

SIERRA LEONE EXTRACTIVE INDUSTRIES' TRANSPARENCY INITIATIVE (SLEITI)



FINAL DRAFT

SLEITI 2014 REPORT

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LIST OF ABBREVIATIONS/ACRONYMS

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

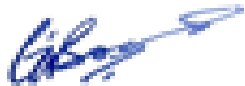
STATEMENT FROM THE INDEPENDENT ADMINISTRATOR

The Sierra Leone Extractive Industries' Transparency Initiative (SLEITI) procured the services of Messrs. Boas & Associates as the Independent Administrator for the 2014 SLEITI 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

The Extractive Industries Transparency Initiative (EITI) is a global standard that promotes revenue transparency and accountability in the oil/gas and mining sectors.

The Sierra Leone Extractive Industries' Transparency Initiative (SLEITI) has published reconciled reports from its inception in 2006 to 2013. It has engaged Messrs. Boas & Associates to produce 2014 Report reconciling payments made by Mining and Oil/Gas Companies and receipts by the government of Sierra Leone.

Sierra Leone is endowed with extensive mineral resources. Exploration prospects are high and some mining projects are lined up for large scale production in the foreseeable future.

International iron Ore prices continued to plummet in 2014. Prices fell from US\$ 139.87 per metric tonne in March 2013 to US\$ 41 per metric tonne by December 2015 and affected the country's fiscal space and growth prospects in 2014. According to Statistics Sierra Leone real GDP growth declined from 20.7% in 2013 to 4.6% in 2014.

The mining industry is regulated mainly by the Mines and Minerals Act, 2009 (MMA, 2009) and the Income Tax Act 2000 (ITA) and its amendments, the Mines and Minerals Operational Regulations 2013. The Environmental Protection Act (EPA, 2008) regulates the environmental activities in the sector.

According to the NMA two hundred and twenty (220) mineral rights were granted including four (4) mining licences in 2014.

Mineral exports continued to account for nearly 90 percent of total exports with iron ore as the largest contributor.

The value of mineral exports as a whole decreased from US\$1.79 billion in 2013 to US\$1.39 billion in 2014.

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

The assignment was broadly categorized into two parts;

- i) Preliminary Information gathering stage which involved document review and determining fully the parameters for reporting as well as the provision of contextual information.

- ii) The reconciliation phase which is the main thrust of the assignment, involved, data collection, initial reconciliation and the production of the report.

The results of reconciliation are indicated below.

Table A: 2014 SLEITI Reconciliation by companies

Extractive Entities	2014 Initial Amounts		Initial Discrepancies		Resolved		Final Amounts		Unresolved		
	Company	Payments	Government Receipts	over	under	Company	Government	Company	Government	Over	(under)
LONDON MINING COMPANY LIMITED	-	-	4,369,173		(4,369,173)	-	-	0	4,369,173		(4,369,173)
KOJIDU LIMITED	8,523,739	7,548,374	975,365			70,251	125,069	8,593,990	7,673,443	920,547	
AFRICAN MINERALS LTD(CONSOLIDATED)	19,978,664	19,845,653	133,011			426,855	(23,065)	20,405,519	19,822,588	582,931	
SIERRA RUTILE LIMITED	2,274,716	1,919,053	355,663			(393,357)	-	1,881,359	1,919,053	2567	(40,261)
H M DIAMONDS LIMITED	2,034,449	2,034,451			(2)		-	2,034,449	2,034,451		(2)
SIERRA MINERAL HOLDINGS 1 LIMITED	2,062,634	1,802,195	260,439			(82,615)	-	1,980,019	1,802,195	177,824	
NIMINI MINING LIMITED	631,050	631,050	-		-		-	631,050	631,050	-	
KASSIM BASMA	613,879	613,829	50				50	613,879	613,879	-	
CAPE LAMBERT RESOURCES LIMITED(CON	-	988,327			(988,327)		-	-	988,327		(988,327)
CLUFF GOLD (SU) LIMITED	493,934	492,200	1,734				1,734	493,934	493,934	-	
KINGHO INVESTMENT COMPANY LIMITED	107,140	426,800			(319,660)	319,660	-	426,800	426,800	-	
SHAWKE B. SHOUR	378,508	378,508			-	-	-	378,508	378,508	-	
RIMCO MINING COMPANY (SU) LIMITED	156,826	156,826			-	-	-	156,826	156,826	-	
TRILLIUM INTERNATIONAL OFFSHORE LTD	-	500,000			(500,000)		-	-	500,000		(500,000)
SOUTHERN MINING LTD	500,000	819,635			(319,635)	319,635	-	819,635	819,635		-
NORTHERN MINING LTD	500,000	819,660			(319,660)	319,660	-	819,660	819,660		-
MASS ENERGY LTD	500,000	819,660			(319,660)	319,660	-	819,660	819,660		-
CKH MINING LTD	500,000	819,660			(319,660)	319,660	-	819,660	819,660		-
ALLOTROPES LTD	90,063	-			90,063	-	90,063	90,063	90,063		-
Total(Mining)	39,345,602	44,985,054	1,726,262	(7,365,714)	1,619,409	193,851	40,965,011	45,178,905	1,683,869	(5,897,763)	
Anadarko	-	279,906			(279,906)		0	-	279,906		(279,906)
European Hydrocarbon	641,544	641,359	185			0	0	641,544	641,359	185	
Lukoil	-	515,164			(515,164)		0	-	515,164		(515,164)
Talisman	-	-			0	0	0	-	-		-
African Petroleum	279,800	279,800			0	0	0	279,800	279,800		-
Chevron Partnership	1,948,200	1,948,315			-115	0	0	1,948,200	1,948,315		(120)
Minexo	-	-			0	0	0	-	-		-
SL Exploration	-	-			0	0	0	-	-		-
A-Z Petroleum	4,000,000	4,000,000			0	0	0	4,000,000	4,000,000		-
TGS Nopec	-	286,735			-286,735	0	0	-	286,735		(286,735)
Total(Oil/Gas)	6,869,544	7,951,279	185	(1,081,920)	-	-	6,869,544	7,951,279	185	(1,081,925)	
Grand Total	46,215,146	52,936,333	1,726,447	(8,447,634)	1,619,409	193,851	47,834,555	53,130,184	1,684,054	(6,979,688)	

Table B: 2014 SLEITI Reconciliation by Revenue Streams

2014 Revenue Stream	Company		Discrepancy		Resolved		Final Amounts		Unresolved	
	Initial Amount US\$	Government Initial Amount US\$	over	(under)	Company	Government	company	Government	Over	under
MINING										
Mining Licence	4,969,173	4,969,173	0	0	-	-	4,969,173	4,969,173		-
Exploration Licence	485,633	1,936,923		(1,451,290)	-	91,797	485,633	2,028,720		(1,543,087.00)
Royalty	26,763,792	30,424,895		(3,661,103)	410,509	-	27,174,301	30,424,895	920,547	(4,171,141)
Export duty for Diamonds	2,656,217	2,656,171	46		-	48	2,656,217	2,656,219		(2.00)
Corporate Tax	841,189	841,187	2		-	2	841,189	841,189		-
Diamond Exporter's License fee	105,000	105,000	-		-	-	105,000	105,000		-
Environmental Impact Assessment License	1,072,815	2,525,767		(1,452,952)	1,331,950	-	2,404,765	2,525,767	38	(121,040)
Environmental Impact Assessment Monitoring Fee	214,563	505,060		(290,497)	266,325	-	480,888	505,060	28	(24,200.0)
Surface Rent	1,353,106	900,020	453,086		(389,375)	102,004	963,731	1,002,024		(38,293.00)
Agricultural Development Fund	123,369	120,858	2,511		-	-	123,369	120,858	2,511.00	
Community Development Fund	760,745	-	760,745		-	-	760,745	-	760,745.00	
Total	39,345,602	44,985,054	1,216,390	(6,855,842)	1,619,409	193,851	40,965,011	45,178,905	1,683,869	(5,897,763)
OIL & GAS										
Surface Rent	1,016,044	1,436,094		-420,050	0	0	1,016,044	1,436,094	140	(420,190)
Training Fund	1,353,500	1,478,450		-124,950	0	0	1,353,500	1,478,450	45	(125,000)
Signature Bonus	4,000,000	4,000,000		0	0	0	4,000,000	4,000,000		-
Sale of Geophysical data	-	286,735		-286,735	0	0	0	286,735		(286,735)
Technology Bonus	500,000	500,000		0	0	0	500,000	500,000		-
Extension Fees	-	250,000		-250,000	0	0	0	250,000		(250,000)
Environmental Impact Assessment License	-	0		0	0	0	0	0		-
Environmental Impact Assessment Monitoring Fee	-	0		0	0	0	0	0		-
Total	6,869,544	7,951,279	-	(1,081,735)	-	0	6,869,544	7,951,279	185.00	(1,081,925)
Grand Total	46,215,146	52,936,333	1,216,390	(7,937,577)	1,619,409	193,851	47,834,555	53,130,184	1,684,054	(6,979,688)

Discrepancy: A net discrepancy of US\$(5,295,634) was obtained at the end of the reconciliation exercise.

Findings and Recommendations

- **Appropriate Narration for Extractive Sector Payments**

Payments for some mining benefits were made out in the names of other affiliated legal entities i.e. Subsidiary company payments bore names of parent/holding company thereby posing aggregation and disaggregation challenges.

To aid in assigning payments to actual mineral right holders, receipting government Agencies should ensure that the payments are recorded bearing rightful mineral right holders in Sierra Leone. Undoubtedly this can assist in project level reporting.

- **Ring fencing by Mining Lease**

MMMR/NMA needs to formulate policies to ring fence mining leases in the country. If the MMMR considers significant tenements/concessions as green fields, then section 155(4) of MMA, 2009 may be relevant and beneficial.

However if it considers sizeable concessions as brownfields for which significant corporate tax could be realized, then section 155(4) of MMA, 2009 may be replaced with capitalization clauses on reconnaissance and exploration costs. Definitely some guidelines need to be developed in order to apply ring fencing for corporate tax purposes, before the expiration of initial investment recovery periods.

- **Payment of Surface Rentals**

Payment of surface rentals needs to be streamlined to ensure standardization and transparency.

For cash payments, bodies with functional accounting units and good bookkeeping practices such as district councils are recommended as recipients. This measure will enhance transparency and accountability.

- **Diamond Area Community Development Fund**

Guidelines developed by the World Bank for the disbursement of DACD need to be implemented.

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

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).¹

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 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.

¹ Information provided by SLEITI

Sierra Leone was declared an EITI compliant country in April 2014. Since joining the EITI, Sierra Leone has produced four reports. The first SLEITI report was produced in March 2010 covering the minerals sector only for the financial year 2006-2007. The 4th and most recent EITI Report covered the 2013 year.

SLEITI also produced a work plan that covered Jan 2014 – Dec. 2015. The MSG is in the process of formulating its next work plan covering the year 2016 and beyond.

The 2014 EITI Report is due for submission by end of December 2016. Sierra Leone is due for Validation in April 2017.

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

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 2014 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.

2.0: 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.

❖ 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 others².

Document review and desk top study were 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 an inception report by the

² 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

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 4.0

3.0: THE EXTRACTIVE SECTOR IN SIERRA LEONE

Sierra Leone's minerals wealth is diversified. Prominent among its exportable commodities are iron ore, gold, rutile, bauxites and diamonds. There are large scale mining operations in iron ore, diamonds, rutile and bauxite and continued small-scale and artisanal mining of gold and diamonds.

In Sierra Leone, upstream oil activity is situated entirely in the exploration phase occurring off shore and parceled into 14 blocks.

3.1 MINING

Sierra Leone has reserves of diamonds, gold, iron ore, bauxite and rutile – the latter one of the largest in the world. Other minerals that have been identified include platinum, chromite, lignite, clay, copper, nickel, lead and zinc.

❖ Diamonds

Diamond in Sierra Leone has been mined mainly from alluvial deposits at the Bo, the Kenema, and the Kono districts along the drainages of the Bafi, the Mano, the Moa, the Sewa, and the Woyie Rivers. In 2014, Koidu Holdings now Octea, reported total diamond production of 394,847 carats. All diamond output was exported.

The year 2014 recorded an increase of 19.40% on the level attained in 2013 for diamond exports. The total diamonds exported in the period under review is 620,181.11 carats valued at USD\$221,713,243.46 with an average price per carat of US\$357.50. *(See Appendix 1)*

Artisanal production with a volume of 225,334 carats accounted for 36.33% total export. Kimberlite production with a volume of 394,847.07 carats accounted for 63.67% of total export.

❖ Rutile and Ilmenite

Rutile is a high-grade titanium ore, which is processed into titanium dioxide and sent overseas for use mainly in paint, paper and welding rods. Sierra Leone is known for its particularly high-grade rutile. Titanium has a wide range of applications and is the metal of choice for the rapidly-growing aviation industry.

The Sierra Rutile Mine, which is operated by Sierra Rutile Ltd., is the country's sole producer of ilmenite, rutile, and zirconium concentrates.

Iluka Resources Limited (Iluka) completed the acquisition of Sierra Rutile Limited (SRL) by means of a merger of SRL with Iluka Investments (BV), a wholly owned Iluka subsidiary, on 7 December 2016.

The Sierra Rutile Mine is located in southwestern Sierra Leone near the Imperrri Hills, about 30 km from the Atlantic Ocean and 130 km from the capital city of Freetown. In 2014, the mine produced a total of 114,169 t of rutile concentrate, 35,839 t of ilmenite concentrate, and 2,221 t of zirconium concentrate. *(See Appendix 1)*

❖ Bauxite

Bauxite predominantly serves as a feedstock for aluminium production. Vast reserves of bauxite are already proven, and as is the case for rutile, demand for bauxite in the medium-term will continue to be underpinned by robust economic growth in China. Vimetco N.V.'s vertically integrated operation in Sierra Leone produced a total of 1,178 Million metric tons (t) in 2014 compared with 654 million metric tons (Mt) in 2013.

❖ Gold

The Baomahun Project which is located 180 km east of Freetown in the Southern Province belongs to Amara Mining³ is at Feasibility Stage and has the potential to produce approximately 100,000 ounces per annum from an open pit and underground mine. It hosts:

- 2.8 million ounces of Mineral Resources (2.24Moz Indicated and 0.54Moz Inferred) and 1.2 million ounces of Mineral Reserves with further upside potential
- Optimisation work demonstrates potential to increase production to 100,000 ounces in 1Mtpa scenario: *Source: (www.amaramining.com)*

Polo Resources Ltd. of South Africa, through its subsidiary Nimini Mining Ltd., was granted a 25-year mining license for the development of the Komahun gold project.

³ The Mineral Right of Cluff Gold, a subsidiary of Amara Mining was cancelled earlier this year after failing to commence mine development within 180 calendar days of the registration of their Licence as stipulated in section (115) subsection (1) paragraph (b) of the Mines and Minerals Act of 2009. On the recommendation of the Minerals Advisory Board, the Ministry of Mines and Mineral Resources granted this concession to Algom Mining Limited who are expected to validate the data already generated by Cluff Gold and commence mining operations in two years

❖ Iron Ore

The Marampa Mine, which was operated by London Mining PLC of the United Kingdom, produced more than 2.95 million DMT of high-quality iron ore sinter concentrate in 2014. *(See Appendix 1)*

Ferensola project belonging to Sula Iron and Gold plc, is highly prospective for gold, iron and coltan. In December 2014 Sula declared a total oxidised resource of 55.5Mt at 45.39% Fe with a total resource of 514.5Mt Fe at 31.8% Fe. In addition to the above, exploration target comprising an additional 100Mt to 250Mt, with a grade range of between 20% Fe and 35% Fe has been identified. *Source: (www.sulaironandgold.com)*

Shandong Iron and Steel Group (SISG) recommenced operations at the Tonkolili Iron Ore Project in May 2015 after temporary cessation announced in December 2014: *(www.african-minerals.com)*.

Shandong Iron and Steel Group now has 100% ownership of the mines having increased its stake from 25% in the Project. *Source: (www.statehouse.gov.sl)*.

International iron Ore prices continued to plummet in 2014. Prices fell from US\$ 139.87 per metric ton in March 2013 to US\$ 41 by December 2015 and affected the country's fiscal space and growth prospects in 2014. According to Statistics Sierra Leone real GDP growth declined from 20.7% in 2013 to 4.6% in 2014. *Source: (www.sl.undp.org)*

There are inter-company collaborations in the mining sector to achieve maximum export output. In December 2014, African Minerals Limited, then 75% owner of the Tonkolili Iron Ore Project in Sierra Leone announced that, African Railway and Port Services (SL) Limited, a subsidiary of African Minerals, has entered into a temporary infrastructure access arrangement with Timis Mining Corp (SL) Ltd.

The temporary agreement consists of transportation services for Timis Mining Corp (SL) Ltd Marampa product using African Minerals Limited's rail and port operations. *(www.african-minerals.com)*

3.2 OIL/GAS

Oil and Gas in Sierra Leone is still in exploration stage and companies operating in the sector are vigorously in search for the commodity.

Exploration started almost a decade ago by Anadarko and attracted many other companies because of encouraging and positive indications from the exploration activities.

Sierra Leone held its most recent (4th) bid rounds in 2012, generating significant interest in its offshore oil and gas sector.

Since 2009, operators have made four oil discoveries. In response to this heightened interest, the government is now working on a review of the petroleum legislation to create a clearer and more enticing investment regime.

Source: <http://africaoilandpower.com/index.php/2016/02/05/africa-energy-frontiers-sierra-leone/>

In July 2014, African Petroleum Corporation Limited signed a contract to acquire more than 1,000 sq. km of 3D seismic data on Block SL-4A-10, offshore Sierra Leone in addition to the existing 3D coverage.

The Company was awarded SL-03 in April 2010 and the adjacent Block SL-4A-10 as part of Sierra Leone's third offshore licencing round in 2012.

Both Sierra Leone licences are in their first exploration period. The Company has already identified a number of key prospects. *(Source: African Petroleum Corporation Ltd web site)*

However, according to the Sierra Leone Petroleum Directorate four oil companies have relinquished their oil exploration blocks in Sierra Leone due to none commercial viability of the blocks.

The Director General of the Petroleum Directorate disclosed that the four companies decided to relinquish their blocks because exploration results indicated non-commercial viability of the blocks. These are Talisman, Lukoil, Anadarko and Chevron.

As at June 2015, two exploration operators, Africa Petroleum and European Hydro Carbon have oil blocks with continuing exploration activities across the country.

(Source: <http://awoko.org/2015/06/27/sierra-leone-news-4-companies-relinquish-oil-blocks-in-sierra-leone/>)

3.3 LEGAL FRAMEWORK

3.3.1 Mining

The mining industry is regulated mainly by the Mines and Minerals Act, 2009 (MMA, 2009) and the Income Tax Act 2000 (ITA) and its amendments and the Mines and Minerals Operational Regulations 2013. The Environmental Protection Act (EPA, 2008) regulates the environmental activities in the sector.

Mines and Minerals ACT, 2009

The MMA, 2009 provides details on how mining is to be conducted in Sierra Leone.

It establishes a modern Cadastre system for issuing, registering and surveying mining operations.

On ownership of Minerals, the Act provides 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 not withstanding any right of ownership or otherwise that any person may possess in and to the soil on, in or under which minerals are found or suited.

The Act also provides for the following as they relate to mining and minerals in Sierra Leone:

- Administration
- Acquisition of Mineral Rights
- Protection of the Environment
- Community Development
- Health and safety
- Financial

❖ **THE NATIONAL MINERALS AGENCY ACT, 2012**

Being an Act to establish the National Minerals Agency to promote the development of the minerals sector by effectively and efficiently manage the administration and regulation of mineral rights and minerals trading in Sierra Leone, including geological survey and data collection activities; to establish a National Minerals Agency Board to provide technical and other support to the agency and to provide for other related matters.

The National Minerals Agency Act 2012 empowers the Agency for the full implementation of the Diamonds Kimberly Certification Scheme.

❖ **THE MINES AND MINERALS OPERATIONAL REGULATIONS OF JULY 2013**

This regulation provides for requirements in relation to surface, open pit and underground mining operations, reporting of mineral resources, health and safety standards, waste disposal, as well as explosives and blasting.

❖ **THE ENVIRONMENT PROTECTION (MINES AND MINERALS) REGULATIONS OF JULY 2013**

It provides for a number of obligations in relation to the environmental permitting process, environmental standards, grievance mechanisms and mine closure, as well as guidance on the contents of the environmental impact assessment reports and the environmental management plans.

❖ **CUSTOMS ACT 2011**

Customs Act 2011, being an Act to modernize and simplify the law relating to customs and the prohibition and control of the importation and exploitation of certain goods and to provide for related matters.

Customs Act 2011 is the principal legislation administered by the Sierra Leonean Customs Service under the National Revenue Authority to manage the movement of goods into and out of Sierra Leone.

❖ **FINANCE ACT 2015**

Passed into effect on the 1st January 2015, it provides for royalties, taxes and export duty for all minerals including diamonds.

❖ **FINANCE ACT 2016**

The Parliament of Sierra Leone on the 10th March, 2016 passed into law the Finance Act 2016 with some amendments. The Act aims to provide for the imposition and alteration of taxes, duties and excise, and for other related matters. Key amendments in Finance Act 2016 include 5% addition to the existing 30% PAYE tax (now 35%); and also amendment to certain sections in the Income Tax Act, 2000; the Excise Act 1982; and the Finance Act of 2006 and 2011 respectively.

❖ **DIAMOND TRADING BILL**

The new Diamond Trading bill seeks to strengthen the framework governing the trade of rough diamonds and ensures full compliance with the Kimberley Process⁴.

❖ **DIAMOND CUTTING AND POLISHING**

The Act provides for the control of diamond cutting and polishing, the licensing of diamond cutters and polishers, to define the rights and duties of a licensee and for other matters connected therewith.

Detailed provisions for the control of diamond cutting and polishing, Diamond cutting and polishing licenses, application and grant of diamond cutter and polisher's licenses including the duration, renewal and revocation of diamond cutter and polisher's licenses. Others include financial matters such as duty payable, valuation fees, customs duty exemption.

⁴ <https://slminerals.org/laws-and-legislation/>

SPECIAL AGREEMENTS

In 2014 Sierra Rutile Ltd was operating under the 'First Amendment Agreement' (2004), which sets the rates for royalty and turnover tax at only 0.5%. This expired at the end of 2014, and the fiscal regime automatically returned to that as set out in the Sierra Rutile Act (2002), in which the rate for royalty is 4.0%. Turnover tax (3.5%) will continue to be paid until the company makes a profit and becomes liable for corporate income tax. Others include 1% tax on fuel.

Source: UNCTAD, Investment Policy Review on Sierra Leone

❖ Kimberley Certification Oversight

The Ministry of Mines and Mineral Resources (MMMR) and the National Minerals Agency (NMA) have the traceability responsibility from diamond mines to export. The MMMR makes policy and the NMA is the implementing partner.

All diamonds exported from Sierra Leone must be accompanied by a Kimberley Certificate and must be sent to a KP participant country. Therefore export documents prepared by the Precious Minerals Trading Directorate must be vetted by the Director of Mines before the final signature of the Minister of Mines and Mineral Resources or his designated representative

Mining is categorised into three types, namely artisanal, small scale and large scale mining licenses.

It includes three types of mining licences: 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)). 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

3.3.2 OVERVIEW OF 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 overview of the fiscal regime therefore revolved around these two revenue streams and other fiscal instruments that affect them.

In general the fiscal regime stated in MMA 2009 and ITA 2000, will apply in a contract unless there is a special agreement in place. See table... below on royalty.

- Corporate Income tax rate is 30% on corporate profits

Additional 3.5% is on turnover where chargeable income is below 7% of turnover in a year. This excludes acceptable audited account holders

Other legislations within the mining fiscal regime include the Customs Act and Tariffs, the Excise Act 1982 governing the excise duties including those on fuel as well as The Goods and Services Tax Act 2009 (GSTA).

Apart from corporate tax and mineral royalty other revenue streams for the mining sector include Exploration license, Mining license, Surface rental, Environmental Impact Assessment fees, Environmental Impact Assessment Monitoring Fees, Agricultural Development Fund/Community Development Fund and taxes levied on consumption such as value-added taxes, personal income taxes and sales taxes.

