

EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE(EITI)

***2012/2013 GHEITI RECONCILIATION REPORT-MINING
SECTOR***

17th February 2015

HALF ASSINI - JOMORO



PRESENTED BY K. ASAFO-AIDOO

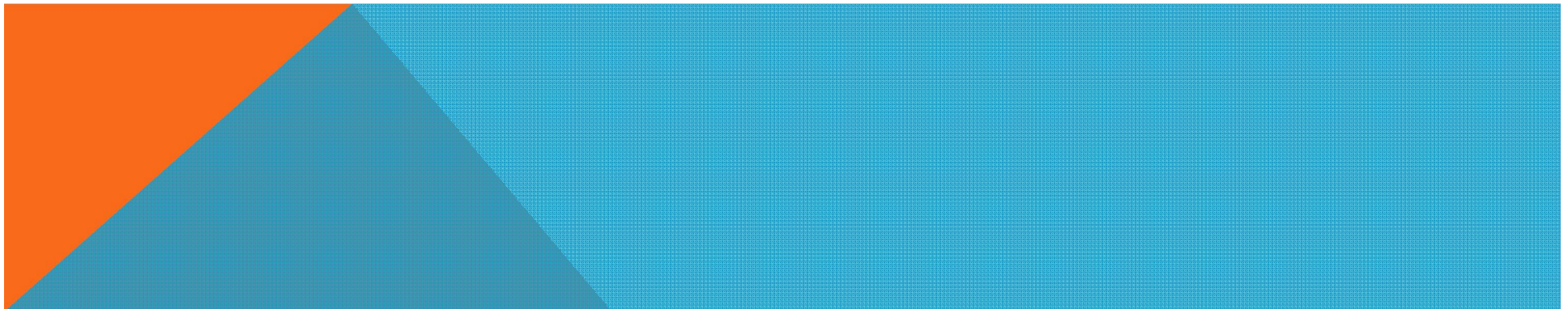
OVERVIEW : 2012/2013 EITI RECONCILIATION REPORT-MINING SECTOR .

- 1.Objectives of EITI/Report**
- 2.Highlights of 2012/2013 reports**
- 3. Discrepancies & Findings**
- 4. Royalty Disbursements to Assemblies**
- 5. District Assembly Utilization of Royalties**
- 6. Conclusion**



EITI OBJECTIVES. REPORTED IMPROVEMENTS IN TRANSPARENCY

- ❖ Payments by Mining Companies
- ❖ Funds receipts by Government and government Agencies
- ❖ Royalty disbursements
- ❖ Utilization of royalty benefits.



MINING BENEFITS

Report covers under listed benefits to state.

1. Mineral right licenses
2. Ground rents
3. Property rates
4. Mineral royalties
5. Corporate taxes
6. Dividends



BENEFIT STREAMS

Mineral rights : Vested in the state and granted by the Ministry of Lands and Natural Resources. There are three sequential categories entitling the holder to conduct reconnaissance of, prospect for or mine certain minerals.

Ground Rent : Annual payment made by mining companies to land owners. Participating mining companies operate on stool lands and thus pay their ground rent to the Office of the Administrator of Stool Lands.

Property rates : Levies imposed on buildings, and plants that are fixed to the ground

Royalty: Production based tax levied on the basis of Section 25 of the Minerals and Mining Act, 2006; ACT 703 which specifies the rate of royalty not more than 6% or less than 3% of the total revenue of minerals obtained by the holder.” An amendment to section 25 of ACT 703; passed in March 2010, provided royalty payment at 5% .

Corporate tax : Currently fixed at 35% of Net Profit. All the mining companies under consideration are on self-assessment.

Dividend: Government retention of 10% non-contributing shareholding in every mining lease holder. Rate alterable in circumstances where special agreements exist.

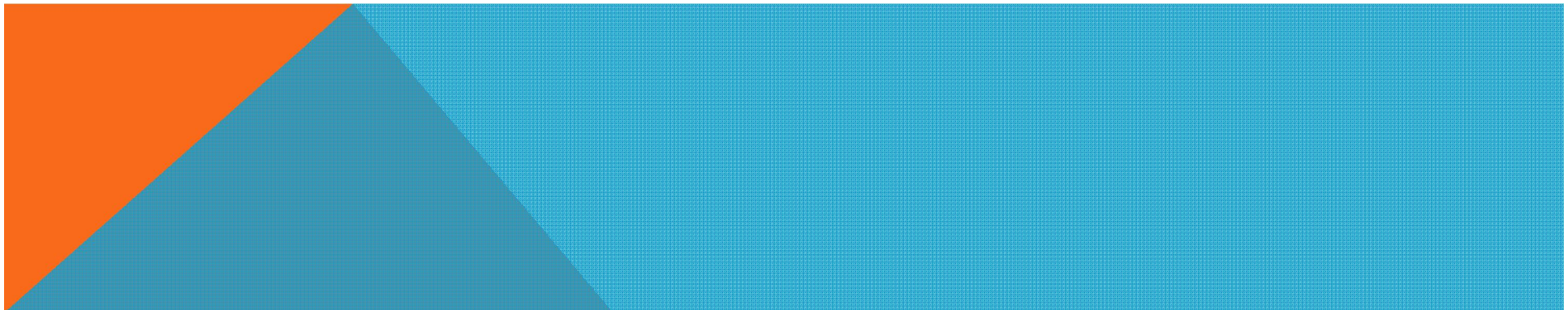
COLLECTION AGENCIES AND FUNDS FLOW

Dividend and Corporate taxes : Paid by mining companies are all lodged into the consolidated fund i.e. Central government's treasury.

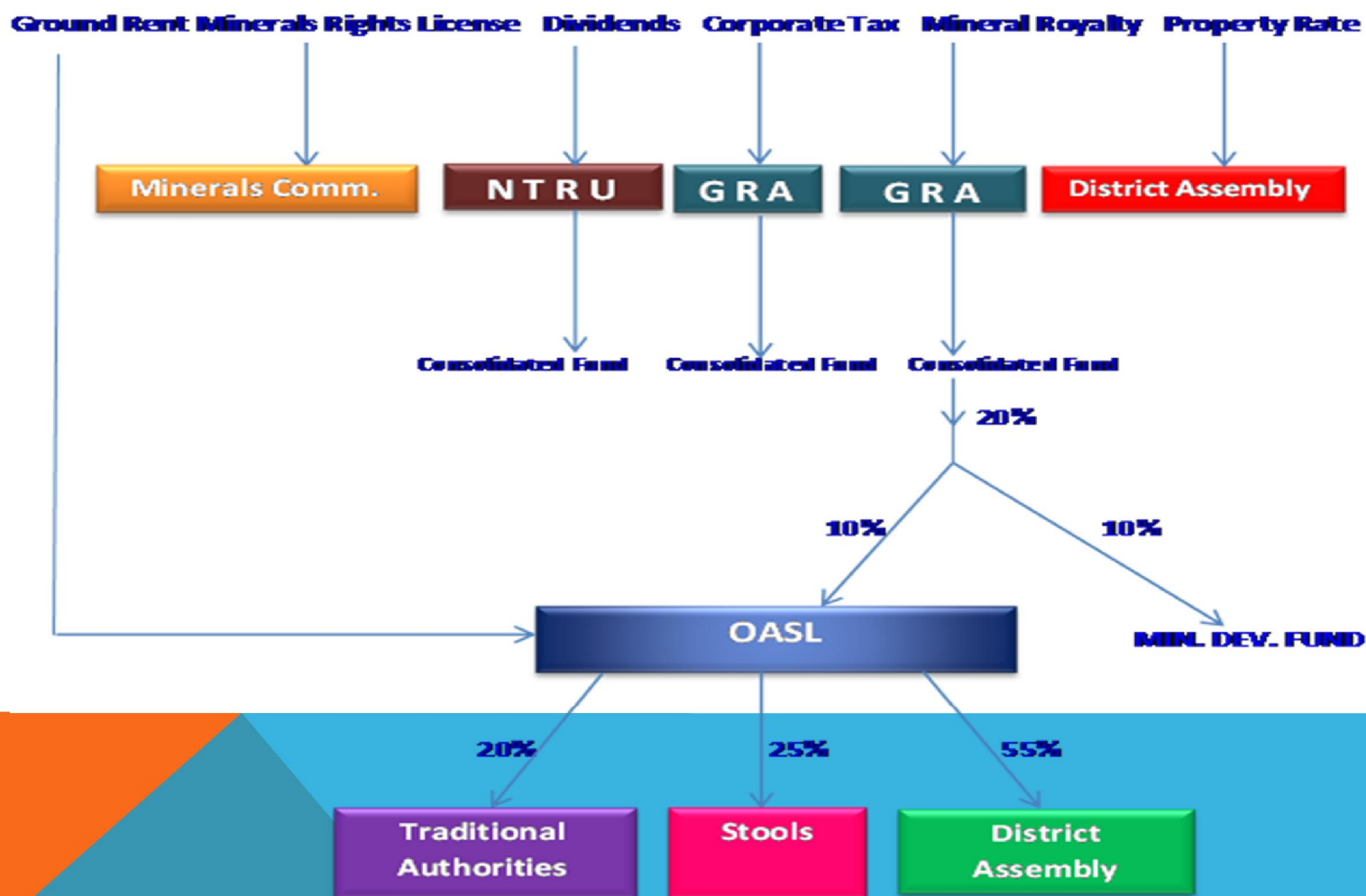
Mineral Rights Payments and Property rates are used by the recipient agencies, i.e. Minerals Commission and District Assemblies respectively as internally generated funds.

Mineral Royalty : First paid into the consolidated Fund. 20% of the mineral royalty receipts is thereafter released to the Minerals Development Fund and the OASL.

Ground rent is received by the OASL and distributed in accordance with Article 267(6) of the 1992 constitution. (i.e. 55% to the District Assemblies; 25% to stools and 20% to Traditional Authorities within the jurisdiction of the mines)

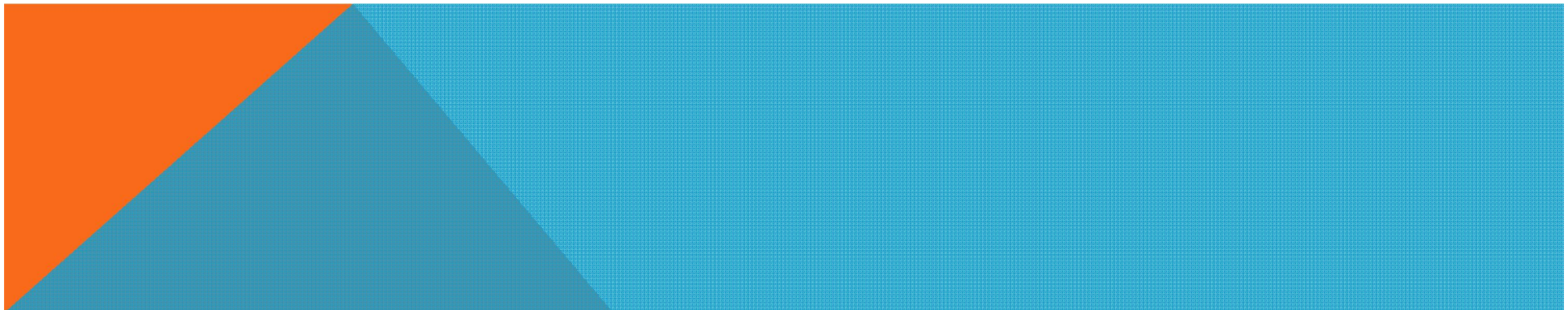


REVENUE FLOW IN THE MINING SECTOR



PARTICIPATING COMPANIES

	Mine/Company	Location	Mineral Mined
1	Anglogold Ashanti(Ghana) Ltd	Obuasi, Ashanti Region	Gold
2	Anglogold(Iduaprim) Ltd	Iduaprim, Western Region	Gold
3	Adamus Resources Ltd	Nkroful, Western Region	Gold
4	GSR(Wassa)Ltd	Akyempim, Western Region	Gold
5	GSR(Prestea/Bogosu)Ltd	Prestea, Western Region	Gold
6	Goldfields Ghana Ltd	Tarkwa, Western Region	Gold
7	Abosso Goldfields Ltd	Damang, Western Region	Gold
8	Chirano Gold Mines Ltd	Chirano, Western Region	Gold
9	Newmont Ghana Gold Ltd	Kenyase, Brong Ahafo	Gold
10	Newmont Golden Ridge Resources Ltd ¹	Abirem, Eastern Region.	Gold
11	Ghana Bauxite Company Ltd	Awaso, Western Region	Bauxite
12	Ghana Manganese Co. Ltd	Nsuta, Western Region	Manganese
13	Perseus Mining(Ghana)Ltd	Ayanfuri, Central Region	Gold
14.	Noble Mining Ltd	Bibiani, Western Region	Gold
15	West African Quarries	Oterkpolu/Eastern Region	Limestone
16	Prestea Sankofa Ltd	Prestea, Western Region	Gold



