













DELIVERING ON OUR TAX OBLIGATIONS



2020 Total Tax Payments GHS 1.83B

Corporate Income Tax

GHS 1.1B

GHS 308M

Pay As You Earn

GHS 180M

Carried Interest

GHS 122M

Withholding Tax

Forestry Levy

GHS 97M

GHS 21M

As of 2020 full year, Newmont Ghana has paid a total of GHS 1.83B in taxes, forestry levy and carried interest to the Government of Ghana through the Ghana Revenue Authority, Forestry Commission and Ministry of Finance.

* Mineral Royalty payments increase as gold price increases.







TABLE OF CONTENTS

| Profile of the Chamber | 4 |
|---|-----|
| Membership Structure and Governance | 5 |
| Message from the CEO | 10 |
| Presidential Address | 13 |
| External Relations, Communications | 19 |
| Environmental Sustainability | 27 |
| Administration and Human Resources | 30 |
| Analysis, Research and Finance | 41 |
| ECOWAS Federation of Chambers of Mines Report | 53 |
| Legal and Legislative Affairs | 55 |
| Relevant Laws to the Mining Industry | 61 |
| Performance of Ghana's Minerals Industry | 66 |
| Financial Report | 119 |
| Membership Register | 147 |

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93rd Annual General Meeting

Friday 4th June, 2021

"Positioning Ghana as a mining support services hub"

09:00 – 11:00 Council Meeting (Council Members Only)

11:00 – 11:20 Annual General Meeting (Chamber Members Only)

Apologies

Confirmation of Minutes

Auditors Report

Confirmation of Auditors
Date and Place of Next Meeting

Adjournment

11:30 Annual General Meeting (Chamber Members & Guests)

Welcome Address : Mr. Alfred Baku, 1st Vice President

Solidarity Messages : Partners

Remarks : Mr. Sulemanu Koney, Chief Executive Officer

Presidential Address : Mr. Eric Asubonteng, President Keynote Address : Hon. Samuel Abu Jinapor, MP,

Minister, Ministry of Lands & Natural Resources

Closing Remarks : Mr. Eric Asubonteng, President

Vote of Thanks : Mr. Terence Watungwa, 2nd Vice President Media Interactions : Mr. Sulemanu Koney, Chief Executive Officer

Chamber's Profile

The first offices of the West Africa Chamber of Mines, which gave birth to the Ghana Chamber of Mines, were set up in 1903 with the principal objective of advancing and protecting the mining interests of the shareholders.

The Chamber was composed of directors of the mining companies in London, who, among other functions, had power to promote or oppose any legislative measures or petition government and administrative bodies in the colony on any matters which directly affected mining interests.

On 6th June 1928, the Gold Coast Chamber of Mines was incorporated as a private company and operated at Tarkwa in the Western Region. On Ghana's attainment of independence on 6th March 1957, the name of the Chamber was altered to the Ghana Chamber of Mines. By a special resolution on 6th May 1960, the form of the objects of the Chamber was also altered, and on 14th February 1964, the Chamber was converted under the Companies Code 1963 (Act 179) into a Company Limited by Guarantee. In 1967, the registered offices of the Chamber moved to the national capital, Accra.

The Chamber has since remained a voluntary private sector employers' association representing companies and organizations engaged in the minerals and mining industry in Ghana.

Programmes and activities of the Chamber are funded entirely by its Member companies, which are responsible for producing a large proportion of Ghana's minerals.

MISSION

To represent the mining industry in Ghana using the resources and capabilities of its members to deliver services that address members', government and community needs, in order to enhance development.

VISION

To be a respected, effective and unified voice for the mining industry

CORE VALUES

- Honesty
- Transparency
- Good Governance
- Good Corporate Citizenship
- Commitment
- Unity

OBJECTIVES

- Promote and protect the interests of the mining industry;
- Promote and protect the image of the mining industry;
- Establish and maintain effective membership governance;
- Provide thought leadership for the solution of national issues related to mining.

Membership Structure & Governance

There are six broad categories of membership, namely, Represented, Pre-production, Contract Mining, Exploration, Affiliate and Associate member categories.

■ Represented Category:

This is a class of membership for Mining Companies in commercial production.

■ Pre-Production:

It is a class of membership for Mining Companies, which are about to go into commercial production. They become Represented Members after being in commercial production for one year.

■ Contract Mining Category:

This is a class of membership for companies providing contract mining services.

Exploration Category:

It is a class of membership for companies involved in reconnaissance and prospecting.

Affiliate Category:

This is a class of membership for mining and minerals related service organizations, also known as the Service Industries.

Associate Member Institutions

These are institutions whose operations and mandate are integral to the promotion and sustenance of the mining industry in Ghana.

The Chamber operates through an extensive Committee system, which enables the specialist expertise and the intellectual capital within the Member Companies to be tapped in a collective effort to enhance the overall business environment in which the mining industry can have the opportunity to thrive and flourish.

Executive Committee

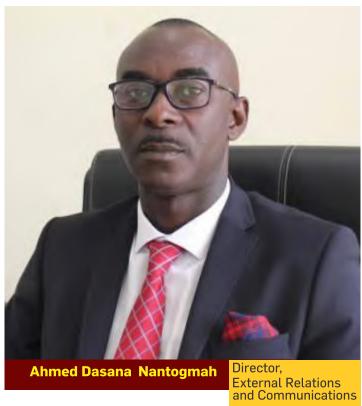
The Executive Committee comprises the President of the Chamber, two Vice-Presidents, the Chairmen of the Contract Mining Group, the Affiliate Committee, the Legal and Legislative Affairs Committee, Building Committee, Finance & Budget Committee (co-opted), the Chief Executive Officer of the Chamber, and a Member of Council who is a Registered Level A member.

The Council

The Council is the highest governing body of the Chamber and is made up of all Chief Executives/Managing Directors of Represented Level A and level B Members, the Chairmen of all Chamber Committees, as well as a representative each of the Membership categories. Each Council Member can nominate an alternate. The President of the Chamber chairs the Council.

Management





Membership of Council in 2020



Mr. Eric Asubonteng President



Mr. Alfred Baku 1st Vice President



Mr. Terence Watungwa 2nd Vice President



Mr. Frederick Attakumah Member



Mrs. Angela List Member



Mr. Francois Hardy Member



Mr. Kwame Addo-Kufuor Chair, Building Committee



Mr. Edwin Allotey Acquaye Chair, Budget & Finance Committee



Mr. Joseph Abu Baka Chair, Contract Mining Group



Mr. Charles Darko Chair, Affiliates Group



Mr. Shaddrach Adjetey Sowah Member



Mr. Eben Swanepoel Member



Mr. Joshua Mortoti Member



Mr. Jean Marais Member



Mr. Joseph Ampong Member



Mr. Stephen Ndede Member

Membership of Council in 2020



Mr. Michiel Van Der Merwe Member



Mr. Stephen Osei-Bempah Member



Mr. Yaw Otchere Ntrama Member



Mr. Ahmed-Salim Adam Member



Mr. Mohaideen Mohammed Chair, HR Committee



Mr. Andy Amoah Chair, Technical Committee



Dr. Koduah Dapaah Chair, Environment & Social Committee



Dr. Samuel Kobina DeSouza Chair, Energy Committee



Mrs. Juliet Manteaw-Kutin Chair, Legal and Legislative Affairs Committee



Mr. George Anyema Chair, Security Committee



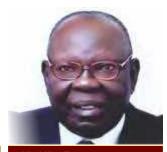
Mr. Theophilus Otchere Chair, Supply Managers Committee



Mr. Samuel Torkornoo Chair, Exploration Committee



Mr. Daniel Owiredu Honorary Member



Mr. Mike Ezan Honorary Member



Dr. Joyce R. Aryee Honorary Member



Mr. J.K. Anaman Honorary Member

Membership of Council in 2020



Dr. Ben Adoo Honorary Member



Amb. J. Bentum-Williams Honorary Member



Mr. Kweku Andoh Awotwi Honorary Member



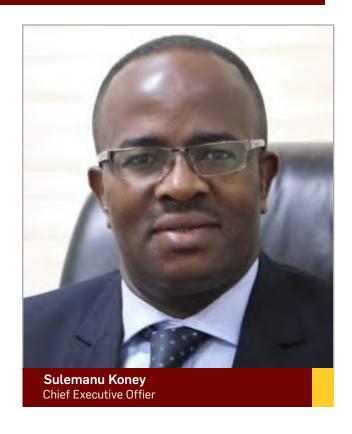
Mr. Sulemanu Koney Secretary

A MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

At the onset of 2020, there was widespread optimism in the global mining industry as the preceding year had heralded positive expectations. Fast forward to December 2020 and all that optimism had been replaced by a not-so-kind headwind resulting from the global pandemic. The prospects that the industry had hoped for were clearly punctured by a force of nature and, perhaps, a lag in planning. In response, mining companies all over the world kicked in to gear their respective business continuity and sustainability protocols to ensure the viability of their operations. Covid-19 had drastically impacted business projections and expectations, leaving many sectors reeling in its wake.

In the wake of the challenges presented by both the global pandemic and the business environment during the year, the Secretariat of the Chamber leveraged its pursuit of collaborations and partnerships to ensure that our members operated without much difficulty. This was highlighted in the mining industry being considered an essential sector for which reason the industry was allowed to operate during the pandemic induced lockdown announced by H.E. President Nana Akufo-Addo. Member companies continued to be focused on playing their role in the inclusive development of the country through their fiscal contributions to the State, spawning and providing business opportunities to local producers and suppliers of inputs as well as increased social investment in host communities. We were not going to be bogged down by the pandemic!

We at the Chamber are particularly pleased with the increasing expenditure by member companies towards social investments across the country and this includes both producing companies and mine support service providers. These expenditures go into infrastructure projects such as roads, healthcare, water, sanitation and educational facilities as well as socioeconomic interventions focused on livelihood empowerment. The painstaking processes adopted by members in rolling out community support initiatives meet global standards and could have yielded greater results if the statutory part of mineral royalties returned to the communities from the State was substantial enough and delivered in good time to complement the investments made by member companies in the year under review.



As we have highlighted on countless occasions, the Chamber will continue to play its role in providing leadership to shape more effectively, the dynamics and progressive changes in the linkages between the non-mining and minerals sectors of the Ghanaian economy. This we believe is crucial to building an integrated economy that offers greater value to all players and citizens alike. Our abiding desire is to assist in our collective quest to optimise the benefits of mining for our country and investors whilst working with our members and regulators to ensure that mine operations are not only safe but done in a responsible manner.

Among the many initiatives that the Chamber pursued in 2020 is the commencement of disbursements from the Tertiary Education Fund after it was launched in 2019. Members contributed generously to begin implementing the activities that were earmarked as support for the University of Mines and Technology (UMaT) and it gives me great pleasure to note that due to the funding received in 2020 from our members, the respective projects are underway to support teaching, research and learning at UMaT. It is heart-warming that whilst

members are focused on boosting production, they are also interested in developing the human capital and the capacity of our workforce trained by our institutions of higher learning. I stand in the stead of the beneficiary students and faculty members of UMaT to commend member companies for the support extended through the TEF.

The Chamber also embarked on a very important study to develop modalities to position Ghana as a mining support services hub in West Africa. The study is expected to map out the competitive advantage that Ghana has over other countries and to make recommendations to build and sustain the support services companies to provide inputs to the mining sector in the sub-region competitively. Harnessing opportunities that the African Continental Free trade Area presents, requires that we build resilient regional value chains around strategic sectors such as mining, which has become the bulwark in West Africa in the last few years. It is our considered view that the study will be the Chamber's contribution to give sustainable competitive advantage to Ghana. I wish to commend the evaluation panel that reviewed the bids. It is our expectation that the final outcome will be one that can become a blueprint to support the government's agenda for national development.

Due to the pandemic, the Secretariat's engagement with key stakeholders in the regions was curtailed. Further to this, a number of online programmes were held to make up for the lack of face-to-face interactions. The situation forced the Chamber to postpone the 2020 West Africa Mining and Power Conference and Exhibition. As you are aware, the 2021 edition had to be held online due to the need to adhere to the Covid-19 protocols. It is our expectation that with the ongoing vaccination, the Chamber will be able to organise the next edition of the Ghana Mining and Energy Summit, a flagship event for the mining and energy sectors in 2022.

Such interactive platforms are key to educating the populace on developments in the mining sector and related national issues. It is the expectation of the leadership of the Chamber that the Secretariat will continue to roll out its roadshows in the coming years to educate the public about the mining industry and to showcase the sustainable operations of member companies.

On this note, I want to express our profound appreciation to all our partners – both close and remote – for staying true to our bonds of partnership and collaboration that we have leveraged for the growth and development of the mining industry even in challenging times. We know that sometimes, our demands can be overwhelming, but we are grateful that you all favour mutual respect over any form of acrimonious working relationship. The Chamber remains committed to working with you all, particularly: The Ministry of Lands and Natural Resources, the Ministry of Environment, Science, Technology and Innovation, the Ministry of Finance, The Minerals Commission, the Environmental Protection Agency, the Bank of Ghana, Ghana Revenue Authority, Water Resources Commission, the Forestry Commission, the Ghana MineWorkers' Union, Civil Society Organisations and our media partners.

In the midst of a challenging global and local environment, the Chamber continued to receive unfettered support from its member companies. As I conclude, permit me to commend our President, Mr. Eric Asubonteng, and the other members of the Executive Committee as well as the Council for their support and guidance throughout the year. As we are wont to say, the Chamber derives its strength from its member companies, which is why we rely on our experts from within to help solve industry challenges. A huge gratitude goes out to the Chairpersons and members of the various committees of the Chamber for their support for our work.

For the selfless staff of the Chamber's Secretariat who are the engines propelling our programmes, let's keep putting in the time and the invaluable effort. I believe I can continue to count on your cooperation and support as we collectively endeavour to create a progressive Chamber that spearhead the transformation of Ghana's mining industry.

Do stay safe!

Thank you



GENDER, DIVERSITY AND INCLUSION

"Gender equality is more than a goal in itself. It is a precondition for meeting the challenge of reducing poverty, promoting sustainable development and building good governance." Kofi Annan

At AngloGold Ashanti, Gender Equality is so much more than a goal...



PRESIDENTIAL ADDRESS

Introduction

I bring you greetings from the membership of the Ghana Chamber of Mines on the occasion of the 93rd Annual General Meeting (AGM). It is my pleasure to present to you the Chamber's annual report for 2020 and expectations for the years ahead. The impact of the COVID-19 pandemic on global economic activities stagnated growth and forced many companies into a downward spiral. Data available shows that the level of recession experienced in 2020 is only outdone by what the world encountered during the two world wars and the great depression.

Generally, the decline in the gross domestic product (GDP) of developed economies by 4.7 per cent in 2020 affected the global economy adversely. However, increases in exports, government spending and private investments in China contributed immensely to the country's growth of 2.3 per cent in 2020 albeit at a slower rate than that of the preceding year.

In Africa, countries whose economies are built around hydrocarbons, non-precious metals and tourism, recorded negative growth rates whilst those with agriculture or precious metals-oriented economies recorded modest growth. The world witnessed the near collapse in crude oil prices and the attendant reduction in exports across the year due to the pandemic. Obviously, Ghana was not left out of the challenges as the overall real value of measured economic activity in Ghana increased marginally from GH 165.30 billion in 2019 to GH 165.99 billion in 2020, which translates into a 0.4 per cent growth.

Production

The performance of Ghana's minerals sector was muted in 2020 compared to the preceding year. The total volume of gold produced incountry declined from 4.577 million ounces in 2019 to 4.023 million ounces in 2020. Ghana continued to hold on to its position as the largest producer of gold in Africa and the sixth in the world even though the country recorded a decline in output by 12.1 per cent. Ghana's



closest rival and long-term leading producer, South Africa, also recorded a 13.7 per cent decline in production at 91 tonnes and remained in second place on the continent and tenth globally.

It was not all gloomy on the continent, as Ghana's West Africa neighbours, Burkina Faso, recorded a 19 per cent increase in production to 74 tonnes on the back of increased production levels by that country's leading gold producers. Permit me to state that whereas the decline in Ghana's production was because of a combination of domestic issues and COVID-19-related factors, that of South Africa was mainly due to structural problems related to declining grades, curtailment in the supply of electricity and the high cost of accessing ore bodies in deep mines. Africa's production accounted for 21 per cent of global mine production in 2020 (according to S&P).

The 12.1% decline in production in Ghana is the highest year-on-year decline since 2004. While

the large-scale sub-sector dropped by 4.8 per cent to 2.847 million ounces in 2020, the small-scale sector fell by 26 per cent from 1.588 million ounces in 2019 to 1.175 million ounces in 2020. A positive note, however, was the commencement of production at the Obuasi Mine of AngloGold Ashanti and growth in the output at Gold Fields' operations as well as the Wassa Mine of Golden Star Resources.

In a marked departure from past years, the volume of manganese produced by Ghana's sole producer, Ghana Manganese Company, declined from 5.383 million tonnes in 2019 to 2.358 million tonnes in 2020. The 56.2 per cent drop in production was primarily due to the government's directive to stop the company's operation in the year under review, resulting in the suspension of manganese production in the first quarter of 2020. For diamonds, the downward trend in the purchases continued unabated due to the suspension of production by the only large-scale producer, Great Consolidated Diamond Company. In essence, diamond purchases in 2020 reduced by 25.1 per cent to 25,292 carats from 33,789 carats in 2019. Additionally, Ghana's sole producer of bauxite, the Ghana Bauxite Company, recorded a 4.1 per cent improvement in its output. The expansion in the shipment of bauxite from 1.116 million tonnes in 2019 to 1.162 million tonnes in 2020 was principally due to an improvement in its operational activities.

In terms of exploration expenditure in Africa, planned investments in gold exploration projects took a dip to USD 590 million in 2020 compared to the USD 615.9 million in 2019. Ghana dropped from second position to fourth in 2020 behind her West Africa counterparts - Cote D'Ivoire, Burkina Faso and Mali – in planned exploration expenditure on account of a significant increase in budgetary allocation for exploration in Cote D'Ivoire and Mali. Cote D'Ivoire's planned expenditure stood at USD 105 million in 2020 displacing Burkina Faso as the largest recipient of gold exploration capital in Africa.

Direct Fiscal Contribution

Figures from the Ghana Revenue Authority showed that the mining and quarrying sector regained its position as the leading source of direct domestic revenue in 2020. The sector's contribution to the national fiscal purse increased from GH 4.013 billion in 2019 to 4.172 billion in 2020. The 3.97 per cent increase in fiscal revenue was primarily due to the increase in mineral royalty receipts, which partially made up for the reduction in the other sources of revenue from the sector. The significant appreciation in the price of gold during the year under review increased mineral royalty revenue by 38.20 per cent from GH 1.007 billion in 2019 to GH 1.391 billion in 2020. Corporate income tax however declined from GH 2.269 billion in 2019 to GH 2.139 billion in 2020. Similarly, employee income tax (PAYE) also fell from GH 736.256 million to GH 641.868 million over the same period. Other revenue sources from the sector also dropped from GH 674,312 in 2019 to GH 557.868 in 2020. The share of mining and quarrying in total direct domestic fiscal receipts was 18.1 per cent in 2020, which is not significantly different from the 18.3 per cent recorded in 2019.

Merchandise Exports

The mining industry remained the main anchor of Ghana's trade balance as data from the Bank of Ghana showed that the mining sector was the foremost source of foreign exchange receipts in 2020. The mineral sector alone accounted for 48.4 per cent of gross merchandise exports in 2020. This compares favourably with the 42.6 per cent recorded in 2019 and far outstripped the combined contribution of crude oil and cocoa in 2020 by more than 12 percentage points. The mining industry continued to support the economy by reducing the pressure on the local currency and its resultant impact on prices and other parameters. Proceeds from export of minerals increased from USD 6.678 billion in 2019 to USD 6.998 billion in 2020, representing a growth rate of 4.8 per cent.

Producing member companies of the Chamber returned USD 3.67 billion out of the mineral revenue of USD 5.14 billion to the country. This represents 71 per cent of the revenue of producing member companies. The proportion of mineral revenue returned exclusively through commercial banks was more than the statutory threshold prescribed in the various Development Agreements as well as the

Minerals and Mining Act 2006 (Act 703). This further emphasizes the Chamber's commitment to supporting the growth of Ghana's economy.

Expenditure of Mineral Revenue

The Chamber and its producing member companies prioritize the sourcing of inputs from manufacturers and suppliers in Ghana. This is a direct way to retain minerals value in the country and to stimulate broad-based linkages across different sectors. Pursuant to this, producing member companies of the Chamber spent USD 4.387 billion in Ghana through payments to manufacturers and suppliers of goods and services, taxes, and financing of social investment projects. In essence, 85.7 per cent of producing member companies' expenditure was retained in Ghana. As a Chamber, we will continue to stimulate local participation in the inputs market to create jobs and increase value to grow the economy.

It is important to indicate that in real terms, the gross value added by the mining and quarrying sub-sector to Ghana's GDP declined from GH 13.6 billion in 2019 to GH 11.8 billion in 2020. In percentage terms, the share of mining and quarrying in GDP reduced from 8.6 per cent to 7.5 per cent in 2020. At the end of 2020, the mining and quarrying sub-sector was the third and fifth largest economic activity in the industrial sector and the entire economy, respectively. As many of you are aware, in 2020 the price of gold shot up around the period when the COVID-19 infection was declared a pandemic by the World Health Organisation. After that declaration, many investors sought to convert their assets into bullion and its related assets, which directly provided the needed momentum for a sustained rise in the price of gold. The increased demand for gold and other related assets also pushed the price upward to USD 2,067 per ounce on 6th August. It is pleasing to note that the increases also went a long way to boost government revenue from gold production.

The Chamber, Collaborations and the COVID-19 pandemic

At the onset of the COVID-19 pandemic in Ghana, the Chamber and its producing member

companies rolled out initiatives to support the government to curb the negative impact of the pandemic. Producing member companies supported the national effort with USD\$ 2 million. This constituted a donation of:

- Twenty (20) ventilators and accessories to the Ministry of Health for distribution to hospitals across the country;
- PPEs for frontline health workers;
- Logistics to test 25,000 COVID-19 cases at three public testing laboratories, namely
- Noguchi Medical Research Institute
- Kumasi Centre for Collaborative Research in Tropical Medicine (KCCR)
- National Public Health Reference Laboratory of the Korle-bu Teaching Hospital

Individual member companies of the Chamber instituted stringent measures to protect employees, contractors, and host communities from the pandemic to keep the mines running. These included extensive internal COVID-19 protocols at mine sites, as well as donations to health facilities, traditional authorities, local government institutions and community groups. As good corporate citizens, the Chamber and its members identify with progressive national efforts to protect the people and institutions in our host communities and the nation at large. We will continue to play that crucial role in support of efforts to keep the citizens of the country safe.

In 2020, the Chamber's commitment to bridge the gap between the mining industry and academia continued to bear fruits as the Secretariat worked with a team of researchers from the University of Mines and Technology (UMaT), led by then Vice-Chancellor, Prof. J.S.Y. Kuma, who is the immediate-past occupant of the Chamber's chair on Environmental Studies, to undertake a study on the linkages between the minerals and nonmining sectors. The overarching objective of the study is to inform policy formulation on ways to maximize the potential of the mining sector's supply chain for national development. I am expecting a productive outcome that can be transformed into actionable items not only to support the growth of the value chain of the mining industry but to also harness the linkage

opportunities between the mining and the nonminerals sector to ultimately build a resilient economy.

Closely linked to this, is the operationalization of the Chamber's Tertiary Education Fund (TEF) which is set to revolutionize training and research to support Ghana's mining industry. In the year under review, the Chamber approved the construction of a USD \$1.2 million ultramodern Ghana Chamber of Mines' Mining and Mineral Resources Block. Additionally, fourteen (14) lecturers from UMaT were seconded to mining companies as a means to create the needed synergy between academia and industry. This was critical to enable the cross-fertilization of ideas between lecturers and the mining companies for better mine operational outcomes and more rounded products from the university. We will continue to support our institutions of higher learning to produce the best human resources that can hold their own in Ghana and anywhere in the world.

Occupational Health, Safety and Environment in 2020

A critical aspect of our commitment as industry is the health and safety of our employees. In this regard, we continued to work tirelessly to implement safety protocols at our sites and communities. As far as we are concerned, if it cannot be done safely, then it should not be done. According to the Minerals Commission, the total number of injuries in Ghana's mining sector decreased drastically from 554 in 2019 to 308 in 2020. This represented a 44.4 per cent decline in the number of incidents recorded over the period. Unfortunately, the number of persons that were involved in incidents that resulted in death rose from 3 in 2019 to 5 in 2020. May the souls of our comrades who passed on rest in peace whilst we work tirelessly to avoid fatalities at the mines of member companies. The Chamber will continue to collaborate with the Environmental Protection Agency to ensure the adherence of environmental standards in the operation of the mines.

Challenges

2020 was certainly a difficult year for almost all sectors of the economy, given the serious ramifications of the pandemic. As such it only served to deepen the woes of the mining industry which was only tempered by the price

of gold. The sector continued to grapple with perennial challenges which required urgent attention from the government. We have taken the liberty to outline a few as the full range of issues are reflected in the 2020 Annual Report under the section, Performance of the Mining Industry in Ghana. I must admit that most of the issues are not new, and our expectation is that going forward, we will not have to enumerate them in the hope that we would have made progress in working constructively with our stakeholders in government to continue to address them.

- Security of Mining Companies

We are pleased to note that following extensive deliberations on the challenges with security on mine sites with the withdrawal of the military, it was agreed that a specialized unit of the Police Service would be set up to provide the muchneeded preventive security support to the mining companies. In 2020, the government approved the recommendation with a first batch of personnel expected to have been deployed by the end of the first quarter of 2021. The aftermath of the 2020 elections stalled the planned deployment. We are however pleased to note that with the active support and leadership of the Hon. Minister for Lands and Natural Resources, the Ghana Police Service has now trained and deployed this specialized unit of the police to the respective mines. It is our expectation that this arrangement will be sustained, to give comfort and assurance to current and would-be investors (local or foreign) of the security of investments in Ghana.

- Development of Host Communities and Utilization of Royalties

The poor state of mining communities is largely a function of the development status of the country as well as an outcome of the mechanism for allocating and utilising fiscal revenues realized from the extraction of mineral resources. Apart from the statutory proportion of mineral royalty that is returned to the host mining communities, all the other streams of fiscal revenue originating from the mining sector accrue to the central government. Even in the case of mineral royalty, only 13 per cent of the mineral royalty is returned to the communities where mining takes place. Out of this amount, 4.95 per cent accrues to the respective District Assemblies while the Mining Community

Development Scheme (MCDS) set up under the Minerals Development Fund Act, 2016 (Act 912) receives 4 per cent. The remaining amount is disbursed to traditional authorities and stools in the host mining communities. In essence, the share of mineral royalty that is used to support development in mining communities is negligible. Obviously, this is woefully inadequate to address the infrastructure shortfalls in the hosts of the country's mineral wealth. It is on this premise that the Chamber continues to urge government to increase the host communities' share of royalties to 30 per cent and earmark same for specific sustainable infrastructure projects in the host communities.

- Incentives for Exploration Companies

Exploration is the single most critical activity that quarantees continuous production of minerals and discovery of new mineral resources to supplement production from existing mines or replace output of mines whose economic ore body is exhausted. However, minerals exploration investment in Ghana has declined significantly in recent years. This is alarming for a country to which mining is critical for forex and fiscal revenue generation. It is therefore crucial to put in place an incentive scheme that will reduce the cost associated with exploration and attract the required critical investments into this high-risk business of mineral exploration. As a first step, we urge government to exempt exploration companies from payment of VAT on big ticket cost items such as drilling and laboratory services. Effectively, the extent of actual exploration activity is diminished by upfront costs such as VAT on inputs and landholding costs. Thus, relieving the usually illiquid exploration companies from the payment of VAT as well as reducing the cost of landholding would not only improve their cash flow and reduce their operational costs but also enhance the Ghana's image as a competitive destination for exploration investment. In the long run, this will quarantee continuous mineral production and flow of fiscal and forex receipts as well as other benefits from the minerals sector.

- Deplorable State of Railway Infrastructure

The western railway line, which was the primary mode of hauling bulk minerals to the Takoradi port, has deteriorated over the years

due to obsolescence and limited investments. Consequently, bulk mining companies, like the other producers of bulk export commodities, have had to make use of the more expensive road haulage option, which is estimated to be 50% more expensive than rail. Successive Budget Statements and Economic Policies consistently point out the intention of government to rehabilitate the western rail network. As an industry association, we believe that the benefits of a well-functioning railway system will not be a preserve of our industry but the entire economy. It will also serve as an alternative means of transporting people, foodstuff, and other commodities across the country. The Chamber is therefore pleased at government's efforts to rehabilitate the country's railway network, particularly, the western railway line. We urge government to expedite action in that regard since it has the inherent potential to generate revenue to pay back the initial investment cost.

2021 Forecasts

In 2021, increase in production from existing mines and easing of the COVID-19 restrictions signals good prospects for the mining industry. Similarly, the expected relatively high price of gold is likely to support growth in recycled gold and producer de-hedging. Overall, we project that global supply of gold in 2021 will exceed corresponding output in 2020.

In 2021, the Chamber expects most of its gold-producing member companies to recover from the drags that characterized their operations in the preceding year. Overall, the gold output of producing member companies for 2021 is forecasted to range between 3.0 million to 3.3 million ounces. The industry also expects production of manganese by Ghana Manganese Company to increase with a sustained full year of production in 2021.

Conclusion

As I conclude, I would like to take the opportunity to commend all our partners and stakeholders for contributing to the sustenance of the industry and ensuring that responsible mining remained an important part of the Ghanaian economy. There is little doubt that a collaborative effort from all stakeholders; that is government, mining companies, local entrepreneurs, the media and civil society in

addressing the layered challenges will usher in an era of greater value to further anchor the economy. It is in our collective interest to consider mining as an enabler and catalyst for development and not just an avenue for rent for the state. Opportunities abound in the minerals and mining value chain for the nation to leverage to create a viable and competitive economy.

I wish to commend the Sector Minister, Hon Samuel Abdulai Jinapor, for making the Chamber a key partner since he assumed office. We appreciate your partnership. We also express our profound gratitude to the Minerals Commission and the Environmental Protection

Agency as well as all other institutions who collaborated with the Chamber in diverse ways during the period under review. I also thank the Executive Committee, Council, members of the Chamber as well as the CEO and staff of the Secretariat for supporting the industry in this challenging pandemic era.

We look forward to more positive collaboration and enduring partnerships in the coming years.

Thank you

Eric Asubonteng President

EXTERNAL RELATIONS AND COMMUNICATIONS DIRECTORATE

Introduction

The External Relations and Communications unit of the Chamber is responsible for planning and implementing stakeholder relationship management and institutional communication programmes designed to effectively engage interest groups and individuals who are integral to the sustenance of member companies' operations. The Directorate is also responsible for managing the resolution of environmental and sustainability issues facing member companies of the Chamber. Specifically, the unit is mandated to harmonise the promotion of sustainable mining practices in Ghana. The unit performs its role by directing the Chamber's advocacy and visibility plan to promote transparency in the industry as well as address negative perceptions and falsehoods. The unit operates under the guidance of the Public Relations Committee, made up of representatives of producing member companies and chaired by the Chief Executive Officer of the Chamber, as well as the Environment and Social Affairs Committee. The unit is headed by the Director, External Relations and Communications.

Public Relations Committee and Visibility

The Committee met four times in the course of the year. All meetings were held virtually and hosted by the Secretariat of the Chamber in Accra. Key issues addressed in the year under review have been presented herewith.

- Stakeholder Engagements

The Committee extensively analyzed the need to strategically engage key audiences to showcase the sustainable practices of member companies. The committee pursued meaningful engagements with such groups from civil society, the media, as well as host communities to ensure that all misconceptions and misgivings are ironed out to deepen collaboration. This led to mine tours for selected groups and media discussions on selected media platforms across the country.

- Image Building and the Changing Face of the Chamber

In view of the changing scenes of the mining industry and the responsibilities of the Chamber as an industry association, it became even more critical to shift from merely advocating for change to becoming an institution that changes the narrative. Pursuant to this, the Chamber refocused its attention to sustaining efforts on such palpable initiatives that can influence change in a broader perspective. The Executive Committee and the Council empowered the Secretariat to restructure its advocacy approach with a new corporate strategy in order to transform the Chamber into a more impactful entity supporting broad-based development and deepening the positive image of the member companies.

In anticipation of the new strategy, the Public Relations Committee was tasked to be in readiness to develop a two-year multifaceted Communication Strategy to support the overarching strategy. A sub-committee from the PR Committee was tasked to commence preliminary work on the strategy to align with the Chamber's mission/vision moving forward.

- The General Elections and Challenges with Stakeholder Relations

The perennial operational difficulties for mining companies in election years predictably reemerged ahead of the 2020 General Elections. Member companies continued to engage national and host community level stakeholders in building consensus and developing requisite frameworks to address concerns with the invasion of concessions and other activities that threatened the operations of the mines.

- Communicating Sustainability amid Covid-19

Member companies intensified community education and support at the height of the Covid-19 pandemic, providing communities with the much-needed information on how to avoid the infection and ways to maintain their health. These

included community demonstration durbars, radio interviews and the use of social media. The messages were tailored to suit the specific host communities and their cultural settings. The Chamber also produced radio jingles and television skits to support public education on the infection.

All producing member companies further supported the host communities and regions with medical supplies and logistics such as hand sanitizers, detergents, surgical gloves, Veronica buckets and thermometer guns. These were instrumental in reducing the infections in host communities as well as provide support for those who were in isolation.

Advocacy and Image Building

- Engagement with Ghana National Association of Small-Scale Miners

The leadership of the Ghana National Association of Small-Scale Miners (GNASSM) paid a courtesy call on the Chief Executive Officer of the Chamber to introduce the newly elected national executives of the association and to discuss germane issues pertaining to Ghana's mining industry. The meeting was held at the Secretariat of the Chamber on Friday, 10th July, 2020. On behalf of the GNASSM executives, the General Secretary, Mr Godwin Armah stated that the rationale for the courtesy call was, among others, to further strengthen the relationship between the two major private sector groups in the mining industry. Mr. Armah was of the view that a collaborative co-existence between both sub-sectors (large and small) of the industry will engender harmony among players and enhance productivity in the long run. He took the opportunity to acknowledge the efforts made by the Chamber to establish a relationship in spite of the long-standing perceptions about the intentions of large-scale players. He however gave the assurance that small-scale operators have recognised the value in collaborating with the Chamber due to the aligned interests.

In his response, the Chief Executive Officer of the Chamber, Mr. Sulemanu Koney stated that while there is a history behind the suspicion between operators in the two subsectors of the mining

industry, the need to forge a formidable and united front was long overdue. Reiterating the position of the Chamber on small-scale mining, Mr Koney averred that the Chamber supports small-scale mining and only stands against all forms of illegal mining, which have proven destructive to people's livelihoods and the environment.

