

SIERRA LEONE EXTRACTIVE INDUSTRIES' TRANSPARENCY INITIATIVE (SLEITI)



FINAL REPORT

2016 SIERRA LEONE EITI REPORT

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List of Abbreviations/Acronyms

EITI	Extractive Industries Transparency Initiative
GGDO	Government Gold and Diamond Office
GoSL	Government of Sierra Leone
IPAU	Integrated Projects Administration Unit
MCO	Mining Cadastre Office
MLGRD	Ministry of Local Government and Rural Development
MMA	Mines and Minerals Act 2009
MMMR	Ministry of Mines and Mineral Resources
MOFED	Ministry of Finance and Economic Development
NMA	National Minerals Agency
PMT	Precious Minerals Trading
NRA	National Revenue Authority
SLEITI	Sierra Leone Extractive Industries Transparency Initiative
SLL	Sierra Leone Leone
IA	Independent Administrator

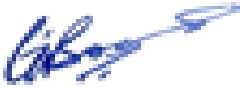
Statement from the Independent Administrator

The Sierra Leone Extractive Industries' Transparency Initiative (SLEITI) procured the services of Messrs. Boas & Associates as the Independent Administrator for the 2016 Sierra Leone EITI report.

The engagement was made in accordance with the International Standard on Related services as applicable to agreed upon procedures. The assignment was conducted using procedures as set out in the Terms of Reference as provided by SLEITI, except where indicated otherwise in the report as well as its appendices.

The procedures undertaken were not designed to constitute an audit or review made in accordance with International Standards on Auditing Engagements, and as such we do not provide any assurances other than those expressed in this report. Had we performed additional procedures, other matters would have come to our attention that would have been reported to you.

The report is to inform SLEITI on the matters expressed in the Terms of Reference and not for any other purpose.



Kwaku Boa-Amponsem

Managing Partner

Boas & Associates

Executive Summary

Sierra Leone became a Candidate Country of EITI in February 2008 after the government announced its intention to implement the EITI in 2006. A Multi-Stakeholder Group (MSG) was subsequently established to act as the governing body of Sierra Leone Extractive Industries' Transparency Initiative (SLEITI). This is now made up of over 26 members representing various constituencies.

Government representatives belong to different Ministries, Departments and Agencies (MDAs). The mining and oil/gas companies have representatives on the MSG and civil society members belong to a coalition called the National Advocacy Coalition on Extractives (NACE). The MSG is headed by the Chief of Staff in the Office of the President¹. The SLEITI Secretariat was established to implement the decisions of the MSG and is headed by a National Coordinator. The Extractive Industries Transparency Initiative (EITI) is a global standard that promotes transparency and accountability in the oil, gas and mining sectors. It has a robust yet flexible methodology for disclosing and reconciling company payments and government receipts in implementing countries.

The implementing countries are required to produce reports that reconcile extractive company payments and government receipts. These EITI reports also contain information that contextualizes the extractive industry in the country's economy.

Since joining the initiative, Sierra Leone has produced seven reports. The first SLEITI report covered the minerals sector only but the coverage of subsequent reports was expanded to include the oil/gas sector.

Messrs Boas & Associates was hired to produce the 2016 EITI report for Sierra Leone.

This presentation is the SLEITI 2016 report, which reconciled payments made by the extractive companies and revenues received by the government of Sierra Leone in 2016.

The report also covers the overview of the mining/oil and gas sectors in Sierra Leone, registers of licences; exploration, production and exports in the extractive sector; beneficial ownership; contract transparency; state participation in the extractive sector; revenue collection and allocation; social and economic spending; and the outcomes and impact of the EITI in Sierra Leone.

The SLEITI 2016 report was based on the terms of reference provided by the Multi Stakeholder Group in Sierra Leone. It was prepared for the use of the MSG (SLEITI) and not intended for any other purpose.

¹ At the time of filing this report the SLEITI Secretariat has been moved to the office of the Vice President of Sierra Leone.

Approach and Methodology

The assignment had two main phases.

- i. The preliminary/ information gathering phase.

The preliminary information gathering stage involved interactions with stakeholders, introduction of contact persons and to establish reporting timelines. A scoping study was undertaken to identify the reporting parameters. A scoping study and inception reports were produced.

- ii. The reconciliation phase. The reconciliation phase involved

- ❖ Data collection and Analysis;
- ❖ Initial reconciliation
- ❖ Draft reporting and
- ❖ Final reporting

The summary below provides the key contextual information, results of reconciliation and some key findings and recommendations for 2016.

Overview

Sectors covered: Mining and Oil/Gas sectors.

Licensing Regime: First come first served for mining and competitive bidding/licensing rounds for Oil/Gas.

Governance of the extractive sector: Mining: Mines and Mineral Act (MMA, 2009), National Minerals Agency Act (NMA Act 2012); Income Tax Act 2000, the Mines and Minerals Operational Regulations 2013(Statutory Instrument 12 of 2013). The Environmental Protection Act (EPA, 2008) regulates the environmental activities in the sector

Oil/Gas-Petroleum Exploration and Production Act, 2011, the Environmental Protection Act (EPA, 2008)

Exports: Total Minerals exports in 2016- US\$471.5m.

Contribution of Mining sector to GDP in 2016: 2.7%

Reconciliation

Materiality statement-Any extractive company or diamond exporter that paid US\$170,000 or more of the relevant payments was required to participate in the reconciliation process.

Revenue streams

The following revenue streams were reconciled.

- *Mining Licence*
- *Exploration Licence*
- *Mineral Royalty*
- *Corporate tax*
- *Environmental Impact Assessment Licence*
- *Environmental Impact Assessment Monitoring fee.*
- *Export duty on diamonds*
- *Diamond Exporter's licence fees.*
- *Surface Rent*
- *Agricultural Development Fund*
- *Community Development Fund*

Extractive Entities

The extractive entities that were required to participate in the reconciliation exercise, included the following:

- | | |
|---------------------------------------|--------------------------------------|
| ➤ <i>Koidu Ltd.</i> | ➤ <i>H. M. Diamonds</i> |
| ➤ <i>Sierra rutile Ltd</i> | ➤ <i>Tonkolili iron(ore)SL Ltd</i> |
| ➤ <i>Sierramin bauxite Ltd</i> | ➤ <i>Shandon Steel(SL)Ltd</i> |
| ➤ <i>Sierra minerals holdings Ltd</i> | ➤ <i>African Rails and Ports Ltd</i> |
| ➤ <i>Kingho investments Ltd</i> | ➤ <i>Kassim Basma</i> |
| ➤ <i>Allotropes Diamond Ltd</i> | ➤ <i>AMR Gold(SL) Ltd</i> |

Allotropes Diamond Ltd, AMR Gold SL Ltd, Sierramin Bauxite Ltd and Sierra Rutile Ltd failed to submit reporting templates, and therefore did not participate in the reconciliation process.

Reporting Government Entities

Government entities that were required to submit templates indicating payments received in 2016 were: **The National Revenue Authority (NRA), Environmental Protection Agency,**

**National Minerals Agency (NMA), Ministry of Mines and Mineral Resources (MMMR),
District and Chiefdom Councils and members of Parliament**

Results of Reconciliation

Reconciliation by revenue streams and by companies have been shown in the Tables A and B respectively.

Table A: Reconciliation by Revenue Stream

2016		Company			Government			Final Amount	Unresolved	
Revenue Stream	Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	Under
Mining Licence	1,812,692	-73,907	1,738,785	2,238,785	-500,000	1,738,785	1,738,785	1,738,785	0	0
Exploration Licence	20,711	0	20,711	19,711	0	19,711	20,711	19,711	1,000	0
Royalty	12,215,221	0	12,215,221	11,574,034	641,086	12,215,120	12,215,221	12,215,120	101	0
Export duty for Diamonds	2,017,373	0	2,017,373	2,012,460	4,913	2,017,373	2,017,373	2,017,373	0	0
Corporate Tax	201,738	0	201,738	201,738	0	201,738	201,738	201,738	0	0
Diamond Exporter's License fee	71,524	-1,524	70,000	105,000	-35,000	70,000	70,000	70,000	0	0
Environmental Impact Assessment License	467,795	193,150	660,945	660,945	0	660,945	660,945	660,945	0	0
Environmental Impact Assessment Monitoring Fees	93,559	38,630	132,189	132,189	0	132,189	132,189	132,189	0	0
Surface Rent	284,211	-184,736	99,474	99,474	0	99,474	99,474	99,474	0	0
Agricultural Development Fund	0	0	0	0	0	0	0	0	0	0
Community Development Fund	113,691	0	113,691	-	-	-	113,691	-	113,691	-
TOTAL	17,298,514	(28,387)	17,270,127	17,044,336	110,999.00	17,155,335	17,270,127	17,155,335	114,792	-

Table B: Reconciliation by Companies

Company				Government		Final Amounts				
Company	Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	Under
Koidu Ltd	5,534,932	(68,349)	5,466,583	5,466,482	-	5,466,482	5,466,583	5,466,482	101	-
Sierra Rutile Ltd	-	-	-	-	-	-	-	-	-	-
Sierramin Bauxite Ltd	-	-	-	-	-	-	-	-	-	-
Sierra Minerals Holding 1 Ltd	2,511,127	(143,920)	2,367,207	2,252,516	-	2,252,516	2,367,207	2,252,516	114,691	-
H.M Diamonds	1,620,110	(1,524)	1,618,586	1,618,586	-	1,618,586	1,618,586	1,618,586	0	-
S.D STEEL-Tonkolili Iron Ore	6,461,821	185,405	6,647,226	6,506,140	141,086	6,647,226	6,647,226	6,647,226	(0)	-
Kassim M Basma	670,525	-	670,525	700,612	(30,087.0)	670,525	670,525	670,525	-	-
Kingho Investments Ltd	500,000	-	500,000	500,000	-	500,000	500,000	500,000	-	-
AMR Gold SL LTD	-	-	-	-	-	-	-	-	-	-
Allotropes Diamonds Ltd	-	-	-	-	-	-	-	-	-	-
Total	17,298,514	(28,387)	17,270,127	17,044,336	110,999.00	17,155,335	17,270,127	17,155,335	114,792	-

Discrepancy

A net discrepancy of US\$114,792 was established at the end of the reconciliation exercise.

Significant Observations and Recommendations

Observations and significant findings

Observation

Corporate tax payment

Corporate tax from the extractive industry sector in 2016, amounted to US\$276,700. This amount was paid by diamond exporters. There was no corporate tax payment from operating mining companies. This resulted from two main reasons. These were;

- i. Some companies declared losses in 2015/2016 and were not liable to pay tax.
- ii. Other companies declared profit but had enough tax credits or accumulated tax losses to ensure no taxes were paid.

Recommendation

In order to ensure early and significant corporate tax payment, some of the fiscal incentives should be reviewed.

For example carry forward of tax losses which is currently 10 years could be limited to say five years.

Observation

Parent/Holding companies and extractive sector payments.

In 2016 payments were made in the name of some parent companies with no reference to the subsidiaries that are holders of mineral rights. For example Shandon Steel Ltd, made payments to EPA and NRA, however it was not specified whether the payment was being made on behalf of Tonkolili (iron ore) Ltd or African Railways and Ports Services Ltd, which are its subsidiaries. Payments were also made in the name of Kingho Investments Ltd. Kingho investments Ltd have subsidiaries, including CKH Mining Company, Mass Energy Mining Company, Northern Mining Company and Southern Mining Company.

Recommendation

Payments made on behalf of mineral right holders should be recorded properly against the names of such companies and not the parent/holding companies.

Surface rent payments

Currently companies pay surface rent to district councils, chiefdoms, paramountcies and constituency fund directly. One company (Koidu Ltd) pays surface rent through the Ministry of local government.

It is always difficult to know the quantum of payment in a particular year and the distribution thereof. During reconciliations information on surface rents from companies that do not participate in the process, but paid surface rent during the year is difficult to obtain.

Recommendation

Surface rent payments be streamlined, to ensure that companies pay to a centralized body with proper accounting functions. This body will in turn distribute to beneficiaries.

This will help standardized payments, enhance transparency and ensure that data on payments and disbursements are always available.

Observation

Diamond Area Community Development Fund

The IA was provided with details of district councils and chiefdoms as well as their amounts received in 2016. However the primary data used for the computations were not indicated.

Recommendation

The MoLGRD and MMR should publish the primary data used in determining amounts to be received by Chiefdoms and District councils. The determination of district and chiefdom councils to benefit from the fund, the number of artisanal licences and all the parameters that would enable anyone to independently compute amounts distributed should be made public. This will enhance transparency.

Observation

Community Development Fund

In 2016 only Sierra Minerals reported the payment of community development Fund. The beneficiary communities did not report the receipt or utilization of community development fund, thereby creating a discrepancy.

Recommendation

Section 139(4);MMA 2009 states that the amount earmarked as community development fund by extractive entities to implement the community development agreement and breakdown of expenditures shall be reported to the Minister annually.

The MMMR should publish the names of all the extractive entities with community development agreements and the utilization of such funds as stipulated by the MMA 2009.

The MSG should ensure that beneficiary communities also submit reporting templates during reconciliation exercises.

1.0 Background

The Extractive Industries Transparency Initiative (EITI) is an International Initiative between governments, companies and civil society groups to promote transparency in the flow of revenues from extractive companies to host country governments based on a set of criteria for transparent reporting on the revenue streams and other benefits.

The initiative encourages citizens of a resource rich country to monitor how the benefits from the extractive industry sector have been generated, distributed and utilized

The EITI requires implementing countries to prepare and publish an annual report disclosing company payments and government revenues from the extractive sector. The Extractive Industries Transparency Initiative (EITI) is a global standard for improving transparency and accountability in the oil, gas and mining sectors.

The Sierra Leone Extractive Industries' Transparency Initiative (SLEITI) has engaged Messrs Boas & Associates to reconcile the payments made by extractive entities and receipts by the government of Sierra Leone for 2016.

The report also covers an overview of the mining sector in Sierra Leone as well registers; exploration, production and exports; beneficial ownership; contract transparency; state participation in the extractive sector; revenue collection (including reconciliation and allocation; social and economic spending; and the outcomes and impact of the EITI in Sierra Leone. The report also provides recommendations for observations made, meant to improve upon the management of extractive resources and the EITI process.

The report was prepared based on the terms of reference provided by SLEITI.

This report is prepared for the use of SLEITI, and is not intended for any other purpose.

1.1 EITI in Sierra Leone

The Government of Sierra Leone declared its preparedness to implement the EITI in 2006 and became a candidate country in February 2008. A multi-stakeholder group (MSG) was subsequently established to act as the governing body of the Sierra Leone Extractive Transparency Initiative (SLEITI).²

The primary objectives of SLEITI are to ensure due process, transparency and accountability in the payments made by all extractive industry companies to the government; monitor accountability in the revenue receipts; eliminate all forms of corruption in the extractive sector, promote public disclosure of contracts and concessions related to the industry and to work in

² Information provided by SLEITI

collaboration with all relevant District Councils, facilitate public dialogue on governance of the sector and adoption of appropriate policies.

With representations from government, mining/oil & gas companies and civil society, the MSG is headed by the Chief of Staff in the Office of the President. The SLEITI secretariat which implements the decisions of the MSG is headed by a National Coordinator.

Sierra Leone was declared an EITI compliant country in April 2014. Since joining the EITI, Sierra Leone has produced seven reports. The first SLEITI report was produced in March 2010 covering the minerals sector only for the financial year 2006-2007. The 7th and most recent EITI Report covered the 2015 fiscal year.

The 2016 EITI Report is due for submission by end of December 2018. Sierra Leone is due for Validation in July 2018.

The Sierra Leone (MSG) is made up of representatives from the following organizations:

- *Office of the Chief of Staff*
- *Office of the Vice-President*
- *Civil Society Organizations*
- *Mining Companies*
- *Petroleum Exploration Companies*
- *The National Parliament*
- *National Revenue Authority*
- *The Ministry of Mines and Mineral Resources*
- *The Ministry of Finance and Economic Development*
- *The Ministry of Local Government*
- *The Ministry of Fisheries and Marine Resources*
- *Petroleum Directorate*
- *Audit Service of Sierra Leone*
- *Council of Paramount Chiefs*
- *District/City Councils*

1.2 Objectives and contents of the report

The objectives of the report include the following:

- a) Collect, Analyze and Aggregate payments made by Mining/Oil and Gas companies to the Government of Sierra Leone
- b) Reconcile extractive companies' submissions of Mining/Oil and Gas payments to those received by Government.

- c) To produce a report covering the 2016 financial year in accordance with the 2016 EITI Standard.

Areas covered in the report include:

- i. Approach and Methodology
- ii. Overview of the extractive sector in Sierra Leone
- iii. Reconciliation scope and results.
- iv. Observations and Recommendations and
- v. Conclusions.

1.3: Approach and Methodology

The assignment was composed of two main phases:

- The preliminary information gathering /inception phase which included a scoping study.
- Reconciliation phase.

The preliminary information gathering stage involved interactions with stakeholders in order to put the assignment into the correct perspective and establish reporting timelines. A scoping study was undertaken by the Independent Administrator to identify the reporting parameters.

After the scoping study parameters including the following were identified and agreed with the MSG.

- ❖ Threshold for reporting or materiality
- ❖ Reporting entities (Extractive and Government)
- ❖ Relevant revenue streams
- ❖ Reporting Template
- ❖ Necessary information required from participants in order to assure credibility in fulfillment of requirement 5.2(c) of the EITI standards.
- ❖ Guidelines for the completion of templates.
- ❖ Schedule for publishing the EITI Report.

These parameters were detailed in an inception report that was issued before the commencement of the reconciliation phase.

Document review

In addition to information sourced from the world-wide-web and also data obtained from government, the following were reviewed.

- ❖ Mines & Minerals Act 2009/Regulations

❖ Petroleum (Exploration & Production Act) 2011 and others³.

Document review and desk top study was undertaken throughout the duration of the assignment, and aided greatly in the provision of contextual information.

This preliminary/inception phase culminated in the production of a scoping report and an inception report by the Independent Administrator which confirmed all the agreed reporting parameters.

The **reconciliation** phase involved

- i. Data collection and Analysis
- ii. Initial reconciliation
- iii. Draft reporting and
- iv. Final reporting

The activities undertaken at the reconciliation phase are detailed in section 7.0

3

Sierra Leone Audit Manual ;EITI Standard ;Extractive Industries Revenue Draft Bill; Income Tax Act 2000, as amended; Environmental Protection Agency Act 2008;Final Value Chain Analysis Report; SLEITI 2006-2007 Report; SLEITI 2008-2010 Report; SLEITI 2011 Report;2011 scoping studies report; Commentary on previous EITI Reports; Civil society reports; Validation Reports; SLEITI 2010 Validation Report; SLEITI 2012 Validation Report

2.0 Overview of the Extractive Industry in Sierra Leone

Sierra Leone is endowed with rich natural resources. The industry is dominated by large scale producers of iron ore, diamonds, rutile and bauxite as well as small-scale and artisanal mining of gold and diamonds.

The country possesses one of the largest rutile reserves in the world and has significant bauxite reserves in its Southern part of the country. Other minerals such as platinum, chromite, lignite, clays, and base metals (copper, nickel, molybdenum, lead, and zinc) have been identified and awaits exploitation.

Sierra Leone's upstream oil and gas sector is currently in the exploration stage. In recent years, exploration activity has been on the decline but the Petroleum Directorate has intensified its investment drive in 2018. Oil and Gas fields have been delineated into 14 blocks.

2.1 Mining Sector

Mining is significant to the economy of Sierra Leone. Mineral exports mainly iron ore, diamonds, bauxite, rutile and gold contributed 2.7% to the national GDP and accounted for 91.1% of exports in 2016. Total Minerals exports was US\$471.5m in 2016

According to the latest employment data from Statistics Sierra Leone in 2015, mining and quarrying provided a livelihood for more than 82,000 people, and directly or indirectly employed about 3 percent of the total labor force.

Iron Ore which is the mainstay of mineral exports has had a turbulent production in recent years due to price slumps and unsteady production volumes. Production in 2016 was 6,175,958 tons of which 5,157,254 tons were exported generating a revenue of US\$ 142,333,016.

The mining sector in Sierra Leone has been categorised into artisanal, small scale and large scale mining for the purpose of license acquisition. The large scale operations are in iron ore, rutile, diamonds and bauxite whilst the artisanal operators are concentrated in the production of gold, diamonds and tantalum.

The three types of mining licenses: Artisanal (issued by the Director of Mines), small-scale and large-scale operations (issued by the Minister of Mineral Resources). Regarding large-scale mining operations, the Minister has the legal right to, on behalf of the holder of a mining permit, compulsorily acquire the land or land-lease required for mining exploration.

Regarding artisanal and small-scale mining, the consent of the owner or the rightful occupier or the Chiefdom Mining Allocation Committee is required (Sections 85:2 (c) and 96: (b)) of MMA Act 2009. Under Section 31(1) (b) of the 2009 Act, mining is not allowed in land set apart for any public purpose without the consent of the relevant government authorities

2.1.1 Large-scale mining operations

Four large scale producers were in production at end of December 2016. These are shown in the table below.

Table 2.1: Large-scale mining companies in production at end of December 2016

Company	Description
Shandong Iron and Steel Group	The Group operates the Tonkolili mine which produces iron ore
Sierra Rutile Ltd	Sierra Rutile Ltd. operates the rutile mines in Moyamba and Bonthe.
Sierra Mineral Holdings Limited (SMHL)	SMHL is a subsidiary of Vimetco N. V. It mines bauxite and exports to ALUM, a Romania-based company within the group which processes the mineral into aluminum
Octea (Koidu Limited).	Koidu Limited runs a large-scale diamond operation in the Koidu area in Kono district

2.1.2 Artisanal Mining and Small Scale Mining (ASM)

Small scale and artisanal mining is concentrated on gold and diamonds operations.

All the gold production in 2016 was from small scale and artisanal sources. Sierra Leone exported about 6,000 ounces of gold valued at \$6.8million from small scale and artisanal operations. Diamonds winnings from ASM was 225,807 carats valued at \$ 78.4million contributing 41.4% of the total exports in 2016.

In 2016 artisanal tantalum miners exported 328,000 kg valued at \$2,372,673 and 325 DMT of zircon valued at \$ 41,400 was attributed to ASM sources.

2.2 Oil/Gas

Sierra Leone is not currently an oil producer. In the past decade interest in oil and gas has been high resulting from the announcement of a discovery of commercial hydrocarbons. This thus sparked off interest among several global oil producers.

In 2013, Lukoil Overseas also announced a discovery of oil in deep-water off the coast of Sierra Leone. This unfortunately has not been sustained as activity levels have declined in recent years with some explorers leaving the shores of Sierra Leone. This is attributable to low crude oil prices which renders the deep-water exploitation economically unviable. **Source:** [iati.dfid.gov.uk/iati documents/5733512.odt](http://iati.dfid.gov.uk/iati/documents/5733512.odt)

The Petroleum Directorate is determined to increase up investment interest in the sector. It has announced the opening of their newly created Data Room which is the depository of 3D seismic datasets and includes PSDM seismic and well data from the exploration phase during 2009 to 2013. **Source:** <http://www.exprodat.com/news/sierra-leones-star-set-shine>

The 4th Offshore Petroleum Licensing Round is scheduled for the first half of 2018 ending May 2018.

3.0 Legal Framework and Fiscal Regime

3.1 Mining Sector

The mining sector has undergone reforms legally and administratively over the last few years with the view of promoting efficiency, local content and stronger governance. The main law governing the mining sector is the Mineral and Mines Act (MMA, Act 2009) and its amendments see <http://www.sierra-leone.org/laws.html>. The table below lists the laws and regulations in the Mining sector.

Table 3.1: Laws and regulations in the Mining sector

Mining Related Acts	Thematic Area
The EPA Act, 2008	This provides the preparation and approval of an environmental impact assessment and the issuance of an environmental impact assessment licence for mining projects
The Mineral and Mines Act (MMA, Act 2009	The Act provides the ownership rights and control of minerals in Sierra Leone including its continental shelf. It establishes the Cadastral system for issuing, registering of operations.
National Minerals Agency Act, 2012	The Act establishes the National Minerals Agency (NMA) which manages mineral rights and minerals trading in Sierra Leone, including geological survey and data collection activities. The Act also empowers NMA for the full implementation of the Diamonds Kimberly Certification Scheme.
Diamond Cutting and Polishing Act	The Act provides for the control of diamond cutting and polishing, the licensing of diamond cutters and polishers. Others include fiscal matters such as duty payable, valuation fees, customs duty exemption.
Diamond Trading Act	The Diamond Trading Act strengthens the framework governing the trade of rough diamonds and ensures full compliance with the Kimberley Process.
Regulations	
The Mines and Minerals Operational Regulations, 2013	This regulation provides the requirements for surface, open pit and underground mining operations, reporting of mineral resources, health and safety standards, waste disposal.
Environment Protection (Mines and Minerals) Regulations, 2013	Stipulates obligations for environmental permitting and standards, grievance mechanisms, mine closure, as well as requirement on environmental impact assessments.
Fiscal Acts	
Finance Act 2015	Act specifies royalties rates, taxes and export duty for all minerals.
Finance Act 2016	The Act amends taxes, duties and excise. Key amendments are pegging PAYE tax at 35%; amendments to Income Tax Act, 2000; the Excise Act 1982; and the Finance Act of 2006 and 2011.
Finance Bill 2017	Revises the presumptive income tax regime for alluvial gold and diamond mining activities; Seeks to limit income tax loss carry forward to 10 years and defines Capital Gains Tax applications.
PFM Act, 2016	Establishment and management of Transformational Development Stabilization Fund and Intergenerational Savings Fund.
Local Content Act, 2016	Provides for the promotion of Sierra Leone products and services establishes Sierra Leone's Local Content Agency and Dev. Fund.

3.1.1 Fiscal regime

The main fiscal tools in the mining sector are **corporate income tax and mineral royalty** which are regulated by MMA, 2009 and the Income Tax Act 2000 as well as relevant regulations and amendments.

The MMA 2009 and ITA 2000 inform and govern fiscal rates in the mining sector unless otherwise stipulated in some special mining agreements.

Tables 3.2 and 3.3 detail the mineral royalty and corporate tax rates respectively as provided for in the MMA, 2009 and the Income Tax Act 2000 as well as other relevant amendments. Royalty and corporate tax have been highlighted due to their relative importance for revenue generation to the state.

i) *Mineral Royalty*: Royalty rates in the mining sector are shown in table 3.1 below

Table 3.2: Royalty rates applicable in the mining sector

Royalty	Type of Licence	Category of Mineral	Rate (%)	Remarks*
	All	Special Stones	15	By Finance Act, 2015 rate reduced to 3%. Value of Stones above US\$ 500,000. Rate also negotiable under Special Agreements.
	Large & Small Scale	Precious Stones	6.5	
	Artisanal		3.0	Rate for Artisanal introduced by Finance Act, 2015
	Large & Small Scale	Precious Metals	5.0	
	Artisanal		3.0	Rate for Artisanal Sources introduced by Finance Act, 2015
	All	All other Minerals	3.0	

ii) *Corporate Income Tax*

Corporate Income tax rate is 30% on profits: Additional 3.5% is on turnover where chargeable income is below 7% of turnover in a year. This excludes acceptable audited account holders

Most mining contracts stabilize or cap the corporate income tax (CIT) rate at 30%. However for African Minerals Ltd the income tax rate is fixed at 25% or the prevailing rate in the income tax Act 2000. London Mining Ltd has CIT rate of 6% for three years, 25% for the 4th to the 10th year and thereafter reverting to whatever pertains in law but not to exceed 30%. Koidu Holdings has CIT rate of 35%.

iii) Deductible Expenses

The general rule for allowing the deduction of an expense for income tax purposes is if it is wholly, exclusively and necessary for the creation of the income. There are various deductibles in the contracts.

For instance, costs of food, drinks and other items provided to employees in job related accommodation, as well as expenses for celebrating milestones are deductible without any capping in the case of Sierra Minerals Holdings Ltd. However marketing costs for Koidu Ltd are not deductible for income tax purposes

iv) Summary of Corporate tax (aforementioned) and other cost applications

Table 3.3 below contains corporate tax rates and other cost applications.

Table 3.3: Summary of corporate tax Application in Sierra Leone

Item Description	Applicable Rate
Corporate Tax	30% tax rate on corporate profits Additional 3.5% on turnover where chargeable income is below 7% of turnover in a year. Excludes acceptable audited account holders
Cost Amortisation for Exploration	4 year profiled depreciation at 40%, 20%, 20%, 20% respectively, starting in the year the cost was incurred
Thin Capitalisation	Where the debt equity ratio exceeds 3:1, interest on loans granted by affiliated parties shall not apply
Limits on HQ Expenses	1.5% of sales
Special Tax Incentives	Losses can be carried forward from one year to the next up to 10yrs from the commencement of commercial production

v) Mining Fees: Payments made by extractive sector entities in the mining sector:

1. Exploration license
2. Mining license
3. Surface Rental
4. Environmental Impact Assessment fees
5. Environmental Impact Assessment Monitoring Fees
6. Agricultural Development Fund
7. Community Development Fund

vi) Other Taxes

Other significant taxes are value-added taxes, personal income taxes and sales taxes. The Excise Act 1982 governs excise duties and the Goods and Services Tax Act 2009 (GSTA) which provides for the imposition of a broad based tax on the consumption of goods and services.

vii) Ring Fencing

The Mines and Minerals Act 2009, section 155(1) indicates that chargeable assessments are ring fenced by mining lease. However section 155(4) also provides that with the approval of the Minister, the holder of a mining lease may deduct exploration or reconnaissance expenditure incurred in Sierra Leone from income of a mining lease before determining the chargeable income. Effectively, it means there is no ring fencing as only development and capital costs outside the lease area will not be deducted from income from mining activity.

The current arrangement may also give undue advantage to current producing companies in the acquisition of reconnaissance and exploration rights, especially as the licencing regime is on first come first served basis. The producing company has income to offset its exploration costs against, and would therefore be encouraged to acquire more exploration licences.

viii) Capital Gains Tax

Capital gains tax seeks to ensure that the country benefits from gains made on disposal of interest, by holders of mineral rights.

3.1.2 Roles of Government institutions

➤ Ministry of Mines, Mineral Resources

The Ministry of Mines and Mineral Resources (MMMR) oversees the issuance of all mineral rights and the administration and supervision of all activities under these rights, and administers regulations on mining and marketing of precious minerals through the Precious Mineral Trading.

➤ National Minerals Agency

The National Minerals Agency was established in 2012 by the National Minerals Agency Act 2012. It is mandated to administer and enforce the Mines and Minerals Act, 2009 and any other acts related to the trade in minerals.

➤ Environmental Protection Agency

The Environmental Protection Agency (EPA) was established through the Environmental Protection Agency Act (2008). It has the goal of creating and enforcing a strict regulatory framework for environmental regulation in Sierra Leone. It has the mandate to coordinate, monitor and evaluate the implementation of national environmental policies, programmes and projects, including issuing Environmental Impact Assessment (EIA) licenses.

➤ National Revenue Authority (NRA)

Established in September 2002 , under an Act of Parliament, the National Revenue Authority Act, 2002 (Act No-11), the National Revenue Authority in Sierra Leone has the responsibility of assessing and collecting domestic taxes, customs duties and other revenues specified by law, as well as administering and enforcing laws related to these revenues. (nra.gov.sl).

For the EITI scoping/reconciliation assignment the NRA provided data on royalty, mining/ exploration licenses, corporate income tax and diamond exporters' license.

➤ *Ministry of Local Government & Rural Development*

Local government is provided for by the Local Government Act 2004. The Ministry of Local Government and Rural Development is responsible for local government, which comprises six urban councils (Freetown, Bo, Kenema, Makeni, Koidu and Bonthe) and 13 district councils. In the third sphere of government there are chiefdom councils.

The local authorities and chiefdom councils have revenue-raising powers, and they do levy property taxes and licence fees for mining activities in host communities.

➤ *Chiefdoms and District Councils*

The paramount chiefs and ruling families in the chiefdoms have been recognized and empowered by Sierra Leone's British Colonial Administration. The chiefs have the power to raise taxes, to some extent influence the judicial system and allocate land in the rural areas. Several chiefdoms have been constituted into a district council. These sub national government agencies receive surface rentals from mining companies. These include Kono District, Tonkolili District Council, Upper Banta and Tankoro Chiefdoms.

3.1.3 Extractive sector reforms

The revised Precious Minerals Trading Act was approved by Cabinet in 2015 yet still awaits ratification in Parliament;

The new draft Minerals Policy has been finalized and requires nationwide consultation, Adoption by Cabinet and then parliamentary ratification;

The Extractives Industries Revenue Bill originally drafted in 2015, still needs parliamentary ratification. Consensus has however been built following an IMF sponsored seminar held between 19th and 24th July 2017 in Freetown.

The Artisanal Mining Policy drafted in 2017 awaits cabinet adoption and subsequent ratification by parliament.

Source: iati.dfid.gov.uk/iati_documents

3.1.4 Fiscal Devolution

The Local Government Act, 2004 provides the legal framework for the effective administration of local councils. It governs the 19 local councils consisting of 13 district councils and 6 city councils and gives them legislative, financial and administrative powers.

The Chieftaincy Act, 2009 makes provision for the election of paramount chiefs and sub-chiefs. The Local Government Act, 2004 gives both local councils and chiefdom councils powers to raise revenue from local taxes, property rates, licenses, fees and charges and to receive mining revenue, interest and dividends etc.

