

ENABLERS OF ILLICIT FINANCIAL FLOWS (IFFS) IN NIGERIA'S MINING SECTOR

JANUARY 2026

ENABLERS OF ILLICIT FINANCIAL FLOWS (IFFs) IN NIGERIA'S MINING SECTOR

BY

AFRICA NETWORK FOR ENVIRONMENT AND ECONOMIC JUSTICE (ANEEJ)

NIGERIA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE (NEITI)

MINISTRY OF SOLID MINERALS DEVELOPMENT

Supported by: Foreign Commonwealth Development Office



Copyright © 2026 by Africa Network for Environment and Economic Justice (ANEEJ), Nigeria extractive industries transparency initiative (NEITI) and Ministry of solid minerals development. All rights reserved.

Published by ANEEJ, NEITI and Ministry of Solid Minerals Development, Abuja, Nigeria Published in Nigeria.

ACKNOWLEDGEMENTS

This research report, “Enablers of Illicit Financial Flows in Nigeria’s Mining Sector,” reflects the collective efforts, insights, and support of numerous individuals and institutions. Profound gratitude to all those whose contributions made this study possible.

We extend our deepest appreciation to the entire ANEEJ team, David Ugolor, Executive Director, Leo Atakpu, Deputy Executive Director, Innocent Edemhanria, Programme Manager, Uthman Adeleye, Accountant, Sandra Eguagie, M & E Manager and Hussein Adeleye, Communications Officer. They were dedicated, professional, and committed throughout the research process. Their collective efforts in project conceptualization, planning, data collection, analysis, and reporting were instrumental to the successful completion of this work.

We are particularly grateful to the lead researcher, Dr. Raulatu Piwuna, for her invaluable technical expertise, rigorous analysis, and intellectual contributions to this research. Her scholarly insight greatly enriched the quality and depth of the findings.

Our profound appreciation goes to Hon. Musa Sarkin Adar, the Executive Secretary of Nigeria Extractive Industries Transparency Initiative (NEITI), and his team for their leadership in the sector and for the institutional support that facilitated this study.

We recognize and appreciate the contributions of key institutions and individuals, including the Ministry of Solid Minerals Development led by Dr. Henry Dele Alake and the Permanent Secretary, Engr. Faruk Yusuf Yabo for their commitment to transparency and accountability in Nigeria’s extractive sector. We acknowledge other organisations as well, the Nigerian Financial Intelligence Unit NFIU, Nigeria Customs, and relevant state government agencies. We appreciate mining companies, artisanal and small-scale miners (ASM), buying centres, CSOs, and security personnel in particular the Mines Marshall who generously provided insights.

We are grateful to the Foreign, Commonwealth and Development Office (FCDO) for providing the financial support that made this research possible. We sincerely appreciate the leadership and support of Mr. Jehanzeb Khan, Illicit Finance Adviser at the British Deputy High Commission, Lagos, and his team, whose commitment and collaboration were crucial to the success of this endeavour.

Finally, we thank all stakeholders, partners, and contributors who, in diverse ways, supported this research and remain committed to addressing illicit financial flows and strengthening governance in Nigeria’s solid minerals sector.

ABBREVIATIONS AND ACRONYMS

AML/CFT Anti Money Laundering/ Countering the Financing of Terrorism

ANEEJ	Africa Network for Environment and Economic Justice
ASM	Artisanal and Small-Scale Miners
BDC	Bureau de change
BO	Beneficial Ownership
CAC	Corporate Affairs Commission
CAMA	Company Allied Matters Acts
CBN	Central Bank of Nigeria
CSO	Civil Society Organisation
DPMS	Dealers in Precious Metals and Stones
EFCC	Economic and Financial Crimes Commission
EITI	Extractive Industries Transparency Initiative
FATF	Financial Action Task Force
FGD	Focus Group Discussion
FIU	Financial Intelligence Unit
GFI	Global Financial Integrity
GIABA	Inter-Governmental Action Group against Money Laundering in West Africa
IFF	Illicit Financial Flow
KII	Key Informant Interview
MCO	Mining Cadastre Office
MID	Mines Inspectorate Department
MIREMCO	Mineral Resources and Environmental Management Committee
MSMD	Ministry of Solid Minerals Development
NEITI	Nigeria Extractive Industries Transparency Initiative
NEPC	Nigeria Export Promotion Council
NFIU	Nigerian Financial Intelligence Unit

NSCDC	Nigeria Security and Civil Defence Corps
PEP	Politically Exposed Person
POCA	Proceeds of Crime Act
SPVs	Special Purpose Vehicle
SSML	Small Scale Mining Lease
STR	Suspicious Transaction Report
TBML	Trade Based Money Laundering
UNECA	United Nations Economic Commission for Africa
UNODC	United Nations Office on Drugs and Crime

EXECUTIVE SUMMARY



Nigeria's mining sector holds significant potential for economic diversification, revenue mobilisation, and sustainable development. Despite its endowment of over 44 commercially viable minerals including cassiterite, lithium, gold, columbite, and gemstones the sector remains constrained by systemic governance weaknesses, fragmented regulation, informality, and opaque financial practices. These conditions create vulnerabilities that enable Illicit Financial Flows (IFFs) at multiple points along the mineral value chain.

This study assesses the enablers of IFFs in Nigeria's mining sector through a mixed-methods approach involving key informant interviews (KIIs), questionnaires, field observations, and review of national and international regulatory frameworks. The findings reveal deeply embedded risks across commercial, corruption-related, and criminal dimensions.

Typologies of IFFs Identified

- i. Commercial IFFs: trade misinvoicing, underpricing, false declarations, non-repatriation of export proceeds, BO opacity.
- ii. Corruption-related IFFs: bribery in licensing and inspections, illicit levies, political interference.
- iii. Criminal IFFs: smuggling, illegal extraction, cash-based laundering, proceeds funding non-state armed groups, , Mineral-for-cash or mineral-for-weapons exchanges.

Key Findings



1. **Limited regulatory reach over Informal and ASM Activities:** ASM contributes up to 80–90% of production for some minerals but operates largely outside formal regulation. Lack of traceability enables the mixing of legal and illegal minerals, facilitating smuggling and tax evasion.
2. **Foreign Buyer Influence and Market Manipulation:** Foreign, particularly Chinese, buyers impose pricing, negotiate directly at sites, and create enablers for smuggling and distort local market conditions. This creates opportunities for undervaluation, export mispricing, and non-repatriation of export proceeds.
3. **Corruption and Bribery:** Illegal levies, bribery during inspections, extortion at checkpoints, and general collusion between officials and operators are common, reinforcing pathways for IFFs.



4. **Institutional Capacity Constraints and Governance Fragmentation:** Key regulatory and oversight institutions including the Ministry of Solid Minerals Development, Mining Cadastre Office (MCO), NEITI, Customs, and relevant state agencies continue to face critical capacity constraints arising from inadequate staffing levels, limited technical expertise, insufficient operational resources, and weak digital infrastructure. These institutional weaknesses are exacerbated by fragmented governance arrangements characterized by siloed operations, limited inter-agency coordination, and the absence of an integrated, sector-wide digital monitoring system. Collectively, these challenges undermine effective regulatory oversight, result in inconsistent production and export data, weaken risk identification mechanisms, and create systemic vulnerabilities that enable underreporting, smuggling, and royalty evasion.
5. **Data Governance, Transparency, and Beneficial Ownership Deficiencies:** Persistent weaknesses in data governance manifested through reliance on manual record-keeping, non-verifiable production reporting, and incomplete export documentation significantly reduce transparency across the mining value chain. These deficiencies facilitate misreporting, data manipulation, and the concealment of mineral flows. Furthermore, inadequately enforced beneficial ownership disclosure and verification frameworks allow the use of shell companies and enable politically exposed persons (PEPs) to obscure ultimate ownership and control, thereby increasing the sector's exposure to illicit financial flows and regulatory capture
6. **Criminal Involvement and Insecurity:** Armed groups and local syndicates control access to certain mining zones (for instance in Zamfara State where Gold is mined), collaborate or extort operators and divert mineral proceeds to criminal economies.

Policy Recommendations



1. Short-term priorities include digitising reporting systems, mandating BO disclosure, deploying QR-coded traceability tools, and establishing a multi-agency mining compliance task force.
2. Medium-term reforms should focus on ASM formalisation, integrated data platforms, improved inter-agency intelligence-sharing, and strengthening export controls of foreign buyers.
3. Long-term strategies include satellite and blockchain-based traceability systems, strengthen specialised mining economic crimes units like the EFCC Extractive unit, and enhanced regional cooperation to tackle cross-border smuggling and IFFs.

FORWARD

Illicit Financial Flows (IFFs) remain one of the most serious obstacles to Nigeria's efforts at economic diversification, domestic resource mobilization and sustainable development. While the petroleum sector has historically dominated discourse on extractive sector governance, increasing evidence shows that Nigeria's mining sector is equally exposed to significant value leakages through illegal mining, trade mispricing, smuggling, corruption, limited beneficial ownership transparency and criminal minerals exploitation.

This report, "Enablers of Illicit Financial Flows in Nigeria's Mining Sector," represents an important contribution to broad policy conversations on transparency, accountability, and financial integrity in the extractive industries. It provides a timely and rigorous assessment of the structural, institutional, commercial, and criminal factors that enable illicit financial flows across the solid minerals value chain, with particular attention to high-value and high-risk minerals such as gold, lithium, cassiterite, gemstones and columbite.

As the agency charged with the statutory mandate of implementing the global Extractive Industries Transparency Initiative, to promote transparency and accountability in Nigeria's extractive sector, NEITI's partnership with ANEEJ to conduct this important study was in line with one of the agency's strategic objectives: strengthening extractive sector governance and reforms through policy research and strategic stakeholder engagements, while contributing to evidence-based policy reforms in the extractive sector.

Over the years, NEITI's industry audits and policy engagements have consistently highlighted data gaps, limited beneficial ownership disclosure, and inadequate financial oversight as key vulnerabilities within the Nigeria's mining sector. This study therefore, builds on this body of evidence by deepening understanding on how these weaknesses and gaps are associated with informal nature of operations in the sector, foreign buyer dominance, and cash-based transactions which create persistent channels for IFFs, and insecurity.

The study findings highlight a major concern that artisanal and small-scale mining (ASM), which accounts for a significant share of mineral production but operates largely outside formal regulatory and financial systems. The report also underlines the growing risks associated with foreign-led illegal mining operations, opaque corporate structures, poor repatriation of export proceeds, and the nexus between illegal mining, organized crime, and insecurity in parts of the country. These dynamics pose not only fiscal risks, but also serious threats to national security, environmental sustainability and community livelihoods.

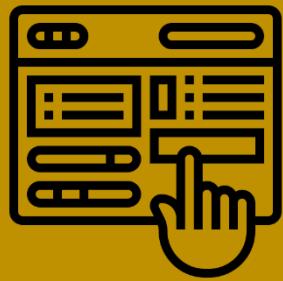
NEITI welcomes the evidence-based policy recommendations outlined in this report, which align with ongoing national reforms, including mining cadastre digitalization, beneficial ownership transparency, ASM formalization, AML/CFT strengthening, and inter-agency data interoperability. More importantly, implementing these recommendations will require sustained political-will, institutional coordination, adequate resourcing of regulatory agencies, and strong collaboration among government, the private sector, civil society, and development partners.

I commend the Africa Network for Environment and Economic Justice (ANEEJ), the research team, and all stakeholders who contributed to this important study. NEITI remains committed to all efforts that are geared towards the use of evidence-driven analysis such as this to support reforms that ensure Nigeria's extractive resources are managed transparently, prudently, responsibly, and in a manner that delivers maximum value to citizens.

It is my sincere hope that this report will serve as a practical tool for policymakers, regulators, law enforcement agencies, extractive companies, civil society organizations and development partners in advancing collective actions against illicit financial flows and strengthening governance in the Nigeria's solid minerals sector.

Hon. Musa Sarkin Adar
Executive Secretary,
Nigeria Extractive Industries Transparency Initiative (NEITI)

CONTENTS



ACKNOWLEDGEMENTS	i
ABBREVIATIONS AND ACRONYMS	ii
EXECUTIVE SUMMARY	iv
FORWARD	vi
CHAPTER 1: INTRODUCTION, PURPOSE AND SCOPE	1
1.1 Background and Context	1
1.2 Problem Statement	3
1.3 Understanding Illicit Financial Flows	3
1.4 Purpose of the Study	4
1.5 Study Objectives	4
1.6 Scope of the Study and Rationale for Mineral and Location Selection	4
1.7 Theoretical Framework	5
1.8 Methodology	5
1.9. Data Collection Strategies	5
1.10 Limitations	5
CHAPTER 2: OVERVIEW OF NIGERIA'S MINING AND SOLID MINERALS SECTOR	7
2.1 Brief History	7
2.2 Sector Structure and Key Actors: Nigeria's mining ecosystem consists of	10
2.3 Mineral Value Chain	10
2.4 Conceptualising IFFs in Mining	10
2.5 Priority Minerals	10
2.6 Legal and Regulatory Framework	10
2.7 Institutional Actors	10
2.8 Sector Reforms	10
CHAPTER 3: TYPOLOGIES OF ILLICIT FINANCIAL FLOWS (IFFs) IN THE MINING SECTOR	13
3.1 Overview of Typologies	13
3.2 Commercial IFF Typologies	13
3.3 Corruption IFF Typologies	17
3.4 Criminal IFF Typologies	19
3.5 Beneficial Ownership (BO) Opacity	22
3.6 Environmental Crimes and Green IFFs	23

CHAPTER 4: GOVERNANCE, MARKET, AND OPERATIONAL ENABLERS OF ILLICIT FINANCIAL FLOWS IN NIGERIA'S MINING SECTOR.....	24
4.1 Overview of Key Findings	24
4.2 Institutional and Regulatory Capacity Weaknesses.....	25
4.3 Fragmented Institutional Coordination and Licensing Controls	25
4.4 Data, Transparency, and Beneficial Ownership Gaps	25
4.5 Market Structure Risks: Foreign Buyer Dominance and Cash-Based Trade	26
4.6 ASM Informality and Value Chain Leakages	26
4.7 Corruption, Security Compromise, and Criminal Control of Mining Zones	26
4.8 Enforcement Outcomes and Prosecution Gaps	27
4.9 Value Chain Vulnerability Assessment.....	28
4.10 Red Flags and Suspicious Transaction Report (STR) Guidance	33
CHAPTER 5: POLICY RECOMMENDATIONS.....	35
A. SHORT-TERM ACTIONS (0–12 months).....	35
B. MEDIUM-TERM ACTIONS (1–3 years).....	37
C. LONG-TERM POLICY REFORMS	39
Strategic Outcome	40
D. POLICY ALIGNMENT AND IMPLEMENTATION FRAMEWORK	41
<i>Rationale for Policy Mapping</i>	41
<i>Mapping IFF Enablers to International and National Policy Frameworks</i>	41
FATF and AML/CFT Compliance Gaps in the Mining Sector	41
Beneficial Ownership (BO) Reforms and Extractive Transparency	42
Proceeds of Crime Act (POCA) and Asset Recovery Imperatives.....	42
Open Government Partnership (OGP) and Transparency Commitments	43
MTNDP, Agenda 2025 and Economic Diversification Goals	43
<i>Consolidated Policy Action Matrix (Summary)</i>	43
5.4 Strategic Value of Policy Integration.....	44
CONCLUSION	44
Contribution of the research to Sustainable Development Goals (SDGs), Medium- Term National Development Plan and Agenda (MTNDP) 2050.....	44
BIBLIOGRAPHY	46
ANNEXES	47

CHAPTER 1: INTRODUCTION, PURPOSE AND SCOPE



1.1 Background and Context

Nigeria, located in Sub-Saharan Africa with a landmass of 923,770 sq. km, shares borders with Benin, Niger, Chad, and Cameroon, with maritime boundaries along the Gulf of Guinea. It is Africa's most populous nation with an estimated population of 237.5 million (2025). The country holds substantial natural resource, including 37.5 billion barrels of proven crude oil reserves and over 209.3 trillion cubic feet of natural gas. Despite these strengths, volatility in the oil sector and governance weaknesses have renewed emphasis on economic diversification through solid minerals.

Solid minerals contributed ₦329 billion in revenue to Nigeria in 2022, and ₦401 billion in 2023, with exports exceeding ₦762 billion in 2023. Over 70% of mining activity is, however, dominated by the artisanal and small-scale mining (ASM) segment, where informality, weak documentation, and unsafe practices are widespread.

Hon Jonathan Gbefwi (Chairman Committee on Solid Minerals in the House of Representatives) is quoted as saying that illegal mining, especially of gold cost Nigeria \$ 9 billion every year. Illegally mined gold in Jibia is smuggled through several routes including Nielloua, Kandamao, Gidan and Tibiri, amongst others to Maradi and Agadez for onward export to UAE, China, Lebanon and India. It is also smuggled to Burkina Faso, Chad, Libya, some is sold locally in Gusau (Kasuwar Polo, Kano, Katsina to local and foreign buyers especially Chinese, Indians and Lebanese. They note border porosity, complicity of border security as enablers. ENACT interview with a bandit, he notes that gold is more lucrative than kidnapping, and that there are buyers everywhere. It is as good as cash; Another said gold is booming and dealers are trooping into our community desperately looking for gold therefore all bandits are motivated to get involved

Despite this potential, the sector remains structurally weak. Many mining sites operate outside formal regulatory frameworks; cooperatives lack documentation skills; and mineral aggregation points often serve as informal parallel markets. This makes the sector especially vulnerable to illicit financial flows.

Multiple studies, including those by Nigeria Extractive Industries Transparency Initiative (NEITI), Inter-Governmental Action Group against Money laundering in West Africa (GIABA), Global Financial Integrity (GFI), and United Nations Economic Commission for Africa (UNECA) consistently highlight the mining sector as high-risk for illicit financial flows. Key indicators include high Informality and Weak Traceability, widespread Trade Misinvoicing, beneficial

Ownership Opacity, weak Production–Export Reconciliation, low evidence of repatriation of export proceeds, cash-Driven Transactions, and criminality and Conflict-Linked Extraction.

According to ENACT Africa (2020; 2024), an estimated 80% of mining in North-West Nigeria notably in Zamfara, Katsina, and Kaduna States is carried out illegally and on an artisanal basis.

The combination of abundant mineral wealth, pervasive informality, weak regulatory controls, and fragmented data systems creates a high incentive for illicit financial flows in Nigeria's mining sector. Understanding the structural, institutional, commercial, and criminal enablers of IFFs is therefore essential to improving revenue mobilisation, strengthening transparency and accountability, mitigating conflict risks, empowering local communities, and ensuring sustainable sector growth.

Nigeria's mining and solid minerals sector has re-emerged in national discourse as a strategic pillar for economic diversification, job creation and industrialisation. The official position of the Nigerian Geological Survey Agency (NGSA) is that Nigeria is endowed with over 44 different types of solid minerals distributed at 500+ locations across the country, occurring in varying quantities and levels of economic viability distributed across all geopolitical zones (Figure 1). These resources hold significant potential for catalysing inclusive economic diversification, enhancing fiscal sustainability, stimulating industrialization and job creation, and strengthening Nigeria's non-oil revenue base.

Nigerian Geological Survey Agency consistently emphasizes that while many of these minerals have been identified through nationwide geological mapping and exploration, only a subset is currently being exploited commercially, largely due to historical underinvestment, infrastructural gaps, and governance challenges. The agency further notes that Nigeria's geological formations host metallic minerals, industrial minerals, energy minerals, and precious stones, positioning the solid minerals sector as a strategic pillar for economic diversification if adequately developed and regulated.

However, the sector is characterised by a large informal economy, complex trading chains, weak regulatory enforcement and significant smuggling of, most precious minerals.

These structural weaknesses have created fertile ground for Illicit Financial Flows (IFFs) the illegal movement of money, value or resources across borders or outside formal financial systems. IFFs in the mining sector deprive Nigeria of revenue, enable corruption, incentivize illegal mining, empower criminal networks, and undermine legitimate operators. Furthermore, according to the NFIU an emerging threat to Nigeria's economy is Illegal mining. It has emerged as a threat to environment, and national security. In addition to the loss of government revenue and environmental abuse, Illegal mining (IM) is now a major driver of illicit financial flows (IFFs), with strong linkages to money laundering, organized crime, and insecurity. The increasing pattern where red flags such as shell companies, Politically Exposed Persons (PEPs), foreign nationals, portrays the sophistication of the threat.

Between 2022 and 2024, data indicated a surge in activities connected to illegal mining across multiple regions of Nigeria. This is particularly so in areas already destabilized by kidnapping, banditry and terrorism. Analyses of the data within this period provide key insights into the typology used in sustaining the IM criminal enterprise. According to Matthew Page (USIP, 2022), there is a growing intersection between Chinese commercial interests and local conflicts in the North-West and North-Central regions, where illicit mining both fuels and

finances insecurity. The Punch (2023) and ENACT (2020) reports confirm that foreign companies often hide their ownership through shell firms registered under CAMA, using Nigerian proxies to access mining licenses and export permits. This practice obscures beneficial ownership and enables trade mis-invoicing and money laundering through underpriced exports.

These mineral resources hold significant potential for catalysing inclusive economic diversification, enhancing fiscal sustainability, and strengthening Nigeria's non-oil revenue base. These minerals such as cassiterite, lithium, gold, columbite, gemstones, limestone, and others have significant potential to support economic diversification, industrialization, and job creation. However, the mining sector continues to experience governance challenges, data weaknesses, unregulated actors, and a large informal economy. These vulnerabilities expose the sector to Illicit Financial Flows (IFFs).

IFFs undermine economic development by enabling tax evasion, revenue leakages, corruption, smuggling, money laundering, and criminal activities. In Nigeria's mining value chain, IFFs occur through commercial manipulation, illegal mining operations, corruption among officials, and cross-border smuggling enabled by violent criminals and foreigners.

