SIERRA LEONE EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE (SLEITI)

SLEITI 2017-2018 REPORT

December 31st , 2019

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List of Abbreviations/Acronyms

AAPG	American Association of Petroleum Geologists
AFROSAI	African Organization of Supreme Audit Institution
ASM	Artisanal & Small Scale Mining
ASSL	Audit Service Sierra Leone
BO	Beneficial Ownership
CAC	Corporate Affairs Commission
CDA	Community Development Agreement
CDC	Community Development Committee
CDF	Community Development Fund
CIT	Corporate Income Tax
CSO	Civil Society Organization
CV	Curriculum Vitae
DACD	Diamond Area Community Development
DACDF	Diamond Area Community Development Fund
EITI	Extractive Industries Transparency Initiative
EIA	Environmental Impact Assessment
EIRA	Extractive Industry Revenue Act
EPA	Environmental Protection Agency
E&P	Exploration and Production Act

GDP	Gross Domestic Product
GGDO	Government Gold and Diamond Office
GIS	Geographical Information System
GoSL	Government of Sierra Leone
GSTA	Goods and Service Tax Act
IA	Independent Administrator
INTOSAI	International Organization of Supreme Audit Institutions
ISSAI	International Standards of Supreme Audit Institutions
ITA	Income Tax Act
JORC	Joint Ore Reporting Code
MAGS	Mining and General Services
MCAS	Mining Cadastre
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
MOF	Ministry of Finance
MSG	Multi Stakeholder Group
NMA	National Minerals Agency
NRA	National Revenue Authority
NWF	New Field Resources
PAYE	Pay As You Earn

PD	Petroleum Directorate
PEPA	Petroleum Exploration Production Act
PFM	Public Financial Management
PMT	Precious Minerals Trading
PRRT	Petroleum Resource Rent Tax
SLEITI	Sierra Leone Extractive Industries Transparency Initiative
SLL	Sierra Leone
SOE	State Owned Enterprises

Executive Summary

Sierra Leone is implementing the Extractive Industries Transparency Initiative (EITI), a global standard that promotes transparency and accountability in the oil, gas and mining sectors. The Initiative requires the implementing countries to disclose company payment and government receipts from the extractive sector. It is in in this context that the Sierra Leone EITI Report covering 2017 and 2018 financial years is produced. Sierra Leone recruited Boas & Associate to serve as the Independent Administrator and produce the SLEITI Report.

The report provides detailed contextual information including institutional settings, legal frameworks, revenues, resource extraction and local benefits, with a view to assisting the reader understand the figures presented.

For 2017, the Sierra Leone EITI Multi-Stakeholder Group (MSG) selected eleven extractive companies for coverage of the report. For 2018, the Sierra Leone EITI Multi-Stakeholder Group (MSG) selected thirteen extractive companies for coverage of the report.

The MSG also agreed the following government agencies and entities participate in the reporting: the National Revenue Authority (NRA), the Environmental Protection Agency (EPA), the National Minerals Agency (NMA)/ Precious Minerals Trading (PMT), the Ministry of Mines and Mineral Resources (MMMR), the Petroleum Directorate, the Ministry of Local Government & Rural Development (MLGRD), District Councils & Chiefdom Administrations, Community Development Committees (CDCs) Paramount Chiefs (PCs) and Members of Parliament (MPs).

The MSG selected 2017 and 2018 to cover the following payment streams:

Benefit Stream	NRA	MMMR	NMA	EPA	District/ Chiefdom Councils	Petroleum Directorate	CDCs	PCs & MPs)
Royalty	✓							
Mining License	✓							
Exploration License	✓							
Corporate Tax	✓							
Environmental Assessment Monitoring fee				✓				
Environmental Assessment License fee				✓				
Export Duty on Diamonds			✓					
Diamond Exporter's License	✓							

Surface Rent(Mining)					✓			
Community Development Fund							✓	✓
Agricultural Development Fund		✓						
Training fees						✓	✓	✓
Surface Rental(petroleum)						✓	✓	✓
Technology Bonus						✓	✓	✓
Extension Fees						✓	✓	✓
Signature Bonus						✓	✓	✓

The following two tables show reconciliation of extractive entities payments and government receipts in 2017 and 2018 as shown by revenue streams.

No.	2017	Company			Government			Final Amounts		Unresolved	
	Revenue Stream	Initial Amount US$	Resolved	Final	Initial Amount US$	Resolved	Final	Company	Government	Over	Under
1	Mining Licence	1,935,348	1,025,921	2,961,269	2,886,269	50,000	2,936,269	2,961,269	2,936,269	25,000	(0)
2	Exploration Licence	88,844	493,006	581,850	573,810	-	573,810	581,850	573,810	8,040	(0)
3	Royalty	8,965,050	546,723	9,511,773	9,511,773	-	9,511,773	9,511,773	9,511,773	-	-
4	Export duty for Diamonds	1,765,369	-	1,765,369	1,765,366	-	1,765,366	1,765,369	1,765,366	3	2
5	Corporate Tax	4,907,845	(507,470)	4,400,375	4,400,399	-	4,400,399	4,400,375	4,400,399	3	(27)
6	Diamond Exporter's License fee	104,490	(32,967)	71,523	88,000	-	88,000	71,523	88,000	-	(16,477)
7	Environmental Impact Assessment License	1,044,343	239,833	1,284,176	1,107,286	-	1,107,286	1,284,176	1,107,286	176,890	0
8	Environmental Impact Assessment Monitoring Fees	71,213	116,078	187,291	221,493	-	221,493	187,291	221,493	-	(34,202)
9	Surface Rent	1,208,058	-	1,208,058	1,021,257	186,402	1,207,659	1,208,058	1,207,659	399	(1)
10	Agricultural Development Fund		-	116,432	116,432	-	116,432	116,432	116,432	-	-
11	Community Development Fund	396,917	-	396,917	396,917	-	396,917	396,917	396,917	0	0

	TOTAL	**20,487,477**	**1,881,124**	**22,485,033**	**22,089,003**	**236,402**	**22,325,405**	**22,485,033**	**22,325,405**	**210,335**	**(50,707)**

	2018	**Company**			**Government**			**Final Amounts**		**Unresolved**	
No.	**Revenue Stream**	**Initial Amount US$**	**Resolved**	**Final**	**Initial Amount US$**	**Resolved**	**Final**	**Company**	**Government**	**Over**	**Under**
1	Mining Licence	6,518,402	1,575,606	8,094,009	7,917,174	151,500	8,068,674	8,094,009	8,068,674	25,335	-
2	Exploration Licence	138,432	150,109	288,541	238,993	49,548	288,541	288,541	288,541	-	0
3	Royalty	12,327,986	318,707	12,646,693	12,632,947	-	12,632,947	12,646,693	12,632,947	13,766	(20)
4	Export duty for Diamonds	1,908,882	(149,994)	1,758,888	1,758,885	-	1,758,885	1,758,888	1,758,885	3	-

5	Corporate Tax	6,627,317	(3,252,260)	3,375,057	3,371,959	-	3,371,959	3,375,057	3,371,959	3,098	(0)
6	Diamond Exporter's License fee	139,448	(32,832)	106,616	117,000	-	117,000	106,616	117,000	-	(10,384)
7	Environmental Impact Assessment License	923,526	-	923,526	836,915	42,300	879,215	923,526	879,215	61,631	(17,320)
8	Environmental Impact Assessment Monitoring Fees	101,597	42,300	143,897	167,383	-	167,383	143,897	167,383	1,056	(24,542)
9	Surface Rent	1,506,130	(1,147,180)	358,950	346,075	-	346,075	358,950	346,075	12,875	-
10	Agricultural Development Fund	113,725	-	113,725	-	113,725	113,725	113,725	113,725	-	-
11	Community Development Fund	1,279,546	64,860	1,344,406	1,344,406	-	1,344,406	1,344,406	1,344,406	(0)	0
	TOTAL	**31,584,991**	**(2,430,684)**	**29,154,307**	**28,731,737**	**357,073**	**29,088,810**	**29,154,307**	**29,088,810**	**117,763**	**(52,266)**

Discrepancies are labeled 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 labeled negative.

There were unresolved net discrepancies of US$ 159,628 and US$65,497 in 2017 and 2018 respectively. This represents 0. 39% and 0, 11% of total government receipts in 2017 and 2018 respectively.

Absolute discrepancies of US$261,042 and US$170,029 were recorded for 2017 and 2018 respectively. These represent 0.65% of total government receipts (in the mining sector) in 2017 and 0.28% of total government receipts (mining sector) in 2018.

We provide the following key observations and recommendations emerging from the production of SLEITI 2017 and 2018 Report:

	Observations	Recommendations
1.	The MCAS or the online mining register/cadastre does not feature essential requirements such as license terminations and transfers. These are available offline.	We recommend that these details are uploaded onto the MCAS system for easier accessibility.
2.	Surface rents vary with mining agreements as currently there are no uniform statutory rates or cost per area established for mining companies.	There should be uniform rates or threshold rates for certain categories of mining contracts and activities. This will ensure standardization and foster transparency.
3.	During reconciliation surface rent templates are sent in by several chiefdoms and District Councils. Where there is much chiefdom within the operational area of the mine, it is difficult to distribute the payments made by the Companies.	Companies or NMA should provide details of payments made by mining companies to Communities (stating which chiefdoms and Parliament chiefs and the amounts paid) within their operational area to afford easy reconciliation.
4.	Documentation on Exporter license and Agent fees should be available for the purposes of levying tax chargeable.	The base data for such payments must be furnished the MSG to enable them maintain database of ASM activities for future EITI reporting.
5.	The Petroleum Directorate has no petroleum license information online.	The Petroleum Directorate must maintain an online register albeit

		currently few licenses, this is in compliance with EITI requirements and fosters transparency.
6.	The MCAS or the online mining register/cadastre does not feature essential requirements such license terminations and transfers. These are available offline.	It is recommended that these are uploaded onto the MCAS system for easier accessibility.
7.	There are no statutory requirements for company payments to be made directly to sub national entities or specific central government agency. It is commonly held that the new Minerals Policy and the proposed new Model mine development Agreement would address these lacunas.	MSG is encouraged to facilitate the review of these legal documents which seek to legitimize all company payments to central agency prior to disbursement.

1.0: BACKGROUND

The Extractive Industries Transparency Initiative (EITI) is a global standard that promotes transparency and accountability in the oil, gas and mining sectors. It has a robust yet flexible methodology for disclosing and reconciling company payments and government receipts in implementing countries.

EITI implementation has two core components

- **Transparency**: oil, gas and mining companies disclose their payments to the government, and the government discloses its receipts. The figures are reconciled by an Independent Administrator, and published in annual EITI Reports alongside contextual and other information about the extractive sector.

- **Accountability**: a multi-stakeholder group with representatives from government, companies and civil society is established to oversee the process and communicate the findings of the EITI Report, and promote the integration of EITI into broader transparency efforts in that country.

This enables citizens to make informed demands for fair and sustainable use of revenues generated through the exploitation of natural resources. Accountable governments and informed public will, it is expected, contribute to greater political stability and improved development outcomes.

1.1 EITI Implementation in Sierra Leone

Sierra Leone joined the Extractive Industry Transparency Initiative in 2006, with a view to enhancing good governance and transparency in its extractive sector. A Multi-stakeholder Group (MSG) consisting of over thirty members representing the Government, civil society and the private sector guides implementation of the initiative. The MSG is led by the Minister of State in the Office of the Vice-President and includes the following representatives:

1. Office of the Vice-President;
2. Civil Society Organizations;
3. Mining Companies;
4. Petroleum Exploration Companies;
5. The National Parliament;
6. National Revenue Authority;
7. Environmental Protection Agency
8. Corporate Affairs Commission
9. The Ministry of Mines and Mineral Resources;
10. National Minerals Agency
11. The Ministry of Finance;
12. The Ministry of Local Government & Rural Development;
13. The Ministry of Fisheries and Marine Resources;
14. Petroleum Directorate;
15. Audit Service Sierra Leone;
16. Council of Paramount Chiefs;

Following its validation in respect to compliance with the EITI's transparency Standard, on June 17, 2019, the EITI Board determined that "Sierra Leone has made meaningful progress overall in implementing the EITI Standard." The Board further "determined that Sierra Leone will have 18 months, i.e. until 17 December 2020 to carry out corrective actions regarding the requirements relating to industry engagement (1.2), civil society engagement (1.3), MSG governance (1.4), work plan (1.5), license allocations (2.2), state-participation (2.6), production data (3.2), comprehensiveness (4.1), barter and infrastructure arrangements (4.3), direct subnational payments (4.6), data quality (4.9), subnational transfers (5.2), social expenditures (6.1) and public debate (7.1), with industry engagement, MSG governance, barter and infrastructure arrangements, direct subnational payments, subnational transfers and social expenditures being the main areas of concern." *(See: https://eiti.org/BD/2019-46).*

1.2 OBJECTIVES AND CONTENTS OF THE REPORT

a) To produce a report covering the 2017 and 2018 financial years in accordance with the 2016 EITI Standard.
b) Perform other related tasks outlined in the Terms of Reference (see Appendix 1) including a scoping study for the 2017/2018 EITI report.

Areas covered in the report are:

i. Methodology
ii. Overview of the extractive sector in Sierra Leone
iii. Requirements of the 2016 Standard
iv. Reconciliation scope and results.
v. Observations and Recommendations and
vi. Conclusions.

1.3 METHODOLOGY

The assignment comprised of two main phases:

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

At the preliminary stage a scoping study was undertaken to identify the reporting parameters

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.
- Petroleum (Exploration & Production Act) 2011
- Income Tax Act 2000, as amended
- Environmental Protection Agency Act 2008.
- Validation Reports
- Annual reports and financial statements of the participating companies for 2017/18.
- Sierra Leone Audit Manual.
- The 2016 EITI Standard
- Extractive Industries Revenue Act, 2018 and others[1].

- [11] The IMF Government Finance Statistics, Annual reports of the Central Bank of Sierra Leone Sierra Leone National Budgets for 2017 and 2018. Preliminary scoping work and previous scoping study reports, Feasibility Reports of extractive Companies Reports of seminars and workshops held on the EITI.
- Reporting guidelines; and other relevant documentations from the World Bank Consultative Group on EITI. EITI workplan & other documents (SLEITI 2014-2015 Work plan; SLEITI 2016-2018 Work plan; SLEITI 2017-2019 Work plan).
- Previous EITI Reports. Commentary on previous EITI Reports.
- Civil society reports.
- SLEITI's Value Chain Analysis Report

The reconciliation phase involved

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

2.0 Overview of the Extractive Sector

Mining has been a major contributor to the Sierra Leonean economy since gaining independence in 1961. It is estimated that direct and indirect employment in large-scale mines engage over 30,000 people, with an estimated 300,000 people (including dependents and extended families) deriving their livelihoods from these mines."
(http://parliament.gov.sl/dnn5/LinkClick.aspx?fileticket=JObYz7ErwJk%3d&tabid=83&mid=766). (November 2019)

According to the World Bank, "It is estimated that artisanal mining and related activities provide livelihood support to at least 300,000 Sierra Leoneans and that upwards of 10 percent of Sierra Leoneans are impacted by artisanal diamond mining." *(http://documents.worldbank.org/curated/en/272761511578835426/pdf/SIERRA-LEONE-PAD-11032017.pdf). (November 2019)*

According to Statistics Sierra Leone, the mining sector contributed to the GDP 23.50% in 2013, 26.26% in 2014, 3.14% in 2015, 5.67% in 2016 and 4.72% in 2017. *(https://www.statistics.sl/images/StatisticsSL/Documents/gdp/2017_gdp_analysis.pdf).* The sector was severely affected by the Ebola outbreak in 2014 and the fall of commodity prices.

The Mines and Minerals Act (2009), which is currently under review, regulates the sector. The Income Tax Act (2000) and the Extractive Industry Revenue Act (2018) set out the fiscal regime. The objective of the EIRA is to provide for and coordinate various taxes and charges on extractive industries, the regulation of fiscal aspects of extractive industry agreements and for other related matters.

The Environmental Protection Agency Act (2008) ensures compliance with environmental standards. The National Minerals Agency is the lead agency for matters on mining in Sierra Leone, while the National

Revenue Authority and the Environmental Protection Agency have mandates to collect revenues and protect the environment respectively.

At the local government level, district councils and chiefdom administrations also play roles, given their mandate of ensuring local communities benefit from mining.

The oil and gas sector is regulated by the Petroleum (Exploration and Production) Act of 2011. The Extractive Industry Revenue Act (2018) regulates revenue sources from oil and gas exploration.

The Petroleum Directorate coordinates the award of petroleum licenses, negotiates the terms of all petroleum licenses. It also has the mandate of monitoring, regulating and facilitating upstream petroleum activities. The Petroleum Directorate directly reports to the Office of the President.

The oil and gas industry in Sierra Leone is in the exploration stage, and the country is not yet an oil producer. Discoveries of natural gas and oil during the decade have sparked the interest of several global oil producers. However, the volatility of oil prices in international markets has dampened interest to exploit oil in Sierra Leone.

Despite this challenge, the Government has continued efforts to attract investors. For instance, the Government has decided to reopen the country's Fourth Licensing Round with the following structure: "Fully open the Republic's offshore waters for petroleum licensing. Utilize a more flexible Block framework as the basis for licensing; Launch a Direct Tender for License Applications where 50% or more of the application area is in water depths in excess of 2,500 m. Launch an Open Tender for all other License Applications." *(Source: http://pd.gov.sl/conclusion-of-fourth-licensing-round-consultation-full-opening-of-sierra-leones-offshore-waters-to-tender/)*. The outcome of the Fourth Licensing Round has not yet been announced.

Recognizing that the oil and gas sector can bring tax revenues and other benefits such as employment, technology transfer, local capacity development, the Government

(i) Developed a Medium-Term Strategic Plan 2018-2023 and Operational Plan 2019,

(ii) Initiated intensive industry consultation with London based technical partners;

(iii) Established or strengthened partnerships and undertaken marketing activities as part of efforts aimed at stimulating interest in the upstream sub sector in Sierra Leone;

(iv) Initiated the acquisition, processing, and Interpretation of Additional 5,000 line-km of 2-Dimensional Multi-Client Seismic Data;

(v) Reconfigured contract areas[;] and (vi) [carried out] capacity building for operational excellence while enhancing the visibility of the sector." (Source: *http://foreignaffairs.gov.sl/wp-content/uploads/2019/05/HE_President_Bio_SOP2019.pdf*).

In the mining sector, licenses including reconnaissance license, exploration license, small-scale mining license and large-scale mining license are given on a first- come first- served basis.
The National Minerals Agency is the principal point of contact for the general public in all matters to do with mineral rights, including collection of data on mineral exploration, production and exports. It consists of the Mining Cadastre Office (MCO) and the Geographical Information System (GIS). MCO maintains a mineral rights registry, while GIS keeps the cadastral survey map of Sierra Leone.

Tender grants exploration and production license for oil and gas sector, and the Petroleum Directorate handles all matters relating to licensing, including exploration maps. At present, the Petroleum Directorate does not maintain an electronic oil and gas registry.

The National Revenue Authority is the principal government agency responsible for revenue collection from the extractive sector. The collected revenues are transferred to Sierra Leone National Treasury. The revenues from extractive industries are not separately reported in the national budget. 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.

The state can participate both in mining and oil/gas sectors. According to162. (1) of the Mines and Minerals Act (2009), "The Government of Sierra Leone shall have the option to acquire on such terms as shall be agreed upon between the holder of a large-scale mining license and the Government, shareholding interest in any large-scale mining operations. (2) Any agreement concluded under subsection (1) shall be done with the advice of the Minerals Advisory Board and with the concurrence of the Minister of Finance. " *(https://mof.gov.sl/wp-content/uploads/2019/02/2018-EXTRACTIVE-INDUSTRY-ACT.pdf)*.

Under Article 85 of the Petroleum (Exploration and Production) Act (2011), "Where the state elects to participate in a petroleum license, it shall have an initial carried interest of at least 10% and may acquire an additional paying interest up to a declared maximum within a specified period of time from the date a

discovery is declared to be commercial discovery.*"(Source: http://www.sierra-leone.org/Laws/2011-07.pdf)*.

Although the National Minerals Agency has disclosed some contracts on its website, the Government of Sierra Leone does not have a policy and law on contract disclosure. It does not also have a law on the disclosure of beneficial ownership of extractive companies. However, at the 2019 EITI Global Conference, "Sierra Leone announced plans to have a draft beneficial ownership legislation in place by the end of 2019." *(https://eiti.org/news/raising-bar-on-extractives-transparency)*.

Local impacts of mining and oil & gas operations are managed through key legislation. The Environmental Protection Agency Act (2008) ensures adherence to health, safety and environmental requirements. The Mines and Minerals Act (2009) makes acquisition and retention of mineral licenses conditional on companies supporting community development.

The Sierra Leone Local Content Agency Act (2016) mandates the participation of Sierra Leonean companies and individuals in the extractive sector.

3.0 Legal, Institutional Framework, Fiscal Regime, Exploration, Production and Exports

3.1. Mining Sector – Legal, Institutional and Fiscal Regime

3.1.1 Legal Framework

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 license.
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 Leone Customs Service department under the National Revenue Authority to manage the movement of goods into and out of Sierra Leone.

7. Income Tax Act, 2000 as amended by the Finance Acts

i. Finance Act 2015

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

ii. Finance Act 2016

The Act sets the income tax applicable to companies for the year of assessment commencing January 2016 shall bet thirty percent.

iii. Finance Act 2017

The Act sets out taxation rates for a taxpayer who is an alluvial gold, diamond or sand-based exporter, exporters' agent, dealer, dealers' agent or miner.

iv. The Finance (Amendment) Act, 2018 [No. 12 of 2018]

Being an Act to amend the provisions of the Finance Acts of 2008, 2017 and 2018 and for other related matters.

v. Finance Act, 2019

The Act provides for the imposition and alteration of taxes, to give effect to the financial proposals of the Government and to provide for other related matters for the financial year 2019

8. The Sierra Leone Local Content Agency Act, 2016 [No. 3 of 2016]

Being an Act to establish the Sierra Leone Local Content Agency to provide for the development of Sierra Leone local content in a range of sectors of the economy such as industrial, mining, petroleum, etc. procurement of goods and services; public works, construction and energy sectors; to promote the ownership and control of productive sectors in the economy by citizens of Sierra Leone; and to provide for other related matters

9. 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.

10. 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.

11. 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.
- Deposits to, and withdrawal from Intergenerational Savings Fund

Source: *www.cabri-sbo.org*

12. 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.

13. Extractive Industry Revenue Act 2018

The objective of this Act is to provide for and coordinate various taxes and charges on extractive industries, the regulation of fiscal aspects of extractive industry agreements and for other related matters.

The following provisions are enshrined in the new Act:

The Act also provides clarity on the ring-fencing provision.

Existing Acts	Amendments
The Mines and Minerals Act, 2009	Royalties and mineral resource rent tax as imposed by the Extractive Industries Revenue Act, 2018;
Income Tax Act, 2000	Annual charges and other amounts payable under the new Act;
National Revenue Authority Act, 2002	3 per cent of the actual revenue collected annually other than royalties, income tax, resource rent tax (mineral and petroleum) and bonus payments introduced
	A percentage to be specified from time to time by the Minister with the approval of Parliament.

3.1.2. Institutions

The following key institutions have responsibilities relating to the mining sector in Sierra Leone:

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, programmers and projects, including issuing Environmental Impact Assessment (EIA) licenses.

National Revenue Authority (NRA)

Established in September 2002, by 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 16 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 license 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. All Chiefdoms have been constituted into a district council. These sub national government agencies receive surface rentals from mining companies.

Members of Parliament

Parliament provides oversight of the extractive Sector in Sierra Leone and the Members of Parliament that receive 10% surface rent from mining companies are to report on payments received.

3.1.3. Fiscal Regime of the Mining Industry

The Income Tax Act (ITA), 2009 and the Extractive Industries Revenue Act (EIRA), 2018 inform and govern fiscal rates in the mining sector unless otherwise stipulated in some special mining agreements.

