

REPUBLIC OF KENYA



*Enhancing Accountability*

**REPORT**

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**OF**


**THE AUDITOR-GENERAL**

**ON**

**NATIONAL MINING CORPORATION**

**FOR THE YEAR ENDED**

**30 JUNE, 2024**

 <b>THE NATIONAL ASSEMBLY PAPERS LAID</b>	
<b>DATE:</b> 14 MAR 2025	<b>DAY:</b> FRIDAY
<b>TABLED BY:</b>	(HON. OWEN BAYA, MP) DEPUTY MAJORITY LEADER
<b>CLERK-AT THE-TABLE:</b>	IRENE NDUKUI

OFFICE OF THE AUDITOR GENERAL  
P.O. Box 30084, COLO, NAIROBI  
KENYA  
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**NATIONAL MINING CORPORATION**

**ANNUAL REPORTS AND FINANCIAL STATEMENTS**

**FOR THE PERIOD ENDED**

**30<sup>TH</sup> JUNE, 2024**

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**Prepared in accordance with the International Financial Reporting Standards (IFRS)**

**National Mining Corporation**  
**Annual Report and Financial Statement for the year ended 30 June 2024**

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## **1. Acronyms and Glossary of Terms**

list of acronyms and glossary of terms used in your annual report and financial statements.

CEO	Chief Executive Officer
IFRS	International Financial Reporting Standards
MD	Managing Director
NT	National Treasury
PFMA	Public Finance Management Act.
PSASB	Public Sector Accounting Standards Board
OAG	Office of Auditor General
NAMICO	National Mining Corporation
CBK	Central Bank of Kenya
IAS	International Accounting Standards
NSSF	National Social Security Fund
KSHS	Kenya Shillings

**2. KEY ENTITY INFORMATION**

**Background information**

The National Mining Corporation (NAMICO) was established on 27<sup>th</sup> May, 2016 on commencement of the Mining Act, 2016. The Board is in charge of giving strategic Direction and the Chief Executive Officer (CEO) is in charge of the day-to-day affairs of the Corporation.

**Principal Activities**

The Corporation is mandated to perform the following functions under the Mining Act, 2016: -

- a. Engage in mineral prospecting and mining and any other related activities;
- b. Investment on behalf of the National Government;
- c. Acquire by agreement or hold interests in any undertaking, enterprise or project associated with the exploration, prospecting, or mining of minerals;
- d. Acquire shares or interest in any firm, company, or other body of persons, whether corporate or unincorporated, which is engaged in prospecting, mining, refining, grading, producing, cutting, processing, buying, selling, or marketing of minerals; and
- e. Carry on its business, operations, and activities whether as principal agent, contractor or otherwise, and either alone or in conjunction with other persons, firms, or corporate bodies.

**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.

**National Mining Corporation**

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**a. Key Management**


The Corporation's Day to day management is under the following key organs;

- The Board of Directors
- The Chief Executive Officer
- The Senior Management

**b. National Mining Corporation Headquarters**

P. O. Box 115 - 00100, Nairobi Kenya.  
KWFT Centre, 4<sup>th</sup> Floor, Kiambere - Masaba Road.

**c. Contacts**

 +254 207 869 420

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

**d. Bankers**

National Bank of Kenya  
Account Name: National Mining Corporation  
Account No: 7700096120,  
Branch: Hill Plaza Nairobi, Kenya

**e. Independent Auditors**

Auditor General  
Office of the Auditor General  
Anniversary Towers, University Way  
P.O. Box 30084  
GPO 00100  
Nairobi, Kenya



**f. Principal Legal Advisors**


The Attorney General  
State Law Office  
Harambee Avenue  
P.O. Box 40112  
City Square 00200  
Nairobi, Kenya

**3. THE BOARD OF DIRECTORS**

The Board of Directors who served during the period under review were: -

1. Hon. Joseph K. Lagat Chairman with effect from 8<sup>th</sup> December 2023;
2. Mr. Peter Wachira Alternate to the Principal Secretary, the National Treasury
3. Mr. Paul Mirie Alternate to the Principal Secretary, Mining
4. Mr. Mark Ngecho Alternate to the Principal Secretary, National Treasury
5. Dr. Bruno Linyiru Alternate to the Principal Secretary, Trade
6. Mr. Robin Kaumbuthu Independent Board member appointed on 6<sup>th</sup> October,2021
7. Mr. Faisal Shariff Independent Board member appointed on 6<sup>th</sup> October,2021
8. Mr. Kagwe Gichohi Independent Board member appointed on 6<sup>th</sup> October,2021

 <p>1. Hon. Joseph Lagat-Chairman of the Board</p>	<p>Hon. Lagat’s Academic Qualification include a Masters in Business Administration from the University of Liverpool. Hon. Lagat served as Director at the Local Authorities Provident Fund (LAPFUND) from 2021 – 2022; He was the Economic Advisor to Governor Nakuru County from 2019 – 2022; He also served as Board Chair, Moi Teaching and Referral Hospital (MTRH), from 2020 – 2021; He was the Director Commercial and Marketing, IAAF World Under 18 Athletics Championship in 2017; He served as Board Chair, Lake Victoria North Water Services Board; Trustee, Coffee Development Fund, 2019 – 2012 and Managing Director, Laseru Investments LTD, 2008 – 2019; He was a Member of Parliament in 2007 to 2012; He was the Supply Planning Manager at 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>2. Mr. Paul Mirie Alternate Director, PS- State Department for Mining</p>	<p>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>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 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</p>

	<p>of the Executive Training on Extractive and sustainable Mining Investment (2018)-An initiative of the Columbia center for sustainable investments (Colombia University and the Earth institute -implemented by the Great Lakes Institute of strategic studies)</p>
<p>3.  Dr. Bruno Linyiru Alternate to the PS, Trade</p>	<p>Mr. Linyiru's Highest Academic qualification is PhD Entrepreneurship (JKUAT). He is currently the Director General, Agriculture and Food Authority. He previously served as Trade Secretary, State Department for Trade since February, 2019. He has served as a member of various Boards of State Corporations. He has over 25years' experience in both Strategic and Operational experience in Public Service and State Enterprises.</p>
<p>4.  Mr. Peter Wachira Alternate to the PS, National Treasury</p>	<p>Peter Wachira holds a Master's Degree in Economics (Distinction) from the University of Mauritius and a Bachelors Degree in Economics (First Class Honours) from Kenyatta University in Kenya. I am currently pursuing my PhD at the University of Nairobi. He is a Senior Economist at the National Treasury, Intergovernmental Fiscal Relations Department. He joined the National Treasury in August 2013. At the National Treasury, he works mostly on policy formulation and policy analysis and formulation in Public Finance Management matters and issues related to Climate Finance, especially for the County Governments. He was recently engaged in developing the Green Fiscal Incentives Policy which is aimed at helping Kenya to achieve her Nationally Determined Contributions. He is liaison person in the department on all matters relating to climate Finance. He is currently supporting the county governments to move towards climate change action through the Financing Locally Led Climate Action (FLLoCA) Program (A World Bank Programme).</p> <p>Prior to joining the National Treasury, he worked as a Credit Operations Officer at the NIC Bank in Kenya for one and a half years.</p>

