

Sierra Leone Extractive Industries Transparency Initiative (SLEITI)



DATA RECONCILIATION SERVICES

(Grant No: TF093541-SL)

First Sierra Leone EITI Reconciliation Report

Final Report

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SUBMITTED BY:

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List of Acronyms

Abbreviation	Description
ADF	African Development Fund
BSL	Bank of Sierra Leone
CC	Chiefdom Councils
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CMP	Core Mineral Policy
DC	District Councils
DACDF	Diamond Area Community Development Fund
DFID	Department for International Development
EITI	Extractive Industries Transparency Initiative
GGDO/NRA	Government Gold and Diamond Office
GoSL	Government of Sierra Leone
IMF	International Monetary Fund
MDA	Ministries, Departments and Agencies
MFED	Ministry of Finance and Economic Development
MMR	Ministry of Mineral Resources
MPPA	Ministry for Presidential and Public Affairs
MSG	Multi Stakeholders Group
NASSIT	National Social Security and Insurance Trust
NRA	National Revenue Agency
PAYE	Pay As You Earn (Employee Taxes)
PBC	Prepared by Client
PS	Permanent Secretary
RDF	Revenue Development Foundation
R/N	Receipt Number
SLEITI	Sierra Leone Extractive Industries Transparency Initiative
SLPA	Sierra Leone Ports Authority
UNDP	United Nations Development Program

Foreword

Since the discovery of minerals in Sierra Leone in the 1930s, the majority of Sierra Leoneans have not benefited as much as they could, rather, few individuals have always benefited from them and in the most astonishing way, they fueled and sustained the eleven-year war.

The publication of Sierra Leone's first EITI Reconciliation Report is reckoned as one of the series of reconciliation reports intended to address the issues of transparency and accountability that have plagued the extractive sector for decades in Sierra Leone.

The Report has far reaching findings and recommendations which should be addressed with determined effort to the extent of removing all seepages so that the greater majority could benefit from the resources whilst at the same time ensuring that concrete steps are put in place for the judicious use of the mineral wealth for the benefit of generations yet to come.

The process leading to the production of this report has not been easy but with our resolve as a Multi-Stakeholder Group, the obstacles remain things of the past. The report focuses on large scale Mining Companies, major Dealers/Exporters and Government Ministries, Departments and Agencies including some District and Chiefdom Councils. Subsequent reports will include the oil sector, which has the potential to generate more revenues.

As a nation emerging from the throes of war, the EITI process will go a long way in averting some of the factors that precipitated it and ensuring good governance practices.

Joseph M. Koroma,

Minister for Presidential and Public Affairs and Minister for Fisheries and Marine Resources



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March 8, 2010

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

Dear Committee Members,

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

As Sierra Leone moves past the legacy of a brutal war impacting citizens and infrastructure, the effort for transparency and democracy becomes more critical. Partaking in the EITI process is an important step and we commend the SLEITI Multi-Stakeholder Group (MSG) for all of its efforts.

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

We independently performed our tasks as reconcilers. The views expressed in this report are ours and in no way reflect the MSG's opinion. This report serves as an opportunity to promote growth and stability based upon lessons learned and to utilize the recommendations to improve transparency and infrastructure of both government and organizational accountability and reporting.

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

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

Sincerely

A handwritten signature in blue ink, appearing to read "Mariama Levy".

Mariama Levy, President & CEO, Verdi Consulting

1. Executive Summary

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

In June 2006, Sierra Leone expressed intent to become an EITI candidate country. It became a candidate on February 22, 2008 and established The Sierra Leone EITI Multi-Stakeholder Group, comprised of mining companies, government agencies and citizen advocacy groups, including the media.

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

For this reconciliation, the MSG originally selected six Industrial Mining Companies, three diamond Exporter/Dealers and twenty seven Government institutions, referred to as Ministries, Departments, and Agencies (MDAs) (which was comprised of six government agencies, seven District Councils and 14 Chiefdom Councils) to be subjected to the reconciliation. After the reporting process commenced, the MSG requested all Chiefdom Councils to submit reports on receipts related to mining activities and requested inclusion of these reports in the reconciliation process if corresponding payments were reported by mining companies or dealers and exporters covered by the reconciliation.

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

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

Payments: total reconciled payments reported by Companies for 2006 was \$5,947,732 and Le5,040,532,638 (Total payments converted equates to Le22.7 billion* or \$7.7 million); and for 2007 was \$8,154,974 and Le6,924,436,631 (Total payments converted equates to Le31.3 billion* or \$10.6 million)

Revenues: total reconciled revenue reported as received by MDAs for 2006 were \$5,727,578 and Le4,524,753,182 (Total payments converted equates to Le21.5 billion* or \$7.2 million); and for 2007 was \$7,919,824 and Le6,808,606,723 (Total payments converted equates to Le30.4 billion* or \$10.2 million).

After reconciliation procedures were conducted and adjustments to the reported amounts were made, the unresolved discrepancies for 2006 were \$220,155 and Le515,779,456 (Total payments converted equates to Le1.2 billion* or \$0.4million); and for 2007 were \$235,151 and Le115,829,908 (Total payments converted equates to Le818 million* or \$0.3million).

The unresolved discrepancies of Le1,167,658,174 in 2006 and Le817,519,299 in 2007 represent discrepancies of 5.15% and 2.62% of total payments reported for 2006 and 2007 respectively. The main contributor of these discrepancies has been government entities failing to report revenue in their templates or the inability to substantiate payments reported by companies. In a few other instances some companies were unable to provide adequate supporting documentation for amounts reported as payments to government entities.

*Note: *Converted amounts based on an exchange rate of Le2,961=\$1 in 2006, and Le2,984 = \$1 in 2007 (obtained from annual report and statement of account for yearend 2007 of the Bank of Sierra Leone)*

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

Information published on the Ministry of Mineral Resources website indicates that approximately USD \$5.3 million was collected in 2006 as a result of diamond activity in Sierra Leone. Information provided to the International Monetary Fund (IMF) by the Government indicated revenue from diamond activity of approximately Le12,562m (\$4.2m*) and Le16,266m (\$5.5m*) in 2007 and royalty revenue of approximately Le 6,221m (\$2.6m *) in 2006 and Le6,156 (\$2,619,000*) in 2007. These citations were the only sources of information provided on resource related revenue, but they cover only a portion of the total amount of resource activity.

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

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

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

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

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

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

2. Introduction

2.1 Background

The Government of Sierra Leone (GoSL) maintains the rights to all mineral resources in the country, which primarily are diamonds, rutile, bauxite, gold and iron ore and Ilmenite (FeiO₃). The mineral sector in Sierra Leone is made up of three sub-sectors: a) large-scale production of non-precious minerals – rutile and bauxite; b) large scale production of precious minerals – diamonds; and c) artisanal and small-scale production of precious minerals – mainly diamonds, and to a much lesser extent, gold. The majority of mining is alluvial with the recent introduction of Kimberlite mining. However, the GoSL does not engage in any direct operational activity in the extractive sector but does regulate the sector through legislation and execution of regulation. To benefit from the vast mineral wealth of Sierra Leone the GoSL issues mining licenses and collects fees and taxes on mineral exports and mining proceeds.

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

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

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

Sierra Leone achieved candidate status in February 2008. A Multi Donor Trust Fund financed by supporting countries and managed by the World Bank provides financial and technical assistance for the implementation of EITI. The Ministry for Presidential and Public Affairs (MPPA) was charged with the responsibility of implementing the Sierra Leone EITI (SLEITI) in collaboration with a MSG (See Appendix A: Listing of SLEITI MSG) which is a coalition of government, civil society and company representatives. The EITI requires countries and companies that commit to participating in the EITI to periodically validate their progress in meeting the EITI

standards by submitting their performance for review by an independent third party. The goal of validation is to ensure that countries and companies comply with stated objectives and that the implementation program complies fully with the EITI Criteria and Principles. Central to the validation process is a report that reconciles payments by mining companies with relevant revenue received by government entities.

2.2 Objectives

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

2.3 Scope

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

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

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

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

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

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

2.4 Revenue Streams Applied

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

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

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

** NRA maintains a presence at MMR and officially collects payments for MMR transactions; There is no standardized process for collecting surface rents across the chiefdoms; ADF was paid to*

chiefdoms directly in some instances and others directly to MMR; and Freight levies are collected by multiple MDAs

2.5 Basis for Selection and Scope Limitations

- i. Defining materiality (in quantitative terms), revenue streams to be considered, and the sample entities (listed in Table 2-1) selected for the reconciliation, was the responsibility of the MSG as per EITI rules and policies. Further limitation on the scope of our engagement and report is determined include:
- ii. This report is based upon attestation of payments/revenue data, based upon specified Reporting Templates prepared and approved by the MSG. Verdi Consulting was not engaged to, and did not perform an audit, the objective of which would be the expression of an opinion on the specified elements, accounts, or items. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported.
- iii. The data reported are from large-scale mining companies selected by the MSG and does not include artisanal and small-scale mining companies. However, since the sales outlets for the small-scale artisanal diamond and gold operations are the Dealers and Exporters, the MSG considered it would be prudent to include the Dealers and Exporters, who could also provide information on their agents.
- iv. Our report includes information received up to February 22, 2010 (i.e. one day after our fieldwork). Any information subsequently received is not included in the reconcliation/resolution reported. However, Appendix E identifies data received after completion of fieldwork.

2.6 Reporting Guidelines

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

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

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

2.7 Sources and Contributions

Other sources of information considered in the report include:

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

3. Methodology & Approach

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

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

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

- Best practice analysis based on documentation obtained and researched, present an analysis or commentary on comparison of government reporting to the EITI report, with official public finance information in relation to the mining sector for best practice recommendations.
- Conclude and report upon completion of the reconciliation of all reports, provide necessary recommendations to improve EITI reporting, and specifically recommend ways for MDAs and Government to improve the financial accountability of extractive industries' revenues.

3.1 Review of Relevant Documentation

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

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

3.2 Review and Modification of the Reporting Templates

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

- Payment information - method of payments, receipts references, date(s) and sources of transactions;
- Revenue information – total revenue of mining companies and dealer/exporters;
- Fees/taxes information – applicable criteria, laws and agreements that form the basis of amounts paid; and,
- Supporting documentation—receipts, banking records, or other underlying documentation supporting the payments or revenues was requested.

3.3 Facilitate Key Stakeholders Workshop

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

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

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

During the workshop, discussion was centered on the selected mining companies' activities within the various mining chiefdoms to ascertain chiefdom council participation. In addition, attendees participated in a wide-range of discussions about the EITI agenda, its importance to increase transparency as well as clarifications on the reporting exercise scope.

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

3.4 Disseminate and Collect the Reporting Templates

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

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

Additional briefing sessions were also held for:

1. National Revenue Authority;
2. Ministry of Mineral Resources;
3. Kassim Basma; and
4. Hisham Mackie (H.M. Diamonds).

Collection of Reporting Templates

Collection of the completed Template was based on deliveries made directly to the Verdi Consulting team as required. However, prior to and after the deadline submission date of January 22, 2010 several follow-up visits were made to the participating entities in attempts to facilitate completed submission. Several Heads of the District Councils submitted completed Template for Chiefdoms within their Districts. Details of initial data collected (e.g. number of templates, schedules and supporting documentation, signature status, etc that were utilized to perform the reconciliation are presented in Appendix F and G.

3.5 Conduct Review of Submissions

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

- Submission was made by the due date of January 22, 2010;
- Submissions included templates, schedules and supporting documentation;
- Templates were signed by the reporting entities' management AND auditor or finance/accounting official;
- Templates contained complete header information [license #, acquisition #, type of license(s), duration of license(s), expiry date(s) of license(s) and where applicable location of leased area, total annual revenue, type(s) of mineral(s), number of exporter's agents and number of dealer's agents for the company being reported;
- Templates contained complete payment information [explanatory notes, basis of tax/fee paid, payment from, total amount - currency (US\$), total amount - currency (Le), method of payment(s), payment reference number, date(s) of payment(s) and location(s) of transaction for the company being reported;
- Separate Templates were provided for each year of the reconciliation 2006 and 2007; and,
- For MDA submission, separate Templates were provided for each mining company/dealers/exporter for which payment(s) were received.

