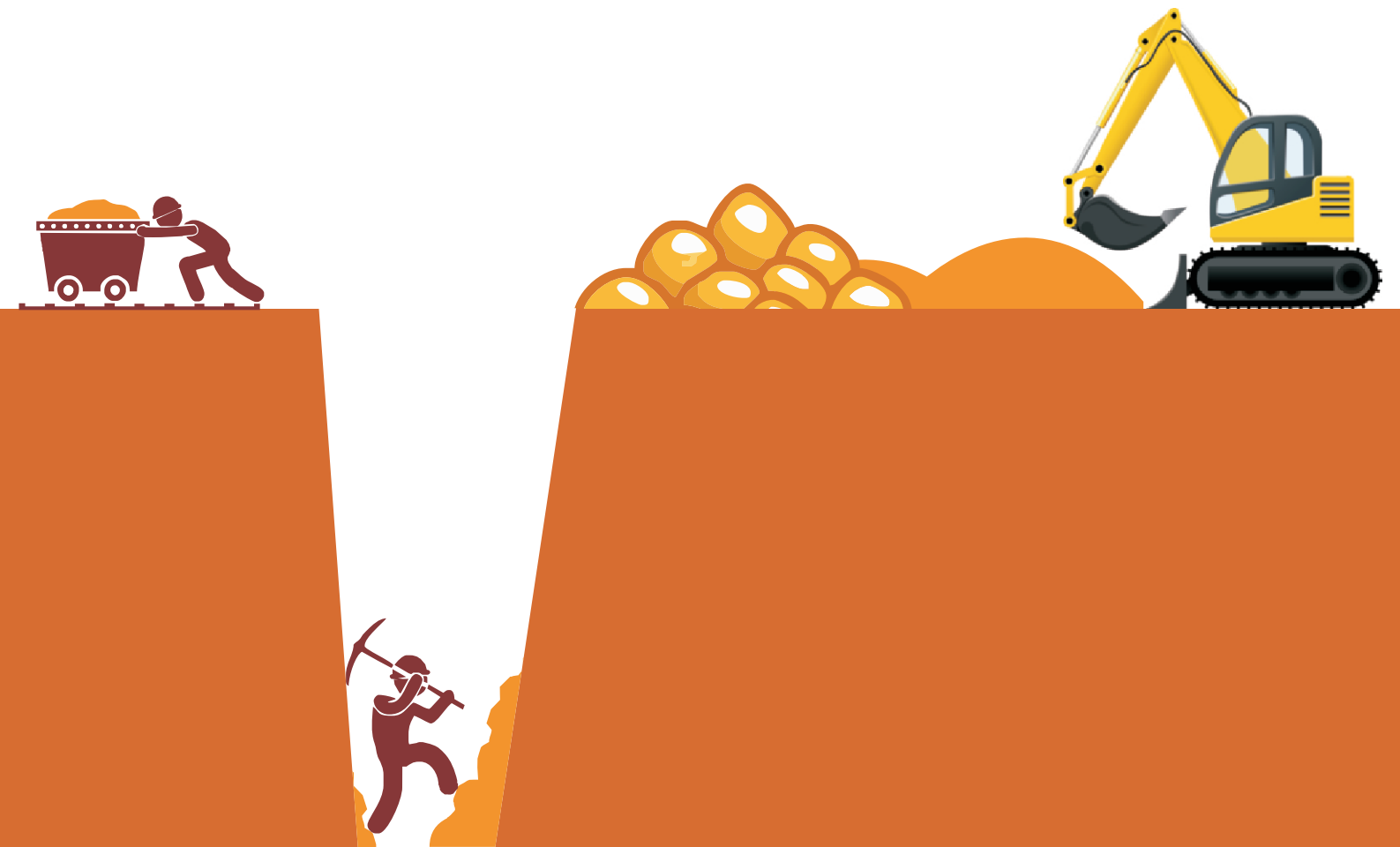




HIGHLIGHT OF THE 2013 SOLID MINERALS AUDIT REPORT



1. BACKGROUND



Only companies with valid mining titles that made royalty payments above N2million were considered for reconciliation.

