**PARLIAMENTARY MEMORANDUM**

**SUBMITTED BY:**

**DR. MOHAMMED AMIN ADAM**
**(MINISTER FOR FINANCE)**

**TITLE:**

# REQUEST FOR APPROVAL FOR THE WAIVER OF CUSTOMS DUTIES, TAXES AND OTHER FISCAL RELIEFS ON MATERIALS, EQUIPMENT/MACHINERY AND OTHERS TO THE GHANA BAUXITE COMPANY LIMITED AS A STRATEGIC INVESTOR

12TH APRIL, 2024

**1.0. DECISION REQUIRED:**

1.1. Parliament is respectfully invited to consider and approve the waiver of Import duties, Import NHIL, Import GETFUND, and Import VAT, EXIM levy, Special Import Levy, and other fiscal reliefs, estimated at Ghana Cedi equivalent of Thirty-Eight Million, Six Hundred and Sixty Thousand United States Dollars (US$38,660,000) to the Ghana Bauxite Company Limited (herein referred as 'GBC') which is applying for special incentives under section 15 (1) of the Exemptions Act, 2022 (Act 1083).

1.1.2. In April 2, 2024, the President granted an executive approval for the waiver of Import duties, Import NHIL, Import GETFUND, Import VAT and EXIM levy, and other fiscal reliefs, estimated at Ghana Cedi equivalent of Thirty-Eight Million, Six Hundred and Sixty Thousand United States Dollars (US$38.66 million) to the Ghana Bauxite Company Limited.

**1.2. BAUXITE MINING INDUSTRY UPDATE**

1.2.1. The bauxite industry witnessed considerable growth in 2022 mainly due to increased production from China, Guinea, and Australia. Australia was the world's leading bauxite producer, accounting to more than 27% of the total output in 2022. The increase in output is primarily due to operational improvement at mines such as Huntly and Willowdale and increased production from Weipa mining division due to plant reliability at Amrun mine, coupled with the operational stability at Boddington after the effect of bad weather conditions in the second quarter, 2022. (Source GlobalData report).

1.2.2. In addition, bauxite production from Guinea increased by more than 4% in 2022, primarily due to the increase in production at the Boffa Bauxite mine and Garafiri project coupled with increased output from Sangaredi mine. Bauxite production is further expected to accelerate due to the commencement of key projects including the Nhan Co Bauxite project in Da Nang, Vietnam. This project has a production capacity of 590kt bauxite per annum and is scheduled to start production in 2025. (Source GlobalData report)..

1.2.3. Bauxite is used for Aluminium, refractory, cement, abrasives production and others, which is largely used in the transportation, construction, packaging, electrical, machinery equipment and consumer goods industries.

1.2.4. The key players in the global bauxite market are as follows:

a) Alcoa Corporation
b) Norsk Hydro ASA
c) South32 Limited
d) Aluminum Corporation of China Limited
e) Rio Tinto Limited
f) Others

Ghana Bauxite Company falls in category 'f'.

**2.0. BACKGROUND OF GHANA BAUXITE COMPANY LIMITED:**

2.1. Ghana Bauxite Company Limited (GBC) is the first operating bauxite mining Company in Ghana. GBC started operations in 1941 as British Aluminum. It was incorporated in October 1974 and issued a certificate to commence business in December 1974 under the Company's Code of Ghana. It has operated under various ownership structures prior to the current one.

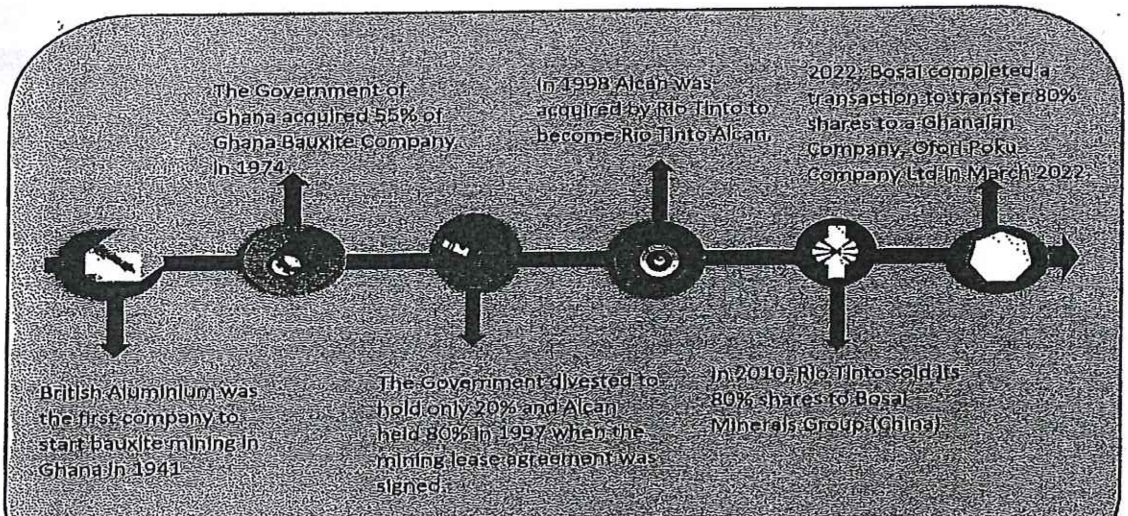
2.2. GBC is jointly owned by the Ghana Integrated Aluminum Development Corporation (GIADEC) and a Ghanaian Consortium led by Ofori-Poku Company Limited (OPCL). It began operations with a rated capacity of 500,000 metric tonnes per annum and has undergone some upgrades to increase its production capacity to 1.5 million metric tonnes per annum to meet changing and growing market demand for bauxite. It owns bauxite resources covering an area of 29.39km$^2$.

2.3. The mining operations of the Company (open cast mining, crushing, washing and tailings storage activities) are carried out at Awaso in the Western North Region of Ghana.

2.4. Once the bauxite has been processed, it is hauled to the Takoradi Port, where it is stockpiled, awaiting shipment to offtakes.

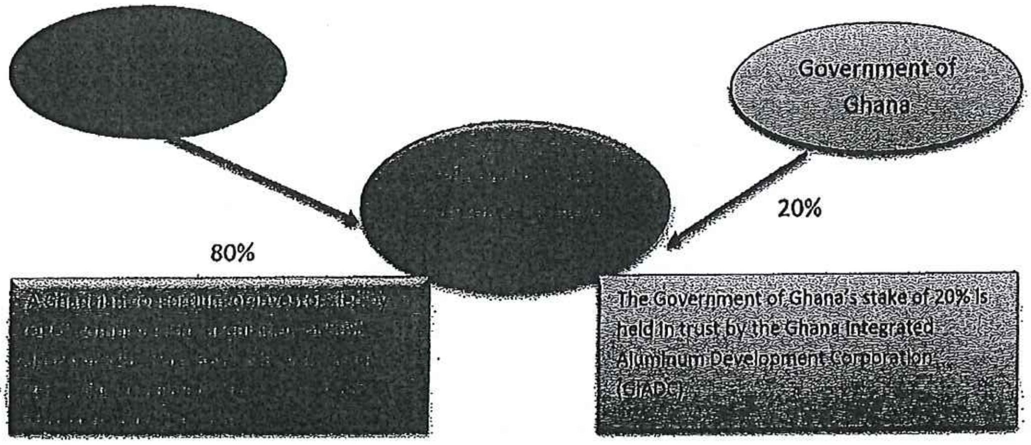
**2.5 Ownership history**

The diagram below shows the various owners of the company from inception to date. As indicated earlier the company is now fully Ghanaian owned.



2.6. The diagram below shows the current shareholding structure.

**Current shareholding structure**

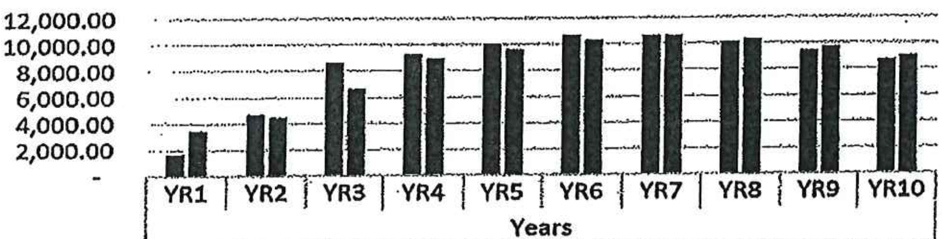



## 3.0. BENEFITS OF THE PROJECT TO THE ECONOMY OF GHANA

### 3.1. Employment and tax information

3.1.1. Ghana Bauxite Company Limited is currently 100 per cent Ghanaian-owned and managed. The company employs over 700 Ghanaian employees. The investment of USUS$115 million for the modernization and expansion of the mine is expected to result in the expansion of the current labour force by 10% to 20%. The expansion will lead to 70% of the workforce coming from the local community and a 40% increase in the recruitment of skilled middle and senior-level technical staff. The growth in the labour force is expected to result in a 10% (GHS800,000.00 per month) PAYE increase to the Government.

**Tax Revenue to the Government**




| | YR1 | YR2 | YR3 | YR4 | YR5 | YR6 | YR7 | YR8 | YR9 | YR10 |
|---|---|---|---|---|---|---|---|---|---|---|
| Tax Revenue CIT | 1,641 | 4,681 | 8,615 | 9,288 | 10,03 | 10,69 | 10,64 | 10,09 | 9,409 | 8,704 |
| Tax Payment | 3,463 | 4,482 | 6,648 | 8,951 | 9,663 | 10,36 | 10,66 | 10,36 | 9,750 | 9,056 |

Tax Revenue CIT  Tax Payment

**Source: GBC Modernisation and Expansion Plan**

3.1.2. The USUS$115 million modernization and expansion investment in GBC is expected to position the company for consistent profitability and liquidity. This will not only ensure that the company is profitable but well-resourced to pay all tax obligations to the Government. Tax revenues are expected to rise from US$1.64 million in Y1 to USUS$8.7 million by Y10. Payment of current taxes and outstanding tax obligations are expected to also rise from US$3.4 million in Y1 up to US$10.0 million. The company is also expected to pay more taxes every year than its current tax liability contributing to the government revenue mobilization effort.

3.1.3. The expansion of the mine is anticipated to create more indirect job opportunities for local businesses such as food suppliers, raw materials, and spare parts providers, as well as other service providers. This is expected to have a significant positive impact on the local economy and boost the potential earnings of individuals, enterprises, and households.

3.1.4. As a result of the expected increase in the workforce, the local population will also increase, and the earnings of those employed will grow. Approximately 40% of these earnings are expected to be spent in the local economy, creating a multiplier effect that benefits the entire community.

## 4. FINANCING REQUIREMENT:

### 4.1. Cost of financing:

GBC estimates it will require US$115.1 million to finance its modernization and expansion programme. Detailed cost estimates for the various projects are as follows:

| ESTIMATING FUNDING REQUIREMENTS | USUS$ '000 |
|---|---|
| **Projects** | **USUS$ '000** |
| Washing plant expansion | 6,514.24 |
| Adoption of surface mining | 10,330.52 |
| Augmenting haulage operations | 27,018.95 |
| Construction of a new tailings dam | 12,308.50 |
| Subri Hill Mine development | 15,296.00 |
| Takoradi Port Modernization | 43,724.45 |
| Total funding required | 115,192.66 |

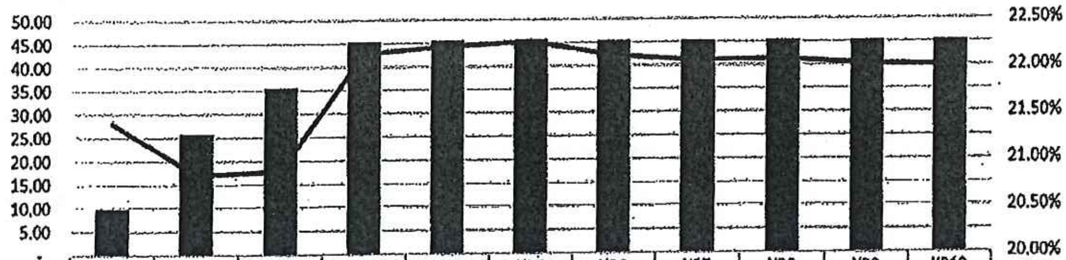
**Source: GBC Modernisation and Expansion Plan**

### 4.2. PROJECTED PROFITABILITY:

The investment of US$115 million is projected to significantly improve on the earnings of the mine. EBITDA is projected to be US$9.86 million in 2023 from historical position of US$1.96 million in 2022. This largely is assumed to be achieved on organic investment approach. The projection for EBITDA in Y1 after the proposed modernization and improvement programme is US$25.80 million. This is expected to reach US$45.37 million by Y10 representing 26.62% of sales.

5.This means that the mine will have sufficient earnings to cater for interest and tax obligations when the investment of US$115 is fully executed. Refer to the GBC modernisation document attached.

**EBITDA & Margins**




| | 2023 | YR1 | YR2 | YR3 | YR4 | YR5 | YR6 | YR7 | YR8 | YR9 | YR10 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| EBITDA ($million) | 9.86 | 25.80 | 35.63 | 45.34 | 45.60 | 45.79 | 45.48 | 45.38 | 45.41 | 45.30 | 45.37 |
| EBITDA Margin | 21.40% | 20.85% | 20.89% | 22.14% | 22.22% | 22.27% | 22.11% | 22.05% | 22.07% | 22.02% | 22.00% |

### 4.2. GBC RELIEFS BEING SOUGHT:

GBC is seeking the following reliefs for their investment:

a. Exemption from import duties and taxes on equipment to be imported for the project. The estimated duties and taxes total $16.4mn into equity.
b. Reduction in fuel levy by 50%
c. Exemption from Withholding Taxes on foreign services providers including shipping and demurrage charges;
d. Exemption from WHT on interest on private and foreign non-financial institutions loans
e. Reduced Royalties rate from 5% to 3% of gross proceeds;
f. Exemption from deemed realisation of gains and disposal of mineral rights and exemption from deemed acquisition and disposal of assets between separate mineral operations;
g. Corporate taxes at reduced rate from 35% to 30%
h. Conversions of legacy CIT liability of $13.2mn into equity
i. Freeze on the payment of current tax obligations;
j. Cancellation of legacy debt of USUS$1.1 million owed to the Ghana Ports and Harbours Authority (GPHA)
k. GPHA to maintain the stevedoring charges at US$2.21 per tonne.

## 5.0. JUSTIFICATION FOR GOVERNMENT SUPPORT:

51. GBC has applied to the Ghana Investment Promotion Center (GIPC) for Strategic Investors Status under the Exemptions Act, 2022 (Act 1083) to enable it benefit from waiver of Customs duties and taxes and other reliefs on plant, equipment, and materials and others under the project.

5.2. Under the Exemption Act, 2022 (Act 1083) the Government of Ghana is to take a commensurate equity stake in the investment project where specially negotiated tax exemptions are granted.

5.3. The Government of Ghana intends to support the waiver request to sustain employment and increase resilience and to support competitiveness, innovation, and market diversification where relevant by GBC.

5.4. The interventions are based on the following reasons:

a) GBC is an indigenous bauxite company, and it is part of GoG's mandate and policy to support such ventures within the confines of the tax laws and other legislations;
b) The support will make the project more financially viable;
c) Provision of employment (both direct and indirect) to the country and taxes in the areas of PAYE and CIT and Royalties.

## 6.0. FISCAL IMPACT/ TAX ASSESSMENT:

6.1. The Ministry of Finance, working together with the Ghana Revenue Authority and GBC have provisionally estimated the fiscal impact by way of potential revenue foregone by government in granting these waivers and reliefs to support the modernization and expansion drive of GBC.

6.1.2. The Exemptions Act says all concessions should be converted into equity. The table below provides the various concessions proposed:

**Summary of Reliefs granted**

| Reliefs | USD (Million) |
|---|---|
| **A reduction in royalties from 5% to 3%** | 2.45 |
| **A reduction in the CIT rate from 35% to 30%** | - |
| **Conversions of legacy CIT liability of $13.2mn into equity** | 13.20 |
| **Exemption from import duties and taxes on equipment to be imported for the project. The estimated duties and taxes total $16.4mn into equity** | 16.40 |
| **A reduction in fuel levy of 50%** | 2.57 |
| **A reduction in withholding tax on interest on private and foreign non-financial institution loans from 8% to 7.5%** | 0.10 |
| **conversions of tax obligations as of the end of December 2023 into equity: these were GHC49.19m, so $3.94mn (12.5 GHC = 1 USD)** | 3.94 |
| **Estimated concession** | 38.66 |

**Source: MOF computation**

**7.0. GBC VALUATION**

7.1. The Ghana Bauxite Company (GBC) provided a valuation of the company which combined discounted cash flow and maintainable earnings approaches. This valued the company at $1.447 billion. Upon evaluating their methodology for the discounted cash flow approach, the Ministry had some reservations. The projected statement of cash flows details loan repayments of only $2.4mn to the parent company, however, given the parent company loan has an opening balance of $58.33mn at the start of 2023 and an interest rate of 12% this will result in the loan continuing to grow. This is while GBC projects positive net cash flow and payment of dividends in these years when they are still allowing the parent company loan to accumulate which in practice seems unlikely – rather they would seek to pay off the loan first. Therefore, the debt servicing costs they used when calculating the company's value should be higher and as such the valuation lower.

7.2. Following from the above, we discounted the valued amount of US1.447 by a discount factor of 0.75% which reduced the valuation amount by 25% to $1.085 billion.

**7.3. CONCESSIONS TO EQUITY CONVERSION**

The concessions, US$38.66 million, when converted to equity would give an additional paid interest equity of 3.56% in GBC given the GoG's valuation of $1.085 billion.
This would increase the GoG's stake in GBC to 23.56%.

**8.0. CONCLUSION:**

8.1 The above submissions, including the economic and financial analysis of the project indicate that it is a viable one and therefore worthy of Government support. Granting the requested fiscal concessions to GBC will contribute significantly to the ability of mine to attract the needed investors, ensure business continuity, ensure continuing employment, boost the prospect of Ghana achieving its integrated Aluminium industry agenda as well as generate more revenue to GoG.

8.2 Parliament is respectfully invited to consider and approve the waiver of Import duties, Import NHIL, Import GETFUND, Import VAT and EXIM levy and other fiscal reliefs to the Ghana Bauxite Company Limited which is applying for special incentive under section 15 (1) of the Exemptions Act, 2022 (Act 1083).

..............................................................

**DR. MOHAMMED AMIN ADAM**
**(MINISTER FOR FINANCE)**

**Attachment**

1. Tax Assessment
2. Executive approval
3. Business Plan
4. Other documents (GBC acceptance letter and agreement on the equity stake

# TAX ASSESSMENT

# TAX ASSESSMENT
## GHANA BAUXITE COMPANY

| S/N | Description | HS CODE | Unit | QTY | CIF (USD) | I/D Rate | Imp. Duty | Nhil/ Gfund 5% | Imp. VAT 15% | EXIM Levy 0.75% | SIL 0%/2% | TOTAL (USD) |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| 1 | Semi Trailers | 87 01.20.10.00 | Unit | 200 | 37,898,000 | 5% | 1894900 | 1989645 | 6267382 | 284235 | 757960 | 11,194,122 |
| 2 | Staff Buses | 87.02.90.11.10 | Unit | 3 | 523,995 | 5% | 26200 | 27510 | 86656 | 3930 | 10480 | 154,775 |
| 3 | Bulldozers | 84.29.11.00.00 | Unit | 3 | 2,855,150 | 5% | 142758 | 0 | 0 | 21414 | 0 | 164,171 |
| 4 | Wheel loaders | 84.29.40.00.00 | Unit | 5 | 2,002,073 | 5% | 100104 | 0 | 0 | 15016 | 0 | 115,119 |
| 5 | Dump trucks | 87.04.21.19.10 | Unit | 20 | 5,488,300 | 5% | 274415 | 288136 | 907628 | 41162 | 109766 | 1,621,107 |
| 6 | Excavators | 84.30.50.00.00 | Unit | 2 | 1,320,960 | 5% | 66048 | 0 | 0 | 9907 | 0 | 75,955 |
| 7 | Light vehicles | 87.03.33.11.20 | unit | 14 | 1,880,537 | 5% | 94027 | 98728 | 310994 | 14104 | 37611 | 555,464 |
| 8 | Surface miner | 84.30.31.00.00 | unit | 2 | 6,864,284 | 5% | 343214 | 0 | 0 | 51482 | 0 | 394,696 |
| 9 | Belt Conveyors for Takoradi stockpile area | 84.28.10.00.00 | meters | 600 | 39,749 | 10% | 3975 | 2186 | 6886 | 298 | 795 | 14,141 |
| 10 | Conveyor teel structure for Takoradi stockpile area | 84.28.10.00.00 | various | 1 | 10,444,462 | 5% | 522223 | 0 | 0 | 78333 | 0 | 600,557 |
| 11 | Awaso Conveyor Belt | 84 28.10.00.00 | meters | 2,200 | 145,746 | 10% | 14575 | 8016 | 25250 | 1093 | 2915 | 51,849 |
| 12 | Awaso Conveyor Steel insfrastructure | 84 28.10.00.00 | various | 1 | 10,354,254 | 5% | 517713 | 0 | 0 | 77657 | 0 | 595,370 |
| 13 | Transhipment vessel | 89.01.90.12.00 | unit | 1 | 11,100,000 | 5% | 555000 | 0 | 0 | 83250 | 222000 | 860,250 |
| | TOTAL | | | | 90,917,509 | | 4555150 | 2414221 | 7604796 | 681881 | 1141527 | 16,397,575 |

CERTIFICATE

TOTAL TAX LIABILITY=16,397,575 US DOLLARS

This is to certify that the assessment given is true and correct.

