

**Sierra Leone Extractive Industry Transparency Initiative (SLEITI)**



**DATA RECONCILIATION SERVICES**

**(Grant No: TF093541-SL)**

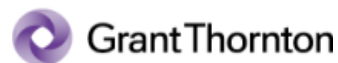
**First Sierra Leone EITI Reconciliation Report**

**Final Report**

**March 8, 2010**

**SUBMITTED BY:**

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March 8, 2010

The Sierra Leone EITI Steering Committee  
Ministry of Presidential and Public Affairs  
State House  
3<sup>rd</sup> Floor  
Freetown, Sierra Leone

Dear Committee Members,

Verdi Consulting is pleased to submit the First Data Reconciliation Report for Sierra Leone in compliance with Extractive Industries Transparency Initiative (EITI) standards and guidelines. This is a very important step for Sierra Leone as it moves towards greater transparency of revenues and payments between the Government and the general society.

As Sierra Leone moves past the legacy of a brutal war impacting citizens and infrastructure, the effort for transparency and democracy becomes more critical. Partaking in the EITI process is an important step and we commend the Committee for all of their efforts.

The path to the first data reconciliation effort involved difficult decisions reflecting local challenges to meet EITI standards. A crucial initial step involved compromises regarding extractive industry sectors, companies and revenue reconciliation categories.

Our tasks as Reconcilers were independently performed. The views expressed in this report are ours and in no way reflects an opinion of the SLEITI Secretariat. This report serves as an opportunity to promote growth and stability based upon lessons learned and to utilize the recommendations to improve transparency and infrastructure of both government and organizational accountability and reporting.

This report would remain incomplete without assistance from The Ministry of Presidential and Public Affairs, especially Messrs. Moray Kebe and Kenei Lamin, who assertively involved all stakeholders. We also appreciate efforts from the multi-stakeholder group of Mining Companies, and Government Agency representatives, the Paramount Chiefs, Civil Society including the media, the Ministers of Presidential Affairs, Mineral Resources and Finance, The World Bank and other Development Partners, who collectively showed their commitment to complete the exercise.

Verdi Consulting, together with our subcontractors from Grant Thornton, LLP, commends the committee's initiative as it continues its effort toward EITI validation. The benefits are clear and concise and we trust that these recommendations will be considered as you move along the process.

Sincerely



Mariama Levy  
President & CEO, Verdi Consulting

## 1 Executive Summary

The Extractive Industries Transparency Initiatives (EITI) sets global standards for mining, oil and gas. The Initiative's aim creates standards for countries to implement to increase greater transparency where companies disclose their payments and governments disclose their receipts from these resources. In an effort to make natural resources universally beneficial, the initiatives are implemented through a Multi Stakeholder Group (MSG) of government, companies and civil society.

In June 2006, Sierra Leone expressed intent to become an EITI candidate country. It became a Candidate on February 22, 2008 and established The Sierra Leone EITI Steering Committee (SLEITI), which is a MSG, made of mining companies, government agencies and civil society including the media.

This is the first reconciliation undertaken by Sierra Leone and is one component of a larger effort to achieve EITI validation. The reconciliation covers the period from January 2006, to December 2007, and was conducted on a disaggregated basis and was also conducted on a cash basis of accounting.

For this reconciliation, the Sierra Leone EITI Steering Committee (SLEITI) originally selected six Industrial Mining Companies, three diamonds Exporter/Dealers and 27 national/local organization, referred to as Ministries, Departments, and Agencies (MDAs) (which was comprised of six government agencies, seven District Councils, and 14 Chiefdom Councils) to be subject to the reconciliation. After the reporting process was initiated, the SLEITI decided to request all Chiefdom Councils to submit reports on receipts related to mining activities and requested that these reports be included in the reconciliation process if corresponding payments were reported by mining companies or dealers and exporters covered by the reconciliation.

The resource segments of the economy covered by the reconciliation includes tax and fee revenue paid and received for diamond, gold, rutile, and bauxite extractive activity and does not include payments made or received related to the oil extraction or other mineral resources.

Based upon the scope above, participating entities (Companies and MDAs), and revenue streams reported, the results of our reconciliation indicate:

- Payments: total reconciled payments reported by Companies for 2006 was \$5,947,732 and Le5, 040,532,638 (Total payments converted equates to Le 22.7 billion\* or \$7.7 million); and for 2007 was \$8,154,974 and Le6, 924,436,631 (Total payments converted equates to Le 31.3 billion\* or \$10.6 million)



- Revenues: total reconciled revenue reported as received by MDAs for 2006 was \$5,727,578 and Le 4,524,753,182 (Total payments converted equates to Le 21.5 billion\* or \$7.2 million); and for 2007 was \$7,919,824 and Le 6,808,606,723 (Total payments converted equates to Le30.4 billion\* or \$10.2 million).
- After reconciliation procedures were conducted and adjustments to the reported amounts were made, the unresolved discrepancies for 2006 was \$220,155 and Le 515,779,456 (Total payments converted equates to Le 1.2 billion\* or \$0.4million); and for 2007 was \$235,151 Le 115,829,908 (Total payments converted equates to Le 818 million\* or \$0.3million).
- The unresolved discrepancies of Le 1,167,658,174 in 2006 and Le 817,519,299 in 2007 represent discrepancies of 5.15% and 2.62% of total payments reported for 2006 and 2007 respectively. The main contributor of these discrepancies has been government entities failing to report revenue in their Templates or the inability to substantiate payments reported by companies. In a few other instances some companies were unable to provide adequate supporting documentation for amounts reported as payments to government entities.

**Note: \*Converted amounts based on an exchange rate of Le 2961=\$1 in 2006, and Le 2984=\$1 in 2007 (obtained from annual report and statement of account for yearend 2007 of the Bank of Sierra Leone)**

Information on unresolved discrepancies was provided after the end of the reconciliation fieldwork and this information is noted in Appendix E. We have recommended that the SLEITI Steering Committee follow up on this information to further resolve any outstanding items.

Information published on the Ministry of Mineral Resources website indicates that approximately USD \$5.3 million was collected in 2006 in result of diamond activity in Sierra Leone. Information provided to the International Monetary Fund (IMF) by the Government indicated revenue from diamond activity of approximately Le 12,562m (\$4.2m\*) and Le 16,266m (\$5.5m\*) in 2007 and royalty revenue of approximately Le 6,221m (\$2.6m \*) in 2006 and Le 6,156 (\$2,619,000\*) in 2007. These citations were the only sources of information provided on resource related revenue, but they cover only a portion of the total amount of resource activity.

The amount of payments covered by the reconciliation in comparison to total resource related payments received by government cannot be determined based upon the lack of comprehensive information (e.g., revenue streams) of total resource related payments were actually received in the reconciliation period. The lack of information available on total resource related revenue results from manually recording revenue payments that are not aggregated by payor or type. Recommendations are made in this report to resolve this issue

The reconciliation was not designed as an audit as defined by professional bodies. While supporting documentation of all payments and receipts were requested and reviewed, the reconciliation results do not constitute an audit. Reconciliation will also not necessarily uncover a payment that was made by a company and received by an entity of government that was not reported on either side of the transaction. The reconciliation does not address whether the payments made by companies and receipts by MDAs were the appropriate amount due to the government. This determination would require a comparison of the amounts due under the terms of individual license agreements with the transacted amounts. While copies of Mineral rights agreements were requested from the MSG, these were not provided and no such comparison could be made.

During the reconciliation period, receipts received by government related to mineral extraction were recorded in manual ledger books at various locations where payments could be made. Also during this period, neither companies nor individuals were assigned unique taxpayer identification numbers. As a result, reconciliation reports and reconciliation procedures required a review of all entries in all revenue ledgers related to the taxpaying entity subject to reconciliation during the reporting period. As there was not necessarily a standard convention in how companies were identified in the ledger entries, this added a complexity to full reconciliation and would generally be an obstacle in efficient revenue administration.

Section 5 of this report provides a number of recommendations for consideration that would improve future EITI reporting, transparency and overall revenue management. Many of the recommendations are not within the authority of SLEITI alone and are presented for consideration by the Government of Sierra Leone. In the short-term, we recommend that SLEITI continue to reconcile any unresolved discrepancies where information was provided after the end of field work for this report. Further details are found in Appendix E.

In the medium-term, a number of recommendations to improve future EITI reporting and overall revenue management are presented. Among the recommendations is an expansion of the central automated financial management system to the National Revenue Authority (NRA) so that transaction level revenue collections could be captured and easily reported. We also recommend establishing a mandatory unique taxpayer identification number for both individuals and companies in order to efficiently track and verify total revenue payments by individual taxpayer. As noted above, without making public mineral rights agreements, it will not be possible in future EITI activity to verify accurate revenue collection. We also recommend making these agreements public

The conclusion to this report notes the commitment to EITI principles made by the public, private, and Non Governmental Organization (NGO) sectors of Sierra Leone society that participated in the EITI process to date.



## 2 Introduction

### 2.1 Background

---

The Government of Sierra Leone (GoSL) maintains the rights to all mineral resources in the country, which primarily are diamonds, rutile, bauxite, gold and iron ore and Ilmenite (FeiO<sub>3</sub>). The mineral sector in Sierra Leone is made up of three sub-sectors: a) large-scale production of non-precious minerals – rutile and bauxite; b) large scale production of precious minerals – diamonds; and c) artisanal and small-scale production of precious minerals – mainly diamonds, and to a much lesser extent, gold. The majority of mining is alluvial with the recent introduction of Kimberlite mining. However, the GoSL does not engage in any direct operational activity in the extractive sector but does regulate the sector through legislation and execution of regulation. To benefit from the vast mineral wealth of Sierra Leone the GoSL issues mining licenses and collects fees and taxes on mineral exports and mining proceeds.

The regulation and administration of the mining industry is primarily the responsibility of the Ministry of Mineral Resources (MMR). For the period under review, the Mines and Minerals Act of 1996 and its amendments and subsequent regulations were the key laws governing the sector in the country. A Core Mineral Policy (CMP) of 2003 has been designed to create an internationally competitive and investor-friendly business environment in the mining sector. While MMR is the primary regulator of the sector, the following governmental entities are involved in the assessment and collection or receipt of revenue from the sector:

- 1) National Revenue Authority (NRA)
- 2) Ministry of Finance and Economic Development (MFED)
- 3) Gold and Diamond Department Office (GDDO)
- 4) Sierra Leone Ports Authority (SLPA)
- 5) Bank of Sierra Leone (BSL)
- 6) District Councils (DC), at the sub-national level
- 7) Chiefdom Councils (CC), at the sub-national level

The Extractive Industries Transparency Initiative (EITI) was launched in 2002 and is supported by an international coalition of donor institutions, governments, companies and civil society that aim to promote transparency and accountability in 'resource rich' countries where monies generated from the extractive industries (e.g. oil, gas, iron, gold, diamonds, etc.) have not been readily transformed into sustainable development.

Sierra Leone achieved candidate status in February 2008. A Multi Donor Trust Fund financed by supporting countries and managed by the World Bank provides financial and technical assistance for the implementation of EITI. The Ministry for Presidential and Public Affairs (MPPA) was charged with the responsibility of implementing the Sierra Leone EITI (SLEITI) in collaboration with a Steering Committee (See Appendix A: Listing of SLEITI Steering Committee Members) which is a coalition of government, civil

society and company representatives. The EITI requires countries and companies that commit to participating in the EITI to periodically validate their progress in meeting the EITI standards by submitting their performance for review by an independent third party. The goal of validation is to ensure that countries and companies do what they say they will, and that the implementation program complies fully with the EITI Criteria and Principles. Central to the validation process is the production of a report that reconciles payments by mining companies with relevant revenue received by government entities.

## 2.2 Objectives

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The EITI requires transparency in the payments made by companies and revenues received by governments relating to the exploitation of a nation's extractive resources. In December 2009 the SLEITI Steering Committees, represented by the MSG, contracted Verdi Consulting, Inc., USA, as an independent Administrator/Reconciler, to reconcile and, if necessary, verify payment and revenue data to be provided by Industrial Mining Companies, Diamond Exporters/Dealers, and Government Ministries, Department and Agencies.

## 2.3 Scope

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Based on the terms of reference of this engagement, the nature and extent of work required to accomplish the objectives included:

1. A reporting period covering two fiscal years ending December 31, 2006, and December 31, 2007
2. A report consisting of the disclosure, reconciliation, and publication of all material payments made by the mining Companies to the Government, and all material revenues received by the Government.
3. Payment and revenue data, based on specified Reporting Templates provided by SLEITI Steering Committee.
4. Minerals resources covered included diamond, gold, bauxite and rutile.
5. Payments and revenue considered included taxes, duties, levies, fees, etc.
6. Specific entities selected by the SLEITI Steering Committee to report payments and revenues for the reconciliation are listed in Table 2-1. These included six (6) mining Companies, three (3) diamond Dealers/Exporters, and twenty-seven (27) government Ministries, Departments and Agencies (MDA) incorporating six (6) government agencies/departments, seven (7) District Councils, and fourteen (14) Chiefdom Councils. Detailed profile/information on these entities are provided in Appendix B of this report.

Table 2-1: Entities selected for reporting of payments and revenues

| Mining Companies        | Ministries, Departments and Agencies (MDAs)           |  |
|-------------------------|---|--|
|                         | Government Agencies and Departments                   | Chiefdom Councils                      |
| • African Minerals      | • Bank of Sierra-Leone                                | • Bum Chiefdom Council                 |
| • Cluff Gold            | • Government Gold and Diamond Office                  | • Bendu Cha Chiefdom Council           |
| • Koidu Holdings S.A    | • Ministry of Finance and Economic Development        | • Kamara Chiefdom Council              |
| • London Mining Co.     | • Ministry of Mineral Resources and Political Affairs | • Kpanda Kemo Chiefdom Council         |
| • Sierra Minerals       | • National Revenue Authority                          | • Krim Chiefdom Council                |
| • Sierra Rutile Ltd     | • Sierra Leone Port Authority                         | • Kwamebai Chiefdom Council            |
| <b>Exporter/Dealers</b> | <b>District Councils</b>                              | • Marampa Chiefdom Council             |
| • Kassim Basma          | • Bo District Council                                 | • Nimikoro Chiefdom Council            |
| • Andre Hope            | • Bonthe District Council                             | • Nimiyama Chiefdom Council            |
| • Hisham Mackie         | • Koinadugo District Council                          | • Nongoba Bullom Chiefdom Council      |
|                         | • Kono District Council                               | • Sandor Chiefdom Council              |
|                         | • Port Loko District Council                          | • Sittia Chiefdom Council              |
|                         | • Pujehun District Council                            | • Valunia Chiefdom Council             |
|                         | • Tonkolili District Council                          | • Yakemo Kpukumu Krim Chiefdom Council |

In addition, some local Chiefdom Councils who were not included in the original scope, voluntarily submitted reports on revenues received from the mining Companies selected for this reconciliation. The MSG requested these Chiefdoms and Districts be included in our reconciliation efforts where there was corresponding reporting from the mining Companies or Dealers/Exporters. The District and Chiefdom Councils subsequently added to the reconciliation include:

- Bagruwa Chiefdom Council;
- Imperri Chiefdom Council;
- Jong Chiefdom Council;
- Kalangogia Chiefdom Council;
- Tankoro Chiefdom Council;
- Upper Banta Chiefdom Council; and,
- Moyamba District Council

## 2.4 Revenue Streams Applied

Various types of revenue streams were selected for reporting by the SLEITI Committee. The details of key revenue streams reported, their application and agency(s)/party responsible for receiving them on behalf of the government are indicated in Table 2-2.

**Table 2-2: Types of revenue streams and relevant receiving agencies**

| Revenue Stream                                | Application   | Agency Responsible                                |
|---|---|---|
| Mining Lease                                  | Fees paid per square mile depending on mineral and type of deposit  | *MMR/NRA  |
| Exploration License                           | Fees paid per square mile depending on mineral  | MMR/NRA   |
| Royalty                                       | Amounts paid as a percentage of revenue generated by sales of precious stones & other minerals export           | MMR/GDO   |
| Surface rent                                  | Fees paid per year per acre or part thereof. Specify distribution under comments.                               | *Chiefdom Council/Local stakeholders in community |
| Taxes from employees (PAYE)                   | Pay As You Earn government tax paid, per year.  | NRA   |
| Withholding Tax                               | On dividends and profits remitted in accordance with Income Tax Act   | NRA   |
| Agricultural Development Fund                 | Amounts paid as a percentage of revenue generated by sales of minerals produced for agric development.          | MMR/Chiefdom Councils                             |
| Import/Customs Duties                         | Levies on mining equipments, consumable mining stores, etc.   | NRA   |
| Corporate tax                                 | In accordance with provision in Income Tax Act and surtax (temp. imposition) usually 30 % of chargeable income. | NRA   |
| Exclusive Prospecting License                 | Fees paid per square mile depending on mineral  | MMR/NRA   |
| Port/Harbour Charges                          | Compulsory pilotage rate, buoyage fees  | SLPA  |
| Freight levy (specify)                        | Fees paid on exported and imported items on behalf of the company   | *SLPA/Other Govt Agencies                         |
| Alluvial Diamond Exporter's agent             | Exporter to give total fees for all agents  | MMR   |
| Alluvial Diamond Dealer's License             | Fees paid by Non-Citizens, ECOWAS citizens & Citizens including Monitoring fee.                                 | MMR   |
| Diamond Exporters Agent (Standard Assess Tax) | Provide total for all agents per year   | NRA   |

**\* NRA maintains a presence at MMR and officially collects payments for MMR transactions; There is no standardized process for collecting surface rents across the chiefdoms; ADF was paid to chiefdoms directly in some instances and others directly to MMR; and Freight levies are collected by multiple MDAs**

## 2.5 Basis for Selection and Scope Limitations

- i. Defining materiality (in quantitative terms), revenue streams to be considered, and the sample entities selected for the reconciliation, was the responsibility of SLEITI

Steering Committee as per EITI rules and policies (listed in Table 2-1). Further limitation on the scope of our engagement and report is determined include:

- ii. This report is based on attestation of payments/revenue data, based on specified Reporting Templates prepared and approved by the SLEITI Steering Committee. We were not engaged to, and did not perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported.
- iii. The data reported are from large-scale mining companies selected by the SLEITI Steering Committee and does not include artisanal and small-scale mining companies. However, for the small-scale artisanal diamond and gold operations, the SLEITI Steering Committee considered it would be prudent to include the Dealer and Exporters, who could also provide information on their agents.
- iv. Our report includes information received up to February 22, 2010, ( i.e. one day after our fieldwork). Any information subsequently received is not be included in the reconciliation/resolution reported. However, Appendix E identifies data received after completion of fieldwork.

## 2.6 Reporting Guidelines

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**Currency** - the reporting currency is either in Leones or U.S. Dollars recorded in which currency the payment or revenue was recorded, and entities were instructed not to convert amount paid/collected into another currency. Officially, Sierra Leone uses both US Dollars and Leones for transactional activity and stipulates what currency should be used for the type of payment.

**Accounting Basis** - All figures considered in the Reporting Templates are those actually paid/collected on a 'cash basis'. Reporting entities were particularly cautioned to eliminate the impact of all accruals/provision items from taxes reported.

**Inter-agency Accounting for MDAs** - In the event that a revenue collected is reported within multiple MDAs (e.g. subdivision), reporting entities were particularly cautioned to ensure that revenue amounts were reported only by the MDA who actually received the payment, to avoid duplication of amounts.

## 2.7 Sources and Contributions

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Other sources of information considered in the report include:

- Scoping Paper for EITI Data Reconciliation in Sierra Leone, January 2008;
- Ministry of Mineral Resources and Political Affairs website
- Data on Sierra Leone Mining Revenue for Diamond, Bauxite, Rutile for 2006, 2007: International Monetary Fund
- Sierra Leone at the Cross Roads
- Profiting, Scoping and Financing of Mining Companies



### 3 Methodology & Approach

Our approach and procedures applied were based on the terms of references of the engagement, our understanding of the program objectives, and the risks associated with the integrity of the EITI validation process. The procedures we performed do not constitute an audit or review in accordance with International Standards on Auditing or International Standards on Review Engagement and, consequently, no opinion is expressed in this report. However, where necessary, to be the subject of a credible and independent reconciliation, we ensured that proper quality control, documentation, and due professional care were applied in this consulting engagement. Our field work was conducted from January 25, 2010 through February 19, 2010.

During the planning stages, we performed preliminary assessment and engaged the Multi stakeholders Group (MSG) in discussions to confirm our understanding of the scope of work, identify potential risks based on the team's cumulative knowledge, and to develop a revised work plan. The following sections provide an overview of the phases we adopted to accomplish the objectives of this data reconciliation effort:

- Review relevant documentation that includes EITI studies, guidelines, and 'prepared by client' (PBC) information to include laws, regulations, mandates, copies of applicable criteria, special agreement, participating entities' revenue/payment process description, etc.;
- Review of the reporting templates prepared and approved by the SLEITI Steering Committee, and recommend modifications necessary to facilitate clarity of information and comprehensive reporting;
- Facilitate workshops with key stakeholders to discuss the scope, approach and benefits of the reconciliation as well as instructing the participants on completing the Reporting Templates (Template);
- Disseminate and collect the reporting templates to the selected mining companies and government entities for documenting payment and revenue data; and,
- Conduct review of submissions received from the reporting entities to determine if the reports have any inconsistent or missing data;
- Perform data reconciliation of completed RTs submitted by analyzing, summarizing and comparing mining Company payments with MDA revenues received; identify and research any discrepancies noted, and request relevant supporting documentation;
- Assess entities business processes to provide an overview on controls relating to payment/revenue accountability and identification of gaps or design deficiency in the entities' processes;
- Best practice analysis based on documentation obtained and researched, present an analysis or commentary on comparison of government reporting to the EITI report,

with official public finance information in relation to the mining sector for best practice recommendations.

- Conclude and Report upon completion of the reconciliation of all reports, provide necessary recommendations to improve EITI reporting, and specifically for MDAs and Government to improve the financial accountability of extractive industries' revenues.

### 3.1 Review of Relevant Documentation

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We requested information from SLEITI Steering Committee (SLEITI) in order to gain a better understanding of the selected governmental and commercial entities' revenue/payment process and enhance the efficiency and effectiveness of the reconciliation process. The data requested included:

- Information on special mineral rights agreements permitting the government to seek and receive various types of revenue from companies;
- Documentation of the extractive industry financial information on revenues submitted to parliament or external agencies such as International Monetary Fund (IMF) and other official information provided by MFED and MMR to the World Bank (WB), and other donors on mining benefits receipts and exports;
- Instructions to mining Companies and MDAs requesting them to provide documentation of their accounting procedures and processes for payments made or revenue collected; and,
- Complete information of key contact personnel and/or addresses of specified the mining Companies and MDAs selected for dissemination of Reporting Templates and follow up on any discrepancies identified.

### 3.2 Review and Modification of the Reporting Templates

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We performed a review of the Reporting Templates (Template) already prepared and approved by the SLEITI Steering Committee, and assisted in making any and all modification(s) that were necessary to accommodate disaggregated reporting of payments and revenues data, and ensure that the SLEITI Report is both comprehensive and comprehensible. Based upon our review, the following modifications were made and subsequently approved by the SLEITI Steering Committee, prior to disseminating to the selected participating entities. A sample of the modified Template is included as Appendix C Approved Reporting Templates

- Payment information - method of payments, receipts references, date(s) and sources of transactions;
- Revenue information – total revenue of mining companies and dealer/exporters;

- Fees/taxes information – applicable criteria, laws and agreements that form the basis of amounts paid; and,
- Supporting documentation—receipts, banking records, or other underlying documentation supporting the payments or revenues was requested.

### 3.3 Facilitate Key Stakeholders Workshop

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To enhance awareness of the reconciliation project, encourage full participation and inform participants on the expectation of the data submissions, a workshop was held on January 7, 2010 with key stakeholders, participating companies, and government entities. The purpose of the workshop was to discuss the scope of the reconciliation, approach, benefits of the process, and demonstrate how to complete the Template. To facilitate effective reporting and enhance the quality of data reported, instructional guides were provided and a working session was conducted with representatives of the participating entities. A detailed copy of the specific instructions, Instructions for Completion of Reporting Template, is included as Appendix C to this report. Highlights of the instructions include:

- (a) Provide hard and soft copies of the Template;
- (b) Return Template no later than Friday January 22, 2010 at 3:00pm GMT;
- (c) Report on the two years: January 1 thru December 31, 2006 and January 1 thru December 31, 2007;
- (d) Complete separate Template for each year;
- (e) Indicate “zero” value under ‘Total Amount’ column and provide an explanation/reason under ‘Comment/Additional Information’ column, if a revenue item is applicable but no payment was made or revenue received;
- (f) Each MDA must complete one Template for revenue received from each company/dealer listed, by year (e.g. 2006 and 2007);
- (g) Each company must complete one Template for payments made to all applicable MDA, by year (e.g. 2006 and 2007);
- (h) Support Template(s) with receipts of payments or banking records;
- (i) Provide schedules for multiple payments/receipts, listing the transaction and entity that made/received the payment;
- (j) All figures included in the Template must be calculated on 'cash basis'; and,
- (k) At least two senior management officials must certify each Template; the MSG approved that a senior executive and chief financial officer could sign the report in absence of an independent auditor.

The workshop was well attended with representation from the District and Chiefdom Councils, civil society, and large-scale mining companies, and large exporters. Government ministers from the MMR, MPPA were also in attendance, as well as representation from Parliament, The Ministry of Internal Affairs, Local Government and Community Development and the World Bank, the United Nations Development Program (UNDP), and the SLEITI MSG.

During the workshop, discussion was centered on the mining companies’ activities within the various mining chiefdoms to ascertain chiefdom council participation. In addition, attendees participated in a wide-range discussion about the EITI agenda, its

importance to increase transparency as well as clarifications on the reporting exercise scope.

In a briefing with the SLEITI Steering Committee on the approach to apply the EITI Source Book (and Validation Guide) which requires that information on payments and revenues supplied by companies and government entities should be “the subject of a credible, independent audit”, the Steering Committee decided that the MDAs and mining companies may have their RT signed by the CEO (Head of Institution) and the senior finance personnel (CFO or Accountant), in lieu of the EITI requirement that the templates be audited by an independent external auditor.

### 3.4 Disseminate and Collect the Reporting Templates

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Following the workshop presentation and working sessions, we disseminated the Template to the selected entities for completion of payments and revenues data. All participants were provided a file containing copies of the training presentation, hard and soft copies of the Template, and instructions on filling out the templates. The deadline for returning the completed Template of January 22, 2010 was emphasized. Additional training sessions were conducted with the MDA’s to review the process of completing the Templates. We provided contact information to all entities, in case of questions during the Template preparation period.

For participating entities that were not represented at the workshop session, we held subsequent meetings to brief them about the exercise and the time constraints imposed by the SLEITI to complete the reconciliation. We also held subsequent meetings and working sessions with participating entities to guide them on completing the Template. We followed up with the stakeholders with phone calls to stress the importance of meeting the deadlines and provided response or feedback to questions and any concerns raised. Furthermore the Permanent Secretary (PS) for MPPA made several reminder calls to the Chiefdoms and Districts to remind them about the deadlines and offer help in getting the templates returned on time.

Additional briefing sessions were also held for:

- National Revenue Authority;
- Ministry of Mineral Resources;
- Kassim Basma; and
- Hisham Mackie (H.M. Diamonds).

#### ***Collection of Reporting Templates***

Collection of the completed Template was based on deliveries made directly to the Verdi Consulting team as required. However, prior to and post the deadline submission date of January 22, 2010 several follow-up visits were made to the participating entities in attempts to facilitate completed submission. Several Heads of the District Councils submitted completed Template for Chiefdoms within their Districts. Details of initial data

collected (Template, schedules and supporting documentation that were utilized to perform the reconciliation are presented in Appendix G.

### 3.5 Conduct Review of Submissions

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The Templates completed by selected mining Companies/Dealers and MDAs were reviewed to verify that the initial submission met basic data content and quality needed for the reconciliation process. These include the following:

- Submission was made by the due date of January 22, 2010;
- Submissions included templates, schedules and supporting documentation;
- Templates were signed by the reporting entities' management AND auditor or finance/accounting official;
- Templates contained complete header information [license #, acquisition #, type of license(s), duration of license(s), expiry date(s) of license(s) and where applicable location of leased area, total annual revenue, type(s) of mineral(s), no. of exporter's agents and no. of dealer's agents] for the company being reported on;
- Templates contained complete payment information [explanatory notes, basis of tax/fee paid, payment from, total amount - currency (US\$), total amount - currency (Le), method of payment(s), payment reference number, date(s) of payment(s) and location(s) of transaction for the company being reported on;
- Separate Templates were provided for each year of the reconciliation 2006 and 2007; and,
- For MDA submission, separate Templates were provided for each mining company/dealers for which payment(s) were received.

### 3.6 Perform Data Reconciliation

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To facilitate analytics and summarization of data submitted from the Templates, we developed a database into which reported payments and revenues were loaded. With this database, we queried and reviewed each benefit stream reported. The data reconciliation effort consisted of the following procedures and activities:

- Perform data clean up (e.g. validate data presented, propriety of transactions, etc) and load data in database;
- Run reconciling queries; identify discrepancies (e.g. inconsistencies, incompleteness, invalid data, etc.) between MDAs and mining Companies submissions and document findings of result;
- Examine supporting documentation to determine the root cause any inconsistent, missing or incomplete data;
- Inquire from both government entities and companies to reconcile the inconsistencies revealed. For instance, in any case where discrepancies are found, in order to

reconcile those discrepancies, we requested copies and used the available resources to get the relevant supporting documents and undertake necessary researches to reconcile the discrepancies or draw necessary conclusions to be included in the report.

- Record final reconciled amounts and comment on materiality or immateriality of inconsistencies.

### 3.7 Business Process Assessment

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During the planning phases, the workshop and follow-up of reconciling identified discrepancies, we inquired of the business process for mining companies and /or MDAs. Specifically, we required information through PBC requests, inquired from key personnel to identify/confirm relevant process activities, and reviewed relevant documents available. The review was aimed to assess controls relating to payment/revenue process and identification of gaps or design deficiency in their business processes.

### 3.8 Best Practice Analysis

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During the reconciliation process and based on documentation obtained and researched, we identified and developed best practice analysis on extractive industries to meet the SLEITI objectives. Where applicable, we prepared analysis and commentary on comparison of government reporting to the EITI report with available official public finance information in relation to the mining sector; to provide best practice recommendations.

## 4 Findings and Observations

This section discusses the details of findings and issues noted from the results of the data reconciliation as well as our observations based on review of process activities and best practices assessment. It provides analysis, summary narratives and conclusions on the materiality or immateriality of inconsistencies found in, between or among the reports submitted, how the inconsistencies were reconciled or resolved, and the accuracy and comprehensiveness of all reports received.

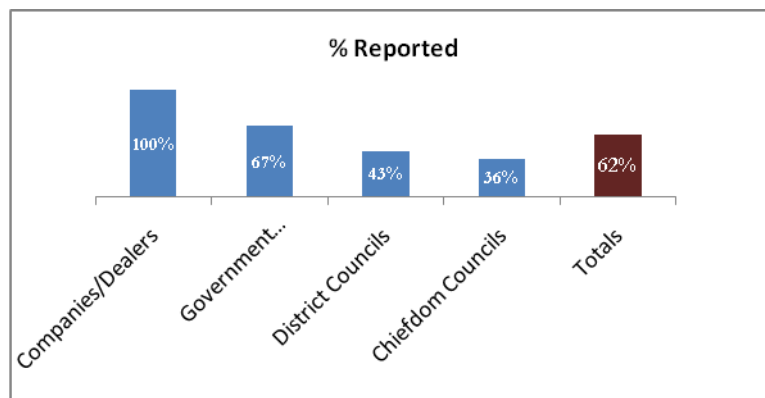
### 4.1 Findings

#### 4.1.1 Submission rate from participating entities

A total of 36 companies and government entities were originally selected to participate in the reconciliation effort. Based on our analysis we noted that:

- 22 entities (i.e. 62%) of the originally selected sample entities participated in completing and/or submitting Templates/data as required. Details of submission rate are provided in Figure 4-1.
- 14 MDAs, representing the remaining 38 %, did not participate in the reconciliation as it was determined (by the MSG from a stakeholders session), that since either the entities did not receive payments directly from the mining Companies selected for the reconciliation or did not have revenue from selected categories relating to mining activities within reporting period (2006 and 2007), they were exempted from the reporting.. See Appendix G for list of entities (noted\*). We were only able to obtain substantiating documentation from two MDAs (Bank of Sierra Leone, the Ministry of Finance and Economic Development, who don't receive payments directly from Mining Companies.. No further documentation /confirmation was received from the remaining 12 MDAs (District and Chiefdom Councils).

**Figure 1: Submission rate by selected entities**



#### 4.1.2 Timeliness of reporting

The selected participating entities (totaling 36 mining Companies and MDAs) were given two weeks, following the date of the workshop presentation, to complete and return the RT on or before January 22, 2010, to facilitate the reconciliation. Out of the 22 entities that reported, we noted five (5) entities that did not submit their Templates (for 2006 & 2007) within the stipulated timeframe. These include African Minerals, Sierra Minerals, Hisham Mackie, National Revenue Authority, and the Gold and Diamond Office. Specifically, reports from African Mineral were submitted about two weeks after the deadline. Additional details are included in Table 4-1.

