

MINISTRY OF MINES AND QUARRIES
GENERAL SECRETARIAT
GENERAL DIRECTORATE OF THE MINING CADASTRE
BURKINA FASO

Subject Compliance with the regulations on the granting and transfer of licences of securities mining and permits in 2017

Madam Permanent Secretary,

In the context of the preparation of the TITIE-BF report for the 2017 financial year, I have the honour to reassure you that the General Directorate of the Mining Registry (DGCM) has strictly complied with the texts and criteria for grants and transfers mining titles and authorizations in 2017.

Indeed, for the year 2017, DGCM received ten (10) transfer requests research permits: eight (08) transfer orders were signed in 2017, one (01) was signed in 2018 and one application is still under investigation.

The amounts of the transfers are set at ten million (10,000,000) FCFA by permit transferred in accordance with Article 4 of Decree No. 2017-0023/PRES/PM/MEMC/MINEFID of 23 January 2017 fixing taxes and mining royalties. Thus, the said transfers generated as revenue the sum of eighty million (80,000,000) CFA francs.

Please accept, Madam Permanent Secretary, the expression of my high regard consideration.

AMPLIATION:

SG/MMC

EXPLANATORY NOTE

The table below sets out the responses requested by the Permanent Secretariat of EITI-BF. It provides the dates on which the six (06) applications for large-scale industrial mining permits were filed, where these were not shown in the awarding decree.

It also shows the main technical and financial criteria used for awards and transfers of mining permits and authorisations.

As a reminder, it should be noted that the management of mining permits and authorisations is governed fundamentally by:

- Act No. 036-2015/CNT on the BURKINA FASO Mining Code of 26 June 2015;
- Decree No. 2017-0036/PRES/PM/MEMC/MATDSI/MINEFID/MEEVCC/MCIA on the management of mining permits and authorisations of 26 January 2017;
- Decree No. 2017-0023/PRES/PM/MEMC/MINEFID fixing mining taxes and royalties of 23 January 2017.

<u>COMPREHENSIVE DISCLOSURE OF DATES OF APPLICATION</u>					
REQUIREMENTS	MINING COMPANIES	DATE APPLICATION FILED	DATE OF AWARD	MINED RESOURCES	COMMENTS
<p>Requirement 2.3: Register of licenses</p> <p>In accordance with Requirement 2.3, the MSG must guarantee comprehensive disclosure of the date of application and coordinates of the license for all licenses held by companies with material revenues, if not for all extractive licenses, regardless of the identity of the license holder.</p>	Gryphon SA	27/01/2014	01/08/2014	Gold	<p>The lack of information on the dates of application for these six (06) permits for large-scale industrial gold mining was, in fact, noted on the decrees awarding the licenses.</p> <p>Measures have been taken to avoid a similar lack of information in the future.</p> <p>[stamped: Ministry of Mines and Quarries, Director General of the Mining Cadastre, BF]</p>
	Houndé Gold Operation SA	07/11/2013	05/02/2015	Gold	
	Rivestone Karma SA	21/02/2012	13/12/2013	Gold	
	Essakane	No information	28/04/2008	Gold	
	Konkera SA	11/07/2014	05/03/2015	Gold	
	ROXGOLD Sanu SA	18/07/2014	30/01/2015	Gold	

