

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



SLEITI 2015 EITI REPORT

FEBRUARY 2018



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REPUBLIC OF SIERRA LEONE

MINISTRY OF MINES AND MINERAL RESOURCES

SIERRA LEONE EITI Report

FEBRUARY 2018

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LIST OF ABBREVIATIONS/ACRONYMS

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

EXECUTIVE SUMMARY

The Extractive Industries Transparency Initiative (EITI) is a global initiative that has gained global recognition since its introduction at the World Summit on Sustainable Development in Johannesburg, South Africa in 2002.

Sierra Leone joined the EITI in February 2008 and has since produced six (6) reports spanning between 2010 and 2015. Over twenty members constitute the oversight group (MSG) for policy direction of the initiative. A high level commitment has been placed on the Initiative by the Government of Sierra Leone resulting in the positioning of the Chief of Staff at the Presidency as the Chairman and Champion of the Multi-Stakeholder Group.

Sierra Leone has successfully undertaken three Validation exercises and achieved compliance status in April 2014. The next Validation under the 2016 Standard is scheduled for July 2018.

Sierra Leone is richly endowed with extractive minerals especially mining products such as diamond, gold, iron ore, bauxite etc. The country possesses one of the largest rutile reserves in the world and has significant bauxite reserves. There are large scale mining operations in iron ore, diamonds, rutile and bauxite and an artisanal and small-scale mining of gold and diamonds.

Real GDP growth contracted by 21.5 percent in 2015 compared to a growth rate of 4.61percent in 2014. Source: <https://www.bsl.gov.sl>

Minerals contributed 95% of the total national exports in 2015. Activity in the mining sector slumped by 83.7 percent in 2015. This was attributable, in part, to the decline in global iron ore prices and the closure of the domestic iron ore mining companies

Mineral export went down in 2015 to US\$ 358,863,680.68, from US\$1,109,239,334.77 in 2014. Small scale and artisanal gold miners produced 3,460 ounces valued at \$ 3.6million in 2015.

The Income Tax Act, 2000 and the Mines and Minerals Act, 2009 are the main legislations regulating the mining sector whereas the Petroleum (Exploration and Production) Act 2011 govern activities in the oil and gas sector.

New mining projects were at development stage and 17 new mining applications were received in 2015.

Sierra Leone is not currently an oil producer, but the announcement of a discovery of natural gas and oil in 2010 has sparked the interest of several global oil producers.

In October 2013, Lukoil Overseas announced another discovery of oil in deep-water off the coast of Sierra Leone. Interest in petroleum exploration is being sustained as there are plans to stage Sierra Leone's Fourth Offshore Petroleum Licensing Round between mid-January and the end of May 2018.

Cooperation from stakeholders for the 2015 reconciliation exercise is commendable though some companies which have relocated since 2015 were unavailable for participation. A materiality

threshold of US\$170,000 made up of 12 mining companies was fixed for 2015. No oil and gas company participated in 2015 reconciliation as there were no recorded payments in the year.

Approved mining revenue streams for inclusion in the 2015 EITI Report are as follow:

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

For the oil/gas sector the revenue benefits for reporting are:

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

Selected mining companies for 2015 SLEITI report

No.	TIN	Name of extractive Company	Mineral	Activity
1	1001358-5	KOIDU LTD.	DIAMOND	PRODUCTION
2	1000672-9	SIERRA RUTILE	RUTILE	PRODUCTION
3		TIMIS MINING	IRON ORE	
4	1000672-9	SIERRA MINERALS HOLDINGS LTD	BAUXITE	PRODUCTION
5	1000351-9	H. M. DIAMONDS	DIAMOND	EXPORTER
6		TONKOLILI IRON(ORE)SL	IRON ORE	PRODUCTION
7		S.D STEEL(SL) LTD	IRON ORE	PRODUCTION
8		AFRICAN RAILS AND PORTS	IRON ORE	
9	1025212-6	KASSIM BASMA	DIAMOND	EXPORTER
10		AMARA MINING SL LIMITED -BAOMAHUN GOLD LIMITED	GOLD	DEVELOPMENT
11		AMR GOLD SL LTD IRO WILKINSON HILL MINING		
12	1020041-5	SHAWKE B SHOUR	DIAMOND	EXPORTER

Reconciliation by companies.

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

No.	Company	Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	under
	2015										
1	Koidu Ltd	5,620,568	(42,805)	5,577,763	5,601,813	-	5,601,813	5,577,763	5,601,813	23,186	(47,236)
2	Sierra Rutile Ltd	-	-	-	-	-	-	-	-	-	-
3	Timis Mining Ltd	-	-	-	-	-	-	-	-	-	-
4	Vimetco Sierra Minerals Holding Ltd	2,399,122.67	(87,289)	2,311,834	2,091,990	-	2,091,990	2,311,834	2,091,990	225,292	(5,448.00)
5	H.M Diamonds	1,773,088.00	-	1,773,088	1,795,493	-	1,795,493	1,773,088	1,795,493	1,500	(23,905)
6	S.D STEEL-Tinkolili Iron Ore	1,272,679.00	(15,220)	1,257,459	1,785,008	-	1,785,008	1,257,459	1,785,008	8,195	(535,744)
7	Kassim M Basma	496,816.00	-	496,816	496,815	-	496,815	496,816	496,815	1	-
9	Cluff-Amara Mining Ltd	-	-	-	-	-	-	-	-	-	-
10	AMR Gold SL LTD	-	-	-	-	-	-	-	-	-	-
11	Shawke B Shour	222,320.19	-	222,320	222,320	-	222,320	222,320	222,320	0	0
15	Total	11,784,594	(145,314)	11,639,280	11,993,439	-	11,993,439	11,639,280	11,993,439	258,174	(612,333)

Reconciliation by Revenue Streams

Reconciliation of extractive companies payments and government receipts as depicted by revenue streams is shown in the table below.

2015		Company			Government			Final Amounts		Unresolved	
No.	Revenue Stream	Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	under
	2015										
1	Mining Licence	2,030,143	0	2,030,143	2,256,957	0	2,256,957	2,030,143	2,256,957	23,186	-250,000
2	Exploration Licence	43,207	0	43,207	43,207	0	43,207	43,207	43,207	0	0
3	Royalty	6,204,466	0	6,204,466	6,215,251	0	6,215,251	6,204,466	6,215,251	1	-10,786
4	Export duty for Diamonds	2,168,841	0	2,168,841	2,168,844	0	2,168,844	2,168,841	2,168,844	0	-3
5	Corporate Tax	216,883	0	216,883	240,784	0	240,784	216,883	240,784	1	-23,902
6	Diamond Exporter's License fee	106,500	0	106,500	105,000	0	105,000	106,500	105,000	1,500	0
7	Environmental Impact Assessment License	479,011	0	479,011	739,910	0	739,910	479,011	739,910	7,596	-268,495
8	Environmental Impact Assessment Monitoring Fees	94,283	0	94,283	153,430	0	153,430	94,283	153,430	0	-59,147
9	Surface Rent	223,565	-145,314	78,251	70,056	0	70,056	78,251	70,056	8,195	0
10	Agricultural Development Fund	0	0	0	0	0	0	0	0	0	0
11	Community Development Fund	217,695	0	217,695	-	-	-	217,695	-	217,695	-
	TOTAL	11,784,594	(145,314)	11,639,280	11,993,439	-	11,993,439	11,639,280	11,993,439	258,174	(612,333)

After the reconciliation, total company receipts amounted to US\$ 11,639,280, whilst total government receipts amounted to US\$11,993,439.

OBSERVATIONS AND CONCLUSIONS

❖ Timely Completion Of Templates

The NRA could not provide its templates within the stipulated time. Templates were delivered just some few days to the publication of this Report.

❖ Recommendation

The NRA is strategically important for the reconciliation process. The major revenue streams including mineral royalty, corporate tax, diamond exporters license fees, mining and exploration licenses are all collected by that Agency. It is therefore very important that its completed template reaches the Independent Administrator in good time to facilitate the reconciliation exercise.

❖ Uniform Fiscal Terms

Most mining contracts stabilize the corporate income tax (CIT) rate at 30%. However, for African Minerals Ltd the income tax rate is fixed at 25% or the prevailing rate in the income tax Act 2000.

London Mining Ltd has CIT rate of 6% for the first three years, 25% for the 4th to the 10th year and thereafter reverting to whatever pertains in law but not to exceed 30%.

Koidu Holdings has CIT rate of 35%.

❖ Recommendation:

Practicably, in view of dwindling extractive revenues, the MMMR/NMA should endeavor to establish uniform fiscal terms for all mining and petroleum contracts. This should hold especially for the high income earners such as corporate tax and royalty as any tinkering with them could potentially affect extractive revenues. Stabilization clauses could be maintained to the extent that they are hinged on massive investments to the sector.

❖ Extractive Payments Made on Behalf of Parent Companies

It was observed that some extractive payments were made under different names ie. Parent company, group of companies, subsidiary companies. Shandong Steel Ltd, made payments in the name of Tonkolili (Iron Ore) Ltd or African Railways and Ports Services Ltd, both being subsidiaries of Shandong Steel Ltd.

❖ **Recommendation:**

Payments made on behalf of mineral right holders should be recorded properly against the names of such companies and not the parent/holding companies. Correct company narration aids in the assessment of future project level reporting for extractive companies in Sierra Leone.

❖ **Appropriate Payment Narration**

Payments for some mining benefits were made out in the names of different benefit streams. A case in point is the recording of US\$ 18,249,395.02 as payroll tax in 2015. This figure appears too colossal to be realized as taxes on minority foreign employees. PAYE payments could probably have been categorized as Payroll tax.

❖ **Recommendation**

Strict categorization of payroll tax, PAYE and other payments need to be ensured to facilitate the determination of materiality threshold for extractive companies.

❖ **Establishment of Mineral Wealth Fund**

Mineral royalty receipts slumped from US\$30,424,895 in 2014 to a paltry US\$9,225,535 in 2015. This was largely due to the fall in the price of iron ore and significant decrease in the volumes of minerals produced. (See Section 4 on production). This accounted for the reduction in exports from US\$1.25bn in 2014 to \$536m in 2015, thus collapsing total extractive revenues to \$11.7m in 2015.

Similarly, mineral royalties dropped in 2014 compared with 2013 receipts.

❖ **Recommendation**

With collapsing revenues from Iron Ore impacting heavily on the nations' extractive incomes, it is recommended that Sierra Leone establishes a Mineral Wealth Fund with possible inputs from revenues accruing during periods of windfall gains. This would undoubtedly provide national budgetary support during times of depressed mineral revenues.

❖ **Capital Gains Tax**

A number of high value mining deals have been made in recent years for which possible capital gains taxes could be exacted.

1. West African Minerals Corporation completed the sale of its entire interest (5licenses) in Ferrous Africa Ltd. The buyer Sierra Resources Ltd was to be responsible for any liabilities including rehabilitation and wind-up costs.
2. Shandong Iron and Steel Ltd acquired the remaining 75% stake of the Tonkolili Iron Ore mine from African Minerals in April 2015 for US\$170M. It now owns 100% equity in Tonkolili Mine.
3. Cape Lambert is expected to receive a royalty of US\$2 per tonne of iron concentrate (Royalty) exported from the Timis Marampa Iron Ore Mine (Mine), which is payable on a quarterly basis on production of 24mt from the Mine. There has not been any development as the end of December 2016.
4. Stellar Diamonds plc, the London quoted diamond company announced that it has signed a legally binding conditional Tribute Mining Agreement and Revenue Share Agreement with Ocea Mining Limited. 10% share of gross revenues (after deduction of Government royalty) is payable to Ocea once Stellar has recouped an amount equal to its CAPEX investment and Ocea has received an initial revenue share payment of US\$5 million. Stellar's has invested US\$7.2 million to date on establishing resources at Tongo diamond deposit.
5. Iluka Resources Limited (Iluka) has announced it completed its statutory merger with Sierra Rutile Ltd in December 2016. The total transaction cost of A\$393 million, includes the final consideration for SRL equity of A\$375 million (£215 million) and A\$18 million of transaction costs. Payment was made on 7 December 2016. Iluka has assumed SRL's net debt of approximately US\$59 million, (A\$80 million).

Recommendation

It is recommended that NMA and NRA assess these aforementioned transactions meticulously both offshore and in Sierra Leone for possible capital gains taxes for the state.

1.0 BACKGROUND

The Extractive Industries Transparency Initiative (EITI) is a global initiative that has gained global recognition since its introduction at the World summit on Sustainable development in Johannesburg, South Africa in 2002.

Its main objective is to enhance transparency around the generation and spending of revenues from the extractive sector with the stated purpose of improving development outcomes, reduce the potential for corruption or large scale embezzlement of funds and stimulate debate on the utilization of revenues generated from the extractive sector in member countries.

Sierra Leone expressed its intention to join the EITI in June 2006 and was admitted as a Candidate Country in February 2008 and was declared EITI compliant in April 2014.

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

This report is the 2015 SLEITI report, which reconciled payments made by the extractive companies and revenues received by the government of Sierra Leone in 2015.

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

1.2 EITI IN SIERRA LEONE

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

Office of the Chief of Staff

Office of the Vice-President

Civil Society Organizations

Mining Companies

Petroleum Exploration Companies

The National Parliament

National Revenue Authority

The Ministry of Mines and Mineral Resources

The Ministry of Finance and Economic Development

The Ministry of Local Government

The Ministry of Fisheries and Marine Resources

Petroleum Resources Directorate

Audit Service

Council of Paramount Chiefs

District/City Councils

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

Some of the recent developments in SLEITI implementation have been the publication of the Sierra Leone Beneficial Ownership Roadmap, the SLEITI Open Data Policy and the SLEITI 2014 Report. Most recently, a legal and institutional review was undertaken to establish where gaps exist in meeting the EITI Beneficial Ownership requirement to enable mandatory BO disclosure by January 2020.

1.1 OBJECTIVES AND CONTENTS OF THE REPORT

The objectives of the report include the following;

- a) To Collect, Analyze and Aggregate payments made by Mining/Oil and Gas companies to the Government of Sierra Leone
- b) To Reconcile extractive companies' submissions of Mining/Oil and Gas payments to those received by Government.
- c) To produce a report covering the 2015 financial year in accordance with the 2016 EITI Standard.

Areas covered in the report include:

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

2.0: APPROACH AND METHODOLOGY

The assignment was composed of two main phases:

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

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

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

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

Document review

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

- ❖ Mines & Minerals Act 2009/Regulations
- ❖ Petroleum (Exploration & Production Act) 2011 and others¹.

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

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

¹ Sierra Leone Audit Manual ;EITI Standard ;Extractive Industries Revenue Draft Bill; Income Tax Act 2000, as amended; Environmental Protection Agency Act 2008;Final Value Chain Analysis Report; SLEITI 2006-2007 Report; SLEITI 2008-2010 Report; SLEITI 2011 Report;2011 scoping studies report; Commentary on previous EITI Reports; Civil society reports; Validation Reports; SLEITI 2010 Validation Report; SLEITI 2012 Validation Report

The **reconciliation** phase involved

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

The activities undertaken at the reconciliation phase are detailed in section 4.0

2.0 OVERVIEW OF THE EXTRACTIVE INDUSTRY IN SIERRA LEONE

Sierra Leone has a long history of mining and the sector has long featured prominently in the country's economy.

There are large scale mining operations in iron ore, diamonds, rutile and bauxite as well as small-scale and artisanal mining of gold and diamonds.

The country possesses one of the largest rutile reserves in the world and has significant bauxite reserves in its Southern part.

Other identified minerals include platinum, chromite, lignite, clays, and base metals (copper, nickel, molybdenum, lead, and zinc).

The upstream oil and gas activity is however in the exploration phase occurring off shore and parceled into 14 blocks.

2.1: MINING SECTOR

The significance of the mining sector in Sierra Leone is reflected by its contribution to GDP (2.7 percent) and registered exports (71 percent) in 2016. According to Statistics Sierra Leone, mining and quarrying provided a livelihood for more than 82,000 people, and directly or indirectly employed about 3 percent of the total labor force.

Sierra Leone produced 2.2 million tons of iron ore worth \$77.3m in 2015 compared with 18.8million tons in 2014. The 2015 production was 11% of the 2014 production and was mainly attributable to iron ore price slump which remained depressed through 2016.

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

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

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

2.2 LARGE-SCALE MINING OPERATIONS

There were four large scale mines in Sierra Leone in operation at end of December 2016. These collectively contributed about 74% of the total fiscal benefits from mining in 2016. (*See Appendix.4*)

1. Shandong Iron and Steel Group

Shandong Iron and steel group operates the Tonkolili mine which produces iron ore.

2. Sierra Rutile Ltd

Sierra Rutile Ltd. operates the rutile mines in Moyamba and Bonthe.

3. Sierra Mineral Holdings Limited (SMHL)

SMHL is a subsidiary of Vimetco N. V. It mines bauxite and exports to ALUM, a Romania-based company within the group which processes the mineral into aluminum.

4. Octea (Koidu Limited).

Koidu Limited runs a large-scale diamond operation in the Koidu area in Kono district.

Artisanal Mining and Small Scale Mining (ASM)

Small scale and artisanal mining is concentrated on gold and diamonds operations. In the absence of large scale gold mine all the gold output was from this mining category. Diamonds winning from ASM contributed significantly to the total country production.

According to the Sierra Leone Working Group of Monitors of the Kimberley Process Certification artisanal diamond production was 225,334 carats and accounted for 36.33% of total export in 2014.²

In 2015 small scale and artisanal gold miners produced 3,460 ounces valued at \$ 3.6million. In 2016, the gold production was valued at \$ 4.3million.

2.3 OIL/GAS

Sierra Leone is not currently an oil producer, but the announcement of a discovery of natural gas and oil in 2010 has sparked the interest of several global oil producers.