These structural weaknesses create vulnerabilities that enable Illicit Financial Flows (IFFs), including smuggling, underreporting, misinvoicing, corruption, and criminal exploitation of mineral resources.

1.2 Problem Statement

Nigeria faces profound and multidimensional losses from illicit financial flows in the mining and extractive sector, driven by weak governance systems, poor data quality, pervasive informality, inadequate regulatory oversight, opaque corporate and beneficial ownership structures, and the entrenched presence of violent criminal groups around mining sites. Beyond foregone public revenue, IFFs result in security deterioration, institutional weakening, environmental degradation, loss of investor confidence, distortion of legitimate markets, erosion of community livelihoods, and reputational damage to the country's financial system. These cumulative losses undermine state authority, fuel organised crime and conflict, weaken the effectiveness of AML/CFT controls, and constrain Nigeria's ability to translate its mineral wealth into sustainable development and inclusive growth. The scale and complexity of IFFs in the mining sector undermine economic diversification, resource mobilisation effort and national development goals.

1.3 Understanding Illicit Financial Flows

IFFs refer to the illegal or concealed movement of money, mineral value, or financial proceeds derived from commercial manipulation, corruption, or criminal activities. In the mining sector, IFFs arise through:

- i. Commercial schemes: underpricing, misinvoicing, transfer pricing, false declarations
- ii. Corruption practices: bribery, illicit levies, abuse of licensing, and collusion.
- iii. Criminal activities: smuggling, illegal mining, proceeds for criminal economies.

1.4 Purpose of the Study

The purpose of this study is to identify, analyse, and understand the enablers of IFFs in Nigeria's solid minerals sector, with emphasis on cassiterite, lithium, gold, gemstones, and other high-value minerals.

1.5 Study Objectives

- i. Identify typologies and pathways through which IFFs occur in the solid minerals sector.
- ii. Examine governance and institutional gaps that enable these illicit flows.
- iii. Analyse criminal and informal networks that facilitate IFFs in the mining sector.
- iv. Assess data, audit, and reporting weaknesses in the mining sector.
- v. Provide actionable policy and institutional reform recommendations.

1.6 Scope of the Study and Rationale for Mineral and Location Selection

Rationale for Mineral Selection: The selection of minerals for this study is informed by their growing strategic importance to Nigeria within the context of the global energy transition and domestic economic diversification efforts. The International Energy Agency projects that global demand for critical minerals will quadruple by 2040, with demand for certain materials expected to increase by up to thirty-fold. This projected increase has significant implications for Nigeria, given its endowment of several critical and energy-transition minerals and the rising interest in their exploitation. Gemstones are high-value, low-weight minerals.

Within Nigeria, the rapid expansion of mining activities particularly in artisanal and small-scale mining has exposed structural governance weaknesses that create vulnerabilities to illicit financial flows. These include weak mineral traceability, under-reporting of production volumes, informal trading networks, cash-based transactions, regulatory gaps, and limited institutional oversight across mineral value chains. The selected minerals are therefore prioritised not only for their economic and strategic relevance, but also due to their heightened exposure to IFF risks linked to smuggling, tax evasion, transfer mispricing, and proceeds of crime.

Focusing on these minerals enables a targeted assessment of the specific enablers of illicit financial flows within Nigeria's mining sector and supports evidence-based policy recommendations aimed at strengthening transparency, revenue mobilisation, and governance of critical mineral resources in line with national development and anti-corruption objectives.

Therefore, from the afore mentioned rationale, locations where these minerals are mined were selected as the pilot locations.

- i. Geographic: Key mining states across North Central, North West, and South West.
- ii. Minerals: Cassiterite, lithium, columbite, gold, gemstones.
- iii. Institutions: Mining Cadastre Office MCO, Mines Inspectorate, Nigeria Extractive Industries Transparency Initiative NEITI, Nigerian Financial Intelligence Unit NFIU,

Nigeria Customs Service, Nigeria Revenue Service (NRS), Dealers in Precious Metals and Stones (DPMS).

- iv. Value chain: Exploration → Licensing → Extraction → Aggregation → Export → Repatriation/Financial flows.
- v. Timeline: 2020–2023 data period.

1.7 Theoretical Framework

The study draws on Political Economy Theory and Institutional Failure Theory to explain how governance weaknesses, rent-seeking, and systemic corruption create conditions that enable IFFs.

1.8 Methodology

Mixed-methods approach combining:

- i. Desk review of laws, policies, NEITI audits, other sector data and global IFF frameworks.
- ii. Quantitative analysis of production and export datasets.
- iii. Qualitative data from KIIs, FGDs, and fieldwork.
- iv. Thematic analysis of responses.

1.9. Data Collection Strategies

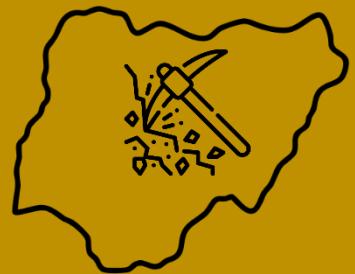
A rigorous purposive and snowball sampling technique will be applied to ensure balanced inclusion of key stakeholder groups miners, buying centres, exporters, community actors, regulators, DPMS, CSOs and security agencies. This approach ensures representativeness while enabling access to hard-to-reach and informal actors who are often central to IFF pathways.

1.10 Limitations

- i. Restricted access to sensitive data: Access to key datasets, including detailed financial records, licensing information, and enforcement reports, is often limited due to confidentiality restrictions and institutional protocols. This constraint reduces the depth of analysis and limits the ability to fully validate findings, thereby affecting the completeness and robustness of the research outcomes.
- ii. Incomplete export and production records: Gaps and inconsistencies in export and production data, particularly across artisanal and small-scale mining operations, hinder accurate estimation of mineral volumes and value flows. This affects the reliability of quantitative analysis and increases uncertainty in assessing the scale and pathways of illicit financial flows.
- iii. Security constraints in illegal mining zones: Security challenges in areas affected by illegal mining restrict field access and direct observation of mining and trading activities. As a result, the research relies more heavily on secondary data and stakeholder interviews, which may limit triangulation and reduce the precision of location-specific findings.

- iv. Limited operator cooperation: Some mining operators and traders exhibit reluctance to participate in interviews or share operational information due to fear of regulatory or legal repercussions. This limits the representativeness of stakeholder inputs and may introduce response bias, thereby affecting the balance and credibility of qualitative findings.
- v. Length of research constraint

CHAPTER 2: OVERVIEW OF NIGERIA'S MINING AND SOLID MINERALS SECTOR



2.1 Brief History

Nigeria is endowed with vast deposits of mineral resources spread across its thirty-six states and the Federal Capital Territory. These minerals have been categorised as energy, industrial, metallic ores and precious stones (Figure 1 and Annex Figure 1).

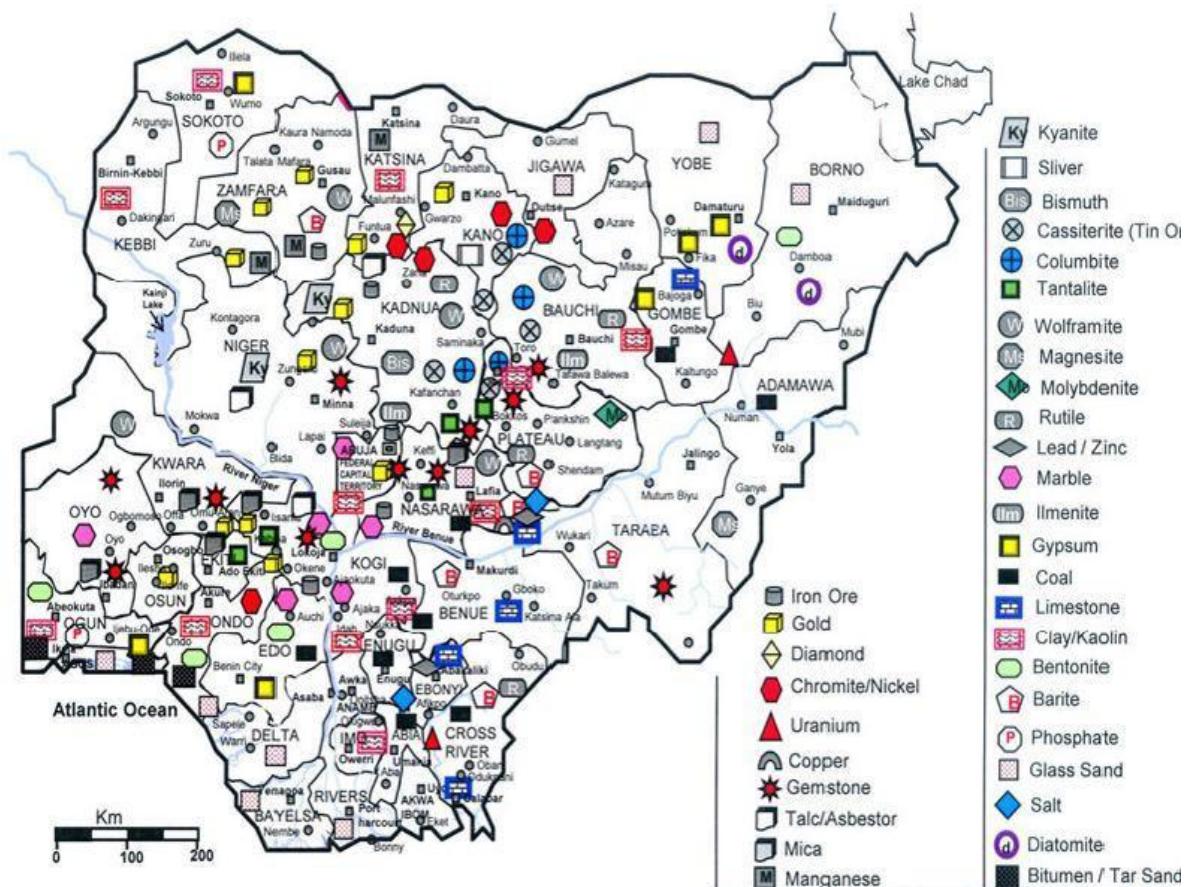


Figure 1: Mineral Resources Map of Nigeria. Source: Report of the Vision 2020 National Technical Group on Minerals and Metals Development.

Institutionalized mining activity in Nigeria dates to the early 20th century, following the establishment of the Mineral Survey of the Northern and Southern Protectorates by the British colonial administration. During this period and up until the 1960s, the mining sector was relatively well structured and played a significant role in generating foreign exchange for the country. By the 1940s, Nigeria had emerged as a major global producer of tin and columbite, alongside substantial coal production, particularly in areas such as Jos and Enugu.

The discovery of crude oil in 1956 marked a turning point for the sector. As government attention and investment shifted toward petroleum, solid mineral development declined sharply. This trend was further compounded by the Nigerian Civil War (1967–1970), which led to the exit of foreign investors and expatriate technical experts, leaving the mining industry largely disorganized. The post-war period ushered in decades of underinvestment, weak institutional capacity, and poor management of mining operations.

Prior to the dominance of the petroleum industry, solid minerals constituted a key pillar of Nigeria's economy. However, the country's increasing dependence on oil revenues from the 1960s resulted in a classic case of mono-product dependency, often described as the Dutch Disease, which marginalized the mining sector for nearly four decades.

In the contemporary period, Nigeria's mining sector is largely characterized by the prevalence of Artisanal and Small-Scale Mining (ASM). These activities are predominantly informal, relying on rudimentary techniques with limited technical expertise, inadequate social protections, and minimal environmental safeguards. Available evidence from NEITI Solid Minerals Reports and data from the National Bureau of Statistics indicates that quarrying activities particularly those linked to construction and cement manufacturing currently dominate the sector. Nonetheless, recent government efforts to diversify the economy have renewed domestic and foreign interest in mineral exploration and development, signalling cautious prospects for sector revitalization.

According to NIETI report of 2023, The solid minerals sector contributes 0.53% to the country's Gross Domestic Product (GDP). Table 1 shows location and production data of selected minerals from NEITI report 2023.



Table 1. Minerals, location, Production data and Licence for selected minerals in 2023

Mineral	State	Total Production	Total Export Quantity	Assumed Local Consumption	Export Destinations	License Type
Gold	Osun, Zamfara, Kebbi, Niger, Kaduna, Ekiti	2.57 tonnes	~1.64 tonnes	~0.93 tonnes	Switzerland, China, UAE (Dubai)	EL / ML / SSML
Limestone	Ogun, Kogi, Benue, Cross River, Edo, Gombe, Sokoto, Rivers, Oyo	48.86 million MT	20,000 MT	~48.84 million MT	Niger Republic	ML
Lead / Zinc	Ebonyi, Nasarawa, Plateau, Benue, Cross River, Taraba, Akwa Ibom, Abia	~1.04 million MT	~42,420 MT	~997,580 MT	China, Belgium, Switzerland	EL / ML / SSML
Iron Ore	Kogi, Niger, Kaduna, Plateau, Enugu	10,000 MT	3,500 MT	6,500 MT	China	EL / ML
Lithium	Nasarawa, Kogi, Kwara, Ekiti, Oyo, Kaduna, Cross River	744,502.84 MT	~44,000+ MT	~700,000 MT	China, Malaysia, Niger Republic	EL / ML / SSML
Coal	Kogi, Enugu, Benue, Gombe, Nasarawa, Imo, Delta	243,344 MT	~145,260 MT	~98,084 MT	China, Niger Republic, Togo, Netherlands	ML
Tin / Tin Ore	Plateau, Nasarawa, Bauchi, Kaduna, Kogi	~127,000 MT	~3,947 MT	~123,053 MT	China, Malaysia	EL / ML / RP
Copper	Nasarawa, Plateau, Ebonyi, Kogi	80 MT	25 MT	55 MT	China	EL / ML
Monazite	Plateau, Nasarawa, Cross River, Bauchi, Kogi	2,619.5 MT	1,720 MT	899.5 MT	China	EL / ML / SSML
Zirconium (Zircon Sand)	Cross River, Akwa Ibom, Ondo, Ogun, Delta	4,787 MT	~5,787 MT	~1,000 MT (Export exceed production)	China	ML / SSML
Manganese	Nasarawa, Kaduna, Cross River, Kebbi, Kogi	18,818 MT	36,000 MT	~17,182 MT (Export exceed production)	China	EL / ML
Sapphire	Kaduna, Bauchi, Plateau, Nasarawa	15,022.7 carats	Not specified	Not specified	Not stated	EL / ML / SSML
Aquamarine	Bauchi, Kaduna, Nasarawa, Oyo, Plateau	150 MT	426 MT	~276 MT (Export exceed production)	Germany	EL / ML / SSML

~ approximately

2.2 Sector Structure and Key Actors: Nigeria's mining ecosystem consists of

- i. Artisanal and Small-Scale Miners (ASM), who account for more than 70% of production of minerals.
- ii. Small-Scale Mining Lease (SSML) holders
- iii. Large mining companies
- iv. Buying centres and exporters
- v. Dealers in Precious Metals and Stones (DPMS) operators

2.3 Mineral Value Chain

The chain spans exploration, licensing, production, aggregation, processing, domestic trade, export, and financial flows. Each stage presents unique IFF vulnerabilities.

2.4 Conceptualising IFFs in Mining

IFFs emerge through smuggling, misreporting, misinvoicing, bribery and corruption/extortion, and informal trade networks.

2.5 Priority Minerals

Cassiterite, lithium, gold, tantalite/columbite, gemstones which are characterised by high global demand, price volatility, foreign buyer dominance, and smuggling risks.

2.6 Legal and Regulatory Framework

Key frameworks include:

- i. Nigerian Minerals and Mining Act (2007)
- ii. Mining Regulations (2011)
- iii. NEITI Act (2007)
- iv. CAMA 2020 (with BO provisions)
- v. AML/CFT Act 2022
- vi. Customs, CBN, and NEPC export regulations

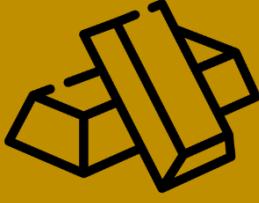
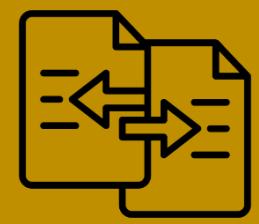
2.7 Institutional Actors

Ministry of Solid Minerals Development, MCO, NEITI, NFIU, Customs, The Nigeria Security and Civil Defence Corps (NSCDC)/Mines Marshall, NRS, CBN, EFCC and Police, State governments.

2.8 Sector Reforms

The following key reforms are underway in the ministry including Cadastre digitalisation, ASM formalisation, Review of the mining act, national gold purchase programme, BO reforms, data digitisation, However, significant gaps remain in financial monitoring, enforcement capacity, data transparency, and traceability.

	<p>Cadastre digitisation (Online Mining Cadastre System)</p> <p>The digital Mining Cadaster Transactional Portal (MCT+) was launched in August 2021 and is operational for licensing processes. It publishes licence locations, status and owners reduce opportunities for “license hoarding,” ghost companies, and unofficial transfers of mining rights all known enablers of IFFs. However, digitisation alone is insufficient when records are incomplete, not interoperable with other registries, or not publicly accessible.</p>
	<p>ASM formalisation</p> <p>Although artisanal and small-scale mining (ASM) was legally recognised under Nigeria’s 2007 Mining Act, the sector remained largely informal and highly vulnerable to illicit financial flows for over a decade. Effective ASM formalisation began in 2018, when reforms reframed the sector as a high-risk area for money laundering and trade-based illicit flows, introducing licensing, cooperative structures, and traceability measures aligned with FATF’s risk-based AML/CFT standards. Since then, ASM formalisation has increasingly functioned as a preventive control against mineral-related IFFs in Nigeria.</p>
	<p>Review of the Mining Act and licensing reforms</p> <p>Nigeria is actively reviewing and reforming its mining legal and regulatory framework. While the Nigerian Minerals and Mining Act (2007) remains in force, multiple bills to amend or revise the Mining Act are currently in the 10th National Assembly (2023–2027). A key example is the Nigerian Minerals and Mining Act (Amendment) Bill (2024/2023), concurrent regulatory reforms such as revised licence fees, digital cadastre administration, and revocation of dormant titles (in September 2025, the Federal Government revoked over 1,263 mineral licences (exploration licences, mining leases, small-scale mining leases, quarry licences) for failure to pay annual service fees or demonstrate activity. This is part of a broader effort to sanitise the title register, reduce speculative holding of licences, and enhance sector efficiency) have been implemented to strengthen governance, attract serious investors, and enhance formalisation. However, comprehensive statutory reform (that is, enactment of a significantly updated mining law) has not yet been finalised as of late 2025.</p>

	<p>National Gold Purchase Programme (structured buying and reserve-backing)</p> <p>The programme was launched and is being implemented (notably from 2022) as a structured government buying scheme to channel artisanally mined gold into official reserves and formal markets. Structured government buying schemes (national purchase programmes / licensed aggregators) can redirect cash sales into formal channels, enabling oversight, levies, and reserve accumulation reducing incentives for illicit cross-border sales. However, such programmes can create perverse incentives unless pricing, verification and traceability are managed transparently and buying centres are insulated from corruption.</p>
	<p>Beneficial ownership (BO) reforms</p> <p>The Foundational Companies and Allied Matters Act (CAMA) 2020 mandates BO disclosure. Nigeria has also committed to establishing a public BO register for the extractive sector. The Companies and Allied Matters Act (CAMA) 2020 provides the legal foundation for Nigeria's BO transparency reforms by mandating disclosure of persons with significant control over companies. Subsequent implementation measures, including the establishment of a central BO register at the Corporate Affairs Commission and its use by competent authorities such as the Nigeria Financial Intelligence Unit, have transformed BO disclosure into a practical AML/CFT tool. These reforms are particularly significant for high-risk sectors such as mining, where opaque ownership structures have historically enabled illicit financial flows, trade-based money laundering, and regulatory evasion.</p>
	<p>Data digitisation and inter-agency interoperability</p> <p>High-quality, timely data that's interoperable across cadastre, tax, customs, corporate registries and NEITI prevents fragmentation a core enabler of IFFs. Centralised, searchable datasets (with appropriate privacy safeguards) allow auditors and enforcement agencies to detect suspicious trade flows, profit shifting, and unexplained wealth.</p>

CHAPTER 3: TYPOLOGIES OF ILLICIT FINANCIAL FLOWS (IFFs) IN THE MINING SECTOR



3.1 Overview of Typologies

Illicit Financial Flows (IFFs) in the mining sector manifest through structured patterns of behaviour, institutional weaknesses, and market distortions. Typologies are widely used by institutions such as the Financial Action Task Force (FATF), Inter-Governmental Action Group against Money Laundering in West Africa (GIABA), United Nations Office on Drugs and Crime (UNODC), and Global Financial Integrity (GFI) to document the diverse ways in which criminal networks, corrupt actors, or complicit organisations conduct unlawful transactions. Typologies provide a systematic understanding of how IFFs occur across the mineral value chain, the actors involved, and the enabling conditions. The following are typologies as identified by the NFIU, with some of the examples and backing data from the research findings.

3.2 Commercial IFF Typologies

3.2.1 *Trade Misinvoicing*

The deliberate underpricing and underreporting of mineral exports, especially for lithium, cassiterite, and gold. Exporters collude with foreign buyers to declare artificially reduced values and Weak Customs valuation systems allow manipulation of grade, weight, and price. Key actors include exporting companies, foreign buyers, licensed aggregators, and at times complicit customs officials. It is used primarily to evade taxes and royalties, shift profits overseas, facilitate capital flight, and launder the proceeds of illegally mined minerals, all enabled by weak customs valuation and regulatory oversight.

Production totals reported by companies differ significantly from mineral-level aggregates (Figure 2, 3, 4, and Annex Tables E2–E4, E8, E11), and export values for minerals such as lithium, tin, and lead/zinc (Figure 2, 3, 4 and Annex Tables E5, E6, E9, E12) frequently exceed domestic production. These mismatches indicate systematic underpricing, inflated export values, or false declarations used to transfer value illicitly.