The relevant revenue streams for the assignment and their detailed definitions are provided under the section on reconciliation ([See section 4.](#))

❖ **Other Fiscal characteristics**

Large extractive companies have contracts with the government in which some fiscal terms are different from those enshrined in legislation (i.e. MMA, 2009)
Once these contracts are ratified by parliament they become binding and revenue agencies will apply same.

❖ **Corporate Income Tax/Stability**

The rate of income tax varies among contracts. Most of the contracts stabilize the corporate income tax (CIT) rate at 30%. 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%.

There are clauses in some of the contracts that ensure that the companies will benefit from lower CIT rates when future legislation allows.

❖ Tax Holidays

During the period between 2005 and 2014, Sierra Rutile enjoyed tax holidays for corporate income tax, import duties and Dividend withholding tax.

❖ 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 example 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.

❖ 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.

Whilst this may have been intended to encourage reconnaissance and exploration activities, it also has the potential to reduce and or delay corporate tax payments. Again the NRA may require expert capacity to enforce the present regime.

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.

Capital Gains Tax: Ownership of mineral rights may change for several reasons. Capital gains tax seeks to ensure that the country benefits from gains made by holders of mineral rights.

3.3.2.1 Summary of Fiscal Regime

Table 3.3.1 below contains the royalty and corporate tax rates relevant to mining companies and provides a brief on the changes introduced in each tax regime.

Table 3.3.1: Summary of Fiscal Regime in Sierra Leone

Item Description		Applicable Treatment		
Corporate Tax		35% 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		
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	

3.3.3 ROLES OF GOVERNMENT INSTITUTIONS

➤ **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 is charged with 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).

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

➤ ***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.

➤ ***Ministry of Mines, 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.

➤ ***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.

➤ ***Ministry of Finance and Economic Development***

MoFED provides financial support for the operationalization of the SLEITI Secretariat by having a budget line item in 2015, 2016 and going forward.

➤ ***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.

3.4 OIL/GAS

3.4.1 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”).

❖ Petroleum (Exploration and Production) Act 2011

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.

Licences follow a standard format known to the industry internationally 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.

❖ General Fiscal Regime of the Petroleum Industry

The upstream oil and gas sector has **the concession system of fiscal regime**. Under this system the ownership of oil produced is transferred to the companies.

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 (*See Table 3.4.1*)

Table 3.4.1: Summary of Oil/Gas Fiscal regime in Sierra Leone

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/>

3.4.2 Other Fiscal Requirements

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.

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

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.

3.4.3 Institutional Framework

The Petroleum Directorate and the National Revenue Authority are the two main institutions that are relevant for revenue purposes.

❖ 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. iki.openoil.net/index.php?title=Petroleum_Directorate.

❖ National Revenue Authority

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

3.5 LICENSING REGIME

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 matters to do with mineral rights. It consists of the Mining Cadastre Office (MCO) and the Geographical Information System (GIS), which holds the cadastral survey map of Sierra Leone.

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 taken 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,

The types of licenses that are issued include

❖ **Reconnaissance**

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.

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.

A reconnaissance area shall not exceed 10,000(ten thousand) square kilometers.

The license is granted for one year and renewed for another year.

❖ **Exploration License**

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.

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.

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.

❖ **Small Scale Mining License**

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.

❖ **Large Scale Mining License**

The large scale mining license is granted for a period of 25 years. The license is reviewed every 5 years.

3.5.1 Licence Registry

“Implementing countries are required to maintain a publicly available register or Cadastre system(s) with the following timely and comprehensive information regarding each of the licenses pertaining to companies covered in the EITI Report:

- i. License holder(s).
- ii. Coordinates of the license area.
- iii. Date of application, date of award and duration of the license.
- iv. In the case of production licenses, the commodity being produced.”

Sierra Leone has a web based Cadastre system, Mining Cadastre Administration System (MCAS) which provides information on the above parameters, i.e. License holders, coordinates, application dates and duration of license in support of the NMA in the management of mineral rights. In addition to the MCAS an online repository (See <http://sierraleone.revenuesystems.org>) also provides information on payments (license) made during the year. The MCAS does not include information from the Oil and Gas sector.

According to information available at the On line Repository, there were 46 applications in 2014 for mining right licences.⁵ These are detailed below.

Table 3.5.1 2014 Licence Applications and Status

Code	Licence	Applications	Active Licence	Archived
EPL	Exploration	37	17	20
ML	Mining Lease	2	1	
SM	Small Scale	7	-	7

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

Applications for mineral rights are shown in Appendix 2.

According to the NMA, two hundred and twenty mineral rights were granted in 2014: They include four (4) mining licences. (See Appendix 3).

3.5.2 TRANSFER OF MINERAL RIGHTS

The mining licence belonging to London Mining Company Ltd- (ML02/2009) was transferred to Timis Corporation (SL) Ltd on 2nd December, 2014.

London Mining PLC entered into administration in England and the administrators were appointed on the 16th October, 2014.

The Joint Receivers/Administrators of London Mining sold the assets of London Mining to Timis Mining Corporation (TMC) on October 31, 2014.

⁵ Government of Sierra Leone On line Repository

The consideration for the sale was taking over of the \$200 Million Senior Secured debt facilities by TMC and release of London Mining from the corresponding liabilities.

Price Waterhouse Coopers (PWC), acting as receivers for LMC appointed by the secured lenders submitted an application for the transfer of the Large Scale Mining Licence ML 02/09 from LMC to TMC pursuant to section 119 of the Mines and Minerals Act of 2009 on 24th November 2014 to the Mining Cadastre Office of the National Minerals Agency (NMA) for the consideration of the Minerals Advisory Board (MAB).

The application for transfer was recommended by the MAB to the Hon. Minister of Mines and Mineral Resources for approval.

The application for transfer was approved by the Hon. Minister on the 2nd December, 2014.

Source: NMA

The licencing regime is quite efficient.

3.6 OIL/GAS

3.6.1 Allocation of Oil and Gas License

Licence shall be granted to an individual or a company registered or incorporated under the Companies Act 2009 of the Laws of Sierra Leone as a body corporate registered under the Companies Act 2009 or as a registered branch of an overseas company under the Companies Act 2009.

Applications for a License can be made in the following circumstances: (a) prequalification; or (b) through a call for tenders.

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 per oil block upon submission of application.

Where the application is successful and this leads to the execution of a license agreement, surface rent per annum is payable as indicated. A 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 License is comprised of an exploration period and production period. An exploration period shall last for a maximum of seven years, which shall be divided into an initial period of three years, a first extension period and a second extension period of up to two years each. A License granted by the Minister responsible for the management of petroleum matters becomes valid and binding on the parties only after it is ratified by the Parliament of Sierra Leone.

Assignment

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.

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 prior to the commencement of production.

Licensing and Award of Oil Blocks

The first round of oil block awards was in 2003/2004, when 6 Petroleum Blocks. A number of companies carried out additional exploratory activities. The consortium comprising Anadarko, Repsol and Tullow Oil acquired 3D seismic data and progressed to drill 2 wells up to 18,000ft in 9,500ft of water between 2005 and 2010.

Three more groups, Lukoil, Talisman and African Petroleum have acquired 3D seismic data, which are being interpreted and evaluated.

Until 2012, the main actors in the petroleum sector were: (i) Anadarko/Repsol/Tullow Oil; (ii) Talisman/Prontina; (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 ([See Table 3.6.1](#))

Table 3.6.1: Sierra Leone Petroleum Licensing Update

	Block No.	No. of Applications	Awarded to Groups/Company	Awarded	Acreage (km2)	Status
1	SL- 03		European Hydrocarbons	April 2010	1930	1 st Ext.
2	SL-4B-10		Talisman, Prontina	Licensed before 2012 Round		Relinquished
3	SL-5-11		Lukoil 49%, Oranto 30%, Pan Atlantic 21%	June 2011	4022 km2	Relinquished
4	SL 4A-10	16	African Petroleum, KOSMOS Energy	2012	1995 km2	
5	SL 7A-10	12	Elinilto Ltd: Signet Petroleum, Minexco	2012	3490 km2	
6	SL 7C-10	4	Maters Energy	2012		
7	SL 8A-10	13	Chevron Sahara, Noble Energy, ODYE	2012		
8	SL 8B-10	10	Chevron Sahara, Noble Energy, ODYE	2012		
9	SL 9A-10	2	GNBH Exploration	2012		
10	SL 9B-10	1	GNBH Exploration	2012		
11	SL 10B-10	1	Varada Petroleum and Hydrocarbons	2012		
12	SL 10A-10					
13	SL-7B-11		Anardaro/Repsol/Tullow Oil	Licensed Before 2012 Round		Relinquished
14			Young Energy Prize			

Source: Petroleum Directorate/ Compilation by Boas

Relinquishments

However, in 2015 Lukoil, Russian largest privately held oil company relinquished its exploration project in Sierra Leone due to disappointing exploration results.

3.6.2 Publication of Licenses-Oil/Gas

The Petroleum Directorate does not publish information of oil and gas blocks.

3.6.2.1 Efficiency of the Licensing Regime

The licensing regime is efficient but there is room for improvement including publicising information.

3.7 CONTRACT DISCLOSURE

The government of Sierra Leone does not have a contract disclosure policy. However both the Extractive Industries Revenue and SLEITI Bills have provisions and objectives which are intended to promote contract disclosure. The bills have not been passed into law at the time of this report. The SLEITI bill was suspended pending the formulation of an EITI policy.

In spite of the above the NMA has on its website [twelve contracts publicly displayed](#).

These are:

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

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

3.8 EXPLORATION ACTIVITIES AND PRODUCTION

Update on Prospective Projects

GOLD

- **Cluff Gold (Baomahun Gold) Plc⁶** is focused on the identification, acquisition and development of gold deposits in Sierra Leone that are amenable to open-pit mining and low-cost production techniques.
- **Nimini Gold** is a gold exploration company operating in northern and eastern Sierra Leone. The company has two gold projects: the Komahun Gold Project in the Kono district and the Matotoka project in Tonkolili district. The flagship Komahun Gold Project has indications of significant gold deposits, and the company has already obtained environmental and mining licences.

Exploration for gold by Nimini and Cluff Gold has yielded positive results though commencement of large scale mining operations has been delayed by recent decline in gold prices.

- **EL 48/2011, EL 49/2011, and EL 50/2011** were acquired by AMR GOLD (SL) LTD on the 16th of June 2011. Four (4) bulk sampling pits were excavated in EL 48/2011. AMR Gold applied for bulk sampling on the 4th May, 2015 and was granted approval on the 13th May 2015 for **EL48/2011, EL 49/2011, and EL 50/2011**. The company commenced bulk sampling in all three licenses to increase confidence in their resource estimation. The trenches and square pits were excavated to the depth of the saprolite.

A total of 12,500m of AMR GOLD (SL) LTD's trenching program was planned to cover the western flank of Wilkinson's Hill over a Tin anomaly generated from soil geochemical sampling on 100m line interval at 50m sample spacing for gold and multi elements for EL 49/2011. Three (3) bulk sampling pits with 10 x 10 dimensions were dug in EL 50/2011.

⁶ Algom Resources are the new owners of the Baomahun Gold project.

BAUXITE

- Sierramin Bauxite has three licenses (EL 16/2014, EL 17/2014 & EL 18/2014) granted on the 9th December 2014, for bauxite exploration.
- EL 16/2014 is located in Magbema and Bureh Chiefdoms in Kambia and Port Loko Districts respectively and covers an area of 123.29 sq. km. EL 17/2014 is located in Maforki Chiefdom, Port Loko District and covers an area of 124.05 sq. km. EL 18/2014 is located in Maforki, Marampa and Masimera Chiefdoms in Port Loko District and covers an area of 124.45 sq. km
- Sierramin's licenses have a combined **321 million tons of proven reserve** at a grade of **47% AL₂O₃ and 4.5% SiO₂** and **probable reserve 146 million tons of AL₂O₃**.

DIAMONDS

- Sierra Diamonds is a subsidiary of Stella Diamonds a company incorporated in the UK.
- Bulk sampling on exploration license EL 48/2012 was aimed at extracting at least 2,000 tons of kimberlite diluted with country rock that will produce at least 1,000 carats of diamonds. A total of 1609.47 dry tons of kimberlite mixed with granite has been sampled.
- Two resource grade and value models were determined. The first is the previous 1.1 million carat resource at a grade of 120cpht and diamond value of \$270 per carat. The second is the higher resource model of 1.45 million carats at a grade of 165cpht, but with a diamond value of \$ 145 per carat.
- Koidu Limited commenced underground Mining operations during the third quarter of this year, whilst still completing the open pit mining operation. The combined operation is expected to produce 303,463 carats in 2017.
- Allotropes Diamonds have three (3) licenses that are involved in bulk sampling activities; **EL 19/2014, EL 15/2012 and EL 11/2014**. Allotropes Diamonds applied for change of work program on the 10th December, 2013 for **EL 15/2012**, and was granted approval on the 30th December, 2013.

- **EL 15/2012** was acquired by Allotropes Diamonds on the 28th February, 2012 and activities were limited to bulk sampling exercise at Golu and Kpakru villages. Six (6) exploration trenches at approximately 450 tonnes each with a total of 2,700 tonnes of high-grade gravel were processed. The company has applied for, and has approval for a small scale mining license for alluvial diamonds, pending an EIA license for EL15/2012.
- **EL 19/2014** was acquired by Allotropes on the 19th November, 2014 and activities were limited to reconnaissance, pitting and bulk sampling exercises.
- **EL 11/2014** was acquired on 6th June, 2014 and the activities embarked on were alluvial small-scale pitting and bulk sampling exercises, with extensive exploration for kimberlite dyke material. During 2014, a dyke was intersected from surface projection compiled from drilling intercept. On the 28th October 2014 Allotropes Diamond applied to carry out bulk sampling on EL 11/2014 and approval was granted on the 14th November, 2014.

IRON ORE

- Four large-scale mining licenses for iron-ore production were secured by Kingho Mining Investment Co. early in 2014.
- Cape Lambert Resources (SL) Limited applied for and received a mining lease in 2014 based on their former exploration licenses acquired under Marampa Iron Ore Ltd (MIOL). As a result of MIOL's successful exploration activities a JORC Complaint mineral resource estimate of 681 million tonnes with an in-situ grade of 28.2% Fe has been defined.

Marampa Project

The Marampa Iron Ore Project (Marampa) is a hematite iron ore project at the development and permitting stage, and is located 90 km northeast of Freetown

Marampa comprises one mining licence (ML05/2014) comprising 97.40km² and two granted exploration licences (EL46A/2011 – 145.86km² and EL46B/2011 – 66.00 km²). The licences are held by Marampa Iron Ore (SL) Limited, indirectly a wholly owned subsidiary of the Company. Marampa has access to a stockpiling and ship loading facility located at Pepel Port via a 73 km railway operated by African Railway and Port Services (SL) Limited (ARPS).

On 15 October 2014, the Company received a notice that its Large Scale Mining Licence application lodged late in 2013 has been approved. In anticipation of the negotiation of the associated mine lease agreement, the Company drafted a mine lease agreement as a basis for negotiation with the Government of Sierra Leone (GoSL). Due to the state of the iron ore market, however, the Company did not commence the negotiation with the GoSL

Kukuna Project

The Kukuna Project (Kukuna) is located 120 km northeast of Freetown in the northwest of Sierra Leone and comprises one exploration licence covering 68 km². The licence area is located approximately 70 km due north of Marampa.

Rockel Project

Metal Exploration (SL) Limited, a wholly owned subsidiary of the Company, holds a land package of 13 granted licences and applications in Sierra Leone totaling approximately 1,502km², covering the region 70 km to the north and south of Marampa,

This land package is referred to as the Rockel Iron Ore Project (Rockel) and is prospective for discovery of hematite schist deposits geologically similar to those found at Marampa.

Tenements EL 08/2012 and EL 09/2012 expired during the period and were not renewed, reducing the tenement package from 15 to 13 tenements.

[Source: Company Annual Report](#)

GENERAL MINERALS

- Golden Saints Resources amended their work program by including bulk sampling to their exploration program for EL 86/2011 and EL 87/2011.
- EL 86/2011 was granted on 24th November, 2011 to explore for all minerals in Sierra Leone. Bulk sampling activity was undertaken along the Woa stream, close to the Lowoma Village
- EL 87/2011 was granted on 12th December, 2011 to explore for all minerals in Sierra Leone. Bulk sampling was undertaken along a tributary of the Sewa River called Bawa stream. The total area excavated for this exercise is 40m x 37m (1,480m²) with an average gravel thickness of 0.60m.

3.9.1: Mineral Reserves and Production

Sierra Leone mineral reserves are extensive and indicative of longer exploitation period. Table 3.9.1 shows the reserves for the five key operating companies in Sierra Leone.

Table 3.9.1.1: Reserves for five key mining operating companies in Sierra Leone

Operator/Mine	Mineral Commodity	Reported Reserves	Annual Production	Remarks
Sierra Minerals	Bauxite	31Mtons. 53% Aluminium oxide	1.18 Million Metric tonnes	
Timis	Marampa Iron Ore	680Mtons at 28%Fe	3 Million Metric tonnes	
Shandon Iron & Steel	Tonkolili Iron Ore	12.8Billion tons/at 11.5Billion tons of magnetite oxide	15 Million Metric tonnes	
Sierra Rutile	Rutile	895 Mtons*	115,000 Metric tonnes	
OCTEA(Koidu)	Diamonds	K1 2.9Mt contain 2M carats. K2 1.3Mt containing 0.3M carats	300,000 carats	

Source: Company Reports

*Sierra Rutile Reserve Classification

Table 3.9.1.2: Sierra Rutile Reserve Classification

	Tons(Mt)	Grade %			Contained tons(kt)		
		Rutile	Ilmenite	Zircon	Rutile	Ilmenite	Zircon
*	895Mtons	0.94	0.13	0.05	8397.3	763.4	399.9

Source: www.sierra-rutile.com

3.9.2 Oil/Gas

Key Operating Company in Sierra Leone

African petroleum

The Company 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. The Company's Sierra Leone Licences cover a combined net acreage of 3,925km²

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 (acquired in September 2014).

SL-03 - Entry into First Exploration Period

On 2 December 2015 the Company entered into the First Extension Period on the SL-03 licence. The expiry date of the First Extension Period is 23 April 2017.

The initial exploration period on the SL-03 licence expired on 23 April 2015 with all obligations being fulfilled, including the acquisition of 2,500km² 3D seismic and 50% of the SL-03 licence area has been relinquished, reducing the licence area from 3,860km² to 1,930km².

3.10 PRODUCTION AND EXPORT OF MINERALS

Production and mining operations

Mining operations in Sierra Leone and their reported operating status in 2014

The Sierra Rutile mineral sands mine continued to operate throughout the year although annual production was lower than expected, largely owing to challenges presented by the EVD outbreak (Sierra Rutile Ltd., 2015).

Two significant mine closures in Sierra Leone occurred during 2014 i.e. Marampa iron ore mine and the Tonkolili Mine. The closure of these mines was related to the decrease in global iron ore prices and to issues related with off take agreements.

Table 3.10.1 Major mining companies and operating status in 2014

Mineral Commodity	Mine/Mineral facility	Location	Major operators	Operating Status in 2014
Bauxite	Sierra Mineral Mine	150km southeast of Freetown	Sierra Mineral Holdings 1 Ltd. (Vimetco N.V., 100%)	Active as of June 30, 2014
Cement	Leocem Cement Plant	Freetown	Sierra Leone Cement Corp. Ltd. (Heidelberg Cement AG)	Active as of November 6, 2014
Diamond	Koidu Kimberlite Mine	360 km east of Freetown	Octéa Diamond Group (BSG Resources Ltd., 100%)	Active as of December 12, 2014
Iron Ore	Marampa Mine	150km northeast of Freetown	Timis Corporation Ltd. (Marampa Mine was formerly owned by London Mining plc, and was acquired by Timis Corp. in October 2014)	Temporary shutdown (placed on care-and-maintenance status).
Iron Ore	Tonkolili Mine	190km northeast of Freetown	Tonkolili Iron Ore (Sierra Leone) Shandong Iron and Steel Group Co. Ltd., 100 %)	Temporary shutdown (placed on care-and maintenance status as of December 1, 2014)
Mineral Sands(Rutile, Ilmenite and zircon	Sierra Rutile Mine	130km southeast of Freetown	Sierra Rutile Ltd	Active at year end

Source: <https://pubs.usgs.gov/fs/2015/3033/pdf/fs2015>

3.10 .1 Mining Production

The Mining sector was moderately affected by the Ebola epidemic. However, the collapse in iron ore prices and the ensuing financial difficulties resulted in the closure of the two iron ore mining companies - London Mining Company (LMC) went into administration in October while African Minerals Limited (AML) shutdown in December 2014.

The former was subsequently taken over by Timis Mining Corporation and resumed operations in December 2014. Total iron ore output increased by 31.3 percent to 19.3 million metric tons in 2014 from 14.7 million metric tons in 2013.

Diamond production recorded a decrease of 1.6 percent from 603 thousand carats in 2013 to 594 thousand carats in 2014 due to decline in alluvial diamonds. Rutile production also dropped by 4.4 percent; from 120 thousand metric tons in 2013 to 115 thousand metric tons in 2014.

The production of Ilmenite increased by 11.8 percent; from 32.36 thousand metric tons in 2013 to 35.8 thousand metric tons in 2014. The production of gold dropped sharply by 50 percent; from 3.1 thousand ounces in 2013 to 1.5 thousand ounces in 2014. (See Table 3.10.1)

Table 3.10.2: Mineral Production Volumes and Values (2012-2014)

Mineral	2012	2013	2014	2013-14 % Change
Diamonds ('000 carats)	559.79	603.81	594.37	-1.6
\$	149,855	188,690	207,732	
o/w Gem ('000 carats)	401.15	453.03	503.94	11.2
o/w Industrial ('000 carats)	159.63	141.78	90.43	-36.2
Rutile (000 M/tons)	94.49	120.35	115.05	-4.4
\$	191,058	104,223	93,794	
Bauxite (000 M/tons)	666.32	543.39	1178.57	116.9
\$	15,858	16,724	39,934	
Ilmenite (000' M/tons)	21.52	32.36	35.8	11.8
\$	8,067	7,763	4,554	
Gold (ounces)	4354.70	2893.29	1470	-49.2
\$	5,507	3,431	1,689	
Iron Ore (000' M/tons)	6600.0	14745.31	19307.99	30.9
\$	452,760	1,154,533		

Source: <http://mofed.gov.sl/EPRU/Economic%20Bulletin%20%202014%20-%20final.pdf>

3.10.2 Large Scale Mining Companies in Sierra Leone

Shandong Iron and Steel Group

Before the suspension of operations on 1st December 2014, the Tonkolili mine produced 15.1M DMT (millions of dry metric tonnes) of iron ore and exported 15.7 M DMT. The corresponding figures for 2013 were 11.6 M DMT and 11.5M DMT respectively.

Royalties on mineral exports paid to GoSL by AML amounted to USD\$ 20.2 million in 2013. This declined to USD\$ USD\$ 16.4 million in 2014 due to declining iron ore price and temporary suspension of operations.

- The plummeting price of iron ore among other factors facilitated the suspension of operations at the Tonkolili Iron Ore. Export at Pepel Port commenced on the 20-10-2015.
- BCM fully mobilized their workforce, and full mining operation started 25th December at Marampon pit 2.

TIMIS MINING CORPORATION

- London Mining (LM) processes the tailings left by DELCO and combining them with product from its own mining activities to produce a high-grade iron ore concentrate for export. Once the tailings were exhausted, blasting will begin, with enough mineral resources for a mine life of over 40 years.
- Due to lack of liquidity resulting from rapid fall in iron ore prices in 2014, London Mining PLC (LMC) went into administration in October 2014 resulting in temporary suspension of operations of its Marampa mine in Sierra Leone. The Marampa mine has now been taken over by Timis Mining Corporation (TMC). During suspension of operations, TMC temporarily used rail transportation to get their product to Pepel
- The Marampa mines resumed operations under TMC ownership in November 2014 and produced 150,000MT of iron ore in November. Prior to that the Marampa mines produced 3.2 M DMT (millions dry metric tonnes) under LMC ownership and exported 2.8M DMT. The corresponding figures for 2013 were 3.1M DMT and 3.3M DMT respectively.
- Royalties on mineral exports paid to GoSL by LMC amounted to USD\$ 9.2 million in 2013. This declined to USD\$ 4 million in 2014 due to declining iron ore price and temporary suspension of the Marampa operations during transition from LMC to TMC.
- Employees totaled 1,373 in 2014 including 92 expatriates.
- Marampa has a mineral resource of over 1 billion tonnes of iron ore including a Probable reserve of 539Mt (million tonnes) grading 31.1% Fe, sufficient for over 40 years of mine life at the 6.5M WMT per annum production rate.

