

# **Transforming Sierra Leone's Minerals Sector**

**Titled: Challenges for ASM sector in Sierra Leone  
and the role of The Geological Survey and  
Mines Division**

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# Definition of ASM Within the Sierra Leone Context

## ARTISANAL MINING

- ☞ Restricted to sierra Leoneans (100% SL ownership)
- ☞ No heavy equipment allowed
- ☞ Application certified and approved by the DoM/Regional Manager
- ☞ Require environmental management plan and also to demonstrate financial capability prior to licence issuance
- ☞ Size of one half hectare (0.005sqkm).
- ☞ Max. depth is 10 metres
- ☞ One years duration, renewable per annum for up to 3 years

## SMALL-SCALE MINING

- ☞ Open to both sierra Leoneans and foreigners (25% minimum SL ownership)
- ☞ Heavy equipment allowed
- ☞ Application certified by the MAB, approved by the Minister of Mines
- ☞ Require EIA and environmental licences and also financial assurance against potential liability
- ☞ Max. size of 100 hectare (1sqkm).
- ☞ Max. depth of 20 metres
- ☞ 3 years duration, renewable every three years



# Definition of ASM Within the Sierra Leone Context

## ARTISANAL MINING







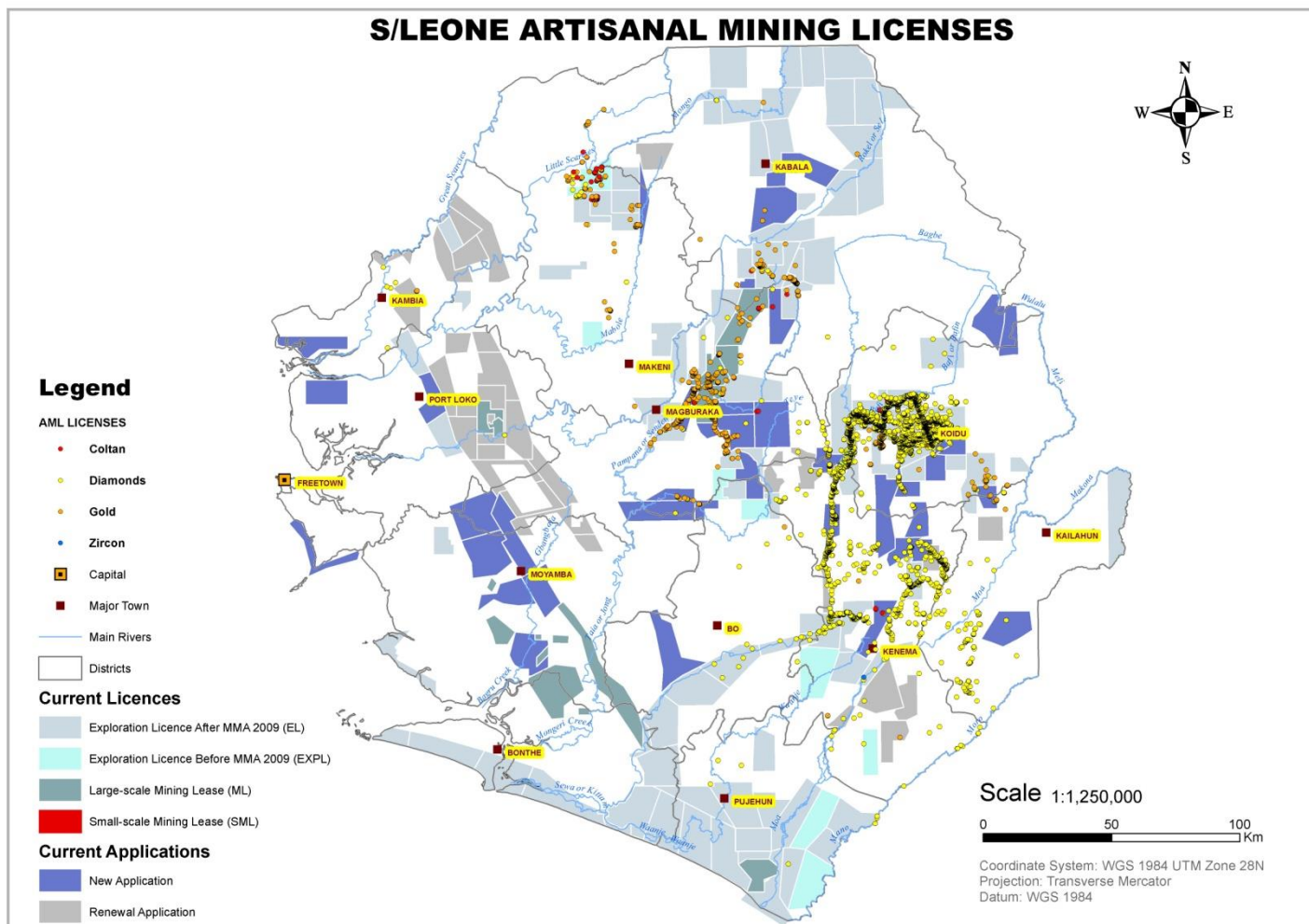
# Definition of ASM Within the Sierra Leone Context

