

**IN THE THIRD SESSION OF THE
SIXTH PARLIAMENT OF THE
FOURTH REPUBLIC OF GHANA**

**REPORT OF THE SELECT
COMMITTEE ON MINES AND
ENERGY**

ON THE

RATIFICATION OF MINING LEASES

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REPORT OF THE SELECT COMMITTEE ON MINES AND ENERGY ON RATIFICATION OF MINING LEASES

1.0 INTRODUCTION

1.1 A total of ten (10) Mining Leases were laid in Parliament on 14th July, 2015 by the Hon. Minister for Lands and Natural Resources for their ratification in accordance with Article 268(1) of the 1992 Constitution. The Leases were subsequently referred to the Select Committee on Mines and Energy for consideration and report pursuant to Order 188 of the Standing Orders of Parliament.

1.2 The Mining Leases are:

- (i) Mining Lease Agreement between the Government of the Republic of Ghana and Adamus Resources Limited (Salman and Anwia-Teleku Bokazo);
- (ii) Mining Lease Agreement between the Government of the Republic of Ghana and Akanko Mining Limited (Akanko);
- (iii) Mining Lease Agreement between the Government of the Republic of Ghana and Central Ashanti Gold Limited (Ayanfuri and Nanankaw);
- (iv) Mining Lease Agreement between the Government of the Republic of Ghana and Newmont Golden Ridge Limited (Akyem East and Akyem West);
- (v) Mining Lease Agreement between the Government of the Republic of Ghana and Nevsun Resources Limited (Kubi);
- (vi) Mining Lease Agreement between the Government of the Republic of Ghana and Nsuta Gold Mining Limited (Nsuta); and
- (vii) Mining Lease Agreement between the Government of the Republic of Ghana and Xtra-Gold Mining Limited (Apapam).

2.0 DELIBERATIONS

The Committee met with the Minister for Lands and Natural Resources, Hon. Nii Osah Mills and Officials of the Minerals Commission to consider the Mining Leases. Officials of the Ghana Chamber of Mines and

Representatives of the companies involved in the Mining Leases attended the meeting at the instance of the Committee to provide information regarding their respective leases.

The Committee expresses its gratitude to the Officials for their attendance.

3.0 REFERENCE DOCUMENTS

The Committee was guided in its deliberations by the following documents:

- i. The 1992 Constitution of the Republic of Ghana;
- ii. The Standing Orders of Parliament;
- iii. The Minerals and Mining Act, 2006 (Act 703); and
- iv. The Environmental Protection Agency Act, 1994 (Act 490).

4.0 BACKGROUND INFORMATION

Ghana continues to develop and implement policies to promote the full utilization of its substantial resources by encouraging private sector participation in the exploration and commercial exploitation of its mineral resources.

In furtherance of the above and acting in accordance with Section 5 of the Minerals and mining Act, 2006 (Act 703), a total of ten (10) Mining Leases were granted to seven (7) mining companies for the exploration and production of gold between 2008 and 2011. The leases were executed on the basis of the establishment of the existence of gold in commercial quantities.

Prior to the grant of the Leases, the Minerals Commission thoroughly reviewed the Comprehensive Feasibility Reports presented by the companies and assessed their technical and financial capabilities to undertake the proposed mining operations.

The Leases were subsequently submitted to Parliament in 2011 for their ratification in accordance with the Constitution. The Leases were however withdrawn because they were not accompanied by Cabinet approval letter.

The Ministry sought and eventually received Cabinet approval on 12th February, 2015 and the Mining Leases were thereafter laid in Parliament

on 14th July, 2015 by the Hon. Minister for Lands and Natural Resources for their ratification.

5.0 THE MINING LEASES

5.1 ADAMUS RESOURCES LIMITED MINING LEASES

Term of the Leases/Contract Areas

On 11th April, 2008, Adamus Resources Limited was granted the following two (2) Mining Leases for exploration and production of gold for a period of ten (10) years each:

- i. Salman Mining Lease (25.70 square kilometers); and
- ii. Anwia - Teleku Bokazo Mining Lease (50.00 square kilometres).

The Adamus Resources Limited has also acquired the Akanko Mining Lease (16.60 square kilometres) which also has a term of ten years.

Mineral Prospects

Comprehensive geological, metallurgical and geotechnical investigations revealed Proven Reserves of 30.2 million tons of gold ore at 1.80 g/t and Probable Reserves of 6.98 million tons of gold ore at 1.62 g/t.

