

# 2024 MID-YEAR REPORT ON THE NIGERIA MINING SECTOR

VOLUME 2



TERRA AFRICA LANDMARK PARTNERS LP



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In our [maiden edition](#), we discussed the major challenges that plague the Mining Sector, juxtaposing them with some initiatives by the Federal Government targeted at addressing a few of these challenges and evaluating how effective they have been through the years. In this Mid-year edition, we seek to revisit the Mining Roadmap of 2016, analyse where the Sector currently is on that roadmap, identify what we have done so far and what we ought to be doing, and finally evaluate whether the recent activities in the Sector are in alignment with Nigeria's mining future.

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The Mining Roadmap was developed in 2016 basically to identify initiatives and develop strategies that address key challenges for industrial and energy minerals as well as the Steel Sector, and to develop an implementation plan to be executed in phases while aligning the capacity of the Mining Implementation and Strategy Team (“MIST” or “the Team”) with the financial resources available. These initiatives, together with the outcomes and timeline for implementation are summarised below:

Immediate 0 – 6 months	Short-term 6 months – 2 years	Medium Term 2 – 5 years	Long Term 5-10 Years	Ongoing To refresh regularly
Launch Roadmap and begin a campaign to generate industry buy-in	Develop a strategy to utilize priority minerals and substitute exports	Work with national and state legislators and government to address gaps and conflicts in governing legislation	Drive the development and expansion of supporting infrastructure for mining (e.g power generation, transportation)	Invest in tools and trainings required for effective service delivery by the MMSD and its agencies
Set up Mining Implementation and Strategy Team (MIST) to drive execution of the Roadmap	Restructure and reorganise the MMSD for more efficient operations	Deepen engagements of communities in mining	Invest in education for citizens of mining communities	Enforce established laws and regulations governing the mining sector 5-10 years

Design/Establish process for strategic planning for long-term development	Create new “super” regulatory agency	Develop and harmonise (financial) incentives for attracting mining majors and juniors to Nigeria.	Drive the growth of export and value-added mining products	Work with other MDAs involved in the Sector to coordinate policies, regulations, and their implementation
Begin active communication and promotion of Roadmap with stakeholders	Incentivise financial participation of communities in mining	Encourage forward integration of mining and exploration companies into downstream operations	Encourage the formation of private minerals and exchanges to increase trading liquidity	Work with state government to build and maintain an enabling environment for the mining sector
Finalise review of key industrial assets and prepare them for strategic turnarounds.	Actively drive the formalization of ASMs	Build local technical/managerial skills and capabilities required in the industry.	Entrench gender equity and eliminate the exploitation of child labour	Provide training and extension services for ASMs to improve their productivity

Identify gaps in existing training programs and suggest changes	Expand coverage resolution of, and access to geoscience data in Nigeria	Promote gender equity and female participation in the sector	Deepen financial services expertise and access to funds to drive sector growth	Reinforce geoscience and research capabilities to drive investments
	Strengthen the financial and business climate	Catalyse investment in infrastructure		

By virtue of the implementation schedule above, the Mining Sector ought to be in the fourth phase (5-10 years) and should Nigeria successfully implement the proposed recommendations, growth is expected to return to the Sector in the form of new exploration activities, operations and productions from active mining, functional (and expanded) processing and refining capacity, and higher value-addition in exports.

However, 8 years down the line can we say that the Nigerian Mining Sector has towed the path of the Roadmap? Have we delivered on the first 3 phases of the Roadmap? Evaluating the current state of the sector, is the Federal Government's target of 5% solid minerals sector contribution to the Gross Domestic Product (GDP) by 2025 feasible?



The Honourable Minister for Solid Mineral Development, Dr. Dele Alake upon assumption of office swung into action to develop the Solid Mineral Development Roadmap. The Roadmap tagged “Agenda for the Transformation of Solid Minerals for International Competitiveness and Domestic Prosperity” consists of 7 key initiatives to wit;

01

The creation of the Nigerian Solid Minerals Corporation.

