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# NEITI 2021 SOLID MINERALS INDUSTRY REPORT





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# IMPACT BUILT ON BLOCKING LEAKAGES TO GROW REVENUE





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Report on NEITI Solid Minerals Industry Audit – Impact built on blocking leakages to grow revenue

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The report and all its appendices are intended for the use of the National Stakeholder Working Group (NSWG) of NEITI for the purpose of that initiative and any reliance placed upon this report and its appendices by third parties shall be in accordance with the NEITI Act of 2007.





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**List of Abbreviations:**

Abbreviations	Description
AGF	Accountant General of the Federation
ASM	Artisanal and Small-Scale Mining
ASMD	Artisanal and Small-Scale Mining Department
BO	Beneficial Ownership
CAC	Corporate Affairs Commission
CAMA	Companies and Allied Matters Act
CBN	Central Bank of Nigeria
CDA	Community Development Agreement
CFRN	Constitution of the Federal Republic of Nigeria
CGT	Capital Gain Tax
CIT	Company Income Tax
CRF	Consolidated Revenue Fund
EDT	Education Tax
EL	Exploration License
EIA	Environmental Impact Assessment
EITI	Extractive Industry Transparency Initiative
ETP	Energy Transition Plan
FAAC	Federal Account Allocation Committee
FCT	Federal Capital Territory
FEC	Federal Executive Council
FGN	Federal Government of Nigeria
FIRS	Federal Inland Revenue Service
FMoE	Federal Ministry of Environment
FRA	Fiscal Responsibility Act
FoB	Free on Board
GDP	Gross Domestic Product
GIS	Geographic Information System
IA	Independent Administrator
IPSAS	International Public Sector Accounting Standards
ISRS	International Standards on Related Services
LGA	Local Government Area
LFN	Laws of the Federation of Nigeria
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
MTEF	Medium Term Expenditure Framework
MSG	Multi Stakeholder Group
MINDIVER	Mineral Sector Support for Economic Diversification
NBS	Nigeria Bureau of Statistics
NCDMB	Nigerian Content Development and Monitoring Board
NCOA	National Charts of Accounts
NCS	Nigeria Customs Service
NEITI	Nigeria Extractive Industries Transparency Initiative







NESREA	National Environmental Standards and Regulations Enforcement Agency
NMMA	Nigeria Minerals and Mining Act
NNMR	Nigerian Minerals and Mining Regulations
NGSA	Nigeria Geological Survey Agency
NIPC	Nigerian Investment Promotion Commission
NIMEP	National Integrated Mineral Exploration Project
NNPC	Nigerian National Petroleum Corporation
NSWG	National Stakeholders Working Group
NSRMEA	Nigerian Steel Raw Materials Exploration Agency
PAYE	Pay as You Earn
PSC	Persons with Significant Control
PMBC	Private Mineral Buying Centers
PPP	Public-Private Partnership
QL	Quarry Lease
REE	Rare Earth Element
RMAFC	Revenue Mobilization, Allocation and Fiscal Commission
RP	Reconnaissance Permit
SBIRS	State Board of Internal Revenue Service
SD	Stamp Duty
SMA	Solid Minerals Audit
SMDF	Solid Minerals Development Fund
SOE	State- Owned Enterprise
SPV	Special Purpose Vehicle
SSML	Small Scale Mining Lease
ToR	Terms of Reference
VAT	Value Added Tax
WHT	Withholding Tax





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## Statement by the Executive Secretary/CEO

While developed nations rely on data-driven information and facts to plan, most developing and underdeveloped countries rely on primordial considerations and assumptions. This is the crucial difference between developed, developing, and underdeveloped nations. To address this gap, Nigeria, with its vast extractive industries, is implementing the Extractive Industries Transparency Initiative (EITI), the global standard that is promoting transparency and accountability in member countries.

Citizens' access to reliable information and data on company revenue payments, government receipts, and prudent utilisation, through public disclosure, is not only a mandatory requirement but also defines the essence of the regular EITI industry reports for member countries.

The Nigeria Extractive Industries Transparency Initiative (NEITI) has been producing industry reports since 1999, providing empirical information and data that supports national development planning and implementation. These reports have been widely disseminated to the public, governments, extractive industries companies, the media, the legislature, and civil society, empowering accountability actors with data and information that is needed to advocate for holding government and companies accountable. The responsibility of NEITI goes beyond reporting. It aims to encourage national development, poverty reduction and support the fight against corruption.

Over the past 20 years, NEITI has published 12 cycles of independent reports in the solid minerals industry covering years 2007-2021. The reports disclosed a total revenue receipts of N845.14 Billion to the Federal government. In addition, NEITI has published 14 cycles of reports in the oil and gas sector and four cycles of reports on nine selected resource-rich states in Nigeria and other statutory recipients, providing insights into revenue receipts, generation, resource allocation, utilization, and their implications for jobs and citizens' welfare.

This NEITI 2021 Solid Minerals Report was produced under the 2019 EITI Standard. The 2019 Standard has, however, been reviewed and approved for implementation at the 2023 Global Conference held in Dakar, Senegal. The 2021 Solid Minerals Report meticulously examined balances payable/receivable for all revenue streams during the period. It reconciled physical/financial transactions, matched company payments against government receipts, reviewed underlying processes, and identified leakages and lapses. The report also covered emerging issues such as beneficial ownership and contract transparency disclosures, along with far-reaching recommendations.

The report covered 1,214 companies and three government agencies namely, the Ministry of Mines and Steel Development, the Mining Cadastre Office and the Federal Inland Revenue Service. With the release of the 2021 Solid Minerals Report under the theme "Impact Built On Blocking Leakages To Grow Revenue," another opportunity has emerged to deepen public debates on extractive industry reforms in Nigeria.





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A notable feature of the 2021 Solid Minerals Report was NEITI's gradual transition from a manual data collection process to the use of the NEITI Audit Management System - NAMS which further enhanced the process efficiency and data integrity.

Considering the enactment of the Petroleum Industry Act in August 2021, the global focus on renewable energy, climate change, and energy transition, the NEITI 2021 oil, gas and solid minerals reports offer timely information to prepare Nigerians for crucial debates. I, therefore, invite all Nigerians - policy-makers, legislators, civil society, and opinion leaders - to study the report and use it to hold the government and companies accountable. Remember, "He who has the facts controls the debate."

Lastly, I extend my gratitude to the government of Nigeria, relevant agencies, oil and gas companies, civil society, and our global partners, especially the EITI International Secretariat in Oslo, Norway, and the World Bank, for their invaluable support.

**Orji Ogbonnaya Orji, PhD**

NEITI Executive Secretary & National Coordinator, EITI, Nigeria.





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## EXECUTIVE SUMMARY

This report is Nigeria's 12<sup>th</sup> cycle of the Extractive Industries Transparency Initiative (EITI) audit covering the period 1<sup>st</sup> January to 31<sup>st</sup> December 2021. The outcome from the reconciliation of financial flows (tax and non-tax payments and other payments mandated by relevant Nigerian laws) together with the 'Physical' and 'Process' activities in Nigeria's solid minerals sector in the year 2021 are presented in this report in compliance with the Nigeria Extractive Industries Transparency Initiative (NEITI) Act 2007, 2019 EITI Standard and the Terms of Reference issued for this audit.

### Objectives of the audit

The overall objective of the assignment is to produce a solid minerals industry report for 2021 in accordance with the EITI Standard. The report is titled 'Impact built on blocking leakages to grow revenue'.

### Approach and Methodology

- a. Determined the companies to be covered by the audit based on the materiality threshold approved by the NSWG.
- b. Administered data gathering templates to companies selected for the audit based on the approved threshold.
- c. Matched payments reported by companies against receipts reported by government agencies to determine whether there are variances.
- d. Carried out 100% vouching of the data submitted by companies by matching them against their source documents to confirm completeness, accuracy and validity of the data.
- e. Held reconciliation meeting with government agencies and covered companies with a view to reconciling all outstanding differences between company payments and government receipts.

### Covered Entities

From a total of 1,214 companies operating in the sector, 914 paid royalties. Out of the 914 that made royalty payments, 121 companies met the set materiality threshold and were responsible for 92% of the total royalty payments. In addition, the Ministry of Mines and Steel Development, Mining Cadastre Office Federal Inland Revenue Service were also covered.







## Total Revenue

The disclosure of total receipts by Federal, States, and Local Government agencies is presented below. From the table, it is evident that the total revenue to the government (both Federal and sub-national) is **₦193.59 billion**.

Summary of Total Receipts by Federal Government Agencies, States and LGAs		
Details	Amount ₦	Total collection %
<b>Reconciled</b>		
MID	3,318,400,385	1.71
MCO	646,215,165	0.33
FIRS	169,516,581,325	87.56
<b>Sub- total (A)</b>	<b>173,481,196,875</b>	<b>89.61</b>
<b>Government unilateral disclosure</b>		
MID	300,118,885	0.16
MCO	3,654,962,957	1.89
<b>Sub-total (B)</b>	<b>3,955,081,842</b>	<b>2.04</b>
<b>Total flows to Federation Account (C =A+B)</b>	<b>177,436,278,717</b>	<b>91.66</b>
<b>Company unilateral disclosure ~ FGN Agencies</b>		
MECD	1,344,484	0.00
NGSA	19,460,000	0.01
A&S-SMD	660,000	0.00
MoE	150,000	0.00
NCS	4,091,028,213	2.11
<b>Sub- total (D)</b>	<b>4,112,642,697</b>	<b>2.12</b>
<b>Company unilateral disclosure ~ States and LGAs</b>		
States	11,811,753,087	6.10
Local Government	230,682,426	0.12
<b>Sub- total (E)</b>	<b>12,042,435,513</b>	<b>6.22</b>
<b>Total company unilateral disclosure (F=D+E)</b>	<b>16,155,078,210</b>	
<b>Total receipts (G=C+F)</b>	<b>193,591,356,927</b>	<b>100</b>
<i>Source: 2021 NEITI Solid Minerals Audit Template</i>		

## Trend Analysis of Aggregate Financial Flows to Federation Account

The revenue that accrues to Federation Account from the sector include only those receipts from the Federal Inland Revenue Service (FIRS), Mines Inspectorate Department (MID) and Mining Cadastre Office (MCO). The table below presents a five (5) year trend of revenue to the Federation Account.

5-year trend of Aggregate Financial Flows to the Federation Account						
Entity	Financial flows	Years				
		2017 million ₦	2018 million ₦	2019 million ₦	2020 million ₦	2021 million ₦
FIRS	VAT, WHT, SD, CIT, EDT, CGT	49,162	65,689	69,918	111,475	169,517
MID	Royalty and other fees	1,586	2,211	2,553	3,037	3,619
MCO	Annual service fees, application fees, etc..	2,009	1,571	2,380	2,303	4,301
<b>Total</b>		<b>52,757</b>	<b>69,471</b>	<b>74,851</b>	<b>116,815</b>	<b>177,437</b>

*Source: NEITI Solid Minerals Audit Reports*

Over the past five years, there has been a consistent year-on-year increase in revenue to the federation account. The total revenue accrued to the account during this period amounts to approximately ₦491.33 billion. This represents an impressive growth of ₦124.68 billion (236.33%), moving from ₦57.76 billion in 2017 to ₦177.44 billion in 2021.

### Revenue Distribution

The sum of ₦7.94 billion was distributed in June 2021 to the three tiers of government based on the mineral revenue sharing formula determined by the Revenue Mobilisation Allocation and Fiscal Commission (RMAFC). The summary of revenue distributed based on the mineral revenue sharing formula to the three tiers of government is presented in the table below.

Solid Minerals Revenue Distribution 2021

S/N	Beneficiary	Solid Minerals ₦	Applicable Rate %
1	Federal Government	3,638,921,480.20	45.83
2	State Government	1,846,059,882.49	23.25
3	Local Government	1,422,855,616.96	17.92
4	13% Derivation Share	1,032,205,525.70	13
<b>Total</b>		<b>7,940,042,505.35</b>	<b>100.00</b>

*Source: Federation Account Allocation Committee Report, 2021*

### License Allocation

A total of 2,045 licenses were issued during the year under review as presented in the table below.

Mineral Titles issued in 2021	
	Number
Exploration Licence (EL)	840
Mining Lease (ML)	40
Quarry Lease (QL)	255
Small Scale Mining Lease (SSML)	771
Reconnaissance Permit (RP)	139
<b>Total</b>	<b>2,045</b>

*Source: Mining Cadastre Office*

### Mineral Production

The total mineral production was 76,277,187 tons. Accordingly, the total royalty payment was ₦3,570,392,107. Production volumes and associated royalty payments, disaggregated by mineral type, company, state and zone are presented in the tables below.

Production by Mineral Types								
Mineral	Quantity (Tons)		% Production Volume		Royalty Paid (₦)		% Royalty Value	
	Total	Cumulative	Total	Cumulative	Total	Cumulative	Total	Cumulative
Limestone	35,608,204	35,608,204	46.68	46.68	1,034,281,154	1,034,281,154	28.97	28.97
Granite Aggregate	21,145,207	56,753,411	27.72	74.40	1,565,599,999	2,599,881,153	43.85	72.82
Laterite	5,982,599	62,736,010	7.84	82.25	175,739,227	2,775,620,380	4.92	77.74
Clay	4,579,392	67,315,402	6.00	88.25	68,974,925	2,844,595,305	1.93	79.67
Sand	3,918,599	71,234,001	5.14	93.39	138,372,093	2,982,967,398	3.88	83.55
Coal	1,821,059	73,055,060	2.39	95.78	111,105,110	3,094,072,508	3.11	86.66
Granite Dust	1,634,475	74,689,535	2.14	97.92	60,523,226	3,154,595,733	1.70	88.35
Shale	1,152,049	75,841,584	1.51	99.43	28,801,215	3,183,396,948	0.81	89.16
Other minerals	435,604	<b>76,277,187</b>	0.57	<b>100.00</b>	386,995,159	<b>3,570,392,107</b>	10.84	<b>100.00</b>
<b>Total</b>	<b>76,277,187</b>		<b>100.00</b>		<b>3,570,392,107</b>		<b>100</b>	

*Source: MID 2021 Data*

Minerals with the largest production volume in the year under review are Granite, Limestone, Laterite, Clay and Sand.

Analysis by company shows that the major contributor to production are Dangote, BUA and Lafarge, with a combined production quantity and royalty payment of 41,438,553 tons and ₦1,372,606,741 respectively. Notably, Dangote accounted for a significant share of total production (37.72%) and royalty (25.55%).

These figures underscore the significant role played by these major companies in the mining sector.

Production by Company								
Company	Quantity		% Production		Royalty paid		% Royalty contribution	
	Tons'000				N'000			
	Total	Cumulative	Total	Cumulative	Total	Cumulative	Total	Cumulative
Dangote Cement Plc	28,772,368	28,772,368	37.72	37.72	912,492,728	912,492,728	25.55	25.55
BUA Cement Plc	8,355,705	37,128,073	10.95	48.68	241,125,598	1,153,618,326	6.75	32.31
Lafarge PLC	4,310,480	41,438,553	5.65	54.33	218,988,415	1,372,606,741	6.13	38.44
Zeberced Limited	3,272,924	44,711,477	4.29	58.62	164,073,375	1,536,680,116	4.59	43.03
Other Companies	31,565,709	<b>76,277,186</b>	41.38	<b>100.00</b>	2,034,212,847	<b>3,570,892,962</b>	56.97	<b>100.00</b>
<b>Total</b>	<b>76,277,186</b>		<b>100.00</b>		<b>3,570,892,962</b>		<b>100.00</b>	

Source: MID 2021 Data

As regards State production, Ogun recorded the highest production in the year under review, with a total of 17.5million tons, followed by Kogi with 16.3 million tons, and Edo with 8 million tons. The least production volume was recorded in Borno State with 25,500 tons as shown in the table below.

Production by state									
S/N	State	Quantity (Tons'000)		% Quantity		Royalty Paid (N'000)		% Royalty	
		Total	Cumulative	Total	Cumulative	Total	Cumulative	Total	Cumulative
1	Ogun	17,489,096	17,489,096	22.93	22.93	642,072,387	642,072,387	17.98	17.98
2	Kogi	16,301,961	33,791,057	21.37	44.30	496,670,224	1,138,742,611	13.91	31.89
3	Edo	8,023,394	41,814,451	10.52	54.82	289,067,721	1,427,810,332	8.10	39.98
4	Cross River	5,279,719	47,094,170	6.922	61.74	259,341,747	1,687,152,079	7.26	47.25
5	FCT	3,626,322	50,720,492	4.754	66.49	178,070,833	1,865,222,912	4.99	52.23
6	Ebonyi	2,962,141	53,682,633	3.883	70.38	320,117,965	2,185,340,877	8.96	61.2
7	Other states	22,594,554	<b>76,277,189</b>	29.62	<b>100.00</b>	1,385,552,084	<b>3,570,892,961</b>	38.80	<b>100.00</b>
	<b>Total</b>	<b>76,277,187</b>		<b>100</b>		<b>3,570,892,961</b>		<b>100.00</b>	

Source: MID 2021 Data

Production analysed by region, shows that North central accounted for highest production with 24 million tons, south west came second with 23.1 million tons while south east recorded for the lowest production of 718 thousand tons as shown in the table below.

Production by Region								
Zones	Quantity Tons'000		% Production		Royalty paid N'000		% Royalty contribution	
	Total	Cumulative	Total	Cumulative	Total	Cumulative	Total	Cumulative
North Central	23,786,500	23,786,500	31.18	31.2	1,020,670,120	1,020,670,120	28.6	28.6
South West	23,294,180	47,080,680	30.54	61.7	1,046,488,639	2,067,158,759	29.3	57.89
South South	18,044,278	65,124,958	23.66	85.4	930,325,479	2,997,484,238	26.1	83.94
North West	8,002,818	73,127,776	10.49	95.9	401,869,630	3,399,353,868	11.3	95.2
North East	2,431,775	75,559,551	3.19	99.1	139,310,861	3,538,664,730	3.9	99.1
South East	717,636	<b>76,277,187</b>	0.94	<b>100</b>	32,228,232	<b>3,570,892,961</b>	0.9	<b>100</b>
<b>TOTAL</b>	<b>76,277,187</b>		<b>100</b>		<b>3,570,892,961</b>		<b>100</b>	

Source: MID 2021 Data

## Strategic Minerals

The Federal Government of Nigeria identified seven major minerals as strategic, namely; Gold, Coal, Bitumen, Limestone, Lead/Zinc, Iron Ore and Barites. These minerals are considered as minerals with high potential to diversify the economy, boost revenue earnings and sustainable development.

Strategic Minerals										
SN	Strategic Minerals	Proven Reserves	Total Reserves	Measurement Basis of Reserves	Production (Tons)	Royalty	Licenses Issued			
						N'million	EL	ML	SSML	QL
1	Gold	1M	200M	Ounces	0.54	95,905,277	352	12	148	2
2	Limestone	568M	2,300,000M	Metric Tonnes	35,608.00	1,034,281,154	33	3	12	4
3	Lead/Zinc	5M	10M	Metric Tonnes	129,529.17	173,005,598	39	-	46	-
4	Iron Ore	3,000M	10,000M	Metric Tonnes	2,452.82	478,300	59	4	11	-
5	Barite	0.1M	15M	Metric Tonnes	1,560.00	624,000	13	-	13	-
6	Coal	639M	2,750M	Metric Tonnes	1,821,059.00	111,105,110	19	8	4	-
7	Bitumen	1,100M	27,000M	Barrels	-	-	1	2	1	-
<b>Total</b>					<b>1,990,209.53</b>	<b>1,415,399,439</b>	<b>516</b>	<b>29</b>	<b>235</b>	<b>6</b>

## Mineral Export

Total mineral exported was 142,537,480 tons, with a free-on-board (FoB) value of USD101,294,140. Lead ores and concentrates was the highest quantity of mineral exported in the year under review, accounting for 7.7% and 35.3% respectively, for both quantities exported and the FoB value. This was followed by Zinc ore, accounting for 15.6% and 33% respectively. In addition, Manganese ore accounted for 44% and 7% respectively as depicted in the table below.

Export by Mineral Type

SN	Goods Description	Net Weight (T'000)	Volume (%)		FOB Value (\$'000)	FOB (%)	
			Total	Cumulative		Total	Cumulative
1	Lead ores and concentrates	11,005.59	7.72	7.72	35,737.92	35.28	35.28
2	Zinc ores and concentrates	22,184.35	15.56	23.29	33,427.43	33.00	68.28
3	Manganese ores/concentrates	62,916.80	44.14	67.43	7,234.18	7.14	75.42
4	Tin ores and concentrates.	460.94	0.32	67.75	4,936.71	4.87	80.30
5	Niobium, tantalum	2,532.30	1.78	69.53	4,870.53	4.81	85.11
6	Zirconium ores and concentrates	1,323.06	0.93	70.45	2,584.29	2.55	87.66
7	Other ores and concentrates.	19,863.51	13.94	84.39	2,422.83	2.39	90.05
8	Copper ores and concentrates	529.27	0.37	84.76	1,914.20	1.89	91.94
9	Crude mica and mica rifted into sheets	1,964.48	1.38	86.14	1,570.50	1.55	93.49
10	Chromium ores and concentrates	5,480.17	3.84	89.98	1,552.70	1.53	95.02
11	Feldspar	2,092.30	1.47	91.45	1,112.67	1.10	96.12
12	Other minerals	12,184.73	8.55	100.00	3,930.20	3.88	100.00
<b>TOTAL</b>		<b>142,537.48</b>	<b>100.00</b>		<b>101,294.14</b>	<b>100.00</b>	

Source: NCS 2021 Export Data

Export analysis based on company shows that First Patriot Nigeria Limited contributed 3.36% and 44.26% respectively of the total export volume and value.

Export by Company

SN	Exporter	Net Weight (T'000)	Volume (%)		FOB Value (\$'000)	FOB (%)	
			Total	Cumulative		Total	Cumulative
1	First Patriot Ltd	5,172.28	3.63	3.63	44,833.41	44.26	44.26
2	Sino Min-metals Co. Limited	62,815.14	44.07	47.70	6,902.50	6.81	51.07
3	Synce Alumony Mining Limited	10,253.33	7.19	54.89	6,716.77	6.63	57.71
4	Venz World-class Limited	335.266	0.24	55.13	6,032.21	5.96	63.66
5	Indviz Metals Limited	210.364	0.15	55.27	2,802.66	2.77	66.43
6	Malcomines Minor Metals Ltd	3,666.00	2.57	57.85	2,604.95	2.57	69.00
7	Anyang Kuangye Investment Ltd	550.89	0.39	58.23	2,211.40	2.18	71.18
8	Hudson Mining Ltd	307.86	0.22	58.45	2,006.77	1.98	73.16
9	Abyem-Diva International Limited	12,806.80	8.98	67.43	1,939.55	1.91	75.08
10	Emirate Mining & Geo-minerals Limited	1,210.75	0.85	68.28	1,920.40	1.90	76.97
11	West Metallic Ltd	0.25	0.00	68.28	1,871.72	1.85	78.82
12	Premier Standard International Nigeria Limited	3,838.83	2.69	70.98	1,815.61	1.79	80.61
13	Metaminera Nigeria Limited	2,504.48	1.76	72.73	1,755.98	1.73	82.35
14	Golden Oceans Global Investment Ltd,	784.54	0.55	73.28	1,676.70	1.66	84.00
15	Igor Logistics and Services Limited	5,130.00	3.60	76.88	1,523.45	1.50	85.51
16	Neveah Limited	1,114.35	0.78	77.66	1,149.60	1.13	86.64
17	Astro Minerals Limited	100.00	0.07	77.73	1,105.07	1.09	87.73
18	Horse Race Nigeria Ltd	1,736.67	1.22	78.95	1,079.84	1.07	88.80
19	Other Companies	29,999.67	21.05	<b>100.00</b>	11,345.54	11.20	<b>100.00</b>
<b>TOTAL</b>		<b>142,537.48</b>	<b>100.00</b>		<b>101,294.14</b>	<b>100.00</b>	

Source: NCS 2021 Export Data



China accounted for 95% and 88% of the total export volume and value respectively during the year under review, as shown in the table below.

Export by Destination

SN	Destination	Net Weight (T'000)	Volume (%)		FOB Value (\$'000)	FOB (%)	
			Total	Cumulative		Total	Cumulative
1	China	135,932.70	95.37	95.37	89,027.57	87.89	87.89
2	Malaysia	2,001.71	1.40	96.77	4,703.86	4.64	92.53
3	Korea	1.81	0.00	96.77	1,432.63	1.41	93.95
4	Thailand	129.00	0.09	96.86	1,186.10	1.17	95.12
5	United Arab Emirates	190.20	0.13	97.00	1,122.24	1.11	96.23
6	Other countries	4,282.07	3.00	100.00	3,821.74	3.77	100.00
<b>TOTAL</b>		<b>142,537.48</b>	<b>100.00</b>		<b>101,294.14</b>	<b>100.00</b>	

*Source: NCS 2021 Export Data*

**Social Expenditure**

These expenditures represent the costs incurred by companies to fulfill their responsibilities towards their host communities and the environment. The underlying principle is that a company, as a participant in a community, shares similar responsibilities to society as any other citizen.

In the year under review, only 40 companies made verifiable social payments amounting to ₦3.2billion approximately. These social expenditures reflect the commitment of companies to contribute positively to the well-being and development of their host communities.

**Reforms**

The Federal Government of Nigeria, in her quest to develop and revamp the solid minerals sector in order to diversify the economy, carried out the following reforms:

Key Reforms in the Sector		
SN	Institutions	Key Reforms
1	Ministry of Mines and Steel Development (MMSD)	The Nigeria Minerals and Mining (Amendment) Bill, 2023: The bill seeks to amend the Nigeria Minerals and Mining Act, 2007 in order to align it with current realities with a view to attracting potential investors into the sector.  <a href="https://assets.kpmg.com/content/dam/kpmg/ng/pdf/nigerian-mining-sector-watch-(volume5)(19052023).pdf">https://assets.kpmg.com/content/dam/kpmg/ng/pdf/nigerian-mining-sector-watch-(volume5)(19052023).pdf</a>
2	Mining Cadastre Office (MCO)	Up-Grade of the SIGTIM software to Web-based/Online Mineral Title Administration and Management System - Electronic Mining Cadastre System (eMC+).  <a href="https://nigeriaminingcadastre.gov.ng/emc#">https://nigeriaminingcadastre.gov.ng/emc#</a>





		Acquisition, Geo-referencing and Geo-coding of Topographic Maps of Nigeria for integration into the Mining Cadastre Digital Database.
3	Nigerian Geological Survey Agency (NGSA).	Acquisition of Z-300 LIBS Analyser and Triple Quadrupole Inductively Coupled Plasma Mass Spectrometry (TQ-ICP-MS) for analysing mineral samples and exploration activities.  <a href="https://ngsa.gov.ng/blog/">https://ngsa.gov.ng/blog/</a>
		Development of a Litho-structural Map of Nigeria to provide understanding of mineral systems in Nigeria.

### Key Highlights of the 2021 Solid Minerals Audit Report

The key highlight of the report is presented in the table below:

Country	Nigeria
Fiscal Period Covered	2021
Sectors Covered	Solid Minerals (Financial, Physical and Process audit)
Independent Administrator	Amedu Onekpe & Co Chartered Accountants
Entities	Total number of entities 1,214
	Entities with Royalty Payments 914
	Entities within threshold 121
Government revenues	<b>Total government revenues (including non-reconciled)</b>
	₦193,591,356,927 Section 4.4, Table 35, p.71 to 72
	<b>Final reconciled revenues (excl. unilateral disclosure):</b>
	₦173,480,916,662 Section 4.4, Table 35, p.71 to 72
Company Payments	<b>Total company payments (including non-reconciled):</b>
	₦193,591,356,927 Section 4.4, Table 35, p.71 to 72
	<b>Final reconciled payments (excl. unilateral disclosure):</b>
	₦173,480,916,662 Section 4.4, Table 35, p.71 to 72
Largest revenue stream (type and %)	Valued added tax (VAT) ₦97.78 billion (56.36%) of 2021 total reconciled flows (Section 4.8, Table 42, p.83)
Coverage (Types of Financial flows)	<b>Reconciled financial flows (Section 4.4, Table 35, p.71):</b>
	FIRS – Taxes: ₦169,516,301,112 (87.56%)
	MID – Royalty and Others: ₦ 3,318,400,385 (1.71%)
	MCO – Annual Service Fee and Others: ₦646,215,165 (0.33%)
	States – Annual Surface Rents and Others: ₦12,042,435,513 (6.22%)
	MoE – Environmental Fee and Others: ₦4,112,642,697 (2.12%)
Total discrepancies	Initial: ₦25,121,391,233.24 (32.12% of initial government revenue)
	<b>Appendix 24 - Summary Sheet</b>
	Final Reconciled: ₦173,461,695,782.63







	Unreconciled: ₦21,339,243.06 Section 4.2, Table 30 p.68
Production	Total Quantity Used/Sold (76,277,187.12 tons) Section 3.3.1, Table 16, p.56
	Total Value: ₦3,570,392,107 Section 3.3.1, Table 16, p.56
	<b>Top 5 Minerals Production States (Section 3.3.3, Table 18, p. 57)</b>
	Ogun State production: 17,489,096 tons Royalty paid: ₦642,072,387 Section 3.3.3, Table 18, p. 57, Appendix 15
	Kogi State production: 16,301,961 tons Royalty paid: ₦496,670,224 Section 3.3.3, Table 18, p.57 Appendix 15
	Edo State production: 8,023,394 tons Royalty paid: ₦289,067,721 Section 3.3.3, Table 18, p.57, Appendix 15
	Cross River State production: 5,279,719 tons Royalty paid: ₦259,341,747 Section 3.3.3, Table 18, p.57, Appendix 15
	FCT production: 3,626,322 tons Royalty paid: ₦178,070,833 Section 3.3.3, Table 18, p.57, Appendix 15
	<b>Export Minerals by Companies (Section 3.4.2, Table 22, p.60), Appendix 18</b>
	Total Export Quantity: 142,537,480 MT Total Export Value \$101,294,140
GDP	GDP: ₦173.53 trillion (Section 6.4.1, p.100)
	Contribution of Solid Minerals Sector to GDP (₦1.102 trillion; 0.63%) Section 6.4.1, p.100
Exchange rate and source	₦412.99 Central Bank of Nigeria (CBN) official exchange rate as at December, 2021.

### Summary of Key Findings and Recommendations

The key finding and recommendations from the report are presented in the table below:

SN	Findings	Recommendation
<b>Level of Activities in the Sector</b>		
1	The total number of companies operating in the sector, 1,214 however, only 914 (75%) paid royalties while 300 (25%) had no production, hence, no royalty payments. Out of the 914 companies that paid royalties, only 121 (13.24%) met the materiality threshold. This percentage is low compared to the	There is a need for increased or constant monitoring and surveillance of the operators. This can be achieved through increased funding to the MMSD, adoption of a risk-based approach to monitoring, focusing resources on high-risk areas or operators with a history of poor compliance. In addition, the deployment of appropriate technology to support monitoring and enforcement activities.