The Local Government (Assumption of Functions) Regulations, 2004 also guide the process of devolution. This legislation specifies 80 functions to be devolved from central to local government, designates the devolving central ministry, department or agency.

3.2 Oil/Gas

3.2.1 Description of fiscal regime, laws, reforms and regulations

The main legislation governing petroleum exploration and production activity in Sierra Leone is the Petroleum (Exploration and Production) Act 2011 (the “E&P Act”).

Section (2) (1) of the E&P Act vests all rights of ownership in and control of petroleum (i.e. crude oil or natural gas or a combination of both) in its natural state in, under or upon any land of Sierra Leone in the Republic of Sierra Leone.

Licenses are allocated through a tendering process, and are the product of negotiations between the licensee and the Government of Sierra Leone, but will contain detailed provisions including regulatory, development and production provisions captured in clauses found within the model petroleum agreement.

3.2.2 General Fiscal Regime of the Petroleum Industry

The upstream oil and gas sector has a fiscal regime comprising a Concession and Production Sharing Agreement (hybrid).

The Fiscal Regime of the oil and gas sector comprises three key instruments; (i) Royalty; (ii) Income Tax and (iii) Petroleum Resource Rent Tax (PRRT). These, together with other complementing provisions, form the overall fiscal regime for Sierra Leone’s hydrocarbon industry. The following are specific rules that apply:

Table 3.4: Summary of fiscal Regime in the oil and Gas Sector

Type of Agreement	Hybrid Royalty-Tax Agreement	
Corporate Income Tax	30%	
Exploration Period	Seven (7) years consisting an initial exploration period of 3 years with two (2) extension periods contingent on fulfilment of Work and Financial Obligations of each of the two (2) renewal periods	
Work Programme	Negotiable, based on minimum expenditure	
Relinquishment	Licensee cannot retain more than 50% of licensed area after the initial exploration period and no more than 25% after the first extension period	
Royalties (Oil)	Water depths up to 200 metres	10.0%
	Water depths over 200 metres	8.0%
Royalties (Gas)	Water depths up to 200 metres	5.0%
	Water depths over 200 metres	3.0%
Surface Rental	Initial Exploration Period	US \$40 per sq. Km. per Annum
	1st Extension Period	US \$60 per sq. km. per annum
	2nd Extension Period	US \$85 per sq. km. per annum
	Development and Production	US \$110 per sq. km. per annum

<http://www.slsolutions.org/investment-opportunities/oil-gas/>

3.2.3 Other Fiscal Requirements

- i. **Training Fees:** Section 89 of the Exploration & Production Act requires every licensee to pay into the Training, Research and Development Fund an annual training, research and development fee, as provided in the License.

In the tender document for third licensing bid round in 2012 it was stated that all companies must pay a minimum annual training fee of US\$ 200,000.00 per annum.

- ii. **Capital Gains Tax:** the Income Tax Act provides for taxation of the premium received by the assignor in the assignment of any participating interest in a License
- iii. **Petroleum Resource Rent Tax (PRRT):** This is a progressive tax instrument. The PRRT has a legislative basis (both in the E&P Act and Income Tax Act).
- iv. **Assignment Fees:** During any exploration period, if the licensee assigns in whole or in part its rights, privileges, duties and obligations to any assignee other than an Affiliate, the licensee shall pay to the Petroleum Directorate the sum equivalent to an assignment fee of US\$1,000,000.

During any development or production period, if the licensee assigns in whole or in part its rights, privileges, duties and obligations to any assignee other than an Affiliate, the licensee shall pay to the Petroleum Directorate an assignment fee of US\$2,000,000.

If there is an assignment to an Affiliate of any of the entities constituting a licensee during any exploration or development phase, the licensee shall pay to the Petroleum Directorate an assignment fee of US\$500,000.

3.2.4 Roles of institutions in the Oil/Gas sector

The Petroleum Directorate and the National Revenue Authority are the two institutions that are relevant for revenue collection purposes in the Oil/Gas sector.

a. The Petroleum Directorate

The Petroleum Directorate was established in 2011 within the amendment of the Petroleum Exploration and Production Act of 2011.

The Directorate's responsibilities include:

- ❖ Coordinating the award of licenses
- ❖ Negotiating the terms of licenses
- ❖ Monitoring, regulating and facilitating upstream activities on behalf of the state
- ❖ Developing regulations from the beginning of exploration to decommissioning

In managing the petroleum resources on behalf of the state, the Directorate reports directly to the President.

Following a successful collaboration with TGS Nopec, ownership of a series of 3D seismic surveys acquired by TGS under a multi-client agreement has now reverted to the Petroleum Directorate. The surveys include the Blocks 4 & 5 survey (2008), the Blocks 3, 4A, 4B / 4A Extension (2011 / 14) and the merged Fusion 3D dataset.

At the pre-production stage in the petroleum industry, the Petroleum Directorate is responsible for the collection of virtually all the revenues within the sector.

b. National Revenue Authority

The National Revenue Authority in Sierra Leone administers most of the taxes payable in Sierra Leone.

3.2.5 Reforms in the oil and Gas Sector

A revised Petroleum and Gas Law drafted in 2016 awaits parliamentary ratification.

3.2.6 Fiscal Devolution

The Local Government Act, 2004 gives both local councils and chiefdom councils powers to raise revenue from local taxes, property rates, licenses, fees and charges and to receive mining revenue, interest and dividends etc.

The local councils and chiefdoms do not collect any fees or levies from Oil and Gas companies as subnational level.

3.3 License Allocations

3.3.1 Mining Sector

The Mining sector licensing regime operates on a first- come first- served system. The National Minerals Agency is the principal point of contact for the general public in all mineral rights matters. It consists of the Mining Cadastre Office (MCO) and the Geographical Information System (GIS), which holds the cadastral survey map of Sierra Leone.

a. The licensing process is divided into three broad areas

Application Stage

- ❖ This commences with an applicant identifying a plot of land.
- ❖ Filling application forms (downloading on line) and submitting it to the cadastral office of the National Minerals Agency with the necessary attachments. These attachments include the audited financial statements of the corporate body, certificate of incorporation, technical and financial proposals.
- ❖ The details submitted are entered into the cadastral system.
- ❖ An application number is generated which is based on the sequence of arrival. This number is unique and automatically generated.

Validation Stage

- ❖ This process is to ensure that the same plot is not submitted for two applicants.
- ❖ The details of a plot in the system are sent to the Geological survey.
- ❖ The Geological survey superimposes the plot on the existing mineral right map of Sierra Leone, using coordinates.
- ❖ The result of the overlay above will indicate if the plot is available, requires some adjustment or is not available.

Approval Stage

- ❖ The approval of mineral rights is made by the Minister of Mines and Mineral Resources on the recommendation of the Minerals Advisory Board. However reconnaissance licenses do not go to the Minerals Advisory Board. After validation applications for reconnaissance licenses are sent to the Director of Mines for recommendation to the Minister.
- ❖ The cadastral office draws out a list of validated applications
- ❖ The Board makes a decision and communicates to the cadastral office on whether an application has been approved or rejected.
- ❖ After approval, the applicant is notified accordingly.
- ❖ Applicant has to write to accept the offer.

- ❖ The cadastral office is then directed by the Director of Mines to issue an instruction for payment.
- ❖ Applicant is informed of amount to pay.
- ❖ The payment which is computed by taking into consideration the size of the concession in square kilometers by the cadastral office is then paid to the National Revenue Authority office located at the Ministry of Mines and Mineral Resources. ¹<http://www.nma.gov.sl/home/licence-application-process/>

Table 3.5: Types of Mining Licenses issued in Sierra Leone

<i>Type of Licence</i>	<i>Description</i>
<i>Reconnaissance</i>	<p>A reconnaissance license which is the first stage in the mining enterprise entitles the holder to search for all minerals by geological, geophysical and geochemical means.</p> <p>In general, reconnaissance licenses do not permit drilling, excavation, or other physical activities on the land, except where such activity is specifically mentioned by the license.</p> <p>A reconnaissance area shall not exceed 10,000(ten thousand) square kilometers.</p> <p>The license is granted for one year and renewed for another year.</p>
<i>Exploration License</i>	<p>Exploration license which covers the second stage of mining operations entitles the holder to search for stipulated minerals and to determine their extent and economic value.</p> <p>This license is granted initially for 4 years with a first extension for 3years and a further extension for 2 years, making up a total of 9 years.</p> <p>The size of concession granted for the first 4 years is a maximum of 250 (km)². This size is halved from the 4th year onwards i.e. 125km². If one holds more than 125km² then the license fees required is increased.</p>
<i>Small Scale Mining License</i>	<p>The small scale mining license is granted for a maximum of 100 hectares for an initial period of 3 years. There should be 25% Sierra Leonean ownership for license to be issued.</p>
<i>Large Scale Mining License</i>	<p>The large scale mining license is granted for a period of 25 years. The license is reviewed every 5 years.</p>

Technical and financial criteria used in the award of licences in 2016

Technical Capability

The Mines Directorate at the National Minerals Agency carried out technical assessment of all applications for the periods under review and it was ensured at least that:

- ❖ The required application forms were fully and legibly completed;
- ❖ All required attachments were fully provided as stipulated in the requirements for applying for the various categories of licenses;

- ❖ For all exploration Mineral Rights applications, the minimum expenditure commitments were met. Table A4 in the Mines and Mineral Regulations 2009 provides guidelines indicating a list of acceptable expenditures;
- ❖ Depending on the category of Mineral Right, it was also ensured that the following technical details were provided by applicants:
 - Knowledge of the geology and mineral potential of the proposed licence area;
 - Map of proposed license area (map drawn such that it indicates relevant geological features);
 - Detail work program for first year (including equipment expected to be used) plus detailed indicative work program for subsequent years applied for;
 - An expenditure commitment commensurate with the proposed work program
 - Mine plan including a proposed program of mining operations and infrastructure
 - An Environmental Impact Assessment (EIA) Licence and report confirming that environmental, social, health and safety issues are adequately addressed.
 - Full feasibility study including a detailed report on the geology and mineralization, mining & treatment options, a financial/business plan, and marketing plan.
 - Applicants also provided a summary of the responsibilities and number of proposed technical and administrative staff that would support the proposed mining or exploration work program.
 - As required, all applicants made a statement of commitment (for employing Sierra Leoneans and protecting the environment) a critical assessment of these statements was also done by the Minerals Advisory Board by looking at the modalities put in place by the various applicants towards the fulfillment of such commitments;
 - All applicants (especially for exploration licences) provided the curriculum vitae (CVs) of persons to be responsible for supervising all exploration work as an evidence of their ability to successfully undertake the proposed field work;

Financial Capability

Applicants also provided various supporting documents confirming their financial capability to undertake the proposed exploration/mining programs.

Some of these documents included; bank statement (with a minimum balance enough to meet the expenditure commitments of the proposed work program for the first year of grant of the licence), letters of support from financial institutions (confirming the financial standing of applicants) or letters of support from parent or sister companies committing to provide the requisite financial resources needed by applicants to undertake the proposed exploration/mining programs. Other applicants that had existing businesses provided audited financial statement for the year immediately preceding as a demonstration of good financial capability to undertake work as proposed.

All of these were thoroughly assessed by the Board before arriving at a final decision to recommend the various licences to the Hon. Minister of Mines and Mineral Resources for approval and grant of the licences. Licences issued in 2016 are shown in Table 3.8

Companies covered in the EITI Report: The Mining companies covered in the 2016 Report obtained their licenses prior to the period under review. All these companies had licenses granted to them on first come first served basis.

a. Legal and institutional Framework on Licensing

Section 2(1) of the MMA, 2009 states that all rights of ownership in and control of minerals in, under or upon any land in Sierra Leone and its continental shelf are vested in the Republic.

Section 29(2) of the MMA, 2009 also confers the power to dispose of mineral right applications for a reconnaissance licence, exploration licence, small-scale mining licence or a large-scale mining licence expeditiously. This is carried out on the advice of the Minerals Advisory Board.

The institutional framework has been outlined in the MMA, 2009 under Part III Administration of the Act. *See <http://www.sierra-leone.org/Laws/2009-12.pdf>*

b. Amendments

The holder of a large scale mining license may make amendment to

- The program of mining operations
- The environmental management program amended to the large scale mining licence
- The program of employment and training of citizen of Sierra Leone.

- i. Particulars of the proposed amendments including where appropriate, particulars of any significant impacts to the environments that any amendment could entail shall be served on the Minister.
- ii. Any proposed amendment which substantially alters any provision forming part of the conditions of the large scale mining license or will adversely affect the environmental management program will require the written approval of the Minister.

c. **Deviations from the applicable legal and regulatory framework:**

According to the CSOs the mining licensing regime lacked information flow and there was no representative of civil society on the Minerals Advisory Board. This is contrary to Section 11(2j) of MMA, 2009.

Efficiency: The mineral rights acquisition and licensing system is quite transparent and efficient.

Licence Registry

Section 40 of MMA, 2009 provides for the establishment of a minerals cadaster Office which variously ensure the maintenance of the following:

- a. Register of mineral rights;
- b. Register of mineral rights applications;
- c. Cadastral survey map of mineral rights and mineral rights applications

Section 40 (2) stipulates that the mining cadastre should include a computerized system involving a spatially related database for registering and administering mineral rights and mineral rights applications.

Section 40 (3) requires the Mining Cadastre Office to officially confirm mineral rights and generate certificates.

Sierra Leone has a web based cadastre system, Mining Cadastre Administration System (MCAS) which provides information on the following with the view to ensuring transparency in the management of minerals rights.

- 1. License holders,
- 2. Coordinates,
- 3. Application dates and
- 4. Duration of license.
- 5. Commodity being produced.

In addition to the MCAS, an online repository (*See <http://sierraleone.revenuesystems.org>*) also provides information on license payments made during the year.

The MCAS is limited to the mining sector and does not include information from the Oil/Gas sector.

The licence applications in 2016 are shown in table 3.6 below. There was one application for mining lease for the exploitation of bauxite. An amount of US\$575,000 was paid by Sierramin Bauxite SL (Ltd) for the licence. *(See Table 3.6).*

Table 3.6: Summary of licenses applications in 2016

	2016
No. of Mining Applications	25
o/w Explorations	23 ⁴
o/w Large Scale Mining Lease	1
o/w Small Scale Mining	1
No. Granted	14
Diamond Dealers	167
Gold Dealers	55
Industrial & Sand Based Exporter	43
No. of Transferred License	1
No. Of Mining Concession Cancelled	57

Source: <http://sierraleone.revenuesystems.org>

2016 Applications

Table 3.7: Exploration Licence Applications

Code	Holder / Company	Status	Application Date
APL-I-771	Afro Euro Mining (SL) Limited	Validation	11 - Aug 16
APL-I-772	Afro Euro Mining (SL) Limited	Validation	11 - Aug 16
APL-I-773	Afro Euro Mining (SL) Limited	Validation	11 - Aug 16
APL-I-775	Afro Euro Mining (SL) Limited	Validation	22 - Aug 16
APL-I-776	Afro Euro Mining (SL) Limited	Validation	22 - Aug 16
EL 1/2017	Algom Resources Limited	Active License	31 - Aug 16
APL-I-780	ANZAK Mining Limited	Approval	10 - Oct 16
APL-I-781	ANZAK Mining Limited	Validation	10 - Oct 16
EL 1/2016	Citigate Commodities Trading Company Limited	Active License	04 - Jan 16
EL 2/2016	Citigate Commodities Trading Company Limited	Active License	04 - Jan 16
EL 9/2016	Geffen Minerals Limited	Active License	26 - Jul 16
EL 13/2016	Hunan Mining Company (SL) Limited	Active License	20 - Oct 16
EL 10/2016	Longtiaoshan (SL) Company Limited	Active License	28 - Jul 16
EL 5/2016	Majestic Exploration Mining Company (SL) Ltd	Active License	01 - Mar 16
EL 8/2016	Mourne Mining Limited	Active License	08 - Jul 16

⁴ See Appendix 1A

APL-I-778	Moyamba Bauxite Limited	Registration	13 - Sep 16
APL-I-779	Moyamba Bauxite Limited	Registration	13 - Sep 16
EL 3/2016	Muhaba Minerals Holdings (SL) Limited	Active License	04 - Jan 16
EL 4/2016	Perfect International Company Limited	Active License	05 - Apr 16
EL 2/2017	Serrarus Mining and Exploration Limited	Active License	26 - Jul 16
APL-I-758	Tandem Liber Holdings Limited	Validation	01 - Mar 16
APL-I-759	Tandem Liber Holdings Limited	Validation	01 - Mar 16
EL 6/2016	Tandem Liber Holdings Limited	Active License	01 - Mar 16
EL 7/2016	Tandem Liber Holdings Limited	Active License	01 - Mar 16
EL 12/2016	Zephyr Resources (SL) Limited	Active License	16 - Jun 16
EL 11/2016	Zwell Investment Company Limited	Active License	26 - Jul 16

Table 3.8: Licenses granted in 2016

Application Code	License Code	Application Date	Start Date	Expiry Date	Base Value	Base Name	Owner Name	Tax Identification No	Type
APL-I-755	EL 1/2016	04 Jan 2016	19 Jan 2016	20 Oct 2017	72.9300	Sq. Kms	Citigate Commodities Trading Company Limited	1069690-2	Exploration
APL-I-770	EL 10/2016	28 Jul 2016	09 Sep 2016	09 Sep 2025	232.4100	Sq. Kms	Longtiaooshan (SL) Company Limited	1078581-9	Exploration
APL-I-769	EL 11/2016	26 Jul 2016	29 Aug 2016	29 Aug 2025	127.9300	Sq. Kms	ZWELL INVESTMENT COMPANY LIMITED	1075021-6	Exploration
APL-I-765	EL 12/2016	16 Jun 2016	26 Sep 2016	26 Sep 2025	78.1800	Sq. Kms	Zephyr Resources (SL) Limited	1077999-2	Exploration
APL-I-782	EL 13/2016	20 Oct 2016	28 Oct 2016	20 Oct 2017	52.1000	Sq. Kms	HUNAN MINING COMPANY (SL) LIMITED	1081144-0	Exploration
APL-I-756	EL 2/2016	04 Jan 2016	19 Jan 2016	20 Oct 2017	80.0500	Sq. Kms	Citigate Commodities Trading Company Limited	1069690-2	Exploration
APL-I-757	EL 3/2016	04 Jan 2016	19 Jan 2016	19 Jan 2025	46.4800	Sq. Kms	Muhaba Minerals Holdings (SL) Limited	1072878-4	Exploration
APL-I-763	EL 4/2016	05 Apr 2016	10 May 2016	10 May 2025	102.5800	Sq. Kms	Perfect International Company Limited	1050214-3	Exploration
APL-I-762	EL 5/2016	01 Mar 2016	26 May 2016	26 May 2025	66.9700	Sq. Kms	Majestic Exploration Mining Company (SL) Limited	1075400-0	Exploration
APL-I-760	EL 6/2016	01 Mar 2016	14 Jun 2016	14 Jun 2025	76.5000	Sq. Kms	Tandem Liber Holdings Limited	1070934-1	Exploration
APL-I-761	EL 7/2016	01 Mar 2016	21 Jun 2016	21 Jun 2025	139.8600	Sq. Kms	Tandem Liber Holdings Limited	1070934-1	Exploration
APL-I-766	EL 8/2016	08 Jul 2016	09 Aug 2016	09 Aug 2025	107.7000	Sq. Kms	Mourne Mining Limited	1078929-1	Exploration
APL-I-767	EL 9/2016	26 Jul 2016	16 Aug 2016	16 Aug 2025	249.1800	Sq. Kms	Geffen Minerals Limited	1099246-4	Exploration
APL-I-774	ML 1/2016	05 Aug 2016	07 Sep 2016	07 Sep 2086	123.9100	Not Applicable	Sierramin Bauxite (SL) Limited	1057073-9	Large Scale

Licence Relinquishment

24 licences were relinquished to the Government of Sierra Leone in 2016, 18 of which were surrendered for the whole (complete) licence area and 6 of which were surrendered for a part (partial) of the licence area. (*See Appendix 1B*)

Source: NMA

Efficiency

The online repository which acts as a mirror of the Mining Cadastre Administrative System (MCAS) was designed originally to be used as a platform for publishing both tax and non-tax data. However, to date, only non-tax data (XML files from MCAS) is being directly uploaded on to the repository.

The Geological Information Management System (GIMS), is up and running with an online portal (<https://gims.nma.gov.sl/>) but the online version currently contains virtually no geological data.

Licenses transfer

According to section 119 of MMA, 2009,

- i) An application for transfer of a large-scale mining licence shall be made to the NMA office in the prescribed format.
- ii) The application shall be forwarded to the Minerals Advisory Board.
- iii) Where the Minerals Advisory Board has determined that an Applicant for the transfer of a large scale mining license and the transferee have met all requirement under the act for such transfer, the Board shall certify to the Minister in the prescribe form that it advises that the application be approved and such certification shall be recorded in the mining cadastre.
- iv) The Minister shall on certify advice following the application give or refuse to give his approval in writing, subject to such condition as he deems necessary in the circumstance to impose.
- v) The Minister shall call the applicant in writing of his decision on the application and if the application is refused the minister shall give reason for such refusal.
- vi) The applicant is required to make the following declaration:

“If application for transfer is not coincident with a license anniversary, do you accept the current approved work program and expenditure commitment (whether or not partially completed by transferor) and any prior liabilities or obligations of the transferor?” *Source:*

<http://www.nma.gov.sl/home/wp-content/uploads/2015/08/Form-B11-B25-Second-Schedule.pdf>

The mining cadaster does not provide information on license transfers.

In accordance with Section 49, NMA maintains a register of mineral rights applications, the cadastral survey map of mineral rights and applications, and it is publicly open for inspection.

Licence Transferred

According to the NMA, in 2016 only one (1) licence was transferred from its previous owner, Germinate (SL) Ltd to a new owner Meya Mining Ltd.

Accessibility Guidance: The Register is available at the Ministry of Mines and Minerals Resources. Information at the Data Rooms can be accessed electronically by link <https://sierraleone.revenuedev.org/login>

Legal or practical barriers: There are no legal barriers to the comprehensive disclosure of information on the register.

Section 49 grants the public unrestricted access to information on any license. It stipulates that, the register of mineral rights applications, the cadastral survey map of mineral rights and applications, shall be open to inspection by members of the public.

Gaps in the Register: The current online mining register at the Ministry of Mines and Mineral Resources though regularly updated could be improved with additional information on contracts and agreements.

3.3.2 Allocation of Oil and Gas License

Assessment and negotiations of bids submitted during the licensing rounds appear to have been rather broad-based. Assessment was done by a Bid Assessment Committee consisting of the Vice President, the Minister for Mineral Resources, the CSOs Sierra Leone Association of Journalists and the 50:50 Women's Group, as well as Parliament, the University and Fuel Distribution Agencies.

Likewise, negotiations were undertaken by a committee chaired by the Vice President, consisting of the Attorney General, the Minister of Finance, Ministry of Mineral Resources, the Commissioner General of the NRA, Parliament and the University. *Source:* <https://po.missouri.edu/.../wa?...%22SL%20Oil%20Sector%20Report%20...SL%20Oil>

Oil and Gas licence could be granted to any individual or any company registered or incorporated under the Companies Act 2009 of the Laws of Sierra Leone or as a registered branch of an overseas company.

Applications for a License can be made in the following circumstances:

(a) Prequalification; or (b) through a call for tenders.

- The Tender process is initiated by a call for tender through the Sierra Leone Gazette, Government's official weekly magazine.
- The call for tender notice will disclose the duration of the Licensing Round, a map of the Blocks on offer, along with coordinates, contacts of recipients of application, among other things.
- Which is followed by an official launch normally done through a PD-initiated Road show event, or taking advantage of a pre-planned global industry event such as AAPG, Africa Oil Week, Offshore Technology Conference or the like.
- Technical presentations will be made either as part of the main conference agenda, or at the margins of such events where the latter, targeting key investors who may have been identified from preexisting inventory.

Interested parties will thereafter submit requests for prequalification which may be granted by the Directorate if preliminary assessment indicates that the applicants possess the technical and financial wherewithal to undertake oil and gas exploration in environments to which the acreage release relates. Approval will indicate whether the applicant qualifies for as operator or as a mere partner where partnership is proposed.

The details of licensing costs are not provided in the E&P Act but rather in the official tender document issued by the Petroleum Directorate. In the call for tender for the third licensing bid Round, application fees of US\$ 25,000.00 was charged per oil block.

Where the application is successful and this leads to the execution of a license agreement, surface rent per annum is payable.

An Oil and Gas license granted under the E&P Act shall be valid for a maximum period of thirty years from the effective date, unless sooner cancelled or terminated as provided under the Act.

The Oil and Gas license comprises of an exploration period and production period. An exploration period shall last for a maximum of seven years, divided into an initial period of three years, a first extension period and a second extension period of up to two years each.

An Oil and Gas license granted by the Minister responsible for petroleum matters becomes binding on the parties only after Parliamentary ratification.

[Licence Register](#)

The Oil/Gas register is obtainable at the office of the Administrator and Registrar General, Roxy building, Walpole Street Freedom. According to Petroleum Directorate work is in progress to get the electronic version of contracts/agreements accessible (via internet)

Assignment/Transfers

- A licensee is prohibited from directly or indirectly assigning its interest in a petroleum interest, whether in whole or in part, to a third party or affiliate without the prior written approval of the Minister. The E&P Act makes it mandatory for a License to provide that a licensee wishing to assign, sell or transfer its interest, whether in part or in whole shall give the right of first refusal to the State of Sierra Leone to acquire the interest at the same price as agreed with a potential purchaser.
- Transfer of ownership of oil and gas concessions presupposes the need for such transfers otherwise called assignment in part or in whole. Such assignments are largely driven by the need for cost/ risk sharing, and by withdrawals of other partners to a Joint venture Agreement arising out of the completion of particular projects.
- Where the need arises, the potential partners would normally discuss the details in terms of working interests that could devolve to incoming partners-whether 100% or part thereof. It is worthy to note that some of these transfer arrangements could trigger taxation if it is determined by the tax authorities that capital would be gained from such a given transaction.
- The said details would be reflected in a Joint Venture proposal, which will be submitted along with an application for consent by the Directorate.
- Grant of such consent will be based on certain predetermined criteria including the capability of the incoming partners, in terms of both experience working in similar environment if the incoming partner will become the operator, a revised work plan if any, etc.
- Subject to payment of related taxes and other charges as assignment fees, where necessary, the approval will thereby be granted.

Relinquishment/Termination

No relinquishment in 2016.

The licenses covering the following blocks were revoked in 2016:

Blocks SL-7C-10 and SL-10B-10 granted to A-Z Petroleum Products (SL) Ltd; SL-7A-10 granted to Minexco (SL) Ltd and Signet Petroleum Ltd; .SL-4B-10 awarded to Prontinal Ltd; and Block SL-05-10 awarded to Oranto Petroleum Ltd

Abandonment and Decommissioning

The Petroleum Directorate is the body charged with regulating the decommissioning of oil and gas facilities No security deposits are required in respect of future decommissioning liabilities. However, there shall be a fund to be used only for decommissioning (the “Decommissioning Fund”). The first contribution shall not be made before the commencement of production

Licensing and Award of Oil Blocks

2003/2004 Round

Licenses of blocks 1 through 4 have re-allocated multiple times as investors with limited commitment, expertise or financial means have failed to comply with the work programmes set out in the petroleum agreements.

The first bid round was opened in April 2002 and closed in May 2003. The US-based real estate firm #8 Investments was awarded block 4, the Nigerian firm Oranto Block 5 and the Spanish major Repsol YPF blocks 6 and 7. Petroleum agreements with 7-year exploration programmes were signed in August 2003. In February 2008, #8 Investments formed Prontinal and farmed 15% of the acreage in block 4 to Australian-based Elixir which also became operator of the Block. Following disputes with its joint venture partner Prontinal about non-payment of fees for seismic data, Elixir sold its interest back to Prontinal, which is now the sole operator of block four. The company has since relinquished 50% of its acreage in the block.

The Second Bid Round for the remaining blocks 1-3 opened in October 2004 and closed in May 2005. These blocks are outside the Sierra Leone Liberia Basin and proved harder to sell. Block SL-3 was awarded to Frazimex of Nigeria in October 2005 but was terminated in 2009 by the PRU for failure of the company to comply with the work programme and has been awarded to European Hydrocarbons.

In 2006 Block SL-1 was awarded to Oil Field resources - a subsidiary of British Virgin Islands-registered Nigerian independent Amber Petroleum. This was later relinquished and in 2008, Luxemburg-based Young Energy Prize was granted concessions for blocks 1 and 2. In addition three new blocks – SL-8, SL-9, SL-10, - have been designated. *Source:* <https://po.missouri.edu/.../wa?...%22SL%20Oil%20Sector%20Report%20...SL%20Oil>

Until 2012, the main actors in the petroleum sector were: (i) Anadarko/Repsol/Tullow Oil; (ii) Talisman/Prontinal; (iii) Lukoil/Oranto; (iv) Young Energy Prize; and (v) African Petroleum.

2012 Licensing Round

In August 2012 a new round of Oil Block Tender was completed, which saw the award of 9 more Petroleum Blocks to a range of companies. This process involved a total of 59 applications and summarised as well as other pertinent information

Technical and Financial Criteria

The technical criteria used for the 2012 bidding rounds for Oil blocks included

(See Appendix 2)

- i. Technical understanding of block/basin area
- ii. Exploration Expertise
- iii. Work programme and
- iv. Health and Safety management.

The financial criteria: financial capability which is further disaggregated into smaller elements including Project Financing Plan, sources of funds, debt-equity ratio; Commercial Proposal; Management system; and Miscellaneous; with different weights assigned, with 'Technical' accounting for 40%, 'Finance' 40% and the 20% distributed among the rest.

It should further be noted that safeguards are sufficiently built in the system to assure inter rater reliability, to the extent that the variance between raters did not exceed 10% margin.

Year 2016

No licence was awarded or amended during this period.

Proposed 2018 Licensing Round

Sierra Leone's Fourth Offshore Petroleum Licensing Round is scheduled to end in May 2018.

Source: <http://www.offshoreenergytoday.com/tag/sierra-leone/>

Efficiency: Formally, this is a rather inclusive approach to licensing, but given limited expertise amongst stakeholders other than the PRU, the main locus of negotiations is still the PRU and the President's Office. Training of the other stakeholders in activities regarding the sector and the representation of multiple interests in bid rounds will surely contribute to transparent and open oil licensing practices.

Source: <https://po.missouri.edu/.../wa?...%22SL%20Oil%20Sector%20Report%20...SL%20Oil>

Table 3.9: Sierra Leone Petroleum Licensing Update

Block No.	Commodity	Awarded to Groups/ Company	Appl. Date	Awarded Date	Expiry Date	Acreage (km ²) & Cost		Status as at Dec. 2016
SL- 03	Oil/gas	European Hydrocarbons		April 2010	23/04/2019	1930 Originally 3860 km ²	50% relinquished consistent requirement for progression to next stage	1st Ext.
SL 4A- 10	Oil/gas	African Petroleum, 100%		17/09/2012	23/04/2019	1995 km ² Originally 1995 km ²		1 st Ext

Source: Petroleum Directorate

Oil Discovery in Sierra Leone

Sierra Leone does not have any producing fields, but recent exploration activities have confirmed a working petroleum system generating high-quality oil.

Venus discovery

The first oil discovery was made in 2009 on a license operated by US operator Anadarko Petroleum. The Venus exploration well was drilled to around 5,600 m total depth in about 1,800 m of water, encountering a pay zone of 45 net feet.

Mercury discovery

Also on the SL6/07 block, Anadarko and its partners made a second deepwater discovery with the Mercury-1 well. Both Venus and Mercury were drilled in the Albian in water depths of 1,600m or more.

Jupiter discovery

The Jupiter-1 well, drilled to a total depth of just under 6,500 m, was Sierra Leone's third deep-water discovery. Anadarko (operator, 55%) and partners Repsol and Tullow Oil made the discovery in 2012 in the SL-07B-11 block, encountering 30 meters of net pay in the Upper Cretaceous target area.

Savannah discovery

Sierra Leone's most recent discovery was made by operator Lukoil and its partners Oranto and Vanco on the SL-05B-11 deepwater block. The Savannah-1x well revealed 3 m net pay of light oil at 4,741 m total depth. In total, eight wells have been drilled, of which six were spudded between 2009 and 2013, with four discoveries made.

Major Companies in the Oil and Gas Industry – 2016

Licence Overview

In Sierra Leone, African Petroleum holds a 100% operated working interest in offshore licences SL-03 and SL-4A-10. African Petroleum was awarded a 100% interest in SL-03 in April 2010, while licence SL-4A-10 was awarded as part of Sierra Leone's third offshore licencing round in 2012. Licences cover a combined net acreage of 3,925km².

In November 2016, the Company signed an agreement with the Sierra Leone government to enter into the first extension period of the SL-4A-10 licence. The SL-03 licence is currently in the first extension period which ended on 23 April 2017.

Licence Activity

Since gaining operatorship of the Sierra Leone Licences, African Petroleum has acquired approximately 2,500km² of 3D seismic data over block SL-03 and approximately 1,000km² of 3D seismic data over block SL-4A-10. The Company has already identified a number of key prospects.

Licence Amendments

In November 2016, African Petroleum reached agreement and submitted it to the Government of Sierra Leone to proceed into the First Extension Period of the SL-4A-10 licence and to modify the work program.