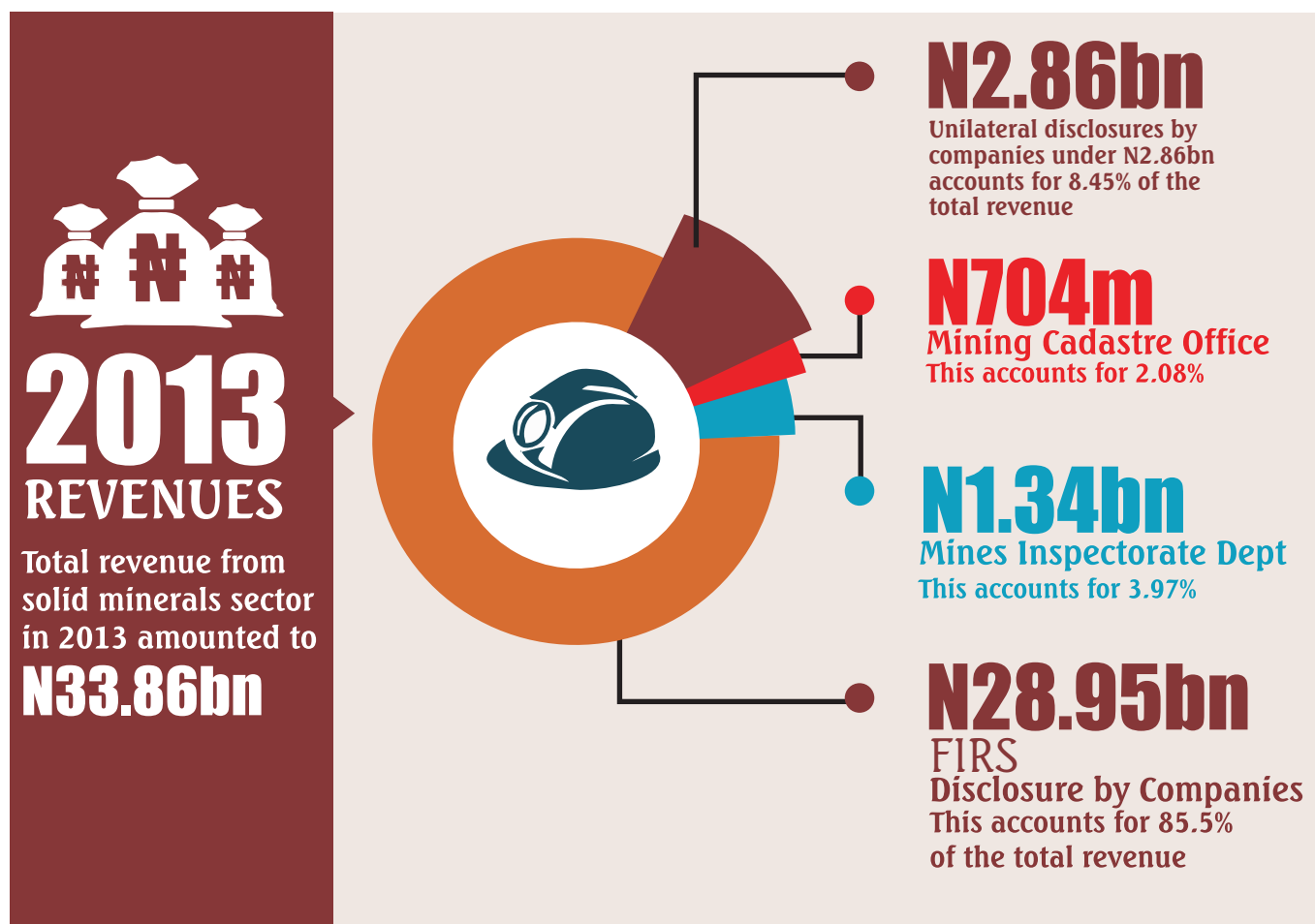
The scope covers reconciliation of actual payments by major companies and receipts by government agencies in the Solid Minerals sector in 2013. Companies operating under a mining or quarrying license which made royalty payments of N2 million and above were considered for the reconciliation.

This set of companies that met the N2m materiality threshold represented 90.49% of total royalty payments for the year under review. While those that made royalty payments below the N2 million threshold are included through unilateral disclosure by government entities. Based on the submission of Mines Inspectorate Department (MID), a total of 619 companies made royalty payments in 2013.



Only 65 Companies out of the 619 that made royalty payments met the threshold for reconciliation"

Out of the 619 companies, only 65 met the materiality threshold of N2m. Analysis of the Solid Minerals Sector in Nigeria shows that for most of the companies selected, their main activities are in manufacturing (cement production, e.g Dangote, WAPCO) or construction (such as Julius Berger, Arab contractor, Dantata & Sawoe, CCECC, Kopek and Triacta).



ISSUES AND RECOMMENDATIONS

1.

ACCURACY OF PRODUCTION DATA

Some of the quantities reported by the Mines Inspectorate Department (MID) did not match the corresponding royalty amounts.

RECOMMENDATION

- The MID needs to develop procedures and systems to collect and verify production data declared by companies.
- Provide administrators with a comparison of the production volumes declared with the measurements made by MMSD throughout the year.

2.

LACK OF CLARITY IN THE LEGAL AND TAXATION ENVIRONMENT

The decentralised structure of the Federal Inland Revenue Services (FIRS) makes the collection of tax uncoordinated, meaning collection of taxes from extractive companies cannot be confirmed, this could lead to loss of revenue to the nation.

RECOMMENDATION

- It is imperative to review the tax reporting system in Nigeria. Controls over the extractive sectors must be applied in order to reinforce the transparency and traceability of incomes.

3.

LACK OF ACTION ON PREVIOUS NEITI RECOMMENDATION

Most of the findings and recommendations presented in this audit report have already been raised in previous NEITI reports and it is noted that a number of these issues which arose during the reconciliation exercise could have been avoided if previous recommendations had been implemented. Lack of visible action plan to resolve weaknesses and implement NEITI recommendations contributes to delays in NEITI reports and make the reconciliation process more difficult.

RECOMMENDATION

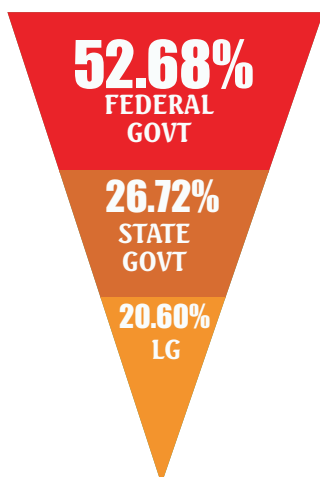
- The Inter- Ministerial Task Team responsible for the follow-up of recommendations from previous reconciliation reports, should prepare an action plan to address weaknesses and findings raised in the NEITI reports.

ISSUES AND RECOMMENDATIONS

4.

LACK OF TRANSFER TO STATES

The balance is distributed among all arms of government as follows:



According to the Federation Act 1982, the Federal, State and Local Government Areas are entitled to the amount standing to the credit of the Federation Account, less the sum equivalent to 13% of the revenue accruing to the Federation Account directly from any natural resource.

However, according to RMAFC confirmation, the sum of N2.04 billion from the Solid Minerals sector for the year ended 2013 had not yet been allocated to the beneficiaries.

RECOMMENDATION

- In order to ensure a more transparent and prudent management of public revenue from Nigeria's extractive industries, it is important that the NSWG and Government take quick action to ensure beneficiaries receive their fiscal allocations and statutory disbursements from mineral resources.

5.