3.6 Perform Data Reconciliation

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

- Perform data clean up (e.g. validate data presented, propriety of transactions, etc) and load data in database;
- Run reconciling queries; identify discrepancies (e.g. inconsistencies, incompleteness, invalid data, etc.) between MDAs and mining Companies submissions and document findings of result;
- Examine supporting documentation to determine the root cause any inconsistent, missing or incomplete data;
- Inquire from both government entities and companies to reconcile the inconsistencies revealed. For instance, in any case where discrepancies are found, in order to reconcile those discrepancies, we requested copies and used the available resources to get the relevant supporting documents and undertake necessary researches to reconcile the discrepancies or draw necessary conclusions to be included in the report.
- Record final reconciled amounts and comment on materiality or immateriality of inconsistencies.

3.7 Business Process Assessment

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

3.8 Best Practice Analysis

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

4. Findings and Observations

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

4.1 Findings

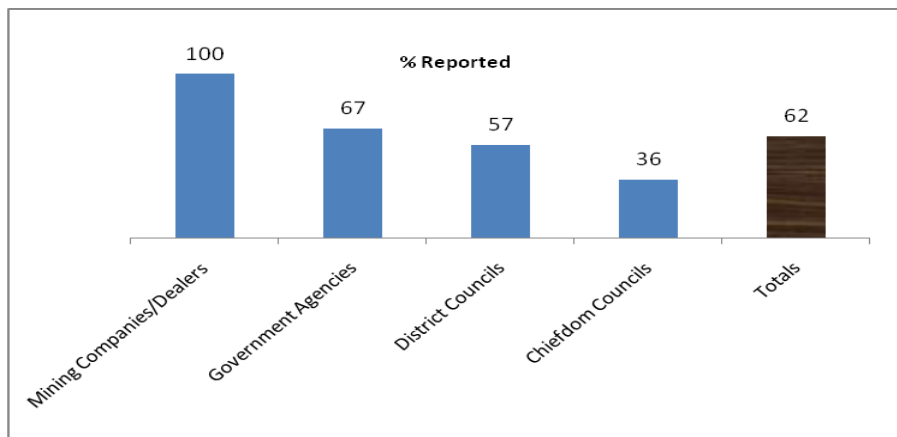
4.1.1 Submission rate from participating entities

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

22 entities (i.e. 62%) of the originally selected sample entities participated in completing and/or submitting Templates/data as required. Details of submission rate are provided in Figure 4-1.

14 MDAs, representing the remaining 38 %, did not participate in the reconciliation as it was determined (by the MSG from a stakeholders session), that since either the entities did not receive payments directly from the mining Companies selected for the reconciliation or did not have revenue from selected categories relating to mining activities within reporting period (2006 and 2007), they were exempted from the reporting.. See Appendix G for list of entities (noted*). We were only able to obtain substantiating documentation from two MDAs (Bank of Sierra Leone, the Ministry of Finance and Economic Development, who don't receive payments directly from Mining Companies. No further documentation /confirmation was received from the remaining 12 MDAs (District and Chiefdom Councils) initially included in the scope.

Figure 1: Submission rate by selected entities



4.1.2 Timeliness of reporting

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

Table 4-1: Timeliness of reporting by selected entities

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

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

4.1.3 Accuracy and comprehensiveness of data reported

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

- **Completeness:** some information requested were not completed as required. These include supporting schedules; supporting documentation/receipts; and total annual revenue.

¹ Indicates entities that may not have activities reported within period of reconciliation

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

4.1.4 Initial analysis and comparison

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

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

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

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

Revenue Stream	Company Reported		MDA Reported		Variance	
	USD	Le	USD	Le	USD	Le
2006	7,162,250	23,441,133,425	5,643,947	3,447,806,183	(1,518,303)	(19,993,327,241)
Agricultural Development Fund	81,291	102,800,000	0	134,300,000	(81,291)	31,500,000
Alluvial Diamond exporters license	83,000	0	80,000	0	(3,000)	0
Corporate tax	71,728	0	0	211,181,813	(71,728)	211,181,813
Customs Duties	639,375	1,014,763,556	245,313	738,390,624	(394,062)	(276,372,932)
Diamond Exporter Agent	35,000	13,200,000			(35,000)	(13,200,000)
Mining lease	602,680	0	579,396	0	(23,284)	0
Mining License	844,235	0	787,045	0	(57,190)	0
NASSIT Payments	0	2,783,618,595			0	(2,783,618,595)
Other	0	880,876,301	0	137,407,336	0	(743,468,965)
Royalty	4,323,577	0	3,897,625	0	(425,952)	0
Surface rent	481,364	16,104,290,260	54,568	1,004,573,684	(426,796)	(15,099,716,576)
Taxes from employees (PAYE)	0	2,502,802,812	0	1,197,744,340	0	(1,305,058,472)
Withholding Tax	0	38,781,900	0	24,208,386	0	(14,573,514)

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

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

4.1.5 Adjustments to initial data

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

Errors of omission represented the largest monetary share of adjustments made. These types of errors were more common among the MDAs indicating amounts originally not reported in the RT. Errors of omission were typically made by MDAs not reporting transactions made by Company.

Revenue source out of scope was an issue with companies reporting NASSIT payments (social security insurance contribution) to NASSIT agency, which was out of scope of MDAs selected. These payments were adjusted out without further documentation or support.

MDAs not in scope were reported by several of the companies. These payments were adjusted out without further documentation or support. These MDAs included the Maritime Authority, Ministry of the Lands and the Environment, Chiefdoms and Districts (e.g. Dasse Chiefdom, Lower Banta Chiefdom, and Bumpeh Ngao Chiefdom).

Accrual accounting presented a particular issue for companies' payment data. Often companies would report the payment when they accrued the expense; however, the payment was not made until the next fiscal year.

Payments to private landowners were reported by several of the companies, these payments were adjusted out without further documentation or support.

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

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

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

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

4.1.6 Reconciled amounts

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

Payments: total reconciled payments reported by Companies for 2006 was \$5,947,732 and Le5,040,532,638 (Total payments converted equates to Le22.7 billion* or \$7.7 million); and for 2007 was \$8,154,974 and Le6,924,436,631 (Total payments converted equates to Le31.3 billion* or \$10.6 million)

Revenues: total reconciled revenue reported as received by MDAs for 2006 was \$5,727,578 and Le4,524,753,182 (Total payments converted equates to Le 21.5

billion* or 7.2 million); and for 2007 was \$7,919,824 and Le6,808,606,723 (Total payments converted equates to Le30.4 billion* or \$10.2 million).

After reconciliation procedures were conducted and adjustments to the reported amounts were made, the unresolved discrepancies for 2006 was \$220,155 and Le515,779,456 (Total payments converted equates to Le 1.2 billion* or \$0.4 million); and for 2007 was \$235,151 Le115,829,908 (Total payments converted equates to Le818 million* or \$0.3 million).

*Note: *Converted amounts based on an exchange rate of Le2,961=\$1 in 2006, and Le2,984 = \$1 in 2007 (obtained from annual report and statement of account for yearend 2007 of the Bank of Sierra Leone)*

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

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

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

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

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

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

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

4.1.7 Unresolved discrepancies

At the completion of our fieldwork phase and the reconciliation exercise on February 19, 2010, the unresolved discrepancies for 2006 amounted to \$220,155 and Le515,779,456 (*Le1.2 billion or \$0.4 million); and for 2007 amounted to \$235,151 Le115,829,908 (*Le818 million or \$0.3 million). While each unresolved item had its own nuance, we were able to categorize the key issues as follows:

*Note: *Converted amounts based on an exchange rate of Le2,961=\$1 in 2006, and Le2,984 =\$1 in 2007 (obtained from annual report and statement of account for yearend 2007 of the Bank of Sierra Leone)*

Custom duties - government entity (NRA) did not substantiate all amounts reported by companies (e.g. Koidu Holding, Sierra Rutile, London Mining) or could not provide adequate documentation to support amount reported;

Diamond Exporters Agent - government entity (NRA) did not substantiate amounts reported by company (Kassim Basma & Hisham Mackie) and failed to report revenue in the Template;

Mining Lease - government entity (NRA/MMR) did not substantiate amounts reported by company (e.g. Sierra Rutile, Koidu Holdings S.A, African Minerals) and failed to report revenue in the Template;

Royalty - government entity (NRA/MMR) did not substantiate amounts reported by company and failed to report revenue in the Template;

Surface Rents - government entity (Chieftdom Councils) did not substantiate amounts reported by companies (e.g. African Minerals, London Mining, Koidu Holdings S.A); Chieftdom Councils not available to provide adequate information on specific companies from which revenue was received;

Taxes from employees (PAYE) – both government entity (NRA) and companies (Kassim Basma, African Minerals) could not independently substantiate either their amounts reported or provide adequate support documentation; government entity also failed to revenue in Template in other instances

Withholding taxes - government entities (NRA and Chieftdom Councils) did not substantiate either their amounts reported or provide adequate support documentation; company (Kassim Basma) did not substantiate payments made to government entity; African Minerals could not independently substantiate payment reported;

Corporate tax - company (Kassim Basma) did not substantiate payment amounts reported; government entity (NRA) failed to report full revenue amount in the Template;

Agricultural Development Fund - company (Koidu Holdings S.A) reported additional payment but government entity (Chiefdom Councils) did not substantiate amounts reported; government entity (MMR) did not substantiate amounts reported by company;

Other (Immigration Fees) - government entity (NRA) did not substantiate amounts reported by company (Koidu Holdings S.A, Kassim Basma) and failed to report revenue in the Template;

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

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

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

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

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

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

4.1.8 Additional result analysis of payments/revenues

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

MDA revenue received - In general, the reconciled revenue benefits reported as received by government entities is lower than payments reported by companies. From the table below, most of the payments from which the shortfall in amounts noted (both US Dollar and Leone transactions) for 2006 and 2007, came from Koidu Holding and African Minerals. Few transactions were also noted as amounts received by MDAs, which have not been substantiated by the companies (Kassim Basma, African Minerals).

Table 4-10: Summary of revenue benefits reported by MDAs for 2006

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

Table 4-11: Summary of revenue benefits reported by MDAs for 2007

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

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

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

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

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

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

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

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

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

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

Table 4-15: Amount of Company Payment reconciled

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

4.2 Observations

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

4.2.1 Data reliability

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

In the course of our reconciliation, we identified 9 instances totaling \$99,500 where verbal concurrence was provided to requests for supporting documentation based upon unresolved information initially received. Given that no supporting documentation was provided to identify the payments made, we have identified these separately in table below. These reconciling items are differentiated from un-reconciled items; un-reconciled items in this report are considered discrepancies where no concurrence was given, either verbally or in documentation.

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

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

4.2.2 Results comparison with reported national revenue activity

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

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

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

Table 4-17: Information on Diamond Activity

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

**Based on an exchange rate of Le2,961=\$1 in 2006, and Le 2,984 =\$1 in 2007 (obtained from annual report and statement of account for yearend 2007 of the Bank of Sierra Leone)*

Table 4-18: Information on Royalty Revenue

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

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

4.2.3 Lessons learned from reconciliation process

Chieftdom and District Councils receipt of revenue (ADF, surface rents; chieftdom development fund, Paramount Chief and landowners' fees

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

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

Moreover, accounting infrastructure and capabilities must improve at the local government level. Record keeping continuity must also improve.