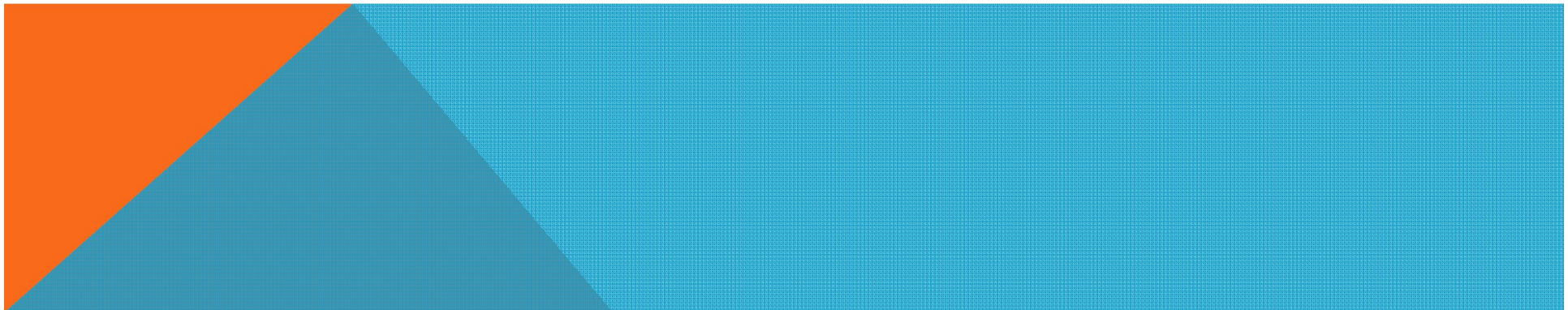
ESSENTIAL CRITERIA

Company participation:

- Contribution to Mineral Royalty Receipts for the period January - December 2012/2013.
- Selected companies: Active production of minerals in the 2012 and 2013 and together contributed up to 99% of the total mineral royalties paid in respective year.

Accounting basis:

- Cash Basis.



MINING INDUSTRY RECEIPTS – 2009-13

	Mining Income	GRA Collection	Mining/GRA	GDP(%)*
2009	354,367,142	1,790,557,800	19.79%	2.1
2010	555,095,469	2,338,542,674	23.74%	1.8
2011	1,050,436,681	3,705,747,795	28.35%	1.7
2012	1,461,202,977	5,403,032,412	27.04%	2.0
2013	1,104,047,314	5,880,322,065	18.78%	1.8



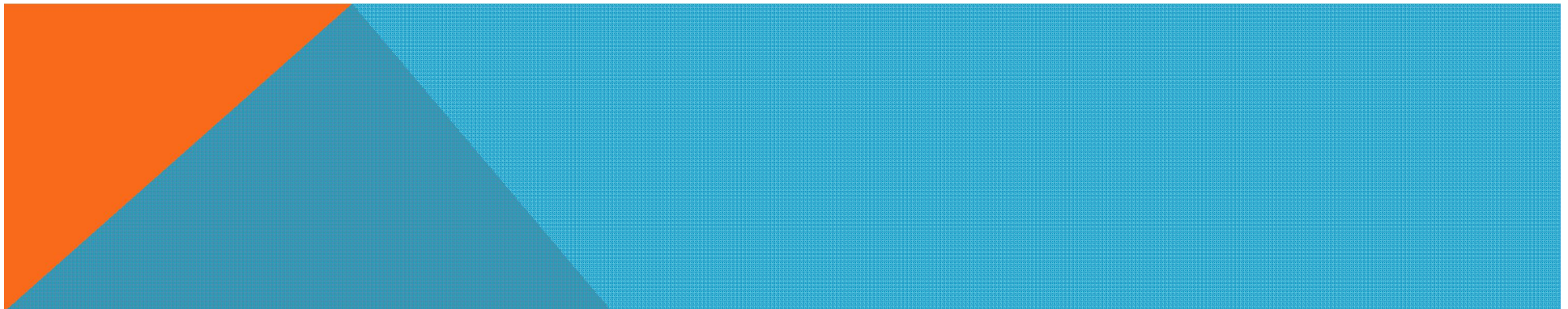
MINING EMPLOYMENT STATISTICS

The total workforce in the **large scale mineral mining** industry stood 17,103 at the end of 2013

Constituent: 16,819 Ghanaians and 289 expatriates.

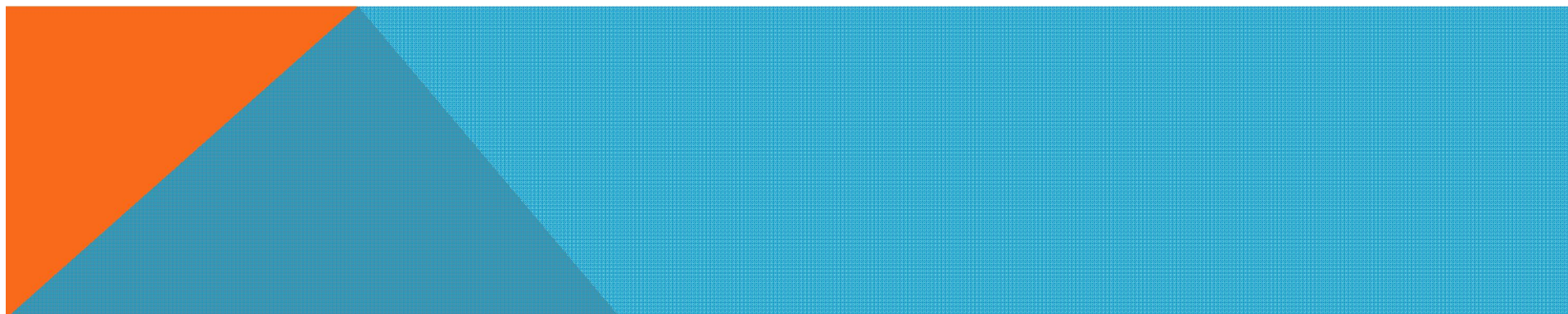
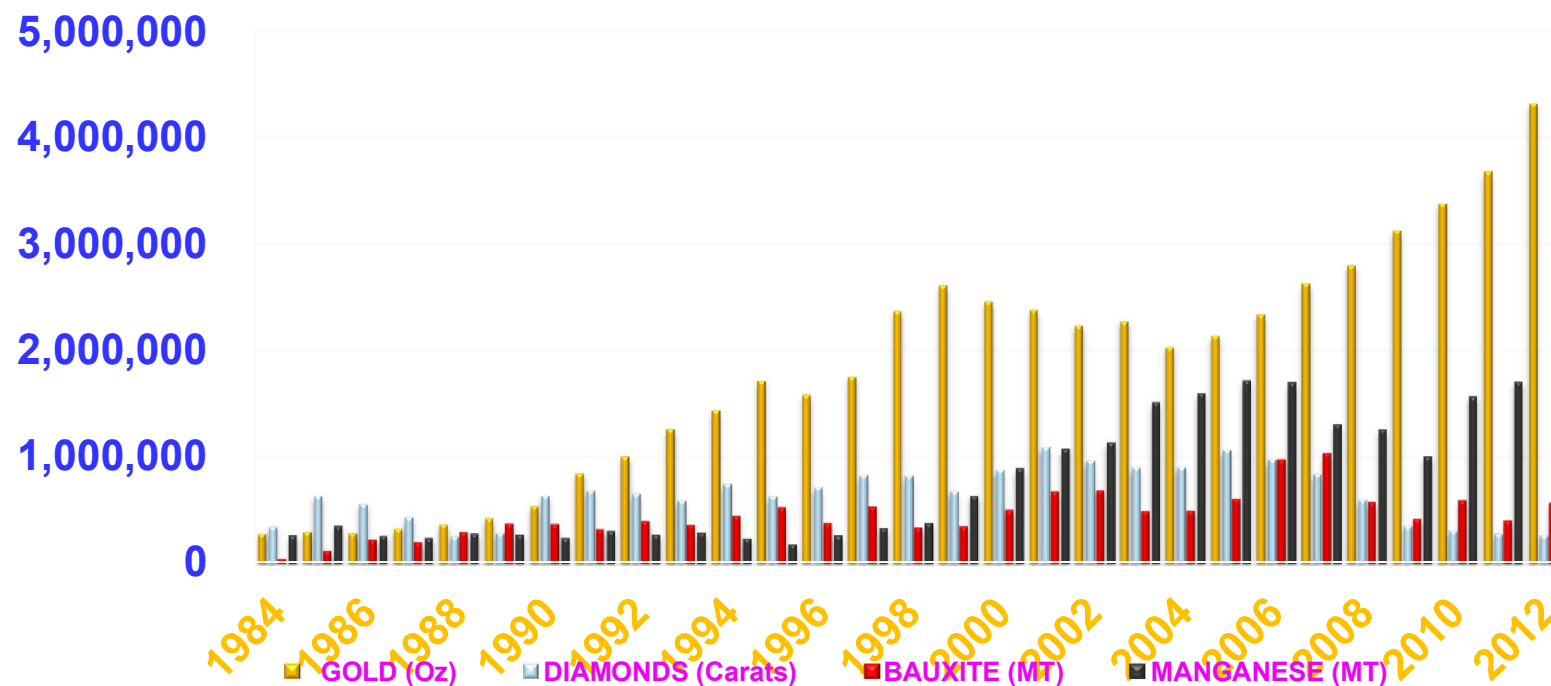
The total number of people employed in the **mining and quarrying sector (both formal and informal)** estimated at 260,662 .

Source: Ghana Living Standards survey conducted by the Ghana Statistical Service from 18th October 2012 to 17th October 2013.



GHANA'S HISTORICAL MINERAL PRODUCTION

Mineral Production: 1984 - 2012



GHANA STILL MINING DESTINATION - PROJECTS

Pinecrest Resources Ltd : Enchi gold project with resources of approximately 750,000 ounces of gold .

Asanko Gold Inc. : Phase 1 of the Asanko Gold Mine in Ghana, with newly discoveries at Dynamite Hill and Nkran, Adubiaso, Abore, and Asuadai deposits and Phase 2 comprising the Esaase deposit.