Signature:..........................

..........................

Importer/Agent's Name & Designation:..........................

For Official Use

Assessment rechecked and found correct and complete.

..........13-12-2023.........

Date

GHANA REVENUE AUTHORITY
CUSTOMS DIVISION
ACCRA

Signature:..........................

Officer's Name & Rank:- GIDEON GLEY
(PRIN. REV. OFFICER)

# LETTER FOR EXECUTIVE APPROVAL REQUEST

REPUBLIC OF GHANA

# OFFICE OF THE PRESIDENT

SECRETARY TO THE PRESIDENT

Jubilee House, Accra
Tel: +233 (0) 302 738 600
Tel: +233 (0) 302 738 601
Digital Address: GA-000-0288

Ref. No. OPS 182/24/287

MINISTER FOR FINANCE
Received
03 APR 2024
ACCRA - GHANA

2nd April, 2024

Honourable Minister:

**RE: REQUEST FOR EXECUTIVE APPROVAL ON THE WAIVER OF CUSTOMS DUTIES, TAXES AND OTHER FISCAL RELIEFS ON MATERIALS, EQUIPMENT/MACHINERY AND OTHERS TO THE GHANA BAUXITE COMPANY LIMITED AS A STRATEGIC INVESTOR**

I refer to your letter dated 20th March, 2024, with reference number MoF/TPU/ED/GBC/EA/02/24/1, regarding the above subject matter.

The President has granted executive approval for the waiver of Import duties, Import NHIL, Import GETFUND and EXIM Levy, and other fiscal reliefs, estimated at Ghana Cedi equivalent of Thirty-Eight Million, Six Hundred and Sixty Thousand United States Dollars (US$38,660,000.00) to the Ghana Bauxite Company Limited, which is applying for special incentives under section 15 (1) of the Exemptions Act, 2022 (Act 1038).

I shall be grateful if you could take requisite action on the above.

**NANA BEDIATUO ASANTE**
**SECRETARY TO THE PRESIDENT**

**THE HON. MINISTER**
**MINISTRY OF FINANCE**
**ACCRA**

**ATTN: DR. MOHAMMED AMIN ADAM, MP**

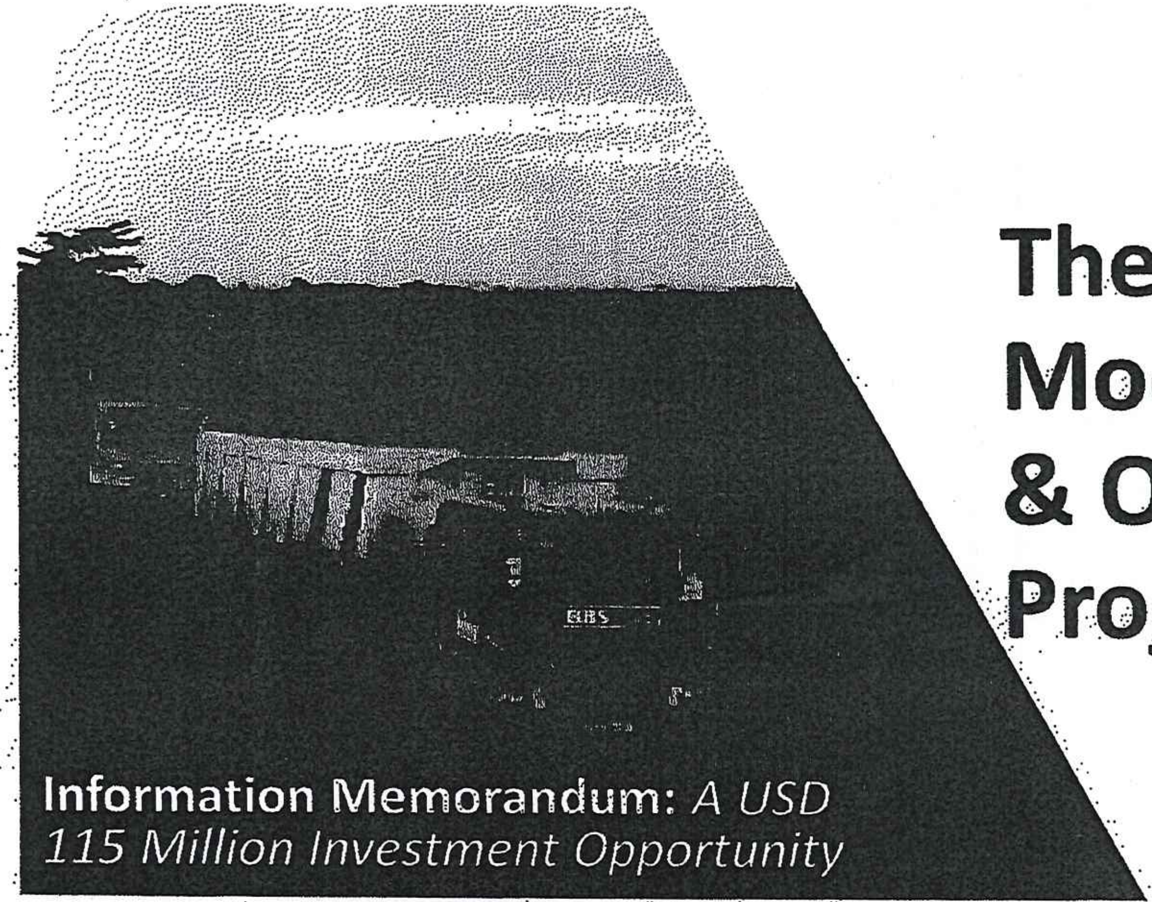
Cc: The Vice President
Jubilee House, Accra

The Chief of Staff
Jubilee House, Accra

Secretary to the Cabinet
Jubilee House, Accra

# COPY OF THE GBC BUSINESS PLAN

# The GBC Modernization & Optimization Project




a Bauxite Company Limited

# Executive Summary

# Transaction Overview

**Background**

OPCL, a member of the IOP Group, took over GBC in March 2022 from Bosai Minerals Group (Bosai) to transform the Company into a leading bauxite mine in Africa. At the time of the takeover, the Company was on the path to profitability due to a financial transformation program undertaken by the Bosai management. It has begun making profits due to significant investments made into the mine's haulage operations. However, there remains a lot more investment required in mine development, production and washing plant capacity enhancement, haulage and shipping, and functions to transform the mine. The company in 2022 made a net profit of $0.476 million for virtually operating half year 2022. This was achieved on the back of an additional $7.90 million investment made in production, haulage and ship operations equipment. This transaction seeks to raise all the needed finances to complete the transformation program that is required to entirely turn the mine around.

**What we seek**

To complete GBC's transformation agenda, we estimate total investment requirement of **$115.19 million** in the form of long-term loan.

**Intended use of funds**

- ☐ Washing plant expansion (**$6.51 million**)
- ☐ Adoption of surface miners (**$10.33 million**)
- ☐ Augment haulage operations(**$27.02 million**)
- ☐ **Subiri Hill and New Tailings Dam facility Development ($27.60 million)**
- ☐ Port expansion project (**$43.72 million**)

**Current and potential reserves**

Currently, GBC has reserves of 85 million tonnes in its concession consisting of Inchinino Hill (almost depleted, but reserves containing alumina content of 50% and above are available and could be mined if a refinery is established), the Subri Hill and Kanayerebo Hill.

GIADEC is prepared to assign five additional hills with preliminary estimates of about 220 million tonnes of reserves if GBC is able to build a refinery.

# Summary of Reliefs

To ensure that GBC continues in operational existence and have the liquidity space to reinvest for expansion and growth, the board seeks to have the following fiscal reliefs granted to the company. These are necessary for the realisation of the expected benefits from the modernization and expansion program the company is embarking on.

The reliefs being sought are:

1. Reduction in fuel levy by 50%
2. Exemption from WHT on foreign service providers
3. Reduction in royalties to 3% of gross revenue
4. Exemption from WHT on interest on private and foreign non-financial institutions loans
5. Exemption from deemed realisation of gains and disposal of mineral right and from deemed acquisition and disposal of assets between separate mineral operations
6. Reduction in Corporate Income Tax rate to 30%
7. Allow to operate 50% on-shore and 50% off-shore account for the receipt of sales proceeds
8. Cancellation of Legacy Corporate Tax liability of $13.2 million
9. Freeze on the payment of all current tax obligations relative to WHT, WHVAT, Royalties, CIT,PAYE, VAT and GSL
10. Cancellation of legacy debt of $0.90 million owed to GPHA.

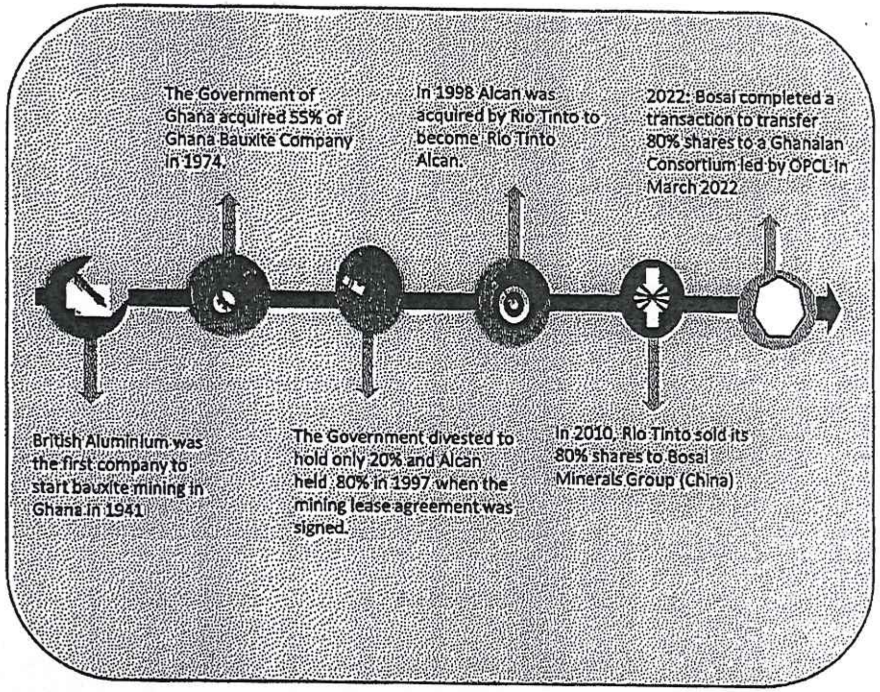
# Introduction

# Background and History of GBC

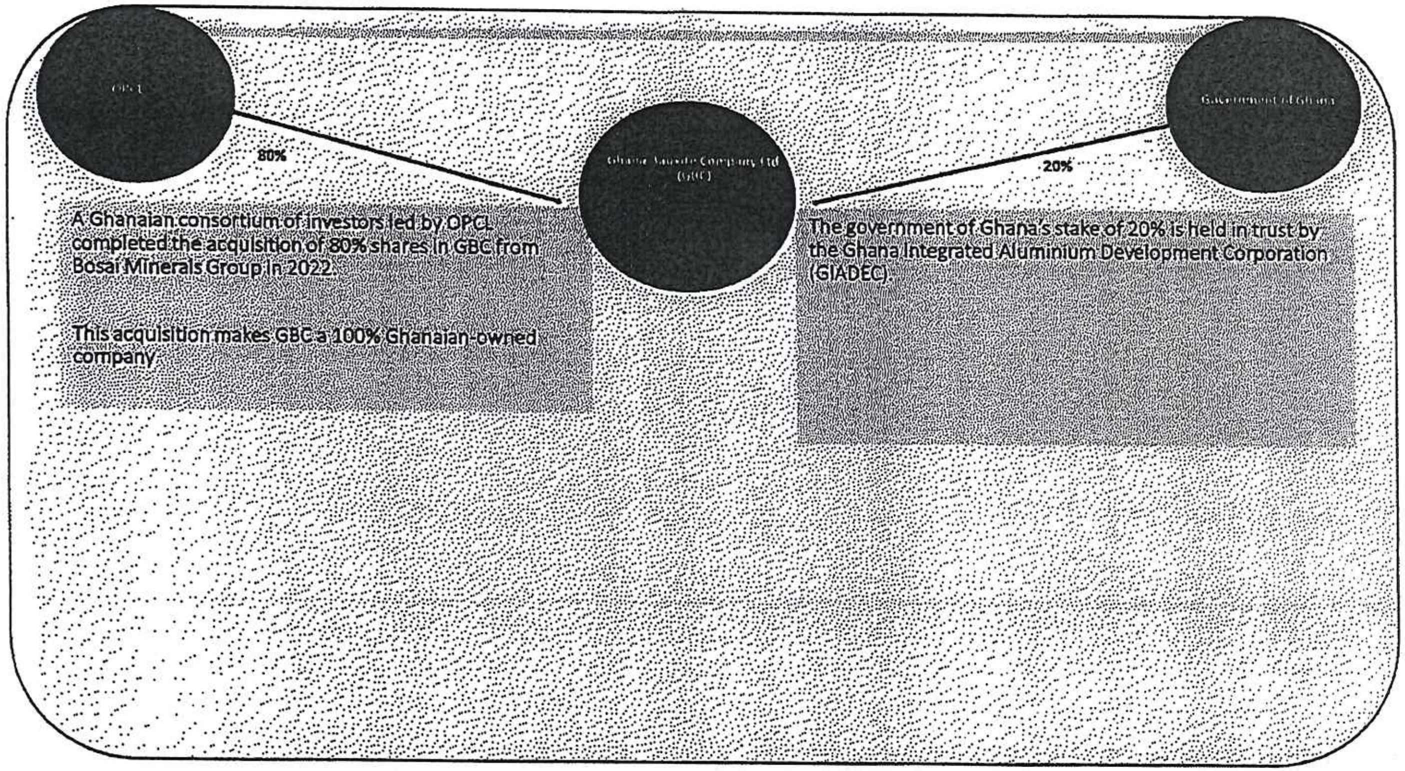
## Ghana's Premier and only Bauxite Mine

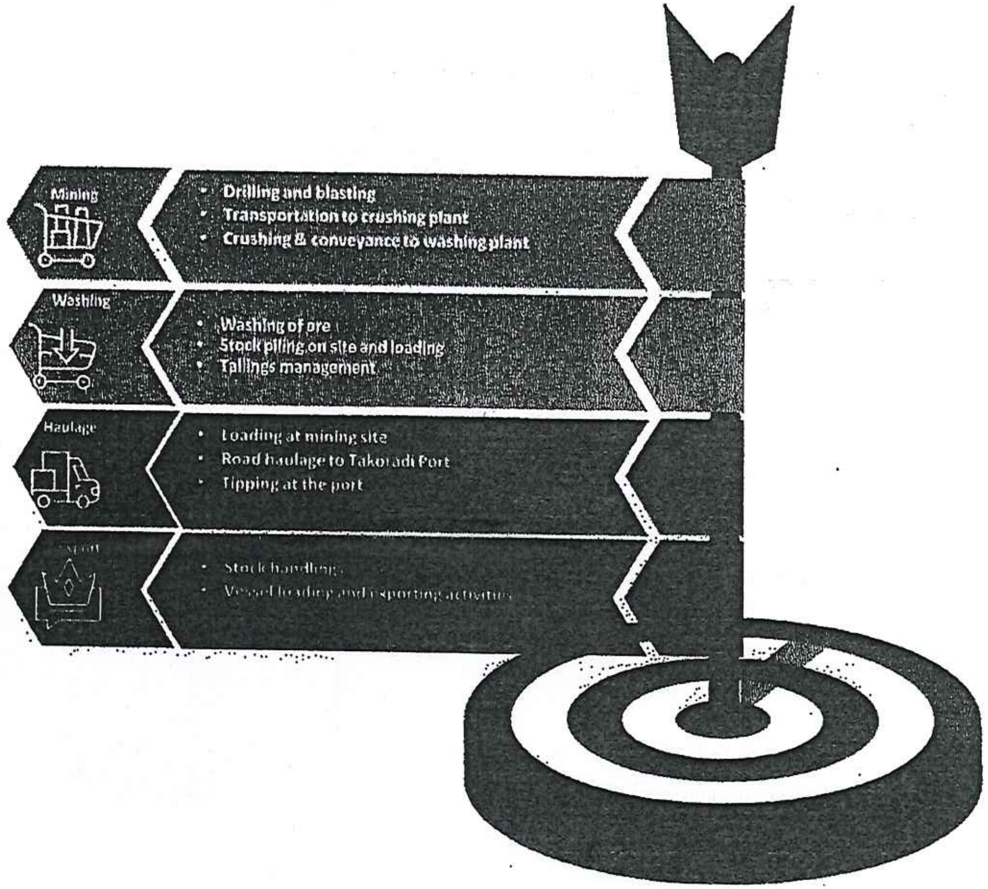
- GBC started operations in 1941 by British Aluminium. It was incorporated in October 1974 and issued a certificate to commence business in December 1974 under the company's Code of Ghana.
- GBC is jointly owned by the Ghana Integrated Aluminium Development Corporation (GIADEC) and a Ghanaian Consortium led by Ofori-Poku Company Limited (OPCL). It began operations with a rated capacity of 500,000 metric tonnes per annum and has undergone some upgrades to increase its production capacity to 1.5 million metric tonnes per annum to meet changing and growing market demand for bauxite.
- The mining operations of the Company (open cast mining, crushing, washing and tailings storage activities) are carried out at Awaso in the Western North Region of Ghana.
- Once the bauxite has been processed, it is hauled to the Takoradi Port, where it is stockpiled, awaiting shipment to offtakes.
- GBC has a staff strength of over seven hundred employees running its operations at Accra, Awaso and Takoradi and has undergone a number of changes in ownership since its incorporation in 1974.

**Ownership history**



# Current Shareholding Structure




Mining
Drilling and blasting
Transportation to crushing plant
Crushing & conveyance to washing plant
Washing
Washing of ore
Stock piling on site and loading
Tailings management
Haulage
Loading at mining site
Road haulage to Takoradi Port
Tipping at the port
Stock handling
Vessel loading and exporting activities

# Our Concession and Reserves

The schedule below presents a back-of-the-envelope analysis of operating the mine. Currently, GBC has 76 million tonnes in reserves and has the opportunity to be assigned 220 million more reserves by GIADEC if a refinery is built.