Government Ministries/Departments receipt and recording of revenue transactions

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

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

companies reported payments in excess of the amounts initially indicated by the MDA. Some of the initial issues we identified that were later validated by the MDA, include but are not limited to:

- Koidu Holdings S.A reported a payment of \$177,728.96 USD made 10-Oct-2007 receipt # 0195487, however NRA failed to initially report this amount
- Koidu Holdings S.A provided receipts for 2006 for PAYE of receipt #0040744 for Le116,985,890.00 and receipt #0043305 for Le 102,136,495.00 in 2007 however NRA failed to initially report these amounts.
- London Mining indicated payments for “Customs duty on prospecting and exploration equipment” in 3 payments of January 16, 2007, Le 120,000.00; January 16, 2007, Le2,040,000.00 and March 9, 2007, Le46,448,055.34, however NRA failed to initially report these amounts.
- Hisham Mackie indicates paying an “Alluvial Diamond exporters license” for \$40,000.00 USD and a Certificate associated with the license for \$1,500.00 in 2006 NRA/MMR reported the \$40,000.00 USD, however MMR/NRA failed to initially report the \$1,500.00.
- Hisham Mackie indicates paying an "Alluvial Diamond Exporter's" agent fee of \$15,000.00 USD in 2006 however NRA failed to initially report these amounts.
- Sierra Rutile indicated a “royalty” payment made in 2007 on 6-9-07 for \$18,745.04 USD Receipt 0195464 however NRA failed to initially report these amounts.
- Sierra Minerals indicated a “Corporate Tax” payment of \$253,388.00 USD or Le749,368,671.20 Receipt # 0068866 for 2006 made 29-06-07 and \$79,545 USD or Le. 234,661,727.25 Receipt # 0068312 on 22-06-07. NRA did not report on this item.

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

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

Companies recording of payment transactions

We did not analyze mining companies' accounting systems and procedures , however we observed instances of miscoded accounts.

A Company mining under exploration licenses also showed zero revenue. It is our understanding that even under exploration licenses, extractive mining activity does take place, so some value must be attributed to the minerals mined and exported during this period.

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

5. Recommendations

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

5.1 Improve rate of participation from government entities

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

RECOMMENDATION: To promote accountability and transparency, we recommend a mandate requiring major government institutions receiving mining payments to complete the Reporting Template and relevant forms. In selecting MDAs, specifically District and Chiefdom Councils, we must consider those entities for which high level of mining operations are active in their region. Further credence should be given as to the materiality of reported revenue streams. This additional analysis ensures accurate collections and accounting for such. We consider this recommendation to be within the MSG's purview, with a near term implementation timeframe recommended.

5.2 The MSG should address unresolved reconciliation discrepancies

While the overall net discrepancies Le1,167,658,174 in 2006 and Le817,519,299 in 2007 represent discrepancies of 5.15% and 2.62% of the reported total payments, there were significant discrepancies in respect to reported payments and receipts concerning individual revenue streams as indicated in Tables 5-1 and 5-2 that may warrant further investigation. Total discrepancies for this report are Le1,985,177,473* or 3.68 % of the total payments.

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

*Note: *Converted amounts based on an exchange rate of Le2,961=\$1 in 2006, and Le2,984 =\$1 in 2007 (obtained from annual report and statement of account for yearend 2007 of the Bank of Sierra Leone)*

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

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

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

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

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

The MSG determined the reconciliation's scope by identifying select revenue streams, companies/dealers and government agencies. The MSG chose the mining sector and we were not a party to the discussions. The petroleum sector, while in its infant stage, was not considered despite its status as an EITI initiative sector. Sierra Leone also has natural resources in forestry and fisheries and could consider the Liberian model that included non-EITI sectors of mining, oil and gas in their reconciliation. Concerning the amount of companies chosen, the MMR website publishes a license holders list indicating a more comprehensive company list than reconciliation list. Our reconciliation noted additional revenue streams (e.g., NASSIT payments) that were not included. Expanding the revenue stream to include other revenue paid by companies to the government would improve transparency.

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

5.4 Address gaps and key issues in revenue collection business process

Within our findings, the NRA and other MDAs were not required to report revenues by company. The MSG reporting as well as any other financial reporting process must be based upon accurate resource accounting.. The international community believes that control and accountability requires a system of checks and balances to provide reasonable assurance of appropriately recorded/reported government transactions. Moreover this system ensures asset protection, established policies and economic and efficient resource allocation solely for intended purposes.. We identified numerous instances of inaccurate GoSL revenue reporting (i.e., under the wrong revenue account) or where GoSL did not initially report a specific transaction at all (e.g. company schedule indicated transaction date and receipt number, MDA schedule did not show the transaction). Participating companies' receipts provision that clearly identifies by name the proper revenue account evidenced these errors. In addition, we identified companies who provide supporting documentation that shows the payment indicated one revenue type, (e.g., withhold taxes) while the receipt indicated a different revenue code (e.g., PAYE). These inaccurate accounting practices not only increased the reporting burden and extractive industry revenue reconciliation, they also impair GoSL's ability to make informed decisions that impact new or existing extractive industry agreements.

RECOMMENDATION: NRA and other MDAs:

- Implement revenue collection internal controls based upon risk assessments and to periodically assess that the internal controls are followed. We suggest internal controls be implemented to include:
 - Perform and review weekly/monthly deposit reports
 - Adequate processes in place and followed to handle and deposit receipts
 - Perform and review monthly/quarterly activity reports and budget variance analyses and examine root causes and take corrective actions, if required
 - Independent random transaction verification and validation
- Eliminate the manual ledger entry and cash receipt process, streamline payment processing and automate its revenue collection. To accomplish payment automation, the Government of Sierra Leone should eliminate payments made directly to MDA agents and should utilize the central or commercial banks where direct payments are made to a bank account (which can be segregated by type of revenue) by the taxpayer and receipts provided by the bank. The taxpayer would provide a copy of the receipt as proof of payment to the MDA and retain the other. On a daily basis, the MDA can sum the receipts and use that summation as a basis for daily bank reconciliation. This facilitates both transparency for bank automated payments and eliminates potential for errors or fraud and creates a payment audit trail.

- At a minimum, implement subsidiary ledger basic accounting automation tools, either in MS Access or Excel, to facilitate collection and to report disaggregated revenue data by company and mineral and
- Implement other sound financial management accountability as detailed below.

These recommendations are outside the MSG's purview and require GoSL's full support. These recommendations require a medium to extended implementation timeframe.

5.5 Best practice to improve process

This sub-section presents internal and external best practices to the GoSL we can leverage to improve the overall EITI reporting process.

- ***Implementation of mineral rights administration***

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

A fully implemented cadastre system facilitates payments and ensures accountable revenues. Payments include processing fees, fund contributions, tax revenues, royalties, flat rate and variable license fees and also includes license lifestyle revenues. The revenue streams are collected and collated on a national level for both industrial and artisanal mining. At present the MCO owns a comprehensive list depicting the new mining license application procedure, the license fee as well as associated administrative costs. Moreover, all applications process are publicly available through a MCO request.

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

- 1) Mineral rights management, including artisanal and industrial prospecting, exploration and mining concessions and licenses.
- 2) Production reporting and monitoring;
- 3) Mining royalty fee and export tax management; and,
- 4) Revenue and license transparency, through a public web based portal and periodic hard copy sector reports.

RECOMMENDATION: MMR continues to fully implement the cadastre solution and use this system as the foundation for future MSG reporting. In addition, we believe

that similar tools should be developed for the NRA and other MDAs to facilitate other revenue collections to increase recording and reporting accuracy within the respective extractive industry. This recommendation extends beyond MSG's purview and requires GoSL's full support. This recommendation requires several months to implement.

- **Improve financial management accountability**

The reconciliation provides insight into public financial management and opportunities for Sierra Leone to adopt practices proven by other countries' governments facing similar challenges, particularly in revenue management. Beyond revenue management, a focus on resource driven economic issues would specifically benefit Sierra Leone.

One best practices reference source resource rich countries is the International Monetary Fund's (IMF) Manual on Fiscal Transparency (the Manual), as supplemented by the Guide on Resource Revenue Transparency (the Guide).

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

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

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

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

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

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

Sierra Leone should make public all contractual agreements, including its license terms

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

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

The conduct of this first reconciliation and report under EITI constitutes a significant achievement in advancing this practice. However, during the reconciliation period, government mineral extraction receipts were recorded in manual ledger books at various payment locations. Neither companies nor individuals were assigned unique taxpayer identification numbers. As a result, reconciliation reports and reconciliation procedures required a review of all entries in all revenue ledgers related to the taxpaying entity subject to reconciliation during the reporting period. As there was not necessarily a standard convention to identify companies in the ledger entries, this confusion adds complexity to revenue reporting and impedes efficient revenue administration.

RECOMMENDATION 1: Sierra Leone should establish a unique taxpayer identification number for each individual and legal tax and fee payer. This identifier would facilitate the revenue information collection in conjunction with resource revenues and timely and accurate public reporting. This recommendation is outside the purview of the MSG and requires GoSL's full support. This recommendation requires a short implementation period.

While Sierra Leone electronically executes and disburses budgetary items its automated financial management system does not manage public revenue collection. The system records aggregated daily collections but do not capture specific transaction level information on payments from taxpayers.. Inability to access transaction level data greatly impedes timely and accurate public resource revenue reports.

RECOMMENDATION 2: Sierra Leone should extend its automated financial management information system to cover all extractive government revenues.. This extension would facilitate timely and accurate reporting as well as to improve the revenue administration's ability to adhere to all of its revenue obligations. This recommendation is outside the purview of the MSG and requires GoSL's full support. Our recommendation requires an extended timeframe and substantial human and capital resources to implement.

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

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

Again, the conduct of the first EITI reconciliation and report demonstrates a step toward EITI compliance with the goal to provide transparent public information concerning public national resource benefits. However, as Sierra Leone refines and improves its revenue management, it must to make this information more readily available to the public. Sierra Leone should consider aggregate reporting of all extractive resources revenue activity in its annual budget documents and within its final accounts.

- **Inclusion of sub-national levels**

Sierra Leone did not initially include all sub-national levels of government in the scope of this reconciliation but subsequently decided to involve all of the Chiefdoms and

District Councils in the education and reporting exercise of the EITI reconciliation. Because the initial scope did not require companies to report all payments made at the sub-national level, it is not possible to reconcile reports of the Chiefdoms and District Councils as information is unavailable on both sides of the reported transaction. Nonetheless, the inclusion of these sub-national entities in this report establishes a commitment to emphasize transparency's importance and to comprehensive revenue reporting.

We reviewed the Chiefdoms' and District Councils' reports and there are no standard procedures to record and document resource revenue receipts and significant diversity remains within governing internal controls for payment receipt. This inconsistency creates data collection problems for all resource revenue receipts below the national level, as well as to verify reported information and to reconcile with company reported information.

Should Sierra Leone conduct future comprehensive EITI reporting and reconciliations, it must improve its reporting and documentation payment procedures as well as its governing internal controls.

The Report also addresses comparing government resource revenue receipts reports with official government finance information. The Report notes that "the requirement that governments report what they receive implies a consistency between government reporting to EITI and the official public finance information". This discussion parallels the good practice noted in the Guide on Resource Revenue Transparency, discussed above, that "the government accounting system or special fund arrangements should clearly identify all government resource revenue receipts and enable issuance of timely, comprehensive, and regular reports to the public, ideally as part of a comprehensive budget execution report".

Official government-wide resource revenue is not uniformly published or available at either the national or sub-national level. Our recommendation in the Section above is reinforced by the guidance provided in the Report.

RECOMMENDATION: Sierra Leone should aggregate all resource revenue activity reporting in its annual budget documents and its final accounts.. Our recommendation requires an extended timeframe and substantial appropriate human and capital resources to implement.

6. Conclusion

Sierra Leone demonstrated a solid commitment to EITI's reporting principles and to the reconciliation conduct. Beyond the immediate scope of those participating companies and MDAs, the MSG expanded this effort by education to sub-national bodies, specifically traditional Chiefdoms that receive payments from the mineral extraction sector. While their reports were not subject to final reconciliation, their inclusion in the training, familiarization with the EITI principles and emphasis on transparency's importance has laid a foundation for improvements in future reporting and revenue management at the sub-national level. Mining companies' participation was critical as their reporting formed the basis for identifying required government reported payments.

The reconciliation resulted in a final unresolved discrepancy of Le1,167,658,174 in 2006 and Le817,519,299 in 2007, which represents discrepancies of 5.15% and 2.62% of total payments reported for 2006 and 2007, respectively.