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	number of companies operating in the sector.	The MMSD to set up whistle blower mechanism to encourage individuals with knowledge of illegal mining or environmental violation, to report such activities confidentially.
2	Exploration Licenses increased significantly by 324 licenses (62.79%), from 516 in 2020 to 840 in 2021, indicating a sustained interest in mineral exploration and production.	<p>The government should prioritise and provide continued support to companies engaged in exploration activities by establishing well-funded geoscientific data collection programs. This includes investing in advanced geochemical and geophysical techniques to enhance the accuracy and efficiency of exploration efforts.</p> <p>In addition, Government should monitor and encourage the development of ELs to MLs and QLs to ensure a sustained development in the sector; discourage speculators and activate the principle of ‘use it or lose it’.</p>
3	There was an 85% increase in the number of ASM operators, from 1,273 in 2020 to 2,336 in 2021 across the six geopolitical zones of the country. However, there are no commensurate data (i.e. production, royalty, export, etc.) to support this increase in operators. This implies that the sector has great potential yet to be harnessed.	Government should intensify efforts through the ASM department to formalize ASMs across the 6 geopolitical zones of the country to enable her track records of production, export and royalties.
<b>Revenue Generation</b>		
4	The total revenue from the sector over the last fifteen years (2007 – 2021) is 814.59bn. This amount is significantly low compared to the economic potential of the sector.	<p>The FGN through the MMSD should establish a Special Purpose Vehicle (SPV) dedicated to de-risking the solid minerals sector value chain. This SPV primary objective is to attract investments that drives revenue generation and promote sustainable growth in the sector. The under-listed are suggested:</p> <ol style="list-style-type: none"> <li>i. Establish the SPV (similar to NIRSAL Plc in the agricultural sector)</li> <li>ii. Conduct comprehensive risk assessment of the sector value chain, identifying areas of concern and developing strategies to mitigate risks</li> <li>iii. Promote investments drive for the sector</li> <li>iv. Develop incentives and support mechanisms for investors</li> </ol> <p>Furthermore, the MMSD and MCO should constantly engage with the relevant stakeholders to</p>





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		sustain conducive environment for investments and revenue growth in the sector.
5	The audit revealed that the solid minerals sector contributed less than 1% to the national GDP in 2021, and accounted for 2.62% of total revenue and 0.24% of total exports. While there has been some improvement compared to previous years, the sector has not yet reached its full potential in making a significant impact on the overall Nigerian economy.	<p>The FGN in collaboration with MMSD and other relevant agencies should have engagements with operators to enable them to understand the key challenges and develop a wholistic framework that will create an enabling environment for mining operations and investments.</p> <p>the FGN and MMSD could consider:</p> <ul style="list-style-type: none"> <li>● Strengthen the regulatory framework for the mining sector. This could involve updating the mining laws and regulations.</li> <li>● Accelerating approval processes by streamlining and expediting the approvals for exploration licenses to encourage more companies to engage in exploration activities that will boost the identification and development of mineral reserves.</li> <li>● Investment Incentives: Consider providing incentives such as tax breaks, grants, or subsidies to attract investments and encourage mining companies to expand their operations</li> <li>● Resolve land use and mineral rights (exclusive and concurrent list items) dichotomy in Nigeria through: <ul style="list-style-type: none"> <li>- harmonizing the laws governing land and mineral rights to ensure consistency and clarity. This may involve reviewing and amending relevant laws to eliminate conflicts and overlapping jurisdictions.</li> <li>- developing comprehensive land use plans that consider both agricultural and mining activities to avoid conflicts and promote sustainable development.</li> <li>- improving coordination between different levels of government (federal, state, and local) to ensure a unified approach to land and mineral rights management.</li> <li>- Raising public awareness about land and mineral rights, their importance, and the government's efforts to resolve disputes and promote responsible resource management.</li> </ul> </li> </ul>
6	The major challenge in revenue distribution from the solid minerals sector lies in the absence of a sector-specific fiscal regime. While the majority of revenue (over 90%) is generated by the Federal Inland	To address the revenue distribution challenge in the solid minerals sector, the government, through the Ministry of Mines and Steel Development (MMSD), should create a robust sector-specific fiscal regime. This will accurately link revenues to specific sector activities and ensure transparent and equitable





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	<p>Revenue Service (FIRS), it cannot be distributed to states because it is difficult to link these taxes to specific activities within the sector, e.g., taxes paid on quarrying activities of construction companies.</p> <p>As a result, only revenues from the Mining Cadastre Office (MCO) and the Mining Inspectorate Department of the Ministry of Mines and Steel Development (MID) are shared among the states. Unfortunately, these revenues have consistently been low.</p>	<p>distribution of revenue to the federal and sub-national governments. Implementing such a regime will improve revenue collection and management, increase shared revenue, and support sustainable sector growth.</p> <p>Additionally, state governments should collaborate with the Federal government to fast-track the development and implementation of the sector-specific fiscal regime. This joint effort will enable fair revenue distribution to states based on the principle of derivation, ensuring each state benefits more fairly from the mineral resources within its jurisdiction.</p>
7	<p>The low revenue available for distribution is primarily due to the limited revenue generated from the solid minerals sector. This is partly caused by the absence of a comprehensive sector-specific fiscal regime, leading to only remittances from MID and MCO being accrued to the solid minerals account. To address this issue, implementing a robust sector-specific fiscal regime is essential for enhancing revenue generation and distribution in the solid minerals sector.</p>	<p>To improve revenue transparency and accountability in the mining sector, the MMSD should develop a sector-specific fiscal regime that will track revenue from all sources, including taxes, to mining operations and remit it to the solid minerals account.</p> <p>The MMSD should also review the potential for revenue losses and develop a robust mechanism to ensure that mining activities are commensurate with the revenue generated.</p> <p>The FGN, state governments, the MMSD, and other relevant stakeholders should collaborate to devise and implement strategies to revamp the mining sector for more investment and revenue.</p>
8	<p>The seven (7) strategic minerals in the sector contributed a total of ₦1.42 billion in royalty payments, with limestone being the dominant contributor at ₦1.03 billion (73.07%). Notably, the commencement of full operations at the Dangote cement plant in Okpella, Edo State, has the potential to further increase the royalty revenue from limestone.</p> <p>However, the significant disparity in royalty contributions between limestone and the other minerals highlights the under-performance of the latter. Efforts should be directed towards promoting and enhancing the exploration and production of these</p>	<p>The FGN, through the MMSD, must urgently review the solid minerals roadmap to align it with current market realities and implement sustainable strategies for boosting revenue from other strategic minerals, reducing reliance on a single mineral like limestone.</p> <p>Additionally, the FGN should explore establishing a national solid minerals company, akin to the Nigerian National Petroleum Corporation (NNPC) in the oil and gas sector. This entity can attract investments, facilitate exploration, and coordinate sector development, diversifying revenue sources and promoting transparency in the solid minerals industry.</p>





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	minerals to maximize their revenue potential and foster balanced growth in the solid minerals sector.	
9	<p>Nineteen (19) states in Nigeria, including Zamfara and Enugu, contributed less than 1% each to the total royalty receipts from the solid minerals sector. Despite having significant commercial quantities of strategic minerals like gold and coal, these states have not maximized their potential.</p> <p>The government should prioritize states like these and their mineral resources by implementing targeted investments, infrastructural development, and policy support. Unlocking the full potential of these resources can transform Zamfara, Enugu and other states into major contributors to the solid minerals sector, driving economic growth and widespread development in the country.</p>	<p>To unlock the potential of Coal, Gold, Bitumen, Lead/Zinc, Iron Ore and Barites, in the various States with commercial quantities, revitalize the Nigerian Coal Corporation through a Public-Private Partnership (PPP). This collaboration between the government and private investors will attract investments and drive development in the coal sector.</p> <p>Likewise, for gold, establish a national gold company under a PPP model to drive primarily exploration, exploitation, and gold beneficiation in the sector. Partnering with private investors will accelerate the growth of the gold industry.</p> <p>These strategic initiatives will harness Nigeria's rich coal and gold resources, promote economic growth, support job creation, and sustainable development.</p>
10	<p>During the reconciliation exercise, two companies, <b>Rockwaters Integrated Service Nigeria Limited</b> and <b>Kaidi Investment Limited</b>, claimed to have ceased operations and did not participate. These companies had a total payment of ₦21.34 million. However, there were no supporting documentation from the Ministry of Mines and Steel Development (MMSD), Mining Cadastre Office (MCO), or the companies themselves to verify their claims.</p>	<p>The MMSD-MID and MCO should carry out audit on these companies to verify their claims and ensure that all necessary documentation are in place including recovery of all outstanding payments (if any).</p>
<b>Mineral Export</b>		
11	<p>The report noted a significant variance of 38,145.85 tons between solid minerals export data reported by NCS and MMSD-MID. This variance is as a result of non-collaboration between the NCS and MMSD and implies that some companies are exporting without obtaining relevant</p>	<p>The MMSD-MID should collaborate with the NCS on the issue of export permit. The NCS should enforce compliance on export permits from MID prior to mineral export.</p>





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	permit from the MMSD and payment of royalties on the minerals exported.	
<b>Community Development Agreement (CDA) and Environmental Expenditure</b>		
12	CDA is a prerequisite for exploitation of minerals in Nigeria as contained in Section 116(1) of the NMMA 2007. Despite this requirement of the law, the report noted that only 67 out of 121 companies covered in the audit, executed CDAs with their host communities.	<p>The FGN should develop a robust framework for ensuring strict compliance with the provisions of Section 116(1) of the NMMA 2007. Strong sanctions should be meted on erring companies.</p> <p>In addition to the above, MECD should carry out spot checks on mining sites to ensure that companies are implementing the CDAs.</p>
13	This report has found that the signed CDAs in the custody of the MMSD(MECD) are not publicly accessible. This is contrary to Nigeria's commitment to open government and the EITT's requirement for open data.	<p>The MMSD should host all signed CDAs on its website to make them easily accessible to the public. This would</p> <ul style="list-style-type: none"> <li>• Allow citizens and stakeholders to see what social benefits mining companies provide to the host communities.</li> <li>• Reinforce trust between the government, the mining companies, and the host communities</li> </ul>
14	<p>The report observed that only 39 out of 121 companies made the mandatory social payments as contained in the CDA signed with their host communities while 10 companies made only non - mandatory social payments/expenditures.</p> <p>This reveals poor compliance to the social benefit to host communities' requirements of the NMMA 2007 and Nigerian Minerals and Mining Regulations (NMMR) 2011 as embedded in the CDA's.</p>	<p>The MMSD and MCO should collaborate on a framework for monitoring compliance with the terms of NMMA 2007 and MMR 2011 and impose appropriate penalties on defaulters.</p> <p>To achieve this, the following steps should be taken:</p> <ul style="list-style-type: none"> <li>• Establish a Clear Framework: The MMSD and MCO should jointly develop a comprehensive framework that outlines the requirements and guidelines for CDAs. This framework should cover various aspects, including community engagement, social and environmental responsibilities, and revenue-sharing arrangements.</li> <li>• Regular Monitoring and Reporting: The MMSD and MCO should implement a system for regular monitoring of mining activities and their impact on local communities. This includes periodic reporting on the status of CDAs and the extent of compliance by mining companies.</li> <li>• Penalties for Non-Compliance: To enforce compliance, clear penalties should be defined for mining companies that fail to meet their CDA obligations. These penalties should be appropriate, proportionate, and effectively enforced.</li> </ul>





		<ul style="list-style-type: none"> <li>● <b>Community Participation:</b> The framework should promote active participation and involvement of affected communities in monitoring and evaluating the implementation of CDAs.</li> </ul> <p><b>Stakeholder Engagement:</b> Regular consultations and engagements with relevant stakeholders, including mining companies, local communities, and civil society organizations, should be conducted to address issues and concerns related to CDAs.</p>
15	The report found that only 50 out of 121 companies (41.32%) fully complied with environmental standards, indicating low overall compliance with environmental laws and regulations by most companies.	The relevant agency of government (i.e., NESREA) should take strict actions by imposing sanctions on all non-compliant companies. Additionally, it should provide a list of all non-compliant companies to the MMSD for further disciplinary measures, such as license suspension or revocation, fines, and possible imprisonment as per the Harmful Waste Act, 2004.
<b>Emerging Issues</b>		
16	This report noted an emerging phase in the mining sector - Nigeria Energy Transition Plan, which seeks to create significant investment opportunities for the establishment and expansion of industries related to solar energy, hydrogen, and electric vehicles.	The FGN should collaborate with relevant stakeholders to ensure that the Energy Transition Plan (ETP) is consciously implemented.
17	<p>Energy Transition Minerals or the future minerals as listed below.</p> <ul style="list-style-type: none"> <li>▪ Cobalt</li> <li>▪ Lithium</li> <li>▪ Nickel</li> <li>▪ Copper</li> <li>▪ Graphite</li> <li>▪ Titanium</li> </ul> <p>The report noted that 20 and 30 exploration licenses for Lithium and Copper respectively were issued in 2021. No licenses were issued for the remaining four (4) minerals. The number of licenses issued are insignificant in comparison for the demand of these minerals for energy transition.</p>	The Government should streamline licensing process for the transition minerals, offer incentives (tax breaks, reduced royalty rate, grants, etc.), and implement measures to manage exploration risks through either insurance or risk sharing mechanism with exploration companies.





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18	<p>The report noted that receipts by MCO accounts for over 70% of unilateral disclosure with annual service fees representing over 65% of the revenue unilaterally disclosed by MCO.</p> <p>The considerable revenue generated from annual service fees underscores its significance within the total revenue contributed to the federation account from the solid minerals sector.</p>	<p>It is essential that the next Independent Administrator (IA) incorporate annual service fees alongside royalty payments in the evaluation of materiality threshold for revenue streams from the sector in future audits.</p>
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## 1.0 BACKGROUND

### 1.1 Introduction

This report is Nigeria’s 12<sup>th</sup> cycle of the Extractive Industries Transparency Initiative (EITI) audit covering the period 1<sup>st</sup> January to 31<sup>st</sup> December 2021. In compliance with the Nigeria Extractive Industries Transparency Initiative (NEITI) Act 2007, 2019 EITI Standard and the Terms of Reference (See **Appendix 1**), the report was compiled by Messrs. Amedu Onekpe & Co., the independent administrator (IA) and overseen by the National Stakeholders Working Group (NSWG).

The outcome from the reconciliation of financial flows (tax and non-tax payments and other payments mandated by relevant Nigerian laws) together with production volumes and processes in Nigeria’s solid minerals sector in the year 2021 are presented in this report. See [www.neiti.gov.ng](http://www.neiti.gov.ng) for details.

The EITI is a global standard or multi-stakeholder initiative launched in 2003 which aim to instil transparency and accountability in the extractive sectors of member countries. The EITI comprises of resource-rich countries, international and national extractive companies, civil society, investors, and supporting countries.

EITI implementing countries are required to publish reports for the most recent fiscal year(s) covering companies’ payments and government revenues from the extractive sector, prepared by an IA and overseen by a multi-stakeholder group (MSG). More information on the EITI can be found at <https://eiti.org/our-mission>

### 1.2 Annual Reporting

The sector, as shown in Table 1 below, has contributed ₦624.45billion (USD2,684.85million) to government’s receipts between 2007 and 2020.

**Table 1: 14-Year Trend of Sector Contribution**

S/N	Year	No. of Companies	FGN Receipts billion ₦	Exchange rate as at 31st December	FGN Receipts million \$	Publication date	Independent Auditor
1	2007	78	7.59	116.3	65.26	12-Dec	Haruna Yahaya & Co
2	2008	78	10.57	130.75	80.82		
3	2009	78	19.15	147.6	129.73		
4	2010	78	17.1	148.67	115		
5	2011	67	27.01	156.2	172.91	13-Jan	Haruna Yahaya & Co
6	2012	65	25.57	155.27	164.67	15-Dec	Moore Stephens LLP
7	2013	65	30.25	155.2	194.93	16-Mar	Moore Stephens LLP
8	2014	39	49.17	167.5	293.57	16-Dec	Amedu Onekpe & Co
9	2015	42	64.46	196.5	328.06	17-Jul	Amedu Onekpe & Co
10	2016	56	43.22	304.5	141.94	18-Nov	Tajudeen Badejo & Co
11	2017	59	52.76	305.5	172.69	19-Oct	Amedu Onekpe & Co
12	2018	69	69.47	306.5	226.66	20-Mar	Tajudeen Badejo & Co
13	2019	74	79.96	306.5	260.88	20-Dec	Haruna Yahaya & Co
14	2020	102	128.17	379.5	337.73	07-Mar	Amedu Onekpe & Co
<b>Total</b>			<b>624.45</b>		<b>2,684.85</b>		

*Source: NEITI Solid Minerals Audit Reports*

### 14-year Trend of Sector Contribution

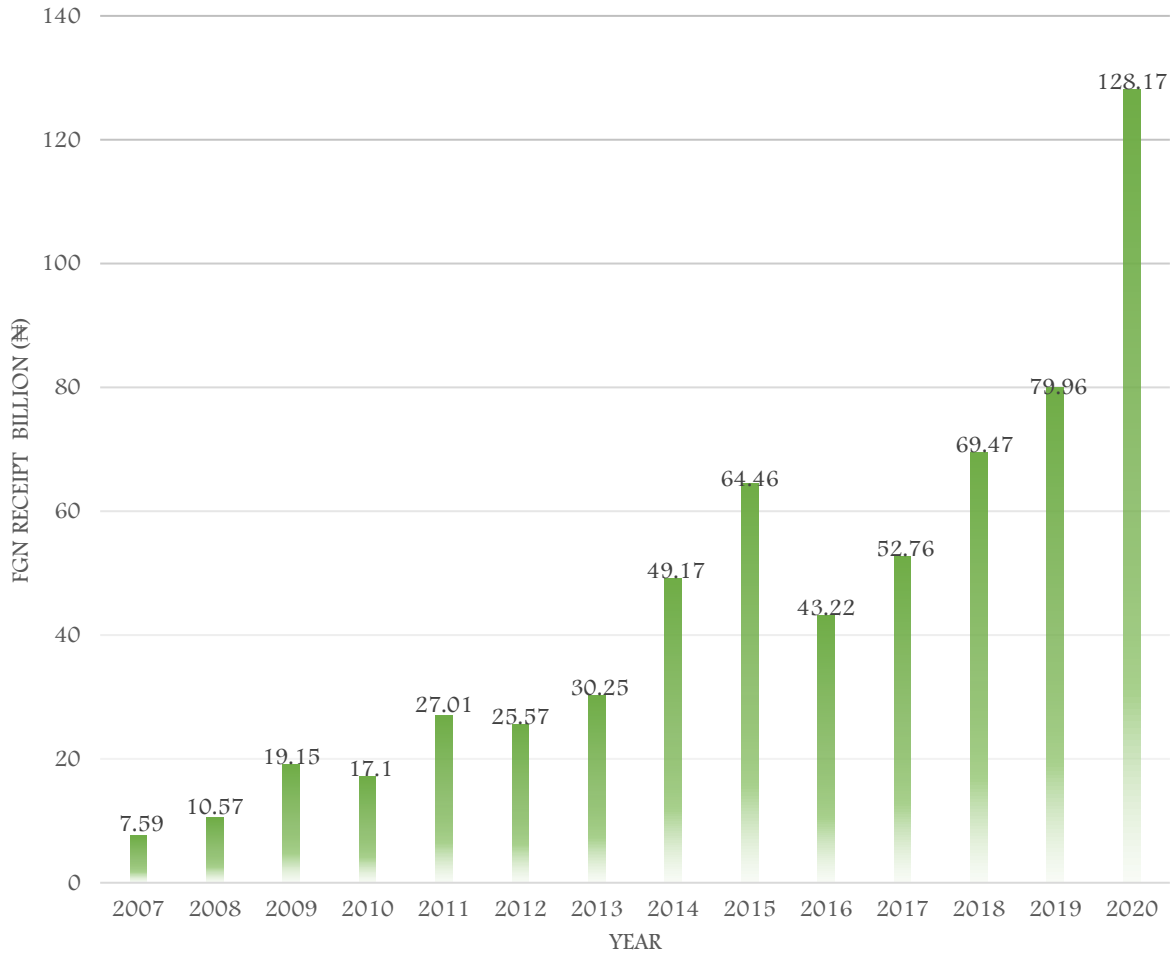
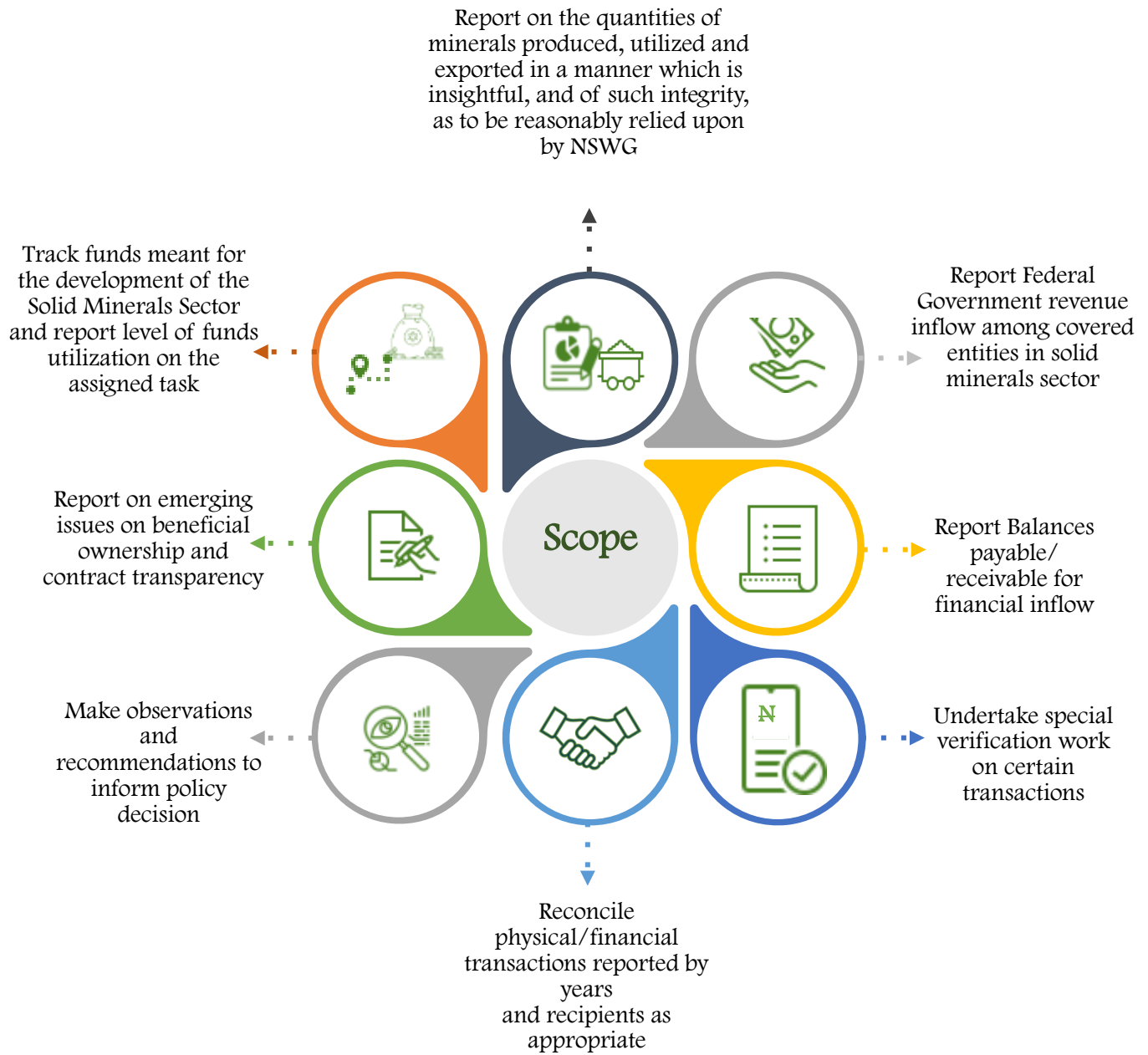


Figure 1: 14-Year Trend of Sector Contribution

### 1.3 Objectives and Scope of the Assignment

The overall objective of the assignment is to produce a solid minerals industry report for 2021 in accordance with the EITI Standard. The report is titled: “Impact Built On Blocking Leakages And To Grow Revenue” herein after referred to as “The Report” in this document.

The summary of the scope of the assignment is shown in Figure 2.  
(See *Appendix 1 Terms of Reference (ToR) for the detailed scope of work*).



**Figure 2:** Scope Of The Assignment



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### 1.4 Structure of the Report

The report is made up of seven chapters that details the significant aspect of the 2021 Solid Minerals industry audit as presented in Figure 3:

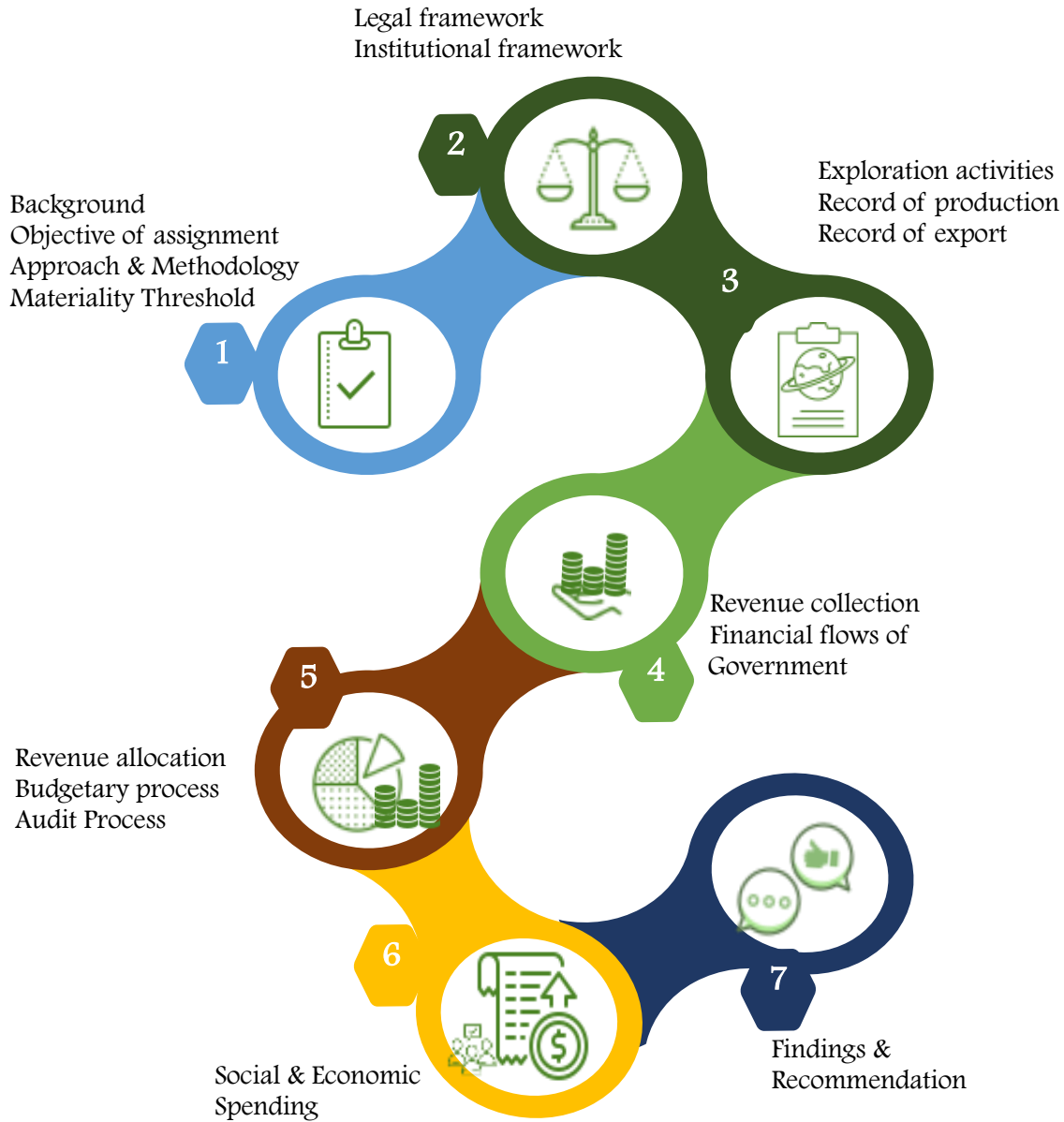


Figure 3: Structure of the Report





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## 1.5 Approach and Methodology

The approach and methodology adopted for the assignment include the following steps:

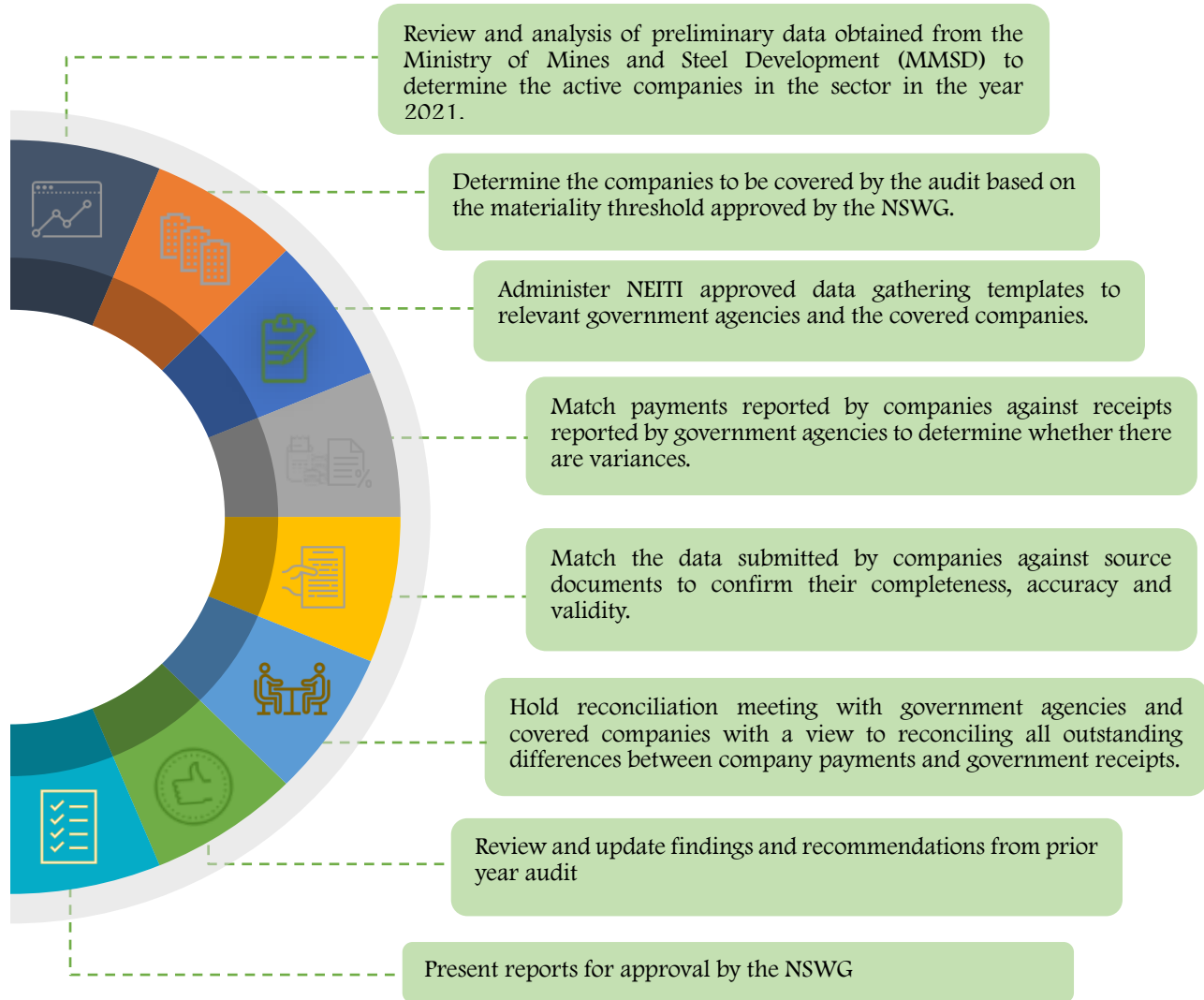
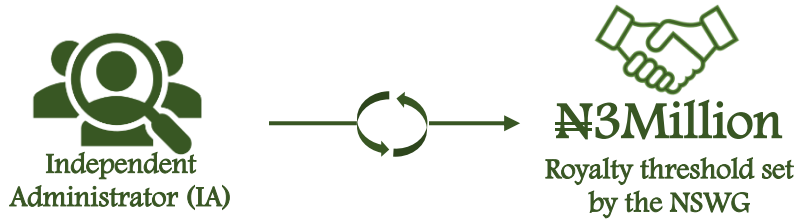


Figure 4: Approach and Methodology



### 1.6 Materiality Threshold

The assessment of materiality in the inception report, royalty was determined as the material revenue stream in the solid minerals sector. Accordingly, it was used for establishing materiality threshold of ₦3 million by the National Stakeholders Working Group (NSWG). See **Appendix 2** for Materiality Document.



**Table 2: Threshold Sensitivity Analysis**

Minimum Threshold	S/N	Description	Companies		ROYALTY	
₦			Number	%	₦	%
10,000,000	1	Within Threshold	44	4	2,884,157,654	81
	2	Below Threshold	1170	96	686,735,308	19
	<b>Total</b>		<b>1214</b>	<b>100</b>	<b>3,570,892,961</b>	<b>100</b>
5,000,000	1	Within Threshold	83	7	3,148,419,823.89	88
	2	Below Threshold	1131	93	422,473,137.49	12
	<b>Total</b>		<b>1214</b>	<b>100</b>	<b>3,570,892,961</b>	<b>100</b>
4,500,000	1	Within Threshold	91	8	3,186,072,662	89
	2	Below Threshold	1121	92	384,820,300	11
	<b>Total</b>		<b>1212</b>	<b>100</b>	<b>3,570,892,961</b>	<b>100</b>
4,000,000	1	Within Threshold	101	8	3,228,184,012	90
	2	Below Threshold	1113	92	342,708,949	10
	<b>Total</b>		<b>1214</b>	<b>100</b>	<b>3,570,892,961</b>	<b>100</b>
3,500,000	1	Within Threshold	107	9	3,250,668,321	91
	2	Below Threshold	1107	91	320,224,640	9
	<b>Total</b>		<b>1214</b>	<b>100</b>	<b>3,570,892,961</b>	<b>100</b>
3,000,000	1	Within Threshold	121	10	3,296,757,885	92
	2	Below Threshold	1093	90	274,135,076	8
	<b>Total</b>		<b>1214</b>	<b>100</b>	<b>3,570,892,961</b>	<b>100</b>
2,500,000	1	Within Threshold	135	11	3,335,286,440	93
	2	Below Threshold	1079	89	235,606,521	7
	<b>Total</b>		<b>1214</b>	<b>100</b>	<b>3,570,892,961</b>	<b>100</b>

### 1.7 Covered Entities

From a total of 1,214 companies operating in the sector, 914 paid royalties. Out of the 914 that made royalty payments, 121 companies met the set materiality threshold and were responsible for 92% of the total royalty payments. In addition, the following three government agencies were covered:





- i. Ministry of Mines and Steel Development – Mines Inspectorate Department,
- ii. Mining Cadastre Office,
- iii. Federal Inland Revenue Service. See **Appendix 3** for list of companies.



Companies were active in the solid minerals industry in 2021



Companies paid royalty

**Covered Entities**



121 Companies and 3 government agencies

**1.8 Data Quality and Assurance**

The report evaluated the legal and regulatory frameworks for data quality and assurance in Nigeria. Furthermore, additional procedures were carried out to ensure the completeness, accuracy and validity of data provided. The IA affirms that these procedures together with the legal and regulatory frameworks were sufficient to meet Requirement 4.9 of the EITI Standard 2019. See **Appendix 4a Inception Report** page 27 – 29 and **Appendix 4b** for sign-offs.

The audit exercise was carried out in compliance with ISRSs 4400 *Engagements to perform agreed-upon procedures regarding financial information*.

The outcome of the data quality and assurance procedures are presented in table 3:

SN	Parameters	No. of Companies	Companies that Provided Data	Companies that Failed to Provide Data	Overall Reporting Companies %
1	Template populated/signed off by designated senior officer	121	119	2	98
2	Verification of receipts and all other relevant documents	121	119	2	98
3	Tripartite reconciliation signed off	121	119	2	98

*Source: Solid Minerals Audit 2021 Template*

Details of the two companies that did not provide any information for reconciliation are provided in the Table below. These companies claim to have ceased operations, however, there were no documentation from MMSD, MCO and the company to support their claims.





**Table 4: Non-Responsive Extractive Companies**

SN	Name	Mineral Type	Mining License Number	Total Payment ₦
1	Kaidi Investment Nigeria Limited	Granite	QL 13986 QL 31711	16,638,350.24
2	Rockwaters Integrated Service Nigeria Limited	Granite	QL 24444	4,700,892.82
<b>Total</b>				<b>21,339,243.06</b>

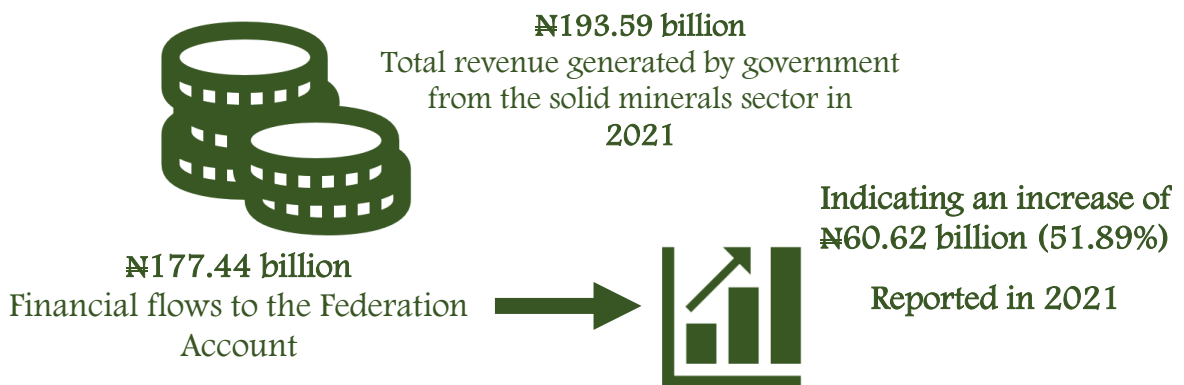
*Source: FIRS, MID and MCO Data*

The total payment made by these companies, based on the records of the relevant government entities, was ₦21.34 million. This amount represents 0.01% of the total reconciled revenue. The IA validated the above payment or revenue from these companies through the government agencies that received the payments.

