



MINISTRY OF FINANCE AND
ECONOMIC PLANNING

(GHANA EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVE-GHEITI)

REPORT



on the
**Aggregation and Reconciliation of Mining Sector
Payments and Receipts: 2010-2011**



(February, 2013)



**Ministry of Finance and Economic
Planning**

(Ghana extractive industries transparency initiative-gheiti)



REPORT

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February, 2013

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APPENDIX 9B: GRA – Corporate Tax and Royalty Receipt - 2011

A. Input Template For Host Government Reporting Entity

Host country reporting on: GHANA REVENUE AUTHORITY
Reporting period: JANUARY – DECEMBER, 2011

Scope 1 Benefit Streams			
Line Ref	Guidelines section 6 Ref	Volume	Value
1	Benefit Streams from International and National State-owned Company		GH¢
1a)	Corporate taxes	i	499,825,765
1b)	Royalties	ii	
	in cash		218,151,361
	in kind		N/A
1c	license fees, rental fees, permitting fees and other considerations for licenses concessions, ground rent	iii	N/A
1d	Signing bonuses and production bonuses	vi	N/A
1e)	Dividends	vii	N/A
1f)	Other payments to Host Governments, specified as (including Payment made through production entitlement):	iv, v, vii	
			N/A
			N/A
			N/A
Exclude:			
- Tax levied on consumption (e.g. VAT/GST/sales taxes)			
- Pay as you earn (PAYE) income taxes			
- Social payments (unless statutory requirement)			

Scope 2 Benefit Streams		
Line Ref	Volume	Value
2	Scope 2 Benefit Streams (Voluntary disclosure):	
		N/A
		N/A
		N/A

Host Government Sign Off

We acknowledge our responsibility for the fair presentation of the Reporting Template in accordance with the Reporting Guidelines, with the exception of:

_____	<u>Luciano Ofori Owusu Agyemang</u>	<u>[Signature]</u>	Official stamp LARGE TAXPAYER OFFICE (DOMESTIC TAX REVENUE DIVISION) <u>[Signature]</u> DEPUTY COMMISSIONER
_____	Name	Signature	
_____	Position	Date	
		<u>Deputy Commissioner (TD)</u>	
		<u>25/11/2012</u>	



APPENDIX 9A: GRA – Corporate Tax and Royalty Receipt - 2010

A. Input Template For Host Government Reporting Entity			
Host country reporting on: <u>GHANA REVENUE AUTHORITY</u>			
Reporting period: <u>JANUARY - DECEMBER, 2010</u>			
Scope 1 Benefit Streams			
Line Ref	Guidelines section 6 Ref	Volume	Value
1	Benefit Streams from International and National State-owned Company		GH ₵
1a)	Corporate taxes	i	125,249,732
1b)	Royalties	ii.	
	- in cash		150,453,905
	- in kind		N/A
1c	license fees, rental fees, permitting fees and other considerations for licenses/concessions, ground rent	iii.	N/A
1d	Signing bonuses and production bonuses	vi.	N/A
1e)	Dividends	vii	N/A
1f)	Other payments to Host Governments, specified as (including Payment made through production entitlement):	iv, v, vii	
			N/A
			N/A
			N/A
Exclude:			
<input type="checkbox"/> Tax levied on consumption (e.g. VAT/GST/sales taxes) <input type="checkbox"/> Pay as you earn (PAYE) income taxes <input type="checkbox"/> Social payments (unless statutory requirement)			
Scope 2 Benefit Streams			
Line Ref	Volume	Value	
2	Scope 2 Benefit Streams (Voluntary disclosure):		
		N/A	
		N/A	
		N/A	

Host Government Sign Off

We acknowledge our responsibility for the fair presentation of the Reporting Template in accordance with the Reporting Guidelines, with the exception of:

<div style="display: flex; align-items: center;"> <div style="width: 20px; margin-right: 5px;">•</div> <div style="width: 20px; margin-right: 5px;">•</div> <div style="width: 20px; margin-right: 5px;">•</div> </div>	<div style="display: flex; align-items: center;"> <div style="width: 20px; margin-right: 5px;">•</div> <div style="width: 20px; margin-right: 5px;">•</div> <div style="width: 20px; margin-right: 5px;">•</div> </div>	<div style="display: flex; align-items: center;"> <div style="width: 30px; margin-right: 5px;">Name</div> <div style="width: 30px; margin-right: 5px;">Signature</div> <div style="width: 30px; margin-right: 5px;">Date</div> </div>
<div style="display: flex; align-items: center;"> <div style="width: 20px; margin-right: 5px;">•</div> <div style="width: 20px; margin-right: 5px;">•</div> <div style="width: 20px; margin-right: 5px;">•</div> </div>	<div style="display: flex; align-items: center;"> <div style="width: 20px; margin-right: 5px;">•</div> <div style="width: 20px; margin-right: 5px;">•</div> <div style="width: 20px; margin-right: 5px;">•</div> </div>	<div style="display: flex; align-items: center;"> <div style="width: 30px; margin-right: 5px;">Position</div> </div>

Official stamp
LARGE TAXPAYER OFFICE
 (DOMESTIC TAX REVENUE DIVISION)
Deputy Commissioner
DEPUTY COMMISSIONER

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DIVIDEND PAYMENT BY MINING COMPANIES FOR 2010 AND 2011			
MINING COMPANIES	2010 PAYMENT	DATE OF PAYMENT	CHEQ NUMBER
Ashanti AngloGold Ltd.	1,488,185.45	March 2010	Transfer via NTHC
	1,488,185.45	October, 2010	Transfer via NTHC
Goldfields Abosso	4,288,800.00	3rd November, 2010	Barclays Bank Chq no. 591353
Goldfields Tarkwa	7,137,000.00	3rd August, 2010	Cal Bank Chq. No. 413222 & 413223
	7,205,500.00	21st December, 2010	Cal Merchant Bank Chq. No 413249
Ghana Bauxite Company Limited			
Ghana Manganese Company Limited	839,133.55		Date (Avg) for J. A. 253
	US\$583,830.46	2nd September, 2010	GCB Chq. No. 074381
Newmont Mining Company Central Ashanti Company Ltd.			

An average rate of 1.4253 for the 1st week of September 2010.

5/12/12

SEIDU DAWDI ADAMS
HEAD, NON-TAX REVENUE UNIT

APPENDIX 8A NON TAX REVENUE (MoFEP) Dividends -2010

Dividend Payment by Mining Companies for 2010 and 2011

Mining Companies	2010 Payment	Date of Payment	Cheq Number
Ashanti AngloGold Ltd.	1,488,185.45	March 2010	Transfer via NTHC
	1,488,185.45	October, 2010	Transfer via NTHC
Goldfields Aposso	4,288,800.00	3rd November, 2010	Barclays Bank Chq no. 591353
Goldfields Tarkwa	7,137,000.00	3rd August, 2010	Cal Bank Chq. No. 413222 & 413223
Ghana Bauxite Company Limited	7,205,500.00	21st December, 2010	Cal Merchant Bank Chq. No 413249
Ghana Manganese Company Limited	83,133.55		24th (August) for 1,4253
Newmont Mining Company Central Ashanti Company Ltd.	US\$583,830.46	2nd September, 2010	GCB Chq. No. 074381

An average rate of 1.4253 for the 1st week of September 2010

SEIDU DAWDI ADAMS
HEAD, NON-TAX REVENUE UNIT
5/12/12

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LIST OF ABBREVIATIONS/ACRONYMS

DA	District Assembly
EITI	Extractive Industries Transparency Initiative
GHEITI	Ghana Extractive Industries Transparency Initiative
GRA	Ghana Revenue Authority
MDF	Mineral Development Fund
MMDA	Metropolitan, Municipal District Assembly
MoFEP	Ministry of Finance and Economic Planning.
MUN/DIST ASMBL	Municipal/District Assembly
NTRU	Non - Tax Revenue Unit
OASL	Office of the Administrator of Stool Lands
C&CA	Controller and Accountant General

03/10/2011			30,619.57		GSD – const. of 2-storey building seismic equipment	
07/10/2011			25,596.00		Minerals Commission – field service activities	
10/10/2011			20.00			Bank Statement
18/10/2011			1,399,231.35		GSD –const. of storey building for seismic equipment	
18/11/2011			99,238.60		Min. of Lands & Natural Resources – Mining sector proposed services	
24/11/2011			204,262.93	Ghana Consolidated Diamond Staff Salaries		
14/12/2011	1,397,621.78	C & AG				
21/12/2011			1.00			Bank Statement
Total	16,080,855.73		9,230,839.71	889, 714.70	8,341,094.01	31.00

20/04/2011			380,056.61		UMAT- Construction services	
20/04/2011			289,075.89		UMAT- Construction services	
17/05/2011			191,477.74	Ghana Consolidated Diamond Staff Salaries		
05/07/2011	3,966,672.12	C & AG				
20/07/2011			3,000,000.00		Minerals Commission – field service activities	
19/08/2011	25,596.00	C & AG				
14/09/2011	7,111,287.77	C & AG				
19/09/2011			1,550,392.87		GSD – const. of 2-storey building for seismic equipment	
22/09/2011			305,048.69	Ghana Consolidated Diamond Staff Salaries		

EXECUTIVE SUMMARY:

Ghana signed on to the Extractive Industries Transparency Initiative (EITI) in 2003 and has since been implementing the initiative in the mining sector.

The Extractive Industries Transparency Initiative (EITI) is an International Initiative between governments, companies and civil society groups to promote transparency in the flow of revenues from extractive companies to host country governments based on a set of criteria for transparent reporting on the revenue streams and other benefits.

Under the EITI rules, the Ghana Extractive Industries Transparency Initiative (GHEITI) is required to produce annual reconciliation reports that reconcile the payments by the extractive sector companies to receipts by the government of Ghana.

Messrs' Boas and Associates was engaged by GHEITI to produce the 2010 and 2011 reconciliation reports for the mining sector.

APPROACH AND METHODOLOGY:

The report was phased into two main areas: **Inception** and **Reconciliation**.

Inception Phase: This is the preliminary information gathering stage. The Aggregator interacted with Mining companies, Government Revenue Agencies and District Assemblies. An inception report was issued after this phase.

Reconciliation Phase: This represented the main thrust of the assignment. Activities in this phase included the following:

- **Data Collection:**
- **Data reliability check:** Data collected from participating entities was scrutinised to ensure that they fully meet the requirements set out for the completion of templates
- **Analysis:**
 - Ascertaining the correctness of computations and payments received by each of the agencies with respect to the revenue or benefit streams.
 - Ascertaining the correctness of transfers of mineral royalty to District Assemblies and the Mineral Development Fund.
 - Assessing the utilization of funds transferred to the District Assemblies.
- **Data Aggregation and Reconciliation:** Templates completed for Government and Mining Companies were compared and reconciled.

• **Participating Entities:**

Ministries, Departments and Agencies.

- Ghana Revenue Authority (Domestic Tax Revenue Division)
- Ghana Revenue Authority (Customs Division)
- The Administrator of Stool Lands.
- The Minerals Commission
- The Municipal and District Assemblies within the area of operation of the mines covered under the assignment.
- The Ministry of Lands and Natural Resources.
- Non Tax Revenue Agency (Ministry of Finance and Economic Planning).
- District Assemblies.

Table A: Participating companies.

Mine/Company	Location	Mineral Mined
Anglogold Ashanti Ltd	Obuasi, Ashanti Region	Gold
Anglogold Ashanti (Iduapriem) Ltd	Iduapriem, Western Region	Gold
Adamus Resources Ltd	Nkroful, Western Region	Gold
GSR(Wassa)Ltd	Akyempim, Western Region	Gold
GSR(Prestea/Bogosu)Ltd	Prestea/Bogosu, Western Region	Gold
Gold Fields Ghana Ltd	Tarkwa, Western Region	Gold
Abosso Goldfields Ltd	Damang, Western Region	Gold
Chirano Gold Mines Ltd	Chirano, Western Region	Gold
Newmont Ghana Gold Ltd	Kenyase, Brong Ahafo	Gold
Ghana Bauxite Company	Awaso, Western Region	Bauxite
Ghana Manganese Ltd	Nsuta, Western Region	Manganese

➤ **Benefit/Revenue streams** considered included:

Mineral Right Licences

Ground Rent

Property rate

Mineral Royalty

Corporate tax

Dividend

DATE	MDF Lodgments	Source	Payments	Descriptions		
				Salaries /Transfers	Developmental/Service Activities	Travel Expenses/Others
14/03/2011	3,579,678.06	C&AG				
18/03/2011			650,000.00		Min. of Lands & Natural Resources – Mining sector proposed services	
18/03/2011			38,786.45		GSD – Construction of Library block	
18/03/2011			859,000		Boundary Commission – half year operational activities	
29/03/2011			10.00			Bank Statement
29/03/2011			188,925.34	Ghana Consolidated Diamond Staff Salaries		
18/04/2011			19,096.67		UMAT- Construction services	

20/08/2010			442,764.00		Forestry Plantation Devt. Programme.	
08/09/2010			247,686.91	Ghana Consolidated Diamond Staff Salaries		
01/12/2010			1,440,030.70		GSD –seismic equipment	
07/12/2010			1,407,361.79		GNPC- National Continental Shelf Devt. Project	
15/12/2010			276,926.74	Ghana Consolidated Diamond Staff Salaries		
Total	16,204,578.80		11,398,062.92	3,601,920.36	7,771,936	24,206.92

RESULTS OF RECONCILIATION:

Table B: Company reported payments/Government reported receipts-2010/2011

BENEFIT STREAM/YEAR	Company Reported Payments		Government Reported Receipts	
	2010	2011	2010	2011
Mineral Right Licence	-	-	-	-
Ground Rent	-	134,290	-	-
Property Rate	608,311	674,523	830,051	482,092
Mineral Royalty	147,848,789	211,708,024	150,453,905	218,151,362
Corporate Tax	118,821,551	425,833,002	125,249,733	499,825,765
Dividend	3,746,830	55,291,126	22,440,212	44,012,872
Total	271,025,481	693,640,965	298,973,901	762,472,091

Source: Companies and Government Agencies templates/submissions

➤ *Discrepancies:*

The reconciliation report for 2010 and 2011 produced some discrepancies that should be investigated further. Absolute discrepancies for 2010 and 2011 were GHS 47,460,012 and GHS 202,828,263 respectively. Unresolved discrepancies amounted to **GHS -5,080,964** and **GHS 9,113,673** in 2010 and 2011 respectively.

➤ *Highlight: Corporate tax receipts exceeded royalty in 2011.*

This is very significant as it may mark the end of the initial investment recovery periods for major producers

➤ *Some significant Findings included:*

- Payment of royalty using hedged sales figures in the payment of royalty.
- The inconsistent frequency in payment of mineral royalty
- The unwillingness of companies to provide information beyond payments made to government.
- Payment of disbursed funds to district Assemblies in tranches.

➤ *Recommendation*

The relevant Agencies including the GRA and the OASL as well as the Steering Committee of the Ghana EITI have been advised to address the findings and discrepancies.

16/03/2010			24,206.92			Min. of Lands & Natural Resources -Overseas Travel Expenses
28/04/2010	29,053.47	C & AG				
17/05/2010			144,424.00	Ghana Consolidated Diamond Staff Salaries		
02/06/2010	2,028,147.79	C & AG				
02/06/2010			2,028,147.79	OASL- 10% Royalty Transfer		
11/06/2010			20,000		National Continental Shelf Development Project	
04/08/2010			741,400		GSD – field activities	
04/08/2010	4,027,134.70	C & AG				
06/08/2010			153,564.68	Ghana Consolidated Diamond Staff Salaries		
06/08/2010			26,293.22		Boundary Commission	

APPENDIX 7: Lodgments and payments from the Mineral Development Fund.

