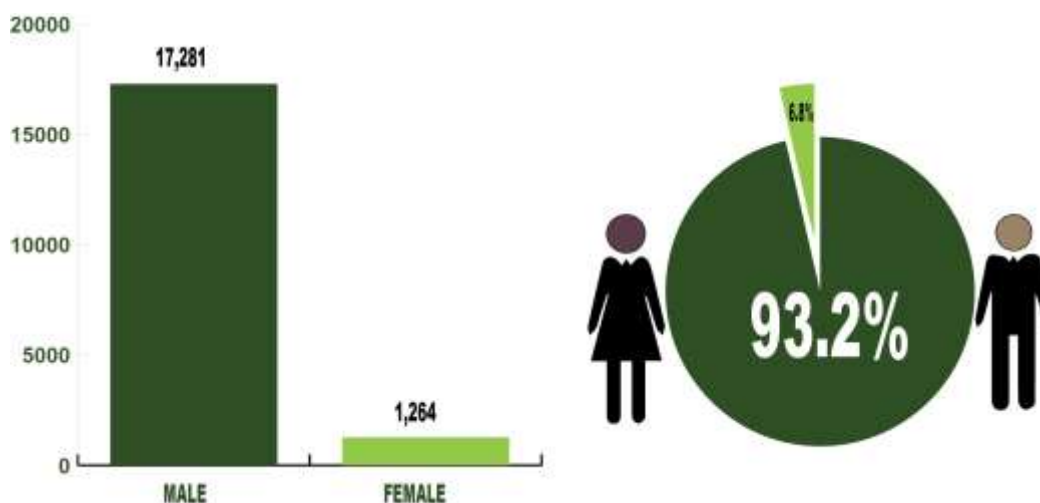


Figure 35: Employment and gender

6.5 Institutional Regulation of the Environment

The legal provisions and administrative rules governing environmental management in Nigeria are contained in the Environmental Impact Assessment (EIA) Act (Cap E12 LFN, 2004), National Environmental Standard Regulation and Enforcement Agency (NESREA) Act 2007, and Nigerian Minerals and Mining Act (NMMA), 2007.



Figure 36: Environmental Legal, Regulatory and Institutional Framework

The environmental management and monitoring by extractive companies is undertaken by each company adhering to its environmental management plan earlier approved at licensing stages.

Companies are to submit monthly reports to NESREA. Companies that failed to comply in submitting monthly returns, and/or are found not to have implemented parts of remediation measures in their environmental management plan are sanctioned as appropriate.

In 2019, the IA observed that compliance with environmental controls by some mining and quarrying companies was low due to poor enforcement, with only a few companies complying with the provisions of the NMMA (2007) and other laws.

A review of the Mineral Act (2007) and the Nigeria Minerals and Mining Regulation (2011) showed the following:

- a) No gender protection laws are in force to guard against gender-based inequality, crime, vulnerable rights and labour-influx-based problems.
- b) Issues relating to social factors such as child labour protection, age limit for employment in mining, right of host communities and Occupational Health and Safety (OHS) guidelines are omitted in the act.
- c) There has been a lingering issue over the management of mineral resources between the Federal and State governments due to the gaps in the Land Use Act, the 2007 Nigerian Minerals and Mining Act and the 1999 Constitution of the Federal Republic of Nigeria (as amended).



The 1999 Constitution and the Minerals & Mining Act 2007 bestow the control and ownership of Minerals to the Federal Government

Though the 1999 Constitution (as amended) and the 2007 Mining Act gives the Federal Government ownership, power and legislation on solid mineral issues, the State governments claim that they have control over land in compliance with the right given by the Land Use Act to the State Governor. The State carries direct responsibility for degradation and depletion generated by mining activities, and as such it is important for the State Government to be involved in the management and supervision of the State's mining activities.

6.6 Effect of Mining Activities on the Environment



Mineral exploration in Nigeria has been in the hands of artisanal miners whose means of exploration and mining impact severely on the environment.