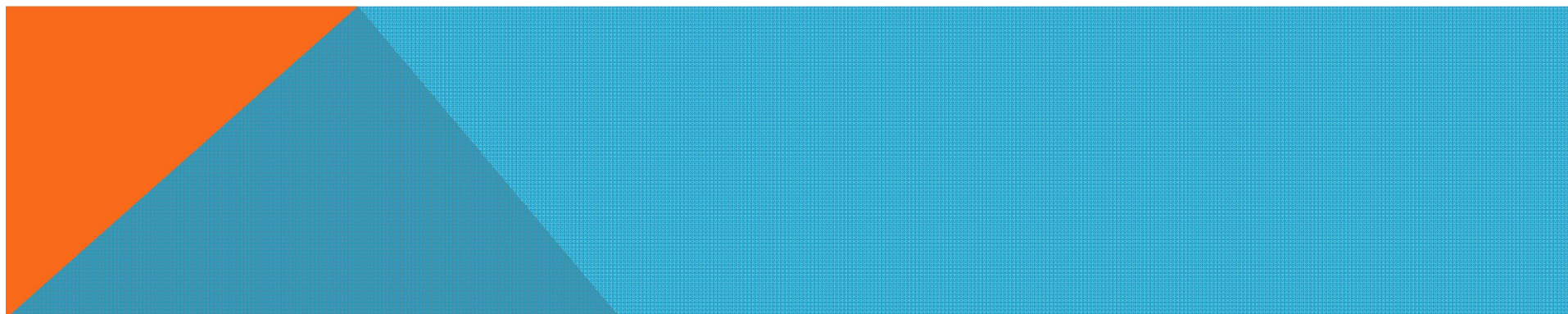
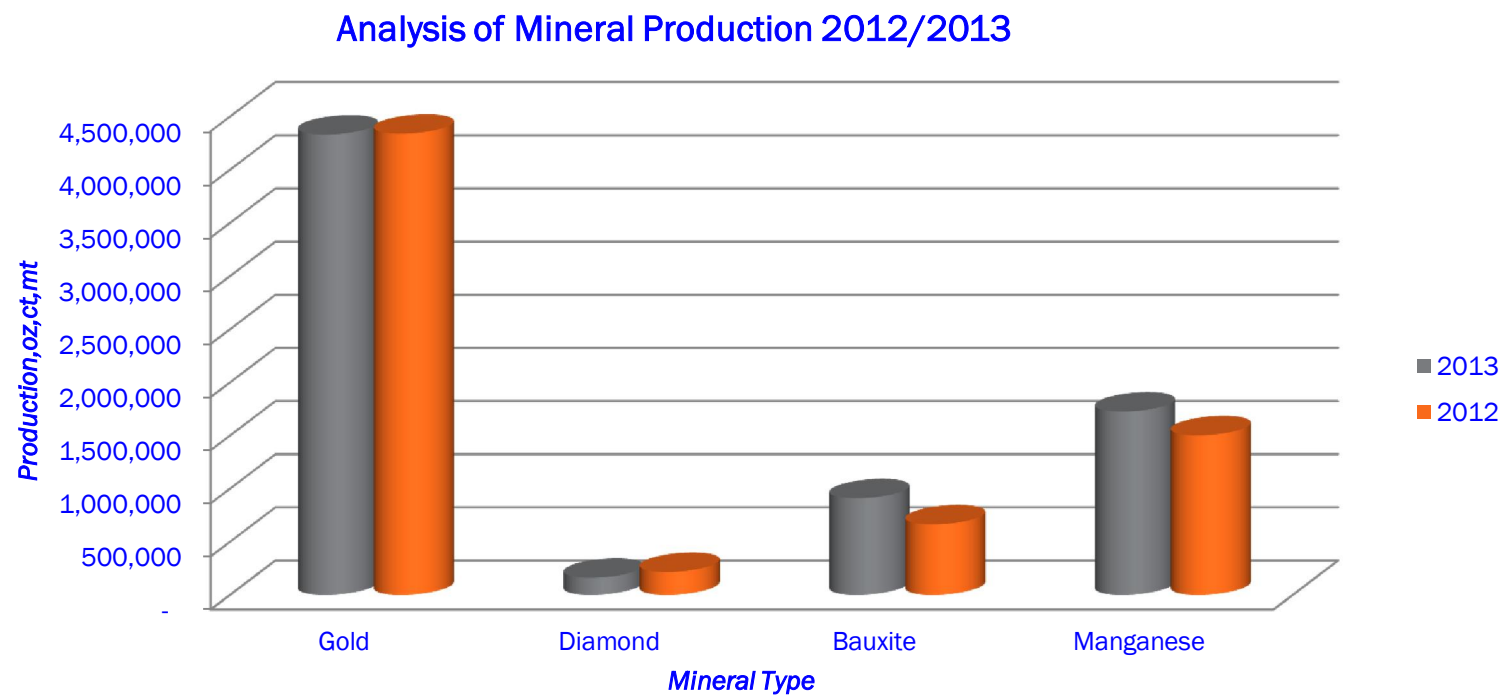
Phase 1 expected to produce 200,000 ounces of gold per annum at steady state starting in 2016.

Azumah Resources Limited : Ore Reserves of 624,000oz , an initial seven-year mine life for its Wa Gold Project with feasibility of 100,000oz per year .

Bibiani Gold project: Resolute Mining to undertake a Feasibility Study for an underground operation.

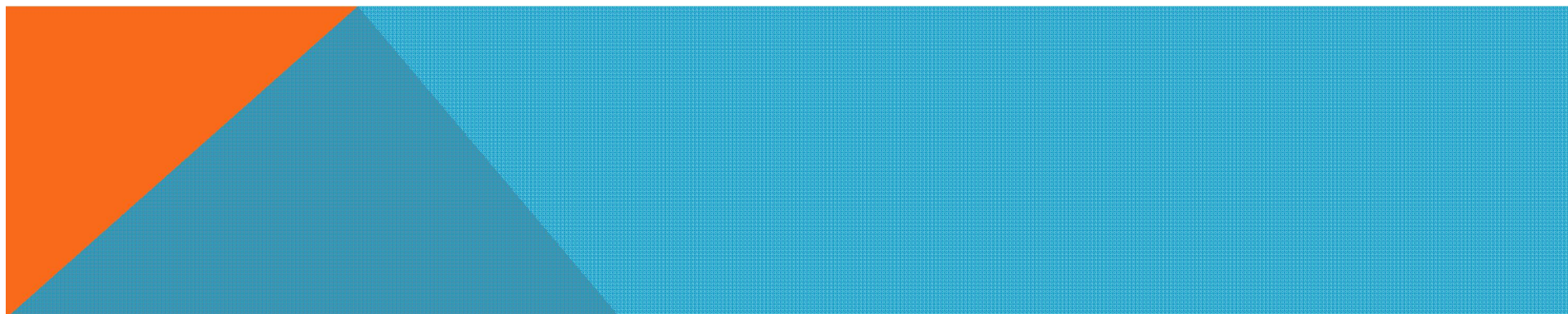


2012-3 MINERAL PRODUCTION



MINING FISCAL REGIME 2006- 2012

Items	2006	2012
Incentives and Taxes		
Mineral Right(Mining lease)	One-time payment	Annual payment
Initial Capital Allowance	80%	20% ; Straight line
Upliftment Allowance	5%	0%
Carried forward Losses for purposes of taxation	5yrs	5yrs
Corporate Income Tax Rate	25%	35%
Mineral Royalty	3%-6%	5%
Gov't Equity Participation	10% free carried interest.	10% free carried



RESULTS OF RECONCILIATION

Revenue Stream	Company Reported Payments(GHS) A	Government Reported Receipts(GHS) B	Over Reporting (A-B)A>B	Under Reporting (A-B)A<B	Resolved	Final Company	Final Government
2012							
Mineral Right Licence	0	0				0	
Property Rate	1,127,532	1,263,964	62,921	(199,353)		1,127,532	1,263,964
Mineral Royalty	326,821,961	357,851,654.00	14,260,708.00	-45,290,401.00		326,821,961	357,851,654
Ground Rent	0	0	0	0		0	0
Corporate Tax	681,733,788	728,072,671	23,568,534	(69,907,417)		681,733,788	728,072,671
Dividends	21,870,774	25,879,431	872,165	(4,880,822)		21,870,774	26,751,596
Total	1,031,554,055	1,113,263,545	38,568,503.00	(120,277,993)		1,031,554,055	1,113,263,545
2013							
Mineral Right Licence	0	0	0	0		0	0
Property Rate	1,898,917	1,688,763	812,674	-602,520		1,898,917	1,688,763
Mineral Royalty	271,703,223	368,864,143	6,294,020	-103,454,940		271,703,223	368,864,143
Ground Rent	0	0	0	0	0	0	0
Corporate Tax	398,252,101	456,747,172	8,314,689	-66,809,760		398,252,101	456,747,172
Dividends	1,329,862	1,130,685	199,177			1,329,862	1,130,685
Total	673,184,103	828,430,763	15,620,560	170,867,220		673,184,103	828,430,763

2012 RECONCILIATION -COMPANY SPECIFIC

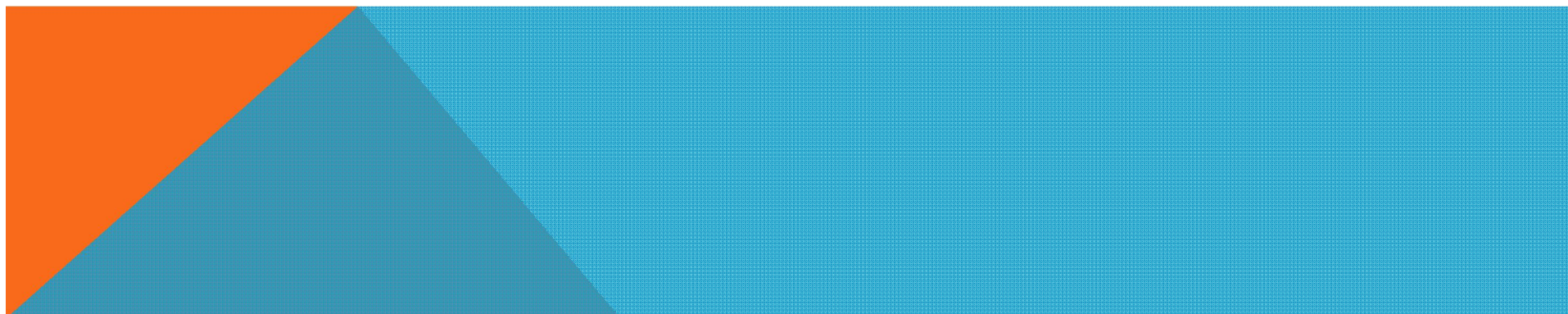
Table 5.1: 2012 Reconciliation by company.