The proven and probable reserves have been estimated to contain 2,112,000 ounces of gold at a cut-off grade of 0.80 g/t.

Financial Terms

The three Mining Leases contain the same financial terms. The terms are as follows:

- | | | |
|-----------------------|---|----------------------------|
| i. Consideration fees | - | US\$30,000.00 |
| ii. Rent | - | GHP50 per kilometre square |
| iii. Royalties | - | As prescribed by law |
| iv. Taxes | - | As prescribed by law |

5.2 NEVSUN RESOURCES LIMITED MINING LEASE

Term of the Lease

The Nevsun Resources Limited was granted a Mining Lease on 18th September, 2008 for a period of twenty (20) years.

Contract Area

The lease covers an area of 19.17 square kilometers and situated in Kubi in the Adansi South District of the Ashanti Region.

Mineral Prospects

The total indicated geological resource at Kubi is estimated at 5,133,652 tonnes at 3.66 g/t, for 604,085 ounces of gold.

Financial Terms

The Mining Lease contains the following financial terms:

- | | | |
|-----------------------|---|----------------------------|
| i. Consideration fees | - | US\$60,000.00 |
| ii. Rent | - | GHP50 per kilometre square |
| iii. Royalties | - | As prescribed by law |
| iv. Taxes | - | As prescribed by law |

5.3 XTRA-GOLD MINING LIMITED MINING LEASE

Term of the Lease

The Xtra-Gold Mining Limited was granted on 6th January, 2011 for a term of thirteen (13) years).

Contract Area

The Contract area is located within the East Akim District of the Eastern Region and covers an area of 34 square kilometers.

Mineral Prospects

The estimated volume of gravel in the proven category is 3,719,000 square meters and contains 74,929 ounces of gold.

Financial Terms

The Mining Lease contains the following financial terms:

i. Consideration fees	-	US\$30,000.00
ii. Rent	-	GHp50 per kilometre square
iii. Royalties	-	As prescribed by law
iv. Taxes	-	As prescribed by law

5.4 NSUTA GOLD MINING LIMITED MINING LEASE

Background of the Mining Lease

On 20th August, 2001, Government granted a mining Lease to the Ghana Manganese Company Limited (GMC) to mine manganese, gold and other minerals for a term of thirty (30) years.

Since the grant of the lease, the GMC mined only manganese but carried out gold exploration activities which indicated a high possibility of bankable gold reserves.

The GMC later incorporated the Nsuta Gold Mining Limited to undertake further exploration and development of gold and other resources except manganese. The GMC thereafter assigned its interest to the Nsuta Gold Mining Limited for the residual term of twenty-four (24) years.

Term of the Mining Lease

The Government granted the Mining Lease to the Nsuta Gold Mining Lease on 27th June, 2008 for a period of twenty-four (24) years.

Mineral Prospects

Since the grant of the lease in June, 2008, five (5) main exploration targets have been identified. These are Akyem, Bonsawire, Domeabra and Enyinase. The Akyem prospect is estimated at 5.5million tonnes at 1.3g/t Au containing some 230,000 ounces of gold.

Financial Terms

The Mining Lease contains the following financial terms:

i. Consideration fees	-	US\$50,000.00
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ii. Rent	-	GHP50 per kilometre square
iii. Royalties	-	As prescribed by law
iv. Taxes	-	As prescribed by law

5.5 CENTRAL ASHANTI LIMITED MINING LEASES

Change of Name/Term of Leases

The Central Ashanti Gold Limited was granted the following two (2) Mining Leases on 31st December, 2009 for a term of fifteen (15) years each:

- i. Ayanfuri Mining Lease (49.20 square kilometres); and
- ii. Nanankaw Mining Lease (43.93 square kilometres).

The Company later changed its name to Perseus Mining (Ghana) Limited after the grant of the Mining Leases.

Mineral Prospects

Since the grant of the Leases, the Company has increased the attributable gold resources from 290,000 ounces to over 5 million ounces.

Financial Terms

The Mining Leases contain the following financial terms:

i. Consideration fees	-	US\$30,000.00
ii. Rent	-	GHP50 per kilometre square
iii. Royalties	-	As prescribed by law
iv. Taxes	-	As prescribed by law

5.6 NEWMONT GOLDEN RIDGE LIMITED MINING LEASES

Term of Lease

The Akyem East and Akyem West Mining Leases were granted on 19th January 2010 for the period of fifteen (15) years each.