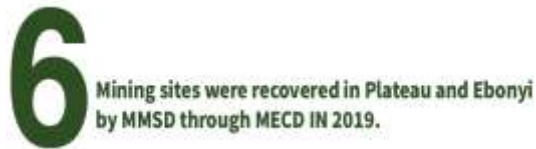
The potential of solid minerals to the economic development of the country is considerable. However, mining, quarrying and processing activities as well as transporting of mineral products has a great impact on both the environment and health of the miners. There are instances of environmental degradation from the activities of artisanal miners who focus on winning minerals such as gold, barites, tourmaline, zircon, lead, zinc, etc. The environmental impact of these operators is visible in Nasarawa, Plateau, Osun, Niger, Zamfara, Kebbi, and Oyo states.

A review of a recent visit to some communities in Nasarawa State by RMAFC-stakeholders-Committee showed environmental devastation as a result of action of some operators in the sector (see appendix 13 for pictorial evidence of environmental degradation by miners).

The Mineral Act (2007) and mining regulation of 2011 had envisaged the effect of mining activities on the environment by stipulating in section 120 of the Minerals Act (2007) and section 180 of Mining Regulation (2011) that any mining title holder must have in place an environmental protection and rehabilitation program that aims at providing a comprehensive rehabilitation while reclamation of the mining site must be submitted and approved by the ministry. However, a review of the activities of various companies operating in the sector showed that no company has carried out any such programs in recent times as required by law.

The IA identified major channels through which environmental degradation occurs: there are those caused by construction companies wherein they leave behind borrow pits across the various landscapes; abandoned mine sites caused by quarrying and mining activities; and those caused by artisanal and illegal miners.

Section 184 of the Mining Regulation (2011) provides for the setting up of environmental protection and rehabilitation fund, where every holder of a mineral title contributes to the fund based on their estimated programme work plan.



The Ministry of Mines and Steel Development through Mines Environmental Compliance Department (MECD) has in the past 18 years reclaimed 33 abandoned mine sites in Nigeria²¹ costing ₦2,394,889,383.22. In 2019, six mining sites were reclaimed in Plateau and Ebonyi states.

6.7 State Mineral Resources and Environmental Management Committee

To protect the environment from harm arising from mining activities in Nigeria, Section 19 (1) of Nigerian Minerals and Mining Act 2007 directed each state of the Federation to set up Mineral Resources and Environmental Management Committee (MREMCO). Consequently, in August 2008, MREMCO was inaugurated in all the 36 States and the Federal Capital Territory, Abuja (FCTA). In 2017, the MMDS through the Mines Environmental Compliance Department (MECD) wrote to each state reminding them of the need to resuscitate MREMCO. As at 2019, MREMCO has been fully functional in 34 States and FCTA while inactive in Bornu and Taraba States. The composition and functions of the committee are as contained in section 19 (2-3) of NMMA, 2007.

6.8 Status of Environmental Protection and Rehabilitation Fund

Notwithstanding the provision of Section 184 of the Mining Regulation (2011) to set up an environmental protection and rehabilitation fund, the fund is yet to kick off due to administrative bureaucracy.

The Mines Environmental Compliance Department (MECD) of the Ministry of Mines and Steel Development that is also saddled with the coordination of the programme is yet to commence sensitization of stakeholders on the fund. However, a TSA Account number for the fund has been opened.

²¹ Appendix 14 schedule of reclaimed abandoned mine sites in Nigeria

6.9. Environmental Expenditure

The total environmental expenditure reported in 2019 was ₦17,130,400 covering environmental fees, air quality & waste permits and registration fees for EIA as presented in Table 58.

Table 17: Environmental Expenditure

S/N	Company	Environmental fee (₦)	Air quality & waste Permit (₦)	Registration fees for EIA (₦)	Total (₦)
1	CLC Technical and Engineering Nig. Ltd	-	290,000	-	290,000
2	Dantata & Sawoe Construction Co. Nig	4,050,000	-	-	4,050,000
3	FIRST PATRIOT LIMITED	290,000	-	-	290,000
4	Lafarge Plc	5,458,400	-	-	5,458,400
5	Mark-Sino Nig. Ltd	40,000	-	-	40,000
6	Mother Cat Nig Ltd	-	-	250,000	250,000
7	SOLID UNIT NIG. LTD	-	-	1,350,000	1,350,000
8	Triacta Nig Ltd	3,300,000	-	1,000,000	4,300,000
9	XinXin Mining Resources	-	-	1,100,000	1,100,000
10	Zeberced Limited	-	-	2,000	2,000
		13,138,400	290,000	3,702,000	17,130,400