TECHNICAL AND FINANCIAL CRITERIA USED FOR AWARD AND TRANSFER OF MINING PERMITS					
	MINING PERMITS	AWARD		TRANSFER	
		TECHNICAL CRITERION	FINANCIAL CRITERION	TECHNICAL CRITERION	FINANCIAL CRITERION
<p>Requirement 2.2 – allocation of licenses</p> <p><i>In accordance with Requirement 2.2, the MSG must ensure comprehensive disclosure of gas licenses awarded and transferred during the years under examination, provide a description of the transfer procedures for mining, oil and gas licenses, including technical and financial criteria, and highlight any material deviations when awarding and transferring licenses during the year under review</i></p>	<p>Research permit (awarded by order of the Minister of Mines)</p>	<ul style="list-style-type: none"> - the programme of research to be carried out; - a description of the maximum area requested; - the surface area to be exploited; - a topographical map extract on a minimum scale of 1/200,000 showing the area requested and its boundaries 	<ul style="list-style-type: none"> - the provisional budget for the works must comply with the relevant regulatory provisions (FCFA 270,000 / km²); - actual payment of the administration fee (FCFA 10,000); - actual payment of the fixed fee of two million (2,000,000) FCFA; - provision of a certificate confirming that the company is not insolvent or subject to administration or winding up by the court <p>[stamped: Ministry of Mines and Quarries, Director General of the Mining Cadastre, BF]</p>	<ul style="list-style-type: none"> - a summary report of the research carried out in the area during the validity period of the permit, including the results of the work carried out; - production of a transfer contract, duly signed and registered with the tax authorities; - a commitment by the transferee to complete the programme of works underway - a commitment by the transferee to comply with the same guarantees to fulfil the obligations of the Burkina Faso Mining Code and its implementing regulations 	<ul style="list-style-type: none"> - actual payment of the administration fee of ten thousand (10,000) FCFA; - production of full financial statements with supporting evidence of all expenses incurred in carrying out the research works for the permit, certified by a statutory auditor registered with the association of chartered accountants in Burkina Faso; - a note on the transferee's technical and financial capacities; - a statement confirming payment of surface taxes for previous years; - minimum expenses per square kilometre

					<ul style="list-style-type: none"> - incurred by the transferor; - actual payment of the fixed fee of ten million (10,000,000) FCFA by the required deadline; - a commitment by the transferee to comply with the provisions of the specifications in effect, the Burkina Faso Mining Code and its implementing regulations
	<p>Large- or small-scale mining permit (awarded by decree by the Cabinet, following an opinion by the National Mining Commission)</p> <p>[stamped: Ministry of Mines and Quarries, Director General of the Mining Cadastre, BF]</p>	<ul style="list-style-type: none"> - a copy of the research permit(s) under which the application is made; - a description of the maximum area requested and its size; - the location of the permit area requested on a topographical map, on a scale of at least 1/200,000; - a detailed plan on an appropriate scale, on which the coordinates of the maximum areas requested 	<ul style="list-style-type: none"> - actual payment of the administration fee of ten thousand (10,000) FCFA; - payment by the required deadline of the award fee of FCFA 10,000,000; - a commitment by the applicant to allocate a share of the priority dividends to the State, free of charge, in the amount of ten percent (10%) of the mining company's share capital 	<ul style="list-style-type: none"> - a copy of the industrial mining permit concerned; - a transfer agreement duly signed by both parties, including the transfer price, and registered with the tax authorities; - a commitment by the transferee to implement the development and operational programme for the resource initially produced by the transferor; - a commitment by the transferee to 	<ul style="list-style-type: none"> - a commitment by the transferee to allocate ten percent (10%) of the priority dividend shares in the share capital of the mining company to the State, free of charge; - full financial statements with supporting evidence of all expenses incurred for the permit, certified by a statutory auditor registered with the association of chartered

		<ul style="list-style-type: none"> - are linked to the national geodesic system - an opinion on environmental feasibility by the Minister of the Environment; - an environmental and social impact study carried out in accordance with the regulations in force; - a draft Mining Agreement 		<ul style="list-style-type: none"> - comply with the provisions of the Mining Agreement in force; - a note on the transferee's technical and financial capacities 	<ul style="list-style-type: none"> - accountants in Burkina Faso - actual payment of the transfer fee of twenty million (20,000,000) FCFA - actual payment of the administration fee of FCFA 10,000
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[stamped: Ministry of Mines and Quarries, Director General of the Mining Cadastre, BF]

