


REPUBLIC OF KENYA



 <b>THE NATIONAL ASSEMBLY</b> <b>PAPERS LAID</b>	
<b>DATE:</b> 08 APR 2026	<b>DAY:</b> WEDNESDAY
<b>TABLED BY:</b>	Hon. AIDO RASO, MP ON BEHALF OF LOM
<b>CLERK-AT THE-TABLE:</b>	J. Lemerelle

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**REPORT**

**OF**

**THE AUDITOR-GENERAL**

**ON**

**NATIONAL MINING CORPORATION**

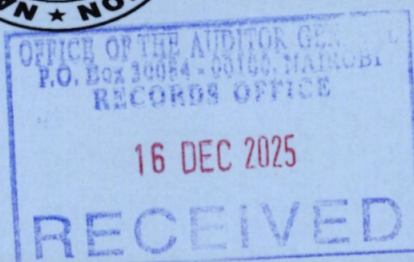
**FOR THE YEAR ENDED**  
**30 JUNE, 2025**



**NAMICO**

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**NATIONAL MINING CORPORATION**

ANNUAL REPORT AND FINANCIAL STATEMENTS

**FOR THE FINANCIAL YEAR ENDED**

**JUNE 30, 2025**

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*Prepared in accordance with the IFRS Accounting Standards*

*National Mining Corporation*

**Annual Report and Financial Statements for the year ended June 30, 2025**

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## 1. Acronyms and Definition of Key Terms

### A. Acronyms

<b>CEO</b>	<i>Chief Executive Officer</i>
<b>DG</b>	<i>Director General</i>
<b>IAS</b>	<i>International Accounting Standards</i>
<b>IASB</b>	<i>International Accounting Standards Board</i>
<b>IFRS</b>	<i>International Financial Reporting Standards</i>
<b>ICS</b>	<i>Institute of Certified Secretaries</i>
<b>MD</b>	<i>Managing Director</i>
<b>NT</b>	<i>National Treasury</i>
<b>PFMA</b>	<i>Public Finance Management Act.</i>
<b>PSASB</b>	<i>Public Sector Accounting Standards Board</i>

### B. Definition of Key Terms

**Fiduciary Management** - Members of Management directly entrusted with the entity's financial resources.

**Comparative Year**- Means the prior period.

## 2. Key Entity Information

### a) Background information

The National Mining Corporation was established by the Mining Act No. 12, 2016 of Parliament on 27<sup>th</sup> May, 2016. At cabinet level, the National Mining Corporation is represented by the Cabinet Secretary for Mining, Blue Economy and Maritime Affairs, who is responsible for the general policy and strategic direction of the Corporation. The Corporation is domiciled in Kenya and its head office is at Third Floor (Wing A ) and the entire of Fourth Floor at the Kenya Women Finance Trust Centre in Upper hill, at the junction of Kiambere – Masaba Road, Nairobi.

### b) Principal Activities

The National Mining Corporation is the investment arm of the national government in respect of minerals with powers to;

1. Engage in mineral prospecting and mining and any other related activities.
2. Invest on behalf of the national government.

3. Acquire by agreement or hold interests in any undertaking, enterprise or project associated with the exploration, prospecting and mining
4. Acquire shares or interest in any firm, company or other body, whether corporate or unincorporated which is engaged in the mining, prospecting, refining, grading, producing, cutting, processing, buying, selling or marketing of minerals.
5. Carry on its business, operations and activities whether as a principal agent, contractor or otherwise, and either alone or in conjunction with any other persons, firms or bodies corporate.

**Vision Statement**

To be a leader in sustainable investment in mineral resource development for a prosperous Kenya in a global economy.

**Mission Statement**

To engage in responsible exploration, mining, and investment in mineral resources in a dynamic global market to drive Kenya's socio-economic transformation.

**Strategic Goals**

To translate its vision and mission, NAMICO pursues the following five strategic goals:

- a. Ensure adherence to mining laws and regulations;
- b. Drive sustainable economic growth and diversification;
- c. Advance eco-social prosperity;
- d. Leverage cutting-edge technology to enhance operational efficiency and innovation; and
- e. Optimize financial performance and sustainability.

**Core Values**

The fundamental beliefs that drive NAMICO, and that define the expected standards of behaviour and culture include:

- a. Patriotism
- b. Innovativeness
- c. Sustainability
- d. Integrity
- e. Safety and Security

**c) Directors**

The Directors who served the entity during the 4<sup>th</sup> Year ended 30<sup>th</sup> June 2025 were as follows:

- |    |                     |                                                                   |
|----|---------------------|-------------------------------------------------------------------|
| 1. | Hon. Joseph K Lagat | Chairman with effect from 8 <sup>th</sup> December 2023           |
| 2. | Mr. Paul Mirie      | Alt. Director to Principal Secretary, State Department for Mining |
| 3. | Mr. Mark Ngecho     | Alt. Director to the Principal Secretary, National Treasury       |
| 4. | Mr. Fanuel Kidenda  | Alt. Director to the Principal Secretary, Trade                   |

5. Mr. David Kapelisiwa Independent Board member appointed on 4<sup>th</sup> October,2024
6. Ms Jawahira Hussein Hajji Independent Board member appointed on 4<sup>th</sup> October,2024
7. Mr. Faraj Mansur Independent Board member appointed on 8<sup>th</sup> November, 2024
8. Grace Mwaniki Alt. Director to the Inspector General State Corporations


**d) Corporate Secretary**

Ms. Lynette Bunei  
P.O BOX 115  
NAIROBI

**e) Registered Office**

National Mining Corporation  
P. O. Box 115 - 00100, Nairobi Kenya.  
KWFT Centre, 3<sup>rd</sup> Floor, Kiambere - Masaba Road.

 +254 207 869 420

 [info@nmckenya.go.ke](mailto:info@nmckenya.go.ke)

**Key Entity Information (continued)**

**f) Corporate Headquarters**

National Mining Corporation  
P. O. Box 115 - 00100, Nairobi Kenya.  
KWFT Centre, 3<sup>rd</sup> Floor, Kiambere - Masaba Road.

 +254 207 869 420

 [info@nmckenya.go.ke](mailto:info@nmckenya.go.ke)

**g) Corporate Contacts**

Telephone: +254 207 869 420  
E-mail: [info@namico.go.ke](mailto:info@namico.go.ke)  
Webiste: <https://nmckenya.go.ke>

**h) Corporate Bankers**

Cooperative Bank of Kenya  
Account Name: National Mining Corporation  
Account No: 01101300263001  
Branch: Upper Hill, Kenya

National Bank of Kenya

Account Name: National Mining Corporation

Account: 7700096120

Branch: Hill Plaza

**i) Independent Auditors**

Auditor-General

The Office of the Auditor General

Anniversary Towers, University Way

P.O. Box 30084

GPO 00100

Nairobi, Kenya

**j) Principal Legal Advisers**

1. The Attorney General

State Law Office and Department of Justice

Harambee Avenue

P.O. Box 40112

City Square 00200

Nairobi, Kenya



2. Igeria & Ngugi Advocates

Avenue 5<sup>th</sup> Building, 4<sup>th</sup> floor

Rose Avenue, Off Lenana Road

Nairobi

3. The Board of Directors


Director	Details
 <p data-bbox="304 768 533 846">Hon. Joseph Lagat Chairman</p>	<p data-bbox="659 275 1517 613">Hon. Lagat is a seasoned, visionary and accomplished Strategist, with about 30 years of experience in leadership and strategy management. He is a driven, detailed, oriented leader with a proven track record of leading teams, forging long-lasting client relationships, influence organization productivity and policy establishment by ensuring compliance having served as Board Chairperson and Director in several State Corporations.</p> <p data-bbox="659 685 1517 1435">He holds a master's degree from University of Liverpool, Bachelor of Economics and Sociology from Egerton University. Hon. Lagat served as Board Member at the Local Authorities Provident Fund (LAPFUND), 2021 – 2022; Economic Advisor to Governor, County Government of Nakuru, 2019 – 2022; Board Chair, Moi Teaching and Referral Hospital (MTRH), 2020 – 2021; Director Commercial and Marketing, IAAF World Under 18 Athletics Championship 2017; Board Chair, Lake Victoria North Water Services Board; Trustee, Coffee Development Fund, 2019 – 2012; Managing Director, Laseru Investments LTD, 2008 – 2019; Member of Parliament, National Assembly of Kenya, 2007 – 2013; Supply Planning Manager, Triton Petroleum Company Limited, 2002 – 2002; Assistant supply and Operations Manager, National Oil Corporation of Kenya, 1997 – 1999; and Programme Officer, International Refugee Trust, 1992 – 1996.</p>
 <p data-bbox="245 1787 596 1921">Mr. Paul Mirie- Alternate Director, PS-State Department for Mining</p>	<p data-bbox="659 1462 1517 1697">Mr. Mirie is an Experienced Mineral economist and holder of a Master's Degree in Mineral Economics from Curtin University, Australia. He has demonstrable experience in mineral resources projects modelling, mining projects economics as well as financial and technical valuation.</p> <p data-bbox="659 1753 1517 1944">He exhibits unique skills in mining projects value chain analysis, mineral markets analysis, trends projection, mining projects financial modelling, project evaluation, risk analysis, fiscal modelling, project appraisal and conducting social and economic</p>

Director	Details
	<p>benefit analysis and determining government take in mineral royalties. Additionally, Mr. Mirie possesses strong mineral economics and research capabilities and extensive experience in the Mining Policy-making process having honed his skills with the Government of Kenya over thirteen (13) years.</p> <p>Mr. Mirie is a member of the Emerging Leaders in African Mining (ELAM)2016-An initiative of the Mining and Energy for Development Alliance (MEFDA-AUSTRALIA) as well as a graduate of the Executive Training on Extractive and sustainable Mining Investment (2018)- An initiative of the Columbia center for sustainable investments (Columbia University and the Earth institute -implemented by the Great Lakes Institute of strategic studies)</p>
<div data-bbox="263 896 587 1254" data-label="Image"> </div> <div data-bbox="252 1310 614 1444" data-label="Caption"> <p>Mr. Mark Ngecho- Alternate to the PS, National Treasury</p> </div>	<p>Mr. Ngecho has over 14 years' experience in the Public Sector Finance, having previously worked in the Directorate of Government Accounting and Quality Assurance, the National Treasury &amp; Planning, Departments - National Sub County Treasuries where he served as accountant for 8 years, 4 years as the National Sub County Accountant, Loiyangalani National Sub County Treasury – Marsabit County. These opportunities equipped him with key relevant skills in public resources management. Currently, he Serve as Assistant Director Investment in the Department of Government Investment &amp; Public Enterprises under the Directorate of Public Investment and Portfolio Management, the National Treasury and Economic Planning</p> <p>Prior to joining public service, Mr. Ngecho worked in private sector as an Office Manager, Tax Credit Consulting Ltd (Management Consulting Firm with Bias in Tax Planning and Management) and more recently as customer advisor/Lead Generator in Barclays Bank of Kenya/ABSA Bank.</p> <p>His academic and professional qualifications include Bachelors in Business Administration (Accounting Option) from Bugema University, Uganda. He is a qualified Public Accountant. He has also</p>


Director	Details
	<p>attended short-term courses in Senior Management Course, Corporate Governance and five days training in Accounting Skills Management Course.</p>
<div data-bbox="233 546 604 954" data-label="Image"> </div> <div data-bbox="261 1016 579 1099" data-label="Caption"> <p>Mr. Fanuel Kidenda- Alternate to the PS,Trade</p> </div>	<p>Mr. Fanuel Odede Kidenda is a highly accomplished international trade, investment, and business reforms specialist with over 24 years of experience in both the public and private sectors. His expertise spans strategic leadership, management, and operational roles, contributing significantly to Kenya's economic growth and development. Currently finalizing his PhD in Business Administration (Strategic Management) at Jomo Kenyatta University of Agriculture, his academic pursuits complement his extensive practical experience.</p> <p>Career Highlights:</p> <ul style="list-style-type: none"> <li>• Acting Chief Executive Officer/Executive Director, Kenya National Multi-Commodities Exchange Ltd. (KOMEX): Successfully mobilized significant investment, developed operational strategies, and implemented a digital trading platform.</li> <li>• Director, Regulatory Communications &amp; Field Services/Head, Department of Business Reforms and Transformation (DBRT): Led significant government reforms, including policy and legislative changes, achieving substantial improvements in ease of doing business.</li> <li>• Chief Executive Officer (CEO), Export Processing Zones Authority (EPZA): Successfully led the organization through significant growth, doubling enterprises and increasing investments.</li> </ul>

Director	Details
 <p data-bbox="240 741 600 826">Mr. David Kapelisiwa- Independent Board Member</p>	<p data-bbox="662 215 1525 506">Mr. David Pkeu Kapelisiwa is a dedicated community leader and development professional with extensive experience in community-based initiatives and public service in West Pokot County, Kenya. His background blends academic qualifications in business, project management, and community development with practical experience in various leadership roles.</p> <p data-bbox="662 577 1525 815">David's career demonstrates a consistent focus on improving the lives of those in his community through effective leadership, strategic planning, and sound financial management. He holds a diploma in Community Based Development and project management and Diploma in Business Book-keeping and Accounts.</p> <p data-bbox="662 835 1525 969">His combination of academic qualifications and extensive practical experience makes him a highly effective leader and contributor to community development in West Pokot County.</p>
 <p data-bbox="236 1529 627 1610">Mr. Faraj Mansur-Independent Board Member</p>	<p data-bbox="662 994 1525 1227">Mr. Faraj Mansur is a seasoned Techpreneur with over 20 years of experience in the East African tech ecosystem. Renowned for building high-performance teams, he is a natural leader, mentor, and motivator who excels in roles requiring strategic vision and big-picture thinking.</p> <p data-bbox="662 1247 1525 1742">Faraj's career began with blue-chip tech companies such as UUNET, once one of the largest corporate internet service providers and a pioneer among Tier 1 networks. Since 2005, he has co-founded multiple award-winning technology companies under the Techbiz Group, operating in diverse areas including system integration, eCommerce (B2B &amp; B2C), business technology solutions, and fintech. Between 2021 and 2024, Faraj served as an independent board member of the Business Registration Service. During his tenure, he chaired the HR &amp; Finance Committee for the first two years and the Technical &amp; Strategy Committee in the final year.</p>