## National Mining Corporation

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 <p>5. Mr. Faisal Shariff Ibrahim Independent Board Member</p>	<p>Mr. Shariff's Academic Qualifications includes LLM Petroleum Taxation &amp; Finance (University of Dundee, UK). He has been an Advocate representing clients in Courts and in drafting Legal Documents since January, 2018 to date. From June 2013 – December, 2017, he worked as Tax Policy Supervisor and was involved in Review and Preparation of regulations for Mining Sector Taxation. He also worked as a Border Control Officer.</p>
 <p>6. Mr. Robin Kaumbuthu Independent Board Member</p>	<p>Mr. Kaumbuthu's Academic qualifications includes a Bachelor of Law Degree from the University of Nairobi. He is currently a Managing Partner at Mwenda Kaumbuthu &amp; Co. Advocates. He is the Team Leader of Four Advocates of the High Court. He is Director and Founder of three (3) Private Companies in: Oil Gas Sector, Airline &amp; Charter Services Sector and Value-added services in Telecommunications Industry.</p>
 <p>7. Mr. Kagwe Gichohi, MBS Independent Board Member</p>	<p>Mr. Gichohi's Academic Qualification includes BSc Chemistry from the University of Nairobi. He has been in IT related Consultancy since 2011. From December 2004 – May, 2011, he was engaged in Research in Private and Public Policies in Kenya. He also has experience working with Transparency International and the Central Depository Unit (CDU), 2003 – 2004.</p>
 <p>8. Mr. Thomas Mutwiwa- Ag. Chief Executive Officer</p>	<p>Born on 23<sup>rd</sup> July, 1970. Academic Qualification Masters Project Management (JKUAT). He served as the Acting Managing D of the Corporation up to 1<sup>st</sup> July, 2024. He has experience spanning over 25 years in the Mining Sector in Kenya. He has served as Deputy Director of Mines and has wide Management experience in the Public Sector. He has experience in Environmental Impact Assessment and Audits. He has attended various International and Local Mining Conferences.</p>
 <p>9. 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 Head of Legal Services at the Corporation with the role of providing Corporation Governance services offered to the Corporation.</p>

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**Annual Report and Financial Statement for the year ended 30 June 2024**

**4. KEY MANAGEMENT TEAM**

S.NO	Key Management Team	Responsibility
1.	Mr. Edward Omito	Ag. Chief Executive Officer.
2.	Ms Lynette Bunei	Ag. Corporation Secretary.
3.	Mr. Jonathan Moki	Chief Superintendent Geologist.
4.	Mr. Bernadette Nakazzi	Internal Audit
5.	CPA Boniface Wanjohi	Principal Accountant.
6.	Mr. Obed Nyangena	Principal Planning Officer.
7.	CPA Joseph K. Syengo	Accounts
8.	Mr. Elly Nyamwaya	ICT
9.	Mr. Dismus Kira	Supply Chain Management
10.	Ms. Nancy Moinket	Sales & Marketing
11.	Ms. Pauline Ombata	Administration

**5. Fiduciary Management**

The key management personnel who held office during the financial year ended 30<sup>th</sup> June 2024 and who had direct fiduciary responsibility were:

No.	Designation	Name
1.	CEO	Mr. Thomas Mutwiwa
2.	Corporation Secretary	Ms Lynette Bunei
3.	Principal Planning Officer	Mr. Obed Nyangena
4.	Principal Accountant	CPA Boniface Wanjohi
5.	Principal Supply Chain and Management Officer	Mr. Dismus Kira
6.	Principal ICT Officer	Mr. Elly Nyamwaya
7.	Principal Internal Auditor	Ms. Bernadette Nakazzi



### **Introduction**

On behalf of the Board of Directors, I am pleased to present the annual report comprising the financial statement of the National Mining Corporation (NAMICO) for the financial year 2023/2024 that commenced on 1<sup>st</sup> July 2023.

### **Operational Context**

At the beginning of the year, global economies were gradually recovering from the Covid-19 pandemic, but its aftermath is still evident as countries deal with economic stagnation. In the latter part of the financial year, the heightened instability arising out of the Ukraine-Russia war which began in February, 2022 induces a global cost of living crisis due to the upsurge in energy and food prices as the two warring countries are major global suppliers of these key products. This tension triggered economic shocks with high volatility in trade and investment space. Despite the global economic challenges, NAMICO has registered several achievements in the period under review.

### **Achievements & Challenges**

During the year, the Board of Directors approved NAMICO's Strategic Plan for the period 2023-2027. This was a great milestone as the plan is poised to increase operational efficiency and provide strategic direction for both the Board and management. The Board also approved its Investment Guidelines which is key for NAMICO being the investment arm of the National Government with respect to minerals. The Guidelines provides members of the public with relevant information on the avenues of investing with NAMICO especially on the strategic minerals which are under NAMICO's purview. We are also proud to have completed a recruitment process and onboarded twelve (12) substantive staff in the first cohort of recruitment.

**National Mining Corporation**

**Annual Report and Financial Statement for the year ended 30 June 2024**

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Major challenges experienced during the period under review was a change in management whereby the outgoing Acting Chief Executive Officer, Mr. Thomas Mutwiwa exited the Corporation in June 2024 which led to some minor operational hurdles. The Board has since appointed Mr. Edward Omito as Ag. CEO with effect from 1<sup>st</sup> July,2024.

**Changes in Board and Management**

During the year, several changes in the Board of Directors and management team of the Corporation. At the Board level, I was appointed to replace the outgoing chairman, Mr. Joe Ager. Dr. Bruno Linyiru and Mr. Peter Wachira also exited the Board while Mr. Mark Ngecho (Alternate to PS National Treasury) joined the Board in June 2024. We thank the outgoing directors for their exemplary service and equally look forward to working with the new Directors in pursuit of our vision.

At the management level, the outgoing acting Chief Executive Officer exited the Corporation in June,2024. Mr. Mutwiwa was one of the pioneers of NAMICO having established its structures in 2019 before the first appointment of the Board in 2021. During his tenure, the Corporation managed to garner innumerable achievements and accolades which remain a pedestal to steer the Corporation to greater heights. The Board appointed Mr. Edward Olali (Chief Superintending Geologist) as the acting CEO to lead the management team with effect from 1<sup>st</sup> July,2024. We wish him well in his new role and promise our unwavering support.

**Appreciation**

As I conclude, I sincerely thank my fellow directors, the management team and staff of the Corporation together with all our stakeholders, who have supported the Corporation in the year and look forward to their support in the future as we strive to fulfil our mandate.



**HON. JOSEPH K. LAGAT**

**CHAIRMAN BOARD OF DIRECTORS**

DATE.....5<sup>th</sup> December, 2024

**7. REPORT OF THE CHIEF EXECUTIVE OFFICER**

The Board of the National Mining Corporation, the Board was fully incorporated on 6<sup>th</sup> October 2021. It comprises of eight members including the CEO. The Board held its first full Board meeting on 16<sup>th</sup> November 2021 and was appraised by the CEO on the state at play in the Corporation.