Tables 2.1 and 2.2 detail the mineral royalty rates and corporate tax respectively as provided for in the MMA, 2009, the ITA, 2000 and the EIRA, 2018 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 License	Category of Mineral	Rate (%)	Remarks*
	All	Special Stones	8%	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	
	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	

The new Extractive Industry Revenue Act provides the following changes to the fiscal regime effective January 2018

Fiscal Item	Amendment
Royalty Rate	3% for minerals obtained pursuant to an artisanal mining license; and
	For minerals other than by artisanal mining license. 6.5% for precious stones other than special stones; 8% for special stones; 5% for precious metals; and 3% for other cases, including bulk minerals.
Mineral Samples	Exempt but taxable when sold
Time for Payment of Royalties	For precious stones and special stones, at the time of evaluation, export or delivery under a contract of sale, whichever is earlier
	For other minerals, the last day of the calendar month following export, processing or delivery under a contract of sale, whichever is earlier
Mineral Resource Rent Tax Rate	40 % of the Income Tax Rate for the year expressed as a whole number

Corporate Income Tax

Corporate Income tax rate is 30% on profits: Most mining contracts stabilize the corporate income tax (CIT) rate at 30%. Koidu Holdings Ltd however has a CIT rate of 35%.

According to the New Extractive Industry Revenue Act, the following income provisions pertain are legally meant to be effective 2018

The income tax rate for mineral operations shall be 30%.

Capital Allowances

All capital allowance expenditure incurred in respect of mineral operations during a year of assessment is placed in a separate pool.

And Capital allowances are granted with respect to each pool at the rates provided for below.

Year of Assessment	Amount of Capital Allowance
In which expenditure incurred	40% of expenditure
Second Year	20% of Expenditure
Third Year	20% of Expenditure
Fourth Year	20% of Expenditure

Capital allowances shall be granted for amounts included in the adjusted cost base of a mineral right and bonus payments according to the following rules:

(a) Each amount is allocated proportionately over the years of assessment from the year in which the amount is incurred until the year in which the term of the right expires; and

(b) Capital allowance for each year is the amount allocated to that year.

Capital allowances granted with respect to a particular year of assessment shall be taken in that year and cannot be deferred to a later year of assessment.

Where an asset for which capital allowances has been granted is disposed of (or deemed to be disposed of) during a year of assessment

(a) If the consideration received for the disposal exceeds the written down value of the asset, the excess shall be included in calculating chargeable income from the mineral operations for the year;

(b) If the written down value of the asset exceeds the consideration received for the disposal, an additional capital allowance shall be granted for the year in an amount equal to the excess.

Operating Losses Provisions in New Extractive Industry Revenue Act

The Income Tax Act 2000 shall apply to allowable losses of a person from a separate mineral operation with the following modifications:

(a) Tax payable may be reduced to 15 percent of the tax that would be due if losses were not carried forward;

(b) A loss may not be carried forward after the latter of the following

(i) The tenth year of assessment from the year of assessment in which the loss was incurred; and

(ii) The tenth year of assessment from the year of assessment in which commercial mining production commenced;

(c) Losses shall be used in the order in which they are incurred; and

(d) Losses from a separate mineral operation may be deducted only in calculating future chargeable income from that operation and not chargeable income from any other mineral operations or non-mineral operations or activities.

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 also referred to as Goods and Services Tax, and personal income 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

Under the Extractive Industry Revenue Act, 2018, each separate mineral operation shall be treated as an independent business and the person shall prepare accounts for that business separate from any other activity of the person and the person shall calculate chargeable income, loss and income tax liability for the business independently for each year of assessment.

Capital Gains Tax: Where an asset for which capital allowances has been granted is disposed of (or deemed to be disposed of) during a year of assessment and the consideration for the disposal exceeds the written down value of the asset, the excess shall be included in calculating chargeable income from the mineral operations for the year.

Summary of Corporate Tax (Aforementioned) and Other Cost Applications

Below contains corporate tax rates and other cost applications.

Table 3.2: *Summary of selected Fiscal Application in Sierra Leone -2017/2018*

Item Description	Applicable Rate
Corporate Tax	30% tax rate on corporate profits
Cost Amortization for Exploration	4 year profiled depreciation at 40%, 20%, 20%, 20% respectively, starting in the year the cost was incurred
Thin Capitalization	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

3.2. Oil & Gas Sector – Legal, Institutional and Fiscal Regime

3.2.1. Legal Framework

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.

The Petroleum (Exploration and Production) (Amendment) Act, 2014 [No. 2 of 2014]

Being an Act to amend the Petroleum (Exploration and Production) Act, 2011. Licenses follow a standard format known to the industry internationally and are the product of negotiations between the licencee 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.

Extractive Industry Revenue Act 2018

The Extractive Industry Revenue Act (2018) regulates revenue sources from oil and gas exploration. It also provides for and coordinates various taxes and charges on extractive industries, the regulation of fiscal aspects of extractive industry agreements and for other related matters.

Royalty Rates

(a) For crude oil - 10%; and

(b) For natural gas - 5%.

(2)Where the Ministers responsible for finance and for management of petroleum matters agree that the application of the rate of royalties under subparagraph (1) to petroleum obtained from particular petroleum operations make or would make those operations uneconomic, the Ministers may recommend a reduced rate of royalty, but not below 80% of the rate specified

(4) The following are exempt from the payment of royalties:

(a) Samples of petroleum obtained for assay, analysis or other examination or testing, but royalties shall apply if a sample is sold; and

(b) Petroleum that, with the approval of the minister responsible for management of petroleum matters, is

(i) Flared or vented in connection with petroleum operations; or

Time for Payment of Royalties

Royalties with respect to petroleum obtained during a calendar month are payable on or before the last day of the following calendar month.

Capital Allowances

All capital allowance expenditure incurred in respect of petroleum operations during a year of assessment is placed in a separate pool.

Capital allowances shall be granted for expenditure pooled for a year of assessment at the following rates:

And Capital allowances are granted with respect to each pool at the rates provided for below.

Year of Assessment	Amount of Capital Allowance
In which expenditure incurred	40% of expenditure
Second Year	20% of Expenditure
Third Year	20% of Expenditure
Fourth Year	20% of Expenditure

Capital allowances shall be granted for amounts included in the adjusted cost base of a petroleum right and bonus payments) according to the following rules:

(a) Each amount is allocated proportionately over the years of assessment from the year in which the amount is incurred until the year in which the term of the right expires; and

(b) The capital allowance for each year is the amount allocated to that year.

Capital allowances granted with respect to a particular year of assessment shall be taken in that year and cannot be deferred to a later year of assessment.

Where an asset for which capital allowances has been granted is disposed of (or deemed to be disposed of) during a year of assessment

(a) If the consideration received for the disposal exceeds the written down value of the asset, the excess shall be included in calculating chargeable income from the petroleum operations for the year;

(b) If the written down value of the asset exceeds the consideration received for the disposal, an additional capital allowance shall be granted for the year in an amount equal to the excess; and

(c) The relevant pools referred to above shall be reduced by the written down value of the asset.

3.2.2. Institutions

The NRA is the institution that is relevant for revenue assessments and collection purpose.

The Petroleum Directorate

The Petroleum Directorate was established in 2011 pursuant to section 4 of the Petroleum Exploration and Production Act 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.

Local Content Agency

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

3.2.3. Fiscal Regime of the Petroleum Industry

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

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

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 Programmed	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 meters	10.0%
	Water depths over 200 meters	8.0%
Royalties (Gas)	Water depths up to 200 meters	5.0%
	Water depths over 200 meters	3.0%
Surface Rental	Initial Exploration Period	US $40 per sq. Km. per Annum
	1st Extension Period	US $60 per sq. km. per annum
	2nd Extension Period	US $85 per sq. km. per annum
	Development and Production	US $110 per sq. km. per annum

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

3.2.4. 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 the EIRA 2018).

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.

Large-Scale Mining Operations

Five large scale mining companies were in operation at end of December 2018. However, licences for **Tonkolili and Marampa mines were reportedly withdrawn in 2019**

Company	Description
Shandong Iron and Steel Group	The Group operated the Tonkolili mine and produced iron ore in Tonkolili District.
SL Mining Limited	In 2018 Marampa Mine, in Port Loko District, was transitioning from care and maintenance to be developed into a producing mine by SL Mining Limited.
Sierra Rutile Ltd	Sierra Rutile Ltd. operates the rutile mines in Moyamba and Bonthe.
Sierra Mineral Holdings Limited (SMHL)	SMHL is a subsidiary of Vimetco N. V. It mines bauxite and exports to ALUM, a Romania-based company within the group which processes the mineral into aluminum. SMHL operates in Moyamba, Bo and Bonthe Districts.
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. However minor activity in titanium group minerals is present.

There is no large-scale gold operation in Sierra Leone. All the gold production in 2017 and 2018 was from small scale and artisanal sources. Sierra Leone produced 4,568 oz of gold and exported 4567 oz worth $ 5,103,000 in 2017. In 2018, 4,351 oz. was produced and 4,226 oz. exported valued at $ 3,723,000.

3.3. License Allocations

3.3.1. Mining Sector

The Mining sector licensing regime operates on a first- come first- served system. The National Minerals Agency is the principal point of contact for the general public in all mineral rights matters. It consists of the

Mining Cadastre Office (MCO) and the Geographical Information System (GIS), which holds the cadastral survey map of Sierra Leone.

The licensing process is divided into the following three broad areas:

Table 3.4*: Licensing Process*

Application Stage	Validation Stage	Approval 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.	• 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.	• The approval of mineral rights is made by the Minister of Mines and Mineral Resources on the recommendation of the Minerals Advisory Board. However, reconnaissance licenses do not go to the Minerals Advisory Board. After validation applications for reconnaissance licenses are sent to the Director of Mines for recommendation to the Minister. • The cadastral office draws out a list of validated applications. • The Board makes a decision and communicates to the cadastral office on whether an application has been approved or rejected. • After approval, the applicant is notified accordingly. • Applicant has to write to accept the offer. • The cadastral office is then directed by the Director of Mines to issue an instruction for payment. • Applicant is informed of amount to pay. • The payment which is computed by taken into consideration the size of the concession in square kilometers

		by the cadastral office is then paid to the National Revenue Authority office located at the Ministry of Mines and Mineral Resources.

In the mining sector, the Ministry of Mines and Mineral Resources issues the following four types of mining licenses, details of which their technical and financial considerations are provided in Articles, 57, 73, 96 and 105 of Mines and Minerals Act 2009 *(See: http://www.sierra-leone.org/Laws/2009-12.pdf*

Table 3.5: *Types of Mining Licenses issued in Sierra Leone*

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

According to the NMA, no mineral rights were transferred in 2017 and 2018. Details of mineral rights awarded shall be covered in the final report.

Technical and financial criteria used in the award of licences in 2018

Technical Capability

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

The required application forms were fully and legibly completed;

All required attachments were fully provided as stipulated in the requirements for applying for the various categories of licenses;

For all exploration Mineral Rights applications, the minimum expenditure commitments were met. Table A4 in the Mines and Mineral Regulations 2009 provides guidelines indicating a list of acceptable expenditures;

Depending on the category of Mineral Right, it was also ensured that the following technical details were provided by applicants:

Knowledge of the geology and mineral potential of the proposed licence area;

Map of proposed license area (map drawn such that it indicates relevant geological features);

Detail work program for first year (including equipment expected to be used) plus detailed indicative work program for subsequent years applied for;

An expenditure commitment commensurate with the proposed work program

Mine plan including a proposed program of mining operations and infrastructure

An Environmental Impact Assessment (EIA) Licence and report confirming that environmental, social, health and safety issues are adequately addressed.

Full feasibility study including a detailed report on the geology and mineralization, mining & treatment options, a financial/business plan, and marketing plan.Applicants also provided a summary of the responsibilities and number of proposed technical and administrative staff that would support the proposed mining or exploration work program.

As required, all applicants made a statement of commitment (for employing Sierra Leoneans and protecting the environment) a critical assessment of these statements was also done by the Minerals Advisory Board by looking at the modalities put in place by the various applicants towards the fulfillment of such commitments;

All applicants (especially for exploration licences) provided the curriculum vitae (CVs) of persons to be responsible for supervising all exploration work as an evidence of their ability to successfully undertake the proposed field work;

Financial Capability

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

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

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

Companies covered in the EITI Report: The Mining companies covered in the 2017 and 2018 Report obtained their licenses prior to the period under review. All these companies had licenses granted to them on first come first served basis.

a. Legal and institutional Framework on Licensing

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

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

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

b. Amendments

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

The program of mining operations

The environmental management program amended to the large scale mining licence

The program of employment and training of citizen of Sierra Leone.

Particulars of the proposed amendments including where appropriate, particulars of any significant impacts to the environments that any amendment could entail shall be served on the Minister.

Any proposed amendment which substantially alters any provision forming part of the conditions of the large scale mining license or will adversely affect the environmental management program will require the written approval of the Minister.

Deviations from the applicable legal and regulatory framework

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

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

Licence Registry

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

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

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

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

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

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

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

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

Information culled from the online cadastral system have these summaries. Some of the minerals are explored together i.e. Gold and Diamonds or Titanium Minerals

Table 3.6:Licences in 2017 and 2018

LICENCES	2017	2018	Remark
Exploration	46	19	
o/w Gold	13	5	Composite Gold and Diamonds are explored secured
o/w Diamonds	9	2	
o/w Rutile	4	1	

o/w Tantalite	5	1	
o/w Columbite	4	1	
o/w Titanium	1	0	
Gold Exporters Licences	30	25	
Diamond Exporters	15	16	
Diamond Exporters Agent	44		
Diamonds Dealers Licence	32	32	
Artisanal Mining Licence	990	1154	
o/w Gold AML	133	162	
o/w Diamonds AML	851	966	

For the list of mining companies and their statuses with regards to terminations and surrenders, see Appendix 6

Efficiency

Licenses transfer

According to section 119 of MMA, 2009,

i) An application for transfer of a large-scale mining licence shall be made to the NMA office in the prescribed format.

ii) The application shall be forwarded to the Minerals Advisory Board.

iii) Where the Minerals Advisory Board has determined that an Applicant for the transfer of a large scale mining license and the transferee have met all requirement under the act for such transfer, the Board shall certify to the Minister in the prescribe form that it advises that the application be approved and such certification shall be recorded in the mining cadastre.

iv) The Minister shall on certify advice following the application give or refuse to give his approval in writing, subject to such condition as he deems necessary in the circumstance to impose.

v) The Minister shall call the applicant in writing of his decision on the application and if the application is refused the minister shall give reason for such refusal.

vi) The applicant is required to make the following declaration:

"If application for transfer is not coincident with a license anniversary, do you accept the current approved work program and expenditure commitment (whether or not partially completed by transferor) and any prior liabilities or obligations of the transferor?" *Source: http://www.nma.gov.sl/home/wp-content/uploads/2015/08/Form-B11-B25-SecondSchedule.pdf*

The mining cadastre does not provide information on license transfers.

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

Licence Transferred

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.

Artisanal and Small-Scale Mining

Regulations specify key requirements for artisanal miners as:

1. Application for an Artisanal Mining Licence shall be submitted in the prescribed application form.

2. An Applicant for an Artisanal Mining Licence shall be allocated available mining land (not encroaching on area of other Mineral Rights Holders) by the Chiefdom Mining Allocation Committee before it is processed and issued by the National Minerals Agency (NMA). Artisanal mining may be facilitated on areas of other Mineral Rights Holders only with the permission of such Mineral Rights Holders who shall inform the NMA for its concurrence.
3. An applicant for an Artisanal Mining Licence shall provide evidence that he possesses sufficient capital and mining experience to undertake mining in accordance with the Artisanal Mining Provisions prescribed in the Mines and Minerals Act 2009.
4. An Artisanal Mining Licence shall be granted to (i) in the case of an individual only to a Citizen of Sierra Leone; and (ii) to a Co-operative registered in Sierra Leone under the Co-operatives Act Cap 253.
5. All such co-operatives shall be registered with the National Minerals Agency for approval to participate in Artisanal mining of precious, industrial, and sand-based minerals. ln addition to the registration, a co-operative shall apply for an Artisanal Mining Licence and must fulfil the condition set forth for the application of the Prescribed Licence.
6. Where an Artisanal Miner is to be sponsored by a Financier, such Financier shall show proof of his/her financial ability to undertake the mining venture and may be a Licensed Dealer or an Exporter.
7. All Financial Supporters of Artisanal Mining Licence Holders shall register with the NMA regional office, and shall pay a registration fee of Le 250,000 per acre.
8. Heavy earth-mining machines such as Excavators, dredges, etc, shall not be employed in Artisanal Mining Licensed areas and shall target alluvial deposits only (and not Kimberlite deposits). Pit depth shall be limited to 10m.
9. Mining shall be carried out in an environmentally friendly manner. All such mining operations shall be closely monitored by the NMA to ensure best mining practices are employed by all.
10. An Artisanal Mining Licence shall be valid for such period, not exceeding 1 year and may be renewed for further periods not exceeding one year at a time.
11. Tenure and Renewals shall be subject to the holder's fulfilment of the conditions required by the Mining and Environmental Regulations in force.
12. The area covered by an Artisanal Mining Licence shall not exceed 5 acres. The area must not encroach on any other Mineral Rights Holders area without their permission.
13. An Artisanal Mining Licence holder shall pay a prescribed rehabilitation fee to a rehabilitation fund that will be utilised to defray the cost of rehabilitation and reclamation of mined out areas.
14. An application for an Artisanal Mining Licence shall pay all other fees before the issue of his Licence.

15. An Artisanal Mining Licence shall be revoked if, (i) within a period of three months no mining operations have commenced under the said Licence or its renewal; (ii) the Holder fails to fulfil the conditions required by the Artisanal Mining provisions of the Mines and Mineral Act; and (iii) the holder contravenes any provisions in the regulations and Policy.
16. The holder of an Artisanal Mining Licence shall be required to sell his proceeds to a licensed Dealer or Exporter only and not to another licensed miner. All such transactions shall be recorded on a sales card and produced for inspection by the Director of Mines or an Authorised Officer.

Requirements for small-scale mining

Under Sierra Leone's regulatory reforms proposed small-scale mining companies must be a wholly-owned Sierra Leone Company registered in Sierra Leone under the Companies Act 2009, or a body-corporate incorporated in Sierra Leone with a minimum of 25% Sierra Leonean shareholding, preferably held by the Community in which the proposed mining area is located.

Key rules governing such companies include:

1. All such bodies corporate shall be required to register with the NMA for approval to participate in Small-Scale Mining of Precious, Industrial, and Sand Based Minerals and pay the specified fees.
2. An applicant for a Small-Scale Mining Lease shall be allocated available mining land (not encroaching on areas of other Mineral Rights Holders) by the Chiefdom Mining Allocation Committee before the grant of the lease by the Ministry.
3. In addition to the registration, a company shall apply for a Small-Scale Mining Lease and must fulfil the conditions set forth for the application of the prescribed Licence.
4. A Registered Mining Company with foreign participation may employ a prescribed number of expatriate workers to supervise the operations of the mining in the field. Such expatriate workers must fulfil the requirements of the relevant provisions outlined in the Local Content Policy and the immigration and labour laws of Sierra Leone before they are allowed to enter the mining areas.

An applicant for the grant of a Small-Scale Mining Lease:

1. Shall be accompanied by a plan of the area, over which the Licence is sought, drawn in such manner as the Director may require;
2. Shall state the period for which the lease is sought;
3. Shall give a statement with particulars of the programme of proposed mining operations, including the treatment method and the type of equipment/machinery to be employed in the operations;
4. Shall submit to the Environment Protection Agency (EPA) and a copy to the NMA, proposals for progressive reclamation and rehabilitation of land disturbed by mining and for the minimisation of the

effects of mining on surface water and underground water and an adjoining or neighbouring lands for consideration and approval before the commencement of any mining operation;

5. Shall be accompanied by a report on the proposed marketing arrangements for the sale of the minerals (Precious, Industrial, and Sand Based Minerals) recovered.
6. The area covered by a single Small-Scale Mining Lease shall not exceed 100 hectares and must not encroach on areas of other Mineral Rights Holders.
7. An applicant for a Small-Scale Mining Lease shall pay all fees before the issue of the lease.
8. A Small-Scale Mining Lease shall be revoked if (i) within a period of three months mining operations have not commenced under the said Licence or its renewal thereof; (ii) the holder fails to fulfil the conditions required by the small-scale mining provisions in force; (iii) the holder fails to submit reports as outlined below.

https://www.mining-journal.com/partners/partner-content/1347100/rules-engender-certainty-around-small-scale-and-artisanal-mining

3.3.2. Oil & Gas Sector

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) direct negotiation or (b) through a call for tenders.

The details of licensing costs are not provided in the E&P Act but rather in the official tender document issued by the Petroleum Directorate. In the call for tender for the third licensing bid round Application fees of US$ 25,000.00 per oil block was required 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 Petroleum Rights is comprised of reconnaissance permit, petroleum(production) license and permit for the laying and operation of pipelines to transport petroleum from fields subject to more than one licence, details of which their technical and financial considerations are provided in Articles, 21, and 33 of the Petroleum (Exploration And Production) Act 2011 *(https://sierralii.org/sl/legislation/act/2011/7).*

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. In section 78(2) of the PEPA, 2011 provides for the opening and operation of a decommissioning fund to be used only for decommissioning (the "Decommissioning Fund") after the Minister and the Licensee have agreed upon the amount of funds necessary for decommissioning. The first contribution shall not be made prior to the commencement of production.

An interest-bearing escrow bank account shall be established by the Minister (in a currency agreed with the Licensee). The Licensee shall submit contributions to the fund and notify the Minister

Allocation of Oil and Gas License

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

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

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

Applications for a License can be made either by:

(a) Call for tenders; or (b) Direct Award.

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

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

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

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

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

The Oil and Gas license comprises of an exploration period and production period. An exploration period shall last for a maximum of seven years, divided into an initial period of three years, a first extension period and a second extension period of up to two years each. An Oil and Gas license granted by the Minister responsible for petroleum matters becomes binding on the parties only after Parliamentary ratification.

During the period 2017 and 2018, no new E & P Licenses were issued. However, two Licenses earlier issued to the following Companies had remained valid:

European Hydrocarbon (Block SL-03)-License issued through Direct Award following the Second Licensing Round under the Petroleum Exploration and Production Act 2001; and

African Petroleum (Block SL-04)–License issued through a competitive tendering following the Third Petroleum Licensing Round and under the repealed Petroleum Exploration and Production

Licence Register

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

Assignment/Transfers

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

Transfer of ownership of oil and gas concessions presupposes the need for such transfers otherwise called assignment in part or in whole. Such assignments are largely driven by the need for cost/ risk sharing, and by withdrawals of other partners to a Joint venture Agreement arising out of the completion of particular projects.

Where the need arises, the potential partners would normally discuss the details in terms of working interests that could devolve to incoming partners-whether 100% or part thereof. It is worthy to note that some of these transfer arrangements could trigger taxation if it is determined by the tax authorities that capital would be gained from such a given transaction.

The said details would be reflected in a Joint Venture proposal, which will be submitted along with an application for consent by the Directorate.

Grant of such consent will be based on certain predetermined criteria including the capability of the incoming partners, in terms of both experience working in similar environment if the incoming partner will become the operator, a revised work plan if any, etc.

Subject to payment of related taxes and other charges as assignment fees, where necessary, the approval will thereby be granted.

Relinquishment/Termination

No relinquishment in 2017 and 2018

Technical and Financial Criteria

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

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

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

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

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.

Fourth Licensing Round

Sierra Leone's Fourth Offshore Petroleum Licensing Round was originally scheduled to end in May 2018 was still open as at end of 2019.

Fourth Licencing Round Information

Across Sierra Leone's 150,000km2 of offshore waters, eight exploratory wells have been drilled. All have penetrated significant thicknesses of normally pressured reservoir quality sandstones. Five have encountered hydrocarbons and four have produced oil to the surface. Although none of the eight exploratory wells were deemed commercially viable, the results prove the existence of a working hydrocarbon system.

All eight offshore wells in Sierra Leone are released and available to license, including the well data from the Anadarko operated drilling campaign from 2009-2012. This high quality well data enables investors to calibrate geological and geophysical interpretation for the offshore acreage.

