

Prospectors and Developers Association of Canada (PDAC) Annual Convention in Toronto, Canada, February 2008

Sierra Leone's Minister of Mineral Resources Alhaji Abubakarr Jalloh and Director of Mines A.R. Wurie led a delegation from Sierra Leone to the annual International Convention, Trade Show and Investors Exchange of the Prospectors and Developers Association of Canada in February 2008 in Toronto, Canada. This event is the largest and most important gathering of those involved in global mineral exploration and mining. A record 20,000 people participated at this year's event.

Participants came from over 110 countries, from which 50 were national delegations headed by senior government officials who were given a unique opportunity to meet, compare notes and negotiate. Also attending were prospectors, geologists, investors, bankers, brokers, equipment suppliers, lawyers and students. The technical presentations were a huge draw, close to 1,000 booths were occupied as part of the trade show, and speakers addressed a wide variety of subjects including corporate social responsibility by mining investors to host countries, environmental issues, and mine closure plans.

Sierra Leone was also represented by three mining companies - Cluff Gold PLC, Axmin and Moydow International.

- Cluff Gold PLC are exploring for primary gold in Baomahun, Valunia Chiefdom Bo District .The company has already proved up to 1.6 million ounces of gold reserves, i.e. approximately 1.6 billion dollars on the ground in raw form. Cluff has applied for a mining lease to develop the property for exploitation.
- Axmin Limited is also far advanced in gold exploration in the Nimini Hills, Nimi Koro Chiefdom, Kono District and have proved quite substantial amounts of gold reserves which need to be quantified.
- Moydow International has a partnership arrangement with Gondwana Investments S.A. for the exploration and subsequent development of the Port Loko Bauxite deposits. Gondwana has been granted a renewal of their exploration license for another one year after which the company is expected to go into full scale exploitation.

Participation at the PDAC event allowed the Sierra Leone delegation to meet governmental officials from several African countries to discuss a wide range of issues such as: (i) community benefits from a mining or exploration operations; (ii) allocation of mineral rights and terms of mineral rights; (iii) enforcing compliance by mineral rights holders; (iii) environmental issues; (iv) regional and Africa-wide infrastructure development; (v) mine closure strategies; and (vi) the Extractive Industry Transparency Initiative (EITI).

The PDAC convention as a whole was a success and Canada once more exhibited its uniqueness on the world mining stage with 65% of all the world's public mining companies listed on Canada stock exchanges.

Specific Lessons Learned about Mining Activity and Governance in Selected African Countries

Burkina Faso

- Mineral rights are granted to citizens as well as foreign companies.
- Applicants for mineral rights are required to show evidence of technical and financial resources.
- Citizen applicants are to produce evidence of funds not less than one million CFA Francs.
- Mineral rights holders make commitments to spend a specified minimum amount per every square kilometer of the concession.
- The area covered by mineral rights is not more than 250 square kilometers, but multiples of 250 square kilometer licenses can be granted to companies.
- The duration of mineral rights is nine years, and holders are to report on their operations half yearly and yearly.

Angola

- There are about three thousand kimberlite pipe occurrences in Angola but only seven hundred are diamondiferous. The largest of these pipes is 201 hectares wide which is bigger than the Opara Kimberlite pipe in Botswana. (please note that the largest pipe in Sierra Leone is about 2 acres).
- The smallest pipe is 20 hectares wide.
- The average grade of the kimberlite pipe deposits is 10 Carats per ton of ore mined.
- The value of diamonds produced is \$120.00 per carat.
- INDIAMA is a state owned Angolan Company that owns exclusive rights over all diamond deposits in Angola on behalf of the government.
- Any investor interested in exploring for diamonds has to negotiate with this state company which automatically retains 51% free equity in any subsequent mining agreement with the company formed to exploit the diamond deposit.

Ghana

- The Ghana Minerals Commission is a quasi government body with a Board that provides technical advice to government on all mining and mining related matters.
- The minister cannot take any action without the advice from the Commission.
- Citizens are also eligible to hold mineral rights as long as they can provide evidence of technical and financial resources.
- All mineral rights are processed by the Commission that recommends to the Minister.
- The Commission evaluates applications and checks financial technical capabilities of applicants.

- Large scale operations are subject to much more rigorous environmental evaluation before recommending the issuing of a license.
- Small scale operations do not go through such rigorous scrutiny.
- Small scale mining rights cover a maximum of 25 acres and are exclusive to Ghanaians.
- Individuals are granted licenses covering 10 acres.
- Reconnaissance licenses are granted for one year and renewed for one more year only, and reports are submitted quarterly.
- Prospecting licenses are granted after reconnaissance for a period of three years, but normally granted for a two-year period.
- Non performance can be a basis for non renewal. Extensions can be granted for three to six months if work programmed is not completed due to unavoidable circumstances.
- Renewals are granted for two years, but the holder must give up 50% of the original concession area.
- Government by law acquires a minimum of 10% equity (free carried interest) in any company exploiting for minerals in Ghana and additional equity may be acquired based on an agreed value between government and the mining company.
- Royalty for gold varies with the scale of the mining operation. Large companies such as Anglo Gold Ashanti pay up to 6% royalty. Other smaller operations pay 3% including diamond mining companies.
- Foreign companies pay \$10,000 for reconnaissance and \$15,000 for prospecting licenses.
- Ghanaian citizens pay \$1000 for a reconnaissance license and \$1500 for a prospecting license.
- All exploration and mining companies are committed to Corporate Social Responsibility in communities affected by mining operations. 20% of all royalties from mining operations are paid to a Mining Development Fund (MDF) which is the equivalent of our own DACDF. Out of this, 50% of the fund is utilized for special projects, and the balance 50% is recycled within the affected community.
- Therefore in the revision of our policies and laws dealing with Exploration, Development and Mining of our mineral deposits our sub-committee will be looking at all of these experiences with the view of harmonizing our policies with neighboring African countries particularly our Mano River Union neighbors and submit a comprehensive recommendation to Cabinet. This harmonization concept was the main conclusion at the ECOWAS Regional Mining Forum held in Conakry, Guinea February 11th and 12th 2008 and also at an earlier African Mining Partnership Meeting held in South Africa February 2nd 2008, in which 20 African Mines Ministers attended.
- We will meet with Cluff Gold Resources and others in London on our homeward journey to accelerate and facilitate the establishment of the first Industrial Gold Mining in Sierra Leone. Gold is going to be the main catalyst among other minerals of future development in Sierra Leone.