## SMALL-SCALE MINING





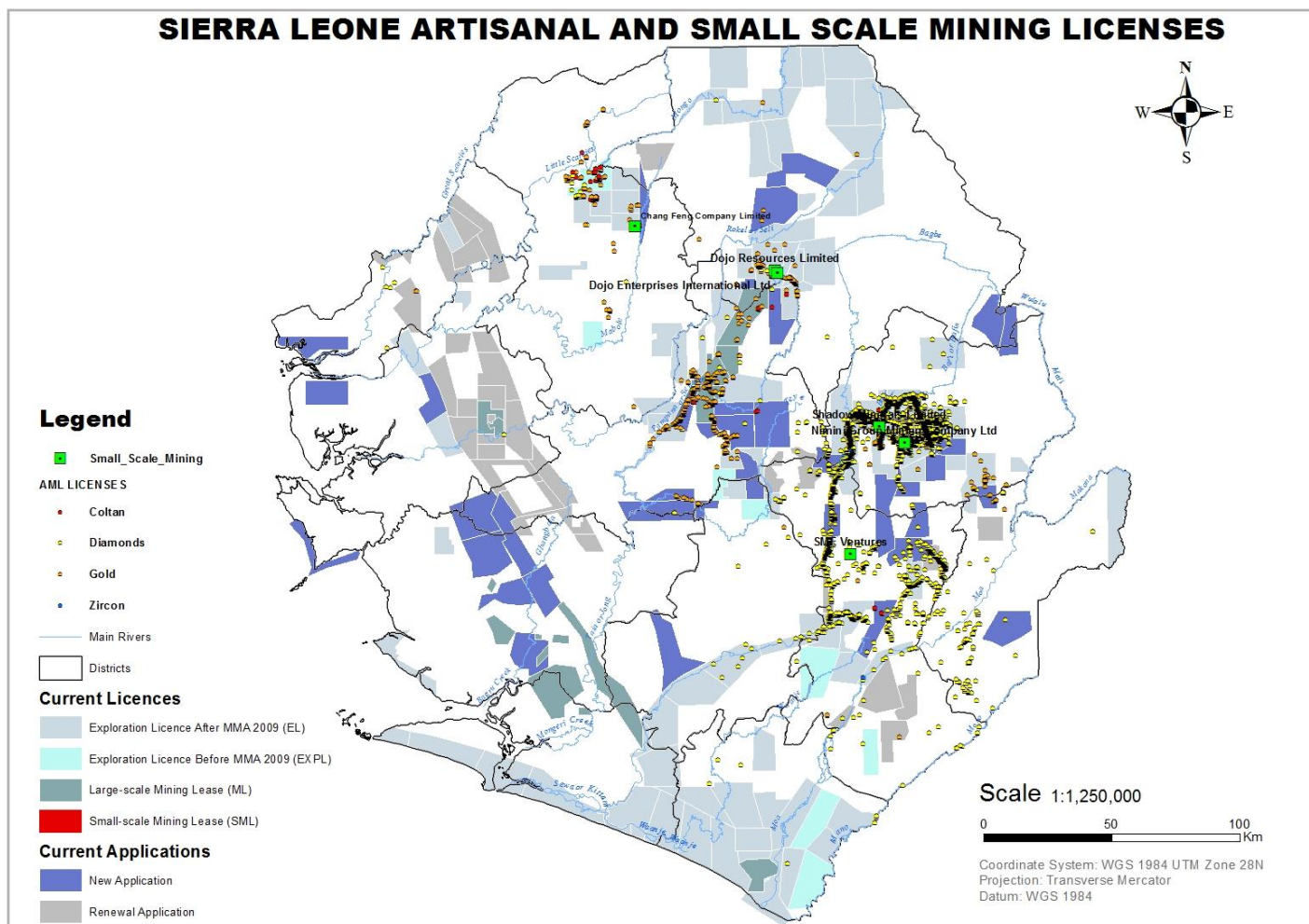
# Overview of ASM activities in Sierra Leone







# Overview of ASM activities in Sierra Leone





# Overview of ASM activities in Sierra Leone

- ➡ Artisanal and small scale mining forms a very significant part of the rural economy and, indeed, the national economy in Sierra Leone.
- ➡ It is practiced throughout the country but is concentrated in the eastern and central areas where geological conditions are favorable
- ➡ The industry is particularly significant because it provides employment for an estimated 300,000 people including men, women and youths in circumstances where there are few other opportunities to earn cash and support local livelihoods.
- ➡ In some areas especially in the North of Sierra Leone, it serves as an alternative source of livelihood.





