

**DETAILS OF POLICY MEASURES RELATING TO SMALL
SCALE AND ARTISANAL MINING AND MARKETING OF
PRECIOUS MINERALS**

**Ministry of Mineral Resources
Youyi Building
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PREAMBLE

The Small Scale and Artisanal Mining Sector on which the livelihood of over half a million of our people depends generate not only revenue for government but also an appreciable amount of economic activity in the country. This has however been plagued by both the smuggling of our diamonds and gold and by the continuous changes in the rules and regulations governing the conditions under which miners, dealers and exporters operated.

Now therefore, in view of the above, government has decided to regulate the small scale and artisanal mining sector in a manner that ensures open competition, continuity and security of tenure, and minimises smuggling of precious minerals so as to maximise benefits to the nation as a whole.

The following measures for the mining and marketing of precious minerals shall be adhered to:

1. REQUIREMENTS FOR ARTISANAL MINERS

- (1) Application for an artisanal mining licence shall be submitted in the prescribed application form (SCHEDULE A FORM 3)
- (2) An Applicant for an Artisanal Mining Licence shall be allocated mining land by the Chiefdom Mining Allocation Committee before it is processed and issued by the Ministry.
- (3) An applicant for an artisanal mining licence shall provide evidence that he possesses sufficient capital and mining experience to undertake mining in accordance with the Artisanal Mining Provisions prescribed in the Mines and Minerals Act.
- (4) An Artisanal Mining Licence shall be granted to
 - (i) in the case of an individual only to a citizen of Sierra Leone.
 - (ii) to a co-operative registered in Sierra Leone under the Co-operatives Act Cap 253.
- (5) All such co-operatives shall be registered with the Director of Mines for approval to participate in Artisanal mining of precious minerals.
- (6) In addition to the registration a co-operative shall apply for an Artisanal Mining Licence and must fulfil the condition set forth for the application of the Prescribed Licence.
- (7) Where Artisanal Miner is to be sponsored by a financier, such financier shall show proof of his financial ability to undertake the mining venture and may be a licensed dealer or an exporter. A financier without a dealer/exporter's Licence shall not be allowed to handle any of the precious minerals recovered from the mining operations but may facilitate the sale of such precious minerals to a Licensed dealer or exporter.
- (8) **All Financial Supporters of Artisanal miners licence holders shall register with the resident Government Mining Engineer and shall pay a registration fee of Le50,000.**

- (9) **Heavy earth mining machines such as Excavators, dredges etc shall not be employed in artisanal mining licensed areas and pit depths shall target alluvial deposits only and not Kimberlite deposits.**
- (10) **Mining shall be carried out in an environmentally friendly manner. All such mining operations shall be closely monitored by the Ministry to ensure best mining practices are employed by all Artisanal miners.**
- (11) An Artisanal Mining Licence shall be valid for such period, not exceeding two years and may be renewed for further periods not exceeding one year at a time.
- (12) Renewals shall be subject the holder's fulfillment of the conditions required by the Mining Regulations in force.
- (13) The area covered by an artisanal mining licence shall not exceed 5 acres.
- (14) An Artisanal Mining Licence holder shall pay a prescribed rehabilitation fee to a rehabilitation fund that will be utilised to defray the cost of rehabilitation and reclamation of mined out areas
- (15) An applicant for an Artisanal Mining Licence shall pay all other fees before the issue of his licence as prescribed in SCHEDULE 1.
- (16) An Artisanal Mining Licence shall be revoked if
- (i) within a period of six months no mining operations have commenced under the said licence or its renewal.
 - (ii) The holder fails to fulfil the conditions required by the artisanal mining provisions of the Mines and Mineral Act.
- (17) The holder of an Artisanal Mining Licence shall be required to sell his proceeds to a licensed dealer or exporter only and not to another licensed miner. All such transactions shall be recorded on a sales Card (prescribed in SCHEDULE A – FORM 10) and produced for inspection by the Director of Mines or an Authorised Officer.