DATE	MDF Lodgments	Source	Payments	Descriptions		
				Salaries /Transfers	Developmen tal/Service Activities	Travel Expenses/ Others
05/01/2010	4,942,288.55	C&AG				
15/01/2010	212,707.13	C & AG	212,707.13	Ghana Consolidated Diamond Staff Salaries		
15/01/2010			20,000		UMART- electrical works	
21/01/2010	334,294.11	C & AG	325,285.00		GSD Field Work	
21/01/2010			334,294.11	Ghana Consolidated Diamond Staff Salaries		
17/02/2010	4,630,953.05	C & AG				
05/03/2010			3,348,800.93		GSD –seismic equipment	
15/03/2010			204,169.00	Ghana Consolidated Diamond Staff Salaries		

1.0 BACKGROUND

Ghana signed on to the Extractive Industries Transparency Initiative (EITI) in 2003 and has since been implementing the initiative in the mining sector.

The Extractive Industries Transparency Initiative (EITI) is an International Initiative between governments, companies and civil society groups to promote transparency in the flow of revenues from extractive companies to host country governments based on a set of criteria for transparent reporting on the revenue streams and other benefits.

The purpose of the initiative is to encourage greater transparency in the extractive sector. This would enable citizens to make informed demands for the fair and sustainable use of revenues generated through the exploitation of natural resources.

Under the EITI rules, Ghana Extractive Industries Transparency Initiative (GHEITI) is required to produce annual reconciliation reports that reconcile the payments by the extractive sector companies to receipts by the government of Ghana.

Messrs' Boas and Associates have been engaged to produce the 2010 and 2011 reconciliation reports for the mining sector.

The assignment involves the collection, analysis and aggregation of payments made by mining companies to the Government of Ghana and to ascertain the disbursements made by the Government to the relevant mining communities and its utilization. This report is prepared for the use of the Steering Committee of the EITI, and is not intended for any other purpose.

1.1 GHEITI and EITI reports:

GHEITI has issued reconciliation reports for 2004 to 2009.

1.2 THE MINING INDUSTRY IN GHANA.

The Mining industry in Ghana makes a significant contribution to the economy.

Under the Minerals and Mining Act, 2006, Act 703, every mineral in its natural state in, under or upon any land in Ghana, rivers, streams, water courses throughout the country, the exclusive economic zone and any area covered by territorial sea or continental shelf is the property of the Republic of Ghana and is vested in the President in trust for the people of Ghana.

Gold mining remains the highest contributor in the sector, with large scale gold mining accounting for over 80% by value of the total income from the sector. The other important minerals are, diamond, bauxite and manganese.

In 2009, the GRA received over GHS 96m as mineral royalty.

1.3 BRIEF ON EITI IN GHANA.

The EITI Steering Committee is the governing body of the EITI in Ghana. Various stakeholders in the Extractive industry are represented on the committee.

The members of the committee comprise of representatives from the under listed agencies or bodies:

- Ministry of Finance and Economic Planning
- Ministry of Land and Natural Resources
- Minerals Commission
- Ghana National Petroleum Company
- Ghana Chamber of Mines (representing the mining companies)
- Office of the Administrator of Stool Lands
- Internal Revenue Service
- Civil Society Organizations (led by ISODEC)
- Ministry of Energy

The EITI also has an implementation Secretariat at the Ministry of Finance and Economic Planning.

APPENDIX 6F2
DISBURSEMENTS FROM REGIONAL OFFICES OF OASL.
YEAR: 2011
WESTERN REGION
BIBIANI AHWIASO BEKWAI DISTRICT ASSEMBLY.

DATE	CHIRANO GOLD MINE	GHANA BAUXITE LTD	TOTAL
Aug-10			
Sep-10		148,397.41	
Oct-10	1,074,908.66		
Nov-10			
Dec-10			
Jan-11	7,532,186.90		
Feb-11			
Mar-11			
Apr-11		298,237.50	
May-11			
Jun-11			
Jul-11			
TOTAL	8,607,095.56	446,634.91	
Amount Due	191,723.05	22,108.43	213,831.48

APPENDIX 6F1**DISBURSEMENTS FROM REGIONAL OFFICES OF OASL.**

YEAR: 2010

WESTERN REGION

BIBIANI AHWIASO BEKWAI DISTRICT ASSEMBLY.

DATE	CHIRANO	GOLD MINE	GHANA BAUXITE LTD	TOTAL
Aug-09				
Sep-09				
Oct-09				
Nov-09				
Dec-09				
Jan-10		3,142,519.14	128,503.96	3,271,023.10
Feb-10				
Mar-10			8086.21	
Apr-10		2,239,167.76	261,279.37	
May-10				
Jun-10				
Jul-10		2,707,479.65	113,211.68	
TOTAL		8,089,166.55	511,081.22	3,271,023.10
Amount Due		180,186.18	25,298.52	205,484.71

2.0 SCOPE OF WORK**2.1 MATERIALITY**

The companies that participated in the reconciliation process have been chosen based on the payment of royalty. All companies engaged in mineral production, which together contributed up to 99% of royalty payment for the years under consideration (i.e. 2010 and 2011) participated in the reconciliation exercise. (See Appendix 2A-2K)

2.2 REPORTING**2.2.1 Basis of Reporting/Currency:**

The basis of reporting is cash or actual. Thus only payments/revenues actually made and received in the period under consideration shall be reconciled. The reporting currency is the local currency i.e. Ghana cedi.

2.2.2 Auditing:

All the entities have their financial statements audited by Independent Auditors for 2010 and 2011. None of the Auditors' statements was qualified. The Auditor General of Ghana had completed the audit of all participating government Agencies for 2010 and 2011.

2.3 BENEFIT STREAMS:

Revenue streams for the reconciliation assignment are stated in the Terms of Reference. (See Appendix 1)

2.3.1 MINERAL RIGHTS:

Mineral rights are vested in the state and granted by the Ministry of Lands, Mines and Forestry.

The licences considered here are those that allow the holder the right to enter the land and perform specific tasks.

There are three sequential categories entitling the holder to conduct reconnaissance of, prospect for or mine certain minerals.

2.3.1.1 Reconnaissance Licence.

A reconnaissance licence which covers the first stage in mining operation entitles the holder to search for specified minerals by geological, geophysical and geochemical means.

In general, reconnaissance licences do not permit drilling, excavation, or other physical activities on the land, except where such activity is specifically mentioned by the licence.

Reconnaissance licence is granted for an initial period of not more than twelve months with a renewable option for another twelve months for land area ranging between one block and five thousand blocks. (A block is 21 hectares).

2.3.1.2 Prospecting Licence

Prospecting licence 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 licence is granted for an initial period of three years for a land area not exceeding 750 contiguous blocks. The prospecting licence may be extended for a period not exceeding three years in respect of all or for any number of blocks subject for prospecting.

2.3.1.3 Mining Lease

When a holder of a reconnaissance licence or a prospecting licence has established that the mineral(s) indicated in the licence is/are present in commercial quantities, an application for a mining lease may be applied for before the expiration of the current licence.

The mining lease is granted for an initial period of thirty (30) years or less as may be agreed upon with the applicant and may be renewed for an additional period of thirty (30) years.

For the purposes of aggregation under the Extractive Industries Transparency Initiative (EITI) only the licensing fees are considered.

2.3.2 MINERAL ROYALTY:

It is a production based tax which is levied on the basis of Section 25 of the Minerals and Mining Act, 2006; ACT 703 which states that 'A holder of a mining lease, restricted mining lease or small scale mining licence shall pay royalty that may be prescribed in respect of minerals obtained from its mining operations to the Republic, except that the rate of royalty shall not be 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% of the gross revenue of mineral mined.

Mining Companies are liable to pay royalties immediately they commence mineral production in the country.

Payment of mineral royalties is made quarterly by all Mining Companies.

APPENDIX 6E2
WESTERN REGION
TARKWA NSUAEM MUNICIPAL ASSEMBLY
YEAR 2011

DATE	GMC	GGL(TARKWA)	A ASH(IDUAPRIM)	GSR(WASSA) March	September	TOTAL
Aug-10		7,607,288.56				
Sep-10		9,692,717.71	2,949,133.12	216,890		
Oct-10						
Nov-10						
Dec-10						
Jan-11	2,078,612.67	2,819,393.38	3,715,518.55		2,907,080.80	
Feb-11		4,094,391.25				
Mar-11		3,494,214.97				
Apr-11	2,454,368.92	3,908,131.12	3,344,959.20		3,295,466.40	
May-11						
Jun-11						
Jul-11						
TOTAL	4,532,981.59	31,616,136.99	10,009,610.87	216,890.00	6,202,547.20	46,375,619.45
Amount due	224,382.59	625,999.51	495,475.74	2,254.57	76,971.44	1,425,083.85

APPENDIX 6E1

YEAR: 2010

WESTERN REGION

TARKWA NSUAEM MUNICIPAL ASSEMBLY

DATE	GMC	GGL(TARKWA)	A ASH(IDUAPRIM)	GSR(WASSA)	TOTAL
Aug-09					
Sep-09					
Oct-09					
Nov-09					
Dec-09					
Jan-10		8,102,980.20			
Feb-10	688,663.66		2,371,186.94		
Mar-10					
Apr-10	825,775.43	8,139,368.75	1,343,681.47		
May-10			14,753.64		
Jun-10					
Jul-10	1,393,566.79	10,204,737.46	2,406,785.06		
TOTAL	2,908,005.88	26,447,086.41	6,136,407.11		35,491,499.40
Amount due	143,946.29	523,652.31	303,752.15		971,350.75

2.3.3 CORPORATE TAX

Corporate tax is currently fixed at 25% of Net Profit. All the mining companies under consideration are on self-assessment.

Self-assessment companies are allowed to forecast their profits for the year and pay some deposits based on their own assessment.

Companies on self-assessment are however required to submit their yearly returns four months after the end of the accounting year.

In 2012, the country amended the capital allowance rules for the mining sector. Under the new regulations capital allowance is 20% per annum on a straight line basis.

For the purposes of computing capital allowances for mining entities, the following are considered as Assets.

i) Mineral Exploration rights

ii) Building, structures and works of a permanent nature which are likely to be of little or no value when the rights are exhausted or the prospecting, exploration, or development ends.

iii) Plant and machinery used in mining operations.

iv) Costs incurred in respect of mineral prospecting, exploration and development (are treated as if they were incurred in securing the acquisition of assets).

- **Carry forward of losses.**

Mining companies are allowed to carry forward losses arising in any year to the next year for offset against the profit.

The loss must however be deducted within five years following that in which the loss occurred.

2.3.4 GROUND RENT:

This is the annual payment made by mining companies and other companies to the owners of the land.

The participating mining companies operate on stool lands and therefore pay their ground rent to the Office of the Administrator of Stool Lands.

The amount payable as ground rent depends on the size of the concession.

2.3.5 PROPERTY RATE:

Property rates as the name indicates are levies that are imposed on buildings, and plants that are fixed to the ground.

Property rates are determined by the District Assemblies after applying a formula (Rate impost) to valuation figures.

The valuation figures for properties are determined by the District Valuation Board with approval from the Regional Valuation Board.

The District Assemblies collect property rates directly from the mining companies. Some mining companies divide the amount payable into four parts and pay in four installments.

District Assemblies apply property rates from mining companies as internally generated funds. It is used for recurrent expenditure.

2.3.6 DIVIDEND:

The Republic of Ghana retains a 10% non-contributing shareholding in every mining lease holder. The government's percentage holding (10%) may be altered in circumstances where special agreements exist.

The Government's share of dividends when declared by the companies is collected by the Non Tax Revenue Unit of the Ministry of Finance and Economic Planning.

APPENDIX 6D2

DISBURSEMENTS TO DISTRICT ASSEMBLIES.

YEAR: 2011

WESTERN REGION

MPOHOR WASSA EAST

DATE	March Payment	GSR (WASSA) LTD September Payment		Total
Aug-10	216,890.24	2,907,080.82		
Sep-10				
Oct-10				
Nov-10				
Dec-10				
Jan-11				
Feb-11				
Mar-11	3,295,466.40			
Apr-11				
May-11				
Jun-11				
Jul-11				
Total	216,890.24	6,202,547.22	-	
Amount due	7,729.86	226,585.25	-	234,315.11

APPENDIX 6B 2

APPENDIX 6B2

DISBURSEMENTS FROM REGIONAL OFFICES OF OASL.

YEAR: 2011

GHS

BRONG-AHAFO REGION**NEWMONT PAYMENT DUE ASUTIFI DISTRICT ASSEMBLY.**

DATE	March Transfer (August-october 2010)	September Transfer	TOTAL
May-10			
Jun-10			
Jul-10			
Aug-10			
Sep-10			
Oct-10	7,985,449.35		
Nov-10			
Dec-10			
Jan-11		8,727,255.64	
Feb-11			
Mar-11			
Apr-11		11,428,276.55	
Total	7,985,449.35	20,155,532.19	
Amount Due	395,279.74	997,698.84	

2.4 GOVERNMENT REPORTING ENTITIES:

The Ministries' Agencies' and entities which provided data and information for this assignment included:

- Ghana Revenue Authority (Domestic Tax Revenue Division)
- Ghana Revenue Authority (Customs Division)
- The Administrator of Stool Lands.
- The Minerals Commission
- The Municipal and District Assemblies within the area of operation of the mines covered under the assignment.
- The Ministry of Lands and Natural Resources.
- Non Tax Revenue Agency (Ministry of Finance and Economic Planning).

Table 2.1: Government Agencies and provision of relevant data.

Name of Organization	Data to be provided/Purpose of Interaction.	REMARKS
Minerals Commission	<ul style="list-style-type: none"> Mineral Right Licences(Reconnaissance; Prospecting: Mining Lease) Production and other costs details of companies 	
District Assemblies	<ul style="list-style-type: none"> Property tax Mineral royalty received/utilized. 	
Administrator of Stool Lands-Head office/Relevant Regional Offices.	<ul style="list-style-type: none"> Ground Rent Amount of Mineral Royalties disbursed to District Assemblies; Traditional Authorities and Stools. 	
Ghana Revenue Authority (GRA).	<ul style="list-style-type: none"> Mineral Royalty Corporate Tax 	
Non-Tax Revenue Unit (Ministry of Finance and Economic Planning)	<ul style="list-style-type: none"> Dividends 	
Ministry of Land and Natural Resources.	<ul style="list-style-type: none"> Mineral Development Fund. 	The Mineral Development Fund is 10% of royalty paid by Mining Entities.

3.0: PARTICIPATING COMPANIES

The companies that participated in the reconciliation exercise are shown below.

Table 3.1: List of participating companies in the 2010/2011 Aggregation/Reconciliation

Mine/Company	Location	Mineral Mined
Anglogold Ashanti Ltd	Obuasi, Ashanti Region	Gold
Anglogold Ashanti(Iduapriem) Ltd	Iduapriem, Western Region	Gold
Adamus Resources Ltd	Nkroful, Western Region	Gold
GSR(Wassa)Ltd	Akyempim, Western Region	Gold
GSR(Prestea/Bogosu)Ltd	Prestea/Bogosu, Western Region	Gold
Gold Fields Ghana Ltd	Tarkwa, Western Region	Gold
Abosso Goldfields Ltd	Damang, Western Region	Gold
Chirano Gold Mines Ltd	Chirano, Western Region	Gold
Newmont Ghana Gold Ltd	Kenyase, Brong Ahafo	Gold
Ghana Bauxite Company	Awaso, Western Region	Bauxite
Ghana Manganese Ltd	Nsuta, Western Region	Manganese

3.1 OTHER COMPANIES:

Other companies that were engaged in the extraction of minerals in 2010 and 2011, but did not participate in the reconciliation included:

Mryco Salt industries, Mansco Quarry Ltd, Med Mining, Cedar Quarry Ltd, Shenying Salt Industry Ltd, CP Concrete Products and Panbros Salt Ltd (see Appendix 2A-2P).

