

# Nigeria's Mining and Metal Sector

## Investment Promotion Brochure

*August 2016*



# Leadership



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## An overview of the country



*"I stand before you today promising that we will secure our country, rebuild our economy, and make the Federal Republic of Nigeria stronger than it has ever been"*

*His Excellency,  
Muhammadu Buhari,  
President,  
Federal Republic of Nigeria*

### Nigeria country profile

<b>Location</b>	Western Africa, bordering the Gulf of Guinea, between Benin and Cameroon
<b>Capital city</b>	Abuja
<b>Land area (km<sup>2</sup>)</b>	923,768
<b>Administrative divisions</b>	36 states and 1 Federal Capital Territory
<b>Ethnic grouping</b>	Nigeria, Africa's most populous country, is composed of more than 250 ethnic groups. The following are the most populous and politically influential: Hausa and Fulani 29%, Yoruba 21%, Igbo (Ibo) 18%, Ijaw 10%, Kanuri 4%, Ibibio 3.5%, Tiv 2.5%.
<b>Official languages</b>	English (official), Hausa, Yoruba, Igbo (Ibo), Fulani, over 500 additional indigenous languages
<b>Population (est. 2011)</b>	181, 562, 056
<b>Currency code</b>	Naira (NGN)
<b>GDP (est. 2015)</b>	USD469billion
<b>GDP - per capita (PPP) (est. 2015)</b>	USD6,400
<b>Real GDP growth rate (est. 2015)</b>	4%
<b>GDP composition (est. 2015)</b>	Agriculture – 20.3%, Industry – 23.6%, Services – 56.1%
<b>Labour force occupation</b>	Agriculture - 70%, Industry - 10%, Services - 20%; 57.46million
<b>Trade (est.2015)</b>	Exports - USD50.74billion, Imports – USD48.41billion
<b>Government</b>	Federal Republic
<b>Bordering countries</b>	Republic of Benin 773km, Republic of Cameroon 1,690km, Republic of Chad 87km, Republic of Niger 1,497km

Source:- CIA, Trading Economics





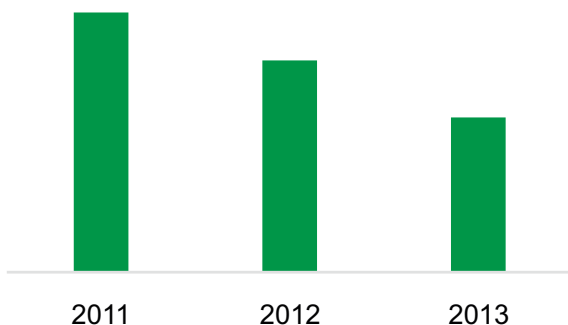
## Overview of the Nigerian Mining Sector

The Nigerian economy is the largest in Africa with a GDP of USD469billion and has a dependency on its Oil and Gas Sector. Currently, the Oil and Gas sector contributes 32.43% to nominal GDP. A decline in the commodity prices over recent years has contributed to a decline in GDP contribution.

The current government of President Muhammadu Buhari has committed to the diversification of the Nigerian economy, making the development of the mining and agricultural sector a priority of his administration.

Today the mining sector accounts for 0.3% of national employment, 0.02% of exports and about USD1.40billion to the Nigerian GDP. The Mining sector exists today (despite its current low production and output) within a well defined regulatory structure supported by active professional bodies and agencies.

**Oil and Gas contribution to GDP**

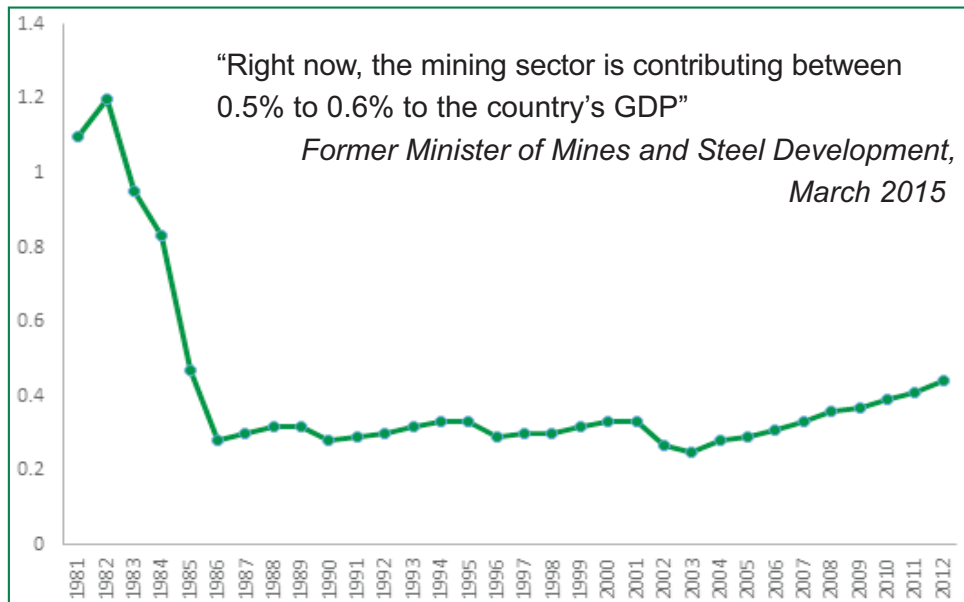


## 6

## Potential GDP Contribution

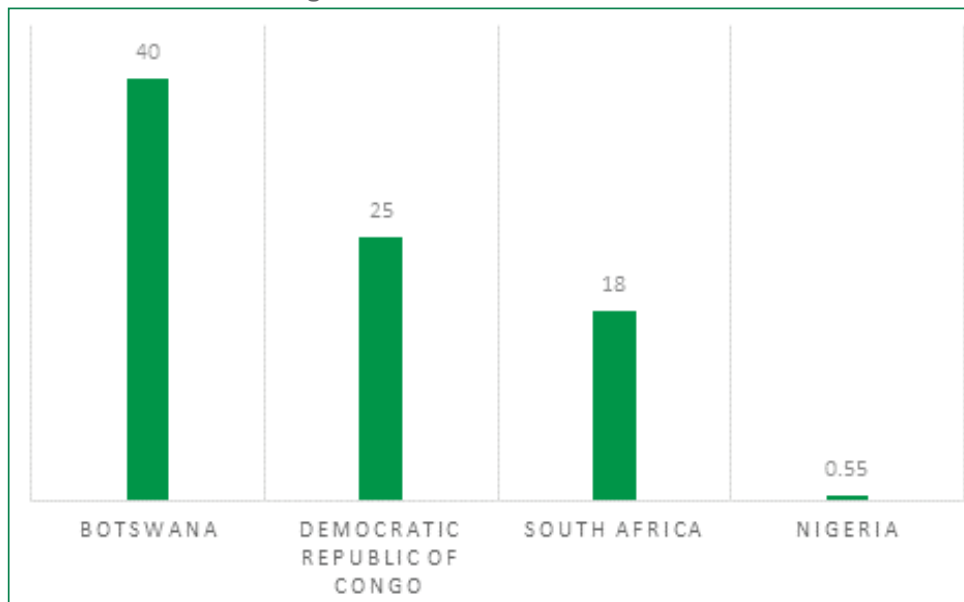
### Mining Sector's contribution to GDP demonstrates signs of recovery