The non-participation of these two companies in the reconciliation process did not impact the quality and comprehensiveness of the report. The IA affirms that the procedures followed above and result obtained reasonably meets in all material respect, the data quality and assurance requirements set out for this audit.

### 1.9 Aggregate Financial Flows

The government (Federal and sub-national governments) recorded a total revenue of ₦193.59 billion from the sector. Remarkably, the financial inflows into the Federation Account originating from the relevant government agencies (FIRS, MMSD-MID and MCO) amounted to ₦177.44 billion. This figure shows a substantial increase of ₦60.32 billion, equivalent to 51.89% growth, when compared to the ₦116.82 billion revenue reported in 2020. This positive trend reflects a continuation of the upward trajectory observed in the sector over recent years. Table 5 presents a five-year summary of the financial flows to the Federation Account from the above-mentioned entities.







**Table 5:** Aggregate Financial Flows to the Federation Account

Entity	Financial flows	Years				
		2017 million ₦	2018 million ₦	2019 million ₦	2020 million ₦	2021 million ₦
FIRS	VAT, WHT, SD, CIT, EDT, CGT	49,162	65,689	69,918	111,475	169,517
MID	Royalty and other fees	1,586	2,211	2,553	3,037	3,619
MCO	Annual service fees, application fees, etc.	2,009	1,571	2,380	2,303	4,301
<b>Total</b>		<b>52,757</b>	<b>69,471</b>	<b>74,851</b>	<b>116,815</b>	<b>177,437</b>

*Source: NEITI Solid Minerals Audit Reports*

### 1.10 Findings and Recommendations

Findings	Recommendation
<p>The total number of companies operating in the sector, 1,214 however, only 914 (75%) paid royalties while 300 (25%) had no production, hence, no royalty payments. Out of the 914 companies that paid royalties, only 121 (13.24%) met the materiality threshold. This percentage is low compared to the number of companies operating in the sector.</p>	<p>There is a need for increased or constant monitoring and surveillance of the operators. This can be achieved through increased funding to the MMSD, adoption of a risk-based approach to monitoring, focusing resources on high-risk areas or operators with a history of poor compliance. In addition, the deployment of appropriate technology to support monitoring and enforcement activities.</p> <p>The MMSD to set up whistle blower mechanism to encourage individuals with knowledge of illegal mining or environmental violation, to report such activities confidentially.</p>
<p>The total revenue from the sector over the last fifteen years (2007 – 2021) is 818.04bn. This amount is significantly low compared to the economic potential of the sector.</p>	<p>The FGN through the MMSD should establish a Special Purpose Vehicle (SPV) dedicated to de-risking the solid minerals sector value chain. This SPV primary objective is to attract investments that drives revenue generation and promote sustainable growth in the sector. The underlisted are suggested:</p> <ul style="list-style-type: none"> <li>v. Establish the SPV (similar to NIRSAL Plc in the agricultural sector)</li> <li>vi. Conduct comprehensive risk assessment of the sector value chain, identifying areas of concern and developing strategies to mitigate risks</li> <li>vii. Promote investments drive for the sector</li> <li>viii. Develop incentives and support mechanisms for investors</li> </ul> <p>Furthermore, the MMSD and MCO should constantly engage with the relevant stakeholders to sustain conducive environment for investments and revenue growth in the sector.</p>





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## 2.0 LEGAL AND INSTITUTIONAL FRAMEWORK

### 2.1 Legal Framework

This section of the report aims at evaluating the role of legal and institutional frameworks that regulate activities in the solid minerals sector as well as the impacts of such activities on the environment. It further identifies and analyses the possible challenges associated with the effective enforcement of these laws and regulations in the mining industry.

In order to achieve sustainable growth in the mining sector, establishment of a robust legal and institutional framework as well as implementation of laws and regulations is imperative. The under-listed legislations enacted by the federal government over the years are to regulate the activities in the mining industry with a view to accelerating growth, development and transparency.

#### 2.1.1 The Constitution of the Federal Republic of Nigeria (CFRN), 1999

The CFRN 1999, is the primary law of the land, hence, its provisions set the base and prevails over other laws and regulations. To this extent, Section 1 of the CFRN provides that any law found to be inconsistent with its provisions is absolutely null and void to the extent of its inconsistency. By virtue of the above section, the Constitution provides the basis for the legal and regulatory framework for minerals exploration and exploitation in the Exclusive Legislative List under Item 39, Part 1. In view of this provision, the Federal Government reserves exclusive right and responsibility for the overall administration of all minerals in Nigeria.

#### 2.1.2 The Nigerian Minerals and Mining Act (NMMA), 2007

This is the principal legislation which regulates the Nigerian mining industry. The Act made provisions in relation to licensing, ownership and control, as well as prohibits the exploration or exploitation of minerals without approvals from the relevant authority.

- a. Part II of the Act provides for its Administration through the establishment of departments to oversee: permits/licenses approval, fees payable, permits revocation and other activities in the industry.
- b. Part III states mining incentives which includes but not limited to: exemption from custom duty, permission to retain and use earned foreign exchange, tax relief, etc.
- c. Part IV and V provides for the process required for the grant or approval and duration of titles, licenses, permits and leases that enable qualified applicants carry out mining activities.

See [link](#) for details.

#### 2.1.3 Minerals and Mining Regulations 2011

The Regulation streamlined the provisions of the Act on issues regarding:

- a. Operations of the Mines Inspectorate Department (MID); Mines Environmental Compliance Department (MECD) and Mineral Resources and Environmental Management Committee (MIREMCO)





- b. The processes and procedures for obtaining titles from the Mining Cadastre Office (MCO)
- c. Standard forms and other sectoral templates and applications.

This Regulations also makes provision for fees payable to the relevant agencies or departments under the Act in its Schedule 1.

The Minister of Mines and Steel Development is mandated under Section 21 of the NMMA, 2007 to make regulations in respect of any matter required to be prescribed by regulations under the Act and generally for giving full effect to its provisions, including prescribing, amending or withdrawing any form that may be required under the Act. It is in furtherance of this that the Minister made the Nigerian Minerals and Mining Regulations 2011. See [link](#) for details.

Other supporting policies, laws and regulation are listed below:

SN	Other Supporting Laws	Reference Link
1	Nigeria Extractive Industries Transparency Initiative (NEITI) Act 2007	<a href="https://neiti.gov.ng/cms/wp-content/uploads/2022/12/The-NEITI-Act-2007.pdf">https://neiti.gov.ng/cms/wp-content/uploads/2022/12/The-NEITI-Act-2007.pdf</a>
2	Companies and Allied Matters Act (CAMA) 2020	<a href="https://www.cac.gov.ng/wp-content/uploads/2020/12/CAMA-NOTE-BOOK-FULL-VERSION.pdf">https://www.cac.gov.ng/wp-content/uploads/2020/12/CAMA-NOTE-BOOK-FULL-VERSION.pdf</a>
3	Nigerian Investment Promotion Commission Act (NIPCA)	<a href="http://www.nipc.gov.ng/wp-content/uploads/2021/10/NIPC-ACT.pdf">www.nipc.gov.ng/wp-content/uploads/2021/10/NIPC-ACT.pdf</a>
4	Land Use Act Chapter 202, Laws of the Federation of Nigeria 2004	<a href="http://www.acanigeria.com/docs/LAND%20USE%20ACT.pdf">http://www.acanigeria.com/docs/LAND%20USE%20ACT.pdf</a>
5	Federal Inland Revenue Service (Establishment) Act, 2007	<a href="https://orandconsultants.com/Downloads/FIRS_ESTABLISHMENT_ACT.pdf">https://orandconsultants.com/Downloads/FIRS_ESTABLISHMENT_ACT.pdf</a>
6	Environmental Impact Assessment Act No 86 1992	<a href="https://ead.gov.ng/wp-content/uploads/2017/04/EIA_Act.pdf">https://ead.gov.ng/wp-content/uploads/2017/04/EIA_Act.pdf</a>
7	National Environmental Standards and Regulations Enforcement Agency (Establishment) Act, 2007	<a href="https://www.nesrea.gov.ng/wp-content/uploads/2020/04/NESREA_Ammended_Act_2018.pdf">https://www.nesrea.gov.ng/wp-content/uploads/2020/04/NESREA_Ammended_Act_2018.pdf</a>
8	Nigerian Geological Survey Agency (NGSA)	<a href="https://ngsa.gov.ng/">https://ngsa.gov.ng/</a>

## 2.2 Institutional Framework

Nigeria have MDAs with various functions that regulate and manage mining activities in the country. These include:

### 2.2.1 Ministry of Mines and Steel Development (MMSD)

The Ministry of Mines and Steels Development (MMSD) was established in 1985 as a deliberate effort by the Federal Government to unlock the economic potentials of the solid minerals sub-sector.

The MMSD is generally responsible for the identification of solid minerals, advising government on the formulation and execution of laws and regulations guiding the various stages of prospecting, quarrying, and mining; and handling sale and consumption of solid minerals in the country, through the issuance of permits, Licenses, Leases as well





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### **2.2.1.1 Mines Inspectorate Department (MID)**

The Mines Inspectorate Department is the technical department of MMSD. This department is solely responsible for:

- a. Supervision and evaluation of all reconnaissance, exploration and other mining activities; establishment of health and safety regulations to ensure safe mining practices by operators; records of all mineral production nationwide;
- b. Inspection and investigation necessary for ensuring compliance with applicable regulations
- c. Analysis and recommendation of programs necessary for controlling mining operation to the appropriate authority. Section 16(1)(a) and 17 of the NMMA.

### **2.2.1.2 Artisanal and Small-scale Mining Department (ASMD)**

This is the department that is responsible for monitoring and overseeing all small-scale mining activities in the country.

To effectively harmonise the exploitation to derive the right revenue for government, MMSD has overtime embarked on the development of Artisanal and Small-Scale Mining (ASM) activities through the establishment of clusters for selected minerals in the six geo-political zones of the country. Hence, the ASM Department is mandated under the NMMA section 90(3) to ensure that mining activities are restricted to the established zones of mineralization.

The department also provides extension services to artisanal and small-scale miners as provided in Section 91 of the NMMA 2007.

### **2.2.1.3 Mines Environmental Compliance Department (MECD)**

This is also a department under the MMSD as provided by section 16(1)(b) of the NMMA 2007. The main function of the MECD as enshrined in Section 18 of the Act is to ensure that companies operating in the sector adopt and maintain procedures that are environmentally friendly. Other functions include the following:

- a. Review of all plans, studies and reports required from holders of mineral titles in respect of their environmental obligations; monitor and enforce compliance with all environmental regulations and obligations
- b. Monitor and enforce compliance by holders of mineral titles with all extant environmental requirements and obligations
- c. Perform periodic environmental audits to ensure standards are met
- d. Collaborate with relevant government agencies on social and environmental issues relating to mining operations, mines closure and land reclamation.

### **2.2.2 Mining Cadastre Office (MCO)**

The MCO is an agency of the MMSD solely responsible for the management and administration of mineral titles to eradicate illegal mining activities. In accordance with





the provisions of Section 5 of the NMMA 2007, the office is responsible for the receipt of application; issuance and suspensions of titles; receipt and disposal of applications for the transfer, renewal and modification of titles.

It also addresses matters of overlapping titles and keeps a chronological record of all applications for:

- a. Mineral titles in a priority book which is to be used to ascertain the priority and registration of applications for exclusive rights on vacant areas
- b. A general registry book which is to be used for all other types of applications where registration of the priority is not required

See <https://www.miningcadastre.gov.ng/>

Other institutions include the following:

SN	Institutions	Reference Link
1	Nigerian Geological Survey Agency (NGSA)	<a href="https://ngsa.gov.ng/">https://ngsa.gov.ng/</a>
2	Nigerian Steel Raw Materials Exploration Agency (NSRMEA)	<a href="http://www.nsrmea.gov.ng/services">www.nsrmea.gov.ng/services</a>
3	Federal Inland Revenue Service (FIRS)	<a href="http://www.firs.gov.ng/">http://www.firs.gov.ng/</a>
4	Nigerian Customs Service (NCS)	<a href="http://www.customs.gov.ng">www.customs.gov.ng</a>
5	Revenue Mobilization Allocation and Fiscal Commission (RMAFC)	<a href="https://rmafc.gov.ng/">https://rmafc.gov.ng/</a>
6	Corporate Affairs Commission (CAC)	<a href="https://www.cac.gov.ng/about/">https://www.cac.gov.ng/about/</a>

### 2.3 Fiscal Regime

The fiscal regime is aimed at ensuring that government gets benefit from the mining of mineral resources through the receipt of royalties, fees payable to MCO and Taxes. However, there is no sector specific fiscal regime for solid minerals. The fiscal regime of the Nigerian solid minerals sector is summarised under the following:



Royalty



Fees Payable to MCO



Taxes

#### 2.3.1 Royalty

Every mineral titleholder other than the holder of reconnaissance permit (RP) or water use permit operating in the sector is obligated to pay royalty which ranges from 3% - 5% depending on the type of mineral being mined as provided for in Section 33(1) of Nigerian Mineral and Mining Act 2007 and further prescribed in Section 99(1) of Nigeria Minerals and Mining Regulation 2011.





Conversely, Section 33(2) of the Act provides for reduction or waiver of royalty on any mineral the Minister is satisfied as being exported solely for the purpose of analysis, experiment or scientific specimen and of a small quantity. Subsection (3) makes provision for deferment of royalty payment on any mineral for a specific period as granted by the Minister, subject to the approval of the Federal Executive Council (FEC).

### 2.3.2 Annual Service and Other Fees

Annual service fee is paid at a fixed rate per cadastre unit as set out in Schedule 1 of Nigerian Minerals and Mining Regulations 2011. The fee is due on the anniversary of grant of the title. Title holders other than holders of RP are required to pay annual service fees.

In addition to the above, Schedule 1 of the Nigerian Minerals and Mining Regulations 2011 stipulates other applicable fees payable by operators.

### 2.3.3 Taxation

Taxes payable by operators depends on the type of business (i.e., private/public companies, enterprises, cooperative societies, etc.). Consequently, the various types of taxes payable include the following:

**Table 8: Taxes**

S/N	Tax type	Enabling law	Rate	Relevant tax authority	Type of business
1	Companies Income Tax (CIT)	Companies Income Tax Act 2004 (as amended)	30% of taxable profit for companies with turnover above ₦100 million 20% of taxable profit for companies with turnover between ₦25 and ₦100 million 0% for companies with turnover less than ₦25 million	FIRS	Private/public companies
2	Education Tax (EDT)	Tertiary Education Trust Fund (Establishment, etc.) Act 2011	2.5% of assessable profit on companies with turnover of ₦25 million and above.	FIRS	Private/public companies
3	Value Added Tax (VAT)	Value Added Tax Act LFN 2004, as amended	7.5% on all minerals sold locally However, minerals exported from Nigeria are zero-rated based on the provision of the VAT Act	FIRS	All companies
4	Stamp Duties (SD)	Stamp Duties Act, Cap. S8, LFN 2004, as amended.	0.75% on authorized share capital of a company at incorporation or registration of new shares Fixed rate or a percentage of the transaction/instrument value	FIRS and SBIRS	All companies





5	Capital gains tax (CGT)	Capital Gains Tax Act, Cap. C1, LFN 2004, as amended.	10% on gains accruing on the disposal of chargeable assets irrespective of whether or not the asset is situated in Nigeria.	FIRS and SBIRS	All companies
6	Personal Income Tax	Personal Income Tax Act, Cap P8 LFN 2004 as amended	7% – 24% of taxable income of individuals and partnerships	SBIRS	All companies
7	Nigeria Police Trust Fund Levy	Police Trust Fund Act, 2019	0.0005% of Net profit	FIRS	private/public companies

## 2.4 Fiscal Incentives

There are various incentives available to companies operating in Nigeria which also covers the mining companies. These incentives are aimed at stimulating activities in the mining sector by attracting both local and foreign investors. While the NMMA expressly provides for incentives that covers the mining activities in Nigeria, the Companies Income Tax Act as well as other relevant legislations provide incentives for the mining sector. See table below for reference to fiscal incentives in the sector.

**Table 9: Fiscal Incentives**

SN	Supporting Policies, Laws and Regulations	Link	Reference Sections
1	Nigerian Minerals and Mining Act, 2007	<a href="https://minesandsteel.gov.ng/wp-content/uploads/2022/10/Nigerian-Minerals-Mining-Act-2007.pdf">minesandsteel.gov.ng/wp-content/uploads/2022/10/Nigerian-Minerals-Mining-Act-2007.pdf</a>	Sections 24 - 28, Sections 30 and 33
2	Companies Income Tax Act	<a href="https://firs.gov.ng/Company-Income-Tax-Act.pdf">Company-Income-Tax-Act.pdf (firs.gov.ng)</a>	Sections 11, 32(1)(2), 35 and 36
3	Nigeria Investment Promotion Commission Act, 2007	<a href="https://www.nipc.gov.ng/wp-content/uploads/2021/10/NIPC-ACT.pdf">www.nipc.gov.ng/wp-content/uploads/2021/10/NIPC-ACT.pdf</a>	Sections 24 and 25

## 2.5 Contracts

As per the EITI Standard (Requirement 2.4(a) i), contracts related to the exploitation of oil, gas, and mineral resources should be disclosed. The report affirms that there are no contracts as defined by this requirement *stricto sensu* in the sector. However, because the Requirement on contracts in the 2019 EITI Standard also applies to licenses, the report confirms that all categories of mining licenses/leases include the underlisted items, essentially making them standardized (proforma).

Items in all licenses issued by the Mining Cadastre Office (MCO):

- a. Type of Title
- b. Title Number
- c. Mineral Type(s)
- d. Geographic Coordinates
- e. Number of Cadastral Units (CU)
- f. Area(km<sup>2</sup>)
- g. Local Government Area(s)
- h. State(s)
- i. Validity Period (No. of years) of the Title





- j. Effective Date
- k. Expiry Date
- l. Reference to the NMMA 2007 and 2011 Mining Regulations for the obligation of the title holder

In addition, Section 116(1) Nigerian Minerals and Mining Act (NMMA) 2007 provides that, prior to the commencement of any development activity within the lease area, the holder of a mineral title, conclude with the host community where the operations are to be conducted an agreement referred to as a Community Development Agreement (CDA) or other such agreements that will ensure the transfer of social and economic benefits to the community.

These agreements are kept by the MECD of MMSD and can be accessed by the public upon formal request. The FGN acknowledges CDAs as one of the security interests to be registered with MCO through Government Notice No. 21 of 2022. While there are no specific government policies on public disclosure of CDAs, NEITI maintains a register of valid CDAs from its annual industry audit. The CDAs of 67 out of 121 companies covered in the audit are provided in Appendix 5, with the remaining 54 companies' CDAs and implementation status yet to be provided by MECD, raising doubts about its comprehensive coverage.

## 2.6 License Allocation

The right to explore or exploit minerals in Nigeria is evidenced by the grant of a mineral title. An application must be made by a qualified applicant under the Nigerian Minerals and Mining Act, in accordance with the Nigerian Minerals and Mining Regulations and the submission of an irrevocable consent form by land owners or occupiers.

Section 2 of the NMMA 2007 prohibits the exploration or exploitation of minerals without authority, that is the issuance of the relevant mineral title. These mineral titles can be granted to an individual, group of individuals, cooperative society or a company duly incorporated, either on individual request or on a competitive bidding basis - Section 9 of the NNMA 2007.

The IA reviewed the data of licenses issued in 2021, the terms and conditions of the licenses, the procedures and criteria used in the licensing process. Licenses issued across the six geopolitical zones of the Country were selected at random to test whether or not there were non-trivial deviations from the licensing procedures and criteria used. In addition, selected companies, issued licenses during the year under review, were visited to confirm the integrity and reliability of the licensing process.

Non-trivial deviations are defined as instances where licenses were granted to companies with no evidence of application for a license issued in the period under review or prior, ineligible or unqualified applicants, persons or entities with concluded cases of corruption against them, evidence of favouritism in the licensing process, or any other irregularities that could impact the fairness and transparency of the licensing system.







The IA, having carried out the above procedures, confirms that no non-trivial deviations in the issuance of licenses was observed in the period under review.

### 2.6.1 Procedure for Allocation of Licenses

Mineral licenses are granted by the MCO either by application ([Nigeria Mining Cadastre Office | Apply Now](#)) on a first-come, first-serve basis or through a competitive bidding process.

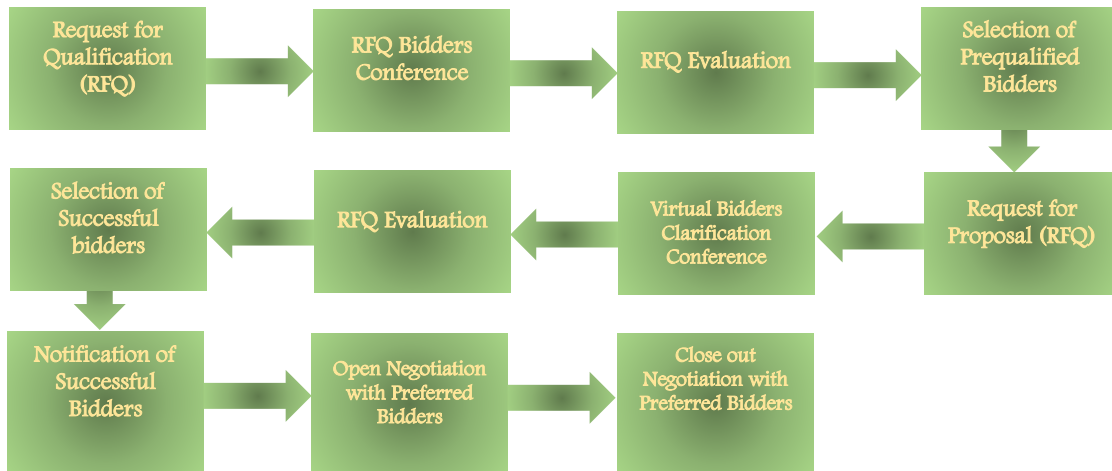
The first-come-first-serve basis apply where several applications are received on the same area or for overlapping areas from two or more companies. The procedure is as follows:

- i. Application is submitted online by interested companies
- ii. Review and evaluation of submitted applications
- iii. Upon review, payments are made on successful application
- iv. Licenses are Issued after successful payment

The detailed procedure can be found on:

<https://nigeriaminingcadastre.gov.ng/emc#c=Document>

Competitive bidding shall apply on areas determined by the Minister under the Mining Regulation 2011. The procedure for issuing of title through competitive bidding is as follows:



The competitive bidding process described above is managed by an independent transaction manager engaged by the Government.

During the year, 2021 under review, there was no license issued through competitive bidding which this procedure applies.





### 2.6.2 Mineral Licenses obtainable in Nigeria

Section 46 of the NMMA sets out six different types of mining titles obtainable which are issued under the Act by the Minister on the recommendation of the Mining Cadastre Office.

These titles can be found in <https://nigeriaminingcadastre.gov.ng/emc#c=Document>

See **Appendix 6** for details of mineral titles issued in 2021.

### 2.6.3 Trend analysis of licenses issued

The table below shows a 5-year trend of licenses issued.

	2017	2018	2019	2020	2021	Total
Exploration Licence (EL)	631	634	501	516	840	3,122
Mining Lease (ML)	37	35	24	12	40	148
Quarry Lease (QL)	228	212	169	185	255	1,049
Small Scale Mining Lease (SSML)	588	499	602	598	771	3,058
Reconnaissance Permit (RP)	163	137	-	171	139	610
<b>Total</b>	<b>1,647</b>	<b>1,517</b>	<b>1,296</b>	<b>1,482</b>	<b>2,045</b>	<b>7,987</b>

*Source: Mining Cadastre Office*

### 2.6.4 Consolidation, Transfer and Revocation of Licenses

When the mineral title areas of a title holder are contiguous, such individual may decide to consolidate these different titles into a single mineral title. Section 89 of the Mining Regulation expressly provides that “a titleholder of exploration licences, small-scale mining leases, mining leases, quarry leases, or water use permits of a like kind into a single mineral title”. This is initiated by the submission of the required environmental statement and program to the MECD for its approval and thereafter an application for consolidation and the payment of required fee to MCO.

Sections 91 and 92 of the Regulation sets out the procedure in the events of death or mental incapacity of a mineral title holder that could necessitate the transfer of mineral title. Upon such necessity, the mining title is transferable subject to the approval of the Minister and registration at the MCO. However, while all other mineral titles are transferable, reconnaissance permit are not, rather they are revoked.

Revocation of mineral titles is in compliance with Section 97 of the Regulation. It provides that the Minister may revoke a mineral title for any reason that requires revocation. However, before a title is revoked, the MCO shall give a 30-day notice of revocation with grounds for such to the mineral title holder. Upon the lapse of the 30 days to address the grounds for revocation and the approval of revocation request by the minister the MCO shall revoke the title within seven days.

The requirements for transfer, relinquishment and consolidation of mineral titles are provided in **Appendix 7**. The table 11 presents a summary of licenses transferred, consolidated and relinquished. See **Appendix 8** for details.





**Table 11: Summary of Licenses Transferred, Consolidated and Relinquished**

Mineral Titles	Transferred	Consolidated	Relinquished
EL	13	3	6
ML	-	-	2
SSML	6	2	-
QL	12	6	5
<b>Total</b>	<b>31</b>	<b>11</b>	<b>13</b>

The IA affirms that the transfer, relinquishment and consolidation of the mineral titles was in compliance with the procedure provided by MCO.

## 2.7 Register of Licenses

The register containing all mineral title records as mandated by Sections 5(1) and 7 of NNMA is maintained by the MCO’s registry department. It is publicly accessible through an [online portal](#) on the MCO website and the data can be accessed here [Register of licenses](#)

See **Appendix 9** for MCO register of licenses as at 31<sup>st</sup> December 2021.

## 2.8 Minerals Buying Centres

Section 94 of NNMA prohibits the purchase of any mineral unless the purchaser holds a purchase licence issued under this Act. To facilitate market access for small-scale miners and companies interested in warehousing mineral resources, Section 95 establishes mineral buying centres.

The purchase license is designed to authorize and regulate warehouses used for storing mineral resources. Companies seeking to store mineral licenses in varying quantities can acquire this license.

According to Section 133 of the Nigerian Minerals and Mining Regulation 2011, there are specific requirements for possessing and purchasing minerals. It is essential that every applicant for the license has already acquired a warehouse to be used for the purpose before making the application. This is compulsory as such facility would be duly inspected before the issuance of the license.

There were 563 registered private minerals buying centres as shown in the table below.

**Table 12: Summary of Private Minerals Buying Centres as at 31st December 2021**

S/N	Mineral classification	Number
1	Metallic Minerals	285
2	Precious Metals	162
3	Gemstones	76
4	Non-Metallic Minerals	39
5	Non-Precious Metals	1
<b>Total</b>		<b>563</b>

*Source: Artisanal and Small-Scale Mining Department, Ministry of Mines and Steel Development*



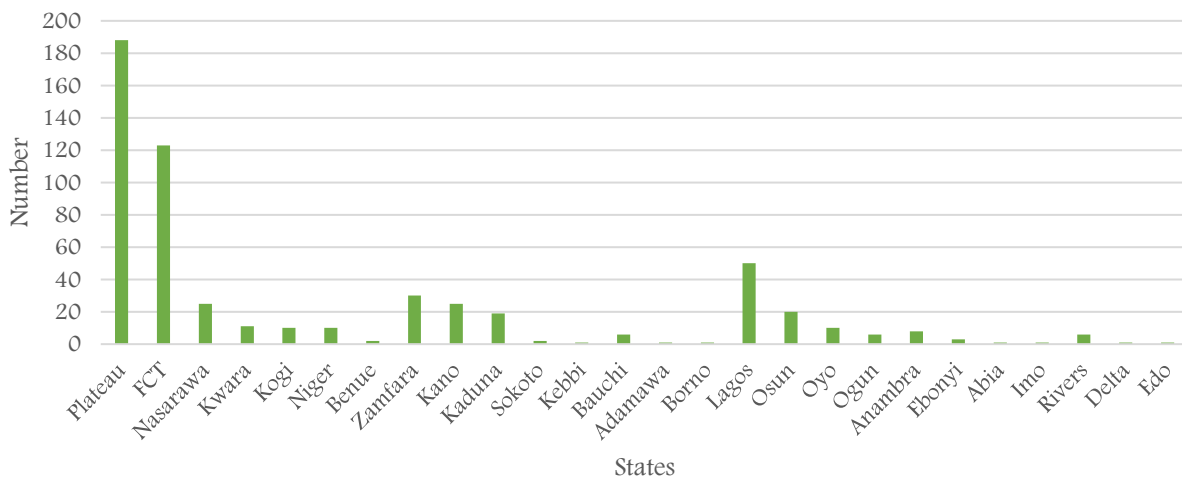


The table and chart below show the distribution of private minerals buying centres in states across the six geo-political zones

**Table 13:** Showing the distribution of PMBC across the geo-political zones

S/N	Zone	State	Number
1	North Central	Plateau	188
2		FCT	123
3		Nasarawa	25
4		Kwara	11
5		Kogi	11
6		Niger	10
7		Benue	2
8	North West	Zamfara	30
9		Kano	26
10		Kaduna	19
11		Sokoto	2
12		Kebbi	1
13	North East	Bauchi	6
14		Adamawa	1
15		Borno	1
16	South West	Lagos	50
17		Osun	20
18		Oyo	10
19		Ogun	6
20	South East	Anambra	8
21		Ebonyi	3
22		Abia	1
23		Imo	1
24	South South	Rivers	6
25		Delta	1
26		Edo	1
<b>TOTAL</b>			<b>563</b>

PMBCs across the 6 Geo-Political Zones



**Figure 5:** PMBCs across the Six Geo-Political Zones  
See **Appendix 10** for mineral buying centres.





## 2.9 Beneficial Ownership

Beneficial Ownership (BO) data was requested from all companies covered in this report. The data was used to update the NEITI BO data portal. All companies have some form of beneficial ownership data, publicly accessible either through the [NEITI Beneficial Ownership Data Portal](#) or the Corporate Affairs Commission [BO](#) and [PSC](#) Portals.

The BO data on NEITI BO portal and CAC portal were cross-checked with each other, some data align, while some were not found on the CAC portal.

The MCO has been collecting BO data from all owners of mineral title holders at every point of contact with the Cadastre Office. This information will eventually be made available to the public through the [Electronic Mining Cadastre \(EMC\) Plus portal](#). See **Appendix 11** for BO information of covered companies in this report.

## 2.10 State Participation in the Extractive Sector

There is no state participation in Nigeria’s solid minerals sector.

## 2.11 Reforms in the Solid Minerals Sector

The Federal Government of Nigeria (FGN), in her quest to develop and revamp the solid minerals sector in order to diversify the economy, carried out the following reforms:

**Table 14:** Key Reforms in the Sector

SN	Institutions	Key Reforms
1	Mining Cadastre Office (MCO)	Up-Grade of the SIGTIM software to Web-based/Online Mineral Title Administration and Management System - Electronic Mining Cadastre System (eMC+).  <a href="https://nigeriaminingcadastre.gov.ng/emc#">https://nigeriaminingcadastre.gov.ng/emc#</a>
		Acquisition, Geo-referencing and Geo-coding of Topographic Maps of Nigeria for integration into the Mining Cadastre Digital Database.
2	Nigerian Geological Survey Agency (NGSA).	Acquisition of Z-300 LIBS Analyzer and Triple Quadrupole Inductively Coupled Plasma Mass Spectrometry (TQ-ICP-MS) for analysing mineral samples and exploration activities.  <a href="https://ngsa.gov.ng/blog/">https://ngsa.gov.ng/blog/</a>
		Development of a Litho-structural Map of Nigeria to provide understanding of mineral systems in Nigeria.





## 2.12 Findings and Recommendations

Findings	Recommendations
CDA is a prerequisite for exploitation of minerals in Nigeria as contained in Section 116(1) of the NMMA 2007. Despite this requirement of the law, the report noted that only 67 out of 121 companies covered in the audit, executed CDAs with their host communities.	The FGN should develop a robust framework for ensuring strict compliance with the provisions of Section 116(1) of the NMMA 2007. Strong sanctions should be meted on erring companies.  In addition to the above, MECD should carry out spot checks on mining sites to ensure that companies are implementing the CDAs.
Exploration Licenses increased significantly by 324 licenses (62.79%), from 516 in 2020 to 840 in 2021, indicating a sustained interest in mineral exploration and production.	Government should monitor and encourage the development of ELs to MLs and QLs to ensure a sustained development in the sector; discourage speculators and activate the principle of ‘use it or lose it’.





## 3.0 MINING OPERATIONS IN NIGERIA

### 3.1 Mining Operations in Nigeria

The mining sector is a critical component of the supply chain network in the country, it stands as a major segment in the extractive sector of the Nigerian economy. The country is endowed with over 44 mineral types spread across the thirty-six (36) states and Federal Capital Territory (FCT). See [link](#) for details.

According to the NEITI SMA 2020 Report, the mining sector contribution to the country's Gross Domestic Product (GDP) stands at 0.5%. This is mainly due to the prevalence of informal mining operations, predominately led by artisanal and small-scale miners.

The sector's major activities are mining and quarrying, with quarrying accounting for 59% and mining operations accounting for 21%. Other activities make up the remaining 20% as shown in the figure below. The mining sector's growth and formalisation effort remain essential to leverage its full potential in contributing to the Country's economic development.



**Figure 6:** Solid minerals sector activities

**Source:** MID 2021 list of operators

### 3.2 Exploration

Exploration activities encompass a comprehensive assessment, evaluation, and characterization of mineral resources throughout the entire country. The primary goal is to identify viable minerals for exploitation and utilization, be it for commercial or personal purposes. These endeavours furnish crucial data on ore valuation and reserve estimates of known mineral occurrences, including those that possess sufficient mineralization for profitable extraction and industrial use.