Source: 2019 NEITI SMA Templates

6.10 Sector Reforms and Emerging Issues

The solid minerals sector in Nigeria is private sector driven with government providing policy direction and regulatory framework towards revamping the sector as a major source of revenue. Government efforts over the years have been towards creating an enabling environment through the systematic removal of identified barriers to sectorial development.

As part of the efforts toward revamping the sector, a multi stakeholder group (MSG) was constituted to develop a coherent strategy to rejuvenate the mining sector. This is summarized as follows:

- to create a globally competitive sector capable of contributing to wealth creation, providing jobs and advancing social and human security;
- making the mining sector a catalyst to drive domestic industrialization as well as competing in global markets;
- Develop a value-chain based growth plan.

A diagram summarizing the road map is presented below:



Figure 37: Mining Sector Road Map

To effectively, monitor and coordinate the short, medium and long-term goal of the roadmap, an implementation team tagged Mining Implementation & Strategy Team (MIST) was constituted. To date, the team has made three publications that focused on achieving the roadmap goals. However, the team met last in 2018 due to paucity of funds; hence it has not adequately monitored the implementation of the road map.

Despite identified challenges facing the sector, in 2019 the sector witnessed some significant development as enumerated below:

- a) To address funding issues facing the sector, the Federal Government provided an intervention fund of ₦30bn to fund exploration projects that will generate the needed geosciences data and to provide the necessary regulatory framework to enable sectoral growth (MMSD press briefing, 2019)
- b) The ministry is currently working on Mineral Export Guidelines that will address the lingering issue of evading royalty payment on export minerals. Similarly, independent pre-shipment inspection agents to inspect export minerals at ports.

- c) In line with the Mining Act (2007), the Minister of Ministry of Mines and Steel Development reduced the royalty rate for exported minerals by 50% to encourage disclosure and for more mineral exporters to obtain permit. This singular gesture has increased the numbers of companies that obtain permits for minerals export by over 100%.
- d) The government set up a Project Delivery Team (PDT) for the invigoration of the coal sub-sector. This was aimed at using coal as an alternative source of electricity. A Foreign Investment Promotion and Protection Agreement (FIPPA) was signed between the Federal Government of Nigeria and a Canada company to promote investments in the developments of the gold mining value chain, building of an ISO certified standard geochemical laboratory in Nigeria as well as to establish a USD \$1bn Nigeria-Canada Solid Minerals Investment Fund.

Similarly, the National Council of Mining and Mineral Resources Development (NCMMRD) held a council meeting in 2019, and came up with the following recommendations towards promoting investment in the sector:

- a) Decentralise the NGSA laboratories by establishing one in each of the six geopolitical zones to enhance testing of products of local beneficiation and field samples from exploration.
- b) Establish mining registration points in each geopolitical zones and states so as to minimize apathy, while encouraging prospective informal miners to register.
- e) Increase synergy between federal, states, local governments and community leaders on information sharing to reduce conflicts on minefields, enhance security and in the implementation of CDAs.
- f) Construct basic infrastructure on the mines-field such as railway and roads, and health centers. Furthermore, encourage BOI and PPP infrastructural development for mine-fields.
- g) Enforcement and implementation of the law on land reclamation through close collaborate between MMSD and FMEnv to see to the urgent implementation of section 121 of NMMA 2007.
- h) In order to strengthen and improve mining operations the Nigerian Institute of Mining and Geo-sciences, Jos was established for manpower training of artisanal miners and other operators on mineral mining and beneficiation.

There are other ongoing initiatives and projects initiated by the ministry as contained in Table 59.