# Overview of ASM activities in Sierra Leone

- ➡ At the same time, artisanal and small scale mining operations poses many environmental and social problems including environmental degradation, pollution, destruction of vegetation and other land uses and issues of child labour.
- ➡ It is a difficult activity to control and monitor and a significant part of the proceeds goes unaccounted for in terms of royalties and taxation.
- ➡ Four Regional and 3- sub regional offices established charged with the responsibility to provide managerial oversight of the sector.
- ➡ Average total number of AML generated per year is about ~1000.
- ➡ Illicit mining is on the decrease (Ref: DACDF)



# Procedure for the acquisition of ASM Licenses

## Artisanal Mining License

### Application Requirements

- Signed Surface Rent agreement form (C12)
- Surface Rent Receipt – From Chieftom Mining Committee
- Filled Environmental Management Plan Form (C 13)
- Survey Map with Coordinates

### Application Procedures

- Applicant identifies the proposed mining location (plot) with the chieftom demarcation committee member
- Liaise with mines warden to survey, demarcate and plot a sketch map on the application form
- Assigned chieftom authority signs the surface Rent Agreement (form C12) and issue surface rent receipt to applicant.
- Applicant lodge completed application form to Regional Cadaster clerk, who receives and attach the checklist to the completed application and the forward to the Area superintendent
- Area superintendent ensures that all documents specified on the checklists are accompanied with the completed application form, assess the sketch map, signs and forward to the Regional geologist.



# Procedure for acquiring ASM Licenses

- The Regional Geologist verify the GPS coordinates positions and check for possible overlaps with either another Artisanal mining licence or Active Exploration Licence and forward to the Regional Engineer.
- The Regional Engineer will assess the Environmental management plan (Form 13), signs checklist and then forward to the Regional Manager
- The Regional Manager approves the application, and an order to pay is prepared by the cadaster clerk and give to the applicant to effect payment in the banks.
- Receipt from the Bank is forwarded to the Admin and Finance Officer who in turn will issue out an NMA receipt and the receipt will be attached on the application form for processing
- The cadastre clerk processes the application and submits licence certificate to FAO who records necessary details and forward to the Regional manager
- The Regional manager appends his signature and then forward to the Cadastre clerk for scanning and input into the MCAS
- Applicant signs and collect Licence certificate from the cadastre clerk.





# Procedure for acquiring ASM Licenses

## SMALL SCALE MINING LICENSE

### Application Requirements:

- Completed application form (**forms B1, B3, B15, B18**).
- Copy of certificate of Business Registration
- Copies of qualifications of proposed Mine Manager
- Map of proposed Small Scale Mining area (DGS standard)
- Evidence of technical & financial resources available to applicant
- Technical report, summarizing the geology and mineralization sufficient to demonstrate that an economic mineral deposit exists
- Evidence that consent has been obtained from the Chieftdom Mining Allocation Committee – Surface rent
- Environmental Impact Assessment (**EIA**) licence from (EPA-SL).
- A Community Development Agreement (**CDA**)
- Proposed work program for the operations must be provided which addresses each of the following: mining and treatment methods, EIA and Environmental management plan, proposed mineral sales plan, SL citizen employment proposal, Financial plan for the project



# Procedure for acquiring ASM Licenses

## Application Procedures

- Forward application to the Manager of Licence (NMA Head office) for Assessment
- Mining cadastre officer registers application details in the cadastre system and issue order to pay for application fee.
- GPS data validation to prove land availability by Manager mining cadastre and if OK
- NMA forwards application to Minerals Advisory Board (MAB), MAB makes recommendation to Minister and Minister approves/declines application
- If approve, the MCO prepares order to pay for the Licence fee payment
- Client submit payment advice to NRA, payment receipt will be issue to client and the receipt taken to the NMA cadastre office
- MCO prints out 4 copies of licence document/ DOM will forward to the Minister through the PS
- Licence sealed and signed by the Minister and witnessed by the PS
- NMA issue licence to client
- Client registers licence with the office of the Administrator and Registrar General
- A copy of the Registered licence will be submitted to the MCO at the Cadastre