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

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

Appendix A - Listing of MSG Members

Table A 1: Listing of MSG Members

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

Appendix B - Listing of MDAs and companies covered

Table B 1: Listing of MDAs and companies covered

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

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

Appendix C - Blank Templates and Instructional Guide

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

Figure C 1 Large Mining Companies

TEMPLATE A - THIS TEMPLATE IS TO BE FILLED OUT BY LARGE SCALE MINING COMPANIES AND EXPLORATION AND EXPLORATION COMPANIES for payments made to MINES

NOTE: This template should be completed for the reporting period ending 31st December 2017. (2) Payments and detailed descriptions to paragraph 10

MINES LEGISLATIVE INSTRUMENTS TRANSPARENCY INFORMATION (SLEITI)

Name of Company: _____

License No (a)	Acquisition No (b)	Type of License (c)	Duration (d)	Entry date (e) of License (f)	Location of Licensed Area (g)	Total Annual Revenue (h)	Type (i) of Mineral mined (j)			
Report on payments made to specific Government Ministries, Departments or Agencies (DEAs) for the financial year ending 31st December.										
ID	TYPE OF PAYMENT	Government Ministry, Department or Agency (DEA) for the financial year ending 31 st December.	Details of how the total payment applies (e.g. collection, etc.)	Payment by (k)	Total Amount - Currency (L) (m)	Method of payment (n) (e.g. Bank Transfer, Cash, etc.)	Payment Ref # (o) (e.g. 12345678901234567890)	Date (p) of payment (q) (e.g. 2017/12/31)	Where was the payment made (r) (e.g. Office, etc.)	Comments/Additional Information (s) (e.g. for more details on the details of the payment)
01	TAXES AND FEES									
01	Corporate tax	To reconcile with the provisions in the Income Tax Act and various temporary provisions etc. % of chargeable business income.								
02	Apprenticeship Development Fund	Amount paid as a percentage of revenue generated by sales of minerals produced per year, based on the value of mineral output.								
03	Rentalty	Amount paid as a percentage of revenue generated by sales of minerals, when the mineral is sold to a third party, including mineral processing, including mineral processing, including mineral processing, including mineral processing.								
04	Contributions to prospecting and exploration equipment	Contributions to prospecting in the Mines and Minerals Act.								
05	Import, extension and maintenance and other fees (e.g. mining equipment, consumable mining tools, etc.)	Fees on mining equipment, consumable mining tools, etc.								(Provide fee and description of equipment and/or services applicable)
06	Provisional prospecting license	Fees paid per square mile depending on mineral.								(Provide license #)
07	Provisional prospecting license	Fees paid per square mile depending on mineral.								(Provide license #)
08	Exploration license	Fees paid per square mile depending on mineral.								(Provide license #)
09	Mining lease	Fees paid per square mile depending on mineral and type of mineral.								(Provide license #)
10	Income from employees (PAYE)	Fees to the local government levied per year.								
11	Payroll taxes	Fees on corporate employees.								(Provide fee and description of equipment and/or services applicable)
12	Miner taxes	Should not exceed \$200,000 per annum.								(Provide fee and description of equipment and/or services applicable)
13	Import inspection fees	Percentage of C.I.T. price of all goods imported and percentage of gross value of goods exported.								
14	Road user's fuel levy	Applicable for petrol and diesel used by motor vehicles but not off highway vehicles.								
15	Fees/Charges	Company's pithead water charge fees.								
16	Land and interests acquired	As per any special agreement.								(Provide agreement details)
17	Thought levy (Corporate)	Fees paid on corporate and imported items on behalf of the company.								
18	Dividends to owner/private sharing	Percentage of total profits paid to the owner privately.								
19	Other business related charges	As applicable.								
20	Community Development Fund	Monthly paid from diamond export operations in the SLEITI per year.								
21	NSIDFT Payments	Payments made to National Security and Intelligence Fund per year.								
PAYMENT AT LOCAL LEVEL										
22	Miner's tax	Fees paid per year per area of mine leased. Specify distribution under community.								
23	Dividends to community/private sharing	Percentage of total profits paid to the owner and community.								(Provide amount paid to private and community)
24	Other payments (Corporate)	Include any other mining related payments to local level (e.g. Services to Local Councils).								
PAYMENTS FROM MINERS TO OTHERS (SLEITI)										
25	Dividends	Include any other mining related payments for services to any of the SLEITs.								
26	Business transactions	Amounts reported as related to business transactions.								(Provide fee and description of equipment and/or services applicable)
27	Other business transactions	Amounts reported as related to non-mining contracts.								(Provide fee and description of equipment and/or services applicable)
ADDITIONAL COMMENTS/OTHERS (SLEITI)										
28		Payments to SLEITs, bank accounts, other parties, and listed in the table A, on 11 & 12.								
Additional Comments/Information										
TOTAL								0	0	

I acknowledge on behalf of _____ the need to supply fair and accurate information in accordance with the guidelines provided and have endorsed to this.

Name of Authorizing Officer: _____
 Position/Title: _____
 Signature: _____
 Date: _____
 Contact E-mail: _____

Auditor's Report
 We have examined the foregoing SLEITI reporting template of _____ and have:
 (a) noted the extension of the payments data included in the reporting template and
 (b) verified that the company has reconciled the cash based payments details if has included in their template to their annual financial statements.
 Based on this examination, we require that nothing has come to our attention that would lead us to believe that the information disclosed in the template does not represent a fair and accurate summary of payments made to the stated government agencies in accordance with the instructions on the template.
 Name and Address of Audit Company: _____
 Auditor's Name: _____
 Auditor's Position/Title: _____
 Signature: _____
 Date: _____
 Contact E-mail: _____

