

Segilola And Osun State Government



**Report Of The Inter-ministerial
Fact-finding Committee On The Dispute
Between Segilola Resources Operating
Limited And Osun State Government**

REPORT OF THE FACT-FINDING COMMITTEE
ON THE DISPUTE BETWEEN SEGILOLA RESOURCES
OPERATING LIMITED AND THE OSUN STATE
GOVERNMENT

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0. EXECUTIVE SUMMARY

This Executive Summary delineates the findings and recommendations produced by the Committee concerning the protracted conflict between Osun State and Segilola within Nigeria's solid minerals industry. A thorough inquiry has revealed significant complexities surrounding the interplay between mining companies and state governments, underscoring the urgency for a structured framework to mitigate disputes and promote mutual advantages for all stakeholders involved.

01. Overview of Key Issues

The Committee identified several critical issues contributing to the conflict between Osun State and Segilola, including:

- i. **Unsubstantiated Claims:** Many claims presented by Osun State lacked robust legal evidence, particularly those related to environmental levies amounting to N7,517,500,000 (seven billion, five hundred and seventeen million, five hundred thousand Naira only) and a tax assessment of N3,250,000,000 (three billion, two hundred and fifty million Naira Only) which were deemed not recommended by the Committee.
- ii. **Share Claims:** Osun State's claim to 5,192,869 (five million, one hundred and ninety-two thousand eight hundred and sixty-nine) shares in Thor was recommended in contrast to the more substantial 21.05% share claim in Thor and a N25,000,000,000 (twenty-five billion Naira only) shareholding in TML, both cited as not recommended.
- iii. **Encroachment Issues:** The Committee remarked on the allegations surrounding encroachment of licenses EL 1915 and EL 18834, designating these claims as not recommended or premature, because issues of encroachment on title can only be determined by MCO, thereby indicating a need for further investigation.
- iv. **Community Development Agreements (CDA):** The exploration of financial compensations related to the acquisition of Segilola by Thor was also identified as an area of contention, necessitating more structured discussions.
- v. **Retaliatory Actions:** The initiation of contempt proceedings by Osun State against Segilola's directors, alongside aggressive litigation tactics, have been characterized as counterproductive and counterintuitive to potential resolutions.

0.2. Key Recommendations

To effectively address these issues, the Committee proffers a comprehensive suite of recommendations categorized into legal, social, and economic measures:

0.2.1. Legal Measures:

i. Strengthened Regulatory Framework:

- The Federal Government is encouraged to revise and rigorously enforce existing mining laws to protect the rights of all stakeholders.
- Establish a 30-day pre-action notice period prior to litigation to promote alternative dispute resolution (ADR) mechanisms.

ii. Conflict Resolution Mechanisms:

The Ministry of Solid Minerals Development should allocate sufficient funding to the State Mineral Resources and Environmental Management Committee (MIREMCO) to ensure the effective execution of its mandated functions, particularly those outlined in Section 19(2) (A-H) and Section 3(H). This is especially important given that MIREMCO's composition includes all relevant stakeholders, such as representatives from both federal and state government agencies.

iii. Community Benefit Agreements:

The recently revised guidelines for executing the Community Development Agreement (CDA), as stipulated under Sections 116 and 117 of the Mining Act, 2007, provide clear provisions for protecting the rights of host mining communities. The CDA is legally binding, and no mineral title holder is permitted to commence mining activities without complying with Section 71 of the Act. It is recommended that the enforcement of these relevant sections be prioritized to ensure compliance and safeguard community interests.

iv. Transparent Licensing Process:

Guarantee transparency in licensing and operational protocols, ensuring that affected communities fully comprehend their rights and obligations under the framework of law.

0.2.2. Social Measures:

- i. **The facilitation of consistent stakeholder meetings**, as outlined in Section 117 of the Nigerian Minerals and Mining Act, 2007 (objectives of the CDA), should be carried out through the Consultative Monitoring Committee of the CDA. This committee includes representatives from the Federal Ministry of Mines (FMoM), Local Government Areas, host mining communities, and the mining company. The committee recommends that the Ministry of Solid Minerals Development (MSMD) closely monitor the activities of this committee and require prompt submission of quarterly reports to prevent or minimize unnecessary conflicts.
- ii. **Awareness and education programs**, strengthened local governance, and social investment initiatives are essential components of a well-structured CDA, as stipulated in Sections 116 (1, 2, 3) of the Mining Act, 2007. These provisions are mandatory, and no CDA can be approved by the Honourable Minister unless they comply fully with the Act. It is recommended that the MSMD ensure strict adherence to these provisions to uphold the law and promote sustainable community development.

- iii. **Strengthened Local Governance:** Enhance the competencies of state and local governments to effectively represent community interests, promoting constructive dialogue among all parties.

0.2.3. Economic Measures:

- i. **Local Content Policies:**

Implement policies prioritizing local employment in mining operations and sourcing of goods and services to bolster the local economy and develop relationships with local communities.

- ii. **Sustainable Development Plans:**

Encourage mining companies to create sustainable development plans outlining resources utilized for long-term community benefits, even after mining operations cease.

- iii. **Support for Diversification:**

Encourage initiatives geared towards economic diversification within mining communities, thereby reducing economic reliance solely on mining activities.

Proposed Conflict Resolution Strategy

To manage existing disputes and prevent future conflicts within the solid minerals industry, the Committee has formulated a proposed conflict resolution strategy featuring the following components:

Ongoing Communication Framework:

- i. **Community Engagement Initiatives:**

Organize workshops and town hall meetings to educate communities about mining processes, environmental management, and collaboration opportunities.

- ii. **Conflict Resolution Mechanisms:**

Develop a formal grievance redressal system to outline complaint filing procedures, response timelines, and neutral mediation processes.

- iii. **Long-term Sustainability Commitments:**

Collaboratively design annual Sustainability Action Plans that focus on community well-being, environmental conservation, and shared development goals among all stakeholders.

Conclusion

The Committee's comprehensive analysis reveals vital opportunities for resolution, alongside the immediate necessity for effective protocols that ensure clearer communication and collaboration within the mining sector. Our findings underscore a significant need for better-informed engagement, particularly concerning tax, environmental standards, and local governance.

Of Paramount importance is the likely improper use of State courts, including Magistrate Courts to seal up Segilola mines to enforce payment for taxes. The State court have also currently been deployed to declare wanted some of Segilola Directors and management Staffs. The Hon. Minister need to intervene immediately.

Certain disputes concerning claims, such as the 5,192,869 shares in Thor, have effectively been resolved; however, ongoing disagreements related to invoices from Osun State to Segilola, totaling N92,568,098,513 Billion Naira, which specifically included environmental levies of N7,517,500,000 and the reinstated tax assessment of N3,250,000,000(after Segilola had paid for PAYE and fully paid for Osun State Withholding tax assessments issued unilaterally) underscore an urgent need for structured dialogue. The Ministry of Solid Minerals Development must take decisive action to clarify jurisdictional overlaps regarding regulatory responsibilities, the types of information a subnational can seek in tax assessment requests, taxation on royalty by subnationals, nurturing an environment conducive to investment.

To promote a positive trajectory for engagement, both parties are encouraged to consider mediation training, enhancing their collective capacity to engage constructively. The necessity of collaborative efforts between the Osun State Government, Segilola, and local communities is paramount for enhancing trust and effectively navigating the complexities inherent to Nigeria's solid minerals sector.

In closing, we convey our appreciation to the Honourable Minister of Solid Minerals Development for entrusting us with this critical assessment and express our gratitude to the Governor of Osun State and Segilola's management for their cooperation during this process. We eagerly anticipate facilitating forthcoming reconciliation efforts, ultimately positioning all stakeholders for future success and sustainable development within the region.

THE COMMITTEE REPORT.

1. INTRODUCTION

Following a petition dated April 26, 2024 (Appendix B No. 10 page 330) from Segilola Resources Operating Limited (hereinafter referred to as "Segilola") to the Honourable Minister of the Ministry of Solid Minerals Development (hereinafter referred to as "Honourable Minister"), regarding a demand from the Osun State Government for the total sum of N92,000,000,000.00 (Ninety-Two Billion Naira), a fact-finding Committee was initially established by the Ministry of Solid Minerals Development (the "Ministry") to review the dispute and facilitate an amicable settlement between both parties.

The Honourable Minister subsequently upgraded this fact-finding Committee into an Inter-Ministerial Committee (the "Committee"), which was officially inaugurated on October 9, 2024.

1.1. TERMS OF REFERENCE FOR THE COMMITTEE ON THE OSUN STATE GOVERNMENT/SEGILOLA RESOURCES OPERATING LIMITED FACEOFF

The purpose of this Committee is to resolve ongoing issues between Osun State Government and Segilola Resources Operating Limited regarding disputes related to gold exploration and mining in the State. The Committee is tasked with investigating the nature of the conflict and providing actionable recommendations for resolutions to foster mutual understanding and ensure sustainable mining practices.

OBJECTIVES OF THE COMMITTEE:

- i. To identify the root causes of the disagreement between Osun State Government and Segilola Resources Operating Limited.
- ii. To review contractual obligations and agreements between both parties to ascertain any breaches or misunderstandings.
- iii. To assess the socio-economic, environmental, and legal aspects of Segilola's operations.
- iv. To evaluate the impact of Segilola's activities on host communities and the broader Osun State economy.
- v. To propose solutions that facilitate ongoing mining operations while safeguarding the interests of the state and affected communities.
- vi. To make further recommendations to aid the government in making informed decisions to resolve the prolonged dispute between Segilola Resources Operating Limited (SRSL) and Osun State Government (OSSG).

SCOPE OF WORK:

The Committee shall:

- i. Conduct extensive consultations with both Osun State Government and Segilola Resources Operating Limited, in addition to relevant stakeholders such as local communities, environmental experts, and legal representatives.
- ii. Review all pertinent documents, including contracts, agreements, licenses, and reports concerning Segilola's operations within Osun State.
- iii. Investigate Segilola's compliance with mining, environmental, and community development laws and regulations.
- iv. Analyze the financial, social, and environmental implications of the conflict.
- v. Review grievances from the Osun State Government and local communities regarding Segilola's activities, including claims of environmental degradation, inadequate corporate social responsibility, or non-compliance with agreed terms.
- vi. Provide a platform for mediation and dialogue between the parties for a mutually agreeable resolution to the dispute.

METHODOLOGY:

- i. Data Collection: Collect data through interviews, surveys, field visits, and document reviews.
- ii. Consultations: Engage local stakeholders, including traditional rulers, community leaders, and affected residents, to gather their perspectives.
- iii. Legal Review: Examine applicable national and state laws concerning mining operations, environmental protection, and community engagement.
- iv. Expert Input: Consult experts in mining, law, environmental science, and economics to obtain a comprehensive view of the issues.