As at end of 2016, the agreement had not been ratified.

3.4 Contracts

3.4.1 Mining

The following large scale mining contracts are publicly available at <https://slminerals.org/contracts>

Table 3.10: Mining Lease Agreement

Agreement	Company	Year
Mining Lease Agreement ML01-10	African Minerals Ltd Group	2010
Mining Lease Agreement ML02-09	London Mining Company	2012
Mining Lease Agreement ML06-95	Koidu Holdings SA	2012
Mining Lease Agreement ML01-05	Sierra Minerals Holdings ¹	2012
Mining Lease Agreement ML2134	Sierra Rutile Limited	2002

Source: <https://slminerals.org/contracts/>

3.4.2 Contract Disclosure

The government of Sierra Leone does not have a contract disclosure policy. However, the SLEITI Bill⁵ have provisions and objectives which are intended to promote contract disclosure. The bill has not been passed into law at the time of filing this report.

The Right to Access Information Act 2013, has its preamble stating “Being an Act to provide for the disclosure of information held by public authorities or by persons providing services for them and to provide for other related matters”

Again, Section. 40 (2) of PEPA 2011 states “Each Petroleum Licence and any accompanying agreement between the state and licensee, providing details on the licence conditions attached to the licence, shall be published in its entirety in the Gazette.”

The Oil/Gas contracts and licence agreements are obtainable at the office of the Administrator and Registrar General, Roxy building. Walpole Street Freedom. According to Petroleum Directorate work is in progress to get the electronic version of contracts/agreements accessible (via internet)

Pursuant of the above, the NMA has on its website thirteen contracts including Environmental Impact Assessments and model contracts, publicly displayed.

These are:

1. African Minerals Limited, Environmental Impact Assessment, 2010
2. London Mining Company Limited, Concession, 2012

⁵ According to the MSG, The SLEITI Bill is still on hold until such a time when it deems it fit to continue with the process. From the 2017 to 2019 work plan (Under SO 2) SLEITI MSG will continue to undertake reviews and make submissions /amendments to the different existing and emerging policies and legislations and if all transparency and accountability goals and full requirements of the EITI Standard cannot be met, then the development of and lobbying for supplementary and complementary extractive industries and transparency policy and law will be considered

3. Model Contract, Concession, 2012
4. African Minerals Limited, Tonkolili, Concession, 2010
5. Koidu Holdings SA, Concession, 2010
6. Sierra Minerals Holdings 1, 28N Gria Zone, Environmental Impact Assessment, 2012
7. Tonguma Limited, Tonguma, Environmental Impact Assessment, 2014
8. Sierra Rutile Limited, Concession, 2002
9. Tonguma Limited, Tonguma, Concession, 2012
10. Sierra Rutile Limited, SRL Acquisition No. 3 Limited, Concession, Amendment, 2004
11. London Mining Company Limited, Environmental Impact Assessment, 2012
12. Sierra Minerals Holdings 1, 28N Gria Zone, Concession, 2012
13. Koidu Holdings SA, Environmental and Social Impact Assessment 2011

See, http://www.nma.gov.sl/resourcecontracts/search?q=&order=asc&sortby=contract_name

3.5 Beneficial Ownership

Sierra Leone has outlined a roadmap toward the achievement of the goal on Beneficial Ownership reporting by 2020.

A training workshop was conducted for mining and oil/gas companies in 2017. Subsequently, a meeting was held in August 2017 to discuss the Beneficial Ownership and Disclosure Report published by Alexandra Readhead. The report reviewed the legal framework and the institutional capacity of relevant MDAs to implement the BO requirement by the deadline

It was agreed by the SLEITI Multi-stakeholder group that the Corporate Affairs Commission would serve as focal point for collection of the BO data, and liaise with the SLEITI secretariat to finalize the Corporate Governance Code and to ensure its alignment with the global EITI beneficial ownership requirement. An amendment to the Companies Act 2009 is to be pursued for mandatory beneficial ownership disclosure by all companies operating in Sierra Leone.

For the publication of the 2016 EITI Report, SLEITI requested companies to submit their BO information on templates albeit voluntary basis until January 2020.

Compliance with this initiative will familiarize stakeholders with BO disclosure and afford SLEITI the opportunity to appraise the reporting process and adequately respond to challenges if any.

2016 BO Reporting

Information furnished the IA was in respect of Koidu Ltd. Koidu Ltd disclosed the company's legal owners as well as beneficial owners. However percentage holdings of beneficial owners were not indicated. Other companies did not submit their BO templates. (See Appendix 9)

3.6 State Participation in the Extractive Sector

Mining and General Services Ltd (MAGS) which is reported as the only SOE in the mining sector but is currently engaged in services such as transportation and mining support including acting as shipping agents and providing clearing and forwarding and travel services. It has no active mining engagement.

African Minerals Ltd (now Shandon Steel) has also developed significant port and rail infrastructural support through its subsidiary African Rail and Port Services (SL) Limited in which the Government of Sierra Leone has a 10% free carried interest.

Government Participation in Oil and gas

Under the hybrid fiscal regime, GOSL will acquire 10% Carried interest in all concessions (with an additional 5% option) with interest held by the national oil company when eventually formed.

In the interim Petroleum Directorate represents the state in concessions.

Materiality of 2016 SOE Revenues

According to the NRA and NMA the government of Sierra Leone did not receive any revenue on its interest in African Rail and Port Services Ltd as well as that of Mining and General Services Ltd (MAGS).

Government loan

In 2016, there was no government loan or loan guarantee to mining/Oil & Gas companies.

4.0 Exploration, Production and Exports

Geology

Most of the country is underlain by rocks of Precambrian age. The Precambrian (mainly Archaean) outcrops over about 75% of the country and typically comprises granite-greenstone terrain. Highly folded greenstone belts predominate in the north and central Sierra Leone. In the southeast, the metamorphic facies increases, first with the Kambui Schists and finally with the Mano-Moa Granulites. The Kambui Supergroup includes most of the schist belts exposed in the Sula Mountains and the Kangari, Kambui, Nimini and Gori Hills and the Marampa Group; the greenstone belts are the principal hosts of the gold mineralisation of the country.

<https://slminerals.org/geography-and-geology/>

4.1 Exploration Update

Some projects for Gold, Diamond, Bauxite, Rutile and Sand-based minerals have been accelerated by favorable global commodity market prices. Conversely, there have been decline in exploration activities due to slump in Iron Ore prices.

Summary mining exploration update for some companies in Sierra Leone is presented below.

Stellar Diamonds PLC

Stellar Diamonds PLC completed an independent Preliminary Economic Assessment in their resource evaluation work and were able to define a Joint Ore Reporting Code (JORC) from deeper mining and other kimberlite bodies within their concession. The deposits have been extensively explored over the years that delivered robust economic justification for the application of a mining license.

Diamond Prospecting - Meya Mining

Based on satellite imagery on previous exploration work, a number of targets were generated and a diamond drill program was initiated.

A 50 ton/hour processing plant was commissioned to enhance advance exploration and mine development processes such as bulk sampling, pitting and pre mining activities to pave way for a Preliminary Economic Assessment in their resource evaluation process.

Diamond Prospecting - Seawright Mining Company

The principal focus was to explore for alluvial possibilities .In addition, Seawright Mining Company contracted a privately owned Geophysical Consulting Services to accelerate exploration of new targets.

Diamond Prospecting - Mourne Mining

This is a startup project with exploration based on previous exploration work in the area. Exploration activities is focusing at the initial phase such as desktop studies, camp construction and equipment mobilization.

[Ferenbola and Iron Ore \(Blue Horizon SL Limited\)- Gold](#)

During the period, the company contracted a drilling contractor and drilled in excess of 9,000m of oriented diamond drill core on their licence.

The company also completed a soil sampling program across the licence area. *Source: NMA*

[Algom Resources Limited- Gold](#)

The company took over the mining lease from Cluff Gold PLC and recommenced exploration work with the re-establishment of the camping infrastructure and start up, accessing, retrieval and review of historic data.

Re-logging of previously drilled holes have been completed to date and interpolation of results to compare with previous drill hole data.

[Nimini Mining Company- Gold](#)

The status of the project is that:

1. Independent potentially mineable Mineral Resource Estimate as at June 2013 represented a 21% increase in Indicated Mineral Resources.
2. Field program have identified targets both close to the Komahun deposit and within the greater Mining Licence area for future drilling to possibly add to mineral resources
3. The project is currently under care and maintenance. *Source: NMA*

[Sierra Minerals Holdings 1 Bauxite](#)

The existing bauxite mine is Sierra Minerals Holdings 1 which has a resource base and are focusing on vertical integration mechanism by securing all raw materials necessary for the entire production chain through expanded exploration in the north of their concession.

Extensive exploration involving drilling, pitting and geological mapping is continuing north of the current mining lease with the aim of developing additional resources.

[Sierramin Bauxite](#)

- ❖ Three exploration licenses were granted with initial term of 4 years, extendable for an additional 2 years and reached JORC in October 2015
- ❖ Conversion to mining lease granted in 2016

Other companies focusing on bauxite exploration have been granted exploration license and have since commenced initial exploration work on their concession.

Apart from the expansion towards Sembahun of the existing Rutile Mine in the south, no new application for rutile exploration by other companies lately. Zircon and Coltan are predominantly limited to small scale and artisanal. Source: NMA

4.2 Production and Exports

EI Production and Exports

There were increases in the production of iron ore, diamonds and rutile between 2015 and 2016 (*See Table 4.1*)

The total value of mineral exports increased by 31% in 2016 to US\$471,531,832 from US\$358,863,680 compared to exports in 2015. With the exception of ilmenite and zircon, there were increases in export values for all minerals in 2016. (*See fig 4.1*)

Mineral exports accounted for about 91 percent of total exports in 2016 compared to 95% in 2015.

Table 4.1: Mineral Production & Exports in 2016

Table 4.1 Mineral Production & Exports in 2016								
No.	COMPANY	MINERAL TYPE	PRODUCTION QUANTITY	PRODUCTION ⁶ VALUE(US\$)	UNIT	EXPORT QUANTITY	UNIT	SALES VALUE (US\$)
1	TIMIS MINING	Iron Ore	0.00	0.00	wmt	0.00	wmt	0.00
2	TONKOLILI IRON ORE	Iron Ore	6,175,958.00	170,447,810.60	wmt	5,157,254.48	dmt	142,333,016.97
3	KOIDU LIMITED	Diamonds	303,566.00	75,792,740.56	carats	318,373.22	carats	79,489,728.31
4	SIERRA RUTILE LTD	Rutile	148,541.00	102,397,339.02	dmt	155,150.35	dmt	106,953,521.17
		Ilmenite	28,102.00	3,007,100.52	dmt	29,356.42	dmt	3,141,331.79
		Zircon	1,329.00	217,235.17	dmt	5,054.70	dmt	826,229.19
5	SIERRA MINERALS HOLDINGS LIMITED	Bauxite	1,429,589.45	49,824,408.87	wmt	1,465,531.37	wmt	51,077,065.65
6	ARTISANAL MINING	Diamonds	N/A	N/A	carats	225,807.81	carats	78,441,100.29
		Gold	N/A	N/A	grams	187,673.12	grams	6,855,757.69
		Tantalum	N/A	N/A	kg	328,000.00	kg	2,372,673.33
		Zircon	N/A	N/A	DMT	325.00	DMT	41,408.00
	TOTAL		8,087,085.45	401,686,634.74				471,531,832.39

Source: National Minerals Agency: Production values computed by IA.

⁶ Production values have been computed using sale value per unit of commodity. For artisanal mining, production volumes were not available at the NMA and the IA did not have those figures. Total production quantities and values stated in Table 4.1 do not include those from Artisanal Mining.

Figure 4.1: Mineral Exports in 2015 and 2016



4.2.1 Composition of Mineral: Diamonds constitute 33.5 % of total minerals export in 2016 whilst Iron Ore contributed 30% the total minerals export. (See Table 4.2 and Fig 4.1)

Table 4.2: Exports in 2016

Mineral	Exports(US\$)	%
Iron Ore	142,333,017	30.2
Diamonds	157,930,828	33.5
Rutile	106,953,521	22.7
Ilmenite	3,141,331	0.6
Zircon	867,637	0.2
Bauxite	51,077,065	10.8
Gold	6,855,757	1.5
Tantalum	2,372,673	0.5
	471,531,832	100

Composition of National Exports

Minerals continue to feature prominently in the country's export commodities in 2016

The value of EI mineral exports as a whole increased to US\$ 471.5million in 2016 constituting about 91% of the total exports in 2016.

Table 4.3: Value of EI Exports in 2016

Commodity	Amount(US\$)	%
Minerals	471.5	91.1
Coffee	3.4	0.6
Cocoa	8.5	1.6
Piassava	-	-
Fish	3.6	0.7
Others	24.4	4.7
Re-Exports	3.2	0.6
Total Exports	514.6	100

Source: Bank of Sierra Leone

5.0 Revenue Collection

5.1 Revenue Flow

5.1.1 (A) Mining

- i. Revenues collected in the mining sector are from large and small scale mining operations (*See Tables 5.1&5.2*). These are non-tax and tax revenues.
- ii. The revenues are from the exploration and production phases of the mining chain. Indirect taxes including PAYE and withholding taxes were excluded from the revenues considered for reconciliation. Those payments are made on behalf of employees and other entities and not on the companies or extractive entities own behalf.
- iii. The non-tax revenues include exploration licence, mining licences and mineral royalty. Mining entities engaged in exploration and mining activities pay exploration and mining licences respectively. Mineral royalty is paid by entities engaged in the production of minerals. Companies producing minerals also pay corporate income tax on profits declared annually. Exploration/ Mining licences, royalty and corporate income tax are collected by the NRA.
- iv. In addition to the above, large scale mining lease holders also pay surface rentals to district councils, Paramount Chiefs/ Chiefdom Administration, Constituency Development Fund and individuals with surface rights within their areas of operation.

Surface rent is paid in accordance with **part 5, section 34 of the Mining and Minerals Act 2009**. Surface rents are negotiated between the companies and the communities.

- v. The holder of a small-scale or large scale mining licence shall assist in the development of mining communities affected by its operations to promote sustainable development, enhance the general welfare and the quality of life of the inhabitants, and shall recognize and respect rights, customs, traditions and religion of local communities(MMA,2009) . This is to be achieved through community development agreements.

Holders of small or large scale mining licence shall expend in every year that the **community development agreement** is in force, no less than one percent of one percent of the gross revenue amount earned by the mining operations in the previous year to implement the agreement, and such amount and breakdown of expenditures shall be reported to the Minister annually as may be prescribed. (Section 139(4); MMA, 2009). The holder of a small-scale or large scale mining licence is required to have and implement a community development agreement with the primary host community if its approved mining operation will or does exceed any of the following limits:

- a) In the case of extraction of minerals from primary alluvial deposits, where annual throughput is more than one million cubic metres per year;
- b) In the case of underground mining operations, where annual combined run-of-mine ore and waste production is more than one hundred thousand tonnes per year (waste material not exiting mine mouth to be excluded)
- c) In the case of open-cast mining operations extracting minerals from primarily non-alluvial deposits, where annual combined run-of –mine ore, rock, waste and overburden production is more than two hundred and fifty thousand tonnes per year; or
- d) Where the licence holder employs or contracts more than one hundred employees or workers at the same mine site on a typical working day (including all shifts).
- e) The community development Fund replaced the agriculture development fund. Only Sierra Rutile Ltd had arrangements involving the agriculture development fund and made payments towards the fund.

vi. [Environmental Payments](#)

The Environmental Protection Agency also collects payments for environmental Impact Assessment licencing fees and environmental Impact Assessment monitoring fee from extractive companies seeking and holding mining leases.

(B) Revenues from small scale Gold /Diamond and Koidu Ltd

The Precious Minerals Trading (PMT) undertakes valuation and certification of gold and diamond for export and arranges the collection of taxes levied on them.

Export licence holders who trade with small scale gold and diamond producers do not pay royalty, but pay export duty. The duty is currently pegged at 3% of valued diamond and 5% of gold sales.

Valuation of diamonds from the large scale producer, Koidu (OCTEA) is handled by PMT but arranges the payment of corresponding royalty to NRA.

Licensed gold and diamond traders and their accredited agents pay license fees. Fee assessment is made by the National Minerals Agency (NMA) but payment is made to the NRA.

Table 5.1: Revenue Streams

Revenue stream	Description/Details
Exploration Licence	Exploration licence fee is area based and is US\$100/sq. km for the first 4 years. Beyond, the fee Is US\$400/ sq. km for the first 125km ² , with anything in excess of 125km ² attracting a fee of US\$800/sq. km. Payment is made annually.
Mining Licence	Fees paid annually by holders of mining lease in accordance with section 152 of the Mining and Minerals Act 2009. Small scale mining licence is granted for an initial period of 3 years. The large Scale mining licence is granted for a period of 25 years.
Royalty	<p>Mineral royalty is a production based tax which is levied on the basis of section 148 of the Mines and Minerals Act 2009. Thus the holder of a mineral right shall pay to the government royalty in respect of any mineral obtained by him pursuant to his mineral right.</p> <p>Royalty payable is a percentage of the market value of mineral.</p> <p>The royalty payable applicable is as follows:</p> <ul style="list-style-type: none"> a) 15% for special stones defined as those stones whose market value is above five hundred thousand United States dollars. (Amended in the Finance Act, 2015 from 15% to 3%). b) 6.5% for precious stones obtained under a large scale or small scale mining license and 3% for precious stones obtained under artisanal mining licence. c) 5% for precious metals obtained under a large scale or small scale mining license and 3% for precious metal obtained in artisanal mining d) 3% for all other minerals
Corporate tax	<p>This is tax on profit paid by entities in the extractive industry. The income tax rate applying to mining companies is 30%. It is levied in accordance with the provisions of the Income Tax Act 2000.</p> <p>The capital allowance regime provides for first year allowance of 40% on qualifying assets, and 20% for each succeeding year for the next three years.</p> <p>Losses made in the current year shall be set off against profits of the succeeding year</p>
Diamond Exporter's Licence fee	This is the annual fees paid by licenced exporters of diamonds
Diamond Export Duty	Tax paid on the export of diamonds by licence holders. The rate is 3% on the value of diamond to be exported

Surface Rental	<p>Surface rent is paid in accordance with part 5, section 34 of the Mining and Minerals Act 2009. This is paid only by entities with mining licence. Surface rents are negotiated between the companies and the communities. There are basically three modes of payments.</p> <p>a) Companies pay the total amount to the District council, which in turn give a portion to the relevant Chiefdom Councils.</p> <p>b) The company pays surface rent to the Chiefdom Administration, which pays part to the District Council.</p> <p>c) The company pays directly to district councils, chiefdom councils and individual landowners according to the formula prescribed by part 5 section 34 of the MMA, 2009.</p> <p>The basis of payment may either be on per km² basis or a lump sum per annum.</p> <p>Formula for distribution:</p> <p>50% - Land owners</p> <p>15% - Paramount chief.</p> <p>15% - District Council</p> <p>10% - Chiefdom Council</p> <p>10% - Constituency development.</p>
Environmental Licence	Licence obtained after conducting Environmental impact studies. It is a pre-requisite for obtaining mining licence. Its payment is based on the Environmental Protection Act 2008.
Environmental Monitoring Fee	Amount levied to enable the EPA to ensure compliance with the environmental impact study.
Agriculture Development Fund	Amount paid by Mining companies for agricultural development activities in their catchment areas
Community Development Fund	Amount paid by companies to assist in the development of communities affected by mining. Replaced the agricultural development fund. Paid in accordance with section 139 of MMA 2009. Amount is not less than 1% of 1% of gross income of companies

5.1.2 Oil/Gas

Revenues from the Oil/Gas sector include;

- ❖ Training fund
- ❖ Surface rental
- ❖ Technology Bonus
- ❖ Environmental Impact Assessment Licence
- ❖ Environmental Impact Assessment Monitoring Fees
- ❖ Signature Bonus
- ❖ Extension fees
- ❖ Sale of geophysical data

The revenue flows within the extractive sector in Sierra Leone at the time of the scoping study are indicated below

Table 5.2: Revenue flow during Scoping study

Revenue Stream	Extractive Industry	Frequency of Payment	Agency Responsible for collection	Application of payment.
<i>Exploration License</i>	<i>Mining</i>	<i>Annual</i>	<i>NRA</i>	<i>Consolidated Fund</i>
<i>Mining License</i>	<i>Mining</i>	<i>Annual</i>	<i>NRA</i>	<i>Consolidated Fund</i>
<i>Surface Rent</i>	<i>Mining</i>	<i>Annual</i>	<i>Chiefdom/District Council</i>	<i>Disbursed according to formula.</i>
<i>Royalty</i>	<i>Large Scale Mining</i>	<i>Depends on Agreement.</i>	<i>NRA</i>	<i>Consolidated Fund</i>
<i>Royalty</i>	<i>Small scale Mining</i>	<i>When Minerals sold</i>	<i>NRA</i>	<i>Consolidated Fund</i>
<i>Corporate tax</i>	<i>Mining</i>	<i>Annual(Depends on contract)</i>	<i>NRA</i>	<i>Consolidated Fund</i>
<i>Payroll tax</i>	<i>Mining</i>	<i>Annual</i>	<i>NRA</i>	<i>Consolidated Fund</i>
<i>Import duty</i>	<i>Mining/Petroleum</i>	<i>As and when</i>	<i>NRA</i>	<i>Consolidated Fund</i>
<i>PAYE</i>	<i>Mining/Petroleum</i>	<i>Monthly</i>	<i>NRA</i>	<i>Consolidated Fund</i>
<i>Withholding Taxes</i>	<i>Mining</i>	<i>As and when</i>	<i>NRA</i>	<i>Consolidated Fund</i>
<i>Agricultural Development Fund</i>	<i>Mining</i>	<i>Annual</i>	<i>MMMR</i>	<i>Mining Community for Agriculture Development</i>
<i>Community Development Fund</i>	<i>Mining</i>	<i>Annual</i>	<i>MMMR</i>	<i>Development of affected Mining communities</i>
<i>Diamond Exporter's license</i>	<i>Mining Exports</i>	<i>Annual</i>	<i>NRA</i>	<i>Consolidated Fund</i>
<i>Diamond Dealers Licence</i>	<i>Mining Exports</i>	<i>Annual</i>	<i>NRA</i>	<i>Consolidated Fund</i>
<i>Gold Exporters Licence</i>	<i>Mining Exports</i>	<i>Annual</i>	<i>NRA</i>	<i>Consolidated Fund</i>
<i>Gold dealers licence</i>				
<i>Export Duty on Diamonds</i>	<i>Mining Exports</i>	<i>On export</i>	<i>PMT/MMMR</i>	<i>Disbursed according to formula</i>

<i>Export duty on gold</i>	<i>Mining Exports</i>	<i>On export</i>	<i>PMT/MMMR</i>	<i>Disbursed according to formula</i>
<i>Training fees</i>	<i>Petroleum</i>	<i>Annual</i>	<i>Petroleum Directorate</i>	<i>Petroleum Directorate</i>
<i>Surface Rental</i>	<i>Petroleum</i>	<i>Annual</i>	<i>Petroleum Directorate</i>	<i>Consolidated Fund</i>
<i>Extension Fees</i>	<i>Petroleum</i>	<i>When required</i>	<i>Petroleum Directorate</i>	<i>Consolidated Fund</i>
<i>Sale of geophysical data</i>	<i>Petroleum</i>	<i>Upon request</i>	<i>Petroleum Directorate</i>	<i>Consolidated Fund</i>

Source: MOFED/Gov't Agencies

5.2 Scoping Study

The Independent Administrator carried out the scoping study to determine the following:

- The payments and revenue streams existing in the extractive sector in Sierra Leone, providing an outline of the payment flows within the industry. *(See Table 5.2 above)*
- A well-defined scope or reporting parameters for the 2016 SLEITI Reconciliation exercise including options for establishing a materiality threshold. Also, a minimum materiality threshold for not pursuing further investigation of discrepancies was recommended.
- The Reporting entities and the determination of other requisite parameters for the 2016⁷ SLEITI report.

Total payment of US\$**26,403,529.21** was documented as mining related receipts by government in 2016. The table below shows revenue streams used in establishing materiality for the 2016 report.

Table 5.3: Revenue streams used in the determination of materiality for 2016

Revenues received by NRA		(US \$)	(%) of Total Receipts
Mining Licences		4,358,852.55	16.51
Mineral Royalty		16,491,230.43	62.46
Corporate Tax		276,760.00	1.05
Gold dealers Licence		166,000.00	0.63
Gold Exporters Licence		2,759.86	0.01
Diamond dealers Licence		227,827.84	0.86
Diamond exporters Licence		697,359.02	2.64
Total		22,220,789.70	84.16
Revenues received by EPA			
Licenses Fees US\$		1,173,035.00	4.44

⁷ The IA undertook scoping studies for 2016.

Monitoring Fees US\$		234,607.00	0.89
Total		1,407,642.00	5.33
Revenues received by Precious Mineral Trading(GGDO)			
Gold			
Export Duty on gold		209,992.20	0.80
2.5% Consolidated Revenue		174,993.50	0.66
0.5% GGDO valuation		34,998.70	0.13
Total		419,984.39	1.59
Diamond			
Export duty on diamond		2,355,113.12	8.92
Total		2,355,113.12	8.92
			-
Grand Total		26,403,529.21	100

The revenue streams used to establish materiality were direct payments made by the extractive entities.

- i. These revenues are from the exploration and production phases of the mining chain. PAYE and withholding taxes were excluded from the revenues considered for the determination of materiality and reconciliation. This is because of the fact that those payments are not made by the reporting entities, but are made on behalf of employees and other entities, such as service providers.
- ii. The MSG determined that the cutoff point at which resolution of discrepancies will cease was 1% of total revenue.
- iii. Any revenue stream which had a value of less than 1% of total revenue was considered immaterial, unless the MSG for special reasons wanted the revenue stream included. Environmental monitoring fees for example had a value which was less than 1% of the value of total revenue, it was nonetheless included, due to the importance attached to environmental monitoring.
- iv. Direct payments such as diamond dealers licence⁸, Gold dealers Licence, Gold Exporters Licence, Export Duty on gold, 2.5% Consolidated Revenue and 0.5% GGDO valuation were excluded.
- v. For reconciliation, the MSG included other direct payments that were not used in the establishment of materiality thresholds. The collection of these revenue streams are not centralized. Without the benefit of full list of companies to report for reconciliation the

⁸ In 2016 over 150 entities made payments as diamond dealers licence for amounts ranging from US\$42 to 7000

IA could not obtain data for these revenue streams. These were surface rental, community development fund, agricultural development fund and constituency development fund. *(See section 5.3.2 on revenue streams below)*

The Independent Administrator presented materiality threshold analysis to the MSG.

5.3 Scoping Outcomes

MSG decisions regarding scope *(See Table 5.3)* for the 2016 SLEITI Report were based on extensive analysis report presented by the IA in November 2017. MSG has communicated their agreement on issues regarding scope and materiality for the 2015/16 SLEITI report contained in e-mails dated November 15, 2017.

The MSG's final relevant scoping decisions have been summarized in the following sections.

Table 5.4: Scoping Parameters for 2016 SLEITI Report

Parameter	Decision
Materiality Threshold for Mining	US\$170,000
Number of In Scope companies (Mining)	12
Coverage of selected companies payments to total preliminary receipts	89%
Number of In Scope companies(Oil and Gas)	0

5.3.1 Materiality statement and Reporting Entities:

All mining entities and diamond exporters that made minimum relevant payments of US\$170,000 in 2016 were required to complete reporting templates for the 2016 SLEITI report. *(See Table 5.4)*. The selected mining entities are shown in *Table 5.5* below and *Appendix 3*. The entities that did not meet the materiality threshold (out of scope) are listed in *Appendix 4*

- Any entity that met the materiality threshold was required to report on all the revenue streams approved by the MSG.

Table 5.5: Selected mining companies for 2016 SLEITI report

No.	TIN	Name of extractive Company	Mineral	Activity
1	1001358-5	KOIDU LTD.	DIAMOND	PRODUCTION
2	1000672-9	SIERRA RUTILE LTD	RUTILE	PRODUCTION
3		SIERRAMIN BAUXITE LTD	BAUXITE	
4	1000672-9	SIERRA MINERALS HOLDINGS LTD	BAUXITE	PRODUCTION
5	1000351-9	H. M. DIAMONDS	DIAMOND	EXPORTER
6		TONKOLILI IRON(ORE)SL LTD	IRON ORE	PRODUCTION
7		S.D STEEL(SL)LTD	IRON ORE	PRODUCTION
8		AFRICAN RAILS AND PORTS LTD	IRON ORE	TRANSPORTATION

9	1025212-6	KASSIM BASMA	DIAMOND	EXPORTER
10		KINGHO INVESTMENTS LTD	GOLD	EXPLORATION
11		AMR GOLD SL LTD	GOLD	EXPLORATION
12		ALLOTROPES DIAMOND LTD	DIAMOND	EXPLORATION

5.3.2 Revenue Streams

Mining Sector

Mining sector revenue streams approved by the MSG for inclusion in the 2016 SLEITI report are indicated below: *(See Tables 5.1 and 5.2)*

- *Mining Licence*
- *Exploration Licence*
- *Mineral Royalty*
- *Corporate tax*
- *Environmental Impact Assessment Licence*
- *Environmental Impact Assessment Monitoring fee.*
- *Export duty on diamonds*
- *Diamond Exporter's licence fees.*
- *Surface Rent*
- *Agricultural Development Fund*
- *Community Development Fund*

Table 5.6: Revenue Streams and receiving Government Agencies for 2016 reconciliation exercise

BENEFIT STREAM	NRA	MMMR	NMA	EPA	DISTRICT/ CHIEFDOM COUNCILS	MEMBERS OF PARLIAMENT
Royalty	✓					
Mining Licence	✓					
Exploration Licence	✓					
Corporate Tax	✓					
Environmental Assessment Monitoring fee				✓		
Environmental Assessment Licence				✓		
Export Duty on Diamonds			✓			
Diamond Exporter's Licence	✓					
Surface Rent					✓	✓
Community Development Fund					✓	
Agricultural Development Fund		✓				

All the above revenue streams from the mining sector were reconciled in the 2016 SLEITI report.

Additionally the reporting extractive entities and the NRA were to report on PAYE, Withholding tax, payroll tax and import duties paid in 2016 (*See Appendix 6*). These (PAYE, Payroll taxes, Withholding taxes and import duties) were not included in the reconciliation exercise for the 2016 EITI report upon the MSG's recommendations. Therefore these taxes were not included in Table 7.3.

5.3.3 Government reporting entities

The MSG determined that all government agencies that received extractive-related revenues from companies that paid amounts equal to or above the materiality threshold are in-scope and their revenues were included for reporting and reconciliation. Based on these criteria, the following government entities were identified as in-scope for the 2016 SLEITI report:

The National Revenue Authority (NRA), Environmental Protection Agency, Precious Minerals Trading, National Minerals Agency (NMA), Ministry of Mines and Mineral Resources (MMMR), District and Chiefdom Councils and members of Parliament. (*See Table 5.5*)

5.3.4 Oil/Gas

According to the Petroleum Directorate no revenue was received in 2016. Thus the 2016 SLEITI report does not include the reconciliation of oil/gas revenue streams. The revenue streams in the oil/gas sector are however shown below.

- ❖ Training fund,
- ❖ Surface rental
- ❖ Technology Bonus
- ❖ Environmental Impact Assessment Licence
- ❖ Environmental Impact Assessment Monitoring Fees
- ❖ Signature Bonus
- ❖ Extension fees
- ❖ Sale of geophysical data

The Oil/Gas companies were not operational in those years.

5.4 Reporting Companies and Extractive Industry Entities

Twelve companies/extractive entities met the materiality threshold in 2016. These entities are indicated in [Appendix 3](#). Entities that did not meet the materiality threshold and therefore considered out of scope of reconciliation are shown in [Appendix 4](#).

5.5 Discrepancy

For the purpose of the reconciliation, the reporting entities were required to provide justification for any discrepancy between individual financial flows exceeding 1% of the total revenue. Furthermore, the reconciliation exercise of material payments should be concluded when the discrepancy is less than 1% of the total reported government revenues.

Data Quality

[Assurances provided by reporting entities to the IA](#)

The MSG decided to include both senior Management endorsement and Auditors certification, to ensure maximum credibility of data. This was to ensure that, even in the absence of auditing the quality of data will be high.

- ❖ The Financial statements by Government Entities are audited by the Auditor General's Department. The Auditor General's Department endorsed the templates of government entities.
- ❖ The MSG decided that templates for extractive companies should be certified by the independent Auditors of these companies.

- ❖ In addition to the endorsements by auditors, senior management members endorsed the templates and embossed with company stamp on behalf of the board of directors.
- ❖ Templates were accompanied by appropriate supporting documents, such as receipts and bank statements.

6.0: Other Revenue Sources and Reporting Parameters

6.1 State's share of production or other revenues collected in-kind

There was no production share for the state in the mining sector in Sierra Leone in 2016.

Government does not own any extractive company where evidence was found that state has received revenues in 2016.

6.2 Mandatory and voluntary social expenditures

The mandatory social expenditures is the Community development fund is mandated by Mines and Minerals Act, 2009. (See sections 5.1 and 9.0)

There were no voluntary payments associated with training and social contribution from the oil companies.