The Board was subsequently inducted by the State Corporations Advisory Committee in partnership with Kenya School of Government on 29<sup>th</sup> November to 1<sup>st</sup> December 2021. The issues discussed during the Board meeting were update of staffing and state at play in the Corporation. The board was upraised that the Corporation had about 10 members of staff deployed from the Ministry. Issues of recruitment were discussed, but it was resolved that in the short run the PS who was present to do deployments at the request of the CEO. The management was directed to prepare a work plan that would then be forwarded to the Board for discussion and approval.

In the Board meeting the following committees were formed, Audit Committee, Finance Committee, Strategy and Technical Committee and Finally Human Resource Committee.

The Committees are vital in driving the organisations strategic direction, human Capital operations, financial position and monitoring how resources are used. The Corporation was able to hold one finance committee, one Human resource committee and two strategy committees. Finally, three full Board meetings were held in the year. Budget proposal and a work plan was presented to the board and approved.

The Board was also taken on familiarization tour in the Coast Region, Trans Mara, Nyanza Region and Western Region. This was done in order to expose the Board to a bird's eye view of the Mining landscape in Kenya.

Other activities done within the year were to; prepare Work Plans Financial Year 2023/2024, Budget Financial Year 2023/2024, Procurement Plan Financial Year 2023/2024, Medium Term Plan IV Projects and other operational manuals for the corporation.

**National Mining Corporation**  
**Annual Report and Financial Statement for the year ended 30 June 2024**

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**Financial Performance**

The Corporation had a budget of Ksh. 336,000,000.00 which was a major improvement from the budget that was given in the previous year.

The Corporation managed to get its own offices at Kenya Women Finance Trust Centre in Upper Hill and have the office space refurbished and equipped.

The Corporation also procured three vehicles (a Toyota Prado and two Toyota Hiace Vans) in the same period.

The Corporation also managed to hire 12 substantive staff on permanent and pensionable terms.



.....  
**Edward Omito**

**Ag. CEO NATIONAL MINING CORPORATION**

5<sup>TH</sup> DECEMBER, 2024

**DATE:**

**8. STATEMENT OF PERFORMANCE AGAINST PRE-DETERMINED OBJECTIVES**

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	KRA 1: Policy integration, Leadership & Governance
Economic Sustainability	Drive Sustainable Economic Growth and Diversification	KRA 2: Economic Diversification and Value Creation
Eco-Social Development	Advance Eco-Social Prosperity	KRA 3: Sustainable Community Development and Environmental Stewardship
Technological Advancement	Leverage Cutting-Edge Technology to Enhance Operational Efficiency and Innovation	KRA 4: Technological Integration and Innovation
Fiscal Management	Optimize Financial Performance and Sustainability	KRA 5: Financial Stewardship and Resource Optimization

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 quarter 4 performance targets set for the Financial Year 2023/2024 period for its 5 strategic objectives and for each of the Five key result areas, as indicated in the table below:

Table 2: NAMICO Q4 Performance Against set Strategic Objectives

Strategic Objective	Outcome	Outcome Indicator	Projections Year 1	Achievement Q4
<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.Mineral Dealership Agreement
		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>
		Training programs completed.	2	<ul style="list-style-type: none"> <li>Staff trained on Cadastre Portal</li> </ul>
		Resources allocated.	10%	-
SO1.3 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>				

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Strategic Objective	Outcome	Outcome Indicator	Projections Year 1	Achievement Q4
SO2.1 To maximize profits from mining and mineral investments	Enhanced profitability and shareholder value	Growth in profit margins	3%	-
		Shareholder equity.	5% Increase	-
SO2.2 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	-
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	• Received 11 partnership requests
		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 strategic partnerships.	Several strategic partnerships were formed.	4	• Received 11 partnership requests
		Satisfaction rate of partners.	Establish baseline	-

**National Mining Corporation**

**Annual Report and Financial Statement for the year ended 30 June 2024**

Strategic Objective	Outcome	Outcome Indicator	Projections Year 1	Achievement Q4
		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 resource mobilization	Increased financial capital and resources.	Capital raised.	15% increase from baseline	-
		Funding diversity.	Identify two new Sources	-
		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%	-

**9. 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;

## National Mining Corporation

### Annual Report and Financial Statement for the year ended 30 June 2024

#### The Board size and composition

In the financial year ended 30<sup>th</sup> June 2024, 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 December 2023)
2.	Mr. Joe Ager	Chairperson (Appointed w.e.f October,2021 to December,2023)
3.	Mr. Peter Wachira	Alternate Director representing the Principal Secretary National Treasury
4.	Mr. Paul Mirie	Alternate Director representing the Principal Secretary, Mining
5.	Dr. Bruno Linyiru	Alternate Director representing the Principal Secretary, Trade
6.	Mr. Feisal Shariff	Independent Director (Appointed on 6 <sup>th</sup> October, 2021)
7.	Mr. Robin Kaumbuthu	Independent Director (Appointed on 6 <sup>th</sup> October, 2021)
8.	Mr. Kagwe Gichohi	Independent Director (Appointed on 6 <sup>th</sup> October, 2021)

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 Mwingozo, 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. Strategy and Technical Committee**

The membership of this committee is as follows:-

- a. Dr. Bruno Linyiru-Chairperson
- b. Mr. Kagwe Gichohi
- c. Mr. Feisal Shariff
- d. Mr. Paul Mirie

The Committee held two (2) regular meetings.

**2. Human Recourse Committee**

- a. Mr. Robin Kaumbuthu(Chairperson)
- b. Feisal Shariff
- c. Kagwe Gichohi
- d. Dr. Bruno Linyiru

The Committee held four (4) regular and one (1) special meeting

**3. Finance Committee**

- a. Kagwe Gichohi (Chairperson)
- b. Robin Kaumbuthu
- c. Peter Wachira
- d. Dr. Bruno Linyiru

The Committee held four (4) regular meetings

**4. The Audit Committee**

- a. Feisal Shariff (Chairperson)
- b. Paul Mirie
- c. Peter Wachira

The Committee held three (3) regular meetings.

## National Mining Corporation

### Annual Report and Financial Statement for the year ended 30 June 2024

#### 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 2024:-

		Regular	Special	Total
1.	Full Board Meeting	8	2	10
2.	Strategy and Technical Committee	2	0	2
3.	Human Resources Committee	4	1	5
4.	Finance Committee	4	0	4
5.	Audit Committee	3	0	3

**10. MANAGEMENT DISCUSSION AND ANALYSIS**

The Corporation had an annual budget of Ksh. 336,000,000.00 for the financial year 2023/2024. In the financial year ended June 2024, 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 Act and a preparatory mine closure plan from one of the key players in the sector, Base Titanium. 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.

NAMICO also engaged in several projects during the review period which includes exploration and mineral assessment of strategic minerals in Ruri area in Homa Bay, Migori, Kitui and Embu Counties. The Corporation Strategic Plan, Investment Guidelines, Business Plan, ICT Policy and Risk Management Policy were also developed during the review period. The Corporation also did several applications for Mineral Rights though none were successful.