In October 2013, Lukoil Overseas announced another discovery of oil in deep-water off the coast of Sierra Leone. The current price of oil continues to be unfavorable to commercial viability in Sierra Leone due to the current cost of extraction in deep-water and as a result the sector is

² https://www.kimberleyprocess.com/en/system/files/documents/2014_kpcs_annual_report_sierra_leone_0.pdf

experiencing downturn in activity and interest at present.
iati.dfid.gov.uk/iati_documents/5733512.odt

Source:

The Petroleum Directorate has announced the opening of their newly created 'Data Room. In 2017, the Directorate took ownership of its 3D seismic datasets which were previously available through a seismic contractor. Subsequently the directorate partnered with the Getech Group and government advisory subsidiary ERCL to ensure that all the exploration datasets are available through the Data Room to provide the maximum amount of information and value. The datasets include never before available PSDM seismic and well data from the exploration phase during 2009 to 2013. Source: <http://www.exprodat.com/news/sierra-leones-star-set-shine>

Sierra Leone has also announced a fourth Offshore Petroleum Licensing Round scheduled to take place between mid-January and the end of May 2018. The licensing round will be exclusively supported by the Getech, a group which has been working with the Petroleum Directorate since 2016 providing data required to review Sierra Leone's proven prospectivity

2.4 INSTITUTIONAL AND LEGAL FRAMEWORK

MINING SECTOR

The Sierra Leonean mining sector has undergone a number of legal reforms over the last few years to promote transparency, local content and stronger governance, while also encouraging foreign investments:

- 1. The Environment Protection Agency Act 2008 (EPA Act)**, which provides that mining projects can only be undertaken following the preparation and approval of an environmental impact assessment and the issuance of an environmental impact assessment licence.⁵
- 2. The Mineral and Mines Act (MMA, 2009 Act)** provides details on how mining is to be conducted in Sierra Leone. It establishes a modern Cadastral system for issuing, registering and surveying mining operations. The Act provides that all rights of ownership and control of minerals in Sierra Leone including its continental shelf are vested in the Republic not withstanding any other ownership rights.
- 3. The National Minerals Agency Act, 2012**
This establishes the National Minerals Agency which promotes the development of the minerals sector by effectively and efficiently managing mineral rights and minerals trading in Sierra Leone, including geological survey and data collection activities. It also establishes the National Minerals Agency Board to provide technical support to the agency. The Act also empowers the Agency for the full implementation of the Diamonds Kimberly Certification Scheme.
- 4. The Mines and Minerals Operational Regulations Of July 2013**
This regulation provides for requirements in relation to surface, open pit and underground mining operations, reporting of mineral resources, health and safety standards, waste disposal, as well as explosives and blasting.

5. The Environment Protection (Mines and Minerals) Regulations Of July 2013

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

6. Customs Act 2011

This Act modernizes and simplifies the law relating to the prohibition and control of the importation and exploitation of certain goods. Customs Act 2011 is the principal legislation administered by the Sierra Leonean Customs Service under the National Revenue Authority to manage the movement of goods into and out of Sierra Leone.

7. Finance Act 2015

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

8. Finance Act 2016

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

9. Finance Bill 2017

This bill outlines the proposed changes to the following:

(i) the Income Tax Act 2000; (ii) the Goods and Services Tax Act 2009; (iii) the Payroll Tax Act 1972; (iv) the Excise Act 1982; (v) the Customs Act 2011; (vi) the Customs Tariff Act 1978; and (vii) other amendments to various Finance Acts.

The 2017 Finance Bill will also among others revise the presumptive income tax regime for alluvial gold and diamond mining activities; It seeks to limit income tax loss carry forward to 10 years, clarifies and broadens the definition of chargeable assets for purposes of determining when and how Capital Gains Tax applies.

10. Diamond Cutting and Polishing Act

The Act provides for the control of diamond cutting and polishing, the licensing of diamond cutters and polishers. To define the rights and duties of a licensee. It has detailed provisions for the control of diamond cutting and polishing including licensing. Others include financial matters such as duty payable, valuation fees, customs duty exemption.

11. Diamond Trading Act

The new Diamond Trading Act strengthens the framework governing the trade of rough diamonds and ensures full compliance with the Kimberley Process.

12. Public Financial Management Act

The Public Financial Management (PFM) Act 2016 was passed by Parliament on 21st July 2016) to accrue the following benefits:

- ❖ Management of extractive industries revenues.
- ❖ Provide fiscal rule for the management of extractive industries revenues.
- ❖ Establishment of Transformational Development Stabilization Fund.
- ❖ Deposits to, and withdrawal from, Transformational Development Stabilization Fund.
- ❖ Establishment of the Intergenerational Savings Fund, and Transformational Development Stabilization Fund.
- ❖
- ❖ Deposits to, and withdrawal from Intergenerational Savings Fund

Source: www.cabri-sbo.org

13. Local Content Act

Sierra Leone passed the Local Content Act 2016 which provides for the promotion of Sierra Leone products and services and for the establishment of the Sierra Leone Local Content Agency and the Local Content Development Fund.

The Ministry of Mines and Mineral Resources also began preparing a new Core Minerals Policy (CMP) in line with the Africa Mining Vision (AMV) in June 2016.

Source: www.uneca.org

UPDATE ON REFORMS IN THE EXTRACTIVE SECTOR (2015 & 2016)

1. The revised Precious Minerals Trading Act was approved by Cabinet in 2015 yet still awaits ratification in Parliament;
2. The new draft Minerals Policy has been finalised and requires nationwide consultation, Cabinet approval, and then Parliamentary ratification;
3. The Extractives Industries Revenue Bill originally drafted in 2015, still needs parliamentary ratification. Consensus has however been built following an IMF sponsored seminar held between 19th and 24th July, 2017 in Freetown.

4. The Resettlement Policy has been the subject of studies and consultation, including a major exercise with affected communities in Lunsar, and was finalized in 2015.
5. The Artisanal Mining Policy has been drafted in 2017 and will now need to meet cabinet approval and ratification by parliament.
6. A revised Petroleum and Gas Law was drafted in 2016, but is currently awaiting parliamentary ratification.
7. Sierra Leone is now participating in the Natural Resource Charter benchmarking exercise. The Natural Resource Charter is a set of principles for governments and societies on how to best harness the opportunities created by extractive resources for development.
8. The Land Rehabilitation Study and the Capacity Building Assessment and Training Program for the MMR have now been satisfactorily finalized for implementation.
9. A Management and Functional Review (MFR) of MMR to clarify roles and responsibilities between the NMA and the Ministry was completed in 2015 and recommendations accepted and taken forward by both institutions.

Source: iati.dfid.gov.uk/iati_documents

2.4.1 Fiscal Devolution

The Local Government Act 2004 is the legal framework for the effective running and administration of local councils. The Local Government (Assumption of Functions) Regulations 2004 guide the process of devolution. This legislation specifies 80 functions to be devolved from central to local government, designates the devolving central ministry, department or agency.

The Chieftaincy Act 2009 makes provision for the election of paramount chiefs and sub-chiefs. Local government operates in a single tier with 13 district councils and six city councils. All 19 local councils are governed by the Local Government Act 2004, which gives councils legislative, financial and administrative powers.

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

Apart from payments from licenses, permits, dues, charges or fees specified by local government by-laws, there is no fiscal devolution in Sierra Leone

2.5 ROLES OF GOVERNMENT INSTITUTIONS

Ministry of Mines, Mineral Resources

The Ministry of Mines and Mineral Resources (MMMR) oversees the issuance of all mineral

rights and the administration and supervision of all activities under these rights, and administers regulations on mining and marketing of precious minerals through the Precious Mineral Trading.

National Minerals Agency

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

Environmental Protection Agency

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

National Revenue Authority (NRA)

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

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

Ministry of Local Government & Rural Development

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

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

Chiefdoms and District Councils

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

3.0 OVERVIEW OF FISCAL REGIME

MINING SECTOR.

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

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

Tables 3.1 and 3.2 details the mineral royalty rates and corporate tax respectively as provided for in the MMA, 2009 and the Income Tax Act 2000 as well as other relevant amendments. Royalty and corporate tax being highlighted by virtue of their variety in rate applications and of course its relative fiscal importance to the state.

Table 3.1 Royalty rates applicable in the mining sector

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

Corporate Income Tax

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

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

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

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

Other Taxes

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

Deductible Expenses

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

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

Ring Fencing

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

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

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

SUMMARY OF CORPORATE TAX (AFOREMENTIONED) AND OTHER COST APPLICATIONS

Table 3.2 below contains corporate tax rates and other cost applications.

Table 3.2 Summary of selected Fiscal Application in Sierra Leone

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

OIL/GAS SECTOR

Description of fiscal regime, laws, reforms and regulations

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

Petroleum (Exploration and Production) Act 2011

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

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

General Fiscal Regime of the Petroleum Industry

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

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

Table 3.3 Summary of Fiscal Regime in the Oil and Gas Sector

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

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

3.4.2 Other Fiscal Requirements

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

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

Capital Gains Tax: the Income Tax Act provides for taxation of the premium received by the assignor in the assignment of any participating interest in a License

Petroleum Resource Rent Tax (PRRT): This is a progressive tax instrument. The PRRT has a legislative basis (both in the E&P Act and Income Tax Act).

Assignment Fees: During any exploration period, if the licensee assigns in whole or in part its rights, privileges, duties and obligations to any assignee other than an Affiliate, the licensee shall pay to the Petroleum Directorate the sum equivalent to an assignment fee of US\$1,000,000.

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

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

3.4.3 Institutions

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

The Petroleum Directorate

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

The Directorate's responsibilities include:

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

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

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

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

National Revenue Authority

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

3.5 LICENSE ALLOCATIONS

Mining Sector

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

The licensing process is divided into three broad areas

Application Stage

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

Validation Stage

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

Approval Stage

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

- ❖ Applicant has to write to accept the offer.
- ❖ The cadastral office is then directed by the Director of Mines to issue an instruction for payment.
- ❖ Applicant is informed of amount to pay.
- ❖ The payment which is computed by taking into consideration the size of the concession in square kilometers by the cadastral office is then paid to the National Revenue Authority office located at the Ministry of Mines and Mineral Resources,

Table 3.4: Types of Mining Licenses issued in Sierra Leone

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

Technical and financial criteria: The National Minerals Agency is mandated to ensure licensee exploitation of the nation’s minerals resources and need to be satisfied that no licensee will block exploitation through a lack of technical or financial capacity or unable to meet the liabilities and obligations of the Agency.

Section 70(b) and (c) of MMA, 2009 states that prospective applicants for exploration licenses shall contain the company profile and history of exploration operations in Sierra Leone and

elsewhere and identify the name and qualifications of the person responsible for supervising the proposed program of exploration operations.

Section 70(f) stipulates that applications be accompanied by a statement giving particulars of the technical and financial resources available to the applicant, and a certified copy of its audited accounts for the year immediately preceding the application.

There are, therefore, financial criteria which require NMA to carry out financial checks on the licensee and, where appropriate, on the corporate group to which the licensee belongs.

There is no set guidance on the determination of financial capabilities however documents such as bank statement (with a minimum balance of **\$50,000**), letters from banks confirming good financial standing of applicants or letters from banks of parent or sister companies committing to support applicant to undertake the proposed exploration/mining program are routinely required.

Other criteria such as technical know-how including the licensee's managerial competence is required. Request for the qualification and experience of senior management is to be complied.

In the case of applications for mining lease, Section 105(j) of the MMA, 2009 outlines some of the financial criteria such as detailed forecast of capital investment, operating costs and revenues and the anticipated type and source of financing.

Companies covered in the EITI Report: The Mining companies covered in the 2015 Report obtained their licenses prior to the period under review. All these companies had licenses granted to them on first come first served basis. There were no licenses relinquishments and transferred licenses in those held by 2015 In Scope mining companies.

Legal and institutional Framework on Licensing:

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

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

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

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

There are no deviations from Mines and Minerals Act or its associated regulations significantly known or reported on during 2015 which seeks to prevent some companies from making full disclosures of their activities

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

3.5.1 Licence Registry

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

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

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

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

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

There were 17 mining applications in 2015. Below are the summary of license application status as at 1st Sept 2017. (*See Table 3.4*).

Table 3.5 Licenses Application for 2015

	2015	
	Applications	Active License as at 1 st Sept 2017
No. of Mining Applications	17	8
o/w Explorations	13	8

o/w Large Scale Mining Lease	1	0
o/w Small Scale Mining	3	0
Diamond Dealers	132	48
Gold Dealers	43	6
Industrial & Sand Based Exporter	56	14
No. of Mining Concession Transferred		
No. Of Mining Concession Cancelled		

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

In accordance with Section 49, NMA maintains a register of mineral rights applications, the cadastral survey map of mineral rights and applications, and it open to inspection by members of the public

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

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

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

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

Allocation of Oil and Gas License

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

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

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

Where the application is successful and this leads to the execution of a license agreement, surface rent per annum is payable as indicated. A License granted under the E&P Act shall be valid for a maximum period of thirty years from the effective date, unless sooner cancelled or terminated as provided under the Act.

The License is comprised of an exploration period and production period. An exploration period shall last for a maximum of seven years, which shall be divided into an initial period of three years, a first extension period and a second extension period of up to two years each. A License granted by the Minister responsible for the management of petroleum matters becomes valid and binding on the parties only after it is ratified by the Parliament of Sierra Leone.

Assignment

A licensee is prohibited from directly or indirectly assigning its interest in a petroleum interest, whether in whole or in part, to a third party or affiliate without the prior written approval of the Minister. The E&P Act makes it mandatory for a License to provide that a licensee wishing to assign, sell or transfer its interest, whether in part or in whole shall give the right of first refusal to the State of Sierra Leone to acquire the interest at the same price as agreed with a potential purchaser.

Abandonment and Decommissioning

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

Licensing and Award of Oil Blocks

2003/2004 Round

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

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

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

2012 Licensing Round

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

2015 and 2016 Period

No licence was awarded or amended during this period.

Proposed 2018 Licensing Round

Sierra Leone’s Fourth Offshore Petroleum Licensing Round will take place between mid-January and the end of May 2018.

This was announced by the Director General of the Petroleum Directorate of Sierra Leone (PDSL) **Raymond Kargbo** during the Africa Oil Week Conference in Cape Town, South Africa.

The licensing round will be exclusively supported by the Getech Group through its wholly owned subsidiary ERCL. ERCL and the Petroleum Directorate have been working together since 2016 providing data required to review Sierra Leone’s proven prospectivity.

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

Table 3.6 Sierra Leone Petroleum Licensing Update

Block No.	No. of Applications	Awarded to Groups/Company	Awarded	Acreage (km2)	Status as at Dec. 2016
SL- 03		European Hydrocarbons	April 2010	1930	1 st Ext.
SL-4B-10		Talisman, Prontina	Licensed before 2012 Round		Relinquished
SL-5-11		Lukoil 49%, Oranto 30%, Pan Atlantic 21%	June 2011	4022 km2	Relinquished
SL 4A-10	16	African Petroleum, KOSMOS Energy	2012	1995 km2	
SL 7A-10	12	Elinilto Ltd: Signet Petroleum, Minexco	2012	3490 km2	
SL 7C-10	4	Maters Energy	2012		
SL 8A-10	13	Chevron Sahara, Noble Energy, ODYE	2012		
SL 8B-10	10	Chevron Sahara, Noble Energy, ODYE	2012		

SL 9A-10	2	GNBH Exploration	2012		
SL 9B-10	1	GNBH Exploration	2012		
SL 10B-10	1	Varada Petroleum and Hydrocarbons	2012		
SL 10A-10					
SL-7B-11		Anadarko/Repsol/Tullow Oil	Licensed Before 2012 Round		Relinquished
		Young Energy Prize			

Source: Petroleum Directorate/ Compilation by Boas

Oil Discovery in Sierra Leone

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

Venus discovery

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

Mercury discovery

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

Jupiter discovery

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

Savannah discovery

Sierra Leone's most recent discovery was made by operator Lukoil and its partners Oranto and Vanco on the SL-05B-11 deepwater block. The Savannah-1x well revealed 3 m net pay of light oil at 4,741 m total depth.

In total, eight wells have been drilled, of which six were spudded between 2009 and 2013, with four dis-coveries made. There is 15,780 line km of 2D seismic available from surveys in 2001 and 2013, and 9,976 square km of 3D data from 2003 and 2011.

3.4.6 Major Companies in the Oil and Gas Industry – 2016

Licence Overview

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

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

Licence Activity

Since gaining operatorship of the Sierra Leone Licences, African Petroleum has acquired approximately 2,500km² of 3D seismic data over block SL-03 and approximately 1,000km² of 3D seismic data over block SL-4A-10 (acquired in September 2014).

The Company has already identified a number of key prospects in its Sierra Leone Licences, which have net unrisksed mean prospective oil resources of 1,354MMS**stb**.

Substantial Shareholdings

As at 31 March 2017, African Petroleum has the following substantial holdings in its ordinary share capital:

Table 3.7 African Petroleum Shareholdings

Shareholder	% of Issued Capital
Sarella Investment Ltd	21.4
M & G Investment Management	14.9
Capital Research Global Investors	5.5
Telinet Energi AS	5

Licence Amendments

On 24 November 2016 African Petroleum reached agreement with the Government of Sierra Leone to proceed into the First Extension Period of the SL-4A-10 licence and to modify the work programme, minimum expenditure requirements and social obligations.

It is estimates that the net unrisksed mean prospective oil resources is at 1,354MMS**stb**.

The Group's initial exploration phase ended on 11 September 2015. Management signed the agreement to the first extension and submitted this to Petroleum Directorate in November 2016. This extension will run until 11 September 2017. Agreement has duly been signed and ratified.