Mining and quarrying contribution to GDP at constant basic 1990 prices



### Potential to match African counterparts

% contribution of mining sector to GDP



“The low contribution of the mining sector to the Nation's GDP has not always been the case as Nigeria once had a booming mining industry. Like the agricultural sector the discovery of oil resulted in the gradual neglect of the sector. Before the oil boom, Nigeria's economy was largely sustained by agriculture and exploration of solid minerals.”

*AllAfrica.com, 2015*





## History of the Mining Sector

### The inception of organised mining activity in Nigeria

- Mining activities began in 1902
- The earliest recorded mineral mined was tin ore

### Mineral impact on Nigerian Economy

- Mining was a significant driver of industrialisation and development in Nigeria
- Coal mining gave birth to the railway industry
- With tin ore mining and processing came the establishment of the first power plant
- With the discovery of iron ore came the establishment of Steel Plants and Steel Rolling Mills

### Federal ownership

- Introduced in the 70s and 80s
- Resulted in large withdrawals of foreign investment
- Caused downturn in production
- With the return of democracy in 1999 comprehensive policies and programmes were initiated to promote growth and development
- Government attempted to liberalise the mining sector by introducing the new Minerals Act, created a basic framework to grow the sector.

### Path to recovery

In the early 2000's reforms were initiated and that led to:

- The role of government being redefined to that of administrator-regulator
- Focus directed towards private sector as owner-operator
- A separate Ministry being created by government to handle the growth and development of the sector (Ministry of Mines and Steel Development)
- Partnering with the African Development Bank to promote infrastructure growth
- Establishment of the Solid Minerals Development fund, for the creation of human and physical capacity of the mining sector
- In October 2012, a roadmap for the development of the Solid Mineral and Metals sector, based on a value chain approach, was approved by government

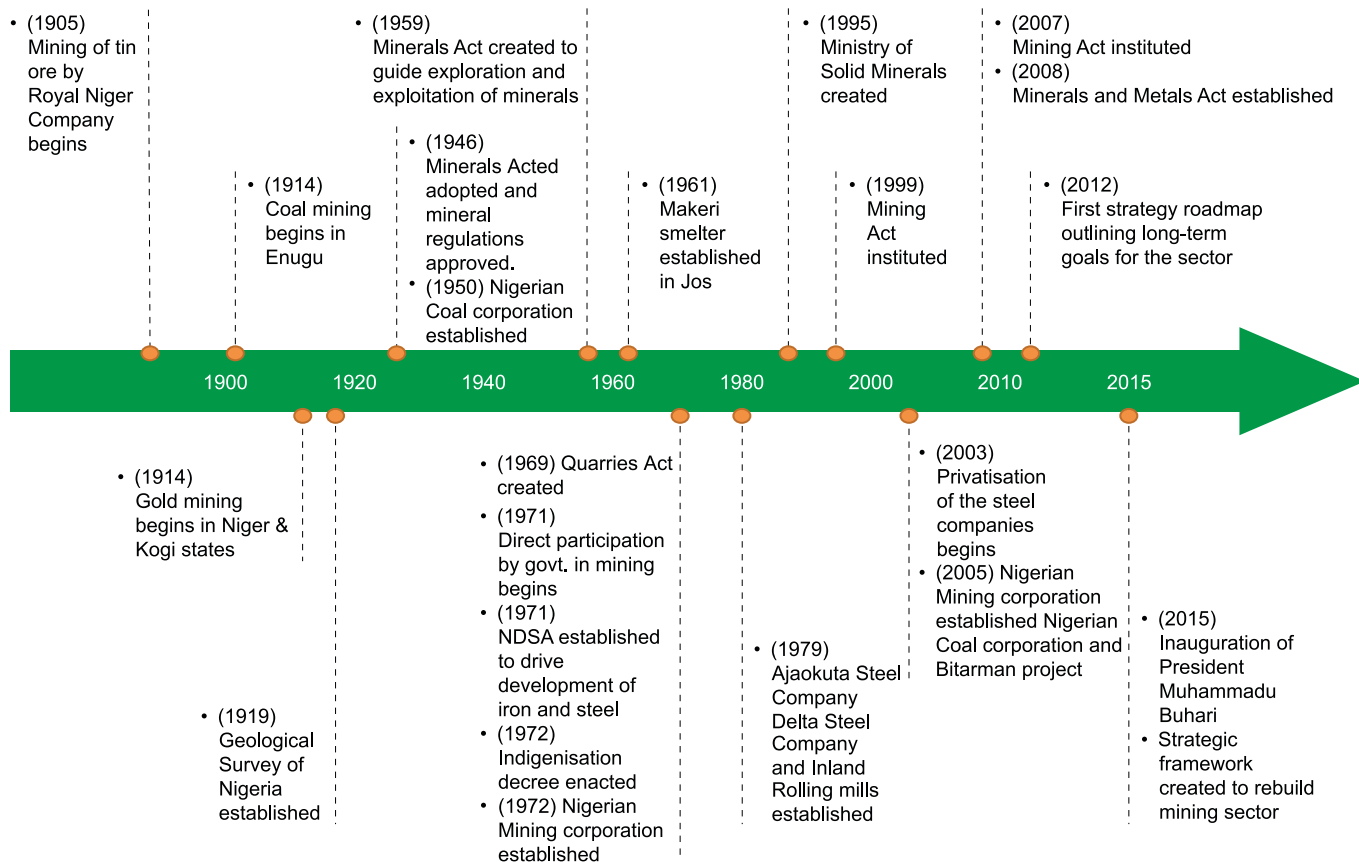
Exploration Development Mining Processing Marketing