APPENDIX 6B 1**DISBURSEMENTS FROM REGIONAL OFFICES OF OASL.**

YEAR: 2010

GHS

BRONG-AHAFO REGION		NEWMONT PAYMENT DUE ASUTIFI DISTRICT ASSEMBLY.			
DATE	February Payment	June Payment	August Payment	December Payment Paid to District in Jan 2011	Total
Mar-09					
Apr-09	5,359,095.97				
May-09					
Jun-09					
Jul-09					
Aug-09					
Sep-09					
Oct-09	5,634,886.26				
Nov-09					
Dec-09					
Jan-10		4,399,276.45	1,841,977.00		
Feb-10					
Mar-10					
Apr-10			5,534,331.89		
May-10					
Jun-10					
Jul-10				6,863,431.74	
Total	10,993,982.23	4,399,276.45	7,376,308.89	6,863,431.74	
Amount Due	544,202.12	217,764.18	365,127.29	339,739.87	1,466,833.47

APPENDIX 6A 2**DISBURSEMENTS FROM REGIONAL OFFICES OF OASL.**

YEAR: 2011

ASHANTI REGION				
Payment from AngloGold Ashanti-Obuasi.				
DATE	March Payment	September Payment (January to April 2011)		
Aug-10				
Sep-10				
Oct-10	3,999,520.38			
Nov-10				
Dec-10				
Jan-11		3,544,282.18		
Feb-11				
Mar-11				
Apr-11		4,762,146.31		
May-11				
Jun-11				
Jul-11				
Total	3,999,520.38	8,306,428.49	-	
Obuasi Municipal	108,466.51	225,269.34	-	-
Adansi South	30,990.12	64,362.03	-	-
Adansi North	15,495.06	32,181.01	-	-
Bekwai Municipal	15,058.43	31,274.20	-	-
Amansie Central	27,965.41	58,080.13	-	-
Total	197,975.54	411,166.72		

3.2 DISTRICT ASSEMBLIES:

The District Assemblies that participated in the reconciliation exercise are shown in Table below.

Table 3.2 District Assemblies of selected Mining Companies for 2010/2011 Reconciliation.

No.	Mining Company	District(s) Assemblies.	Municipal/District Capital	Region
1	Anglogold Ashanti	Obuasi Municipal; Adansi South; Adansi North Amansie Central	Obuasi New Edubiase Fomena Jacobu.	Ashanti “ “ “
2.	Anglogold Ashanti Iduapriem	Tarkwa Nsuaem	Tarkwa	Western
3	Adamus Resources Ltd ⁱ	Ellembelle	Nkroful	Western
4.	Abosso Goldfields Ltd	Prestea Huni Valley	Tarkwa	Western
5.	Gold Fields (Tarkwa)	Tarkwa Nsuaem	Tarkwa	Western
6	GSR Wassa Ltd/Wexford	Mpohor Wassa East	Daboase	Western
7.	GSR Prestea/Bogoso	Prestea Huni Valley	Tarkwa	Western
8.	Ghana Bauxite Co. Ltd	Bibiani Ahwiaso	Bibiani	Western
9	Newmont Ghana Gold Ltd	Asutifi	Kenyase	Brong Ahafo
10	Ghana Manganese Co Ltd	Tarkwa Nsuaem	Tarkwa	Western
11	Chirano Gold Mines Ltd	Bibiani/Ahwiaso; Sefwi District Assembly	Bibiani Sefwi Wiawso	Western

ⁱ Adamus Resources Ltd commenced production in the fourth quarter of 2010. First payment of royalty was in 2011.

4.0 APPROACH AND METHODOLOGY:

The Assignment was categorised into two main phases.

These are i) Inception, ii) Aggregation and Reconciliation

➤ Inception phase

This is the preliminary information gathering stage. The Aggregator interacted with Mining companies, Government Revenue Agencies and District Assemblies. An inception report was issued after this phase.

➤ Aggregated/Reconciliation Phase

This represented the main thrust of the assignment. It involved the collection and analysis of data.

It also included financial and processing audit.

In executing the assignment we considered a design methodology which was used to request for historical data on mining benefits received by Government. In line with this questionnaires were designed right from the Inception phase to elicit responses from Government Agencies, Mining Companies and District Assemblies.

A combination of desk and field work was employed in the execution of this assignment.

The desktop analysis involved the use of electronic data base management, computer spreadsheets and other software packages.

In order to enable the effective execution of the tasks on schedule, a number of activities were executed concurrently.

➤ Document Review

Available documentation was critically reviewed to gain a deeper understanding of the assignment.

Documents identified that were studied included the following:

- a. Reporting Templates
- b. Mineral and Mining Act, 2006
- c. Ghana Chamber of Mines Annual Reports.
- d. Feasibility Studies of participating Mining Companies
- e. Annual reports of participating mining companies
- f. Financial statements of mining companies for 2010 and 2011.

The document review was undertaken throughout the entire length of the assignment.

APPENDIX 6D1

DISBURSEMENTS TO DISTRICT ASSEMBLIES.

YEAR: 2010

WESTERN REGION

MPOHOR WASSA EAST

DATE	June Payment	GSR (WASSA) LTD August Payment	December Payment	Total
Aug-09	2,829,300.68	2,224,343.64	2,423,261.51	
Sep-09				
Oct-09				
Nov-09				
Dec-09				
Jan-10				
Feb-10				
Mar-10	2,829,300.68	2,224,343.64	2,423,261.51	
Apr-10				
May-10				
Jun-10				
Jul-10				
Total	2,829,300.68	2,224,343.64	2,423,261.51	
Amount due	140,050.38	110,105.01	115,153.39	365,308.78

APPENDIX 6C2

DISBURSEMENTS TO DISTRICT ASSEMBLIES.

YEAR: 2011

WESTERN REGION

PRESTEA/HUNI VALLEY DISTRICT

DATE	GGL(TARKWA)	GSR PRESTEA BOGOSU	ABOSSO GOLDFIELDS	TOTAL
Aug-10				
Sep-10	7,607,288.56		2,024,451.46	
Oct-10	9,692,717.71		2,967,700.63	
Nov-10				
Dec-10				
Jan-11	2,819,393.38		1,568,735.99	
Feb-11	4,094,391.25	1,667,364.02	1,357,017.83	
Mar-11	3,494,214.97		1,130,243.57	
Apr-11	3,908,131.12	1,901,236.10	1,063,655.06	
May-11				
Jun-11				
Jul-11				
Total	31,616,136.99	3,568,600.12	10,111,804.54	
Amount due	938,999.27	176,645.71	500,534.32	1,616,179.30

4.1 AGGREGATION/RECONCILIATION PHASE

4.1.2 Data Collection:

Data requested from the Departments and Agencies, selected Mining Companies and the relevant District Assemblies was collated and analyzed.

The data collected included amounts paid by participating companies and receipts by the government Agencies.

In addition to data on payments/receipts the reconciler also requested from participating companies, information on capital allowances, production costs and preproduction costs. This information is not provided in detail in the financial statements of companies.

4.1.2.1 Analysis

Activities undertaken at this stage included:

- the reconciliation of details from Mining sector Agencies and Revenue Agencies,
- Ascertaining the correctness of computations and payments received by each of the agencies with respect to mineral right licence; ground rent; royalty; corporate tax and dividends.
- Comparing payments by Mining Companies to that recorded by Revenue Agencies.
- The reconciliation of payments made by the Head Office of the Administrator of Stool Lands with that of its various regional offices.
- The reconciliation of technical data from Mining Companies with that of the Mineral Commission.
- Data collected from the District Assemblies, was reconciled with that of the Office of the Administrator of Stool Lands.
- Reviewed the accounts of the District Assemblies in respect of mineral royalty, property rates and ground rent. The main objective is to ensure that payments made by the Government to District Assemblies are properly accounted for.

The analysis included reviewing receipts on mineral royalties, Bank Accounts, Cash Books and disbursements made from Mineral royalty accounts.

- Disbursements were then matched against various projects made by the District Assemblies from the mineral royalty accounts.

4.1.2.2 Data reliability check

Data collected from participating entities was scrutinised to ensure that they fully meet the requirements set out for the completion of templates. Data reliability was checked against the following criteria:

- a) Certification:- Templates were checked to ensure that they have been properly endorsed by completing officers with appropriate signatories and official stamps.
- b) Completeness:- Templates submitted by participating candidates were checked to ensure that all requisite responses have been thoroughly completed.
- c) Relevance:- Attached documentations such as receipts and schedules were checked for their relevance to figures and periods provided on the templates.
- d) Correctness/accuracy:- Figures provided in the templates were checked for correctness against receipts or other documentations provided. Also figures on receipts were summed up to ensure they tally with the figures provided in the templates.

4.1.3 Data Aggregation and Reconciliation

Templates were completed for Government and Mining Companies. The process involved:

- i) Developing a composite template for Mining Companies by adding similar benefits from individual Mining Company templates e.g. royalty and dividend paid. This will be shown on company by company basis.
- ii) Providing disaggregated formats of payments and revenues by company, government agency and revenue stream.
- iii) Indicating in detail the discrepancies produced by companies for a revenue stream.
- iv) Comparing consolidated Mining company template (i.e. Composite Mining template) with Government template.
- v) Detailing all discrepancies including those that have been resolved and any unresolved discrepancies.
- vi) Making adequate disclosures to enable users of the information undertake their own investigation of any discrepancy.

APPENDIX 6C1

DISBURSEMENTS TO DISTRICT ASSEMBLIES.

YEAR: 2010

WESTERN REGION**PRESTEA/HUNI VALLEY DISTRICT**

DATE	GGL(TARKWA)	GSR PRESTEA BOGOSU	ABOSSO GOLDFIELDS	TOTAL
Aug-09				
Sep-09				
Oct-09				
Nov-09				
Dec-09				
Jan-10	8,102,980.20		2,142,986.53	
Feb-10		2,207,094.91		
Mar-10				
Apr-10	8,139,368.75	2,562,518.37	2,592,633.34	
May-10				
Jun-10				
Jul-10	10,204,737.46	2,288,511.69	2,911,099.12	
Total	26,447,086.41	7,058,124.97	7,646,718.99	
Amount due	785,478.47	349,377.19	378,512.59	1,513,368.24

APPENDIX 6: DISBURSEMENT

APPENDIX 6A1

DISBURSEMENTS FROM REGIONAL OFFICES OF OASL.

YEAR: 2010

ASHANTI REGION		Payment from AngloGold Ashanti-Obuasi.		
DATE	February Payment	August Payment	December payment	Total
Mar-09	3,269,050.48	4,619,763.65	3,903,320.82	
Apr-09				
May-09				
Jun-09				
Jul-09				
Aug-09				
Sep-09				
Oct-09				
Nov-09				
Dec-09				
Jan-10	4,158,509.28	4,837,702.25	5186.5	
Feb-10				
Mar-10				
Apr-10				
May-10				
Jun-10				
Jul-10				
Total	7,427,559.76	9,457,465.90	3,908,507.32	
Obuasi Municipal	201,432.52	256,482.79	105,998.25	563,913.56
Adansi South	58,093.62	73,970.25	30,569.84	162,633.71
Adansi North	28,776.07	36,640.40	15,142.46	80,558.93
Bekwai Municipal	27,965.21	35,607.93	14,715.76	78,288.90
Amansie Central	51,934.91	66,128.40	27,329.03	145,392.33
Total	368,202.33			1,030,787.43

5.0 RECONCILIATION

All the participating companies and District Assemblies submitted data. Reported government receipts exceeded company payments for 2010 and 2011. (See Tables 7.1; 7.2; 8.1; 8.2).

Details of reconciliation results have been shown in sections 7.0 and 8.0

5.1 PRODUCTION/ROYALTY ANALYSIS/PRODUCTION COST.

Production of gold, bauxite and manganese maintained steady growth.

However some mines such as AngloGold Ashanti Obuasi and Golden Star Resources Prestea/Bogoso recorded slowed production in the range of 18% and 26% respectively.

Relatively new mines such as Newmont Ghana Gold Ltd and Chirano Gold Mines Ltd maintained the growth pattern.

Table 5.1 shows production movements of the major gold mining companies.

Table 5.1: Mineral Production in 2010/2011

MINE	2011	2010	% Change
AngloGold Ashanti Obuasi	312,555	380,490	(17.84)
AngloGold Ashanti Dapriem	15,650	19,442	2.73
Goldfield Sarka	718,617	664,515	8.14
Aboaso Goldfields	217,718	202,505	7.51
Gold Coast Resources Bogoso Prestea	139,533	189,055	(26.19)
Gold Coast Resources Asa	160,616	219,133	(26.71)
Newmont Ghana Gold Ltd	566,285	532,555	6.33
Chirano Gold Mines Ltd	261,933	177,816	47.29
Adam Resources	9,026	-	-

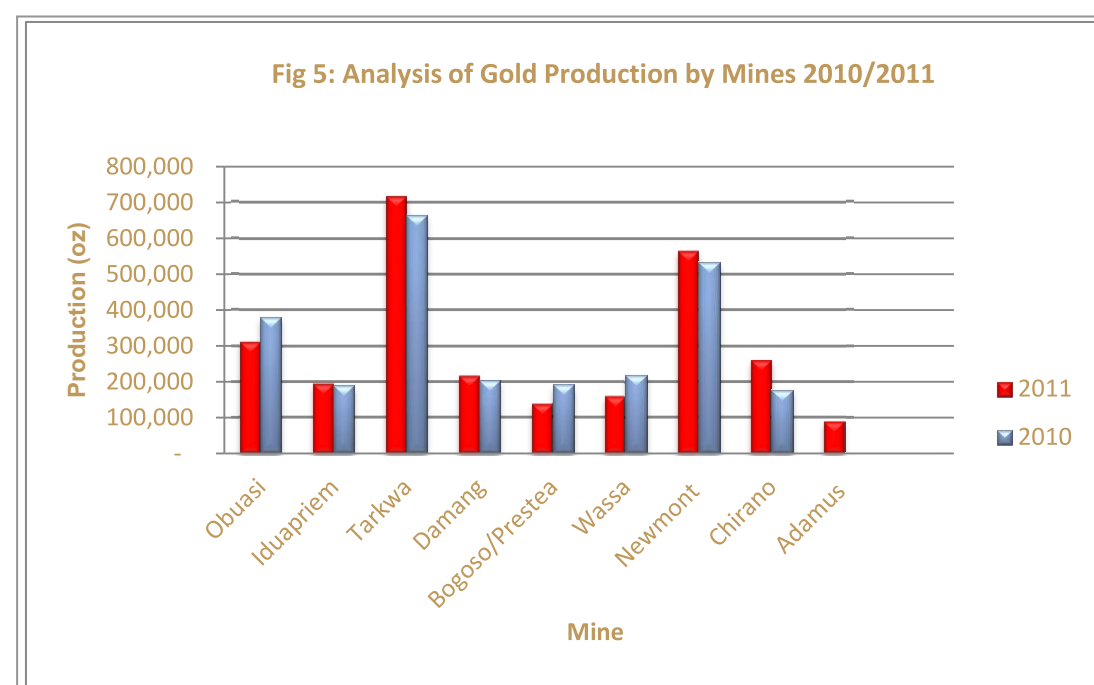
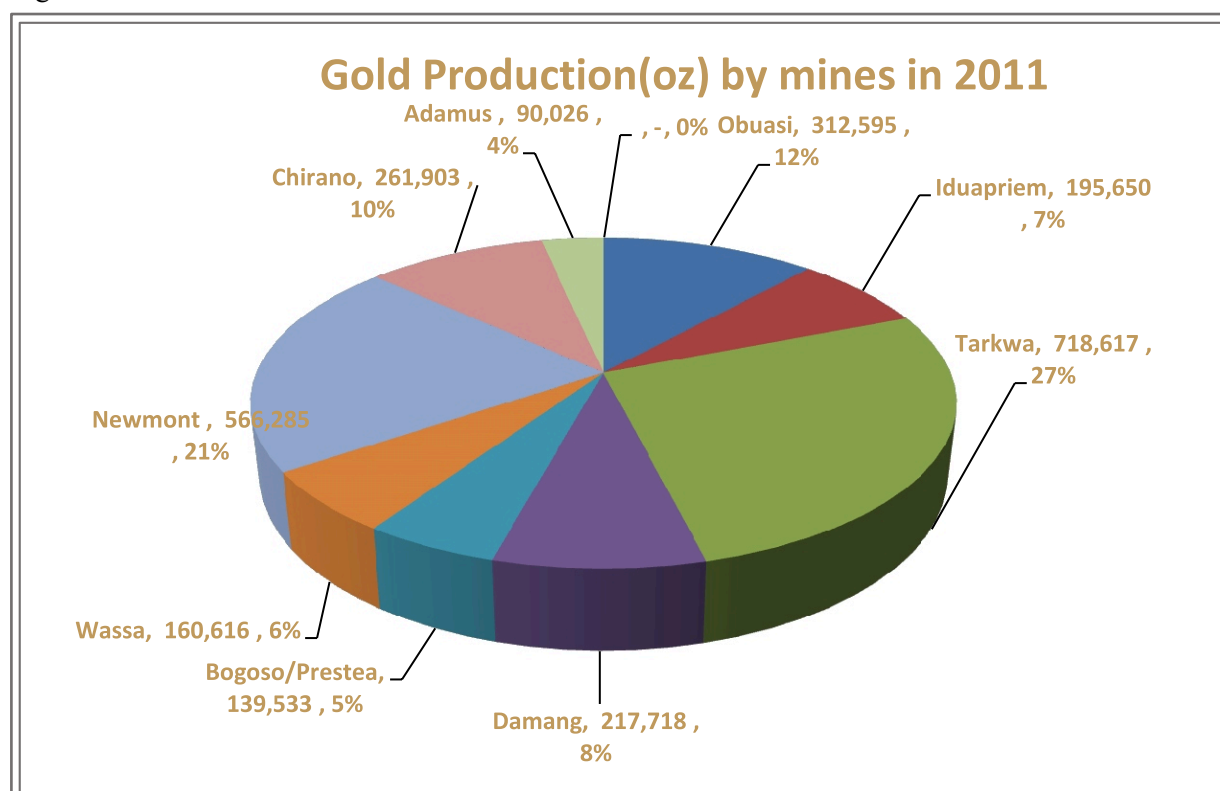