	<p>Permit for semi-mechanised mining of mine resources (awarded by the Minister of Mines)</p>	<ul style="list-style-type: none"> - the description of the maximum area requested; - a topographical map extract on a minimum scale of 1/200,000 showing the area requested and its boundaries; - an environmental and social impact study; - an opinion on environmental feasibility by the Minister of the Environment; - a summary assessment and intended operating plan, and the facilities and infrastructure to be used; - the specifications to which the applicant intends to work 	<ul style="list-style-type: none"> - a certificate confirming that the company is not insolvent or subject to administration or winding up by the court; - payment of an administration fee of ten thousand (10,000) FCFA - payment of a fixed fee of three million (3,000,000) FCFA by the required deadline <p>[stamped: Ministry of Mines and Quarries, Director General of the Mining Cadastre, BF]</p>	<ul style="list-style-type: none"> - a copy of the semi-mechanised mining permit relevant to the application; - a note of the transferee's technical and financial capacities; - a transfer agreement duly signed by both parties, including the transfer price, and registered with the tax authorities; - a commitment by the transferee to fulfil the obligations set out in the specifications - a commitment by the transferee to implement the development and operational programme for the resource initially produced by the transferor 	<ul style="list-style-type: none"> - payment of the administration fee of ten thousand (10,000) FCFA; - actual payment of taxes and royalties due; - payment of the fixed fee of six million (6,000,000) FCFA by the required deadline
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	<p>Industrial mining authorisation for quarry resources (awarded by the Minister of Mines)</p>	<ul style="list-style-type: none"> - a topographical map extract on a minimum scale of 1/200,000 showing the area requested and its boundaries; - a technical note, comprising a development and operational plan for the quarry, the nature and characteristics of the resources, the type of operation intended and a description of the planned installations; - an environmental and social impact study or note, depending on the category of facility; - an opinion on environmental feasibility by the Minister of the Environment; - a site closure and rehabilitation plan 	<ul style="list-style-type: none"> - a technical note, including the investment cost and employment and labour plan; - a certificate confirming that the company is not insolvent or subject to administration or winding up by the court - payment of an administration fee of ten thousand (10,000) FCFA - payment of a fixed fee of three million (3,000,000) FCFA by the required deadline <p>[stamped: Ministry of Mines and Quarries, Director General of the Mining Cadastre, BF]</p>	<ul style="list-style-type: none"> - a note on the transferee's technical and financial capacities; - a copy of the semi-mechanised mining permit relevant to the application; - a commitment by the transferee to implement the operational plan for the resource initially produced by the transferor - a transfer agreement duly signed by both parties, including the transfer price, and registered with the tax authorities; - a commitment by the transferee to fulfil the obligations set out in the specifications 	<ul style="list-style-type: none"> - the payment of an administration fee of ten thousand (10,000) FCFA - the payment of a fixed fee of four million (4,000,000) FCFA by the required deadline; - evidence that the applicant is up to date with the payment of previous taxes and royalties;
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	<p>Semi-mechanised mining authorisation for quarry resources (awarded by the Minister of Mines)</p>	<ul style="list-style-type: none"> - a topographical map extract on a minimum scale of 1/200,000 showing the area requested and its boundaries; - a technical note, comprising a development and operational plan for the quarry, the nature and characteristics of the resources, the type of operation intended, a description of the planned installations and their production capacity; - the precise location of the quarry on a plan on a scale of 1/200,000 and its location in relation to the nearest housing, buildings, communications routes, civil engineering structures or landmarks; - an environmental and social impact note 	<ul style="list-style-type: none"> - payment of an administration fee of ten thousand (10,000) FCFA; payment of a fixed fee of five hundred thousand (500,000) FCFA; - a note on the transferee's financial capacities; - the investment cost and employment and labour plan; - a certificate confirming that the company is not insolvent or subject to administration or winding up by the court 	<ul style="list-style-type: none"> - a note on the transferee's technical capacities; - a commitment by the transferee to implement the development and operational plan for the quarry initially produced by the transferor and the environmental protection and management plan; - a copy of the semi-mechanised mining permit relevant to the application; <p>[stamped: Ministry of Mines and Quarries, Director General of the Mining Cadastre, BF]</p>	<ul style="list-style-type: none"> - the payment of an administration fee of ten thousand (10,000) FCFA - the payment of a fixed fee of one million five hundred thousand (1,500,000) FCFA by the required deadline; - a note on the transferee's financial capacities; - evidence that the applicant is up to date with the payment of previous taxes and royalties pertaining to the authorisation
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