### A new beginning

- The inauguration of Muhammadu Buhari as the fifth President of the fourth Nigerian Republic took place on Friday, 29 May 2015
- To date the Buhari administration has recovered all territories occupied by Boko Haram in Nigeria and the establishment of a Multinational Joint Task Force (MNJTF) to prosecute the war against terror
- Approval of the Medium Term Expenditure Framework and the Fiscal Strategy Paper emphasises the place of solid minerals in the economic growth strategy of the country



## Landmark events in the Mining Sector



*“Oil producing countries such as Nigeria have a chance to use the current slump in commodity prices to diversify their economies and boost growth, according to business and government leaders who gathered for the World Economic Forum (WEF) for Africa”*

*Business Day, May 12, 2016*





## Mining Sector in Nigeria

### State of the Minerals and Mining Sector Prospect for opportunity

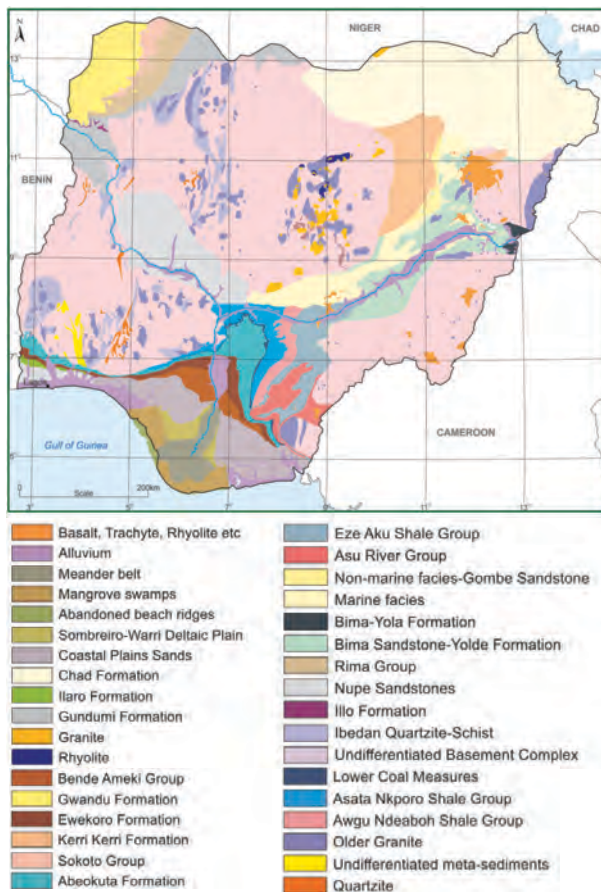
- Production data for Nigerian mining is mixed in quality and depth
- Given historical under-reporting of production by existing firms together with the fact that most of Nigeria's mineral production is conducted by artisanal and small scale miners (ASMs) it is believed that the production figures are understated
- Nigeria today exports a range of minerals into global markets. Exports are based on permits issued by the Ministry
- Mineral sales are often categorised into one of two markets: local consumption and exports. Local consumption accounts for majority of the market. In a number of cases the excess of demand over local production makes Nigeria a net importer of minerals. This highlights market opportunity that exists from import substitution.
- Nigeria's mining sector is diverse in mineral resources including high value commodities
- 44 different types of minerals are identified in more than 500 locations
- The Government identified a number of minerals considered to be of economic importance in Nigeria occurring in many locations across the 36 states and the Federal Capital Territory
- A favourable climate for business and industrial ventures has been created by Government. Administrative and bureaucratic procedures have been greatly streamlined. The Government has put in place policies and programmes that guarantee a free market economy
- There is a well-developed banking and financial sector. Investors have easy access to working capital and other credit facilities
- The government designated a number of strategic minerals that it believed had the potential to make a significant contribution to Nigeria's economic development. These include: Barite, Gold, Bitumen, Iron ore, Lead/Zinc, Coal, Limestone.

*"The solid minerals sector is definitely a frontier of opportunity, some would say, the frontier of opportunity in the new economic reality in which we find ourselves"*

***Dr. Kayode Fayemi, Minister of Mines and Steel Development***



## Geology of Nigeria



The geology of Nigeria is dominated by Precambrian rocks. The crystalline rocks are made up of the Precambrian basement complex and the Phanerozoic rocks which occur in the eastern and north central region of Nigeria.

The Precambrian basement rocks consist of migmatite gneissic –quartzite complex dated Archean to Early

Proterozoic (2700-2000 Ma). Other units include the NE-SW trending schist belts mostly developed in the western half of the country and the granitoid plutons of the older granite suite dated Late Proterozoic to Early Phanerozoic (750-450Ma).

Sedimentary sequences have filled up the basins which are vast depressions between basement landmasses, basement complexes, younger granites creating the various basins synonymous with Nigeria's geology. The sedimentary basins include the Yola, Anambra and Bida Basins of the Benue Trough, as well as the distinctly separate Iullemeden, Bornou and Gongola Basins.

The Benue Trough formed by rifting of the central West African basement along the Central African Shear Zone at the start of the Cretaceous (145-66 Ma) aided by the abnormal heat rising from the mantle plume which thinned and weakened the crust, facilitating rifting.

Nigeria is rich in coal deposits, most of which lie in the Benue Trough which is estimated to contain >5,000m of Cretaceous sediments and volcanics.

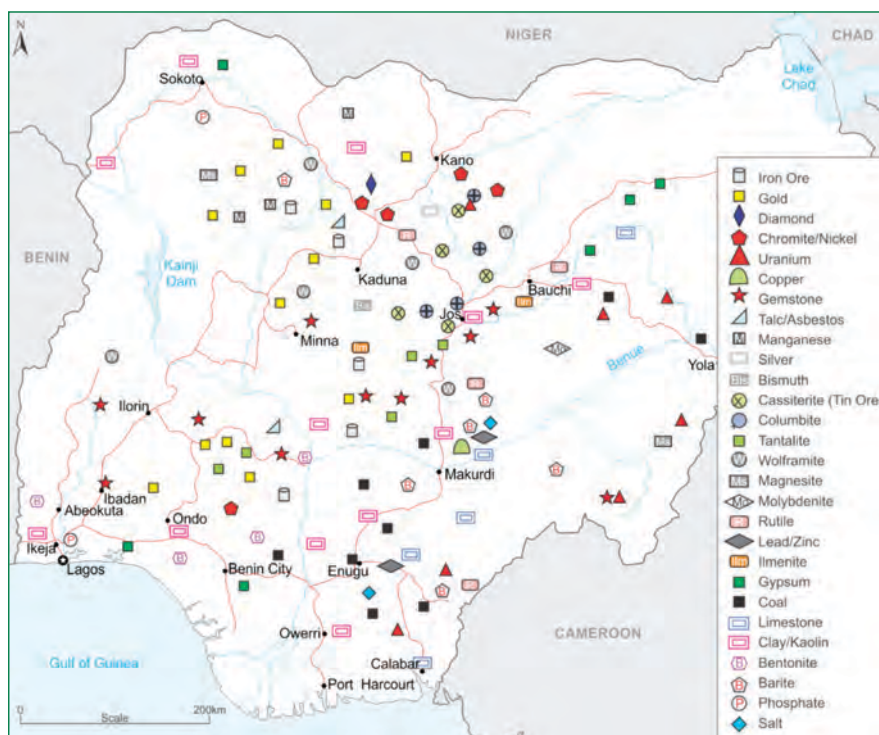
Nigeria's geology comprises three major litho-petrological components - the basement complex, younger granites and sedimentary basins.