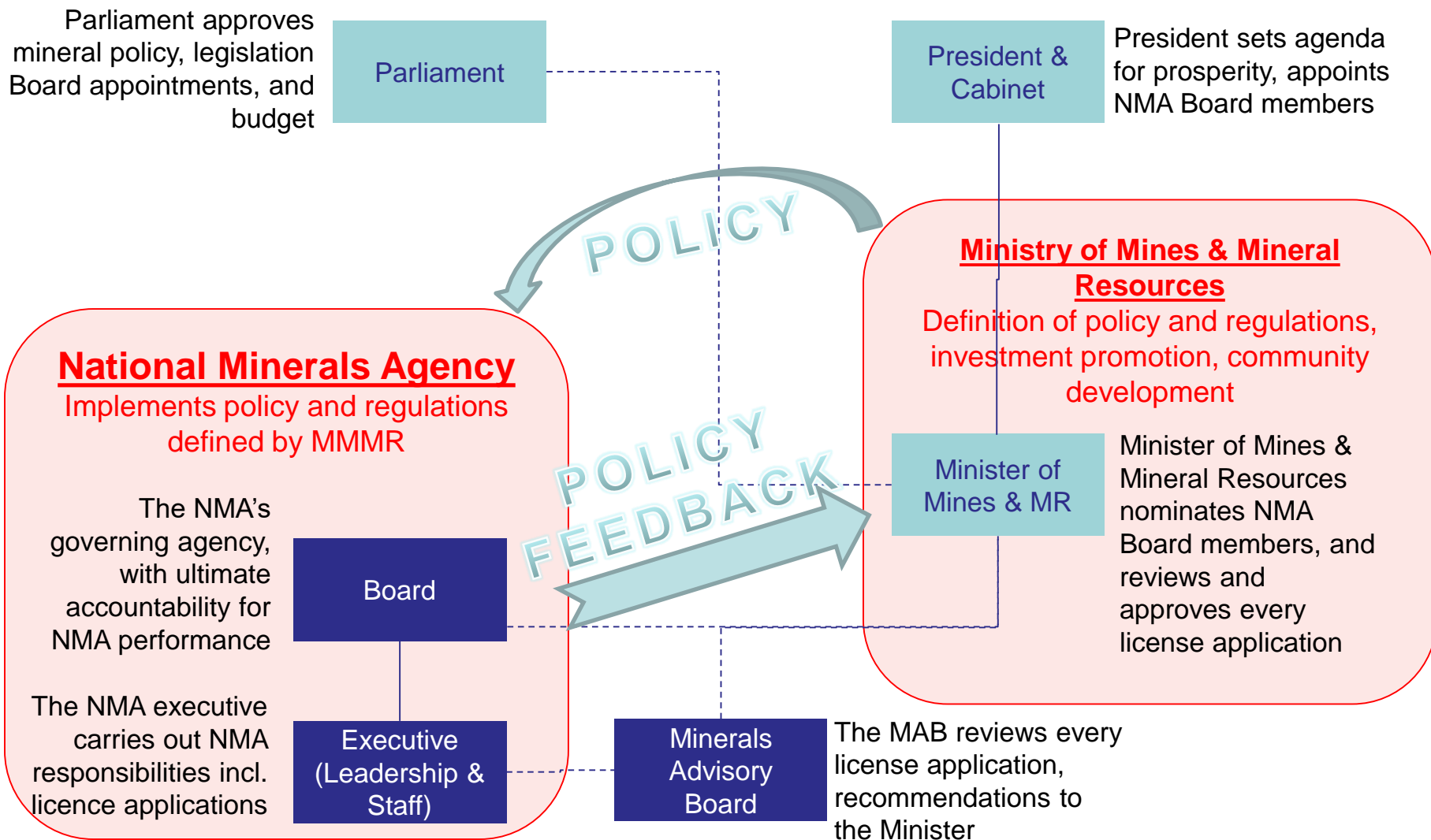
# Legislative Framework in the Mineral Sector

- ➡ Mines and Minerals Act, 2009
  - Govern mineral rights and both industrial and artisanal operations
- ➡ National Minerals Agency Act, 2012
  - Establishes the institutional framework through which the sector will be administered.
- ➡ Mining Operational Regulations
  - To ensure the safe and professional operations of all mining activities in Sierra Leone. In Conformity to international best practice standards
- ➡ Environmental and Social Regulations
  - New mining techniques and machinery – new environmental and social risks. Comply with international standards. Balance benefits for mineral right holders with benefits for the people of Sierra Leone
- ➡ Precious Minerals Trading Bill
  - Govern internal trade, import and export of Gold and diamonds – in line with Kimberley Process



