

# Solid Minerals Industry Audit Report 2016

## FULL REPORT

November 2018



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12<sup>th</sup> November 2018

The Executive Secretary,  
Nigeria Extractive Industries Transparency Initiative (NEITI),  
No. 60, Nelson Mandela Street,  
Asokoro, Abuja.

Dear Sir,

### **REPORT ON THE CONDUCT OF NIGERIA SOLID MINERALS INDUSTRY EITI RECONCILIATION FOR 2016**

We have carried out the Nigeria Solid Minerals Industry reconciliation exercise for 2016 in line with the procedures agreed with you in accordance with our engagement letter dated March 8, 2018.

The assignment was undertaken for the purpose of Nigeria Extractive Industries Transparency Initiative in compliance with EITI Standard 2016 for implementing countries. The assignment was carried out in accordance with the International Standard on Related Services applicable to agreed upon procedures engagements. The procedures we performed were specific to the assignment as set out in the Terms of Reference attached herein, except where stated otherwise.

Our findings are duly set out in the Report, including its appendices. Please note that the procedures performed were not designed to constitute an audit or review made in accordance with International Standards on Auditing or International Standards on Review Engagements; therefore, we do not express any opinion on the underlying transactions. Had we performed additional procedures pursuant to International Standards on Auditing or International Standards on Review Engagements, other matters might have come to our attention which would have been reported to you accordingly.

This Report is solely for the purpose of informing the National Stakeholders Working Group on the matters set out in the terms of reference and is not addressed to any other party; or to be used for any other purpose. The report relates only to the subject matter specifically set out herein and does not extend to any financial statements of any entity, in part or as whole.

Thank you.

Yours faithfully,

**For: Tajudeen Badejo & Co**



Badejo Tajudeen  
Managing Partner

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**LIST OF ACRONYMS AND MEANINGS**

S/No	ACRONYM	MEANING
1	ANFO	Ammonium Fuel Oil
2	ASM	Artisanal and small Scale Mining
3	ANAN	Association of National Accountants of Nigeria
4	AFS	Audited Financial Statements
5	BO	Beneficial Ownership
6	BAC	Board of Appeal Commissioners
7	BPP	Bureau of Public Procurement
8	CGT	Capital Gain Tax
9	CBN	Central Bank of Nigeria
10	CS	Civil Society
11	CDA	Community Development Agreement
12	CIT	Companies Income Tax
13	CITA	Companies Income Tax Act
14	CAMA	Company and Allied Matters Act
15	CRF	Consolidated Revenue Fund
16	CAC	Corporate Affairs Commission
17	CSR	Corporate Social Responsibility
18	EIA	Environmental Impact Assessment
19	EL	Exploratory Licence
20	EEG	Export Expansion Grant
21	EOI	Expression of Interest
22	EITI	Extractive Industries Transparency Initiative
23	FCT	Federal Capital Territory
24	FEC	Federal Executive Council
25	FG	Federal Government
26	FGN	Federal Government of Nigeria
27	FIRS	Federal Inland Revenue Service
28	FNBNP	Federal Ministry of Budget and National Planning
29	FME	Federal Ministry of Environment
30	FAAC	Federation Account Allocation Committee
31	FRA	Fiscal Responsibility Act
32	FSP	Fiscal Strategy Paper
33	FOI	Freedom of Information Act
34	FOB	Freight On Board
35	GDP	Gross Domestic Product
36	IDITRA	Industrial Development (Income Tax Relief) Act
37	ICAN	Institute of Chartered Accountants of Nigeria
38	IFAC	International Federation of Accountants
39	IFRS	International Financial Reporting Standards



## 1.0 INTRODUCTION

The Extractive Industries Transparency Initiative (EITI) is an international initiative among governments, companies and civil society groups that promotes revenue transparency and accountability in the oil and gas, and mining sectors. It has a robust yet flexible methodology for disclosing and reconciling company payments and government revenues in implementing countries.

The purpose of the initiative is to encourage greater transparency in the extractive sector. This would enable citizens to make informed demands for the fair sustainable use of revenues generated through the exploitation of natural resources. The EITI requires implementing countries to prepare and publish an annual report disclosing company payments and government revenues from the extractive sector.

The National Stakeholders Working Group (NSWG) of Nigeria Extractive Industries Transparency Initiative (NEITI) appointed Messrs Tajudeen Badejo & Co (Chartered Accountants) as the Independent Administrator for audit of the Nigeria Solid Minerals sector to produce a Solid Minerals Audit (SMA) report for the year 2016 in accordance with the NEITI Act 2007 and the 2016 EITI Standards.

The report was prepared based on the Terms of Reference (ToR) provided by NEITI NSWG and covers an overview of the mining sector in Nigeria, licensing regime, exploration and production, beneficial ownership, contract transparency, state participation in the sector, revenue streams and collection (including reconciliation). The report also provides recommendations from the observations made.

The NEITI Act 2007, being part of the overall reforms of government, domesticated the EITI principles and institutionalized a system of openness and transparency in the flow of revenue information from the extractive industry (oil and gas, solid minerals as well as forestry and fishery) sector. Since establishment, NEITI has been effective in strengthening public debates and promoting policy options around the extractive sector governance.

The NEITI NSWG which supervises the NEITI secretariat consists of 15 members drawn from the extractive industry, civil society, labour unions in the extractive sector, and representatives from the six geo-political zones in Nigeria. The Executive Secretary/Chief Executive Officer of NEITI serves as Secretary to the NSWG.

For details of the NEITI Act 2007, kindly visit:

<http://www.neiti.gov.ng/index.php/resources/internal-resources/publications?download=104:neiti-act-2007>

In compliance with EITI requirements, Nigeria has published six (6) cycles of the solid mineral sector reports covering the years 2007 to 2015. Details of these audit reports are available on NEITI website: <http://www.neiti.gov.ng/index.php/neiti-audits/solid-minerals>

See the table 1.1 below for the list of NEITI published reports.

Table 1.1: List of NEITI published reports 2007 – 2015

S/N	Year	Reporting Companies No	Total Payments from Companies (USD Millions)	Total Revenue from Government Agencies (USD Millions)	Publication Dates
1	2015	42	334.90 <sup>1</sup>	328.06	Jul 2017
2	2014	39	410.15	293.57	Dec 2016
3	2013	65	192.98	194.93	Mar 2016
4	2012	65	177.58	164.67	Dec 2015
5	2011	67	172.69	172.91	Jan 2013
6	*2010	78	115.19	115.00	Dec 2012
7	*2009	78	129.35	129.73	Dec 2012
8	*2008	78	79.32	80.82	Dec 2012
9	*2007	78	61.43	65.26	Dec 2012

Source: NEITI Annual Audit Reports

\*These were published as one report in 2012.

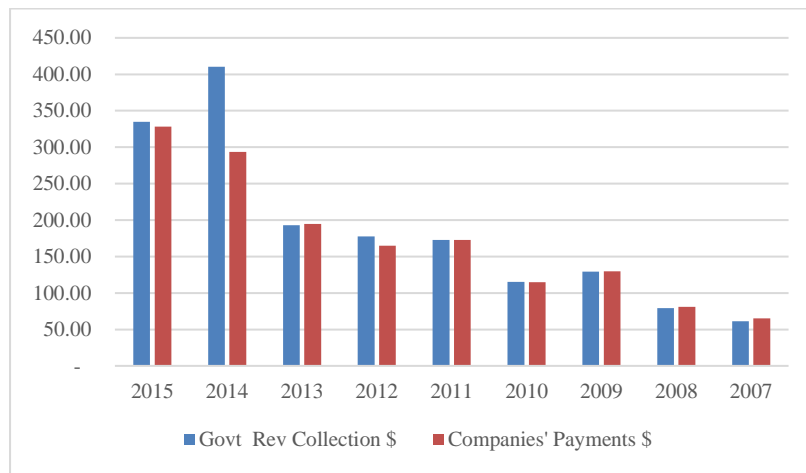


Figure 1.1: Comparative analysis of receipts and payments for 2007 - 2015

### Solid mineral occurrences

Nigeria is endowed with a variety of solid minerals ranging from precious metals, gemstones to industrial minerals. The Federal Government (FG) has identified forty (40) types of minerals that have the potential to make significant contributions to the national economy. See figure 1.2 below:



Figure 1.2: Map of Nigeria showing solid minerals and locations

Source: [https://www.researchgate.net/Map-of-Nigeria-Showing-Solid-Mineral-Locations\\_fig1\\_293882877](https://www.researchgate.net/Map-of-Nigeria-Showing-Solid-Mineral-Locations_fig1_293882877)

Table 1.2 below shows mineral resources distribution in Nigeria on state-by-state basis.

Table 1.2: Mineral resources distribution in Nigeria

S/N	STATE	MINERAL RESOURCES POSSIBLY IN COMMERCIAL QUANTITIES
1	Abia	Glass sand, limestone, salt, shale, ball clay, granite, galena, marble laterite, bentonite, phosphate, kaolin, pyrite, feldspar, petroleum, lignite, gypsum, sphalerite, clay
2	Adamawa	Feldspars, flourspar, marble, gypsum, magnesite, tantalite, rock crystal, laterites, topas, sandstones, mercury, glass sand, zircon, spinel, emerald, graphite, beryll, tourmaline, mica, iron ore, clay minerals, diatomite, coal, garnet, aquamarine, gold dust, zoisite, cassiterite, agates, amethyst chalcocopyrite, kaolin, limestone, chalcedony, onyx, barytes, zinc, tin, uranium, quartz, mica, wolframite, columbite, platinum, ruby
3	Akwa Ibom	Clay, glass sand, salt, silica sand, granite, coal, petroleum, natural gas, kaolin, limestone, lignite
4	Anambra	Clay, iron stone, natural gas, petroleum, sand stone, kaolin, pyrite, lignite
5	Bauchi	Kaolin, trona, gypsum, cassiterite, mica, clay, tantalite, galena, iron ore, gemstone, sphalerite, silica sand, barite, columbite, zinc, lead, muscovite, quartz, tin, glass sand, monazite, feldspar, graphite, wolfram, coal, agate, rutile, tungsten, copper, talc, limenite, ziron
6	Bayelsa	Salt, petroleum, natural gas, silica sand, bentonite, petroleum, limestone, glass sand
7	Benue	Gemstone, barites, feldspar, marble, mica, silica sand, quartz, galena, lead, zinc ore, silica sand, clay, crushed and dimension stone, flourspar, wolframite, bauxite, shale, magnesite, illmenite.
8	Borno	Silica sand, natural salt, sapphire, topaz, mica, quartz, gypsum, uranium, iron ore, megnesite, fedspar, granite aquamarine, nepheline, limestone, kaolin, bentonite, laterite, refractory clay, trona, gold, tin, potash
9	Cross Rivers	Salt limestone, coal, maganese, mica, limenite, gold, quartz, glass sand, tourmaline, petroleum, natural gas, kaolin, tin ore, sharp sand, spring water, salt deposit, talc , granite, galena, lead, zinc, tin ore, muscovite, uranium, barite
10	Delta	Kaolin, lateritic clay, gravel, silica sand, natural gas, petroleum, ball clay, bauxite, granite, river sand, clay, spring water
11	Ebonyi	Lead, zinc ore, salt, limestone, ball clay, refractory clay, gypsum, granite
12	Edo	Charonokite, copper, gold, marble, granite, gypsum, petroleum, dorite, lignite, limestone, ceramic clay
13	Ekiti	Clay, chamokite, quartz, lignite, limestone, granite, gemstone, bauxite, cassiterite, clumbite, tantalite, feldspar, kaolin
14	Enugu	Laterite clay, crude oil, kaolinitic clay, iron ore, glass sand, petroleum, gypsum, coal, silica sand ceramics
15	Gombe	Graphite, kaolin, limestone, silica sand, uranium, coal, halites, clay, gypsum, diatomite, granite
16	Imo	Crude oil, shale, natural gas, kaolin, laterite sand, limestone, salt, marble
17	Jigawa	Glass sand, granite, laterite clay, silica, kaolin, iron ore, quartz, potash, talc, illmenite, gemstone, columbite
18	Kaduna	Muscovite, granite, gold, manganese, clay, graphite, sand, zircon, kyanite, tin ore, illmenite, gemstone, Columbite
19	Kano	Clay, laterite, cassiterite, columbite, illmenite galena, phyrochlorite, kaoline, gemstone, silica, tin ore, monazite, wolframite, thorium, granite, hyalite, kaolin, beryl, amethyst, gold
20	Katsina	Gold, manganese, lateritic, clay, feldspar, black tourmaline, amethyst, quartz, kaolin, mica, gypsum, silimanite, clay, granite, sand, uranium asbestos, tourmalin, chromites, illmenite, diamond, graphite, iron ore, potash, silica sand
21	Kebbi	Salt, iron ore, gold, feldspar, limestone, quartz, bauxitic clay, manganese, kaolin, mica
22	Kogi	Clay, iron ore, gemstone, marble, limestone, feldspar, dolomite, phosphate, mica, cassiterite, granite, ornamental stone, coal
23	Kwara	Clay, kaolin, silica sand, quartz, dolomite, marble, feldspar, gold, tantalite, cassiterite, granite, limestone
24	Lagos	Silica sand, bitumen, sharp sand, gravel, petroleum, laterite
25	Nasarawa	Cassiterite, gemstone, amethyst, beryl, chrysolite, emerald, gamet, sapphire, topaz, barites, galena, monazite, zircon, glass sand, coal
26	Niger	Bell clay, kaolin, limestone, granite, glass sand, iron ore, red clay, feldspar, silica sand, quartz, asbestos, marble, talc, gemstone, gold, manganese and tantalite
27	Ogun	Kaolin, feldspar, silica sand, mica, granite, clay, phosphate, gypsum, limestone, quartz, tar sand
28	Ondo	Marble, gold, gemstone, diorite, lignite
29	Osun	Clay, granite, talc, dolomite, feldspar, quartz, limestone, mica, gold
30	Oyo	Clay, feldspar, granite, limonite, iron ore, kaolin, quartz, talc, marble, dolomite, tourmaline, aquamarine, amethyst, gemstones
31	Plateau	Monazite, columbite, feldspar, clay, cassiterite, gemstone, kaolin, dolomite, mica, zircon, marble, limonite, barite, quartz, talc, galena
32	Rivers	Petroleum, natural gas, silica sand, glass sand, clay
33	Sokoto	Silica sand, clay, salt, limestone, phosphate, gypsum, kaolin, laterite, potash, granite
34	Taraba	Flourspar, garnet, tourmaline, sapphire, zircon, tantalite, columbite, cassiterite, barite, gelena, limestone, laterite, calcite, bentonitic clay, Sapphire
35	Yobe	Salt, trona, diatomite, clay, gypsum, kaolin silica sand, limestone, epsomite, iron ore, shale, uranium, granite, bentonic clay
36	Zamfara	Gold, alluvia gold, granite, chromites, chamorckite, clay, feldspar, spring water
37	FCT	Limestone, kaolin, granite, marble, feldspar, mica, dolomite, clay, sand, talc, Lead, Zinc and Gold

Source: <http://www.minesandsteel.gov.ng/wp-content/uploads/2017/10/Nigeria-Ministry-of-Solid-Minerals-Investment-BrochureV14.pdf>

## 1.1 Objective of the Audit

In accordance with the Terms of Reference (ToR) the objective of the assignment is to produce a Solid Minerals Sector Audit Report for 2016 in accordance with the NEITI Act and the EITI Standard. The overall aim is to assist the government in ascertaining the contributions of the solid minerals sector to the economy and to realize their potentials

through improved resource governance.

The summary of other objectives of the assignment includes:

- To collect and analyse payments made by mining companies to the Federal Government of Nigeria (FGN);
- To collect and analyse receipts by the government;
- To reconcile payments by mining companies to receipts by the government; and
- To report on balances payable / receivable at the end of the audit period for financial flows as summarized in the table 1.3 below.

Table 1.3: Summary of financial flows

Payment flow (Agencies)	Declared government receipts ₦	Declared company's payment ₦	Difference ₦
Taxes (FIRS)	40,381,311,994.48	40,361,186,033.49	20,125,960.99
Royalty and fees (MID)	1,437,791,151.32	1,412,614,451.32	25,176,700.00
Fees (MCO)	156,025,800	156,025,800	-
<b>Sub-total: Reconciled revenue 'a'</b>	<b>41,975,128,945.80</b>	<b>41,929,826,284.81</b>	<b>45,302,660.99</b>
Unilateral disclosure by government	1,247,259,366.89	-	
Unilateral disclosure by company	-	7,036,738,065.44	
<b>Sub-total: Unilateral disclosure 'b'</b>	<b>1,247,259,366.89</b>	<b>7,036,738,065.44</b>	
Total (a + b)	<b>43,222,388,312.69</b>	<b>48,966,564,350.25</b>	

## 1.2 Approach and Methodology

The methodology adopted for the assignment comprised of the following:

- Preliminary analysis
- Reconciliation and reporting

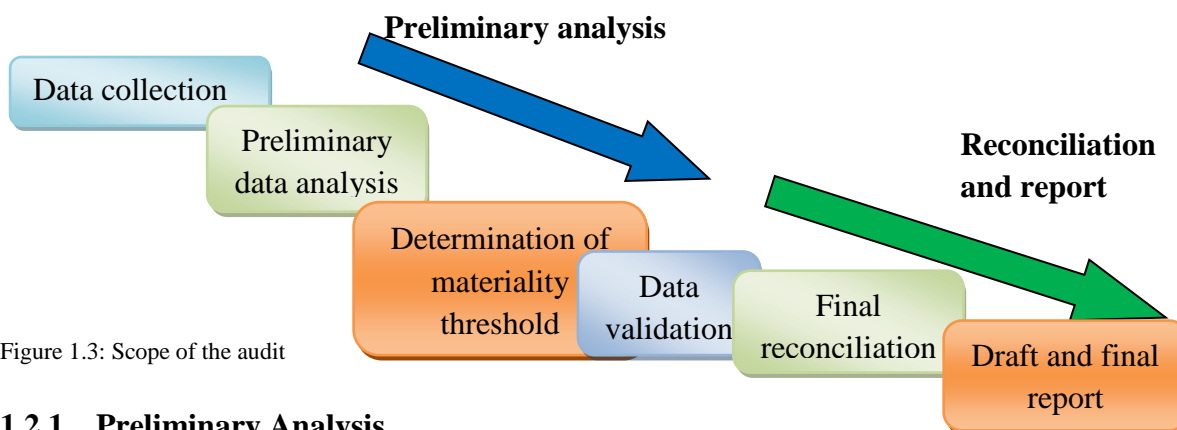


Figure 1.3: Scope of the audit

### 1.2.1 Preliminary Analysis

This involves data collection, data analysis, determination of materiality threshold, data quality and assurance, and inception report.

#### i Data collection

Data collection was through templates issued by NEITI to all Covered Entities to populate and return.

#### ii Preliminary data analysis

Based on the templates returned by the MID, government declared royalty was ₦1,649,245,665.90. This amount was paid by 651 companies as analyzed in the table below.

The IA adopted Royalty payment as the basis for the determination of materiality threshold in the year 2016 as this is the only material revenue flow specific to the sector and tied to the production; this was subsequently approved by the NSWG.

Table 1.4: Analysis of royalty declared by government in 2016

Extractive companies payment range	No of Company	Cumulative number of Companies	Royalty paid ₦	Cumulative royalty ₦	Royalty paid %	Cumulative royalty %
≥ N100million	2	2	777,884,153.56	777,884,153.56	47%	47%
≥ N50million, but less N100million	1	3	82,550,159.86	860,434,313.42	5%	52%
≥ N20million, but less N50million	9	12	251,392,617.27	1,111,826,930.69	15%	67%
≥ N10million, but less N20million	10	22	129,629,469.55	1,241,456,400.24	8%	75%
≥ N5million, but less N10million	20	42	137,735,452.42	1,379,191,852.66	9%	84%
≥ N3million, but less N5million	14	56	53,585,586.35	<b>1,432,777,439.01</b>	<b>3%</b>	<b>87%</b>
Royalty above threshold (tab1.5) - a			<b>1,432,777,439.01</b>		<b>87%</b>	
Royalty below Threshold - b	595	595	216,468,226.89	216,468,226.89	13%	13%
<b>(a) + (b)</b>	<b>651</b>	<b>651</b>	<b>1,649,245,665.90</b>		<b>100%</b>	<b>100%</b>

From table 1.4 above, twenty two (22) companies made royalty payments of ₦10million and above amounting to 75% of total royalty declared. Out of these, two companies made royalty payments in excess of ₦100million each and this accounted for 47% of total royalty declared. Considering royalty payment of ₦3million which is the approved threshold, fifty six (56) extractive companies would be covered; this represents 86.87% of the total royalty payment in the year under review.

### iii Determination of materiality threshold

Following from the above analyses, the NSWG approved ₦3million as materiality threshold. In the opinion of the Independent Administrator the ₦3million royalty threshold is sufficient and provides reasonable coverage for the reconciliation.

For details of the NSWG approval, kindly refer to:

<http://neiti.gov.ng/phocadownload/MINUTES%20OF%20THE%20EMERGENCY%20MEETING%20OF%20NSWG%2013%20JUNE%202018.pdf>

Consequent upon the approval of ₦3million materiality threshold by the NSWG, 56 companies contained in table 1.5 below who met the threshold were selected for reconciliation.

Table 1.5: List of companies that met threshold

S/N	Name of company	Amount ₦
1	Dangote Cement Plc	620,773,689.22
2	Lafarge Africa Plc	157,110,464.34
3	United Cement Company Plc	82,550,159.86
4	Julius Berger Nigeria Plc	41,856,214.38
5	Setraco Nigeria Limited	35,480,981.86
6	Reynolds Construction Company (Nig.) Ltd.	32,471,838.43
7	AshakaCem Plc	29,147,355.50
8	Ratcon Construction Company Ltd	25,407,424.60
9	Crushed Rock Industries Nigeria Limited	24,454,497.50
10	Zeberced Limited	21,407,625.00
11	Sino Mineral Co. Ltd	21,032,000.00
12	Cement Company of Northern Nigeria Plc	20,134,680.00
13	CCECC Nigeria Ltd	16,634,471.00
14	BUA International Ltd (Okpella Site, Edo State)	15,084,200.00

15	Woda (Mountain) Investment Ltd	13,851,500.00
16	C.G.C Nigeria Limited	13,036,353.08
17	Kopek Construction Limited	12,812,720.00
18	Lafarge Readymix Nigeria Limited	12,244,716.00
19	Arab Contractors O.A.O. Nigeria Ltd.	12,053,903.47
20	Triacta Nigeria Ltd.	11,873,806.00
21	Mercury Mining Investment Limited	11,420,500.00
22	Levant Construction Limited	10,617,300.00
23	Georgio Rocks Limited	9,343,295.70
24	Spearman Brown Nig. Ltd	8,802,225.00
25	S.C.C. Nigeria Limited	8,341,192.88
26	Coltan Minerals Limited	8,245,500.00
27	Six Six Manufacturing & Global Services Limited	8,196,195.00
28	Astro Minerals Limited	7,592,932.00
29	Tongyi Allied Mining Ltd.	7,425,000.00
30	Taoshi Mining & Exploration Limited	7,276,581.00
31	Porcelainware Industries Limited	7,003,500.00
32	Ashpalt Unity Construction Limited	6,992,500.00
33	Sodex Mines Nigeria Ltd.	6,541,500.00
34	CNC Mining Company Limited	6,419,510.00
35	Hongyun Mining Industrial Co. Ltd	6,387,800.00
36	Platinum Asphalt and Crushing Company Limited	6,345,888.52
37	Petra Quarries Ltd.	5,948,913.75
38	CNC Engineering Co. Limited	5,800,550.00
39	FW Dredging Ltd	5,700,000.00
40	Hajaig Construction Company Limited	5,280,000.00
41	Zhong Xing Mining Investment Limited	5,076,428.57
42	Mothercat Limited	5,015,940.00
43	Venus Mining Company Limited	4,999,623.00
44	C & C Construction Company Limited	4,898,517.00
45	P.W. Nigeria Ltd.	4,768,860.13
46	Rockstan Shelters Ltd	4,528,000.00
47	Lake Petroleum Limited	4,200,000.00
48	Pioneer Sinochino Investment Ventures Limited	3,950,000.00
49	Purechem Industries Limited	3,528,614.94
50	Kunlun Nigeria Limited	3,512,376.77
51	Inorganic Earth Resources Limited	3,471,000.00
52	Chief Cornerstone Investment Limited	3,299,875.00
53	Zhong Tai Mining (Nig.) Ltd.	3,200,540.00
54	Perfect Stone Quarry Limited	3,133,674.51
55	First Premier Mining & Exploration Ltd.	3,059,505.00
56	NBHH Nigeria Limited	3,035,000.00
		<b>1,432,777,439.01</b>

### 1.2.1 Reconciliation and report

This phase involves data validation, reconciliation of discrepancies and preparation of the report.

#### i Data validation

Based on the preliminary data analysis, a total discrepancy of ₦16,182,457,224.33 was established as shown in the table 1.6 below:

Table 1.6: Analysis of initial discrepancy

Financial flow	Government ₦	Company ₦	Difference ₦
MID	1,446,017,879.01	394,049,958.88	1,051,967,920.13
MCO	156,025,800.00	72,255,207.96	83,770,592.04
FIRS	23,321,044,443.52	34,849,761,481.47	(11,528,717,037.95)
	<b>24,923,088,122.53</b>	<b>35,316,066,648.31</b>	<b>(10,392,978,525.78)</b>
Unilateral Disclosure by Government Agencies	1,247,259,366.89	-	1,247,259,366.89
Unilateral Disclosure by reporting Companies	-	7,036,738,065.44	(7,036,738,065.44)
<b>Total</b>	<b>26,170,347,489.42</b>	<b>42,352,804,713.75</b>	<b>(16,182,457,224.33)</b>

## ii Data quality and assurance

We planned and performed the 2016 solid minerals audit in accordance with International Standard on Related Services (ISRS) 4400. Those standards required us to comply with ethical codes and plans in order to obtain reasonable assurance about whether the data provided are free from material misstatement.

The objective of data quality and assurance is to ensure that the data provided for the reconciliation of the declared payments by the extractive companies and the receipts by the government receiving agencies are credible and reliable.

To ensure that data obtained from the covered entities are in conformity with the EITI Requirement 4.9 (2016), the Independent Administrator considered Audited Financial Statements (AFS) and/or letter of attestation in addition to the signing-off at the end of the tripartite reconciliation. Also, for government agencies, a sign-off by a senior representative of the agency was considered sufficient.

The following were the steps taken:

- Obtained AFS from companies covered in the audit.
- Obtained Letters of attestation from companies stating that data provided on cash basis were in conformity with their AFS prepared on accrual basis.
- Obtained Signed-off documents after the reconciliation exercises from representatives of the companies and senior members of the Government agencies.

Table 1.7 below shows the analysis of documents obtained for the assessment of quality of data provided by the covered entities.

Table 1.7: List of documents obtained for data quality and assurance

S/N	Extractive companies	AFS	Attestation letter	Sign-off	No of document obtained
1	Arab Contractors O.A.O. Nigeria Ltd.		√	√	2
2	AshakaCem Plc		√	√	2
3	Ashpalt Unity Construction Limited	√	√	√	3
4	Astro Minerals Limited	√	√	√	3
5	BUA International Ltd (Okpella Site, Edo State)				0
6	C & C Construction Company Limited		√	√	2
7	CCECC Nigeria Ltd		√	√	2
8	Cement Company of Northern Nigeria Plc	√	√	√	3
9	C.G.C Nigeria Limited	√		√	2
10	Chief Cornerstone Investment Limited			√	1
11	CNC Engineering Co. Limited		√	√	2

12	CNC Mining Company Limited		√	√	2
13	Coltan Minerals Limited	√	√		2
14	Crushed Rock Industries Nigeria Limited		√	√	2
15	Dangote Cement Plc		√	√	2
16	First Premier Mining & Exploration Ltd.	√	√	√	3
17	FW Dredging Ltd		√	√	2
18	Georgio Rocks Limited	√		√	2
19	Hajaig Construction Company Limited				0
20	Hongyun Mining Industrial Co. Ltd		√	√	2
21	Inorganic Earth Resources Limited	√		√	2
22	Julius Berger Nigeria Plc	√	√	√	3
23	Kopek Construction Limited	√		√	2
24	Kunlun Nigeria Limited		√	√	2
25	Lafarge Readymix Nigeria Limited		√	√	2
26	Lake Petroleum Limited	√	√	√	3
27	Levant Construction Limited		√	√	2
28	Mercury Mining Investment Limited			√	1
29	Mothercat Limited	√	√	√	3
30	NBHH Nigeria Limited	√	√	√	3
31	P.W. Nigeria Ltd.	√	√		2
32	Perfect Stone Quarry Limited	√		√	2
33	Petra Quarries Ltd.	√	√	√	3
34	Pioneer Sinochino Investment Ventures Limited				0
35	Platinum Asphalt and Crushing Company Limited		√	√	2
36	Porcelainware Industries Limited		√	√	2
37	Purechem Industries Limited		√	√	2
38	Ratcon Construction Company Ltd	√	√	√	3
39	Reynolds Construction Company (Nig.) Ltd.		√	√	2
40	Rockstan Shelters Ltd			√	1
41	S.C.C. Nigeria Limited	√		√	2
42	Setraco Nigeria Limited	√		√	2
43	Sino Mineral Co. Ltd		√	√	2
44	Six Six Manufacturing & Global Services Limited		√	√	2
45	Sodex Mines Nigeria Ltd.		√	√	2
46	Spearman Brown Nig. Ltd		√	√	2
47	Taoshi Mining & Exploration Limited	√	√		2
48	Tongyi Allied Mining Ltd.	√	√		2
49	Triacta Nigeria Ltd.	√	√	√	3
50	United Cement Company Plc		√	√	2
51	Venus Mining Company Limited		√	√	2
52	Lafarge Africa Plc		√	√	2
53	Woda (Mountain) Investment Ltd	√	√		2
54	Zeberced Limited	√	√	√	3
55	Zhong Tai Mining (Nig.) Ltd.		√	√	2
56	Zhong Xing Mining Investment Limited	√	√		2

From the above analysis, 89% of the covered companies provided minimum of two documents required for the assessment of data quality. On the other hand, covered government revenue receiving agencies provided 100% of the documents required from them.

The data obtained from the financial statements, books of account and other financial records of the covered entities were prepared in conformity with International Financial Reporting Standards (IFRS), International Public Sector Accounting Standards (IPSAS) and other applicable reporting frameworks.

In addition, we are satisfied that the financial data obtained are subject to credible and



independent audit with application of international standards.

Three companies (BUA International Ltd (Okpella Site, Edo State)), Hajaig Construction Company Ltd and Pioneer Sinochino Investment Ventures Ltd) failed to participate in the audit. The non-participation of these companies did not impinge on the overall quality of data used for the report as corroborative data obtained and validated from the records of relevant government agencies.

Based on the above analysis, it is our opinion that the data provided for the reconciliation were comprehensive in compliance with the EITI requirements. The qualities of the data were satisfactory. They provided reasonable assurances that the report of the reconciliation exercise presents true and fair view of the declared revenue for the reporting year 2016.

### iii Data reconciliation

Tripartite reconciliation exercises held in three locations of Lagos, Port-Harcourt and Abuja, where companies' records were reconciled with those of government receiving entities {Mines Inspectorate Department (MID), Federal Inland Revenue Service (FIRS) and Mining Cadastre Office (MCO)}. Companies' representatives and officials of the government agencies signed off on the final reconciled positions. Table 1.8 below shows the contributions of reconciled revenue streams.

Table 1.8: Contribution of reconciled revenue streams

Revenue stream	Contribution ₦	Contribution %	Reconciled
VAT	20,244,510,690.43	48.23	YES
CIT	10,575,945,892.31	25.20	YES
EDT	2,284,103,975.85	5.44	YES
WHT	7,175,636,759.59	17.10	YES
PAYE	101,114,676.30	0.24	YES
Royalty	1,424,550,711.32	3.39	YES
Fees (MID & MCO)	169,266,240.00	0.40	YES
	<b>41,975,128,945.80</b>	<b>100.00</b>	

### iv Limitation to the reconciliation

The scope of work was set out in the ToR for the exercise. However, out of the 56 companies that met the materiality threshold for reconciliation, 3 companies namely, BUA International Limited (Okpella Site, Edo State), Hajaig Construction Company Ltd, Pioneer Sinochino Investment Ventures Ltd failed to participate in the audit. In a related vein, Coltan Minerals Limited participated in the audit but did not show up for the reconciliation. The revenue of these totaled ₦45.30million.

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

### v Report

This consists of preparation of the draft and final reports made up of the executive summary, main report with findings and recommendations and appendices.

### 1.3 New Developments in the Sector

#### **i New solid minerals export guidelines**

Special guidelines for mineral exports are currently been put in place by MMSD in conjunction with the Federal Ministry of Finance and other stakeholders. This is borne out of the Federal Government's decision to ensure accurate collation of mineral trade data, repatriation of proceeds and scientific collection of royalties. It is also in line with government's desire to ensure effective and efficient implementation of the pre-shipment inspection policy, under the NESS, concerning solid minerals export.

#### **ii Roadmap for the growth and development of the Nigeria mining industry**

On March 1, 2016, a committee was set-up to develop a roadmap for the transformation of the minerals, mining and metal sector. The roadmap is designed to deepen reforms in the sector, attract new investors and collaborate with a wide network of partners and stakeholders to build an attractive mining ecosystem. Visit the link below for details.

[http://www.minesandsteel.gov.ng/wp-content/uploads/2016/09/Nigeria\\_Mining\\_Growth\\_Roadmap\\_Final.pdf](http://www.minesandsteel.gov.ng/wp-content/uploads/2016/09/Nigeria_Mining_Growth_Roadmap_Final.pdf)

#### **iii Solid minerals development fund(SMDF)**

SMDF was established by section 34 of the Nigerian Mining and Minerals Act (NMMA) 2007, to address the fundamental sector's challenge of insufficient funding; a problem that has historically undermined the growth potentials of the sector. The Board was reconstituted and inaugurated on 25th May, 2017. In 2018, as part of the efforts to streamline the activities of the SMDF and support its operations in order to enable it deliver on its mandate, the Ministry of Mines and Steel Development (MMSD) organised a two-day interactive meeting with the board members and management of the SMDF to enable it present its strategic plan of action for ratification. See the link below for details.

<http://www.minesandsteel.gov.ng/2018/05/24/mmsd-strategises-on-achievement-of-smdf-mandate/>

#### **iv FG commissioned 50 vehicles for mines surveillance task force and MIREMCO**

The FGN on Thursday, March 22, 2018 commissioned 50 operation vehicles for use by the special mines surveillance task force (MSTF). In addition, efforts to strengthen (and resuscitate in some cases) the state minerals resources and environmental management committee (MIREMCO) are been made.