## Commodity distribution

Nigeria is richly endowed with variety of Mineral deposits, most of which are yet to be explored



Abundant Mineral Resources occur in all the components of Nigerian Geology.

Current exploratory studies show that there is potential for exploration and exploitation of various minerals within the 36 states in Nigeria. This illustrates significant opportunity for investing in the solid minerals sector in Nigeria.

As part of the strategies to reform the sector, the Ministry has identified seven (7) strategic minerals, namely, **Coal, Bitumen, Limestone, Iron Ore, Barites, Gold and Lead/Zinc** for priority development.





## Commodity distribution per state

S/No .	States	Potential Minerals in Commercial Quantities Per State
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, beryl, tourmaline, mica, iron ore, clay minerals, diatomite, coal, garnet, aquamarine, gold dust, zoisite, cassiterite, agates, amethyst chalcopyrite, 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, gypsium, petroleum, dorite, lignite, limestone, ceramic clay
13	Ekiti	Clay, charnokite, 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

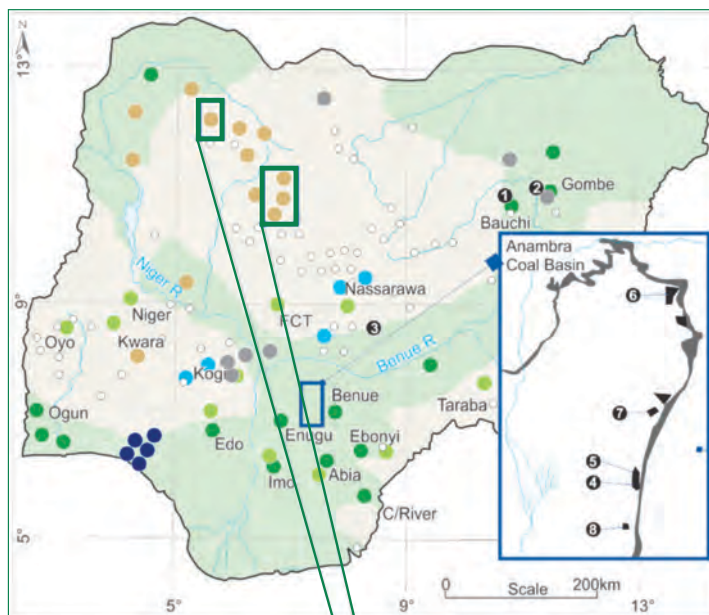




S/No .	States	Mineral resources possibly in commerical quantities
19	Kano	Clay, laterite, cassiterite, columbite, illmenite galena, phyrochlorite, kaoline, gemstone, silica, tin ore, monazite, wolframite, thorium, granite, hyalite, kaolin, beryl, amethyst, gold
20	Katsina	Gold, manganese, lateritic, 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	Nassarawa	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	Fluorspar, gamet, 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



## Location of deposits of strategic minerals/Projects



### Gandau 1 Gold Licence (EcoPhoenix)

- Lies in the Maru Schist Belt
- The host rocks are hard meta-volcanics

### EcoPhoenix Gold Projects

- Extensive Artisan Mining Industry
- Significant production from artisanal and colonial mining and gold grades from 5-1,000g/t

- |                     |                      |                     |
|---------------------|----------------------|---------------------|
| ● Coal              | ● Bitumen Deposits   | ■ Sedimentary Basin |
| ● Iron Ore Projects | ● Tantalite Deposits | ■ Basement Complex  |
| ● Gold Projects     | ● Marble             | — Rivers            |
| ○ Gemstones         | ● Limestone          |                     |

### 1 Maiganga project (Federal Republic of Nigeria)

- Reserves development stage
- Exploration completed by Ashaka Cement Co in May 2012 Estimated reserves of 76OMt
- The Maiganga deposit occurs in six seams intercepted at depth of 18m to 50m, with a varying thickness of 0.2m to 0.4m

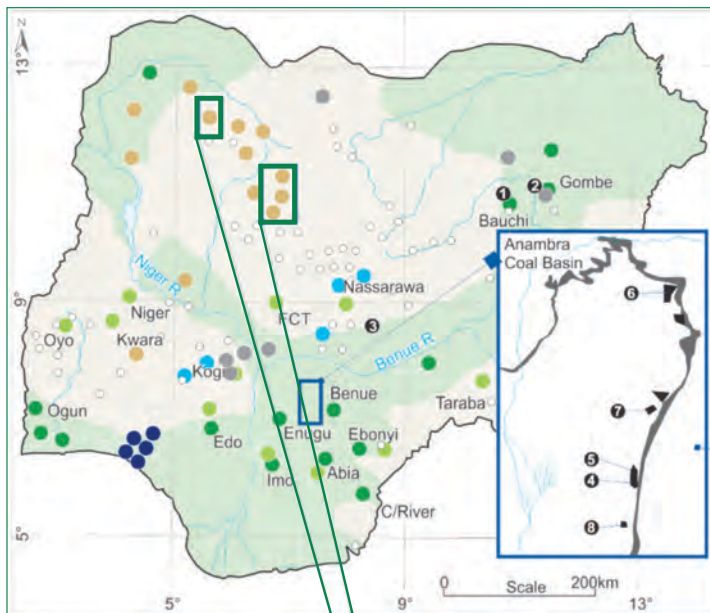
### 2 Lamza-Chikila (Federal Republic of Nigeria)

- Exploration stage
- Metallurgical coal

### 3 Okpara

- Sub-bituminous coal
- Estimated reserves of 100Mt
- Depth of coal is 180m
- Underground mining





**Gandau 1 Gold Licence (EcoPhoenix)**

- Lies in the Maru Schist Belt
- The host rocks are hard meta-volcanics

**EcoPhoenix Gold Projects**

- Extensive Artisan Mining Industry
- Significant production from artisanal and colonial mining and gold grades from 5-1,000g/t