Table 18: Summary of on-going projects in the sector

S/N	Project/Initiative	Description	Status
1	Gold Mining Development	Expression of interest between the Federal Government and Messrs La Mancha Incorporated to invest in gold mining in Nigeria	On going
2	Mapping of ASM and Buying Centre	This project is the comprehensive mapping of ASM sites and trading centres including existing initiatives (registered co-operatives) through the establishment of remote sensing monitoring system. ²²	On going
3	Procurement of Airborne Geophysical Survey	Procurement of Airborne Geophysical Survey of selected areas under proof of concept programme; including High resolution magnetic & Radiometric equipment for identified areas. (TLM50).	On going
4	Integrated Automated and Interactive Solid Mineral Portal (IAISMP).	Scanning and digitization of licensing documents for E-recording and archiving of the Mining Cadastral Office.	On going
5	Development of geoscience data Bank for mineral exploration	The Federal Government has earmarked N15 billion for exploration of minerals in Nigeria through the generation of detailed geoscience data of quality and quantity of available minerals in the country. The project is domiciled in the Nigerian Geological Survey Agency (NGSA) and it is being supervised by the MMSD. It is also funded through the Natural Resources Development Fund.²³	On going

²² [MinDiver Engages Firm to Develop the ASM Sub-Sector – Ministry of Mines and Steel Development](#)

²³ [FG Invests N15bn on Geo-Science Data Bank – Ministry of Mines and Steel Development](#)

6	Development of jewelry and gemstone industry	Ministry of Mines and Steel Development has entered into agreement with the Gemological Institute of Nigeria (GIN) to design and implement a strategy for the development of jewelries and gemstones in Nigeria.	MoU- ongoing
7	Automation of E-Collection	Automation of royalty payments and documentation across the country	Pilot stage in 8 states

i). Revitalization of Ajaokuta Iron and Steel Project

Ajaokuta Steel Company Limited (ASCL) is Nigeria's leading steel company. Guided by a philosophy to produce safe, sustainable steel, it is the leading supplier of quality steel products in all the major economic sectors including construction, packaging and wire drawing/nail making industry. ASCL once operated in all the major markets in Nigeria and employed about 3000 people. The plant has a 68km road network and is meant to accommodate 24 housing estates, a seaport and a 110mw power generation plant. It was designed to produce as much as 5 million metric tons of steel per annum.

ASCL was designed to be fed by Itakpe iron ore having an average Fe content of 34%. As a result of the low grade iron content of Itakpe iron ore, the National Iron Ore Mining Company (NIOMCO) was built and designed to process iron ore from NIOMCO to a grade suitable for Ajaokuta and Aladja steel plants. At present, however, the dilapidated ASCL has failed to produce the desired steel products despite government investment and multiple ownership changes over the years.

In September 2019, a consensus to revive the Ajaokuta iron and steel project was reached during a meeting between Nigeria and Russia with a view to signing a bilateral agreement that would culminate in the overall resuscitation of the moribund industrial complex after forty years of its initial conception. Consequently, a Memorandum of Understanding (MoU) with a Russian firm was signed in January, 2020 towards its revitalization. However, the outbreak of COVID-19 pandemic has retarded the progress of this agreement.

7

OUTCOMES & IMPACTS



OUTCOMES AND IMPACTS

The EITI process aims to ensure transparency and accountability in the management of revenues from natural resources in member countries. This has, to a commendable extent; ensured judicious use of these resources for adequate development in the countries including Nigeria.

With the details of revenue from natural resources made available through its annual audit reports, NEITI has promoted accountability and improvement in government operations in the extractive sector. This has given key stakeholders and interest groups awareness and unrestricted access to relevant information, and an opportunity to hold government and companies to account.

7.1 Independent Administrator's Findings

This section reviews the prior year's findings and remediation issues, and key findings from the current year audit, as well as its recommendations.

7.2 Prior Year Findings

The IA reviewed the status of the recommendations and remediation efforts from prior years' audits. Table 60 sets out the status of prior years' recommendations.