#### **v Establishment of Mines Police**

Equally, mines police (MP) has been established to curtail the menace of illegal mining, sanitize the mines-field and position the sector on the path of sustainable development. For details, visit the links below.

<http://www.minesandsteel.gov.ng/2018/03/22/illegal-mining-fg-strengthens-mines-surveillance-task-force-others-with-50-vehicles/>

<http://www.minesandsteel.gov.ng/2018/03/22/photo-fg-commissions-50-vehicles-for-mines-surveillance-task-force-and-miremco/>

**vi Open data policy (ODP)**

NEITI published its open data policy in December 2016. It defines open data as data in the public domain or ought to be in the public domain. The definition also provides that such data should be accessible, freely used at no cost and which can be shared and built upon by anyone. In a similar vein, the MMSD developed an integrated, automated and interactive solid minerals portal as part of MinDiver project to support data provision. The link below provides details. <https://portal.minesandsteel.gov.ng/>

## 2.0. LEGAL AND INSTITUTIONAL FRAMEWORK

Organized mining began in 1903 when the mineral survey agency of the Northern protectorate was created by the British colonial government. By the 1940s, Nigeria was a major producer of Tin, Columbite, and Coal. The discovery of oil in 1956 and the indigenization policy of the 1970s considerably affected the mining sector. Consequently, government and other corporate bodies began to focus on oil to the neglect of the mining sector.

The MMSD oversees the management of all mineral resources in the country. The mining law is codified in the NMMA. Historically, state owned corporations monopolized Nigeria's mining industry. However, with the return of democracy in 1999, government embarked on comprehensive reforms for the sector with the aim of providing an enabling environment for the full involvement of the private sector in a multi-sector economic development programme. The reforms marked the redefinition of the role of the government from that of administrator to regulator while the private sector becomes the owner/operators driving the sector.

### 2.1 Legal Framework

The Legal framework guiding all activities in the solid minerals sector comprises of relevant sections of the Constitution of the Federal Republic of Nigeria and other laws and regulations enacted by the National Assembly and the supervising ministry.

#### 2.1.1 The 1999 Constitution of the Federal Republic of Nigeria

Under Section 44 (3) of the 1999 Constitution of the Federal Republic of Nigeria (as amended), the ownership of all mineral resources is vested in the government of the federation; while item 39 Schedule II placed mines and minerals under the Exclusive Legislative List. Therefore, the FG has exclusive powers and jurisdiction on all matters relating therein. Consequently, all taxes and royalties derived from mining activities go to the federation account. For the details of Section 44 (3) of the constitution, see [http://www.nigeria-law.org/ConstitutionOfTheFederalRepublicOfNigeria.htm#Chapter\\_4](http://www.nigeria-law.org/ConstitutionOfTheFederalRepublicOfNigeria.htm#Chapter_4)

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

This is the principal legislation regulating the Nigerian mining sector. The key provisions of the Act include;

- Establishment of specialized departments in the MMSD that are charged with the responsibility of general supervision of activities in the sector to ensure compliance with the Act;
- Establishment of the MCO for the administration of mineral titles and maintenance of records;
- Provision for mechanism of dispute resolution;
- Provision of incentives for investment in the solid mineral sector.

Kindly visit the links below:

<http://www.nigerianminers.org/sites/default/files/Mining-Mineral-Act.pdf>

[http://www.minesandsteel.gov.ng/wp-content/uploads/2016/04/Nigerian\\_Minerals\\_and\\_Mining\\_Act\\_2007.pdf](http://www.minesandsteel.gov.ng/wp-content/uploads/2016/04/Nigerian_Minerals_and_Mining_Act_2007.pdf)

### **2.1.3 The Nigerian Minerals and Mining Regulations (NMMR) 2011**

The NMMR provides guidelines for both the operation of indigenous and foreign miners in Nigeria in accordance with the NMMA. For details information, visit:

[http://www.minesandsteel.gov.ng/wp-content/uploads/2016/04/Nigerian\\_Minerals\\_and\\_Mining\\_Regulations\\_2011.pdf](http://www.minesandsteel.gov.ng/wp-content/uploads/2016/04/Nigerian_Minerals_and_Mining_Regulations_2011.pdf)

### **2.1.4 The Nigerian Extractive Industries Transparency Initiative (NEITI) Act 2007**

Following its membership of EITI and commencement of implementation, Nigeria enacted the NEITI Act of 2007. The primary objective of the Act is to domesticate EITI Standard and institutionalize a system of openness and transparency in the flow of revenue information from the extractive industry (oil and gas, solid minerals as well as forestry and fishery) sectors. Since its inception, NEITI has been effective in strengthening reforms in the extractive sector through the conduct of audits, promotion of public debates and policy options around several accountability issues such as unpaid signature bonuses, unpaid royalties, under assessments and underpayments. The link below provides more details.

<http://www.neiti.gov.ng/index.php/resources/internal-resources/publications?download=104:neiti-act-2007>

### **2.1.5 Subsidiary legal and policy instruments**

Other policy instruments that support the above frameworks are:

#### **i The guidelines on mineral titles application 2014**

The Minerals and Mining Act 2007 established the MCO with the responsibility of administration and management of mineral titles in Nigeria. For detail information, visit:

<http://www.minesandsteel.gov.ng/wp-content/uploads/2016/10/Guidelines-for-Mineral-Title-Applications.pdf>

#### **ii. National minerals and metals policy (NMMP) 2008**

The NMMP is a product of the Mining Act designed to complement the Act and help improve performance in the sector through increased regulatory oversight. Key objectives of the Policy are to:

- ensure compliance with environmental best practices and encourage a transparent mining titles and permit regime; and
- promote linkage with the national economy through the enforcement of the use of domestic metal products for the development of the nation's infrastructure.

For more information, please visit:

[http://www.minesandsteel.gov.ng/wp-content/uploads/2016/04/National\\_Minerals\\_and\\_Metals\\_Policy.pdf](http://www.minesandsteel.gov.ng/wp-content/uploads/2016/04/National_Minerals_and_Metals_Policy.pdf)

**iii. Land use Act (LUA) 2004**

The Act vests authority over all land in the territory of each state (except land vested in the FG or its agencies) solely on the Governor of the state. The Governor holds such land in trust for the people and is responsible for its allocation in all urban areas to individual resident in the State and to organisations for residential, agricultural, commercial and other purposes. Similar powers with respect to non-urban areas are conferred on Local Governments chairpersons. For detail, kindly visit: <https://lawsfnigeria.placng.org/print.php?sn=228>

**iv. The environmental impact assessment (EIA) Act 2004**

The Act makes it mandatory to conduct an EIA in respect of any proposed project or activity (including mining). It places a restriction on commencing any public or private project without prior consideration of the likely environmental effects.

**v. The company and allied matters Act (CAMA) 2004**

The Act, which established the CAC, provides for the incorporation of companies and incidental matters, registration of business names and the incorporation of trustees of certain communities, bodies and associations.

Kindly visit: <http://www.nigeria-law.org/CompaniesAndAlliedMattersActPartI-V>

**vi. Nigerian investment promotion commission (NIPC) Act 2004**

The NIPC Act 2004 was established, to encourage and promote investment in the Nigerian economy; and for matters connected therewith.

For details visit:

<http://www.nigeria-law.org/Nigerian%20Investment%20Promotion%20Commission%20Act.htm>

## **2.2 Institutional Framework**

The following are among the institutions established to guide and control the operations in the solid minerals sector of the Nigerian economy in line with global best practices.

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

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

1. Formulating policy
2. Providing information and knowledge to enhance investment in the sector
3. Regulating operations in the solid minerals sector
4. Generating appropriate revenue for the government

The re-structuring of the MMSD in 2004 and the subsequent reforms that followed shifted the focus of government participation in the sector from “owner-operator” to “administrator-regulator”, bringing transparency in the mining industry to the fore. The reforms brought about the following specialized departments:

**i Mines inspectorate department (MID)**

The MID under the Ministry was established by Section 16(1a) of the NMMA

The MID is responsible for:

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

**ii. Artisanal and small scale mining (ASM)**

The ASM department was established to formalize operations of artisanal miners by providing extension services to mining communities in the following areas:

- Provision of extension services;
- Organizing, supporting and assisting ASM on exploration, mineral processing and entrepreneurial training;
- Prospecting and exploration services;
- Facilitate mineral testing and determination of mineral grade;
- Teach adequate skills in mining to small scale and artisanal miners and regularly introduce them to new mining technology;

**iii. Mines environmental compliance department (MECD)**

This department was established by section 18 of the Mining Act. It has the following functions among others:

- Review plans, studies and reports prepared by holders of mineral title in respect of environmental obligation;
- Periodically audit environmental requirements; and
- Liaise with relevant government agencies with respect to social and environmental issues involved in mine operations, mine closure and land reclamation.

Kindly visit: <http://www.minesandsteel.gov.ng/about/http://www.minesandsteel.gov.ng/departments-units/>

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

The NMMA defines the MCO as an autonomous body administering mining titles with integrity and in a transparent manner on a “first come, first serve” basis.

Objectives:

- Promotion of the private sector investment in solid minerals sector;
- Improvement of the investment climate and attraction of foreign investors; and
- Generation of appropriate revenue for the government.

For details, see: <http://www.minesandsteel.gov.ng/agencies/mining-cadastre-office/>

### **2.2.3 Nigerian Geological Survey Agency (NGSA)**

The NGSA is a parastatal under the Ministry. The Agency has the statutory role of providing relevant and up-to-date geosciences information necessary for economic development of Nigeria. This is accomplished through a systematic process of gathering, collating, assessment and dissemination of all information related to rocks, minerals and groundwater resources of the country. Kindly visit: <http://ngsa.gov.ng/basic-page/about-us>

### **2.2.4 National Steel Raw Materials Exploration Agency (NSRMEA)**

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

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

### **2.2.5 Revenue Mobilization Allocation and Fiscal Commission (RMAFC)**

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

- Monitor the accruals into and disbursement of revenue from the Federation Account;
- Review from time to time, the revenue allocation formulae and principles in operation to ensure conformity with changing realities; provided that any revenue formula which has been accepted by an Act of the National Assembly shall remain in force for a period of not less than five years from the date of commencement of the Act;
- Advise the federal, state and local governments on fiscal efficiency and methods by which their revenue is to be increased;
- Determine the remuneration appropriate to political office holders, including the President, Vice-President, Governors, Deputy Governors, Ministers, Commissioners, Special Advisers, Legislators and the holders of the offices mentioned in Section 84 and 124 of the Constitution; and
- Discharge such other functions as are conferred on the Commission by the constitution or any Act of the National Assembly.

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

### **2.2.6 Corporate Affairs Commission (CAC)**

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

### **2.2.7 Federal Inland Revenue Service (FIRS)**

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

### **2.2.8 Nigeria Customs Service (NCS)**

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



## 2.3 Fiscal Regime

The fiscal regime governing taxation in the solid minerals sector is the Companies Income Tax Act (CITA), Laws of the Federation (LFN) 2004, as amended. Individuals and partnerships engaged in mining activities are liable to tax under the Personal Income Tax Act (PITA). There are various forms of incentives available to companies engaged in mining activities under the CITA and the Mining Act. Efforts are currently on to enact solid minerals-specific regime similar to the Petroleum Profits Tax (PPT). This is a welcome development, as this will encourage increased flow of investment to the sector as part of government's efforts to diversify the economy.

### 2.3.1 Schedule of Revenue Flows

The table 2.1 below identifies and describes the revenue flows in the solid minerals audit for the fiscal year ended 31 December, 2016

Table 2.1: Schedule of revenue flows for 2016 SMA

S/N	Revenue flows	Details
<b>1.0 Federal Inland Revenue Services (FIRS)</b>		
1.1	Value Added Tax (VAT)	In accordance with the Value Added Tax Act 1993, Value Added Tax is payable by Companies after taking into account Input VAT incurred on business purchases and/or business expenditure. It is charged on total invoiced amount at 5% as determined by section 5 and 6 of the VAT Act and it is payable on a monthly basis, but minerals exported from Nigeria are zero rated based on the provision of the VAT Act. Filing of VAT returns falls due 21 days after the month of transaction. Non filing and/or late filing attract penalty depending on the period of delay.
1.2	Company Income Tax (CIT)	All solid minerals companies pay tax on their taxable income, less all tax allowable expenditure. The company tax rates are 30% or 20% for small companies, which are determined in line with the Section 40 (1) of the Company Income Tax Act. Filing of annual returns falls due within 6 months after the end of financial year of the taxpayer. Under the current phase of tax restructuring, registration of application for filing annual return is completed online. In addition, Tax Clearance Certificate is now processed and printable by Taxpayer online.
1.3	Tertiary Education Tax (TETFund)	Tertiary Education Tax is charged at 2% on assessable profit of a company for the advancement of education in Nigeria in accordance with section 1(2) of Decree No 40, Education Tax Act 1998.
1.4	PAYE (FCT)	Pay As You Earn tax, as the name implies is paid by every taxable individual resident in the Federal Capital Territory in accordance with Section 1 Personal Income Tax Act No. 104 of 1993. PAYE is calculated on a consolidated relief of N200, 000 plus 20 per cent of gross income, subject to minimum of 1 per cent of gross income, whichever is higher; it is based on the graduated tax table set out below: - First NGN 300,000 @7%; and - Next NGN 300,000 @11%; and - Next NGN 500,000 @ 15%; and - Next NGN 500,000 @19%; and - Next NGN 1,600,000 @21%; and - Above NGN 3,200,00 @24%. Every employer is expected to file a return of all emoluments paid to their employees not later than 31 January each year. In addition, returns must be filed within 90 days of the assessable year.
1.5	Withholding Tax	Withholding tax is an advance payment on account of the ultimate income tax liability of a tax payer and is deductible from vendors' invoices at the point of payment in accordance with Section 81, Company Income Tax Act.
<b>2.0 Mining Cadastre Office</b>		
2.1	Mining titles(s) application processing fee	APF is a non-refundable payment made by prospecting miners for the processing of their license applications in accordance with Minerals and Mining Regulations, 2011. Referring to schedule 1 of the Act, the rates of APF are as follows: - NGN 50,000 for Reconnaissance Permit, Small Scale Mining Lease and for Water use permit application; - NGN 100,000 for 1st Exploration License and for Quarry Lease application; and - NGN 500,000 for Mining Lease application. (As reviewed)
2.2	Mining titles(s) annual service fees	Annual payment service fees made by mine owners/mine operators as set up by Section 98 of the Minerals and Mining Regulations, 2011. In accordance with schedule 1 of the Act, rates vary as follows: - Reconnaissance Permit- Free - Exploration License 1st - 3rd year NGN 1,500/cadastre unit 4th - 5th year NGN 2,000/cadastre unit 6th - 7th year NGN 3,000/cadastre unit - Small Scale Mining Lease: NGN 20,000/cadastre unit - Mining Lease: NGN 25,000/cadastre unit/1 <sup>st</sup> year NGN100,000/pa for subsequent years - Quarry Lease: NGN 50,000/ cadastre unit - Water use permit: NGN 10,000/cadastre unit (As reviewed)
2.3	Mining title(s) fee for processing of renewal application	Title renewals are subject to a tax paid by solid minerals companies in accordance with S.25 (c) Minerals and Mining Regulations, 2011. According to schedule 1 of the Regulations, applied rates are as follows:- NGN 50,000 for Reconnaissance Permit; - NGN 150,000 for Exploration License; - NGN 100,000 for Small Scale Mining Lease;

		<ul style="list-style-type: none"> <li>- NGN 500,000 for Mining Lease;</li> <li>- NGN 200,000 for Quarry Lease; and</li> <li>- NGN 100,000 for Water use permit. (As reviewed)</li> </ul>
2.4	Penalty fee for late renewal of mining titles (application)	Every solid minerals company is expected to renew their license within a stipulated period according to the mining regulations. Failure to apply for renewal attracts a penalty as set out below: <ul style="list-style-type: none"> <li>- NGN 100,000 for Reconnaissance Permit</li> <li>- NGN 250,000 for Exploration License, Small Scale Mining Lease, Water use permit and Quarry Lease</li> <li>- NGN 500,000 for Mining Lease. (As reviewed)</li> </ul>
2.5	Fees for application for enlargement (processing) of mining titles	This payment is made when a solid minerals entity wishes to expand the scope of its mining operations. Accordingly, rates are set in schedule 1 of Minerals and Mining Regulations 2011 and are as follows: <ul style="list-style-type: none"> <li>- NGN 100,000 for Small Scale Mining Lease;</li> <li>- NGN 500,000 for Mining Lease</li> <li>- NGN 150,000 for Quarry Lease. (As reviewed)</li> </ul>
2.6	Application for relinquishment of mining title fees	This payment is made when a mining company wishes to relinquish its mining titles. According rate is set for NGN 50,000 in schedule 1 of Minerals and Mining Regulations Act 2011 for Small Scale Mining Lease, Mining Lease and for Quarry Lease. (As reviewed)
2.7	Application for transfer mining titles fees	This payment is made when a title is being transferred from one party to another. According rates are set in schedule 1 of the Minerals and Mining Regulations, 2011 and are as follows: <ul style="list-style-type: none"> <li>- NGN 20,000 for Exploration license</li> <li>- NGN 500,000 for Quarry Lease;</li> <li>- NGN 250,000 for Small Scale Mining Lease; and</li> <li>- NGN 500,000 for Mining Lease. (As reviewed)</li> </ul>
2.8	Application for surrender mining titles fees	This is the payment made when a mining entity wishes to surrender the license which enables it to carry on the business of mining. Schedule 1 of the Mineral and Mining Regulations, 2011 stipulates a rate of NGN20,000 for the surrender of Mining lease license, small scale mining license, Mining lease and Quarry lease. (As reviewed)
2.9	Application for consolidation mining titles fees	This payment is made when mining licenses and rights are merged. According rates are set in schedule 1 of Minerals and Mining Regulations, 2011 and are as follows: <ul style="list-style-type: none"> <li>- NGN 100,000 for Exploration license,</li> <li>- NGN 50,000 for Small Scale Mining Lease;</li> <li>- NGN 250,000 for Mining Lease; and</li> <li>- NGN 150,000 for Quarry Lease. (As reviewed)</li> </ul>
2.10	Fees for application to endorse additional mineral	Payment made by miners as set by the Minerals and Mining Regulations Act 2011. Rates are listed in schedule 1 of the Regulations as follows: <ul style="list-style-type: none"> <li>- NGN 100,000 for Exploration license and for Quarry Lease;</li> <li>- NGN 200,000 for Mining Lease; and</li> <li>- NGN 50,000 for Small Scale Mining Lease. (As reviewed)</li> </ul>
2.11	Fees for application for certified true copy of lost certificate of mining title	Payment made by operators in the mining sector to obtain certified true copy of lost mining titles. A sum of NGN 50,000 must be paid for application; NGN 100,000 Replacement in line with Schedule 1 of the Mineral and Mining Regulations, 2011. (As reviewed)
2.12	Fees for application for amendment of documents	This payment of NGN 5,000 is due by solid minerals companies upon request for the amendment of certificate to reflect current status. The amount payable is as recommended in the Regulations.
2.13	Search fee/due diligence	Fees amounting to NGN 75,000 are due for the conduct of search and due diligence on prospective miners.
2.14	Fees for cadastre map information, application for certified true copy of other documents other than title documents	A payment of NGN 10,000 for fees for cadastre map information, application for certified true copy of documents as detailed in Schedule 1 of Mineral and Mining Regulations 2011.
<b>3.0 Mines Inspectorate Department</b>		
3.1	Royalty	Section.99 (1) of the Minerals and Mining Regulations (2011) stipulates that a mineral title holder, other than the holder of a reconnaissance permit is required to pay annually a royalty at a rate 3% - 5% on ad valorem depending on the type of mineral.
3.2	Permit to deposit tailings	Schedule 1 of the Minerals and Mining Regulations lists sums payable should a mining company decides to dispose of its mining waste: <ul style="list-style-type: none"> <li>- Small scale mining Lease NGN 10,000;</li> <li>- Mining lease NGN 15,000; and</li> <li>- Quarry lease NGN 10,000.</li> </ul>
3.3	Permit to export minerals for commercial purposes	Fees amounting to NGN 10,000 is due when applying to engage in the export mineral resources in line with Schedule 1 of the Mineral and Mining Regulations, 2011
3.4	Permit to export minerals samples for analysis	Payment of NGN 1,000 is due when applying for permit to export minerals samples for analysis as recommended by Schedule 1 of the Mineral and Mining Regulations, 2011.
3.5	Permit to possess and purchase minerals	This payment is due when applying for the permit for the purchase of minerals. The payments are listed according to Schedule 1 of the Regulations: <ul style="list-style-type: none"> <li>- Non-metallic mineral: NGN 5,000 per mineral;</li> <li>- Metallic minerals: NGN 10,000 per mineral;</li> <li>- Gemstones: NGN 10,000 per mineral; and</li> <li>- Precious metals: NGN 5,000 lump sum.</li> </ul>

3.6	Registration of accredited agents for movement of minerals	Schedule 1 of the Mineral and Mining Regulations recommends a fee of NGN 10,000 for companies that want to engage in the transportation of minerals.
3.7	Permit to import explosives	A payment of NGN 100,000 for permission to import high power explosives used in mining activities in line with the recommendation of Schedule 1 of Mineral and Mining Regulations 2011.
3.8	Blasting certificates	A payment of NGN 10,000 is due for permit to carry out blasting for mining activities.
3.9	Licence to manufacture explosives	A payment of NGN 500, 000, is made by prospective manufacturers of explosives used in mining activities.
3.10	Permit to erect a magazine	A payment of NGN 50,000 is due for license to erect magazine for the storage of explosives used in mining activities.
3.11	Permit to buy explosives	A payment of NGN 10,000 is due to operate an explosive store for mining purpose.
3.12	Licence to sell explosives	A payment of NGN 50,000 is due when applying for license to trade in explosives used in mining activities.
3.13	Permit to use ANFO	A payment of NGN 20,000 for permit to use Ammonium Nitrate/Fuel Oil (ANFO) explosives in mining activities and a payment of NGN 20,000 for license to mix ammonium nitrate or fuel oil for the production of explosives used in mining activities
3.14	Explosives magazine licence	This is license, which enables the use of magazine for the storage of explosives. An application fee of NGN 10,000 is payable on application.
<b>4.0 Nigeria Custom Service (NCS)</b>		
4.1	Excise Duties	These are the duties paid to the customs on goods exported out of the country. The duties payable depends on the class of the goods as published in the official government gazette.
4.2	Import Duties	These are the duties paid to the customs on goods imported into the country. The duties payable depend on the class of the goods as published in the official government gazette.
4.3	Pre-shipment/Destination Fees	This fee depends on the class of the goods as published in the official government gazette
<b>5.0 Federal Ministry of Environment</b>		
5.1	Registration fees for environmental impact analysis	This is governed by the EIA Act No. 86 of 1992.
<b>6.0 Nigeria Geological Survey Agency</b>		
6.1	Mineral separation services	This involves the cleaning and separation of minerals in the laboratory after extraction from the earth. The type of mineral and quantity determines the rate.
6.2	Mineral analysis	This process involves identifying mineral type, quality and components. The fee is based on the mineral, which is being analysed.
6.3	Consultancy fees	The agency renders several consultancy services to mining concerns, prospective miners and the public. The fees charged by the agency vary and depends on the type of service rendered.
<b>7.0 State Board of Internal Revenue</b>		
7.1	Annual surface rents (Grounds Rents)	This is a levy paid to mining companies for the reclamation of mines. Section 100 (1) Minerals and Mining Regulations Act, 2011, enable the rent. The rates are determined by States where the mines are located.
7.2	Pay As You Earn (PAYE)	This is the tax paid on the earned income of every taxable individual resident in a state as imposed by Section 1 Personal Income Tax Act No. 104 1993. It provides for a consolidated relief of N 200,000 plus 20% of gross income, subject to minimum of 1% of gross income, whichever is higher. It is based on the graduated tax table set out below: <ul style="list-style-type: none"> <li>- First NGN 300,000 at 7% Next NGN 300,000 at 11%;</li> <li>- Next NGN 500,000 at 15%;</li> <li>- Next NGN 500,000 at 19%;</li> <li>- Next NGN 1,600,000 at 21%; and</li> <li>- Above NGN 3,200,00 at 24%.</li> </ul> Every employer is expected to file a return of all emoluments paid to their employee not later than 31 January. In addition, returns in respect of current year must be filed within 90 days of the fiscal year.
7.3	Business Premises	This levy is imposed on entities carrying on business in Nigeria. The levy however varies from state to state within the federation and is determined by business location.
7.4	Withholding Tax	Withholding tax according to Section 81, Companies Income Tax Act represents an advance payment of income tax. It represents payment on account of the ultimate tax liability of an individual which is paid to the state government in which an individual is domiciled. Withholding taxes are deducted at source on the following listed transactions: <ul style="list-style-type: none"> <li>- Dividends- 10%</li> <li>- Management fees- 5%</li> <li>- Bond interest, royalties - 5%</li> <li>- Other interests - 10%</li> </ul>

		<ul style="list-style-type: none"> <li>- Rent - 10%</li> <li>- Royalties – 10%</li> <li>- Consultancy and technical service fees – 5%</li> <li>- Commission - 5%</li> <li>- Construction contracts – 5%</li> <li>- Income from all aspects of building and other civil works – 5%</li> <li>- Directors fees – 10%</li> <li>- Building and other civil works – 5%</li> <li>- Directors fees – 10%</li> </ul>
<b>8.0 Local Government Council</b>		
8.1	Property Rates (Tenement Rates)	These are Levies paid by property owners on real property and they vary by state and size of property. Tenement Act No. 11, 2011 does not specifically state the amount(s) charged by State Governments.
<b>9.0 Communities/Land owners</b>		
9.1	Compensation	These are Payments made to occupants/land owners for the use of their land for mining activities as stipulated in Section.11 (1) Mineral and Mining Regulations Act, 2011. Payment is often one off based on agreement between the mining entities and the host communities.
<b>10.0 Social Contributions</b>		
10.1	Corporate Social Responsibility cash payments	These are cash payments to support and assist in the quality of lives of host communities where mining takes place.
10.2	Corporate Social Responsibility in-kind payments	This involves the direct implementation of projects by mining entities for the benefit of host communities.
<b>11.0 Artisanal and Small-Scale Mining Department</b>		
11.1	Application for Artisanal and Small-Scale Mining	Schedule 1 Minerals and Mining Regulation, 2011 enables the department to charge a sum of NGN 50,000 on Individuals and small scale artisans and organizations intending to engage in mining activities on a small scale.
11.2	Application for Registration of mineral buying centre per mineral	This is a payment in respect of an application to purchase and possess mineral. This application attracts the sum of NGN 50,000. The rate is as stated in Schedule 1 of Mineral and Mining Regulation, 2011.
11.3	Application for annual renewal of buying centre licence	Every buying centre is expected to pay an annual renewal fee of NGN 50,000 as stated in Schedule 1 of the Mineral and Mining Regulation 2011 in order to retain the right to purchase and possess mineral.
<b>12.0 Central Bank of Nigeria</b>		
12.1	Nigerian Export Supervision Scheme (NESS) Fees	These are Levies paid by exporters of goods in order to obtain a Clean Certificate of Inspection (CCI). The CCI enables the carrier of goods to facilitate loading and shipment. The enabling Law is the NEPC Act NO 64, 1992. The basis of determining the amounts payable are: <ul style="list-style-type: none"> <li>- 0.5% FOB value of the export consignment for non-oil; and</li> <li>- 0.15% of the FOB value to the crude oil export.</li> </ul> The sum, which is paid into a designated bank, shall be remitted into NESS account with the Central Bank.

### 2.3.1 Mining Incentives

Part III, Sections 23 -28 of the NMMA offer incentives to companies and enterprises engaged in mining operations. The incentives are aimed at encouraging increased flow of investments to the sector.

#### i. Applicable incentives

There are various incentives available to companies engaged in mining operations in Nigeria. These incentives are categorized under NMMA and Companies Income Tax Act (CITA). For details, kindly visit the link below.

<http://www.minesandsteel.gov.ng/wp-content/uploads/2017/10/Nigeria-Ministry-of-Solid-Minerals-Investment-BrochureV14.pdf>

#### ii. Nigerian investment promotion council and federal inland revenue service

This Compendium of Investment Incentives in Nigeria is the product of collaboration between Nigerian Investment Promotion Council (NIPC) and Federal Inland Revenue Service

(FIRS). It is published pursuant to the provisions of Section 4(i) of the NIPC Act, which requires NIPC to “provide and disseminate up-to-date information on incentives available to investors” in Nigeria. For details, visit: <https://www.nipc.gov.ng/investment-compendium/>

## 2.4 License Allocation

The MCO established in accordance with section 5(1) of the NMMA is responsible for the administration of mining licenses in Nigeria.

The objective of the cadastre system is to encourage transparency and efficiency in the administration of mining titles. Under the Act, the MCO has specific roles assigned to it, such as:

- Management of mining titles/rights is on a "first come, first served" basis;-the priority register is publicly available at MCO head office (albeit in hard copy).
- Protection of legal rights of domestic and international investors;
- Security of tenure of titles/rights;
- Application of the principle of "use it or lose it" to mining title/rights administration; and
- Use of time limits for granting titles.

### 2.4.1 Types of Mineral Titles

The table below provides information on the mineral titles and licenses granted by MCO as provided for under the NMMA.

Table 2.2: Type of mineral titles

S/N	Type(s) of licence	Max size	Max number of cadastral units	Duration	Approximated processing time
1	Reconnaissance permit (RP)	Non-exclusive	Non exclusive	1 year (Renewable annually)	Not later than 30 days of filling application
2	Exploration Licenses (EL)	200km <sup>2</sup>	1000 (20,000 Ha)	3 years (Renewable twice for 2 years each)	Not later than 30 days of filling application
3	Small Scale Mining Lease (SSML)	3km <sup>2</sup>	15 (300Ha)	5 years (Renewable for every 5 years)	Not later than 45 days of filling application
4	Mining Lease (ML)	50km <sup>2</sup>	250 (5,000 Ha)	25 years (Renewable every 24 years)	Not later than 45 days of filling application
5	Quarry Lease (QL)	5km <sup>2</sup>	25 (500 Ha)	5 years (Renewable every 5 years)	Not later than 45 days of filling application

Source: Information obtained from MCO

For more information, visit:

<http://www.minesandsteel.gov.ng/wp-content/uploads/2016/10/Guidelines-for-Mineral-Title-Applications.pdf>

<http://www.miningcadastre.gov.ng>

### 2.4.2 Process for License Acquisition and Criteria for grant of Mineral Titles

The MCO operates a functional data processing system and a priority register. The guidelines for obtaining the various titles/licenses are clearly spelt out in the website below:

<http://www.minesandsteel.gov.ng/wp-content/uploads/2016/10/Guidelines-for-Mineral-Title-Applications.pdf>

### 2.4.3 Mineral Titles

The information on the mineral titles granted under the Minerals and Mining Act 2007 is presented in figure 2.1 below:

Reconnaissance Permit	<ul style="list-style-type: none"> <li>• Valid for 1 year</li> <li>• No maximum limit on the number of renewals</li> </ul>
Exploration Licence	<ul style="list-style-type: none"> <li>• Valid for 3 years</li> <li>• Renewed for two further period of 2 years</li> </ul>
Mining Lease	<ul style="list-style-type: none"> <li>• Valid for 25 years</li> <li>• No maximum limit on the number of renewals</li> </ul>
Quarry Lease	<ul style="list-style-type: none"> <li>• Valid for 5 years</li> <li>• No maximum limit on the number of renewals</li> </ul>
Small-Scale Mining Lease	<ul style="list-style-type: none"> <li>• Valid for 5 years</li> <li>• No maximum limit on the number of renewals</li> </ul>
Water Use Permit	<ul style="list-style-type: none"> <li>• Remain in force as long as the title for which use was granted remains valid</li> </ul>

Figure 2.1: Mineral titles

## 2.5 License Register

A detailed register of licenses (according to type) is maintained by the MCO in line with section 7 of the NMMA and sections 7 and 105(5) of the Nigerian Minerals and Mining Regulation (NMMR) 2011. Details of processes and procedures for acquiring any of the mining titles including transfers, renewals, consolidation, and revocation with sample forms are available in the Minerals and Mining Regulation 2011 at [http://www.minesandsteel.gov.ng/wp-content/uploads/2016/04/Nigerian Minerals and Mining Regulations 2011.pdf](http://www.minesandsteel.gov.ng/wp-content/uploads/2016/04/Nigerian%20Minerals%20and%20Mining%20Regulations%202011.pdf)

In addition, the guidelines outlining the financial and technical criteria for mineral title application is available at <http://www.minesandsteel.gov.ng/wp-content/uploads/2016/10/Guidelines-for-Mineral-Title-Applications.pdf>

Table 2.3 provides the analysis of title register as at 2016. See the details in **Appendix 1**.

Table 2.3: Summary of title register

Title type	Exploration license	Mining lease	Quarry lease	Reconnaissance permit	Small scale mining lease	Total
Valid Titles	1,751	208	1,563	0	1,053	<b>4,575</b>
Titles Issued	510	15	288	314	338	<b>1,465</b>
Transferred Titles	7	0	3	-	4	<b>14</b>
*Revoked	331	11	659	-	29	<b>1,030</b>

\*In 2016, 1,030 titles were revoked.

### 2.5.1 Valid Titles

During the year under review, MCO had 4,575 valid titles in its register spread across the states of the federation with Kaduna leading with 438 titles. Detailed information is available in **Appendix 1**.

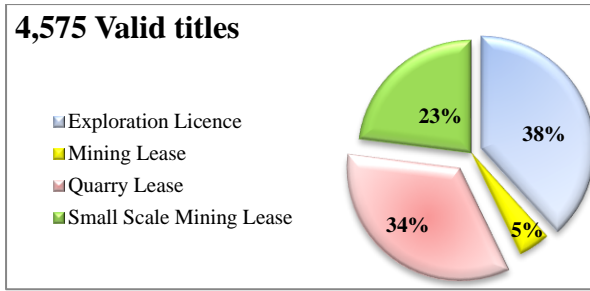


Figure 2.2: Analysis of valid titles

The figure below shows the valid titles per state of federation including FCT.