NAME OF GOVERNMENT MINISTRIES, DEPARTMENTS, AGENCIES (DEA)	Accounting Reference	Accounting Reference	Accounting Reference
(1) Ministry of Finance	(SLEITI)	(SLEITI)	(SLEITI)
(2) Ministry of Finance and Economic Development	(SLEITI)	(SLEITI)	(SLEITI)
(3) Ministry of Natural Resources and Traditional Affairs	(SLEITI)	(SLEITI)	(SLEITI)
(4) Government of Eastern and Southern Africa	(SLEITI)	(SLEITI)	(SLEITI)
(5) Ministry of Education, Youth and Sports	(SLEITI)	(SLEITI)	(SLEITI)
(6) Ministry of Health and Social Services	(SLEITI)	(SLEITI)	(SLEITI)
(7) Ministry of Labour and Industrial Relations	(SLEITI)	(SLEITI)	(SLEITI)
(8) Ministry of Transport, Infrastructure and Communications	(SLEITI)	(SLEITI)	(SLEITI)
(9) Ministry of Water, Energy and Power	(SLEITI)	(SLEITI)	(SLEITI)
(10) Ministry of Agriculture, Forestry and Fisheries	(SLEITI)	(SLEITI)	(SLEITI)
(11) Ministry of Environment and Natural Resources	(SLEITI)	(SLEITI)	(SLEITI)
(12) Ministry of Lands, Housing and Urban Development	(SLEITI)	(SLEITI)	(SLEITI)
(13) Ministry of Information and Public Relations	(SLEITI)	(SLEITI)	(SLEITI)
(14) Ministry of Gender, Labour and Social Development	(SLEITI)	(SLEITI)	(SLEITI)
(15) Ministry of Home Affairs	(SLEITI)	(SLEITI)	(SLEITI)
(16) Ministry of Defence	(SLEITI)	(SLEITI)	(SLEITI)
(17) Ministry of Justice	(SLEITI)	(SLEITI)	(SLEITI)
(18) Ministry of Tourism, Arts and Culture	(SLEITI)	(SLEITI)	(SLEITI)
(19) Ministry of Trade and Industry	(SLEITI)	(SLEITI)	(SLEITI)
(20) Ministry of Energy and Power	(SLEITI)	(SLEITI)	(SLEITI)
(21) Ministry of Water, Energy and Power	(SLEITI)	(SLEITI)	(SLEITI)
(22) Ministry of Agriculture, Forestry and Fisheries	(SLEITI)	(SLEITI)	(SLEITI)
(23) Ministry of Environment and Natural Resources	(SLEITI)	(SLEITI)	(SLEITI)
(24) Ministry of Lands, Housing and Urban Development	(SLEITI)	(SLEITI)	(SLEITI)
(25) Ministry of Information and Public Relations	(SLEITI)	(SLEITI)	(SLEITI)
(26) Ministry of Gender, Labour and Social Development	(SLEITI)	(SLEITI)	(SLEITI)
(27) Ministry of Home Affairs	(SLEITI)	(SLEITI)	(SLEITI)
(28) Ministry of Defence	(SLEITI)	(SLEITI)	(SLEITI)
(29) Ministry of Justice	(SLEITI)	(SLEITI)	(SLEITI)
(30) Ministry of Tourism, Arts and Culture	(SLEITI)	(SLEITI)	(SLEITI)
(31) Ministry of Trade and Industry	(SLEITI)	(SLEITI)	(SLEITI)
(32) Ministry of Energy and Power	(SLEITI)	(SLEITI)	(SLEITI)
(33) Ministry of Water, Energy and Power	(SLEITI)	(SLEITI)	(SLEITI)
(34) Ministry of Agriculture, Forestry and Fisheries	(SLEITI)	(SLEITI)	(SLEITI)
(35) Ministry of Environment and Natural Resources	(SLEITI)	(SLEITI)	(SLEITI)
(36) Ministry of Lands, Housing and Urban Development	(SLEITI)	(SLEITI)	(SLEITI)
(37) Ministry of Information and Public Relations	(SLEITI)	(SLEITI)	(SLEITI)
(38) Ministry of Gender, Labour and Social Development	(SLEITI)	(SLEITI)	(SLEITI)
(39) Ministry of Home Affairs	(SLEITI)	(SLEITI)	(SLEITI)
(40) Ministry of Defence	(SLEITI)	(SLEITI)	(SLEITI)
(41) Ministry of Justice	(SLEITI)	(SLEITI)	(SLEITI)
(42) Ministry of Tourism, Arts and Culture	(SLEITI)	(SLEITI)	(SLEITI)
(43) Ministry of Trade and Industry	(SLEITI)	(SLEITI)	(SLEITI)
(44) Ministry of Energy and Power	(SLEITI)	(SLEITI)	(SLEITI)
(45) Ministry of Water, Energy and Power	(SLEITI)	(SLEITI)	(SLEITI)
(46) Ministry of Agriculture, Forestry and Fisheries	(SLEITI)	(SLEITI)	(SLEITI)
(47) Ministry of Environment and Natural Resources	(SLEITI)	(SLEITI)	(SLEITI)
(48) Ministry of Lands, Housing and Urban Development	(SLEITI)	(SLEITI)	(SLEITI)
(49) Ministry of Information and Public Relations	(SLEITI)	(SLEITI)	(SLEITI)
(50) Ministry of Gender, Labour and Social Development	(SLEITI)	(SLEITI)	(SLEITI)
(51) Ministry of Home Affairs	(SLEITI)	(SLEITI)	(SLEITI)
(52) Ministry of Defence	(SLEITI)	(SLEITI)	(SLEITI)
(53) Ministry of Justice	(SLEITI)	(SLEITI)	(SLEITI)
(54) Ministry of Tourism, Arts and Culture	(SLEITI)	(SLEITI)	(SLEITI)
(55) Ministry of Trade and Industry	(SLEITI)	(SLEITI)	(SLEITI)
(56) Ministry of Energy and Power	(SLEITI)	(SLEITI)	(SLEITI)
(57) Ministry of Water, Energy and Power	(SLEITI)	(SLEITI)	(SLEITI)
(58) Ministry of Agriculture, Forestry and Fisheries	(SLEITI)	(SLEITI)	(SLEITI)
(59) Ministry of Environment and Natural Resources	(SLEITI)	(SLEITI)	(SLEITI)
(60) Ministry of Lands, Housing and Urban Development	(SLEITI)	(SLEITI)	(SLEITI)
(61) Ministry of Information and Public Relations	(SLEITI)	(SLEITI)	(SLEITI)
(62) Ministry of Gender, Labour and Social Development	(SLEITI)	(SLEITI)	(SLEITI)
(63) Ministry of Home Affairs	(SLEITI)	(SLEITI)	(SLEITI)
(64) Ministry of Defence	(SLEITI)	(SLEITI)	(SLEITI)
(65) Ministry of Justice	(SLEITI)	(SLEITI)	(SLEITI)
(66) Ministry of Tourism, Arts and Culture	(SLEITI)	(SLEITI)	(SLEITI)
(67) Ministry of Trade and Industry	(SLEITI)	(SLEITI)	(SLEITI)
(68) Ministry of Energy and Power	(SLEITI)	(SLEITI)	(SLEITI)
(69) Ministry of Water, Energy and Power	(SLEITI)	(SLEITI)	(SLEITI)
(70) Ministry of Agriculture, Forestry and Fisheries	(SLEITI)	(SLEITI)	(SLEITI)
(71) Ministry of Environment and Natural Resources	(SLEITI)	(SLEITI)	(SLEITI)
(72) Ministry of Lands, Housing and Urban Development	(SLEITI)	(SLEITI)	(SLEITI)
(73) Ministry of Information and Public Relations	(SLEITI)	(SLEITI)	(SLEITI)
(74) Ministry of Gender, Labour and Social Development	(SLEITI)	(SLEITI)	(SLEITI)
(75) Ministry of Home Affairs	(SLEITI)	(SLEITI)	(SLEITI)
(76) Ministry of Defence	(SLEITI)	(SLEITI)	(SLEITI)
(77) Ministry of Justice	(SLEITI)	(SLEITI)	(SLEITI)
(78) Ministry of Tourism, Arts and Culture	(SLEITI)	(SLEITI)	(SLEITI)
(79) Ministry of Trade and Industry	(SLEITI)	(SLEITI)	(SLEITI)
(80) Ministry of Energy and Power	(SLEITI)	(SLEITI)	(SLEITI)
(81) Ministry of Water, Energy and Power	(SLEITI)	(SLEITI)	(SLEITI)
(82) Ministry of Agriculture, Forestry and Fisheries	(SLEITI)	(SLEITI)	(SLEITI)
(83) Ministry of Environment and Natural Resources	(SLEITI)	(SLEITI)	(SLEITI)
(84) Ministry of Lands, Housing and Urban Development	(SLEITI)	(SLEITI)	(SLEITI)
(85) Ministry of Information and Public Relations	(SLEITI)	(SLEITI)	(SLEITI)
(86) Ministry of Gender, Labour and Social Development	(SLEITI)	(SLEITI)	(SLEITI)
(87) Ministry of Home Affairs	(SLEITI)	(SLEITI)	(SLEITI)
(88) Ministry of Defence	(SLEITI)	(SLEITI)	(SLEITI)
(89) Ministry of Justice	(SLEITI)	(SLEITI)	(SLEITI)
(90) Ministry of Tourism, Arts and Culture	(SLEITI)	(SLEITI)	(SLEITI)
(91) Ministry of Trade and Industry	(SLEITI)	(SLEITI)	(SLEITI)
(92) Ministry of Energy and Power	(SLEITI)	(SLEITI)	(SLEITI)
(93) Ministry of Water, Energy and Power	(SLEITI)	(SLEITI)	(SLEITI)
(94) Ministry of Agriculture, Forestry and Fisheries	(SLEITI)	(SLEITI)	(SLEITI)
(95) Ministry of Environment and Natural Resources	(SLEITI)	(SLEITI)	(SLEITI)
(96) Ministry of Lands, Housing and Urban Development	(SLEITI)	(SLEITI)	(SLEITI)
(97) Ministry of Information and Public Relations	(SLEITI)	(SLEITI)	(SLEITI)
(98) Ministry of Gender, Labour and Social Development	(SLEITI)	(SLEITI)	(SLEITI)
(99) Ministry of Home Affairs	(SLEITI)	(SLEITI)	(SLEITI)
(100) Ministry of Defence	(SLEITI)	(SLEITI)	(SLEITI)
(101) Ministry of Justice	(SLEITI)	(SLEITI)	(SLEITI)
(102) Ministry of Tourism, Arts and Culture	(SLEITI)	(SLEITI)	(SLEITI)
(103) Ministry of Trade and Industry	(SLEITI)	(SLEITI)	(SLEITI)
(104) Ministry of Energy and Power	(SLEITI)	(SLEITI)	(SLEITI)
(105) Ministry of Water, Energy and Power	(SLEITI)	(SLEITI)	(SLEITI)
(106) Ministry of Agriculture, Forestry and Fisheries	(SLEITI)	(SLEITI)	(SLEITI)
(107) Ministry of Environment and Natural Resources	(SLEITI)	(SLEITI)	(SLEITI)
(108) Ministry of Lands, Housing and Urban Development	(SLEITI)	(SLEITI)	(SLEITI)
(109) Ministry of Information and Public Relations	(SLEITI)	(SLEITI)	(SLEITI)
(110) Ministry of Gender, Labour and Social Development	(SLEITI)	(SLEITI)	(SLEITI)
(111) Ministry of Home Affairs	(SLEITI)	(SLEITI)	(SLEITI)
(112) Ministry of Defence	(SLEITI)	(SLEITI)	(SLEITI)
(113) Ministry of Justice	(SLEITI)	(SLEITI)	(SLEITI)
(114) Ministry of Tourism, Arts and Culture	(SLEITI)	(SLEITI)	(SLEITI)
(115) Ministry of Trade and Industry	(SLEITI)	(SLEITI)	(SLEITI)
(116) Ministry of Energy and Power	(SLEITI)	(SLEITI)	(SLEITI)
(117) Ministry of Water, Energy and Power	(SLEITI)	(SLEITI)	(SLEITI)
(118) Ministry of Agriculture, Forestry and Fisheries	(SLEITI)	(SLEITI)	(SLEITI)
(119) Ministry of Environment and Natural Resources	(SLEITI)	(SLEITI)	(SLEITI)
(120) Ministry of Lands, Housing and Urban Development	(SLEITI)	(SLEITI)	(SLEITI)
(121) Ministry of Information and Public Relations	(SLEITI)	(SLEITI)	(SLEITI)
(122) Ministry of Gender, Labour and Social Development	(SLEITI)	(SLEITI)	(SLEITI)
(123) Ministry of Home Affairs	(SLEITI)	(SLEITI)	(SLEITI)
(124) Ministry of Defence	(SLEITI)	(SLEITI)	(SLEITI)
(125) Ministry of Justice	(SLEITI)	(SLEITI)	(SLEITI)
(126) Ministry of Tourism, Arts and Culture	(SLEITI)	(SLEITI)	(SLEITI)
(127) Ministry of Trade and Industry	(SLEITI)	(SLEITI)	(SLEITI)
(128) Ministry of Energy and Power	(SLEITI)	(SLEITI)	(SLEITI)
(129) Ministry of Water, Energy and Power	(SLEITI)	(SLEITI)	(SLEITI)
(130) Ministry of Agriculture, Forestry and Fisheries	(SLEITI)	(SLEITI)	(SLEITI)
(131) Ministry of Environment and Natural Resources	(SLEITI)	(SLEITI)	(SLEITI)
(132) Ministry of Lands, Housing and Urban Development	(SLEITI)	(SLEITI)	(SLEITI)
(133) Ministry of Information and Public Relations	(SLEITI)	(SLEITI)	(SLEITI)
(134) Ministry of Gender, Labour and Social Development	(SLEITI)	(SLEITI)	(SLEITI)
(135) Ministry of Home Affairs	(SLEITI)	(SLEITI)	(SLEITI)
(136) Ministry of Defence	(SLEITI)	(SLEITI)	(SLEITI)
(137) Ministry of Justice	(SLEITI)	(SLEITI)	(SLEITI)
(138) Ministry of Tourism, Arts and Culture	(SLEITI)	(SLEITI)	(SLEITI)
(139) Ministry of Trade and Industry	(SLEITI)	(SLEITI)	(SLEITI)
(140) Ministry of Energy and Power	(SLEITI)	(SLEITI)	(SLEITI)
(141) Ministry of Water, Energy and Power	(SLEITI)	(SLEITI)	(SLEITI)
(142) Ministry of Agriculture, Forestry and Fisheries	(SLEITI)	(SLEITI)	(SLEITI)
(143) Ministry of Environment and Natural Resources	(SLEITI)	(SLEITI)	(SLEITI)
(144) Ministry of Lands, Housing and Urban Development	(SLEITI)	(SLEITI)	(SLEITI)
(145) Ministry of Information and Public Relations	(SLEITI)	(SLEITI)	(SLEITI)
(146) Ministry of Gender, Labour and Social Development	(SLEITI)	(SLEITI)	(SLEITI)
(147) Ministry of Home Affairs	(SLEITI)	(SLEITI)	(SLEITI)
(148) Ministry of Defence	(SLEITI)	(SLEITI)	(SLEITI)
(149) Ministry of Justice	(SLEITI)	(SLEITI)	(SLEITI)
(150) Ministry of Tourism, Arts and Culture	(SLEITI)	(SLEITI)	(SLEITI)
(151) Ministry of Trade and Industry	(SLEITI)	(SLEITI)	(SLEITI)
(152) Ministry of Energy and Power	(SLEITI)	(SLEITI)	(SLEITI)
(153) Ministry of Water, Energy and Power	(SLEITI)	(SLEITI)	(SLEITI)
(154) Ministry of Agriculture, Forestry and Fisheries	(SLEITI)	(SLEITI)	(SLEITI)
(155) Ministry of Environment and Natural Resources	(SLEITI)	(SLEITI)	(SLEITI)
(156) Ministry of Lands, Housing and Urban Development	(SLEITI)	(SLEITI)	(SLEITI)
(157) Ministry of Information and Public Relations	(SLEITI)	(SLEITI)	(SLEITI)
(158) Ministry of Gender, Labour and Social Development	(SLEITI)	(SLEITI)	(SLEITI)
(159) Ministry of Home Affairs	(SLEITI)	(SLEITI)	(SLEITI)
(160) Ministry of Defence	(SLEITI)	(SLEITI)	(SLEITI)
(161) Ministry of Justice	(SLEITI)	(SLEITI)	(SLEITI)
(162) Ministry of Tourism, Arts and Culture	(SLEITI)	(SLEITI)	(SLEITI)
(163) Ministry of Trade and Industry	(SLEITI)	(SLEITI)	(SLEITI)
(164) Ministry of Energy and Power	(SLEITI)	(SLEITI)	(SLEITI)
(165) Ministry of Water, Energy and Power	(SLEITI)	(SLEITI)	(SLEITI)
(166) Ministry of Agriculture, Forestry and Fisheries	(SLEITI)	(SLEITI)	(SLEITI)
(167) Ministry of Environment and Natural Resources	(SLEITI)	(SLEITI)	(SLEITI)
(168) Ministry of Lands, Housing and Urban Development	(SLEITI)	(SLEITI)	(SLEITI)
(169) Ministry of Information and Public Relations	(SLEITI)	(SLEITI)	(SLEITI)
(170)			

Figure C 2: Dealers/Exporters

Figure C 3: MDA Report for Large Mining Companies

TEMPLATE C "THIS TEMPLATE IS TO BE FILLED OUT BY MDAs FOR REVENUES RECEIVED FROM LARGE SCALE MINING COMPANIES AND PROSPECTING AND EXPLORATION COMPANIES"
 NOTE: (1) Complete this template for the period ending 30th June 2007 and then for each month 2007. (2) Separate and detailed instruction is provided
SIERRA LEONE EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVES (SLEITI)