Table 19: Status of Prior Years' Audit Recommendations

S/N	Issue	Findings	Recommendation	Status Updated
Royalty & Tax Issues				
1	Unauthorized operations	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).	MID and MCO must collaborate, essentially to ensure only duly authorized individuals operate in the sector.	MID and MCO are in good collaboration in terms of information sharing related to mineral title holders. It is pertinent to note

			- Going forward, royalty payment should be based on valid titles. MID and MCO should collaborate more to ensure royalty payment is tied to valid titles. The State's mines officers are required to ensure compliance by royalty payers. - MCO should be periodically furnished.	however, that royalties are not only paid by mineral title holders but by holders of Licence to purchase and process minerals and Mineral Buying Centres certificate holders who may not necessarily have mineral titles.																										
2	Issuance of treasury receipt of 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	- MID's head office internal audit procedure should be strengthened to carry out oversight function to state's mine offices more effectively. - Work on automation of government revenue collection process should be accelerated to minimize access to cash at all times.	There is no cash collection as payment is through Treasury Single Account (Remita) system. Automation of royalty collection has commenced in about 8 States and the other States are in the processes of automation.																										
	<table><tr><th>Company</th><th>Date on MID receipt</th><th>Receipt no</th><th>Amount received</th><th>Date of lodged in the bank</th></tr><tr><td>Modakeke (Aanu Oluwapo Sand Gravel Women in Mining</td><td>12/12/2018</td><td>Z009456839</td><td>5,000</td><td>07/01/2019</td></tr><tr><td>Opa, Ile-Ife Ifesowapo Sand & Quarry Women in Mining</td><td>12/12/2018</td><td>Z009456841</td><td>5,000</td><td>07/01/2019</td></tr><tr><td>Ademog Nig. Ltd</td><td>17/12/2018</td><td>Z009456843</td><td>7,000</td><td>07/01/2019</td></tr><tr><td>United Quarriable Associates Osun State</td><td>28/12/2018</td><td>Z009456844</td><td>50,000</td><td>16/01/2019</td></tr></table>					Company	Date on MID receipt	Receipt no	Amount received	Date of lodged in the bank	Modakeke (Aanu Oluwapo Sand Gravel Women in Mining	12/12/2018	Z009456839	5,000	07/01/2019	Opa, Ile-Ife Ifesowapo Sand & Quarry Women in Mining	12/12/2018	Z009456841	5,000	07/01/2019	Ademog Nig. Ltd	17/12/2018	Z009456843	7,000	07/01/2019	United Quarriable Associates Osun State	28/12/2018	Z009456844	50,000	16/01/2019
Company	Date on MID receipt	Receipt no	Amount received	Date of lodged in the bank																										
Modakeke (Aanu Oluwapo Sand Gravel Women in Mining	12/12/2018	Z009456839	5,000	07/01/2019																										
Opa, Ile-Ife Ifesowapo Sand & Quarry Women in Mining	12/12/2018	Z009456841	5,000	07/01/2019																										
Ademog Nig. Ltd	17/12/2018	Z009456843	7,000	07/01/2019																										
United Quarriable Associates Osun State	28/12/2018	Z009456844	50,000	16/01/2019																										

3	Misstatement of government revenue/ receipts	IA noted that transaction charges, (otherwise referred 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.	MID to carry out capacity building and regularly conduct walk-through exercises to ensure receipts are issued in the form that is ethically acceptable.	Zonal/Federal Mines Officers have been informed to bring the issue to the notice of their respective Account officers.
4	Titleholders that did not Pay Royalty in 2018	A total of 1,801 holders of valid title did not make any royalty payment in 2018. The IA also noted that out of the 291 titles held by the 69 reporting companies, 143 or 49% of the titles were inactive during the reporting period.	• MMSD should constitute a task-force to review the status of these titles. Additionally, independent consultants with requisite experience should be engaged to unearth the causes and proffer recommendations. • MCO and MID to collaborate to ensure implementation of use it or lose it rule. • Punitive levy (minimum royalty) should be imposed on holders of inactive titles so as to discourage the speculative acquisition of titles.	MID and MCO are in collaboration to ensure that inactive mineral titles are revoked. It is worthy to note that punitive levy (minimum royalty) can not apply because by law royalty is paid on mineral used or sold only. However, the payment of incremental annual service charge serves as deterrent.
5	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.	• MMSD is encouraged to step up in its control functions over out-stations. • There should be monthly reconciliation of all bank accounts.	The automation of royalty payment has eliminated delay in receipt issuance. The issuance of receipts is by the State Accountant Officers and not the Zonal/Federal Mines Officers.