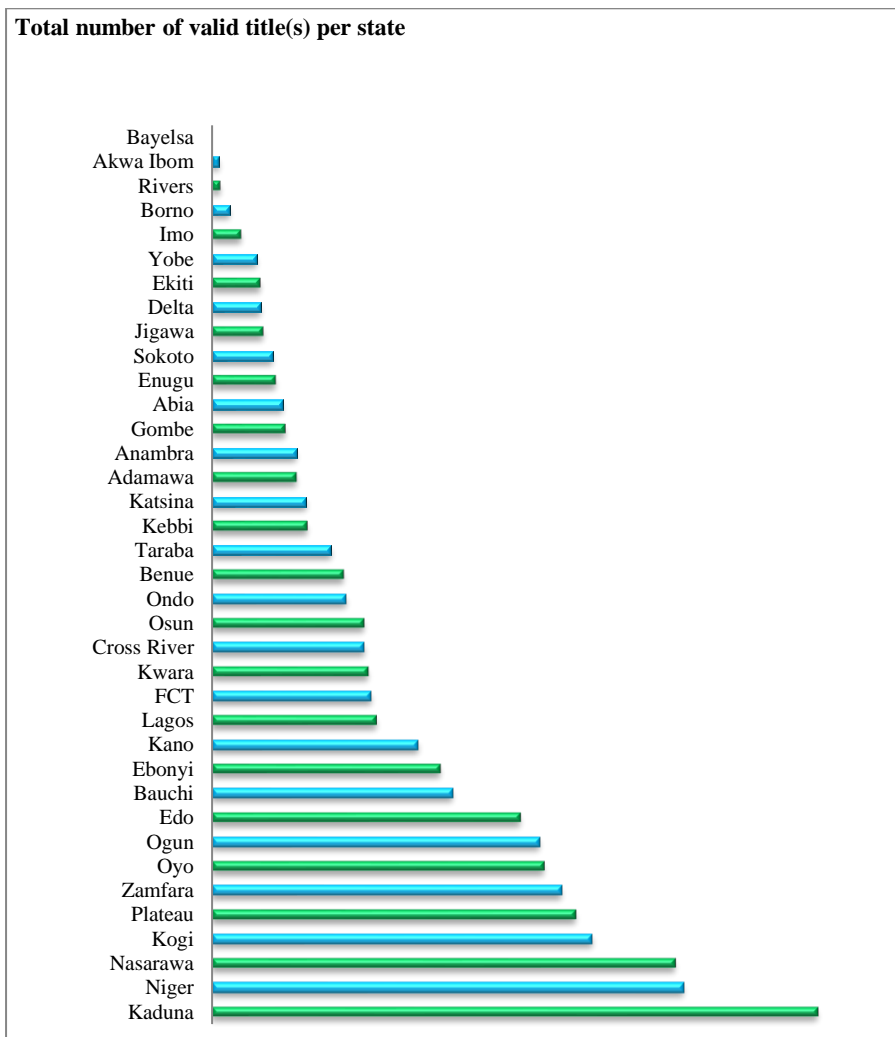


Figure 2.3: Valid titles per state

Table 2.4: Distribution of valid titles across the state

S/N	State	Exploration Licence	Mining Lease	Quarry Lease	Small Scale Mining Lease	Total
1	Kaduna	96	9	192	141	438
2	Niger	217	3	54	67	341
3	Nasarawa	124	10	114	87	335
4	Kogi	159	24	52	40	275
5	Plateau	154	57	11	41	263
6	Zamfara	194	10	17	32	253
7	Oyo	71	4	72	93	240
8	Ogun	40	14	145	38	237
9	Edo	40	9	129	45	223
10	Bauchi	84	9	29	52	174
11	Ebonyi	59	11	68	27	165
12	Kano	23	2	77	47	149
13	Lagos	-	-	111	8	119
14	FCT	8	3	96	8	115
15	Kwara	53	1	37	22	113
16	Cross River	20	1	58	31	110
17	Osun	51	6	31	22	110
18	Ondo	12	-	63	22	97
19	Benue	46	3	6	40	95
20	Taraba	47	4	11	24	86
21	Kebbi	43	3	4	19	69
22	Katsina	36	-	19	13	68
23	Adamawa	31	-	12	18	61
24	Anambra	7	-	26	28	61
25	Gombe	16	6	15	16	53
26	Abia	7	-	38	6	51
27	Enugu	27	7	6	6	46
28	Sokoto	31	8	1	4	44
29	Jigawa	13	-	22	2	37
30	Delta	2	1	16	16	35
31	Ekiti	7	-	7	21	35
32	Yobe	21	2	4	5	32
33	Imo	4	-	7	10	21
34	Borno	7	1	4	1	13
35	Rivers	-	-	5	1	6
36	Akwa Ibom	1	-	4	-	5
37	Bayelsa	-	-	-	-	-
	Total	1,751	208	1,563	1,053	4,575

**2.5.2 Issued Titles**

In 2016, MCO issued 1,465 titles as detailed in **Appendix 1**.

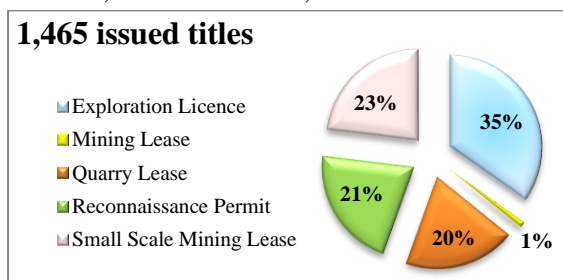


Figure 2.4: Analysis of titles issued in 2016

**2.5.3 Transferred Titles**

The MCO transferred fourteen (14) mineral titles in 2016. This comprises of 7 exploration licenses, 3 quarry leases and 4 small scale mining leases.



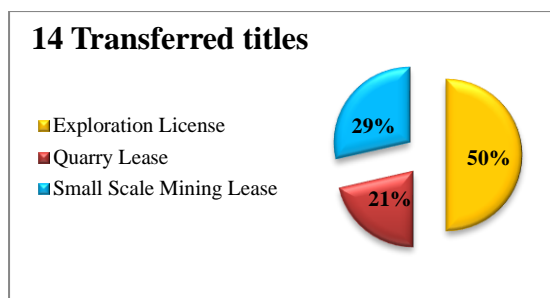


Figure 2.5: Analysis of titles transferred in 2016

### 2.5.4 Revoked Titles

In 2016, MCO revoked 1,030 titles comprising of Exploration Licence (EL), Mining Lease (ML), Quarry Lease (QL) and Small Scale Mining Lease (SSML) (See **Appendix 1** for details). Reasons for revocation of mineral titles can be found in Section 151 of the NMMA and Section 97 of the NMMR.

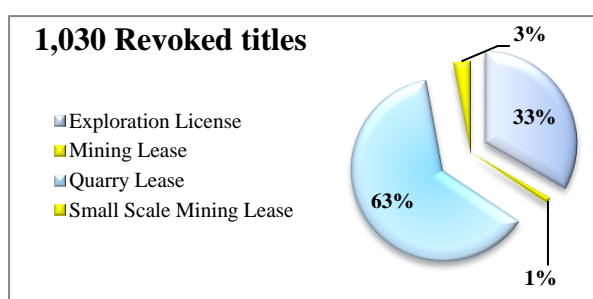


Figure 2.6: Analysis of titles revoked in 2016

### 2.5.5 Overview of Artisanal and Small Scale Mining (ASM) in Nigeria

Presently, the informal mining sector dominates the mining activities in Nigeria, mainly represented by the ASM actors. However, there are concerted efforts to organize them into clusters of cooperatives. **Appendix 2** contains the details of 1,200 registered mining cooperatives across the six geo-political zones of the country.

Table 2.5 below shows the distribution of registered cooperatives across the country. The Northwest geo-political zone has the highest number of 282 while Southeast had the lowest of 95.

Table 2.5: Registered mining cooperatives as at 2016

North Central		North East		North West		South East		South South		South West	
7 States	No	6 States	No	7 States	No	5 States	No	6 States	No	6 States	No
Benue	14	Adamawa	40	Jigawa	9	Abia	12	Akwa Ibom	14	Ekiti	16
FCT	43	Bauchi	38	Kaduna	44	Anambra	23	Bayelsa	7	Lagos	67
Kogi	51	Borno	8	Kano	38	Ebonyi	38	Cross River	67	Ogun	11
Kwara	27	Gombe	63	Katsina	12	Enugu	11	Delta	11	Ondo	21
Nasarawa	37	Taraba	48	Kebbi	3	Imo	11	Edo	46	Osun	51
Niger	22	Yobe	25	Sokoto	86			Rivers	4	Oyo	30
Plateau	62			Zamfara	90						
	<b>256</b>		<b>222</b>		<b>282</b>		<b>95</b>		<b>149</b>		<b>196</b>

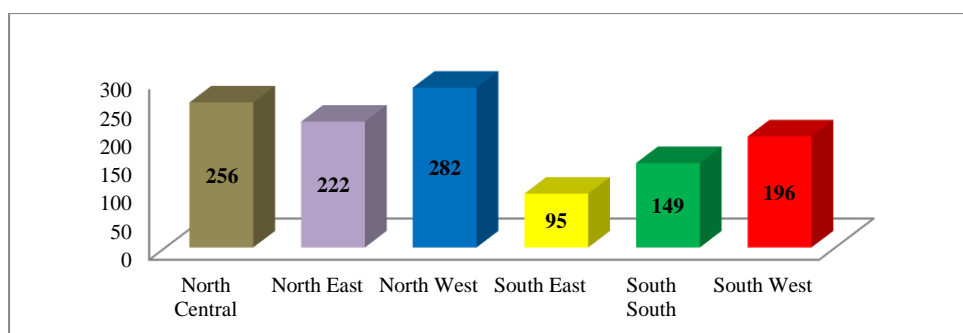


Figure 2.7: Registered mining cooperatives as at 2016

### 2.5.6 Minerals Buying Centres (MBC)

The NMMA requires that an authorized person sell proceeds recovered under SSML to licensed minerals buying centres, valid sales receipts obtained and, when required, produced for inspection. Table 2.6 below depicts the distribution of the mineral buying centres across the states of the federation while the details are contained in **Appendix 3**.

Table 2.6: Analysis of mineral buying centres per state

S/N	State of the federation	Number
1	Plateau	90
2	FCT	30
3	Lagos	21
4	Nasarawa	13
5	Zamfara	12
6	Kaduna	10
7	Anambra	8
8	Abuja	7
9	Oyo	5
10	Osun	4
11	Bauchi	3
12	Ebonyi	3
13	Kano	3
14	Kwara	3
15	Niger	3
16	Ogun	2
17	Adamawa	1
18	Edo	1
19	Enugu	1
20	Kogi	1
21	Rivers	1
22	Sokoto	1
		<b>223</b>

Please visit this link for details: <https://portal.minesandsteel.gov.ng/MarketPlace/BuyingCentre>

## 2.6 Contract Transparency

Nigeria operates a cadastre system for the solid minerals sector, which encourages competition and openness in granting of licenses to interested applicants. However, Section 116 of the NMMA requires that the mining leaseholder conclude a Community Development Agreement (CDA) with the host community prior to starting any activity. This Agreement must ensure the transfer of social and economic benefits to the community to address all or some of the following issues: educational scholarships, training and employment opportunities; financial or other types of support for infrastructure development.

Furthermore, the Freedom of Information (FOI) Act enacted in 2011, supports making public records and information freely available, by providing the public access to public records and information. Also, as part of the government's fight against corruption, the Open Government Partnership (OGP), through the Bureau of Public Procurement (BPP) began a pilot implementation of the Nigeria Open Contracting Portal (NOCOPO). The implementation of these reforms in Nigeria will end the issues surrounding the non-availability of documents in the public domain.

Following from the above, Nigeria does not have any contract arrangement specific to the solid minerals sector.

Kindly visit these links: [www.neiti.gov.ng](http://www.neiti.gov.ng); [www.foia.justice.gov.ng](http://www.foia.justice.gov.ng) and <http://nocopo.bpp.gov.ng>

## **2.7 Beneficial Ownership (BO)**

Requirement 2.5 of the 2016 EITI standard recommends that all implementing countries maintain a public register of the beneficial owners for all corporate entities that bid for, operate or invest in extractive assets, including the identities of their beneficial owners, the level of ownership and details of how ownership or control is exerted. At present, there is no publicly accessible BO register in Nigeria. With the pronouncement of Nigeria's President at the London anti-corruption summit in 2016 that Nigeria will produce a public register of beneficial owners, Nigeria signed on to OGP and subsequently developed a BO roadmap in line with EITI requirements. In addition, several workshops have been held towards ensuring that a BO register is opened in the near future.

The CAC is the repository of BO register for all registered or incorporated companies in Nigeria albeit not publicly accessible and comprehensive. In addition, the MCO will drive the process for the mining sector. BO information for 47 companies of the 56 covered is contained in **Appendix 4**.

## **2.8 State Participation**

The government implemented the mining sector reforms from 2005 to 2006 that culminated into the enactment of Nigeria Mineral and Mining Act, 2007. The reforms also marked the redefinition of the role of government to that of an administrator-regulator and the acceptance of the private sector as owner/operator. For details, visit:

[http://www.minesandsteel.gov.ng/wp-content/uploads/2016/09/Nigeria\\_Mining\\_Growth\\_Roadmap\\_Final.pdf](http://www.minesandsteel.gov.ng/wp-content/uploads/2016/09/Nigeria_Mining_Growth_Roadmap_Final.pdf)

Government privatized the assets of the Nigerian Mining Corporation and Nigerian Coal Corporation and has no operational stake in any company in the mining sector.

Based on the above, there is no state participation in mining activities in Nigeria in 2016.

### 3.0 PRODUCTION AND EXPORT

#### 3.1 Overview of the Nigeria Mining Industry

##### 3.1.1 Mineral Endowment

Nigeria is endowed with a variety of solid minerals ranging from precious metals, gemstones to industrial minerals. Presently, the FG has identified about forty (40) different kinds of solid minerals that have the potentials to make significant contribution to the national economy.

Mineral resources are categorized into five broad groups found in Nigeria:

- Industrial minerals (e.g. barite, kaolin, gypsum, feldspar, limestone)
- Energy minerals (e.g. coal, bitumen, lignite, uranium)
- Metallic ores minerals (e.g. gold, cassiterite, columbite, iron ore, lead-zinc, copper)
- Construction minerals (e.g. granite, gravel, laterite, sand)
- Precious stones (e.g. sapphire, tourmaline, emerald, topaz, amethyst, garnet etc)

#### 3.2 Exploration

##### 3.2.1 Mineral Prospecting and Mining

Nigeria has abundant mineral resources, however not all the minerals are available in commercial quantities. As part of the strategies for reforms, a roadmap for the development of the sector was launched in 2016. The roadmap identified the need for credible geological data, to be anchored by NGSAs. Other notable reforms include the expansion of the roles of the NSRMEA to cover all solid minerals.

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

Government has identified seven strategic minerals, namely: Coal, Bitumen, Limestone, Iron Ore, Barites, Gold and Lead/Zinc for priority development.

In year 2016, MCO issued 510 EL covering 38 different minerals as shown in the table below.

Table 3.1: Analysis of exploration licenses issued for minerals in 2016

S/N	Types of minerals	No of EL issued
1	Gold	181
2	Lead-Zinc	59
3	Tin	34
4	Iron Ore	26
5	Tourmaline	23
6	Limestone	22
7	Coal	18
8	Columbite	14
9	Copper	14
10	Sapphire	14
11	Cassiterite	13
12	Baryte	9
13	Zircon	9
14	Marble	8
15	Graphite	7
16	Kaolin	6
17	Quartz	6
18	Aquamarine	5
19	Diamond	4
20	Gypsum	4

21	Beryl	3
22	Clay	3
23	Corundum	3
24	Manganese	3
25	Sand	3
26	Brine	2
27	Feldspar	2
28	Rutile	2
29	Talc	2
30	Tantalite	2
31	Wolframite	2
32	Chromite	1
33	Granite	1
34	Magnesite	1
35	Nickel	1
36	Niobium	1
37	Phosphate	1
38	Shale	1
		510

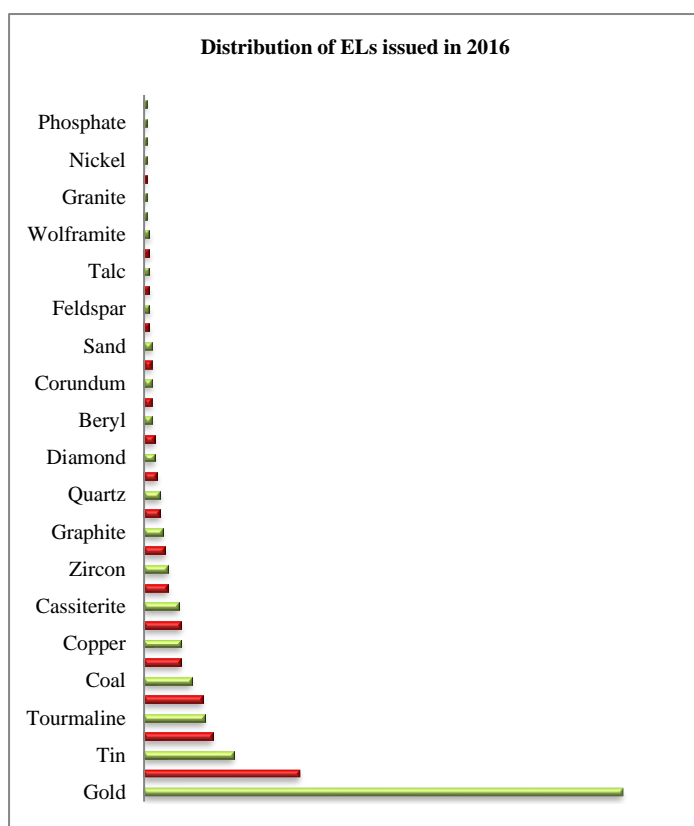


Figure 3.1: Exploration licenses issued for minerals in 2016

**Gold**

Gold is associated with the schist belt of the northwest, central and southwest regions of Nigeria. There are also smaller occurrences beyond these major areas. Prospecting and exploration activities for the mineral are ongoing; One hundred and eighty one (181) new exploration licenses for gold were granted in 2016, an indication of active exploration.

Table 3.2: Details of exploration licenses issued for Gold in 2016

S/N	Code	Title holders	CU	State	LGA	Effective date	Expiring date
1	13961	Great Talents Investments Ltd	448	Zamfara	Tsafe	23/07/2015	22/07/2018
2	16022	Saada Drilling Co. Ltd	204	Kebbi	Shanga	09/09/2013	08/09/2016
3	17655	Zenith Exploration & Development Ltd.	8	Zamfara	Tsafe	16/09/2016	15/09/2019
4	17677	Western Metal Products Company Ltd	868	Niger	Muya	8/05/2013	07/05/2015
5	18224	Nofab Global Nig. Ltd.	80	Niger	Shiroro	08/07/2016	07/07/2019
6	18244	Energy and Metals Industries Ltd	42	Kogi	Yagba West	12/01/2016	11/01/2019
7	18245	Energy and Metal Industris Ltd	404	Kogi	Kabba - Bunu	10/08/2016	09/08/2019
8	18992	Awindy International Co. Ltd	202	Niger	Rafi	13/01/2015	12/01/2018
9	19434	Triumph Mining and Exploration Company Ltd	59	Niger	Mashegu	11/3/2015	10/03/2018
10	20524	Abasa Nigeria Enterprises Ltd	60	Kogi	Yagba West	12/01/2016	11/01/2019
11	20718	Elle Jay Limited	220	Kebbi	Fakai	26/08/2015	25/08/2018
12	20827	Tarb Industry & Geominar Ltd	144	Osun	Atakunmosa East	12/01/2016	11/01/2019
13	20980	Dinawa Business & Mines	90	Zamfara	Gusau	29/10/2015	28/10/2018
14	20993	Matrix Energy Ltd	48	Niger	Shiroro	02/02/2016	01/02/2019
15	21043	Nulam Nig. Ltd.	26	Niger	Rafi	08/07/2016	07/07/2019
16	21080	Kiansmith Trade & Co. Ltd	297	Osun	Ilesha	17/03/2016	16/03/2019
17	21111	Sahelix Mineral Resources Ltd	96	Katsina	Kankara	02/02/2016	01/02/2019
18	21155	Micro Leasing Ltd	153	Osun	Ilesha	17/03/2016	16/03/2019
19	21158	Micro Leasing Ltd	189	Osun	Ilesha	02/02/2016	01/02/2019
20	21159	Gladwyn Investment Company Ltd	152	Osun	Ilesha	02/02/2016	01/02/2019
21	21160	Gladwyn Investment Company Ltd	108	Osun	Ilesha	17/03/2016	16/03/2019
22	21237	Reg Oil Limited	56	Niger	Shiroro	12/01/2016	11/01/2019
23	21242	Almond Maritime Nigeria Ltd	50	Zamfara	Bukkuyum	12/11/2015	11/11/2018
24	21267	Chukwujekwu and Associates Ltd	28	Niger	Borgu	12/01/2016	11/01/2019
25	21321	Sahelix Mineral Resources Ltd	88	Katsina	Kankara	17/03/2016	16/03/2019
26	21360	Philip Paul Energy Ltd	14	Niger	Shiroro	12/01/2016	11/01/2019
27	21430	Joe Tech Systems Ltd	15	Niger	Wushishi	12/01/2016	11/01/2019
28	21570	Masters Energy Oil and Gas Ltd	72	Kaduna	Birnin Gwari	02/02/2016	01/02/2019
29	21572	United Investment Target Limited	35	Zamfara	Anka	12/11/2015	11/11/2018
30	21642	Hasun Resources Ltd	8	Niger	Shiroro	12/01/2016	11/01/2019
31	21707	Ashmalbir Nigeria Ltd	288	Niger	Bosso	12/01/2016	11/01/2019
32	21794	New Cross Globe Mining Company Ltd	480	Niger	Lapai	12/01/2016	11/01/2019
33	21796	Ismo Mining Co. Ltd	488	Niger	Lapai	12/01/2016	11/01/2019
34	21798	Gold Touch Royal Mining Co. Ltd	374	Niger	Lapai	12/01/2016	11/01/2019
35	21815	Ismo Mining Co. Ltd	120	Niger	Lapai	12/01/2016	11/01/2019
36	21867	Plural Holdings Ltd	64	Niger	Mashegu	01/04/2016	31/03/2019
37	21869	Plural Holdings Ltd	100	Niger	Lavun	01/04/2016	31/03/2019
38	21870	I-Box Engineering Nigeria Ltd	200	Niger	Shiroro	01/04/2016	31/03/2019
39	21911	Tasaheel Global Resources Ltd	130	Niger	Bosso/ Paikoro	17/03/2016	16/03/2019
40	21925	Partners International Facilities Ltd	80	Niger	Bosso	16/09/2016	15/09/2019
41	21926	Drax Nigeria Ltd	32	Niger	Paikoro	02/02/2016	01/02/2019
42	21948	Gladius Mines Ltd	108	Niger	Bosso	02/09/2016	01/09/2019
43	21949	Gladius Mines Ltd	21	Niger	Paikoro	02/09/2016	01/09/2019
44	21953	Taraba Solid Minerals Development Company Ltd	127	Taraba	Gashaka	10/08/2016	09/08/2016
45	21980	Claims and Insurance Diagnostics Ltd.	180	Kwara	Pategi	10/08/2016	09/08/2019
46	22006	Chinige Technology Services Ltd	425	Kaduna	Birni Gwari	17/03/2016	16/03/2019
47	22007	Chinige Technology Services Ltd	32	Niger	Paikoro/ Munya	12/01/2016	11/01/2019
48	22087	Richflood International Ltd	195	Niger	Katchica	12/05/2016	11/05/2019
49	22095	Sodangi Resources Comp. Ltd	100	Niger	Borgu	01/04/2016	31/03/2019
50	22099	Plural Holdings Ltd	118	Niger	Majama	12/05/2016	11/05/2019
51	22129	Purple Linen Ultra Services Ltd	35	Niger	Bosso	17/03/2016	16/03/2019
52	22130	Fotton Ways Ltd	50	Niger	Rafi	17/03/2016	16/03/2019
53	22176	Hidkala Investments Ltd	91	Niger	Shiroro	17/03/2016	16/03/2019
54	22190	Amtech Automobile Ltd	99	Zamfara	Maru	12/05/2016	11/05/2019
55	22191	Amtech Automobile Ltd	108	Zamfara	Tsafe	12/05/2016	11/05/2019
56	22197	Rochichi Mining Company Ltd	192	Niger	Chanchaga	17/03/2016	16/03/2019
57	22217	Sancrete Engineering Ltd NMC Titles stop	320	Niger	Rafi	01/04/2016	31/03/2019
58	22245	Alvita Mineral Ventures Ltd	162	Niger	Paikoro	17/03/2016	16/03/2019
59	22318	Sunland Metal Ltd.	144	Niger	Paikoro	12/05/2016	11/05/2019
60	22328	Taraba Solid Minerals Development Company Ltd	448	Taraba	Bali	10/08/2016	09/08/2019
61	22376	Moro Economic Consult Ltd	110	Osun	Atakumosa West	08/07/2016	07/07/2019
62	22383	Nigerlum Limited	50	Taraba	Gashaka	12/05/2016	11/05/2019
63	22400	Bimza Nigeria Ltd	31	Niger	Shiroro	12/05/2016	11/05/2019
64	22401	Bimza Nigeria Ltd	32	Niger	Shiroro	12/05/2016	11/05/2019
65	22410	Canucks Communications Ltd	225	Kebbi	Danko, Zuru	08/07/2016	07/07/2019
66	22411	Canucks Communications Ltd	81	Kebbi	Nasagu/ Danko	08/07/2016	07/07/2019
67	22424	Sandcrete Engineering Nigeria Ltd	323	Kaduna	Birnin Gwari	12/05/2016	11/05/2019
68	22425	Aflan Nigeria Ltd.	100	Niger	Shiroro	01/04/2016	31/03/2019
69	22426	Tab International Links Ltd	200	Niger	Shiroro	12/05/2016	11/05/2016
70	22439	Derberith Nig. Ltd.	108	Katsina	Danja	08/07/2016	07/07/2019
71	22448	Sarat Nigeria Ltd	105	Niger	Magama	12/05/2016	11/05/2019
72	22462	Allied African International Mining Company	356	Kaduna	Birni Gwari	17/03/2016	16/03/2019

		Ltd					
73	22477	Habmin Global Resources Ltd	144	Zamfara	Maradun	01/04/2016	31/03/2019
74	22478	Hunslow International Ltd	64	Zamfara	Maru	01/04/2016	31/03/2019
75	22585	Zion Exploration and Mining Solutions Nigeria Ltd	124	Osun	Ife North West	12/05/2016	11/05/2019
76	22648	Famaz Enterprises Ltd.	60	Niger	Gurara	10/08/2016	09/08/2019
77	22669	La Source De Classique Nigeria Ltd	182	Zamfara/ Katsina	Zurmi, Jibia	08/07/2016	07/07/2019
78	22765	Lamade Nigeria Ltd	49	Niger	Shiroro	12/05/2016	11/05/2019
79	22778	Vertex Drills Limited	132	Zamafara	Maru	08/07/2016	07/07/2019
80	22795	Kaduna Mining Development Co. Ltd	720	Kaduna	Birnin Gwari	12/05/2016	11/05/2019
81	22796	Kaduna Mining Development Co. Ltd	546	Kaduna	Birnin Gwari	12/05/2016	11/05/2019
82	22799	Kaduna Mining Development Co. Ltd	928	Kaduna	Birnin Gwari	12/05/2016	11/05/2019
83	22800	Kaduna Mining Development Co. Ltd	640	Kaduna	Birnin Gwari	12/05/2016	11/05/2019
84	22816	Vertex Drills Limited	108	Zamafara	Maru	08/07/2016	07/07/2019
85	22909	EL-Amin Nigeria Ltd	257	Niger	Bosso	08/07/2016	07/07/2019
86	22919	Yomed Nig. Ltd.	56	Sokoto	Kebbe	10/08/2016	09/08/2019
87	22940	Yomed Nig. Ltd.	84	Kebbi/Sokoto	Fakai/ Kebbe	10/08/2016	09/08/2019
88	23044	El-Amin Nigeria Ltd.	112	Niger	Shiroro	10/08/2016	09/08/2019
89	23058	Mubfiat General Contractor	159	Kwara	Moro	10/08/2016	09/08/2019
90	23130	African Business Investment Services International Ltd.	262	Kogi	Kaba/Bunnu	16/09/2016	15/09/2019
91	23155	Bloomberg Metals Mining Nigeria Ltd	114	Kaduna	Chukun	08/07/2016	07/07/2019
92	23156	Oakareus Limited	112	Niger	Shiroro	08/07/2016	07/07/2019
93	23161	Oakareus Limited	294	Kaduna	Birnin Gwari	08/07/2016	07/07/2019
94	23162	Oakareus Limited	288	Kaduna	Birnin Gwari	08/07/2016	07/07/2019
95	23169	Kaduna Mining Development Co. Ltd	288	Kaduna	Birnin Gwari	25/05/2016	24/05/2019
96	23173	Maharaz General Services Ltd	90	Kaduna	Birnin Gwari	08/07/2016	07/07/2019
97	23188	Rolexgems International Mining Services Ltd	48	Kogi	Yagba West	02/09/2016	01/09/2019
98	23215	Sanctus Energy Services Ltd.	174	Zamfara	Maru	16/09/2016	15/09/2019
99	23221	Excel Multi Glo Limited	200	Niger	Gurara	08/07/2016	07/07/2019
100	23222	Excel Multi Glo Limited	200	Niger	Borgu	10/08/2016	09/08/2016
101	23238	Kajari Nig. Ltd.	195	Kaduna	Chikun	10/08/2016	09/08/2019
102	23328	Bakobabs Investment Ltd.	50	Niger	Mokwa	02/09/2016	01/09/2019
103	23362	Shakam Global Energy Nig. Ltd.	198	Nasarawa	Toto	16/09/2016	15/09/2019
104	23388	Global Africa Mines & Quarry Ltd	48	Niger	Shiroro	10/08/2016	09/08/2019
105	23389	Global Africa Mines & Quarry Ltd	69	Niger	Shiroro	02/09/2016	01/09/2019
106	23411	ZGM Investment Group of Companies Ltd	104	Niger	Muya	16/09/2016	15/09/2019
107	23412	ZGM Investment Group of Companies Ltd.	60	Niger	Shiroro	16/09/2016	15/09/2019
108	23471	Pearl Lon Resources Ltd.	12	Niger	Wushishi	02/09/2016	01/09/2019
109	23514	Techunion Industries Ltd	94	Niger	Magama	10/08/2016	09/08/2016
110	23517	North Central Investments Ltd	100	Katsina	Kafur	02/09/2016	01/09/2019
111	23537	AAY International Mining Co. Ltd	216	Niger	Borgu	10/08/2016	09/08/2019
112	23568	Veetrend Nigeria Ltd	10	Kaduna	Kagarko	02/09/2016	01/09/2019
113	23573	Esteedan Ltd.	79	Osun	Atakumosa West	29/09/2016	28/09/2019
114	23600	Maccatt Nig Ltd	15	Niger	Gurara	29/09/2016	28/09/2019
115	23621	ZGM Investment Group of Companies Ltd	60	Niger	Shiroro	29/09/2016	28/09/2019
116	23622	ZGM Investment Group of Companies Ltd	96	Niger	Paikoro	29/09/2016	28/09/2019
117	23641	Fajembola Heavy Ventures Ltd	73	Niger	Shiroro	29/09/2016	28/09/2019
118	23702	Gladius Mines Ltd.	58	Osun	Ife Central	29/09/2016	28/09/2019
119	23707	Bontop Global Services Ltd	182	Katsina	Safana	02/09/2016	01/09/2019
120	23708	Bontop Global Services Ltd	192	Katsina	Danja	02/09/2016	01/09/2019
121	23712	Twilight Technical Ltd	20	Niger	Wushishi	29/09/2016	28/09/2019
122	23734	Twilight Technical Ltd	20	Niger	Bosso	29/09/2016	28/09/2019
123	23752	Fluid Confines Co. Ltd	96	Niger	Shiroro	16/09/2016	15/09/2019
124	23802	Taoshi Mining & Exploration Ltd.	7	Oyo	Saki East	04/11/2016	03/11/2019
125	23812	Twilight Technical Ltd.	10	Niger	Gurara	20/10/2016	19/10/2019
126	23817	Proisa Oil and Solid Minerals Ltd.	10	Niger	Gurara	20/10/2016	19/10/2019
127	23878	Maharaz General Services Ltd	198	Kaduna	Birnin Gwari	04/11/2016	03/11/2019
128	23981	Kiansmith Trade & Co. Ltd.	156	Niger	Munya	04/11/2016	03/11/2019
129	23983	Petra Firma Ltd.	10	Niger	Gurara	04/11/2016	03/11/2019
130	23985	Troth & Verity Resources Ltd.	10	Niger	Gurara	04/11/2016	03/11/2019
131	23988	Geolank Exploration Concepts Ltd.	65	Osun	Ife/Modakeke	04/11/2016	03/11/2019
132	23997	Iyahson Education Institute Ltd.	6	Niger	Gurara	04/11/2016	03/11/2019
133	24012	Rasy Engineering & Properties Ltd.	60	Kebbi	Ngaski	04/11/2016	03/11/2019
134	22798	Kaduna Mining Development Co. Ltd	140	Kaduna	Birnin Gwari	12/05/2016	11/05/2019
135	22925	Umepos Nigeria Ltd	100	Kwara	Pategi	08/07/2016	07/07/2019
136	22987	Umepos Nigeria Ltd	120	Kwara	Pategi	08/07/2016	07/07/2019
137	22182	GMT Global Services Ltd	145	Katsina	Jibia, Batsari	12/05/2016	11/05/2019
138	22617	Like-Best Global Resources Ltd	447	Kogi	Yagba East	01/04/2016	31/03/2019
139	21571	Black Eagle Investment Ltd	48	Zamfara	Bukkuyum	12/01/2016	11/01/2019
140	21571	Black Eagle Investment Ltd	48	Zamfara	Bukkuyum	12/01/2016	11/01/2019
141	22620	Binamin Global Resources Ltd.	96	Zamfara	Bukkuyum	08/07/2016	07/07/2019
142	22621	Binani Nig. Ltd.	30	Zamfara	Bukkuyum	08/07/2016	07/07/2019
143	23356	Lugio Global Construction Services Ltd.	837	Zamfara	Bukkuyum	02/09/2016	01/09/2019
144	23357	Lugio Global Construction Services Ltd.	73	Zamfara	Bukkuyum	02/09/2016	01/09/2019

145	23559	Cometstar Manufacturing Comp. Ltd.	34	Zamfara	Anka	02/09/2016	01/09/2019
146	23560	Cometstar Manufacturing Comp. Ltd.	24	Zamfara	Anka	02/09/2016	01/09/2019
147	23581	Mining for New Generation International Ltd.	240	Kogi	Kabba/ Bunu	02/09/2016	01/09/2019
148	23583	Lugio Global Construction Services Ltd.	248	Kaduna	Birnin Gwari	02/09/2016	01/09/2019
149	22748	Metro-Bright General Merchant Ltd	140	Zamfara	Anka	10/08/2016	09/08/2019
150	23538	Triangurel Resource Ventures Company Ltd	164	Niger	Shiroro	02/09/2016	01/09/2019
151	22185	Rivestive Consortium Ltd	192	Kebbi	Sakaba	12/05/2016	11/05/2019
152	18558	Gamji Minerals Ltd	130	Zamfara	Anka	11/3/2015	10/03/2018
153	18557	Mines Quest Ltd	105	Zamfara	Anka	11/3/2015	10/03/2018
154	23218	Three Partners Trading and Contracting Ltd	121	Niger	Gurara	10/08/2016	09/08/2016
155	21553	Spring Gem Resources Ltd	176	Kogi	Yagba East	12/11/2015	11/11/2018
156	22443	Unique EL-Mao Nigeria Ltd	96	Niger	Shiroro	12/05/2016	11/05/2019
157	23257	Metwoc Industries Ltd	72	Niger	Shiroro	08/07/2016	07/07/2019
158	23898	Tilbury Oil & Gas Ltd.	297	Bauchi	Alkaleri	20/10/2016	19/10/2019
159	23505	Syils Services Ltd	17	Zamfara	Bukkuyum	02/09/2016	01/09/2019
160	21252	Mines Quest Ltd.	84	Zamfara	Anka	10/08/2016	09/08/2016
161	23610	Lugio Global Construction Services Ltd.	194	Kaduna	Birnin Gwari	16/09/2016	15/09/2019
162	23670	A.M.K.W. International Nigeria Ltd	18	Niger	Shiroro	20/10/2016	19/10/2019
163	22750	Jointrade International Ventures Ltd	90	Niger	Rafi/ Shiroro	12/05/2016	11/05/2019
164	22751	Jointrade International Ventures Ltd	152	Niger	Rafi	12/05/2016	11/05/2019
165	23743	ACSG Investment Partners Ltd.	105	Niger	Gurara	29/09/2016	28/09/2019
166	23582	Lugio Global Construction Services Ltd.	153	Kaduna	Birnin Gwari	16/09/2016	15/09/2019
167	21931	Sarkin Danko Sule Mining & General Merchant Ltd	100	Kebbi	Sakaba	12/05/2016	11/05/2019
168	21932	Sarkin Danko Sule Mining & General Merchant Ltd	50	Niger	Riyau	12/05/2016	11/05/2019
169	21632	A. G. Vision Construction Nigeria Ltd	226	Zamfara	Bukkuyum	01/04/2016	31/03/2019
170	23513	BM Mining and Quarrying Ltd	200	Ogun	Ijebu North	16/09/2016	15/09/2019
171	22650	IRMB and Sons Ltd.	60	Niger	Gurara	08/07/2016	07/07/2019
172	22806	Palladium Mining Ltd	320	Zamfara	Bakura/ Anka	08/07/2016	07/07/2019
173	23260	Phaseplus Technologies Ltd	143	Katsina	Safana	16/09/2016	15/09/2019
174	22570	Quality Innovations Nigeria Ltd	48	Niger	Rafi	02/09/2016	01/09/2019
175	23223	Excel Multi Glo Limited	102	Niger	Rafi	10/08/2016	09/08/2016
176	22865	Technical Resources and Investment Ltd	472	Kaduna	Chikun	08/07/2016	07/07/2019
177	23791	Mineqore Resources Ltd.	104	Kaduna	Birnin Gwari	04/11/2016	03/11/2019
178	23926	Granit Porten Integrated Service Ltd.	200	Niger	Shiroro	04/11/2016	03/11/2019
179	22554	Brisu Gold Nigeria Ltd	80	Kaduna	Chikun	12/05/2016	11/05/2019
180	23623	Waldot Investment Nominees Ltd	24	Niger	Gurara	29/09/2016	28/09/2019
181	23181	Muskalam Investment Ltd	119	Niger	Rafi	08/07/2016	07/07/2019

## Lead-Zinc

Lead-Zinc ores occur together and are usually associated with copper and silver. Lead-Zinc mineralization occurs within the Benue trough that extends from the northeast to southeast. Other occurrences are found in the northwest. Fifty-nine (59) exploration licenses were granted for Lead-Zinc in 2016.