Fig 5.1



REVENUE STREAM	DISCREPANCIES 2011. GHS Company(A)	GHS Government(B)	Discrepancies(A-B) GHS over reporting(A>B)	GHS Under Reporting(B>A)	Net Discrepancy	Resolved	unresolved
Property Rate							
Anglogold Ashanti-Obuasi	424,600	424,600	-	-	-	-	-
Anglogold -Iduaprim	77,566		77,566		77,566		77,566
GSR-Prestea/Bogosu	31,194		31,194		31,194		31,194
Ghana Bauxite CO.	11,576		11,576		11,576	11576	-
Ghana Manganse Co.	42,226		42,226		42,226		42,226
Goldfields -Tarkwa			-		-		-
Abosso Goldfields Ltd			-		-		-
GSR(Wassa)Ltd	29,869		29,869		29,869		29,869
Chirano Gold Mines Ltd	57,492		57,492		57,492	57,492	-
Newmont Gold Ghana Ltd			-		-		-
Total (Property Rate)	674,523		249,923		249,923	69,068	180,855
Ground Rent							
Ghana Manganese Ltd	134,290		134,290		134,290		134,290
Total(Ground Rent)							
Mineral Royalty							
Anglogold Ashanti-Obuasi	19,665,203	19,665,202	1		1		1
Anglogold -Iduaprim	13,691,446	13,691,446	-		-		-
Adamus resources	6,729,928	6,729,929					
GSR-Prestea/Bogosu	8,451,056	12,573,619		(4,122,563)	(4,122,563)		(4,122,563)
Ghana Bauxite CO.	689,863	689,863	-		-		-
Ghana Manganse Co.	6,685,574	6,685,574					
Goldfields -Tarkwa	55,503,839	57,693,232		(2,189,393)	(2,189,393)	-2189393	-
Abosso Goldfields Ltd	18,607,347	18,607,347	-		-		-
GSR(Wassa)Ltd	16,515,428	14,872,591	1,642,837		1,642,837		1,642,837
Chirano Gold Mines Ltd	17,355,550	19,129,768		(1,774,218)	(1,774,218)	-1774218	-
Newmont Gold Ghana Ltd	47,812,790	47,812,791	(1)		(1)		(1)
Total(Mineral Royalty)	211,708,024	218,151,362	1,642,837	(8,086,174)	(6,443,337)	(3,963,611)	(2,479,726)
Corporate tax							
Anglogold Ashanti-Obuasi							
Anglogold -Iduaprim		56,794,976		(56,794,976)	(56,794,976)	-56,794,976	-
Adamus Resources							
GSR-Prestea/Bogosu							
Ghana Bauxite CO.							
Ghana Manganse Co.	13,922,429	42,813,036		(28,890,607)	(28,890,607)	(28,890,607.00)	-
Goldfields -Tarkwa	184,674,712	214,666,712		(29,992,000)	(29,992,000)	(29,992,000)	-
Abosso Goldfields Ltd	41,296,620	53,362,556		(12,065,936)	(12,065,936)	-12065936	-
GSR(Wassa)Ltd							
Chirano Gold Mines Ltd	46,349,031	28,890,606	17,458,425		17,458,425	17,458,425	-
Newmont Gold Ghana Ltd	139,590,210	103,297,879	36,292,331		36,292,331	36,292,331	-
Total(corporate Tax)			53,750,756	(127,743,519)	(73,992,763)	(73,992,763)	-
Dividends							
Anglogold Ashanti-Obuasi							
Anglogold Ashanti -Iduaprim							
**	3,392,757	3,392,503	254		254		254
Adamus Resources Ltd							
GSR(Prestea/ Bogosu)							
Ghana Bauxite Co.							
Ghana Manganse Co.	898,369	898,369					
Goldfields -Tarkwa	43,500,000	39,722,000	3,778,000		3,778,000		3,778,000
Abosso Goldfields Ltd	7,500,000		7,500,000		7,500,000		7,500,000
GSR-Wassa							
Chirano Gold Mines Ltd							
Newmont Gold Ghana Ltd							
Total(Dividends)	55,291,125.74	44,012,872	11,278,254	-	11,278,254		11,278,254

APPENDIX 5A	DISCREPANCY 2010		Discrepancies(A-B)		Resolved	unresolved
	GHS	GHS	GHS	GHS		
REVENUE STREAM	Company(A)	Government(B)	over reporting(A>B)	Under Reporting(A<B)	Net Discrepancy	
Property Rate						
Anglogold Ashanti-Obuasi	422,801	424,600		(1,799)	(1,799)	(1,799)
Anglogold -Iduaprim	35,908	65000		(29,092)	(29,092)	(29,092)
GSR-Prestea/Bogosu	20,967		20,967		20,967	20,967
Ghana Bauxite CO.	11,576		11,576		11,576	11,576
Ghana Manganse Co.	31,698	31,697	1		1	1
Goldfields -Tarkwa		308,754		(308,754)	(308,754)	(308,754)
Abosso Goldfields Ltd			-		-	-
GSR(Wassa)Ltd	27,869		27,869		27,869	27,869
Chirano Gold Mines Ltd	57,492		57,492		57,492	57,492
Newmont Gold Ghana Ltd			-		-	-
Total (Property Rate)	608,311	830,051	117,905	(339,645)	(221,740)	69,068
					-	-
Mineral Royalty						
Anglogold Ashanti-Obuasi	15,499,943	17,360,307		(1,860,364)	(1,860,364)	(1,860,364)
Anglogold -Iduaprim	9,070,786	9,070,786	-		-	-
GSR-Prestea/Bogosu	6,874,814	9,366,302		(2,491,488)	(2,491,488)	(2,491,488)
Ghana Bauxite CO.	1,033,823	1,033,823	-		-	-
Ghana Manganse Co.	3,764,674	3,764,675		(1)	(1)	(1)
Goldfields -Tarkwa	36,139,824	43,747,093		(7,607,269)	(7,607,269)	-7607269
Abosso Goldfields Ltd	15,619,076	12,638,871	2,980,205		2,980,205	2980205
GSR(Wassa)Ltd	11,584,285	9,600,151	1,984,134		1,984,134	1,984,134
Chirano Gold Mines Ltd	21,637,098	17,247,431	4,389,667		4,389,667	4389667
Newmont Gold Ghana Ltd	26,624,466	26,624,466	-		-	-
Total(Mineral Royalty)	147,848,789	150,453,905	9,354,006	(11,959,122)	(2,605,116)	(2,097,761)
					-	-
Corporate tax						
Anglogold Ashanti-Obuasi						
Anglogold -Iduaprim		8,557,346		(8,557,346)	(8,557,346)	-8557346
GSR-Prestea/Bogosu		-	-		-	-
Ghana Bauxite CO.		-	-		-	-
Ghana Manganse Co.	7,560,048	7,554,049	5,999		5,999	5,999
Goldfields -Tarkwa	78,650,353	78,650,353	-		-	-
Abosso Goldfields Ltd	32,611,150	30,472,900	2,138,250		2,138,250	2138250
GSR(Wassa)Ltd		-	-		-	-
Chirano Gold Mines Ltd		15,085		(15,085)	(15,085)	-15085
Newmont Gold Ghana Ltd	-	-	-		-	-
Total(corporate Tax)	118,821,551	125,249,733	2,144,249	(8,572,431)	(6,428,182)	(6,434,181)
					-	5,999
Dividends						
Anglogold Ashanti-Obuasi						
Anglogold Ashanti -Iduaprim			-		-	-
**	2,914,288	2,976,370		(62,082)	(62,082)	(62,082)
GSR(Prestea/Bogosu)			-		-	-
Ghana Bauxite Co.			-		-	-
Ghana Manganse Co.	832,542	832,542	-		-	-
Goldfields -Tarkwa		14,342,500		(14,342,500)	(14,342,500)	(14,342,500)
Abosso Goldfields Ltd		4,288,800		(4,288,800)	(4,288,800)	(4,288,800)
GSR- Wassa			-		-	-
Chirano Gold Mines Ltd			-		-	-
Newmont Gold Ghana Ltd			-		-	-
Total(Dividends)	3,746,830	22,440,212		(18,693,382)	(18,693,382)	(14,404,582)
					-	(4,288,800)
						(5,080,964)

Gold Fields Tarkwa continues to capture the largest production share in Ghana, closely followed by Newmont Ghana Gold Ltd.

5.2 PRODUCTION/ ROYALTY ANALYSIS.

The analyses of production and royalty payments have been shown in Appendix 4.

The production figures used are those that correspond to the quarterly payments of royalties.

5.3 OPERATING COSTS ANALYSIS

Mining companies had not submitted their returns for operating costs and cash costs determination at the time of finalizing this report. As a result the Reconciler largely depended on Mineral Commission's uncorroborated report.

Table 5.2 Revenue vrs Operating/Cash costs guide (2010)

MINE	Cash cost(\$)	Operating Costs	Revenue (\$)
Ghana Bauxite	1,528,471		15,330,258.67
Chirano Gold Mines Ltd	15,201,800		324,915,700.00
Anglogold Ashanti Iduapriem	13,914,995		304,254,333.33
Gold Fields Ghana Tarkwa	35,567,980		803,106,678.00
Ghana Manganese		6,703,428	148,568,283.33
Adamus	5,049,113		149,553,968.67
GSR Wassa		12,783,182	330,501,993.33
Newmont Ghana Gold Ltd			912,415,110.67
Abosso Goldfields		12,257,990	235,875,968.00

Table 5.3 Revenue vrs Operating/Cash costs guide (2011)

MINE	Cash cost(\$)	Operating Costs	Revenue (\$)
Ghana Bauxite		1,528,471	7,261,702
Chirano Gold Mine s Ltd	19,600,588		201,365,978
Anglogold Ashanti Iduapriem		19,506,021	240,200,789
Gold Fields Ghana Tarkwa	35,567,980		607,297,183
Ghana Manganese		6,703,428	70,374,457
Adamus	5,508,123		70,841,361
GSR Wassa		12,783,182	156,553,591
Abosso Goldfields		12,257,990	195,866,811

6.0 DISBURSEMENTS

The allocation of mineral royalty paid by mining companies is according to the formula indicated below:

Beneficiary		Share (%) of Total Amount.
Government in Consolidated Fund		80%
Minerals Development fund		10%
Office of the Administrator of Stool Lands	10% Of Total Amount	
<ul style="list-style-type: none"> The Administrator of stool Lands takes 10% of the amount received to cover administrative expenses. The remaining 90% is distributed as follows. 		1%
	55%	
<ul style="list-style-type: none"> Stools 	25%	2.25%
<ul style="list-style-type: none"> Traditional Councils 	20%	1.80%
TOTAL		100%

Source: Administrative fiat of 1999(letter no.AB.85/156/01)

Thus District Assemblies, Traditional Authorities and Stools within the operational areas of mining companies receive 4.95%, 1.80% and 2.25% respectively of royalties paid by mining companies.

Newmont Ghana Ltd	123,375	208,041,762	6,241,253
	119,637	184,477,711	5,534,332
	132,716	228,781,035	6,863,432
	155,369	266,181,618	7,985,449
Total	531,097	887,482,127	26,624,466
		-	
Ghana Bauxite Co. Ltd	128,927(MT)	4,283,465	128,504
	167,359(MT)	8,709,311	261,279
	214,616(MT)	3,773,722	113,212
	94,930(MT)	12,478,174	374,345
Total	605,832(MT)	29,244,673	877,340
Ghana Manganese Company	181,641(MT)	22,955,453	688,664
	410,205(MT)	27,525,845	825,775
	359,850(MT)	46,452,222	1,393,567
	400,635(MT)	28,555,616	856,669
Total	1,028,431(MT)	125,489,136	3,764,674

Note:

Production figures quoted for bauxite and manganese are in metric tonnes

Adamus was not in production in 2010

Production totals on this chart are different from annual actuals and they include figures for the last quarter of the preceding year

	185,476	323,090,558	9,692,718
Total	731,043	1,204,660,017	36,139,804
Abosso Goldfields Ltd. (Damang)	45,146	71,432,877	2,142,987
	54,012	86,421,103	2,592,633
	56,822	97,036,628	2,911,099
	56,521	98,923,344	2,967,701
Total	212,501	353,813,952	10,614,420
Golden Star Resources Bogosu/Prestea	46,680	73,569,823	2,207,095
	45,909	85,417,270	2,562,518
	52,764	76,283,715	2,288,512
	44,278	76,939,222	2,308,177
Total	189,631	312,210,030	9,366,302
Golden Star Resources- Wassa	57,198	94,310,013	2,829,301
	47,029	74,144,781	2,224,344
	47,649	80,775,376	2,423,262
	40,359	63,545,140	1,906,354
Total	192,235	312,775,310	9,383,260
Adamus Resources Ltd	-	-	-
	-	-	-
	-	-	-
Total	-	-	-
Chirano Gold Mines Ltd	56,672	104,750,623	3,142,519
	43,981	74,639,485	2,239,185
	54,496	90,249,313	2,707,480
	65,247	71,411,881	2,142,357
Total	220,396	341,051,301	10,231,540

7.0: JANUARY - DECEMBER 2010

7.1 Results of reconciliation:

Table 7.1

2010 RECONCILIATION REPORT
PERIOD: JANUARY 2010-DECEMBER 2010
ALL AMOUNTS IN GHANA CEDIS

COMPANIES	LICENCE	PROPERTY RATE	GROUND RENT	MINERAL ROYALTY	CORPORATE TAX	DIVIDEND	TOTAL
Anglogold Ashanti-Obuasi		422,801		15,499,943			15,922,744
Anglogold Ashanti -Iduapriem		35,908		9,070,786			9,106,694
**						2,914,288	2,914,288
GSR(Prestea/Bogosu)		20,967		6,874,814			6,895,781
Ghana Bauxite Co.		11,576		1,033,823			1,045,399
Ghana Manganse Co.		31,698		3,764,674	7,560,048	832,542	12,188,962
Gold Fields -Tarkwa				36,139,824	78,650,353		114,790,177
Abosso Goldfields Ltd				15,619,076	32,611,150		48,230,226
GSR- Wassa		27,869		11,584,285			11,612,154
Chirano Gold Mines Ltd		57,492		21,637,098			21,694,590
Newmont Gold Ghana Ltd				26,624,466	-		26,624,466
TOTAL	-	608,311	-	147,848,789	118,821,551	3,746,830	271,025,481

Source: Companies’ Reporting Templates

Table 7.2

PERIOD: JANUARY-DECEMBER 2010.
ALL AMOUNTS IN GHANA CEDIS

GOVERNMENT RECEIPTS::							
GOVT AGENCY	MIN. COMM	MUN/DIST ASMBL	OASL	IRS	IRS	NTRU	
COMPANY	LICENCE	PROPERTY RATE	GROUND RENT	MINERAL ROYALTIES	CORPORATE TAX	DIVIDEND	TOTAL
Anglogold Ashanti-Obuasi		424,600		17,360,307			17,784,907
Anglogold Ashanti -Iduapriem		65,000		9,070,786	8,557,346		17,693,132
***						2,976,370	2,976,370
GSR-Prestea/Bogosu				9,366,302	-		9,366,302
Ghana Bauxite CO.				1,033,823	-		1,033,823
Ghana Manganse Co.		31,697		3,764,675	7,554,049	832,542	12,182,963
Goldfields -Tarkwa		308,754		43,747,093	78,650,353	14,342,500	137,048,700
Abosso Gold Fields Ltd				12,638,871	30,472,900	4,288,800	47,400,571
GSR(Wassa) Ltd				9,600,151	-		9,600,151
Chirano Gold Mines Ltd				17,247,431	15,085		17,262,516
Newmont Gold Ghana Ltd				26,624,466	-		26,624,466
TOTAL	-	830,051	-	150,453,905	125,249,733	22,440,212	298,973,901

Source: Government Agencies’ Reporting Templates

No company reported mineral right licence payment for concessions under production.