6	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.	- 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'.	
Export Issues				
7	Non-payment of royalty by some minerals exporting companies	Out of 66 companies that engaged in export of solid minerals in 2018, there was no evidence that 30 (45%) paid royalty on minerals exported	- NCS should ensure that all exporters have duly issued export permits from MMSD. - MMSD should follow up with the 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.	There is more collaboration with NCS to ensure that royalty is paid on minerals exported.
8	Under declaration by mineral exporting companies	Two exporters, Xinye Mining Resources African Limited and Tongyi Allied Mining Ltd), as inserted below, understated production and royalty payable to Government in 2018.	- MMSD should investigate 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.	The issue of under-payment is always been investigated and Demand notice is always issued to companies to pay any outstanding royalty.
Company		Declaration (volume)	Declaration (Royalty)	

	Export (ton)	Declaration (ton)	Difference (ton)	Royalty due NGN	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
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.		• 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.		Effort is being made to recover any unpaid royalty due to under-declaration of production.
10	Funding of the SMDF to attain its full potentials	The Solid Mineral Development Fund (the Fund) is established by the NMMA 2007. However, the SMDF is yet to attain its full operation due to the paucity of funds.		• Federal Government should ensure the SMDF is given required attention, including funding. • The SMDF 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 government in		

		Contrary to the relevant section of the Act, IA confirmed that the Fund is yet to benefit from 1.68% (i.e. 3.19% Development of Natural Resource) out of FGN share of Solid IA also notice that the N30billion intervention received from FGN, except it is not applicable under section 38 (b) of the Act, did not pass.	October, 2019). • The SMDF should carry out back duty investigation to ascertain the total amount due to the SMDF from FGN distribution of 1.68% and be remitted to it without further delay. • Out of N30billion intervention received by the Ministry from FGN, proportionate amount should be transferred to the Fund.	
11	Assessment to Royalty Payment based on Operators' Self declaration	The common practice in the industry has been royalty payment based on self-assessment/declaration. IA 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	• MID 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 • MID should complement self-declaration with regular spot checks to validate companies' returns. • MID encouraged to carry out audit of use of explosive at all times	There has been increase in monitoring of mining sites to check production figures and to ensure that royalty payment are commensurate with the actual production. Explosives usage is been checked on monthly basis by the department using the powder factor effect for hard rock minerals

		permits yet.		
Nigeria's Strategic Minerals				
12	Lack of activity in some of the nation's strategic minerals	The strategic minerals that have remained largely untapped are; bitumen, barite and gold. a) 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. Despite the abundant deposit yet Nigeria depends on importation to meet its bitumen requirement. IA review revealed that bitumen has attracted very little attention over the years.	- 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.	Government is intensifying effort to explore for Bitumen to encourage investors into Bitumen mining.
		b) 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 is expended in the importation of barite on annual basis despite the local availability of the mineral.	- IA reiterate a deliberate government policy aimed 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 .	There is exploratory activities on barite by National Integrated Mineral Exploration Project (NIMEP) to boost barite mining activities

		c) Gold Gold has potential to attract foreign exchange for Nigeria. Unfortunately, the mineral has not received the attention it deserves in form of investments. This has been left at artisanal operation and mostly smuggled out of the country. IA review revealed that the mineral has received sustained interest in the past two years, evidenced as shown on the table. However, this has not reflected in production volumes or royalty payments.	Government should expedite action on the proposed national gold policy so as to arrest further revenue loss and return 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.	The Ministry has encouraged gold mining through: • Exploratory activities on gold by National Integrated Mineral Exploration Project (NIMEP) to boost gold mining activities. • Licensing of two (2) gold refineries with one at advanced stage of construction. • Facilitating Thor Exploration Limited, world class Segilola gold project in Osun State to an advanced stage of development. Mining is to commence in 1st quarter of 2021. • Facilitating further incentives for gold miners through the Federal Ministry of Finance.
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7.3 Current Finding and Recommendations

The findings and recommendations from the 2019 audit are set out in Table 61.