Table 3.3: Details of exploration licenses issued for Lead-Zinc in 2016

S/N	Code	Title holders	CU	State	LGA	Effective date	Expiry date
1	21675	Palladium Mining Ltd	130	Adamawa	Ganye/Toungo	01/04/2016	31/03/2019
2	21514	Data Flash Nigeria Ltd	256	Zamfara	Kaura Namoda	12/01/2016	11/01/2019
3	22495	Tergong Ventures Nig. Ltd.	98	Nassarawa	Eggon	10/08/2016	09/08/2019
4	22446	Bebeyi Merchants Ltd	100	Nasarawa	Nasarawa Eggon	12/05/2016	11/05/2019
5	22873	H. I. S. Nigeria Limited	60	Adamawa	Lamurde	08/07/2016	07/07/2019
6	22063	Timali Mining Comp. Ltd	120	Plateau	Wase	12/05/2016	11/05/2019
7	22064	Timali Mining Comp. Ltd	96	Plateau	Wase	12/05/2016	11/05/2019
8	22075	Ejide Energy Ltd	40	Plateau	Wase	12/05/2016	11/05/2019
9	22311	Synton Energy Ltd	128	Plateau	Wase	12/05/2016	11/05/2019
10	22372	ASG Solar Tech	384	Nasarawa	Nasarawa Eggon	12/05/2016	11/05/2019
11	22671	Buccam Nigeria Ltd	32	Nasarawa	Awe	12/05/2016	11/05/2019
12	22835	Wexl Optimal Resources Ltd.	67	Nasarawa	Nasarawa Eggon	12/05/2016	11/05/2019
13	22836	Wexl Optimal Resources Ltd.	130	Nasarawa	Nasarawa Eggon	12/05/2016	11/05/2019
14	23414	Hydra Mining Nigeria Ltd	20	Ebonyi	Abakaliki	02/09/2016	01/09/2019
15	23415	Hydra Mining Nigeria Ltd	63	Ebonyi	Abakaliki	02/09/2016	01/09/2019
16	22127	Liberty Redstone Ltd	240	Nasarawa	Keana	17/03/2016	16/03/2019



17	14799	Premier Diamond Mine Nigeria Ltd	192	Niger	Nasco	20/10/2016	19/10/2019
18	16502	Altima Consolidated Ltd	352	Bauchi	Tafawa Belewa	08/09/2015	07/09/2018
19	19298	Tiansheng Mining Ltd	368	Plateau	Wase	12/01/2016	11/01/2019
20	19301	Tiansheng Mining Ltd	520	Plateau	Wase	12/01/2016	11/01/2019
21	20089	Bebeyi Merchants Limited	186	Nasarawa	Nasarawa Eggon	06/10/2015	05/10/2018
22	20925	Bill and Brothers Ltd	79	Ebonyi	Abaakaliki	12/01/2016	11/01/2019
23	21243	Almond Maritime Nigeria Ltd	108	Plateau	Wase	12/11/2015	11/11/2018
24	21244	Almond Maritime Nigeria Ltd	143	Plateau	Wase	12/01/2016	11/01/2019
25	21406	Yo-Akaito and Sons Ltd	56	Plateau	Wase	08/07/2016	07/07/2019
26	21454	Red Lizard Mining Company Ltd	9	Zamfara	Bukkuyum	12/01/2016	11/01/2019
27	21471	Desivar Global Nigeria Ltd	146	Nasarawa	Awe	12/11/2015	11/11/2018
28	21558	Stemrock Integrated Services Ltd	115	Ebonyi	Ebonyi	12/01/2016	11/01/2019
29	21655	Highbury Nigeria Ltd	21	Nasarawa	Keana	12/01/2016	11/01/2019
30	21744	Oxobox Minerals Mining Ltd	54	Plateau	Wase	02/02/2016	01/02/2019
31	21751	Sunshine Pennisula Economic Development company ltd	70	Plateau	Wase	02/02/2016	01/02/2019
32	21752	Admire Properties Ltd	47	Plateau	Wase	02/02/2016	01/02/2019
33	21769	Yo-Akaito and Sons Ltd	60	Taraba	Karim Lamido	10/08/2016	09/08/2019
34	21795	Fahris Mining Co. Ltd	20	Bauchi	Alkaleri	12/01/2016	11/01/2019
35	21933	Yo-Akaito and Sons Ltd	16	Bauchi	Alkaleri	10/08/2016	09/08/2019
36	21934	Yo-Akaito and Sons Ltd	56	Taraba	Karim Lamido	10/08/2016	09/08/2019
37	21973	Strategic Metals Ltd	152	Nasarawa	Awe	17/03/2016	16/03/2019
38	22102	Plural Holdings Ltd	170	Plateau	Wase	12/05/2016	11/05/2019
39	23219	Ibrums Nigeria Ltd	50	Bauchi	Alkaleri	08/07/2016	07/07/2019
40	20924	Bill and Brothers Ltd	71	Ebonyi	Ezza South	12/11/2015	11/11/2018
41	22287	Ebonyi State Northern Construction Comp. Ltd	896	Ebonyi	Ebonyi	12/05/2016	11/05/2019
42	22460	Adesadiq and Sons Nigeria Ltd	28	Nasarawa	Awe	01/04/2016	31/03/2019
43	22901	Courage Energy Ltd	50	Ebonyi	Ikwo	10/08/2016	09/08/2019
44	23138	Wonder Geology and Mining Company Nigeria Ltd	36	Bauchi	Alkaleri	08/07/2016	07/07/2019
45	23160	Princecom oli services ltd	100	Nasarawa	Nasarawa	08/07/2016	07/07/2019
46	23172	Vinco Innovations Nigeria Ltd	50	Nasarawa	Eggon	08/07/2016	07/07/2019
47	21939	Natijah Minerals Ltd	4	Nasarawa	Awe	12/05/2016	11/05/2016
48	23735	Mafasuba Global System Ltd	100	Taraba	Yorro	29/09/2016	28/09/2019
49	18960	Metrolife Limited	447	Ebonyi	Izzi	16/12/2014	15/12/2017
50	22781	Kain Energy Ltd	167	Plateau	Wase	12/05/2016	11/05/2019
51	21689	Data Flash Nigeria Ltd	150	Zamfara	Talata Mafara	12/01/2016	11/01/2019
52	21559	Stemrock Integrated Services Ltd.	22	Ebonyi	Ikwo	10/08/2016	09/08/2019
53	23437	Vinco Innovations Nig. Ltd.	40	Nasaraw	Nasarawa Eggon/Lafia	20/10/2016	19/10/2019
54	23602	Crown Roofing Tiles World Wide Ltd.	15	Ebonyi	Abakaliki	02/09/2016	01/09/2019
55	23706	Akaja International Nig. Ltd.	150	Nasarawa	Keana	29/09/2016	28/09/2019
56	23846	Sabawuro Nig. Ltd.	10	Taraba	Karim Lamido	20/10/2016	19/10/2019
57	24017	Earnest Dormain Co. Ltd.	104	Ebonyi	Abakaliki	04/11/2016	03/11/2019
58	24018	Gilbert Denis Global Services Ltd.	11	Benue	Logo	04/11/2016	03/11/2019
59	23902	San Peirre Ltd.	64	Plateau	Wase	20/10/2016	19/10/2019

## Tin

Tin occurs within the Younger Granite province and part of the Basement Complex of Nigeria. Thirty four (34) ELs were issued in 2016.

Table 3.4: Details of exploration licenses issued for Tin in 2016

S/N	Code	Title holders	CU	State	LGA	Effective date	Expiry date
1	21977	Sahelix Yargaiya Mineral Resources Ltd	335	Oyo	Saki East	01/04/2016	31/03/2019
2	22171	Sahelix Yargaiya Mineral Resources Ltd	169	Oyo	Atigbo	17/03/2016	16/03/2019
3	22172	Sahelix Yargaiya Mineral Resources Ltd	224	Oyo	Saki West	17/03/2016	16/03/2019
4	22174	Sahelix Yargaiya Mineral Resources Ltd	99	Oyo	Saki West	01/04/2016	31/03/2019
5	22713	Kain Energy Ltd	380	Nasarawa	Wamba	12/05/2016	11/05/2019
6	20756	Azuba Quarry & Construction Co. Ltd	100	Katsina	Batsari, Jibia	29/10/2015	28/10/2018
7	22100	Plural Holding Ltd	100	Bauchi	Toro	12/05/2016	11/05/2019
8	23724	Malcomines Ltd	68	Bauchi	Toro	16/09/2016	15/09/2019
9	14638	Altima Consolidated Ltd	222	Plateau	Jos South	08/09/2015	07/09/2018
10	19041	Altima Consolidated Ltd	54	Bauchi	Alkaleri	08/09/2015	07/09/2018
11	22103	Geodel Integrated Systems Ltd	150	Bauchi	Toro/ Jos East	12/05/2016	11/05/2019
12	23033	Resources Global Foresight ltd	280	Bauchi	Tafawa Balewa	16/09/2016	15/09/2019
13	23034	Excel Gems Resources Ltd	144	Kaduna	Sanga	08/07/2016	07/07/2019
14	23408	CITIOIL (Nigeria) Ltd	50	Kaduna	Jama'a	02/09/2016	01/09/2019
15	23854	Pathdivine Multi Services Ltd.	36	Plateau	Barkin Ladi	20/10/2016	19/10/2019
16	23725	Malcomines Ltd	168	Bauchi	Toro	16/09/2016	15/09/2019
17	18493	Sino - Mineral International Ltd	279	Plateau	Bassa	12/01/2016	11/01/2019
18	23764	Xi Yu International Mining Nig. Comp. Ltd.	73	Plateau	Barkin Ladi	20/10/2016	19/10/2019
19	23765	Xi Yu International Mining Nig. Comp. Ltd.	20	Plateau	Jos South/Barkin Ladi	20/10/2016	19/10/2019

20	23766	Xi Yu International Mining Nig. Comp. Ltd.	119	Plateau	Barkin Ladi	20/10/2016	19/10/2019
21	23767	Xi Yu International Mining Nig. Comp. Ltd.	176	Plateau	Barkin Ladi	20/10/2016	19/10/2019
22	22015	Ningi Miners and Solid Minerals Ltd	56	Bauchi	Ningi	12/05/2016	11/05/2016
23	22016	Ningi Miners and Solid Minerals Ltd	90	Bauchi	Ningi	12/05/2016	11/05/2016
24	22017	Ningi Miners and Solid Minerals Ltd	63	Bauchi	Ningi	08/07/2016	07/07/2019
25	23455	Madkavip Nig. Ltd.	80	Plateau	Riyom	16/09/2016	15/09/2019
26	21012	Century Mining Company Ltd	120	Plateau	Jos South, Jos North	02/02/2016	01/02/2019
27	22149	Davnotch Nigeria Ltd	283	Nasarawa	Wamba	17/03/2016	16/03/2019
28	22110	Datagen Exploration Ltd	84	Kaduna	Kauru	08/07/2016	07/07/2019
29	22444	Unique EL-Mao Nigeria Ltd	112	Nasarawa	Nasarawa Eggon	12/05/2016	11/05/2019
30	21128	Yashe Trading Company Ltd	9	Katsina	Kusada	02/02/2016	01/02/2019
31	23753	Emotan Global Ventures Ltd	222	FCT	Gwagwalada	16/09/2016	15/09/2019
32	23398	Regoil Ltd.	85	Adamawa	Song	02/09/2016	01/09/2019
33	22150	Hobson and Lawson Nigeria Ltd	221	Nasarawa	Wamba/ Akwanga	01/04/2016	31/03/2019
34	17018	Ekoves Nigeria Ltd.	30	Nasarawa	Nasarawa	10/08/2016	09/08/2016

## Iron Ore

Iron ore is one of the strategic minerals identified. It occurs extensively within the Basement Complex and Sedimentary Basins of the country. Iron ore exploration is an integral part of Nigeria's steel industry development. In 2016 26 ELs were issued.

Table 3.5: Details of exploration licenses issued for Iron Ore in 2016

S/N	Code	Title holders	CU	State	LGA	Effective date	Expiry date
1	19316	Danjuma Barde Global Concept Ltd	100	Yobe	Fune	04/2/2015	03/02/2018
2	12069	ISS-Hass Nigeria Ltd	930	Kebbi	Shanga	17/03/2016	16/03/2019
3	20384	Total Mining Ltd.	741	Kogi	Igalamela/ Odolu	12/11/2015	11/12/2018
4	20386	Total Mining Ltd.	72	Kogi	koton Karfe	18/11/2016	17/11/2019
5	20406	Total Mining Ltd.	88	Kogi	Kogi	04/11/2016	03/11/2019
6	20407	Total Mining Ltd.	284	Kogi	Ajaokuta	04/11/2016	03/11/2019
7	20507	Eta Zuma Group West Africa Ltd	10	Kogi	Koton Karfe	06/10/2015	05/10/2018
8	20508	Zuma Metals & Energy Resources	447	Nasarawa	Toto	06/10/2015	05/10/2018
9	20509	Zuma Metals & Energy Resources	240	Enugu	Usi-Uzo/ Nsukka	06/10/2015	05/10/2018
10	20514	Zuma Metals & Energy Resources Ltd	420	Kogi	Koton Karfe	06/10/2015	05/10/2018
11	20520	Zuma Metals & Energy Resources Ltd	169	Kogi	Kogi	06/10/2015	05/10/2018
12	21047	Omego Mining Company Ltd	188	Kogi	Ajaokuta	02/02/2016	01/02/2019
13	21735	Ikabi Investment Company Ltd	9	Kogi	Ofu	17/03/2016	16/03/2019
14	22574	Abungel Investment Nigeria Ltd	120	Kebbi	Jega	12/05/2016	11/05/2016
15	22703	Ammgan Nig. Ltd.	45	Kogi	Kogi	02/09/2016	01/09/2017
16	22825	International Business Bureau Ltd	154	Kwara	Ifelodun	10/08/2016	09/08/2016
17	22928	Abilele Industries Ltd	240	Nasarawa	Nasarawa Eggon	18/05/2016	17/05/2019
18	18958	Cono Assets Ltd	30	Yobe	Nangeri	16/12/2014	15/12/2017
19	22267	Silverquest Nigeria Ltd	454	Kogi	Igalamela Odolu	01/04/2016	31/03/2019
20	19315	Danjuma Barde Global Concept Ltd	36	Yobe	Nengere	4/2/2015	03/02/2018
21	22265	Silverquest Nigeria Ltd	631	Kogi	Igalamela Odolu	01/04/2016	31/03/2019
22	22325	Taraba Solid Mineral Development Comp. Ltd.	31	Taraba	Sardauna	02/09/2016	01/09/2019
23	20383	Total Mining Ltd.	224	Kogi	Ajaokuta	04/11/2016	03/11/2019
24	22023	Chrisanbeth Investments Ltd	182	Kogi	Adavi	12/01/2016	11/01/2019
25	14457	Altima Consolidated Ltd	495	Benue	Gwande	08/09/2015	07/09/2018
26	15708	Altima Consolidated Ltd	396	Benue	Gwande	08/09/2015	07/09/2018

## Limestone

There are abundant deposits of limestone occurring across the major sedimentary basin of Nigeria. Limestone is mined mainly for cement production. In 2016, 22 ELs were issued.

Table 3.6: Details of exploration licenses issued for Limestone in 2016

S/N	Code	Title holders	CU	State	LGA	Effective date	Expiry date
1	12114	Rennington Industries Ltd	161	Cross River (C/R)	Akamkpa	12/9/2011	11/09/2014
2	19006	Challion Integrated Services Ltd	96	Benue	Gwer East	13/01/2015	12/01/2018
3	20469	Total Mining Ltd	30	Kogi	Ijumu	12/05/2016	11/05/2019
4	20516	Abasa Nigeria Enterprises Ltd	222	Kogi	Ijumu/ Mopa	06/10/2015	05/10/2018
5	21873	Ebonyi State Central Construction Company Ltd	154	Ebonyi	Ebonyi, Ohaukwu	12/01/2016	11/01/2019
6	21875	Ebonyi State Central Construction Company Ltd	362	Ebonyi	Ishielu	12/01/2016	11/01/2019
7	21879	Ebonyi State Central Construction Company Ltd	306	Ebonyi	Ezza North, Ishielu	12/01/2016	11/01/2019
8	22116	Alco Ado Ibrahim & Co. Ltd	18	Kogi	Okene	18/05/2016	17/05/2019
9	22435	Transabaja International Ltd	99	Niger	Borgu	12/05/2016	11/05/2019

10	22929	Abilele Industries Ltd	36	Benue	Gboko	18/05/2016	17/05/2019
11	22635	Crosscemco Ltd	101	Cross River	Akamkpa	08/07/2016	07/07/2019
12	22690	Crosscemco Ltd	132	Cross River	Akamkpa	08/07/2016	07/07/2019
13	22302	Jili and Sons Nigeria Ltd	66	Kaduna	Ikara	08/07/2016	07/07/2019
14	21878	Ebonyi State Central Construction Company Ltd	338	Ebonyi	Ebonyi, Ohaukwu	12/01/2016	11/01/2019
15	23855	Stable Technology Ltd.	149	Edo	Akoko-Edo Owan East	20/10/2016	19/10/2019
16	23856	Stable Technology Ltd.	90	Edo	Etsako West Owan East	20/10/2016	19/10/2019
17	21687	Minosi Ltd	25	Edo	Akoko Edo	01/04/2016	31/03/2019
18	22156	Emerald Globe Tech Ltd	58	Edo	Akoko Edo	17/03/2016	16/03/2019
19	21876	Ebonyi State Central Construction Company Ltd	627	Ebonyi	Ezza South, Ikwo	12/01/2016	11/01/2019
20	23268	Ladis Gold Projects Ltd	100	Adamawa	Dansa	20/10/2016	19/10/2019
21	20782	Kura Holdings Limited	68	Ogun	Yewa North	29/10/2015	28/10/2018
22	20783	Dangote Industries Ltd	380	Ogun	Yewa North	29/10/2015	28/10/2018

## Coal

Coal is another strategic mineral identified by the Federal Government under the “coal to power project”. It is found within the Sedimentary Basins of the country. In the reporting year, 18 ELs were granted for coal.

Table 3.7: Details of exploration licenses issued for Coal in 2016

S/N	Code	Title holders	CU	State	LGA	Effective date	Expiry date
1	18635	Energy and Metals Industries Ltd	265	Enugu	Udi	12/01/2016	11/01/2019
2	20513	Eta Zuma Group West Africa Ltd	660	Abia	Okigwe/ Isikwuato	06/10/2015	05/10/2018
3	20517	Eta Zuma Group West Africa Ltd	593	Kogi	Igalamela	06/10/2015	05/10/2018
4	20521	Energy & Metals Industries Ltd	884	Kogi	Ankpa	06/10/2015	05/10/2018
5	20525	Abasa Nigeria Enterprises Ltd	877	Kogi	Omala	08/07/2016	07/07/2019
6	20857	Dalkiranlar Enerji Ltd	252	Kogi	Igalamela	23/07/2015	22/07/2018
7	21328	Kingrock International Nigeria Ltd	123	Kogi	Bassa	12/01/2016	11/01/2019
8	21418	NGUO Mining Company Ltd	230	Enugu	Nkanu West, Udi	02/02/2016	01/02/2019
9	21631	Dalkiranlar Enerji Ltd	80	Kogi	Ankpa	12/01/2016	11/01/2019
10	21834	Dalkiranlar Enerji Ltd	20	Kogi	Omala	12/05/2016	11/05/2019
11	22489	Hawka Mining Engineering Ltd.	894	Kogi	Ankpa	18/05/2016	17/05/2019
12	23878	Adamawa Mining Comp. Ltd.	320	Adamawa	Mayo Belwa	19/09/2016	18/09/2019
13	22111	Mirage Pond Ltd	504	Enugu	Uzo Uwani	01/04/2016	31/03/2019
14	22112	The Gazelle Integrated Services Ltd	640	Enugu	Uzo Uwani	01/04/2016	31/03/2019
15	21877	Ebonyi State Central Construction Company Ltd	70	Ebonyi	Afikpo North	12/01/2016	11/01/2019
16	22826	Milhouse Energy Services Ltd	96	Enugu	udi/Enugu east	17/10/2016	16/10/2019
17	20042	Total Mining Ltd.	776	Kogi	koton Karfe	18/11/2016	17/11/2019

### 3.3 Production Data

The total production for the year 2016 was 41,874,611.02 tons, valued at ₦34.09billion as declared by the government. The production data was computed based on minerals consumed or sold by the operators during the year. The 56 companies that were reconciled accounted for 92% of the total production while the remaining 595 companies accounted for 8%. For details on production, check **Appendix 5**.

#### 3.3.1 Analysis of Production by Mineral

Limestone accounted for 64.47% of total solid minerals production in 2016 while Amethyst was the least produced.

Table 3.8: Production data by mineral type

S/N	Types of minerals	Production {Ton}	Value of production ₦	Royalty ₦	contribution to royalty %
1	Limestone	26,996,568.74	16,197,941,246.80	809,897,062.24	49.35
2	Granite	7,458,238.09	10,277,942,050.98	513,897,104.30	31.32
3	Laterite	2,074,013.29	1,244,407,976.20	62,220,398.81	3.79
4	Sand	1,508,705.29	1,206,964,234.00	60,348,199.70	3.68
5	Shale	1,882,675.56	941,337,779.60	47,066,888.98	2.87
6	Clay	1,646,011.72	658,404,688.40	32,920,234.42	2.00
7	Tin	3,625.37	906,341,933.33	27,190,258.00	1.66
8	Manganese	70,106.67	701,066,666.67	21,032,000.00	1.28
9	Lead / Zinc	5,794.59	521,513,250.00	15,645,397.50	0.95
10	Columbite	1,044.04	417,614,600.00	12,528,438.00	0.76
11	Coal	104,424.86	261,062,158.33	7,831,864.75	0.48
12	Feldspar	35,092.00	105,275,990.00	5,263,800.00	0.32
13	Gold *	0.025	159,487,592.00	4,784,627.76	0.29
14	Tantalite	28.949	144,744,000.00	4,341,825.00	0.26
15	Marble	22,648.96	67,946,870.00	3,397,350.00	0.21
16	Kaolin	26,710.00	66,775,000.00	3,338,750.00	0.20
17	Tourmaline *	0.139	55,695,500.00	2,784,775.00	0.17
18	Topaz *	7.174	35,868,375.00	1,793,418.75	0.11
19	Dolomite	33,364.00	33,364,000.00	1,668,200.00	0.10
20	Lead Ore	700	31,500,000.00	945,000.00	0.06
21	Baryte	1,712.04	13,696,320.00	684,815.00	0.04
22	Wolframite *	15.333	15,333,333.33	460,000.00	0.03
23	Zircon	1,072.50	6,435,000.00	321,750.00	0.02
24	Aquamarine *	0.005	4,940,000.00	247,000.00	0.02
25	Gypsum	720	3,600,000.00	180,000.00	0.01
26	Iron	665	4,322,500.00	129,675.00	0.01
27	Talc	666.67	2,000,010.00	100,000.00	0.01
28	Amethyst *	0.001	2,100.00	105	-
		<b>41,874,611.02</b>	<b>34,085,583,174.64</b>	<b>1,641,018,938.21</b>	<b>100.00</b>

\* .....Quantity produced converted to TON

A trend analysis covering 2013 to 2016 of the two most produced minerals (Limestone and Granite) is shown in figure 3.2 below.

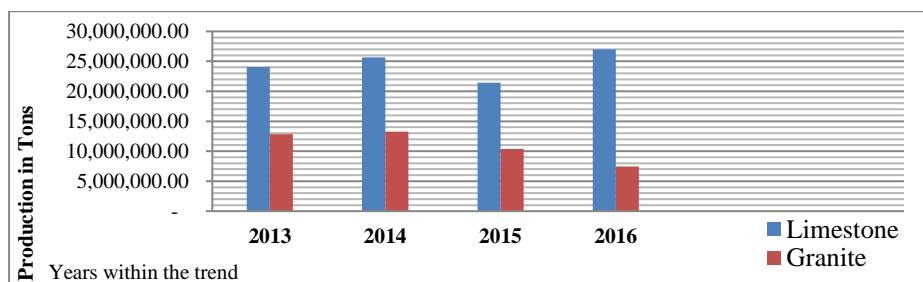


Figure: 3.2 Four years trend analysis of the two most produced minerals  
Source: MID Data for 2016 and NEITI reports for 2013 – 2015

The total value of minerals produced in 2016 was ₦34.09billion. The value shows a 33% increase or ₦8.53billion over ₦25.56billion reported in 2015.

Table 3.9: Comparison of production data by mineral type

S/N	Types of minerals	Production in 2016 {TON}	Production in 2015 {TON}	Difference in volume of production %	Value of 2016 production {₦}	Value of 2015 production {₦}	Difference in value of production %
1	Limestone	26,996,568.74	21,454,966.03	25.83%	16,197,941,246.80	12,055,518,786.00	34.36%
2	Granite	6,245,684.63	6,368,192.10	-1.92%	9,368,526,959.80	6,505,219,426.00	44.02%
3	Laterite	2,074,013.29	2,377,975.31	-12.78%	1,244,407,976.20	1,274,038,887.00	-2.33%
4	Sand	1,508,705.29	2,008,035.00	-24.87%	1,206,964,234.00	1,446,988,356.00	-16.59%
5	Shale	1,882,675.56	1,075,869.70	74.99%	941,337,779.60	474,437,456.00	98.41%
6	Granite Dust	1,212,553.46	4,015,866.38	-69.81%	909,415,091.18	2,344,763,238.00	-61.22%
7	Tin	3,625.37	472.54	667.21%	906,341,933.33	92,699,100.00	877.72%
8	Manganese	70,106.67		100.00%	701,066,666.67	-	100.00%
9	Clay	1,646,011.72	1,178,068.73	39.72%	658,404,688.40	384,263,916.00	71.34%
10	Lead / Zinc	5,794.59		100.00%	521,513,250.00	-	100.00%
11	Columbite	1,044.04	288.92	261.36%	417,614,600.00	69,088,000.00	504.47%
12	Coal	104,424.86	121,316.00	-13.92%	261,062,158.33	264,044,570.00	-1.13%
13	Gold *	0.025		100.00%	159,487,592.00	-	100.00%
14	Tantalite	28.949	31.85	-9.11%	144,744,000.00	119,250,000.01	21.38%
15	Feldspar	35,092.00	13,238.00	165.09%	105,275,990.00	38,683,190.00	172.15%
16	Marble	22,648.96		100.00%	67,946,870.00	-	100.00%
17	Kaolin	26,710.00	25,280.00	5.66%	66,775,000.00	58,999,215.00	13.18%
18	Tourmaline *	0.139		100.00%	55,695,500.00	-	100.00%
19	Topaz *	7.174		100.00%	35,868,375.00	-	100.00%
20	Dolomite	33,364.00		100.00%	33,364,000.00	-	100.00%
21	Lead Ore	700		100.00%	31,500,000.00	-	100.00%
22	Wolframite *	15.333	52.44	-70.76%	15,333,333.33	26,220.00	58379.53%
23	Baryte	1,712.04		100.00%	13,696,320.00	-	100.00%
24	Zircon	1,072.50		100.00%	6,435,000.00	-	100.00%
25	Aquamarin *	0.005		100.00%	4,940,000.00	-	100.00%
26	Iron	665		100.00%	4,322,500.00	-	100.00%
27	Gypsum	720	34,620.67	-97.92%	3,600,000.00	160,714,220.00	-97.76%
28	Talc	666.67		100.00%	2,000,010.00	-	100.00%
29	Amethyst *	0.001		100.00%	2,100.00	-	100.00%
30	Marl		595,043.58	-100.00%	-	267,904,797.00	100.00%
31	Rea Alluvium		3,273.50	-100.00%	-	1,561,506.00	100.00%
		<b>41,874,611.02</b>	<b>39,272,590.75</b>		<b>34,085,583,174.64</b>	<b>25,558,200,883.01</b>	

\* .....Quantity produced converted to TON

### 3.3.2 Analysis of Production by State

In the year under review, Ogun state contributed 33.49% to the total production declared.

Table 3.10: State contribution to royalty paid

S/N	State	Production {Ton}	Value ₦	Royalty ₦	Contribution to royalty %
1	Ogun	16,759,650.95	11,016,505,657.40	549,526,578.62	33.49
2	Kogi	11,121,565.11	6,494,291,370.20	323,362,889.01	19.71
3	FCT	1,692,734.71	2,105,870,260.66	101,817,739.09	6.20
4	Oyo	1,077,744.37	1,961,326,939.80	91,274,804.76	5.56
5	Cross River	2,748,745.27	1,794,183,678.60	91,139,004.93	5.55

6	Plateau	170,277.39	1,580,136,114.27	50,343,919.38	3.07
7	Ondo	817,238.24	1,206,192,362.00	60,309,618.10	3.68
8	Ebonyi	737,723.30	1,117,647,443.00	55,657,372.15	3.39
9	Edo	1,116,044.19	1,011,042,787.40	50,552,139.27	3.08
10	Gombe	910,982.96	726,907,976.66	32,711,531.50	1.99
11	Kebbi	101,238.33	723,681,166.67	22,105,275.00	1.35
12	Lagos	848,649.70	698,939,760.00	34,946,976.00	2.13
13	Benue	847,019.02	522,776,435.00	25,867,558.75	1.58
14	Abia	310,413.00	435,639,500.00	21,781,975.00	1.33
15	Sokoto	684,277.53	413,734,520.00	20,686,726.00	1.26
16	Nasarawa	98,759.08	243,048,180.00	8,745,814.00	0.53
17	Zamfara	91,285.29	228,621,100.00	10,612,702.00	0.65
18	Kano	186,142.55	197,912,285.00	10,064,139.25	0.61
19	Kaduna	172,085.38	187,797,343.20	9,448,337.16	0.58
20	Anambra	201,417.17	163,432,800.00	8,171,640.00	0.5
21	Ekiti	149,828.60	155,800,390.00	7,790,020.00	0.47
22	Osun	112,741.19	137,119,285.60	6,655,964.28	0.41
23	Bauchi	108,191.00	134,825,900.00	8,367,211.60	0.51
24	Niger	86,984.87	132,906,743.31	3,893,519.00	0.24
25	Katsina	121,348.48	126,051,012.00	4,085,393.50	0.25
26	Delta	125,946.67	96,268,000.00	4,813,400.00	0.29
27	Jigawa	64,406.78	88,592,977.20	4,429,648.86	0.27
28	Taraba	70,415.46	83,287,520.00	3,947,376.00	0.24
29	Kwara	62,230.93	82,748,066.67	4,124,070.00	0.25
30	Akwa Ibom	120,934.33	72,560,600.00	3,628,030.00	0.22
31	Rivers	54,442.50	43,554,000.00	2,177,700.00	0.13
32	Bayelsa	26,666.67	40,000,000.00	2,000,000.00	0.12
33	Adamawa	29,230.00	25,581,000.00	4,149,865.00	0.25
34	Imo	26,450.00	21,160,000.00	1,058,000.00	0.06
35	Enugu	18,000.00	13,200,000.00	660,000.00	0.04
36	Borno	2,800.00	2,240,000.00	112,000.00	0.01
37	Yobe	0	0	0	0
		<b>41,874,611.02</b>	<b>34,085,583,174.64</b>	<b>1,641,018,938.21</b>	<b>100.00</b>

The contributions of the 36 states and FCT to quantity of minerals produced in 2016 reveals an increase of 2,602,020.29 tons (6.63%) when compared to 2015 as shown in table 3.11 below.