Participant	Initial Amounts		Initial Discrepancies		Resolve		Final Amounts		Unresolved	
	Company Payments	Govt Receipts	over	under	company	Govt	Company	Govt	over	under
Anglogold-Obuasi	25,744,142	25,703,679		40,463		29817	25,744,142	25,733,496	10,646	
Anglogold-Iduaprim	31,072,200	31,437,445		(365,245)			31,072,200	31,437,445		(365,245)
***	6,034,221	5,162,056	872,165				6,034,221	5,162,056	872,165	
Adamus Resources Lt	15,218,826	16,284,814		(1,065,988)	1,037,988		16,256,814	16,284,814		(28,000)
GSR-Prestea/Bogoso	25,817,401	22,852,965	2,964,436				25,817,401	22,852,965	2,964,436	
Ghana Bauxite CO.	2,770,000	1,996,845	773,155				2,770,000	1,996,845	773,155	
Ghana Manganese Co.	29,004,364	28,905,152	99,212		-99,212		28,905,152	28,905,152	-	
Goldfields -Tarkwa	434,380,216	407,078,895	27,301,321		-32,184,284		402,195,932	407,078,895		(4,882,963)
Abosso Goldfields Ltd	40,275,020	39,489,624	785,396		8,800		40,283,820	39,489,624	794,196	
GSR(Wassa)Ltd	21,626,530	21,828,134		(201,604)			21,626,530	21,828,134		(201,604)
Chirano Gold Mines Ltd	106,346,386	192,122,239		(85,775,853)	85,762,557		192,108,943	192,122,239		(13,296)
Newmont Ghana Gold	291,695,091	291,273,113	421,978				291,695,091	291,273,113	421,978	
Perseus Mining Co Ltd.	-	24,051,513		(24,051,513)	24,051,513		24,051,513	24,051,513	-	
Newmont Golden Ridge	-	-		-			-	-	-	
West African Quarries L	1,569,658	1,226,624	343,034				1,569,658	1,226,624	343,034	
Noble Gold Ltd	-	756,091		(756,091)			-	756,091		(756,091)
Prestea Sankofa Gold L	-	3,094,356		(3,094,356)			-	3,094,356		(3,094,356)
TOTAL	1,031,554,055	1,113,263,545	33,560,697	(115,270,187)	78,577,362	29,817	1,110,131,417	1,113,293,362	6,179,610	(9,341,555)

2013 RECONCILIATION -COMPANY SPECIFIC

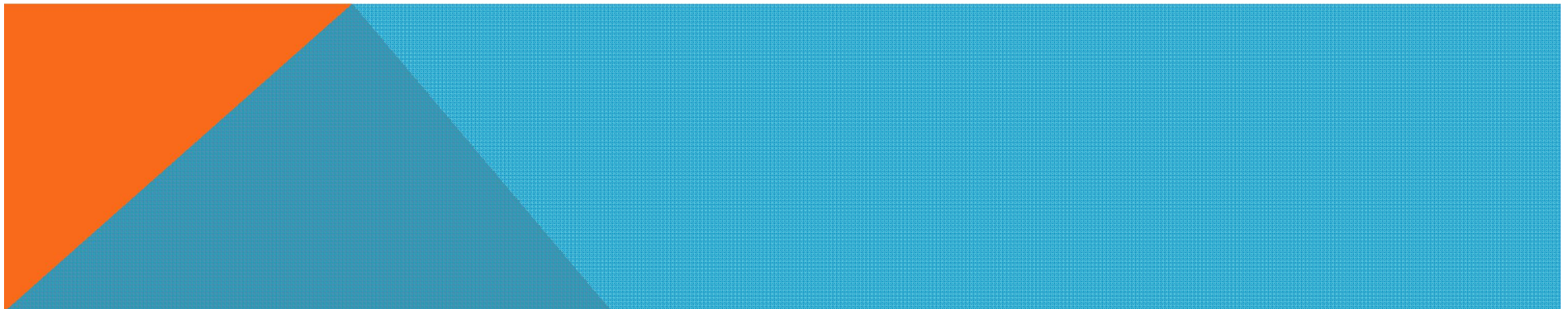
Table 5.2 2013 Reconciliation by Company

	Initial Template Figures		Initial Discrepancies		Resolved		Final Amounts		Unresolved	
	Company Payments	Govt Receipts	over	under	comp	Govt	Company	Govt	over	under
Anglogold-Obuasi	26,435,602	23,982,926	2,452,676				26,435,602	23,982,926	2,452,676	
Anglogold -Iduaprim	20,618,127	22,679,409		(2,061,282)			20,618,127	22,679,409		(2,061,282)
***	-	-	-				-	-		-
Adamus Resources Ltd	14,962,118	14,953,065	9,053				14,962,118	14,953,065	9,053	
GSR-Prestea/Bogoso	26,707,832	23,472,243	3,235,589				26,707,832	23,472,243	3,235,589	
Ghana Bauxite CO.	3,731,794	3,419,198	312,596				3,731,794	3,419,198	312,596	
Ghana Manganese Co.	37,134,567	37,134,557	10				37,134,567	37,134,557	10	
Goldfields -Tarkwa	102,689,091	210,641,044		(107,951,953)	107,677,219		210,366,310	210,641,044		(274,734)
Abosso Goldfields Ltd	13,721,409	28,177,714		(14,456,305)	11,704,758		25,426,167	28,177,714		(2,751,547)
GSR(Wassa)Ltd	73,810,812	74,088,073		(277,261)			73,810,812	74,088,073		(277,261)
Chirano Gold Mines Ltd	123,155,911	122,492,800	663,111				123,155,911	122,492,800	663,111	
Newmont Ghana Gold L	220,440,188	226,405,055		(5,964,867)	5,964,849		226,405,037	226,405,055		(18)
Perseus Mining Co Ltd.	26,590,162	27,624,584		(1,034,423)			26,590,162	27,624,584		(1,034,423)
Newmont Golden Ridge	8,343,000	8,342,795	205				8,343,000	8,342,795	205	
West African Quarries Ltd	1,433,653	1,648,196		(214,543)			1,433,653	1,648,196		(214,543)
Noble Gold Ltd	-	2,957,223		(2,957,223)			-	2,957,223		(2,957,223)
Prestea Sankofa Gold Lt	-	411,881		(411,881)	209,095		209,095	411,881		(202,786)
TOTAL	699,774,266	828,430,763	6,673,240	(135,329,738)	125,555,921		825,330,187	828,430,763	6,673,240	(9,773,817)



RECONCILIATION- HIGHLIGHTS

- Total government receipts in 2012 exceeds that of 2013.
- Corporate tax receipts exceeds royalty in both 2012 and 2013
- Small scale and artisanal mining accounted for 34% of total gold exports in 2012 and 2013.



REPORT DISCREPANCIES -1

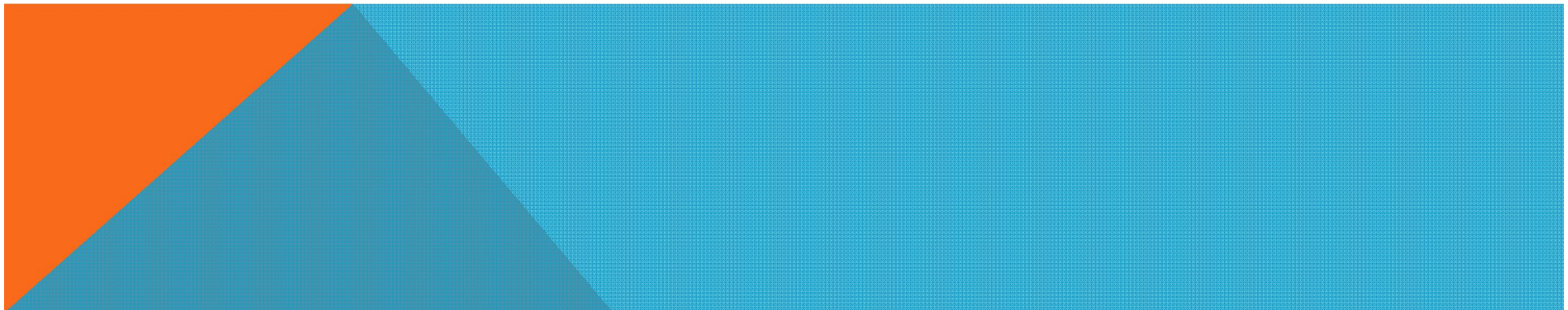
Accountable:

Royalty and corporate tax payments reported in dollars instead of cedis,

Royalty and corporate tax payments reported in cedis using average exchange rates instead of amounts stated on the cedi receipts issued by the GRA.

The use of the accruals concept instead of actuals.

The inability of Noble Mining Ltd and Sankofa to report appropriately contributed to the discrepancies.



REPORT DISCREPANCIES -2

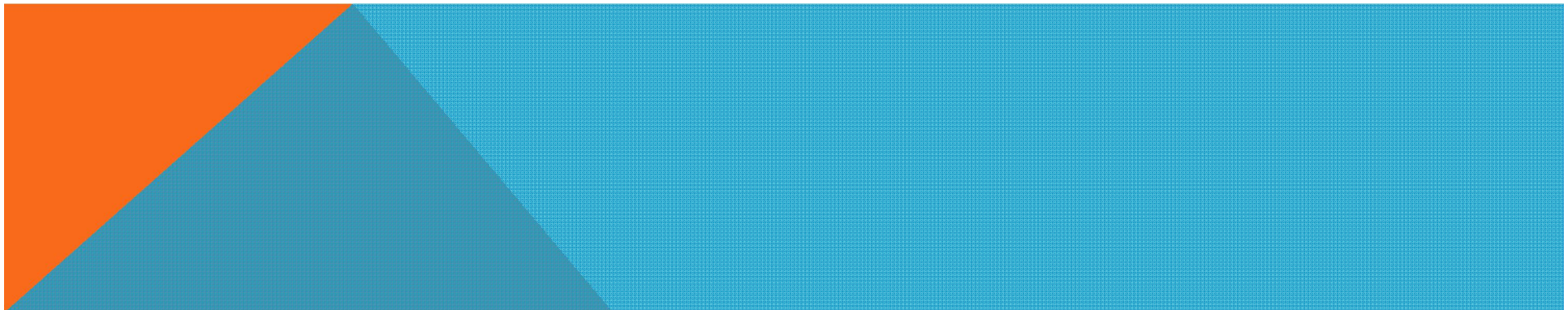
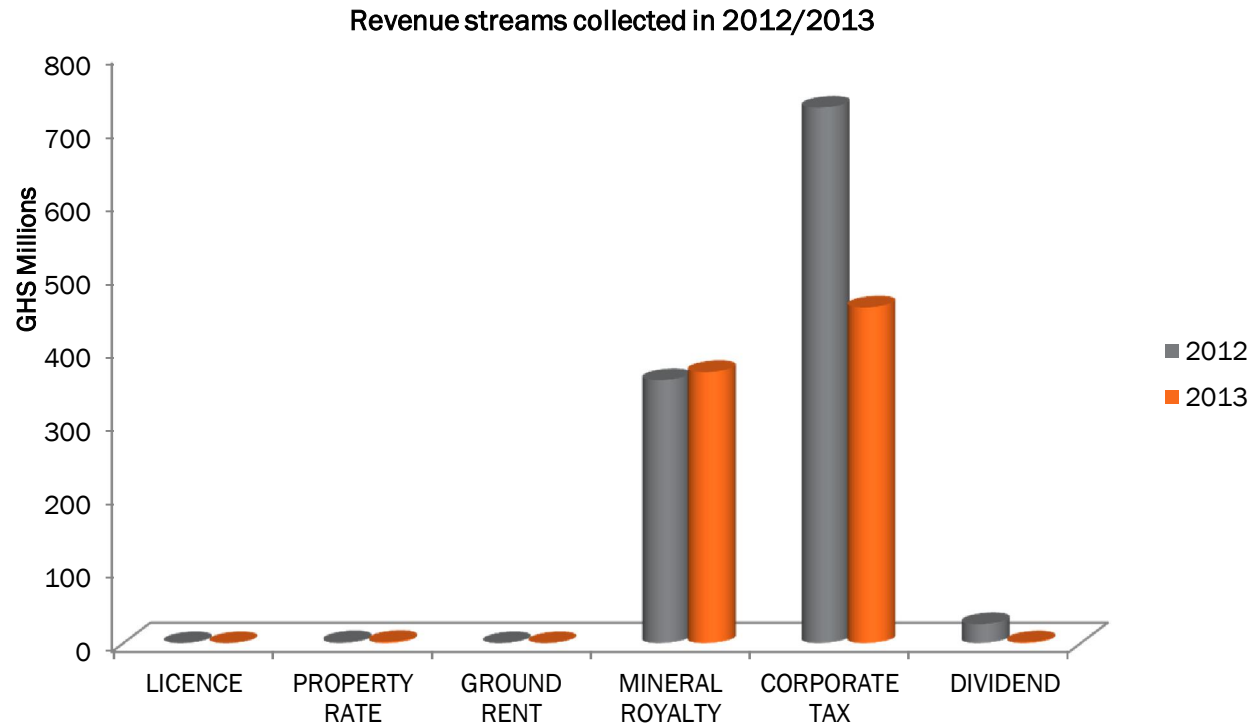
In 2012 there was an initial net discrepancy of GHS 81,709,490,
Initial net discrepancy of GHS-155,246,660 in 2013.