The meeting focused on formalisation of the small-scale mining sector among others. These included:

- The need to support capacity building of members of GNASSM in the areas of health and safety as well as environmental responsibility;
- Addressing the challenges with the collection of 3% tax on the production and export of bullion from small-scale miners by the Ghana Revenue Authority;
- Continuous engagement between the EPA and the GNASSM to discuss permitting and monitoring gaps.

President of the GNASSM, Mr. Philip Kwesi Akuffo expressed the readiness of the Association to collaborate with the Chamber to achieve the common goal of creating sustainable employment opportunities and driving national development. Mr. Koney on his part, stated that the Chamber will continue to support industry players in order for mining to be given its right of place as the preeminent sector in Ghana's economic growth. He indicated that the report with action items from the meeting would be shared with the executives of GNASSM in due time.

2020 National Safety Week

Due to the outbreak of the Covid-19 global pandemic, the Central Planning Committee of the National Inter-Mines First Aid and Safety Competition agreed to postpone the 2020 edition in order to protect host mines and community members from potential infections from the disease. The Inter-Mines First Aid and Safety Competition is an annual contest designed to educate mine workers, host communities and the citizenry on basic first aid tips as well as to foster

the adoption of basic safety measures. The competition underscores the importance that mining companies attach to safety protocols as well as educate employees and host communities on personal health, first aid and safety practices.



There are two components of the competition – practical and oral. The practical component of the competition usually requires participating teams to work together with regular physical contact; hence the decision to suspend the 2020 edition until the pandemic is brought under control. In the light of this, the Secretariat implemented a unique Safety Week programme from September 14-19, 2020 to sustain public awareness of the efforts by member companies to improve health and safety measures on mine sites and in host communities. The media-focused programme sought to deepen public knowledge about the commitment of member companies to health and safety on mine sites and to showcase the collaboration between member companies and their respective host communities in safeguarding the wellbeing of staff and residents.

Short video skits were produced and broadcast on national television and on social media platforms. The skits were developed with appropriate voice-overs and animations describing measures to safeguard lives in specific scenarios. Each skit was five (5) minutes long.

Additionally, radio and television interviews were organised to discuss pertinent topics such as:

 Managing health and safety of mine staff in the face of the Covid-19 Pandemic: Lessons and Challenges; Mine sustainability and the implementation of strict protocols to protect the lives of staff and residents of host communities.

Health, Safety and Environment Managers of the various mines as well as officials of the St John Ambulance participated in the interviews. The skits were broadcast prior to the interviews to set the tone for the discussions. All the interviews were in English and Twi to reach out to host communities of mining companies which are predominantly Akan speaking areas.

Member companies also organised community level activities to commemorate the week. Activities included discussions on pertinent health and safety issues on community radio stations to educate the public on the need to adopt safety measures and acquire lifes a ving first aid skills.

In order to boost public engagement and information, infographics were developed and used along with the skits to further break down the message on health and safety to online audiences.

6th Ghana Mining Industry Awards (GMIA)

The 6th Ghana Mining Industry Awards (GMIA) was held on Friday, 20th November 2020 at the Movenpick Ambassador Hotel in Accra. AngloGold Ashanti Iduapriem Mine was adjudged the Mining Company of the Year. The company's superior performance in environmental management, corporate social investment, occupational health and safety, mining innovation as well as fiscal contributions accounted for the win.

General Manager of Gold Fields Tarkwa Mine, Mr. Stephen Osei-Bempah, was awarded with the 2019 Mining Personality of the Year Award for his stellar performance in steering the mine to improve its productivity. Similarly, Mrs. Catherine Kuupol Kuutor, Metallurgical Manager for Abosso Goldfields Ltd emerged winner of the 2019 Female Mining Professional of Year category. She fended off stiff competition from nine other top female mining engineers to win the award.



Other big winners on the night were Newmont Ghana, Golden Star Resources and Gold Fields Ghana. Newmont Ghana's Ahafo and Akyem mines were winner and runner-up respectively in the Best Performer in Environmental Management category. The company's Ahafo Mine also emerged first runner-up in Best Performer in Exploration (Senior) category. Abosso Goldfields Limited Damang Mine swept the awards for Corporate Social Investment and Innovation while Golden Star Wassa Ltd won the Best Performer in Occupational Health and Safety as well as the Community Safety Brigade of the Year.

President of the Chamber, Mr. Eric Asubontena praised the resilience of Ghanaian mining companies for putting robust measures in place to contain COVID-19. According to him, in-spite of the challenges posed by the pandemic, mining companies proved that effective management of the workplace is a sure way to safeguard the health and safety of staff as well as host communities. He stated that the Chamber will continue to adopt novel ideas and best practices to help national economic growth priorities. He urged Ghanaians to ensure that the reputation of Ghana as an oasis of peace in the subregion is maintained during and after the 7th December, 2020 national presidential and parliamentary elections.

The Guest Speaker, Rev. Daniel Ogbarmey Tetteh – Director General of the Securities and Exchange Commission, underscored the need for local mining firms to take advantage of the opportunities offered by the stock exchange to

raise capital for their operations in Ghana. Rev. Ogbarmey Tetteh indicated that Ghana is able to learn from countries such as Australia and South Africa to utilize the unique opportunities presented by the stock exchange to support mining companies and to grow wealth among



Minister for Lands and Natural Resources, Hon. Kwaku Asomah-Cheremeh, who was the Guest of Honour commended the industry for continuing to anchor Ghana's economy. According to him, the government will continue to create an enabling environment for the mining industry to thrive. He indicated that the country had benefitted immensely from the economic contribution of mining in the past decades.

The Board Chairman of the Environmental Protection Agency and former Managing Director of AngloGold Ashanti Obuasi, Mr. Kwesi Enyan, was presented with the Lifetime Achievement Award for his contribution to the growth of mining in Ghana. Daily Graphic's Timothy Ngnenbe and Sani Abdul-Rahman of GTV won the Best Mining Reporter award for print and broadcast respectively.

Engagement of Political Parties

The Chamber engaged the two leading political parties in Ghana – the New Patriotic Party and the National Democratic Congress – in the crafting of their respective manifestoes ahead of the 2020 General Elections. This was to ensure that the nation's political parties would focus attention on the critical aspects of national development in relation to the mining industry to generate more value for the country. The critical

issues presented to the political parties were:

- Create an attractive environment for mining investment
- Properly account for the contribution of mining to development including indirect and induced contributions
- Gold Refinery and Goldsmithing and Jewellery manufactory mining coins
- Incentivise investment in minerals exploration
- Ensure timely release of funds for mine community development
- Support a comprehensive National Supplier Development Programme to grow local content
- Identify and take advantage of opportunities in the Value Chain of mining in the regions
- Pass a Minerals Revenue Management Law
- Formalise small-scale mining and address illegal mining
- Support the development of industrial minerals to create jobs
- Railway Development for the transportation of bulk minerals

Minerals Commission and the amendment of the Minerals and Mining Act, 2006 (Act 703).

The Ghana Chamber of Mines engaged the leadership of the Minerals Commission to discuss proposals on the impending amendment of the Minerals and Mining Act, 2006 (Act 703). The Chamber's general disposition was favourable to the proposals made and commended the regulator and the Sector Ministry for deepening collaboration and discussions around the impending changes in the law. Among the proposed amendments were the introduction of progressive and affirmative action towards increasing opportunities for women in the industry; review of stability agreements; cessation in the grant of development agreements as well as modalities for funding community development projects.

Additionally, the regulator was seeking to change

the duration of prospecting (exploration) licenses. At a day's meeting in Accra, members of the Chamber engaged officials of the Minerals Commission and offered suggestions on various aspects of the proposals, affirming their commitment to continue to collaborate with the regulators to ensure that the amendments are progressive and provide greater opportunities for the country to take advantage of its current position as Africa's leading gold proposal. The Minerals Commission has been engaging various organisations on its quest to amend the existing laws as it seeks to strengthen regulation and ensure mutually beneficial outcomes for stakeholders in the industry.

Indaba 2020

The Ghana Chamber of Mines participated actively in the 2020 edition of the Mining Indaba Conference held at Cape Town in South Africa from 3rd – 6th February, 2020. The Sector Minister, Hon. Kwaku Asomah-Cheremeh, led the country's delegation to the conference with a team from the Minerals Commission. This year's event was on the theme: "Optimizing growth and investment in the digitized mining economy".



Mr. Sulemanu Koney, CEO of the Chamber participated in a panel discussion

The CEO of the Chamber, Mr Sulemanu Koney, who led a team of players from the industry, took part in discussions on mining and sustainable development, investing in mining, workshop on Manganese and Chrome and a workshop organized by Rand Refinery. Similar to last year's,

most firms from Ghana that took part in the programme exhibited in the Ghana Pavilion — which was a specialized one-stop contact for mining businesses in Ghana. The firms and organisations that exhibited at the Ghana Pavilion aside the Ghana Chamber of Mines were: Newmont Ghana, Minerals Commission, Rocksure International, Kinross (Chirano Gold Mines), AngloGold Ashanti Ghana, Zen Petroleum, Nexans Kablemetal Limited, and BCM.

It was agreed that in view of the positive feedback from the participation of Ghana in the event, the concept of Ghana Pavilion will be replicated at subsequent years to boost investment into Ghana's mining sector.

GHS11.5 Million Covid-19 Support to Government of Ghana

The Chamber at the onset of the Covid-19 pandemic presented a package worth GHS11.5 million (the equivalent of USD\$2 million) to the Ministry of Health and allied institutions as part of the contribution of the Chamber to the fight against the pandemic. The Chamber, led by its President, Eric Asubonteng made the donation at a brief ceremony held at the Ghana Health Service on Thursday, 9th April, 2020.



Mr. Eric Asubonteng, President of the Chamber presenting the cheque to Hon tina Mensah, Deputy Minister for Health

The donation, which was made on behalf of the producing member companies of the Chamber, forms part of an industry-wide approach to tackling the pandemic. Reiterating the contribution of the Chamber to national efforts at stemming the tide, Mr. Asubonteng commended the President of the Republic, Nana Addo Dankwa

Akufo-Addo, for taking swift measures to contain the spread of the infection and to ensure that those who have already been infected receive the best of care.

The Chamber procured testing kits, PPEs, laboratory kits and other essentials to the Ministry of Health, the Noguchi Memorial Institute for Medical Research, and the Kumasi Centre for Collaborative Research in Tropical Medicine (KCCR) to support health workers who were at the forefront of combatting the COVID-19 infection. President of the Chamber said at the ceremony that as responsible businesses, the companies chose to step in to support the government's national effort against the pandemic. He called on Ghanaians to pay heed to the advice of the Ghana Health Service and the medical staff to safeguard the country from the effects of this pandemic.

The Deputy Minister for Health Hon. Tina Mensah represented the Minister at the event. She expressed delight at the quantum of support the Chamber had presented to the government and used the opportunity to call on other corporate bodies to follow suit.

Chamber Participates in 2020 Ghana Gold Expo

The Ghana Chamber of Mines participated in the Ghana Gold Expo 2020, organized by the Western Regional Coordinating Council at the Best Western Atlantic Plus Hotel, Takoradi. The three-day event which took place from 8th to 10th March, 2020 brought together stakeholders in the mining value-chain from about thirty-five countries. First of its kind, the Ghana Gold Expo aimed at showcasing Ghana's sources of gold, its position as first in gold production in Africa, trade & exports and refinery technologies.

The event was characterized by an exhibition that displayed gold related technologies and equipment as well as conferences that provided a platform for about twenty speakers to share insights on topics around mining in Ghana, sustainability measures for investment in the next decade and responsible gold supply chain.

At the opening ceremony, awards were presented to individuals and organizations that have been supporting illegal mining reclamation and mercury recovery across Africa. The recipients of the awards included the Ghana Chamber of Mines,

Gold Fields Ghana Ltd, Dr. Sir Sam Jonah (Former CEO of AngloGold Ashanti), Professor Akilagpa Sawyer (1st Chairman of the Minerals Commission), Mr. Sam Poku (Former CEO of Ghana Chamber of Mines). In his presentation, the CEO of the Ghana Chamber of Mines shed some light on the available opportunities in the mining industry in Ghana's value chain. He implored the investors gathered at the event to not just focus on gold production but the upstream and downstream linkages that have potential of creating industrialized economies for Ghana and the subregion.

Mr. Koney explained that, the Chamber welcomes productive collaborations with local refineries that have fulfilled the international refinery certification requirements (specifically, that of the London Bullion Market Association-LBMA). He elucidated on how the Chamber has been providing technical support to Gold Coast Refinery to attain the LBMA certification and urged the government and all stakeholders to work together to see the local refinery's LBMA certification through.

Mr. Alfred Baku, EVP of Gold Fields Ghana Ltd emphasised the need for the government to incentivize mining firms to attract investments. The EVP cited how the government's incentives provided to Gold Fields Ghana Ltd years back contributed to the growth of the company, which has in turn benefited the local and national economies.

Mr Gerhard Schubert, CEO of Schubert Consulting highlighted the need for Africa to urgently follow the lead of other major precious metals markets and create an African Precious Metals Association (APMA). The APMA will represent the African continent in the global precious metals industry and give Africa a regional voice on a global stage. He suggested that the base of the APMA be in Ghana given the strong support and commitment to mineral development in general and precious metals specifically, demonstrated by the government of Ghana. The Western Regional Minister, Hon. Dr. Kwabena Okyere Darko-Mensah, who hosted the event, called on mining companies operating in the Western Region to help develop the communities in which they operate.

2020 Expanded Council and Interactions with Stakeholders

Following a five-year break, Council approved the Secretariat's decision to convene an Expanded Council Meeting and Strategy Session from 20th to 21st February, 2020. The event brought together over sixty participants from the various categories of membership and external stakeholders drawn from regulatory agencies and civil society organizations. The expanded council provides an opportunity for members to delve into the fundamental issues that confront their operations and to strategize on how to maintain productivity.

The President of the Chamber, Mr. Eric Asubonteng, who chaired the first day's session indicated that the industry had the potential to grow exponentially with the attendant benefits to stimulate job creation and value to the state.

In a presentation on the topic, "Review of the Mining Industry's Relevance to Ghana and Strategy of the Chamber of Mines", the Chief Executive Officer of the Chamber of Mines, Mr Sulemanu Koney, gave a thorough overview of the mining industry in Ghana. He gave an overview of the global mining industry and indicated that the gold prices were relatively better in recent years as compared to the previous decade. He added that the global production cost of gold has seen a downward trend in the last decade after the implementation of a number of measures that were aimed at curtailing cost.

The Co-Chair of Ghana Extractive Industries Transparency Initiative (GHEITI), Dr. Steve Manteaw, said sentiments towards the mining industry have improved in the last few years. He also urged the mining industry to have keen interest in non-mining sector policies or laws that are passed by the government, particularly those that will impact on the development of mining communities and the wellbeing of their residents.

The Executive Director of African Centre for Energy Policy (ACEP), Mr. Ben Boakye, affirmed that the mining sector has been of great benefit to the country's economy. However, he argued that a lot more is expected of the mining industry. He

urged the mining industry to be accommodating of criticisms on their operations and contributions to the national economy. Mr. Boakye urged the Chamber to work with CSOs to reinforce advocacy on challenges facing the mining industry. Further, he urged the mining companies to undertake a stakeholder mapping programme to engage both critics and allies alike.

The Minerals Commission represented by the Deputy Chief Executive Officer, Mr Martin Ayisi and the Director of Policy, Planning and Monitoring of Minerals Commission, Mr. Collins Anim-Sackey reiterated the mandate of the Minerals Commission and outlined some of the challenges that are being addressed to improve the operations of mining companies. He solicited the support of the Chamber and its members in remediating the issues as well as realising the objectives of the Minerals and Mining Policy.

The Chairman of the Finance & Budget Committee of the Chamber, Mr. Edwin Acquaye, bemoaned the uncertainties in the wake of the promulgation of the Income Tax Act, 2014 (Act 896). He said the Chamber raised issues on some provisions in the Act with the Ministry of Finance and the Ghana Revenue Authority (GRA) but they were yet to be resolved. He indicated their pendency continued to be a disincentive to attracting additional capital into the mining sector.

Deputy Minister of Energy, Hon. (Dr.) Amin Adam, also delivered an address on the outlook of the energy sector. In his opening address, the Deputy Minister asserted that the power sector had been fraught with challenges over the years and successive governments have done their best in resolving them. He also mentioned that the economy has been growing at a fast pace in the last few years and that has resulted in growth in demand for affordable power. He also emphasized on the financial challenges that was confronting the energy sector and outlined the initiatives to improve its liquidity, including the floating of bonds to retire legacy debts of state utility firms.

Other issues discussed at the meeting were:

- The impact of government's decision to withdraw military from the Mines
- Encroachment of producing member companies' concessions by illegal mining and the security and social risks
- Challenges with delays in the issuance of environmental permit and audits

The meeting ended with a resolution to continually improve collaboration between stakeholders in the sector and create a genial environment for responsible mining to thrive.

ENVIRONMENTAL MANAGEMENT & SUSTAINABILITY

Introduction

A critical role of the Ghana Chamber of Mines is to ensure that member companies operate sustainably in support of the United Nations Sustainable Development Goals 15 which is aimed at conserving and restoring the use of terrestrial ecosystems. Pursuant to this, the Chamber continued to create the avenue for the maintenance of the factors and practices of producing member companies that contribute to the quality of the environment on a long-term basis. In the year under review, the Chamber continued to support member companies in the adherence of both national and global standards that are beneficial to the environment and host communities.

Environment and Social Affairs Committee

The Chamber's environmental protocols and social affairs initiatives are spearheaded by the Environment and Social Affairs Committee (ENSOC). The committee is made up of environmental practitioners, community and social affairs professionals and sustainability officials from producing member companies, support services and associate institutions. The catchphrase of the Chamber: "Promoting environmentally and socially responsible mining", stems from the critical need to ensure that all business objectives are tied to the triple bottomline - i.e. People, Planet and Profit. In order to push the frontiers of environmental sustainability, the Committee held four quarterly meetings in the year under review at which deliberations focused on addressing key issues pertaining to environmental and community sustainability matters. These issues included:

Global Tailings Standard

The Committee expressed its commitment to implement the new standards in the management of tailings. Pursuant to this, member companies were urged to utilize the tailings management committee model to regularly focus on the tailings to ensure its safety and sustainability. The mine level implementation of such a standard has become even more crucial in the wake of discussion on the environmental impact of mining

and the safety thereof.

Outstanding Environmental Permits

In-spite of the challenges with the issuance of environmental permits by the regulator, members of the Committee applauded the EPA for improving the situation for members from the beginning of the second quarter of the year. Members however, urged the regulator to improve its processes to ensure that member companies received the permits on time. Members agreed to revamp their respective internal permit review committees to proofread reports to reduce delays in the processing of permits.

Environmental Consultant

The Chamber's Environmental Consultant, Nana Andoh continued to provide environmental management support to member companies by visiting each mine and providing feedback on gaps in the management of environment and social systems on the mine. Even though Covid-19 pandemic reduced visits to the mines to the barest minimum, the Consultant continued to share ideas with the Environmental Managers in the management of environmental issues.

Reclamation Bond

The Committee continued to discuss issues pertaining to the Reclamation Security Agreement (RSA) and the Reclamation Bond. Member companies expressed concern about the encroachment of mine concessions by illegal miners who were increasing the environmental liabilities of the companies, thereby increasing the cost of reclaiming the destroyed aspects of the area. It was agreed that member companies that were disinterested in portions of their concessions should follow due process and relinquish it in order to reduce the potential impact on the reclamation bond.

Meeting with Executive Director of the EPA

In deepening working relationship between the Chamber and industry regulators, the leadership met with the Executive Director of the Environmental Protection Agency, Hon. Henry Kokofu and his team on 13th October, 2020 to

discuss issues germane to environmental management in the mining industry. The meeting was attended by senior executives of producing member companies of the Chamber and the EPA. President of the Ghana Chamber of Mines, Mr. Eric Asubonteng, congratulated Hon. Henry Kokofu on his appointment as the Executive Director of the EPA. He stated that the division to meet the Chamber executives to address pertinent concerns sent an important signal that the EPA was ready to work with the mining industry to champion environmental sustainability. He assured Hon. Kokofu of the Chamber's commitment to collaborate with the agency in an open and transparent manner.



On his part, Hon. Henry Kokofu underscored the importance of institutional collaboration between players in the mining industry and the agency. He intimated that interactions between the agency and the mining industry must be characterised by a high sense of responsibility to improve environmental sustainability and productivity of the mining companies. He therefore expressed his personal commitment to continue to collaborate with the Chamber to further enhance the benefits of mining to our environment, host communities and the economy.

He stated that the agency was in the process of reviewing the EPA Act, 1999 (Act 490), and related Legislative Instruments to effectively enforce environmental management across sectors. Hon. Kokofu urged member companies of the Chamber to support the renewed commitment of the agency to address concerns affecting the former's operations including delays in permit issuance for mine operations, as well as the need to review the Environmental Protection Act and its related legislations and guidelines to be in line with global developments.

Chief Executive Officer of the Chamber, Mr. Sulemanu Koney indicated the Chamber's readiness to support the EPA in the reintroduction of the AKOBEN Environmental Performance and Rating Disclosure system that seeks to improve and sustain good environmental management on the concessions of large-scale mining companies.

Engagement on Reclamation Security Agreement and Reclamation Bond

The Chamber engaged the Environmental Protection Agency and the Ghana Association of Bankers on a proposal to review the existing Reclamation Security Agreement (RSA). The Chief Executive Officer of the Chamber, Mr. Sulemanu Koney, commended the Executive Director of the Environmental Protection Agency, Hon. Henry Kokofu, and his team of experts for engaging stakeholders on the Reclamation Bond and the Reclamation Security Agreements (RSAs). He was of the view that the engagement was meant to ensure that all parties at the table acquiesced with the approach to reviewing the RSAs and the implementation same.

On his part, the Executive Director of the EPA, Hon. Henry Kokofu also expressed appreciation to the Chamber and its member companies as well as the banks for making time to participate in the meeting. He stated that the Reclamation Security Agreements and the Reclamation Bonds are in fulfilment of the 1992 Constitution which enjoins the state to do what is needful to protect the environment.

The Chief Executive Officer of the Ghana Association of Bankers, Mr. John Awuah, indicated that the Association was working with the Bank of Ghana (BoG) and EPA on ways to infuse environmentally sustainable practices in the operations of mining companies to support banks with the associated risks. He stated that the discussions on the RSA were timely as it would further provide the banks with the requisite information to effectively assess risks associated with each mining company and the appropriate ways to engage them based on their specific circumstances.

Among others, it was agreed that:

• There was a need to deepen collaboration

- between regulatory agencies and industry players to ensure that relevant information and knowledge is shared among parties;
- Banks should continually strengthen internal processes to prevent a collapse in the event of a crisis that require banks to meet their bond obligations;
- The Banks and Special Deposit-Taking institutions Act 2016 (Act 930), Section 62 stipulates that beyond a certain threshold of unimpaired capital and surplus accounts, the bank is not permitted to lend or underwrite to a single customer. The value of this single obligor and the requirement for landed property as collateral could be a hinderance to mining companies obtaining quarantees from the banks even when syndicated. For a growing mining industry with expected rise in reclamation obligations, coupled with the fact that most mining companies do not hold landed property, this requirement will be a challenge. There is therefore a need to address the concerns inherent in the law.
- The EPA's continued assertion that mining companies were under-posting the required bonds without the requisite evidence had the tendency to undermine and derail the efforts of mining companies who endeavour to adhere to the requirements of the RSA.

Hon. Henry Kokofu assured the mining industry and banks of the EPA's commitment to collaborate with interested parties to ensure that the RSA remains a critical part of the mechanisms for protecting Ghana's ecology. Mr. Sulemanu Koney urged caution in the review of the RSAs and the management of the cash component because the bonds are meant to provide assurance that the country will be able to reclaim disturbed parts of mining concessions in the unlikely event that mining companies are unable to do so by themselves.

Liaison Group for Mining in Production Forest Reserves

The Chamber continued to play its role on the Liaison Group for Mining in Forest Reserves (LG) at the level of Heads of Institutions, the Technical Committee and the Communication Sub-Committee. The LG continued to enforce its mandate of regulating all forms of mining in production forest reserves across the country. Apart from the regular monitoring and regulation of mining companies operating in production forest reserves, the LG also implemented a plethora of community development initiatives such as the road project in the New Abirem in the Eastern Region as well as community development projects in the Bibiani-Awhiawso-Bekwai catchment area in the Western North Region.

ADMINISTRATION & HUMAN RESOURCE (HR) DEPARTMENT

Introduction

The Secretariat of the Ghana Chamber of Mines' Administration and Human Resources Department offers strategic support and direction to its management, employees, and member companies. The Department does this through deliberate actions directed at creating and maintaining the requisite engaged work environment and team equipped to proactively address the ever-changing requirements of the Chamber and the mining industry at large.

As a critical Department within the Secretariat, the Administration and Human Resources Department focuses on meeting its strategic goals while supporting the other departments to do same. This target of the Department became even more critical with the onset of the pandemic; Novel Corona Virus (Covid-19). The Department had to provide the leadership and staff of the Ghana Chamber of Mines with the requisite resources to meet its strategic mission amidst the uncertainties engendered by the pandemic. The Administration and HR Department's success will be measured by its capability to align and integrate its internal and external processes with those of the Chamber and its member companies to mitigate the impacts of the pandemic while staying sustainable.

In the coming year, the Administration and Human Resources Department will continue to explore innovative and proactive tools and resources to meet the changing demands of the Chamber's stakeholders, through its commitment to refining its apt service-oriented culture.

Administration

In the year under review, it became critical for the Administration and HR Department to review and recategorize its approach in order to provide the Secretariat with unique policies, systems, procedures, and manuals to mitigate the impact of the Novel Corona Virus pandemic, (Covid-19).

Human Resource Management

Critical amongst the changes implemented at the Secretariat to mitigate the impact of Covid-19 by the Administration & HR Department was the transition to alternative work arrangements, like teleworking and rotational work schedules for staff of the Secretariat. The Department provided the Secretariat with the required additional tools and resources like computers, accessories, and virtual platforms to aid the smooth transition from the traditional ways of work to the "new normal" of remote work and virtual meetings, amongst others. The Department continued to ensure that the human resource at the Chamber was able and adequately resourced to support the work of the Chamber and the industry in the midst of the pandemic. The Chamber welcomed a new member of staff - HR and Administration Assistant.

Industrial Relations

Although the over-all industrial atmosphere in the country was tense due to the challenges posed by Covid-19, the mining industry had a generally harmonious atmosphere. While the pandemic led to uncertainties, the Department ably assisted member companies of the Chamber with germane support to the HR Professionals in the industry. This aided the HR Professionals to continue to manage their respective workforces with the emotional and psychological support required to meet targets of the Chamber's various member companies.

The Department was able to facilitate the Joint Standing Negotiation Committee meetings with the Ghana Mine Workers' Union (GMWU) and the Ghana Manufacturing Metal Workers' Union (GEMM) to review the salaries and conditions of service for employees of both the PMSU and Branch Unions.

The interactions with the GMWU and GEMM included Salary Negotiations for 2020, review of member companies' wage models and maintaining Covid-19 protocols amongst employees.

The Ghana Mine Workers' Union as part of its stakeholder initiatives, invited members of the Branch and Professional Management Senior Staff Union (PMSU) to its National Executive Committee (NEC) meetings at the Ghana Shippers' Building.

Capacity Building (Internal)

Talent development has always been a priority of the Secretariat of the Chamber. Amidst the limitations brought on by the pandemic such as the imperative for all to limit physical interactions, some staff participated in various virtual training programmes. These included:

- Alternative working arrangements by the Society for Human Resource Management
- Employment relations issues arising from Covid-19 and implications for businesses by the Ghana Employers' Association
- Leading remotely in times of uncertainty and managing flexi-work arrangements by the Ghana Employers' Association
- Reopening your workplaces by the Ghana Employers' Association

An employee enrolled in the American human resources professional certification: Society for Human Resource Management (SHRM).

Strategic External Liaisons

The Chamber continued to engage with key strategic partners and stakeholders during the year under review. These partners included:

Minerals Commission

Irrespective of the difficulties faced by member companies due to the pandemic, the Administration & HR Department facilitated interactions between members of the Chamber and the Minerals Commission on the following issues:

- Amendments to Minerals and Mining Act, 2006 (Act 703)
- Review and comparative analysis of the Minerals and Mining (General) Regulations, 2012 (LI 2173) and Draft Local Content and

Local Participation Regulations

- 2020 Local Procurement Plans
- 2020 Procurement Mid-year and Annual Reports
- Renewal of exploration tenements
- Review of the Mining List
- Collaboration to promote female participation and inclusion in the mining industry
- Registration of mine support services companies under special consideration

Ghana Employers' Association (GEA)

In the year under review, the Department continued to foster a long-lasting relationship between the Chamber and the Association by facilitating the participation of employees of member companies to seminars and workshops organized by the GEA.

The Administration and HR Department continued to attend the GEA Council's meetings and participated in webinars, mostly on the Novel Corona Virus and managing the workplace.

The GEA continued to supply the Chamber's Human Resource Committee with its weekly employee relations publication; IR News, which brings to light events and court rulings in the Ghanaian industry.

Ghana Shippers' Authority (GSA)

During the year under review, the Administration & Human Resource Department represented the Ghana Chamber of Mines at the Authority's Board of Directors' meetings. The Department continued to liaise with member companies and the Ghana Shippers' Authority to ensure smooth and efficient transportation of inputs and products for members of the Chamber, especially during the global pandemic and its concomitant shipping challenges.

South African Mineral Processing Equipment Cluster (SAMPEC) and the Mining Equipment Manufacturers of South Africa (MEMSA)

MEMSA is an industry cluster of organizations aimed at advocating for and promoting the

interests of its members and the mining equipment manufacturers in South Africa. SAMPEC which is a sister company to MEMSA organizes and collaborates on matters of mutual interest. Specifically, SAMPEC aims to help drive policy and focus for the minerals processing sector in South Africa.

In the year under review, these two organizations showed interest in collaborating with the Chamber to advance their cause through joint ventures and partnerships, amongst others, with mine support services companies of the Chamber. The long-term goal of this partnerships will be to build local manufacturing and processing capacities of mine support services companies of the Chamber and eventually transfer ownership to the locals. The Chamber had meetings with these two organizations to understand their goal and to clarify the expectations of the Ghana Chamber of Mines and these external stakeholders. To further engage the entities, a draft Memorandum of Understanding (MOU) has been developed between the twin-organizations and the Chamber with the aim of providing guidelines for this commercial engagement.

Ghana Association of Bankers

Towards its initiative of helping mine support services companies of the Ghana Chamber of Mines to improve capacity to meet the demands of the mining firms, the Administration and Human Resource Department facilitated meetings between the Chamber and the Ghana Association of Bankers. The aim of these engagements was to foster a working relationship with finance houses in Ghana through their Association for the provision of competitive funding to support the local content agenda of the Chamber. The two membership associations are developing special purpose vehicles for the implementation of supply chain financing for the mine support services companies of the Chamber.

Internal Committees

The Administration and Human Resource Department continuously provided the committees of the Chamber with tactful and proactive support in order for the concerns impacting their operations to be addressed. The Committees of the Chamber under the support of this Department are:

- Affiliate Committee
- Contractors' Committee
- Exploration Committee
- HR Practitioners' Committee
- Supply Managers' Committee
- Governing Board of the Tertiary Education Fund

Affiliate Committee

Towards achieving its goal of providing goods and services to the mineral rights holders, the Affiliate Committee held its quarterly meetings in the year under review. As part of the safety measures implemented to curtail the spread of the Novel Corona Virus (COVID-19) in the country, the Committee like the other committees, adapted virtual meeting platforms for its quarterly meetings. The Committee engaged the various stakeholders to address issues influencing their operations.

These issues included:

Transition onto Integrated Customs Management System (ICUMS): The introduction of the Integrated Customs Management System (ICUMS) by the government of Ghana which aimed at facilitating efficiency in the clearing processes while increasing revenue collections at the country's ports was saddled with challenges. These challenges affected the operations of businesses in the country including those of our member companies. In this regard, the Administration and Human Resources Department liaised with the Customs Division of the Ghana Revenue Authority for a meeting to expound on the usage of the new system. The engagement afforded members the opportunity to present their challenges and pertinent issues they encountered with the System and to have them addressed.

Industrial Visits: The Administration and HR Department, as part of its mandate accords member companies the needed support to improve their business operations. In this regard, the Department embarks on periodic industrial visits to familiarize itself with the operations of

member companies and provide guidance where necessary. In the year under review, the Department facilitated industrial visits to Riepco Ghana, B5 Plus Limited, and Nexans Kablemetal.



Chamber Offocials given a tour at Nexans Kablemetal Ltd.

Capacity Building Programme: The Administration and HR Department organized a virtual capacity building programme for the mine support services companies on the topic, "Sourcing, Procure-to-Pay Process Flows and the Rudiments of Invoicing". The training programme afforded the supply chain professionals of the producing member companies, the opportunity to take their mine support services counterparts through the afore-mentioned topic.

The Affiliate Committee members were taken through the various steps implemented by the mining firms in sourcing, tendering for goods and services as well as their respective processes for invoicing. The training offered mine support service companies the platform to familiarize themselves with new trends in the supply chain processes in the mining companies and to also afford them the opportunity to present their challenges to the Supply Managers.

Human Resource Practitioners' Committee

With the advent of the Novel Corona Virus (COVID-19) in the country, members of the Human Resource Practitioners' Committee put in measures to ensure that the virus did not have deleterious impact on the operations of the member companies of the Chamber. One of the

proactive initiatives taken to this effect, was the engagement with the Ghana Mine Workers' Union (GWMU) to discuss the effects of the pandemic on employees.

This engagement sought to outline measures taken by employers in the wake of the virus to ensure the welfare and wellbeing of the workforce. In addition to the foregoing, the Union was engaged to discuss ways of ensuring sustainability of the mining industry amidst the crisis.

The following were some of the issues the HR Committee dealt with during the year under review in addition to the aforementioned:

Human Resource Development: The Committee engaged a resource person from the Social Security and National Insurance Trust (SSNIT) to discuss issues bordering on the regulation of underground employees' retirement. Mr. Joseph Opoku, Pensions Manager at SSNIT elucidated Section 76 of the National Pensions Act 766 relating to underground employees. In relation to health, the Human Resource Practitioners engaged a team from EuraCare Advanced Diagnostics & Heart Centre on the causes of cardiovascular diseases among employees and how the HR Professionals will seek urgent and specialist care right here in Ghana for their respective companies.

Continuous Professional Development: As has been the practice of the HR Committee, members contribute to their own capacity building and skills enhancement through the Continuous Professional Development (CPD) programme. In the year under review, SGS Laboratory Services presented on the topic, "Improving staff engagement through wellbeing initiatives" to the rest of the members. The presentation highlighted on the need for improved healthy lifestyles and wellbeing among staff as a means of enhancing employee engagement.

Engagement with Educational Institutions: In the year under review, the Department facilitated engagements among the HR Committee and three institutions namely; Henley Business School, Lucas-Nuelle Training Solutions on Technical & Vocational Training Solutions and Education Sub-Saharan Africa (ESSA).