**Table 4-1: Timeliness of reporting by selected entities**

| Entities                 | Total     | #Submitted by Jan 22, 2010 (Deadline) | Post Deadline           |                |
|--------------------------|-----------|---------------------------------------|-------------------------|----------------|
|                          |           |                                       | #Submitted after Jan 22 | Not Reported   |
| Mining Companies/Dealers | 9         | 6                                     | 3                       | -              |
| Government Agencies      | 6         | 2                                     | 2                       | 2 <sup>1</sup> |
| District Councils        | 7         | 4                                     | 0                       | 3 <sup>1</sup> |
| Chiefdom Councils        | 14        | 5                                     | 0                       | 9 <sup>1</sup> |
| <b>Totals</b>            | <b>36</b> | <b>17</b>                             | <b>5</b>                | <b>14</b>      |

Due to major delays in submitting reports or supporting data, the MSG, in addition to our phone calls and request letters, had to frequently reach out directly to these entities for completion of their submission.

#### 4.1.3 Accuracy and comprehensiveness of data reported

Participating mining companies and MDAs were required to provide completed RT for two fiscal years ending 2006 and 2007; supporting schedules and backup documentation such as copies of receipts, payment references, deposit slips, etc, as specified in an Instructional Guide provided (see Appendix C). However, from our initial and subsequent reviews of the Templates and data submitted, the following issues were noted:

- Completeness – information requested were not completed as required. These include supporting schedules; supporting documentation/receipts; and total annual revenue.
- Data integrity – the following integrity issues were noted during our data entry efforts:
  - Incorrect templates were provided for the entity being reported on;

<sup>1</sup> Indicates entities that may not have activities reported within period of reconciliation



- Inconsistent currency application – amounts recorded in the Templates differed in currency than amount recorded in the backup schedule/documentation provided for the same transaction;
  - Incomplete Templates were submitted by MDAs without indicating which company or year/period was being reporting;
  - Incorrect schedules to support amounts reported in templates (e.g. 2005 schedule was provided to support a 2006 template payment, schedules required additions and subtractions of multiple line items, etc);
  - Templates indicated payments to “various” MDAs without providing supporting schedules
  - Amounts in schedules did not agree to amounts in Templates for the same payment and same year; and
  - MMR and NRA were the only instances where two MDAs reported data for the same transactions.
- Certification – only one entity (Cluff Gold) met the full requirement to have the Templates certified by both senior management and an independent auditor or a financial officer; 18 of the total 29 entities who reported (i.e. selected and voluntarily reported) had at least one signature by senior management or a financial officer; and three (3) had no certifying signatures. Detailed analysis of status on report certification is presented in Appendix G.
  - Data reliability – supporting documentation (e.g., receipts, bank drafts, copies of cheques, payment advice) was requested and provided by companies and MDA for the majority of the initial transactions. Upon initial reconciliation, companies and MDAs were requested to provide additional supporting materials to support their initial claims if discrepancies existed. In addition, companies and MDAs were required to certify the accuracy of their data by having a representative from management and one from the finance or accounting function sign the reporting templates to indicate their belief that the data was reliable. Most companies and MDAs, did not obtain the signatures from both function. For a detailed listing of the entities and their signature status please see Appendix H.

#### 4.1.4 Initial analysis and comparison

Based on the Templates submissions received, we performed an initial comparison between payments reported by the mining companies<sup>2</sup> and dealer/exporters and revenues reported by the MDA. Significant variances were noted, which required further data analytics, numerous researches and adjustments to the amounts initially reported. In 2006 the initial variances noted were \$1,518,303 and Le19,993,327,241; and 2007 variances noted were \$2,346,356 and Le10,001,014,201. Table 4-2 and 4-3, present the aggregate results and discrepancies noted. Detailed analysis of our initial comparison by company and revenue stream is presented in Appendix D.

**Table 4-2: Initial comparison of payments/revenues reported in 2006 and 2007**

| Company Type       | Company Initial Report |                       | MDA Initial Report |                      | Variance           |                         |
|--------------------|------------------------|-----------------------|--------------------|----------------------|--------------------|-------------------------|
|                    | USD                    | Leones                | USD                | Leones               | USD                | Leones                  |
| <b>2006</b>        | <b>7,162,250</b>       | <b>23,441,133,425</b> | <b>5,643,947</b>   | <b>3,447,806,183</b> | <b>(1,518,303)</b> | <b>(19,993,327,241)</b> |
| Dealers/Exporters  | 2,328,394              | 13,200,000            | 2,288,507          | 137,407,336          | (39,887)           | 124,207,336             |
| Mining Companies   | 4,833,856              | 23,427,933,425        | 3,355,440          | 3,310,398,847        | (1,478,416)        | (20,117,534,577)        |
| <b>2007</b>        | <b>9,388,643</b>       | <b>14,067,948,301</b> | <b>7,042,286</b>   | <b>4,066,934,100</b> | <b>(2,346,356)</b> | <b>(10,001,014,201)</b> |
| Dealer/Exporter    | 2,523,435              | 13,200,000            | 2,485,445          | 159,005,000          | (37,990)           | 145,805,000             |
| Mining Company     | 6,865,208              | 14,054,748,301        | 4,556,842          | 3,907,929,100        | (2,308,366)        | (10,146,819,201)        |
| <b>Grand Total</b> | <b>16,550,893</b>      | <b>37,509,081,726</b> | <b>12,686,233</b>  | <b>7,514,740,283</b> | <b>(3,864,660)</b> | <b>(29,994,341,443)</b> |

**Table 4-3: Initial discrepancies by revenue source for 2006 and 2007**

| Revenue Stream                     | Company Reported |                       | MDA Reported     |                      | Variance           |                         |
|------------------------------------|------------------|-----------------------|------------------|----------------------|--------------------|-------------------------|
|                                    | USD              | Le                    | USD              | Le                   | USD                | Le                      |
| <b>2006</b>                        | <b>7,162,250</b> | <b>23,441,133,425</b> | <b>5,643,947</b> | <b>3,447,806,183</b> | <b>(1,518,303)</b> | <b>(19,993,327,241)</b> |
| Agricultural Development Fund      | 81,291           | 102,800,000           | 0                | 134,300,000          | (81,291)           | 31,500,000              |
| Alluvial Diamond exporters license | 83,000           | 0                     | 80,000           | 0                    | (3,000)            | 0                       |
| Corporate tax                      | 71,728           | 0                     | 0                | 211,181,813          | (71,728)           | 211,181,813             |
| Customs Duties                     | 639,375          | 1,014,763,556         | 245,313          | 738,390,624          | (394,062)          | (276,372,932)           |
| Diamond Exporter Agent             | 35,000           | 13,200,000            |                  |                      | (35,000)           | (13,200,000)            |
| Mining lease                       | 602,680          | 0                     | 579,396          | 0                    | (23,284)           | 0                       |
| Mining License                     | 844,235          | 0                     | 787,045          | 0                    | (57,190)           | 0                       |
| NASSIT Payments                    | 0                | 2,783,618,595         |                  |                      | 0                  | (2,783,618,595)         |
| Other                              | 0                | 880,876,301           | 0                | 137,407,336          | 0                  | (743,468,965)           |
| Royalty                            | 4,323,577        | 0                     | 3,897,625        | 0                    | (425,952)          | 0                       |
| Surface rent                       | 481,364          | 16,104,290,260        | 54,568           | 1,004,573,684        | (426,796)          | (15,099,716,576)        |
| Taxes from employees (PAYE)        | 0                | 2,502,802,812         | 0                | 1,197,744,340        | 0                  | (1,305,058,472)         |

<sup>2</sup> Andre Hope, supported by MDA reporting, had no activity in 2006 and 2007 and was excluded from the tables

| Revenue Stream                     | Company Reported |                       | MDA Reported     |                      | Variance           |                         |
|------------------------------------|------------------|-----------------------|------------------|----------------------|--------------------|-------------------------|
|                                    | USD              | Le                    | USD              | Le                   | USD                | Le                      |
| Withholding Tax                    | 0                | 38,781,900            | 0                | 24,208,386           | 0                  | (14,573,514)            |
| <b>2007</b>                        | <b>9,388,643</b> | <b>14,067,948,301</b> | <b>7,042,286</b> | <b>4,066,934,100</b> | <b>(2,346,356)</b> | <b>(10,001,014,201)</b> |
| Agricultural Development Fund      | 76,878           | 181,186,700           | 0                | 186,000,000          | (76,878)           | 4,813,300               |
| Alluvial Diamond exporters license | 83,000           | 0                     | 40,000           | 0                    | (43,000)           | 0                       |
| Corporate tax                      | 487,478          | 0                     | 40,000           | 0                    | (447,478)          | 0                       |
| Customs Duties                     | 1,222,597        | 1,199,190,809         | 0                | 432,703,611          | (1,222,597)        | (766,487,198)           |
| Diamond Exporter Agent             | 35,000           | 13,200,000            | 349,503          | 1,594,039            | 314,503            | (11,605,961)            |
| Mining lease                       | 683,863          | 0                     | 483,863          | 0                    | (200,000)          | 0                       |
| Mining License                     | 1,126,000        | 0                     | 706,000          | 0                    | (420,000)          | 0                       |
| NASSIT Payments                    | 0                | 3,415,101,056         |                  |                      | 0                  | (3,415,101,056)         |
| Other                              | 11,448           | 695,513,100           | 0                | 8,455,000            | (11,448)           | (687,058,100)           |
| Royalty                            | 5,572,849        | 0                     | 5,368,352        | 312,215,425          | (204,497)          | 312,215,425             |
| Surface rent                       | 89,530           | 4,646,841,727         | 54,568           | 815,176,257          | (34,962)           | (3,831,665,470)         |
| Taxes from employees (PAYE)        | 0                | 3,272,761,350         | 0                | 1,771,271,670        | 0                  | (1,501,489,680)         |
| Withholding Tax                    | 0                | 644,153,559           | 0                | 539,518,098          | 0                  | (104,635,461)           |

#### 4.1.5 Adjustments to initial data

Significant adjustments were made to the companies' original payment and MDAs' original revenue data submitted. These adjustments were based upon intensive research on the variances noted and additional information/data provided upon our requests (see Appendix D). While each adjustment had its own nuance, we are able to categorize the key issues into the following:

- **Errors of omission** represented the largest monetary share of adjustments made. These types of errors were more common among the MDAs indicating amounts originally not reported in the RT. Errors of omission typically were made by MDAs not reporting transactions made by Company.
- **Revenue source out of scope** was an issue with companies reporting NASSIT payments (social security insurance contribution) to NASSIT agency, which was out of scope of MDAs selected. These payments were adjusted out without further documentation or support.
- **MDAs not in scope** were reported by several of the companies. These payments were adjusted out without further documentation or support. These MDAs included the Maritime Authority, Ministry of the Environment, Chiefdoms and Districts (e.g. Dasse Chiefdom, Lower Banta Chiefdom, and Bumpeh Ngao Chiefdom).
- **Accrual accounting** presented a particular issue for companies' payment data. Often companies would report the payment when they accrued the expense; however, the payment was not made until the next fiscal year.
- **Payments to private landowners** were reported by several of the companies, these payments were adjusted out without further documentation or support.

- **Exchange rates conversions** created problems, as respondents failed to comply with the requirement not to convert amounts from the original currency of the transaction. These types of adjustments were mostly attributable to companies reporting in dollars.

In 2006 net adjustments of (\$1,130,887) and (Le17,323,653,787) were applied; and in 2007 the net adjustments applied were (\$356,131) and (Le4,401,839,047). The tables that follow present the summary of adjustments applied to reconcile the original submission made, aggregated by the companies and MDAs. Detailed issues are presented in Appendix D.

**Table 4-4: Adjustments to reported payments and revenues for 2006 and 2007**

| Entity                             | Sum of USD         | Sum of Le               |
|------------------------------------|--------------------|-------------------------|
| <b>2006</b>                        | <b>(1,130,887)</b> | <b>(17,323,653,787)</b> |
| African Minerals                   | (540)              | (16,326,439,011)        |
| Cluff Gold                         | 0                  | (38,593,868)            |
| Koidu Holdings S.A                 | (92,797)           | (889,557,259)           |
| Sierra Minerals                    | (577,932)          | 12,976,769              |
| Sierra Rutile Ltd                  | (543,249)          | (1,158,987,417)         |
| Government Gold and Diamond Office | 1,888              | 0                       |
| Ministry of Mineral Resources      | 92,650             | 0                       |
| National Revenue Authority         | 0                  | 1,076,946,999           |
| Sierra Leone Port Authority        | (10,907)           | 0                       |
| <b>2007</b>                        | <b>(356,131)</b>   | <b>(4,401,839,047)</b>  |
| African Minerals                   | (508,866)          | (4,944,555,000)         |
| Cluff Gold                         | 0                  | (75,509,573)            |
| Koidu Holdings S.A                 | 92,797             | (1,065,109,514)         |
| London Mining Co.                  | 0                  | (64,045,452)            |
| Sierra Minerals                    | (714,732)          | 482,423,999             |
| Sierra Rutile Ltd                  | (102,867)          | (1,476,716,130)         |
| Ministry of Mineral Resources      | 38,000             | 0                       |
| National Revenue Authority         | 844,497            | 2,741,672,623           |
| Sierra Leone Port Authority        | (4,960)            | 0                       |

#### 4.1.6 Reconciled amounts

Based on the participating entities (Companies and MDAs), and revenue streams reported, the results of our reconciliation after taking into account necessary reconciling entries the following were noted:

- Payments: total reconciled payments reported by Companies for 2006 was \$5,947,732 and Le5,040,532,638 (Total payments converted equates to Le 22.7 billion\* or \$7.7 million); and for 2007 was \$8,154,974 and Le6,924,436,631 (Total payments converted equates to Le 31.3 billion\* or \$10.6 million)
- Revenues: total reconciled revenue reported as received by MDAs for 2006 was \$ 5,727,578 and Le 4,524,753,182 (Total payments converted equates to Le 21.5

billion\* or 7.2 million); and for 2007 was \$7,919,824 and Le 6,808,606,723 (Total payments converted equates to Le30.4 billion\* or \$10.2 million).

- After reconciliation procedures were conducted and adjustments to the reported amounts were made, the unresolved discrepancies for 2006 was \$220,155 and Le 515,779,456 (Total payments converted equates to Le 1.2 billion\* or \$0.4 million); and for 2007 was \$235,151 Le 115,829,908 (Total payments converted equates to Le 818 million\* or \$0.3 million).

**Note: \*Converted amounts based on an exchange rate of Le 2961=\$1 in 2006, and Le 2984=\$1 in 2007 (obtained from annual report and statement of account for yearend 2007 of the Bank of Sierra Leone)**

The following table presents summary of the reconciled amounts by revenue stream and by company for 2006 and 2007. Detailed disaggregated reporting by companies, MDAs and by revenue stream is presented in Appendix D.

**Table 4-5: Summary reconciliation table by revenue stream 2006**

| Revenue Stream                     | Company Reported |                      | MDA Reported     |                      | Unresolved       |                      |
|------------------------------------|------------------|----------------------|------------------|----------------------|------------------|----------------------|
|                                    | USD              | Le                   | USD              | Le                   | USD              | Le                   |
| <b>2006</b>                        | <b>5,947,732</b> | <b>5,040,532,638</b> | <b>5,727,578</b> | <b>4,524,753,182</b> | <b>(220,155)</b> | <b>(515,779,456)</b> |
| Agricultural Development Fund      | 36,369           | 134,300,000          | 0                | 134,300,000          | (36,369)         | 0                    |
| Alluvial Diamond exporters license | 83,000           | 0                    | 83,000           | 0                    | 0                | 0                    |
| Corporate tax                      | 0                | 211,181,813          | 0                | 211,181,813          | 0                | 0                    |
| Customs Duties                     | 253,969          | 1,014,763,556        | 234,406          | 951,263,434          | (19,563)         | (63,500,122)         |
| Diamond Exporter Agent             | 35,000           | 13,200,000           | 35,000           | 0                    | 0                | (13,200,000)         |
| Mining lease                       | 652,368          | 0                    | 652,357          | 0                    | (11)             | 0                    |
| Mining License                     | 841,695          | 0                    | 841,695          | 0                    | 0                | 0                    |
| Immigration fees                   | 0                | 114,636,000          | 0                | 0                    | 0                | (114,636,000)        |
| Royalty                            | 4,015,763        | 0                    | 3,826,551        | 0                    | (189,212)        | 0                    |
| Surface rent                       | 29,568           | 1,061,176,192        | 54,568           | 1,004,573,684        | 25,000           | (56,602,508)         |
| Taxes from employees (PAYE)        | 0                | 2,453,991,817        | 0                | 2,199,225,866        | 0                | (254,765,951)        |
| Withholding Tax                    | 0                | 37,283,260           | 0                | 24,208,386           | 0                | (13,074,874)         |

Table 4-6: Summary reconciliation table by revenue stream 2007

| Revenue Stream                     | Company Reported |                      | MDA Reported     |                      | Unresolved       |                      |
|------------------------------------|------------------|----------------------|------------------|----------------------|------------------|----------------------|
|                                    | USD              | Le                   | USD              | Le                   | USD              | Le                   |
| <b>2007</b>                        | <b>8,154,974</b> | <b>6,924,436,631</b> | <b>7,919,824</b> | <b>6,808,606,723</b> | <b>(235,151)</b> | <b>(115,829,908)</b> |
| Agricultural Development Fund      | 24,547           | 232,250,000          | 0                | 186,000,000          | (24,547)         | (46,250,000)         |
| Alluvial Diamond exporters license | 83,000           | 0                    | 83,000           | 0                    | 0                | 0                    |
| Corporate tax                      | 253,388          | 691,176,089          | 253,388          | 741,238,339          | 0                | 50,062,250           |
| Customs Duties                     | 708,287          | 1,151,908,908        | 707,780          | 1,023,700,396        | (507)            | (128,208,512)        |
| Diamond Exporter Agent             | 35,000           | 13,200,000           | 35,000           | 0                    | 0                | (13,200,000)         |
| Mining lease                       | 683,863          | 0                    | 483,863          | 0                    | (200,000)        | 0                    |
| Mining License                     | 737,400          | 0                    | 737,400          | 0                    | 0                | 0                    |
| Other                              | 11,448           | 131,400,000          | 0                | 8,455,000            | (11,448)         | (122,945,000)        |
| Royalty                            | 5,563,473        | 0                    | 5,564,824        | 312,215,425          | 1,351            | 312,215,425          |
| Surface rent                       | 54,568           | 819,357,037          | 54,568           | 815,176,257          | 0                | (4,180,780)          |
| Taxes from employees (PAYE)        | 0                | 3,269,396,219        | 0                | 3,223,150,699        | 0                | (46,245,520)         |
| Withholding Tax                    | 0                | 615,748,378          | 0                | 498,670,606          | 0                | (117,077,772)        |

Table 4-7: Summary reconciliation tables company for 2006 and 2007

| Company             | Company Reported |                      | MDA Reported     |                      | Unresolved       |                      |
|---------------------|------------------|----------------------|------------------|----------------------|------------------|----------------------|
|                     | USD              | Le                   | USD              | Le                   | USD              | Le                   |
| <b>2006</b>         | <b>5,947,732</b> | <b>5,040,532,638</b> | <b>5,727,578</b> | <b>4,524,753,182</b> | <b>(220,155)</b> | <b>(515,779,456)</b> |
| African Minerals    | 1,032,349        | 1,402,642,787        | 1,032,349        | 1,054,356,992        | 0                | (348,285,795)        |
| Cluf Gold           | 21,200           | 37,263,032           | 21,200           | 33,679,001           | 0                | (3,584,031)          |
| Hisham Mackie       | 1,593,421        | 6,000,000            | 1,593,421        | 0                    | 0                | (6,000,000)          |
| Kassim Basma        | 734,973          | 7,200,000            | 734,973          | 0                    | 0                | (7,200,000)          |
| Koidu Holdings S.A  | 1,496,346        | 2,497,683,614        | 1,270,745        | 2,319,547,492        | (225,601)        | (178,136,122)        |
| London Mining Co.   | 0                | 0                    | 25,000           | 0                    | 25,000           | 0                    |
| Sierra Minerals     | 731,722          | 177,500,229          | 711,258          | 177,500,229          | (20,464)         | 0                    |
| Sierra Rutile Ltd   | 337,721          | 912,242,976          | 338,631          | 882,619,469          | 910              | (29,623,507)         |
| Company Unspecified | 0                | 0                    | 0                | 57,050,000           | 0                | 57,050,000           |
| <b>2007</b>         | <b>8,154,974</b> | <b>6,924,436,631</b> | <b>7,919,824</b> | <b>6,808,606,723</b> | <b>(235,151)</b> | <b>(115,829,908)</b> |
| African Minerals    | 1,291,496        | 1,813,309,350        | 1,090,395        | 2,078,180,757        | (201,100)        | 264,871,407          |
| Cluf Gold           | 31,400           | 171,394,111          | 31,400           | 50,759,174           | 0                | (120,634,937)        |
| Hisham Mackie       | 1,716,068        | 6,000,000            | 1,716,069        | 0                    | 1                | (6,000,000)          |
| Kassim Basma        | 807,367          | 7,200,000            | 807,376          | 159,005,000          | 9                | 151,805,000          |
| Koidu Holdings S.A  | 1,949,203        | 2,876,814,828        | 1,925,759        | 2,615,450,496        | (23,443)         | (261,364,332)        |
| London Mining Co.   | 125,000          | 353,538,001          | 125,000          | 257,805,446          | 0                | (95,732,555)         |
| Sierra Minerals     | 1,817,309        | 621,097,799          | 1,805,600        | 593,522,720          | (11,709)         | (27,575,079)         |
| Sierra Rutile Ltd   | 417,133          | 1,075,082,542        | 418,225          | 951,193,131          | 1,092            | (123,889,412)        |
| Company Unspecified | 0                | 0                    | 0                | 102,690,000          | 0                | 102,690,000          |

#### 4.1.7 Unresolved discrepancies

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At the completion of our field work phase and the reconciliation exercise on February 19, 2010, the unresolved discrepancies for 2006 amounted to \$220,155 and Le 515,779,456 (\*Le 1.2 billion or \$0.4 million); and for 2007 amounted to \$235,151 Le 115,829,908 (\*Le818 million or \$0.3 million). While each unresolved item had its own nuance, we were able to categorize the key issues as follows:

**Note: \*Converted amounts based on an exchange rate of Le 2961=\$1 in 2006, and Le 2984 = \$1 in 2007 (obtained from annual report and statement of account for yearend 2007 of the Bank of Sierra Leone)**

- **Custom duties** - government entity (NRA) did not substantiate all amounts reported by companies (e.g. Koidu Holding, Sierra Rutile, London Mining) or could not provide adequate documentation to support amount reported;
- **Diamond Exporters Agent** - government entity (NRA) did not substantiate amounts reported by company (Kassim Basma & Hisham Mackie) and failed to report revenue in the Template ;
- **Mining Lease** - government entity (NRA/MMR) did not substantiate amounts reported by company (e.g. Sierra Rutile, Koidu Holdings S.A, African Minerals) and failed to report revenue in the Template;
- **Royalty** - government entity (NRA/MMR) did not substantiate amounts reported by company and failed to report revenue in the Template;
- **Surface Rents** - government entity (Chiefdom Councils) did not substantiate amounts reported by companies (e.g. African Minerals, London Mining, Koidu Holdings S.A); Chiefdom Councils not available to provide adequate information on specific companies from which revenue was received;
- **Taxes from employees (PAYE)** – both government entity (NRA) and companies (Kassim Basma, African Minerals) could not independently substantiate either their amounts reported or provide adequate support documentation; government entity also failed to revenue in Template in other instances
- **Withholding taxes** - government entities (NRA and Chiefdom Councils) did not substantiate either their amounts reported or provide adequate support documentation; company (Kassim Basma) did not substantiate payments made to government entity; African Minerals could not independently substantiate payment reported;
- **Corporate tax** - company (Kassim Basma) did not substantiate payment amounts reported; government entity (NRA) failed to report full revenue amount in the Template;

- **Agricultural Development Fund** - company (Koidu Holdings S.A) reported additional payment but government entity (Chiefdom Councils) did not substantiate amounts reported; government entity (MMR) did not substantiate amounts reported by company;
- **Other (Immigration Fees)** - government entity (NRA) did not substantiate amounts reported by company (Koidu Holdings S.A, Kassim Basma) and failed to report revenue in the Template;

The following tables present summary of the unresolved discrepancies by revenue stream, company, and MDA for 2006 and 2007. Detailed tables with suggested follow up actions are presented in Appendix D.

**Table 4-8: Summary of unresolved discrepancies by revenue stream for 2006 and 2007**

| Revenue Stream                        | Unresolved USD   | Unresolved Le        |
|---------------------------------------|------------------|----------------------|
| <b>2006</b>                           | <b>(220,155)</b> | <b>(515,779,456)</b> |
| Agricultural Development Fund         | (36,369)         | 0                    |
| Customs Duties                        | (19,563)         | (63,500,122)         |
| Diamond Exporter Agent                | 0                | (13,200,000)         |
| Mining lease                          | (11)             | 0                    |
| Other (Immigration fees, etc)         | 0                | (114,636,000)        |
| Royalty                               | (189,212)        | 0                    |
| Surface rent                          | 25,000           | (56,602,508)         |
| Taxes from employees (PAYE)           | 0                | (254,765,951)        |
| Withholding Tax                       | 0                | (13,074,874)         |
| <b>As percentage to total payment</b> | <b>-4%</b>       | <b>-10%</b>          |
| <b>2007</b>                           | <b>(235,151)</b> | <b>(115,829,908)</b> |
| Agricultural Development Fund         | (24,547)         | (46,250,000)         |
| Corporate tax                         | 0                | 50,062,250           |
| Customs Duties                        | (507)            | (128,208,512)        |
| Diamond Exporter Agent                | 0                | (13,200,000)         |
| Mining lease                          | (200,000)        | 0                    |
| Other (Immigration fees, etc)         | (11,448)         | (122,945,000)        |
| Royalty                               | 1,351            | 312,215,425          |
| Surface rent                          | 0                | (4,180,780)          |
| Taxes from employees (PAYE)           | 0                | (46,245,520)         |
| Withholding Tax                       | 0                | (117,077,772)        |
| <b>As percentage to total payment</b> | <b>-3%</b>       | <b>-2%</b>           |



Table 4-9: Summary of unresolved discrepancies by revenue stream for 2006 and 2007

| Company                               | Unresolved USD   | Unresolved Le        |
|---------------------------------------|------------------|----------------------|
| <b>2006</b>                           | <b>(220,155)</b> | <b>(515,779,456)</b> |
| African Minerals                      | 0                | (348,285,795)        |
| Cluf Gold                             | 0                | (3,584,031)          |
| Hisham Mackie                         | 0                | (6,000,000)          |
| Kassim Basma                          | 0                | (7,200,000)          |
| Koidu Holdings S.A                    | (225,601)        | (178,136,122)        |
| London Mining Co.                     | 25,000           | 0                    |
| Sierra Minerals                       | (20,464)         | 0                    |
| Sierra Rutile Ltd                     | 910              | (29,623,507)         |
| Company Unspecified                   | 0                | 57,050,000           |
| <b>As percentage to total payment</b> | <b>-4%</b>       | <b>-10%</b>          |
| <b>2007</b>                           | <b>(235,151)</b> | <b>(115,829,908)</b> |
| African Minerals                      | (201,100)        | 264,871,407          |
| Cluf Gold                             | 0                | (120,634,937)        |
| Hisham Mackie                         | 1                | (6,000,000)          |
| Kassim Basma                          | 9                | 151,805,000          |
| Koidu Holdings S.A                    | (23,443)         | (261,364,332)        |
| London Mining Co.                     | 0                | (95,732,555)         |
| Sierra Minerals                       | (11,709)         | (27,575,079)         |
| Sierra Rutile Ltd                     | 1,092            | (123,889,412)        |
| Company Unspecified                   | 0                | 102,690,000          |
| <b>As percentage to total payment</b> | <b>-3%</b>       | <b>-2%</b>           |

The unresolved discrepancies noted are based on data received up the end of our fieldwork and reconciliation exercise. During the report compilation phase, subsequent information was submitted that might account for some of the variances noted and presented in Appendix E.

#### 4.1.8 Additional Result analysis of payments/revenues

To facilitate a comprehensive and comprehensible account of the material payment/revenue figures, we have provided additional summaries to highlight various views of key data that were reconciled. The tables that follow present the results of the reconciled payment/ revenue transactions, which include revenues received by MDA from companies, percent of (corporate) revenue paid as tax/royalties to government, report on comparison of direct and indirect mining payments. See Appendix D for disaggregated report.

- (a) **MDA revenue received** - In general, the reconciled revenue benefits reported as received by government entities is lower than payments reported by companies. From the table below, most of the payments from which the shortfall in amounts

noted (both US Dollar and Leone transactions) for 2006 and 2007, came from Koidu Holding and African Minerals. Few transactions were also noted as amount reported as received by MDAs, which have not been substantiated by the companies (Kassim Basma, African Minerals).

**Table 4-10: Aggregated revenues benefits reported by MDAs for 2006**

| MDA                            | Company Reported |                      | MDA Reported     |                      | Unresolved       |                      |
|--------------------------------|------------------|----------------------|------------------|----------------------|------------------|----------------------|
|                                | USD              | Le                   | USD              | Le                   | USD              | Le                   |
| <b>2006</b>                    | <b>5,947,732</b> | <b>5,040,532,638</b> | <b>5,727,578</b> | <b>4,524,753,182</b> | <b>(220,155)</b> | <b>(515,779,456)</b> |
| Baguruwa Chiefdom              | 0                | 204,408,200          | 0                | 257,979,740          | 0                | 53,571,540           |
| Bonthe District Council        | 0                | 100,827,690          | 0                | 57,050,000           | 0                | (43,777,690)         |
| Government Gold and Diamond Of | 2,394,005        | 0                    | 2,394,006        | 0                    | 1                | 0                    |
| Imperrri Chiefdom              | 0                | 71,167,063           | 0                | 94,763,000           | 0                | 23,595,937           |
| Jong Chiefdom                  | 0                | 42,180,900           | 0                | 38,902,115           | 0                | (3,278,785)          |
| Kalansogoia Chiefdom           | 0                | 0                    | 0                | 0                    | 0                | 0                    |
| Kpanda Kemo Chiefdom Council   | (44,922)         | 33,143,100           | 0                | 33,238,959           | 44,922           | 95,859               |
| Marampa Chiefdom Council       | 0                | 0                    | 25,000           | 0                    | 25,000           | 0                    |
| Ministry of Mineral Resources  | 1,471,972        | 0                    | 1,138,775        | 0                    | (333,197)        | 0                    |
| Moyamba District Council       | 0                | 228,264,970          | 0                | 228,264,970          | 0                | 0                    |
| National Revenue Authority     | 1,761,849        | 3,845,056,446        | 1,905,823        | 3,385,879,498        | 143,974          | (459,176,948)        |
| Nimikoro Chiefdom Council      | 0                | 65,760,000           | 0                | 65,760,000           | 0                | 0                    |
| Nimiyama Chiefdom Council      | 0                | 92,756,000           | 0                | 0                    | 0                | (92,756,000)         |
| Unspecified MDA                | 44,922           | 0                    | 0                | 0                    | (44,922)         | 0                    |
| Sandor Chiefdom Council        | 0                | 177,100,000          | 0                | 177,100,000          | 0                | 0                    |
| Sierra Leone Port Authority    | 253,969          | 0                    | 234,406          | 0                    | (19,563)         | 0                    |
| Tankor Chiefdom                | 65,937           | 0                    | 29,568           | 0                    | (36,369)         | 0                    |
| Upper Bantal Chiefdom          | 0                | 179,868,269          | 0                | 185,814,900          | 0                | 5,946,631            |

Table 4-11: Aggregated revenues benefits reported by MDAs for 2007

| MDA                            | Company Reported |                      | MDA Reported     |                      | Unresolved       |                      |
|--------------------------------|------------------|----------------------|------------------|----------------------|------------------|----------------------|
|                                | USD              | Le                   | USD              | Le                   | USD              | Le                   |
| <b>2007</b>                    | <b>8,154,974</b> | <b>6,924,436,631</b> | <b>7,919,824</b> | <b>6,808,606,723</b> | <b>(235,151)</b> | <b>(115,829,908)</b> |
| Baguruwa Chiefdom              | 0                | 109,228,986          | 0                | 109,228,604          | 0                | (382)                |
| Bonthe District Council        | 0                | 57,929,918           | 0                | 89,090,000           | 0                | 31,160,082           |
| Government Gold and Diamond Of | 2,983,775        | 0                    | 2,983,785        | 0                    | 11               | 0                    |
| Imperri Chiefdom               | 0                | 176,731,000          | 0                | 74,274,941           | 0                | (102,456,059)        |
| Jong Chiefdom                  | 0                | 51,438,999           | 0                | 51,688,668           | 0                | 249,669              |
| Kono District Council          | 0                | 0                    | 0                | 13,600,000           | 0                | 13,600,000           |
| Kpanda Kemo Chiefdom Council   | (52,331)         | 49,311,510           | 0                | 49,320,881           | 52,331           | 9,371                |
| Marampa Chiefdom Council       | 25,000           | 0                    | 25,000           | 0                    | 0                | 0                    |
| Ministry of Mineral Resources  | 1,905,744        | 0                    | 871,000          | 312,215,425          | (1,034,744)      | 312,215,425          |
| Moyamba District Council       | 0                | 130,721,117          | 0                | 130,863,163          | 0                | 142,046              |
| National Revenue Authority     | 2,830,943        | 5,872,829,594        | 3,665,927        | 5,495,215,041        | 834,984          | (377,614,553)        |
| Nimikoro Chiefdom Council      | 0                | 65,760,000           | 0                | 65,760,000           | 0                | 0                    |
| Nimiyama Chiefdom Council      | 0                | 92,756,000           | 0                | 92,756,000           | 0                | 0                    |
| Unspecified MDA                | 52,331           | 0                    | 0                | 0                    | (52,331)         | 0                    |
| Sandor Chiefdom Council        | 0                | 177,100,000          | 0                | 177,100,000          | 0                | 0                    |
| Sierra Leone Port Authority    | 345,050          | 0                    | 344,543          | 0                    | (507)            | 0                    |
| Tankor Chiefdom                | 53,015           | 0                    | 29,568           | 0                    | (23,447)         | 0                    |
| Upper Bantal Chiefdom          | 11,448           | 140,629,508          | 0                | 147,494,000          | (11,448)         | 6,864,492            |

- (b) **Benefits directly related to mining activities** – the following table presents a comparison of total amounts between revenue streams that are directly related to mining activities and those associated but are indirectly related.