However, the Petroleum Directorate has continued to invoice the African Petroleum Group based on the rates under the PSC for a first extension term. The African Petroleum Group with operations in Sierra Leone are listed below:

Table 3.8 African Petroleum group in Sierra Leone

Entity Name	Country of Incorporation	Ownership	Country of Operation	Employees
African Petroleum Sierra Leone Ltd	Cayman Island	100%	Sierra Leone	0
African Petroleum (SL) Ltd	Sierra Leone	99.99%	Sierra Leone	10
European Hydrocarbons (SL) Ltd	Sierra Leone	99.99%	Sierra Leone	0
European Hydrocarbons Ltd	United Kingdom	100%	Sierra Leone	0

CONTRACTS

Mining

The Government of Sierra Leone has signed the following large-scale mining license agreements:

- ❖ Mining Lease Agreement ML01-10, African Minerals Ltd Group of Companies dated 6th day of August 2010 (MMMR-SL ML01-10 AfricanMinerals 2010)
- ❖ Mining Lease Agreement ML02-09, London Mining Company Ltd dated 27th day February 2012 (MMMR-SL ML02-09 LondonMiningCompany 2012)
- ❖ Mining Lease Agreement ML06-95, Koidu Holdings S.A signed in year 2010 (MMMR-SL ML06-95 MiningAgreement KoiduHoldings 2012)
- ❖ Mining Lease Agreement ML01-05, Sierra Minerals Holdings1 Limited dated 16th July 2012 (MMMR-SL ML01-05 SierraMineralHoldings1 2012)
- ❖ Mining Lease Agreement ML2134, Sierra Rutile Limited (First Amendment to that certain agreement of November 20, 2001) dated 4th day of February 2004 (MMMR-SL ML2134 SierraRutile First Amendment 2001). Being an agreement ratification Act, 2002 to confirm and ratify an agreement between the two parties on 3rd November 1989 – (MMMR-SL ML2134 SierraRutile AgreementRatificationAct 2002)
- ❖ <https://slminerals.org/contracts/>

Licence Relinquishment

Notification of the acceptance of 2 exploration lease relinquishments and partial relinquishments to 12 of the remaining 15 leases belonging to the Marampa Iron Ore Project was communicated to Cape Lambert Resources Ltd in 2016 from the Ministry of Mining and Mineral Resources (MMMR). These relinquishments reduce its tenement holding to 15 exploration licences (previously 17) with an associated reduction in area from 2,386 square kilometres to 1,688 square kilometres. *Source: Company Annual Report*

Efficiency

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

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

Local Content Agency

The Agency promotes Sierra Leone local content development by effectively managing the administration and regulation of Sierra Leone local content development.

3.5 CONTRACT DISCLOSURE

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

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

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

Furthermore, on disclosure of Beneficial Ownership where there is change in ownership, Section 144 (9) s calls for the publication in Gazettee of the new owner.

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

These are:

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

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

3.6 BENEFICIAL OWNERSHIP

In compliance with the requirement on Beneficial Ownership reporting by 2020, Sierra Leone has outlined a roadmap toward the achievement of the goal.

A training workshop was conducted for mining and oil/gas companies in July 2017. A meeting was also held on the 11th August 2017 on the Beneficial Ownership and Disclosure Report published by Alexandra Reed. The report reviewed the legal framework and the institutional capacity of relevant MDAs to implement the BO requirement.

The Corporate Affairs Commission would serve as focal point for collection of the BO data, liaising with SLEITI in finalising the Corporate Governance Code to ensure its alignment with the global EITI beneficial ownership requirement.

SLEITI would also pursue an amendment to the Companies Act that would cut across all extractive sectors and liaise with the Office of the Chief of Staff in ensuring that beneficial ownership provisions are included in the draft Minerals Policy before submission to Cabinet.

SLEITI will request companies to submit their BO information on templates for 2015-2016 reporting albeit voluntary basis until January 2020. Compliance in the interim will familiarize stakeholders with BO disclosure and afford SLEITI the opportunity to appraise the process and adequately respond to challenges timeously.

3.7 STATE PARTICIPATION IN THE EXTRACTIVE SECTOR

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

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

It is worthy to note that under the hybrid fiscal regime, GOSL will acquire 10% Carried interest in all concessions, with an option for 5% paid interest, which participation will be done by the national oil company when eventually formed. Currently the Petroleum Directorate represents the national oil company and confirms interest bearing arrangements.

4.0 EXPLORATION, PRODUCTION AND EXPORTS

GEOLOGY

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

Other associated mineral deposits include molybdenite, columbite-tantalite and chromite. The Marampa Group, bounded on its eastern margin by a tectonic contact, is important for its iron-ore deposits and forms the upper part of the Kambui Group. Late Liberian granitoids, marginal to, and within, the Kambui Supergroup, are associated with important zones of shearing and deformation where gold, sulphide and molybdenite mineralization has been concentrated.

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

4.1 EXPLORATION UPDATE:

There have been projects acceleration lately for certain commodities such as Gold, Diamond, Bauxite, Rutile and Sand-based minerals due to the influence of the global commodity market price indexes as well as a decline of exploration activities for the same reason (s) for other commodity prices such as Iron Ore.

Here is a summary report of exploration update for the major commodities and companies across Sierra Leone.

Synopsis on Diamond Exploration Companies

Stellar Diamonds PLC

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

Meya Mining

Based on satellite imagery on previous exploration work, a number of targets were generated and a diamond drill programme was initiated across a 9km delineated kimberlite dyke. Drilling later corresponded with an infill drilling programme to confirm the consistency and the geology at depth. A 50 ton/hour processing plant was commissioned to enhance advance exploration and mine development processes such as bulk sampling, pitting and pre mining activities to pave way for a

Preliminary Economic Assessment in their resource evaluation process. Dispatch of Meya samples with noncommercial values were sent to external laboratories for kimberlite indicator minerals, sorting and analysis.

Seawright Mining Company

Exploration activities were based on historic data and targets generation. Principal focus was to explore for alluvial possibilities that oversaw exploration activities such as pitting, mapping, terrace mapping and drilling. In addition, Seawright Mining Company contracted a privately owned Geophysical Consulting Services to enhance the acceleration of exploration strategies that generated new targets demonstrating the existence of obvious targets for potential resource expansion at depth. A number of diamond drill holes have been planned. Sea Wright continues to be indebted by the Corporate Social Responsibility (CSR) in the affected communities by paying of dues to land owning families.

Mourne Mining

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

Limitations in the Diamond Industry

- Funding difficulties as bigger players strive cautiously on spending (Lack of exploration means fewer prospects and therefore fewer new exploration sites)
- The diamond market has some turbulence over the last 24 months, although prices have remained significantly more robust than for most other commodities.

Synopsis on Gold and Base Metal Exploration Companies

Ferensola and Iron Ore (Blue Horizon SL Limited)

During the last two years, the company contracted a drilling contractor and were able to fund and drilled in excess of 9,000m of oriented diamond drill core on their licence along with geological logging, core sampling and assaying of the results. The company also conducted and completed a soil sampling programme across the licence area over the last two years. Additional desktop studies, geological information and drilling data is required to further understand the complexity better than previously thought of the Archean Greenstone terrane. Source: NMA

Algom Resources Limited

Recommended exploration activities after taking over the mining lease from Cluff Gold PLC that failed to honor its statutory obligation as per provisions of the Mines and Minerals Act 2009 and its related regulations. Exploration recommenced with the re-establishment of the camping infrastructure and start up, accessing, retrieval and review of historic data. Re-logging of previously drilled holes have been completed to date and interpolation of results to compare with previous drillhole data. Survey lines for the conduction of a ground magnetic survey have been

completed. Comparison of 2017 grade envelopes with previous wireframes as against the previously acquired wireframe.

[Nimini Mining Company](#)

The area was laid open to years of exploration that oversaw;

- ❖ Independent potentially mineable Mineral Resource Estimate as at June 2013 ("June 2013 MRE"), based on a minimum true width.
- ❖ June 2013 MRE represented a 21% increase in Indicated Mineral Resources
- ❖ June 2013 MRE has enable the Preliminary Economic Assessment (PEA) to be progressed.
- ❖ Field programmes have identified targets both proximal to the Komahun deposit and within the greater Mining Licence area for future drilling to add to mineral resources
- ❖ Currently undergoing care and maintenance. **Source:NMA**

[Synopsis on Sand Based Minerals \(Rutile, Zircon, Coltan\)](#)

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

[Synopsis on Bauxite](#)

[Sierra Minerals Holdings 1](#)

The existing bauxite mine is Sierra Minerals Holdings 1 which has a resource base and are focusing on vertical integration mechanism by securing all raw materials necessary for the entire production chain through expanded exploration in the north of their concession. Extensive exploration involving drilling, pitting and geological mapping continues north of the current mining lease with the aim to further develop the resource base.

[Sierramin Bauxite](#)

- ❖ Three exploration licenses that was granted 9 December 2014
- ❖ Initial term 4 years, extendable for an additional 2 years and have reached JORC in October 2015
- ❖ Confers exclusive right to apply for conversion to mining lease
- ❖ Deposit typically covered by 1m overburden and reaches average depth of 10m (6-15m) before hitting bed-rock
- ❖ Mineral occurrences as series of blocks across the area typically on topographic highs

[Other Bauxite Exploration Companies](#)

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

Source: NMA.

COMMERCIAL CONSIDERATIONS IN THE EXTRACTIVE INDUSTRY

1. West African Minerals Corporation completed the sale of its entire interest (5licenses) in the share capital of its wholly owned subsidiary Ferrous Africa Ltd. The buyer Sierra Resources Ltd will thereafter be responsible for any liabilities including rehabilitation and wind-up costs.
2. Shandong Iron and Steel Ltd acquired the remaining 75% stake of the Tonkolili Iron Ore mine from African Minerals on 21st April 2015 for US\$170M. It now owns 100% equity in Tonkolili Mine.
3. Golden Saint Resources Ltd renewed its license for the Ferensola Gold Project in May 2016
4. ERCL, a Geotech Group has been working with the Petroleum Directorate since 2016 providing a long term counterpart training program in Freetown with the funding from World Bank EITAP Program. *Source: www.geotech.com*

Table 4.1: Mineral Reserves in some selected Concessions

Mineral Commodity	Operator/Mine	Reported Reserves	Annual Production	Remarks
Bauxite	Sierra Minerals Ltd	31Mtons. 53% Aluminium oxide	1.18Mtons	SML contains a resource base of approximately 31 million tonnes of bauxite and currently produces around 1.2 million tonnes per annum for export.
Iron Ore	Cape Lambert Resources Ltd	680Mtons at 28%Fe	3Mtons	
Iron Ore	Shangdong Iron & Steel	12.8Billion tons/at 11.5Billioin tons of magnetite oxide	15 Mtons	
Rutile/Ilmenite	Sierra Rutile/Iluka	895 Mtons of Ore	115Mtons	Contain tons(kt)
				Rutile Ilmenite Zircon
				8397 763.4 399.9
Diamonds	OCTEA(Koidu)/Stellar Diamonds	K1 2.9Mt contain 2M carats. K2 1.3Mt containing 0.3M carats	500,000 carats	

Source: Company Reports

4.2 PRODUCTION

Table 4.2 shows minerals produced and exported in Sierra Leone in 2015. Mineral export went down to US\$ 358,863,680.68, from US\$1,109,239,334.77 in 2014. Activity in the mining sector slumped by 83.7 percent in 2015. This was attributable, in part, to the decline in global iron ore prices and the closure of the domestic iron ore mining companies.

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

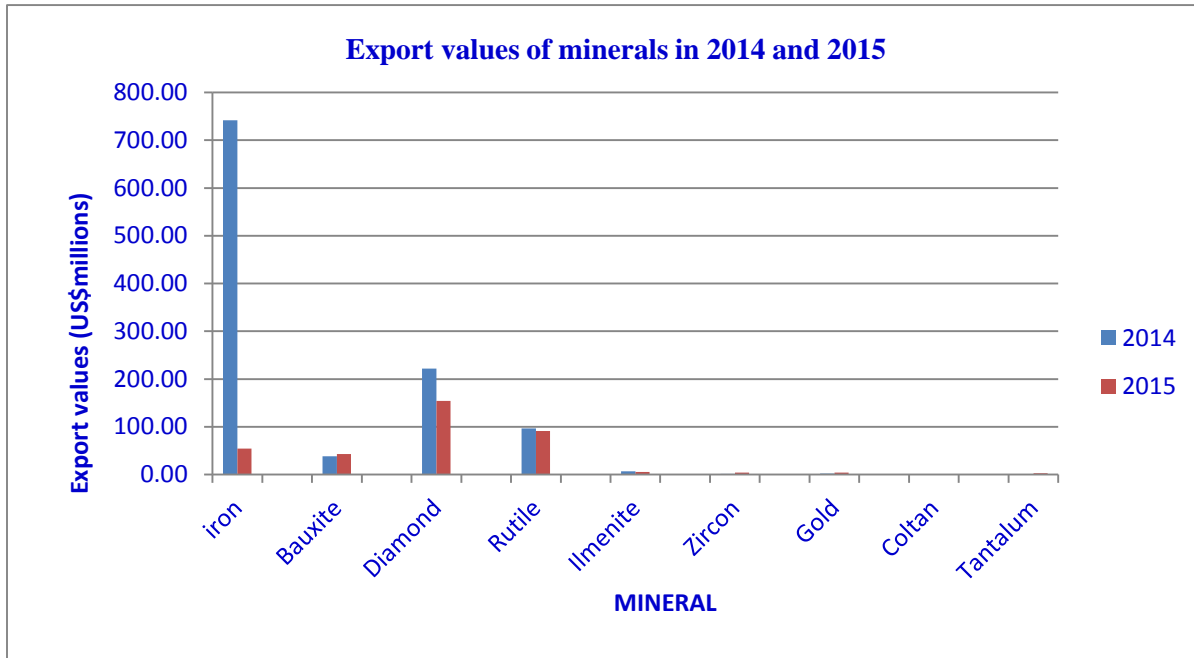
Table 4.2: Mineral Production and Exports in 2015

MINERAL TYPE	PRODUCTION QUANTITY	UNIT	PRODUCTION ³ VALUE(US\$)	EXPORT QUANTITY	UNIT	SALES VALUE (US\$)
Iron Ore	768,327.00	wmt	26,471,562.01	1,390,768.00	Wmt	47,916,839.26
Iron Ore	0.00	dmt	0.00	351,009.00	Dmt	6,469,166.53
Diamonds	299,622.79	carats	74,857,913.72	294,863.19	Carats	73,668,772.78
Rutile	126,021.00	dmt	98,212,872.47	116,870.59	Dmt	91,081,618.51
Ilmenite	37,634.00	dmt	5,271,995.15	37,809.33	dmt	5,296,556.42
Zircon	1,389.00	dmt	694,500.00	2,545.00	dmt	1,272,500.00
Bauxite	1,475,786.08	wmt	48,191,938.34	1,321,691.78	wmt	43,159,973.95
ARTISANAL MINING						
Diamonds	N/A	carats	0.00	205,176.20	carats	80,651,180.81
Gold	N/A	grams	0.00	107,613.91	grams	3,694,705.22
Tantalum	N/A	kg	0.00	517,510.00	kg	2,956,687.20
Zircon	N/A	DMT	0.00	104.00	DMT	2,695,680.00
			253,700,781.70			358,863,680.68

Source: NMA

³ Production values were established by employing export value per unit sold.

Fig 4.1: Comparison of export values in 2014 and 2015



4.2.1 Production Status of Major Mining Operations

CAPE LAMBERT RESOURCES

Timis Mining Corporation Royalty

Cape Lambert will receive a royalty of US\$2 per tonne of iron concentrate (Royalty) exported from the Timis Marampa Iron Ore Mine (Mine), which is payable on a quarterly basis on production of 24mt from the Mine. There has been no developments as the end of December 2016

Timis Mining Corporation Bridging Finance

The Company provided Bridging finance of US\$8 million to Timis Mining which was repayable to the Company in October 2015 and incurs interest of 3 month US LIBOR (London interbank offered rate) + 6%. The principal and interest was due to be repaid to Cape Lambert in one payment on 21 October 2015.

In May 2017, the Company announced that it had brought legal action in the High Court of Sierra Leone seeking damages and injunctions which had been granted.

Subsequently, the Company announced that the High Court of Sierra Leone issued a Court Order in relation to the Notice of Motion lodged which ordered the Parties to proceed to Arbitration if desired. The Company is presently in discussions with the Defendants in regards to proceeding to Arbitration.

MARAMPA IRON ORE PROJECTS

Marampa (100% interest) is an iron ore project at the development stage, and is located 90 km northeast of Freetown, Sierra Leone, West Africa

Marampa comprises one granted mining licence (ML05/2014) covering 79.40km² and one granted exploration licence EL46A/2011 covering 159.78km² which is held by Marampa Iron Ore (SL) Limited, an indirectly subsidiary of Cape Lambert.

The Marampa Project remains under care and maintenance.

The status the various iron ore tenements belonging to Marampa Iron Ore and Tonkolili Project are listed below:

Table 4.3: Iron tenements of Marampa

Tenement Reference	Company	Project Location	Commodity	Interest at Dec. 2017	Activity Status
Marampa Project- EL 46A/2011	Cape Lambert Resources	Lunsar,	Iron Ore	100%	Care & Maintenance
Marampa Project- ML 05/2014	Cape Lambert Resources	Lunsar,	Iron Ore	100%	Care & Maintenance
Marampa Project –EL 22/2012	Cape Lambert Resources	Kukuna,	Iron Ore	100%	Care & Maintenance
Tonkolili			Iron Ore		

COMPOSITION OF NATIONAL EXPORTS

Minerals continue to feature prominently in the country's export commodities in 2015

The value of EI exports as a whole decreased to US\$ 536.2 in 2015 from US\$1.25bn in 2014. (*See Table 4.6*)

Table 4.4: Total National Export (2012-2016)

Year	Minerals	Coffee	Cocoa	Piassava	Fish	Others	Domestic Export	Re-Exports	Total Exports
2012	721,612	3,845	22520	-	17488	197686	963,154.8	40,646.3	1,003,801.2
2013	1401066	2,815	8964	15.0	316	104831	1502382.4	24,657.3	1,527,039.7
2014	1093995	2752	25684	-	1231	70524	1194187	61892.8	1,256,080.8
2015	376234	1346	19148	-	4163	110802	511,694.4	24,519.4	536,213.8

Source: Bank of Sierra Leone

Tribute Mining Agreement Signed over Tongo-Tonguma, Sierra Leone

Stellar Diamonds plc, the London quoted diamond exploration and development company announced that it has signed a legally binding conditional Tribute Mining Agreement and Revenue Share Agreement with Ocea Mining Limited in respect of the Tongo-Tonguma kimberlite diamond project in eastern Sierra Leone.

10% share of gross revenues (after deduction of Government royalty) payable to Ocea on diamond and other minerals recovered and sold, once Stellar has recouped an amount equal to its CAPEX investment and Ocea has received an initial revenue share payment of US\$5 million

Stellar is to make a one-off payment of US\$5.5 million to Ocea five years after Project mine development commences. On completion, Stellar will acquire a 50tph kimberlite processing plant from Ocea for a nominal amount in order to fast track production. Stellar's has invested US\$7.2 million to date on establishing resources at Tongo.