4

**Onyeama**

- Sub-bituminous coal
- Estimated reserves of 150Mt
- Underground mining

5

**Ogboyoga**

- Sub-bituminous coal
- Estimated reserves of 427Mt
- Depth of coal 20-100m
- Surface and underground mining

6

**Ezimo**

- Sub-bituminous coal
- Estimated reserves of 156Mt
- Depth of coal 30-45m
- Surface and underground mining

7

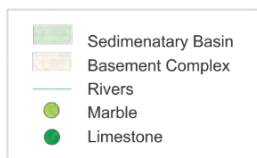
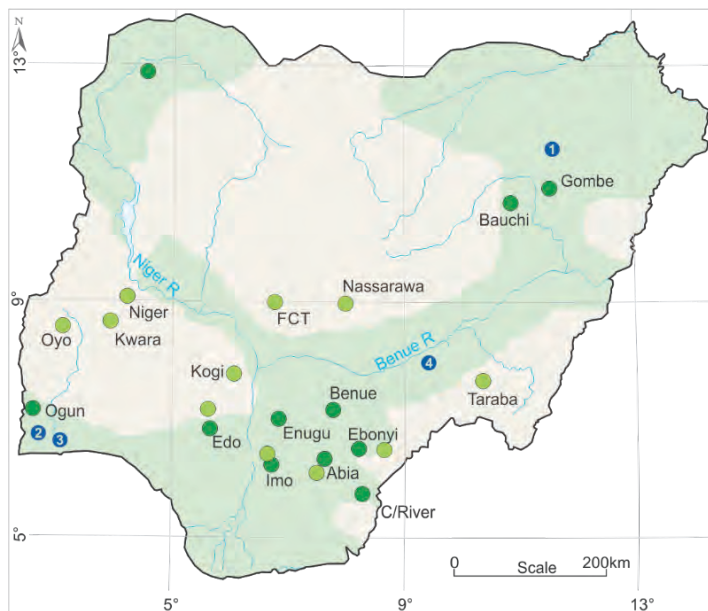
**Inyi**

- Sub-bituminous coal
- Estimated reserves of 50Mt
- Depth of coal 25-78m
- Surface and underground mining

- |                     |                      |                     |
|---------------------|----------------------|---------------------|
| ● Coal              | ● Bitumen Deposits   | ■ Sedimentary Basin |
| ● Iron Ore Projects | ● Tantalite Deposits | ■ Basement Complex  |
| ● Gold Projects     | ● Marble             | — Rivers            |
| ○ Gemstones         | ● Limestone          |                     |



## Location of deposits of strategic minerals/Projects



### 1 Ashaka Cem Co Plc (Lafarge)

- Production capacity: 1 MMT

### 2 WAPCO (Lafarge)

- Production capacity: 4.5 MMT

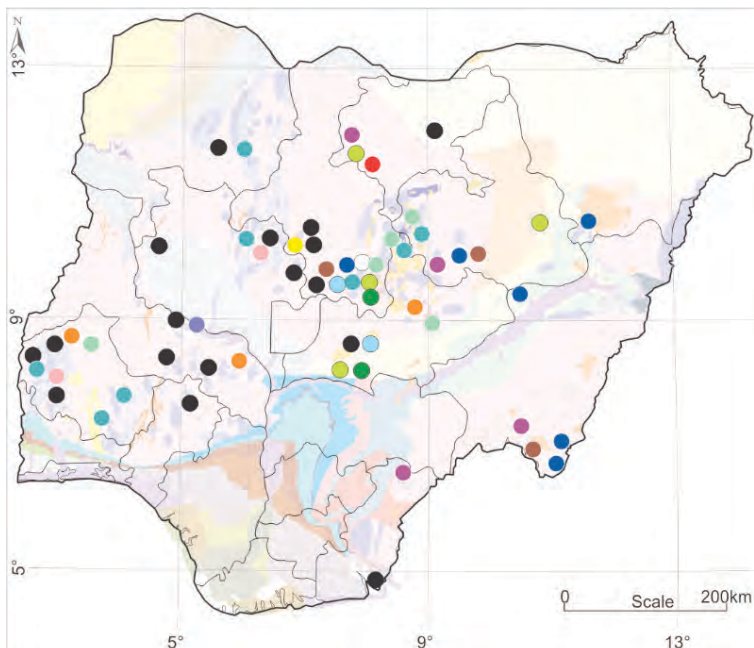
### 3 Dangote Cement Works Ltd (Dangote Cement)

- Production capacity: 6.0MMTPA

### 4 Benue Cement Company (Dangote Cement)

- Production capacity: 4.0MMTPA





- |             |               |
|-------------|---------------|
| ● Sapphire  | ● Tourmaline  |
| ● Ruby      | ● Aquamarine  |
| ● Fluorite  | ● Topaz       |
| ● Zircon    | ● Spessartite |
| ● Corderite | ● Morganite   |
| ● Amethyst  | ● Kunzite     |
| ● Beryl     | ● Quartz      |
| ● Emerald   |               |

Nigeria is enriched in multiple coloured gemstones and is the most important producer of gems in West Africa. Gemstone mining has increased in various parts of Plateau, Kaduna and Bauchi states for years. Sapphires found in these areas are retrieved from secondary deposits of weathered alkali basalts. Good prospects exist in this area for viable investments. The government of Nigeria is seeking to expand its mining enterprise with the aid of international loans and investment. Gemstones identified for commercial development include:

- Aquamarine
- Tourmaline
- Emerald
- Sapphire
- Garnet
- Ruby

#### Other gems of less value include;

- Topaz
- Amethyst
- Fluoride
- Zircon
- Morganite
- Iolite
- Kunzite







## Legislation and Regulatory framework

**Ministry of Mines and Steel Development is the main overseer of mining activity in Nigeria. The Ministry is supported by technical directorates and agencies**