Table 4-12: Proportion of payments in relation to direct and indirect mining activities, for 2006 and 2007

| Revenue Stream   | Company Reported |                      | As percentage of payment |       |
|--|------------------|----------------------|--------------------------|-------|
|  | USD              | Le                   |                          |       |
| <b>2006</b>  | <b>5,947,732</b> | <b>5,040,532,638</b> |                          |       |
| Direct mining revenue  | 5,911,363        | 2,300,321,561        | 99.4%                    | 45.6% |
| Indirect mining revenue  | 36,369           | 2,740,211,077        | 0.6%                     | 54.4% |
| <b>2007</b>  | <b>8,154,974</b> | <b>6,924,436,631</b> |                          |       |
| Direct mining revenue  | 8,118,979        | 2,675,642,034        | 99.6%                    | 38.6% |
| Indirect mining revenue  | 35,995           | 4,248,794,597        | 0.4%                     | 61.4% |
| <i>Direct mining revenue - include royalty, mining lease, diamond license, fees, surface rents, custom duties, etc</i>       |                  |                      |                          |       |
| <i>Indirect mining revenue - include corporate tax, PAYE, withholding tax, etc, immigration fees, agricultural fund, etc</i> |                  |                      |                          |       |

- (c) **Company revenue as percentage to taxes/fees to government entities** – the table below present a comparison of companies' annual revenue as a percentage of payments of mining benefits to government entities:

Table 4-13: Percent of (corporate) revenue paid as tax/royalties to MDAs

| Company           | % Revenue Paid in Tax  |                        |
|-------------------|------------------------|------------------------|
|                   | 2006                   | 2007                   |
| African Minerals  | Did not report revenue | Did not report revenue |
| Cluff Gold        | Report 0 Revenue       | Report 0 Revenue       |
| Hisham Mackie     | Did not report revenue | Did not report revenue |
| Kassim Basma      | Did not report revenue | Did not report revenue |
| Koidu Holdings SA | 9.98%                  | 10.33%                 |
| London Mining Co. | N/A                    | Report 0 Revenue       |
| Sierra Minerals   | Did not report revenue | 7.50%                  |
| Sierra Rutile Ltd | 2.25%                  | 1.90%                  |

- (d) **Company revenue in comparison to total revenue reconciled:** Table 4.14 presents total company revenue reported as a percentage of total revenue reconciled for both 2006 and 2007. Table 4.15 presents the amount of company revenue reconciled.

Table 4-14: Percent of Company Payment reconciled to the total revenue reconciled

| Company                 | USD     |     | Leones  |     |
|-------------------------|---------|-----|---------|-----|
|                         | Company | MDA | Company | MDA |
| African Minerals 2006   | 17%     | 18% | 28%     | 23% |
| African Minerals 2007   | 16%     | 14% | 26%     | 31% |
| Cluf Gold 2006          | 0%      | 0%  | 1%      | 1%  |
| Cluf Gold 2007          | 0%      | 0%  | 2%      | 1%  |
| Hisham Mackie 2006      | 27%     | 28% | 0%      | 0%  |
| Hisham Mackie 2007      | 21%     | 22% | 0%      | 0%  |
| Kassim Basma 2006       | 12%     | 13% | 0%      | 0%  |
| Kassim Basma 2007       | 10%     | 10% | 0%      | 2%  |
| Koidu Holdings S.A 2006 | 25%     | 22% | 50%     | 51% |
| Koidu Holdings S.A 2007 | 24%     | 24% | 42%     | 38% |
| London Mining Co. 2006  | 0%      | 0%  | 0%      | 0%  |
| London Mining Co. 2007  | 2%      | 2%  | 5%      | 4%  |
| Sierra Minerals 2006    | 12%     | 12% | 4%      | 4%  |
| Sierra Minerals 2007    | 22%     | 23% | 9%      | 9%  |
| Sierra Rutile Ltd 2006  | 6%      | 6%  | 18%     | 20% |
| Sierra Rutile Ltd 2007  | 5%      | 5%  | 16%     | 14% |
| Unknown 2006            | -       | -   | 0%      | 1%  |
| Unknown 2007            | -       | -   | 0%      | 2%  |

Table 4-15: Amount of Company Payment reconciled

| Company                   | USD              |              | Leones           |               |
|---------------------------|------------------|--------------|------------------|---------------|
|                           | Company Reported | MDA Reported | Company Reported | MDA Reported  |
| African Minerals 2006     | \$1,032,349      | \$1,032,349  | 1,402,642,787    | 1,054,356,992 |
| African Minerals 2007     | \$1,291,496      | \$1,090,395  | 1,813,309,350    | 2,078,180,757 |
| Cluf Gold 2006            | \$21,200         | \$21,200     | 37,263,032       | 33,679,001    |
| Cluf Gold 2007            | \$31,400         | \$31,400     | 171,394,111      | 50,759,174    |
| Hisham Mackie 2006        | \$1,593,421      | \$1,593,421  | 6,000,000        | -             |
| Hisham Mackie 2007        | \$1,716,068      | \$1,716,069  | 6,000,000        | -             |
| Kassim Basma 2006         | \$734,973        | \$734,973    | 7,200,000        | -             |
| Kassim Basma 2007         | \$807,367        | \$807,376    | 7,200,000        | 159,005,000   |
| Koidu Holdings S.A 2006   | \$1,496,346      | \$1,270,745  | 2,497,683,614    | 2,319,547,492 |
| Koidu Holdings S.A 2007   | \$1,949,203      | \$1,925,759  | 2,876,814,828    | 2,615,450,496 |
| London Mining Co. 2006    | \$-              | \$25,000     | -                | -             |
| London Mining Co. 2007    | \$125,000        | \$125,000    | 353,538,001      | 257,805,446   |
| Sierra Minerals 2006      | \$731,722        | \$711,258    | 177,500,229      | 177,500,229   |
| Sierra Minerals 2007      | \$1,817,309      | \$1,805,600  | 621,097,799      | 593,522,720   |
| Sierra Rutile Ltd 2006    | \$337,721        | \$338,631    | 912,242,976      | 882,619,469   |
| Sierra Rutile Ltd 2007    | \$417,133        | \$418,225    | 1,075,082,542    | 951,193,131   |
| Unknown 2006              |                  |              | -                | 57,050,000    |
| Unknown 2007              |                  |              | -                | 102,690,000   |
| Total Reconciled Rev 2006 | \$5,947,732      | \$5,727,578  | 5,040,532,638    | 4,524,753,182 |
| Total Reconciled Rev 2007 | \$8,154,974      | \$7,919,824  | 6,924,436,631    | 6,808,606,723 |

## 4.2 Observations

The sub-sections that follow presents our general observation made during the reconciliation process.

### 4.2.1 Data reliability

The government infrastructure for recording and receiving revenue for the period under review is manually intensive lacking automation. There is no unique taxpayer identification numbers for companies and revenue receipts are manually recorded into a logbook. To report data by company, searches are made based on the name of the company at that period and how it was recorded in the log.

In the course of our reconciliation, we identified 11 instances totaling \$99,500 where verbal concurrence was provided to requests for supporting documentation based on unresolved information initially received. Given no supporting documentation was provided to identify the payments made, we have identified these separately in table below. These reconciling items are differentiated from un-reconciled items; un-reconciled items in this report are considered discrepancies where no concurrence was given, either verbally or in documentation.

**Table 4-16: Reconciling items with verbal concurrence but no supporting documentation**

| Reconciling items with verbal concurrence but no supporting documentation |   |
|---|---|
| 1   | Kassim Basma indicates paying an "Alluvial Diamond exporters license" for \$40,000.00 USD and a Certificate associated with the license for \$1,500.00 in 2007 to the Mines Division receipt #090. NRA/MMR reported the \$40,000.00 USD, however, they did not report the \$1,500.00.   |
| 2   | Kassim Basma indicates paying an "Alluvial Diamond Exporter's agent fee" of \$20,000.00 USD, receipts; 0152016, 0152080, 0152062, 0152046. Not Verified.  |
| 3   | "For the transaction type "Exclusive prospecting license" MMR reported revenue amount of \$19,750.00 received from African Minerals (AM); however AM reported payment of \$19,600: (Diff +\$150 as additional revenue   |
| 4   | MMR indicated an additional receipt of \$150.00 in their support schedule with ref to R/N 0091109 dated 5/15/06; however the receipt documentation traced to AM records did not indicate the amount. AM did not report this amount as payment to MMR.   |
| 5   | "For the transaction type "Exploration license" Cluff Gold (CG) reported payments totaling \$21,200.00; but not reported by NRA/MMR. Issue - CG recorded 2 payments of \$13,200 & \$8,000 trading under 'WINSTON MINING LIMITED' (R/Nos: 0064369 of 3/1/06 and 0064368 of 3/1/06 respectively)..However NRA/MMR did not provide any info in their Template or confirm amounts received under previous company name. |
| 6   | Hisham Mackie indicates paying an "Alluvial Diamond Exporter's" agent fee of \$15,000.00 USD in 2006. NRA/MMR did not verify this amount.   |
| 7   | KB indicated additional payment for a Certificate of Origin of \$1,500 ref MMR R/N 081 and NRA R/N 0049039 of Feb 6, 2006. This amt was not reported by MMR/NRA. "  |
| 8   | "For the transaction type ""Alluvial Diamond Exporter's agent (license)" Kassim Basma (KB) reported payment amount of \$20,000 to MMR; however MMR did not report such revenue amount received.   |
| 9   | KB reported payment of \$20,000 in their Template amount for 4 @ \$5000.....ref NRA R/N 00124288 2/22/06, 0024284 2/13/06; 0024283 2/13/06 and 0024282 2/13/06. MMR/NRA did not record any amt received for income tax.   |

#### 4.2.2 Report scope

To get a sense of the comprehensiveness of the reconciliation in relation to the total resource revenue activity in the country, it is necessary to quantify the total amount of revenue at all levels of government.

Information on the total amount of resource revenue that accrues to the various levels of government in Sierra Leone is not widely available. At the national level, the Government's website provides information on resource revenue for 2006 but not for subsequent years. The Government also provides information to the International Monetary Fund on a variety of economic statistics, including resource revenue at the national level.

The **Table 4-17** and 4.18 below displays the available information on total resource revenue at the national level and compares it to the amount of payments reported under the reconciliation. The amount of payments covered by the reconciliation cannot be determined based on the lack of information (e.g., revenue streams) published by the GoSL and data provided during the reconciliation process. We were unable to acquire any published information on total resource revenue that accrues to sub-level governments.

**Table 4-17: Information on Diamond Activity**

| Details   | 2006                    | 2007                   |
|---|-------------------------|------------------------|
| Information provided on Government website on revenue from diamond activity | \$5,277,000             | n/a                    |
| Information on mining licenses reported to the IMF                          | Le 12,562m<br>(\$4.2m*) | Le 16,266m<br>(\$5.5*) |

**\*Based on an exchange rate of Le2961=\$1 in 2006, and Le 2984 =\$1 in 2007 (obtained from annual report and statement of account for yearend 2007 of the Bank of Sierra Leone)**

**Table 4-18: Information on Royalty Revenue**

| Details   | 2006                        | 2007                       |
|---|-----------------------------|----------------------------|
| Information provided on Government website on revenue from diamond activity | n/a                         | n/a                        |
| Information on royalties reported to the IMF                                | Le 6,221m<br>(\$2,647,000*) | Le 6,156<br>(\$2,619,000*) |

**\* Based on an exchange rate of Le2961=\$1 in 2006, and Le 2984 =\$1 in 2007 (obtained from annual report and statement of account for yearend 2007 of the Bank of Sierra Leone)**

#### 4.2.3 Lessons learned from reconciliation process

**Chiefdom and District Councils receipt of revenue (ADF, surface rents; chiefdom development fund, Paramount Chief and land owners' fees**

There is a lack of cohesion at the local level about the varying responsibilities of other stakeholders and that needs to be clearly spelled out. The EITI is a stride on this regard but still complementary information would be needed on the entitlements and responsibilities of local governments, local communities and stakeholders. In addition, the poor accounting methods of the Diamond Area Community Development Fund (DACDF) meant that several amounts paid by companies were not reported in their templates, or they were unable to complete a template at all. In addition, there was difficulty in providing supporting documents even after repeated contacts and meeting.

The companies' payment processes of land rent, agricultural development fund, and other charges related to the Chiefdoms, local government entities, and landowners differ widely across chiefdoms and mining companies. In some districts, payments are made directly to the chiefdoms, chiefdoms will then remit a proportion to the district councils or landowners. In other districts, payments are made directly to each local government entity, Paramount Chief and landowners. In some, payment is made to the Ministry of Mineral Resources, which then remits the payment to the chiefdom through the Ministry of Local Government, while in others, payment is made into an account run by the Mining company, the Ministry of Mineral Resources and the chiefdom. The Government of Sierra Leone needs to standardize the payment of all fees and levies from Mining Companies to local government entities.

Accounting infrastructure and capabilities needs to be improved at the local government level. There needs to be continuity of record keeping.

### ***Government Ministries/Departments receipt and recording of revenue transactions***

Based on discussions with MDA stakeholders, the NRA is the prime MDA responsible for collection of revenue. It has agents situated at the relevant ministries (MMR, GGDO, etc.) collecting revenue payments on site. However, we did note instances where other MDA's such as the MMR (Mines Division) issued receipts for revenue collection.

Across all MDAs within this study we found that the recording of receipts and reconciliation of cash for bank deposits are done at the aggregate level and not at taxpayer/company level. This 'accounting for cash' makes it harder to identify payments at the taxpayer level. Specifically for years covered by this report (2006 and 2007), the NRA and other MDAs were not required to report on revenues by companies and even indicated that receipts were not systematically tracked by paying entity. To comply with this initial SLEITI reporting effort, we were told, MDA's had to manually search their 'cash books' and 'spreadsheets' to collect and validate revenue data by company. Revenue data appears only to be tracked by revenue type and date to facilitate the accounting for and reconciliation of cash accounts. In addition, we identified several instances where prior years' tax obligations, e.g. 2005, were paid in subsequent years, e.g. 2007. While these payment adjustments can be made for SLEITI future reporting, they do consume valuable time to reconcile and more importantly deprive the government of consistent sources of revenue. Failure to track revenue by entity led to numerous issues we identified during the data validation process where companies reported payments in excess of the amounts initially indicated by the MDA. Some of the



initial issues we identified that were later validated by the MDA, include but are not limited to:

- Koidu Holdings S.A reported a payment of \$177,728.96 USD made 10-Oct-2007 receipt # 0195487, however NRA failed to initially report this amount
- Koidu Holdings S.A provided receipts for 2006 for PAYE of receipt #0040744 for Le. 116,985,890.00 and receipt #0043305 for Le. 102,136,495.00 in 2007 however NRA failed to initially report these amounts.
- London Mining indicated payments for “Customs duty on prospecting and exploration equipment” in 3 payments of January 16, 2007, Le. 120,000.00; January 16, 2007, Le. 2,040,000.00 and March 9, 2007, Le. 46,448,055.34, however NRA failed to initially report these amounts.
- Hisham Mackie indicates paying an “Alluvial Diamond exporters license” for \$40,000.00 USD and a Certificate associated with the license for \$1,500.00 in 2006 NRA/MMR reported the \$40,000.00 USD, however MMR/NRA failed to initially report the \$1,500.00.
- Hisham Mackie indicates paying an "Alluvial Diamond Exporter's" agent fee of \$15,000.00 USD in 2006 however NRA failed to initially report these amounts.
- Sierra Rutile indicated a “royalty” payment made in 2007 on 6-9-07 for \$18,745.04 USD Receipt 0195464 however NRA failed to initially report these amounts.
- Sierra Minerals indicated a “Corporate Tax” payment of \$253,388.00 USD or Le. 749,368,671.20 Receipt # 0068866 for 2006 made 29-06-07 and \$79,545 USD or Le. 234,661,727.25 Receipt # 0068312 on 22-06-07. NRA did not report on this item.

In addition to the transactions that we not initially report, we also found that the manual entry into the receipt books for fees paid by Mining Companies increased instances of miscoded accounts. Typically these miscoded entries were the result of the company making an aggregate tax payment (e.g. PAYE and withhold contractor) and the NRA issuing a receipt and logging the transaction as a single tax payment. NRA Agents need to be accurate in their entries to the proper accounts based on the remittance advice provided by the companies. We did not find any regular analysis of revenue accounts to reconcile amounts at a company level.

***‘The General Manager at the SLPA noted from that more transparent and realistic revenue streams would accrue to Government if the following are done a) Verification of Quantity and Quality of exported minerals (Rutile and Bauxite) by having permanent mining representatives at the shipping sites, b) Mining companies should not be exempted from paying obligatory levies.’***

***Companies recording of payment transactions***

No study was done into the accounting systems and procedures used by the mining companies, however instances of miscoded accounts were observed.

Companies mining under exploration licenses also show zero revenue. It is our understanding that even under exploration licenses mining activity does take place, so some value must be attained from the minerals mined and exported during this period.

It was also noticed that the export agents registered under the exporters were all reported to have independent accounting systems and record keeping. It is advised that at the end of each year the agents send all records and back up to the exporter with the license.

## 5 Recommendations

This section discusses recommendations for consideration by government (and companies) to improve EITI reporting and to improve public financial management of extractive industries revenues. These recommendations are based on observations made through the reconciliation process as well as best practices.

### 5.1 Improve rate of participation from government entities

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Full participation and complete submission of Reporting Templates (RT) including supporting schedules, analysis and backup documentation are integral parts of the process of payment/revenue disclosure and effective data reconciliation.

**RECOMMENDATION:** To promote accountability and transparency we recommend a mandate requiring major government institutions receiving mining payments, to complete the Reporting Template and relevant forms. In selecting MDAs, specifically District and Chiefdom Councils, it would be necessary to take into consideration those entities for which high level of mining operations are active in their region. Further consideration should be taken on the materiality of revenue streams to be reported to ensure relevant government entities responsible for collecting/receiving such payment are selected, for example, NASSIT. We consider this recommendation to be within the authority of the SLEITI, with a near term implementation timeframe.

### 5.2 SLEITI should address unresolved reconciliation discrepancies

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While the overall net discrepancies Le 1,167,658,174 in 2006 and Le 817,519,299 in 2007 represent discrepancies of 5.15% and 2.62% of the reported total payments, there were significant discrepancies in respect to reported payments and receipts concerning individual revenue streams as indicated in Tables 5-1 and 5-2. Total discrepancies for this report are Le 1,985,177,473\* or 3.68 % of the total payments.

**RECOMMENDATION:** SLEITI should continue to work with the MDAs and companies identified in tables in section 4.1.8 to resolve discrepancies in the revenue sources presented in Tables 5-1 and 5-2. A realistic timetable should be developed and MDAs and companies should be held accountable to the timetable. Appendix E identifies items relating to the reconciliation received after conclusion of fieldwork. We consider this recommendation to be within the authority of the SLEITI, with a near term implementation timeframe.

**Note:** \*Converted amounts based on an exchange rate of Le 2961=\$1 in 2006, and Le 2984 =\$1 in 2007 (obtained from annual report and statement of account for yearend 2007 of the Bank of Sierra Leone)

Table 5-1: Discrepancies in excess of 10% 2006

| 2006                          | Variance<br>(Converted to Le) | Variance %    |
|-------------------------------|-------------------------------|---------------|
|                               |                               | 1,167,658,174 |
| Agricultural Development Fund | 107,688,609                   | 44.50%        |
| Diamond Exporter Agent        | 13,200,000                    | 11.30%        |
| Immigration fees              | 114,636,000                   | 100.00%       |
| Taxes from employees (PAYE)   | 254,765,951                   | 10.38%        |
| Withholding Tax               | 13,074,874                    | 35.07%        |

Table 5-2: Discrepancies in excess of 10% 2007

| 2007                          | Variance<br>(Converted to Le) | Variance %  |
|-------------------------------|-------------------------------|-------------|
|                               |                               | 817,519,299 |
| Agricultural Development Fund | 119,498,248                   | 39.12%      |
| Diamond Exporter Agent        | 13,200,000                    | 11.22%      |
| Mining lease                  | 596,800,000                   | 29.25%      |
| Immigration fees              | 157,105,832                   | 94.89%      |
| Withholding Tax               | 117,077,772                   | 19.01%      |

### 5.3 Expand Data Reconciliation to include other sectors, revenue streams and companies.

The MSG determined the scope of the reconciliation identifying revenue streams, companies/dealers and government agencies for selection. The MSG chose the mining sector and we were not a party to the discussions. The Oil sector while in its infant stage was not considered even though it is an EITI initiative sector. Sierra Leone also has natural resources in Forestry and Fisheries and could consider the Liberian model that included non EITI sectors of mining, oil and gas in their reconciliation. Regarding the number of companies chosen, the MMR website publishes a list of license holders that shows a more comprehensive and extensive list of companies than is considered under this reconciliation. Our reconciliation noted additional revenue streams (e.g. NASSIT payments) that were not a part of this reconciliation. Expanding the revenue stream to include other revenue paid by companies to the government would be an improvement.

**RECOMMENDATION:** To enhance transparency and promote accountability and governance across public and private sectors, we recommend a reconciliation expansion to include more industries, revenue streams and companies subject to the reconciliation.

#### 5.4 Address gaps and key issues in revenue collection business process

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As indicated in the findings for the period covered by this report, the NRA and other MDAs were not required to report revenues by companies. The SLEITI reporting as well as any other financial reporting process must be based on a foundation of sound policies for accurately accounting for an entity's resources. The international community believes that a solid foundation of control and accountability requires a system of checks and balances that provides reasonable assurance that the government's transactions are appropriately recorded and reported, its assets protected, its established policies followed, and its resources used economically and efficiently for the purposes intended. We identified numerous instances where the GoSL reported revenues inaccurately, (i.e. under the wrong revenue account: Withhold Contractor transaction reported as PAYE) or did not initially report a specific transaction at all (e.g. company schedule indicated transaction date and receipt number, MDA schedule did not have the transaction). Participating companies' provision of receipts clearly identifying by name the proper revenue account evidenced these errors. In addition, we identified where companies provided us supporting documentation where the payment advice indicated one revenue type, (e.g. withhold taxes and the receipt indicated a different revenue code, e.g. PAYE). These inaccurate accounting practices not only increased the burden to report on and reconcile revenue of the extractive industry; they also impair the ability of the GoSL to make informed decisions on the impact of new or existing extractive industry agreements.

**RECOMMENDATION:** NRA and other MDAs take the following steps to:

- Implement internal controls around the revenue collection process based on risk assessments and periodically assess that the internal controls as designed are being followed, suggested internal controls include, but are not limited to;
  - Weekly/monthly deposit reports are performed and reviewed
  - Adequate process in place and followed for the handling and deposit of receipts
  - Monthly/quarterly activity reports are performed and reviewed to determine if revenue data is as forecasted and if significant variances exist, analyze such variances to determine their root cause and take corrective action
  - Independent verification and validation of random transactions are performed
- Eliminate the manual ledger entry and cash receipt process, streamline payment processing and automate its revenue collection. To accomplish payment automation, the Government of Sierra Leone should eliminate payments directly to MDA agents and should consider utilizing the central or commercial banks where payments could be made directly to a bank account (which can be segregated by type of revenue) by the taxpayer and receipts provided by the bank. The taxpayer would provide a copy of the receipt as proof of payment to the MDA for the transaction and retain the other. On a daily basis, the MDA can sum the receipts and use that as a basis for

daily bank reconciliation. This facilitates both transparency in how the revenue is received automates payments to the bank and eliminates potential for errors or fraud, and creates a payment audit trail.

- Implement, at a minimum, basic accounting automation tools for subsidiary ledgers, either in MS Access or Excel, to facilitate the collection and reporting disaggregated revenue data by the company and type of mineral (e.g., bauxite, diamond, etc.; and,
- Implement other sound financial management accountability as detailed below.

We do not consider these recommendations to be within the authority of the SLEITI and would need the full support and backing of the GoSL. These recommendations would require a medium to extended timeframe to implement.

## 5.5 Best practice to improve process

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This sub-section presents internal and external to the GoSL best practices, which can be leveraged to improve the overall EITI reporting process.

- Implementation of mineral rights administration

The Ministry of Mineral Resources has partnered with the Revenue Development Foundation (RDF) to implement a mineral rights administration technology solution (cadastre). As stipulated in the new mining act, the cadastre is the authoritative and legal source of information for mineral rights to the public. At present, the cadastre is installed at Mining Cadastre Office (MCO), as well as in the regional mining offices in Kono, Bo, Makeni and Kenema. Currently the MMR staff uses the system to register license applications, including scanned copies of all necessary payment receipts and relevant documentation. The cadastre facilitates workflow through the lifecycle of a license, (e.g. verification, approval and payments) and will automatically produces notifications and receipts to the license holder.

An integral part of the cadastre system, once fully implemented, is the facilitation of payments and ensures accountable revenues. Payments include processing fees, fund contributions, tax revenues, royalties, flat rate and variable license fees which also include annual revenues generated throughout the duration of the license lifecycle. The revenue streams are collected and collated on a national level for both industrial and artisanal mining. At present the MCO has a comprehensive list on display of the new mining license application procedure, the fee charged for the granting of each license including a clear schema of the administrative costs involved. In addition, all forms involved in the application process are made public and can be requested at the MCO.

Once implemented this system will strengthen mineral rights management in four key areas:

- 1) Mineral rights management, including artisanal and industrial prospecting, exploration and mining concessions and licenses.

- 2) Production reporting and monitoring;
- 3) Mining royalty fee and export tax management; and,
- 4) Revenue and license transparency, through a public web based portal and periodic hard copy sector reports.

**RECOMMENDATION:** MMR continues to fully implement the cadastre solution and use this system as the foundation for future SLEITI reporting. In addition, we feel that similar “tools” should be developed for the NRA and other MDAs to facilitate the collection of other revenue types to increase the accuracy and efficiency of recording and reporting on the revenue data within the extractive industry. We do not consider this recommendation to be within the authority of the SLEITI and would need the full support and backing of the GoSL, this recommendation would require a medium to extended timeframe to implement.

- Improve financial management accountability

The reconciliation provides insight into the broader area of public financial management and where opportunities might exist for Sierra Leone to adopt practices that have been proven to be effective in the public sector in other countries. This is specifically the case in the area of revenue management practices. Beyond the broad area of revenue management, there is a wide body of knowledge of financial management issues specific to resource driven economies that could be beneficial in Sierra Leone.

One source of reference for best practices in management of revenues in countries that derive a significant amount of total economic activity from the extraction of resources is the International Monetary Fund’s (IMF) Manual on Fiscal Transparency (the Manual), as supplemented by the Guide on Resource Revenue Transparency (the Guide).

Both the Manual and the Guide incorporates a Code on Good Practices on Fiscal Transparency (the Code), which is built on four pillars:

- 1) Clarity of Roles and Responsibilities
- 2) Open Budget Processes
- 3) Public Availability of Information
- 4) Assurance of Integrity

Within these principles of transparency, there are specific practices that can be highlighted as particularly relevant for Sierra Leone.

Within the first pillar, Clarity of Roles and Responsibilities, the Guide incorporates a good practice as follows:

***Contractual arrangements between government and public or private entities, including resource companies and concession operators, should be clear and publicly accessible. (1.2.4)***

At present, the agreements with mining companies outlining the terms and conditions of licenses are not publicly available. As a result, it is impossible for the public or a third party to determine if the government accurately receives revenue from the license that it

is entitled to receive or if a licensee complies with its obligations under the license terms.

Sierra Leone should consider taking the steps necessary to make all contractual agreements, including terms and conditions of licenses, publicly available.

Within the second pillar, Open Budget Processes, the Guide incorporates a good practice as follows:

***The government accounting system or special fund arrangements should clearly identify all government resource revenue receipts and enable issuance of timely, comprehensive, and regular reports to the public, ideally as part of a comprehensive budget execution report. The reports should be based on a clear statement of the accounting basis (cash or accrual) and policies. (2.2.1)***

The conduct of this first reconciliation and report under EITI constitutes a significant achievement in advancing this practice. However, during the period covered by the reconciliation, receipts received by government related to mineral extraction were recorded in manual ledger books at various locations where payments could be made. Also during this period, neither companies nor individuals were assigned unique taxpayer identification numbers. As a result, reconciliation reports and reconciliation procedures required a review of all entries in all revenue ledgers related to the taxpaying entity subject to reconciliation during the reporting period. As there was not necessarily a standard convention to identify companies in the ledger entries, this confusion adds complexity to reporting on the revenues collected from mineral extraction and will generally be an obstacle in efficient revenue administration.

**RECOMMENDATION:** Sierra Leone should consider establishing a unique taxpayer identification number for each individual and legal entity subject to taxation or fees. This facilitates the collection of information on total revenue received in conjunction with resource revenues and the timely and accurate reporting of this information to the public. We do not consider this recommendation to be within the authority of the SLEITI and would need the full support and backing of the GoSL. This recommendation would require a short timeframe to implement.

While Sierra Leone maintains an automated financial management information system that is utilized in budget execution and budget disbursements, this system has not been extended to manage the collection of public revenues. The system does record total daily collections on an aggregate basis but it does not capture transaction level information on specific payments from specific taxpayers. This lack of easily accessible transaction level data makes it difficult if not impossible to provide timely and accurate reports on resource revenues to the public.

**RECOMMENDATION:** Sierra Leone should consider extending its automated financial management information system to cover all extractive revenues received by the government. This will facilitate timely and accurate reporting as well as improve the ability of the revenue administration in its responsibility to monitoring compliance of adherence to all revenue obligations of the taxpayer population. We do not consider this recommendation not to be within the authority of the SLEITI and would need the full



support and backing of the GoSL. This recommendation would require an extended timeframe and the appropriate resources (human and financial) to implement.

Within the third pillar, **Public Availability of Information**, the Guide incorporates a good practice as follows:

***All resource revenue-related transactions, including through resource funds, should be clearly identified, described, and reported in the budget process and final accounts documents.***

Again, the conduct of the first EITI reconciliation and report demonstrates a step toward compliance with the principle to provide information transparently to the public of the financial benefits accruing to the public sector through the extraction of the nation's resources. However, as Sierra Leone refines and improves its management of revenue related revenue, it should begin to make this information more routinely available in a variety of public documents.

Sierra Leone should consider aggregate reporting of all extractive resources revenue activity in its annual budget documents and its final accounts.

- Inclusion of Sub-National levels

Sierra Leone did not initially include all sub-national levels of government in the scope of this reconciliation but subsequently decided to involve all of the Chiefdoms and District Councils in the education and reporting exercise of the EITI reconciliation. Because the initial scope did not require companies to report all payments made at the sub-national level, it is not possible to reconcile reports of the Chiefdoms and District Councils as information is not available on both sides of the reported transaction. Nonetheless, the inclusion of these sub-national entities in the preparation and execution of this first reconciliation establishes a commitment to emphasizing the importance of transparency and reporting of resource revenue on a comprehensive basis.

In the course of reviewing reports provided by the Chiefdoms and District Councils, it became evident that there is no standard set of procedures across these entities for recording and documenting receipts from resource revenues and there is a wide range of diversity in the level of internal controls that govern the process of receiving payments. This lack of uniformity makes it difficult to collect data on all resource revenue receipts below the national level, to verify information that is reported, and to reconcile with information reported by companies.

Should Sierra Leone decide to conduct future EITI reporting and reconciliations on a comprehensive basis, it should consider how to improve the procedures for reporting and documenting of these payments as well as the internal controls that govern the process.

The Report also addresses the issue of comparing the reports of resource revenue receipts reported by government with official government finance information. The Report notes that "the requirement that governments report what they receive implies a consistency between government reporting to EITI and the official public finance information". This discussion parallels the good practice noted in the Guide on

Resource Revenue Transparency, discussed above, that “the government accounting system or special fund arrangements should clearly identify all government resource revenue receipts and enable issuance of timely, comprehensive, and regular reports to the public, ideally as part of a comprehensive budget execution report”.

Official information on resource revenue received at all levels of government in Sierra Leone is not uniformly published or available at either the national or sub-national level. Our recommendation in the Section above is reinforced by the guidance provided in the Report.

**RECOMMENDATION:** Sierra Leone should consider aggregate reporting of all resource revenue activity in its annual budget documents and its final accounts. We do not consider this recommendation to be within the authority of the SLEITI and would need the full support and backing of the GoSL, this recommendation would require an extended timeframe and the appropriate resources (human and financial) to implement.

## 6 Conclusion

Sierra Leone demonstrated a solid commitment to the principles of EITI reporting and to the conduct of the reconciliation. Beyond the immediate scope of those companies and MDAs selected to participate in the reconciliation, the SLEITI expanded this effort to an education opportunity by including sub-national bodies, specifically traditional Chiefdoms who receive payments from the mineral extraction sector. While their reports were not subject to final reconciliation, their inclusion in the training, familiarization with the EITI principles, and emphasis on the importance of transparency has laid a foundation for improvements in future reporting and revenue management at the sub-national level. The commitment and participation of the Mining companies both as part of the MSG and with our reconciliation cannot be underscored. Their reporting formed the basis of identifying payments that the government should report.

The reconciliation resulted in an a final unresolved discrepancy of Le 1,167,658,174 in 2006 and Le 817,519,299 in 2007 which represents discrepancies of 5.15% and 2.62% of total payments reported for 2006 and 2007, respectively.