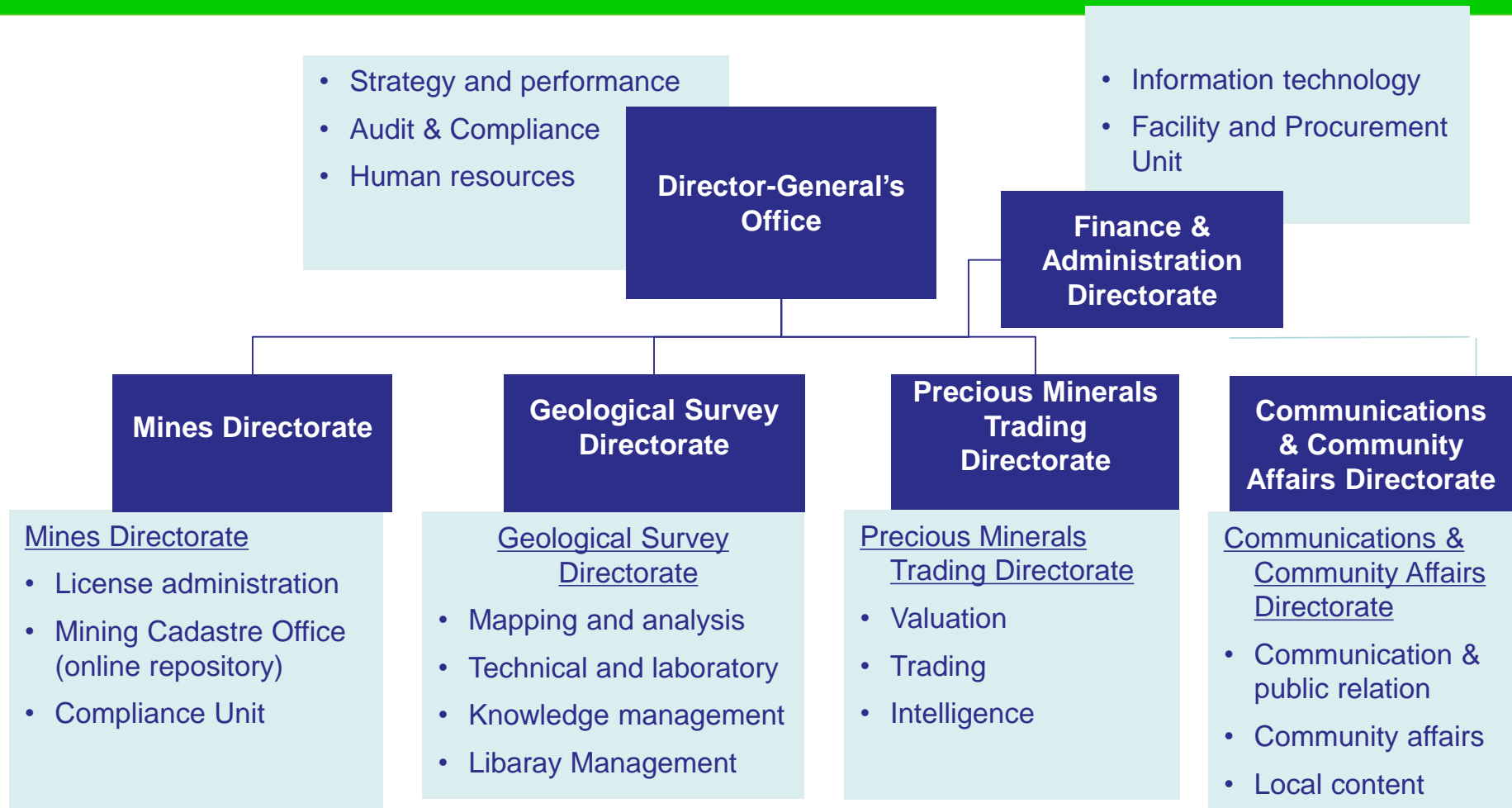


# The Institutional Frame Work





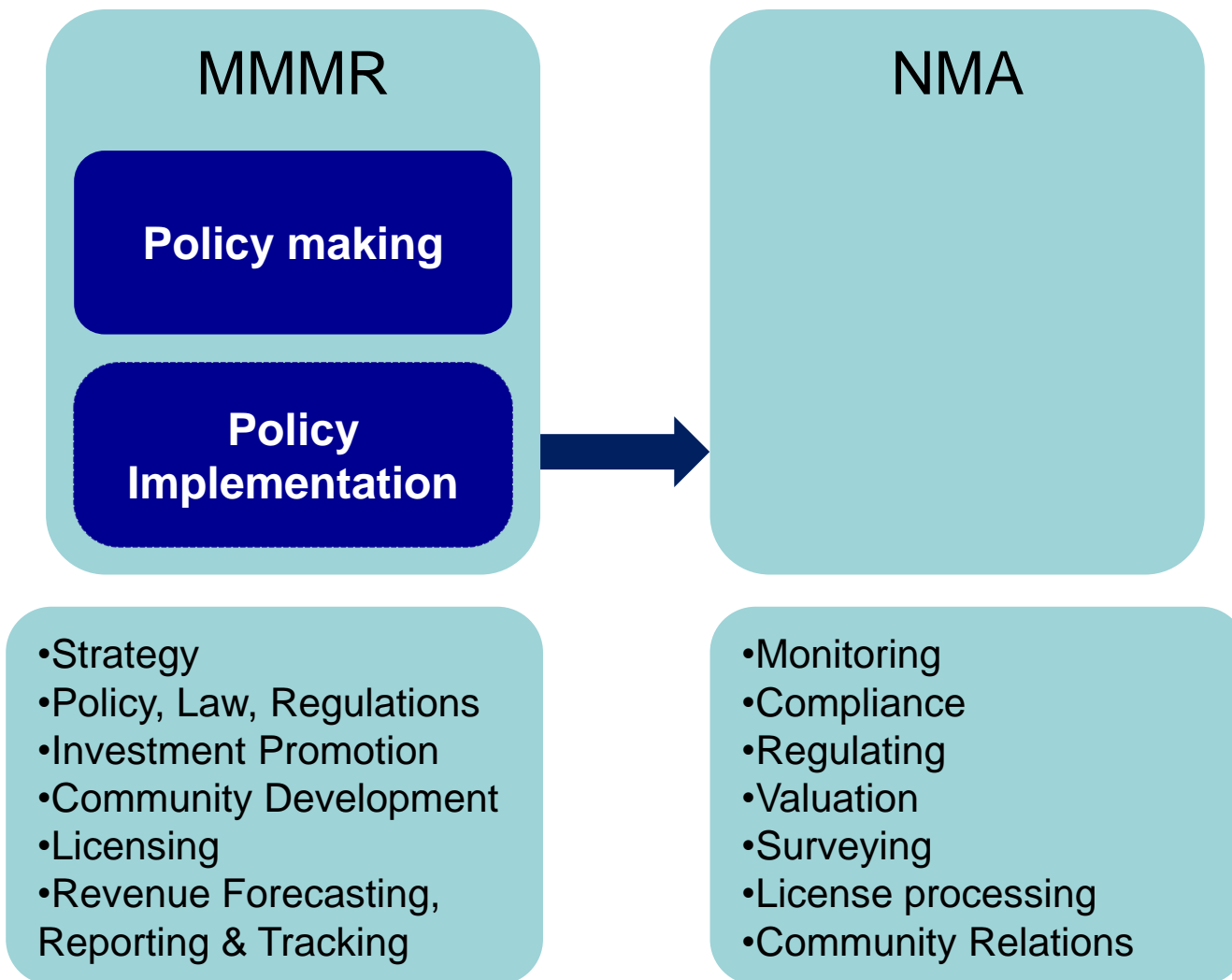
# The Institutional Frame Work



**These 4 outward-facing Directorates will provide high-quality services to companies, while at the same time challenging them and enforcing the laws of Sierra Leone.**



# The Institutional Frame Work







# The Institutional Frame Work

| MDA   | Responsibilities  | Nature of relationship/<br>partnership with the NMA                           |
|---|---|---|
| <b>Ministry of Mines &amp; Mineral Resources</b>      | Legislation and policy formulation, including approving mining licenses.          | Report to MMMR on implementation of minerals legislation & policy             |
| <b>Minerals Advisory Board</b>                        | Advising the Minister of Mines and Mineral Resources on license allocations       | Provide expert opinion on the geological content of licences                  |
| <b>Environmental Protection Agency</b>                | Environmental & Social Regulations  | Establish MoU setting out responsibilities for implementation of minerals law |
| <b>National Revenue Authority</b>                     | Collection of revenue   | Establish new procedures for revenue collection from the minerals sector      |
| <b>Ministry of Finance &amp; Economic Development</b> | Decisions on revenue and expenditure policy, including that relating to minerals. | National budget provision (reach agreement on budget certainty)               |



# Role of the Geological surveys and Mines Directorate

## ☞ Directorate of Geological Survey:

- ❖ The Directorate is mainly responsible for collection, storage and management of the country's geo-science information, which improve understanding of Sierra Leone's mineral potentials