Henley Business School presented on its executive education options and offered to design tailor-made courses to meet the unique needs of managers and leaders of the mining industry.

Lucas-Nuelle, a German based organization experimenting with education-based optimized systems that lead to technical expertise and hands-on skills, showcased its success stories to the HR Committee. It offered to partner with member companies on their respective apprenticeship programmes using technology.

Education Sub-Saharan Africa (ESSA) on the other hand is a charity educational organization based in the United Kingdom with the aim of increasing employment skills and opportunities for young people by improving tertiary education in sub-Saharan Africa. It has offered to partner mining companies in developing the skills of the youth in their respective host communities. The three institutions indicated their preparedness to partner with industry through their unique courses and programmes.

2020 Negotiations and Staff Benefits: The members of the HR Committee led their respective management teams through salary negotiations and review of Collective Agreements unabated in spite of the challenges posed by the Novel Corona Virus pandemic. Member companies that reviewed their Collective Agreements presented copies to the Secretariat for record keeping. The Committee collated data on staff benefits from member companies which provided the HR professionals with a database for reference during negotiations. This exercise was carried out to ensure that the minimum requirements of staff benefits are met within the industry.

Strategic COVID-19 Response: In the wake of the Novel Corona Virus, the Committee instituted an Ad-hoc Committee that drafted guidelines which were used to manage employment relations and conditions of service in the mining industry. The aim was to ensure the sustainability of operations while mitigating the impacts of the pandemic on member companies and employees.

As part of the efforts to contain the spread of the virus at the various workplaces, the Department collaborated with the Ministry of Employment and Labour Relations and shared the latter's communiques with member companies to ensure compliance with the national Covid-19 safety protocols.

Supply Managers' Committee

In the year under review, the Supply Managers' Committee continued to discuss pressing issues affecting the supply chain profession of the mining industry and shared best practices amongst member companies. Additionally, it also commenced some initiatives aimed at building the capacities of the Affiliate Committee. Among the issues addressed during the quarterly meetings by the Committee were:

Mining Supply Chain Community of Practice: The evolution of the mining industry over the years has influenced the dynamic work of the supply chain professionals in the industry. To meet the everchanging demands of the profession, the Committee adopted strategies to enhance the capacities of future supply chain professionals who will work in the mining industry. It is against this backdrop that the Committee initiated the planning of activities aimed at influencing the supply chain graduates being churned out by the tertiary institutions. In order for the students to be relevant to the practicalities and demands of the mining industry, the group has begun building mining related practical supply chain content while exploring avenues of integrating such content into the tertiary education's curricula. In that regard, the Committee engaged the Country Manager of the Chartered Institute of Procurement and Supply (CIPS), Ms. Stella Addo, to discuss the afore-mentioned agenda. Ms. Addo in turn shared the vision and roadmap of the Institute with members and welcomed the initiative of the Committee. She offered the support of CIPS in ensuring the success of the project.

Local Content Framework: The Committee engaged the Minerals Commission to explore effective ways of improving the mining industry's local content drive. During the annual local content performance review meeting in December, 2020; both parties agreed to work together to develop a comprehensive and progressive framework to address the challenges encountered by mineral rights holders and mine support service companies. This framework aims at guiding the engagement between the Supply Managers, the Secretariat, and the Commission towards achieving a laudable and mutually beneficial objective of building a more robust, meaningful and achievable local content. The Committee shared its draft Local Content Framework with the Regulator for inputs. It is anticipated that this framework will provide the guiding principles by which the mineral rights holders, the Ghana Chamber of Mines and Minerals Commission will progressively work together towards the achievement of the goals of the Local Content and Local Participation Regulation, L.I.2431.



Supply Chain Financing Programme: One of the decisions taken at the 2019 Local Content Workshop was the need to assist mine support services companies with competitive financing in order to meet demands of the producing companies. The Committee commenced the initiative in the year under review by engaging relevant stakeholders to explore the possibility of assisting the mine support services companies by

building their capacities with the long-term objective of graduating some of them from stockists into manufacturing companies. A Tender Committee was instituted to oversee the implementation of the programme. The members of the Committee are:

Clifford Adu-Biney - Chairman
Lawrencia Boahemaa Awuah - Secretary
Simone Ayem - Member
Thomas Baffour-Awuah - Member

As part of the roadmap of the programme, the Ghana Association of Bankers (GAB) was engaged to facilitate the initiative with its members in order to provide sustainable financial solutions that would meet the short, medium, and long-term goals of the Ghana Chamber of Mines. Pursuant to this, some members of the GAB submitted their proposals to the Tender Committee for consideration.

Minerals and Mining (Local Content and Local Participation) Regulations, 2020, (L.I. 2431): The Supply Managers' Committee participated in the series of stakeholder engagements organized by the Minerals Commission to review the contents of the Local Content and Local Participation Regulations, 2020 (L.I.2431).



Exploration Committee

The Exploration Committee in the year under review held its quarterly meeing its operations. The Committee made progress tings to deliberate on issues influencewith pressing issues as reported below:

Engagement with Ghana Institute of Surveyors:

The Administration and HR Department facilitated an engagement between the Ghana Institute of Surveyors (GhIS) and the Exploration Committee to discuss among other issues, the high fees charged on surveying concessions. Through this meeting, the Institute assured the Chamber of its collaboration towards resolving the afore-mentioned issue.

Renewal of Tenements: The Department collaborated with the Minerals Commission and the Ministry of Lands & Natural Resources to progress on the renewal of the outstanding tenement applications of member companies.

Meeting with Ghana Geological Survey Authority (GGSA): The Ghana Geological Survey Authority (GGSA) engaged the Chamber to discuss the full implementation of the Ghana Geological Survey Authority Act 2016 (Act 928). The meeting was also an avenue to foster the relationship between the two entities to promote the mining industry. The Chamber has since included a nominee of the Authority in the Exploration Committee.

Contractors' Committee

In the face of the difficulties brought on by the Covid-19 pandemic, members of the Contractors' Committee explored virtual options for their meetings. During these meetings, members stated that the pandemic had no major impact on their activities due to their strict adherence to the government and the Chamber's safety protocols. They did however, admit to increases in their operational costs as a result of additional expenditures they incurred from their adherence to the Covid-19 safety protocols.

Engagements with Chief Executive Officer of the Chamber: To meet the unique demands of the Contractors' Committee, the Administration and Human Resource Department initiated the facilitation of the one-on-one meetings between the Chief Executive Officer of the Chamber and member companies within the Contractors' Committee. These meetings aimed at affording members the opportunity to discuss pertinent issues hampering their operations. The first meeting for 2020 was held with Rocksure

International at the end of the year. The Department scheduled similar engagements with the rest of the contract mining companies in the following year.

Tertiary Education Fund

The leadership of the Ghana Chamber of Mines launched the Tertiary Education Fund (TEF) on 24th October, 2019 to advance teaching, learning, research and application of technological innovation in matters relevant to the mining industry. In its initial phase which will be for a period of five (5) years, the Fund is targeted at students and faculty members of the University of Mines and Technology (UMaT).

The Fund's primary source of revenue will be contributions from producing, contract mining, and explosive manufacturing member companies of the Chamber. It is anticipated that the contributions of these members will generate a total receipt of about \$450,000 per annum into the Fund.

Within these first five years of its existence, the Fund shall be applied to the following support areas:

- Infrastructural development
- Research grant for faculty members related to industry needs
- Research grant for post-graduate students related to industry needs
- Bursary for under-graduate students related to industry needs
- Provision of Educational Resources
- Industry Training Programme for undergraduate students with exceptional performance

Within the first year of its existence, the Governing Board carried out its mandate by implementing the following initiatives within the abovementioned support areas.

Ghana Chamber of Mines' Mining and Mineral Resources Block: An infrastructural assessment was performed by the Governing Board which revealed the urgent need to support the University with infrastructural development. The Board in

consultation with the Chamber's Council agreed to construct the "Ghana Chamber of Mines' Mining and Mineral Resources Block" for UMaT. The preliminary processes for the project, which include tendering and adjudication were done in the year under review.



Secondment of UMaT's Faculty Members to Industry: To bridge the gap between academia and industry, faculty members of the University were granted the opportunity to be seconded with mining firms. The initiative was to enable lecturers and their host mining firms exchange knowledge and to share improvement ideas. The maiden edition covered fourteen (14) lecturers from the University for the programme.

Bursary for undergraduate students: The Governing Board awarded scholarships to thirty (30) undergraduate students in UMaT for the 2020/2021 academic year. The beneficiaries of the scholarships were students from the second to the final years and of different academic disciplines relevant to the mining industry. Some of the beneficiary students who will exhibit excellent academic performances will be enrolled onto the "Industry Training Programme".



2021 And Way Forward

Affiliate Committee

In the coming year, the Administration & HR Department together with the Affiliate Committee shall work with relevant stakeholders to address the following issues:

- Capacity Building: The Department will continue to facilitate workshops and seminars for members of the Committee which will aim to improve their operations and enhance their relationships with their supply chain counterparts in the mining firms. The Administration and HR Department will facilitate benchmarking of best practices amongst mine support services companies in order to meet demands of the mining firms.
- Industrial Visits: The Department will carry on with its routine visits to member companies in order to continue with its familiarization of the operations as well as to provide them with the needed support.

Human Resource Committee

The Administration & HR Department will continue to liaise with stakeholders to ensure the following concerns of the HR Committee are resolved. These will include:

- Continuing Professional Development: The Department will proceed to work with members of the Committee to facilitate programmes that will enhance the capacities of the HR practitioners in the mining industry.
- Staff Benefits: The Department will maintain its mandate of collating data on the salaries, allowances and benefits of employees to guide the members of the Committee in developing and reviewing Collective Agreements of their respective companies.
- Negotiations: In the coming year, the Administration and Human Resource Department will support members of the Committee with their salary negotiations and Collective Agreements reviews as has been the practice. Members will be implored to recommit to the habit of negotiating in good faith for the maintenance of continuous harmonious industrial environment.

- Covid-19 response strategy: The Department will liaise with members of the HR Committee to ensure compliance with the Covid-19 safety protocols. Existing strategies will be reviewed to ensure that the spread of the virus in the mining industry is kept to the barest minimum.

Contractors Committee

In 2021, the Committee commits to focus on partnering with the producing member companies to ensure the sustainability of the mining industry.

The Administration and Human Resource Department shall design and implement innovative ways of providing support to the Contractors' Committee for long term growth.

Supply Managers' Committee

For 2021, the Supply Managers' Committee will be addressing the following issues:

- Ghana Chamber of Mines' Supply Chain Financing Programme: The Administration & HR Department will maintain its partnership with the Supply Managers' Committee and the Tender Committee to execute its mandate of working with stakeholders to secure competitive sources of finance for the mine support services companies.
- Local Content Workshop: With the advent of the Novel Corona Virus, the Department will explore alternative opportunities of hosting a virtual Local Content Workshop and Exhibition. The Administration and Human Resources Department will continue to facilitate engagements with internal and external stakeholders to ensure improvement in the mining industry's local content.
- Standards for Electric Cables: The Department will continue to work in partnership with stakeholders like the National Technical Committee on Electric Cables to complete the development of electric cables for the mining industry. A launch of the standards being developed for electric cables in the mining industry will also be held.

- Mining List: In 2021, the Department will engage with the relevant stakeholders: Ministry of Finance, Ministry of Lands & Natural Resources as well as the Minerals Commission to ensure the publication of the 10th Edition of the Mining List.

Exploration Committee

The Administration & HR Department in the next year shall maintain its support to the Exploration Committee to:

- Improve applications of tenements: The Administration & HR Department will continue its engagement with the Ministry of Lands & Natural Resources and Minerals Commission to ensure outstanding tenements of member companies are renewed.
- Engage the Ghana Institute of Surveyors: The Administration & HR Department will continue to liaise with the afore-mentioned Institute to provide technical support which will ensure sustainable exploration in Ghana while attracting foreign direct investments.
- VAT on Exploration: In 2021, the Administration and Human Resource Department shall engage with the relevant parastatals for the review of VAT on exploration. This will give Ghana a competitive advantage in the sub-region while improving the level of exploration in Ghana for a sustainable mining industry.

Tertiary Education Fund

In the year ahead, the Governing Board of the Tertiary Education Fund will undertake the following activities in accordance with its mandate:

- Infrastructural Development: The Governing Board will liaise with the Council of the Chamber to ensure that a contract is awarded for the construction of Ghana Chamber of Mines' Mining and Mineral Resource Block at the University of Mines and Technology (UMaT).
- Research grant for faculty and post-graduate students related to industry needs: The Board will collaborate with the Chamber's Technical and the Environmental and Social Committees as well as

- the University to provide research grants to lecturers and post-graduate students who will undertake mining related research.
- Provision of Educational Resources: The Governing Board will procure an interactive whiteboard software and hardware which put lesson delivery, assessment and student collaboration onto one ultimate suite.
- Industry Training Programme for undergraduate students: The Board will continue to coordinate with the Human Resource and Technical Committees to ensure that exceptional students under the bursary initiative will be assigned to member companies for industrial training. The two-to-three-year training programme will follow designed schedules during their academic and national service periods.



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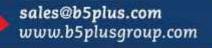
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ONE STOP FOR IRON AND STEEL









DEPARTMENT OF ANALYSIS, RESEARCH AND FINANCE

Overview of the Department of Analysis, Research and Finance

The Department of Analysis, Research and Finance is primarily responsible for collating and analyzing data as well as providing information on the minerals and mining sector to undergird the advocacy priorities of the Chamber. As well, the Department's scope of work includes the review of statutes, policies, directives and other related enactments that have a bearing on the operational environment of member companies as well as the well-being of residents of mining communities.

The Department has also been involved in the implementation of the National Assay Programme as the technical and commercial anchor since its roll-out in 2018. The Programme, which is implemented by the Precious Minerals Marketing Company (PMMC), involves the assay of doré or concentrate prior to exportation, comparison of assay reports produced by PMMC to that of refineries engaged by member companies of the Chamber and determining whether any resulting difference is within the tolerable threshold or otherwise.

The outputs of the Department are made available to member companies and external stakeholders in the form of research and analytical reports, position papers, policy briefs and other related literature. These publications are also intended to provide data in a timeous manner to inform the public's discourse on the mining sector and influence policy formulation. In the case of the latter, the publications are expected to serve as inputs in the formulation of policies by the government and its Development Partners. As well, the Department's outputs serve as credible reference materials for businesses, researchers. think tanks and other non-state actors. On the whole, the shared information contributes to providing a conducive business environment to support the operations of member companies. Similar to the tiered administrative structure of the Chamber, the activities of the Department are also carried out with the support of four (4) Committees, namely; Technical, Security, Energy and Finance & Budget Committees. The mandate of the Technical Committee includes resolving issues bordering on the technical aspects of mining, promotion of technology and innovation as well as sharing of best practices in health and safety. On the other hand, the scope of activities undertaken by the Security Committee relates to fostering a conflict-free environment to support mining operations as well as safeguarding assets and lives at the mines. Penultimately, the Energy Committee provides support on issues involving the availability, pricing and other related parameters that impact the main types of energy consumed by member companies; electricity and diesel. The Committee also facilitates the adoption of renewable and other forms of low carbon energy technologies in the mining sector. Finally, the Finance and Budget Committee has a dual mandate. Firstly, it has oversight of the process leading to the preparation of the Secretariat's budget and its execution. As well, it supports the Chamber's external engagements with duty bearers and stakeholders on fiscal and economic issues that are germane to the minerals and mining sector.

The outbreak of COVID-19 and the sequel containment measures necessitated a modification of the traditional objectives and related activities undertaken by the Department in 2020. In addition to focusing on initiatives that will improve the business environment of member companies and deepen the public's understanding of the mining sector's contributions to the economy, the Department also assisted member companies to contain the spread and effects of the viral disease on their operations. The ensuing sections provide a summary of the activities that were undertaken in the year under review according to the thematic areas of the Department.

Technical Committee

The membership of the Technical Committee could be categorized into two broad cohorts. The first group comprises representatives of producing mines, Affiliates, Contract Mining and Exploration member companies. While the producing mines are represented by their Mining and Health & Safety Managers, the others have a representative each on the Committee. The other group with co-opted members drawn from Associate member companies consists of the Minerals Commission and University of Mines and Technology (UMaT). The Minerals Commission is represented by the Chief Inspector of Mines whereas UMaT is represented by a senior faculty member.



Some members of the Technical Committee

In 2020, the Committee held four quarterly meetings at AngloGold Ashanti Iduapriem Limited, Abosso Goldfields Limited, Adamus Resources Limited, and AngloGold Ashanti Obuasi Limited respectively. Apart from the first quarter meeting which was held in person, the remaining ones were held virtually due to the restrictions on public gathering precipitated by the outbreak of COVID-19. A summary of the core activities undertaken under the auspices of the Committee or directly by the Secretariat is presented in the next section.

Incident Notification and Emergency Response Portal

In line with the Chamber's efforts to improve the dissemination of incidents at the mines and the associated learnings, the Technical Committee partnered with the Secretariat to finalize the

setting up of the Incident Notification and Emergency Response Portal. The portal was launched at the Council meeting of 29th May 2020 after a test run of its functionalities.

Following the completion of the set-up of the portal, it will serve as the primary medium for sharing information on incidents at the mines. This is expected to not only apprise members of happenings at other mines but also to enable them to take the requisite measures to forestall analogous incidents. Furthermore, the portal, which was developed by a subsidiary of Mantrac, Unatrac, has the capability of allowing users to solicit assistance from other mines.

Engagements on Local Refining of Doré

- Working Visit to Rand Refinery Limited

The Secretariat, represented by the Chief Executive Officer, Mr. Sulemanu Koney, and the Manager, Research and Analysis, Mr. Christopher Opoku Nyarko, joined a delegation from the Ministry of Lands and Natural Resources, Minerals Commission, Minerals Development Fund and Precious Minerals Marketing Company to visit Rand Refinery from 7th to 9th February 2020.

The visit, which was led by the Minister of Lands and Natural Resources, Hon. Kwaku Asomah-Cheremeh, was primarily to obtain a first-hand appreciation of the operations of a refinery and workings of the London Bullion Market Association (LBMA). Moreover, the deliberations were expected to contextualize the government's efforts to set up an LBMA accredited refinery in the country through PMMC. It also provided an opportunity for the delegation to learn and share best practices in the continuum of activities leading to the refining of the doré and sale of refined gold products, including assay of concentrates and doré received from mine sites.

The managers of the LBMA accreditation process, who were also part of the meeting, took the delegation through their requirements and support system for potential applicants. In terms of the pre-requisites for initiating the accreditation process, they outlined the following

conditions:

- Be in existence for at least five (5) years and has been involved in refining the metal for which it is applying for at least three (3) years prior to the application;
- * Has an established annual refined production (which need not be in the form of standard bars) of at least ten (10) tonnes in the case of gold and 50 tonnes in the case of silver, for the previous three years;
- Has a tangible net worth equivalent to at least £15 million or such figure as the LBMA may from time to time determine:
- Ownership, financial standing and reputation would allow it to satisfy the "Know-Your-Customer" tests practiced in the London bullion market: and
- Must implement the LBMA Responsible Gold Guidance and/or the LBMA Responsible Silver Guidance and pass an audit before accreditation.



- Working Visit to the Royal Refinery Private Limited

As part of the Chamber's efforts to support the development of the in-country capacity to refine doré, the Chief Executive Officer, Mr. Sulemanu Koney, led a two-man delegation of the Secretariat to pay a working visit to the yet-to-becompleted Royal Refinery Private Ltd on 13th July 2020. The refinery is located at the premises of Precious Minerals Marketing Company (PMMC) in the heart of Accra's Central Business District (CBD).

The Managing Director of PMMC, Hon. Alhaji Sulemanu Alhassan, apprised the Chamber's delegation that the parastatal has entered into a joint venture with an Indian Investor, Royal Refinery Private Limited, to establish the refinery. He explained that PMMC has 20 per cent free equity interest in the refinery with the remaining shares owned by the foreign partner. After introducing the representative of the joint venture partner, Mr. Eric Frimpong, the Managing Director mentioned that the project was under the direct supervision of the board of PMMC and that it will contract the gold output of small-scale miners to the refinery when it commences commercial production. The refinery is expected to have a capacity of 300 kilograms per day after its completion.

On his part, the country representative of Royal Refinery Private Limited also stated that the construction of the refinery was expected to be completed by August 2020. He further indicated that the expatriate consultants for the project were expected to travel into the country after the reopening of the country's airport to international commercial flights As part of the measures to curb the spread of COVID-19, the country's ports were closed by the government.]. In a similar vein, he averred that some of the imported equipment to be installed in the refinery were yet to arrive due to COVID-19 induced challenges with freight. He also assured the Chamber of the refinery's commitment to apply for an LBMA accreditation when it commences commercial production.



The CEO of the Ghana Chamber of Mines, Mr. Sulemanu Koney, with officials of PMMC and Royal Refinery

Ghana

In line with the Bank of Ghana's strategy to diversify its foreign reserves, the management of the Bank engaged the Chamber on a proposed programme to purchase a part of members' refined gold. The Secretariat facilitated bilateral and group interactions between the Bank and producing member companies. It is expected that member companies will work with the central bank to develop a mutually acceptable framework.

- Interaction with GoldRidge Ghana Limited

The Chief Executive Officer of GoldRidge, Dr. Sledge Nana Yaw Duodu, paid a courtesy call on the Chief Executive Officer of the Ghana Chamber of Mines, Mr. Sulemanu Koney, to discuss the firm's intention to expand its operations to include refining services. He explained that the refinery will be sited at East Legon, in Accra, and that it will be completed by the end of 2021.

Further, he apprised the CEO that the refinery will commence production by sourcing its input from the small-scale producers and progress to obtaining the same from the large-scale producers after applying and obtaining accreditation from the London Bullion Market Association (LBMA). The CEO of the Chamber undertook to visit the refinery in 2021 following a request by his guest, Dr. Duodu.

Engagement with Ghana National Association of Small-Scale Miners

As part of its stakeholder engagements, the Secretariat of the Chamber of Mines interacted with the leadership of the Ghana National Association of Small-Scale Miners (GNASSM) on 10th July 2020. The Secretariat's team was led by the Chief Executive Officer, Mr. Sulemanu Koney, while that of GNASSM was its president, Mr. Philip Akufo.

The pith of the discussions was on the under-listed issues:

- Formalization of small-scale mining
- Building of capacity of small-scale miners with assistance from the Chamber

- Right of first refusal to concessions relinquished by large-scale mines to the Minerals Commission
- Remediation of inefficiencies associated with the 3 per cent withholding tax applicable to the export of gold in the small-scale sector

The meeting concluded with a resolution for both parties to meet biannually to deliberate and explore solutions to issues of mutual interests.

Meeting with the Chamber of Bullion Traders Ghana (CBTG)

In its quest to build strategic alliances and keep members informed of developments in the mining industry, the Secretariat engaged the newly formed Chamber of Bullion Traders Ghana (CBTG) on 14th July, 2020. The interaction provided an opportunity for the Secretariat to have a better understanding of the objectives and membership of CBTG as well as explore areas of cooperation.

The Chairman of the Chamber of Bullion Traders Ghana (CBTG), Mr. Kwaku Effah Esuahene, mentioned that the organisation was established in the latter part of 2019 and that it represents the interest of firms in the business of bullion trading and allied activities. Specifically, he stated that its members, which stood at thirty (30), include licensed gold buyers, agents of gold dealers, small-scale mining companies, financial institutions and suppliers of mining equipment. The ensuing discussions focused on the main challenges facing its members, such as the termination of transshipment services, high regulatory fees and administration of the 3 per cent withholding tax.

To address the issues raised by the Chairman, the CEO suggested that the Chamber will convene a meeting among the CBTG, Minerals Commission, Ghana Revenue Authority and the Chamber; a suggestion which was accepted by the leadership of the umbrella organization for bullion traders (The planned meeting was called off as a result of concerns expressed by one of the stakeholders).

Coordination of the Chamber's Response to the Outbreak of COVID-19

Prior to the outbreak of COVID-19 in Ghana, the Technical Committee supported the Secretariat to develop an emergency response plan for member companies. The plan, which was subsequently adopted by the Chamber's Council, was primarily aimed at ensuring business continuity in the event of an outbreak in the country and at the mines. In the period following the recording of the first case and imposition of lockdown and other restrictions, the Secretariat liaised with relevant Ministries and parastatals to obtain reprieves from the measures for member companies.

Further, the Secretariat liaised with the respective doctors of member companies to develop an advisory note on COVID-19 as well as coordinate the donation of medical consumables and equipment worth USD 2 million to the Ministry of Health and the main COVID-19 testing facilities; Noguchi Memorial Institute for Medical Research, Kumasi Centre for Collaborative Research in Tropical Medicine (KCCR) and National Public Health and Reference Laboratory.

The Secretariat also worked closely with the Food and Drugs Authority (FDA) to facilitate the first accreditation of a privately-owned laboratory to provide testing services for COVID-19. The laboratory, MDS-Lancet, was expected to provide testing services at the sites of some member companies. As well, the Secretariat assisted some member companies to set up autonomous COVID-19 testing facilities at their respective sites. Similarly, the Secretariat brokered partnerships for COVID-19 testing services with accredited laboratories on behalf of some member companies.



Inter-Mines First Aid and Safety Competition

The structure of the 2020 edition of the Inter-Mines First Aid and Safety Competition was modified due to the outbreak of COVID-19 and the subsequent measures that were instituted to curtail its diffusion. In lieu of the oral and practical contests, the competition was commemorated as a week-long media campaign on best practices in health and safety on the networks of a leading private media firm, Multimedia.

Specifically, the discussions on carefully selected topics were transmitted on the radio (Joy FM, Hitz FM and Adom FM), television (Joy News and Joy Prime) and social media outlets of the media house. The discussions were anchored by the chieftains of Health and Safety Departments of producing member companies as well as the Environmental Consultant of the Ghana Chamber of Mines, Nana Andoh. As well, the Secretariat worked with St. John Ambulance to produce short videos on how to administer first aid in the event of injuries at home, such as broken foot from slipping on a staircase.

Support to Mining Support Services and Manufacturing Firms

In line with the Chamber's avowed commitment to assist mining support services and manufacturing firms, the Technical Committee usually provides opportunities for such entities to interact with key decision-makers at its meetings. In the year under review, the mining support services firms that delivered presentations at the meetings of the Technical Committee were Riepco Ghana Ltd and Fortress Ghana Limited.

Interactions with the Inspectorate Division of the Minerals Commission

The Inspectorate Division of the Minerals Commission (IDMC) is a unit of the Minerals Commission that oversees the technical as well as health and safety aspects of mining in Ghana. In view of its central role in the mining industry, the Secretariat works closely with the Chief Inspector of Mines (CIM), who is the head of the Division, to enhance the outcomes of its regulatory activities. This is achieved through regular interactions with the CIM at the meetings of the Technical Committee and ad-hoc

engagements on policy-related issues pertaining to the regulatory remit of the IDMC.

Akin to previous years, the forum of the Technical Committee was the main avenue through which the CIM interacted with mining companies on policy proposals and operational issues in 2020. The CIM or his representatives participated in the quarterly meetings of the Technical Committee and seized the opportunity to discuss issues relating to compliance on reporting requirements, discussion of incident reports, review of fees and the schedule of exams for senior officers.

Industry-Academia Collaboration

In consonance with the Chamber's commitment to bridging the gap between the mining industry and academia, the Secretariat, under the aegis of the Technical Committee continued to provide adjunct faculty support to the University of Mines and Technology (UMaT) and other tertiary institutions. This took the form of presentations by faculty members of the University and other researchers at the forum of the Technical Committee. The Secretariat and member companies also regularly engage the services of UMaT on research activities and the technical aspects of mining.

In the year under review, the Secretariat continued to liaise with a team of researchers from the University, led by the Vice-Chancellor, Prof. J.S.Y. Kuma, to undertake a study on the linkages between the minerals and non-mining sectors. The outcome of the study, which will be shared with duty bearers and other relevant stakeholders, will inform policy formulation on how to maximize the potential of the mining sector's supply chain for national development.

Moreover, the Committee provided an opportunity for a doctoral candidate at the University of Newcastle, Australia, to share the findings of her research work on the topic "Health and Safety in Ghana's Mining Industry: Mental Health in Perspective". It is instructive to note that the data collection for the study was facilitated by the Technical Committee. Lastly, a faculty member of UMaT, Dr. Eric Stemn, delivered a presentation on

the topic "Assessing the Quality of Incident Investigations and its Effects on Safety Performance of the Mining Industry".

Memorandum of Understanding with the Ghana Institution of Engineering

The Technical Committee assisted the Secretariat to review a draft cooperation agreement between the Chamber and the Ghana Institution of Engineering. The agreement, which was in the form of a Memorandum of Understanding, was primarily intended to address technical and commercial engineering gaps in the supply chain of the mining industry. Overall, the remediation of these challenges is anticipated to enhance the implementation of local content initiatives in the mining industry.

National Assay Programme

Following the roll-out of the national assay programme in the large-scale mining sector in 2018, the Secretariat has been assisting the state assayer, Precious Minerals Marketing Company, with the technical and commercial aspects of the programme. The technical component of the programme involves analyzing assay reports of PMMC and refineries of member companies to ascertain whether the assay values are within the acceptable tolerance range or otherwise. On the other hand, the commercial aspect relates to the settlement of fees due PMMC for the statutory assay services rendered to the mines. In 2020, the Secretariat ceded the commercial component of the programme to PMMC and focused solely on the technical and protracted commercial issues.

Security Committee

The membership of the Security Committee consists of representatives from the producing member companies, Minerals Commission and state security agencies. Whereas the producing members are represented by their respective heads of security, the Minerals Commission, which is a co-opted member is represented by the Chief Inspector of Mines. As well, the state security agencies; Ghana Army, Ghana Police Service, National Investigations Bureau and National Security Council Secretariat, which are also co-opted members, are usually represented by senior officers.

In 2020, the Committee held its four quarterly meetings at AngloGold Ashanti Iduapriem Limited, Abosso Goldfields Limited, Adamus Resources Limited and AngloGold Ashanti Obuasi Limited. Except for the first quarter meeting, the others were held virtually due to the restrictions on public gathering triggered by the outbreak of COVID-19. The main activities that were undertaken by the Committee with support from the Secretariat are summarized in the following section.



Non-Deployment of State Security Officers

The Secretariat has been advocating for the deployment of police officers to replace the military personnel who were withdrawn from the mines in 2019. As an interim measure to bridge the security gap, the Secretariat liaised with member companies to find credible alternative solutions to the challenges. This primarily involved working with their respective local police officers to provide security for critical operations on an adhoc basis. Notwithstanding, member companies recorded an appreciable hike in security breaches at their concessions in the year under review.

Interaction between the Ministry of National Security and Security Committee

Further to the Chamber's advocacy on the deployment of security officers to the mines, the Ministry of National Security accepted to participate in a meeting of the Security Committee which was held on 12th March, 2020 at the Iduapriem Mine of AngloGold Ashanti. In the ensuing discussions, the Deputy Minister, Hon. Henry Quartey, expressed the Ministry's inclination to deploy police officers to the mines in place of the military. The Security Committee

supported the proposal by the National Security Ministry and therefore recommended that the Chamber should engage the latter on the subject.

Meetings with the National Security Ministry

The Chief Executive Officer of the Ghana Chamber of Mines, Mr. Sulemanu Koney, led a delegation comprising the Chairman of the Security Committee, Mr. George Anyema, and Manager, Research and Analysis, Mr. Christopher Opoku Nyarko, to interact with the National Security Ministry on the deployment of police personnel to the mines on 2nd July 2020. The Ministry of National Security was represented by its Chief Director, Col. Ababio Serebour, and an aide to the Deputy Minister of National Security, Mr. Samuel Amankwah.

The CEO apprised the Chief Director of the worsening security situation at the mines and its impact on operations at the mines as well as the investment decisions by prospective investors. He, therefore, appealed to the Ministry to deploy police personnel to safeguard the concessions of producing member companies of the Chamber. He pointed out that the presence of the uniformed officers at the mines would not only deter criminals but also enhance security in the contiguous communities. As well, he intimated that the measure would demonstrate the government's commitment to providing security for private capital and investments.

In response to the CEO's request, the Chief Director suggested that it would rather be expedient to set up a dedicated police unit for the mining industry as it obtains in the marine as well as oil and gas sectors. According to him, the recruits for the unit will be trained jointly by the police and military to imbibe in them a high sense of professionalism. The CEO expressed support for the proposal and mentioned that the Chamber could even participate in the training of the officers as well as resourcing the unit. In that regard, the Chief Director requested the Chamber to submit a proposal on how it would support the creation of the new police unit, a request that has since been honoured by the Chamber (The Chamber facilitated the training of the officers assigned to the newly created unit).

Following a delay in the creation of the proposed unit and exacerbation in security breaches at the mines, the Secretariat appealed to the Minister of Finance, Hon. Ken Ofori-Atta, who in turn facilitated a meeting between the Chamber and Minister of National Security, Hon. Albert Kan Dapaah. The meeting, which took place on 27th August 2020, affirmed the government's position to deploy specialized police officers to the mines.

Meeting with the National Security Advisor

Following the Ministry of National Security's decision to create a dedicated police unit for the mining industry, the Chamber interacted with the National Security Advisor, Brig. Gen. Emmanuel Okyere, on 29th October 2020. The meeting was also attended by the Director-General of Operations of Ghana Police Service, COP Kwaku Boadu-Peprah, who represented the Inspector General of Police. In the ensuing deliberations, both parties agreed on a framework for the deployment of the officers to the beneficiary-producing member companies. The National Security Advisor requested the Secretariat to liaise with the Police hierarchy to finalize the deployment plan.

Meeting with the Ghana Police Service

Led by its Chief Executive, Mr. Sulemanu Koney, the Secretariat engaged the Ghana Police Service on 17th November 2020 to advance the discussions relating to the creation of the mining police unit. The Inspector General of Police, Mr. James Oppong-Boanuh, undertook to facilitate the deployment of the officers ahead of the national elections on 7th December, 2020. However, events leading to the elections made it onerous for the police administration to keep to its timelines. The police officers were expected to be deployed to the mines in 2021[The officers were deployed to the beneficiary producing mines on 6th May, 2021].

Withdrawal of Military Contingent of Operation Vanguard

The government announced the pullout of the military contingent of Operation Vanguard in March, 2020. Consequently, the anti-illegal mining

task force comprised solely of police personnel, who sustained the efforts to stem illicit mining in the country. The Secretariat and member companies continued to offer the required support to the new leadership of Operation Vanguard.

Voluntary Principles on Security and Human Rights

The Secretariat continued to participate actively in the Working Group meetings of the Voluntary Principles on Security and Human Rights (VPSHR). In 2020, the Working Group engaged the Commission on Human Rights and Administrative Justice (CHRAJ) to undertake a baseline study on human rights and security in the extractive industry. The consultant, CHRAJ, completed the fieldwork in December 2020 and it is expected to share the findings with the ICWG at the first quarter meeting of 2021. As well, the ICWG engaged a consultant, Mr. Ernest Lartey, to develop a curriculum on VPSHR. It is instructive to note that the activities of the ICWG were funded by the Voluntary Principles Association (VPA). The Secretariat also continued to monitor member companies' level of compliance to the tenets of the VPSHR and there were no significant human rights violations by member companies or host community members in 2020.