EXPECTED OUTCOMES:

- i. A comprehensive report detailing the Committee's findings, including an analysis of the contractual and operational issues leading to the dispute.
- ii. Recommendations for legal, social, and economic measures to resolve the conflict and prevent recurrence.
- iii. A framework for ongoing communication and cooperation among Osun State Government, Segilola Resources Operating Limited, and local communities.

REPORTING STRUCTURE:

The Committee will report directly to the Honourable Minister. Interim updates will be provided as the work progresses, and a final report is expected within seven (7) days of the Committee's inauguration.

DURATION:

This Ad-Hoc Committee has seven (7) days to complete its investigations and submit its report, bearing in mind the necessity to enable Segilola Resources Operating Limited to continue its operations given the economic implications of ongoing closure.

MEMBERSHIP OF THE COMMITTEE:

The committee will comprise:

- (i) Engr. Iman A. Ganiyu, Director (MI) MSMD – Chairman

- (ii) Dele Kelvin Oye, Esq., National President, NACCIMA – Vice Chairman
- (iii) Dr. Vivian Okono, Director (MEC) MSMD – Member
- (iv) Mrs. N.C. Odili, Director (LS), MSMD – Member
- (v) Days Ikuerowo, FIRS – Member
- (vi) Dr. Ummu A. Hashidu, Fed. Ministry of Labour and Employment – Member
- (vii) Zubeir Abubakar, NIPC – Member
- (viii) Mr. Pwol Stephen Dareng, AD/SA (OPS) MSMD – Secretary

DELIVERABLES:

- i. A comprehensive report encompassing findings, analyses, and recommendations.
- ii. A proposed conflict resolution strategy detailing steps for improving communication and trust between the parties.
- iii. Guidelines ensuring future mining activities align with established regulations.

2. BRIEF SUMMARY OF FACTS

Segilola submitted a petition to the Honourable Minister of Solid Minerals Development, outlining its ongoing dispute with Osun State regarding various demands made by the State government. This conflict has been characterized by ongoing discussions and litigations that are yet to yield satisfactory outcomes. In a letter dated April 22, 2024 (Appendix A1 No. 11, page 30), the Osun State Office of Natural and Minerals Resources outlined claims against Segilola totaling ₦92,568,098,513.00. The specific claims include:

2.1. SHAREHOLDING:

:

- i. ₦25 billion for cash payments concerning shareholding with Tropical Mines Limited (TML) related to the issuance of shares for Thor
- ii. ₦10 billion for financial considerations applicable to co-owners of TML/Thor
- iii. ₦36.8 billion for a portion of the return royalty due to TML.

2.2. LICENSE ENCROACHMENT:

Allegations of encroachment concerning license areas EL1915/EL18834.

2.3. AUDITED ACCOUNTS:

A claim of ₦3,250,598,513.00 for outstanding taxes, including withholding tax, PAYE underpayments, and other levies.

2.4. ENVIRONMENTAL COSTS:

A demand for ₦7,517,500,000.00 for environmental related payments

2.5. HAULAGE FEE:

An estimated unpaid fee of ₦10 billion for solid mineral haulage fees. These amounts are to be deposited into the Osun State Mining and Solid Minerals Revenue account. (see Osun State letter dated 22nd April 2024 signed by Prof. Lukuman Adekilekun JIMODA, FNSChE, R.Engr. (Appendix A2 No 9, page 130). In response, Segilola addressed the demand in a letter dated

April 23, 2024 (Appendix B No. 3, page 287) to the Special Adviser to Prof. Lukuma, expressing concern and disbelief regarding the claims made by the Office of Natural and Minerals Resources. Segilola refuted the allegations, emphasizing its commitment to lawful operations and requesting that communication occur through appropriate channels, including direct contact with Tropical Mining Ltd. (TML) and the Mining Cadastral Office (MCO) to address some of the claims in the letter.

Following this correspondence, Segilola wrote a letter to the Honourable Minister dated April 26, 2024 (Appendix B No. 10, page 330), seeking the Ministry's intervention in resolving the dispute. The Honourable Minister subsequently issued a letter dated May 20, 2024 (Appendix B No. 11, page 332), to Osun State through the Special Adviser on Mining and Mineral Resources, informing them of the complaint against the State. The letter referenced the provisions of section 44(3) of the 1999 Constitution (as amended) as well as Section 1 of the Nigerian Mining and Minerals Act 2007. It noted that the control of lands with mineral deposits automatically lies with the Federal Government and suggested that the State's levies and taxes were excessive, arbitrary, and potentially in conflict with constitutional provisions. Additionally, the Minister requested a reconciliation meeting to address the issues raised in Segilola's complaint, leading to the establishment of the Committee.

3. METHODOLOGY

The Committee employed the following methodology for its work:

- 1) A Technical Committee's visit to Osun State on October 8, 2024, to meet both parties and request relevant documents supporting their claims.
- 2) The Fact-finding Committee conducted a visit to Osun State on October 18, 2024, to meet with both the Osun State government and Segilola, delivering letters from the Honourable Minister and the Permanent Secretary (Appendix C No. 3 & 4 pages 416 – 417) announcing the establishment of this Committee.
- 3) Document submission: Both parties were informed that proceedings would be based on documentary evidence and were asked to submit relevant documents in support of their claims/positions concerning the matters in dispute.
- 4) The Committee invited Tropical Mines Limited to participate in discussions.
- 5) Mediation meeting: Both parties were invited to Abuja to present their claims/defenses and clarify issues in each other's presence.
- 6) Review of State and National laws relevant to the matters in dispute.
- 7) Consultations with relevant experts and agencies.
- 8) Allocation of a two-week mediation period for the Committee to assist the parties in resolving any outstanding matters.
- 9) Adoption of preliminary findings from the earlier work conducted by the Technical Committee appointed by the Ministry regarding the subject matter.
- 10) Committee meetings to discuss findings.
- 11) Report preparation and findings analysis.
- 12) Submission of the final report to the Honourable Minister.

3.1. VISIT TO OSUN STATE GOVERNMENT BY COMMITTEE

On October 18, 2024, the Committee visited Osun State, where it met with officials led by the Deputy Governor representing the Governor. The Committee introduced itself as a Fact-finding Inter-Ministerial Committee formed by the Federal Ministry of Solid Minerals Development to facilitate the resolution of disputes between the parties.

The Committee listened to the Osun State Government's perspective on the issues in dispute and requested that all relevant documents supporting their claims be forwarded to the Committee. They also invited the Osun State Government to a mediation and reconciliation meeting at the Ministry of Solid Minerals Development in Abuja. Some officials from Osun State hinted at potential bias from the Committee and also expressed concerns regarding the former Chairman of the Osun State Internal Revenue Service (OIRS) possibly being compromised by Segilola in the tax dispute.

The Committee reassured Osun State that it had been expanded to an Inter-Ministerial Committee based on the nature of the dispute and emphasized that Segilola did not influence the Committee's composition or decision-making process. The Committee provided a written invitation dated October 21, 2024 (Appendix C No. 1, page 413), to the Osun State Government on the constitution of the Committee and requested documentation supporting their claims and inviting them to a mediation meeting at the Ministry of Solid Minerals Development, Abuja. The Committee also presented a letter from the Honourable Minister of Solid Minerals to the Deputy Governor.

3.2. VISIT TO SEGILOLA BY THE COMMITTEE

The Committee also visited Segilola on October 18, 2024, where it met with the Executives of Segilola and informed them of the Ministry's establishment of the Committee concerning the dispute with Osun State. The Committee presented letters from the Permanent Secretary of the Ministry on the composition of the Committee and requested all relevant documents to support their case/defense. Segilola was invited to the mediation and reconciliation meeting at the Ministry of Solid Minerals in Abuja.

Subsequently, the Committee sent an invitation letter dated October 21, 2024 (Appendix C No. 1, page 412) to Segilola, requesting them to submit supporting documentation for their claims/defense and inviting them to attend the mediation meeting.

4. DOCUMENTS SUBMITTED BY THE PARTIES IN SUPPORT OF THEIR CASE:

4.1. OSUN STATE:

Osun State, via a letter dated October 9, 2024, titled "Submission of Relevant Documents to the Fact-finding Team," initially submitted twenty-four (24) documents to support their claims (see Appendix A1). Upon the Committee's request during their visit to Osun State on October 18, 2024, the State additionally submitted fifty-one (51) more documents (Appendix A2).

4.2. SEGILOLA:

Segilola provided the Committee with a total of fifty (50) documents to support their claims/defense (Appendix B).

5. EXPECTED OUTCOME/DELIVERABLES A

A DETAILED REPORT OUTLINING THE FINDINGS OF THE COMMITTEE, INCLUDING AN ANALYSIS OF THE CONTRACTUAL AND OPERATIONAL ISSUES THAT LED TO THE FACE-OFF.

5.1. ISSUES TO BE RESOLVED

From the Committee's visits to Osun State and Segilola, meetings held with the parties and Tropical Mines Limited, and thorough review of all submitted documents, the following issues have been identified for resolution:

- 1) Tax Issues
- 2) Environmental Issues
- 3) Shareholding of Osun State Government
- 4) Encroachment of EL1915/EL18834
- 5) Community Development Agreement

6. MEDIATION MEETING OF COMMITTEE WITH PARTIES AT ABUJA

To further the mandate set by the Honourable Minister, the Committee convened a mediation meeting at the Ministry with all parties involved after reviewing the submitted documents. Letters inviting the parties and TML to the meeting were sent out, with the meeting scheduled for October 24, 2024. Copies of the invitation letters dated October 21, 2024, and the list of attendees are enclosed in (Appendix C No. 1, pages 412 – 414) and (Appendix C No. 5 pages 418 – 420) respectively. The detailed agenda for the meeting on October 24, 2024 (a copy attached as Appendix C No. 2, page 415), included the following items for discussion:

- 1) TAX ISSUES
- 2) SEGILOLA SUB-CONTRACTORS AND PAYEE STATUS
- 3) ENVIRONMENTAL IMPACT ASSESSMENT
- 4) SHAREHOLDING OF THE OSUN STATE GOVERNMENT
- 5) MISCELLANEOUS - COMMUNITY DEVELOPMENT AGREEMENT, ECONOMIC RIGHTS, ETC.

After initial discussions regarding encroachment which was initially presented as part of Osun State's shareholding in Thor, it was agreed to address it as a miscellaneous item on the agenda.