2. **SUPPORT TO ARTISANAL MINERS**

Government intends to re-activate an Assistance Scheme whereby Artisanal Miners can be assisted with a view to restoring their rights of complete control over mining operations within their mining claims and become less dependent on the supporters who had hitherto usurped the powers of the miners due to the miners inability to secure the high initial investment capital required.

It is against this background that the Peace Diamond Alliance project has been launched to encourage the formation of mining cooperatives that can be provided with mining equipment and machinery as well as food for work, required for the artisanal mining operation. The project is presently on trial in Kono and is now being extended to Tongo and in due cause to other parts of the Country.

The Peace Diamond Alliance has also started training artisanal miners in Kono District the art of valuing diamonds to enable them negotiate the best market prices for their winnings when selling to dealers or exporters.

3. **REQUIREMENTS FOR SMALL-SCALE MINING COMPANIES**

1. The proposed Company may be
 - (i) a wholly-owned Sierra Leone Company registered in Sierra Leone under the Companies Act Cap 249
 - (ii) a body-Corporate that is incorporated in Sierra Leone **with a minimum of 25% Sierra Leone share holding** preferably held by the Community in which the proposed mining area is located.
2. All such bodies corporate shall be required to register with the Director of Mines for approval to participate in Small-scale mining of precious minerals and pay the specified fees as prescribed in SCHEDULE 1.
3. An applicant for a small-scale mining lease shall be allocated mining land by the Chiefdom Mining Allocation Committee before the grant of the lease by the Ministry.
4. In addition to the registration, a company shall apply for a small-scale mining lease and must fulfil the conditions set forth for the application of the prescribed licence.
5. A Registered Mining Company with foreign participation may employ a prescribed number of expatriate workers to supervise the operations of the mining in the field. Such expatriate workers must fulfil the requirements of the relevant provisions of the immigration and labour laws of Sierra Leone before they are allowed to enter the mining areas.
6. An applicant for the grant of a small-scale mining lease
 - (a) shall be accompanied by a plan of the area over which the licence is sought drawn in such manner as the Director may require
 - (b) shall state the period for which the lease is sought
 - (c) shall give a statement with particulars of the programme of proposed mining operations.
including the treatment method and the type of equipment/machinery to be employed in the operations

- (d) shall submit to the Director of Environment and copy to the Director of Mines,.
Proposals for progressive reclamation and rehabilitation of land disturbed by mining and for the minimization of the effects of mining on surface water and underground water and any. Adjoining or neighbouring lands for consideration and approval before the commencement of any mining operation
 - (e) shall be accompanied by a report on the proposed marketing arrangements for the sale precious minerals recovered
7. The area covered by a single Small-Scale Mining Lease shall not exceed 100 acres.
 8. An applicant for a Small-Scale Mining Lease shall pay all fees before the issue of his lease as prescribed in SCHEDULE 1.
 9. A Small-Scale Mining Lease shall be revoked if
 - (i) within a period of six months mining operations have not commenced under the said licence or its renewal thereof.
 - (ii) the holder fails to fulfil the conditions required by the small- scale mining provisions in force
 10. The holder of a small-scale mining lease shall be required to keep accurate records of his winnings and sales/exports on site at all times and to submit accurate technical records of his operations in his licence in such form as may be prescribed every 6 months. Records of winnings, sales an/or exports shall be submitted monthly to the Director of Mines through the local Senior Mines Officer on the 10th day of the succeeding month. These records shall also be produced for inspection by the Director of Mines or an Authorised officer. **Diamonds recovered in small-scale mining lease operations may be exported through the GGD under the Kimberley Process Certification Scheme.**
 11. **Small-scale mining companies shall not be allowed to buy any precious minerals from miners or dealers, but may sell to dealers or exporter only after obtaining written permission from the Director of mines or an authorised officer.**
 12. All renewals shall be granted subject to the holder's fulfillment of the obligations required by the Mining Regulations in force.
 13. A Small-Scale Mining Lease holder intending to operate a dredge shall take out a dredging licence on the payment of the prescribed fee in SCHEDULE 1.