Stellar Diamonds signed the Tribute Mining Agreement and Revenue Share Agreement on 27 April 2017. On Completion, Ocea will continue to hold the Tonguma mining licence through its subsidiary company Tonguma Ltd (the legal holder of the Tonguma licence) and Stellar will continue to wholly own its adjacent Tongo licence and subsidiary company Sierra Diamonds Limited. Stellar will also own certain infrastructure and capital items procured and utilised for the mine development on both licences.

Ocea has agreed that for so long as the Tribute Mining Agreement is in place, it will not sell Tonguma Ltd or the Tonguma licence to a third party.

ILUKA- SIERRA RUTILE MERGER

Iluka Resources Limited (Iluka) has advised that following German regulatory approval on 22 November 2016 and the Merger Update announcement of 7 December 2016, it has completed the acquisition of Sierra Rutile Limited (SRL) by means of a statutory merger of SRL with Iluka Investments Limited (BVI), a wholly owned Iluka subsidiary.

The total transaction cost of A\$393 million, includes the final consideration for SRL equity of A\$375 million (£215 million) and A\$18 million of transaction costs. Payment was made on 7 December 2016. Iluka has assumed SRL's net debt of approximately US\$59 million, (A\$80 million).

TONKOLILI IRON ORE MINE RESTART

By May 2015, Shandong Steel and Iron Group (SISG) had increased their stakes to 100% . An opening ceremony was launched on 6th May 2015 for the Tonkolili project with the new enterprise driver SISG.

According to the Director of Mines, Shandong Iron and Steel Group (SISG) resumed operations at the Tonkolili Iron Ore Project and began shipment of iron ore in February 2016.

Government loan

The European Union (EU), in August 2004, gave a grant of \$25 million dollars to the Government of Sierra Leone which was passed on to Sierra Rutile as government's contribution to the start-up capital of the company after the civil war; a move to boost economic growth. ⁴

In December 2014, the Group obtained a temporary deferral, with final approval being granted in January 2015, for an eighteen month deferral of repayments of principal and payment of interest in respect of the loan payable to the Government. During the deferral period, interest continues to accrue and is capitalized into the principal loan balance. On 18 March 2016, a further six month deferral was agreed with the Government such that the next repayment due under this loan was in December 2016.

The balance outstanding as at 31 December 2015 was \$22.1 million (2014: \$22.9 million). No principal or interest payments were made in 2015. The loan carries a fixed interest rate of 8.0%. An amount of 22million Euros representing the full liability was paid to the government in November 2016.

⁴ <http://www.statehouse.gov.sl/index.php/contact/1658-loan-repayment-is-timely-president-tells-sierra-rutile>

5.0 REVENUE COLLECTION

5.1 REVENUE FLOW

5.1.1 MINING

A.

i) Revenues collected in the mining sector are from large and small scale mining operations (*See Tables 5.1&5.2*). These are non-tax and tax revenues.

ii) The revenues are from the exploration and production phases of the mining chain. Indirect taxes include PAYE and withholding taxes. These were excluded from the revenues considered for reconciliation. This is because of the fact that technically those payments are not made by the reporting entities, but are made on behalf of employees and other entities.

iii) The non- tax revenues include exploration and mining licences and mineral royalty. Mining entities engaged in exploration and mining activities pay exploration and mining licences respectively. Mineral royalty is paid by entities engaged in the production of minerals. Companies producing minerals also pay corporate income tax on profits declared annually. Exploration/ Mining licences, royalty and corporate income tax are collected by the NRA.

iv) In addition to the above, large scale mining lease holders also pay surface rentals to district councils, Paramount Chiefs/ Chiefdom Administration, Constituency Development Fund and individuals with surface rights within their areas of operation.

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

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

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

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

vi) **Environmental Payments**

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

B. Revenues from small scale Gold /Diamond and Koidu Ltd

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

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

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

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

Table 5.1 Revenue Streams

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

Diamond Export Duty	Tax paid on the export of diamonds by licence holders. The rate is 3% on the value of diamond to be exported
Surface Rental	<p>Surface rent is paid in accordance with part 5, section 34 of the Mining and Minerals Act 2009. This is paid only by entities with mining licence. Surface rents are negotiated between the companies and the communities. There are basically three modes of payments.</p> <p>a) Companies pay the total amount to the District council, which in turn give a portion to the relevant Chiefdom Councils.</p> <p>b) The company pays surface rent to the Chiefdom Administration, which pays part to the District Council.</p> <p>c) The company pays directly to district councils, chiefdom councils and individual landowners according to the formula prescribed by part 5 section 34 of the MMA, 2009.</p> <p>The basis of payment may either be on per km² basis or a lump sum per annum.</p> <p>Formula for distribution:</p> <p>50% - Land owners 15% - Paramount chief. 15% - District Council 10% - Chiefdom Council 10% - Constituency development.</p>
Environmental Licence	Licence obtained after conducting Environmental impact studies. It is a pre-requisite for obtaining mining licence. Its payment is based on the Environmental Protection Act 2008.
Environmental Monitoring Fee	Amount levied to enable the EPA to ensure compliance with the environmental impact study.
Agriculture Development Fund	Amount paid by Mining companies for agricultural development activities in their catchment areas
Community Development Fund	Amount paid by companies to assist in the development of communities affected by mining. Replaced the agricultural development fund. Paid in accordance with section 139 of MMA 2009. Amount is 1% of gross income of companies

5.1.2 Oil/Gas

Revenues from the Oil/Gas sector include;

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

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

Table 5.2: Revenue flow during Scoping study

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

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

Source: MOFED/Gov't Agencies

SCOPING STUDY

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

- a) The payments and revenue streams existing in the extractive sector in Sierra Leone, providing an outline of the payment flows within the industry. *(See Table 5.2 above)*
- b). A well-defined scope or reporting parameters for the 2015/16 SLEITI Reconciliation exercise including options for establishing a materiality threshold. Also, a minimum materiality threshold for not pursuing further investigation of discrepancies was recommended.
- c). The Reporting entities and the determination of other requisite parameters for the 2015/16 SLEITI report.

Total payment of US\$**20,955,514.71** and US\$**26,403,529.21** were documented as mining related receipts by government in 2015 and 2016 respectively.⁵ *(See. Revenue streams used in establishing materiality thresholds Appendix. 3)*

The Independent Administrator presented threshold analysis and provided three materiality thresholds each for 2015 and 2016 for the MSG to select the appropriate ones.

The MSG opted for reporting threshold of US\$170,000 for 2015 and 2016 of relevant payments for the mining sector.

SCOPING OUTCOMES

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

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

⁵ Exchange rate of 5000 and 6205 leones to 1 US dollar were applied for 2015 and 2016 respectively

Table 5.3: Scoping parameters for 2015/16 SLEITI Report

Parameter	Decision	
	2015	2016
Materiality Threshold for Mining	US\$170,000	US\$170,000
Number of In Scope companies (Mining)	12	12
Coverage of selected companies payments to total preliminary receipts	88%	89%
Number of In Scope companies(Oil and Gas)	0	0

Materiality statement and Reporting Entities:

All mining entities and diamond exporters that made minimum relevant payments of US\$170,000 in 2015 were required to complete a template for the 2015/16 SLEITI report. (See Table 5.4). The selected mining entities are shown in Table ... below.

Table 5.4 Selected mining companies for 2015 SLEITI report

No.	TIN	Name of extractive Company	Mineral	Activity
1	1001358-5	KOIDU LTD.	DIAMOND	PRODUCTION
2	1000672-9	SIERRA RUTILE	RUTILE	PRODUCTION
3		TIMIS MINING	IRON ORE	
4	1000672-9	SIERRA MINERALS HOLDINGS LTD	BAUXITE	PRODUCTION
5	1000351-9	H. M. DIAMONDS	DIAMOND	EXPORTER
6		TONKOLILI IRON(ORE)SL	IRON ORE	PRODUCTION
7		S.D STEEL(SL) LTD	IRON ORE	PRODUCTION
8		AFRICAN RAILS AND PORTS	IRON ORE	
9	1025212-6	KASSIM BASMA	DIAMOND	EXPORTER
10		AMARA MINING SL LIMITED - BAOMAHUN GOLD LIMITED	GOLD	DEVELOPMENT
11		AMR GOLD SL LTD IRO WILKINSON HILL MINING		
12	1020041-5	SHAWKE B SHOUR	DIAMOND	EXPORTER

Revenue Streams

Mining Sector

Mining sector revenue streams approved by the MSG for inclusion in the 2015/16 SLEITI report are indicated below: *(See Tables 5.1 and 5.2)*

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

Table 5.5 Revenue Streams and receiving Government Agencies

BENEFIT STREAM	NRA	MMMR	NMA	EPA	DISTRICT/ CHIEFDOM COUNCILS	MEMBERS OF PARLIAMENT
Royalty	✓					
Mining Licence	✓					
Exploration Licence	✓					
Corporate Tax	✓					
Environmental Assessment Monitoring fee				✓		
Environmental Assessment Licence				✓		
Export Duty on Diamonds			✓			
Diamond Exporter’s Licence	✓					

Surface Rental					✓	
Community Development Fund		✓				
Agricultural Development Fund		✓				
Constituency Development Fund						✓

All the above revenue streams from the mining sector were to be reconciled in the 2015 SLEITI report.

Additionally the reporting extractive entities and the NRA shall also report on PAYE, payroll tax and import duties paid in 2015 and 2016. These would however not be included in the reconciliation exercise for the 2015 EITI report.

Government reporting entities

The MSG determined that all government agencies that receive extractive-related revenues from companies above the materiality threshold are in-scope and their revenues were included for reporting and reconciliation. Based on these criteria, the following government entities were identified as in-scope for the 2015 SLEITI report:

The National Revenue Authority (NRA), Environmental Protection Agency, Precious Minerals Trading (GGDO), National Minerals Agency (NMA), Ministry of Mines and Mineral Resources (MMMR), District and Chiefdom Councils and members of Parliament.(see Table 5.4)

OIL/GAS

According to the Petroleum Directorate no revenue was received in 2015 and 2016. Thus the following revenue streams were not reconciled in the 2015 report.

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

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

5.4 REPORTING COMPANIES AND EXTRACTIVE INDUSTRY ENTITIES

Twelve companies/extractive entities met the materiality threshold in 2015 and 2016 respectively. These entities are indicated in Appendices 2 & 4. Entities that did not meet the materiality threshold and therefore considered out of scope of reconciliation are shown in *Appendices 3 and 5* for 2015 and 2016 respectively.

5.5 DISCREPANCY

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

DATA QUALITY

ASSURANCES PROVIDED BY REPORTING ENTITIES TO THE IA

The MSG decided to include both senior Management endorsement and Auditors certification, to ensure maximum credibility of data.

- ❖ The Financial statements by Government Entities are audited by the Auditor General's Department. The Auditor Generals' Department will endorse the templates of government entities.
- ❖ The MSG has decided that templates for extractive companies should be certified by the independent Auditors of these companies.
- ❖ In addition to the endorsements by auditors, senior management members will endorse the templates and emboss with company stamp on behalf of the board of directors.
- ❖ Templates were to be accompanied by appropriate supporting documents, such as receipts and bank statements.

REPORTING TEMPLATES

Based on the confirmation of revenue streams and receiving government agencies, Templates have been designed by the IA. *See Appendices 6 and 7*

6.0: OTHER REPORTING PARAMETERS

6.1: MANDATORY AND VOLUNTARY SOCIAL EXPENDITURES

The only mandatory direct payment from mining companies to sub-national entities is surface rent. Details of such transactions would be thoroughly checked by the IA and reported on in the 2015/16 Report

This study has not come across voluntary payments associated with training and social contribution from the oil companies.

All mining agreements with Community Development Agreement provisions would be fully reported on in the 2015/16 EITI Report.

6.2: TRANSPORTATION PAYMENTS

No transportation revenues were found in Sierra Leone.

6.3 QUASI-FISCAL EXPENDITURES

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

6.5 STATE'S SHARE OF PRODUCTION OR OTHER REVENUES COLLECTED IN-KIND

There was no production share for the state in the mining sector in Sierra Leone in 2015/2016

Government does not own any extractive company where evidence was found that state has received revenues in 2015/16

7.0 RECONCILIATION:

SCOPE OF WORK

Basis of Reporting/Currency

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

EXCHANGE RATE: For translating Leones into US dollars, average exchange rate for the year has been applied. An exchange rate of 1US\$: **Le 5,000** was applied.

Auditing

The financial statements of all the participating entities have been audited for 2015 by the independent auditors of the companies employing auditing standards issued by the International Auditing and Assurance Standards board. Government reporting entities had their financial statements audited by the Audit Service of Sierra Leone. The Audit Service of Sierra Leone is a member of the International Organization of Supreme Audit Institutions (INTOSAI) and African Organization of Supreme Audit Institutions (AFROSAI) and applies the International Standards of Supreme Audit Institutions (ISSAI) issued by (INTOSAI) in its auditing work.

ACTIVITIES UNDERTAKEN AT RECONCILIATION

Data Collection and Analysis

Credibility of data

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

Sign-off from a senior company or government official from each reporting entity attesting that the completed reporting template is a complete and accurate record.

- ❖ An endorsement on the template by the companies' external auditor that confirms that the information they have submitted is comprehensive and consistent with their audited financial statements. However, for Oil and Gas companies that no longer operate in Sierra Leone certification by Senior Officers with the appropriate signatures and official stamps were acceptable without External Auditors certification.
- ❖ All the templates should include appropriate supporting documents, such as receipts and bank statements.

- ❖ Government reporting entities obtain a certification of the accuracy of the government's disclosures from the Auditor General.
- ❖ Detailed schedule of payments and supporting documents.

The MSG had the view that the Auditors attestation will ensure the completeness and reliability of the data as they are professionally enjoined to provide true and fair view of financial statements. Again with the provision of supporting documents, the independent Administrator can also have the opportunity to comment on the reliability of the data.

The MSG collected the templates from the reporting entities between 20th October 2017 and 30th November, 2017, however templates from the NRA were submitted later than the cut off date.

Data reliability check

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

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

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

Surface Rentals

Payments made were checked, to ensure that they were made in accordance with the Minerals and Mining Act, 2009 part 5. (*See section 4.6*).

Exploration Licence

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

Mining Licence

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

For Royalty; A list of the payments of royalties made in 2015 were obtained from the NRA and NMA.

- ❖ Details of mineral production in 2015 was obtained from the NMA.
- ❖ Production figures were compared to export figures from the Bank of Sierra Leone.
- ❖ Royalty payable was computed based on rate levied(based on contract between the company and GoSL) and the value of production and export as provided by NMA/Bank of Sierra Leone.
- ❖ Computed royalty payable was compared to actual payment indicated on templates and any discrepancy resolved if any.

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

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

Initial Reconciliation

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

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

All discrepancies were identified.

Investigation of Discrepancies

The following steps were undertaken to investigate discrepancies.

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

7.1 RESULTS OF RECONCILIATION

The results are indicated below:

Completeness, accuracy and reliability of data

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

- Ascertained if the financial statements of the entities participating in the reconciliation exercise have been audited to international standards.(See section.. on Auditing)
- Reported templates were also checked for completeness, relevance, correctness/accuracy and certification
- The Independent Administrator however could not evaluate the internal controls within any of the participating companies/government entities, and could therefore not place any reliance on them (internal controls).

Companies

Mining sector

Out of the twelve (12) companies that were required to report four companies, namely Sierra Rutile Ltd, Timis Mining Co. Ltd, Amara Mining (SL) Ltd, AMR Gold Sierra Leone Ltd failed to report.

Timis Mining Co. and Sierra Rutile Ltd are under new management, and the management indicated that they were now studying the books of the companies and were therefore not in the position to report ,in spite of all the efforts by the MSG(including petitioning the MMMR)

Amara Mining (SL) Ltd that operated the Baohuman project/Cluff Mining no longer operates in Sierra Leone.

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

Oil/Gas: As noted earlier there were no templates received from companies in the Oil/Gas sector. The companies in the sector were not operational in 2015/2016.

Government Agencies: All the government agencies that were required to report did so promptly with the exception of the NRA. As indicated earlier and noted in the observation and significant findings, NRA's templates were received very late.

Unilateral declaration by government agencies

Revenues received by government Agencies from the companies that made payments in 2015 but did not submit templates are shown in Table 7.1 below⁶,

Table 7.1: Unilateral declaration

Name of Company	Government Agency		
	NRA	EPA	Total
Sierra Rutile Ltd	4,343,199	264,804	4,608,003
Timis Mining Co. Ltd	1,942,499	349,272	2,291,771
Cluff Mining (Amara Mining Ltd)	281,240	150,450	431,690
AMR(GOLD)	263,896		263,896
Total	6,566,938	1,028,422	7,595,360

⁶ The IA could not obtain any confirmation of payment by AMR(GOLD)LTD from any government Agency. The figure stated in the unilateral declaration was taken from the data obtained for scoping study.

Reconciliation by companies.

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

Table 7.2: Reconciliation by companies

No.	Company	Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	under
	2015										
1	Koidu Ltd	5,620,568	(42,805)	5,577,763	5,601,813	-	5,601,813	5,577,763	5,601,813	23,186	(47,236)
2	Sierra Rutile Ltd	-	-	-	-	-	-	-	-	-	-
3	Timis Mining Ltd	-	-	-	-	-	-	-	-	-	-
4	Vimetco Sierra Minerals Holding Ltd	2,399,122.67	(87,289)	2,311,834	2,091,990	-	2,091,990	2,311,834	2,091,990	225,292	(5,448.00)
5	H.M Diamonds	1,773,088.00	-	1,773,088	1,795,493	-	1,795,493	1,773,088	1,795,493	1,500	(23,905)
6	S.D STEEL-Tonkolili Iron Ore	1,272,679.00	(15,220)	1,257,459	1,785,008	-	1,785,008	1,257,459	1,785,008	8,195	(535,744)
7	Kassim M Basma	496,816.00	-	496,816	496,815	-	496,815	496,816	496,815	1	-
9	Cluff-Amara Mining Ltd	-	-	-	-	-	-	-	-	-	-
10	AMR Gold SL LTD	-	-	-	-	-	-	-	-	-	-
11	Shawke B Shour	222,320.19	-	222,320	222,320	-	222,320	222,320	222,320	0	0
15	Total	11,784,594	(145,314)	11,639,280	11,993,439	-	11,993,439	11,639,280	11,993,439	258,174	(612,333)

Reconciliation by Revenue Streams

Reconciliation of Extractive companies payments and government receipts as depicted by revenue streams is shown in Table 7.3 below.