Director	Details
 <p data-bbox="248 757 608 837">Mrs Jawahira Hussein Haji- Independent Board Member</p>	<p data-bbox="659 226 1524 719">Ms. Jawahira Hussein Haji is a highly accomplished and results-oriented leader with a distinguished career in public service a cooperative development. Currently serving as a Board Member of the Kenya Tissue and Transplant Authority, she brings a wealth of experience in strategic planning, financial management, policy advocacy, and community engagement. Her commitment to transformative change and sustainable growth is evident in her impressive track record of successfully developing and implementing comprehensive sector plans that elevate operational efficiency and accountability across diverse sectors.</p> <p data-bbox="659 741 1524 1077">Ms. Jawahira's extensive experience across diverse sectors, her commitment to good governance, and her passion for community development make her a highly valuable asset in driving positive change and fostering sustainable growth. Her leadership abilities, coupled with her strategic thinking and collaborative approach, position her as a highly influential figure in Kenya's public service and cooperative development landscape.</p> <p data-bbox="659 1099 1524 1227">Ms. Jawahira's holds a Bachelor of Business and Information Technology and Diploma and Certificate in Community Health Nursing.</p>
 <p data-bbox="304 1659 592 1740">Eng. Joseph Kitilit Chief Executive Officer</p>	<p data-bbox="659 1256 1524 1435">Eng. Joseph Kitilit holds a Master of Business Administration (MBA) in Strategic Management from the Management University of Africa (MUA) and a Bachelor's degree in Civil Engineering from Jomo Kenyatta University of Agriculture and Technology (JKUAT).</p> <p data-bbox="659 1458 1524 1749">With over 20 years of experience spanning both the public and private sectors, Eng. Kitilit has developed extensive expertise in infrastructure development, particularly in Energy, Roads, and Water. He has a strong background in research design and planning. He has also supervised to completion development of infrastructure projects.</p> <p data-bbox="659 1771 1524 1951">Before joining NAMICO, he served in various capacities at the Geothermal Development Company Limited and also worked with Construzioni Giuseppe Maltauro S.p.A., an international construction firm.</p>

Director	Details
	<p>Eng. Kitilit is a registered Professional Engineer with the Engineers Board of Kenya (EBK) and a Member of the Institution of Engineers of Kenya (IEK).</p>
 <p data-bbox="256 790 587 875">Ms Lynette Bunei Ag. Corporation Secretary</p>	<p>Ms. Bunei's Academic Qualification includes a Bachelor's Degree in Law from Moi University, a Post graduate Diploma in Law from the Kenya School of Law. She is an Advocate of the High Court of Kenya with twelve (12) years post admission experience. She is also a trained legislative drafter with a Certificate in Legislative Drafting from the International Law Institute (ILI). She is a member of the Institute of Certified Secretaries under Registration No. ICPSK RCPSB/4072. She is also a member of the Law Society of Kenya under Registration No. (P.105/9682/12). She is the Acting Head of Legal Services at the Corporation with the role of providing Corporation Governance services offered to the Corporation.</p>

**4. Key Management Team**

Management	Details
<p data-bbox="304 1207 584 1274"><i>Eng. Joseph Kitilit Chief Executive Officer</i></p> 	<p>Eng. Joseph Kitilit holds a Master of Business Administration (MBA) in Strategic Management from the Management University of Africa (MUA) and a Bachelor's degree in Civil Engineering from Jomo Kenyatta University of Agriculture and Technology (JKUAT). He has over 20 years of experience spanning both the public and private sectors.</p> <p>Before joining NAMICO, he served in various capacities at the Geothermal Development Company Limited and also worked with Construzioni Giuseppe Maltauro S.p.A., an international construction firm.</p> <p>Eng. Kitilit is a registered Professional Engineer with the Engineers Board of Kenya (EBK) and a Member of the Institution of Engineers of Kenya (IEK).</p>

Management	Details
<p data-bbox="236 219 639 286">CPA Andrew Musungu Manager, Finance and Accounts</p> 	<p data-bbox="703 219 1528 353">CPA Musungu is a dynamic and results-driven professional with extensive experience in Finance, accounting, audit, risk, credit banking across both the public and private sectors.</p> <p data-bbox="703 376 1528 611">He holds a BCom degree, MSc in Finance and he is a Certified Public Accountant. He is also a member of ICPAK and IIA-Kenya. Additionally, CPA Musungu has undertaken several training courses in finance and accounting, audit and risk as well as corporate governance and strategic leadership.</p> <p data-bbox="703 633 1528 768">Prior to joining NAMICO, he held strategic and managerial positions at Absa Bank, Faidisha Sacco, County Government of Transzoia and the Council of Governors.</p>
<p data-bbox="300 790 584 857">FA Charles Chirchir Manager; Investments</p> 	<p data-bbox="703 790 1528 976">FA Charles Chirchir is a finance and investment professional with over 19 years of experience in the financial and NGO sectors. He holds an MSc in Finance &amp; Accounting, a BCom in Finance, is a CPA, and a practicing member of ICIFA.</p> <p data-bbox="703 999 1528 1178">He has held senior roles in asset management and project leadership with organizations including Britam Asset Managers, Pinebridge Investments, AIG Investments, and Empower Hope Africa</p>
<p data-bbox="240 1205 639 1272">CHRP. Vincent Lugwe Mwalimu Manager; Human Resources</p> 	<p data-bbox="703 1205 1528 1391">CHRP. Lugwe is an experienced certified human resource professional with thirteen years (13) of experience in the public sector human resource management including seven years (7) in management.</p> <p data-bbox="703 1413 1528 1547">A graduate of Bachelor of Education (Arts), Master of Science (Human Resource Management) and Certified Human Resource Professional (CHRP-K)</p> <p data-bbox="703 1570 1528 1693">Prior to joining National Mining Corporation, Lugwe worked with County Assembly of Kilifi, County Government of Kilifi – Executive and Pwani University in various capacities.</p>
<p data-bbox="331 1720 552 1753">Ms. Lynnet Bunei</p>	<p data-bbox="703 1720 1528 1955">Ms. Bunei’s Academic Qualification includes a Bachelor’s Degree in Law from Moi University, a Post graduate Diploma in Law from the Kenya School of Law. She is an Advocate of the High Court of Kenya with twelve (12) years post admission experience. She is also a trained legislative drafter with a Certificate in Legislative</p>

Management	Details
<p data-bbox="245 215 639 246">Acting Manager; Legal Services</p> 	<p data-bbox="707 215 1533 555">Drafting from the International Law Institute (ILI). She is a member of the Institute of Certified Secretaries under Registration No. ICPSK RCPSB/4072. She is also a member of the Law Society of Kenya under Registration No. (P.105/9682/12). She is the Acting Head of Legal Services at the Corporation with the role of providing Corporation Governance services offered to the Corporation.</p>
<p data-bbox="253 674 632 736">Mr. Dismas Kungu Kira Principal Procurement Officer</p> 	<p data-bbox="707 674 1533 1323">Mr. Dismas Kungu Kira is a supply chain professional with over 12 years of experience in procurement, warehousing, stores, and disposal management. He holds a Bachelor of Commerce (Procurement &amp; Supply Chain Management, Hons.) from the University of Nairobi, an Advanced Diploma in Business Management from the Catholic University of Eastern Africa, and a Diploma in Purchasing &amp; Supplies Management (UoN). He is a licensed member of the Kenya Institute of Supplies Management (KISM) since 2012. His career is grounded in the Public Procurement and Asset Disposal Act (2015), its 2020 regulations, and international best practices. Beyond technical expertise, he has held leadership roles and rendered services that have shaped him into a responsible citizen, employee, and leader.</p>
<p data-bbox="280 1397 608 1460">Mr. Obed Nyangena Principal Planning Officer</p> 	<p data-bbox="707 1397 1533 1883">Obed, MA Economics (University of Nairobi, 2016) and member of the Economists Society of Kenya, is Principal Planning Officer. He bridges data and policy to drive development in Africa, with expertise in translating research into actionable policy. Author of peer-reviewed works cited by the Uganda National Academy of Sciences, Obed has supported governments, the US State Department, EU and IOM on sensitive regional matters. He contributes to regional media on policy issues and leads efforts to align Kenya's mining sector with global decarbonization through climate economics, strategic advisory and capacity building.</p>

Management	Details
<p data-bbox="277 226 603 293">CPA Bernadette Nakazi Principal Internal Auditor</p> 	<p data-bbox="703 226 1533 465">CPA Bernadette is a seasoned auditor with wide experience in both the private and public sector. She holds a BCom Finance degree, an MA International Studies degree and is a CPA and CISA. CPA Bernadette has served in various roles in Audit spanning over a period of 15 years.</p>
<p data-bbox="316 898 571 965">Mr. Elly Nyamwaya Principal ICT Officer</p> 	<p data-bbox="703 898 1533 1435">Mr. Nyamwaya is a results-driven ICT expert with over 10 years of experience in leading IT operations, infrastructure development and digital transformation initiatives. He has a strong track record of managing cross-functional teams, delivering secure and scalable IT solutions and aligning technology strategies with organizational goals. He holds a MSc in Information Technology Management and a BSc in Computer Science, along with various professional ICT certifications. He is a certified ISO auditor for both QMS (ISO 9001:2015) and ISMS (ISO/IEC 27001:2022) and a member of Computer Society of Kenya.</p>

*(Note: The CEO/MD and the Entity Secretary will feature both under the 'Board' and 'Management').*

## **5. Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2025 and who had direct fiduciary responsibility were:

<b>No.</b>	<b>Designation</b>	<b>Name</b>
1.	CEO	Eng. Joseph Kitilit
2.	Finance and Accounts Manager	CPA Andrew Musungu
3.	Investments Manager	Charles Chirchir
4.	Human Resources Manager	Vincent Lugwe
5.	Principal Procurement Officer	Dismas Kira

## **6. Fiduciary Oversight Arrangements**

### **Audit and Risk Committee**

The Audit and Risk Committee plays a central role in ensuring accountability, transparency, and sound risk management across the Corporation. The Committee provides independent assurance to the Board on the adequacy of internal controls, the integrity of financial reporting, and compliance with relevant laws, regulations, and policies. Through its oversight, the Committee ensures that the Corporation's governance structures are aligned with best practices and the requirements of the Public Finance Management (PFM) Act, 2012.

The Committee is mandated to review the effectiveness of the internal audit function and external audit processes, ensuring that audit findings are addressed and corrective actions implemented promptly. It further oversees risk management frameworks by reviewing key risk exposures and the adequacy of mitigation strategies adopted by management. This enhances the Corporation's ability to achieve its strategic objectives in a controlled and sustainable manner.

During the year under review, the Audit and Risk Committee provided continuous oversight of financial reporting, reviewed quarterly and annual accounts, and engaged closely with both the internal and external auditors. Its recommendations informed the strengthening of controls and ensured that emerging risks, particularly those relating to the ERP implementation and mineral exploration investments, were proactively addressed.

### **Finance Committee**

The Finance Committee provides oversight on the financial stewardship of the Corporation, ensuring prudent management of resources and alignment of financial strategies with the Corporation's mandate. The Committee reviews budgets, work plans, funding proposals, and the overall financial performance of the Corporation to ensure that resources are utilized effectively and in compliance with statutory requirements.

It plays a critical role in monitoring the Corporation's financial sustainability by scrutinizing expenditure controls, investment decisions, and financial risk exposures. The Committee also ensures

that funding received from the Exchequer and internally generated revenues are applied in line with approved plans and government guidelines.

In 2024/25, the Finance Committee closely monitored the reduction in government grant allocations and guided management on cost optimization and prioritization of critical activities. It further reviewed the Corporation's investment in new systems and assets, ensuring compliance with International Financial Reporting Standards (IFRS) and government financial policies.

### **Parliamentary Oversight Committees**

As a state corporation, the National Mining Corporation is subject to oversight by key Parliamentary Committees, particularly the Public Investments Committee (PIC), the Public Accounts Committee (PAC), and the Departmental Committee on Finance and Planning. These Committees ensure accountability for public resources and compliance with constitutional and statutory provisions on financial management.

Through periodic appearances before these Committees, the Corporation presents audited financial statements, progress reports, and implementation status of recommendations made by the Office of the Auditor-General. This interaction provides an additional layer of scrutiny and ensures that the Corporation operates within the principles of transparency, accountability, and value for money.

During the reporting year, the Corporation engaged with relevant Parliamentary Committees on matters relating to funding constraints, mineral investment strategies, and audit recommendations. The oversight provided by Parliament continues to strengthen corporate governance and reinforce public confidence in the Corporation's operations.

### **Other Oversight Arrangements**

Beyond internal committees and Parliamentary oversight, the Corporation is also subject to oversight from several other institutions. The State Corporations Advisory Committee (SCAC) provides guidance on governance, policy, and compliance with state corporation regulations. The Office of the Auditor-General (OAG) audits the Corporation's financial statements annually, offering independent assurance on the truth and fairness of financial reporting.

Additionally, the National Treasury and the State Department for Mining oversee budgetary allocations, expenditure controls, and performance reporting to ensure consistency with national priorities. The Ethics and Anti-Corruption Commission (EACC) also provides oversight in relation to integrity, ethics, and anti-corruption compliance within the Corporation.

These oversight arrangements collectively provide a robust fiduciary framework that ensures accountability, transparency, and efficient use of public resources. They complement the work of the Board and its committees, creating a comprehensive system of checks and balances in the governance of the Corporation

**7. Chairman's Statement**

On behalf of the Board of Directors, I am pleased to present the Annual Report and Financial Statements of the National Mining Corporation (NAMICO) for the financial year 2024/2025. This report reflects not only our financial performance but also the strategic progress made towards positioning NAMICO as a key player in the sustainable exploitation and development of Kenya's mineral resources.