Consequently, the Chairman of the Committee proposed that, since Osun State raised the issues, they would present their case first on each item on the agenda, after which Segilola would be allowed to respond.

6.1. TAX ISSUES:

A. OSUN STATE:

All parties agreed that tax issues should be considered in conjunction with the matters of PAYE and subcontractors, as they are interrelated. The Acting Chairman of OIRS, Alhaji Hamzat Solanke, presented the State's claims and informed the Committee that the claim against Segilola regarding tax allegedly owed to the State government was for the sum of ₦3,250,598,513.00, as specified in the tax assessment issued to Segilola dated 17th April 2024 (Appendix A2, No. 31, page 190). The Chairman referenced Section 58 of the Personal Income Tax Act (PITA), stating that any appeals or objections to tax assessments must be filed within 30 days of receiving the assessment.

SUBSIDIARIES:

The OIRS Chairman further alleged that Segilola operates several subsidiaries and contractors, and they have failed to disclose these companies to the Osun State government, which hinders the State's ability to collect PAYE tax. He concluded that the basis for their claim against Segilola was the elapsed 30-day period allowed by law for objections, during which no official response was received from Segilola. Thus, the tax claim by the Osun State government was considered admitted and binding on Segilola.

SEGILOLA'S USE OF OTHER COMPANIES:

The Acting Chairman alleged that Segilola was avoiding tax obligations through the use of multiple companies in its operations, and despite the State's request in a letter titled "ReDisclosure of List of Consultants, Contractors, and Outsourcing Companies Engaged by Segilola Operating Resources Limited" dated 23rd September 2024 (Appendix A2 No. 43, page 214), there had been no response from Segilola.

A member of the Osun State House of Assembly who was part of the Osun State's delegation, explained the legislative competence regarding mining and environmental matters as delineated in the 1999 Constitution (as amended). The State submitted 21 documents in support of its tax case against Segilola, numbered pages 172–214 in the bundle referred to as Appendix A2.

B. SEGILOLA: Response

The Chief Financial Officer of Segilola, through Mr. Olubamwo, addressed the issues raised by the Acting Chairman of OIRS. Segilola acknowledged receipt of the tax assessment for ₦3,250,598,513.00 and confirmed that it responded via email dated 13th May 2024 (Appendix B No. 17, page 342). A second email was sent to OIRS on 20th May 2024 (Appendix B No. 18, page 344), which was acknowledged by OIRS. This acknowledgement prompted Segilola to believe that its objection email was received.

Segilola argued that electronic communication is legally recognized and that since the email dated 13th May 2024 was sent within the 30-day assessment window, the assertion by the Osun State Secretary that the tax assessment was deemed accepted and final due to a lack of objection was incorrect. Additionally, Segilola pointed out that Osun State cannot claim the tax

assessment was final when it participated in several meetings aimed at resolving the tax assessment dispute, which were attended by the current Acting Chairman of OIRS. Segilola provided copies of the meeting attendance sheet and the minutes from the meeting dated 4th July 2024 as evidence (Appendix B No. 19 & 20 pages 347 – 348). Subsequently, Segilola paid ₦9,885,073 (Appendix B No. 16 pages 339 – 341) to cover undisputed liabilities for PAYE tax, development levy, and business premises renewal levy for the period under review.

WITHHOLDING TAX:

Regarding withholding tax, Segilola informed the Committee that both parties had agreed to resolve the issue concerning the correct amount owed. Consultants from both parties would meet to review the issues raised, as Segilola claimed that not all transactions assessed by the State occurred within Osun State, thus contesting full tax liability to the Osun State government.

However, while reconciliation was in progress, Osun State issued a unilateral second assessment dated 23rd September 2024, which presented an amended tax liability of ₦98,347,105.18 (Appendix B No. 21, page 349,) as the final tax liability reassessing the initial claim of ₦3,250,598,513.00. Segilola had no input in this unilateral assessment but, under pressure from the actions of Osun State, who secured Court orders (Appendix A1 No. 17 and 18 page 40 – 41) to seal Segilola's mining site, prompting payment of the assessment by Segilola under protest. This payment was dated 30th September 2024, with attached receipts provided (Appendix B No. 22, pages 351 – 355).

Segilola was surprised to receive a subsequent letter from Osun State dated 30th September 2024 (Appendix B No. 26, page 369 – 370), claiming that the revised universal tax assessment was unauthorized and had been revoked, reinstating the initial assessment of ₦3,250,598,513.00. The revoked tax assessment of ₦98 million and the initial assessment of ₦3,250,598,513.00, form the basis of the ongoing tax dispute between the parties.

FINDINGS/RECOMMENDATIONS:

- 1) The Committee finds that the revised tax invoice dated 23rd September 2024, amounting to ₦98,347,105.18, was issued unilaterally by the Osun State government before conclusion of reconciliations between the parties.
- 2) The Committee is of the opinion that Osun State is estopped from revoking the revised invoice, as attempted via a letter dated 30th September 2024 issued by the Secretary to the State Government, citing the OIRS Chairman's invoice as unauthorized.
- 3) The issue of whether the invoice was unauthorized is an internal matter for the Osun State government, as the State is bound by the actions of its agents at OIRS.
- 4) The revised invoice for ₦98 million supersedes the previous invoice for ₦3.2 billion and remains valid until a detailed breakdown and rationale for its calculations are provided and reconciled with Segilola. Since Segilola paid the revised invoice under protest, and pending further joint reconciliation, the Committee recommends that this payment be treated as a tax credit in favour of Segilola.
- 5) The enforcement of payment by the Chief Magistrate Court 1 of Osun State to seal up all Segilola's mines may be illegal and unconstitutional, raising concerns about the Court's jurisdiction over mining matters (see Appendix A2 No. 50 Page 279).
- 6) The additional justification provided by Osun State in the revocation letter, claiming newly discovered evidence of tax evasion relevant to audit reconciliation, this evidence

was not presented before the Committee. While these facts may be relevant for future

audits, it is the Committee's view that such facts may not offer sufficient legal grounds for the State to dismiss or revoke the tax reconciliation process after issuing a unilateral tax invoice and securing a Magistrate Court Order for payment.

- 7) If new facts indeed exist, the State did not also provide the material difference in the new assessment from the initial invoice of ₦3.2 billion.
- 8) The allegation made by Osun State officials regarding the potential compromise of the previous OIRS Chairman by Segilola was not substantiated by any evidence, either oral or written. The Committee found no evidence led to support the claim that the ₦98 million invoice was improperly procured by Segilola. Furthermore, from the evidence before the Committee, there is inconsistency in the allegations with the proactive actions of the State through the former OIRS Chairman, who sealed up Segilola's mines to enforce the OIRS assessment for the ₦98,347,105.18 assessment. Based on the above proactive action of the former OIRS Chairman, where is the unusual supposed 'paddy paddy relationship' with Segilola. Moreover, the evidence demonstrated that the current OIRS Chairman participated in the reconciliation meetings that led to the issuance of the ₦98 million invoice.
- 9) In conclusion, the Committee is of the opinion that the tax invoice of ₦3.2 billion revoked by Osun State is invalid, having been adequately challenged by Segilola. Following subsequent negotiations, the issuance of the revised invoice for ₦98 million and payment under protest confirms the State is estopped from revoking the process.
- 10) The Committee recommends that the payment made by Segilola under protest to the State should constitute a tax credit for Segilola, as it was not the result of any negotiation or reconciliation agreement between the parties.

6.2. ENVIRONMENTAL ISSUES

A. OSUN STATE:

Mr. Wale Akala from the Osun State Ministry of Environment informed the Committee that the concern did not stem from the Environmental Impact Assessment (EIA), which was completed at the onset of the Segilola project. Segilola had been in operation for several years without significant issues. The primary concern was related to the Environmental Audit, specifically regarding pollution and the Environmental Development Levy.

Mr. Akala presented the Osun State perspective on environmental matters, acknowledging that Segilola had performed well in certain areas while falling short in others. He noted their participation in routine inspections of Segilola's facilities alongside the Federal Ministry of Environment. However, he expressed frustration at the lack of authority for the State Ministry to conduct independent environmental inspections or sample collections, even jointly with the Federal Ministry of Environment. Additionally, he mentioned that reports from the Joint Environmental Audit were not shared with him by either the Federal Ministry of Environment or Segilola. In his view, the State should have unrestricted access to Segilola's mining sites at any time to carry out independent environmental audits. He emphasized that Segilola seemed to prioritize communication with the Federal Ministry of Environment while neglecting the State. Other members of the State delegation echoed these sentiments, citing multiple instances of denied access to Segilola's mines/sites, even when attempting to deliver letters from the Governor through the Special Assistant to the Governor on Mining.

Mr. Akala referred the Committee to a questionnaire from the Osun State Ministry of Environment, dated 21st October 2024 and signed by him (Appendix A2 No. 44, page no. 215). Osun State is claiming a total of N7.52 billion Naira for environmental assessment and an additional N10 billion Naira for haulage of solid mineral products. The State submitted four documents which included 2022 and 2023 environmental laws (pages 217-268, Appendix A2, also pages 130 – 132, Appendix A2).

B. SEGILOLA

In response, Segilola stated that regarding environmental issues, inspections, and access to the mining site, there are established laws and protocols that govern these visits and inspections. They clarified that these regulations fall under the authority of the Federal Ministry of Environment, which oversees environmental inspections. Segilola noted that environmental audits are conducted quarterly in collaboration with the Osun State Ministry of Environment and emphasized that they had no control over the design, procedures, or outcomes of these inspections and reports. They further asserted that Segilola has adhered to all environmental requirements and has made all necessary payments to the Osun State government up to the present date.