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In line with promoting the production of solid minerals for commercial purposes, the government has consistently strived to devise effective and efficient exploration strategies. One notable initiative is the establishment of the National Integrated Mineral Exploration Project (NIMEP) by the Federal Government. The project's core objective is to generate geoscience information in both greenfield (unexplored) and brownfield (previously explored) settings, employing integrated exploration methodologies.

Under the supervision of the Nigeria Geological Survey Agency (NGSA), NIMEP introduces a departure from conventional exploration programs. By doing so, it aims to amass additional information that enhances the appeal of bitumen blocks and accelerates their development prospects. This concerted effort contributes to the overall advancement and sustainability of the mining sector in Nigeria.

The Mining Cadastre Office (MCO) is responsible for the administration and management of mineral titles and the maintenance of cadastral registers. Therefore, exploration activities in Nigeria cannot be conducted without having previously obtained an exploration license as required by law. In the year under review, a total of 840 exploration licenses were issued for 43 mineral types across the country as shown in Table 15.

**Table 15:** Exploration Licences Issued in 2021

S/N	MINERAL	NUMBER
1	Gold	352
2	Iron Ore	59
3	Columbite	49
4	Tin	48
5	Lead/Zinc	39
6	Limestone	33
7	Copper	30
8	Beryl	27
9	Lithium	20
10	Coal	19
11	Aquamarine	18
12	Clay	18
13	Baryte	13
14	Amethyst	11
15	Feldspar	11
16	Tantalum	9
17	Kaoline	8
18	Manganese	8
19	Fluorspar	7





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20	Gemstone	7
21	Ilmenite	7
22	Quartz	5
23	Graphite	4
24	Gypsum	4
25	Aluminium	3
26	Garnet	3
27	Sand	3
28	Talc	3
29	Tourmaline	3
30	Anthracite	2
31	Bentonite	2
32	Granite	2
33	Mica	2
34	Monazite	2
35	Bitumen	1
36	Calcite	1
37	Cerium	1
38	Chorium	1
39	Calcite	1
40	Corrundum	1
41	Lignite	1
42	Marble	1
43	Topaz	1
<b>TOTAL</b>		<b>840</b>

### 3.3 Production

The mining and quarrying volumes are categorized by mineral type, company, state and geo-political zones. These includes detailed information on royalty paid, and market value of the minerals. These are presented in the tables below. Additionally, see **Appendix 12** for approved royalty rate from 2015 to 2021.





### 3.3.1 Production by Mineral Type

The table below shows the types and quantum of mineral produced in the year under review;

**Table 16: Production by Mineral Type**

Mineral	Quantity (Tons)		% Production Volume		Royalty Paid (N)		% Royalty Value	
	Total	Cumulative	Total	Cumulative	Total	Cumulative	Total	Cumulative
Limestone	35,608,204	35,608,204	46.68	46.68	1,034,281,154	1,034,281,154	28.97	28.97
Granite Aggregate	21,145,207	56,753,411	27.72	74.40	1,565,599,999	2,599,881,153	43.85	72.82
Laterite	5,982,599	62,736,010	7.84	82.25	175,739,227	2,775,620,380	4.92	77.74
Clay	4,579,392	67,315,402	6.00	88.25	68,974,925	2,844,595,305	1.93	79.67
Sand	3,918,599	71,234,001	5.14	93.39	138,372,093	2,982,967,398	3.88	83.55
Coal	1,821,059	73,055,060	2.39	95.78	111,105,110	3,094,072,508	3.11	86.66
Granite Dust	1,634,475	74,689,535	2.14	97.92	60,523,226	3,154,595,733	1.70	88.35
Shale	1,152,049	75,841,584	1.51	99.43	28,801,215	3,183,396,948	0.81	89.16
Other minerals	435,604	<b>76,277,187</b>	0.57	<b>100.00</b>	386,995,159	<b>3,570,392,107</b>	10.84	<b>100.00</b>
<b>Total</b>	<b>76,277,187</b>		<b>100.00</b>		<b>3,570,392,107</b>		<b>100</b>	

*Source: MID 2021 Data*

Minerals with the largest production volume in the year under review are Granite, Limestone, Laterite, Clay and Sand. See **Appendix 13** for production by mineral type.

### 3.3.2 Production by Company

**Table 17: Production by Company**

Company	Quantity Tons		% Production		Royalty paid N		% Royalty contribution	
	Total	Cumulative	Total	Cumulative	Total	Cumulative	Total	Cumulative
Dangote Cement Plc	28,772,368	28,772,368	37.72	37.72	912,492,728	912,492,728	25.55	25.55
BUA Cement Plc	8,355,705	37,128,073	10.95	48.68	241,125,598	1,153,618,326	6.75	32.31
Lafarge PLC	4,310,480	41,438,553	5.65	54.33	218,988,415	1,372,606,741	6.13	38.44
Zeberced Limited	3,272,924	44,711,477	4.29	58.62	164,073,375	1,536,680,116	4.59	43.03
Other Companies	31,565,709	<b>76,277,186</b>	41.38	<b>100.00</b>	2,034,212,847	<b>3,570,892,962</b>	56.97	<b>100.00</b>
<b>Total</b>	<b>76,277,186</b>		<b>100.00</b>		<b>3,570,892,962</b>		<b>100.00</b>	

*Source: MID 2021 Data*

On company analysis, Dangote Plc accounted for the highest production in the year under review with a total production of 28.8 million tons. BUA and Lafarge accounted for 8.4 and 4.3 million tons while Zeberced accounted for 3.3 million tons respectively. See **Appendix 14** for production by company.





### 3.3.3 Production by State

**Table 18: Production by state**

S/N	State	Quantity (Tons)		% Quantity		Royalty Paid ₦		% Royalty	
		Total	Cumulative	Total	Cumulative	Total	Cumulative	Total	Cumulative
1	Ogun	17,489,096	17,489,096	22.93	22.93	642,072,387	642,072,387	17.98	17.98
2	Kogi	16,301,961	33,791,057	21.37	44.30	496,670,224	1,138,742,611	13.91	31.89
3	Edo	8,023,394	41,814,451	10.52	54.82	289,067,721	1,427,810,332	8.10	39.98
4	Cross River	5,279,719	47,094,171	6.92	61.74	259,341,747	1,687,152,079	7.26	47.25
5	FCT	3,626,322	50,720,492	4.75	66.49	178,070,833	1,865,222,912	4.99	52.23
6	Ebonyi	2,962,141	53,682,633	3.88	70.38	320,117,965	2,185,340,877	8.96	61.20
7	Kaduna	2,583,468	56,266,101	3.39	73.77	163,851,871	2,349,192,749	4.59	65.79
8	Sokoto	2,279,368	58,545,469	2.99	76.75	68,398,980	2,417,591,729	1.92	67.70
9	Benue	2,262,651	60,808,120	2.97	79.72	116,114,232	2,533,705,961	3.25	70.95
10	Oyo	2,113,244	62,921,364	2.77	82.49	142,236,135	2,675,942,096	3.98	74.94
11	Kano	2,063,857	64,985,221	2.71	85.20	101,585,276	2,777,527,372	2.84	77.78
12	Lagos	1,875,104	66,860,325	2.46	87.65	47,891,825	2,825,419,198	1.34	79.12
13	Ondo	1,385,720	68,246,045	1.82	89.47	102,772,628	2,928,191,826	2.88	82.00
14	Gombe	1,158,657	69,404,701	1.52	90.99	53,834,089	2,982,025,915	1.51	83.51
15	Kastina	646,703	70,051,405	0.85	91.84	31,021,015	3,013,046,930	0.87	84.38
16	Nasarawa	618,734	70,670,138	0.81	92.65	56,982,507	3,070,029,436	1.60	85.97
17	Bauchi	554,487	71,224,626	0.73	93.38	41,371,204	3,111,400,641	1.16	87.13
18	Rivers	504,776	71,729,401	0.66	94.04	24,430,435	3,135,831,075	0.68	87.82
19	Akwa-Ibom	480,873	72,210,274	0.63	94.67	14,853,626	3,150,684,701	0.42	88.23
20	Niger	471,587	72,681,861	0.62	95.29	32,150,575	3,182,835,276	0.90	89.13
21	Delta	467,871	73,149,732	0.61	95.90	9,845,708	3,192,680,984	0.28	89.41
22	Adamawa	336,751	73,486,483	0.44	96.34	21,199,727	3,213,880,711	0.59	90.00
23	Bayelsa	325,504	73,811,987	0.43	96.77	12,668,278	3,226,548,988	0.35	90.36
24	Ekiti	303,236	74,115,223	0.40	97.17	20,457,757	3,247,006,746	0.57	90.93
25	Kwara	261,293	74,376,516	0.34	97.51	22,993,825	3,270,000,571	0.64	91.57
26	Anambra	260,992	74,637,508	0.34	97.85	9,392,980	3,279,393,551	0.26	91.84
27	Abia	247,766	74,885,274	0.32	98.18	15,525,122	3,294,918,672	0.43	92.27
28	Taraba	245,280	75,130,554	0.32	98.50	16,207,470	3,311,126,142	0.45	92.73
29	Plateau	243,952	75,374,506	0.32	98.82	117,687,924	3,428,814,066	3.30	96.02
30	Zamfara	152,331	75,526,837	0.20	99.02	10,058,023	3,438,872,090	0.28	96.30
31	Jigawa	145,283	75,672,119	0.19	99.21	5,199,300	3,444,071,390	0.15	96.45
32	Kebbi	131,808	75,803,927	0.17	99.38	21,755,164	3,465,826,554	0.61	97.06
33	Osun	127,780	75,931,708	0.17	99.55	91,057,907	3,556,884,460	2.55	99.61
34	Yobe	111,102	76,042,809	0.15	99.69	5,278,371	3,562,162,831	0.15	99.76
35	Enugu	108,472	76,151,281	0.14	99.83	3,293,900	3,565,456,731	0.09	99.85
36	Imo	100,406	76,251,687	0.13	99.97	4,016,230	3,569,472,961	0.11	99.96
37	Borno	25,500	<b>76,277,187</b>	0.03	<b>100.00</b>	1,420,000	<b>3,570,892,961</b>	0.04	<b>100.00</b>
<b>TOTAL</b>		<b>76,277,187</b>		<b>100</b>		<b>3,570,892,961</b>		<b>100</b>	

Source: MID 2021 Data

State production records showed that Ogun state recorded the highest production in the year under review, with a total of 17.5 million tons, followed by Kogi with 16.3 million tons and Edo with 8 million tons. The least production volume was recorded in Borno State with 25,500 tons. See **Appendix 15** for production by state.



### 3.3.4 Production by Region

**Table 19: Production by Region**

Zones	Quantity (Tons)		% Production		Royalty paid ₦		% Royalty contribution	
	Total	Cumulative	Total	Cumulative	Total	Cumulative	Total	Cumulative
North-Central	23,786,500	23,786,500	31.18	31.2	1,020,670,120	1,020,670,120	28.6	28.6
South-West	23,294,180	47,080,680	30.54	61.7	1,046,488,639	2,067,158,759	29.3	57.89
South-South	18,044,278	65,124,958	23.66	85.4	930,325,479	2,997,484,238	26.1	83.94
North-West	8,002,818	73,127,776	10.49	95.9	401,869,630	3,399,353,868	11.3	95.20
North-East	2,431,775	75,559,551	3.19	99.1	139,310,861	3,538,664,730	3.9	99.10
South-East	717,636	<b>76,277,187</b>	0.94	<b>100.0</b>	32,228,232	<b>3,570,892,961</b>	0.9	<b>100.00</b>
<b>TOTAL</b>	<b>76,277,187</b>		<b>100.00</b>		<b>3,570,892,961</b>		<b>100.0</b>	

*Source: MID 2021 Data*

On zonal basis, North central accounted for highest production with 24 million tons, south west came second with 23.1 million tons while south east recorded for the lowest production of 718 thousand tons. See **Appendix 16** for production by region.

### 3.3.5 Five-Year Production Trend Analysis

The table below shows the minerals production trend, from 2017 to 2021 as well as the percentage change.

**Table 20: Mineral Production Trend from 2017 to 2021**

Year	2017	2018	2019	2020	2021
Quantity (Tons)	35,327,060	46,680,658	59,820,953	71,151,029.90	76,277,187
Royalty (₦)	1,547,930,000	2,147,215,779.55	2,502,229,013.21	3,016,582,236.06	3,570,892,961
% Change in quantity	-	32	28	19	7
% Change in royalty	-	39	17	21	18

*Source: MID 2021 Data*

There has been year-on-year growth in both production and royalty receipts over the last five years. However, the growth has been at a decreasing rate, falling from 32% in 2018 to 7% in 2021 for production quantity. Similarly, the annual percentage growth in royalties fell from 39% in 2018 to 18% in 2021. Generally, total mineral production grew by 40,950,127 tons or 115.92% between 2017 and 2021 while total royalty increased by ₦2.02 billion or 130.69% between the same period as shown in table 20.

## 3.4 Export

Solid minerals export facilitates international trade and stimulate domestic economic activities by creating employment, enhancing production and increasing revenue generation. Particularly, in the year under review, metallic minerals were exported in large quantities to foreign destinations, mainly China.





Export volumes calculations are based on the use of weighing scales and measuring the material. Sometimes the material is bagged and each bag is weighed and the total tonnage calculated. Weighing bridges are used for bulk materials while gemstones and gold are weighed using table digital scales the value of volumes/tonnage of minerals is calculated based on the royalty rate of the Mineral type.

The total volume of minerals exports from the Nigerian Customs Service (NCS) records are categorized by mineral type, exporter and destination. The contribution of metallic minerals (Lead ores and concentrates) to the total mineral export value is \$35.74 million, followed closely by zinc ore and concentrates with \$33.43 million. See tables 21 – 23 for the analysis.

### 3.4.1 Export by Mineral Type

**Table 21:** Export by Mineral Type

SN	Goods Description	Net Weight (T'ons'000)	Volume (%)		FOB Value \$'000	FOB (%)	
			Total	Cumulative		Total	Cumulative
1	Lead ores and concentrates	11,005.59	7.72	7.72	35,737.92	35.28	35.28
2	Zinc ores and concentrates	22,184.35	15.56	23.29	33,427.43	33.00	68.28
3	Manganese ores/concentrates	62,916.80	44.14	67.43	7,234.18	7.14	75.42
4	Tin ores and concentrates.	460.94	0.32	67.75	4,936.71	4.87	80.30
5	Niobium, tantalum	2,532.30	1.78	69.53	4,870.53	4.81	85.11
6	Zirconium ores and concentrates	1,323.06	0.93	70.45	2,584.29	2.55	87.66
7	Other ores and concentrates.	19,863.51	13.94	84.39	2,422.83	2.39	90.05
8	Copper ores and concentrates	529.27	0.37	84.76	1,914.20	1.89	91.94
9	Crude mica and mica rifted into sheets	1,964.48	1.38	86.14	1,570.50	1.55	93.49
10	Chromium ores and concentrates	5,480.17	3.84	89.98	1,552.70	1.53	95.02
11	Feldspar	2,092.30	1.47	91.45	1,112.67	1.10	96.12
12	Other minerals	12,184.73	8.55	100.00	3,930.20	3.88	100.00
<b>TOTAL</b>		<b>142,537.48</b>	<b>100.00</b>		<b>101,294.14</b>	<b>100.00</b>	

*Source: NCS 2021 Export Data*

In the year under review, the total minerals exported was 142,537,480 tons, with a free-on-board (FOB) value of USD101,294,140. Lead ores and concentrates was the highest mineral exported, accounting for 7.7% of the total export and 35.3% FOB value. This was followed by Zinc ore, accounting for 15.6% and 33% respectively. In addition, Manganese ore accounted for 44% and 7%. See **Appendix 17** for export by mineral type.





### 3.4.2 Export by Company

**Table 22:** Export by Company

SN	Exporter	Net Weight (T'000)	Volume (%)		FOB Value (\$'000)	FOB (%)	
			Total	Cumulative		Total	Cumulative
1	First Patriot Ltd	5,172.28	3.63	3.63	44,833.41	44.26	44.26
2	Sino Min-metals Co. Limited	62,815.14	44.07	47.70	6,902.50	6.81	51.07
3	Synee Alumony Mining Limited	10,253.33	7.19	54.89	6,716.77	6.63	57.71
4	Venez World-class Limited	335.266	0.24	55.13	6,032.21	5.96	63.66
5	Indviz Metals Limited	210.364	0.15	55.27	2,802.66	2.77	66.43
6	Malcomines Minor Metals Ltd	3,666.00	2.57	57.85	2,604.95	2.57	69.00
7	Anyang Kuangye Investment Ltd	550.89	0.39	58.23	2,211.40	2.18	71.18
8	Hudson Mining Ltd	307.86	0.22	58.45	2,006.77	1.98	73.16
9	Abyem-Diva International Limited	12,806.80	8.98	67.43	1,939.55	1.91	75.08
10	Emirate Mining & Geo-minerals Limited	1,210.75	0.85	68.28	1,920.40	1.90	76.97
11	West Metallic Ltd	0.25	0.00	68.28	1,871.72	1.85	78.82
12	Premier Standard International Nigeria Limited	3,838.83	2.69	70.98	1,815.61	1.79	80.61
13	Metaminera Nigeria Limited	2,504.48	1.76	72.73	1,755.98	1.73	82.35
14	Golden Oceans Global Investment Ltd,	784.54	0.55	73.28	1,676.70	1.66	84.00
15	Igor Logistics and Services Limited	5,130.00	3.60	76.88	1,523.45	1.50	85.51
16	Neveah Limited	1,114.35	0.78	77.66	1,149.60	1.13	86.64
17	Astro Minerals Limited	100.00	0.07	77.73	1,105.07	1.09	87.73
18	Horse Race Nigeria Ltd	1,736.67	1.22	78.95	1,079.84	1.07	88.80
19	Other Companies	29,999.67	21.05	100.00	11,345.54	11.20	100.00
<b>TOTAL</b>		<b>142,537.48</b>	<b>100.00</b>		<b>101,294.14</b>	<b>100.00</b>	

*Source: NCS 2021 Export Data*

Export analysis based on company shows that First Patriot Nigeria Limited contributed 3.36% and 44.26% respectively of the total export volume and value in the year 2021. This is shown on table 22 above. See **Appendix 18** for export by company.

### 3.4.3 Export by Destination

**Table 23:** Export by Destination

SN	Destination	Net Weight (T'000)	Volume (%)		FOB Value (\$'000)	FOB (%)	
			Total	Cumulative		Total	Cumulative
1	China	135,932.70	95.37	95.37	89,027.57	87.89	87.89
2	Malaysia	2,001.71	1.40	96.77	4,703.86	4.64	92.53
3	Korea	1.81	0.00	96.77	1,432.63	1.41	93.95
4	Thailand	129.00	0.09	96.86	1,186.10	1.17	95.12
5	United Arab Emirates	190.20	0.13	97.00	1,122.24	1.11	96.23
6	Other countries	4,282.07	3.00	100.00	3,821.74	3.77	100.00
<b>TOTAL</b>		<b>142,537.48</b>	<b>100.00</b>		<b>101,294.14</b>	<b>100.00</b>	

*Source: NCS 2021 Export Data*

China accounted for 95% and 88% of the total export volume and value respectively as shown in the table above. See **Appendix 19** for export by destination.





### 3.4.4 Comparison of Exports Records from MID and NCS

Records of solid minerals exported in 2021 by NCS and MID are presented in the table below.

**Table 24:** Comparative analysis of export data of NCS and MID

S/N	Minerals	NCS (Tons'000)	MID (Tons'000)	Variance (Tons'000)
1	Agglomerated Iron ores and concentrates	300.06	-	300.06
2	Antimony ores and concentrates	928.04	-	(928.04)
3	Aquamarine	-	-	-
4	Cassiterite	-	26.00	26.00
5	Chromium ores and concentrates.	5,480.17	-	(5,480.17)
6	Coal	-	50,840.00	50,840.00
7	Cobalt ores and concentrates.	22.13	-	(22.13)
8	Columbite Ore	-	1,849.25	1,849.25
9	Copper ores and concentrates.	529.27	-	(529.27)
10	Crude mica and mica rifted into sheets or splitting	1,964.48	-	(1,964.48)
11	Crude or roughly trimmed	1,381.34	-	(1,381.34)
12	Dolomite, not calcined or sintered	24.43	-	(24.43)
13	Feldspar	2,092.30	-	(2,092.30)
14	Flourite	-	50.00	50.00
15	Garnet	-	-	-
16	Gold	-	-	-
17	Granite cut into blocks or slabs in rectangular	110.10	-	(110.10)
18	Gypsum; anhydrite	0.02	-	(0.02)
19	Kaolin and other kaolinic clays, whether or not calcined.	78.44	-	(78.44)
20	Lead ores and concentrates.	11,005.59	38,522.00	27,516.41
21	Limestone flux	55.01	-	(55.01)
22	Lithium	-	500.00	500.00
23	Manganese ores/concentrates	62,916.80	-	(62,916.80)
24	Marble and travertine cut into blocks or slabs	1,272.25	-	(1,272.25)
25	Mica powder	201.51	60.00	(141.51)
26	Mica waste	33.49	-	(33.49)
27	Natural calcium phosphates	366.15	-	(366.15)
28	Natural sands of all kinds, excluding silica and quartz	1,215.08	-	(1,215.08)
29	Niobium, tantalum, vanadium or zirconium	2,532.30	-	(2,532.30)
30	Non-agglomerated: Iron ores fines	450.00	-	(450.00)
31	Non-agglomerated: Iron ores lumps	670.60	-	(670.60)
32	Other ores and concentrates.	19,863.51	-	(19,863.51)
33	Quartz (Industrial)	617.17	3,000.00	2,382.83
34	Quartzite	0.03	-	(0.03)
35	Sandstone	-	-	-
36	Sapphire	-	-	-
37	Silica sands and quartz sands	3,668.70	-	(3,668.70)
38	Tantalite	-	12.20	12.20
39	Tin Ores	460.94	6,267.00	5,806.06
40	Titanium ores and concentrates.	789.95	-	(789.95)
41	Topaz	-	-	-
42	Tourmaline	-	-	-
43	Tungsten ores and concentrates.	0.24	-	(0.24)
44	Wolframite	-	-	-
45	Zinc ores and concentrates	22,184.35	-	(22,184.35)
46	Zircon sand	-	3,265.17	3,265.17
47	Zirconium ores and concentrates	1,323.06	-	(1,323.06)
<b>TOTAL</b>		<b>142,537.48</b>	<b>104,391.63</b>	<b>(38,145.85)</b>

*Source: NCS and MID Export Data*



The comparative analysis of the export data of the agencies shows a variance of 38,145,850 tons. This variance is as a result of non-collaboration between the NCS and MMSD leading to some companies exporting without obtaining relevant permit from the MMSD. This non-collaboration will further lead to companies exporting without payment of applicable royalties.

### 3.4.5 Export Trend Analysis

**Table 25: 5-Year Export Trend**

Year	2017	2018	2019	2020	2021
Quantity (tons'000)	16,344	124,748	7,019	32.99	142,537.48
FOB value (US\$'000)	29,901	144,379	2,531,911	42,458	101,294.14
Change (%) in quantity exported		663.26	(94.37)	(99.53)	431,962.69
Change (%) in FOB value		382.86	1653.66	(98.32)	138.57

*Source: NCS 2021 Data & NEITI SMA Reports*

The table above shows the 5-year export trend of solid minerals. The total minerals export within the period amounted to 290,681,470 tons with FoB value of USD2,849,943,140 billion. The report observed an undulating trend within the five-year period. The did observed in 2020 was due to the effect of Covid-19 pandemic.

### 3.5 Strategic Minerals

The Federal Government of Nigeria identified seven major minerals as strategic, namely; Gold, Coal, Bitumen, Limestone, Lead/Zinc, Iron Ore and Barites. These minerals are considered as minerals with high potential to diversify the economy, boost revenue earnings and sustainable development.

**Table 26: Strategic Minerals**

SN	Strategic Minerals	Proven Reserves	Total Reserves	Measurement Basis of Reserves	Production (Tons)	Royalty	Licenses Issued			
						₦million	EL	ML	SSML	QL
1	Gold	1M	200M	Ounces	0.54	95,905,277	352	12	148	2
2	Limestone	568M	2,300,000M	Metric Tonnes	35,608.00	1,034,281,154	33	3	12	4
3	Lead/Zinc	5M	10M	Metric Tonnes	129,529.17	173,005,598	39	-	46	-
4	Iron Ore	3,000M	10,000M	Metric Tonnes	2,452.82	478,300	59	4	11	-
5	Barite	0.1M	15M	Metric Tonnes	1,560.00	624,000	13	-	13	-
6	Coal	639M	2,750M	Metric Tonnes	1,821,059.00	111,105,110	19	8	4	-
7	Bitumen	1,100M	27,000M	Barrels	-	-	1	2	1	-
<b>Total</b>					<b>1,990,209.53</b>	<b>1,415,399,439</b>	<b>516</b>	<b>29</b>	<b>235</b>	<b>6</b>





Table 27 shows the location of these minerals.

**Table 27: Location of Strategic Minerals**

SN	Location	Gold	Limestone	Lead/Zinc	Iron Ore	Barite	Coal	Bitumen
1	Abia	√	√	√			√	
2	Adamawa					√	√	
3	Akwa Ibom		√				√	
4	Anambra				√			
5	Bauchi	√	√		√			
6	Bayelsa		√					
7	Benue		√	√	√	√	√	
8	Borno		√					
9	Cross River		√		√	√		
10	Delta		√					
11	Ebonyi		√	√	√	√		
12	Edo		√					√
13	Ekiti							
14	Enugu		√				√	
15	Federal Capital Territory	√		√				
16	Gombe		√			√	√	
17	Imo		√		√			
18	Jigawa							
19	Kaduna	√						
20	Kano							
21	Katsina				√			
22	Kebbi							
23	Kogi	√	√				√	
24	Kwara	√			√			
25	Lagos							√
26	Nasarawa	√		√	√	√	√	
27	Niger							
28	Ogun	√	√					√
29	Ondo		√					√
30	Osun	√						
31	Oyo	√	√		√			
32	Plateau			√	√			
33	Rivers							
34	Sokoto		√					
35	Taraba			√	√	√		
36	Yobe							
37	Zamfara	√		√	√			

### 3.6 Energy Transition Minerals in Nigeria

#### 3.6.1 The Role of Critical Minerals in Clean Energy Transition

The global energy system is shifting towards clean energy strategies, aiming to achieve net-zero greenhouse gas emissions. This transition relies on essential minerals like copper, lithium, nickel, cobalt, and rare earth elements for clean energy technologies





such as wind turbines, solar panels, electric vehicles, and batteries. As clean energy deployment increases, the energy sector becomes more interconnected with the minerals and metals industry, solidifying the link between minerals and clean energy.

The larger implication which this report calls attention to is for Nigeria to commence in earnest the implementation of its energy transition plan previously approved by the Federal Executive Council. The new administration has a responsibility to give effect to the plan.

### 3.6.2 Nigeria's Energy Transition Plan (ETP)

The Nigeria Energy Transition Plan (ETP) is a strategic roadmap designed to guide the country's shift from fossil fuel-based energy sources to cleaner and more sustainable energy options. The plan aims to diversify the energy mix, promote renewable energy adoption, and reduce carbon emissions to address environmental concerns and enhance energy security. While the ETP primarily focuses on the energy sector, it can have implications for the mining sector in the following ways:

- a. **Increased Demand for Minerals:** The transition to renewable energy sources, such as solar and wind power, would likely lead to an increased demand for specific minerals like cobalt, lithium, nickel, and copper, which are essential components in energy storage technologies like batteries and electric vehicle production.
- b. **Mining Opportunities:** As the demand for minerals used in renewable energy technologies rises, it can create opportunities for the mining sector in Nigeria. The country possesses significant mineral resources, including lithium deposits and rare earth minerals, that could attract investment for extraction and processing.
- c. **Impact on Fossil Fuel Demand:** The implementation of the ETP might result in a gradual decline in the demand for fossil fuels, including coal and oil. This could potentially impact mining operations that are dependent on fossil fuel extraction.
- d. **Sustainability Requirements:** The energy transition plan may place greater emphasis on environmental sustainability and responsible mining practices. As a result, mining companies operating in Nigeria may need to comply with stricter environmental regulations and adopt sustainable practices to align with the country's energy and climate goals.
- e. **Investment Opportunities:** The energy transition can create opportunities for cross-sector collaborations, such as mining companies partnering with renewable energy firms or investing in renewable energy projects to enhance their sustainability profile.
- f. **Infrastructure Development:** To support the energy transition, there might be a need for increased infrastructure development, including power transmission and storage facilities, which could also impact the mining sector if specific minerals are required for these infrastructure projects.

Overall, the Nigeria Energy Transition Plan presents both challenges and opportunities for the mining sector. It could stimulate growth in certain mineral markets while also





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necessitating adjustments to align with sustainability goals and changing energy demands.

### **Federal Government Policies Towards the Energy Transition Plan**

The Federal Government of Nigeria has taken significant steps to support the Energy Transition Plan and achieve net-zero emissions in the future. The under-listed policies are relevant to the solid minerals sector broadly:

- a. **Strengthening Regulatory Frameworks:** The FGN is working on strengthening regulatory frameworks to promote sustainable practices and investments in the energy sector, including mining of critical minerals.
- b. **Climate Action Plans:** Nigeria has submitted its Nationally Determined Contributions (NDCs) to the United Nations Framework Convention on Climate Change (UNFCCC) as part of its commitment to the Paris Agreement. The NDC outlines the country's climate action plans and targets for emission reduction.
- c. **International Cooperation:** The government is engaging in international cooperation and partnerships to access climate finance, technology transfer, and capacity-building support for energy transition initiatives.

See [link](#) for details

### **3.7 Artisanal and Small-Scale Mining Activities in Nigeria**

Artisanal and Small-Scale Mining (ASM) refers to informal and often rudimentary mining activities carried out by individuals, small groups, or communities using basic tools and equipment. ASM is typically characterized by a lack of advanced technology, limited capital investment, and a focus on manual labour-intensive methods.

Unlike large-scale industrial mining operations, ASM activities are usually conducted on a small scale and often in remote or rural areas. The miners involved in ASM extract various minerals and precious metals such as gold, diamonds, gemstones, tin, and other ores.

ASM plays a significant role in many developing countries, providing livelihoods for millions of people and contributing to local economies. However, it can also pose various challenges, including environmental degradation, lack of formal regulation, and potential issues related to health and safety. As a result, efforts are being made to formalize and support ASM to ensure its sustainable development and reduce its negative impacts.

Based on ASM data in the year under review, there are a total of 185 cooperatives and 2,336 operators spread across the six geo-political zones of the country as shown in table 27. This shades light on the extent of ASM activities in various regions reflecting its presence in the Nigerian mining landscape. However, in the course of this report, the ASM department of the MMSD said there were no activities relating to production and export.





**Table 28:** Record of Registered Artisanal and Small-Scale Miners in Nigeria

S/N	Region	Number of Operators	Number of cooperatives
1	North-Central	675	38
2	South-East	592	47
3	South-West	484	34
4	North-East	479	37
5	North-West	82	5
6	South-South	24	24
<b>TOTAL</b>		<b>2,336</b>	<b>185</b>

*Source: Ministry of Mines and Steel Development*

See Appendix 20 for list of ASM cooperatives.

### 3.8 Findings and Recommendations

**Table 29:** Findings and Recommendations

FINDINGS	RECOMMENDATIONS
Exploration efforts in the country shows an increase as 840 exploration licenses were issued for 43 mineral types across the country.	The government should prioritise and provide continued support to companies engaged in exploration activities by establishing well-funded geoscientific data collection programs. This includes investing in advanced geochemical and geophysical techniques to enhance the accuracy and efficiency of exploration efforts.
There was an 85% increase in the number of ASM operators, from 1,273 in 2020 to 2,336 in 2021 across the 6 geo-political zones of the country. However, there are no commensurate data (i.e production, royalty, export, etc) to support this increase in operators. This implies that the sector has great potential yet to be harnessed.	Government should intensify efforts through the ASM department to formalize ASMs across the six geo-political zones of the country to enable her track records of production, export and royalties.
The report noted a significant variance of 38,145,850 tons between solid minerals export data reported by NCS and MMSD-MID. This variance is as a result of non-collaboration between the NCS and MMSD and implies that some companies are exporting without obtaining relevant permit from the MMSD and payment of royalties on the minerals exported.	The MMSD-MID should collaborate with the NCS on the issue of export permit. The NCS should enforce compliance on export permits from MID prior to mineral export.
This report noted an emerging phase in the mining sector - Nigeria Energy Transition Plan, which seeks to create significant investment opportunities for the establishment and expansion of industries related to solar energy, hydrogen, and electric vehicles.	The FGN should collaborate with relevant stakeholders to ensure that the Energy Transition Plan (ETP) is consciously implemented.
Energy Transition Minerals or the future minerals as listed below. <ul style="list-style-type: none"> <li>▪ Cobalt</li> <li>▪ Lithium</li> <li>▪ Nickel</li> <li>▪ Copper</li> <li>▪ Graphite</li> <li>▪ Titanium</li> </ul> The report noted that 20 and 30 exploration licenses for Lithium and Copper respectively were issued in 2021. No licenses were issued for the remaining four (4) minerals. The number of licenses issued are insignificant in comparison for the demand of these minerals for energy transition.	The Government should streamline licensing process for the transition minerals, offer incentives (tax breaks, reduced royalty rate, grants, etc.), and implement measures to manage exploration risks through either insurance or risk sharing mechanism with exploration companies.





## 4.0 REVENUE COLLECTION

### 4.1 Revenue Collection

This section discloses in details, company payments and government revenue (tax and non-tax revenue) from the solid minerals sector.

### 4.2 Reconciliation of Revenue Flows

The NSWG identified 58 revenue streams that flow to the three tiers of government. Thirty-four of these revenue streams that flow to the federation account, as listed in the table below, were subjected to reconciliation.