02

Joint Ventures with Mining Multinationals to foster collaboration with international mining companies and boost investment and expertise in the Sector.

03

Data acquisition on specific seven priority minerals and their deposits. This entails the Gathering of Nationwide Geological Data to De-Risk Investment.

04

Combatting Illegal Mining through Co-operatives and law enforcement.

05

Creation of Mines Surveillance Task Force and Mine Police. This is to secure the Mining communities and environment

06

Comprehensive review of all mining licences.

07

The creation of six Mineral Processing Centres to focus on Value-Added products. This is to drive value addition through policies that promote the processing of raw minerals.

Upon the launch of the Roadmap, the Federal Government through the Minister has led efforts to execute the 7-point agenda of the Solid Mineral Development Roadmap. Some of the recent developments in the Mining Sector are reported briefly.

## SPLIT OF THE MINISTRY OF MINES & STEEL DEVELOPMENT (MMSD)

President Tinubu split the erstwhile Ministry of Mines and Steel Development into two: the Ministry of Steel Development and the Ministry of Solid Minerals Development. The new Ministry of Steel Development is expected to focus mainly on the moribund Steel Sector with the Ajaokuta Steel Complex as its flagship, while the Ministry of Solid Minerals Development will continue to play its oversight function as the Sector's regulator.<sup>1</sup>

<sup>1</sup>ANALYSIS: Tasks ahead of Dele Alake in Nigeria's solid mineral sector | Premium Times Nigeria ([premiumtimesng.com](https://premiumtimesng.com))

The Minister of Steel Development, Prince Shuaibu Abubakar Audu, assured that a roadmap for the resuscitation of the steel industry in Nigeria will be designed in the first quarter of 2024. The roadmap (though yet to be released) will be a five-year plan for Nigeria's Steel Sector revival and a three-year plan for the Ajaokuta steel plant. He stated that "At the core of the 'Renewed Hope Agenda' is the revitalisation of the steel industry in Nigeria, which prompted the creation of the Ministry of Steel Development by Mr. President in August 2023 with a core mandate. The goal of the ministry is to create over 500,000 jobs for Nigerians within an operational steel industry before the end of President Bola Tinubu's "second term in office."

The President emphasized that a revitalized steel development industry is both a catalyst for robust economic growth and a doorway to immense opportunities for Nigeria's massive pool of talented entrepreneurs.

#### **FG LAUNCHES GUIDELINES FOR THE PRODUCTION OF THE COMMUNITY DEVELOPMENT AGREEMENT TO ADDRESS HOST COMMUNITY AND STAKEHOLDERS' CONFLICT WITH MINING OPERATORS.**

The Honourable Minister of Solid Minerals Development, Dr. Dele Alake, officially launched the 'Guidelines for the Production of Community Development Agreement (CDA) in the Solid Minerals Sector' pursuant to Section 116 of the Nigerian Minerals and Mining Act, 2007 on November 16, 2023. Although the Ministry produced a Guideline in 2014, over the past years, some gaps were identified in the Guideline, coupled with some complaints and petitions from the communities, which necessitated the revision of the Guidelines to meet up with global best practices.

The Guidelines emphasize key elements of a CDA to include: timeframe and process for engaging with the host communities, identification of communities and community needs beyond project areas, selection of community representations, funding of the CDA process, roles and responsibilities of parties, grievance & dispute resolution mechanism, and a monitoring & implementation program. It further prescribes the content structure and writing format of the CDA and recommends the development process of the CDA to consist of the commencement meeting, negotiation meeting, completion meeting and the CDA signing ceremony.



## INTRODUCTION OF THE TRANSPORT AND MINING MARSHAL BY THE HONOURABLE MINISTER OF SOLID MINERAL DEVELOPMENT

The Federal Government in a bid to curb cases of insecurity, especially in the Mining Sector unveiled a new security architecture, 'Mines Marshal' in March 2024. The 2,220-man squad is saddled with the responsibility to smoke out illegal miners and all those who flout the nation's mining laws.