- *Ground Rent.*

No ground rent payment was reported.

- *Mineral Royalty*

Mineral royalty payment reported by companies amounted to GHS 147,848,789.

However reported Government receipts was GHS150,453,905. Reported payments and receipts based on templates submitted by participating companies are shown. (See Tables 7.1, 7.2 & Fig 7)

- *Corporate tax:*

Four companies reported corporate tax payments in the year 2010. These were AngloGold Ashanti Iduapriem, Ghana Manganese Company Ltd, Gold Fields Ghana Ltd, Tarkwa and Abooso Goldfields Ltd (see Table 7.1). Although AngloGold Iduapriem did not report of corporate tax in the initial template, during the resolution of discrepancies, it reported the payment of GHS8,567,348. (See Appendix 5A)

The reasons why the following companies did not pay corporate taxes included the following:

Golden Star Resources Wassa Ltd had enough capital allowances and allowable deductions to cover assessable profit.

AngloGold Ashanti Obuasi also had enough capital allowances to cover its assessable profit. AngloGold Ashanti had Capital allowance carried forward of US\$585,323,279 at the end 2010.

Chirano Gold Mines had capital allowances together with other deductions of US\$130,809,019 enough to set off against the assessable profit.

Newmont Ghana Gold Ltd set off capital allowance of US\$358,492,201 against assessable profits of same magnitude.

Golden Star Resources (Prestea/Bogosu) set off US\$20,736,783 of capital allowance and other deductible allowances against its assessable income resulting in non-payment of corporate tax. There was an unutilized capital allowance of US\$396,939,651 for GSR Prestea Bogosu at the end of 2010.

Ghana Bauxite did not pay corporate tax because it had a negative assessable income. Ghana Bauxite Ltd had capital allowance carried forward of US\$10,029,331 at the end of 2010.

	93,773(MT)	9,941,249	298,238
	62,050(MT)	8,786,586	263,598
	96,152(MT)	1,154,663	34,640
Total	370,162(MT)	22,995,388	689,862
Ghana Manganese Company	393,938(MT)	69,287,082	2,078,613
	481965(MT)	81,812,289	2,454,369
	407796(MT)	71,753,054	2,152,592
	445717(MT)	-	-
Total	1,729,416(MT)	222,852,425	6,685,573

2009/2010 PRODUCTION & ROYALTY DATA

Name of Company	Prod(Oz) in Qtrs	Revenue(GHC)	Royalty (GHC)
AngloGold Ashanti (Obuasi)	97,213	153,992,106	4,619,764
	97,695	161,256,726	4,837,702
	77,384	130,110,681	3,903,321
	75,332	133,317,333	3,999,520
Total	347,624	578,676,845	17,360,307
AngloGold Ashanti Iduapriem	54,916	79,039,557	2,371,187
	20,480	44,789,378	1,343,681
	49,801	80,226,161	2,406,785
	56,735	98,304,428	2,949,133
Total	181,932	302,359,523	9,070,787
Gold Fields (Ghana) Ltd. Tarkwa	172,599	270,099,313	8,102,980
	172,793	271,312,265	8,139,369
	200,175	340,157,881	10,204,737

	34,076	128,141,594	3,844,248
	39,434	172,025,691	5,160,771
Total	132,107	419,120,610	12,573,620
Golden Star Resources Wassa	48,896	96,902,684	2,907,081
	53,332	109,848,869	3,295,466
	38,465	145,113,674	4,353,411
	33,485	143,887,762	4,316,633
Total	174,178	495,752,990	14,872,591
Adamus Resources Ltd	-		
	11,450	44,327,344	1,329,820
	26,020	82,149,645	2,464,490
	26,480	97,853,964	2,935,619
Total	63,950	224,330,953	6,729,929
Chirano Gold Mines Ltd	76,498	251,072,872	7,532,187
	61,758	74,639,485	2,239,185
	57,617	90,249,313	2,707,480
	69,195	71,411,881	2,142,357
Total	265,068	487,373,550	14,621,208
Newmont Ghana Gold Ltd	137,590	290,908,492	8,727,256
	185,788	380,942,514	11,428,277
	146,739	327,963,387	9,838,903
	145,721	368,808,273	11,064,249
Total	615,838	1,368,622,666	41,058,684
		-	
Ghana Bauxite Co. Ltd	118,187(MT)	3,112,891	93,387

- *Dividends:*

Government of Ghana shareholding in the participating companies is listed below:

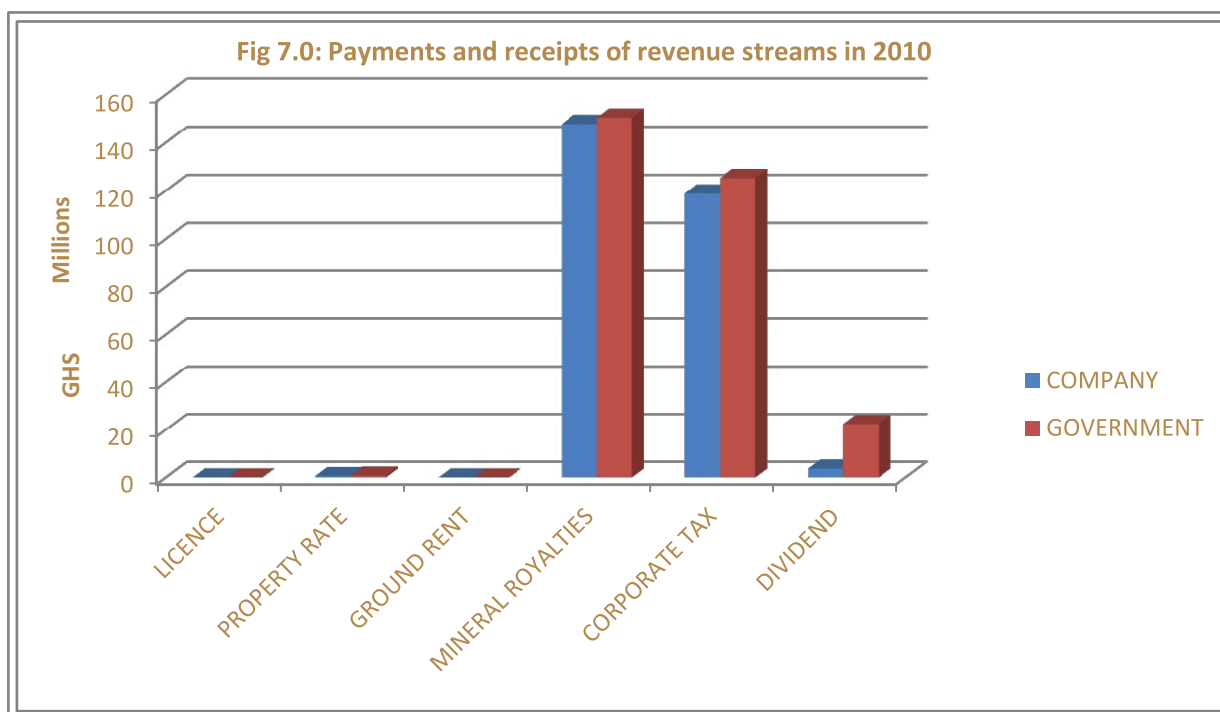
Four companies including AngloGold Ashanti International paid dividends in 2010. In 2010 AngloGold Ashanti International operated two mines (AngloGold Ashanti-Iduapriem and AngloGold Ashanti-Obuasi) in Ghana. The other companies were Ghana Manganese Co. Ltd; Gold Fields Ghana Ltd, Tarkwa and Abosso Goldfields Ltd.

Table 7.3: Government shareholding in participating companies in 2010

Company	GoG Shares %
Goldfields (Abosso)	10
GSR (Prestea/Bogosu)	10
Gold Fields Ghana (Tarkwa)	10
Ghana Bauxite	20
Ghana Manganese	10
AngloGold Ashanti (International)	2.95 ⁱ
GSR(Wassa)	10
Chirano Gold Mines Ltd	10
Adamus Resources Ltd	10
Newmont Ghana Gold Ltd	Nil

Source: NTRU/Company information

ⁱ Shareholding percentage as 31st December, 2010.



7.2: DISCREPANCIES

Table 7.4: 2010 Discrepancies between reported payments and receipts.

Revenue Stream	Company Reported Payments(GHS) A	Government Reported Receipts(GHS) B	Over Reporting (A-B)A>B	Under Reporting (A-B)A<B	Net Discrepancy	Resolved	Unresolved
Mineral Right Licence	0	0	0	0	0	0	0
Property Rate	608,311	830,051	117,905	(339,645)	(221,740)	69,068	(290,808)
Mineral Royalty	147,848,789	150,453,905	7,493,642	(10,098,758)	(2,605,116)	(2,097,761)	(507,355)
Ground Rent	0	0	0	0	0	0	0
Corporate Tax	118,821,551	125,249,733	2,144,249	(8,572,431)	(6,428,182)	(6,434,181)	5,999
Dividends	3,746,830	22,440,212	0	(18,693,382)	(18,693,382)	(14,404,582)	(4,288,800)
Total	271,025,481	298,973,901	9,755,796	-37,704,216	-27,948,420	(22,867,456)	(5,080,964)

Source: Company /government reported payments/receipts:

APPENDIX 4 : PRODUCTION/ROYALTY DATA

Name of Company	Prod(Oz) in Qtrs.	Revenue(GHC)	Royalty (GHC)
Anglogold Ashanti (Obuasi)	66,204	118,142,728	3,544,282
	70,368	158,738,194	4,762,146
	83,041	194,177,923	5,825,338
	78,024	184,447,835	5,533,436
Total	297,637	655,506,680	19,665,202
Anglogold Ashanti Iduapriem	58,472	123,850,606	3,715,519
	56,237	111,498,629	3,344,959
	44,223	89,452,168	2,683,565
	48,484	131,580,097	3,947,403
Total	207,416	456,381,500	13,691,446
Gold Fields (Ghana) Ltd. Tarkwa	176,589	270,099,313	8,102,980
	186,067	271,312,265	8,139,369
	180,835	340,157,881	10,204,737
	179,668	323,090,558	9,692,718
Total	723,159	1,204,660,017	36,139,804
Abosso Goldfields Ltd. (Damang)	42,333	71,432,877	2,142,987
	57,446	86,421,103	2,592,633
	56,349	97,036,628	2,911,099
	54,324	98,923,344	2,967,701
Total	210,452	353,813,952	10,614,420
Golden Star Res. Bogosu/Prestea	28,022	55,578,795	1,667,364
	30,575	63,374,530	1,901,236

APPENDIX 3B (2) AngloGold Ashanti Obuasi -2011**Input Template For Company Reporting Entities**

Company reporting on: ANGLOGOLD ASHANTI (OBUASI MINE)

Reporting period: January to December 2011

Scope 1 Benefit Streams

Line Ref	Guidelines section 6 Ref	Volume	Value
1	Benefit Streams from International and National State-owned Company		GHS 19,665,203.36
1a)	Corporate taxes	i	
1b)	Royalties	ii.	
	- in cash		
	- in kind/ Sponsorships i.e sports etc.		
1c	license fees, rental fees, permitting fees and other considerations for licenses/concessions, ground rent, property rate	iii.	GHS 424,599.66
1d	Signing bonuses and production bonuses	vi.	
1e)	Dividends	vii	
1f)	Other payments to Host Governments, specified as (including Payment made through production entitlement):	iv, v, vii	
Exclude:			
- Tax levied on consumption (e.g. VAT/GST/sales taxes)			
- Pay as you earn (PAYE) income taxes			
- Social payments (unless statutory requirement)			

Scope 2 Benefit Streams

Line Ref	Volume	Value
2	Scope 2 Benefit Streams (Voluntary disclosure):	

Management Sign Off

We acknowledge {or On behalf of the Board of Directors (or similar body) we acknowledge} our responsibility for the fair presentation of the Reporting Template in accordance with the Reporting Guidelines, with the exception of:

Name: E. APPIAH Signature: [Signature]
 Position: CHIEF ACCOUNTANT Date: 20/11/2011

Official stamp: ANGLOGOLD ASHANTI
30 NOV 2012
EMMANUEL APPIAH
CHIEF ACCOUNTANT

The reconciliation produced absolute discrepancy of GHS47, 460,012 and net unresolved discrepancy of GHS (5,080,964), which indicated that Government Agencies reported receipts exceeded company reported payments. This was mainly due to the fact that Government/Non Tax Revenue Unit's reported receipt of dividends from Abosso Goldfields Ltd was not corroborated by the company (See Appendix 5A) for details.

**7.3 DISBURSEMENT.
FROM HEAD OFFICE TO REGIONS****ASHANTI REGION:**

The amounts of mineral royalty disbursed and the periods covered by the releases are shown in table below.

Table 7.5: ASHANTI REGION.

DATE RECEIVED	PERIOD COVERED	VOUCHER NO.	CHEQUE NO.	AMOUNT(GHS)
10/02/2010	August-October 2009			668,480.38
23/08/2010	January -April 2010			851,171.92
21/12/2010	May-July 2010			351,765.66

Source: OASL Ashanti

Table 7.6: BRONG AHAFO REGION

DATE RECEIVED	PERIOD COVERED	VOUCHER NO.	CHEQUE NO.	AMOUNT(GHS)
15/02/2010	March-April 2009; August-October 2009.			492,573
09/06/2010	January-February 2010			492,597
20/08/2010	January-February 2010(revised); March-April 2010			851,111
20/12/2010	May-July 2010			339,739.87

Source: OASL Brong-Ahafo

Table 7.7: WESTERN REGION

DATE RECEIVED	PERIOD COVERED	AMOUNT(GHS)
8/06/2010	January – February 2010	1,423,425.72
20/08/2010	February- April 2010	2,099,718.79
20/12/2010	May-July 2010	2,237,439.69
Total		5,760,584.20

Source: OASL-Western Region.