The financial year under review has been marked by a rapidly evolving global and regional economic environment. Global economies are navigating persistent inflationary pressures, climate change-driven supply chain disruptions, and heightened geopolitical tensions, particularly in the Middle East and Eastern Europe, which have affected commodity markets. At the same time, the global mining sector is undergoing a profound shift, with demand for critical minerals due to the global transition to clean energy and electric mobility. For Kenya, the mining sector continues to attract renewed government attention as a driver of industrialization, job creation, and economic diversification. The State Department for Mining has prioritized the mapping of strategic mineral deposits, while policy reforms are being rolled out to enhance governance, investor confidence, and value addition within the sector. NAMICO, as the government's investment arm in mining, has been at the center of these developments.

In the year under review, NAMICO applied for 13 mineral rights applications. Once the applications have been acquired, this would unlock accruable opportunities for wealth creation and improvement of livelihoods. Consequently, the Board led in the signing of 36 MoU's that would be advanced into two JVs being signed. Furthermore, the Corporation appointed a new Chief Executive Officer and recruited four managers to provide professional expertise required to deliver on its mandate and strengthen public confidence in NAMICO's governance.

During the year, the Corporation experienced significant challenges arising from a low in-post to staff establishment ratio, which constrained the effective execution of its mandate. In addition, the reduction in government grant allocation from Kshs. 336 million in the 2023/24 financial year to Kshs. 189 million in 2024/25 further limited our capacity to deliver on key objectives and implement planned programmes

In conclusion, the mining sector, both globally and locally, is entering a transformative era driven by the demand for critical minerals, sustainability imperatives, and technological innovation. NAMICO is well positioned to leverage these opportunities while addressing emerging risks. The Board remains committed to strengthening governance, fostering strategic partnerships, and ensuring that the Corporation continues to deliver value to the Government and the people of Kenya.



**Hon. Joseph K. Lagat**

Chairman of the Board

**National Mining Corporation (NAMICO)**

## 8. Report of the Chief Executive Officer

### Financial Year 2024/2025

It gives me great pleasure to present the Chief Executive Officer's report for the financial year 2024/2025. This year has been a turning point for the National Mining Corporation (NAMICO), as we laid critical foundations for growth, institutional strengthening, and value creation. The year has been both challenging and rewarding, defined by a changing global, regional, and local operating environment. Despite these dynamics, NAMICO demonstrated resilience, adaptability, and a clear commitment to its mandate as the Government of Kenya's strategic investment arm in mining and related activities.

Globally, 2024/25 was characterized by moderate economic recovery as inflationary pressures eased in advanced economies, though emerging markets, including parts of Africa, continued to grapple with currency fluctuations, high cost of capital, and supply chain disruptions. Geopolitical tensions and climate change impacts further influenced commodity markets, particularly the demand and supply of energy and critical minerals.

In Kenya, economic growth remained steady, anchored on agriculture, services, and infrastructure development. However, inflationary trends and exchange rate volatility affected the cost of doing business. For the mining sector, global demand for critical minerals such as rare earths, lithium, and graphite has been on the rise, driven by the clean energy transition and technological advancement. This provides Kenya with an unprecedented opportunity to harness its mineral wealth for national transformation.

NAMICO has positioned itself strategically to capture these opportunities through partnerships with credible local and international investors, while ensuring alignment with government priorities on industrialization, value addition, and sustainability.

A major milestone in 2024/25 was the **restructuring of NAMICO's leadership and management framework** to strengthen institutional capacity. In the course of the year, the Corporation appointed a new Chief Executive Officer and recruited four senior managers:

- **Manager, Finance and Accounts** – to drive prudent financial stewardship, reporting, and accountability.
- **Manager, Investments** – to spearhead joint ventures, partnerships, and resource mobilization.
- **Manager, Human Resources** – to ensure effective people management, talent development, and staff welfare.
- **Corporation Secretary** – to enhance corporate governance, compliance, and Board support.

These appointments were timely and essential, providing the Corporation with the professional expertise required to deliver on its mandate and strengthen public confidence in NAMICO's governance. The new leadership team has already set in motion critical reforms and laid strong institutional foundations that will serve the Corporation in years to come.

**Annual Report and Financial Statements for the year ended June 30, 2025**

In order to enhance governance, accountability, and operational efficiency, NAMICO successfully developed key policy and procedure documents during the year. These include:

- **Finance Policy and Procedure Manual** – providing a framework for transparent, efficient, and IFRS-compliant financial management.
- **Resource Mobilization Policy** – outlining strategies for attracting funding and partnerships beyond Exchequer support, ensuring NAMICO’s sustainability in the medium to long term.

In addition, the **Enterprise Resource Planning (ERP) system** was advanced, marking a major step in NAMICO’s digital transformation journey. Once fully operational, the ERP will integrate finance, human resources, procurement, and project management functions into a seamless platform, significantly improving efficiency, reporting accuracy, and decision-making.

During the year under review, NAMICO made progress in several key areas:

**1. Investments and Partnerships**

- The Corporation initiated discussions with credible private sector partners for joint ventures in mineral exploration and value addition.
- These engagements are expected to result in new exploration programmes and investments in downstream processing, in line with Kenya’s ambition of maximizing returns from mineral resources.

**2. Stakeholder Engagement**

- NAMICO continued to engage closely with the **State Department for Mining**, the **National Treasury**, and other key government agencies to ensure alignment with national development priorities.
- International stakeholders, including development partners and investors, were also engaged in positioning Kenya as a competitive mining investment destination.

**3. Compliance and Sustainability**

- The Corporation reinforced adherence to the **Public Finance Management Act, 2012**, corporate governance principles, and environmental and social safeguards.
- Sustainability was embedded into ongoing initiatives, reflecting NAMICO’s recognition of mining’s potential impact on communities and ecosystems.

The Corporation remained **fully funded by the Exchequer** in 2024/25. The Corporation had a budget of Ksh. 215,000,000.00 which was a major drop from Ksh.336,000,000 that was given in the previous year. Through prudent financial management, NAMICO operated within approved budgets, ensuring value-for-money outcomes. Internal controls were strengthened, financial reporting improved, and alignment with International Financial Reporting Standards (IFRS) reinforced.

Although revenue generation from mining investments has not yet matured, the groundwork laid through joint venture negotiations, policy development, and institutional capacity building has positioned the Corporation for long-term financial sustainability. In the course of the year, The Corporation managed to acquire several geological equipment and acquire two Toyota double cabin vehicles to support field activities.

Looking ahead, NAMICO will focus on:

- **Concluding joint venture agreements** and launching mineral exploration programmes.
- **Investing in value addition and mineral processing plants**, unlocking greater returns from Kenya's mineral wealth.
- **Scaling up digital transformation** through the full implementation of the ERP system.
- **Implementing the resource mobilization policy**, diversifying funding sources and partnerships.
- **Enhancing corporate governance**, strengthening internal audit, and entrenching a performance-driven culture.
- **Community and environmental engagement**, ensuring that mining investments create shared prosperity while safeguarding sustainability.

With continued support from the Board, the State Department for Mining, the National Treasury, and other stakeholders, NAMICO is confident that the coming year will mark a decisive step towards realizing its vision of being a premier investment vehicle for Kenya's mineral resources.



**Eng. Joseph Kitilit**

Chief Executive Officer

**National Mining Corporation (NAMICO)**

## 9. Statement of Performance against Predetermined Objectives for FY 2025

Section 81 Subsection 2 (f) of the Public Finance Management Act, 2012 requires the accounting officer to include in the financial statement, a statement of the national government entity's performance against predetermined objectives.

National Mining Corporation has 5 strategic issues and objectives that shape its priority key result areas within its Strategic Plan for the Financial Year 2022/2023- 2027/2028. These strategic aspects are as follows:

*Table 1: NAMICO Strategic Issues, Objectives and Key Result Areas*

<b>Strategic Issue</b>	<b>Objective</b>	<b>KRAs</b>
Strategic Compliance and Governance Enhancement	Ensure adherence to mining laws and regulations, international conventions, standards and guidelines	KRA 1: Policy integration, Leadership & Governance
Economic Sustainability	Drive sector growth	KRA 2: Mineral product diversification
Eco-Social Development	Advance Eco-Social Prosperity	KRA 3: Advance eco-social prosperity
Technological Advancement	Leverage Cutting-Edge Technology to Enhance Operational Efficiency, Innovation and safety.	KRA 4: Leverage Cutting-Edge Technology to Enhance Operational Efficiency and Innovation, safety
Financial performance	Profit generation	KRA 5: Generation of revenue

National Mining Corporation develops its annual work plans based on the above criteria. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The National Mining Corporation achieved its annual performance targets set for the Financial Year 2024/2025 period for its 5 strategic objectives and for each of the Five key result areas, as indicated in the table below:

**Table 2: NAMICO Financial Year 2024/25 Performance Against set Strategic Objectives**

Strategic Objective	Outcome	Outcome Indicator	Projections Year 2	Achievement For 2024/25
<b>KRA1: Policy Integration, Leadership and Governance</b>				
SO1.1 To develop, streamline, and review relevant policies	A comprehensive and adaptive policy framework guiding NAMICO operations.	Number of policies developed/ revised.	20%	<b>3 policies developed</b> 1.Strategic Plan developed 2.Risk Policy developed 3.ICT Policy developed 4.
		Degree of stakeholder engagement	Establish baseline; initiate quarterly stakeholder meetings.	Consultative meetings with prospective investors held
		The implementation rate of new policies.	50%	50%
SO1. 2 Institutional strengthening and resourcing	A robust and well-resourced institutional structure	Increase in institutional capacity metrics.	10% increase in staff training completion; hire for critical positions.	<ul style="list-style-type: none"> <li>• 12 new staff recruited</li> <li>• 3 attachés, 5 interns onboarded</li> </ul>

Strategic Objective	Outcome	Outcome Indicator	Projections Year 2	Achievement For 2024/25
		Training programs completed.	2	<ul style="list-style-type: none"> <li>Staff trained on Cadastre Portal</li> </ul>
		Resources allocated.	10%	-
S01.3 To ensure adherence to mining laws and regulations	Full compliance with legal and regulatory requirements.	Reduction in compliance violations	10%	<ul style="list-style-type: none"> <li>PC and Budget reported to the National Treasury at the beginning of Q4</li> </ul>
		Audit findings.	Identify Baseline	-
		Successful legal reviews.	90% Success Rate	-
<b>KRA2: Economic Diversification and Value Creation</b>				
S02.1 To maximize profits from mining and mineral investments	Enhanced profitability and shareholder value	Growth in profit margins	3%	-
		Shareholder equity.	5% Increase	-
S02.2 To realize mineral value addition in the mining value chain	Increased value-added products and services in the mining sector.	Percentage of value-added products in revenue	5%	-
		The number of value-added initiatives implemented.	1 Initiative	-

Strategic Objective	Outcome	Outcome Indicator	Projections Year 2	Achievement For 2024/25
SO2.3 To harness the economic potential of strategic minerals	Strategic positioning in the market for key minerals.	Market share of strategic minerals.	1%	-
		Strategic mineral exploration projects initiated.	1	-
SO2.4 To establish a market entry framework	Successful penetration into new markets and segments	New markets entered.	1	-
		Partnerships formed.	2	<ul style="list-style-type: none"> <li>Received 36 partnership requests</li> </ul>
		Market entry strategies executed.	1	-
SO2.5 To strengthen business development	Diversified and sustainable business portfolio.	Business development projects undertaken.	1	-
		New lines of business opened.	1	-
		Revenue growth from new ventures.	5%	-
<b>KRA3: Community Development and Environmental Stewardship</b>				
SO3.1 To foster strategic partnerships	A network of mutually beneficial	Several strategic partnerships were formed.	4	<ul style="list-style-type: none"> <li>Received 11 partnership requests</li> </ul>

Strategic Objective	Outcome	Outcome Indicator	Projections Year 2	Achievement For 2024/25
	strategic partnerships.	Satisfaction rate of partners.	Establish baseline	-
		Joint initiatives launched.	1	<ul style="list-style-type: none"> <li>Received 11 partnership requests</li> </ul>
SO3.2 To protect the environment and the people.	Enhanced environmental protection and community well-being.	Environmental impact metrics improved.	10%	-
		Community health and safety statistics.	Establish Baseline	-
		Sustainability certifications obtained.	1	-
<b>KRA4: Technological Integration and Innovation</b>				
SO4.1 To promote mining technology, research, and innovation	A leading edge in mining technology and innovation.	Patents filed.	1	-
		R&D investment.	2% of profit	-
		Technology adoption rate.	20%	-
		New products/ processes developed.	1	-
<b>KRA5: Financial Stewardship and Resource Optimization</b>				
SO5.1 To strengthen financial	Increased financial capital and resources.	Capital raised.	15% increase from baseline	-
		Funding diversity.	Identify two new Sources	-

Strategic Objective	Outcome	Outcome Indicator	Projections Year 2	Achievement For 2024/25
resource mobilization		Financial leverage ratios.	Maintain Industry Standard	-
SO5.2 To optimize financial resource utilization	Efficient and effective use of financial resources.	Cost savings achieved.	5% of operational costs	-
		Budget variance	+/-5%	
		ROI on capital projects.	5%	-

#### 10. Corporate Governance Statement

The National Mining Corporation is a statutory body established under the Mining Act, 2016 as the investment arm of the National Government with respect to minerals. As a Board, we believe that strong corporate governance framework and culture translates to a strong corporation that delivers on its mandate.

The Corporation has a robust corporate governance framework in place and we are committed to fostering a culture of compliance that values integrity, transparency and accountability, responsiveness, integrity and innovation.