Table 20: Findings and Recommendations from the 2019 Audit

S/N	Issue	Findings	Implications	Recommendations
Royalty Issues				
1	Under Payment of Royalty	There was no evidence of royalty payments by 25 Companies that exported minerals in 2019. The Royalty payable by these companies is ₦ 482,005,247.55. (See Table 24 and Appendix 12 for details)	The implication of this is loss of revenue to government	- The MMSD should ensure the recovery of all outstanding royalty payment of the 25 companies. - MMSD should automate the online verification process of all submitted permits for export and payment of royalties. This will reduce the incidences of tax evasion and non-payment of royalty. - Inter-agency collaboration should be increased, most especially between NCS and MMSD, to mitigate this loss. - The MMSD should consider having its representatives at the export terminal/borders to validate the export clearance permit presented by exporters and confirm whether the applicable royalty has been paid.
	• Taxes and Other Related matters			
2	Non payment of taxes	- The companies listed below did not pay VAT, EDT and CIT: - A.A.Y. International Mining Company Ltd - Afdin Const. Co - Al'Sa'ab Quarry Multipurpose Cooperative Society - First Patriot Limited - Prossy Investment Limited - Kunlun Nigeria Limited - Rock Waters Integrated Services Nig. Limited	- Non-payment of taxes contravenes section 235 of CITA (2017) and reduces government revenue. - These companies did not provide their AFS which made it impossible to calculate their liabilities.	The FIRS should carry out a comprehensive tax audit to recover all unpaid taxes by these companies.

3	Companies with Multiple Tax Identification Numbers (TIN)	The IA uncovered 6 companies which had multiple TINs. This resulted in different tax clearances and various related payments in each TIN for these companies <table><tr><th>S/N</th><th>Name</th><th>No of TIN</th></tr><tr><td>1</td><td>Arab Contractors</td><td>3</td></tr><tr><td>2</td><td>CCECC Nig. Ltd.</td><td>3</td></tr><tr><td>3</td><td>China Zhonghao</td><td>2</td></tr><tr><td>4</td><td>CLC Tech Limited</td><td>4</td></tr><tr><td>5</td><td>CGC Nig. Limited</td><td>2</td></tr></table>	S/N	Name	No of TIN	1	Arab Contractors	3	2	CCECC Nig. Ltd.	3	3	China Zhonghao	2	4	CLC Tech Limited	4	5	CGC Nig. Limited	2	- The duplication of TINs by companies can make Monitoring and tracking of payments due by companies difficult. - It may lead to tax evasion and an avenue for revenue loss to the government.	- A comprehensive tax audit should be carried out on these companies by the respective tax offices to achieve a single TIN for each company. - The MMSD and the FIRS need to work closely to achieve synergy in tax payments from the sector.
S/N	Name	No of TIN																				
1	Arab Contractors	3																				
2	CCECC Nig. Ltd.	3																				
3	China Zhonghao	2																				
4	CLC Tech Limited	4																				
5	CGC Nig. Limited	2																				
Licence and Documentation																						
4	Non-Regularization of Transfer of mineral title.	- The audit revealed that Inorganic Earth Resources Limited, the holder of title No. QIs 8630, was acquired by Tigong Investment Limited in 2016. However, the company failed to regularize the transfer title with MCO and MMSD. - The company paid royalty and other fees using Inorganic Earth Resources Limited's name and paid its taxes using the name of Tigong Investment Limited.	It has made reconciliation quite tricky and thus shows the inefficiencies in the monitoring of companies' activities. The non-payment of the applicable fees for the transfer is a loss of revenue to the government	- The company should accelerate the process of regularizing the transfer with MCO and MMSD - The Company should also be made to pay the applicable transfer fees with penalty. - The MCO and MMSD should ensure the immediate regularization of the transfer. The company should pay the applicable transfer fee and the possible penalty for non-payment, as stated in the guidelines for the transfer of titles.																		
Control and Policy Issues																						
5	Lack of Effective Monitoring and Supervision.	- The audit came across incidences of illegal mining activities, some of the observed locations include Ribi Village, Azara, Ugya in Toto LGA, Obo LGA in Nasarawa State and Kutulku in Wushishi LGA, Igade/Kati in Mashebu LGA of Niger State. - The minerals involved in these activities are Barites, Gold, lead/zinc, magnesium	- The activities of these operators have a far-reaching consequence on the environment, health, and economy of the nation. - The activity of the buying centre (open market) contravenes section 94, of the Mining Act (2007). These activities lead to smuggling of minerals which	- MMSD should investigate the activities of buying center, and activities of artisanal miners with a view to enforcing full compliance with Government Regulations. - Government should make mineral buying centres more effective in buying products from artisanal miners to curtail smuggling of such products.																		