SIERRA RUTILE MINING COMPANY

- Sierra Rutile Ltd. has now been acquired by Iluka which will now operate the rutile mines in Moyamba and Bonthe. Iluka is an Australian company and the largest producer of zircon globally and a significant producer of the higher-grade titanium dioxide products of rutile and ilmenite

- Sierra Rutile predominantly mines rutile, but also produces small amounts of ilmenite and zircon.
- Operations center around JORC Compliant Resource of over 900 million tonnes with an average rutile grade of 0.94%. The majority of product is extracted using a dredge, but dry mining is becoming increasingly important after a second dredge capsized in 2008. The minerals are then treated and processed before being loaded onto barges at Nitti which transport them to ocean-going vessels (OGVs).
- The mine is one of the world's largest natural rutile deposits, and in 2014 produced up to the end of November 114,163MT rutile, 35,839 MT Ilmenite, and 2,221 MT of high grade zircon product. A new dry mining project was commissioned in Lanti in 2013 to supplement production from the dredge, and the next stage of its expansion strategy, Gangama Dry Mining, is forecast on completion in 2016.
- SRL is currently operating under the 'First Amendment Agreement' (2004), which sets the rates for royalty and turnover tax at only 0.5%. This expired at the end of 2014, and the fiscal regime automatically returned to that as set out in the Sierra Rutile Act (2002), in which the rate for royalty is 4.0%. Turnover tax (3.5%) will continue to be paid until the company makes a profit and becomes liable for corporate income tax.
- 1,402 staff are employed directly by SRL, of which only 44 are expatriates.

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.
- Mining operations currently take place at Gondama, which has a remaining resource base of around 30 million tonnes, but the company also has an exploration license in Kambia District. The bauxite from the mine is extracted using excavators, and then sent through the washing plant, before being taken to the loading facility at Nitti where it is transported to OGVs on barges.
- 516 staff are employed directly by SMHL including 24 expatriates, with another 489 employed through sub-contractors.

- Sierra Minerals Limited has a mining lease covering an area of 321.7 km². The mine contains an indicated washed reserve of 12.478Mt of bauxite ore and an inferred washed reserve of 20.110Mt of ore.
- It produced 1.18Mt of bauxite in 2014 and exported 1.15Mt valued at **US\$ 38,831,257.22**.

OCTEA (KOIDU LIMITED)

- Beny Steinmetz Group Resources Ltd (BSGR) is the 100% owner of Octea Limited. Subsidiary companies of Octea Limited include Octea Mining, and Octea Diamonds (Marketing Company)
- Subsidiary companies of Octea Mining are Koidu Limited, Boroma Limited, and Tonguma Limited.
- Koidu Limited has a large-scale mining license in the Koidu area in Kono district. The 4.9 square kilometer mining lease area contains 2 kimberlite pipes (k1 and K2), 4 kimberlite dyke zones, and three kimberlite blows-all high grade, high diamond value. K1 ore reserve estimated at close to two million carats of diamonds contained in 2.9 million tons of ore and associated waste material of 39 million tons. K2 ore reserve estimated at close to 320,000 carats of diamonds contained in 1.3 million tons of ore and associated waste material of 14 million tons.
- Koidu Limited has been mining in Kono since 2004. A new 180 tons per hour processing plant was commissioned in May 2012 and reached full capacity (1.2 million tons of ore annually) in June 2013. This is equivalent to production of 60,000 carats per month.
- Koidu exported 354,881 carats of diamond in 2013 valued at US\$99.85 million, and 394,847 Carats of diamonds in 2014 valued at US\$ 124.5 million.
- Koidu Limited commenced underground Mining operations during the third quarter of this year, whilst still completing the open pit mining operation. The combined operation is expected to produce 303,463 carats in 2017.
- 1,122 staff are employed directly by Koidu including 144 expatriates
- Tonguma Limited has a large-scale mining license in the Tongo area in Kenema district, 68 km directly south of Koidu. The 142 square kilometer mining lease area contains at least 4 kimberlite dyke zones, each with multiple, high grade but narrow, dyke units.
- Tonguma Limited is currently in Feasibility Study and bulk sampling phase with full scale production planned for 2017.

- Boroma Limited Exploration Licence area is 67.1 km² and contains one kimberlite pipe (k3) and numerous dyke zones of combined strike length of at least 25 km.

CAPE LAMBERT ROYALTY ARRANGEMENT

On 22 October 2014, the Company announced that it had entered into a US\$20 million funding agreement with Timis Mining (Agreement) to assist it with the acquisition of London Mining's Marampa Iron Ore Mine (Mine) from the administrator of London Mining PLC.

The Agreement was divided into two parts, being (a) US\$8 million Bridging Finance loan and US\$12 million for the purchase of a royalty. **The bridging finance loan of US\$8 million was repayable in October 2015 and incurs interest of 3 month US LIBOR (London interbank offered rate) + 6%.**

Royalty Asset

Pursuant to the Royalty Purchase, Cape Lambert will receive US\$2 per tonne of iron concentrate exported from the Mine (Royalty), payable on a quarterly basis on production of 24mt from the Mine from the date of the first export shipment of iron ore from the Mine, being 28 December 2014.

Cape Lambert is expected to be paid US\$2.6 for the March 2015 quarter royalty. The bridging finance of US\$8 million (plus interest) to Timis Mining, which was repayable to Cape Lambert in October 2015 was also expected.

CAPE LAMBERT LTD - ASSETS IN SIERRA LEONE

1. Marampa Iron Ore (SL) Limited Sierra Leone 100%
2. Metal Exploration (SL) Limited Sierra Leone 100%
3. Pinnacle Group Assets (SL) Limited Sierra Leone 100%

[Source: http://www.capelam.com.au/irm/PDF/3609/AnnualReport](http://www.capelam.com.au/irm/PDF/3609/AnnualReport)

CLUFF MINING – AMARA PLC AND TAKE OVER BY PEUSUS MINING

As part of the scheme of arrangement with Amara, Perseus acquired the Baomahun project in Sierra Leone. Perseus has been advised by the Sierra Leone National Minerals Agency that Mineral Right ML 02/08 on which the Baomahun gold deposit is located has been cancelled.

This action has been taken following Perseus's advice to NMA that development of the Baomahun Gold Project as defined by Amara is not economically feasible and that further exploration success and a positive feasibility study would be required before Perseus could consider committing to development.

http://perseusmining.com.au/aurora/assets/user_content/2016%20annual%20report.pdf

3.11 EXPORTS

The value of export of goods (f.o.b.) decreased from US\$1.93 billion in 2013 to US\$1.55 billion in 2014, a decrease of US\$380million, on account of the fall in the international price of iron ore. Mineral exports continued to account for nearly 90 percent of total exports with iron ore as the largest contributor.

However, the value of mineral exports as a whole decreased from US\$1.79 billion in 2013 to US\$1.39 billion in 2014. Of these, iron ore declined from US\$1.06 billion to US\$742.07 million during the same period, reflecting mainly the sharp fall in iron ore prices in the international market. Rutile export also dropped by 26 percent from US\$129.56 million to US\$96.17 million due to both lower production volumes and prices.

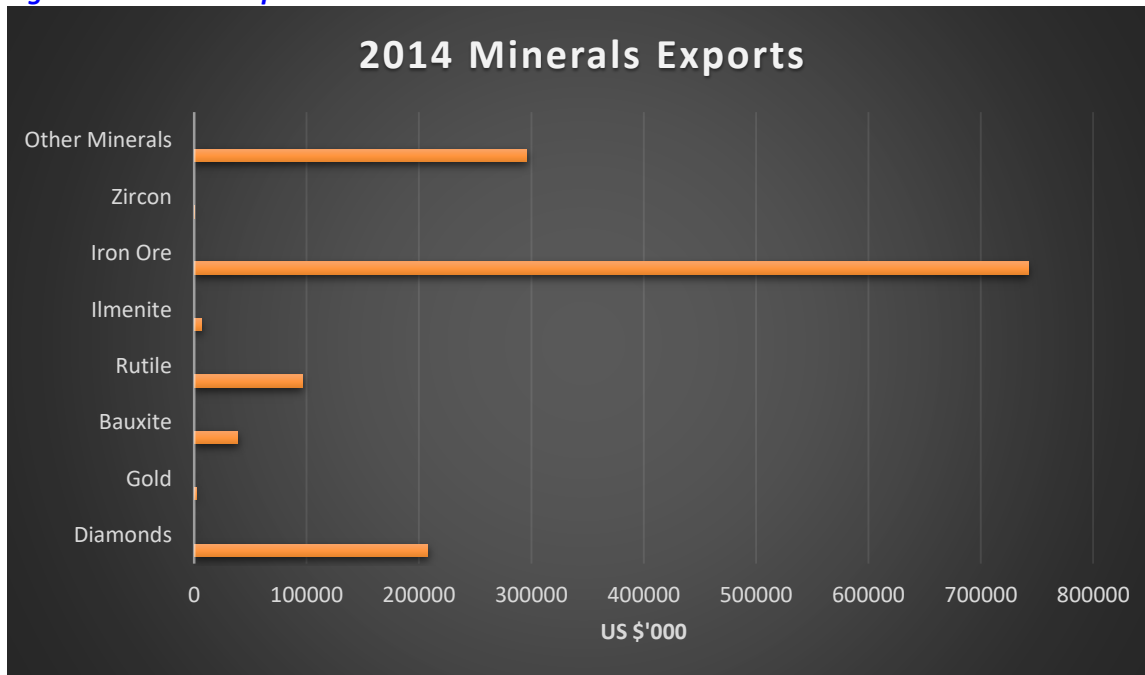
In spite of the slight fall in carats produced, diamond export value increased moderately from US\$185.67 million to US\$207.77 million owing to better market conditions; bauxite exports nearly tripled from US\$13.81 million to US\$38.83 million due to higher production volumes. *(See Table 3.11.1)*

Table 3.11.1: Mineral Exports Volumes and Values (2012-2014)

Mineral	2012	2013	2014	2013-14 % Change
Diamonds ('000 carats)	532.6	604.7	594.4	
\$	161,719	185,667	207,789	
o/w Gem ('000 carats)	409.5	462.1	503.9	
\$				
o/w Industrial ('000 carats)	123.0	142.7	90.4	
\$				
Rutile (000 M/tons)	84,889	149,535	117,904	
\$	171,708	129,556	96,169	
Bauxite (000 M/tons)	715,525	447,848	1,145,332	
\$	17,084	13,815	38,831	
Ilmenite (000' M/tons)	10,005	12,168	37,661	
\$	3,751	2,920	6,779	
Gold (ounces)	4,534.5	3,099	1,475	
\$	5,740	3,677	1,696	
Iron Ore (000' M/tons)	5,203,492	13,581,075	18,859,571	
\$	357,002	1,064,385	742,066	
Zircon (000'M/tons)	456,351	158,500	2540	
\$	4,605	723	660	

The diagram below shows Mineral exports in 2014

Fig 3.11.1 Mineral exports in 2014



Percentage Contribution of Key Minerals Type to Total Mining Domestic- Export (2010-2014) in US \$'000 (See Table 3.11)

Table 3.11.2: Percentage contribution

Year	Diamonds	Gold	Bauxite	Rutile	Ilmenite	Iron Ore	Zircon	Other Minerals
2010	56.6	4.6	15.5	20.2	1.3	-	1.8	-
2011	54.0	3.0	16.2	14.3	1.8	6.1	4.4	-
2012	22.4	0.8	2.4	23.8	0.5	49.5	0.6	-
2013	10.4	0.2	0.8	7.2	0.1	59.4	-	21.8
2014	14.9	0.1	2.8	6.9	0.5	53.4	-	21.29

Source: Bank of Sierra Leone

Minerals continue dominate exports in 2014 followed by cocoa. Table 3.11.3 highlights its dominance from 2010 to 2014

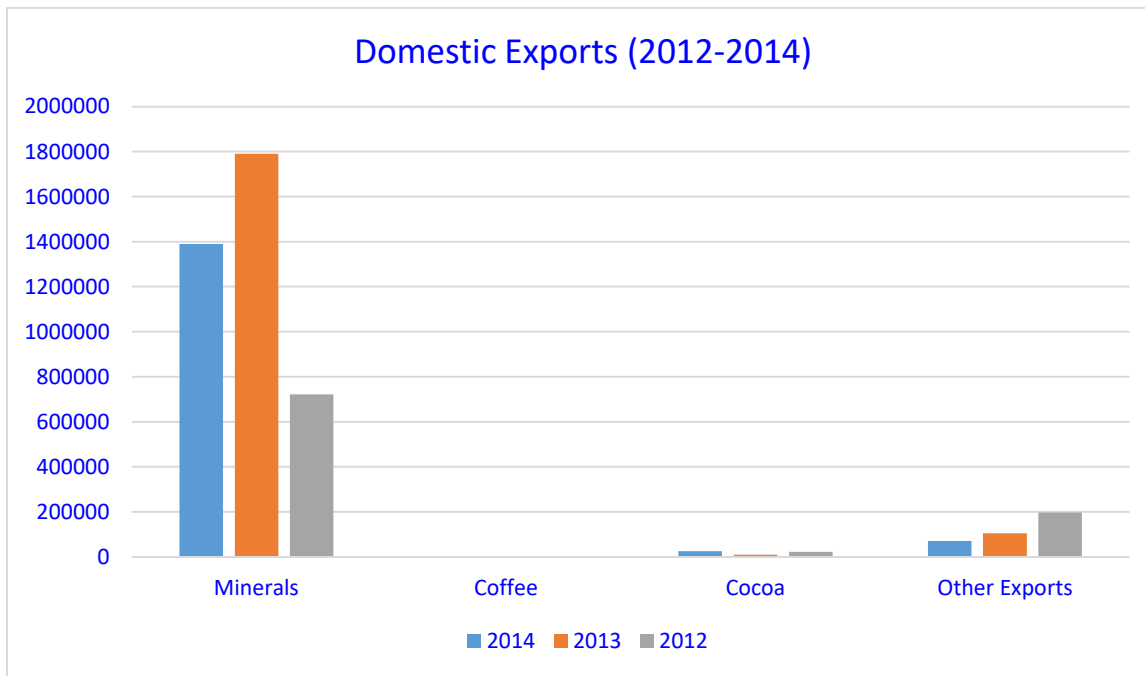
Table 3.11.3. Total Domestic Exports (2010-2014)

Year	Minerals	Coffee	Cocoa	Piassava	Fish	Others	Total
2010	200,647	1,698	37051	-	150	78231	317,777
2011	240,238	2,000	44022	10	746	28997	316,013
2012	721,612	3,845	22520	-	17488	197686	963,151
2013	1790996	2,815	8964	15.0	316	104831	1907937
2014	1389937	2752	25684	-	1231	70524	1490128
Total		13,110	138,241	25	27,801		

Source: Bank of Sierra Leone

Total Domestic Exports for 2012 to 2014 are indicated in Fig 3.11.2 below

Fig 3.11.2: Domestic exports (2012-2014)



3.12 MINERAL PRODUCTION AND EXPORT FIGURES FOR 2013 & 2014

Table 3.12.1 Large Scale Mining Companies

No	COMPANY NAME	2014				
		PRODUCTION QUANTITY	EXPORT QUANTITY	EXPORT VALUE (USD)	ROYALTY PAYMENT MADE (USD)	
1	AFRICAN MINERALS LTD (wmt)	15,512,597.00	15,610,192.00	569,797,690.95	17,905,361.68	
2	LONDON MINING/TIMIS MINING COMPANY (wmt)	3,856,190.35	3,249,379.38	172,268,474.36	4,130,880.63	
3	SIERRA RUTILE LTD (dmt)	Rutile	114,163.00	117,904.11	96,169,679.21	526,054.86
		Ilmenite	35,839.00	37,661.84	6,779,132.01	
		Zircon	2,357.00	1,553.92	660,416.00	
4	SIERRA MINERALS HOLDINGS (dmt)	1,166,583.29	1,149,280.37	38,375,950.91	940,210.46	
5	KOIDU LIMITED (Carats)	394,847.07	394,847.07	124,502,890.42	8,092,687.88	

Source: NMA

ARTISANAL MINING

Table 3.12.2: Artisanal Mining (Production) in 2014

MINERAL TYPE	2014		
	QUANTITY	VALUE (USD)	ROYALTY PAYMENT (USD)
DIAMOND (carats)	225,334.04	97,210,353.04	2,911,008.49
GOLD (ounces)	1,474.98	1,699,480.74	84,974.037
COLTAN (dmt)	107.5	766,723.65	26,113.00
ZIRCON (dmt)	2,660	1,008,543.48	24,183.53

Source: NMA

3.13: CONTRIBUTION TO GOVERNMENT REVENUES

Contribution of Extractive Industry to the economy of Sierra Leone

Size of extractive industry

The extractive industry as a whole is a major element of the Sierra Leone economy, contributing 20.2% of GDP in 2014.⁷

Sierra Leone's economic growth moderated to 7.0 percent in 2014 from 20.1 percent in 2013, partly due to the effect of the outbreak of the Ebola Virus Disease in the second half of the year. The key driver of growth in 2014 was the extractive sector and specifically iron ore mining as activities in the other sectors were severely disrupted by the Ebola outbreak.

The non-iron ore economy (agriculture, non-iron ore mining activities, manufacturing, construction, tourism and services sectors) grew by paltry 1.0% compared to 5.5 % in 2013.

EI revenue contribution in 2014

Government receipts from the EI sector in 2014 totaled \$95.7million⁸ contributing 19.1% of total government revenue in the year.

Receipts from royalties in 2014 amounted to US\$ 36.7million and accounted for 100% .of the EI sector royalties as Sierra Leone's Oil and Gas has not reached production stage.

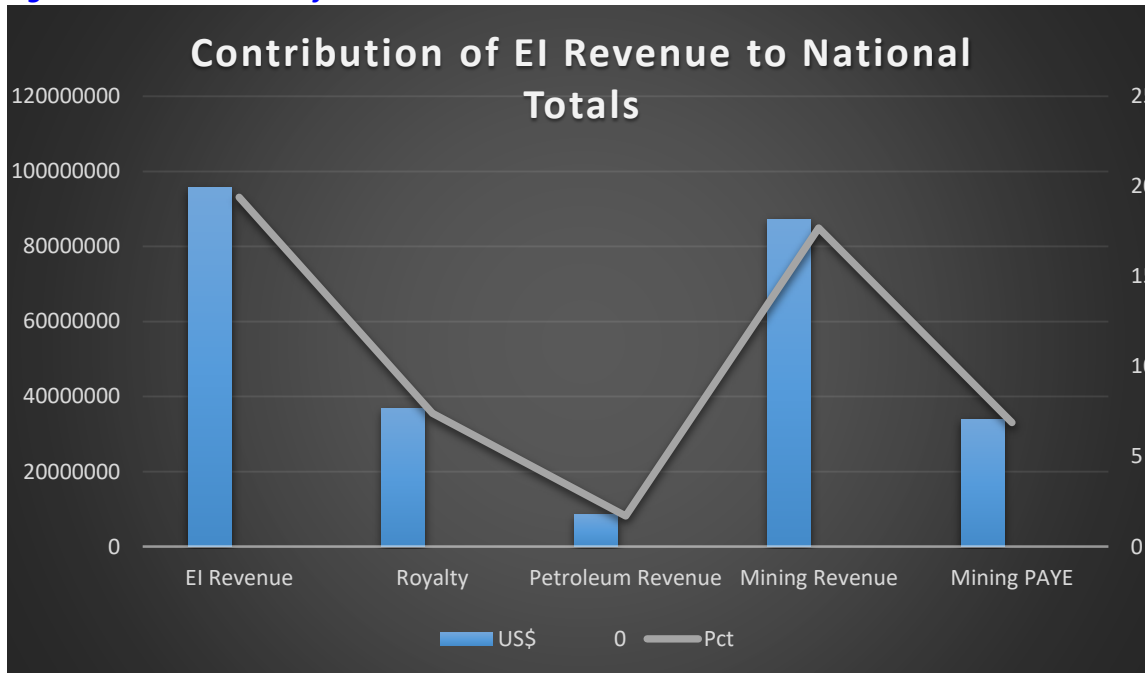
EI collections from NRA and the Petroleum Directorate were \$ 491,535,044 and \$ 8,451,279 respectively. *(Refer to Fig. 3.13.1)*

⁷ Oil and Gas GDP in 2014 excluded as it is unavailable.

⁸ Figure excludes Oil and Gas PAYEE and Custom & Excise duties

EI revenue was about 19% of the national totals. (See Fig 3.13 below)

Fig 3.13.1: Contribution of EI revenue to Total National Revenue



EI exports

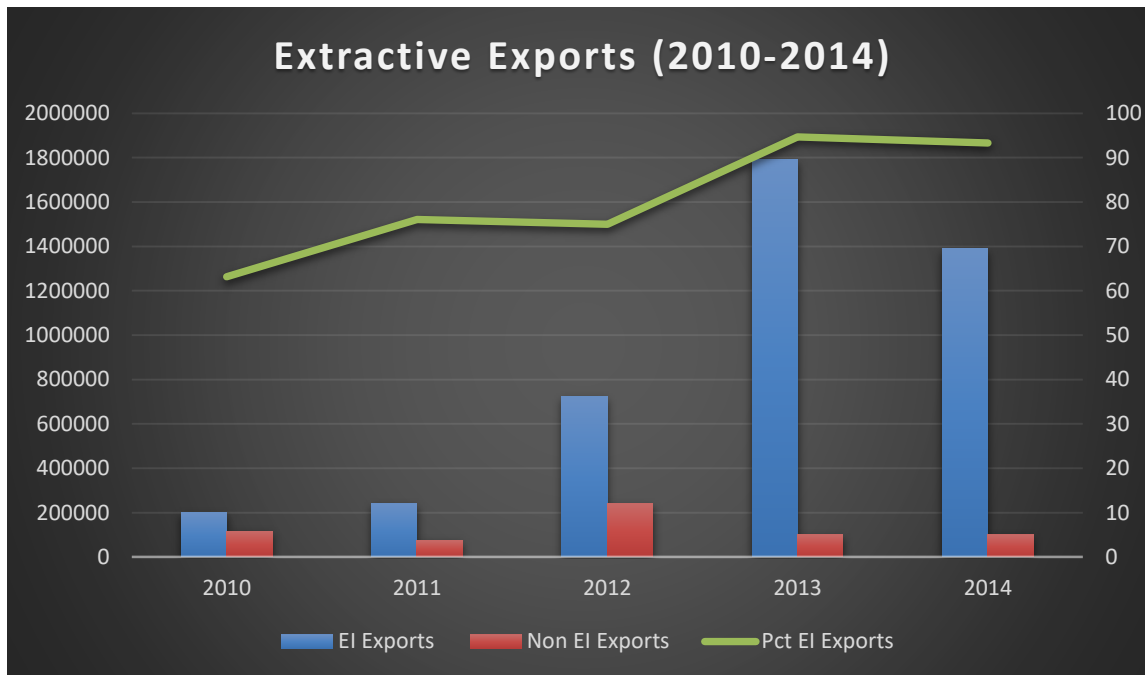
The total USD value of EI exports decreased by 22.3 % in 2014 compared to the previous year.

The share of EI as a percentage of total exports was 89.6% in 2014 compared to 92.7% previous year

The value of total export decreased from US\$1.93 billion in 2013 to US\$1.55 billion in 2014, a decrease of US\$380million, on account of the fall in the international price of iron ore. Mineral exports continued to account for nearly 90 percent of total exports with iron ore as the largest contributor.

However, the value of EI exports as a whole decreased from US\$1.79 billion in 2013 to US\$1.39 billion in 2014. Of these, iron ore declined from US\$1.06 billion to US\$742.07 million during the same period, reflecting mainly the sharp fall in iron ore prices in the international market.