4. **DECLARATION OF SMALL-SCALE AND ARTISANAL GOLD AND DIAMOND MINING AREAS.**

(a) The following Chiefdoms are declared Small-Scale and Artisanal Diamond Mining Areas.

DISTRICT

CHIEFDOMS

BO

Baoma, Bumpeh, Jaiama Bongor, Lugbu, Tikonko, Badja, Kakua, Komboya, Bagbo, Wonde, Valunia, Bagbe.

KENEMA

Kandu Leppiama, Simbaru, Wando, Gorama Mende, Nongowa, Small Bo, Dama, Lower Bambara, Dodo Gaura, Koya, Malegohun, Langrama, Nomo. Those Parts of Tunkia Chiefdom which lie west of the Joru-Zimmi-Sulima Trunk Road.

KONO

Nimi Yema, Gbense, Nimikoro, Tankoro, Faiama, Kamara, Sando, Gbane, Goroma-Kono, Soa.

PUJEHUN

Panga-Kabonde, Gallinas, Those part of Soro-Gbema and Makpele Chiefdoms which lie west of the Joru Zimmi-Sulima Trunk Road. Barri, Kpaka, Panga Krim.

KAILAHUN

Juluahun, Pejewa, Jawi, Malema, Yawei, Lauwa, Mandu.

MOYAMBA

Dasse

BONTHE

Bum, Kpande Kemo, Kongbora, Kagbora, Banta-Mokelle, Jong

KAMBIA

Brimaia, Magbema, Tonko Limba, Masumbola, Gbinle Dixon

BOMBALI

Tambaka, Sela Limba, Sando Tendaran, Gbanti Kamaranka, Sando Magbolonto, Sanda Loko, Paki-Masabom

KOINADUGU

- (i) Those parts of the Dembelia, Musaia, Wara Wara Bafodea, Wara Wara Yagela and Dembelia Sinkunia Chiefdoms within one mile of the Mongo River.
- (ii) Those parts of the Diang, Nieni and Sengbe Chiefdoms within one mile of the Seli River from its confluence with the Mawa-Loko to The Falaba-Kamroh Motor Road.
- (iii) Those parts of Nieni, Sengbe, Mongo and Neya Chiefdoms within one mile of the Bagbe River from where it enters Kono District to a point due south of Kamara in the Neya Chiefdom
- (iv) Those parts of Neya Chiefdom within one mile of the Njai River from where it enters the Kono District to a

point along the river two miles North Korubola in the Neya Chiefdom.

TONKOLILI	Tane; Bonkolenken, Kunike.
PORT LOKO	Mangeh Bureh and those parts of Kolenten, Konna and the Little Scarcies Rivers, Maforki

(b) The following Chiefdoms are declared Small-Scale and Artisanal Gold Mining Areas:-

<u>DISTRICT</u>	<u>CHIEFDOMS</u>
TONKOLILI	Kafe-Simiria, Kholifa, Sambaia, Konike-Barina, Kalansogoia, Tane, Konike, Bonkolenken.
BOMBALI	Sanda Loko, Sela Limba, Magbaiamba, Tambaka.
KOINADUGU	Mongo, Diang.
BO	Valunia.
KENEMA	Gorama - Mende, Simbaru.
KAILAHUN	Kissi Tongi, Penguia, Yawei.
KONO	Soa, Gbense, Nimikoro, Nimiyema, Sando.

(c) Only people of Sierra Leonean origin and nationality are permitted to reside in the above declared small-scale and artisanal mining areas and participate in mining and/or marketing of precious minerals.

(d) All other nationals shall relocate to Freetown and the other designated areas in the Provinces if they wish to participate in the marketing of precious minerals under the Small-Scale and Artisanal Mining Provisions of the Mines and Minerals Act.

5. **REQUIREMENTS FOR DEALERS**

(1) **Application**

[i] Application for a prescribed Dealer's licence shall be submitted in the prescribed application form (SCHEDULE A- FORM 11). Each applicant is required to produce documents to support citizenship claimed.