7.3.1 TRANSFERS FROM REGIONAL OASL TO DISTRICT/MUNICIPAL ASSEMBLIES:

ASHANTI REGION

Table 7.8: Amount due to District/Municipal Assemblies from royalty paid by Anglogold Ashanti Ltd

District /Municipal Assembly	February 2010 GHS	August 2010 GHS	December 2010 GHS	Total
Amount due from release				
OBUASI MUNICIPAL	201,432.52	256,482.79	105,998.25	563,913.56
ADANSI SOUTH (GHS)	58,093.62		30,569.84	162,633.71
ADANSI NORTH (GHS)	28,776.07	36,640.40	15,142.46	80,558.93
BEKWAI MUNICIPAL (GHS)	27,965.21	35,607.93	14,715.76	78,288.90
AMANSIE CENTRAL (GHS)	51,934.91	66,128.40	27,329.03	145,392.33
Total	368,202.33	468,829.76	193,755.34	1,030,787.43

Source: OASL ASHANTI REGION

APPENDIX 3B(2) Anglogold Ashanti Obuasi -2010

Input Template For Company Reporting Entities

Company reporting on: ANGLOGOLD ASHANTI (OBUASI MINE)

Reporting period: January to December 2010

Scope 1 Benefit Streams

Line Ref	Guidelines section 6 Ref	Volume	Value
1	Benefit Streams from International and National State-owned Company		GHS 15,499,943.62
1a)	Corporate taxes	i	
1b)	Royalties	ii.	
	- in cash		
	- in kind/ Sponsorships i.e sports etc.		
1c	license fees, rental fees, permitting fees and other considerations for licenses/concessions, ground rent, property rate	iii.	GHS 422,801.34
1d	Signing bonuses and production bonuses	vi.	
1e)	Dividends	vii	
1f)	Other payments to Host Governments, specified as (including Payment made through production entitlement):	iv, v, vii	
Exclude:			
- Tax levied on consumption (e.g. VAT/GST/sales taxes)			
- Pay as you earn (PAYE) income taxes			
- Social payments (unless statutory requirement)			

Scope 2 Benefit Streams

Line Ref	Volume	Value
2	Scope 2 Benefit Streams (Voluntary disclosure):	

Management Sign Off

We acknowledge {or On behalf of the Board of Directors (or similar body) we acknowledge} our responsibility for the fair presentation of the Reporting Template in accordance with the Reporting Guidelines, with the exception of:

_____; **E. APPIAH** **Signature**
 _____; **CHIEF ACCOUNTANT** **Position**
 _____; **30/11/12** **Date**

ANGLOGOLD ASHANTI
30 NOV 2012
EMMANUEL APPIAH
CHIEF ACCOUNTANT

APPENDIX: 3 A (2)**B. Input Template For Company Reporting Entities**Company reporting on: GHANA MANGANESE COMPANY LIMITED

Reporting period:

2011**Scope 1 Benefit Streams**

Line Ref	Guidelines section 6 Ref	Volume	Value \$
I Benefit Streams from International and National State-owned Company			
Ia) Corporate taxes	i		\$9,109,752
Ib) Royalties	ii.		
- in cash			\$4,486,286
- in kind/ Sponsorships i.e sports etc.			
Ic license fees, rental fees, permitting fees and other considerations for licenses/concessions, ground rent, property rate	iii.		GHC206,516
Id Signing bonuses and production bonuses	vi.		
Ie) Dividends (Gross)	vii		\$615,600
If) Other payments to Host Governments, specified as (including Payment made through production entitlement):	iv, v, vii		
NFSL			\$1,961,867
Exclude:			
- Tax levied on consumption (e.g. VAT/GST/sales taxes)			
- Pay as you earn (PAYE) income taxes			
- Social payments (unless statutory requirement)			

Management Sign Off

We acknowledge {or On behalf of the Board of Directors (or similar body) we acknowledge} our responsibility for the fair presentation of the Reporting Template in accordance with the Reporting Guidelines, with the exception of:

_____ ; ...Ronald Schuurhuis.....
 _____ ; **Name** **Signature**
 _____ ; _____
 _____ ; Finance Manager.....10/12/2012.....
 _____ ; **Position** **Date**

Official stamp
GHANA MANGANESE COMPANY LTD
POST OFFICE BOX 2
NSUTA — WASSAW
WESTERN REGION
GHANA

Table 7.9: Royalty disbursement due /Amount paid by OASL in 2010.

District Assembly	Amount due ^{iv}	Transfer from OASL-ASHANTI(GHS)
Obuasi Municipal	563,913.56	563,915.88
Adansi South	162,633.71	161,118.80
	80,558.93	
Adansi North		80,559.41
Bekwai Municipal	78,288.90	
		78,290.01
	145,392.33	
Amansie Central		145,395.80

Source: OASL Ashanti Region/Compilation by Boas & Associates.

Amounts due compare favorably with the transfers to Obuasi Municipal Assembly.

BRONG AHAFO REGION:

Table 7.10: Amount due to Asutifi District Assembly/Amount paid by OASL-2010

Releases from OASL in 2010	Amount Due (GHS)	Amount paid by OASL (GHS)
February 2010	544,202.12	542,321.3
June 2010	217,764.18	217,764.18
August 2010	365,127.29	365,127.25
Total	1,127,093.59	1,125,212.76

Source: OASL Brong -Ahafo/Compilation by Boas & Associates

Although the total amount received in 2010 and paid in the same year compare favourably, the cheque received in February 2010 was paid in two installments. Likewise the transfer of August 2010 was also paid in two installments.

An amount of GHS 339,793 received on 20/12/10, was paid to the Assembly in January 2012.

WESTERN REGION

Table 7.11: Disbursement from OASL to District /Municipal Assemblies-2010

District/Municipal Assembly:	Amount Due GHS	Amount paid by OASL GHS
Prestea Huni Valley	1,513,368.24	1,528,865
Mpohor Wassa East	365,309.78 ⁱ	370,106
Tarkwa Nsuem	1,425,083.85	952,091
Bibiani/Ahwiaso Bekwai	410,969.41	135,484
Total	3,265,795.24	2,986,546

Source: OASL Western Region/Boas & Associates compilations

ⁱ Sharing ratio revised in December 2010 after payment.

APPENDIX: 3 A (1)

B. Input Template For Company Reporting Entities

Company reporting on: GHANA MANGANESE COMPANY LIMITED

Reporting period: 2010

Scope 1 Benefit Streams

Line Ref	Guidelines section 6 Ref	Volume	Value \$
1 Benefit Streams from International and National State-owned Company			
1a) Corporate taxes	i		\$5,303,125
1b) Royalties	ii.		
- in cash			\$2,611,805
- in kind/ Sponsorships i.e sports etc.			
1c license fees, rental fees, permitting fees and other considerations for licenses/concessions, ground rent, property rate	iii.		GHC56,698
1d Signing bonuses and production bonuses	vi.		
1e) Dividends (Gross)	vii		\$634,598
1f) Other payments to Host Governments, specified as (including Payment made through production entitlement):	iv, v, vii		
NFSL			\$1,223,359

Exclude:

- Tax levied on consumption (e.g. VAT/GST/sales taxes)
- Pay as you earn (PAYE) income taxes
- Social payments (unless statutory requirement)

Management Sign Off

We acknowledge {or On behalf of the Board of Directors (or similar body) we acknowledge} our responsibility for the fair presentation of the Reporting Template in accordance with the Reporting Guidelines, with the exception of:

_____ ; Ronald Schuurhuis. _____
 _____ ; Name Signature
 _____ ; Finance Manager. 10/12/2012. _____
 _____ ; Position Date

Official stamp
 GHANA MANGANESE COMPANY LTD.
 POST OFFICE BOX 2
 NSUTA — WASSAW
 WESTERN REGION
 GHANA

APPENDIX: 2 K

(3)

DETAILS OF ROYALTY PAYMENTS - APRIL 2011

REGION	COMPANY	AMOUNT GH¢	TOTAL GH¢
Western	Ghana Manganese	2,454,368.92	
	Ghana Bauxite Co Ltd	298,237.50	
	Anglogold Ash (Iduapriem)	3,344,959.20	
	Abosso Goldfields Ltd	1,063,655.06	
	Goldfields Ghana Ltd	3,908,131.12	
	Golden Star		
	Bogoso/Prestea	1,901,236.10	
	Golden Star Wassa	3,295,466.40	16,266,054.30
Gt Accra	Panbros Salt Industries	15,000.00	15,000.00
Brong Ahafo	Newmont Ghana Gold Ltd	11,428,276.55	11,428,276.55
Ashanti	Ashanti Goldfields Co	4,762,146.31	4,762,146.31
Total			32,471,477.16

7.4 UTILIZATION OF MINERAL ROYALTY RECEIPTS.

Table 7.12: Obuasi Municipal Assembly: Utilization of Mineral Royalty Receipts (2010)

No.	Details	Budget(GHC)	Expenditure(Amount)GHC)
1.	Construction of 3 unit cl assrooms at Kunka		5,000.00
2	Construction of 3 unit classrooms at Asonkore		9,701.90
3	Rehabilitation of Meat Shop at Obuasi Market		28,028.37
4	Construction of 6 unit classroom block at Anyinam		90,030.55
5	Provision of Basic Furniture for JHS at Akaporiso (Support)		3,975.00
6	Supply of Furniture to 5(five) canteens for the Ghana School Feeding programme at Mampamhwe, Jimisokakraba, Apitikoolo, Sanso and Mamiriwa.		11,200.00
7	Scholarship		42,285.00
8	Waste Management		123,948.84
	Total		314,169.66

Source: Obuasi Municipal Assembly

Table 7.13: Tarkwa Nsuaem Municipal Assembly: Utilization of Mineral Royalty Receipts

Expenditure Item	Budget(GHC)	Actual(GHC)
ECONOMIC / SOCIAL	267,618	411,204
ADMINISTRATION	186,000	246,592
EDUCATIONAL	-	150,269
ENVIRONMENTAL	72,000	404,432
TOTAL	525,618	1,212,497

Source: Tarkwa Nsuaem Municipal Assembly

7.5 MINERAL DEVELOPMENT FUND

This section discusses the utilizations of the ten percent (10%) ceded funds from mining sector royalty receipts lodged into the Mineral Development Fund (MDF) account for the years 2010 and 2011.

The expenditures of mining sector operators and institutions accessing this account are grouped under salaries/transfers, developmental/service activities and travel expenses/others. The tables show (See Appendix 7) the lodgments and expenditures made into/from the MDF account for the years 2010 and 2011.

7.5.1 ROYALTY LODGEMENTS AND EXPENDITURES FROM THE MDF ACCOUNT IN 2010

Royalties paid into MDF account at Bank of Ghana by the Controller and Accountant General and funds expended from the account in 2010 are shown in Appendix 7

Total lodgments into the MDF account in 2010 amounted to GHS16.204 million with GHS11.398 million as withdrawals.

Expenditure analysis of the outflows indicates that GHS3.601 million was spent on salaries and salary related expenditures on a distressed mining company, GHS7.771 million on developmental and service activities of state agencies/institutions in the mining sector with GHS 24,206 expended on overseas travels.

APPENDIX: 2 J

MORANDUM

TO: CHIEF INSPECTOR OF TAXES (REVENUE)

FROM: DISTRICT ACCOUNTANT (KINBU)

SUBJECT: ROYALTY COLLECTION FOR THE MONTH OF JANUARY, 2011

DATE: 31ST JANUARY, 2011

NAME OF COMPANY

CHIRANO GOLD MINES

MASSEY STONE (GH.)

SHENYING SALT INDUSTRIES

MYROC SALT INDUSTRIES

MANSO QUARRY LTD

MANSO QUARRY LTD

MASSEY STONE (GH.)

PADITEY SAMUEL ADIEI

TOTAL

REGION

WESTERN

GREAT ACCRA

CENTRAL

GREAT ACCRA

EASTERN

EASTERN

GREAT ACCRA

EASTERN

MONTH

JANUARY

AMOUNT GHC

7,532,186.90

800.00

3,766.00

1,893.88

20,000.00

20,000.00

630.00

100.00

7,579,376.78

PREPARED BY: JOYCELINE ASIEDU-YEBOAH

CHECKED BY: AG DIS. ACCT. EMMANUEL ANAGUATE

APPROVED BY: DIST. MANAGER E.T. ASAM

APPENDIX: 2 I

DETAILS OF ROYALTY PAYMENTS - JANUARY 2011

REGION	COMPANY	AMOUNT	TOTAL
		GH¢	GH¢
Western	Ghana Manganese	2,078,612.67	13,182,728.15
	Ghana Bauxite Co Ltd	93,386.74	
	Anglogold Ash (Iduapriem)	3,715,518.55	
	Abosso Goldfields Ltd	1,568,735.99	
	Goldfields Ghana Ltd	2,819,393.38	
	Golden Star Wassa	2,907,080.82	
Gt Accra	Panbros Salt Industries	20,000	51,833.04
	El Din Salt Mill Ltd	1,008.75	
	CP Concrete Products	30,824.29	
Brong Ahafo	Newmont Ghana Gold Ltd	8,727,255.64	8,727,255.64
Ashanti	Ashanti Goldfields Co	3,544,282.18	3,544,282.18
Total			25,506,099.01

8.0: JANUARY -DECEMBER 2011.

8.1: RESULTS OF RECONCILIATION

Table 8.1

2011 RECONCILIATION REPORT						
PERIOD: JANUARY 2011-DECEMBER 2011						
ALL AMOUNTS IN GHANA CEDIS						
COMPANY PAYMENTS						
COMPANIES	LICENCE PROPERTY RATE	GROUND RENT	MINERAL ROYALTY	CORPORATE TAX	DIVIDEND	TOTAL
Anglogold Ashanti-Obuasi	424,600		19,665,203			20,089,803
Anglogold Ashanti -Iduapriem	77,566		13,691,446			13,769,012
**					3,392,757	3,392,757
Adamus Resources Ltd			6,729,928			6,729,928
GSR(Prestea/Bogosu)	31,194		8,451,056			8,482,250
Ghana Bauxite Co.	11,576		689,863			701,439
Ghana Manganse Co.	42,226	134,290	6,685,574	13,922,429	898,369	21,682,888
Gold Fields -Tarkwa			55,503,839	184,674,712	43,500,000	283,678,551
Abosso-Goldfields Ltd			18,607,347	41,296,620	7,500,000	67,403,967
GSR-Wassa	29,869		16,515,428			16,545,297
Chirano Gold Mines Ltd	57,492		17,355,550	46,349,031		63,762,073
Newmont Gold Ghana Ltd			47,812,790	139,590,210		187,403,000
TOTAL	674,523	134,290	211,708,024	425,833,002	55,291,126	693,640,965

Source: Companies' Reporting Templates

Table 8.2

PERIOD: JANUARY 2011- DECEMBER 2011.							
ALL AMOUNTS IN GHANA CEDIS							
GOVERNMENT RECEIPTS::							
GOVT AGENCY	MIN.COMM	MUN/ DIST ASMBL	OASL	IRS	IRS	NTRU	
COMPANY	LICENCE	PROPERTY RATE	GROUND RENT	MINERAL ROYALTY	CORPORATE TAX	DIVIDEND	TOTAL
Anglogold-Obuasi		424,600		19,665,202			20,089,802
Anglogold -Iduaprim				13,691,446	56,794,976		70,486,422
***						3,392,503	3,392,503
Adamus Resources Ltd				6,729,929			6,729,929
GSR-Prestea/Bogosu				12,573,619			12,573,619
Ghana Bauxite CO.				689,863			689,863
Ghana Manganse Co.				6,685,574	42,813,036	898,369	50,396,979
Goldfields -Tarkwa				57,693,232	214,666,712	39,722,000	312,081,944
Abosso Goldfields Ltd				18,607,347	53,362,556		71,969,903
GSR(Wassa)Ltd				14,872,591			14,872,591
Chirano Gold Mines Ltd		57,492		19,129,768	28,890,606		48,077,866
Newmont Gold Ghana Ltd				47,812,791	103,297,879		151,110,670
TOTAL		482,092		218,151,362	499,825,765	44,012,872	762,472,091

Source: Government Agencies' Reporting Templates

Source: Government Agencies' Reporting Templates

Mineral Right Licence:

There was no payment of mineral right licence on concessions under production in 2011.