#### Our Corporate Governance Framework includes:

- An engaged Board of Directors with a diverse range of skills and experience supported by an effective Board Committee structure.
- Clear and transparent communication with our stakeholders
- Strong risk management and assurance processes and culture
- Our values and behaviours and supporting policies that underpin the way we behave and meet our strategic objectives

#### The role and responsibilities of the Board of Management

The Board's primary role is to enable the protection and enhancement of long-term stakeholders value taking into account the interests of other stakeholders including employees, customers, suppliers and the wider community. The Board is accountable to stakeholders for the performance of the Corporation. It directs and monitors the business and affairs of the Corporation on behalf of stakeholders and is responsible for the Corporation's overall corporate governance. In particular, the Board's responsibilities include:

- Determine the Corporation's mission, vision, purpose and core values;
- Review, evaluate and approve, on a regular basis, long-term plans for the Corporation;
- Review, evaluate and approve the Corporation's budget and financial forecasts;
- Review, evaluate and approve major resource allocations and capital investments;
- Ensure that the procurement process is cost-effective and delivers value for money;
- Review and approve the operating and financial results of the Corporation;
- Ensure effective, accurate, timely and transparent disclosure of pertinent information on the Corporation's operations and performance;
- Ensure that effective processes and systems of risk management and internal controls are in place;
- Review, evaluate and approve the overall organizational structure, the assignment of senior management responsibilities and plans for senior management development and succession;
- Review, evaluate and approve the remuneration structure of the organization;
- Adopt, implement and monitor compliance with the Corporation's Code of Conduct and Ethics;
- Review on a quarterly basis the attainment of targets and objectives set out in the agreed performance measurement framework with the Government of Kenya;
- Review periodically the Corporation's strategic objectives and policies relating to sustainability and social responsibility/investment;

#### **The Board size and composition**

In the financial year ended 30<sup>th</sup> June 2025, the Board was made up of seven (7) members comprising of non-executive Chairman, three independent Board members and three alternate Directors nominated by the Principal Secretary, The National Treasury, the Principal Secretary, Mining and the Principal Secretary, Trade.

No.	Name	Designation
1.	Hon. Joseph K. Lagat	Chairperson (Appointed w.e.f 4 <sup>th</sup> October, 2024
2.	Mr. Mark Ngecho	Alternate Director representing the Principal Secretary National Treasury
3.	Mr. Paul Mirie	Alternate Director representing the Principal Secretary, Mining
4.	Mr. Fanuel Kidenda	Alternate Director representing the Principal Secretary, Trade
5.	Mr. David Kapelisiwa	Independent Director (Appointed on 4 <sup>th</sup> October, 2024)
6.	Mr. Faraj Mansur	Independent Director (Appointed on 8 <sup>th</sup> November , 2024 )
7.	Mrs. Jawahira Hussein Hajji	Independent Director (Appointed on 4 <sup>th</sup> October, 2024)

The Inspector General (Corporations) under section 18(2) of the State Corporations Act cap 446 may attend the meetings of any State Corporations or any of the board or committee as he/she deems necessary for the effective performance of his duties under the Act.

### Committees of the Board

To comply with Chapter One of Mwongozo, the board constituted four (4) Committees each with its own Charter. The individual Charters set forth the purpose, goals, and responsibilities of the committee as well as the qualification of the committee membership, the procedure for appointment and removal of a member and the procedure of reporting to the Board. The committees facilitate efficient decision-making of the board in the discharge of its statutory duties and responsibilities. All directors exercise the requisite duty and care in the best interest of the Corporation. The current Board and their membership on the Board committees of the Authority are as follows;

#### 1. Technical and Strategy Committee

The membership of this committee is as follows:-

- Mr. Paul Mirie-Chairperson
- Mr. Faraj Mansur
- Mr. David Kaprlisiwa

The Committee held three (3) regular meetings.

#### 2. Investment & Operations Committee

- a. Mr. Faraj Mansur (Chairperson)
- b. Mr. Fanuel Kidenda
- c. Mrs. Jawahira Hajji

The Committee held two (2) regular meetings

**3. Finance ,HR & Governance Committee**

- Mr David Kapelisiwa (Chairperson)
- Mr Fanuel Kidenda
- Mr Mark Ngecho

The Committee held seven (7) regular meetings and two (2) special meetings

**4. The Audit & Risk Committee**

- a. Mrs. Jawahira Hajji (Chairperson)
- b. Mr. Paul Mirie
- c. Mr Mark Ngecho

The Committee held three (3) regular meetings two (2) special meetings.

**The Board Meetings**

During the period under review, the Board held eight (8) regular full board meetings and two (2) special board meetings. In accordance with the Mining Act,2016 as read together with the State Corporations Act, the Board of the Corporation should comprise of seven (7) members. In the period under review, the Corporation complied to the requirement but cumulatively had a total of eight (8) members due to re-appointment a new appointment of the Chairperson and Board member who transacted the Corporation's business during the financial year.

The table below summarizes the number of meetings held during the period ending 30<sup>th</sup> June 2025:-

		Regular	Special	Total
1.	Full Board Meeting	5	10	15
2.	Technical & Strategy Committee	3	0	3
3.	Finance ,HR & Governance Committee	7	2	9
4.	Investment & Operations Committee	2	0	2
5.	Audit & Risk Committee	3	2	5

**Board Remuneration**

In 2024/25, the total board expenses were Ksh. 12,641,439. These expenses included board sitting allowances, chairman's honoraria, board trainings and inductions, insurance cover for independent directors, board travels and catering.

## **Board Inductions and Trainings**

In 2024/25 financial year, members of the board attended induction and various trainings. The trainings covered a wide spectrum, including trainings on board evaluation, corporate governance, audit committee effectiveness, financial statement analysis, among others.

## **11. Management Discussion and Analysis**

The Corporation had an annual budget of Ksh.**215,000,000** for the financial year 2024/2025. This was made up of Ksh.189,000,000 that was allocated and fully disbursed and Ksh.27,000,000 that was retained from the previous financial year.

In the financial year ended June 2025, the National Mining Corporation solidified its strategic vision to drive sustainable mineral development. As the government's investment arm in this sector, NAMICO continued to spearhead critical projects, forge influential partnerships and navigate a challenging policy ecosystem amid reforms of the Mining.

Despite these challenges, the Corporation identified promising opportunities to expand its influence both within Kenya and on the international stage through the development of strategic minerals, with primary focus on chromite and copper, where two project concept notes were developed and submitted to the National Treasury for concurrence.

In addition, during the 2024/25 financial year, the Corporation undertook preliminary activities geared towards exploration of strategic minerals in Isiolo, Kitui, Marsabit, Tharaka Nithi, Samburu, West Pokot, and Wajir counties. The objectives were to engage the communities in the targeted areas, identify opportunities for Artisanal Small-scale Miners (ASMs), protect ASMs from market exploitation and optimize the value of their work. The Corporation also aimed at compiling high-quality geological data to enable the country ascertain the quantity and quality of the identified mineral occurrences, besides creating information to be used by prospective investors.

During the year, NAMICO hosted its first Mining Expo, drawing international stakeholders and resulting into formalization of 36 Memorandums of Understanding and two Joint Ventures for strategic mineral development. A benefit-sharing framework was drafted to guide investor negotiations, protect national interests, and ensure local participation. NAMICO's strategy emphasized stakeholder engagement, joint ventures, and public-private partnerships to boost the mining sector's economic contribution.

The Corporation Strategic Plan, Finance Policy and Procedure Manual, Resource Mobilization Policy, Transport Policy, Business Continuity Plan and Whistle Blowing Policy, were also developed during

the year. The Corporation also did several applications for Mineral Rights, which are still pending approval at the approval.

The Corporation adopted a comprehensive approach, focusing on direct stakeholder participation by holding investor sessions, while also pursuing joint ventures and public-private partnerships (PPPs) to attract international capital and expertise in order increase the sector’s contribution to the economy.

During the year, NAMICO’s portfolio spanned a range of minerals with considerable emphasis on the 14 strategic minerals, as well as nonstrategic minerals such as gold. Gold mining activities in the western belt of the country, particularly in Migori and Kakamega counties, gained traction, and NAMICO aimed to advance partnerships with local and international mining companies, as well as small-scale artisanal miners who earn a living directly from their participation in the sector. As a result, NAMICO signed a strategic partnership with HNUO, where the Corporation would own 13% of Kenya National Gold Refinery Company Ltd under the undiluted Free Carried Interest (FCI) arrangement.

Meanwhile, in Elgeyo Marakwet County, the planned fluor spar extraction by Sofax created a new front that would generate revenue to the Corporation from 2025/26 financial year. This would be possible because during the year, NAMICO signed a shareholders agreement with Sofax Fluorspar Kenya Ltd, where the Corporation acquired 15% of share capital of the company under the FCI arrangement. During the year, the Corporation pursued 13 companies engaged in mining with the main objective of acquiring sharing-holding in compliance with Section 48 of the Mining Act No 12 of 2016.

Table 1: Strategic minerals, uses and estimated market price (in USD)

<b>S.No.</b>	<b>Strategic Mineral</b>	<b>Uses</b>	<b>Est. Price (USD/Kg)</b>	<b>Source</b>
<b>1</b>	Lithium	Batteries, ceramics, glass	15,000	USGS
<b>2</b>	Graphite	Batteries, lubricants, refractories	3,000	USGS
<b>3</b>	Tsavorite	Gemstone, jewelry	2,000	GIA
<b>4</b>	REEs	Electronics, magnets, renewable energy	500	USGS
<b>5</b>	Thorium	Nuclear fuel, nuclear reactors	200	WNA
<b>6</b>	Tantalum	Electronics, capacitors, medical devices	200	UNCTAD
<b>7</b>	Chromite	Stainless steel production, pigments	200	BGS
<b>8</b>	Coltan	Electronics manufacturing, capacitors	150	UNCTAD

<b>9</b>	Uranium	Nuclear fuel, military applications	70	IAEA
<b>10</b>	Niobium	Superconducting magnets, aerospace industry	50	USGS
<b>11</b>	Cobalt	Batteries, superalloys, magnets	40	USGS
<b>12</b>	Tin	Electronics, soldering, coatings	20	ITA
<b>13</b>	Nickel	Stainless steel production, batteries	10	LME
<b>14</b>	Copper	Electrical wiring, plumbing, construction	8	ICSG

On 25<sup>th</sup> October 2023, the CS gazetted strategic minerals. In November 2024, the CS issued a circular that re-emphasized that all activities related to the 14 strategic minerals should be undertaken in partnership with NAMICO.

Looking at the broader mining sector in Kenya, the performance of 2024-2025 demonstrated resilience despite global uncertainties. The sector's contribution to Kenya's GDP, though still modest, continued to grow. The Kenyan government has set ambitious goals to increase the contribution to GDP by the mining sector from 1% to 10% by 2030, and NAMICO's strategic partnerships would be crucial in achieving this target.

Globally, the mining industry is undergoing significant transformation as the world shifts toward cleaner energy solutions. This change is driving demand for strategic (critical metals) minerals, a trend that Kenya, through NAMICO, is poised to capitalize on. The transition to automated and digitalized mining operations promises to reduce operational costs and increase production efficiency, setting the stage for future growth in Kenya's mining sector. NAMICO remains vigilant and closely monitors global trade and fiscal developments that have a bearing in the mining sector.

As the end of the 2024/25 financial year, NAMICO found itself at a pivotal moment, with the foundation laid for future growth through policy review, the Corporation was well-positioned to expand its influence, navigate the challenges of the global mining landscape, and unlock Kenya's vast mineral potential for the benefit of the nation and its people.

## **12. Environmental and Sustainability Reporting**

The National Mining Corporation (NAMICO), established under the Mining Act, 2016, is the Government of Kenya's strategic investment arm in mining and related activities. Our mandate is to engage in mineral prospecting, exploration, mining, and value addition, while investing responsibly on behalf of the State. Sustainability is central to NAMICO's mission. We recognize that the ability to deliver long-term value to citizens depends on maintaining a balance between economic growth, environmental stewardship, and social responsibility.

Our sustainability strategy is guided by Kenya's Vision 2030, the Mining and Minerals Policy (2016), and international frameworks such as the Sustainable Development Goals (SDGs). In line with our strategic plan (2023/24 – 2026/27), we prioritize responsible resource use, environmental protection, inclusive economic participation, and corporate governance.

### **i) Sustainability Strategy and Profile**

Global trends such as climate change, geopolitical tensions, and energy transition continue to shape the mining sector. The rising global demand for critical minerals (e.g., rare earths, lithium, graphite) presents Kenya with an opportunity to become a hub for sustainable mineral investment. NAMICO's strategy is to build strong partnerships, strengthen governance, and mainstream environmental and social safeguards in all projects.

During 2024/25, NAMICO:

- Developed **Finance and Resource Mobilization policies** to support financial sustainability.
- Advanced its **ERP system** to promote digital efficiency and reduce reliance on paper-based processes.
- Engaged with over 11 potential joint venture partners, with emphasis on fair, transparent negotiations.
- Strengthened compliance with the **Public Finance Management Act (2012)**, the **Mining Act (2016)**, and corporate governance standards.

Challenges included limited own-source revenues, dependency on Exchequer funding, and slow mineral licensing processes. Mitigation measures involved developing a Resource Mobilization Policy and initiating the Mineral Exchange Platform (MEP) to support artisanal and small-scale miners (ASMs).

In service delivery, NAMICO continues to prioritize inclusivity in procurement, with contracts consciously allocated to youth, women, and persons with disabilities (PWDs) in line with GoK affirmative action policies.

## **ii) Environmental Performance**

NAMICO's strategy is anchored on the principles of precaution, conservation, and rehabilitation. Implementation during 2024/25 included:

- **Waste management:** adoption of “reduce, reuse, recycle” practices, segregation bins in offices, and gradual elimination of single-use plastics.
- **Digitalization:** ERP deployment, use of e-Citizen platform, and official staff emails, reducing paper dependency.
- **Energy efficiency:** introduction of energy saving appliances in offices and planned transition to hybrid power systems by adopting solar lighting.
- **Transport footprint:** vehicle fleet maintenance to reduce CO2 emissions and use of pooled transport.
- **Climate-smart initiatives:** inclusion of green design principles in future project feasibility studies where NAMICO has or is intending to take partnerships.