6.3 Infrastructure provisions and barter arrangements

In 2016 there were no infrastructure provisions and barter arrangements that were found in existing contracts with mining companies.

6.4 Transportation payments

- i. Mining and General Services Ltd (MAGS) is the SOE in the mining sector engaged in transportation and mining support including acting as shipping agents and providing clearing and forwarding and travel services. It has no active mining engagement.

This company transports goods to mining companies as well as other sectors.

- ii. African Rail and Port Services (SL) Limited is a company in which the Government of Sierra Leone has a 10% free carried interest. It is involved in carrying iron ore from mine sites belonging to SHANDON Iron and steel group to the port.

In 2016 there were no transportation payments to government.

6.5 Quasi-fiscal expenditures

In 2016 our study of the existing companies in the extractive industry did not find existence of quasi-fiscal expenditures.

7.0 Reconciliation

7.1 Scope of Work

Basis of Reporting/Currency

The reporting currency for the assignment is the United States Dollars (US\$). The United States dollar (US\$) was chosen as it is the predominant currency used in transactions involving the revenue streams.

Exchange Rate: For translating Leones into US dollars, average exchange rate for the year has been applied. An exchange rate of 1US\$: **Le 6200** was applied.

Auditing

Companies/reporting entities

Section 54(6) of Companies (Amendment) Act 2014 states that ‘The directors of every company shall ensure all financial statements prepared in respect of the financial year are audited.’
<http://www.sierra-leone.org/Laws/2014-09.pdf>

The financial statements of companies are audited by the independent auditors of companies.

The companies prepare their financial statements using the accruals concept.

With the exception of Kingho Investment Ltd the financial statements⁹ of all participating entities have been audited for 2016 by independent auditors of the companies employing auditing

⁹ The audited financial statements of the companies were not available on their websites, although the IA obtained copies from the companies. See <http://www.koiduholdings.com/diamonds-doing-good.php>; <http://bauxite.vimetco.com/>

standards issued by the International Auditing and Assurance Standards Board. No audited financial statements of any participating entity was qualified.

Kingho Investment's contribution to total government receipts at reconciliation was US\$500,000, which is 2.9% of final government receipts. Despite the fact that the financial statements of Kingho Investment Ltd was not audited, the company's template was authenticated by its external auditor. Additionally the company provided supporting document which had the same value as that reported by the NRA. There was therefore no discrepancy between government receipts and amount reported by Kingho Investment Ltd.

Government entities

The financial statements of the central government are prepared using the cash basis of accounting in compliance with the international public sector accounting standard.

Section 119 of the Constitution of Sierra Leone mandates the Auditor General to audit the Public Accounts of Sierra Leone and all public offices, including courts, the accounts of the Central and Local Government Administration, of university and public institutions of like nature, statutory corporations, companies or other bodies and organizations, established by an Act of Parliament or statutory instrument or otherwise set up partly or wholly out of public funds shall be audited and reported by or on behalf of the Auditor General. <http://www.sierra-leone.org/Laws/constitution1991.pdf>

Government reporting entities financial statements are audited by the Audit Service of Sierra Leone. The Audit Service of Sierra Leone is a member of the International Organization of Supreme Audit Institutions (INTOSAI) and African Organization of Supreme Audit Institutions (AFROSAI) and applies the International Standards of Supreme Audit Institutions (ISSAI) issued by (INTOSAI) in its auditing work.

The 2016 Auditor General's report had this to say about domestic revenue (collected by the NRA) "Controls around the assessment, collection and reporting of government revenue continue to improve". This was made possible by improvement in control weaknesses.

The report however bemoans the lack of regular reconciliation between the NRA in respect of the various revenue departments and the transit banks and also between the NRA and the bank of Sierra Leone. The Auditor General gave an unqualified opinion on the consolidated revenue fund. Thus there was improvement in the collection and reporting of domestic revenue in 2016 compared to 2015.

(See <http://www.audit-service.gov.sl/report/assl-auditor-general-annual-report-2016.pdf>)

Despite the improvement in the collection and reporting of domestic revenue the MSG decided to use the 2-tier confirmation method to obtain high level assurance on data quality.

All the templates submitted by the government entities were scrutinised and certified by the Audit Service of Sierra Leone, in addition to endorsement by senior Finance personnel of the Agencies.

As indicated later in section on activities at reconciliation, all the agencies submitted supporting documents in support of amounts stated on the templates.

7.2 Activities undertaken at reconciliation

Data Collection and Analysis

Credibility of data

In order to assure the credibility of the data in accordance with EITI standard, the MSG agreed that the following should be provided as part of the completed templates by participants.

- ❖ Sign-off from a senior company or government official from each reporting entity attesting that the completed reporting template is a complete and accurate record.
- ❖ An endorsement on the template by the companies' external auditor that confirms that the information they have submitted is comprehensive and consistent with their audited financial statements.
- ❖ All the templates should include appropriate supporting documents, such as receipts and bank statements.
- ❖ Government reporting entities obtain a certification of the accuracy of the government's disclosures from the Auditor General. Thus templates from the government Agencies are sent for endorsement by the Audit service. The agencies provide bank statements and supporting documents to the Audit Service.
- ❖ Detailed schedule of payments and supporting documents.

Thus a two-tier confirmation process which was meant to ensure the best data quality was employed.

The MSG had the view that the Auditors attestation will ensure the completeness and reliability of the data as they are professionally enjoined to provide true and fair view of financial statements. This means that even where financial statements have not been audited the data provided will be of high quality.

Again with the provision of supporting documents, the independent Administrator can also have the opportunity to check and comment on the reliability of the data.

The MSG collected the templates from the reporting entities between 20th October 2017 and 30th November, 2017 (except for NRA), meant for the 2015/16 report. Subsequently there was a decision to report separately for 2015 and 2016. For the 2016 report all the templates were

submitted on time

Data reliability check

Data collected was scrutinised to ensure that they fully meet the requirements set out for the completion of templates. As a result data reliability was checked against the following criteria:

- ❖ **Completeness:-** Templates submitted by participating candidates were checked to ensure that all requisite responses have been thoroughly completed.
- ❖ **Relevance:-** Attached documentations such as receipts and schedules were checked for their relevance to figures and periods provided on the templates.
- ❖ **Correctness/accuracy:-** Figures provided in the templates were checked for correctness against receipts or other documentations provided. Also figures on receipts were summed up to ensure they tally with the figures provided in the templates.

To confirm the accuracy and reliability of data the following activities were undertaken.

Surface Rentals

Payments made were checked, to ensure that they were made in accordance with the Minerals and Mining Act, 2009 part 5.

Exploration Licence

The exploration licence number was checked, taken specific notice of the type and number of licences. Fees paid was checked and compared with amount payable.

Mining Licence

To check the reliability of the mining licence, checks were made on the on line repository to find out if the reporting company has a mining licence. Secondly the amount paid is checked if it is a mining lease payment as it is bigger than exploration licence fees.

For Royalty: Royalties paid in 2016 were obtained from the NRA and NMA.

- ❖ Details of mineral production in 2016 was obtained from the NMA.
- ❖ Production figures were compared to export figures from the Bank of Sierra Leone.
- ❖ Royalty payable was computed based on rate levied (based on contract between the company and GoSL) and the value of production and export as provided by NMA/Bank of Sierra Leone. Royalty rates were also indicated on the templates.

- ❖ Computed royalty payable was compared to actual payment indicated on templates and any discrepancy resolved if any.

Other checks for reliability were performed for all the remaining revenue streams applying the relevant laws and clauses in contracts between the companies and GoSL.

Certification:- Templates were checked to ensure that they have been properly endorsed by completing officers with appropriate signatories and official stamps. Attestation from auditors and the Audit Service of Sierra Leone were checked for reporting companies and government entities respectively.

Initial Reconciliation

A database in Microsoft excel was set up for the reporting entities and populated with details from the templates.

Reconciliation was undertaken on company by company basis and at mining lease level.

All discrepancies were identified.

Investigation of Discrepancies

The following steps were undertaken to investigate discrepancies.

- i. Examination of supporting documents
- ii. Clarifications were sought from the reporting entities
- iii. Amendments to initial amounts provided by the entities were undertaken to obtain final figures.
- iv. Final figures are reconciled to obtain the final amounts.

7.3 Results of Reconciliation

The results are indicated below

7.3.1 Reporting

Companies

Four companies, namely Sierra Rutile Ltd, Sierramin Bauxite Ltd, AMR Gold Sierra Leone Ltd and Allotropes Diamond Ltd failed to report.

Sierra Rutile Ltd is under new management, and the management indicated that it is studying the books of the company and therefore not in a position to report in spite of all the efforts by the MSG. AMR Gold Sierra Leone Ltd is currently not operating in Sierra Leone.

Tonkolili and African Ports and Services Ltd were all reported under S.D. Steel Ltd as they are subsidiaries of Shandon D. Steel Ltd. Payments were made in the names of the parent company as well as the subsidiaries. (*See Observation and significant findings*)

Oil/Gas: There were no templates received from companies in the Oil/Gas sector. The companies in the sector were not operational in 2016.

Government Agencies: All the government agencies that were required to report provided templates.

7.3.2 Completeness, accuracy and reliability of data

Companies/reporting entities

- The 2016 financial statements of the entities participating in the reconciliation exercise have been audited to international standards, with the exception of Kingho Investments Ltd. (See section 7.1 on Auditing).

All the templates submitted by extractive entities have been certified and stamped by the independent auditors.

All the templates were endorsed by Senior Finance Managers of the companies and embossed with company stamps.

Government Agencies

- All the templates submitted by government Agencies were certified by the Auditor General.
- All the templates were embossed with the stamps of the entities and signed off by senior Finance Managers.

The Independent Administrator however could not evaluate the internal controls within any of the participating companies/government entities, and could therefore not place any reliance on them (internal controls).

The data quality was good as most of the figures on the templates had supporting documents. This is further shown by the fact that with the exception of community development fund all the initial discrepancies were resolved.

7.3.2 Unilateral declaration by government agencies

Revenues received by government Agencies from the companies that made payments in 2016 but did not submit templates are shown in Table 7.1 below,

Table 7.1: Unilateral declaration - 2016

Name of Company	Government Agency		
	NRA(US\$)	EPA(US\$)	Total(US\$)
Sierra Rutile Ltd	5,833,685.91	264,864	6,098,549.91
Sierramin Bauxite Ltd	537,179.00	-	537,179.00
AMR (GOLD) Ltd	183,896.00	-	183,896.00
Allotropes Diamond Ltd	176,181.62		176,181.62

7.3.3 Reconciliation by companies

Reconciliation of extractive companies and government receipts as presented by companies is shown in table 7.2.below

Table 7.2: Reconciliation by companies

Company	Company			Government			Final Amounts			
	Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	Under
Koidu Ltd	5,534,932	(68,349)	5,466,583	5,466,482	-	5,466,482	5,466,583	5,466,482	101	-
Sierra Rutile Ltd	-	-	-	-	-	-	-	-	-	-
Sierramin Bauxite Ltd	-	-	-	-	-	-	-	-	-	-
Sierra Minerals Holding 1 Ltd	2,511,127	(143,920)	2,367,207	2,252,516	-	2,252,516	2,367,207	2,252,516	114,691	-
H.M Diamonds	1,620,110	(1,524)	1,618,586	1,618,586	-	1,618,586	1,618,586	1,618,586	0	-
S.D STEEL-Tonkolili Iron Ore	6,461,821	185,405	6,647,226	6,506,140	141,086	6,647,226	6,647,226	6,647,226	(0)	-
Kassim M Basma	670,525	-	670,525	700,612	(30,087.0)	670,525	670,525	670,525	-	-
Kingho Investments Ltd	500,000	-	500,000	500,000	-	500,000	500,000	500,000	-	-
AMR Gold SL LTD	-	-	-	-	-	-	-	-	-	-
Allotropes Diamonds Ltd	-	-	-	-	-	-	-	-	-	-
Total	17,298,514	(28,387)	17,270,127	17,044,336	110,999.00	17,155,335	17,270,127	17,155,335	114,792	-

7.3.4 Reconciliation by Revenue streams

Table 7.3 below shows reconciliation of extractive entities payments and government receipts as shown by revenue streams.

Table 7.3: Reconciliation by revenue streams

2016	Company			Government			Final Amounts			
Revenue Stream	Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Unresolved Over	Under
Mining Licence	1,812,692	-73,907	1,738,785	2,238,785	-500,000	1,738,785	1,738,785	1,738,785	0	0
Exploration Licence	20,711	0	20,711	19,711	0	19,711	20,711	19,711	1,000	0
Royalty	12,215,221	0	12,215,221	11,574,034	641,086	12,215,120	12,215,221	12,215,120	101	0
Export duty for Diamonds	2,017,373	0	2,017,373	2,012,460	4,913	2,017,373	2,017,373	2,017,373	0	0
Corporate Tax	201,738	0	201,738	201,738	0	201,738	201,738	201,738	0	0
Diamond Exporter's License fee	71,524	-1,524	70,000	105,000	-35,000	70,000	70,000	70,000	0	0
Environmental Impact Assessment License	467,795	193,150	660,945	660,945	0	660,945	660,945	660,945	0	0
Environmental Impact Assessment Monitoring Fees	93,559	38,630	132,189	132,189	0	132,189	132,189	132,189	0	0
Surface Rent	284,211	-184,736	99,474	99,474	0	99,474	99,474	99,474	0	0
Agricultural Development Fund	0	0	0	0	0	0	0	0	0	0
Community Development Fund	113,691	0	113,691	-	-	-	113,691	-	113,691	-
TOTAL	17,298,514	(28,387)	17,270,127	17,044,336	110,999.00	17,155,335	17,270,127	17,155,335	114,792	-

7.3.5 Non material revenue streams

Please find below the values for the following revenue streams which were not reconciled because individually, their values represented less than 1 % of the total direct payments used in establishing materiality.

Table 7.4: Direct payments that were not reconciled in the 2016 report

Revenues collected by NRA	Amount(US\$)	Percentage(%) of Total Revenue
Gold dealers Licence	166,000.00	0.63
Gold Exporters Licence	2,759.86	0.01
Diamond dealers Licence	227,827.84	0.86
Revenues collected by PMT (NMA)		
Export Duty on gold	209,992.20	0.80
2.5% Consolidated Revenue	174,993.50	0.66
0.5% GGDO valuation	34,998.70	0.13
Total	816,572.10	3.09

Thus direct payments that were not reconciled amounted to US\$816,572 and represented 3.09% of the total payments of **US\$26,403,529.21**.¹⁰

7.3.6 Discrepancy: Discrepancies are labelled as positive if for the same revenue stream, the amount reported by companies exceeds that reported by the government Agencies as receipts. If the amount received by the government Agencies exceeds payment by the companies, the resulting discrepancy is labelled negative.

There was unresolved discrepancy of US\$114,792. This represents 0.67% of government receipts.

a) Resolution of Discrepancies

- The resolved columns indicated in the reconciliation (tables 7.1 and 7.2) show the resolutions of discrepancies that were undertaken.
- Supporting documents were provided in the instances where discrepancies occurred after the initial reconciliation.

b) Extractive entity and discrepancies

The discrepancies and the companies concerned with are shown in Table 7.5 below

¹⁰ According to the NRA, Withholding Tax and PAYE paid by Extractive entities in 2016 amounted to 10,852,266,932.26 and Le114, 464,205,629.76 Sierra Leone Leones respectively.

Table 7.5: Extractive entity and discrepancies

2016		Unresolved discrepancies	
Extractive Entity	Amounts reported by company but not confirmed by Gov't Agency	Amounts reported by government but not by company	
Koidu Ltd	101	-	
Sierra Rutile Ltd	-	-	
Sierramin Bauxite Ltd	-	-	
Sierra Minerals Holding 1 Ltd	114,691	-	
H.M Diamonds	0	-	
S.D STEEL-Tonkolili Iron Ore	(0)	-	
Kassim M Basma	-	-	
Kingho Investments Ltd	-	-	
AMR Gold SL LTD	-	-	
Allotropes Diamonds Ltd	-	-	
Total	114,792	-	

c) Revenue streams and discrepancies

The discrepancies from the revenue streams perspective are shown below in table 7.6.

Table 7.6: Revenue streams and discrepancies

2016		Unresolved	
No.	Revenue Stream	Amount by which extractive entity payment exceeded that reported by gov't agency	Amount by which gov't entity receipt exceeded that reported by gov't agency
1	Mining Licence	0	0
2	Exploration Licence	1,000	0
3	Royalty	101	0
4	Export duty for Diamonds	0	0
5	Corporate Tax	0	0
6	Diamond Exporter's License fee	0	0
7	Environmental Impact Assessment License	0	0
8	Environmental Impact Assessment Monitoring Fees	0	0
9	Surface Rent	0	0
10	Agricultural Development Fund	0	0
11	Community Development Fund	113,691	0
	TOTAL	114,792	0

The main cause of discrepancy of US\$114,792 resulted from community development fund, reported by Sierra Minerals Holding 1 Ltd. There was no corresponding report of community development from any government agency.

➤ **Contribution of Revenue streams to government receipts**

The contribution of the various revenue streams to the final government receipts obtained after reconciliation is shown below. The table shows mineral royalty as the biggest contributor to government receipts, followed by export duty on diamonds.

Table 7.7: Contribution of revenue streams to government receipts

Revenue Stream	Government Receipts (US\$)	Percentage contribution %
Royalty	12,215,120	71
Export duty for Diamonds	2,017,373	12
Mining Licence	1,738,785	10
Environmental Impact Assessment License	660,945	4
Corporate Tax	201,738	1
Environmental Impact Assessment Monitoring Fees	132,189	1
Diamond Exporter's License fee	70,000	0
Surface Rent	99,474	1
Exploration Licence	19,711	0
Agricultural Development Fund	0	0
Community Development Fund	0	0
TOTAL	17,155,335	100

➤ **Contribution of Companies payments to government receipts.**

The amounts and percentages contributed by extractive companies to government receipts obtained at reconciliation are shown below.

Table 7.8: Contribution of extractive entities to government receipts

Extractive Entity	Amount paid	percentage
Koidu Ltd	5,466,482	31.86
Sierra Minerals Holding 1 Ltd	2,252,516	13.13
H.M Diamonds	1,618,586	9.43
S.D STEEL-Tonkolili Iron Ore	6,647,226	38.75
Kassim M Basma	670,525	3.91
Allotropes Diamonds Ltd	-	-
Sierra Rutile Ltd	-	-
Sierramin Bauxite Ltd	-	-
Kingho Investments Ltd	500,000	2.91
AMR Gold SL LTD	-	-
Total	17,155,335	100

7.3.7 Coverage

The coverage of the report is shown in table 7.9 below. It indicates the proportion of the government receipts in the reconciliation to total receipts by government in 2016.

Table 7.9: Coverage of EITI Reconciliation

	Government Receipts (EITI reconciliation)	Total receipts	% coverage
Royalty	12,215,221	16,491,230	74
Mining Licence	1,738,785	4,358,853	40
Export duty for Diamonds	2,017,373	2,355,113	86
Environmental Impact Assessment License	660,945	1,173,035	56
Corporate Tax	201,738	276,760	73
Environmental Impact Assessment Monitoring Fees	132,189	234,607	56
Diamond Exporter's License fee	70,000	697,359	10
Sub Total(Direct payments used in materiality determination and reconciliation)	17,036,251	25,586,957	67
Gold dealers Licence	0	166,000	0
Gold Exporters Licence	0	2,760	0
Diamond dealers Licence	0	227,828	0
Export Duty on gold	0	209,992	0
2.5% Consolidated Revenue	0	174,994	0
0.5% GGDO valuation	0	34,999	0
Surface Rent*	99,474	48,901	203
Exploration Licence*	19,711	19,711	100
Agricultural Development Fund*	0	0	
Community Development Fund*	113,691	113,691	100
Grand Total(All direct payments)	17,269,127	26,585,832	65

* These revenue streams are not collected and accounted for by any government agency.

Amounts used, are those obtained at reconciliation.

- i) The coverage for the reconciliation with reference to direct revenues used in the determination of revenue streams and reconciled is 67%.
- ii) The coverage with reference to all direct payments amount to 65%.

7.3.8 Effect of companies/extractive entities that did not participate on coverage

Four companies did not participate in the reconciliation exercise, although they were selected. These companies were Sierra Rutile Ltd, Sierramin Ltd, AMR Gold Ltd, Allotropes Diamond Ltd.

From the unilateral declarations by government agencies the payments by these companies in 2016, amounted to **US\$6,995,806.53**

If these companies had reported and their payments accounted for, it would mean the EITI reconciliation government receipt figure will increase by **US\$6,995,806.53** as the total government receipt will remain same at **US\$25,586,957 for direct** payments used for reconciliation. Coverage would have increased by 27%. Thus coverage will increase to 94% for the direct payments used to establish materiality thresholds (*See Table 5.3*)

For all direct payments the inclusion of the absented companies will increase coverage by 26%, moving the coverage to 91%.

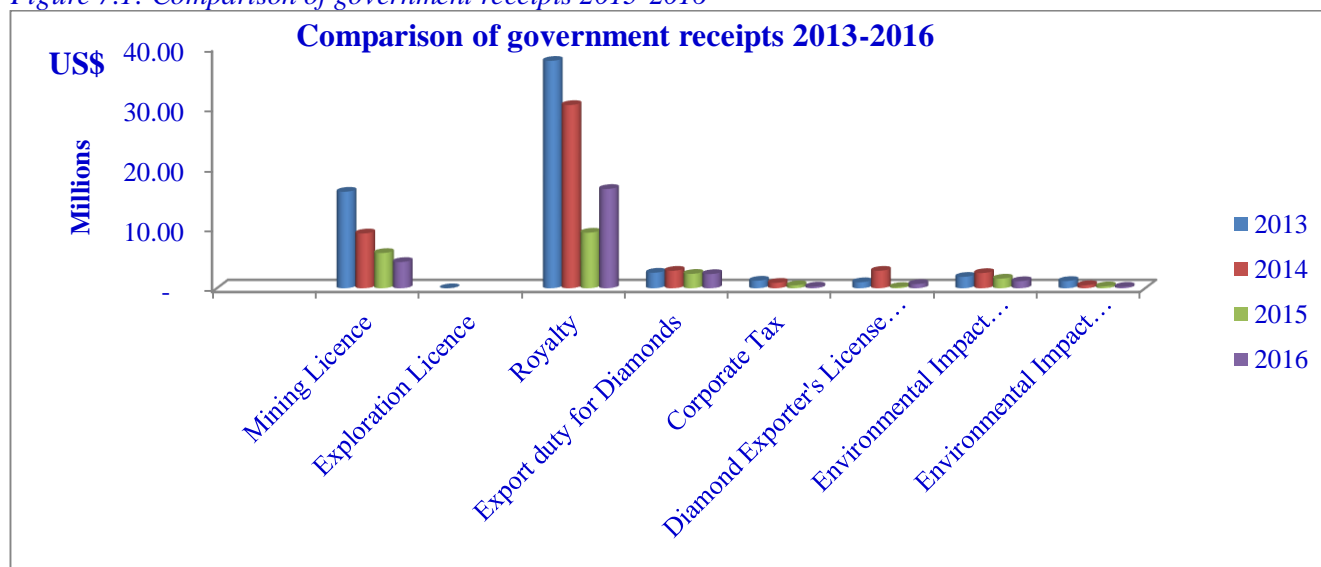
The absence of the four companies, at reconciliation affected the coverage significantly. The MSG should ensure that all companies participate in subsequent reconciliation exercises.

7.3.9 Analysis

Fig 7.1 shows the comparison of direct payments¹¹ collected by the government from 2013 to 2016.

¹¹ These revenue streams are collected centrally.

Figure 7.1: Comparison of government receipts 2013-2016



Source: Data provided by NRA; compilation by IA

i. Mining Licence

Mining licence receipts have declined year after year between 2013 and 2016. In 2016, mining licence (including exploration licence) amounted to US\$4,358,852.55, a decrease of 25%. Compared to the 2013 receipts, mining licence in 2016 decreased by over 70%. This trend if it continues does not provide good indication of the sustainability of the industry as few mines may be coming on stream.

ii. Mineral Royalty

Mineral royalty was the highest revenue stream by value each year from 2013 to 2016. In 2016 it recorded an amount of US\$16,491,230.43, which was higher than US\$ 9,225,535.47 received in 2015. It however experienced decline from a high of US\$37,761,162.00 in 2013 to a US\$ 9,225,535 IN 2015, due to the slump in iron ore production in 2015.

On the back of increased production/export of iron ore in 2016(see section 4, on production and exports), royalty increased in 2016.

iii. Export duty for diamonds

Export duty on diamonds decreased marginally from US\$2,390,857.32 in 2015 to US\$ 2,355,113.12 in 2016.

In 2013, it recorded US\$2,578,476.70 increasing to US\$ 2,900,000 2014. It declined in 2015 and also 2016.

iv. Corporate Tax

Corporate tax payment in 2016 received from the Extractive entities amounted to

US\$276,760.00, (2015: US\$ 488,205.00). Payments recorded at reconciliation were made by Diamond exporters. Companies engaged in mining did not pay any corporate tax. This is due to the fact that some recorded losses in 2015. Others also had accumulated tax losses which were used to offset taxable profits. According to the income tax Act 2000 as amended tax losses may be carried forward for 10 years.

For example Koidu Ltd reported a loss before income tax of US\$(21,470,719) in 2016. In 2015 Koidu reported a loss before income tax of US\$(12,107,700). Sierra Minerals Holdings Ltd reported profit of US\$4,951,160 from operations in 2016.

v. Diamond Exporters licence fees

An amount of US\$ 697,359.02 was received in 2016(2015: US\$204,316.93) as diamond Exporters licence fees, an increase of over 200%. Although diamond exporters licence fees increased significantly, export duty on licence reduced. This may be an indication that although exporters paid for the licence, diamond exports may have decreased as a result of the general economic atmosphere.

vi. Environmental Impact Assessment Licence/monitoring Fees

Environmental licence fees reduced from US\$1,595,670 in 2015 to US\$1,173,035 in 2016.

There was a decline in Environmental impact Assessment monitoring fees in 2016. In 2016 US\$234,607 was received compared to US\$319,074 in 2015.

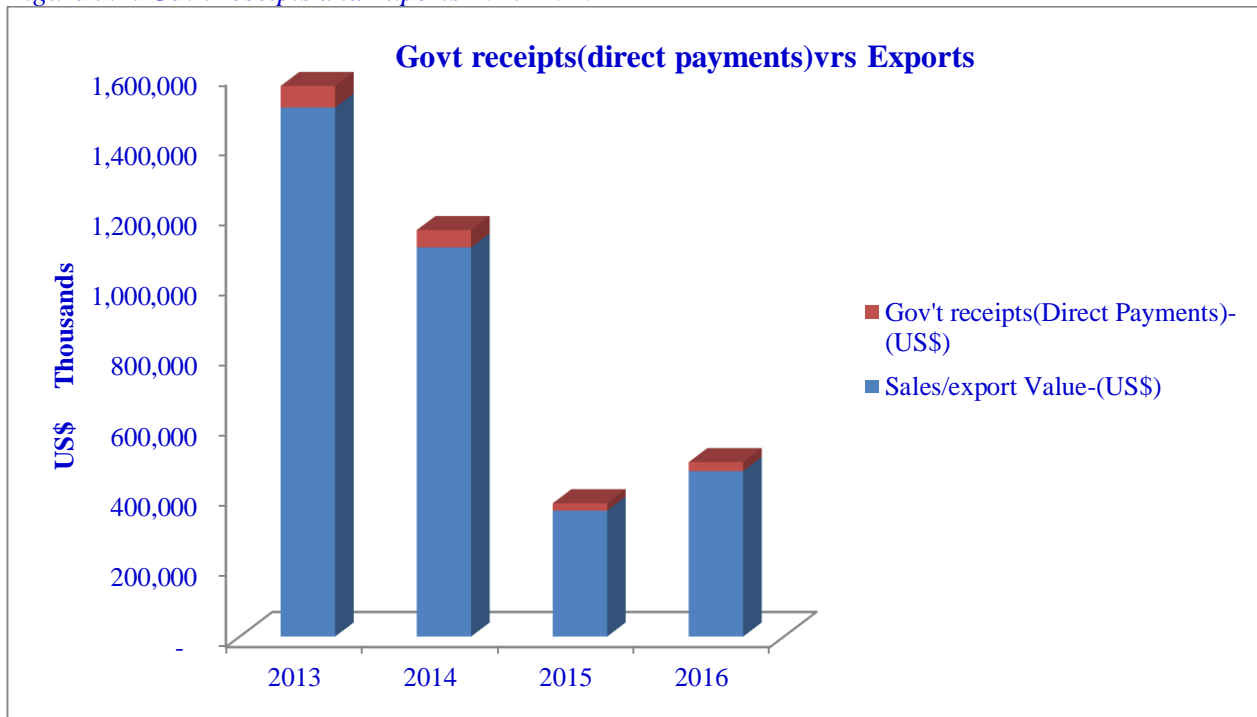
With decreasing mining licence payment, the decline in environmental licence and monitoring is understandable. Environmental impact assessment licence/monitoring fees are paid by extractive entities with mining licence.

vii. Export values and government receipts

Fig 7.2 shows government receipts¹² and export values of minerals between 2013 and 2016. It shows that direct receipts as a proportion of total sales or exports as follows: 2013- 4.01%; 2014-4.4%; 2015-5.8% and 2016-5.4%.

¹² These are direct payments by extractive entities used in the determination of materiality

Figure 7.2: Gov't receipts and Exports 2013-2016



8.0 Contribution to the Economy in 2016

Contribution of the Mining sector to the Economy

According to IMF, Real Gross Domestic Growth (GDP) recovered from -21.1% in 2015 to 4.3% in 2016. Fiscal revenues peaked at about 8 percent of GDP in 2016.

National Exports

Minerals contributed about 91% of the total merchandise exports in 2016

Figure 8.1: Total Merchandise Exports in 2016



8.1 Contribution to Government Revenues

In 2016, total government receipts from Mineral Resources was \$ 25.1m which was 5.2% of the total domestic revenue. (Source: General Purpose Financial Statement (GPFS) of the Consolidated Fund, 2017) <http://www.mofed.gov.sl/index.php/development/fiscal-publications>

Table 8.1: Contribution of Mineral Resources revenues to Government Receipts

REVENUE AND GRANT RECEIPTS	AMOUNT (LeM)	Amount(\$m)	%
Income Tax Receipts	1,278,788	206.3	43.2
Goods & Services Tax	658,635	106.2	22.2
Customs & Excise (C&E) Receipts	563,097	90.8	19.0
Mineral Resources	155,287	25.0	5.2
Fisheries	60,341	9.7	2.0
Other Departmental Receipts	159,394	25.7	5.4
Road User Charges	86,543	14.0	2.9
Total Domestic Revenue Receipts	2,962,085	477.7	100
Total Direct Budgetary Support Grant	415,333	67.0	
Total Revenue & Grant Receipts	3,377,418	544.7	

Source: Annual Accounts, 2017

Employment in the extractive industry

According to the latest employment census conducted in 2015, 3% of Sierra Leonean workforce was engaged in the mining and quarrying. Of this figure 12.8% was in some form of wage employment indicating a high proportion of miners are in the artisanal category.

Table 8.2: Employment Details in 2015

Description	National	Mining & Quarrying
Total Employment	2,758,872	82,255
o/w Males	1,400,361	63,583
o/w Female	1,358,511	18,669
Paid Employees	275,454	10,301
o/w Males	200,679	9,081
o/w Females	74,775	1,220
Self –Employment	2,137,791	60,615
o/w Self Employment with Employees (Employer)	121,740	5,461
Unpaid Family worker	146,775	1,861
Paid Apprentice	16,553	1,329
Unpaid Apprentice	38,650	1,066
Worked Before but currently looking for work	21,909	1,619

Source:

Contribution to GDP

Mining and quarrying contribution in 2016 was 2.7%.

Table 8.3: GDP by sector (percentage of GDP at current prices)

Sub Sector	2014	2016
GDP (Absolute) Le M		22,690,000
Agriculture, forestry, fishing and hunting	50.5	60.9
of which fishing	10.5	12.4
Mining and quarrying	20.2	2.7
Mining and Quarrying GDP (Absolute) LeM		612,630
of which oil	-	-
Manufacturing	1.6	1.9
Electricity Gas and water	0.3	0.2
Construction	0.9	1.0
Wholesale and retail trade; Repair of vehicles household goods; Restaurants and hotels	7.7	9.9
of which hotels and restaurants	0.3	0.4
Transport, storage and communication	3.8	4.2
Finance real estate and business services	2.4	2.9
Public Administration and defence	4.4	6.9
Other Services	8.2	-
GDP at basic prices/factor cost	100	100

Source: www.africaneconomicoutlook.org

GDP Growth

Real GDP growth was estimated at 4.3percent in 2016 compared to -21.1 percent in 2015.

Source: <https://www.bsl.gov.sl>

Table 8.4: GDP Growth

Year	2015	2016
Real GDP Growth	-21.1	4.3

Key Mining Producing Areas

The diamond producing areas are concentrated in Kono, Kenema and Bo Districts and are mainly situated in the drainage areas of the Sewa, Bafi, Woa, Mano and Moa Rivers. Artisanal and small-scale diamond mining activities are widespread in the Kono District as well as Kenema, Bo and Pujehun Districts.

Bauxite mining areas are between Moyamba in the South and Mano; the Krim-Kpaka deposits in Pujehun District, southern Sierra Leone.