Energy Committee

The membership of the Energy Committee consists of the heads of electrical and instrumentation units and other professionals that supervise the electricity and fuel needs of producing member companies. Representatives of state utility companies and regulatory bodies with oversight roles of the energy sector also participate in the meetings of the Energy Committee as co-opted members. These institutions include Volta River Authority (VRA), Ghana Grid Company (GRIDCo), Electricity Market Oversight Panel (EMOP), Energy Commission and National Petroleum Authority (NPA).

In the year under review, the Committee held three (3) meetings and the discussions centered on security in the supply of electricity and diesel as well as their respective tariff structure. Overall, there were minimal interruptions in the supply of electricity to the mines in 2020 relative to 2019. As in the preceding year, the tariff of VRA trended downwards due to the increased availability of gas and generation of electricity from gas-fueled plants. The next section summarizes the activities undertaken by the Committee in 2020.

Interaction with the National Petroleum Authority

The Head of Pricing of the National Petroleum Authority, Mr. Abass Tasunti, took part in the first quarter meeting of the Committee, which was held on 28th February, 2020, and he delivered a presentation on the pricing regime of gas oil (diesel) supplied to the mines. He explained that the tariff paid by mining companies comprises the ex-refinery price and taxes, levies and margin. The ex-refinery price is equivalent to the delivery price of diesel to the bulk distributing companies (BDCs) while the other components were mainly payments that accrue to the government and its agencies as well as dealers in fuel products. The ex-refinery price is determined by the NPA based on parameters which include the price of crude oil on the world market and freight charges.

Following his presentation, the Committee made the following recommendation to the Secretariat:

- Request the Ministry of Energy and NPA to deregulate the ex-refinery price of gas oil for industrial consumers as it pertains to the retail market
- Advocate the exclusion of the under-listed levies from the price build-up of gas oil supplied to the mines since they did not apply to the mining industry:
- Energy Debt Recovery Levy
- Price Stabilization and Recovery Levy
- Primary Distribution Margin
- BOST Margin
- Fuel Marking Margin
- Road Fund Levy

Meeting with the Ministry of Energy and the National Petroleum Authority

In line with the Chamber's advocacy priorities and recommendations of the Energy Committee, the Secretariat held a joint meeting with the Ministry of Energy and National Petroleum Authority on

25th August 2020 to deliberate on the pricing regime of gas oil supplied to the mines. The meeting concluded with a decision for the NPA to deregulate the ex-refinery price of gas oil supplied to the mines. As well, the Ministry of Energy undertook to liaise with the Ministry of Finance on the Chamber's request for the exclusion of the under-listed levies and margins from the price build-up of gas oil supplied to the mines:

- Energy Debt Recovery Levy
- Price Stabilization and Recovery Levy
- Primary Distribution Margin
- BOST Margin
- Fuel Marking Margin
- Road Fund Levy

Subsidization Programme for Consumers of Electricity

The government announced its decision to absorb 50 per cent of the cost of electricity consumed by mining companies and other consumers of electricity for the period April to June 2020, using the levels of demand in March 2020 as a benchmark. This intervention was part of the state's efforts to support industries and individuals to cope with the economic shocks brought in the wake of the outbreak of COVID-19.

In respect of the mining industry, the state's concession translated into a saving of GHS44 million per month (approximately USD 8 million), excluding mining companies who obtain electricity from the Electricity Company of Ghana (ECG). It must be noted that the latter were also beneficiaries of the intervention.

Interaction with Independent Power Producers

In line with its objective of diversifying the sources of supply of electricity and encouraging the inclusion of renewable energy in the power-mix of member companies, the Committee engaged Independent Power Producers (IPP). Akin to the previous years, the Committee provided opportunities to some IPPs to deliver presentations at its meetings. These include Mainstream Renewable Power and NEK Umwelttechnik AG. Moreover, the Secretariat responded favourably to requests for information on the energy demands of the mining industry

from IPPs and other stakeholders.

Engagements with Ghana Grid Company

In order to pre-empt unplanned disruptions in the transmission of electricity to the mines, the Committee continued to engage regularly with the leadership of Ghana Grid Company (GridCo). GridCo equally took part in the quarterly meetings of the Committee to update members on their activities. These engagements ensured that the Chamber and its members were abreast of the operational situation of GridCo. Furthermore, members were also informed timeously of any developments on the national grid that could impact negatively on their operations.

Interactions with Volta River Authority

In view of the strategic importance of the Volta River Authority (VRA) in the generation of electricity, the Secretariat facilitates regular meetings between the former and producing member companies. The interactions between member companies and their main supplier tend to focus on issues relating to the tariff as well as the availability of generation plants and fuel. VRA also participated actively in the meetings of the Committee and leveraged the forum to brief members on its operations and challenges. In the year under review, VRA reviewed its tariff downwards.

Finance and Budget Committee

The membership of the Finance and Budget Committee comprises representatives from the Represented, Affiliates and Contract Mining member companies. Whereas each of the Affiliates and Contract Mining Group has one representative on the Committee, the Represented member companies have a representative each. Typically, members of the Committee are persons who occupy managerial roles in the tax, finance, accounting and other related departments.

In 2020, the Committee held four (4) quarterly meetings to review the financial performance of the Secretariat. The Committee assisted the Secretariat with inputs on position or policy papers that bordered on fiscal and economic issues. Further, some members also participated

in the Chamber's meetings with parastatals that have supervisory roles over economic and tax policies. It also deliberated and proffered solutions to a range of fiscal issues that affected the operations of member companies. The main activities that were undertaken by the Secretariat with the support of the Committee are summarized below.

Interaction with Ghana Revenue Authority

The Chief Executive Officer, Mr. Sulemanu Koney, led a delegation of members of the Finance and Budget Committee (FNB) and staff of the Secretariat to interact with the leadership of the Ghana Revenue Authority (GRA) on 15th December, 2020. The GRA team was led by the Commissioner-General, Rev. Ammishaddai Owusu-Amoah and the discussions focused mainly on the frequency of unplanned audits undertaken by GRA and the associated negative impact on the productivity of the affected mines.

While acknowledging that the audits enabled GRA to ascertain the exactitude of payments made by mining companies, the CEO also pointed out that the practice was weighing on the time cost of employees. The Chairman of the FNB, Mr. Edwin A. Acquaye, also stated that the practice sent negative signals to investors as the regularity of the impromptu audits was indicative of wrongdoing by mining companies. The CEO, therefore, urged the GRA to streamline its audits and share an audit schedule with members. He mentioned that this approach would yield optimal outcomes for both GRA and producing member companies of the Chamber in terms of economizing on the time cost of employees.

In response to the concerns raised by the Chamber, the Commissioner-General ascribed the situation to inadequate coordination among the various units of the Authority. He also mentioned that some of the audits were undertaken at the behest of the Ministries of Finance and Land & Natural Resources as well as parastatals such as the Minerals Commission without prior notification to the GRA. He intimated that the Authority would synchronize its audit activities at the mines to obviate the problem. Further, he informed the Chamber's delegation about the

establishment of a dedicated Tax Audit and Quality Assurance Unit, to resolve the concerns of taxpayers.

The other issues that were discussed bordered on the following themes:

- Multiplicity of Audits
- Tax Audit and Quality Assurance Unit
- Dedicated Mining Unit and Training of GRA Officers
- Transfer Pricing Regulations
- VAT Refund and VAT Relief Purchase Order
- The mandate of the Mining Desk of Customs Division
- Tax Appeals Board
- Surcharge of VAT on Supply of Electricity

Interaction with the International Monetary Fund

At the behest of the Ministry of Finance, the Secretariat participated in a meeting of the International Monetary Fund on 3rd October, 2020. The pith of the discussions, which was part of the Article IV consultations of the Fund, was on actual and projected production volume of member companies and the drivers of the production trends. The Secretariat shared planned production data with the IMF.

Engagements with Non-State Actors

In tandem with its vision of effectively representing the mining sector, the Secretariat places a premium on its relationship with nonstate actors such as Non-Governmental Organizations, Think-Tanks and academia. Accordingly, the Chamber endeavours to participate in events convened by these institutions as such engagements provide a medium for the exchange of ideas and dissemination of information on the minerals sector.

In 2020, the Department represented the Chamber at some events hosted by non-state actors such as African Centre for Energy Policy, Natural Resource Governance Institute, Ghana Integrity Initiative and Star Ghana Foundation.

Moreover, the Department supported postgraduate students and other researchers with data to fulfill the objectives of their study. Overall, the Secretariat interacted with about forty (40) undergraduate, masters and doctoral candidates as well as over fifteen (15) research institutions, including the University of Ghana Business School and Institute for Statistical, Social and Economic Research (ISSER)

Research Work

In 2020, the Department advertised a call for proposals for a study on positioning Ghana as the hub of mining support services in Ghana. Out of the thirteen (13) companies that responded to the advertorial, four (4) firms were short-listed for the final round of the selection process. The selected firm will be required to commence the study in 2021.

Analytical Reports

In keeping with the Chamber's commitment to providing relevant and timely data to the mining industry's stakeholders, the Department published a number of analytical reports. These publications, which are available on the Chamber's website, usually address issues ranging from mineral production to contributions of the mining sector. Examples of such write-ups include Performance of the Mining Industry, Mining Industry Statistics and Data for Ghana, Publish-What-You-Pay and semi-annual reports on production parameters.

Advocacy Papers

As part of its mandate, the Department analyses government policies and directives that have potential ramifications on the mining sector and proffers responses or recommendations to such developments. Typically, the Department collaborates closely with other units of the Secretariat and member companies in developing an industry response to policy prescriptions. The output of such collaborative engagements, which may take the form of an issue or position paper and briefing notes, becomes the blueprint document for the Chamber's engagement with the relevant parastatal. In 2020, the papers that were developed by the Department include the

following:

Briefing Notes

Typically, briefing notes are prepared to inform duty bearers on developments and specific challenges in the mining sector. It is the main document that guides an interaction between the Chamber and a parastatal or government functionary. The Department prepared briefing notes for interaction with the following government agencies:

- Office of the President
- Ministry of Lands and Natural Resources
- Ministry of National Security
- Ghana Revenue Authority

Issue and Position Papers

Issue papers are an aggregation of challenges that confront the operations of member companies and are classified based on the parastatal with the mandate to resolve such concerns. On the other hand, position papers reflect the Chamber's stance on a specific policy directive by the government and its agencies. Some of the papers that were developed by the Department in 2020 include the following:

Treatment of Free Carried Interest in Mining Companies

The Secretariat responded to a policy brief on the treatment of free carried interest by the Ghana Extractive Industries Transparency Initiative (GHEITI), which recommended that the state's 10 per cent equity in mining companies should be converted into advanced guarantee payments. In its position paper, the Secretariat disagreed with the recommendation of GHEITI and proffered other ways of optimizing the state's share in

mining companies.

Fiscal Paper

It is a compilation of all fiscal-related issues that impinge on the operations of member companies.

Ghana Extractive Industries Transparency Initiative

As a founding member of the Ghana Extractive Industries Transparency Initiative (GHEITI) and in line with its value of promoting transparency, the Chamber participated actively in the engagements of the Initiative in 2020. Some of the GHEITI-led activities that the Chamber took part in are as follows:

- Launch of the 2017/2018 Reconciliation Report on the mining and oil/gas sectors
- Launch of the Beneficial Owner Register by the Registrar-General's Department
- Validation workshop for the study on the impact of GHEITI-induced reforms on revenue generation from the extractive sector.



Some members of the Multi-Stakeholder Group of GHEITI

ECOWAS FEDERATION OF CHAMBERS OF MINES

Background

The ECOWAS Federation of Chambers of Mines (EFEDCOM) seeks to advocate for and influence the promulgation of effective policies to promote sustainable and responsible mining in West Africa to ensure a vibrant mining industry which benefits all stakeholders. The current membership of EFEDCOM's General Assembly is made up of members from Guinea, Ghana, Burkina Faso, Cote D'Ivoire, Togo, Nigeria and Mali, with Women in Mining Africa (WIMOWA) as an Associate member. The applications from the Chambre des Mines of Senegal and the West African Institute of Mining, Metallurgy and Petroleum (WAIMM) have been reviewed by the Executive Council and due to be ratified by the General Assembly.

Activities & Issues

During the year 2020, the restrictions to mobility imposed by countries including that of the subregion disabled in-person meetings of the Federation. In the circumstances, the Federation held a virtual Executive Council meeting and an Annual General Meeting.

In-Country Reporting

EFEDCOM developed a template that collected key issues and concerns of its members relating to their respective Legal & Fiscal Regimes, Safety Health & Environment, Community Relations, Local Content, Energy & Power and Skills Development.

The collated information is a repository that guides the Federation in its policy formulation and interaction with key stakeholders on the aforementioned matters.

COVID-19 Impacts

As a leading global frontier for mining operations, West Africa was not insulated from the ravages of the corona virus pandemic which hit the region in March. Its disruption of businesses and their supply chains is quite legendary. No doubt the mining industry in West Africa was adversely affected. However, the extent of impact varied from one country to the other.

For example, in Burkina Faso six mines were affected and were therefore quarantined. Exploration activities in that country came to a halt. Recruitment into the industry was also stopped.

In Cote D'Ivoire, the restriction in movement of goods and services affected production levels. To cope with this situation, companies pooled resources to ensure bulk supplies as well as exports to minimise transportation cost.

The member Chambers of EFEDCOM made financial and material contribution to their governments towards the fight of the pandemic. Some of the contributions by the members of EFEDCOM are enumerated in the table below:

| Member | Country | Value/Worth |
|---|---------------|------------------|
| Chambre des Mines du Guinee | Guinea | USD\$955,263.00 |
| Ghana Chamber of Mines | Ghana | USD\$2Million |
| Chambre des Mines du Burkina | Burkina Faso | 200Million F CFA |
| Groupement Professionneldes Miniers de Cote D'Ivoire | Cote d'Ivoire | USD\$1.3Million |
| Association Professionnelle des Industries Extractives du Togo (APIET) | Togo | 200Million F CFA |

It is important to emphasize that in addition to these contributions, members of EFEDCOM and their respective member companies have undertaken important interventions within their communities to protect life and reduce the effect of the pandemic on their operations for the benefit of their employees and the host communities.

1st Annual General Meeting of EFEDCOM

The Federation hosted its first Annual General Meeting on 16th December, 2020, virtually. Members of EFEDCOM, representatives of the ECOWAS Commission Secretariat, Development partners and key stakeholders participated. The President of the General Assembly, Mr. Kwame Addo-Kufuor presented his presidential address and seized the opportunity to address the position of EFEDCOM on issues affecting the industry.



Chirano



Kinross Chirano General Manager's Scholarship Scheme

We support education in our local communities with the provision of infrastructure, teacher incentives and interventions such as the Kinross Chirano GM's Scholarship.



LEGAL AND LEGISLATIVE AFFAIRS COMMITTEE (LLAC) REPORT

Introduction

The Legal and Legislative Affairs Committee (LLAC) of The Ghana Chamber of Mines (the Chamber) has the mandate to continually review, examine, appraise and evaluate developments and happenings in the mining sector and where necessary, initiate or pre-empt all policy and legal/legislative issues which are of relevance or consequential to and could potentially impact the mining industry in Ghana. Members are then required to advise the Chamber and make recommendations as to strategies the Chamber should employ to forestall any negative consequences of such issues by taking concerted action through lobbying and advocacy.

To carry out its mandate and accomplish the legal and legislative objectives/goals of the Chamber in 2020, the LLAC carried out a number of programmes and activities during the year.

Membership of Committee

In the year under review, representatives of member companies of the LLAC and their alternates were as follows:

- Juliet Manteaw-Kutin
 - (AngloGold Ashanti Ltd) Chairperson
- Michael Akafia/Paulo Adiei Okpoti
 - (Gold Fields Gh Ltd) Member
- Robert Agbozo/ Richard Dery
 - (Newmont Gh Gold Ltd Member
- Frederick Asare
 - (Golden Star Resources Ltd) Member
- Abdul Baasit Aziz Bamba
 - (Azizbamba &Ass. /Affiliates) Member
- · Chris Nyarko,
 - (Chamber's Secretariat) Member
- · Sheila Minkah-Premo
 - (Apex Lawconsult) Secretary

Overview of Activities Undertaken

The LLAC held a number of meetings to discuss and review policy and legal issues of relevance and consequence to the Chamber and in particular to the mining industry during the period under review. Some of the issues are summarised below.

Legislations Reviewed

The Committee reviewed and considered several bills and laws during the year including those listed below.

The Minerals Income Investment Fund Act, 2018 (Act 978) – The Committee discussed the recent amendments that were made to this Act.

Special Import Levy (Amendment) Act, 2019 (Act 1004) – This law amends the Special Import Levy (Amendment) Act, 2019 to extend the period of application of the Special Import Levy and to provide for related matters. Committee members reviewed this law.

Income Tax (Amendment) Act, 2019 (Act 1007) – This law amends the Income Tax Act 2015 (Act 896) to revise the rates of tax for the chargeable income for a resident individual for a year of assessment and provides a tax holiday for automobile manufacturers and assemblers. Committee members reviewed this law.

State Interests and Governance Authority Act, 2019 (Act 990) - The SIGA Act was passed to oversee and administer Government's interest in state-owned enterprises, joint venture companies and other state entities. The Committee reviewed this law whilst discussing its impact on the mining industry. Section 23 of the SIGA Act was reviewed, as this section requires some entities classified under the Act to pay some fees and charges categorised as 'monitoring fees'. Members deliberated on the reference to monitoring fees. It was noted that there was no reference to such fees in the Fees and Charges (Miscellaneous Provisions) Instruments, 2019 (L.I 2386). The next step will be to get feedback directly from SIGA on how much the fees will be.

Companies Act, 2019 (Act 992) - The LLAC reviewed the new Companies Act (Act 992). The attention of members was drawn to sections of the sample forms on Beneficial Ownership.

Corporate Insolvency and Restructuring (Amendment) Act, 2020 (Act 1015) – Members reviewed this Bill, which became an Act in April

GHANA CHAMBER OF MINES ANNUAL REPORT 2020

2020. This law is intended to provide for the administration and official winding up of insolvent companies and other bodies corporate and for related matters.

Land Act, 2020 (Act 1036) — Parliament passed the Land Bill in the month of July 2020. The Land Act will guide and regulate land acquisition and administration in the country. The law which members discussed has revised most of the laws on land, with a few exceptions, harmonizing them into one enactment. This provides easy access to legislation on land and will help remove the overlaps and inconsistencies that are currently associated with land registration.

Legislative Instruments

Land Use and Spatial Planning Regulations, 2019 (L.I. 2384) - Members of the Committee obtained and reviewed the L.I. to point out issues of relevance to the mining industry and for the attention and consideration of the Chamber.

Fees and Charges (Miscellaneous Provisions) Instruments, 2019 (L.I 2389) - The Committee members reviewed this law and realized that it will have a negative impact on mining companies. This law was passed pursuant to the Fees and Charges (Miscellaneous Provisions) Act, 2018 (Act 983) to regulate the fees and charges imposed by all Government Ministries, Departments and Agencies. The Minister for Finance is responsible for endorsing the fees and charges that may be imposed by these Government bodies in accordance with Act 983. With the passing of this law, mining companies are required to pay to the Ghana Investment Promotion Centre (GIPC) new exorbitant charges for technology transfers. We helped the Chamber to advocate for its modification and reduction of the charges.

Minerals and Mining (Mining Operations – Tracking of Earth Moving and Mining Equipment) Regulations, 2020 (L.I 2404) - These Regulations are to provide for the registration and tracking of earth moving and mining equipment used in mineral operations. The law will ensure that the earth moving, and mining equipment are used only in the specific mineral right area that the equipment is registered for. Equipment that does not have the tracking affixed to it will be seized.

Bills in Parliament

Tax Exemption Bill - The Chamber requested the LLAC to review this Bill and advise on its implications for the mining industry. Members were able to obtain a copy of the bill in the year under review and advised the Chamber on its implications for the industry.

Minerals Income Investment Fund (Amendment) Bill, 2020 – The general purpose of this Bill is to amend the Minerals Income Investment Fund, Act 2018 (Act 978) which was passed to maximize the value of minerals' income for the benefit of citizens of the country. Committee members in the course of the year reviewed this Bill and discussed the impact it would have on the mining industry.

Petroleum Hub Development Corporation Bill, 2020 – Passed by Parliament on the 26th of October 2020, the purpose of this Bill is to strategically position Ghana as a hub for the petroleum downstream industry in the West African sub – region.

Others

Review of Minerals and Mining (Local Content and Local Participation) Regulations, 2019 – This law seeks to repeal part of the Minerals and Mining (General) Regulations, 2012 (L.I 2173), specifically Regulation 1 and 2. The main aim of the law is to deal with local content within the mining industry. Members of the LLAC reviewed this legislation during the year under review and noted that the Regulations appear to have gone beyond the ambit of the Minerals and Mining Act, 2006 (Act 703) and there was a need to address this.

Review of Minerals and Mining Legislative Instruments and the Minerals and Mining Act, 2006 (Act 703) – Members of the LLAC reviewed some of the Regulations to Act 703 especially the Minerals and Mining (Support Services) Regulations, 2012 (L.I 2174) to apprise themselves of the stipulations of the laws with respect to emerging minerals and mining-related issues and the intended review of the Minerals and Mining Act, 2006 (Act 703).

Environmental Guidelines for Mining in Forest Reserves in Ghana – Members reviewed a document called the Environmental Guidelines for Mining in Forest Reserves in Ghana. A series of meetings organized by the Environmental Protection Agency (EPA) on Mining in Forest Reserves took place in 2020. The aim of these meeting was to transform the 2020 Guidelines on Mining in Forest Reserves into Regulations or Legislative Instruments (L.I.s).

Other Issues Addressed

The Committee also considered other issues during its meetings including the following:

Government's Right of Pre-Emption - At the instance of the LLAC, the Chamber wrote to the Ministry for Mines on the issue of re-triggering the right of Pre-emption and its implications for Ghana as an investment destination for mining. The Chamber submitted a proposal to the Minister responsible for Mines for consideration. In addition, the Chamber also held discussions with the Minister on the potential of local refineries in Ghana.

Due Diligence on Gold Coast Refineries – The Chamber engaged the services of Bentsi-Enchill, Letsa and Ankomah (BELA) to conduct a due diligence report on Gold Coast Refineries that was being considered by government to refine gold. The Committee members were asked to review proposals from BELA and Norton Rose Fulbright LLP (a company selected by BELA to do some of the work in Europe) including their engagement letters/contracts. The matter has now however been stalled.

Restricted Mining Lease — Members of the Committee deliberated on the issue of a letter received by some of their respective companies from the Minerals Commission requesting them to cede some of their concessions for community mining. In collaboration with members of the LLAC, the Chamber obtained copies of some of the relevant letters from the mining companies and subsequently discussed the matter with key officials of the Minerals Commission and followed it up with a formal letter to the Minerals Commission. Members of the Committee concluded that mining companies could not cede off some of their concessions under the suggested conditions since this would be contrary to law.

Supreme Court Case Against Mining Companies - Members reported on the status of actions their companies had taken with respect to the suit filed against them, the Attorney-General, the Minerals Commission by two Members of Parliament at the Supreme Court for working with non-ratified Mining Leases. The Chamber and Members of LLAC monitored the progress of the suit, which is still pending even though no action has been taken with respect to it for a long time.

High Court suit against some members of the Chamber – A suit was filed in the High Court by one David Addo against the Attorney General, the Minerals Commission and seven (7) mining companies all of which are members of the Chamber on the implications of the nonratification of their Mining Leases. David Addo sought among others for a declaration that the 3rd to 9th Defendants are engaged in illegal mining of the natural resources of the Republic of Ghana due to the fact that they are working on mines whose leases have not been ratified by Parliament and a further declaration that all revenues and financial gains (proceeds) or minerals obtained by the 3rd to 9th Defendants as a result of their exploitation/extraction of natural resources were obtained illegally. He also called for auditing and a recovery of proceeds from earnings made and for other reliefs. This case was adjourned a number of times and following a motion to strike out the suit on the 21st day of August 2020 the case against the Defendants were dismissed by the court since the court expressed the view that the case raised issues about the interpretation of the Constitution and a suit was already pending in the Supreme Court on the issue.

Lessons from Beiersdorf Ghana Limited Case - Members of the LLAC reviewed this case, which had implications for tax waivers for technology transfer agreements. The judgment indicated that if the company was not registered at the Ghana Investment Promotion Centre (GIPC), then a company couldn't benefit from tax waivers. Members therefore recommended that member companies should endeavour to register at the GIPC so they can benefit from tax waivers. An appeal was filed against the decision and the judgment came out late in December 2019. Members of the LLAC undertook to review the implications of the outcome of the judgment for the industry.

Beneficial Ownership – Members deliberated and were unclear on whether high risk-mining companies listed on the American Stock Exchange and other International stock exchanges were supposed to fill out the Beneficial Ownership forms. Members found out that such companies were meant to complete the forms. The Beneficial Ownership forms made a provision for such companies to provide an index or a link to where a register of shareholders could be located.

Minerals Commission's Letter to Companies to Set up Blocks of 300 Cadastral Units – Members of the Committee discussed this new directive of the Minerals Commission and noted that it will not augur well for the interest of their respective companies.

Request from Supply Managers Committee on Anti-Trust Laws — The Supply Managers Committee forwarded to Committee members a proposal they had put together for group buying and requested the LLAC to provide advice on whether it breached any anti-trust laws of Ghana. Members of the LLAC produced a Memorandum responding to the matter.

Fees and Charges (Miscellaneous Provisions) Instruments, 2019 (L.I 2386) – Members noted that the GIPC charges for the registration of technology transfer agreements were exorbitant and high. A memorandum was prepared for the Chamber to be forwarded to the Minerals Commission for further instructions. The Chamber was tasked to engage the Ministry of Finance before such fees were introduced in future. A memorandum was prepared and shared with Price WaterhouseCoopers (PWC) who provided comments. The Chamber followed up on the matter.

Issues relating to the Minerals Income Investments Fund Act — Members of the Committee and the Chamber were tasked to follow up on issues relating to the Minerals Income Investments Fund Act and also to intensify advocacy on the need for a Natural Resource Governance Bill. There has been no movement on the drafting of this Bill as the Government's focus was on the Agyapa deal.

Refinery Being Set up by PMMC and its Partners – Members reported that the facility being built by PMMC and its partners was nearly finished. However, PMMC was waiting for the arrival of some machines that had delayed due to the Coronavirus pandemic. PMMC also needed foreign experts to help set up the machines, who had not been able to come due to the closure of the Kotoka International Airport to passenger traffic.

GHEITI Policy Proposal on Reforming the Treatment of Ghana's Free Carried Interest in Mining Operations – Committee members were required to provide comments on a Policy Proposal by the Ghana Extractive Industry Transparency Initiative (GHETI) entitled "Reforming the Treatment of Ghana's Free Carried Interest in Mine Operations (Policy Proposals)". The Policy Proposals are based on the recommendation made for the Government of Ghana to consider and initiate reforms that provide greater certainty around the expected benefits from its free carried interest in mine operations. A memorandum was prepared by the Committee and sent to the Chamber for consideration and forwarding to the Minister of Lands and Natural Resources through the Minerals Commission.

ECOWAS Federation of Chambers of Mines (EFEDCOM) Meetings - The Secretary of the LLAC informed members that EFEDCOM had held a virtual meeting earlier on in the year. However, due to the COVID – 19 pandemic, travelling around West Africa was difficult. Therefore, members were informed that an AGM for the year 2018/2019 would be held virtually on the 16th of December 2020.

Issues Relating to Agyapa Royalties Transaction — Members deliberated and shared articles on this issue. The Secretary of the Committee drafted an opinion to the Chamber concerning the potential implications that the Agyapa transaction will have for mining companies. This opinion was shared with members to review. In addition, some members of the LLAC committee were supposed to partake in a meeting between the Chamber and the Ministry of Finance concerning the Agyapa deal. However, this meeting did not take place in light of the work done by the Special Prosecutor.

Membership of the Committee – Desmond Tamakloe representing Perseus Mining Ghana Limited was an observer at the 3rd Quarter Meeting held on Tuesday the 27th day of October 2020. It was agreed that the Chamber would have to formalize his membership since Perseus was not originally a member of the Committee. This would have to be done with the approval of the Executive Committee.

Areas of intervention with regard to members by the Secretariat of the Chamber – The LLAC members provided an opinion to the Chamber on a list of the areas of intervention by the Chamber's Secretariat on issues of concern to members.

Meetings Attended and Other Activities

The Committee held a number of meetings to consider legal issues and policies that were of currency, interest and relevance to the mining industry, and by extension the Chamber. Altogether the LLAC held four (4) quarterly general meetings. Some members also attended other meetings held by the Chamber's Secretariat or its other committees as well as meetings with other stakeholders of the mining industry in 2020. These included

- General Meetings The four General Meetings were held on the following dates: May 12, 2020; August 18, 2020; October 27, 2020 and December 15, 2020.
- Other Meetings and Activities Members of the Committee attended meetings of other Committees of the Chamber and participated in other activities. Some of them are listed below:
- Annual General Meeting (AGM) of the Ghana Chamber of Mines – On the 29th of May 2020, the Secretary of the LLAC represented the Committee at the 2019 AGM of the Chamber. The meeting was held virtually via Microsoft Teams.
- Workshop on Introduction to Beneficial Ownership Requirements – On the 23rd of September 2020, the Secretary of the LLAC participated in a workshop hosted by the Registrar-General's Department (RGD) at Fiesta Royale Hotel, Accra. The workshop was held to sensitize the attendees of the extractive industry on the new requirement to

- provide data on the beneficial owner(s) of companies.
- The Chamber had been invited by the Environmental Protection Agency to attend a series of meetings of the Liaison Group on Mining in Forest Reserves. These meetings were held at Peduase Valley Resort from the 6th to the 7th of November 2020 and at the Accra Marriott Hotel from the 26th to the 29th of November 2020. The aim of the meetings was to transform the Environmental Guidelines on Mining in Forest Reserves into Regulations or Legislative Instruments (L.I.s). The Secretary of the LLC participated in the meetings.
- EFEDCOM A virtual Annual General Meeting was held on the 16th of December 2020. The Secretary participated in this meeting.

Challenges and Way Forward

Members sometimes found it difficult to attend Committee meetings, which coincided with meetings, programmes, assignments, and engagements they had at their respective mining companies. Members and Affiliates were encouraged to appoint an alternative member who can attend meetings on their behalf. Due to the COVID 19 pandemic, most meetings for the year 2020 were held virtually and attendance improved.

Going Forward Through 2021

The Committee looks forward with fresh resolve to carry out the responsibilities and obligations of its mandate and continually apprise itself of the legal and legislative landscape in a bid to take preemptive steps to respond to issues of relevance to the mining industry. This will be achieved by following, tracking, pursuing and addressing new issues referred to it and following-up on matters pending before it. Some of these are as follows:

- Monitor the charges/fees under the State Interest and Governance Authority (SIGA) Act (Act 990)
- Track the changes introduced by the Fees and Charges (Miscellaneous Provisions) Instruments Act under the Fees and Charges (Miscellaneous Provisions) Act, 2018 (Act 983)

- · Track the review of Laws on the Environment
- Track proposed review of the Minerals and Mining Act, 2006 (Act 703)
- Follow-up on the GHEITI Policy Brief on the treatment of the Government's free carried interest.
- Review of the Anti money laundering and Countering the Financing of Terrorism Guideline and Administrative Sanctions
 - Keep track of the Guidelines on Mining in Forest Reserves being transformed into a Legislative Instrument
 - Follow up on the L.I. on Local Content (Minerals and Mining (Local Content and Local Participation) Regulations, 2019
 - · Keep an eye on the Agyapa transaction
 - Push for a draft Natural Resource Governance Bill
 - Keep track of the passage of the Tax Exemptions Bill under the 8th Parliament.

The LLAC took decisions with respect to its activities in the year 2020. The Committee will

hold its usual quarterly meetings and emergency meetings where need be. We will also continue to advise the Chamber as and when needed. Members of the Committee will follow up on pending laws and bills and continue advocacy on the exclusion of mining from the GIPC Act. We will also follow-up on proposals to review the Minerals and Mining Act, 2006 (Act 703) and some of its Regulations

Conclusion

In sum, the above is an overview of the activities of the LLAC of the Chamber in 2020. The Committee anticipates a vibrant, fruitful and progressive year ahead. The Chamber's Secretariat was represented on the Committee during meetings making feedback easier. The LLAC has also resolved to continue working with a unified sense of purpose, better team spirit and cooperation among its members and in greater concert with the other committees of the Chamber in 2021. The LLAC also stands committed to support and facilitate the work of the other committees of the Chamber with its expertise and follow up on all outstanding and pending issues.

RELEVANT LAWS TO THE MINING INDUSTRY PASSED IN 2020

(A) ACTS OF PARLIAMENT

IMPOSITIONS OF RESTRICTIONS ACT, 2020 (ACT 1012)

The Imposition of Restrictions Act, 2020 (Act 1012), was enacted to provide powers to the President of Ghana for the imposition of restrictions in accordance with the constitutional provision on fundamental human rights in the event or imminence of an emergency, disaster or similar circumstance to ensure public safety, public health and protection. This is in line with social distancing measures and restriction the Government of Ghana had put in place against the spread of the Coronavirus disease (COVID - 19) pandemic in the country.

NOVEL CORONAVIRUS (COVID – 19) NATIONAL TRUST FUND ACT, 2020 (ACT 1013)

The Novel Coronavirus Covid-19 National Trust Fund Act 2020 (Act 1013) was passed into law by parliament on the 3rd of April 2020. It was enacted to establish the Novel Coronavirus National Trust Fund and to raise money to complement the efforts of government to combat the Covid-19 pandemic and also to design a programme to help the vulnerable and the needy with the amount of funds that would be raised.

CUSTOMS (AMENDMENT) ACT, 2020 (ACT 1014)

This law provides incentives for automotive manufacturers and assemblers registered under the Ghana Automotive Manufacturing Development Program (GAMDP) and for related matters. The Act was enacted to amend the Customs Act, 2015 (Act 891) and to provide incentives for automotive manufacturers and assemblers registered under the GAMDP. The Act provides import exemptions for security agencies and officers of the security agencies as well as related matters. This law also prohibits the importation of salvaged motor vehicles and specific motor vehicles over 10 years of age into the country.

CORPORATE INSOLVENCY AND RESTRUCTURING ACT 2020 (ACT 1015)

The Corporate Insolvency and Restructuring Act, 2020 (Act 1015) provides for the administration and official winding-up of insolvent companies and other bodies corporate. Act 1015 provides a legal regime for the administration of the business, property and affairs of a distressed company in a manner that provides an opportunity for the company to as much as possible continue in existence as a going concern. The Act focuses on the temporary management of the affairs, business and property of a distressed company as well as the placing of a temporary freeze on the rights of creditors and other claimants against a distressed company.