The NAMICO investment strategy was refined throughout the year, reflecting its dual mandate to protect national interests while ensuring robust local participation in the mining industry. 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 to 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.

Meanwhile, in Kwale County, titanium extraction by Base Titanium, continued to yield substantial returns. Titanium remains a cornerstone of Kenya's mining portfolio and its long-term viability is supported by solid market demand for ilmenite, zircon and rutile. In Kitui County's Mui Basin, exploration of the region's mineral reserves progressed steadily. Table 1 details strategic mineral uses and their approximate global market prices according to various sources.

**National Mining Corporation****Annual Report and Financial Statement for the year ended 30 June 2024**

Table 3: Strategic minerals, uses and estimated market price (in USD)

S.No.	Strategic Mineral	Uses	Est. Price (USD/Kg)	Source
1	Lithium	Batteries, ceramics, glass	15,000	USGS
2	Graphite	Batteries, lubricants, refractories	3,000	USGS
3	Tsavorite	Gemstone, jewelry	2,000	GIA
4	REEs	Electronics, magnets, renewable energy	500	USGS
5	Thorium	Nuclear fuel, nuclear reactors	200	WNA
6	Tantalum	Electronics, capacitors, medical devices	200	UNCTAD
7	Chromite	Stainless steel production, pigments	200	BGS
8	Coltan	Electronics manufacturing, capacitors	150	UNCTAD
9	Uranium	Nuclear fuel, military applications	70	IAEA
10	Niobium	Superconducting magnets, aerospace industry	50	USGS
11	Cobalt	Batteries, superalloys, magnets	40	USGS
12	Tin	Electronics, soldering, coatings	20	ITA
13	Nickel	Stainless steel production, batteries	10	LME
14	Copper	Electrical wiring, plumbing, construction	8	ICSG

Due to the Moratorium on issuance of mining licences and permits that was put in place in 2018, the mining sector growth was slowed down due to the fact that there was no issuance of the licences hence no new entrants in the mining sector. However, the year 2023/ 2024 also witnessed the lifting up of the moratorium hence setting the stage for mining activities to start in earnest. The same year also saw the gazettelement of 14 strategic minerals which added to the mandate of NAMICO in terms its scope on the minerals that are under it.

Regional integration also emerged as a key opportunity for NAMICO. Kenya's strategic position on the continent, coupled with the implementation of the African Continental Free Trade Agreement (AfCFTA), provides a window for new markets for Kenyan minerals. NAMICO capitalized on this by bolstering its export strategy, with a focus on moving beyond the export of raw materials toward higher-value products, creating a stronger competitive position in both African and global markets. In terms of project implementation, NAMICO saw significant milestones achieved during the year.

Looking at the broader mining sector in Kenya, the performance of 2023-2024 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 mining's share of GDP from 1% to 10% by 2030, and NAMICO's projects are crucial to achieving this target. Key trends shaping the sector included increased exploration for rare earth minerals, driven by global demand. The incorporation of new technologies, such as ground truthing and

**National Mining Corporation**

**Annual Report and Financial Statement for the year ended 30 June 2024**

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consolidation of geophysical data also began to take hold, improving the efficiency and accuracy of exploration activities.

Globally, the mining industry is undergoing a 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.

As the financial year ended June 2024 came to a close, NAMICO found itself at a pivotal moment. With the foundation laid for future growth through policy development, 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.

**11. CORPORATE SOCIAL RESPONSIBILITY STATEMENT/SUSTAINABILITY REPORTING**

National Mining Corporation exists to transform lives. This is our purpose; the driving force behind everything we do. It's what guides us to deliver our strategy, which is founded on four pillars.

Pillar 1: Growth of Mining and Mineral Resources

Pillar 2: Sustainable Development of Mineral Assets

Pillar 3: Governance and Operational excellence

Pillar 4: Mineral Market and Business Development

**ENVIRONMENTAL AND SUSTAINABILTY**

Though the Corporation has not begun income generating projects, we shall put in place environmental management programs, staff welfare programs, community engagement programs, health and safety projects, fair trade policies, community development agreements in order to ensure our citizen are having benefits from our organization.

**12. REPORT OF THE DIRECTORS**

The Directors submit their report together with the audited financial statements for the year ended 30 June, 2024 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, 2024 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.

**National Mining Corporation**  
**Annual Report and Financial Statement for the year ended 30 June 2024**

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**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 Public Accountants nominated by the Auditor General to carry out the audit of the Corporation for the year/period ended June 30, 2024 in accordance to 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 *Lynette Cheptoo Bunei - J.M.A.*  
Corporation Secretary/Secretary to the Board

Date.....*05-12-2024*.....

**13. STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Section 81 of the Public Finance Management Act, 2012 and (Mining act and the National Mining Corporation regulations 2017, 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, 2024. 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, 2024, 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.

**National Mining Corporation**

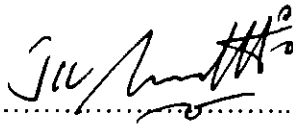
**Annual Report and Financial Statement for the year ended 30 June 2024**

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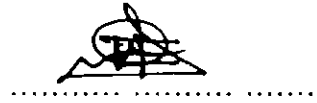
Nothing has come to the attention of the Directors to indicate that the National Mining Corporation will not remain a going concern for at least the next twelve months from the date of this statement.

**Approval of the financial statements**

The National Mining Corporation financial statements were approved by the Board on the.....05.....day of ...12..... . . . 2024 and signed on its behalf by.

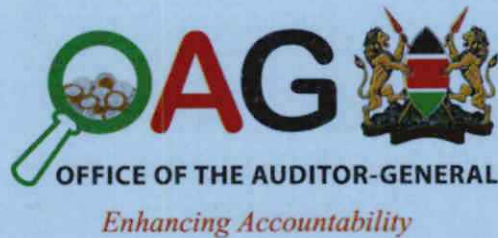


Hon. Joseph K. Lagat  
Chairperson of the Board



Mr. Edward Omto  
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, 2024

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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 Government achieves value for money and that such funds are applied for the intended purpose.
- 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 29, which comprise the statement of financial position as at

30 June, 2024 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. Unsupported Trade and Receivables**

The statement of financial position reflects trade and other receivables balance of Kshs.11,722,984 as disclosed in Note 4 to the financial statements. However, the balance was not supported by a debtors' schedule, an aging analysis, and other relevant documents. Further, 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. However, the State Department did not recognize the pending amount in prior years and in current year's financial statements.

In addition, a letter dated 18 April, 2024 from the Chairman of The National Treasury and Economic Planning Pending Bills Verification Committee requested the Corporation to provide several documents relating to the pending amount including a request from 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. However, the documents were yet to be provided to the committee.