Rutile is mined from the gravels of the Lanti River south of the Gbangbama region in the Southern Province. Others are from the Gbangbama, the Sembahun, and the Kambia area deposits in Northern Sierra Leone.

Iron ore is also mined in the Marampa area. The Marampa iron ore deposits has been traced as far as Kukuna near the Guinea border and to the south at Toma and Makalawa. The other deposits are from the Tonkolili and Bagla Hill.

Budget Preparation

Section 107 of the Constitution of Sierra Leone mandates the Minister for Finance to prepare and lay before Parliament in each financial year estimates of the revenues and expenditures of Sierra Leone for the following financial year. The Ministry of Finance and Economic Development (MoFED) initiates the Budget Preparation Strategy Phase which deals principally with policy. The elements that comprise this phase include: the National Strategy; Ministries Department Agencies (MDA)/Sector Planning; Macro-fiscal analysis and forecasting; Public Investment Planning; External Assistance planning; and the Budget Policy Hearings.

The Budget Policy Hearings afford MDAs opportunity to defend the alignment of their budgets to the strategic plan of the government. The outcome of these processes is documented in a Budget Framework Paper which provides advice to the Government on the strategy to be adopted in the medium term budget.

A Budget Call Circular is prepared by MoFED in the first week of July each year after Cabinet's approval of Budget Framework Paper to allow MDAs to prepare detailed budget proposals for the budget year. MoFED analyses the budget proposals from the MDAs and later engages them in public budget discussions. MoFED consolidates the MDA budgets into a Government budget for reference to Cabinet for approval. The Cabinet approved budget proposal is then presented to Parliament by the Sector Minister for legislative approval. After various Parliamentary debates the Appropriation Bill is then passed into an Act to give the budget a legal backing.

Budget Implementation

At implementation, MDAs are required to complete Medium Term Expenditure Framework/Public Expenditure Tracking Survey Forms I and II for the release/expending of their quarterly allocations as well as quarterly procurement and cash flow plans to MoFED. Vote controllers within the various MDAs capture expenditures for the Accountant-General.

Budget Audit

Section 119 of the constitution of Sierra Leone mandates the Auditor General to audit the Public Accounts of Sierra Leone and all public offices, including courts, the accounts of the Central and Local Government Administration, of university and public institutions of like nature, statutory corporations, companies or other bodies and organizations, established by an Act of Parliament or statutory instrument or otherwise set up partly or wholly out of public funds shall be audited and reported by or on behalf of the Auditor General. <http://www.sierra-leone.org/Laws/constitution1991.pdf>

Vote controllers prepare financial statements for the year within one month after the end of the financial year to the Accountant-General to consolidate and prepare the government's budget.

Other Report

Sierra Leone's Annual Financial Report, includes information on revenues and other funds received and spent by the Government during the financial year. The Annual Financial Report is also on www.mofed.gov.sl/annualbudgetrep.htm

Revenues Recorded in State Budget (Consolidated Account)

The NRA is mandated for the collection of all taxes on mining. Once minerals are monetized the revenues due to the State are paid to NRA which receives most of Sierra Leone's taxes from the mining sector.

The other payments from the mining sector are made to local councils and Chiefdoms, where mining companies are based, to the Ministry of Mines and Mineral Resources. For the Oil and Gas sector, payments are made to the Petroleum Directorate.

Once payments are lodged in Consolidated Fund/Treasury they lose their identity.

In accordance with Section 54(2b) of the Government Budgeting and Accountability Act, 2005 a Statement of Receipts into and the Payments out of Consolidated Fund for the year is published

The Bank of Sierra Leone also publishes annual report on government's fiscal operations.

Benefit Stream recorded in Budget

Revenues from the various collecting agencies are categorized under Mines Department and are recorded both as actuals in the reporting year or as projections in ensuing years. The budget profile for years 2015-2019 culled from the 2017 budget statement provides details of mining royalties and licenses collections is indicated below. (See Tables 8.5 and 8.6)

Table 8.5: Sections of the Budget profile for years 2015-2019. Amounts in Millions of Leones (LeM)

Benefit	2015		2016		2017		2018		2019	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Revenue & Grants	3,494,712	15.2	3,553,517	13.4	4,552,99	15.0	5,172,715	14.8	6,193,993	15.3
Domestic Revenue	2,330,159	10.1	2,797,964	10.5	3,596,098	11.8	4,134,318	11.8	4,998,296	12.4
Mines Dept.	86,528	0.4	155,196	0.6	167,567	0.6	192,646	0.6	232,905	0.6
Royalties-Rutile	7,836	0	36,113	0.1	37,478	0.1	43,087	0.1	52,091	0.1
Royalties-Bauxite	6,476	0	9,289	0	9,313	0	10,707	0	12,944	0
Royalties- Diamond & Gold	28,485	0.1	25,836	0.1	36,442	0.1	41,896	0.1	50,652	0.1
Royalties-Iron Ore	6,119	0	40,164	0.2	48,587	0.2	55,859	0.2	67,532	0.2
Licenses	37,613	0.2	43,792	0.2	35,747	0.1	41,097	0.1	49,686	0.1

[Source:http://www.parliament.gov.sl/dnn5/Portals/0/2014%20DOCUMENT/BUDGET/2017%20Budget%20Speech%20and%20Profile.pdf](http://www.parliament.gov.sl/dnn5/Portals/0/2014%20DOCUMENT/BUDGET/2017%20Budget%20Speech%20and%20Profile.pdf)

Petroleum Directorate

Funds are paid to the Treasury.

Ministry of Mines and Minerals Resources

Funds collected are paid to the Treasury.

Mining Revenue Management

The contributions by mining companies therefore lose their identity once they are deposited into the consolidated fund. Their use cannot therefore be tracked to public investment/expenditure or to expenditure units/cost centers or project.

Table 8.6 GFS/National Budget classification of revenue streams

Revenue stream	National Budget	IMF GFS
Mineral Royalty	Mines Department -Royalties	1415E1
Corporate tax	Domestic revenue - corporate tax	1112E1
Mining Licence	Domestic Revenue - Mines Department -Licence	114521E
Exploration Licence	Domestic Revenue - Mines Department-Licence	114521E
Diamond Exporters Licence Fees	Domestic Revenue - Mines Department-Licence	116E
Export duties on Diamonds	N/A	1152E
Surface Rent	N/A	1415E5
Environmental Impact Assessment Licence	N/A	116E
Environmental Impact Assessment Monitoring Fees	N/A	116E
Agriculture Development Fund	N/A	116E
Community Development Fund	N/A	116E

Source: MOFED Sierra Leone/ IMF GFS

9.0 Sub National Payments

Local government operates in a single tier with 13 district councils and six city councils. All 19 local councils are governed by the Local Government Act 2004, which gives councils legislative, financial and administrative powers

Source: http://www.clgf.org.uk/default/assets/File/Country_profiles/Sierra_Leone.pdf

The Local Government Act 2004 gives both local councils and chiefdom councils powers to raise revenue from sources including local taxes, property rates, licences, fees and charges, and to receive mining revenue, interest and dividends etc. The chiefdom councils also have traditional sources of revenue, mainly local taxes and fees from local markets.

Surface rent is paid by companies or holders of mining licence and shared amongst five categories of recipients as follows:

- ❖ 50%-Land owners
- ❖ 15%-Paramount chief
- ❖ 15%-District councils
- ❖ 10%-Chiefdom Council
- ❖ 10%-Constituency development

Surface rent payments made by Sierra Minerals Holdings 1 Ltd, Tonkolili(Shandon Steel SL Ltd) and Koidu Ltd in 2016 and the consequent distributions are shown below. The MSG decided that only amounts received by District councils, Chiefdoms and Members of Parliament. (i.e. 35%) were to be reconciled and therefore considered as in-scope.

Surface rents due to individuals and paramount chiefs were considered out of scope. Landowners were mostly individuals and numerous in most cases. Reconciliation of payments made to them would be a challenge. Chiefdoms, District councils and Members of Parliament had some level of accounting systems within their set ups that facilitate reconciliation. See details below

Table 9.1: Surface rent paid by Sierra Minerals in 2016 and Distribution

Recipients	Amount Paid By Company US\$	Amount Received(US\$)	
		In-Scope	Out Of Scope
Moyamba District Council	14,368.71	14,368.71	
Bonthe District Council	1,673.87	1,673.87	
Bo District Council	5,631.29	5,631.29	
Constituency Dev. Funds	14,449.30	14,449.30	
Upper Banta Chiefdom	7,782.26	7,782.26	
Lower Banta Chiefdom	1,320.97	1,320.97	
Dasse Chiefdom	334.60	334.60	
Kpanda Kemo Chiefdom	1,257.36	1,257.36	
Bumpe Ngao Chiefdom	3,754.19	3,754.19	
Paramount Chiefs	21,673.95		21,673.95
Landowners	72,246.50		72,246.50
Total	144,493.00	50,572.55	93,920.45

Table 9.2: Surface Rent paid Shandon Steel in 2016 and distribution

Recipients	Amount Paid by Company US\$	Amount Received(US\$)	
		In-scope	Out of scope
Total	71,346.00	24,971.10	46,374.90

*Table 9.3: Surface Rent paid by Koidu Holdings in 2016 and Distribution**

Recipients	Amount Paid by Company (US\$)	Amount Received(US\$)	
		In-scope	Out of scope
Kono District Council-5%	3,418.60	3,418.60	
Koidu New Sembeheh City Council-10%	6,837.20	6,837.20	
Tankoro Chiefdom-10%	6,837.20	6,837.20	
Paramount Chief-Tankoro Chiefdom-15%	10,255.80		10,255.80
Constituency Development Fund-10%	6,837.20	6,837.20	
Landowners-50%	34,186.00		34,186.00
Total	68,372.00	23,930.20	44,441.80

Community Development Fund

Table 9.4 below shows payments made by Sierra Minerals Holdings Ltd in 2016. Also see section 5.1.

According to Sierra Minerals this fund is jointly managed by Vimetco Sierra Minerals and the Moyamba District Council. The joint fund Managers however did not report any transaction under the fund.

Table 9.4: Community Development fund payment made by Sierra Minerals Holdings in 2016

Company	Date	Le	US\$
Sierra Minerals Ltd	03.02.2016	164,824,200	26,585
	16.06.2016	312,500,000	50,403
	05.08.2016	227,559,540	36,703
Total			113,691

9.1 Diamond Area Community Development Fund (DACDF)

A 3 % tax on the value of all diamonds mined is imposed on holders of artisanal mining licenses.

25 % of that 3% is given to the DACDF by the government. In other words the government deposits 0.75 % of the total export value of artisanal diamonds in the DACDF account that is jointly operated by the Ministries of Mines and Local Government

Government allocates the money in the form of percentage to three (3) broad categories, these include;

- (1) 20% allocated to District Councils
- (2) 20% allocated to Chiefdom Councils
- (3) 60% allocated to Chiefdom Councils Based on Artisanal Mining Licenses

Disbursement to Chiefdoms

Method of DACDF money distribution to chiefdom councils involving the following sequential steps

- The Government Mines Engineers submit Artisanal Mining Licenses Registers to the Directors of Mines and Local Government
- The Directors of Mines and Local Government prepares and submits a national DACDF disbursement form to the Ministers of Mines and Local Government
- The Ministers of Mines and Local Government approves the request and instruct officials to prepare cheques in the names of the respective chiefdom councils
- In the chiefdoms, the government officials call up a big chiefdom meeting at the court barray and hand over the money to the chiefdom in the full view of all those present at the meeting

Source: <http://documents.worldbank.org>

Payments made to Chiefdoms and District councils in 2016 are shown below in Appendix 8.

Sovereign Wealth Funds

Sierra Leone has no Sovereign Wealth Funds at the moment.

Sustainability and Resource Dependence

The economy shrank by 21% in 2015 due to the impact of the Ebola epidemic and suspension of iron ore production but sprang to 4.3% in 2016. Real GDP is projected to grow by 5.4 percent in 2017; 5.8 percent in 2018; and 6.1 percent in 2019. This growth will be driven mainly by the expected increases in iron ore production among others.

Exports are also projected to recover strongly by 16.8 percent in 2017 and 23.7 percent in 2018 before stabilizing at 5 percent in 2019 when iron ore production reaches its peak. Revenues from

iron ore, diamonds and gold are expected to improve significantly in 2017 to 2019 as indicated in the 2017 budget statement.

Source: <http://www.parliament.gov.sl/dnn5/Portals/0/2014%20DOCUMENT/BUDGET/2017%20Budget%20Speech%20and%20Profile.pdf>

Community Engagement

The Mines and Minerals Act (2009) requires that holders of small scale or large scale mining licenses assist in the development of mining communities affected by operations to promote sustainable development. All license holders must have a Community Development Agreement (CDA) with the primary host community when the mining firm has an output of more than 1 million cubic meters per year from alluvial deposits or from underground mining operations where combined run of mine ore and waste production is more than 100,000 tons per year (other requirements are also established).

The company must spend no less than 1% of 1% of the gross revenue amount earned by mining operations in the previous year. The terms of the CDA must be negotiated with the community and should address: social and economic contributions for sustainability of the community; assistance in creating self-sustaining, income generating activities such as production of goods and services needed by the mine and community; consultation regarding mine closure; agriculture; environmental and socio economic management and local governance enhancement. CDA must outline how it will be monitored and how the community will participate in planning and monitoring.

Source: <http://ccsi.columbia.edu/files/2015/01/Community-DevelopmentRequirements-in-Mining-Laws>

10.0 Outcomes and Impact

10.1 Update on Recommendations

Some findings and recommendations made in previous report which according to the EITI secretariat are receiving attention includes the following (*See Table 10.1*)

Table 10.1: Update on previous recommendation

Inter sectoral collaboration/Royalty payment

It appears royalty payments to the NRA were not accompanied with details of production. Royalty payment is based on the value of mineral produced. By applying the appropriate rate of royalty payment to the gross value of minerals won, the appropriate royalty rate is computed. As the NRA assesses the payment of royalty without details of mineral production, there could be challenges in ensuring that the appropriate figures are paid.

Recommendation

There should be an inter sect oral collaboration between the Customs Division, the Non Tax Revenue and the MMMR in the payment of mineral royalty. The MMMR and the Customs division of the NRA should assist the Non Tax Division by providing details of mineral production.

Action

Data now available on production and export values. Check the S Leone Online repository

Ring Fencing By Mining Lease

Observation: Section 155(1) of MMA, 2009 provides for separate accounting for all large-scale mining licenses. However section 155(4) of MMA,2009 also stipulates that the ‘holder of a large scale mining license may, with the Minister’s approval, deduct exploration expenditure in determining chargeable income attributable to any large scale mining license provided the expenditures were incurred by the license holder on reconnaissance and exploration licenses within Sierra Leone’.

Whilst this may have been intended to encourage and promote exploration, it has the potential of delaying corporate tax payment or reducing the quantum of payment significantly. As companies engage in mineral production, corporate tax payment can become a significant revenue stream for government. Again it also will grant undue advantage to existing companies with mining licenses.

Recommendation

The MMMR/NMA should make a policy determination as to the state of exploration and reconnaissance in the country. Thus if the MMMR considers that there still exists significant green fields, then section 155(4) of MMA,2009 on reconnaissance and exploration may be maintained

Response by NMA/Action taken

Exploration assets in Sierra Leone are mostly greenfield. We therefore recommend that section 155(4) of MMA, 2009 on reconnaissance and exploration may be maintained.

However, a successful completion of the proposed National Aeromagnetic Survey and follow up sampling of potential anomalies could increase the number of brownfields.

Capital Gains Tax

It was observed that several concessions or oil blocks had changed ownership during the period under consideration, however capital gains tax was not reported as one of the revenue streams.

Recommendation

Steps should be taken to ensure that the capital gains made as mineral rights/oil blocks change ownership are taxed. Regulation 6(2) of MMA 2009, enjoins the holder of a mineral right to inform the Director of Mines through the cadastre office of any change in respect of his mineral right including change of names, addresses, contact persons and other pertinent issues. This requirement includes information on change in ownership. This information shall be shared with the NRA which shall ensure that the necessary taxes are imposed. SLEITI second reconciliation report 53 The ownership change is only then completed with the submission of evidence of tax payment.

Action

Under Consideration by **NMA,MMMR,NRA,PD**

Surface Rent

Observation

The Mines and Minerals Act, 2009 (MMA2009) section 35 stipulates the payment of compensation or surface rent to owner of the land: Presently the amounts payable are determined by negotiations between the landowner and the company concerned

Whilst some companies make payments to District Councils and the Ministry of Local Government and Rural Development with cheques for onward distribution to recipients, others also pay directly to chiefdoms, individuals, paramount chiefs and members of parliament. Reconciliation of payments made directly to Chiefdoms and District councils is often very challenging.

Recommendation

Payment and collection may be streamlined to ensure standardization and transparency.

For payments made in cash, bodies with functional accounting units such as district councils may receive payments from the companies. They will in turn pay the chiefdoms and other recipients and properly keep the accounting records.

This will enhance transparency and accountability

Response by NMA/Action taken

Section 35 of the Mines and Minerals stipulates the distribution of surface rent payment only. The recommendation for the cost per square kilometer to be indicated in Mining Lease Agreement is in place. This recommendation will be taken into consideration in the current review of the Core Minerals Policy and the Model Mine Development Agreement

Mineral Royalty Payment

The time for payment of royalty differs for different minerals. The regulations stipulate that for precious and special stones, royalty payments are made after valuation prior to shipment. Payment of royalty shall be made on inventory of precious minerals (such as gold and silver) not sold after one month. Holders of mineral rights for bulk minerals are required to pay royalty after the conclusion of transactions. In practice companies have royalty payment arrangements stipulated in their contracts. This makes checking the payment of royalty challenging, especially in situations where one is not privy to the contracts.

Recommendation

To ensure transparency, it is suggested that mineral right holders should be made to pay royalty on regular basis, making it easier to know if payment has been made or not. If a company does not engage in any production and or sale then it must be declared as such.

Action

Under consideration by NMA.

Sensitization Workshops

Participants to SLEITI sensitization workshops discuss, criticize and make recommendations which help to enhance the management of the extractive sector.

Dissemination of SLEITI reports is adding value to the management of the extractive sector.

Some of the issues raised at these workshops include;

- ❖ Contracts negotiations
- ❖ Roles and Coordination amongst MDAs
- ❖ Extractive sector Contribution to the Economy
- ❖ The role of civil society in governance of the sector
- ❖ Natural resource dependency and economic diversification
- ❖ Implementation of SLEITI recommendations

- ❖ Sub national level participation in management of the sector especially in contracts negotiation and Roles of MDAs, Parliamentarians and SLEITI etc.
- ❖ Data credibility
- ❖ Autonomy of SLEITI
- ❖ Local Content Policy
- ❖ Corporate Social Responsibility
- ❖ Extractive sectors revenues distribution
- ❖ Scope of SLEITI reporting

Citizens are able to determine for themselves if the extractive sector policies and laws are adequate

According to the EITI secretariat, through SLEITI reports, the public is made aware of issues in the extractive sector.

11.0 Observations and significant findings

Observation

Corporate tax payment.

Corporate tax from the extractive industry sector in 2016, amounted to US\$276,700. This amount was paid by diamond exporters. There was no corporate tax payment from operating mining companies. This resulted from two main reasons. These were:

- i) Some companies declared losses in 2015/2016 and were not liable to pay tax.
- ii) Other companies declared profit but had enough tax credits or accumulated tax losses to ensure no taxes were paid.

Recommendation

In order to ensure early and significant corporate tax payment, some of the fiscal incentives should be reviewed.

For example carry forward of tax losses which is currently 10 years could be limited to say five years.

Observation

Parent/Holding companies and extractive sector payments

In 2016 payments were made in the name of some parent companies with no reference to the subsidiaries that are holders of mineral rights. For example Shandon Steel Ltd, made payments to EPA and NRA, however it was not specified whether the payment was being made on behalf of Tonkolili (iron ore) Ltd or African Railways and Ports Services Ltd, which are its subsidiaries. Payments were also made in the name of Kingho Investments Ltd. Kingho investments Ltd have subsidiaries, including CKH Mining Company, Mass Energy Mining Company, Northern Mining Company and Southern Mining Company.

Recommendation

Payments made on behalf of mineral right holders should be recorded properly against the names of such companies and not the parent/holding companies.

Surface rent payments

Currently companies pay surface rent to district councils, chiefdoms, paramountcies and constituency fund directly. Others pay surface rental through the Ministry of local government. It is always difficult to know the quantum of payment in a particular year and the distribution thereof. During reconciliations information on surface rent on companies that do not participate in the process, but paid surface rent during the year is difficult to obtain.

Recommendation

Surface rent payments may be streamlined, to ensure that companies pay to a centralized body with proper accounting functions. This body will in turn distribute to beneficiaries.

This will help standardized payments, enhance transparency and ensure that data on payments and disbursements are always available.

Observation

Diamond Area Community Development Fund

The IA was provided with details of district councils and chiefdoms as well as their amounts received in 2016. However the primary data used for the computations were not indicated.

Recommendation

The MoLGRD and MMMR should publish the primary data used in determining amounts to be received by Chiefdoms and District councils. The determination of district and chiefdom councils to benefit from the fund, the number of artisanal licences and all the pertinent parameters that would enable anyone to independently compute amounts distributed should be made public. This will enhance transparency.

Observation

Community Development Fund

In 2016 only Sierra Minerals reported the payment of community development Fund. The beneficiary communities did not report the receipt or utilization of community development fund, thereby creating a discrepancy.

Recommendation

Section 139(4);MMA 2009 states that the amount earmarked as community development fund by extractive entities to implement the community development agreement and breakdown of expenditures shall be reported to the Minister annually.

The MMMR should publish the names of all the extractive entities with community development agreements and the utilization of such funds as stipulated by the MMA 2009.

The MSG should ensure that beneficiary communities also submit reporting templates during reconciliation exercises.

12.0 Conclusion

Government receipts at reconciliation amounted to US\$ 17,155,335 and company payments of US\$17,270,127. A discrepancy of US\$114,792 resulted from the reconciliation.

The discrepancy represents 0.67% of government receipts obtained at reconciliation.

Mineral royalty was recorded as the highest revenue earner in 2016. It was followed by export duty on diamonds.

Corporate tax accounted for just 1% of direct payments by the extractive sector in 2016.


For a royalty/tax fiscal regime with producing mining companies, some of which have operated for more than a decade, corporate tax contribution appears meagre.

Incentives and generous concessions as they relate to the determination of taxable profit should be examined.

APPENDICES

Appendix 1A: Exploration Licence Applications

Code:	APL-I-771		
		Application:APL-I-	licenseProfile
	1261355124400	/opt/fusion/wars/	Application:APL-I-771
Date Of Application:	11 - Aug 16		
Issuing Office:			
Company:	Afro Euro Mining (SL) Limited		
License Type:	Exploration		
Status:	Validation		
Date Approved:			
Date Expired:			
Area:	0 km ²		
Total Paid:	USD 500		
Locations:	FIAMA (KONO) - SOA (KONO) - GBANE (KONO) -		
Resources:	Associated Minerals - Gold – Diamonds		

Code:	APL-I-772		
		Application:APL-I-	licenseProfile
	1261355124681	/opt/fusion/wars/	 Application:APL-I-772
Date Of Application:	11 - Aug 16		
Issuing Office:			
Company:	Afro Euro Mining (SL) Limited		
License Type:	Exploration		
Status:	Validation		
Date Approved:			
Date Expired:			
Area:	0 km ²		
Total Paid:	USD 500		
Locations:	GBANE (KONO) - SOA (KONO) -		

Resources: Associated Minerals - Gold - Diamonds

Code: APL-I-773

	Application:APL-I-	licenseProfile		Application:APL-I-773
1261355124728	/ opt/ fusion/ wars/			

Date Of Application: 11 - Aug 16

Issuing Office:

Company: Afro Euro Mining (SL) Limited

License Type: Exploration

Status: Validation

Date Approved:

Date Expired:

Area: 0 km²

Total Paid: USD 500

Locations: YAWEI (KAILAHUN) - PENGUIA (KAILAHUN) - SOA (KONO) - GBANE (KONO) -

Resources: Associated Minerals - Diamonds - Gold

Code: APL-I-775

	Application:APL-I-	licenseProfile		Application:APL-I-775
1261355125193	/ opt/ fusion/ wars/			

Date Of Application: 22 - Aug 16

Issuing Office:

Company: Afro Euro Mining (SL) Limited

License Type: Exploration

Status: Validation

Date Approved:

Date Expired:

Area: 0 km²

Total Paid: USD 500

Locations: KAFE SIMIRA (TONKOLILI) - KONIKE SANDA (TONKOLILI) - KONIKE BARINA (TONKOLILI) -

Resources: Diamonds - Associated Minerals – Gold

Code: APL-I-776

	Application:APL-I-	licenseProfile		Application:APL-I-776
1261355125207	/ opt/ fusion/ wars/			

Date Of Application: 22 - Aug 16

Issuing Office:

Company: Afro Euro Mining (SL) Limited

License Type: Exploration

Status: Validation

Date Approved:

Date Expired:

Area: 0 km²

Total Paid: USD 500

Locations: KORI (MOYAMBA) - VALUNIA (BO) - KAMAJEI (MOYAMBA) - GBONKOLENKEN (TONKOLILI) -

Resources: Diamonds - Gold - Associated Minerals

Code: APL-I-780

	Application:APL-I-	licenseProfile		Application:APL-I-780
1261355131993	/ opt/ fusion/ wars/			

Date Of Application: 10 - Oct 16

Issuing Office:

Company: ANZAK Mining Limited

License Type: Exploration

Status: Approval

Date Approved:


Date Expired:

Area: 136.01 km²


Total Paid: USD 0

Locations: TONKO LIMBA (KAMBIA) - BRAMAIA (KAMBIA) -

Resources: Bauxite - Associated Minerals


Code:	EL 1/2016		License:EL 1/201	licenseProfile		License: EL 1/2016
		1261355108406	/ opt/ fusion/ wars/			

Date Of Application: 04 - Jan 16
Issuing Office:
Company: Citigate Commodities Trading Company Limited
License Type: Exploration
Status: Active License
Date Approved:
Date Expired: 19 - Jan 25
Area: 72.93 km²
Total Paid: USD 8,341
Locations: TANKORO (KONO) - NIMIKORO (KONO) -
Resources: All Minerals -

Code:	APL-I-781		Application:APL-I-	licenseProfile		Application:APL-I-781
		1261355131998	/ opt/ fusion/ wars/			

Date Of Application: 10 - Oct 16
Issuing Office:
Company: ANZAK Mining Limited
License Type: Exploration
Status: Validation
Date Approved:
Date Expired:
Area: 0 km²
Total Paid: USD 500
Locations: TONKO LIMBA (KAMBIA) - BRAMAIA (KAMBIA) - MASUNGBALA (KAMBIA) -
Resources: Bauxite - Associated Minerals

Code: EL 2/2016

	License:EL 2/ 201	licenseProfile		License: EL 2/2016
1261355108427	/ opt/ fusion/ wars/			

Date Of Application: 04 - Jan 16

Issuing Office:

Company: Citigate Commodities Trading Company Limited

License Type: Exploration

Status: Active License

Date Approved:

Date Expired: 19 - Jan 25


Area: 80.05 km²

Total Paid: USD 9,018

Locations: KAMARA (KONO) - GBENSE (KONO) - NIMIKORO (KONO) -

Resources: All Minerals -

Code: EL 9/2016

	License:EL 9/ 201	licenseProfile		License: EL 9/2016
1261355122915	/ opt/ fusion/ wars/			

Date Of Application: 26 - Jul 16

Issuing Office:

Company: Geffen Minerals Limited

License Type: Exploration

Status: Active License

Date Approved:


Date Expired: 16 - Aug 25

Area: 249.18 km²


Total Paid: USD 27,910

Locations: NIMIYAMA (KONO) - SANDOR (KONO) -

Resources: Diamonds


Code:	EL 13/2016		License:EL 13/2016	licenseProfile		License: EL 13/2016
		1261355132745	/opt/fusion/wars/			

Date Of Application: 20 - Oct 16
Issuing Office:
Company: HUNAN MINING COMPANY (SL) LIMITED
License Type: Exploration
Status: Active License
Date Approved:
Date Expired: 28 - Oct 25
Area: 52.1 km²
Total Paid: USD 6,431
Locations: KONIKE BARINA (TONKOLILI) -
Resources: All Minerals

Code:	EL 10/2016		License:EL 10/2016	licenseProfile		License: EL 10/2016
		1261355124372	/opt/fusion/wars/			

Date Of Application: 28 - Jul 16
Issuing Office:
Company: Longtiaoshan (SL) Company Limited
License Type: Exploration
Status: Active License
Date Approved:
Date Expired: 09 - Sep 25
Area: 232.41 km²
Total Paid: USD 26,066
Locations: NIMIYAMA (KONO) - LOWER BAMBARA (KENEMA) - DODO (KENEMA) - NIMIKORO (KONO) - GORAMA KONO (KONO) -
Resources: All Minerals -

Code: EL 5/2016

	License:EL 5/ 201	licenseProfile		License: EL 5/2016
1261355112350	/ opt/ fusion/ wars/			

Date Of Application: 01 - Mar 16

Issuing Office:

Company: Majestic Exploration Mining Company (SL) Limited

License Type: Exploration

Status: Active License

Date Approved:

Date Expired: 26 - May 25


Area: 66.97 km²

Total Paid: USD 14,564

Locations: NIMIKORO (KONO) - TANKORO (KONO) -

Resources: All Minerals

Code: EL 8/2016

	License:EL 8/ 201	licenseProfile		License: EL 8/2016
1261355121250	/ opt/ fusion/ wars/			

Date Of Application: 08 - Jul 16

Issuing Office:

Company: Mourné Mining Limited

License Type: Exploration

Status: Active License

Date Approved:

Date Expired: 09 - Aug 25


Area: 107.7 km²

Total Paid: USD 12,420

Locations: FIAMA (KONO) - KAMARA (KONO) - GBENSE (KONO) -

Resources: Associated Minerals - Gold - Diamonds

Code: EL 3/2016

	License:EL 3/2016	licenseProfile		License: EL 3/2016
1261355108434	/opt/fusion/wars/			

Date Of Application: 04 - Jan 16

Issuing Office:

Company: Muhaba Minerals Holdings (SL) Limited

License Type: Exploration

Status: Active License

Date Approved:

Date Expired: 19 - Jan 25


Area: 46.48 km²

Total Paid: USD 5,148

Locations: VALUNIA (BO) - KONIKE SANDA (TONKOLILI) - GORAMA MENDE (KENEMA) - KONIKE BARINA (TONKOLILI) -

Resources: All Minerals -

Code: EL 2/2017

	License:EL 2/2017	licenseProfile		License: EL 2/2017
1261355122920	/opt/fusion/wars/			

Date Of Application: 26 - Jul 16

Issuing Office:

Company: Serrarus Mining and Exploration Limited

License Type: Exploration

Status: Active License

Date Approved:

Date Expired: 24 - Jan 26

Area: 212.92 km²

Total Paid: USD 23,994

Locations: GBENSE (KONO) - FIAMA (KONO) - KAMARA (KONO) - TANKORO (KONO) -

Resources: Gold -

Code: APL-I-758

	Application:APL-I-	licenseProfile		Application:APL-I-758
1261355112327	/ opt/ fusion/ wars/			

Date Of Application: 01 - Mar 16

Issuing Office:

Company: Tandem Liber Holdings Limited

License Type: Exploration

Status: Validation

Date Approved:

Date Expired:

Area: 0 km²

Total Paid: USD 500

Locations: GORAMA MENDE (KENEMA) - VALUNIA (BO) -

Resources: All Minerals -

Code: APL-I-759

	Application:APL-I-	licenseProfile		Application:APL-I-759
1261355112340	/ opt/ fusion/ wars/			

Date Of Application: 01 - Mar 16

Issuing Office:

Company: Tandem Liber Holdings Limited

License Type: Exploration

Status: Validation

Date Approved:

Date Expired:


Area: 0 km²

Total Paid: USD 500

Locations: GORAMA MENDE (KENEMA) - KOMBOYA (BO) - VALUNIA (BO) -

Resources: All Minerals -

Code: EL 6/2016

	License:EL 6/201	licenseProfile		License: EL 6/2016
1261355112345	/ opt/ fusion/ wars/			

Date Of Application: 01 - Mar 16

Issuing Office:

Company: Tandem Liber Holdings Limited

License Type: Exploration

Status: Active License

Date Approved:

Date Expired: 14 - Jun 25


Area: 76.5 km²

Total Paid: USD 9,083

Locations: KAFE SIMIRA (TONKOLILI) - KALANSOGIA (TONKOLILI) -

Resources: All Minerals

Code: EL 7/2016

	License:EL 7/201	licenseProfile		License: EL 7/2016
1261355112348	/ opt/ fusion/ wars/			

Date Of Application: 01 - Mar 16

Issuing Office:

Company: Tandem Liber Holdings Limited

License Type: Exploration

Status: Active License

Date Approved:


Date Expired: 21 - Jun 25

Area: 139.86 km²


Total Paid: USD 16,192

Locations: NONGOWA (KENEMA) - SMALL BO (KENEMA) - KOYA 2 (KENEMA) - NIAWA (KENEMA) -

Resources: All Minerals


Code:	EL 12/2016		
	<input type="text"/>	License:EL 12/2016	licenseProfile  License: EL 12/2016
	<input type="text" value="1261355119157"/>	<input type="text" value="/opt/fusion/wars/"/>	