SUPPLEMENTARY APPROPRIATION ACT, 2020 (ACT 1018)

The Supplementary Appropriation Act, 2020 (Act 1018) provides for the withdrawal of sums of money from the Consolidated Fund for supplementary appropriation to meet Government's expenditure for the financial year ending 31st December 2019 in accordance with clause (8) and (9) of the Constitution.

NARCOTICS CONTROL COMMISSION ACT, 2020 (ACT 1019)

The Narcotics Control Commission Act. 2020 (Act. 1019) establishes the Narcotics Control Commission, a body corporate with perpetual succession. The Commission is responsible for ensuring public safety by controlling and eliminating trafficking in prohibited narcotic drugs and preventing the illicit use of precursors and coordinating the treatment and rehabilitation of drug addicts. The Commission focuses on offences related to narcotic drugs and plants cultivated for narcotic purposes and related matters. Act 1019 treats drug dependence as a public health issue rather than focusing on law enforcement, incarceration, punishment and repression. Act 1019 addresses the weaknesses in the Narcotic Drugs (Control, Enforcement and Sanctions) Act, 1990 (P.N.D.C.L 236).

CHARTERED INSTITUTE OF MARKETING, GHANA ACT, 2020 (ACT 1021)

The Chartered Institute of Marketing, Ghana Act, 2020 (Act 1021), empowers the Institute to set standards for the practice of marketing and to regulate the practice of the marketing profession in the country. To achieve these noble objectives, the Act further provides 11 functions of the Institute. The Institute can provide training and conduct examinations in accordance with international best practice to improve the skills and competencies of all those working in and aspiring to work in marketing. The Institute can also set the agenda for the practice of marketing and promote the role and value of marketing as a critical tool for business development.

MINERALS INCOME INVESTMENT FUND (AMENDMENT) ACT, 2020 (ACT 1024)

The Minerals Income Investment Fund (Amendment) Act, 2020 amends the Minerals Income Investment Fund, Act 2018 (Act 978) and clarifies the parameters for the operation of the Minerals Income Investment Fund. The law enables the Minerals Income Investment Fund to hold direct or indirect equity in a Special Purpose Vehicle (SPV) in any jurisdiction, including cross border transactions, in furtherance of the objects of the fund. Any such SPV will be free to operate as a regular commercial company with powers to procure the listing of an SPV on any reputable stock exchange that the board considers appropriate. The amendments seek to clarify the parameters within which the fund can operate so as to correctly demonstrate the original intention of Act 978 and to address issues over the mineral's royalty portfolio of the country.

COMMUNICATIONS SERVICE TAX (AMENDMENT) ACT, 2020 (ACT 1025)

The law was passed to allow for a reduction of the electronic service tax rate from 9% to 5% and to provide some relief for households and businesses that now rely on electronic communication services such as Internet Data and airtime bundles.

REGISTRATION OF BIRTHS AND DEATHS ACT, 2020 (ACT 1027)

This law amends the Registration of Births and Deaths Act, 1965 (Act 301). The law was passed to

provide for the decentralization of the Births and Deaths Registry in line with Chapter 20 of the 1992 Constitution and the Local Governance Act, 2016 (Act 936). The Bill will allow for the use of emerging technologies to improve the collection, collation and storage of births and deaths information to build a robust system critical for national development.

AIRCRAFT ACCIDENT AND INCIDENT INVESTIGATION AND PREVENTION BUREAU ACT, 2020 (1028)

The Aircraft Accident Investigation and Prevention Bureau Act, 2020 bolsters Ghana's quest of becoming an aviation hub in West Africa. The Act establishes an autonomous body to investigate, prevent, regulate and oversee the management of aircraft accidents that may occur in the country. The Aircraft Accident Investigation and Prevention Bureau will be able to carry out investigations and produce results that should be acceptable and meet international standards and practices of the International Civil Aviation Organisation (ICAO).

REVENUE ADMINISTRATION (AMENDMENT) ACT, 2020 (ACT 1029)

The Revenue Administration (Amendment) Act, 2020 amended a number of Sections in the Revenue Administration Act, 2016 (Act 915), which is the principal enactment for the administration and collection of revenue by the Ghana Revenue Authority (GRA). Act 1029 addresses a shortfall in tax liability without payment of a penalty and other related matters.

NATIONAL SECURITY AND INTELLIGENCE AGENCIES ACT, 2020 (ACT 1030)

The National Securities and Intelligence Agencies Act repealed the Security and Intelligence Agencies Act, 1996 (Act 526) to establish the required national security architecture to address emerging national security challenges. The law will provide for matters relating to the National Security Council, the establishment of Regional and District Security Councils and specify the Agencies responsible for the State taking cognizance of some significant matters not recognised under Act 526.

CORPORATE INSOLVENCY AND RESTRUCTURING (AMENDMENT) ACT, 2020 (ACT 1031)

This law is to provide for the administration and official winding-up of insolvent companies and other bodies corporate and for related matters. The law provides a legal regime for the administration of the business, property and affairs of a distressed company in a manner that provides an opportunity for the company to as much as possible continue in existence as a going concern.

DEVELOPMENT FINANCE INSTITUTIONS ACT, 2020 (ACT 1032)

This law regulates development finance institutions which are non-deposit taking to provide medium to long-term financing for key sectors of the economy, such as agriculture, manufacturing and small and medium-sized enterprises. Act 1032 promotes economic growth and transformation.

CRIMINAL OFFENCES (AMENDMENT) ACT, 2020 (1034)

This law categorizes the offence of corruption as a felony. The law is to introduce stiffer punishment to deter public officers from engaging in corrupt practices. The law states that persons found guilty of engaging in any form of corrupt acts could proceed to jail for not less than 12 years and not more than 25 years.

COCOA BOARD (AMENDMENT) ACT, 2020 (1035)

The Cocoa Board (Amendment) Act, 2020 amends the Ghana Cocoa Board Act, 1984 (P.N.D.C.L 81). The law seeks to amend the definition for "Minister" by amending section 39, to place oversight responsibilities for the Ghana Cocoa Board within the mandate of the Minister responsible for Agriculture, rather than the Minister responsible for Trade.

LAND ACT, 2020 (ACT 1036)

Parliament passed the Land Bill into law in the month of July 2020. The Land Act will guide and regulate land acquisition and administration in the country. The Law has revised most of the laws on land, with a few exceptions, harmonizing them into one enactment. This provides easy access to

legislation on land will help remove the overlaps and inconsistencies that are currently associated with land registration.

CYBERSECURITY ACT, 2020 (ACT 1038)

The Cybersecurity Act, 2020 (Act 1038) is aimed at safeguarding children against cybercrime as well as generally protecting citizens against criminal acts and abuses. Act 1038 establishes the Cyber Security Authority and protects the critical information of the country. Act 1038 also regulates cyber security activities, provides for interception of communication and aims to develop the cyber security of the nation.

(B) SUBSIDIARY LEGISLATION

LEGISLATIVE INSTRUMENTS

MINERALS AND MINING (MINERAL OPERATIONS TRACKING OF EARTH MOVING MINING EQUIPMENT) REGULATIONS 2020 (L.I. 2404)

This law is to provide for the registration and tracking of earth moving and mining equipment used in mineral operations and to ensure that the earth moving and mining equipment are used only in the specific mineral right area that the earth moving and mining equipment are registered for.

MINERALS AND MINING (LOCAL CONTENT AND LOCAL PARTICIPATION) REGULATIONS, 2020 (L.I. 2431)

This law seeks to repeal part of the Minerals and Mining (General) Regulations, 2012 (L.I. 2173) that is Regulations 1 & 2. Its main aim is to deal with local content within the mining industry in accordance with Act 703. L.I. 2431 has 122 Regulations and addresses several issues.

LEGAL PROFESSION (PROFESSIONAL CONDUCT AND ETIQUETTE) RULES, 2020 (L.I. 2423)

This law was passed in exercise of the power conferred on the General Legal Council by section 23 and 53 of the Legal Profession Act, 1960 (Act 32) and with the approval of the minister responsible for Justice. It sets out additional rules for lawyers in their responsibilities to their clients, the courts and the general public with respect to their conduct.

COURTS REGULATIONS, 2020 (L.I. 2429)

This law was passed by the Attorney General by section 42(4) and 47of the Courts Act, 1993 (Act 459) on the 8th of October 2020. The purpose is to expand the jurisdiction of the District Courts and Circuit Courts in respect of claims with stated monetary value. The monetary value of claims before the Circuit Court was increased to Two Million Ghana Cedis (GHS 2 million) and that before the District Court to Five Hundred Thousand Ghana Cedis (GHS500,000.00).

EXECUTIVE INSTRUMENTS

DECLARATION OF PUBLIC HEALTH
EMERGENCY CORONAVIRUS DISEASE (COVID
19) PANDEMIC INSTRUMENT, 2020 (E.I. 61)
This law was enacted on the 23rd of March 2020.
This law is in pursuance of the Public Health Act, 2012 (Act 851) which declared COVID 19 a public health emergency and makes room for several actions to be taken to protect people.

ESTABLISHMENT OF EMERGENCY COMMUNICATIONS SYSTEM INSTRUMENT, 2020 (E.I 63)

This law was enacted under the Electronic Communications Act 2008 (Act 776) to enable the executive arm of Government to establish an emergency communications system to trace all contacts of persons suspected of or actually affected by a public health emergency and identify the places visited by persons suspected of or actually affected by a public health emergency.

IMPOSITION OF RESTRICTIONS (CORONAVIRUS DISEASE (COVID-19) PANDEMIC INSTRUMENT, 2020 (E.I. 64)

This law enables the Executive arm of Government to impose restrictions to curb the spread of COVID-19.

IMPOSITION OF RESTRICTIONS (CORONAVIRUS DISEASE (COVID-19)

PANDEMIC (NO. 2) INSTRUMENT, 2020 (E.I. 65) This law enabled the President to impose further restrictions in specified areas deemed to be

hotspots of COVID-19 including Accra, Tema, Kasoa and Kumasi. It also made further room for contact tracing for follow-up on persons infected by the disease. A number of exempted institutions and persons are listed in the schedules. Under the Second Schedule Part A item number 7 are "Mining Workers."

IMPOSITION OF RESTRICTIONS (CORONAVIRUS DISEASE (COVID-19) PANDEMIC (NO. 3) INSTRUMENT, 2020 (E.I. 66)

This law seeks to extend the closure of the borders by air, land and sea to human traffic for a further period.

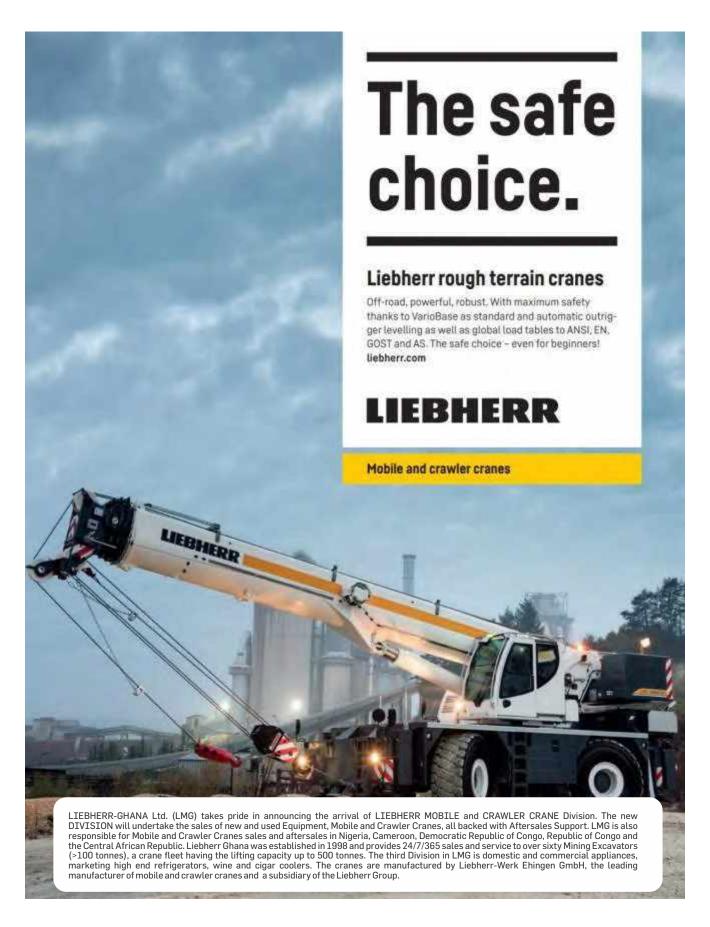
IMPOSITION OF RESTRICTIONS CORONAVIRUS DISEASE (COVID 19) PANDEMIC (NO.10) INSTRUMENT, 2020 (E.I 67)

This Instrument was made in exercise of the power conferred on the President under the Imposition of Restrictions Act, 2020 (Act 1012) on the 23rd of March 2020. The restriction imposed applied to the entire country and it was for a period of about three weeks. The Instrument also imposed restrictions on travel to Ghana and public gatherings including conferences, workshops, funerals, festivals, political rallies, sporting events, gatherings for religious purposes, night clubs, drinking spots and event centres as well as private parties and other gatherings.

CONSTITUTIONAL INSTRUMENTS

PUBLIC ELECTIONS (REGISTRATION OF VOTERS) (AMENDMENT) REGULATION, 2020 (C.I 126)

These Regulations allowed the Electoral Commission to compile a new voter's register by using only the Ghanaian passport or Ghana Card as the documents for citizenship identification. C.I 126 makes the Ghana Card and the Ghanaian passport the only legal identification documents for registering people under the new biometric voters' register. Under the C.I. 126, those who do not have the Ghana Card or Ghanaian passport can still register provided they are able to get two



PERFORMANCE OF THE MINING INDUSTRY IN 2020

Global Economic Developments

The outbreak of COVID-19 and the measures that were taken to curtail its spread occasioned dissimilar global economic growth outturns in the first and second halves of 2020. In the first half of the year, which coincided with an upsurge in the reported cases of the viral disease, most governments imposed bouts of lockdowns and other mobility-restricting measures to rein in its diffusion. This well-intended health initiative triggered a worldwide downturn in economic activities. As these measures were progressively eased and complemented with accommodative fiscal and monetary stance, the global economy returned to the trajectory of growth in the remaining period of the year. However, the COVID-19 induced disruption in economic activities outweighed the upturn in output in the second half of the year and therefore plunged the global economy into a recession. The scale and depth of the meltdown in global economic activities in 2020 were only surpassed by the two world wars and the great depression. In 2020, the value of the world's measured economic activities contracted by 3.3 per cent relative to an upturn of 2.8 per cent in 2019¹.

Although there was near convergence in the deceleration of economic activities, the growth outturns of the various regions and countries were divergent. The contrast in economic growth paths largely mirrored the severity of the virulent disease and policy responses of the respective governments. In the advanced economies, the value of the gross domestic product (GDP) declined by 4.7 per cent in 2020 as compared to 1.6 per cent in 2019. The downturn in the advanced economies' GDP was due to a string of poor growth outcomes recorded in the world's leading economies.

In the United States for instance, the expansion in the federal government's spending and residential fixed investment expenditure was offset by synchronized declines in export, consumer expenditure, private inventory and non-residential fixed investment outlays as well as state and local government expenditures. As a result, the country's GDP contracted by 3.5 per cent in 2020 as compared to an expansion of 2.2 per cent in 2019². Likewise, the rate of growth of measured economic activities in the Euro area shrank by 6.6 per cent in 2020 relative to an outturn of 1.3 per cent in 2019. GDP growth in the Area's leading economies, Germany, Italy, Spain and France, contracted by 4.9 per cent, 8.9 per cent, 10.8 per cent and 8.1 per cent in 2020 as compared to their 2019 rates of 0.6 per cent, 0.3 per cent, 2.0 per cent and 1.5 per cent respectively. The downturn in the Euro area was due to the contagion effects of COVID-19 on exports as well as investment and consumer spending, which outweighed the increase in government spending. It is instructive to note that every country in the Euro area recorded a negative growth rate in 2020, except for Ireland and Turkey.³

The uncertainties associated with the cession of the United Kingdom from the European Union were amplified by the economic shocks induced by COVID-19. Most firms in the United Kingdom deferred new investment expenditures and restricted capital spending to replacement of essential equipment or parts. At the same time, exports as well as private investment and consumer expenditure declined, which counterbalanced the increase in government expenditure. Consequently, the country's aggregate output plummeted by 9.9 per cent in 2020 relative to 1.4

¹ International Monetary Fund (2021). World Economic Outlook: Managing Divergent Recoveries. Washington DC

² Bureau of Economic Analysis (2021). Gross Domestic Product, (Third Estimate), GDP by Industry, and Corporate Profits, Fourth Quarter and Year 2020. Available at https://www.bea.gov/news/2021/gross-domestic-product-third-estimate-gdp-industry-and-corporate-profits-4th-quarter-and (Accessed on 28th April, 2021)

³ Available at https://ec.europa.eu/eurostat/databrowser/view/tec00115/default/table?lang=en

per cent growth in 2019. The UK's growth outturn in 2020 is the steepest contraction in the country's GDP in more than three decades⁴.

Similarly, the GDP growth rate in Japan deviated from the positive to the negative growth path in response to a simultaneous decline in consumption expenditure, firm and household investment spending as well as exports. Notwithstanding the moderating influences of the growth in government expenditure, the country's GDP reduced by 4.8 per cent in 2020 as compared to an increase of 0.3 per cent in 2019.5

In addition to decelerating domestic economic activities in Emerging Market and Development Economies (EMDEs), the COVID-19 pandemic also lowered demand for most export commodities and induced a downward pressure on their prices. Consequently, the dual economic shock contracted the economies' growth rate by 2.2 per cent despite the modest output growth from its leading country, China. In China, increases in net exports, government spending and private investments were large enough to offset the decline in consumption expenditure to keep GDP growth on the positive trajectory. However, the economic contagion induced by the pandemic slowed down the country's GDP growth rate from 6.0 per cent in 2019 to 2.3 per cent in 2020⁶.

In Sub-Saharan Africa, the impact of COVID-19 on the economies of individual countries was mixed and therefore led to divergent GDP growth outcomes. Generally, countries that are heavily reliant on hydrocarbons, non-precious metals and tourism recorded negative GDP growth rates while those with agriculture or precious metals-oriented export sectors recorded modest output growth. For instance, the GDP growth outturns of the dominant economies in the region, Nigeria and South Africa, were negative due to the aforementioned reasons. In Nigeria, the growth rate of measured economic activities shrank by 1.8 per cent in 2020 as compared to a positive outturn of 2.2 per cent in 2019⁷. The deceleration in economic activities was mainly due to a combination of the near-collapse in crude oil prices and reduction in net exports and gross fixed capital formation, which counteracted the recovery in household expenditure and increase in government spending.

In the same vein, the pre-existing productivity rigidities in South Africa, such as challenges with the supply of electricity, were elevated by the economic headwinds of COVID-19. Specifically, the pandemic triggered a downturn in consumer expenditure, tourism and manufacturing. As a result, the economy's GDP fell by 7 per cent in 2020 relative to an increase of 0.2 per cent in 2019. The country's growth outcome in 2020 is the largest contraction in measured economic activities since 19468. On the whole, the disparate negative growth outcomes outweighed the expansion in GDP and therefore culminated in a reduction of the region's GDP by 1.9 per cent in 2019 as compared to a growth of 3.2 per cent in 2020.9

Outlook of Global Economic Growth

The evidence of the GDP growth path in the last two quarters of 2020 suggests that most countries are gradually recovering from the economic contagion associated with the pandemic. The pace and trajectory of output growth are likely to be influenced by access to COVID-19 vaccines, logistics in supplying the vaccines to the population and potential renewed outbreaks of the viral disease. These factors would have to be considered alongside the pre-pandemic

⁸ Available at http://www.statssa.gov.za/?p=14074 (Accessed on 28th April, 2021)

GHANA CHAMBER OF MINES ANNUAL REPORT 2020

⁴Available:https://www.ons.gov.uk/economy/grossdomesticproductgdp/bulletins/gdpfirstquarterlyestimateuk/octobertodecember2020 (Accessed on 28th April, 2021)

⁵ Available at https://www.esri.cao.go.jp/en/sna/data/sokuhou/files/2020/ge204_2/pdf/gaiyou2042_e.pdf (Accessed on 28th April, 2021)

⁶ Available at http://www.stats.gov.cn/english/PressRelease/202102/t20210228_1814177.html

⁷ Available at https://www.nigerianstat.gov.ng/

⁹ International Monetary Fund (2021). World Economic Outlook: Managing Divergent Recoveries. Washington DC

structural challenges such as declining productivity, as well as geopolitical tensions premised on trade disputes.

GDP growth in the advanced economies is projected to rebound strongly by 5.1 per cent in 2021 due to the relative availability of vaccines and stimulus programmes unveiled by both central governments and monetary authorities. The latter interventions are expected to resuscitate aggregate demand in the domestic economy to complement the easing of restrictions on mobility, which has been enabled by the inoculation of a large segment of the economies' population.

Similarly, economic growth in the EMDEs is expected to recover beyond its pre-pandemic rate of 3.6 per cent in 2019. The tailwinds for the robust growth projections stem from the upturn in economic activities in China and other Asian countries that have provided vaccines to a large proportion of their population and phased out the restrictions necessitated by the pandemic. The International Monetary Fund (IMF) forecasts that GDP growth in the EMDEs will be 6.7 per cent in 2021 as illustrated in Figure 1.0. Overall, global economic growth in 2021is forecasted to be 6.0 per cent

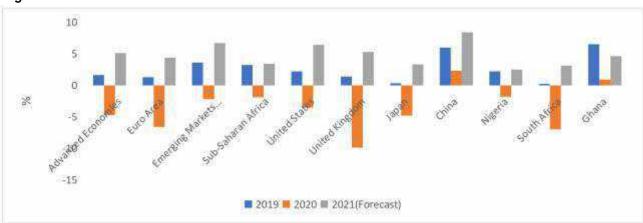


Figure 1.0: Real GDP Growth Rate in Selected Economic Blocs and Countries

Source: Constructed based on data from the International Monetary Fund (2021)

Domestic Economic Developments¹⁰

In line with global developments, the aggregate real value of measured economic activity in Ghana increased marginally from GH¢165.30 billion in 2019 to GH¢165.99 billion in 2020, which translates into a growth rate of 0.4 per cent. The deceleration in economic growth from 6.5 per cent in 2019 mirrored the growth curtailing effect of COVID-19 on the economy. In the period following the outbreak of the pandemic in Ghana, several measures, including a three-week lockdown and closure of the ports of entry, were announced to stem the spread of the disease. In addition to other localized factors, these interventions combined with the pandemic-induced decline in crude oil prices to weigh on the trade, hospitality as well as mining and quarrying (including oil and gas) sub-sectors of the economy. The contraction in these sub-sectors moderated the output growth in the remaining sub-sectors of the economy. Specifically, the value of the hospitality sector contracted by 34.8 per cent while that of the mining and quarrying as well as trade sub-sectors declined by 11 per cent and 1.1 per cent respectively in 2020. The equivalent

GHANA CHAMBER OF MINES ANNUAL REPORT 2020

¹⁰ This section is based on the provisional annual GDP (2020) data from the Ghana Statistical Service; Available at: https://statsghana.gov.gh/nationalaccount_macros.php?Stats=MjQyODAxMDY3NC42Mzg=/webstats/227532q92p

growth outturns of these sub-sectors in 2019 were 6.0 per cent, 12.6 per cent and 3.7 per cent respectively.

Against this backdrop, the growth rate of the services sector, which hosts the trade and hospitality sub-sectors, reduced from 7.6 per cent in 2019 to 1.5 per cent in 2020. The services sectoral growth outturn in 2020 is the lowest in the last decade. In the same vein, the growth rate of the industrial sector, which is the parent sector of the mining and quarrying sub-sector, reduced from 6.4 per cent in 2019 to -3.6 per cent in 2020. It must be noted that the contraction in the mining and quarrying sub-sector, was attributable to the contemporaneous decline in the growth rates of the oil and gas as well as mining sub-sectors. Whereas the output of the oil and gas sub-sector reduced by 9.0 per cent, the mining sector's growth rate was -13.0 per cent in 2020. The corresponding rates in 2019 were 17.2 per cent and 8.3 per cent respectively. The agricultural sector recorded the highest growth rate of 7.4 per cent in 2020, which compares favourably with its outcome of 4.7 per cent in 2019.

In terms of contribution to GDP, the services sector maintained its position as the largest economic activity in the country. However, its share of GDP declined from 48.3 per cent in 2019 to 44.6 per cent in 2020. With a share of 36.3 per cent, the industrial sector was the second-largest contributor to GDP in 2020. The sector's 2020 outturn was an improvement over the rate of 33.2 per cent recorded in 2019. In real terms, the gross value added by the mining and quarrying subsector (excluding oil and gas) to the country's GDP declined from GH \mathbb{C} 13.6 billion in 2019 to GH \mathbb{C} 11.8 billion in 2020. Unsurprisingly, the share of mining and quarrying in GDP (excluding oil and gas) reduced from 8.6 per cent to 7.5 per cent within the corresponding period as shown in Table 1.0¹¹. At the end of 2020, the mining and quarrying sub-sector (excluding oil and gas) was the third and fifth largest economic activity in the industrial sector and the entire economy respectively. With respect to the agricultural sector, its contribution to GDP increased marginally from 18.5 per cent in 2019 to 19.1 per cent in 2020.

Table 1.0: Selected Macroeconomic Indicators of the Mining and Quarrying Sub-Sector¹²

| Parameter | 2019 | 2020 | |
|--|--------|--------|--|
| Growth Rate (%) | 8.3 | -13.0 | |
| Contribution to Gross Domestic Product (%) | 8.6 | 7.5 | |
| Gross Value Added (GH¢ Million) | 13,551 | 11,787 | |

Source: Ghana Statistical Service(2021

Economic Growth Outlook in 2021

The output growth outlook of Ghana is tilted upwards with downside risks anchored on access to COVID-19 vaccines and proportion of population inoculated, policy responses to the impact of COVID-19, recovery of crude oil prices, debt management, capital flows and pre-existing rigidities in the local economy. The return of the economy to pre-pandemic growth rates will largely be determined by the reversal of the residual COVID-19 restrictions, which in turn is predicated on the proportion of the population that is inoculated. Already, the state is a beneficiary of COVID-19 vaccines under the COVAX Facility and projects to vaccinate 20 million persons by the end of 2021. In the absence of rebounds that may necessitate strict restrictions on mobility' we anticipate that increased access to COVID-19 vaccines will accelerate the economy's recovery.

In a similar breadth, the evenness of the growth recovery trajectory will be determined, to an extent, by the synchronization of fiscal and monetary policies to support sectors of the economy that were disproportionately pummeled by the contagion effects of the pandemic. The

¹² All figures in Table 1.0 are based on real values

 $^{^{11}}$ In terms of current prices, the mining sector's contribution to GDP improved from 3.5 per cent to 4.9 per cent.

government has outlined some incentives in its 2021 Budget Statement and Economic Policy to support such sectors. While it is obvious that the recovery of crude oil price is exogenous to the country, we anticipate that the progressive reopening of other economies will lead to an increase in demand, and by extension, an improvement in the traded price of the commodity.

Penultimately, the quantitative easing and other accommodative policies put in place by governments of advanced countries are expected to create fertile grounds for capital inflows into the country. This would create fiscal space for the state to undertake its planned programmes. At the same time, the increasing rate of growth of the debt stock has significantly increased the country's debt service burden. All things being equal, this development may increase the cost of credit to the country. This also implies that the state would have to innovate to create fiscal space to finance its development priorities. Lastly, localized problems such as the irregular supply of electricity, pose a growth-constraining threat to the economy.

On the whole, the IMF projects that the country's output will grow at a rate of 4.6 per cent while the government forecasts an outturn of 5.0 per cent in 2021. The 0.4 percentage points growth rate differential reflects the underlying divergent optimism in the economy's pace of recovery.

Overview of the Global Gold Industry in 2020

Trends in Demand for Gold in 2020¹³

The outbreak of COVID-19 and the sequel containment efforts had varying effects on the traditional classes of demand for gold in 2020. Firstly, the measures to curtail the spread of the pandemic triggered a slowdown in economic activities with deleterious effects on the disposable income of households. At the same time, the rise in the average price of the yellow metal eroded most consumers' ability to purchase it. Consequently, the classes of demand for gold that depend principally on real income; jewellery and technology, declined by 30 per cent, from 2,448.6 tonnes in 2019 to 1,713.5 tonnes in 2020. The reduction in the income-dependent demand for gold reflects consumers' tendency to substitute gold with other products as it becomes relatively unaffordable.

Secondly, most governments responded to the pandemic-induced deceleration in economic activities with expansionary policies, which drove interest rates downwards and elevated inflationary expectations. This twin phenomenon reinforced the allure of gold as a store of wealth and therefore increased the demand for gold for investment purposes from 1,269.2 tonnes in 2019 to 1,773.2 tonnes in 2020. Lastly, the residual class of demand for gold, official demand, is largely dependent on policy objectives of the central bank and could therefore be described as autonomous. The uncertainty induced by the pandemic occasioned a 59 per cent reduction in official demand for gold, from 668.5 tonnes in 2019 to 272.9 tonnes in 2020. The descent in the lenders of last resort's demand for gold is explained by their need for liquidity to support the recovery of their respective economies.

Overall, the currents generated by the uncertainty and reduction in real income outweighed the tailwinds propelled by the ultra-low interest rates, which culminated in a 14.3 per cent year-on-year decline (from 4,386.4 tonnes in 2019 to 3,759.7 in 2020) in global demand for gold as shown in Figure 2.0.

GHANA CHAMBER OF MINES ANNUAL REPORT 2020

¹³ Data for this section of the report was sourced from the World Gold Council (2021). Gold Demand Trends: Full Year and Q4 2020. Available at https://www.gold.org/goldhub/research/gold-demand-trends/gold-demand-trends-full-year-2020 (Accessed on 28th April, 2021)

5,000 60.0% 4,500 40.0% 4,000 20.0% 3,500 3,000 0.0% 2.500 -20.0% 2,000 1,500 40.0% 1,000 60.0% 500 -80.0% Jewellery Global Demand Investment Technology 2019 2020 ---

Figure 2.0: Trends in Global Demand for Gold

Source: Based on data from World Gold Council (2021)

The demand for gold jewellery decreased by 33.5 per cent, from 2,122.7 tonnes in 2019 to 1,411.6 tonnes in 2020, due to a synchronized downturn in demand in the main markets for the item. In China, which is the largest consumer of gold jewellery, the COVID-19-induced restrictions on social activities contributed to shifting consumer sentiment away from gold jewellery. As well, retailers reduced their inventory of gold jewellery and consolidated their point of sales in response to the lower demand for the product. These demand-curtailing factors combined with the ongoing demography-linked reduction in appetite for gold jewellery to reduce the country's consumption of the product by 36.2 per cent, from 681.8 tonnes in 2019 to 435.1 tonnes in 2020. Similarly, the demand for gold jewellery in India was abated by the economic shock brought about by the pandemic. Although the Dhanteras occasioned a surge in demand in the fourth quarter of 2020, it was insufficient in offsetting the real income-induced abatement in demand for gold jewellery. As a result, demand in the second-largest market for gold jewellery declined from 544.6 tonnes in 2019 to 315.9 tonnes in 2020, representing a downturn of 42 per cent.

In the Middle East and Turkey, the simultaneous increase in the price of gold and reduction in real income combined with steep depreciation in the local currencies to make gold jewellery relatively unaffordable. Expectedly, consumers responded to these market developments by shifting their preference away from gold jewellery. In the Middle East, for instance, the demand for gold jewellery decreased from 169.9 tonnes in 2019 to 115.9 tonnes in 2020, representing a decline of 32 per cent. Likewise, the demand for gold jewellery in Turkey reduced by 29 per cent to 26 tonnes in 2020 from 36.7 tonnes in 2019.

In the same vein, consumption of gold jewellery in the Americas, Europe and Japan weakened by 12 per cent, 21 per cent and 19 per cent respectively in 2020 due to the pandemic-induced currents that exerted downward pressure on the purchasing power of consumers. On account of the broad contraction in demand for gold jewellery, its share in the aggregate demand for gold declined by 10 percentage points to 38 per cent in 2020. As well, gold jewellery was displaced by investment demand as the largest class of demand for gold.

The outturn of demand for gold for investment purposes, which comprises physical bars and coins as well as gold-backed exchange-traded funds (ETFs), varied across jurisdictions. Generally, investors in the Eastern market took advantage of the appreciation in the price of the yellow metal to sell their inventory of gold bars and coins. For instance, total demand for gold bars and coins in China, India and the Middle East decreased by 4 per cent, 11 per cent and 6 per cent respectively.

Contrarily, investors in the West responded to market conditions by increasing their holdings of gold bars and coins. On the whole, the purchases by the West exceeded the reductions in stock of gold bars and coins by the East. Consequently, the aggregate demand for gold bars and coins increased by 3 per cent to 896.1 tonnes in 2020 from 870.9 in 2019.

With regard to ETFs, investors responded to the market conditions created by the pandemic by unanimously reorganizing their portfolios in favour of the derivative instrument. The anticipated contraction in real interest rates and weak yields on stocks of companies reinforced the allure of the yellow metal as a refuge asset. Total demand for ETFs in North America and Europe rose by 39 per cent and 20 per cent while the Asian region recorded a growth rate of 48 per cent, which is also the region's highest year-on-year increment in more than a decade. At the end of 2020, North America's share of physically-backed gold ETFs was 53.4 per cent while that of Europe and Asia were 41.9 per cent and 3.1 per cent respectively. The rest of the world accounted for the remaining 1.6 per cent as shown in Figure 3.0.

3.1% 1.6%

41.9%

S3.4%

North America Europe Asia Rest of the World

Figure 3.0: Distribution of Assets Under Management of Physically-Backed Gold Exchange Traded Funds

Source: Based on Data from the World Gold Council (2021)

Overall, the expansion in demand for both ETFs and physical bars and coins drove the investment demand for gold upwards by 39 per cent, from 1,269.2 tonnes in 2019 to 1,773.2 tonnes in 2020. On the back of the significant growth in investment demand for gold, its share in total market demand for gold increased from 28.9 per cent in 2019 to 47.2 per cent in 2020. The 2020 outturn positioned the investment demand as the largest class of demand for gold for the first time in more than a decade.

The demand for gold by the lenders of last resort slowed down by 59.2 per cent, from 668.5 tonnes in 2019 to 272.9 tonnes in 2020, due to contrasting policy responses. In spite of the decision by the largest buyer of gold, Russia, to suspend its gold purchase programme at the end of the first quarter, most central banks continued with the recent practice of accumulating gold to diversify their foreign reserves. At the end of the first half of 2020, the net purchases of gold by

 $^{^{14}}$ Dhanteras is a celebration that coincides with increases in purchase of gold

the central banks was 234.6 tonnes. However, the trend reversed sharply in the second half of the year, with some lenders of last resort reducing their stock of gold reserves to either equilibrate their local gold market or inject liquidity into their ailing economies.