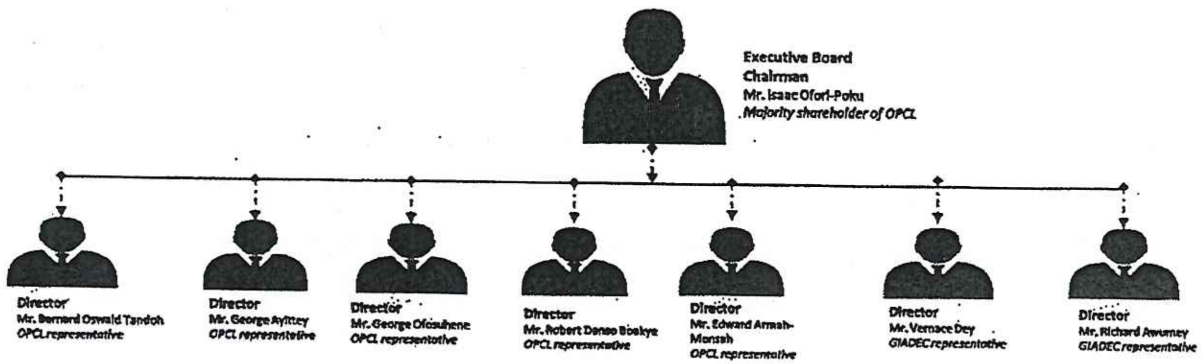
The current concession of GBC has estimated reserves of 76 million tonnes of bauxite. When these reserves are mined and sold at a conservative price of $38 per tonne, revenue is estimated to be $2.88 billion, and EBITDA is calculated to be $1.10 million.

The additional reserves, if granted by GIADEC, are expected to generate revenue of $8.36 billion and EBITDA of $3.17 billion from mining operations only. Additional value will be created when these resources are refined locally.

| Current concession - Awaso | | | | | |
|---|---|---|---|---|---|
| Current GBC reserves @ Awaso | Preliminary estimate Million tonne | Price US$ | Gross revenue after mining US$ Million | Post mining EBITDA US$ | Post mining EBITDA US$ Million |
| Kanayerebo Hill | 45 | 38 | 1,710 | 650 | 29,241 |
| Subri Hill | 30 | 38 | 1,140 | 433 | 12,996 |
| Nchinlso Hill | 0.8 | 38 | 30 | 12 | 9 |
| Total | 76 | | 2,880 | 1,095 | 42,246 |
| Additional concession to be assigned by GIADEC (Conditional on building of a refinery) - Yet to be explored | | | | | |
| Afumba Hill & Bukahiri Hill - Awaso | 70 | 38 | 2,660 | 1,010.80 | 70,756 |
| Nyinahini hills 1, 2 &3) | 150 | 38 | 5,700 | 2,166.00 | 324,900 |
| Total | 220 | | 8,360 | 3,177 | 395,656 |

# Corporate Governance

# The Board of Directors



# The Board of Directors

Mr. Isaac Ofori-Poku

Mr. Isaac Ofori-Poku is the Executive Chairman of GBC and majority shareholder of IOP Group of Companies, the parent company of OPCL. He has over 30 years of extensive working experience in the industries of the various businesses he formed and nurtured under the IOP group. Before the acquisition of GBC by OPCL and the Ghanaian Consortium, he managed the haulage contract with GBC from its inception to date. He has implemented many cost-effective measures to ensure the continuity and profitability of his group of companies.

Mr. Ofori Poku has extensive international business experience with business relationships with global business powerhouses such as Posco International, Hyundai, Polaris, Samsung, Daewoo, CHTC, and SAMI.

As the CEO of the IOP Group of Companies, he has provided strategic leadership in pursuit of the vision of building a competitive Ghanaian business with a solid income base, creating more employment avenues for others and contributing to the growth and development of Ghana. He was actively involved in the establishment of many other subsidiaries of the Group such as GH-Daewoo Motors Ghana Limited, GH-Express Ghana Limited and Family Fountain Assets and Securities Limited.

He has attended numerous courses and seminars under the disciplines of financial management and analysis, bookkeeping, human resource management, leadership and corporate governance.

# The Board of Directors

**Mr. George Ofosuhene**

Mr. Ofosuhene is an Investment Banker with over twenty-eight years extensive experience working in high-level positions in the banking industry in Ghana. He was actively involved in the development of merchant banking products, project evaluation and appraisal, assisting in the identification of potential investors for projects and offering advice on investment opportunities and incentives.

Mr. Ofosuhene was a member of the team that handled the first two Initial Public Offerings on the Ghana Stock Exchange in 1992. Also, he was key member of the team that arranged the listing of eight companies out of initial fifteen companies listed on the Ghana Stock Exchange. This required undertaking background preparatory work and bringing the companies into compliance with the Rules and Regulations of the stock exchange

Mr. Ofosuhene played a pioneering role in the establishment and growth of two successful banks in Ghana, namely, First Atlantic Merchant Bank and The Trust Bank, that Ecobank acquired. His primary focus at these banks was on creating strategies to gain market presence through the identification and implementation of innovative products.

He has twelve years at a senior managerial level of two banks, taking an active part in policy formulation and implementation of strategic objectives. He was for four years a member of the apex committee of First Atlantic Merchant Bank with responsibility at the Board level for the Bank's risk assets. He was also a member of the Management Board of the Bank, the apex decision-making committee of the bank and the divisional head of its Credit and Marketing wing. He led a team of seasoned analysts with the primary objective of creating new relationships and deepening existing relationships.

Currently, Mr.. Ofosuhene is the Chief Executive Officer of BOND Savings and Loans Plc, a Non-Bank Financial Institution licensed by the Bank of Ghana to provide banking and other financial services to the business community in Ghana. He has been in this position since the company's inception in 2008 and continues to provide leadership and strategic direction.

**Mr. Robert Danso Boakye**

Mr. Robert Kwaku Danso Boakye is a Partner of OAB Financial Advisors and a Banking and Finance Consultant. Robert has over 30 years' experience in Commercial Banking in Ghana. He was the Country Head Retail Operations of Ecobank Ghana from January 2012 to March 2017 responsible for coordination of all aspects of branch banking operations and interface with e-banking suite and mobile money operations. Prior to that Robert held various Senior Management positions at The Trust Bank Limited Ghana from December 1994 to December 2011 in Treasury Management, Credit and Corporate Banking, Consumer/ Commercial Banking – SME as well as Banking Operations. Robert also worked for the Social Security Bank (now Societe Generale) for 8 years within their Development Finance Division from 1981-1989.

Robert serves on several Boards which include St Jude Hospital Obuasi, Trust Care Hospital Kumasi and Holy Cross Technical Training Institute Takoradi. He is also a Board member of New York University African House and Centre for Technology and Economic Development CTED.

Robert is an astute academic with a BA in Economics from University of Ghana 1981, MSc International Banking and Financial Studies, Edinburgh Business School-Heriot-Watt University, Edinburgh, United Kingdom 1990 and was a PhD candidate Economics University of Surrey, Guildford ,United Kingdom 1993-95.

He is an avid fan of Liverpool FC and Asante Kotoko FC, with a passion for music, swimming, basketball and drumming.

# The Board of Directors

Mr. Venance Dey

Mr.. Dey has several years of experience in the mining & metals industry, having served as the Deputy Managing Director of the Precious Minerals Marketing Company (PMMC).

Mr. Dey holds a Master of Science (MSc. , Facilities Management) degree from Heriot-Watt University, UK, a Pg Dip. In Development Project Management, International Health from Queen Margaret University and a BSc. In Land Economy and Real Estate Management from KNUST.

He is skilled in negotiation, strategic planning, organizational development, team building, and change management. He is a strong business development professional and a Consultant with KRIM Group of Companies & Alzheimer Ghana Limited.
During his period at PMMC, He led a program with the National Security to clamp down on a Gold smuggling syndicate in 2020

Mr.. Dey was instrumental in the establishment of a new gold assay laboratory for PMMC consisting of Xray Fluorescence (XRF) Spectrometer; Electrical Conductivity Tester for Gold; Technical Specifications for Ultrasonic Flaw Detector; Specific Gravity Frame for Density Determination.

Mr. George Ayittey

George is an accomplished IT consultant with over 25 years of progressive experience creating, implementing, and maintaining complex infrastructure and technology solutions for financial Institutions including the London Stock Exchange Group, Direct Line Group, Standard Bank, Credit Suisse, Barclays Capital, IBM, Marsh McLennan, and Standard Chartered Bank among others.

George has worked on short and long-term initiatives in 14 countries in Africa, 2 in Asia, 10 in Europe, 4 in the Middle East, and the United States of America with a cumulative budget of GBP £400 million. George holds a Master of Science in Cyber Security degree from Northumbria University and Artificial Intelligence for Cyber Security certification from the University of Oxford, UK. He is pursuing a doctorate in Information Security. George's latest projects have mainly focused on streamlining operations to support business processes and implementing technology automation to generate efficient and cost-effective strategies, where manual repetitive tasks are replaced with processes imbued with artificial intelligence.

# The Board of Directors

Mr. Edward Armah-Mensah

Edward Ian Armah-Mensah joined Agricultural Development Bank, Ghana (ADB) as Executive Head, Corporate Banking in January 2010. He has also served as Chief Commercial Officer of the Bank, Group Head, Corporate Banking, and General Manager, Business Banking in the 14 years he served at ADB.

He has over 28 years' experience holding senior roles in the Ghanaian banking industry and over this period he has successfully led and set up Corporate Banking and Non-Bank structures from Greenfields. He has extensive experience in Corporate Finance with a specialty in Deal Origination, Debt Restructuring, Trade Syndication, Trade/Cash Management, and Asset Finance.

He has deep and varied cross-industry experience with Stanbic Bank (Ghana) Limited, Barclays Bank (Ghana) Limited, NDK Financial Services, and KPMG Ghana. He has served in different roles in Southern Africa, Eastern Africa, and Dubai whilst serving with Stanbic Bank and Barclays Bank Ghana(Now ABSA Ghana).

Edward holds an Executive Master's in Business Administration (Finance Option) and a Bachelor of Science in Business Administration both from the University of Ghana Business School. He is currently a Doctoral Student at the Swiss Business School, Geneva, Switzerland.



Mr. Bernard Oswald Tandoh

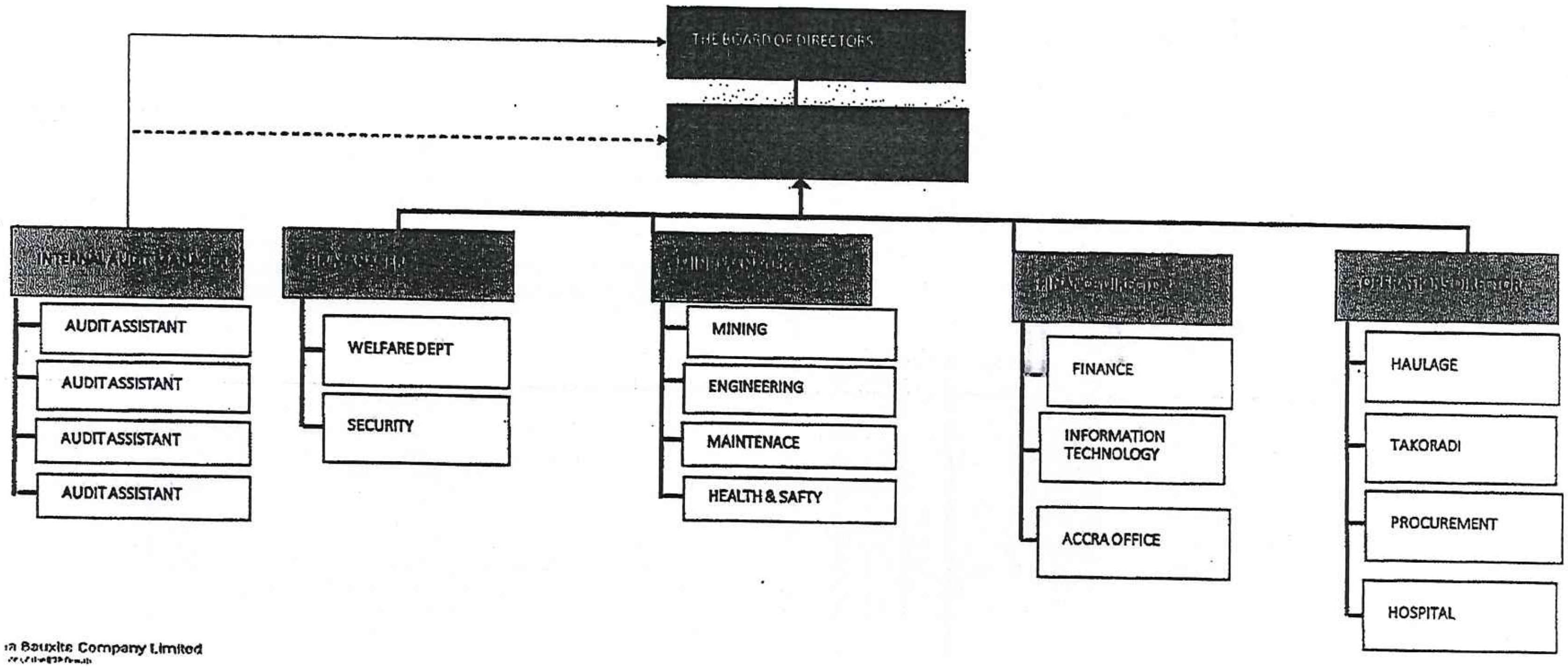
Mr.. Bernard Oswald Tandoh is an accomplished and highly motivated professional with a diverse background in banking, financial management, and auditing. He is an Associate Member of the Chartered Institute of Bankers (ACIB) with over 20 years of experience in the banking and finance sector. He has acquired a wealth of knowledge in the financial industry and consistently demonstrated excellence in leadership, auditing, and business banking. His academic qualifications, including a Master of Business Administration (MBA) and a Bachelor of Science (Hons.) in Agricultural Economics from the University of Ghana, have enriched his understanding of economic principles and their application in the corporate world.

With over two decades of professional experience, he has held various key roles, including Supervisor in the Quality Assurance Unit of the Internal Audit Department and Manager in the Internal Audit Department of leading banks in Ghana. His commitment to professional growth is evident through continuous learning and certifications, further enhancing his expertise.
He has consistently contributed to the financial sector by serving as a Council Member of the Chartered Institute of Bankers Ghana and participating as a judge for Student In Free Enterprise (SIFE) National Competitions. With a strong foundation in financial analysis, internal audit, and business banking, He is well-equipped to provide strategic insights and drive operational excellence. He is a motivated, innovative, and result-oriented professional passionate about delivering excellent service and value to clients and stakeholders.

# Organizational structure

**Overview of the Organogram**

- GBC is headed by a General Manager who is accountable to the Board of Directors and manages the overall operations of the company. The organogram presented below shows how the Company is organised to carry out its business.



# The GBC Modernization Projects

# The Transaction

## Transaction Background

OPCL took over GBC in March 2022 from Bosai Minerals Group (Bosai) with the aim of transforming the Company to become a leading bauxite mine in Africa.

- Obsolete equipment and infrastructure
- A depleted mine requiring US$15.5 million in new mining development
- Corporate tax liabilities of over US$19.2 million
- Old mining methodology and expensive road haulage operations
- Over US$6 million owed to suppliers
- A technically insolvent entity with a negative net assets position,
- Expired mining lease,
- Non-existence of an off-taker for the first seven months of 2022,
- During the seven months of non-export, the Ghanaian workforce of more than 700 was paid in full without any redundancies.

## What we seek

To complete GBC's transformation agenda, we estimate a total investment requirement of $115.1 million in the form of a long-term loan.

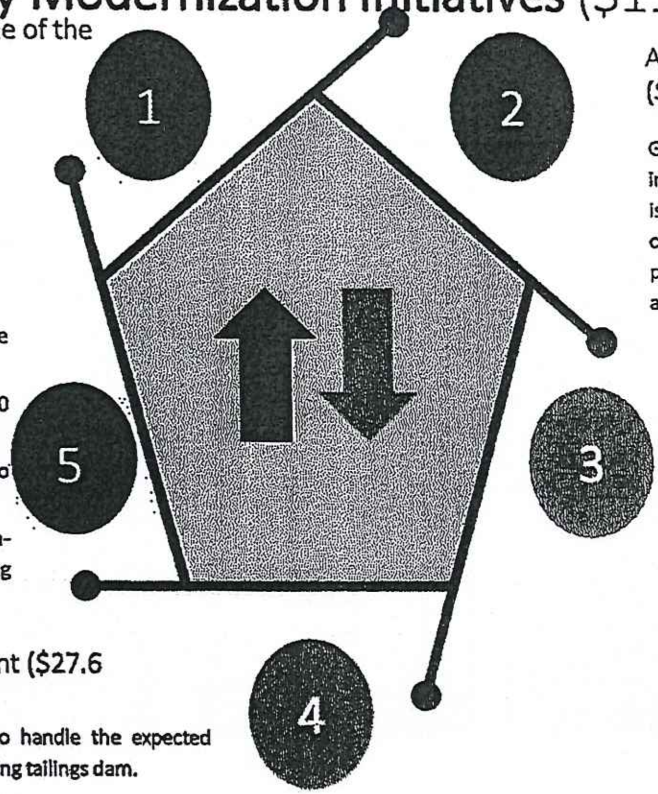
## Intended use of funds

- ❑ Washing plant expansion
- ❑ Adoption of surface miners
- ❑ Augment haulage operations
- ❑ Subiri Hill and New Tailings Dam Development
- ❑ Port expansion project

## Who we hope to partner with

GBC is seeking a finance partner to embark on the above transformation agenda for our mutual benefit. We seek a long-term finance and investment relationship into the foreseeable future beyond the immediate project at hand.

# Overview of Key Modernization Initiatives ($115.1 million)




### Expansion of the Washing Plant and upgrade of the Conveyor System
**($6.5 million)**

GBC seeks to expand the current washing plant capacity to be able to wash 5 million tonnes of ore per annum compared to the current washing capacity of 2 million tonnes.

### Port Modernization Project
**($43.7 million)**

This is expected to give GBC access to the Chinese Market: It will include

- Expand the current stockpile area to hold 250,000 tonnes.
- Build conveyance and tipping infrastructure to connect with the new GPHA infrastructure.
- Invest in barges and charter vessels to facilitate on-shore loading in order to optimize vessel loading capacity.

### New Tailings Dam & Subri-Hill Development ($27.6 million)

Build a new tailings dam and develop the Subri Hill to handle the expected production volume increases and decommission the existing tailings dam.

### Acquisition of Surface Miners
**($10.3 million)**

GBC plans to adopt 2 surface miners on the Subri Hill to increase production to 5 million tonnes per annum. This is expected to eliminate blasting, transportation and crushing from the current mining operation. The mining process is expected to be easier and efficient with the adoption of the surface miners.

### Augmenting Haulage Operations
**($27 million)**

The Mine wants to double the capacity of its haulage operations inline with expected increases in production to 5 million tonnes per annum.

This will require the purchase of additional 150 haulage trucks and the establishment of servicing and parking bays to ensure efficient operation of the haulage fleet.

# Project Roadmap

### Construction of a Tailing Dam & Subri Hill Mine Development — Ongoing

- Construction is underway. The topsoil of the hill has been removed and road construction is underway.
- Engineering and architectural designs on of the tailings dam is complete

### Acquisition of Surface Miners — Q1 2024

- Manufacturers' engineer has visited the site and working on surface miner solutions.

### Takoradi Operations Modernization — Q1 2024

- Architectural and engineering designs are ongoing.
- We have engaged the manufacturers of the shuttle vessel, and they are expected to visit the site in YR3

### Augmenting Haulage Operations — Q2 2024

- Haulage needs assessment is currently underway.
- Consultations with Ghana Manganese on road rehabilitation is scheduled to take place soon

### Development of Washing plant — Q3 2024

- Architectural and engineering designs are ongoing.

# Funding Requirement and Debt Service Capacity

# Funding Requirement and Proposed Loan Terms

## Funding requirements

GBC estimates it will require $115.1 million to finance its modernization program. Detailed cost estimates for the various projects are as follows:

| Estimating funding requirements | US$ '000 |
|---|---|
| **Projects** | **US$ '000** |
| Washing plant expansion | 6,514.24 |
| Adoption of surface mining | 10,330.52 |
| Augmenting haulage operations | 27,018.95 |
| Construction of a new tailings dam | 12,308.50 |
| Subri Hill Mine development | 15,296.00 |
| Takoradi Port Modernization | 43,724.45 |
| Total funding required | 115,192.66 |

## Proposed loan terms

| Description | Loan terms |
|---|---|
| Loan amount | $ 115.1 million |
| Interest rate | 12.5% |
| Loan period | 5 years (commencing in Y1 M7) |
| Repayment terms | Monthly repayment based on GBC's cashflows |
| **Estimated drawdown**<br>M1 Y1<br>M3 Y1<br>M6 Y1 | <br>$60 million<br>$25 million<br>$30.2 million |
| **Projected repayment terms**<br>Y1 to Y15 | <br>$ 2.59 million per month |
| Loan moratorium period | 6 months payment moratorium on interest and principal. Installment payments expected in M7 Y1 |

*Refer to Appendix 1 for loan amortization schedule*

# Projected Debt Servicing Capabilities

## Debt Service Coverage Ratio (DSCR)

The Company's DSCR is projected to be positive through to Y10. The positive DSCR is also well above the preferred ratio of 1:1 with 1.03 being the least coverage due to the full weight of the loan obligation and time lag to full maturity of the investment.