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

#### **2. Overpayment of Rent**

The statement of profit or loss and other comprehensive income reflects administration costs totaling to Kshs.149,179,022. As disclosed in Note 2 to the financial statements, the amount includes rent expenses amounting to Kshs.13,367,850. Review of documents supporting the rent payments revealed that, Management entered into a lease agreement with Kenya Women Microfinance Bank for office space in a building located in Nairobi's Upper Hill Area. The lease of the office space was for a term of six (6) years effective from 1 October, 2023 with a three (3) months' grace period on rent payment.

In addition, the lease provided for a quarterly rent of Kshs.3,765,588 and service charge of Kshs.990,944 both exclusive of VAT. Subsequently, Management paid Kshs.13,367,850 towards rent for two quarters commencing 1 January, 2024 to June, 2024. However, re-computation of the rent payable for the two quarters revealed a total of Kshs.12,184,823 resulting in an unexplained overpayment of Kshs.1,183,027.

In the circumstances, the accuracy of rent expenses amounting to Kshs.13,367,850 could not be confirmed.

The audit was conducted in accordance with International Standards for 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 audit of the previous year, several matters were raised under the Report on Financial Statements, Report on Lawfulness and Effectiveness in Use of Public Resources and Report on Effectiveness of Internal Controls, Risk Management and Governance. However, although Management has indicated as having resolved some of those issues in Appendix 1 to the financial statements, no evidence was provided to support that status.

### **Other Information**

Management is responsible for the other information set out on page iii to xxix which comprise of Key Entity Information and Management, The Board of Directors, Key Management Team, Fiduciary Management, Chairman's Statement, Report of the Chief Executive Officer, Corporate Social Responsibility Statement 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. Unsupported Procurement of Office Space**

During the year under review, Management entered into a lease agreement with Kenya Women Microfinance Bank PLC for lease of offices at the Bank's building located in Upper Hill, Nairobi for six (6) years commencing 1 October, 2023. However, no records were provided for review on the procurement process indicating how the offices were identified, and competitiveness of the rent charged for the facility.

In the circumstance, the value for money on rent chargeable for the rented offices could not be ascertained.

#### **2. Irregular Hire of Helicopter**

The statement of profit or loss and other comprehensive income reflects administration costs totaling Kshs.149,179,022. As disclosed in Note 2 to the financial statements, the amount includes hire of equipment expenses amounting to Kshs.3,368,443. Review of the expenditure revealed payments of Kshs.1,954,368 to a local company for hire of a helicopter for use by the Cabinet Secretary responsible for Mining while travelling to Voi for a Presidential event. However, the expenditure was not included in the Corporation's procurement plan and approved budget.

In the circumstances, the regularity and value for money incurred on hire of an aircraft amounting to Kshs.1,954,368 could not be confirmed.

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 effect of the matters 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

#### 1. Lack of Risk Management and Information Technology Policies

During the year under review, the Corporation did not have an approved Risk Management Policy, an Information Technology (IT) Security Policy, a Disaster Recovery Plan and Business Continuity policy to mitigate against potential risks. In addition, there was no system in place for preparing, reviewing, and approving policy documents.

In the circumstances, the existence and effectiveness of controls on risk management could not be confirmed.

#### 2. Weaknesses in cash management

The statement of financial position reflects cash and bank balances of Kshs.66,466,407 as disclosed in Note 7 to the financial statement. Review of documents in respect of the balances revealed the following control weaknesses:

- i. There was no evidence of segregation of duties in the management of cash, and the cash book was not reviewed by a senior officer as a control measure.
- i. Bank reconciliation was not conducted during handover from the previous accountant to the current one during the year under review.

In the circumstances, the existence and effectiveness of controls in cash management could not be ascertained.

#### 3. Inadequate Staffing at the Corporation

During the year under review, Management developed a workplan to guide in execution of the Corporation's Mandate. Review of a report on implementation of the workplan prepared by Management revealed several activities which were either not undertaken or were not completed during the year under review, including development of a business plan, undertaking feasibility studies, evaluation of occurrences of rare earth and radioactive elements and minerals, and evaluation of Niobium and associated minerals.

According to Management, full implementation of the workplan was mainly hindered by inadequate staffing where the Corporation had only twelve (12) employees out of the one hundred and eighty-three (183) provided for in the approved staff establishment.

In addition, the low staff numbers affected implementation of effective internal controls especially in segregating duties.

In the circumstances, achievement of the Corporation's mandate and implementation of effective internal control systems could not be confirmed.

#### **4. Lack of a Substantive Chief Executive Officer**

The Cabinet Secretary, Ministry of Petroleum and Mining appointed an Acting Managing Director on 29 November, 2018 to operationalize the Corporation. Subsequently, a Board was inaugurated in October, 2021. However, despite the existence of a substantive Board, the Corporation was yet to appoint a substantive Managing Director and Chief Executive Officer. This was despite expiry of the maximum duration of six (6) months requirement to fill acting positions vacant positions stipulated in the Head of Public Service Circular issued on March 11, 2020.

In addition, the Principal Secretary State Department for Mining, on 13 June, 2024, deployed the Acting Director of explosives and to concurrently act as the Chief Executive Officer of the Corporation. Further, Corporation Secretary has been acting in the role for more than two years.

In the absence of substantive employees in key management positions, the Corporation may not be able to meet its mandate effectively.

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 for 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 IFPP 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**

**27 December, 2024**

**15. STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 30 JUNE 2024.**

	Note	2023-2024	2022-2023
		Kshs	Kshs
<b>Revenue</b>			
Grants from the National Government	1	280,000,000	36,227,409
<b>Total Revenues</b>		<b>280,000,000</b>	<b>36,227,409</b>
<b>Operating Expenses</b>			
Administration Costs	2	149,179,022	39,603,173.10
Total Operating Expenses		149,179,022	-39,603,173.10
Profit/(Loss) Before Taxation		130,820,978	-3,375,764.10
<b>Total Comprehensive Income For The Period</b>		<b>130,820,978</b>	<b>-3,375,764.10</b>

The financial statements were approved by the Board on 05/12 2024 and signed on its behalf by:



Chairman of the Board  
Hon Joseph K. Lagat



Ag.CEO  
Edward O. Omito



Head of Finance  
CPA Joseph K. Syengo  
ICPAK No: 16587


16. STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2024

Description	Note	Period Ended 30 <sup>th</sup> June 2024	2022-2023
		Kshs	Kshs
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	3	100,536,589	6,314,001
<b>Total non-current assets</b>		100,536,589	<b>6,314,001</b>
<b>Current assets</b>			
Trade and other receivables	4	11,722,984	11,722,984
Bank and cash balances	5	66,466,406	110,566
<b>Total Current Assets</b>		<b>78,189,391</b>	<b>11,833,550</b>
<b>Total Assets</b>		<b>178,725,980</b>	<b>18,147,551</b>
<b>Equity and liabilities</b>			
<b>Capital and Reserves</b>			
Ordinary share capital			
Retained earnings		146,719,220	15,898,242
<b>Capital and Reserves</b>			
<b>Current liabilities</b>			
Trade and other payables	6	32,006,760	2,249,309
<b>Total current liabilities</b>		<b>32,006,760</b>	<b>2,249,309</b>
<b>Total equity and liabilities</b>		<b>178,725,980</b>	<b>18,147,551</b>