- ❖ The Directorate of Geological Survey is responsible for facilitating and monitoring exploration activities in the country, ensuring that reconnaissance and exploration companies conduct their activities in a responsible manner and in compliance with the country's mining laws.
- ❖ Assess the technical content of work programmes ensuring that technical reports submitted by licence holders meet the required standards; and to provide feedback/recommendations to the Director of Licencing, Monitoring & Compliance
- ❖ In terms of ASM, the directorate provides geo-science information and technical guidance to ASM operators who often times operate blindly without any geo-science data ( Regional Geologists)



# Role of the Geological surveys and Mines Directorate

## ☞ Directorate of Mines :

- ❖ Responsible for administering mineral rights and monitoring mining operations .
- ❖ Among other things, the Directorate plays a leading role in promoting and facilitating the effective and efficient management and the development of mineral resources
- ❖ Exercising regulatory administration and supervision over all mining operations; and determining that all conditions relating to mineral rights and the requirements of the mining laws are complied with
- ❖ The Directorate is mandated to carry out investigations and inspections necessary to ensure compliance with the provisions of the mining laws, and advise holders of mineral rights on proper and safe mining methods.
- ❖ The Directorate of Mines also administers the Mining Cadastre Administration System (MCAS) through the Mining Cadastre Office (MCO) which maintains the register of all mineral rights, mineral right applications, the cadastral survey map of mineral rights and a record of all minerals sector revenues.