Fig. 3.13.2 Extractive Exports (2010-2014)



3.13.1 Employment in the extractive industry

Including artisanal and small-scale mining industry, about 1.5% of Sierra Leonean workforce was engaged in the Extractive Industries in 2014 according to the 2014 Sierra Leonean Labor Force Survey Report published in 2015. Of this figure 44.8% was in some form of wage employment.

EI Contribution to Total Employment in Sierra Leone 2014

Table 3.13.2: EI contribution to Total Employment

Sector of Activity	% Employed	% of Mining Total in Self Employment	% of Mining Total in Wage Employment	Unpaid
Mining and Extractive Industry	1.5	51	44.8	4.1
Manufacturing and Utilities	2.8			
Construction	1.2			
Services	33.4			
Agric, Fishing and Forestry	61.1			
Total	100			

Source: Sierra Leone 2014 Labor Force Survey Report of Sept, 2015

3.14 EXTRACTIVES CONTRIBUTION TO GDP

Sierra Leone's agriculture, including forestry, fishing and hunting, continued to account for more than half of GDP in 2014, its relative weight has been declining (50.5% down from 56.0 in 2010) This shows that there is a structural shift towards mining and quarrying (20.2% in 2014 up from 4.2% in 2010). Other sectors such as manufacturing accounted for a mere 1.6% of GDP in 2014, declining from 2.3% in 2010

Table 3.14.1: GDP by sector (percentage of GDP at current prices)

Sub Sector	2010	2014
Agriculture, forestry, fishing and hunting	56.0	50.5
of which fishing	9.5	10.5
Mining and quarrying	4.2	20.2
of which oil	-	-
Manufacturing	2.3	1.6
Electricity Gas and water	0.3	0.3
Construction	1.4	0.9
Wholesale and retail trade; Repair of vehicles household goods; Restaurants and hotels	9.7	7.7
of which hotels and restaurants	0.4	0.3
Transport, storage and communication	6.1	3.8
Finance real estate and business services	3.4	2.4
Public Administration and defence	4.3	4.4
Other Services	12.3	8.2
GDP at basic prices/factor cost	100	100

Source: www.africaneconomicoutlook.org

MINING CONTRIBUTION TO THE NATIONAL ECONOMY

Contribution to Government Revenues

Mining contributions to NRA Revenue collections was 17.7% IN 2014 compared with 21.2% in 2013.

Contribution of 2013/14 Mining Revenues to Total NRA Collections

Table 3.14.2: Mining contributions to NRA collections

Tax Stream	2014			2013	
	Amount in Million Le	% of Mines Revenue	% Total NRA Collections	% of Mines Revenue	% of Total NRA Collections
Non Tax Mines Revenue	186,675	48	9	50	10.6
Mining Licence o/w	41,549	11	2	14.7	3.1
Mines and Minerals Royalty o/w	145,125	38	7	34.5	7.3
Income Tax Revenue	190,100	49	9	48.0	10.2
Customs and Excise o/w	9,182	2	0	2.0	0.4
Total Mines Revenue	385,956	100	17.7	100	21.2
2014 Total NRA Revenue	2,174,379				
2014 GDP	20,432,100				

Source: NRA

Contribution to GDP

In 2014 Mining Revenue was 1.8% of Sierra Leone's GDP compared with 2.6% in 2013

Table 3.14.2 Contribution of 2013/4 Mining Revenue to Total GDP

Tax Streams	2013		2014	
	Amount in Million Leones(2013)	% Contribution to GDP	Amount in Million(Le)	% Contribution to GDP
Non Tax Mines Revenue	235,041	1.3	186,675	0.91
Mining Licence o/w	68,910	0.4	41,549	0.2
Mines and Minerals Royalty o/w	162,373	0.9	145,125	0.7
Income Tax Revenue	225,831	1.3	190,100	0.9
Customs and Excise o/w	9,235	0.1	9,182	-
Total Mines Revenue	470,107	2.6	385,956	1.8

Source: NRA

GDP Growth

When Iron ore production was excluded from the mining industry, GDP growth rate recorded 3% and 5.5% in 2012 and 2013 respectively. The GDP in real terms grew by 3.2% in 2009 compared to 20.1% in 2013 and 4.6 in 2014.⁹

Comparison of Iron Ore to National GDP Growth¹⁰

Table 3.14.3: Comparison of Iron Ore to National GDP Growth

Year	2009	2010	2011	2012	2013	2014
GDP Growth	3.2	5.3	5.8	15.2	20.1	4.6
Non Iron Ore GDP Growth	3.2	5.3	5.3	5.5	

Contribution to Employment

Data from Statistics Sierra Leone shows that 131,512 were employed in 2013 in the various establishments, the number of nationals employed having increased steadily from 124,769 in 2012¹¹

The number of foreigners employed in these establishments rose from 1,217 in 2012 to 1,717 persons in 2013 due to improvement in business environment in agriculture, mining and services industries.

Mining continues to attract substantial FDI with its attendant pool of foreigners into the country. Total number of mining employment stood at 9,174 of which 718 were of foreign nationality. *Source: Statistics Sierra Leone 2013*

Table 3.14.5 Employment status of some key mining companies

Company	Employment (Nationals)	Employment (Foreigners)	Total	Remarks
Timis Mining Corporation		92	1373	
Sierra Rutile Ltd		44	1042	
Sierra Minerals		24	516	489 employed through self contractors
KOIDU				
Shangdon Iron and Steel				

⁹ http://www.statistics.sl/economics_statistics_reports_2013_2014/economic_and_financial_survey_2014.pdf

¹⁰ Statistics Sierra Leone

¹¹ http://www.statistics.sl/economics_statistics_reports_2013_2014/2013_employment_survey_report.pdf and www.imf.org/external/pubs

3.15: Government Revenue from Oil/Gas sector in 2013 & 2014

- ❖ Government receipts of petroleum revenue from Sale of Geophysical Data, surface rentals, training fees, Signature and Technology bonuses and Extension fees from operating companies in Sierra Leone are indicated below.

Table 3.15.1: Government receipts in the Oil/Gas Sector

Company	Govt. Receipts (2014)	Govt. Receipts (2013)	Remarks
Anadarko Ltd	279,906	756,388	
European Hydrocarbons	641,359	47,706	
Lukoil	265,164	1,061,272	
Talisman	-	31,919	
African Petroleum	279,800	779,795	
Chevron Partners	2,448,315	-	
Minexco	-	489,783	
SL Exploration	-	2,571,025	
A-Z Exploration	4,000,000	6,557,120	
TGS Nopec	286,735	-	
Total	8,451,279	12,295,008	

Source: Petroleum Directorate

- ❖ State Participation in Extractive Industries (SOE)
- ❖ Currently there are no SOE's in the extractive sector in Sierra Leone.
- ❖ Mining and General Services Ltd (MAGS) which is reported as the only SOE in the mining sector 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 mining interest.

Government Participation in Oil and gas

- ❖ The E&P Act makes provisions for the State National Oil Company (SNOC) to acquire a participation interest on a standalone and commercial basis and/or to hold a participation interest on behalf of the Government

Sovereign Wealth Funds

- ❖ Sierra Leone has no Sovereign Wealth Funds at the moment.

Sustainability and resource dependence

- ❖ Economic growth is expected to collapse from 4.6 percent in 2014 due to the impact of the Ebola epidemic and suspension of iron ore production. This indicates the extent to which mineral exploitation affect the economy of Sierra Leone.
- ❖ Other indicators are that Real GDP growth is expected to be much lower in the short term, due to the effects of the suspension of iron-ore production.

4.0 REVENUE COLLECTION/RECONCILIATION PHASE

4.1 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 4,420** was applied.

❖ *Auditing*

The 2014 financial statements of all the participating entities have been audited by the independent auditors of the companies employing auditing standards issued by the International Auditing and Assurance Standards board. Government reporting entities had their financial statements 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.

4.2 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.

4.2.1 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.

4.2.2 Budget Audit

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 annual account. The Accountant-General submits the annual statement of public accounts together with his annual report to the Minister of Finance. The Minister lays a copy before Parliament and transmits a copy to the Auditor-General for audit. The Auditor-General examines the statement of annual accounts and within twelve months of the end of the immediate preceding financial year submit his report to Parliament. Parliament considers the report and refers it to the Public Accounts Committee to deal with matters arising from it and publish its own report.

Source: Government Budget and Accountability Act of 2005.

❖ 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 2014 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 extractive revenues are collected, the amount 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 Development and the Petroleum Directorate in the case of Oil and Gas revenues.

Once payments are lodged at the 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 2014 as compared with Budgetary Estimates for the year is published by the Accountant General. In the above report, revenue from mining is captured as a line item “Mineral Resources”.

The Bank of Sierra Leone also publishes annual report on government’s fiscal operations. The table culled from 2014 Report records revenues from the Mines Department in respect of royalties from rutile, bauxite, Diamond, gold and iron ore. Licenses fees are also recorded.

Table 4.1 Statement of Account in 2014

Domestic Revenue	Le M (2013)	Le M(2014)	Le M (2014 Budget)
Mines Department	328,319	245,619	299,579
o/w Royalty Rutile	4,965	16,002	2,932
o/w Royalty Bauxite	3,399	4,317	4,057
o/w Royalty Diamonds & Gold	35,954	48,810	55,821
o/w Iron Ore	107,294	129,665	180,716
Licenses	176,707	46,826	56,053

Culled from 2014 Statement of Government Accounts.

https://www.bsl.gov.sl/STATEMENT_OF_ACCOUNTS_2014.pdf

Benefit Stream Recorded In Budget

Royalties and License fees are the only in-scope revenue streams traceable in the national budget. For instance in the budget statement of 2014, royalties from diamond, gold, bauxite and rutile were duly budgeted for as quoted below:

“Royalties and licenses from the mining sector are projected at Le 261.5 billion or 1.3 percent of GDP. Royalty on iron ore is expected to amount to Le 153.4 billion. Royalties on Diamonds and Gold, Bauxite and Rutile are projected at Le 47.5 billion and Le 10.3 billion, respectively”

<http://mofed.gov.sl/speeches/Budget%20Speech%202014.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.

4.3 REVENUE FLOW

4.3.1 Mining

Revenues collected in the mining sector are from large and small scale mining operations. These are non-tax and tax revenues. The revenues are from the exploration and production phases of the mining chain. Indirect taxes such as PAYE and withholding taxes are excluded from the revenues considered for reconciliation. This is because of the fact that technically those payments are not made by the reporting entities, but are made on behalf of employees and other entities.

The non- tax revenues include exploration and 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.

In addition to the above, large scale mining lease holders also pay surface rentals to district councils, Paramount Chiefs and Chiefdom Administration and 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.

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:

- i) In the case of extraction of minerals from primary alluvial deposits, where annual throughput is more than one million cubic metres per year;
- ii) 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)
- iii) 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
- iv) 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).
- v) 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 in 2014.

Environmental Payments

The Environmental Protection Agency also collects payments for environmental Impact Assessment licencing fees and environmental Impact Assessment monitoring fee from extractive companies (*See Section 4*) seeking and holding mining leases.

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 however made to the NRA.

4.3.2 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 above revenues have been explained in Section 4.6).

The flow of the Revenue stream have been indicated in Fig 4.1

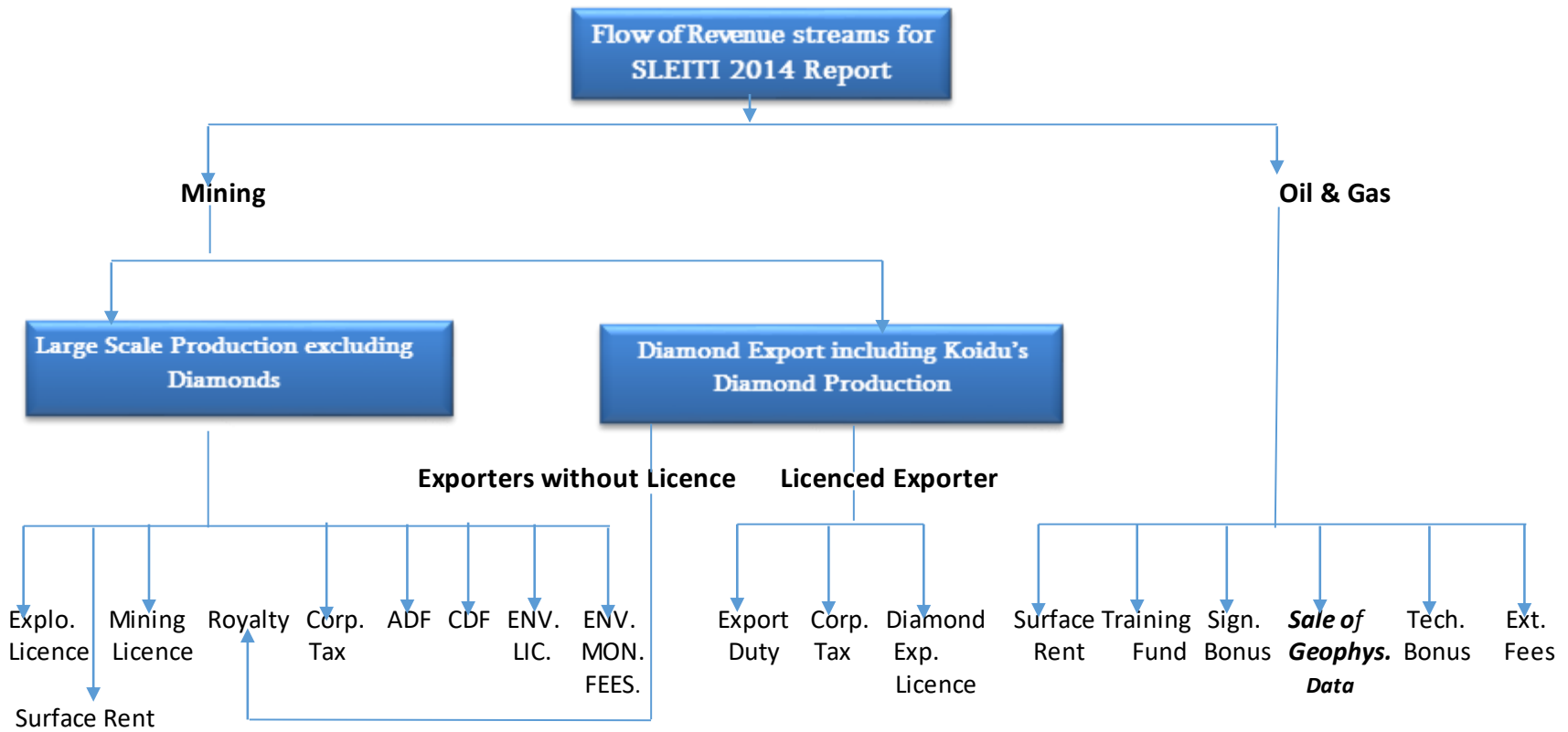


Fig 4.2: Government Entities and Revenue Streams collected in the mining Sector

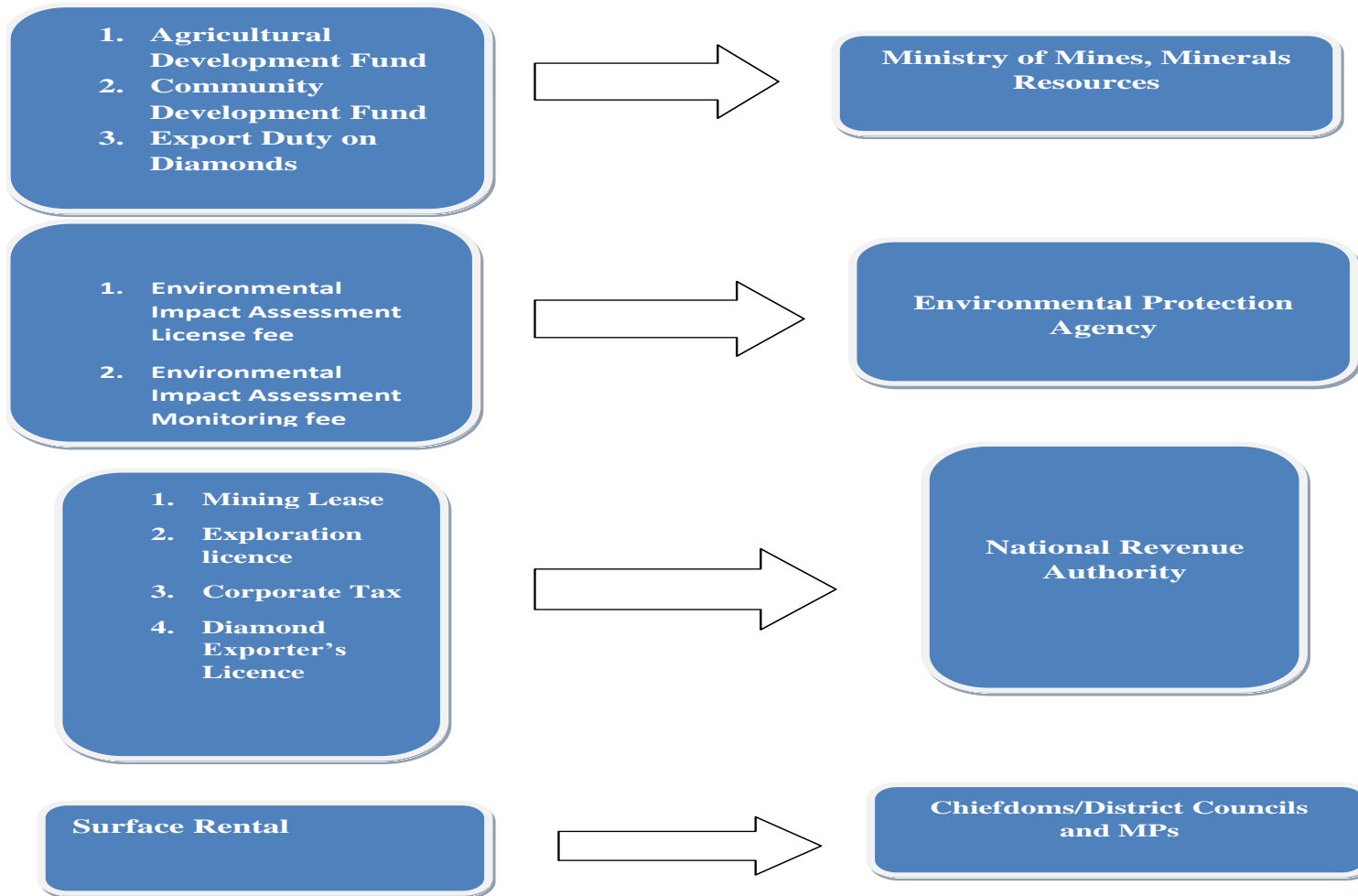


Table 4.2: 2014 SLEITI report: Revenue streams/collection Agency and application of payment

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>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>Export Duty on Diamonds</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

4.4: MATERIALITY

The MSG's relevant scoping decisions are summarized as below in table 4.3

Table 4.3: Scoping parameters for 2014 SLEITI Report

Parameter	Decision
Materiality Threshold	US\$100,000
Number of In Scope companies(Mining)	19
Number of In Scope companies(Oil and Gas)	10
Reporting Government Entities	MMMR(PMT and NMA),Petroleum Directorate, NRA,EPA, District Councils and Chiefdoms

The materiality thresholds for the mining and Oil/Gas sectors were determined separately. The materiality determination was based on revenue data available at the time of scoping. Thus revenues that were collected by the NRA, PMT and EPA with the exception of the diamond exporters licence (the details were not available at the time of the scoping exercise). All indirect taxes were excluded. These taxes are not paid directly by the extractive entities and they are also payments not made in furtherance of commercial development of oil, natural gas or minerals. The following taxes were therefore excluded in the materiality determination and reconciliation.

- Withholding taxes on contractors
- Withholding tax on rent
- Goods and Services Tax (GST)
- Import duty
- Ecowas duty
- Pay as you Earn (PAYE)
- Payroll Tax
- Customs processing Fee
- Road Charge

That notwithstanding the MSG decided that the reporting companies were required to report on PAYE payments in 2014. PAYE payment was however not reconciled, as the receiving Agency (NRA) was not required to report. *(See Appendix 6)*

The data collected at the time of scoping, proportion of revenue stream to total amount collected and whether the revenue stream was reconciled or not are indicated in Table 4.4 and 4.5.

Table 4.4 Details of scoping decisions

Revenue Stream	Total Receipts 2014 (US\$M)	Proportion of revenue stream to total relevant revenues	Reconciled /Not reconciled
Mining licence/Exploration Licence	9.10	19.28	Reconciled
Mineral Royalty	30.40	64.41	Reconciled
Corporate Tax	0.90	1.91	Reconciled
Environmental Licence Fees	2.30	4.87	Reconciled
Environmental Monitoring Fees	0.50	1.06	Reconciled
Export Duty for Diamonds	2.90	6.14	Reconciled
Diamond Exporter's Licence Fees	0.60	1.27	Reconciled
Gold exporters Licence	0.10	0.21	Not reconciled
Diamond Dealers Licence Fees	0.40	0.85	Not reconciled
Gold dealers Licence	0.00	0.00	Not reconciled
Total	47.20	100.00	

Source: NRA, PMT, EPA & BOAS COMPILATIONS

Table 4.5 Threshold Analysis and companies selection for 2014 SLEITI report

Threshold	Number of Companies	Amounts represented	Weight/Total Revenue collected (%)	Cumulative wt (%)	Comments
Amount > \$5m	2	26.677	57.92	57.92	
\$5M > Amount > \$1m	4	9.9740	21.64	79.56	
\$1m > Amount > \$500,000	9	6.1530	13.35	92.91	
\$500,000 > Amount > \$200,000	2	0.8343	1.81	94.72	Coverage 17 entities
\$200,000 > Amount > \$150,000	1	0.1570	0.34	95.06	Coverage 18 entities
\$150,000 > Amount > \$100,000	1	0.1010	0.22	95.28	Coverage 19 entities

The MSG agreed that for the mining sector, all entities that paid a minimum of US\$100,000 of the relevant revenue streams in 2014 had to report. This threshold for the mining sector ensured 95.28% coverage of total relevant payments used in the scoping exercise. The total payments used for the scoping exercise amounted to US\$ 46.1m. Entities that made payments that were not material constituted 4.72% of the total relevant payments in 2014. This was arrived at, after a scoping study has been undertaken using data provided by the National Revenue Authority (NRA) reconciled with the NMA, Precious Minerals Trading (PMT) and the Environmental Protection Agency (EPA).

All Oil/Gas companies that made payments in 2014 were required to report.

- Thus twenty nine (29) entities were required to report, i.e. nineteen (19) companies/entities from mining and ten (10) companies from the Oil and Gas sector.

4.4.1: Revenue Streams

Subsequent to the scoping study the MSG selected the following revenue streams to be reported on; Exploration license, Mining license, Surface rental, Agricultural Development Fund/Community Development Fund, Mineral Royalty, Corporate tax, Environmental Impact Assessment Licence Fees, Environmental Impact Assessment Monitoring Fees, Diamond Exporter’s License fees and Export duty on Diamonds.

Details or definitions of the selected revenue streams for reconciliation in the mining sector are indicated in table 4.6 below.

Table 4.6: Details of selected revenue streams for SLEITI 2014 report.