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

LINE NO.	TYPE OF PAYMENT	Explanatory notes (Even/Transaction that trigger payment, i.e. regulations, law, agreement, etc)	Basis of Tax/Fee Paid (e.g. rate applied, criteria, etc)	Payment Form (see note below Q2, specify if payment is made through third-party)	Total Amount - Currency (US\$) (Actual currency paid in US dollars or Leases - No currency conversion required)	Total Amount - Currency (Le) (Actual currency paid in Leases or US dollars - No currency conversion required)	Date(s) of Payment(s) (format as dd/mm/yyyy)	Where was transaction received? (specify name of bank, office, etc)	Comments/ Additional information (if more space is needed go to end of worksheet)
1 TAXES AND FEES									
(a)	Corporate tax	In accordance with the provision in the Income Tax Act and surtax (temporary imposition) act. % of chargeable business income.							
(b)	Agricultural Development Fund	Amounts paid as a percentage of revenue generated by sales of minerals produced for agricultural use. In the case of mineral disposal, the rate is 10%.							
(c)	Royalty	Amounts reported as related to revenue generated by sales of produce stones & other minerals, except building & industrial.							
(d)	Customs duty on prospecting and exploration equipment	In accordance with provision in the Mines and Minerals Act							
(e)	Import, customs and excise duties and other taxes on mining equipment	Leases on mining equipments, accessories mining stores, etc.							
(f)	Exclusive prospecting license	Fees paid per square mile depending on mineral							[Provide license #]
(g)	Non-exclusive prospecting license	Fees paid per square mile depending on mineral							[Provide license #]
(h)	Exploration license	Fees paid per square mile depending on mineral							[Provide license #]
(i)	Mining lease	Fees paid per square mile depending on mineral and type of deposit							
(j)	Taxes from employees(PAYE)	Pay As You Earn government tax paid, per year.							
(k)	Payroll taxes	For expatriate employees							
(l)	Minor taxes	Should not exceed \$250,000 per annum							
(m)	Import inspection fees	Percentage of CIF price of all goods imported and percentage of gross value of cargo of goods imported.							
(n)	Road user's fuel levy	Applicable for petrol and diesel used by heavy vehicles but not off-highway vehicles.							
(o)	Port/harbour charges	Compulsory pilotage rate, buoyage fees							
(p)	Fuel and lubricants imported	As per any special agreement							[Specify agreement & date]
(q)	Freight levy (specify)	Fees paid on exported and imported items on behalf of the company							
(r)	Dividends to Gov/profit sharing	Percentage of total profits paid to government and community							
(s)	Other customs related charges-specify	As applicable							
(t)	Community Development Fund	Royalty paid from diamond export operations to the CDF, per year							
(u)	NASSIT Payments	Payments made to National Security and Insurance Trust, per year							
2 PAYMENTS AT LOCAL LEVEL									
(a)	Surface rent	Fees paid per year per acre or per hectare. Specify distribution under contracts.							
(b)	Dividends to community/profit sharing	Percentage of total profits paid government and community							
(c)	Other payments (Specify)	Indicate any other mining related payments at local level, i.e. District or Local Councils							
3 PAYMENT FOR SERVICES (SPECIFY BELOW)									
(a)		Indicate any other mining related payments for services to any of the MDAs							
(b)									
4 WITHHOLDINGS									
(a)	Interest	(On dividends and profits remitted in accordance with Income Tax							
(b)	Dividends	Amounts reported as related to dividend-generated revenue							
(c)	Resident contractors	Amounts reported as related to resident contractors							[Provide contractor(s) info]
(d)	Non resident contractors	Amounts reported as related to non-resident contractors							[Provide contractor(s) info]
5 ADDITIONAL DISCLOSURES (SPECIFY BELOW)									
(a)		Payment to MDA, local authorities & other bodies not listed in the under Line # 1 thru 4							
(b)									
Additional Comment/Information:					TOTAL	0	0		

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

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

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

Figure C 4: MDA Report for Dealers/Exporters

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

TEMPLATE E: "THIS TEMPLATE IS TO BE FILLED OUT BY DISTRICT/CITY/CHIEFDOM COUNCILS FOR REVENUES RECEIVED FROM LARGE SCALE MINING COMPANIES AND PROSPECTING AND EXPLORATION COMPANIES"

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

District/City/Chiefdom Council Name: (District/City/Chiefdom Council) **Address:**

Name of Reporting Institution (District/City/Chiefdom Council): **Name of Company on Which Report is Based:**

License No. (s): **Acquisition No.:** **Type of License (s):** **Duration:** **Expiry date (s) of License (s):** **Location of Leased Area:** **Type (s) of Mineral Mined:**

Report on revenues received from specific mining company for the financial year ending 31st December 2006

Sl. No.	TYPE OF PAYMENT	Explanatory notes (Specify circumstances that trigger payment - e.g. regulations, law, agreement, etc)	Basis of Tax/Fee Paid (e.g. rate applied, criteria, etc)	Payment From (See foot below Q2E, specify if payment is made through third party)	Total Amount - Currency (LBS) (actual currency paid in US dollars or Leones -No currency conversion required)	Total Amount - Currency (LLe) (actual currency paid in Leones or US dollars -No currency conversion required)	Method of Payments (i.e. Cheques/Wire Transfer, Cash, etc)	Payment Ref # (if amount represents multiple payments, attach list & breakdown of amounts)	Date(s) of Payment(s) (format as: d/m/yyyy)	Where was transaction received? (specify name of bank, office, etc)	Comments/Additional Information (if more space is needed go to end of worksheet)
1	TAXES AND FEES										
(a)	Corporate tax	In accordance with the provision in the Income Tax Act and certain (where applicable) act. % of chargeable business income.									
(b)	Agricultural Development Fund	Amounts paid as a percentage of revenues generated by sales of minerals produced for agricultural use in the rural of national districts.									
(c)	Royalty	Amounts paid as a percentage of revenues generated by sales of precious stones & other minerals except bullion & industrial minerals. In accordance with provision in the Mines and Minerals Act									
(d)	Customs duty on prospecting and exploration equipment										
(e)	Import, customs and excise duties and other levies on mining equipment.	Levies on mining equipments, consumable mining stores, etc.									
(f)	Exclusive prospecting license	Fees paid per squared mile depending on mineral									(Provide license #)
(g)	Non-exclusive prospecting license	Fees paid per squared mile depending on mineral									(Provide license #)
(h)	Exploration license	Fees paid per squared mile depending on mineral									(Provide license #)
(i)	Mining lease	Fees paid per square mile depending on mineral and type of deposit									
(j)	Taxes from employees(PAYE)	Pay As You Earn government tax paid, per year.									
(k)	Payroll taxes	For expatriate employees									
(l)	Minor taxes	Should not exceed \$250,000 per annum									
(m)	Import inspection fees	Percentage of CIF price of all goods imported and percentage of gross sales price of goods exported.									
(n)	Road user's fuel levy	Applicable for petrol and diesel used by company vehicles but not off-highway vehicles.									
(o)	Port/Harbour charges	Compulsory pilotage rate, buoyage fees									
(p)	Fuel and lubricants imported	As per any special agreement									(Specify agreement & date)
(q)	Freight levy (specify)	Fees paid on exported and imported items on behalf of the company									
(r)	Dividends to Gov/profit sharing	Percentage of total profits paid to government and community									
(s)	Other customs related charges-specify	As applicable									
(t)	Community Development Fund	Royalty paid from diamond export operations to the CDF, per year.									
(u)	NASSIT Payments	Payments made to National Security and Insurance Trust, per year.									
2	PAYMENT AT LOCAL LEVEL										
(a)	Surface rent	Fees paid per year per acre or part thereof. Specify distribution under comments.									
(b)	Dividends to community/profit sharing	Percentage of total profits paid government and community									
(c)	Other payments(Specify)	Indicate any other mining related payments at local level, i.e. District or Local Councils									
3	PAYMENT FOR SERVICES (SPECIFY BELOW)										
(a)		Indicate any other mining related payments for services to any of the MDAs									
4	WITHHOLDINGS										
(a)	Interest	(On dividends and profits remitted in accordance with Income Tax Act) Amounts reported as related to interest-generated revenues									
(b)	Dividends	Amounts reported as related to dividend-generated revenues									
(c)	Resident contractors	Amounts reported as related to resident contractors									(Provide contractor(s) info)
(d)	Non resident contractors	Amounts reported as related to non resident contractors									(Provide contractor(s) info)
5	ADDITIONAL DISCLOSURES (SPECIFY BELOW)										
(a)		Payment to MDA, local authorities & other parties not listed in the under Line # 1 thru 4									
(b)											
Additional Comment/Information:			TOTAL		0	0					

I acknowledge on behalf of the need to supply fair and accurate information in accordance with the guidelines provided and have endeavored to do so.

Management sign-off
 Name of Authorizing Officer: _____
 Position/Title: _____
 Signature: _____
 Date: _____
 Contact Phone: _____
 Contact Email: _____

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

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

Figure C 7: Template Instructions



SIERRA LEONE EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVES (SLEITI)

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

1.0 GENERAL INSTRUCTIONS

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

2.0 TIMETABLE

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

3.0 REPORTING TEMPLATES

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

3.7 Supporting Schedules

- 3.7.1 General - Schedules supporting consolidated figures for any line item showed in the Reporting Template must be submitted with the Reporting Templates, and cross-referenced to the appropriate Line# or payment attribute under 'Comment/Additional Information' column.
- 3.7.2 In the case where multiple minerals and licenses exist, please provide a schedule listing payments made for each type of mineral with references to licenses associated with such mineral. **See sample format below:**

SIERRA LEONE EXTRACTIVE INDUSTRIES TRANSPARENCY INITIATIVES (SLEITI)								
Supporting Schedule of Payments Made/Revenue Received								
Name of Company/MDA		K2 Mining Company						
Reporting Period		Jan 1, 2006 to Dec 31, 2006						
Template# (A/B/C/D/E/F)		A						
Line #	Type of Payment	Type Mineral	License #	Amount (Ls)	Payment Method	Payment Ref #	Receipt#	
"0.9"	1 (I)	Mining Lease	0500	051234567	200,000.00	CASH	N/A	N/A/01/06
			0500	051234567	200,000.00	Wire Transfer	051234567	N/A/01/06
			0500	051234567	200,000.00	CHEQUE	051234567	N/A/01/06
TOTAL Line 1(I) =				200,000.00				
"0.9"	2 (H)	Surface Rent	0500	051234567	200,000.00	CASH	N/A	N/A/01/06
			0500	051234567	200,000.00	Wire Transfer	051234567	N/A/01/06
			0500	051234567	200,000.00	CHEQUE	051234567	N/A/01/06
TOTAL Line 2(H) =				200,000.00				

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

4.0 BASIS OF REPORTING

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

5.0 ADDITIONAL/VOLUNTARY DISCLOSURES

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

6.0 REPORT CERTIFICATION & ATTESTATION

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

7.0 QUERIES/QUESTIONS

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

Appendix D - Detailed Disaggregated Results

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

2007	Variance	Variance	Action to Reconcile
	USD	Le	
			company validate transactions with MDA
Royalty	18,094	0	Variance due to cash versus accrual reporting and missing transactions validate with MDA and company
Surface rent	(34,962)	77,311,881	Company converted from Le to USD, validate payments with MDAs and company
Sierra Rutile Ltd	(115,560)	(1,600,667,792)	
Agricultural Development Fund	0	(41,686,700)	MDA did not report full amount; obtain backup from company validate transactions with MDA
Corporate tax	(75,000)	147,654,500	MDA did not report full amount; obtain backup from company validate transactions with MDA
Customs Duties	(23,153)	1,594,039	MDA did not report full amount; obtain backup from company validate transactions with MDA
Mining lease	0	0	Reconciled, no further action taken
NASSIT Payments	0	(1,277,305,380)	MDAs did not report on NASSIT, not within MDA scope; No further action taken
Other	0	(425,439,300)	MDA did not report; obtain backup from company validate transactions with MDA
Royalty	(17,407)	0	MDA did not report; obtain backup from company validate transactions with MDA
Surface rent	0	(79,295,701)	MDA did not report; obtain backup from company validate transactions with MDA
Taxes from employees (PAYE)	0	29,229,476	Reconciled, no further action taken
Withholding Tax	0	44,581,274	Reconciled, no further action taken
Unspecified company	0	102,690,000	
Surface rent	0	102,690,000	MDA did not indicate source; obtain source from MDA