Date Of Application: 16 - Jun 16
Issuing Office:
Company: Zephyr Resources (SL) Limited
License Type: Exploration
Status: Active License
Date Approved:
Date Expired: 26 - Sep 25
Area: 78.18 km²
Total Paid: USD 9,099
Locations: SANDA LOKO (BOMBALI) - MAGBAIAMBA NGOWAHUN (BOMBALI) - KASSUNKO (KONADUGU) - BIRIWA (BOMBALI) -
Resources: All Minerals

Code:	EL 11/2016		
	<input type="text"/>	License:EL 11/2016	licenseProfile  License: EL 11/2016
	<input type="text" value="1261355124350"/>	<input type="text" value="/opt/fusion/wars/"/>	

Date Of Application: 26 - Jul 16
Issuing Office:
Company: ZWELL INVESTMENT COMPANY LIMITED
License Type: Exploration
Status: Active License
Date Approved:
Date Expired: 29 - Aug 25
Area: 127.93 km²
Total Paid: USD 14,572
Locations: VALUNIA (BO) - GORAMA MENDE (KENEMA) - KONIKE BARINA (TONKOLILI) -
Resources: All Minerals -

LARGE SCALE MINING LEASE APPLICATION

Code:	ML 1/2016		
		License:ML 1/20	licenseProfile
	1261355125010	/opt/fusion/wars/	 License: ML 1/2016
Date Of Application:	05 - Aug 16		
Issuing Office:			
Company:	Sierramin Bauxite (SL) Limited		
License Type:	Large Scale		
Status:	Active License		
Date Approved:			
Date Expired:	07 - Sep 86		
Area:	123.91 km²		
Total Paid:	USD 575,000		
Locations:	MAFORKI (PORT LOKO) -		
Resources:	Bauxite -		

Appendix 1B: List of Mineral Rights that were completely/partially surrendered

Application Date	Application Code	APL Type	Company Name	Area Name	Area Size
04/02/2016	EXPL 28/2010	Total surrender	Universal Gold Mining & Exploration (SL) Limited	Kafe Simira & Kalansogonia chiefdoms Koinadugu District	160.31 Km ²
04/02/2016	EXPL 82/2011	Total surrender	Universal Gold Mining & Exploration (SL) Limited	Small Bo, Nongowa and Koya Chiefdoms, Kenema District.	140.31 Km ²
05/03/2016	EL 87/2011	Application to partially surrender	Golden Saint Resources (Africa) Limited	Badjia chiefdom, Bo District	
17/03/2016	EL 59/2011	Total surrender	Sierra Minerals Holdings 1 Limited	Kambia North	136.01 Km ²
17/03/2016	EL 60/2011	Total surrender	Sierra Minerals Holdings 1 Limited	Kambia South	161.72 Km ²
31/05/2016	EL 49/2012	Partial Surrender	Sierra Rutile Limited	Jong chiefdom, Bonthe District(189.24Km ²)	90 Km ² (surrender)
31/05/2016	EL 87/2012	Partial Surrender	Sierra Rutile Limited	Jong & Imperi chiefdoms, Bonthe District(108.86 Km ²)	83 Km ² (surrender)
31/05/2016	EL 88/2012	Partial Surrender	Sierra Rutile Limited	Imperi Chiefdom, Bonthe District & Banta Gbangbatoke chiefdom, Moyamba District 104.63 Km ² (surrender)	47.63 Km ² (surrender)
21/12/2016	EL 46B/2011	Exploration (Total Surrender)	Marampa iron Ore (SL) Limited	Lunsar B	66.0 Km ²
21/12/2016	EL 11/2011	Exploration (Total Surrender)	Metal Exploration (SL) Limited	Gbahama	135.34 Km ²
21/12/2016	EL 13/2011	Exploration (Total Surrender)	Metal Exploration (SL) Limited	Gbinti	67.41 Km ²

21/12/2016	EL 15/2011	Exploration (Total Surrender)	Metal Exploration (SL) Limited	Lankonoh	136.44 Km ²
21/12/2016	EL 16/2011	Exploration (Total Surrender)		Makonkari	100.24 Km ²
21/12/2016	EL 17/2011	Exploration (Total Surrender)	Metal Exploration (SL) Limited	Karina	178.02 Km ²
21/12/2016	EL 18/2011	Exploration (Total Surrender)	Metal Exploration (SL) Limited	Kukuna	6.67 Km ²
21/12/2016	EL 19/2011	Exploration (Total Surrender)	Metal Exploration (SL) Limited	Lankonoh North	57.24 Km ²
21/12/2016	EL 20/2011	Exploration (Total Surrender)	Metal Exploration (SL) Limited	Marampa East	184.18 Km ²
21/12/2016	EL 21/2011	Exploration (Total Surrender)	Metal Exploration (SL) Limited	Mawanka	147.83 Km ²
21/12/2016	EL 22/2011	Exploration (Total Surrender)	Metal Exploration (SL) Limited	Kambia East	160.03 Km ²
21/12/2016	EL 23/2011	Exploration (Total Surrender)	Metal Exploration (SL) Limited	Magbosi	140.1 Km ²
21/12/2016	EL 24/2011	Exploration (Total Surrender)	Metal Exploration (SL) Limited	Gbangbama	53.53 Km ²
21/12/2016	EL 25/2011	Exploration (Total Surrender)	Metal Exploration (SL) Limited	Gbinti West	132.93 Km ²
08/09/2016	EL 01/2012	Partial Surrender	Sierra Minerals Holdings No.1 Limited	Konike Barina, Konike Sanda, Valunia, Gorama Mende	111.85 Km ²
08/09/2016	EL 46/2012	Partial Surrender	Sierra Minerals Holdings No.1 Limited	Konike Sanda, Gorama Mende	114.72 Km ²

Appendix 2: Criteria used for 2011-2012 Petroleum Bid Round

Company/Applicant..... Evaluator.....

	BIDDING FACTOR	STANDARD/EXPECTATION
Technical Proposal	Technical understanding of block/basin area (maximum of 40 marks)	Details of quantity and quality of resources (in-house vs. contracted out) with relevant qualifications and experience in the regional or similar basin play types (geology, geophysics, reservoir engineering and other necessary specialist skills) to give proper effect to the proposed work programme
		Details of existing geotechnical data available over the block/basin area and how this has been processed and incorporated within proprietary studies performed in preparation of the bid
		Results of analysis performed demonstrating overall block prospectively understanding and associated risks. This should include, as far as possible, results and discussion of relevant seismic studies and interpretations (including maps, hydrocarbon systems and advanced seismic techniques e.g. inversion, anomaly/attribute analysis) leading to the evolved play ideas and any specific leads/prospects.
	Exploration expertise (maximum of 30 marks)	Description of the bidder's in-house capabilities in the area of:
		Exploration geology and geophysics (including ownership, access or contracts for geophysical data acquisition)
		Reservoir geology and engineering
		Exploration well design, drilling and completion (including ownership)
		Field development technology including subsea development
		Sources of external resources to supplement in-house resources, and how will these be managed
		company policy regarding the use of new or advanced technology and company track record in introducing technology to operations
	Operational experience (maximum of 20 marks)	Detailed information on petroleum licenses or similar rights currently or previously held by the bidder as operator or non-operator partner setting out the following details:
		Block name, location (onshore or offshore), acreage, percentage interest in block, primary resource(s) sought
		Details of exploration wells, well TD, water depth/distance from well to shore (for offshore)
		Description of production wells and facilities (e.g. subsea vs. Platform completion), water depth/distance from well to shore (for offshore)
		Where non-operator, description of involvement in management, decision making and liability for the operation of the asset

	Work Programme <i>(include timing as a function of months/years from award) – maximum of 50 marks</i>	Quantity of 2D seismic reflection reprocessing (in line-km and line spacing). Include estimate of coverage of permit (as a percentage, including discussion on how reprocessing techniques best target plays/leads/prospects. Include a map showing proposed 2D lines over the extent of the Block area)
		Quantity of 3D seismic reflection reprocessing (km ²), including estimate of coverage of Block (as a percentage) and discussion on how reprocessing techniques best target plays/leads/prospects. (Information should include a map showing proposed area of 3D reprocessing over the extent of the Block area).
		Quantity of 2D seismic reflection acquisition, including estimate of coverage of Block (as a percentage) and discussion on how acquisition parameters best target play/prospects. (Information should include a map showing proposed 2D lines over the extent of the Block area)
		Quantity of 3D seismic reflection acquisition (in km ² , including estimate of coverage of Block (as a percentage) and discussion on how acquisition parameters best target plays/leads/prospects. (information should Include a map showing proposed area of 3D acquisition over the extent of the block area)
		Quantity and overall coverage (as a percentage) of other new geophysical data acquisition e.g. CSEM, gravity, magnetic surveys etc
		Quantity (e.g. number of existing wells and/or samples analyzed) and coverage of stratigraphic, reservoir, petro physical and/or other geological, geophysical, or geochemical studies
		Description of how the proposed technical work programme will clarify understanding of the full petroleum potential of the permit area and reduce technical risk to drillable levels. Information may include a definition of levels of certainty that would enable drilling to proceed
		Number, and timing of committed and proposed wells, highlighting any dependencies on results of the planned technical work. <i>(Note: proposed well drilling dates should be as realistic as possible, taking into account the proposed exploration programme, drilling consent requirements of other agencies as EPA and possibly MOFED, number of available seismic acquisition drilling season windows, and vessel/rig mobilization schedules)</i>
		Extent to which bidder has investigated or mitigated risks associated with securing exploration equipment and resources (in particular seismic equipment and drilling rigs) to support work programme commitments
	HSE Management- maximum 10 marks.	Description of applicant's commitment to the conduct of EIA and implementation of environmental management plan.
		Description of applicant's level of commitment to Safety management practices including measures for the prevention and management of occupational injury, as well as prevention of oil spills, Blow Outs, and emergency response preparedness.

Appendix 3: List of companies/ extractive industry entities that met the materiality threshold in 2016

	Name		Amounts paid US\$	% of Total Revenue	Cumulative Percentage
1	Tonkolili Iron Ore Sl. Ltd.		6,034,108.79	22.85	22.85
2	Koidu Ltd.		5,844,075.29	22.13	44.99
3	Sierra Rutile Ltd		5,665,030.57	21.46	66.44
4	Sierra Minerals Holdings No.1 Ltd.	Vimetco	1,910,159.82	7.23	73.68
5	H. M. Diamonds		1,474,623.06	5.58	79.26
6	Kassim M Basma		542,269.49	2.05	81.32
7	Sierramin Bauxite (SL) Ltd		537,179.00	2.03	83.35
8	Kingho Investment Co. Ltd. IRO CKH		500,000.00	1.89	85.24
9	Shan Steel (SL)Limited		447,060.00	1.69	86.94
10	Africa Railway & Port Services		250,000.00	0.95	87.88
11	AMR Gold (SL) Limited		183,896.00	0.70	88.58
12	Allotropes Diamond Co. Ltd.		174,548.00	0.66	89.24

Appendix 4: Out of scope Companies/Entities-2016

	Name	Amounts paid US\$	% of Total Revenue	Cumulative Percentage
13	Rimco Mining (SL) Ltd	160,385.00	0.61	89.85
14	K Minerals & Farming Ltd	148,499.39	0.56	90.41
15	Shawke B Shour	142,719.31	0.54	90.95
16	Cluff Gold S/L	131,248.00	0.50	91.45
17	Blue Horizon (SL) Limited	72,400.00	0.27	91.72
18	Mamayah Investment (SL) Limited	66,681.80	0.25	91.98
19	Pluto Mining Company (SL) Limited	65,388.41	0.25	92.22
20	Global Consultancy & Commodities Trading (SL) Ltd	63,830.86	0.24	92.47
21	Golden Saint Resources (Africa) Ltd	63,752.00	0.24	92.71
22	Lion Stones (SL) Ltd	63,350.85	0.24	92.95
23	Shawke B. Shouriro Hussein Shour	60,720.00	0.23	93.18
24	Taide Trading (SL) Enterprise	56,584.38	0.21	93.39
25	Dojo Resources	47,652.00	0.18	93.57
26	Jem Property Services Limited	43,754.35	0.17	93.74
27	Kassim M. Basma IRO Pandya Dhaval Rajnikart	43,500.00	0.16	93.90
28	Bright & Beautiful (SL) Limited	42,500.00	0.16	94.06
29	Deug Trade & Finance (SL) Ltd.	42,500.00	0.16	94.22
30	Mamayal Investment (SL) Limited	42,500.00	0.16	94.38
31	Seawright Mining Co.	39,504.00	0.15	94.53
32	Monte Oro Mining Co. Ltd.	39,000.00	0.15	94.68
33	Nimini Mining Limited	36,000.00	0.14	94.82
34	Beyond Mining Explosives Koidu Ltd	35,496.00	0.13	94.95
35	Atlantic Commercial Ventures Ltd.	35,000.00	0.13	95.09
36	C.S.M. (SL) Ltd	35,000.00	0.13	95.22
37	Continental Africa Minerals	35,000.00	0.13	95.35
38	Doren Communities Ltd.	35,000.00	0.13	95.48
39	La Mine Import Limited	35,000.00	0.13	95.62
40	Lion Stone SL Ltd	35,000.00	0.13	95.75
41	Makkah Treasures General Co. Ltd.	35,000.00	0.13	95.88
42	Pluto Mining Company (SL) Ltd	35,000.00	0.13	96.01
43	Pro-Poor Community Minerals Mining & General Trading	35,000.00	0.13	96.15
44	S. Sagar (SL) Limited	35,000.00	0.13	96.28
45	Jingxiang Mining Company (SL) Ltd	34,836.76	0.13	96.41
46	Chundi International Min. Co. Ltd.	30,676.00	0.12	96.53
47	West African Union Company Ltd	29,991.14	0.11	96.64
48	Salone Minerals Company	27,936.00	0.11	96.75

49	Geffen Minerals Limited	24,918.00	0.09	96.84
50	Magnum Link Sl. Ltd.	24,806.00	0.09	96.93
51	Longhaoshan (SL) Company Ltd	23,241.00	0.09	97.02
52	Yijinyuan (SL) Ltd	22,376.00	0.08	97.11
53	Alexandria Carmel Diamonds Limited	18,882.24	0.07	97.18
54	S. Sagar (SL) Limited	18,007.26	0.07	97.25
55	Archetype Diamonds (SL) Ltd	17,801.92	0.07	97.31
56	Amadex (SL) Limited	16,537.08	0.06	97.38
57	Dojo Enterprises Intl (SL) Limited	14,400.00	0.05	97.43
58	Tandem Liber Holdings Limited	13,986.00	0.05	97.48
59	Fantasy Development (SL) Co. Ltd.	13,129.50	0.05	97.53
60	B G Zwell Investment Company Ltd.	12,793.00	0.05	97.58
61	Muhaba Mineral Holdings SL Ltd	11,776.00	0.04	97.63
62	Mourne Mining Ltd	10,770.00	0.04	97.67
63	Perfect Int'l Company Limited	10,258.00	0.04	97.71
64	Leo Minerals (Valunia) Limited	10,039.16	0.04	97.74
65	DXB Gold & Diamond Export (SL) Ltd	9,898.75	0.04	97.78
66	Bright & Beautiful (SL) Limited	9,838.47	0.04	97.82
67	Citigate Commodity Trading Company	7,935.00	0.03	97.85
68	Zephyr Resources Sl. Ltd.	7,818.00	0.03	97.88
69	Harsia Enterprises	7,720.12	0.03	97.91
70	Tendem Liber Holdings Ltd	7,650.00	0.03	97.94
71	Abayomi Charles Akomolafe	7,500.00	0.03	97.97
72	Albrosia Limited	7,500.00	0.03	97.99
73	Amho Reserve Sl. Ltd.	7,500.00	0.03	98.02
74	DTB International (SL) Ltd	7,500.00	0.03	98.05
75	DXB Gold & Diamond Export (SL) Ltd	7,500.00	0.03	98.08
76	Global Consultancy & Commodities Trading SL Ltd	7,500.00	0.03	98.11
77	Gold & Goods Company Ltd	7,500.00	0.03	98.14
78	Hansia Enterprise	7,500.00	0.03	98.16
79	Jem Property Services Limited	7,500.00	0.03	98.19
80	K Minerals And Farming Ltd.	7,500.00	0.03	98.22
81	K&K Investment Corporation Rd. F/T	7,500.00	0.03	98.25
82	Kondody Limited	7,500.00	0.03	98.28
83	Masa Impex Partnership	7,500.00	0.03	98.31
84	Mine Africa Investment & Dev. Ltd.	7,500.00	0.03	98.34
85	Patany Limited	7,500.00	0.03	98.36
86	Sla Enterprise	7,500.00	0.03	98.39
87	Ahamed Jamal Mohamed	7,000.00	0.03	98.42
88	Aloeshbhai Naranbhai Chadvadiya	7,000.00	0.03	98.44
89	AVI Marom	7,000.00	0.03	98.47

90	Canada Diamond Holding Ltd IRO Cheang Kim	7,000.00	0.03	98.50
91	Dan Dimitri Slutski	7,000.00	0.03	98.52
92	Micheal D Brookshire	7,000.00	0.03	98.55
93	Okkes Musiuman	7,000.00	0.03	98.58
94	Parsottambhai Becharbhai Patel	7,000.00	0.03	98.60
95	Samarjeet Kothari	7,000.00	0.03	98.63
96	Varun Jagdishbhai Shah	7,000.00	0.03	98.66
97	Amadex (SL) Limited	6,734.60	0.03	98.68
98	Majestic Exploration & Mining Co.	6,697.00	0.03	98.71
99	Atlantic Commercial Ventures Ltd	6,695.08	0.03	98.73
100	Fantasy Dev. Sl. Ltd.	6,294.87	0.02	98.76
101	China Freetown Company Ltd	6,241.25	0.02	98.78
102	Alhaji Bahoreh Ceesay	6,000.00	0.02	98.80
103	Ayman Taleb	6,000.00	0.02	98.83
104	Harshad J. Shah	6,000.00	0.02	98.85
105	Hassan Khalil Malik	6,000.00	0.02	98.87
106	Joseph Saad Michael	6,000.00	0.02	98.89
107	Mohamed I. Basma	6,000.00	0.02	98.92
108	Mohamed N. Mansour	6,000.00	0.02	98.94
109	Paul Vemer Miller Jr.	6,000.00	0.02	98.96
110	Shaun Carswell Mchaffie	6,000.00	0.02	98.99
111	The Zin Htwe	6,000.00	0.02	99.01
112	Tshimanga Miah	6,000.00	0.02	99.03
113	Kaikai Ansumana Jaia IFO Jyork Ind, Inc. Ltd.	5,517.00	0.02	99.05
114	Alliance Mining Company	5,499.00	0.02	99.07
115	Alcoc & Partners (SL) Ltd	5,469.03	0.02	99.09
116	Hunan Mining Company (SL) Ltd	5,210.00	0.02	99.11
117	Anvest Africa Minerals	5,000.00	0.02	99.13
118	Metal Links (SL) Ltd	5,000.00	0.02	99.15
119	Pulsar Mining & Investment	5,000.00	0.02	99.17
120	Silvia Ortus	5,000.00	0.02	99.19
121	M & S Ventures Ltd.	4,947.00	0.02	99.21
122	La Mine Import Limited	4,439.94	0.02	99.22
123	Gem Star Diamond (PVT) Limited	4,327.53	0.02	99.24
124	Trugul Resources Limited	4,212.00	0.02	99.26
125	Wilkinson Hill Mining Company	4,017.02	0.02	99.27
126	Benjamin G Tadena	4,000.00	0.02	99.29
127	Brian Lynn Schumacher	4,000.00	0.02	99.30
128	Jitendra Somabhai Nai	4,000.00	0.02	99.32
129	Louis Pearl	4,000.00	0.02	99.33
130	Nizar Egbaria	4,000.00	0.02	99.35
131	Woodrow Pershing Butler 111	4,000.00	0.02	99.36
132	Continental Africa Minerals Ltd	3,668.02	0.01	99.38

133	Sla Enterprises	3,143.37	0.01	99.39
134	James Moore	3,120.56	0.01	99.40
135	Ablou Sumbundu	3,000.00	0.01	99.41
136	Berlay Fanta Tunkara	3,000.00	0.01	99.42
137	Ebrahim Conteh	3,000.00	0.01	99.43
138	Folarin A.F. Adedayo	3,000.00	0.01	99.45
139	Mohamed Shihabudheen Azhinikoden	3,000.00	0.01	99.46
140	New Circle Limited	2,884.00	0.01	99.47
141	Abu Bakar Dumbuya	2,625.33	0.01	99.48
142	William Ross	2,624.23	0.01	99.49
143	Haggie Kabba	2,623.13	0.01	99.50
144	Alexis Gabriel Adrian Kumba-Smart	2,500.00	0.01	99.51
145	Alhaji Issa Kanu	2,500.00	0.01	99.52
146	Alie Fawaz Hedjazi	2,500.00	0.01	99.53
147	Alusine Kamara	2,500.00	0.01	99.54
148	Bashiru Jalloh	2,500.00	0.01	99.55
149	Fadis Hamdan	2,500.00	0.01	99.55
150	Hassan T Saad	2,500.00	0.01	99.56
151	Hawa Rosalyn Siafa	2,500.00	0.01	99.57
152	Ibrahim M Jawara	2,500.00	0.01	99.58
153	Jihad Saad	2,500.00	0.01	99.59
154	Joseph M Kpulum	2,500.00	0.01	99.60
155	Michael Solomon	2,500.00	0.01	99.61
156	Mohamed A Skaikay	2,500.00	0.01	99.62
157	Mohamed Abass	2,500.00	0.01	99.63
158	Mohamed B Jalloh	2,500.00	0.01	99.64
159	Mohamed Hassan Shuman	2,500.00	0.01	99.65
160	Mohamed J. Awada	2,500.00	0.01	99.66
161	Mohamed Lamin Sesay	2,500.00	0.01	99.67
162	Mohamed Yusif Fahed	2,500.00	0.01	99.68
163	Musa Sania	2,500.00	0.01	99.69
164	Omar Jalloh	2,500.00	0.01	99.70
165	Osman Jalloh	2,500.00	0.01	99.71
166	Sallieu Sow	2,500.00	0.01	99.72
167	Sheriff Bah	2,500.00	0.01	99.73
168	Victor Edward Amara	2,500.00	0.01	99.73
169	CSM (SL) Limited	2,070.00	0.01	99.74
170	Sewa Mining Company Limited	,880.11	0.01	99.75
171	Alseny Gildas Boutet	1,500.00	0.01	99.76
172	Kondody Limited	1,405.00	0.01	99.76
173	Bright & Beautiful (SL) Ltd	1,139.79	0.00	99.76

174	Ibrahim Fofanah	1,117.53	0.00	99.77
175	Abdulai B. Sesay	1,000.00	0.00	99.77
176	Abdulai Gibril. Sesay	1,000.00	0.00	99.78
177	Abdulai Wahab Daboh	1,000.00	0.00	99.78
178	Ahmed Taiib	1,000.00	0.00	99.78
179	Aiman El-Zein	1,000.00	0.00	99.79
180	Aiman Jawad	1,000.00	0.00	99.79
181	Alie Amin Skaikay	1,000.00	0.00	99.80
182	Alie Badara Sheriff	1,000.00	0.00	99.80
183	Alie Dukuray	1,000.00	0.00	99.80
184	Amadu Jalloh	1,000.00	0.00	99.81
185	Amadu Wurie Jalloh	1,000.00	0.00	99.81
186	Bassam Hamka	1,000.00	0.00	99.81
187	Charles Terry	1,000.00	0.00	99.82
188	Fatorma Momoh	1,000.00	0.00	99.82
189	Foday Daramy	1,000.00	0.00	99.83
190	Haidar Ismail	1,000.00	0.00	99.83
191	Hassan Antar	1,000.00	0.00	99.83
192	Hassan F. Mroue	1,000.00	0.00	99.84
193	Haytham Diab	1,000.00	0.00	99.84
194	Hussain Jihad Saad	1,000.00	0.00	99.84
195	Idrissa Kabba	1,000.00	0.00	99.85
196	Ismail Ishameddine	1,000.00	0.00	99.85
197	John Karim	1,000.00	0.00	99.86
198	Kamal Namtatah Mansour	1,000.00	0.00	99.86
199	Kejul Shah	1,000.00	0.00	99.86
200	Lanfia Kabba	1,000.00	0.00	99.87
201	Manzer Mohamed Jaward	1,000.00	0.00	99.87
202	Michael Sallu Mansaray	1,000.00	0.00	99.88
203	Mohamed A. Sow	1,000.00	0.00	99.88
204	Mohamed Bella Dumbuya	1,000.00	0.00	99.88
205	Mohamed Karim	1,000.00	0.00	99.89
206	Mohamed Kondeh	1,000.00	0.00	99.89
207	Mohamed Lamin Kakay	1,000.00	0.00	99.89
208	Mohamed S. Khalil	1,000.00	0.00	99.90
209	Mounther Jaward	1,000.00	0.00	99.90
210	Musa Janneh	1,000.00	0.00	99.91
211	Musa Sheriff	1,000.00	0.00	99.91
212	Mustapha Nabay	1,000.00	0.00	99.91
213	Nassaer Nour	1,000.00	0.00	99.92
214	Nassim George Nassim	1,000.00	0.00	99.92
215	Saidu Dumbuya	1,000.00	0.00	99.92

216	Salian Alie Dayeck	1,000.00	0.00	99.93
217	Salim Abdallah Saad	1,000.00	0.00	99.93
218	Shaway Fackih	1,000.00	0.00	99.94
219	Shoukie A. Galeb	1,000.00	0.00	99.94
220	Sorie Sannaoh	1,000.00	0.00	99.94
221	Sulaiman Bah	1,000.00	0.00	99.95
222	Sulaiman Barrie	1,000.00	0.00	99.95
223	Sulaiman Saad	1,000.00	0.00	99.95
224	Taraik Mansour	1,000.00	0.00	99.96
225	Wurrie Bella Sow	1,000.00	0.00	99.96
226	Youssef Sasso	1,000.00	0.00	99.97
227	Pro-Poor Comm. Minerals Mining & General Trading Co. Ltd.	868.33	0.00	99.97
228	Arwest Africa Minerals Limited	773.83	0.00	99.97
229	Uncle Huang (SL) Limited	750.00	0.00	99.98
230	Ocean Sand Energy Limited	630.00	0.00	99.98
231	K & K Investment Corporation (SL) Ltd	609.64	0.00	99.98
232	Yoya Kassama	500.00	0.00	99.98
233	Munday Investment Company Limited	389.49	0.00	99.98
234	Sea Wrght Mining Company Limited	179.88	0.00	99.98
235	Alpha U Jalloh	134.04	0.00	99.98
236	Lansana Rogers	134.04	0.00	99.98
237	Robert B Kargbo	134.04	0.00	99.99
238	Barrie Abdul Rahman Jalloh	130.47	0.00	99.99
239	Mbaimba Kamara	130.41	0.00	99.99
240	Ibrahim Alie Kabba	130.41	0.00	99.99
241	Chernor Madanie Bah	127.83	0.00	99.99
242	Mohamed Sorie Sesay	124.93	0.00	99.99
243	Abdul Buya Mansaray	124.38	0.00	99.99
244	Abdul Kargbo	124.38	0.00	99.99
245	Saidu Conteh	124.26	0.00	99.99
246	Alie Kamara	124.22	0.00	99.99
247	Papah Kamara	124.22	0.00	99.99
248	Abdul Kafar Jalloh	121.94	0.00	99.99
249	Aruna Kamara	120.56	0.00	99.99
250	Idrissa Kamara	117.62	0.00	99.99
251	Lansana J. Conteh	117.62	0.00	99.99
252	Abdulai Kanu	117.53	0.00	99.99
253	Alfred Sesay	117.53	0.00	99.99
254	Daniel Paris	109.57	0.00	99.99
255	Umar Fuad Bawoh	105.29	0.00	99.99
256	Idrissa Mansaray	105.15	0.00	99.99
257	Nathan Adolphus Cole	105.15	0.00	99.99

258	Umaru Bah	105.04	0.00	99.99
259	Lamin Koroma	104.42	0.00	100.00
260	Osman Sesay	104.42	0.00	100.00
261	Alpha Amadu Barrie	52.32	0.00	100.00
262	Alpha Bah	52.32	0.00	100.00
263	Ibrahim Sow	52.32	0.00	100.00
264	Mamadu Jaa Kitay	52.32	0.00	100.00
265	Sidie Jalloh	52.32	0.00	100.00
266	Umaro Koroma	50.96	0.00	100.00
267	Alhassan Foday Bangura	50.13	0.00	100.00
268	Alie Koroma	50.13	0.00	100.00
269	Aruna K. Thoronka	50.13	0.00	100.00
270	Tamba Kemoh Mbokpa	50.13	0.00	100.00
271	Abdulai Bah	49.16	0.00	100.00
272	Abdul Karim Kargbo	48.78	0.00	100.00
273	John Sorie Koroma	48.78	0.00	100.00
274	Kadiatu Kamara	48.78	0.00	100.00
275	Mohamed Bah	48.78	0.00	100.00
276	Mohamed Wurie Bah	48.78	0.00	100.00
277	Mohamed Sheriff	47.05	0.00	100.00
278	Jamba Pessima	43.06	0.00	100.00
279	Osman Kargbo	43.06	0.00	100.00
280	Wurie Jalloh	43.06	0.00	100.00
281	Mustapha Koroma	42.06	0.00	100.00
282	Kini Toma Menjor	42.02	0.00	100.00
283	Yankuba Kawa	42.02	0.00	100.00
284	Mustaqali Mazarali	30.00	0.00	100.00
285	Bintu Baradji	29.96	0.00	100.00
	TOTAL	26,403,529.22		

Appendix 5: Details of Reconciliation

Koidu Limited

Company					Government			Final Amounts		Unresolved	
No.	Revenue Stream	Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	Under
1	Mining Licence	262,692	-23907	238,785	238,785		238,785	238,785	238,785	(0)	
2	Exploration Licence			-			-	-	-	-	-
3	Royalty	5,040,818		5,040,818	5,040,717		5,040,717	5,040,818	5,040,717	101	
4	Export duty for Diamonds			-			-	-	-	-	-
5	Corporate Tax			-			-	-	-	-	-
6	Diamond Exporter's License fee			-			-	-	-	-	-
7	Environmental Impact Assessment License	135,875		135,875	135,875		135,875	135,875	135,875	-	-
8	Environmental Impact Assessment Monitoring Fees	27,175		27,175	27,175		27,175	27,175	27,175	-	-
9	Surface Rent	68,372	-44,442	23,930	23,930.00		23,930	23,930	23,930	0	
10	Agricultural Development Fund			-			-	-	-	-	-
11	Community Development Fund			-			-	-	-	-	-
	TOTAL	5,534,931.78	(68,348.80)	5,466,582.98	5,466,482.00	-	5,466,482.00	5,466,582.98	5,466,482.00	101	-

Sierra Rutile Limited

Company					Government			Final Amounts		Unresolved	
No.	Revenue Stream	Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	Under
	2016										
1	Mining Licence			0			-	0	-	-	-
2	Exploration Licence			0			-	-	-	-	-
3	Royalty			0			-	-	-	-	-
4	Export duty for Diamonds			0			-	-	-	-	-
5	Corporate Tax			0			-	-	-	-	-
6	Diamond Exporter's License fee			0			-	-	-	-	-
7	Environmental Impact Assessment License			0			-	-	-	-	-
8	Environmental Impact Assessment Monitoring Fees			0			-	-	-	-	-
9	Surface Rent			0			-	-	-	-	-
10	Agricultural Development Fund			0			-	-	-	-	-
11	Community Development Fund			0			-	-	-	-	-
	TOTAL	0	0	0	-	0	-	0	-	-	-

Sierramin Bauxite (SL) Ltd

No.	Revenue Stream	Company			Government			Final Amounts		Unresolved	
		Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	Under
	2016										
1	Mining Licence			0			-	0	-	-	-
2	Exploration Licence			0			-	0	-	-	-
3	Royalty			0			-	0	-	-	-
4	Export duty for Diamonds			0			-	0	-	-	-
5	Corporate Tax			0			-	0	-	-	-
6	Diamond Exporter's License fee			0			-	0	-	-	-
7	Environmental Impact Assessment License			0			-	0	-	-	-
8	Environmental Impact Assessment Monitoring Fees			0			-	0	-	-	-
9	Surface Rent			0			-	0	-	-	-
10	Agricultural Development Fund			0			-	0	-	-	-
11	Community Development Fund			0			-	0	-	-	-
	TOTAL	0	0	0	0	0	0	0	0	0	0

Sierra Mineral Holdings 1 Ltd

No.	Revenue Stream	Company			Government			Final Amounts		Unresolved	
		Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	Under
	2016										
1	Mining Licence	550,000	(50,000)	500,000	500,000		500,000	500,000	500,000	-	
2	Exploration Licence	20,711		20,711	19,711		19,711	20,711	19,711	1,000	
3	Royalty	1,499,208		1,499,208	1,499,208		1,499,208	1,499,208	1,499,208		
4	Export duty for Diamonds			0			-	0	-	-	-
5	Corporate Tax			0			-	0	-	-	-
6	Diamond Exporter's License fee			0			-	0	-	-	-
7	Environmental Impact Assessment License	152,520		152,520	152,520		152,520	152,520	152,520	-	
8	Environmental Impact Assessment Monitoring Fees	30,504		30,504	30,504		30,504	30,504	30,504	-	-
9	Surface Rent	144,493	(93,920)	50,573	50,573		50,573	50,573	50,573	-	-
10	Agricultural Development Fund			0			-	0	-	-	-
11	Community Development Fund	113,691		113,691			-	113,691	-	113,691	
	TOTAL	2,511,127	-143,920	2,367,207	2,252,516	0	2,252,516	2,367,207	2,252,516	114,691	0