Table 7.3 Reconciliation by Revenue Streams

2015		Company			Government			Final Amounts		Unresolved	
No.	Revenue Stream	Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	under
	2015										
1	Mining Licence	2,030,143	0	2,030,143	2,256,957	0	2,256,957	2,030,143	2,256,957	23,186	-250,000
2	Exploration Licence	43,207	0	43,207	43,207	0	43,207	43,207	43,207	0	0
3	Royalty	6,204,466	0	6,204,466	6,215,251	0	6,215,251	6,204,466	6,215,251	1	-10,786
4	Export duty for Diamonds	2,168,841	0	2,168,841	2,168,844	0	2,168,844	2,168,841	2,168,844	0	-3
5	Corporate Tax	216,883	0	216,883	240,784	0	240,784	216,883	240,784	1	-23,902
6	Diamond Exporter's License fee	106,500	0	106,500	105,000	0	105,000	106,500	105,000	1,500	0
7	Environmental Impact Assessment License	479,011	0	479,011	739,910	0	739,910	479,011	739,910	7,596	-268,495
8	Environmental Impact Assessment Monitoring Fees	94,283	0	94,283	153,430	0	153,430	94,283	153,430	0	-59,147
9	Surface Rent	223,565	-145,314	78,251	70,056	0	70,056	78,251	70,056	8,195	0
10	Agricultural Development Fund	0	0	0	0	0	0	0	0	0	0
11	Community Development Fund	217,695	0	217,695	-	-	-	217,695	-	217,695	-
	TOTAL	11,784,594	(145,314)	11,639,280	11,993,439	-	11,993,439	11,639,280	11,993,439	258,174	(612,333)

After the reconciliation, total company receipts amounted to US\$ 11,639,280, whilst total government receipts amounted to US\$11,993,439.

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

There was a net discrepancy of US\$354,159, and an absolute discrepancy of US\$870,507 representing 2.95% and 7.26% of government receipts respectively.

Due to time constraints the IA could not resolve any discrepancy.

Extractive entity and discrepancies

The discrepancies and the companies they associated with are shown in below

Table 7.4 Extractive entity and discrepancies

2015		
Unresolved discrepancies		
Extractive Entity	Amounts reported by company but not confirmed by Gov't Agency	Amounts reported by government but not by company
Koidu Ltd	23,186	(47,236)
Sierra Rutile Ltd	-	-
Timis Mining Ltd	-	-
Vimetco Sierra Minerals Holding Ltd	225,292	(5,448.00)
H.M Diamonds	1,500	(23,905)
S.D STEEL-Tinkolili Iron Ore	8,195	(535,744)
Kassim M Basma	1	-
Cluff-Amara Mining Ltd	-	-
AMR Gold SL LTD	-	-
Shawke B Shour	0	0
Total	258,174	(612,333)

Revenue streams and discrepancies

The discrepancies from the revenue streams perspective are shown below.

Table 7.5 Revenue streams and discrepancies

Revenue Stream	Unresolved	
	Amount by which extractive entity payment exceeded that reported by gov't agency	Amount by which gov't entity receipt exceeded that reported by gov't agency
2015		
Mining Licence	23,186	-250,000
Exploration Licence	0	0
Royalty	1	-10,786
Export duty for Diamonds	0	-3
Corporate Tax	1	-23,902
Diamond Exporter's License fee	1,500	0
Environmental Impact Assessment License	7,596	-268,495
Environmental Impact Assessment Monitoring Fees	0	-59,147
Surface Rent	8,195	0
Agricultural Development Fund	0	0
Community Development Fund	217,695	-
TOTAL	258,174	(612,333)

Contribution of Revenue streams to government receipts.

The contribution of the various revenue streams to the final government receipts obtained after reconciliation is shown below.

Table 7.6: contribution of revenue streams to government receipts

Royalty	6,215,251	52
Mining Licence	2,256,957	19
Export duty for Diamonds	2,168,844	18
Environmental Impact Assessment License	739,910	6
Corporate Tax	240,784	2
Environmental Impact Assessment Monitoring Fees	153,430	1
Diamond Exporter's License fee	105,000	1
Surface Rent	70,056	1
Exploration Licence	43,207	0

Agricultural Development Fund	0	0
Community Development Fund	0	0

Contribution of Companies payments to government receipts.

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

Table 7.7: Contribution of extractive entities to government receipts

Extractive Entity	Amount paid(US\$)	Percentage (%)
Koidu Ltd	5,601,813	46.71
Vimetco Sierra Minerals Holding Ltd	2,091,990	17.44
H.M Diamonds	1,795,493	14.97
S.D STEEL-Tinkolili Iron Ore	1,785,008	14.88
Kassim M Basma	496,815	4.14
Shawke B Shour	222,320	1.85
Sierra Rutile Ltd	-	-
Timis Mining Ltd	-	-
Cluff-Amara Mining Ltd	-	-
AMR Gold SL LTD	-	-
Total	11,993,439	100

Coverage

The coverage of the report is shown in table 7.8 below. It indicates the proportion of the government receipts in the reconciliation to total receipts.

Table 7.8 coverage of EITI reconciliation

	Government collection-EITI	Total collection
Mining Licence	2,300,164	39
Royalty	6,215,251	67
Export duty for Diamonds	2,168,844	91
Corporate Tax	240,784	49
Diamond Exporter's License fee	105,000	51
Environmental Impact Assessment License	739,910	46
Environmental Impact Assessment Monitoring Fees	153,430	48

Surface Rent	70,056	70,056.00	100
Agricultural Development Fund	0	-	
Community Development Fund	0	-	
TOTAL	11,993,439.48	20,143,072.01	60

The overall coverage for the report is 60%. Noting that two major producing companies in 2015 with payments in royalty, corporate tax and environment related payments did not participate the coverage is quite good.

EFFECT OF COMPANIES/EXTRACTIVE ENTITIES THAT DID NOT PARTICIPATE

There were four companies that did not participate in the reconciliation exercise, although they were selected. These companies were Sierra Rutile Ltd, Timis Mining Ltd, Amara Mining/Cluff Mining, AMR Gold Ltd. From unilateral declarations by the government agencies, these companies made payments of US\$7,595,360.

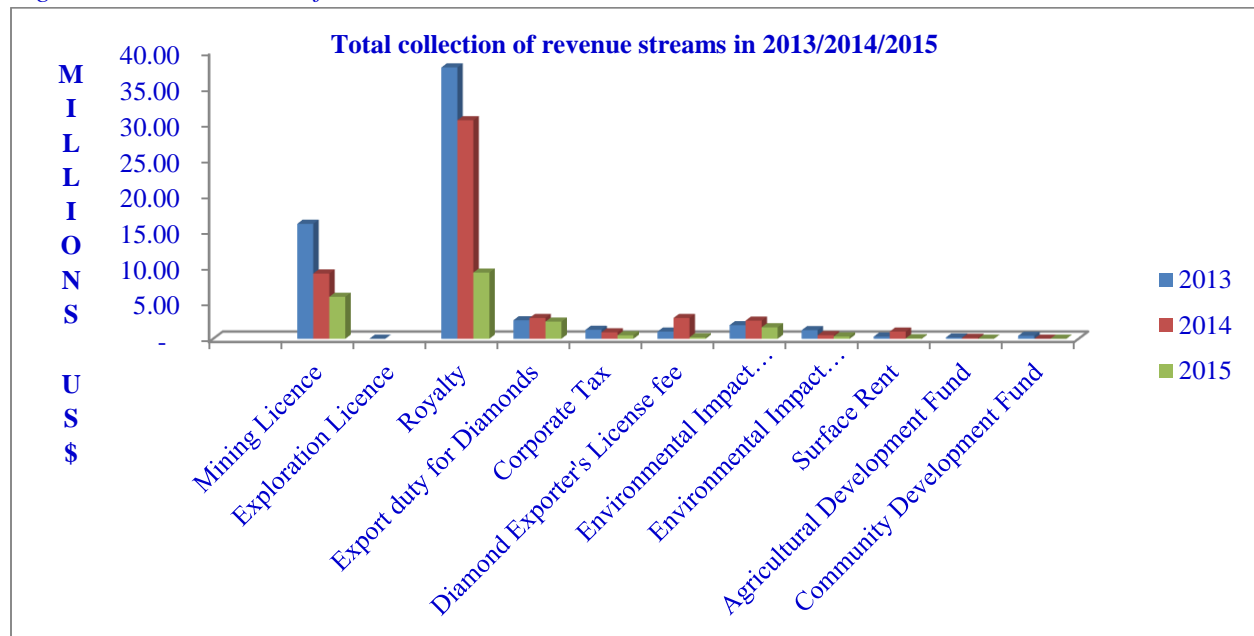
If these companies had reported and their payments accounted for it would mean the EITI government receipt figures would have been boosted by US\$7,595,360.

The total government receipt figure will have remained same at US\$20,143,072. The coverage for the report would have increased by (US\$ 7,595,360/20,143,072) i.e. 37%. Thus the coverage recorded will increase to 97%.

The exclusion of Timis and Sierra Rutile from the reconciliation, had a significant effect (they accounted for over 91% of the lost revenues).

Analysis of results.

Fig. 7.1 Total collection of Revenue streams in 2013/2014/2015



In order to ascertain the trend in revenue streams receipts over the years, the total receipts of these streams (instead of EITI reconciliation receipts) in 2013, 2014 and 2015 were used. This was to have a holistic view of revenue receipts, and also to eliminate the effect of a particular year, as EITI coverage is not uniform throughout the years.

Between 2014 and 2015, with the exception of community development fund, the values of all the revenue streams received decreased.

Mining and exploration licence fees

Mining licence and exploration fees reduced from US\$9,100,000 to US\$5,849,357 a percentage drop of about 36%. That trend has started from 2013(See fig. 7.1), as there was also a decrease in mining licence and exploration receipts in 2015. Future receipts should be monitored as it is suggesting the slowing down of mining activities with consequences on the sustainability of the industry. The effect of the Ebola epidemic may have contributed to this trend, future trends will send a clearer picture.

Mineral Royalty

Mineral royalty receipts dropped from US\$30,424,895 in 2014 to US\$9,225,535 IN 2015. This was largely due to the fall in the price of iron ore and also a significant decrease in the volumes of minerals produced. (See section 4 on production). The decrease in mineral royalty in 2015 is consistent with the drop in production in 2015 due to a slump in iron prices and the consequential closure of some iron mines.

However is worth noting that the trend has started in 2013, as there was also a drop in mineral royalty receipts between 2013 and 2014. This should needs scrutiny and monitoring as sharp drops in prices and royalty has a very serious effect on the budget. The country may consider having a fund to cushion its budget during periods of low commodity prices.

Export duty on Diamond

Just like the other revenue streams, there was a reduction in the amount collected by the government as export duty on diamonds in 2015 as compared to 2014. The reduction was however not as severe as that of mineral royalty.

Again although there was a reduction in export duty on diamonds in 2015, there was an increase in the collection between 2013 and 2014. The decrease in 2015 however may be attributed to the general economic situation in the country at that period.

Diamond Exporters licence

This followed the pattern of the export duty on diamonds. There is a correlation between export duty on diamonds and diamond licence fees. It is expected that as more diamond licence fees are paid more diamond exports will occur leading to a higher export duty payment.

Diamond exporters licence fees declined from US\$2,900,000 in 2014 to US\$204,316 in 2015. Being it that there was an increase in amount received between 2013 and 2014, and also following the same trend as duty on diamond exported it may be concluded that the environment in 2015 caused the decline.

Corporate Tax

Corporate tax payment also followed the trend experienced by the other revenue streams. It decreased from US\$900,000 in 2014 to US\$488,205 in 2015. Earlier in 2013, an amount of US\$1,250,180 has been recorded. Thus the reduction started before 2014. Being it that major producing companies had passed the initial capital recovery stage, where due to high capital allowances, companies pay nil or low corporate taxes it is important for this trend to be monitored. Post Ebola and post low iron ore prices monitoring should provide a cue if corporate tax payments and its associated fiscal regime should be overhauled. Apart from mineral royalty, corporate tax is expected to provide a substantial amount of revenue to the state.

Surface Rent

There was a decline in surface rent payments in 2015, as compared to 2014 (*See fig. 7.1*). This may have resulted partly from the closure of some mines in 2015. As indicated in earlier reports,

surface right payments may be centralized in one government Agency, to enable effective monitoring.

Environmental fees

There were declines in the payment for environmental licence fees and that of environmental impact assessment licence fees and the monitoring fees. Their decline was however moderate compared to others such as mineral royalty and diamond exporters licence fees.

Community development Fund

There was no change in the value of community development fund between 2014 and 2015. In 2015 only Sierra Minerals Ltd, reported community development fund payment. The company indicated the payment is jointly managed with Moyamba District Council. There was no confirmation from Moyamba District Council.

7.2 REVENUE ALLOCATIONS AND DISTRIBUTION OF REVENUE

In principle, all revenues are transferred to Sierra Leone National Treasury.

Thus revenues from extractive industries are not separately reported in the national budget; but they are recorded primarily as departmental receipts as part of the overall tax revenue estimates for each tax category of the budget books prepared for each year

8.0 CONTRIBUTION TO THE ECONOMY IN 2015 AND 2016

Contribution of the Mining sector to the Economy

According to IMF, Real Gross Domestic Growth (GDP) recovered from -21.1% in 2015 to 4.3% in 2016. The economy had proved resilient in the face of the collapse of iron ore prices and associated production slump in period 2014-2015. Since the last quarter of 2015, economic growth has resumed.

Figure 8.1: Minerals contributed about 95% of total national exports in 2015

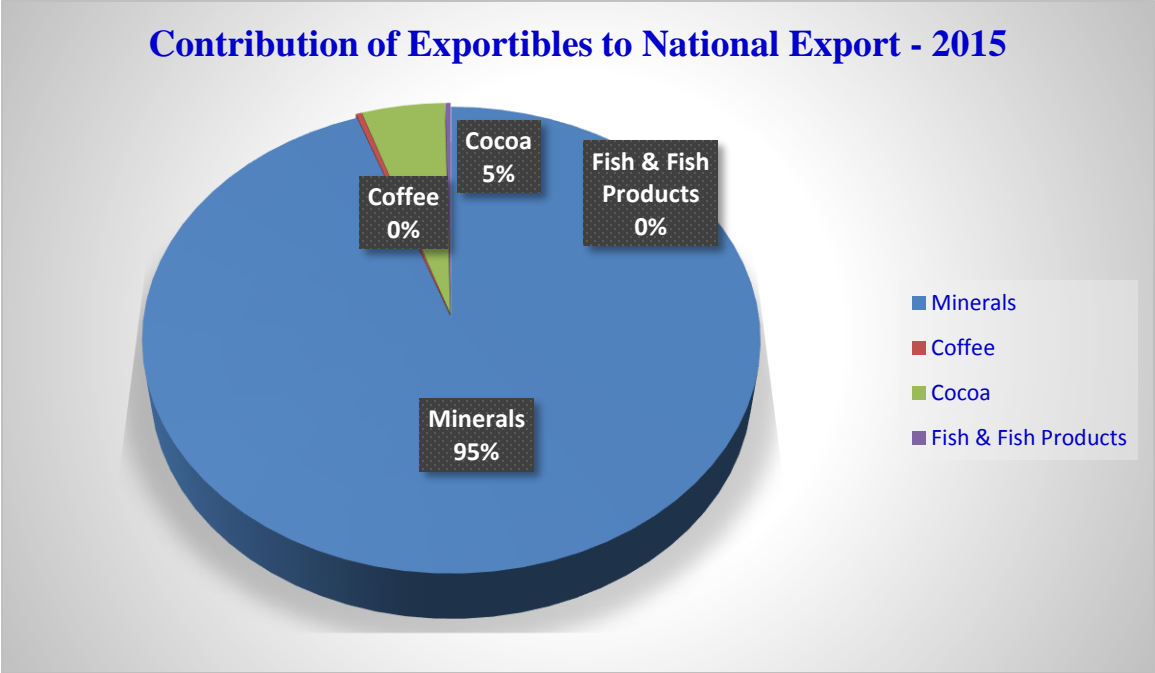
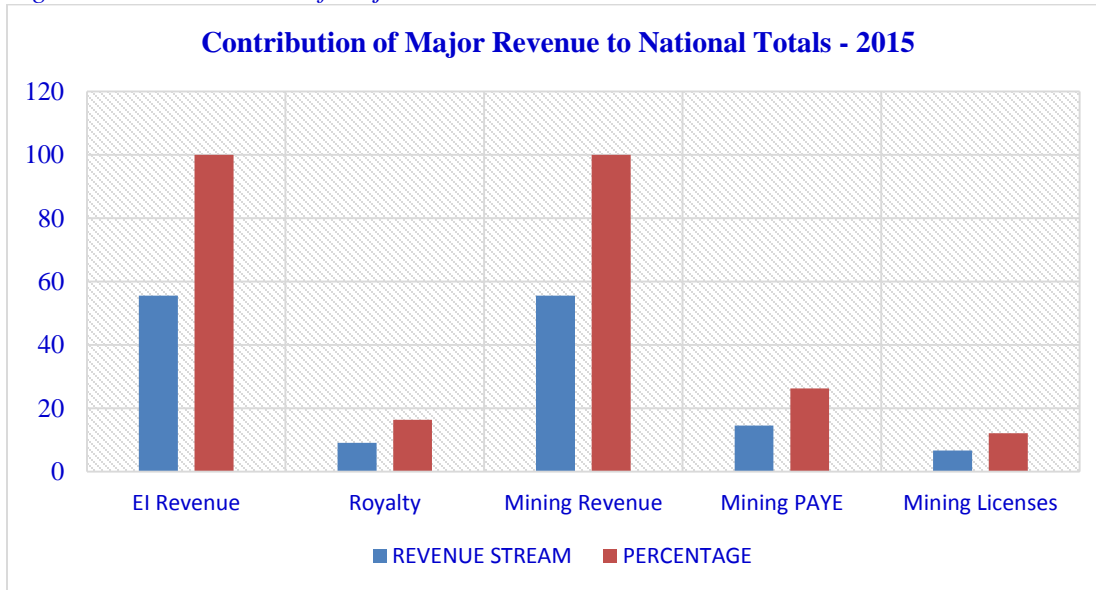