The spread of the loan over a five-year period and the six months moratorium from the initial draw down have weighed in heavily during the first six years. After that, there appears to be far more than required to service all debt obligations. Overall, throughout the loan repayment period, the company's capacity to service all debt obligations is well established if the required investment level is achieved.

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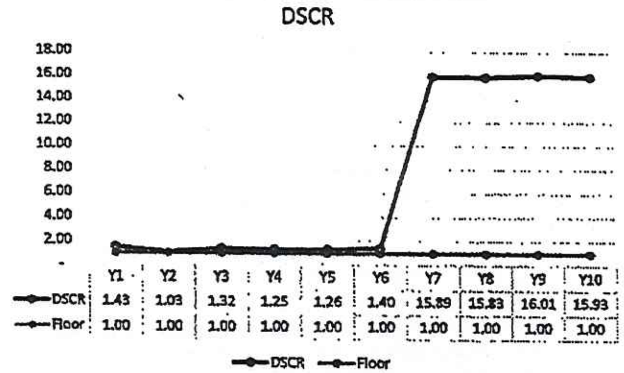
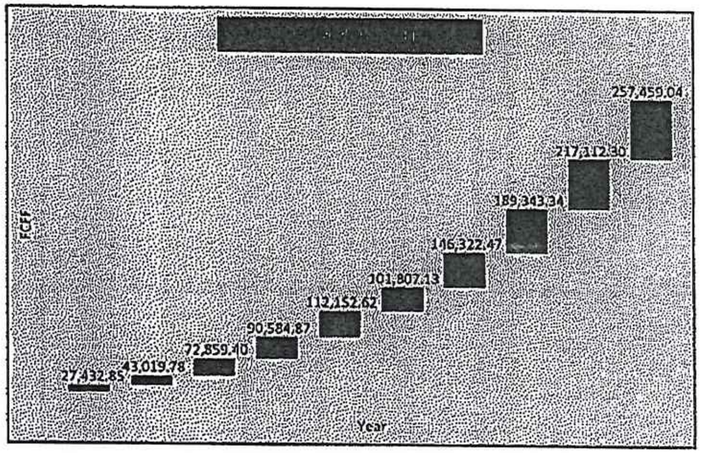



| | Y1 | Y2 | Y3 | Y4 | Y5 | Y6 | Y7 | Y8 | Y9 | Y10 |
|---|---|---|---|---|---|---|---|---|---|---|
| DSCR | 1.43 | 1.03 | 1.32 | 1.25 | 1.26 | 1.40 | 15.89 | 15.83 | 16.01 | 15.93 |
| Floor | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 | 1.00 |

## Free Cash Flow to the Firm (FCFF)

The projected FCFF to GBC grows gradually from $27.43 million in Y1 to 263.72 million in Y10 after undertaking all the planned capital projects estimated. The planned expansion and modernization is expected to significantly improve on production capacity and cost management efficiency. This will reposition the company to settle all its obligation both statutory (corporate taxes) and contractual after the modernization project including the servicing of the loan for the expansion.

With a moratorium of 6 months on the loan obligations, GBC will be able to commence repayment of the loan's interest and principal from M7 of Y1. A longer moratorium from financing partners will be perfect.



# Funding Requirement and Proposed Loan Terms

## Free Cashflow to Equity (FCFE)

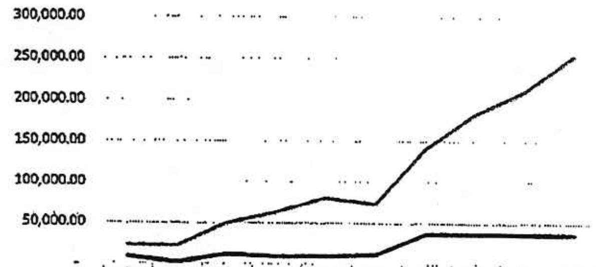
The Cashflows available to equity investors after settling or loan obligations is projected to be positive throughout the ten-year period. GBC will therefore be well positioned to finance all obligations to lenders from operating cashflows from the business after the required investment. Although repayment of the loan will commence six months after initial drawdown, the mine will be in position to produce and shipped 3.06 million metric tonnes from Y1 peaking at 5.00 million metric tonnes from Y3.

This will result in generation of sufficient inflows to contain the weight of all obligations., Including servicing of the debts and corporate tax obligations.

The FCFE is therefore expected to rise from $14.67 million in Y1 to $217.29 million in Y10.

The viability of the project is well grounded with NPV of $332.98 million and IRR of 53.47% above the Weighted cost of capital of 15%.

FCFE




| | Y1 | Y2 | Y3 | Y4 | Y5 | Y6 | Y7 | Y8 | Y9 | Y10 |
|---|---|---|---|---|---|---|---|---|---|---|
| Cash Balance ($000) | 14,669 | 20,867 | 38,490 | 54,996 | 71,695 | 62,282 | 105,45 | 147,35 | 174,52 | 217,29 |
| FCFE($000) | 8,125. | 942.79 | 10,748 | 8,288. | 8,615. | 11,051 | 35,730 | 35,600 | 36,012 | 35,843 |

FCFE($000) — Cash Balance ($000)

## Dividend ($million)


## Dividend Payment

The impact of the proposed investment is expected to change the historic negative equity position of the company from Y5. The negative retained earnings is expected to turn green in Y5 of $9.35 million.

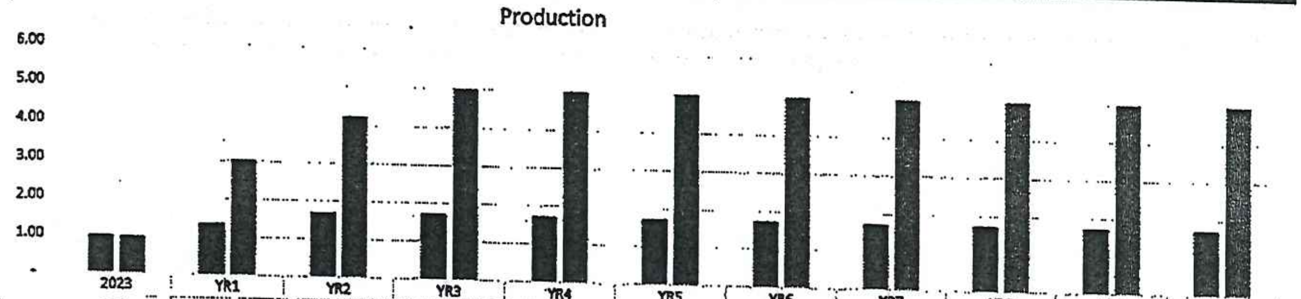
Equity investors are expected to be paid a dividend of $1.87 million in Y7, growing at 5% every year.

The value of shares of the company is expected to significantly change and worth far more than currently.

# Key Financial Highlights

# Key Assumptions and Highlights

## Key Assumptions Underlying the Financial Projections




| | 2023 | YR1 | YR2 | YR3 | YR4 | YR5 | YR6 | YR7 | YR8 | YR9 | YR10 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| No Investment (million) | 0.99 | 1.36 | 1.70 | 1.74 | 1.74 | 1.74 | 1.74 | 1.74 | 1.74 | 1.74 | 1.74 |
| Invesment $115 million (million) | 0.99 | 3.03 | 4.23 | 5.01 | 5.01 | 5.01 | 5.01 | 5.01 | 5.01 | 5.01 | 5.01 |

No Investment (million) Invesment $115 million (million)

The projected productions are based on the following key assumption.

**Volume:** The production volumes of bauxite is expected to more than double the current volumes in the first year after the required investment rising from 3.03 million metric tonnes in Y1 to 5.0 million metric tonnes per annum from Y3 thereafter. This is expected to be achieved by the completion of the mine modernization and optimization initiative by first quarter of Y1. The high growth in output is expected to occur by the adoption of surface miners and the proposed expansion of the mine ore crushing, conveyor and washing infrastructure.

Without the investment, production could only grow steadily from 0.99 million metric tonnes in 2023 peaking at 1.74 million metric tons in Y4 thereafter. This is largely due to the capacity limit of the mining crushing and washing plant and the almost depleted current mining pit.

# Key Assumptions and Financial Highlights

## Key assumptions underlying the financial projections

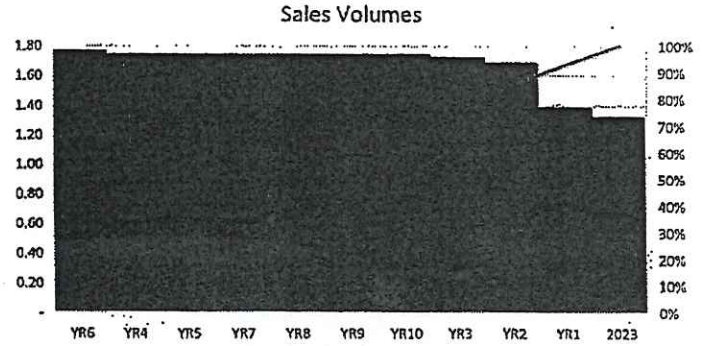
*Sales Volumes:* The sales volume without the investment is expected to hover around 1.32 million tonnes in 2023. As of October 2023, actual sales volumes stood at 1.09 million tonnes. This is projected to grow steadily to 1.39 million tonnes in Y1 to peak around 1,74 by Y10.

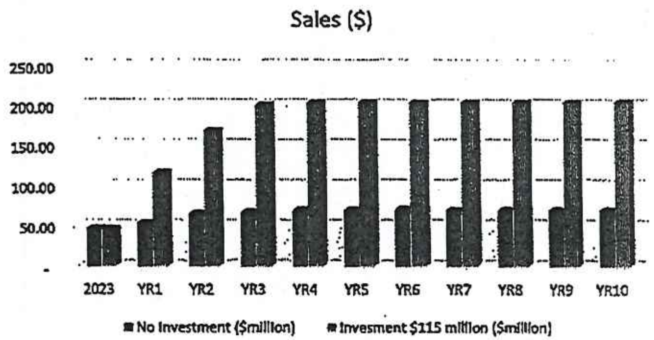
With the investment of $115 million, sales volumes are projected to more than double the volumes without investment in Y1. This is expected to grow and peak at 5.0 million by Y10. The growth in sales volume will be steep with the investment due to the mine development, and significant expected investment in production, haulage and port loading capacities.

*Price:* We project the average price per tonne to be at $40. The current price per tonne ranges between $38 and $40 for Panamax and mini cape-size vessels, respectively. We expect to load bigger vessels after the expansion.

Market Access: We assume that our current footing in the Chinese market will deepen further when we are in a position to deliver on the increasing demand for our high-quality ore. This, coupled with augmentation of our current loading capacity of 6 days for mini capsize vessel and an integrated conveyor with the Ghana Port and Harbours Authority will facilitate our ability to load two capsize vessels or at least one capsize and two mini cape size vessels per month. We are also expecting to have access to other markets.

## Revenue and volume trend



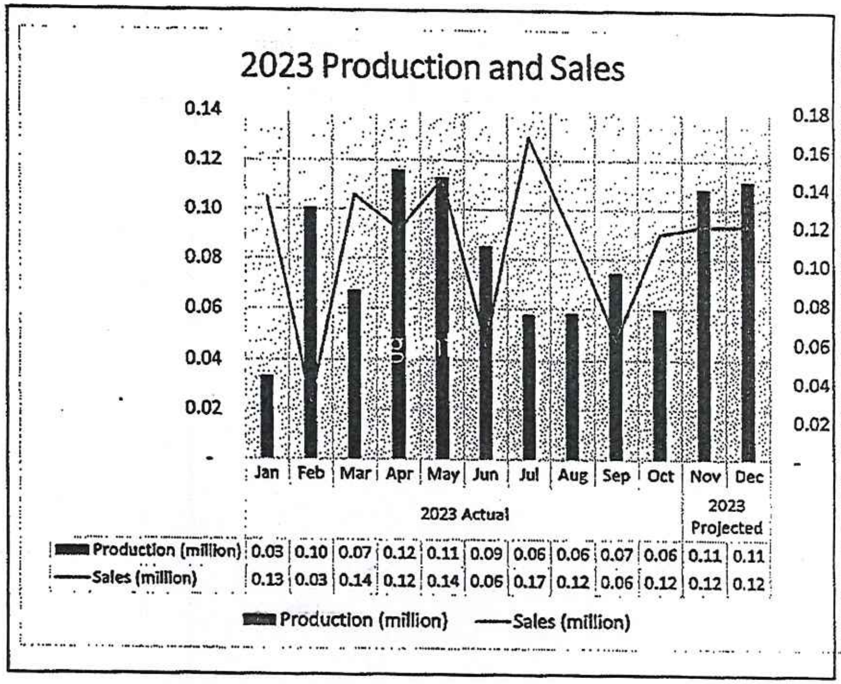
# Key Assumptions and Financial Highlights

## Current Capacity

The current capacity of the mine with organic growth investment shows an increase in production levels. The investments made thus far have been significant in guaranteeing these levels of production and sales performance. The capacity and availability of critical production infrastructure continue to be necessary.

The performance for the first ten months of the year 2023 shows, on average, a growth rate in production and sales of 25%. From a production of 0.03 million metric tonnes in January, rising and falling over the period, it is projected for November and December production to hit pre-rainy days of 0.11 million tonnes per month. Sales are projected to stay at October levels of 0.12 million metric tonnes per month.

Without the investment in scale and focus like the one being considered, the trend in production and sales would tumble.



# Key Assumptions and Financial Highlights

## Revenue and Volume Trend

| | 2023-YTD | 2022 | 2021 | 2020 | 2019 | 2018 | CAGR | Avreage | Final |
|---|---|---|---|---|---|---|---|---|---|
| | Unaudited | Audited | Audited | Audited | Audited | Audited | | | 8% |
| DIRECT COST | 23.34 | 26.47 | 22.88 | 18.29 | 21.22 | 22.94 | 103% | 22.36 | 24.15 |
| Haulage | 7.94 | 12.36 | 7.57 | 7.76 | 10.23 | 9.20 | 106% | 9.42 | 10.18 |
| Mine Staff Cost | 1.81 | 3.43 | 2.71 | 1.98 | 2.38 | 3.36 | 100% | 2.77 | 2.99 |
| Production Expenses | 3.66 | 1.47 | 5.86 | 4.80 | 4.59 | 7.85 | 72% | 4.92 | 5.31 |
| Royalties | 3.74 | 1.81 | 2.91 | 1.51 | 1.60 | 1.53 | 103% | 1.87 | 2.02 |
| Sales Commission | 3.11 | 2.53 | - | - | - | - | 0% | 2.53 | 3.60 |
| Depreciation | 2.88 | 4.86 | 3.83 | 2.25 | 2.41 | 1.01 | 137% | 2.87 | 3.10 |
| | 23.14 | 26.47 | 22.88 | 18.29 | 21.22 | 22.94 | 103% | 22.36 | 27.20 |

| Years | 2023-YTD | 2022 | 2021 | 2020 | 2019 | 2018 | CAGR | Avreage | Final |
|---|---|---|---|---|---|---|---|---|---|
| | Unaudited | Audited | Audited | Audited | Audited | Audited | | 70% | |
| Sellind and Administrative Expenses | 7.74 | 17.94 | 20.46 | 6.16 | 7.47 | 10.78 | 111% | [redacted] | [redacted] |
| Depreciation,Amortisation and Impairment | 0.47 | 1.11 | 0.45 | 0.23 | 0.21 | 0.30 | 130% | [redacted] | [redacted] |
| Employee Cost | 1.26 | 1.29 | 1.16 | 0.89 | 0.95 | 1.46 | 98% | [redacted] | [redacted] |
| Selling and Distribution Expenses | 1.53 | 5.39 | 3.91 | 3.12 | 3.32 | 4.25 | 105% | [redacted] | [redacted] |
| Administrative Expenses | 4.01 | 9.70 | 3.68 | 1.92 | 3.00 | 4.77 | 115% | [redacted] | [redacted] |
| Loss on Exchnage Differences | 0.47 | 0.45 | - | - | - | - | 0% | [redacted] | [redacted] |
| Loss on Disposal of Assets | 0.00 | 0.00 | - | - | - | - | 0% | [redacted] | [redacted] |
| Tax Review | - | - | 11.26 | - | - | - | 0% | [redacted] | [redacted] |
| | 7.74 | 17.94 | 20.46 | 6.16 | 7.47 | 10.78 | 111% | [redacted] | [redacted] |

# Financial highlights

## Projected Profitability

### Operating Profit & Margins

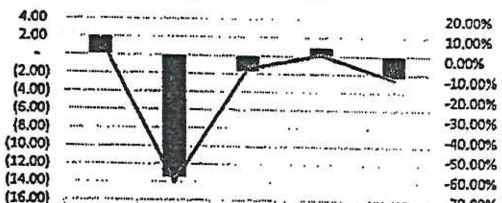
| | 2023 | YR1 | YR2 | YR3 | YR4 | YR5 | YR6 | YR7 | YR8 | YR9 | YR10 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Operating Profit ($million) | 5.42 | 25.52 | 35.36 | 45.07 | 45.27 | 45.46 | 45.15 | 45.05 | 45.09 | 44.98 | 45.05 |
| Operating Profit Margin (%) | 11.77% | 20.63% | 20.73% | 22.01% | 22.06% | 22.11% | 21.95% | 21.89% | 21.92% | 21.86% | 21.85% |

Operating Profit ($million) — Operating Profit Margin (%)

Operating profit historically has struggled between positive and negative positions since 2018. as at 2022, the operating profit was $1.96 million at a corresponding margin of 9.83%. The projected for 2023 puts operating profit to be $5.42 million representing a margin of 11.77%. The operating profit margin is projected to sharply rise to $25.52 million in year 1 after the execution of the proposed modernization investment program to rising $45.05million by Y10.

The operating profit margin is expected to be 21.85% over the projected period.

### Historical Operating Profit Margin



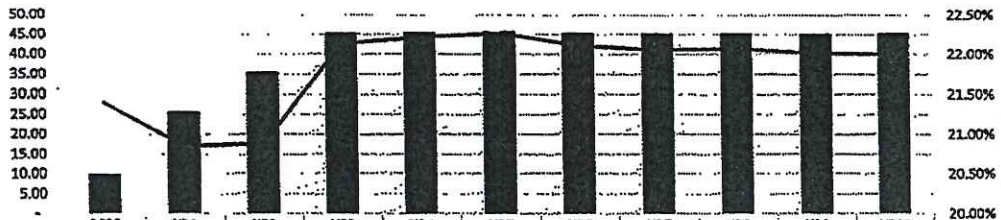
| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| Operating Profit Tax ($million) | 1.96 | (13.51) | (1.70) | 0.91 | (2.30) |
| Operating Profit Margin | 9.85% | -61.27% | -4.51% | 2.52% | -9.52% |

Operating Profit Tax ($million) — Operating Profit Margin

# Financial Highlights

## Projected Profitability

EBITDA & Margins




| | 2023 | YR1 | YR2 | YR3 | YR4 | YR5 | YR6 | YR7 | YR8 | YR9 | YR10 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| EBITDA ($million) | 9.86 | 25.80 | 35.63 | 45.34 | 45.60 | 45.79 | 45.48 | 45.38 | 45.41 | 45.30 | 45.37 |
| EBITDA Margin | 21.40% | 20.85% | 20.89% | 22.14% | 22.22% | 22.27% | 22.11% | 22.05% | 22.07% | 22.02% | 22.00% |

The investment of $115 million is projected to significantly improve on the earnings of the mine. EBITDA is projected to be $9.86 million in 2023 from historical position of $ 1.96 million in 2022. This largely is assumed to be achieved on organic investment approach. The projection for EBITDA in Y1 after the proposed modernization and improvement programme is $25.80 million. This is expected to reach $45.37 million by Y10 representing 26.62% of sales.

This means that the mine will have sufficient earnings to cater for interest and tax obligations when the investment of $115 is fully executed.