Ground Rent:

Only Ghana Manganese Ltd reported payments of ground rent.

Property Rate:

Seven companies reported the payment of property rate. All companies with the exception of Newmont Ghana Gold Ltd is liable to pay property rate.

Mineral Royalty:

Reported mineral royalty payment amounted to GHS 211,708,024 whilst the GRA reported receipts of GHS 218,151,362.

Corporate Tax:

Six companies namely Ghana Manganese Ltd, AngloGold Ashanti-Iduapriem; Chirano Gold Mines Ltd; Abooso Goldfields Ltd, Gold Fields Ghana Ltd and Newmont Ghana Gold Ltd paid corporate tax payments in 2011.

Capital allowances carried forward at the end of 2011 ranged from US\$48,862 to US\$509,272,373.

AngloGold Ashanti and GSR (Prestea/Bogoso) did not pay corporate tax due to their strong capital allowance positions.

Dividends:

AngloGold Ashanti International paid dividends in 2011. AngloGold Ashanti International operated two mines (AngloGold Ashanti-Iduapriem and AngloGold Ashanti-Obuasi) in Ghana. Other companies that paid dividend included Ghana Manganese Ltd and Gold Fields Ghana Ltd.

APPENDIX: 2.H

MEMORANDUM

TO: CHIEF INSPECTOR OF TAXES (REVENUE)

FROM: DISTRICT ACCOUNTANT (KINBU)

SUBJECT: ROYALTY COLLECTION FOR THE MONTH OF OCTOBER, 2010

DATE: 31ST OCTOBER, 2010

NAME OF COMPANY	REGION	MONTH	AMOUNT GHC
KAM QUARRY LTD	GREATER Accra	OCTOBER	3,000.00
KAM QUARRY LTD	GREATER Accra	"	242.60
MASSEY STONE (GH.)	GREATER Accra	"	69.03
SHENYING SALT INDUSTRIES	CENTRAL	"	3,000.00
CHIRANO GOLD MINES	WESTERN	"	1,074,908.66
MYROC SALT INDUSTRIES	GREATER Accra	"	1,467.55
TOTAL			1,082,687.84

PREPARED BY: JOYCELINE ASIEDU-YEBOAH

CHECKED BY: DIS. ACCT. MICHAEL MENSAH

APPROVED BY: AG. DIST. MANAGER T. ASAM

APPENDIX: 2 G

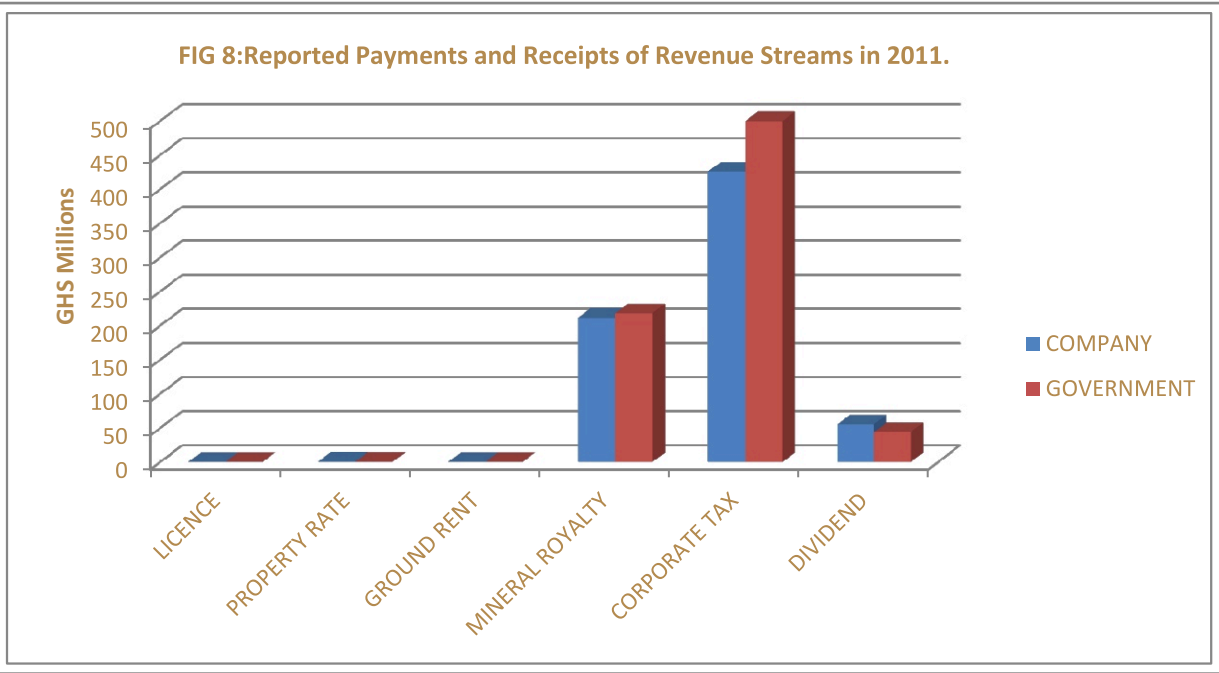
DETAILS OF ROYALTY PAYMENTS – OCTOBER 2010

REGION	COMPANY	AMOUNT	TOTAL
BRONG AHAFO	Newmont Ghana Gold Ltd	7,985,449.35	7,985,449.35
ASHANTI	Anglogold Ash. (Obuasi)	3,999,520.38	3,999,520.38
WESTERN	Goldfields Ghana Ltd	9,692,717.71	16,696,436.51
	Abosso Goldfields Ltd	2,967,700.63	
	Anglogold Ash (Iduapriem)	2,949,133.12	
	Prestea Sankofa Gold	406,186.50	
	Central African Gold Ltd	463,808.31	
GT. ACCRA	Golden Star (Wassa) Ltd	216,890.24	38,053.46
	CP Concrete Products	13,053.46	
	Panbros Salt Industries Ltd	25,000.00	
OTHERS			
TOTAL		28,719,459.70	28,719,459.70

Table 8.2.2: Government shareholding in participating companies in 2011

Company	GoG Shares %
Goldfields (Abosso)	10
GSR (Prestea/Bogosu)	10
Gold Fields Ghana (Tarkwa)	10
Ghana Bauxite	20
Ghana Manganese	10
Anglo Gold Ashanti (International)	1.67
GSR (Wassa)	10
Chirano Gold Mines Ltd.	10
Adamus Resources Ltd.	10
Newmont Ghana Gold Ltd.	Nil

Source: NTRU/Company information



8.2 DISCREPANCIES

Table 8.3: 2011 DISCREPANCIES BETWEEN REPORTED PAYMENTS AND RECEIPTS.

Revenue Stream	Company Reported Payments(GHS) A	Government Reported Receipts(GHS) B	Over Reporting (A-B)A>B	Under Reporting (A-B)A<B	Net Discrepancy	Resolved	Unresolved
Mineral Right Licence	0	0	0	0	0	0	0
Property Rate	674,523	482,092	192,431	0	192,431	69,068	180,855
Ground Rent	134,290	0	134,290	0	134,290	0	134,290
Mineral Royalty	211,708,024	218,151,362	1,642,838	(8,086,175)	(6,443,337)	(3,963,611)	(2,479,726)
Corporate Tax	425,833,002	499,825,765	53,750,756	(127,743,519)	(73,992,763)	(73,992,763)	0
Dividends	55,291,126	44,012,871.74	11,278,254	0	11,278,254	0	11,278,254
Total	693,640,965	762,472,091	66,998,569	-135,829,694	-68,831,125	-77,887,336	9,113,673

The 2011 reconciliation produced an absolute discrepancy of GHS202, 828,263 and a net discrepancy of GHS (68,831,125). After resolution of some of the discrepancies the unresolved discrepancies amounted to GHS 9,113,673. Details of the discrepancies are shown in (Appendix 5B)

8.3 DISBURSEMENT

Table 8.3.1: ASHANTI REGION.

DATE RECEIVED	PERIOD COVERED	AMOUNT(GHS)
20/03/2011	August-October 2010	359,956.84
29/09/11	January-April 2011	657,026.19
Total		1,016,983.03

Source: OASL ASHANTI REGION

APPENDIX: 2 F

MEMORANDUM

TO: CHIEF INSPECTOR OF TAXES (REVENUE)

FROM: DISTRICT ACCOUNTANT (KINBU)

SUBJECT: ROYALTY COLLECTION FOR THE MONTH OF JULY, 2010

DATE: 30TH JULY, 2010

NAME OF COMPANY	REGION	MONTH	AMOUNT GH¢
MED MINING CO	EASTERN	JULY	15,045.00
MYRSCO SALT INDUSTRIES	GREATER ACCRA	"	1,200.00
SHENYING SALT INDUSTRIES	CENTRAL	"	4,000.00
MANSCO QUARRY LTD	EASTERN	"	5,000.00
MANSCO QUARRY LTD	EASTERN	"	5,000.00
MANSCO QUARRY LTD	EASTERN	"	5,000.00
SAND AND STONE	EASTERN	"	137.55
SAND AND STONE	EASTERN	"	91.80
CHIRANO GOLD MINES	WESTERN	"	2,707,479.65
TOTAL			2,742,954.00

PREPARED BY: JOYELINE ASIEDU-YEBOAH

CHECKED BY: AG. DIS. ACT. EMMANUEL ANAGIATE

APPROVED BY: DIST. MANAGER B. A. DANU

APPENDIX: 2E

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DETAILS OF ROYALTY PAYMENTS – JULY 2010

REGION	COMPANY	AMOUNT	TOTAL
BRONG AHAFO	Newmont Ghana Gold Ltd	6,863,431.74	6,863,431.74
ASHANTI	Anglogold Ash. (Obuasi)	3,903,320.82	3,903,320.82
WESTERN	Goldfields Ghana Ltd	10,204,737.46	22,138,107.75
	Abosso Goldfields Ltd	2,911,099.12	
	Ghana Bauxite Co. Ltd	113,211.68	
	Golden Star Bogoso Pres	2,288,511.69	
	Golden Star (Wassa)Ltd	2,423,261.51	
	Ghana Manganese Comp	1,393,566.79	
	Anglogold Ash (Iduapriem)	2,406,785.06	
	Prestea Sankofa Golf	396,934.44	22,138,107.75
GT. ACCRA	CP Concrete Products	21,718.23	39,223.26
	Panbros Salt Industries Ltd	17,505.03	
OTHERS		-	-
TOTAL		32,944,083.57	32,944,083.57

Table 8.3.2: BRONG AHAFO REGION.

DATE RECEIVED	PERIOD COVERED	AMOUNT(GHS)
15/3/2011	August – October 2010	395,279.20
19/09/2011	January - April 2011	877,669.30
Total		1,272,948.50

Source: OASL-BRONG AHAFO REGION

Computations made by the Reconciler indicates that Asutifi South should have received GHS977,669 (based on the royalties paid by Newmont Ghana Gold Ltd of GHS8,727,255.84 and GHS11,428,276.55 for January 2011 and April 2011 respectively), instead of the 877,669.30 paid by the OASL.(See Appendix 6)

TABLE 8:3.3 WESTERN REGION

DATE RECEIVED	PERIOD COVERED	AMOUNT(GHS)
11/03/2011	August -October 2010	2,479,633.43
19/09/2011	January April 2011	4,095,550.18
Total		6,575,183.61

Source: OASL- WESTERN REGION

8.4.1 TRANSFER OF ROYALTY FROM REGIONAL OASL TO MUNICIPAL/DISTRICT

ASSEMBLIES-2011.

ASHANTI REGION:

Table 8.4.1: Amount due to District/Municipal Assemblies from royalty paid by Anglogold Ashanti Ltd-2011

District /Municipal Assembly	March 2010 release GHS	September 2010 release GHS	Total (GHS)
Amount due from release			
OBUASI MUN1ICIPAL	108,466.51	225,269.34	333,735.85
ADANSI SOUTH	30,990.12	64,362.03	95,352.15
ADANSI NORTH	15,495.06	32,181.01	47,676.08
BEKWAI MUNICIPAL	15,058.43	31,274.20	46,332.64
AMANSIE CENTRAL	27,965.41	58,080.13	86,045.53
Total	197,975.54	411,166.72	609,142.25

Source: OASL ASHANTI REGION

APPENDIX: 2 D

MEMORANDUM

TO: CHIEF INSPECTOR OF TAXES (REVENUE)

FROM: DISTRICT ACCOUNTANT (KINBU)

SUBJECT: ROYALTY COLLECTION FOR THE MONTH OF APRIL, 2010

DATE: 30TH APRIL, 2010

NAME OF COMPANY

GOLD RECOVERY GHANA

OLANA GH LTD

MYROC SALT INDUSTRIES

CHIRANO GOLD

MANSCO QUARY LTD

TOTAL

REGION

Greater Accra

Western

Greater Accra

Western

Eastern

MONTH

APRIL

AMOUNT GH¢

38,409.24

12,986.58

356.73

2,239,187.76

4,000.00

2,294,940.31

Prepared By: Joyceline Asiedu-Yeboah

Checked By: District Accountant

Approved By: District Manager

D.C. (RPM)

ATC (Financial)

APPENDIX: 2 C

DETAILS OF ROYALTY PAYMENTS – APRIL 2010

REGION	COMPANY	AMOUNT	TOTAL
BRONG AHAFO	Newmont Ghana Gold Ltd	5,534,331.89	5,534,331.89
ASHANTI	Anglogold Ash. (Obuasi) P. W. Ghana	4,837,702.25 24,196.00	4,861,898.25
WESTERN	Goldfields Ghana Ltd Abosso Goldfields Ltd Ghana Bauxite Co. Ltd Golden Star Bogoso Pres Golden Star (Wassa)Ltd Ghana Manganese Comp Anglogold Ash (Iduapriem) Prestea Sankofa Golf	8,139,368.75 2,592,633.34 261,279.37 2,562,518.37 2,224,343.64 825,775.43 1,343,681.47 290,047.20	18,239,647.57
GT. ACCRA	CP Concrete Products Panbros Salt Industries Ltd	23,702.38 10,000.00	33,702.38
OTHERS			
TOTAL		28,669,590.09	28, 669,580.09

Table 8.4.2: Royalty disbursement due /Amount paid by OASL in 2011.

District Assembly	Amount due	Transfer from OASL-ASHANTI(GHS)
Obuasi Municipal	333,735.86	306,449.33
Adansi South	95,352.15	87,556.95
Adansi North	47,676.08	43,778.48
Bekwai Municipal	46,332.64	42,544.57
Amansie Central	86,045.53	79,011.34

Source: OASL-Ashanti Region/Compilation by Boas & Associates.

Obuasi Municipal Assembly should have received GHS 225,269.34 instead of the GHS197,982.89.

Total disbursement for the September payment should be GHS 411,166.72 instead of GHS 361,364.41(See Appendix 6)

BRONG-AHAFO REGION.

Table 8.4.3: Amount due to Asutifi District Assembly/Amount paid by OASL-2011

Releases from OASL in 2010	Amount Due (GHS)	Amount paid by OASL (GHS)
March 2011	395,279.74	395,279.70
September 2011	997,698.84	877,669.30

Source: OASL BRONG-AHAFO REGION

For the release of 30/9/11 transfer to Asutifi District Assembly which relates to the period January to April 2011 appears to have reduced.