In addressing the environmental concerns raised by Osun State, the Committee evaluated the evidence presented by both parties, including the Environmental Compliance Review submitted by the Ministry of Solid Minerals Development for Segilola Resources Operating Limited (from inception to date) (Appendix C No. 10 pages 437 – 442). The Committee's findings are as follows:

1. **Environmental Pollution:** The Committee concludes that the Osun State government has not provided adequate evidence to substantiate its claims of environmental pollution or degradation. In the questionnaire submitted by the Osun State Ministry of Environment and Sanitation (Appendix A2 No. 44 page 215), signed by Mr. Wale Akala, the State had not taken samples from Segilola's mining site. Consequently, the Committee received no supporting evidence from Osun State to validate its allegations concerning environmental degradation or pollution attributed to Segilola.
2. **Environmental Development Levy:** The Committee finds that the imposition of an ecological levy, as stipulated in Section 2 of the 2023 State Environmental Protection (Amendment No. 1) Law, which amended Section 6(5) of the Osun State Environmental Protection Law, 2022, lacks clarity. The Law requires the levy to be determined by relevant Ministries, Departments, and Agencies (MDAs) but does not specify a fixed amount applicable to all mining companies.
3. The Committee recommends that Osun State consider amending this provision to clearly define the levy amounts, providing a uniform legal basis for levies applicable to all mining companies operating within the State.
4. **Payment of Environmental Levy:** The Committee notes that Osun State provided documentation through Prof. Lukuman's Letter dated 22nd April 2024 (Appendix A1 No. 11, pages 30 – 32) indicating that Segilola had paid approximately ₦32.5 million in environmental levies from 2022 to 2024.
5. **Dispute Over Levies:** The dispute between Segilola and Osun State is in respect of the sudden claim for ₦7.9 billion environmental levies by the Osun State government. This amount seems to stem from the State's abrupt decision to impose charges retroactively from 2019, despite evidence indicating that Segilola had not commenced commercial

mining in the State until 1st January 2022. (See OIRS’s Tax Consultant’s letter dated 22nd March 2024 from O.M Associates (Appendix A2 N0. 30 pages 182 – 189). The Consultant while writing about Segilola in the report to the State stated as follows “The company announced commencement of gold operations in 2022”. (See Appendix A2 N0. 30 page 183). Furthermore, the Segilola’s inquiries regarding the basis for this significant increase in levies went unanswered by the State (See Segilola’s letter dated 23rd April 2024, listed at Appendix B No. 3 pages 287 – 289). The State did not also provide evidence before the Committee for the sudden surge in environmental levies assessment. This position is further compounded by the apparent legal ambiguity of levies assessment which seems unsupported by the current laws. Under the 2022 environmental law, the maximum charges are from N1,000,000 to N10,000,000. The State environmental laws for 2019, 2020, 2021, were never presented to the Committee. While the 2023 environmental law which amended the 2022 environmental law stipulates in section 3 that “... every mining company operating within Osun State shall pay an annual Ecological levy to be determined by relevant Ministries, Departments and Agencies of Government...”, from the 2023 environmental law, there is no amount stipulated. The question then is, under what law is the State charging the sums of N1, 250, 000, 000.00 per annum, from 2019 to 2023 and N1,300,000, 000 for 2024?

6. **Validity of Environmental Protection Law:** The Committee finds that the Osun State Environmental Protection (Amendment No. 1) Law 2023 may be invalid (as it relates to mining) due to the absence of defined levy amounts within the legislation which renders the State unable to charge in mining activities.
7. **Environmental Audits and Inspections:** The Committee was satisfied that the environmental audits, inspections, and sampling are under the exclusive jurisdiction of the Federal Ministry of Environment. This is reinforced by Section 44(3) of the 1999 Constitution (as amended) and Sections 1(1) and (2) of the Nigeria Mining and Minerals Act, 2007, which assign mining rights exclusively to the Federal Government. While collaboration with State and local government authorities is essential and mandated by the Federal Environmental Protection Agency Act (FEPA), it remains the Federal Ministry of Environment's responsibility to oversee these activities, subsequently forwarding copies of audit and inspection reports to the relevant State ministries. Therefore, it is not Segilola's obligation to provide these reports to the Osun State government or to determine who conducts visits and inspections at their site; thus, any resulting disputes should be directed to the Federal Ministry of Environment.

RECOMMENDATIONS STATE AND LOCAL LEGISLATIONS

The legal framework of environmental law in Nigeria operates across all three tiers of government. The Federal Government, through the Ministry of Environment, holds primary responsibility for environmental matters within the federation. To fulfill this role, there are various federal laws, regulations, and agencies that address environmental pollution at the federal, state, and local government levels. Specifically, Section 25 of the Federal Environmental Protection Agency (FEPA) Act grants States the authority to establish their own State Environmental Protection Agencies, with the primary aim of ensuring good environmental quality concerning pollutants within their jurisdiction.

With respect to the above environmental levies imposed on Segilola, please find below the recommendations of the Committee:

- The Committee recommends that Osun State should collaborate with relevant Federal Government agencies to ensure compliance with environmental regulations within the above legal framework, to avoid unnecessary overlap between the State and Federal Government on their statutory and constitutional responsibilities.
- The Osun State Environmental Protection (Amendment No. 1) Law 2023 should be revised to include specific environmental levies to be paid, rather than allowing discretion to the relevant State agencies.
- The Osun State claim for the sum of N7,517,500.00 (seven billion, five hundred and seventeen million, five hundred Naira only) as levies for environment fails as there are no basis for the claim.
- There was no evidence before the Committee of any environmental pollution on the part of Segilola.
- That from the exhibits provided by Osun State, there is evidence that Segilola had paid the sum of N32,500,000.00 (thirty-two million, five hundred thousand Naira only) to Osun State for environmental levy from 2022 to 2024 (see Appendix A2 No. 9, pages 130 – 132).
- That the Issue of the likely validity or otherwise of Osun State Environment law (Amendment No.1) S.3, which incorporated an attempt to legislate on Mining Activities.

This comprehensive assessment aims to clarify environmental issues while ensuring a collaborative response to promote effective governance in the management of environmental concerns.

6.3. SHAREHOLDING OF OSUN STATE:

A. OSUN STATE:

The representatives of the Osun State government informed the Committee that their claim regarding shareholding was primarily based on a letter from Segilola dated 23rd April 2024 (Appendix A2 No. 4 page 119 – 121). The letter indicated that Osun State has 5,192,869 (Five Million One Hundred and Ninety-Two Thousand, Eight Hundred and Sixty-Nine) bonus shares in Thor Explorations Limited (THOR). The shares were reportedly provided to Segilola by Thor for onward transmission to the Osun State Government.

B. SEGILOLA & TML:

In response to these allegations, Mr. Kehinde Daodu, a representative of TML from Babalakin & Co, addressed the Committee. He said that he came prepared with a copy of Osun State's share certificate in Thor but sought to clarify the issues raised by Osun State's representatives before presenting it. He stated that Osun State was never a shareholder of TML at the time of its acquisition by Thor and that the state is not currently a registered shareholder in Thor. He further asserted that Osun State was not a member and was not a subscriber to TML or THOR at the time of incorporation. That the shares allocated to Osun State were categorized as bonus shares in Thor, given in good faith due to Thor's mining operations in Osun State. He emphasized that the State's acquisition of these bonus shares was not as of its rights, and that Osun State failed to come forward to claim and register their bonus shares in Thor.

Based on the oral testimonies and documents presented to the Committee at the mediation session, the Committee concludes the following regarding Osun State's claims of shareholding:

- I. Osun State asserts that its shareholding in TML should be 21.05% and demands this percentage.
- II. Osun State claims to have invested in TML's exploration and development up until September 2016.
- III. Osun State contends that the State did not approve the scheme or the investments that led to the establishment of Segilola and its current operations.
- IV. Osun State demands 21.05% of Thor's current shareholding, alongside a request for USD 1.3 million given to TML shareholders during Thor's acquisition, plus interest calculated at LIBOR plus 4% per annum from the date of acquisition to December 31, 2023. The State supported her above claims for shares and legacy issues in TML, Thor and invariably Segilola with 55 documents numbered as Appendix A2 No 3 – 23, pages 117 – 171).
- V. Osun State also demands 21.05% of the smelter fees, estimated at USD 4 million per year for four years, originating from Segilola and Thor.

In contrast, Mr. Kehinde Daodu of Babalakin & Co., representing TML, presented the following responses during the mediation meeting:

- i. Osun State was never a member or registered shareholder of TML at the time of its acquisition by Thor and is not a registered shareholder in Thor.
- ii. At the time of TML's and Thor's incorporation, Osun State was neither a member nor a subscriber to TML. The shares allocated to Osun State were bonus shares from Thor, granted in good faith due to Thor's mining operations occurring within Osun State.
- iii. The acquisition of these bonus shares by Osun State was not entitled by right, and Osun State has not registered these bonus shares with Thor.
- iv. TML has offered to provide the share certificates to the Osun State government upon request. Mr. Daodu submitted a copy of the Share Certificate (Appendix D No. 1 page 443) to the Committee through its Secretary.
- v. Original shareholders, including those of Thor and Segilola, have not received dividends, as Segilola is yet to declare or distribute dividends since its inception. vi. In regard to Osun State's additional claims—monetary or concerning share entitlement, resulting from Thor's acquisition of TML, TML states that Osun State is not entitled to any benefits, as it was never a shareholder of TML at the time of acquisition.

After evaluating Segilola's presentation and accompanying documents, especially since the State placed reliance on documents from Thor/Segilola website and particulars of shareholders of TML dated 4th day of April 2009, the Committee makes the following deductions from evidence of the parties:

- i. That Segilola has not declared any dividends from its operations.
- ii. That Osun State did not provide any legally binding evidence to substantiate its substantial claims.

- iii. That by virtue of the evidence before the Committee, a letter dated April 23, 2024 (Appendix A1 No. 6 page 18 and Appendix A2 No. 4 page 119), Segilola acknowledged Osun State's ownership of 5,192,869 shares in Thor.
- iv. That no evidence was supplied by the State to support its claim for 21.05% in TML/Thor, nor for the monetary claims in USD and Naira (Appendix A1 No. 11, pages 30 – 32 and Appendix A2 No. 9, pages 130 – 132), or the substantial claims totaling millions and billions of Naira (Appendix A2 No. 48, pages 271 – 276).
- v. That the shares in question are classified as bonus shares issued by Thor to Osun State in good faith.
- vi. That there is no evidence before the Committee indicating that Osun State has registered the above referred bonus shares in Thor's shareholder's registry.

RECOMMENDATIONS

- 1) The Committee recommends that the identified bonus shares be immediately transferred to Osun State, and the Ministry should collaborate with the TML's Company Secretary and relevant stakeholders to ensure this recommendation is carried out immediately.
- 2) Regarding Osun State's other claims, including the 21.05% interest in TML/Thor and Segilola, as well as other financial claims for the acquisition of TML by Thor, smelter fees, interest, and dividends, these claims are deemed unsubstantiated. The oral and documentary evidence presented by Osun State did not adequately support these assertions.
- 3) That the particulars of shareholders of TML tendered by the State did not have Osun State listed as shareholders in TML.
- 4) That Osun State did not provide any evidence to support her claim as subscriber or shareholder in TML/Thor at the material time or anytime except for the above referenced bonus shares on Thor.

6.4. COMMUNITY DEVELOPMENT AGREEMENT (CDA):

A. OSUN STATE

A Chief introduced by the Osun State delegation as a Traditional Ruler, expressed to the Committee his primary concern as the paramount traditional ruler of the people of Osun State: that the interests of the communities affected by Segilola's mining activities be adequately protected in accordance with Nigerian law. He noted that a Community Development Agreement (CDA) was signed between Segilola and the relevant communities in 2018, which has since expired in 2023. He emphasized the need for the CDA to be renewed.