Table 3.11: Comparison of 2016 and 2015 production data

S/N	State	2016 volume (Ton)	2015 volume (Ton)	Difference in volume ₦	2016 Value ₦	2015 Value ₦	Difference in value ₦
1	Ogun	16,759,650.95	13,754,245.59	3,005,405.36	11,016,505,657.40	8,359,493,931.33	2,657,011,726.07
2	Kogi	11,121,565.11	8,577,863.36	2,543,701.75	6,494,291,370.20	4,130,208,513.02	2,364,082,857.18
3	FCT	1,692,734.71	2,212,677.43	-519,942.72	2,105,870,260.66	2,097,923,617.79	7,946,642.87
4	Oyo	1,077,744.37	1,064,531.51	13,212.86	1,961,326,939.80	1,127,643,335.52	833,683,604.28
5	Cross River	2,748,745.27	3,120,454.89	-371,709.62	1,794,183,678.60	2,159,688,966.48	-365,505,287.88
6	Plateau	170,277.39	109,164.63	61,112.76	1,580,136,114.27	111,986,436.34	1,468,149,677.93
7	Ondo	817,238.24	542,209.29	275,028.95	1,206,192,362.00	568,054,451.14	638,137,910.57
8	Ebonyi	737,723.30	1,381,315.95	-643,592.65	1,117,647,443.00	968,161,441.24	149,486,001.76
9	Edo	1,116,044.19	882,769.22	233,274.97	1,011,042,787.40	846,736,482.98	164,306,304.42
10	Gombe	910,982.96	1,190,447.33	-279,464.37	726,907,976.66	1,049,074,849.14	-322,166,872.48
11	Kebbi	101,238.33	21,393.18	79,845.15	723,681,166.67	34,595,534.65	689,085,632.02
12	Lagos	848,649.70	863,298.96	-14,649.26	698,939,760.00	512,041,402.18	186,898,357.82
13	Benue	847,019.02	379,533.16	467,485.86	522,776,435.00	212,577,983.60	310,198,451.40
14	Abia	310,413.00	433,583.49	-123,170.49	435,639,500.00	311,723,380.54	123,916,119.46
15	Sokoto	684,277.53	607,043.00	77,234.53	413,734,520.00	347,444,089.80	66,290,430.20
16	Nasarawa	98,759.08	278,421.58	-179,662.50	243,048,180.00	158,031,416.49	85,016,763.51
17	Zamfara	91,285.29	102,471.02	-11,185.73	228,621,100.00	143,439,153.85	85,181,946.15
18	Kano	186,142.55	265,114.19	-78,971.64	197,912,285.00	99,896,344.56	98,015,940.44
19	Kaduna	172,085.38	173,790.56	-1,705.18	187,797,343.20	143,370,122.45	44,427,220.75
20	Anambra	201,417.17	133,318.00	68,099.17	163,432,800.00	105,497,060.00	57,935,740.00

21	Ekiti	149,828.60	130,269.88	19,558.72	155,800,390.00	144,824,578.20	10,975,811.80
22	Osun	112,741.19	409,447.00	-296,705.81	137,119,285.60	85,608,270.00	51,511,015.60
23	Bauchi	108,191.00	54,971.77	53,219.23	134,825,900.00	139,551,535.10	-4,725,635.10
24	Niger	86,984.87	365,884.77	-278,899.90	132,906,743.31	147,040,991.80	-14,134,248.49
25	Katsina	121,348.48	59,473.72	61,874.76	126,051,012.00	44,448,049.07	81,602,962.93
26	Delta	125,946.67	146,813.06	-20,866.39	96,268,000.00	910,489,460.38	-814,221,460.38
27	Jigawa	64,406.78	152,825.30	-88,418.52	88,592,977.20	84,398,995.37	4,193,981.83
28	Taraba	70,415.46	105,135.83	-34,720.37	83,287,520.00	53,117,045.75	30,170,474.25
29	Kwara	62,230.93	99,824.86	-37,593.93	82,748,066.67	88,384,978.36	-5,636,911.69
30	Akwa Ibom	120,934.33	1,259,629.55	-1,138,695.22	72,560,600.00	158,744,519.10	-86,183,919.10
31	Rivers	54,442.50	197,225.00	-142,782.50	43,554,000.00	92,596,495.00	-49,042,495.00
32	Bayelsa	26,666.67	75,000.00	-48,333.33	40,000,000.00	30,165,000.00	9,835,000.00
33	Adamawa	29,230.00	21,193.00	8,037.00	25,581,000.00	18,645,348.48	6,935,651.52
34	Imo	26,450.00	82,084.00	-55,634.00	21,160,000.00	62,542,100.00	-41,382,100.00
35	Enugu	18,000.00	16,500.00	1,500.00	13,200,000.00	6,033,000.00	7,167,000.00
36	Borno	2,800.00	-	2,800.00	2,240,000.00	-	2,240,000.00
37	Yobe	-	2,666.67	-2,666.67	-	4,022,000.00	-4,022,000.00
		<b>41,874,611.02</b>	<b>39,272,590.75</b>	<b>2,602,020.27</b>	<b>34,085,583,174.64</b>	<b>25,558,200,880.00</b>	<b>8,527,382,294.64</b>

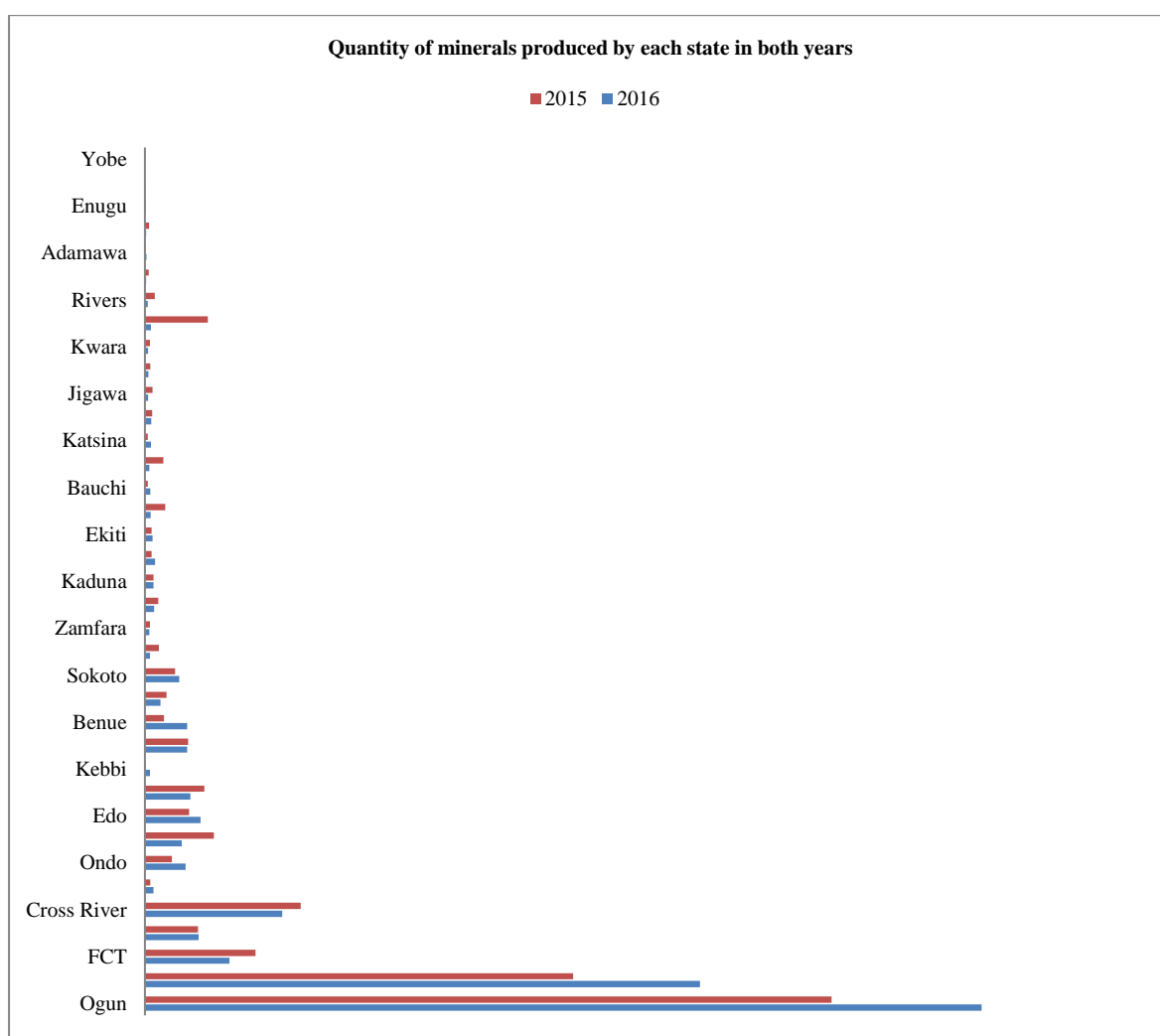


Figure 3.3: Quantity of minerals produced by each state in both years.

### 3.3.3 Analysis of Production by Company

Three companies - Dangote Cement Plc, Lafarge Africa Plc and United Cement Company Plc (UNICEM) contributed 70% of total production in 2016. All these three companies are in cement manufacturing sector. See table 3.12 for contribution of the covered companies to the total production in 2016. Details of production for each of the 56 covered entities are

contained in **Appendix 5**.

Table 3.12: Analysis of production by extractive companies

S/N	Extractive companies	Production	%
1	Dangote Cement Plc	21,251,857.70	50.75
2	Lafarge Africa Plc	5,355,124.25	12.79
3	United Cement Company Plc	2,487,924.90	5.94
4	Others	12,779,704.17	30.52
		<b>41,874,611.02</b>	<b>100.00%</b>

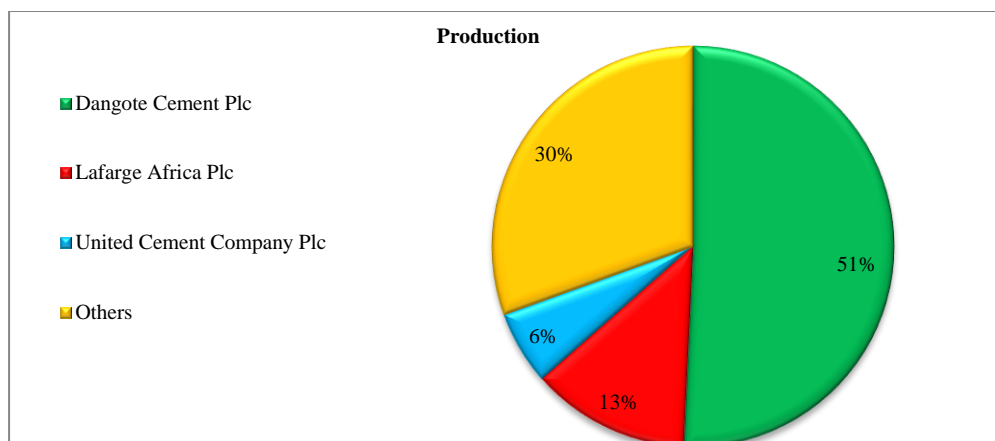


Figure: 3.4 Production by major companies

### 3.4 Export

The Free on Board (FOB) value of the solid minerals exported in 2016 was USD 40,934,053.00. Table 3.13 below depicts the analysis of solid minerals exported in 2016. Lead ore and concentrates contributed 31.66%, while marble and travertine cut into blocks accounted for the lowest percentage in the year.

Table 3.13: Analysis of solid minerals export

Goods description	Net mass Kg	FOB value \$	FOB ₦	FOB %
Lead ores and concentrates.	9,314,940.90	12,960,040.00	3,946,332,180.00	31.66
Agglomerated Iron ores and concentrates	2,000.00	10,510,624.00	3,200,485,008.00	25.68
Manganese ores/concentrates	960,260.00	8,055,304.00	2,452,840,068.00	19.68
Zinc ores and concentrates.	12,215,769.87	5,401,617.00	1,644,792,376.50	13.20
Tin ores and concentrates.	349,638.60	1,308,435.00	398,418,457.50	3.20
Niobium, tantalum, vanadium or zirconium	2,273.70	763,122.00	232,370,649.00	1.86
Natural sands of all kinds, excluding silica	326,492.40	566,851.00	172,606,129.50	1.38
Copper ores and concentrates.	1,003.00	382,704.00	116,533,368.00	0.93
Zirconium ores and concentrates	19,107.30	295,950.00	90,116,775.00	0.72
Aluminum ores and concentrates.	190	249,850.00	76,079,325.00	0.61
Gypsum; anhydrite	550,000.00	124,300.00	37,849,350.00	0.30
Crude mica and mica rifted into sheets	43,396.10	100,292.00	30,538,914.00	0.25
Cobalt ores and concentrates.	71	78,500.00	23,903,250.00	0.19
Silica sands and quartz sands	28	42,000.00	12,789,000.00	0.10
Kaolin and other kaolinic clays	71,470.00	30,512.00	9,290,904.00	0.07
Other clays	360,012.00	25,700.00	7,825,650.00	0.06
Chromium ores and concentrates.	25	10,400.00	3,166,800.00	0.03
Ash and residues	100,035.00	10,000.00	3,045,000.00	0.03
Bentonite	47,000.00	8,598.00	2,618,091.00	0.02
Tungsten ores and concentrates.	25,000.00	6,250.00	1,903,125.00	0.02
Titanium ores and concentrates.	8,000.00	2,800.00	852,600.00	0.01
Limestone flux; limestone and stone	819	201	61,204.50	0.00
Marble and travertine cut into blocks	3	3	913.5	0



	24,397,534.87	40,934,053.00	12,464,419,138.50	100.00
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The Nigeria Customs Service (NCS) records revealed that China was the destination where most Nigeria’s solid minerals were exported to in 2016. Refer to **Appendix 6** for details of the summary provided in the table 3.14 below.

Table 3.14: Destination of Nigeria’s solid minerals export in 2016

Country of destination	Net mass Kg	FOB value \$	FOB ₦	FOB %
China (Hong Kong)	22,180,578.77	21,951,529.00	6,684,240,580.50	53.63
Spain	2,790.40	10,838,958.00	3,300,462,711.00	26.48
India	1,717.10	3,641,450.00	1,108,821,525.00	8.90
United Arab Emirates	153,860.80	1,561,600.00	475,507,200.00	3.81
Thailand	64,380.00	760,301.00	231,511,654.50	1.86
Japan	680.20	653,200.00	198,899,400.00	1.60
Malaysia	42,789.00	339,610.00	103,411,245.00	0.83
Netherlands	20.00	245,669.00	74,806,210.50	0.60
Korea Republic	28,944.00	179,688.00	54,714,996.00	0.44
Italy	187.00	152,400.00	46,405,800.00	0.37
France	146.55	96,590.00	29,411,655.00	0.24
Pakistan	50,000.00	91,000.00	27,709,500.00	0.22
Central African Republic	500,000.00	62,150.00	18,924,675.00	0.15
Chad	50,000.00	62,150.00	18,924,675.00	0.15
Germany	161,474.00	57,208.00	17,419,836.00	0.14
Gabon	361,590.00	55,003.00	16,748,413.50	0.13
United States	225,000.00	36,750.00	11,190,375.00	0.09
Sierra Leone	25.00	32,500.00	9,896,250.00	0.08
Swaziland	50,497.00	25,786.00	7,851,837.00	0.06
Poland	425,075.00	23,259.00	7,082,365.50	0.06
Canada	72.05	20,160.00	6,138,720.00	0.05
United Kingdom	24,980.00	12,809.00	3,900,340.50	0.03
Portugal	75.00	10,734.00	3,268,503.00	0.03
Republic of South Africa	25,628.00	9,451.00	2,877,829.50	0.02
Cote d'Ivoire	47,000.00	8,598.00	2,618,091.00	0.02
Belgium	25.00	5,500.00	1,674,750.00	0.01
	<b>24,397,534.87</b>	<b>40,934,053.00</b>	<b>12,464,419,138.50</b>	<b>100.00</b>

Figure 3.5 below shows the trend analysis of solid minerals export in Nigeria over a period of three year (2014 – 2016).

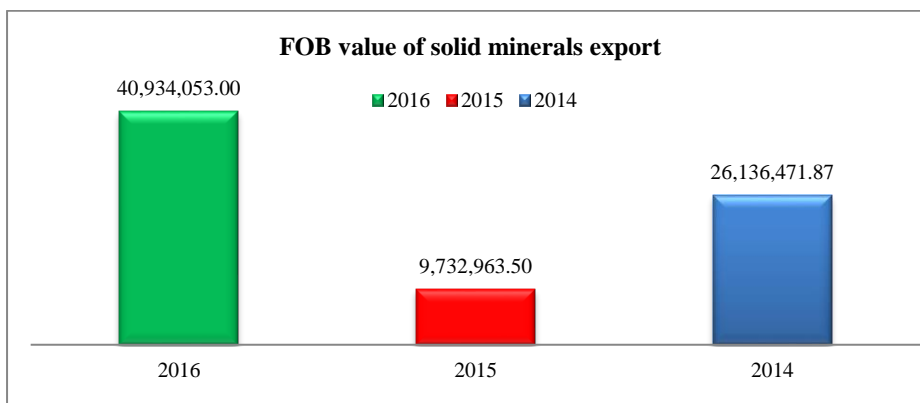


Figure 3.5: Three years trend analysis of solid minerals export

Nigeria’s total export in 2016 was ₦8.53trillion while the non-oil sector contributed ₦330.01billion. The contribution of the solid minerals sub-sector was ₦11.16billion representing 3.38% of the non-oil export in 2016. See table 3.15 and figure 3.6 below.

Table 3.15: Contribution of the solid minerals sub-sector to non-oil export in 2016

Description	Value of non-oil export ₦'billion	Solid mineral contribution ₦'billion	Contribution of solid minerals %
Non-oil export in 2016	330.013	11.16	3.38

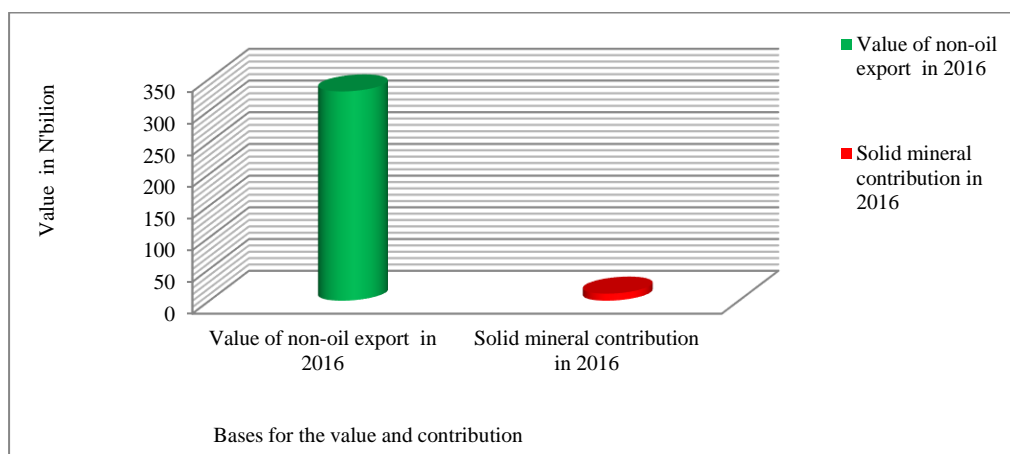


Figure 3.6: Contribution of the solid minerals sub-sector to non-oil export in 2016

SOURCE: <https://nigerianstat.gov.ng/elibrary>

Table 3.16: Comparison of value of solid minerals export in 2016 and 2015

Description	2016 ₦'billion	2015 ₦'billion	Difference ₦'billion
Value of non-oil export	330.01	134.17	195.84
Solid mineral contribution	11.16	1.94	9.22

Source: Nigeria Bureau of Statistics for 2016 and NEITI SMA report for 2015

For more detail on 2016 export, kindly visit <https://nigerianstat.gov.ng/elibrary>

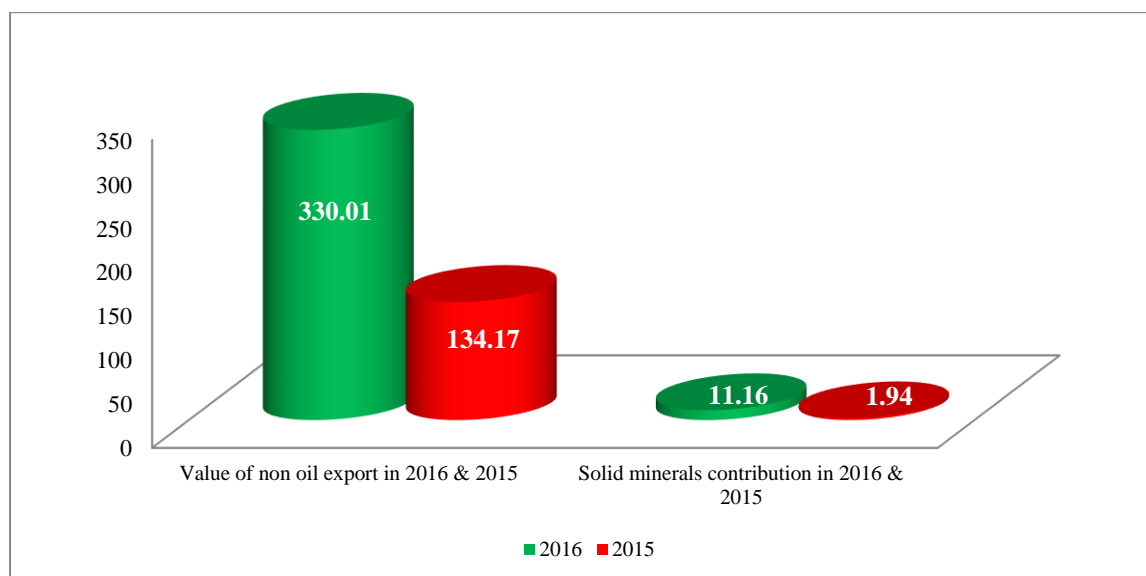


Figure 3.7: Comparison of value of solid mineral export in 2016 and 2015

Table 3.17: Major minerals export destinations and value

Goods Description	China	Spain	India	United Arab Emirates	Thailand	Japan	Malaysia	Netherlands	Korea, Republic of	Italy	Others**	FOB
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Agglomerated Iron ores and concentrates		10,510,624.00										10,510,624.00
Aluminium ores and concentrates.	153,850.00	96,000.00										249,850.00
Ash and residues (other than from the				4,500.00							5,500.00	10,000.00
Bentonite											8,598.00	8,598.00
Chromium ores and concentrates.	10,400.00										-	10,400.00
Cobalt ores and concentrates.	46,000.00										32,500.00	78,500.00
Copper ores and concentrates.	381,200.00								1.00		1,503.00	382,704.00
Crude mica and mica rifted into sheets or	99,342.00		950.00									100,292.00
Gypsum, anhydrite											124,300.00	124,300.00
Kaolin and other kaolinic clays, whether or											30,512.00	30,512.00
Lead ores and concentrates	6,420,954.00	232,334.00	3,565,500.00	1,523,500.00		600,000.00		245,669.00			372,083.00	12,960,040.00
Limestone flux; limestone and stone of a											201.00	201.00
Manganese ores/concentrates, including	8,055,304.00											8,055,304.00
Marble and travertine cut into blocks or	3.00											3.00
Natural sands of all kinds, excluding silica	410,750.00									152,400.00	3,701.00	566,851.00
Niobium, tantalum, vanadium or zirconium	748,122.00					15,000.00						763,122.00
Other clays	1,200.00										24,500.00	25,700.00
Silica sands and quartz sands	42,000.00											42,000.00
Tin ores and concentrates.	136,324.00		75,000.00		760,301.00		336,810.00					1,308,435.00
Titanium ores and concentrates.							2,800.00					2,800.00
Tungsten ores and concentrates.											6,250.00	6,250.00
Zinc ores and concentrates.	5,180,130.00			33,600.00		8,200.00			179,687.00			5,401,617.00
Zirconium ores and concentrates	265,950.00					30,000.00						295,950.00
	<b>21,951,529.00</b>	<b>10,838,958.00</b>	<b>3,641,450.00</b>	<b>1,561,600.00</b>	<b>760,301.00</b>	<b>653,200.00</b>	<b>339,610.00</b>	<b>245,669.00</b>	<b>179,688.00</b>	<b>152,400.00</b>	<b>609,648.00</b>	<b>40,934,053.00</b>

\*\*Belgium, Canada, Central African Republic, Chad, Cote d'Ivoire, France, Gabon, Germany, Pakistan, Poland, Republic of South Africa, Sierra Leone, Swaziland, United Kingdom, United States

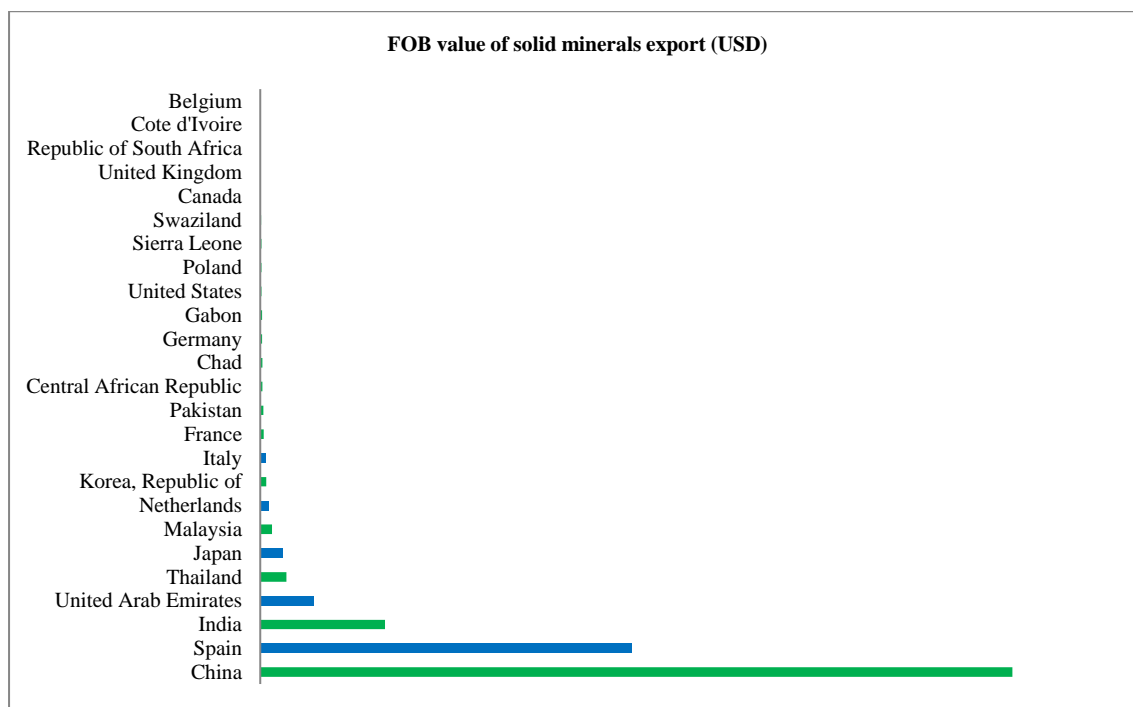


Figure 3.8: Major minerals export destinations and value



## 4.0 REVENUE COLLECTION

### 4.1 Comprehensive Disclosure of Revenue

The financial flows for the solid minerals sector as captured in this report are described in table 4.1. The financial flows analysed under this section include royalty and fees collected by MID and MCO which are sector specific, and other FIRS receipts (such as CIT, VAT, PAYE-FCT).

Table 4.1: Initial position of receipts and payments

Financial flows	Government ₦	Company ₦	Difference ₦
MID	1,446,017,879.01	394,049,958.88	1,051,967,920.13
MCO	156,025,800.00	72,255,207.96	83,770,592.04
FIRS	23,321,044,443.52	34,849,761,481.47	(11,528,717,037.95)
	24,923,088,122.53	35,316,066,648.31	(10,392,978,525.78)
Unilateral Disclosure by Government Agencies	1,247,259,366.89	-	1,247,259,366.89
Unilateral Disclosure by reporting Companies	-	7,036,738,065.44	(7,036,738,065.44)
<b>Total</b>	<b>26,170,347,489.42</b>	<b>42,352,804,713.75</b>	<b>(16,182,457,224.33)</b>

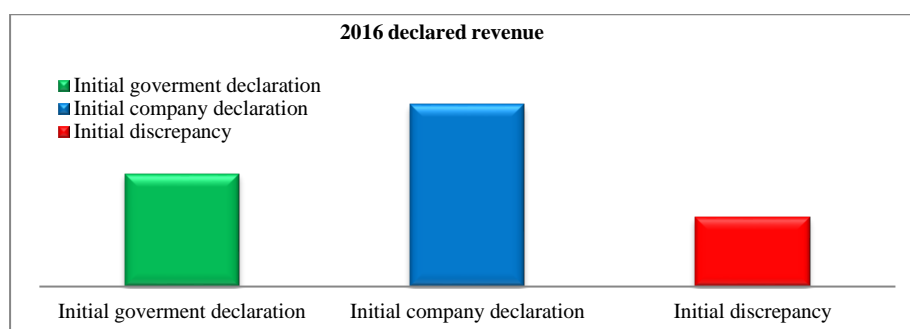


Figure 4.1: Discrepancy between initial position of receipts and payments

The total revenue from solid minerals sector declared by government was ₦43.22billion, after reconciliation, as shown in the table 4.2 below.

Table 4.2: Position of receipts and payments after reconciliation

Payment streams	Declared government revenue ₦	Declared companies revenue ₦	Difference ₦
FIRS	40,381,311,994.48	40,361,186,033.49	20,125,960.99
MID	1,437,791,151.32	1,412,614,451.32	25,176,700.00
MCO	156,025,800	156,025,800	-
<b>Sub-total: Reconciled revenue 'a'</b>	<b>41,975,128,945.80</b>	<b>41,929,826,284.81</b>	<b>45,302,660.99</b>
Unilateral Disclosure by Government Agencies*	1,247,259,366.89	-	
Unilateral Disclosure by reporting Companies**	-	7,036,738,065.44	
<b>Sub-total: Unilateral disclosure 'b'</b>	<b>1,247,259,366.89</b>	<b>7,036,738,065.44</b>	
	<b>43,222,388,312.69</b>	<b>48,966,564,350.25</b>	

\* For unilateral receipts by government, see table 4.13 and appendix 9 for details

\*\* For unilateral payments by companies, see table 4.14 and appendix 9 for details

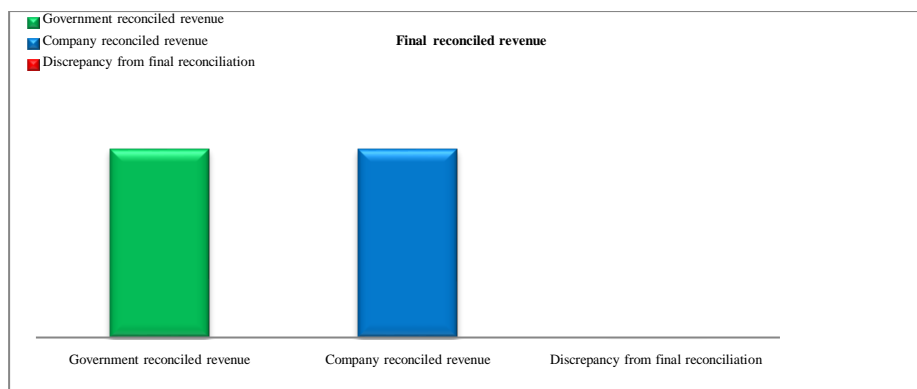


Figure 4.2: Discrepancy between final reconciliation of receipts and payments

Total government receipts declined by ₦20.75billion (32%) when compared to 2015 receipts. The decline is attributed to lower revenue from FIRS in 2016. However, there was increase in the collection by MID and MCO.