Name of Well	Year	Operator	Results
A-1	1982	Mobil	Dry Hole
A1-2	1985	Amoco	Dry Hole
Venus B-1	2009	Anardarko	Condensate Discovery
Mercury -1	2010	Anardarko	Oil Discovery
Mercury -2	2012	Anardarko	Oil and Gas Shows
Jupiter -1	2012	Anardarko	Condensate Discovery
Djembi-1	2012	Talisman	Dry Hole
Sava nnah-1X	2013	Lukoil	Oil Discovery

Since the launch of the Fourth Licensing Round in January 2018, the Petroleum Directorate Sierra Leone has continued to further develop and enhance its institutional protocols, operations and capacities; establishing an in-country data repository and centralizing its world-class inventory of 2D and 3D

geophysical and well data. Sierra Leone currently holds exclusive rights to its highly regarded and extensive data catalogue
http://pd.gov.sl/wp-content/uploads/2019/06/Sierra_Leone_Data_Catalogue.pdf

Major Companies in the Oil and Gas Industry – 2017 and 2018 Licence Overview

The Petroleum Directorate of Sierra Leone, in partnership with GeoPartners and Getech, announce the re-opening of the 4th Licensing Round as of May 21, 2019.
This includes a direct tender for licensing applications where 50% or more of the area is in water depths in excess of 2,202.1 ft (2,500 m), deadline Sept. 20, 2019, and an open tender for other license applications (deadline Nov. 22, 2019).

Eight wells have been drilled offshore Sierra Leone since 1982, with oil shows in 1982 and 1985. No further drilling was done until 2009 and the three wells in 2009, 2010 and 2012 produced discoveries for Anadarko, with a further discovery by Lukoil in 2013.

https://www.worldoil.com/news/2019/5/29/sierra-leone-announces-re-opening-of-4th-licensing-round

The Petroleum Directorate reopened the country's Fourth Licensing Round last May; pursuant to Sections 30(1) and 32(2) of the Petroleum (Exploration and Production) Act 2011.

The Fourth Petroleum Licensing Round is now scheduled to close on 28th February 2020 for both Open Tender and Direct Tender categories.

http://pd.gov.sl/fourth-petroleum-licensing-round-extension-of-application-deadline/

2D SEISMIC INFORMATION

Over 29,000 line km of high quality released 2D seismic data is available to license, providing extensive coverage of offshore Sierra Leone. These surveys include the TGS multi-client programmes of 2001 and 2013 and legacy data acquired by Mobil.

3D SEISMIC INFORMATION

Over 11,000 sq km of released 3D seismic data is available covering offshore Sierra Leone, including previously unreleased PSDM and PSTM surveys and multiclient data covering the four hydrocarbon discoveries in Sierra Leone. 3D
http://pd.gov.sl/wp-content/uploads/2019/06/Sierra_Leone_Data_Catalogue.pdf

DATA ROOM RULES

The Petroleum Directorate Sierra Leone (PDSL) makes available via a Data Room technical data packages including well data, seismic data and technical reports relating to, and in preparation for, future investment opportunities in Sierra Leone.

Data are available for review on workstations running industry standard software including Kingdom.

Appointments must be made via email to PDSL – masa.bah@pd.gov.sl.

The name, title and Company of each visitor viewing Confidential Information in the Data Room are required to be disclosed in writing at the time the appointments are made, and any changes to the foregoing requirements must be notified in writing before entry to the Data Room.

Before admission to the Data Room, each visitor is required to sign a declaration confirming that they agree to be bound by these Data Room Rules. A copy of the Data Room Rules will be available for their information.

The maximum number of visitors per visit shall be Four (4).

The Data Room is to give Companies an opportunity to review the data owned by PDSL before committing to licensing of the Data / Data Packages.

Data Viewing: U.S $2,000 per day from the second day. Licensing of Released Data / Data Packages: This will be subject to a standard Data Licence Agreement (available on request).

Companies will be provided with access to digital well and seismic data on a computer workstation (running Kingdom Software) which contains all seismic projects.

Once the Data / Data Package have been purchased via the Data Licence Agreement governs the use and copying of the data.

http://pd.gov.sl/wp-content/uploads/2018/02/PDSL-SL-Data-Room-Rules-3-REVISED.pdf

Licensing Bid Efficiency: Formally, this is a rather inclusive approach to licensing, but given limited expertise amongst stakeholders other than the PRU, the main locus of negotiations is still the Petroleum Directorate and the President's Office. Training of the other stakeholders in activities regarding the sector

and the representation of multiple interests in bid rounds will surely contribute to transparent and open oil licensing practices.

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

During the period 2017 and 2018, no new E & P Licenses were issued. However, two Licenses earlier issued to the following Companies had remained valid:

1. European Hydrocarbon (Block SL-03) -License issued through Direct Award following the Second Licensing Round under the Petroleum Exploration and Production Act 2001; and

2 African Petroleum (Block SL-04)–License issued through a competitive tendering following the Third Petroleum Licensing Round and under the repealed Petroleum Exploration and Production Act 2011.

3.4. Register of Licenses

Under EITI Requirement # 2.3, "Implementing countries are required to maintain a publicly available register or Cadastre system(s) with the following timely and comprehensive information regarding each of the licenses pertaining to companies covered in the EITI Report:

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

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

Oil and Gas Licenses are normally deposited at the Office of the Administrator and Registrar General for inclusion in a Register maintained for interested members of the public to inspect.

However, an online register similar to the MCAS in the mining sector does not exist.

3.5. Contract Disclosure

The EITI encourages implementing countries to publicly disclose any contracts and licenses that provide the terms attached to the exploitation of oil, gas and minerals.

The country does not have a policy on contract disclosure. The mining contracts are however publicly available on NMA website.

For the Petroleum sector, Sierra Leone provides for among other things, the publication of the text of agreements/licenses governing the activities of exploration companies, but at the same time avoiding the disclosure of information that might materially damage a parity's legitimate business interest.

Consistent with the above, S. 40 (2) of The Petroleum Exploration and Production Act 2011 as amended, provides for the publication of the summary of every Petroleum License and accompanying agreement/s between the State and the licensee.

As stated earlier, copies of E & P Licenses are normally deposited at the Office of the Administrator and Registrar General for interested members of the public to inspect.

However, since the Policy also provides for the State's participation in the EITI process in accordance with its evolving standards, and given that the 2016 Standard prescribes that the full text be publicized, the Directorate is now actively examining the likelihood of reviewing existing measures with a view to conforming same to the said Standard.

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

Mining Lease Agreement

Agreement	Company	Year
Mining Lease Agreement ML01-10	African Minerals Ltd Group	2010
Mining Lease Agreement ML02-09	London Mining Company	2012
Mining Lease Agreement ML06-95	Koidu Holdings SA	2012
Mining Lease Agreement ML01-05	Sierra Minerals Holdings1	2012
Mining Lease Agreement ML2134	Sierra Rutile Limited	2002

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

Contract Disclosure

The government of Sierra Leone does not have a contract disclosure policy.

However, the SLEITI Bill[2] have provisions and objectives which are intended to promote contract disclosure. The bill has not been passed into law at the time of filing this report.

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

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

African Minerals Limited, Environmental Impact Assessment, 2010

London Mining Company Limited, Concession, 2012

Model Contract, Concession, 2012

African Minerals Limited, Tonkolili, Concession, 2010

Koidu Holdings SA, Concession, 2010

Sierra Minerals Holdings 1, 28N Gria Zone, Environmental Impact Assessment, 2012

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

Tonguma Limited, Tonguma, Environmental Impact Assessment, 2014

Sierra Rutile Limited, Concession, 2002

Tonguma Limited, Tonguma, Concession, 2012

Sierra Rutile Limited, SRL Acquisition No. 3 Limited, Concession, Amendment, 2004

London Mining Company Limited, Environmental Impact Assessment, 2012

Sierra Minerals Holdings 1, 28N Gria Zone, Concession, 2012

Koidu Holdings SA, Environmental and Social Impact Assessment 2011

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

RESOURCE CONTRACTS

The following contracts are available at the website of Resource Contracts which link has been provided by the Geological Survey Department of Sierra Leone

Table 3.7: Resource Group contracts

Document	Year	Resource	Contract Type
London Mining Company Limited, Concession, 2012	2012	Iron Ore	Concession Agreement
African Minerals Limited, Tonkolili, Concession, 2010	2010	Iron Ore	Concession Agreement
Sierra Rutile Limited, SRL Acquisition No. 3 Limited, Concession, Amendment, 2004	2004		Concession Agreement Contract Amendment
SL Mining Limited, Concession, 2017	2017	Iron Ore	Concession Agreement
London Mining Company Limited, Environmental Impact Assessment, 2012	2012	Iron Ore	

Tonguma Limited, Tonguma, Environmental Impact Assessment, 2014	2014	Diamonds Gold	
Sierra Minerals Holdings 1, 28N Gria Zone, Concession, 2012	2012	Bauxite	Concession Agreement
Sierra Rutile Limited, Concession, 2002	2002	Diamonds Titanium	Concession Agreement
Koidu Holdings SA, Concession, 2010	2010	Diamonds	Concession Agreement
African Minerals Limited, Environmental Impact Assessment, 2010	2010	Iron Ore	
Koidu Holdings SA, Environmental and Social Impact Assessment, 2011	2011	Diamonds	
Tonguma Limited, Tonguma, Concession, 2012	2012	Diamonds Gold	Concession Agreement
Model Contract, Concession, 2012	2012	Hydrocarbons	Concession Agreement
Sierra Minerals Holdings 1, 28N Gria Zone, Environmental Impact Assessment, 2012	2012	Bauxite	
SierraMin Bauxite Limited, Concession, 2017	2017	Bauxite	Concession Agreement

Source: https://resourcecontracts.org/countries/sl

Oil and Gas Contracts

PETROLEUM POLICY

The Petroleum Policy for Sierra Leone provides for the publication of the text of agreements/licenses governing the activities of exploration companies, but at the same time avoiding the disclosure of information that might materially damage a parity's legitimate business interest.

Consistent with the above, Section 40 (2) of The Petroleum Exploration and Production Act 2011 as amended, provides for the publication of the summary of every Petroleum License and accompanying agreement/s between the State and the licensee.

However, since the Policy also provides for the State's participation in the EITI process in accordance with its evolving standards, and given that the 2016 Standard prescribes that the full text be publicized, the

Directorate is now actively examining the likelihood of reviewing existing measures with a view to conforming same to the said Standard

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

3.6. Beneficial Ownership

As of 1 January 2020, the EITI requires "that implementing countries request, and companies disclose, beneficial ownership information for inclusion in the EITI Report. This applies to corporate entity(ies) that apply for, or hold a participating interest in an exploration or production oil, gas or mining license or contract and should include the identity(ies) of their beneficial owner(s), the level of ownership and details about how ownership or control is exerted. (Requirement # 2.5 (c)." Section 37 (a) of the Petroleum Exploration and Production License provides that applications for Petroleum Licenses must contain among other things, the name of every person who is a beneficial owner of more than 5% of the shares issued by the company.

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

In September 2019, a meeting was held on Beneficial Ownership implementation during which it identified an IT unit within the Government set up and tasked it to develop a workable template for hosting of the BO register. The IT Unit was to engage and work on the templates in collaboration with NMA, SLEITI and CAC.

The current Mines and Minerals Act (2009) is currently being reviewed and beneficial ownership disclosure has been included in the lay draft that has already been submitted to the Attorney General's office, to provide legal grounds for beneficial ownership disclosure in the mining sector. In the meantime, the Corporate Affairs Commission continues has amended their form Forms to collect beneficial ownership information from companies once legal mandate is provided. . The Commission will host the BO register with technical support from the National Minerals Agency. Upon request the International Secretariat reviewed the SLEITI BO definition and provided useful feedback for consideration by the SLEITI MSG.

3.7 State Participation

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 active mining engagement.

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

Government Participation in Oil and gas

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

In the interim Petroleum Directorate represents the state in concessions.

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

3.8 Government loan

In 2017 and 2018, there was no government loan or loan guarantee to mining/Oil & Gas companies.

3.9. Exploration, Production and Exports

SMALL SCALE MINING

Sierra Leone has demonstrated potential for both alluvial and beach placers concentrated in stream sediments, or beaches and lakes. The tributaries of some of the main rivers and lakes drain mineral rich areas such as the diamond fields of Kono and Tongo, the gold rich greenstone belts, the Kasila group of rocks – which are the main source of mineral sands (rutile, ilmenite and zircon) – and the Freetown complex, which is believed to contain platinum group elements (PGE).

The main rivers draining the diamond fields are the Sewa, Moa, Bafi and Mano rivers, while the greenstone belts are mainly drained by the Pampana, Teye, Taia/Jong and Mabole rivers. In some rivers, such as the Bafi and Teye, many of the diamond gravels and sands contain gold and both are mined with gold being the by-product. Getting gold from diamond mining is quite common in diamond mining areas close to the greenstone belts, and these rivers have been dredged for both.

Source: https://www.mining-journal.com/digital_assets/469c0ca1-38de-43bd-af37-a4d5cf503844/Sierra_Leone_2018scr_v2.pdf

LARGE SCALE MINING

RUTILE

Sierra Rutile Ltd

At Sierra Rutile, the company is currently doubling the capacity of the Lanti and Gangama dry mines from 500-600t per hour to 1,000-1,200tph by 2019. This is part of a large expansion programme which will see safety and sustainability upgrades made at existing operations and also consider the Sembehun project, which is currently the subject of a definitive feasibility study.

IRON ORE

Ferensola and Iron Ore (Blue Horizon SL Limited)

Feensola and Iron Ore contracted a drilling contractor and drilled in excess of 9,000m of oriented diamond drill core on their licence.

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

GOLD

African Battery Metals

African Battery Metals (ABM, formerly Sula Iron & Gold) has found plenty of gold in the north. Its most recent drill results from the Sanama Hill area of the Ferensola project in September 2017 delivered intercepts of 19.3g/t Au over 1.2m and 8.6 g/t Au over 2m, as part of a 5,000m drilling programme.

Algom Resources Limited

Algom has recommenced exploration work with the re-establishment of the camping infrastructure and start up, accessing, retrieval and review of historic data.

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

Nimini Mining Company

Nimini Gold Project has ceased exploration work.
Independent potentially mineable Mineral Resource Estimate as at June 2013 represented a 21% increase in Indicated Mineral Resources.

Field program have identified targets both close to the Komahun deposit and within the greater Mining Licence area for future drilling to possibly add to mineral resources
Source: NMA

DIAMONDS

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

Stellar Diamonds

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

Diamond Prospecting - Meya Mining

Metallurgical Program are that 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.

Seawright Mining Company

Seawright Mining Company contracted a privately owned Geophysical Consulting Services to accelerate exploration of new targets.

BAUXITE.

Sierramin Bauxite

Three exploration licenses were granted with initial term of 4 years, extendable for an additional 2 years and reached JORC

Sierra Minerals Holdings

Sierra Minerals Holdings 1 is focusing on vertical integration mechanism by securing all raw materials necessary for the entire production chain through expanded exploration in the north of their concession.

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

3.7.1 PRODUCTION

The mining and quarrying sub-sector contracted by 4.0 percent in 2018, an improvement from the 13.6 percent contraction recorded in 2017.

While iron ore mines remained shut down, production of other minerals, including diamond, bauxite and gold, increased. However, the production of rutile and related products decreased in 2018.

Bauxite production increased from 1.8 million metric tons in 2017 to 2.0 million metric tons in 2018.

Rutile production decreased from 165.5 thousand metric tons in 2017 to 113.6 thousand metric tons in 2018.

Ilemite production also fell by 4.2 percent in 2018, from 57 thousand metric tons in 2017 to 54.6 thousand metric tons in 2018. However, Zircon increased significantly to 13.3 thousand metric tons from less than 1.0 thousand metric tons.

Gold production decreased slightly by 4.7 percent to 4,354 ounces in 2018 from 4,568 ounces in 2017.

Table 3,8 *Mineral Production: 2017-2018*[3]

Mineral Type	Unit	2017(Vol)	Value ($m)(2017)	2018(Vol)	Value($m)(2018)
Diamonds	Carat	95,430.22	24,147,980.44	561,022.40	89,127,405.46
Bauxite	WMT	1,823,562.37	66,943,969.86	2,034,354.81	71,521,767.83
Rutile	DMT	165,467.00	129,411,416.20	113,668.80	108,730,015.71
Ilmenite	DMT	57,026.00	7,704,071.58	54,645.17	8,036,307.19
Zircon	DMT	619	40,276.64	13,245.36	4,981,382.47
Iron Ore	WMT	6,521,008.00	108,555,971.87	0	0

[3] Production values were obtained by multiplying export value per unit of mineral by the production quantity.

Gold	Oz	4,568	5,100,000	4,354	5,300,000

Source: National Minerals Agency (NMA)/Boas Construct

EXPORTS

The value of mineral exports dropped by 17 percent, from US$ 433.1 million in 2017 to US$ 359.0 million in 2018.

The drop in iron ore and rutile exports mainly accounted for the decrease in mineral export receipts. Iron ore exports dropped by 86 percent (from US$ 98 million in 2017 to U$13.1 million), as the Tonkilili Iron Ore Mine remained closed throughout 2018.

Rutile exports decreased by 35 percent in 2018.

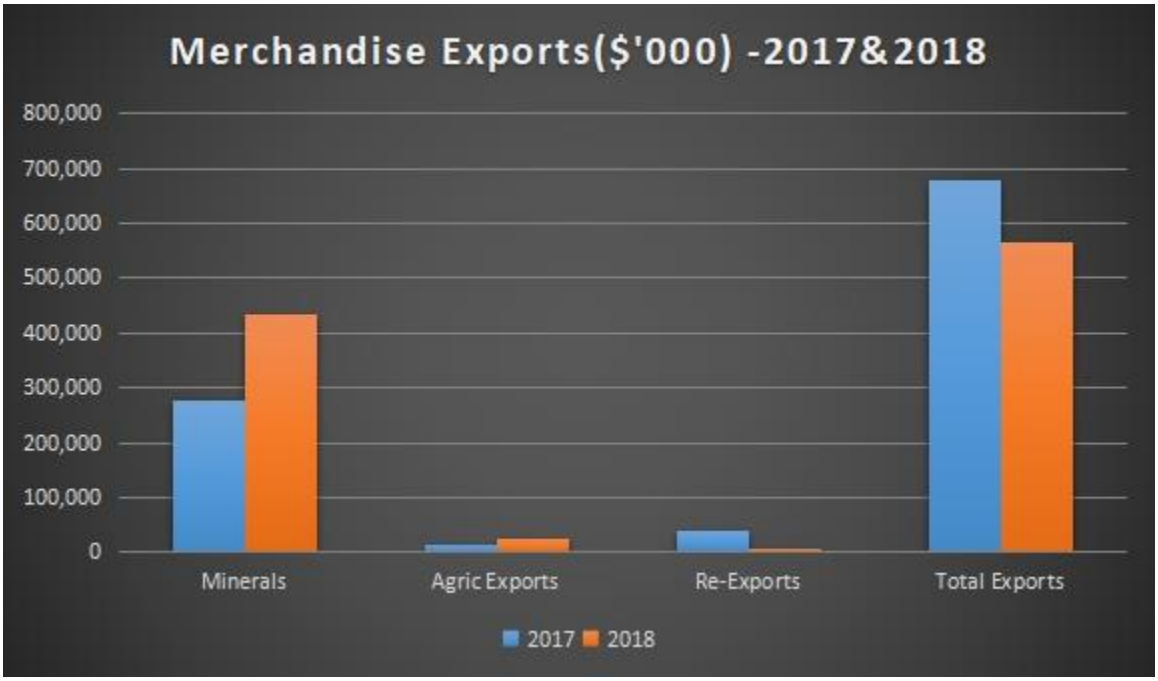
Bauxite exports amounted to US$ 64 million in 2018, slightly higher than the US$60.4 million recorded in 2017. Similarly, 2018 receipts of gold exports, at US5.3 million, were marginally higher than the US$5.1 million received in 2017.

3.9 Mineral Export: 2017-2018

Mineral Type	Unit	2017 (Vol)	Value ($m)(2017)	2018(Vol)	Value($m)(2018)
Diamonds	Carat	98,577.29	24,944,325.51	541.862.01	86,083,470.23
Bauxite	WMT	1,646,853.60	60,456,894.47	1,822,122.64	64,060,326.04
Rutile	DMT	161,814.87	126,555,092.49	104,539.64	99.997,507.67
Ilmenite	DMT	59.651.74	8,058,802.56	53,723.19	7,900,717.63
Zircon	DMT	30,555.34	1,988,152.50	57,653.00	21,682,433.95
Iron Ore	WMT	5,946,673.67	98,994,962.07	968,585.02	13,149,240.71
Gold	oz	4,568	5,100,000	4,354	5,300,000

Source: National Minerals Agency (NMA)/Boas Construct

Figure 1.



Source: Bank of Sierra Leone (BSL)

Mineral exports accounted for 64.8 percent of total export earnings; agricultural exports including fish and shrimp, 3.8 percent; "other exports" comprising timber and palm oil, 20.9 percent; and reexports,10.5 percent in 2018.

Trend in Merchandise Exports in 2017 and 2018

2017			**2018**		
Item	Export Earnings($m)	% of Total	Export Value($m)	% of Total	% Change
Total Exports	567.0	100	553.95	100	-2.3
Mineral Exports	433.1	76.4	359.0	64.8	-17.1
Agricultural Exports	25.1	4.4	20.9	3.8	-16.7
Coffee	0.4	0.1	0.3	0.1	-25.0
Cocoa	15.3	2.7	10.1	1.8	-34.0
Fish & Shrimps	9.5	1.7	10.5	1.9	10.5
Other Exports	106.8	18.8	116	20.9	8.6

Re-Exports	2.0	0.3	58.0	10.5	2800

SIERRA LEONE MINING INDUSTRY UPDATE

Sierra Mineral Holdings 1 Ltd (SMHL) has been supplying bauxite to its parent company, globally integrated aluminium producer Vimetco, since 2008 when the group acquired the Sierra Leone bauxite assets of Sieromco.

Sieromco started mining in Sierra Leone in 1963 and continued until 1995 when the operations stopped as a result of the civil war in Sierra Leone.

The 321.7 sq km mining lease acquired by SMHL lies on the same belt as the world-class Guinea bauxite deposits. With reserves to support at least a further 10 years of production, and vast additional tailings pond reserves also suitable for beneficiation, SMHL

Vimetco is the only operational bauxite mine in Sierra Leone and is the second-largest mining employer in the country. The Sierra Leone bauxite of SMHL is used in Vimetco¹s alumina refining and aluminium smelting facilities in Romania.

SMHL¹s Premium washed bauxite is considered to be among the top-quality feed products in the world. SMHL bauxite is purely gibbsitic, devoid of mono-hydrate (bohemite, etc) mineralogical phases, and most suitable for low-temperature digestion processes.

SMHL has also been investing in new mining equipment and river transportation fleet, and the company has mounted a new, aggressive exploration campaign to build out current mineral resources of about 31Mt.

A feasibility study on two proposed beneficiation routes – one to process live tailings from the current wash plant and a second to process stock tailings from SMHL's Gondama storage facility has been completed.

DIAMONDS

Four of the top-20 largest rough diamonds recovered globally were unearthed in Sierra Leone, all of them recovered contiguous to Koidu's ground

The basic mine plan outlined open-pit mining with four cutbacks on the K1 resource, and open-pit mining with two cutbacks on the K2 resource. Once the mine plan was concluded along with the mining rates, optimisation of the processing plant design was finalised. Since an upgrade of the existing 50 tonnes per hour (tph) plant was not deemed feasible, a new processing plant and associated infrastructure were designed and built, which enabled a higher throughput capacity and a quicker return on investment.

Early in 2018, ASX-listed Newfield Resources (NWF) merged with Stellar Diamonds, a company listed on the London Stock Exchange (AIM), and raised fresh equity of A$40 million to fund the accelerated development of the high-value Tongo diamond project in eastern Sierra Leone.
The projects consolidated by the merger are situated in the major diamond producing areas of Sierra Leone and Liberia, with the primary asset the high-grade Tongo project comprising two adjacent mining licences that cover more than 134 square kilometres and host 11 known kimberlites.

The project combines the kimberlite dyke hosted historical mineral resources on adjacent mining licences. It is subject to a Tribute Mining Agreement between the two mining licence holders, being Newfield's subsidiary company Sierra Diamonds Ltd and Octea Mining's subsidiary company Tonguma Ltd.