Oba Oyeleye explained that, typically, in the event of a chieftaincy or any dispute within any community, there is a body established by the State government responsible for resolving these disputes. That he is the Chairman of that body in Osun State. In his view, Segilola should have brought the chieftaincy matter to this body to facilitate resolution and to identify the recognized leader of the community who would have the authority to sign the CDA. Instead, Segilola allegedly entered into an agreement with an individual claimed to be an impostor who was not acknowledged by either the State government or the community.

B. Committee:

The Chairman of the Committee inquired whether the Traditional Ruler had been present at the previous meetings held at the Federal Ministry of Solid Minerals Development. The Traditional Ruler confirmed his attendance. The Chairman then asked if he could recall that representatives of the community had previously refuted his claims, asserting that he was not their Traditional Ruler and had no authority to determine their leader or to sign the CDA. They presented documents from the Osun State government, confirming that they were the legitimate leaders of the community.

It was agreed at the meeting that, to prevent the affected community from being excluded while others benefitted from the CDA, two representatives would be selected—one from each disputing faction—to sign the CDA, pending the resolution of the chieftaincy dispute regarding who the authentic leader was. Other traditional rulers present at that meeting supported the decision.

The Committee concluded that the Osun State government should, at the appropriate time, issue a letter to the Ministry of Solid Minerals Development to inform the Ministry of the legitimate leader of that community. The Traditional Ruler affirmed the Committee's observations.

It was agreed by all parties that the issue of the CDA was not fully within the purview of the Committee, as the Ministry had already taken partial action. It was decided to allow the Ministry to complete its involvement in the CDA matter.

The Committee has thoroughly reviewed all presentations from both parties as well as input from community stakeholders and leaders regarding the Community Development Agreement (CDA). The findings indicate that a leadership dispute had indeed hindered the operation of the affected Community in the administration of the CDA as it affects the Community. However, Segilola does not possess any authority to determine the leadership of the affected community.

RECOMMENDATIONS

- i. The Committee recommends that any dispute regarding the legitimacy of community leaders, contrary to the allegations of the traditional ruler, be addressed and resolved by the Osun State Government.
- ii. Additionally, the Committee recommends that the Osun State Government should resolve any leadership disputes and officially introduce the recognized community leaders to Segilola as well as to the Ministry, to effectively enhance relationships within the impacted communities.
- iii. Segilola should make concerted efforts to continue to build cordial and collaborative relationship with the stakeholders in the communities where it operates.

MISCELLANEOUS

6.5. ENCROACHMENT AND ADDITIONAL ECONOMIC INTERESTS:

The case for Osun State was that Segilola had encroached upon their 88CU cadastral unit, which Osun State had legally acquired. They argued that as a result of this encroachment and the mining activities conducted on the disputed land, Segilola owed the State additional economic interests.

COMMITTEE:

The Committee Chairman informed the Osun State delegates that matters concerning encroachment are technical in nature. He explained that addressing these issues requires a mandatory on-site visit to verify the coordinates to ascertain whether encroachment has indeed occurred. The Mining inspectorate department (MID) is, by law, the only entity empowered to make such determination regarding encroachment. That no title holder (or even Osun State) can solely make the determination without MID prior confirmation. That the claim of Osun State under this heading was premature.

The Chairman emphasized that no title holder is permitted to unilaterally declare or make claims regarding encroachment without prior assessment and determination by the MID. However, should the MID later confirm that Segilola has encroached, it would indicate a failure on the part of the MID for issuing a license to Segilola to operate at that location in the first place. The Chairman concluded by stating that Osun State's complaints should have been directed to the MID, which serves as the licensing authority, rather than the Committee.

RECOMMENDATIONS:

The Committee recommends that claims under this head for encroachment was premature as the condition precedent had not been met by the State. The Committee advises that Osun State formally requests the MID to conduct a survey of the site to verify the claims of encroachment.

6.6. LITIGATION BETWEEN PARTIES

After careful consideration of the presentations and documents submitted by both parties, the Committee makes the following observations on court cases in the matter during mediation:

1. Pre-existing Litigation: Before the establishment of the Committee, both parties were engaged in ongoing litigations against each other.
2. Continuation of Legal Proceedings: Despite the Committee's efforts to mediate, both parties continued their legal battles throughout the Committee's deliberations.

6.7. ONGOING SEQUENCE OF LITIGATION

- 1) 27th September 2024: The Osun State Government secured a court order from the Magistrate Court in Osogbo, mandating the sealing of Segilola's business premises until the alleged tax debt of ₦98 million is fully settled.

- 2) 3rd October 2024: Segilola sought relief from the Federal High Court, obtaining an interim injunction against the State and its officials, which prohibited them from denying the company access to its mining site. The Federal High Court further instructed both parties to maintain status quo pending a hearing on the injunction.
- 3) 7th October 2024: The Osun State Government secured another court order from the High Court of Osun State, Ilesha, restraining Segilola from resuming or operating its business until all alleged tax obligations are satisfied.
- 4) 11th October 2024: Segilola initiated a defamation lawsuit against Prof. Lukuman Jimoda and Dr. Wale Bolorunduro in their personal roles. This legal action followed public allegations suggesting the company engaged in environmental pollution and unethical business practices, which Segilola alleged, had led to a notable decline in the parent company's share price and raised significant investor concerns.
- 5) 24th October 2024: The State filed a motion in the High Court of Osun State, Ilesha, seeking a notice of contempt against Segilola for purportedly failing to comply with the court order that restricted its business operations.
- 6) 1st November 2024: The State obtained a warrant for the arrest of Mr Segun Lawson and the management team of Segilola from the High Court of Osun State, Ilesha. This order mandated the Commissioner of Police, NSCDC, and Amotekun Corps to present the management before the court on 2nd December 2024.
- 7) Adjournments on Application to Vacate State High Court Order: Segilola has also filed motions to vacate the order. However, the suit has experienced multiple adjournments. The hearing, initially scheduled for earlier dates, is now set for 28th November 2024, leaving the matter unresolved despite the court also granting a warrant for arrest.
- 8) Additional Lawsuits: Fresh lawsuits involving contempt proceedings have been initiated by both parties refer to (Appendix B No. 23 and 24 pages 356 – 362).
- 9) Drivers of Litigation: The multiple lawsuits appear to have been triggered mainly by the Osun State government's ex parte court orders (Appendix A1 No. 17 and 18 pages 40 – 42) issued by the State Magistrate Court 1 and the High Court of Osun State, respectively, on 27th September 2024 and 7th October 2024, which resulted in sealing of Segilola's mining site and restraining its operations until the alleged tax assessments are paid.
- 10) Unproductive Nature of Current Litigation: The overall state of litigation is proving to be unconstructive for both parties.
- 11) Mediation as a Viable Solution: The Committee recommends that the ongoing disputes could be more effectively resolved through mediation.

CONCLUSION FOR EXPECTED OUTCOME “A”

As part of the claims of Osun State against Segilola as contained in their various invoices totaling the sum of N92,568,098,513 (See Appendix A2 No. 9 page 132) and the other claims for 5,000,000 shares in stock, 21.05% share in Thor, etc., after a careful analysis of the entire claims of Osun State, the Committee recommends the following:

1. 5,192,869.00 million bonus shares in Thor..... Recommended
2. 21.05% claim of shares in Thor/TML..... Not recommended
3. N 7,517,500,000.00 environmental levy..... Not recommended
4. N 25,000,000,000.00 Shareholding in TML Not recommended
5. N10,000,000,000.00 for co-owners of Thor/TML
.....Not recommended
6. Audited account total taxes of N3,250,000,000..... due to

- | | |
|--|---------------------------|
| Osun State..... | Not recommended |
| 7. N10,000,000,000.00 Haulage fee per solid mineral product Gold Bullion | Not recommended |
| 8. Encroachment of EL 1915/ EL 18834..... | Not recommended/premature |
| 9. Smelter Return Royalty of N36,800,000,000.00 for acquisition of Segilola by TML | Not recommended |

Reference: see Appendix A2 No. 9 pages 130 – 132

7. EXPECTED OUTCOME/DELIVERABLES B

PROPOSED CONFLICT RESOLUTION STRATEGY DETAILING STEPS FOR IMPROVING COMMUNICATION AND TRUST BETWEEN THE PARTIES AND WITHIN THE INDUSTRY GENERALLY

The conflict and litigations between Segilola and Osun State highlight the complex interplay between mining companies and State governments in Nigeria’s solid minerals industry. To address this conflict and prevent its recurrence, the Committee recommends the following legal, social, and economic measures:

7.1. Legal Measures

1. **Strengthened Regulatory Framework:** The Federal Government of Nigeria needs to update and enforce mining laws and regulations to protect the rights of all parties. Ensure compliance with existing minerals Acts, environmental, social, and governance standards in the mining operations. Create pre-action notice of 30 days before litigation to promote alternative dispute resolution.
2. **Conflict Resolution Mechanisms:** The Ministry of Solid Minerals Development should allocate sufficient funding to the State Mineral Resources and Environmental Management Committee (MIREMCO) to ensure the effective execution of its mandated functions, particularly those outlined in Section 19(2)(A-H) and Section 3(H). This is especially important given that MIREMCO’s composition includes all relevant stakeholders, such as representatives from both federal and state government agencies.
3. **Community Benefit Agreements:** The recently revised guidelines for executing the Community Development Agreement (CDA), as stipulated under Sections 116 and 117 of the Mining Act, 2007, provide clear provisions for protecting the rights of host mining communities. The CDA is legally binding, and no mineral title holder is permitted to commence mining activities without complying with Section 71 of the Act. It is recommended that the enforcement of these relevant sections be prioritized to ensure compliance and safeguard community interests.
4. **Transparent Licensing Process:** Ensure transparency in the licensing and operational processes of mining companies. States and Local governments and communities should be aware of the limits of their rights under the law and Constitution.

7.2. Social Measures

1. **The facilitation of consistent stakeholder meetings**, as outlined in Section 117 of the Nigerian Minerals and Mining Act, 2007 (objectives of the CDA), should be

carried out through the Consultative Monitoring Committee of the CDA. This committee includes representatives from the Federal Ministry of Mines (FMoM), Local Government Areas, host mining communities, and the mining company. The committee recommends that the Ministry of Solid Minerals Development (MSMD) closely monitor the activities of this committee and require prompt submission of quarterly reports to prevent or minimize unnecessary conflicts.