# Challenges for ASM sector in Sierra Leone

## ☞ **MINING;**

- Blind mining; often times mining without geo-science knowledge leading to indiscriminate mining and environmental degradation.
- Artisanal interface with Exploration
- Artisanal Miners illegally graduate themselves from labour intensive to semi-mechanize by using heavy duty machines.
- Artisanal Miners leave mined-out area degraded with no regard for the environment.
- Small Scale mines fizzle out partly due to the alarmingly high EIA fees.
- Exploration companies find it difficult to graduate into small scale mining because of the bureaucratic process involved in the issuance of the E.I.A license.



# Challenges for ASM sector in Sierra Leone

## ☞ **MINING;**

- Exploration companies occupy mining lease area with no work.
- The deep nature of the current deposits cannot be therefore efficiently and timely exploited using rudimentary techniques including the use of shovel, pick-axe, gold-pan, sieve, human labour.
- No organized system establish for artisanal miners to reclaim degraded land
- Production figures/traceability for Artisanal miners are still a difficulty to collate.
- Fewer bikes available for monitoring mining operations
- Large number of unverified Mines monitoring officers





# Challenges for ASM sector in Sierra Leone

## ☞ **TRADING;**

- No streamline/linear procedure to deal with conflict minerals especially diamond...example Theft diamond.
- Dealers still refuse to book mineral purchase/sales in transaction book
- Delay in sending monthly report for sales of precious minerals.
- License dealers illegally record conflict diamond on artisanal mining license.
- Illegal dealer in the chain called "brokers".
- Dealers/dealer agent & Exporter agent operates illegal diamond offices.
- Porous borders & attractive tax regime in neighboring countries provide incentive for smuggling



## Conclusion

- ➡ Despite its numerous challenges as already highlighted, the ASM sector in Sierra Leone is not only a source of revenue for rural and national economies but also a vital source of employment for the rural population which forms the bulk of SL population
- ➡ Revenue from Artisanal mining licences in 2016 amounted to 1.5bn SL Leones (~200,000USD).
- ➡ Average total number of AML generated per year is about 1000.
- ➡ Average yearly revenue generated from AML is about \$150,000
- ➡ New artisanal mining policy – Coming up soon



# Conclusion

| EXPORTERS' PERFORMANCE FOR 2016 |                   |  |           |              |                      |                      |
|---------------------------------|-------------------|--|-----------|--------------|----------------------|----------------------|
| NO. OF EXPORTERS                | EXPORT LICENCE NO | EXPORTER                               | NO OF KPC | TOTAL CARATS | EXPORT VALUE IN US\$ | %AGE SHARE OF MARKET |
| 1                               | ML 06/95          | KOIDU HOLDINGS SA                      | 7         | 319,227.77   | 79,489,728.30        | 50.02                |
| 2                               | DEL 06/2016       | H.M. DIAMONDS                          | 10        | 131,112.66   | 47,987,435.29        | 30.20                |
| 3                               | DEL 07/2016       | KASSIM M. BASMA                        | 83        | 59,503.76    | 19,258,347.47        | 12.12                |
| 4                               | DEL 08/2016       | SHAWKIE B. SHOUR                       | 19        | 19,314.24    | 4,757,310.43         | 2.99                 |
| 5                               | DEL 15/2016       | PLUTO MINING COMPANY (SL) LIMITED      | 3         | 1,490.88     | 2,179,613.67         | 1.37                 |
| 6                               | DEL 01/2016       | LION STONES (SL) LTD.                  | 4         | 8,642.44     | 2,111,694.97         | 1.33                 |
| 7                               | DEL 03/2016       | S. SAGAR (SL) LIMITED                  | 3         | 943.15       | 600,241.98           | 0.38                 |
| 8                               | SML 01/2015       | ALLOTROPES DIAMOND CO. LTD.            | 1         | 1,918.55     | 534,539.03           | 0.34                 |
| 9                               | EL 45/2011        | SEA - WRIGHT MINING COMPANY LIMITED    | 1         | 437.37       | 376,022.55           | 0.24                 |
| 10                              | DEL 11/2016       | BRIGHT & BEAUTIFUL (SL) LIMITED        | 4         | 277.08       | 327,949.08           | 0.21                 |
| 11                              | DEL 11/2015       | AMADAX (SL) LIMITED                    | 3         | 468.80       | 224,486.62           | 0.14                 |
| 12                              | DEL 05/2016       | ATLANTIC COMMERCIAL VENTURES LIMITED   | 5         | 133.35       | 223,169.45           | 0.14                 |
| 13                              | DEL 12/2015       | ALCOC & PARTNERS (SL) LIMITED          | 4         | 183.47       | 182,301.14           | 0.11                 |
| 14                              | DEL 04/2016       | LA MINE IMPORT LIMITED                 | 4         | 1,490.41     | 147,998.05           | 0.09                 |
| 15                              | DEL 01/2015       | GEM STAR DIAMOND (PVT) LIMITED.        | 1         | 1,963.40     | 144,251.16           | 0.09                 |
| 16                              | DEL 10/2015       | CONTINENTAL AFRICA MINERALS LIMITED    | 3         | 679.28       | 122,267.35           | 0.08                 |
| 17                              | DEL 02/2016       | CSM (SL) LIMITED                       | 1         | 532.32       | 69,000.00            | 0.04                 |
| 18                              | ML 02/2012        | TONGUMA LTD                            | 1         | 366.46       | 60,256.00            | 0.04                 |
| 19                              | DEL 03/2015       | ALEXANDRIA CARMEL DIAMONDS LIMITED     | 1         | 186.83       | 40,107.58            | 0.03                 |
| 20                              | DEL 16/2016       | PRO-POOR COMMUNITY MINERALS MINING & G | 1         | 192.11       | 28,944.20            | 0.02                 |
| 21                              | DEL 02 /2015      | OCEAN SAND ENERGY LIMITED              | 1         | 7.28         | 21,000.00            | 0.01                 |
| 22                              | DEL 14/2015       | MUNDAY INVESTMENT COMPANY LTD          | 1         | 20.70        | 12,983.13            | 0.01                 |
| 23                              |                   | SPECIAL DISPENSATION                   | 2         | 7.70         | 1,998.72             | 0.00                 |
| TOTALS                          |                   |  | 163       | 549,100.01   | \$158,901,646.17     | 100.00%              |