To evaluate project success, we ask, “What were our objectives and were they met?” We found the EITI process of mutually engaging civil society, mining companies and the government (including Chiefdom Councils) culminating with the Data Reconciliation, was a great first step to create increased transparency, accountability and democracy within Sierra Leone. Moreover, processes have been recommended so that each constituency ensures that it receives accurate, fair and agreed upon return on its respective assets or investment.

We conclude that this assignment was a great *first step* and that in order to ensure project success that additional follow up and engagement of the MSG is recommended to continue process adherence and facilitation. The conduct of the reconciliation revealed opportunities for Sierra Leone to improve its overall management of resource revenue and reporting

## Appendix A - Listing of SLEITI Members

**Table A 1: Listing of SLEITI Members**

| NAME                         | INSTITUTION  |
|------------------------------|--|
| 1. Hon. Mr. Joseph M. Koroma | Ministry of Presidential and Public Affairs                          |
| 2. Mr. Moray S. Kebe         | Ministry of Presidential and Public Affairs                          |
| 3. Mr. Kenei Lamin           | Ministry of Presidential and Public Affairs                          |
| 4. Mr. Emmanuel T. Komba     | Ministry of Mineral Resources and Political Affairs                  |
| 5. Mr. Mohamed Edmond        | Ministry of Finance and Economic Development                         |
| 6. Mr. Raymond K.M.Bindi     | Ministry of Internal Affairs, Local Government and Rural Development |
| 7.. Mr. James F. Sandy       | National Revenue Authority   |
| 8.. Mdm. Cecilia C. Mattia   | National Advocacy Coalition on Extractives                           |
| 9. Mr. Abu Brima             | National Advocacy Coalition on Extractives                           |
| 10. Dr. Mustapha O. Thomas   | National Advocacy Coalition on Extractives                           |
| 11. Mrs. Frances Nyuma       | Office of National Security  |
| 12. Ms. Isatu Conteh         | Office of National Security  |
| 13. Mr. Sinneh Kargbo        | Audit Services Sierra Leone  |
| 14. Mr. Mustapha Sesay       | Sierra Leone Association of Journalists                              |
| 15. Mr. Umaru Fofana         | Sierra Leone Association of Journalists                              |
| 16. Mr. Mohamed Lebbie       | Sierra Leone Parliament  |
| 17. Mr. Alusine Jalloh       | Sierra Rutile Limited  |
| 18. Mr. Mustapha Kamara      | African Minerals Limited   |
| 19. Mr. Abdul Deen-Sesay     | African Minerals Limited   |
| 20. Mr. Ibrahim Sorie Kamara | Koidu Holdings S.A, S.A.   |
| 21. Mr. Abdul Karim Barrie   | Volunteer Member   |



## Appendix B - Listing of MDAs and companies covered

**Table B 1: Listing of MDAs and companies covered**

| Mining Companies/Dealer                              |   |                   |  |  |
|--|---|-------------------|--|--|
| Entity Name  | Point of Contact                              | Location          | Mineral Mined/Export   |  |
| 1. African Minerals                                  | Mr. Mustapha Kamara                           | Freetown          | Diamond, iron ore, bauxite   |  |
| 2. Cluff Gold Sierra Leone                           | Mr. Alimrassin Wurie                          | Freetown          | Gold   |  |
| 3. Koidu Holdings S.A.                               | Mr. Dino Coutinho<br>Mr. Ibrahim Sorie Kamara | Freetown          | Diamonds   |  |
| 4. London Mining Co.                                 | Mr. David Keili                               | Freetown          | Hematite Iron Ore  |  |
| 5. Sierra Minerals                                   | Mr. Rajen Candeh                              |                   | Bauxite  |  |
| 6. Sierra Rutile Ltd.                                | Mr. John B. Sisay<br>Mr. Alusine Jalloh       | Freetown          | Rutile   |  |
| 7. Kassim Basma                                      | Mr. Kassim Basma                              | Freetown          | Diamonds   |  |
| 8. Andre Hope  | Mr. Andre Hope                                | Freetown          | Diamonds   |  |
| 9. Hisham Mackie                                     | Mr. Hisham Mackie                             | Freetown          | Diamonds   |  |
| Ministries, Departments and Agencies (MDA)           |   |                   |  |  |
| Entity Name  | Point of Contact                              | Location          | Relevant Revenue Stream  |  |
| 1. Ministry of Finance & Economic Development        | Mr. Edmond Koroma                             | Freetown          | No direct revenue collection   |  |
| 2. Bank of Sierra Leone                              | Mr. Sambadeen Sesay                           | Freetown          | No direct revenue collection   |  |
| 3. Ministry of Mineral Resources & Political Affairs | Mr. Umaru Wurie                               | Freetown          | Mining Lease, Exploration License, Royalty Agricultural Development Fund, etc. |  |
| 4. National Revenue Authority                        | Mr. Alieu Sesay<br>Mr. James F. Sandy         | Freetown          | Mining Lease, Exploration License, PAYE, Duties, Taxes, etc.                   |  |
| 5. Sierra Leone Port Authority                       | Capt. Benjamin O. Davies                      | Freetown          | Port/Harbour Charges, Freight Levy   |  |
| 6. Government Gold & Diamond Office                  | Mr. Gina Ibrahim                              | Freetown          | Royalty  |  |
| 7. Kono District Council                             | Mr. Tamba Alieu                               | Eastern Province  | Surface Rents  |  |
| 8. Port Loko District Council                        | Mr. Mohamed Shiek Kargbo                      | Northern Province | Surface Rents  |  |
| 9. Bonthe District Council                           | Mr. John L. Swaray                            | Southern Province | Surface Rents  |  |
| 10. Koinadugu District Council                       | Mr. Lansana B. Koroma, Permanent Secretary    | Northern Province | Surface Rents  |  |
| 11. Tonkolili District Council                       | Mr. Lansana B. Koroma, Permanent Secretary    | Northern Province | Surface Rents  |  |
| 12. Bo District Council                              | Mr. Lansana B. Koroma, Permanent Secretary    | Southern Province | Surface Rents  |  |
| 13. Pujehun District Council                         | Mr. Philip J. Sama                            | Southern Province | Surface Rents  |  |
| 14. Moyamba District Council                         | Mr. Francis Kangaju                           | Southern Province | Surface Rents  |  |
| 15. Sittia Chiefdom Council                          | Hon. P.C Thomas                               | Bonthe            | Agricultural Development Fund, Community Development Fund, Surface Rent        |  |
| 16. Bum Chiefdom Council                             | P.C Alex Maada Kainpumu                       | Bonthe            | Agricultural Development Fund, Community Development Fund, Surface Rent        |  |
| 17. Kwamebai Chiefdom                                | Hon. P.C T.A.B Taffa III                      | Bonthe            | Agricultural Development Fund, Community                                       |  |

|     |                                      |  |           |   |
|-----|--------------------------------------|--|-----------|---|
|     | Council                              |  |           | Development Fund, Surface Rent  |
| 18. | Krim Chiefdom Council                | Hon. P.C SAS Gbonda                        | Pujehun   | Agricultural Development Fund, Community Development Fund, Surface Rent |
| 19. | Bendu Cha Chiefdom Council           | Hon. P.C Joseph Yemie                      | Bonthe    | Agricultural Development Fund, Community Development Fund, Surface Rent |
| 20. | Nongoba Bullom Chiefdom Council      | Hon. P.C. Jonathan BSK Tucker              | Bonthe    | Agricultural Development Fund, Community Development Fund, Surface Rent |
| 21. | Yekemo Kpukumu Krim Chiefdom Council | Mr. Lansana B. Koroma, Permanent Secretary | Pujehun   | Agricultural Development Fund, Community Development Fund, Surface Rent |
| 22. | Nimiyama Chiefdom Council            | Hon P.C George Torto                       | Kono      | Agricultural Development Fund, Community Development Fund, Surface Rent |
| 23. | Nimikoro Chiefdom Council            | Hon. P.C. A.D. Bona                        | Kono      | Agricultural Development Fund, Community Development Fund, Surface Rent |
| 24. | Sandor Chiefdom Council              | Hon. P.C Fasuluku III                      | Kono      | Agricultural Development Fund, Community Development Fund, Surface Rent |
| 25. | Kamara Chiefdom Council              | Mr. Lansana B. Koroma, Permanent Secretary | Kono      | Agricultural Development Fund, Community Development Fund, Surface Rent |
| 26. | Kpanda Kemo Chiefdom Council         | Hon. P.C Melrose Marie Forster Gberrie III | Bonthe    | Agricultural Development Fund, Community Development Fund, Surface Rent |
| 27. | Marampa Chiefdom Council             | Hon PC Bai Koblo Queen II                  | Port Loko | Agricultural Development Fund, Community Development Fund, Surface Rent |
| 28. | Valunia Chiefdom Council             | Samba Bindi Hindowa                        | Bo        | Agricultural Development Fund, Community Development Fund, Surface Rent |
| 29. | Bagruna Chiefdom Council             | Hon PC Robert Coker Seilolo Papame III     | Moyamba   | Agricultural Development Fund, Community Development Fund, Surface Rent |
| 30. | Imperri Chiefdom Council             | Hon. PC Hawa Kpanabom                      | Bonthe    | Agricultural Development Fund, Community Development Fund, Surface Rent |
| 31. | Jong Chiefdom Council                | Hon. PC. Alhagi Alie B. Sheriff III        | Bonthe    | Agricultural Development Fund, Community Development Fund, Surface Rent |
| 32. | Kalansongia Chiefdom Council         | Hon. P.C Alimamy Bockarie Koroma           | Tonkolili | Agricultural Development Fund, Community Development Fund, Surface Rent |
| 33. | Tankoro Chiefdom Council             | Hon P.C Saqwe                              | Kono      | Agricultural Development Fund, Community Development Fund, Surface Rent |
| 34. | Upper Banta Chiefdom Council         | Hon. P.C Tommy M Jombla III                | Moyamba   | Agricultural Development Fund, Community Development Fund, Surface Rent |

## Appendix C - Blank Templates and Instructional Guide

Appendix C is published under a separate cover, please see First Sierra Leone EITI Reconciliation Report Detailed Final Report: Appendix C: Blank Templates and Instructional Guide for the follow:

**Figure C 1 Large Mining Companies**



| Name of Company:  |  |   |              |  |   |                          |  |   |         |  |   |         |  |   |
|---|--|---|--------------|--|---|--------------------------|--|---|---------|--|---|---------|--|---|
| License No. (a)   | Acquisition No. (b)  | Type of License (c)   | Duration (d) | Entry Date (e) of License (f)          | Location of Licensed Area (g)   | Total Annual Revenue (h) | Type (i) of Mineral mined:             |   |         |  |   |         |  |   |
| Report on payments made to specific Environmental, Educational, Department or Agency (EEEDA) for the financial year ending 31 <sup>st</sup> December:   |  |   |              |  |   |                          |  |   |         |  |   |         |  |   |
| Sl. No.   | TYPE OF PAYMENT  | Environmental, Educational, Department or Agency (EEEDA) for the financial year ending 31 <sup>st</sup> December:             | Sl. No.      | TYPE OF PAYMENT                        | Environmental, Educational, Department or Agency (EEEDA) for the financial year ending 31 <sup>st</sup> December: | Sl. No.                  | TYPE OF PAYMENT                        | Environmental, Educational, Department or Agency (EEEDA) for the financial year ending 31 <sup>st</sup> December: | Sl. No. | TYPE OF PAYMENT                        | Environmental, Educational, Department or Agency (EEEDA) for the financial year ending 31 <sup>st</sup> December: | Sl. No. | TYPE OF PAYMENT                        | Environmental, Educational, Department or Agency (EEEDA) for the financial year ending 31 <sup>st</sup> December: |
| 1   | TAXES AND FEES   |   |              |  |   |                          |  |   |         |  |   |         |  |   |
| (a)   | Corporate tax  | To reconcile with the provisions in the Income Tax Act and various temporary provisions etc. % of chargeable business income. | (d)          | Dividends                              | Amount reported as related to interest on secured loan.   | (e)                      | Interest on secured loan               | Interest on secured loan.   | (f)     | Interest on secured loan               | Interest on secured loan.   | (g)     | Interest on secured loan               | Interest on secured loan.   |
| (b)   | Apprenticeship Development Fund  | Amount paid as a percentage of revenue earned by sales of petroleum products per acre level, in the case of mineral rights.   | (e)          | Interest on secured loan               | Interest on secured loan.   | (f)                      | Interest on secured loan               | Interest on secured loan.   | (g)     | Interest on secured loan               | Interest on secured loan.   | (h)     | Interest on secured loan               | Interest on secured loan.   |
| (c)   | Royalty  | Amount paid as a percentage of revenue earned by sales of petroleum products per acre level, in the case of mineral rights.   | (f)          | Interest on secured loan               | Interest on secured loan.   | (g)                      | Interest on secured loan               | Interest on secured loan.   | (h)     | Interest on secured loan               | Interest on secured loan.   | (i)     | Interest on secured loan               | Interest on secured loan.   |
| (d)   | Contingency for prospecting and exploration equipment  | Contingency for prospecting in the Mines and Minerals Act.  | (g)          | Interest on secured loan               | Interest on secured loan.   | (h)                      | Interest on secured loan               | Interest on secured loan.   | (i)     | Interest on secured loan               | Interest on secured loan.   | (j)     | Interest on secured loan               | Interest on secured loan.   |
| (e)   | Import, extension and other charges and other taxes, cost of equipment, consumable mining stores, etc. | Taxes on mining equipments, consumable mining stores, etc.  | (h)          | Interest on secured loan               | Interest on secured loan.   | (i)                      | Interest on secured loan               | Interest on secured loan.   | (j)     | Interest on secured loan               | Interest on secured loan.   | (k)     | Interest on secured loan               | Interest on secured loan.   |
| (f)   | Production prospecting license   | Fee paid per square mile depending on mineral.  | (i)          | Interest on secured loan               | Interest on secured loan.   | (j)                      | Interest on secured loan               | Interest on secured loan.   | (k)     | Interest on secured loan               | Interest on secured loan.   | (l)     | Interest on secured loan               | Interest on secured loan.   |
| (g)   | Exploration license  | Fee paid per square mile depending on mineral.  | (j)          | Interest on secured loan               | Interest on secured loan.   | (k)                      | Interest on secured loan               | Interest on secured loan.   | (l)     | Interest on secured loan               | Interest on secured loan.   | (m)     | Interest on secured loan               | Interest on secured loan.   |
| (h)   | Mining lease   | Fee paid per square mile depending on mineral and type of mineral.  | (k)          | Interest on secured loan               | Interest on secured loan.   | (l)                      | Interest on secured loan               | Interest on secured loan.   | (m)     | Interest on secured loan               | Interest on secured loan.   | (n)     | Interest on secured loan               | Interest on secured loan.   |
| (i)   | Income from employees (PAYE)   | Fee to tax based government tax paid, per year.   | (l)          | Interest on secured loan               | Interest on secured loan.   | (m)                      | Interest on secured loan               | Interest on secured loan.   | (n)     | Interest on secured loan               | Interest on secured loan.   | (o)     | Interest on secured loan               | Interest on secured loan.   |
| (j)   | Payroll taxes  | Fee on corporate employees.   | (m)          | Interest on secured loan               | Interest on secured loan.   | (n)                      | Interest on secured loan               | Interest on secured loan.   | (o)     | Interest on secured loan               | Interest on secured loan.   | (p)     | Interest on secured loan               | Interest on secured loan.   |
| (k)   | Miner taxes  | Should not exceed \$250,000 per annum.  | (n)          | Interest on secured loan               | Interest on secured loan.   | (o)                      | Interest on secured loan               | Interest on secured loan.   | (p)     | Interest on secured loan               | Interest on secured loan.   | (q)     | Interest on secured loan               | Interest on secured loan.   |
| (l)   | Import registration fees   | Percentage of CIF price of all goods imported and percentage of gross value of goods imported.                                | (o)          | Interest on secured loan               | Interest on secured loan.   | (p)                      | Interest on secured loan               | Interest on secured loan.   | (q)     | Interest on secured loan               | Interest on secured loan.   | (r)     | Interest on secured loan               | Interest on secured loan.   |
| (m)   | Board share's fee levy   | Applicable for period and does not tie to revenue related but use of different vehicles.                                      | (p)          | Interest on secured loan               | Interest on secured loan.   | (q)                      | Interest on secured loan               | Interest on secured loan.   | (r)     | Interest on secured loan               | Interest on secured loan.   | (s)     | Interest on secured loan               | Interest on secured loan.   |
| (n)   | Fines/ Penalties charges   | Company's penalty rates, invoice per.   | (q)          | Interest on secured loan               | Interest on secured loan.   | (r)                      | Interest on secured loan               | Interest on secured loan.   | (s)     | Interest on secured loan               | Interest on secured loan.   | (t)     | Interest on secured loan               | Interest on secured loan.   |
| (o)   | Land and interests transferred   | As per any special agreement.   | (r)          | Interest on secured loan               | Interest on secured loan.   | (s)                      | Interest on secured loan               | Interest on secured loan.   | (t)     | Interest on secured loan               | Interest on secured loan.   | (u)     | Interest on secured loan               | Interest on secured loan.   |
| (p)   | Thought levy (Corporate)   | Fee paid on corporate and imported items on behalf of the company.  | (s)          | Interest on secured loan               | Interest on secured loan.   | (t)                      | Interest on secured loan               | Interest on secured loan.   | (u)     | Interest on secured loan               | Interest on secured loan.   | (v)     | Interest on secured loan               | Interest on secured loan.   |
| (q)   | Dividends to Shareholders/ private sharing   | Percentage of total profits paid to the company community.  | (t)          | Interest on secured loan               | Interest on secured loan.   | (u)                      | Interest on secured loan               | Interest on secured loan.   | (v)     | Interest on secured loan               | Interest on secured loan.   | (w)     | Interest on secured loan               | Interest on secured loan.   |
| (r)   | Other business related charges   | As applicable.  | (u)          | Interest on secured loan               | Interest on secured loan.   | (v)                      | Interest on secured loan               | Interest on secured loan.   | (w)     | Interest on secured loan               | Interest on secured loan.   | (x)     | Interest on secured loan               | Interest on secured loan.   |
| (s)   | Community Development Fund   | Royalty paid from diamond export operations to the SDF, per year.   | (v)          | Interest on secured loan               | Interest on secured loan.   | (w)                      | Interest on secured loan               | Interest on secured loan.   | (x)     | Interest on secured loan               | Interest on secured loan.   | (y)     | Interest on secured loan               | Interest on secured loan.   |
| (t)   | NSIDFP Payments  | Payments made to National Security and Intelligence Fund, per year.   | (w)          | Interest on secured loan               | Interest on secured loan.   | (x)                      | Interest on secured loan               | Interest on secured loan.   | (y)     | Interest on secured loan               | Interest on secured loan.   | (z)     | Interest on secured loan               | Interest on secured loan.   |
| <b>PAYMENT AT LOCAL LEVEL:</b>  |  |   |              |  |   |                          |  |   |         |  |   |         |  |   |
| (a)   | Share tax  | Fee paid per share per year or per share. Specify distribution under community.   | (a)          | Share tax                              | Fee paid per share per year or per share. Specify distribution under community.                                   | (a)                      | Share tax                              | Fee paid per share per year or per share. Specify distribution under community.                                   | (a)     | Share tax                              | Fee paid per share per year or per share. Specify distribution under community.                                   | (a)     | Share tax                              | Fee paid per share per year or per share. Specify distribution under community.                                   |
| (b)   | Dividends to community/private sharing   | Percentage of total profits paid to the local community.  | (b)          | Dividends to community/private sharing | Percentage of total profits paid to the local community.  | (b)                      | Dividends to community/private sharing | Percentage of total profits paid to the local community.  | (b)     | Dividends to community/private sharing | Percentage of total profits paid to the local community.  | (b)     | Dividends to community/private sharing | Percentage of total profits paid to the local community.  |
| (c)   | Other payments (Corporate)   | Indicate any other mining related payments to local level, i.e. Minerals or Local Councils.                                   | (c)          | Other payments (Corporate)             | Indicate any other mining related payments to local level, i.e. Minerals or Local Councils.                       | (c)                      | Other payments (Corporate)             | Indicate any other mining related payments to local level, i.e. Minerals or Local Councils.                       | (c)     | Other payments (Corporate)             | Indicate any other mining related payments to local level, i.e. Minerals or Local Councils.                       | (c)     | Other payments (Corporate)             | Indicate any other mining related payments to local level, i.e. Minerals or Local Councils.                       |
| <b>PAYMENT FROM MINERS (CORPORATE/INDIVIDUAL)</b>   |  |   |              |  |   |                          |  |   |         |  |   |         |  |   |
| (a)   | Dividends  | Indicate any other mining related payments to local level, i.e. Minerals or Local Councils.                                   | (a)          | Dividends                              | Indicate any other mining related payments to local level, i.e. Minerals or Local Councils.                       | (a)                      | Dividends                              | Indicate any other mining related payments to local level, i.e. Minerals or Local Councils.                       | (a)     | Dividends                              | Indicate any other mining related payments to local level, i.e. Minerals or Local Councils.                       | (a)     | Dividends                              | Indicate any other mining related payments to local level, i.e. Minerals or Local Councils.                       |
| (b)   | Dividends  | Amount reported as related to interest on secured loan.   | (b)          | Dividends                              | Amount reported as related to interest on secured loan.   | (b)                      | Dividends                              | Amount reported as related to interest on secured loan.   | (b)     | Dividends                              | Amount reported as related to interest on secured loan.   | (b)     | Dividends                              | Amount reported as related to interest on secured loan.   |
| (c)   | Interest on secured loan   | Amount reported as related to interest on secured loan.   | (c)          | Interest on secured loan               | Amount reported as related to interest on secured loan.   | (c)                      | Interest on secured loan               | Amount reported as related to interest on secured loan.   | (c)     | Interest on secured loan               | Amount reported as related to interest on secured loan.   | (c)     | Interest on secured loan               | Amount reported as related to interest on secured loan.   |
| <b>ADDITIONAL INFORMATION (CORPORATE/INDIVIDUAL)</b>  |  |   |              |  |   |                          |  |   |         |  |   |         |  |   |
| (a)   | ADDITIONAL COMMENTS  | Payments to NLS, local authorities, other parties, not listed in the table, i.e. No. 1 & 2, etc.                              | (a)          | ADDITIONAL COMMENTS                    | Payments to NLS, local authorities, other parties, not listed in the table, i.e. No. 1 & 2, etc.                  | (a)                      | ADDITIONAL COMMENTS                    | Payments to NLS, local authorities, other parties, not listed in the table, i.e. No. 1 & 2, etc.                  | (a)     | ADDITIONAL COMMENTS                    | Payments to NLS, local authorities, other parties, not listed in the table, i.e. No. 1 & 2, etc.                  | (a)     | ADDITIONAL COMMENTS                    | Payments to NLS, local authorities, other parties, not listed in the table, i.e. No. 1 & 2, etc.                  |
| <b>Additional Comment Information:</b>  |  |   |              |  |   |                          |  |   |         |  |   |         |  |   |
| I acknowledge on behalf of..... the need to supply fair and accurate information in accordance with the guidelines provided and have endorsed to it as: |  |   |              |  |   |                          |  |   |         |  |   |         |  |   |
| Signature of Authorizing Officer:   |  |   |              |  |   |                          |  |   |         |  |   |         |  |   |
| Printed Name:   |  |   |              |  |   |                          |  |   |         |  |   |         |  |   |
| Date:   |  |   |              |  |   |                          |  |   |         |  |   |         |  |   |
| Company Name:   |  |   |              |  |   |                          |  |   |         |  |   |         |  |   |
| Company Address:  |  |   |              |  |   |                          |  |   |         |  |   |         |  |   |
| <b>Auditor's Name:</b>  |  |   |              |  |   |                          |  |   |         |  |   |         |  |   |
| <b>Auditor's Position/Title:</b>  |  |   |              |  |   |                          |  |   |         |  |   |         |  |   |
| Signature:  |  |   |              |  |   |                          |  |   |         |  |   |         |  |   |
| Date:   |  |   |              |  |   |                          |  |   |         |  |   |         |  |   |
| Company Name:   |  |   |              |  |   |                          |  |   |         |  |   |         |  |   |
| Company Address:  |  |   |              |  |   |                          |  |   |         |  |   |         |  |   |
| <b>LIST OF GOVERNMENT AGENCIES, DEPARTMENTS, AGENCIES, etc.</b>   |  |   |              |  |   |                          |  |   |         |  |   |         |  |   |
| <b>Environmental Department:</b>  |  |   |              |  |   |                          |  |   |         |  |   |         |  |   |
| (1) National Environment Authority (NEA)  |  |   |              |  |   |                          |  |   |         |  |   |         |  |   |
| (2) Ministry of Tourism and Economic Development (MTEd)   |  |   |              |  |   |                          |  |   |         |  |   |         |  |   |
| (3) Ministry of Natural Resources and Traditional Affairs (MINTA)   |  |   |              |  |   |                          |  |   |         |  |   |         |  |   |
| (4) Government of Eastern and Southern Highlands (ESHL)   |  |   |              |  |   |                          |  |   |         |  |   |         |  |   |
| <b>Other Government Agencies:</b>   |  |   |              |  |   |                          |  |   |         |  |   |         |  |   |
| (1) State Corporation of Minerals (SCM)   |  |   |              |  |   |                          |  |   |         |  |   |         |  |   |
| (2) State Corporation of Diamonds (SCD)   |  |   |              |  |   |                          |  |   |         |  |   |         |  |   |
| (3) Revenue & Excise Department (RED)   |  |   |              |  |   |                          |  |   |         |  |   |         |  |   |
| (4) Revenue & Excise Department (RED)   |  |   |              |  |   |                          |  |   |         |  |   |         |  |   |
| (5) Revenue & Excise Department (RED)   |  |   |              |  |   |                          |  |   |         |  |   |         |  |   |

**Figure C 2: Dealers/Exporters**

**TEMPLATE B: "THIS TEMPLATE IS TO BE FILLED OUT BY GOLD AND DIAMOND EXPORTERS AND DEALERS FOR PAYMENTS MADE TO MDAs"**  
 NOTE: (1) Complete One Template for period ending 2006 and One for period ending 2007; (2) Separate and detailed instruction is provided  
**STANDARDIZED EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVES (SLEITI)**  
**Name of Reporting Exporter/Dealers**

| Name of Company:   |  | Address:  |   |   |   |   |  |   |   |  |
|--|--|---|---|---|---|---|--|---|---|--|
| License No (s):  | Acquisition Date:  | Type of License (s):  | Duration:   | Expiry date (s) of License (s):   | No. of Exporter's Agents:   | No. of Dealer's Agents:   | Total Annual Revenue:  | Location Leased Area:   | Type (s) of Mineral Mined:  |  |
| Report on payments made in specific currencies (USD/Euro/GBP/AUD/CHF/INR)    | Report on payments made in specific currencies (USD/Euro/GBP/AUD/CHF/INR)  | Report on payments made in specific currencies (USD/Euro/GBP/AUD/CHF/INR) | Report on payments made in specific currencies (USD/Euro/GBP/AUD/CHF/INR)                   | Report on payments made in specific currencies (USD/Euro/GBP/AUD/CHF/INR)                                       | Report on payments made in specific currencies (USD/Euro/GBP/AUD/CHF/INR)                                     | Report on payments made in specific currencies (USD/Euro/GBP/AUD/CHF/INR) | Report on payments made in specific currencies (USD/Euro/GBP/AUD/CHF/INR)                  | Report on payments made in specific currencies (USD/Euro/GBP/AUD/CHF/INR) | Report on payments made in specific currencies (USD/Euro/GBP/AUD/CHF/INR) |  |
| TYPE OF PAYMENT  | Explanatory notes (Event/transaction that trigger payment - e.g. regulator, law, agreement, etc)   | Basis of Tax/Fee Paid (i.e. rate applied, criteria, etc)                  | Payment To (specify which MDA - see list below DSE if payment was made through third party) | Total Amount - Currency (US\$) (actual currency paid in US dollars or Leones - No currency conversion required) | Total Amount - Currency (Le) (actual currency paid in Leones or US dollars - No currency conversion required) | Method of Payments (i.e. Cheque/Wire Transfer, Cash, etc)                 | Payment Ref # (if amount represents multiple payments, attach list & breakdown of amounts) | Date(s) of Payment(s) (format as dd/mm/yyyy)                              | Where was transaction made? (specify name of bank, office, etc)           | Comments/Additional Information (if more space is needed go to end of worksheet) |
| A  | B  | C   | D   | E   | F   | G   | H  | I   | J   | K  |
| <b>1 GENERAL LICENSE</b>   |  |   |   |   |   |   |  |   |   |  |
| (a) Artisanal mining license   | Fees per acre for precious minerals  |   |   |   |   |   |  |   |   |  |
| (b) Small-scale mining license   | Fees per acre for precious minerals  |   |   |   |   |   |  |   |   |  |
| <b>2 DIAMONDS</b>  |  |   |   |   |   |   |  |   |   |  |
| (a) Alluvial Diamond exporters license                                       | Fees paid per calendar year  |   |   |   |   |   |  |   |   |  |
| (b) Alluvial Diamond Exporter's agent  | Exporter to give total fees for all agents   |   |   |   |   |   |  |   |   |  |
| (c) Alluvial Diamond Dealer's license  | Fees paid by Non-Citizens, Economic citizens & Citizens including Monitoring fee.  |   |   |   |   |   |  |   |   |  |
| (d) Alluvial Diamond Dealer's agents certificate (citizens only)             | Dealer to give total for all agents  |   |   |   |   |   |  |   |   |  |
| (e) Artisanal land and river licenses  | Fees paid per year per acre or part thereof.   |   |   |   |   |   |  |   |   |  |
| (f) Small scale land and river licenses                                      | Fees paid per year per acre and thereof.   |   |   |   |   |   |  |   |   |  |
| (g) Mine Manager's certificate   | Fees paid per license per individual license holder; per year for cooperatives and bodies corporate. Non-citizens, citizens in accordance with Mines and Minerals Act; fees paid per year. |   |   |   |   |   |  |   |   |  |
| (h) License to dredge  | Fees paid per acre per year.   |   |   |   |   |   |  |   |   |  |
| (i) Monitoring fee   | Fees paid per acre per year.   |   |   |   |   |   |  |   |   |  |
| (j) Rehabilitation fee   | For Artisanal mining license holder fees paid per acre per year; small scale mining license holder, company to rehabilitate.   |   |   |   |   |   |  |   |   |  |
| (k) Surface rent   | Fees paid per acre per year or part thereof. Indicate distribution.  |   |   |   |   |   |  |   |   |  |
| <b>Administrative expenses/export charges</b>                                |  |   |   |   |   |   |  |   |   |  |
| (l) Royalty on export of diamonds  |  |   |   |   |   |   |  |   |   |  |
| (m) Royalty for small scale license holders wishing to export their winnings |  |   |   |   |   |   |  |   |   |  |
| <b>Standard Assessment Income Tax</b>  |  |   |   |   |   |   |  |   |   |  |
| (n) Diamond Mining License   | Fees paid per acre per year.   |   |   |   |   |   |  |   |   |  |
| (o) Diamond dealer's license   | Fees paid for Non-citizens and Citizens per year.  |   |   |   |   |   |  |   |   |  |
| (p) Diamond exporters agent  | Provide total for all agents per year.   |   |   |   |   |   |  |   |   |  |
| (q) Diamond dealer's agent   | Provide total for all agents per year.   |   |   |   |   |   |  |   |   |  |
| <b>3 GOLD</b>  |  |   |   |   |   |   |  |   |   |  |
| (a) Gold exporter's license  | Fees paid per year.  |   |   |   |   |   |  |   |   |  |
| (b) Gold exporter's agent certificate  | Fees paid per year.  |   |   |   |   |   |  |   |   |  |
| (c) Gold dealer's license  | Fees paid by Non-Citizens & Citizens including Monitoring fee.   |   |   |   |   |   |  |   |   |  |
| (d) Gold export charges  | Royalty for export License holder's, Valuation fee, and Monitoring fee.  |   |   |   |   |   |  |   |   |  |
| (e) Standard assessment minimum tax  | Fees paid for Gold mining license per acre, gold dealer's license - Non-citizens, Citizens, and Gold exporters, all per year.  |   |   |   |   |   |  |   |   |  |
| <b>4 PAYMENTS FOR SERVICES (SPECIFY BELOW)</b>                               |  |   |   |   |   |   |  |   |   |  |
| (a)  |  |   |   |   |   |   |  |   |   |  |
| <b>5 ADDITIONAL DISCLOSURES (SPECIFY BELOW)</b>                              |  |   |   |   |   |   |  |   |   |  |
| (a)  | Payment to MDA, local authorities, other parties not listed under Lines 1 thru 4   |   |   |   |   |   |  |   |   |  |
| (b)  |  |   |   |   |   |   |  |   |   |  |
| <b>Additional Comment/Information</b>  |  |   |   | <b>TOTAL</b>  | <b>0</b>  | <b>0</b>  |  |   |   |  |

**Management sign-off**  
 I acknowledge on behalf of ..... the need to supply fair and accurate information in accordance with the guidelines provided and have endeavored to do so.  
 Name of Authorizing Officer: .....  
 Position/Title: .....  
 Signature: .....  
 Date: .....  
 Contact Phone: .....  
 Contact Email: .....

**Auditor's Report**  
 We have examined the foregoing SLEITI reporting template of ..... and have:  
 (a) tested the extraction of the payments data included on the reporting template; and  
 (b) reviewed that the company has reconciled the cash-based payment details it has included in their template to their accrual-based financial statements.  
 Based on this examination, we report that nothing has come to our attention that would lead us to believe that the information disclosed in the template does not represent a fair and accurate summary of payments made to the stated government agencies in accordance with the instructions on the template.  
 Name and Address of Audit Company:  
 Auditor's Name:  
 Address:

**Figure C 3: MDA Report for Large Mining Companies**

**TEMPLATE C - THIS TEMPLATE IS TO BE FILLED OUT BY PROVIDING PAYMENTS RECEIVED FROM LARGE SCALE MINING COMPANIES AND PROSPECTING AND EXPLORATION COMPANIES**

NOTE: This template is to be filled out by providing the details of payments received from large scale mining companies and prospecting and exploration companies. It is not to be filled out by providing details of payments received from small scale mining companies and prospecting and exploration companies.