Table 4.3: Analysis of revenue declared by government in 2016

Payment streams	Declared government revenue in 2016 ₦	Declared government revenue in 2015 ₦	Difference ₦	Difference %
FIRS	40,381,311,994.48	62,593,745,344.23	(22,212,433,349.75)	(35)
MID	1,690,212,218.21	1,275,796,025.35	414,416,192.86	32
MCO	1,150,864,100.00	107,807,500.00	1,043,056,600.00	968
	<b>43,222,388,312.69</b>	<b>63,977,348,869.58</b>	<b>(20,754,960,556.89)</b>	

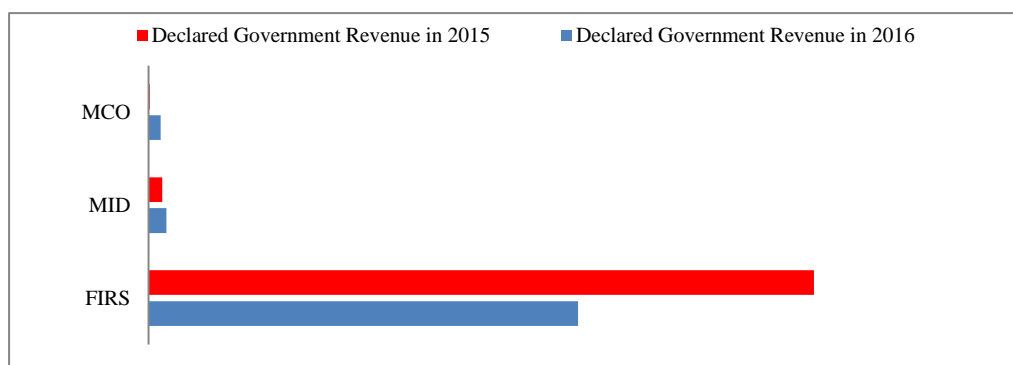


Figure 4.3: Analysis of government declared revenue

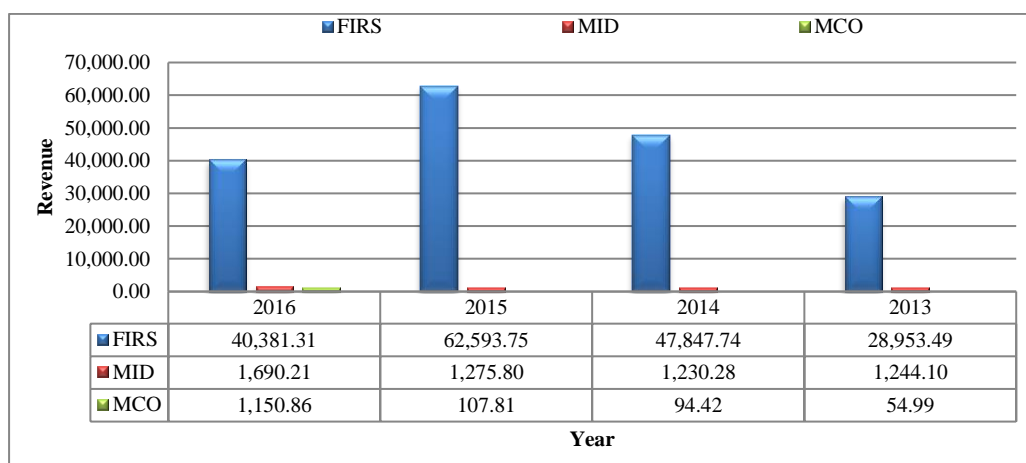


Figure 4.4: Comparison of revenue collection by government: 2013 - 2016

Table 4.4: Contribution by revenue streams to government

Types of revenue streams	Amount ₦	Contribution %
Value added tax (VAT)	20,244,510,690.43	46.84
Companies income tax (CIT)	10,575,945,892.31	24.47
Withholding tax (WHT)	7,175,636,759.59	16.60
Tertiary education tax (EDT)	2,284,103,975.85	5.29
Royalty	1,641,018,938.21	3.80
Annual service fee	840,107,100.00	1.94
Registration fee	187,182,000.00	0.43
Pay as you earn (PAYE)	101,114,676.30	0.23
Transfer/ Assignment fees	52,530,000.00	0.12
Renewal of License	36,556,000.00	0.09
Permit to erect magazines & store	21,847,000.00	0.05
Late renewal	22,852,000.00	0.05
Fees on explosives	9,621,480.00	0.02
Reconnaissance permit	8,560,000.00	0.02
Blasting certificate	3,804,000.00	0.01
Payment for minerals buying centre	5,450,000.00	0.01
Permit to buy explosive	2,230,000.00	0.01
Others	9,317,800.00	0.02
	<b>43,222,388,312.69</b>	<b>100.00</b>

#### 4.1.1 Revenue Collection by FIRS

FIRS collected a total of ₦40.38billion from the solid minerals reporting companies in 2016. From the receipts, VAT contributed 50%, CIT 26.19% and WHT 17.17%.

Please refer to **Appendix 7** for details.

Table 4.5: Revenue collection by FIRS

Type tax paid	Amount ₦	Contribution %
CIT	10,575,945,892.31	26.19
EDT	2,284,103,975.85	5.66
PAYE	101,114,676.30	0.25
VAT	20,244,510,690.43	50.13
WHT	7,175,636,759.59	17.77
	<b>40,381,311,994.48</b>	<b>100.00</b>

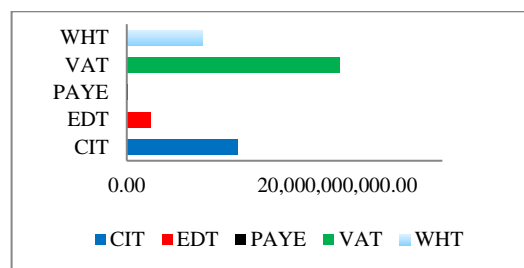


Figure 4.5: Revenue collection by FIRS

#### 4.1.2 Revenue Collection by MMSD

Revenues were collected by MMSD through MID and MCO. MID collected royalties and related fees, MCO on the other hand, collected fees in respect of licenses and annual renewal fees. The total revenue collected by MID in 2016 was ₦1.69billion as shown in the table 4.6 below.

Table 4.6: Revenue collection by MID

S/N	Mines inspectorate department	Adjusted revenue ₦
1.0	<b>ROYALTY 'a'</b>	<b>1,641,018,938.21</b>
2.0	<b>FEES</b>	
2.1	ASM Registration	130,000.00
2.2	Blasting Certificate	3,804,000.00
2.3	Export Permit	374,800.00
2.4	Fees On Explosives	9,621,480.00

2.5	Payment For Export	1,310,000.00
2.6	Payment For Licence To Possess Minerals	455,000.00
2.7	Payment For Minerals Buying Centre	5,450,000.00
2.8	Payment For Registration Of Mineral	1,120,000.00
2.9	Permit To Buy Explosive	2,230,000.00
2.10	Permit To Erect Magazines & Store	21,847,000.00
2.11	Permit To Mix & Use ANFO	1,330,000.00
2.12	Prior Clearance	590,000.00
2.13	Renewal Of Licence To Import And Sell Explosives	650,000.00
2.14	Permit to export minerals for commercial purposes	197,000.00
2.15	Permit to export minerals samples for analysis	4,000.00
2.16	Licence to manufacture explosives	80,000.00
	<b>Sub-total: Fees: 'b'</b>	<b>49,193,280.00</b>
	<b>Total (a + b)</b>	<b>1,690,212,218.21</b>

### i Royalty payment disaggregated by state

Royalty of ₦1.64billion was collected from the 36 States and FCT. The table 4.7 below shows the distribution of collections of all the states and their percentage contribution. Based on this, Ogun, Kogi, and FCT accounted for 59.4% of the total royalty collected in the year. Details on royalty are available in **Appendix 8**.

Table 4.7: Analysis of royalty collection per state

S/N	State of federation	Royalty paid ₦	Contribution %
1	Ogun	549,526,578.62	33.49
2	Kogi	323,362,889.01	19.71
3	FCT	101,817,739.09	6.20
4	Oyo	91,274,804.76	5.56
5	Cross River	91,139,004.93	5.55
6	Ondo	60,309,618.10	3.68
7	Ebonyi	55,657,372.15	3.39
8	Edo	50,552,139.27	3.08
9	Plateau	50,343,919.38	3.07
10	Lagos	34,946,976.00	2.13
11	Gombe	32,711,531.50	1.99
12	Benue	25,867,558.75	1.58
13	Kebbi	22,105,275.00	1.35
14	Abia	21,781,975.00	1.33
15	Sokoto	20,686,726.00	1.26
16	Zamfara	10,612,702.00	0.65
17	Kano	10,064,139.25	0.61
18	Kaduna	9,448,337.16	0.58
19	Nasarawa	8,745,814.00	0.53
20	Bauchi	8,367,211.60	0.51
21	Anambra	8,171,640.00	0.50
22	Ekiti	7,790,020.00	0.47
23	Osun	6,655,964.28	0.41
24	Delta	4,813,400.00	0.29
25	Jigawa	4,429,648.86	0.27
26	Adamawa	4,149,865.00	0.25
27	Kwara	4,124,070.00	0.25
28	Katsina	4,085,393.50	0.25
29	Taraba	3,947,376.00	0.24
30	Niger	3,893,519.00	0.24
31	Akwa Ibom	3,628,030.00	0.22
32	Rivers	2,177,700.00	0.13



33	Bayelsa	2,000,000.00	0.12
34	Imo	1,058,000.00	0.06
35	Enugu	660,000.00	0.04
36	Borno	112,000.00	0.01
37	Yobe	-	-
		<b>1,641,018,938.21</b>	<b>100.00</b>

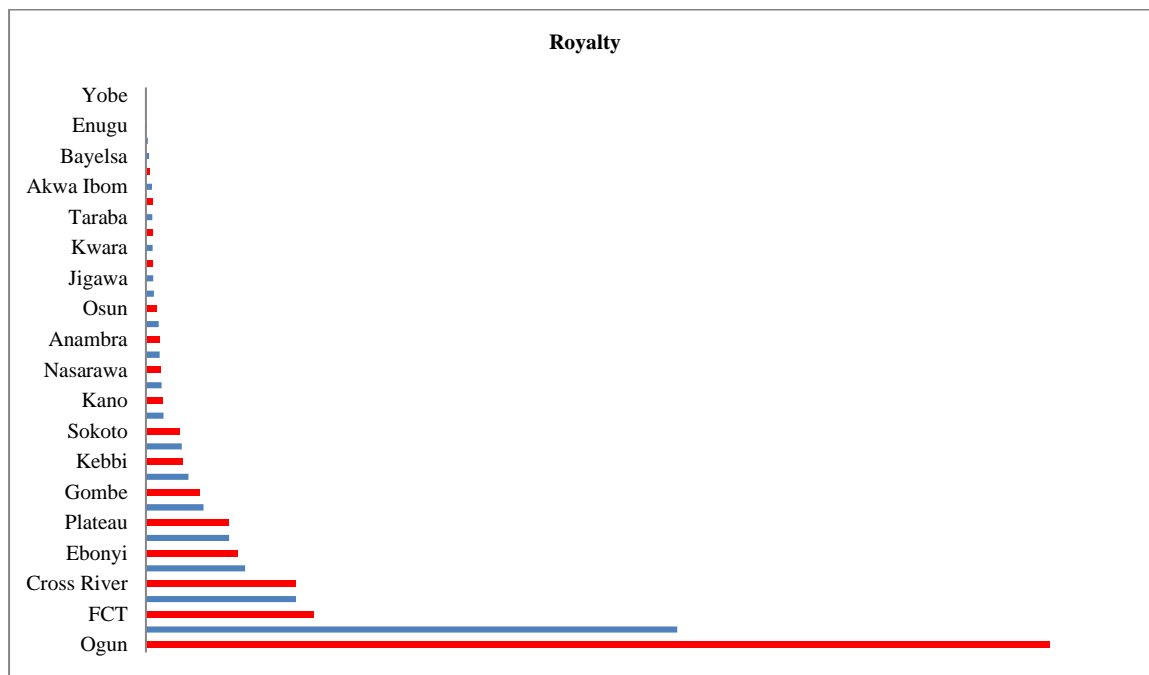


Figure 4.6: Analysis of royalty collection per state

**ii Royalty payment disaggregated by company**

There was an increase of 30.15% for royalty payment in 2016 when compared to 2015. Four hundred and eighty one (481) companies paid ₦1.27billion as royalty in 2015, while 651 companies paid ₦1.64billion in 2016. Kindly refer to **Appendix 8** for details.

Table 4.8: Analysis of royalty paid by companies

S/N	Extractive companies	Royalty paid ₦	Royalty contribution %
1	Dangote Cement Plc	620,773,689.22	37.83
2	Lafarge Africa Plc	157,110,464.34	9.57
3	United Cement Company Plc	71,635,522.11	4.37
4	Julius Berger Nigeria Plc	41,856,214.38	2.55
5	Setraco Nigeria Limited	35,480,981.86	2.16
6	Reynolds Construction Company (Nig.) Ltd.	32,471,838.43	1.98
7	AshakaCem Plc	29,147,355.50	1.78
8	Ratcon Construction Company Ltd	25,407,424.60	1.55
9	Crushed Rock Industries Nigeria Limited	24,454,497.50	1.49
10	Zeberced Limited	21,407,625.00	1.30
11	Sino Mineral Co. Ltd	21,032,000.00	1.28
12	Cement Company of Northern Nigeria Plc	20,134,680.00	1.23
13	CCECC Nigeria Ltd	16,634,471.00	1.01
14	BUA International Ltd (Okpella Site, Edo State)	15,084,200.00	0.92
15	Woda (Mountain) Investment Ltd	13,851,500.00	0.84
16	C.G.C Nigeria Limited	13,036,353.08	0.79

17	Kopek Construction Limited	12,812,720.00	0.78
18	Lafarge Readymix Nigeria Limited	12,244,716.00	0.75
19	Arab Contractors O.A.O. Nigeria Ltd.	12,053,903.47	0.73
20	Triacta Nigeria Ltd.	11,873,806.00	0.72
21	Mercury Mining Investment Limited	11,420,500.00	0.70
22	Levant Construction Limited	10,617,300.00	0.65
23	Georgio Rocks Limited	9,343,295.70	0.57
24	Spearman Brown Nig. Ltd	8,802,225.00	0.54
25	S.C.C. Nigeria Limited	8,341,192.88	0.51
26	Coltan Minerals Limited	8,245,500.00	0.50
27	Six Six Manufacturing & Global Services Limited	8,196,195.00	0.50
28	Sodex Mines Nigeria Ltd.	7,636,500.00	0.47
29	Astro Minerals Limited	7,592,932.00	0.46
30	Tongyi Allied Mining Ltd.	7,425,000.00	0.45
31	Taoshi Mining & Exploration Limited	7,276,581.00	0.44
32	Porcelainware Industries Limited	7,003,500.00	0.43
33	Ashpalt Unity Construction Limited	6,992,500.00	0.43
34	CNC Mining Company Limited	6,419,510.00	0.39
35	Platinum Asphalt and Crushing Company Limited	6,345,888.52	0.39
36	Hongyun Mining Industrial Co. Ltd	6,187,800.00	0.38
37	Petra Quarries Ltd.	5,948,913.75	0.36
38	Venus Mining Company Limited	5,820,478.00	0.35
39	CNC Engineering Co. Limited	5,800,550.00	0.35
40	FW Dredging Ltd	5,700,000.00	0.35
41	Hajaig Construction Company Limited	5,280,000.00	0.32
42	Zhong Xing Mining Investment Limited	5,076,428.57	0.31
43	Mothercat Limited	4,974,640.00	0.30
44	C & C Construction Company Limited	4,898,517.00	0.30
45	P.W. Nigeria Ltd.	4,768,860.13	0.29
46	Rockstan Shelters Ltd	4,528,000.00	0.28
47	Lake Petroleum Limited	4,200,000.00	0.26
48	Pioneer Sinochino Investment Ventures Limited	3,950,000.00	0.24
49	Chief Cornerstone Investment Limited	3,885,230.00	0.24
50	Purechem Industries Limited	3,521,615.00	0.21
51	Kunlun Nigeria Limited	3,512,376.77	0.21
52	Inorganic Earth Resources Limited	3,471,000.00	0.21
53	NBHH Nigeria Limited	3,305,000.00	0.20
54	Perfect Stone Quarry Limited	3,298,674.51	0.20
55	Zhong Tai Mining (Nig.) Ltd.	3,200,540.00	0.20
56	First Premier Mining & Exploration Ltd.	3,059,505.00	0.19
	<b>Sub-total:56 companies reconciled</b>	<b>1,424,550,711.32</b>	<b>86.81</b>
	<b>Sub-total: Unilaterally disclosed royalty</b>	<b>216,468,226.89</b>	<b>13.19</b>
	<b>Total</b>	<b>1,641,018,938.21</b>	<b>100.00</b>

Analysis of table 4.8 above shows that two companies, Dangote Cement Plc and Lafarge Africa Plc contributed 47.4% of the total royalty paid in 2016.

Table 4.9 shows the reconciliation adjustment of ₦8,226,727.69 on the initial royalty declared. Kindly refer to **Appendix 8** for the details of the adjustment.

Table 4.9: Reconciliation adjustment

S/N	Payment range by companies	No of companies	Royalty declared (initial template) ₦	Reconciliation adjustment ₦	Adjusted balance ₦	%
1	≥ ₦100million	2	777,884,153.56	-	777,884,153.56	47.40
2	≥ ₦50million but less ₦100million	1	82,550,159.86	(10,914,637.75)	71,635,522.11	4.37
3	≥ ₦20million but less ₦50million	9	251,392,617.27	-	251,392,617.27	15.32
4	≥ ₦10million but less ₦20million	10	129,629,469.55	-	129,629,469.55	7.90
5	≥ ₦5million but less ₦10million	20	137,735,452.42	853,700.00	138,589,152.42	8.44

6	≥ ₦3million but less ₦5million	14	53,585,586.35	1,834,210.06	55,419,796.41	3.38
	<b>Above Materiality Threshold (a)</b>	<b>56</b>	<b>1,432,777,439.01</b>	<b>(8,226,727.69)</b>	<b>1,424,550,711.32</b>	<b>86.81</b>
7	≥ ₦1million but less ₦3million	69	120,872,767.96	-	120,872,767.96	7.37
8	Less than ₦1million	526	95,595,458.93	-	95,595,458.93	5.82
	<b>Below Materiality Threshold (b)</b>	<b>595</b>	<b>216,468,226.89</b>	<b>-</b>	<b>216,468,226.89</b>	<b>13.19</b>
	<b>Grand total {(a) + (b)}</b>	<b>651</b>	<b>1,649,245,665.90</b>	<b>(8,226,727.69)</b>	<b>1,641,018,938.21</b>	<b>100.00</b>

### iii Royalty payment disaggregated by mineral type

Limestone and granite contributed 80.67% to the total royalty paid in 2016, as shown in the table 4.10 below. Figure 4.7 further illustrates the contributions per mineral.

Table 4.10: Contribution of royalty by minerals

S/N	Types of minerals	Royalty paid ₦	Contribution to royalty %
1	Limestone	809,897,062.24	49.35
2	Granite	513,897,104.30	31.32
3	Laterite	62,220,398.81	3.79
4	Sand	60,348,199.70	3.68
5	Shale	47,066,888.98	2.87
6	Clay	32,920,234.42	2.00
7	Tin	27,190,258.00	1.66
8	Manganese	21,032,000.00	1.28
9	Lead / zinc	15,645,397.50	0.95
10	Columbite	12,528,438.00	0.76
11	Coal	7,831,864.75	0.48
12	Feldspar	5,263,800.00	0.32
13	Gold	4,784,627.76	0.29
14	Tantalite	4,341,825.00	0.26
15	Marble	3,397,350.00	0.21
16	Kaolin	3,338,750.00	0.20
17	Tourmaline	2,784,775.00	0.17
18	Topaz	1,793,418.75	0.11
19	Dolomite	1,668,200.00	0.10
20	Lead ore	945,000.00	0.06
21	Baryte	684,815.00	0.04
22	Wolframite	460,000.00	0.03
23	Zircon sand	321,750.00	0.02
24	Aquamarin	247,000.00	0.02
25	Gypsum	180,000.00	0.01
26	Iron	129,675.00	0.01
27	Talc	100,000.00	0.01
28	Amethyst	105.00	-
		<b>1,641,018,938.21</b>	<b>100</b>

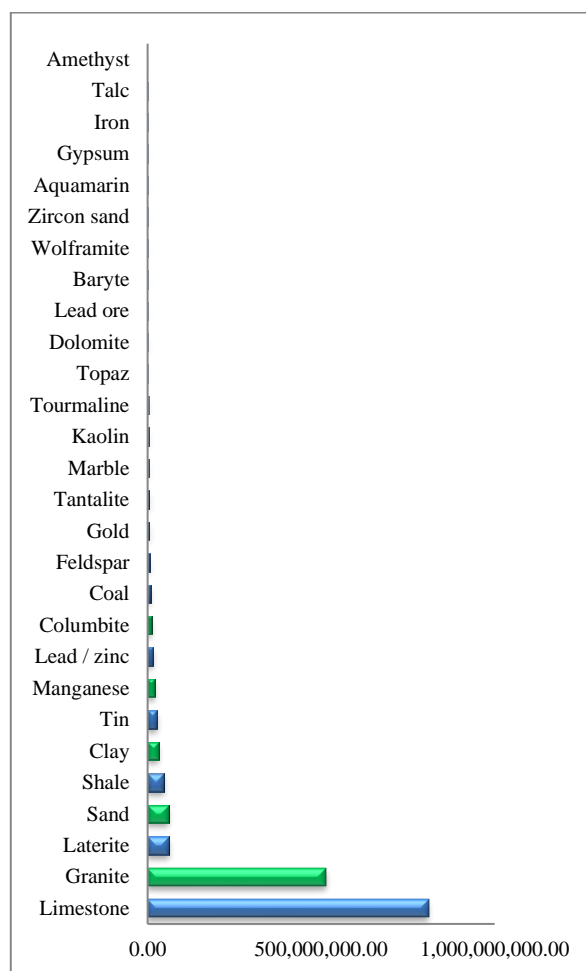


Figure 4.7: Contribution of royalty by minerals

### iv Analysis of royalty payable

The IA observed that in determining the royalty payable on minerals in 2016, the extractive companies applied the official rate of royalty on the minerals sold or used.

Table 4.11: Analysis of actual royalty paid and expected royalty per mineral

S/N	Minerals	Unit of measurement	Production	Official Market price	Official Market value	Rate of royalty	Expected royalty	Royalty paid	Difference
	A	B	C	D	e = (c * d)	F	g = (e * f)	H	i = (g - h)
1	Tantalite	Ton	28.95	5,000,000	144,750,000.00	3%	4,342,500.00	4,341,825.00	675.00
2	Columbite	Ton	1,044.04	400,000	417,616,000.00	3%	12,528,480.00	12,528,438.00	42.00
3	Tin	Ton	3,625.37	250,000	906,342,500.00	3%	27,190,275.00	27,190,258.00	17.00
4	Gold	Ounce	886.04	180,000	159,487,200.00	3%	4,784,616.00	4,784,627.76	-11.76

6	Lead / Zinc	Ton	5,794.59	90,000	521,513,250.00	3%	15,645,397.50	15,645,397.50	0.00
5	Lead	Ton	700.00	45,000	31,500,000.00	3%	945,000.00	945,000.00	0.00
7	Manganese	Ton	70,106.67	10,000	701,066,700.00	3%	21,032,001.00	21,032,000.00	1.00
8	Baryte	Ton	1,712.04	8,000	13,696,320.00	5%	684,816.00	684,815.00	1.00
9	Iron	Ton	665.00	6,500	4,322,500.00	3%	129,675.00	129,675.00	0.00
10	Zircon sand	Ton	1,072.50	6,000	6,435,000.00	5%	321,750.00	321,750.00	0.00
11	Gypsum	Ton	720.00	5,000	3,600,000.00	5%	180,000.00	180,000.00	0.00
12	Topaz	Kg	7,173.68	5,000	35,868,400.00	5%	1,793,420.00	1,793,418.75	1.25
13	Amethyst	Kg	0.53	4,000	2,120.00	5%	106.00	105.00	1.00
14	Feldspar	Ton	35,092.00	3,000	105,276,000.00	5%	5,263,800.00	5,263,800.00	0.00
15	Marble	Ton	22,648.96	3,000	67,946,880.00	5%	3,397,344.00	3,397,350.00	-6.00
16	Talc	Ton	666.67	3,000	2,000,010.00	5%	100,000.50	100,000.00	0.50
17	Coal	Ton	104,424.86	2,500	261,062,150.00	3%	7,831,864.50	7,831,864.75	-0.25
18	Kaolin	Ton	26,710.00	2,500	66,775,000.00	5%	3,338,750.00	3,338,750.00	0.00
19	Granite	Ton	6,245,684.64	1,500	9,368,526,959.80	5%	468,426,347.99	468,426,347.99	0.00
20	Aquamarine	Gm	4,940.00	1,000	4,940,000.00	5%	247,000.00	247,000.00	0.00
21	Dolomite	Ton	33,364.00	1,000	33,364,000.00	5%	1,668,200.00	1,668,200.00	0.00
22	Wolframite	Kg	15,333.33	1,000	15,333,330.00	3%	459,999.90	460,000.00	-0.10
23	Sand	Ton	1,508,705.29	800	1,206,964,234.00	5%	60,348,211.70	60,348,199.70	12.00
24	Granite Dust	Ton	1,212,553.46	750	909,415,087.50	5%	45,470,754.38	45,470,756.31	-1.94
25	Laterite	Ton	2,074,013.29	600	1,244,407,976.20	5%	62,220,398.81	62,220,398.81	0.00
26	Limestone	Ton	26,996,568.74	600	16,197,941,244.00	5%	809,897,062.20	809,897,062.24	-0.04
27	Shale	Ton	1,882,675.56	500	941,337,780.00	5%	47,066,889.00	47,066,888.98	0.02
28	Clay	Ton	1,646,011.72	400	658,404,688.40	5%	32,920,234.42	32,920,234.42	0.00
29	Tourmaline	Gm	139,238.75	400	55,695,500.00	5%	2,784,775.00	2,784,775.00	0.00
			<b>42,042,160.68</b>		<b>34,085,590,829.90</b>		<b>1,641,019,668.90</b>	<b>1,641,018,938.21</b>	<b>730.68</b>

### 4.1.3 Revenue Collection by MCO

The table 4.12 below shows the summary of revenue collected by Federal Government through MCO in 2016. See **Appendix 9** for details.

Table 4.12: Revenue collection by MCO

S/N	Description	Government ₦
1	Annual Service Fee	840,107,100.00
2	Late Renewal	22,852,000.00
3	Fees for application for enlargement (processing) of mining titles	500,000.00
4	Printing Map	44,000.00
5	Reconnaissance Permit	8,560,000.00
6	Registration Fee	187,182,000.00
7	Relinquishment Of Title	780,000.00
8	Renewal of License	36,556,000.00
9	Search Fee	1,753,000.00
10	Transfer/ Assignment fees	52,530,000.00
		<b>1,150,864,100.00</b>

### 4.1.4 Unilateral Disclosures

Unilateral disclosures by government revenue receiving agencies and covered extractive companies are detailed below:

#### Unilateral disclosures by revenue receiving agencies

The table below provides summary of unilateral disclosures by revenue receiving agencies for receipts from extractive companies in 2016. See **Appendix 9** for details.

Table 4.13: Summary of unilateral disclosures by government revenue receiving agencies

	Government revenue receiving agent	Amount disclosed ₦
<b>a</b>	<b>MID</b>	
<b>i</b>	Royalty of extractive companies below materiality threshold of N3million	216,468,226.89
<b>ii</b>	Fees	35,952,840.00
	Sub-total of (a) = (i) + (ii)	252,421,066.89
<b>b</b>	<b>MCO</b>	994,838,300.00

c	Grand Total (c) = (a) + (b)	1,247,259,366.89
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### Unilateral disclosure by extractive companies

The table below is a summary of the unilateral disclosures (including social spending). Social spending declared by extractive companies was validated and the details are available in **Appendix 9**.

Table 4.14: Summary of unilateral disclosures made by companies

S/N	Extractive companies	Amount ₦
1	Julius Berger Nigeria Plc	5,893,785,523.55
2	Lafarge Africa Plc	303,977,735.00
3	United Cement Company Plc	162,550,000.00
4	AshakaCem Plc	135,250,420.66
5	Reynolds Construction Company (Nig.) Ltd.	125,268,269.00
6	Lafarge Readymix Nigeria Limited	120,621,013.51
7	Cement Company of Northern Nigeria Plc	70,966,038.12
8	Triacta Nigeria Ltd.	58,245,000.00
9	P.W. Nigeria Ltd.	29,648,275.62
10	Georgio Rocks Limited	16,695,976.70
11	Tongyi Allied Mining Ltd.	15,300,000.00
12	Venus Mining Company Limited	15,175,000.00
13	First Premier Mining & Exploration Ltd.	14,892,685.00
14	Ratcon Construction Company Ltd	14,856,217.94
15	Purechem Industries Limited	13,228,683.61
16	Levant Construction Limited	11,638,814.40
17	C & C Construction Company Limited	7,657,320.00
18	Petra Quarries Ltd.	7,227,352.23
19	Zhong Xing Mining Investment Limited	5,214,340.50
20	Crushed Rock Industries Nigeria Limited	2,811,183.57
21	Kopek Construction Limited	2,163,000.00
22	Six Six Manufacturing & Global Services Limited	1,582,255.00
23	Perfect Stone Quarry Limited	1,168,765.00
24	Zhong Tai Mining (Nig.) Ltd.	990,000.00
25	NBHH Nigeria Limited	950,119.00
26	Astro Minerals Limited	813,344.94
27	Ashpalt Unity Construction Limited	778,713.00
28	S.C.C. Nigeria Limited	770,000.00
29	Mothercat Limited	750,000.00
30	Woda (Mountain) Investment Ltd	681,329.95
31	Arab Contractors O.A.O. Nigeria Ltd.	520,000.00
32	Setraco Nigeria Limited	250,000.00
33	Zeberced Limited	145,321.70
34	Coltan Minerals Limited	109,703.44
35	Lake Petroleum Limited	55,664.00
	<b>Total</b>	<b>7,036,738,065.44</b>

#### 4.1.5 Analysis of Revenue Receivable

As at 2016, most public sector accounts were maintained on cash basis while private entities operated accrual accounting basis. The difference between the two bases of accounting is the time receipts or when payments are recognized in the account. **Appendix 10** contains the details.

The revenue streams analysed in table 4.15 were due in respect of 2016 but were paid in 2017; these sums were neither included in the government nor in the companies declared revenue in 2016 due to timing difference.

Table 4.15: Summary of revenue receivable in 2016

S/N	Type of payment	Amount ₦	Contribution %
1	EDT	2,597,563,441.88	54.78
2	PAYE	1,067,592,350.98	22.52
3	Royalty	894,643,644.77	18.87
4	SBIR-WHT	133,763,582.57	2.82
5	SBIR-PAYE	27,441,458.05	0.58
6	SBIR-BIZ PREMISES	20,436,584.00	0.43
7	SBIR-DEVPT LEVY	169,388.28	0.00
8	VAT	100,000.00	0.00
9	WHT	10,000.00	0.00
		<b>4,741,720,450.53</b>	<b>100.00</b>

#### 4.1.6 Outcome of Validation and Reconciliation Exercise

Reconciliation of the financial flows in 2016 is presented below:

##### i Initial reconciliation

Detailed analysis of initial reconciliation of data collected is presented in **Appendix 11**.

Table 4.16: Initial reconciliation of payments and receipts

S/N	Description of flows	Government agencies ₦	Extractive companies ₦	Difference ₦
		(i)	(ii)	(iii) = (i-ii)
a	Mines Inspectorate Department	1,446,017,879.01	394,049,958.88	1,051,967,920.13
	Mining Cadastre Office	156,025,800.00	72,255,207.96	83,770,592.04
b	Federal Inland Revenue Service	23,321,044,443.52	34,849,761,481.47	(11,528,717,037.95)
c	Sub Total (c) = (a+ b)	<b>24,923,088,122.53</b>	<b>35,316,066,648.31</b>	<b>(10,392,978,525.78)</b>
d	<b>Unilateral Declarations – Companies</b>			
i	Community/Land Owners	-	14,107,000.00	(14,107,000.00)
ii	LGA	-	690,000.00	(690,000.00)
iii	SBIR	-	3,977,110,328.78	(3,977,110,328.78)
iv	Artisanal and Small Scale Mining Dept.	-	50,000.00	(50,000.00)
v	Nigeria Customs Service	-	2,227,016,175.00	(2,227,016,175.00)
vi	Social Responsibility Payment	-	813,871,876.66	(813,871,876.66)
vii	Federal Ministry of Environment	-	2,792,685.00	(2,792,685.00)
viii	National Environmental Standards and Regulations Enforcement Agency	-	1,100,000.00	(1,100,000.00)
e	<b>Sub-total (e) = (Addition of i – viii)</b>	<b>-</b>	<b>7,036,738,065.44</b>	<b>(7,036,738,065.44)</b>
f	<b>Unilateral Declarations: Govt. Agencies</b>			
i	MID (Royalties by extractive companies below materiality threshold and fees declared thereon)	216,468,226.89	-	216,468,226.89
ii	Fees	35,952,840.00	-	35,952,840.00
iii	MID	252,421,066.89	-	252,421,066.89
iv	MCO	994,838,300.00	-	994,838,300.00
g	Sub-total (g) = (iii + iv)	<b>1,247,259,366.89</b>		<b>1,247,259,366.89</b>
h	Grand Total (h) = (c) + (e) + (g)	<b>26,170,347,489.42</b>	<b>42,352,804,713.75</b>	<b>(16,182,457,224.33)</b>

##### ii Analysis of government initial receipts by revenue streams

The table below illustrates contribution by various revenue streams to the government in 2016:

Table 4.17: Contribution of various revenue streams to the government in 2016

S/N	Declared government agencies receipts	Amount ₦	Contribution %
1	Mines Inspectorate Department	1,446,017,879.01	5.53
2	Mining Cadastre Office	156,025,800.00	0.60
3	Federal Inland Revenue Service	23,321,044,443.52	89.11
	<b>Sub-total (a)</b>	<b>24,923,088,122.53</b>	<b>95.24</b>
	Unilateral Declarations		
1	MID (Royalties by extractive companies below materiality threshold) and fees	252,421,066.89	0.96
2	Mining Cadastre Office	994,838,300.00	3.80
	<b>Sub-total (b)</b>	<b>1,247,259,366.89</b>	<b>4.76</b>
	<b>Total (a) + (b)</b>	<b>26,170,347,489.42</b>	<b>100.00</b>
	<b>Represented by:</b>		
	Proportion required for reconciliation	24,923,088,122.53	95.24
	Proportion not required for reconciliation	1,247,259,366.89	4.76
	<b>Total</b>	<b>26,170,347,489.42</b>	<b>100.00</b>

### iii Analysis of companies initial receipts by revenue streams

The table below illustrates contribution by various revenue streams declared as payments by solid mineral extractive companies in 2016:

Table 4.18: Contribution of companies declared payment by revenue stream

S/N	Extractive companies payments	Amount ₦	Contribution %
1	Mines Inspectorate Department	394,049,958.88	0.93
2	Mining Cadastre Office	72,255,207.96	0.17
3	Federal Inland Revenue Service	34,849,761,481.47	82.29
	<b>Sub Total (a)</b>	<b>35,316,066,648.31</b>	<b>83.39</b>
	<b>Unilateral disclosure</b>		
1	Community/Land Owners	14,107,000.00	0.03
2	LGA	690,000.00	0.00
3	SBIR	3,977,110,328.78	9.39
4	Artisanal and Small Scale Mining Dept.	50,000.00	0.00
5	Nigeria Customs Service	2,227,016,175.00	5.26
6	Social Responsibility Payment	813,871,876.66	1.92
7	Federal Ministry of Environment	2,792,685.00	0.01
8	National Environmental Standards and Regulations Enforcement Agency	1,100,000.00	0.00
	<b>Sub Total (b)</b>	<b>7,036,738,065.44</b>	<b>16.61</b>
	<b>Total (a) + (b)</b>	<b>42,352,804,713.75</b>	<b>100.00</b>
	<b>Represented by</b>		
	Proportion required for reconciliation	35,316,066,648.31	83.39
	Unilateral Declarations	7,036,738,065.44	16.61
	<b>Total</b>	<b>42,352,804,713.75</b>	<b>100.00</b>

### iv Final reconciliation

Validation and reconciliation of discrepancies established at the initial stage were undertaken. The details of the reconciliation of royalty are presented in **Appendix 11** while tables 4.19 and 4.20 below show the summary of the reconciliation per revenue stream.