At the end of 2020, the United States' Federal Reserve Bank was the largest holder of gold for foreign reserve purposes with a stock of 8,133.5 tonnes. The country's Federal Reserve Bank's holding of gold translates into 77.6 per cent of its foreign reserves. This was followed by Germany and Italy with gold inventories of 3,362.4 tonnes (74.2%) and 2,451.8 (69%) respectively. In Africa, the central banks of Algeria, South Africa and Libya had the highest stock of gold of 173.6 tonnes, 125.3 tonnes and 116.6 tonnes as foreign reserves respectively. On account of the reduction in net purchases of gold by the central banks, the share of their demand in aggregate demand for gold declined from 15.2 per cent in 2019 to 7.3 per cent in 2020.

The residual demand for gold, which relates to the use of gold in dentistry, electronics and other industrial applications, plummeted by 7.4 per cent. The reduction in demand for gold for technological purposes from 325.9 tonnes in 2019 to 301.9 tonnes in 2020 could be ascribed to factors associated with the COVID-19 pandemic and pre-existing rigidities. Aside from eroding the purchasing power of most consumers, the COVID-19 pandemic also disrupted global supply chains and led to the closure of firms that produce electronic devices. The resulting decline in both demand and supply of electronic products culminated in a 7.0 per cent nosedive, from 312 tonnes in 2019 to 290.1 tonnes in 2020, in demand for gold used in electronic devices and other industrial applications. As observed in recent years, the quantum of gold used in dentistry continued its downward trend. It reduced from 13.9 tonnes in 2019 to 11.9 tonnes in 2020, representing a contraction of 15 per cent. Notwithstanding the concurrent decline in its components, the share of demand for gold for technological purposes in total demand for gold increased from 7.4 per cent in 2019 to 8.0 per cent in 2020 as depicted in Figure 4.0.

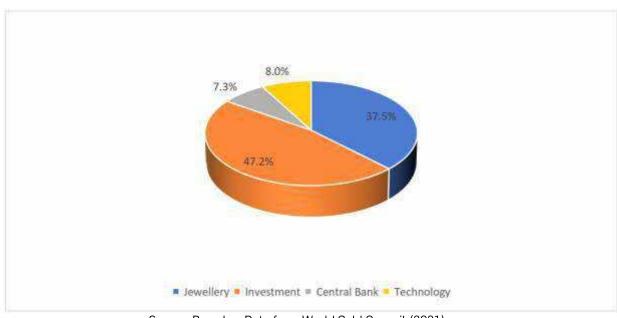


Figure 4.0: Distribution of Demand for Gold in 2020

Source: Based on Data from World Gold Council (2021)

Outlook of Demand for Gold in 2021

The outlook of demand for gold is largely predicated on the pace of recovery of the global economy from the pandemic and policy response of governments. While the successful development of COVID-19 vaccines is expected to accelerate the reopening of economies, the economic shocks induced by the pandemic are expected to linger. Consequently, the real income of consumers is projected to recover with a lag of more than two years, and this would dampen the demand for gold for technological applications and jewellery. Further, the stimulus and expansionary policies of governments are expected to taper off when there is visible evidence of recovery in the economy, which may be in the medium-term. These policy responses are anticipated to stimulate investor appetite for gold and gold-backed assets in 2021.

In addition, the tentative recovery path of the economy and the possibility of new waves of the pandemic would shift investor sentiment towards a safe haven asset such as gold. As well, we forecast that the net purchases of gold by central banks would decrease in response to the faltering domestic economy. On the whole, we expect that the projected decline in demand for gold for official, technological and jewellery purposes would outweigh the predicted increase in investment demand for gold to exert downward pressure on aggregate demand for gold in 2021.

Global Supply of Gold in 2020¹⁵

The supply of gold, which comprises mine production, recycled gold and net producer hedging, declined from 4,820 tonnes in 2019 to 4,633 tonnes in 2020. The 4 per cent contraction in output was primarily due to the downturn in mine production which displaced the expansion in supply from net producer hedging and recycled gold. Whereas output from the mines decreased from 3,532 tonnes in 2019 to 3,400 tonnes in 2020, recycled gold rose from 1,282 tonnes to 1,297 tonnes in the same period. In the same vein, the global hedge book declined by -65.1 tonnes in 2020. ¹⁶

The 4 per cent year-on-year nosedive in mine output was occasioned by the broad-based setbacks in production across the various mining regions. In Africa, the region's largest producers, Ghana and South Africa, recorded a decline in output, which masked the significant appreciation in output from Burkina Faso. Gold production attributable to Ghana and South Africa fell by 12.1 per cent to 114 tonnes in 2020 and 13.7 per cent to 91 tonnes in 2020 respectively. Whereas the contraction in Ghana's production was precipitated by a combination of domestic and COVID-19-related factors, that of South Africa was mainly due to structural problems related to declining grades, curtailment in the supply of electricity and the high cost of accessing ore bodies in ultra-deep mines¹⁷. On the other hand, the 19 per cent upswing in Burkina Faso's output to 74 tonnes was principally hinged on the ongoing ramp-up in production at the Endeavour-operated Wahgnion mine and fresh production from West African Resources' Sanbrado Mine. Notwithstanding the reduction in its output, Ghana retained its position as the leading and sixth largest producer of gold on the Africa continent and the world respectively. On the whole, the African region was estimated to account for 21 per cent of global mine production in 2020.

GHANA CHAMBER OF MINES ANNUAL REPORT 2020

¹⁵ Except otherwise stated, data for this section was sourced from World Gold Council. Available at https://www.gold.org/goldhub/research/gold-demand-trends/gold-demand-trends-full-year-2020 (Accessed on 28th April, 2021)

 $^{^{16}}$ The global gold hedge book was estimated at 199.2 tonnes as at the end of the third quarter of 2020

¹⁷ Minerals Council of South Africa: Facts and Figures Pocketbook 2020. Available at https://www.mineralscouncil.org.za/industry-news/publications/facts-and-figures (Accessed on 28th April, 2021)

Table 2 0: Leading Gold Producers in 2020

| Country | Production (Metric Tonnes) | Rank |
|--------------------------|----------------------------|------|
| China | 368 | 1st |
| Australia | 326 | 2nd |
| Russia | 305 | 3rd |
| United States of America | 190 | 4th |
| Canada | 170 | 5th |
| Ghana | 114 | 6th |
| Uzbekistan | 102 | 7th |
| Mexico | 100 | 8th |
| Peru | 98 | 9th |
| South Africa | 91 | 10th |

¹⁸Sources: World Bank (2021), USGS (2021), World Gold Council (2021), Minerals Council of South Africa (2021), Metals Focus (2021), Minerals Commission (2021), S&P Global (2021)

In the same vein, gold output from mines in the United States and Canada swung downwards by 5 per cent and 7 per cent respectively. The reduction in the United States output from 200 tonnes in 2019 to 190 tonnes in 2020 and Canada's from 183 tonnes to 170 tonnes in the same period was ascribed to the restrictions associated with COVID-19. The share of the United States and Canada in the global gold production in 2020 was largely unchanged at 6 per cent and 5 per cent respectively.

With regard to the Asia-Pacific region, the contraction in output of its leading gold producers, China and Australia, combined with the cessation in mining at Papua New Guinea's Porgera Mine to drive production from the region southwards. The Asia-Pacific region contributed 28 per cent of global mine gold production in 2020.

Gold production originating from the European region plummeted in response to the lockdown and other mobility-curtailment measures unveiled in the wake of the COVID-19 pandemic. However, the impact of COVID-19 on the region's output was moderated by the growth in Russia and Turkey's production. The output of the largest gold producer in Europe, Russia, grew by 3 per cent to 305 tonnes in 2020 as a result of expansions at existing mines and higher grades. Likewise, the significant investments in Turkey's mining sector propelled production to increase by 21 per cent to 45 tonnes in 2020. On the whole, the growth in output from Russia and Turkey was insufficient in counterbalancing the decline in production in other countries. Consequently, the region's production declined on a year-on-year basis and accounted for 20 per cent of the world's gold production in 2020.

In the Latin America and Caribbean region, Peru's output was severely disrupted by the pandemic and culminated in a 29 per cent decline in output, from 138 tonnes in 2019 to 98 tonnes in 2020. Coupled with the fall in production by other countries, the region's share of global production decreased from 19 per cent in 2019 to 17 per cent in 2020 as shown in Figure 5.0. With respect to the Middle East region, the contribution of producers to global gold production in 2020 was unchanged from its 2019 level of 1.2 per cent despite the broad decline in the output of the region's main producers.

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¹⁸ There were variations in the various sources of data. In this report, we used the lower of the estimate in situations where the rankings converged. Otherwise, the data was source directly from national authorities

12.2%

19.9%

21.4%

19.9%

28.2%

Africa • Europe • Asia-Pacific • Middle East • Latin America and Carribean • USA and Canada

Figure: 5.0: Regional Distribution of Mine Gold Production

Source: S&P Global (2021)

With respect to recycled gold, the 1.3 per cent appreciation in its outturn was unsurprising as it underlay the incentive for consumers to take advantage of the windfall in the yellow metal's price to make a profit. In some markets, however, the upturn in the volume of recycled gold was a distressed response to the illiquidity occasioned by the pandemic. In China, for instance, the volume of recycled gold increased by 14 per cent in response to the upward momentum in the price of gold. As well, the closure of retail outlets of gold products with weak fundamentals provided additional recycling flows in the country. Conversely, the growth in recycled gold in Iran was ascribed to the deleterious effects of the pandemic and US-imposed economic sanctions. In jurisdictions such as India and Thailand, the expansion in the volume of recycled gold reflected both profit-maximizing and distress-minimizing objectives.

In response to the bullish price of gold, producers were anticipated to take long positions by hedging their output, which would have added to the stock of gold supplied. Contrary to a priori expectations, they rather preferred to "wait and see" if the price of gold would rise further and were therefore content to deliver their existing hedges into maturing positions. As a result, the global hedge book declined by 65.1 tonnes in 2020.

Outlook of Global Gold Supply in 2021

In 2021, the expansion in production from existing mines and easing of the restrictions put in place to curb the spread of COVID-19 are expected to lead to recovery in gold production from the mines. Similarly, the predicted relatively high prices of gold would support growth in recycled gold and producer de-hedging. Overall, we project that the global supply of gold in 2021 would exceed the corresponding output in 2020.

The Outturn of Gold Price in 2020

The trajectory of gold price in 2020 mirrored a classic response to the supply and demand fundamentals of the bullion market. On the supply side, localized and COVID-19-induced currents triggered a contraction in global mine output. Non-price factors, such as the pandemic, uncertain pathway of global economic growth and geopolitical developments were the primary drivers of

demand. The outcome of the interaction between the forces of demand and supply charted the price curve of the yellow metal in 2020.

The concerns on lower-than-expected growth outcomes in the United States and China in December 2019 lingered in the first trading session on the London Metals Exchange in 2020. Investors reacted to this development by reorganizing their portfolios in favour of the refuge asset. Consequently, the traded price of gold increased from the closing price of USD 1,515 in December 2019 to USD 1,527 per ounce at the commencement of trading in January, 2020. The unexpected escalation in tension between the United States and Iran provided tailwinds to maintain the upturn in gold until it peaked at USD 1,572 per ounce on 8th January, 2020.

The descent of the yellow metal's price was reversed by the World Health Organization's announcement of the first case of COVID-19 in China and the recording of the first imported case of the disease in the United States. In addition, the concerns associated with the outcome of the trade negotiations between the United Kingdom and the European Union further drove the price of gold upwards to end the month of January at USD 1,584.20 per ounce. The moderating influence on the uncertainty-induced rise in the gold price was the decision of the United States Federal Open Market Committee (FOMC) to keep the target range of its Federal Funds Rate unchanged at between 1.5 per cent to 1.75 per cent, which signaled confidence in the economy's ability to withstand the shocks of COVID-19.

The accelerated diffusion of the viral disease to many countries led to a groundswell of expectations of an imminent declaration of a pandemic by the World Health Organization. In a bid to protect their wealth, most investors shifted away from holding their funds in other assets to bullion. This provided momentum for a largely sustained rise in the price of gold in February and the early part of March, oscillating between a low of USD 1,553 per ounce and a high of USD 1,684 per ounce. The yellow metal's price retreated in adjustment to the declaration of a pandemic, reaching an all-year low of USD 1,474 per ounce on 19th March, 2020.

In the latter part of March, the crash of the stock market and the convening of two emergency meetings of the FOMC persuaded investors to increase their holdings of safe haven assets such as gold. Expectedly, the expansion in demand for gold and other gold-backed assets occasioned a bullish price path until it peaked at USD 2,067 per ounce on 6th August, which was also the highest-ever price of the yellow metal. The steep downturn of the stock market was a response to the announcement of lockdowns and other mobility-curtailing measures by the US government. These actions, which were introduced to curb the spread of the virus, were anticipated to impact negatively on the performance of companies. Consequently, most investors decided to mitigate the expected losses by reducing their exposure to the stock market. The resulting glut in the supply triggered downward pressures on the prices of assets traded on the stock market. On the other hand, the rare emergency meetings of the FOMC unveiled a series of initiatives, including the unprecedented removal of reserve requirements, which were targeted at pre-empting a recession in the world's largest economy.

Subsequently, the price of gold trended southwards with momentary increases, yielding a short wavelength-like curve, and declined consistently up to the latter part of September as shown in Figure 6.0. The volatility in the price of gold within the period reflected the ebb and flow of optimism in the recovery of the global economy.

GOLD - London Fix - Jan 01, 2020 to Dec 28, 2020 AM PM 2150 2100 2050 2000 1950 1900 1850 1800 1750 1700 1650 1600 1550 1500 1450 www.kitco.com 1400 04Jun20 5Jul 20 28Dec20

Figure 6 0: Trajectory of Gold Price in 2020

Source: Kitco (2021)

In October, incipient signs of economic growth in China and the United States tempered sentiments on the length of the global recession. As a result, the price of gold in this period was fairly stable and vacillated between a range of USD 1,870 per ounce and USD 1,926 per ounce. The uncertainty elicited by the presidential elections in the United States triggered a short-lived rise in the price of gold. Following the election of a new president, lingering concerns on the United States' response to the pandemic was abated. This renewed optimism drove the gold price downwards until the early part of December when the contestation of the election results in the United States led to a momentary surge in its price, with an end-of-year price of USD 1,888 per ounce. On the whole, the yellow metal traded at a cumulative average price of USD 1,770 per ounce in 2020, which translates into a 27 per cent increase over the price outturn of USD 1,393 per ounce in 2019.

Outlook of Price of Gold in 2021

The lingering effects of the pandemic on the economy and bottlenecks associated with the manufacturing and distribution of COVID-19 vaccines are projected to anchor a rise in the average price of gold in 2021. However, this would be partly moderated by the seeming easing of geopolitical tensions between the United States and China as well as the modest expansion in the economy of the aforementioned countries. Consequently, it is forecasted that the average price of gold would be relatively lower in 2021 than its outturn in 2020.

Global Cost of Producing Gold¹⁹

The global cost of producing an ounce of gold, which is measured by the all-in sustaining cost (AISC), increased by 2 per cent to USD 944 in 2020 from USD 927 in 2019.²⁰ The upturn in the AISC was reflective of the general rise in production cost across most mining jurisdictions, which offset the contraction in production cost in Africa, Europe, Middle East as well as Southeast Asia and Indian Subcontinent. In North America, the 13 per cent decrease in the AISC of Mexico, from

²⁰ AISC is described in appendix 4

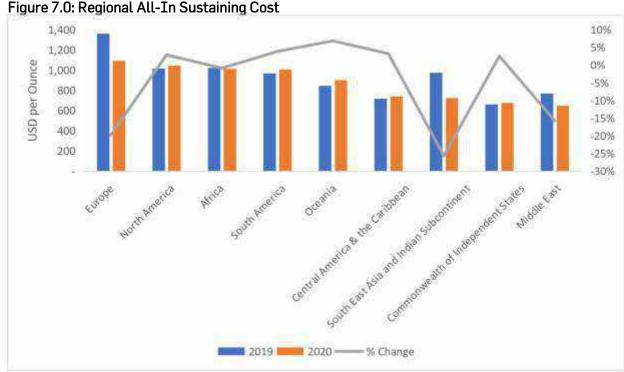
¹⁹ This is section is based on data obtained from the World Gold Council and Metals Focus

USD 973 per ounce in 2019 to USD 852 per ounce in 2020, was insufficient to counterbalance the growth in the cost of other producers in the region. As a result, the region's AISC increased from USD 1,017 per ounce in 2019 to USD 1,046 per ounce in 2020, representing an expansion of 3 per cent. The main drivers of cost in the region were the United States and Canada, which recorded 2 per cent and 9 per cent upsurge in their respective AISC. Specifically, the United State's AISC rose from USD 1,030 per ounce in 2019 to USD 1,055 per ounce in 2020 while that of Canada appreciated from USD 1,019 per ounce to USD 1,111 per ounce in the same period.

In the regions of South America and Central America & Caribbean, the AISC swung upwards by 4 per cent and 3 per cent respectively. The increase in South America's AISC from USD 971 per ounce in 2019 to USD 1,008 per ounce in 2020 was driven mainly by production-related challenges in Argentina and Peru, which offset the marginal reduction in the cost of producing an ounce of gold in Brazil. Whereas the latter's cost of production declined by 0.6 per cent, from USD 1,010 per ounce in 2019 to USD 1,004 per ounce in 2020, the AISC of Peru and Argentina increased from USD 930 per ounce in 2019 to USD 936 per ounce in 2020 and USD 968 per ounce to USD 1,213 per ounce in the same period respectively. The growth in the AISC of Peru and Argentina translates into a year-on-year increment of 0.7 per cent and 25 per cent respectively. With respect to the Central America and Caribbean region, the rise in AISC from USD 717 per ounce in 2019 to USD 740 per ounce in 2020 was occasioned primarily by the upturn in the AISC of the region's largest producer, the Dominican Republic. The country's average cost of producing an ounce of gold increased by 8 per cent to USD 696 per ounce in 2020 from USD 645 per ounce in 2019.

Likewise, the AISC of producers in the Commonwealth of Independent States (CIS) and Oceania rose from USD 661 per ounce in 2019 to USD 678 per ounce in 2020 and from USD 844 per ounce to USD 902 per ounce in the same period. In the CIS region, the 3 per cent expansion in cost of producing an ounce of gold was mainly attributable to the 23 per cent growth in AISC of producers in Kyrgyzstan, from USD 597 per ounce in 2019 to USD 732 per ounce in 2020, which was moderated by the marginal 0.2 per cent fall in Russia's AISC. The average cost of producing an ounce of gold in Russia dropped from USD 662 per ounce in 2019 to USD 660 per ounce in 2020. In the Oceania region, the main gold producers, Australia and Papua New Guinea, recorded concurrent increases in their production cost. The average cost of producing an ounce of gold in Australia rose from USD 801 per ounce in 2019 to USD 858 per ounce in 2020, representing a growth rate of 7 per cent. In Papua New Guinea, the AISC surged by 15 per cent, from USD 1,039 per ounce in 2019 to USD 1,194 per ounce in 2020.

On the contrary, the year-on-year cost of gold production in Africa, Europe, Southeast Asia & Indian Subcontinent as well as the Middle East fell by 1 per cent, 20 per cent, 26 per cent and 16 per cent respectively. Africa's AISC decreased from USD 1,023 per ounce in 2019 to USD 1,014 per ounce in 2020 due to the moderating influence of the significant fall in production cost of Tanzania, Mali and Burkina Faso. The average cost of producing an ounce of gold in Tanzania declined from USD 948 per ounce in 2019 to USD 882 per ounce in 2020, which translates into a drop of 7 per cent. In the same vein, producers in Mali and Burkina Faso recorded a reduction of 9 per cent (from USD 861 per ounce in 2019 to USD 788 per ounce in 2020) and 8 per cent (from USD 984 per ounce in 2019 to USD 908 per ounce in 2020) in their AISC respectively. The cost recession in these countries evened out the rise in the AISC of the region's largest producers, Ghana and South Africa. While the unit cost of producing an ounce of gold in Ghana rose by 15 per cent, from USD 1,030 in 2019 to USD 1,190 in 2020, its equivalent in South Africa increased marginally by 0.6 per cent to USD 1,388 in 2020 from USD 1,380 in 2019 as shown in Figure 7.0.



Source: Based on data from World Gold Council and Metals Focus (2021)

With regard to Europe, the AISC of producers plummeted from USD 1,362 per ounce in 2019 to USD 1,093 per ounce in 2020 mainly due to favourable cost developments in Turkey, where the cost of producing an ounce of gold nosedived by 16 per cent, from USD 770 in 2019 to USD 648 in 2020. Similar to the preceding year, Europe was the most expensive jurisdiction for producing gold in 2020 despite the fall in its AISC. In Southeast Asia and the Indian subcontinent, the 13 per cent downturn in AISC of producers in Indonesia, from USD 929 per ounce in 2019 to USD 812 per ounce in 2020, combined with other factors to lower the region's AISC from USD 977 per ounce in 2019 to USD 726 per ounce in 2020. The 26 per cent fall in the region's AISC was the highest annual contraction in production cost in all mining jurisdictions in 2020. Lastly, the AISC of producers in the Middle East shrank by 16 per cent, from USD 770 per ounce in 2019 to USD 648 per ounce in 2020.

Global Gold Exploration Trends in 2020²¹

The expenditure on gold exploration across the world, as proxied by mining companies' exploration budget for gold, increased modestly by 1.2 per cent to USD 4.344 billion in 2020 from USD 4.293 billion in 2019. The expansion in the global gold exploration purse was primarily due to increased budgetary allocation to Canada, the United States and the Southeast Asia/Pacific region, which compensated for the contraction in spending in Africa, Australia and Latin America.

The largest country recipient of gold exploration funds, Canada, recorded a 7.4 per cent year-on-year increase in exploration expenditure, from USD 733.2 million in 2019 to USD 787.7 million in 2020. On account of the increase in earmarked exploration spending, its share in global exploration funds for gold increased from 17.1 per cent in 2019 to 18.1 per cent in 2020. In the same vein, the planned exploration capital allocated to projects in the United States increased by 24.8 per cent to USD 470.4 million in 2020 from USD 376.9 million in 2019. The rise in exploration

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 $^{^{\}rm 21}$ Data for this section was sourced from S&P Global

expenditure culminated in a 2.0 percentage point growth in the United States' share of the global gold exploration budget, from 8.8 per cent in 2019 to 10.8 per cent in 2020. In South-East Asia and Pacific Region, the programmed exploration funds for gold projects rose from USD 164.2 million in 2019 to USD 170.2 million in 2020. The 3.7 per cent growth in budgetary allocation resulted in a marginal 0.1 percentage point increase in the region's contribution to the global exploration purse, from 3.8 per cent in 2019 to 3.9 per cent in 2020.

In the Latin America region and Australia, mining companies' exploration budget declined from USD 992.7 million in 2019 to USD 857.9 million in 2020 and from USD 852.8 million to USD 842.2 million in the same period respectively as shown in Figure 8.0. These translate into reductions of 13.6 per cent and 1.2 per cent respectively. The 2020 exploration expenditure in the Latin America region represents 19.7 per cent of the global exploration purse while that of Australia corresponds to 19.4 per cent.

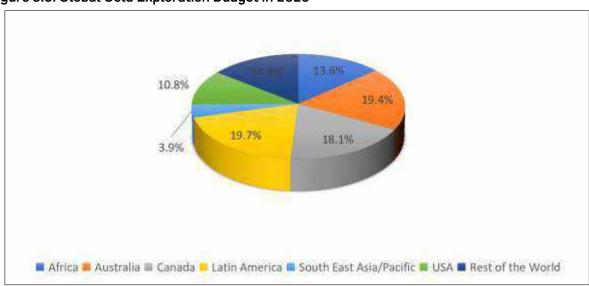


Figure 8.0: Global Gold Exploration Budget in 2020

Source: S&P Global (2021)

With respect to the Africa region, planned investments in gold exploration projects declined from USD 615.9 million in 2019 to USD 590 million in 2020. The 4.2 per cent downturn in spending was a reflection of the broad cutback in exploration expenditure in most countries in the region, which also masked the significant increase in budgetary allocation to projects in Cote D'Ivoire and Mali. Cote D'Ivoire displaced Burkina Faso as the largest recipient of gold exploration capital on the African continent in 2020. While the planned expenditure in the former increased from USD 75.4 million in 2019 to USD 105 million in 2020, the latter country's exploration budget waned from USD 132.2 million to USD 100.4 million in the same period. On account of their contrasting performance, the share of Cote D'Ivoire in the global gold exploration purse increased from 1.76 per cent in 2019 to 2.42 per cent in 2020. Conversely, Burkina Faso's contribution to global exploration expenditure decreased from 3.08 per cent to 2.31 per cent in the corresponding period.

Ghana ranked behind Mali as the fourth largest destination of exploration capital for gold in the Africa region in 2020. The budgetary allocation to Mali for gold exploration projects increased from USD 91.9 million in 2019 to USD 94.6 million while the equivalent to Ghana ebbed from USD 98.6 million to USD 84.6 million in the same period. Against this backdrop, Mali's share in the

global gold exploration budget appreciated marginally from 2.14 per cent in 2019 to 2.18 per cent in 2020. In the case of Ghana, its corresponding share reduced from 2.3 per cent to 1.9 per cent. This development is noteworthy as Ghana dropped from second to fourth on the league of planned exploration spending on the continent. Overall, Africa's share of the global gold exploration budget decreased from 14.3 per cent in 2019 to 13.6 per cent in 2020. Table 3.0 presents a summary of the regional distribution of planned expenditure on gold exploration projects in 2020.

Table 3 0: Distribution of Budget of Gold Exploration Projects in Africa

| Country | Budget (USD Million) | Share of Africa Budget | Rank in Africa |
|----------------|----------------------|------------------------|----------------|
| Cote d'Ivoire | 105 | 17.8% | 1st |
| Burkina Faso | 100.4 | 17.0% | 2nd |
| Mali | 94.6 | 16.0% | 3rd |
| Ghana | 84.6 | 14.3% | 4th |
| Guinea | 39.1 | 6.6% | 5th |
| Tanzania | 32.5 | 5.5% | 6th |
| Senegal | 30.7 | 5.2% | 7th |
| Egypt | 23.8 | 4.0% | 8th |
| South Africa | 18.3 | 3.1% | 9th |
| DRC | 13.1 | 2.2% | 10th |
| Rest of Africa | 47.9 | 8.1% | |

Source: S&P Global (2021)

The Performance of Ghana's Mining Industry in 2020

The outturn of production, purchases and shipments of Ghana's traditional minerals in 2020 was generally subdued as compared to the preceding year. A simultaneous contraction in the output of both large and small-scale gold mines occasioned the highest year-on-year decline in the yellow metal's production since 2004. The quantum of gold production attributable to the large-scale sector waned by 4.8 per cent to 2.847 million ounces in 2020 from 2.989 million ounces in 2019. The descent in the output of the large-scale producers was primarily a reflection of the broad downturn in production by most mines, which is primarily explained by the spill-over effects of COVID-19 and mine-specific factors. The moderating influences on the desiccation in the sector's attributable production were the fresh production from the restarted Obuasi Mine of AngloGold Ashanti and growth in the output of the Gold Fields' operated Tarkwa and Damang Mines as well as the Wassa Mine of Golden Star Resources.

Likewise, the purchases and export of gold by the Licensed Gold Exporting Companies (LGECs), which is used as a proxy for production by the small-scale sector, nosedived by 26 per cent²². The gold output of the small-scale producers decreased from 1.588 million ounces in 2019 to 1.175 million ounces in 2020 due mainly to reasons linked to the restrictions in mobility induced by COVID-19, challenges in accessing excavators and other inputs as well as the introduction of withholding tax on the output of small-scale miners at the point of export.

The outbreak of COVID-19 and the subsequent curtailment measures, such as the closure of the airport, made it nearly impossible for the output of the small-scale producers to be transported to their final destinations. This situation weakened the internal demand for their output and the resulting glut in supply widened the arbitrage between the local and international price of gold. Further, the rollout of the government-backed Community Mining Scheme and clamp down on the

²² The volume of gold assay by the state assayer, Precious Minerals Marketing Company, is the parameter used in estimating the purchases of gold by the Licensed Gold Exporting Companies

use of excavators for illegal mining led to an increase in demand and a decrease in the supply of leased excavators respectively²³. On account of the shortage, the rental price of excavators appreciated significantly, which crowded out some small-scale miners from the market for the equipment. Lastly, the government introduced a 3.0 per cent withholding tax on gold produced by small-scale miners, which was to be withheld at the mine gate and paid at the point of export. Although this measure has resulted in the generation of an additional stream of revenue for the state, preliminary evidence also suggests that it has led to an expansion in the black market for trading and supplying the yellow metal.

Against this backdrop, the aggregate volume of gold produced by the country plummeted from 4.577 million ounces in 2019 to 4.023 million ounces in 2020. This translates into a year-on-year reduction of 12 per cent. The relatively steep decline in gold output produced by small-scale miners reduced the sector's share in national gold production from 35 per cent in 2019 to 29 per cent in 2020. Conversely, the contribution of the large-scale producers to aggregate gold production rose from 65 per cent to 71 per cent over the same period as denoted in Figure 9.0.

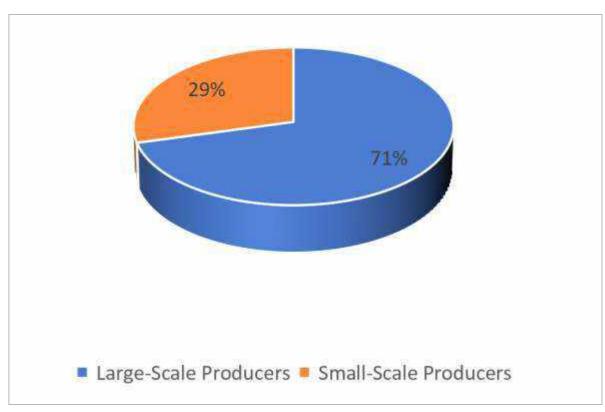


Figure 9.0: Contribution to National Gold Production by Type of Producer in 2020

Source: Based on data from Precious Minerals Marketing Company (2021), Minerals Commission (2021) and Ghana Chamber of Mines (2021)

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²³ The government passed a regulation, Minerals & Mining Regulations 2020, (L.I. 2404), to track machines and equipment used at mine sites

In a departure from the growth path observed in recent years, the volume of manganese produced by the country's sole producer, Ghana Manganese Company, fell precipitously from 5.383 million tonnes in 2019 to 2.358 million tonnes in 2020. The 56.2 per cent contraction in production was principally an outcome of the government's "stop and start" directives to the mines, which culminated in the suspension of production in the first quarter of 2020. Unsurprisingly, the downward trend in the purchases of diamonds persisted in 2020, mainly as a consequence of the continued suspension of production by the only large-scale producer, Great Consolidated Diamond Company. In essence, the purchases in 2020, akin to recent years, were obtained primarily from small-scale winners. The quantum of diamond purchased by the Precious Minerals Marketing Company (PMMC) reduced by 25.1 per cent to 25,292 carats in 2020 from 33,789 carats in 2019²⁴.

On the upside, the country's monopoly producer of bauxite, Ghana Bauxite Company, recorded a 4.1 per cent improvement in its output. The expansion in the shipment of bauxite from 1.116 million tonnes in 2019 to 1.162 million tonnes in 2020 was principally due to an upturn in its operational activities. Table 4.0, presents a summary of the production, purchases and shipments of the country's main export minerals.

Table 4.0: Production, Purchases and Shipment of Minerals in Ghana (2020 and 2019)

| Mineral | 2019 | 2020 | % Change |
|---|-----------|-----------|----------|
| | | | |
| *Gold Produced by Large-Scale Mines (Ounces) | 2,989,444 | 2,847,183 | -4.8% |
| **Gold Exported by Licensed Gold Buying Companies | 1,587,888 | 1,175,318 | -26.0% |
| (Small-Scale Sector) | | | |
| Total Gold Produced | 4,577,332 | 4,022,502 | -12.1% |
| *Manganese (Tonnes) | 5,383,014 | 2,357,515 | -56.2% |
| ***Bauxite (Tonnes) | 1,162,086 | 1,116,334 | 4.1% |
| **Diamond (Carats) | 33,789 | 25,292 | -25.1% |

Source: * Ghana Chamber of Mines (2020), ** Precious Minerals Marketing Company (2020), *** Minerals Commission (2020)

Macroeconomic Contributions of the Mining Sector in 2020 Fiscal Revenue Performance

Data from the Ghana Revenue Authority shows that the mining and quarrying sector regained its position as the leading source of direct domestic revenue in 2020. The sector's contribution to the national fiscal purse improved from GH $\+ 4.013$ billion in 2019 to GH $\+ 4.172$ billion in 2020. The 3.97 per cent increase in fiscal revenue outturn was primarily due to the increase in mineral royalty receipts, which was partially offset by the decline in the other fiscal streams attributable to the sector as shown in Table 5.0.

GHANA CHAMBER OF MINES ANNUAL REPORT 2020

²⁴ Owing to the difficulty in estimating production at the mine, we use the purchases of diamond by PMMC, which is the sole buyer of the mineral, as a proxy for measuring mine production by the small-scale winners

Table 5.0: Fiscal Contributions of the Mining and Quarrying (GHC)

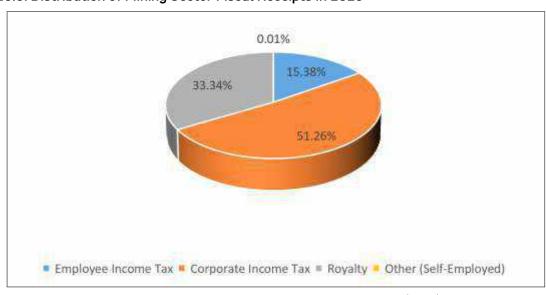
| Fiscal Stream | 2019 | 2020 | % Change |
|-----------------------|---------------|---------------|----------------|
| Employee Income Tax | 736,256,367 | 641,867,754 | -12.85% |
| Corporate Income Tax | 2,269,768,470 | 2,139,225,504 | - 5.75% |
| Mineral Royalty | 1,006,668,500 | 1,391,236,063 | 38.20% |
| Other (Self-Employed) | 674,312 | 557,868 | -17.27% |
| Total | 4,013,367,649 | 4,172,887,188 | 3.97% |

Source: Ghana Revenue Authority (2021)

Since mineral royalty is a function of both price and output, the significant appreciation in the yellow metal's price drove its receipts upward by 38.20 per cent, from GH $\c 0.07$ billion in 2019 to GH $\c 0.07$ billion in 2020. On the other hand, corporate income tax receipts and employee income tax (PAYE) declined by 5.75 per cent and 12.85 per cent respectively. Whereas corporate income tax receipts reduced from GH $\c 0.07$ billion in 2019 to GH $\c 0.07$ billion in 2020, the sector's PAYE fell from GH $\c 0.07$ fmillion to GH $\c 0.07$ billion over the same period. The sector's corporate income tax payments and PAYE represented 17.3 per cent and 8.1 per cent of aggregate corporate income and PAYE mobilized by the GRA. The residual fiscal stream, which is formally classified as Self-Employed, plummeted from GH $\c 0.07$ fm G

In view of the appreciation in the mineral royalty receipts, its share in total fiscal receipts attributable to the mining and quarrying sector increased from 25.1 per cent in 2019 to 33.3 per cent in 2020. Conversely, the corresponding share of corporate income tax decreased from 56.6 per cent to 51 per cent while that of PAYE nosedived from 18.3 per cent to 15.4 per cent in the same period. The contribution of the sector's residual fiscal stream was unchanged at 0.1 per cent between the two periods. Overall, corporate income fiscal receipt maintained its position as the largest fiscal stream in the mining and quarrying sector as shown in Figure 10.0.