**SIERRA LEONE EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVES (SLEITI)**

Name of Reporting Institution (MDA): \_\_\_\_\_ Address: \_\_\_\_\_  
Name of Company on Which Report is Based: \_\_\_\_\_ Acquisition No: \_\_\_\_\_  
License No (s): \_\_\_\_\_ Type of License (s): \_\_\_\_\_ Duration: \_\_\_\_\_ Expiry date (s) of License (s): \_\_\_\_\_ Location of Leased Area: \_\_\_\_\_ Type (s) of Mineral Mined: \_\_\_\_\_

| LINE NO.  | TYPE OF PAYMENT  | Explanatory notes (Even/Transaction that trigger payment, i.e. regulations, law, agreement, etc)  | Basis of Tax/Fee Paid (e.g. rate applied, criteria, etc) | Payment Form (see list below. Do not specify if payment is made through third-party) | Total Amount - Currency (US\$) (Actual currency paid in US dollars or Leases - No currency conversion required) | Total Amount - Currency (Le) (Actual currency paid in Leases or US dollars - No currency conversion required) | Date(s) of Payment(s) (format as dd/mm/yyyy) | Where was transaction received? (specify name of bank, office, etc) | Comments/ Additional information (if more space is needed go to end of worksheet) |
|---|--|---|--|--|---|---|--|---|---|
|   |  |   |  |  |   |   |  |   |   |
| <b>1 TAXES AND FEES</b>                         |  |   |  |  |   |   |  |   |   |
| (a)   | Corporate tax  | In accordance with the provision in the Income Tax Act and various (temporary) impositions) act. % of taxable business income.  |  |  |   |   |  |   |   |
| (b)   | Agricultural Development Fund  | Amounts paid as a percentage of revenue generated by sales of minerals produced for agricultural use. In the case of mineral disposal, the rate is 10%.                                 |  |  |   |   |  |   |   |
| (c)   | Royalty  | Amounts reported as related to revenue generated by sales of produce stones & other minerals. Special Building & Industrial. In accordance with provision in the Mines and Minerals Act |  |  |   |   |  |   |   |
| (d)   | Customs duty on prospecting and exploration equipment                  | Leases on mining equipments, accessories mining stores, etc.  |  |  |   |   |  |   |   |
| (e)   | Import, customs and excise duties and other levies on mining equipment | Leases on mining equipments, accessories mining stores, etc.  |  |  |   |   |  |   |   |
| (f)   | Exclusive prospecting license  | Fees paid per square mile depending on mineral  |  |  |   |   |  |   | [Provide license #]   |
| (g)   | Non-exclusive prospecting license                                      | Fees paid per square mile depending on mineral  |  |  |   |   |  |   | [Provide license #]   |
| (h)   | Exploration license  | Fees paid per square mile depending on mineral  |  |  |   |   |  |   | [Provide license #]   |
| (i)   | Mining lease   | Fees paid per square mile depending on mineral and type of deposit  |  |  |   |   |  |   |   |
| (j)   | Taxes from employees(PAYE)   | Pay As You Earn government tax paid, per year.  |  |  |   |   |  |   |   |
| (k)   | Payroll taxes  | For expatriate employees.   |  |  |   |   |  |   |   |
| (l)   | Minor taxes  | Should not exceed \$250,000 per annum   |  |  |   |   |  |   |   |
| (m)   | Import inspection fees   | Percentage of CIF price of all goods imported and percentage of gross value of all goods imported.  |  |  |   |   |  |   |   |
| (n)   | Road user's fuel levy  | Applicable for petrol and diesel used by heavy vehicles but not off-highway vehicles.   |  |  |   |   |  |   |   |
| (o)   | Port/harbour charges   | Compulsory pilotage rate, buoyage fees  |  |  |   |   |  |   |   |
| (p)   | Fuel and lubricants imported   | As per any special agreement  |  |  |   |   |  |   | [Specify agreement & date]  |
| (q)   | Freight levy (specify)   | Fees paid on exported and imported items on behalf of the company.  |  |  |   |   |  |   |   |
| (r)   | Dividends to Gov/profit sharing  | Percentage of total profits paid to government and community.   |  |  |   |   |  |   |   |
| (s)   | Other customs related charges specify                                  | As applicable   |  |  |   |   |  |   |   |
| (t)   | Community Development Fund   | Royalty paid from diamond export operations to the CDF, per year  |  |  |   |   |  |   |   |
| (u)   | NASSIT Payments  | Payments made to National Security and Insurance Trust, per year  |  |  |   |   |  |   |   |
| <b>2 PAYMENTS AT LOCAL LEVEL</b>                |  |   |  |  |   |   |  |   |   |
| (a)   | Surface rent   | Fees paid per year per acre or per hectare. Specify distribution under contracts.   |  |  |   |   |  |   |   |
| (b)   | Dividends to community/profit sharing                                  | Percentage of total profits paid government and community.  |  |  |   |   |  |   |   |
| (c)   | Other payments (Specify)   | Indicate any other mining related payments at local level, i.e. District or Local Councils  |  |  |   |   |  |   |   |
| <b>3 PAYMENT FOR SERVICES (SPECIFY BELOW)</b>   |  |   |  |  |   |   |  |   |   |
| (a)   |  | Indicate any other mining related payments for services to any of the MDAs  |  |  |   |   |  |   |   |
| (b)   |  |   |  |  |   |   |  |   |   |
| <b>4 WITHHOLDINGS</b>                           |  |   |  |  |   |   |  |   |   |
| (a)   | Interest   | (On dividends and profits remitted in accordance with Income Tax Act)   |  |  |   |   |  |   |   |
| (b)   | Dividends  | Amounts reported as related to dividend-generated revenue   |  |  |   |   |  |   |   |
| (c)   | Resident contractors   | Amounts reported as related to resident contractors   |  |  |   |   |  |   | [Provide contractor(s) info]  |
| (d)   | Non resident contractors   | Amounts reported as related to non-resident contractors   |  |  |   |   |  |   | [Provide contractor(s) info]  |
| <b>5 ADDITIONAL DISCLOSURES (SPECIFY BELOW)</b> |  |   |  |  |   |   |  |   |   |
| (a)   |  | Payment to MDA, local authorities & other entities not listed in the under Line # 1 thru 4  |  |  |   |   |  |   |   |
| (b)   |  |   |  |  |   |   |  |   |   |
| <b>Additional Comment/Information:</b>          |  |   |  |  | <b>TOTAL</b>  | 0   | 0  |   |   |

Management sign-off: I acknowledge on behalf of \_\_\_\_\_ the need to supply fair and accurate information in accordance with the guidelines provided and have endeavored to do so.  
Name of Authorizing Officer: \_\_\_\_\_  
Position/T title: \_\_\_\_\_  
Signature: \_\_\_\_\_  
Date: \_\_\_\_\_  
Contact Phone: \_\_\_\_\_  
Contact Email: \_\_\_\_\_

**Auditor's Report**  
We have examined the foregoing SLEITI reporting template of \_\_\_\_\_ and have:  
(a) tested the extraction of the payments data included on the reporting template; and  
(b) reviewed that the company has reconciled the cash-based payment details it has included in their template to their accrual-based financial statements.  
Based on this examination, we report that nothing has come to our attention that would lead us to believe that the information disclosed in the template does not represent a fair and accurate summary of payments made to the stated government agencies in accordance with the instructions on the template.  
Name and Address of Audit Company: \_\_\_\_\_  
Auditor's Name: \_\_\_\_\_  
Auditor's Position/T title: \_\_\_\_\_  
Signature: \_\_\_\_\_  
Date: \_\_\_\_\_  
Contact Phone: \_\_\_\_\_  
Contact Email: \_\_\_\_\_

- LIST OF INDUSTRIAL MINING COMPANIES, DIAMOND EXPORTERS/DEALERS (MINING COMPANIES)**
- | Industrial Mining Companies: | Code/Column ID |
|------------------------------|----------------|
| (1) Sierra Rutile Ltd        | (SR)           |
| (2) Keidu Holdings           | (KH)           |
| (3) Lonsden Mining Co.       | (LM)           |
| (4) African Minerals         | (AM)           |

**Figure C 4: MDA Report for Dealers/Exporters**

**TEMPLATE B: "THIS TEMPLATE IS TO BE FILLED OUT BY MDAs for revenues received from GOLD AND DIAMOND EXPORTERS AND DEALERS"**

**NOTE: (1) Complete One Template for period ending 2006 and One for period ending 2007. (2) Separate and detailed instruction is provided.**

**STRENGTHENING EXTRACTIVE INDUSTRY TRANSPARENCY INITIATIVES (SLEITI)**

**Report of Reporting Institution (MDA)**

Name of Exporter/Dealer on which the report is based: \_\_\_\_\_ Address: \_\_\_\_\_

License No (s): \_\_\_\_\_ Acquisition Date: \_\_\_\_\_ Type of License (s): \_\_\_\_\_ Duration of License (s): \_\_\_\_\_ Expiry date (s) of License (s): \_\_\_\_\_ No. of Exporter's Agents: \_\_\_\_\_ No. of Dealer's Agents: \_\_\_\_\_ Location Leased Area: \_\_\_\_\_ Type (s) of Mineral Mined: \_\_\_\_\_

| SL. NO.   | TYPE OF PAYMENT  | Explanatory notes (Relevant transaction that trigger payment - e.g. regulations, law, agreement, etc)                         | Basis of Tax/Fee Paid (i.e. rate applied, criteria, etc) | Payment From (see list below Q2. Specify if payment is made through third party) | Total Amount - Currency (US\$) (actual currency paid in US dollars or Leones -No currency conversion required) | Total Amount - Currency (Le) (actual currency paid in Leones or US dollars -No currency conversion required) | Method of Payments (i.e. Cheque/Wire Transfer, Cash, etc) | Payment Ref # (if amount represents multiple payments, attach list & breakdown of amounts) | Date(s) of Payment(s) (format dd/mm/yyyy) | Where was transaction received? (specify name of bank, office, etc) | Comments/ Additional Information (if more space is needed go to end of worksheet) |
|---|--|---|--|--|--|--|---|--|---|---|---|
| A   | B  | C   | D  | E  | F  | G  | H   | I  | J   | K   |   |
| <b>1 GENERAL LICENSES</b>   |  |   |  |  |  |  |   |  |   |   |   |
| (a)   | Artisanal mining license   | Fees paid per acre for precious minerals  |  |  |  |  |   |  |   |   |   |
| (b)   | Small-scale mining license   | Fees paid per acre for precious minerals  |  |  |  |  |   |  |   |   |   |
| <b>2 DIAMONDS</b>   |  |   |  |  |  |  |   |  |   |   |   |
| (a)   | Alluvial Diamond exporters license                                       | Fees paid per calendar year   |  |  |  |  |   |  |   |   |   |
| (b)   | Alluvial Diamond Exporter's agent  | Exporter to give total fees for all agents  |  |  |  |  |   |  |   |   |   |
| (c)   | Alluvial Diamond Dealer's license  | Fees paid by Non-Citizens, Economic citizens & Citizens including Monitoring fee.   |  |  |  |  |   |  |   |   |   |
| (d)   | Alluvial Diamond Dealer's agents certificate (citizens only)             | Dealer to give total for all agents   |  |  |  |  |   |  |   |   |   |
| (e)   | Artisanal land and river licenses  | Fees paid per year per acre or part thereof.  |  |  |  |  |   |  |   |   |   |
| (f)   | Small scale land and river licenses                                      | Fees paid per year per acre and thereof.  |  |  |  |  |   |  |   |   |   |
| (g)   | Mine Manager's certificate   | Fees paid per license per individual license holder per year for cooperatives and bodies constituted under the law.           |  |  |  |  |   |  |   |   |   |
| (h)   | License to dredge  | In accordance with Mines and Minerals Act: fees paid per year.  |  |  |  |  |   |  |   |   |   |
| (i)   | Monitoring fee   | Fees paid per acre per year.  |  |  |  |  |   |  |   |   |   |
| (j)   | Rehabilitation fee   | For Artisanal mining license holder fees paid per acre per year, small scale mining license holder: expenses to rehabilitate. |  |  |  |  |   |  |   |   |   |
| (k)   | Surface rent   | Fees paid per acre per year or part thereof. Indicate distribution.   |  |  |  |  |   |  |   |   |   |
| <b>Administrative expenses/export charges</b>   |  |   |  |  |  |  |   |  |   |   |   |
| (l)   | Royalty on export of diamonds  |   |  |  |  |  |   |  |   |   |   |
| (m)   | Royalty for small scale license holders wishing to export their winnings |   |  |  |  |  |   |  |   |   |   |
| <b>Standard Assessment Income Tax</b>   |  |   |  |  |  |  |   |  |   |   |   |
| (n)   | Diamond Mining License   | Fees paid per acre per year.  |  |  |  |  |   |  |   |   |   |
| (o)   | Diamond dealer's license   | Fees paid for Non-citizens and Citizens per year.   |  |  |  |  |   |  |   |   |   |
| (p)   | Diamond exporters agent  | Provide total for all agents per year.  |  |  |  |  |   |  |   |   |   |
| (q)   | Diamond dealer's agent   | Provide total for all agents per year.  |  |  |  |  |   |  |   |   |   |
| <b>3 GOLD</b>   |  |   |  |  |  |  |   |  |   |   |   |
| (a)   | Gold exporter's license  | Fees paid per year.   |  |  |  |  |   |  |   |   |   |
| (b)   | Gold exporter's agent certificate  | Fees paid per year.   |  |  |  |  |   |  |   |   |   |
| (c)   | Gold dealer's license  | Fees paid by Non-Citizens & Citizens including Monitoring fee.  |  |  |  |  |   |  |   |   |   |
| (d)   | Gold export charges  | Royalty for export License holders, Voluntary fee, and Monitoring fee.  |  |  |  |  |   |  |   |   |   |
| (e)   | Standard assessment minimum tax  | Fees paid for Gold mining license per acre, gold dealer's license - Non-citizens, Citizens, and Gold exporters: all per year. |  |  |  |  |   |  |   |   |   |
| <b>4 PAYMENTS FOR SERVICES (SPECIFY BELOW)</b>  |  |   |  |  |  |  |   |  |   |   |   |
| (a)   |  |   |  |  |  |  |   |  |   |   |   |
| <b>5 ADDITIONAL DISCLOSURES (SPECIFY BELOW)</b>   |  |   |  |  |  |  |   |  |   |   |   |
| (a)   |  | Payment to MDA, local authorities, other parties not listed under Level 1 thru 4  |  |  |  |  |   |  |   |   |   |
| (b)   |  |   |  |  |  |  |   |  |   |   |   |
| <b>Additional Comment/Information:</b>  |  |   |  | <b>TOTAL</b>   | <b>0</b>   | <b>0</b>   |   |  |   |   |   |
| <p><b>Management sign-off</b></p> <p>I acknowledge on behalf of ..... the need to supply fair and accurate information in accordance with the guidelines provided and have endeavored to do so.</p> <p>Name of Authorizing Officer: _____</p> <p>Position/Title: _____</p> <p>Signature: _____</p> <p>Date: _____</p> <p>Contact Phone: _____</p> <p>Contact Email: _____</p> <p><b>Auditor's Report</b></p> <p>We have examined the foregoing SLEITI reporting template of ..... and have:</p> <p>(a) tested the extraction of the payments data included on the reporting template; and</p> <p>(b) reviewed that the company has reconciled the cash-based payment details it has included in their template to their accrual-based financial statements.</p> <p>Based on this examination, we report that nothing has come to our attention that would lead us to believe that the information disclosed in the template does not represent a fair and accurate summary of payments made to the stated government agencies in accordance with the instructions on the template.</p> <p>Name and Address of Audit Company: _____</p> <p>Auditor's Name: _____</p> <p>Auditor's Position/Title: _____</p> <p>Signature: _____</p> <p>Date: _____</p> <p>Contact Phone: _____</p> |  |   |  |  |  |  |   |  |   |   |   |

**Figure C 5: District/Chiefdom Councils for Large Mining Companies**



| <b>TEMPLATE FOR THIS REPORT IS TO BE FILLED OUT BY DISTRICT/CITY/CHIEFDOM COUNCILS OF REVENUES RECEIVED FROM LARGE SCALE MINING COMPANIES AND PROSPECTING AND EXPLORATION COMPANIES</b><br><b>NOTE: DO NOT COMPLETE THIS TEMPLATE FOR PERIODS ENDING 2006 AND ONE FOR PERIOD ENDING 2007. (See Separate and detailed instruction is provided)</b>  |   |  |  |  |  |   |   |  |  |   |
|--|---|--|--|--|--|---|---|--|--|---|
| <b>DISTRICT/CITY/CHIEFDOM COUNCILS OF REVENUES RECEIVED FROM LARGE SCALE MINING COMPANIES AND PROSPECTING AND EXPLORATION COMPANIES</b>  |   |  |  |  |  |   |   |  |  |   |
| <b>Name of Reporting Institution (District/City/Chiefdom Councils):</b>  |   |  |  |  |  |   |   |  |  | <b>Address:</b>   |
| <b>Name of Company on Which Report is Based:</b>   |   |  |  |  |  |   |   |  |  |   |
| <b>License No. (s):</b>  | <b>Acquisition No:</b>  | <b>Type of License (s):</b>  | <b>Duration:</b>   | <b>Expiry date (s) of License (s):</b>   | <b>Location of Leased Area:</b>  |   |   | <b>Type (s) of Mineral Mined:</b>                    |  |   |
| <b>Report on revenues received from specific mining company for the financial year ending 31<sup>st</sup> December, 2006</b>   |   |  |  |  |  |   |   |  |  |   |
| <b>TYPE OF PAYMENT</b>   | <b>Explanatory notes (Specify circumstances that trigger payment - e.g. regulations, law, agreement, etc)</b> | <b>Basis of Tax/Fee Paid (e.g. rate applied, criteria, etc)</b>  | <b>Payment From (See list below Q2E. Specify if payment is made through third party)</b> | <b>Total Amount - Currency (LBS) (actual currency paid in US dollars or Leones -No currency conversion required)</b> | <b>Total Amount - Currency (LLe) (actual currency paid in Leones or US dollars -No currency conversion required)</b> | <b>Method of Payments (i.e. Cheques/Wire Transfer, Cash, etc)</b> | <b>Payment Ref # (if amount represents multiple payments, attach list &amp; breakdown of amounts)</b> | <b>Date(s) of Payment(s) (format as: dd/mm/yyyy)</b> | <b>Where was transaction received? (Specify name of bank, office, etc)</b> | <b>Comments/Additional Information (if more space is needed go to end of worksheet)</b> |
| A  | B   | C  | D  | E  | F  | G   | H   | I  | J  | K   |
| <b>1 TAXES AND FEES</b>  |   |  |  |  |  |   |   |  |  |   |
| (a)  | Corporate tax   | In accordance with the provision in the Income Tax Act and certain (where applicable) act. % of chargeable business income               |  |  |  |   |   |  |  |   |
| (b)  | Agricultural Development Fund   | Amounts paid as a percentage of revenues generated by sales of minerals produced for agricultural use in the rural of mineral districts. |  |  |  |   |   |  |  |   |
| (c)  | Royalty   | Amounts paid as a percentage of revenues generated by sales of precious stones & other minerals except bullion & industrial minerals.    |  |  |  |   |   |  |  |   |
| (d)  | Customs duty on prospecting and exploration equipment   | In accordance with provision in the Mines and Minerals Act   |  |  |  |   |   |  |  |   |
| (e)  | Import, customs and excise duties and other levies on mining equipment  | Levies on mining equipments, consumable mining stores, etc.  |  |  |  |   |   |  |  |   |
| (f)  | Exclusive prospecting license   | Fees paid per squared mile depending on mineral  |  |  |  |   |   |  |  | (Provide license #)   |
| (g)  | Non-exclusive prospecting license   | Fees paid per squared mile depending on mineral  |  |  |  |   |   |  |  | (Provide license #)   |
| (h)  | Exploration license   | Fees paid per squared mile depending on mineral  |  |  |  |   |   |  |  | (Provide license #)   |
| (i)  | Mining lease  | Fees paid per square mile depending on mineral and type of deposit   |  |  |  |   |   |  |  |   |
| (j)  | Taxes from employees(PAYE)  | Pay As You Earn government tax paid, per year.   |  |  |  |   |   |  |  |   |
| (k)  | Payroll taxes   | For expatriate employees   |  |  |  |   |   |  |  |   |
| (l)  | Minor taxes   | Should not exceed \$250,000 per annum  |  |  |  |   |   |  |  |   |
| (m)  | Import inspection fees  | Percentage of CIF price of all goods imported and percentage of gross sales price of goods exported                                      |  |  |  |   |   |  |  |   |
| (n)  | Road user's fuel levy   | Applicable for petrol and diesel used by company vehicles but not off-highway vehicles.  |  |  |  |   |   |  |  |   |
| (o)  | Port/Harbour charges  | Compulsory pilotage rate, buoyage fees   |  |  |  |   |   |  |  |   |
| (p)  | Fuel and lubricants imported  | As per any special agreement   |  |  |  |   |   |  |  | (Specify agreement & date)  |
| (q)  | Freight levy (specify)  | Fees paid on exported and imported items on behalf of the company  |  |  |  |   |   |  |  |   |
| (r)  | Dividends to Gov/profit sharing   | Percentage of total profits paid to government and community   |  |  |  |   |   |  |  |   |
| (s)  | Other customs related charges-specify   | As applicable  |  |  |  |   |   |  |  |   |
| (t)  | Community Development Fund  | Royalty paid from diamond export operations to the CDF, per year.  |  |  |  |   |   |  |  |   |
| (u)  | NASSIT Payments   | Payments made to National Security and Insurance Trust, per year.  |  |  |  |   |   |  |  |   |
| <b>2 PAYMENT AT LOCAL LEVEL</b>  |   |  |  |  |  |   |   |  |  |   |
| (a)  | Surface rent  | Fees paid per year per acre or part thereof. Specify distribution under comments.  |  |  |  |   |   |  |  |   |
| (b)  | Dividends to community/profit sharing   | Percentage of total profits paid government and community  |  |  |  |   |   |  |  |   |
| (c)  | Other payments(Specify)   | Indicate any other mining related payments at local level. i.e. District or Local Councils   |  |  |  |   |   |  |  |   |
| <b>3 PAYMENT FOR SERVICES (SPECIFY BELOW)</b>  |   |  |  |  |  |   |   |  |  |   |
| (a)  |   | Indicate any other mining related payments for services to any of the MDAs   |  |  |  |   |   |  |  |   |
| (b)  |   |  |  |  |  |   |   |  |  |   |
| <b>4 WITHHOLDINGS</b>  |   |  |  |  |  |   |   |  |  |   |
| (a)  | Interest  | (On dividends and profits remitted in accordance with Income Tax Act) Amounts reported as related to interest-generated revenues         |  |  |  |   |   |  |  |   |
| (b)  | Dividends   | Amounts reported as related to dividend-generated revenues   |  |  |  |   |   |  |  |   |
| (c)  | Resident contractors  | Amounts reported as related to resident contractors  |  |  |  |   |   |  |  | (Provide contractor(s) info)  |
| (d)  | Non resident contractors  | Amounts reported as related to non resident contractors  |  |  |  |   |   |  |  | (Provide contractor(s) info)  |
| <b>5 ADDITIONAL DISCLOSURES (SPECIFY BELOW)</b>  |   |  |  |  |  |   |   |  |  |   |
| (a)  |   | Payment to MDA, local authorities & other parties not listed in the under Line # 1 thru 4  |  |  |  |   |   |  |  |   |
| (b)  |   |  |  |  |  |   |   |  |  |   |
| <b>Additional Comment/Information:</b>   |   |  |  | <b>TOTAL</b>   | <b>0</b>   | <b>0</b>  |   |  |  |   |
| <b>Management sign-off</b><br>I acknowledge on behalf of<br>Name of Authorizing Officer: _____ the need to supply fair and accurate information in accordance with the guidelines provided and have endeavored to do so.<br>Position/Title:<br>Signature:<br>Date:<br>Contact Phone:<br>Contact Email:   |   |  |  |  |  |   |   |  |  |   |
| <b>Auditor's Report</b><br>We have examined the foregoing SLEITI reporting template of _____ and have:<br>(a) tested the extraction of the payments data included on the reporting template and<br>(b) reviewed that the company has reconciled the cash-based payment details it has included in their template to their accrual-based financial statements.<br>Based on this examination, we report that nothing has come to our attention that would lead us to believe that the information disclosed in the template does not represent a fair and accurate summary of payments made to the stated District/Chiefdom Council in accordance with the instructions on the template. |   |  |  |  |  |   |   |  |  |   |

**Figure C 6: District/Chiefdom Councils for Dealers/Exporters**

**TEMPLATE E: "THIS TEMPLATE IS TO BE FILLED OUT BY DISTRICT/CITY/CHIEFTOM COUNCILS for revenues received from GOLD AND DIAMOND EXPORTERS AND DEALERS"**

**NOTE: (1) Complete one template for period ending 2006 and due for period ending 2007. (2) Separate and detailed instruction is provided.**

**SLEITI REPORTING AND DISCLOSURE TRANSPARENCY INITIATIVES (SLEITI)**

**Name of Reporting Institution (MDA):** \_\_\_\_\_

| Name of Exporter/Dealer on which the report is based:   |  | Address:  |  |   |   |   |   |  |   |   |  |
|---|--|---|--|---|---|---|---|--|---|---|--|
| License No (s):   | Acquisition Date:  | Type of License (s):  | Duration of License (s):                                 | Expiry date (s) of License (s):   | No. of Exporter's Agents:   | No. of Dealer's Agents:   | Location Leased Area:                                       | Type (s) of Mineral Mined:   |   |   |  |
| Report on revenues received from specific Exporter/Dealer for the financial year ended 31 <sup>st</sup> December:   |  | 2006  |  |   |   |   |   |  |   |   |  |
| SL. NO.   | TYPE OF PAYMENT  | Explanatory notes (Event/transaction that trigger payment - e.g. regulations, law, agreement, etc)  | Basis of Tax/Fee Paid (i.e. rate applied, criteria, etc) | Payment From (see last column - specify if payment is made through third party) | Total Amount - Currency (US\$) (actual currency paid in US dollars or Leones - No currency conversion required) | Total Amount - Currency (Le) (actual currency paid in Leones or US dollars - No currency conversion required) | Method of Payments (i.e. Cheques/Money Transfer, Cash, etc) | Payment Ref # (If amount represents multiple payments, attach list & breakdown of amounts) | Date(s) of Payment(s) (format as: dd/mm/yyyy) | Where was transaction received? (specify name of bank, office, etc) | Comments/Additional Information (if more space is needed go to end of worksheet) |
| A   | B  | C   | D  | E   | F   | G   | H   | I  | J   | K   |  |
| <b>1 GENERAL LICENSES</b>   |  |   |  |   |   |   |   |  |   |   |  |
| (a)   | Artisanal mining license   | Fees per acre for precious minerals   |  |   |   |   |   |  |   |   |  |
| (b)   | Small-scale mining license   | Fees per acre for precious minerals   |  |   |   |   |   |  |   |   |  |
| <b>2 DIAMONDS</b>   |  |   |  |   |   |   |   |  |   |   |  |
| (a)   | Alluvial Diamond exporters license                                       | Fees paid per calendar year   |  |   |   |   |   |  |   |   |  |
| (b)   | Alluvial Diamond Exporter's agent  | Exporter to give total fees for all agents  |  |   |   |   |   |  |   |   |  |
| (c)   | Alluvial Diamond Dealer's license  | Fees paid by Non-Citizens, Economic citizens & Citizens including Monitoring fee.   |  |   |   |   |   |  |   |   |  |
| (d)   | Alluvial Diamond Dealer's agents certificate (citizens only)             | Dealer to give total for all agents   |  |   |   |   |   |  |   |   |  |
| (e)   | Artisanal land and river licenses  | Fees paid per year per acre or part thereof.  |  |   |   |   |   |  |   |   |  |
| (f)   | Small scale land and river licenses                                      | Fees paid per year per acre and thereof.  |  |   |   |   |   |  |   |   |  |
| (g)   | Mine Manager's certificate   | Fees paid per license per individual license holder, per year for cooperatives and bodies responsible for activities in accordance with Mines and Minerals Act; fees paid per year.                   |  |   |   |   |   |  |   |   |  |
| (h)   | License to dredge  |   |  |   |   |   |   |  |   |   |  |
| (i)   | Monitoring fee   | Fees paid per acre per year   |  |   |   |   |   |  |   |   |  |
| (j)   | Rehabilitation fee   | For Artisanal mining license holder fees paid per acre per year; small scale mining license holder contributes to rehabilitation. Fees paid per acre per year or part thereof. Indicate distribution. |  |   |   |   |   |  |   |   |  |
| (k)   | Surface rent   |   |  |   |   |   |   |  |   |   |  |
| <b>Administrative expenses/export charges</b>   |  |   |  |   |   |   |   |  |   |   |  |
| (l)   | Royalty on export of diamonds  |   |  |   |   |   |   |  |   |   |  |
| (m)   | Royalty for small scale license holders wishing to export their winnings |   |  |   |   |   |   |  |   |   |  |
| <b>Standard Assessment Income Tax</b>   |  |   |  |   |   |   |   |  |   |   |  |
| (n)   | Diamond Mining License   | Fees paid per acre per year.  |  |   |   |   |   |  |   |   |  |
| (o)   | Diamond dealer's license   | Fees paid for Non-citizens and Citizens per year.   |  |   |   |   |   |  |   |   |  |
| (p)   | Diamond exporters agent  | Provide total for all agents per year.  |  |   |   |   |   |  |   |   |  |
| (q)   | Diamond dealer's agent   | Provide total for all agents per year.  |  |   |   |   |   |  |   |   |  |
| <b>3 GOLD</b>   |  |   |  |   |   |   |   |  |   |   |  |
| (a)   | Gold exporter's license  | Fees paid per year.   |  |   |   |   |   |  |   |   |  |
| (b)   | Gold exporter's agent certificate  | Fees paid per year.   |  |   |   |   |   |  |   |   |  |
| (c)   | Gold dealer's license  | Fees paid by Non-Citizens & Citizens including Monitoring fee.  |  |   |   |   |   |  |   |   |  |
| (d)   | Gold export charges  | Royalty for export License holders, Valuation fee, and Monitoring fee.  |  |   |   |   |   |  |   |   |  |
| (e)   | Standard assessment minimum tax  | Fees paid for Gold mining license per acre, gold dealer's license - Non-citizens, Citizens, and Gold exporters, all per year.   |  |   |   |   |   |  |   |   |  |
| <b>4 PAYMENTS FOR SERVICES (SPECIFY BELOW)</b>  |  |   |  |   |   |   |   |  |   |   |  |
| (a)   |  |   |  |   |   |   |   |  |   |   |  |
| <b>5 ADDITIONAL DISCLOSURES (SPECIFY BELOW)</b>   |  |   |  |   |   |   |   |  |   |   |  |
| (a)   |  | Payment to MDA, local authorities, other parties not listed under Item 1 thru 4   |  |   |   |   |   |  |   |   |  |
| (b)   |  |   |  |   |   |   |   |  |   |   |  |
| <b>Additional Comment/Information:</b>  |  |   |  |   |   |   |   |  |   |   |  |
|   |  |   |  | <b>TOTAL</b>  |   | 0   |   | 0  |   |   |  |
| <p><b>Management sign-off</b></p> <p>I acknowledge on behalf of ..... the need to supply fair and accurate information in accordance with the guidelines provided and have endeavored to do so.</p> <p>Name of Authorizing Officer: _____</p> <p>Position/T title: _____</p> <p>Signature: _____</p> <p>Date: _____</p> <p>Contact Phone: _____</p> <p>Contact Email: _____</p> <p><b>Auditor's Report</b></p> <p>We have examined the foregoing SLEITI reporting template of ..... and have:</p> <p>(a) tested the extraction of the payments data included on the reporting template; and</p> <p>(b) reviewed that the company has reconciled the cash-based payment details it has included in their template to their accrual-based financial statements.</p> <p>Based on this examination, we report that nothing has come to our attention that would lead us to believe that the information disclosed in the template does not represent a fair and accurate summary of payments made to the stated District/Chieftom Council in accordance with the instructions on the template.</p> <p>Name and Address of Audit Company: _____</p> <p>Auditor's Name: _____</p> <p>Auditor's Position/T title: _____</p> <p>Signature: _____</p> <p>Date: _____</p> |  |   |  |   |   |   |   |  |   |   |  |

**Figure C 7: Template Instructions**



SIERRA LEONE EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVES (SLEITI)

Preparation of First Sierra Leone Extractive Industries Report  
INSTRUCTIONS FOR COMPLETION OF REPORTING TEMPLATE

1.0 GENERAL INSTRUCTIONS

- 1.1 Reporting Templates must be completed, addressed, and returned to:  
The Administrator/Reconciler (VERDI CONSULTING INC),  
Ministry of Presidential Affairs,  
3rd Floor, State House, Tower Hill, Freetown
- 1.2 All submission packages must be labeled "To be opened ONLY by The Reconciler, VERDI CONSULTING"
- 1.3 Both hard and soft copies of the Reporting Templates should be logged and confirmed delivery by VERDI CONSULTING INC.
- 1.4 Soft/electronic copies should be emailed to: [kkargbo@verdiconsulting.net](mailto:kkargbo@verdiconsulting.net) and [ccole@verdiconsulting.net](mailto:ccole@verdiconsulting.net)
- 1.5 A cover sheet/checklist must be provided that lists the Reporting Templates and all supporting documentation submitted.
- 1.6 Terminology - The term "MDA's" or "Institution" refers to Reporting Ministries, Departments & Agencies which also include District/Chiefdom/Local Councils. The term "Companies/Dealers" refers to Industrial Mining Companies, Gold/Diamond Exporter and Dealers. Participating MDAs and Companies/Dealers are listed at the bottom of each Reporting Template as necessary.