2. **Awareness and education programs**, strengthened local governance, and social investment initiatives are essential components of a well-structured CDA, as stipulated in Sections 116 (1, 2, 3) of the Mining Act, 2007. These provisions are mandatory, and no CDA can be approved by the Honourable Minister unless they comply fully with the Act. It is recommended that the MSMD ensure strict adherence to these provisions to uphold the law and promote sustainable community development.
3. **Strengthened Local Governance:** Enhance the competencies of state and local governments to effectively represent community interests, promoting constructive dialogue among all parties.

7.3. Economic Measures

1. **Local Content Policies:** The mining companies should implement policies that prioritize local employment in mining operations and local sourcing of goods and services. This will stimulate the local economy and enhance positive relationships between mining companies, the State, local government and host communities.
2. **Sustainable Development Plans:** The ministry should encourage local mining companies to create sustainable development plans that outline how resources will be used for long-term State/community benefits and environmental protection beyond the life of the mine.
3. **Support for Diversification:** The ministry should encourage company initiatives that promote economic diversification in mining communities/States, reducing overreliance on mining activities. This could include training programs for other industries, such as agriculture and tourism.

To resolve the conflicts within Nigeria's solid minerals industry and manage future disputes, an integrated approach that involves legal, social, and economic measures is essential. This will not only enhance productivity and sustainability in mining operations but also ensures the protection of local communities' rights and livelihoods. All stakeholders must work collaboratively to nurture and enhance a harmonious relationship that benefits all parties involved.

Creating a robust framework for ongoing communication and cooperation among Osun State Government, Segilola, and local communities is essential for sustaining mutual trust, addressing grievances, and ensuring sustainable development. Below is a proposed framework that emphasizes collaboration through structured communication, active engagement, and feedback mechanisms:

8. EXPECTED OUTCOME/DELIVERABLES C

GUIDELINES ENSURING FUTURE MINING ACTIVITIES AND ALIGNMENT WITH ESTABLISHED REGULATIONS.

Framework for Ongoing Communication and Cooperation between Segilola and Osun State.

8.1. Establishment of a Stakeholder Framework.

- The Federal Ministry of Minister of Solid Minerals Development should adopt the dispute resolution mechanisms provided in the Nigerian Mining Act, 2007, and its ancillary Regulations of 2011 to address the ongoing dispute between Segilola and the Osun State Government. These mechanisms are designed to ensure fairness, transparency, and efficiency in resolving conflicts within the mining sector. By adhering to these established provisions, the Ministry will reinforce its authority as the sole regulator of mining activities in Nigeria while fostering trust and collaboration among stakeholders. Prompt and decisive action based on the Mining Act's framework will not only resolve the current dispute but also set a precedent for managing similar conflicts in the future.
- The Ministry should encourage the establishment of a stakeholder forum comprising representatives from the Osun State Government, Segilola, local community leaders, and independent business organizations. Such a forum would provide a structured platform for dialogue, collaboration, and the resolution of any outstanding issues.

The report of the stakeholders' meeting should be compiled and submitted to the Ministry of Solid Minerals Development. This report will provide the Ministry with a comprehensive overview of the discussions, agreements, and any unresolved issues, serving as a basis for informed decision-making and further action.

(It is important to emphasize that official reports related to mining activities are classified information and are accessible only to the Ministry of Solid Minerals Development, as stipulated by the Mining Act and its Regulations. These reports are not to be disclosed to the general public or other arms of government. Any organization or individual seeking such information must formally approach the Ministry through the appropriate channels).

8.2. Communication Protocol

Communication Channels: Segilola should establish multiple channels for communication, such as:

- **Official Reports:** Periodic reports published by Segilola detailing operations, economic contributions, and environmental impacts.
- **Newsletter/Updates:** A community-oriented newsletter to circulate information and updates relevant to local stakeholders.
- **Social Media and WhatsApp Groups:** Utilize digital platforms for quicker dissemination of information, announcements of meetings, and addressing urgent community health or safety concerns.
- **Feedback Mechanism:** Implement a structured feedback mechanism where community members can voice their concerns or suggestions:
- **Suggestion Boxes:** Place suggestion boxes in community centres where individuals can submit concerns anonymously.
- **Dedicated Phone Line:** Create a hotline for community members to report issues or provide feedback directly to the company or government representatives.

8.3. Community Engagement Initiatives by Segilola

Should be adopted and implemented as stated in the revised guidelines for the CDA in compliance with sections 116 and 117 of the Mining Act, 2007.

8.4. Conflict Resolution Mechanism

Grievance Redressal System: Segilola should develop a formal grievance redressal mechanism that allows the state to voice complaints and seek resolution. This might involve:

- Establishing a clear set of procedures for filing complaints and receive correspondence.
- Setting timelines for responses to grievances to ensure accountability.
- Ensuring that grievances are addressed by a neutral party, potentially through mediation.
- Create a protocol liaison officer to engage with the State government on current and future grievances.
- Support the state to build capacity to understand the mining procedures and operations within a federal system of government

8.5. Long-term Sustainability Commitments

The Ministry of Solid Minerals Development should ensure that long-term sustainability commitments are fully implemented. Environmental sustainability and community wellbeing are adequately addressed through the company's approved Environmental Protection and Rehabilitation Program (EPRP), in compliance with Section 120 of the Mining Act. Additionally, community well-being is comprehensively covered in the Community Development Agreement (CDA) approved by the Ministry.

Regarding economic diversification programs, this issue falls under mine governance and is already being addressed by the Federal Government. The Ministry should continue to align its efforts with the broader governance framework to support sustainable economic growth.

This framework emphasizes the importance of proactive communication, active participation, and cooperative problem-solving among the Osun State Government, Segilola, and local communities. By encouraging an environment of trust and collaboration, all parties can work together to address challenges, leverage opportunities, and ensure the sustainable development of the region. Regularly reviewing and adapting the framework as needed will be crucial to its effectiveness and longevity.

9. FINAL RECOMMENDATIONS AND CONFLICT RESOLUTION STRATEGY

The Committee wishes to express her displeasure with both parties in dispute for pursuing legal action during the Committee's proceedings. Additionally, the Committee finds the contempt proceedings initiated by Osun State against the directors and staff of Segilola to be counterproductive. Therefore, the Committee offers the following final recommendations:

1. Support for Investment: The Committee advises that in a context where governments at all levels are striving to optimize limited resources to meet citizens' needs and enhance the country's GDP, Osun State, along with other subnational governments, should create a conducive environment for both local and foreign investors by established laws, procedures, and international best practices.
2. Segilola should find creative ways of managing Osun State to minimize expectations in the areas of disputes.
3. The Committee identifies the reports of the tax consultants of the respective parties as one of the likely drivers of the current disputes.
4. The attempt by the Committee to resolve the remaining matters in dispute through Mediation (which all parties consented to), was effectively frustrated by one of the parties, who turned the process to issuing threats and press statements on the Committee proceedings, this action effectively killed confidential disclosures and the environment for conducive reconciliation.
5. The sudden decision to charge levies retroactively from 2019 and arbitrarily is also one of the key drivers of the conflict. Lack of appreciation of company law, tax law, mining law, and constitutional law. There is need for training and retraining for the stakeholders in mining industry and the mining companies should consider this.
6. To reduce the arbitrary and multiple taxation by the sub-nationals, the federal government should consider the drafting of a Mining Tax Bill to be forwarded to the National Assembly for consideration and enactment into an Act of the National Assembly. The Bill shall encompass all the agreed taxes due to the Federal and State governments in Nigeria. If this is done, the issue of multiple taxation and usurpation of the federal government leading to the shutting down of mining by the state governments shall be reduced or totally eliminated. A committee consisting of the representatives of the Federal Ministries of Finance, Solid Minerals Development, Justice, Interior, Nigeria customs service and Federal Inland Revenue service. The Federal Ministry of Finance should serve as the secretariat of the committee.
7. There is an urgent need for Mr. President to issue an Executive Order directing all state governments in Nigeria to stop undue interference in Mining Matters in order not to truncate the efforts of the Federal Government in making the mining sector thrive in Nigeria and a major contributor to the nation's GDP. The incessant shutting down of the mining by the state governors is a major setback to the efforts of the federal government in creating the necessary conducive environment for mining to thrive. This can portray Nigeria as a hostile country to mining Investment.

9.1. Alternative Dispute Resolution (ADR):

The Committee strongly recommends that both parties pursue alternative dispute resolution (ADR) methods to resolve their current and future disputes. They should avoid courtroom litigation and any adverse actions against one another. ADR can provide a collaborative space for both parties to amicably resolve their differences, paving the way for a positive and constructive relationship going forward.

10. THE CONCLUSION:

The Committee has conducted an exhaustive examination of the intricate issues arising between the Osun State Government and Segilola, carefully considering all pertinent evidence, legal frameworks, and procedural nuances. Our analysis has revealed that many of Osun State's assertions were not substantiated by robust, legally acceptable evidence, underscoring the need

for clearer guidelines and processes, particularly pertaining to determining what fair information is required for tax assessments, the management of the information provided, and the handling of allegations of arbitrary fees and levies. Importantly, our findings suggest a potential likely misuse of state apparatus in disputes where the state holds a vested interest, highlighting systemic flaws that warrant immediate attention.

A significant achievement of the Committee is the successful resolution of the contentious issue surrounding Osun State's claim to 5,192,869.00 shares in Thor, as well as guidance on addressing additional claims relating to shares, financial compensations against TML acquisition by Thor, Community development Agreement and allegations of likely encroachment on Osun State leases. However, claims concerning environmental levies and a tax assessment of N3.2 billion were deemed unsubstantiated, pointing toward the necessity for further dialogue and a structured approach to these discussions.

The Ministry of Mines and Steel Development (MMSD) serves as the principal government agency responsible for regulating the mining sector in Nigeria.

Responsibilities:

The MMSD is tasked with formulating policies, providing insights into mining potential and production, regulating mining operations, and generating revenue for the government. Additionally, the Ministry is committed to overseeing the sustainable development of mineral resources by promoting an enabling environment for private investors. The ongoing experiences of Segilola in the hand of a sub-national in an industry primarily regulated by the ministry, is every investor's greatest nightmare.

To prevent ongoing and future ambiguities on the illusion of likely competing overlap in primacy in duty and responsibilities between the Federal Government of Nigeria and the Sub-nationals, we advocate for the implementation of a well-defined regulatory framework by the Federal Ministry of Solid Minerals Development, encompassing clear protocols for governing the relationship between mining companies and the sub-national governments. This approach is paramount to delineating the competencies of sub-nationals, thereby creating a conducive environment for retaining investment within the mining industry, and to attract Foreign Direct Investment, towards sustainable growth.