Table 8.1: Government revenues from Mining benefits in 2015 and 2016 are listed below

2015			
Benefit Stream	Amount (\$'000)	%	
Mining License	5,849.35	10.7	
Petroleum Surface Rents	0		
Royalties	9,225.53	16.9	
Petroleum Training Fund	0		
Mining Withholding 5% Contract	4,207	7.7	
Mining Withholding 10% Rent	7.27	0	
Mining Payroll Tax	18,249	33.4	
Petroleum Bonuses	0		
Corporate Tax	488	0.9	
Petroleum Extension Fees	0		
Petroleum Sale of Geophysical Data	0		
Mining PAYE	14,596	26.7	
Import Duty	2,051	3.7	
Import GST	0		
Withholding 3% Income Tax	0		
Total Mining	54,673.15	100	
Petroleum Directorate Collections	0		
EI Collections	54,673.15	100	

Figure 8.2: Contribution of Major Revenue to National Totals -2015



Employment in the extractive industry

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

Table 8.2: Employment Details in 2015

Description	National	Mining & Quarrying	%	Remark
Total Employment	2,758,872	82,255	3.0	Percentage of Total Employment
o/w Males	1,400,361	63,583	77.3	Percentage of Total in Mining & Quarrying
o/w Female	1,358,511	18,669	22.7	Percentage of Total in Mining & Quarrying
Paid Employees	275,454	10,301	12.5	Percentage of National Total
o/w Males	200,679	9,081	88.2	Percentage of Mining Paid Employees
o/w Females	74,775	1,220	11.2	Percentage of Mining Paid Employees
Self –Employment	2,137,791	60,615	73.7	Percentage of National Total

o/w Self Employment with Employees(Employer)	121,740	5,461	9.0	Percentage of Mining Self Employment
Unpaid Family worker	146,775	1,861	2.3	Percentage of National Total
Paid Apprentice	16,553	1,329	8.0	Percentage of National Total
Unpaid Apprentice	38,650	1,066	2.8	Percentage of National Total
Worked Before but currently looking for work	21,909	1,619	7.38	Percentage of National Total

INFORMAL ECONOMY

According to the International Monetary Fund (IMF), the informal of Sierra Leone 42% in the period from 2010-2014. Source: IMF WP/17/156.⁷

8.1 EXTRACTIVES CONTRIBUTION TO GDP

Agriculture, including forestry, fishing and hunting, continued to account for more than half of GDP in 2016, its relative weight increased from 50.5% in 2014 to 60.9 in 2016) Mining and quarrying having drastically reduced from (20.2% in 2014 to 2.7% in 2015).

Table 8.3 GDP by Sector (percentage of GDP at current prices)

Sub Sector	2010	2014	2016
Agriculture, forestry, fishing and hunting	56.0	50.5	60.9
of which fishing	9.5	10.5	12.4
Mining and quarrying	4.2	20.2	2.7
of which oil	-	-	-
Manufacturing	2.3	1.6	1.9
Electricity Gas and water	0.3	0.3	0.2
Construction	1.4	0.9	1.0
Wholesale and retail trade; Repair of vehicles household goods; Restaurants and hotels	9.7	7.7	9.9
of which hotels and restaurants	0.4	0.3	0.4
Transport, storage and communication	6.1	3.8	4.2
Finance real estate and business services	3.4	2.4	2.9
Public Administration and defence	4.3	4.4	6.9
Other Services	12.3	8.2	-
GDP at basic prices/factor cost	100	100	100

Source: www.africaneconomicoutlook.org

⁷ The Informal Economy in Sub-Saharan Africa: Size and determinants – July 2017

Contribution to Government Revenues

Mining contributions to NRA Revenue collections was 8.8 % in 2016 compared with 12.5 % in 2015.

Table 8.4: Contribution of Mining Revenues to Total NRA Collections

Tax Stream	2014			2015			2016		
	Amount (LeM)	% of Mine Revenue	% Total NRA Collections	Amount (LeM)	% of Mines Revenue	% of Total NRA Collections	Amount (LeM)	% of Mine Revenue	% of Total NRA Revenue
Non Tax Mines Revenue	186,675	48	9	79,419	29	3.5	134,813	55	4.9
Mining Licence o/w	41,549	11	2	33,745	12	1.5	35,003	14	1.3
Mines and Minerals Royalty o/w	145,125	38	7	45,674	17	2.0	99,810	40	3.6
Income Tax Revenue	190,100	49	9	188,350	68	8.4	98,059	40	3.5
Customs and Excise	9,182	2	0	10,497	3	0.5	12,607	5	0.5
Total Mines Revenue	385,956	100	17.7	278,267	100	12.5	245,480	100	8.8
Total NRA Revenue	2,174,379			2,235,000			2,799,000⁸		
GDP	20,432,100			21,285,500⁹			22,690,000¹⁰		
Mining & Quarrying GDP	4,127,284						612,630		
Total Domestic Revenue ¹¹				2,333,175			2,966,982		

Source: NRA¹²

⁸ Source: <http://awoko.org/2017/02/23/sierra-leone-business-2016-nra-collection-increased-by-25-2/>

⁹ IMF Projections

¹⁰ IMF Projections

¹¹ Excluding Grants & Other Supports

¹² Based on the Dataset from NRA.

GDP Growth

Developments in the real sector of the economy remained subdued in 2015 largely on account of the collapse of iron ore prices and the closure of the two major iron ore mining companies.

Real GDP growth contracted by 21.5 percent in 2015 compared to a growth rate of 4.61 percent in 2014.

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

However it is estimated that the economy sprang back the following year registering a growth of 4.3% in 2016.

Table 8.5: National GDP Growth¹³

Year	2012	2013	2014	2015	2016(e) ¹⁴
Real GDP Growth	15.2	20.7	4.6	-21.1	4.3

Source:

Contribution to Local Content

- A. Employment: Minimum percentage for Sierra Leone nationals among enterprises managerial and intermediate employees (50%)
- B. Use of Local goods and Services: Companies must use certain amounts of local materials in key sectors (including 10% of domestically available granite in cement)
- C. Nationals Preference in Contracts: Consideration to Sierra Leonean companies for mining and petroleum awards and licenses.

Companies are required to submit local content plans to demonstrate compliance and violations are subject to fines, the loss of investment incentives and civil forfeiture.

Government Participation in Oil and gas

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

Budget Preparation

Section 107 of the Constitution of Sierra Leone mandates the Minister for Finance to prepare and lay before Parliament in each financial year estimates of the revenues and expenditures of Sierra Leone for the following financial year. The Ministry of Finance and Economic Development

¹³ Statistics Sierra Leone

¹⁴ IMF Proections

(MoFED) initiates the Budget Preparation Strategy Phase which deals principally with policy. The elements that comprise this phase include: the National Strategy; Ministries Department Agencies (MDA)/Sector Planning; Macro-fiscal analysis and forecasting; Public Investment Planning; External Assistance planning; and the Budget Policy Hearings.

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

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

Budget Implementation

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

Budget Audit

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

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

Other Report

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

Revenues Recorded in State Budget (Consolidated Account)

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

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

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

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

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

BENEFIT STREAM RECORDED IN BUDGET

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

Table 8.6 Sections of the Budget profile for years 2015-2019. Amounts in Millions of Leones (LeM)

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

Source:

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

Petroleum Directorate

Funds are paid to the Treasury.

Ministry of Mines and Minerals Resources

Funds collected are paid to the Treasury.

Mining Revenue Management

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

9.0 SUB NATIONAL PAYMENTS

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

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

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

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

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

In 2015 surface rentals paid by mining licence holders and the distributions are shown below. Only amounts received by District councils, Chiefdoms and MPs' (i.e. 35%) were reconciled and therefore considered as in-scope. Surface rentals due to individuals and paramount chiefs were considered out of scope. See details below

Table: 9.1 Surface Rental Paid By Sierra Minerals In 2015 And Distribution

Recipients	Amount Paid By Company U\$\$		Amount Received(US\$)	
			In-Scope	Out Of Scope
Moyamba District Council	14,238.80		14,238.80	
Bonthe District Council	1,789.60		1,789.60	
Bo District Council	4,115.40		4,115.40	
Constituency Dev. Funds	13,429.10		13,429.10	
Upper Banta Chiefdom	7,566.00		7,566.00	
Lower Banta Chiefdom	1,411.80		1,411.80	
Dasse Chiefdom	357.75		357.75	
Kpanda Kemo Chiefdom	1,349.80		1,349.80	
Bumpe Ngao Chiefdom	2,743.60		2,743.60	
Paramount Chiefs	20,143.65			20,143.65
Landowners	67,145.50			67,145.50
Total	134,291.00		47,001.85	87,289.15

Table 9.2: Surface Rental paid by Shandon Steel in 2015 and Distribution

Recipients	Amount Paid by Company US\$	Amount Received(US\$)	
		In-scope	Out of scope
Total	23,415	8,195	15,220

*Table 9.3: Surface Rental paid by Koidu Holdings in 2015 and Distribution**

Recipients	Amount Paid by Company (US\$)	Amount Received(US\$)	
		In-scope	Out of scope
Kono District Council-5%	3,292.95	3,295.95	
Koidu New Sembehen City Council-10%	6,585.90	6,585.90	
Tankoro Chiefdom-10%	6,585.90	6,585.90	
Paramount Chief-Tankoro Chiefdom-15%	9,878.85		9,878.85
Constituency Development Fund-10%	6,585.90	6,585.90	
Landowners-50%	32,929.50		32,929.50
Total	65,859	23,053.65	42,805.35

**Payments made by MLoGRD*

Mining Revenue Transfer to Sub National Government

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

However, there are specific contributions by mining companies which are meant to be applied to certain district councils and chiefdoms for social development.

9.1 Diamond Area Community Development Fund (DACDF)

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

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

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

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

Disbursement to Chiefdoms

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

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

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

Some payments to Chiefdoms and District councils in 2015 are shown below in Appendix 5.

COMMUNITY DEVELOPMENT FUND

Only Sierra Minerals reported the payment of community development fund in 2015.

According to Sierra Minerals this fund is jointly managed by Vimetco Sierra Minerals and the Moyamba District Council. Moyamba District Council however did not report any community development fund on its template.

Table 9.4: Community Development Fund payment made by Vimetco Sierra Minerals in 2015.

Company	Date	Le	US\$
Sierra Minerals Ltd	16.01.2015	466,031,650	93,206.33
	03.07.2015	240,000,000	48,000.00
	11.11.2015	166,442,902	33,288.58
	22.12.2015	216,000,000	43,200.00
Total		1,088,474,552	217,694.91

Sovereign Wealth Funds

Sierra Leone has no Sovereign Wealth Funds at the moment.

SUSTAINABILITY AND RESOURCE DEPENDENCE

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

Exports are also projected to recover strongly by 16.8 percent in 2017 and 23.7 percent in 2018 before stabilizing at 5 percent in 2019 when iron ore production reaches its peak. Revenues from iron ore, diamonds and gold are expected to improve significantly in 2017 to 2019 as indicated in the 2017 budget statement.

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

COMMUNITY ENGAGEMENT

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

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

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

10.0 OUTCOMES AND IMPACT

10.1 UPDATE ON RECOMMENDATIONS

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

Table 10.1: Update on previous recommendation

1. **RING FENCING BY MINING LEASE:**

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

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

Recommendation

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

Response by NMA/Action taken

Exploration assets in Sierra Leone are mostly greenfield. We therefore recommend that section 155(4) of MMA, 2009 on reconnaissance and exploration may be maintained. However, a successful completion of the proposed National Aeromagnetic Survey and follow up sampling of potential anomalies could increase the number of brownfields.

2. **SURFACE RENT**

Observation

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

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

Recommendation

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

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

This will enhance transparency and accountability

Response by NMA/Action taken

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

SENSITIZATION WORKSHOPS

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

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

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

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

Some of the issues raised at these workshops include;

- ❖ Sensitization workshops
- ❖ Roles and coordination amongst MDAs'
- ❖ Extractive sector contributions to the economy
- ❖ The role of civil society in the governance of the sector

Natural resource dependency and economic diversification

11.OBSERVATIONS AND SIGNIFICANT FINDINGS.

OBSERVATION

PARENT/HOLDING COMPANIES AND EXTRACTIVE SECTOR PAYMENTS.

It was observed that in the making of extractive payments the names of companies reported are sometimes different from those maintained by the NMA. There were instances when some parent/holding companies made payments, but the names of the subsidiaries on whose behalf the payments are made were not indicated. Shandon Steel Ltd, made payments to EPA and NRA, however it was not specified whether the payment was being made on behalf of Tonkolili (iron ore) Ltd or African Railways and Ports Services Ltd, which are subsidiaries of Shandon Steel Ltd.

Recommendation:

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

This can also assist in project level reporting.

OBSERVATION

The NRA could not provide its templates within the stipulated time. Templates were delivered just some few days to the publication of the report.

Recommendation

The NRA is strategically very important for the reconciliation process. The major revenue streams including mineral royalty, corporate tax, diamond exporters licence fees, mining and exploration licences are all collected by that agency. It is therefore very important that it provides templates on a timely manner.

FISCAL TERMS AND STABILITY

A review of the agreements published by the NMA, indicate that there are stability clauses especially regarding royalty and corporate income tax rates. The rates also differ amongst companies.

Recommendation:

As much as practicable, the MMMR/NMA should establish fiscal terms that are uniform for all contracts. This should be enforced especially for corporate tax and royalty. This is because, these revenue streams are expected to bring in the biggest revenues, and any tinkering with them is likely to reduce significantly the extractive revenues.

APPROPRIATE PAYMENT NARRATION

Payments for some mining benefits were made out in the names of other benefit streams. A case in point is the issue of payroll tax in 2015. An amount of US\$18,249,395.02. This amount appeared very big for payroll tax, as this is tax paid on for foreign employees. PAYE payments could probably have been categorized as Payroll tax.

Recommendation

Categorization of payroll tax and other payments should be done strictly according to the reason for the payment. This will forestall incidences where payments are classified as material, whereas in the reality they are insignificant.

12.0 CONCLUSION

Mineral royalty payment still led in 2015 as the highest revenue earner.

Corporate tax receipt has not attained the level expected yet.

The reconciliation produced a net discrepancy of US\$354,159, and an absolute discrepancy of US\$870,507 representing 2.95% and 7.26% of government receipts respectively.

Due to time constraints, the Independent Administrator was unable to resolve a significant part of discrepancies. The MSG should with the assistance of company and government agencies representatives, resolve any outstanding discrepancies.

APPENDICES

Appendix 1: Revenue streams used for the determination of materiality in 2015

Revenues received by the NRA	US\$	%
Mining Licences (US \$)	5,849,357.29	27.9132
Mineral Resources Royalty (US \$)	9,225,535.47	44.0244
Corporate Tax (US \$)	488,205.20	2.3297
Gold dealers Licence	25,707.20	0.1227
Gold Exporters Licence	90,551.00	0.4321
Diamond exporters Licence	546,249.00	2.6067
Diamond dealers Licence	204,316.93	0.9750
Total	16,429,922.08	78.4038
Revenues received by EPA		
Licenses Fees US\$	1,595,670.00	7.6146
Monitriiong Fees US\$	319,074.00	1.5226
Total	1,914,744.00	9.1372
Revenues reeived by Precious Minerals Trading(GGDO)		
Gold		
Export duty on gold	109,995.65	0.5249
2.5% CONSOLIDATED REVENUE	91,663.04	0.4374
0.5% GGDO VALUATION	18,332.61	0.0875
Total	219,991.30	1.0498

Diamond		
Export duty on diamonds	2,390,857.32	11.4092
	2,390,857.32	11.4092
Grand Total	20,955,514.71	100.00

Appendix 2: List of companies/ extractive industry entities that meet the materiality threshold in 2015

	NAME OF COMPANY/ENTITY	Amount	% of total revenue	Cumulative Percentage
1	KOIDU LTD.	6,399,639.33	30.54	30.54
2	SIERRA RUTILE LTD.	2,898,384.35	13.83	44.37
3	TIMIS MINING CORPORATION (SL) LTD.	2,341,235.12	11.17	55.54
4	SIERRA MINERALS HOLDINGS LTD	1,806,517.26	8.62	64.16
5	H.M DIAMONDS	1,613,721.08	7.70	71.86
6	TONKOLILI IRON ORE (SL) LIMITED	1,000,000.00	4.77	76.64
7	S. D. Steel (SL) Ltd	535,008.00	2.55	79.19
8	AFRICAN RAILWAY & PORT SERVICES	500,000.00	2.39	81.58
9	KASSIM M.BASMA	466,832.20	2.23	83.80
10	AMARA MINING SL LIMITED IRO BAOMAHUN GOLD LIMITED	CLUFF 431,960.09	2.06	85.86
11	AMR GOLD SL LTD IRO WILKINSON HILL MINING	263,896.00	1.26	87.12
12	SHAWKIE B SHOUR	217,291.08	1.04	88.16