Figure 10.0: Distribution of Mining Sector Fiscal Receipts in 2020



Source: Based on data from Ghana Revenue Authority (2021)

Notwithstanding the modest expansion in its fiscal contributions, the share of the mining and quarrying sector in total direct domestic fiscal receipts was 18.1 per cent in 2020, which is not significantly different from its outturn of 18.3 per cent in 2019. In terms of domestic revenue and total government revenue (including grant), the 2020 fiscal payment of the mining and quarrying sector was equivalent to 7.7 per cent and 7.5 per cent respectively as shown in Figure 10.0^{25} . These shares were identical to the outturn of 7.7 per cent and 7.5 per cent in the preceding year as shown in Figure 11.0.



Figure 11.0: Share of Mining and Quarrying Sector in Fiscal Receipts

Source: Based on data from the Ghana Revenue Authority (2021) and the Ministry of Finance (2021)

Merchandise Exports and Balance of Payments

In a predominantly import-oriented economy, such as Ghana's, the flow and stock of foreign exchange have important ramifications on the general price level, interest rates and the overall

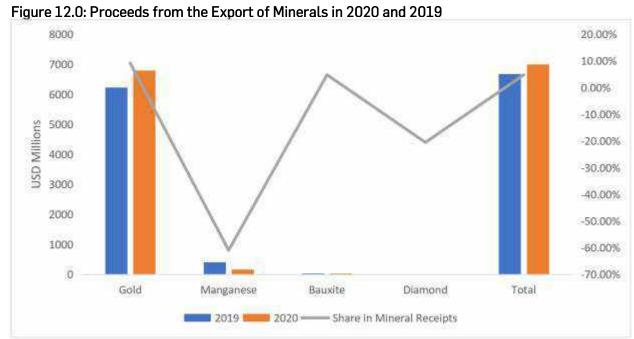
standard of living. To moderate the depreciatory pressure on the local currency and its resultant impact on the price level and other parameters, it is fundamental for the financial intermediation system to have regular access to foreign currency. In that regard, the mining sector has historically played a critical role as the preeminent source of supply of forex from the export of commodities to finance the import demands of the country.

Data from the country's lender of last resort, Bank of Ghana, shows that the mining sector consolidated its pride of place as the foremost source of forex from export receipts in 2020. The proceeds from the export of minerals increased from USD 6.678 billion in 2019 to USD 6.998 billion in 2020, representing a growth rate of 4.8 per cent. The upturn in mineral export revenue was driven primarily by the expansion in receipts from the export of gold and bauxite, which counterbalanced the diminution in export proceeds from manganese and diamond.

Specifically, gold export revenue rose from USD 6.229 billion in 2019 to USD 6.799 billion in 2020. In turn, the 9.1 per cent upswing in proceeds from the export of gold was largely an outcome of the bullish traded price of the yellow metal, which was sufficient to offset the downturn in its export volume. Likewise, the revenue from the shipment of bauxite increased by 4.8 per cent, from USD 35.9 million in 2019 to 37.72 million in 2020, mainly as a result of the growth in the quantum of exports.

²⁵ The ratios are based on the provisional fiscal revenue outturns presented in the 2021 budget statement and economic policy

On the contrary, the receipts from the export of manganese and diamond declined from USD 412.23 million in 2019 to USD 160.95 million in 2020 and from USD 0.83 million to USD 0.66 million respectively in the corresponding period as shown in Figure 12.0. The 60.9 per cent slump in revenue from the shipments of manganese and 20.5 per cent recession in diamond revenue could be ascribed to the downturn in their respective export volumes.



Source: Based on data from the Bank of Ghana (2021)

As a result of the dissimilar export revenue performance, the share of gold in aggregate mineral receipts improved from 93.3 per cent in 2019 to 97.2 per cent in 2020 while the corresponding shares of bauxite and diamond were largely unchanged at 0.54 per cent and 0.01 respectively. The sluggish outturn in the proceeds from the shipment of manganese pared its contribution to total mineral export revenue from 6.17 per cent in 2019 to 2.30 per cent in 2020.

Relative to the other commodities that constitute the physical trade account, the mineral sector accounted for 48.4 per cent of gross merchandise exports in 2020. This compares favourably with the outturn of 42.6 per cent in 2019 and equivalent to more than twice and thrice the respective shares of crude oil and cocoa in 2020. Indeed, the share of mineral export revenue in gross merchandise exports exceeded the combined contribution of crude oil and cocoa by more than 12 percentage points. In 2020, the revenue realized from the export of crude oil and cocoa amounted to 20.1 per cent and 16.1 per cent of merchandise exports respectively as shown in Figure 13.0.

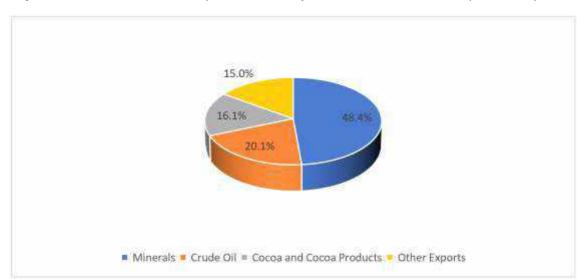


Figure 13.0: Contribution of Export Commodity to Gross Merchandise Export Receipts

Source: Based on data from the Bank of Ghana (2021)

In addition to the modest growth in cocoa and non-traditional exports, the upturn in mineral exports and decline in merchandize imports partly moderated the impact of the downturn in revenue of the other export commodities on the Trade Balance. Consequently, the Trade Balance declined by 9.4 per cent, from USD 2.256 billion in 2019 to USD 2.043 billion in 2020. It is instructive to note that the Trade Account has recorded a surplus balance in four consecutive years. However, unfavourable developments in the services and investment account widened the deficit in the overall Current Account from USD 1.864 billion in 2019 to USD 2.135 billion in 2020. The deficit in the Current Account was offset by the surplus Capital and Financial Account, leading to a positive but reduced Balance of Payments (BOP). The BOP fell from USD 1.340 billion in 2019 to USD 0.368 billion, representing a year-on-year decline of 72.5 per cent. As well, the surplus BOP contributed to the marginal appreciation in the Gross International Reserves from USD 8.418 billion in 2019 to USD 8.624 billion in 2020, with the latter translating into 4.1 months of import cover. This contributed significantly to the relative stability in the exchange rate and general price level in the year under review relative to 2019.

Local Impacts of Mining in 2020 Repatriation of Mineral Export Proceeds to Ghana by Producing Member Companies

Even though it is a truism that the proceeds from the export of minerals have a material bearing on the Balance of Payments, it is the actual supply of forex that provides liquidity to the financial intermediation system and contributes to steadying the general price level and other related parameters. In that regard, the quantum of foreign exchange receipts repatriated by producing member companies is fundamental to the seamless functioning of the foreign exchange market and stability of the larger financial market.

In 2020, producing member companies returned USD 3.67 billion out of their realized mineral revenue of USD 5.14 billion to the country²⁶. The repatriated revenue translates into 71 per cent of the realized revenue of producing member companies and was slightly lower than the equivalent outturn of 73 per cent in 2019. Similar to last year's, the proportion of mineral revenue which was returned exclusively through the commercial banks was more than the statutory threshold prescribed in the various Investment Agreements as well as Minerals and Mining Act 2006 (Act 703). To deepen the local foreign exchange market, the Bank of Ghana has since 2015 directed recipients of export revenue to cede its share of forex under the mandatory surrender requirements to commercial banks.

Expenditure of Mineral Revenue

While the repatriation of forex is crucial in providing liquidity to the foreign exchange market, the retention of such proceeds in-country anchors the mining sector as an important partner in national development. A credible pathway through which the mining sector influences economic activities in the country is through its interaction with the non-mineral economy. In that regard, the Chamber and its producing member companies prioritize nurturing and sourcing inputs from resident manufacturers and suppliers. In 2020, the producing member companies of the Chamber spent an average of USD 5.116 billion of their realized mineral revenue on sourcing inputs, financing corporate social investment projects (CSI) and payment of imposts to the state as well as returns to shareholders. This amounts to 99.5 per cent of mineral revenue realized by the producing member companies. Out of the amount expended on procuring inputs and meeting other obligations, USD 4.387 billion accrued to the local economy through payments to manufacturers and suppliers of goods and services (including labour), government taxes and financing of CSI projects. In essence, 85.7 per cent of producing member companies' expenditure was retained incountry with the remnant oozing out of the country as payments to external suppliers, creditors and shareholders. This compares favourably with the outturn of 83 per cent realized in 2019.

Specifically, the producing member companies spent USD 2.670 billion on the procurement of non-energy goods and services from in-country manufacturers and suppliers in 2020. This represents 51.93 per cent of their mineral revenue and represents an improvement over the outturn of 42 per cent in 2019. The state received USD 830.201 million, which translates into 16.2 per cent of mineral revenue, through various levies, taxes and dividends paid by the producing member companies. The state's share of mineral revenue in 2020 was identical to its outturn in 2019.

Further, the companies expended USD 479.676 million as compensation payments to their employees, which is equivalent to 9.3 per cent of mineral revenue. In the preceding year, the expenditure corresponded to 10 per cent of their realized mineral revenue. With respect to energy, the producing member companies spent USD 198.952 million on diesel and USD 180.399 million on electricity. These expenditures, which translate into 3.9 per cent and 3.5 per cent respectively, were lower as compared to the outturns of 8 per cent and 7 per cent in 2019. As shown in Figure 14.0, the producing member companies spent USD 27.8 million in financing a variety of corporate social investment (CSI) projects in the areas of health, education and agriculture, among others. In proportionate terms, it represents 0.5 per cent of aggregate mineral revenue, which is marginally lower than the corresponding outturn of 1.0 per cent in 2019.

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²⁶ Producing member companies refers to the 13 member companies of the Chamber that produce and export minerals.

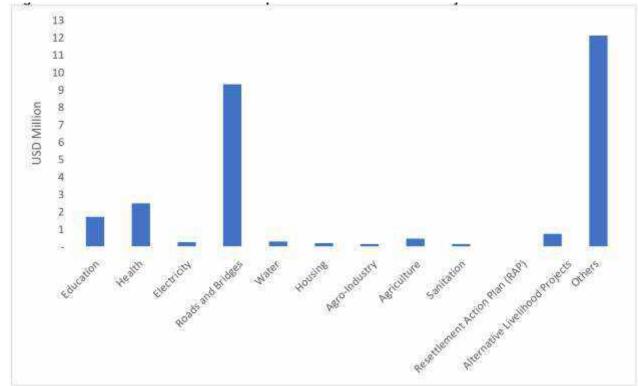


Figure 14.0: Sectoral Distribution of Corporate Social Investment Projects in 2020

The expenditures that were not retained in-country were purchases of imported consumables and CAPEX as well as amortization of loans and payments of dividends to non-government shareholders. In 2020, the producing member companies' expenditures on imported consumables and CAPEX stood at USD 194.181 million and USD 450.390 million respectively. These expenditures represent 3.8 per cent and 8.8 per cent of mineral revenue, a modest decline in their analogous outcome of 5 per cent and 12 per cent in 2019.

In a similar vein, the share of mineral

revenue received by non-government shareholders decreased from 2 per cent in 2019 to 1.2 per cent in 2020 whereas the corresponding amount used in amortizing loans reduced from 4 per cent to 0.5 per cent. In monetary terms, these expenditures amount to USD 61.3 million and USD 23.6 million respectively. Figure 15.0 provides a summary of the distribution of mineral revenue realized by producing member companies in 2020.

Non-Energy Goolds and Services

State

Compensation

CAPEX

Diesel

Imported Consumables

Electricity

Non- Government Shareholders

Corporate Social Investment

Amortization

Figure 15.0: Distribution of Mineral Revenue of Producing Member Companies (USD)

The Workforce of Producing Member Companies in 2020

At the end of 2020, the population of direct employees and contractors of the Chamber's producing member companies was 8,760 and 25,603 respectively. The total workforce population of 34,363 comprised 444 expatriates and the remaining 33,919 were Ghanaians. While the latter represents 98.7 per cent of the population of employees, the equivalence of the former is 1.3 per cent. In terms of gender, the aggregate number of female employees of producing member companies was 2,752, comprising 20 expatriates and 2,732 nationals. On the other hand, the male employee population of 31,611 was made up of 424 non-nationals and 31,187 Ghanaians. Overall, female and male expatriates constitute 0.1 per cent and 1.2 per cent of the workforce while the corresponding shares of Ghanaian males and females are 90.8 per cent and 7.9 per cent as shown in Figure 16.0.

90.76%

Pemale- Expatriate Female- National Male-Expatriate Male-National

Figure 16.0: Gender-Nationality Distribution of Employee Population in 2020

Revenue and Output Performance of the Producing Member Companies in 2020

The realized mineral revenue of the producing member companies of the Chamber increased from USD 4.572 billion in 2019 to USD 5.140 billion in 2020. The 12.4 per cent upturn in mineral receipts was due to the record level of gold price which subdued the impact of the downturn in production. Specifically, the 27 per cent year-on-year growth in the yellow metal's price offset the 4.7 per cent decline in its production to occasion an expansion in receipts from USD 4.156 billion in 2019 to USD 4.999 billion in 2020 as shown in Figure 17.0. The 20.3 per cent growth in receipts of gold production compares favourably with the analogous outturn of 17 per cent in 2019. On the other hand, the revenue from the shipment of manganese plummeted from USD 415.195 million in 2019 to USD 141.801 million in 2020, representing a descent of 65.8 per cent. The downturn in the export proceeds, which was lower than the 2019 outturn of 40 per cent, was primarily attributable to the contraction in manganese production.

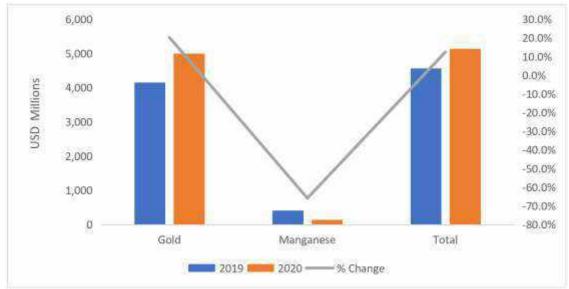


Figure 17.0: Mineral Production Revenue of Producing Member Companies

The contraction in gold output of the producing member companies from 2.987 million ounces in 2019 to 2.845 million ounces in 2020 mirrored the broad decline in production which outweighed the isolated growth in output of some mines and fresh production from the restarted Obuasi Mine of AngloGold Ashanti Limited. Notwithstanding the fall in output, the producing member companies of the Chamber accounted for 99.9 per cent of gold produced by the large-scale sector and 70.7 per cent of national gold output in 2020.

Gold output at the Ahafo Mine of Newmont declined steeply by 25.3 per cent to 480,247 ounces in 2020 from its 2019 outturn of 519,072 ounces. The slump in the mine's output, which was partly moderated by higher throughput, was mainly as a result of lower ore grade mined from the Subika pit. This lowered the mill head grade and resulting gold output. On account of the fall in output, the contribution of the mine to the total gold output of the Chamber's producing members waned from 21.5 per cent in 2019 to 16.9 per cent in 2020. This culminated in the displacement of the mine from the position of the largest to the second-largest producer of gold in the country.

Similarly, the quantum of gold produced by the Newmont-operated Akyem Mine nosedived from 422,099 ounces in 2019 to 371,476 ounces in 2020. The 12 per cent contraction in output was ascribed primarily to the lower ore grade mined and milled, which was partially offset by the improvement in the mill throughput. Against this backdrop, the share of the mine in aggregate gold production of the Chamber's producing members decreased by a percentage point, from 14.1 per cent in 2019 to 13.1 per cent in 2020.

On the whole, the concurrent decline in production in both the Akyem and Ahafo Mines pared Newmont's contribution to gold attributable to the member companies of the Chamber to 29 per cent in 2020 as compared to 35.6 per cent in 2019. Nonetheless, Newmont retained its position as the largest mining conglomerate in the country²⁷.

At the Tarkwa Mine of Gold Fields, production increased marginally by 1.4 per cent to 526,256 ounces in 2020 from 519,072 ounces in 2019 mainly on the back of operational efficiencies. With

GHANA CHAMBER OF MINES ANNUAL REPORT 2020

²⁷ This assertion will be invalid if the attributable share of production of Gold Fields' interest in Asanko Gold Mine is considered. In this case, Gold Fields will be the largest mining group in the country.

regard to the Damang Mine, which is also operated by Gold Fields, production increased from 208,381 ounces in 2019 to 222,953 ounces in 2020. The 7 per cent growth in output mirrored the contrasting performance of the mine in the first and second halves of the year. In the first six months, the mine's mining activities transitioned through the Huni Sandstone lithology, which exhibited more variable grades than anticipated. Consequently, the output in the first half of the year was impacted adversely by the lower-than-expected ore grades. The bulk of the Huni Sandstones were mined out by mid-year, which paved way for the mine to access the high-grade ore and more consistent mineralization.

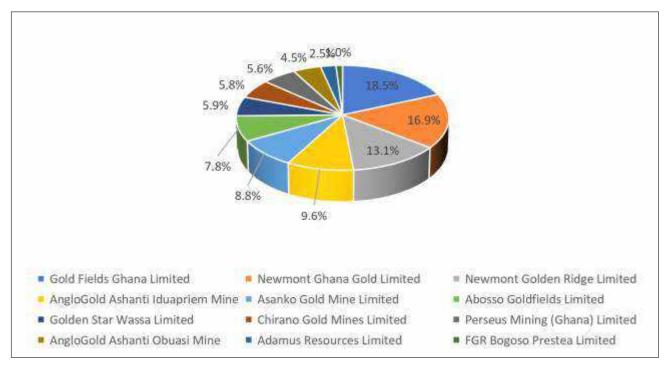
Owing to the simultaneous expansion in production from the Gold Fields'-operated mines, the firm's share in total gold production of the Chamber's producing member companies improved from 24.4 per cent in 2019 to 26.3 per cent in 2020. The Tarkwa and Damang Mines output in 2020 was equivalent to 18.5 per cent and 7.8 per cent of the Chamber's gold output respectively, which was higher than the comparable outturn of 17.4 per cent and 7.0 per cent in 2019. In view of the growth in its share of production, the Tarkwa Mine displaced Newmont's Ahafo Mine and consequently regained its status as the largest gold producer in the country which it lost to the Ahafo Mine of Newmont in 2019.

The first-year output of the restarted Obuasi Mine of AngloGold Ashanti, which achieved commercial production on 1st October, 2020, was impacted adversely by shortages of skilled personnel due to the quarantine and travel restrictions induced by the outbreak of the COVID-19 pandemic. Against this backdrop, the mine recorded an output of 127,195 ounces in 2020, which represents 4.5 per cent of the aggregate gold production of the Chamber's producing members. On the other hand, production at the Iduapriem Mine of AngloGold Ashanti reduced slightly from 274,665 ounces in 2019 to 274,537 ounces in 2020. The 0.05 per cent fall in output was principally occasioned by the decline in the mill throughput, which in turn was caused by the challenges in the treatment of relatively harder ore material. The output of the mine in 2020 corresponds to 9.6 per cent of total gold production of the Chamber's producing member companies, which is a slight improvement over its outturn of 9.2 per cent in 2019. On the whole, AngloGold Ashanti accounted for 14.1 per cent of total gold output produced by the Chamber's producing member companies.

The Joint-Venture mine of Galiano Gold and Gold Fields, Asanko Gold Mine, recorded a marginal 0.5 per cent reduction in its output. The decline in production from 251,044 ounces in 2019 to 249,904 ounces in 2020 was largely attributable to the slight fall in the average grade mined and milled. In spite of the decrease in production, the contribution of the mine's share to the total gold output of member companies of the Chamber grew modestly to 8.8 per cent in 2020 from 8.4 per cent in 2019.

With regard to the Wassa Mine of Golden Star Resources, the outturn of production increased from 156,166 ounces in 2019 to 167,648 ounces in 2020. The 7.4 per cent expansion in output was primarily a function of the growth in the volume of material mined, which was in turn occasioned by improved productivity in mining operations. However, the productivity-related gains were partly offset by lower grades realized from its underground operations. On account of the year-on-year upturn in production, the mine's share in total gold production of the producing member companies of the Chamber increased marginally from 5.2 per cent in 2019 to 5.9 per cent in 2020 as shown in Figure 18.0.

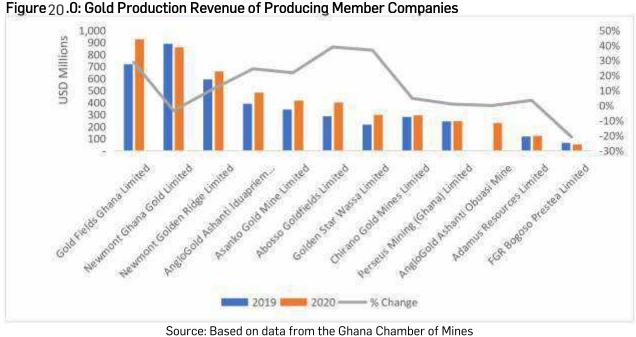
Figure 18.0: Distribution of Gold Production by Producing Member Companies of the Chamber in 2020



A combination of reductions in the average ore grade and recovery rate induced a 17.3 per cent recession in the output of the Kinross-owned Chirano Gold Mines. The decline in the average grade from 1.98 grams per tonne in 2019 to 1.80 grams per tonne was caused by the lower ore grade obtained from the underground Paboase and Akotsi deposits and led to a decline in the mill head grade. Conversely, the fall in the recovery rate was a consequence of the reduced availability of the processing plant and the peculiar characteristics of the ore mined within the period. These contractionary pressures were partly moderated by the resumption of surface operation in the fourth quarter which supplied additional ore. In the light of these developments, the mine's gold production decreased from 201,037 ounces in 2019 to 166,276 ounces in 2020 as shown in Figure 1 9.0. In comparison to the total gold output of the Chamber's producing member companies, the mine's output translates into 5.8 per cent, which is lower than the outturn of 6.7 per cent recorded in 2019.

700 10% 5% 600 0% 500 -5% -10% Thousand of Ounces 400 -15% 300 -20% -25% 200 -30% 100 -35% We street Grana Gold House o Newton Golden Rode United 0 40% 2019 2020 ------ % Change

Figure 19.0: Gold Output of Producing Member Companies of the Chamber



The multi-deposit complex operations of the Edikan Mine, which is operated by Perseus Mining (Ghana) Limited, recorded a 12 per cent downturn in production, from 179,574 ounces in 2019 to 158,090 ounces in 2020. The descent in output was mainly a consequence of the lower average head grade of processed ore and mill recovery rate. As part of its efforts to increase production, the mine sourced ore from one of its pits, Bokitsi, and blended it with ore from other pits and stockpile to feed the processing plant. The mine anticipated that the softer and higher-grade ore from the Bokitsi pit would materially enhance the rate of throughput and weighted average head grade relative to a blend of ore composed mainly of harder and lower ore grades. Naturally, this approach would have resulted in increased gold production. However, this objective was upset by the presence of carbonaceous material in the ore from the Bokitsi pit. This resulted in a reduction of the recovery rate, which displaced the modest improvement in mill throughput rate and head grade associated with the blending approach adopted by the mine. The succour to the mine's operations was the moderate increase in the volume of ore milled. Unsurprisingly, the share of the mine's output in the total gold produced by producing member companies of the Chamber declined from 6.0 per cent in 2019 to 5.6 per cent in 2020.

The volume of gold production at the Nzema Mine of Adamus Resources Limited reduced from 84,197 ounces in 2019 to 70,701 ounces in 2020, representing a decline of 16 per cent. The production outturn of the mine is equivalent to 2.5 per cent of the gold production ascribable to the Chamber's producing member companies, which is marginally lower than the 2.8 per cent it achieved in 2019. The fall in production was explained by the processing of mainly low-grade stockpile ore due to the depletion of the mine's defined resource and slow pace of addition to its resource. In the year under review, the mine ceased mining activities in its main pit, Bokrobo.

Penultimately, the Bogoso Prestea Mine which was acquired by Future Global Resources (FGR) from Golden Star Resources through a Share Purchase Agreement, recorded a decline of 37.2 per cent in its output. The decrease in the mine's output from 47,533 ounces in 2019 to 29,833 ounces in 2020 was against the backdrop of cessation in surface mining operations in the second quarter of the year and reduction in the tonnage of material mined from the underground deposit, which was partially moderated by an increase in the mill head grade. The fall in the mine's output also culminated in the diminution of its share of production from 1.6 per cent in 2019 to 1.0 per cent in 2020.

Lastly, the output of the only producer of manganese in the country, Ghana Manganese Company declined from 5,383,014 tonnes in 2019 to 2,357,515 tonnes in 2020. The 56.2 per cent contraction in production was a natural response to the "stop and start" directives from the government which resulted in the suspension of production in the first quarter of 2020.

Outlook of Production in 2021

In 2021, we expect most of the gold-producing member companies to recover from the sluggishness that characterized their operations in the preceding year. In particular, the Obuasi Mine is anticipated to ramp-up production in 2021 to further boost the gold output attributable to the Chamber and its producing member companies. Overall, the gold output of the producing member companies for 2021 is forecasted to range between 3.0 million to 3.3 million ounces. Likewise, we anticipate that the output of manganese by Ghana Manganese Company will increase following a full year of production in 2021.

Production Cost Profile of Gold Producing Member Companies

In line with global convention, Ghana uses the all-in sustaining cost (AISC) of producing an ounce of gold as the metric for assessing production cost. The AISC, which is a proprietary metric of the World Gold Council, measures production and other costs related to sustaining current gold

production and capital expenditure 28 . The average AISC of the producing member companies of the Chamber increased from USD 1,030 per ounce in 2019 to USD 1,190 per ounce in 2020, which was higher than the Africa and global AISC of USD 1,014 per ounce and USD 944 per ounce respectively. The 15.4 per cent rise in the AISC mirrored the general increase in the cost of production.

The AISC of Newmont's Ahafo and Akyem mines increased by 19.5 per cent and 5.4 per cent respectively between 2019 and 2020. While Ahafo Mine's cost of mining rose from USD 820 per ounce to USD 980 per ounce, the equivalent at the Akyem Mine expanded from USD 718 per ounce to USD 757 per ounce within the period under review. The escalation in mining cost at the Ahafo Mine was mainly due to an increase in cost applicable to sales, higher royalty payments as a result of the rise in the gold price and reduced production, which was partially counterbalanced by the decline in sustaining capital expenditure. In the same vein, the growth in Akyem mine's AISC was occasioned by the higher cost of sales, which in turn could be ascribed to the downturn in output and price-linked increase in royalty payments. The moderating influences on the AISC in 2020 were the reduced reclamation costs and sustaining capital spend.

At the Tarkwa Mine of Gold Fields, the AISC expanded from USD 958 per ounce in 2019 to USD 1,017 per ounce in 2020. The 6.1 per cent growth in cost could be ascribed to increased capital expenditure and the price-induced hike in royalty payments. Similarly, the cost of producing an ounce of gold at Damang Mine increased by 24.6 per cent, from USD 809 per ounce in 2019 to USD 1,008 per ounce in 2020. The upward movement in the AISC was principally due to the higher cost of sales (before amortization and depreciation) and royalty payments, which was partly offset by the increase in production.

With respect to the Iduapriem Mine of AngloGold Ashanti, the AISC rose from USD 890 per ounce in 2019 to USD 985 per ounce in 2020, translating into an upturn of 10.7 per cent. The elevation in cost was explained by the increase in royalty payments and inventory adjustments, which were partly offset by the state-sponsored subsidies in electricity tariff to mitigate the impact of COVID-19. At the Obuasi Mine of AngloGold Ashanti, the AISC in 2020, which was the first full year cost of producing an ounce of gold, stood at USD 1,316 per ounce.

In the case of Asanko Gold Mine, the measures that were taken to sustain operations in the period following the outbreak of COVID-19, such as rearrangement of transportation of ore and restricting travels by employees, were the primary driver of cost in 2020. These factors combined with the higher royalty expenses and sustaining capital expenditure (associated with the elevation of the tailings dam) to raise the mine's AISC from USD 1,112 per ounce in 2019 to USD 1,115 per ounce in 2020.

Further, the cost of producing an ounce of gold at the Kinross-owned Chirano Gold Mines grew by 22.6 per cent to USD 1,326 per ounce in 2020 from USD 1,082 per ounce mainly on account of the rise in the cost of sales and price-driven increase in royalty payments. The cost pressures were partly palliated by the reversal of an impairment charge which was necessitated by the extension of the life of mine to 2025.

Likewise, the AISC of the Edikan Mine of Perseus Mining Ghana Limited surged from USD 985 per ounce in 2019 to USD 1,157 per ounce in 2020. The 17.4 per cent elevation in cost was driven chiefly by the increase in royalty expenditure and lower production, which was partly

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²⁸ The AISC applies to only gold producers. See appendix 4 for a discussion on the computation of AISC.

offset by the discount in electricity tariff given by the government and improved reliability in the supply of electricity from the national grid.

At the Golden Star Resources-operated Wassa Mine, the upturn in the AISC from USD 938 per ounce in 2019 to USD 1,003 per ounce in 2020 was principally occasioned by a hike in operating cost and royalty payments. The main mitigating influences on the drivers of cost were the growth in production and reduction in electricity tariff following its switch from the national grid to an Independent Power Producer.

As well, the AISC of the Nzema Mine of Adamus Resources Limited rose by 12 per cent, from USD 1,095 per ounce in 2019 to USD 1,226 per ounce in 2020. The expansion in the mine's cost of production was explained by the reduced production, higher royalty expenses and elevation in operating cost.

Finally, the AISC of the Bogoso Prestea Mine of FGR increased steeply by 23.5 per cent on a year-on-year basis. The rise in the cost of producing an ounce of gold from USD 1,937 per ounce to USD 2,393 per ounce was ascribed to the increase in the cost of sales, which was partially moderated by the reduction in mining cost due to the cessation of surface mining activities and reduction in royalty payments. In Figure 21.0, we summarize the AISC of the producing member companies of the Chamber.

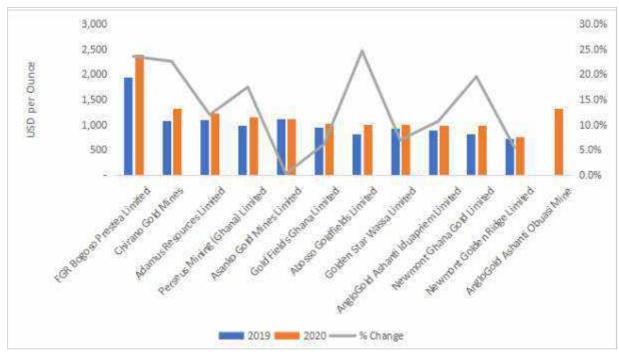


Figure 21.0: All-In Sustaining Cost of Member Companies of the Chamber

Source: Based on data from the Ghana Chamber of Mines (2021)

Health and Safety Performance of Ghana's Mining Industry in 2020

According to the Minerals Commission, the aggregate count of injuries in Ghana's mining sector decreased from 554 in 2019 to 308 in 2020. This represents a downturn of 44.4 per cent in the number of incidents recorded over the period. Apart from fatal and serious injuries, the outturn of the other classes of incidents was lower compared to their equivalent in 2019.

The frequency of Near Miss, which is statutorily defined as a class of incidents that do not result in loss of shift, injury, death, or damage to equipment, declined by 59.5 per cent to 132 in 2020 from 326 in 2019. Similarly, the case count of First Aid Injuries plummeted by 29.9 per cent, from 197 in 2019 to 138 in 2020. First Aid Injuries refer to incidents whose occurrence do not culminate in the loss of shift. On the other hand, Serious Injuries, which refers to an incident that leads to loss of shift of more than fourteen (14) days, increased from 28 in 2019 to 33 in 2020. This translates into a growth rate of 17.9 per cent. Likewise, the number of persons that were involved in incidents that resulted in their death rose from 3 in 2019 to 5 in 2020 as denoted in Figure 22.0.

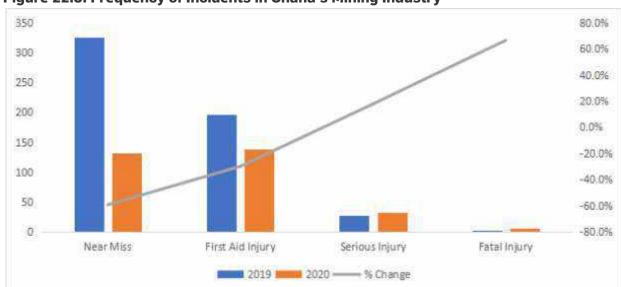


Figure 22.0: Frequency of Incidents in Ghana's Mining Industry

Source: Based on data from the Minerals Commission (2021)

Challenges Confronting Operations of Member Companies in 2019

In this section, we highlight the challenges that confronted our member companies' activities in 2020. These issues will be discussed in three broad themes; fiscal, advocacy and operational issues.

Fiscal Issues

Price Build-Up of Petroleum Products

The Chamber is of the view that some of the elements in the price build-up of diesel supplied to the mines have little or no bearing on the cost of supplying the fuel to the mines. The specific elements are as follows:

Ex-Refineru Price

Unlike the retail market, the ex-refinery price of diesel supplied to the mines is largely determined by the National Petroleum Authority (NPA). In a sense, the mining industry and other consumers in the export segment of the petroleum market do not benefit from the gains associated with deregulation. Clearly, a decision to extend the government's deregulation policy to the export market would not only enhance competition, which could exert downward pressure on prices, but

also improve the service delivery of the suppliers of diesel to the mines. The Chamber therefore proposes that the government should allow market forces to autonomously determine the exrefinery price of diesel supplied to the mines.

Taxes, Levies and Margins

Energy Debt Recovery Levy

The Chamber acknowledges the debilitating impact of the legacy debts on the sustainability and viability of the energy sector as well as commends government for its efforts to retire them through the Energy Sector Levy Act, 2015 (Act 899). However, the mining sector has historically paid a fair market tariff for electricity supplied to it by the Volta River Authority (VRA) or Electricity Company of Ghana (ECG). Indeed, the tariffs are typically above the fair value in the case of the latter as the Public Utilities Regulatory Commission (PURC) pricing formula for the mining industry is based on ability-to-pay rather than cost of service. The spread between the cost of service and tariff paid by the mines, which could aptly be described as a premium, is used in cross subsidizing the consumption of electricity by other consumers.