While NAMICO has yet to commence large-scale mining operations, environmental and social impact assessments (ESIAs) are mandatory for all prospective ventures. Biodiversity management and community resettlement safeguards will be embedded in upcoming joint venture agreements.

## **iii) Employee Welfare**

NAMICO's HR policies promote equity, diversity, and inclusion. Recruitment processes consider gender balance, youth, and PWD representation. The workforce currently comprises 23 permanent staff, 13 seconded officers, and 5 interns.

Employee development included training on the Cadastre Portal and other ICT systems. Career management and appraisals are being aligned to a performance-based culture. Staff welfare was supported through medical insurance, pension contributions, and compliance with the Occupational Safety and Health Act (OSHA), 2007.

No major work-related injuries were recorded in 2024/25. Safety drills and staff sensitization on workplace health and safety were undertaken.

**iv) Market Place Practices**

**a) Responsible competition practice** – NAMICO upholds fair competition through open tendering, adherence to procurement laws, and strict anti-corruption standards. A service charter and cashless payment systems ensure transparency.

**b) Supply chain and supplier relations** – The Corporation treats suppliers responsibly by honoring contracts and payments in line with government timelines. Local sourcing is encouraged to promote national development.

**c) Responsible engagement with citizens** – NAMICO ensures ethical communication by avoiding exaggerated promises and providing accurate information through its website, mining expos, and consultative forums.

**d) Product stewardship and awareness creation** – Efforts are underway to design the Mineral Exchange Platform that will protect ASM interests, safeguard pricing, and ensure transparency in mineral trading.

**v) Corporate Social Responsibility / Community Engagements**

As a government-owned entity, NAMICO views communities as key stakeholders. During 2024/25, CSR initiatives were modest given funding limitations, but the following activities were undertaken:

- **Tree planting campaigns** in mining host counties to promote biodiversity and climate resilience. NAMICO planted more than 5,000 tree seedlings in Kaptagat Forest, in Elgeyo Marakwet County.
- Mining Expo 2024, which provided a platform for knowledge sharing, networking, and sensitization on responsible mining practices.
- Stakeholder consultations with artisanal miners and county governments in Homa Bay, West Pokot, Kitui, and Embu, fostering inclusion and trust.

Future CSR commitments will focus **on community infrastructure support**, capacity building for ASMs, and scholarships for youth in mining-related fields.

## **Conclusion**

NAMICO remains committed to advancing sustainability in line with its mandate. Through strategic partnerships, responsible governance, environmental protection, and inclusive growth, the Corporation is building a foundation for long-term socio-economic transformation. Our focus in the coming years is to ensure that mineral wealth contributes to national prosperity while safeguarding the environment and uplifting communities.

## **13. Report of the Directors**

The Directors submit their report together with the audited financial statements for the year ended 30 June, 2025 which show the state of the National Mining Corporation affairs.

## **Principal activities**

- 1 Engage in Mineral prospecting and mining and any other related activity.
- 2 Invest on behalf of the National Government
- 3 Acquire by agreement or hold interests in any undertaking, enterprise or project associated with exploration, prospecting and Mining.
- 4 Acquire shares or interests in any firm, company or other body of persons, whether corporate or incorporated which is engaged in the Mining, prospecting, refining, grading, producing, cutting, processing, buying, selling or marketing of minerals and
- 5 Carry on its business, operations and activities whether as a principal agent, contractor or otherwise, and either alone or in conjunction with any other persons, firms or bodies corporate.

## **Results**

The results of the Corporation for the year ended 30 June, 2025 are set out on financial statements. The Corporation still depends on the National Treasury for budget allocation.

## **Dividends**

No dividends were declared as the Corporation has no revenue generating projects yet.

## **Auditors**

The Auditor General is responsible for the statutory audit of the National Mining Corporation in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 or Certified

*National Mining Corporation*

**Annual Report and Financial Statements for the year ended June 30, 2025**

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Public Accountants nominated by the Auditor General to carry out the audit of the Corporation for the year/period ended June 30, 2025 in accordance with section 23 of the Public Audit Act, 2015 which empowers the Auditor General to appoint an auditor to audit on his behalf.

By Order of the Board

Name: *Loice Shabakha*   
Corporation Secretary/Secretary to the Board

Date: *15/12/2025* .....

#### **14. Statement of Directors' Responsibilities**

Section 81 of the Public Finance Management Act, 2012 and Section 14 of the State Corporations Act, require directors to prepare financial statements in respect of the Corporation, which give a true and fair view of the state of affairs of the corporation at the end of the financial year/period and the operating results of the National Mining Corporation for that year/period. The Directors are also required to ensure that the National Mining Corporation keeps proper accounting records which disclose with reasonable accuracy the financial position of the corporation. The Directors are also responsible for safeguarding the assets of the National Mining Corporation.

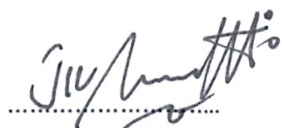
The Directors are responsible for the preparation and presentation of the National Mining Corporation financial statements, which give a true and fair view of the state of affairs of the corporation for and as at the end of the financial year (period) ended on 30 June 2025. This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the entity; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the National Mining Corporation; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The Directors responsibility for the National Mining Corporations financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Financial Reporting Standards (IFRS), and in the manner required by the PFM Act, 2012 and (the National Mining Regulations, 2017). The Directors are of the opinion that the Corporations financial statements give a true and fair view of the state of its transactions during the financial year ended June 30, 2025, and of the National Mining Corporation financial position as at that date. The Directors further confirm the completeness of the accounting records maintained for the Corporation, which have been relied upon in the preparation of the National Mining Corporations financial statements as well as the adequacy of the systems of internal financial control.


Nothing has come to the attention of the Directors to indicate that the National Mining Corporation will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The National Mining Corporation financial statements were approved by the Board on the.....15.....day of.....12..... 2025 and signed on its behalf by:



Hon. Joseph K. Lagat  
Chairperson of the Board



Eng. Joseph Kitilit  
Accounting Officer/CEO

# REPUBLIC OF KENYA

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**HEADQUARTERS**  
Anniversary Towers  
Monrovia Street  
P.O. Box 30084-00100  
NAIROBI

## **REPORT OF THE AUDITOR-GENERAL ON NATIONAL MINING CORPORATION FOR THE YEAR ENDED 30 JUNE, 2025**

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### **PREAMBLE**

I draw your attention to the contents of my report which is in three parts:

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

A Qualified Opinion is issued when the Auditor-General concludes that, except for material misstatements noted, the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management and Governance.

The three parts of the report are aimed at addressing the statutory roles and responsibilities of the Auditor-General as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General

### **REPORT ON THE FINANCIAL STATEMENTS**

#### **Qualified Opinion**

I have audited the accompanying financial statements of National Mining Corporation set out on pages 1 to 37, which comprise the statement of financial position as at 30 June, 2025 and the statement of profit or loss and other comprehensive income,

statement of changes in equity, statement of cash flows and statement of comparison of budget and actual amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, except for the effect of the matters described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of National Mining Corporation as at 30 June, 2024 and of its financial performance and its cash flows for the year then ended, in accordance with International Financial Reporting Standards and comply with the Public Finance Management Act, 2012.

### **Basis for Qualified Opinion**

#### **1. Undisclosed Special Duty Allowance Payables**

The statement of profit or loss and other comprehensive income reflects administration costs of Kshs.155,820,509. As disclosed in Note 8 to the financial statements. The amount included expenditure of Kshs.31,754,012 incurred on staff costs. Review of documents provided in support revealed that the Board of Directors approved payment of special duty allowances at a rate 15% of basic salaries to employees performing duties of higher positions for a period of 6 months from September, 2024 to March, 2025.

The allowances were subsequently approved by the Salaries and Remuneration Commission in a letter to Management dated 26 February, 2025. However, allowances amounting to Kshs.3,806,047 payable to nine (9) employees who had been seconded to the Corporation from the State Department for Mining were neither paid nor disclosed in the financial statements.

In the circumstances, the accuracy and completeness of staff costs and accounts payable could not be confirmed.

#### **2. Inaccuracies in the Property, Plant and Equipment Balance**

The statement of financial position reflects property plant and equipment valued at Kshs.125,319,866. As disclosed in Note 9 to the financial statements, the assets comprised of motor vehicles, computers and related equipment, civil works and work in progress. Review of documents supporting the assets revealed several inconsistencies as detailed below;

- i. Several assets comprising of furniture, computers and office equipment owned by the Corporation were not tagged. In addition, those tagged had paper stickers tagging which was not permanent in nature.

- ii. Several furniture acquired in prior years remained unutilized which raised doubts on value for money spend on their acquisition. Additionally, rented office space on third floor was unoccupied indicating that the space may have not been required.
- iii. The assets distribution register indicated that eight (8) computers which had been issued to former Board members and Acting Chief Executive Officer (CEO) were listed as part of the Corporation's assets. However, the computers were not returned and were no longer under the Corporation control.

In the circumstances, the accuracy and completeness of property, plant and equipment balance of Kshs,125,319,866 could not be confirmed.

### **3. Unsupported outstanding Trade Receivables**

The statement of financial position reflects trade and other receivables balance of Kshs.11,722,984 as disclosed in Note 10 to the financial statements. However, the balance was not supported by a debtors' schedule and an aging analysis. Management indicated that the amount was incurred by the Corporation on behalf of the State Department for Mining to settle expenses incurred at Fluorspar Day and Boarding Primary School on 31 March, 2018.

Additionally, documents supporting the receivable including request by the State Department for Mining to the Corporation to pay the amount on their behalf, minutes of Board approving the request and evidence of transfer of funds to the school were not provided for audit.

Further, the State Department of Mining did not recognize the pending amount in prior years and in current year's financial statements as payable raising doubt to the authenticity of the receivable. A letter from the Ag Managing Director to the Principal Secretary State Department for Mining sent on 19 December, 2023 requesting the department to reimburse Kshs.11,722,784 which has been outstanding for more than 6 years remain futile.

In the circumstances, the existence, accuracy and completeness of trade and other receivables balance of Kshs.11,722,984 could not be confirmed.

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the National Mining Corporation Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

## Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. Except for the matters described in the Basis for Qualified Opinion section, I have determined that there are no other key audit matters to communicate in my report

## Other Matter

### Unresolved Prior Year Matters

In the prior year's audit report, several issues were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on the Effectiveness Internal Controls, Risk Management and Governance. Review of the status during audit of the Corporation in 2024/2025 revealed that the following matters remained unresolved.'

No.	Financial Year	Audit Issue
1	2023/2024	Unsupported Trade and Other Payables
2	2023/2024	Overpayment of Rent a
3	2023/2024	Unsupported Procurement of Office Space
4	2023/2024	Irregular Hire of Helicopter
5	2023/2024	Lack of Risk Management and IT Policies
6	2023/2024	Weaknesses in Cash Management
7	2023/2024	Inadequate Staffing at the Corporation
8	2023/2024	Lack of Substantive Chief Executive Officer

## Other Information

Management is responsible for the Other Information set out on page iv to xxxix which comprise of Key Entity Information, The Board of Directors, Key Management Team, Fiduciary Management, Fiduciary Oversight Arrangements, Chairman's Statement, Report of the Chief Executive Officer, Statement of Performance against Predetermined Objectives, Corporate Governance Statement, Environmental and Sustainability Reporting, Report of the Directors, and Statement of Directors Responsibilities. The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the National Mining Corporation my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements, or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance conclusion thereon.

# REPORT ON LAWFULNESS AND EFFECTIVENESS IN THE USE OF PUBLIC RESOURCES

## **Conclusion**

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

## **Basis for Conclusion**

### **1. Unjustified Procurement of Consultancy Services**

During the year under review, Management engaged a local firm for provision of consultancy services for trading of minerals at the Voi Gemstone Center at a cost of Kshs.2,000,000. The purpose of the consultancy was to transform the Center into a better trading asset. However, the Center was still under the control of the State Department of Mining and had not been handed to the Corporation. This meant that Management engaged a service for a facility which was not under the control of the Corporation.

In the circumstance Management may not have achieved value for money in the procurement of the consultancy services.

### **2. Irregular Procurement of Legal Services**

The statement of profit or loss and other comprehensive income reflects expenditure of Kshs.155,820,509 in respect of administration cost. As disclosed in Note 8 to the financial statements, the expenditure includes Kshs.10,555,600 incurred on legal costs. Review of documents provided in support of legal costs revealed payments totaling Kshs.6,000,000 paid to four (4) law firms for provision of legal services. However, the firms were engaged without a following a competitive process. Although the firms were in the list of prequalified suppliers, no quotations were sought from at least five (5) firms before appointment to provide the services as required in Regulation 128 (4) of the Public Procurement and Assets Disposal Regulations, 2020. In addition, the firms were engaged without formal contracts.

In the circumstance Management may not have achieved value for money in the procurement of the legal services.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain

assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

## REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

### **Conclusion**

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, except for the effects of the matter described in the Basis for Conclusion on Effectiveness of Internal Controls, Risk Management and Governance section of my report, I confirm that nothing else has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

### **Basis for Conclusion**

#### **Weaknesses in Imprest Management**

During the year under review, imprests totaling to Kshs.7,805,624 issued for local travel and subsistence were paid to the acting CEO on behalf of travelling employees, contrary Regulations 91(3) of the Public Finance Management (National Government) Regulations, 2015. The issuance of imprests to one employee on behalf of others facilitated issuance of imprest to employees with outstanding ones which was contrary to holding other more than one imprest at a time contrary to the Regulations.