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

2006	Initial Variance USD	Initial Variance Le	Final Variance USD	Final Variance Le
Total Variance	(1,518,303)	(19,993,327,241)	(220,155)	(515,779,456)
African Minerals	(390)	(17,440,309,130)	0	(348,285,795)
Mining lease	0	0	0	0
Licenses	(390)	0	0	0
NASSIT Payments	0	(701,839,011)	0	0
Royalty	0	0	0	0
Surface rent	0	(15,717,356,000)	0	(92,756,000)
Taxes from employees (PAYE)	0	(1,021,114,120)	0	(255,529,795)
Cluff Gold	(21,200)	(58,952,715)	0	(3,584,031)
Licenses	(21,200)	0	0	0
NASSIT Payments	0	(30,588,073)	0	0
Surface rent	0	(4,000,000)	0	0
Taxes from employees (PAYE)	0	(18,518,127)	0	763,844
Withholding Tax	0	(5,846,515)	0	(4,347,875)
Hisham Mackie	(16,500)	131,407,336	0	(6,000,000)
Alluvial Diamond exporters license	(1,500)	0	0	0
Diamond Exporter Agent	(15,000)	(6,000,000)	0	(6,000,000)
Other	0	137,407,336	0	0
Royalty	0	0	0	0
Kassim Basma	(23,388)	(7,200,000)	0	(7,200,000)
Alluvial Diamond exporters license	(1,500)	0	0	0
Diamond Exporter Agent	(20,000)	(7,200,000)	0	(7,200,000)

Royalty	(1,888)	0	0	0
Koidu Holdings S.A	(351,998)	(1,499,688,576)	(225,601)	(178,136,122)
Agricultural Development Fund	(36,369)	0	(36,369)	0
Customs Duties	0	(276,372,932)	0	(63,500,122)
Mining lease	0	0	0	0
Licenses	(33,600)	0	0	0
NASSIT Payments	0	(843,253,419)	0	0
Other	0	(114,636,000)	0	(114,636,000)
Royalty	(282,029)	0	(189,232)	0
Surface rent	0	0	0	0
Taxes from employees (PAYE)	0	(265,426,225)	0	0
London Mining Co.	25,000	0	25,000	0
Surface rent	25,000	0	25,000	0
Sierra Minerals	(610,026)	12,976,769	(20,464)	0
Agricultural Development Fund	(44,922)	31,500,000	0	0
Customs Duties	(397,775)	0	(20,464)	0
Mining lease	49,688	0	0	0
Licenses	(2,000)	0	0	0
Other	0	(24,449,200)	0	0
Royalty	(215,017)	0	(0)	0
Surface rent	0	5,925,969	0	0
Sierra Rutile Ltd	(519,802)	(1,188,610,925)	910	(29,623,507)
Agricultural Development Fund	0	0	0	0
Corporate tax	(71,728)	211,181,813	0	0
Customs Duties	(136,101)	0	(93,839)	0
Mining lease	(233,012)	0	(305,973)	0
Licenses	(41,840)	0	(41,840)	0
NASSIT Payments	(1,207,938,092)	(1,207,938,092)	0	0

Other	(741,791,101)	(741,791,101)	0	0
Royalty	(307,661)	0	(234,700)	0
Surface rent	(559,115,251)	558,663,455	(1,138,223,418)	(20,896,508)
Withholding Tax	(28,675,401)	(8,726,999)	(28,675,401)	(8,726,999)
Unidentified	(57,050,000)	57,050,000	(57,050,000)	57,050,000
Surface rent	(57,050,000)	57,050,000	(57,050,000)	57,050,000
2007	(18,151,313,330)	(10,001,014,201)	(13,749,118,152)	(115,829,908)
African Minerals	(7,408,586,532)	(6,110,032,925)	(3,893,871,998)	264,871,407
Agricultural Development Fund	(1,100)	0	(1,100)	0
Mining lease	(200,000)	0	(200,000)	0
Licenses	(1,694,600)	0	(1,306,000)	0
NASSIT Payments	(1,012,183,350)	(1,012,183,350)	0	0
Royalty	(313,210,482)	312,215,425	(313,090,216)	312,215,425
Surface rent	(4,603,603,650)	(3,932,371,650)	(671,232,000)	0
Taxes from employees (PAYE)	(1,477,693,350)	(1,477,693,350)	(2,908,042,682)	(47,344,018)
Cluff Gold	(246,935,084)	(246,903,684)	(222,216,085)	(120,634,937)
Licenses	(31,400)	0	(62,800)	0
NASSIT Payments	(50,484,499)	(50,484,499)	0	0
Taxes from employees (PAYE)	(50,759,174)	(50,759,174)	(104,025,503)	(2,507,155)
Withholding Tax	(145,660,011)	(145,660,011)	(118,127,782)	(118,127,782)
Hisham Mackie	(9,415,637)	(6,000,000)	(9,432,137)	(6,000,000)
Alluvial Diamond Dealer's license	(40,000)	0	(41,500)	0
Alluvial Diamond exporters license	(41,500)	0	(41,500)	0
Diamond Exporter Agent	(6,015,000)	(6,000,000)	(6,030,000)	(6,000,000)
Royalty	(3,319,137)	0	(3,319,137)	0
Kassim Basma	(167,798,243)	151,805,000	(167,819,743)	151,805,000
Alluvial Diamond exporters license	(81,500)	0	(83,000)	0
Corporate tax	(50,000,000)	50,000,000	(50,000,000)	50,000,000

Diamond Exporter Agent	(7,220,000)	(7,200,000)	(7,240,000)	(7,200,000)
Other	(8,455,000)	8,455,000	(8,455,000)	8,455,000
Royalty	(1,491,743)	0	(1,491,743)	0
Taxes from employees (PAYE)	(100,000,000)	100,000,000	(100,000,000)	100,000,000
Withholding Tax	(550,000)	550,000	(550,000)	550,000
Koidu Holdings S.A	(5,587,570,974)	(2,299,882,148)	(5,496,140,286)	(261,364,332)
Agricultural Development Fund	(23,447)	0	(23,447)	0
Customs Duties	(1,150,492,754)	(1,150,492,754)	(2,076,619,155)	(129,802,551)
Mining lease	(400,000)	0	(400,000)	0
Licenses	(106,000)	0	(106,000)	0
NASSIT Payments	(1,011,955,327)	(1,011,955,327)	0	0
Other	(131,400,000)	(131,400,000)	(131,400,000)	(131,400,000)
Royalty	(3,015,855)	0	(3,286,379)	0
Surface rent	(59,136)	0	(59,136)	0
Taxes from employees (PAYE)	(3,290,118,455)	(6,034,067)	(3,284,246,169)	(161,781)
London Mining Co.	(623,207,061)	(212,209,845)	(611,593,447)	(95,732,555)
Customs Duties	(48,698,055)	(48,698,055)	(97,396,110)	0
Mining lease	(200,000)	0	(200,000)	0
NASSIT Payments	(63,172,500)	(63,172,500)	0	0
Surface rent	(50,000)	0	(50,000)	0
Taxes from employees (PAYE)	(96,232,565)	(96,232,565)	(96,232,565)	(96,232,565)
Withholding Tax	(414,853,941)	(4,106,725)	(417,714,772)	500,010
Sierra Minerals	(501,255,807)	220,187,192	(1,218,243,427)	(27,575,079)
Agricultural Development Fund	(46,552,331)	46,500,000	(93,000,000)	0
Corporate tax	(235,461,589)	235,049,111	(939,928,453)	0
Customs Duties	(1,364,909)	0	(1,241,703)	0
Mining lease	(101,920)	0	(101,920)	0
Other	(138,685,248)	(138,673,800)	(11,448)	0

Royalty	(1,742,966)	0	(1,761,061)	0
Surface rent	(77,346,843)	77,311,881	(182,198,841)	(27,575,079)
Sierra Rutile Ltd	(3,503,853,992)	(1,600,667,792)	(2,027,111,030)	(123,889,412)
Agricultural Development Fund	(320,686,700)	(41,686,700)	(325,250,000)	(46,250,000)
Corporate tax	(147,729,500)	147,654,500	(442,992,750)	62,250
Customs Duties	(1,801,230)	1,594,039	(1,768,403)	1,594,039
Mining lease	(265,806)	0	(265,806)	0
NASSIT Payments	(1,277,305,380)	(1,277,305,380)	0	0
Other	(425,439,300)	(425,439,300)	0	0
Royalty	(376,442)	0	(395,187)	0
Surface rent	(678,412,453)	(79,295,701)	(678,412,453)	(79,295,701)
Taxes from employees (PAYE)	(29,229,476)	29,229,476	0	0
Withholding Tax	(622,607,705)	44,581,274	(578,026,431)	0
Unspecified company	(102,690,000)	102,690,000	(102,690,000)	102,690,000
Surface rent	(102,690,000)	102,690,000	(102,690,000)	102,690,000

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

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

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

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

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

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

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

2007	Sum of USD	Sum of Le	Adjustments
Royalty	18,095	0	Adjusted payments reported on accrual account
Surface rent	(34,962)	104,886,960	Conversion USD to Le and MDAs not in scope
Sierra Rutile Ltd	(102,867)	(1,476,716,130)	
Agricultural Development Fund	0	4,563,300	Company indicated error in original report
Corporate tax	(75,000)	221,465,250	Converted USD to Le at 3000
Customs Duties	(27,867)	0	Adjusted out MDAs not in scope Sierra Leone Maritime
NASSIT Payments	0	(1,277,305,380)	NASSIT not in scope; adjusted out
Other	0	(425,439,300)	Payments made to individuals not MDA
Ministry of Mineral Resources	38,000	0	
Alluvial Diamond Dealer's license	1,500	0	Error in original report, provided verbal concurrence only
Alluvial Diamond exporters license	1,500	0	Error in original report, provided verbal concurrence only
Diamond Exporter Agent	35,000	0	Error in original report, provided verbal concurrence only
National Revenue Authority	844,497	2,741,672,623	
Corporate tax	253,388	308,534,727	Error in original report, provided additional materials
Customs Duties	363,237	1,022,106,357	Error in original report, provided additional materials
Licenses	31,400	0	Error in original report, provided additional materials
Royalty	196,472	0	Error in original report, provided additional materials
Taxes from employees (PAYE)	0	1,451,879,029	Error in original report, provided additional materials
Withholding Tax	0	(40,847,491)	Error in original report
Sierra Leone Port Authority	(4,960)	0	
Customs Duties	(4,960)	0	Error in original report

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

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

2006	Company	Company	MDA	MDA	Variance	Variance
	Reported USD	Reported Le	Reported USD	Reported Le	USD	Le
	5,947,732	5,040,532,638	5,727,578	4,524,753,182	220,154	515,779,456
African Minerals	1,032,349	1,402,642,787	1,032,349	1,054,356,992	0	348,285,795
Mining lease	200,000	0	200,000	0	0	0
Licenses	765,975	0	765,975	0	0	0
Royalty	66,374	0	66,374	0	0	0
Surface rent	0	335,616,000	0	242,860,000	0	92,756,000
Taxes from employees (PAYE)	0	1,067,026,787	0	811,496,992	0	255,529,795
Cluff Gold	21,200	37,263,032	21,200	33,679,001	0	3,584,031
Licenses	21,200	0	21,200	0	0	0
Taxes from employees (PAYE)	0	18,680,972	0	19,444,816	0	-763,844
Withholding Tax	0	18,582,060	0	14,234,185	0	4,347,875
Hisham Mackie	1,593,421	6,000,000	1,593,421	0	0	6,000,000
Alluvial Diamond exporters license	41,500	0	41,500	0	0	0
Diamond Exporter Agent	15,000	6,000,000	15,000	0	0	6,000,000
Royalty	1,536,921	0	1,536,921	0	0	0
Kassim Basma	734,973	7,200,000	734,973	0	0	7,200,000
Alluvial Diamond exporters license	41,500	0	41,500	0	0	0
Diamond Exporter Agent	20,000	7,200,000	20,000	0	0	7,200,000
Royalty	673,473	0	673,473	0	0	0
Koиду Holdings	1,496,346	2,497,683,614	1,270,745	2,319,547,492	225,601	178,136,122
Agricultural Development Fund	36,369	0	0	0	36,369	0
Customs Duties	0	1,014,763,556	0	951,263,434	0	63,500,122
Mining lease	200,000	0	200,000	0	0	0
Licenses	33,600	0	33,600	0	0	0
Other	0	114,636,000	0	0	0	114,636,000
Royalty	1,196,809	0	1,007,577	0	189,232	0
Surface rent	29,568	0	29,568	0	0	0
Taxes from employees (PAYE)	0	1,368,284,058	0	1,368,284,058	0	0
London Mining Co.	0	0	25,000	0	-25,000	0
Surface rent	0	0	25,000	0	-25,000	0
Sierra Minerals	731,722	177,500,229	711,258	177,500,229	20,464	0
Agricultural Development Fund	0	31,500,000	0	31,500,000	0	0
Customs Duties	207,500	0	187,036	0	20,464	0