Appendix 3: Out of scope companies/extractive Entities-2015

13	NIMIKORO GUOJI MINING COPMANY	145,536.00	0.69	88.85
14	Marapa Iron Ore (SL) Ltd	133,560.00	0.64	89.49
15	B.K. MINERALS & PETROLEUM PRODUCT SL. LTD	130,646.11	0.62	90.12
16	ALLOTROPES DIAMOND COMPANY LTD	130,024.87	0.62	90.74
17	GEMSTAR DIAMOND (PVT) LIMITED	119,182.32	0.57	91.31
18	ATLANTIC MINERALS (SL) LTD	96,173.00	0.46	91.76
19	Nimini Mining Limited	71,712.00	0.34	92.11
20	MURRY INVESTMENT COMPANY	67,069.05	0.32	92.43
21	ALEXANDRIA CARMEL DIAMONDS LIMITED	58,353.25	0.28	92.70
22	UNIVERSAL DAWNUS SL LTD.	55,300.00	0.26	92.97
23	JINXIANG MINING CO (SL) LTD	52,444.20	0.25	93.22
24	OCEAN SAND ENERGY LIMITED	52,140.03	0.25	93.47
25	AMADDEX SL LTD	51,733.99	0.25	93.71
26	K. MINERALS FARMING LIMITED	48,378.71	0.23	93.95
27	ALCOC & PARTNERS (SL) LTD	46,530.94	0.22	94.17
28	SOUTHERN MINIRAL INVESTMENT CO LTD	43,075.00	0.21	94.37
29	TOTAL GLOBAL STEEL COMPANY	41,416.00	0.20	94.57
30	CONTINENTAL AFRICA MINERALS LTD	38,085.87	0.18	94.75
31	BAGR BERLINER ALUMINIUM WERK	37,804.00	0.18	94.93
32	ARCHETYPE DIAMONDS (SL) LTD	37,501.00	0.18	95.11

33	TAMBA ENTOCHEMA EBBA	36,539.00	0.17	95.29
34	AGIM NUHAJ	35,000.00	0.17	95.45
35	BLUE STONE MINERAL COMPANY (SL) LTD	35,000.00	0.17	95.62
36	MUNDAY INVESTMENT CO.	35,000.00	0.17	95.79
37	TAIDE TRADING SL LTD	34,527.67	0.16	95.95
38	GOLDEN SAINT RESOURCES (AFRICA) LTD	34,177.37	0.16	96.12
39	BME (Division of Omnia Group (Pty) Ltd	32,112.00	0.15	96.27
40	WEST AFRICAN UNION COMPANY LTD	31,423.00	0.15	96.42
41	UNIVERSAL GOLD MINING & EXPLORATION	31,416.00	0.15	96.57
42	CENTRAL MONING COMPANY	30,880.00	0.15	96.72
43	GOLF TRANSPORT IRO MATRIX EXPLORATION & PRODUCTION CO LTD	30,016.00	0.14	96.86
44	HUIXIN GOLD MINING & ENGINEERING	30,000.00	0.14	97.00

45	BAUMIN GOLD SL LTD	24,692.00	0.12	97.12
46	KARAM GLOBAL CONSULTANTS IRO YIJINYUAN (SL_ LTD	22,376.00	0.11	97.23
47	ALOV HOLDING LIMITED	22,231.00	0.11	97.33
48	BOROMA	21,720.86	0.10	97.44
49	TRILLIUM INT'L OFFSHORE (SL) LTD	20,000.00	0.10	97.53
50	MINATURA	18,501.00	0.09	97.62
51	ANANT RESOURCES	16,308.00	0.08	97.70
52	CHAUADI INTERNATIONAL MINERALS LTD	16,112.00	0.08	97.77
53	BLUE HORIZON (SL) LTD	15,300.00	0.07	97.85
54	UNIVERSAL GOLD MINNING AND EXPORT	14,308.50	0.07	97.92
55	AKA PETROLEUM GMBH	14,165.00	0.07	97.98
56	GERMINATE SL LTD	13,038.00	0.06	98.05
57	ALIMURING SARI MINING INDUSTRY LTD	12,316.00	0.06	98.10
58	MANTE ORE MINING COMPANY LIMITED	9,750.00	0.05	98.15
59	ZINIZTS LIMITED	9,568.22	0.05	98.20
60	CHAINA INT'L MINING COMPANY	9,284.00	0.04	98.24
61	EQUITY INVESTMENT E PARTICIPACOES (SL) LTD	9,112.52	0.04	98.28
62	SALLY JOAN FORSTER	7,761.00	0.04	98.32
63	Vimetco Exploration Company-Kambia	7,596.00	0.04	98.36
64	FOLORIN A F ADEDAYO	7,500.00	0.04	98.39
65	LION DESTINY LINE	7,500.00	0.04	98.43
66	SAVINA DIAMONDS	7,500.00	0.04	98.47

67	FAVIC INVESTMENT COMPANY LTD	7,124.00	0.03	98.50
68	BORNSTEIN ISRAEL	7,000.00	0.03	98.53
69	EDDIE MANUEL NUNEZ	7,000.00	0.03	98.57
70	GLOVANNI BARBATTINI	7,000.00	0.03	98.60
71	GREGG PARKER LYELL	7,000.00	0.03	98.63
72	LION DESTINY SL IRO RINA YAKUEL KERZNER	7,000.00	0.03	98.67
73	VIRAL B. DESAI	7,000.00	0.03	98.70
74	TROPICAL & NATURAL RESOURCES	6,823.49	0.03	98.73
75	SINO SUNNY LTD.	6,597.00	0.03	98.76
76	AHMED LEFKAIER	6,000.00	0.03	98.79
77	BJORN GREENE	6,000.00	0.03	98.82
78	H.M.DIAMONDS IRO AYMAN TALEH	6,000.00	0.03	98.85
79	H.M.DIAMONDS IRO MOHAMED I	6,000.00	0.03	98.88
80	H.M.DIAMONDS IRO MOHAMED MANSOUR	6,000.00	0.03	98.91
81	KASSIM A. BASMA IRO AKRAM DAGHER	6,000.00	0.03	98.94
82	EREZ VICTOR GOREN	5,540.54	0.03	98.96
83	KAI KAI ANSUMANA JAIA	5,517.00	0.03	98.99
84	ARWEST AFRICA MINERALS LTD	5,470.00	0.03	99.01
85	I ENGINEERING AND GEOLOGICAL SERVICES CO. LTD	5,126.04	0.02	99.04
86	JUKAMI INTERNATIONAL (SL) LTD	5,050.00	0.02	99.06
87	UNCLE HUANG (SL) LTD	5,010.00	0.02	99.09

88	FRANCESS S. TOBY	5,007.50	0.02	99.11
89	CHINA F/T COMPANY LIMITED	5,000.00	0.02	99.13
90	EL-MACAB INVESTMENT INTERNATIONAL LTD	5,000.00	0.02	99.16
91	ENGINEERING & GEOLOGICAL SERVICES CO. LTD	5,000.00	0.02	99.18
92	LEE COMPANY LTD	5,000.00	0.02	99.21
93	WILKINSON HILL MINING COMPANY	5,000.00	0.02	99.23
94	YOUBA BASSOUM	5,000.00	0.02	99.25
95	M & S VENTURES LTD	4,947.00	0.02	99.28
96	MASSER IRO UNIVERSAL DAWNUS (SL) LIMITED	4,943.00	0.02	99.30
97	IRUGUL RESOURCES LIMITED	4,212.00	0.02	99.32
98	SIERRA DIAMONDS LIMITED	3,992.00	0.02	99.34
99	LION MOUNTAIN MINING & FISHING CO. LTD.	3,276.00	0.02	99.36
100	CAVOR LIMITED	3,235.90	0.02	99.37
101	ALHAJI IBRAHIMA CEESAY	3,000.00	0.01	99.39
102	ALHAJI K CEESAY	3,000.00	0.01	99.40
103	IBRAHIM CONTEH	3,000.00	0.01	99.41
104	PETER MUTINDA KITUNDU	3,000.00	0.01	99.43
105	TINGXIANG MINING COMPANY LTD	2,974.00	0.01	99.44
106	SHENZHEN LOKI IRO NEW CIRCLE LIMITED	2,884.00	0.01	99.46
107	PRO-POOR COMMUNITY MINERALS	2,761.60	0.01	99.47
108	ABU BAKARR BUNDU	2,500.00	0.01	99.48

109	ALHAJI CONTEH	2,500.00	0.01	99.49
110	ALHAJI I KANU	2,500.00	0.01	99.51
111	ALHAJI KALILU BURRIA JALLOH	2,500.00	0.01	99.52
112	ALIE FAWAZ HEDJAZI	2,500.00	0.01	99.53
113	ALUSINE LAMIN BANGURA	2,500.00	0.01	99.54
114	ARNOLD RYAN COKER	2,500.00	0.01	99.55
115	BASHIRU JALLOH	2,500.00	0.01	99.57
116	FADI S. HAMDAN	2,500.00	0.01	99.58
117	JIHAD SAAD	2,500.00	0.01	99.59
118	KHALIFA KAMARA	2,500.00	0.01	99.60
119	MOHAMED A SKAIKAY	2,500.00	0.01	99.61
120	MOHAMED A YANSANEH	2,500.00	0.01	99.62
121	MOHAMED ABASS	2,500.00	0.01	99.64
122	MOHAMED H. SHUMAN	2,500.00	0.01	99.65
123	MOHAMED JANNEH	2,500.00	0.01	99.66
124	OSMAN K SESAY	2,500.00	0.01	99.67
125	OUSMAN BARRIE	2,500.00	0.01	99.68
126	SIA JARIEU BAYOH MORSAY	2,500.00	0.01	99.70
127	HM DIAMONDS IRO ALUSINE KAMARA	2,000.00	0.01	99.71
128	HM DIAMONDS IRO MOHAMED B JALLOH	2,000.00	0.01	99.72
129	MASTER GEMS (SL) LIMITED	1,914.71	0.01	99.72
130	BAHORE HYDARA	1,500.00	0.01	99.73
131	AMADU W JALLOH	1,217.98	0.01	99.74

132	ABDUL GIBRILL SESAY	1,000.00	0.00	99.74
133	AHMAD DAGHER	1,000.00	0.00	99.75
134	AHMED TALIL	1,000.00	0.00	99.75
135	ALFRED KAMARA	1,000.00	0.00	99.76
136	ALI HASSAN	1,000.00	0.00	99.76
137	ALIE BOKUM	1,000.00	0.00	99.77
138	ALIE H DAYECK	1,000.00	0.00	99.77
139	ALIE SAMURA	1,000.00	0.00	99.78
140	AMIN A SKAIKAY	1,000.00	0.00	99.78
141	BASSAM HAMKA	1,000.00	0.00	99.79
142	FODAY DARAMY	1,000.00	0.00	99.79
143	FOUAD YAHIA	1,000.00	0.00	99.79
144	Haidar ISMAIL	1,000.00	0.00	99.80
145	HASSAN ANTAR	1,000.00	0.00	99.80
146	HASSAN HASHIM ISMAIL	1,000.00	0.00	99.81
147	HASSAN JIHAD SAAD	1,000.00	0.00	99.81
148	IBRAHIM M JAWARA	1,000.00	0.00	99.82
149	IDRISSA KABBA	1,000.00	0.00	99.82
150	ISMAIL SHAMSEDDINE	1,000.00	0.00	99.83
151	ISSAM. T. ZINE	1,000.00	0.00	99.83
152	MICHAEL S MANSARAY	1,000.00	0.00	99.84
153	MOHAMED A SHOUR	1,000.00	0.00	99.84
154	MOHAMED FAWAZ	1,000.00	0.00	99.85

155	MOHAMED FOFANAH	1,000.00	0.00	99.85
156	MOHAMED J AWADA	1,000.00	0.00	99.86
157	MOHAMED JAWARA	1,000.00	0.00	99.86
158	MOHAMED KARIM	1,000.00	0.00	99.87
159	MOHAMED LAMIN KAKAY	1,000.00	0.00	99.87
160	MOHAMED MAHMOUD KRECHT	1,000.00	0.00	99.88
161	MOHAMED SAID DAKHLALLAH	1,000.00	0.00	99.88
162	MONZER MOHAMED JAWARD	1,000.00	0.00	99.89
163	MOUNTHER JAWARD	1,000.00	0.00	99.89
164	MUSA SHERIFF	1,000.00	0.00	99.89
165	MUSTAPHA NABAY	1,000.00	0.00	99.90
166	NADER H. SHOUR	1,000.00	0.00	99.90
167	NASSIM G NASSIM	1,000.00	0.00	99.91
168	NOVRN MANSOUR	1,000.00	0.00	99.91
169	PABLO M. RIVERA	1,000.00	0.00	99.92
170	SAIDU DUMBUYA	1,000.00	0.00	99.92
171	SALIM A DAYECK	1,000.00	0.00	99.93
172	SALLIEU SOW	1,000.00	0.00	99.93
173	SHAOUKIE A. GHALEB	1,000.00	0.00	99.94
174	SORIE SANNAH	1,000.00	0.00	99.94
175	SULAIMAN BARRIE	1,000.00	0.00	99.95
176	TARAIK MANSOUR	1,000.00	0.00	99.95
177	VIRAL B. DESAI IRO ALHAJI LANFIA KABBA	1,000.00	0.00	99.96

178	IFEANYI EZWNWANNE	500.00	0.00	99.96
179	JORGE ARMANDO DULANTO SAEZ	466.65	0.00	99.96
180	PRINCESS T. AMARA	311.64	0.00	99.96
181	MOHAMED BAH	281.16	0.00	99.96
182	PYTHIAS T.B BART WILLIAMS	269.60	0.00	99.97
183	ALIE SANNOH	156.37	0.00	99.97
184	MUCTAR BARRIE	156.37	0.00	99.97
185	OSMAN JUSU	156.37	0.00	99.97
186	IBRAHIM FOFANAH	155.99	0.00	99.97
187	IDRISSA MANSARAY	155.99	0.00	99.97
188	MOHAMED G DAWO	155.99	0.00	99.97
189	MOHAMED KOROMA	155.99	0.00	99.97
190	MUSTAPHA MOSIMA	155.99	0.00	99.97
191	PATRICK JOHN BISMARCK CONTEH	155.99	0.00	99.97
192	SAIDU SESAY	155.99	0.00	99.97
193	YUSUFU KOROMA	155.99	0.00	99.97
194	ABU BAKARR DUMBUYA	155.58	0.00	99.97
195	ALIE KAMARA	155.58	0.00	99.98
196	DANIEL KOROMA	155.58	0.00	99.98
197	MUSA MANSARAY	155.58	0.00	99.98
198	ABDULAI JALLOH	155.27	0.00	99.98
199	ABDULAI KANU	155.27	0.00	99.98
200	ALHAJI A. JAGITAY	155.02	0.00	99.98

201	CHERNOR MADANIE BAH	155.02	0.00	99.98
202	DAUDA KONDEH	155.02	0.00	99.98
203	ISHMEAL KHELLAH	155.02	0.00	99.98
204	SULAIMAN JAGITAY	155.02	0.00	99.98
205	ABDUL KAFARR JALLOH	153.96	0.00	99.98
206	ABDUL KARIM SESAY	153.96	0.00	99.98
207	ALIE S KARGBO	153.96	0.00	99.98
208	BARRY ABDUL RAHMAN JALLOH	153.96	0.00	99.99
209	OSMAN TURAY	153.96	0.00	99.99
210	ALHAJI M SESAY	152.51	0.00	99.99
211	JAMES MOORE	152.51	0.00	99.99
212	LUSINE KALLON	152.51	0.00	99.99
213	MOHAMED S SESAY	152.51	0.00	99.99
214	SULAIMAN BENYA	152.51	0.00	99.99
215	ARUNA KAMARA	146.88	0.00	99.99
216	SAHR E BONA	146.88	0.00	99.99
217	UMARU BAH	146.88	0.00	99.99
218	AMINATA BANGURA	139.62	0.00	99.99
219	MOHAMED SACCOH	139.62	0.00	99.99
220	SENESIE DUMBUYA	134.80	0.00	99.99
221	SANDE LOKO COOPERATIVE MINING	75.90	0.00	99.99
222	SELLA MULTI PURPOSE COOPERATIVE ORG.	75.90	0.00	99.99
223	ABDUL PESSIMA	62.40	0.00	99.99

224	ABU BAKARR KAMARA	62.40	0.00	99.99
225	BIRO DUMBUYA	62.40	0.00	100.00
226	BUNDU KARIM	62.40	0.00	100.00
227	JOHN S. KAMARA	62.40	0.00	100.00
228	JUSU JOSEPH	62.40	0.00	100.00
229	YAGUBA ALHASSAN BARRIE	62.23	0.00	100.00
230	FODAY SHEKA FOFANAH	62.14	0.00	100.00
231	ABU BAKARR SESAY	61.00	0.00	100.00
232	CHERNOR BARRIE	61.00	0.00	100.00
233	MOHAMED JALLOH	61.00	0.00	100.00
234	OUSMAN THOLLY	61.00	0.00	100.00
235	ADAMS KARGBO	56.92	0.00	100.00
236	FODAY SESAY	56.92	0.00	100.00
237	IBRAHIM S. CONTEH	56.92	0.00	100.00
238	SORIE MANSARAY	56.92	0.00	100.00
239	AGIBU LAMRANA	55.85	0.00	100.00
240	MISBAHU JALLOH	55.85	0.00	100.00
241	MUSA BAMBA FORY	53.92	0.00	100.00
242	P. J. BART-WILLIAMS	30.08	0.00	100.00
243	JOHN KANU	28.84	0.00	100.00
244	CHRISTOPHER TODD SCHUMACHER	21.00	0.00	100.00
		20,955,514.58	100.00	

APPENDIX 4A PAYEE

This figures have not been validated by the independent administration

		PAYEE	PAY ROLL TAX	IMPORT DUTY
NO.	COMPANY	2015	2015	2015
1	KOIDU HOLDINGS	4,743,961,694.00		
2	SIERRA RUTILE			
3	TIMIS CORPORATION			
4	SIERRA MINERALS HOLDINGS	2,423,548,854.00		
5	H.M DIAMONDS	20,003,460.00		
6	TINKOLILI (IRON) ORE LTD	21,330,094,371.27		
7	S.D.STEEL LTD			
8	AFRICAN RAILWAYS & PORT SERVICES			
9	KASSIM BASMA	985,340.42		
10	AMARA MINING LTD			
11	AMR GOLD SL LTD - WICKINSON HICC MINING			
12	SHAWKE B. SHOUR	826,200		