NEWFIELD AND ALLOTROPES

Newfield also holds a 100% interest in the Allotropes Alluvial Diamond Project on the Sewa River in the Southern Region of Sierra Leone, and a 90% interest in exploration licences in northwestern Liberia, where high value diamonds and kimberlitic indicator mineral anomalies were delineated by previous exploration work.

Newfield's Tongo development plan will be focused on achieving an underground mining operation on two of its 11 diamondiferous kimberlites

Dismantling and relocation of the 50tph production plant from Kono to the Tongo Project was completed..

Drilling and mineral resource update Boart Longyear was appointed to undertake a 10,000m mine development drilling programme to complement the FEED. Drilling was completed during July 2018.

Grades reported during the sampling programmes ranged between 0.8 and 2.7 carats per tonne, and the average diamond values were modelled at between US$197 and US$270 per carat. There are a further eight dykes that have been discovered to date, and all of those tested are diamondiferous. All of the dykes are open at depth. Currently operational kimberlite dyke mines in South Africa continue to operate at below 700m depth.

https://www.mining-journal.com/digital_assets/469c0ca1-38de-43bd-af37-a4d5cf503844/Sierra_Leone_2018scr_v2.pdf

4. Revenue Collection

4.1. Revenue Flow

4.1.1. Mining

i. Revenues collected in the mining sector are from large and small scale mining operations (See Tables 4.1&4.2). 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.

The Community Development Fund is included as mandatory social expenditures under Requirement 6.1

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.

vii) Payments by Licenced Diamond and Gold Dealers

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 4.1 *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 lar Scale mining licence is granted for a period of 25 years.
Royalty	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. Royalty payable is a percentage of the market value of mineral. The royalty payable applicable is as follows: 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	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. 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. Losses made in the current year shall be set off against profits of the succeeding year
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	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.

	a) Companies pay the total amount to the District council, which in turn give a portion to the relevant Chiefdom Councils. b) The company pays surface rent to the Chiefdom Administration, which pays part to the District Council. 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. The basis of payment may either be on per km^2 basis or a lump sum per annum. **Formula for distribution:** 50% - Land owners **1**5% - Paramount chief**.** 15**% -** District Council 10% - Chiefdom Council 10**% -** Constituency development.
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 section139 of MMA 2009. Amount is 1% of gross income of companies

4.1.2. Oil/Gas

Revenues from the Oil/Gas sector are the following;

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

Two companies in the oil sector made payments in 2017 and 2018,. These are African Petroleum Ltd and European Hydrocarbons Ltd.

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

Table 4.2: *Revenue flow during Scoping study*

Revenue Stream	Extractive Industry	Frequency of Payment	Agency Responsible for collection	Application of payment.
Exploration License	Mining	Annual	NRA	Consolidated Fund
Mining License	Mining	Annual	NRA	Consolidated Fund
Surface Rent	Mining	Annual	Chiefdom/District Council/Paramount Chief/Members of Parliament	Disbursed according to formula.
Royalty	Large Scale Mining	Depends on Agreement.	NRA	Consolidated Fund
Royalty	Small scale Mining	When Minerals sold	NRA	Consolidated Fund
Corporate tax	Mining	Annual(Depends on contract)	NRA	Consolidated Fund
Payroll tax	Mining	Annual	NRA	Consolidated Fund
Import duty	Mining/Petroleum	As and when	NRA	Consolidated Fund
PAYE	Mining/Petroleum	Monthly	NRA	Consolidated Fund
Withholding Taxes	Mining	As and when	NRA	Consolidated Fund

Agricultural Development Fund	Mining	Annual	MMMR	Mining Community for Agriculture Development
Community Development Fund	Mining	Annual	MMMR	Development of affected Mining communities
Environmental Licence Fees	Mining	Annual	EPA	Consolidated Fund
Environmental Monitoring Fees	Mining	Annual	EPA	Consolidated Fund
Diamond Exporter's license	Mining Exports	Annual	NRA	Consolidated Fund
Diamond Dealers Licence	Mining Exports	Annual	NRA	Consolidated Fund
Gold Exporters Licence	Mining Exports	Annual	NRA	Consolidated Fund
Gold dealers licence				
Export Duty on Diamonds	Mining Exports	On export	PMT/MMMR	Disbursed according to formula
Export duty on gold	Mining Exports	On export	PMT/MMMR	Disbursed according to formula
Training fees	Petroleum	Annual	Petroleum Directorate	Petroleum Directorate
Surface Rental	Petroleum	Annual	Petroleum Directorate	Consolidated Fund
Extension Fees	Petroleum	When required	Petroleum Directorate	Consolidated Fund
Sale of geophysical data	Petroleum	Upon request	Petroleum Directorate	Consolidated Fund

Source: MOF/Gov't Agencies

4.2 Reconciliation

Materiality Determination

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 2017/2018 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 2017/18[4] SLEITI report.

Total Revenues

The preliminary total revenues realized by government Agencies from extractive companies in 2017 and 2018 are shown in Appendix 2.

Preliminary total revenues received in the Mining sector amounted to US$40,262,279.43 in 2017 and US$ 60,457,327.22[5] in 2018. *(See table below).*

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

ii. These revenues are from the exploration and production phases of the mining chain. PAYE and withholding taxes were excluded from the revenues considered for the determination of materiality and reconciliation. This is because of the fact that those payments are not made by the reporting entities, but are made on behalf of employees and other entities, such as service providers. The NRA indicated a challenge in disaggregating these payments.

iii. The MSG determined that the cutoff point at which resolution of discrepancies will cease was 1% of total revenue.

iv. Any revenue stream which had a value of less than 1% of total preliminary revenue[6] was considered immaterial ie less than US$ 271,702 in 2017 and US$ 322,081 in 2018 (unless the MSG for special reasons wanted the revenue stream included). Environmental monitoring fees for example had a value which was less than 1% in of the value of total revenue, it was nonetheless included, due to the importance attached to environmental monitoring.

v. Direct payments such as diamond dealers licence[7], Gold dealers Licence, Gold Exporters Licence, Export Duty on gold,2.5% Consolidated Revenue and 0.5% GGDO valuation were excluded.

vi. For reconciliation, the MSG included other direct payments that were not used in the establishment of materiality thresholds. The collection of these revenue streams are not centralized. Without the benefit of full list of companies to report for reconciliation the IA could not obtain data for these revenue streams. These were surface rental, community

[4] The scoping study was undertaken for 2017 and 2018
[5] In 2017, the exchange rate used was 1US$ for 6545 SSL; the exchange rate used in 2018 was 1US$ for 7768 SSL
[6] This is the total of revenue streams used in the determination of materiality thresholds.

development fund, agricultural development fund and constituency development fund. *(See section Table…)*

The Independent Administrator presented materiality threshold analysis to the MSG for determination of the materiality threshold, we provided scenarios for 2017 and 2018 for the consideration of the MSG. According to the MSG, PAYE and withholding taxes and other indirect taxes were not be reconciled. These taxes were therefore excluded in the determination of the materiality thresholds. The revenue streams used in the determination of materiality thresholds for 2017 and 2018 (and their respective percentage contribution to preliminary government receipts) are shown in Appendix 2.

Tables 3.2 and 3.3 show the various materiality thresholds, the number of companies and the accompanying percentage coverage, of the preliminary government receipts. (See Appendix 3). The MSG provided scenarios for materiality determination for 2017 and 2018.(see Tables4.3;4.4 below)

Table 4.3: **Threshold Analysis and companies selection for 2017**

Threshold	Number of Companies	Coverage- Cumulative wt. (%)	Comments
Amount ≥ US$ 8m	1	30.00	
Amount≥US$4m	2	47.74	
Amount≥US$1m	6	76.05	
Amount≥US$500,000	9	83.15	
Amount≥US$200,000	11	85.78	
Amount≥US$150,000	17	89.75	
Amount≥US$70,000	23	91.46	

Table 4.4: **Threshold Analysis and companies selection for 2018**

Threshold	Number of Companies	Coverage - Cumulative wt (%)	Comments
Amount ≥US$ 6m	1	20.95	
Amount ≥US$3m	4	63.19	
Amount ≥US$1m	7	81.22	
Amount≥US$500,000	9	84.54	
Amount≥US$300,000	12	89.66	
Amount≥US$150,000	13	90.15	
Amount≥US$100,000	20	92.75	

Materiality Thresholds and Reporting Companies:

i) This means eleven companies (which contributed 85.36% of the preliminary revenue data) will report for 2017 and thirteen companies (which contributed 89.86% of the preliminary revenue data) will report for *2018 (See Appendixes 4 for the list of reporting companies in 2017 and Appendix 5 for the list of reporting companies in 2018).*

Scoping Outcomes

MSG decisions regarding scope (*See Table 5.3*) for the 2017/2018 SLEITI Report were based on extensive analysis report presented by the IA in November 2019. MSG has communicated their agreement on issues regarding scope and materiality for the 2017/18 SLEITI report contained in e-mails dated November 16, 2019.

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

Table 4.5: Scoping Parameters for 2017/18 SLEITI Report

	Decisions	
Parameter	2017	2018
Materiality Threshold for Mining	US$200,000	US$150,000
Number of In Scope companies (Mining)	11	13
Coverage of selected companies using preliminary receipts for determining materiality threshold	85%	89%
Number of In Scope companies (Oil and Gas)	2	2

The MSG decided a materiality threshold of US$200,000 (which covers 85.36% of the revenues used for determining materiality, for 2017 and US$150,000 for 2018. Compared to the total preliminary receipts, the payments to Government by the selected companies represent 57.3% and 47.4% in 2017 and 2018.

This means eleven companies (which contributed 85.36% of the preliminary revenue data used in determining materiality) will report for 2017 and thirteen companies (which contributed 89.86% will report for 2018 (See Appendixes 4 for the list of reporting companies in 2017 and Appendix 5 for the list of reporting companies in 2018). Compared to the total preliminary receipts, the selected companies amount to

4.3.1 Materiality statement and Reporting Entities

Any entity in the mining sector that made payments of the selected revenue streams amounting to US$200,000 in 2017 and US$150,000 in 2018 was required to report on all the revenue streams approved by the MSG. *(See Table 5.4)*. The selected mining entities are shown in *Table 5.5* below and *Appendix 4*. The entities that did not meet the materiality threshold (out of scope) are listed in *Appendix 3*

For the Oil/Gas sector the two companies that made payments in 2017 and 2018 were required to report.[8]

[8] These companies no longer operate in Sierra Leone.

Reporting Payments for Reconciliation: The MSG decided that the reports cover the following revenue streams for reconciliation:

1. Mining License;
2. Exploration License;
3. Royalty;
4. Agricultural Development Fund;
5. Corporate Tax;
6. Diamond Exporters License;
7. Community Development Fund;
8. EPA License;
9. EPA Monitoring Fee;
10. Surface Rental;
11. Training Fund;
12. Signature Bonus;
13. Technology Bonus;
14. Extension Fee

The following indirect taxes would be reported unilaterally by the extractive companies only:

i. PAYE
ii. Payroll tax
iii. Withholding tax
iv. Import duty

Moving forward NRA is to take strong action to enable them disaggregate these revenue streams and to report on them.

Export duty on Gold should not be reported or reconciled.

Reporting Entities: The MSG decided that the following government agencies participate in the reporting: the National Revenue Authority (NRA), the Environmental Protection Agency (EPA),, the National Minerals Agency (NMA)/ Precious Minerals Trading (PMT), the Ministry of Mines and Mineral Resources (MMMR), the Petroleum Directorate, the Ministry of Local Government & Rural Development (MLGRD), District Councils & Chiefdom Administrations and Community Development Committees (CDCs), Paramount Chiefs (PCs) and Members of Parliament (MPs).

Table4.6 :Government Entities and revenue streams for 2017/18 SLEITI report.

Benefit Stream	NRA	MMMR	NMA	EPA	District/ Chiefdom Councils	Petroleum Directorate	CDCs
Royalty	✓						
Mining License	✓						
Exploration License	✓						
Corporate Tax	✓						
Environmental Assessment Monitoring fee				✓			
Environmental Assessment License				✓			
Export Duty on Diamonds			✓				
Diamond Exporter's License	✓						
Surface Rent(Mining)					✓		
Community Development Fund		✓					
Agricultural Development Fund		✓					
Training fees						✓	✓
Surface Rental(petroleum)						✓	✓
Technology Bonus						✓	✓
Extension Fees						✓	✓
Signature Bonus						✓	✓

Discrepancy cut off point: Investigation of discrepancies ceased when the discrepancy was less or equal to 1% of total government revenues received in the year.

Reporting Currency: The currency employed is United States Dollars (US$) for both mining and the Oil/ Gas sectors4

4.3. Reporting Government Entities

The following government agencies shall be required to disclose revenues collected from the extractive sector during the 2017/2018 reporting period; the National Revenue Authority, the Environmental Protection Agency, the Precious Minerals Trading, the National Minerals Agency, the Ministry of Mines and Mineral Resources, and the Petroleum Directorate. If the MSG decides to include surface rent, then district councils and chiefdoms that host mining companies should be asked to report.

4.4. Payments for Reconciliation and Project -level Reporting

Only some of the revenue streams received were used to establish the materiality thresholds, however all the preliminary revenue streams and their percentage weights have been shown. *(See Appendices 1&2)* The MSG used this list to provide the final list of revenue streams for reconciliation.

OIL/GAS

Preliminary receipts from the petroleum sector amounted to US$1,476,822 in 2017 and US$2,174,455 in 2018.

Name ofmpany	Type of Payment	Amount(US$)		US$
		2017	2018	
TGS	Sale of Geophysical data	299,143	1,221,289	1,520,432
African Petroleum	Surface Rental	239,400	94,075	333,475
	Training Fund	400,000	250,000	650,000
European Hydrocarbon	Surface Rental	288,279	125,000	413279
	Training Fund	250,000	0	250,000
Getech /ERCL	Sale of Geophysical	0	484,091	484,091
Total		**1,476,822**	**2,174,455**	**3,651,277**

Disaggregated Data: The EITI requires the disclosure of disaggregated data of company payments and government revenues. In particular, it requires that the publication of data in the EITI report by individual company, government entity and payment/revenue streams. The MSG decided that the reporting entities provide disaggregated data and that the definition of a project by the MSG is same as that in the EIRA, 2018, and that companies were already reporting separately on mineral right licences and projects. In line with the extractive Industries Revenue Act 2018, in Sierra Leone a project is defined as the operational

activities that are governed by a single contract, agreement, concession licence, lease, permit, title etc and form the basis for payment liabilities to government.

4.5. 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.

4.6 Data Quality

4.7 Assurances provided by reporting entities to the IA

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

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

5.0 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$: Le 6545 was applied in 2017. For 2018 1US$:Le 7768 was used.

Auditing

Companies/reporting entities

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

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

The companies prepare their financial statements using the accruals concept.

The 2017 and 2018 financial statements of participating entities have been audited by independent auditors of the companies employing auditing standards issued by the International Auditing and Assurance Standards Board.

Government entities

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

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

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

The Auditor General has audited the Accounts of all the reporting Government Agencies for 2017 and 2018.

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

5.1Discrepancy

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.

Assurances provided by reporting entities to the IA

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

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

- In addition to the endorsements by auditors, senior management members endorsed the1templates and embossed with company stamp on behalf of the board of directors.

- Templates were accompanied by appropriate supporting documents, such as receipts and bank statements.

Activities undertaken at reconciliation

Data Collection and Analysis

Credibility of data

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

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

- An endorsement on the template by the companies' external auditor that confirms that the information they have submitted is comprehensive and consistent with their audited financial statements.

- All the templates should include appropriate supporting documents, such as receipts and bank statements.

- Government reporting entities obtain a certification of the accuracy of the government's disclosures from the Auditor General. Templates from the government Agencies are sent for endorsement by the Audit service. The agencies provide bank statements and supporting documents to the Audit Service.

- Detailed schedule of payments and supporting documents.

Thus a two-tier confirmation process which was meant to ensure the best data quality was employed. This involved both the Senior Members of a company or Government Agency and the independent Auditors and the Auditor General endorsing/certifying templates for companies and government Agencies respectively.

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

The provision of supporting documents, made it possible for the independent Administrator to check and comment on the reliability of the data.

The MSG and the SLEITI Secretariat collected the templates from the reporting entities.

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.

- 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.

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: Royalies paid in 2017/2018 were obtained from the NRA and NMA.

- Details of mineral production in 2017/2018 was obtained from the NMA.
- Production figures were compared to export figures from the Bank of Sierra Leone.

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

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

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

Initial Reconciliation

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

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

All discrepancies were identified**.**

Investigation of Discrepancies

The following steps were undertaken to investigate discrepancies.

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

5.2 Results of Reconciliation

The results are indicated below

Reporting **Companies**

The following companies in the mining sector did not provide reporting templates and as such did not form part of the

Oil/Gas: Although payments made by two oil/Gas companies were reported by the Petroleum Directorate, these companies did not submit templates as they were not in operation at the time of writing this report. There were no templates received from companies in the Oil/Gas sector. The companies in the sector were not operational in 2017.

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

Completeness, accuracy and reliability of data

Companies/reporting entities

- The 2017/2018 financial statements of the entities participating in the reconciliation exercise have been audited to international standards.

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

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

Government Agencies

- The Auditor General certificate all the templates submitted by Government Agencies.
- All the templates were embossed with the stamps of the entities and signed off by senior Finance Managers.

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

The data is a fair representation of financial activities within the scope of the assignment

5.2.1 Unilateral declaration by government agencies

Revenues received by government Agencies from the companies that made payments in 2017 and 2018 but did not submit templates are shown in Table below

Table 5.1 Unilateral declaration – 2017/18

							TOTAL	
	NRA		EPA		PETROLEUM DIRECTORATE		2017 Total	2018 Total
	2017	2018	2017	2018	2017	2018		
COMPANIES								
Shandon steel	4019509	1414991	349248					
Meya Mining	2,759,909	362,952						
Stellar Diamonds								
African Petroleum					639,400	344,075		
European Hydrocarbon					641,417	125000		
Total	6,779,418	1,777,943	349,248	0	1,280,817	469,075	8,409,483	2,247,018

5.1

5.3Reconciliation by companies

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

Table 5.2: Reconciliation by companies

5.3		Company			Government			Final Amounts		Unresolved	
No.	**Extractive Entities**	**Initial Amount US$**	**Resolved**	**Final**	**Initial Amount US$**	**Resolved**	**Final**	**Company**	**Government**	**Amount by which company payment exceeded Gov't receipts**	**Amounts which Governm receipts exceeded Compan payment**
	2017										
1	Sierra Rutile Ltd	11,657,996	546,723	12,204,719	12,204,746	-	12,204,746	12,204,719	12,204,746	10	
2	Shandon Steel Ltd	-	-	-	-	-	-	-	-	-	
3	Sierra Minerals Holdings 1	3,612,474	(507,470)	3,105,004	3,046,565	50,000	3,096,565	3,105,004	3,096,565	8,439	
4	Koidu Ltd	1,913,191	14,635	1,927,826	1,955,062	-	1,955,062	1,927,826	1,955,062	-	(27,
5	Kingho Investments Ltd	188,784	1,195,301	1,384,085	1,384,085	-	1,384,085	1,384,085	1,384,085	-	
6	H.M. Diamonds	1,471,356	-	1,471,356	1,487,832	-	1,487,832	1,471,356	1,487,832	1	(16,
7	S.L.Mining Ltd	-	818,900	818,900	818,900	-	818,900	818,900	818,900	-	
8	Sierramin Bauxite Ltd	794,402	34,786	829,188	649,743	186,402	836,145	829,188	836,145	-	(6,
9	Mass Energy-Kingho Investments	188,784	(188,784)	-	-	-	-	-	-	-	
10	Kassim Basma	575,042	(32,967)	542,075	542,070	-	542,070	542,075	542,070	5	

11	Meya Mining Ltd	-	-	-	-	-	-	-	-		
12	Stellar Diamonds Ltd	-	-	-	-	-	-	-	-	-	
13	Dayu Mining Ltd	201,880	-	201,880	-	-	-	201,880	-	201,880	
14	Mojed Marouf Jawad	-	-	-	-	-	-	-	-	-	
15	African Petroleum	-	-	-	-	-	-	-	-	-	
16	European Hydrocarbon	-	-	-	-	-	-	-	-	-	
	Total	**20,603,909**	**1,881,124**	**22,485,033**	**22,089,003**	**236,402**	**22,325,405**	**22,485,033**	**22,325,405**	**210,335**	**(50,**
	2018										
1	Sierra Rutile Ltd	10,483,205	(3,056,221)	7,426,984	7,270,958	156,025	7,426,983	7,426,984	7,426,983	0	
2	Shandon Steel Ltd	-	-	-	-	-	-	-	-	-	
3	Sierra Minerals Holdings 1	6,411,503	(85,589)	6,325,914	6,295,501	50,000	6,345,501	6,325,914	6,345,501	0	(19,
4	Koidu Ltd	5,761,713	97,837	5,859,550	5,834,215	-	5,834,215	5,859,550	5,834,215	47,630	(22,
5	Kingho Investments Ltd	1,034,056	2,000,000	3,034,056	3,000,000	-	3,000,000	3,034,056	3,000,000	34,056	
6	H.M. Diamonds	1,551,999	(78,193)	1,473,806	1,481,727	-	1,481,727	1,473,806	1,481,727	2,463	(10,
7	S.L.Mining Ltd	1,111,370	(332,182)	779,188	727,688	51,500	779,188	779,188	779,188	-	
8	Sierramin Bauxite Ltd	823,071	(115,975)	707,096	651,212	49,548	700,760	707,096	700,760	6,336	

9	Mass Energy-Kingho Investments	1,000,000	(500,000)	500,000	500,000	-	500,000	500,000	500,000	-	
10	Kassim Basma	463,561	(32,832)	430,729	430,727	-	430,727	430,729	430,727	2	
11	Meya Mining Ltd	-	-	-	-	-	-	-	-	-	
12	Stellar Diamonds Ltd	-	-	-	-	-	-	-	-	-	
13	Dayu Mining Ltd	562,873	-	562,873	500,000	50,000	550,000	562,873	550,000	12,873	
14	Mojed Marouf Jawad	211,121	-	211,121	211,120	-	211,120	211,121	211,120	1	
	Tonguma Ltd	2,170,518	(327,529)	1,842,989	1,828,588	-	1,828,588	1,842,989	1,828,588	14,401	
15	African Petroleum	-	-	-	344,075	-	-	-	-	-	
16	European Hydrocarbon	-	-	-	125,000	-	125,000	-	-	-	
	Total	**31,584,991**	**(2,430,684)**	**29,154,307**	**29,200,812**	**357,073**	**29,213,810**	**29,154,307**	**29,088,810**	**117,763**	**(52,**

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

Table 5.3: Reconciliation by revenue streams

Table 5.4 Reconciliation by Revenue Streams

	2018	Company			Government			Final Amounts		Unresolved
No.	**Revenue Stream**	**Initial Amount US$**	**Resolved**	**Final**	**Initial Amount US$**	**Resolved**	**Final**	**Company**	**Government**	**Over**
1	Mining Licence	6,518,402	1,575,606	8,094,009	7,917,174	151,500	8,068,674	8,094,009	8,068,674	25,335
2	Exploration Licence	138,432	150,109	288,541	238,993	49,548	288,541	288,541	288,541	-
3	Royalty	12,327,986	318,707	12,646,693	12,632,947	-	12,632,947	12,646,693	12,632,947	13,766
4	Export duty for Diamonds	1,908,882	(149,994)	1,758,888	1,758,885	-	1,758,885	1,758,888	1,758,885	3
5	Corporate Tax	6,627,317	(3,252,260)	3,375,057	3,371,959	-	3,371,959	3,375,057	3,371,959	3,098
6	Diamond Exporter's License fee	139,448	(32,832)	106,616	117,000	-	117,000	106,616	117,000	-
7	Environmental Impact Assessment License	923,526	-	923,526	836,915	42,300	879,215	923,526	879,215	61,631

8	Environmental Impact Assessment Monitoring Fees	101,597	42,300	143,897	167,383	-	167,383	143,897	167,383	1,056

No.	**2017**	**Company**			**Government**			**Final Amounts**		**Unresolved**	
	Revenue Stream	**Initial Amount US$**	**Resolved**	**Final**	**Initial Amount US$**	**Resolved**	**Final**	**Company**	**Government**	**Over**	**Under**
1	Mining Licence	1,935,348	1,025,921	2,961,269	2,886,269	50,000	2,936,269	2,961,269	2,936,269	25,000	(0)
2	Exploration Licence	88,844	493,006	581,850	573,810	-	573,810	581,850	573,810	8,040	(0)
3	Royalty	8,965,050	546,723	9,511,773	9,511,773	-	9,511,773	9,511,773	9,511,773	-	-
4	Export duty for Diamonds	1,765,369	-	1,765,369	1,765,366	-	1,765,366	1,765,369	1,765,366	3	2
5	Corporate Tax	4,907,845	(507,470)	4,400,375	4,400,399	-	4,400,399	4,400,375	4,400,399	3	(27)
6	Diamond Exporter's License fee	104,490	(32,967)	71,523	88,000	-	88,000	71,523	88,000	-	(16,477)
7	Environmental Impact Assessment License	1,044,343	239,833	1,284,176	1,107,286	-	1,107,286	1,284,176	1,107,286	176,890	0
8	Environmental Impact Assessment Monitoring Fees	71,213	116,078	187,291	221,493	-	221,493	187,291	221,493	-	(34,202)
9	Surface Rent	1,208,058	-	1,208,058	1,021,257	186,402	1,207,659	1,208,058	1,207,659	399	(1)
10	Agricultural Development Fund		-	116,432	116,432	-	116,432	116,432	116,432	-	-
11	Community Development Fund	396,917	-	396,917	396,917	-	396,917	396,917	396,917	0	0
	TOTAL	**20,487,477**	**1,881,124**	**22,485,033**		**236,402**	**22,325,405**	**22,485,033**	**22,325,405**	**210,335**	**(50,707)**

					22,089,003						
9	Surface Rent	1,506,130	(1,147,180)	358,950	346,075	-	346,075	358,950	346,075	12,875	
10	Agricultural Development Fund	113,725	-	113,725	-	113,725	113,725	113,725	113,725	-	
11	Community Development Fund	1,279,546	64,860	1,344,406	1,344,406	-	1,344,406	1,344,406	1,344,406	(0)	
	TOTAL	**31,584,991**	**(2,430,684)**	**29,154,307**	**28,731,737**	**357,073**	**29,088,810**	**29,154,307**	**29,088,810**	**117,763**	

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 were unresolved net discrepancies of US$ 159,628 and US$65,497 in 2017 and 2018 respectively. This represents 0. 39% and 0,11% of total government receipts in 2017 and 2018 respectively.