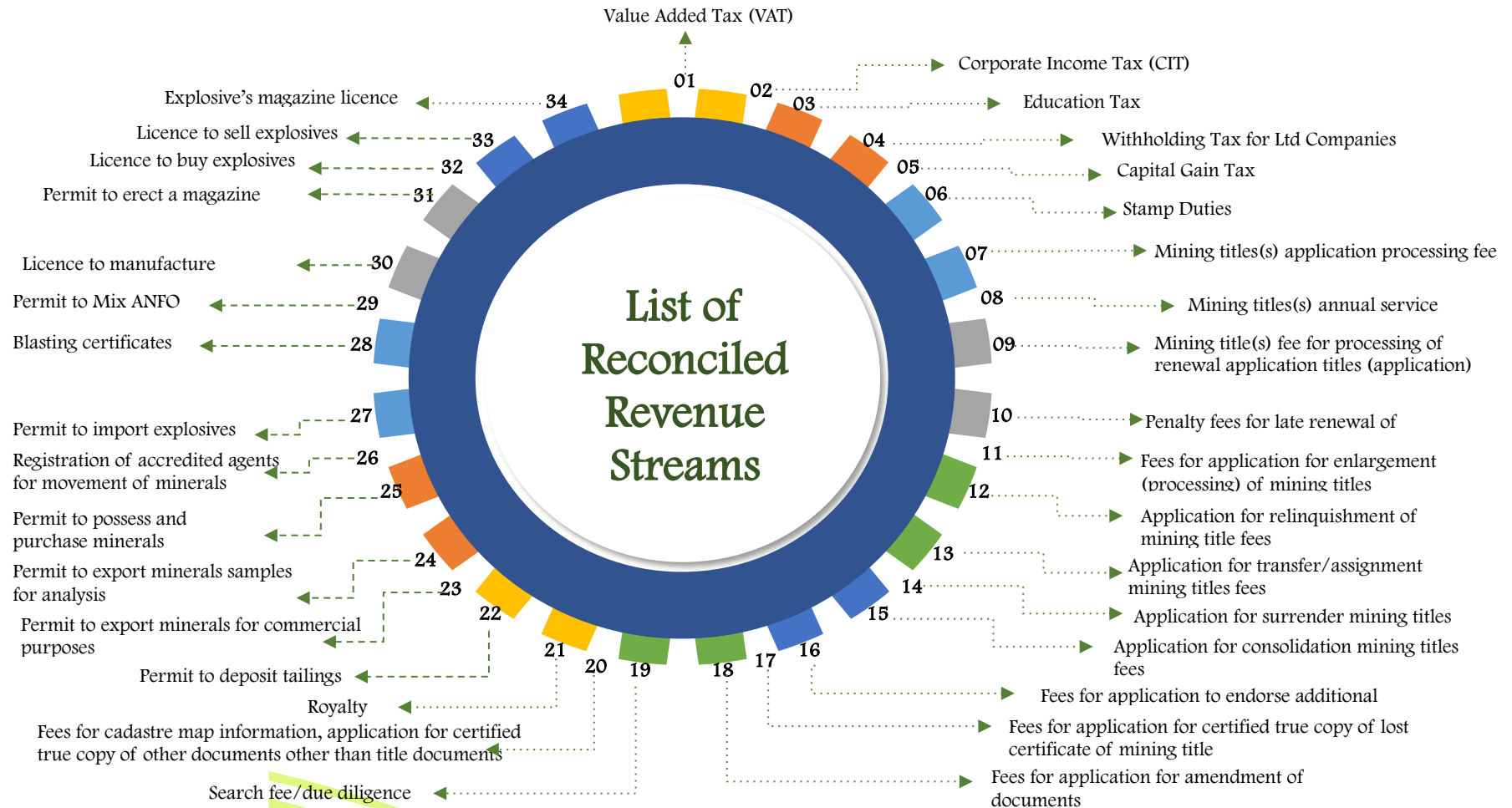


Figure 7: Reconciliation of Revenue Flows



The summary of the reconciled position is presented in the table below:

**Table 30: Summary of Reconciled Revenue Flows**

Type of Payments/Receipts	Company ₦	Government ₦	Unreconciled ₦
Federal Inland Revenue Service (FIRS)	169,514,743,175.00	169,516,581,325.24	1,838,150.24
Mining Cadastre Office (MCO)	646,215,165.00	643,865,165.00	2,350,000.00
Mines Inspectorate Department (MID)	3,318,400,385.21	3,301,249,292.39	17,151,092.82
<b>Total</b>	<b>173,479,358,725.21</b>	<b>173,461,695,782.63</b>	<b>21,339,243.06</b>

*Source: NEITI 2021 Solid Minerals Audit Template*

The non-participation of two companies caused a variance of ₦21.34 million. However, payment data for the companies were obtained from the relevant government agencies. It is important to note that the variance represents only 0.01% of the total payments received by government. The IA affirms that this variance is not material and does not affect the quality and comprehensiveness of the report.

**Table 31: Companies that did not provide data**

SN	Name	Mineral Type	Mining License Number	Total Payment ₦
1	Rockwaters Integrated Service Nigeria Limited	Granite	QL 24444	4,700,893
2	Kaidi Investment Limited	Granite	QL 31711; QL 13986	16,638,350
<b>Total</b>				<b>21,339,243</b>

Details of reconciliation is presented in **Appendix 21**.

### 4.3 Unilateral Disclosure

Unilateral disclosures refer to unreconciled financial flows reported independently by either government or companies. In 2021, both government and companies disclosed financial flows unilaterally as presented in table 32 and 33 below. Details of company and government unilateral disclosure is presented in **Appendices 22 and 23**.

A total of ₦16.16 billion was unilaterally disclosed by companies out of which State Board of Internal Revenue (SBIR) accounted for ₦11.8 billion (73.21%) and Nigerian Custom Service ₦4.09 (25.32%) billion giving a combined total of 98.43%. Other unilateral flows accounted for 1.57%.



**Table 32:** Unilateral Disclosures by Companies

Payments Streams	Payment Declared by Companies ₦	Contribution (%)
State Board of Internal Revenue (SBIR)	11,811,753,087	73.11
Nigeria Customs Service (NCS)	4,091,028,213	25.32
Local Government Area (LGA)	230,682,426	1.43
Ministry of Environment (MOE)	150,000	0.00
Nigeria Geological Survey Agency (NGSA)	19,460,000	0.12
Artisanal and Small-scale Mining Department (ASM)	660,000	0.00
Mines Environmental Compliance Department (MECD)	1,344,484	0.01
<b>Total</b>	<b>16,155,078,210</b>	<b>100.00</b>

*Source:* 2021 Solid Minerals Audit Template

In the same vein, a total of ₦3,955 million was unilaterally disclosed by government agencies. The largest chunk of the total disclosure was contributed by MCO with ₦3,655 million representing 92.41% while MID disclosed ₦300 million representing 7.59%. MID and MCO disclosures were principally driven by royalties and annual service fees respectively. See table 33.

**Table 33:** Unilateral Disclosure by Federal Government Agencies

Unilateral Disclosure by Government	Revenue Declared by Government ₦	Contribution %
MID (Royalty & Fees Below Threshold)	300,118,885	7.59
MCO (Annual service fees and renewal)	3,654,962,957	92.41
<b>Total</b>	<b>3,955,081,842</b>	<b>100.00</b>

*Source:* 2021 Solid Minerals Audit Template

Analysis of unilateral disclosures between 2012 and 2021, as presented in Table 34 and Figure 9, shows that receipts by MCO accounted for over 70% (with exception of 2015) of the total unilateral disclosures. Further analysis of MCO’s receipts shows that over 70% of the total receipts are unilaterally disclosed, with annual service fees accounting for over 65% of the unilaterally disclosed receipts.



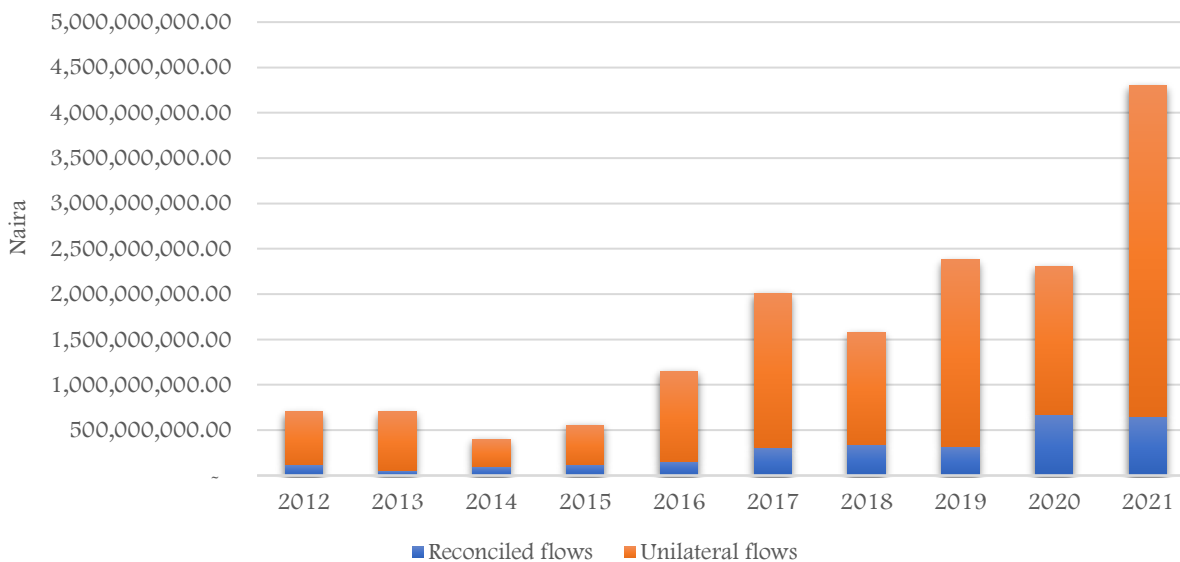


**Table 34:** Unilateral disclosures 2012 - 2021

Year	Total Unilateral Flows	Royalties and Others (MID)	%	Annual Service Fees and Others (MCO)	%
2012	709,709,263.00	121,931,563.00	17.18	587,777,700.00	82.82
2013	747,175,102.00	98,467,402.00	13.18	648,707,700.00	86.82
2014	430,202,471.00	122,006,471.00	28.36	308,196,000.00	71.64
2015	632,448,623.37	203,222,123.37	32.13	429,226,500.00	67.87
2016	1,247,259,366.89	252,421,066.89	20.24	994,838,300.00	79.76
2017	1,962,981,410.00	259,207,960.00	13.20	1,703,773,450.00	86.80
2018	1,271,428,910.00	45,163,945.00	3.55	1,226,264,965.00	96.45
2019	2,361,547,000.00	304,031,000.00	12.87	2,057,516,000.00	87.13
2020	1,936,320,407.74	303,707,428.74	15.68	1,632,612,979.00	84.32
2021	3,955,081,842.00	300,118,885.00	7.59	3,654,962,957.00	92.41

*Source: SMA Reports 2012 - 2021*

**Comparative Analysis of MCO Reconciled and Unilateral Financial Flows**



**Figure 8:** Comparative Analysis of MCO Reconciled and Unilateral Financial Flows

The considerable revenue generated from annual service fees underscores its significance within the total revenue contributed to the federation account from the solid minerals sector. Given this, it is essential to incorporate this revenue stream alongside royalty payments in the determination of materiality threshold for revenue streams from the sector in future audits.







#### 4.4 Total Revenues

The disclosure of total receipts by Federal, States, and Local Government agencies is presented in Table 35 below. From the table, it is evident that the total revenue to the government (both Federal and subnational) amounts to ₦193.59 billion. However, only revenue collected by FIRS, MID and MCO are statutorily remitted to the Federation Account. The total remittance to this account was ₦177.44 billion, accounting for 91.66% of the total revenue.

Notably, the remittance to the Federation account in 2021 showed a significant increase compared to the previous year, rising by ₦60.62 billion (51.89%), from ₦116.82 billion in 2020 to ₦177.44 billion in 2021. This growth can be attributed to several factors, including the recovery from the disruptions caused by the COVID-19 pandemic in 2020 and the implementation of measures adopted by FIRS, MCO, and MMSD (Ministry of Mines and Steel Development) to drive revenue growth. These measures include:

- Increase in compliance monitoring efforts by the FIRS, along with the ease of filing tax returns and making payments through the TaxPro-Max platform.
- Adoption of the Electronic Mining Cadastre Plus software by MCO for efficient mineral title administration.
- Encouragement of local value addition to minerals, resulting in increased market value and higher royalty receipts.
- Implementation of modern techniques to accurately determine actual production by companies.
- Collaborative efforts with countries that import more from Nigeria to ascertain actual mineral exports by companies.
- Follow-up on companies with dormant mineral titles to optimize resource utilization.
- Enhanced synergy between MMSD and security agencies to monitor mining and mineral export activities effectively.

These measures have collectively contributed to the positive growth in revenue and demonstrate the government's commitment to boosting mineral sector revenues through effective strategies and collaborations.

Details	Amount ₦	Total collection %
<b>Reconciled</b>		
MID	3,318,400,385	1.71
MCO	646,215,165	0.33
FIRS	169,516,581,325	87.56
<b>Sub- total (A)</b>	<b>173,481,196,875</b>	<b>89.61</b>
<b>Government unilateral disclosure</b>		
MID	300,118,885	0.16
MCO	3,654,962,957	1.89
<b>Sub-total (B)</b>	<b>3,955,081,842</b>	<b>2.04</b>
<b>Total flows to Federation Account (C =A+B)</b>	<b>177,436,278,717</b>	<b>91.66</b>





Company unilateral disclosure - FGN Agencies		
MECD	1,344,484	0.00
NGSA	19,460,000	0.01
A&S-SMD	660,000	0.00
MoE	150,000	0.00
NCS	4,091,028,213	2.11
<b>Sub- total (D)</b>	<b>4,112,642,697</b>	<b>2.12</b>
Company unilateral disclosure - States and LGAs		
States	11,811,753,087	6.10
Local Government	230,682,426	0.12
<b>Sub- total (E)</b>	<b>12,042,435,513</b>	<b>6.22</b>
<b>Total company unilateral disclosure (F=D+E)</b>	<b>16,155,078,210</b>	
<b>Total receipts (G=C+F)</b>	<b>193,591,356,927</b>	<b>100</b>
<i>Source: 2021 NEITI Solid Minerals Audit Template</i>		

#### 4.5 Royalty and Other Levies by the Mines Inspectorate Department

MID's total revenue collection amounted to ₦3.62 billion, of which ₦3.32 billion, representing 91.71%, was successfully reconciled. The primary revenue source for MID was royalties, contributing ₦3.30 billion (99.35%) of the reconciled flows. This reflects an increase of ₦583.88 million (21.52%) in reconciled royalties compared to the previous year, with the figure rising from ₦2.71 billion in 2020 to ₦3.30 billion in 2021.

The growth in reconciled royalties can be attributed to increased activities in the mining sector following the disruptions caused by the COVID-19 pandemic in 2020. Additionally, administrative measures implemented by MMSD (Ministry of Mines and Steel Development) and successful reform implementations also contributed to the overall revenue growth.

For a comprehensive breakdown of MID's collections, please refer to Table 36 below. The data in this table underscores the significant role royalties play in MID's revenue collection, and the successful implementation of strategic measures has led to positive revenue outcomes.

**Table 36: Royalty and Other Levies by the Mines Inspectorate Department**

S/N	Revenue Streams	Amount ₦	Contribution %
A	Royalty	3,296,757,885	99.35
B	<b>Other fees</b>		
I	Permit to Deposit Tailing	-	-
II	Permit to export minerals for commercial purposes	480,000	0.01
III	Permit to export minerals samples for analysis	20,000	-
IV	Permit to possess and purchase minerals	40,000	-
V	Registration of accredited agents for movement of minerals	-	-
VI	Permit to import explosives	-	-
VII	Blasting certificates	1,902,500	0.06
VIII	Permit to Mix ANFO	1,430,000	0.04





IX	License to manufacture explosives	-	-
X	Permit to erect a magazine	610,000	0.02
XI	License to buy explosives	2,560,000	0.08
XII	License to sell explosives	-	-
XIII	Explosive’s magazine license	14,410,000	0.43
XIV	Late Renewal of Mag. License	-	-
XV	Others	190,000	0.01
<b>Sub-total</b>		<b>21,642,500</b>	<b>0.65</b>
<b>Total reconciled flows</b>		<b>3,318,400,385</b>	<b>100</b>
<b>C</b>	<b>Unilateral Disclosure</b>		
I	Royalties and other fees	300,118,885	100
<b>Grand Total</b>		<b>3,618,519,270</b>	

*Source: NEITI Solid Minerals Audit Template*

#### 4.5.1 Royalty disaggregation by minerals

Table 36 and Figure 8 below provide a comprehensive breakdown of royalties collected from all companies, categorized by mineral type, quantity produced, royalty paid, and the percentage of royalty contribution.

Total royalties collected from the production of 76.28 million tons amounted to ₦3.57 billion. Out of this, ₦3.30 billion (92.32%) was contributed by the 121 covered companies, while other companies (unilateral disclosures) accounted for ₦274.14 million (7.68%).

The significant contributors to royalty collection were granite (43.84%) and limestone (28.96%), accounting for a combined contribution of 77.80%. The remaining 37 minerals comprised 22.20% of the total royalties, with none individually accounting for more than 5%.

The substantial contribution of granite and limestone royalties is attributed to the increased construction activities across the country, signifying the growth and significance of these minerals in Nigeria's economic landscape.

**Table 37: Royalty disaggregation by Minerals**

SN	Mineral quarried/mined	Quantity Mined Tons	Royalty paid ₦	Contribution to Royalty %
1	Granite Aggregates	21,145,207.28	1,565,599,999	43.84
2	Limestone	35,608,203.66	1,034,281,154	28.96
3	Laterite	5,982,599.17	175,739,227	4.92
4	Lead/Zinc Ore	129,529.17	173,005,598	4.84
5	Sand	3,918,598.89	138,372,093	3.87
6	Coal	1,821,058.76	111,105,110	3.11
7	Gold	0.54	95,905,227	2.69
8	Clay	4,579,391.82	68,974,925	1.93
9	Granite Dust	1,634,475.30	61,024,080	1.71
10	Shale	1,152,048.58	28,801,215	0.81
11	Columbite	1,874.78	21,343,461	0.6
12	Granite Block	6,264.21	20,276,145	0.57
13	Tin	2,699.92	19,095,430	0.53
14	Manganese	57,392.33	17,217,700	0.48
15	Tantalite (Crude)	39.96	5,994,000	0.17
16	Marble	38,044.22	5,697,160	0.16



17	Gypsum	21,345.51	5,336,378	0.15
18	Feldspar	31,256.09	4,688,414	0.13
19	Fluorite	39,087.38	3,788,535	0.11
20	Kaolin	41,020.00	3,240,000	0.09
21	Dolomite	42,963.01	2,852,980	0.08
22	Topaz	7.51	1,877,400	0.05
23	Quartz	7,304.93	1,095,740	0.03
24	Tourmaline (Pink)	0.03	792,660	0.02
25	Wolframite	21.45	643,653	0.02
26	Zircon Sand	1,821.85	546,555	0.02
27	Barite	1,560.00	624,000	0.02
28	Aquamarine	0.01	306,560	0.01
29	Basalt	4,439.99	333,000	0.01
30	Talc	3,504.23	525,585	0.01
31	Mica	2,672.00	200,400	0.01
32	Iron Ore	2,452.82	478,300	0.01
33	Sapphire	0	300,800	0.01
34	Garnet	0.36	360,065	0.01
35	Kunzite	108	270,000	0.01
36	Amethyst	0	129,870	0
37	Lithium	133.4	20,010	0
38	Copper	30	36,035	0
39	Illeminite	30	13,500	0
<b>TOTAL</b>		<b>76,277,187.12</b>	<b>3,570,892,961</b>	<b>100</b>

Source: 2021 MID Data

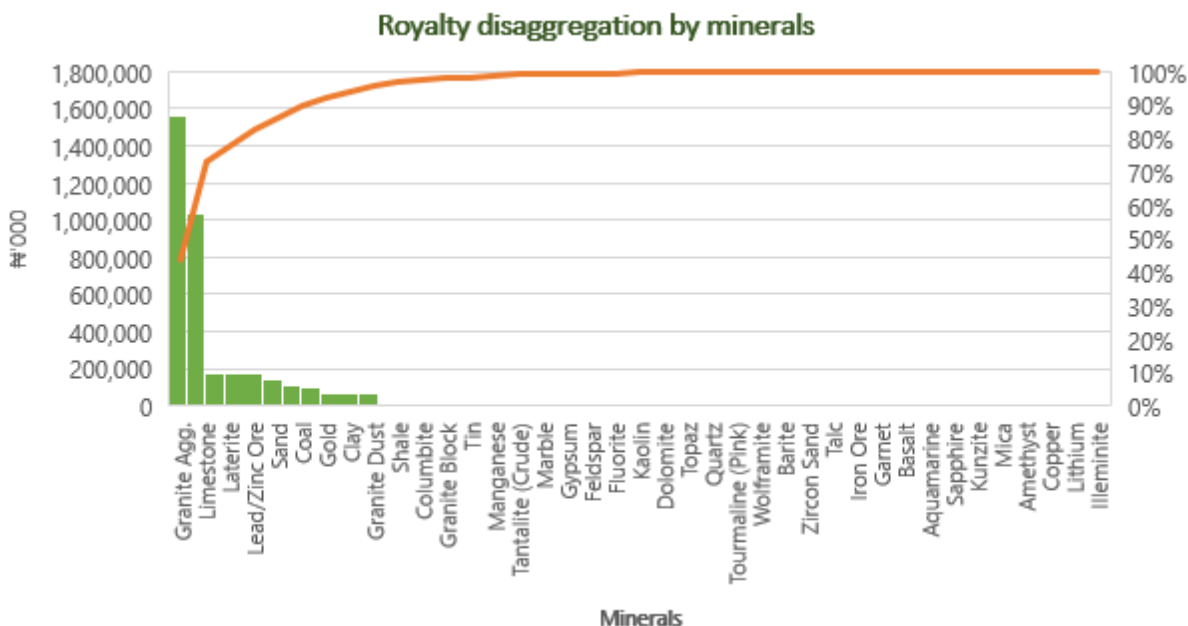


Figure 9: Royalty disaggregation by Minerals

#### 4.5.2 Royalty disaggregation by companies

Table 38 and Figure 9 below present a comprehensive overview of royalty data, including company-wise disaggregation of quantity produced, royalty paid, and the percentage of royalty contribution. This information has been further segmented to distinguish companies within and below the threshold.



From the total production quantity of 76.28 million tons, royalties from the 121 covered companies amounted to ₦3.30 billion (92.32%). In comparison, other companies contributed ₦274.14 million (7.68%) in royalty receipts from a production quantity of 5.37 million tons.

Among the companies, the major contributors to royalties were Dangote (25.55%), BUA (6.75%), and Lafarge (6.19%), with a combined contribution of 38.49%. Notably, the total production quantities from these companies reached 41.43 million tons, with Dangote accounting for a significant share of 28.77 million tons (69.44%).

These figures underscore the significant role played by these major companies in royalty contributions and highlight their substantial production quantities within the mining sector.

**Table 38:** Royalty disaggregation by Company

SN	Mineral Quarried/Mined	Quantity Mined Tons	Royalty Paid ₦	Contribution To Royalty %
1	Dangote Industries	28,772,367.84	912,492,728	25.55
2	BUA Cement Plc	8,355,705.33	241,125,598	6.75
3	Lafarge Plc	4,310,480.13	221,181,854	6.19
4	Zeberced Limited	3,272,924.44	164,073,375	4.59
5	First Patriot Limited	87,390.27	114,319,500	3.2
6	Reynolds Construction Company Nigeria Limited	1,836,875.05	104,532,852	2.93
7	West African Portland Cement Plc	3,824,961.49	102,592,336	2.87
8	Julius Berger Plc	2,172,565.49	97,275,127	2.72
9	Setraco Nigeria Ltd	883,155.62	66,164,518	1.85
10	Ashaka Cement Company Plc	997,736.37	64,879,108	1.82
11	Solid Unit Nigeria Ltd	40,037.00	54,049,950	1.51
12	S.C.C Nigeria Ltd	706,535.71	53,590,179	1.5
13	Triacta Nigeria Ltd	765,175.39	52,583,251	1.47
14	Woda Mountain Investment Nig. Ltd	654,988.30	49,123,697	1.38
15	CCECC Nigeria Ltd	1,040,792.14	48,937,473	1.37
16	Segilola Resources Operating Limited	0.24	44,459,583	1.25
17	Mother Cat Nig Ltd	919,942.86	38,529,218	1.08
18	Gexpam Nigeria Limited	469,793.79	35,669,051	1
19	C.G.C Nig. Ltd	654,895.06	32,559,904	0.91
20	Georgio Rocks Limited	583,375.83	27,912,902	0.78
21	Kopek Construction Limited	320,422.90	24,031,718	0.67
22	Synee Alumony Mining Company	7,000.00	18,900,000	0.53
23	Ratcon Construction Company Limited	244,503.96	18,364,800	0.51
24	CNC Construction Company Limited	234,550.00	17,591,250	0.49
25	Sino Min Mental Company Limited	56,666.66	17,000,000	0.48
26	E. B. H. Granite Ltd	226,581.21	16,993,696	0.48





27	Inorganic Earth Resources Ltd	223,108.36	16,732,453	0.47
28	Zhong Tai Mining (Nig.) Limited	250,297.44	16,684,246	0.47
29	China Oriental Mining Nig. Ltd	218,652.40	16,398,930	0.46
30	Datum Const, Nig Ltd	158,962.48	16,047,560	0.45
31	Omoluabi Mineral Promotion Co. Ltd.	0.08	15,000,000	0.42
32	Technical and Engineering Nig. Ltd.	243,102.60	14,932,938	0.42
33	Venus Mining Company Ltd	239,010.75	14,515,344	0.41
34	Arab Contractor Limited	226,679.16	13,903,947	0.39
35	Lanzaang Continential Services Ltd	182,800.00	13,710,000	0.38
36	Salini Nigeria Ltd	207,015.86	12,659,630	0.35
37	China Harbour Engineering Ltd	336,466.60	12,444,000	0.35
38	Mercury Mining Investment Ltd	164,383.00	12,328,875	0.35
39	Kaidi Investment Nigeria Ltd	162,669.40	12,200,200	0.34
40	Z & Y Investment Limited	156,824.00	11,768,000	0.33
41	Dredging International Services Nigeria Limited	180,000.00	10,944,000	0.31
42	Balmore Trading Company Ltd.	144,817.70	10,861,413	0.3
43	Master Rock Ltd	137,573.32	10,317,999	0.29
44	Jinziang Quarry Co. Ltd	135,465.00	10,159,875	0.28
45	Levant Const. Ltd	148,332.00	9,650,000	0.27
46	Hudson Nig. Ltd	411	9,563,100	0.27
47	Hongyun Mining Industrial Company Ltd	171,219.69	9,241,383	0.26
48	Zuma 828 Limited	122,521.97	9,189,352	0.26
49	Platinum Asphalt and Crushing Company Limited	117,399.41	8,804,964	0.25
50	China Solid Rock Nigeria Ltd	115,333.33	8,650,000	0.24
51	CNBM Mining & Investment Ltd.	112,726.41	8,568,608	0.24
52	Zhong Xing Mining Ltd	127,621.87	7,923,500	0.22
53	Ganan Construction Company Ltd.	102,144.02	7,661,750	0.21
54	Rockson Dredging & Allied Works Ltd	189,300.00	7,572,000	0.21
55	Mark-Sino Nig. Ltd	99,969.32	7,497,750	0.21
56	CCNC Nigeria Limited	82,107.35	7,492,986	0.21
57	Rock King Nigeria Limited	108,491.36	7,476,852	0.21
58	Saturn Mining Company Ltd	125,033.48	7,375,515	0.21
59	Malcomines Minor Metals Ltd	780.5	7,215,000	0.2
60	GITTO Construction Limited	121,590.43	7,169,277	0.2
61	RCF Nigeria Limited	95,291.04	7,147,000	0.2
62	Hitech Const. Co. Ltd	94,772.99	7,108,050	0.2
63	Falcon Corporation	164,075.00	6,687,800	0.19
64	Rock Bottom Mines and Power Ltd	129,569.91	6,682,759	0.19
65	Kian Smith Trade & Co. Ltd.	0.04	6,679,301	0.19
66	Akamkpa Quarry Ltd	87,499.27	6,562,506	0.18
67	Moulds Nigeria Limited	86,666.00	6,500,000	0.18





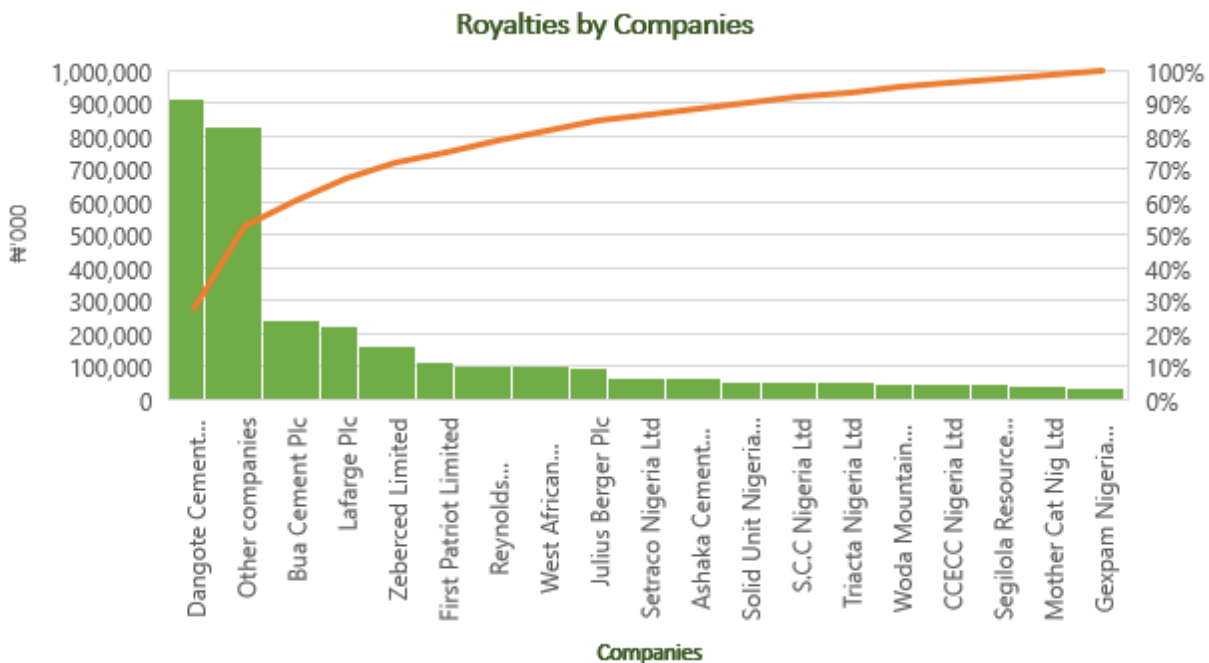
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68	Sweat Works Nigeria Ltd	67,504.62	6,159,581	0.17
69	OFL Granite and Marble Limited	1,440.13	6,117,000	0.17
70	Raycon & Company Nigeria Ltd	83,802.37	6,075,179	0.17
71	Shenglong Nigeria Ltd	80,352.00	6,026,400	0.17
72	Ilera Mines Ltd	2,260.00	5,971,500	0.17
73	C.C.C Construction Nig. Ltd	114,373.08	5,877,982	0.16
74	A.G Vision Const. Nig. Ltd	120,574.43	5,839,459	0.16
75	Anli Mining Nigeria Ltd	77,495.47	5,812,160	0.16
76	Kursi Investment Ltd.	0.05	5,444,061	0.15
77	XVE Gao (Nig.) Limited	66,466.63	5,245,000	0.15
78	Mutual Commitment Company Ltd	69,886.47	5,241,496	0.15
79	Niger Construction Ltd.	75,349.64	5,203,728	0.15
80	Monkey Rock Nigeria Ltd	68,926.98	5,169,500	0.14
81	Golden Quarry Nigeria Ltd	68,068.79	5,105,125	0.14
82	Wizchina Worldwide Engr Ltd	67,333.33	5,050,000	0.14
83	Bayelsa State Ministry of Works and Infrastructure	125,000.00	5,000,161	0.14
84	SJA West Africa Limited	66,266.64	4,970,000	0.14
85	Fu-Hua Nigeria Ltd	66,031.12	4,952,361	0.14
86	China Zhonghao Limited	83,452.00	4,759,000	0.13
87	Rock Waters Integrated Services Nig. Limited	62,678.57	4,700,893	0.13
88	Sabrouk Mineral Exploration Ltd	1,087.73	4,620,150	0.13
89	Nael & Bin HydroExport Nigeria Ltd	71,701.12	4,567,636	0.13
90	Stoneworks Industries Ltd	60,612.05	4,546,255	0.13
91	Ding Xin Mining Company Limited	60,487.20	4,536,543	0.13
92	Xinxin Mining Resources	52,754.27	4,465,255	0.13
93	Homaset Limited	59,200.00	4,440,000	0.12
94	Xrock Invest. Const. Work Ltd	66,304.33	4,354,750	0.12
95	Asphalt Unity Construction Ltd	56,773.00	4,257,975	0.12
96	Eminent Quarry Limited	55,568.34	4,167,628	0.12
97	Harvey Limited	55,495.13	4,162,134	0.12
98	Rockbridge Construction Limited	55,477.47	4,160,674	0.12
99	A&B Global Service Limited	59,335.53	4,088,000	0.11
100	Nippon Integrated Business Concept Ltd	3,022.90	4,081,000	0.11
101	Union Of Tipper & Quarry Employer of Nig	101,080.00	4,049,200	0.11
102	Omarcwhite Nigeria Limited	53,600.00	4,020,000	0.11
103	Don & Chyke Nig Ltd	430.28	3,838,500	0.11
104	Zhi Yuan Global (Nig.) Limited	55,007.64	3,772,800	0.11
105	Proportion Construction Ltd	49,704.10	3,727,808	0.1
106	HP & Wadot Limited	0.02	3,600,000	0.1
107	Sand Owners Association Benin	88,750.00	3,550,000	0.1
108	Craneburg Construction Company Ltd	85,459.69	3,485,323	0.1



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109	Hoy Mining & Quarry Co. (Nig.) Limited	52,008.67	3,451,987	0.1
110	Construction Support Nigeria Ltd	631,457.80	3,430,883	0.1
111	Sanxin Quarry (Nig.) Limited	45,413.31	3,406,000	0.1
112	Sinohydro Abuja Ltd.	113,332.66	3,400,000	0.1
113	Huaya Quarry Nigeria Limited	61,221.79	3,391,634	0.09
114	Onshore Frontiers Nigeria Ltd	2,276.56	3,338,500	0.09
115	Purechem Industries Limited	150,336.32	3,307,144	0.09
116	Crushed Rock Industries (Nig) Ltd	43,936.88	3,295,266	0.09
117	Akinchang Paul Ltd	43,866.33	3,290,273	0.09
118	Fw San He Concepts Limited	45,042.76	3,170,000	0.09
119	Hengji Mining Co. Ltd	729	3,096,450	0.09
120	Dolvic Global Resource Ltd	40,066.66	3,005,000	0.08
121	Oriat Agbeke Nigeria Ltd	7,500.00	3,000,000	0.08
A	<b>Within threshold (Reconciled)</b>	<b>70,906,409.48</b>	<b>3,296,757,885</b>	<b>92.32</b>
B	<b>Below Threshold (Unilateral disclosure)</b>	<b>5,870,777.66</b>	<b>274,135,076</b>	<b>7.68</b>
		<b>76,277,187.12</b>	<b>3,570,892,961</b>	<b>100</b>



**Figure 10:** Royalty disaggregation by Minerals  
**Source:** 2021 MID Data

### 4.5.3 Royalty disaggregation by states

Table 39 and Figure 10 present a detailed breakdown of royalty receipts, categorized by State. Notably, Ogun and Kogi states emerged as the leading contributors to royalty, with receipts amounting to ₦642.07 million (17.98%) and ₦496.67 million (13.91%), respectively. Together, these states accounted for a significant share of production at







33.79 million tons (44.30%). The main driver behind their royalty contributions was limestone, primarily mined by Dangote Industries, the largest company in the sector.