Table 4.20: Summary of reconciliation of taxes and other revenue

Description	Initial Template			Adjustment		Final		Difference
	a	b	c	d	e	f = (a + d)	e = (b + e)	e = (b + e)
FIRS	Government ₦	Company ₦	Difference ₦	Government ₦	Company ₦	Government ₦	Company ₦	Difference ₦
CIT	10,918,564,081.73	8,503,534,044.39	2,415,030,037.34	(342,618,189.42)	2,054,909,846.93	10,575,945,892.31	10,558,443,891.32	17,502,000.99
EDT	3,085,568,268.69	1,549,896,937.77	1,535,671,330.92	(801,464,292.84)	731,583,078.08	2,284,103,975.85	2,281,480,015.85	2,623,960.00
PAYE	14,854,322.21	588,488,065.06	(573,633,742.85)	86,260,354.09	(487,373,388.76)	101,114,676.30	101,114,676.30	-
VAT	5,130,760,555.98	20,790,617,857.05	(15,659,857,301.07)	15,113,750,134.45	(546,107,166.62)	20,244,510,690.43	20,244,510,690.43	-
WHT	4,171,297,214.91	3,417,224,577.20	754,072,637.71	3,004,339,544.68	3,758,412,182.39	7,175,636,759.59	7,175,636,759.59	-
<b>FIRS 'a'</b>	<b>23,321,044,443.52</b>	<b>34,849,761,481.47</b>	<b>(11,528,717,037.95)</b>	<b>17,060,267,550.96</b>	<b>5,511,424,552.02</b>	<b>40,381,311,994.48</b>	<b>40,361,186,033.49</b>	<b>20,125,960.99</b>
MID								
Royalty paid by companies above threshold	1,432,777,439.01	387,269,058.88	1,045,508,380.13	(8,226,727.69)	1,012,104,952.44	1,424,550,711.32	1,399,374,011.32	25,176,700.00
MID - Fees	13,240,440.00	6,780,900.00	6,459,540.00		6,459,540.00	13,240,440.00	13,240,440.00	-
MCO	156,025,800.00	72,255,207.96	83,770,592.04	-	83,770,592.04	156,025,800.00	156,025,800.00	-
<b>MID &amp; MCO 'b'</b>	<b>1,602,043,679.01</b>	<b>466,305,166.84</b>	<b>1,135,738,512.17</b>	<b>(8,226,727.69)</b>	<b>1,102,335,084.48</b>	<b>1,593,816,951.32</b>	<b>1,568,640,251.32</b>	<b>25,176,700.00</b>
<b>Total (a + b)</b>	<b>24,923,088,122.53</b>	<b>35,316,066,648.31</b>	<b>(10,392,978,525.78)</b>	<b>17,052,040,823.27</b>	<b>6,613,759,636.50</b>	<b>41,975,128,945.80</b>	<b>41,929,826,284.81</b>	<b>45,302,660.99</b>
Add: Unilateral disclosure								
Royalty paid by companies below threshold	216,468,226.89	-	216,468,226.89	-	-	216,468,226.89	-	-
ASM Registration	130,000.00	-	130,000.00	-	-	130,000.00	-	-
Blasting Certificate	304,000.00	-	304,000.00	-	-	304,000.00	-	-
Export Permit	374,800.00	-	374,800.00	-	-	374,800.00	-	-
Fees On Explosives	9,621,480.00	-	9,621,480.00	-	-	9,621,480.00	-	-
Payment For Export	1,260,000.00	-	1,260,000.00	-	-	1,260,000.00	-	-
Payment For Licence To Possess Minerals	455,000.00	-	455,000.00	-	-	455,000.00	-	-
Payment For Minerals Buying Centre	4,790,000.00	-	4,790,000.00	-	-	4,790,000.00	-	-
Payment For Registration of Mineral	1,120,000.00	-	1,120,000.00	-	-	1,120,000.00	-	-
Permit To Buy Explosive	2,230,000.00	-	2,230,000.00	-	-	2,230,000.00	-	-
Permit To Erect Magazines & Store	13,411,560.00	-	13,411,560.00	-	-	13,411,560.00	-	-
Permit To Mix & Use ANFO	740,000.00	-	740,000.00	-	-	740,000.00	-	-
Prior Clearance	826,000.00	-	826,000.00	-	-	826,000.00	-	-
Renewal of Licence To Import And Sell Explosives	650,000.00	-	650,000.00	-	-	650,000.00	-	-
Permit to export minerals for commercial purposes	40,000.00	-	40,000.00	-	-	40,000.00	-	-
Sub-total: MID 'b'	<b>252,421,066.89</b>	<b>0.00</b>	<b>252,421,066.89</b>	<b>0.00</b>	<b>0.00</b>	<b>252,421,066.89</b>	<b>0.00</b>	<b>0.00</b>
MCO								
Annual Service Fee	727,051,507.96	-	727,051,507.96	-	-	727,051,507.96	-	-
Late Renewal	15,460,000.00	-	15,460,000.00	-	-	15,460,000.00	-	-
Fees for application for enlargement (processing) of mining titles	2,352,000.00	-	2,352,000.00	-	-	2,352,000.00	-	-
Printing Map	44,000.00	-	44,000.00	-	-	44,000.00	-	-
Reconnaissance Permit	8,560,000.00	-	8,560,000.00	-	-	8,560,000.00	-	-
Registration Fee	150,661,792.04	-	150,661,792.04	-	-	150,661,792.04	-	-
Relinquishment of Title	580,000.00	-	580,000.00	-	-	580,000.00	-	-
Renewal Of License	35,846,000.00	-	35,846,000.00	-	-	35,846,000.00	-	-
Search Fee	1,753,000.00	-	1,753,000.00	-	-	1,753,000.00	-	-

Transfer/ Assignment fee	52,530,000.00	-	52,530,000.00	-	-	52,530,000.00	-	-
Sub-total: MCO 'c'	<b>994,838,300.00</b>	<b>0.00</b>	<b>994,838,300.00</b>	<b>0.00</b>	<b>0.00</b>	<b>994,838,300.00</b>	<b>0.00</b>	<b>0.00</b>
Community/Land Owners		14,107,000.00	-14,107,000.00				14,107,000.00	
LGA		690,000.00	-690,000.00				690,000.00	
SBIR		3,977,110,328.78	-3,977,110,328.78				3,977,110,328.78	
Artisanal and Small Scale Mining Dept.		50,000.00	-50,000.00				50,000.00	
Nigeria Customs Service		2,227,016,175.00	-2,227,016,175.00				2,227,016,175.00	
Social Responsibility Payment		813,871,876.66	-813,871,876.66				813,871,876.66	
Federal Ministry of Environment		2,792,685.00	-2,792,685.00				2,792,685.00	
National Environmental Standards and Regulations Enforcement Agency		1,100,000.00	-1,100,000.00				1,100,000.00	
Companies unilateral disclosure		<b>7,036,738,065.44</b>	<b>-7,036,738,065.44</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>7,036,738,065.44</b>	<b>0.00</b>
Unilateral disclosure	<b>1,247,259,366.89</b>	<b>7,036,738,065.44</b>	<b>-5,789,478,698.55</b>	<b>0.00</b>	<b>0.00</b>	<b>1,247,259,366.89</b>	<b>7,036,738,065.44</b>	<b>0.00</b>
Total revenue	<b>26,170,347,489.42</b>	<b>42,352,804,713.75</b>	<b>--16,182,457,224.33</b>	<b>17,052,040,823.27</b>	<b>6,613,759,636.50</b>	<b>43,222,388,312.69</b>	<b>48,966,564,350.25</b>	

The difference between the government declared revenue (N41,975,128,945.80) and extractive Companies declared revenue (N41,929,826,284.81) is N45,302,660.99. The difference represents 0.1% of the adjusted revenue reported by government in the year. This percentage is considered not material to have any significant impact on the report.

- The difference represents the royalty and tax receipts by government in respect of four extractive companies that did not attend reconciliation exercise.

A summary of the difference is shown below.

Table 4.21: Summary of un-reconciled payments

Description	Royalty ₦	Taxes ₦	Amount ₦
BUA International Ltd (Okpella Site, Edo State)	15,084,200.00	-	15,084,200.00
Coltan Minerals Limited	862,500.00	-	862,500.00
Hajaig Construction Company Limited	5,280,000.00	17,502,000.99	22,782,000.99
Hajaig Construction Company Limited	-	2,623,960.00	2,623,960.00
Pioneer Sinochino Investment Ventures Limited	3,950,000.00	-	3,950,000.00
	<b>25,176,700.00</b>	<b>20,125,960.99</b>	<b>45,302,660.99</b>

## 4.2 In-kind Revenues

In-kind revenues are non-cash payments received in exchange for services rendered or in-lieu of a cash contribution. In 2016, no such payments were made by any of the extractive entities. Thus, no in-kind revenue was reported for the year.

## 4.3 Infrastructure Provisions / Barter Arrangements

No infrastructure provisions/Barter arrangements were recorded in 2016. This is in line with the NSWG's affirmation that state participation in the solid minerals sector is non-existent.

## 4.4 Transportation Payments

No transportation payment was recorded in 2016. This is in line with the NSWG's affirmation

that state participation in the solid minerals sector is non-existent.

#### 4.5 State Owned Enterprise Transactions

There was no state owned enterprise transaction in the sector in 2016. This is in line with the NSWG's affirmation that state participation in the solid minerals sector is non-existent.

#### 4.6 Sub-National Payments

Nigeria operates a federal system of government with three (3) federating units. Hence, payments were made to states and local governments in 2016. The table below summarises the payments made by covered companies to State Boards of Inland Revenue and Local Governments. These payments represent the unilateral disclosures made by some covered companies in 2016.

Table 4.22: Sub-national payments

S/N	Revenue stream	Disclosure responsibility		Revenue collection
		Extractive companies ₦	Sub-national government entity	Sub-national government entity
1	Annual surface rents (Grounds Rents)	12,785,260.00	N/A	SBIR
2	Fees - Ministry of Public Transportation*	592,500.00	N/A	SBIR
3	PAYE	3,868,759,976.19	N/A	SBIR
4	WHT	94,672,592.59	N/A	SBIR
5	Business Premises	300,000.00	N/A	SBIR
6	Property Rates (Tenement Rates)	690,000.00	N/A	Local Government
		<b>3,977,800,328.78</b>		

N/A: Not applicable

\* Disclosed by Lafarge Readymix Nigeria Limited

## 5.0 REVENUE ALLOCATION

### 5.1 Distribution of Revenues

Nigeria operates fiscal federalism which has three tiers of government represented by the federal, states and local governments. The Constitution of Nigeria assigned fiscal responsibilities to these tiers of government and mandates RMAFC with the responsibility of formulating and implementing revenue sharing formula.

### 5.2 Sub-National Transfers

Section 162 of the 1999 Constitution of the Federal Republic of Nigeria established the Federation Account; this is a pool account maintained by the Accountant General of the Federation and domiciled with CBN. The proceeds (including revenues from the solid minerals sector) of the account, periodically swept and shared based on the extant sharing formula, fund the federation's budget.

The current revenue allocation formula for non-mineral revenue is as follows:

- Federal Government 52.68%
- State Government 26.72%
- Local Government 20.60%

Section 162 of the 1999 Constitution also provides that, as a first line charge, an amount not less than 13% accruing to the Federation Account directly from any natural resources shall be distributed to beneficiaries where the minerals are mined, on the principle of derivation.

Mineral Revenue Sharing Formula:

- Federal Government 45.83%
- State Government 23.25%
- Local Government 17.92%
- 13% Derivation 13.00%

The sum of ₦12,203,220,334.97 (Twelve billion, two hundred and three million, two hundred and twenty thousand, three hundred and thirty four naira and ninety seven kobo only) was the revenue accumulated from Solid Minerals sector for the period 2007 to 2015.

Out of this amount, the sum of ₦9,923,015,028.00 (Nine billion, nine hundred and twenty three million, fifteen thousand and twenty eight naira only) being accumulated amount for the period 2007 to 2014 was shared amongst the three tiers of government in July 2016, leaving a balance of ₦2,282,118,306.90.

However, by December 31, 2016, the accumulated revenue in the account was ₦5,145,108,730.29 (Five billion, one hundred and forty five million, one hundred and eight thousand, seven hundred and thirty naira, twenty-nine kobo only). As at 31 August 2018, the amount standing in the solid minerals account was ₦11,328,108,348.21 (Eleven billion, three hundred and twenty eight million, one hundred and eight thousand, three hundred and forty eight Naira and twenty-one kobo only) .This is based on FAAC records.

Based on the indices recommended by RMAFC, the amount of ₦1,290,017,753.49 was shared on 13% derivation. However, analysis by the IA showed that actual amount shared was ₦25,799.84 less as shown in table 5.2 below.

Table 5.1: Summary of distribution of accumulated ₦9.92billion solid minerals revenue

Beneficiaries	Amount received ₦
Federal Government	4,547,876,555.57
State Governments	2,306,743,765.47
Local Governments	1,778,402,753.32
13% Derivation Fund	1,289,991,953.64
<b>Total</b>	<b>9,923,015,028.00</b>

Table 5.2 Distribution of ₦9.92billion solid minerals revenue to the federating units

State	No. of LGC	Analysis of sharing of ₦9.92billion including 13% derivation					Test of compliance with RMAFC		
		Federal share	State share	LG share	Actual 13% derivation shared	Total	RMAFC Indices	Expected 13% derivation	Difference (13% derivation)
	a	b	c	d	e	f	g	h = (g*total 13% derivation)	i = (e - h)
		₦	₦	₦	₦	₦		₦	₦
Abia	17	-	56,961,197.15	36,912,828.31	11,140,588.98	105,014,614.44	0.00864	11,145,530.48	-4,941.50
Adamawa	21	-	60,596,918.36	46,560,235.06	2,515,864.37	109,673,017.79	0.00195	2,515,484.31	380.06
Akwa Ibom	31	-	61,160,040.76	62,015,497.10	19,201,194.25	142,376,732.11	0.01488	19,195,080.27	6,113.98
Anambra	21	-	60,483,397.17	46,811,851.51	3,851,971.35	111,147,220.03	0.00299	3,857,075.94	-5,104.59
Bauchi	20	-	72,763,553.22	53,140,714.95	8,180,201.06	134,084,469.23	0.00634	8,178,548.99	1,652.07
Bayelsa	8	-	53,824,347.64	21,630,216.11	1,213,982.03	76,668,545.78	0.00094	1,212,592.44	1,389.59
Benue	23	-	68,220,534.88	57,825,322.38	66,828,174.85	192,874,032.11	0.05181	66,834,483.12	-6,308.27
Borno	27	-	75,578,575.68	62,780,971.24	794,746.41	139,154,293.33	0.00062	799,795.01	-5,048.60
Cross River	18	-	61,170,471.08	40,472,914.82	135,457,264.42	237,100,650.32	0.10501	135,462,055.05	-4,790.63
Delta	25	-	61,765,107.35	51,860,235.63	5,631,375.37	119,256,718.35	0.00437	5,637,264.84	-5,889.47
Ebonyi	13	-	54,421,963.67	29,939,254.01	59,782,444.58	144,143,662.26	0.04634	59,778,227.13	4,217.45
Edo	18	-	56,879,674.21	39,680,099.58	50,183,984.38	146,743,758.17	0.03890	50,180,687.00	3,297.38
Ekiti	16	-	54,391,253.67	31,507,438.04	5,356,621.10	91,255,312.81	0.00415	5,353,466.61	3,154.49
Enugu	17	-	61,175,750.50	40,315,571.10	1,468,826.90	102,960,148.50	0.00114	1,470,590.83	-1,763.93
FCT-Abuja	6	-	-	16,158,748.78	135,776,592.55	151,935,341.33	0.10525	135,771,653.12	4,939.43
Gombe	11	-	57,297,809.02	27,624,257.47	42,018,524.48	126,940,590.97	0.03257	42,015,037.93	3,486.55
Imo	27	-	63,246,719.17	54,031,833.40	1,777,987.55	119,056,540.12	0.00138	1,780,188.90	-2,201.35
Jigawa	27	-	68,027,713.50	56,765,528.25	8,629,088.11	133,422,329.86	0.00669	8,630,046.17	-958.06
Kaduna	23	-	79,702,378.70	63,838,211.65	9,509,399.85	153,049,990.20	0.00737	9,507,240.70	2,159.15
Kano	44	-	96,488,602.67	101,635,904.25	10,709,304.78	208,833,811.70	0.00830	10,706,933.22	2,371.56
Katsina	34	-	74,775,921.01	77,377,143.89	8,546,262.42	160,699,327.32	0.00663	8,552,646.65	-6,384.23
Kebbi	21	-	64,232,889.21	48,833,283.39	6,205,626.39	119,271,798.99	0.00481	6,204,861.30	765.09
Kogi	21	-	67,232,443.71	50,472,775.35	199,959,586.89	317,664,805.95	0.15501	199,961,652.74	-2,065.85
Kwara	16	-	54,148,756.44	35,714,775.33	3,580,959.11	93,444,490.88	0.00278	3,586,177.63	-5,218.52
Lagos	20	-	81,490,884.45	60,839,983.63	32,628,168.39	174,959,036.47	0.02529	32,623,896.51	4,271.88
Nasarawa	13	-	56,098,228.03	31,863,735.19	6,398,956.70	94,360,919.92	0.00496	6,398,360.09	596.61
Niger	25	-	72,055,676.18	58,977,315.96	6,129,160.83	137,162,152.97	0.00475	6,127,461.78	1,699.05
Ogun	20	-	56,514,869.67	42,074,203.96	271,255,495.73	369,844,569.36	0.21028	271,259,508.01	-4,012.28
Ondo	18	-	56,626,831.95	40,183,526.17	21,187,303.45	117,997,661.57	0.01642	21,181,667.88	5,635.57
Osun	30	-	55,478,839.77	54,429,602.16	3,954,356.14	113,862,798.07	0.00307	3,960,275.30	-5,919.16
Oyo	33	-	68,228,072.43	68,658,696.29	63,564,550.74	200,451,319.46	0.04928	63,570,803.48	-6,252.74
Plateau	17	-	63,522,583.81	43,039,803.28	19,707,940.21	126,270,327.30	0.01528	19,711,077.05	-3,136.84
Rivers	23	-	65,603,798.15	53,350,222.15	12,396,216.83	131,350,237.13	0.00961	12,396,822.67	-605.84
Sokoto	23	-	67,041,126.02	53,731,931.04	29,216,464.49	149,989,521.55	0.02265	29,218,317.75	-1,853.26
Taraba	16	-	58,596,745.18	40,272,262.08	12,569,414.13	111,438,421.39	0.00974	12,564,521.63	4,892.50
Yobe	17	-	60,405,722.25	40,490,230.16	1,232,668.89	102,128,621.30	0.00096	1,238,392.28	-5,723.39
Zamfara	14	-	60,534,368.80	36,585,629.65	11,430,684.94	108,550,683.39	0.00886	11,429,328.71	1,356.23
<b>Sub-total: STATE</b>	<b>774</b>	<b>-</b>	<b>2,306,743,765.46</b>	<b>1,778,402,753.32</b>	<b>1,289,991,953.65</b>	<b>5,375,138,472.43</b>	<b>1.00002</b>	<b>1,290,017,753.52</b>	<b>-25,799.87</b>
1Federal government	-	4,187,016,191.06	-	-	-	4,187,016,191.06	-	-	-
1.46% Derivation Ecology FGN Share	-	86,330,230.74	-	-	-	86,330,230.74	-	-	-
FCT-Abuja	-	86,330,230.74	-	-	-	86,330,230.74	-	-	-
0.72% Stabilization Account	-	43,165,115.37	-	-	-	43,165,115.37	-	-	-
3.0% Development of Natural Resources	-	145,034,787.65	-	-	-	145,034,787.65	-	-	-
Sub-Total: Federal	-	<b>4,547,876,555.56</b>	-	-	-	<b>4,547,876,555.56</b>	-	-	-
Total (State + Federal)	<b>774</b>	<b>4,547,876,555.56</b>	<b>2,306,743,765.46</b>	<b>1,778,402,753.32</b>	<b>1,289,991,953.65</b>	<b>9,923,015,027.99</b>	<b>1.00002</b>	<b>1,290,017,753.52</b>	<b>-25,799.87</b>

Source: Federal Ministry of Finance-FAAC for the Month of June 2016.

### 5.2.1 Nigeria Budgetary Process

Nigeria prepares its annual budget based on the Medium-Term Expenditure Framework in line with the provisions of the FRA 2007. MTEF entails annual budgeting system in which budget decisions relating to new programmes and projects are made at every budget preparation session based on a three-year fiscal scenario. This is to ensure that projects financed for the next three years get approved under the annual system and in line with the baseline budgeting approach. Its emphasis is on a multi-year (i.e. three years) budget

packaging<sup>2</sup>. The specific objectives for the adoption of MTEF in Nigeria are to improve the allocation of resources to strategic priorities as well as minimize the challenges of projects abandonment. Figure 5.1 shows how revenues flow to fund the Budget.

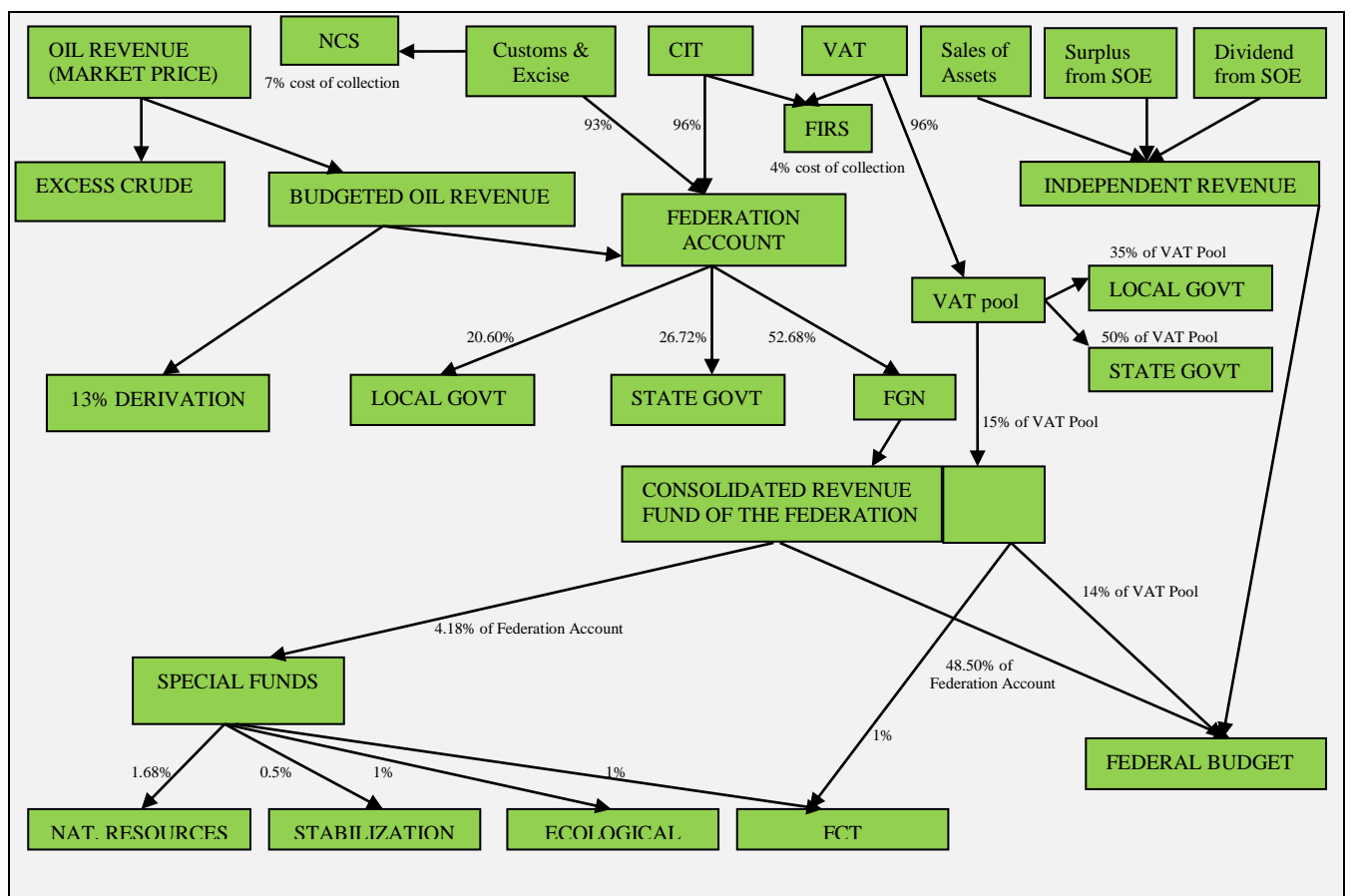


Figure: 5.1: The Flow of Revenues  
Source: Budget Office of the Federation

Visit the link below for more information

<file:///C:/Users/User/Downloads/Citizens%20Guide%20to%20the%20Federal%20Budget.pdf>

The budgetary process can be classified into three stages namely; ministerial approval, executive approval and legislative approval.<sup>3</sup> The process involved in the budget preparation is shown in figure 5.2 below.

<sup>2</sup> www.journalrepository.org/media/journals/BJEMT\_20/2015/Nov/Onyiah1122015BJEMT19556.pdf

<sup>3</sup> Research Journal of Finance and Accounting: Budget Preparation and Implementation in the Nigerian Public Sector by Lawyer,

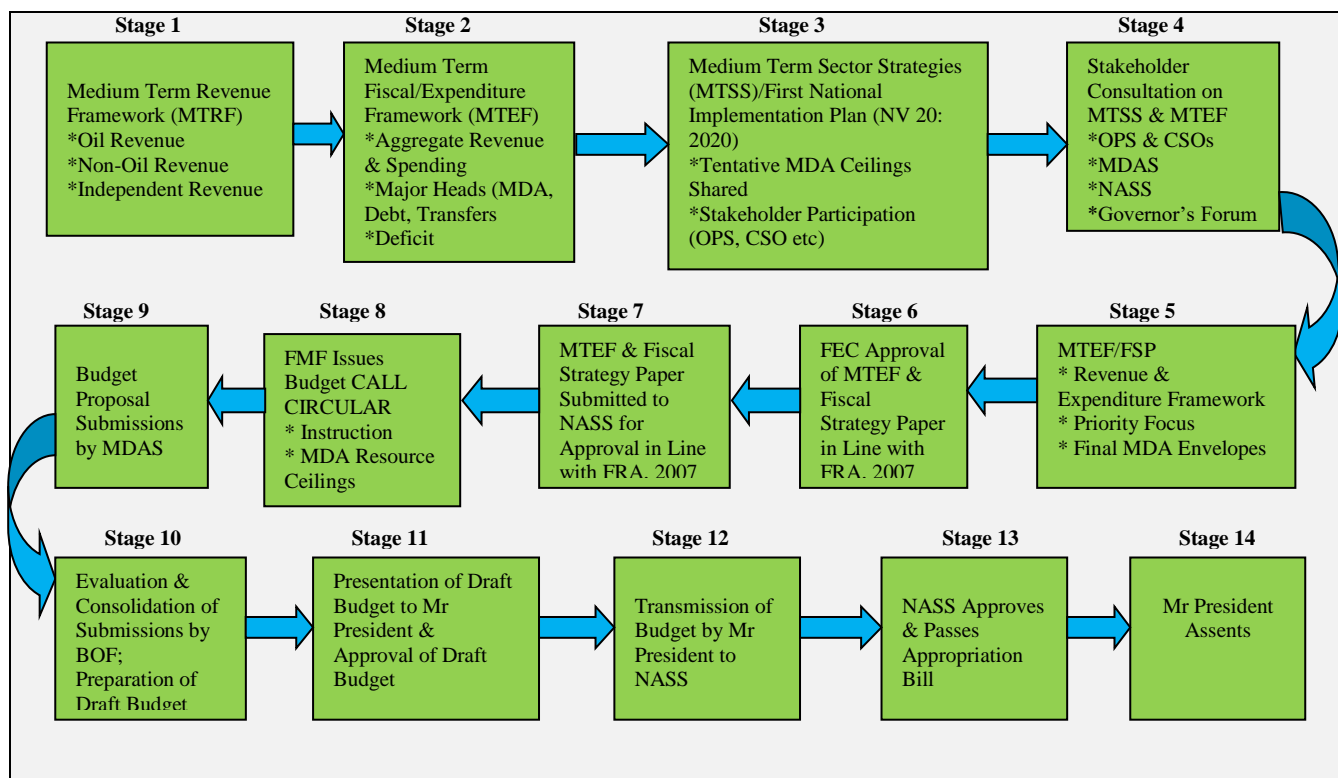


Figure 5.2: The Budget preparation process

For details of the provisions of the Act on fiscal transparency, visit:

[www.internationalbudget.org/wp-content/uploads/nigeria-fiscalresponsibilityact2007-english.pdf](http://www.internationalbudget.org/wp-content/uploads/nigeria-fiscalresponsibilityact2007-english.pdf)

Also, for further details on budget performance monitoring and evaluation in Nigeria, kindly

visit: [www.nationalplanning.gov.ng/2017/index.php/resources/downloads](http://www.nationalplanning.gov.ng/2017/index.php/resources/downloads)

[www.budgetoffice.gov.ng/index.php/about-budget-office/inside-budget-office](http://www.budgetoffice.gov.ng/index.php/about-budget-office/inside-budget-office)

[www.oaugf.ng/about-oaugf/about-us](http://www.oaugf.ng/about-oaugf/about-us)

### 5.3 Revenue Management and Expenditures

In order to aid prudent management of the nation’s resources for development and sustainable growth, the National Assembly enacted the Fiscal Responsibility Act (FRA) 2007. The Act provides for the development of the Medium Term Expenditure Framework (MTEF) and Fiscal Strategy Paper (FSP) which form the basis for annual budgets. Both documents consist of macroeconomic framework that indicates fiscal targets and estimates of government revenues and expenditures, including financial obligations in the medium term<sup>4</sup>. For full details of:

- Fiscal Responsibility Act, 2007; visit:

[www.internationalbudget.org/wp-content/uploads/nigeria-fiscalresponsibilityact2007-english.pdf](http://www.internationalbudget.org/wp-content/uploads/nigeria-fiscalresponsibilityact2007-english.pdf)

- 2018 – 2020 Medium Term Expenditure Framework and Fiscal Strategy Paper; visit:

[www.budgetoffice.gov.ng/index.php/the-2018-2020-medium-term-expenditure-framework-and-fiscal-strategy-paper](http://www.budgetoffice.gov.ng/index.php/the-2018-2020-medium-term-expenditure-framework-and-fiscal-strategy-paper)

<sup>4</sup>2014-2016 Medium Term Expenditure Framework and Fiscal Strategy Paper





## 6.0 SOCIAL AND ECONOMIC SPENDING

### 6.1 Social Expenditures

Social Expenditures as defined by the NSWG are “social payments/contributions by extractive companies to stakeholders as may be mandated by law, discretionary, part of a company’s legal and contractual obligations and can be made either in-kind or in cash to a third party or to a government agency”.

The mandatory social expenditures are payments mandated by law, which do not accrue to the Federation but to the respective agencies or a third party. However, there is no provision for any government agency in the solid minerals sector to receive this payment.

In 2016, the total amount expended by extractive companies in this regard was ₦813,871,876.66 as detailed in **Appendix 12**.

Based on the provision of section 116 of the Mining Act, companies are required to enter into a Community Development Agreement (CDA) prior to start of operations. The NSWG considered this and adjudged CDA a mandatory social expenditure. See the link below:

<http://www.neiti.gov.ng/phocadownload/MINUTES%20OF%20THE%20EMERGENCY%20MEETING%20OF%20NSWG%2013%20JUNE%202018.pdf>

Table 6.1: Analysis of companies’ declared statutory and voluntary social expenditures

S/N	Company	Statutory ₦	Voluntary ₦	Total ₦
1	Ashakacem Plc	107,250,420.66	28,000,000.00	135,250,420.66
2	Cement Company of Northern Nigeria Plc	-	65,050,000.00	65,050,000.00
3	C & C Construction Company Limited	600,000.00	5,955,000.00	6,555,000.00
4	First Premier Mining & Exploration Ltd.	5,600,000.00	1,250,000.00	6,850,000.00
5	Kopek Construction Limited	-	2,163,000.00	2,163,000.00
6	Lafarge Africa Plc	-	303,977,735.00	303,977,735.00
7	Lafarge Readymix Nigeria Limited	7,200,000.00	-	7,200,000.00
8	Levant Construction Limited	9,589,310.00	-	9,589,310.00
9	Mothercat Limited	600,000.00	150,000.00	750,000.00
10	Purechem Industries Limited	2,388,000.00	5,225,689.00	7,613,689.00
11	P.W. Nigeria Limited	3,300,000.00	13,902,722.00	17,202,722.00
12	S.C.C Nigeria Limited	400,000.00	-	400,000.00
13	Tongyi Allied Mining Ltd.	15,300,000.00	-	15,300,000.00
14	United Cement Company Nigeria Limited	160,800,000.00	1,750,000.00	162,550,000.00
15	Venus Mining Company Ltd	12,175,000.00	3,000,000.00	15,175,000.00
16	Triacta Nigeria Limited	57,450,000.00	795,000.00	58,245,000.00
		<b>382,652,730.66</b>	<b>431,219,146.00</b>	<b>813,871,876.66</b>

In line with EITI Requirement 6, we set forth in table 6.2 below the analysis of social expenditure by covered extractive companies in 2016. The details are contained in **Appendix 12**.

Table 6.2: Analysis of companies declared social expenditures in cash or kind

S/N	Company	Statutory			Voluntary			Total
		Cash	Kind	Sub-Total	Cash	Kind	Sub-Total	Total
		₦	₦	₦	₦	₦	₦	₦
1	Ashakacem Plc	107,250,420.66		107,250,420.66	28,000,000.00		28,000,000.00	135,250,420.66
2	Cement Company of Northern Nigeria Plc	-		-	65,050,000.00		65,050,000.00	65,050,000.00
3	C & C Construction Company Limited	600,000.00		600,000.00	495,000.00	5,460,000.00	5,955,000.00	6,555,000.00
4	First Premier Mining & Exploration Ltd.	5,600,000.00		5,600,000.00	1,250,000.00		1,250,000.00	6,850,000.00
5	Kopek Construction Limited	-		-	2,163,000.00		2,163,000.00	2,163,000.00
6	Lafarge Africa Plc	-		-	68,600,000.00	235,377,735.00	303,977,735.00	303,977,735.00
7	Lafarge Readymix Nigeria Limited	7,200,000.00		7,200,000.00	-		-	7,200,000.00
8	Levant Construction Limited	9,589,310.00		9,589,310.00	-		-	9,589,310.00
9	Mothercat Limited	600,000.00		600,000.00	150,000.00		150,000.00	750,000.00
10	Purechem Industries Limited	2,180,000.00	208,000	2,388,000.00	-	5,225,689	5,225,689.00	7,613,689.00
11	P.W. Nigeria Limited	-	3,300,000	3,300,000.00	-	13902722	13,902,722.00	17,202,722.00
12	S.C.C Nigeria Limited	400,000.00		400,000.00	-		-	400,000.00
13	Tongyi Allied Mining Ltd.	-	15,300,000.00	15,300,000.00	-		-	15,300,000.00
14	United Cement Company Nigeria Limited	160,800,000.00		160,800,000.00	-	1,750,000	1,750,000.00	162,550,000.00
15	Venus Mining Company Ltd	6,000,000.00	6,175,000.00	12,175,000.00	3,000,000.00		3,000,000.00	15,175,000.00
16	Triacta Nigeria Limited	15,090,000.00	42,360,000.00	57,450,000.00	30,000.00	765,000.00	795,000.00	58,245,000.00
		<b>315,309,730.66</b>	<b>67,343,000.00</b>	<b>382,652,730.66</b>	<b>168,738,000.00</b>	<b>262,481,146.00</b>	<b>431,219,146.00</b>	<b>813,871,876.66</b>

## 6.2 Quasi-Fiscal Expenditures by State Owned Enterprises:

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

In2016, there was no quasi-fiscal expenditure in the solid minerals sector.