The Mines Marshal is an inter-agency security outfit that incorporates special operatives from other security agencies like the Nigeria Police, the Army, amongst others. The command structure is spread across the 36 states and the Federal Capital Territory, with operations largely

driven by technology, and has their command and control domiciled in the Ministry of Solid Minerals Development (MSMD). The Marshals are to liaise with mine inspectorate in states to garner intelligence and take directives from the Ministry for the effective execution of its mandate.

## FG ENGAGES ORIGINAL CONTRACTORS, TPE TO RESUSCITATE AJAOKUTA STEEL.

In April 2024, the Minister of Steel Development, Prince Shuaibu Abubakar Audu disclosed in an official statement that the Federal Government had engaged original contractors, Tyamzhpromexport, TPE, to resuscitate Ajaokuta Steel Company Limited, ASCL.

The resuscitation exercise being led by TPE and other consortium partners would be characterised by funding to the tune of about \$2 billion, which if secured by the Federal Government will be a monumental success in driving Nigeria's economy through industrialisation.<sup>2</sup>

General Director of TPE and leader of the Consortium, Sergei Egorov along with his team of technical experts upon visit to the Steel Complex noted that the plant was still in a state of possible resuscitation, indicating their interest in putting together a business case for the government.

It is worth noting that this may be the first time since the Shehu Shagari Administration in 1979 that a Nigerian government is showing great political will in getting the Steel Plant operational again.

## **FG APPROVES PLAN TO SET UP MIREMCO IN ENUGU STATE - MAY 2024**

The Federal Government has approved plans to set up Enugu state's Mineral Resources and Environmental Management Committee (MIREMCO) to monitor the activities of mining companies.

This move, according to the Minister of Solid Minerals Development, Dr. Dele Alake is to intensify collaboration between the federal and state government to enhance the development of the mining sector in the coal-rich state. It is also expected that setting up the Enugu MIREMCO will enhance effective compliance with environmental standards by mining operators and curb activities of illegal miners and those racketeering licenses in Enugu state.

## **THE NGSA INTRODUCES THE NIGERIA MINERAL RESOURCES DECISION SUPPORT SYSTEM (NMRDSS) - MAY 2024**

The Nigerian Geological Survey Agency in May 2024 launched an information portal where investors can access details of its mineral resources, facilities and infrastructure. The portal, called Nigeria Mineral Resources Decision Support System (NMDSS), can be accessed on the website of the same name and contains publicly available data on geology and mineral wealth of Nigeria.

It is expected that this would boost the ease of doing business in the mining sector as prior to the launch, a prospective foreign investor interested in mining would have to travel to Nigeria to

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<sup>2</sup>[Ajaokuta Steel: Minister engages original developers, TPE to secure funding for revival - Businessday NG](#)

access required information. Now with the click of a button, one can access all the information required to make informed investment decisions.<sup>3</sup>

## FG COMMISSIONS NIGERIA'S LARGEST LITHIUM PROCESSING PLANT IN NASARAWA - MAY 2024

Nigeria hits another milestone on its quest to diversify the economy from its dependence on proceeds from crude oil as Nasarawa State launched one of the largest lithium processing plant built by the Chinese firm Avatar, with an average capacity to produce about 4,000 metric tons daily.<sup>4</sup> Lithium is one of the most sought-after materials used to create batteries and this notable achievement by Nasarawa State with a large deposit of Lithium Ore sets the tone for the transition from fossil fuel and puts the country on the global map.

Meanwhile, Canmax Technologies, a renowned Chinese firm responsible for over 30 percent of global battery material production, has announced a new investment of \$200 million for another lithium processing plant in the same state.

## TINUBU CELEBRATES AS NIGERIA SELLS GOLD, INJECTS \$5M INTO THE ECONOMY - JUNE 2024

Nigeria recorded a commercial transaction of raw gold sales at the London Bullion Market Association, in June 2024. The sales is said to have delivered a \$5m increase in Nigeria's foreign reserves, 70 plus kilograms of gold refined to the London Bullion Market Good Delivery Standard and successful aggregation of locally mined gold thereby injecting about N6 billion into the rural economy.