[ii] Applicant for a dealer's licence shall be required to pay the prescribed Standard Assessment Tax (SCHEDULE 1).

(2). **Licence**

- [i] An applicant shall obtain a prescribed dealer's licence on the approval of the Director of Mines and on the payment of the fee as prescribed for the precious mineral in the attached SCHEDULE 1.
- [ii] An applicant for a dealer's licence shall be required to contribute to a monitoring fund as prescribed in SCHEDULE 1.
- [iii] **An applicant for dealers Licence shall be required to contribute to a rehabilitation fund as prescribed in SCHEDULE 1.**
- [iv] A Dealer's Licence shall be issued for one year and shall expire twelve (12) months from the date of issue. Half-yearly licences may be issued in special circumstances and shall expire six months from date of issue.
- [v] **All expired dealers licensed shall be renewed with effect from the expiry date of previous license.**

(3) **Sale/Purchase of Precious Minerals**

A Dealer shall be required to buy precious minerals only from any artisanal or small-scale mining lease holder and sell to any exporter. A dealer shall not be allowed to buy from or sell to another dealer. Each dealer shall be required to keep a record of purchases and sales of precious minerals acquired and to issue a numbered invoice/receipt for each purchase or sales transaction.

(4) **Monthly Returns**

A Dealer shall submit monthly returns of purchases and sales to the Director of Mines through the local Senior Mines Officer not later than the 10th day of the succeeding month.

(5) **Performance Target**

All Dealers shall be subjected to performance targets that will be set from time to time.

(6) **Buying Agent**

Each dealer shall be allowed to employ not more than five buying agents of Sierra Leonean nationality. On the recommendation of the local Senior Mines Officer, the Director of Mines shall approve a buying agent and issue a dealer's agent's certificate on the payment of the prescribed fee as in SCHEDULE 1

6. **REQUIREMENTS FOR EXPORTERS**(1) **Application**

- (i) Application for the grant of a prescribed exporter's licence shall be submitted in the prescribed application form (SCHEDULE A - FORM 15).
- (ii) An applicant may be an individual of any nationality or a registered company

(iii) Applications shall be approved by the Minister of Mineral Resources on the recommendation of the Director of Mines.

(2) **Licence**

(i) An Exporter's licence shall be issued by the Minister of Mineral Resources on the payment of a fee of USD 40,000 as prescribed in the attached SCHEDULE 1

(ii) An Exporter's licence shall be issued for one calendar year from 1st January and expires on the 31st December in the year of issue. Half yearly licences shall be issued from 1st July and shall expire on the 31st December of the same year.

(iii) A fee of US\$1,500 per replacement cost of the printing of the Certificates of Origin shall be paid on the issue of the Exporter's Licence.

(iv) **An exporter shall contribute to a rehabilitation fund at the rate 0.05% of the value of each precious minerals export.**

(3) **Export Charges**

Export Charges shall be paid at the rate of 3% of the value of the respective precious mineral exported. A breakdown of these Charges is provided in SCHEDULE 1

(4) **Buying Agents**

Each Exporter shall be allowed to employ buying agents who shall be approved by the Director of Mines, and issued with the prescribed Exporter's Agent's Certificate. Not more than five buying agents certificates may be issued under one Exporter's Licence. The first two agents shall be issued without payment, but the rest will be issued on the payment of the fee as prescribed in SCHEDULE 1

(5) **Purchase of precious minerals**

Exporters shall be allowed to open foreign currency accounts in accredited commercial banks in Sierra Leone to finance their operations and to dispose of funds freely but shall be required to show evidence of importation of all foreign currency inflows, before exporting any precious minerals.

Each Exporter shall be required to keep a record of purchases and exports of precious minerals acquired and to issue a numbered invoice/receipt for each purchase transaction.

(6) **Monthly Returns**

Monthly Returns of purchases and exports shall be submitted to the Director of Mines not later than the 10th day of the succeeding month.

