

## The Federal Government Announces Reduced Annual Service Fees for Mineral Title Holders

In our [Mining Update 1.0](#) we outlined the schedule of rates for the mining sector as announced by the Ministry of Solid Minerals Development (“**MSMD**”) on the 4th of July 2024. The increase in annual service fees for mineral titles was significant with increments as high as 2,000% for exploration licences and 4,000% for mining leases. The Minister had indicated at the time that the objective behind the increase was to deter speculation and encourage serious investors. However, the increase was considered excessively high, especially by existing holders of exploration licences, most of whom had made their projections based on the previous annual service fees. In December 2024, the MSMD downwardly revised annual service fees for mineral title holders. Other revised rates, including the application and renewal fees for exploration licences, small-scale mining leases, and quarry leases, which were also slightly reduced, can be viewed [here](#).

The revised annual service fees are as follows:

### ANNUAL SERVICE FEE

S/N	Mineral Title	Term	Old Fee (₦)	New Approved Fees (₦)
1.	Mining Lease	1 <sup>st</sup> Term	1,050,000	500,000
2.	Small Scale Mining Lease	1 <sup>st</sup> Term	260,000	200,000
		2 <sup>nd</sup> Term	420,000	400,000
3.	Exploration Licence	1 <sup>st</sup> Term	31,500	20,000
		2 <sup>nd</sup> Term	42,000	30,000
		3 <sup>rd</sup> Term	93,000	70,000
4.	Quarry Lease	1 <sup>st</sup> Term	500,000	400,000
		2 <sup>nd</sup> Term	1,100,000	700,000

The MSMD has indicated that it anticipates that this strategic move will not only enhance operational efficiency but also attract both local and international investors. For existing title holders, the further revised rates are still relatively high when

compared to the old rates. Holders of mineral titles should therefore consider strategies, such as collaboration through joint ventures, disposal of redundant assets, and other investment initiatives that would help to mitigate the risk of incurring excessive title maintenance costs.

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