2.0 TIMETABLE

- 2.1 Deadline - All Reporting Templates must be returned to VERDI CONSULTING INC immediately upon completion, and **not later than Friday January 22, 2010 at 3:00pm GMT**

3.0 REPORTING TEMPLATES

- 3.1 The period of reporting required is two years: January 1 thru December 31, 2006 and January 1 thru December 31, 2007. Reporting Template for each period of reporting **must be completed separately.**
- 3.2 Complete all sections/fields of the Reporting Templates as applicable to your organization. If a revenue item is applicable but no payment was made or received, indicate a zero value under 'Total Amount' column and provide an explanation/reason under 'Comment/Additional Information' column.
- 3.3 Each MDA - must complete: One Reporting Template for revenues received from **each** Company/Dealer for 2006 (total 9)\*  
One Reporting Template for revenues received from **each** Company/Dealer for 2007 (total 9)\*
- 3.4 Each Company/Dealer - must complete: One Reporting Template for payments made to all applicable MDAs for 2006 (total 27)\*  
One Reporting Template for payments made to all applicable MDAs for 2007 (total 27)\*
- 3.5 \*List of participating MDAs and Companies/Dealers are provided at the last page of each Reporting Template. There are 9 Companies/Dealers; and 27 MDAs (six government ministries/agencies, seven district councils and approx 14 chiefdom councils)
- 3.6 **Supporting Documentation:**
- 3.6.1 General - Templates must be supported by receipts of payments made or banking records providing evidence of payment
- 3.6.2 General - Each supporting document must be title and cross-referenced to the appropriate Line# or payment attribute in the Reporting Template, under 'Comment/Additional Information' column.
- 3.6.3 Dealers & Exporters - Support documentation for all figures showed in the Reporting Template must be submitted with the Reporting Templates
- 3.6.4 District & Chiefdom Councils - Support documentation for all figures showed in the Reporting Template must be submitted with the Reporting Templates
- 3.6.5 Mining Companies - Support documentation for all figures showed in the Reporting Template must be submitted with the Reporting Templates.
- 3.6.6 Government Ministries/Agencies/Dept: Support documentation for all figures showed in the Reporting Template must be made available immediately upon request, should there be discrepancies.
- 3.7 **Supporting Schedules**
- 3.7.1 General - Schedules supporting consolidated figures for any line item showed in the Reporting Template must be submitted with the Reporting Templates, and cross-referenced to the appropriate Line# or payment attribute under 'Comment/Additional Information' column.
- 3.7.2 In the case where multiple minerals and licenses exist, please provide a schedule listing payments made for each type of mineral with references to licenses associated with such mineral. **See sample format below:**

| SIERRA LEONE EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVES (SLEITI) |                 |              |           |                   |                |               |           |
|--|-----------------|--------------|-----------|-------------------|----------------|---------------|-----------|
| Supporting Schedule of Payments Made/Revenue Received                |                 |              |           |                   |                |               |           |
| Name of Company: <i>XXX Mining Company</i>                           |                 |              |           |                   |                |               |           |
| Period of Reporting: <i>Jan 1, 2006 to Dec 31, 2006</i>              |                 |              |           |                   |                |               |           |
| Currency: <i>(SLE/USD/EUR)</i>                                       |                 |              |           |                   |                |               |           |
| Line #   | Type of Payment | Type Mineral | License # | Amount (Ls)       | Payment Method | Payment Ref # | Receipt # |
| 1 (i)  | Mining Lease    | Gold         | B1234567  | 200,000.00        | CASH           | 20A           | 20A01230  |
|  |                 | Diamond      | B1234567  | 100,000.00        | Wire Transfer  | 20TB 00044270 | 20A02000  |
|  |                 | Diamond      | B1234567  | 100,000.00        | Cheque         | 20TB 00044270 | 20A02000  |
| <b>TOTAL Line 1(i) =</b>   |                 |              |           | <b>400,000.00</b> |                |               |           |
| 2 (a)  | Surface Rent    | Gold         | B1234567  | 500.00            | CASH           | 20A           | 20A02000  |
|  |                 | Diamond      | B1234567  | 500.00            | Wire Transfer  | 20TB 00044270 | 20A02000  |
|  |                 | Diamond      | B1234567  | 225.00            | Cheque         | 20TB 00044270 | 20A02000  |
| <b>TOTAL Line 2(a) =</b>   |                 |              |           | <b>1,225.00</b>   |                |               |           |

- 3.8 Please note that commentary provided under 'explanatory notes' column are general guide only. Please update notes as necessary based on any special agreement, regulations or applicable methodology applied.

4.0 BASIS OF REPORTING

- 4.1 Currency - The correct currency of payment should be recorded (ref column E or F) and no attempt should be made to convert into another currency.
- 4.2 Accounting Basis - All figures included in the Reporting Templates must be calculated on 'cash basis'. Companies should take particular caution to eliminate the impact of all accruals/provision items from taxes reported.
- 4.3 Inter-agency Accounting for MDAs - In the event that an inter-agency revenue reporting exist amongst some MDAs or an MDA is a subset of another, it is the responsibility of these MDAs to coordinate their efforts to ensure their numbers are reported separately and appropriately in the Reporting Template to: (a) avoid duplication of amounts, and (b) to ensure that amounts are reported by the MDA who actually received the payment.

5.0 ADDITIONAL/VOLUNTARY DISCLOSURES

- 5.1 Companies/Dealers - Other mining related levies, taxes, fees, made to MDAs/local authorities not listed or defined in the Template may be reported in the spaces provided
- 5.2 Companies/Dealers - Other payments such as 'in-kind' payments may be reported.

6.0 REPORT CERTIFICATION & ATTESTATION

- 6.1 General - Each Reporting Template must be certified/attested by at least two senior management officials
- 6.2 Companies/Dealers - Each Reporting Template must be certified by (a) CEO/MD and (b) by independent Auditor/External Auditor (in the absence of External Auditor, Accountant or CFO to sign)
- 6.3 MDAs - Each Reporting Template must be certified by (a) Director-General/Permanent Secretary/District Council Head/Chiefdom Head, and (b) by Independent Auditor/External Auditor or CFO/Head of Finance/Accountant-General/Deputy Council Head

7.0 QUERIES/QUESTIONS

- 7.1 Further clarification on completing the Reporting Template could be sought from VERDI CONSULTING INC in person, by telephone or email. The following are the contact details:  
The SLEITI Administrator/Reconciler Office,  
3rd Floor, Ministry of Presidential Affairs, State House, Tower Hill, Freetown  
Tel: 076-644128 Email: [kkargbo@verdiconsulting.net](mailto:kkargbo@verdiconsulting.net) OR [ccole@verdiconsulting.net](mailto:ccole@verdiconsulting.net)



## Appendix D - Detailed Disaggregated Results

This appendix presents the information provided in the body of the report in greater detail:

D.1 Initial analysis and comparison - Tables D-1 and D-2 present all initial discrepancies identified based on review of initial schedules and back-ups provided by each MDA or company.

**Table D 1: Comparison of initial data by company and by revenue stream for 2006**

| Company                            | Company Reported |                       | MDA Reported     |                      | Unresolved         |                         |
|------------------------------------|------------------|-----------------------|------------------|----------------------|--------------------|-------------------------|
|                                    | USD              | Le                    | USD              | Le                   | USD                | Le                      |
| <b>2006</b>                        | <b>7,162,250</b> | <b>23,441,133,425</b> | <b>5,643,947</b> | <b>3,447,806,183</b> | <b>(1,518,303)</b> | <b>(19,993,327,241)</b> |
| <b>African Minerals</b>            | <b>1,032,889</b> | <b>17,729,081,798</b> | <b>1,032,499</b> | <b>288,772,667</b>   | <b>(390)</b>       | <b>(17,440,309,130)</b> |
| Mining lease                       | 200,000          | 0                     | 200,000          | 0                    | 0                  | 0                       |
| Licenses                           | 766,515          | 0                     | 766,125          | 0                    | (390)              | 0                       |
| NASSIT Payments                    | 0                | 701,839,011           | 0                | 0                    | 0                  | (701,839,011)           |
| Royalty                            | 66,374           | 0                     | 66,374           | 0                    | 0                  | 0                       |
| Surface rent                       | 0                | 15,960,216,000        | 0                | 242,860,000          | 0                  | (15,717,356,000)        |
| Taxes from employees (PAYE)        | 0                | 1,067,026,787         | 0                | 45,912,667           | 0                  | (1,021,114,120)         |
| <b>Cluff Gold</b>                  | <b>21,200</b>    | <b>75,856,900</b>     | <b>0</b>         | <b>16,904,185</b>    | <b>(21,200)</b>    | <b>(58,952,715)</b>     |
| Licenses                           | 21,200           | 0                     | 0                | 0                    | (21,200)           | 0                       |
| NASSIT Payments                    | 0                | 30,588,073            | 0                | 0                    | 0                  | (30,588,073)            |
| Surface rent                       | 0                | 4,000,000             | 0                | 0                    | 0                  | (4,000,000)             |
| Taxes from employees (PAYE)        | 0                | 21,188,127            | 0                | 2,670,000            | 0                  | (18,518,127)            |
| Withholding Tax                    | 0                | 20,080,700            | 0                | 14,234,185           | 0                  | (5,846,515)             |
| <b>Hisham Mackie</b>               | <b>1,593,421</b> | <b>6,000,000</b>      | <b>1,576,921</b> | <b>137,407,336</b>   | <b>(16,500)</b>    | <b>131,407,336</b>      |
| Alluvial Diamond exporters license | 41,500           | 0                     | 40,000           | 0                    | (1,500)            | 0                       |
| Diamond Exporter Agent             | 15,000           | 6,000,000             | 15,000           | 0                    | 0                  | (6,000,000)             |
| Other                              | 0                | 0                     | 0                | 137,407,336          | 0                  | 137,407,336             |

| Company                            | Company Reported |                      | MDA Reported     |                      | Unresolved       |                        |
|------------------------------------|------------------|----------------------|------------------|----------------------|------------------|------------------------|
|                                    | USD              | Le                   | USD              | Le                   | USD              | Le                     |
| Royalty                            | 1,536,921        | 0                    | 1,536,921        | 0                    | 0                | 0                      |
| <b>Kassim Basma</b>                | <b>734,973</b>   | <b>7,200,000</b>     | <b>711,585</b>   | <b>0</b>             | <b>(23,388)</b>  | <b>(7,200,000)</b>     |
| Alluvial Diamond exporters license | 41,500           | 0                    | 40,000           | 0                    | (1,500)          | 0                      |
| Diamond Exporter Agent             | 20,000           | 7,200,000            |                  | 0                    | (20,000)         | (7,200,000)            |
| Royalty                            | 673,473          | 0                    | 671,585.42       | 0                    | (1,888)          | 0                      |
| <b>Koidu Holdings S.A</b>          | <b>1,589,143</b> | <b>3,387,240,873</b> | <b>1,237,145</b> | <b>1,887,552,297</b> | <b>(351,998)</b> | <b>(1,499,688,576)</b> |
| Agricultural Development Fund      | 36,369           | 0                    | 0                | 0                    | (36,369)         | 0                      |
| Customs Duties                     | 0                | 1,014,763,556        | 0                | 738,390,624          | 0                | (276,372,932)          |
| Mining lease                       | 200,000          | 0                    | 200,000          | 0                    | 0                | 0                      |
| Licenses                           | 33,600           | 0                    | 0                | 0                    | (33,600)         | 0                      |
| NASSIT Payments                    | 0                | 843,253,419          | 0                | 0                    | 0                | (843,253,419)          |
| Other                              | 0                | 114,636,000          | 0                | 0                    | 0                | (114,636,000)          |
| Royalty                            | 1,289,606        | 0                    | 1,007,577        | 0                    | (282,029)        | 0                      |
| Surface rent                       | 29,568           | 0                    | 29,568           | 0                    | 0                | 0                      |
| Taxes from employees (PAYE)        | 0                | 1,414,587,898        | 0                | 1,149,161,673        | 0                | (265,426,225)          |
| <b>London Mining Co.</b>           | <b>0</b>         | <b>0</b>             | <b>25,000</b>    | <b>0</b>             | <b>25,000</b>    | <b>0</b>               |
| Surface rent                       | 0                | 0                    | 25,000           | 0                    | 25,000           | 0                      |
| <b>Sierra Minerals</b>             | <b>1,309,654</b> | <b>164,523,460</b>   | <b>699,628</b>   | <b>177,500,229</b>   | <b>(610,026)</b> | <b>12,976,769</b>      |
| Agricultural Development Fund      | 44,922           | 0                    | 0                | 31,500,000           | (44,922)         | 31,500,000             |
| Customs Duties                     | 573,181          | 0                    | 175,406          | 0                    | (397,775)        | 0                      |
| Mining lease                       | 49,688           | 0                    | 99,376           | 0                    | 49,688           | 0                      |
| Licenses                           | 2,000            | 0                    | 0                | 0                    | (2,000)          | 0                      |
| Other                              | 0                | 24,449,200           | 0                | 0                    | 0                | (24,449,200)           |
| Royalty                            | 639,863          | 0                    | 424,846          | 0                    | (215,017)        | 0                      |
| Surface rent                       | 0                | 140,074,260          | 0                | 146,000,229          | 0                | 5,925,969              |



| Company                       | Company Reported |                      | MDA Reported   |                    | Unresolved       |                        |
|-------------------------------|------------------|----------------------|----------------|--------------------|------------------|------------------------|
|                               | USD              | Le                   | USD            | Le                 | USD              | Le                     |
| <b>Sierra Rutile Ltd</b>      | <b>880,970</b>   | <b>2,071,230,394</b> | <b>361,168</b> | <b>882,619,469</b> | <b>(519,802)</b> | <b>(1,188,610,925)</b> |
| Agricultural Development Fund | 0                | 102,800,000          | 0              | 102,800,000        | 0                | 0                      |
| Corporate tax                 | 71,728           | 0                    | 0              | 211,181,813        | (71,728)         | 211,181,813            |
| Customs Duties                | 66,194           | 0                    | 69,907         | 0                  | 3,713            | 0                      |
| Mining lease                  | 152,992          | 0                    | 80,020         | 0                  | (72,972)         | 0                      |
| Licenses                      | 20,920           | 0                    | 20,920         | 0                  | 0                | 0                      |
| NASSIT Payments               | 0                | 1,207,938,092        | 0              | 0                  | 0                | (1,207,938,092)        |
| Other                         | 0                | 741,791,101          | 0              | 0                  | 0                | (741,791,101)          |
| Royalty                       | 117,340          | 0                    | 190,321        | 0                  | 72,981           | 0                      |
| Surface rent                  | 451,796          | 0                    | 0              | 558,663,455        | (451,796)        | 558,663,455            |
| Withholding Tax               | 0                | 18,701,200           | 0              | 9,974,201          | 0                | (8,726,999)            |
| <b>Unspecified Company</b>    | <b>0</b>         | <b>0</b>             | <b>0</b>       | <b>57,050,000</b>  | <b>0</b>         | <b>57,050,000</b>      |
| Surface rent                  | 0                | 0                    | 0              | 57,050,000         | 0                | 57,050,000             |

Table D 2: Comparison of initial data by company and by revenue stream for 2007

| Company                       | Company Reported |                       | MDA Reported     |                      | Unresolved         |                         |
|-------------------------------|------------------|-----------------------|------------------|----------------------|--------------------|-------------------------|
|                               | USD              | Le                    | USD              | Le                   | USD                | Le                      |
| <b>2007</b>                   | <b>9,388,643</b> | <b>14,067,948,301</b> | <b>7,042,286</b> | <b>4,066,934,100</b> | <b>(2,346,356)</b> | <b>(10,001,014,201)</b> |
| <b>African Minerals</b>       | <b>1,800,362</b> | <b>6,757,864,350</b>  | <b>1,090,395</b> | <b>647,831,425</b>   | <b>(709,967)</b>   | <b>(6,110,032,925)</b>  |
| Agricultural Development Fund | 1,100            | 0                     | 0                | 0                    | (1,100)            | 0                       |
| Mining lease                  | 200,000          | 0                     | 0                | 0                    | (200,000)          | 0                       |
| Licenses                      | 1,041,600        | 0                     | 653,000          | 0                    | (388,600)          | 0                       |
| NASSIT Payments               | 0                | 1,012,183,350         | 0                | 0                    | 0                  | (1,012,183,350)         |

| Company                            | Company Reported |                      | MDA Reported     |                      | Unresolved       |                        |
|------------------------------------|------------------|----------------------|------------------|----------------------|------------------|------------------------|
|                                    | USD              | Le                   | USD              | Le                   | USD              | Le                     |
| Royalty                            | 557,662          | 0                    | 437,395          | 312,215,425          | (120,267)        | 312,215,425            |
| Surface rent                       | 0                | 4,267,987,650        | 0                | 335,616,000          | 0                | (3,932,371,650)        |
| Taxes from employees (PAYE)        | 0                | 1,477,693,350        | 0                | 0                    | 0                | (1,477,693,350)        |
| <b>Cluff Gold</b>                  | <b>31,400</b>    | <b>246,903,684</b>   | <b>0</b>         | <b>0</b>             | <b>(31,400)</b>  | <b>(246,903,684)</b>   |
| Licenses                           | 31,400           | 0                    | 0                | 0                    | (31,400)         | 0                      |
| NASSIT Payments                    | 0                | 50,484,499           | 0                | 0                    | 0                | (50,484,499)           |
| Taxes from employees (PAYE)        | 0                | 50,759,174           | 0                | 0                    | 0                | (50,759,174)           |
| Withholding Tax                    | 0                | 145,660,011          | 0                | 0                    | 0                | (145,660,011)          |
| <b>Hisham Mackie</b>               | <b>1,716,068</b> | <b>6,000,000</b>     | <b>1,699,569</b> | <b>0</b>             | <b>(16,499)</b>  | <b>(6,000,000)</b>     |
| Alluvial Diamond exporters license | 41,500           | 0                    | 40,000           | 0                    | (1,500)          | 0                      |
| Diamond Exporter Agent             | 15,000           | 6,000,000            | 0                | 0                    | (15,000)         | (6,000,000)            |
| Royalty                            | 1,659,568        | 0                    | 1,659,569        | 0                    | 1                | 0                      |
| <b>Kassim Basma</b>                | <b>807,367</b>   | <b>7,200,000</b>     | <b>785,876</b>   | <b>159,005,000</b>   | <b>(21,491)</b>  | <b>151,805,000</b>     |
| Alluvial Diamond exporters license | 41,500           | 0                    | 40,000           | 0                    | (1,500)          | 0                      |
| Corporate tax                      | 0                | 0                    | 0                | 50,000,000           | 0                | 50,000,000             |
| Diamond Exporter Agent             | 20,000           | 7,200,000            | 0                | 0                    | (20,000)         | (7,200,000)            |
| Other                              | 0                | 0                    | 0                | 8,455,000            | 0                | 8,455,000              |
| Royalty                            | 745,867          | 0                    | 745,876          | 0                    | 9                | 0                      |
| Taxes from employees (PAYE)        | 0                | 0                    | 0                | 100,000,000          | 0                | 100,000,000            |
| Withholding Tax                    | 0                | 0                    | 0                | 550,000              | 0                | 550,000                |
| <b>Koidu Holdings S.A</b>          | <b>1,856,406</b> | <b>3,941,924,342</b> | <b>1,748,032</b> | <b>1,642,042,194</b> | <b>(108,374)</b> | <b>(2,299,882,148)</b> |
| Agricultural Development           | 23,447           | 0                    | 0                | 0                    | (23,447)         | 0                      |

| Company                       | Company Reported |                    | MDA Reported     |                    | Unresolved         |                      |
|-------------------------------|------------------|--------------------|------------------|--------------------|--------------------|----------------------|
|                               | USD              | Le                 | USD              | Le                 | USD                | Le                   |
| Fund                          |                  |                    |                  |                    |                    |                      |
| Customs Duties                | 0                | 1,150,492,754      | 0                | 0                  | 0                  | (1,150,492,754)      |
| Mining lease                  | 200,000          | 0                  | 0                | 0                  | (200,000)          | 0                    |
| Licenses                      | 53,000           | 0                  | 53,000           | 0                  | 0                  | 0                    |
| NASSIT Payments               | 0                | 1,011,955,327      | 0                | 0                  | 0                  | (1,011,955,327)      |
| Other                         | 0                | 131,400,000        | 0                | 0                  | 0                  | (131,400,000)        |
| Royalty                       | 1,550,391        | 0                  | 1,465,464        | 0                  | (84,927)           | 0                    |
| Surface rent                  | 29,568           | 0                  | 29,568           | 0                  | 0                  | 0                    |
| Taxes from employees (PAYE)   | 0                | 1,648,076,261      | 0                | 1,642,042,194      | 0                  | (6,034,067)          |
| <b>London Mining Co.</b>      | <b>125,000</b>   | <b>417,583,453</b> | <b>125,000</b>   | <b>205,373,608</b> | <b>0</b>           | <b>(212,209,845)</b> |
| Customs Duties                | 0                | 48,698,055         | 0                | 0                  | 0                  | (48,698,055)         |
| Mining lease                  | 100,000          | 0                  | 100,000          | 0                  | 0                  | 0                    |
| NASSIT Payments               | 0                | 63,172,500         | 0                | 0                  | 0                  | (63,172,500)         |
| Surface rent                  | 25,000           | 0                  | 25,000           | 0                  | 0                  | 0                    |
| Taxes from employees (PAYE)   | 0                | 96,232,565         | 0                | 0                  | 0                  | (96,232,565)         |
| Withholding Tax               | 0                | 209,480,333        | 0                | 205,373,608        | 0                  | (4,106,725)          |
| <b>Sierra Minerals</b>        | <b>2,532,040</b> | <b>138,673,800</b> | <b>1,188,975</b> | <b>358,860,992</b> | <b>(1,343,066)</b> | <b>220,187,192</b>   |
| Agricultural Development Fund | 52,331           | 0                  | 0                | 46,500,000         | (52,331)           | 46,500,000           |
| Corporate tax                 | 412,478          | 0                  | 0                | 235,049,111        | (412,478)          | 235,049,111          |
| Customs Duties                | 1,107,425        | 0                  | 257,484          | 0                  | (849,941)          | 0                    |
| Mining lease                  | 50,960           | 0                  | 50,960           | 0                  | 0                  | 0                    |
| Other                         | 11,448           | 138,673,800        | 0                | 0                  | (11,448)           | (138,673,800)        |
| Royalty                       | 862,436          | 0                  | 880,530          | 0                  | 18,094             | 0                    |

| Company                       | Company Reported |                      | MDA Reported   |                    | Unresolved       |                        |
|-------------------------------|------------------|----------------------|----------------|--------------------|------------------|------------------------|
|                               | USD              | Le                   | USD            | Le                 | USD              | Le                     |
| Surface rent                  | 34,962           | 0                    | 0              | 77,311,881         | (34,962)         | 77,311,881             |
| <b>Sierra Rutile Ltd</b>      | <b>519,999</b>   | <b>2,551,798,672</b> | <b>404,440</b> | <b>951,130,881</b> | <b>(115,560)</b> | <b>(1,600,667,792)</b> |
| Agricultural Development Fund | 0                | 181,186,700          | 0              | 139,500,000        | 0                | (41,686,700)           |
| Corporate tax                 | 75,000           | 0                    | 0              | 147,654,500        | (75,000)         | 147,654,500            |
| Customs Duties                | 115,172          | 0                    | 92,019         | 1,594,039          | (23,153)         | 1,594,039              |
| Mining lease                  | 132,903          | 0                    | 132,903        | 0                  | 0                | 0                      |
| NASSIT Payments               | 0                | 1,277,305,380        | 0              | 0                  | 0                | (1,277,305,380)        |
| Other                         | 0                | 425,439,300          | 0              | 0                  | 0                | (425,439,300)          |
| Royalty                       | 196,925          | 0                    | 179,518        | 0                  | (17,407)         | 0                      |
| Surface rent                  | 0                | 378,854,077          | 0              | 299,558,376        | 0                | (79,295,701)           |
| Taxes from employees (PAYE)   | 0                | 0                    | 0              | 29,229,476         | 0                | 29,229,476             |
| Withholding Tax               | 0                | 289,013,215          | 0              | 333,594,489        | 0                | 44,581,274             |
| <b>Unspecified company</b>    | <b>0</b>         | <b>0</b>             | <b>0</b>       | <b>102,690,000</b> | <b>0</b>         | <b>102,690,000</b>     |
| Surface rent                  | 0                | 0                    | 0              | 102,690,000        | 0                | 102,690,000            |

D.2 Adjustments to initial data - This subsection and tables D2a and 2b that follow provide an overview of the actions to reconcile initial discrepancies for each revenue source by company.

**Table D 3: To reconcile initial data by company and by revenue stream for 2006**

| 2006                        | Variance<br>USD    | Variance<br>Le          | Action(s) to Reconcile  |
|-----------------------------|--------------------|-------------------------|---|
| <b>Total Variance</b>       | <b>(1,518,303)</b> | <b>(19,993,327,241)</b> |   |
| <b>African Minerals</b>     | <b>(390)</b>       | <b>(17,440,309,130)</b> |   |
| Mining lease                | 0                  | 0                       | Reconciled, no further action taken   |
| Licenses                    | (390)              | 0                       | Company operating as S.L. Diamond Company; MDA did not report; obtain backup & validated  |
| NASSIT Payments             | 0                  | (701,839,011)           | MDAs did not report on NASSIT, not within MDA scope; No further action taken              |
| Royalty                     | 0                  | 0                       | Variance due to rounding; no further action taken   |
| Surface rent                | 0                  | (15,717,356,000)        | MDA did not report full amount; obtain backup from company validate transactions with MDA |
| Taxes from employees (PAYE) | 0                  | (1,021,114,120)         | MDA did not report full amount; obtain backup from company validate transactions with MDA |
| <b>Cluff Gold</b>           | <b>(21,200)</b>    | <b>(58,952,715)</b>     |   |
| Licenses                    | (21,200)           | 0                       | MDA did not report; obtain backup from company validate transactions with MDA             |
| NASSIT Payments             | 0                  | (30,588,073)            | MDAs did not report on NASSIT, not within MDA scope; No further action taken              |
| Surface rent                | 0                  | (4,000,000)             | MDA did not report; obtain backup from company validate transactions with MDA             |
| Taxes from employees (PAYE) | 0                  | (18,518,127)            | MDA did not report full amount; obtain backup from company validate                       |

| 2006                               | Variance<br>USD  | Variance<br>Le         | Action(s) to Reconcile   |
|------------------------------------|------------------|------------------------|--|
|                                    |                  |                        | transactions with MDA  |
| Withholding Tax                    | 0                | (5,846,515)            | MDA did not report full amount; obtain backup from company validate transactions with MDA            |
| <b>Hisham Mackie</b>               | <b>(16,500)</b>  | <b>131,407,336</b>     |  |
| Alluvial Diamond exporters license | (1,500)          | 0                      | MDA did not report; obtain backup from company validate transactions with MDA                        |
| Diamond Exporter Agent             | 0                | (6,000,000)            | MDA did not report; obtain backup from company validate transactions with MDA                        |
| Other                              | 0                | 137,407,336            | MDAs reported personal income tax  |
| Royalty                            | 0                | 0                      | Variance due to rounding; no further action taken  |
| <b>Kassim Basma</b>                | <b>(23,388)</b>  | <b>(7,200,000)</b>     |  |
| Alluvial Diamond exporters license | (1,500)          | 0                      | MDA did not report; obtain backup from company validate transactions with MDA                        |
| Diamond Exporter Agent             | (20,000)         | (7,200,000)            | MDA did not report; obtain backup from company validate transactions with MDA                        |
| Royalty                            | (1,888)          | 0                      | MDA did not report; obtain backup from company validate transactions with MDA                        |
| <b>Koidu Holdings S.A</b>          | <b>(351,998)</b> | <b>(1,499,688,576)</b> |  |
| Agricultural Development Fund      | (36,369)         | 0                      | Reconciled, no further action taken  |
| Customs Duties                     | 0                | (276,372,932)          | Variance due to cash versus accrual reporting and missing transactions validate with MDA and company |
| Mining lease                       | 0                | 0                      | Reconciled, no further action taken  |
| Licenses                           | (33,600)         | 0                      | Reconciled, no further action taken  |

| 2006                          | Variance<br>USD  | Variance<br>Le    | Action(s) to Reconcile  |
|-------------------------------|------------------|-------------------|---|
| NASSIT Payments               | 0                | (843,253,419)     | MDAs did not report on NASSIT, not within MDA scope; No further action taken                    |
| Other                         | 0                | (114,636,000)     | MDA did not report; obtain backup from company validate transactions with MDA                   |
| Royalty                       | (282,029)        | 0                 | Variance due to cash vs. accrual reporting & missing transactions validate with MDA and company |
| Surface rent                  | 0                | 0                 | Reconciled, no further action taken   |
| Taxes from employees (PAYE)   | 0                | (265,426,225)     | Variance due to cash vs. accrual reporting & missing transactions validate with MDA and company |
| <b>London Mining Co.</b>      | <b>25,000</b>    | <b>0</b>          |   |
| Surface rent                  | 25,000           | 0                 | Company did not report; obtain backup from MDA validate transactions with company               |
| <b>Sierra Minerals</b>        | <b>(610,026)</b> | <b>12,976,769</b> |   |
| Agricultural Development Fund | (44,922)         | 31,500,000        | Company converted from Le to USD, validate payments with MDAs and company                       |
| Customs Duties                | (397,775)        | 0                 | Variance due to cash vs. accrual reporting & missing transactions validate with MDA and company |
| Mining lease                  | 49,688           | 0                 | Company did not report full amount; obtain backup from MDA validate transactions with company   |
| Licenses                      | (2,000)          | 0                 | MDA did not report; obtain backup from company validate transactions with MDA                   |
| Other                         | 0                | (24,449,200)      | MDA did not report; obtain backup from company validate transactions with MDA                   |
| Royalty                       | (215,017)        | 0                 | Variance due to cash vs. accrual reporting & missing transactions                               |

| 2006                          | Variance<br>USD  | Variance<br>Le         | Action(s) to Reconcile  |
|-------------------------------|------------------|------------------------|---|
|                               |                  |                        | validate with MDA and company   |
| Surface rent                  | 0                | 5,925,969              | Validate amounts with MDAs  |
| <b>Sierra Rutile Ltd</b>      | <b>(519,802)</b> | <b>(1,188,610,925)</b> |   |
| Agricultural Development Fund | 0                | 0                      | Reconciled, no further action taken   |
| Corporate tax                 | (71,728)         | 211,181,813            | MDA did not report full amount; obtain backup from company validate transactions with MDA                                       |
| Customs Duties                | 3,713            | 0                      | Company did not report full amount; obtain backup from MDA validate transactions with company and 2005 payment recorded as 2006 |
| Mining lease                  | (72,972)         | 0                      | MDA did not report full amount; obtain backup from company validate transactions with MDA                                       |
| Licenses                      | 0                | 0                      | Reconciled, no further action taken   |
| NASSIT Payments               | 0                | (1,207,938,092)        | MDAs did not report on NASSIT, not within MDA scope; No further action taken  |
| Other                         | 0                | (741,791,101)          | MDA did not report; obtain backup from company validate transactions with MDA   |
| Royalty                       | 72,981           | 0                      | Company did not report full amount; obtain backup from MDA validate transactions with company                                   |
| Surface rent                  | (451,796)        | 558,663,455            | MDA did not report full amount; obtain backup from company validate transactions with MDA                                       |
| Withholding Tax               | 0                | (8,726,999)            | MDA did not report full amount; obtain backup from company validate transactions with MDA                                       |
| <b>Unspecified company</b>    | <b>0</b>         | <b>57,050,000</b>      |   |
| Surface rent                  | 0                | 57,050,000             | MDA did not indicate source; obtain source from MDA   |