Absolute discrepancies of US$261,042 and US$170,029 were recorded for 2017 and 2018 respectively. These represent 0.65% of total government receipts (in the mining sector) in 2017 and 0.28% of total government receipts (mining sector) in 2018.

a) Resolution of Discrepancies

i. The resolved columns indicated in the reconciliation (tables 7.1 and 7.2) show the resolutions of discrepancies that were undertaken.

ii. Supporting documents were provided in the instances where discrepancies occurred after the initial reconciliation.

b) Extractive entity and discrepancies

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

Table:5.5 Discrepancies by Companies

	Unresolved	
Extractive Entities	**Amount by which company payment exceeded Gov't receipts**	**Amounts by which Government receipts exceeded Company payments**
Sierra Rutile Ltd	10	(38)
Shandon Steel Ltd	-	-
Sierra Minerals Holdings 1	8,439	0
Koidu Ltd	-	(27,235)
Kingho Investments Ltd	-	-
H.M. Diamonds	1	(16,476)
S.L.Mining Ltd	-	-
Sierramin Bauxite Ltd	-	(6,957)
Mass Energy-Kingho Investments	-	
Kassim Basma	5	

Meya Mining Ltd		-
Stellar Diamonds Ltd	-	-
Dayu Mining Ltd	201,880	
Mojed Marouf Jawad	-	-
African Petroleum	-	-
European Hydrocarbon	-	-
Total	**210,335**	**(50,706)**
Sierra Rutile Ltd	0	0
Shandon Steel Ltd	-	-
Sierra Minerals Holdings 1	0	(19,587)
Koidu Ltd	47,630	(22,295)
Kingho Investments Ltd	34,056	-
H.M. Diamonds	2,463	(10,384)
S.L. Mining Ltd	-	-
Sierramin Bauxite Ltd	6,336	-
Mass Energy-Kingho Investments	-	-
Kassim Basma	2	2
Meya Mining Ltd	-	-
Stellar Diamonds Ltd	-	-
Dayu Mining Ltd	12,873	-
Mojed Marouf Jawad	1	1
Tonguma Ltd	14,401	-
African Petroleum	-	-
European Hydrocarbon	-	-

Total	**117,763**	**(52,263)**

c) Revenue Streams and Discrepancies:

The revenue streams and associated discrepancies are shown in table below.

Table5.6 : Discrepancies by Revenue Streams

2017/2018	Unresolved	
Revenue Stream	**Amount by which company payment exceeded Gov't receipts**	**Amounts by which Government receipts exceeded Company payments**
Mining Licence	25,000	(0)
Exploration Licence	8,040	(0)
Royalty	-	-
Export duty for Diamonds	3	3
Corporate Tax	3	(27)
Diamond Exporter's License fee	-	(16,477)
Environmental Impact Assessment License	176,890	0
Environmental Impact Assessment Monitoring Fees	-	(34,202)
Surface Rent	399	(1)
Agricultural Development Fund	-	-
Community Development Fund	0	0
TOTAL	**210,335**	**(50,704)**
GRAND TOTAL	**210,335**	**(50,704)**
	Unresolved	
Revenue Stream	**Over**	**Under**
2018 MINING		
Mining Licence	25,335	-
Exploration Licence	-	0
Royalty	13,766	(20)
Export duty for Diamonds	3	3
Corporate Tax	3,098	(0)
Diamond Exporter's License fee	-	(10,384)
Environmental Impact Assessment License	61,631	(17,320)
Environmental Impact Assessment Monitoring Fees	1,056	(24,542)
Surface Rent	12,875	-

Agricultural Development Fund	-	-
Community Development Fund	(0)	0
TOTAL	**117,763**	**(52,263)**

Causes of Discrepancies:

1) As seen from table with discrepancies and revenue streams, the main positive discrepancy (company payment more than government receipts) was from environmental permitting fees. Thus in 2017 Dayu Mining Ltd, environmental permitting payment of US$176, 880 which was not corroborated by EPA caused the highest positive discrepancy.

2) The main contributor to negative discrepancy in 2017 is also related to environmental permitting fees followed by Diamond Exporters licence fees.

3) In 2018, both positive and negative discrepancies were mainly caused by environmental payment fees.

Coverage:

Table5.7: Contribution by revenue streams to Government

Revenue Stream	Government Receipts(US$)
	2017
Mining Licence	2,936,269
Royalty	9,511,773
Corporate Tax	4,400,399
Export duty for Diamonds	1,765,366
Surface Rent	1,207,659
Environmental Impact Assessment License	1,107,286
Exploration Licence	573,810
Community Development Fund	396,917
Environmental Impact Assessment Monitoring Fees	221,493
Agricultural Development Fund	116,432

Diamond Exporter's License fee	88,000
TOTAL	**22,325,405**

Revenue Stream	2018
	Government Receipts(US$)
Mining Licence	8,068,674
Exploration Licence	288,541
Royalty	12,632,947
Export duty for Diamonds	1,758,885
Corporate Tax	3,371,959
Diamond Exporter's License fee	117,000
Environmental Impact Assessment License	879,215
Environmental Impact Assessment Monitoring Fees	167,383
Surface Rent	346,075
Agricultural Development Fund	113,725
Community Development Fund	1,344,406
TOTAL	**29,088,810**

The table shows that for 2017 and 2019 mineral royalty is the revenue stream that provides the government with the most revenue. This is followed by corporate tax. This is to be expected in a royalty tax fiscal regime. See Fig.5.1.

Fig 5.1

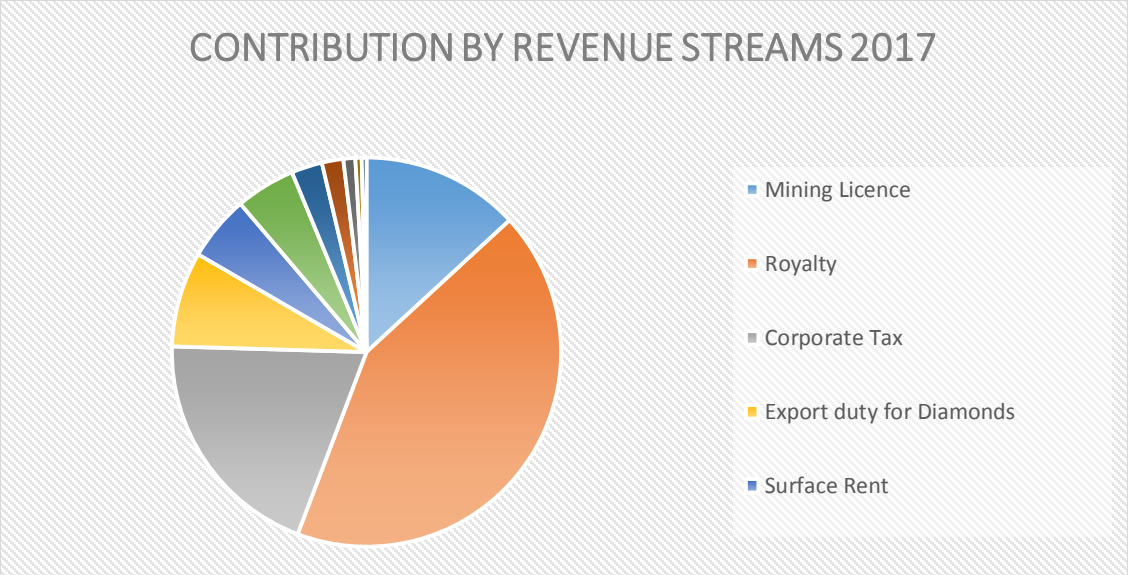

CONTRIBUTION BY REVENUE STREAMS 2017
Mining Licence
Royalty
Corporate Tax
Export duty for Diamonds
Surface Rent

Fig 5.2

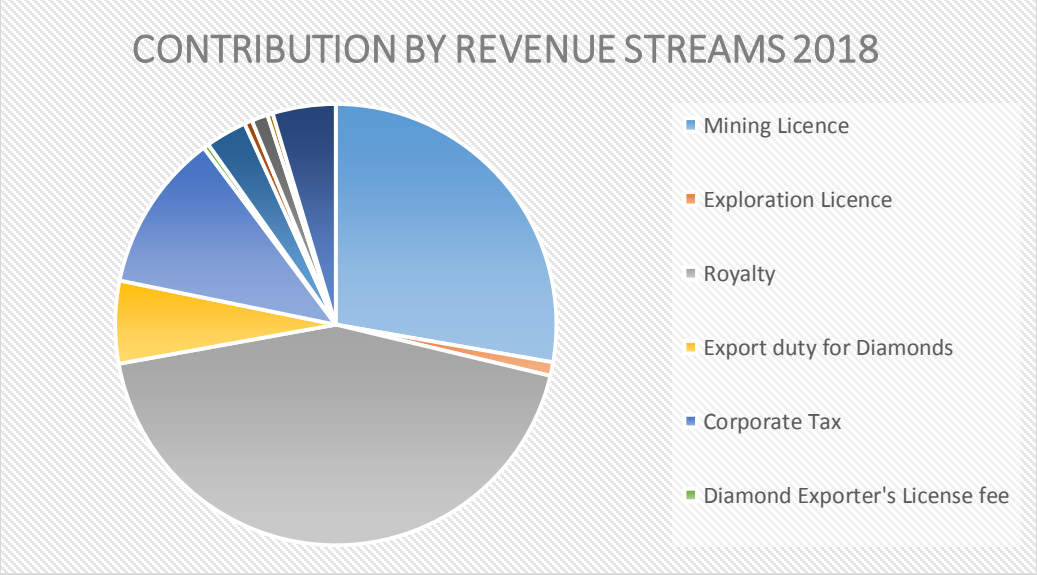

CONTRIBUTION BY REVENUE STREAMS 2018
Mining Licence
Exploration Licence
Royalty
Export duty for Diamonds
Corporate Tax
Diamond Exporter's License fee

Table 5.8: Coverage of 2017/2018 reconciliation.

Revenue stream	EITI collection (2017)	EITI Collection (2018)	Government collection 2017(Materiality)	Government Collection 2018(Materiality)	EITI collection/ Collection for (2017)Materiality	EITI collection/Collection for Collection(2018)
Mining Lease	2,936,269	8,068,674	5,312,797	9,869,182	55.27	82
Exploration	573,810	288,541	-	250,000.00		115
Royalty	9,511,773	12,632,947	14,480,138	13,747,241	65.69	92
Export duty for Diamonds	1,765,366	1,758,885	2,250,726.07	1,980,755.97	78.44	89
Corporate Tax	4,400,399	3,371,959	509,623	3,388,774	863.46	100
Diamond Exporter's License fee		88,000	117,000	682,518	166,868	12.89
Environmental License fees	1,107,286	879,215	2,003,690	1,271,080	55.26	69
Environmental Monitoring Fees	221,493	167,383	400,738	254,216	55.27	66
Surface Rent (Mining)	1,207,659	346,075	1,207,659	346,075	100.00	100
Agricultural Development Fund		116,432	113,725	116,432	113,725	100.00
Community Development Fund		396,917	1,344,406	396,917	1,344,406	100.00
Total	22,325,405	29,088,810	27,361,239	32,732,324	81.60	89

Table 5.9 Effect of non-reporting on reconciliation:

				US$
EITI Reported Collections by Government in 2017	US$28647085.52		Total Collected by Government in 2017	42,436,734.43
Total unreported amount for 2017	US$ 8409483		Total unreported amount for 2017	8409483
Effect of non-reporting %	29.36		Effect of non-reporting %	19.82
EITI Reported Collections by Government in 2018	33,684,946.57		Total Collected by Government in 2018	62,631,782.27
Total unreported amount for 2018	2,247,017.72		Total unreported amount for 2018	2,247,017.72
Effect of non-reporting %	6.67		Effect of non-reporting %	3.59

From table on the lack of reporting by some companies, it is seen that revenues excluded from reconciliation is 19.8% of total government receipts in 2017 and 3.6% in2018.

5.3. Sub National Payments

Sierra Leone's local government operates in a single tier with 16 district councils and six city councils. All of them 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

Both local councils and chiefdom councils have been empowered by legislation 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.

5.3.1 Surface Rent

Surface rent is a subnational payment made 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

The IA inspected the supporting documents provided by companies as evidence of payment of surface rent. The MSG's decision was that with the exception of payments to individuals the remaining payments should be reconciled. Tables below show the payments by companies and reconciliations based on templates submitted by District Councils, Chiefdoms, Paramount Chiefs and Members of parliament. It was observed that although some Chiefdoms, Paramount Chiefs and MPs have acknowledged receiving surface rent payments, they did not submit any template.

Table5.9: Koidu Ltd-Reconciliation of Surface rent payments in 2017/2018(All amounts in SLL

Recipient	Amount paid (SLL)		Amounts received (SLL)		Discrepancy (In scope)	
	2017	2018	2017	2018	2017	2018
Ministry of Local Government and Rural Development	518,000,000	568,220,191	518,000,000	568,220,191	-	-
Kono District Council-5%	25,900,000	28,411,010			25,900,000	28,411,010

Koidu New Sembehen City Council-10%	51,800,000	56,822,019	51,800,000	14,639,214	-	42,182,805
Tankoro Chiefdom-10%	51,800,000	56,822,019		52,002,260	51,800,000	4,819,759
Paramount Chief-Tankoro Chiefdom-15%	77,700,000	85,233,029			77,700,000	85,233,029
Constituency Development Fund-10%	51,800,000	56,822,019			51,800,000	7,379
Landowners-50%(out of scope)	259,000,000	284,110,096				
Total	**518,000,000**	**568,220,191**	**51,800,000**	**66,641,474**	**207,200,000**	**160,653,981**

Table 5.10 : Sierra Minerals Ltd: Reconciliation of Surface rent payments in 2017/2018(All amounts in SLL)

Recipients	Amount Paid By Company		Amount Received(SLL)			
			In-Scope		Discrepancy	
	2017	2018	2017	2018	2017	2018
Paid by Company	1,363,965,000	1,059,648,000				
District Councils						
Moyamba District Council	133,281,000	115,518,000	133,281,000	115,518,000	0	-
Bonthe District Council	10,540,000	10,551,000	10,540,000	10,551,000	0	-
Bo District Council	56,106,000	35,108,000	56,106,000	35,108,000	0	-
Chiefdoms					0	-
Upper Banta	32,999,000	56,732,000	32,999,000	56,732,000	0	-
Lower Banta	11,403,000	15,608,000	11,403,000	15,608,000	0	-
Dasse		13,864,000		13,864,000	0	-
Kpanda Kemo	10,149,000	7,034,000.00	10,149,000	7,034,000.00	0	-
Bumpe Ngao	37,404,000	23,405,000	37,404,000	23,405,000	0	-
Paramount Chiefs					0	-
Upper Banta Chiefdom	110,014,000	71,310,000	110,014,000	71,310,000	0	-
Lower Banta Chiefdom					0	-
Dasse Chiefdom					0	-
Kpanda Kemo Chiefdom	15,224,000	10,551,000	15,224,000	10,551,000	0	-

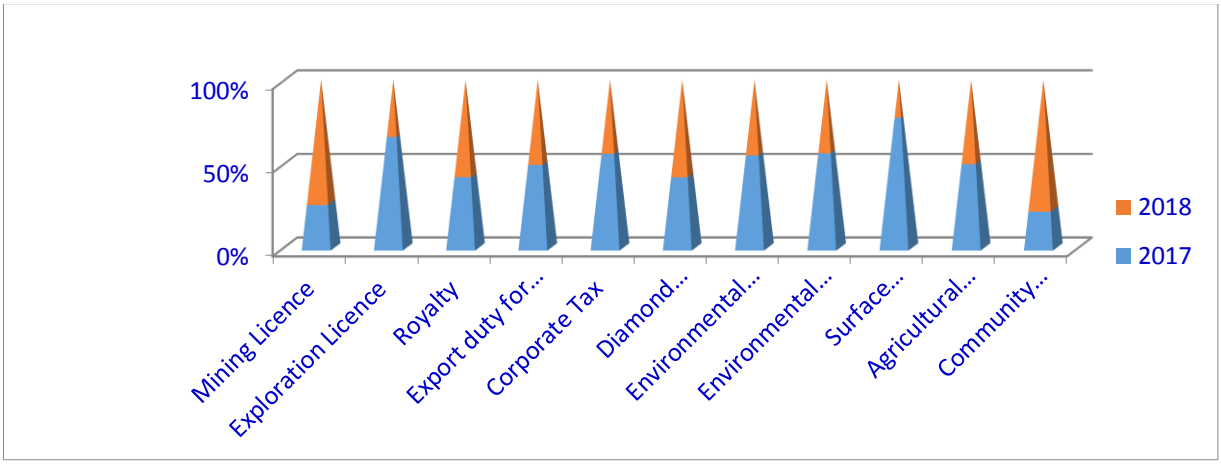
Bumpe Ngao Chiefdom	56,106,000	35,108,000	**56,106,000**	**35,108,000**	0	-
Constituency Dev. Funds					0	-
Landowners			**473,226,000**	**394,789,000**	473,226,000	(394,789,000)

Table 5.11 : Sierra Rutile Ltd: Reconciliation of Surface rent payments in 2017/2018(All amounts in SLL)

	Amount Paid by company(SLL)		Amount received(SLL)			
	4,804,767,000	**5,168,682,000**				
Recipients	2017	2018	2017	2018	2017	2018
District Councils						
Bonthe District Council	280,402,767	301,640,595	280,403,000	301,641,000	-233	-405
Moyamba District Council	440,312,156	473,661,591	440,312,000	473,662,000	156	-409
Chiefdoms						
Imperri	178,039,700	191,524,505	178,040,000	191,525,000	-300	-495
Jong	8,895,478	9,569,225	8,895,000	9,569,000	478	225
Upper Banta	56,732,000		61,029,000	73,342,000.00	-4,297,000	-73,342,000
Lower Banta	74,389,000	80,033,349	74,342,000	80,033,000	47,000	349
Bagruwa	162,411,337	174,712,443	162,411,000	174,712,000	337	443
Paramount Chiefs					0	0
Imperri	267,060,000	287,286,757	267,060,000	287,287,000	0	-243
Jong	13,343,000	14,353,838	13,343,000	14,350,000	0	3,838
Upper Banta	85,098,000		85,098,000	91,543,000	0	-91,543,000
Lower Banta	111,598,000	120,050,024			111,598,000	120,050,024
Bagruwa	243,617,000	262,068,664	243,617,000	262,0+69,000	0	-336

Constituency Development Fund					0	0
079 Imperri and Jong	186,935,178	201,093,730			186,935,178	201,093,730
083 Upper Banta and Lower Banta	131,130,100				131,130,100	0
O84 Bagruwa	162,411,337	174,712,443			162,411,337	174,712,443
Individuals (out of scope)	2,402,375,053					0
Total	**4,804,750,106**	**2,290,707,164**	**1,814,550,000**	**1,959,733,000**	**587,825,053**	**330,974,164**

Fig; Comparison of revenue streams 2017 and 2018.



Mining Licence: Mining licence increased from US$ 2936,269 in 2017 to US$8068673, recording the highest increase in percentage terms of all the revenue streams between 2017 and 2018.The payment which is mainly from operating mines does not give an indication o sustainability of the mining industry. It is however an indication current mining activities and potential royalty collection.

Exploration Licence:

Exploration licence fees reduced from US$ 573,810 TO US$ 288,541. Decreases in exploration is not good for sustaining the Mining industry, More exploration s required to ensure sustainability of the industry.

Mineral Royalty: Mineral royalty recorded a 33% increase in value between 2017 and 2018. This comes as no surprise on the back of an increase in mining lease licence payments.

Export duty on Diamonds:This decreased slightly from US$1,765,366 in 2017 to US$ 1,758,884 in 2018. The fact that diamond exporters licence increased moderately in 2018 means the diamond industry is stable going forward.

Corporate tax: Corporate tax payment reduced from US$4,400,399 in 2017 to US$3,371,959. With increasing mineral royalty payment , it appears that most of the companies may stillhave capital allowances to offset their potential tax liability

6.Revenue Allocation

6. 1. Revenues Recorded in State Budget (Consolidated Account)

The NRA is mandated for the collection of all taxes on mining. Once minerals are monetized the revenues due to the State are paid to NRA which receives most of Sierra Leone's taxes from the mining sector. The other payments from the mining sector are made to local councils and Chiefdoms, where mining companies are based, to the Ministry of Mines and Mineral Resources. For the Oil and Gas sector, payments are made to the Petroleum Directorate.
Once payments are lodged in Consolidated Fund/Treasury they lose their identity. In accordance with Section 54(2b) of the Government Budgeting and Accountability Act, 2005 a Statement of Receipts into and the Payments out of Consolidated Fund for the year is published. The Bank of Sierra Leone also publishes annual report on government's fiscal operations.

Benefit Stream recorded in Budget: Revenues from the various collecting agencies are categorized under Mines Department and are recorded both as actuals in the reporting year or as projections in ensuing years.

Funds collected by Petroleum Directorate and the Ministry of Mines and Minerals Resources 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.

6.2. Subnational Transfers

Specific contributions by mining companies which are meant to be applied to certain district councils and chiefdoms for social development

6.2.1 Diamond Area Community Development Fund (DACDF)

The Diamond Area community development fund is a subnational transfer in Sierra Leone.
The Diamond Area Community Development Fund (DACDF) was set up by the Government of Sierra Leone in the year 2001. Two key reasons for setting up the Fund were:

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

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

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

Government allocates the money in the form of percentage to three (3) broad categories, these include;
(1) 20% allocated to District Councils
(2) 20% allocated to Chiefdom Councils
(3) 60% allocated to Chiefdom Councils Based on Artisanal Mining Licenses
Disbursement to Chiefdoms

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

- Submit Artisanal Mining Licenses Registers of Mines and Local Government.
- 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

Money allocated to Chiefdoms and District Councils are not automatically distributed. Funds will only be disbursed once specific development projects have been considered and approved.