Whereas the OASL paid an amount of GHS 877,669.30, the Reconciler's computations indicate that an Amount of GHS 997,698 should have been paid (seeAppendix 6B2).

WESTERN REGION

Table 8.4.4 Disbursement from OASL to District /Municipal Assemblies-2011

District/Municipal Assembly:	Amount Due GHS	Amount paid by OASL GHS
Prestea Huni Valley	1,616,179.30	1,558,575
Mpohor Wassa East	234,315.11	213,726
Tarkwa Nsuem	1,345,857.84	1,340,191
Bibiani/Ahwiaso Bekwai	213,831.48	218,876
Total	3,493,630.77	3,331,368

Source: Western region OASL/Boas & Associates compilation.

Appendix 2 B

TO: CHIEF INSPECTOR OF TAXES (REVENUE)
FROM: DISTRICT ACCOUNTANT (KINBU)
SUBJECT: ROYALTY COLLECTION FOR THE MONTH OF JANUARY 2010
DATE: 31ST JANUARY 2010

NAME OF COMPANY
Mansco Quarry Ltd
Myroc Salt Industries Ltd
Massey Stone (GH)Ltd
Massey Stone (GH)Ltd
Shenyng Salt Ind. Comp
Shenyng Salt Ind.
TOTAL

REGION
Eastern
Greater Accra
Greater Accra
Greater Accra
Greater Accra
Central
Central

MONTH
JANUARY
"
"
"
"
"

AMOUNT GH¢
5,502.08
985.50
261.00
72.00
2,833.00
5,000.00
15,653.58

Prepared By: Joyceline Asiedu-Yeboah
Checked By: District Accountant
Approved By: District Manager

02 JUN 2010
PAIC
OFFICE OF THE DISTRICT ACCOUNTANT
KINBU

Appendix 2(A-K): MONTHLY ROYALTY PAYMENTS

DETAILS OF ROYALTY PAYMENTS – JANUARY 2010 (REVISED)

REGION	COMPANY	AMOUNT	TOTAL
ASHANTI	Anglogold Ashanti	4,619,763.65	4,619,763.65
BRONG AHAFO	Newmont Ghana Gold Ltd	6,241,253.49	6,241,253.49
WESTERN	Goldfields Ghana Ltd	8,102,980.20	
	Abosso Goldfields Ltd	2,142,986.53	
	Ghana Bauxite Co. Ltd	128,503.96	10,374,470.69
GT. ACCRA	CP Concrete Products	8,899.27	
	Panbros Salt Industries Ltd	15,000.00	23,899.27
OTHERS			
TOTAL		21,259,387.10	21,259,387.10

8.5 UTILIZATION OF MINERAL ROYALTY RECEIPTS.

Table 8.5.1: Obuasi Municipal Assembly: Utilization of Mineral Royalty Receipts (2011)

No.	Details	Expenditure(Amount)GHC)
1	Rehabilitation of 4 unit classroom block at Pomposo.	56,063.58
2	Rehabilitation of 6 unit classroom block at Boate	61,290.27
3	Supported the construction of 8 unit classroom block at Boate	25,000.00
4	Rehabilitation of a 6 unit Classroom Block at New Nsuta(Support)	25,000.00
5	Rehabilitation of 6 units Classroom Block at Estate Presbyterian JHS.	89,883.11
6	Scholarships	40,850.00
7	Waste Management	129,741.46
	Total	427,828.42

Source: Obuasi Municipal Assembly

8.6 ROYALTY LODGEMENTS AND EXPENDITURES FROM THE MDF ACCOUNT IN 2011

Appendix 7 shows royalties paid into MDF account at Bank of Ghana by Controller and Accountant General and monies expended from the account in 2011.

Total lodgments into the MDF account in 2011 amounted to GHS16.080 million with GHS9.230 million as withdrawals for mining sector expenditures.

The expenditure analysis indicates that GHS 889,714 was spent on salaries and salary related expenditures on a distressed mining company, GHS 8.341 million on developmental and service activities of mining sector agencies and institutions with GHS 31.00 spent on incidental expenses.

9.0 CHALLENGES IN IMPLEMENTATION

Ø The 2010/2011 encountered a lot of challenges. The major challenge was the provision of relevant data. Since the entire reconciliation exercise hinges on data obtained from participants, the acquisition of data is on the critical path of the process. Any delay affects significantly the timely completion of the exercise.

Ø The high turnover of staff within the Mining companies also posed a lot of challenges. Staff members with understanding of the process left the employment of their companies in the middle of the process. Mining Companies are advised to open up the EITI process to more staff members in functional areas that provide inputs for the reconciliation process.

Ø Another challenge was the timing of the exercise. It is recommended that as much as possible the last three months of the calendar year should be avoided since during that time, participants are usually engaged on various audit activities in fulfillment of company's statutory requirements. As such EITI requests are oftentimes placed on secondary priority.

Ø The SAP IT solution did not provide the anticipated impetus. It is recommended that its contribution be reviewed as it has the potential to reduce the reporting period.

Appendix 1: TERMS OF REFERENCE:

The terms of reference for the assignment are as follow:

Under the terms of reference for the assignment the obligations of the aggregator shall include the following: For the mining sector,

The Aggregator shall perform both process and financial audit.

The Aggregator shall analyse the historical documentation on production, exports and payment of royalties for minerals produced in the country.

In carrying out his mandate the Aggregator shall have access to the company's lease, stability or development agreements with government.

More specifically the Aggregator shall undertake the following activities:

1. Analyze the documentation on production, exports, payments and receipts from solid minerals in the country for the period 2010 and 2011.
2. Review feasibility reports of Mining Companies in order to compare projected production with the actual production.
3. Where applicable, check if quantities of solid minerals declared are in conformity with the declarations made to the regulatory institution and as captured in the refinery certificates.
4. Review the capital investment made by the companies in order to assess the actual amount of the investment and determine if the amortization and depreciation declared are correct and do not unduly reduce the amount of taxable profit of the mining companies.
5. Check the correctness of the computation of payments, in order to determine the appropriateness of the revenues received as mineral royalty, dividends, tax on profit property rate, ground rent and mineral rights.
6. Analyzed all tax deduction claimed by the companies, to ensure that only legitimate claims have been made.
7. Scrutinize the payment made to District Assemblies, within the operational areas of the mines.
8. Reconcile the data so collected to ascertain, where applicable, if there is any disparity between the government's reported template and the aggregated companies reporting template and make appropriate recommendations to deal with the disparities.
9. Review financial statements of companies and institution for consistency. Specifically, for companies, the aggregator shall review company capital investments and operating costs.
10. The aggregator shall report on amount accruing to the Minerals Development Fund and how the funds have been utilized.

10.0 OBSERVATIONS AND SIGNIFICANT FINDINGS.

10.1 Reporting Currency in Reconciliation Exercise:

The GRA has requested mining companies to pay royalty and corporate tax in US dollars. Although the receipts provided by the GRA are all in cedis, most of the mining companies provide templates with US\$ as the reporting currency.

The GRA provides receipts in cedis for dollar payments. Some companies are unable to provide amounts paid in cedis. This creates unnecessary discrepancies and delay reconciliation exercise.

10.1.1 Recommendation:

In order to avoid discrepancies created by currency translations it is important that the companies provide figures in cedis as found on the receipts provided by the GRA. The GRA should also endeavor to keep records of all US dollar payments by companies.

-The GRA'S request to companies to make payments in US dollars may necessitate reviewing the currency for EITI reporting.

10.2 Submission of additional information by participating companies.

Participating companies were willing to provide information on payments made to government on the revenue streams. However they appear reluctant to provide details on production costs and other information required to fully meet the terms of reference.

Undue delays arise from waiting for such information. The reconciler, due to time constraints had to conclude the report without the provision of the relevant information.

10.2.1 Recommendation:

The Steering committee should deliberate with representatives of the participating companies on the need to provide additional information other than payments to the government.

The terms of reference may be amended in accordance with the outcome of such interactions.

10.3 Mineral Royalty:

Mineral royalty, which is a production based tax is paid quarterly. In the years 2010 and 2011, some companies such as Goldfields Ghana Ltd, Abosso Goldfields Ltd and Newmont Ghana Gold Ltd, paid royalties more than four times. For example in 2011 Newmont Ghana Gold Ltd paid royalty on eight separate occasions.

Whilst the frequency of payments in the case of Newmont Ghana Gold Ltd may have resulted from its decision to pay royalties on monthly basis, it was not clear the reasons

behind the payments by Gold Fields Ghana Ltd and Abosso Goldfields Ltd.

The consequence is that it was a challenge establishing whether the correct amounts have been made. This is because royalty payment is based on production. Without specific periods of payments indicated, matching production against royalty proved challenging.

Additionally companies may result in splitting the payment of royalties.

10.3.1 Recommendations:

It is very important to establish the frequency of payment of royalty. The regulations on royalty payment that sought to introduce monthly royalty payments should be implemented. This will ensure transparency.

With the ageing mines experiencing negative growth, it signals a potential national output slump if strategic investments and decisions are not made now.

10.4 Hedged Prices.

The issue of payment of royalties on hedged gold sales appears to be persisting. An example is Adamus Resources which have posted consistently reduced incomes resulting from hedge prices from July to Dec 2011. See below.

Table 10.4.:Adamus Resources hedge and spot price analysis

DATE	GOLD (OZ)	HEDGE	SPOT	DIFF(\$)	ADD REVENUE	ADD ROYALTY(\$)
7/7/11	543.24	1074.03	1527.8	453.77	246,508.28	12,325.41
13/7/11	1500.00	1074.10	1571	496.9	745,350.00	37,267.50
3/8/2011	1000.00	1074.31	1621.75	547.44	547,440.00	27,372.00
3/8/2011	1000.00	1074.29	1621.75	547.46	547,460.00	27,373.00
8/8/2011	1733.25	1074.4	1702.6	628.2	1,088,833.30	54,441.67
24/8/11	1000.00	1074.72	1702.6	627.88	627,880.00	31,394.00
6/9/2011	350.41	1061.39	1831.75	770.36	269,944.16	13,497.21
14/9/11	917.08	1061.37	1831.75	770.38	706,502.40	35,325.12
Total					4,779,918.15	238,995.91

Source: Adamus refinery returns/Boas compilations.

APPENDICES

11.0 CONCLUSION

- The reconciliation report for 2010 and 2011 produced some discrepancies that should be investigated further. Absolute discrepancies for 2010 and 2011 were GHS 47,460,012 and GHS 202,828,263 respectively. Unresolved discrepancies amounted to GHS -5,080,964 and GHS 9,113,673 in 2010 and 2011 respectively.
- Due to time constraints, the reconciler was unable to resolve all the discrepancies produced. The companies and Government Agencies have been asked to produce further details to assist in the resolution of the discrepancies.
- Corporate tax payments exceeded mineral royalty in 2011. This is very significant as it may mark the end of the initial investment recovery periods for major producers such as Newmont Ghana Gold Ltd. The implementation of the Internal Revenue (Amendment) Act, 2012 ACT 839, which abolishes the 80% first year capital allowance and also deals with ring fencing matters may further improve the collection of corporate tax.
- Regulations on payment of mineral royalty need to be addressed. On the implementation of the EITI process, stakeholders should discuss in detail the way forward especially with regards to the provision of relevant data for reconciliation.

-
- i Adamus Resources Ltd commenced production in the fourth quarter of 2010. First payment of royalty was in 2011.
 - ii Operating cost determination may vary among companies
 - iii Shareholding percentage as 31st December, 2010.
 - iv Amount due is computed using payments made to the GRA by mining companies. It may be different from the releases to the OASL.
 - v Sharing ratio revised in December 2010 after payment.

As indicated above, in the 3rd quarter 2011, about \$ 238,995 was lost through gold hedging. Adamus Resources Ltd did not indicate any royalty payments for silver by-product associated with gold production in 2011.

10.4.1 Recommendation:

The GRA is requested to review Adamus royalty payments and also ensure that royalty payments by all companies take the spot price into consideration.

Silver revenue should also be included in the computation of royalty.

10.5 Transfers in Tranches:

Some regional offices of the OASL did not transfer in full amounts due to District Assemblies. For example the Brong-Ahafo regional OASL office received a transfer of royalty from the head office on 15/2/2010. However Asutifi District was paid in two tranches of GHS 263,394.48 and GHS 278,926.85 on the 2/3/2010 and 1/4/2010 respectively.

10.5.1 Recommendation:

District Assemblies should be paid in full and immediately when funds are received from Accra. Amounts due to District Assemblies should not be paid in tranches.

10.6 Omission of Funds:

During the disbursement of funds to District Assemblies, some of the receipts are left out. This means the District Assemblies don't receive funds on timely basis. For example the transfer of March 2011 was for royalties paid from August-October 2010. The next transfer in September related to royalties paid in January-February 2011. Thus payments for November and December 2010 were omitted. Meanwhile several companies including Ghana Bauxite Ltd, GSR(Wassa)Ltd, GSR(Prestea/Bogoso) and Ghana Manganese Ltd made royalty payments in November 2011. Thus District Assemblies that receive royalties from these companies shall be denied funds for that transfer.

10.6.1 Recommendation

When disbursing royalties, it is important to include all the months. This should be irrespective of whether it is the end of the quarter or not. This will ensure that payments made by companies outside the designated months are captured. The GRA should ensure that companies do not pay royalties outside the stipulated months by applying the necessary sanctions. The GRA indicated during interactions that it had already taken notice of the anomaly and is working on it.

10.7 Utilization of Mineral royalty receipts.

Waste management still takes a significant portion of royalty utilization.

In 2010 waste management accounted for 40% of royalty utilization in Obuasi.

Although in 2011 waste management was 30% of royalty expenditure, it was still significant.

10.7.1 Recommendation:

Guidelines for the utilization of royalty receipts by District Assemblies should be implemented as early as possible. This will ensure that District Assemblies do not spend substantial amounts of royalty receipts on recurring expenditure such as waste collection.

10.8 Corporate Tax:

In computing corporate tax payable, Adamus Resources separated its pre-production costs into losses carried forward and plant and machinery costs that qualified for capital allowance:

The Mining and Minerals Act(section 28) stipulate that 'the holder of a mining lease is entitled to the capitalization of expenditure on reconnaissance and prospecting approved by the Minister on the advice of the Minerals Commission where the holder starts development of a commercial find.

10.8.1 Recommendation:

Companies commencing exploitation of minerals should be made to capitalize all exploration and development costs and amortize over five years i.e. 20% per annum. Allowing losses to be carried forward separately before capital allowances are set off against profits may result in prolonging the time for payment of corporate tax.

10.9 Mineral Development Fund

There seems to be significant improvement in royalty transfers to the Fund compared to the recent past. Inflows into the account in 2010 and 2011 exceeded outflows from the Fund. Some lodgments appear not to be tailored to royalty transfer made into the account as was the practice in the recent past.

The Ministry of Lands and Natural Resources which is supposed to have the oversight and monitoring role over the state agency managing the Fund currently plays the role as spending agency. This creates supervisory and monitoring challenges to the Ministry. Sometimes it becomes difficult to track expenditures made from the Fund to the source documents in the accounting books of the Ministry. This is because funds are sometimes

transferred in bulk from the MDF account to the Ministry's subsector account for onward disbursements to mining sector beneficiary agencies and institutions.

Moreover, since the Ministry has no signatory authorization to the MDF account at Bank of Ghana it becomes difficult for it to request for MDF bank account statement from the Bank of Ghana for reconciliation purposes.

10.10.1 Recommendation

To ensure effective monitoring and supervision of the Fund, an interim oversight agency should be appointed to run the Fund prior to the appointment of a substantive Fund Manager. This will enable the sector Ministry to play its supervisory and monitoring role effectively during this period of transition.