H.M Diamonds

No.	Revenue Stream	Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	Under
	2016										
1	Mining Licence			0			-	0	-	-	-
2	Exploration Licence			0			-	0	-	-	-
3	Royalty			0			-	0	-	-	-
4	Export duty for Diamonds	1,439,623		1,439,623	1,439,623		1,439,623	1,439,623	1,439,623		-
5	Corporate Tax	143,963		143,963	143,963		143,963	143,963	143,963		-
6	Diamond Exporter's License fee	36,524	-1524	35,000	35,000		35,000	35,000	35,000	0	
7	Environmental Impact Assessment License			0			-	0	-	-	-
8	Environmental Impact Assessment Monitoring Fees			0			-	0	-	-	-
9	Surface Rent			0			-	0	-	-	-
10	Agricultural Development Fund			0			-	0	-	-	-
11	Community Development Fund			0			-	0	-	-	-
	TOTAL	1,620,110	-1524	1,618,586	1,618,586.00	0	1618586	1,618,586	1,618,586	0	-

S.D Steel-Tonkolili Iron Ore

		Company			Government			Final Amounts		Unresolved	
No.	Revenue Stream	Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	Under
	2016										
1	Mining Licence	500,000		500,000	1,000,000	(500,000)	500,000	500,000	500,000		-
2	Exploration Licence			-			-	-	-	-	-
3	Royalty	5,675,195		5,675,195	5,034,109	641,086	5,675,195	5,675,195	5,675,195	-	-
4	Export duty for Diamonds			-			-	-	-	-	-
5	Corporate Tax			-			-	-	-	-	-
6	Diamond Exporter's License fee			-			-	-	-	-	-
7	Environmental Impact Assessment License	179,400	193,150	372,550	372,550		372,550	372,550	372,550		-
8	Environmental Impact Assessment Monitoring Fees	35,880	38,630	74,510	74,510		74,510	74,510	74,510		-
9	Surface Rent	71,346	(46,375)	24,971	24,971		24,971	24,971	24,971	(0)	
10	Agricultural Development Fund			-			-	-	-	-	-
11	Community Development Fund			-			-	-	-	-	-
	TOTAL	6,461,821	185,405	6,647,226	6,506,140	141,086	6,647,226	6,647,226	6,647,226	(0)	-

Kassim M. Basma

		Company			Government			Final Amounts		Unresolved	
No.	Revenue Stream	Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	Under
	2016										
1	Mining Licence			0			-	0	-	-	-
2	Exploration Licence			0			-	0	-	-	-
3	Royalty			0			-	0	-	-	-
4	Export duty for Diamonds	577,750		577,750	572,837	4,913	577,750	577,750	577,750	-	
5	Corporate Tax	57,775		57,775	57,775		57,775	57,775	57,775	-	
6	Diamond Exporter's License fee	35,000		35,000	70,000	-35,000	35,000	35,000	35,000		-
7	Environmental Impact Assessment License			-			-	0	-	-	-
8	Environmental Impact Assessment Monitoring Fees			-			-	0	-	-	-
9	Surface Rent			-			-	0	-	-	-
10	Agricultural Development Fund			-			-	0	-	-	-
11	Community Development Fund			-			-	0	-	-	-
	TOTAL	670,525	0	670,525	700,612	-30087	670,525	670,525	670,525	-	-

Kingho Investment Ltd

No.	Revenue Stream	Company			Government			Final Amounts		Unresolved	
		Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	Under
	2016										
1	Mining Licence	500,000		500,000	500,000		500,000	500,000	500,000	-	-
2	Exploration Licence			0			-	-	-	-	-
3	Royalty			0			-	-	-	-	-
4	Export duty for Diamonds			0			-	-	-	-	-
5	Corporate Tax			0			-	-	-	-	-
6	Diamond Exporter's License fee			0			-	-	-	-	-
7	Environmental Impact Assessment License			0			-	-	-	-	-
8	Environmental Impact Assessment Monitoring Fees			0			-	-	-	-	-
9	Surface Rent			0			-	-	-	-	-
10	Agricultural Development Fund			0			-	-	-	-	-
11	Community Development Fund			0			-	-	-	-	-
	TOTAL	500,000	0	500,000	500000	0	500000	500,000	500,000	-	-

AMR Gold SL Ltd

Company					Government			Final Amounts		Unresolved	
No.	Revenue Stream	Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	Under
	2016										
1	Mining Licence			0			-	0	-	-	-
2	Exploration Licence			0			-	0	-	-	-
3	Royalty			0			-	0	-	-	-
4	Export duty for Diamonds			0			-	0	-	-	-
5	Corporate Tax			0			-	0	-	-	-
6	Diamond Exporter's License fee			0			-	0	-	-	-
7	Environmental Impact Assessment License			0			-	0	-	-	-
8	Environmental Impact Assessment Monitoring Fees			0			-	0	-	-	-
9	Surface Rent			0			-	0	-	-	-
10	Agricultural Development Fund			0			-	0	-	-	-
11	Community Development Fund			0			-	0	-	-	-
	TOTAL	0	0	0	0	0	0	0	0	0	0

Allotropes Diamond Ltd

No.	Revenue Stream	Company			Government			Final Amounts		Unresolved	
		Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	Under
	2016										
1	Mining Licence			0			-	0	-	-	-
2	Exploration Licence			0			-	0	-	-	-
3	Royalty			0			-	0	-	-	-
4	Export duty for Diamonds			-			-	0	-	-	-
5	Corporate Tax			-			-	0	-	-	-
6	Diamond Exporter's License fee			-			-	0	-	-	-
7	Environmental Impact Assessment License			0			-	0	-	-	-
8	Environmental Impact Assessment Monitoring Fees			0			-	0	-	-	-
9	Surface Rent			0			-	0	-	-	-
10	Agricultural Development Fund			0			-	0	-	-	-
11	Community Development Fund			0			-	0	-	-	-
	TOTAL	-	0	-	0	0	0	0	0	0	0

Appendix 6 Indirect Taxes (PAYE, Withholding tax and Payroll tax)

NO.	COMPANY	PAYEE	WITHHOLDING TAX	PAY ROLL TAX
1	KASSIM BASMA	280,649.51		
2	KOIDU HOLDINGS	6,750,064,482.60	3,316,518,388.73	
3	SIERRA MINERALS	8,965,388,963.00		
5	TONKOLILI	37,825,751,731.68		
6	H. M. DIAMONDS	29,626,700		

Appendix 7: Summary Details of amounts sent for DACDF Purposes 2013-2016

Month	2013	2014	2015	2016
January	226,157,184	-	187,540,543	367,740,872
February	203,949,599	500,000,000	210,301,954	268,924,951
March	230,539,116	240,000,000	497,610,918	321,365,992
April	149,768,554	465,219,519	297,755,113	63,008,472
May	289,959,941	48,318,870	304,924,415	512,077,294
June	-	501,871,685	386,215,365	413,584,363
July	-	685,963,393	201,962,548	377,516,079
August	-	258,790,384	76,313,247	93,183,040
September	180,000,000	74,245,022	383,706,777	298,756,488
October	-	332,252,934	21,242,687	395,234,546
November	-	200,061,651	224,744,222	345,259,465
December	-	248,630,817	173,973,881	130,584,285
TOTAL	1,280,374,394	3,555,354,274	2,966,291,670	3,587,235,847

Appendix 8: Diamond Area Community Development Fund-Receipts in 2016

MINISTRY OF MINES AND MINERAL RESOURCES

DIAMOND AREA COMMUNITY DEV. FUND (DACDF) PAYMENT VOUCHER FOR THE YEAR 2015

KENEMA DISTRICT-2015

S/N	CHIEFDOM	JAN- JUNE	JUL- DEC	TOTAL AMOUNT	CHEQUE NO.	SIGNATURE
1	P.C Gorama Mende Chiefdom .	64,619,048	43,809,524	108,428,571	2935716	Handwritten signature, 24/6/16
2	P.C Falla Wandor Chiefdom .	40,619,048	29,523,810	70,142,857	2935717	Handwritten signature, 24/6/16
3	P.C Simbaru Chiefdom .	43,619,048	29,523,810	73,142,857	2935718	Handwritten signature, 24/6/16
4	P.C Kandu Leppiam Chiefdom,	73,619,048	58,095,238	131,714,286	2935720	Handwritten signature, 24/6/16
5	P.C Small Bo Chiefdom .	13,619,048	-	13,619,048	2935721	Handwritten signature, 24/6/16
6	P.C Nongowa Chiefdom .	28,619,048	18,095,238	46,714,286	2935722	Handwritten signature, 24/6/16
7	P.C Lower Bambara Chiefdom .	85,619,048	38,095,238	123,714,286	2935724	Handwritten signature, 24/6/16
8	P.C Malegohun Chiefdom.	36,119,048	26,666,667	62,785,714	2935725	Handwritten signature, 24/6/16
10	P.C Dama Chiefdom .	15,119,048	-	15,119,048	2935726	Handwritten signature, 24/6/16
11	P.C Nomo Chiefdom .	12,119,048	9,523,810	21,642,857	2935727	Handwritten signature, 24/6/16
12	P.C Dodo Chiefdom	21,119,048	23,809,524	44,928,571	2935728	Handwritten signature, 24/6/16
13	P.C Koya Chiefdom .	13,619,048	-	13,619,048	2935729	Handwritten signature, 24/6/16
14	Chief Administrator Kenema District Council	119,000,000	72,380,952	191,380,952	2935730	Handwritten signature, 24/6/16
	TOTAL	567,428,571	349,523,810	916,952,381		

PREPARED BY: ABU ADONIS KANU

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ACCOUNTANT

VERIFIED BY: THOMAS JONJO

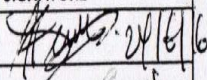
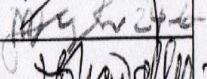
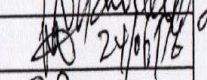
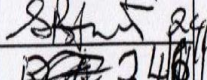
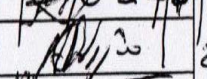
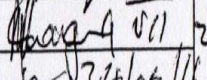
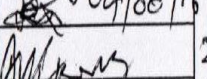
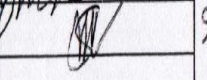
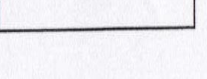

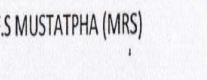
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SENIOR ACCOUNTANT

APPROVED BY: F.S MUSTATPHA (MRS)

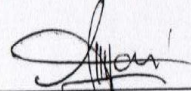
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PERMANENT SECRETARY

MINISTRY OF MINES AND MINERAL RESOURCES
DIAMOND AREA COMMUNITY DEV. FUND (DACDF) PAYMENT VOUCHER FOR THE YEAR 2015


BO DISTRICT-2015

S/N	CHIEFDOM	JAN- JUNE	JUL- DEC	TOTAL AMOUNT	CHEQUE NO.	SIGNATURE
1	P.C Baoma Chiefdom	45,119,048	29,523,810	74,642,857	2935731	 24/6/16
2	P.C Tikonko Chiefdom	33,119,048	23,809,524	56,928,571	2935732	 24/6/16
3	P.C Lugbu Chiefdom	13,619,048	15,238,095	28,857,143	2935733	 24/6/16
4	P.C Jaiama Bongor Chiefdom	15,119,048	12,380,952	27,500,000	2935734	 24/6/16
5	P.C Badjia Chiefdom	9,119,048	-	9,119,048	2935735	 24/6/16
6	P.C Valunia Chiefdom	9,119,048	12,380,952	21,500,000	2935736	 24/6/16
7	P.C Kakua Chiefdom	9,119,048	-	9,119,048	2935738	 24/6/16
8	P.C Komboya Chiefdom	10,619,048	15,238,095	25,857,143	2935739	 24/6/16
10	P.C Barri Chiefdom	9,119,048	18,095,238	27,214,286	2935740	 24/6/16
11	P.C Bumpeh Ngao Chiefdom	10,619,048	-	10,619,048	2935741	 24/6/16
14	Council	29,500,000	26,666,667	55,166,667	2935742	 24/6/16
	TOTAL	194,190,476	153,333,333	347,523,810		

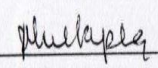
PREPARED BY: ABU ADONIS KANU


ACCOUNTANT

VERIFIED BY: THOMAS JONJO

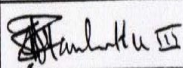
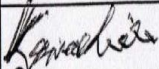


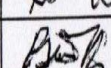

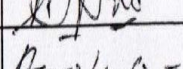

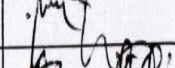

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APPROVED BY: F.S MUSTATPHA (MRS)

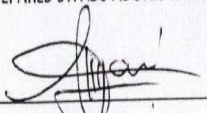

PERMANENT SECRETARY

MINISTRY OF MINES AND MINERAL RESOURCES
DIAMOND AREA COMMUNITY DEV. FUND (DACDF) PAYMENT VOUCHER FOR THE YEAR 2015


KONO DISTRICT-2015

S/N	CHIEFDOM	JAN- JUNE	JUL- DEC	TOTAL AMOUNT	CHEQUE NO.	SIGNATURE
1	P. C Sandor Chiefdom	88,619,048	35,238,095	123,857,143	2935705	
2	P.C Gbense Chiefdom	73,619,048	38,095,238	111,714,286	2935706	
3	P.C Nimikoro Chiefdom	123,119,048	109,523,810	232,642,857	2935707	
4	P. Tankoro Chiefdom	34,619,048	23,809,524	58,428,571	2935708	
6	P.C. Gorama Kono Chiefdom	10,619,048	9,523,810	20,142,857	2935710	
7	P.C Nimiyama Chiefdom	97,619,048	60,952,381	158,571,429	2935711	
8	P.C Kamara Chiefdom	70,619,048	40,952,381	111,571,429	2935712	
9	Chief Administrator Kono District Council	136,551,191	90,476,190	227,027,381	2935714	
10	Kono New Sembahun City Council	11,948,810		11,948,810	2935719	
	TOTAL			1,055,904,762		

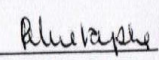
PREPARED BY: ABU ADONIS KANU


ACCOUNTANT

VERIFIED BY: THOMAS JONJO


SENIOR ACCOUNTANT

APPROVED BY: F.S MUSTATPHA (MRS)


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MINISTRY OF MINES AND MINERAL RESOURCES
DIAMOND AREA COMMUNITY DEV. FUND (DACDF) PAYMENT VOUCHER FOR THE YEAR 2015

PUJEHUN DISTRICT-2015

S/N	CHIEFDOM	JAN- JUNE	JUL- DEC	TOTAL AMOUNT	CHEQUE NO.	SIGNATURE
1	P.C Makpele Chiefdom	12,119,048	12,380,952	24,500,000	2935744	<i>[Signature]</i> 24/06/16
2	P.C Sorogbema Chiefdom	9,119,048	-	9,119,048	2935745	<i>[Signature]</i> 24/06/16
4	P.C. Panga Krim Chiefdom	-	9,523,810	9,523,810	2935746	<i>[Signature]</i> 24/06/16
5	P.C. Panga Kabonde Chiefdom	13,619,048	12,380,952	26,000,000	2935748	<i>[Signature]</i> 24/06/16
6	P.C. Malen Chiefdom	12,119,048	-	12,119,048	2935748	<i>[Signature]</i> 24/06/16
7	Chief Administrator Pujehun District Council	5,500,000	4,761,905	10,261,905	2935749	<i>[Signature]</i> 24/06/16
8	TOTAL	52,476,190	39,047,619	91,523,810		

PREPARED BY: ABU ADONIS KANU

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ACCOUNTANT

VERIFIED BY: THOMAS JONJO

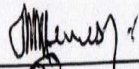
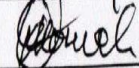
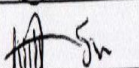
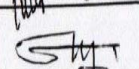
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APPROVED BY: F.S MUSTATPHA (MRS)

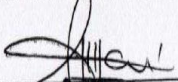
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MINISTRY OF MINES AND MINERAL RESOURCES
DIAMOND AREA COMMUNITY DEV. FUND (DACDF) PAYMENT VOUCHER FOR THE YEAR 2015

TONKOLILI DISTRICT-2015

S/N	CHIEFDOM	JAN- JUNE	JUL- DEC	TOTAL AMOUNT	CHEQUE NO.	SIGNATURE
1	Konike Sande	10,619,048		10,619,048	2935762	
2	Gbonkolenken	9,119,048		9,119,048	2935764	
3	Kafe Simira	9,119,048		9,119,048	2935765	
4	District Council	2,000,000		2,000,000	2935767	
		30,857,143		30,857,143		

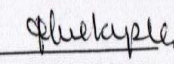
PREPARED BY: ABU ADONIS KANU


ACCOUNTANT

VERIFIED BY: THOMAS JONJO


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APPROVED BY: F.S MUSTATPHA (MRS)


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MINISTRY OF MINES AND MINERAL RESOURCES
DIAMOND AREA COMMUNITY DEV. FUND (DACDF) PAYMENT VOUCHER FOR THE YEAR 2015

KAILAHUN DISTRICT-2015

S/N	CHIEFDOM	JAN- JUNE	JUL- DEC	TOTAL AMOUNT	CHEQUE NO.	SIGNATURE
1	P.C Njaluahun Chiefdom	16,619,048	9,523,810	26,142,857	2935752	<i>[Signature]</i> 24/6/16
2	P.C Jawei Chiefdom	19,619,048	15,238,095	34,857,143	2935753	<i>[Signature]</i> 24/6/16
3	P.C Malema Chiefdom	21,119,048	-	21,119,048	2935754	<i>[Signature]</i> 24/6/16
4	Chief Administrator Kailahun District Council	11500000	3,809,524	15,309,524	2935755	<i>[Signature]</i> 24/6/16
	TOTAL	68,857,143	28,571,429	97,428,571		

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
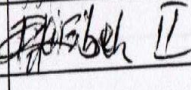
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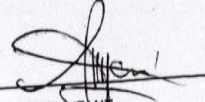
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MINISTRY OF MINES AND MINERAL RESOURCES
DIAMOND AREA COMMUNITY DEV. FUND (DACDF) PAYMENT VOUCHER FOR THE YEAR 2015


KAMBIA DISTRICT-2015

S/N	CHIEFDOM	JAN- JUNE	JUL- DEC	TOTAL AMOUNT	CHEQUE NO.	SIGNATURE
✓ 1	Magbema	9,119,048		9,119,048	2935759	
✓ 2	Gbinleh-Dixon	10,619,048		10,619,048	2935760	
✓ 3	Chief Administrator Kambia District Council	1,500,000		1,500,000	2935761	
	TOTAL	21,238,095		21,238,095		

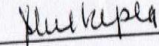
PREPARED BY: ABU ADONIS KANU


ACCOUNTANT

VERIFIED BY: THOMAS JONJO

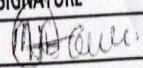


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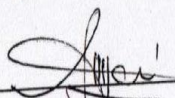

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MINISTRY OF MINES AND MINERAL RESOURCES
DIAMOND AREA COMMUNITY DEV. FUND (DACDF) PAYMENT VOUCHER FOR THE YEAR 2015

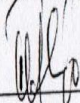
BOMBALI DISTRICT-2015

S/N	CHIEFDOM	JAN- JUNE	JUL- DEC	TOTAL AMOUNT	CHEQUE NO.	SIGNATURE
✓ 1	Sella Limba	15,119,048	9,523,810	24,642,857	2935756	
✓ 2	Chief Administrator Bambali District Council	2,500,000	952,381	3,452,381	2935757	
	TOTAL	17,619,048	10,476,190	28,095,238		

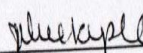
PREPARED BY: ABU ADONIS KANU


ACCOUNTANT

VERIFIED BY: THOMAS JONJO


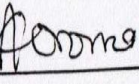

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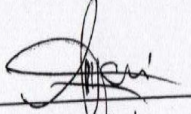

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MINISTRY OF MINES AND MINERAL RESOURCES
DIAMOND AREA COMMUNITY DEV. FUND (DACDF) PAYMENT VOUCHER FOR THE YEAR 2015


MOYAMBA DISTRICT-2015

S/N	CHIEFDOM	JAN- JUNE	JUL- DEC	TOTAL AMOUNT	CHEQUE NO.	SIGNATURE
1	P.C Kayamba Chiefdom		9,523,810	9,523,810	2935750	
	Chief Administrator Moyamba					
3	District Council		952,381	952,381	2935751	
	TOTAL		10,476,190	10,476,190		

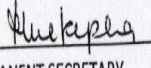
PREPARED BY: ABU ADONIS KANU


ACCOUNTANT

VERIFIED BY: THOMAS JONIO


SENIOR ACCOUNTANT

APPROVED BY: F.S MUSTATPHA (MRS)


PERMANENT SECRETARY

Appendix 9: Beneficial Ownership of Koidu

Reporting Company identification



See also the separate SLEITI 'Guidance Notes' document for further information on how to complete this form.

	Entry	Comments
Full legal name of the Reporting Company (including legal form of legal entity)	Koidu Limited	
Country of registration	British Virgin Islands	
Unique identification number (i.e. registration number)	552189	
Contact address (registered office for legal entities)	84 Wilkinson Road, Freetown, Sierra Leone	
Ownership		
1. Publicly listed company	No	
Name of stock exchange	<text>	
Link to stock exchange filings	<URL>	
2. Wholly owned subsidiary of a publicly listed company	No	
Name of publicly listed owner (parent company)	<text>	
Name of stock exchange where parent company is listed	<text>	
Link to stock exchange filings of parent company	<URL>	
3. Non-listed company (e.g. a Limited company, an LLP, etc), or only partially floated	Yes	
Full name of direct shareholder(s) (i.e. legal owners of company) over 5%	Octea Mining Limited	
Is this shareholder a natural person (NP), a legal person (LP) or a state entity (SE)?	LP	
Country of registration (or nationality of a natural person)	British Virgin Islands	
Interest in the company (% of shares held)	100%	
(repeat the above 4 rows as necessary)		
Declaration form prepared by		
Name	Ibrahim Turay	
Position	Finance Manager	
Telephone number	0992222289	
Email address	ituray@octeagroup.com	

Attestation

I, undersigned, for and on behalf of the reporting entity confirm that all information provided above and in the attached beneficial ownership declaration(s) is accurate and reliable.

Date
Name
Position
Signature (print, sign, and scan electronically)

Date	2018-02-01
Name	Ibrahim Turay
Position	Finance Manager
Signature (print, sign, and scan electronically)	

Please find attached the following supporting documents verifying the accuracy of the beneficial ownership information submitted:

Signed Registered Agent's certificate confirming the shareholding of Octea Mining Limited.
<text>
<text>
<text>

Beneficial Ownership List



In accordance with the EITI Standard, Requirement 2.5.f.i, "a beneficial owner in respect of a company means the natural person(s) who directly or indirectly ultimately owns or controls the corporate entity". Further to Requirement 2.5.f.ii and in accordance with MSG, a beneficial owner is here defined as: a natural person who has ownership of 5% of shares or voting rights in the company, who has the ability to appoint or remove directors from the board of the company, or who has the right to exercise or actually exercises or control over the company (where 'significant influence of control' is defined for the time being as it is in sections 1.20-6.7 of the United Kingdom's Statutory Guidance on the same topic (<http://bit.ly/ZafBOTw>)), or who exercises such ownership, influence or control over one or more legal entities which in turn exercise such ownership, influence or control over the company.

Any ultimate beneficial ownership, influence or control in the company of Politically Exposed Persons (PEPs) must be declared regardless of the level (i.e. even below 5% of share ownership). A 'Politically Exposed Person' is here defined as: a person holding (or within 12 months) a prominent public position domestically or in a foreign country such as a Head of State or Government, an elected or appointed politician on the national or local level, a Paramount Chief, a senior government, judicial, military or party official on the national or local level, or a senior executive of a state-owned enterprise, or a natural person or other entity identified as having close family ties (first or second degree) or other personal or business connection to such a person.

See also the separate SLEITI 'Guidance Notes' document for further information on how to complete this form.

1. In accordance with this beneficial ownership definition, as at 1 February 2018 the full list of ultimate beneficial owner/s of the company is as follows:

Full name as it appears on national identity card	Date of Birth	Politically exposed person
Benjamin Steinmetz	1956-04-02	No
Agnes Steinmetz	1958-03-05	No
Merav Steinmetz-Schwartz	1982-10-01	No
Avner Steinmetz	1984-08-02	No
Michal Steinmetz	1986-11-25	No
Nadav Steinmetz	1993-04-22	No

[Add further rows as necessary]

[For each ultimate beneficial owner listed above, a declaration form (as on Tab 3) must be completed.]

2. No declarable beneficial owners exist

No

<details>

3. It is believed that one or more declarable beneficial owners do, or may, exist but the Reporting Company has not been able to verify this or ascertain their identity

No

<details>

Appendix 10: Terms of Reference

Terms of Reference for an Independent Administrator for a two-year EITI Report for Sierra Leone

January, 2015- December 2016

Approved by the SLEITI Multi-stakeholder group on 29 June 2017

1. Background

The Extractive Industries Transparency Initiative (EITI) is a global standard for improving transparency and accountability in the oil, gas and mining sectors.

EITI implementation has two core components:

- **Transparency:** oil, gas and mining companies disclose information about their operations, including payments to the government, and the government discloses its receipts and other relevant information on the industry. The figures are reconciled by an Independent Administrator, and published annually alongside other information about the extractive industries in accordance with the EITI Standard.
- **Accountability:** a multi-stakeholder group (MSG) with representatives from government, companies and civil society is established to oversee the process and communicate the findings of the EITI reporting, and promote the integration of EITI into broader transparency efforts in that country.

The EITI Standard encourages MSGs to explore innovative approaches to extending EITI implementation to increase the comprehensiveness of EITI reporting and public understanding of revenues and encourage high standards of transparency and accountability in public life, government operations and in business. The requirements for implementing countries are set out in the EITI Standard¹³. Additional information is available via www.eiti.org.

It is a requirement that the MSG approves the terms of reference for the Independent Administrator (requirement 4.9.iii), drawing on the objectives and agreed scope of the EITI as set out in the MSG's workplan. The MSG's deliberations on these matters should be in accordance with the MSG's internal governance rules and procedures (see requirement 1.4.b). The EITI requires an inclusive decision-making process throughout implementation, with each constituency being treated as a partner.

It is a requirement that the Independent Administrator be perceived by the MSG to be credible, trustworthy and technically competent (Requirement 4.9.b.ii). The MSG and Independent Administrator should address any concerns regarding conflicts of interest. The EITI Report prepared by the Independent Administrator will be submitted to the MSG for approval and made publicly available in accordance with Requirement 7.1.

¹³<http://eiti.org/document/standard>

These terms of reference include “agreed-upon procedures” for EITI reporting (see section 4) in accordance with EITI Requirement 4.9.b.iii. The international EITI Board has developed these procedures to promote greater consistency and reliability in EITI reporting. The EITI process should be used to complement, assess, and improve existing reporting and auditing systems. The Board recommends that the process rely as much as possible on existing procedures and institutions, so that the EITI process draws on, complements and critically evaluates existing data collection and auditing systems. In this way, the EITI process has the potential to generate important recommendations to strengthen other oversight systems.

EITI Implementation in Sierra Leone

In a bid to promote Transparency and accountability in the governance in the natural resources sectors, Sierra Leone expressed its intention to join the EITI in June 2006 and was admitted as a Candidate Country in February 2008 and was declared EITI compliant in April 2014.

The primary objectives of the SLEITI are to ensure transparency and accountability in the payments made by all extractive industry companies to the government; monitor accountability in the revenue receipts; eliminate all forms of corruption in the extractive sector, promote public disclosure of contracts and concessions related to the industry and to work in collaboration with all relevant Mines Development Agreements (MDAs) on extractive related governance matters, facilitate public dialogue on governance of the sector and adoption of appropriate policies.

The SLEITI multi-stakeholder group comprises representatives from the Government, extractive companies and civil society organizations. The Chair of staff in the Office of the President Chairs the MSG and acts as the SLEITI Champion. The SLEITI secretariat, created by the multi-stakeholder group is responsible for implementing the decisions of the group.

Between 2006 and 2016, Sierra Leone has produced 6 EITI reports. The first SLEITI report covered the minerals sector only but the coverage of subsequent reports was expanded to the oil/gas sector. Having gone through three Validation exercises, Sierra Leone gained EITI compliance in April 2014. The next Validation under the 2016 Standard is scheduled for July 2018.

Some of the recent developments in SLEITI implementation have been the publication of the Sierra Leone Beneficial Ownership Roadmap, the SLEITI Open Data Policy and the SLEITI 2014 Report. Most recently, a legal and institutional review was undertaken to establish where gaps exist in meeting the EITI Beneficial Ownership requirement to enable mandatory BO disclosure by January 2020. We anticipate prompt implementation of the report’s recommendations for Sierra Leone to meet the BO requirements by 1st January 2020. In the interim, SLEITI will begin to familiarize itself with the BO reporting process by issuing Beneficial Ownership templates to companies for completion as part of the 2015-2016 reporting -exercise.

SLEITI is taking steps to uphold the EITI mainstreaming agenda by contributing to strengthening of companies’ systems as well as government systems in Ministries, departments and agencies. Recently SLEITI reviewed the Sierra Leone Mineral’s Policy to strengthen it on transparency and accountability in line with the EITI Standard.

The latest SLEITI work plan is attached.

2. Objectives of the assignment

On behalf of the SLEITI Multi-stakeholder group, the Government of Sierra Leone seeks a competent and credible firm, free from conflicts of interest, to provide Independent Administrator services in accordance with the 2016 EITI Standard. The objective of the assignment is to:

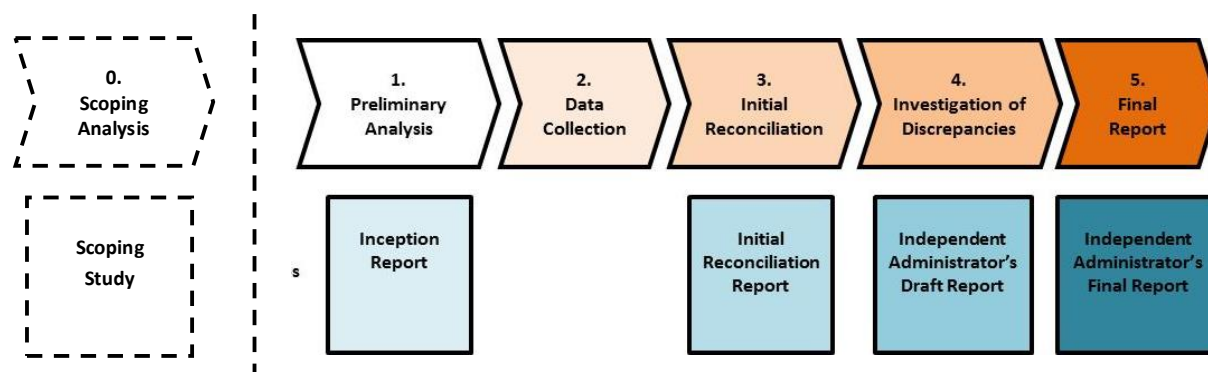
- a) Produce a scoping study to inform the MSG's decision on the scope of the 2015-2016 EITI Report.
- b) Produce an EITI Report covering the 2015-2016 fiscal years in accordance with the EITI Standard and section 3, below. The IA shall be responsible to prepare all sections of the Report.
- c) Produce an abridged version of the report comprising of approximately 25 pages.

3. Scope of services, tasks and expected deliverables

The work of the Independent Administrator has five conceptual phases (see figure 1). These phases may overlap and there may also be some iteration between the phases. EITI reporting is generally preceded by scoping work which is sometimes undertaken by the Independent Administrator (phase 0 in the figure), and sometimes undertaken by the MSG or other consultants.

The Independent Administrator's responsibilities in each phase are elaborated below.

Figure 1 – Overview of the EITI Reporting process and deliverables



[Phase 0 - Scoping and scoping study

Objective: Scoping work aims to identify what the EITI Report should cover in order to meet the requirements of the EITI Standard. Scoping sets the basis for producing a timely, comprehensive, reliable and comprehensible EITI Report. It commonly involves looking at issues such as the fiscal period to be reported, the contextual information that should be part of the EITI Report, reviewing the types of assurances that are needed for ensuring that the data submitted by reporting entities is credible, determining which revenue streams from oil, gas and mining are significant, and consequently which companies and government entities should be required to report. It is also an opportunity for the multi-stakeholder group to consider the feasibility of extending the scope of EITI reporting beyond the minimum requirements in order to address the objectives outlined in the EITI work plan. Scoping may also investigate likely gaps or issues that may be particularly challenging to

include in the EITI Report with a view to identify options, solutions, and recommendations for an appropriate reporting methodology for consideration by the multi-stakeholder group.