Table D 4: Actions to reconcile initial data by company and by revenue stream for 2007

| 2007                          | Variance<br>USD    | Variance Le             | Action to Reconcile   |
|-------------------------------|--------------------|-------------------------|---|
| <b>Total Variance</b>         | <b>(2,346,356)</b> | <b>(10,001,014,201)</b> |   |
| <b>African Minerals</b>       | <b>(709,967)</b>   | <b>(6,110,032,925)</b>  |   |
| Agricultural Development Fund | (1,100)            | 0                       | MDA did not report; obtain backup from company validate transactions with MDA             |
| Mining lease                  | (200,000)          | 0                       | MDA did not report; obtain backup from company validate transactions with MDA             |
| Licenses                      | (388,600)          | 0                       | MDA did not report full amount; obtain backup from company validate transactions with MDA |
| NASSIT Payments               | 0                  | (1,012,183,350)         | MDAs did not report on NASSIT, not within MDA scope; No further action taken              |
| Royalty                       | (120,267)          | 312,215,425             | MDA did not report full amount; obtain backup from company validate transactions with MDA |
| Surface rent                  | 0                  | (3,932,371,650)         | MDA did not report full amount; obtain backup from company validate transactions with MDA |
| Taxes from employees (PAYE)   | 0                  | (1,477,693,350)         | MDA did not report full amount; obtain backup from company validate transactions with MDA |
| <b>Cluff Gold</b>             | <b>(31,400)</b>    | <b>(246,903,684)</b>    |   |
| Licenses                      | (31,400)           | 0                       | MDA did not report full amount; obtain backup from company validate transactions with MDA |
| NASSIT Payments               | 0                  | (50,484,499)            | MDAs did not report on NASSIT, not within MDA scope; No further action taken              |
| Taxes from employees (PAYE)   | 0                  | (50,759,174)            | MDA did not report full amount; obtain backup from company validate transactions with MDA |
| Withholding Tax               | 0                  | (145,660,011)           | MDA did not report; obtain backup from company validate transactions with MDA             |
| <b>Hisham Mackie</b>          | <b>(16,499)</b>    | <b>(6,000,000)</b>      |   |

| 2007                               | Variance<br>USD  | Variance Le            | Action to Reconcile   |
|------------------------------------|------------------|------------------------|---|
| Alluvial Diamond exporters license | (1,500)          | 0                      | MDA did not report full amount; obtain backup from company validate transactions with MDA |
| Diamond Exporter Agent             | (15,000)         | (6,000,000)            | MDA did not report full amount; obtain backup from company validate transactions with MDA |
| Royalty                            | 1                | 0                      | Variance due to rounding; no further action taken   |
| <b>Kassim Basma</b>                | <b>(21,491)</b>  | <b>151,805,000</b>     |   |
| Alluvial Diamond exporters license | (1,500)          | 0                      | MDA did not report full amount; obtain backup from company validate transactions with MDA |
| Corporate tax                      | 0                | 50,000,000             | Prior year tax paid in current year; validate with company                                |
| Diamond Exporter Agent             | (20,000)         | (7,200,000)            | MDA did not report; obtain backup from company validate transactions with MDA             |
| Other                              | 0                | 8,455,000              | Prior year tax paid in current year; validate with company                                |
| Royalty                            | 9                | 0                      | Review entries to validate amounts  |
| Taxes from employees (PAYE)        | 0                | 100,000,000            | Prior year tax paid in current year; validate with company                                |
| Withholding Tax                    | 0                | 550,000                | Prior year tax paid in current year; validate with company                                |
| <b>Koidu Holdings S.A</b>          | <b>(108,374)</b> | <b>(2,299,882,148)</b> |   |
| Agricultural Development Fund      | (23,447)         | 0                      | MDA did not report full amount; obtain backup from company validate transactions with MDA |
| Customs Duties                     | 0                | (1,150,492,754)        | MDA did not report full amount; obtain backup from company validate transactions with MDA |
| Mining lease                       | (200,000)        | 0                      | MDA did not report full amount; obtain backup from company validate transactions with MDA |
| Licenses                           | 0                | 0                      | Reconciled, no further action taken   |
| NASSIT Payments                    | 0                | (1,011,955,327)        | MDAs did not report on NASSIT, not within MDA scope; No further action taken              |

| 2007                          | Variance<br>USD    | Variance Le          | Action to Reconcile  |
|-------------------------------|--------------------|----------------------|--|
| Other                         | 0                  | (131,400,000)        | MDA did not report; obtain backup from company validate transactions with MDA                        |
| Royalty                       | (84,927)           | 0                    | MDA did not report; obtain backup from company validate transactions with MDA                        |
| Surface rent                  | 0                  | 0                    | Reconciled, no further action taken  |
| Taxes from employees (PAYE)   | 0                  | (6,034,067)          | Variance due to cash versus accrual reporting and missing transactions validate with MDA and company |
| <b>London Mining Co.</b>      | <b>0</b>           | <b>(212,209,845)</b> |  |
| Customs Duties                | 0                  | (48,698,055)         | MDA did not report full amount; obtain backup from company validate transactions with MDA            |
| Mining lease                  | 0                  | 0                    | Reconciled, no further action taken  |
| NASSIT Payments               | 0                  | (63,172,500)         | MDAs did not report on NASSIT, not within MDA scope; No further action taken                         |
| Surface rent                  | 0                  | 0                    | Reconciled, no further action taken  |
| Taxes from employees (PAYE)   | 0                  | (96,232,565)         | MDA did not report; obtain backup from company validate transactions with MDA                        |
| Withholding Tax               | 0                  | (4,106,725)          | Variance due to cash versus accrual reporting and missing transactions validate with MDA and company |
| <b>Sierra Minerals</b>        | <b>(1,343,066)</b> | <b>220,187,192</b>   |  |
| Agricultural Development Fund | (52,331)           | 46,500,000           | Company converted from Le to USD, validate payments with MDAs and company                            |
| Corporate tax                 | (412,478)          | 235,049,111          | Variance due to cash versus accrual reporting and missing transactions validate with MDA and company |
| Customs Duties                | (849,941)          | 0                    | Variance due to cash versus accrual reporting and missing transactions validate with MDA and company |
| Mining lease                  | 0                  | 0                    | Reconciled, no further action taken  |
| Other                         | (11,448)           | (138,673,800)        | MDA did not report; obtain backup from company validate transactions with MDA                        |
| Royalty                       | 18,094             | 0                    | Variance due to cash versus accrual reporting and missing transactions validate                      |

| 2007                          | Variance USD     | Variance Le            | Action to Reconcile   |
|-------------------------------|------------------|------------------------|---|
|                               |                  |                        | with MDA and company  |
| Surface rent                  | (34,962)         | 77,311,881             | Company converted from Le to USD, validate payments with MDAs and company                 |
| <b>Sierra Rutile Ltd</b>      | <b>(115,560)</b> | <b>(1,600,667,792)</b> |   |
| Agricultural Development Fund | 0                | (41,686,700)           | MDA did not report full amount; obtain backup from company validate transactions with MDA |
| Corporate tax                 | (75,000)         | 147,654,500            | MDA did not report full amount; obtain backup from company validate transactions with MDA |
| Customs Duties                | (23,153)         | 1,594,039              | MDA did not report full amount; obtain backup from company validate transactions with MDA |
| Mining lease                  | 0                | 0                      | Reconciled, no further action taken   |
| NASSIT Payments               | 0                | (1,277,305,380)        | MDAs did not report on NASSIT, not within MDA scope; No further action taken              |
| Other                         | 0                | (425,439,300)          | MDA did not report; obtain backup from company validate transactions with MDA             |
| Royalty                       | (17,407)         | 0                      | MDA did not report; obtain backup from company validate transactions with MDA             |
| Surface rent                  | 0                | (79,295,701)           | MDA did not report; obtain backup from company validate transactions with MDA             |
| Taxes from employees (PAYE)   | 0                | 29,229,476             | Reconciled, no further action taken   |
| Withholding Tax               | 0                | 44,581,274             | Reconciled, no further action taken   |
| <b>Unspecified company</b>    | <b>0</b>         | <b>102,690,000</b>     |   |
| Surface rent                  | 0                | 102,690,000            | MDA did not indicate source; obtain source from MDA                                       |

**Table D 5: Comparison of Initial and final discrepancies by company and by revenue stream for 2006 and 2007**

| 2006 | Initial Variance USD | Initial Variance Le | Final Variance USD | Final Variance Le |
|------|----------------------|---------------------|--------------------|-------------------|
|------|----------------------|---------------------|--------------------|-------------------|

|                                    |                    |                         |                  |                      |
|------------------------------------|--------------------|-------------------------|------------------|----------------------|
| <b>Total Variance</b>              | <b>(1,518,303)</b> | <b>(19,993,327,241)</b> | <b>(220,155)</b> | <b>(515,779,456)</b> |
| <b>African Minerals</b>            | <b>(390)</b>       | <b>(17,440,309,130)</b> | <b>0</b>         | <b>(348,285,795)</b> |
| Mining lease                       | 0                  | 0                       | 0                | 0                    |
| Licenses                           | (390)              | 0                       | 0                | 0                    |
| NASSIT Payments                    | 0                  | (701,839,011)           | 0                | 0                    |
| Royalty                            | 0                  | 0                       | 0                | 0                    |
| Surface rent                       | 0                  | (15,717,356,000)        | 0                | (92,756,000)         |
| Taxes from employees (PAYE)        | 0                  | (1,021,114,120)         | 0                | (255,529,795)        |
| <b>Cluff Gold</b>                  | <b>(21,200)</b>    | <b>(58,952,715)</b>     | <b>0</b>         | <b>(3,584,031)</b>   |
| Licenses                           | (21,200)           | 0                       | 0                | 0                    |
| NASSIT Payments                    | 0                  | (30,588,073)            | 0                | 0                    |
| Surface rent                       | 0                  | (4,000,000)             | 0                | 0                    |
| Taxes from employees (PAYE)        | 0                  | (18,518,127)            | 0                | 763,844              |
| Withholding Tax                    | 0                  | (5,846,515)             | 0                | (4,347,875)          |
| <b>Hisham Mackie</b>               | <b>(16,500)</b>    | <b>131,407,336</b>      | <b>0</b>         | <b>(6,000,000)</b>   |
| Alluvial Diamond exporters license | (1,500)            | 0                       | 0                | 0                    |
| Diamond Exporter Agent             | (15,000)           | (6,000,000)             | 0                | (6,000,000)          |
| Other                              | 0                  | 137,407,336             | 0                | 0                    |
| Royalty                            | 0                  | 0                       | 0                | 0                    |
| <b>Kassim Basma</b>                | <b>(23,388)</b>    | <b>(7,200,000)</b>      | <b>0</b>         | <b>(7,200,000)</b>   |
| Alluvial Diamond exporters license | (1,500)            | 0                       | 0                | 0                    |
| Diamond Exporter Agent             | (20,000)           | (7,200,000)             | 0                | (7,200,000)          |
| Royalty                            | (1,888)            | 0                       | 0                | 0                    |
| <b>Koidu Holdings S.A</b>          | <b>(351,998)</b>   | <b>(1,499,688,576)</b>  | <b>(225,601)</b> | <b>(178,136,122)</b> |
| Agricultural Development Fund      | (36,369)           | 0                       | (36,369)         | 0                    |
| Customs Duties                     | 0                  | (276,372,932)           | 0                | (63,500,122)         |
| Mining lease                       | 0                  | 0                       | 0                | 0                    |

|                               |                     |                        |                     |                     |
|-------------------------------|---------------------|------------------------|---------------------|---------------------|
| Licenses                      | (33,600)            | 0                      | 0                   | 0                   |
| NASSIT Payments               | 0                   | (843,253,419)          | 0                   | 0                   |
| Other                         | 0                   | (114,636,000)          | 0                   | (114,636,000)       |
| Royalty                       | (282,029)           | 0                      | (189,232)           | 0                   |
| Surface rent                  | 0                   | 0                      | 0                   | 0                   |
| Taxes from employees (PAYE)   | 0                   | (265,426,225)          | 0                   | 0                   |
| <b>London Mining Co.</b>      | <b>25,000</b>       | <b>0</b>               | <b>25,000</b>       | <b>0</b>            |
| Surface rent                  | 25,000              | 0                      | 25,000              | 0                   |
| <b>Sierra Minerals</b>        | <b>(610,026)</b>    | <b>12,976,769</b>      | <b>(20,464)</b>     | <b>0</b>            |
| Agricultural Development Fund | (44,922)            | 31,500,000             | 0                   | 0                   |
| Customs Duties                | (397,775)           | 0                      | (20,464)            | 0                   |
| Mining lease                  | 49,688              | 0                      | 0                   | 0                   |
| Licenses                      | (2,000)             | 0                      | 0                   | 0                   |
| Other                         | 0                   | (24,449,200)           | 0                   | 0                   |
| Royalty                       | (215,017)           | 0                      | (0)                 | 0                   |
| Surface rent                  | 0                   | 5,925,969              | 0                   | 0                   |
| <b>Sierra Rutile Ltd</b>      | <b>(519,802)</b>    | <b>(1,188,610,925)</b> | <b>910</b>          | <b>(29,623,507)</b> |
| Agricultural Development Fund | 0                   | 0                      | 0                   | 0                   |
| Corporate tax                 | (71,728)            | 211,181,813            | 0                   | 0                   |
| Customs Duties                | (136,101)           | 0                      | (93,839)            | 0                   |
| Mining lease                  | (233,012)           | 0                      | (305,973)           | 0                   |
| Licenses                      | (41,840)            | 0                      | (41,840)            | 0                   |
| NASSIT Payments               | (1,207,938,092)     | (1,207,938,092)        | 0                   | 0                   |
| Other                         | (741,791,101)       | (741,791,101)          | 0                   | 0                   |
| Royalty                       | (307,661)           | 0                      | (234,700)           | 0                   |
| Surface rent                  | (559,115,251)       | 558,663,455            | (1,138,223,418)     | (20,896,508)        |
| Withholding Tax               | (28,675,401)        | (8,726,999)            | (28,675,401)        | (8,726,999)         |
| <b>Unidentified</b>           | <b>(57,050,000)</b> | <b>57,050,000</b>      | <b>(57,050,000)</b> | <b>57,050,000</b>   |

|                                    |                         |                         |                         |                      |
|------------------------------------|-------------------------|-------------------------|-------------------------|----------------------|
| Surface rent                       | (57,050,000)            | 57,050,000              | (57,050,000)            | 57,050,000           |
| <b>2007</b>                        | <b>(18,151,313,330)</b> | <b>(10,001,014,201)</b> | <b>(13,749,118,152)</b> | <b>(115,829,908)</b> |
| <b>African Minerals</b>            | <b>(7,408,586,532)</b>  | <b>(6,110,032,925)</b>  | <b>(3,893,871,998)</b>  | <b>264,871,407</b>   |
| Agricultural Development Fund      | (1,100)                 | 0                       | (1,100)                 | 0                    |
| Mining lease                       | (200,000)               | 0                       | (200,000)               | 0                    |
| Licenses                           | (1,694,600)             | 0                       | (1,306,000)             | 0                    |
| NASSIT Payments                    | (1,012,183,350)         | (1,012,183,350)         | 0                       | 0                    |
| Royalty                            | (313,210,482)           | 312,215,425             | (313,090,216)           | 312,215,425          |
| Surface rent                       | (4,603,603,650)         | (3,932,371,650)         | (671,232,000)           | 0                    |
| Taxes from employees (PAYE)        | (1,477,693,350)         | (1,477,693,350)         | (2,908,042,682)         | (47,344,018)         |
| <b>Cluff Gold</b>                  | <b>(246,935,084)</b>    | <b>(246,903,684)</b>    | <b>(222,216,085)</b>    | <b>(120,634,937)</b> |
| Licenses                           | (31,400)                | 0                       | (62,800)                | 0                    |
| NASSIT Payments                    | (50,484,499)            | (50,484,499)            | 0                       | 0                    |
| Taxes from employees (PAYE)        | (50,759,174)            | (50,759,174)            | (104,025,503)           | (2,507,155)          |
| Withholding Tax                    | (145,660,011)           | (145,660,011)           | (118,127,782)           | (118,127,782)        |
| <b>Hisham Mackie</b>               | <b>(9,415,637)</b>      | <b>(6,000,000)</b>      | <b>(9,432,137)</b>      | <b>(6,000,000)</b>   |
| Alluvial Diamond Dealer's license  | (40,000)                | 0                       | (41,500)                | 0                    |
| Alluvial Diamond exporters license | (41,500)                | 0                       | (41,500)                | 0                    |
| Diamond Exporter Agent             | (6,015,000)             | (6,000,000)             | (6,030,000)             | (6,000,000)          |
| Royalty                            | (3,319,137)             | 0                       | (3,319,137)             | 0                    |
| <b>Kassim Basma</b>                | <b>(167,798,243)</b>    | <b>151,805,000</b>      | <b>(167,819,743)</b>    | <b>151,805,000</b>   |
| Alluvial Diamond exporters license | (81,500)                | 0                       | (83,000)                | 0                    |
| Corporate tax                      | (50,000,000)            | 50,000,000              | (50,000,000)            | 50,000,000           |
| Diamond Exporter Agent             | (7,220,000)             | (7,200,000)             | (7,240,000)             | (7,200,000)          |
| Other                              | (8,455,000)             | 8,455,000               | (8,455,000)             | 8,455,000            |
| Royalty                            | (1,491,743)             | 0                       | (1,491,743)             | 0                    |
| Taxes from employees (PAYE)        | (100,000,000)           | 100,000,000             | (100,000,000)           | 100,000,000          |

|                               |                        |                        |                        |                      |
|-------------------------------|------------------------|------------------------|------------------------|----------------------|
| Withholding Tax               | (550,000)              | 550,000                | (550,000)              | 550,000              |
| <b>Koidu Holdings S.A</b>     | <b>(5,587,570,974)</b> | <b>(2,299,882,148)</b> | <b>(5,496,140,286)</b> | <b>(261,364,332)</b> |
| Agricultural Development Fund | (23,447)               | 0                      | (23,447)               | 0                    |
| Customs Duties                | (1,150,492,754)        | (1,150,492,754)        | (2,076,619,155)        | (129,802,551)        |
| Mining lease                  | (400,000)              | 0                      | (400,000)              | 0                    |
| Licenses                      | (106,000)              | 0                      | (106,000)              | 0                    |
| NASSIT Payments               | (1,011,955,327)        | (1,011,955,327)        | 0                      | 0                    |
| Other                         | (131,400,000)          | (131,400,000)          | (131,400,000)          | (131,400,000)        |
| Royalty                       | (3,015,855)            | 0                      | (3,286,379)            | 0                    |
| Surface rent                  | (59,136)               | 0                      | (59,136)               | 0                    |
| Taxes from employees (PAYE)   | (3,290,118,455)        | (6,034,067)            | (3,284,246,169)        | (161,781)            |
| <b>London Mining Co.</b>      | <b>(623,207,061)</b>   | <b>(212,209,845)</b>   | <b>(611,593,447)</b>   | <b>(95,732,555)</b>  |
| Customs Duties                | (48,698,055)           | (48,698,055)           | (97,396,110)           | 0                    |
| Mining lease                  | (200,000)              | 0                      | (200,000)              | 0                    |
| NASSIT Payments               | (63,172,500)           | (63,172,500)           | 0                      | 0                    |
| Surface rent                  | (50,000)               | 0                      | (50,000)               | 0                    |
| Taxes from employees (PAYE)   | (96,232,565)           | (96,232,565)           | (96,232,565)           | (96,232,565)         |
| Withholding Tax               | (414,853,941)          | (4,106,725)            | (417,714,772)          | 500,010              |
| <b>Sierra Minerals</b>        | <b>(501,255,807)</b>   | <b>220,187,192</b>     | <b>(1,218,243,427)</b> | <b>(27,575,079)</b>  |
| Agricultural Development Fund | (46,552,331)           | 46,500,000             | (93,000,000)           | 0                    |
| Corporate tax                 | (235,461,589)          | 235,049,111            | (939,928,453)          | 0                    |
| Customs Duties                | (1,364,909)            | 0                      | (1,241,703)            | 0                    |
| Mining lease                  | (101,920)              | 0                      | (101,920)              | 0                    |
| Other                         | (138,685,248)          | (138,673,800)          | (11,448)               | 0                    |
| Royalty                       | (1,742,966)            | 0                      | (1,761,061)            | 0                    |
| Surface rent                  | (77,346,843)           | 77,311,881             | (182,198,841)          | (27,575,079)         |
| <b>Sierra Rutile Ltd</b>      | <b>(3,503,853,992)</b> | <b>(1,600,667,792)</b> | <b>(2,027,111,030)</b> | <b>(123,889,412)</b> |
| Agricultural Development Fund | (320,686,700)          | (41,686,700)           | (325,250,000)          | (46,250,000)         |



|                             |                      |                    |                      |                    |
|-----------------------------|----------------------|--------------------|----------------------|--------------------|
| Corporate tax               | (147,729,500)        | 147,654,500        | (442,992,750)        | 62,250             |
| Customs Duties              | (1,801,230)          | 1,594,039          | (1,768,403)          | 1,594,039          |
| Mining lease                | (265,806)            | 0                  | (265,806)            | 0                  |
| NASSIT Payments             | (1,277,305,380)      | (1,277,305,380)    | 0                    | 0                  |
| Other                       | (425,439,300)        | (425,439,300)      | 0                    | 0                  |
| Royalty                     | (376,442)            | 0                  | (395,187)            | 0                  |
| Surface rent                | (678,412,453)        | (79,295,701)       | (678,412,453)        | (79,295,701)       |
| Taxes from employees (PAYE) | (29,229,476)         | 29,229,476         | 0                    | 0                  |
| Withholding Tax             | (622,607,705)        | 44,581,274         | (578,026,431)        | 0                  |
| <b>Unspecified company</b>  | <b>(102,690,000)</b> | <b>102,690,000</b> | <b>(102,690,000)</b> | <b>102,690,000</b> |
| Surface rent                | (102,690,000)        | 102,690,000        | (102,690,000)        | 102,690,000        |

D-3 Adjustments - Significant adjustments were made to the companies' original payment and MDAs' original revenue data submitted. These adjustments were based upon intensive research on the variances noted and additional information/data provided upon our requests. The table that follow present the aggregated adjustments applied to reconcile the original submission made the companies and MDAs.

**Table D 6: Adjustments applied to initial data for 2006 reported payments and revenues**

| 2006                    | Sum of USD   | Sum of Le               | Adjustments                       |
|-------------------------|--------------|-------------------------|-----------------------------------|
|                         | (1,130,887)  | (17,323,653,787)        |                                   |
| <b>African Minerals</b> | <b>(540)</b> | <b>(16,326,439,011)</b> |                                   |
| Licenses                | (540)        | 0                       | Mathematical error discovered     |
| NASSIT Payments         | 0            | (701,839,011)           | NASSIT not in scope; adjusted out |
| Surface rent            | 0            | (15,624,600,000)        | Adjusted out MDAs not in scope    |

| 2006                          | Sum of USD       | Sum of Le              | Adjustments   |
|-------------------------------|------------------|------------------------|---|
| <b>Cluff Gold</b>             | <b>0</b>         | <b>(38,593,868)</b>    |   |
| NASSIT Payments               | 0                | (30,588,073)           | NASSIT not in scope; adjusted out                         |
| Surface rent                  | 0                | (4,000,000)            | Adjusted out MDAs not in scope                            |
| Taxes from employees (PAYE)   | 0                | (2,507,155)            | Adjusted payments reported on accrual account             |
| Withholding Tax               | 0                | (1,498,640)            | Adjusted payments reported on accrual account             |
| <b>Koidu Holdings S.A</b>     | <b>(92,797)</b>  | <b>(889,557,259)</b>   |   |
| NASSIT Payments               | 0                | (843,253,419)          | NASSIT not in scope; adjusted out                         |
| Royalty                       | (92,797)         | 0                      | Adjusted payments reported on accrual account             |
| Taxes from employees (PAYE)   | 0                | (46,303,840)           | Adjusted payments reported on accrual account             |
| <b>Sierra Minerals</b>        | <b>(577,932)</b> | <b>12,976,769</b>      |   |
| Agricultural Development Fund | (44,922)         | 31,500,000             | Conversion USD to Le and initial amount reported in error |
| Customs Duties                | (365,681)        | 0                      | Adjusted out MDAs not in scope Sierra Leone Maritime      |
| Mining lease                  | 49,688           | 0                      | Payment made in 2006 of 2005 tax                          |
| Licenses                      | (2,000)          | 0                      | Ministry of Environment not in scope                      |
| Other                         | 0                | (24,449,200)           | Payments made to individuals not MDA                      |
| Royalty                       | (215,017)        | 0                      | Adjusted payments reported on accrual account             |
| Surface rent                  | 0                | 5,925,969              | MDAs not in scope   |
| <b>Sierra Rutile Ltd</b>      | <b>(543,249)</b> | <b>(1,158,987,417)</b> |   |
| Corporate tax                 | (71,728)         | 211,181,813            | Converted USD to Le at 2944.2                             |
| Customs Duties                | (19,725)         | 0                      | Adjusted out MDAs not in scope Sierra Leone Maritime      |
| NASSIT Payments               | 0                | (1,207,938,092)        | NASSIT not in scope; adjusted out                         |

| 2006                                 | Sum of USD      | Sum of Le            | Adjustments  |
|--------------------------------------|-----------------|----------------------|--|
| Other                                | 0               | (741,791,101)        | Payments made to individuals not MDA                       |
| Surface rent                         | (451,796)       | 579,559,963          | Adjustment to attribute to Chiefdoms                       |
| <b>Govt. Gold and Diamond Office</b> | <b>1,888</b>    | <b>0</b>             |  |
| Royalty                              | 1,888           | 0                    | Error in original report, concurred with company           |
| <b>Ministry of Mineral Resources</b> | <b>92,650</b>   | <b>0</b>             |  |
| Alluvial Diamond exporters license   | 3,000           | 0                    | Error in original report, provided verbal concurrence only |
| Diamond Exporter Agent               | 35,000          | 0                    | Error in original report, provided verbal concurrence only |
| Licenses                             | 54,650          | 0                    | Error in original report, provided verbal concurrence only |
| <b>National Revenue Authority</b>    | <b>0</b>        | <b>1,076,946,999</b> |  |
| Customs Duties                       | 0               | 212,872,810          | Error in original report, provided additional materials    |
| Mining lease                         | 72,961          | 0                    | Recorded as wrong revenue source                           |
| Other                                | 0               | (137,407,336)        | Revenue source not in scope, personal income tax           |
| Royalty                              | (72,961)        | 0                    | Recorded as wrong revenue source                           |
| Taxes from employees (PAYE)          | 0               | 1,001,481,525        | Error in original report, provided additional materials    |
| <b>Sierra Leone Port Authority</b>   | <b>(10,907)</b> | <b>0</b>             |  |
| Customs Duties                       | (10,907)        | 0                    | Included 2005 payment                                      |

Table D 7: Adjustments applied to initial data for 2007 reported payments and revenues

| 2007                          | Sum of USD       | Sum of Le              | Adjustments   |
|-------------------------------|------------------|------------------------|---|
|                               | <b>(356,131)</b> | <b>(4,401,839,047)</b> |   |
| <b>African Minerals</b>       | <b>(508,866)</b> | <b>(4,944,555,000)</b> |   |
| Licenses                      | (388,600)        | 0                      | Company indicated error in original report                |
| NASSIT Payments               | 0                | (1,012,183,350)        | NASSIT not in scope; adjusted out                         |
| Royalty                       | (120,266)        | 0                      | Error in original report                                  |
| Surface rent                  | 0                | (3,932,371,650)        | Adjusted out MDAs not in scope                            |
| <b>Cluff Gold</b>             | <b>0</b>         | <b>(75,509,573)</b>    |   |
| NASSIT Payments               | 0                | (50,484,499)           | NASSIT not in scope; adjusted out                         |
| Taxes from employees (PAYE)   | 0                | 2,507,155              | Adjusted payments reported on accrual account             |
| Withholding Tax               | 0                | (27,532,229)           | Adjusted payments reported on accrual account             |
| <b>Koidu Holdings S.A</b>     | <b>92,797</b>    | <b>(1,065,109,514)</b> |   |
| Customs Duties                | 0                | (47,281,901)           | Adjusted payments reported on accrual account             |
| NASSIT Payments               | 0                | (1,011,955,327)        | NASSIT not in scope; adjusted out                         |
| Royalty                       | 92,797           | 0                      | Adjusted payments reported on accrual account             |
| Taxes from employees (PAYE)   | 0                | (5,872,286)            | Adjusted payments reported on accrual account             |
| <b>London Mining Co.</b>      | <b>0</b>         | <b>(64,045,452)</b>    |   |
| NASSIT Payments               | 0                | (63,172,500)           | NASSIT not in scope; adjusted out                         |
| Withholding Tax               | 0                | (872,952)              | Adjusted payments reported on accrual account             |
| <b>Sierra Minerals</b>        | <b>(714,732)</b> | <b>482,423,999</b>     |   |
| Agricultural Development Fund | (52,331)         | 46,500,000             | Conversion USD to Le and initial amount reported in error |
| Corporate tax                 | (159,090)        | 469,710,839            | Converted USD to Le at 2952.485                           |
| Customs Duties                | (486,443)        | 0                      | Adjusted out MDAs not in scope Sierra Leone Maritime      |
| Other                         | 0                | (138,673,800)          | Payments made to individuals not MDA                      |
| Royalty                       | 18,095           | 0                      | Adjusted payments reported on accrual account             |
| Surface rent                  | (34,962)         | 104,886,960            | Conversion USD to Le and MDAs not in scope                |

| 2007                                 | Sum of USD       | Sum of Le              | Adjustments  |
|--------------------------------------|------------------|------------------------|--|
| <b>Sierra Rutile Ltd</b>             | <b>(102,867)</b> | <b>(1,476,716,130)</b> |  |
| Agricultural Development Fund        | 0                | 4,563,300              | Company indicated error in original report                 |
| Corporate tax                        | (75,000)         | 221,465,250            | Converted USD to Le at 3000                                |
| Customs Duties                       | (27,867)         | 0                      | Adjusted out MDAs not in scope Sierra Leone Maritime       |
| NASSIT Payments                      | 0                | (1,277,305,380)        | NASSIT not in scope; adjusted out                          |
| Other                                | 0                | (425,439,300)          | Payments made to individuals not MDA                       |
| <b>Ministry of Mineral Resources</b> | <b>38,000</b>    | <b>0</b>               |  |
| Alluvial Diamond Dealer's license    | 1,500            | 0                      | Error in original report, provided verbal concurrence only |
| Alluvial Diamond exporters license   | 1,500            | 0                      | Error in original report, provided verbal concurrence only |
| Diamond Exporter Agent               | 35,000           | 0                      | Error in original report, provided verbal concurrence only |
| <b>National Revenue Authority</b>    | <b>844,497</b>   | <b>2,741,672,623</b>   |  |
| Corporate tax                        | 253,388          | 308,534,727            | Error in original report, provided additional materials    |
| Customs Duties                       | 363,237          | 1,022,106,357          | Error in original report, provided additional materials    |
| Licenses                             | 31,400           | 0                      | Error in original report, provided additional materials    |
| Royalty                              | 196,472          | 0                      | Error in original report, provided additional materials    |
| Taxes from employees (PAYE)          | 0                | 1,451,879,029          | Error in original report, provided additional materials    |
| Withholding Tax                      | 0                | (40,847,491)           | Error in original report                                   |
| <b>Sierra Leone Port Authority</b>   | <b>(4,960)</b>   | <b>0</b>               |  |
| Customs Duties                       | (4,960)          | 0                      | Error in original report                                   |

| 2006                      | Company          |                      | MDA              |                      | Variance             |
|---------------------------|------------------|----------------------|------------------|----------------------|----------------------|
|                           | Reported         | Company              | Reported         | MDA                  | (Converted           |
|                           | USD              | Reported Le          | USD              | Reported Le          | to Le)               |
|                           | <b>5,947,732</b> | <b>5,040,532,638</b> | <b>5,727,578</b> | <b>4,524,753,182</b> | <b>1,167,658,174</b> |
| <b>African Minerals</b>   | <b>1,032,349</b> | <b>1,402,642,787</b> | <b>1,032,349</b> | <b>1,054,356,992</b> | <b>348,284,789</b>   |
| Mining lease              | 200,000          | 0                    | 200,000          | 0                    | 0                    |
| Licenses                  | 765,975          | 0                    | 765,975          | 0                    | 0                    |
| NASSIT Payments           | 0                | 0                    | 0                | 0                    | 0                    |
| Royalty                   | 66,374           | 0                    | 66,374           | 0                    | (1,007)              |
| Surface rent              | 0                | 335,616,000          | 0                | 242,860,000          | 92,756,000           |
| Taxes from employees      | 0                | 1,067,026,787        | 0                | 811,496,992          | 255,529,795          |
| (PAYE)                    |                  |                      |                  |                      |                      |
| <b>Cluff Gold</b>         | <b>21,200</b>    | <b>37,263,032</b>    | <b>21,200</b>    | <b>33,679,001</b>    | <b>3,584,031</b>     |
| Licenses                  | 21,200           | 0                    | 21,200           | 0                    | 0                    |
| NASSIT Payments           | 0                | 0                    | 0                | 0                    | 0                    |
| Surface rent              | 0                | 0                    | 0                | 0                    | 0                    |
| Taxes from employees      | 0                | 18,680,972           | 0                | 19,444,816           | (763,844)            |
| (PAYE)                    |                  |                      |                  |                      |                      |
| Withholding Tax           | 0                | 18,582,060           | 0                | 14,234,185           | 4,347,875            |
| <b>Hisham Mackie</b>      | <b>1,593,421</b> | <b>6,000,000</b>     | <b>1,593,421</b> | <b>0</b>             | <b>5,998,697</b>     |
| Alluvial Diamond          | 41,500           | 0                    | 41,500           | 0                    | 0                    |
| exporters license         |                  |                      |                  |                      |                      |
| Diamond Exporter Agent    | 15,000           | 6,000,000            | 15,000           | 0                    | 6,000,000            |
| Other                     | 0                | 0                    | 0                | 0                    | 0                    |
| Royalty                   | 1,536,921        | 0                    | 1,536,921        | 0                    | (1,303)              |
| <b>Kassim Basma</b>       | <b>734,973</b>   | <b>7,200,000</b>     | <b>734,973</b>   | <b>0</b>             | <b>7,200,000</b>     |
| Alluvial Diamond          | 41,500           | 0                    | 41,500           | 0                    | 0                    |
| exporters license         |                  |                      |                  |                      |                      |
| Diamond Exporter Agent    | 20,000           | 7,200,000            | 20,000           | 0                    | 7,200,000            |
| Royalty                   | 673,473          | 0                    | 673,473          | 0                    | 0                    |
| <b>Koidu Holdings S.A</b> | <b>1,496,346</b> | <b>2,497,683,614</b> | <b>1,270,745</b> | <b>2,319,547,492</b> | <b>846,141,779</b>   |
| Agricultural Development  | 36,369           | 0                    | 0                | 0                    | 107,688,609          |
| Fund                      |                  |                      |                  |                      |                      |
| Customs Duties            | 0                | 1,014,763,556        | 0                | 951,263,434          | 63,500,122           |
| Mining lease              | 200,000          | 0                    | 200,000          | 0                    | 0                    |
| Licenses                  | 33,600           | 0                    | 33,600           | 0                    | 0                    |
| NASSIT Payments           | 0                | 0                    | 0                | 0                    | 0                    |
| Other                     | 0                | 114,636,000          | 0                | 0                    | 114,636,000          |
| Royalty                   | 1,196,809        | 0                    | 1,007,577        | 0                    | 560,317,048          |
| Surface rent              | 29,568           | 0                    | 29,568           | 0                    | 0                    |
| Taxes from employees      | 0                | 1,368,284,058        | 0                | 1,368,284,058        | 0                    |
| (PAYE)                    |                  |                      |                  |                      |                      |
| <b>London Mining Co.</b>  | <b>0</b>         | <b>0</b>             | <b>25,000</b>    | <b>0</b>             | <b>(74,025,000)</b>  |
| Surface rent              | 0                | 0                    | 25,000           | 0                    | (74,025,000)         |
| <b>Sierra Minerals</b>    | <b>731,722</b>   | <b>177,500,229</b>   | <b>711,258</b>   | <b>177,500,229</b>   | <b>60,595,029</b>    |
| Agricultural Development  | 0                | 31,500,000           | 0                | 31,500,000           | 0                    |
| Fund                      |                  |                      |                  |                      |                      |
| Customs Duties            | 207,500          | 0                    | 187,036          | 0                    | 60,593,756           |
| Mining lease              | 99,376           | 0                    | 99,376           | 0                    | 0                    |
| Licenses                  | 0                | 0                    | 0                | 0                    | 0                    |
| Other                     | 0                | 0                    | 0                | 0                    | 0                    |
| Royalty                   | 424,846          | 0                    | 424,846          | 0                    | 1,273                |
| Surface rent              | 0                | 146,000,229          | 0                | 146,000,229          | 0                    |
| <b>Sierra Rutile Ltd</b>  | <b>337,721</b>   | <b>912,242,976</b>   | <b>338,631</b>   | <b>882,619,469</b>   | <b>26,928,849</b>    |
| Agricultural Development  | 0                | 102,800,000          | 0                | 102,800,000          | 0                    |
| Fund                      |                  |                      |                  |                      |                      |
| Corporate tax             | 0                | 211,181,813          | 0                | 211,181,813          | (0)                  |
| Customs Duties            | 46,469           | 0                    | 47,370           | 0                    | (2,667,150)          |
| Mining lease              | 152,992          | 0                    | 152,981          | 0                    | 31,564               |
| Licenses                  | 20,920           | 0                    | 20,920           | 0                    | 0                    |

|                     |          |             |          |                   |                     |
|---------------------|----------|-------------|----------|-------------------|---------------------|
| NASSIT Payments     | 0        | 0           | 0        | 0                 | 0                   |
| Other               | 0        | 0           | 0        | 0                 | 0                   |
| Royalty             | 117,340  | 0           | 117,360  | 0                 | (59,072)            |
| Surface rent        | 0        | 579,559,963 | 0        | 558,663,455       | 20,896,508          |
| Withholding Tax     | 0        | 18,701,200  | 0        | 9,974,201         | 8,726,999           |
| <b>Unidentified</b> | <b>0</b> | <b>0</b>    | <b>0</b> | <b>57,050,000</b> | <b>(57,050,000)</b> |
| Surface rent        | 0        | 0           | 0        | 57,050,000        | (57,050,000)        |