After the resolutions, unresolved net discrepancies of GHS (3,161,945)
(absolute of GHS 15,521,165) was obtained in 2012, with a net discrepancy
of GHS (3,100,577)

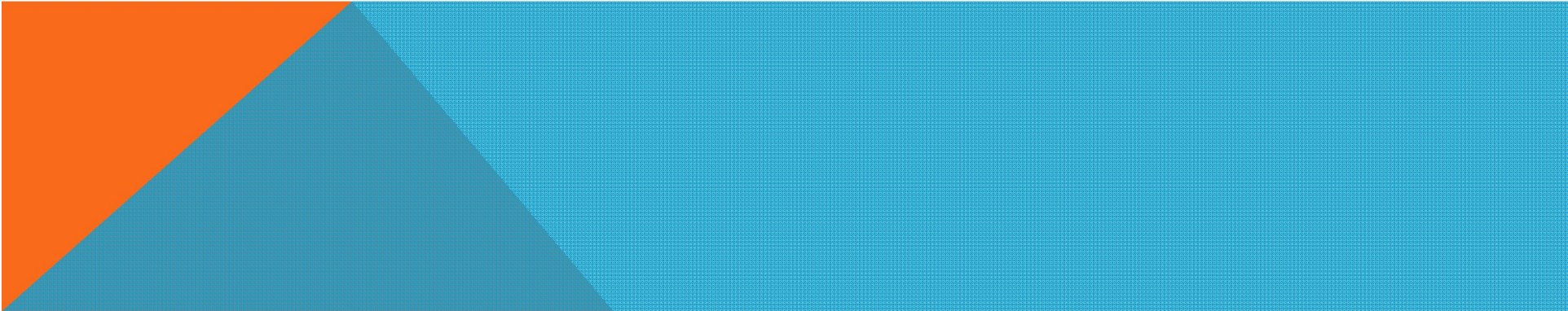
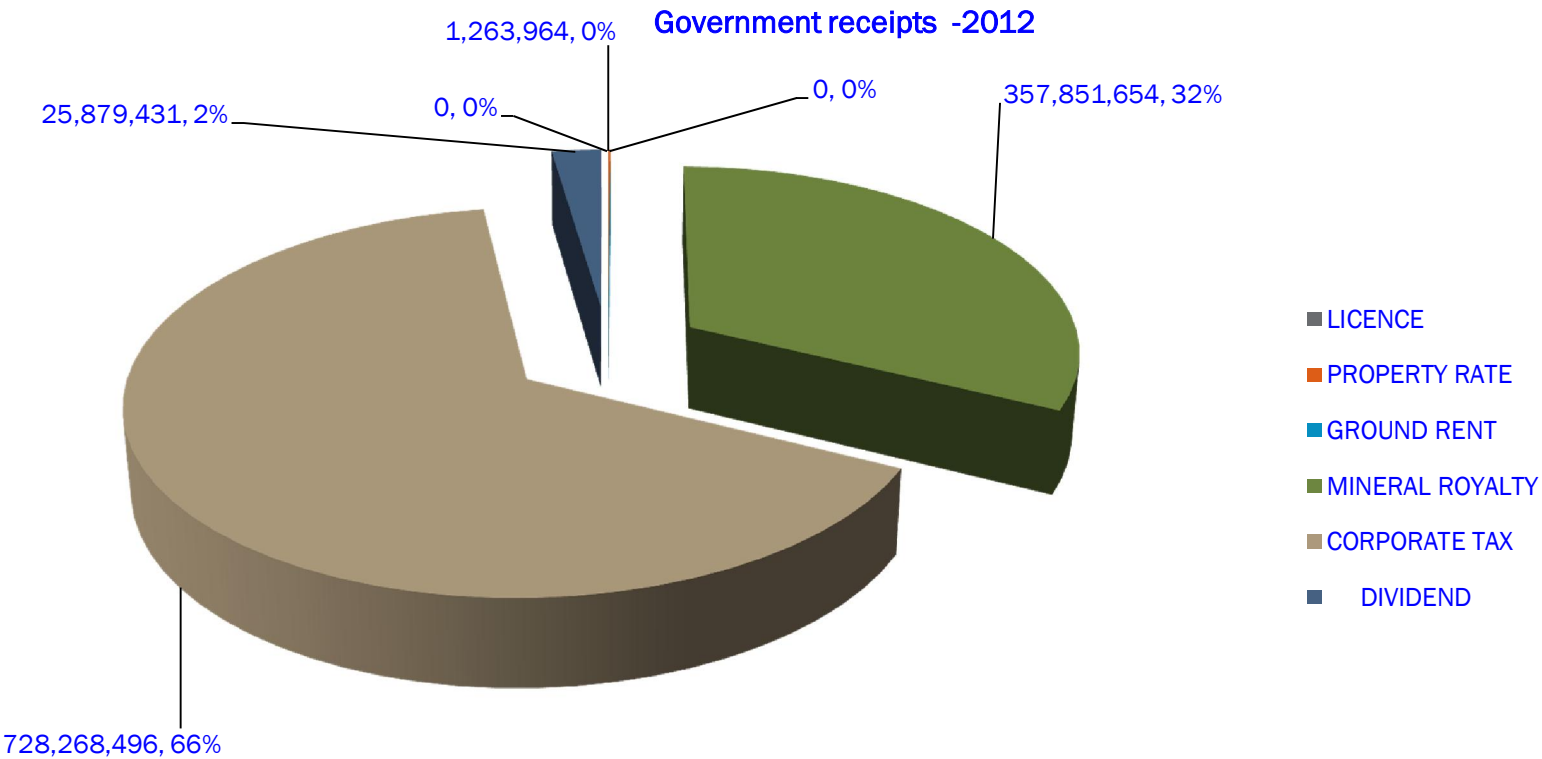
In 2013 absolute amount of GHS16,447,057 resulted (See resolution of
discrepancies.)



ANALYSIS OF 2012 AND 2013 BENEFITS

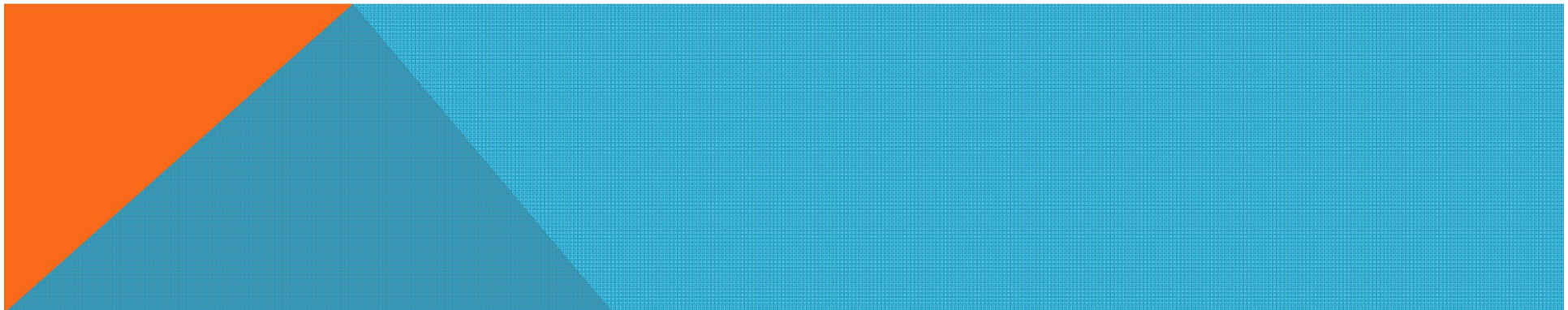
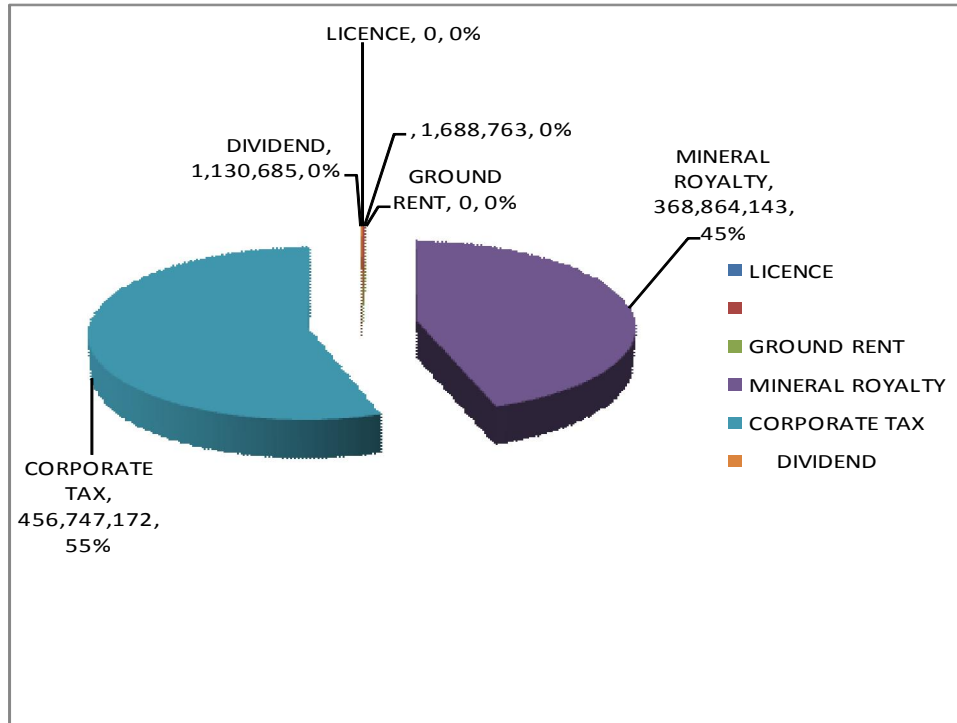


ANALYSIS OF BENEFITS -2



ANALYSIS OF BENEFITS -3

2013 Government Receipts



REPORT FINDINGS

Mineral Right License:

No payments of mining lease by the selected companies in 2012 and 2013.