<b>Mines Inspectorate (MID)</b>	<ul style="list-style-type: none"> <li>Responsible for operations in exploration, evaluation, mine development and production activities</li> <li>Responsible for enforcement of mining laws and collection of revenues</li> <li>Ensure safety in operation, maintain a database of operators and production records</li> </ul>
<b>Mines Environmental Compliance (MEC)</b>	<ul style="list-style-type: none"> <li>Responsible for the enforcement of environmental best practices in mining</li> <li>Establish environmental procedures and requirements applicable to mining operations and the review of all plans, studies and reports required to be prepared by holders of mineral titles</li> <li>Monitor and enforce compliance of all environmental requirements and obligations</li> </ul>
<b>Mining Cadastre Office (MCO)</b>	<ul style="list-style-type: none"> <li>Responsible for the administration of mineral titles</li> <li>An autonomous institution and the sole agency regarding all matters relating to mineral titles</li> <li>Responsible for interfacing with investors in respect of granting and processing of mineral titles</li> <li>Responsible for the maintenance of a cadastral atlas and title registers</li> </ul>
<b>Metallurgical Inspectorate and Raw Material Development (MIRMD)</b>	<ul style="list-style-type: none"> <li>Responsible for metallurgical inspectorate matters and the development of mineral raw materials for the metallurgical industry, and advises the Ministry on both</li> <li>Set up standards of steel produced in the country, in liaison with appropriate bodies</li> </ul>
<b>Artisanal and Small-scale Mining Department (ASM)</b>	<ul style="list-style-type: none"> <li>Organise, support and assist small scale mining operations</li> <li>Provide extension services to mining cooperatives on exploration, exploitation, mineral processing, entrepreneurial training, environmental management</li> <li>Improve sustainable livelihood in ASM communities</li> </ul>
<b>Steel and Non-Ferrous Metals (SNFM)</b>	<ul style="list-style-type: none"> <li>Regulate tariffs on metal commodities and products</li> <li>Monitor developments in other sectors of the economy that may have adverse effects on the metals sub-sector and recommend appropriate actions</li> <li>Ensure compliance by the metals industry operators with environmentally friendly and technically safe operation</li> </ul>



**To provide for the promotion of research and the extension of knowledge the Ministry is supported by various agencies**

<b>Nigerian Geological Survey Agency (NGSA)</b>	NGSA is responsible for the generation of geoscience data for investors and the general public. NGSA is focused on the acquisition, management, storage, interpretation and communication of geoscience information to promote the country's resource potential and thus encourage investment in detailed mineral exploration by the private sector.
<b>Nigerian Institute of Mining &amp; Geosciences (NIMG)</b>	The institute trains the requisite manpower for the emerging mining industry. Its mandate includes the provision of postgraduate training in mining and geosciences, short courses in mining, geosciences and extension services, research and development, and consultancy services.
<b>Nigerian Metallurgical Development Center (NMDC)</b>	The institution was established to lead mineralogical appraisal and evaluation of mineral ore samples, flowsheet development, and development of both conventional and refractory products using indigenous mineral raw materials among others.
<b>National Steel Raw Materials Exploration Agency (NSRMEA)</b>	The agency carries out the exploration of steel raw materials in all parts of Nigeria and elsewhere for the iron and steel industry. It is focused on establishing and executing a steel raw material base, including mineral resources management, monitoring, resource utilisation studies and inventory in relation to the iron and steel industry.
<b>Council of Mining Engineers and Geoscientists (COMEG)</b>	The mandate of this institution is to regulate and control the training and practices of professionals in the extractive industries. One of its primary responsibilities is to maintain a register of all professionals, including mining engineers, metallurgists, geoscientists and others in related fields, who are to practice the above professions within Nigeria.

## Mineral Title Administration by Mining Cadastre Office

A mining title can be granted to an individual, a company or a co-operative

Licence type	Purpose	Duration
<b>Reconnaissance Permit (RP)</b>	<ul style="list-style-type: none"> <li>The holder has the right to obtain access into, enter on or fly over any land within the territory of Nigeria available for mining purpose to search for mineral resources on a non-exclusive basis</li> <li>Drilling and other subsurface activities are not permitted</li> <li>Allows the holder of the right permission to obtain and remove surface samples in small quantities</li> </ul>	1 year  (Renewable annually)
<b>Exploration Licence (EL)</b>	<ul style="list-style-type: none"> <li>To conduct exploration on the land within the area of the licence</li> <li>The mining activity is restricted to specified minerals</li> <li>The holder is allowed to remove, conduct bulk sampling and testing, export and sell mineral resources not exceeding established limits and the mining area is not more than 200sqkm</li> </ul>	3 years initially  Renewable two further periods of 2 years each
<b>Mining Lease (ML)</b>	<ul style="list-style-type: none"> <li>Granted to the holder of an exploration licence or small scale mining lease, which has fulfilled the obligation of the licence and has applied for a mining lease for the purpose of the explored area</li> </ul>	25 years initially  Renewable every 24 years
<b>Quarry Lease (QL)</b>	<ul style="list-style-type: none"> <li>Quarrying under the Mining Act applies to all naturally occurring quarriable minerals, such as asbestos, clay, fuller's earth, gypsum, marble, limestone, slate, sand, stone, gavel, etc. All of which may also be mined under the Mining Lease</li> </ul>	5 years, unless renewed
<b>Small Scale Mining Lease (SSML)</b>	<ul style="list-style-type: none"> <li>The holder of the lease has the exclusive right to carry out small-scale mining operations</li> <li>The mining area is greater than 5 acres but less than 3km<sup>2</sup></li> </ul>	5 years initially  Renewable for further period, however not exceeding 5 years



## Mineral titles and licences conditions

**Mineral titles, with the exception of RP, are transferable under the Act, subject to the approval of the Minister and registration of the transfer with the MCO**

### Mining Lease

#### Pre-grant conditions:

- Duly completed application forms
- Pre Feasibility Report (with COMEG seal and signature)
- Prospective plan/reserve estimation
- Extant exploration licence
- Evidence of financial capability
- Evidence of technical competence
- Irrevocable consent from land owner(s)/land occupiers(s)
- Attestation of non conviction of criminal offences under the Act
- Evidence of payment of processing fee
- Certified true copy of certificate of incorporation
- Mineral(s) to be exploited
- Area specified to be surveyed in accordance with provisions of Survey Co-ordination Act
- Notice to land owner(s) with a response on rate to be paid

#### Post-grant conditions:

- Environmental Impact assessment
- Community Development Agreement. A copy to be submitted to the MCO and all relevant departments in the Ministry
- Compensation
- Mine closure/rehabilitation plan
- Reports from state bodies

### Quarry Lease/Small Scale Mining Lease

#### Pre-grant conditions:

The same conditions as ML will apply with the exception of the two below:

- Prospecting plan/reserve estimation
- Extant exploration licence

#### Post-grant conditions:

- Same as conditions under ML, Exploration Licence

### Reconnaissance Permit

#### Pre-grant conditions:

- Duly completed application forms
- Description of the work area and activities to be carried out
- Attestation of non conviction of criminal offences
- Receipt of payment of processing fee
- Evidence of technical competence
- Evidence of financial capability

### Exploration Licence

#### Pre-grant conditions:

- In addition to the mining pre-grant conditions, there is a requirement to submit a detailed work programme (with COMEG stamp signature)

**The grant of an exploration licence or mining lease could be by competitive bidding or on individual request:**

- Areas earmarked for competitive bidding are delineated by MCO and advertised for Expression of Interest (EOI) by International and local investors with sufficient financial and technical capabilities to carryout mining operations.