In addition, the surrender of imprest was done collectively which impaired individual accountability of funds advanced and made it difficult to ascertain whether employees issued with the imprests undertook the assignments for which the funds were earmarked for.

In the circumstances, existence of sufficient controls for management of imprests could not be confirmed

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal controls, risk management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

#### **Responsibilities of Management and Board of Directors**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters

related to going concern and using the going concern basis of accounting unless Management is aware of the intention to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

The Board of Directors are responsible for overseeing the Corporation's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management, and ensuring the adequacy and effectiveness of the control environment.

### **Auditor-General's Responsibilities for the Audit**

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7 (1) (a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.

  
FCPA Nancy Gathungu, CBS  
AUDITOR-GENERAL

Nairobi

18 December, 2025

16. Statement of Profit/Loss & Other Comprehensive Income for the Year Ended 30<sup>th</sup> June 2025.

Description	Note	For the Year	For the Year
		Ended 30 <sup>th</sup> June 2025	Ended 30 <sup>th</sup> June 2024
		Kshs	Kshs
<b>Revenues</b>			
Grants from the national government	6	188,999,999	280,000,000
Other income	7	2,873,247	-
<b>Total revenues</b>		<b>191,873,246</b>	<b>280,000,000</b>
<b>Operating expenses</b>			
Administration costs	8	155,820,508.65	149,179,022
<b>Total Operating Expenses</b>		<b>155,820,508.65</b>	<b>149,179,022</b>
<b>Profit/(loss) before taxation</b>		<b>36,052,737.30</b>	<b>130,820,978</b>
<b>Total comprehensive income/Loss for the year</b>		<b>36,052,737.30</b>	<b>130,820,978</b>

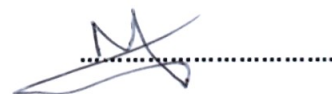
The financial statements were approved by the Board on 15<sup>th</sup> Dec 2025 and signed on its behalf by:



Chairman of the Board  
Hon Joseph K. Lagat



Chief Executive Officer  
Eng. Joseph Kitilit




Finance and Accounts Manager  
CPA Andrew Musungu  
ICPAK No: 23528

## 17. Statement of Financial Position as at 30 June 2025

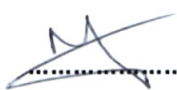
Description	Note	As at 30 <sup>th</sup> June 2025	As at 30 <sup>th</sup> June 2024
		Kshs	Kshs
<b>Assets</b>			
<b>Non-Current Assets</b>			
Property, Plant And Equipment	9	125,319,866	100,536,589
Intangible Assets	9	11,451,474	-
<b>Total Non-Current Assets</b>		<b>136,771,341</b>	<b>100,536,589</b>
<b>Current Assets</b>			
Trade And Other Receivables	10	11,722,984	11,722,984
Prepayments	11	6,706,667	-
Bank And Cash Balances	12	57,241,030	66,466,406
<b>Total Current Assets</b>		<b>75,670,681</b>	<b>78,189,391</b>
<b>Total Assets</b>		<b>212,442,022</b>	<b>178,725,980</b>
<b>Equity And Liabilities</b>			
<b>Capital And Reserves</b>			
Ordinary Share Capital		146,719,220	15,898,242
Retained Earnings	13	36,052,737.30	130,820,978
<b>Capital and Reserves</b>		<b>182,771,957.30</b>	<b>146,719,220</b>
<b>Current Liabilities</b>			
Trade And Other Payables	14	29,670,064.28	32,405,741
<b>Total Current Liabilities</b>		<b>29,670,064.28</b>	<b>32,405,741</b>
<b>Total Equity And Liabilities</b>		<b>212,442,022</b>	<b>178,725,980</b>

The financial statements were approved by the Board on 15<sup>th</sup> Dec 2025 and signed on its behalf

by:

  
 .....  
 Chairman of the Board  
**Hon Joseph K. Lagat**

  
 .....  
 Chief Executive Officer  
**Eng. Joseph Kitilit**

  
 .....  
 Finance and Accounts Manager  
**CPA Andrew Musungu**  
**ICPAK No: 23528**

18. Statement of Changes in Equity for the year ended 30 June 2025

Description	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/Development Grants/Fund	Total
<b>As at July 1, 2023</b>	-	-	-	15,898,242	-	-	-
New capital issued	-	-	-	-	-	-	-
Revaluation gain	-	-	-	-	-	-	-
Transfer of excess depreciation on revaluation	-	-	-	-	-	-	-
Deferred tax on excess depreciation	-	-	-	-	-	-	-
Fair value adjustment on quoted investments	-	-	-	-	-	-	-
Profit for the year	-	-	-	130,820,978	-	-	-
Capital/development grants received during the year	-	-	-	-	-	-	-
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	-	-	-	-
Dividends paid – prior year	-	-	-	-	-	-	-

Annual Report and Financial Statements for the year ended June 30, 2025


Description	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/Development Grants/Fund	Total
Interim dividends paid - current year	-	-	-		-	-	-
Proposed final dividends	-	-	-	-	-	-	-
<b>As of June 30, 2024</b>	-	-	-	<b>146,719,220</b>	-	-	-
<b>As at July 1, 2024</b>	-	-	-	<b>146,719,220</b>	-	-	-
Issue of new share capital	-	-	-	-	-	-	-
Revaluation gain	-	-	-	-	-	-	-
Transfer of excess depreciation on revaluation	-	-	-	-	-	-	-
Deferred tax on excess depreciation	-	-	-	-	-	-	-
Fair value adjustment on quoted investments	-	-	-	-	-	-	-
Profit for the year	-	-	-	36,052,737	-	-	-
Capital/development grants received during the year	-	-	-	-	-	-	-

National Mining Corporation


Annual Report and Financial Statements for the year ended June 30, 2025

Description	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/Development Grants/Fund	Total
Transfer of depreciation/amortisation from capital fund to retained earnings	-	-	-	-	-	-	-
Dividends paid – prior year	-	-	-	-	-	-	-
Interim dividends paid – current year	-	-	-	-	-	-	-
Proposed final dividends	-	-	-	-	-	-	-
<b>At June 30, 2025</b>	-	-	-	182,771,957	-	-	-

The financial statements were approved by the Board on 15<sup>th</sup> Dec 2025 and signed on its behalf by:

  
 Chairman of the Board  
**Hon Joseph K. Lagat**

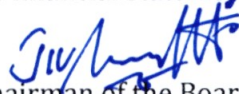
  
 Chief Executive Officer  
**Eng. Joseph Kitilit**

  
 Finance and Accounts Manager  
**CPA Andrew Musungu**  
**ICPAK No: 23528**


## 19. Statement of Cash Flows for the year ended 30 June 2025

Description	Note	2024-25	2023-24
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
Cash generated from/(used in) operations	15	45,629,247.91	177,211,058.54
<b>Net cash generated from/(used in) operating activities</b>		<b>45,230,266.20</b>	<b>177,211,058.54</b>
Purchase of property, plant and equipment		54,455,643.00	110,855,218.00
Proceeds from disposal of property, plant and equipment			
<b>Net cash generated from/(used in) investing activities</b>		<b>-9,225,376.80</b>	<b>66,355,840.35</b>
<b>Cash flows from financing activities</b>			
<b>Net cash generated from/(used in) financing activities</b>			
<b>Increase/(decrease) in cash and cash equivalents</b>		<b>-9,225,376.80</b>	<b>66,355,840.35</b>
<b>Cash and cash equivalents at beginning of year</b>		<b>66,466,406.80</b>	<b>110,566.45</b>
Effects of foreign exchange rate fluctuations			
<b>Cash and cash equivalents at end of the year</b>	12	<b>57,241,030.00</b>	<b>66,466,406.80</b>

The financial statements were approved by the Board on 15<sup>th</sup> Dec 2025 and signed on its behalf

by   
Chairman of the Board  
**Hon Joseph K. Lagat**

  
Chief Executive Officer  
**Eng. Joseph Kitilit**

  
Finance and Accounts Manager  
**CPA Andrew Musungu**  
ICPAK No:23528

**20. Statement of Comparison of Budget & Actual amounts for the period ended 30 June 2025**

REVENUES	INITIAL BUDGET	ADJUSTMENTS	FINAL BUDGET	ACTUAL ON COMPARABLE BASIS	PERFORMANCE DIFFERENCE	PERFORMANCE OF UTILIZATION (%)
Current Grants	89,000,000	99,999,999	188,999,999	188,999,999	0	100
Retained Earnings	22,000,000	5,000,000	27,000,000	27,000,000	0	100
Mining Expo		2,873,247	2,873,247	2,873,247	0	100
<b>Total</b>	<b>111,000,000</b>	<b>107,881,009</b>	<b>218,873,247</b>	<b>218,873,247</b>	<b>0</b>	<b>100</b>
<b>EXPENDITURES</b>					<b>0</b>	
Personnel Emoluments	26,271,254	12,130,006	38,401,260	31,754,012	6,647,248	83%
Board Expenses	8,346,400	4,700,000	13,046,400	12,641,439	404,961	97%
Contracted Services	15,000,000	5,150,000	20,150,000	15,230,600	4,919,400	76%
Use of Goods and Services	6,700,000	5,449,650	12,149,650	11,377,140	772,510	94%
Administrative Expenses	42,082,346	17,640,947	59,723,293	43,705,881	16,017,412	73%
Other Capital Items	12,600,000	62,810,406	75,410,406	46,930,907	28,479,499	62%
<b>TOTAL</b>	<b>111,000,000</b>	<b>107,881,009</b>	<b>218,881,009</b>	<b>161,639,979</b>	<b>57,241,030</b>	<b>81%</b>

The low absorption of funds for personnel emoluments at 83% during the financial year 2024/25 is attributed to two factors; non-recruitment of all the additional staff as earlier planned and late recruitment of senior managers that happened late in the year, where they reported two months to the end of the financial year. Expenditure on capital items also had a low absorption of 86% because the Exchequer releases came late, thus all the planned expenditure did not happen as expected.

**Budget Reconciliation**

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	A
1	The under-expenditure of Personnel Emoluments of Ksh.31,754,012 that resulted into a surplus of Ksh. 6,647,248 was as a result of delays in recruitment of senior managers that happened towards the end of the year. In addition, the Corporation didn't manage to recruit all the other staff as required due to delayed Exchequer disbursements.	6,647,248
2	The under absorption of Board Expenses of Ksh. 12,641,439 that resulted into a surplus of Ksh. 404961 was because the board was able to cover its activities within the budget allocations.	404,961

3	The under expenditure of Ksh 15,230,600 towards Contracted Services that resulted in a surplus of Ksh. 4,919,400 was as a result of late procurements due to delayed Exchequer funding.	4,919,400
4	The under expenditure of Ksh 11,377,140 towards use of goods and services that resulted in a surplus of Ksh.772,510 as a result of late procurements due to delayed Exchequer funding	772,510
5	The under expenditure of Ksh 43,705,881 towards administrative expenses resulted in a surplus of Ksh.16,017,412 was as a result of delayed Exchequer funding.	16,017,412
6	The under expenditure of Ksh 46,930,907 towards other capital items that resulted in a surplus of Ksh. 28,479,499 was as a result of delayed procurements due to late Exchequer funding.	28,479,499
	<b>Closing Cash and Cash Equivalent as per the statement of Cash flows</b>	<b>57,241,030</b>

## **21. Notes to the Financial Statement**

### **1. General Information**

National Mining Corporation is established by and derives its authority and accountability from the Mining Act, 2016. The entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The entity's principal activity is mineral development through investment. For Kenyan Companies Act reporting purposes, the balance sheet is represented by the statement of financial position and the profit and loss account by the statement of profit or loss and other comprehensive income in these financial statements.

### **2. Statement of Compliance and Basis of Preparation**

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Financial Reporting Standards (IFRS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying the entity's accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in the notes. The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of National Mining Corporation, and all values are rounded off to the nearest Kenya shillings. The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the Mining Act and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years presented.

### 3. Application of New and Revised International Financial Reporting Standards (IFRS)

#### i. New and amended standards and interpretations in issue and effective in the year ended 30 June 2025.

Title	Description	Effective Date
Amendments to IAS 1 titled Classification of Liabilities as Current or Non-current (issued in January 2020, amended in October 2022)	The amendments, applicable to annual periods beginning on or after 1st January 2024, clarify a criterion in IAS 1 for classifying a liability as non-current: the requirement for an entity to have the right to defer settlement of the liability for at least 12 months after the reporting period	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendment to IFRS 16 titled Lease Liability in a Sale and Leaseback (issued in September 2022)	The amendment, applicable to annual periods beginning on or after 1st January 2024, requires a seller-lessee to subsequently measure lease liabilities arising from a leaseback in a way that it does not recognise any amount of the gain or loss.	The amendments are effective for annual periods beginning on or after January 1, 2024. Earlier application is permitted.
Amendments to the Classification and Measurement of Financial Instruments Amendments to IFRS 9 and IFRS 7	The amendments specify: <ul style="list-style-type: none"> <li>i. when a financial liability settled using an electronic payment system can be deemed to be discharged before the settlement date.</li> <li>ii. how to assess the contractual cash flow characteristics of financial assets with contingent features when the nature of the contingent event does not relate directly to changes in basic lending risks and costs; and</li> <li>iii. new or amended disclosure requirements relating to investments in equity instruments designated at fair value through other</li> </ul>	1 January 2026

Title	Description	Effective Date
	comprehensive income and financial instruments with contingent features that do not relate directly to basic lending risks and costs.	

The Directors have assessed the applicable standards and amendments. Based on their assessment of the impact of the application of the above, they do not expect that there will be a significant impact on the company's financial statements.