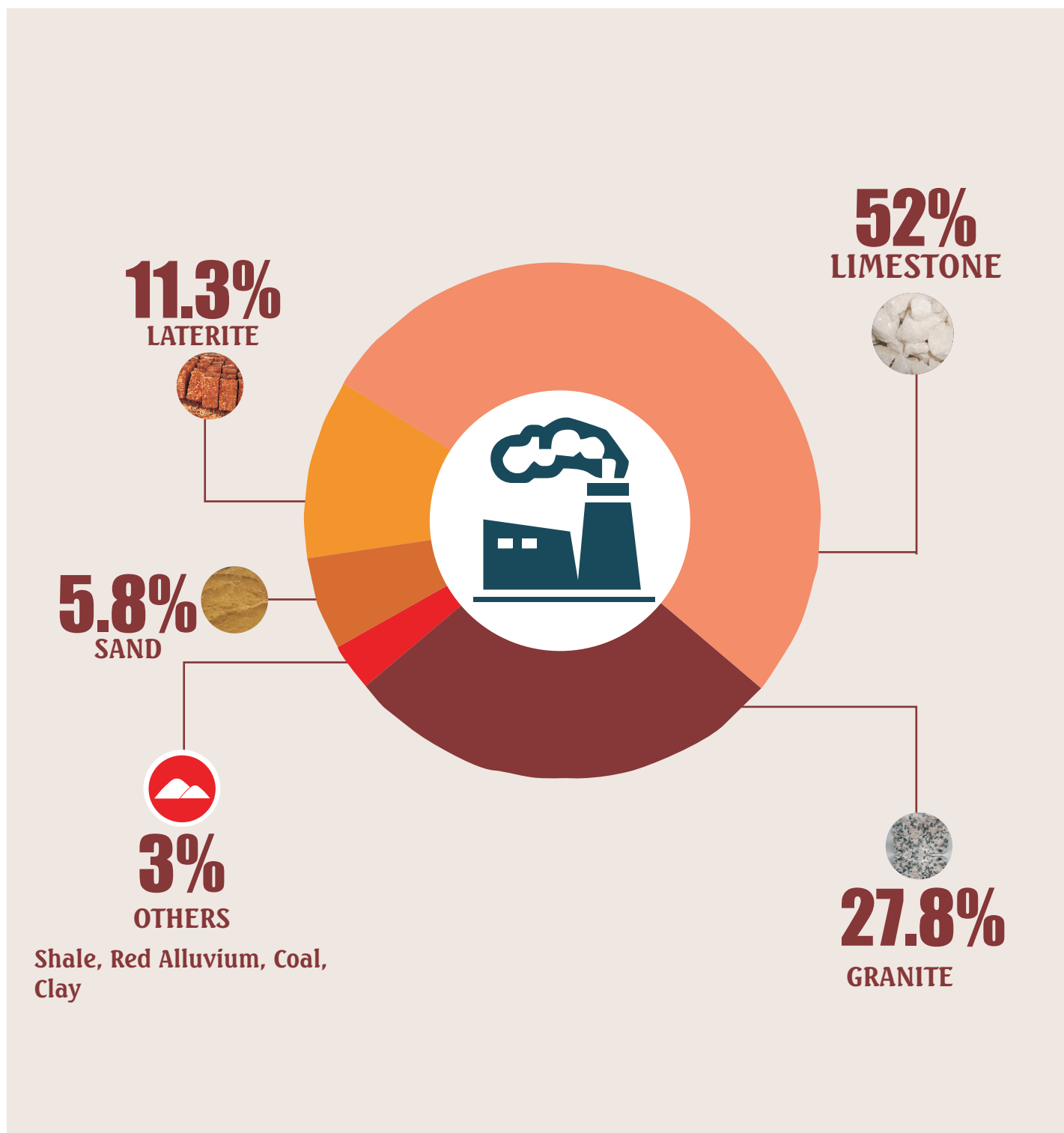
ABSENCE OF COORDINATION BETWEEN GOVERNMENT AGENCIES FOR EXPORTS OF MINERALS

It was noted various agencies responsible for the supervision of exports of minerals do not exhibit good synergy; figures from the agencies do not match and differ from those declared by Companies. Despite the provision in the mining act, minerals are still exported without the export permit from MID.

RECOMMENDATION

- Increase awareness by the Nigerian Government amongst the export supervision agencies (NCS, CBN, NIPC and NPA) of the importance of export permits in all mineral exports taking place in Nigeria. It is also mandatory that exchange of data between these agencies is simplified as quickly as possible in order to ensure that minerals exported are subject to the required taxes that have been prescribed by the prescribed by law.

2013 SOLID MINERALS PRODUCTION BREAKDOWN

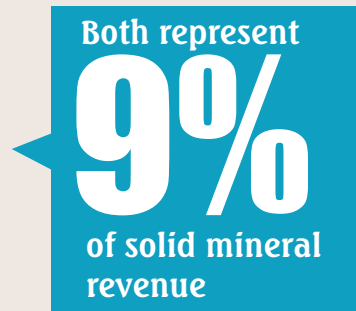


MAJOR HIGHLIGHTS

UNILATERAL DISCLOSURES BY COMPANIES



UNILATERAL DISCLOSURES BY GOVERNMENT ENTITIES



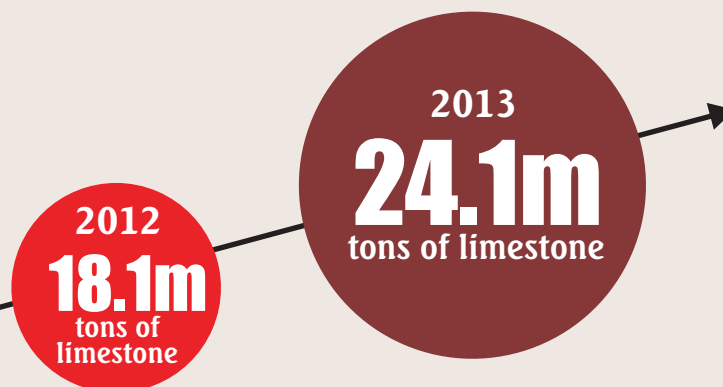
SOLID MINERAL REVENUE GROWTH



The solid mineral revenue grew by 7.67% to N33.9bn in 2013 from N31.5bn 2012. The increase is as a result of growth in taxes paid.