2006	Company Reported USD	Company Reported Le	MDA Reported USD	MDA Reported Le	Variance USD	Variance Le
Mining lease	99,376	0	99,376	0	0	0
Royalty	424,846	0	424,846	0	0	0
Surface rent	0	146,000,229	0	146,000,229	0	0
Sierra Rutile Ltd	337,721	912,242,976	338,631	882,619,469	-910	29,623,507
Agricultural Development Fund	0	102,800,000	0	102,800,000	0	0
Corporate tax	0	211,181,813	0	211,181,813	0	0
Customs Duties	46,469	0	47,370	0	-901	0
Mining lease	152,992	0	152,981	0	11	0
Licenses	20,920	0	20,920	0	0	0
Royalty	117,340	0	117,360	0	-20	0
Surface rent	0	579,559,963	0	558,663,455	0	20,896,508
Withholding Tax	0	18,701,200	0	9,974,201	0	8,726,999
Unspecified	0	0	0	57,050,000	0	-57,050,000
Surface rent	0	0	0	57,050,000	0	-57,050,000

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

2007	Company Reported USD	Company Reported Le	MDA Reported USD	MDA Reported Le	Variance USD	Variance Le
	8,154,974	6,924,436,631	7,919,824	6,808,606,723	235,150	115,829,908
African Minerals	1,291,496	1,813,309,350	1,090,395	2,078,180,757	201,101	- 264,871,407
Agricultural Development Fund	1,100	0	0	0	1,100	0
Mining lease	200,000	0	0	0	200,000	0
Licenses	653,000	0	653,000	0	0	0
Royalty	437,396	0	437,395	312,215,425	1	- 312,215,425
Surface rent	0	335,616,000	0	335,616,000	0	0
Taxes from employees (PAYE)	0	1,477,693,350	0	1,430,349,332	0	47,344,018
Cluff Gold	31,400	171,394,111	31,400	50,759,174	0	120,634,937
Licenses	31,400	0	31,400	0	0	0
Taxes from employees (PAYE)	0	53,266,329	0	50,759,174	0	2,507,155
Withholding Tax	0	118,127,782	0	0	0	118,127,782
Hisham Mackie	1,716,068	6,000,000	1,716,069	0	-1	6,000,000
Alluvial Diamond exporters license	41,500	0	41,500	0	0	0
Diamond Exporter Agent	15,000	6,000,000	15,000	0	0	6,000,000

2007	Company Reported USD	Company Reported Le	MDA Reported USD	MDA Reported Le	Variance USD	Variance Le
Royalty	1,659,568	0	1,659,569	0	-1	0
Kassim Basma	807,367	7,200,000	807,376	159,005,000	-9	- 151,805,000
Alluvial Diamond exporters license	41,500	0	41,500	0	0	0
Corporate tax	0	0	0	50,000,000	0	-50,000,000
Diamond Exporter Agent	20,000	7,200,000	20,000	0	0	7,200,000
Other	0	0	0	8,455,000	0	-8,455,000
Royalty	745,867	0	745,876	0	-9	0
Taxes from employees (PAYE)	0	0	0	100,000,000	0	-
Withholding Tax	0	0	0	550,000	0	-550,000
Koidu Holdings	1,949,203	2,876,814,828	1,949,206	2,615,450,496	-3	261,364,332
Agricultural Development Fund	23,447	0	23,447	0	0	0
Customs Duties	0	1,103,210,853	0	973,408,302	0	129,802,551
Mining lease	200,000	0	200,000	0	0	0
Licenses	53,000	0	53,000	0	0	0
Other	0	131,400,000	0	0	0	131,400,000
Royalty	1,643,188	0	1,643,191	0	-3	0
Surface rent	29,568	0	29,568	0	0	0
Taxes from employees (PAYE)	0	1,642,203,975	0	1,642,042,194	0	161,781
London Mining Co.	125,000	353,538,001	125,000	257,805,446	0	95,732,555
Customs Duties	0	48,698,055	0	48,698,055	0	0
Mining lease	100,000	0	100,000	0	0	0
Surface rent	25,000	0	25,000	0	0	0
Taxes from employees (PAYE)	0	96,232,565	0	0	0	96,232,565
Withholding Tax	0	208,607,381	0	209,107,391	0	-500,010
Sierra Minerals	1,817,309	621,097,799	1,805,600	593,522,720	11,709	27,575,079
Agricultural Development Fund	0	46,500,000	0	46,500,000	0	0
Corporate tax	253,388	469,710,839	253,388	469,710,839	0	0
Customs Duties	620,982	0	620,721	0	261	0
Mining lease	50,960	0	50,960	0	0	0
Other	11,448	0	0	0	11,448	0
Royalty	880,531	0	880,530	0	1	0
Surface rent	0	104,886,960	0	77,311,881	0	27,575,079
Sierra Rutile Ltd	417,133	1,075,082,542	418,225	951,193,131	-1,092	123,889,411
Agricultural Development Fund	0	185,750,000	0	139,500,000	0	46,250,000
Corporate tax	0	221,465,250	0	221,527,500	0	-62,250
Customs Duties	87,305	0	87,059	1,594,039	246	-1,594,039
Mining lease	132,903	0	132,903	0	0	0

2007	Company Reported USD	Company Reported Le	MDA Reported USD	MDA Reported Le	Variance USD	Variance Le
Royalty	196,925	0	198,263	0	-1,338	0
Surface rent	0	378,854,077	0	299,558,376	0	79,295,701
Taxes from employees (PAYE)	0	0	0	0	0	0
Withholding Tax	0	289,013,215	0	289,013,216	0	-1
Unidentified	0	0	0	102,690,000	0	-
						102,690,000
Surface rent	0	0	0	102,690,000	0	-
						102,690,000

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

Table D 10: Unresolved discrepancies 2006

2006	Variance USD	Variance Le	Action to Reconcile
	220,155	515,779,456	
African Minerals	0	348,285,795	
Surface rent	0	92,756,000	Chiefdoms and District Councils to provide evidence to support amounts reported by company
Taxes from employees (PAYE)	0	255,529,795	Company to provide supporting documentation and NRA to continue to research payments
Cluff Gold	0	3,584,031	

Taxes from employees (PAYE)	0	(763,844)	Potential recording error with withholding tax perform further analysis of payments
Withholding Tax	0	4,347,875	NRA to continue to research missing transactions
Hisham Mackie	0	6,000,000	
Diamond Exporter Agent	0	6,000,000	NRA to continue to research missing transactions
Kassim Basma	0	7,200,000	
Diamond Exporter Agent	0	7,200,000	NRA to continue to research missing transactions
Koidu Holdings S.A	225,601	178,136,122	
Agricultural Development Fund	36,369	0	Company reported additional payments during reconciliation. Follow-up with Chiefdoms required
Customs Duties	0	63,500,122	NRA to continue to research missing transactions
Other (Immigration fees)	0	114,636,000	NRA to continue to research missing transactions
Royalty	189,232	0	NRA to continue to research missing transactions
London Mining Co.	(25,000)	0	
Surface rent	(25,000)	0	Obtain supporting materials from Chiefdom
Sierra Minerals	20,464	0	
Customs Duties	20,464	0	NRA to continue to research missing transactions
Sierra Rutile Ltd	(910)	29,623,507	
Customs Duties	(901)	0	Cannot determine cause of continued variance
Mining lease	11	0	Immaterial variance, no further action needed
Royalty	(20)	0	Immaterial variance, no further action needed
Surface rent	0	20,896,508	Continue to follow-up with Chiefdoms and District Councils to support amounts indicated by company
Withholding Tax	0	8,726,999	Continue to follow-up with Chiefdoms and District Councils to support amounts indicated by company
Unspecified	0	(57,050,000)	
Surface rent	0	(57,050,000)	Follow-up with Chiefdoms and District Councils to identify company from which revenue is reported.

Table D 11: Unresolved discrepancies 2007

2007	Variance USD	Variance Le	Action to Reconcile
	235,151	115,829,908	
African Minerals	201,100	(264,871,407)	
Agricultural Development Fund	1,100	0	MMR to research missing transactions
Mining lease	200,000	0	NRA to continue to research missing transactions
Royalty	0	(312,215,425)	Company to validate payments with NRA
Taxes from employees (PAYE)	0	47,344,018	NRA to continue to research missing transactions
Cluff Gold	0	120,634,937	
Taxes from employees (PAYE)	0	2,507,155	NRA to continue to research missing transactions
Withholding Tax	0	118,127,782	NRA to continue to research missing transactions
Hisham Mackie	(1)	6,000,000	
Diamond Exporter Agent	0	6,000,000	NRA to continue to research missing transactions
Royalty	(1)	0	Immaterial variance, no further action needed
Kassim Basma	(9)	(151,805,000)	
Corporate tax	0	(50,000,000)	Company to validate payment
Diamond Exporter Agent	0	7,200,000	MDA did not report; obtain backup from company validate transactions with MDA
Other	0	(8,455,000)	Company to validate payment
Royalty	(9)	0	Immaterial variance, no further action needed
Taxes from employees (PAYE)	0	(100,000,000)	Company to validate payment
Withholding Tax	0	(550,000)	Company to validate payment
Koidu Holdings	(4)	261,364,332	
Customs Duties	0	129,802,551	MDA did not report full amount; obtain backup from company validate transactions with MDA
Other	0	131,400,000	MDA did not report; obtain backup from company validate transactions with MDA
Royalty	(4)	0	Immaterial variance, no further action needed
Taxes from employees (PAYE)	0	161,781	Variance due to cash vs. accrual reporting; missing transactions to validate with MDA and company
London Mining Co.	0	95,732,555	
Taxes from employees (PAYE)	0	96,232,565	MDA did not report; obtain backup from company validate transactions with MDA
Withholding Tax	0	(500,010)	Variance due to cash vs. accrual reporting; missing transactions to validate with MDA and company
Sierra Minerals	11,709	27,575,079	
Customs Duties	261	0	Variance due to cash vs. accrual reporting; missing transactions to validate with MDA and company
Other	11,448	0	MDA did not report; obtain backup from company validate transactions with MDA
Surface rent	0	27,575,079	Company converted from Le to USD, validate payments with MDAs and company
Sierra Rutile Ltd	(1,092)	123,889,412	

2007	Variance USD	Variance Le	Action to Reconcile
Agricultural Development Fund	0	46,250,000	MDA did not report full amount; obtain backup from company validate transactions with MDA
Corporate tax	0	(62,250)	MDA did not report full amount; obtain backup from company validate transactions with MDA
Customs Duties	246	(1,594,039)	MDA did not report full amount; obtain backup from company validate transactions with MDA
Royalty	(1,338)	0	MDA did not report; obtain backup from company validate transactions with MDA
Surface rent	0	79,295,701	MDA did not report; obtain backup from company validate transactions with MDA
Unspecified	0	(102,690,000)	
Surface rent	0	(102,690,000)	Continue to follow-up with Chiefdoms and District Council to provide source

Appendix E - Information Collected After End Date

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

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

The surface rent paid to the council in March 2007 was due to be paid in 2006, amounting to 57,929,910.

The surface rent reported in 2007 was actually paid in March 2008 amounting to 89,080,900.

The Ministry of Mineral resources also provided receipts for Hisham Mackie (H.M Diamonds) for the payment of \$40,000 for 2006 and 2007 license fees.

The Ministry of Mineral Resources provided receipts for \$1,500 received from H.M. Diamonds for payments due for Certificates of Origin for 2006 and 2007.

Appendix F - Status of Reporting Templates Collected

Table F 1: Status of Reporting Templates Collected

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

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

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

Ⓜ Indicates entities not originally selected, that voluntarily submitted reports

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

Backup - refers to supporting receipts, payment references, etc

Appendix G - Analysis of Signature Status/Report Template Certification

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

Table G 1: Signature Status

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

Entity	Signed by CEO/MD/PS/CA	Signed by Accounting /CFO
Nimiyama Cheifdom	Y	N
Sandor Cheifdom	Y	N
Tankoro Cheifdom	Y	N
Upper Banta Cheifdom	Y	N

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