Exporters deliberately under-invoice solid mineral exports (e.g., gold and gemstones) to conceal true values. The shifted profits abroad, deprive Nigeria of foreign exchange and tax revenue.

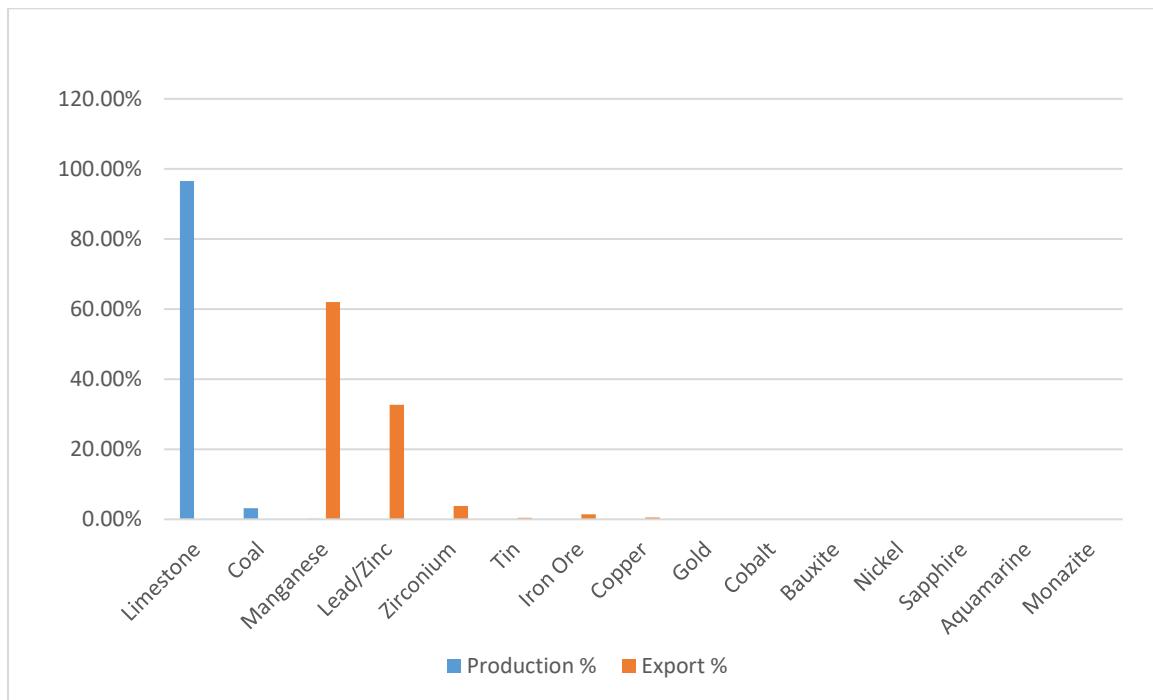


Figure 2: Showing Production and Export By Company 2021(table E2,E5)

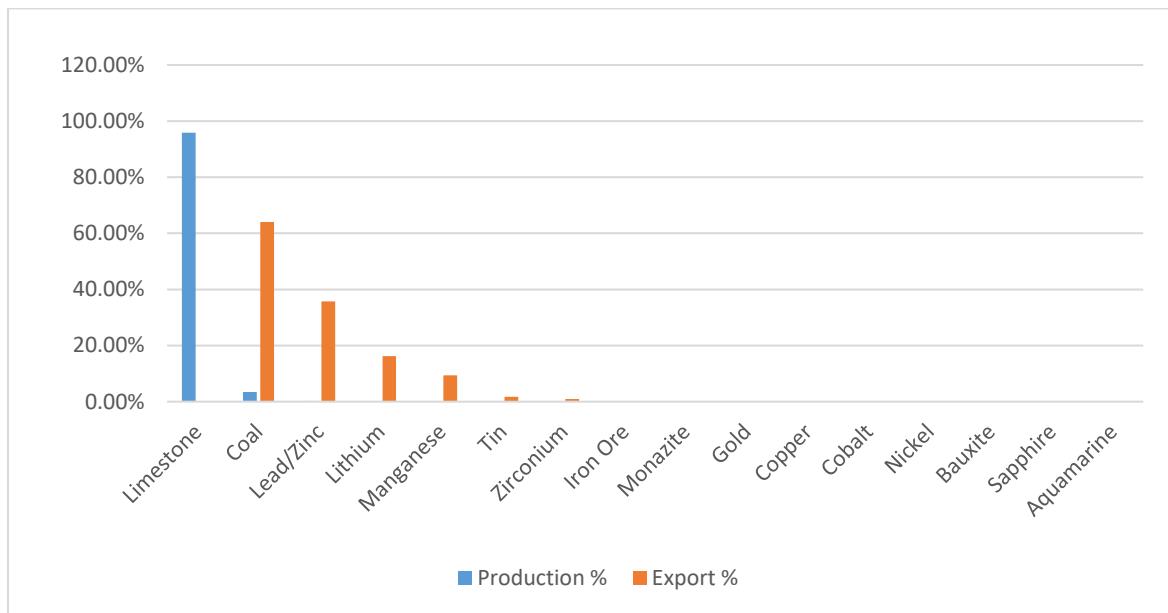


Figure 3: Showing Production and Export By Company 2022 (table E8,E9)

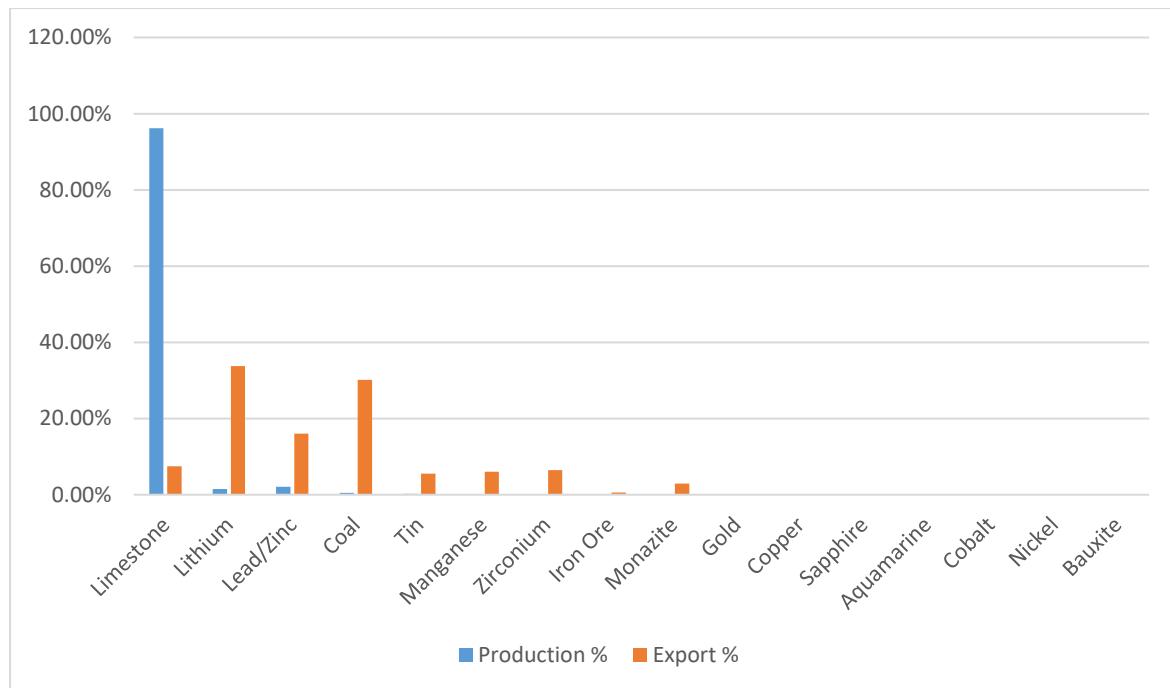


Figure 4: Showing Production and Export By Company 2023 (table E11, E12)

Case Scenario – The 2019 Dubai Gold Seizure

In 2019, United Arab Emirate authorities intercepted Nigerian gold worth over \$1.1 million being smuggled through Dubai International Airport. The gold had left Nigeria grossly under-declared in value and quantity. Investigations by NFIU revealed a network of local miners, exporters, and foreign buyers working together to spirit resources out of Nigeria without proper declaration, fuelling capital flight and money laundering.

3.2.2 Transfer Mispricing

Transfer mispricing involves the manipulation of prices in transactions between related entities typically within the same multinational corporate group to shift profits to low-tax jurisdictions. Related-party transactions create opportunities for profit shifting when companies trade minerals or services with affiliated entities at prices that do not reflect market value. Through offshore pricing structures, mining companies may sell minerals to related foreign entities at artificially low prices or inflate costs charged by parent or affiliate companies. The use of shell companies further obscures ownership and transaction flows, making it difficult for authorities to determine the true value of production. These practices result in the systematic undervaluation of taxable income and lead to significant revenue losses for the government.

Annex Tables E9 and E12 show repeated exports routed to related foreign buyers, particularly in the gold, lead/zinc, and lithium value chains. When export prices are consistently below market benchmarks while volumes increase, this suggests intra-group manipulation that reduces value to Nigeria, and also reduced royalty and tax liabilities.

3.2.3 Production Under-Declaration

This involves the deliberate underreporting of the volume or quality of minerals actually produced and sold by mining operators. Companies and Artisanal and Small-scale Mining (ASM) operators often underreport production to reduce royalty obligations by presenting lower production figures to government authorities than what is physically extracted and exported. This creates clear mismatches between company-reported data and official export or aggregate records, resulting in significant losses in royalty payments and other production-based revenues for the state.

NEITI audits reveal, mismatches between production reported by operators and export data recorded by Customs, gaps in mineral royalty remittance and missing or incomplete records at state and federal levels. Annex Table E4 shows large misalignments between company-level production and aggregated mineral-type totals, for example, tin, gold, and coal indicating that operators may understate grade or tonnage to avoid royalties while exporting higher actual volumes.

3.2.4 Misclassification (HS code manipulation)

Primarily driven by exporters and shipping agents deliberately misclassifying minerals such as declaring high-value zircon sand as lower-value industrial sand under incorrect Harmonized System (HS) codes. Customs authorities often lack the specialized technical expertise or reference data to detect this manipulation.

Critical discrepancies exist between company-level and aggregate reporting (Annex Table E4), suggesting companies may be deliberately misdescribing minerals labeling, example is inconsistent categorization of "Zirconium" (company term) versus "Zircon Sand" (Annex Table E3) creating a major quantity and royalty mismatch. Such manipulation allows exporters to benefit from lower tariff lines or conceal higher-value minerals.

3.2.5 Use of informal buying agents

Informal aggregators, middlemen, and newly registered trading companies acting as intermediaries to purchase and export minerals particularly gold, lithium, and tin from unlicensed or under-declared artisanal and small-scale mining (ASM) operations. These entities, which appear as exporters on official records, often have no corresponding mining licenses or reported production, indicating they are channeling minerals from undocumented sources. The practice is used to launder illegally mined or smuggled minerals into the formal export chain, circumvent royalty and tax obligations, and exploit regulatory gaps that fail to link exporters to legitimate production sources.

Export tables (Annex Table E9, E12) include many small or recently registered entities exporting high volumes of gold, lithium, and tin despite no corresponding production (Annex Table E2, E8, E11). This shows that informal aggregators, middlemen, and unregulated agents are consolidating minerals from unrecorded sources.

3.2.6 Low Repatriation of Export Proceeds

Despite the low export values reported by the Nigeria Customs Service and the Ministry of Solid Minerals Development, there is little to no evidence that export proceeds from solid minerals are repatriated into Nigeria in line with Nigerian Export Promotion Council and Central Bank of Nigeria guidelines. Notably, CBN data as at 2024 does not separately report repatriated export proceeds for solid minerals, and informal confirmation from CBN sources indicates that repatriation from the sector is negligible or insignificant.

This gap is not a data anomaly; it is a systemic indicator of illicit financial leakage within the mineral export value chain. The negligible repatriation of solid mineral export proceeds, despite reported exports by Customs and sector regulators, reveals a systemic illicit financial flow risk within Nigeria's mining value chain. Export earnings are frequently retained offshore through under-invoicing, intermediary trading structures, and opaque settlement mechanisms, allowing private actors to capture the full economic value of minerals outside Nigeria's financial system. As a result, beyond limited royalties and taxes, Nigeria derives minimal macroeconomic benefit even from formal commercial mining activities, highlighting a critical governance and AML/CFT failure that undermines revenue mobilisation, foreign exchange inflows, and national development outcomes.

3.3 Corruption IFF Typologies

3.3.1 Bribery and Extortion in Licensing and Inspections

Bribes and kickbacks are paid through law firms, consultancy agreements, and offshore accounts to secure mining rights and concessions.

These compromises weaken regulatory controls, thereby making the system vulnerable to criminal manipulations such as under-reporting extractions or non-payment of requisite revenues. In addition, it blurs the line between legitimate legal transactions and laundering of proceeds of corruption. Payments are also made to bypass licensing requirements, influence approvals, or avoid sanctions, refer to Economic and Financial Crimes Commission (EFCC) Table 2. Similarly, discretionary award of licenses, permits and concessions to companies owned or controlled by politically exposed persons (PEPs), or to entities in which they hold significant interests. The terms of such concessions are varied to give excessive advantage to the benefiting entities resulting in significant loss of revenue to government. Corporate records are falsified to conceal the identities of the real (beneficial) owners.

Table 2: Recent EFCC Cases on Mining Related Arrests, Seizures and Convictions (2023–2025)

Year / Date	Location / State	Offence / Description	Outcome or Status (Arrest / Conviction / Seizure)	Notes / Key Details
2025-May	Jos, Plateau State	Illegal mining / dealing in solid minerals without license	Conviction: 4 Chinese nationals jailed 20 years each, criminal proceeds and mineral assets forfeited, deportation ordered Economic and Financial Crime Commission	Shows serious judicial penalty and asset forfeiture; rare successful prosecution
2025-Mar (March 9/10)	Jos/Jiasheng site, Plateau	Illegal mining operations, possession of unprocessed minerals	Arrest: 31 individuals (4 Chinese, 27 Nigerians) detained The Guardian Nigeria+1	Indicates ongoing mining-site crackdowns.
2025-Mar (sentencing 7 March 2025)	Kwara State (Federal High Court, Ilorin)	Illegal mining by foreigners; unlicensed mining by a company	Conviction: 2 Chinese nationals and company convicted. 2 years prison or fine and royalty/forfeiture order OsazuwaAkonedo+1	Demonstrates that courts outside core mining states also handle these cases.
2025-May (May 9, 2025)	Ogun State (Ogere area)	Illegal mining / mineral transport, suspected lithium, solid minerals	Arrest: 8 suspects (2 Chinese, 6 Nigerians) seized 3 trucks of suspected minerals; prosecution ongoing Vanguard News+1	Suggests spread of illegal mining beyond traditional zones (tin, gold) to other states and mineral types.
2024-May (May 24, 2024)	Ilorin / Oyo area (Kwara / Oyo corridor)	Illegal mining and mineral transport (lithium, lepidolite, other stones) without permit or royalty payment	Arrest: 7 suspects and two alleged bribe-offerors; multiple mineral-laden trucks seized Economic and Financial Crime Commission	Illustrates link between bribery attempt and illicit mineral transport.
2024-Feb (Feb 6–7, 2024)	Kwara / Oyo (trucks intercepted along border areas)	Illegal transport/possession of assorted minerals (white stones, marble, lithium, lepidolite) without license	Arrest and Seizure: 41 suspects detained, 12 trucks impounded Vanguard News+2TheCable+2	Underlines scale of mineral-transport smuggling; multiple trucks, many suspects
2023-Sept (over 10 months prior)	Kwara State (Ilorin zone)	Illegal mining operations across multiple LGA mining sites	Arrests: Over 80 suspected illegal miners detained over 10-month period Vanguard News+1	Suggests sustained EFCC enforcement operations in Kwara mining belt.
2023-July (July 12, 2023)	Kwara State (Ifelodun LGA / GR A Ilorin)	Illegal mining and non-payment of royalties by Chinese-owned company	Arrest: 13 Chinese nationals suspected; minerals/truckloads seized; prosecution intended Vanguard News	Reflects foreign-led operations; potential for export or smuggling under foreign control

3.3.2 *Informal Levies and Extortion*

Multiple reports indicate the widespread collection of illegal fees at checkpoints and during the transportation of minerals, particularly along major haulage routes from mining sites to processing centers, buying points, or export corridors, refer to Table 2. These informal payments are often demanded by various actors under the guise of security checks, documentation verification, or transit permits. Such practices increase the cost of compliance for legitimate operators while incentivizing informal and illegal mining activities that operate outside regulatory oversight.

The prevalence of illegal checkpoint fees undermines formal traceability systems by encouraging off-record mineral movements and cash-based transactions, which are difficult to monitor. This environment facilitates under-reporting of production volumes, diversion of minerals to illicit markets, and concealment of revenues, thereby contributing directly to illicit financial flows. Additionally, the normalization of informal payments weakens trust in state institutions and erodes the effectiveness of law enforcement across the mineral value chain.

3.4 Criminal IFF Typologies

3.4.1 *Smuggling of High-Value Minerals*

Lithium, gold, and gemstones are mainly smuggled across porous borders. Data available from the Economic and Financial Crimes Commission (EFCC) indicate the use of bribery to enable smuggling. Most of these illicit operations rely on the use of cash to facilitate payment. Informal mining sites operate largely in cash economies, creating opportunities for bulk cash smuggling and having linkages with bureau de change(BDCs).

Smuggled minerals (especially gold) are exchanged across porous borders into neighbouring countries with minimal regulatory controls. This results in absolute loss in value to Nigeria.

Furthermore, the exchange of minerals for untraceable cash payments outside formal financial systems remains a major enabler of illicit financial flows in Nigeria's mining sector, especially in artisanal and small scale mining, where minerals are often exchanged for cash without documentation which increases money laundering vulnerability, and reduces FX repatriation compliance.. In many cases, minerals particularly gold and other high-value, low-bulk commodities are sold directly at mine sites or along transport routes for cash, bypassing licensed buying centres, financial institutions, and tax reporting mechanisms. These transactions are rarely documented, making it difficult for authorities to verify production volumes, determine fair market value, or assess applicable royalties and taxes.

Cash-based mineral transactions facilitate anonymity and allow proceeds to be easily concealed, transferred, or moved across borders without detection. The absence of banking records weakens anti-money laundering controls and enables the laundering of proceeds from illegal mining, smuggling, and under-invoicing. Over time, this practice entrenches informality within the sector, erodes government revenue, and undermines ongoing efforts to formalize artisanal and small-scale mining and improve traceability across mineral value chains.

EFCC reported May 2024 arrest along the Kwara–Oyo corridor on illegal mining and mineral transport also included suspects attempting to bribe EFCC officers to release impounded mineral-laden trucks of lithium, lepidolite other stones without permit or royalty payment. This case illustrates link between bribery attempt and smuggling networks, weaken enforcement actions, and sustain revenue leakages. Such bribery attempts also reveal a link between illegal mining and broader corruption networks involving transporters, middlemen, and local facilitators.

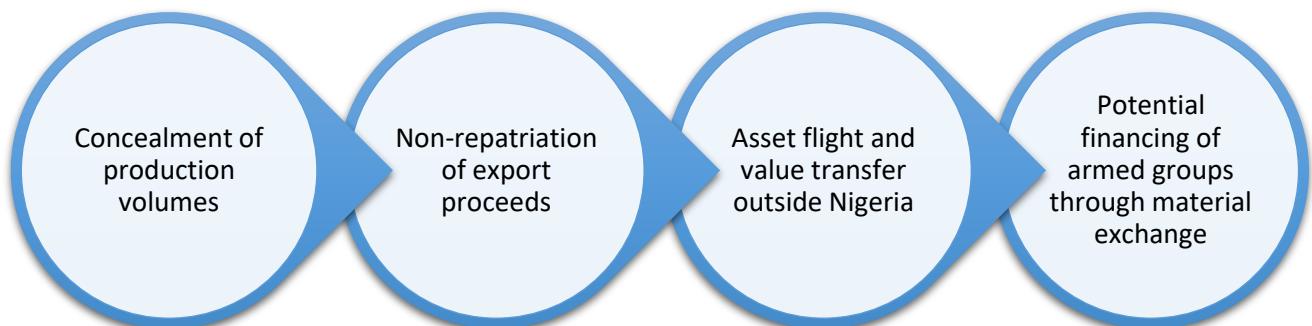
3.4.2 Mineral-for-cash or mineral-for-weapons exchanges: This typology describes illicit financial flows arising from foreign-led illegal mining operations that exchange high-value minerals for cash or material support, including weapons and logistics, outside formal financial and regulatory systems.

EFCC records indicate persistent involvement of foreign nationals particularly Chinese operators in unlicensed mining activities, with a pattern of operational control rather than incidental participation. Between 2023 and 2025, multiple arrests and convictions involved Chinese nationals running or supervising illegal extraction sites, supplying capital, heavy equipment, processing technology, and export logistics.

A defining case within this typology is the May 2025 conviction of four Chinese nationals in Plateau State, each sentenced to 20 years' imprisonment with asset forfeiture orders. This case represents one of the rare instances where severe judicial sanctions were applied to foreign actors in illegal mining-related IFFs, underscoring both the scale of the offence and the exceptionality of enforcement outcomes.

Additional arrests in Kwara and Plateau States (2023–2025) reveal a consistent operational model in which foreign-led networks control excavation machinery, site security, mineral aggregation, and off-take arrangements. These operations bypass licensed exporters and formal banking channels, enabling minerals to be exchanged directly for cash, equipment, or weapons, or smuggled into export-oriented supply chains.

The typology suggests organized, coordinated networks linking illegal extraction sites to cross-border trade and export systems, facilitating:



This mineral-for-cash or mineral-for-weapons model represents a high-risk IFF pathway, combining foreign actor involvement, regulatory evasion, security risks, and cross-border value transfer, with significant implications for AML/CFT enforcement, mineral traceability, and national security.