Table… shows the amount of DADCF allocated in 2017 and 2018.

Table 6.1 : Amounts transferred by NMA to DACDF Account(SLL)

Amounts Transferred by NMA to the DACDF Account		
Month	**2017**	**2018**
Jan	456,326,404.00	364,959,498.16
Feb	47,983,878.00	329,147,003.42
Mar	470,999,081.00	275,442,100.75
Apr	353,438,843.00	351,043,864.56
May	472,219,325.00	360,068,612.92
Jun	393,302,077.62	365,086,158.92
Jul	355,023,770.63	434,928,086.97
Aug	56,999,459.55	154,203,745.35
Sep	565,365,279.06	444,057,547.31
Oct	403,595,408.84	170,349,191.98
Nov	76,578,329.45	443,672,199.45
Dec	329,337,481.21	122,436,702.60
	3,981,169,337.36	**3,815,394,712.39**

Source:NMA

DACDF Account receipts: The appropriateness or otherwise of the transfers to the DACDF were checked against export duty on diamond receipts in 2017 and 2018. (See Table)

Table6.2: DACDF: Appropriateness of Transfers for 2017/2018

YEAR	**3% Export duty on diamond exports(A) (US$)**	**Amount due for DADCF (25% of A) US$**	**Amount due for DADCF (25% of A) in SLL**	**Amount transferred by NMA to the DADCF Account(SLL)**	**Variance**
2017	2,250,726	562,682	3,682,750,533	3,981,169,337.36	(298,418,804)
2018	1,980,756	495,189	3,846,628,100	3,815,394,712.39	31,233,388

*

Although export duty on diamond is paid in US dollars, transfers to the DACDF are made in Sierra Leone Leones. The IA could not obtain the monthly exchange rates employed in translating the US$ to SLL, the average rate in the report,ie 2017; US$:SLL, 1:6545 and 2018: US$:SLL, 1:7768 were used in translating the US$ to leones Taking into consideration the differences in exchange rates , the amounts transferred by the NMA into the

DADCF account in 2017 and 2018 are reasonable

The IA could not compute the correctness of payments of DADCF made to District and Chiefdom Councils, as parameters such as the number of artisanal licence holders and diamond ferrous chiefdoms

6.3. Budget Process and Audit

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 (MOF) 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 MOF 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. MOF analyses the budget proposals from the MDAs and later engages them in public budget discussions. MOF 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 MOF. 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.pdfVote 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 https://mof.gov.sl/annual-budget/.

6.4: Social and Economic Spending

The EITI requires disclosures of information related to social expenditures and the impact of the extractives sector on the economy, helping stakeholders to access whether the extractive sector is leading to the desirable social and economic impacts and outcomes

6.4.1 Mandatory and voluntary social expenditures

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

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

The community Development Fund is mandatory social expenditure in Sierra Leone.

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). Community Development Committees comprising the representatives from the company and the community is responsible for managing the Community Development Fund.

Update on the Community Development Agreement

1. The following Eight (8) companies have signed Community Development Agreements in Sierra Leone; however, the licences of Tonkolili Iron Ore (Shandong Mining); and S. L. Mining Company have been cancelled.

1. Sierra Rutile/Iluka Limited
2. Sierra Minerals Holding Limited
3. Tonkolili Iron Ore Limited (Shandong)
4. Koidu Limited
5. Sierra Leone Mining Company
6. Meya Mining Company Limited
7. Wongor Mining Company Limited
8. Sierra Diamonds Mining Company

These are;

2. Tonkolili Iron Ore (Shandong Mining); and
3. S. L. Mining Company

The Community Development Fund Account And Financial Management Of The Tonkolili Iron Ore / Shandong CDA

Consequent upon the signing of the CDA, the parties opened a Community Development Fund Account at the Union Trust Bank, Magburaka Branch. The details of the account are as follows:

Account Name: Community Development Fund Account

Account Number: 004010089838120138

The signatories to the account are the following:

1. The Company Representative, who is the Principal.
2. The Community Development Committee Chairperson.
3. Paramount Chief Alimamy Koroma of Dansogoia.

Transfer of Funds to CDA Account

Prior to the signing of the CDA, the defunct African Minerals Limited operated an escrow account at the Guaranty Trust Bank, to which they were transferring 0.1 percent of annual revenue in fulfillment of their CDA obligations under their mining lease agreement. However, as there was no CDA in place, the money was not expended on any project.

Following the signing of the CDA and the opening of the CDF account, the Minister of Mines and Mineral Resources directed the company to transfer the money in the escrow account to the CDF account. The company agreed to comply, and gave instructions to Guarantee Trust Bank.

However, it emerged that since the company opened the account, Government and the community did not nominate signatories to the account, as they were required to do. The transfer could thTableTableerefore not be completed until these signatories are appointed.

The company has requested the NMA to ensure that the community and Government representatives, respectively, are nominated. The community is also exerting pressure for the funds to be transferred. However, inorder that the funds are not misused, the necessary steps should be undertaken.

Even though, the mining licence of the company has been cancelled, yet the community development fund is awaiting its transfer from the Guaranty Trust Bank. For details of Projects that are being undertaking with CDF, see Appendix 7

Community Development Fund Payments

COMMUNITY DEVELOPMENT FUND PAYMENTS FROM 2016 TO 2018					
NO	**NAME OF COMPANY**	**2016**	**2017**	**2018**	**REMARKS**

1	SIERRA RUTILE/ILUKA LIMITED	USD 100,000	USD 100,000	USD 100,000	Project implementation on going
2	SIERRA MINERALS HOLDING LTD	USD 510.771	USD 602.779	USD 674.128	Project implementation on going
3	KOIDU LIMITED	USD 198,000	USD 62,300	USD 212,000	Project implementation on going
4	SIERRA DIAMONDS MINING LTD	never mined	never mined	USD100,000	Project implementation has started
5	MEYA MINING COMPANY	Never existed	Never mined	Never mined	
6	WONGOR MINING COMPANY	Never existed	Never existed	Never mined	

The MSG prepared a CDF template for the communities with Community Development Funds.

The committee completed the templates indicating amounts brought forward, amounts received for the year, amount utilized during the year and the balance or amount remaining at the end of the year. The Finance Officer and the Chairman for the CDC Committee endorsed the

The tables below show reconciliations of amounts paid by companies in the year and receipts by the Committee.

Table6.3 : Community Development fund payment made by Sierra Minerals Holdings in 2017

Company	Payment Dates	Le		C DC	Discrepancy
Sierra Minerals Ltd	13.04.2017	26,171,084	13.04.2017	226,171,084	0
	13.06.2017	284,137,831.25	13.06.2017	284,137,831.25	0
	08.08.2017	595,387,824	08.08.2017	595,387,824	0
	04.09.2017	703,057,000	04.09.2017	703,057,000	0
	01.12.2017	739,069,144	01.12.2017	739,069,144	0
Total		2,547,822,883		2,547,822,883	

Communities: Lower Banta;Upper Banta; Dasse Chiefdom; Kpanda Kemoh Chiefdom; Buipe Chiefdom

Table 6.4 Community Development fund payment made by Sierra Rutile in 2018

Company	Payment Dates	Le	C DC	Discrepancy

Sierra Rutile Ltd	28-02-18	**1,495,798,270.30**	28-02-18	**1,495,798,270.30**	0
Total		**1,495,798,270.30**		**1,495,798,270.30**	

Table6.5 : Community Development fund payment made by Koidu Ltd in 2018

Company	Payment Dates	Le		KONO C DC	Discrepancy
Koidu Ltd	30/05/2018 24/06/2018	380,000,000 375,174,800 0 0	18/01/2018 02/03/2018 30/05/2018 24/06/2018	180,000,000 380,000,000 385,000,000 175,174,800	200,000000 -4,825200 -385,000,000 -175,174,800
Total		755,174,800		1,120,174,800	-365,000,000

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 2017 and 2018.

Government does not own any extractive company where evidence was found that state has received revenues in 2017/2018.

6. Infrastructure provisions and barter arrangements

In 2017 and 2018 there were no infrastructure provisions and barter arrangements that were found in existing contracts with mining companies.

6.7 Transportation payments

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

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

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

In 2017/2018, no transportation payments to government was reported.

6.8 Quasi-fiscal expenditures

In 2017 and 2018 our study of the existing companies in the extractive industry did not find existence of quasi-fiscal expenditures.

7.0 CONTRIBUTION TO TOTAL MERCHANDISE EXPORTS

The value of merchandise exports decreased by 2.3 percent, from US$ 567 million in 2017 to US$ 554 million in 2018, as a result of the decline in mineral and agricultural exports.

However, there was an improvement in export earnings realised from "Other exports", comprising timber and palm oil, which increased from US$ 107 million in 2017 to US$ 116 million in 2018. **Mineral exports accounted for 64.8 percent of total export earnings**; agricultural exports including fish and shrimp, 3.8 percent; "other exports" comprising timber and palm oil, 20.9 percent; and re-exports,10.5 percent in 2018.

7.1CONTRIBUTION TO EMPLOYMENT

According 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 7.1 Employment Details in 2015

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

ESTIMATION OF SIERRA LEONE'S INFORMAL ECONOMY

According to the International Monetary Fund (IMF), the informal of Sierra Leone was

42% in the period from 2010-2014.

Source: IMF WP/17/156.

7.2 CONTRIBUTION TO GOVERNMENT REVENUES

Total domestic revenue increased by 33 percent to Le 4.43 trillion (13.7 percent of GDP) in 2018 from Le 3.34 trillion (12.3 percent of GDP) in 2017. This represents the highest increase in domestic revenues (1.4 percentage points of GDP) recorded in a single year in recent times.

The Mines Department contributed 149 Le billions at a 0.4% of the total non- iron ore GDP in 2017 and 223 Le billions at 0.7% of the total non- iron ore GDP in 2018

Revenue from the mining sector increased from Le 149 billion (0.5 percent of GDP) in 2017 to Le 222.7 billion (0.7 percent of GDP) in 2018 as a result of improved collection of mineral royalties and licenses.

https://mof.gov.sl/wp-content/uploads/2019/12/2018-Economic-Bulletin-MoF.pdf

Real GDP growth was estimated at 3.8 percent in 2017 and 3.5 percent in 2018.

The slow-down in real GDP growth reflects mainly the weak performance in the mining and construction sectors. The Tonkolili Iron Ore Mine operated by Shandong Iron and Steel and the Marampa Mines remained closed throughout 2018.

The output of rutile was also lower than projected due to periodic disruptions in production caused by employee strike actions during the year

GDP Growth

Year	2016	2017	2018
Real GDP incl. Iron Ore	6.4	3.8	3.5
Real GDP excl. Iron Ore	4.6	3.6	5.4

Source: https://mof.gov.sl/wp-content/uploads/2019/12/2018-Economic-Bulletin-MoF.pdf

The non-iron ore economy grew at 5.4 percent in 2018, compared to 3.6 percent in 2017, as a result of the recovery in diamond mining activities, continuation of normal agriculture activities and expansion of the services sector.

Percentage growth of the industrial sector and subsectors 2016-2018

Economic Activity	2016	2017	2018
Industry	27.4	-5.3	-2.4
Mining and Quarrying	52.4	-13.6	-4.0
Diamonds	8.3	-50.2	141.2

Iron Ore	7131.4	16.1	-100.2
Other Minerals	9.3	24.5	15.3
Quarrying	4.3	5.9	-13.3
Manufacturing & Handicraft	408	5.1	1.7
Electricity and Water Supply	4.4	6.0	5.0
Electricity	4.7	6.6	5.8
Water	3.6	3.7	1.2
Construction	6.7	5.1	-6.5

Source: Statistics Sierra Leone (SSL)

Key Mining Producing Areas

Iron Ore

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

Diamonds

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

Bauxite

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

Rutile

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

Other Report

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

Revenues Recorded in State Budget (Consolidated Account)

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

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

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

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

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

7.2.1 Benefit Stream recorded in Budget

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

Table 7.2: 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	3,494712	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- Diamod &Gold	28,485	0.1	25,836	0.1	36,442	0.1	41,896	0.1	50,652	0.1
Royalties-Iron	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.

7.2.2 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.

GFS/National Budget classification of revenue streams

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

Source: MOFED Sierra Leone/ IMF GFS

UPDATES ON RECOMMENDATIONS FROM THE 2016 REPORT.

Recommendations		**Update**
Corporate tax payment.	In order to ensure early and significant corporate tax payment, some of the fiscal incentives should be reviewed. For example carry forward of tax losses which is currently 10 years could be limited to say five years.	**This recommendation has not yet been addressed directly due to the complex nature of the sector. Experiencing increase in corporate tax will not only depend on the reducing the fiscal incentives but other issues such as more robust tax audits, ensuring that exploration costs at kept at the lowest possible levels etc.**
Parent/Holding companies and extractive sector payments	Payments made on behalf of mineral right holders should be recorded properly against the names of such companies and not the parent/holding companies.	**The EIRA makes it possible to record payments appropriately. i.e payments by subsidiaries are recorded under the name of the**

		subsidiary and not under the parent company.
Surface rent payments	Surface rent payments may be streamlined, to ensure that companies pay to a centralized body with proper accounting functions. This body will in turn distribute to beneficiaries. This will help standardized payments, enhance transparency and ensure that data on payments and disbursements are always available.	**The NMA has developed a surface rent policy with a streamlined payment and distribution procedure and the NMA will act as a centralized body coordinating surface rent payment.**
Diamond Area Community Development Fund	The MoLGRD and MMMR should publish the primary data used in determining amounts to be received by Chiefdoms and District councils. The determination of district and chiefdom councils to benefit from the fund, the number of artisanal licences and all the parameters that would enable anyone to independently compute amounts distributed should be made public. This will enhance transparency.	**This information is publicly available (such as number of artisanal license which can be assessed via our online repository also the policy formulae used to compute the DADCF are found on the 2008 World Bank Guidelines.**
	Section 139(4);MMA 2009 states that the amount earmarked as community development fund by extractive entities to implement the community development agreement and breakdown of expenditures shall be reported to the Minister annually. The MMMR should publish the names of all the extractive entities with community development agreements and the utilization of such funds as stipulated by the MMA 2009. The MSG should ensure that beneficiary communities also submit reporting templates during reconciliation exercises.	**Information on CDA payments is made available on demand but not publicly available for now.** **The CDCs oversees disbursement of CDF paid by companies and all CDF recipients submitted reporting templates on revenues received.** **Sierra Minerals did pay CDF in 2016 but modalities were still been put in place hence their respective CDC was not able to report for 2016.** **It is the obligation of all large-scale mining companies implementing community development project to be submitting annual reports on projects implementation as stipulated in the signed CDA.**

		The NMA in its drive to enforce compliance has requested companies to submit their annual CDA implementation reports to be published.

8.0 OBSERVATIONS AND RECOMMENDATIONS.

1. The MCAS or the online mining register/cadastre does not feature essential requirements such as license terminations and transfers. These are available offline.

Recommendation:
It is recommended that these are uploaded onto the MCAS system for easier accessibility.

2. Surface rents vary with mining agreements as currently there is no uniform statutory rates or cost per area established for mining companies.

Recommendation:
There should be uniform rates or threshold rates for certain categories of mining contracts and activities. This will ensure standardization and foster transparency.

3.During reconciliation surface rent templates are sent in by several chiefdoms and District Councils. Where there are many chiefdoms within the operational area of the mine, it is difficult to distribute the payments made by the Companies.

Recommendation: Companies or NMA should provide details of payments made by mining companies to Communities(stating which chiefdoms and Paramount chiefs and the amounts paid) within their operational area to afford easy reconciliation.

4. Documentation on Exporter license and Agent fees are available for the purposes of levying tax chargeable.

Recommendation:

The base data on such payments must be furnished the MSG to enable them maintain database of ASM activities for future EITI reporting.

5.The Petroleum Directorate has no petroleum license information online.

Recommendation: The PD must maintain an online register albeit currently few licenses, this is in compliance with EITI requirements and fosters transparency.

The MCAS or the online mining register/cadastre does not feature essential requirements such license terminations and transfers. These are available offline.

6. Recommendation: It is recommended that these are uploaded onto the MCAS system for easier accessibility.

7. There is no statutory requirements for company payments to be made directly to sub national entities or specific central government agency. It is commonly held that the new Minerals Policy and the proposed new Model mine development Agreement would address these lacuna. MSG is encouraged to facilitate the review of these legal documents which seek to legitimize all company payments to central agency prior to disbursement.

APPENDIX 1: Terms of Reference for Recruitment of An Independent Administrator for the 2017/2018 Extractive Industries Transparency Initiative (EITI) Report.

1. Background

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

EITI implementation has two core components:

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

The EITI Standard encourages MSGs to explore innovative approaches to extending EITI implementation to increase the comprehensiveness of EITI reporting and public understanding of revenues and encourage high standards of transparency and accountability in public life, government operations and in business.

The requirements for implementing countries are set out in the EITI Standard. Additional information is available via www.eiti.org.

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

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

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

EITI Implementation in Sierra Leone

The Government of Sierra Leone in 2006 expressed its intention to join the EITI and was admitted as a Candidate country in 2008. The primary objectives of SLEITI are to ensure transparency and

accountability in the payments made by all extractive industry companies to the government, eliminate all forms of corruption in the extractive sector, and promote contract disclosure and more. Since 2006 Sierra Leone has produced 8 SLETI reports covering 2006 t0 2015.

The SLEITI Multi-Stakeholder group (MSG) provides oversight of the SLEITI process and is comprised of over 25 full members and their alternates from different Government Ministries Departments and Agencies. The SLEITI Chair is the Minister of State in the Office of the Vice-President. Sierra Leone is currently undergoing Validation which process commenced in September 2018.

The MSG is currently focused on implementing the Sierra Leone Beneficial Ownership Roadmap, and work towards mainstreaming of EITI disclosures to ensure regular , timely and reliable publication of extractive related payment and revenue flows by private companies and the Government. The current SLEITI work plan covering 2017 to 2019 will be revised shortly to reflect the current EITI demands and national priorities.

Objectives of the assignment

On behalf of the government of Sierra Leone and MSG, the contracting party seeks a competent and credible firm, free from conflicts of interest, to provide Independent Administrator services in accordance with the EITI Standard. The IA is to produce the full SLEITI Report including:

a) Produce a scoping study for the mining and oil/gas sectors to inform the MSG's decision on the scope of the 2017-2018 SLEITI Reports.
b) Produce the full SLEITI Report for 2017-2018 including all contextual information in accordance with the EITI Standard and section 3, below.
c) Complete the EITI summary template for submission to the EITI Secretariat and excel files containing all the tables, charts and data covered in the EITI Report.
d) Produce a summary SLEITI report of not more than 25 pages. The summary report should contain more of infographics than narrative.

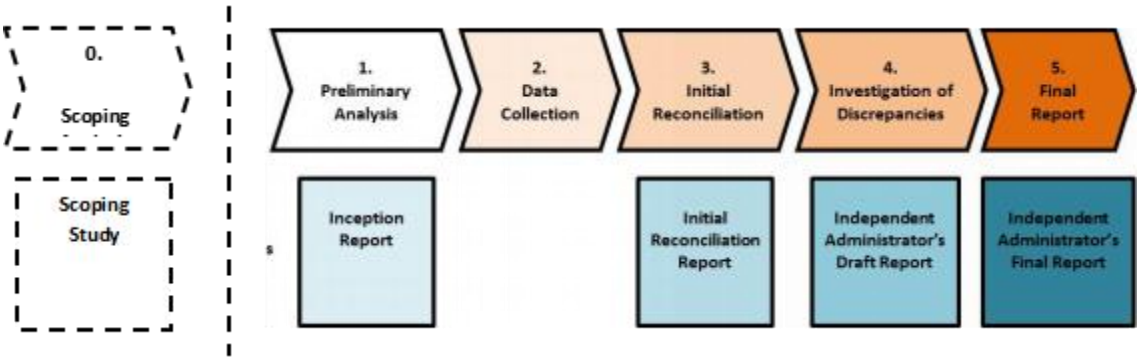
The IA will provide further training for companies and government agencies to assist with their disclosures of payments, revenue, beneficial ownership and other reporting areas. The IA will develop guidance notes to guide the entire reporting process with specific reference to beneficial ownership disclosure and project level reporting.

1.Scope of services, tasks and expected deliverables

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

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

Figure 1 – Overview of the EITI Reporting process and deliverables



[Phase 0 - Scoping and scoping study

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

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

- The scoping study should address all aspects of Annex 1. Annex 1 forms the basis of all scoping decisions in relation to the Materiality Threshold, financial flows etc.

- For the purpose of project-level reporting:
    1) The Independent Administrator should review the MSG's approved definition of the term "project";
    2) Agree on the revenue streams that should be reported by project, classifying the revenue streams that are levied on a license/contract basis and should be reported as such as well as the revenue streams that are levied on a company basis and should be reported as such; and
    3) Draft corresponding reporting templates, drawing on the model reporting templates for project level reporting developed by the EITI.

  In undertaking the above the Independent Administrator is expected to consult the EITI guidance note on project level reporting taking into account the template definitions in the guidance note.

Phase 1 – Preliminary analysis and inception report

Objective: The purpose of the inception phase is to confirm that the scope of the EITI reporting process has been clearly defined, including the reporting templates, data collection procedures, and the schedule for publishing the EITI Report. In cases where the Independent Administrator is involved in scoping work, the inception phase will not be extensive. Where the Independent Administrator is not involved in scoping work, some work is required by the Independent Administrator to review prior scoping decisions and considerations taken by the MSG (1.1-1.2 below). The inception report thus ensures that there is a

mutual understanding between the MSG and the Independent Administrator of the scope of the EITI Report and the work to be carried out.

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

1.1 **Review the relevant background information, including the governance arrangements and tax policies in the extractive industries, the findings from any preliminary scoping work, and the conclusions and recommendations from previous EITI Reports and Validations. (A list of relevant documentation is provided as Annex 2).**

1.2 The Independent Administrator should review the scope proposed by the MSG in annex 1 with a particular focus on the following:

1.2.1 Reviewing the comprehensiveness of the payments and revenues to be covered in the EITI Report as proposed by the MSG in Annex 1 and in accordance with EITI Requirement 4.

1.2.2 Reviewing the comprehensiveness of the companies and government entities that are required to report as defined by the MSG in Annex 1 and in accordance with EITI Requirement 4.1

1.2.3 Supporting the MSG with examining the audit and assurance procedures in companies and government entities participating in the EITI reporting process. This includes examining the relevant laws and regulations, any reforms that are planned or underway, and whether these procedures are in line with international standards. It is recommended that the EITI Report includes a summary of the findings, otherwise the MSG should make the results of the review of audit and assurance practices publicly available elsewhere.

Providing advice to the MSG on **the reporting templates based on the agreed benefit streams to be reported and the reporting entities (1.1.1– 1.1.2 above)**. Sample templates are available from the International Secretariat. It is recommended that the templates include a provision requiring companies to report "any other material payments to government entities" above an agreed threshold. The IA should draft the reporting templates for consideration and approval by the MSG. The IA should attach the reporting templates to all deliverables, from scoping study to final reports.

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

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

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

- The level and type of disaggregation of the EITI Report in accordance with Requirement 4.7.
- Other Payments of material value by companies not listed among the approved revenue streams should be covered in the reporting. It is expected that the definitions and values of Other Payments will be provided during the scoping stage guided by Annex 1.
- [Any other aspects as agreed by the MSG].

1.3.2 **Includes a statement of materiality annex 1 confirming the MSG's decisions on the companies and government entities that are required to report, including:**

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

1.3.3 Includes a definition of the term 'project' and an overview of the revenue streams to be reported by project, confirming the MSG's decision that the financial data should be disaggregated by project where levied by project.

Confirms the reporting templates based on the agreed benefit streams to be reported, the reporting entities, and the definition of project (1.1.1 – 1.1.2, and 1.3.3 above). The IA in collaboration with the National Secretariat will draft the templates for MSG's approval. It is recommended that the templates include a provision requiring companies to report "any other material payments to government entities" and non-government entities (including landowner entities – other than for the provision of goods and services, including employment) listed above an agreed threshold. **The IA should confirm any procedures or provisions relating to safeguarding confidential information**. The IA should also develop guidance to the reporting entities on how to complete the reporting templates, and provide training for all reporting entities.