MAJOR HIGHLIGHTS

33% INCREASE
in the total production across whole solid minerals sector in 2013 due to the rise in
LIMESTONE
production from 18million tons to 24million tons



0.09%

of all national exports earnings is from solid minerals, this is a significant rise from 0.02% recorded in 2012

GOVERNMENT AGENCIES REQUIRED TO REPORT FOR THE 2013 NEITI REPORT OF THE SOLID MINERALS SECTOR

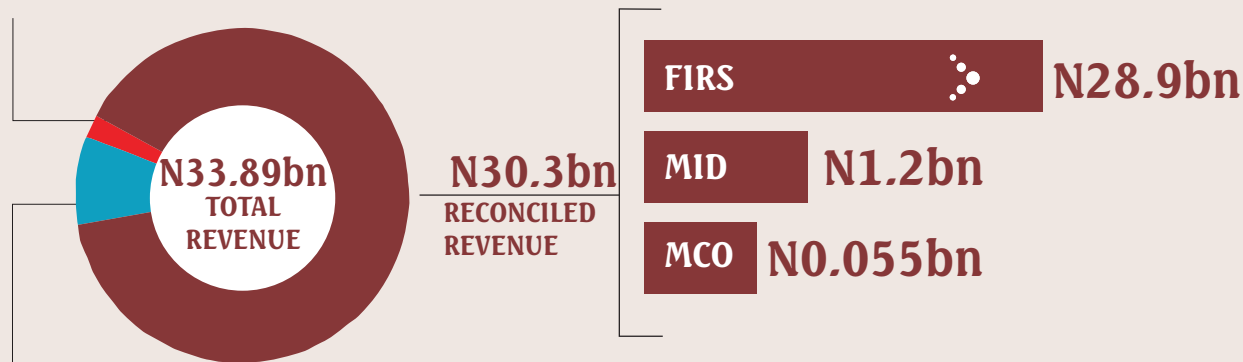


TOTAL CONTRIBUTION OF SOLID MINERALS SECTOR

According to data provided by the extractive companies and Government agencies, the total revenue generated from the solid minerals sector amounted to N33.86 billion of which the sum of N30.26 billion was fully reconciled."