(7) **Performance Target**

All Exporters shall be subjected to performance target that will be set from time to time

(8) **Training of Sierra Leonean Nationals**

Each Exporter shall be required to employ and to train at least one Sierra Leonean as Valuator to the satisfaction of the Gold and Diamond Department. **Particulars of all such employees must be submitted to the Director of Mines verification.**

SECURITY

- (i) To ensure adequate protection for the licensed miner, dealer and exporter and in an effort to promote the precious minerals trade, minimise smuggling with the consequent loss of revenue, and attract more operations to the official channel, the following measures are in force:
- (ii) Diamond exporters pay the stipulated duties and charges of 3% and the parcel of goods is sealed at the GDD in the presence of Customs and other Security Personnel. Thereafter a Kimberley Process Certificate is issued and the exporter is free to leave Sierra Leone without further harassment or the parcel being opened again at the Airport.
- (iii) A Mining Licence holder, dealer or exporter has no obligation to surrender his goods to Security Personnel except to an Authorised officer as defined in the Mines and Minerals Act. The licensed miner, dealer and exporter will however produce his licence if and when required by Security Personnel for inspection only, to ascertain the legality of his mining, dealing or export activity.

10. **INCENTIVES**

- (1) Any person who gives information leading to the arrest of smugglers or illicit dealers of precious minerals shall be compensated with 40% of the value of the goods confiscated. 15% of the value of the goods confiscated will go to the Monitoring fund, 5% will go to GGD for valuation fee and marketing of the confiscated goods, with the balance 40% paid into Government revenue.
- (2) The identity of all informants shall not be disclosed.

11. **PURCHASES AND EXPORT OF SMALL QUANTITIES OF DIAMONDS AND GOLD BY TOURISTS**

Tourists who wish to purchase diamonds and gold as souvenirs shall obtain permission from the Ministry on the recommendation of the GDD before engaging in such transactions. They shall be allowed to purchase and export up to US\$1,000 worth of diamonds and US\$500.00 worth of gold. A levy of 3% shall be paid in addition to the 3% export duty for any goods valued by GDD for export.

SCHEDULE 1

REVISED FEES FOR SMALL-SCALE AND ARTISANAL MINING AND MARKETING UNDER THE MINES AND MINERAL ACT

A. DIAMOND

1.	Alluvial Diamond Exporter's Licence.....	US\$40,000.00 per calendar year US\$25,000 per half calendar year
2.	Alluvial Diamond Exporter's Agents Certificate	US\$5,000/year US\$3,000/half year
3.	Alluvial Diamond Dealer's Licence	
(i)	Non-Citizen.....	US\$5,000.00 per year US\$3,000.00 per half year
(ii)	Ecowas Citizen.....	US\$2,500.00 per year US\$1,700.00 per half year
(iii)	Citizen.....	US\$2,000.00 per year US\$1,500.00 per half year
(iv)	Monitoring Fee.....	US\$400.00 per year US\$250.00 per half year
(v)	Rehabilitation Fee.....	Le.500,000/year Le.300,000/ half year
4.	Alluvial Diamond Dealer's Agent's Certificate	
(i)	Citizens	US\$1,000 per year US\$700/ half year
(ii)	Ecowas Citizens	US\$1,500/year US\$1,000/half year
5.	Diamond Mining	
(i)	Artisanal and Co-operative Mining Lease.....	Le200,000.00 per year per acre or part thereof
(ii)	Small-Scale Mining Lease.....	Le750,000/acre/ year per acre or part thereof
(iii)	Mine Manager's Certificate (Artisanal and Co-operative Mining Licences)	Le100,000/acre/year