The Independent Administrator is expected to undertake the following tasks during the scoping phase:

- Review the objectives and activities set out in the current work plan (2017-2019) to gain a clear understanding of the objectives and scope of Sierra Leone's EITI Implementation and to ensure that the scope of the EITI Report is in line with the MSG's overall objectives. The IA should also review the annual progress reports produced by the MSG to see the progress made in achieving the objectives and review actions undertaken by the MSG to address recommendations from any previous EITI reporting exercises and validations and assess areas where further improvement is required. A list of relevant documentation is provided as listed in Annex 2.
- Review the relevant background information, including the governance arrangements and tax policies in the extractive industries.
- Undertake a comprehensive analysis of the payments and government revenue streams to be covered in the EITI Report in accordance with EITI Requirement 4. *The analysis should also cover revenues related to the state of the state's share of production or other revenues collected in-kind (4.2), infrastructure provisions and other barter arrangements (4.3), mandatory and voluntary social expenditures (6.1), and transportation payments (4.4) Transportation revenues (4.5) Transactions related to State-owned enterprises(SOEs); 4.6 Sub national payment*
- Review cadastre and revenue data for the years 2015 & 2016 and make recommendations as to which of these tax payments and government revenues streams should be considered material, including suggesting materiality thresholds for company disclosure if appropriate (with reference to the guidance note' and EITI requirement 4.1).
- Based on the proposed materiality definition, develop a preliminary list of the companies that make material payments and should be covered in the EITI Report (EITI requirement 4.2.a). Where materiality thresholds are proposed, this should include an estimate of coverage of company payments that will be disclosed relative to total government revenues from the sector. It should also identify the total contribution of companies not required to report (i.e. those that fall below the materiality threshold), with a clear indication of the relative size of each company. (This information will inform the assessment of the comprehensiveness of the EITI Report)
- For each company, identify where available: Company's Tax Payer Identification Number; Sector and phase of operation, i.e. exploration, production, oil, gas, mining, etc.; Type of license(s) held and the license number {s}.
- Based on the proposed materiality definition, identify which government entities should be required to report. It should be noted that the government is required to disclose all revenues, regardless of the materiality. Thus where materiality thresholds for company disclosures are established, a reconciliation of the company payments and government revenues in accordance with the materiality threshold would be appropriate. Any additional government revenues (i.e. from companies below the materiality threshold) would also need to be disclosed.
- In considering which government entities should be disclosed, the IA should identify whether sub-national government entities receive direct or indirect revenues from the extractive sector. The IA should refer to EITI Requirement 4.6 and 5.2 in addressing this requirement.

- Support the MSG with examining the audit and assurance procedures in companies and government entities participating in the EITI reporting process. This includes examining the relevant laws and regulations, any reforms that are planned or underway, and whether these procedures are in line with international standards. It is recommended that the EITI Report includes a summary of the findings, otherwise the MSG should make the results of the review of audit and assurance practices publicly available elsewhere.
- Identify any legal, regulatory, administrative or practical barriers to comprehensive disclosure, and if necessary set out options and make recommendations for addressing these barriers.
- Prepare and present the draft scoping study report to the MSG and the International Secretariat for review and comment;
- Prepare a final scoping study for the MSG and provide recommendations for the 2015 & 2016 EITI report; Recommend how future scoping reports can be improved.
- The Independent Administrator should prepare a work plan and work with the MSG to agree on the procedures for incorporating and analysing contextual and other non-revenue information in the EITI Report. The procedures should ensure that information is clearly sourced and attributed. Additional information on the MSG's proposed approach to collating contextual information is attached in *Table 1 – Non-revenue information to be provided in the EITI Report* of the Terms of Reference, including any specific tasks that the Independent Administrator is expected to undertake in this regard. Relevant MDAs will provide background information for preparation of the contextual information

Phase 1 – Preliminary analysis and inception report

Objective: The purpose of the inception phase is to confirm that the scope of the EITI reporting process has been clearly defined, including the reporting templates, data collection procedures, and the schedule for publishing the EITI Report. Since the Independent Administrator is involved in scoping work, the inception phase will not be extensive. The inception report thus ensures that there is a mutual understanding between the MSG and the Independent Administrator of the scope of the EITI Report and the work to be carried out.

The Independent Administrator is expected to undertake the following tasks during the inception phase:

- 1.1 Review the relevant background information, including the governance arrangements and tax policies in the extractive industries, the findings from any preliminary scoping work, and the conclusions and recommendations from previous EITI Reports and Validations. (A list of relevant documentation is provided as Annex 2).
- 1.2 The Independent Administrator should review the scope proposed by the MSG in annex 1 with a particular focus on the following:
 - 1.2.1 Reviewing the comprehensiveness of the payments and revenues to be covered in the EITI Report as proposed by the MSG in Annex 1 and in accordance with EITI Requirement 4.

- 1.2.2 Reviewing the comprehensiveness of the companies and government entities that are required to report as defined by the MSG in Annex 1 and in accordance with EITI Requirement 4.1
- 1.2.3 Supporting the MSG with examining the audit and assurance procedures in companies and government entities participating in the EITI reporting process. This includes examining the relevant laws and regulations, any reforms that are planned or underway, and whether these procedures are in line with international standards. It is recommended that the EITI Report includes a summary of the findings, otherwise the MSG should make the results of the review of audit and assurance practices publicly available elsewhere.
- 1.2.4 Draft reporting templates for consideration and approval by the MSG based on the agreed benefit streams to be reported and the reporting entities. Sample templates are available from the International Secretariat. It is recommended that the templates include a provision requiring companies to report “any other material payments to government entities” above an agreed threshold.

1.3 On the basis of 1.1 and 1.2 as applicable, produce an inception report that:

1.3.1 Includes a statement of materiality (annex 1) confirming the MSG’s decisions on the payments and revenues to be covered in the EITI Report, including:

- The definition of materiality and thresholds, and the resulting revenue streams to be included in accordance with Requirement 4.1(b).
- The sale of the state’s share of production or other revenues collected in-kind in accordance with Requirement 4.2.
- The coverage of infrastructure provisions and barter arrangements in accordance with Requirement 4.3.
- The coverage of social expenditure in accordance with Requirement 6.1.
- The coverage of transportation revenues in accordance with Requirement 4.4.
- Disclosure and reconciliation of payments to and from state owned enterprises in accordance with Requirement 4.5.
- The materiality and inclusion of direct sub-national payments in accordance with Requirement 4.6.
- The materiality and inclusion of sub-national transfers in accordance with Requirement 5.2.
- The level and type of disaggregation of the EITI Report in accordance with Requirement 4.7.

1.3.2 Include a statement of materiality (annex 1) confirming the MSG’s decisions on the companies and government entities that are required to report, including:

- The companies, including SOEs that make material payments to the state and will be required to report in accordance with Requirement 4.1(c).
- The government entities, including any SOEs and sub-national government entities, that receive material payments and will be required to report in accordance with Requirement 4.1(c-d), 4.5 and 4.6.
- Any barriers to full government disclosure of total revenues received from each of the benefit streams agreed in the scope of the EITI report, including revenues that fall below agreed materiality thresholds (Requirement 4.1(d)).

1.3.3 Based on the examination of the audit and assurance procedures in companies and government entities participating in the EITI reporting process (1.2.3 above), **confirms what information participating companies and government entities are required to provide to the Independent Administrator in order to assure the credibility of the data in accordance with Requirement 4.9.**

The Independent Administrator should exercise judgment and apply appropriate international professional standards¹⁴ in developing a procedure that provide a sufficient basis for a comprehensive and reliable EITI Report. The Independent Administrator should employ his /her professional judgment to determine the extent to which reliance can be placed on the existing controls and audit frameworks of the companies and governments. Where deemed necessary by the Independent Administrator and the multi-stakeholder group, assurances may include:

- Requesting sign-off from a senior company or government official from each reporting entity attesting that the completed reporting form is a complete and accurate record.
- Requesting a confirmation letter from the companies' external auditor that confirms that the information they have submitted is comprehensive and consistent with their audited financial statements. The MSG may decide to phase in any such procedure so that the confirmation letter may be integrated into the usual work programme of the company's auditor. Where some companies are not required by law to have an external auditor and therefore cannot provide such assurance, this should be clearly identified, and any reforms that are planned or underway should be noted.
- Where relevant and practicable, requesting that government reporting entities obtain a certification of the accuracy of the government's disclosures from their external auditor or equivalent.
- The inception report should document the options considered and the rationale for the assurances to be provided.

1.3.4 **Confirms the procedures for integrating and analysing non-revenue information in the EITI Report.** The inception report should incorporate table 1 below, confirming the division of labour between the Independent Administrator, the MSG or other actors in compiling this data, and how the information should be sourced and attributed.

Table 1 – Non-revenue information to be provided in the EITI Report

Non-revenue information to be provided in the EITI Report	Work to be undertaken by the Independent Administrator	Work to be undertaken by the MSG/others
Legal framework and fiscal regime in accordance with	The IA should include information on the legal framework and fiscal regime is to be compiled by the IA and should take into account ongoing reforms such as the	All Ministries, Departments and Agencies that contribute to regulation of the sector will be contacted by the IA for up to

¹⁴ For example, ISA 505 relative to external confirmations; ISA 530 relative to audit sampling; ISA 500 relative to audit evidence; ISRS 4400 relative to the engagement to perform agreed-upon procedures regarding financial information and ISRS 4410 relative to compilation engagements.

EITI Requirement 2.1.	<p>drafting of the Sierra Leone Minerals Policy that is being finalised by the Ministry of Mines & Mineral Resources (MMMR) etc. In outlining the legal and fiscal regime, the report must disclose a description of the legal framework and the fiscal regime governing the extractive industries. The information must include a summary description of the fiscal regime, including the level of fiscal devolution, and overview of the relevant laws and responsibilities of the relevant government agencies.</p> <p>The IA should refer to the Legal and Institutional Review undertaken by Alexandra Readhead in support of Beneficial Ownership disclosure in Sierra Leone by January 2020.</p>	<p>date information. i.e., the Ministry of Mines & Mineral Resources (MMMR), National Minerals Agency (NMA), Ministry of Finance & Economic Development (MoFED), the Environmental Protection Agency (EPA), Petroleum Directorate (PD) etc</p>
Requirement 2.2 License allocations 2.2	<p>The IA is required to include the following information in the report:</p> <p>A description of the process for transferring or awarding the license; the technical and financial criteria used; information about the recipient(s) of the license that has been transferred or awarded; any non-trivial deviations from the applicable legal and regulatory framework governing license transfers and awards. The above mentioned information should relate to the 2015 and 2016 fiscal years as well as the companies to be covered in the report.</p> <p>The information set out above should be disclosed for all license awards and transfers taking place during the accounting year covered by the report, including license allocations pertaining to companies that are not included in the report. Any legal or barriers preventing such comprehensive disclosure should be documented and explained in the EITI report, including an account of the Government of Sierra Leone's plans for seeking to overcome such barriers and the anticipated timescale for achieving them.</p> <p>Where companies covered in the report hold licenses prior to the accounting period of the report this information should be disclosed. Licenses awarded through bidding process during the reporting period should be disclosed. The IA should make reference to the Sierra Leone Online Repository and include the link as most of the above information is available on that site. The IA</p>	

	should comment on the efficiency and effectiveness of the licensing procedures.	
Requirement 2.3 Information on Register of Licences	It is required of the IA to include the following information in the report: The IA should provide a link to the Sierra Leone Online Repository as information on licenses is publicly available there. If the IA discovers the Online Repository to have any gaps or inadequate information the IA should reveal this and document efforts to strengthen it.	
Requirement 2.4 Contracts	It is required of the IA to include information on contracts in the report. The IA should document the government's policy on disclosure of contracts and licenses that govern the exploration and exploitation of oil, gas and minerals. This should include relevant legal provisions, actual disclosure practices and any reforms that are planned or underway. The IA should endeavor to provide an overview of the contracts and licenses that are publicly available and include reference or link to the NMA website where all mining contracts are published. Only hard copies of contracts for oil/gas companies are available. The IA will be directed to where they can be obtained.	The MSG and the Petroleum Directorate will determine which websites to publish these contracts.
Requirement 2.5 Beneficial Ownership	The IA should document the government's policy and multi-stakeholder group's discussion on disclosure of beneficial ownership. This should include relevant legal provisions, actual disclosure practices and any reforms that are planned or underway related to beneficial ownership disclosure. The IA is required to design and issue beneficial ownership templates for companies, bearing in mind that company are not legally bound to provide this	This will be the first time companies will be required to report on their beneficial owners. The IA should study the Legal and Institutional Review of the extractive sector with regards to BO reporting. The BO templates should be accompanied by reporting guidelines. Email exchanges between the International Secretariat and Office of the

	<p>information until January 2020. In the end there will be no penalties for companies that fail to report.</p>	<p>Chief of Staff about thresholds will be submitted to the IA for further guidance on reporting thresholds. The IA should read through Sierra Leone's beneficial ownership roadmap – 2017-2020. At the moment Sierra Leone has no legal provisions for BO disclosure therefore companies will have to be encouraged to report. As mentioned above, a recent study was undertaken to review the legal and institutional framework to enable BO reporting. The review will guide the MMMR, SLEITI MSG and other stakeholders on the amendment to the laws and in advising which agency will take the lead on BO collection.</p>
Requirement 2.6 State Participation	<p>The IA is required to do a research to confirm that in Sierra Leone the state does not participate in the extractive industries.</p>	
Requirement 3.1 Information related to exploration and production	<p>It is required of the IA to include in the report the following information:</p> <ul style="list-style-type: none"> - Overview of the extractive industries and any significant exploration activities. - Disclosure of production data for the fiscal year covered by the report including total production volumes and the value of production by commodity and when relevant by region. The IA should disclose source of production data. In the case of this report both mining companies and the National Minerals Agency will report on production data and the data will be reconciled. - The IA must include export data for the fiscal years covered by the report including total export volumes and the value of exports by commodity and by region of origin. This should include sources of the export data and information on how the export volumes and values disclosed in the report have been calculated. <p>To enable reporting and reconciliation of both companies and National Minerals Agency production and export data, the IA will design templates to facilitate this.</p>	

Requirement 4.1 Information on comprehensive disclosure of taxes and revenues	After the scoping studies of the mining and oil/gas sectors has been undertaken and the MSG agrees on the revenue streams to report on and the companies and government entities that will report, the IA will be required to draft reporting templates to enable reporting of payments made by extractive companies and corresponding revenues received by government entities and undertake reconciliation of the revenues and payments.	MSG is to consider the Materiality thresholds proposed by the IA and agree on one of the options as well as agree on the list of companies that meet the threshold and the material revenue streams to be reported on.
Requirements 4.2: Sale of state's share of production or other revenues collected in-kind 4.3: Infrastructure provisions and batter arrangements 4.4 : Transportation revenues 4.5 : Transactions related to state- owned enterprises	The IA should confirm with the MSG that these Requirements are not applicable to Sierra Leone. Therefore the will be no information to include in the report.	MSG to confirm to the IA that these requirements are not applicable to Sierra Leone.
Requirement 4.6 Sub-national payments	The IA is required by the MSG to include sub national revenue streams on the reporting templates for reconciliation. The streams include: surface rent disclosures by companies on one hand and District Councils, Chiefdoms and Members of Parliament on the other hand. Companies are required to report on the Agriculture Development paid to the Ministry of Mines and Mineral Resources (MMMR) and corresponding disclosure made by the MMMR for reconciliation. Finally, Diamond mining chiefdoms should report on the amount of revenues received in the form of Diamond Area Community Development Funds and corresponding reporting done by the National Minerals Agency for reconciliation.	The IA will confirm the sub-national revenues to include in the report.
Requirement 4.7 Level of disaggregation	The IA is required to agree with the MSG on the level of disaggregation for the publication of the data. The data in the EITI report should be presented by individual company, government entity and revenue stream. Reporting can be done at project level to the extent feasible.	After the IA has determined whether it will be feasible to report at project level or not, the MSG will agree with the IA to carry out the level of disaggregation possible.

Requirement 4.9	The IA should agree with the MSG on the data assurance procedures ensuring that international auditing standards are applied.	MSG and IA to agree.
Requirement 5.1 Distribution of extractive industry revenues	<p>The IA should include in the report a description of the distribution of revenues from the extractive industries.</p> <p>The information should indicate which extractive industry revenues whether cash or in-kind, are recorded in the national budget. Where revenues are not recorded in the national budget, the allocation of these revenues must be explained, with links provided to relevant financial reports as applicable.</p>	MoFED Will provide this information upon the IA's request
Requirement 5.2 Subnational transfers	<p>The information on transfers between national and sub-national government entities are related to revenues generated by the extractive industries and are mandated by a national constitution, statute or other revenue sharing mechanism. The IA should provide information on the material transfers for reconciliation.</p> <p>Where there are constitutional or significant barriers to the participation of sub-national government entities the MSG may seek adapted implementation in accordance with requirement 8.1</p>	MSG and IA to agree here.
Requirement 5.3 Revenue management and expenditure	<p>In preparing the report, the IA should include information on revenue management and expenditure including:</p> <ol style="list-style-type: none"> A description of any extractive revenues earmarked for specific programmes or geographic regions. This should include a description of the methods for ensuring accountability and efficiency in their use. A description of the country's budget and audit processes and links to the publicly available information on budgeting, expenditures and audit reports. Timely information from the government that will further public understanding and debate around issues of revenue sustainability and resource dependency. This may include the assumptions underpinning forthcoming years in the budget cycle etc <p>The IA should prepare reporting templates for s recipients of Surface Rent,</p>	

	Agriculture Development Fund (ADF) and Diamond Area Community Development Fund (DACDF). (i.e) Subnational entities to report on their expenditures based on the above mentioned revenues.	
Requirement 6.1 Information on social expenditures by extractive companies	<p>Sierra Leone presently has no system in place for companies to make social expenditures as mandated by the contracts of the large scale mining companies. According to the Mines and Minerals Act 2009, companies are to set aside 0.01% of their annual total revenues and should have a signed Community Development Agreement in place that outlines the projects to be undertaken by companies towards the development of the mining communities.</p> <p>In the absence of reporting on Mandatory social expenditures, mining companies are required to report on their Corporate Social Responsibilities (CSR). The IA is to design reporting templates for mining companies to report on their CSR but there will be no reconciliation with beneficiaries.</p>	
Requirement 6.2 Quasi fiscal expenditures	Not applicable to Sierra Leone as the state does not participate in the extractive industries.	MSG to confirm and agree
Requirement 6.3 The contribution of the extractive sector to the economy	<p>The IA should include information about the contribution of the extractive industries to the economy for the fiscal years covered by the report. The information should include:</p> <ol style="list-style-type: none"> The size of the extractive industries, in absolute terms and as a percentage of GDP as well as an estimate of informal sector activity including but not necessarily limited to artisanal and small scale mining. Total revenues generated by the extractive industries (including taxes, royalties, bonuses, fees and other payments), in absolute terms and as a percentage of total government revenues. Exports from the extractive industries in absolute terms and as a percentage of total exports Employment for the extractive industries in absolute terms and as a percentage of the total employment 	MoFED representative on MSG to assist in obtaining this information.

	e. Key regions where production is concentrated.	
Additional request by the MSG	The IA should add an annex to the report to provide information about where each of the Requirements in the EITI Standard is addressed in the report. The IA is strongly advised to use the EITI Validation Guide in preparing the aforementioned annex.	MSG to review and approve

1.3.5 Confirms the reporting templates, as well as any procedures or provisions relating to safeguarding confidential information. [The Independent Administrator should also develop guidelines for the reporting entities on how to complete the reporting templates. The IA should provide training for companies on beneficial ownership disclosure in particular.

Phase 2 – Data collection

Objective: The purpose of the second phase of work is to collect the data for the EITI Report in accordance with the scope confirmed in the Inception Report. The MSG and national secretariat will provide contact details for the reporting entities and assist the Independent Administrator in ensuring that all reporting entities participate fully.

2.1 The Independent Administrator is expected to undertake the following tasks during the data collection phase:

Distribute the reporting templates and collect the completed forms and associated supporting documentation directly from the participating reporting entities, as well as any contextual or other information that the MSG has tasked the Independent Administrator to collect in accordance with 1.3.4 above.

2.2 During data collection the IA will contact the reporting entities directly and copy the national Secretariat on the emails to clarify any information gaps or discrepancies.

Phase 3 – initial reconciliation

Objective: The purpose of this phase is to complete an initial compilation and reconciliation of the contextual information and revenue data with a view to identify any gaps or discrepancies to be further investigated.

3.1 The Independent Administrator should compile a database with the payment and revenue data provided by the reporting entities.

3.2 The Independent Administrator should comprehensively reconcile the information disclosed by the reporting entities, identifying any discrepancies (including offsetting discrepancies) in accordance with the agreed scope and any other gaps in the information provided (e.g. assurances).

3.3 [The Independent Administrator and the MSG may agree an acceptable margin of error in determining which discrepancies should be further investigated.

Phase 4 – investigation of discrepancies and draft EITI Report

Objective: The purpose of this phase is to investigate any discrepancies identified in the initial reconciliation, and to produce a draft EITI Report that compiles the contextual information, reconciles financial data and explains any discrepancies above the margin of error determined by the MSG, where applicable.

- 4.1 The Independent Administrator should contact the reporting entities to clarify the causes of any significant discrepancies or other gaps in the reported data, and to collect additional data from the reporting entities concerned.
- 4.2 The Independent Administrator should submit a draft EITI Report to the MSG for comment that comprehensively reconciles the information disclosed by the reporting entities, identifying any discrepancies, and reports on contextual and other information requested by the MSG. The financial data should be disaggregated to the level of detail agreed by the MSG and in accordance with requirement 4.7. The draft EITI Report should:
 - a) Describe the methodology adopted for the reconciliation of company payments and government revenues, and demonstrate the application of international professional standards.
 - b) Include a description of all revenue streams, related materiality definitions and thresholds (Requirement 4.1).
 - c) Include an assessment from the Independent Administrator on the comprehensiveness and reliability of the (financial) data presented, including an informative summary of the work performed by the Independent Administrator and the limitations of the assessment provided.
 - d) Indicate the coverage of the reconciliation exercise, based on the government's disclosure of total revenues as per Requirement 4.1(d).
 - e) Include an assessment of whether all companies and government entities within the agreed scope of the EITI reporting process provided the requested information. Any gaps or weaknesses in reporting identified by the Independent Administrator must be disclosed in the EITI Report, including naming any entities that failed to comply with the agreed procedures, and an assessment of whether this is likely to have had material impact on the comprehensiveness of the report.
 - f) Document whether the participating companies and government entities had their financial statements audited in the financial year(s) covered by the EITI Report. Any gaps or weaknesses must be disclosed. Where audited financial statements are publicly available, it is recommended that the EITI Report advises readers on how to access this information.
 - g) Include non-revenue information as per Requirement 2, 3, 5 and 6 and other information requested by the MSG. The contextual information should be clearly sourced in accordance with the procedures agreed by the Independent Administrator and the MSG.

- 4.3 Where previous EITI Reports have recommended corrective actions and reforms, the Independent Administrator should comment on the progress in implementing those measures. [The Independent Administrator should make recommendations for strengthening the reporting process in the future, including any recommendations regarding audit practices and reforms needed to bring them in line with international standards, and where appropriate, recommendations for other extractive sector reforms related to strengthening the impact of implementation of the EITI on natural resource governance. The Independent Administrator is encouraged to collaborate with the MSG in formulating such recommendations.] –
- 4.4 The Independent Administrator is encouraged to make recommendations on strengthening the template Terms of Reference for Independent Administrator services in accordance with the EITI Standard for the attention of the EITI Board.

Phase 5 – final EITI Report

Objective: The purpose of this phase is to ensure that any comments by the MSG on the draft report have been considered and incorporated in the final EITI Report.

- 5.1 The Independent Administrator will submit the EITI Report upon approval to the MSG. The MSG will endorse the report prior to its publication and will oversee its publication. Where stakeholders other than the Independent Administrator decide to include additional comments in, or opinions on, the EITI Report, the authorship should be clearly indicated.
- 5.2 The Independent Administrator should produce electronic data files¹⁵ that can be published together with the final Report.
- 5.3 The Independent Administrator should produce an abridged version of the full report.
- 5.4 Following approval by the MSG, the Independent Administrator is mandated to submit summary data from the EITI Report electronically to the International Secretariat according to the standardised reporting format available from the International Secretariat¹⁶.
- 5.5 [The Independent Administrator shall take appropriate measures to ensure that the report is comprehensible. This includes ensuring that the report has high levels of readability, legibility and usability. The IA should ensure that the final report is edited by a professional copy-editor and designed by a professional graphical designed
- 5.6 [The MSG requests the Independent Administrator to submit to the national secretariat all data gathered during reconciliation available, including the contact information of all institutions contacted during the reporting process.]

¹⁵ The files can be in CSV or Excel format and should contain the tables and figures from the print report. In accordance with requirement 7.1.c, the multi-stakeholder group is required to make the EITI Report available in an open data format (xlsx or csv) online.

¹⁶ The latest version of the summary data template can be found at: <https://eiti.org/document/eiti-summary-data-template>

Annex 1 – Statement of materiality

The purpose of this statement of materiality is for the Independent Administrator to understand the scoping work and associated decisions that have already been carried out by the multi-stakeholder group or by other consultants. The Independent Administrator confirms the joint understanding of the scope of the services in the inception report. Annex 2 lists relevant attachments, including any scoping studies undertaken in the past.

Taxes and revenues to be covered in the EITI Report (Requirement 4.1)¹⁷

With regards to the revenue streams set out in Requirements 4.1 -4.2, the multi-stakeholder group has agreed that the following revenue streams from the extractive sector are material and should be reconciled in the EITI Report:

Table 1 – Material revenues to be reconciled

Revenue stream	Estimated value and share of total extractive industry revenue	Government recipient	Additional commentary on work to be undertaken by the Independent Administrator as necessary.
<list of revenue streams, taking into account common revenue streams set out in Requirement 4.1>	<value> (<percentage>)	...	The MSG agreed that PAYE and Withholding tax should be reported on by both companies and government agencies but the data will not be reconciled. The scoping studies will establish the list of government agencies involved in extractives revenues collection and address all the other issues raised in this table.
The materiality and inclusion of the state's share of production collected in-kind (Requirement 4.2 ¹⁸ , where applicable			

¹⁷ Guidance Note 13: on defining materiality, reporting thresholds and reporting entities, https://eiti.org/files/Guidance%20note%20on%20defining%20materiality_0.pdf

¹⁸ Guidance Note 18: SOE participation in EITI Reporting, https://eiti.org/files/GN/Guidance_note_18_SOEs_EN.pdf

The multi-stakeholder group has agreed that the revenue streams from the extractive sector listed in Table 2 should be unilaterally disclosed by the government in the EITI Report rather than reconciled with company figures. The reasons for unilateral disclosure rather than reconciliation should be documented by the MSG.

Table 2 – Material revenues to be unilaterally disclosed by the government

Revenue stream	Estimated value and share of total extractive industry revenue	Government recipient	Additional commentary on data sources and work to be undertaken by the Independent Administrator as necessary.
...	<value> (<percentage>)

The multi-stakeholder group has agreed that the following revenue streams from the extractive sector are immaterial and should not be reconciled or unilaterally disclosed by the government in the EITI report:

Table 3 – Immaterial revenue streams from the extractive sector to be excluded from the EITI Report

Revenue stream	Estimated value and share (%) of total extractive industry revenue	Government recipient	Additional commentary on data sources and rationale for concluding that the revenue stream is immaterial
...	<value> (<percentage>)

Additional benefit streams:

With regards to the benefit streams set out in Requirements 4, the MSG has agreed the following:

Table 4 – Additional benefit streams

Benefit stream	Applicable/material?	Estimated value and share (%) of total extractive industry revenue	Government recipient	Additional commentary on data sources and work to be undertaken by the Independent Administrator as necessary.
The materiality and inclusion of infrastructure and barter arrangements (Requirement 4.3)¹⁹				
The materiality and inclusion of <u>mandatory</u> social payments (Requirement 6.1(a))²⁰				
The materiality and inclusion of <u>voluntary</u> social payments (Requirement 6.1(b))²¹				
The materiality and inclusion of transportation revenues (Requirement 4.4)²²				

Reporting companies (Requirement 4.1)

The MSG has agreed that any company making payments [equal to or above [insert threshold]] against the material revenue streams identified in table 1 are required to be included in the EITI Report:

¹⁹ Guidance note 15: Infrastructure and barter provisions: <https://eiti.org/guidance-notes-and-standard-terms-reference#GN14>

²⁰ Guidance note 17: Social expenditures: <https://eiti.org/guidance-notes-and-standard-terms-reference#GN17>

²¹ Guidance note 17: Social expenditures: <https://eiti.org/guidance-notes-and-standard-terms-reference#GN17>

²² Guidance note 16: Revenues from transportation of oil, gas and minerals: <https://eiti.org/guidance-notes-and-standard-terms-reference#GN16>

Table 5 – Companies to be included in the EITI Report

Companies	Sector	Additional commentary on work to be undertaken by the Independent Administrator as necessary.
...

3. Government - government transactions (Requirement 4)

Table 6 – Government to government transactions included in the scope of the EITI Report

Transactions	Applicable/ material?	Financial flow	State-owned company	Government agency	Additional commentary on work to be undertaken by the Independent Administrator as necessary.
The disclosure and reconciliation of payments to and from state-owned enterprises (Requirement 4.6)²³					
Transactions	Applicable/ material?	Financial flow and revenue sharing formula	Government agency executing the transfer	Government agency receiving the transfer	Additional commentary on work to be undertaken by the Independent Administrator as necessary.
The materiality and inclusion of mandatory sub-national transfers in accordance with Requirement 5.2²⁴					

²³ Guidance Note 18: SOE participation in EITI Reporting, https://eiti.org/files/GN/Guidance_note_18_SOEs_EN.pdf

²⁴ Guidance Note 10: Sub-national reporting, <https://eiti.org/files/Guidance-note-10-Subnationalreporting.pdf>

Annex 2 – Supporting documentation

Documentation on governance arrangements and tax policies in the extractive industries, including relevant legislation & regulations

Mines & Minerals Act 2009 and its regulations

National Minerals Agency Act 2012

Petroleum (Exploration and Production) Act

Sierra Leone Audit Manual

Draft Extractive Industries Revenue Bill

Income Tax Act 2000 as amended

Environmental and Protection Act 2008

Value Chain Analysis Report

EITI Standard 2016

EITI work plans & other documents

SLEITI 2011-2012 Work plan

SLEITI 2014-2015 Work plan

SLEITI 2016-2018 Work plan

SLEITI 2017-2019 Work plan

Previous EITI Reports

SLEITI Reports covering 2006-2007, 2008-2010, 2011, 2013, 2014

Commentary on previous EITI Reports

Feedback on the SLEITI 2011 Report by NarJeg

Validation Reports

SLEITI 2010 and 2012 Validation Reports

SLEITI Secretariat Review 2014

Other relevant documentation (e.g. annual activity reports)

SLEITI 2013 Annual Activity Report

SLEITI 2014 Annual Activity Report

SLEITI 2015 Annual progress Report

SLEITI 2016 Annual Progress Report

APPENDIX 11: Coordinates of Blocks as at 31/12/16

SL-3A-17		
Point	Latitude	Longitude
1	6° 52' 30.000''' N	13° 3' 56.165''' W
2	6° 42' 30.000''' N	13° 15' 0.000''' W
3	6° 45' 0.000''' N	13° 15' 0.000''' W
4	6° 45' 0.000''' N	13° 20' 0.000''' W
5	6° 47' 30.000''' N	13° 20' 0.000''' W
6	6° 47' 30.000''' N	13° 22' 30.000''' W
7	6° 50' 0.000''' N	13° 22' 30.000''' W
8	6° 50' 0.000''' N	13° 25' 0.000''' W
10	6° 55' 0.000''' N	13° 25' 0.000''' W
11	6° 55' 0.000''' N	13° 22' 30.000''' W
12	6° 57' 30.000''' N	13° 22' 30.000''' W
13	6° 57' 30.000''' N	13° 20' 0.000''' W
14	7° 0' 0.000''' N	13° 20' 0.000''' W
15	7° 0' 0.000''' N	13° 17' 30.000''' W
16	7° 2' 30.000''' N	13° 17' 30.000''' W
17	7° 2' 30.000''' N	13° 15' 0.000''' W
18	7° 5' 0.000''' N	13° 15' 0.000''' W
19	7° 5' 0.000''' N	13° 7' 30.000''' W
20	6° 52' 30.000''' N	13° 7' 30.000''' W
SL-4A-10		
Point	Latitude	Longitude
1	6° 52' 30.000''' N	13° 3' 56.165''' W
2	6° 52' 30.000''' N	12° 52' 30.000''' W
3	6° 50' 0.000''' N	12° 52' 30.000''' W
4	6° 50' 0.000''' N	12° 47' 30.000''' W
5	6° 47' 30.000''' N	12° 47' 30.000''' W
6	6° 47' 30.000''' N	12° 45' 0.000''' W
7	6° 45' 16.833''' N	12° 45' 0.000''' W
8	6° 40' 0.000''' N	12° 49' 10.589''' W
9	6° 40' 0.000''' N	12° 52' 30.000''' W
10	6° 37' 30.000''' N	12° 52' 30.000''' W
11	6° 37' 30.000''' N	13° 7' 30.000''' W
12	6° 40' 0.000''' N	13° 7' 30.000''' W
13	6° 40' 0.000''' N	13° 10' 0.000''' W

14	6° 42' 30.000''' N	13° 10' 0.000''' W
15	6° 42' 30.000''' N	13° 11' 51.336''' W