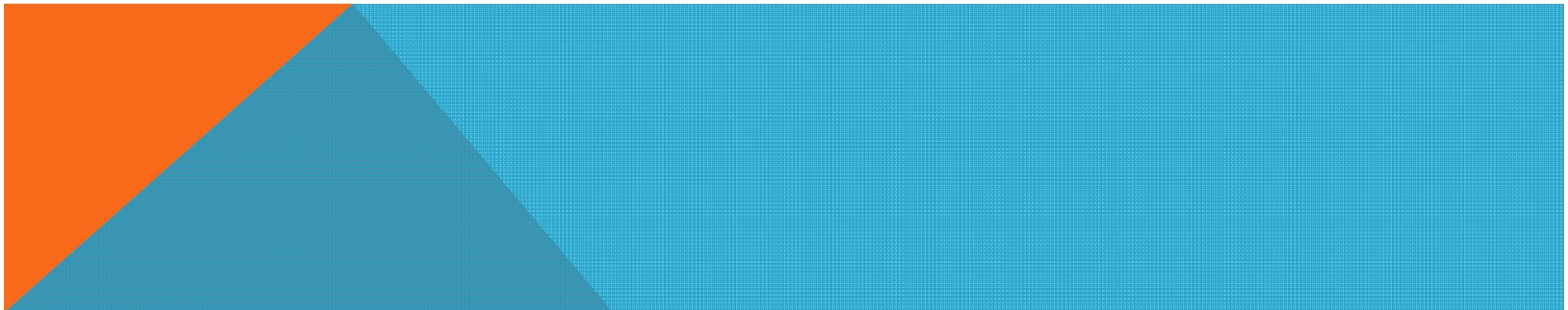
Ground Rent.

None of the selected companies paid ground rent for 2012 and 2013

Dividends:

Three companies in 2012 paid dividends. I.e AngloGold Ashanti (Ghana) Ltd, Gold Fields (Gh) Ltd and Ghana Manganese Company Ltd.

In 2013 only AngloGold Ashanti Ltd and Ghana Manganese Company Ltd paid dividend.



REPORT FINDINGS - 2

Corporate Tax.

Seven of the participating companies paid corporate tax in 2012. ie Gold Fields (Gh) Ltd, Abosso Gold Fields (Gh) Ltd and Newmont Ghana Gold Ltd.

Ghana Manganese Company Ltd, Chirano Goldmines Ltd, AngloGold Ashanti (Iduapriem) and West African Quarries Ltd.

In 2013 eight companies paid corporate tax.

Capital allowances

AngloGold Ashanti(Obuasi), Ghana Bauxite Co. Ltd, Newmont Golden Ridge Ltd, Adamus Resources and Perseus Mining Ghana Ltd had unutilized capital allowance in 2012 and 2013 and thus were not corporate tax liable.

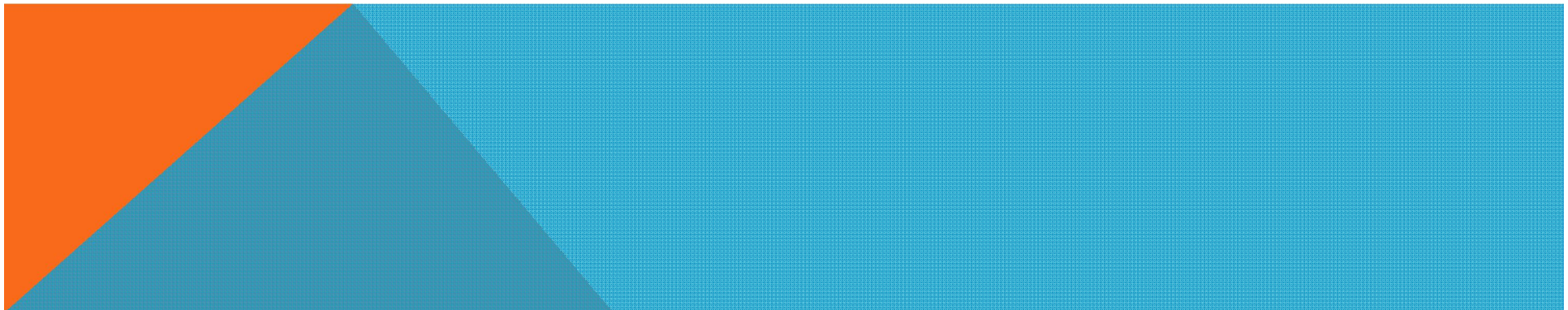


DISBURSEMENT FORMULA FOR MINERAL ROYALTIES REMAINS UNCHANGED

➤ Government/Consolidated Fund =	80%	80%
➤ Minerals Development Fund =	10%	10%
➤ Office of the Administrator of Stool Lands =	10%	1%
Total =	100%	

Disbursement to the Communities is as follows:

- **The Administrator of Stool Lands retains 10% of the amount received to cover administrative expenses. The remaining 90% is apportioned in the following proportions:**
- **55% to District Assemblies = 4.95%**
- **25% to Stools = 2.25%**
- **20% to Traditional Councils = 1.80%**
- **100%**



MINERAL ROYALTY DISBURSEMENTS-ASH/R-2012

District Assembly	Amount due(GHS)	Amount received by District Assembly (GHS)
Obuasi Municipal	645,756.59	570,787.21
Adansi South	184,501.66	163,082.00
Adansi North	92,250.02	80,600.88
Bekwai Municipal	89,650.56	99,241.78
Amansie Central	166,493.98	147,165.16



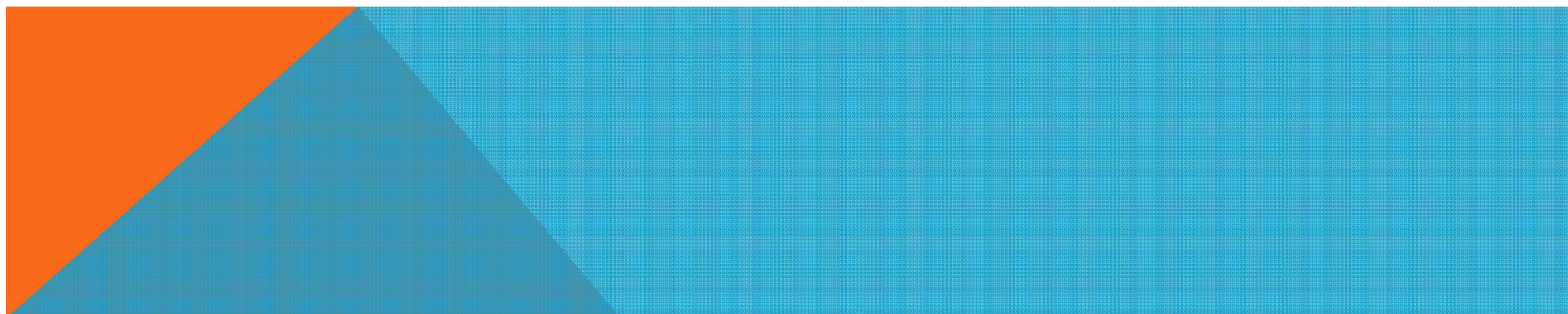
MINERAL ROYALTY DISBURSEMENTS- BA-2012

District Assembly	Amount due(GHS	Amount received by District Assembly(GHS)
Asutifi North District Assembly	2,507,926.94	2,146,354.03



MINERAL ROYALTY DISBURSEMENTS W/R- 2012

District/Municipal Assembly:	Amount Due GHS	Amount received. GHS
Prestea Huni Valley	5,206,357.94	4,585,180.00
Mpohor Wassa East¹	449,956.30	355,851.00
Tarkwa Nsuaem	2,900,376.04	2,741,956.00
Bibiani/Ahwiaso Bekwai	944,617.37	841,623.00
Sefwi Wiawso	1,085,504.86	1,183,321.00
Ellembelle	619,880.81	344,561.93



MINERAL ROYALTY UTILIZATION -2012

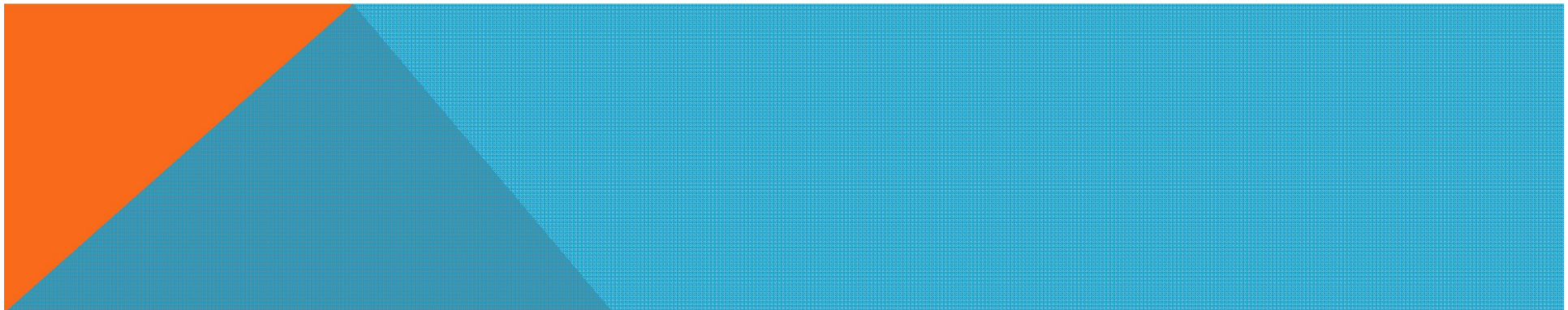
Obuasi Municipal Assembly: Utilization of Mineral Royalty Receipts (2012)

No.	Details	Expenditure(Amount)-GHS
1	Rehabilitation of 4-unit JHS Classroom Block at Awuradebasa school at Obuasi	13,459.01
	Rehabilitation of 6-unit classroom Block at Boete	22,639.34
3	Construction of 8-unit classroom block at Boete.	55,485.10
	Rehabilitation of 6-unit classroom Block at Estate Presby JHS.	25,832.55
5	Construction of 8-unit Classroom at Kokoteasua	55,485.20
	Construction of Block Wall Fencing/ Security Post around Obuasi Senior High Technical School and Christ the King Catholic School.	27,441.51
7	Waste Management	104,026.00
	Total	304,368.71

Source: Obuasi Municipal Assembly

MINERAL DEVELOPMENT FUND

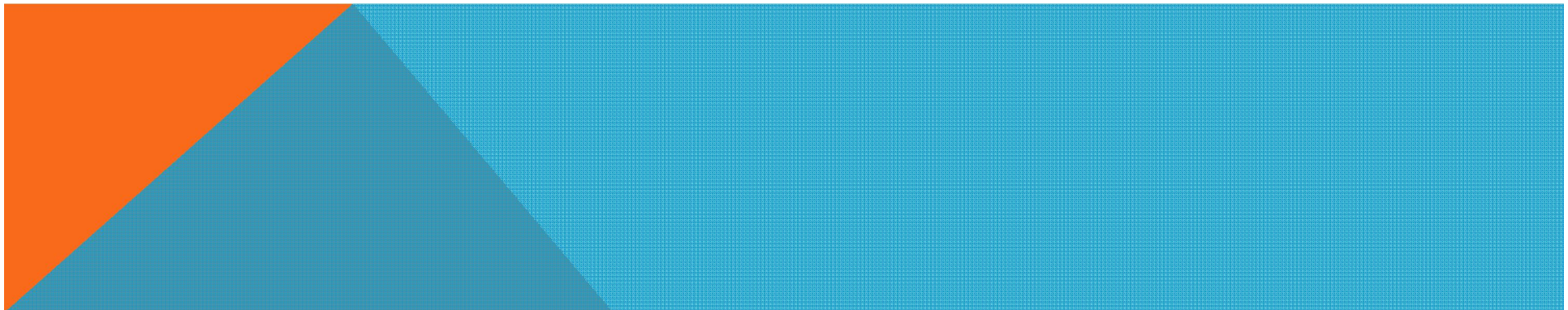
Particulars	Expenditure(GHS)	Lodgments(GHS)
Balance Brought Forward		5,830, 995.68
Salary Arrears	219,962.17	
Forestry Commission Activities	442,764.00	
Ministry of Lands activities	2,735,000.00	
Commission	61,031.53	
Miscellaneous	48,416.26	
Miscellaneous	<u>94,153.80</u>	<u>3,601,327.76</u>
Balance carried forward		2, 229, 667.92