No.	Revenue stream	Details
1	Exploration License	Exploration license fee is an 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.
2	Mining License	Fees paid annually by holders of mining lease in accordance with section 152 of the mining and minerals Act 2009. Small scale mining license is granted for an initial period of 3 years. The large scale mining license is granted for a period of 25 years.
3	Royalty Payment	<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"> ii) 15% for special stones defined as those stones whose market value is above five hundred thousand United States dollars. By Finance Act, 2015 the rate has been amended from 15% to 3%. a) 6.5% for precious stones b) 5% for precious metals. c) 4% for Rutile and 3% for all other minerals. <p>The regulations to MMA prescribe the basis for the calculations. Regulation 77 provides three (3) categories for the valuation of minerals. i) Precious and special stones are to be valued by GGDO/PMT; ii) precious metals are to be valued in reference to average weekly spot prices but in the case of gold, the weekly average of the London PM Fix; and iii) bulk minerals (rutile, bauxite and iron ore) shall be valued as the realized gross price for sale FOB in arm's length sale or equivalent. Royalty is payable at the 'conclusion of transaction' for bulk minerals.</p>
4.	Corporate tax	This is tax on profit paid by entities in the extractive

		<p>industry.</p> <p>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>Additionally there is a minimum tax of 3.5% of turnover where the chargeable income is below 7% of turnover in any year. The minimum tax does not apply when a company provides audited account which is acceptable to the Revenue Agency.</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>	
5	Diamond Exporter's License fee	This is the annual fee paid by licensed exporters of diamonds.	
6.	Export duty for Diamonds	Tax paid on the export of diamonds by diamond exporter's license holders. The rate is 3% on the value of diamond to be exported.	
7	Surface Rental	<p>Surface rent is paid in accordance with part 5, section 34 of the Mining and Minerals Act 2009.</p> <p>This is paid only by entities with mining license. 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 gives 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>	
8	Environmental Impact Assessment License	License obtained after conducting Environmental impact studies. It is a pre-requisite for obtaining mining license. Its payment is based on the	

		Environmental Protection Act 2008 and EIA Fees Regulations of 2010.	
9	Environmental Impact Assessment Monitoring Fees.	Amount levied to enable the EPA to ensure compliance with the environmental impact study. It is 20% of the EIA fees as provided for in the (EPA Act 2008 and the 2010 EIA fees Regulations).	
10	Agriculture Development Fund	Amount paid by Mining companies for agricultural development activities in their catchment areas.	
11	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 0.01% of gross revenue of companies.	

Other revenue streams such as gold exporters' license, export duty on gold, diamond dealers agents license, reconnaissance license and small scale miners license, though direct payments were found to be immaterial. [\(See Table 4.4\)](#)

For the Oil/Gas sector the revenue streams included

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

Surface rent: This is amount levied for the use of the licensed area. Amount payable is based on the surface area of the concession or block. The surface rental fees per km² are as follow: US\$30, for the initial exploration period (3yrs), US\$50 for the first exploration extension period (2yrs), US\$75 for the second exploration extension period (2 years). The payment for the development and production period is US\$100.

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

1. Initial exploration phase US\$ 40.00 per Square Km:
2. 1st Extension period US\$ 60.00 per Square Km:
3. 2nd Extension period US\$ 85.00 per Square Km: and
4. Development and production phase US\$ 110 per Square Km.

Training Fund: This is annual fees paid by oil/gas companies towards training, research and development in the oil/gas sector. Although the model agreement includes the

payment of US\$ 125,000, the amount payable is normally negotiated between the government and the companies. It is levied in accordance with section 89 of the Petroleum Act 2011.

Signature bonus: This is paid on the award of a block or concession to an operator. The amount paid is negotiated between the government and the company (see also section 110 of the Petroleum Act 2011).

Sale of Geophysical data: Amount paid to the Petroleum Directorate by the company (TGS Nopec) undertaking geophysical survey for Sierra Leone.

Technology bonus: Amount paid by companies for the development and enhancement of technology in the oil/gas sector.

Extension Fees: Amount payable on the extension of exploration rights.

4.4.2 REPORTING COMPANIES

The reporting companies for the 2014 report are indicated in Table 4.7 (Mining) and Table 4.8 (Oil/Gas).

Table 4.7: Mining Companies selected for the 2014 SLEITI Report.

No.	TIN	Name of extractive Company	Mineral	Activity
1	1001359-0	LONDON MINING COMPANY LTD	IRON ORE	PRODUCTION
2	1001358-5	KOIDU LTD.	DIAMOND	PRODUCTION
3	1001883-8	AFRICAN MINERALS LTD	IRON ORE	PRODUCTION
4	1000672-9	SIERRA RUTILE	RUTILE	PRODUCTION
5	1000351-9	H. M. DIAMONDS	DIAMOND	EXPORTER
6	1000672-9	SIERRA MINERALS HOLDINGS LTD	BAUXITE	PRODUCTION
7	1012719-2	NIMINI MINING LTD	GOLD	EXPLORATION
8	1025212-6	KASSIM BASMA	DIAMOND	EXPORTER
9	1001887-0	CAPE LAMBERT LTD	IRON ORE	EXPLORATION
10	1005704-8	CLUFF GOLD(SL)LTD	GOLD	DEVELOPMENT
11	1013683-0	KINGHO INVESTMENT LTD	IRON ORE	EXPLORATION
12	1020041-5	SHAWKE B SHOUR	DIAMOND	EXPORTER
13	1023345-0	RIMCO MINING CO,	GOLD/IRON ORE	EXPLORATION
14	1050876-9	TRILLIUM INTERNATIONAL OFFSHORE SL. LTD.	IRON ORE	EXPLORATION
15	1050823-9	SOUTHERN MINING CO. LTD.	IRON ORE	EXPLORATION
16	1047967-6	NORTHERN MINING CO. LTD.	IRON ORE	EXPLORATION
17	1050840-8	MASS ENERGY MINING CO. LTD.	IRON ORE	EXPLORATION
18	1050841-3	CKH MINING CO. LTD.	IRON ORE	EXPLORATION
19		ALLOTORPES DIAMOND CO. LTD.	DIAMOND	EXPLORATION

Table 4.8: Companies required to report in the Oil/Gas sector for the 2014 SLEITI Report

OIL/GAS COMPANIES
ANADARKO
EUROPEAN HYDROCARBON
LUKOIL
TALISMAN
AFRICAN PETROLEUM
CHEVRON PARTNERSHIP
MINEXCO
SL EXPLORATION
A-Z PETROLEUM
TGS NOPEC

4.4.3: OTHER COMPANIES

Appendix 4 shows other extractive companies operating in Sierra Leone in 2014 which did not meet the materiality threshold and were therefore not required to report.

4.4.4: OTHER SCOPE DECISIONS

➤ ***Project-level reporting***

The EITI Standard states that the MSG is required to agree on the level of disaggregation for the publication of data and that EITI data must be presented by individual company, government entity, and revenue stream.

The MSG determined that the 2014 SLEITI Report follow the Requirement 4.7 of the EITI Standard. Specifically, that the data presented and reconciled by individual company, government entity and revenue stream, but that no definition be assigned for project level.

➤ ***Transportation revenues***

Subsection 4.4 of Requirement 4 of the 2016 EITI Standard states that where revenues from the transportation of oil, gas, and minerals are material in the extractive sector the government and state-owned enterprises (SOEs) are expected to disclose the revenues received.

MSG determined that there are no transportation revenues from the extractive sector in Sierra Leone.

➤ ***Infrastructure provisions and barter arrangements***

Subsection 4.3 of the EITI Standard, which refers to infrastructure provisions and barter arrangements by the national government, is not applicable in Sierra Leone.

➤ ***Aggregate Reporting materiality***

The Independent Administrator conducted such investigatory work as may be necessary and possible to enable reporting the aggregate revenue and financial flows to the Government up to 1% of the annual total of all the financial flows.

➤ ***Beneficial Ownership***

The MSG indicated that there should not be any beneficial ownership reporting for the 2014 report as it is now putting in place the structures to collect beneficial ownership information.

➤ ***Sub-national payments and transfers***

Subsection 4.6 of Requirement 4 of the EITI Standard require implementing countries to establish whether direct payments within the scope of the agreed benefit streams from companies to sub-national government entities are material. Where material, the multi stakeholder group is required to ensure that company payments to subnational government

entities and the receipt of these payments are disclosed and reconciled in the EITI Reports. Surface rent is direct payment by companies to subnational entities. This has been reconciled in the 2014 report. However Koidu Holdings paid some surface rental directly to the Ministry of Local Government and Rural Development.

➤ **Social expenditures**

The EITI Standard states that the EITI Report must disclose and reconcile, where possible, material social expenditures made by companies that are mandated by law or by the contracts with the government entity that administers the extractive investment. The MSG decided that all companies should unilaterally report on all material, mandatory and non-mandatory corporate expenditures.

Social expenditures shall not be reconciled. All mandatory social expenditures should be reported in line with companies' contracts.

4.5 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. However, for Oil and Gas companies that no longer operate in Sierra Leone certification by Senior Officers with the appropriate signatures and official stamps were acceptable without External Auditors certification.
- 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.
- Detailed schedule of payments and supporting documents.

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. Again with the provision of supporting documents, the independent Administrator

can also have the opportunity to comment on the reliability of the data.

The MSG collected the templates from the reporting entities between 20th October 2016 and 30th November, 2016.

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 documentions 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. *(See section 4.6).*

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; A list of the payments of royalties made in 2014 were obtained from the NRA and NMA.

- Details of mineral production in 2014 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.
- 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.

4.6 RESULTS OF RECONCILIATION

Completeness, accuracy and reliability of data

In order to ensure the comprehensiveness, accuracy and reliability of data, the Independent Administrator undertook the following activities.

- Ascertained if the financial statements of the entities participating in the reconciliation exercise have been audited to international standards.(See section.. on Auditing)
- Reported templates were also checked for completeness, relevance, correctness/accuracy and certification
- 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 results are indicated below:

4.6.1: MINING

▪ Government Agencies

All the government Agencies required to report including the NRA, NMA, PMT, EPA, Petroleum Directorate, MMMR and MLGRD provided templates with the appropriate certification as requested by the MSG including attestation by the Audit Service of Sierra Leone.

▪ Mining Companies

Nineteen mining companies were required to report. At the close of the template collection period templates were received from sixteen companies. The templates received were properly authenticated and certified.

The companies also submitted supporting documents.

The three companies that did not submit templates were, London Mining Company Ltd, Trillium International Offshore Company Ltd Cape Lambert Co Ltd.

London Mining Co Ltd went into administration in 2014 and was taken over by Timis Mining Corporation. Timis Mining Corporation indicated that it was unable to provide

information on data for London Mining Co. Ltd as it did not possess the data, just as it indicated for the 2013 SLEITI Report.

Trillium Offshore International Co Ltd wrote that, its mineral right licence has been revoked in 2015 and that data on payments made in 2014 was unavailable

Companies and Government Agencies submitted templates that met the data reliability tests. The authentication by companies and Agencies Finance Managers together with the certification by the Audit Service of Sierra Leone and Independent Auditors' of companies ensured that reliable data were provided by the entities.

4.6.2 Oil/Gas

There were ten companies that were engaged in petroleum activities in 2014. This includes TG Nopec that provided geophysical services and did not own a block. All the companies operating in Sierra Leone in 2014 were required to report. However at the time of the report only two companies African Petroleum Ltd and European Hydrocarbons (SL) Ltd were still operational. According to the Petroleum Directorate three of the companies operating in Sierra Leone in 2014, did not make any payment in 2014. These companies were, Minexco Ltd, SL Exploration and Talisman Ltd. Thus effectively only seven companies were expected to provide templates. Four companies namely, European Hydrocarbons Ltd, African Petroleum Ltd, A-Z Petroleum Ltd and Chevron Partnership Ltd submitted templates.

All the templates submitted met the criteria set by the MSG, i.e. at the minimum signed by a senior officer of the company and embossed with the company's stamp.

The companies also provided supporting documents.

Petroleum Directorate

The Petroleum Directorate provided templates for all the six companies operating in Sierra Leone in 2014 that made payments in the year. All the templates were endorsed by the Audit Service of Sierra Leone.

- The government agencies within the mining and Oil/Gas sectors provided all the required templates.
The revenues from companies that did not provide templates represented only 13.06% of the total government receipts, indicating that the coverage was comprehensive.

4.7 RECONCILIATION

Reconciliation of company payment and government receipts by companies and revenue streams are shown in tables 4.9 and 4.10 respectively

Table 4.9: Reconciliation by companies

2014 Extractive Entities	Initial Amounts		Initial Discrepancies		Resolved		Final Amounts		Unresolved	Unresolved	
	Company	Payments	Government Receipts	over	under	Company	Government	Company	Government	Over	(under)
LONDON MINING COMPANY LIMITED	-	4,369,173			(4,369,173)	-	-	0	4,369,173		(4,369,173)
KOIDU LIMITED	8,523,739	7,548,374	975,365			70,251	125,069	8,593,990	7,673,443	920,547	
AFRICAN MINERALS LTD(CONSOLIDATED)	19,978,664	19,845,653	133,011			426,855	(23,065)	20,405,519	19,822,588	582,931	
SIERRA RUTILE LIMITED	2,274,716	1,919,053	355,663			(393,357)	-	1,881,359	1,919,053	2567	(40,261)
H M DIAMONDS LIMITED	2,034,449	2,034,451			(2)	-	-	2,034,449	2,034,451		(2)
SIERRA MINERAL HOLDINGS 1 LIMITED	2,062,634	1,802,195	260,439			(82,615)	-	1,980,019	1,802,195	177,824	
NIMINI MINING LIMITED	631,050	631,050	-		-	-	-	631,050	631,050	-	
KASSIM BASMA	613,879	613,829	50			-	50	613,879	613,879	-	
CAPE LAMBERT RESOURCES LIMITED(CON	-	988,327			(988,327)	-	-	-	988,327		(988,327)
CLUFF GOLD (SL) LIMITED	493,934	492,200	1,734			-	1,734	493,934	493,934	-	
KINGHO INVESTMENT COMPANY LIMITEC	107,140	426,800			(319,660)	319,660	-	426,800	426,800	-	
SHAWKE B. SHOUR	378,508	378,508			-	-	-	378,508	378,508	-	
RIMCO MINING COMPANY (SL) LIMITED	156,826	156,826			-	-	-	156,826	156,826	-	
TRILLIUM INTERNATIONAL OFFSHORE LTD	-	500,000			(500,000)	-	-	-	500,000		(500,000)
SOUTHERN MINING LTD	500,000	819,635			(319,635)	319,635	-	819,635	819,635		-
NORTHERN MINING LTD	500,000	819,660			(319,660)	319,660	-	819,660	819,660		-
MASS ENERGY LTD	500,000	819,660			(319,660)	319,660	-	819,660	819,660		-
CKH MINING LTD	500,000	819,660			(319,660)	319,660	-	819,660	819,660		-
ALLOTROPES LTD	90,063	-			90,063	-	90,063	90,063	90,063		-
Total(Mining)	39,345,602	44,985,054	1,726,262		(7,365,714)	1,619,409	193,851	40,965,011	45,178,905	1,683,869	(5,897,763)
Anadarko	-	279,906			(279,906)	-	0	-	279,906		(279,906)
European Hydrocarbon	641,544	641,359	185			0	0	641,544	641,359	185	
Lukoil	-	515,164			(515,164)	-	0	-	515,164		(515,164)
Talisman	-	-			0	0	0	0	-	-	
African Petroleum	279,800	279,800			0	0	0	279,800	279,800	-	
Chevron Partnership	1,948,200	1,948,315			-115	0	0	1,948,200	1,948,315		(120)
Minexco	-	-			0	0	0	-	-	-	
SL Exploration	-	-			0	0	0	-	-	-	
A-Z Petroleum	4,000,000	4,000,000			0	0	0	4,000,000	4,000,000		-
TGS Nopec	-	286,735			-286735	0	0	-	286,735		(286,735)
Total(Oil/Gas)	6,869,544	7,951,279	185		(1,081,920)	-	-	6,869,544	7,951,279	185	(1,081,925)
Grand Total	46,215,146	52,936,333	1,726,447		(8,447,634)	1,619,409	193,851	47,834,555	53,130,184	1,684,054	(6,979,688)

Table 4.10 : 2014 Reconciliation by Revenue Streams

2014 Revenue Stream	Company	Government	Discrepancy		Resolved		Final Amounts		Unresolved	
	Initial Amount US\$	Initial Amount US\$	over	(under)	Company	Government	company	Government	Over	under
MINING										
Mining Licence	4,969,173	4,969,173	0	0	-	-	4,969,173	4,969,173		-
Exploration Licence	485,633	1,936,923		(1,451,290)	-	91,797	485,633	2,028,720		(1,543,087.00)
Royalty	26,763,792	30,424,895		(3,661,103)	410,509	-	27,174,301	30,424,895	920,547	(4,171,141)
Export duty for Diamonds	2,656,217	2,656,171	46		-	48	2,656,217	2,656,219		(2.00)
Corporate Tax	841,189	841,187	2		-	2	841,189	841,189	-	
Diamond Exporter's License fee	105,000	105,000	-		-	-	105,000	105,000	-	
Environmental Impact Assessment License	1,072,815	2,525,767		(1,452,952)	1,331,950	-	2,404,765	2,525,767	38	(121,040)
Environmental Impact Assessment Monitoring Fee	214,563	505,060		(290,497)	266,325	-	480,888	505,060	28	(24,200.0)
Surface Rent	1,353,106	900,020	453,086		(389,375)	102,004	963,731	1,002,024		(38,293.00)
Agricultural Development Fund	123,369	120,858	2,511		-	-	123,369	120,858	2,511.00	
Community Development Fund	760,745	-	760,745		-	-	760,745	-	760,745.00	
Total	39,345,602	44,985,054	1,216,390	(6,855,842)	1,619,409	193,851	40,965,011	45,178,905	1,683,869	(5,897,763)
OIL & GAS										
Surface Rent	1,016,044	1,436,094		-420,050	0	0	1,016,044	1,436,094	140	(420,190)
Training Fund	1,353,500	1,478,450		-124,950	0	0	1,353,500	1,478,450	45	(125,000)
Signature Bonus	4,000,000	4,000,000		0	0	0	4,000,000	4,000,000		-
Sale of Geophysical data	-	286,735		-286,735	0	0	0	286,735		(286,735)
Technology Bonus	500,000	500,000		0	0	0	500,000	500,000		-
Extension Fees	-	250,000		-250,000	0	0	0	250,000		(250,000)
Environmental Impact Assessment License	-	0		0	0	0	0	0	-	
Environmental Impact Assessment Monitoring Fee	-	0		0	0	0	0	0	-	
Total	6,869,544	7,951,279	-	(1,081,735)	-	0	6,869,544	7,951,279	185.00	(1,081,925)
Grand Total	46,215,146	52,936,333	1,216,390	(7,937,577)	1,619,409	193,851	47,834,555	53,130,184	1,684,054	(6,979,688)

The details of reconciliation of the individual companies are shown in Appendix 7

DISCREPANCIES

Discrepancies are labelled as positive if for the same revenue stream, the amount reported by a company exceeds that reported by the government Agency as receipt. If the amount received by the government Agency exceeds payment by the company, the resulting discrepancy is labelled negative.

There were discrepancies between the amounts initially reported by some companies and the receipts reported by Government Agencies.

There was absolute discrepancy of **US\$8,663,742** and a net discrepancy of **US\$(5,295,634)**

The absolute discrepancy represents 16% of government receipts.

Government Receipts from companies without templates

Revenues submitted by government Agencies as receipts from companies that made payments in 2014, but did not submit templates are shown below:

Table 4.11: Unilateral declarations by Government Agencies

Extractive Entity	Amount received(US\$)
London Mining Company Ltd	4,369,173
Cape Lambert	988,327
Trillium Offshore International Company	500,000
Total(Mining)	5,857,500
Anadarko (SL) Ltd	279,906
Lukoil (SL) Ltd	515,164
TGS Nopec	286,735
Total(Oil/Gas)	1,081,805
Grand Total	6,939,305

4.6 3 Resolution of Discrepancies

The resolution of discrepancies involved adjustments to.

- i. Revenue streams paid by companies to government.
- ii. Reported receipts by government Agencies.

i) RESOLUTION OF DISCREPANCIES ON PAYMENTS MADE BY EXTRACTIVE COMPANIES

The resolutions of the discrepancies emanating from company payments are indicated in tables 4.12.

Table 4.12: Resolution of discrepancies of payments reported by companies

Company Resolutions		
Company	Revenue Stream	Resolutions/Adjustments(US\$)
Koidu Ltd	Surface	
	Rent	70,251
African Minerals	Royalty	410,509
Africa Minerals	Surface	
	Rent	16,346
Sierra Rutile	Surface	
	Rent	(393,357)
Sierra Minerals Ltd	Surface	
	Rent	(82,615)
Kingho	Environmental licence	266,390
Kingho	Environmental Monitoring fees	53,270
Southern Mining	Environmental licence	266,390
Southern Mining	Environmental Monitoring fees	53,245
Northern Mining	Environmental licence	266,390
Northern Mining	Environmental Monitoring	53,270
Mass Energy	Environmental licence	266,390
Mass Energy	Environmental Monitoring	53,270
CKH Mining	Environmental licence	266,390
CKH Mining	Environmental Monitoring	53,270
Total		1,619,409

ii) RESOLUTION OF DISCREPANCIES ON GOVERNMENT AGENCIES' RECEIPTS

Table 4.13: Resolution of discrepancies in Government receipts

Government resolutions		
Company	Revenue Stream	Resolutions/Adjustments(US\$)
Koidu	Surface	
	Rent	125,069
African Minerals	Surface	
	Rent	(23,065)
Kassim Basma	Export duty on Diamonds	48
Kassim Basma	Corporate tax	2
Cluff	Exploration licence	1,734
Alltorpes	Exploration licence	90,063
Total adjustments on Government Receipts		193,851

Unresolved net discrepancies amounted to **US\$5,295,634**. Details of the discrepancies that were unresolved at the end of reconciliation are provided in Table 4.14 below

Table 4.14: Details of Unresolved Discrepancies (2014 SLEITI Report)

EXTRACTIVE COMPANY	Lack of Reporting Template	Amounts reported by company but not confirmed by Gov't Agency	Amounts reported by government but not by company	TOTAL
LONDON MINING COMPANY LIMITED	(4,369,173)			(4,369,173)
KOIDU LIMITED		920,547		920,547
AFRICAN MINERALS LTD(CONSOLIDATED)		582,931		582,931
SIERRA RUTILE LIMITED		2,567	(40,261)	(37,694)
H M DIAMONDS LIMITED		0	-2	(2)
SIERRA MINERAL HOLDINGS 1 LIMITED		177,824		177,824
CAPE LAMBERT RESOURCES LIMITED(CONSOLIDATED)	(988,327)			(988,327)
TRILLIUM INTERNATIONAL OFFSHORE LTD	(500,000)			(500,000)
Total(Mining)	(5,857,500)	1,683,869	(40,263)	
Anadarko	(279,906)			(279,906)
European Hydrocarbon		185		185
Lukoil	(515,164)			(515,164)
Chevron Partnership			-120	(120)
TGS Nopec	(286,735)			(286,735)
Total(Oil/Gas)	(1,081,805)	185	(120)	
Grand Total	(6,939,305)	1,684,054	(40,383)	(5,295,634)

COVERAGE: Table 4.15 indicates the government receipts from participating companies as compared to total receipts by the Government of Sierra Leone of the various revenue streams in 2014.

It provides the coverage of the reconciliation exercise in the extractive sector. It shows that the EITI collections represented over 91% of actual collections (of the selected revenue streams) in 2014. This indicates the exercise was comprehensive.

Table 4.15: EITI reporting figures -2014 / total national collection for 2014

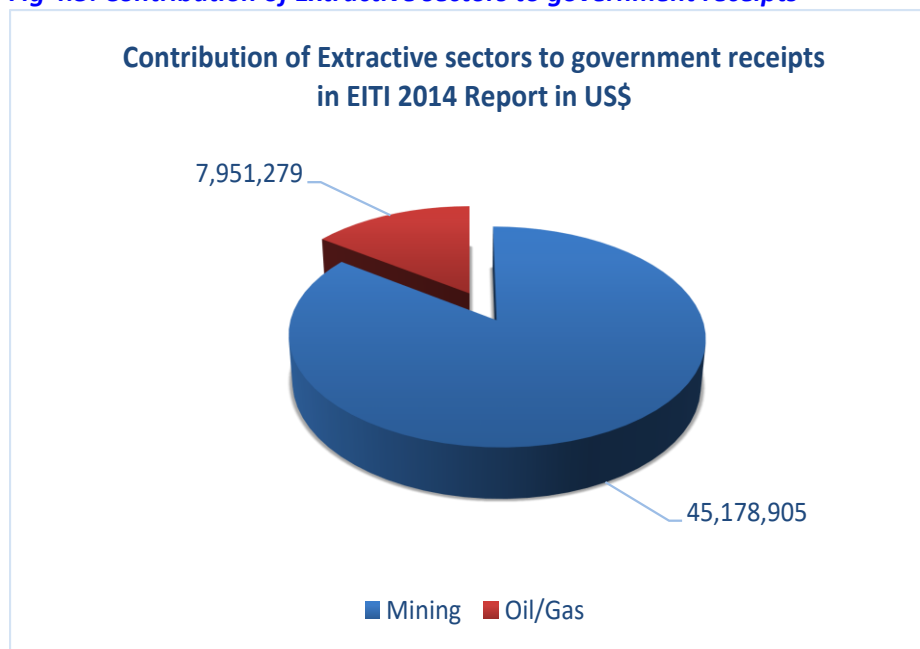
Revenue stream	EITI collection	Total Collection for 2014	EITI collection/Total Extractive Industry Collection
Mining/Exploration Licence	6,997,893	9,100,000	76.90
Royalty	30,424,895	30,424,895	100.00
Export duty for Diamonds	2,656,219	2,900,000	91.59
Corporate Tax	841,189	900,000	93.47
Diamond Exporter's License fee	105,000	2,900,000	3.62
Environmental License fees (Mining)	2,525,767	2,525,767	100.00
Environmental Monitoring Fees (Mining)	505,060	505,060	100.00
Surface Rent(Mining)	1,002,024	1,002,024	100.00
Agricultural Development Fund	120,858	120,858	100.00
Community Development Fund	-	0	0
Surface Rent(oil/gas)	1,436,094	1,436,094	100.00
Training Fund	1,478,450	1,478,450	100.00
Signature Bonus	4,000,000	4,000,000	100.00
Sale of Geophysical data	286,735	286,735	100.00
Technology Bonus	500,000	500,000	100.00
Extension Fees	250,000	250,000	100.00
Environmental Impact Assessment License	-		0.00
Environmental Impact Assessment Monitoring Fees			0.00
Total	53,130,184	58,329,883	91.09

4.7: ANALYSIS OF RESULTS

Total revenues received by the government in the reconciliation exercise amounted to US\$53,130,184.