The refined gold would be sold to the Central Bank of Nigeria to bolster foreign reserves and is a demonstration of the effectiveness of the National Gold Purchase Program. This will increase the nation's foreign reserves assets and shows that using the Nigerian Naira to purchase a liquid asset traded in United States Dollars, such as gold, is a viable strategy. This transaction also underscores the potential of the National Gold Purchase Program to enhance fiscal and monetary stability.

Nigeria reportedly has about 600,000 tonnes of gold reserves, worth about \$45bn located in several states including Zamfara and Edo.

<sup>3</sup>[Nigeria Unveils Mineral Resources Information Portal, NMRDSS \(leadership.ng\)](#)

<sup>4</sup>[President Bola Tinubu Commissioned First Largest Lithium Processing Plant in Nasarawa - Federal Ministry of Information and National Orientation \(fmino.gov.ng\)](#)

## FG REVOKES 2,531 MINERAL TITLES FOR PAYMENT DEFAULT, INACTIVENESS IN ONE YEAR.

The Federal Government revoked a total of 2,531 mineral titles, 1,619 titles were revoked for default in payment of their Annual Service Fees while 912 mineral titles were revoked due to inactivity over the past year.

Notwithstanding the number of revoked mineral titles, due to significant repositioning by the MCO in the last 14 months, particularly with the development of the eMC+ (Electronic Mining Cadastre Software) for mineral title application, completion of e-Recording and Archiving of Mineral Title documents, acquisition, geo-referencing and geocoding of topographic maps of Nigeria, and the production of thematic mapping of mineral title restricted areas, the MCO received 10,534 applications (4,651 unassisted online submissions and 5,883 MCO online-assisted submissions) between May 2023 – April 2024 signifying improved confidence in the system.

The Minister of Solid Minerals Development, Dr. Oladele Alake, during the Sectoral Updates Series to mark the first anniversary of

President Bola Ahmed Tinubu's administration reported that, 3,177 companies submitted mineral title applications, of which 3,084 were local companies, and 93 had international affiliations. He also noted that 559 new applications were received in April 2024 alone, and the MCO issued 40 new exploration licenses, 71 new small-scale mining licenses, and four new mining leases in the last year.

Within May 2023 – April 2024, 126 new operational Mining and Quarrying Companies employing 4,340 persons commenced operations and joined the already existing 134 operational Mining/Quarrying Companies employing over 9,030 people as of the date of this Report.

The sector generated N6.2 billion from application from May 2023 to April 2024, surpassing the previous year's revenue by 59.6%, while the total revenue generated within the same period amounted to N16.4 billion surpassing the annual budgetary target of N8.6 billion for 2023.



## FG REVIEWS MINING RATES TO BOOST SECTOR REFORMS – JULY 2024

The Federal Government, through the Ministry of Solid Minerals Development, has announced a new regime of rates for the mining sector to enhance ease of doing business and consolidate ongoing reforms. The review is said to underscore the federal government's commitment to increasing revenue from solid minerals to enhance service delivery and bolster mining's contribution to economic development in view of the introduction of qualitative measures being implemented in recent times.

The new rates, which affect 268 items in the industry, include an annual service fee while other services affected by the new regulations rates include mineral title applications, renewal of licenses, enlargement, surrender, and consolidation of mineral titles.

The rates review also affects services rendered by the Mining Cadastral Office (MCO) and the Nigeria Geological Survey Agency (NGSA) and seeks to maximize royalties from critical minerals like lithium and gold to boost the nation's revenue base and contribute significantly to economic development.



Despite the various efforts and initiatives by President Tinubu-led administration in the Mining Sector, we are yet to see critical legal and regulatory reforms that will serve as a sub-structure for the implementation and enforcement of these initiatives and guarantee the growth the Sector truly needs.