**Application of New and Revised International Financial Reporting Standards (IFRS)****ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.**

<b>Title</b>	<b>Description</b>	<b>Effective Date</b>
IFRS 18 Presentation and Disclosure in Financial statements	The objective of IFRS 18 is to set out requirements for the presentation and disclosure of information in general purpose financial statements (financial statements) to help ensure they provide relevant information that faithfully represents an entity's assets, liabilities, equity, income and expenses.	The new standard is effective for annual periods beginning on or after January 1, 2027. Earlier application is permitted.
IFRS 19 Subsidiaries without Public Accountability	IFRS 19 Subsidiaries without Public Accountability: Disclosures IFRS 19 Subsidiaries without Public Accountability: Disclosures was issued in May 2024. IFRS 19 permits some subsidiaries to apply IFRS Accounting Standards with reduced disclosure requirements. These entities apply the requirements in other IFRS Accounting Standards except for their disclosure requirements. Instead, these entities apply the requirements in IFRS 19	An entity may elect to apply this Standard for reporting periods beginning on or after 1 January 2027. Earlier application is permitted.

The Directors do not plan to apply any of the above until they become effective. Based on their assessment of the potential impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements.

**iii. Early adoption of standards**

The Entity did not early – adopt any new or amended standards in the financial year.

#### **4. Summary of Accounting Policies**

The principal accounting policies adopted in the preparation of these financial statements are set out below:

##### **a) Revenue recognition**

Revenue is measured based on the consideration to which the entity expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The entity recognizes revenue when it transfers control of a product or service to a customer.

- i) Revenue from the sale of goods and services** is recognized in the year in which the National Mining Corporation delivers products to the customer, the customer has accepted the products and collectability of the related receivables is reasonably assured.
- ii) Grants from National Government** are recognized in the year in which National Mining Corporation actually receives such grants. Recurrent grants are recognized in the statement of comprehensive income. Development/capital grants are recognized in the statement of financial position and realised in the statement of comprehensive income over the useful life of the assets that has been acquired using such funds.
- iii) Finance income** comprises interest receivable from bank deposits and investment in securities, and is recognized in profit or loss on a time proportion basis using the effective interest rate method.
- iv) Dividend income** is recognized in the income statement in the year in which the right to receive the payment is established.
- v) Rental income** is recognized in the income statement as it accrues using the effective interest implicit in lease agreements.
- vi) Other income** is recognized as it accrues.

**Summary of Accounting Policies**

**b) In-kind contributions**

In-kind contributions are donations that are made to the National Mining Corporation in the form of actual goods and/or services rather than in money or cash terms. These donations may include vehicles, equipment or personnel services. Where the financial value received for in-kind contributions can be reliably determined, National Mining Corporation includes such value in the statement of comprehensive income both as revenue and as an expense in equal and opposite amounts; otherwise, the contribution is not recorded.

**c) Property, plant and equipment**

All categories of property, plant and equipment are initially recorded at cost less accumulated depreciation and impairment losses.

Certain categories of property, plant and equipment are subsequently carried at re-valued amounts, being their fair value at the date of re-valuation less any subsequent accumulated depreciation and impairment losses.

Increases in the carrying amounts of assets arising from re-valuation are credited to other comprehensive income. Decreases that offset previous increases in the carrying amount of the same asset are charged against the revaluation reserve account; all other decreases are charged to profit or loss in the income statement. Gains and losses on disposal of items of property, plant and equipment are determined by comparing the proceeds from the disposal with the net carrying amount of the items, and are recognised in profit or loss in the income statement.

**d) Depreciation and impairment of property, plant and equipment**

Freehold land and capital work in progress are not depreciated. Capital work in progress relates mainly to the cost of ongoing but incomplete works on buildings and other civil works and installations.

Depreciation on property, plant and equipment is recognized in the income statement on a straight-line basis to write down the cost of each asset or the re-valued amount to its residual value over its estimated useful life. The annual rates in use, as guided by National Treasury policy on assets depreciation are:

Item	Years	Rates
Freehold Land		Nil
Buildings and civil works	25	4%
Plant and machinery	12.5	8%
Motor vehicles, including motorcycles	4	25%
Computers and related equipment	3	33.3%
Office equipment, furniture and fittings	12.5	8%
Enterprise Resource Planning System (ERP)	3	33.3%

A full year's depreciation charge is recognised both in the year of asset purchase and in the year of asset disposal.

Items of property, plant and equipment are reviewed annually for impairment. Where the carrying amount of an asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount.

**e) Intangible assets**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortization and accumulated impairment losses. Amortization is recognized on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

**f) Amortisation and impairment of intangible assets**

Amortisation is calculated on the straight-line basis over the estimated useful life of the intangible asset. All intangible assets are reviewed annually for impairment. Where the carrying amount of an

intangible asset is assessed as greater than its estimated recoverable amount, an impairment loss is recognised so that the asset is written down immediately to its estimated recoverable amount.

**g) Investment property**

Investment property, which is property held to earn rentals and/or for capital appreciation (including property under construction for such purposes), is measured initially at cost, including transaction costs. Subsequent to initial recognition, investment property is measured at fair value. Gains or losses arising from changes in the fair value of investment property are included in profit or loss in the period in which they arise. An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognized.

**h) Biological Assets**

The entity recognizes biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to the entity, and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured at fair value less costs to sell, except where fair value cannot be reliably determined. In such cases, the asset is measured at its cost less accumulated depreciation and any accumulated impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur.

**i) Right of Use Asset**

The right-of-use assets comprise the initial measurement of the corresponding lease liability, lease payments made at or before the commencement day, less any lease incentives received and any initial direct costs. They are subsequently measured at cost less accumulated depreciation and impairment losses. Whenever the entity incurs an obligation for costs to dismantle and remove a leased asset, restore the site on which it is located or restore the underlying asset to the condition required by the terms and conditions of the lease, a provision is recognized and measured under IAS 37. To the extent that the costs relate to a right-of-use asset, the costs are included in the related right-of-use asset, unless those costs are incurred to produce inventories. Right-of-use assets are depreciated over the shorter period of lease term and useful life of the underlying asset. If a lease transfers ownership of the underlying asset or the cost of the right-of-use asset reflects that the entity expects to exercise a purchase option, the related right-of-use asset is depreciated over the useful life of the underlying

asset. The depreciation starts at the commencement date of the lease. The right-of-use assets are presented as a separate line in the consolidated statement of financial position.

**j) Fixed interest investments (bonds)**

Fixed interest investments refer to investment funds placed under Central Bank of Kenya (CBK) long-term infrastructure bonds and other corporate bonds with the intention of earning interest income upon the bond's disposal or maturity.

**k) Quoted investments**

Quoted investments are classified as non-current assets and comprise marketable securities traded freely at the Nairobi Securities Exchange or other regional and international securities exchanges. Quoted investments are stated at fair value through profit or loss (FVTPL).

**l) Unquoted investments**

Unquoted investments are measured at fair value through profit or loss (FVTPL).

**m) Inventories**

Inventories are stated at the lower of cost and net realizable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average cost method or First In First Out (FIFO). Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

**n) Trade and other receivables**

Trade and other receivables are recognized at amortized cost less allowances for any uncollectible amounts. These are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end. Bad debts are written off after all efforts at recovery have been exhausted.

**o) Taxation**

**i) Current income tax**

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income. Current income tax relating to items recognized directly in net assets is recognized in net assets and not in the statement of financial performance.

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the area where the Entity operates and generates taxable income.

Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

**p) Deferred tax**

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences, except in respect of taxable temporary differences associated with investments in controlled entities, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except in respect of deductible temporary differences associated with investments in controlled entities, associates and interests in joint ventures, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part

of the deferred tax asset to be utilized. Unrecognized deferred tax assets are re-assessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside surplus or deficit is recognized outside surplus or deficit. Deferred tax items are recognized in correlation to the underlying transaction in net assets. Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

**q) Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. To the extent that variable rate borrowings are used to finance a qualifying asset and are hedged in an effective cash flow hedge of interest rate risk, the effective portion of the derivative is recognized in other comprehensive income and reclassified to profit or loss when the qualifying asset impacts profit or loss. To the extent that fixed rate borrowings are used to finance a qualifying asset and are hedged in an effective fair value hedge of interest rate risk, the capitalized borrowing costs reflect the hedged interest rate. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

**r) Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various Commercial Banks at the end of the reporting period.

**Restricted cash**

Restricted cash refers to cash and cash equivalent balances that have usage constraints. An entity shall disclose, together with a commentary by management, the amount of significant

cash and cash equivalent balances held by the entity that are not available for use by the entity.

**s) Borrowings**

Interest bearing loans and overdrafts are initially recorded at fair value being received, net of issue costs associated with the borrowing. Subsequently, these are measured at amortised cost using the effective interest rate method. Amortised cost is calculated by taking into account any issue cost and any discount or premium on settlement. Finance charges, including premiums payable of settlement or redemption are accounted for on accrual basis and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise. Loan interest accruing during the construction of a project is capitalised as part of the cost of the project.

**t) Trade and other payables**

Trade and other payables are non-interest bearing and are carried at amortised cost, which is measured at the fair value of contractual value of the consideration to be paid in future in respect of goods and services supplied, whether billed to the entity or not, less any payments made to the suppliers.

**u) Retirement benefit obligations**

The entity has outsourced the management of employee pension and gratuity. The company also contributes to the statutory National Social Security Fund (NSSF). This is a defined contribution scheme registered under the National Social Security Act. The company's obligation under the scheme is limited to specific contributions legislated from time to time.

**v) Provision for staff leave pay**

Employees' entitlements to annual leave are recognised as they accrue at the employees. At provision is made for the estimated liability for annual leave at the reporting date.

**w) Exchange rate differences**

The accounting records are maintained in the functional currency of the primary economic environment in which the entity operates, Kenya Shillings. Transactions in foreign currencies during the year/period are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Any foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

**Summary of Accounting Policies**

**x) Budget information**

The original budget for FY 2024/25 was approved by the National Assembly. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the entity upon receiving the respective approvals in order to conclude the final budget. Accordingly, the entity recorded additional appropriations of Ksh. 100,000,000 on the FY 2024/25 budget following the governing body's approval.

The entity's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of Cash flows has been presented under section xxx of these financial statements.

**y) Service concession arrangements**

The Entity analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, the Entity recognizes that asset when, and only when, it controls or regulates the services the operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, the Entity also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

**z) Comparative figures**

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

**aa) Subsequent events**

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025.

**5. Significant Judgments and Sources of Estimation Uncertainty**

The preparation of the Entity's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

State all judgements, estimates and assumptions made: e.g.

**a) Estimates and assumptions**

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur.

**b) Useful lives and residual values**

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by the Entity
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- The nature of the processes in which the asset is deployed

- Availability of funding to replace the assets

### c) Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note xxx.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

(include provisions applicable for your organization e.g. provision for bad debts, provisions of obsolete stocks and how management estimates these provisions)

## Notes to the Financial Statements (Continued)

### 6. Grants from National Government

Description	Year Ended June 2025	Year Ended June 2024
	Kshs	Kshs
Recurrent grants received	188,999,999	280,000,000
<b>Total</b>	<b>188,999,999</b>	<b>280,000,000</b>

Name of the Entity sending the grant	Amount recognized in the Statement of Comprehensive Income KShs	Amount deferred under deferred income Kshs	Amount recognised in capital fund. KShs	2024/25 Kshs	2023/24 Kshs
State Department of Mining	188,999,999	-	-	188,999,999	280,000,000
<b>Total</b>	<b>188,999,999</b>	<b>-</b>	<b>-</b>	<b>188,999,999</b>	<b>280,000,000</b>

**7. Other Income**

Description	Year Ended 2024/25	Year Ended 2023/24
	Kshs	Kshs
Revenue from Mining Expo	2,873,247	-
<b>Total</b>	<b>2,873,247</b>	<b>-</b>

**8. Administration Costs**

Description	Year Ended June 2024/25	Year Ended June 2023/24
	Kshs	Kshs
Staff costs (note (8a))	31,754,012.17	12,865,777
Directors' emoluments	12,641,438.70	13,039,910
Electricity, water, and internet	<b>488,586.26</b>	75,301
Communication services and supplies	49,266.00	5,552,712
Transportation, travelling, and subsistence	27,113,869.59	49,901,114
Advertising, printing, stationery, and photocopying	3,908,842.00	1,727,291
Rent expenses	<b>24,331,378.43</b>	13,367,850
Staff training and subscription expenses	3,565,006.31	1,995,200
Hospitality supplies	<b>1,042,999.00</b>	5,784,246
Motor Insurance costs	<b>1,338,466.00</b>	4,434,397
Bank charges and commissions	<b>97,909.00</b>	12,153
Office, general supplies, subscriptions, and services	1,458,000	94,221
Auditors' remuneration	<b>406,000.00</b>	406,000
Legal fees	<b>10,555,600.00</b>	-
Cleaning services	<b>1,425,000.00</b>	-
Consultancy fees	<b>4,410,720.00</b>	14,192,240
Licenses and permits	<b>2,877,300.00</b>	3,001,940
Repairs, maintenance, and fuel	3,421,042.19	2,723,597.00
Mining Expo expenses	<b>6,315,200.00</b>	-
Hire of Equipment	-	3,368,443
Depreciation	<b>18,619,873</b>	16,632,630
<b>Total</b>	<b>155,820,508.65</b>	<b>149,179,022</b>

**8.1 Staff Costs**

Description	Year Ended	Year Ended
	2024/25	2023/24
	Kshs	Kshs
Salaries and allowances of permanent employees	20,150,833	8,164,515
Medical insurance schemes	733,333	297,125
National social security schemes	1,338,278	542,230
Employer's contributions to the pension scheme	1,214,220	491,966
Leave pay	638,583	258,735
Gratuity provision	629,116	254,899
Housing Levy	492,818	199,675
PAYE	6,192,794	2,509,135
Social Health Insurance Fund	361,237	146,362
NITA	2,800	1,134
<b>Total</b>	<b>31,754,012</b>	<b>12,865,777</b>
<b>The average number of employees at the end of the year was:</b>		
Contract – management	5	-
Permanent employees – unionisable	12	12
Temporary and contracted employees	6	-
<b>Total</b>	<b>23</b>	<b>12</b>

During the year, the CEO and three (3) management staff were recruited to work alongside twelve(12) permanent staff, five (5) interns and two temporal staff.