3.4.3 *Cross-border criminal networks:*

The EFCC cases also reveal organised criminal activity, particularly in mineral transport corridors such as Kwara–Oyo, which link mining belts to border exit points. Cases in 2024 and early 2025 involved large convoys of trucks carrying lithium, marble, lepidolite, and other minerals without documentation, supporting the existence of coordinated smuggling networks. The scale of these seizures, 12 trucks in one operation and multiple suspects numbering 30 to 40 in others indicates group-based operations rather than isolated informal miners. These patterns align with typologies of organised mineral smuggling that rely on logistics chains, brokers, and cross-border buyers.

Table 2 summarises recent EFCC cases (2023–2025) involving illegal mining, mineral smuggling, bribery attempts, and unlicensed foreign operators, providing concrete evidence of the typologies outlined in this chapter.”

3.4.4 *Illegal Mining Linked to Criminal Networks*

Armed groups and organised syndicates extort miners or operate illegal pits. In the North-West and North-Central regions, illegal mining has been linked to terrorist financing and other violent crimes. Intelligence report assert that a major terrorist organization in Nigeria that can be linked to ML/TF is the Boko Haram, formally known as *Jama'atu Ahlis Sunna Lidda'awati Wal-Jihad*, which operates as a violent extremist organization with an ideological orientation comparable to groups such as the Taliban and ISIS. The group adheres to a strict interpretation of Islamic law and seeks to overthrow the Nigerian state in order to establish a caliphate governed by its version of Sharia law.

Boko Haram’s primary area of operation has historically been Nigeria’s North-East, which also serves as its ideological and logistical base. While this region lacks commercially viable mineral resources, the group’s operational footprint and influence extend into parts of the North-West, where artisanal and small-scale gold mining activities are widespread and weakly regulated.

This typology involves the indirect exploitation and infiltration of artisanal mining zones by terrorist-affiliated actors to generate revenue. Intelligence and investigative assessments suggest that Boko Haram linked elements leverage mining communities through coercion, taxation, protection rackets, or direct participation in gold extraction and trading activities. Proceeds from these activities are typically generated in cash and remain outside the formal financial system, enabling the movement of value with minimal detection.

The extracted minerals are sold through informal supply chains and illicit traders, allowing value to be converted into cash, logistics, weapons, or other material support. These transactions often bypass licensed buyers, formal export channels, and financial institutions, thereby facilitating terrorist financing through trade-based and cash-based mechanisms.

In parallel, Boko Haram engages in mass kidnappings of women, girls, and boys for ransom, forced recruitment, and exploitation. Revenues derived from kidnapping and mining-related activities are mutually reinforcing, providing diversified funding streams that sustain

insurgent operations across Nigeria and the wider Lake Chad Basin, including Chad, Niger, and northern Cameroon.

This terrorist financing typology is characterized by use of artisanal and informal mining sites as revenue-generating hubs, reliance on cash-based transactions and informal value transfer systems, weak oversight of ASM supply chains and mineral traceability, and convergence of resource exploitation, criminality, and terrorism financing.

The exploitation of gold mining areas by Boko Haram linked actors represents a high-risk nexus between natural resources and terrorist financing, with significant implications for AML/CFT controls, mineral governance, and regional security.

Case Scenario – Zamfara Illegal Mining and Banditry:

Interview with NIFU reveal that security reports between 2018–2021 revealed that proceeds from illegal gold mining in Zamfara were being used to fund bandit groups and supply arms. This nexus between illicit mining and insecurity illustrates how IFFs from the extractive sector undermine both Nigeria's economy and national security.

3.5 Beneficial Ownership (BO) Opacity

Although beneficial ownership (BO) registries formally exist in Nigeria, BO verification remains weak and fragmented across key institutions, including the Ministry of Solid Minerals Development (MSMD), the Mining Cadastre Office (MCO), NEITI, and the Corporate Affairs Commission (CAC). These systems operate largely in silos, with limited interoperability and insufficient mechanisms to validate the accuracy, completeness, and timeliness of BO information submitted by mining license holders.

In practice, from intelligence source, mining licences are frequently held through Special Purpose Vehicles (SPVs), shell companies, or layered corporate entities with opaque ownership structures. While such vehicles are not inherently illegal, their widespread use in the mining sector particularly in high-value and high-risk mineral segments significantly complicates efforts to identify the natural persons who ultimately own or control extractive assets.

This opacity enables beneficial ownership concealment, allowing Politically Exposed Persons (PEPs), undisclosed foreign interests, and criminal actors to exercise de facto control over mining operations while remaining absent from official records. Investigative and regulatory reviews have shown that declared shareholders and directors often act as nominees, masking the involvement of politically connected individuals or foreign financiers who influence licensing decisions, operational approvals, and enforcement outcomes.

The implications of BO opacity are evident in the undue influence exerted by PEPs within the mining sector, which undermines regulatory integrity and weakens institutional oversight. Such influence can distort licence allocation processes, inhibit sanctions against non-compliant operators, and compromise enforcement actions by relevant authorities. This

environment increases vulnerability to corruption, regulatory capture, and selective enforcement.

Furthermore, opaque ownership structures facilitate the use of mining entities as vehicles for money laundering and other financial crimes. Mining companies particularly those operating in artisanal and small-scale mining (ASM) zones can be used to commingle illicit proceeds with legitimate mineral revenues, inflate operational costs, under-report production, or channel funds through trade-based money laundering schemes. Weak BO verification limits the ability of competent authorities to trace proceeds, establish control relationships, and apply effective AML/CFT measures.

Overall, beneficial ownership opacity in the mining sector constitutes a critical enabler of illicit financial flows, increasing risks related to corruption, tax evasion, terrorist financing, and the laundering of criminal proceeds. Strengthening BO verification, system interoperability, and cross-agency information sharing is therefore essential to improving transparency, accountability, and financial integrity in Nigeria's extractive sector.

3.6 Environmental Crimes and Green IFFs

Weak regulation, or illegal extraction results in deforestation, and pollution which are a cost to Nigeria. The non-conforming to environmental laws and regulation not only violate environmental laws but also generate illicit proceeds because criminals do not invest capital in environmental laws but also generate illicit proceeds because criminals do not invest capital in environmental protection as required. Consequently, the excess profit that they make from adopting cheaper non-conforming mining operations is fuelled in the criminal economy through under-pricing or smuggling. A continued profit from non-conformance with environmental laws by operators is an enabler of IFF.

CHAPTER 4: GOVERNANCE, MARKET, AND OPERATIONAL ENABLERS OF ILLICIT FINANCIAL FLOWS IN NIGERIA'S MINING SECTOR



4.1 Overview of Key Findings

Analysis of questionnaire responses from government institutions, mining companies, buying centres, Dealers in Precious Metals and Stones (DPMS), and artisanal mining networks reveals a mining ecosystem characterised by deep-seated governance, transparency, and enforcement weaknesses. These vulnerabilities collectively enable illicit financial flows (IFFs) through illegal extraction, under-reporting of production, trade mispricing, smuggling, diversion of mineral revenues, and laundering of proceeds.

The findings demonstrate that IFF enablers in Nigeria's mining sector are systemic rather than incidental, embedded across institutional arrangements, market structures, data systems, and security environments. Weak regulatory capacity, fragmented institutional coordination, opaque ownership structures, informal artisanal mining, foreign buyer dominance, and criminal infiltration of mining zones interact to create multiple high-risk pathways for value leakage. A summary of these findings is presented in Table 2, which highlights governance, market, data, ASM, and criminality-related enablers and their implications for IFF risks.

Table 3: Summary of findings on specific themes within the mining/extractive sector in Nigeria

S/N	Theme	Key findings	Implications for Governance and IFF's
1	Governance	<ul style="list-style-type: none"> Weak regulatory capacity Political interference Fragmented inter-agency coordination 	Limits effective oversight and enforcement, allowing selective compliance, regulatory capture, and exploitation of institutional gaps that facilitate illicit financial flows.
2	Market and Trade	<ul style="list-style-type: none"> Dominance of foreign buyers Widespread price manipulation Cash-based transactions 	Creates information asymmetry and pricing power imbalances, enabling under-valuation of minerals, capital flight, and concealment of true transaction values.
3	Data and Transparency	<ul style="list-style-type: none"> Irreconcilable datasets among agencies Incomplete production reporting Lack of beneficial ownership (BO) verification 	Weaken transparency and accountability, making it difficult to track production, revenues, and ownership structures, thereby increasing exposure to profit shifting and revenue losses.
4	ASM and Informal Economy	<ul style="list-style-type: none"> High informality Lack of documentation Traceability challenges 	Entrenches informal mineral flows outside regulatory systems, complicating monitoring, taxation, and enforcement across the value chain.
5	Corruption and Criminality	<ul style="list-style-type: none"> Illegal taxes and extortion Infiltration by armed groups Facilitated smuggling networks 	Fuels criminal economies, undermines state authority, and accelerates cross-border mineral smuggling and illicit financial flows.

4.2 Institutional and Regulatory Capacity Weaknesses

Responses from regulatory institutions consistently indicate severe manpower and capacity shortages, inadequate logistics, limited technical capacity, and over-reliance on manual systems. Key agencies including the Mines Inspectorate, the Mining Cadastre Office (MCO), and other agencies lack the resources required for sustained field monitoring, routine inspections, and real-time verification of production and compliance.

These capacity constraints undermine effective oversight and enable under-reporting of production, royalty evasion, and mineral smuggling. Limited field presence allows illegal operators to function with minimal risk of detection, while weak inspection regimes reduce deterrence. Regulatory fragmentation and overlapping mandates further weaken enforcement, creating institutional blind spots that illicit actors deliberately exploit.

Political interference was also identified as a major constraint, particularly at the state level. Bodies such as the Mineral Resources and Environmental Management Committee (MIREMCO) were cited by respondents as channels through which political influence undermines transparent licensing, inspections, and sanctioning. This interference weakens institutional integrity and emboldens non-compliant operators.

4.3 Fragmented Institutional Coordination and Licensing Controls

A critical enabler of IFFs is the absence of effective coordination and information-sharing among key institutions, including the Ministry of Solid Minerals Development (MSMD), MCO, NEITI, Nigeria Customs Service, Nigerian Financial Intelligence Unit (NFIU), the Central Bank of Nigeria (CBN), and relevant state agencies.

Each institution collects sector-relevant data for distinct mandates, yet the lack of interoperable systems and formal data-sharing protocols results in fragmented and inconsistent records on licences, production volumes, exports, revenues, and beneficial ownership. This fragmentation limits the ability of authorities to reconcile production data with export declarations, financial flows, and tax payments.

A clear illustration of this weakness is the duplication of export licensing functions, where both the Nigerian Export Promotion Council (NEPC) and the Mineral Inspectorate Department (MID) issue export-related approvals without effective coordination. Neither system is systematically linked to the CBN to ensure export proceeds repatriation. This creates opportunities for exporters to move minerals abroad without full financial accountability, thereby facilitating capital flight and trade-based IFFs.

4.4 Data, Transparency, and Beneficial Ownership Gaps

Data weaknesses represent one of the most significant structural enablers of IFFs in the mining sector. Production and export records are often incomplete, manually generated, and irreconcilable across agencies. Artisanal and small-scale mining (ASM) operations are particularly under-reported, leaving large volumes of production outside formal datasets.

These gaps create incentives for under-declaration, royalty evasion, misinvoicing, and export diversion. The inability of regulators to independently verify mineral volumes and values severely limits detection of false declarations and trade manipulation.

Beneficial ownership (BO) transparency remains weak despite the existence of BO registries. Mining licences are frequently held through Special Purpose Vehicles (SPVs), shell companies, or layered corporate structures that obscure the natural persons who ultimately own or control extractive assets. Verification of BO information across MSMD, MCO, and the Corporate Affairs Commission (CAC) is limited, fragmented, and largely reliant on self-declaration.

This opacity allows Politically Exposed Persons (PEPs), undisclosed foreign interests, and criminal actors to conceal control over mining operations, undermining accountability and facilitating corruption, money laundering, and regulatory capture.

4.5 Market Structure Risks: Foreign Buyer Dominance and Cash-Based Trade

Market dynamics in the mining sector further amplify IFF risks. Despite mining being a regulated activity, foreign buyers particularly Chinese actors exercise disproportionate influence over pricing, purchasing arrangements, and export pathways. Mining companies and buying centres reported that price negotiations are largely buyer-driven, with limited government oversight.

This dominance distorts market conditions and enables systematic under-valuation of minerals, manipulation of grades and weights, and informal payment arrangements. Such practices create classic entry points for trade-based money laundering and transfer mispricing.

Cash transactions remain prevalent, especially in ASM and early-stage mineral purchases. The mixture of cash and bank transfers obscures transaction trails, weakens financial reporting, and limits the ability of authorities and financial institutions to detect suspicious activity, contributing directly to revenue losses and data opacity.

4.6 ASM Informality and Value Chain Leakages

The ASM subsector contributes a substantial share of Nigeria's mineral output but operates largely outside formal regulatory systems. Many artisanal miners and cooperatives lack licences, receipts, digital records, traceability documentation, and environmental or safety compliance and other social vices.

Minerals extracted from illegal or informal pits are easily blended with legally sourced minerals, making provenance verification extremely difficult. This blending allows illegal minerals to be laundered into formal supply chains and export markets, creating a direct channel for IFFs.

ASM informality also complicates monitoring, taxation, and enforcement, entrenching parallel mineral economies beyond effective state control.

4.7 Corruption, Security Compromise, and Criminal Control of Mining Zones

Corruption and insecurity further intensify IFF risks in mining areas. Respondents cited widespread unofficial levies, bribery during inspections, extortion at checkpoints, and irregular taxation practices. These conditions incentivise operators to avoid formal channels and rely on corrupt intermediaries to bypass regulatory requirements.

In several mining zones, bandits and organised criminal groups impose access fees, control mining sites, enforce compulsory sales at below-market prices, or directly operate illegal mining activities. These groups effectively replace state authority with parallel systems of control. Furthermore, their presence presents both a security threat and an IFF risk, as proceeds from mineral sales can be diverted into criminal economies and financing networks.

A report by the Global Initiative Against Transnational Organized Crime (GI-TOC) documents that in parts of Zamfara and Kaduna, armed bandits-imposed levies (often described locally as “protection fees”) on miners and intermediaries to allow them access to mining sites and markets. Miners paid a share of their earnings, typically around 10% of earnings to armed groups to be allowed to work, rather than face violence or displacement. (Gi-TOC, ISSUE 2, NON-STATE ARMED GROUPS AND ILLICIT ECONOMIES IN WEST AFRICA, Armed bandits in Nigeria, July 2024).

Journalistic field reporting shows that bandit groups have moved from occasional extortion to controlling gold fields, taxing miners, seizing pits, and demanding payments before work can proceed. In Zamfara and neighbouring States, armed groups operate like parallel authorities on mining sites, demanding cuts from miners and traders before work or transport can continue. Former gang leader Halilu Sububu and other commanders have been reported to control mining sites in regions such as Bagega, Bawan Daji and Gubirawar Chali, using force to compel villagers to work and hand over portions of gold.

Independent report by CENOZ (How gold-for-arms trade is fuelling terror in Nigeria's Northwest published in October 2025) shows that in Maru (Zamfara State), some bandit leaders reportedly gave miners written passes with the bandit leader's name on them, which served as informal permits to work under their protection, a practice that resembles forced compliance mechanisms rather than voluntary regulation.

There are also allegations of compromised security personnel facilitating illicit activities. A widely reported case involved a police officer escorting a truck loaded with illegally mined minerals who shot and killed a military officer at a checkpoint in Futuk, Alkaleri Local Government Area of Bauchi State in August 2024. Such incidents underscore the convergence of corruption, insecurity, and mineral-related IFFs.

4.8 Enforcement Outcomes and Prosecution Gaps

Although enforcement actions have increased, particularly by the Economic and Financial Crimes Commission, prosecution outcomes remain limited. Numerous arrests and seizures between 2023 and 2025 contrast sharply with the small number of convictions and asset forfeiture orders.

The May 2025 conviction of four Chinese nationals in Jos, Plateau State each sentenced to 20 years' imprisonment with asset forfeiture remains an exception rather than the norm. Low conviction rates reduce deterrence and encourage continued engagement in IFF-related practices.

4.9 Value Chain Vulnerability Assessment

An assessment of the mining value chain spanning licensing, extraction, aggregation and transport, export, and downstream trading reveals multiple, interconnected points at which illicit financial flows are generated and laundered. Evidence from administrative datasets, enforcement records, and visual trend analysis (Annex Tables E1–E13; Figure 1-10) demonstrates that vulnerabilities are not isolated but systemic, recurring across minerals, locations, and years.

4.9.1 Licensing as Speculative Assets and Smuggling Fronts

Licensing data show a rapid increase in exploration, quarrying, and small-scale mining licences between 2021 and 2023, particularly for high-value minerals such as gold, lithium, tin, and lead/zinc (Figure 5-7 and Annex Tables E7, E10, and E13). However, this surge in licensing is not matched by a corresponding increase in reported production (Figure 2-4 and Tables E2, E8, and E11). The disconnect between mining licence issuance and actual output suggests that licences are frequently used as speculative assets, instruments for rent-seeking, or legal fronts to legitimise minerals extracted from illegal or unlicensed sites. In several cases, entities holding multiple licences report little or no production yet appear in export records, indicating that licences may function as cover for smuggling or laundering of minerals sourced outside the formal regulatory framework.

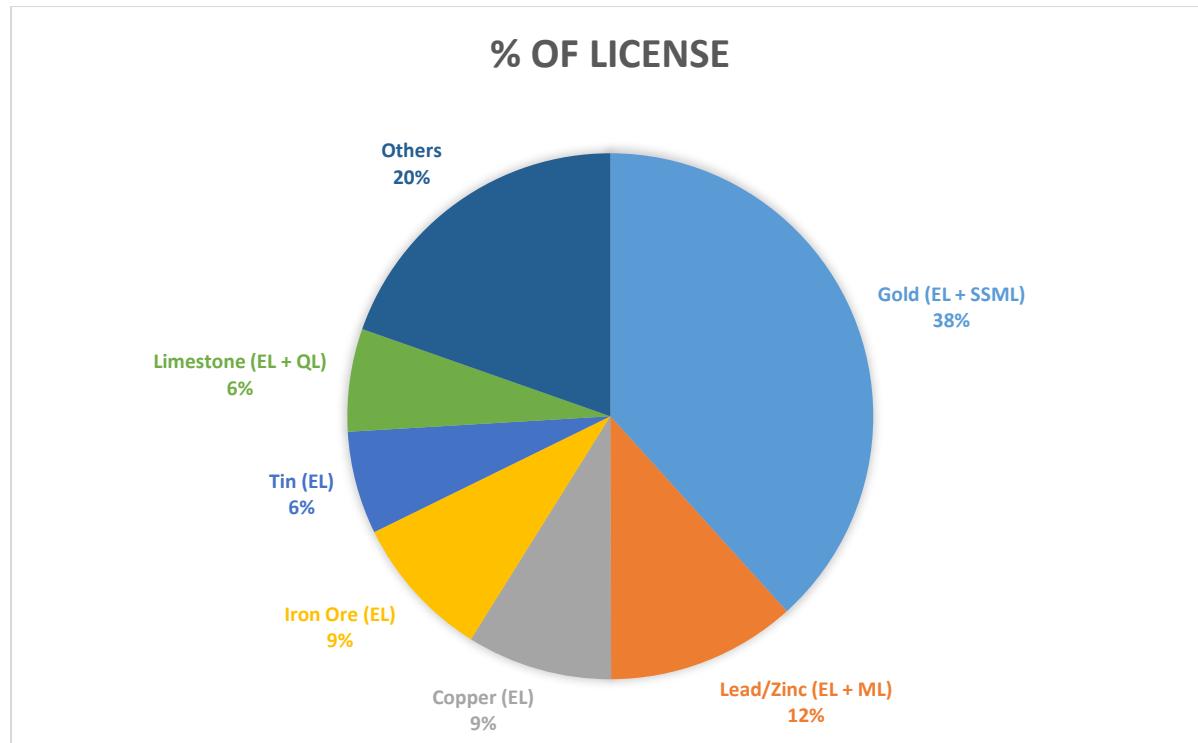


Figure 5: Showing Number of Licenses Issued in 2021 (table E7)

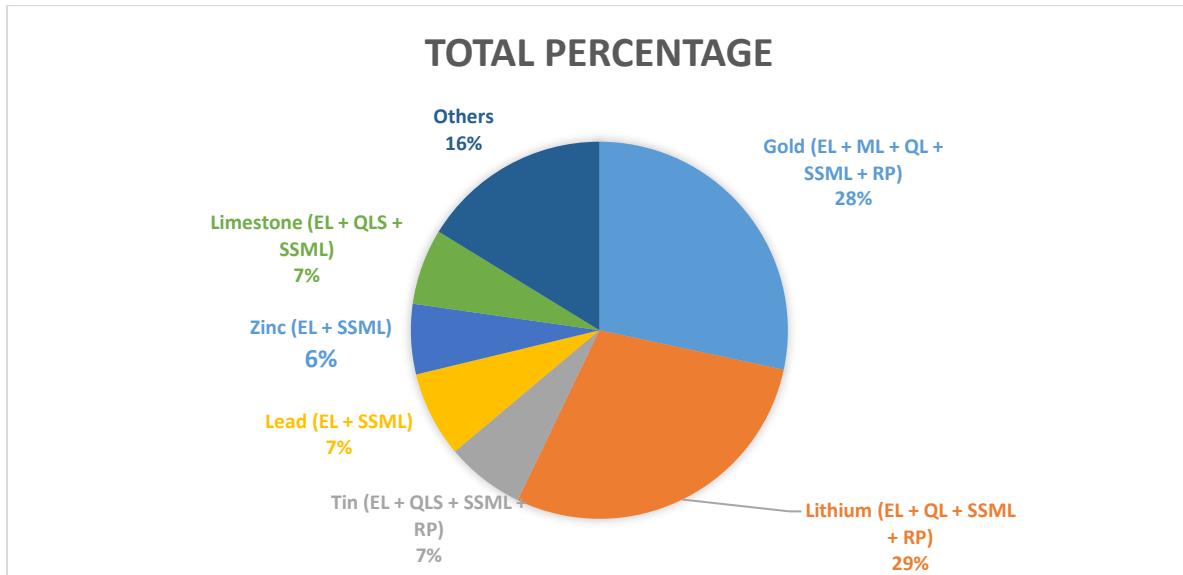


Figure 6: Showing Number of Licenses Issued in 2022 for selected Minerals (table E10)