Stakeholders and experts in the Mining Sector are now calling for amendments to the Nigeria Minerals and Mining Act (NMMA) on the basis that the 2007 act is very Federal Government-centric as the law currently vests powers and ownership of mineral rights under the Act

with the Federal Government. It is expected that the proposed amendment would devolve responsibilities from the Federal Government to the State Government and that powers and revenues from the Nigerian Mining Cadastral Office (the regulating body and an agency of the Federal Government) would be shifted to the State level, giving both the local community and the State government incentives to develop the Mining Sector in their various States and the impetus to crack down on illegal mining.

A shift in balance of power from the Federal Government to the

State Government in the Mining Sector would afford mining states the opportunity to grow and regulate mining activities in their states uniquely, this is expected to lead to an increase in revenue generation from legal and licensed mining activities which would also serve as an incentive for the state to combat illegal and unlicensed mining.

Environmentalists have rightly recommended an amendment of the NMMA to embed Environmental, Social & Governance (ESG) factors in mining activities. This has become pertinent if Nigeria must reduce its carbon footprints and achieve its decarbonised goals. Potential mining investors now have their focus firstly on ESG especially people, biodiversity, ecosystem and then in parallel technical due diligence. Mine plans around the world are now being developed with eco-friendly design and are adopting the use of new mining technology and equipment to reduce carbon emission.

The Federal Government must now mandate environmentally friendly methods of mining such as proper waste disposal, proper decommissioning strategy and clean energy practices amongst others to avoid a repeat of similar environmental pollution occasioned by oil and gas industry in the Niger-Delta and we are hopeful that these would be priority considerations at the amendment of the NMMA.

With the split of the Ministry of Mines & Steel Development (MMSD) into the Ministry of Solid Mineral Development and the Ministry of Steel Development, and the revitalisation of the Steel Sector (particularly the Ajaokuta Steel Plant), it is expected that the government would expedite the passing of the Nigerian Metallurgical Industry Bill (“the Bill” or “NMIB”) into law.

The proposed Bill will ensure that operations in the Steel Sector are in line with global best practices, and it is expected that the passing of the Bill would address the production of substandard materials, cater to health, safety and environmental conditions and the general welfare of the workers in the industries who are exposed to industrial hazards.

The opportunities embedded in the Steel Sector are huge enough to boost government revenue, create employment for the growing youth population, and place Nigeria on the path of sustainable growth and development. The Federal Government is therefore urged to move swiftly with the passing of the NMIB and the creation of a regulatory framework for the steel industry to thrive.



The 2016 Mining Roadmap appears to have been sidelined as the objectives of the various phases of the Roadmap in the past 8 years cannot be said to have been adequately met and the major deliverables expected to form the substructure of mining operations in Nigeria are yet to be achieved. The Federal Government in the last few months seem to be playing catch-up on the plan although the recent zeal by the Minister if maintained should be able to set the nation right back on track on the execution of the plan.

With the proposed establishment of the Nigerian Solid Minerals Corporation presently before the National Assembly, and its proposed ownership and operatorship structure of 50 percent equity to the private sector, 25 percent to Nigerians at large, and 25 percent to the government, we are optimistic that from the second half of the year, the Sector would be characterised by increased investment decisions that would further spur the growth of the Sector.



Also, the availability of data to attract investors who will establish plants in Nigeria to process the minerals and create a multiplier effect on job creation and growth in the economy cannot be overemphasized. The launch of the NMRDSS is a step in the right direction as it will begin to position Nigeria as a mining state and project the nation's readiness to work with potential investors.

We also recommend that the Federal Government lead efforts to revisit the legal and regulatory framework of the Mining sector by the passing of the NIMB, amendment and speedy passing into law of the

NMMA, and release of Regulations to ease doing business in Nigeria and boost investors' confidence.

The mining sector has the potential to lead diversification of the Nigerian economy and contribute a large part of the nation's goal to achieve a trillion-dollar economy as announced by President Bola Ahmed Tinubu.

# OUR TEAM



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