(iv)	Body Corporate Mines Managers Certificate	
	(a) Citizen.....	Le200,000/licence year
	(b) Non Citizen.....	Le750,000/licence year
(v)	Licence to Dredge.....	US\$500/year
(vi)	Monitoring Fee.....	Le100,000.00/acre/year
(vii)	Rehabilitation Fee	
	(a) Artisanal Mining Licence holder	Le200,000.00 per acre per year
	(b) Small-Scale Mining Lease Holder	Company to rehabilitate
(viii)	Surface Rent.....	Le100,000.00 per year per acre or part thereof
(ix)	Registration of Financial Supporter.....	Le50,000 per year
6.	<u>Administrative Expenses/Export Charges</u>	
(i)	Royalty on export of diamonds.....	3% of Export Value
	Distribution of such royalty is as follows:	
(a)	Special Treasury Account.....	0.70%
(b)	GDD.....	0.75%
(c)	Mining Community Development.....	0.75%
(d)	Monitoring Fund.....	0.25%
(e)	Independent Valuator.....	0.40%
(f)	Rehabilitation Fund.....	0.05%
(g)	Public Information Unit.....	0.05%
(h)	PMMT (Precious Mineral Monitoring Team.....	0.05%
(ii)	Royalty for Small-Scale Mining Lease Holders wishing to export their winnings.....	5% of Export Value Plus valuation fee of 1%
7.	<u>Standard Assessment Income Tax</u>	
	Diamond Mining Licence.....	Le96,000.00 per acre per year
	Diamond Dealer's Licence (i) Non-Citizen...	Le 600,000.00 per year
	(ii) Citizen.....	Le 600,000.00 per year
	Diamond Exporter's Agent	Le1,200,000.00 per year
	Diamond Dealer's Agent	Le 180,000.00 per year

B. GOLD DEALER'S LICENCE

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|----|---|--|
| 1. | Gold Exporter's Licence..... | US\$3,000 per year |
| 2. | Gold Exporters Agent's Certificate..... | US\$1,000 per year |
| 3. | Gold Dealers Licence | |
| | (i) Citizens..... | Le500,000/year |
| | (ii) Non-Citizens..... | US\$1,000/year |
| | (iii) Monitoring Fee..... | Le150,000/year |
| 4. | <u>Gold Mining</u> | |
| | (i) Artisanal Mining Licence..... | Le100,000.00 per year
per acre or part thereof |
| | (ii) Small Scale Mining Lease..... | Le500,000.00 per year per acre or
part thereof |
| | * (iii) Artisanal/Co-operative Mines.....
Manager Certificate | Le50,000/year |
| | * (iv) Company Mines Manager Certificate | |
| | (a) Citizen..... | Le200,000/licence year |
| | (b) Non Citizen..... | Le500,000/half year |
| | (v) Licence to Dredge..... | US\$500.00 per year |
| | (vi) Monitoring Fee..... | Le50,000.00 per acre per year |
| | (vii) Rehabilitation Fee | |
| | (a) Artisanal Mining Licence Holder and
Co-operatives..... | Le100,000/acre year |
| | (b) Small-Scale Mining Lease Holders.... Company to rehabilitate | |
| | (viii) Surface Rent..... | Le50,000.00 per year per acre or
part thereof. |
| 5. | <u>Gold Export Charges</u> | |
| | (i) Royalty for Export Licence Holders..... | 2% of Export Value |
| | (ii) Royalty for Small-Scale Licence Holders
wishing to export their winnings..... | 5% of Export Value |

(iii)	Valuation Fee.....	½% of Export Value
(iv)	Monitoring Fee.....	½% of Export Value

6. **Standard Assessment Minimum Tax**

(i)	Gold Mining Licence.....	Le60,000.00 per acre per year
(ii)	Gold Dealer's Licence (a) Non-citizen.....	Le360,000.00 per year
	(b) Citizen.....	Le360,000.00 per year
(iii)	Gold Exporter's Licence.....	Le600,000.00 per year

C. **REGISTRATION OF COMPANIES/CO-OPERATIVES UNDER SMALL SCALE AND ARTISANAL MINING**

1.	Co-operative	Le200,000/year
2.	Wholly-owned registered Sierra Leonean Companies.....	Le500,000 year
3.	Body Corporate with majority Sierra Leonean Shareholding.....	US\$500 per year
4.	Body Corporate with Sierra Leonean Shareholding.....	US\$1,000.00 per year
5.	Body Corporate with Majority Foreign Shareholding.....	US\$2,000/year