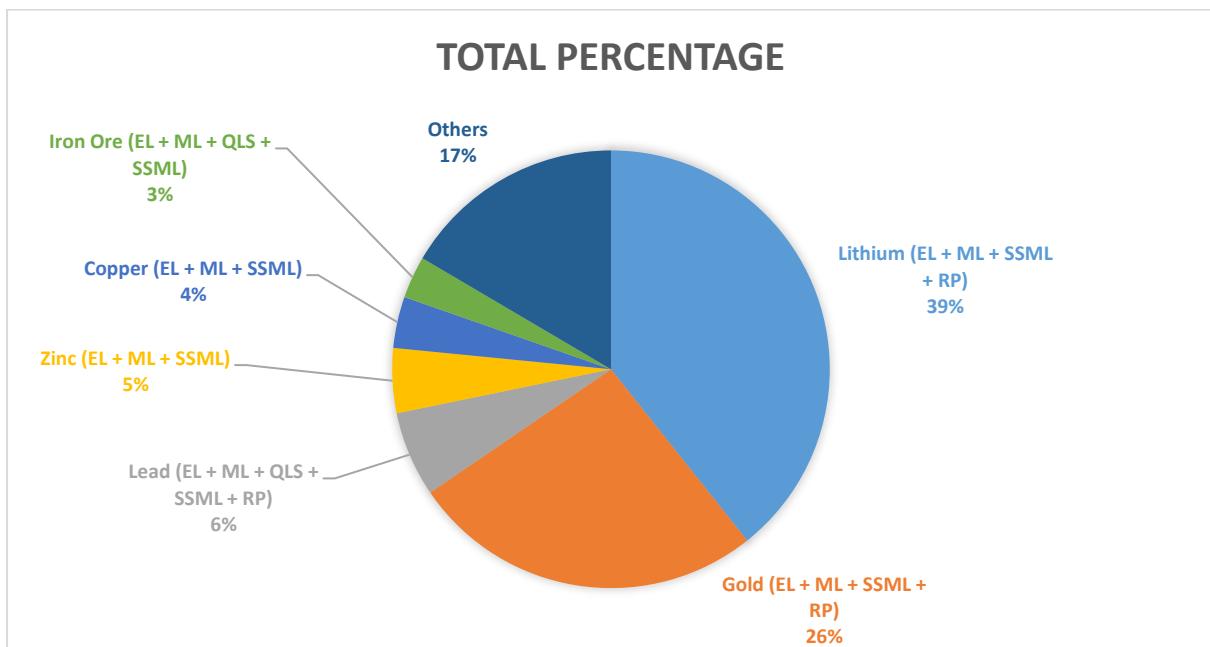


Figure 7: Showing Number of Licenses Issued in 2023 for Selected Minerals (table E 13)

4.9.2 Extraction and Production: Hidden Output and Under-Reporting

Production data reveal a high concentration of reported output among a small number of large cement and gold producers, while numerous licensed operators consistently declare minimal or zero production (Annex Tables E2, E8, and E11). At the same time, national export volumes for several minerals substantially exceed recorded domestic production (Figure 2-4 and Tables E6, E9, and E12).

These discrepancies point to widespread hidden extraction, off-the-books production, grade manipulation, and under-reporting of output. The scale and persistence of the production export gap indicate that significant volumes of minerals are extracted and commercialised without entering official reporting systems, thereby evading royalties, taxes, and regulatory oversight. The persistent excess of export volumes over recorded domestic production does not reflect statistical inconsistency but rather a structural failure of upstream controls. It indicates widespread informal and illegal extraction, under-reporting of production, and the laundering of unrecorded minerals into formal export channels, facilitated by weak production monitoring, fragmented institutional oversight, and cash-based artisanal supply chains.

4.9.3 Illegal Mining Sites and Informal Extraction

Enforcement records confirm that illegal mining remains pervasive across key mineral-producing states, including Plateau, Kwara, Oyo, and Ogun. Between 2023 and 2025, multiple EFCC operations resulted in large-scale arrests and seizures at unlicensed mining sites, including over 80 arrests across several LGAs in Kwara State in 2023 and the detention of 31 individuals at the Jiasheng site in Plateau State in March 2025 (Table 2).

These cases demonstrate that unregulated extraction operates at scale and in parallel with licensed mining, feeding minerals directly into informal aggregation networks. Minerals produced at such sites are rarely recorded, taxed, or monitored, forming a foundational source of IFFs within the value chain.

4.9.4 Aggregation and Transport: Disguised Routes and Smuggling Corridors

Evidence from enforcement actions highlights the use of informal transport routes and border-adjacent corridors to move minerals while evading detection. A notable example is the February 6th to 7th, 2024 EFCC interception along the Kwara–Oyo corridor, where 12 trucks carrying white stones, marble, lithium, and lepidolite were seized and 41 suspects arrested (Table 2).

By diverting mineral transport through backroads and non-designated routes, operators avoid checkpoints, reduce the likelihood of inspection, and bypass royalty and documentation requirements. These corridors facilitate both domestic diversion and cross-border smuggling, enabling large volumes of minerals to move undetected.

4.9.5 Export Stage: Under-Invoicing and Transfer Mispricing

Export data reveal systematic undervaluation of mineral exports. Declared Free on Board (FOB) values reported to Customs are frequently inconsistent with the royalty values implied by domestic production (Figure 8-10 and Annex Tables E5, E6, E9, and E12).

For example, in 2021, First Patriot Ltd reported gold and tin production associated with royalty payments of approximately ₦114.3 million (Annex Table E2), yet declared total export FOB values of only ₦44.83 million for the same minerals (Annex Table E5). Similar patterns are observed in subsequent years, including large-volume gold exports in 2022 where unit values appear significantly below market benchmarks.

These patterns constitute **trade-based money laundering and transfer mispricing**, enabling profit shifting offshore, erosion of the domestic tax base, and concealment of the true value of mineral exports.

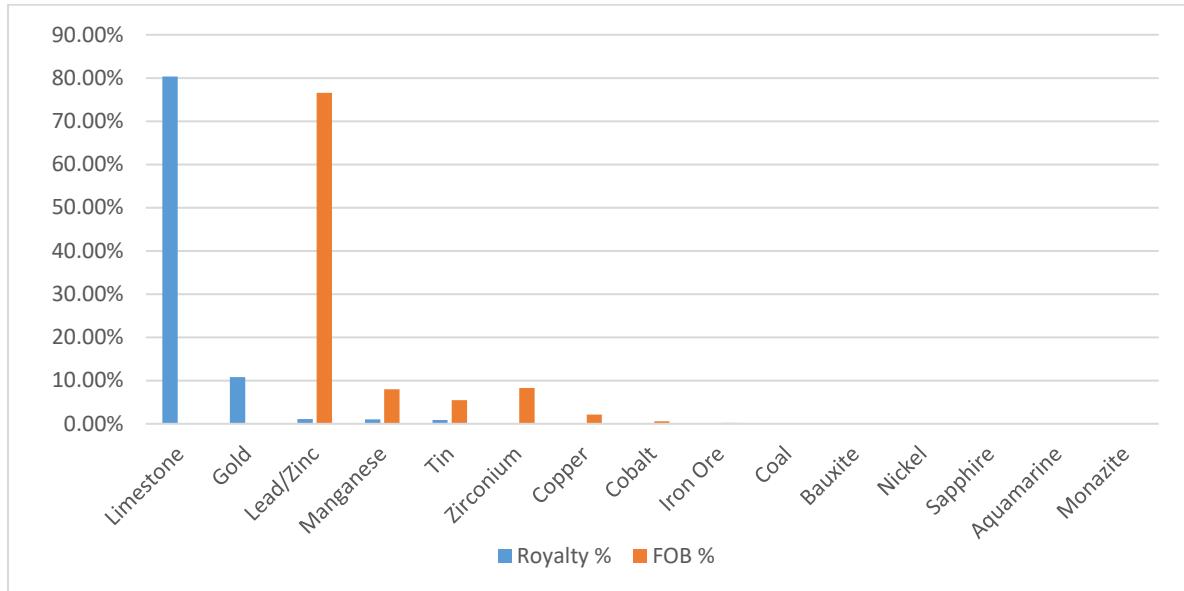


Figure 10: Showing Royalty against FOB value 2021 for selected minerals (table E2, E5)

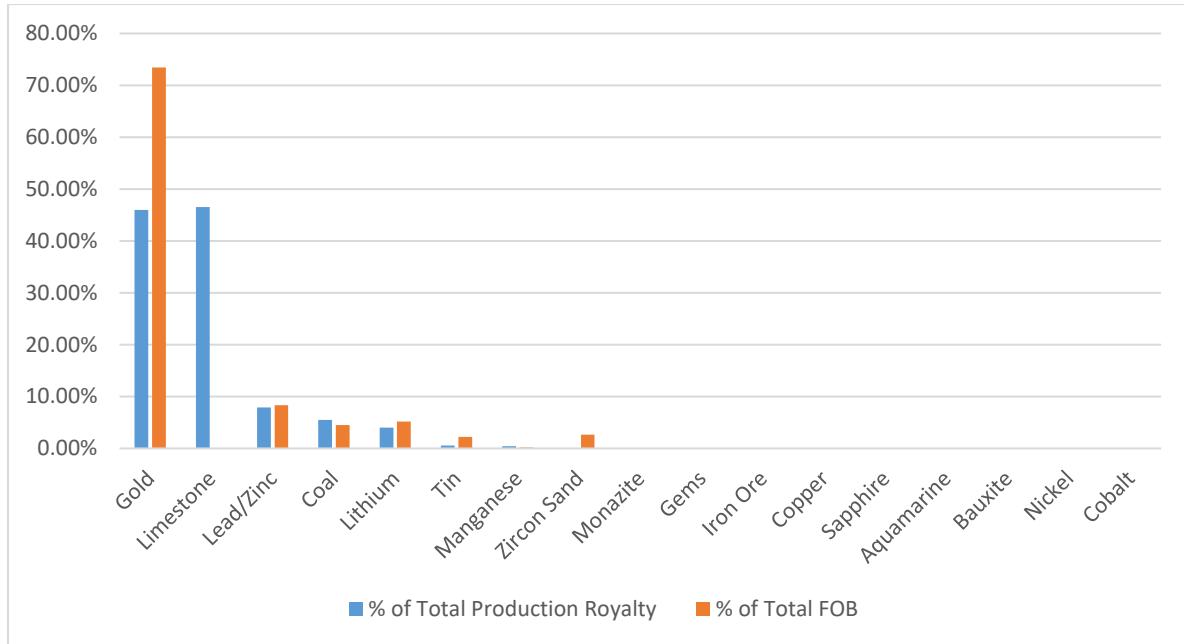


Figure 8: Showing Royalty against FOB value 2022 for selected minerals (table E8, E9)

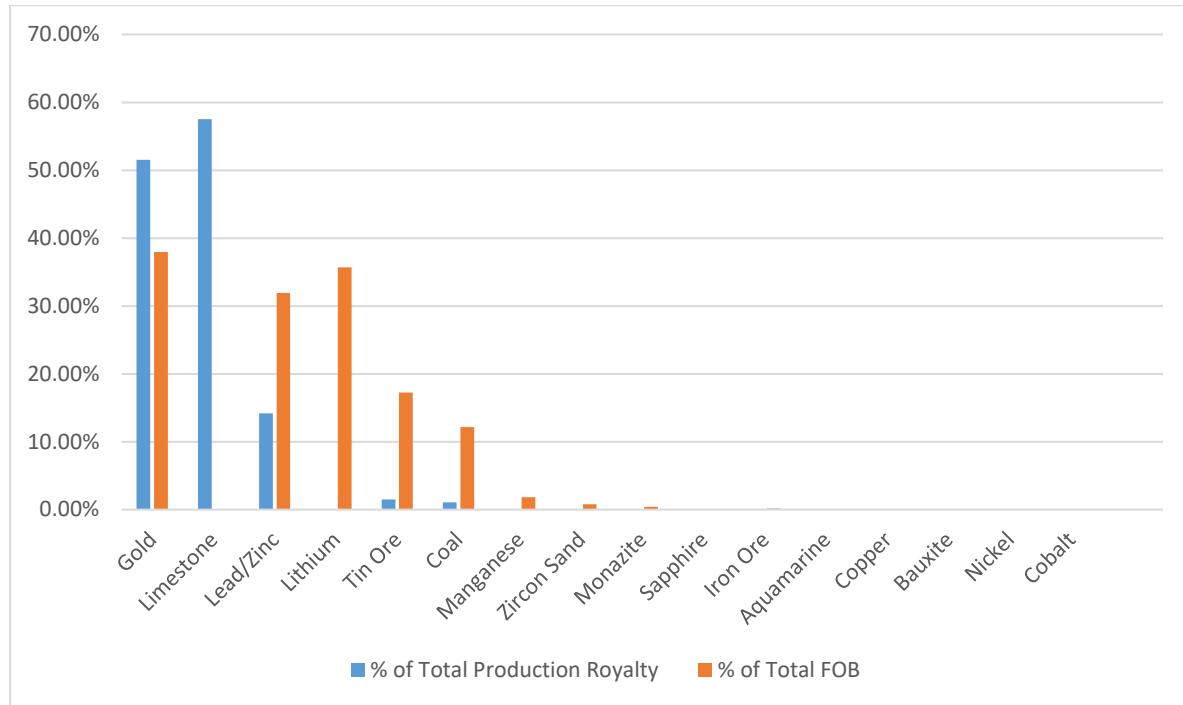


Figure 9: Showing Royalty against FOB value 2023 for selected minerals (table E11, E12)

4.9.6 Dealers in Precious Metals and Stones (DPMS)

The DPMS segment presents acute AML/CFT vulnerabilities. Export records show numerous small or newly registered DPMS entities exporting high-value minerals particularly gold, tin, and lithium despite having no corresponding production records (Figure 2-4 and Annex Table E2, E8, E11 compare with Annex Table E5, E9 and E12).

This mismatch indicates that DPMS operators function as **aggregation and laundering nodes**, sourcing minerals from informal or illegal supply chains. Weak KYC controls, cash-intensive transactions, limited traceability, and poor record-keeping further increase the risk of misinvoicing and laundering of illicit proceeds through the formal export system.

4.9.7 Reporting Gaps and Data Inconsistencies

Significant inconsistencies persist between production figures reported by operators and export volumes recorded by Customs and other agencies (Annex Tables E2, E4, E5 and E12). Some exporters listed in export datasets have no recorded production activity, while others export quantities exceeding both their declared output and national production levels.

These reporting gaps reflect weak internal controls among operators and insufficient verification by regulators, furthermore, it reflects the absence of systematic data reconciliation across institutions. While under-declaration is commonly associated with illicit financial flows, over-declaration of export volumes can also provide strategic advantages. Over-declared exports may serve to legitimise minerals sourced from informal or illegal operations, facilitate trade-based money laundering, justify cross-border financial flows, or mask the re-export of smuggled minerals. In the absence of effective reconciliation between

production, royalty, and export data, such practices can persist with limited detection or sanction.

4.9.8 Know-Your-Customer (KYC) Weaknesses

KYC failures are particularly evident within the DPMS and buying-centre segments. Many exporting entities operate with limited corporate history, incomplete beneficial ownership information, or no visible production footprint, yet engage in substantial export activity (Annex Tables E9 and E12).

In several cases, DPMS operators rely on cash purchases from intermediaries who cannot provide verifiable supplier identities or proof of mineral origin. These weaknesses allow shell companies, fronting arrangements, and opaque intermediaries to integrate illegally sourced minerals into formal trade, posing significant AML/CFT risks for financial institutions and regulators.

4.10 Red Flags and Suspicious Transaction Report (STR) Guidance

Key red flags include:



These indicators provide actionable guidance for regulators, financial institutions, and law enforcement agencies to strengthen detection, reporting, and disruption of mining-related IFFs.

CASE STUDIES

A. Illegal export attempt case: February 2024 EFCC interception of 12 trucks carrying marble, lithium, and lepidolite along the Kwara–Oyo corridor, seized for attempted cross-border export without licences (Annex Table E1).

B. Shell company/PEP capture case: A number of exporters listed in Annex Tables E9 and E12 have no corresponding production records in Annex Tables E2, E8, or E11. Examples include:

- i. **Abu Zarah Zarmani Ltd** – exported gold despite no production record.
- ii. **Hafsat Jewelry Integrated Ltd** – exported gold with no production footprint.
- iii. **Millionstar International Ltd** – exported large lithium volumes but does not appear in production data.
- iv. **JD Mining Nigeria Co. Ltd** – exported lithium despite no reported production.

These gaps suggest the use of shell entities or opaque intermediaries to obscure mineral origin, beneficial ownership, and the movement of minerals sourced from unregulated or illegal sites.

CHAPTER 5: POLICY RECOMMENDATIONS



Addressing IFF enablers in Nigeria's mining sector requires coordinated institutional reform, better data systems, stronger transparency mechanisms, and inclusive engagement of ASM communities. With the right legal, policy, and operational interventions, the sector can become a driver of national development rather than a conduit for illicit flows. The issue on beneficial ownership opacity, undermine Nigeria's compliance with FATF Recommendation 24 on transparency of beneficial ownership and enables tax evasion, laundering of illicit proceeds and Participation of PEPs via proxies.

A. SHORT-TERM ACTIONS (0–12 months)

1a. Enhance regulatory operational capacity

Agency: Ministry of Solid Minerals Development (MSMD); Mining Cadastre Office (MCO); Mines Inspectorate Department (MID)

Equip mining regulators with essential monitoring tools, including GIS mapping, digital weighing scales, and basic mineral traceability devices, to strengthen on-site verification of production and mineral movements.

b. Deliver targeted compliance and data integrity training

Agency: MSMD; NEITI Support: MCO; Mines Marshals; Licensed Buying Centres

Implement rapid, targeted training for inspectors, cadastre officers, NEITI staff, Mines Marshals, and buying centres, focusing on compliance monitoring, production verification, and accurate reporting.

c. Establish a pilot multi-agency mining compliance task force

Agency: MSMD; Economic and Financial Crimes Commission (EFCC) Support: Nigeria Customs Service; Nigerian Financial Intelligence Unit (NFIU); Nigeria Police Force; NSCDC; NEITI

Create a joint task force to conduct coordinated inspections, data reconciliation, and intelligence-led enforcement across high-risk mining zones and export channels

2. Establish a Unified Digital Data System (Foundational Steps)

Agency: Ministry of Solid Minerals Development (MSMD), the: Mining Cadastre Office (MCO); NEITI; Nigeria Customs Service; Federal Inland Revenue Service (FIRS)

Fragmented data systems remain a key enabler of under-reporting and regulatory arbitrage. As an immediate step, government should digitise production reports, permits, mineral declarations, and inspection records across the mining value chain. Rather than full system integration, simple and secure data-exchange protocols should be adopted to enable basic interoperability among relevant agencies. Improved data consistency will allow reconciliation of production, export, and revenue data, strengthening detection of smuggling, transfer mispricing, and tax evasion.

3. Strengthen Beneficial Ownership Transparency

Agency: Ministry of Solid Minerals Development (MSMD); Corporate Affairs Commission (CAC), NEITI; Nigerian Financial Intelligence Unit (NFIU); Economic and Financial Crimes Commission (EFCC)

Opacity in ownership structures continues to facilitate profit shifting and concealment of illicit proceeds. As an immediate risk-mitigation measure, authorities should prioritise preliminary cross-checking of BO information for high-risk exporters and politically exposed persons (PEPs), even before full system automation. Clear and enforceable penalties for false or misleading BO declarations should be applied to deter abuse and strengthen confidence in ownership data.

4. Accelerate ASM Formalisation and Mineral Traceability

Agency: Ministry of Solid Minerals Development (MSMD) ; State mining agencies; Licensed Buying Centres; Development partners

Given the central role of artisanal and small-scale mining (ASM) in illicit mineral flows, formalisation efforts should be simplified and incentivised. Government should introduce low-cost, simplified ASM licensing templates to reduce bureaucratic barriers and encourage compliance. In parallel, pilot basic mineral traceability tools such as QR-coded receipts and digital transaction logs at selected licensed buying centres in high-risk mineral corridors. These pilots should generate practical lessons for scaling traceability systems without imposing excessive costs on small operators.

5. Strengthen Anti-Corruption and Enforcement Measures

Agency: Federal Ministry of Justice; National Assembly, Ministry of Solid Minerals Development (MSMD); EFCC; Nigerian Financial Intelligence Unit (NFIU)

Informal payments, extortion, and unofficial levies significantly undermine regulatory credibility and fuel illicit flows. Authorities should issue and enforce clear sanctions against extortion, illegal checkpoint fees, and unauthorized payments linked to mining operations and mineral transportation. To complement enforcement, whistleblower reporting channels should be actively promoted and protected, allowing miners, transporters, and community members to report illicit practices without fear of retaliation. Visible enforcement actions will help deter future abuses and rebuild trust in regulatory institutions.

The Ministry of Solid Minerals should work more closely with ACAs listed under Proceeds of Crime Act (POCA). The MSMD should coordinate with relevant institutions listed under the Proceeds of Crime Act to bolster financial-crime-responsive actions from the relevant institutions. This should enable closer collaboration with financial intelligence and law enforcement agencies, facilitate asset tracing, tracking and forfeiture linked to illicit mineral activities, and strengthen efforts to dismantle organised criminal networks. The cooperation is essential for reducing revenue leakages, improving protection of public revenues, and restoring integrity and investor confidence in Nigeria's mining sector.