**The bidding procedure will normally include:**

- Advertise for EOI
- Receive EOI and Prequalify
- Create Data Room for due diligence process
- Issue out request for proposal to prequalified bidders
- Evaluate bids and select preferred bidders on the approval of the Hon Minister
- Sign Performance agreement
- Issue out Mineral Title



## Taxes, royalties and fees

**Companies involved in mining activities are assessed to tax under the Companies Income Tax Act (CITA), Laws of the Federation (LFN) 2007**

Tax considerations	
Name of tax	Tax rate (%)
Corporate tax	20 or 30
Education tax	2
Value Added tax	5
Capital gains tax	10
Customs duties on plant and accessories	Waived
Customs duties on other products	Varies
WHT on dividend and rent	5 or 10/7.5
WHT on qualifying vendor transactions	5 or 10, depending on the nature of the transactions
WHT on royalty paid to the government	0

- Withholding Tax (WHT) rates vary between 5% and 10%, depending on the nature of the transaction and whether the beneficiary of the payment is a natural person, partnership or a limited liability company
- Tax holiday for an initial period of 3 years from commencement of operations and renewable for additional 2 years
- Exporters of mineral products may be permitted to retain part of their foreign exchange earning in a domiciliary account for the purpose of acquiring spare parts and other mining inputs
- Exemption from customs and import duties in respect of plant, machinery equipment and accessories imported exclusively for mining operations. However, the plant and equipment can only be disposed of locally upon payment of the applicable customs and import duties.
- Royalty is payable by companies engaged in mining activities in Nigeria. It is calculated on ad valorem basis. The applicable royalty rates range from 3% to 5% depending on the type of mineral.
- Capital Allowance of 95% qualifying Capital Investment (Exploration and Infrastructure) approved by Mines Inspectorate Department to be deducted from accessible profits incurred in the first year of operations
- Annual indexation of unutilised capital allowance carried forward by 5% for mines that commenced production within five (5) years from the date of enactment of the Act
- Accelerated Capital Allowance on mining expenditure (95% initial allowance and retention of 5% until asset is disposed

## Infrastructure

**Nigeria is divided into thirty six states and one capital city with the following transportation. Infrastructure currently operable:**

### Road and rail

- 3,798km of railway
- 193,200km of roads - 28,980km paved and 164,220km unpaved

### Power plants

- Nigeria has 23 power plants, producing electricity from natural gas and hydropower
- The installed capacity was 7,445MW at the end of December 2014

### Airports

- 26 airports operated by the Federal Airports Authority of Nigeria (FAAN), five which are functional international airports
- The five international airports, namely, Abuja, Lagos, Kano, Port Harcourt and Enugu are currently under going renovations.

### Ports

The Nigerian Ports Authority (NPA) is a federal government agency that governs and operates the ports of Nigeria. The major ports controlled by the NPA include:

- Lagos Port Complex
- Tin Can Island Port in Lagos
- Calabar Port
- Delta Port
- Rivers Port at Port Harcourt
- Onne Port






*The Nigerian government has approved USD 2.4 trillion for a master infrastructure plan to address its infrastructure deficit*





## Barriers and enablers

There is an established market perception that Nigeria is not investor friendly... however Nigeria offers favourable investment opportunities in terms of corporate tax, tax holiday and custom duties

		Australia 	Chile 	South Africa 	USA 	Nigeria 
<b>Corporate income tax</b>		30%	20%	28%	40%	20-30%
<b>Royalty</b>	Coal	2.75- 15%	0-14%	0.5-7%	0-12.5%	3%
	Gold	2.5-5%	0-14%	0.5-7%	4-10%	5%
	Copper	2.5-5%	0-20%	0.5-7%	4-10%	3.-5%
	Iron Ore	5.35-7.5%	0-14%	0.5-7%	4-10%	3.-5%
<b>Financial incentives</b>		EDI encourage shareholder investment in small exploration companies by offering tax credits	Companies under stability tax agreements charges flat tax rate (4-5%) lower than progressive tax rate paid by others	Capex by mining companies can be fully deductible against tax	Tax structure permits depletion deduction which can lower tax rate by +/- 3%	Tax holiday for an initial period of 3 years from commencement of operations
<b>Custom duty</b>		5% import duty for importing mining equipment Additional import processing charge	6% import duty for importing mining equipment	0% import duty rate for importing mining equipment	0% import duty rate for importing mining equipment	Exemptions from custom and import duties on mining equipment
<b>Lease Duration</b>		21 years	Indefinite	30 years	20 years	25 years
<b>Ownership requirements</b>		Acquisition of 15% or more in any Australian mining co	Non- discriminatory between domestic and foreign- owned entities	26% stake by local or via holding co	N/A	Foreign company to incorporate local subsidiary (with exemption)



**Without question, Nigeria's mining sector faces a range of important challenges. However these can be solved if a clear plan is articulated and the challenges addressed within the right strategic framework.**

Issue	Barriers	Enablers
<b>Project funding</b>	Due to the long period of inactivity and the slow implementation of the Federal Government's reform agenda in the sector, multinational corporations have been reluctant to fund major mining projects in the country	Progress has been made in the regulatory reform, so far, is expected to stimulate activities by new investors in the sector
<b>Infrastructure development</b>	A major challenge to the development of the sector is the infrastructural imbalance within Nigeria, particularly, adequate electricity supply, and access roads to sites of mineral deposits	Ongoing privatisation of the national utility and reform of the power sector started in 2005 are stimuli for private investment in the sector. As capacity increases with new investments in the generation, transmission and distribution sectors, the shortages currently being experienced will be overcome. Meanwhile, mining investors can meet their power needs by engaging independent power producers for captive generation and supply of energy to the mines. The Nigerian government has approved USD2.4 trillion for a master infrastructure plan to address its infrastructure deficit.
<b>Security</b>	The operations of militants in the Niger Delta region of the country is a concern. This is also coupled with the attacks from the Boko Haram terrorist group.	The security situation in the country is improving especially with Boko Haram insurgency being subdued and the Niger Delta challenge being tackled or addressed at the highest level.
<b>Illegal mining and community challenges</b>	There are pockets of illegal mining activities in some of the regions, with the attendant risks and community challenges	The enactment of the Mining Act, foreign investors with the necessary permits and licences are guaranteed unfettered operation of their legitimate business in the country