The Committee therefore recommends that the Ministry of Solid Minerals Development should allocate sufficient funding to the State Mineral Resources and Environmental Management Committee (MIREMCO) to ensure the effective execution of its mandated functions, particularly those outlined in Section 19(2)(A-H) and Section 3(H). This is especially important given that MIREMCO's composition includes all relevant stakeholders, such as representatives from both federal and state government agencies.

In recognition of the importance of reconciliation, we encourage both parties to submit themselves to mediation training, to enhance their ability to engage in constructive dialogue, working towards fair and equitable resolutions. The Ministry should remain resolute and dedicated to facilitating this process, advocating for a harmonious relationship that stands to benefit both Segilola and the Osun State community.

While we hope our findings may contribute valuable insights for all parties involved, we emphasize that our mandate is to present objective facts to the appointing authority, as reiterated by the Deputy Governor of Osun State during our meeting on September 18, 2024.

We are hopeful that these observations will guide informed decision-making towards the resolution of the ongoing disputes.

In expressing our sincere gratitude to the Honourable Minister of Solid Minerals Development for entrusting us with this critical assignment, we also extend our thanks to the Executive Governor of Osun State and Segilola's management for their invaluable collaboration during this process. Recognizing Segilola's long-term establishment in Osun State, cultivating a robust and amicable partnership is essential for the prosperity of all stakeholders involved. We look forward to the subsequent reconciliation meeting in Osogbo as a vital step toward achieving these goals.

11. APPENDICES

APPENDIX A1

- A. Submission of Relevant Documents to the fact-finding Team dated 9th October, 2024
1. Origin of Osun Shareholding in Thor and Basis of Our Claims dated 2nd October 2024
 2. Response of Segilola on Request of Documentation on Company Profile and Mode of Operation dated 15th April 2023.
 3. Request Documentation and Verification of Your Company's Operation at Segilola Open Pit, Atakumosa East, Osun State dated 16th May 2023
 4. Approval of Mr. Governor on Shareholding Agreement with Our State Government and Approval of Alhaji Kazeen; Akinleye, Chief of Staff to Osun State Governor: as Member of Segilola's Board dated 8th September 2023.
 5. Summary of Our Agreements at the meeting of the Managing Director of SROL (a subsidiary of Thor) with the Governor and ExcOs members on 22nd January 2024.
 6. Response of SROL on shareholding Percentage with Tropical Mines and Encroachment into our Licenses, Need for Clarification dated 23rd April 2024.
 7. Letter to Honorable Minister on Imposition of Charges of 92 billion on SROL 2nd July 2024.
 8. Demand Notice on Liability for Tax Audit on PAYE, Withholding Taxes and Development Levy for the Period 2019-2023 17th April 2024.
 9. Demand Notice on Liability for Tax Audit on PAYE, Withholding Taxes and Development Levy for the Period 2021-2023 dated 23rd September 2024.
 10. Letter from Office of the Secretary to the State Government captioned Re: Payment Under Protest in Re Demand Notice on Liability for Tax Audit or PAYEE, Withholding Taxes and Development Levy for the Period 2019-2023 dated 30th September 2024.
 11. Letter to Segilola demanding 92 Billion naira captioned Re: Shareholding Percentage with Tropical Mines and Encroachment into our Licenses: Need for Clarifications dated 22nd April 2024.
 12. Re: Payment of 13% Derivatives from Gold Mine Activities directly to the Osun State Government dated 6th August 2024.
 13. Re: Payment of 13% Derivatives from Gold Mining Activities directly to the Osun State Government dated 6th August 2024.
 14. Letter to Honourable Minister captioned Re-payment of 13% Derivatives from Gold Mining Activities Directly to Osun State Government 6th August 2024.
 15. Report of Stakeholders Meeting Between SROL and the Office of Natural and Mineral Resources on 25th July 2024.
 16. Re: Furthering our Commitment to Osun State 14th August 2024.
 17. Court Order, Motion Ex-Parte Permitting us to seal up SROL (Magistrate Court) dated 27th day of September 2024
 18. Court Order (High Court) Restraining Segilola from Working Until Payment of the Outstanding Tax dated 7th October 2024.
 19. An address of Prof. Lukuman Adekilekun JIMODA (SA, Mining and Mineral Matters) to the Federal Government Fact-finding Team dated 8th October 2024.
 20. Text of An Address to Federal Fact-finding Team by (Osun State Governor) (undated)
 21. State of Osun Environmental Protection Law 2022

22. Osun State Environmental Protection (Amendment No 1, Law 2023)
23. Invitation to a Meeting dated 8th August 2023.
24. from CAC 2 Statement of Share Capital and Return of Allotment of Shares.

APPENDIX A2

1. Submission of Documents by Osun State dated 21st October 2024
2. Table of Documents Submitted by Osun dated 22nd October 2024
3. Shareholding of Thor Offered by Segilola for the Economic Interest in Segilola Gold Project (SGP) and ML41 Due to 2016 Acquisition dated 17th October 2024
4. Reply to Shareholding Percentage with Tropical Mines and Encroachment into our License: Need for Clarifications dated 23 April 2024
5. Appendix II Shareholding of Thor Offered by Segilola CONSIDERATION FOR THE ACQUISITION OF SEGILOLA (undated)
6. THOR EXPLORATION - The Acquisition (undated)
7. Shareholding of Thor offered by Segilola (undated)
8. Origin of Osun State Shareholdings in Thor and Basis of our Claims dated 2nd October 2024
9. Letter to Segilola demanding 92 Billion Naira captioned Re: Shareholding Percentage with Tropical Mines and Encroachment into our License: Need for Clarifications dated 22nd April 2024.
10. Response of Segilola on Request of Documentation on Company Profile and Mode of Operation dated 15th April 2023
11. Approval of Mr. Governor on Shareholding Agreement with Osun State Government and Approval of Alhaj Kareem Akinleye. Chief of staff to Osun State Governor as Member of Segilola's Board dated 8th September 2023.
12. SEGILOLA MEETING Summary of Our Agreements at the meeting of the Managing Director of SROL (a subsidiary of Thor) with the Governor and Excocs members on 22nd January 2024.
13. Letter Received from Ministry of Solid Mineral Development on Payment of 13% Derivative from Gold Mining Activities Directly to the Osun State Government dated 6th August 2024.
14. Reply to Letter Received from Minister of Solid Mineral Development on Payment of 13% Derivative from Gold (undated)
15. Letter to Honourable Minister on Imposition of Charges of N92,000,000,000.00 (Ninety-Two Billion Naira) on Segilola Resources Operating Limited dated 2nd July 2024.
16. Report of Stakeholders Meeting between Office of Natural and Mineral Resources and Segilola Resources Operating Limited held on 25th July 2024 at the Office of Special Adviser on Mining and Mineral Matters, Governor's Office Abere dated 25th July 2024.
17. Reply to Letter from Segilola on Furthering our Commitment to Osun State dated 14th August 2024.
18. Additional Economic Interest in Segilola Gold Project (SGP) and ML 41 dated 17th October 2024.
19. Reply to Letter of Intent: Development of EL 001915 Located in Osun State, Nigeria dated March 27th, 2017

20. Independent Technical Report Mineral Resource and Ore Reserve Estimate, Segilola Gold Deposit, Osun Province Nigeria with effective date 4th January 2021
21. NI 43-101 Technical Report Preliminary Feasibility Study with effective 16th October 2017.
22. Request for Documentation and Verification of Your Company's Operation at Segilola Open Pit, Atakumosa East, Osun State dated 16th May, 2023.
23. Request on Shareholding Percentage with Tropical Mines and Encroachment into our License: Need for Clarifications dated 6th March 2024.
24. Osun State Internal Revenue Service Brief on Tax Exercise of SROL for 2019-2023 dated 21st October 2024
25. Notification of Tax Audit Exercise for the Period 2020-2022 dated 18th July 2023.
26. Letter from SROL Seeking a Rescheduling of the Tax Exercise Dated the 3rd day of August. 2023.
27. Notification of Tax Audit Exercise for the Period 2019-2022 Dated 4th day of August 2023.
28. Notification of Tax Audit Exercise for 2019-2022 dated 9th February 2024.
29. Notification of Tax Audit Exercise for 2019- 2023 dated 9th February 2024
30. Tax Audit Report of Segilola Resources Operating Limited 2019-2023 Received on 3rd April 2024
31. Demand Notice on Liability for Audit on PAYE Withholding Taxes and Development Levy for the Period 2019-2023 In the Sum of N3,250,598,513.00 dated the 17th of April, 2024.
32. An Objection Letter of Segilola Resources Operating Limited to the Demand Notice in the Sum of N3,250,598,513.00 Dated 10th May 2024.
33. Invitation for TARC Meeting Dated 28th May 2024.
34. Re: Demand Notice on liability for Tax Audit on PAYE, withholding taxes and development levy for the period 2019-2023 Invitation for Reconciliation Meeting Dated 13th June 2024.
35. Attendance Sheet and Tax Audit Reconciliation Committee (TARC) Meeting Resolution of Segilola Resources Operating Limited Held on 4th July 2024 on Outstanding Liability of PAYE, Withholding Taxes and Development Levy for the Period 2019-2023 dated 4th July 2024.
36. Demand Notice to Sinic Engineering Limited on Liability for Tax Audit on PAYE, Withholding Taxes and Development Levy for the Period 2020- 2022 Dated 25th March 2024.
37. Tax Audit Reconciliation Committee (TARC)
Meeting Resolution of Sinic Engineering Limited Held on 24th July 2024 on Outstanding Liability of PAYE, Withholding Taxes and Development Levy for the Period 2020-2022. And attendance Sheet dated 24th July 2024.
38. Notification of Tax Audit Exercise for PAYE, Withholding Tax and Development Levy for the Period 2018-2023 to ATF Management Service Limited Dated 7th August 2024
39. Demand Notice to ATF Management Service Limited on Liability for Tax Audit on PAYE, Withholding Taxes and Development Levy for the Period 2021- 2023 in the Sum of N160,231,809.82 Dated 26th August 2024.
40. Tax Audit Report of ATF Management Service Limited for the Period 2021-2023 (Appendix 14) 23rd August 2024.