6. Address Foreign Buyer Dominance and Price Manipulation

Agency: Ministry of Solid Minerals Development (MSMD) , Nigeria Customs Service; Central Bank of Nigeria (CBN); Nigerian Financial Intelligence Unit (NFIU); Corporate Affairs Commission (CAC); NEITI

The dominance of foreign buyers and opaque pricing mechanisms heightens the risk of undervaluation and capital flight. As an immediate corrective measure, government should publish transparent mineral reference prices, drawing on international benchmarks such as the London Metal Exchange and adjusted for exchange rates and local market conditions. In parallel, targeted compliance checks should be conducted on foreign-owned buying centres, focusing on pricing practices, transaction documentation, beneficial ownership, and compliance with local financial and AML/CFT regulations.

B. MEDIUM-TERM ACTIONS (1–3 years)

1. Strengthen Regulatory Capacity

Agency: Ministry of Solid Minerals Development (MSMD) , NEITI; Economic and Financial Crimes Commission (EFCC); Nigerian Financial Intelligence Unit (NFIU)

Government should strengthen the human and technical capacity of mining regulators by recruiting additional inspectors, geoscientists, legal officers, and data analysts with expertise in extractive governance and financial crime. In parallel, regulatory institutions should institutionalise continuous training on Anti-Money Laundering/Counter Financing of Terrorism (AML/CFT) and Beneficial Ownership (BO) verification to enhance the detection of complex ownership structures, trade-based money laundering, and profit-shifting practices

2. Establish a Unified Digital Data System

Agency: Ministry of Solid Minerals Development (MSMD), (MCO); NEITI; Nigeria Customs Service; Federal Inland Revenue Service (FIRS); Central Bank of Nigeria (CBN); Nigerian Financial Intelligence Unit (NFIU)

Government should develop and deploy a national mining sector data integration platform linking production, licensing, export, and revenue data across relevant institutions. The platform should enable real-time or near-real-time data sharing and reconciliation. Royalty and fee payments should be fully digitised and integrated with tax and financial systems to allow automated payment tracking and reduce diversion risks. Automated cross-verification mechanisms should also be implemented to reconcile export declarations against reported production volumes, strengthening detection of smuggling and under-reporting.

3. Strengthen Beneficial Ownership Transparency

Agency: Corporate Affairs Commission (CAC) , Ministry of Solid Minerals Development (MSMD); ; NEITI; Nigerian Financial Intelligence Unit (NFIU); Economic and Financial Crimes Commission (EFCC)

Beneficial ownership reforms should move beyond disclosure to full system integration. The corporate BO registry should be made interoperable with mining, transparency, and financial intelligence systems to enable seamless verification of ownership information. To address high-risk exposures, regulators should conduct risk-based BO audits of major exporters and large-scale operators, with a focus on complex ownership structures, offshore linkages, and politically exposed persons (PEPs)

4. Accelerate ASM Formalisation and Traceability

Agency: Ministry of Solid Minerals Development (MSMD) , State mining agencies; Licensed Buying Centres; Development partners

ASM formalisation efforts should be scaled nationwide through structured programmes that combine licensing, technical support, and compliance monitoring. Government should invest in training at least 5,000 ASM cooperatives on environmental management, occupational safety, production reporting, and basic financial record-keeping. To improve oversight of mineral flows, digital traceability tools should be deployed across all licensed buying centres, ensuring consistent documentation of mineral transactions and reducing opportunities for illicit diversion.

5. Strengthen Anti-Corruption and Enforcement Frameworks

Agency: Ministry of Solid Minerals Development (MSMD), Economic and Financial Crimes Commission (EFCC); Nigeria Police Force (NPF); Nigeria Security and Civil Defence Corps (NSCDC); Mines Inspectorate Department (MID); Mining Cadastre Office (MCO); Nigerian Financial Intelligence Unit (NFIU); Central Bank of Nigeria (CBN); Nigeria Customs Service (NCS); Financial institutions and DNFBPs

The pilot multi-agency mining compliance task force should be expanded to all high-risk mining states, supported by dedicated funding and operational mandates. Joint patrols and inspections involving security, regulatory, and financial crime agencies should be increased to deter illegal mining and smuggling. In addition, authorities should develop AML red-flag indicators specific to solid minerals, enabling financial institutions and regulators to identify suspicious transactions linked to mining activities more effectively.

6. Enhance Market and Export Monitoring

Agency: Central Bank of Nigeria (CBN), : Ministry of Solid Minerals Development (MSMD); Nigeria Customs Service (NCS); Federal Inland Revenue Service (FIRS); Nigerian Financial Intelligence Unit (NFIU); NEITI

Export proceeds repatriation requirements should be more rigorously enforced, with penalties for non-compliance applied consistently. The operations of foreign buyers should be regulated more strictly to ensure full compliance with tax, royalty, and reporting obligations, reducing pricing manipulation and capital flight risks.

C. LONG-TERM POLICY REFORMS

1. Transform Regulatory Oversight Capacity

Agency: Ministry of Solid Minerals Development (MSMD) , National Space Research and Development Agency (NASRDA); Office of the National Security Adviser (ONSA); State governments; Mining Cadastre Office (MCO); Mines Inspectorate Department (MID); Nigeria Security and Civil Defence Corps (NSCDC); Nigeria Police Force (NPF)

Government should establish dedicated regional mining surveillance centres equipped with drones, satellite imagery, and advanced geospatial monitoring tools to support continuous oversight of mining activities. Long-term effectiveness will also require institutionalised collaboration frameworks between federal and state governments, clarifying roles, responsibilities, and data-sharing obligations to eliminate jurisdictional conflicts.

2. Fully Integrate Advanced Digital Systems

Agency: Ministry of Solid Minerals Development (MSMD), NEITI; Nigeria Customs Service (NCS); Central Bank of Nigeria (CBN); Nigerian Financial Intelligence Unit (NFIU); Federal Inland Revenue Service (FIRS); Technology partners

A nationwide blockchain-based mineral traceability system should be fully operationalised to track minerals from extraction to export. This system should be complemented by automated anomaly detection tools capable of identifying price manipulation, transfer mispricing, misinvoicing, and unusual trade patterns in real time.

3. Institutionalise Beneficial Ownership Verification

Agency: Corporate Affairs Commission (CAC), Ministry of Solid Minerals Development (MSMD); Mining Cadastre Office (MCO); Nigeria Customs Service (NCS); Nigerian Financial Intelligence Unit (NFIU); Economic and Financial Crimes Commission (EFCC); NEITI

Beneficial ownership transparency should be embedded as a real-time regulatory requirement, with mandatory updates triggered by changes in ownership or control. BO verification should become a core component of all licensing, renewal, and export clearance processes, ensuring continuous oversight rather than periodic checks.

4. Deepen ASM Transformation

Agency: Ministry of Solid Minerals Development (MSMD), Mining Cadastre Office (MCO); State governments; Federal Ministry of Environment; Development partners; Technical training institution

The Government should establish ASM training centres of excellence in each geopolitical zone to provide sustained technical, environmental, and business development support. Over time, ASM cooperatives should be transitioned into semi-mechanised, environmentally compliant entities, enabling higher productivity, safer operations, and improved regulatory compliance.

5. Institutionalise Anti-Corruption Systems

A centralised anti-corruption and financial intelligence database should be developed to link mining, customs, tax, and financial intelligence data across institutions. Additionally,

government should create a specialised economic crimes unit focused on the mining sector, with dedicated prosecutorial and forensic capacity.

6. Strengthen Market and Export Regulation through International Cooperation

Agency: Nigerian Financial Intelligence Unit (NFIU) , Economic and Financial Crimes Commission (EFCC); Ministry of Solid Minerals Development (MSMD); Nigeria Customs Service (NCS); Federal Inland Revenue Service (FIRS); Central Bank of Nigeria (CBN); Corporate Affairs Commission (CAC); Federal Ministry of Justice

Nigeria should work with regional partners to develop cross-border mineral monitoring frameworks within ECOWAS, targeting smuggling corridors and harmonising enforcement standards. International cooperation should also be strengthened to support asset recovery efforts linked to mineral-related illicit financial flows, including proceeds held offshore.

Strategic Outcome

Together, these short, medium- and long-term reforms provide a sequenced and sustainable pathway for closing systemic governance, market, and enforcement gaps in Nigeria's mining sector. Their implementation will significantly reduce illicit financial flows, strengthen revenue mobilisation, and support the responsible development of the country's solid mineral resources

Implications of Actions for Development Partners

Short-Term Interventions (0–12 Months)

In the immediate term, development partners can play a catalytic role by funding pilot digitisation initiatives, including electronic production reporting systems and QR-code-based mineral traceability at selected buying centres. Targeted support for beneficial ownership (BO) validation of high-risk mineral exporters will strengthen early detection of ownership opacity and profit-shifting risks. Development partners can also support capacity-building programmes for ASM cooperatives and regulatory institutions, focusing on compliance, reporting, and environmental standards. In parallel, funding civil society led community monitoring initiatives will enhance grassroots oversight, improve transparency, and provide early warning signals on illegal mining and localised IFF risks.

Medium-Term Interventions (1–3 Years)

Over the medium term, development partners can contribute to systemic reform by financing the development and rollout of a national mining sector data integration system, enabling consistent reconciliation of production, export, and revenue data. Support for capacity building in cross-border AML investigations including training, technology, and joint operational frameworks will strengthen Nigeria's ability to address smuggling and trade-based money laundering. Partners can also assist in scaling ASM formalisation and traceability systems across identified high-risk states, helping to transition informal mineral flows into regulated and taxable channels.

Long-Term Interventions (3–5 Years)

In the long term, development partners are well positioned to support advanced monitoring infrastructure, including satellite imagery and GIS-based surveillance systems for both federal and state governments, to enable continuous oversight of mining activities. Strengthening regional and international cooperation mechanisms for mineral-related asset tracing and recovery will be critical to addressing cross-border illicit financial flows. Additionally, partners can fund deep, long-term institutional reforms aimed at improving governance, transparency, and enforcement capacity, ensuring that reforms are sustained beyond project cycles and embedded within national systems.

D. POLICY ALIGNMENT AND IMPLEMENTATION FRAMEWORK

Rationale for Policy Mapping

The enablers of illicit financial flows (IFFs) identified in Nigeria's solid minerals sector are not isolated governance failures; they represent systemic breaches of Nigeria's international commitments, statutory AML/CFT obligations, and national development priorities. To ensure uptake and reform impact, recommendations must therefore be explicitly aligned with existing policy frameworks, rather than framed as stand-alone proposals.

This section consolidates findings from Chapters 3–5 and maps them directly to:

- Financial Action Task Force (FATF) standards
- Nigeria's AML/CFT and Proceeds of Crime (POCA) obligations
- Beneficial Ownership (BO) reforms under CAMA and extractives transparency
- Open Government Partnership (OGP) commitments
- Medium-Term National Development Plan (MTNDP) targets
- Federal Government economic diversification and Agenda 2025 priorities

Mapping IFF Enablers to International and National Policy Frameworks

FATF and AML/CFT Compliance Gaps in the Mining Sector

Key IFF Enablers Identified were trade misinvoicing and underpricing of mineral exports, cash-based mineral transactions and weak STR reporting, limited monitoring of foreign buyers and dealers in precious metals, and weak inter-agency intelligence sharing.

Policy Alignment:

These findings directly relate to deficiencies under:

- i. FATF Recommendation 10 (Customer Due Diligence)
- ii. FATF Recommendation 12 (PEPs)
- iii. FATF Recommendations 22 and 23 (DNFBPs – including dealers in precious metals)
- iv. FATF Recommendations 29 and 30 (FIU and law enforcement cooperation)

Implication: The mining sector currently operates as a high-risk AML blind spot, undermining Nigeria's FATF Mutual Evaluation outcomes and exposing the country to enhanced monitoring risks.

1. Formally designate solid minerals operators, buying centres, aggregators, and DPMS as high-risk AML/CFT reporting entities.
2. Mandate sector-specific STR typologies for mining-related transactions, including trade-based money laundering indicators.
3. Institutionalise joint financial intelligence tasking between NFIU, EFCC, MSMD, Customs, and CBN focused on mineral value chains.

Beneficial Ownership (BO) Reforms and Extractive Transparency

Key IFF Enablers Identified were Use of shell companies and SPVs to hold mining licences, PEP concealment and proxy ownership structures, and Lack of BO verification across MSMD, MCO, NEITI, CAC, and Customs

Policy Alignment

- i. CAMA 2020 BO provisions
- ii. Nigeria's Extractive BO Roadmap
- iii. FATF Recommendation 24 (Transparency of Legal Persons)
- iv. OGP National Action Plan commitments on BO disclosure

Implication: Without effective BO verification, mining licences and export permits are being used as vehicles for laundering illicit proceeds, rent-seeking, and political capture.

- i. Make BO verification a precondition for: license issuance and renewal, export permits, and participation in ASM cooperatives.
- ii. Integrate BO registries with Mining Cadastre, NEITI reporting, Customs export systems, and FIRS tax databases.
- iii. Introduce sanctions for false or non-disclosure of BO in mining operations, aligned with POCA asset forfeiture provisions.

Proceeds of Crime Act (POCA) and Asset Recovery Imperatives

Key IFF Enablers Identified were weak prosecution-to-conviction ratios, limited use of asset forfeiture despite seizures and criminal control of mining zones and mineral proceeds

Policy Alignment

- i. Proceeds of Crime Act (POCA)
- ii. FATF Recommendation 4 (Confiscation and provisional measures)
- iii. National Anti-Corruption Strategy

Implication: Nigeria is losing both revenue and deterrence value by failing to systematically apply asset tracing, tracking and confiscation to mining-related crimes.

- i. Designate the Ministry of Solid Minerals Development as a “relevant institution” under POCA, enabling direct cooperation with EFCC and NFIU.
- ii. Establish specialised mining-related financial crimes dockets within EFCC and Federal High Courts.
- iii. Prioritise non-conviction-based forfeiture where criminal proceeds from illegal mining cannot be directly linked to individuals.

Open Government Partnership (OGP) and Transparency Commitments

Key IFF Enablers Identified were non-reconcilable production, export, and revenue datasets, manual record-keeping and opaque reporting, limited public access to mining data

Policy Alignment

- i. OGP National Action Plan commitments on fiscal transparency
- ii. NEITI mandate
- iii. EITI global standards on data disclosure

Implication: Opaque data systems undermine public accountability, civil society oversight, and investor confidence.

- i. Publish machine-readable mining datasets, including, licence ownership, production volumes, export destinations, and royalties paid.
- ii. Institutionalise civil society-led community monitoring of mining sites as part of Nigeria's OGP commitments.
- iii. Link NEITI audits to enforcement triggers, not just disclosure.

MTNDP, Agenda 2025 and Economic Diversification Goals

Key IFF Enablers Identified were revenue leakage from non-oil sectors, informal ASM dominance limiting fiscal contribution and smuggling undermining domestic beneficiation.

Policy Alignment

- i. MTNDP targets on non-oil revenue mobilisation
- ii. Agenda 2025 diversification and industrialisation goals
- iii. National minerals and local beneficiation policies

Implication: IFFs directly erode the fiscal and developmental logic of diversifying into solid minerals.

Recommendations are to embed mining sector IFF risk reduction indicators into MTNDP monitoring frameworks, scale ASM formalisation linked to access to finance, markets, and technology, not enforcement alone and align national gold and mineral purchase programmes with traceability, AML, and FX repatriation controls.

Consolidated Policy Action Matrix (Summary)

Policy Framework	Key Risk Area	Priority Action
FATF / AML-CFT	Trade-based money laundering	Sector-specific STR typologies
BO Reforms	Shell companies and PEP capture	BO verification across cadastre & exports
POCA	Weak asset recovery	Mining-sector asset forfeiture protocols
OGP	Data opacity	Public, interoperable mining data
MTNDP / Agenda 2025	Revenue leakage	ASM formalisation & traceability

5.4 Strategic Value of Policy Integration

Aligning mining sector reforms with existing frameworks reduces reform fatigue, strengthens political buy-in, and accelerates implementation. Rather than creating new obligations, this approach operationalises commitments Nigeria has already made, ensuring that solid minerals become a driver of sustainable development rather than a conduit for illicit finance.

CONCLUSION



Nigeria's solid minerals sector possesses vast economic potential but is hindered by governance weaknesses, data fragmentation, market distortions, informality, and corruption. These vulnerabilities enable multiple typologies of IFFs, undermining revenue mobilisation and sector development.

Nigeria stands at a crucial opportunity point: strengthening governance, transparency, and institutional coordination can significantly reduce IFFs, enhance revenue generation, and advance national development goals. Implementing the proposed reforms will not only improve sector integrity but also position the mining industry as a key contributor to Nigeria's economic transformation. Systemic reforms, legal, institutional, technological, and operational are essential to curbing IFFs and enhancing economic diversification.

Contribution of the research to Sustainable Development Goals (SDGs), Medium-Term National Development Plan and Agenda (MTNDP) 2050

Research on the enablers of illicit financial flows (IFFs) in Nigeria's extractive sector directly supports the objectives of Nigeria's Medium-Term National Development Plan (MTNDP) and Agenda 2050, while advancing the Sustainable Development Goals (SDGs). By identifying systemic weaknesses—such as trade mis-invoicing, under-declaration of production and exports, beneficial ownership opacity, corruption, weak AML/CFT enforcement, and informality within artisanal and small-scale mining (ASM)—the research provides critical evidence on how revenue leakages undermine Nigeria's development financing and governance reform agenda.

Under the MTNDP, which prioritises economic diversification, domestic resource mobilisation, governance reform, and institutional efficiency, the research directly informs strategies aimed at increasing non-oil revenues and improving extractive sector accountability. By quantifying revenue losses and mapping the pathways through which value exits the economy, the research supports MTNDP targets on fiscal sustainability, transparency, and improved public financial management, particularly within the solid minerals value chain.

In relation to Agenda 2050, which envisions a secure, inclusive, and globally competitive Nigerian economy, the findings underscore how persistent IFFs in the extractive sector weaken long-term wealth creation, intergenerational equity, and national resilience. Addressing these enablers contributes to Agenda 2050 pillars on good governance, rule of law, private sector-led growth, and sustainable management of natural resources, ensuring that mineral wealth translates into enduring national prosperity.

The research also aligns strongly with the SDGs, most notably SDG 16 (Peace, Justice and Strong Institutions)—particularly Target 16.4 on reducing illicit financial flows and recovering stolen assets—as well as Targets 16.5 and 16.6 on anti-corruption and effective institutions. Furthermore, by strengthening domestic revenue retention and international cooperation, the research advances SDG 17 (Partnerships for the Goals), especially Target 17.1 on domestic resource mobilisation.

Indirectly, the findings support SDG 1 (No Poverty), SDG 8 (Decent Work and Economic Growth), SDG 10 (Reduced Inequalities) and SDG 16 (Peaceful and Inclusive Communities) by demonstrating how unchecked IFFs limit public investment in social services, infrastructure, job creation, and inclusive development—particularly in mining-affected and fragile communities.

Overall, the research positions IFF reduction in the extractive sector as a cross-cutting enabler for achieving Nigeria's MTNDP and Agenda 2050 objectives, while simultaneously accelerating progress toward the SDGs through stronger institutions, improved fiscal outcomes, and sustainable resource governance.

BIBLIOGRAPHY

African Union and United Nations Economic Commission for Africa. (2015). *Illicit financial flows: Report of the High-Level Panel on Illicit Financial Flows from Africa*. Addis Ababa, Ethiopia.

BudgIT. (2023). *State of the Nigerian mining sector: Data, governance, and fiscal insights*. BudgIT Foundation.

Federal Ministry of Solid Minerals Development. (2022). *Nigeria solid minerals investment brochure*. <https://msmd.gov.ng/>

Global Financial Integrity. (2021). *Trade-related illicit financial flows in developing countries*. Global Financial Integrity.

Inter-Governmental Action Group Against Money Laundering in West Africa. (2021). *Typologies of money laundering and terrorist financing in West Africa*. GIABA.

Nigerian Economic Summit Group. (2023). *Strengthening Nigeria's mining sector for inclusive growth*. <https://app.nesgroup.org/>

Nigerian Extractive Industries Transparency Initiative. (2023). *NEITI solid minerals industry audit report (2021–2022)*. NEITI. <https://neiti.gov.ng>

Nigerian Upstream Petroleum Regulatory Commission. (2024). *Oil and gas reserves report*. NUPRC. <https://nuprc.gov.ng/>

Organization for Economic Co-operation and Development (OECD). (2017). *Base Erosion and Profit Shifting (BEPS) Framework: Action Plan*. Paris: OECD Publishing.

Proceeds of Crime (Recovery and Management) Act. (2022). *Federal Republic of Nigeria Official Gazette*. Abuja: Federal Ministry of Justice.

United Nations Conference on Trade and Development. (2023). *Commodity-dependent developing countries: Mineral demand trends*. UNCTAD.

United Nations Economic Commission for Africa. (2020). *Illicit financial flows in Africa: Reducing vulnerabilities in extractive industries*. UNECA.

World Bank. (2022). *Nigeria development update: The continuing urgency of business unusual*. World Bank Group.

