



GRF DALLEY & PARTNERS

Highlights on the Mining Sector in Nigeria

The Nigerian Mining Sector

There have been repeated attempts at achieving the diversification of the Nigerian economy by reducing dependance on crude oil exploitation and as such one of the means of achieving this is the development of the mining sector.

Mineral deposits are distributed within all thirty-six (36) in Nigeria and as such there is ample opportunity for mineral exploration and exploitation.

The following minerals have been identified by the Nigerian Government for priority development:

- Coal
- Bitumen
- Limestone
- Iron Ore
- Barites
- Gold
- Lead/Zinc

Geographical distribution of strategic minerals:

Mineral	States
Coal	Adamawa, Akwa Ibom, Bauchi, Cross Rivers, Enugu, Gombe, Kogi, Nassarawa
Bitumen	Lagos
Limestone	Abia, Adamawa, Akwa Ibom, Bayelsa, Borno, Cross Rivers, Ebonyi, Edo, Ekiti, Gombe, Imo, Kebbi, Kogi, Niger, Ogun, Osun, Sokoto, Taraba, Yobe, FCT*
Iron Ore	Adamawa, Bauchi, Borno, Enugu, Jigawa, Katsina, Kebbi, Kogi, Niger, Oyo, Yobe
Barites	Bauchi, Benue, Cross Rivers, Nassarawa, Plateau, Taraba
Gold	Adamawa, Borno, Cross Rivers, Edo, Kaduna, Kano, Katsina, Kebbi, Kwara, Niger, Ondo, Osun, Zamfara, FCT
Lead/Zinc	Bauchi, Benue, Cross Rivers, Ebonyi, FCT

**FCT refers to Federal Capital Territory*

Regulation

In Nigeria, the mining sector is governed by various instruments such as the Nigerian Minerals and Mining Act 2007, the National Mineral and Metals Policy 2008 and the Nigerian Minerals and Mining Regulations 2011.

Ownership

The Nigerian Minerals and Mining Act 2007 vests all property in and control of all mineral resources in, under or upon any land in Nigeria, its contiguous continental shelf and all rivers, streams and water courses in the Federal Government.¹ Mineral titles must be obtained in order to search for or exploit mineral resources.² These mineral titles can come in the following forms:

1. Reconnaissance permit
2. Exploration licence
3. Small scale mining lease
4. Mining lease
5. Quarry Lease
6. Water use permit

An investor's choice of a mining title is dependent on the aspect and scale of mining they intend to engage in.

Reconnaissance Permit

This permit allows the holder to explore for minerals resources on a non-exclusive basis, however holders are precluded from engaging in sub-surface activities.³

Reconnaissance permits are not transferable and are valid for a renewable period of one (1) year. They are not granted over land that is subject to an exploration licence, small scale mining lease, mining lease or water use permit.⁴

Holders of reconnaissance permits in Nigeria are given the following rights:

1. Obtain access into, enter on or fly over any land within the territory of Nigeria available for mining purposes to search for mineral resources;
2. Obtain and require surface samples in small quantities.⁵

Exploration Licence

An Exploration Licence confers exclusive rights to conduct exploration on the land within the area of the licence.⁶ Holders of

¹ Section 1, Nigerian Minerals and Mining Act 2007

² Section 46

³ 2.1 Guidelines for Mineral Title Applications

⁴ Section 58(2)

⁵ Section 58(1)

⁶ Section 60(1)

this licence are permitted to take, remove and export specimens and samples of minerals found on the land covered by the licence. Applicants for exploration licences are expected to indicate the minerals they intend to explore.⁷ However, environmental and safety considerations must be observed while conducting exploration in activities.

Exploration Licences have a duration of three years and can be renewed for two further periods of two years each.⁸ Holders of this licence have the right to apply for leases such as Small Scale Mining Leases, Mining Leases and Quarry Leases in respect of any part of the exploration area.⁹

Mining Lease

Mining Leases are granted for a period of twenty-five (25) years and such lease can be renewed every twenty-four (24) years.¹⁰ The Area of land covered by a Mining Lease shall not exceed 50 sq kilometres.

A Mining Lease grants the holder exclusive rights to use, occupy and carry out mining exploitation and exploration within the area covered by the lease.¹¹ Minerals mined can be sold or exported by the lease holder.

Quarry Lease

Although quarriable minerals can also be extracted under mining leases, a quarry licence can be obtained in relation to naturally occurring minerals such as asbestos, gypsum, limestone, etc. A quarry lease is granted in respect of an area of land not exceeding 5 sq kilometres.¹²

Small Scale Mining Leases

Under the Mining Act, a Small Scale Mining Lease can only be granted for an area not less than 5 acres and not more than 3 sq kilometres.¹³ Mining activities are to be restricted to established zones of mineralization.

Small Scale Mining Leases are granted for a duration of five (5) years and can be renewed for an additional five (5) years.

Water Use Permits

Water Use Permits are granted to applicants or holders of Exploration Licences, Mining Leases, Quarry Leases or Small Scale Mining Leases. It is granted in respect of the area of land covered by the licenses or leases.

⁷ Section 64(1)

⁸ Section 62

⁹ Section 61(4)

¹⁰ Section 66

¹¹ Section 68(b) and (c)

¹² Section 77(a)

¹³ Section 90(1)

Who can apply for mining titles?

Reconnaissance Permit:

- Citizen of Nigeria with legal capacity and who has not been convicted of a criminal offence
- A body corporate duly incorporated under the Nigerian law, i.e., the Companies and Allied Matters Act 2020
- A mining co-operative

Exploration licence:

- A body corporate duly incorporated under the Nigerian law, i.e., the Companies and Allied Matters Act 2020
- A mining co-operative
- The holder of a Reconnaissance permit

Small scale mining lease:

- Citizen of Nigeria with legal capacity and who has not been convicted of a criminal offence
- A mining co-operative
- A body corporate duly incorporated under the Nigerian law, i.e., the Companies and Allied Matters Act 2020
- The holder of an exploration licence

Mining lease:

- A body corporate duly incorporated under the Nigerian law, i.e., the Companies and Allied Matters Act 2020

Quarry Lease:

- Citizen of Nigeria with legal capacity and who has not been convicted of a criminal offence
- A mining cooperative
- A body corporate duly incorporated under the Nigerian law, i.e., the Companies and Allied Matters Act 2020
- Any person extracting construction materials for the construction of roads, railway lines, dams and other engineering works or structures of public interest.

Water use permit:

- A holder of the exploration licence, mining lease or quarry lease at the time that the water right granted will be used
- An applicant for a mining lease, small scale mining lease or quarry lease for which the water right will be required to be used.

Conclusion

Although Nigeria has often been perceived as a difficult location to invest in, the country offers various investment opportunities through its largely untapped mineral resources. Mineral resources are found in all thirty-six (36) states thereby creating ample opportunities in different parts of the country.

In the light of the data provided, it is without a doubt that companies interested in investing in the mining sector have room for expansion and growth. However, it is pertinent to note that companies must ensure strict compliance with the laid down laws and regulation in order to prevent any occurrence that may lead to the interruption of their business operations in the mining sector.

Contact Us

LAGOS (HEAD OFFICE):

Gabsdall House
(2nd – 4th Floor)
26, Igbosere Road,
Lagos State, Nigeria

PORT HARCOURT:

13 Finima Street,
Old G.R.A, Port Harcourt,
Rivers State, Nigeria

TELEPHONE: +23414549824

FAX: +442089290855

EMAIL: inq@grfdalleyandpartners.com