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

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

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

- Requesting a confirmation letter from the companies' external auditor that confirms that the information they have submitted is comprehensive and consistent with their audited financial

statements. The MSG may decide to phase in any such procedure so that the confirmation letter may be integrated into the usual work programme of the company's auditor. Where some companies are not required by law to have an external auditor and therefore cannot provide such assurance, this should be clearly identified, and any reforms that are planned or underway should be noted.

- Where relevant and practicable, requesting that government reporting entities obtain a certification of the accuracy of the government's disclosures from their external auditor or equivalent.

The inception report should document the options considered and the rationale for the assurances to be provided.

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

1.2.6 **Confirms the reporting templates, as well as any procedures or provisions relating to safeguarding confidential information**. The Independent Administrator should also develop guidance to the reporting entities on how to complete the reporting templates, and provide training to reporting entities.

Phase 2 – Data collection

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

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

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

2.2 The Independent Administrator will ensure that adequate mechanisms are in place to ensure data quality;

2.3 Contact the reporting entities directly to clarify any information gaps or discrepancies.

2.4 The Independent Administrator should provide advice on ensuring that appropriate safeguards are in place to protect the integrity of the process.

Phase 3 – initial reconciliation

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

3.1 The Independent Administrator should compile a database with the payment and revenue data provided by the reporting entities, disaggregated by project in accordance with the MSG's definition.

3.2 The Independent Administrator should comprehensively reconcile the information disclosed by the reporting entities, identifying any discrepancies (including offsetting discrepancies) in accordance

with the agreed scope and any other gaps in the information provided (e.g. assurances). The Margin of Error is to be proposed by the IA based on the total government revenues to be reconciled on completion of the scoping studies. The proposed Margin of Error should be discussed with the MSG and agreed upon by the MSG.

Phase 4 – investigation of discrepancies and draft EITI Report

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

4.1 The Independent Administrator should contact the reporting entities to clarify the causes of any significant discrepancies or other gaps in the reported data, and to collect additional data from the reporting entities concerned.

4.2 The Independent Administrator should submit a draft EITI Report to the MSG for comment that comprehensively reconciles the information disclosed by the reporting entities, identifying any discrepancies, and reports on contextual and other information requested by the MSG. The financial data should be disaggregated by project in accordance with the MSG's definition. The draft EITI Report should:

a) Describe the methodology adopted for the reconciliation of company payments and government revenues, and demonstrate the application of international professional standards.

b) Include a description of all revenue streams, related materiality definitions and thresholds (Requirement 4.1).

c) Include an assessment from the Independent Administrator on the comprehensiveness and reliability of the (financial) data presented, including an informative summary of the work performed by the Independent Administrator and the limitations of the assessment provided.

d) Indicate the coverage of the reconciliation exercise, based on the government's disclosure of total revenues as per Requirement 4.1(d).

e) Include an assessment of whether all companies and government entities within the agreed scope of the EITI reporting process provided the requested information. Any gaps or weaknesses in reporting to the Independent Administrator must be disclosed in the EITI Report, including naming any entities that failed to comply with the agreed procedures, and an assessment of whether this is likely to have had material impact on the comprehensiveness of the report.

f) Document whether the participating companies and government entities had their financial statements audited in the financial year(s) covered by the EITI Report. Any gaps or weaknesses must be disclosed. Where audited financial statements are publicly available, it is recommended that the EITI Report advises readers on how to access this information.

g) Include non-revenue information as per Requirement 2,3,5 and 6 and other information requested by the MSG. The contextual information should be clearly sourced in accordance with the procedures agreed by the Independent Administrator and the MSG.

4.3 Where previous EITI Reports have recommended corrective actions and reforms, the Independent Administrator should comment on the progress in implementing those measures and make recommendations to enable systematic disclosures of data/information by government agencies and companies.

4.4 The Independent Administrator is encouraged to make recommendations on strengthening the template Terms of Reference for Independent Administrator services in accordance with the EITI Standard for the attention of the EITI Board.

Phase 5 – final EITI Report

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

5.1 The Independent Administrator will submit the EITI Report upon approval by the MSG. The MSG will endorse the report prior to its publication and will oversee its publication. Where stakeholders other than the Independent Administrator decide to include additional comments in, or opinions on, the EITI Report, the authorship should be clearly indicated.

5.2 The Independent Administrator should produce electronic data files that can be published together with the final Report.

5.3 Following approval by the MSG, the Independent Administrator is mandated to submit summary data from the EITI Report electronically to the International Secretariat according to the standardised reporting format available from the International Secretariat.

5.3 The Independent Administrator shall take appropriate measures to ensure that the report is comprehensible. This includes ensuring that the report has high levels of readability, legibility and usability. The report should be edited by a professional copy-editor and/or be designed by a professional graphical designer.

5.4 -The Independent Administrator should submit to the national secretariat all data gathered during reconciliation available, including the contact information of all institutions contacted during the reporting process. Qualification requirements for Independent Administrators

The reconciliation of company payments and government revenues must be undertaken by an Independent Administrator applying international professional standards (requirement 4.9). It is a requirement that the Independent Administrator is perceived by the MSG to be credible, trustworthy and technically competent (ibid). Bidders must follow (and show how they will apply) the appropriate professional standards for the reconciliation / agreed-upon-procedures work in preparing their report.

Appendix 2: Total Preliminary Government Receipt for 2017 & 2018

	Amounts Received(US$)		(%) of Total Receipts	
Revenues received by NRA	**2017**	**2018**	**2017**	**2018**

Alluvial Mining Registration Fees		1,315.84	152,066.58	**0.00**	**0.25**
Prospecting Right		-	250,000.00	**0.00**	**0.41**
Mining Licences		5,312,797.32	9,869,182.30	**13.20**	**16.32**
Gold dealers Licence		756,484.77[9]	20,026.72	**1.88**	**0.03**
Gold Exporters Licence		234,692.00	200,000.00	**0.58**	**0.33**
Diamond dealers Licence		186,249.98	166,867.75	**0.46**	**0.28**
Diamond exporters Licence		682,518.03	595,000.00	**1.70**	**0.98**
Mineral Royalty		14,480,137.95	13,747,240.79	**35.96**	**22.74**
Corporate Tax		509,623.18	3,388,774.46	**1.27**	**5.61**
W/H 5%		826,517.70	1,968,411.86	**2.05**	**3.26**
PAYE		8,063,286.43	20,505,296.24	**20.03**	**33.92**
W/H 10%		12,834.22	-	**0.03**	**0.00**
Payroll Tax		77,040.52	137,542.77	**0.19**	**0.23**
Domestic GST		692.584964	692.58	**0.00**	**0.00**
Import Duty		3,913,028.69	4,623,015.80	**9.72**	**7.65**
W/H 3%		43796.01314	299,763.39	**0.11**	**0.50**
Import GST		154,819.75	714,480.01	**0.38**	**1.18**
Total		35,255,834.97	56,638,361.25	**87.57**	**93.68**
				0.00	**0.00**
Revenues received by EPA				**0.00**	**0.00**
Licenses Fees US$		2,003,690.00	1,271,080.00	**4.98**	**2.10**
Monitoring Fees US$		400,738.00	254,216.00	**1.00**	**0.42**
Total		2,404,428.00	1,525,296.00	**5.97**	**2.52**
				0.00	**0.00**
Revenues received by NMA(Precious Mineral Trading)				**0.00**	**0.00**
Gold				**0.00**	**0.00**

[9] Exchange rate error

Export Duty on gold		175,645.19	156,457.00	**0.44**	**0.26**
2.5% Consolidated Revenue		146,371.00	130,380.83	**0.36**	**0.22**
0.5% GGDO valuation		29,274.20	26,076.17	**0.07**	**0.04**
Total		**351,290.39**	**312,914.00**	**0.87**	**0.52**
				0.00	**0.00**
Diamond				**0.00**	**0.00**
Export duty on diamond		2,250,726.07	1,980,755.97	**5.59**	**3.28**
Total		2,250,726.07	1,980,755.97	**5.59**	**3.28**
				0.00	**0.00**
				0.00	**0.00**
				0.00	**0.00**
				0.00	**0.00**
				0.00	**0.00**
Grand Total		40,262,279.43	60,457,327.22	**100.00**	**100.00**

Appendix 3: Revenue Streams Used for the Determination of Materiality for 2017 and 2018

	Amounts Received(US$)		(%) of Total Receipts	
Revenues received by NRA	**2017**	**2018**	**2017**	**2018**
Alluvial Mining Registration Fees	1,315.84	152,066.58	**0.00**	**0.47**
Prospecting Right	-	250,000.00	**0.00**	**0.78**
Mining Licences	5,312,797.32	9,869,182.30	**19.55**	**30.64**
Gold dealers Licence	756,484.77	20,026.72	**2.78**	**0.06**
Gold Exporters Licence	234,692.00	200,000.00	**0.86**	**0.62**
Diamond dealers Licence	186,249.98	166,867.75	**0.69**	**0.52**
Diamond exporters Licence	682,518.03	595,000.00	**2.51**	**1.85**
Mineral Royalty	14,480,137.95	13,747,240.79	**53.29**	**42.68**
Corporate Tax	509,623.18	3,388,774.46	**1.88**	**10.52**
W/H 5%			**0.00**	**0.00**
PAYE			**0.00**	**0.00**
W/H 10%			**0.00**	**0.00**
Payroll Tax			**0.00**	**0.00**
Domestic GST			**0.00**	**0.00**
Import Duty			**0.00**	**0.00**
W/H 3%			**0.00**	**0.00**
Import GST			**0.00**	**0.00**
Total	**22,163,819.07**	**28,389,158.60**	**81.57**	**88.14**
Revenues received by EPA				
Licenses Fees US$	2,003,690.00	1,271,080.00	**7.37**	**3.95**
Monitoring Fees US$	400,738.00	254,216.00	**1.47**	**0.79**
Total	**2,404,428.00**	**1,525,296.00**	**8.85**	**4.74**
Revenues received by NMA(Precious Mineral Trading)				
Gold				
Export Duty on gold	175,645.19	156,457.00	**0.65**	**0.49**

2.5% Consolidated Revenue	146,371.00	130,380.83	**0.54**	**0.40**
0.5% GGDO valuation	29,274.20	26,076.17	**0.11**	**0.08**
Total	**351,290.39**	**312,914.00**	**1.29**	**0.97**
Diamond				
Export duty on diamond	2,250,726.07	1,980,755.97	**8.28**	**6.15**
Total	**2,250,726.07**	**1,980,755.97**	**8.28**	**6.15**
Grand Total	**27,170,263.52**	**32,208,124.57**	**100.00**	**100.00**

APPENDIX 4 : LIST OF REPORTING COMPANIES FOR 2017

2017 Company	US$	Weight%	Cumulative Weight(%)
Sierra Rutile Ltd	8,169,380.96	30.06	30.06
SHANDONG STEEL	4,805,865.79	17.68	47.74
SIERRA MINERAL HOLDINGS	2,746,788.37	10.11	57.85
Koidu Ltd	1,994,071.81	7.34	65.19
kingho Investment Limited	1,587,912.36	5.84	71.03
H. M. DIAMONDS	1,364,285.67	5.02	76.05
S. L. Mining Limited	805,244.03	2.96	79.02
SIERRAMIN BAUXITE	570,712.76	2.10	81.12
MASS ENERGY/ KINGHO INVESTMENT	553,828.88	2.04	83.15

KASSIM M BASMA					499,777.50	1.84	84.99
MEYA MINING LTD					215,433.94	0.79	85.78

APPENDIX 5 LIST OF REPORTING COMPANIES FOR 2018

Company	US$	Weight%	Cumulative weight%
Sierra Rutile Ltd	6,879,576.26	20.95	20.95
Koidu Ltd	5,702,557.36	17.37	38.32
Sierra Mineral Holding Ltd	5,106,793.82	15.55	53.87
Kingho Investment	3,060,620.49	9.32	63.19
Shandong Steel	2,825,982.23	8.61	71.80
Tonguma Limited	1,807,236.26	5.50	77.31
H. M. DIAMONDS	1,285,923.25	3.92	81.22
S. L. Mining Limited	732,526.32	2.23	83.45
SIERRAMIN BAUXITE (SL) LTD	675,718.44	2.06	85.51
Stellar Diamonds Ltd.	489,409.11	1.49	87.00
DAYU MINING CO. LTD	480,277.42	1.46	88.46
KASSIM M BASMA	393,888.69	1.20	89.66
MONJED MAROUF JAWAD	160,109.65	0.49	90.15

APPENDIX 6: List of Companies, Status and action date

License Code **Owner Name** **Status** Date of Cancellation/Surrender

ML 01/05 Sierra Minerals Holdings No.1 Limited Active License n/a

ML 2134 Sierra Rutile Limited Active License n/a

EXPL 05/06/B Tonkolili Iron Ore (SL) Limited Canceled 31-Mar-11

ML 01A/10 Tonkolili Iron Ore (SL) Limited Canceled 9-Aug-19

EXPL 32/2010 Kingho Investment Company Limited Canceled 25-Jul-18

EXPL 34/2010 Kingho Investment Company Limited Canceled 21-Jul-16

EXPL 33/2010 Kingho Investment Company Limited Canceled 21-Jul-16

EXPL 21/2010 Kingho Investment Company Limited Canceled 25-Jul-18

EXPL 22/2010 Kingho Investment Company Limited Canceled 25-Jul-18

EXPL 23/2010 Kingho Investment Company Limited Canceled 25-Jul-18

ML 01B/10 Tonkolili Iron Ore (SL) Limited Canceled 9-Aug-19

EL 59/2011 Sierra Minerals Holdings No.1 Limited Canceled 19-Jul-16

EL 60/2011 Sierra Minerals Holdings No.1 Limited Canceled 19-Jul-16

EL 40/2011 Kingho Investment Company Limited Canceled 25-Jul-18

EL 41/2011 Kingho Investment Company Limited Canceled 25-Jul-18

EL 43/2011 Kingho Investment Company Limited Canceled 25-Jul-18

EL 42/2011 Kingho Investment Company Limited Canceled 25-Jul-18

EL 54/2011 Blue Horizon (SL) Ltd Canceled 30-Oct-18

EL 01/2012 Sierra Minerals Holdings No.1 Limited Active License n/a

ML 06/95 KOIDU Limited Active License n/a

EL 15/2012 ALLOTROPES Diamond Company Limited Active License n/a

EL 46/2012 Sierra Minerals Holdings No.1 Limited Active License n/a

EL 23/2012 Kingho Investment Company Limited Canceled 12-Jul-18

EL 24/2012 Kingho Investment Company Limited Canceled 12-Jul-18

EL 25/2012 Kingho Investment Company Limited Canceled 12-Jul-18

EL 26/2012 Kingho Investment Company Limited Canceled 12-Jul-18

EL 49/2012 Sierra Rutile Limited Surrender 9-Apr-19

EL 34/2012 BOROMA Limited Canceled 14-Oct-19

EL 87/2012 Sierra Rutile Limited Surrender 9-Apr-19

EL 88/2012 Sierra Rutile Limited Surrender 9-Apr-19

EL 04/2013 MAGNUM LINK (SL) Limited Active License N/A

EXPL 33A/2010 Kingho Investment Company Limited Canceled 25-Jul-18

EXPL 34A/2010 Kingho Investment Company Limited Canceled 25-Jul-18

ML 3/2014 Mass Energy Mining Company Limited Active License N/A

ML 02/2012 Tonguma Limited Active License N/A

EL 19/2014 ALLOTROPES Diamond Company Limited Active License N/A

EL 11/2014 ALLOTROPES Diamond Company Limited Surrender 10-Apr-19

EL 20/2014 ALLOTROPES Diamond Company Limited Active License N/A

EL 12/2014 ALLOTROPES Diamond Company Limited Active License N/A

EL 16/2014 Sierramin Bauxite (SL) Limited Active License N/A

EL 17/2014 Sierramin Bauxite (SL) Limited Canceled 2-Apr-19

EL 18/2014 Sierramin Bauxite (SL) Limited Active License N/A

EL 6/2015 Baumin Gold (SL) Limited Active License N/A

Blue Horizon (SL) Ltd Archived

ML 1/2017 SL Mining Limited Active License N/A

EL 1/2018 Fu Bai Yuan Company (SL) Limited Canceled 20-Mar-19

ML 1/2018 DAYU MINING COMPANY LIMITED Active License N/A

EL 6/2018 Metals and Minerals Trading (SL) Limited Active License N/A**EL 7/2018** Metals and Minerals Trading (SL) Limited Active License N/A

EL 10/2018 Good Faith International Resources (SL)

Limited

Active License N/A

EL 11/2018 Good Faith International Resources (SL)

Limited

Active License N/A

EL 12/2018 Good Faith International Resources (SL)

Limited

Active License N/A

EL 13/2018 Good Faith International Resources (SL)

Limited

Active License N/A

SML 2/2018 Forever Faith Mining (SL) Limited Active License N/A

SML 3/2018 Fu Bai Yuan Company (SL) Limited Active License N/A

WS DEVELOPMENT INC (SL) LIMITED Validation

BL 1/2019 Tonguma Limited Active License N/A

DEL 04/2013 H.M.DIAMONDS Expired 13-Jul-15

DEL 13/2013 Golden Saint Resources (Africa) Limited Expired 17-Nov-15

ISB 8/2014 JINGXIANG Mining Company Limited Expired 19-Nov-15

DEL 8/2017 Shour, Shawke Expired 11-Jun-18

DEL 12/2017 Flamingo Commodities Trading Company (SL)

Limited

Expired 27-Jul-18

DEL 13/2017 West Africa Trading & Consulting company

(SL) Limited

Expired 17-Sep-18

GEL 19/2017 West Africa Trading & Consulting company

(SL) Limited

Expired 17-Sep-18

DEL 2/2018 Metals and Minerals Trading (SL) Limited Expired 14-Feb-19

DEL 12/2019 Kassim Basma Gems Active License N/A

APPENDIX 7: PROJECTS IMPLEMENTATION REPORT 2019 for CDF

1. SIERRA MINERALS HOLDING LIMITED

SUBJECT OF PROCUREMENT	LOCATION	CONTRACT AWARDING DATE & SIGNED	CONTRACT VALUE	COMPLETED OR ONGOING	
Construction of CDC Borehole with Submersible Pump connections to 5No supply points	Mokanji, Lower Banta Chiefdom, Moyamba District	25.02.2019	146,929,375.00	Completed	

Construction of six meter high tower and installation of Solar power system	Mokanji, Lower Banta Chiefdom, Moyamba District	25.02.2019	173,220,750.00	Completed	
Covered Walkway	Mosenesie Junction, Lower Banta Chiefdom, Moyamba District	16.05.2019	44,259,056.19	Completed	
Completion of Defects Liability work	Matagelema, Lower Banta Chiefdom	17.05.2019	9,506,000	Completed	
Construction of 64 market tables each	Matagelema and Ngolala	17.05.2019	86,940,000	Completed	
Construction Of Peripheral Health Unit (Phu) Centre and Ambulance	Kabiama and Dasse Chiefdom	22.05.2019	500,000,000	Completed	
Construction of Community Resource Centre	Gbangbatoke Lower Banta Chiefdom, Moyamba District	19.07.2019	301,873,000	Ongoing	
Construction Of Peripheral Health Unit (Phu) Centre With Four Compartment Vip Latrine	Wunbanga Lower Banta Chiefdom, Moyamba District	19.07.2019	197,361,000	Ongoing	
Construction of Three (3) Classroom Block with Office & Store, Fencing of Large Diameter Well With Hand Dug	Mokelle. Upper Banta Chiefdom Moyamba District	19.07.2019	278,098,000	Ongoing	
Construction Of Three (3) Bedroom Staff Quarter, Four Compartment Vip Latrine	Mokelle. Upper Banta Chiefdom Moyamba District	19.07.2019	220,878,000	Ongoing	
Rehabilitation Of Court Barrie, And Fabrication Of Furniture For Court Barrie	Gbongeh Town, Kpanda Kemoh Chiefdom Bonthe District.	19.07.2019	169,330,000	Completed	

Construction Of Water Tower With Water Tank And Installation Of Water Facilities In Motou, And Fabrication Of Furniture And Procurement Of Household Utensil	Motou & Gbongeh Town, Kpanda Kemoh Chiefdom Bonthe District	19.07.2019	131,139,000	Completed	
Rehabilitation Of Peripheral Health Unit (Phu) Centre With Labour Room, And Staff Quarter, Vip Latrines & Kitchen	Gbongeh Town, Kpanda Kemoh Chiefdom Bonthe District	19.07.2019	199,192,000	Completed	
Construction Of Perimeter Fence	CDC Compex, Lower Banta Chiefdom Moyamba District	19.07.2019	241,814,500	Ongoing	
Construction of meeting hall, fencing of large diameter well with hand pump and solar and four (4) VIP toilet	Bumpe Town, Bumpe Ngao Chiefdom, Bo District	07.10.2019	474,420,600	Ongoging	
Construction of general hospital, construction 20,000 liters underground tank with submersible pump, 2no. water tank towers to accommodate 4no.x 5,000 liters pvc at 5,000mm above ground level, outside toilet 6 units.	Ngolala, Upper Banta Chiefdom, Moyamba District		3,351,511,112.00	Unhold	Lot 1
Construction of maternity units,intensive care units,phsiotherapy center outside toilet and 4 units triage	Ngolala, Upper Banta Chiefdom, Moyamba District		2,803,697,229.06	Unhold	Lot 2
Construction of diagnostic laboratory and radiology building, cafeteria/kitchen, general medical store	Ngolala, Upper Banta Chiefdom, Moyamba District			Unhold	Lot 3

and outside toilets - 2 units					
Construction of Administrative/ Facilities Management Building, 2 Laundry Building, Construction of Guest House, and construction of Mortuary	Ngolala, Upper Banta Chiefdom, Moyamba District		2,613,365,733.55	Unhold	Lot 4
External Works, Access Roads and parking lots for 10 vehicles – 1.5 km, Chain Link Perimeter Fence 1500M, 3 Construction of Overhead Tanks 4NR (to accommodate 4No x 5000 PVC Tanks) and4 Construction of Entrance Gate and Security Post	Ngolala, Upper Banta Chiefdom, Moyamba District			Unhold	Lot 5
Construction of Generator House with 4No plinths, Supply and Installation of 15 No Solar Lights along the streets, 4No. Bore Holes powered by S Covered Walk Ways to link Units within the Complex 360m solar energy, Mini mart and Ambulance Shed	Ngolala, Upper Banta Chiefdom, Moyamba District		1,233,152,661.40	Unhold	Lot 6

2. Koidu Limited

NO	PROJECT TITLE	PROJECT AMOUNT	REMARKS
***1**	Kono Model Academy		Completed

2	Kamachainde Memorial Secondary School		Completed
3	Koquima Elementary School		Completed

3. Shansteel Limited are on final arrangement for the transfer of its percentage contribution from the sales revenue of the company throughout its production period (i.e. from 2010 to 2018). Communities await the transfer of funds before they can implement any project.
4. Sierra Diamonds is yet to send in their projects because they on project identification stage.