World Population Review. (2025). *Nigeria population 2025 (live)*. <https://worldpopulationreview.com/countries/nigeria>



ANNEXES

Table E2: Production by Company 2021-MID

S/N	Company Name	Mineral Type	Quantity (Tons)	Royalty Paid (₦)
1	Ashaka Cement Company Plc	Limestone	849,581.08	41,157,726.00
2	Ashaka Cement Company Plc	Coal	129,305.97	(Included above)
3	Bua Cement Plc	Limestone	7,366,160.73	245,723,437.20
4	Dangote Cement Plc	Limestone	23,301,190.65	912,502,126.62
5	Dangote Cement Plc	Coal	1,086,978.60	(Included above)
6	Lafarge Plc	Limestone	2,242,304.96	67,269,148.80
7	Purechem Industries Limited	Limestone	150,336.32	4,510,089.60
8	West African Portland Cement Plc	Limestone	3,032,285.20	102,512,762.50
9	First Patriot Limited	Gold	118.60	114,319,500.00
10	First Patriot Limited	Tin	25.00	(Included above)
11	Don and Chyke Nig Ltd	Tin	.80	3,049,500.00
12	Ilera Mines Ltd	Tin	177.00	5,971,500.00
13	Ilera Mines Ltd	Zirconium	900.00	(Included above)
14	Malcomines Minor Metals Ltd	Tin	550.00	5,325,540.00
15	HP and Wadot Limited	Gold	0.02	3,600,023.40
16	Kian Smith Trade and Co. Ltd.	Gold	0.04	6,679,314.00
17	Kursi Investment Ltd.	Gold	0.05	9,532,188.00
18	Omoluabi Mineral Promotion Co. Ltd.	Gold	0.08	14,999,958.00
19	Segilola Resources Operating Limited	Gold	0.21	40,451,718.26
20	Sino Min Mental Company Limited	Manganese	56,666.66	16,999,998.00
21	Synee Alumony Mining Company	Lead/Zinc	7,000.00	18,900,000.00

Table E3: Production by Mineral Type 2021-MID

S/N	Mineral Type	Quantity (Tons)	Royalty (₦)
1	Limestone	35,608,203.66	1,034,281,154.15
2	Coal	1,821,058.76	111,105,110.13
3	Manganese	57,392.33	17,217,700.00
4	Lead/Zinc Ore	129,529.17	173,005,597.82

5	Gold	0.54	95,905,227.10
6	Tin	2,699.92	19,095,430.35
7	Zircon Sand	1,821.85	546,555.00
8	Iron Ore	2,452.82	478,300.00
9	Copper	30.00	36,035.00
10	Lithium	133.40	20,010.00
11	Sapphire	0.00	300,799.50
12	Aquamarine	0.01	306,560.00

Table E4: Comparison Between Quantity Produced by Company and Quantity Produce by Mineral Type 2021-**MID**

Mineral Type	Aggregate Qty (Tons)	Aggregate Royalty (₦)	Company-Level Sum Qty (Tons)	Company-Level Sum Royalty (₦)	Qty Discrepancy	Royalty Discrepancy
Gold	0.54	95,905,227.10	0.40	190,491,701.66	+0.14	-94,586,474.56
Tin	2,699.92	19,095,430.35	1,087.40	25,916,433.35	+1,612.52	-6,821,003.00
Coal	1,821,058.76	111,105,110.13	1,216,284.57	953,659,852.62	+604,774.19	-842,554,742.49
Manganese	57,392.33	17,217,700.00	56,666.66	16,999,998.00	+725.67	+217,702.00
Lead/Zinc	129,529.17	173,005,597.82	7,000.00	18,900,000.00	+122,529.17	+154,105,597.82
Zirconium	1,821.85	546,555.00	900.00	5,971,500.00	+921.85	-5,424,945.00
Limestone	35,608,203.66	1,034,281,154.15	36,940,858.94	₦1,373,675,290.72	+1,332,655.28	+₦339,394,136.57

Source: NEITI Report and Respondent's Feedback

Table E5: Export by Company 2021-MID

S/N	Company Name (from Production List)	Mineral Type (s)	Export FOB Value (₦)
1	First Patriot Ltd	Gold, Tin	₦44.83M
2	Sino Minmetals Co. Limited	Manganese	₦6.90M
3	Syne Alumony Mining Limited	Lead/Zinc	₦6.72M
4	Malcomines Minor Metals Ltd	Tin	₦2.60M
5	Hudson Mining Ltd	Zirconium? (Columbite/Tantalite)	₦2.01M
6	Ilera Mines Ltd	Tin, Zirconium	₦0.43M

Table E6: Export by Company 2022-MID

S/N	Company Name	Mineral Type	Total Quantity	Destination(s)	Total Royalty (₦)
1	Segilola Resources Operating Ltd	Gold	3,309.273 kg	Switzerland	₦1,401,558,558.58
2	Abu Zarah Zarmani	Gold	100.000 kg	Dubai	₦17,361,000.00
3	Hafsat Jewelry Integrated Ltd	Gold	50.000 kg	Dubai	₦8,407,465.00
4	Matrix Energy Ltd	Gold	3,104 Ounces	Dubai	₦16,761,600.00
5	Peramare Enterprises Ltd	Gold	40.000 kg	Dubai	₦6,857,497.80
6	IAC Global Concept Ltd / IAC Global Investment Ltd	Gold	22.46537 kg	Dubai	₦11,864,618.00
7	Mojec International Ltd	Gold	3.000 kg	Dubai	₦507,794.67
8	Badger Mines Nig. Ltd	Gold	3.149 kg	Switzerland	₦1,642,432.40
9	Farikou Bunezi Mining Company Ltd	Gold	7.350 kg	Dubai	₦3,834,364.75
10	DNA Labs Limited	Gold	3.85713 kg	Dubai	₦2,080,369.94
11	Non Africa Limited	Gold	1.00249 kg	South Korea	₦522,707.00
12	NK Blue Ocean Enterprises Ltd	Gold	10 Ounces	India	₦163,000.00
13	First Patriot Ltd	Lead/Zinc	50,000 Tons	China	₦203,025,000.00
14	Synee Alumony Mining Ltd	Lead/Zinc	4,000 Tons	China	₦19,800,000.00
15	Illera Mines Ltd	Lead/Zinc	1,200 Tons	China	₦1,620,000.00
16	Gramson Investment Ltd	Lead/Zinc	112 Tons	China	₦168,000.00
17	Azort Nigeria Ltd	Lead/Zinc	25 Tons	China	₦33,750.00
18	Dason Commodities Ltd	Lead/Zinc	472.24 Tons	China	₦637,500.00
19	Millionstar International Limited	Lithium	20,000 Tons	China	₦95,000,000.00
20	JD Mining Nigeria Co. Limited	Lithium	885 Tons	China	₦4,204,250.00
21	David and Brothers Global Blossoming Company Ltd	Lithium	1,000 Tons	China	₦4,750,000.00
22	Liliblaze Mining Int. Co. Ltd	Lithium	1,000 Tons	China	₦4,750,000.00
23	Emirate Lithium and Geominerals Ltd	Lithium	500 Tons	China	₦2,375,000.00
24	Hudson Mining Ltd	Lithium	245 Tons	China	₦1,163,750.00
25	Up and Up Dageli Nig. Ltd	Lithium	300 Tons	China	₦1,425,000.00
26	Abdulrazaq and Co. Mining Ltd	Lithium	140 Tons	China	₦665,000.00
27	Raregems	Lithium	150 Tons	China	₦712,500.00
28	Spectrum Nine Limited	Lithium	200 Tons	China	₦950,000.00
29	Bathols Nigeria Limited	Lithium	31 Tons	China	₦147,250.00
30	Chengming Multi-enterprise Ltd	Lithium	49 Tons	China	₦232,750.00
31	NAGCC Investment Limited	Lithium	60 Tons	China	₦285,000.00
32	Kaile Inf Investment and Trading Company Ltd	Lithium	30 Tons	China	₦142,500.00
33	Joerno Conceptions Ltd	Lithium	27 Tons	China	₦128,250.00

34	Rungiao Nig, Trading Limited	Lithium	55 Tons	China	₦261,250.00
35	Jika Nigeria Limited	Lithium	25 Tons	Germany	₦118,750.00
36	Rain Kana	Lithium	30 Tons	China	₦142,500.00
37	Mellustre Limited	Lithium	50 Tons	China	₦237,500.00
38	Esprit Mines Limited	Lithium	100 Tons	China	₦475,000.00
39	Lideal Mines Limited	Lithium	989.4 Tons	China	₦475,000.00
40	Architype Industries Nig. Ltd	Lithium (Cabo-Chen Morgantte and Low grade Rubellite Lithium)	5.15	USA	₦183,750.00
41	Lingwell Technology Ltd	Lithium	50 Tons	China	₦50,000.00
42	Rockbottom Mines and Power Ltd	Coal	94,000 Tons	Niger Republic, Togo	₦13,202,558.00
43	Ennaheer / Emaheer Investment Ltd	Coal	2,000 Tons	Togo, Benin Republic	₦225,000.00
44	PFTN Nigeria Limited	Coal	1,000 Tons	Benin Republic	₦150,000.00
45	Afri-Metals Trading Limited	Coal	5,000 Tons	Poland	₦750,000.00
46	Neveah Limited	Tin	750 Tons	Malaysia, China	₦39,750,000.00
47	Illera Mines Ltd	Tin	249.108 Tons	Malaysia, China	₦7,492,500.00
48	Astro Minerals Limited	Tin	325 Tons	Malaysia	₦7,237,500.00
49	Coltan Minerals Limited	Tin	275 Tons	Malaysia	₦6,175,000.00
50	Don and Chyke Nig. Ltd	Tin	648 Tons	Malaysia	₦4,860,000.00
51	Resource Global Foresight Ltd	Tin	499 Tons	Malaysia	₦3,810,000.00
52	Indviz Metal Ltd	Tin	75 Tons	Malaysia	₦562,500.00
53	Ato Tin Mines Limited	Tin	15.5 Tons	Malaysia	₦930,000.00
54	HBR International Ltd	Tin	10 Tons	China	₦75,000.00
55	Eisenberg Ltd	Monazite	50 Tons	Malaysia	₦25,000.00
56	Kenyang Mining Co. Ltd	Zircon Sand	1,400 Tons	China	₦7,904,000.00
57	Tai-Sino Global Ltd	Zircon Sand	125 Tons	China	₦100,000.00
58	Emirate Lithium and Geominerals Ltd	Zircon Sand	Not specified	China	₦1,000,000.00
59	Sino Min-Metals Co. Limited	Manganese	15,000 Tons	China	₦5,316,209.00
60	G.Eso Technical Company Ltd	Aquamarine Tourmaline Topaz Amethyst	35 g 34 g 24.12 g 14.63 kg	Colorado USA	₦72,511.00
61	Limestone	Limestone	-	-	-
62	Iron ore	Iron ore	-	-	-
63	Copper	Copper	-	-	-
64	Cobalt	Cobalt	-	-	-
65	Nickel	Nickel	-	-	-
66	Bauxite	Bauxite	-	-	-
67	Sapphire	Sapphire	-	-	-

Table E7: Number of License Issued in 2021

Mineral	Total Licenses	EL (2021)	ML (2021)	QL (2021)	QLS (2021)	SSML (2021)	RP (2021)	Total in 2021
Gold	925	386	0	0	0	8	0	394
Limestone	280	55	0	10	0	0	0	65
Lead/Zinc	335	111	9	0	0	0	0	120
Iron Ore	285	91	0	0	0	0	0	91
Lithium	53	45	0	0	0	0	0	45
Coal	156	21	5	0	0	0	0	26
Tin	189	65	0	0	0	0	0	65
Copper	253	92	0	0	0	0	0	92
Cobalt	2	0	0	0	0	0	0	0
Nickel	6	1	0	0	0	0	0	1
Monazite	9	8	0	0	0	0	0	8
Zirconium	30	17	0	0	0	0	0	17
Manganese	113	42	0	0	0	0	0	42
Bauxite	9	5	0	0	0	0	0	5
Sapphire	12	9	0	0	0	0	0	9
Aquamarine	84	50	0	0	0	0	0	50

Table E8: Production by Company 2022 MID

Company Name	Mineral Type	Quantity Produced (Tonnes)	Royalty Paid (₦)
Dangote Industries Ltd	Limestone	24,566,180	1,216,464,183
Lafarge Africa Plc	Limestone	8,664,067	572,429,180
Bua Cement Plc	Limestone	8,338,170	479,167,735
Ashaka Cement Company Plc	Limestone	500,938	65,318,987
Segilola Resources	Gold	2.78 (ounces)	1,298,734,887
Kursi Investment Limited	Gold	0.227	129,959,322
Others (aggregated)	Lead/Zinc Ore	89,130	355,639,950
Others (aggregated)	Iron Ore	283	128,400
Various (producing)	Lithium Ore	51,524	201,134,052
Zuma 828 Coal Ltd	Coal	154,415	23,162,268
Others (aggregated)	Coal	1,350,782	253,917,376

Hudson Mining Ltd.	Tin Ore	638 (likely includes Tin)	28,367,650
Others (aggregated)	Tin Ore	1,067	Not separately stated
-	Copper	82	38,640
-	Cobalt	0	0
-	Nickel	0	0
-	Monazite	2,535	17,500
-	Zirconium	0	0
-	Manganese	56,014	19,604,949
-	Bauxite	0	0
-	Sapphire	5	2,505
-	Aquamarine	5	1,000

Table E9: Export by Company 2022-MID

S/N	Company Name	Mineral Type	Total Quantity	Destination(s)	Total Royalty (₦)
1	Segilola Resources Operating Ltd	Gold	3,309.273 kg	Switzerland	₦1,401,558,558.58
2	Abu Zarah Zarmani	Gold	100.000 kg	Dubai	₦17,361,000.00
3	Hafsat Jewelry Integrated Ltd	Gold	50.000 kg	Dubai	₦8,407,465.00
4	Matrix Energy Ltd	Gold	3,104 Ounces	Dubai	₦16,761,600.00
5	Peramare Enterprises Ltd	Gold	40.000 kg	Dubai	₦6,857,497.80
6	IAC Global Concept Ltd / IAC Global Investment Ltd	Gold	22.46537 kg	Dubai	₦11,864,618.00
7	Mojec International Ltd	Gold	3.000 kg	Dubai	₦507,794.67
8	Badger Mines Nig. Ltd	Gold	3.149 kg	Switzerland	₦1,642,432.40
9	Farikou Bunezi Mining Company Ltd	Gold	7.350 kg	Dubai	₦3,834,364.75
10	DNA Labs Limited	Gold	3.85713 kg	Dubai	₦2,080,369.94
11	Non Africa Limited	Gold	1.00249 kg	South Korea	₦522,707.00
12	NK Blue Ocean Enterprises Ltd	Gold	10 Ounces	India	₦163,000.00
13	First Patriot Ltd	Lead/Zinc	50,000 Tons	China	₦203,025,000.00

14	Syne Alumony Mining Ltd	Lead/Zinc	4,000 Tons	China	₦19,800,000.00
15	Illera Mines Ltd	Lead/Zinc	1,200 Tons	China	₦1,620,000.00
16	Gramson Investment Ltd	Lead/Zinc	112 Tons	China	₦168,000.00
17	Azort Nigeria Ltd	Lead/Zinc	25 Tons	China	₦33,750.00
18	Dason Commodities Ltd	Lead/Zinc	472.24 Tons	China	₦637,500.00
19	Millionstar International Limited	Lithium	20,000 Tons	China	₦95,000,000.00
20	JD Mining Nigeria Co. Limited	Lithium	885 Tons	China	₦4,204,250.00
21	David and Brothers Global Blossoming Company Ltd	Lithium	1,000 Tons	China	₦4,750,000.00
22	Liliblaze Mining Int. Co. Ltd	Lithium	1,000 Tons	China	₦4,750,000.00
23	Emirate Lithium and Geominerals Ltd	Lithium	500 Tons	China	₦2,375,000.00
24	Hudson Mining Ltd	Lithium	245 Tons	China	₦1,163,750.00
25	Up and Up Dageli Nig. Ltd	Lithium	300 Tons	China	₦1,425,000.00
26	Abdulrazaq and Co. Mining Ltd	Lithium	140 Tons	China	₦665,000.00
27	Raregems	Lithium	150 Tons	China	₦712,500.00
28	Spectrum Nine Limited	Lithium	200 Tons	China	₦950,000.00
29	Bathols Nigeria Limited	Lithium	31 Tons	China	₦147,250.00
30	Chengming Multi-enterprise Ltd	Lithium	49 Tons	China	₦232,750.00
31	NAGCC Investment Limited	Lithium	60 Tons	China	₦285,000.00

32	Kaile Inf Investment and Trading Company Ltd	Lithium	30 Tons	China	₦142,500.00
33	Joerno Conceptions Ltd	Lithium	27 Tons	China	₦128,250.00
34	Rungiao Nig, Trading Limited	Lithium	55 Tons	China	₦261,250.00
35	Jika Nigeria Limited	Lithium	25 Tons	Germany	₦118,750.00
36	Rain Kana	Lithium	30 Tons	China	₦142,500.00
37	Mellustre Limited	Lithium	50 Tons	China	₦237,500.00
38	Esprit Mines Limited	Lithium	100 Tons	China	₦475,000.00
39	Lideal Mines Limited	Lithium	989.4 Tons	China	₦475,000.00
40	Archetype Industries Nig. Ltd	Lithium (Cabo-Chen Morgantte and Low grade Rubellite Lithium)	5.15	USA	₦183,750.00
41	Lingwell Technology Ltd	Lithium	50 Tons	China	₦50,000.00
42	Rockbottom Mines and Power Ltd	Coal	94,000 Tons	Niger Republic, Togo	₦13,202,558.00
43	Ennaheer / Emaheer Investment Ltd	Coal	2,000 Tons	Togo, Benin Republic	₦225,000.00
44	PFTN Nigeria Limited	Coal	1,000 Tons	Benin Republic	₦150,000.00
45	Afri-Metals Trading Limited	Coal	5,000 Tons	Poland	₦750,000.00
46	Neveah Limited	Tin	750 Tons	Malaysia, China	₦39,750,000.00
47	Illera Mines Ltd	Tin	249.108 Tons	Malaysia, China	₦7,492,500.00
48	Astro Minerals Limited	Tin	325 Tons	Malaysia	₦7,237,500.00
49	Coltan Minerals Limited	Tin	275 Tons	Malaysia	₦6,175,000.00

50	Don and Chyke Nig. Ltd	Tin	648 Tons	Malaysia	₦4,860,000.00
51	Resource Global Foresight Ltd	Tin	499 Tons	Malaysia	₦3,810,000.00
52	Indviz Metal Ltd	Tin	75 Tons	Malaysia	₦562,500.00
53	Ato Tin Mines Limited	Tin	15.5 Tons	Malaysia	₦930,000.00
54	HBR International Ltd	Tin	10 Tons	China	₦75,000.00
55	Eisenberg Ltd	Monazite	50 Tons	Malaysia	₦25,000.00
56	Kenyang Mining Co. Ltd	Zircon Sand	1,400 Tons	China	₦7,904,000.00
57	Tai-Sino Global Ltd	Zircon Sand	125 Tons	China	₦100,000.00
58	Emirate Lithium and Geominerals Ltd	Zircon Sand	Not specified	China	₦1,000,000.00
59	Sino Min-Metals Co. Limited	Manganese	15,000 Tons	China	₦5,316,209.00
60	G.Eso Technical Company Ltd	Aquamarine Tourmaline Topaz Amethyst	35 g 34 g 24.12 g 14.63 kg	Colorado USA	₦72,511.00
61	Limestone	Limestone	-	-	-
62	Iron ore	Iron ore	-	-	-
63	Copper	Copper	-	-	-
64	Cobalt	Cobalt	-	-	-
65	Nickel	Nickel	-	-	-
66	Bauxite	Bauxite	-	-	-
67	Sapphire	Sapphire	-	-	-

Table E10: Licenses Issued In 2022-MCO

Mineral	EL	ML	QL	QLS	SSML	RP	Total
Gold	244	4	2	0	89	2	341
Limestone	55	0	0	5	19	0	79
Lead	56	0	0	0	33	0	89
Zinc	44	0	0	0	29	0	73
Iron	47	0	0	0	5	0	52
Iron Ore	9	0	0	0	1	0	10
Lithium	257	0	1	0	80	1	339

Coal	12	0	0	0	3	0	15
Tin	44	0	0	2	22	6	74
Copper	48	0	0	1	7	0	56
Cobalt	10	0	0	0	1	0	11
Nickel	4	0	0	0	0	0	4
Monazite	4	0	0	0	2	0	6
Zircon	1	0	0	0	1	0	2
Zirconium	0	0	0	0	0	0	0
Manganese	11	0	0	0	1	0	12
Bauxite	3	0	0	0	2	0	5
Sapphire	3	0	0	0	1	0	4
Aquamarine	26	0	0	0	15	0	41
Total	878	4	3	8	311	9	1213

Table E11: Production by Company 2023 For Selected Minerals-MID

Company Name	Mineral Type	Quantity Produced (Tonnes)	Royalty Paid (Naira)
Segilola Resources Operating Limited	Gold	2.47	1,413,397,820
Kursi Investment Limited	Gold	0.1	95,338,809
Dangote Industries Ltd	Limestone	31,910,240	1,607,302,610
Bua Cement Plc	Limestone	9,790,948	711,098,575
Lafarge PLC	Limestone	7,163,472	496,651,739
First Patriot Limited	Lead/Zinc	126,100	476,430,032
Triacta Nig. Ltd	Lead/Zinc	574,583	73,544,917
China Solid Rock Nigeria Ltd	Lead/Zinc	175,333	26,300,000
Kai Di Investment Limited	Lead/Zinc	168,016	25,202,431
Rock Bottom Mines and Power Ltd	Iron Ore	10,000	27,000,075
Lithium production in 2023 (Total)	Lithium	744,502.84	Not specified in summary
Zuma 828 Coal Limited	Coal	170,953	36,078,470
Koyla Energy Nig Ltd	Coal	72,391	19,608,645
Neveah Ltd	Tin Ore	875	58,500,000
First Patriot Limited	Tin Ore	126,100	476,430,032
Copper (total)	Copper	80	Not specified in summary

Cobalt	Cobalt	0	0
Nickel	Nickel	0	0
Monazite	Monazite	2,619.50	1,331,752.25
Zirconium (as part of zircon sand)	Zirconium	4,787	1,500,000
Sino Minmetals Co. Ltd.	Manganese	18,818	1,358,500 (FOB in USD)
Bauxite	Bauxite	0	0
Sapphire	Sapphire	15,022.70	3,676,988
Aquamarine	Aquamarine	150	15,000