# Conclusion

## GOLD EXPORTERS' PERFORMANCE FOR 2016

| NO. OF COUNTRIES | EXPORT LICENCE NO | EXPORTERS                            | NO. OF CERTIFICATES | WEIGHT IN GRAMS | WEIGHT IN OUNCES | VALUE IN US \$ | VALUE IN LE       | %AGE SHARE OF MARKET |
|------------------|-------------------|--------------------------------------|---------------------|-----------------|------------------|----------------|-------------------|----------------------|
| 1                | GEL 01/2016       | K MINERALS AND FARMING LIMITED       | 15                  | 65,777.12       | 2,115.02         | 2,460,388.71   | 15,357,312,292.33 | 35.89                |
| 2                | GEL 06/2016       | GLOBAL CONSULTANCY & COMMODITIES TRA | 10                  | 29,496.69       | 948.45           | 1,095,753.46   | 6,601,174,348.05  | 15.98                |
| 3                | GEL 11/2016       | MAMAYAH INVESTMENT (SL) LIMITED      | 7                   | 28,575.11       | 918.81           | 998,201.17     | 6,896,009,291.60  | 14.56                |
| 4                | GEL 04/2015       | TAIDE TRADING (SL) ENTERPRISE        | 5                   | 26,431.87       | 849.90           | 987,919.66     | 5,851,768,038.24  | 14.41                |
| 5                | GEL 09/2016       | JEM PROPERTY SERVICES LTD            | 2                   | 18,633.40       | 599.14           | 649,760.42     | 4,524,928,657.18  | 9.48                 |
| 6                | GEL 03/2015       | AMADEX (SL) LIMITED                  | 6                   | 8,044.10        | 258.65           | 290,432.66     | 1,710,209,588.93  | 4.24                 |
| 7                | GEL 17/2016       | DXB GOLD & DIAMOND EXPORT (SL) LTD   | 2                   | 4,024.88        | 129.42           | 150,064.60     | 1,023,695,551.43  | 2.19                 |
| 8                | GEL 02/2016       | HARSIA ENTERPRISES                   | 2                   | 3,532.42        | 113.58           | 117,294.85     | 798,388,666.33    | 1.71                 |
| 9                | GEL 07/2016       | SLA ENTERPRISES                      | 1                   | 1,650.20        | 53.06            | 54,149.95      | 325,076,742.55    | 0.79                 |
| 10               | GEL 08/2016       | KONDODY LIMITED                      | 1                   | 635.77          | 20.44            | 22,958.35      | 145,300,650.47    | 0.33                 |
| 11               | GEL 16/2016       | BRIGHT & BEAUTIFU (SL) LTD           | 1                   | 480.45          | 15.45            | 16,410.88      | 117,873,263.53    | 0.24                 |
| 12               | GEL 15/2016       | K&K INVESTMENT CORPORATION (SL) LTD. | 1                   | 291.20          | 9.36             | 9,337.83       | 63,046,568.59     | 0.14                 |
| 13               | EL 45/2011        | SEWA MINING COMPANY LIMITED          | 1                   | 99.91           | 3.21             | 3,085.15       | 18,602,502.57     | 0.05                 |
|                  |                   | TOTALS                               | 54                  | 187,673.12      | 6,034.51         | 6,855,757.67   | 43,433,386,161.79 | 100%                 |



THE END

Thank you