However, it is concerning that 19 states contributed less than 1% each to the total royalty receipts. Of particular note are Zamfara and Enugu states, which house two strategic minerals (Gold and Coal) in commercial quantities. Given these states' potential, they should be major contributors to the sector. Yet, they appear to need more attention from the government, raising the need for further consideration and strategic initiatives to unlock their full mining potential.

Table 39: Production by state

S/N	State	Production Volume (Tons)	Royalty ₦	% Royalty
1	Ogun	17,489,096	642,072,387	17.98
2	Kogi	16,301,961	496,670,224	13.91
3	Ebonyi	2,962,141	320,117,965	8.96
4	Edo	8,023,394	289,067,721	8.1
5	Cross River	5,279,719	259,341,747	7.26
6	FCT	3,626,322	178,070,833	4.99
7	Kaduna	2,583,468	163,851,871	4.59
8	Oyo	2,113,244	142,236,135	3.98
9	Plateau	243,952	117,687,924	3.3
10	Benue	2,262,651	116,114,232	3.25
11	Ondo	1,385,720	102,772,628	2.88
12	Kano	2,063,857	101,585,276	2.84
13	Osun	127,780	91,057,907	2.55
14	Sokoto	2,279,368	68,398,980	1.92
15	Nasarawa	618,734	56,982,507	1.6
16	Gombe	1,158,657	53,834,089	1.51
17	Lagos	1,875,104	47,891,825	1.34
18	Bauchi	554,487	41,371,204	1.16
19	Niger	471,587	32,150,575	0.9
20	Kastina	646,703	31,021,015	0.87
21	Rivers	504,776	24,430,435	0.68
22	Kwara	261,293	22,993,825	0.64
23	Kebbi	131,808	21,755,164	0.61
24	Adamawa	336,751	21,199,727	0.59
25	Ekiti	303,236	20,457,757	0.57
26	Taraba	245,280	16,207,470	0.45
27	Abia	247,766	15,525,122	0.43
28	Akwa-Ibom	480,873	14,853,626	0.42
29	Bayelsa	325,504	12,668,278	0.35





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30	Delta	467,871	9,845,708	0.28
31	Zamfara	152,331	10,058,023	0.28
32	Anambra	260,992	9,392,980	0.26
33	Jigawa	145,283	5,199,300	0.15
34	Yobe	111,102	5,278,371	0.15
35	Imo	100,406	4,016,230	0.11
36	Enugu	108,472	3,293,900	0.09
37	Borno	25,500	1,420,000	0.04
<b>TOTAL</b>		<b>76,277,187</b>	<b>3,570,892,961</b>	<b>100</b>

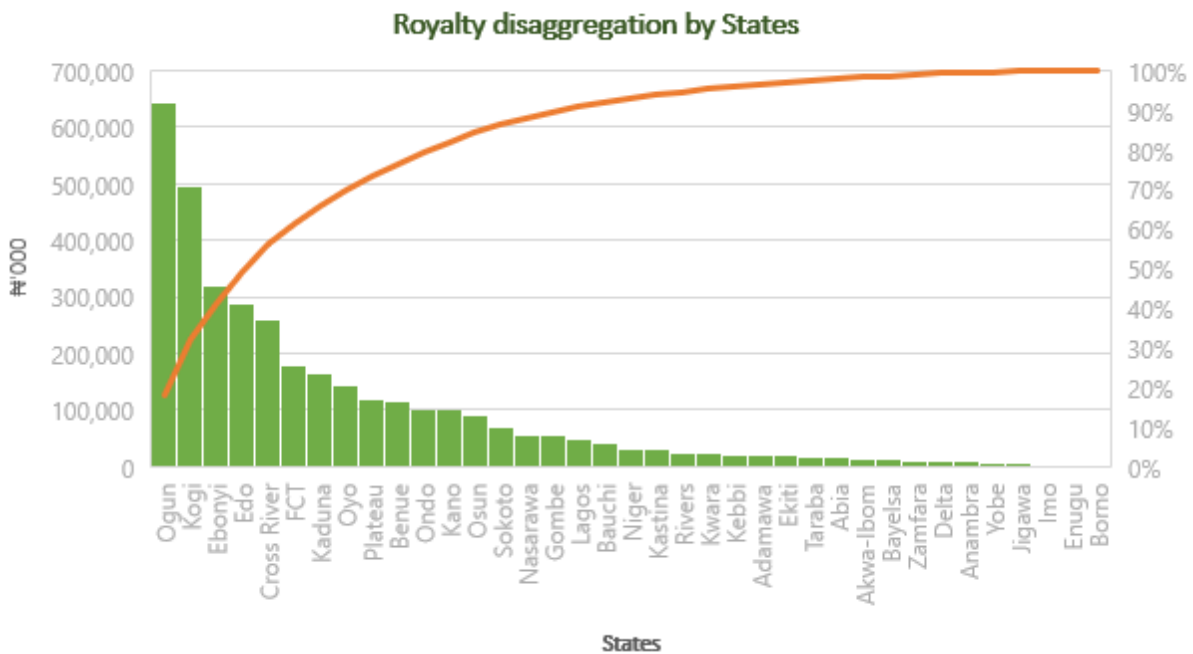


Figure 11: Royalty disaggregation by Minerals

#### 4.6 Annual service and Other Fees by the Mining Cadastre Office

The MCO (Mining Cadastre Office) collects an annual service fee from all extractive companies for their valid titles, which is chargeable per cadastral unit. The applicable rate depends on the type of mineral title held by the paying company and the number of cadastral units they possess.

The total receipts generated by MCO amounted to ₦4.30 billion, with annual service fees contributing ₦3.04 billion (70.72%) to this total. This fee has consistently been the most significant revenue stream for MCO over the years, accounting for 81.07% of the reconciled revenue for MCO, as indicated in the table below.

The reliable and substantial revenue generated through annual service fees emphasizes the importance of this revenue stream in supporting the operations and functions of the Mining Cadastre Office. It demonstrates the effectiveness of this revenue model in





funding the office's activities related to mineral title administration and regulatory services.

**Table 40: Total Revenue Streams from Ministry of Mines and Steel Development**

SN	Revenue Stream	Government ₦	Contribution ₦
<b>A</b>	<b>Reconciled Revenue</b>		
1	Mining titles(s) annual service fees (A)	523,916,000	12.18
<b>2</b>	<b>Other Revenue</b>		
I	Mining titles(s) application processing fee	87,424,000	2.03
II	Mining title(s) fee for processing of renewal application	30,855,165	0.72
III	Penalty fee for late renewal of mining titles (application)	750,000	0.02
IV	Fees for Application for enlargement (processing of mining title)	1,500,000	0.03
V	Application for transfer mining titles fees	700,000	0.02
VI	Application for relinquishment of mining title fees	20,000	0.00
VII	Application for surrender mining titles fees	100,000	0.00
VIII	Application for consolidation of mining title fees	550,000	0.01
IX	Fees for application for certified true copy of loss certificate	250,000	0.01
X	Others	150,000	0.00
	<b>Sub-total (B)</b>	<b>122,299,165</b>	<b>2.84</b>
	<b>Sub-total (C=A+B)</b>	<b>646,215,165</b>	<b>15.02</b>
<b>B</b>	<b>Unilateral Disclosure</b>		
1	Annual Service fee and renewals	2,517,887,602	58.54
II	Other fees	1,137,075,355	26.44
	<b>Sub-total (D)</b>	<b>3,654,962,957</b>	<b>84.98</b>
	<b>Grand Total (E=C+D)</b>	<b>4,301,178,122</b>	<b>100.00</b>

*Source:* NEITI Solid Minerals Audit Template

From the IA review of MCO’s record of mineral title holders, it was observed that 238 companies holding 289 valid licences had outstanding payment of ₦1.065 billion for annual service fees. See **Appendix 24** for details.

#### 4.7 Taxes by the Federal Inland Revenue Service

The total taxes collected by FIRS amounted to ₦169.52 billion, as indicated in the table below. The major tax revenue sources for FIRS were value-added tax (VAT), withholding tax (WHT), and company income tax (CIT). These taxes made significant contributions, with VAT contributing ₦97.78 billion (57.09%), WHT contributing ₦36.48 billion (21.52%), and CIT contributing ₦32.02 billion (18.89%), resulting in a combined total of ₦165.28 billion (97.50%). These key revenue streams demonstrate their significant role in FIRS' total tax collections and underscore their importance in contributing to the government's revenue.





**Table 41:** Taxes Collected by FIRS

Tax Type	Million ₦'	Contribution %
Value Added Tax	96.78	57.09
Withholding Tax	36.48	21.52
Company Income Tax	32.02	18.89
Education Tax	2.185	1.29
Stamp Duties	1.76	1.04
Other (FIRS)	0.29	0.17
<b>Total</b>	<b>169.52</b>	<b>100</b>

*Source:* NEITI Solid Minerals Audit Template

#### 4.8 Trend Analysis of Revenue Accrued to the Federation Account

Table 41 illustrates a 5-year trend of revenue from the solid minerals sector to the federation account, while **Appendix 25** provides a 10-year trend analysis of revenue accrued to the Federation Account.

Over the past five years, there has been a consistent year-on-year increase in revenue to the Federation Account. The total revenue accrued to the account during this period amounts to approximately ₦491.33 billion. This represents an impressive growth of ₦124.68 billion (236.33%), moving from ₦57.76 billion in 2017 to ₦177.44 billion in 2021.

Revenue from FIRS also demonstrated steady growth, rising from ₦49.16 billion in 2017 to ₦169.52 billion in 2021, reflecting a remarkable increase of 244.81%. The major drivers of tax revenue are value-added tax (VAT), withholding tax (WHT), and company income tax (CIT), which together contributed to 94.10% of the total FIRS receipts. This growth in tax revenue can be attributed to several factors, including new policy reforms within the Service, changes in tax laws by the Finance Acts, enhanced compliance monitoring efforts, the introduction of the TaxPro-Max platform, and the dedication of staff across all regions and offices.

On the other hand, revenue from MID exhibited a consistent growth trend, increasing by ₦581 million (19%) in 2021. The primary contributor to MID revenue remains royalties, which accounted for ₦12.80 billion between 2017 and 2021. Successful implementation of reforms and compliance monitoring activities facilitated this growth.

In contrast to FIRS and MID, MCO revenue experienced fluctuating movement during the same period. Overall, there was a significant growth of ₦2.29 billion (114.09%) in revenue between 2017 and 2021, with revenue moving from ₦2.01 billion in 2017 to ₦4.30 billion in 2021.

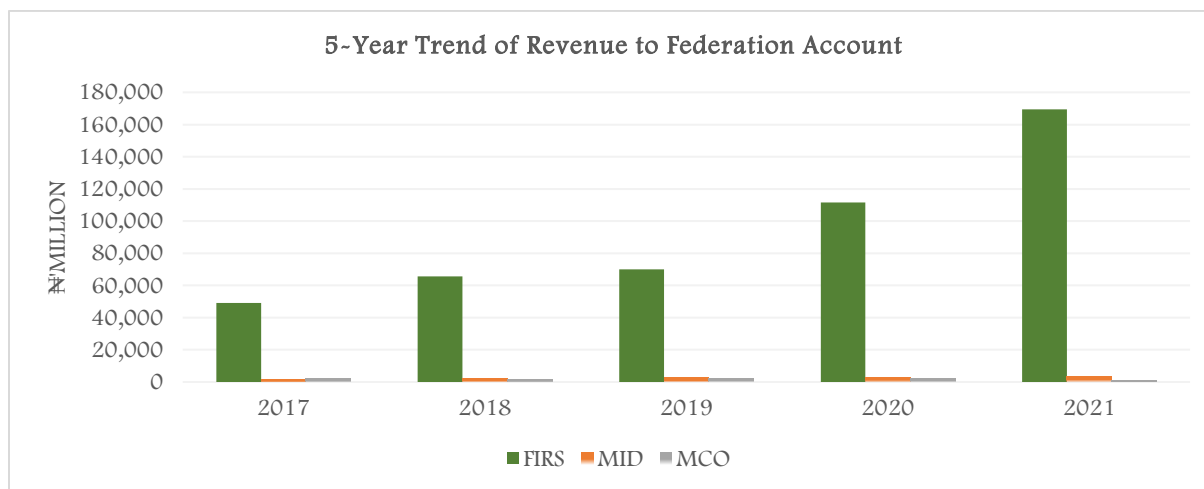




**Table 42: Trend Analysis of Revenue Accrued to the Federation Account**

Number of companies covered		59	69	68	102	121	
A	FIRS	2017 ₦million	2018 ₦million	2019 ₦million	2020 ₦million	2021 ₦million	Total ₦million
1	VAT	34,025	39,578	41,913	67,520	96,783	279,819
1	CIT	2,361	10,035	4,557	17,043	32,020	66,015
1	EDT	2,522	3,790	5,214	7,930	2,185	21,642
1	WHT	10,251	12,286	17,195	16,224	36,480	92,435
2	Stamp Duties	-	-	450	549	1,760	2,758
2	Other (FIRS)	4	-	590	2,209	288	3,091
<b>Sub Total of Payments to FIRS (A)</b>		<b>49,162</b>	<b>65,689</b>	<b>69,918</b>	<b>111,474</b>	<b>169,516</b>	<b>465,760</b>
<b>Changes (%)</b>		-	<b>33.62</b>	<b>6.44</b>	<b>59.43</b>	<b>52.07</b>	
B	MCO						
2	Annual service fee	276	1,186	1,757	1,787	3,042	8,048
2	Fees & other MCO	1,733	385	623	517	1,259	4,517
<b>Sub Total of Payments to MCO (B)</b>		<b>2,009</b>	<b>1,571</b>	<b>2,380</b>	<b>2,304</b>	<b>4,301</b>	<b>12,565</b>
<b>Changes (%)</b>		-	<b>-21.80</b>	<b>51.50</b>	<b>-3.19</b>	<b>86.68</b>	
C	MID						
3	Royalty	1,561	2,147	2,502	3,017	3,571	12,798
3	Permits & Other	25	64	51	21	48	207
<b>Sub Total of Payments to MID (C)</b>		<b>1,586</b>	<b>2,211</b>	<b>2,553</b>	<b>3,037</b>	<b>3,619</b>	<b>13,006</b>
<b>Changes (%)</b>		-	<b>39.41</b>	<b>15.47</b>	<b>18.96</b>	<b>19.16</b>	
<b>Grand Total (D = A+B+C)</b>		<b>52,757</b>	<b>69,471</b>	<b>74,851</b>	<b>116,815</b>	<b>177,436</b>	<b>487,877</b>
<b>Changes (%)</b>		-	<b>31.68</b>	<b>7.74</b>	<b>56.06</b>	<b>51.89</b>	

The movement in total revenue to federation account from 2017 to 2021 is shown in Figure 12 below.



**Figure 12: 5-year trend of revenue to Federation Account**



#### 4.9 Sale of State’s Share of Production or Revenue Collected In-Kind

In-Kind payments also referred to as non-financial transactions are used by companies to offset payments such as taxes, royalty, levies, and other liabilities. The IA reviewed the Materiality threshold document and confirmed that there was no sale of state share of production or revenue collected In-kind for the period under review as there is no State participation in the sector.

#### 4.10 Infrastructure Provisions and Barter Arrangements

Requirement 4.3 of the EITI standard 2019, *Infrastructure Provisions and Barter Arrangements* refers to the provision of any form of goods and services including loans, grants and infrastructure works in partial or full exchange for extractive activities and production concessions entered into by any person with the government or corporate entities. The IA affirms after careful review of the NSWG materiality document and engagements with relevant stakeholders, that there are no infrastructure and/or barter arrangement in the solid minerals sector in 2021.

#### 4.11 Transportation Revenues

In line with requirement 4.4 of the 2019 EITI standard on *Transportation Revenues*, the IA interacted with stakeholders in the sector and confirmed that no revenue was generated from transportation of solid minerals in the year under review.

#### 4.12 Transactions with State-Owned Enterprises

In line with Requirement 4.5 of the 2019 EITI standard on transactions relating to state-owned enterprises, the IA reviewed the materiality document approved by NSWG and confirmed that there were no state-owned enterprises as there was no state participation in the solid minerals sector.

#### 4.13 Subnational Payments

Subnational payments encompass payments made to state and local governments. In the year under review, the total subnational payment amounted to ₦12,042,435,513.56. Of this amount, ₦11,811,753,087.42 (98.08%) was paid to the state governments as PAYE (Pay-As-You-Earn) payments, while ₦230,682,426.14 (1.92%) went to the local governments. The table below provides a comprehensive breakdown of the subnational payments, and for more detailed information, please refer to **Appendix 26**.

These payments play a crucial role in supporting the fiscal capacities of state and local governments, contributing to their various development initiatives and public services.

S/N	Agency/Revenue Stream	2021 billion (₦)
1	Pay As You Earn (PAYE)- State Government	11,811,753,087.42
2	Property Rates (Tenement Rates)- Local Government Authority	230,682,426.14
<b>Total</b>		<b>12,042,435,513.56</b>





*Source: NEITI 2021 Solid Minerals Audit Template*

#### 4.14 Project Level Reporting

As per the 2019 EITI standard and NSWG materiality document, an implementing country must ensure comprehensive disclosure of data provided by both companies and government agencies.

In the context of the EITI standard, project-level reporting encompasses all operational activities governed by licenses, contracts, and agreements. These licenses may include Exploration Leases, Mining leases, Quarry leases, Small-Scale Mining leases, and community development agreements between companies and host communities. For the year under review, data obtained from covered companies and government agencies have been disaggregated according to individual projects (where applicable) and their various revenue streams, as presented in **Appendix 27**. This approach ensures transparency and accountability in disclosing information related to extractive industry activities, promoting openness and informed decision-making.

#### 4.15 Findings and Recommendations

##### Findings and Recommendations

FINDINGS	RECOMMENDATION
<p>During the reconciliation exercise, two companies, <b>Rockwaters Integrated Service Nigeria Limited and Kaidi Investment Limited</b>, claimed to have ceased operations and did not participate. These companies had a total payment of ₦21.34 million. However, there were no supporting documentation from the Ministry of Mines and Steel Development (MMSD), Mining Cadastre Office (MCO), or the companies themselves to verify their claims.</p>	<p>The MMSD-MID and MCO should carry out audit on these companies to verify their claims and ensure that all necessary documentation are in place including recovery of all outstanding payments (if any).</p>
<p>The report noted that receipts by MCO accounts for over 70% of unilateral disclosure with annual service fees representing over 65% of the revenue unilaterally disclosed by MCO.</p> <p>The considerable revenue generated from annual service fees underscores its significance within the total revenue contributed to the federation account from the solid minerals sector.</p>	<p>It is essential that the next Independent Administrator (IA) incorporate annual service fees alongside royalty payments in the evaluation of materiality threshold for revenue streams from the sector in future audits.</p>
<p>The major challenge in revenue distribution from the solid minerals sector lies in the absence of a sector-specific fiscal regime. While the majority of</p>	<p>To address the revenue distribution challenge in the solid minerals sector, the government, through the Ministry of Mines</p>





revenue (over 90%) is generated by the Federal Inland Revenue Service (FIRS), it cannot be distributed to states because it is difficult to link these taxes to specific activities within the sector, e.g., taxes paid on quarrying activities of construction companies.

As a result, only revenues from the Mining Cadastre Office (MCO) and the Mining Inspectorate Department of the Ministry of Mines and Steel Development (MID) are shared among the states. Unfortunately, these revenues have consistently been low.

and Steel Development (MMSD), should create a robust sector-specific fiscal regime. This will accurately link revenues to specific sector activities and ensure transparent and equitable distribution of revenue to the federal and subnational governments. Implementing such a regime will improve revenue collection and management, increase shared revenue, and support sustainable sector growth.

Additionally, state governments should collaborate with the Federal government to fast-track the development and implementation of the sector-specific fiscal regime. This joint effort will enable fair revenue distribution to states based on the principle of derivation, ensuring each state benefits more fairly from the mineral resources within its jurisdiction.

The seven (7) strategic minerals in the sector contributed a total of ₦1.42 billion in royalty payments, with limestone being the dominant contributor at ₦1.03 billion (73.07%). Notably, the commencement of full operations at the Dangote cement plant in Okpella, Edo State, has the potential to further increase the royalty revenue from limestone.

However, the significant disparity in royalty contributions between limestone and the other minerals highlights the under-performance of the latter. Efforts should be directed towards promoting and enhancing the exploration and production of these minerals to maximize their revenue potential and foster balanced growth in the solid minerals sector.

The FGN, through the MMSD, must urgently review the solid minerals roadmap to align it with current market realities and implement sustainable strategies for boosting revenue from other strategic minerals, reducing reliance on a single mineral like limestone.

Additionally, the FGN should explore establishing a national solid minerals company, akin to the Nigerian National Petroleum Corporation (NNPC) in the oil and gas sector. This entity can attract investments, facilitate exploration, and coordinate sector development, diversifying revenue sources and promoting transparency in the solid minerals industry.

Nineteen (19) states in Nigeria, including Zamfara and Enugu, contributed less than 1% each to the total royalty receipts from the solid minerals sector. Despite having significant commercial quantities of strategic minerals like gold and coal, these states have not maximized their potential.

The government should prioritize states like these and their mineral resources by implementing targeted investments, infrastructural

To unlock the potential of Coal, Gold, Bitumen, Lead/Zinc, Iron Ore and Barites, in the various States with commercial quantities, revitalize the Nigerian Coal Corporation through a Public-Private Partnership (PPP). This collaboration between the government and private investors will attract investments and drive development in the coal sector.







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development, and policy support. Unlocking the full potential of these resources can transform Zamfara, Enugu and other states into major contributors to the solid minerals sector, driving economic growth and widespread development in the country.

Likewise, for gold, establish a national gold company under a PPP model to drive primarily exploration, exploitation, and gold beneficiation in the sector. Partnering with private investors will accelerate the growth of the gold industry.

These strategic initiatives will harness Nigeria's rich coal and gold resources, promote economic growth, support job creation, and sustainable development.





## 5.0 REVENUE ALLOCATION

### 5.1 Revenue Allocation

This chapter outlines information on the distribution of revenue from the solid minerals sector, transfers to subnational governments, the Solid Minerals Development Fund (SMDF). It also describes the Federal Government of Nigeria (FGN) audit process and expenditure management framework.

### 5.2 Distribution of Revenues

Section 162 (1) of the 1999 Constitution of the Federal Republic of Nigeria specifically provide that the FGN shall maintain a special account to be called the Federation Account. This account shall receive all revenue collected by the government of the Federation except the proceeds from the personal income tax of the personnel of the armed forces of the federation, the Nigeria Police Force, the ministry of department of government charged with the responsibility for foreign affairs and the residents of the Federal Capital Territory.

The revenue accrued to the Federation Account, both mineral and non-mineral, is subsequently distributed among the three tiers of government based on the revenue-sharing formula determined by the Revenue Mobilisation Allocation and Fiscal Commission (RMAFC).

In distributing revenue from the Federation Account to the three tiers of government, Section 162(2) of the Constitution outlines specific criteria to be considered. It also emphasizes that the derivation principle should always be reflected in any approved formula, ensuring that not less than 13% of revenue generated from any natural resource is allocated. This provision ensures that states with resources contributing to the Federation Account receive a fair share of the revenue generated, promoting equity and development across the country.

The current revenue sharing formula as determined by RMAFC is presented in the table below:

**Table 44: Revenue Distribution Formula**

S/N	Beneficiary	Applicable Rate	
		Mineral	Non-Mineral
1	Federal Government	45.83	52.68
2	State Government	23.25	26.72
3	Local Government	17.92	20.60
4	13% Derivation	13	-
<b>Total</b>		<b>100</b>	<b>100</b>

*Source:* Federation Account Allocation Committee Report, 2021

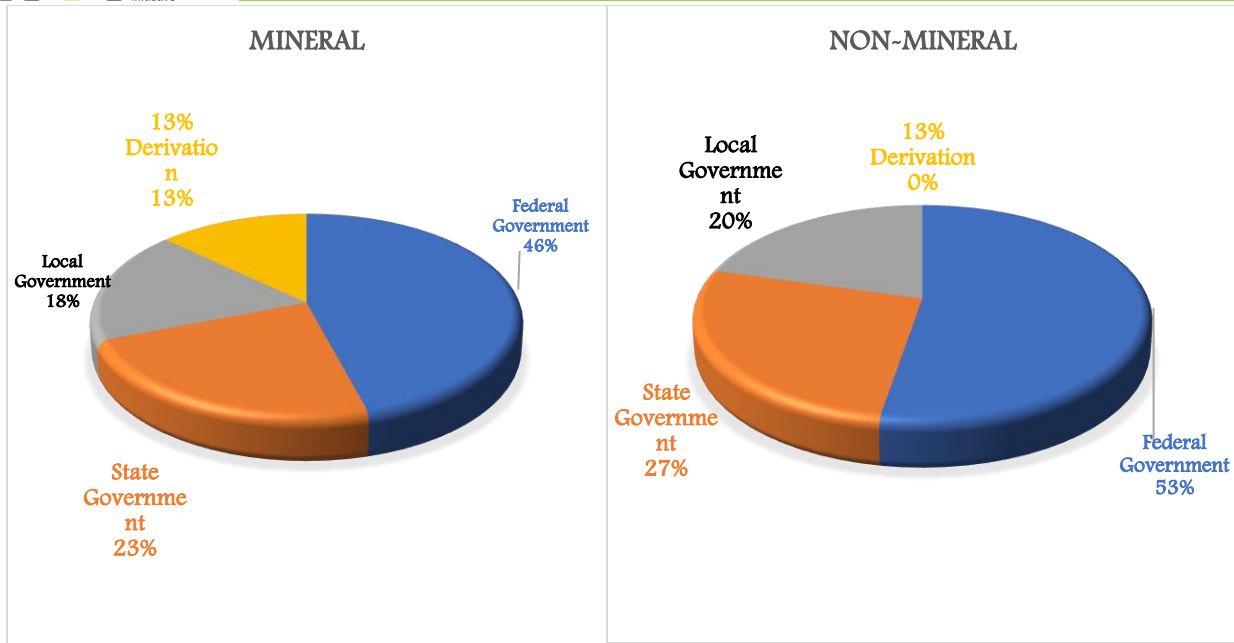


Figure 13: Revenue Distribution Formula

### 5.3 Subnational Transfers

The Solid Minerals Revenue Account had an opening balance of ₦5.58 billion as at 1<sup>st</sup> January 2021.

Throughout the year, additional revenue of ₦8.03 billion accrued to the account. Subsequently, in June, ₦7.94 billion was distributed to the three tiers of government based on the mineral revenue sharing formula outlined in 5.1. The closing balance in the account as at 31<sup>st</sup> December 2021 was ₦5.67 billion. For a detailed breakdown, please refer to Table 45.

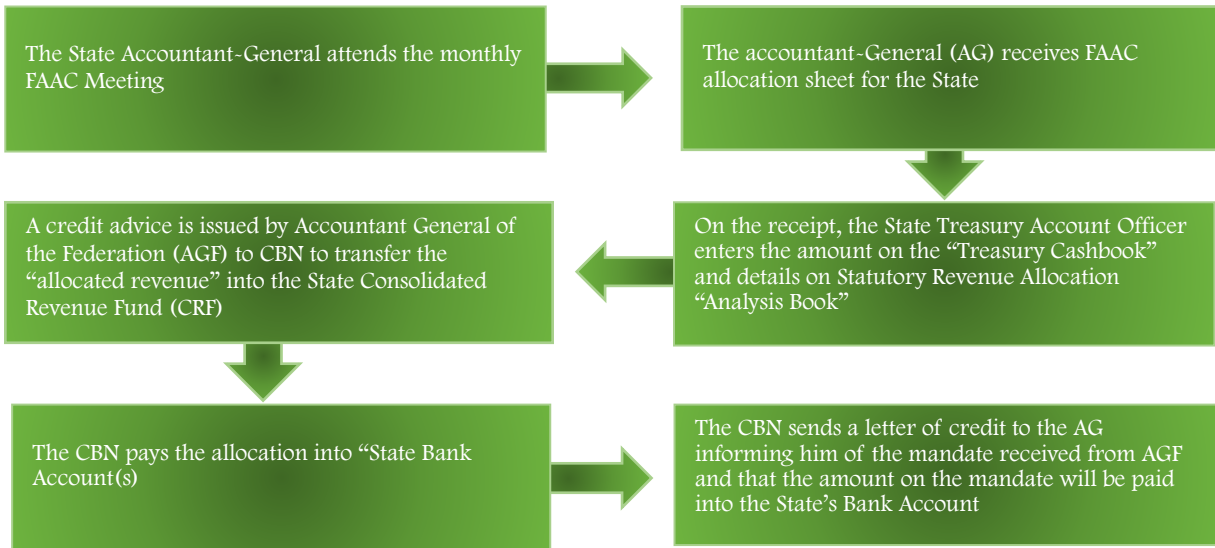
Description	Total Revenue ₦	Closing Balance ₦
Opening Balance as at 1st January, 2021	5,576,417,813.14	5,576,417,813.14
January	232,607,875.70	5,809,025,688.84
February	976,651,690.19	6,785,677,379.03
March	837,785,242.76	7,623,462,621.79
April	793,660,903.48	8,417,123,525.27
May	578,512,082.63	8,995,635,607.90
June	569,162,184.15	9,564,797,792.05
Distribution in the Month of June 2021	(7,940,042,505.35)	1,624,755,286.70



July	422,979,453.64	2,047,734,740.34
August	868,586,050.19	2,916,320,790.53
September	927,497,896.03	3,843,818,686.56
October	1,021,973,085.84	4,865,791,772.40
November	456,153,023.95	5,321,944,796.35
December	347,911,855.92	5,669,856,652.27
Closing Balance as at 31st December, 2021	5,669,856,652.27	5,669,856,652.27

**Source:** Ministry of Mines and Steel Development Data

The process for allocation and distribution of revenue to subnational government is described below:



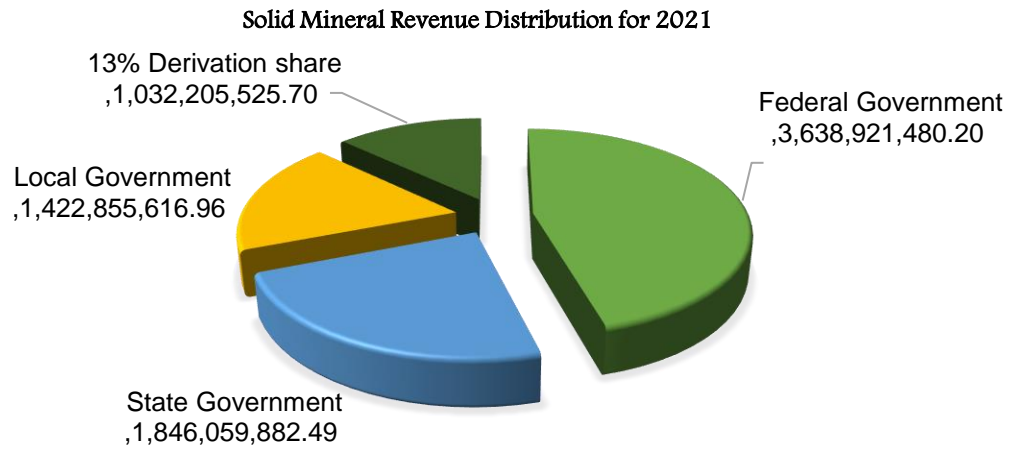
The summary of revenue distributed based on the mineral revenue sharing formula to the three tiers of government is presented in the table below.

**Table 46:** Solid Minerals Revenue Distribution 2021

S/N	Beneficiary	Solid Minerals ₦	Applicable Rate %
1	Federal Government	3,638,921,480.20	45.83
2	State Government	1,846,059,882.49	23.25
3	Local Government	1,422,855,616.96	17.92
4	13% Derivation share	1,032,205,525.70	13
<b>Total</b>		<b>7,940,042,505.35</b>	<b>100.00</b>

**Source:** Federation Account Allocation Committee Report, 2021





**Figure 14:** Solid mineral revenue distribution 2021

The detailed distribution to subnational governments is presented in Table 47 below.