The financial statements were approved by the Board on .....2024 and signed on its behalf by:

  
Chairman of the Board  
Hon Joseph K. Lagat

  
Ag.CEO  
Edward O. Omito


  
Head of Finance  
CPA Joseph K. Syengo  
ICPAK No: 16587

17. STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2024


	Ordinary share capital	Revaluation reserve	Fair value adjustment reserve	Retained earnings	Proposed dividends	Capital/ Development Grants/Fund	Total
As at July 1, 2023				15,898,242			15,898,242
Revaluation gain	-	-	-	-	-	-	-
Deferred tax on excess depreciation	-	-	-	-	-	-	-
Purchase of Non-Current Assets	-	-	-	-	-	-	-
Total comprehensive income	-	-	-	130,820,978	-	-	130,820,978
Capital/Development grants received during the year	-	-	-	-	-	-	-
Dividends paid – 2023	-	-	-	-	-	-	-
Interim dividends paid – 2024	-	-	-	-	-	-	-
Proposed final dividends	-	-	-	-	-	-	-
<b>As at June 30, 2024</b>			-	<b>146,719,220</b>	-	-	<b>146,719,220</b>

Note: The retained earning brought forward from prior year had been understated by Ksh 79,900.

The financial statements were approved by the Board on 05/06/24 2024 and signed on its behalf by:

  
Chairman of the Board  
Hon Joseph K. Lagat

  
Ag.CEO  
Edward O. Omito


  
Head of Finance  
CPA Joseph K. Syengo  
ICPAK No: 16587

**National Mining Corporation**  
**Annual Report and Financial Statement for the year ended 30 June 2024**


**18. STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 30 JUNE 2024**

Description	Note	2023-2024	2022-2023
		Kshs	Kshs
<b>Cash flows from operating activities</b>			
Cash generated from/(used in) operations	7	177,211,058	107,689
Net cash generated from/(used in) operating activities			
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment (PPE)	3	110,855,218	
Proceeds from disposal of quoted investments			
Net cash generated from/(used in) investing activities		66,355,840	
<b>Cash flows from financing activities</b>			
Net cash generated from/(used in) financing activities			
Increase/(decrease) in cash and cash equivalents		66,355,840	107,689
<b>Cash and cash equivalents at beginning of period</b>	7	110,566	2,877
Effects of foreign exchanges rate fluctuations			
<b>Cash and cash equivalents at end of the period</b>	7	<b>66,466,406</b>	<b>110,566</b>

The financial statements were approved by the Board on 05/dec 2024 and signed on its behalf by:

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

  
 Ag.CEO  
**Edward O. Omito**


  
 Head of Finance  
**CPA Joseph K. Syengo**  
 ICPAK No: 16587

19. STATEMENT OF COMPARISON OF BUDGET AND ACTUAL AMOUNTS FOR THE PERIOD ENDED 30 JUNE 2024


	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	% of utilization
	a	b	C=a+b	d	E=c-d	d/c
	2023-2024	2023-2024	2023-2024	2023-2024	2023-2024	2023-2024
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	%
Transfers from the Government	336,000,000	0	336,000,000	280,000,000	56,000,000.00	83%
<b>Total income</b>	<b>336,000,000</b>	<b>0</b>	<b>336,000,000</b>	<b>280,000,000</b>	<b>56,000,000.00</b>	<b>83%</b>
Expenses						
Compensation of employees	34,000,000	18,750,000	15,250,000	12,865,777	2,384,223.00	84%
Operating Expenses-Admin Costs	111,288,440	20,590,000	131,878,440	123,273,335	8,605,105.00	93%
Board of Management expenses	15,000,000	1,840,000	13,160,000	13,039,910	120,090.00	99%
Total expenditure	160,288,440		160,288,440	149,179,022	11,109,418.00	93%
<b>Surplus for the period</b>	<b>336,000,000</b>	<b>-</b>	<b>336,000,000</b>	<b>66,466,407</b>	<b>269,533,593.20</b>	<b>20%</b>
<b>Capital Expenditure for 2023-2024</b>	<b>175,711,560</b>		<b>175,711,560</b>	<b>110,855,218</b>	<b>110,855,218.00</b>	<b>63%</b>

The low absorption of funds for Compensation of Employees at 34% during the financial year 2023/24 can be attributed to the non-recruitment of additional staff as initially planned. Additionally, capital expenditure during the year amounted to ksh 110,855,218 which represents 63% absorption of the budget. The entity had unfunded exchequer of Ksh 56,000,000.

The financial statements were approved by the Board on 05/Dec 2024 and signed on its behalf by:

  
Chairman of the Board  
Hon Joseph K. Lagat

  
Ag.CEO  
Edward O. Omito

  
Head of Finance  
CPA Joseph K. Syengo  
ICPAK No: 16587

**20. NOTES TO THE FINANCIAL STATEMENTS**

**1. General Information**

National Mining Corporation is established by and derives its authority and accountability from Mining Act No. 12 of 2016 the entity is wholly owned by the Government of Kenya and is domiciled in Kenya. The Corporation's principal activity is to promote Government investment that uses modern methods of Mining, Mineral Exploration, and making profit through value addition and safe environment practises

**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 financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of National Mining Corporation.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act and International Financial Reporting Standards (IFRS). The accounting policies adopted have been consistently applied to all the years presented

**NOTES TO THE FINANCIAL STATEMENTS (Continued)**

**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 2024.*
- ii. The Directors have assessed the applicable standards and amendments. Based on their assessment of impact of application of the above, they do not expect that there will be a significant impact on the company's financial statements.

**National Mining Corporation**  
**Annual Report and Financial Statement for the year ended 30 June 2024**

Title	Description	Effective Date
IAS 1 — Presentation of Financial Statements	IAS 1 "Presentation of Financial Statements" sets out the overall requirements for financial statements, including how they should be structured, the minimum requirements for their content and overriding concepts such as going concern, the accrual basis of accounting and the current/non-current distinction. The standard requires a complete set of financial statements to comprise a statement of financial position, a statement of profit or loss and other comprehensive income, a statement of changes in equity and a statement of cash flows.	The amendments are effective for annual periods beginning on or after January 1, 2023. Earlier application is permitted.
IAS 12 — Income Taxes	IAS 12, "Income Taxes" implements a so-called 'comprehensive balance sheet method' of accounting for income taxes which recognizes both the current tax consequences of transactions and events and the future tax consequences of the future recovery or settlement of the carrying amount of an entity's assets and liabilities. Differences between the carrying amount and tax base of assets and liabilities, and carried forward tax losses and credits, are recognized, with limited exceptions, as deferred tax liabilities or deferred tax assets, with the latter also being subject to a 'probable profits' test.	Earlier application is permitted. The amendments are effective for annual reporting periods beginning on or after January 1, 2023. Early adoption is permitted.
IAS 16 — Property, Plant and Equipment	IAS 16 "Property, Plant and Equipment" outlines the accounting treatment for most types of property, plant and equipment. Property, plant and equipment is initially measured at its cost, subsequently measured either using a cost or revaluation model, and depreciated so that its depreciable amount is allocated on a systematic basis over its useful life.	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.