Contract Area

The Akyem East project is located near Ntronang in the Birim North District of the Eastern Region of Ghana and covers an area of 46.4 square kilometers. The Akyem West also covers an area of 16.36 square kilometers.

Mineral Prospects

The defined measured and indicated ore reserves within the contract areas is estimated at 129,161,116 tons of gold ore at a grade of 1.81g/t. The reserves containing 7.5 million ounces of gold and total inferred resource of 11.9million tons of ore at 1.45 g/t.

Financial Terms

The Mining Leases contain the following financial terms:

- | | | |
|-----------------------|---|----------------------------|
| i. Consideration fees | - | US\$30,000.00 |
| ii. Rent | - | GHP50 per kilometre square |
| iii. Royalties | - | As prescribed by law |
| iv. Taxes | - | As prescribed by law |

6.0 OBSERVATIONS

6.1 Financial Terms of the Mining Leases

The Committee noted that all the Mining Leases impose a number of financial obligations on the mining companies. All the mining companies paid agreed consideration fees as condition for the grant. The companies are also liable to pay royalties and taxes as prescribed by law. Further to this, the companies have committed to rents at agreed rates.

6.2 Commitment to comply with Investment Requirements

It was also noted that the concerned mining companies have shown ample commitment to develop their respective contract areas as required by the terms of their leases. They assured the Committee that they have secured various guarantees to raise funds to meet all their obligations.

6.3 Content of the Mining Leases

The Committee again noted that all the Mining Leases contain standard provisions which reflect current industry practice. The power of Government to grant leases to third parties to prospect for other minerals as well as the duty of companies to conduct mining operations in accordance with best practices have been provided for in the leases. Again, provisions have also been made in respect of environmental, health and safety issues.

The Leases further provide for the employment of Ghanaians in all categories of mining operations in line with the country's local content aspirations.

6.4 Impact of Galamsey on the Activities of the Mining Companies

The Committee was further informed that the activities of illegal small scale miners were impacting adversely on the execution of planned mining activities. According to the Officials of the companies, the situation has reached alarming proportions and in one instance (Central Ashanti Gold Limited), the Committee was informed that over one thousand illegal miners have pitched camp within its contract area, thereby making it impossible for the execution of work. The illegal practice does not pose only security challenges and serious environmental challenges but also results in loss of mineral revenue to the State. The Committee accordingly implores all Stakeholders to work together to address the menace.

6.5 Timing for the Ratification of Mining Leases

In view of the controversies generated by the delayed ratification of the above Mining Leases, the Committee recommends that, in future, the Ministry of Lands and Natural Resources should take immediate steps to properly lay mining leases in Parliament for ratification to avert such challenges.

7.0 CONCLUSION

The Committee has duly scrutinized the Mining Leases and considers that their ratification would promote further development of the country's minerals potentials and also secure optimum benefits.

The Committee accordingly recommends to the House to adopt its Report and to ratify the following Mining Leases in accordance with Article 268(1) of the Constitution:

- (i) Mining Lease Agreement between the Government of the Republic of Ghana and Adamus Resources Limited (Salman and Anwia Teleku Bokazo);

- (ii) Mining Lease Agreement between the Government of the Republic of Ghana and Akanko Mining Limited (Akanko);

- (iii) Mining Lease Agreement between the Government of the Republic of Ghana and Central Ashanti Gold Limited (Ayanfuri and Nanankaw);

- (iv) Mining Lease Agreement between the Government of the Republic of Ghana and Newmont Golden Ridge Limited (Akyem East and Akyem West);
- (v) Mining Lease Agreement between the Government of the Republic of Ghana and Nevsun Resources Limited (Kubi);
- (vi) Mining Lease Agreement between the Government of the Republic of Ghana and Nsuta Gold Mining Limited (Nsuta); and
- (vii) Mining Lease Agreement between the Government of the Republic of Ghana and Xtra-Gold Mining Limited (Apapam).

Respectfully submitted.



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HON. ALHAJI AMADU B. SOROGHO
CHAIRMAN, COMMITTEE ON
MINES AND ENERGY



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PEACE FIAWOYIFE (MS.)
CLERK TO THE COMMITTEE