41. Demand Notice ATF Management Service Limited on Liability for Tax Audit on PAYE, Withholding Taxes and Development Levy for the Period 2021- 2023 in the Sum of N336,590,595.93 Dated 23rd September 2024
42. Reply to Protest Letter in Respect of Demand Notice on Liability for Tax Audit on PAYE Withholding Taxes and Development Levy from 2019 to 2023 dated 30th September 2024 (Appendix 16).
43. Re-Disclosure of the list of consultants, contractors, and outsourcing companies engaged by Segilola Operating Resources Limited dated 23rd September 2024 (Appendix 18)
44. Questionnaire for the Ministry of Environment on Segilola 21st October 2024
45. Osun State Environmental Protection (Amendment No.1) Law, 2023.
46. State of Osun Environmental Protection Law, 2022.
47. Segilola Gold Mine, Nigeria (Information on Mining, Processing, Environment and Social Summary Q2 2024) (updated)
48. An Address Read by Prof. lukman Adekilekin Jimoda to the Federal fact-finding team on the tax dispute between Osun State and Thor Explorations Limited dated 8th October 2024.
49. Text of An Address to the federal Fact-Finding Team on the Tax Dispute between Osun State and Thor Explorations Limited (undated)
50. Chief Magistrate Court Order Permitting State Government to lock up and seal up Segilola dated 27th September 2024.
51. High Court Order Restraining Segilola from resuming work dated 7th October 2024.

APPENDIX B

1. Further Documents Requested by the fact-finding Committee following the visit to Segilola Project Site Iperindo, Ilesha dated 10th October 2024.
2. Demand letter to Segilola from Office of Natural and Mineral Resources captioned RE: Shareholding Percentage with Tropical Mines and Encroachment into our license; Need for Clarification. Dated 22 April 2024
3. Reply to Demand Letter by Segilola caption RE: Shareholding Percentage with Tropical Mines and Encroachment into our license; Need for Clarification. Dated 23 April 2024
4. Staffing List 2020- 2023
5. ITF Compliance Certificates 2021 – 2023
6. Certificate of Registration of Factory
7. Environmental Permits – (i) EIA Validation Letter, (ii) Air Quality Permit, (iii) Waste & Toxic Substance Permit (iv) EPRP Certificate; (v) Feedback Letters on Environmental Compliance Monitoring
8. SSA's to Osun State Letter to Segilola on Mining demanding the sum of N92 Billion dated 22nd April 2024.
9. Segilola's reply Letter to the SSA clarifying issues raised in the demand letter dated 23rd April 2024.
10. Segilola's letter of complaint to the Minister escalating the arbitrary demands for levies by the Osun State Government dated 26th April 2024.
11. Letter from Ministry of Solid Minerals Development to Osun state SSA in response to Segilola's complaint dated 20th May 2024.

12. Segilola's letter to the Executive Governor requesting an audience with the Governor to brief him on the progress of the project and operations dated 12th April 2023.
13. Segilola's letter to MSMD seeking advice after insistence by the state government that the company remit 13% Derivative directly to the state government dated 22nd July 2024.
14. MSMD letter to Segilola reaffirming that 13% Derivative is the federal government's responsibility, not the state dated 6th August 2024
15. Segilola's letter to the Office of Natural and Mineral Resources / Chief of Staff forwarding requested documents including its environmental permits, PAYE receipts, audited financial statements from 2020 to 2023 etc, as far back as June 2023. Dated 15th March 2023.
16. Acknowledged copies of correspondence between Segilola and its tax consultants (Pedabo) with the Osun Inland Revenue Service and the States Tax Consultants. Dated 10th May 2024.
17. Copy of Objection Email dated 13th May 2024 to Osun State Internal Revenue Service.
18. Copy of Email replying to Objection Email from Osun State Internal Revenue Service (OIRS) dated 20th May 2024.
19. Attendance Sheet of the Tax Audit Reconciliation Committee (TARC) meeting showing the current acting chairman OIRS in attendance held at OIRS headquarters on 4th July 2024
20. Minute of the Tax Audit Reconciliation Committee meeting (TARC) attendance held at OIRS headquarters showing current OIRS chairman in attendance dated 4th July 2024.
21. Revised Tax Assessment captioned Re: Demand Notice on Liability for Tax Audit on Paye, Withholding Taxes and Development Levy for the period 2019-2023 Amended Liability dated 23rd September 2024.
22. Letter from Segilola to Honourable Attorney General captioned Payment Under Protest: In Re: Demand Notice on Liability for Tax Audit on Paye, withholding Taxes and Development Levy for the period 2019-2023 dated 30, September 2024.
23. Form 48 dated 24th October 2024
24. Ex-parte Order to serve forms 48 and 49 on the Executives of Segilola by substituted means dated 1st November 2024.
25. Letter from Segilola to Honourable Attorney captioned Payment under protest: In Re Demand Notice on Liability for Tax Audit on Paye, Withholding Taxes and Development Levy for the period 2019-2023 with revised payment receipts and revised tax assessment attached dated 30th September 2024.
26. Letter from Office of the Secretary to the State Government to Segilola revoking revised tax assessment captioned Payment under protest: In Re Demand Notice on Liability for Tax Audit on Paye, Withholding Taxes and Development Levy for the period 2019-2023 dated 30th September 2024.
27. Re: Submission of Quarter 4 2021 Environmental Monitoring reports for the Segilola Gold Mine Development project located in Atakunmosa East LGA, Osun State dated 29th March 2021.
28. Subject: Submission of Quarter 2 2021 Environmental Monitoring reports for the Segilola Gold Mine Development project located in Atakunmosa East LGA, Osun State dated 17th August 2021.

29. Notification of Tax Audit Exercise for the Period 2019-2023 dated 9th February 2024.
30. Re: Notification of Tax Audit Exercise for 2019-2022 dated 9th February 2024.
31. Re: Segilola Resources Operating Limited. Demand Notice on Liability for Tax Audit on Paye, Withholding Taxes and Development Levy for the period (2019-2023) Tax Audit. Request for postponement of tax Audit Exercise dated 4th June 2024.
32. Review Meeting of the Paye back duty outstanding amount of 3.2 billion Naira From Segilola Operating Resources Limited dated 26th August, 2024.
33. Letter from segilola captioned Re: Payment under Protest: In Re-Demand Notice on Liability for Tax Audit on Payee, Withholding taxes and Development levy from 2019 to 2023. Dated 30th September, 2024
34. Subject: Submission of Quarter 2 2022 Environmental Monitoring Report For the Segilola Gold Mine Development Project Located in Atakunmosa East LGA, Osun State dated 2nd August 2022.
35. Subject: Submission of Quarter 1 2023 Environmental Monitoring reports for the Segilola Gold Mine Development project located in Atakunmosa East LGA, Osun State dated 2nd May 2023.
36. Subject: Submission of Quarter 4 2022 Environmental Monitoring reports for the Segilola Gold Mine Development project located in Atakunmosa East LGA, Osun State dated 23rd January, 2023.
37. Subject: Submission of Quarter 4 2023 Environmental Monitoring reports for the Segilola Gold Mine Development project located in Atakunmosa East LGA, Osun State dated 27th February 2024.
38. Subject: Submission of Quarter 1 2024 Environmental Monitoring reports for the Segilola Gold Mine Development project located in Atakunmosa East LGA, Osun State dated 27th June 2024.
39. Subject: Submission of Quarter 2 2021 Environmental Monitoring reports for the Segilola Gold Mine Development project located in Atakunmosa East LGA, Osun State dated 17th August 2021.
40. Subject: Submission of Quarter 4 2021 Environmental Monitoring reports for the Segilola Gold Mine Development project located in Atakunmosa East LGA, Osun State dated 1st March 2022.
41. Subject: Submission of Quarter 1 2021 Environmental Monitoring reports for the Segilola Gold Mine Development project located in Atakunmosa East LGA, Osun State dated 19th May 2021.
42. Subject: Submission of Quarter 2 2024 Environmental Monitoring reports for the Segilola Gold Mine Development project located in Atakunmosa East LGA, Osun State 23rd August 2024.
43. Subject: Submission of Quarter 1 2022 Environmental Monitoring reports for the Segilola Gold Mine Development project located in Atakunmosa East LGA, Osun State dated 26th April 2022.
44. Re: Request for Documentation and Verification of Operations at Segilola Open Pit, Atakunmosa East, Osun State dated 20th June, 2023.
45. Demand Notice on Liability for Tax audit on Paye, withholding taxes and Development levy for the period 2019 -2023 dated 17th April 2024.
46. Objection emails dated 30th July 2024.
47. Objection emails dated 9th July 2024.
48. Motion ex-parte dated 3rd of October 2024.

49. Motion ex-parte dated 27th September 2024.
50. Screenshot of WhatsApp message postponing reconciliation meeting.

APPENDIX C

1. Re: Review and Interrogation of False Allegations of Environmental Pollution and Tax Evasion (Letters inviting Segilola, Osun State and TML to the reconciliation meeting of 24th October 2024 held at Ministry of Solid Minerals Development) dated 21st October 2024
2. Agenda of the meeting held Ministry of Solid Minerals Development on 24th October 2024.
3. Letter from Ministry of Solid Minerals Development to Osun State Government. captioned Re: Fact Finding Mission on Press Statement on Allegation of Environmental Pollution Leveled Against Messers Segilola Resources Operating Limited dated 9th October 2024.
4. Letter from Ministry of Solid Minerals Development to Segilola captioned Re: Urgent Request For Review and Interrogation of False And Unsubstantiated Press Statement In Response To False Allegations Of Environmental Pollution By the Osun State Government dated 10th October, 2024.
5. Attendance sheet dated 23rd October 2024 of the meeting held at the Ministry of Solid Minerals Development Abuja on 24th October 2024.
6. Report of the Technical Committee to Resolve the Conflict Between Osun State and Segilola Resource Operating Limited Held at Council Chambers Osun State Government House on Tuesday, 8th October 2024.
7. Minutes of the Meeting of the Inter-Ministerial Committee to Resolve the Lingering Crises Between Segilola Resources Operating Limited and Osun State Government Held at Council of Chambers of Osun State on Friday, 18th October 2024.
8. Terms of Reference for the Committee of the Osun State Government/Segilola Resource Operating Limited Face-off
9. Report on a Meeting between the Committee and Segilola (undated)
10. Ministry of Solid Minerals Development Environmental Compliance Review: Segilola Resources Operating Limited (from Inception to date)

APPENDIX D

Shareholding Certificate of Osun

Signed

Engr. Iman A. Ganiyu,
Director (MI) MSMD
Chairman

Dele Kelvin Oye, Esq.,
National President, NACCIMA
Vice Chairman

Dr. Vivian Okono, Director (MEC) MSMD
Member

Mrs. N.C. Odili, Director (LS), MSMD
Member

Days Ikuerowo, FIRS
Member

Dr. Ummu A. Hashidu, Fed. Ministry of Labour and Employment
Member

Zubeir Abubakar, NIPC
Member

Mr. Pwol Stephen Dareng, AD/SA (OPS) MSM
Secretary