Historical EBITDA

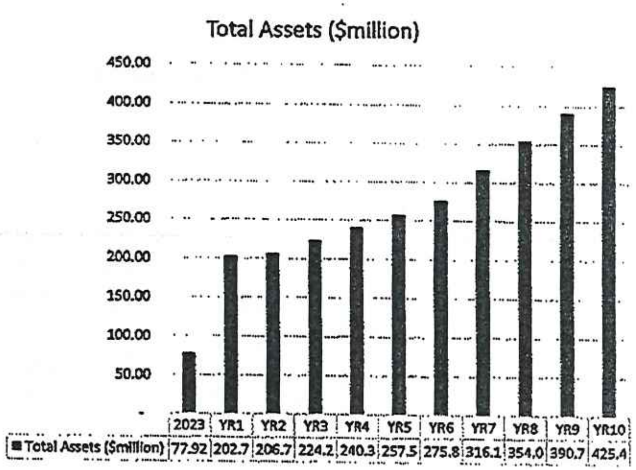

| | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| EBITDA ($million) | 1.96 | (9.27) | 8.17 | 6.03 | (1.14) |
| EBITDA Margin | 9.86% | -42.04% | 21.66% | 16.78% | -4.72% |

# Financial Highlights

## Financial Position

| Assets | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Year | 2023 | YR1 | YR2 | YR3 | YR4 | YR5 | YR6 | YR7 | YR8 | YR9 | YR10 |
| Total Assets ($million) | 77.92 | 202.72 | 206.73 | 224.25 | 240.34 | 257.56 | 275.87 | 316.11 | 354.03 | 390.76 | 425.48 |

Total assets of the company is expected to increased from $77.92 in 2023 to $202.72 million in Y1. The increased in total assets is influenced by the $115.19 million investment in the modernization project. Total assets is expected to $425.48 million by Y10 influenced mainly by liquid cash. The high liquid assets is expected to reposition the company to finance its next major improvement program after the first Y10 mainly from internally generated sources.

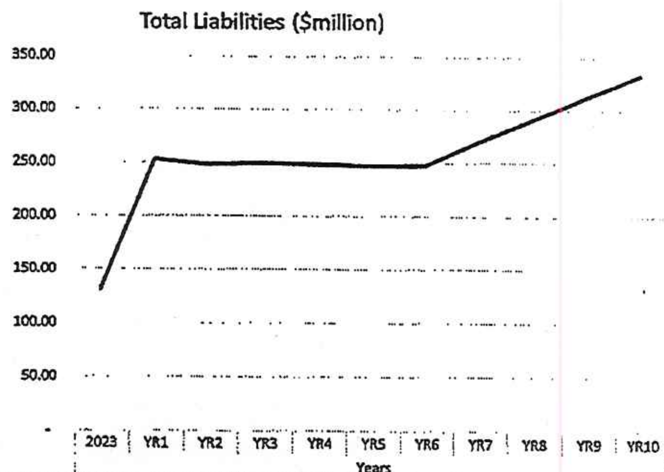


# Financial Highlights

## Financial Position

| Liabilities | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Year | 2023 | YR1 | YR2 | YR3 | YR4 | YR5 | YR6 | YR7 | YR8 | YR9 | YR10 |
| Total Liabilities ($million) | 130.76 | 252.51 | 247.82 | 249.34 | 248.18 | 246.76 | 247.08 | 269.52 | 290.75 | 312.17 | 333.00 |

Total liabilities of the company is expected to be $130.76 million in 2023. In Y1 of the projected period, the total liabilities is expected to be $252.51 million influenced mainly by the loan required to undertake the modernization program. By Y10 of the projected period, total liabilities is expected to be $ 333.00. By half year of Y6, the loan would have been fully paid off. The OPCL working capital loan is also expected to been significantly reduced by Y10. The legacy loan is expected to be $169.98 (see appendix...) million by Y10. The legacy loan posses no significant risk to the continual existence of the company due to the guarantee from OPCL with clear indication of no intent to call for it immediately.



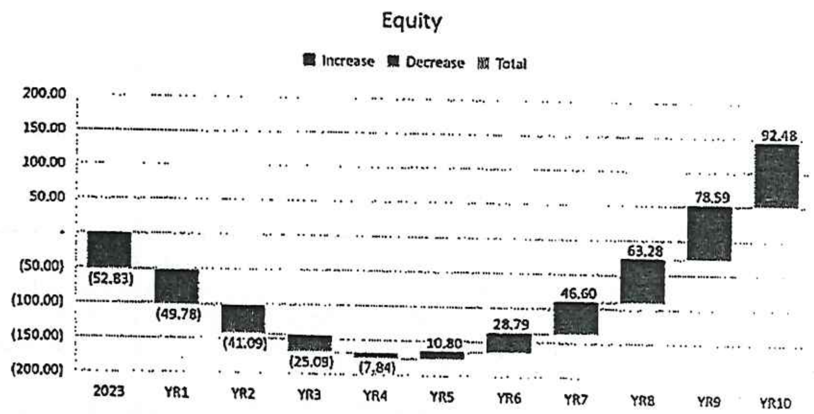

| | 2023 | YR1 | YR2 | YR3 | YR4 | YR5 | YR6 | YR7 | YR8 | YR9 | YR10 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Total Liabilities ($million) | 130.76 | 252.51 | 247.82 | 249.34 | 248.18 | 246.76 | 247.08 | 269.52 | 290.75 | 312.17 | 333.00 |

# Financial Highlights

## Financial Position

| Equity | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Year | 2023 | YR1 | YR2 | YR3 | YR4 | YR5 | YR6 | YR7 | YR8 | YR9 | YR10 |
| Total Equity ($million) | (52.83) | (49.78) | (41.09) | (25.09) | (7.84) | 10.80 | 28.79 | 46.60 | 63.28 | 78.59 | 92.48 |

By Y5 of the projected period, the historical negative equity position of the company is expected to take a historical turn. The negative equity of $ 52.83 of the company in 2023 is expected to fall gradually over the period to a positive equity of $ 10.80 by Y5. This positive position is expected to continue and rise to $92.48 by Y10. This is expected on the back of the modernization program. The value of the company's share is expected to worth $72.81 million.



# Historical financial highlights

## Statement of Financial Position

| STATEMENT OF FINANCIAL POSITION | Unaudited 2023 $'000 | Audited 2022 $'000 | 2021 $'000 | 2020 $'000 | 2019 $'000 | 2018 $'000 |
|---|---|---|---|---|---|---|
| **Non-Current Assets** | | | | | | |
| Property, Plant and Equipment | 54,587.98 | 31,147.56 | 25,853.76 | 11,383.00 | 14,112.00 | 5,876.00 |
| Deffered Tax | 1,417.01 | 1,417.01 | 1,236.00 | 2,291.00 | 1,203.00 | 295.00 |
| | 56,005.00 | 32,564.58 | 27,089.76 | 13,674.00 | 15,315.00 | 6,171.00 |
| **Current Assets** | | | | | | |
| Inventories | 6,553.23 | 7,676.01 | 5,904.84 | 8,095.00 | 9,167.00 | 9,173.00 |
| Trade and Other Receivables | 3,546.84 | 5,560.45 | 5,309.68 | 1,334.00 | 6,399.00 | 1,116.00 |
| Cash and Cash Equivalents | 5,036.03 | 65.33 | 500.90 | 1,086.00 | 829.00 | 2,333.00 |
| | 15,136.10 | 13,301.79 | 11,715.42 | 10,515.00 | 16,395.00 | 12,622.00 |
| **Total Assets** | 71,141.09 | 45,866.36 | 38,805.18 | 24,189.00 | 31,710.00 | 18,793.00 |
| **Equity and Liabilities** | | | | | | |
| **Equity** | | | | | | |
| Stated Capital | 223.00 | 223.00 | 223.00 | 223.00 | 223.00 | 223.00 |
| Capital Surplus | 1,234.00 | 11,482.97 | 11,819.00 | 30.00 | 30.00 | 30.00 |
| Retained Earnings | (50,227.93) | (57,047.85) | (58,040.88) | (33,754.00) | (38,350.00) | (43,142.00) |
| | (48,770.93) | (45,341.88) | (45,998.88) | (33,501.00) | (38,097.00) | (42,889.00) |
| **Liabilities** | | | | | | |
| **Non-Curent Liabilities** | | | | | | |
| Other Financial Liabilities | 59,895.43 | 56,605.13 | 49,837.00 | 47,384.00 | 61,384.00 | 51,384.00 |
| Deferred Tax | 6,375.99 | 4,710.60 | 6,348.00 | - | - | - |
| Provision | 1,478.60 | 1,478.60 | 1,440.00 | 1,403.00 | 1,366.00 | 1,329.00 |
| | 67,750.02 | 62,794.33 | 57,625.00 | 48,787.00 | 62,750.00 | 52,713.00 |
| **Current Liabilities** | | | | | | |
| Trade and Other Payables | 35,895.63 | 22,162.79 | 14,176.92 | 6,113.00 | 7,057.00 | 8,969.00 |
| Other Financial Liabilities | 6,812.17 | 1,732.19 | 762.14 | - | - | - |
| Current Tax Payable | 9,454.21 | 4,518.93 | 12,240.00 | 2,790.00 | - | - |
| | 52,162.01 | 28,413.91 | 27,179.06 | 8,903.00 | 7,057.00 | 8,969.00 |
| **Total Liabilities** | 119,912.03 | 91,208.24 | 84,804.06 | 57,690.00 | 69,807.00 | 61,682.00 |
| **Total Equity and Liabilities** | 71,141.10 | 45,866.36 | 38,805.18 | 24,189.00 | 31,710.00 | 18,793.00 |

# Historical financial highlights

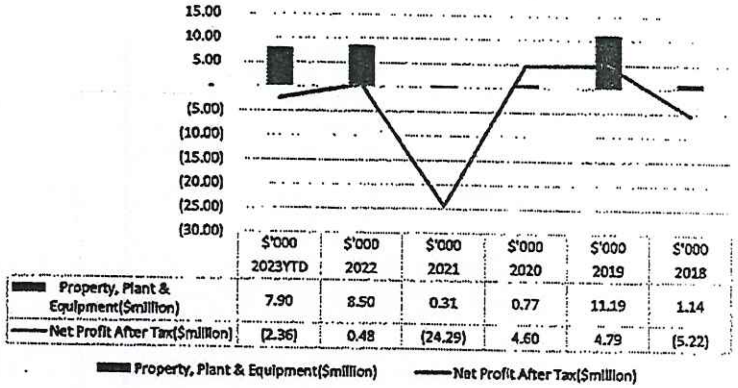
## Investment in Capital Assets

| Capital Investment | | | | | | |
|---|---|---|---|---|---|---|
| Year | 2023YTD | 2022 | 2021 | 2020 | 2019 | 2018 |
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Property, Plant & Equipment($million) | 7.90 | 8.50 | 0.31 | 0.77 | 11.19 | 1.14 |
| Net Profit After Tax($million) | (2.36) | 0.48 | (24.29) | 4.60 | 4.79 | (5.22) |

Over the past five years, the mine has seen some level of investment in the quest by management to unleash the full potential of the mine. Huge investment was made in 2019 to augment the haulage capacity of the mine. This brought some turn around in the profitability of the mine as the company's dependence on third party haulers and the associated high cost per tonne was significantly minimised. There were however no much significant investment made into the mine after 2019 up until 2022 when the new ownership took over. To keep the mine running, investment have been made to improve on production, haulage and ship loading capabilities of the company. This has turned around the performance of the company a bit moving it from a loss position of $24.30 million in 2021 to a profit after tax of $0.48million in 2022 just for operating the mine for less a year.

The investment made in 2022 and being made in 2023 is expected to translate into profitability in 2024 and beyond.

Capital Investment and Profitability



# Historical Financial Highlights

## Related party exposures

| Year | 2023YTD | 2022 | 2021 | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|---|
| Other Financial Liabilities ($million) | 66.71 | 58.34 | 50.60 | 47.38 | 61.38 | 51.38 |

The above is the long-term financial obligation of the company due to OPCL. OPCL acquired the obligation from Bosai as part of the acquisition transaction.

Currently, all rights and obligations associated with the loan have been transferred to OPCL, the majority shareholder of GBC. ***While repayments are due immediately, OPCL does not have the intention of calling on these loans to be repaid. This commitment by OPCL guarantees the continual existence and does not expose the company to going concern risk.***

# Appendices

[redacted]

| SUMMARY -With $115 million investment | 0 | Y1 | Y2 | Y3 | Y4 | Y5 | Y6 | Y7 | Y8 | Y9 | Y10 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Revenue | 46,075.66 | 123,738.61 | 170,546.25 | 204,812.76 | 205,229.95 | 205,643.61 | 205,658.81 | 205,759.22 | 205,759.22 | 205,758.51 | 206,197.63 |
| Cost of Sales | (30,611.57) | (76,532.76) | (105,286.42) | (124,158.79) | (124,308.24) | (124,459.98) | (124,782.78) | (124,977.09) | (124,921.12) | (125,031.58) | (125,327.35) |
| Gross Profit | 15,464.09 | 47,205.85 | 65,259.83 | 80,653.97 | 80,921.71 | 81,183.63 | 80,876.03 | 80,782.13 | 80,838.10 | 80,726.94 | 80,870.28 |
| Other Income | 200.02 | 400.00 | 500.00 | 500.00 | 500.00 | 500.00 | 500.00 | 500.00 | 500.00 | 500.00 | 500.00 |
| General and Administrative Expenses | (10,241.54) | (22,081.69) | (30,402.01) | (36,081.19) | (36,153.35) | (36,225.51) | (36,226.96) | (36,232.73) | (36,245.72) | (36,247.16) | (36,325.10) |
| Operating Profit | 5,422.57 | 25,524.16 | 35,357.82 | 45,072.78 | 45,268.36 | 45,458.11 | 45,149.07 | 45,049.40 | 45,092.38 | 44,979.78 | 45,045.19 |
| Finance Cost | (7,787.21) | (20,834.31) | (21,982.09) | (20,457.04) | (18,730.05) | (16,774.38) | (14,595.00) | (14,640.13) | (16,260.92) | (18,096.33) | (20,174.78) |
| Profit/Loss Before Taxation | (2,364.64) | 4,689.85 | 13,375.73 | 24,615.74 | 26,538.31 | 28,683.73 | 30,554.07 | 30,409.27 | 28,831.46 | 26,883.44 | 24,870.41 |
| Taxation | | (1,641.45) | (8,681.51) | (8,615.52) | (9,288.41) | (10,039.31) | (10,693.93) | (10,643.24) | (10,091.01) | (9,409.21) | (8,704.64) |
| Net Profit After Tax | (2,364.64) | 3,048.40 | 4,694.22 | 16,000.23 | 17,249.90 | 18,644.43 | 19,860.15 | 19,766.02 | 18,740.45 | 17,474.24 | 16,165.77 |
| Opening RE | (51,925.69) | (54,290.32) | (51,241.92) | (42,547.70) | (26,547.46) | (9,297.56) | 9,346.86 | 27,337.64 | 45,140.82 | 61,820.29 | 77,130.49 |
| Dividend | | | | | | | (1,869.37) | (1,962.84) | (2,050.98) | (2,164.03) | (2,272.23) |
| Closing RE | (54,290.32) | (51,241.92) | (42,547.70) | (26,547.46) | (9,297.56) | 9,346.86 | 27,337.64 | 45,140.82 | 61,820.29 | 77,130.49 | 91,024.02 |

[redacted]

| [redacted] | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Revenue | 46,075.66 | 123,738.61 | 170,546.25 | 204,812.76 | 205,229.95 | 205,643.61 | 205,658.81 | 205,759.22 | 205,759.22 | 205,758.51 | 206,197.63 |
| Cost of Sales | (19,008.52) | (74,987.92) | (103,736.13) | (122,342.68) | (122,484.08) | (122,627.81) | (122,628.13) | (122,804.50) | (122,757.40) | (122,876.82) | (123,181.65) |
| Other Income | 200.02 | 400.00 | 500.00 | 500.00 | 500.00 | 500.00 | 500.00 | 500.00 | 500.00 | 500.00 | 500.00 |
| Selling and Administrative Expenses | (9,618.56) | (22,033.58) | (30,366.73) | (36,042.70) | (36,057.14) | (36,129.30) | (36,130.75) | (36,136.52) | (36,155.92) | (36,160.57) | (36,228.89) |
| Taxes Paid | (880.79) | (3,463.11) | (4,482.67) | (6,648.51) | (8,951.96) | (9,663.86) | (10,366.62) | (10,668.58) | (10,367.13) | (9,750.11) | (9,056.92) |
| Current assets | (4,358.60) | 3,544.39 | 1,981.27 | 3,968.48 | 3,551.14 | 4,391.93 | 1,940.38 | 1,481.10 | 1,021.46 | 941.54 | 13.21 |
| Current Liabilities | (4,927.73) | (8,326.84) | - | | | | | | | | |
| **Operating Cash Flow** | 12,409.20 | 27,198.38 | 34,442.00 | 44,247.34 | 41,787.90 | 42,114.56 | 38,973.69 | 38,130.71 | 38,000.23 | 38,412.55 | 38,243.38 |
| | | | | | | | | | | | |
| **Investing Cash Flow** | | | | | | | | | | | |
| PPE | (230.00) | (115,192.79) | - | - | - | - | (30,000.00) | - | - | (15,000.00) | - |
| Strategic Spares | (8,465.39) | (3,675.48) | (1,678.97) | (978.65) | (675.98) | (1,987.32) | - | - | - | - | - |
| | (8,695.39) | (118,868.27) | (1,678.97) | (978.65) | (675.98) | (1,987.32) | (30,000.00) | - | - | (15,000.00) | - |
| | | | | | | | | | | | |
| **Financing Cash Flows** | | | | | | | | | | | |
| Foreign Loan (FL) | - | 115,192.79 | - | - | - | - | | | | | |
| Loan Repayment -FL -Principal | - | (3,013.99) | (18,089.99) | (20,485.40) | (23,198.00) | (26,269.78) | (24,135.63) | - | - | - | - |
| Loan Repayment-FL-Interest | - | (12,535.61) | (13,009.21) | (10,613.80) | (7,901.21) | (4,829.42) | (1,386.13) | - | - | - | - |
| Zenith Loan Repayment | (673.81) | (1,123.02) | - | - | - | - | - | - | - | - | - |
| OPCL-Legacy Loan (OPCLLL) | 1,415.67 | 6,124.05 | 6,934.97 | 7,853.27 | 8,893.17 | 10,070.77 | 11,404.30 | 12,914.42 | 14,624.49 | 16,561.01 | 18,753.96 |
| Loan Repayment (OPCLLL)-Interest | (300.00) | (1,200.00) | (1,200.00) | (1,200.00) | (1,200.00) | (1,200.00) | (1,200.00) | (1,200.00) | (1,200.00) | (1,200.00) | (1,200.00) |
| Loan Repayment (OPCLWCL)-Principal | (73.91) | (319.75) | (362.09) | (410.03) | (464.33) | (525.81) | (595.44) | (674.29) | (763.57) | (864.68) | (979.18) |
| Loan Repayment (OPCLWCL)-Interest | (226.09) | (880.25) | (837.91) | (789.97) | (735.67) | (674.19) | (604.56) | (525.71) | (436.43) | (335.32) | (220.82) |
| Others(payments/receipt) | - | - | - | - | - | - | - | - | - | - | - |
| Dividend Payment | - | - | - | - | - | - | (1,869.37) | (5,467.53) | (9,028.16) | (12,364.06) | (15,426.10) |
| **Cash Flow from Financing Activities** | 141.86 | 102,244.22 | (26,564.23) | (25,645.93) | (24,606.03) | (23,428.43) | (18,386.82) | 5,046.89 | 3,196.33 | 1,796.95 | 927.86 |
| | | | | | | | | | | | |
| **Net Cash Flow** | 3,855.68 | 10,574.34 | 6,198.80 | 17,622.77 | 16,505.90 | 16,698.81 | (9,413.14) | 43,177.60 | 41,196.56 | 25,209.51 | 39,171.24 |
| **Opening Cash Balance** | 239.16 | 4,094.84 | 14,669.18 | 20,867.97 | 38,490.74 | 54,996.63 | 71,695.44 | 62,282.31 | 105,459.90 | 146,656.46 | 171,865.97 |
| **Closing Cash Balance/OD** | 4,094.84 | 14,669.18 | 20,867.97 | 38,490.74 | 54,996.63 | 71,695.44 | 62,282.31 | 105,459.90 | 146,656.46 | 171,865.97 | 211,037.21 |