## 9. Property, Plant and Equipment

Current period	Motor vehicles, including, motor cycles	Computers & related equipment	Office equipment, furniture & fittings	Intangible Assets (ERP System and Fire wall)	Civil works	Total
<b>Cost or valuation</b>						
NBV as at 1st July 2023	5,645,000	595,493	73,508			6,314,001
Additions for 2023/24 Financial Year	27,970,000	7,038,531.0	24,371,658.0		51,874,010.	110,855,218
Disposals	-	-	-	-	-	-
Depreciation for the year 2023/24	9,815,000	2,786,545	1,956,125	-	2,074,960	16,632,630
<b>NBV as at 30th June 2025</b>	<b>23,800,000</b>	<b>4,847,479</b>	<b>22,489,041</b>	<b>-</b>	<b>49,799,050</b>	<b>100,935,570</b>
NBV as at 1st July 2024	23,800,000	4,847,479	22,489,041	-	49,799,050	100,935,570
Additions for 2024/25 Financial year	16,038,864	7,936,224	19,029,081	11,451,474	-	43,004,169
Disposals	-	-	-	-	-	-
<b>Depreciation for 2024/25</b>	<b>9,815,000</b>	<b>5,144,718</b>	<b>1,585,195</b>		<b>2,074,960</b>	<b>18,619,873</b>
<b>NBV as at 30th June 2025</b>	<b>30,023,864</b>	<b>7,638,985</b>	<b>39,932,927</b>	<b>11,451,474</b>	<b>47,724,090</b>	<b>125,319,866</b>

During the year, the Corporation procured two motor vehicles which were delivered in July 2025. As delivery occurred subsequent to the reporting date, no depreciation charge was recognized in the 2024/25 financial year.

A Land Cruiser vehicle acquired in the 2020/21 financial year was fully depreciated in 2024/25. The asset has been scheduled for revaluation in the 2025/26 financial year in accordance with the Corporation's asset management policy.

### 9.1 Intangible Assets

Current period	Intangible Assets (ERP System and Fire wall WIP)	Total
<b>Cost or valuation</b>		
NBV as at 1st July 2023		
Additions for 2023/24 Financial year		
Disposals	-	
Depreciation for the year 2023/24	-	
<b>NBV as at 30th June 2025</b>	-	
NBV as at 1st July 2024	-	
Additions for 2024/25 Financial year	11,451,474	11,451,474
Disposals	-	
<b>Depreciation for 2024/25</b>		
<b>NBV as at 30th June 2025</b>	<b>11,451,474</b>	<b>11,451,474</b>

☑ Two intangible assets, comprising an Enterprise Resource Planning (ERP) system and a firewall, were also procured but were installed in July 2025. Consequently, no amortization charge was recognized in the 2024/25 financial year.

### 9.2 Depreciation Charge

Description	Year Ended 30 <sup>th</sup> June 2025	Year Ended 30 <sup>th</sup> June 2024
	Kshs	Kshs
Civil Works	2,074,960	2,074,960
Motor Vehicles, Including Motor Cycles	9,815,000	9,815,000
Computers And Related Equipment	5,144,718	2,786,545
Office Equipment, Furniture And Fittings	1,585,195	1,956,125
<b>Total</b>	<b>18,619,873</b>	<b>16,632,630</b>

**10. Trade Receivables**

Description	Year Ended 30 <sup>th</sup>	Year Ended 30 <sup>th</sup>
	June 2025	June 2024
	Kshs	Kshs
Gross Trade Receivables	11,722,984	11,722,984
Provision for Doubtful Receivables	-	-
Net Trade Receivables	11,722,984	11,722,984
<b>ageing analysis of gross Trade Receivables</b>		
Less than 30 Days	-	-
Between 30 and 60 Days	-	-
Between 61 and 90 Days	-	-
Between 91 and 120 Days	-	-
Over 120 Days	11,722,984	11,722,984
<b>Total</b>	<b>11,722,984</b>	<b>11,722,984</b>

Trade receivables is for a prior period cost incurred by the Corporation on behalf of the Ministry Petroleum and Mining at Fluorspar Day and Boarding Primary School the amount was in respect of dues from the Ministry of as a reimbursable cost. Outstanding disbursement is the final disbursement of grant as per the schedule.

**11. Prepayments**

Description	Year Ended 30 <sup>th</sup>	Year Ended 30 <sup>th</sup>
	June 2025	June 2025
	Kshs	Kshs
Insurance	6,666,666.67	-
Internet	40,000	-
<b>Total</b>	<b>6,706,667</b>	<b>-</b>

**12. Bank and Cash Balances**

Description	Year ended	Year ended
	June, 2025	June, 2024
	F-y 2024-25	F-y 2023-24
	Kshs	Kshs
Cash at bank	57,241,030	66,466,406
Cash in hand	-	-
<b>Totals</b>	<b>57,241,030</b>	<b>66,466,406</b>

The bulk of the cash at bank was held at Cooperative Bank of Kenya, the entity's main banker.

**12.1 Detailed analysis of the cash and cash equivalents**

Financial institution	Account number	Year ended	Year ended
		June, 2025	June, 2024
		KShs	KShs
<b>a) Current Account (Hill Branch)</b>			
Co-operative Bank -National Mining Corporations (Operations)	01101300263001	57,240,033	Nil
Co-operative Bank- National Mining Corporations (Retentions)	01101300263002	Nil	Nil
National Bank - Hill Plaza	7700096120	997	<b>66,466,406</b>
<b>Grand total</b>		<b>57,241,030</b>	<b>66,466,406</b>

**13. Retained Earnings**

The retained earnings represent amounts available for distribution to the Corporation's shareholders. Undistributed retained earnings are utilised to finance its business activities.

**14. Trade and Other Payables**

	For the Year Ended 30 <sup>th</sup> June 2025 Kshs	For the Year Ended 30 <sup>th</sup> June 2024 Kshs
Trade payables	29,670,064	32,405,741
<b>Total</b>	<b>29,670,064</b>	<b>32,405,741</b>

#### Aging Analysis for Trade and other Payables

Description	Year Ended 30 <sup>th</sup> June 2025	% of the total	Year Ended 30 <sup>th</sup> June 2024	% of the total
Under one year	29,670,064	100%	32,405,741	100%
<b>Total</b>	<b>29,670,064</b>	<b>100%</b>	<b>32,405,741</b>	<b>100%</b>

The trade payables in the 2023/24 financial statements had a figure of Ksh. 32,006,760. However, with further examination, some payables amounting to Ksh. 398,981 had not been disclosed. Therefore, after adjusting, the 2023/24 trade payables have been restated to Ksh.32,405,741.

#### 14.1 Contingent Liabilities

Excluded from the trade and other payables was Ksh. 2,806,049 owed to the former members of staff who had been seconded by the State Department of Mining. However, the supporting documentation and relevant approvals were not provided, hence, the amount was not recognized as a trade payable.

## 15. Notes to the Statement of Cash Flows

Description	Period Ended 30th June 2025	Period Ended 30th June 2024
	Kshs	Kshs
<b>(a) Reconciliation Of Operating Profit/(Loss) To Cash Generated From/(Used In) Operations</b>		
Profit or Loss before tax	36,052,737.30	130,820,978.00
Depreciation	18,619,873.00	16,632,629.54
	<b>54,672,610.30</b>	<b>147,453,607.54</b>
(Increase)/Decrease in prepayments	-6,706,666.67	-
Increase/Decrease) in Trade and Other Payables	-2,735,677.43	29,757,451.00
	<b>45,230,266.20</b>	<b>177,211,058.54</b>
<b>(b) Analysis of Cash and Cash equivalents</b>		
Cash At Bank at start of the year	66,466,406.80	110,566.45
Cash In Hand	-	-
<b>Balance At End Of The Year</b>	<b>57,241,030.00</b>	<b>66,466,406.80</b>

## 16. Related Party Disclosures

### Government of Kenya

The Government of Kenya is the principal shareholder of the National Mining Corporation, holding 100% of the Corporation's equity interest.

## 17. Financial Risk Management

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The company's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The company does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The company's financial risk management objectives and policies are detailed below:

### (i) Credit risk

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

**ii) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the entity's directors, who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

**(iii) Market risk**

The board has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The company's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

**a) Foreign currency risk**

The entity has transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices denominated in foreign currencies are paid after 30 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate.

The entity manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected revenue and matching the same with expected payments.

**18. Incorporation**

National Mining Corporation is incorporated in Kenya under the Mining Act, No 12 of 2016 and is domiciled in Kenya.

**19. Events after the Reporting Period**

There were no material adjusting and non- adjusting events after the reporting period.

## 22. Appendices

## APPENDIX I: PROGRESS ON FOLLOW UP OF AUDITOR RECOMMENDATIONS

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.

Ref No on the External Audit Report	Issue/ Observation from Auditor	Management Comments	Status (Resolved/Not Resolved)	Time frame( put a date when you expect the issue to be resolved)
001	The corporation had a <b>long outstanding debt</b> of Kshs.11,722,984 owed by the Ministry of Petroleum and Mining.	The Corporation has done reminders to the Principal Secretary, State Department for Mining to reimburse the same.	Not resolved	By end of Quarter 3 Of financial year 2025/26
2.	<b>Overpayment of rent</b> Recomputation of rent paid to KWFT for office space for the two quarters between 1 <sup>st</sup> January 2024 and 30 <sup>th</sup> June 2024 revealed that the corporation had overpaid rent by Kshs.1,183,027.00	A reconciliation was done and noted that there was no overpayment of rent	Resolved	A reconciliation was done
<b>REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES</b>				
4	<b>Unsupported Procurement of Office Space</b>	The procurement process was done at the Ministry, documents to	Resolved	Procurement documents provided

		support the procurement process were provided.		
<b>5</b>	<b>Irregular Hire of helicopter where a</b> payment of Kshs.1,954,368.00 was found to be paid to a local company for hire of helicopter used by the CS responsible for Mining to Voi for a presidential event.	The Corporation incurred expenditure for air travel for the Cabinet and the Acting CEO. The expenditure was made based on a request by the Ministry of Mining, Blue Economy and Maritime Affairs for the Corporation to facilitate chopper services for a visit to the Voi Gemstone Centre by the. The budgetary allocation was available under air travel to cater for the expense. The corporation has since ceased honoring such requests based on government policy.	Not resolved	Budgetary provisions availed to cater for the expense. All expenses are made strictly in line with the budget and procurement plans
<b>REPORT ON EFFECTIVENESS OF CONTROLS, RISK MANAGEMENT AND GOVERNANCE</b>				

6.	<b>Lack of Risk Management and Information Technology policies</b>	The Corporation has since developed an IT security policy which provides a framework for ensuring that the Corporation's ICT systems and infrastructure are secure and protected. The Corporation equally has an ICT policy with a detailed Disaster recovery plan as well as access control to IT environments sub policies.	Resolved	The ICT and Disaster recovery plan approved by the board.
7	<b>Weakness in Cash Management;</b> i) Lack of segregation of duties in the management of cash and the cash book was not reviewed by a senior officer as a control measure. ii) Bank reconciliation was not conducted during handover from the	Bank reconciliations undertaken on monthly basis. There is segregation of duties in cash management	Resolved	The manager and accounts and finance confirms all monthly reconciliations, an ERPM deployed to strengthen cash management controls.

	previous accountant to the current one during the year under review.			
8	<b>Inadequate Staffing at the corporation</b>	The Corporation recruited the CEO and four other managers. Plans are underway to recruit more staff for the corporation in various departments.	Partially resolved	Matter in progress, the Corporation has plans to recruit more staff. In this financial year.
9	<b>Lack of a Substantive Chief Executive Officer and Corporation Secretary.</b>	The Board recruited a substantive CEO during 2025/26 financial year.	Resolved	CEO already recruited.

**Guidance Notes:**

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the "Issue/Observation" and "management comments", required above, from final external audit report that is signed by Management;
- (iii) Indicate the status of "Resolved" or "Not Resolved" by the date of submitting this report to National Treasury.

Eng. Joseph Kitilit  
 Chief Executive Officer  
 Date:

ENTITY NAME:				
Break down of Transfers from the State Department for Mining				
For the Year Ended June 2025				
a.	Recurrent Grants			
	Reference	Bank Statement	Amount (KShs)	F/Y
1.	FT24249VFQS2	05SEP,24	7,416,667	F/Y-2024-2025
2.	FT24249KP05L	05SEP,24	7,146,667	F/Y-2024-2025
3.	FT24249SJQ66	05SEP,24	7,416,667	F/Y-2024-2025
4.	FT24303FCL0T	29OCT,24	7,416,667	F/Y-2024-2025
5.	FT243035R89D	29OCT,24	7,686,666	F/Y-2024-2025
6.	FT24332YB1SP	27NOV,24	7,416,666	F/Y-2024-2025
7.	FT25038SCBVP	07FEB,25	7,416,667	F/Y-2024-2025
8.	FT25048HLKHG	17FEB,25	7,416,667	F/Y-2024-2025
9.	FT25048GLPY8	17FEB,25	7,416,667	F/Y-2024-2025
10	FT25132J1VTR,1/STA	12MAY, 25	40,749,999	F/Y-2024-2025
11	FT25146VK73C,1/STA	26MAY,25	40,749,999	F/Y-2024-2025
12	FT25185Z8ZHD,1/STA	04JULY,25	40,749,999.00	F/Y-2024-2025
		<b>Total</b>	<b>188,999,999</b>	F/Y-2024-2025

I confirm that the amounts shown above are correct as of the date indicated.

**Head of Accounts Department - Disbursing Entity:**

Name Martin Dawa Sign  Date 27/08/2025

**Head of Accounts Department - Beneficiary Entity:**

Name Andrew Musungu Sign  Date 27/08/2025