MINERAL DEVELOPMENT FUND

Payments from subsidiary MDF account in 2012

DATE	AMOUNT (GHS)	BENEFICIARY INSTITUTION	SERVICE TYPE
01/08/2012	1,132,643.01	Geological Survey Department	Drilling
24/08/2012	93,217.89	UMAT	Construction Works
03/09/2012	2,685,874.88	GSD	Drilling
-do-	63,918.95	-do-	Logistics
19/09/2012	2,682,222.62	UMAT	Construction Works
-do-	1,379,266.56	-do-	-do-
17/10/2012	44,723.89	-do-	-do-
07/11/2012	2,557,255.28	-do-	-do-
20/11/2012	343,322.65	GSD	-do-
29/11/2012	43,726.27	Lands Commission	Field Activities
11/12/2012	18,270.00	GSD	Construction Works
31/12/2012	79,041.25	UMAT	-do-
Total	13,858,483.25		

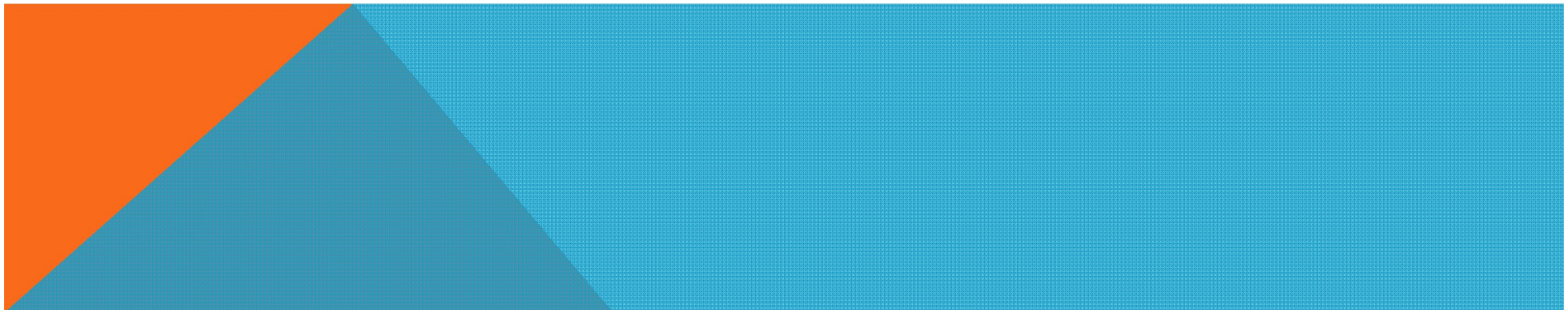


CHALLENGES IN IMPLEMENTATION

1. **The high turnover of staff within the Mining companies and District Assemblies also posed a lot of challenges. Staff members with understanding of the process left the employ of their companies in the middle of the process.**

Mining Companies are advised to widen out the EITI process to more staff members and also encourage more staff members to attend EITI workshops.

2. **The SAP IT solution did provide some impetus especially in the initial data gathering. It is recommended that the capacity of the Administrators be enhanced for it to realize its full potential.**



2010/11 REPORT IMPLEMENTATION UPDATE

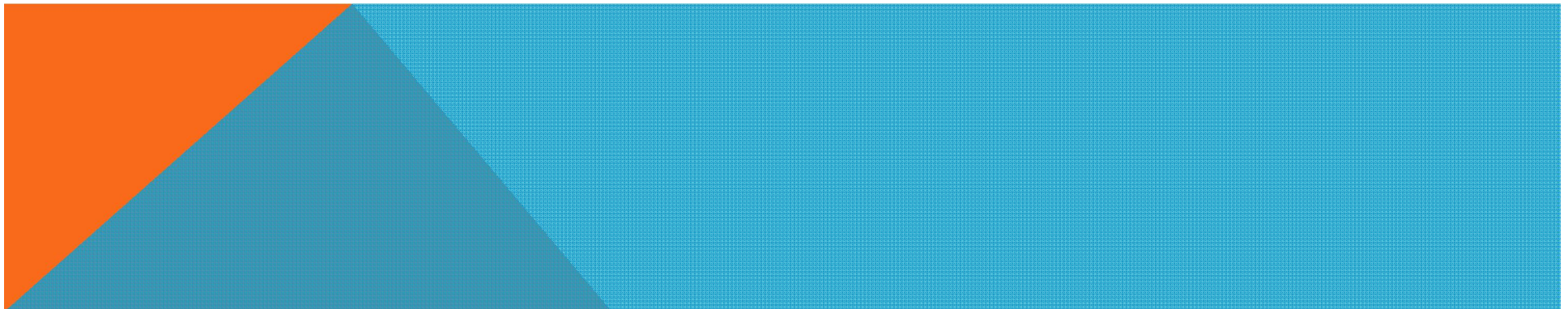
Details of implementation of recommendations

Issue	Finding	Recommendation	Status	Remarks
Receipting and reporting Currency for EITI	Some companies reporting in dollars	Companies to maintain records of cedi receipts from GRA for EITI reconciliation	Partially complied	Some discrepancies resulting from non-archiving of cedi receipts
Frequency of Royalty payment	Split quarterly payments by some companies	Regularization of monthly and other split quarterly payments.	Companies engaged in such payment practice reduced.	Regularization of multiple payments is outstanding.
Adamus Royalty payment on hedge figures	Royalty computations on hedge gold prices instead of spot prices.	GRA to review royalty payments on spot prices.	Adamus paid GHC 213,995 to GRA in 2013 after the review.	
Re-evaluation of Ghana Manganese (GMC) and Chirano royalty payments	GMC skipped 3 rd quarter 2011 royalty payment to offset overpayment Chirano skipped 4th quarter 2011 payment.	GRA to reconcile over/under payments by GMC and Chirano	GMC Discrepancy resolved by GRA. Chirano not resolved.	
Irregularities in OASL funds transfer to Districts Assemblies	Transfers from OASL were in tranches	OASL to fully implement recommendations on funds transfer.	Transfers in 2012 were minimal. No transfer in 2013	2014 transfers from OASL to comply.
Management of MDF	Monitoring of MDF expenditures cumbersome	Appointment of MDF oversight agency.	Outstanding	Pending appointment of agency, MDF disbursements to be duly supervised.

OUTSTANDING 2010/11 IMPLEMENTATION

Recommendation made in the 2010 and 2011 report on lack of regularization of royalty payment frequency resulting in split quarterly payments is outstanding.

GRA is urged to follow through on this to ensure standardization and uniform adherence to procedures for royalty payments to promote compliance.



RECOMMENDATION - CADASTRAL SYSTEM OF ACCESSING MINERAL RIGHT LICENCES INFORMATION

In order to ensure transparency and the effective management of mineral rights licences, an online cadastral system should be introduced by the Mineral Commission . This should include information on coordinates of concessions and transfers of mineral rights and fees paid.

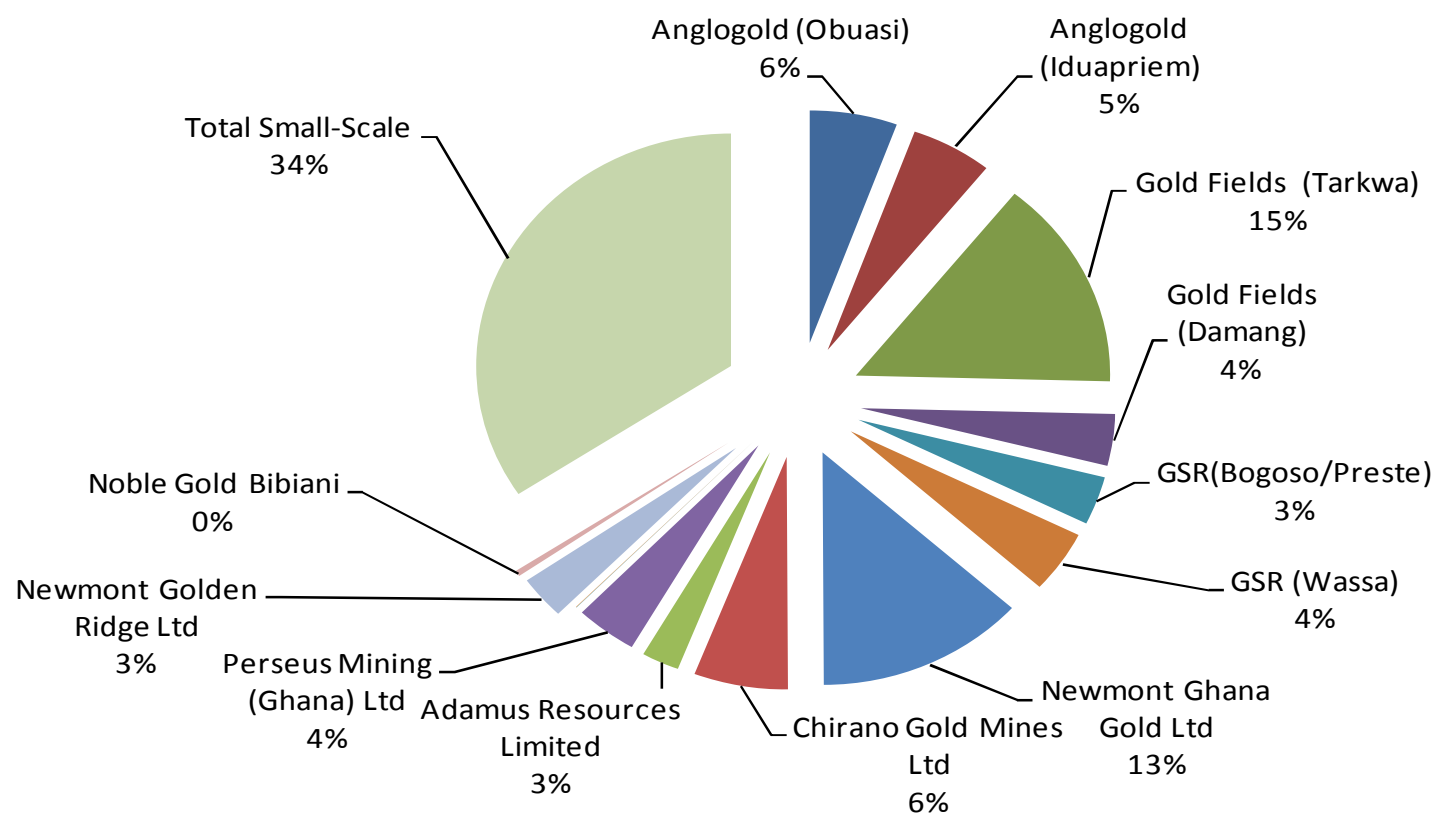
Recommendation is consistent with new EITI requirement which enjoins all participating countries to document licence allocation and transfers.