**Table 47: Distribution of Solid Minerals Revenue in 2021**

S/N	Beneficiary	No. of LGA	Federal	State (₦)	LG (₦)	13% Derivation (₦)	Total (₦)
1	Abia	17	-	45,578,317.20	29,536,327.92	8,188,958.09	83,303,603.21
2	Adamawa	21	-	48,487,491.56	37,255,838.52	6,003,729.96	91,747,060.04
3	Akwa Ibom	31	-	48,938,082.01	49,622,587.65	2,416,880.12	100,977,549.78
4	Anambra	21	-	48,396,655.96	37,457,173.02	4,652,469.44	90,506,298.42
5	Bauchi	20	-	58,222,798.59	42,521,303.66	30,182,884.29	130,926,986.54
6	Bayelsa	8	-	43,068,322.16	17,307,727.02	1,560,490.21	61,936,539.39
7	Benue	23	-	54,587,637.44	46,269,759.37	27,298,885.79	128,156,282.60
8	Borno	27	-	60,475,279.11	50,235,092.74	3,186,272.07	113,896,643.92
9	Cross River	18	-	48,946,427.98	32,384,982.09	53,151,046.83	134,482,456.90
10	Delta	25	-	49,422,234.71	41,496,709.83	5,130,179.68	96,049,124.22
11	Ebonyi	13	-	43,546,513.19	23,956,322.62	35,489,652.62	102,992,488.43
12	Edo	18	-	45,513,085.45	31,750,599.63	38,586,883.66	115,850,568.74
13	Ekiti	16	-	43,521,940.14	25,211,127.52	5,488,048.55	74,221,116.21
14	Enugu	17	-	48,950,652.39	32,259,081.26	3,632,459.07	84,842,192.72
15	Gombe	11	-	45,847,662.01	22,103,945.01	24,260,443.78	92,212,050.80
16	Imo	27	-	50,607,767.61	43,234,344.86	2,149,670.71	95,991,783.18
17	Jigawa	27	-	54,433,348.66	45,421,749.93	2,934,460.53	102,789,559.12
18	Kaduna	23	-	63,774,999.12	51,081,058.78	27,514,324.95	142,370,382.85
19	Kano	44	-	77,206,736.49	81,325,423.52	13,888,304.57	172,420,464.58
20	Katsina	34	-	59,833,023.48	61,914,429.20	5,514,060.49	127,261,513.17



21	Kebbi	21	-	51,396,865.68	39,074,650.67	13,214,058.48	103,685,574.83
22	Kogi	21	-	53,797,002.15	40,386,513.63	160,224,821.09	254,408,336.87
23	Kwara	16	-	43,327,902.51	28,577,688.67	12,301,046.41	84,206,637.59
24	Lagos	20	-	65,206,097.60	48,681,983.72	23,201,827.06	137,089,908.38
25	Nasarawa	13	-	44,887,800.10	25,496,223.79	26,530,763.80	96,914,787.69
26	Niger	25	-	57,656,380.65	47,191,543.52	24,951,055.40	129,798,979.57
27	Ogun	20	-	45,221,181.88	33,666,276.52	224,464,112.37	303,351,570.77
28	Ondo	18	-	45,310,770.10	32,153,423.62	35,163,712.25	112,627,905.97
29	Osun	30	-	44,392,187.73	43,552,625.23	18,373,277.18	106,318,090.14
30	Oyo	33	-	54,593,668.72	54,938,238.57	40,654,735.01	150,186,642.30
31	Plateau	17	-	50,828,504.65	34,438,914.63	29,917,770.55	115,185,189.83
32	Rivers	23	-	52,493,818.10	42,688,943.87	3,992,640.70	99,175,402.67
33	Sokoto	23	-	53,643,916.56	42,994,373.70	12,423,091.31	109,061,381.57
34	Taraba	16	-	46,887,024.37	32,224,426.93	6,836,961.89	85,948,413.19
35	Yobe	17	-	48,334,503.26	32,398,837.21	3,534,661.31	84,268,001.78
36	Zamfara	14	-	48,437,441.64	29,274,515.22	35,958,574.43	113,670,531.29
37	FCT-Abuja	6	-	-	12,929,654.12	59,232,311.03	72,161,965.15
	<b>Sub Total</b>	<b>774</b>	<b>-</b>	<b>1,845,774,040.96</b>	<b>1,423,014,417.77</b>	<b>1,032,205,525.68</b>	<b>4,300,993,984.41</b>
<b>Beneficiary</b>		<b>Rate (%)</b>					
Federal Government		48.50		3,350,300,935.13	-	-	3,350,300,935.13
1.46% Derivation & Ecology FGN Share		1		69,078,369.80	-	-	69,078,369.80



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Report on NEITI Solid Minerals Industry Audit – Impact built on blocking leakages to grow revenue

FCT- ABUJA	1	69,078,369.80	-	-	-	69,078,369.80
0.72% Stabilization Account	0.5	34,539,184.90	-	-	-	34,539,184.90
3.0% Dev. Of Natural Resource	1.68	116,051,661.26	-	-	-	116,051,661.26
<b>Total</b>	<b>52.68</b>	<b>3,639,048,520.89</b>	~	~	~	<b>3,639,048,520.89</b>
<b>Grand Total</b>						<b>7,940,042,505.30</b>
<i>Source: Federation Account Allocation Committee Report, 2021</i>						

The IA reviewed the distribution of the above revenue together with the basis used and the indices for 13% derivation, and affirms that there was no deviation from what was set by the Federal Account Allocation Committee (FAAC).







## 5.4 Solid Minerals Development Fund

The Solid Minerals Development Fund (SMDF) was established under the Minerals Mining Act in 2007 to develop human and physical capacity; fund geo-scientific data gathering, storage and retrieval, to meet the needs of private sector-led mining industry; and to equip the mining institutions to enable them perform their statutory functions; and also, for funding of extension and advisory services to small-scale and artisanal mining operators.

The main sources of funding are:



Funds appropriated for solid minerals development under the revenue act or any other Federal law;



Funds appropriated for solid minerals development under the Small and Medium Industries Equity Investment Scheme (SMIEIS);



Any fund received as grants, donations, foreign loans, bonds, and long-term swaps.



Any fund appropriated to it by the Federal Government budgetary allocation.

Based on the information provided by the Fund, there was no inflow from the statutory funding sources stated above except budgetary allocation for administrative expenditure. The detail of this allocation is presented in the table below:

Description	Budget Allocation ₦	Fund Released ₦
Overhead	73,269,882	73,269,882
Capital	75,215,001	75,215,001
Personnel	23,343,553	23,343,553
<b>Total</b>	<b>171,828,436</b>	<b>171,828,436</b>

*Source: Solid Minerals Development Fund*

The Fund has not been able to carry out its statutory mandate as a result of non-funding from the relevant statutory sources since inception.

For more information on SMDF visit, (<https://SMDF.Gov.ng>)

## 5.5 Revenue Management and Expenditure

### 5.5.1 Nigeria’s Budgetary Process

The Federal budget for each fiscal year is prepared in compliance with the National Chart of Accounts (NCOA) and the International Public Sector Accounting Standards (IPSAS). The budgeting process is initiated by the Ministry of Budget and National Planning after consultations with key economic and revenue generating agencies. Subsequently, the



Budget Office, under the supervision of the Ministry of Finance, Budget, and National Planning, develops a draft budget proposal which is then submitted together with all relevant supporting documents, for the president's approval.

Upon receiving the budget, the president forwards the proposal to the National Assembly for their deliberation and appropriation. The National Assembly reviews and makes necessary amendments to the budget before submitting it back to the president for final assent.

Once the president approves the final budget, implementation phase begins. Effective monitoring and control strategies ensure the budget's successful execution. At the end of the fiscal year, the entire process is evaluated, assessing performance and identifying any variances for potential improvements in future budget cycles. This comprehensive approach ensures transparency, accountability, and efficient utilization of resources in the Federal budgeting process.

### 5.5.2 Medium Term Expenditure Framework

The Medium-Term Expenditure Framework (MTEF) is a comprehensive three-year financial plan that effectively aligns Government policies, priorities, and the needs of Ministries, Departments, and Agencies (MDAs) with the available resources. It acts as a crucial policy document, facilitating the assessment of MDAs' budget submissions and allocating resources to them. The MTEF reports encompassing the following key elements:



The Fiscal Responsibility Act (FRA) of 2007 plays a significant role in ensuring the credibility of the (MTEF) as a tool to achieve prudence and discipline in utilizing revenue. This act provides the legal foundation for the MTEF, an essential policy document guiding fiscal planning and management. For further insights, visit the [website](#) to learn more about the Fiscal Responsibility Act and its implications for financial governance.

Additionally, you can access the 2021 – 2023 MTEF document [here](#). This policy document outlines the government's medium-term fiscal strategy, enabling a comprehensive understanding of the country's financial planning and economic outlook for the specified period.





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### 5.5.3 Federal Government of Nigeria Audit Process

The Auditor General of the Federation has the responsibility for auditing all MDAs in the country and ensuring accountability and transparency of the process in accordance with the Constitution and International Financial Reporting Standard (IFRS). For more information, visit: <https://www.oaugf.ng/>.

## 5.6 Findings and Recommendations

SN	Finding	Recommendation
1	The low revenue available for distribution is primarily due to the limited revenue generated from the solid minerals sector. This is partly caused by the absence of a comprehensive sector-specific fiscal regime, leading to only remittances from MID and MCO being accrued to the solid minerals account. To address this issue, implementing a robust sector-specific fiscal regime is essential for enhancing revenue generation and distribution in the solid minerals sector.	<p>To improve revenue transparency and accountability in the mining sector, the MMSD should develop a sector-specific fiscal regime that will track revenue from all sources, including taxes, to mining operations and remit it to the solid minerals account.</p> <p>The MMSD should also review the potential for revenue losses and develop a robust mechanism to ensure that mining activities are commensurate with the revenue generated.</p> <p>The FGN, state governments, the MMSD, and other relevant stakeholders should collaborate to devise and implement strategies to revamp the mining sector for more investment and revenue.</p>





## 6.0 SOCIAL AND ENVIRONMENTAL EXPENDITURE

### 6.1 Social and Environmental Expenditure

This chapter presents social and environmental payments by companies’ public social expenditure by state-owned enterprises, contribution of the solid minerals sector to Nigeria’s economy, environmental and social impacts of mining activities including and a review of environmental legislations as contained in Requirement 6 of the EITI Standard.

### 6.2 Social Expenditure

These expenditures represent the costs incurred by companies to fulfil their responsibilities towards their host communities and the environment. The underlying principle is that a company, as a participant in a community, shares similar responsibilities to society as any other citizen.

Social expenditures by companies can take the form of cash disbursements or in-kind contributions such as programs and projects aimed at enhancing the development and welfare of host communities. These expenditures can be either mandatory, as required by law or regulations, or discretionary, offered voluntarily by the company.

Mandatory social expenditures are those outlined in Community Development Agreements (CDAs) and are legally binding. In contrast, discretionary (voluntary) expenditures are additional contributions made by companies beyond what is specified in the CDA.

During the period under review, only 39 companies provided verifiable social payments, amounting to approximately ₦3.2 billion. Among these companies, 13 made both mandatory and discretionary expenditures, while 16 and 10 companies made mandatory and discretionary expenditures, respectively, as demonstrated in Table 49. These social expenditures reflect the commitment of companies to contribute positively to the well-being and development of their host communities.

**Table 49: Social Expenditure Disclosed by Extractive Companies**

S/N	Company	Mandatory ₦'000	Non-Mandatory ₦'000	Total ₦'000	Contribution %
1	A&B Global Service Limited	750,000	800,000	1,550,000	0.05
2	BUA International Ltd.	620,714,100	83,564,898	704,278,998	20.94
3	C.C.C Construction Nig. Ltd	1,800,000	-	1,800,000	0.05
4	China Harbour Engineering Ltd	5,000,000	-	5,000,000	0.15
5	Dangote Industries Ltd	-	2,148,623,249	2,148,623,249	63.88
6	Dolvic Global Resource Ltd	23,766,460	-	23,766,460	0.71
7	Falcon Corporation	12,580,709	21,211,537	33,792,246	1.00
8	FW San, He Concepts Limited	-	200,000	200,000	0.01
9	GITTO Costruzioni Gen. Nig. Ltd	7,000,000	-	7,000,000	0.21
10	Harvey Limited	4,250,000	1,340,000	5,590,000	0.17





11	Hitech Const. Ltd	250,000	9,470,000	9,720,000	0.29
12	Hongyun Mining Industrial Co. Ltd	600,000	-	600,000	0.02
13	Hudson Nig. Ltd	-	85,000	85,000	0.00
14	Ilera Mines Ltd	-	250,000	250,000	0.01
15	Jinziang Quarry Co. Ltd	-	822,000	822,000	0.02
16	Kian Smith Trade & Co. Ltd.	1,660,000	-	1,660,000	0.05
17	Kopek Construction Ltd	-	1,410,000	1,410,000	0.04
18	Kursi Investment Ltd.	30,750,000	-	30,750,000	0.91
19	Lafarge Plc	-	125,000,000	125,000,000	3.72
20	Levant Constr. Ltd.	7,109,895	1,000,000	8,109,895	0.24
21	Mark-Sino Nig. Ltd	2,250,000	3,300,000	5,550,000	0.17
22	Master Rock Ltd	31,629,210	4,075,500	35,704,710	1.06
23	Mercury Mining Invt.	7,860,000	-	7,860,000	0.23
24	Monkey Rock Nigeria Ltd	3,500,000	-	3,500,000	0.10
25	Mothercat Nig. Ltd	-	7,150,000	7,150,000	0.21
26	NBHH Nig Ltd	500,000	-	500,000	0.01
27	Nippon Intg. Bus. Concept Ltd	191,000	-	191,000	0.01
28	OFL Marble & Granite Ltd	15,554,575	-	15,554,575	0.46
29	Onshore Fronties	800,000	-	800,000	0.02
30	Platinum Asphalt and Crushing Company Limited	1,625,000	900,000	2,525,000	0.08
31	RCF Nigeria Limited	-	100,000	100,000	0.00
32	Reynolds Constr. Ltd	25,000,000	11,500,000	36,500,000	1.09
33	Rock Bottom Mines and Power	4,700,000	9,820,000	14,520,000	0.43
34	Wizchina Worldwide Engr Ltd	975,000	-	975,000	0.03
35	Xinxin Mining Resources	-	500,000	500,000	0.01
36	Zeberced Ltd	5,113,545	-	5,113,545	0.15
37	Zhi Yuan Global (Nig.) Limited	275,000	450,000	725,000	0.02
38	Zhong Xing Mining Ltd	7,583,100	-	7,583,100	0.23
39	Zuma 828 Limited	19,413,336	88,539,821	107,953,157	3.21
<b>Total</b>		<b>843,200,930</b>	<b>2,520,112,005</b>	<b>3,363,312,935</b>	<b>100.00</b>

See **Appendix 28** for disaggregated social expenditure.

### 6.3 Quasi-Fiscal Expenditure

The IA has reviewed the NSWG position on quasi-fiscal expenditure together with the list of operators in 2021 provided by MID and confirms that there was no quasi-fiscal expenditure in the solid minerals sector in 2021.

### 6.4 Contribution to the Economy

The solid minerals sector was one of the key drivers of economic growth and development in 2021 owing to the fact that it contributed significantly to gross domestic product, government revenue, export and employment. Specific contributions are outlined in the following sub-sections.



### 6.4.1 Contribution to Gross Domestic Product

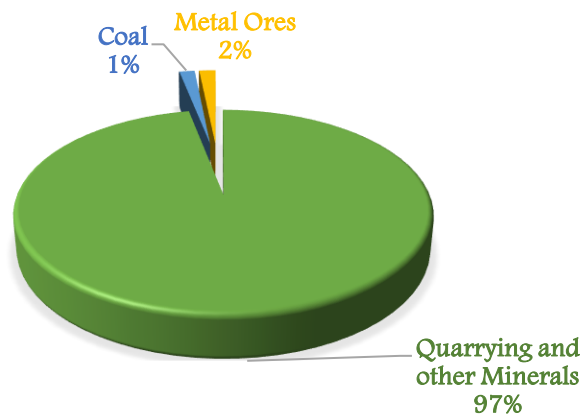
According to the data obtained from the Nigeria Bureau of Statistics (NBS) in 2021, the total Gross Domestic Product (GDP) for the country amounted to ₦173.53 trillion. Within this, the solid minerals sector made a noteworthy contribution of ₦1.102 trillion, accounting for approximately 0.63% of the total GDP. For more information, please visit NBS [E-Library](#).

The specific contributions of various solid minerals sub-sector are detailed in Table 50 below, illustrating the individual roles played by different segments of the solid minerals industry in the overall economic landscape.

Sub-Sectors	2021 ₦billion	Contribution %	Contribution to National GDP %
Quarrying and other Minerals	1,068.00	96.92	0.62
Coal	16	1.48	0.01
Metal Ores	18	1.59	0.01
<b>Total Sector Contribution</b>	<b>1,102</b>	<b>100</b>	<b>0.63</b>

*Source: [www.nigerianstat.gov.ng/elibrary/read/1241137](http://www.nigerianstat.gov.ng/elibrary/read/1241137)*

### Sectoral Contribution to GDP



**Figure 15:** Sectoral Contribution to GDP

The table and figure provided below illustrate a five-year trend of the solid minerals sector's contribution to GDP. Notably, the contribution to export has demonstrated a consistent upward trajectory, growing from 0.11% in 2017 to 0.63% in 2021. This remarkable and steady increase can be attributed to the implementation of sustainable measures in the sector over the years, resulting in heightened levels of activities and revenue generation from the solid minerals industry. These positive developments underscore the sector's potential and its significant role in bolstering the country's economy and trade.



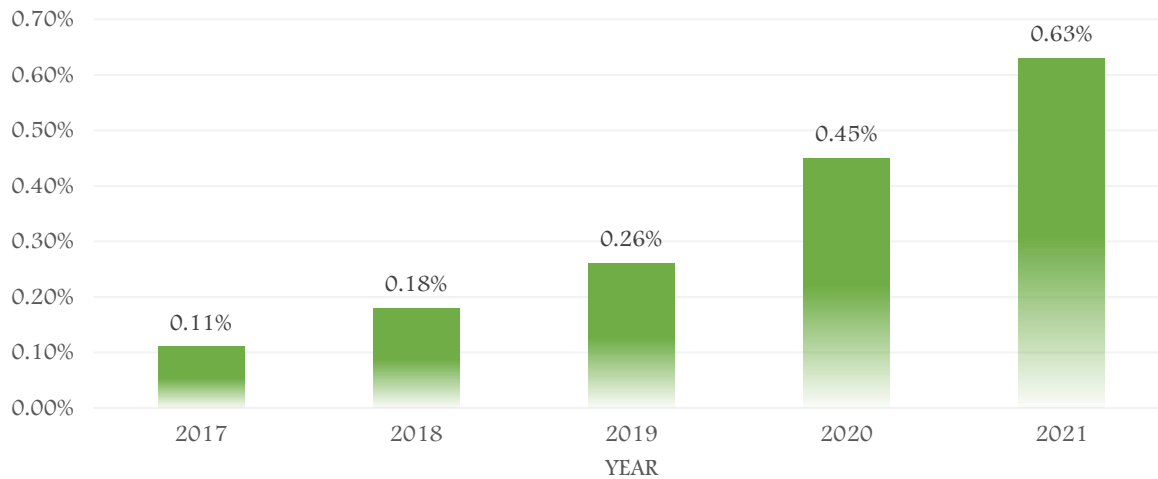


**Table 51: Five-Year Trend of Solid Minerals Contribution to GDP**

Description	2017 ₦million	2018 ₦million	2019 ₦million	2020 ₦million	2021 ₦million
National GDP	113,719.05	127,762.55	144,210.49	152,320.00	173,527.66
Solid Minerals Contribution	126.03	224.79	368.998	686.64	1,101.56
Contribution (%)	0.11%	0.18%	0.26%	0.45%	0.63%

*Source: NEITI Solid Minerals Audit Reports*

**Solid Minerals Contribution to National GDP**



**Figure 16: 5-year trend analysis of solid minerals contribution to GDP**

### 6.4.2 Contribution to Government Revenue

The total government revenue in 2021 was ₦6.63 trillion out of which the solid minerals sector contributed ₦173.98 billion representing 2.62%. See Table 52 below.



**Table 52: Solid Minerals Contribution to Federal Government Revenue**

Description	Contribution billion ₦	Contribution (%)
Federal Revenue	6,634.97	100
Solid Minerals Sector Contribution		
MID – Royalty	3.62	2.08
MCO - Annual Service Fee	0.85	0.49
<b>Sub-total MMSD</b>	<b>4.47</b>	<b>2.57</b>
FIRS – VAT	96.78	55.63
FIRS – CIT	32.02	18.40
FIRS – EDT	2.18	1.26
FIRS – WHT	36.48	20.97
FIRS – SD	1.76	1.01
FIRS – others	0.29	0.17
<b>Sub-total FIRS</b>	<b>169.52</b>	<b>97.43</b>
<b>Total Sector Contribution</b>	<b>173.98</b>	<b>100</b>

*Source: 2021 Solid Minerals Audit Reconciled Template*

A five-year trend of solid minerals contribution to total government revenue is presented in Table 53 below. Total revenue from the sector in the last five years was ₦487.84 billion, while government revenue in the same period was ₦37.06 trillion. This shows that over the 5-year period, solid minerals accounted for 1.32% of government revenue.

There has been consistent increase in contribution of solid minerals to total government revenue with only a marginal decrease in 2019. In 2020, there was a significant increase in contribution from the sector. The contribution increased by 368.5% moving from 0.73% contribution in 2019 to 3.42% in 2021. The increase was as result of rising revenue which was driven by successful implementation of reforms.

**Table 53: Five-Year-Trend Analysis of Contribution to Government Revenue**

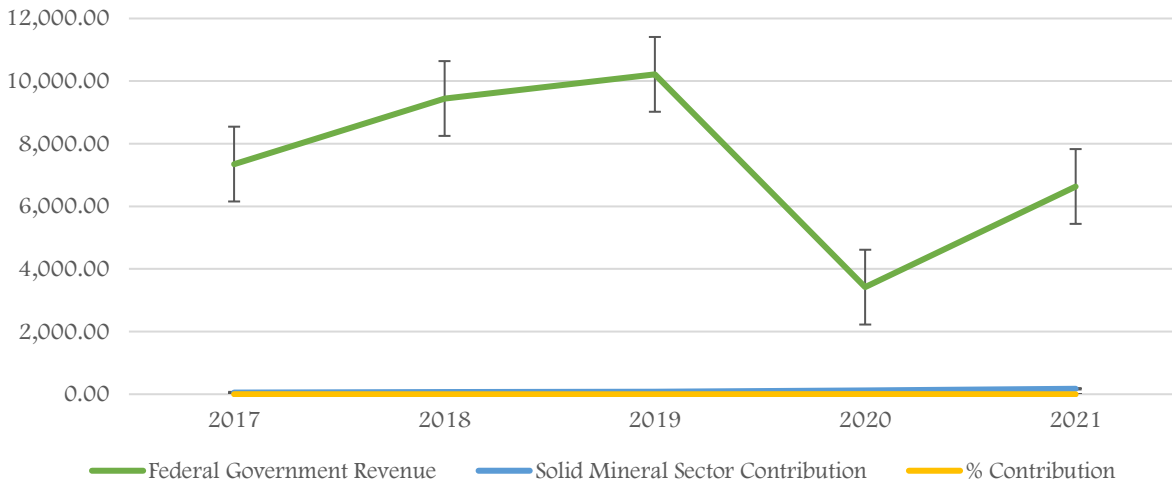
Description	2017 ₦	2018 ₦	2019 ₦	2020 ₦	2021 ₦	Total ₦
Federal Government Revenue	7,350.00	9,444.49	10,215.05	3,420.00	6,634.97	37,064.51
Solid Minerals Sector Contribution	52.76	69.47	75.02	116.8	173.98	488.03
% Contribution	0.72	0.74	0.73	3.42	2.62	1.32

*Source: NEITI Reports*





Five-Year-Trend Analysis of Contribution to Government Revenue



**Figure 17:** Five-Year Trend of Solid Minerals Contribution to Government Revenue

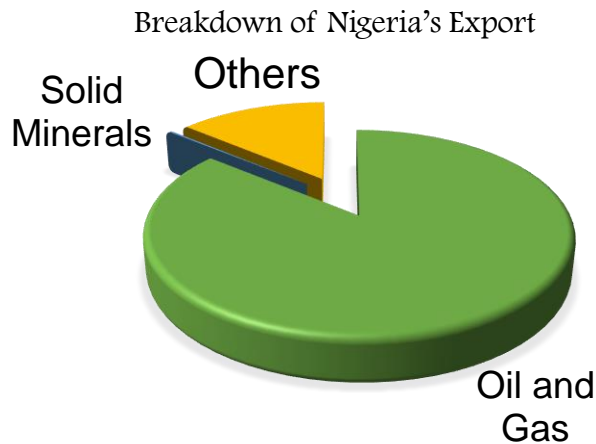
### 6.4.3 Contribution to Export

Nigeria's total export in 2021 amounted to ₦18.2 trillion per data from the Nigeria Bureau of Statistics (NBS). Within this figure, solid minerals export accounted for ₦43.68 billion, equivalent to 0.24% of the total export value. For a comprehensive summary of the total export data, please refer to Table 54 and Figure 18 below.

**Table 54:** Breakdown of Nigeria’s Export

Description	billion ₦	Contribution %
Oil and Gas	15,641.08	85.94
Solid Minerals	43.68	0.24
Others	2,515.24	13.82
<b>Total Export</b>	<b>18,200.00</b>	<b>100.00</b>

*Source: National Bureau of Statistics/statista.com*



**Figure 18:** Breakdown of Nigeria’s Export



Solid minerals' contribution to total export between 2017 and 2021 exhibited fluctuations, ranging from 0.11% to 0.57%, with its peak contribution occurring in 2017. However, in 2021, there was a notable improvement in solid minerals export contribution, rising from 0.11% in 2020 to 0.24% in 2021. In absolute terms, the total solid minerals export significantly increased by 227.44% during this period. This increase surpassed the overall total export growth, which stood at 45.34%.

**Table 55:** Trend Analysis of Solid Minerals Export from 2017-2021

Description	2017 billion ₦	2018 billion ₦	2019 billion ₦	2020 billion ₦	2021 billion ₦
Total Export	13,598.28	19,099.55	24,274.69	12,522.68	18,200.00
Solid Minerals Sector Contribution	77.24	64.41	124.23	13.34	43.68
Percentage Contribution	0.57%	0.34%	0.51%	0.11%	0.24%

*Source: NEITI Solid Minerals Audit Reports 2017-2021*

#### 6.4.4 Contribution to Employment

The employment data provided pertains only to the covered entities, as the National Bureau of Statistics (NBS) does not have information on employment for the specified period. Table presents the analysis of employment data for these companies. In this sector, male workers dominate employment figures for both locals and expatriates. Interestingly, the percentage of female expatriates, which stands at 26%, is higher than the female local participation rate of 8% when compared to their male counterparts.

**Table 56:** Employment Data of Covered Companies

Category	Non-Physically Challenged		Physically Challenged	Total	%
	Expatriate	Local			
Male	441	23,090	-	23,531	92
Female	155	1,932	-	2,087	8
<b>Total</b>	<b>596</b>	<b>25,022</b>	<b>-</b>	<b>25,618</b>	<b>100</b>

*Source: NEITI 2021 Solid Minerals Audit Employment Data*

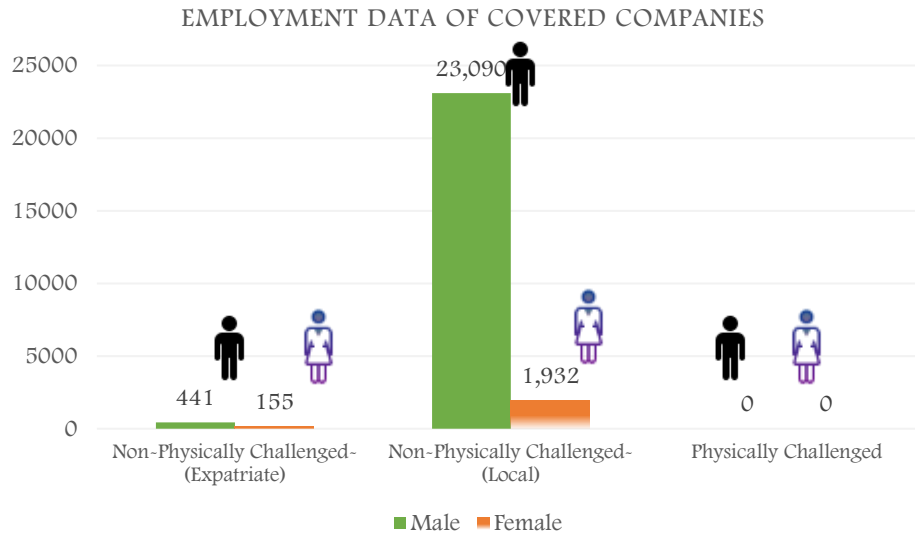


Figure 19: Employment Data of Covered Companies

## 6.5 Environmental Impact of Mining Operations in Nigeria

Solid minerals play a crucial role in driving economic growth and development; however, their mining can lead to detrimental consequences for both the environment and people. Regardless of the technology employed, mining operations inherently cause environmental degradation. The negative impacts manifest primarily through the release of waste into the environment and underground water during mining activities.



Despite the government's implementation of various policies and environmental regulations to uphold the highest environmental protection standards in the mining industry, minimizing and effectively managing the environmental effects remains an ongoing challenge.

A specific example can be observed in Zamfara and Plateau states, where lead and tin mining have resulted in health and environmental hazards. Over the years,

Bukuru in Plateau State has experienced continuous soil degradation due to neglected excavations and unfilled sample pits from mining operations. These instances highlight the need for sustainable practices and measures to mitigate the environmental impacts caused by mining activities.

## 6.6 Legal and Administrative Framework of the Environment

The key legal and administrative arrangement that governs environmental management in Nigeria are detailed below:



## A. Legal Framework

**Table 57: Legal Framework**

S/N	Act	Description
1	Environmental Impact Assessment (EIA) Act 2004	This law sets out the general principles, procedures and methods of environmental impact assessment in respect of public and private projects. An Environmental Impact Assessment (EIA) is an assessment of the potential impacts whether positive or negative, of a proposed project on the natural environment.  Every company operating in the sector is mandated to conduct an Environmental Impact Assessment (EIA) or periodic audits as well as ensure environmental protection and adherence to rehabilitation programmes.
2	Harmful Waste (Special Criminal Provisions etc.) Act 2004	The Act prohibits, without lawful authority, the carrying, dumping or depositing of harmful waste in the air, land or waters of Nigeria and provides for a punishment of life imprisonment for offenders as well as the forfeiture of land or anything used to commit the offence.
3	Nigerian Minerals and Mining Act (NMMA), 2007	The Act vests control of all properties and minerals in Nigeria in the State and prohibits unauthorized exploration or exploitation of minerals.

## B. Administrative Framework

The agencies listed below are saddled with the responsibility for enforcing all environmental laws and regulations.

**Table 58: Key Institutional Regulators**

S/N	Ministry	Key Function
1	Federal Ministry of Environment (FMoE)	The Federal Ministry of Environment is the supervising ministry on environmental issues. It has the following mandate: <ul style="list-style-type: none"> <li>a. Securing a quality environment conducive for good health and wellbeing of fauna and flora.</li> <li>b. Promoting sustainable use of natural resources.</li> <li>c. Restoring and maintaining the ecosystem, ecological process and preserve biodiversity.</li> <li>d. Raising public awareness and promoting understanding of linkages of the environment.</li> <li>e. Cooperating with relevant MDAs, the private sector, NGOs, and international organizations on environmental matters.</li> </ul>
2	Ministry of Mines and Steel Development (MMSD)	MMSD, through its Mines Environmental Compliance Department (MECD) has the following responsibilities: <ul style="list-style-type: none"> <li>a. To Enforce compliance with all National Mining Laws and Regulations, especially; Nigerian Minerals and Mining Act, 2007, EIA Laws, Pollution Control, Safety Code and Regulations in mining.</li> </ul>





		<ul style="list-style-type: none"> <li>b. Develop realistic, transparent and stable environmental monitoring schemes of mine sites;</li> <li>c. Promote compliance to social, health and safety standards in the development of mining activities;</li> <li>d. Ensure the adoption of environmentally sound mining technologies to mitigate environmental impacts, including those of small-scale mining operations;</li> <li>e. Encourage public participation through dialogue with affected communities and other directly interested parties on the environmental aspects of different phases of mining activities;</li> <li>f. Stipulate and monitor compliance with approved procedures for the reclamation and restoration of mines out sites and monitor the recovery of such areas.</li> </ul>
3	National Environmental Standard Regulation and Enforcement Agency (NESREA)	The Agency is responsible for protecting Nigeria’s environment by enforcing all environmental laws, regulations, guidelines and standards. This includes enforcing environmental conventions, treaties and protocols to which Nigeria is a signatory.
4	Mineral Resources and Environmental Management Committee (MIRENCO)	They support environmental monitoring activities the State level.
5	Federal Ministry of Water Resources	Her mission is to provide Nigerians with sustainable access to clean and sufficient water to meet their cultural and socio-economic needs in a way that improves public health, food security, and poverty reduction while preserving the nation’s fresh water ecosystem. It is in charge of developing and implementing water resources programs.
6	Environmental Protection and Rehabilitation Fund	<p>The Environmental Protection and Rehabilitation Fund was established for the purpose of guaranteeing the environmental obligations of holders of mineral titles as provided under the Nigerian Minerals and Mining Act 2007. The Fund shall operate in accordance with the provisions of the Trustees Investments Act, Cap. T22 Laws of the Federation of Nigeria, 2004 or amendments thereof.</p> <p>Every holder of a mineral title shall commence contributions to the Environmental Protection and Rehabilitation Fund in accordance with the amounts specified in the approved Environmental Protection and Rehabilitation Program not later than one year from such approval.</p>
<i>Source:</i> NEITI 2020 Report		

### 6.7 Environmental Compliance Status of Covered Entities

Environmental compliance in the solid minerals sector requires conformity to environmental laws and regulations, standards and other requirements.

In 2021 only 50 companies out of the 121 covered companies (representing 41.32%) were fully compliant with environmental standards as reported by the National Environmental Standard Regulation and Enforcement Agency (NESREA). Compliance





level was determined by routine and quarterly compliance monitoring, inspection and assessment.

See **Appendix 29** for environmental compliance status of covered companies.

### 6.8 Environmental Expenditure

Environmental payments are commonly required from companies to the government as a way to offset or alleviate the potential environmental consequences of their mining activities. These payments may be obligatory under the law, regulations, or contractual agreements. They can encompass various charges such as fees for environmental licenses, specific taxes, emissions or pollution-related payments, water and energy usage fees, waste fees, and contributions to environmental protection agencies or funds.

However, none of the companies covered provided any evidence of environmental expenditure.