Sectorially, the Mining sector represented 85% of total receipts, with the oil and gas sector representing 15%.

Fig 4.3: Contribution of Extractive sectors to government receipts



The contributions of revenue streams and Companies to total government receipts are shown in Tables 4.16 and 4.17 below. (See Table 4.4 for out of scope revenue streams)

Table 4.16 Contribution of Revenue streams to government receipts in 2014¹².

Revenue stream	Amount	% contribution
Mining Licence	4,969,173.00	9.35
Exploration Licence	2,028,720.00	3.82
Royalty	30,424,895.00	57.26
Export duty for Diamonds	2,656,219.00	5.00
Corporate Tax	841,189.00	1.58
Diamond Exporter's License fee	105,000.00	0.20
Environmental License fees	2,525,767.00	4.75
Environmental Monitoring Fees	505,060.00	0.95
Surface Rent(Mining)	1,002,024.00	1.89
Agricultural Development Fund	120,858.00	0.23
Community Development Fund	-	0.00

¹² Other direct payments that were not reconciled include: Gold Exporters' Licence- US\$0.10M;Diamond Dealers Licence Fees US\$0.40M and Gold dealers Licence US\$0.00M: Source: NRA

Total(Mining)	45,178,905.00	85.03
OIL & GAS		
Surface Rent(oil/gas)	1,436,094.00	0.45
Training Fund	1,478,450.00	2.09
Signature Bonus	4,000,000.00	0.00
Sale of Geophysical data	286,735.00	0.00
Technology Bonus	500,000.00	0.94
Extension Fees	250,000.00	0.47
Environmental Impact Assessment License	-	0.00
Environmental Impact Assessment Monitoring Fees	-	0.00
Total(Oil/Gas)	7,951,279.00	14.97
Grand Total	53,130,184.00	100.00

Table 4.17 Contribution of Extractive companies to total revenues

Extractive Entity	Amount	% contribution
LONDON MINING COMPANY LIMITED	4,369,173	8.22
KOIDU LIMITED	7,673,443	14.44
AFRICAN MINERALS LTD(CONSOLIDATED)	19,822,588	37.31
SIERRA RUTILE LIMITED	1,919,053	3.61
H M DIAMONDS LIMITED	2,034,451	3.83
SIERRA MINERAL HOLDINGS 1 LIMITED	1,802,195	3.39
NIMINI MINING LIMITED	631,050	1.19
KASSIM BASMA	613,879	1.16
CAPE LAMBERT RESOURCES LIMITED(CONSOLIDATED)	988,327	1.86
CLUFF GOLD (SL) LIMITED	493,934	0.93
KINGHO INVESTMENT COMPANY LIMITED	426,800	0.80
SHAWKE B. SHOUR	378,508	0.71
RIMCO MINING COMPANY (SL) LIMITED	156,826	0.30
TRILLIUM INTERNATIONAL OFFSHORE LTD	500,000	0.94
SOUTHERN MINING LTD	819,635	1.54
NORTHERN MINING LTD	819,660	1.54
MASS ENERGY LTD	819,660	1.54
CKH MINING LTD	819,660	1.54
ALLOTROPES LTD	90,063	0.17
Total(Mining)	45,178,905	85.03

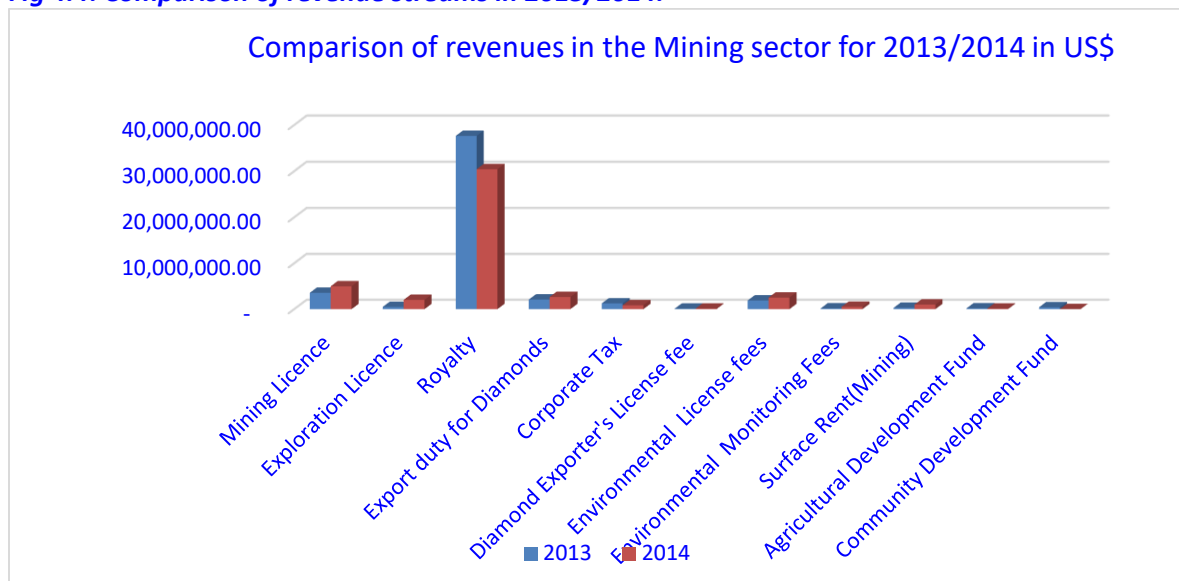
Anadarko	279,906	0.53
European Hydrocarbon	641,359	1.21
Lukoil	515,164	0.97
Talisman	-	0.00
African Petroleum	279,800	0.53
Chevron Partnership	1,948,315	3.67
Minexco	-	0.00
SL Exploration	-	0.00
A-Z Petroleum	4,000,000	7.53
TGS Nopec	286,735	0.54
Total(Oil/Gas)	7,951,279	14.97
Grand Total	53,130,184	100.00

A comparison of revenue streams in 2013 and 2014 are shown in Table 4.18 below. It indicates that some of the revenue streams appreciated in values whilst others depreciated.

Table 4.18: EITI reported revenue Streams for 2013 and 2014

YEAR	2013	2014	% change
Mining Licence	3,550,029.00	4,969,173.00	39.98
Exploration Licence	484,075.00	2,028,720.00	319.09
Royalty	37,654,194.00	30,424,895.00	-19.20
Export duty for Diamonds	2,089,829.00	2,656,219.00	27.10
Corporate Tax	1,250,180.00	841,189.00	-32.71
Diamond Exporter's License fee	105,000.00	105,000.00	0.00
Environmental License fees	1,889,881.00	2,525,767.00	33.65
Environmental Monitoring Fees	156,205.00	505,060.00	223.33
Surface Rent(Mining)	300,641.00	1,002,024.00	233.30
Agricultural Development Fund	179,094.00	120,858.00	-32.52
Community Development Fund	412,281.00	-	-100.00
TOTAL	48,071,409	45,178,905	-6.02

Fig 4.4: Comparison of revenue streams in 2013/2014.



4.7.1 Mining

Although the total government receipts (EITI Receipts) declined by 6.02% in 2014 as compared to 2013, the decline was due mainly to decreases in royalty and corporate tax. However percentage increases in exploration and mining licence suggests future increased activities in the mining sector. However the effect of the Ebola epidemic, and the slump in the price of iron ore should be taken into consideration.

Exploration: The highest percentage increase was recorded in the exploration licence receipts. Thus exploration activities were on the rise in 2014.

Mining Licence: There was an increase in the amount of mining licence collected in 2014 as compared to 2013 by about 40%. Four mining licences were granted in 2014. These were for Southern Mining Ltd, Northern Mining Ltd. CKH Mining Ltd and Mass Energy Ltd.

Thus increased exploitation with its attendant increase in revenues particularly mineral royalty is anticipated in the nearest future.

Mineral Royalty: This was the highest contributor to total revenues in 2014, recording over 57% of total receipts (See Table 4.18). However mineral royalty decreased by over 19% in absolute values in 2014 compared to 2013.

The decrease could be attributed to the slump in the prices in iron ore in 2014 and the lower export value recorded.

Corporate tax: This recorded the highest percentage decrease in 2014. This was to be expected as revenues from mineral exports decreased in 2014 as compared to 2013. Corporate tax has a positive direct relationship to revenues. The value of export of goods (f.o.b.) decreased from US\$1.93 billion in 2013 to US\$1.55 billion in 2014, a decrease of US\$380million (Source:

Other revenue streams. Other revenue streams increased in 2014 as compared to 2013, with environmental Impact Assessment monitoring fees and surface rent increasing substantially by 223% and 233% respectively. This is in line with the increased mining licence figure as the two revenue streams (environmental monitoring and surface rents) are paid by holders of mining licences.

4.7.2 Oil/Gas Sector:

The contribution of the oil/gas sector to total revenue collections decreased from 20% in 2013 to 15% in 2014.

5.0: SUBNATIONAL PAYMENTS

5.1 SURFACE RENT

Surface rent is paid by holders of mining licence and shared amongst five categories of recipients as follows: *(See section 4.6)*

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

Only amounts received by District councils, Chiefdoms and MPs' were reconciled

Surface rent paid by companies are categorized as in-scope and out of scope. The detailed in scope payments and receipts are also indicated.

Table: 5.1 Surface Rental paid by Sierra Minerals in 2014 and Distribution

Recipients	Amount Paid by Company U\$	Amount Received(US\$)	
		In-scope	Out of scope
Moyamba District Council	13,794	13,794	
Bonthe District Council	1,673	1,673	
Bo District Council	3,598	3,598	
Constituency Dev. Funds	12,711	12,711	
Upper Banta Chiefdom	7,137	7,137	
Lower Banta Chiefdom	1,420	1,420	
Dasse Chiefdom	547	547	
Kpanda Kemo Chiefdom	1,161	1,161	
Bumpe Ngao Chiefdom	2,446	2,446	
Paramount Chiefs	19,066		19,066
Landowners	63,553		63,553
Total	127,106	44,487	82,619

Table 5.2: Surface Rental paid by African Minerals in 2014 and Distribution

Recipients	Amount Paid by Company US\$	Amount Received(US\$)	
		In-scope	Out of scope
Buya Romenda Chiefdom	12,589	12,589	
Dang Chiefdom	19,369	19,369	
Mahali Banti Chiefdom	16348	16348	
Kafi Simiria Chiefdom	39,035	39,035	
Kalasogoia chiefdom	89,519	89,519	
Kokomagame Chiefdom	93,178	93,178	
Maforiki Chiefdom	20,063	20,063	
Makari Gbanti Chiefdom	16,347	16,347	
Marampa Chiefdom	5,429	5,429	
Sanfro Limba Chiefdom	9,267	9,267	
Sambaia Chiefdom	122,962	122,962	
Total	444,106	444,106	

Table 5.3: Surface Rental paid by Koidu Holdings in 2014 and Distribution

Recipients	Amount Paid by Company (US\$)	Amount Received(US\$)	
		In-scope	Out of scope
Kono District Council	3,101	3,101	
Koidu New Sembehen City Council	6,329	6,329	
Koidu District Council	3,101	3,101	
Tankoro Chiefdom	6,203	6,203	
Tonkolili District Council	106,335	106,335	
	62,031		62,031*
Total	187,100	125,069	62,031

*Payment made to MMR.

Table 5.4: Surface Rental paid by Nimini in 2014 and Distribution

Recipients	Amount Paid by Company US\$	Amount Received(US\$)	
		In-scope	Out of scope
Nimikoro Chiefdom	33,032	33,032	
Nimiyana Chiefdom	5,882	5,882	
Total	38,914	38,914	

Table: 5.5: Surface Rental paid by Sierra Rutile in 2014 and Distribution

Recipients	Amount Paid by Company	Amount Received	
		In-scope	Out of scope
Bonthe District Council	34,549	34,549	
Moyamba District Council	56,226	56,226	
Constituency Development Fund	60,516	60,516	
Chiefdom Administration	60,516	60,516	
Land Owners	302,582		302,582
Paramount Chiefs	90,775		90,775
Total	605,164	211,807	

Table 5.6: Surface Rental paid by Cluff Resources Ltd in 2014 and Distribution

Recipient	Amount Paid by Company	Amount Received	
		In-scope	Out of scope
Bo District Council	37,313	37,313	
Total	37,313	37,313	

5.2 AGRICULTURAL DEVELOPMENT FUND

Agricultural fund was paid by Sierra Rutile Ltd alone in 2014. Although the amount was paid in May 2014, disbursement to the communities was effected in February 2015.

Table 5.7: Agricultural fund payment made by Sierra Rutile in 2014.

Company	Date	Amount paid	Received by:
Sierra Rutile	12 TH June 2014	123,369	MMMR

5.3 SUB NATIONAL TRANSFER

The delivery of public goods and services in Sierra Leone remains centralised. The budget does not show expenditure by geographical locations but rather by line ministry, which means it is difficult to track where money is actually spent on host mining communities.

However, there are specific contributions by mining companies which are meant to be applied to certain district councils and chiefdoms for social development. The Diamond Area community Development fund is a transfer between the MMMR and District/Chiefdom councils. The amount transferred is generated by the extractive industry, specifically the diamond industry.

5.3.1 DIAMOND AREA COMMUNITY DEVELOPMENT FUND

The Diamond Area Community Development Fund (DACDF) was set up by the Government of Sierra Leone in the year 2001. Two key reasons for setting up the Fund were

1. To give back some of the money it (government) gets from the sale of diamonds to chiefdoms in diamonds mining areas to carry out development projects in their towns and villages; and
2. As a way, to encourage the chiefs and other local leaders in mining chiefdoms to help forms of illegal mining activities.

As a way of generating money for the DACDF, every year the government levies a 3 % tax on the value of all diamonds mined by holders of artisanal mining licenses.

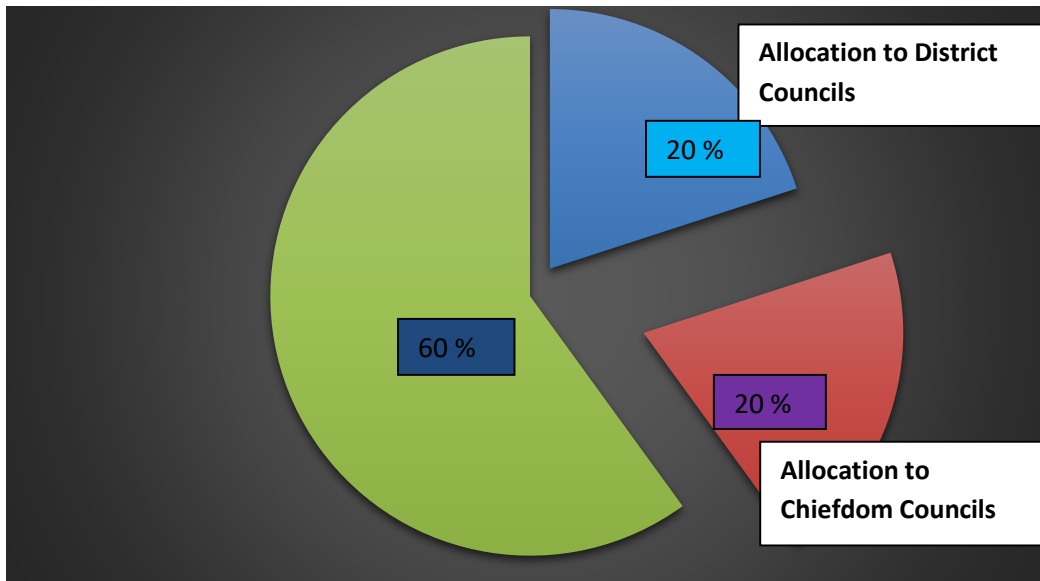
25 % of that 3% is what government gives to the DACD fund. In other words the government deposits 0.75 % of the total export value of artisanal diamonds in the DACDF account that is jointly operated by the Ministries of Mines and Local Government

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

The chart below explains the various allocations.

Percentage Allocation of DACDF Money to Districts, Chiefdoms, and 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
- Ministries of Mines and Local Government officials cash the cheques and travel to the chiefdoms to distribute the money

- 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

New methods of accessing DACD funds have been drafted awaiting implementation.

The government has committed to providing funds to the DACDF two times every year. The first tranche is given between January to June and the second tranche is given between July to December of that same year.

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

The MMMR did not submit any payment on DACDF for 2014.

6.0 OBSERVATIONS AND RECOMMENDATIONS

6.1 APPROPRIATE NARRATION FOR EXTRACTIVE SECTOR PAYMENTS

Observation: Payments for some mining benefits were made out in the names of other affiliated legal entities i.e. Subsidiary company payments bore names of parent/holding companies thereby posing aggregation and disaggregation challenges.

Recommendation

To aid in assigning payments to actual mineral right holders, receipting government Agencies should ensure that the payments are recorded bearing rightful mineral right holders in Sierra Leone. Undoubtedly this can assist in project level reporting.

6.2 RING FENCING BY MINING LEASE

Observation: Mines and Minerals Act 2009 Section 155(1) provides for separate accounting for all large-scale mining licenses. However section 155(4) of the Act, counters with stipulations for deductible exploration expenses in determining chargeable incomes. Provisions might protract corporate tax payments and have the tendency of reducing the realizable corporate taxes. As mining companies scale up to production phase, corporate tax payments can assume high prominence in government benefits. Again it also will grant undue advantage to existing companies with mining licenses.

Recommendation: MMMR/NMA needs to formulate policies to ring fence mining leases in the country. If the MMMR considers significant tenements/concessions as green fields, then section 155(4) of MMA, 2009 may be relevant and beneficial.

However if it considers sizeable concessions as brownfields for which significant corporate tax could be realised, then section 155(4) of MMA, 2009 may be replaced with capitalization clauses on reconnaissance and exploration costs. Definitely some guidelines need to be developed in order to apply ring fencing for corporate tax purposes, before the expiration of initial investment recovery periods.

6.3: SURFACE RENT

Observation

The Mines and Minerals Act, 2009 (MMA2009) section 35 stipulates the payment of surface rent to owners of the land: Surface rents are negotiated between the landowner and the mining company.

Secondly, some companies make payments to District Councils and the Ministry of Local Government and Rural Development for disbursement, whilst others pay directly to chiefdoms, individuals, paramount chiefs and members of parliament. Reconciliation of payments made directly to Chiefdoms and District councils is oftentimes challenging.

Recommendations

Payment of surface rentals needs to be streamlined to ensure standardization and transparency.

For cash payments, bodies with functional accounting units and good bookkeeping practices such as district councils are recommended as recipients. This measure will enhance transparency and accountability.

6.4 DIAMOND AREA COMMUNITY DEVELOPMENT (DACD) FUND

Guidelines developed by the World Bank for the disbursement of DACD need to be implemented.

Recommendation

The MMR should follow through on the implementation of guidelines to maximize benefits to host mining communities.

6.5 DELAYS IN DISBURSEMENT OF AGRICULTURAL FUND

Finding: Sierra Rutile paid an amount of Le 534,190,671 towards the agricultural development fund on 25th June 2014 to the MMR. However the amount was disbursed in February 28th 2015,

Recommendation: In order to facilitate and improve upon development outcomes from extractive sector payments, disbursements to communities should be done on a timely manner.

6.6 CAPITAL GAINS TAX

Although there were changes in ownership of mineral rights within the reporting period and earlier, however capital gains tax was not reported as one of the revenue streams in 2014.

Recommendation:

Efforts should be made to ensure that capital gains made when mineral rights change ownership are taxed.

Regulation 6(2) of MMA 2009, requires the holder of a mineral right to inform the Director of Mines through the cadastre office of any change in respect of the mineral right, including change

of names, addresses, contact persons and other important changes. This requirement includes information on changes in ownership which is also required by section 119 of MMA, 2009.

Ownership changes information shall be shared with the NRA, which will ensure that the necessary capital gains taxes are imposed. The ownership change is then completed when evidence is produced of tax payment.

7.0 CONCLUSION

Government receipts after reconciliation amounted to US\$53,130,184 and company payments of US\$47,834,555. Unresolved discrepancy of US\$5,295,634 was obtained at the end of the exercise.

Compared to 2013, there were increases in the payment of mining and exploration licences, indicating potential increase in mining activities in the subsequent years.

The Oil/Gas sector contributed 15% of the total government receipts, decreasing from 20% in 2013.

Mineral royalty remains the highest contributor to government revenues, having occupied the same position in 2013, although its percentage contribution reduced from 62% in 2013 to 57% in 2014.

The impact of corporate tax is yet to be felt. Its percentage contribution reduced from 2.07 in 2013 to 1.58 in 2014. It is important that all the necessary legislations regarding corporate tax, particularly on allowable deductions are properly laid down before companies exhaust their initial capital allowances and move into corporate tax payment positions.