N748m

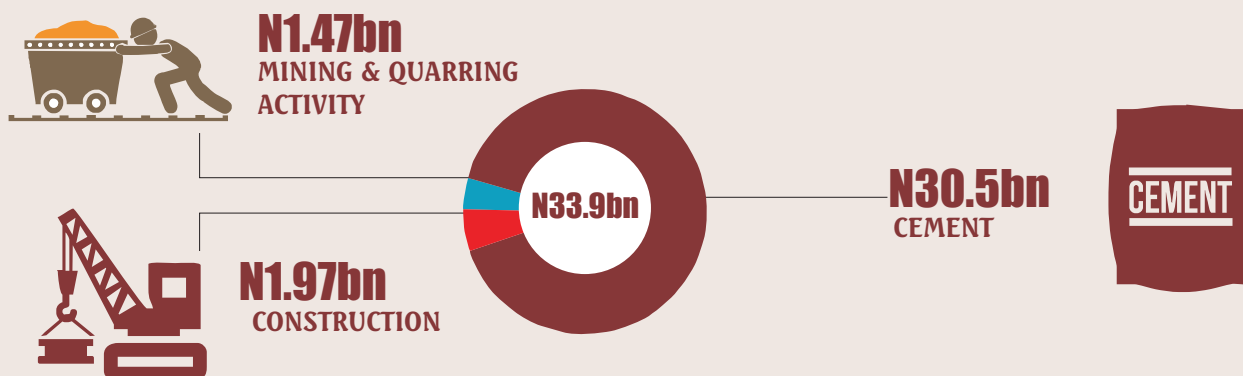
UNILATERAL DISCLOSURES BY GOVERNMENT ENTITIES



N2.9bn

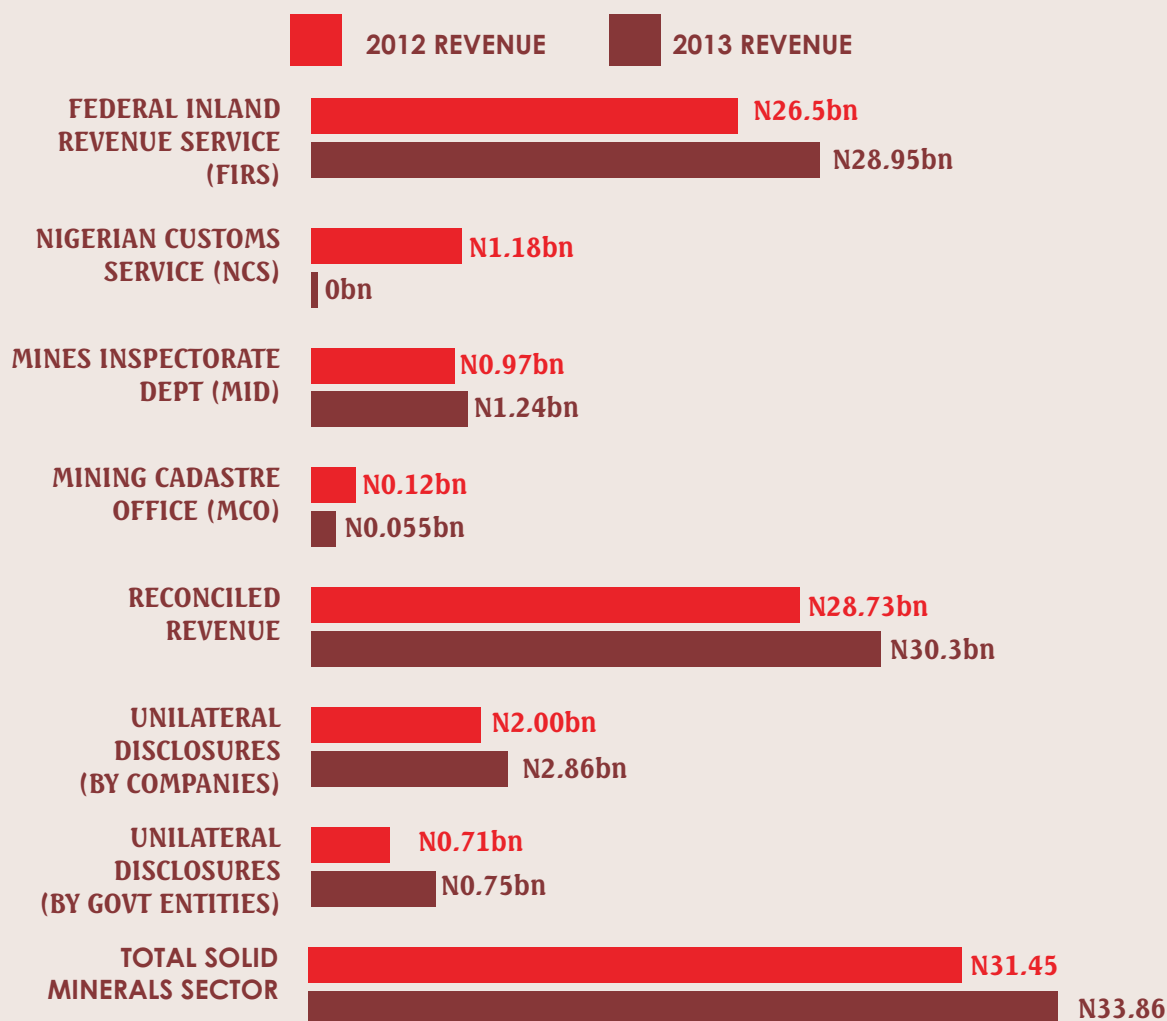
UNILATERAL DISCLOSURES BY COMPANIES

DISTRIBUTION OF THE SOLID MINERAL SECTOR



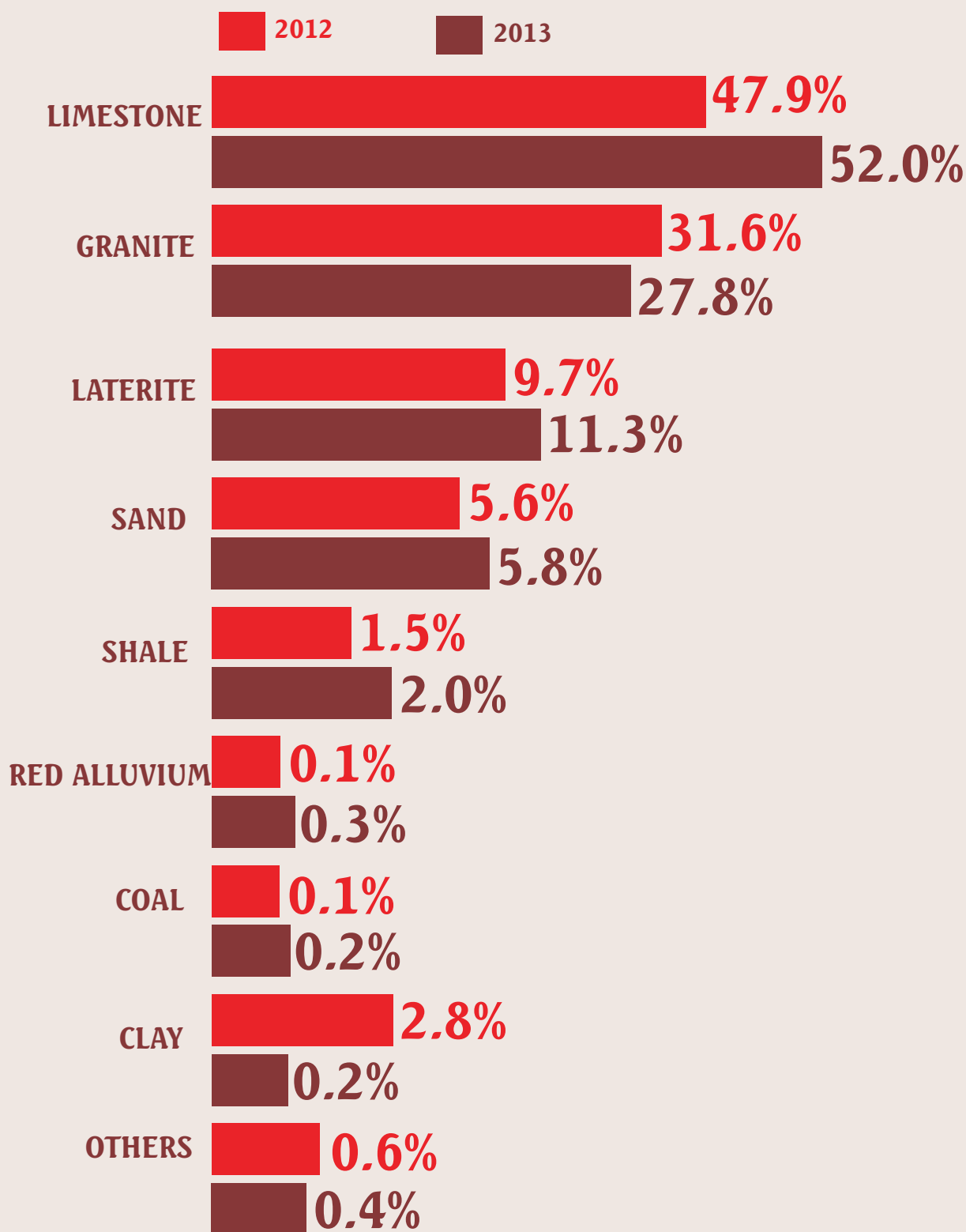
REVENUE COMPARISON

Government revenues from the Solid Minerals Sector increased from N31.45 billion in 2012 to N33.86 billion in 2013. This increase can be explained by the growth in amount of taxes being paid to FIRS as represented below:



SOLID MINERAL PRODUCTION FIGURES

2012 VS 2013



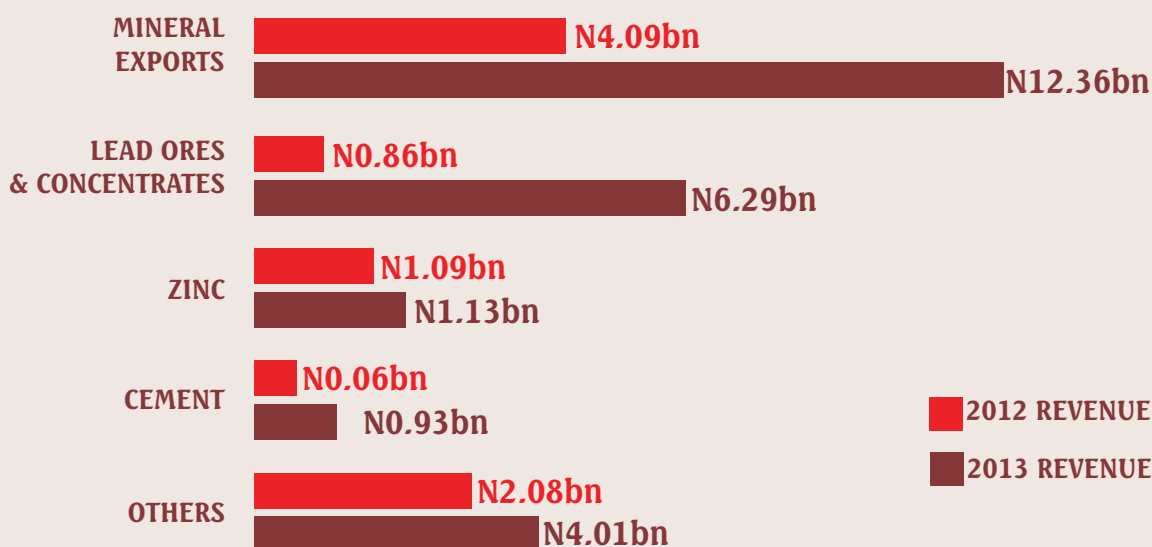
SOLID MINERALS EXPORT FIGURES

2012 vs 2013



0.09%
OF TOTAL EXPORTS

The total export earnings from Solid Minerals grew from an average of 0.02% of Nigeria's total export in 2012 to 0.09% of the country's export in 2013 with Lead Ores accounting for 50% of the value



VERIFICATION OF ROYALTIES PAID



Verification of the data collected from extractive companies shows that royalties paid to MID exceeds the estimated amount based on reported production figure.



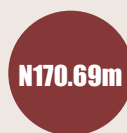
ROYALTIES PAID

-



ROYALTIES ESTIMATED

=



DISCREPANCY

This shows a positive of

15.2%

showing that government records of receipt were higher than what companies declared.

STATE BY STATE ANALYSIS OF ROYALTY PAYMENTS

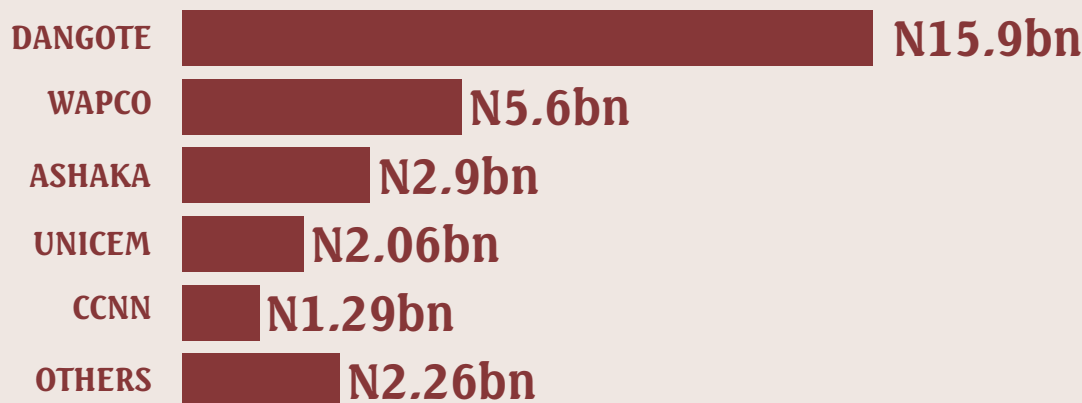


ANALYSES OF PAYMENTS BY COMPANIES' CONTRIBUTION



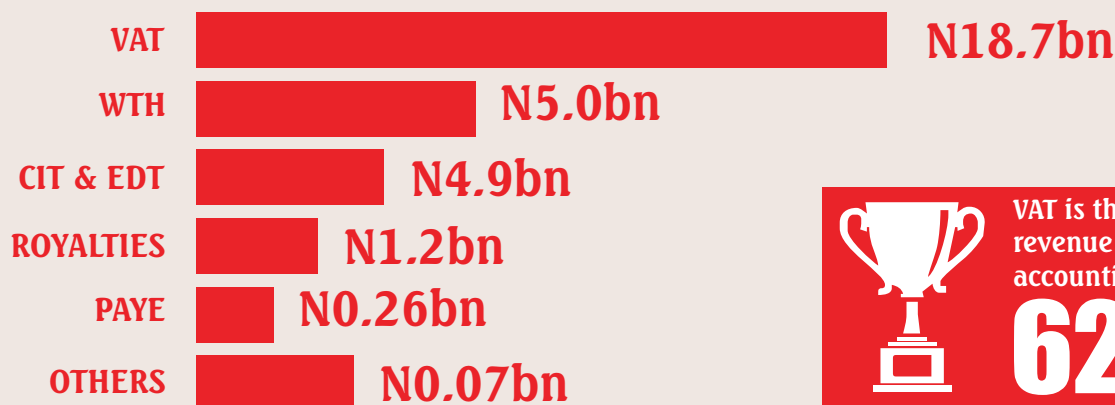
93% of the total government revenues from Solid Minerals sector was from 5 companies.