APPENDIX 8 : Details of Reconciliation

Sierra Rutile

2017		Company			Government			Final Amounts		Unresolved	
No.	**Revenue Stream**	**Initial Amount US$**	**Resolved**	**Final**	**Initial Amount US$**	**Resolved**	**Final**	**Company**	**Government**	**(Over)**	**Under**
1	Mining Licence	589,775	(247,056)	342,719	342,719		342,719	342,719	342,719	-	
2	Exploration Licence		247,056	247,056	247,056		247,056	247,056	247,056		(0)
3	Royalty	5,862,038	546,723	6,408,761	6,408,761		6,408,761	6,408,761	6,408,761	-	-
4	Export duty for Diamonds			-			-	-	-	-	-
5	Corporate Tax	4,223,836		4,223,836	4,223,863		4,223,863	4,223,836	4,223,863		(27)
6	Diamond Exporter's License fee			-			-	-	-	-	-
7	Environmental Impact Assessment License	109,845		109,845	109,835		109,835	109,845	109,835	10	
8	Environmental Impact Assessment Monitoring Fees	21,957		21,957	21,967		21,967	21,957	21,967		(10)
9	Surface Rent	734,113		734,113	734,113		734,113	734,113	734,113		(0)
10	Agricultural Development Fund	116,432		116,432	116,432		116,432	116,432	116,432	-	-

11	Community Development Fund			-			-	-	-	-	-
	TOTAL	**11,657,996**	**546,723**	**12,204,719**	**12,204,746**	**-**	**12,204,746**	**12,204,719**	**12,204,746**	**10**	**(38)**

		Company			Government			Final Amounts		Unresolved
	Revenue Stream	**Initial Amount US$**	**Resolved**	**Final**	**Initial Amount US$**	**Resolved**	**Final**	**Company**	**Government**	**(Over)**
No.										
1	Mining Licence	159,855	200,000	359,855	359,855		359,855	359,855	359,855	
2	Exploration Licence		150109	150,109	150,109		150,109	150,109	150,109	
3	Royalty	4,992,464	246,906	5,239,370	5,239,370		5,239,370	5,239,370	5,239,370	
4	Export duty for Diamonds			-			-	-	-	-
5	Corporate Tax	4,079,753	(3,252,260)	827,493	827,493		827,493	827,493	827,493	-
6	Diamond Exporter's License fee			-			-	-	-	-
7	Environmental Impact Assessment License	275,190		275,190	232,890	42300	275,190	275,190	275,190	-
8	Environmental Impact Assessment Monitoring Fees	4,278	42300	46,578	46,578		46,578	46,578	46,578	
9	Surface Rent	665,381	(443,276)	222,105	222,105		222,105	222,105	222,105	0
10	Agricultural Development Fund	113,725		113,725		113,725	113,725	113,725	113,725	-
11	Community Development Fund	192,559		192,559	192,559		192,559	192,559	192,559	0

	TOTAL	**10,483,205**	**(3,056,221)**	**7,426,984**	**7,270,958**	**156,025**	**7,426,983**	**7,426,984**	**7,426,983**	**0**

Sierra Mineral Holding 1

	2017	Company			Government			Final Amounts		Unresolved	
No.	**Revenue Stream**	**Initial Amount US$**	**Resolved**	**Final**	**Initial Amount US$**	**Resolved**	**Final**	**Company**	**Government**	**Over**	**un**
1	Mining Licence	550,000		550,000	500,000	50,000	550,000	550,000	550,000	0	-
2	Exploration Licence	88,844		88,844	80,804		80,804	88,844	80,804	8040	
3	Royalty	1,673,308		1,673,308	1,673,308		1,673,308	1,673,308	1,673,308	0	
4	Export duty for Diamonds			-			-	-	-	0	
5	Corporate Tax	507,470	(507,470)	-			-	-	-	0	
6	Diamond Exporter's License fee			-			-	-	-	0	
7	Environmental Impact Assessment License	156,280		156,280	156,280		156,280	156,280	156,280	0	-
8	Environmental Impact Assessment Monitoring Fees	31,256		31,256	31,256		31,256	31,256	31,256	0	-
9	Surface Rent	208,399		208,399	208,000		208,000	208,399	208,000	399	
10	Agricultural Development Fund			-			-	-	-	0	-
11	Community Development Fund	396,917		396,917	396,917		396,917	396,917	396,917	0	0

	TOTAL	**3,612,474**	**(507,470)**	**3,105,004**	**3,046,565**	**50,000**	**3,096,565**	**3,105,004**	**3,096,565**	**8,439.3**	**0**

2018		Company			Government			Final Amounts		Unresolved	
No.	**Revenue Stream**	**Initial Amount US$**	**Resolved**	**Final**	**Initial Amount US$**	**Resolved**	**Final**	**Company**	**Government**	**Over**	**u**
1	Mining Licence	550,000		550,000	500,000	50,000	550,000	550,000	550,000	0	
2	Exploration Licence	88,884		88,884	88,884		88,884	88,884	88,884		(0
3	Royalty	2,143,510		2,143,510	2,143,530		2,143,530	2,143,510	2,143,530		
4	Export duty for Diamonds			-			-	-	-	0	
5	Corporate Tax	2,368,578		2,368,578	2,368,578		2,368,578	2,368,578	2,368,578	0	
6	Diamond Exporter's License fee			-			-	-	-	0	
7	Environmental Impact Assessment License	138,960		138,960	156,280		156,280	138,960	156,280		(1
8	Environmental Impact Assessment Monitoring Fees	29,009		29,009	31,256		31,256	29,009	31,256		(2
9	Surface Rent	136,412	(85,589)	50,823	50,822		50,822	50,823	50,822	0	
10	Agricultural Development Fund			-			-	-	-	0	-
11	Community Development Fund	956,150		956,150	956,150		956,150	956,150	956,150	0	-
	TOTAL	6,411,503	(85,589)	6,325,914	6,295,501	50,000	6,345,501	6,325,914	6,345,501	0	(1

Koidu Holdings

No.	2017	Company			Government			Final Amounts		Unresolved
	Revenue Stream	Initial Amount US$	Resolved	Final	Initial Amount US$	Resolved	Final	Company	Government	Over
1										
2	Mining Licence	270,573	(233,720)	36,853	36,853		36,853	36,853	36,853	
3	Exploration Licence		245,950	245,950	245,950		245,950	245950	245,950	
4	Royalty*	1,429,704		1,429,704	1,429,704		1,429,704	1,429,704	1,429,704	0
5	Export duty for Diamonds			0			0	0	0	0
6	Corporate Tax			0			0	0	0	0
7	Diamond Exporter's License fee			0			0	0	0	0
8	Environmental Impact Assessment License	133,770	2,405	136,175	136,175		136175	136,175	136,175	
9	Environmental Impact Assessment Monitoring Fees			-	27,235		27235	0	27,235	
10	Surface Rent*	79,144		79,144	79,144		79,144.39	79,144.39	79,144	0
11	Agricultural Development Fund			0			0	0	0	0
	Community Development Fund			0			0	0	0	0
	TOTAL	1,913,191	14,635	1,927,826	1,955,062	-	1,955,062	1,927,826	1,955,062	-

No.		Company			Government			Final Amounts		Unresolved
	Revenue Stream	Initial Amount US$	Resolved	Final	Initial Amount US$	Resolved	Final	Company	Government	Over
1										
2	Mining Licence	278,689		278,689	253,354		253,354	278,689	253,354	25,335
3	Exploration Licence			0			0	0	0	0
4	Royalty*	5,178,246		5,178,246	5,178,246		5,178,246	5,178,246	5,178,246	0
5	Export duty for Diamonds			0			0	0	0	0
6	Corporate Tax			0			0	0	0	0
7	Diamond Exporter's License fee			0			0	0	0	0
8	Environmental Impact Assessment License	133,770		133,770	111,475		111,475	133770	111,475	22,295
9	Environmental Impact Assessment Monitoring Fees			-	22,295		22,295	0	22,295	
10	Surface Rent*	73,148		73,148	73,148		73,148	73,148.00	73,148	0
11	Agricultural Development Fund			0			0	0	0	0
	Community Development Fund	97,860	97,837	195,697	195,697		195,697	195,697	195,697	
	TOTAL	5,761,713	97,837	5,859,550	5,834,215	-	5,834,215	5,859,550	5,834,215	47,630

Kingho Investment – CKH Mining Ltd.

	2017	Company			Government			Final Amounts		Unresolv
No.	Revenue Stream	Initial Amount US$	Resolved	Final	Initial Amount US$	Resolved	Final	Company	Government	Over
1	Mining Licence		1,006,697	1,006,697	1,006,697		1,006,697	1,006,697	1,006,697	-
2	Exploration Licence			0			0	0	0	
3	Royalty			-			0	0	-	-
4	Export duty for Diamonds			0			0	0	0	
5	Corporate Tax			0			0	0	0	
6	Diamond Exporter's License fee			0			0	0	0	
7	Environmental Impact Assessment License	188,784	125,676	314,460	314,460		314460	314,460	314,460	-
8	Environmental Impact Assessment Monitoring Fees		62,928	62,928	62,928		62928	62928	62928	-
9	Surface Rent*			-			0	0	-	
10	Agricultural Development Fund			0			0	0	0	
11	Community Development Fund			-			0	0	0	-
	TOTAL	188,784	1,195,301	1,384,085	1,384,085.00	-	1,384,085.00	1,384,085	1,384,085	-

		Company			Government			Final Amounts		Unresolv
No.	Revenue Stream	Initial Amount US$	Resolved	Final	Initial Amount US$	Resolved	Final	Company	Government	Over
1	Mining Licence	1,000,000	2,000,000	3,000,000	3,000,000		3,000,000	3,000,000	3,000,000	

2	Exploration Licence			0			0	0		
3	Royalty			-			0	0	-	-
4	Export duty for Diamonds			0			0	0	0	
5	Corporate Tax			0			0	0	0	
6	Diamond Exporter's License fee			0			0	0	0	
7	Environmental Impact Assessment License	34,056		34,056			0	34056	-	34,056
8	Environmental Impact Assessment Monitoring Fees			-			0	0	0	-
9	Surface Rent*			-			0	0	-	
10	Agricultural Development Fund			0			0	0	0	
11	Community Development Fund			-			0	0	0	-
	TOTAL	1,034,056	2,000,000	3,034,056	3,000,000.00	-	3,000,000.00	3034056	3,000,000	34,056

H.M Diamonds Ltd

	2017	Company			Government			Final Amounts		Unresolved
No.	**Revenue Stream**	**Initial Amount US$**	**Resolved**	**Final**	**Initial Amount US$**	**Resolved**	**Final**	**Company**	**Government**	**Over**
1	Mining Licence			0			0	0	0	0
2	Exploration Licence			0			0	0	0	0
3	Royalty			0			0	0	0	0
4	Export duty for Diamonds	1,304,394		1,304,394	1,304,393		1,304,393	1,304,394	1,304,393	1
5	Corporate Tax	130,439		130,439	130,439		130,439	130,439	130,439	0

	Diamond Exporter's License fee	36,523		36,523	53,000		53,000	36,523	53,000	
7	Environmental Impact Assessment License			0			0	0	0	0
8	Environmental Impact Assessment Monitoring Fees			0			0	0	0	0
9	Surface Rent			0			0	0	0	0
10	Agricultural Development Fund			0			0	0	0	0
11	Community Development Fund			0			0	0	0	0
	TOTAL	1,471,356	0	1,471,356	1,487,832	0	1,487,832	1,471,356	1,487,832	1

	2018	Company			Government			Final Amounts		Unresolved
No.	**Revenue Stream**	**Initial Amount US$**	**Resolved**	**Final**	**Initial Amount US$**	**Resolved**	**Final**	**Company**	**Government**	**Over**
1	Mining Licence			0			0	0	0	0
2	Exploration Licence			0			0	-	0	0
3	Royalty		71801	71801	71,801		71801	71,801	71,801	0
4	Export duty for Diamonds	1,389,018	-149994	1,239,024	1,239,024		1239024	1,239,024	1,239,024	-
5	Corporate Tax	126,365		126,365	123,902		123902.44	126,365	123,902	2,463

6	Diamond Exporter's License fee	36,616		36,616	47,000		47000	36,616	47,000		
7	Environmental Impact Assessment License			0			0	-	0	-	
8	Environmental Impact Assessment Monitoring Fees			0			0	-	0	-	
9	Surface Rent			0			0	-	0	-	
10	Agricultural Development Fund			0			0	-	0	-	
11	Community Development Fund			0			0	-	0	-	
	TOTAL	**1,551,999**	**(78,193)**	**1,473,806**	1,481,727	**-**	1,481,727	**1,473,806**	1,481,727	**2,463**	

S. L Mining

		Company			Government			Final Amounts		Unresolved	
No.	**Revenue Stream**	**Initial Amount US$**	**Resolved**	**Final**	**Initial Amount US$**	**Resolved**	**Final**	**Company**	**Government**	**Over**	**U**
1	Mining Licence		500,000	500,000	500,000		500,000	500,000	500,000	0	
2	Exploration Licence			0			0	0	0	0	
3	Royalty			0			0	0	0	0	
4	Export duty for Diamonds			-			-	-	-	-	-
5	Corporate Tax			-			-	-	-	0	
6	Diamond Exporter's License fee			-			-	0	0	0	
7	Environmental Impact Assessment License		265,750	265,750	265,750.0		265,750	265,750	265,750	0	

8	Environmental Impact Assessment Monitoring Fees		53,150	53,150	53,150		53,150	53,150	53,150	0	
9	Surface Rent			0			0	0	0	0	
10	Agricultural Development Fund			0			0	0	0	0	
11	Community Development Fund			0			0	0	0	0	
	TOTAL	-	818900	818,900	818,900	0	818,900	818,900	818,900	-	-

	2018	Company			Government			Final Amounts		Unresolved	
No.	**Revenue Stream**	**Initial Amount US$**	**Resolved**	**Final**	**Initial Amount US$**	**Resolved**	**Final**	**Company**	**Government**	**Over**	**U**
1	Mining Licence	566,500		566,500	515,000	51500	566500	566500	566500	-	
2	Exploration Licence			0			0	0	0	-	-
3	Royalty			0			0				
4	Export duty for Diamonds			-			-	-	-	-	-
5	Corporate Tax			-			-	-	-	-	-
6	Diamond Exporter's License fee			-			-	0	0	-	-
7	Environmental Impact Assessment License	177,240		177240	177,240		177240	177240	177240	-	-
8	Environmental Impact Assessment Monitoring Fees	35,448		35448	35,448		35448	35448	35448	-	-
9	Surface Rent	332,182	-332182	-			0	-	0	-	
10	Agricultural Development Fund			0			0	0	0	0	

11	Community Development Fund			0			0	0	0	0	
	TOTAL	1,111,370	-332182	779,188	727,688	51500	779,188	779,188	779,188	-	-

Sierramin Bauxite

	2017	Company			Government			Final Amounts	Unresolved	
No.	**Revenue Stream**	**Initial Amount US$**	**Resolved**	**Final**	**Initial Amount US$**	**Resolved**	**Final**	**Company**	**Government**	**Over**
1	Mining Licence	500,000		500,000	500,000		500000	500000	500,000	0
2	Exploration Licence			0			0	0	0	0
3	Royalty			0			0	0	0	0
4	Export duty for Diamonds			-			-	-	-	-
5	Corporate Tax			-			-	-	-	0
6	Diamond Exporter's License fee			-			-	0	0	0
7	Environmental Impact Assessment License	90,000	34786	124,786	124,786		124785.9117	124786	124,786	
8	Environmental Impact Assessment Monitoring Fees	18,000		18,000	24,957		24957.18228	18000	24,957	
9	Surface Rent	186,402		186,402		186,402	186402	186,402	186402	

10	Agricultural Development Fund			0			0	0	0	0	
11	Community Development Fund			0			0	0	0	0	
	TOTAL	794,402	34786	829,188	649,743	186402	836,145	829,188	836,145	-	

	2018	Company			Government			Final Amounts		Unresolved	
No.	**Revenue Stream**	**Initial Amount US$**	**Resolved**	**Final**	**Initial Amount US$**	**Resolved**	**Final**	**Company**	**Government**	**Over**	**un**
1	Mining Licence	500,000	49548	549,548	549548		549548	549,548	549548	-	
2	Exploration Licence	49,548		49,548		49548	49548	49,548	49548	-	
3	Royalty			0			0	0	0	0	
4	Export duty for Diamonds			-			-	-	-	-	-
5	Corporate Tax			-			-	-	-	0	
6	Diamond Exporter's License fee			-			-	0	0	0	
7	Environmental Impact Assessment License	90,000		90,000	84,720		84720	90000	84720	5280	
8	Environmental Impact Assessment Monitoring Fees	18,000		18,000	16,944		16944	18000	16944	1056	
	Surface Rent	165,523	(165,523)	0			0	0	0	0	
10	Agricultural Development Fund			0			0	0	0	0	
11	Community Development Fund			0			0	0	0	0	

	TOTAL	823071.2571	-115975	707,096	651,212	49548	700,760	707,096	700,760	6,336	-

Mass Energy Kingho Investment

2017		Company			Government			Final Amounts		Unresolved	
No.	**Revenue Stream**	**Initial Amount US$**	**Resolved**	**Final**	**Initial Amount US$**	**Resolved**	**Final**	**Company**	**Government**	**Over**	**Unde**
1	Mining Licence			0			0	0	0	0	
2	Exploration Licence			0			0	0	0	0	
3	Royalty			0			0	0	0	0	
4	Export duty for Diamonds			-			-	-	-	-	-
5	Corporate Tax			-			-	-	-	0	
6	Diamond Exporter's License fee			-			-	0	0	0	
7	Environmental Impact Assessment License	188,784	-188784	-			0	0	0	0	
8	Environmental Impact Assessment Monitoring Fees			0			0	0	0	0	
9	Surface Rent			0			0	0	0	0	
10	Agricultural Development Fund			0			0	0	0	0	
11	Community Development Fund			0			0	0	0	0	
	TOTAL	188,784	-188784	-	-	0	-	-	-	-	-

2018		Company			Government			Final Amounts		Unresolved	
No.	**Revenue Stream**	**Initial Amount US$**	**Resolved**	**Final**	**Initial Amount US$**	**Resolved**	**Final**	**Company**	**Government**	**Over**	**U**
1	Mining Licence	1,000,000	(500,000)	500,000	500,000		500,000	500,000	500,000	0	
2	Exploration Licence			0			0	0	0	0	
3	Royalty			0			0	0	0	0	
4	Export duty for Diamonds			-			-	-	-	-	-
5	Corporate Tax			-			-	-	-	0	
6	Diamond Exporter's License fee			-			-	0	0	0	
7	Environmental Impact Assessment License			0			0	0	0	0	
8	Environmental Impact Assessment Monitoring Fees			0			0	0	0	0	
9	Surface Rent			0			0	0	0	0	
10	Agricultural Development Fund			0			0	0	0	0	
11	Community Development Fund			0			0	0	0	0	
	TOTAL	1,000,000	-500000	500,000	500,000	0	500,000	500,000	500,000	-	-

Kassim Basma

		Company			Government			Final Amounts		Unresolved	
No.	**Revenue Stream**	**Initial Amount US$**	**Resolved**	**Final**	**Initial Amount US$**	**Resolved**	**Final**	**Company**	**Government**	**Over**	**U**

1	Mining Licence			0			0	0	0	0	
2	Exploration Licence			0			0	0	0	0	
3	Royalty			0			0	0	0	0	
4	Export duty for Diamonds	460,975		460975	460,973		460973	460975	460973	2	
5	Corporate Tax	46,100		46100	46,097		46097.37	46100	46097.37	2.63	
6	Diamond Exporter's License fee	67,967	-32967	35000	35,000		35000	35000	35000	0	
7	Environmental Impact Assessment License			0			0	0	0	0	
8	Environmental Impact Assessment Monitoring Fees			0			0	0	0	0	
9	Surface Rent			0			0	0	0	0	
10	Agricultural Development Fund			0			0	0	0	0	
11	Community Development Fund			0			0	0	0	0	
	TOTAL	575,042	-32967	542075	542,070.37	0	542,070.37	542075	542070.37	5	

Dayu Mining

	2017	Company			Government			Final Amounts		Unresolved	
No.	**Revenue Stream**	**Initial Amount US$**	**Resolved**	**Final**	**Initial Amount US$**	**Resolved**	**Final**	**Company**	**Government**	**Over**	**Un**
1	Mining Licence	25,000		25,000			0	25,000	0	25,000	
2	Exploration Licence			-			0	0	0	0	0

3	Royalty			-			0	0	0	0	0
4	Export duty for Diamonds			-			0	0	0	0	0
5	Corporate Tax			-			0	0	0	0	0
6	Diamond Exporter's License fee			-			0	0	0	0	0
7	Environmental Impact Assessment License	176,880		176,880			0	176,880	0	176,880	
8	Environmental Impact Assessment Monitoring Fees			-			0	0	0	0	0
9	Surface Rent			-			0	0	0	0	0
10	Agricultural Development Fund			-			0	0	0	0	0
11	Community Development Fund			-			0	0	0	0	0
	TOTAL	201,880	-	201,880	-	-	-	201,880	-	201880	

	2018	Company			Government			Final Amounts		Unresolved	
No.	**Revenue Stream**	**Initial Amount US$**	**Resolved**	**Final**	**Initial Amount US$**	**Resolved**	**Final**	**Company**	**Government**	**Over**	**Under**
1	Mining Licence	550,000		550,000	500,000	50,000	550,000	550,000	550,000	0	0

2	Exploration Licence			-			0	0	0	0	0
3	Royalty			-			0	0	0	0	0
4	Export duty for Diamonds			-			0	0	0	0	0
5	Corporate Tax			-			0	0	0	0	0
6	Diamond Exporter's License fee			-			0	0	0	0	0
7	Environmental Impact Assessment License			-			0	0	0	0	0
8	Environmental Impact Assessment Monitoring Fees			-			0	0	0	0	0
9	Surface Rent	12,873		12,873			0	12,873	0	12,873	
10	Agricultural Development Fund			-			0	0	0	0	0
11	Community Development Fund			-			0	0	0	0	0
	TOTAL	562,873	-	562,873	500,000	50,000	550,000	562,873	550,000	12,873	-

Monjed Marauf Jawad

	2017	Company			Government			Final Amounts		Unresolved	
No.	**Revenue Stream**	**Initial Amount US$**	**Resolved**	**Final**	**Initial Amount US$**	**Resolved**	**Final**	**Company**	**Government**	**Over**	**und**

1	Mining Licence			-			0	0	0	0	0
2	Exploration Licence			-			0	0	0	0	0
3	Royalty			-			0	0	0	0	0
4	Export duty for Diamonds			-				0	0	0	0
5	Corporate Tax			-				0	0	0	0
6	Diamond Exporter's License fee			-			0	0	0	0	0
7	Environmental Impact Assessment License			-			0	0	0	0	0
8	Environmental Impact Assessment Monitoring Fees			-			0	0	0	0	0
9	Surface Rent			-			0	0	0	0	0
10	Agricultural Development Fund			-			0	0	0	0	0
11	Community Development Fund			-			0	0	0	0	0
	TOTAL	-	-	-	-	-	-	-	-	0	

No.	2018	**Company**			**Government**			**Final Amounts**		**Unresolved**	
	Revenue Stream	**Initial Amount US$**	**Resolved**	**Final**	**Initial Amount US$**	**Resolved**	**Final**	**Company**	**Government**	**Over**	**Under**
1	Mining Licence			-			0		0	0	0

2	Exploration Licence			-			0	0	0	0	0
3	Royalty			-			0	0	0	0	0
4	Export duty for Diamonds	160,110		160,110	160,109		160,109	160,110	160,109	1	
5	Corporate Tax	16,011		16,011	16,011		16,011	16,011	16,011	0	0
6	Diamond Exporter's License fee	35,000		35,000	35,000		35,000	35,000	35,000	0	0
7	Environmental Impact Assessment License			-			0	0	0	e	ae
8	Environmental Impact Assessment Monitoring Fees			-			0	0	0	0	0
9	Surface Rent			-			0	0	0	0	0
10	Agricultural Development Fund			-			0	0	0	0	0
11	Community Development Fund			-			0	0	0	0	0
	TOTAL	211,121	-	211,121	211,120	-	211,120	211,121	211,120	0.65	0

Tonguma Ltd

	Company	Government	Final Amounts	Unresolved

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

	Company	Government	Final Amounts	Unresolved

No.	Revenue Stream	Initial Amount US$	Resolved	Final	Initial Amount US$	Resolved	Final	Company	Government	Over	Under
1	Mining Licence	1,913,358	(173,941.66)	1,739,416	1,739,416		1,739,416	1,739,416	1,739,416	0	0
2	Exploration Licence			-			0	0	0	0	0
3	Royalty	13,766		13,766			0	13,766	0	13,766	0
4	Export duty for Diamonds			-			0	0	0	0	0
5	Corporate Tax	635		635			0	635	0	635	
6	Diamond Exporter's License fee			-			0	0	0	0	0
7	Environmental Impact Assessment License	74,310		74,310	74,310		74,310	74,310	74,310	0	0
8	Environmental Impact Assessment Monitoring Fees	14,862		14,862	14,862		14,862	14,862	14,862	0	0
9	Surface Rent	120,610	(120,610)	0			0	0	0	0	
10	Agricultural Development Fund			-			0	0	0	0	0
11	Community Development Fund	32,977	-32977	(0)			0	0	0	0	
	TOTAL	2,170,518	(327,529)	1,842,989	1,828,588	-	1,828,588	1,842,989	1,828,588	14,401.10	0