[redacted]

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Non-Current Assets** | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 | $'000 |
| Property, Plant and Equipment | 56,235.00 | 166,912.43 | 162,739.62 | 158,671.13 | 154,704.35 | 150,836.75 | 176,615.83 | 172,200.43 | 167,895.42 | 178,473.03 | 174,011.21 |
| | 56,235.00 | 166,912.43 | 162,739.62 | 158,671.13 | 154,704.35 | 150,836.75 | 176,615.83 | 172,200.43 | 167,895.42 | 178,473.03 | 174,011.21 |
| **Current Assets** | | | | | | | | | | | |
| Inventories | 14,048.21 | 17,792.62 | 20,173.89 | 24,642.37 | 28,693.51 | 33,585.43 | 36,025.81 | 38,006.91 | 39,475.19 | 40,416.73 | 40,429.94 |
| Trade and Other Receivables | 3,546.84 | 3,346.83 | 2,946.83 | 2,446.83 | 1,946.83 | 1,446.83 | 946.83 | 446.83 | - | - | - |
| Cash and Cash Equivalents | 4,094.84 | 14,669.18 | 20,867.97 | 38,490.74 | 54,996.63 | 71,695.44 | 62,282.31 | 105,459.90 | 146,656.46 | 171,865.97 | 211,037.21 |
| | 21,689.90 | 35,808.62 | 43,988.69 | 65,579.93 | 85,636.97 | 106,727.70 | 99,254.94 | 143,913.63 | 186,131.65 | 212,282.70 | 251,467.15 |
| **Total Assets** | 77,924.89 | 202,721.05 | 206,728.31 | 224,251.06 | 240,341.32 | 257,564.44 | 275,870.77 | 316,114.07 | 354,027.07 | 390,755.73 | 425,478.36 |
| **Equity and Liabilities** | | | | | | | | | | | |
| **Equity** | | | | | | | | | | | |
| Stated Capital | 223.00 | 223.00 | 223.00 | 223.00 | 223.00 | 223.00 | 223.00 | 223.00 | 223.00 | 223.00 | 223.00 |
| Capital Surplus | 1,234.00 | 1,234.00 | 1,234.00 | 1,234.00 | 1,234.00 | 1,234.00 | 1,234.00 | 1,234.00 | 1,234.00 | 1,234.00 | 1,234.00 |
| Retained Earnings | (54,290.32) | (51,241.92) | (42,547.70) | (26,547.46) | (9,297.56) | 9,346.86 | 27,337.64 | 45,140.82 | 61,820.29 | 77,130.49 | 91,024.02 |
| | (52,833.32) | (49,784.92) | (41,090.70) | (25,090.46) | (7,840.56) | 10,803.86 | 28,794.64 | 46,597.82 | 63,277.29 | 78,587.49 | 92,481.02 |
| **Liabilities** | | | | | | | | | | | |
| **Non-Curent Liabilities** | | | | | | | | | | | |
| Third Part Loan | - | 112,178.80 | 94,088.80 | 73,603.40 | 50,405.41 | 24,135.63 | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| Other Financial Liabilities | 55,848.55 | 61,972.60 | 68,907.57 | 76,760.85 | 85,654.02 | 95,724.79 | 107,129.10 | 120,043.52 | 134,668.01 | 151,229.02 | 169,982.98 |
| Provisions and Othres | 27,838.64 | 42,780.42 | 49,411.72 | 62,009.40 | 75,282.46 | 90,210.53 | 103,525.53 | 113,750.85 | 121,293.24 | 127,356.27 | 130,762.87 |
| | 83,687.19 | 216,931.82 | 212,408.10 | 212,373.65 | 211,341.89 | 210,070.95 | 210,654.63 | 233,794.37 | 255,961.26 | 278,585.29 | 300,745.84 |
| **Current Liabilities** | | | | | | | | | | | |
| Trade and Other Payables | 31,197.90 | 22,871.05 | 22,871.05 | -22,871.05 | 22,871.05 | 22,871.05 | 22,871.05 | 22,871.05 | 22,977.40 | 22,977.40 | 22,977.40 |
| Other Financial Liabilities | 8,213.89 | 6,865.53 | 6,503.44 | 6,093.41 | 5,629.08 | 5,103.27 | 4,507.83 | 3,833.54 | 3,069.97 | 2,205.29 | 1,226.11 |
| Current Tax Payable | 7,659.24 | 5,837.58 | 6,036.42 | 8,003.42 | 8,339.87 | 8,715.32 | 9,042.63 | 9,017.28 | 8,741.17 | 8,400.27 | 8,047.98 |
| | 47,071.03 | 35,574.16 | 35,410.91 | 36,967.88 | 36,840.00 | 36,689.63 | 36,421.50 | 35,721.88 | 34,788.54 | 33,582.95 | 32,251.49 |
| **Total Liabilities** | 130,758.22 | 252,505.97 | 247,819.01 | 249,341.53 | 248,181.89 | 246,760.58 | 247,076.14 | 269,516.24 | 290,749.79 | 312,168.24 | 332,997.34 |
| **Total Equity and Liabilities** | 77,924.89 | 202,721.05 | 206,728.31 | 224,251.07 | 240,341.32 | 257,564.44 | 275,870.77 | 316,114.06 | 354,027.08 | 390,755.74 | 425,478.36 |

[redacted]

115.19 million Foreign Loan

| Summary | Y1 | Y2 | Y3 | Y4 | Y5 | Y6 | Y7 | Y8 | Y9 | Y10 |
|---|---|---|---|---|---|---|---|---|---|---|
| Opening | 115,192.79 | 112,178.80 | 94,088.80 | 73,603.40 | 50,405.41 | 24,135.63 | 0.00 | 0.00 | 0.00 | - |
| Interest | 12,535.61 | 13,009.21 | 10,613.80 | 7,901.21 | $4,829.42 | $1,386.13 | - | - | - | - |
| Principal | 3,013.99 | 18,089.99 | 20,485.40 | 23,198.00 | $26,269.78 | 24,135.63 | - | - | - | - |
| Payment | (15,549.60) | (31,099.20) | (31,099.20) | (31,099.20) | (31,099.20) | (25,521.76) | - | - | - | - |
| Closing | 112,178.80 | 94,088.80 | 73,603.40 | 50,405.41 | 24,135.63 | 0.00 | 0.00 | 0.00 | 0.00 | - |

[redacted]

**OPCL Legacy Loan million**

| Summary | Base | Y1 | Y2 | Y3 | Y4 | Y5 | Y6 | Y7 | Y8 | Y9 | Y10 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Opening** | **54,432.88** | **55,848.55** | **61,972.60** | **68,907.57** | **76,760.85** | **85,654.02** | **95,724.79** | **107,129.10** | **120,043.52** | **134,668.01** | **151,229.02** |
| Interest | 1,715.67 | $7,324.05 | $8,134.97 | $9,053.27 | $10,093.17 | $11,270.77 | $12,604.30 | $14,114.42 | $15,824.49 | $17,761.01 | $19,953.96 |
| Principal | $(1,415.67) | $(6,124.05) | $(6,934.97) | $(7,853.27) | $(8,893.17) | $(10,070.77) | $(11,404.30) | $(12,914.42) | $(14,624.49) | $(16,561.01) | $(18,753.96) |
| Payment | 300.00 | 1,200.00 | $1,200.00 | $1,200.00 | $1,200.00 | $1,200.00 | $1,200.00 | $1,200.00 | $1,200.00 | $1,200.00 | $1,200.00 |
| **Closing** | **$55,848.55** | **$61,972.60** | **$68,907.57** | **$76,760.85** | **$85,654.02** | **$95,724.79** | **$107,129.10** | **$120,043.52** | **$134,668.01** | **$151,229.02** | **$169,982.98** |

[redacted]

## OPCL Working Capital Loan

| Summary | Base | Y1 | Y2 | Y3 | Y4 | Y5 | Y6 | Y7 | Y8 | Y9 | Y10 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Opening | 7,259.19 | 7,185.28 | 6,865.53 | 6,503.44 | 6,093.41 | 5,629.08 | 5,103.27 | 4,507.83 | 3,833.54 | 3,069.97 | 2,205.29 |
| Interest | 226.09 | 880.25 | 837.91 | 789.97 | 735.67 | 674.19 | 604.56 | 525.71 | 436.43 | 335.32 | 220.82 |
| Principal | 73.91 | 319.75 | 362.09 | 410.03 | 464.33 | 525.81 | 595.44 | 674.29 | 763.57 | 864.68 | 979.18 |
| Payment | 300.00 | 1,200.00 | 1,200.00 | 1,200.00 | 1,200.00 | 1,200.00 | 1,200.00 | 1,200.00 | 1,200.00 | 1,200.00 | 1,200.00 |
| Closing | 7,185.28 | 6,865.53 | 6,503.44 | 6,093.41 | 5,629.08 | 5,103.27 | 4,507.83 | 3,833.54 | 3,069.97 | 2,205.29 | 1,226.11 |

# Appendix 8: CAPEX COST DETAILS

| MODERNIZATION COST DETAILS | Total | Engineering Consulting & feasibility assessment | Fabrication Construction & civil works | Specialised equipment | Installation | Other Direct expenses (19.5% of estimate) |
|---|---|---|---|---|---|---|
| **Port Development** | $ | $ | $ | $ | $ | $ |
| Construction of modernised multipurpose tipping bays | 4,182,500.00 | 200,000.00 | 3,200,000.00 | 100,000.00 | - | 682,500 |
| Creation stock pile area | 3,558,112.50 | 345,000.00 | 2,500,000.00 | 82,500.00 | 50,000.00 | 580,613 |
| Retainer wall | 408,690.00 | 40,000.00 | 302,000.00 | | | 66,690 |
| Connection to GPHA's conveyor system & equipment | 14,340,000.00 | 650,000.00 | 5,600,000.00 | 4,250,000.00 | 1,500,000.00 | 2,340,000 |
| Commissioning, training and simulation on arrival of vessel | 1,075,500.00 | 900,000.00 | | | | 175,500 |
| Multi-purpose building | 2,569,250.00 | 150,000.00 | 2,000,000.00 | | | 419,250 |
| Creation of off-shore facility for vessel operations | 3,130,900.00 | 120,000.00 | 2,000,000.00 | 500,000.00 | | 510,900 |
| Operation of a shuttle Vessel | 14,459,500.00 | | 1,000,000.00 | 11,100,000.00 | | 2,359,500 |
| | 43,724,452.50 | 2,405,000.00 | 16,602,000.00 | 16,032,500.00 | 1,550,000.00 | 7,134,952.50 |
| **Ore washing infrastructure** | | | | | | |
| Design work | 240,493.75 | 201,250.00 | | | | 39,244 |
| Equipment | 4,182,500.00 | | | 3,500,000.00 | | 682,500 |
| Assemble and installation | 2,091,250.00 | | 1,000,000.00 | | 750,000.00 | 341,250 |
| | 6,514,243.75 | 201,250.00 | 1,000,000.00 | 3,500,000.00 | 750,000.00 | 1,062,993.75 |
| **New tailings dam and development of subri hill** | | | | | | |
| Engineering designs | 956,000.00 | 800,000.00 | | | | 156,000.00 |
| Environmental and feasibility studies and assessment | 239,000.00 | 200,000.00 | | | | 39,000.00 |
| Civil works and surface stripping of the mine | 15,296,000.00 | | 12,800,000.00 | | | 2,496,000.00 |
| Civil works of the tailings dam | 11,113,500.00 | | 9,300,000.00 | | | 1,813,500.00 |
| | 27,604,500.00 | 1,000,000.00 | 22,100,000.00 | | - | 4,504,500.00 |
| **Adoption of surface miners** | | | | | | - |
| Engineering assessment | 358,500.00 | 300,000.00 | | | | 58,500.00 |
| Purchase of equipment & spares | 8,777,016.74 | | | 7,344,783.88 | | 1,432,232.86 |
| Training of technicians | 1,195,000.00 | | | | 1,000,000.00 | 195,000.00 |
| | 10,330,516.74 | 300,000.00 | - | 7,344,783.88 | 1,000,000.00 | 1,685,732.86 |
| **Augmentation of haulage operations** | | | | | | |
| Vehicle | 22,477,950.00 | | | 18,810,000.00 | | 3,667,950.00 |
| Workshops and servicing centre and critical spares | 2,151,000.00 | | 100,000.00 | 1,700,000.00 | | 351,000.00 |
| Road maintenance | 2,390,000.00 | | 2,000,000.00 | | | 390,000.00 |
| | 27,018,950.00 | | 2,100,000.00 | 20,510,000.00 | - | 4,408,950.00 |
| | | | | | | - |
| Grand Total | 115,192,662.99 | 3,906,250.00 | 41,802,000.00 | 47,387,283.88 | 3,300,000.00 | 18,797,129.11 |

**Note: Above is management's estimates and may change as invoices are received from consultants and suppliers**

| S/N | Fiscal Reliefs | Rational |
|---|---|---|
| 1 | *50% reduction in fuel levy* | Bauxite is a bulk mineral, and the mining processes does not end at the mine. After mining, haulage constitutes about over 55% of the mine's operating activities to the point of sale (shipping). Significant operating costs are incurred to haul bauxite to the Takoradi port and to be loaded onto a vessel. More than 70% of the haulage cost (35% of total operational cost) is from fuel. |

| S/N | Fiscal Reliefs | Rational |
|---|---|---|
| 2 | WHT tax on foreign services providers including shipping & demurrage charges | The global bauxite market generally operates a Cost Insurance and Freight (CIF) Incoterms 2020 model because it yields more revenue to the mines and gives the company the opportunity to easily access more markets globally.<br><br>Over the years GBC has been restricted to operate Freight on Board (FOB) Incoterms 2020 model largely due to its benefits to the foreign owners who had refineries abroad and could implement global tax planning policies to recover any taxes withheld.<br><br>Under the CIF model, GBC will incur freight charges to transport the ore to the port of destination of the buyer. The CIF model is expected to improve profit by about 25%. |

| S/N | Fiscal Reliefs | Rational |
|---|---|---|
| 2 | **WHT tax on foreign services providers including shipping & demurrage charges** | But the Income Tax Act requires a 20% withholding tax on payment for the vessel charges. The ship owners always disagree with the deduction of WHT and will gross up and charge GBC higher prices to recover the WHT.<br><br>The CIF model will increase GBC's gross revenue by 50% that will translate to higher royalties' revenue for the Government.<br><br>With the change in ownership where the local investor sells to intermediaries, the CIF model is the most competitive for GBC's current market conditions. |

[redacted]

| S/N | Fiscal Reliefs | Rational |
|---|---|---|
| 3 | Reduced royalties' rate to 3% of gross proceeds | The current state of GBC requires significant cost reduction strategies to be able to sustain operations and retain cash for critical and focused reinvestment in developing a new mining pit to ensure business continuity.<br><br>In addition, GBC is seeking to increase its outputs from the current average of 1.2 million tonnes per annum to 5 million tonnes and that will increase future royalties by over 300%. However, in order to achieve these proposed production levels, GBC will continue operations while the reinvestment program is underway. Reducing the royalties to 3% will make GBC viable to keep employees and subcontractors in business and make have the needed liquidity space for the reinvestment. |

| S/N | Fiscal Reliefs | Rational |
|---|---|---|
| 3 | **Reduced royalties' rate to 3% of gross proceeds** | In addition, the fact that the mine is now fully Ghanaian owned & the only operating bauxite mine, it is now less susceptible to transfer pricing practices. The fair market price of bauxite will be recognized in Ghana and create opportunity for Government to earn more royalties. It is projected that after investing $115.1 million in GBC it will attract high prices per tonne compared to the previous price per tonne. The increase in tonnage of bauxite is expected to translate to higher gross revenue for royalty determination. |

| S/N | Fiscal Reliefs | Rational |
|---|---|---|
| 3 | Reduced royalties' rate to 3% of gross proceeds | The potential for GBC to sell on the open markets is expected to improve the profitability of the mine and increase the chances of declaring dividends as transfer pricing risk is non- existence for the first time in the mine's history. This is expected to result in the Government of Ghana receiving 20% of all future dividends and benefit from the critical investments to be made in the mine. |

| S/N | Fiscal Reliefs | Rational |
|---|---|---|
| 4 | Exemption from WHT on interest on private and foreign non-financial institution loans. | Current tax laws require WHT to be deducted on interest to foreign lenders as well as local private lenders.<br><br>GBC will finance the proposed modernization and optimization investments with private sector loans as well as loans from foreign trading partners and financial institutions. This WHT will place significant cost burden on GBC because the financiers will charge higher rate by pricing the WHT into interest rates. Thus, this tax burden will increase the cost of lending for GBC and make financing the mine unattractive. |

| S/N | Fiscal Reliefs | Rational |
| --- | --- | --- |
| 5 | **Exemption from deemed realization of gains and disposal of mineral rights and exemption from deemed acquisition and disposals of assets between separate mineral operation.** | GBC seeks an exemption from the payment of any taxes arising from gains realised/ deemed to be realised under the Income Tax Act 2015 Act 896 as amended, as a result of the change in the underlying ownership of the company by more than fifty percent at any time within a period of three years.<br><br>The company further seeks exempted from the payment of any taxes arising from gains from the disposal of mineral rights under the Income Tax Act 2015 Act 896 as amended, as a result of the change in the underlying ownership of the company by more than 5 percent.<br><br>GBC is also seeking an exemption from treating transfer of assets from/ to separate mineral operations as an acquisition or disposal of asset among the separate mineral operations and their resulting capital gains tax. |

| S/N | Fiscal Reliefs | Rational |
| --- | --- | --- |
| 6 | **Corporate taxes at reduced rate of 30%** | The current state of GBC requires significant cost reduction strategies to be able to sustain operations and retain cash for critical and focused reinvestment in developing a new mining pit to ensure business continuity.<br><br>In addition, GBC is seeking to increase its outputs from the current average of 1.2 million tonnes per annum to 5 million tonnes and that will increase future profitability by over 300%. However, in order to achieve these proposed production levels, GBC will continue operations while the reinvestment program is underway. Reducing the corporate tax rate to 30% will make GBC viable to keep employees and subcontractors in business and make the needed business case for the reinvestment. |

| S/N | Fiscal Reliefs | Rational |
|---|---|---|
| 6. | Corporate taxes at reduced rate of 30% | In addition, the fact that the mine is now fully Ghanaian owned & the only operating bauxite mine, it is now less susceptible to transfer pricing practices. The fair market price of bauxite will be recognized in Ghana and create opportunity for Government to earn more royalties. It is projected that after investing $115.1 million and the continuous CAPEX in GBC, it will attract high prices per tonne compared to the current price per tonne. The increase in tonnage of bauxite are expected to translate to higher taxable profits of GBC in the long term.<br><br>The potential for GBC to sell on the open markets is expected to improve the profitability of the mine and increase the chances of declaring dividends as transfer pricing risk is non- existence for the first time in the mine's history. This is expected to result in the Government of Ghana receiving 20% of all future dividends and benefit from the modernization and optimization investments. |

| S/N | Fiscal Reliefs | Rational |
|---|---|---|
| 7 | Operating off-shore account (50% on shore and 50% off-shore.) | GBC seeks to operate offshore accounts to be made up of at least 50% of proceeds from sale of bauxite to pay for plant, machine and equipment and service debt. The remaining 50% will be repatriated into Ghana as currently being done. |