**National Mining Corporation**  
**Annual Report and Financial Statement for the year ended 30 June 2024**

Title	Description	Effective Date
IAS 37 — Provisions, Contingent Liabilities and Contingent Assets	IAS 37 "Provisions, Contingent Liabilities and Contingent Assets" outlines the accounting for provisions (liabilities of uncertain timing or amount), together with contingent assets (possible assets) and contingent liabilities (possible obligations and present obligations that are not probable or not reliably measurable).	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.
IAS 41 — Agriculture	IAS 41 "Agriculture" sets out the accounting for agricultural activity – the transformation of biological assets (living plants and animals) into agricultural produce (harvested product of the entity's biological assets). The standard generally requires biological assets to be measured at fair value less costs to sell.	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.
IFRS 1 — First-time Adoption of International Financial Reporting Standards	IFRS 1 "First-time Adoption of International Financial Reporting Standards" sets out the procedures that an entity must follow when it adopts IFRS for the first time as the basis for preparing its general purpose financial statements. The IFRS grants limited exemptions from the general requirement to comply with each IFRS effective at the end of its first IFRS reporting period.	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted.
IFRS 3 — Business Combinations	IFRS 3 "Business Combinations" outlines the accounting when an acquirer obtains control of a business (e.g. an acquisition or merger). Such business combinations are accounted for using the 'acquisition method', which generally requires assets acquired and liabilities assumed to be measured at their fair values at the acquisition date.	The amendments are effective for annual periods beginning on or after January 1, 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

**National Mining Corporation**  
**Annual Report and Financial Statement for the year ended 30 June 2024**

Title	Description	Effective Date
IFRS 17 — Insurance Contracts	IFRS 17 establishes the principles for the recognition, measurement, presentation and disclosure of insurance contracts within the scope of the standard. The objective of IFRS 17 is to ensure that an entity provides relevant information that faithfully represents those contracts. This information gives a basis for users of financial statements to assess the effect that insurance contracts have on the entity's financial position, financial performance and cash flows.	The IASB tentatively decided to defer the effective date of IFRS 17, Insurance Contracts to annual periods beginning on or after January 1, 2022. [The IASB has also published 'Extension of the Temporary Exemption from Applying IFRS 9 (Amendments to IFRS 4)' to defer the fixed expiry date of the amendment also to annual periods beginning on or after January 1, 2023.]

### Summary of Significant Accounting Policies

The principle 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 Corporation 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 entity 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 the 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 Significant Accounting Policies**

**b) In-kind contributions**

In-kind contributions are donations that are made to the entity 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, the entity 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. Where re-measurement at re-valued amounts is desired, all items in an asset category are re-valued through periodic valuations carried out by independent external valuers.

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 recognized in profit or loss in the income statement.

**Summary of Significant Accounting Policies**

**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 costs 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 are:

Freehold Land	Nil
Buildings and civil works	4 %
Plant and machinery	8%
Motor vehicles, including motor cycles	25%
Computers and related equipment	33%
Office equipment, furniture and fittings	8%

A full year's depreciation charge is recognized 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 recognized so that the asset is written down immediately to its estimated recoverable amount.

**Summary of Significant Accounting Policies**

**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) Amortization and impairment of intangible assets**

Amortization 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 recognized 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 de-recognition 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.

**Summary of Significant Accounting Policies**

**h) 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.

**i) 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. Fixed interest investments are freely traded at the Nairobi Securities Exchange. The bonds are measured at fair value through profit or loss.

**j) 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.

**Summary of Significant Accounting Policies**

**k) Unquoted investments**

Unquoted investments stated at cost under non-current assets, and comprise equity shares held in other Government owned or controlled entities that are not quoted in the Securities Exchange.

**l) 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. Net realizable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

**m) Trade and other receivables**

Trade and other receivables are recognized at fair values 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.

**Summary of Significant Accounting Policies**

**n) 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.

**o) 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.

**Summary of Significant Accounting Policies**

**Deferred Tax**

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.

**Summary of Significant Accounting Policies**

**p) 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.

**q) 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. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorized public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

**r) 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 amortized cost using the effective interest rate method. Amortized 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 capitalized as part of the cost of the project.

**s) Trade and other payables**

Trade and other payables are non-interest bearing and are carried at amortized 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.

**t) Retirement benefit obligations**

The Corporation operates a defined contribution scheme for all full-time employees from 1<sup>st</sup> July, of every year. The scheme is administered by an in-house team and is funded by contributions from both the company and its employees. 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. The Corporation did not have full time employees during the financial year ended 30 June 2022

**u) Provision for staff leave pay**

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

**v) 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 recognized in profit or loss.

**Summary of Significant Accounting Policies**

**w) Budget information**

The original budget for Financial Year 2023-2024 was approved by the National Assembly on June 2023. 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 Corporation recorded additional appropriations of Ksh Nil on the 2023-2024 budget following the governing body's approval.

The Corporation'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 financial performance has been presented under section of these financial statements.

**a) Service concession arrangements**

The Corporation 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.

**b) Comparative figures**

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

**c) 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, 2023.

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

The preparation of the Corporation'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.

**NOTES TO THE FINANCIAL STATEMENTS (Continues)**

**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 5.

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)

1. Revenue

	2023/2024	2022/2023
Recurrent Grant from National Government	280,000,000	36,227,409
<b>Total Amount Received</b>	<b>280,000,000</b>	<b>36,227,409</b>

2. Administration Costs

Description	2023-2024	2022-2023
	Kshs	Kshs
Staff costs note (2a)	12,865,777	2,239,837.50
Electricity and water	75,301	-
Communication services and supplies	5,552,712	240,755.90
Transportation, travelling and subsistence-Local	49,901,114	8,616,695.00
Transportation, travelling and subsistence-Foreign	0	4,500,647.10
Use of goods and services		1,022,010.00
Advertising, printing, & stationery	1,727,291	615,135.00
Rent expenses	13,367,850	-
Staff training expenses	1,995,200	-
Hospitality supplies and services	5,784,246	1,870,414.65
Insurance costs	4,434,397	444,843.00
Bank charges and commissions	16,153	12,830.00
Auditors' remuneration	406,000	350,000.00
Consultancy fees	14,192,240	1,000,000.00
Licenses and permits	3,001,940	-
Repairs and maintenance	196,595	330,650.50
Fuel, Oil & Lubricants	2,527,002	1,200,000.00
Hire of equipment	3,368,443	-
Depreciation	16,632,630	3,406,870.50
Subscription, Newspaper, Journals	94,221	-
Board expenses	13,039,910	13,752,483.95
<b>Total</b>	<b>149,179,022</b>	<b>39,603,173.10</b>

## NOTES TO THE FINANCIAL STATEMENTS (Continued)

## 2(a) Employees compensation

Description	2023-2024	2022-2023
	Kshs	Kshs
Salaries and allowances of permanent employees	8,769,436	0
Wages of temporary employees	785,018	340,926
Special Duty -Top-up (Payable)	3,191,173	1,898,911.50
Medical insurance schemes	120,150.00	
<b>Total</b>	<b>12,865,777</b>	<b>2,239,837.50</b>
<b>The average number of employees at the end of the year</b>		
Permanent employees – management	12	0
Permanent employees – unionisable	0	0
Seconded staff from Ministry		14
<b>Total</b>	<b>12</b>	<b>18</b>

During the year, twelve (12) staff members were recruited to work alongside the 14 deployed staff from the State Department of Mining.