APPENDICES

APPENDIX 1 Production and Export Values¹³ of Minerals in Sierra Leone (2010 -2014)

Bauxite	YEAR	2010	2011	2012	2013	2014
	Production('000MT)	1,089,131	1,457,505	734,483	654,136	1,178,566
	Export Vol.	1,254,742	1,421,765	715,525	447,848	1,145,332
	Export Value('000 US \$)	31,061	38,998	17,084	13,815	38,831

Gold	YEAR	2010	2011	2012	2013	2014
	Production (oz)	8,690	5,284	4,534		1,136
	Export (oz)	9,362	5,287	4,534	3,099	1,475
	Export Value('000US\$)	9,295	7,280	5,740	3,677	1,696

Iron Ore	YEAR	2010	2011	2012	2013	2014
	Production('000MT)		339,327	5,203,498	10,642,497	17,688,987
	Export Volume('000MT)		339,327	5,203,492	13,581,075	18,859,571
	Export Value('000 US\$)		14,863	357,002	1,064,385	742,060

¹³ Export Volume and Value figures in this section from (http://www.bsl.gov.sl/externalsector_data.html)

Ilmenite	YEAR	2010	2011	2012	2013	2014
	Production('000MT)	18,206	14,576	21,401	32,459	25,839
	Export Volume('000MT)	21,193	19,089	10,005	12,168	37,661
	Export Value('000US\$)	2,653	4,441	171,705	129,556	6,779

Rutile	YEAR	2010	2011	2012	2013	2014
	Production('000MT)	68,198	67,970	94,493	122,412	115,078
	Export ('000MT)	70,131	44,619	84,889	149,535	117,904
	Export Value('000US\$)	40,567	34,436			96,169

Zircon	YEAR	2010	2011	2012	2013	2014
	Production ('000MT)			8,354	612	2,951
	Export ('000 MT)	7,875	13,025	456,351	158,500	1,553
	Export Value('000US\$)	3,557	10,454	4,605	723	660

Diamonds	YEAR	2010	2011	2012	2013	2014
	Production('000MT)	437,552	355,337	532,555	612,394	593,622
	Export Vol.('000carat)	437	355	532	604	594
	Export Value('000US\$)	113,514	129,766	161,719	185,667	207,789

APPENDIX 2: APPLICATION FOR MINERAL RIGHTS

RIMCO Mining Company (SL) Ltd	APL-I-692	Exploration	Archived
Universal Dawnus (SL) Limited	APL-I-694	Exploration	Archived
Southern Mineral Investment Company Limited	EL 01/2015	Exploration	Active License
Universal Dawnus (SL) Limited	EL 06/2014	Exploration	Active License
Marampa Iron Ore (SL) Limited	ML 5/2014	Large Scale	Active License
West African Resources (SL) Limited	APL-I-697	Small Scale	Archived
Southern Mineral Investment Company Limited	EL 02/2015	Exploration	Active License
Southern Mineral Investment Company Limited	EL 03/2015	Exploration	Active License
RIMCO Mining Company (SL) Ltd	APL-I-700	Exploration	Archived
RIMCO Mining Company (SL) Ltd	APL-I-701	Exploration	Archived
Gold Harvest Mining Company Limited	APL-I-703	Small Scale	Archived
VCG MINING (SL) LIMITED	APL-I-704	Small Scale	Archived
Sunset Gold Mining Company Limited	APL-I-705	Exploration	Archived
Yijinyuan (SL) Limited	EL 08/2014	Exploration	Active License
Big Cat Resources Limited	APL-I-707	Exploration	Archived
Big Cat Resources Limited	APL-I-708	Exploration	Archived
Havilah Consolidated Resources (SL) Limited	APL-I-709	Exploration	Archived
Havilah Consolidated Resources (SL) Limited	APL-I-710	Exploration	Archived
Thalia Diamonds Trading (SL) Limited	APL-I-711	Exploration	Archived
Leone Trading International Company Limited	APL-I-712	Exploration	Archived
Leone Trading International Company Limited	APL-I-713	Exploration	Archived
ALLOTROPES Diamond Company Limited	EL 19/2014	Exploration	Active License
ALLOTROPES Diamond Company Limited	EL 11/2014	Exploration	Active License
ALLOTROPES Diamond Company Limited	EL 20/2014	Exploration	Active License
ALLOTROPES Diamond Company Limited	EL 12/2014	Exploration	Active License
Chang Feng Company (SL) Limited	APL-I-718	Small Scale	Archived
RIMCO Mining Company (SL) Ltd	APL-I-719	Exploration	Archived
ARTMEC Company Limited	APL-I-720	Exploration	Archived
ARTMEC Company Limited	EL 09/2014	Exploration	Active License
ARTMEC Company Limited	EL 10/2014	Exploration	Active License
Revofid Mining and Supplies (SL) Limited	APL-I-723	Exploration	Archived
ADASTRA MINING LIMITED	APL-I-724	Small Scale	Archived
Minatura SL Limited	EL 13/2014	Exploration	Active License
Minerex Limited	APL-I-725	Exploration	Archived
BaoMin Gold (SL) Limited	APL-I-729	Exploration	Archived
Kampala Gold Mining (SL) Limited	APL-I-728	Small Scale	Archived

Sierramin Bauxite (SL) Limited	EL 16/2014	Exploration	Active License
Sierramin Bauxite (SL) Limited	APL-I-732	Exploration	Archived
Sierramin Bauxite (SL) Limited	APL-I-732	Exploration	Archived
Sierramin Bauxite (SL) Limited	EL 17/2014	Exploration	Active License
Sierramin Bauxite (SL) Limited	EL 18/2014	Exploration	Active License
Universal Dawnus (SL) Limited	APL-I-730	Small Scale	Archived
Trillium International Offshore (SL) Limited	EL 14/2014	Exploration	Active License
Trillium International Offshore (SL) Limited	EL 15/2014	Exploration	Active License
Trillium International Offshore (SL) Limited	APL-I-737	Large Scale	Payment

SMALL SCALE LICENCES APPLICATION

West African Resources (SL) Limited	APL-I-697	Small Scale	Archived
Gold Harvest Mining Company Limited	APL-I-703	Small Scale	Archived
VCG MINING (SL) LIMITED	APL-I-704	Small Scale	Archived
Chang Feng Company (SL) Limited	APL-I-718	Small Scale	Archived
ADASTRA MINING LIMITED	APL-I-724	Small Scale	Archived
Kampala Gold Mining (SL) Limited	APL-I-728	Small Scale	Archived
Universal Dawnus (SL) Limited	APL-I-730	Small Scale	Archived

APPENDIX 3: Mineral Rights Granted in 2014

-	<u>License Code</u>	<u>Application Date</u>	<u>Start Date</u>	<u>Expiry Date</u>	<u>Renewals</u>	<u>Base Value</u>	<u>Base Name</u>	<u>Owner Name</u>	<u>Tax Identification</u>	<u>Type</u>	<u>Status</u>	
<u>Application Code</u>	-	-	-	-	-	-	-	-	-	-	-	
APL-I-684	ML 1/2014	16-Dec-13	28-Jan-14	28-Jan-84	0	82.02	Not Applicable	Northern Mining Company Limited	1047967-6	Large Scale	Active License	
APL-I-685	ML 2/2014	16-Dec-13	28-Jan-14	28-Jan-84	0	122.49	Not Applicable	Southern Mining Company Limited	1050823-9	Large Scale	Active License	
APL-I-686	ML 3/2014	16-Dec-13	28-Jan-14	28-Jan-84	0	118.86	Not Applicable	Mass Energy Mining Company Limited	1050840-8	Large Scale	Active License	
APL-I-687	ML 4/2014	16-Dec-13	28-Jan-14	28-Jan-84	0	103.24	Not Applicable	CKH Mining Company Limited	1050841-3	Large Scale	Active License	

APPENDIX 4: OUT- OF- SCOPE MINING COMPANIES BELOW US \$ 0.10M

Name of Company	TOTAL (US\$M)	PAYMENTS
GOLDEN SAINT RESOURCES (AFRICA) LTD		0.093
MURRAY INVESTMENT LTD.		0.093
AMR GOLD (SL)		0.073
SHADOW MINERALS		0.062
EREZ VICTOR GOREN		0.062
TGS Nopec Geophysical Company		0.0611
NIMIKORO GUOJI MINING CO.LTD		0.060
VENUS ORES SL. LTD.		0.050
GALLIAN REMNANT HOLDINGS SL. LTD.		0.049
AKODA MINING CO.		0.048
GEO CONTINENTAL SL. LTD.		0.047
WEST AFRICAN ZIRCON		0.045
SIERRADIAM		0.043
EQUITY INVESTMENT E PARTICIPACOES (SL) LTD		0.040
Cheng Feng Golding Mining Company		0.040
MKD JASS IRO SIERRAMIN BAUXITE SL. LTD.		0.037
INGWE INVESTMENT LTD.		0.037
LION STONES (SL) LTD		0.036
MASTER GEMS (SL) LIMITED		0.036
3M DIAMONDS LIMITED		0.036
EQUITY INVEST.		0.036
GIOVANNI FOGLIO (SAVINI DIAMOND LTD)		0.035
JORGE ARMANDO DULANTO SAEZ		0.035
INTERNATIONAL DIAMOND TRADING CO.		0.035
ALEKSANDRSANTI POVS		0.035
TANZIRCON RESOURCES LTD.		0.032
CENTRAL MINING CO. LTD		0.031
ATLANTIC INVESTMENT & TRADING (KARAM GLOBAL INVESTMENT		0.028
Pinnacle Group		0.027
STYLE RESEARCH SL. LTD.		0.025
UNIVERSAL GOLD MINING & EXPLORATION CO.		0.023
YIYIN YUAN CO. SL. LTD		0.023
TAIA SL. LTD.		0.022
FANFEIHUIJUI MINERAL CO.		0.021
ROKSOLANA SL. LTD.		0.020

REVOLUTION MINERALS LTD.		0.019
MINATURA SL. LTD.		0.018
BLUE HORIZON		0.015
LORA GOLDEN WINGS SL. LTD.		0.015
REVONAH RESOURCES SL. LTD.		0.014
SOMA-GEO MINERALS LTD.		0.014
1 ENGINEERING & GEOLOGICAL SERV.		0.013
ALMURING S.A.R.L		0.012
MAGNUM LINKSL. LTD.		0.012
MUBARAK TRADING IRO ARTMEC CO. LTD		0.011
K.I. GOLD SL. LTD.		0.011
ROYAL G. ENTERPRISES LTD.		0.011
ALEKSANDRS ANTIPOVS		0.011
TOTAL GLOBAL STEEL CO. LTD.		0.010
AAMR ARTISANAL & COMM. CORP.		0.010
MONTE ORO MINING CO.		0.010

APPENDIX 5: SOCIAL EXPENDITURE

2014 SLEITI SOCIAL EXPENDITURE												
Company	Health		Education		Other Comm. Infrastructur		CSR		Other		Total	
	USD	LE	USD	LE	USD	LE	USD	LE	USD	LE	USD	LE
	18,500		74,325		252,689		9,861					355,375.00
					22,222		109,330					131,552.00
					141,800		4,400					146,200.00
							5,661					5,661.00
Kingho Investment Co.							3,078					3,078.00
Nimini Mining Co.	15,000	20,000		15,050		117,615,000				17,200	15,000	117,650,050.00
						37,142,000				6,450		37,148,450.00
Koindu Holdings		427,167,368	143,704,597									143,704,597.00
												427,167,368.00

APPENDIX 6: PAYE

COMPANY	AMOUNT(LE)
African Minerals	5,163,248
HM Diamonds	14,532,300.00
Nimini Mining	558,190,984
Shawke B. Shour	653,100
Kassim B. Basma	977,360.82
Cluff Gold	14,184,627.56
Sierra Rutile	20,292,393,699.47

APPENDIX 7: DETAILS OF RECONCILIATION

DETAILS OF RECONCILIATION

COMPANY'S NAME: LONDON MINING COMPANY LIMITED

TIN: 1001359-0

REPORTING PERIOD: 2014

No.	Revenue Stream	Paid To	Company			Government			Final Amounts		Unresolved	
			Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	under
MINING												
1	Mining Licence				-			-	-	-	-	
2	Exploration Licence				-	200,000		200,000	-	200,000		(200,000)
3	Royalty				-	4,130,880		4,130,880	-	4,130,880		(4,130,880)
4	Export duty for Diamonds				-			-	-	-	-	
5	Corporate Tax				-			-	-	-	-	
6	Diamond Exporter's License fee				-			-	-	-	-	
7	Environmental Impact Assessment License				-			-	-	-	-	
8	Environmental Impact Assessment Monitoring Fees				-			-	-	-	-	
9	Surface Rent				-	38,293		38,293	-	38,293		(38,293)
10	Agricultural Development Fund				-			-	-	-	-	
11	Community Development Fund				-			-	-	-	-	
	TOTAL				-	4,369,173		4,369,173	-	4,369,173		(4,369,173)
OIL & GAS												
1	Surface Rent											
2	Trading Fund											
3	Signature Bonus											
4	Sale of Geophysical data											
5	Technology Bonus											
6	Extension Fees											
	TOTAL											

DETAILS OF RECONCILIATION

COMPANY'S NAME: KOIDU LIMITED

TIN: 1001358-5

REPORTING PERIOD: 2014

No.	Revenue Stream	Paid To	Company			Government			Final Amounts		Unresolved	
			Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	under
MINING												
1	Mining Licence		521,710		521,710	521,710		521,710	521,710	521,710	-	
2	Exploration Licence				-			0	-	-	-	
3	Royalty*		7,751,770		7,751,770	6,831,223		6,831,223	7,751,770	6,831,223	920,547	
4	Export duty for Diamonds				-			0	-	-	-	
5	Corporate Tax				-			0	-	-	-	
6	Diamond Exporter's License fee				-			0	-	-	-	
7	Environmental Impact Assessment License		111,175		111,175	111,175		111,175	111,175	111,175	-	
8	Environmental Impact Assessment Monitoring Fees		22,235		22,235	22,235		22,235	22,235	22,235	-	
9	Surface Rent*		116,849	70,251	187,100	62,031	125,069	187,100	187,100	187,100	-	
10	Agricultural Development Fund				-			0	-	-	-	
11	Community Development Fund				-			0	-	-	-	
	TOTAL		8,523,739	70,251	8,593,990	7,548,374	125,069	7,673,443	8,593,990	7,673,443	920,547	-
OIL & GAS												
1	Surface Rent											
2	Training Fund											
3	Signature Bonus											
4	Sale of Geophysical data											
5	Technology Bonus											
6	Extension Fees											
	TOTAL											

DETAILS OF RECONCILIATION

COMPANY'S NAME:AFRICAN MINERALS(TONKOLILI IRON ORE (SL) LIMITED)/AFRICAN RAILWAYS

TIN: 1001889-0

REPORTING PERIOD: 2014

No.	Revenue Stream	Paid To	Company			Government			Final Amounts		Unresolved	
			Initial Amount US\$	Resolved	Final	Initial Amount	Resolved	Final	Company	Government	Over	under
MINING												
1	Mining Licence		1,000,000		1,000,000	1,000,000		1,000,000	1,000,000	1,000,000	-	
2	Exploration Licence				-			-	-	-	-	
3	Royalty		17,487,853	410509	17,898,362	17,898,362		17,898,362	17,898,362	17,898,362		-
4	Export duty for Diamonds				-			-	-	-	-	
5	Corporate Tax				-			-	-	-	-	
6	Diamond Exporter's License fee				-			-	-	-	-	
7	Environmental Impact Assessment License		400,100		400,100	400,100		400,100	400,100	400,100		-
8	Environmental Impact Assessment Monitoring Fees		80,020		80,020	80,020		80,020	80,020	80,020		-
9	Surface Rent*		427,760	16,346	444,106	467,171	-23065	444,106	444,106	444,106		-
10	Agricultural Development Fund				-			-	-	-	-	
11	Community Development Fund		582,931		582,931			-	582,931	-	582,931	
0	TOTAL		19,978,664	426,855	20,405,519	19,845,653	(23,065)	19,822,588	20,405,519	19,822,588	582,931	-
OIL & GAS												
1	Surface Rent											
2	Trading Fund											
3	Signature Bonus											
4	Sale of Geophysical data											
5	Technology Bonus											
6	Extension Fees											
	TOTAL											

DETAILS OF RECONCILIATION

COMPANY'S NAME: SIERRA RUTILE LIMITED

TIN: 1000672-9

REPORTING PERIOD: 2014

No.	Revenue Stream	Paid To	Company			Government			Final Amounts		Unresolved	
			Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	(Under)
MINING												
1	Mining Licence		179,444		179,444	179,444		179,444	179,444	179,444	0	
2	Exploration Licence		40,273		40,273	40,273		40,273	40,273	40,273	-	
3	Royalty		495,824		495,824	536,085		536,085	495,824	536,085		(40,261)
4	Export duty for Diamonds				-			-	-	-	-	
5	Corporate Tax		575,570		575,570	575,570		575,570	575,570	575,570		-
6	Diamond Exporter's License fee				-			-	-	-	-	
7	Environmental Impact Assessment License		212,560		212,560	212,532		212,532	212,560	212,532		28
8	Environmental Impact Assessment Monitoring Fees		42,512		42,512	42,484		42,484	42,512	42,484		28
9	Surface Rent		605,164	(393,357)	211,807	211,807		211,807	211,807	211,807		-
10	Agricultural Development Fund		123,369		123,369	120,858		120,858	123,369	120,858		2,511
11	Community Development Fund				-			-	-	-	-	
	TOTAL		2,274,716	(393,357)	1,881,359	1,919,053	-	1,919,053	1,881,359	1,919,053	2,567	(40,261)
OIL & GAS												
1	Surface Rent											
2	Trading Fund											
3	Signature Bonus											
4	Sale of Geophysical data											
5	Technology Bonus											
6	Extension Fees											
	TOTAL											

DETAILS OF RECONCILIATION

COMPANY'S NAME: H M DIAMOND
TIN: 1000351-9
REPORTING PERIOD: 2014

No.	Revenue Stream	Paid To	Company			Government			Final Amounts		Unresolved	
			Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	(under)
MINING												
1	Mining Licence				0			0	0	0	0	
2	Exploration Licence				0			0	0	0	0	
3	Royalty				0			0	0	0	0	
4	Export duty for Diamonds		1,817,681		1817681	1,817,683		1817683	1817681	1817683		-2
5	Corporate Tax		181,768		181768	181,768		181768	181768	181768	0	
6	Diamond Exporter's License fee		35,000		35000	35,000		35000	35000	35000	0	
7	Environmental Impact Assessment License				0			0	0	0	0	
8	Environmental Impact Assessment Monitoring Fees				0			0	0	0	0	
9	Surface Rent				0			0	0	0	0	
10	Agricultural Development Fund				0			0	0	0	0	
11	Community Development Fund				0			0	0	0	0	
TOTAL			2,034,449	-	2,034,449	2,034,451	-	2,034,451	2,034,449	2,034,451	-	(2)
OIL & GAS												
1	Surface Rent											
2	Trading Fund											
3	Signature Bonus											
4	Sale of Geophysical data											
5	Technology Bonus											
6	Extension Fees											
TOTAL												

DETAILS OF RECONCILIATION

COMPANY'S NAME: SIERRA MINERALS
TIN: 1000672-9
REPORTING PERIOD: 2014

No.	Revenue Stream	Paid To	Company			Government			Final Amounts		Unresolved	
			Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	(under)
MINING												
1	Mining Licence		500,000		500,000	500,000		500,000	500,000	500,000	-	
2	Exploration Licence		53,269		53,269	53,269		53,269	53,269	53,269	-	
3	Royalty		1,028,345		1,028,345	1,028,345		1,028,345	1,028,345	1,028,345	-	
4	Export duty for Diamonds				-			-	-	-	-	
5	Corporate Tax				-			-	-	-	-	
6	Diamond Exporter's License fee				-			-	-	-	-	
7	Environmental Impact Assessment License		146,750		146,750	146,740		146,740	146,750	146,740	10	
8	Environmental Impact Assessment Monitoring Fees		29,350		29,350	29,350		29,350	29,350	29,350	-	
9	Surface Rent*		127,106	(82,615)	44,491	44,491		44,491	44,491	44,491	-	
10	Agricultural Development Fund				-			-	-	-	-	
11	Community Development Fund*		177,814		177,814			-	177,814	-	177,814	
TOTAL			2,062,634	(82,615)	1,980,019	1,802,195	-	1,802,195	1,980,019	1,802,195	177,824	-
OIL & GAS												
1	Surface Rent											
2	Trading Fund											
3	Signature Bonus											
4	Sale of Geophysical data											
5	Technology Bonus											
6	Extension Fees											
TOTAL												

DETAILS OF RECONCILIATION

COMPANY'S NAME: NIMINI MINING

TIN: 1012719-2

REPORTING PERIOD: 2014

No.	Revenue Stream	Paid To	Company			Government			Final Amounts		Unresolved	
			Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	(under)
MINING												
1	Mining Licence		500,000		500,000	500,000		500,000	500,000	500,000	0	
2	Exploration Licence				-			0	0	0	0	
3	Royalty				-			0	0	0	0	
4	Export duty for Diamonds				-			0	0	0	0	
5	Corporate Tax				-			0	0	0	0	
6	Diamond Exporter's License fee				-			0	0	0	0	
7	Environmental Impact Assessment License		76,780		76,780	76,780		76,780	76,780	76,780	0	
8	Environmental Impact Assessment Monitoring Fees		15,356		15,356	15,356		15,356	15,356	15,356	0	
9	Surface Rent*		38,914		38,914	38,914		38,914	38,914	38,914	0	
10	Agricultural Development Fund				-			0	0	0	0	
11	Community Development Fund*				-			0	0	0	0	
	TOTAL		631,050	-	631,050	631,050	-	631,050	631,050	631,050	-	-
OIL & GAS												
1	Surface Rent											
2	Trading Fund											
3	Signature Bonus											
4	Sale of Geophysical data											
5	Technology Bonus											
6	Extension Fees											
	TOTAL											

DETAILS OF RECONCILIATION

COMPANY'S NAME: KASSIM BASMA

TIN: 1025212-6

REPORTING PERIOD: 2014

No.	Revenue Stream	Paid To	Company			Government			Final Amounts		Unresolved	
			Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	(under)
MINING												
1	Mining Licence				0			0	0	0	0	
2	Exploration Licence				0			0	0	0	0	
3	Royalty				0			0	0	0	0	
4	Export duty for Diamonds		526,256		526,256	526,208	48	526,256	526,256	526,256	0	
5	Corporate Tax		52,623		52,623	52,621	2	52,623	52,623	52,623	0	
6	Diamond Exporter's License fee		35,000		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	0	0	0	
9	Surface Rent				0			0	0	0	0	
10	Agricultural Development Fund				0			0	0	0	0	
11	Community Development Fund				0			0	0	0	0	
	TOTAL		613,879	-	613,879	613,829	50	613,879	613,879	613,879	-	-
OIL & GAS												
1	Surface Rent											
2	Trading Fund											
3	Signature Bonus											
4	Sale of Geophysical data											
5	Technology Bonus											
6	Extension Fees											
	TOTAL											

DETAILS OF RECONCILIATION

COMPANY'S NAME: CAPE LAMBERT RESOURCES LIMITED(Metal Exploration+ Marampa)

TIN:

REPORTING PERIOD: 2014

No.	Revenue Stream	Paid To	Company			Government			Final Amounts		Unresolved	
			Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	(under)
MINING												
1	Mining Licence				0			0	-	-	-	
2	Exploration Licence				0	843,087		843,087	-	843,087		(843,087)
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	121,040		121,040	-	121,040		(121,040)
8	Environmental Impact Assessment Monitoring Fees				0	24,200		24,200	-	24,200		(24,200)
9	Surface Rent				0			0	-	-	-	
10	Agricultural Development Fund				0			0	-	-	-	
11	Community Development Fund				0			0	-	-	-	
	TOTAL				-	-	-	988,327	-	988,327	-	(988,327)
OIL & GAS												
1	Surface Rent											
2	Trading Fund											
3	Signature Bonus											
4	Sale of Geophysical data											
5	Technology Bonus											
6	Extension Fees											
	TOTAL											

DETAILS OF RECONCILIATION

COMPANY'S NAME: CLUFF GOLD (SL) LIMITED

TIN: 1005704-8

REPORTING PERIOD: 2014

No.	Revenue Stream	Paid To	Company			Government			Final Amounts		Unresolved	
			Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	(under)
MINING												
1	Mining Licence		268,019		268,019	268,019		268,019	268,019	268,019	0	
2	Exploration Licence		38,062		38,062	36,328	1,734	38,062	38,062	38,062		0
3	Royalty				0			-	0	-	0	
4	Export duty for Diamonds				0			-	0	-	0	
5	Corporate Tax				0			-	0	-	0	
6	Diamond Exporter's License fee				0			-	0	-	0	
7	Environmental Impact Assessment License		125,450		125,450	125,450		125,450	125,450	125,450	0	
8	Environmental Impact Assessment Monitoring Fees		25,090		25,090	25,090		25,090	25,090	25,090	0	
9	Surface Rent*		37,313		37,313	37,313		37,313	37,313	37,313	0	
10	Agricultural Development Fund				0			-	0	-	0	
11	Community Development Fund				0			-	0	-	0	
	TOTAL		493,934	-	493,934	492,200	1,734	493,934	493,934	493,934	-	-
OIL & GAS												
1	Surface Rent											
2		12										
3	Signature Bonus											
4	Sale of Geophysical data											
5	Technology Bonus											
6	Extension Fees											
	TOTAL											

DETAILS OF RECONCILIATION

COMPANY'S NAME: KINGHO INVESTMENT COMPANY LIMITED
TIN: 1013683-0
REPORTING PERIOD: 2014

No.	Revenue Stream	Paid To	Company			Government			Final Amounts		Unresolved	
			Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	(Under)
MINING												
1	Mining Licence				-			-	-	-	-	-
2	Exploration Licence		107,140		107,140	107,140		107,140	107,140	107,140	-	-
3	Royalty				-			-	-	-	-	-
4	Export duty for Diamonds				-			-	-	-	-	-
5	Corporate Tax				-			-	-	-	-	-
6	Diamond Exporter's License fee				-			-	-	-	-	-
7	Environmental Impact Assessment License			266,390	266,390	266,390		266,390	266,390	266,390	-	-
8	Environmental Impact Assessment Monitoring Fees			53,270	53,270	53,270		53,270	53,270	53,270	-	-
9	Surface Rent				-			-	-	-	-	-
10	Agricultural Development Fund				-			-	-	-	-	-
11	Community Development Fund				-			-	-	-	-	-
	TOTAL		107,140	319,660	426,800	426,800	-	426,800	426,800	426,800	-	-
OIL & GAS												
1	Surface Rent											
2	Trading Fund											
3	Signature Bonus											
4	Sale of Geophysical data											
5	Technology Bonus											
6	Extension Fees											
	TOTAL											