## 6.3 Contribution to the Economy

### 6.3.1 The contribution of the extractive sector to the economy

Total solid minerals revenue declared by government in 2016 was ₦43,222,388,312.69 out of which ₦41,975,128,945.80 (97.11%) was reconciled leaving ₦1,247,259,366.89 (2.89%) as unilateral disclosure. As depicted in table 6.3 below, out of the total revenue reconciled, cement manufacturing contributed 62.69%; the contribution of construction sector was 36.28% while mining and quarry contributed 1.03%.

Table 6.3: Solid minerals contribution by sector

Contribution by sector	Amount ₦	Contribution %
Contribution by cement manufacturing companies	26,315,981,910.49	62.69
Contribution by construction companies	15,228,075,698.24	36.28
Contribution by mining & quarrying companies	431,071,337.07	1.03
<b>Total</b>	<b>41,975,128,945.80</b>	<b>100.00</b>

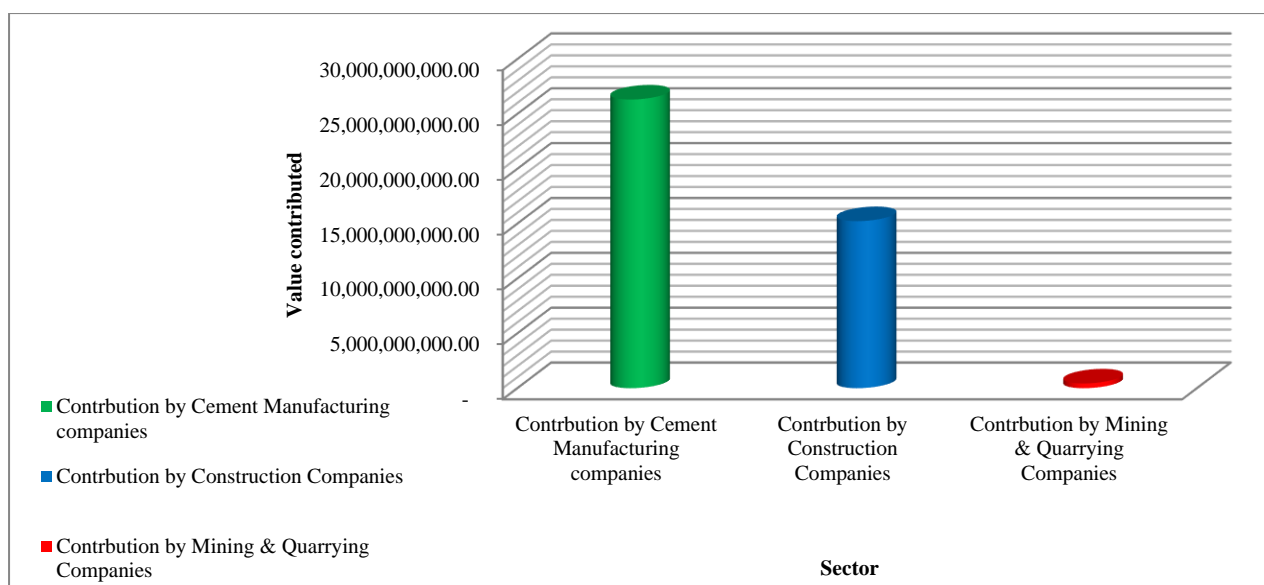


Figure 6.1 Solid minerals contribution by sector

The summary of the overall contribution of the solid minerals sector to the Nigerian economy in 2016 is presented in table 6.4 below. In addition, table 6.5 shows the contribution of solid minerals export to the entire receipts from the sector in 2016.

Table 6.4: Contribution of the Solid Minerals Sector to the Economy in 2016

Economic Indices	National ₦	Solid minerals sector contribution ₦	Contribution %
GDP	67.98trillion	87.61billion	0.13

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

Table 6.5: Percentage of solid minerals export to the sector's contribution to the economy

Economic indices	Solid minerals sector ₦	Export ₦	Contribution %
GDP	87.61billion	11.16billion	13

### 6.3.1 Contribution to Gross Domestic Product (GDP)

The contribution of the solid minerals sector to GDP in 2016 was ₦87.61billion representing 0.13 % of the total GDP, as light increment from 0.12% reported in 2015.

The table below depicts the contribution of solid minerals sector (disaggregated into subsectors) to the nation's GDP in 2016. The contribution of the sector to the Country's GDP in 2016 represents 0.13%.

Table 6.6: Contribution to Gross Domestic Product (GDP)

Year	2016 (billion) ₦
Nigeria GDP	67,984.20
<b>Solid Mineral Sector's Contribution (by Sub-Sector)</b>	
Coal	7.34
Metal Ores	5.02
Quarrying & Other Mining	75.25
<b>Total Sector Contribution</b>	<b>87.61</b>

Source: CBN 2016 Statistical Bulletin: Domestic Production, Consumption and Prices

### 6.3.2 Contribution to Government Total Revenues

In 2016, the government collected a total sum of ₦43.22billion from solid minerals sector. This represented 0.76% of the total collection of ₦5.68trillion in the year. See the breakdown in table 6.7 below:

Table 6.7: Breakdown of the solid minerals sector contribution to total government collection in 2016

Description	Amount ₦	Contribution %
Total revenue collected (Federally)	5,679,032,790,280.56	
<b>Sector Specific Revenue Stream</b>		
Mines Inspectorate Department		
Royalty (within Materiality Threshold)	1,424,550,711.32	
Royalty (outside Materiality Threshold declared by MID)	216,468,226.89	
Fees	49,193,280.00	
<b>Sub-total MID</b>	1,690,212,218.21	0.03
Mining Cadastre Office (fees)	1,150,864,100.00	0.02
<b>Total Sector Specific Revenue Stream</b>	<b>2,841,076,318.21</b>	<b>0.05</b>
<b>Federal Inland Revenue Service</b>		
Value Added Tax	20,244,510,690.43	
Companies Income Tax	10,575,945,892.31	
Education Tax	2,284,103,975.85	
Withholding Tax	7,175,636,759.59	
Others - PAYE (FCT)	101,114,676.30	
Total FIRS	40,381,311,994.48	0.71
<b>Total Revenue Contributed</b>	<b>43,222,388,312.69</b>	<b>0.76</b>

### 6.3.3 Contribution to Employment

According to Nigeria's Mining and Metal Sector Investment Promotion Brochure (October 2017 edition) the solid minerals sector is currently contributing 0.3%<sup>5</sup> to national employment. In 2016, the level of employment; including the mix based on data obtained from the extractive companies that partook in the reconciliation exercise is as shown in table 6.8 below: Detailed information on employment contribution can be found in the link below:.

<http://www.minesandsteel.gov.ng/wp-content/uploads/2017/10/Nigeria-Ministry-of-Solid-Minerals-Investment-BrochureV14.pdf>

<sup>5</sup><http://www.minesandsteel.gov.ng/wp-content/uploads/2017/10/Nigeria-Ministry-of-Solid-Minerals-Investment-BrochureV14.pdf>

Table 6.8: Analysis of employment data by extractive companies in 2016

S/N	Name of company operator	National non-local	National local	Total National	Non-Nigerian	Total
1	Arab Contractors O.A.O. Nigeria Ltd.	207		207	4	211
2	AshakaCem Plc	217	240	457	0	457
3	Ashpalt Unity Construction Limited	0	91	91	6	97
4	Astro Minerals Limited	12		12	3	15
5	BUA International Ltd (Okpella Site, Edo State)	-	-	-	-	-
6	C & C Construction Company Limited	0	47	47	3	50
7	C.G.C Nigeria Limited	0	95	95	10	105
8	CCECC Nigeria Ltd	182	176	358	1	359
9	Cement Company of Northern Nigeria Plc	140		140	20	160
10	Chief Cornerstone Investment Limited	53		53	8	61
11	CNC Engineering Co. Limited	20		20	5	25
12	CNC Mining Company Limited	20		20	5	25
13	Coltan Minerals Limited	10		10	0	10
14	Crushed Rock Industries Nigeria Limited	80		80	1	81
15	Dangote Cement Plc	42		42	0	42
16	First Premier Mining & Exploration Ltd.	11	18	29	1	30
17	FW Dredging Ltd	-	-	-	-	-
18	Georgio Rocks Limited	35		35	5	40
19	Hajaig Construction Company Limited	-	-	-	-	-
20	Hongyun Mining Industrial Co. Ltd	28		28	7	35
21	Inorganic Earth Resources Limited	30		30	21	51
22	Julius Berger Nigeria Plc	20	165	185	4	189
23	Kopek Construction Limited	569	275	844	6	850
24	Kunlun Nigeria Limited	52		52	10	62
25	Lafarge Readymix Nigeria Limited	0	196	196	2	198
26	Lake Petroleum Limited	13		13	0	13
27	Levant Construction Limited	50	20	70	4	74
28	Mercury Mining Investment Limited		28	28	7	35
29	Mothercat Limited	1,539		1539	46	1,585
30	NBHH Nigeria Limited	106		106	6	112
31	P.W. Nigeria Ltd.	674	40	714	5	719
32	Perfect Stone Quarry Limited	11	22	33	8	41
33	Petra Quarries Ltd.	26	70	96	1	97
34	Pioneer Sinochino Investment Ventures Limited	-	-	-	-	-
35	Platinum Asphalt and Crushing Company Limited	0	56	56	23	79
36	Porcelainware Industries Limited		9	9	1	10
37	Purechem Industries Limited	55	9	64	42	106
38	Ratcon Construction Company Ltd	-	-	-	-	-
39	Reynolds Construction Company (Nig.) Ltd.	0	132	132	2	134
40	Rockstan Shelters Ltd			0	0	0
41	S.C.C. Nigeria Limited	22	12	34	1	35
42	Setraco Nigeria Limited	0	481	481	8	489
43	Sino Mineral Co. Ltd	-	-	-	-	-
44	Six Six Manufacturing & Global Services Limited		17	17	4	21
45	Sodex Mines Nigeria Ltd.	22		22	2	24
46	Spearman Brown Nig. Ltd			0	0	0
47	Taoshi Mining & Exploration Limited	-	-	-	-	-
48	Tongyi Allied Mining Ltd.	44	65	109	15	124
49	Triacta Nigeria Ltd.	1,534	1,440	2974	10	2,984
50	United Cement Company Plc			0	0	0
51	Venus Mining Company Limited	44	30	74	4	78
52	Lafarge Africa Plc	770	109	879	20	899
53	Woda (Mountain) Investment Ltd	15	20	35	6	41
54	Zeberced Limited	-	-	-	-	-
55	Zhong Tai Mining (Nig.) Ltd.	0	15	15	6	21
56	Zhong Xing Mining Investment Limited	13	17	30	4	34
		<b>6,666</b>	<b>3,895</b>	<b>10,561</b>	<b>347</b>	<b>10,908</b>

## 7.0 FINDINGS AND RECOMMENDATIONS

### 7.1 Highlight of issues raised in previous Audits (2007 – 2015)

S/No	Findings	Recommendation	Current Status
	<b>2015</b>		
1	Some MID records of production for different minerals were lumped and not separated. This made computation of royalty difficult.	The State mines officers and surveillance team of the MMSD should remain active and equipped with knowledge on measurement machines (and methods) for quarries and mines for effective quantity determination and royalty calculation.	There was no material change in the observation. It was discovered that the challenge was due to the subsisting reporting format between the State Mines offices and Head Office.  It is therefore imperative that the subsisting reporting format be improved to indicate clearly production data in disaggregated form.
2	It was noted that the State mines officers over relied on production details submitted by the companies without verification of the correctness and accuracy of the figures.	The State mines officers and surveillance team of the MMSD should remain active and equipped with knowledge on measurement machines (and methods) for quarries and mines for effective quantity determination and royalty calculation.	Reliance on production data by State Mines officers on data submitted by extractive companies subsists.
3	The importance of the Mineral Resources and Environmental Management Committees (MIREMCOs) cannot be wished away in the Solid Minerals' sector. We observed that this important State committees are no longer functioning or in a state of comatose.	There is an urgent need to revive the Mineral Resources and Environmental Management Committees (MIREMCOs) for the development of the Solid Minerals sector especially now that Government is redirecting her attention to Solid Minerals.	Government has reactivated MIREMCO in 2017 and continued with support in 2018.
4	We noted the approval of 30 Billion Naira by the Federal Executive Council (FEC) for the development of the solid minerals sector.	We recommend the release of this fund to hasten the diversification programmes of the government through development of detailed and specific mineral exploration, increase in local content in minerals related products in	Federal Government inaugurated the Board of Solid Minerals Development Fund in 2018. This may be related to the management of the N30 billion approved by the

		<p>which the deposits are available in Nigeria but imported e.g. Gypsum, Kaolin; manpower; provision of infrastructure; machineries, etc.</p> <p>The disbursements of the fund to be accompanied with defaulters' clause in order to achieve the main objectives of the fund.</p>	<p>Federal Executive Council (FEC) for the sector.</p>
5	<p>It was observed with grave concern the security challenges faced by field mines officers in the course of discharging their duties.</p>	<p>The government should re-introduce the mines police as was the case up to early 70s or re-designate a special arm of the security forces for the task of protecting the mines field officers to enable them meet their revenue target from increased production, more investments from increased security. It will also go a long way in sanitizing the sector of vices including illegal mining activities.</p>	<p>Government commissioned mines surveillance task force and mines police to aid monitoring activities.</p>
6	<p>Exports figures reported by companies were different from those declared by Government Agencies; example, in year 2015, Coltan mineral resources and Astro mineral resources export data were not captured by NCS.</p>	<p>Quantity FOB should be used as basis for royalty payments on export of minerals. For the purpose of recovery, government should review year 2015 export documents to ensure that royalty payments on solid minerals are adequately confirmed at export point.</p>	<p>This challenge still exists.</p>
7	<p>It was also observed that some companies who featured in the export of solid minerals for 2015 were mainly below materiality threshold and we were unable to confirm their permit to export solid minerals in line with extant laws</p>	<p>There is need for a strong synergy between the relevant government agencies (MMSD, NCS and CBN) to ensure that all minerals exports including samples have permits duly issued by MID.</p> <p>There is need for a more coordinated effort by Government to increase the capacities of the various security/anti-corruption agencies to stem the tide of illegal exportation of minerals.</p>	<p>The observed trend subsists.</p>

<p>8</p>	<p>The activities of illegal miners were observed to be prevalent within the industry, leading to loss of government revenues.</p>	<p>In order to increase revenue, government should continue to encourage ASM to formalize their activities through the various programmes that are in place such as: Establishment of minerals buying centres, Formation of cooperative societies, access to funding and extension services etc.</p> <p>To avoid revenue leakages, Government should continue with its formalization of informal miners and encouragement of establishment of more private mineral buying centres to facilitate collection of revenue;</p> <p>Government should encourage big operators to take-over rich mineral deposits in which illegal mining activities are taking place</p>	<p>Federal government recently procured 50 vehicles and commissioned mines surveillance task force as well as mines police to aid monitoring activities.</p> <p>In addition, some of the miners have formed Cooperative Societies.</p> <p>There is, however, the need for Government to do more to stem the tide of the illegal activities.</p>
<p>9</p>	<p>It was observed with concern the negative impact of multiple taxation on the operational efficiency and growth of the solid minerals sector. For instance, States, Local and other government agencies collect various taxes and levies from operators' e.g. NIWA and LASEMA collect royalties from companies that are engaged in dredging sand which hinders profitability.</p>	<p>It is strongly recommended that government should institute a specific fiscal regime for this important sector. All the previous reports have indeed recommended for it.</p> <p>Section 76 of Nigeria Minerals and Mining Act 2007 bars NIWA (or any other body for that matter) from collecting royalty; yet the provision is flaunted. An appeal court judgment Ref. CA/L/589/2008 dated 05/12/14 reinforced that only MID is legally entitled to collect royalty. Hence NIWA (or any other body) must not only stop collecting royalty but be made to account for the entire amount illegally collected over time.</p>	<p>This issue is yet to be adequately addressed.</p>



		The government should make it mandatory for extractive companies to keep a separate account for mining/quarry activities in order to determine the profit or loss emanating from such activities and its contribution to the group account especially constructions and cement companies. This will enable the tax authority to determine correctly the taxes payable by such mining company and such taxes will be mining specific.	
10	We observed that some expatriate companies do not keep their accounts within the country and also prepare their accounts in language other than English e.g. Mercury mining investment. The company is owned by the Chinese and on Benin – Ore road, Ofusu, Ondo State. The company had not been keeping its activities records and books in the company premises but in China. No evidence of Tax payment.	Any company that does not keep its books and correct records in Nigeria and does not prepare its accounts in English language should be sanctioned accordingly by MID and investigated by FIRS for tax evasion	This issue still subsists and we believe it is a flagrant disregard for the laws of the Federal Republic of Nigeria which must not be allowed to continue.
11	A few of the extractive companies have made social payments for projects in their respective host communities. These payments were duly reflected in the financial statements. However, we were unable to see verifiable evidence of such projects in the host communities in some cases. The implication of this is that the companies will use such payments to reduce their tax liabilities, leading to loss of revenue to the government.	In order to reduce loss of revenue to government, companies should be required to keep appropriate documentation and records of all social payments duly certified by Mines Environmental Compliance Department (MEC) of MMSD.	There have been improvements in this observation. During the validation exercise, some projects were sighted and confirmation obtained from host community.
	<b>2007 – 2014</b>		
	<b>PROCESS</b>		

12	The audit has observed that no adequate collaboration exists between the various government agencies. This leads to revenue leakages as some of the licensed holders operate without the registration and knowledge of the MID at States	There is an urgent need for interface between relevant Ministries, Departments and Agencies which will ensure that appropriate taxes and other payment are made by operators and received by the relevant agencies.	MMSD has developed a Road Map to provide specific direction to rapid transformation of the solid minerals and metal sector
13	The Audit has observed the incessant smuggling of Solid Minerals out of the country by middle men and smugglers.	The establishment of mineral market at strategic boarder points across the country in order to bring about flexible market control	Surveillance vehicles have been procured and deployed to stem the menace
14	At present, the MCO do not have a database and cannot keep track of illegal mining activities in the country.	The MCO should send status report of all mining titles to FMO in each state of the Federation on monthly basis for effective monitoring.	The MCO has institutionalized regular meetings with the parent Ministry (MMSD)
15	Geophysical and geochemical mapping coverage of Nigeria remains low.	NGSA should be enabled to adequately update and cover the whole country to provide reliable geological data.	Air borne geophysical survey had been carried out by NGSA.
	<b>PYSICAL</b>		
16	It was observed that some companies reported the same level of production from January to December, even though explosive consumption was observed to differ during the period under review.	MID should endeavor to initiate programs for regular independent production audit of extractive companies so that gross misstatements or under-declaration of production volumes would be reduced to the minimum.	There has been improvement on this finding.
17	Some company disclosed that MID uses powder factor to determine royalty forcefully if not satisfied with the declared tonnage. The Audit observed that no adequate monitoring mechanisms were put in place by the regulatory authorities to carry out effective supervision of the industry.	In the medium to long term, MID should encourage companies to acquires, install and use measurement machines related to weighing, such as load volume scanner, weigh bridges, etc, in mines and quarries to minimize dispute with respect to quantity.  Should MID have reason to surcharge an operator, the equivalent tonnage and mineral type involved should be indicated. To develop robust framework for implementing the act/policies governing the industry to enhance the	No action yet

		supervisory role of the regulators and avoid situations where the regulators are at the mercy of the operators.	
18	The activities of illegal miners were observed to be prevalent within the industry, leading to loss of government revenues.	Government should continue with its formalization of informal miners and encouragement of establishment of more private mineral buying centres to facilitate collection of revenue	Some mineral buying centres had been established.
19	The Audit has observed with specific references to wide spread environmental degradation and hazards caused by artisanal and small scale miners activities	Formalization of the ASM into clusters and encouraging them into adhering to relevant laws.	Some have formed themselves into Cooperative Societies.
20	The report observed that activities of ASM have caused serious health challenges like poisoning, trauma- induced sickness and mental retardation among others. Specifically, the Audit visited at least 5 villages in Anka and Bungudu local governments of Zamfara state where about 500 people were estimated to have died due to lead poisoning.	Government should undertake a comprehensive study of the mining environments and the associated health issues with a view to carrying out the necessary amendment of the existing legislation and regulations as it relates to the Nigeria Mining and Minerals Act 2007	Clean up has been done on Zamfara lead poisoning sites
21	Quarries were operated by construction companies and abandoned after completion of the projects. There is no strong legislation on Decommissioning of Quarry sites.	MMSD should ensure that companies make adequate provisions in their annual financial statements for reclamation in line with section 115 of Mineral and Mining Act 2007.	No serious enforcement in place
22	The production data provided by the MID was based on self-declarations submitted from the extractive companies in the solid minerals sector. MID does not use its own procedures and systems to collect and control production by mining companies.	The need for a robust platform or framework to show production data.  Provide the administrators with a comparison of the production volumes declared with the measurements made by the ministry of mines and steel development throughout the year.	There was improvement with the introduction of weighbridges among others but less monitoring by MID

23	Exports figures reported by companies were different from those declared by Government Agencies. For example, in year 2014, Tongyi Allied Mining Ltd, was reported by MID to have paid royalty for 10, 870 tons but exported 35,939.4 tons of lead zinc in year 2014 by NCS. Accordingly, we were not able to reconcile data between any of the Government Agencies and those reported by companies.	Quantity of FOB should be used as basis for royalty payments on export of minerals.  For the purpose of recovery, government should review year 2014 export documents to ensure that royalty payments on solid minerals are adequately confirmed at export point.	Similar observation was raised against Tongyi Allied Mining Ltd in the 2016 audit. Government should ascertain the actual exports by Tongyi Allied Mining Ltd and ensure the balance is paid.
24	It was also observed that some companies who featured in the export of solid minerals for 2014 were mainly below materiality threshold and we were unable to confirm their permit to export solid minerals in line with extant laws	There is need for a strong synergy between the relevant government agencies (NEITI, MID, NCS and FIRS) to ensure that all fees due are collected.	
25	Some engineering construction companies did not provide record for quantity of laterite used in their operations and subsequently did not pay royalty.	MID should implement payment of royalties for all mineral resources including laterite, sand, shale etc. to all entities engaged in commercial excavation operations.	There have been improvements on this observation.
26	We observed that some cement companies' used gypsum but did not pay royalty.	Cement Companies and other companies that received local gypsum supplies from individuals and used should be encouraged in demanding royalty payment evidence from their local suppliers or inform MID on royalty payment accordingly.	There have been improvements on this observation.
	<b>FINANCIAL</b>		
27	The Audit observed that the 13% derivation payments to solid minerals producing states were not paid.  In addition, no framework	FMMSD, RMAFC, FIRS and other relevant agencies to work together in developing framework for calculating and applying the 13% derivation as required by Section 162 (2) of	In 2016, the three tiers of government shared ₦9billion of the accumulated solid minerals revenue covering years 2007 –

	for segregating Solid Mineral revenues in place. Indices to be used in sharing accrued revenue from the sector were not available to the RMAFC.	the Constitution.	2014 based on 13% derivation principles.
28	From RMFAC records we noted that the sums of ₦2,037,594,163.80 accrued from the Solid Minerals Sector for the year ended 2013 were not yet shared.	Urgent steps must be taken to ensure that beneficiaries of statutory disbursement from the mineral resources receive their share.	This sum of ₦2,037,594,163.80 was part of the accumulated revenue of ₦9 billion shared in 2016 based on 13% derivation.
29	Companies that engaged in both quarrying and construction/manufacturing operation did not differentiate the revenues earned from each activity.	MMSD should advise construction/manufacturing companies to maintain their quarry units as separate business entities to ease implementation of relevant legislations/regulations.	No action yet
30	Multiplicity of taxes, fees and levies imposed by the three tiers of government on extractive companies making environment unsuitable for business. Specifically, NIWA and LASEMA collected royalties from companies that engaged in sand dredging.	The government needs to speed up implementation of solid minerals sector specific fiscal regime	This issue is yet to be adequately addressed.
31	The legal and taxation environment in Nigeria suffers from several limitations, these includes: Lack of centralized reporting system in Nigeria and Lack of a unique identification number for extractive companies that may result in wrong company due to similar company name	A review of the tax reporting system and Tax Identification Numbers in Nigeria is imperative in order to improve controls over extractive sector revenues, transparency and traceability of income.	Economic Management Team is drafting Mining Income Tax Act (MITA) while Capital Gain Tax for MMSD sector is receiving attention by FIRS
32	Regarding revenue streams for 2013 reconciliation, we suggest that the payments and contributions should be restructured for a better understanding. The revenue streams in report include a generic payment labeled as	Revenue streams can be reviewed to capture and define clearly what each revenue head is and under what category of payment it should be subsumed.  Instructions on how to populate	There was improvement on data template design for 2016 audit.

	‘other payments, which are misleading. We note that several fees such as stamp fees and penalties paid to both FIRS and MID were not included in the reporting template.	these streams by Covered Entities should be spelt out clearly.	
33	Several reports from companies do not include production data, information on licenses and location.	A single reporting template that captures all required information relating to both financial and physical process data is recommended.	There was improvement in 2016
34	Some reporting templates from companies were filled on the accruals basis instead of the cash basis while others did not segregate 2012 from 2013 payments and included them in the same template.	We recommend using a simplified and intelligible format on interlinked spreadsheets to avoid inputs of contradictory information from one table to another.	There was improvement in 2016
35	Government Entities did not submit their respective data confirmations in accordance with a formal template and the reporting templates sent by the Mines Inspectorate Department, Mining Cadastre Office and the Federal Inland Revenue Services were not signed by a senior company official;	Confirmation letter from companies’ external auditor that confirms that the information they have submitted is comprehensive and consistent with their audited financial statements; and  Government reporting entities should be requested to obtain a certification of the accuracy of the government disclosures from the Auditor General	Senior officials now signed the official documents of entities. There are audited financial statements from some companies but no Auditor General confirmation for government entities yet.
36	The Audit has observed persistent activities of some foreign nationals operating in the sector which constitute significant buyers of the Solid Minerals that are mined by artisanal and small scale miners, illegal miners resulting in inaccurate production records and revenue leakages.	Mineral buying centres need to be established with functional Mineral Analysis laboratories that meet ISO certification standards in the six(6) geo-political zones for the purpose of analysing mineral extracted or discovered, while upgrading the existing laboratories to meet international standards	Some mineral buying centres have been established but more are needed. Mineral Analysis Laboratories that meet ISO certification standards have not been established as recommended.

37	<p>The Mines Inspectorate Department reported aggregated figures for Royalties and for other services fees, and the Federal Inland Revenue Services did not report details of payments received from all companies which were confirmed. Several companies did not report the detailed receipt numbers of payments made to the Federal Inland Revenue Services, the Mining Cadastre Office, Nigeria Customs Service and to the Mines Inspectorate Department;</p>	<p>Given that the Solid Minerals Sector is not a well organized industry, we strongly recommend that a scoping study should be carried out before the reconciliation work is undertaken in order to enable the National Stakeholder Working Group to agree on materiality thresholds, significant payments, important extractive companies, government entities and the reporting template. The scoping study became a mandatory requirement in the new EITI Rules (2013).</p>	<p>Reporting templates, training workshop were held with all entities and instructions and guidance notes were provided for the preparation of the payment reports</p>
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## 7.2 Current Audit Findings and Recommendations

S/N	Findings	Recommendation
1	<p>The total royalty payment declared by UNICEM was ₦71,635,522.11 in 2016 as per MMSD records. The company denied the audit team access to its documents during the validation visit.</p> <p>However, at the tripartite reconciliation meeting which the company attended the IA discovered an irregular issuance of receipt for the sum of ₦28,813,021.20. While the receipt with number Z009454299 was issued on 24<sup>th</sup> May, 2016; three other receipts Nos: Z009449771-3 were issued for the same amount on August 11<sup>th</sup>, 2016.</p> <p>It was further confirmed that the payment of ₦28,813,021.20 with receipt number Z009454299 issued on 24<sup>th</sup> May, 2016 was not included in the sum declared by MMSD.</p> <p>In addition, the IA was not provided with evidence of bank lodgment to confirm the receipt by government.</p>	<p>IA recommends that MMSD undertakes further investigation of this observed irregularity and take appropriate action including checking the records of other covered entities.</p>
2	<p>The IA discovered a difference between the FOB value of the quantity of minerals exported by Tongyi Allied Mining Ltd. and</p>	<p>Government (MMSD) should follow up with the company to recover the sum of ₦5,422,455.75.</p>

	<p>export records submitted by NCS. Based on NCS records, the company exported 5,521 tons {5,521,520 Net Mass (kg)} of Lead/Zinc Concentrate and/or Lead Ore in 2016. However, Tongyi declared 3,100 tons and paid the sum of ₦7,425,000 as royalty as against ₦12,847,455.75; thus leaving a difference of ₦5,422,455.75 which represents payment for the undeclared 2,421 tons.</p>	
3	<p>IA discovered a case of under payment of royalty where withholding tax (10%) was wrongly deducted on the royalty payable but not remitted to government. Specifically, Dangote Cement Plc underpaid royalty at its Obajana Plant by such deductions to the tune of ₦40,023,670.56.</p>	<p>The company paid back the sum of ₦40,023,670.56 on 24th August 2018 vides Remita Retrieval Reference no. 2402-4050-0287. This is commendable. However, based on this case, a sector-wide audit to detect similar occurrences in all extractive companies for prompt remedial action is imperative.</p>
4	<p>Multiple business activities of some operators limit the extent to which some statutory payments (e.g. taxes) in respect of their extractive activities can be identified and reconciled; This practice is mostly found among the companies in the construction and cement manufacturing sectors.</p>	<p>All companies with multiple lines of business activities should be mandated to:</p> <ul style="list-style-type: none"> <li>▪ Maintain separate books of account for their extractive activities;</li> <li>▪ Prepare separate audited financial statements where all relevant statutory payments accruing to Government from extractive activities are easily identified; and</li> <li>▪ Adopt and implement segmented reporting in line with IFRS 8.</li> </ul>
5	<p>Three companies denied the audit team access to their records during data validation and failed to attend reconciliation meeting. The companies are BUA International Limited (Okpella Site, Edo State), Hajaig Construction Company. Limited and Pioneer Sinochino Investment Ventures Limited.</p> <p>The revenue contributed by these companies was ₦44million as per government declared revenue or 0.1% of the reconciled figure; hence not material to affect the outcome of the report.</p>	<p>NEITI should collaborate with relevant Government agencies to enforce appropriate sanctions in line with extant laws, against these companies.</p>
6	<p>In line with the Nigerian Minerals and Mining Act 2007, royalty is calculated based on quantity of minerals obtained in the course of exploration or mining, this is in line with best practice. However, the Nigerian Minerals and Mining Regulation 2011 seem to contradict</p>	<p>MMSD should harmonize provisions of the Nigerian Minerals and Mining Regulation 2011 with the Nigerian Minerals and Mining Act 2007 to ensure that all extractive companies calculate royalty on the quantity of minerals produced or won.</p>



	<p>this position as it supports determination of royalty based on quantity sold or used.</p> <p>Some companies calculated royalty based on quantities won/produced while others based their calculations on the quantities sold or used –there is need for uniformity.</p>	<p>Harmonization will ensure removal of opacity and strengthen transparency in the sector.</p>
7	<p>The IA observed that some companies did not fulfill their Community Development Agreements.</p>	<p>Government (MMSD) should sanction companies who renege on Community Development Agreements with their hosts.</p> <p>Companies should also report impediments in the course of implementing the CDAs promptly to government for appropriate resolution, in order to ensure peaceful coexistence and foster development in mining communities.</p>
8	<p>Field visits by the IA revealed prevalence of illegal mining activities in the sector. However, there are isolated cases of registered Cooperative Societies who are operating in accordance with the la.</p>	<p>Government (ASMD) should improve its mechanism of integrating these informal miners into the mainstream with specific timelines and milestones.</p>
9	<p>The IA observed that of the 651 operators that paid royalty, 312 (48%) companies were not reported in the MCO record of valid titles, register of revoked licences or register of transferred titles for the year.</p>	<p>The MCO should liaise with MID to ascertain the validity of the titles of the 312 companies that paid royalty but not captured in the MCO register.</p>
10	<p>The IA observed that some titleholders enter into MOUs with other companies without duly informing the relevant government agencies. This has implication on royalty accountability and other statutory obligations. Specifically, Inorganic Earth Resources Limited (legitimate holder of title No: QLS 8630) engaged in quarrying in 2016 through Tigong Investment Limited by virtue of an MOU between the two companies that was not regularized.</p>	<p>Investigation of the activity of all operators with similar arrangement should be carried out by MMSD to ensure conformity with statutory laws.</p> <p>In addition, FIRS should investigate the possibility of tax evasion or underpayment of taxes by the two companies and others with similar arrangement.</p>
11	<p>The IA observed that some granite aggregate quarry operators did not comply with the provisions of Sections 201–204 of the Mining Regulations 2011 as it relates to dumping operations, though dust suppression through water sprinkling was noticed in some quarries.</p>	<p>The Mines Environmental Compliance Department (MEC) should ensure that operators comply with the relevant sections of the law as it relates to environmental pollution and apply sanctions where necessary.</p>
12	<p>None of the operators visited provided the audit team with records of accidents, dangerous occurrences and diseases as required by Section 140 of the Mining Regulations 2011.</p>	<p>The Mines Inspectorate Department (MID) should compel operators to comply with the provisions of the law.</p>

13	We noticed that none of the extractive entities showed any evidence of contributions to the Environmental Protection and Rehabilitation Fund in accordance with Section 121(4) of the Minerals and Mining Act, 2007.	The Government (MMSD) should facilitate the establishment of the Environmental Protection and Rehabilitation Fund so that mineral title holders meet their environmental obligations.
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Figure 7.1: Photographs during mineral processing