		and gemstones. The IA also discovered an open market named Strabag Precious stone International market in Ojoor Ibadan, where Gold and Gemstone are traded.	distorts the production records of the sector. All of this has led to environmental degradation and loss of revenue to the Government	
6	Access to Funds in the Sector	From the interactions with the major players in the sector, the IA observed that credit facilities provided by the government to the industry were challenging to access, this is due to the stringent conditions attached such as collateral and other requirements and this makes it difficult for most of the players in the sector to access.	The growth of small-scale mining companies is impeded by the inability to access capital. It has led some to raise funds from other sources, which affects their sustainability due to the high-interest rates.	- The government should make access to credit facilities easier, which will accelerate the sector's development rate. The government can also allow the use of minerals titles certificates as a guarantee for getting a loan, while there should be the establishment of solid minerals development bank as obtained in the Agricultural sector. - The government should adequately support and strengthen the SMDF to enable it to fund the sector
7	Non-implementation of the Environmental Protection and Rehabilitation Fund (EPRH)	The IA observed that the environmental protection and rehabilitation fund is yet to commence operation in line with section 121(4) of the Minerals and Mining Act (2007) and Section 184 of the Mining Regulation (2011).	The non-contribution by extractive companies to the Fund directly impacts the realization and achievement of the Fund's objectives of saving money for the mine reclamation after mining has stopped.	MMSD should kick start the process of sensitizing the stakeholders; appoint the Board of Trustees for the Fund to enable them to select the fund manager
Production and Export Related Issues				
8	Non-Standardization of Mineral Classification.	The audit observed discrepancies in the record of Nigeria Customs Service, Central Bank of Nigeria, and the Ministry of Mines and Steel Development, which was due to the customs' misclassification of solid minerals. Some of these items are lead oxide, aluminium ingot, lead ingot, limestone flux etc	- This difference reveals lack of coordination between MMSD and NCS. Similarly, it indicates that some of the exporting companies do not obtain the requisite export permit from MMSD. - This could lead to distortion in available data for national planning, and revenue	- This difference reveals a lack of coordination between MMSD and NCS. Similarly, it indicates that some of the exporting companies do not obtain a permit from MMSD. - There is the potentiality of revenue loss - as companies declare different records for different purposes. - This could lead to over bloating of export volume. It could also lead to the concealing of contraband minerals.

			classification. • There is potentiality of revenue loss - as companies declare different records for different purposes. • This could lead to over bloating of export volume. It could also lead to the concealing of contraband minerals.	
9	Development of Strategic Minerals	• Limestone and granite aggregates formed the bulk of minerals produced, with about 42.3 million tonnes produced, however with a combined royalty payment of N1.73billion, this represents 68.17% of production and 23.0% of total revenue from the sector. • However, lead/zinc and columbite with a combined production of 25,546t contributed the most revenue in the sector with 36.05% and 25.93%, respectively. • There has been a slow pace in the development of metallic minerals and the seven strategic minerals. Except for gold that has received massive government focus, they are yet to receive such considering their industrial growth input.	• This poses as a potential loss of future revenue to the Government by not encouraging/ promoting the specialization into the aforementioned minerals.	• The Government, through MMSD, should promote investment in strategic and metallic minerals. Also, a focus on beneficiation of lead/zinc, columbite and other strategic minerals as they pose to bring more revenue to the government due to their global pricing.