DETAILS OF RECONCILIATION

COMPANY'S NAME: SHAWKE B. SHOUR
TIN: 1020041-5
REPORTING PERIOD: 2014

No.	Revenue Stream	Paid To	Company			Government			Final Amounts		Unresolved	
			Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	under
MINING												
1	Mining Licence				0			0	0	0	0	0
2	Exploration Licence				0			0	0	0	0	0
3	Royalty				0			0	0	0	0	0
4	Export duty for Diamonds		312,280		312,280	312,280		312,280	312,280	312,280	0	0
5	Corporate Tax		31,228		31,228	31,228		31,228	31,228	31,228	0	0
6	Diamond Exporter's License fee		35,000		35,000	35,000		35,000	35,000	35,000	0	0
7	Environmental Impact Assessment License				-			-	-	-	0	0
8	Environmental Impact Assessment Monitoring Fees				-			-	-	-	0	0
9	Surface Rent				0			0	0	0	0	0
10	Agricultural Development Fund				0			0	0	0	0	0
11	Community Development Fund				0			0	0	0	0	0
	TOTAL		378,508	-	378,508	378,508	-	378,508	378,508	378,508	-	-
OIL & GAS												
1	Surface Rent											
2	Trading Fund											
3	Signature Bonus											
4	Sale of Geophysical data											
5	Technology Bonus											
6	Extension Fees											
	TOTAL											

DETAILS OF RECONCILIATION

COMPANY'S NAME: METAL EXPLORATION(SL)LIMITED

1011695-8

REPORTING PERIOD: 2014

No.	Revenue Stream	Paid To	Company			Government			Final Amounts		Unresolved	
			Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	over	Under
MINING												
1	Mining Licence											
2	Exploration Licence											
3	Royalty											
4	Export duty for Diamonds											
5	Corporate Tax											
6	Diamond Exporter's License fee											
7	Environmental Impact Assessment License											
8	Environmental Impact Assessment Monitoring Fees											
9	Surface Rent											
10	Agricultural Development Fund											
11	Community Development Fund											
	TOTAL											
OIL & GAS												
1	Surface Rent											
2	Trading Fund											
3	Signature Bonus											
4	Sale of Geophysical data											
5	Technology Bonus											
6	Extension Fees											
	TOTAL											

DETAILS OF RECONCILIATION

COMPANY'S NAME: RIMCO MINING COMPANY(SL) LIMITED

1023345-0

REPORTING PERIOD: 2014

No.	Revenue Stream	Paid To	Company			Government			Final Amounts		Unresolved	Unresolved
			Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	(under)
MINING												
1	Mining Licence				-			0	-	0	0	0
2	Exploration Licence		156,826		156,826	156,826		156,826	156,826	156,826	0	0
3	Royalty				-			0	-	0	0	0
4	Export duty for Diamonds				-			0	-	0	0	0
5	Corporate Tax				-			0	-	0	0	0
6	Diamond Exporter's License fee				-			0	-	0	0	0
7	Environmental Impact Assessment License				-			0	-	0	0	0
8	Environmental Impact Assessment Monitoring Fees				-			0	-	0	0	0
9	Surface Rent				-			0	-	0	0	0
10	Agricultural Development Fund				-			0	-	0	0	0
11	Community Development Fund				-			0	-	0	0	0
	TOTAL		156,826	0	156,826	156,826	0	156,826	156,826	156,826	0	0
OIL & GAS												
1	Surface Rent											
2	Trading Fund											
3	Signature Bonus											
4	Sale of Geophysical data											
5	Technology Bonus											
6	Extension Fees											
	TOTAL											

DETAILS OF RECONCILIATION

**COMPANY'S NAME: TRILLIUM INTERNATIONAL OFSHORE (SI) LIMITED
1050876-9
REPORTING PERIOD: 2014**

No.	Revenue Stream	Paid To	Company			Government			Final Amounts		Unresolved Over	Unresolved (under)
			Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government		
MINING												
1	Mining Licence				-			0	-	0	0	
2	Exploration Licence				-	500,000		500,000	-	500,000		-500,000
3	Royalty				-			0	-	0	0	
4	Export duty for Diamonds				-			0	-	0	0	
5	Corporate Tax				-			0	-	0	0	
6	Diamond Exporter's License fee				-			0	-	0	0	
7	Environmental Impact Assessment License				-			0	-	0	0	
8	Environmental Impact Assessment Monitoring Fees				-			0	-	0	0	
9	Surface Rent				-			0	-	0	0	
10	Agricultural Development Fund				-			0	-	0	0	
11	Community Development Fund				-			0	-	0	0	
	TOTAL		0	0	0	500,000	0	500,000	0	500,000	0	-500,000
OIL & GAS												
1	Surface Rent											
2	Trading Fund											
3	Signature Bonus											
4	Sale of Geophysical data											
5	Technology Bonus											
6	Extension Fees											
	TOTAL											

DETAILS OF RECONCILIATION

**COMPANY'S NAME: SOUTHERN MINING CO. LIMITED
TIN: 1050823-9
REPORTING PERIOD: 2014**

No.	Revenue Stream	Paid To	Company			Government			Final Amounts		Unresolved Over	Unresolved (under)
			Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government		
MINING												
1	Mining Licence		500,000		500,000	500,000		500,000	500,000	500,000	0	
2	Exploration Licence				-			0	-	0	0	
3	Royalty				-			0	-	0	0	
4	Export duty for Diamonds				-			0	-	0	0	
5	Corporate Tax				-			0	-	0	0	
6	Diamond Exporter's License fee				-			0	-	0	0	
7	Environmental Impact Assessment License			266,390	266,390	266,390		266,390	266,390	266,390	0	
8	Environmental Impact Assessment Monitoring Fees			53,245	53,245	53,245		53,245	53,245	53,245	0	
9	Surface Rent				-			0	-	0	0	
10	Agricultural Development Fund				-			0	-	0	0	
11	Community Development Fund				-			0	-	0	0	
	TOTAL		500,000	319,635	819,635	819,635	0	819,635	819,635	819,635	0	0
OIL & GAS												
1	Surface Rent											
2	Trading Fund											
3	Signature Bonus											
4	Sale of Geophysical data											
5	Technology Bonus											
6	Extension Fees											
	TOTAL											

DETAILS OF RECONCILIATION

COMPANY'S NAME: NORTHERN MINING LIMITED
TIN: 1047967-6
REPORTING PERIOD: 2014

No.	Revenue Stream	Paid To	Company			Government			Final Amounts		Unresolved	Unresolved
			Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	(under)
MINING												
1	Mining Licence		500,000		500,000	500,000		500,000	500,000	500,000	0	0
2	Exploration Licence							0	-	0	0	0
3	Royalty				-			0	-	0	0	0
4	Export duty for Diamonds				-			0	-	0	0	0
5	Corporate Tax				-			0	-	0	0	0
6	Diamond Exporter's License fee				-			0	-	0	0	0
7	Environmental Impact Assessment License		266,390	266,390	266,390			266,390	266,390	266,390	0	0
8	Environmental Impact Assessment Monitoring Fees		53,270	53,270	53,270			53,270	53,270	53,270	0	0
9	Surface Rent				-			0	-	0	0	0
10	Agricultural Development Fund				-			0	-	0	0	0
11	Community Development Fund				-			0	-	0	0	0
	TOTAL		500,000	319,660	819,660	819,660	0	819,660	819,660	819,660	0	0
OIL & GAS												
1	Surface Rent											
2	Trading Fund											
3	Signature Bonus											
4	Sale of Geophysical data											
5	Technology Bonus											
6	Extension Fees											
	TOTAL											

DETAILS OF RECONCILIATION

COMPANY'S NAME: MASS ENERGY MINING CO. LIMITED
TIN: 1050840-8
REPORTING PERIOD: 2014

No.	Revenue Stream	Paid To	Company			Government			Final Amounts		Unresolved	Unresolved
			Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	(under)
MINING												
1	Mining Licence		500,000		500,000	500,000		500,000	500,000	500,000	0	0
2	Exploration Licence				-			0	-	0	0	0
3	Royalty				-			0	-	0	0	0
4	Export duty for Diamonds				-			0	-	0	0	0
5	Corporate Tax				-			0	-	0	0	0
6	Diamond Exporter's License fee				-			0	-	0	0	0
7	Environmental Impact Assessment License		266,390	266,390	266,390			266,390	266,390	266,390	0	0
8	Environmental Impact Assessment Monitoring Fees		53,270	53,270	53,270			53,270	53,270	53,270	0	0
9	Surface Rent				-			0	-	0	0	0
10	Agricultural Development Fund				-			0	-	0	0	0
11	Community Development Fund				-			0	-	0	0	0
	TOTAL		500,000	319,660	819,660	819,660	0	819,660	819,660	819,660	0	0
OIL & GAS												
1	Surface Rent											
2	Trading Fund											
3	Signature Bonus											
4	Sale of Geophysical data											
5	Technology Bonus											
6	Extension Fees											
	TOTAL											

DETAILS OF RECONCILIATION

COMPANY'S NAME:CKH MINING CO. LIMITED
TIN: 1050841-3
REPORTING PERIOD: 2014

No.	Revenue Stream	Paid To	Company			Government			Final Amounts		Unresolved	Unresolved
			Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	(under)
MINING												
1	Mining Licence		500,000		500,000	500,000		500,000	500,000	500,000	0	0
2	Exploration Licence				-			0	-	0	0	0
3	Royalty				-			0	-	0	0	0
4	Export duty for Diamonds				-			0	-	0	0	0
5	Corporate Tax				-			0	-	0	0	0
6	Diamond Exporter's License fee				-			0	-	0	0	0
7	Environmental Impact Assessment License			266,390	266,390	266,390		266,390	266,390	266,390	0	0
8	Environmental Impact Assessment Monitoring Fees			53,270	53,270	53,270		53,270	53,270	53,270	0	0
9	Surface Rent				-			0	-	0	0	0
10	Agricultural Development Fund				-			0	-	0	0	0
11	Community Development Fund				-			0	-	0	0	0
	TOTAL		500,000	319,660	819,660	819,660	0	819,660	819,660	819,660	0	0
OIL & GAS												
1	Surface Rent											
2	Trading Fund											
3	Signature Bonus											
4	Sale of Geophysical data											
5	Technology Bonus											
6	Extension Fees											
	TOTAL											

DETAILS OF RECONCILIATION

COMPANY'S NAME: ALLOTORPES DIAMOND CO. LIMITED
1023345-0
REPORTING PERIOD: 2014

No.	Revenue Stream	Paid To	Company			Government			Final Amounts		Unresolved	Unresolved
			Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	(under)
MINING												
1	Mining Licence				-			0	-	0	0	0
2	Exploration Licence		90,063		90,063		90,063	90,063	90,063	90,063	0	0
3	Royalty				-			0	-	0	0	0
4	Export duty for Diamonds				-			0	-	0	0	0
5	Corporate Tax				-			0	-	0	0	0
6	Diamond Exporter's License fee				-			0	-	0	0	0
7	Environmental Impact Assessment License				-			0	-	0	0	0
8	Environmental Impact Assessment Monitoring Fees				-			0	-	0	0	0
9	Surface Rent				-			0	-	0	0	0
10	Agricultural Development Fund				-			0	-	0	0	0
11	Community Development Fund				-			0	-	0	0	0
	TOTAL		90,063	0	90,063	0	90,063	90,063	90,063	90,063	0	0
OIL & GAS												
1	Surface Rent											
2	Trading Fund											
3	Signature Bonus											
4	Sale of Geophysical data											
5	Technology Bonus											
6	Extension Fees											
	TOTAL											

DETAILS OF RECONCILIATION

COMPANY'S NAME: ANADARKO

TIN:

REPORTING PERIOD: 2014

No.	Revenue Stream	Paid To	Company			Government			Final Amounts		Unresolved	
			Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	under
MINING												
1	Mining Licence											
2	Exploration Licence											
3	Royalty											
4	Export duty for Diamonds											
5	Corporate Tax											
6	Diamond Exporter's License fee											
7	Environmental Impact Assessment License											
8	Environmental Impact Assessment Monitoring Fees											
9	Surface Rent											
10	Agricultural Development Fund											
11	Community Development Fund											
	TOTAL											
OIL & GAS												
1	Surface Rent				-	279,906		279,906	-	279,906		-279,906
2	Training Fund				-			0	-	0	0	
3	Signature Bonus				-			0	-	0	0	
4	Sale of Geophysical data				-			0	-	0	0	
5	Technology Bonus				-			0	-	0	0	
6	Extension Fees				-			0	-	0	0	
7	Environmental Impact Assessment License				-			0	-	0	0	
8	Environmental Impact Assessment Monitoring Fees				-			0	-	0	0	
	TOTAL	-	-	-	-	279,906	-	279,906	-	279,906	-	(279,906)

DETAILS OF RECONCILIATION

COMPANY'S NAME: EUROPEAN HYDROCARBON

TIN:

REPORTING PERIOD: 2014

No.	Revenue Stream	Paid To	Company			Government			Final Amounts		Unresolved	
			Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	(Under)
MINING												
1	Mining Licence											
2	Exploration Licence											
3	Royalty											
4	Export duty for Diamonds											
5	Corporate Tax											
6	Diamond Exporter's License fee											
7	Environmental Impact Assessment License											
8	Environmental Impact Assessment Monitoring Fees											
9	Surface Rent											
10	Agricultural Development Fund											
11	Community Development Fund											
	TOTAL											
OIL & GAS												
1	Surface Rent		488,044		488,044	487,904		487,904	488,044	487,904	140	
2	Training Fund		153,500		153,500	153,455		153,455	153,500	153,455	45	
3	Signature Bonus				-			-	-	-	-	
4	Sale of Geophysical data				-			-	-	-	-	
5	Technology Bonus				-			-	-	-	-	
6	Extension Fees				-			-	-	-	-	
7	Environmental Impact Assessment License				-			-	-	-	-	
8	Environmental Impact Assessment Monitoring Fees				-			-	-	-	-	
	TOTAL		641,544	-	641,544	641,359	-	641,359	641,544	641,359	185	-

DETAILS OF RECONCILIATION

COMPANY'S NAME: LUKOIL

TIN:

REPORTING PERIOD: 2014

No.	Revenue Stream	Paid To	Company			Government			Final Amounts		Unresolved	
			Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	under
MINING												
1	Mining Licence											
2	Exploration Licence											
3	Royalty											
4	Export duty for Diamonds											
5	Corporate Tax											
6	Diamond Exporter's License fee											
7	Environmental Impact Assessment License											
8	Environmental Impact Assessment Monitoring Fees											
9	Surface Rent											
10	Agricultural Development Fund											
11	Community Development Fund											
	TOTAL		0	0	0	-	0	0	0	0		0
OIL & GAS												
1	Surface Rent				-	140,164		140,164	-	140,164		(140,164)
2	Training Fund				-	125,000		125,000	-	125,000		(125,000)
3	Signature Bonus											
4	Sale of Geophysical data				-				-			
5	Technology Bonus				-				-			
6	Extension Fees				-	250,000		250,000	-	250,000		(250,000)
7	Environmental Impact Assessment License				-				-			
8	Environmental Impact Assessment Monitoring Fees				-				-			
	TOTAL		-	-	-	515,164	-	515,164	-	515,164	-	(515,164)

DETAILS OF RECONCILIATION

COMPANY'S NAME: TALISMAN

TIN:

REPORTING PERIOD: 2014

No.	Revenue Stream	Paid To	Company			Government			Final Amounts		Unresolved	
			Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	(Under)
MINING												
1	Mining Licence											
2	Exploration Licence											
3	Royalty											
4	Export duty for Diamonds											
5	Corporate Tax											
6	Diamond Exporter's License fee											
7	Environmental Impact Assessment License											
8	Environmental Impact Assessment Monitoring Fees											
9	Surface Rent											
10	Agricultural Development Fund											
11	Community Development Fund											
	TOTAL											
OIL & GAS												
1	Surface Rent				0				0	-	-	
2	Training Fund				0				0	-	-	
3	Signature Bonus				0				0	-	-	
4	Sale of Geophysical data				0				0	-	-	
5	Technology Bonus				0				0	-	-	
6	Extension Fees				0				0	-	-	
7	Environmental Impact Assessment License				0				0	-	-	
8	Environmental Impact Assessment Monitoring Fees				0				0	-	-	
	TOTAL				-				-			-

DETAILS OF RECONCILIATION

COMPANY'S NAME: AFRICAN PETROLEUM

TIN:

REPORTING PERIOD: 2014

No.	Revenue Stream	Paid To	Company			Government			Final Amounts		Unresolved	
			Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	(Under)
MINING												
1	Mining Licence											
2	Exploration Licence											
3	Royalty											
4	Export duty for Diamonds											
5	Corporate Tax											
6	Diamond Exporter's License fee											
7	Environmental Impact Assessment License											
8	Environmental Impact Assessment Monitoring Fees											
9	Surface Rent											
10	Agricultural Development Fund											
11	Community Development Fund											
	TOTAL											
OIL & GAS												
1	Surface Rent		79,800		79,800	79,800		79,800	79,800	79,800		-
2	Training Fund		200,000		200,000	200,000		200,000	200,000	200,000		-
3	Signature Bonus				-			-	-	-		-
4	Sale of Geophysical data				-			-	-	-		-
5	Technology Bonus				-			-	-	-		-
6	Extension Fees				-			-	-	-		-
7	Environmental Impact Assessment License				-			-	-	-		-
8	Environmental Impact Assessment Monitoring Fees				-			-	-	-		-
	TOTAL		279,800	-	279,800	279,800	-	279,800	279,800	279,800	-	-

DETAILS OF RECONCILIATION

COMPANY'S NAME: CHEVRON PARTNERSHIP

TIN:

REPORTING PERIOD: 2014

No.	Revenue Stream	Paid To	Company			Government			Final Amounts		Unresolved		
			Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	(under)	
MINING													
1	Mining Licence												
2	Exploration Licence												
3	Royalty												
4	Export duty for Diamonds												
5	Corporate Tax												
6	Diamond Exporter's License fee												
7	Environmental Impact Assessment License												
8	Environmental Impact Assessment Monitoring Fees												
9	Surface Rent												
10	Agricultural Development Fund												
11	Community Development Fund												
	TOTAL												
OIL & GAS													
1	Surface Rent		448,200		448,200	448,320		448,320	448,200	448,320		(120)	
2	Training Fund		1,000,000		1,000,000	999,995		999,995	1,000,000	999,995		5	
3	Signature Bonus				-			-	-	-		-	
4	Sale of Geophysical data				-			-	-	-		-	
5	Technology Bonus		500,000		500,000	500,000		500,000	500,000	500,000		-	
6	Extension Fees				-			-	-	-		-	
7	Environmental Impact Assessment License				-			-	-	-		-	
8	Environmental Impact Assessment Monitoring Fees				-			-	-	-		-	
	TOTAL		0	1,948,200	0	1,948,200	1,948,315	0	1,948,315	1948200	1,948,315	5	-120

DETAILS OF RECONCILIATION

COMPANY'S NAME: MINEXCO

TIN:

REPORTING PERIOD: 2014

No.	Revenue Stream	Paid To	Company			Government			Final Amounts		Unresolved	
			Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	(under)
MINING												
1	Mining Licence											
2	Exploration Licence											
3	Royalty											
4	Export duty for Diamonds											
5	Corporate Tax											
6	Diamond Exporter's License fee											
7	Environmental Impact Assessment License											
8	Environmental Impact Assessment Monitoring Fees											
9	Surface Rent											
10	Agricultural Development Fund											
11	Community Development Fund											
TOTAL												
OIL & GAS												
1	Surface Rent		-		-			-	-	-	-	-
2	Training Fund		-		-			-	-	-	-	-
3	Signature Bonus		-		-			-	-	-	-	-
4	Sale of Geophysical data		-		-			-	-	-	-	-
5	Technology Bonus		-		-			-	-	-	-	-
6	Extension Fees		-		-			-	-	-	-	-
7	Environmental Impact Assessment License		-		-			-	-	-	-	-
8	Environmental Impact Assessment Monitoring Fees		-		-			-	-	-	-	-
TOTAL			-	-	-	-	-	-	-	-	-	-

DETAILS OF RECONCILIATION

COMPANY'S NAME: SL EXPLORATION

TIN:

REPORTING PERIOD: 2014

No.	Revenue Stream	Paid To	Company			Government			Final Amounts		Unresolved	
			Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	(under)
MINING												
1	Mining Licence											
2	Exploration Licence											
3	Royalty											
4	Export duty for Diamonds											
5	Corporate Tax											
6	Diamond Exporter's License fee											
7	Environmental Impact Assessment License											
8	Environmental Impact Assessment Monitoring Fees											
9	Surface Rent											
10	Agricultural Development Fund											
11	Community Development Fund											
TOTAL												
OIL & GAS												
1	Surface Rent				0			-	0	-	-	-
2	Training Fund				0			-	0	-	-	-
3	Signature Bonus				0			-	0	-	-	-
4	Sale of Geophysical data				0			-	0	-	-	-
5	Technology Bonus				0			-	0	-	-	-
6	Extension Fees				0			-	0	-	-	-
	Environmental Impact Assessment License				0			-	0	-	-	-
	Environmental Impact Assessment Monitoring Fees				0			-	0	-	-	-
TOTAL			0	0	0	0	0	0	0	0	0	0

DETAILS OF RECONCILIATION

COMPANY'S NAME: A-Z PETROLEUM

TIN:

REPORTING PERIOD: 2014

No.	Revenue Stream	Paid To	Company			Government			Final Amounts		Unresolved	Unresolved
			Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	(under)
MINING												
1	Mining Licence											
2	Exploration Licence											
3	Royalty											
4	Export duty for Diamonds											
5	Corporate Tax											
6	Diamond Exporter's License fee											
7	Environmental Impact Assessment License											
8	Environmental Impact Assessment Monitoring Fees											
9	Surface Rent											
10	Agricultural Development Fund											
11	Community Development Fund											
	TOTAL											
OIL & GAS												
1	Surface Rent				-			-	-	-	-	-
2	Training Fund				-			-	-	-	-	-
3	Signature Bonus		4,000,000		4,000,000	4,000,000		4,000,000	4,000,000	4,000,000	-	-
4	Sale of Geophysical data				-			-	-	-	-	-
5	Technology Bonus				-			-	-	-	-	-
6	Extension Fees				-			-	-	-	-	-
7	Environmental Impact Assessment License				-			-	-	-	-	-
8	Environmental Impact Assessment Monitoring Fees				-			-	-	-	-	-
	TOTAL		4,000,000	-	4,000,000	4,000,000	-	4,000,000	4,000,000	4,000,000	-	-

DETAILS OF RECONCILIATION

COMPANY'S NAME: TG NOPEC

TIN:

REPORTING PERIOD: 2014

No.	Revenue Stream	Paid To	Company			Government			Final Amounts		Unresolved	
			Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	Under
MINING												
1	Mining Licence											
2	Exploration Licence											
3	Royalty											
4	Export duty for Diamonds											
5	Corporate Tax											
6	Diamond Exporter's License fee											
7	Environmental Impact Assessment License											
8	Environmental Impact Assessment Monitoring Fees											
9	Surface Rent											
10	Agricultural Development Fund											
11	Community Development Fund											
	TOTAL											
OIL & GAS												
1	Surface Rent				0			-	0	-	-	-
2	Training Fund				0			-	0	-	-	-
3	Signature Bonus				0			-	0	-	-	-
4	Sale of Geophysical data				0	286,735		286,735	0	286,735	-	(286,735)
5	Technology Bonus				0			-	0	-	-	-
6	Extension Fees				0			-	0	-	-	-
7	Environmental Impact Assessment License				0			-	0	-	-	-
8	Environmental Impact Assessment Monitoring Fees				0			-	0	-	-	-
	TOTAL		-	-	-	286,735	-	286,735	-	286,735	-	(286,735)