[redacted]

| S/N | Fiscal Reliefs | Rational |
|---|---|---|
| 8 | **Cancellation of legacy tax debt**<br>At the time of acquisition of GBC in 2022, there was a tax audit from 2016 to 2020 that raised additional tax liabilities, interest, and penalties of US$ 13.2 million. The total tax liability consists of principal tax liability of US$ 11.6 million and interest and penalties of US$ 1.6 million. | The effort of the owners to settle the legacy tax obligation places significant cashflow constraints on the Company and inhibits the ongoing turnaround efforts. After paying part of the legacy tax obligations in 2021 and 2022, the Company has struggled to pay salaries and key suppliers as well as current tax obligation such as royalties and PAYE. This situation is creating a perpetual cycle of significant outstanding tax liabilities that will attract further interest and penalties. Suppliers are cancelling business relations and issuing payment demand letters as well as threats of legal action. These issues impede all the frantic efforts by the new owners to turn the Company around and keep staff in employment.<br><br>In addition, the outstanding tax liabilities are adversely impacting our fundraising efforts on the international markets due to their negative impact on our financial statements. |

| S/N | Fiscal Reliefs | Rational |
|---|---|---|
| 8 | **Cancellation of legacy tax debt**<br>At the time of acquisition of GBC in 2022, there was a tax audit from 2016 to 2020 that raised additional tax liabilities, interest, and penalties of US$ 13.2 million. The total tax liability consists of principal tax liability of US$ 11.6 million and interest and penalties of US$ 1.6 million. | The significant tax liabilities and associated interest and penalties contribute greatly to the negative net assets position of GBC causing lenders to view the entity as technically insolvent.<br><br>Furthermore, the disclosure of the tax interest and penalties in our financial statements create the negative impression that GBC is risky to potential investors as they fear that future tax audits could create more tax liabilities for the Company.<br><br>We humbly appeal to the Government of Ghana to cancel the outstanding legacy tax liability of US$ 13.2 million to support the turnaround and fundraising efforts of the new owners. |

| S/N | Fiscal Reliefs | Rational |
|---|---|---|
| 9 | **Freeze on the payment of current tax obligations.**<br>GBC has accumulated tax obligations after the acquisition that have not been paid because of our liquidity challenges. We have outstanding tax obligations arising from royalties, PAYE, withholding VAT and withholding tax obligation arising in 2022 and 2023 that we currently lack the liquidity to pay. | GBC currently faces a dire liquidity challenge as a result of payment of routing operating cost such as fuel, wages and salaries, spare parts and consumables, investments in new mine development, purchase of critical equipment, etc. All these payments are essential to keep the company running while we continue our fund-raising efforts. As a result, we have not been able to settle some recent royalties, PAYE, withholding VAT and withholding tax obligations that have arisen. Should these obligations be settled now, the company will be unable to pay basic expenses like wages and salaries.<br><br>To facilitate the turnaround efforts of the new owners, we seek the support of the Government of Ghana and the GRA to freeze the payment of all royalties, PAYE, withholding tax and withholding VAT for a period of two (2) years. |

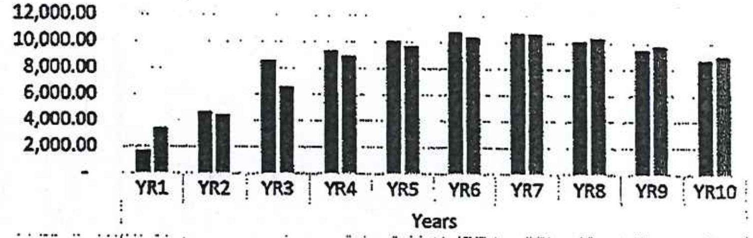
| S/N | Fiscal Reliefs | Rational |
|---|---|---|
| 9 | **Freeze on the payment of current tax obligations.**<br>GBC has accumulated tax obligations after the acquisition that have not been paid because of our liquidity challenges. We have outstanding tax obligations arising from royalties, PAYE, withholding VAT and withholding tax obligation arising in 2022 and 2023 that we currently lack the liquidity to pay. | In addition, we seek the assistance of the Government of Ghana and the GRA to freeze the recognition of all interests and penalties that could arise as a result of non-payment of these obligations. This is to enable GBC to operate and continue its fund-raising efforts. We are willing to settle these liabilities if our liquidity situation improves prior to the expiration of the two (2) year term proposed above. |

| S/N | Fiscal Reliefs | Rational |
| --- | --- | --- |
| 10 | **Cancellation of Legacy debt owed to Ghana Ports and Harbours Authority (GPHA)**<br>At the time of takeover, GBC owed whopping **$0.90** million to GPHA. We will like this legacy debt to be cancelled to give the company some liquidity space for investment and growth. | The company at the time of takeover had huge debt owed to suppliers and service providers including GPHA. These legacy debt owed to various service providers and suppliers have constrained the cash flows and liquidity strength of the company to undertake the required reinvestment to retool the mine and sustain employment.<br><br>As of now, this debt lingers on in addition to current invoices that have accrued from activities of GBC at the Port. We seek to payoff every current outstanding invoice as and when they fall due relative to our liquidity position. We therefore seek cancellation of the legacy debt to ensure that we have the liquidity space to honour our obligations to GPHA. |

[redacted]

Ghana Bauxite Company Limited is currently 100 percent Ghanaian-owned and managed. The company employs over 700 Ghanaian employees. The investment of $115 million for the modernization and expansion of the mine is expected to result in the expansion of the current labour force by 10% to 20%. The expansion will lead to 70% of the workforce coming from the local communities and a 40% increase in the recruitment of skilled middle and senior-level technical staff. The growth in the labour force is expected to result in a 10% (GHS800,000.00 per month) PAYE tax increase to the government.

Tax Revenue to the Government




| | YR1 | YR2 | YR3 | YR4 | YR5 | YR6 | YR7 | YR8 | YR9 | YR10 |
|---|---|---|---|---|---|---|---|---|---|---|
| Tax Revenue CIT | 1,641 | 4,681 | 8,615 | 9,288 | 10,03 | 10,69 | 10,64 | 10,09 | 9,409 | 8,704 |
| Tax Payment | 3,463 | 4,482 | 6,648 | 8,951 | 9,663 | 10,36 | 10,66 | 10,36 | 9,750 | 9,056 |

■ Tax Revenue CIT ■ Tax Payment

The $115 million modernization and expansion investment in GBC is expected to position the company for consistent profitability and liquidity. This will not only ensure that the company is profitable but well resourced to pay all tax obligations to the Government. Tax revenues are expected to rise from $1.64 million in Y1 to $8.7 million by Y10. Payment of current taxes and outstanding tax obligations are expected to also rise from $3.4 million in Y1 up to $10.0 million. The company is also expected to pay more taxes every year than its current tax liability contributing to the government revenue mobilization effort.

[redacted]

The expansion of the mine is anticipated to create more indirect job opportunities for local businesses such as food suppliers, raw materials and spare parts providers, as well as other service providers. This is expected to have a significant positive impact on the local economy and boost the potential earnings of individuals, enterprises and households.

As a result of the expected increase in the workforce, the local population will also increase, and the earnings of those employed will grow. Approximately 40% of these earnings are expected to be spent in the local economy, creating a multiplier effect that benefits the entire community.

[redacted]

Ghana Bauxite Company (GBC) was established in 1921 and has maintained an unblemished corporate image through its operations in its catchment areas. As one of the critical pillars (mission and vision) of the company, there is a deliberate and well thought out Corporate Social Responsibility (CSR) plan that is being implemented consciously with the overall objective of making it a genuinely responsible corporate entity.

The commitment to our corporate social obligations is to protect nature through sustainable and responsible mining, ensure a thriving social life and community development, and protect livelihoods through a dynamic business model. GBC continues to be responsive to the needs of the environment and the cherished people within our operational areas to maintain mutual trust and get stakeholders more connected to our operations.

Our company practices fair and ethical business, which is beneficial to all stakeholders. We are committed to improving the communities we operate in by ensuring they receive appropriate benefits from our earnings. Our operations are guided by this principle, and we hold ourselves accountable as a corporate entity.

Over the years, we have remained committed to improving the lives of the communities in Awaso, Atronsu Subri, Asempanaye, Ntakam and Chirano. We have invested in various social amenities such as education, healthcare, water and sanitation, and electricity. Our GBC hospital provides affordable medical services to members of the community, and we also offer bus services around the mine. Our goal is to continue to

[redacted]

The operations of GBC now is fully locally managed and controlled. The modernization project does not intend to change the current arrangement with respect to local employment. The expanded job opportunities the project will create will be entirely local. In line with GBC's Corporate Social Responsibility objectives, the immediate and surrounding communities that are affected by our operations are expected to be about 70% and

| Category | Numbers | |
|---|---|---|
| | Construction | Operational |
| Local Communities | 50 | 70 |
| Skilled Ghanaians | 30 | 21 |



[redacted]

GBC since its acquisition by the OPCL has been deliberate in looking for local capacity in addressing its strategic and operational needs and challenges. This strategy will continue to guide the company in the execution of the modernization and expansion program. The objective is to ensure that the capacity of local suppliers and contractors are enhanced to provide more indirect job opportunities to Ghanaians.

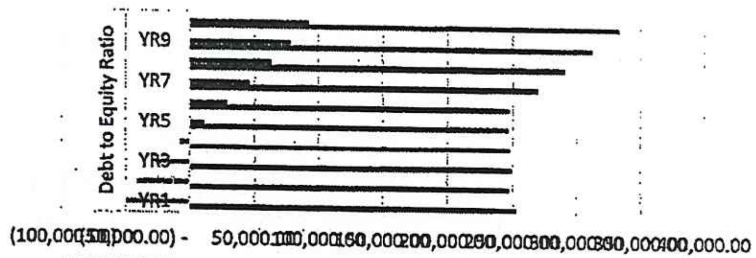
The plan of the company in carrying out the modernization and expansion program is to contract 100% local contractors for all services, civil work and constructions that there is local capacity and only outsource the construction, assembly of specialized equipment and machinery where there is none at both the construction and operational phases.

GBC will ensure that there is transfer of knowledge and technology for services, construction, and

[redacted]

Currently, GBC has a negative equity position. This has been the condition of the company for decades. With the execution of the modernization and expansion program, the negative equity position of the company is expected to change with a positive equity of $10.80 million expected from Y5. The debt to equity ratio of the company is also expected to improve gradually from a ratio of 22.84 in Y5 to 3.60 by Y10. GBC expects to payoff the loans contracted for the expansion project by Y6.

## Debt to Equity

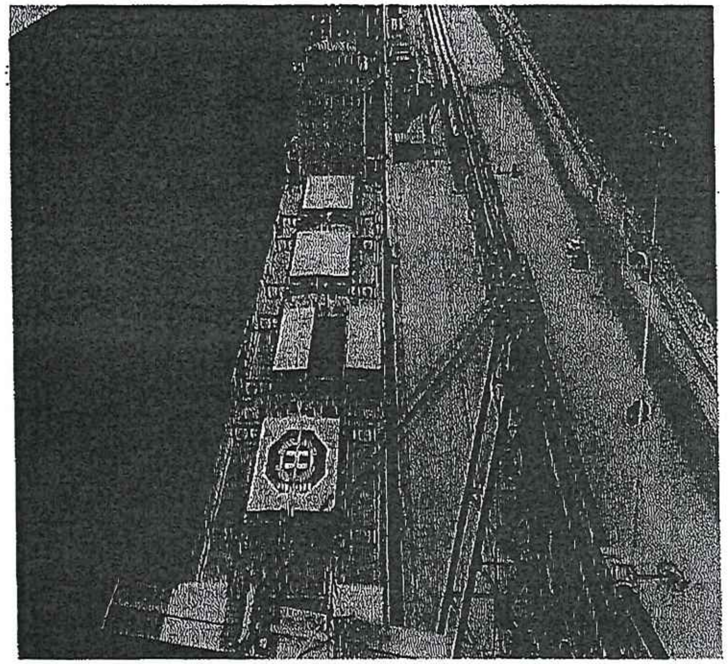



Debt to Equity Ratio

| | YR1 | YR2 | YR3 | YR4 | YR5 | YR6 | YR7 | YR8 | YR9 | YR10 |
|---|---|---|---|---|---|---|---|---|---|---|
| Ratio | (5.07) | (6.03) | (9.94) | (31.65 | 22.84 | 8.58 | 5.78 | 4.59 | 3.97 | 3.60 |
| Equity | (49,78 | (41,09 | (25,09 | (7,840 | 10,803 | 28,794 | 46,597 | 63,277 | 78,587 | 92,481 |
| Debt | 252,50 | 247,81 | 249,34 | 248,18 | 246,76 | 247,07 | 269,51 | 290,74 | 312,16 | 332,99 |

Ratio Equity Debt

The Port expansion and modernization aspect of the program is intended to increase efficiency of GBC's port operations relative to stock pile management, repair of key equipment and infrastructure, and ship loading operations and to also provide safe and sustainable working environment for staff.



Currently, there is an existing contractual arrangement with GPHA on the use of the physical space at the Port, as well as key infrastructure like the GPHA new conveyor loading system.

GBC already pays ground rent for the use of the physical space its offices and other equipment are permanently installed on. Also, charges like stevedoring and related fees are paid for the use of GPHA key infrastructure and equipment during ship loading operations. The Port modernization program is therefore expected to run on the already existing contractual arrangement with GPHA and will only change where the expansion materially allocates to GBC what is not currently covered by the existing arrangement

[redacted]

For continuity of business operations, GBC has in place a well defined succession plan for every role and function. This is to ensure that operations does not come to a standstill in the absence of any individual or officer of the company. The secession plan of the company covers the governance and management structure of the company and as well as its core operations as shown below. The jierarchcy of authority and responsibility can be inferred from the organisational structure as shown on slide 17.

**Strategic Level**

The Board is the highest level decision making body in the company and made of 7 members

The Board is headed by the Executive Board Chairman

There are four sub-committees of the Board through which specific functions of the board is carried out

Periodic trainings are organized for members of the Board to enhance their capacity to steer the strategic direction of the company

There is a clear plan on the role and function of the Board to differentiate it from day to day management

The Board sub-committee on Human Resources and Remuneration is responsible for ensuring that key positions at both the Board and management level are filled

**Managerial Level**

The day to day management of GBC is carried out by the management team

The general manager is the head of management with support and direction from the Executive Board Chairman

The General manager is supported by heads of various department and directors

There are clear functions and responsibilities of every department towards a common goal

The Human Resources Department is responsible for monitoring and reporting to management and the Board on human resource plan for every role, department relative to retirement, resignation or death

Recruitment plan and processes are designed in line with the human resources need of the company

**Operational Level**

At the core level of operations, the company is structured such that key operations are separate from each other to ensure that there will not be a grind in activities due to non functioning of one aspect of the whole operations. At the level of production, there is a clear breakdown between, drilling blasting hauling, crushing and washing operations.

There is also autonomy in the functions of each department.

There is periodic training of staff to ensure that activities at each department, will not depend on one single individual. The focus of such training both on and off the job is to equip specific individuals with relevant knowledge and skills to step up if the the first in command is indisposed.

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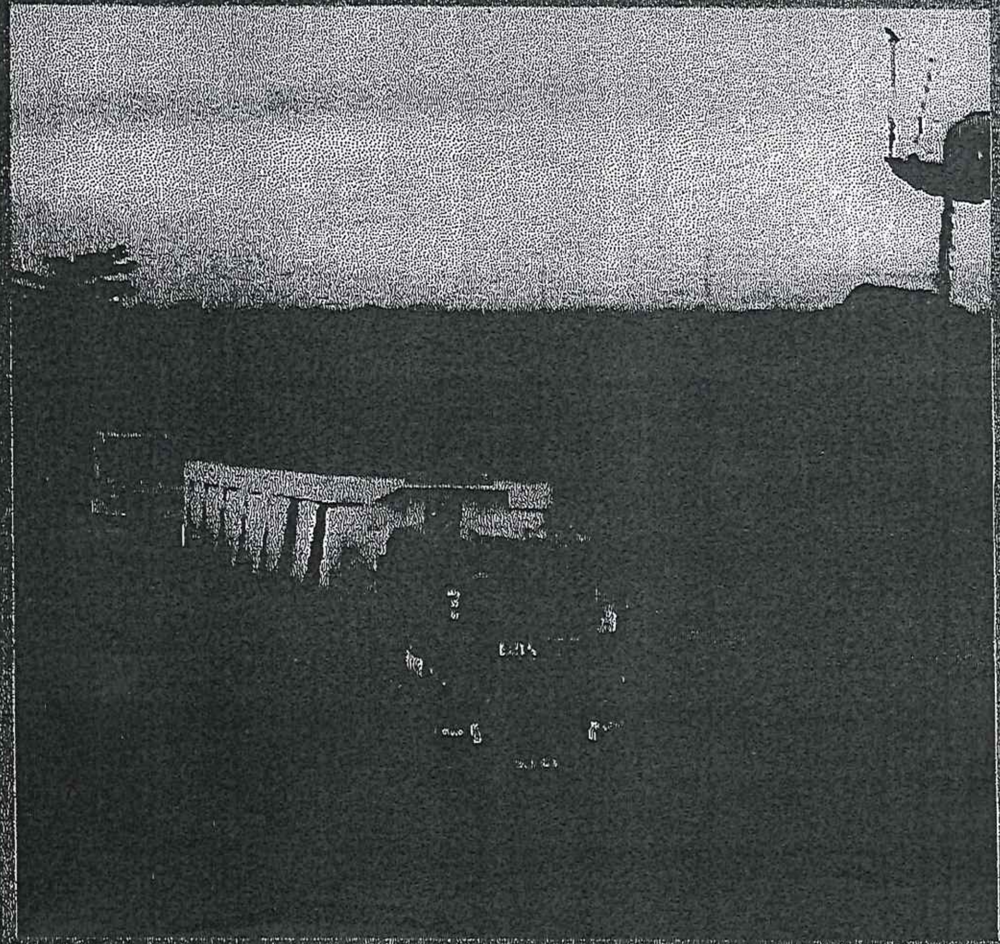
# COPY OF THE GBC VALUATION REPORT

# VALUATION OF GHANA BAUXITE COMPANY

- Discounted Cash Flow
- Public Earnings Multiples
- Net Asset Value



# Executive Summary

This report presents the results of the valuation of GBC as at January 2023. The purpose of the valuation is to assist GBC in ascertaining the Fair Value of its business.

**Valuation Methodology**
In order to arrive at a value for GBC, four different valuation methodologies, were applied which were deemed to be most appropriate. This was after carrying out a careful review of the company's operations. The methodologies were:

a) Discounted Cashflow Analysis (DCF);
b) Public Market Multiples
   - Maintainable Earnings Basis or Price- to- Earnings (P/E) Ratio Basis;
   - Price-to-Book Value Basis (P/BV);
c) Net Asset Value Basis (NAV).

**Valuation Results**
Based on the four models adopted, the intrinsic value of Ghana Bauxite Company (GBC) computed are:
- Discounted Cash Flow Analysis **US$ 1.80 billion**
- Maintainable Earnings Basis or Price to Earnings (P/E) Ratio **US$ 0.03 billion**
- Price to Book Value **US$ (0.3 billion)**
- Net Asset Value **US$ (0.05 billion).**

In consolidating the results of the various methodologies, we weighted each methodology based on their perceived relevance to GBC. The breakdown is shown in the table below:

# Executive Summary

**Conclusion**

Having weighted the above listed methodologies based on the percentages shown above, we believe that **US$ 1.45 billion** representing **US$ 1.45** per share, is a fair value for the company. We believe that the fair value of GBC is best captured by this approach and is representative of the condition and status of the company.

**Summary of Valuation Results**

| Methodology | Valuation $'000 | Weighting % | Weighted Value $'000 | Price Per Share $ |
|---|---|---|---|---|
| Discounted Cash Flow | 1,801,164.10 | 80.00% | 1,440,931.28 | 1.44 |
| Maintainable Earnings | 29,965.28 | 20.00% | 5,993.06 | 0.01 |
| Price-to- Book Value | (32,668.45) | 0.00% | - | - |
| Net Book Value | (52,833.32) | 0.00% | - | - |
| Total | 1,745,627.61 | 100% | 1,446,924.34 | 1.45 |

Based on the weightings above, the value of GBC is estimated to be US$ 1.45 billion representing **US$ 1.45** per share. The valuation is based on conservative ore reserves estimate of 200 million metric tonnes of five hills.

# Introduction

This report sets out the background and purpose of the valuation, the basis of the valuation and work done.

## 1.1 BACKGROUND AND PURPOSE OF VALUATION

The purpose of the valuation is to assist GBC in ascertaining the Fair Value of its business.

In valuing GBC, its present circumstances and future potential were considered, while also being mindful of a value that is fair to existing shareholders as well as prospective investors. We employed three broad methodologies;

a) Discounted Cashflow Analysis (DCF);

b) Public Market Multiples

c) Net Asset Value Basis (NAV).

We used these methodologies in order to determine a sense of GBC's intrinsic value as well as its value as dictated by prevailing conditions.

Given our aim of balancing what we believe to be GBC's intrinsic value with prevailing condition and available information, we placed more emphasis on the DCF valuation methodology.