ASCENDING PROMINENCE OF SMALL SCALE GOLD PRODUCTION

Fig 5.2

Gold Production in 2013

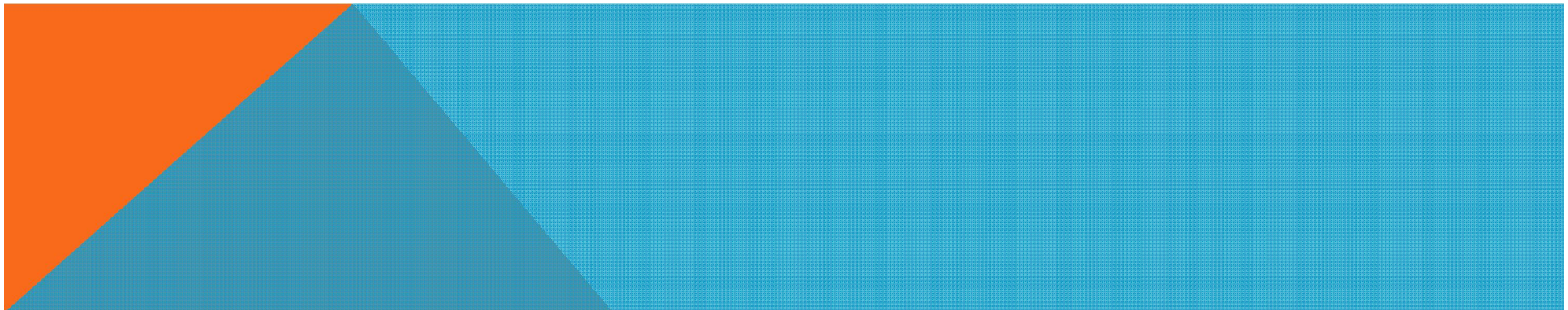


RECOMMENDATION –ASCENDING PROMINENCE OF SMALL SCALE GOLD PRODUCTION IN GHANA

Attempts should be made to obtain some revenue (royalty) from small scale mineral/gold producers. The rate of extraction of gold by the small scale and artisanal miners means the state is at loss without any commensuration in revenue.

Royalty is paid may be differentiated between large scale and small scale holders

Since most small scale and artisanal miners are undocumented and with poor accounting practices, royalty payment may be instituted at the point of export.



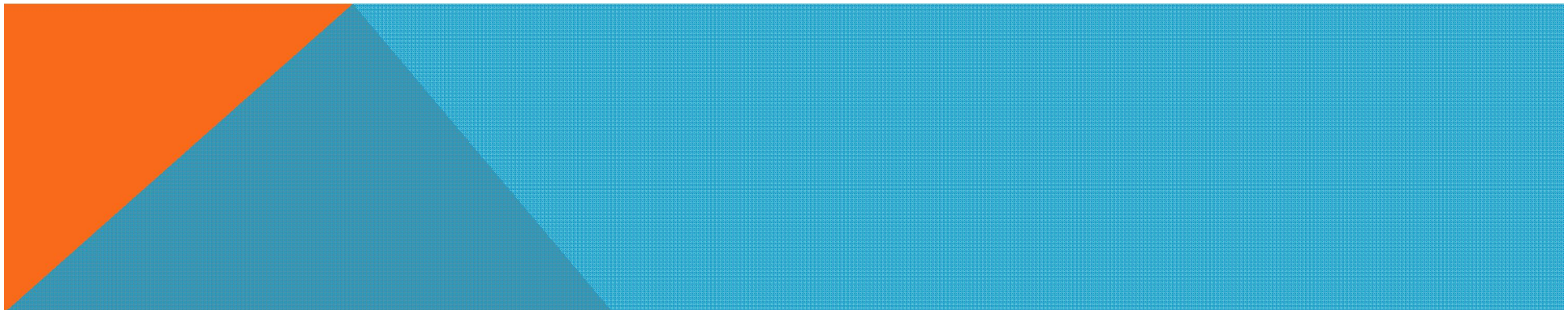
NO MINERAL ROYALTY DISBURSEMENT IN 2013.

There was no disbursement of mineral royalty to the District Assemblies in 2013.

District Assemblies which were originally utilizing mineral royalty receipts(prior to EITI in Ghana) for recurring expenditure have commendably started deploying substantial portions of such receipts for capital expenditure.

Guidelines have been prepared for the use of these funds.

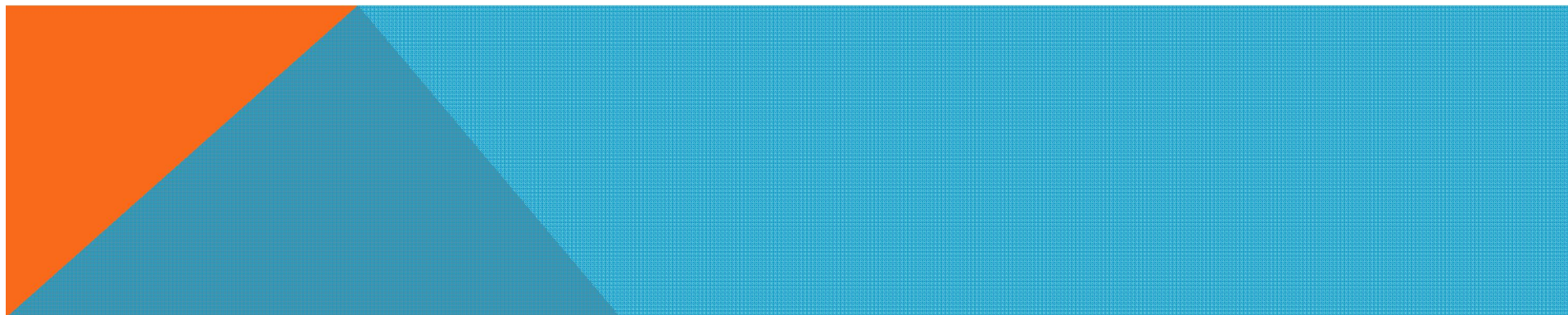
Thus, regular disbursement of royalties is key to the adherence of this new thinking on sub-national capital expenditure.



RECOMMENDATION – ROYALTY REQUEST AT THE REGIONAL COORDINATING COUNCIL.

Request for royalties had to be routed through Regional Coordinating Council.

Recommended that OASL releases to the Asutifi North District Assembly be made without recourse to any request or order from the Regional Coordinating Directorate to avert undue administrative bottlenecks and concomitant effects on infrastructural developments.



UNPAID ROYALTY DISBURSEMENT TO BENEFICIARY DISTRICT ASSEMBLY

In 2012, Owerri Mines produced 10, 940 ounces of gold with a revenue of \$ 17.8 million . No royalty was paid by OASL to the Asante Akyem District Assembly

Enquiries made at the Asante Akyim Municipal Assembly, indicated that no mineral royalty has been received.

The GRA should investigate and advise OASL accordingly as unpaid royalties affect impacted communities.



RECOMMENDATION -UNPAID ROYALTY

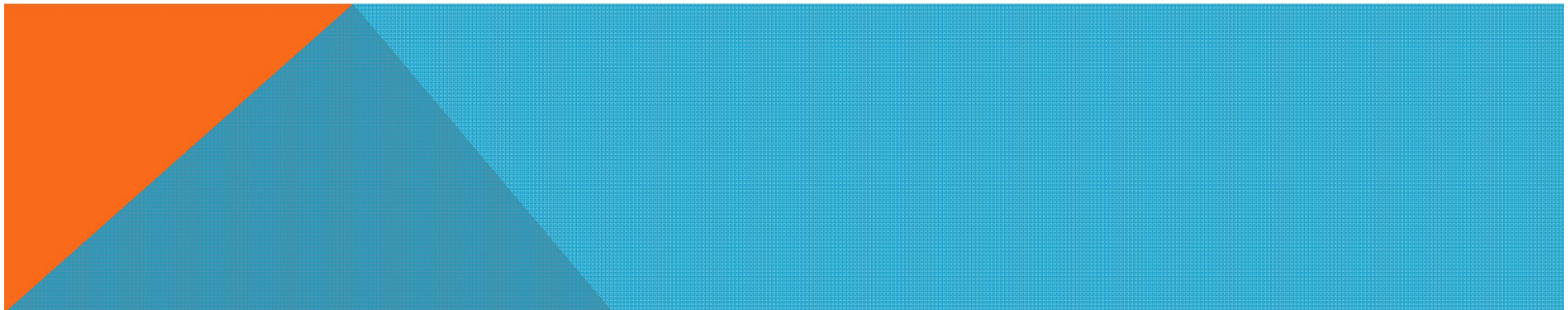
Prestea Sankofa Ltd produced 21,237 ounces of gold in 2012 at total revenue of US \$ 36,012,936 (GHC 64,789,333).

No royalty was paid.

In 2013, 22,853 ounces of gold was produced at US\$ 31,760,747.60 (GHC 68,806,427).

No royalty was paid.

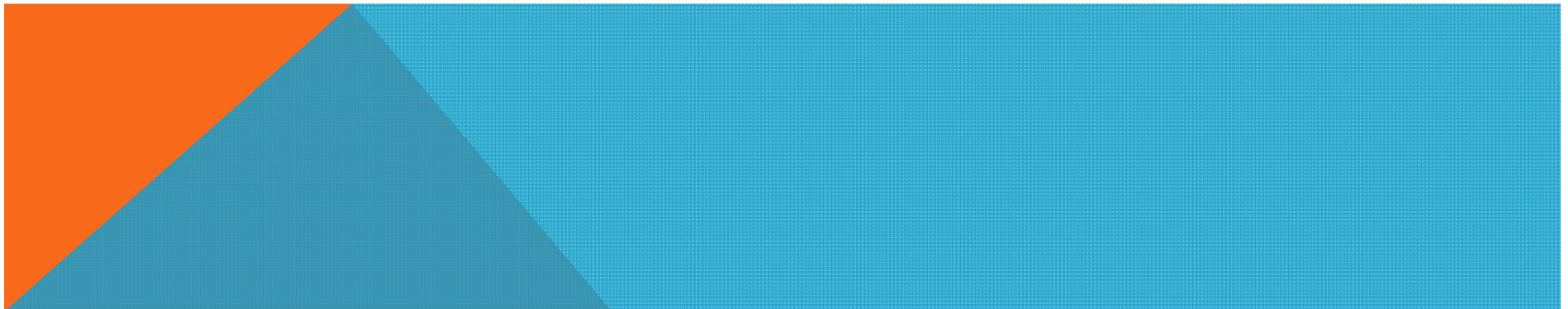
GRA is requested to investigate and retrieve approximately GHC 6.5 million due the state.



RECOMMENDATION- ADAMUS MERGER REVIEW

GRA is to meticulously review the merger of Adamus Resources and Endeavor Mining (which were all publicly listed companies).

Merger completed in December 2011 several months after commencement of gold operations in Ghana with the possibility of capital gains tax liability.



CONCLUSION

1. Though level of cooperation from mining companies has improved, archiving and reporting compliance remain surmountable challenges to the reconciliation exercise.
2. The unresolved discrepancies are 0.28% and 0.37% of total receipts by government Agencies in 2012 and 2013 respectively.
3. The emergence of contribution of small scale and artisanal mining sector in Ghana requires new policy direction with regards to recognition, coordination with resultant state benefits.
4. Uninterrupted disbursement of royalties to district assembly feeds directly into the new paradigm on capital expenditure at the sub-national level.
5. Online cadastral system at the Mineral Commission is consistent with EITI requirement and would ultimately improve visibility of Ghana's EITI.
6. GRA is requested to follow through on Adamus Resources merger for possible capital gains tax.
7. Sankofa Prestea non payment of royalties in 2012 and 2013 needs to be addressed by GRA expeditiously.
8. GRA to investigate and advise the payment of Owerri Mine's 2012 royalties due to Asante Akyem District Assembly.

THANK YOU