### 6.9 Findings and Recommendations

FINDINGS	RECOMMENDATION
<p>The report observed that only 39 out of 121 companies made the mandatory social payments as contained in the CDA signed with their host communities while 10 companies made only non - mandatory social payments/expenditures.</p> <p>This reveals poor compliance to the social benefit to host communities’ requirements of the NMMA 2007 and NMMR 2011 as embedded in the CDA’s.</p>	<p>The MMSD and MCO should collaborate on a framework for monitoring compliance with the terms of NMMA 2007 and MMR 2011 and impose appropriate penalties on defaulters.</p> <p>To achieve this, the following steps should be taken:</p> <ul style="list-style-type: none"> <li>● <b>Establish a Clear Framework:</b> The MMSD and MCO should jointly develop a comprehensive framework that outlines the requirements and guidelines for CDAs. This framework should cover various aspects, including community engagement, social and environmental responsibilities, and revenue-sharing arrangements.</li> <li>● <b>Regular Monitoring and Reporting:</b> The MMSD and MCO should implement a system for regular monitoring of mining activities and their impact on local communities. This includes periodic reporting on the status of CDAs and the extent of compliance by mining companies.</li> <li>● <b>Penalties for Non-Compliance:</b> To enforce compliance, clear penalties should be defined for mining companies that fail to meet their CDA obligations. These penalties should be appropriate, proportionate, and effectively enforced.</li> <li>● <b>Community Participation:</b> The framework should promote active participation and involvement of affected communities in monitoring and evaluating the implementation of CDAs.</li> <li>● <b>Stakeholder Engagement:</b> Regular consultations and engagements with relevant stakeholders, including mining companies, local communities, and civil society organizations, should be conducted to address issues and concerns related to CDAs.</li> </ul>





<p>This report has found that the signed CDAs in the custody of the MMSD(MECD) are not publicly accessible. This is contrary to Nigeria's commitment to open government and the EITI's requirement for open data.</p>	<p>The MMSD should host all signed CDAs on its website to make them easily accessible to the public. This would</p> <ul style="list-style-type: none"><li>● Allow citizens and stakeholders to see what social benefits mining companies provide to the host communities.</li><li>● Reinforce trust between the government, the mining companies, and the host communities</li></ul>
<p>The audit revealed that the solid minerals sector contributed less than 1% to the national GDP in 2021, and accounted for 2.62% of total revenue and 0.24% of total exports. While there has been some improvement compared to previous years, the sector has not yet reached its full potential in making a significant impact on the overall Nigerian economy.</p>	<p>The FGN in collaboration with MMSD and other relevant agencies should have engagements with operators to enable them to understand the key challenges and develop a wholistic framework that will create an enabling environment for mining operations and investments.</p> <p>the FGN and MMSD could consider:</p> <ul style="list-style-type: none"><li>● Strengthen the regulatory framework for the mining sector. This could involve updating the mining laws and regulations.</li><li>● Accelerating approval processes by streamlining and expediting the approvals for exploration licenses to encourage more companies to engage in exploration activities that will boost the identification and development of mineral reserves.</li><li>● Investment Incentives: Consider providing incentives such as tax breaks, grants, or subsidies to attract investments and encourage mining companies to expand their operations</li><li>● Resolve land use and mineral rights (exclusive and concurrent list items) dichotomy in Nigeria through:<ul style="list-style-type: none"><li>- harmonizing the laws governing land and mineral rights to ensure consistency and clarity. This may involve reviewing and amending relevant laws to eliminate conflicts and overlapping jurisdictions.</li><li>- developing comprehensive land use plans that consider both agricultural and mining activities to avoid conflicts and promote sustainable development.</li><li>- improving coordination between different levels of government (federal, state, and local) to ensure a unified approach to land and mineral rights management.</li><li>- Raising public awareness about land and mineral rights, their importance, and the government's efforts to resolve disputes and promote responsible resource management.</li></ul></li></ul>
<p>The report found that only 50 out of 121 companies (41.32%) fully complied with environmental standards, indicating low overall compliance with environmental laws and regulations by most companies.</p>	<p>The relevant agency of government (i.e., NESREA) should take strict actions by imposing sanctions on all non-compliant companies. Additionally, it should provide a list of all non-compliant companies to the MMSD for further disciplinary measures, such as license suspension or revocation, fines, and possible imprisonment as per the Harmful Waste Act, 2004.</p>





## 7.0 OUTCOMES AND IMPACT

### 7.1 Review of Findings and Recommendations of Previous Reports

**Table 59:** Review of Findings and Recommendations in the NEITI 2020 Solid Minerals Audit

S/N	FINDINGS	RECOMMENDATION	UPDATE
<b>A</b>	<b>FINANCIAL ISSUES</b>		
1	In 2020, the total financial flow into the federation account was ₦114.88billion, representing an increase of ₦40.03 billion from the ₦74billion earned in 2019. The increase (53.40%) can be attributed to the government reforms in the industry and NEITI’s sustained engagements in promoting transparency and accountability and overall reforms in the sector.	Government should continue with and deepen the ongoing reforms in the sector as well as oversee the full implementation of the road map to achieve the set goals.	<p>The MCO has adopted the Electronic Mining Cadastre platform for ease of mineral title administration to drive revenue growth.</p> <p>As part of implementation of the Roadmap, the FGN in November 2021 engaged PwC as Transaction Adviser/Program Manager to manage the competitive tender process for selection of bidders for development of Nigeria’s delineated bitumen blocks. This process was concluded in May 2023.</p> <p>In addition, the Federal Executive Council (FEC) signed the Nigeria Minerals and Mining (Amendment) Bill, 2023 and passed it to the National Assembly. The bill seeks to amend the Nigeria Minerals and Mining Act, 2007 and establish a regulatory authority in order to align it with current realities with a view to attracting potential investors into the sector.</p>
2	₦128.28 billion was generated from the solid minerals sector in 2020 through the 58 revenue streams identified by NEITI.	Government and international development partners should support NEITI to develop and improve her technical capacity, working tools, facilities and equipment with a view to putting her in a better position to discharge her responsibilities.	<p>No new revenue stream was identified in 2021. However, total revenue generated in the year increased significantly by ₦61.86 billion (48.22) from ₦128.28 billion in 2020 to ₦193.59 billion in 2021.</p> <p>In addition, there has been a level of support from the Government as NEITI now has her own corporate headquarters building and staff strength increased.</p>







3	<p>Nigeria's total GDP in 2020 was ₦152.32 trillion and the solid minerals sector contributed ₦686.64 billion representing 0.45%. This contribution was higher than the 0.26% reported in the previous year. However, the sector's contribution to export was 0.14% compared to 0.51% in 2019.</p>	<p>The target of government is to increase the contribution of the solid minerals sector to GDP to 5%. This can be attained by refocusing on geological data acquisition, harnessing the potentials of ASMs, improving mineral beneficiation, establishing lapidaries, gem stone cutting/polishing etc.</p>	<p>Contribution to GDP is still less than 1% nevertheless, there was 0.18% growth in 2021. In addition, MMSD seeks to encourage local value addition of minerals thereby increasing the market value which in turn will result in more royalty payment.</p> <p>As at 31<sup>st</sup> December, 2021 there were 185 registered ASM cooperatives and 2,336 members.</p>
4	<p>Since the last 14 years (2007-2020) NEITI has been conducting SM audits, the solid minerals sector has contributed a total of ₦651.55 billion or USD\$2,68 billion to government's revenues. Notably, there has been a progressive increase in revenue from the sector.</p>	<p>Government should invest more in the generation of geological data, access to funding and engagement with the relevant stakeholders in order to sustain investment and revenue growth in the sector.</p>	<p>In June 2023, NGSA acquired the following state-of-the-art equipment through the MinDiver Project:</p> <ul style="list-style-type: none"> <li>▪ Z-300 LIBS Analyzer to enhance its capacity in the provision of analytical services.</li> <li>▪ Triple Quadrupole Inductively Coupled Plasma Mass Spectrometry (TQ-ICP-MS) and is in the process of installing the equipment at its headquarters in Abuja. The Thermo Scientific iCAP TQ-ICP-MS is a high performance ICP-MS utilizing triple quadrupole technology for ultra-trace quantification of elements in a variety of challenging matrices.</li> </ul> <p>The NGSA also carried out Geophysical Investigation of Copper Deposit in Azara Area, Nasarawa State</p> <p>The SMDF is still not funded to carry out its mandate.</p>
5	<p>Out of the 102 companies covered by the audit, 96 complied well by providing most of the requested information and data representing 94.12%. In contrast, six companies did not comply at all as</p>	<p>This shows significant compliance with the NEITI audit process; it is hereby recommended that government put in place strict sanctions against non-responsive companies. This will deter future occurrence and, most</p>	<p>The NSWG should deliberate and evolve effective ways to ensure complete compliance of companies to data request from NEITI to strengthen data completeness and compliance to meet EITI requirement.</p>





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	they failed to provide any data. And the material revenue implication of their non-responsiveness was ₦54.25million or 1.99%	importantly, help to maintain the integrity of the NEITI audit process.	On the non-compliant companies, five (5) of the six non-responsive companies ceased operation during the review period. However, a company made a material payment of outstanding royalty liability in the review period.
6	The audit identified a total sum of ₦2.76 billion as outstanding company liability to government within the period under review. The liability was as a result of the failure on the part of 2,119 companies to pay the annual service fees for their respective mineral titles. Annual service fee is a statutory payment by mineral title holders for each cadastral unit on mineral titles. See appendix 7 for the details of the defaulting companies.	<p>MCO should intensify effort and vigorously pursue the recovery of the outstanding liability into government coffers.</p> <p>MCO should invoke the relevant sections of the Nigerian Minerals and Mining Act 2007 and the regulations made pursuant thereto, and revoke mineral titles whose holders have defaulted in the payment of their annual service fee to the Federal Government of Nigeria.</p> <p>Similarly, after the revocation of such titles, the holders should be made to pay all outstanding liabilities prior to the revocation in accordance with the Act.</p>	From the records made available by MCO, 233 companies holding 284 licences still have outstanding annual service fees of ₦654.28 million as at 31 <sup>st</sup> December 2020. As at 31 <sup>st</sup> December, 2022, the outstanding liabilities of these companies was ₦1.063 billion.
7	The audit report noted that royalty receipts from some states (e.g., Nasarawa, Plateau and Enugu) was materially low notwithstanding that these states are known to have large minerals deposits including high-value minerals such as columbite, tin-ore, lead/zinc etc. The production of these high-value minerals is below expectation.	Government should create an enabling environment to attract investors into the exploration and exploitation of minerals with higher value in these states.	<p>FEC in April 2023, signed the Nigerian minerals and Mining (Amendment) Bill. The bill seeks to amend the Nigeria Minerals and Mining Act, 2007 and establish a regulatory authority in order to align it with current realities with a view to attracting potential investors into the sector.</p> <p>In addition, the MMSD has strengthened its collaboration with security agencies to ensure mining sites are safe.</p>





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8	<p>The audit observed that over the years, China has been the major export destination for Nigeria’s solid minerals. This makes the country over reliant on China for mineral export, putting the country at risk in the event of breakdown in business relationship and natural occurrences. For instance, export in 2020 significantly declined by 86% falling from ₦124.23 billion in 2019 to ₦17.53 billion in 2020 as a result of the covid-19 pandemic that affected economic activities and forced major minerals consumers or destinations such as China to reduce import drastically.</p>	<p>Government should mitigate the risk of over dependence on one country for her mineral exports by developing strong business relationship with other countries that may require our solid minerals.</p> <p>The government should also prioritize, embark on, and promote or support industrialization and other policies that encourage local industries and local use of the minerals. This will reduce over dependence on export for revenue or increased revenue from the sector.</p>	<p>China is still the major export destination for Nigeria’s solid minerals, accounting for 97% and 88% of export volume and value respectively. However, there were 18 new solid minerals export destinations in 2021. See Appendix 19 for export destinations.</p>
9	<p>The total tax revenue from CIT and VAT grew significantly. While CIT grew by 274% from ₦4.56 billion in 2019 to ₦17.04 billion in 2020, VAT grew by 61.11% from ₦41.91 billion in 2019 to ₦67.52 billion in 2020. This is as a result of the measures put in place by FIRS to reduce tax evasion as well as increase in tax audit and monitoring activities.</p> <p>It was observed that there was consistent increase in the revenue from WHT between 2016 and 2019, but this dropped in 2020 from ₦17.20 billion in 2019 to ₦16.22 billion, representing 5.70% decrease. The effect of the Covid-19 pandemic may have led to the decline in revenue from WHT, as government and private sectors’ driven business</p>	<p>There is need to sustain the fiscal and other measures currently in place and where necessary review to ensure continuous revenue growth from the sector.</p> <p>Government and private sector business operators should collaborate on developing and implementing digital and electronic business transaction platforms or models that are efficient and require less human interface.</p>	<p>Revenue has continued to increase, continuing the trend from the previous year. Internal reforms, changes effected by Finance Acts and introduction of TaxPro-Max for online filing and tax payments has contributed to increased revenue.</p> <p>The Taxpro-Max platform was developed by FIRS in 2021 for filing of tax returns and payment of taxes electronically at the convenience of taxpayers.</p>





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	during the year were generally slow due to lockdowns and movement restrictions which ultimately impacted on economic activities.		
<b>B</b>	<b>PHYSICAL ISSUES</b>		
11	The report expressed concern that some of the minerals already identified by the federal government as strategic still remain unexplored/untapped and lacked investments.	Government should encourage the development and exploitation of the identified strategic minerals through the development of mineral corridors, clusters and partnering with competent investors and other stakeholders to explore and develop the mineral resources.	This audit report observed an increase in the issuance of EL for Gold, as 415 ELs were issued in 2021 as against 231 in 2020.
12	The report found that in August 2020, a private sector project, Segilola Gold project, began active gold exploration in Iperinodo, Osun State. The Plant began with an estimated production rate of 80,000oz per year.	NEITI welcomes this development and called for the expansion and sustenance of such laudable private sector led projects in the country.	Gold production by the company in 2021 was 7,491oz (9.36%) of estimated annual production, with a total royalty and tax payments of ₦40.5 million and ₦197 million respectively.
13	From the report, the quantity of Lead produced in 2020 was 53,988.36 tons. Total export of mineral ores and concentrates was 8,776,199.50 tons during the period. Similarly, 58 exploration licenses were issued for Iron Ore while the total number of valid mineral titles across the country during the year was 187.	Government should encourage minerals beneficiation and ban export of raw ores. Also, government should start focusing on the opportunities presented by the global shift towards renewables in the production of electric vehicles to utilize the abundance of copper, lead, lithium, cobalt and other Rare Earth Element (REE) minerals found in Nigeria, which are used in the manufacture of batteries and other components of electric vehicles.	In 2021, the FGN launched the Energy Transition Plan to ensure economic development. This plan will ensure that attention is given to the development of energy transition minerals.  During the year under review, 20 and 30 exploration licenses were issued for lithium and copper respectively.





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14	<p>Nigeria has huge deposits of barite cutting across various states (Nasarawa, Plateau, Taraba, Adamawa, Benue, Ebonyi and Cross River) in commercial quantities. However, it was observed that companies still import these minerals. 147 barite titles have been issued but production level during the year under review did not reflect this.</p>	<p>The FGN has banned the importation of barite by International Oil Companies (IOCs) with effect from 2022. In line with this policy, the Nigerian Content Development and Monitoring Board (NCDMB) issued a guideline for the utilization of locally produced barite and drilling in the Nigerian Oil and Gas industry. Specifically, four firms were given approval for the supply of Barites for any drilling project or contract in the Nigerian oil and gas industry. To ensure compliance with NCDMB guidelines, a robust monitoring and surveillance mechanism should be developed and implemented by all critical stakeholders in the oil and gas industry.</p> <p>Government should strengthen its mechanism for ensuring the enforcement of the NCDMB initiatives in respect of Barite production in Nigeria in order to ensure sustainability and its application to other strategic minerals.</p>	<p>Production of Barite increased by 300% moving from 390 tons in 2020 to 1,560 tons in 2021. See Appendix 12 for production and royalty details of Barite.</p>
15	<p>Dangote Cement accounted for 31.95% of total production and 24.5% of total royalty payment in 2020. Lafarge Plc was second and accounted for 17% and 12% of total production volume and royalty receipts respectively.</p>	<p>Government should encourage these companies through fiscal and other measures to enable them make more investments in the solid minerals and attract more high-capacity investors into the sectors.</p>	<p>There was no update in this regard.</p>
16	<p>The Report disclosed that 38 different minerals were produced in Nigeria in 2020 (appendix 13). Granite, limestone, sand and laterite had a combined contribution of 90% and 87% of total</p>	<p>Government should continue to encourage development of these minerals and perhaps introduce some incentives.</p>	<p>There has been improvement in the production of these minerals and by extension, royalty receipts in the current year. Specifically, there was 300% increase in Barite, 34% increase for Gold, 139% increase for Lead/Zinc amongst others.</p>





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	production volume and royalty receipts respectively. The Implication is that Barite, Coal and other precious minerals such as gold, have remained very low in terms of investments.		This growth was as a result of measures instituted by the MMSD to drive revenue generation.
<b>C</b>	<b>PROCESS ISSUES</b>		
17	Activities in the solid minerals sector remain quite low. Out of the 850 companies that were in operation during the year, only 102 met the materiality threshold of ₦3million for the audit and accounted for 90% of total royalty payments.	To fully realize the potentials of the sector, there is the need for more personnel and logistics in most of the state mine offices for increased monitoring and surveillance. In addition, there is need for increased funding and deployment of appropriate technology to support monitoring and enforcement activities.  In the long-term, the Government should constitute a technical committee of experts to develop a robust fiscal regime for the sector similar to that of the oil and gas industry with a view to bringing more extractive companies into the NEITI solid minerals audit net.	Activities in the sector still remain low. Out of the 914 companies that made royalty payment, only 121 (13.2%) met materiality threshold of ₦3 million. Royalty receipts from these companies accounted for 90% of total royalty continuing the trend in the previous year.  The low output observed in the sector is as a result of low investment.
18	The reports also noted that during the period under review (2020) there was no active state-owned enterprise operating in the sector.	There is need to consider the establishment of a state- owned enterprise (SOE) that can serve as a leader and drive investment interest in the sector. Such SOE should be run with the model of the Nigerian Liquefied Natural Gas.	In the course of the audit, the position remains same as the previous audit.
19	The audit disclosed that in the last five years, 7,605 mining titles were issued in the solid minerals sector. However, as at 31 <sup>st</sup> December 2020, only 6009 were valid. A breakdown shows that 2,795 exploration licenses, 123 mining leases, 1,082 small scale mining leases and 981 reconnaissance	This denotes a sustained interest in exploration. Government should monitor and encourage the development of ELs to MLs and QLs to ensure a sustained development in the sector; discourage speculators and activate the principle of ‘use it or lose it’.	In the course of the audit, the IA noted that the position still remains the same as Els issued in 2021 was 881, as against 527 in 2020.





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	permits were issued. Out of the 7,605 mining titles issued in the sector in the last five years, 1,482 of them were issued in 2020.		
20	During the period under review, there was no consolidation or revocation of licences. However, 26 licenses were transferred. Details are outlined in Appendix 9.	MCO should continue ensure that processes and procedures as stipulated in section 147(3&4) of the Nigerian mineral and mining Act 2007, required for licence and transfers are strictly adhered to.	In year 2021, 31 licenses were transferred, 11 consolidated and 13 relinquished. Therefore, the IA confirmed that all processes and procedures involved in the above listed were strictly adhered to.
21	The audit observed that signed Community Development Agreements (CDAs) are housed at MMSD – MECD, which is the repository of such documents. However, the documents are not publicly available.	For the purpose of transparency and accountability in the sector and to ensure healthy relationships between the operators and host communities, the MMSD should make all signed CDAs publicly available and accessible by hosting them on the ministry’s website. This is in line with Nigeria’s commitment to Open Government Partnership and EITI principles.	The audit noted that the position remains the same as signed CDAs of companies were still not made publicly available.
22	Generally, the revenue generated from the sector was below expectation; this may not be unconnected with the attitude of small-scale miners towards filling their monthly production returns. In addition, there is weak monitoring of mining activities due to insufficient or lack of manpower at the states’ mine offices, poor deployment of technology and security challenges.	There is need for government to strengthen the state mines offices by improving the manning level as well as invest in modern technology to drive monitoring production and revenue collection.	There is no update in this regard.
23	The Report established that Nigeria has a huge Bitumen deposit of about 42.74 billion metric tons that spreads across Lagos, Ogun, and Ondo.	The government should conclude the bid round for the award of licence for the development of Bitumen deposits.	In 2021, one (1) exploration license was issued for Bitumen.  However, competitive bidding for development of Nigeria’s delineated bitumen blocks was





			opened in 2021 and concluded in May 2023.
24	The Report disclosed that during the period under review, there were 1,273 ASM operators within the 6 geographical zones of the country. A breakdown shows that South-South has 146, South-East 170, South-West 182, North-East 184, North-West 236 and North-Central 355.	Government should continue the policy of formalization of ASMs and introduce KPIs to evaluate annual progress.	The position remains the same.
25	The report noted that minerals export as per the records derived from the export permits issued by MID was 34,634.71 tons of minerals while the record of NCS showed 32,992.62 tons. The report also noted that there were minerals exported for which there were no evidence of export permit.	There should be periodic reconciliation of export permit issued by the MMSD and actual export records of NCS. This will ensure that only minerals with valid permits are exported.	The position still remains the same as the classification of minerals between the two agencies are different.

## 7.2 Current Year Findings and Recommendations

Detailed in the table below are observations/findings in course of carrying out the assignment and recommendations proffered.

SN	Findings	Recommendation
<b>Level of Activities in the Sector</b>		
1	The total number of companies operating in the sector, 1,214 however, only 914 (75%) paid royalties while 300 (25%) had no production, hence, no royalty payments. Out of the 914 companies that paid royalties, only 121 (13.24%) met the materiality threshold. This percentage is low compared to the number of companies operating in the sector.	There is a need for increased or constant monitoring and surveillance of the operators. This can be achieved through increased funding to the MMSD, adoption of a risk-based approach to monitoring, focusing resources on high-risk areas or operators with a history of poor compliance. In addition, the deployment of appropriate technology to support monitoring and enforcement activities.  The MMSD to set up whistle blower mechanism to encourage individuals with knowledge of illegal mining or environmental violation, to report such activities confidentially.
2	Exploration Licenses increased significantly by 324 licenses	The government should prioritise and provide continued support to companies engaged in







	(62.79%), from 516 in 2020 to 840 in 2021, indicating a sustained interest in mineral exploration and production.	<p>exploration activities by establishing well-funded geoscientific data collection programs. This includes investing in advanced geochemical and geophysical techniques to enhance the accuracy and efficiency of exploration efforts.</p> <p>In addition, Government should monitor and encourage the development of ELs to MLs and QLs to ensure a sustained development in the sector; discourage speculators and activate the principle of ‘use it or lose it’.</p>
3	There was an 85% increase in the number of ASM operators, from 1,273 in 2020 to 2,336 in 2021 across the six geo-political zones of the country. However, there are no commensurate data (i.e. production, royalty, export, etc.) to support this increase in operators. This implies that the sector has great potential yet to be harnessed.	Government should intensify efforts through the ASM department to formalize ASMs across the 6 geo-political zones of the country to enable her track records of production, export and royalties.
<b>Revenue Generation</b>		
4	The total revenue from the sector over the last fifteen years (2007 – 2021) is 814.59bn. This amount is significantly low compared to the economic potential of the sector.	<p>The FGN through the MMSD should establish a Special Purpose Vehicle (SPV) dedicated to de-risking the solid minerals sector value chain. This SPV primary objective is to attract investments that drives revenue generation and promote sustainable growth in the sector. The underlisted are suggested:</p> <ul style="list-style-type: none"> <li>ix. Establish the SPV (similar to NIRSAL Plc in the agricultural sector)</li> <li>x. Conduct comprehensive risk assessment of the sector value chain, identifying areas of concern and developing strategies to mitigate risks</li> <li>xi. Promote investments drive for the sector</li> <li>xii. Develop incentives and support mechanisms for investors</li> </ul> <p>Furthermore, the MMSD and MCO should constantly engage with the relevant stakeholders to sustain conducive environment for investments and revenue growth in the sector.</p>
5	The audit revealed that the solid minerals sector contributed less than 1% to the national GDP in 2021, and accounted for 2.62% of total revenue and 0.24% of total exports. While	The FGN in collaboration with MMSD and other relevant agencies should have engagements with operators to enable them to understand the key challenges and develop a wholistic framework that





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	<p>there has been some improvement compared to previous years, the sector has not yet reached its full potential in making a significant impact on the overall Nigerian economy.</p>	<p>will create an enabling environment for mining operations and investments.</p> <p>the FGN and MMSD could consider:</p> <ul style="list-style-type: none"> <li>● Strengthen the regulatory framework for the mining sector. This could involve updating the mining laws and regulations.</li> <li>● Accelerating approval processes by streamlining and expediting the approvals for exploration licenses to encourage more companies to engage in exploration activities that will boost the identification and development of mineral reserves.</li> <li>● Investment Incentives: Consider providing incentives such as tax breaks, grants, or subsidies to attract investments and encourage mining companies to expand their operations</li> <li>● Resolve land use and mineral rights (exclusive and concurrent list items) dichotomy in Nigeria through: <ul style="list-style-type: none"> <li>- harmonizing the laws governing land and mineral rights to ensure consistency and clarity. This may involve reviewing and amending relevant laws to eliminate conflicts and overlapping jurisdictions.</li> <li>- developing comprehensive land use plans that consider both agricultural and mining activities to avoid conflicts and promote sustainable development.</li> <li>- improving coordination between different levels of government (federal, state, and local) to ensure a unified approach to land and mineral rights management.</li> <li>- Raising public awareness about land and mineral rights, their importance, and the government's efforts to resolve disputes and promote responsible resource management.</li> </ul> </li> </ul>
6	<p>The major challenge in revenue distribution from the solid minerals sector lies in the absence of a sector-specific fiscal regime. While the majority of revenue (over 85%) is generated by the Federal Inland Revenue Service (FIRS), it cannot be distributed to states because it is difficult to link these taxes to specific activities within the sector, e.g., taxes paid on quarrying activities of construction companies.</p>	<p>To address the revenue distribution challenge in the solid minerals sector, the government, through the Ministry of Mines and Steel Development (MMSD), should create a robust sector-specific fiscal regime. This will accurately link revenues to specific sector activities and ensure transparent and equitable distribution of revenue to the federal and subnational governments. Implementing such a regime will improve revenue collection and management, increase shared revenue, and support sustainable sector growth.</p>





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	<p>As a result, only revenues from the Mining Cadastre Office (MCO) and the Mining Inspectorate Department of the Ministry of Mines and Steel Development (MID) are shared among the states. Unfortunately, these revenues have consistently been low.</p>	<p>Additionally, state governments should collaborate with the Federal government to fast-track the development and implementation of the sector-specific fiscal regime. This joint effort will enable fair revenue distribution to states based on the principle of derivation, ensuring each state benefits more fairly from the mineral resources within its jurisdiction.</p>
7	<p>The seven (7) strategic minerals in the sector contributed a total of ₦1.42 billion in royalty payments, with limestone being the dominant contributor at ₦1.03 billion (73.07%). Notably, the commencement of full operations at the Dangote cement plant in Okpella, Edo State, has the potential to further increase the royalty revenue from limestone.</p> <p>However, the significant disparity in royalty contributions between limestone and the other minerals highlights the under-performance of the latter. Efforts should be directed towards promoting and enhancing the exploration and production of these minerals to maximize their revenue potential and foster balanced growth in the solid minerals sector.</p>	<p>The FGN, through the MMSD, must urgently review the solid minerals roadmap to align it with current market realities and implement sustainable strategies for boosting revenue from other strategic minerals, reducing reliance on a single mineral like limestone.</p>
8	<p>Nineteen (19) states in Nigeria, including Zamfara and Enugu, contributed less than 1% each to the total royalty receipts from the solid minerals sector. Despite having significant commercial quantities of strategic minerals like gold and coal, these states have not maximized their potential.</p> <p>The government should prioritize states like these and their mineral resources by implementing targeted investments, infrastructural development, and policy support. Unlocking the full potential of these resources can transform Zamfara, Enugu and other states into major</p>	<p>To unlock the potential of coal, gold, bitumen, lead/zinc, Iron ore and Barites, in the various States with commercial quantities, revitalize the Nigerian Coal Corporation through a Public-Private Partnership (PPP). This collaboration between the government and private investors will attract investments and drive development in the coal sector.</p> <p>Likewise, for gold, establish a national gold company under a PPP model to drive primarily exploration, exploitation, and gold beneficiation in the sector. Partnering with private investors will accelerate the growth of the gold industry.</p>





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	contributors to the solid minerals sector, driving economic growth and widespread development in the country.	These strategic initiatives will harness Nigeria's rich coal and gold resources, promote economic growth, support job creation, and sustainable development.
9	During the reconciliation exercise, two companies, <b>Rockwaters Integrated Service Nigeria Limited and Kaidi Investment Limited</b> , claimed to have ceased operations and did not participate. These companies had a total payment of ₦21.34 million. However, there were no supporting documentation from the Ministry of Mines and Steel Development (MMSD), Mining Cadastre Office (MCO), or the companies themselves to verify their claims.	The MMSD-MID and MCO should carry out audit on these companies to verify their claims and ensure that all necessary documentation are in place including recovery of all outstanding payments (if any).
<b>Mineral Export</b>		
10	The report noted a significant variance of 38,145,850 tons between solid minerals export data reported by NCS and MMSD-MID. This variance is as a result of non-collaboration between the NCS and MMSD and implies that some companies are exporting without obtaining relevant permit from the MMSD and payment of royalties on the minerals exported.	The MMSD-MID should collaborate with the NCS on the issue of export permit. The NCS should enforce compliance on export permits from MID prior to mineral export.
<b>Community Development Agreement (CDA) and Environmental Expenditure</b>		
11	CDA is a prerequisite for exploitation of minerals in Nigeria as contained in Section 116(1) of the NMMA 2007. Despite this requirement of the law, the report noted that only 67 out of 121 companies covered in the audit, executed CDAs with their host communities.  However, there was no evidence that the MECD monitors implementation of these CDAs.	The FGN should develop a robust framework for ensuring strict compliance with the provisions of Section 116(1) of the NMMA 2007. Strong sanctions should be meted on erring companies.  In addition to the above, MECD should carry out spot checks on mining sites to ensure that companies are implementing the CDAs.
12	This report found that the MMSD-MECD only has signed CDAs for 56 out of the 121 companies covered in the audit. These CDAs are also not publicly accessible contrary to Nigeria's commitment to open	The MMSD should host all signed CDAs on its website to make them easily accessible to the public. This would





	government and the EITI's requirement for open data.	<ul style="list-style-type: none"> <li>● Allow citizens and stakeholders to see what social benefits mining companies provide to the host communities.</li> <li>● Reinforce trust between the government, the mining companies, and the host communities</li> </ul>
13	<p>The report observed that only 39 out of 121 companies made the mandatory social payments as contained in the CDA signed with their host communities while 10 companies made only non - mandatory social payments/expenditures.</p> <p>This reveals poor compliance to the social benefit to host communities' requirements of the NMMA 2007 and NMMR 2011 as embedded in the CDA's.</p>	<p>The MMSD and MCO should collaborate on a framework for monitoring compliance with the terms of NMMA 2007 and MMR 2011 and impose appropriate penalties on defaulters.</p> <p>To achieve this, the following steps should be taken:</p> <ul style="list-style-type: none"> <li>● Establish a Clear Framework: The MMSD and MCO should jointly develop a comprehensive framework that outlines the requirements and guidelines for CDAs. This framework should cover various aspects, including community engagement, social and environmental responsibilities, and revenue-sharing arrangements.</li> <li>● Regular Monitoring and Reporting: The MMSD and MCO should implement a system for regular monitoring of mining activities and their impact on local communities. This includes periodic reporting on the status of CDAs and the extent of compliance by mining companies.</li> <li>● Penalties for Non-Compliance: To enforce compliance, clear penalties should be defined for mining companies that fail to meet their CDA obligations. These penalties should be appropriate, proportionate, and effectively enforced.</li> <li>● Community Participation: The framework should promote active participation and involvement of affected communities in monitoring and evaluating the implementation of CDAs.</li> </ul> <p>Stakeholder Engagement: Regular consultations and engagements with relevant stakeholders, including mining companies, local communities, and civil society organizations, should be conducted to address issues and concerns related to CDAs.</p>





14	<p>The report found that only 50 out of 121 companies (41.32%) fully complied with environmental standards, indicating low overall compliance with environmental laws and regulations by most companies.</p>	<p>The relevant agency of government (i.e., NESREA) should take strict actions by imposing sanctions on all non-compliant companies. Additionally, it should provide a list of all non-compliant companies to the MMSD for further disciplinary measures, such as license suspension or revocation, fines, and possible imprisonment as per the Harmful Waste Act, 2004.</p>
<b>Emerging Issues</b>		
15	<p>This report noted an emerging phase in the mining sector - Nigeria Energy Transition Plan, which seeks to create significant investment opportunities for the establishment and expansion of industries related to solar energy, hydrogen, and electric vehicles.</p>	<p>The FGN should collaborate with relevant stakeholders to ensure that the Energy Transition Plan (ETP) is consciously implemented.</p>
16	<p>Energy Transition Minerals or the future minerals as listed below.</p> <ul style="list-style-type: none"> <li>▪ Cobalt</li> <li>▪ Lithium</li> <li>▪ Nickel</li> <li>▪ Copper</li> <li>▪ Graphite</li> <li>▪ Titanium</li> </ul> <p>The report noted that 20 and 30 exploration licenses for Lithium and Copper respectively were issued in 2021. No licenses were issued for the remaining four (4) minerals. The number of licenses issued are insignificant in comparison for the demand of these minerals for energy transition.</p>	<p>The Government should streamline licensing process for the transition minerals, offer incentives (tax breaks, reduced royalty ratee, grants, etc.), and implement measures to manage exploration risks through either insurance or risk sharing mechanism with exploration companies.</p>
<b>Materiality</b>		
17	<p>The report noted that receipts by MCO accounts for over 70% of unilateral disclosure with annual service fees representing over 65% of the revenue unilaterally disclosed by MCO. The considerable revenue generated from annual service fees underscores its significance within the total revenue contributed to the federation account from the solid minerals sector.</p>	<p>It is essential that the next Independent Administrator (IA) incorporate annual service fees alongside royalty payments in the evaluation of materiality threshold for revenue streams from the sector in future audits.</p>





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### 7.3 Conclusion

The 2021 Solid minerals industries report was a consolidation on the previous reports of the sector published by NEITI in line with the principles and standards of the global Extractive Industries Transparency Initiative – EITI and the provisions of the NEITI Act 2007. The significant feature of the report is the disclosure of information on the following:

- a. Government revenue from the solid minerals sector;
- b. Licenses allocations, mineral production and export;
- c. Solid minerals contribution to Nigeria’s economy; and
- d. Solid minerals revenue distribution.

These disclosures promote the EITI principles and drives public debate on Nigeria’s natural resource governance and management.





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