## 1.2 The Report Highlights the following:

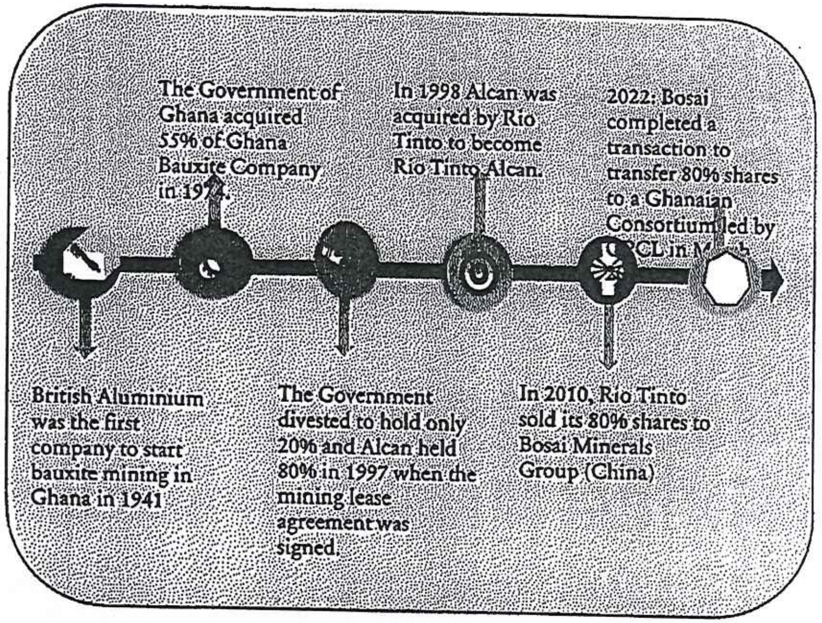
- ❑ Introduction
- ❑ Background of the Company
- ❑ Economic Background
- ❑ Historical Financial Performance
- ❑ Financial Projections
- ❑ Valuation Analysis and Results
- ❑ Appendix

# Background and History of GBC

## Ghana's Premier and only Bauxite Mine

- GBC started operations in 1941 by British Aluminium. It was incorporated in October 1974 and issued a certificate to commence business in December 1974 under the company's Code of Ghana.
- GBC is jointly owned by the Ghana Integrated Aluminium Development Corporation (GIADEC) and a Ghanaian Consortium led by Ofori-Poku Company Limited (OPCL). It began operations with a rated capacity of 500,000 metric tonnes per annum and has undergone some upgrades to increase its production capacity to 1.5 million metric tonnes per annum to meet changing and growing market demand for bauxite.
- The mining operations of the Company (open cast mining, crushing, washing and tailings storage activities) are carried out at Awaso in the Western North Region of Ghana.
- Once the bauxite has been processed, it is hauled to the Takoradi Port, where it is stockpiled, awaiting shipment to offtakes.
- GBC has a staff strength of over seven hundred employees running its operations at Accra, Awaso and Takoradi and has undergone a number of changes in ownership since its incorporation in 1974.

## Ownership history



# Economic Background

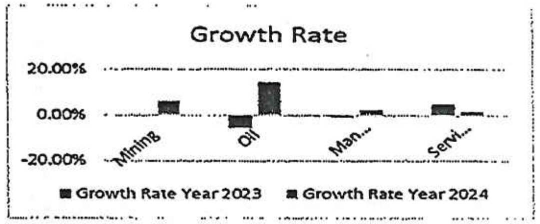
**World Economic Outlook**
According to the World Bank latest Global Economic Prospect report, the global economy is set to rack up a sorry record by the end of 2024—the slowest half-decade of GDP growth in 30 years.

By one measure, the global economy is in a better place than it was a year ago: the risk of a global recession has receded, largely because of the strength of the U.S. economy. But mounting geopolitical tensions could create fresh near-term hazards for the world economy. Meanwhile, the medium-term outlook has darkened for many developing economies amid slowing growth in most major economies, sluggish global trade, and the tightest financial conditions in decades. Global trade is expected to be only half the average in the decade before the pandemic. Meanwhile, borrowing costs for developing economies—especially those with poor credit ratings—are likely to remain steep with global interest rates stuck at four-decade highs in inflation-adjusted terms.

Global growth is projected to slow for the third year in a row—from 2.6% last year to 2.4% in 2024, almost three-quarters of a percentage point below the average of the 2010s. Developing economies are projected to grow just 3.9%, more than one percentage point below the average of the previous decade. After a disappointing performance last year, low-income countries should grow 5.5%, weaker than previously expected. By the end of 2024, people in about one out of every four developing countries and about 40% of low-income countries will still be poorer than they were on the eve of the COVID pandemic in 2019. In advanced economies, meanwhile, growth is set to slow to 1.2% this year from 1.5% in 2023.

**Ghana's Economic Outlook**
Ghana's GDP is projected according to the IMF to grow at 2.7% in 2024. The country has been struggling to achieve sustainable debt levels by undertaking both domestic and external debt exchange programmes to put the debt portfolio on a sustainable level.

Inflation is expected to remain at 29.4% for 2024. Budget deficit of 5.9% of GDP is projected for the year 2024, primary balance is also projected to be negative 0.6% of GDP.




**Sectoral Growth**
The growth expectation for the various sectors of the economy is expected to be better than 2023 except for the services sector which is expected to grow at 1.90% compared to 4.60% in 2023. The Oil sector is expected to record the highest growth of 14.20% followed by the mining sector at 6.20% in 2024.

## Economic Background

**Global Bauxite Market Outlook**

Th global bauxite market according to the Expert Market Research (EMR), reached a value of USD 16.75 billion in 2023. The market is expected to grow at a CAGR of 6.10% in the forecast period of 2024-2032 to attain a value of USD 28.59 billion by 2032.

Region-wise, North America is predicted to hold a significant market share for bauxite over the forecast period. The region is followed by Europe and the Asia Pacific. The rising demand from the Asia Pacific region can be attributed to the increasing demand for aluminium. The market is further aided by the expected rapid expansion of bauxite mining in the Latin America and the Middle East and Africa regions over the forecast period. The product is extensively used in the chemical, abrasive, steel, cement, refractory, and other industries. The increasing demand for these products is aiding the market growth of bauxite.

**Key Players in the Global Bauxite Market**

The key players in the global bauxite market are:

•Alcoa Corporation
•Norsk Hydro ASA
•South32 Limited
•Aluminum Corporation of China Limited
•Rio Tinto Limited
•Others

The market is expected to grow in 2024 due to the expansive application of bauxite for various purposes including:
•Alumina
•Cement
•Refractory
•Abrasives
•Others

# Historical Financial Performance

| | 2022 $'000 | 2021 $'000 | 2020 $'000 | 2019 $'000 | 2018 $'000 |
|---|---|---|---|---|---|
| Revenue | 19,892.96 | 22,041.94 | 37,719.00 | 35,964.00 | 24,189.00 |
| ***Change%*** | *-9.75%* | *-41.56%* | *4.88%* | *48.68%* | ***0.56%*** |
| Cost of Sales | (14,148.62) | (17,392.54) | (22,902.00) | (23,862.00) | (18,191.00) |
| ***Change%*** | *-18.65%* | *-24.06%* | *-4.02%* | *31.17%* | ***-3.89%*** |
| Gross Profit | **5,744.25** | **4,648.99** | **14,817.05** | **12,102.49** | **5,998.01** |
| ***Change%*** | *23.56%* | *-68.62%* | *22.43%* | *101.78%* | ***19.78%*** |
| Other Income | 5,802.14 | 1,628.57 | 1,062.00 | 2,325.00 | 1,410.00 |
| ***Change%*** | *256.27%* | *53.35%* | *-54.32%* | *64.89%* | ***80.05%*** |
| General and Administrative Expenses | (9,590.43) | (15,548.01) | (7,712.00) | (8,399.00) | (8,551.00) |
| ***Change%*** | *-38.32%* | *101.61%* | *-8.18%* | *-1.78%* | ***13.33%*** |
| **Operating Profit** | **1,958.76** | **(9,270.60)** | **8,166.73** | **6,030.15** | **(1,142.00)** |
| ***Change%*** | *-121.13%* | *-213.52%* | *35.43%* | *-628.04%* | ***-231.81%*** |
| Finance Cost | (3,117.47) | (1,511.84) | (1,869.00) | (2,144.00) | (1,775.00) |
| ***Change%*** | *106.20%* | *-19.11%* | *-12.83%* | *20.79%* | ***23.76%*** |
| Loss Before Taxation | **(1,159.92)** | **(10,784.58)** | **6,298.08** | **3,879.87** | **(2,919.31)** |
| ***Change%*** | *-89.24%* | *-271.24%* | *62.33%* | *-232.90%* | ***-132.76%*** |
| Taxation | 1,637.40 | (13,505.00) | (1,702.00) | 908.00 | (2,304.00) |
| ***Change%*** | *-112.12%* | *693.48%* | *-287.44%* | *-139.41%* | ***38.62%*** |
| **Net Profit After Tax** | **476.58** | **(24,292.29)** | **4,596.71** | **4,785.54** | **(5,224.64)** |
| Other Comprehensives | 181.01 | 11,789.00 | - | - | - |
| | **657.60** | **(12,503.29)** | **4,596.71** | **4,785.54** | **(5,224.64)** |

Revenue over the years grew from 0.56% in 2018 to 4.88% in 2020. In 2021 revenue fell by 41.56% and 9.75% in 2022. Gross profit over the years increased on averages by 19.78%.

# Valuation Analysis

**Introduction**

Estimating the fair market value of GBC requires critical analysis of the company, the economic and investment environment, and the industry sector and its asset base (both tangible and intangible).

*Fair value is defined to mean, the price at which property would change hands between a willing buyer and a willing seller when the former is not under any compulsion to buy and the latter is not under any compulsion to sell, both parties having reasonable knowledge of relevant facts. Court decisions frequently state in addition that the hypothetical buyer and seller are assumed to be able, as well as willing, to trade and to be well informed about the property and concerning the market for such property.*

The Valuation of GBC has been done based on the principle that the company **is a going concern.** The going concern principle recognises the fact that the aggregate value of a firm's net separable assets often falls short of the firm's perceived fair market value. The difference, which is accounted for by goodwill, includes intangible assets such as the value of growth opportunities, strategic alliances, patents, human capital etc.

**Approach**

In order to arrive at a value for GBC, four different valuation methodologies, which is considered as the most appropriate for the company, were used. The methodologies were:

a) Discounted Cashflow Analysis (DCF);
b) Public Market Multiples
   - Maintainable Earnings Basis or Price- to- Earnings (P/E) Ratio Basis;
   - Price-to-Book Value Basis (P/BV);
c) Net Asset Value Basis (NAV).

# Valuation Analysis

**RESULTS OF VALUATION**

The summary of the resultant valuation is as follows:

**a) Discounted Cashflow Analysis**

The discounted cash flow method (DCF) is a cash flow-based valuation method, which produces a stand-alone value of a company and is most able to reflect its long term, upside potential, relative to other valuation methodologies.

In applying the DCF method the after-tax earnings of the business was forecasted over ten years and a conversion of these earnings into cash flows was made by adjusting, amongst others, non-cash pre-tax transactions such as depreciation, Other adjustments included taxation and working capital changes.

The cash flows were then translated into present values by the application of a discount rate. A discount rate of **9.80%**, which is presumed to be the weighted cost of capital for prospective investors. We arrived at this rate using a risk free rate of 4.50%, which is the current US Treasury 10-Year Fixed Rate and a risk premium of 5.5% with a Beta of 1.0 assuming GBC is as risky as the market. The 10-year US treasury rate note was used as a bench mark due to the fact that it provides a more stable and fixed return compared to the short-term instruments which fluctuates from time to time. This rate is the rate of return that, we believe, investors normally enjoy from investments of similar value and risk as that of GBC's shares.

Furthermore, a terminal value for the business was derived. It captures the continuing value of the business after the planned period of 10 years. The natural growth rate after the planned period is assumed to be 1.1%.

When GBC's free cash flows for 2024 – 2033 and the derived Terminal Value were discounted to the present values, at a discount rate of **9.80%**, this resulted in a value of **US$ 1.8 billion** for the Company.

**b) Public Market Multiples**

The public market multiples method calculates the relative value of a company by applying derived multiples of publicly-traded companies to a particular performance measure of the company that is being valued. The size, nature and range of activities of the chosen companies should be comparable to that of the subject company.

# Valuation Analysis

For the purpose of determining the value of GBC, the Price-to-Earnings (P/E) ratio and Price-to- Book (P/B) ratio were used. The (P/E) ratio calculates how much investors are willing to pay for GBC's earnings potential. The P/B ratio measures how much investors are willing to pay for the Net Book value of GBC.

The use of this method also provides an additional tool for valuing companies from the perspective of equity investors and reflects the amount investors are willing to pay under the prevailing market conditions.

**Maintainable Earnings Basis**
The P/E valuation is based on GBC's estimated earnings for December 2023 (the basis for the maintainable earnings). The weighted average P/E's of 9 comparable listed companies on the Ghana Stock Exchange were used as the basis and was adjusted to reflect GBC peculiar condition.

The weighted average P/Es multiples of the 9 manufacturing companies calculated was **1.55x.** This was adjusted by 4 times to arrived at an adjusted P/E multiples for GBC of **6.18x.** This was then multiplied by the 2023 forecast earnings of GBC, and a value of **US$ 0.03 billion** was obtained for GBC.

**Price-to-Book Value Basis**
The net asset value of GBC as at 2023 is **US$ (0.05 billion)** A price-to-book value multiple of **0.62x,** was estimated for GBC based on the price-to-book value multiples. This was then applied to the Net Asset Value to obtain a revised value of **US$ (0.03 billion)**

**Net Assets Basis**
GBC's Net Asset Value as at the end of 2033 is **US$ (0.05 billion )**

**FINAL VALUE**
In consolidating the results of the various methodologies, we weighted each methodology based on their perceived relevance to GBC. The breakdown is as follows:

# Valuation Analysis

**Summary of Valuation Results**

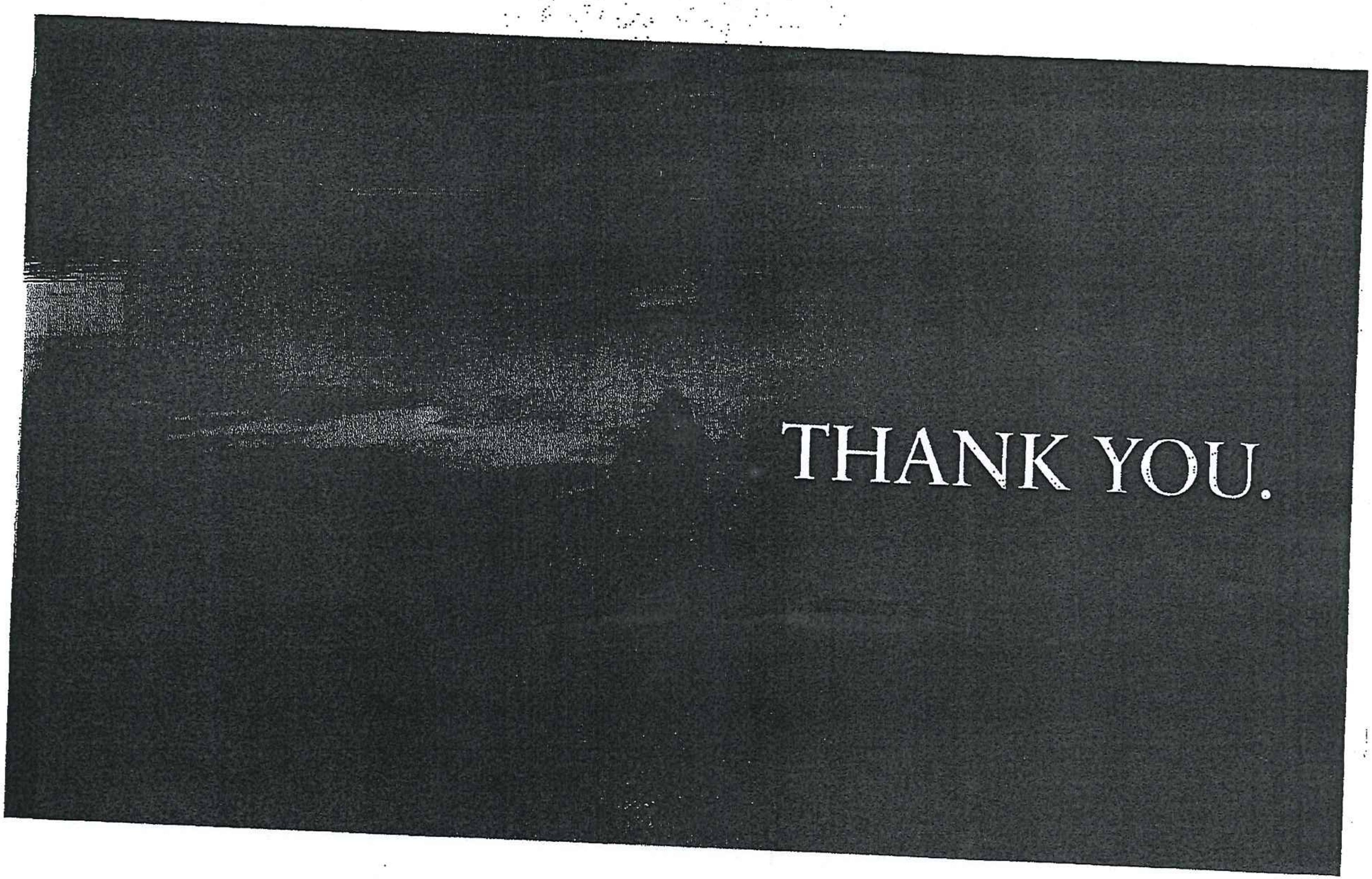
| Methodology | Valuation $'000 | Weighting % | Weighted Value $'000 | Price Per Share $ |
|---|---|---|---|---|
| Discounted Cash Flow | 1,801,164.10 | 80.00% | 1,440,931.28 | 1.44 |
| Maintainable Earnings | 29,965.28 | 20.00% | 5,993.06 | 0.01 |
| Price-to- Book Value | (32,668.45) | 0.00% | - | - |
| Net Book Value | (52,833.32) | 0.00% | - | - |
| **Total** | **1,745,627.61** | **100%** | **1,446,924.34** | **1.45** |

Based on the weightings above, the value of GBC is estimated to be **US$ 1.45 billion** representing **US$ 1.45** per share. The valuation is based on conservative ore reserves estimate of 200 million metric tonnes of five hills.

# Appendix

| | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 | 2032 | 2033 |
| **Discounted Cash Flows** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** | **$'000** |
| Operating Cashflow | 3,923.45 | 20,741.70 | 38,657.01 | 50,624.99 | 50,411.28 | 51,449.83 | 49,011.72 | 48,470.71 | 48,151.53 | 47,843.70 | 46,971.72 |
| Add: depreciation | 4,438.82 | 3,769.85 | 5,106.64 | 5,265.15 | 5,176.81 | 5,090.77 | 5,408.81 | 5,584.10 | 5,485.33 | 5,591.03 | 5,629.99 |
| Tax | (880.79) | (3,463.11) | (4,482.67) | (6,648.51) | (8,951.96) | (9,663.86) | (10,366.62) | (10,668.58) | (10,367.13) | (9,750.11) | (9,056.92) |
| Debt Servicing | (1,273.81) | (19,072.62) | (33,499.20) | (33,499.20) | (33,499.20) | (33,499.20) | (27,921.76) | (2,400.00) | (2,400.00) | (2,400.00) | (2,400.00) |
| Free Cash Flow to Equity | **6,207.66** | **1,975.83** | **5,781.78** | **15,742.43** | **13,136.93** | **13,377.54** | **16,132.16** | **40,986.22** | **40,869.73** | **41,284.62** | **41,144.79** |
| | | | | | | | | | | | |
| DF | 1.00 | 0.91 | 0.83 | 0.76 | 0.69 | 0.63 | 0.57 | 0.52 | 0.47 | 0.43 | 0.39 |
| PV | 6,207.66 | 1,799.49 | 4,795.76 | 11,892.27 | 9,038.25 | 8,382.32 | 9,206.16 | 21,302.05 | 19,345.64 | 17,797.84 | 16,154.42 |

| | |
|---|---|
| PV | **119,714.20** |
| Terminal Value | **1,801,164.10** |
| DF | 1.00 |
| **Total PV** | **1,801,164.10** |
| Value per Share | **1.80** |


THANK YOU.

# GBC EQUITY STAKE AGREEMENT