This figures have not been validated by the independent administration

APPENDIX 4B NRA PAYEE

	NRA TEMPLATES			
NO.	COMPANY	PAYEE 2015	PAY ROLL TAX 2015	IMPORT DUTY 2015
1	KOIDU HOLDINGS			
2	SIERRA RUTILE	3,933,960.61	57,500,000.00	860,153,333.21
3	TIMIS CORPORATION	1,795,271,218.00		417,778,699.63
4	SIERRA MINERALS HOLDINGS	3,738,055,759.00	87,393,646.00	6,355,077,315.18
5	H.M DIAMONDS	18,411,465.19		
6	TINKOLILI (IRON) ORE LTD	30,414,146,218.71		
7	S.D.STEEL LTD			
8	AFRICAN RAILWAYS & PORT SERVICES	25,558,072,907.64	348,750,000.00	12,419,942.45
9	KASSIM BASMA			
10	AMARA MINING LTD			
11	AMR GOLD SL LTD - WICKINSON HICC MINING			
12	SHAWKE B. SHOUR			

This figures have not been validated by the independent administration

APPENDIX 5

MINISTRY OF MINES AND MINERAREOURCES DIAMOND AREA COMMUNITY DEV. FUND (DACDF) PAYMENT VOUCHER FOR THYEAR 2015

KENEMA DISTRICT-2015

S/ N	CHIEFDOM	JAN-JUNE	JUL-DEC	TOTAL AMOUNT	CHEQUE NO.
1	P.C Goroma Mende Chiefdom	64,619,048	43,809,524	108,428,572	29354716
2	P.C Falla Wandor Chiefdom	40,619,048	29,523,810	70,142,875	2935717
3	P.C. Simbaru Chiefdom	43,619,048	29,523,810	73,142,857	2935718
4	P.C Kandu Leppiama Chiefdom	73,619,048	58,095,238	131,714,286	2935720
5	P.C. Small Bo Chiefdom	13,619,048	0	13,619,048	2935721
6	P.C. Nongowa Chiefdom	28,619,048	18,095,238	48,714,286	2935722
7	P.C. Lower Bambara Chiefdom	85,619,048	38,095,238	123,714,286	2935724
8	P.C. Malegohun Chiefdom	36,119,048	26,666,667	62,785,714	2935725
9	P.C Dama Chiefdom	15,119,048	0	15,119,048	2935726
10	P.C. Nomo Chiefdom	12,119,048	9,523,810	21,642,857	2935727
11	P.C. Dodo Chiefdom	21,119,048	23,809,524	44,928,571	2935728
12	P.C. Koya Chiefdom	13,619,048	0	13,619,048	2335729
13	Chief Administrator Kenema District Council	119,000.00	72,380,952	191,380,952	2935730
	TOTAL	567,428,571	349,523,810	916,952,381	

BO DISTRICT-2015

S/ N	CHIEFDOM	JAN-JUNE	JUL-DEC	TOTAL AMOUNT	CHEQUE NO.
1	P.C. Baoma Chiefdom	45,119,048	29,53,810	74,642,857	2935731
2	P.C. Tikonko Chiefdom	33,119,048	23,809,524	56,928,571	2935732
3	P. C. Lugbu Chiefdom	13,619,048	15,238,095	28,857,143	2935733
4	P.C. Jaiama Bongor Chiefdom	15,119,048	12,380,952	27,500,000	2935734
5	P.C. Badjiia Chiefdom	9,119,048	0	9,119,048	2935735
6	P.C. Valunia Chiedom	9,119,048	12,380,952	21,500,000	2935736
7	P.C. Kakua Chiefdom	9,119,048	0	9,119,048	2935737
8	P.C. Komboya Chiefdom	10,619,048	15,238,095	25,875,143	2935738
9	P.C. Barri Chiefdom	9,119,048	18,095,238	27,214,286	2935739
10	P.Bumpeh Ngao Chiefdom	10,619,048	0	10,619,048	2935740
11	Council	29,500,000	26,666,667	56,166,667	2935741
	TOTAL	194,190,476	153,333,333	347,523,810	

KONO DISTRICT -2015

S/ N	CHIEFDOM	JAN-JUNE	JUL-DEC	TOTAL AMOUNT	CHEQUE NO.
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1	P.C. Sandor Chiefdom	88,619,048	35,238,095	123,857,143	2935705
2	P.C. Gbense Chiefdom	73,619,048	38,095,238	111,714,286	2935706
3	P.C. Nimikoro Chiefdom	123,119,048	109,523,810	232,642,857	2935707
4	P. Tankoro Chiefdom	34,619,048	23,809,524	58,428,571	2935708
5	P.C. Gorama Kono Chiefdom	10,619,048	9,523,810	20,142,857	2935710
6	P.C.Nimiyama Chiefdom	97,619,048	60,952,381	158,571,429	2935711
7	P.C. Kamara Chiefdom	70,619,048	40,952,381	111,571,429	2935712
8	Chief Administrator Kon District Council	136,551,191	90,476,190	227,027,381	2935714
9	Kono New Sembehun City Council	11,948,810	0	11,948,810	2935719
	TOTAL			1,055,904,762	

PUJEHUN DISTRICT -2015

S/N	CHIEFDOM	JAN-JUNE	JUL-DEC	TOTAL AMOUNT	CHEQUE NO.
1	P.C. Makplel Chiefdom	12,119,048	12,380,295	24,500,000	2935744
2	P.C. Sorogbema Chiefdom	9,119,048	0	9,119,048	2935745
3	P.C. Panga Krim Chiefdom	0	9,523,810	9,523,810	2935746
4	P.C. Panga Kabonde Chiefdom	13,619,048	12,380,952	26,000,000	2935748
5	P.C. Malen Chiefdom	12,119,048	0	12,119,048	2935748
6	Chief Administrator Pujehun District Council	5,500,000	4,761,905	10,261,905	2935749
	TOTAL	52,476,190	39,476,190	39,047,619	91,523,810

TINKOLILI DISTRICT -2015

S/N	CHIEFDOM	JAN-JUNE	JUL-DEC	TOTAL AMOUNT	CHEQUE NO.
1	Konike Sande	10,619,048		10,619,048	2935762
2	Gbonikolenken	9,119,048		9,119,048	2935764
3	Kafe Simira	9,119,048		9,119,048	2935765
4	Chief Administrator Tonkolili District Council	2,000,000		2,000,000	293567
	TOTAL	30,857,143		30,857,143	

KAILAHUN DISTRICT -2015

S/N	CHIEFDOM	JAN-JUNE	JUL-DEC	TOTAL AMOUNT	CHEQUE NO.
1	P.C. Njaluahun Chiefdom	16,619,048	9,523,810	26,142,857	2935752
2	P.C. Jawei Chiefdom	19,619,048	15,238,095	34,857,143	2935753
3	P.C. Malema Chiefdom	21,119,048	0	21,119,048	2935754
4	Chief Administrator Kailahun District Council	11,500,000	3,809,524	15,309,524	2935755
	TOTAL	68,857,143	28,571,429	97,428,571	

KAMBIA DISTRICT-2015

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

BOMBALI DISTRICT -2015

S/ N	CHIEFDOM	JAN-JUNE	JUL-DEC	TOTAL AMOUNT	CHEQUE NO.
1	Sella Limba	15,119,048	9,523,810	24,642,857	2935756
2	Chief Administrator Bambali District Council	2,500,000	952,381	3,452,381	293.5757
	TOTAL	17,619,048	10,476,048	28,095,238	

MOYAMBA DISTRICT - 2015

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

APPENDIX 6

DETAILS OF RECONCILIATION SLEITI 2015

KOIDU LIMITED (TONGUMA)

No.	Revenue Stream	Company			Government			Final Amounts		Unresolved	
		Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	under
	2015										
1	Mining Licence	480,143		480,143	456,957		456,957	480,143	456,957	23,186	23,186
2	Exploration Licence			-			-	-	-	-	-
3	Royalty	4,941,156		4,941,156	4,951,942		4,951,942	4,941,156	4,951,942	(10,786)	(10,786)
4	Export duty for Diamonds			-			-	-	-	-	-
5	Corporate Tax			-			-	-	-	-	-
6	Diamond Exporter's License fee			-			-	-	-	-	-
7	Environmental Impact Assessment License	111,175		111,175	141,550		141,550	111,175	141,550	(30,375)	(30,375)
8	Environmental Impact Assessment Monitoring Fees	22,235		22,235	28,310		28,310	22,235	28,310	(6,075)	(6,075)
9	Surface Rent	65,859	-42,805	23,054	23,054		23,054	23,054	23,054	-	-
10	Agricultural Development Fund			-			-	-	-	-	-
11	Community Development Fund			-			-	-	-	-	-
	TOTAL	5,620,568.00	(42,805.00)	5,577,763.00	5,601,813.15	-	5,601,813.15	5,577,763.00	5,601,813.15	(24,050.15)	(24,050.15)

SIERRA RUTILE LIMITED

No.	Revenue Stream	Company			Government			Final Amounts		Unresolved	
		Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	under
	2015										
1	Mining Licence			0	132,331		132,331	0	132,331	(132,331)	(132,331)
2	Exploration Licence			0			-	-	-	-	-
3	Royalty			0	3,231,219		3,231,219	-	3,231,219	(3,231,219)	(3,231,219)
4	Export duty for Diamonds			0			-	-	-	-	-
5	Corporate Tax			0	979,649		979,649	-	979,649	(979,649)	(979,649)
6	Diamond Exporter's License fee			0			-	-	-	-	-
7	Environmental Impact Assessment License			0	220,670		220,670	-	220,670	(220,670)	(220,670)
8	Environmental Impact Assessment Monitoring Fees			0	44,134		44,134	-	44,134	(44,134)	(44,134)
9	Surface Rent			0			-	-	-	-	-
10	Agricultural Development Fund			0			-	-	-	-	-
11	Community Development Fund			0			-	-	-	-	-
	TOTAL	0	0	0	4608003.08	0	4608003.08	0	4608003.08	- 4608003.08	-4608003.1

TIMIS MINING CORPORATION SL LIMITED

No.	Revenue Stream	Company			Government			Final Amounts		Unresolved	
		Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	under
	2015										
1	Mining Licence			0	500,000		500,000	0	500,000	(500,000)	(500,000)
2	Exploration Licence			0			-	0	-	-	-
3	Royalty			0	1,442,499		1,442,499	0	1,442,499	(1,442,499)	(1,442,499)
4	Export duty for Diamonds			0			-	0	-	-	-
5	Corporate Tax			0			-	0	-	-	-
6	Diamond Exporter's License fee			0			-	0	-	-	-
7	Environmental Impact Assessment License			0	291,110		291,110	0	291,110	(291,110)	(291,110)
8	Environmental Impact Assessment Monitoring Fees			0	58,162		58,162	0	58,162	(58,162)	(58,162)
9	Surface Rent			0			-	0	-	-	-
10	Agricultural Development Fund			0			-	0	-	-	-
11	Community Development Fund			0			-	0	-	-	-
	TOTAL	0	0	0	2291771	0	2291771	0	2291771	-2291771	-2291771

VIMETCO SMHL

No.	Revenue Stream	Company			Government			Final Amounts		Unresolved	
		Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	under
	2015										
1	Mining Licence	550,000		550,000	550,000		550,000	550,000	550,000	-	-
2	Exploration Licence	43,207		43,207	43,207		43,207			-	-
3	Royalty	1,263,310		1,263,310	1,263,309		1,263,309			-	-
4	Export duty for Diamonds			0			-			-	-
5	Corporate Tax	0		0			-			-	-
6	Diamond Exporter's License fee			0			-			-	-
7	Environmental Impact Assessment License	160,116		160,116	152,520		152,520			-	-
8	Environmental Impact Assessment Monitoring Fees	30,504		30,504	35,952		35,952			-	-
9	Surface Rent	134,291	(87,289.00)	47,002	47,002		47,002			-	-
10	Agricultural Development Fund			0			-			-	-
11	Community Development Fund	217,695		217,695			-			-	-
	TOTAL	2,399,123	-87,289	2,311,834	2,091,990	0	2,091,990	550,000	550,000	0	0

H.M.DIAMONDS

H.M.DIAMONDS											
Company					Government			Final Amounts		Unresolved	
No.	Revenue Stream	Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	under
	2015										
1	Mining Licence			0			-	0	-	-	-
2	Exploration Licence			0			-	0	-	-	-
3	Royalty			0			-	0	-	-	-
4	Export duty for Diamonds			1578718	1,578,721		1,578,721	1578718	1,578,721	(3)	(3)
5	Corporate Tax	1,578,718.00		157870	181,772		181,772	157870	181,772	(23,902)	(23,902)
6	Diamond Exporter's License fee	36,500.00		36500	35,000		35,000	36500	35,000	1,500	1,500
7	Environmental Impact Assessment License			0			-	0	-	-	-
8	Environmental Impact Assessment Monitoring Fees			0			-	0	-	-	-
9	Surface Rent			0			-	0	-	-	-
10	Agricultural Development Fund			0			-	0	-	-	-
11	Community Development Fund			0			-	0	-	-	-
	TOTAL	1773088	0	1773088	1795493	0	1795493	1773088	1795493	-22405	-22405

S.D. STEEL – TINKOLILI IRON ORE SIERRA LEONE LTD/AFRICAN MINERALS

No.	Revenue Stream	Company			Government			Final Amounts		Unresolved	
		Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	under
	2015										
1	Mining Licence	1,000,000		1,000,000	1,250,000		1,250,000	1,000,000	1,250,000	(250,000)	(250,000)
2	Exploration Licence			-			-	-	-	-	-
3	Royalty			-			-	-	-	-	-
4	Export duty for Diamonds			-			-	-	-	-	-
5	Corporate Tax			-			-	-	-	-	-
6	Diamond Exporter's License fee			-			-	-	-	-	-
7	Environmental Impact Assessment License	207,720		207,720	445,840		445,840	207,720	445,840	(238,120)	(238,120)
8	Environmental Impact Assessment Monitoring Fees	41,544		41,544	89,168		89,168	41,544	89,168	(47,624)	(47,624)
9	Surface Rent	23,415	(15,220)	8,195			-	8,195	-	8,195	8,195
10	Agricultural Development Fund			-			-	-	-	-	-
11	Community Development Fund			-			-	-	-	-	-
	TOTAL	1,272,679	(15,220)	1,257,459	1,785,008	-	1,785,008	1,257,459	1,785,008	(527,549)	(527,549)

KASSIM M. BASMA

No.	Revenue Stream	Company			Government			Final Amounts		Unresolved	
		Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	under
	2015										
1	Mining Licence			0			-	0	-	-	-
2	Exploration Licence			0			-	0	-	-	-
3	Royalty			0			-	0	-	-	-
4	Export duty for Diamonds	419,832.00		419,832	419,832		419,832	419832	419,832	-	-
5	Corporate Tax	41,984.00		41,984	41,983		41,983	41984	41,983	1	1
6	Diamond Exporter's License fee	35,000		35,000	35,000		35,000	35000	35,000	-	-
7	Environmental Impact Assessment License			-			-	0	-	-	-
8	Environmental Impact Assessment Monitoring Fees			-			-	0	-	-	-
9	Surface Rent			-			-	0	-	-	-
10	Agricultural Development Fund			-			-	0	-	-	-
11	Community Development Fund			-			-	0	-	-	-
	TOTAL	496816	0	496,816	496,815	0	496815.22	496816	496815.22	0.78	0.78

CLUFF-AMARA MINING SL. LTD IRO BAOMAHUN GOLD LIMITED

No.	Revenue Stream	Company			Government			Final Amounts		Unresolved	
		Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	Under
	2015										
1	Mining Licence			0			-	0	-	-	-
2	Exploration Licence			0	281,240		281,240	0	281,240	(281,240)	(281,240)
3	Royalty			0			-	0	-	-	-
4	Export duty for Diamonds			0			-	0	-	-	-
5	Corporate Tax			0			-	0	-	-	-
6	Diamond Exporter's License fee			0			-	0	-	-	-
7	Environmental Impact Assessment License			0	125,450		125,450	0	125,450	(125,450)	(125,450)
8	Environmental Impact Assessment Monitoring Fees			0	25,090		25,090	0	25,090	(25,090)	(25,090)
9	Surface Rent			0			-	0	-	-	-
10	Agricultural Development Fund			0			-	0	-	-	-
11	Community Development Fund			0			-	0	-	-	-
	TOTAL	0	0	0	431780	0	431780	0	431,780	(431,780)	(431,780.00)

AMR GOLD SL LTD. IRO WICKINSON HILL MINING

No.	Revenue Stream	Company			Government			Final Amounts		Unresolved	
		Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	under
	2015										
1	Mining Licence			0			-	0	-	-	-
2	Exploration Licence			0			-	0	-	-	-
3	Royalty			0			-	0	-	-	-
4	Export duty for Diamonds			0			-	0	-	-	-
5	Corporate Tax			0			-	0	-	-	-
6	Diamond Exporter's License fee			0			-	0	-	-	-
7	Environmental Impact Assessment License			0			-	0	-	-	-
8	Environmental Impact Assessment Monitoring Fees			0			-	0	-	-	-
9	Surface Rent			0			-	0	-	-	-
10	Agricultural Development Fund			0			-	0	-	-	-
11	Community Development Fund			0			-	0	-	-	-
	TOTAL	0	0	0	0	0	0	0	0	0	0

SHAWKE B. SHOUR

No.	Revenue Stream	Company			Government			Final Amounts		Unresolved	
		Initial Amount US\$	Resolved	Final	Initial Amount US\$	Resolved	Final	Company	Government	Over	Under
	2015										
1	Mining Licence			0			-	0	-	-	-
2	Exploration Licence			0			-	0	-	-	-
3	Royalty			0			-	0	-	-	-
4	Export duty for Diamonds			0	170,291		170,291	0	170,291	(170,291)	(170,291)
5	Corporate Tax			0	17,029		17,029	0	17,029	(17,029)	(17,029)
6	Diamond Exporter's License fee			0	35,000		35,000	0	35,000	(35,000)	(35,000)
7	Environmental Impact Assessment License			0			-	0	-	-	-
8	Environmental Impact Assessment Monitoring Fees			0			-	0	-	-	-
9	Surface Rent			0			-	0	-	-	-
10	Agricultural Development Fund			0			-	0	-	-	-
11	Community Development Fund			0			-	0	-	-	-
	TOTAL	0	0	0	222320.11	0	222320.11	0	222320.11	-	222320.11