Table E12: Export by Company 2023-MID

S/N	Company Name	Mineral Type	Total Quantity	Destination(s)	Total Royalty (₦)
1	Segilola Resources Operation Ltd	Gold	1,568.162 KG	Switzerland, China	817,596,586.82
2	Abu Zahra Zarmari Ltd	Gold	20 KG	Dubai	10,428,174.00
3	Monadale Limited	Gold	50 KG	Dubai	13,035,217.00
4	Mojec Intl Ltd	Gold	2 KG	Dubai	1,046,323.00
5	Precious Metals Gold Processing and Exporters Ass of Nigeria	Gold	40 G	Dubai	20,880.00
6	Sarsoli Ind. Co. Ltd	Limestone	20,000 MT	Niger Republic	9,500.00
7	First Patriot Limited	Lead/Zinc	30,000 MT	China, Belgium	401,880,000.00
8	Synnee/Synce/Symee Alumony Mining Ltd	Lead/Zinc	8,000 MT	Switzerland, China	57,600,000.00
9	Neveah Limited	Lead Ore	500 MT	China	750,000.00
10	Venuz Worldclass	Lead/Zinc	900 MT	China	1,350,000.00
11	Dasion Commodities Ltd	Lead Ore	380 MT	China	579,000.00
12	DTO Industries Nig. Ltd	Lead Ingot	1,000 MT	Spain	1,800,000.00
13	Brilliant Intl. Resources Ltd	Lead/Zinc	200 MT	China	300,000.00
14	Shangsat Nig. Ltd	Lead Ingot	240 MT	South Korea	360,000.00
15	Moreluck Investment Ltd	Lead/Zinc	500 MT	China	750,000.00
16	Sunday Standard Services Ltd	Lead/Zinc	200 MT	China	1,560,000.00
17	Oriental First Real Ventures Nig. Ltd	Iron Ore	3,500 MT	China	1,050,000.00
18	China Africa Building Material Ltd	Lithium	1,000 MT	China	9,000,000.00
19	Oronto Petroleum Intl. Ltd	Lithium	1,000 MT	China	9,000,000.00

20	Nouda Mining Company Ltd	Lithium	1,000 MT	China	9,000,000.00
21	Lideal Mines Limited	Lithium	4,000 MT	China	19,000,000.00
22	Ideal Mines Limited	Lithium	2,000 MT	China	9,500,000.00
23	Ideal mining Resource Limited	Lithium	3,200 MT	China	15,200,000.00
24	Maritime Management andLogistics Ltd	Lithium	3,000 MT	China	14,250,000.00
25	Sani Nig. Co. Ltd	Lithium	3,000 MT	China	14,250,000.00
26	Steron Intl. Resources Ltd	Lithium	3,400 MT	China	22,100,000.00
27	Hudson Mining Limited	Lithium	1,390.05 MT	China	6,602,737.50
28	De-Alite Integrated Service Ltd	Lithium	1,000 MT	China	4,750,000.00
29	African Minerals Rating and Exchange	Lithium	1,000 MT	China	4,750,000.00
30	Green Grass Investment Ltd	Lithium	1,000 MT	China	4,750,000.00
31	Jonwuro Z.K Ltd	Lithium	1,000 MT	China	150,000.00
32	Million Star Intl. Ltd	Lithium	1,000 MT	Malaysia	4,750,000.00
33	Jaginidi Mines Ltd	Lithium	3 MT	Niger Republic	14,250,000.00
34	Landmass Resources Dev. Ltd	Lithium	500 MT	China	2,375,000.00
35	Five Star Export Impaired Ltd	Lithium	500 MT	China	2,375,000.00
36	Asba Group of Company	Lithium	600 MT	China	5,400,000.00
37	Chengming Multi Enterprise	Lithium	302 MT	China	2,718,000.00
38	MK Tede Limited	Lithium	150 MT	China	712,500.00
39	Lingwell Technology Ltd	Lithium	144 T	China	684,000.00
40	Achitype Industries Nig. Ltd	Lithium	108 T	China	513,000.00
41	Rungurao/Runqigo Nigeria Trading Co.	Lithium	165 MT	China	783,750.00
42	Jobibo/Jobodo Global Logistics Ltd	Lithium	196 MT	China	931,000.00
43	Norah Mining Limited	Lithium	100 MT	China	475,000.00
44	African Petroleum Co. Ltd	Lithium	100 MT	China	475,000.00
45	Ebuy Trading Worldmite Nig. Ltd	Lithium	100 MT	China	900,000.00
46	Gulf Minerals Import Nig. Ltd	Lithium	100 MT	China	900,000.00
47	Joerno Concept Limited	Lithium	81 MT	China	384,750.00
48	The Goldencity Logistics and Supply	Lithium	75 MT	China	356,250.00
49	Bolin Mining Co. Ltd	Lithium	55 MT	China	261,250.00
50	YMT Multi Enterprise Ltd	Lithium	220 MT	China	1,980,000.00

51	Archetype Ind. Nig. Ltd	Lithium	180 MT	China	2,268,000.00
52	Methestre Limited	Lithium	50 MT	China	237,500.00
53	Silvese International Ltd	Lithium	50 MT	China	237,500.00
54	Esurvic Nigeria Limited	Lithium	50 MT	China	237,500.00
55	Harrisonford3 Intl. Ltd	Lithium	50 MT	China	237,000.00
56	Top Minerals Intl. Ltd	Lithium	30 MT	China	142,500.00
57	Gold Chang Shing Ltd	Lithium	30 MT	China	612,000.00
58	Mop Marine Nig. Ltd	Lithium	56 MT	China	266,000.00
59	Li Xing Mining Nig. Ltd	Lithium	2,000 MT	China	9,500,000.00
60	Alofia Technologies Ltd	Lithium	300 MT	China	1,425,000.00
61	Min Rong Trading Ltd	Lithium	110 MT	China	522,500.00
62	Soil Gold Mining Ltd	Lithium	300 MT	China	1,425,000.00
63	Huaxian Mining Ltd	Lithium	300 MT	China	1,425,000.00
64	Oriental First Real Ventures Nig. Ltd	Lithium	300 MT	China	1,425,000.00
65	Timelost Resources Management Nig. Ltd	Lithium	200 MT	Malaysia	950,000.00
66	Moreluck Investment Ltd	Lithium	200 MT	China	250,000.00
67	Rockbottom Mines and Power Ltd	Coal	41,000 MT	Togo, Niger Republic, China	7,888,149.00
68	China Africa Building Material Ltd	Coal	48,000 MT	Main, China, Niger Republic	11,657,500.00
69	African Pit and Quarries Ltd	Coal	32,500 MT	Netherland	48,750,000.00
70	Mosra Enerji Limited	Coal	12,000 MT	Togo	18,000,000.00
71	Lagaco Petroleum Company Ltd	Coal	5,000 MT	Niger Republic	750,000.00
72	Afri Metals Trading Ltd	Coal	4,760 MT	Benin Republic	750,000.00
73	Ibba Concerns Synergy Ltd	Coal	800 MT	Niger Republic	1,200,000.00
74	Gagarau Eng's associates Ltd	Coal	500 MT	Niger Republic	750,000.00
75	Esawa Nig. Ltd	Coal	500 MT	Niger Republic	16,606,575.00
76	Mineo Horizons Ltd	Coal	200 MT	Niger Republic	300,000.00
77	Astro Minerals Limited	Tin/Tin Ore	1,176 MT	Malaysia, China	74,300,000.00
78	Neveah Limited	Tin/Tin Ore	675 MT	China	34,650,000.00
79	Don and Chyke Nig Limited	Tin/Tin Ore	575 MT	Malaysia, China	27,774,750.00

80	Coltan Minerals Limited	Tin/Tin Ore	366 MT	Malaysia	21,600,000.00
81	Illea Mines Ltd	Tin	270 MT	Malaysia	16,200,000.00
82	Century Mining Company Ltd	Tin Concentrate	250 MT	Malaysia, China	22,500,000.00
83	Indviz Metals Limited	Tin/Tin Ore	200 MT	China	13,950,000.00
84	Tai-Sino Global Resources Ltd	Tin Ore	27 MT	China	1,620,000.00
85	Tin City Trading Ltd	Tin	25 MT	China	2,250,000.00
86	Shangsat Nig. Ltd	Tin	5 MT	China	300,000.00
87	Metcon Ltd	Tin/Tin Ore	108 MT	Malaysia	3,568,750.00
88	Caravan Global Links Ltd	Copper	25 MT	China	45,000.00
89	Cobalt	Cobalt	-	-	-
90	Nickel	Nickel	-	-	-
91	Tai-Sino Global Resources Ltd	Monazite	120 MT	China	354,000.00
92	Skymma Impex Nig. Ltd	Monazite	100 MT	China	2,340,000.00
93	Vickeny and Commercial Ltd	Monazite	1,500 MT	China	75,000.00
94	Illea Mines Ltd	Zircon Sand	1,000 MT	China	500,000.00
95	Esurvic Nigeria Limited	Zircon Sand	455 MT	China	480,000.00
96	Kenyang Mining Co.Ltd	Zircon Sand	260 MT	China	130,000.00
97	Norah Mining Limited	Zircon Sand	200 MT	China	100,000.00
98	Emirate Lithium and Geominerals Ltd	Zircon Sand	300 MT	China	300,000.00
99	Golden Sand Mining Co. Ltd	Zircon Sand	1,000 MT	China	750,000.00
100	Continental Lithium Ltd	Zircon Sand	1,000 MT	China	500,000.00
101	Kenyang Mining Co.Ltd	Zircon Sand and Columbite	572 MT	China	9,880.00
102	Sino Minmetals Co. Ltd	Manganese	36,000 MT	China	12,600,000.00
103	Bauxite	Bauxite	-	-	-
104	Sapphire	Sapphire	-	-	-
105	Fana Canan Mining Nig. Ltd	Aquamarine	426 MT	Germany	42,600.00

Table E13: Number of Licenses Issued in 2023 For Selected Minerals-MCO

Mineral	EL	ML	QL	QLS	SSML	RP	Total
Gold	528	227	0	3	203	3	964
Limestone	49	27	0	10	25	0	111
Lead	150	42	0	1	40	1	234
Zinc	115	37	0	0	35	0	187
Iron Ore	62	28	0	1	25	0	116
Lithium	944	267	0	3	251	4	1,469
Coal	28	7	0	0	1	1	37
Tin	28	21	0	3	20	10	82
Copper	103	24	0	0	14	0	141
Cobalt	25	6	0	0	1	0	32
Nickel	24	8	0	0	1	0	33
Monazite	37	16	0	0	15	0	68
Zirconium	11	16	0	0	15	0	42
Manganese	61	11	0	0	10	0	82
Bauxite	5	2	0	0	2	0	9
Sapphire	13	11	0	0	11	0	35
Aquamarine	37	22	0	0	18	0	77
Total	2,220	772	0	21	687	19	3,719

SUMMARY OF RESPONDENT INSIGHTS ON ENABLERS OF IFFs IN THE MINING SECTOR

This section presents a consolidated summary of insights gathered from respondents across government agencies, mining companies, buying centres, community representatives, and civil society organisations. The responses provide a multi-layered understanding of systemic vulnerabilities enabling illicit financial flows (IFFs) within Nigeria's mining and solid minerals sector.

1. Governance and Institutional Insights

1.1 Weak Monitoring and Oversight

All government respondents noted:

- Severe manpower shortages
- Inadequate logistics and outdated tools
- Limited field presence
- Ineffective inter-agency coordination

This weak oversight environment allows underreporting, smuggling, and illegal extraction to flourish.

Key quote:

“Manpower is grossly insufficient for effective institutional oversight.” – MSMD

1.2 Political Influence and Interference

Respondents from MSMD and MCO highlighted:

- Interference in licensing
- State-level distortions via MIREMCO
- External pressure on enforcement decisions

This undermines regulatory impartiality and creates opportunities for illicit operations.

1.3 Institutional Fragmentation

NEITI emphasized:

- Lack of synergy among agencies
- Poor data sharing
- Absence of unified monitoring tools

This fragmentation enables manipulation of production and export records.

2. Data and Transparency Insights

2.1 Inconsistent and Unreliable Data

Across all government agencies:

- Production and export data do not align
- Manual record keeping persists
- ASM output is largely undocumented
- No integrated digital system exists

This opacity allows operators to misreport volumes, evade royalties, and move illicit shipments.

2.2 Limited Access to Beneficial Ownership Information

Respondents indicated:

- Weak BO disclosure
- Difficulty identifying real owners of mining companies
- Vulnerability to shell companies and proxies

The CSO respondent confirmed that:

“Beneficial ownership information is not accessible to communities or CSOs.”

3. Artisanal Mining and Informal Economy Insights

3.1 High Prevalence of Unlicensed ASM

Both CSO and buying centre respondents noted:

- Most ASM miners lack licences
- Minerals are mixed with legal production
- No traceability from pit to buying centre

This creates a major channel for:

- smuggling
- tax evasion
- false reporting
- laundering illegal minerals into the formal supply chain

3.2 Low Literacy and Digital Exclusion

Buying centres noted:

- ASM cooperatives struggle with documentation
- Receipts often not issued
- Digital systems may exclude majority of miners

This supports the need for simplified formalisation and digital tools.

4. Market Structure and Buyer Dynamics

4.1 Foreign Buyer Dominance

Mining companies and buying centres consistently reported:

- Chinese buyers dictate pricing
- Local operators have no bargaining power
- Prices based on foreign benchmarks (LME + dollar rate)

This enables underpricing and misinvoicing—classic commercial IFF typologies.

4.2 Cash-Based Transactions

Even when bank transfers are used:

- Cash is common for initial payments
- Informal settlements bypass financial systems
- Cash facilitates off-record transactions

This creates vulnerabilities for money laundering and tax evasion.

5. Corruption and Financial Misconduct

5.1 Unofficial Levies and Double Taxation

Buying centres referenced:

- Multiple charges
- Royalty fluctuations
- Illegal levies on transport routes

These distort the cost structure and incentivise diversion into informal channels.

5.2 Corruption in Licensing and Inspections

- Respondents described institutional corruption
- Inspectors sometimes compromised
- Communities report collusion between illegal miners and security forces

This undermines compliance and enables illegal trade.

6. Security and Criminal Economy Insights

6.1 Criminal Group Involvement

One respondent directly linked:

- Bandits to mining site access control

This implies:

- extraction of "security payments"
- integration of mineral proceeds into criminal economies

6.2 Inconsistent Enforcement by Security Agencies

- Mines Marshals and NSCDC effective in some areas but absent in others
- Customary policing structures weak

This inconsistent enforcement enables illegal extraction and smuggling.

7. Community-Level Insights

7.1 Communities Receive No Benefits

CSO responses highlighted:

- zero benefit-sharing
- no awareness of mineral values
- environmental degradation
- rising social risks (health, prostitution, insecurity)

Lack of community inclusion contributes to acceptance of illegal mining and parallel markets.

8. Summary of Cross-Cutting Insights

These consolidated insights reflect a sector characterised by:

- Weak institutional capacity
- Severe data and transparency gaps
- High informality and unregulated ASM activity
- Foreign buyer dominance and price manipulation
- Cash-based financial flows
- Corruption and political interference
- Criminal infiltration of mining zones
- Lack of community benefit and inclusion

These conditions collectively create an environment highly conducive to illicit financial flows, enabling illegal mineral extraction, misreporting, underpricing, smuggling, and diversion of export proceeds.

ABOUT ANEEJ

The Africa Network for Environment and Economic Justice (ANEEJ) is a non-governmental organization whose goal is to amplify the voice of the weak, the less privileged, and marginalized groups in society, including women, youths, and People Living with Disabilities, in order to increase their participation in the democratic decision-making process. As its basis, ANEEJ believes in a democratic system for managing human interest and operates within two broad areas, namely environmental and economic justice. ANEEJ advocates the importance of supporting the Nigerian national government and state governments in delivering equitable services to citizens.

For about 25 years, ANEEJ has been working in Nigeria (the Niger Delta region and other parts of the country) and other parts of the world, designing and managing projects that address poverty, inequality, corruption, injustice, environmental degradation, democracy and governance challenges, and access to WASH services, among others. Working with local communities, civil society organizations (both local and international), the private sector, and state, national, and foreign governments, our focus has been on asset recovery and management, debts and structural adjustments, sustainable development, institutional building, the alleviation of poverty, and economic empowerment, among other areas.

Since inception, ANEEJ has worked with over 100 civil society organisations while hosting the Secretariat of the Publish What You Pay (PWYP) Campaign, Nigeria, from 2004 to 2008, and the Nigerian Network on Stolen Assets. ANEEJ led the Jubilee Debt Movement in Nigeria, campaigning for the cancellation of the nation's odious debt. This yielded a major result in 2005 when Nigeria received debt cancellation from the Paris and London Clubs of creditors. The organisation also coordinated CSOs involved in monitoring repatriated funds looted by late General Sani Abacha under the Public Expenditure Management and Financial Accountability Review (PEMFAR), a tripartite agreement involving the World Bank, civil society organisations, and the Nigerian government. In 2003, ANEEJ established the Society for Water and Sanitation (NEWSAN), a coalition of over 300 CSOs working in the area of water and sanitation. ANEEJ is currently monitoring the utilisation of the USD 322.5 million recovered Abacha loot now being used for the National Social Investment Programme in Nigeria.

Additionally, ANEEJ is a founding member and currently the Chairperson of the Board of Trustees of the Reality of Aid (RoA) Africa, a sub-sect of Reality of Aid International. ANEEJ also chaired RoA International from 2016 to 2019. It is currently the Nigerian focal point for the Civil Society Organisations Platform for Development Effectiveness (CPDE) and has contributed chapters to the Reality of Aid Global and Africa editions since 2004. At the country level, ANEEJ mobilises other CSOs to engage the National Planning Commission (NPC) on development effectiveness and has, over the years, represented a strong voice for a more effective, people-centred aid regime that guarantees transparency and accountability on both donor and Nigerian government sides.

ANEEJ has been granted Special Consultative Status with the United Nations Economic and Social Council (ECOSOC), with all attendant privileges, and has managed (and is still managing) projects funded by many donors, including USAID, DFID, the EU, the British Council (including J4A, FOSTER, RoLAC, Palladium/MODAC), UNDP/UNODC, the MacArthur Foundation, OSIWA, the Royal Norwegian Embassy, the Canadian and Swiss Embassies, the Heinrich Böll Foundation, Global Green Grants, ActionAid, and EED (now Bread for the World), among others.

Mission:	To contribute to the emergence of a just and equitable African society through socio-economic and environmental rights protection, institutional strengthening and people's empowerment.
Vision:	Africa without Poverty
Values:	Empowerment; Equity; Integrity; Reliability



SECRETARIAT

39, Oyaide Street, Off Benoni Road,
GRA, Benin City, Edo State.



ADVOCACY OFFICE

#41, Suez Crescent, Abacha Estate, Abuja
Continental Hotel, Wuse Zone 4, Abuja



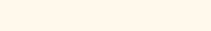
+234 906 972 5955



ANEEJ Nigeria



ANEEJ



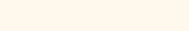
aneej_nigeria



aneejnigeria



info@aneej.org



www.aneej.org



About NEITI

The Nigeria Extractive Industries Transparency Initiative (NEITI) is Nigeria's national platform for promoting transparency, accountability, and good governance in the management of revenues from the country's extractive industries. Established following Nigeria's voluntary adoption of the global Extractive Industries Transparency Initiative (EITI) in 2003, NEITI emerged as part of the Federal Government's broader socio-economic reform agenda under the National Economic Empowerment and Development Strategy (NEEDS). At its core, NEITI was conceived to ensure the prudent management of Nigeria's abundant natural resource revenues, with the ultimate goal of reducing poverty and advancing sustainable development.

Implementation of the EITI in Nigeria formally commenced in November 2003, when the President declared Nigeria's acceptance of the EITI principles and criteria. This was followed in February 2004 by the inauguration of a multi-stakeholder National Stakeholders Working Group (NSWG), bringing together representatives of government, industry, and civil society to oversee implementation. Over time, NEITI evolved from a small coordinating desk within government into a fully-fledged institution, supported by a professional Secretariat staffed with skilled personnel.

A defining milestone in NEITI's development was the enactment of the NEITI Act in May 2007, which provided a strong legal foundation for the Initiative. With this legislation, Nigeria became the first country globally to back EITI implementation with law, firmly institutionalising transparency and accountability in the extractive sector. The Act established NEITI as an autonomous, self-accounting federal agency, mandated to report to the President and the National Assembly, and supervised through the Office of the Secretary to the Government of the Federation.

Guided by successive multi-stakeholder boards and Executive Secretaries drawn from government and civil society, NEITI continues to serve as Nigeria's gateway to the global EITI while functioning as a statutory national agency. Through independent audits, reporting, and stakeholder engagement, NEITI remains central to strengthening governance in Nigeria's extractive industries and ensuring that natural resources deliver lasting value for national development.

Website: www.neiti.gov.ng



About MSMD

The Ministry of Solid Minerals Development (MSMD) is set up to unlock the economic potentials of the solid minerals sub-sector in Nigeria. It was established in 1985 as a bold attempt by the Nigerian Government to spur the rapid and beneficial development of the country's solid mineral resources.

The **MSMD** is responsible for identifying the nation's solid minerals, advising government on the formulation and execution of laws and regulations guiding the various stages of prospecting, quarrying, and mining, and handling sale and consumption of solid minerals in the country, through the issuance of Permits, Licenses, Leases and Collection of rents, Fees and Royalties.

Vision: To facilitate the transformation of the Nigerian Minerals and Metals sector for sustainable Industrial Growth and Economic Surplus.

Mission: To exploit the nation's mineral endowments in an environmentally sustainable manner and establish a vibrant minerals and metals industry for wealth creation, poverty reduction, promotion of economic growth and significant contribution to the GDP of Nigeria.

Website: www.msmd.gov.ng



Supported by: Foreign Commonwealth Development Office



Partnership | Progress | Prosperity