D- 4 Reconciled amounts – the following tables present the detailed disaggregated results of the reconciliation after taking into account necessary adjusting entries:

**Table D 8: Detailed disaggregated report by company and revenue stream 2006**

**Table D 9: Detailed disaggregated report by company and revenue stream 2007**

| 2007                               | Company<br>Reported<br>USD | Company<br>Reported Le | MDA<br>Reported<br>USD | MDA<br>Reported Le   | MDA<br>Reported Le   |
|------------------------------------|----------------------------|------------------------|------------------------|----------------------|----------------------|
|                                    | <b>8,154,974</b>           | <b>6,924,436,631</b>   | <b>7,919,824</b>       | <b>6,808,606,723</b> | <b>817,519,299</b>   |
| <b>African Minerals</b>            | <b>1,291,496</b>           | <b>1,813,309,350</b>   | <b>1,090,395</b>       | <b>2,078,180,757</b> | <b>335,211,142</b>   |
| Agricultural Development Fund      | 1,100                      | 0                      | 0                      | 0                    | 3,282,400            |
| Mining lease                       | 200,000                    | 0                      | 0                      | 0                    | 596,800,000          |
| Licenses                           | 653,000                    | 0                      | 653,000                | 0                    | 0                    |
| NASSIT Payments                    | 0                          | 0                      | 0                      | 0                    | 0                    |
| Royalty                            | 437,396                    | 0                      | 437,395                | 312,215,425          | (312,215,276)        |
| Surface rent                       | 0                          | 335,616,000            | 0                      | 335,616,000          | 0                    |
| Taxes from employees (PAYE)        | 0                          | 1,477,693,350          | 0                      | 1,430,349,332        | 47,344,018           |
| <b>Cluff Gold</b>                  | <b>31,400</b>              | <b>171,394,111</b>     | <b>31,400</b>          | <b>50,759,174</b>    | <b>120,634,937</b>   |
| Licenses                           | 31,400                     | 0                      | 31,400                 | 0                    | 0                    |
| <b>NASSIT Payments</b>             | <b>0</b>                   | <b>0</b>               | <b>0</b>               | <b>0</b>             | <b>0</b>             |
| Taxes from employees (PAYE)        | 0                          | 53,266,329             | 0                      | 50,759,174           | 2,507,155            |
| Withholding Tax                    | 0                          | 118,127,782            | 0                      | 0                    | 118,127,782          |
| <b>Hisham Mackie</b>               | <b>1,716,068</b>           | <b>6,000,000</b>       | <b>1,716,069</b>       | <b>0</b>             | <b>5,998,478</b>     |
| Alluvial Diamond exporters license | 41,500                     | 0                      | 41,500                 | 0                    | 0                    |
| Diamond Exporter Agent             | 15,000                     | 6,000,000              | 15,000                 | 0                    | 6,000,000            |
| Royalty                            | 1,659,568                  | 0                      | 1,659,569              | 0                    | (1,522)              |
| <b>Kassim Basma</b>                | <b>807,367</b>             | <b>7,200,000</b>       | <b>807,376</b>         | <b>159,005,000</b>   | <b>(151,831,916)</b> |
| Alluvial Diamond exporters license | 41,500                     | 0                      | 41,500                 | 0                    | 0                    |
| Corporate tax                      | 0                          | 0                      | 0                      | 50,000,000           | (50,000,000)         |
| Diamond Exporter Agent             | 20,000                     | 7,200,000              | 20,000                 | 0                    | 7,200,000            |
| Other                              | 0                          | 0                      | 0                      | 8,455,000            | (8,455,000)          |
| Royalty                            | 745,867                    | 0                      | 745,876                | 0                    | (26,916)             |
| Taxes from employees (PAYE)        | 0                          | 0                      | 0                      | 100,000,000          | (100,000,000)        |

| 2007                             | Company<br>Reported<br>USD | Company<br>Reported Le | MDA<br>Reported<br>USD | MDA<br>Reported Le   | MDA<br>Reported Le   |
|----------------------------------|----------------------------|------------------------|------------------------|----------------------|----------------------|
| Withholding Tax                  | 0                          | 0                      | 0                      | 550,000              | (550,000)            |
| <b>Koidu Holdings S.A</b>        | <b>1,949,203</b>           | <b>2,876,814,828</b>   | <b>1,949,206</b>       | <b>2,615,450,496</b> | <b>261,353,052</b>   |
| Agricultural Development<br>Fund | 23,447                     | 0                      | 23,447                 | 0                    | 0                    |
| Customs Duties                   | 0                          | 1,103,210,853          | 0                      | 973,408,302          | 129,802,551          |
| Mining lease                     | 200,000                    | 0                      | 200,000                | 0                    | 0                    |
| Licenses                         | 53,000                     | 0                      | 53,000                 | 0                    | 0                    |
| NASSIT Payments                  | 0                          | 0                      | 0                      | 0                    | 0                    |
| Other                            | 0                          | 131,400,000            | 0                      | 0                    | 131,400,000          |
| Royalty                          | 1,643,188                  | 0                      | 1,643,191              | 0                    | (11,280)             |
| Surface rent                     | 29,568                     | 0                      | 29,568                 | 0                    | 0                    |
| Taxes from employees<br>(PAYE)   | 0                          | 1,642,203,975          | 0                      | 1,642,042,194        | 161,781              |
| <b>London Mining Co.</b>         | <b>125,000</b>             | <b>353,538,001</b>     | <b>125,000</b>         | <b>257,805,446</b>   | <b>95,732,555</b>    |
| Customs Duties                   | 0                          | 48,698,055             | 0                      | 48,698,055           | 0                    |
| Mining lease                     | 100,000                    | 0                      | 100,000                | 0                    | 0                    |
| NASSIT Payments                  | 0                          | 0                      | 0                      | 0                    | 0                    |
| Surface rent                     | 25,000                     | 0                      | 25,000                 | 0                    | 0                    |
| Taxes from employees<br>(PAYE)   | 0                          | 96,232,565             | 0                      | 0                    | 96,232,565           |
| Withholding Tax                  | 0                          | 208,607,381            | 0                      | 209,107,391          | (500,010)            |
| <b>Sierra Minerals</b>           | <b>1,817,309</b>           | <b>621,097,799</b>     | <b>1,805,600</b>       | <b>593,522,720</b>   | <b>62,514,795</b>    |
| Agricultural Development<br>Fund | 0                          | 46,500,000             | 0                      | 46,500,000           | 0                    |
| Corporate tax                    | 253,388                    | 469,710,839            | 253,388                | 469,710,839          | 0                    |
| Customs Duties                   | 620,982                    | 0                      | 620,721                | 0                    | 777,690              |
| Mining lease                     | 50,960                     | 0                      | 50,960                 | 0                    | 0                    |
| Other                            | 11,448                     | 0                      | 0                      | 0                    | 34,160,832           |
| Royalty                          | 880,531                    | 0                      | 880,530                | 0                    | 1,194                |
| Surface rent                     | 0                          | 104,886,960            | 0                      | 77,311,881           | 27,575,079           |
| <b>Sierra Rutile Ltd</b>         | <b>417,133</b>             | <b>1,075,082,542</b>   | <b>418,225</b>         | <b>951,193,131</b>   | <b>120,630,406</b>   |
| Agricultural Development<br>Fund | 0                          | 185,750,000            | 0                      | 139,500,000          | 46,250,000           |
| Corporate tax                    | 0                          | 221,465,250            | 0                      | 221,527,500          | (62,250)             |
| Customs Duties                   | 87,305                     | 0                      | 87,059                 | 1,594,039            | (859,975)            |
| Mining lease                     | 132,903                    | 0                      | 132,903                | 0                    | 0                    |
| NASSIT Payments                  | 0                          | 0                      | 0                      | 0                    | 0                    |
| Other                            | 0                          | 0                      | 0                      | 0                    | 0                    |
| Royalty                          | 196,925                    | 0                      | 198,263                | 0                    | (3,993,069)          |
| Surface rent                     | 0                          | 378,854,077            | 0                      | 299,558,376          | 79,295,701           |
| Taxes from employees<br>(PAYE)   | 0                          | 0                      | 0                      | 0                    | 0                    |
| Withholding Tax                  | 0                          | 289,013,215            | 0                      | 289,013,216          | (0)                  |
| <b>Unidentified</b>              | <b>0</b>                   | <b>0</b>               | <b>0</b>               | <b>102,690,000</b>   | <b>(102,690,000)</b> |
| Surface rent                     | 0                          | 0                      | 0                      | 102,690,000          | (102,690,000)        |



| 2006                          | Final Variance (Converted to Le) | Final Variance (Converted to USD) | Further Action(s) to Reconcile   |
|-------------------------------|----------------------------------|-----------------------------------|--|
| <b>Entity/Revenue Stream</b>  | <b>1,167,658,174</b>             | <b>394,346</b>                    |  |
| <b>African Minerals</b>       | <b>348,284,789</b>               | <b>117,624</b>                    |  |
| Surface rent                  | 92,756,000                       | 31,326                            | Chiefdoms and District Councils to provide evidence to support amounts reported by company         |
| Taxes from employees (PAYE)   | 255,529,795                      | 86,298                            | Company to provide supporting documentation and NRA to continue to research payments               |
| <b>Cluff Gold</b>             | <b>3,584,031</b>                 | <b>1,210</b>                      |  |
| Taxes from employees (PAYE)   | (763,844)                        | (258)                             | Potential recording error with withholding tax perform further analysis of payments                |
| Withholding Tax               | 4,347,875                        | 1,468                             | NRA to continue to research missing transactions   |
| <b>Hisham Mackie</b>          | <b>5,998,697</b>                 | <b>2,026</b>                      |  |
| Diamond Exporter Agent        | 6,000,000                        | 2,026                             | NRA to continue to research missing transactions   |
| <b>Kassim Basma</b>           | <b>7,200,000</b>                 | <b>2,432</b>                      |  |
| Diamond Exporter Agent        | 7,200,000                        | 2,432                             | NRA to continue to research missing transactions   |
| <b>Koidu Holdings S.A</b>     | <b>846,141,779</b>               | <b>285,762</b>                    |  |
| Agricultural Development Fund | 107,688,609                      | 36,369                            | Company reported additional payments during reconciliation. Follow-up with Chiefdoms required      |
| Customs Duties                | 63,500,122                       | 21,445                            | NRA to continue to research missing transactions   |
| Other (Immigration fees)      | 114,636,000                      | 38,715                            | NRA to continue to research missing transactions   |
| Royalty                       | 560,317,048                      | 189,232                           | NRA to continue to research missing transactions   |
| <b>London Mining Co.</b>      | <b>(74,025,000)</b>              | <b>(25,000)</b>                   |  |
| Surface rent                  | (74,025,000)                     | (25,000)                          | Obtain supporting materials from Chiefdom  |
| <b>Sierra Minerals</b>        | <b>60,595,029</b>                | <b>20,464</b>                     |  |
| Customs Duties                | 60,593,756                       | 20,464                            | NRA to continue to research missing transactions   |
| <b>Sierra Rutile Ltd</b>      | <b>26,928,849</b>                | <b>9,095</b>                      |  |
| Customs Duties                | (2,667,150)                      | (901)                             | Cannot determine cause of continued variance   |
| Mining lease                  | 31,564                           | 11                                | Immaterial variance, no further action needed  |
| Royalty                       | (59,072)                         | (20)                              | Immaterial variance, no further action needed  |
| Surface rent                  | 20,896,508                       | 7,057                             | Continue to follow-up with Chiefdoms and District Councils to support amounts indicated by company |
| Withholding Tax               | 8,726,999                        | 2,947                             | Continue to follow-up with Chiefdoms and District Councils to support amounts indicated by company |
| <b>Unspecified Company</b>    | <b>(57,050,000)</b>              | <b>(19,267)</b>                   |  |
| Surface rent                  | (57,050,000)                     | (19,267)                          | Follow-up with Chiefdoms and District Councils to identify company from which revenue is reported. |

D-5 Unresolved discrepancies – the following tables present detailed of unresolved amounts by company and by revenue stream for 2006 and 2007.

**Table D 10: Unresolved discrepancies 2006**

| 2006                          | Variance USD | Variance Le | Action to Reconcile   |
|-------------------------------|--------------|-------------|---|
|                               | 220,155      | 515,779,456 |   |
| <b>African Minerals</b>       | 0            | 348,285,795 |   |
| Surface rent                  | 0            | 92,756,000  | Chiefdoms and District Councils to provide evidence to support amounts reported by company    |
| Taxes from employees (PAYE)   | 0            | 255,529,795 | Company to provide supporting documentation and NRA to continue to research payments          |
| <b>Cluff Gold</b>             | 0            | 3,584,031   |   |
| Taxes from employees (PAYE)   | 0            | (763,844)   | Potential recording error with withholding tax perform further analysis of payments           |
| Withholding Tax               | 0            | 4,347,875   | NRA to continue to research missing transactions  |
| <b>Hisham Mackie</b>          | 0            | 6,000,000   |   |
| Diamond Exporter Agent        | 0            | 6,000,000   | NRA to continue to research missing transactions  |
| <b>Kassim Basma</b>           | 0            | 7,200,000   |   |
| Diamond Exporter Agent        | 0            | 7,200,000   | NRA to continue to research missing transactions  |
| <b>Koidu Holdings S.A</b>     | 225,601      | 178,136,122 |   |
| Agricultural Development Fund | 36,369       | 0           | Company reported additional payments during reconciliation. Follow-up with Chiefdoms required |
| Customs Duties                | 0            | 63,500,122  | NRA to continue to research missing transactions  |
| Other (Immigration fees)      | 0            | 114,636,000 | NRA to continue to research missing transactions  |

|                          |          |              |  |
|--------------------------|----------|--------------|--|
| Royalty                  | 189,232  | 0            | NRA to continue to research missing transactions   |
| <b>London Mining Co.</b> | (25,000) | 0            |  |
| Surface rent             | (25,000) | 0            | Obtain supporting materials from Chiefdom  |
| Sierra Minerals          | 20,464   | 0            |  |
| Customs Duties           | 20,464   | 0            | NRA to continue to research missing transactions   |
| <b>Sierra Rutile Ltd</b> | (910)    | 29,623,507   |  |
| Customs Duties           | (901)    | 0            | Cannot determine cause of continued variance   |
| Mining lease             | 11       | 0            | Immaterial variance, no further action needed  |
| Royalty                  | (20)     | 0            | Immaterial variance, no further action needed  |
| Surface rent             | 0        | 20,896,508   | Continue to follow-up with Chiefdoms and District Councils to support amounts indicated by company |
| Withholding Tax          | 0        | 8,726,999    | Continue to follow-up with Chiefdoms and District Councils to support amounts indicated by company |
| Unspecified              | 0        | (57,050,000) |  |
| Surface rent             | 0        | (57,050,000) | Follow-up with Chiefdoms and District Councils to identify company from which revenue is reported. |

| 2007                         | Final Variance (Converted to (L.e)) | Final Variance (Converted to (USD)) | Action to Reconcile   |
|------------------------------|-------------------------------------|-------------------------------------|---|
| <b>Entity/Revenue Stream</b> | <b>817,519,299</b>                  | <b>273,968</b>                      |   |
| <b>African Minerals</b>      | <b>335,211,142</b>                  | <b>112,336</b>                      |   |
| Agricultural Dev. Fund       | 3,282,400                           | 1,100                               | MMR to research missing transactions  |
| Mining lease                 | 596,800,000                         | 200,000                             | NRA to continue to research missing transactions  |
| Royalty                      | (312,215,276)                       | (104,630)                           | Company to validate payments with NRA   |
| Taxes - employees (PAYE)     | 47,344,018                          | 15,866                              | NRA to continue to research missing transactions  |
| <b>Cluff Gold</b>            | <b>120,634,937</b>                  | <b>40,427</b>                       |   |
| Taxes - employees (PAYE)     | 2,507,155                           | 840                                 | NRA to continue to research missing transactions  |
| Withholding Tax              | 118,127,782                         | 39,587                              | NRA to continue to research missing transactions  |
| <b>Hisham Mackie</b>         | <b>5,998,478</b>                    | <b>2,010</b>                        |   |
| Diamond Exporter Agent       | 6,000,000                           | 2,011                               | NRA to continue to research missing transactions  |
| Royalty                      | (1,522)                             | (1)                                 | Immaterial variance, no further action needed   |
| <b>Kassim Basma</b>          | <b>(151,831,916)</b>                | <b>(50,882)</b>                     |   |
| Corporate tax                | (50,000,000)                        | (16,756)                            | Company to validate payment   |
| Diamond Exporter Agent       | 7,200,000                           | 2,413                               | MDA did not report; obtain backup from company validate transactions with MDA                     |
| Other                        | (8,455,000)                         | (2,833)                             | Company to validate payment   |
| Royalty                      | (26,916)                            | (9)                                 | Immaterial variance, no further action needed   |
| Taxes - employees (PAYE)     | (100,000,000)                       | (33,512)                            | Company to validate payment   |
| Withholding Tax              | (550,000)                           | (184)                               | Company to validate payment   |
| <b>Koidu Holdings S.A</b>    | <b>261,353,052</b>                  | <b>87,585</b>                       |   |
| Customs Duties               | 129,802,551                         | 43,500                              | MDA did not report full amount; obtain backup from company validate transactions with MDA         |
| Other                        | 131,400,000                         | 44,035                              | MDA did not report; obtain backup from company validate transactions with MDA                     |
| Royalty                      | (11,280)                            | (4)                                 | Immaterial variance, no further action needed   |
| Taxes from employees (PAYE)  | 161,781                             | 54                                  | Variance due to cash vs. accrual reporting; missing transactions to validate with MDA and company |
| <b>London Mining Co.</b>     | <b>95,732,555</b>                   | <b>32,082</b>                       |   |
| Taxes from employees (PAYE)  | 96,232,565                          | 32,250                              | MDA did not report; obtain backup from company validate transactions with MDA                     |
| Withholding Tax              | (500,010)                           | (168)                               | Variance due to cash vs. accrual reporting; missing transactions to validate with MDA and company |
| <b>Sierra Minerals</b>       | <b>62,514,795</b>                   | <b>20,950</b>                       |   |
| Customs Duties               | 777,690                             | 261                                 | Variance due to cash vs. accrual reporting; missing transactions to validate with MDA and company |
| Other                        | 34,160,832                          | 11,448                              | MDA did not report; obtain backup from company validate transactions with MDA                     |

|                               |                      |                 |  |
|-------------------------------|----------------------|-----------------|--|
| Royalty                       | 1,194                | 0               | Variance due to cash vs. accrual reporting; missing transactions to validate with MDA and company. |
| Surface rent                  | 27,575,079           | 9,241           | Company converted from Le to USD, validate payments with MDAs and company                          |
| <b>Sierra Rutile Ltd</b>      | <b>120,630,406</b>   | <b>40,426</b>   |  |
| Agricultural Development Fund | 46,250,000           | 15,499          | MDA did not report full amount; obtain backup from company validate transactions with MDA          |
| Corporate tax                 | (62,250)             | (21)            | MDA did not report full amount; obtain backup from company validate transactions with MDA          |
| Customs Duties                | (859,975)            | (288)           | MDA did not report full amount; obtain backup from company validate transactions with MDA          |
| Royalty                       | (3,993,069)          | (1,338)         | MDA did not report; obtain backup from company validate transactions with MDA                      |
| Surface rent                  | 79,295,701           | 26,574          | MDA did not report; obtain backup from company validate transactions with MDA                      |
| <b>Unidentified Company</b>   | <b>(102,690,000)</b> | <b>(34,414)</b> |  |
| Surface rent                  | (102,690,000)        | (34,414)        | Continue to follow-up with Chiefdoms and District Council to provide source                        |

Table D 11: Unresolved discrepancies 2007

| 2007                          | Variance USD   | Variance Le          | Action to Reconcile   |
|-------------------------------|----------------|----------------------|---|
|                               | 235,151        | 115,829,908          |   |
| <b>African Minerals</b>       | <b>201,100</b> | <b>(264,871,407)</b> |   |
| Agricultural Development Fund | 1,100          | 0                    | MMR to research missing transactions  |
| Mining lease                  | 200,000        | 0                    | NRA to continue to research missing transactions                              |
| Royalty                       | 0              | (312,215,425)        | Company to validate payments with NRA   |
| Taxes from employees (PAYE)   | 0              | 47,344,018           | NRA to continue to research missing transactions                              |
| <b>Cluff Gold</b>             | <b>0</b>       | <b>120,634,937</b>   |   |
| Taxes from employees (PAYE)   | 0              | 2,507,155            | NRA to continue to research missing transactions                              |
| Withholding Tax               | 0              | 118,127,782          | NRA to continue to research missing transactions                              |
| <b>Hisham Mackie</b>          | <b>(1)</b>     | <b>6,000,000</b>     |   |
| Diamond Exporter Agent        | 0              | 6,000,000            | NRA to continue to research missing transactions                              |
| Royalty                       | (1)            | 0                    | Immaterial variance, no further action needed                                 |
| <b>Kassim Basma</b>           | <b>(9)</b>     | <b>(151,805,000)</b> |   |
| Corporate tax                 | 0              | (50,000,000)         | Company to validate payment   |
| Diamond Exporter Agent        | 0              | 7,200,000            | MDA did not report; obtain backup from company validate transactions with MDA |
| Other                         | 0              | (8,455,000)          | Company to validate payment   |
| Royalty                       | (9)            | 0                    | Immaterial variance, no further action needed                                 |

|                               |                |                      |   |
|-------------------------------|----------------|----------------------|---|
| Taxes from employees (PAYE)   | 0              | (100,000,000)        | Company to validate payment   |
| Withholding Tax               | 0              | (550,000)            | Company to validate payment   |
| <b>Koidu Holdings</b>         | <b>(4)</b>     | <b>261,364,332</b>   |   |
| Customs Duties                | 0              | 129,802,551          | MDA did not report full amount; obtain backup from company validate transactions with MDA         |
| Other                         | 0              | 131,400,000          | MDA did not report; obtain backup from company validate transactions with MDA                     |
| Royalty                       | (4)            | 0                    | Immaterial variance, no further action needed   |
| Taxes from employees (PAYE)   | 0              | 161,781              | Variance due to cash vs. accrual reporting; missing transactions to validate with MDA and company |
| <b>London Mining Co.</b>      | <b>0</b>       | <b>95,732,555</b>    |   |
| Taxes from employees (PAYE)   | 0              | 96,232,565           | MDA did not report; obtain backup from company validate transactions with MDA                     |
| Withholding Tax               | 0              | (500,010)            | Variance due to cash vs. accrual reporting; missing transactions to validate with MDA and company |
| <b>Sierra Minerals</b>        | <b>11,709</b>  | <b>27,575,079</b>    |   |
| Customs Duties                | 261            | 0                    | Variance due to cash vs. accrual reporting; missing transactions to validate with MDA and company |
| Other                         | 11,448         | 0                    | MDA did not report; obtain backup from company validate transactions with MDA                     |
| Surface rent                  | 0              | 27,575,079           | Company converted from Le to USD, validate payments with MDAs and company                         |
| <b>Sierra Rutile Ltd</b>      | <b>(1,092)</b> | <b>123,889,412</b>   |   |
| Agricultural Development Fund | 0              | 46,250,000           | MDA did not report full amount; obtain backup from company validate transactions with MDA         |
| Corporate tax                 | 0              | (62,250)             | MDA did not report full amount; obtain backup from company validate transactions with MDA         |
| Customs Duties                | 246            | (1,594,039)          | MDA did not report full amount; obtain backup from company validate transactions with MDA         |
| Royalty                       | (1,338)        | 0                    | MDA did not report; obtain backup from company validate transactions with MDA                     |
| Surface rent                  | 0              | 79,295,701           | MDA did not report; obtain backup from company validate transactions with MDA                     |
| <b>Unspecified</b>            | <b>0</b>       | <b>(102,690,000)</b> |   |
| Surface rent                  | 0              | (102,690,000)        | Continue to follow-up with Chiefdoms and District Council to provide source                       |

## Appendix E - Information Collected After End Date

This appendix presents information provided after the reconciliation data collection process ended

Bonthe District Council subsequently provided back up for discrepancies that were due to the difference between accrual and cash accounting used in the reporting:

- The surface rent paid to the council in March 2007 was due to be paid in 2006, amounting to 57,929,910.
- The surface rent reported in 2007 was actually paid in March 2008 amounting to 89,080,900.
- The Ministry of Mineral resources also provided receipts for Hisham Mackie (H.M Diamonds) for receipts for the payment of \$40,000 for 2006 and 2007 license fees.
- The Ministry of Mineral Resources provided receipts for \$1,500 received from H.M. Diamonds for payments due for Certificates of Origin for 2006 and 2007.

## Appendix F - Status of Reporting Templates Collected

Table F 1: Status of Reporting Templates Collected

| Participating Entities                       | # of RT Provided | Schedules Provided | Back up Provided |
|--|------------------|--------------------|------------------|
| African Minerals                             | 2                | N                  | Y                |
| Andre Hope                                   | 2                | N/A                | N/A              |
| Cluff Gold Sierra Leone                      | 2                | Y                  | Y                |
| Hisham Mackie                                | 2                | N                  | N                |
| Kassim Basma                                 | 2                | N                  | Y                |
| Koidu Holdings S.A.                          | 2                | Y                  | N                |
| London Mining                                | 2                | Y                  | Y                |
| Sierra Minerals                              | 2                | N                  | N                |
| Sierra Rutile Limited                        | 2                | Y                  | Y                |
| Bank of Sierra Leone                         | 0                | -                  | -                |
| Government Gold and Diamond Office           | 6                | Y                  | Y                |
| Ministry of Finance and Economic Development | 0                | -                  | -                |
| Ministry of Mineral Resources                | 9                | Y                  | P                |
| National Revenue Authority                   | 18               | Y                  | Y                |
| Sierra Leone Ports Authority                 | 2                | Y                  | N                |
| Bo District Council                          | 0                | -                  | -                |
| Bonthe District Council                      | 2                | N                  | N                |
| Kono District Council                        | 2                | Y                  | N                |
| Moyamba District Council                     | 2                | N/A                | N                |
| Port Loko District Council                   | 2                | N/A                | N                |
| Pujehun District Council*                    | 0                | -                  | -                |
| Tonkolili District Council*                  | 0                | -                  | -                |
| Bendu cha*                                   | 0                | -                  | -                |
| Bum*   | 0                | -                  | -                |
| Kamara*                                      | 0                | -                  | -                |
| Kpanda Kemo                                  | 2                | N                  | Y                |
| Krim*  | 0                | -                  | -                |
| Kwamebai*                                    | 0                | -                  | -                |
| Marampa                                      | 2                | N/A                | N                |
| Nimikoro                                     | 2                | N/A                | N                |
| Nimiyama                                     | 2                | N/A                | N                |
| Nongoba Bullom*                              | 0                | -                  | -                |
| Sandor                                       | 2                | N/A                | Y                |
| Sitia*                                       | 0                | -                  | -                |
| Valunia*                                     | 0                | -                  | -                |
| Yakemo Kpukumu Krim*                         | 0                | -                  | -                |
| Bagruwa👉                                     | 1                | Y                  | N                |
| Imperri👉                                     | 1                | Y                  | N                |
| Jong👉  | 2                | Y                  | Y                |
| Kalangogia👉                                  | 2                | N/A                | N/A              |
| Tankoro👉                                     | 2                | Y                  | Y                |
| Upper Banta👉                                 | 1                | Y                  | N                |
| Moyamba District Council👉                    | 2                | N                  | N                |



| Participating Entities                               | # of RT Provided | Schedules Provided | Back up Provided |
|--|------------------|--------------------|------------------|
| <b>Legend</b>  |                  |                    |                  |
| <i>Y - indicates submitted as required (Yes)</i>     |                  |                    |                  |
| <i>N- indicates required but not submitted (No),</i> |                  |                    |                  |
| <i>N/A – indicates action not applicable</i>         |                  |                    |                  |
| <i>P – indicates partial submission</i>              |                  |                    |                  |

*\* Indicates entities that may not have activities reported within period of reconciliation*

*⚡ Indicates entities not originally selected, that voluntarily submitted reports*

*Schedules – refer to detailed analysis for consolidated or aggregated figures reported*

*Backup - refers to supporting receipts, payment references, etc*

## Appendix G - Analysis of Signature Status/Report Template Certification

We requested that signatures be provided by management and from finance/accounting of the entity. Table H-1 indicates the status of the reporting templates being validated by an officer of the entity (e.g. Chief Executive Officer, Managing Director, Permanent Secretary, Chiefdom Administrator, etc.) and a person representing the entities' finance or accounting function.

**Table G 1: Signature Status**

| Entity                                  | Signed by<br>CEO/MD/PS/CA | Signed by<br>Accounting<br>/CFO |
|---|---------------------------|---------------------------------|
| <b>Mining Companies and Exporters</b>   |                           |                                 |
| <b>African Minerals</b>                 | Y                         | N                               |
| Andre Hope                              | Y                         | N                               |
| Cluff Gold Sierra Leone                 | Y                         | Y                               |
| Hisham Mackie                           | Y                         | N                               |
| Kassim Basma                            | Y                         | N                               |
| Koidu Holdings S.A.                     | N                         | Y                               |
| London Mining                           | N                         | Y                               |
| Sierra Minerals                         | N                         | Y                               |
| Sierra Rutile Limited                   | Y                         | N                               |
| <b>Ministries and National Entities</b> |                           |                                 |
| Government Gold and<br>Diamond Office   | (1)                       | Y)                              |
| Ministry of Mineral<br>Resources        | Y                         | N                               |
| National Revenue Authority              | N                         | N                               |
| Sierra Leone Ports<br>Authority         | Y                         | (2)                             |
| <b>District Councils</b>                |                           |                                 |
| Bonthe District Council                 | Y                         | N                               |
| Kono District Council                   | Y                         | N                               |
| Moyamba District Council                | Y                         | N                               |
| Port Loko District Council              | Y                         | N                               |
| <b>Chiefdom Councils</b>                |                           |                                 |
| Bagruwa Cheifdom                        | Y                         | N                               |
| Imperri Cheifdom                        | N                         | N                               |
| Jong Cheifdom                           | N                         | N                               |
| Kalansogoia Cheifdom                    | Y                         | N                               |
| Kpanda Kemo Cheifdom                    | N                         | N                               |
| Marampa Cheifdom                        | N                         | Y                               |

|                      |   |   |
|----------------------|---|---|
| Nimikoro Cheifdom    | Y | N |
| Nimiyama Cheifdom    | Y | N |
| Sandor Cheifdom      | Y | N |
| Tankoro Cheifdom     | Y | N |
| Upper Banta Cheifdom | Y | N |

- (1) Templates provided late, verification of signatures not performed
- (2) Second signature provided, role/position unspecified