## 2(b) Board of Management Expenses

Description	2023-2024	2022-2023
	Kshs	Kshs
Transport, Travelling and Sitting allowances	7,107,044	9,385,774.95
Honoraria Payment	960,000	960,000.00
Sitting Allowance	4,460,800	2,753,100.00
Insurance	428,066	569,609.00
Telephone Expenses	84,000	84,000.00
<b>Total</b>	<b>13,039,910</b>	<b>13,752,482.95</b>

## 3. Property, plant and equipment (PPE)

## ASSETS MOVEMENT SCHEDULE

COST	KSH		KSH		TOTALS
	Motor Vehicles	Computers & electronics	Office equipment	Civil Works	
As at 1 July 2022	8,467,500	1,173,472	79,900	-	9,720,872
Transfer	-	-	-	-	-
Depreciation for the year	2,822,500	577,979	6,392	-	3,406,871
As at 30 June 2023	5,645,000	595,493	73,508	-	6,314,001
As at 1 July 2023	5,645,000	595,493	73,508	-	6,314,001
Additions F/Y 2023/24	27,970,000	6,639,550	24,371,658	51,874,010	110,855,218
Transfer	-	-	-	-	-
As at 30 June 2024	33,615,000	7,235,043	24,445,166	51,874,010	117,169,219
Depreciation for the year	9,815,000	2,786,545	1,956,125	2,074,960	16,632,630
<b>Net Book Value as at 30 June 2024</b>	<b>25,211,250</b>	<b>4,847,479</b>	<b>19,729,553</b>	<b>49,799,050</b>	<b>100,536,589</b>

## 3(a) Depreciation

Description	2023-2024	2022-2023
	Kshs	Kshs
Depreciation on Motor Vehicle	9,815,000	2,822,500.00
Depreciation on Computers and Electronics	2,786,545	577,978.50
Office Equipment	1,956,125	6,392.00
Civil Works	2,074,960	-
<b>Total</b>	<b>16,632,630</b>	<b>3,406,870.50</b>

## 4. Trade and Other Receivables

Description	2023-2024	2022/2023
	Kshs	Kshs
Gross trade and other receivables over 120 days	11,722,984	11,722,984
<b>Totals</b>	<b>11,722,984</b>	<b>11,722,984</b>

Trade receivables represent costs incurred by the Corporation in a prior period on behalf of the Ministry of Petroleum and Mining at Fluorspar Day and Boarding Primary School. The amount reflects reimbursable expenses due from the State Department.

## 5. Bank and Cash Balances

	2023/2024	2022-2023
		Kshs
Cash at bank	66,466,406.80	110,566.45
Cash in hand	NIL	Nil
	<b>66,466,406.80</b>	<b>110,566.45</b>

## Detailed analysis of the cash and cash equivalents

Financial institution	Account number	2023-2024 Kshs	2022/2023 KShs
<b>a) Current account</b>			
National Bank - Hill Plaza	7700096120	66,466,406.80	110,566.45
Sub- total		66,466,406.80	110,566.45
<b>Grand total</b>		<b>66,466,406.80</b>	<b>110,566.45</b>

**6. Trade and Other Payables**

Description	2023-2024 Kshs	2022-2023 Kshs
Administration Costs	24,049,323	350,000.00
Employees' Compensation	3,191,173	1,899,309.00
Board Expenses	2,177,700	
Retention to Asfia	2,588,564	
<b>Total</b>	<b>32,006,760</b>	<b>2,249,309.00</b>

**6.1 Contingent Liabilities**

Excluded from the trade and other payables was a claim of Ksh 7,062,515.00 incurred for flight hire. The supporting invoices provided were photocopies, and no additional documentation was submitted; hence, the amount was not recognized as a trade payable.

7. NOTES TO THE FINANCIAL STATEMENTS (Continued)

Notes to the Statement of Cash Flows

Description	Period ended June 2024	2022-2023
	Kshs	Kshs
(a) Reconciliation of operating profit/(loss) to cash generated from/(used in) operations		
Profit or loss before tax	130,820,978.00	-3,375,764.10
Depreciation	16,632,629.54	3,406,870.50
Totals	<b>147,453,607.54</b>	31,106.40
Increase/(decrease) in Trade and other Payables	29,757,451.00	2,172,725.70
(b) Analysis of cash and cash equivalents		
Cash at bank at the start	110,566.45	-
Cash in hand		
	110,566.45	2,876.75
Balance at end of the period	<b>66,466,406.80</b>	<b>110,566.45</b>

**1. Incorporation**

The entity is statutory entity under the Mining Act, 2016 and is domiciled in Kenya.

**2. Events After the Reporting Period**

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

**3. Currency**

The financial statements are presented in Kenya Shillings (Kshs).

21. 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.

Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
001.	Internal control weakness	A deployed qualified Accountant is in place at present.	Resolved	The Accountant is in office
002.	Lack of Board of Directors	The Board is now fully appointed and functional	Resolved.	Board of Directors are in office

**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.



Edward Omito

Ag. Managing Director

Date: 5/12/24

APPENDIX II: INTER-ENTITY TRANSFERS

ENTITY NAME				
Break down of Transfers from the State Department for Mining				
	For period of twelve months Period			
<b>a.</b>	<b>Recurrent Grants</b>			
	Reference	Bank Statement Date	Amount (KShs)	Indicate the FY to which the amounts relate
	FT23254KQ8Q9	11-09-2023	28,000,000	F/Y-2023-2024
	FT232848D281	11-10-2023	28,000,000	F/Y-2023-2024
	FT233113NFD8	07-11-2023	28,000,000	F/Y-2023-2024
	FT24009G9X48	01-01-2024	28,000,000	F/Y-2023-2024
	FT24058HHXP7	27-02-2024	28,000,000	F/Y-2023-2024
	FT240819RMBR	21-03-2024	28,000,000	F/Y-2023-2024
	FT24082PMBVN	22-03-2024	28,000,000	F/Y-2023-2024
	FT24143W9P3N	22-05-2024	28,000,000	F/Y-2023-2024
	FT24172GTTK	20-06-2024	28,000,000	F/Y-2023-2024
	FT241926QVPK	10-07-2024	28,000,000	F/Y-2023-2024
	<b>Total</b>		<b>280,000,000</b>	

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

Head of Accounts Department - State Department for Mining

Name Murugesu Siele Sign [Signature] Date 5/12/24

Head of Accounts Department – National Mining Corporation

Name Joseph K. Srengo Sign [Signature] Date 05-12-2024