53% of the country's revenue from the solid minerals sector was paid by Dangote Cement PLC



ANALYSIS OF PAYMENTS BY CONTRIBUTION FLOWS

The analysis of payments by flow contributions shows that the top 5 taxes represent almost the total reconciled Government revenues from the solid minerals.




VAT is the highest revenue stream accounting for **62%**

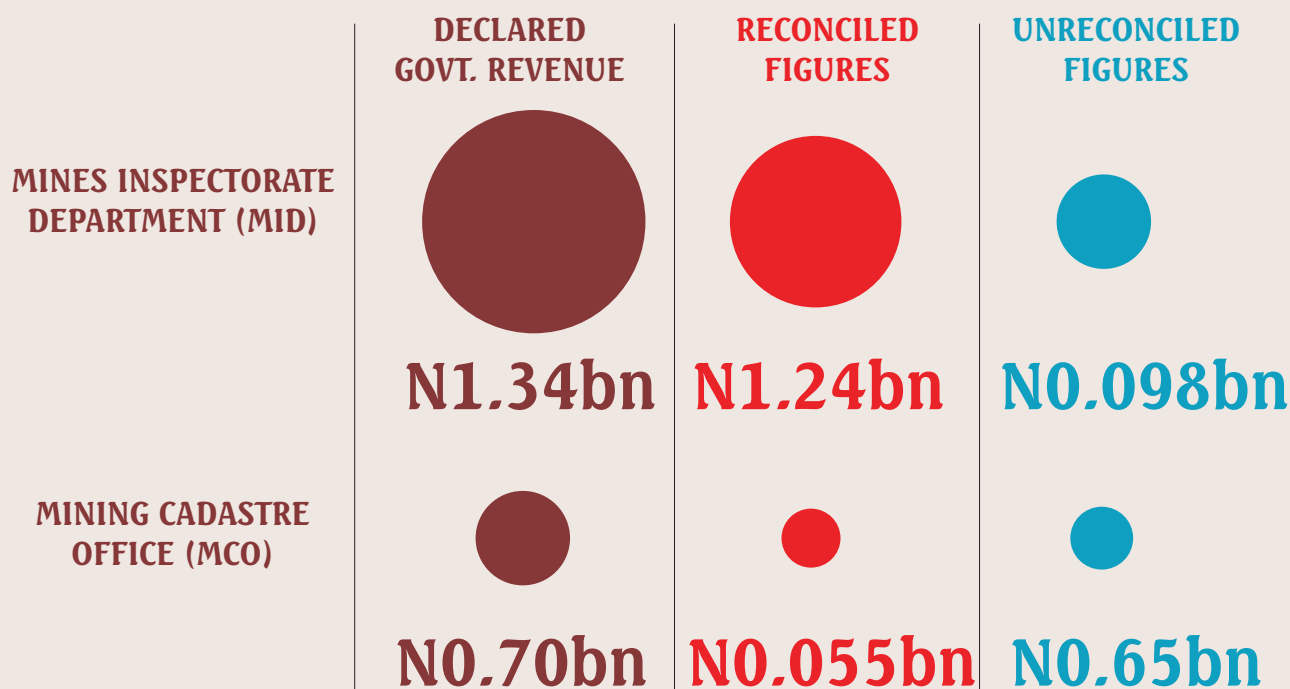
ANALYSIS OF REVENUES BY GOVERNMENT ENTITY

During 2013, FIRS collected the largest value of taxes included in the reconciliation followed by MID as:-



UNILATERAL DISCLOSURE OF REVENUES BY GOVERNMENT ENTITIES

Government Entities were requested to disclose unilaterally revenue streams collected from companies not included within the reconciliation scope in accordance with EITI requirement 4.2.b



UNILATERAL DISCLOSURE OF REVENUES BY REPORTING COMPANIES

Solid Minerals Companies were requested to disclose unilaterally the revenue streams not included in the scope of reconciliation in accordance with the option set up by the EITI requirement 4.2.b. The contribution of the extractive companies not included in the scope of reconciliation by beneficiary is shown below



OTHERS TAXES NOT INCLUDED IN THE RECONCILIATION SCOPE

Companies were requested to disclose unilaterally revenue streams paid to Government Entities which were within the reconciliation scope in accordance with EITI Requirement 4.2.(b) as detailed below:

Company	Federal Ministry Of Environment	Nigeria Geological Survey Agency	State Board Of Internal Revenue	Local Govt. Council	Communities/ Land Owners
Dangote Cement Plc	-	-	610,733,514	3,009,088	-
WAPCO Nigeria	-	-	532,020,379	-	-
United Cement Nig. Ltd	9,676,500	-	339,483,989	-	-
RCC Nig. Ltd	50,000	500,000	62,898,955	-	420,000
Dantata & Sawoe C	-	-	-	12,786,190	64,070,742
Setraco	-	-	-	500,000	-
Crushed Rock Ind. Ltd	-	-	19,987,670	700,000	3,212,072
AshakaCem Plc	598,000	-	7,428,500	-	-
P.W. Nig. Ltd	150,000	-	-	-	-
CCNN Plc	-	-	60,059,541	400,000	-
Triacta	3,100,000	-	-	541,580	-
Georgio Rock Ltd	-	-	36,142,721	-	465,500
Petra Quarries Ltd.	-	-	1,096,478	-	6,420,000
Borini-Prono & Company	-	-	-	1,881,000	42,611,022
Hitech Construction Co.	50,000	2,000,000	-	500,000	-
Spectrum Minerals Nig.	-	-	1,513,697	-	-
Mac Daniel's Quarry & Concrete	-	-	582,915	-	-
Paras Crushing Co. Ltd	-	-	4,198,770	750,000	1,200,000
Levant Construction Ltd	-	-	1,879,459	-	-
Asphalt Unity	1,000,000	-	3,114,852	-	-
Perfect Stone Quarry	-	-	-	300,000	-
Purechem Industries Ltd	-	-	13,938,266	900,000	1,445,000
Japaul Mines & Prd	-	-	-	50,000	2,085,000
Mould Nig Ltd	525,000	-	-	-	-
Gitto Constuzion Generali	-	-	-	2,650,000	-
Saydoun Ltd	-	-	1,367,549	-	-
Zenith Const. Co. Ltd.	-	-	6,181,375	500,000	24,600,000
Rockwell Quarry Ltd	-	-	1,215,156	-	-
Habibu Eng. Nig. Ltd	-	-	-	117,000	9,100,000
Ahmu Intl. Mining	-	-	-	-	6,770,000
M. F.W. Dredging Co	-	-	3,024,453	100,000	22,944,700
Magcober Nig. Ltd	-	-	19,806,711	-	-
Total	15,149,500	2,500,000	1,726,674,950	25,684,858	185,344,036

**ANALYSIS OF FACTS AND FIGURES FROM THE AUDIT
- COMPANIES CONSIDERED -**

NO.	NAME OF EXTRACTIVE COMPANY	NO.	NAME OF EXTRACTIVE COMPANY
1.	DANGOTE CEMENT PLC	36.	Zenith Const. Co. Ltd.
2.	WEST AFRICAN PORTLAND CEMENT PLC	37.	PERFECT STONE QUARRIES
3.	JULIUS BERGER (NIG.) PLC	38.	Asphalt Unity Const Ltd
4.	United Cement Nig. Ltd.	39.	Brothers Quarry Nig. Ltd
5.	SETRACO NIG. LTD	40.	FIRST TIPPER DRIVERS MINING ENTRP
6.	CRUSHED ROCK IND. LTD	41.	HABIBU ENG. NIG. LTD
7.	RCC (NIG.) LTD.	42.	Kunlun Nig. Limited
8.	ARAB CONTRACTOR (OAO) NIG LTD	43.	Expanded Mining Resources
9.	ilmor Engineering Nig. Ltd.	44.	MILATEX GENEWORKS LIMITED
10.	Ashaka Cem Plc	45.	JAPPAUL MINES & PRD
11.	RATCON CONSTRUCTION CO. LIMITED	46.	MAC DANIEL'S QUARRY & CONC LTD
12.	DANTATA & SAWOE NG LTD	47.	PURECHEM INDUSTRIES LIMITED
13.	Tongyi Allied Mining Ltd	48.	Saydoun Ltd
14.	P.W. Nig Ltd	49.	Equishare Nig. Ltd
15.	CCNN Plc	50.	PARAS CRUSHING COMPANY LIMITED
16.	C.C.E.C.C. (NIG.) LIMITED	51.	MOULD NIG. ;TD
17.	MOTHER CAT NIG. LTD	52.	Ahmu International Mining Ltd.
18.	Georgio Rock Ltd	53.	ESSER WEST AFRICA
19.	Kopek Construction Limited	54.	F.W. DREDGING CO
20.	Petra Quarries Ltd	55.	PZAN INTERNATIONAL LTD
21.	DANTATA LAND AND SEA	56.	ELEGANT ONE CO. LTD
22.	SALINI NIG LTD	57.	PORCELAINWARE INDUSTRIES LIMITED
23.	S.C.C. Nig Ltd.	58.	Gitto Quarry Project
24.	ZEBERCED NIG LTD	59.	C & C CONSTRUCTION COMPANY LTD
25.	Borini Prono & Constr. Co. Ltd.	60.	MOELINKS COMPANY LTD.
26.	TRIACTA NIG. LTD	61.	ROCKWELL QUARRY
27.	C.G.C Nig. Ltd	62.	MULTIVERSE RESOURCES LIMITED
28.	CCC Construction Nig. Limited	63.	MAGCOBAR MANUFACTURING NIG LTD
29.	Hitech Cost. Co. Ltd.		Buying centres
30.	CNC ENGINEERING COMPANY LIMITED	64.	Astro Minerals
31.	FW SAN HE CONCEPTS LIMITED	65.	Spectrum Minerals Ltd.
32.	Blackstone Crushing Limited		
33.	Inter- Bau Const Ltd		
34.	LEVANT CONST. LTD		
35.	MADODEL ENG'G NIG. LTD		



ANALYSIS OF EXPORT DATA

Two companies out of 65 selected within the reconciliation scope have reported exports figures as detailed below

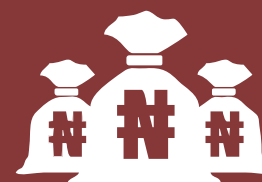
	Minerals Type	Quantity (Tonnes)	FOB Value	Country of Destination
Dangote Cement PLC	Cement	5,900	167,323,683	Niger
Tongyi Allied Mining Ltd	Lead/Zinc	21,000	1,323,000	China
	Tin Ore	300	NC	China

SOCIAL PAYMENTS

These social contributions as reported by companies are detailed below

Dangote Cement Plc		N625m
Lafarge Cement WAPCO		N195m
Dantata & Sawoe PLC		N72.7m
AshakaCem Plc		N30.2m
CCNN Plc		N18.7m
Zenith Const. Co. Ltd.		N5.1m
Gitto Constuzion Generali		N0.64m

NOTES



Adjustments was made on contributions by Dantata & Sawoe PLC (-N11,750,000) and AshakaCem Plc by (-N30,298,125).

This will bring AshakaCem Plc final social contribution to nil and that of Dantata & Sawoe PLC to N60,952,000.