## Our emerging federal mining strategy

**Given all the barriers and enablers and the investment environment for mining, the Ministry has developed a framework strategy to drive growth**

<b>Integrated strategic plan, proactively communicated</b>	<ul style="list-style-type: none"> <li>• Multi- year plan to drive mining GDP, with clear accountabilities, milestones and Success metrics</li> <li>• Programme Office to track and report progress</li> <li>• Pro- active approach to communicating to investors and other stakeholders</li> </ul>
<b>Investor- friendly regulatory environment</b>	<ul style="list-style-type: none"> <li>• Simple, stable and fair tax and regulatory systems</li> <li>• Coordination across national and state level; and across different government MDAs</li> <li>• Efficient and effective</li> </ul>
<b>Coordinated infrastructure investments</b>	<ul style="list-style-type: none"> <li>• Fit for purpose infrastructure, both to support development of sustainable mining communities and to access ports/internal markets</li> <li>• Right Funding Mechanisms</li> </ul>
<b>Partnership approach to stakeholders and communities</b>	<ul style="list-style-type: none"> <li>• Ongoing consultation with all stakeholders</li> <li>• Win – win approach adopted with communities (e.g. collaborative partnership with selected mining companies; artisanal miners regularised and supported; sound environmental policies)</li> </ul>
<b>Investment funding</b>	<ul style="list-style-type: none"> <li>• Advice and support to Nigerian financial institutions and investors e.g. mining economics and reserve analysis</li> <li>• De-risking initial investments into mining (e.g. Mining Finance Fund provided for in Mining Act)</li> </ul>
<b>Institutional reform</b>	<ul style="list-style-type: none"> <li>• Renewed focus on eliminating corruption within the system with the attendant revenue leakages</li> <li>• Diligent implementation and enforcement of compliance to relevant laws and regulations</li> <li>• Technology upgrade, renewal of planned privatisations, conduct of outstanding licensing rounds</li> </ul>
<b>Geoscientific value addition</b>	<ul style="list-style-type: none"> <li>• Collaboration between government, industry, academia and technical partners to support geoscience data collection</li> <li>• Provision of pre- competition geoscientific information to mining companies to support economically viable exploration</li> </ul>
<b>Coordinated infrastructure investments</b>	<ul style="list-style-type: none"> <li>• Skills development programme</li> <li>• Technology transfer agreements</li> <li>• Community development programmes</li> </ul>



## Initiatives and strategies of the roadmap

### Minerals and steel

- Developing an industrial minerals strategy to boost the local economy through utilisation of domestic minerals
- Developing an energy minerals strategy for domestic use and industrial power generation
- Developing the steel sector to provide a solid backbone for the manufacturing and industrial economy

### Institutions and Governance

- Building the organisational and functional capabilities of the Ministry of Mines and Steel Development
- Building a stronger regulatory framework for the industry by:
  - Resolving regulatory conflicts between the existing guiding regulations and the industry
  - Improving policy consistency and direction
  - Improving the environmental sustainability of the industry
  - Improving enforcement of existing regulations
- Ensuring stronger economic and political coordination of minerals and mining policy in Nigeria

### Industry participants

- Attracting majors into the industry by stabilising long term minerals and mining policy and incentivising investments in large-scale mining equipment and infrastructure
- Promoting juniors through expanding access to funding and supporting knowledge development to drive local content
- Formally Integrating ASMs into the sector, improving their productivity/social wellbeing through formalisation of associations into cooperatives, provision of extension services and training and addressing health and social concerns faced by the participants
- Encouraging wider participation in beneficiation and downstream refining and processing through incentivising forward integration by existing participants
- Improving trading and the ease of transactions through the set-up and formalisation of metal exchanges and mineral certification authorities

### Geosciences

- Improving the quality and breadth of geological data gathered in a cost-efficient manner that will adequately drive investment growth
- Adequately archiving and disseminating the information gathered to ensure ready accessibility to investors and interested parties



### Stakeholder Engagement

- Improving the engagement of states with the minerals and mining sector, particularly around financial participation, revenue sharing, and coordinating oversight with the federal ministry
- Improving the engagement of communities through coordination of corporate social responsibilities, incentivised participation, and education

### Enabling environment

- Building the required technical and managerial skills and capabilities locally to ensure the supply of steady talent required by the sector in the future
- Ensuring social equity in the labour force by addressing issues of exploitation of women and children
- Creating the necessary ancillary infrastructure to accelerate the growth of the sector nationally and regionally
- Broadening access to finance and improving the business climate in Nigeria to increase attractiveness of (foreign) investments in the sector





## Requirements for incorporation

**There are different investment vehicles that could be used for continuing business in Nigeria. These include partnerships, unincorporated joint ventures and limited and unlimited liability companies. However, the authorised mode of investment by foreigners in Nigeria is through limited liability companies.**

### Requirements for foreign companies

Under section 54 of the Companies and Allied Matters Act (CAMA), the law that regulates company formation and operation in Nigeria, no foreign company may carry on business in Nigeria unless it incorporates a local subsidiary in the country. However the Federal Executive Council is empowered by section 56 to grant exemption from this mandatory requirement to foreign companies in the following categories:

- Foreign companies invited by or with approval of the Federal Government to execute special projects
- Foreign companies which are in Nigeria for the execution of specific loan projects on behalf of donor countries or international organisations
- Foreign government-owned companies engaged solely in export promotion activities
- Engineering consultants and technical experts engaged in specialist projects under contracts with any of the Governments of the Federation or any of their agencies or under contracts with any person where such contracts have been approved by the Federal Government

### Requirements for incorporation of a company

The foreign company would have to conduct a name search at the Corporate Affairs Commission (CAC) to ensure that the preferred name has not been issued to an existing company, or is not a prohibited name.

The following documents are required to incorporate a company in Nigeria:

- Memorandum of Association
- Articles of Association
- Statement of Share Capital
- Declaration of Compliance with CAMA
- Notice of situation of the Registered Office of the company
- Return of Allotment of Shares and Particulars of First Directors

**Once the registration process is completed, the Registrar General of the CAC will issue a Certificate of Incorporation to a company certifying that the conditions for incorporation have been fulfilled. Thereafter, the company would be required to register with the Federal Inland Revenue Service for tax purposes, and other regulatory agencies noted below.**





## Aspiration

Building a world class minerals and mining ecosystem designed to serve a domestic and export market for minerals and ores

*Extraction of maximum value and developmental impact for Nigeria's people from their finite solid mineral resources*





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