It is therefore patent that the mining industry was not a beneficiary of the subsidies that led to the accumulation of debts in the energy sector. Accordingly, it is unfair to impose a levy on mining companies to recover debts that they were neither beneficiaries of nor a contributing party to. Accordingly, the Chamber recommends the exclusion of the Energy Debt Recovery Levy from the price build-up of diesel supplies to the mines as it obviously weighs heavily on the price uncompetitiveness of diesel to the mines, which can hardly be justified.

Price Stabilization and Recovery Levy

The inclusion of Price Stabilization and Recovery Levy (PSRL) in the price build-up of petroleum products serves the purpose of neutralizing the adverse effects of movements in the exchange rate on the price of fuel. In the retail market, where the ex-refinery price of the imported diesel is quoted in the local currency, the levy fulfils its function of offsetting shocks induced by volatility in the exchange rate.

On the other hand, the ex-refinery price of diesel supplied to the mines is quoted in United States Dollars at the full parity price and companies pay their suppliers in the aforementioned currency. This pricing regime and mode of payment imply that mining companies and other consumers in the export market have inherently insulated the state from the currency induced movements in the price of diesel. Hence, the inclusion of another levy, PSRL, in the price build-up of diesel supplied to the mines is not only superfluous but also analogous to double taxation. In that regard, it would be apt for the government to expunge PSRL from the price build-up of diesel supplied to the mines.

Primary Distribution Margin

The Primary Distribution Margin (PDM) compensates operators in the primary market of fuel products for their investments in infrastructure in that segment of the market. Basically, these investors provide depots for holding fuel discharged from vessels before they are transported to their final destination or facilities of Bulk Oil Storage and Transportation Company (BOST). In the retail market, the inclusion of the PDM in the price build-up of diesel has an economic justification as the fuel is stored in such facilities before being transferred to the various outlets. However, the process for handling diesel destined to the mines does not mimic that of the retail market. The various Oil Marketing Companies (OMCs) that supply diesel to the mines have their own storage facilities and reflect such investments in their prices to the mines. It is therefore inappropriate to request the mining companies to pay twice for the same service. Accordingly, the PDM should be removed from the price build-up of diesel supplied to the mines.

Bulk Oil Storage and Transportation Company Margin

The Bulk Oil Storage and Transportation (BOST) Company was set up to among others, provide infrastructure for holding strategic fuel reserves for the country as well as depots for storing fuel. In most cases, fuel supplied to the retail market would have been stored in a BOST facility prior to being transferred to the final destination. It is however instructive to note that fuel supplied to the mines is not comingled with that of the retail market, which is stored in a BOST facility. Indeed, the higher fuel specifications of the mining companies make it impossible for their suppliers to mix their product with that destined for the retail market. It would therefore be unfair to request an entity to pay for a service that it does not consume or demand. Accordingly, we appeal for the exclusion of the BOST Margin from the price build-up of diesel supplied to the mines.

Fuel Marking Margin

On account of some historical antecedents, including a mechanism to avoid the adulteration of petroleum products, the Government of Ghana decided to mark the various fuels that are supplied to the retail market. Since this procedure was necessarily associated with cost, it was apposite that the state recovered its expenditure by introducing a margin in the price build-up of fuel supplied to the generic market. In the export market, however, diesel supplied to the mines is not marked. Thus, the need to include a dedicated margin to recoup costs associated with marking of diesel supplied to the mines would not be warranted. It is in that regard that we kindly request for the removal of the fuel marking margin from the price build-up of diesel consumed by mining companies.

Road Fund Levy

As part of the state's efforts to raise revenue to finance the construction of roads in Ghana, beneficiaries of the infrastructure were requested to bear part of the cost through the inclusion of a levy in the price build-up of fuel products. The imposition of the levy on fuel products meant that persons who buy fuel for use in their private vehicles or indirectly for use in a public bus will be commuting on a public road. This supposition also implied that persons who neither own private vehicles nor use public buses would not be required to pay for the construction of public roads through the medium of a levy on fuel products. In other words, they would not have demand for fuel and by extension, public roads. The latter typifies case of the mining industry where operations are usually undertaken in remote areas that do not require the use of public roads. As a matter of fact, mining companies operate in situ and their earth moving equipment are also not used on public roads.

Furthermore, most mining companies contribute directly to improving the country's road network by underwriting the cost of road construction in their catchment areas. In 2020, for instance, the 13 mining member companies of the Chamber spent USD 9.3 million on enhancing the road networks in their operational footprint. It is therefore economically unjustifiable to request an entity that does not use public roads for its operations but voluntarily contribute to the maintenance of same to pay another levy for such infrastructure. It is our expectation that the road fund levy would be excluded from the price build-up of diesel supplied to the mines.

It is obvious that the mining industry straddles the pure export market and the commercial retail market. The Chamber suggests that rather than merely layering its ex-refinery price in US\$ and passing on all retail price elements to the mining industry, the government should reconsider the elements of the price build-up of diesel to the mines to ensure that it reflects relevant cost elements only. It is our considered view that this approach will not only improve the business environment for mining firms but also position them to operate more competitively for the benefit of all stakeholders, including government and community members.

Issues with Income Tax Act, 2015 (Act 896)

The government passed the Income Tax Act, 2015 (Act 896) with the overriding objective of expanding its tax base and enhancing tax payments as well as revenue collection. Following the passage of the Act, the Chamber identified a number of concerns and raised them directly with the Minister of Finance. The specific concerns of the Chamber are as follows:

Ring Fencing

Ring fencing is one of the major and fundamental concepts underlying the entire Act 896. In addition to the general provisions on ring fencing in the Act, there are specific provisions pertaining to the mining industry. Section 78 (1) provides that subject to this section, the following shall constitute a separate mineral operation:

- A mineral operation pertaining to each mine, and
- A mineral operation with a shared processing facility.

Key to the provisions on ring fencing is the concept of "Shared Processing Facility". In 2013, the Chamber, the Ghana Revenue Authority and the Minerals Commission had a workshop to discuss the implementation of the ring-fencing provisions contained in the Internal Revenue (Amendment) Act, 2012 (Act 839). The Chamber outlined key operational reasons why the concept of ring-fencing as contained in Act 592 was not practicable. The concept of "Shared Processing Facility" was introduced and it was defined to mean "a cluster of processing plants in close proximity". This was the consensus reached at the workshop subject to holding subsequent discussions to fine-tune its implementation.

Based on the current wording of Act 896, however, it appears that if a single mine has two processing facilities, each processing facility shall be ring fenced separately. This raises difficulties on the ground where ore from different pits is trucked to these facilities. The provision in the Act is not consistent with the consensus reached at the afore-mentioned workshop. Further, the current wording of the law artificially creates separate mineral operations and makes it difficult for mining companies to comply with it from a cost allocation perspective. The law suggests that the mining firm should separately account for income and expenses for its unnaturally segregated business.

Another key challenge in respect of the ring fencing provisions under Act 839 is the requirement that each "mining area" be treated as a separate mineral operation and the definition of "mining area" as "the area designated from time to time by the holder of a mining lease with the approval of the Minerals Commission," which is consistent with the definition of mining area in the Minerals & Mining Act, 2006 (Act 703). This Mining Act definition envisages the routine practice of progressively declaring mining areas within the mining lease as part of the ongoing plan to develop a single mining operation. In essence, it recognizes that areas within a mine can be developed over time, but it does not follow that they should be treated as artificial separate mining operations for tax purposes as required by section 78 (3). To do so is an impractical and completely uncommercial imposition on mining companies.

For instance, how will ground rent be determined for the various mining areas within the mining lease? Assuming the determination of the rent is based on area of operation, then a deduction will only be available for the small proportion of the fees relating to the declared active mining area. The firm will not be able to offset the ex-mining area costs since there is no income attributable to those areas. More so, tax deductions could be lost in some declared mining areas if those areas are unprofitable. Of more importance is the requirement in section 77(5) that "arm's length

transaction" pricing rules be applied between each artificial "mineral operation" will create serious tax anomalies. In most cases the "arm's length" price for toll treating ore is much higher than what could be sustained in an integrated mining operation comprising multiple pits. For most mines, the feasibility of the entire operation is dependent on ore from a number of pits being processed through a central processing facility. An "arm's length" processing price will likely result in losses being recorded by each of the artificial "mineral operations" containing pits and a profit and tax being payable by the "mineral operation" which contains the processing plant. That scenario is not sustainable.

In the light of the serious and hopefully unintended commercial implications resulting from the definition of "mining area" and the requirement to treat each mining area as a separate operation for tax purposes, together with the practical challenges with the concept of ring fencing, we propose that the GRA suspend the enforcement of these provisions as it dialogues with the Chamber to find a common position. In the petroleum industry, it is comparatively easier to ringfence on a well by well basis. However, the same practice cannot practically be transferred to the mining industry, especially surface mines, where there is transferability of ore from different pits.

Limitations on Deductibility of Payment for Services to Non-Residents

Under the erstwhile tax laws, non-resident persons were effectively taxed under the withholding tax system. However, the new income tax appears to deny a deduction for expenditure where the income for the service provider is not sourced from Ghana. Specifically, section 81 (2) (b) (ii) provides that "the Commissioner-General shall not allow a deduction for an amount unless that amount is wholly, exclusively and necessarily incurred in acquiring services or facilities for the mineral operation and is income of the recipient which has a source in Ghana". Section 105 (i), also defines an income to have a source in Ghana "if it relates to payments for or attributable to employment, service rendered or forbearance from exercising employment or rendering a service in the country, regardless of the place of payment".

These are the unintended consequences of the current wording of the law which the Chamber believes should not be the case. In its current state, the law is acutely detrimental to the mining industry, which is also the tax payer.

It is also unclear whether the restrictions in section 81 (2) have the effect of denying deductions for expenditure such as:

- Consumables such as fuel or chemicals acquired for use in the mining process (which is the case unless their purchase is accepted as the acquisition of a valuable asset)
- Wages of employees (unless they are classified as services of mining operation)
- Electricity costs, rent, telephone, among others.

In view of the nebulousness of the law, we request the GRA to take a second look at the wording of the law and address the concerns raised.

Thin Capitalisation

The new income tax Act extends thin capitalisation provisions to restriction of deductions for interest and foreign exchange losses incurred by a foreign controlled company to all debt from any source. This is a clear departure from the familiar practice of associating thin capitalisation with related party transactions. In its current form, the Act raises a number of practical questions:

- What constitutes debt since debt has not been defined?
- At what point during the year of assessment should reference be made to in determining debt for thin capitalization purposes?

- What is the make-up of exempt equity? Act 896 is silent on retained earnings and other reserves in determining what constitutes equity for thin capitalization purposes.
- At what point during the year of assessment should reference be made to in determining equity for thin capitalization purposes?

The effect of the legislation is to stifle the development of new mines or expansion of existing mines since the non-deductibility of interest and foreign exchange losses will be built into financial models used in the bank's credit decisions. We therefore request the GRA to provide clarity on the interpretation and application of the provisions of thin capitalisation.

Artificial deemed Profits or Loss of deductions on change in shareholdings

Shares held directly or indirectly in a mining company by publicly listed companies should be exempted from the "look-through" provisions in sections 81 (8) and 62. This is on account of the fact that publicly listed companies have no control over the sale of their shares and may not be able to trace the beneficial owners of those shares. In most cases, the Ghanaian mining company, which is the subject of these provisions may not have the requisite information to comply with the Act.

We recommend that shareholders of a firm listed on a recognized stock exchange should be treated as an individual rather than attempting to look through to its individual shareholders. In fact, this "look-through" provision will stifle exploration and development in the Ghanaian mining industry if not removed entirely, since it has the effect of creating an artificially determined tax profit for, or denying tax deductions to, a Ghanaian company when the company inevitably has to source new funds for exploration or development of a mine.

Surely it is not intended that if a foreign shareholder of a Ghanaian mining or exploration company issues shares to a new shareholder to raise exploration funds for the Ghanaian company in which it has invested, it will either create a taxable profit or deny future deductions under the market value provisions of section 83 (2)? There is no disposal of an asset and no profit made by any entity, so how can the Ghanaian exploration or mining company be taxed on the transaction? Keep in mind that these provisions seek to create a deemed disposal for the Ghanaian company even where the investment in that company is only a minor part of the investment portfolio of the international investor which has a change of shareholding. Any investors investing in Ghana would be looking at a perceived triple layer of tax which would have to be factored into purchase prices, thereby increasing transactional costs.

If the aim of Section 83 is to tax benefits received by the sale of shares in non-Ghanaian entities which hold indirect interests in Ghanaian mineral assets as their major investment, consider replacing Section 83 with a provision which specifically taxes the sale of those indirect shareholdings. Keeping in mind that if Section 83 is replaced by such a provision, the tax should only apply where the investment in the Ghanaian mining company forms a major part of the underlying assets of the non-resident enterprise whose shares are sold, and should not apply to the sale of shares which are listed on a recognized stock exchange.

Taxation of Dividends

Section 85(1) excludes Ghanaian company shareholders of mining companies from receiving dividends tax free under section 59 (3) where they own at least one-quarter of the shares in the company. This provision has the potential of creating double taxation, particularly, in the event that the dividend paid by the mining company will be taxed by its immediate shareholder and then again when that shareholder pays a dividend to its shareholder(s). Against this background, we request the GRA to provide clarity on the appropriate interpretation of this provision.

Guidelines for Approved Rehabilitation Funds

In in line with section 84 of Act 896, mining companies are eligible for upfront deductions for rehabilitation payments into an approved rehabilitation fund. The upfront deduction is especially relevant for cash flow and sustainability of mining operations. However, the GRA disallows the provisional rehabilitation payments. With this practice, there will be no profits to offset the payments against them by the time a mine approaches its end of life. The Chamber urges GRA to develop the relevant guidelines to make the provision effective.

Repairs and Improvement Section 12 Act 2015 Act 896

The income of a person is calculated by deducting from that income, any expense that is incurred by that person for the repair or improvement of a depreciable asset of that person, where the repair or improvement cost:

- 1. Is for a depreciable asset of that person,
- 2. Must be wholly, exclusively and necessarily incurred in the production of income from investment or business in satisfaction of the requirement
- 3. Maybe of a capital nature

However, a deduction granted for a year of assessment with respect to a depreciable asset in a particular pool of depreciable assets of a person should not exceed 5% of the written down value of the pool at the end of the year. Any excess for which a deduction is not allowed as a result of the limitation shall be added to the depreciation basis of the pool to which it relates.

The Implication of the S.12 of Act 896 is basically asking tax payers to pay more taxes now by restricting the deductible amount for repairs and improvement cost of depreciable assets by carrying forward any excess of 5 per cent on the written down value of the pool at the end of the year to which the repairs and improvement cost relates to. Thus, to restrict cost in a particular year and carrying forward any excess will result in huge amount in tax liability which members' cash flows cannot sustain.

Value Added Tax (VAT) Flat Rate Scheme

Unlike the earlier Value Added Tax (VAT) policy, which was applicable to suppliers within a defined threshold, the new 3% VAT flat rate scheme applies to all suppliers, including companies within the Large Taxpayers Unit. Since all suppliers to the mining companies have been classified as wholesalers or retailers, the law will impact on the mining sector directly.

Most of the companies that supply products to the mining companies import more than 97% of their wares and consumables. Already, these companies pay duties and 17.5% VAT paid on the imported items. With the passage of the new VAT law, companies cannot claw back the 17.5% import VAT as input VAT. Consequently, the mining companies will bear the 3% VAT in addition to the 17.5% VAT which cannot be reclaimed, which would be treated as output VAT without any input VAT.

We therefore request that companies should be given the opportunity to claim input VAT suffered regardless of whether or not they fall within the 3% VAT scheme or alternatively revert to the historical basis where revenue levels determined the applicability or otherwise of the 3% VAT scheme.

Value Added Tax (VAT) on Mining Companies for the Supply of Power

The VAT Act, 2013 (Act 870) stipulates in section 27 that the supply of any form of power heat, refrigeration or ventilation is a supply of goods. This provision also existed in the now repealed VAT Act, 1998, Act 546.

The GRA suggests that, as our member companies make their mining facilities/operations available to service providers, to the extent that these service providers consume electricity on the mine site, that consumption of electricity should be regarded as a supply of power and should be subject to VAT accordingly.

We believe that the supply of power issue should be looked at in various applicable contexts depending on the arrangements entered into between the member mining company and its service provider. This is on account of the following reasons:

1) Usage of the mine's electricity supply available to all stakeholders

Given the nature of mining (remote location, size of equipment etc.), certain technical and other service providers must transfer their equipment and specialist staff to the mine site to facilitate service delivery. In return, the mine makes available to them its facilities, supervisory staff and dedicated space amongst others. This is a recognised industry practice and the service providers' contractual arrangements and invoices to the mine take cognizant of this.

As the mine does not generate or supply electricity, all mine staff, contractors and service providers make use of the same electricity supply and there is no additional charge for electricity consumption. In such an instance, there has not been a separate supply of power. All service providers (caterers, transportation services, leisure services) make use of the same electricity supply and the amount that is billed to the mine takes cognizance of this.

As stated earlier, this is a business wide practice which is prevalent in other industries such as manufacturing, fabrication, among others.

2) Additional Contractual Charge for electricity consumed by stakeholders

As in the earlier example, service providers transfer their equipment and specialist staff to the mine site however the mine also makes available to them, a dedicated electricity supply. Such a dedicated electricity supply is contractually agreed to and chargeable as such and so should be subject to VAT.

In this instance, we would not disagree with the GRAs position that a supply of power has taken place in accordance with Act 870. We are of the view that the contractual arrangements underpinning dealings between a mine and its service providers should be thoroughly reviewed in order to determine whether a supply of power has indeed taken place. For example:

- Does the service provider need a certain quantum of uninterrupted power in order to operate?
- Does the contract stipulate that there will be an additional charge for electricity consumed?
- Does the mine make the same electricity available to all of its service providers to enable them deliver on their obligations?
- Does the mine profit from there being a separate charge for electricity?

Whilst these are not exhaustive, they do attempt to distinguish whether electricity is available to all or whether indeed a separate supply of power has taken place. In the case of the former, VAT is not applicable. For the latter, VAT is duly applicable.

Exclusion of Consumables from Mining List

In the year under review, the Ministry of Finance apprised the Chamber of its intention to exclude consumables from the Mining List. According to the Ministry of Finance, the statutes governing exemptions regime in the mining sector do not provide for the inclusion of consumables on the Mining List. In that regard, it intends to disallow exemptions on consumable items imported by mining companies. Clearly, this plan, which is premised on a strict interpretation of the law, would invariably culminate in additional cost for the mines and service providers. It is a well-known fact that expenditure on consumables constitute a major outgoing in the mining industry. For such reasons, consumables have traditionally been considered as part of the Mining List. More so, expenditure on consumables have been factored into the economic viability of the mines. A variation in the exemptions regime will therefore impact on the life of mine. The Chamber urges the Ministry of Finance to rescinds its plan to remove consumables from the Mining List

Advocacy Issues

Incentives for Exploration Companies

The relevance of exploration in ensuring a pipeline of future viable projects cannot be over-emphasized. It is the single most critical activity that guarantees continuous production of mineral and discovery of new mineral resources to supplement production from existing mines or replace output of mines whose economic ore body is exhausted. However, exploration investment in Ghana has declined significantly in recent years. This is alarming for a country to which mining is critical for forex and fiscal revenue generation.

It is also worth noting that the preponderant share of exploration licenses issued by the Ministry of Lands and Natural Resources is held by Ghanaians who are usually constrained in raising capital to finance the high-risk business of exploration. Given that Ghanaians hold a large share of exploration mineral rights, they stand to benefit if the hurdles of exploration in terms of upfront costs are reduced to facilitate effective exploration and consequent commercial finds.

In other words, it is crucial to put in place an incentive scheme that will reduce the cost associated with exploration and therefore attract the required critical investments into this high-risk business of mineral exploration. As a first step, we request government to exempt exploration companies from payment of VAT on big ticket cost items such as Drilling and Laboratory Services. In Ghana, VAT is payable on exploration expenditure and it cannot be recovered by the exploration companies unless they make a commercial find and commence production. This implies that where exploration is unsuccessful, VAT would not be recoverable. Effectively, the extent of actual exploration activity is diminished by upfront costs such as VAT on inputs. Thus, relieving the usually illiquid exploration companies from the payment of VAT would not only improve their cash flow and reduce their operational costs but also enhance the country's image as a competitive destination for exploration investment. In the long-run, this will guarantee continuous mineral production and flow of fiscal and forex receipts as well as other benefits from the minerals sector.

Harmonization of Royalty Regime

Following consultations with stakeholders of the mining industry, section 25 of the Minerals and Mining Act, 2006 (Act 703) was amended by the repeal of Act 794 and substituted with a

²⁹ Section 6(2) of the amended Act stipulates that "despite the repeal of Act 794, the rate of royalty in force immediately before the commencement of this Act shall continue in force until the rate is altered".

provision that gives discretionary powers to the Minister responsible for mining to prescribe the rate and manner for payment of royalty to the Republic. These amendments are contained in the Minerals and Mining (Amendment) Act, 2015 (Act 900). Although, the Minister is yet to publish regulations on the rate and manner for the payment of royalty almost two years after the passage of Act 900, some mining companies continue to pay an amount equivalent to 5% of mineral revenue as required in the amended Act²⁹ while others are required to pay a variable royalty rate as shown in Table 1.0. The latter are mines that have investment agreements with the state and are relatively large gold producers.

Table 1.0: Renegotiated Royalty Rates in Investment and Development Agreements

| Royalty Rate (%) | Gold Price (USD per ounce) |
|------------------|----------------------------|
| 3.0 | Less than \$1,300 |
| 3.5 | \$1,300- \$1,449.99 |
| 4.0 | \$1,450- \$2,299.99 |
| 5.0 | \$2,300 and above |

Source: JSE, 2016

In the considered view of the Chamber, the adoption of a sliding scale royalty regime based on the price of mineral is commendable as it enhances predictability in the fiscal regime and accommodates the volatile mood swings of the minerals market, especially the price of gold, the preponderant mineral mined in Ghana.

On the downside, however, the selective application of the variable royalty regime culminates in a situation where mid-tier mines are heavily taxed. The current situation does not encourage marginal and mid-tier mines to increase investment and may reduce mine development, which could be inimical to the sustainability of the mining industry. It may also result in high-grade mining and the associated sub-optimal development and harnessing of the country's mineral endowment. High grade mining is a form of mining that focuses on extraction of high-grade ore to the exclusion of lower grade, potentially profitable ore, which will not allow government to realize the full potential mineral revenue, including multipliers.

Furthermore, the state involuntarily penalizes the medium and marginal mines during periods of sluggish commodity prices. In the long run, the critical investments which are needed to supplement or extend the life of existing mines may not materialize since the companies may invest the capital in other mining jurisdictions with competitive royalty rates. Naturally, this will shrink Government revenue and weaken the State's ability to grow the economy on the back of the minerals industry.

The Chamber therefore requests the government to adopt a common sliding-scale royalty regime for the mining industry.

Mineral Revenue Retention Policy

The Ministry of Finance has informed the Chamber of its intention to standardize mineral revenue retention regimes in the mining industry. It is contemplating a three-tiered retention regime where a defined proportion of mineral export proceeds will be retained in offshore or local account (at the company's discretion), local account and the remaining sold to commercial banks under the mandatory surrender requirement.

The Chamber's preferred model is to retain the existing general practice where mining companies have binding retention agreements based on their forex requirements. This arrangement allows the mining companies to honour their external and internal obligations which are usually denominated in foreign currency. More so, mining companies effectively repatriate foreign currency when they transfer funds from offshore accounts to settle liabilities to in-country suppliers and manufacturers of inputs. In the last five years, the share of mineral revenue returned by the Chamber averaged 70 per cent. Obviously, this is far in excess of the statutory maximum of 25 per cent of realized mineral revenue anticipated under the Minerals and Mining Act, 2006 (Act 703).

Apart from disrupting the commercial arrangements between the mines and their suppliers, a variation in the mineral revenue retention regime will also saddle them with additional transaction costs and potential delays. Most mines are already operating forex accounts in offshore jurisdictions to meet their operational and in some cases, debt raising and general financing requirements. It would therefore be duplicative if a company is required to open and maintain another forex account in-country. Moreover, the bureaucracy associated with transfers from the local forex account will delay payments to vendors and result in tardy supply of critical spares and equipment. This could ultimately result in unplanned cessation of mining operations.

Furthermore, the proposal to vary the mineral revenue retention regime could lead to a situation where the mining companies will queue to access forex to honour their obligations. This will particularly be the case if mineral receipts from the mining companies are not sequestered but added to the pool of forex reserves. The ensuing glut in demand may hamper the ability of financial intermediaries to meet the large forex requirements of the mining industry in a timely manner. More so, the additional demand from the mining industry may exert depreciative pressure on the local currency. In other words, the proposal to vary the current mineral revenue retention agreement may have the unintended consequence of triggering a loss in the value of the country's currency relative to other external currencies.

Since the existing regime allows for seamless and cost-effective transactions, the Chamber requests the Ministry of Finance to retain same. This would not only allow the companies to operate efficiently and cost competitively but also guarantee steady supply of forex to the local financial intermediaries.

Operational Issues

Delays in Issuance of Environmental Permits

The lack of adequate personnel at the Environmental Protection Agency (EPA) to review permit applications causes long delays in approval of same. The unpredictable lead times for issuing permits by the EPA adversely affect project planning and execution. It also impacts negatively on raising of investment capital for projects since it creates uncertainty regarding cash flows and other project metrics. A survey by the Fraser Institute in 2020 showed that most investors were concerned about the long lead time for the approval of environmental permits for both mining and exploration firms. We therefore urge government to improve the human resource capacity of EPA.

Deplorable State of Railway Infrastructure

The Western railway line, which was the primary mode of hauling bulk minerals to the Takoradi port, has deteriorated over the years as a result of obsolescence and limited investments. Consequently, the bulk mining companies, like the other producers of bulk export commodities,

have had to make use of the more expensive road system. For instance, Ghana Manganese Company hauled 15.6 per cent of its shipment via the western railway line and the remnant by road. It is estimated that the cost of road haulage is 50 per cent more expensive than the alternative of using the railway lines. This erodes the bottom line of the bulk mineral producers and could compel them to fold up prematurely if a solution is not found sooner.

Successive Budget Statements and Economic Policies point out the intention of government to rehabilitate the western rail network. Unfortunately, this is yet to happen, even though the benefits of a well-functioning railway system will not be a preserve of the mining industry but the entire economy. It could also serve as an alternative means of transporting life, foodstuff and other commodities across the country.

The Chamber is therefore pleased at government's efforts to rehabilitate the country's railway network, particularly, the western railway line. We urge government to expedite action in that regard since it has the inherent potential to generate revenue to pay back the initial investment cost.

Statistical Appendix
Appendix One: Production of Member Companies of the Chamber

| Company | 2019 | 2020 | % Change | |
|----------------------------------|--------------------|-----------|----------|--|
| Gold Fields Ghana Limited | 519,072 | | | |
| | | 526,256 | 1.4% | |
| Newmont Ghana Gold Limited | 643,067 | 480,247 | -25.3% | |
| Newmont Golden Ridge Limited | 422,099 | 371,476 | -12.0% | |
| AngloGold Ashanti Iduapriem Mine | 274,665 | 274,537 | -0.05% | |
| Asanko Gold Mine Limited | 251,044 | 249,904 | -0.5% | |
| Abosso Goldfields Limited | 208,381 | 222,953 | 7.0% | |
| Golden Star Wassa Limited | 156,166 | 167,648 | 7.4% | |
| Chirano Gold Mines Limited | 201,037 | 166,276 | -17.3% | |
| Perseus Mining (Ghana) Limited | 179,574 | 158,090 | -12.0% | |
| AngloGold Ashanti Obuasi Mine | - | 127,195 | - | |
| Adamus Resources Limited | 84,197 | 70,701 | -16.0% | |
| FGR Bogoso Prestea Limited | 47,533 | 29,833 | -37.2% | |
| Total Gold Production | 2,986,835 | 2,845,115 | -4.7% | |
| | Manganese (Tonnes) | | | |
| Ghana Manganese Company | 5,383,014 | 2,357,515 | -56.2% | |

Source: Ghana Chamber of Mines (2021)

Appendix Two: Mineral Revenue of Producing Member Companies (USD)

| Company | 2019 | 2020 | % Change |
|-------------------------------------|---------------|---------------|----------|
| Gold Fields Ghana Limited | 720,369,121 | 927,742,233 | 29% |
| Newmont Ghana Gold Limited | 889,522,223 | 859,811,831 | -3% |
| Newmont Golden Ridge Limited | 594,777,021 | 660,412,008 | 11% |
| AngloGold Ashanti Iduapriem Mine | 390,021,741 | 485,448,023 | 24% |
| Asanko Gold Mine Limited | 343,187,228 | 418,130,426 | 22% |
| Abosso Goldfields Limited | 288,346,709 | 400,796,046 | 39% |
| Golden Star Wassa Limited | 217,382,101 | 297,471,686 | 37% |
| Chirano Gold Mines Limited | 281,559,113 | 295,101,472 | 5% |
| Perseus Mining (Ghana) Limited | 245,169,396 | 247,554,013 | 1% |
| AngloGold Ashanti Obuasi Mine | - | 229,976,665 | - |
| Adamus Resources Limited | 119,272,938 | 123,375,468 | 3% |
| FGR Bogoso Prestea Limited | 66,820,357 | 52,849,521 | -21% |
| Total Gold Production Revenue | 4,998,669,392 | 4,156,427,948 | 20.3% |
| Ghana Manganese Company | 415,194,770 | 141,801,025 | -65.8% |
| Total Mineral Revenue | 5,140,470,417 | 4,571,622,718 | 12.4% |

Source: Ghana Chamber of Mines (2021

Appendix Three: All-In Sustaining Cost (USD per Ounce)

| Company | 2019 | 2020 | % Change |
|--|-------|-------|----------|
| FGR Bogoso Prestea Limited | 1,937 | 2,393 | 23.5% |
| Chirano Gold Mines | 1,082 | 1,326 | 22.6% |
| Adamus Resources Limited | 1,095 | 1,226 | 12.0% |
| Perseus Mining (Ghana) Limited | 985 | 1,157 | 17.4% |
| Asanko Gold Mines Limited | 1,112 | 1,115 | 0.3% |
| Gold Fields Ghana Limited | 958 | 1,017 | 6.1% |
| Abosso Goldfields Limited | 809 | 1,008 | 24.6% |
| Golden Star Wassa Limited | 938 | 1,003 | 6.9% |
| AngloGold Ashanti Iduapriem Limited | 890 | 985 | 10.7% |
| Newmont Ghana Gold Limited | 820 | 980 | 19.5% |
| Newmont Golden Ridge Limited | 718 | 757 | 5.4% |
| AngloGold Ashanti Obuasi Mine | | 1,316 | |

Source: Ghana Chamber of Mines (2021)

Labour, Mining Cost Electricity, Fuel, etc. **Ore Processing Cost** Mine Site General and **Administrative Cost** Dore Freight, Third Party Treatments, Refining Charges, Dore/Concentrate **By-Product Credits** Expense **Cash Operating Costs** + **Production Taxes** Corporate/ Head Office Expenses **Reclamation and** + Remediation Expense, Sustaining Expenditure **Exploration Costs**, **Sustaining Capital** Expenditure All-In Sustaining Cost

Appendix 4: Composition of All-In Sustaining Cost

Source: Based on formula of World Gold Council (2021)

Appendix Five: Gold Purchased by Licensed Gold Exporting Companies (Ounces)

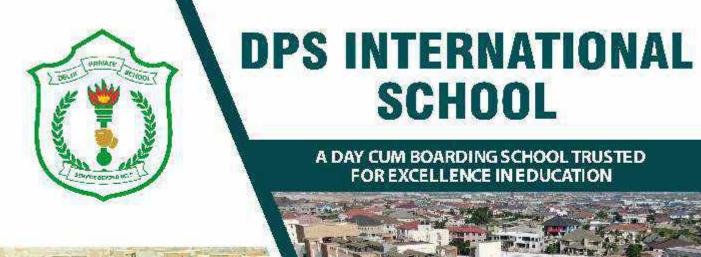
| Licensed Gota Exporting Companies (Ounces) | | | |
|--|---------|---------|----------|
| Company Name | 2019 | 2020 | % Change |
| Brenley Quartz Company Ltd | 19,001 | 325,952 | 1,615% |
| De-Apidago Company Limited | - | 110,129 | - |
| Golden Empire Legacy Limited | 123,273 | 101,528 | -18% |
| Bullion City Limited | - | 86,012 | - |
| Vimstar Company Limited | 231,917 | 77,094 | -67% |
| Kyei & Amankwa Consulting Ltd | 37,451 | 76,388 | 104% |
| Rafmoh Gold Limited | 9,527 | 51,592 | 442% |
| H.A. Exploits Gold | - | 51,088 | - |
| Cosmos Edge Investment | - | 48,017 | - |
| Asanska Jewellery Limited | 22,459 | 47,824 | 113% |
| Ampsel Commodities Limited | - | 36,532 | - |
| Blaze Metals | 41,655 | 33,156 | -20% |
| Arima Intra Ghana Limited | 5,267 | 23,878 | 353% |
| Prestige Metal Logistics Ghana Ltd | - | 18,416 | - |
| A.G.B Company Limited | - | 10,101 | - |
| Jorly Minerals Limited | 12,001 | 9,883 | -18% |
| Vaipra Impex | - | 9,815 | - |
| Karls Group | - | 9,172 | - |
| SWB4 Company Limited | 6,335 | 8,402 | 33% |
| Gold Crest Jewellery Limited | - | 7,481 | - |
| BH Minerals | - | 6,087 | - |
| Goldridge Ghana Limited | 26,351 | 3,945 | -85% |
| Fiore International Limited | 178 | 3,918 | 2105% |
| OAR Ghana Limited | - | 3,265 | - |
| AU Resources Ghana Ltd | 96,286 | 2,831 | -97% |
| Gold Recovery Ghana Limited | 815 | 2,348 | 188% |
| M&C Logistics and Trading Limited | 778 | 2,187 | 181% |
| Laus Minerals | - | 2,041 | - |
| JRG Refinery | - | 1,882 | - |
| Magnate Precious Metals | - | 1,707 | - |
| Stelna Solutions Limited | 955 | 1,405 | 47% |
| ASAP VASA Company Limited | 2,875 | 630 | -78% |
| Gold Coast Refinery Limited | 176,905 | 305 | -100% |
| Helvent Investment Limited | - | 151 | - |
| Unnamed Company | - | 110 | - |
| YH Company Limited | - | 31 | - |
| Saboo's Forwarders | - | 16 | - |
| Able Grand Resources Co. Ltd | 1,400 | - | -100% |
| Athena International Limited | 74,698 | - | -100% |
| Covenant Minerals Limited | 89,760 | - | -100% |
| E. A. R Logistics | 14,233 | - | -100% |
| E. M. R. Edgistios | 1,200 | | 100/0 |

| Geospence Ghana Ltd | 853 | - | -100% |
|----------------------------|-----------|-----------|-------|
| Guldrest Resources Co. Ltd | 2,971 | - | -100% |
| Microgold Trust Limited | 95,579 | - | -100% |
| Monex Mining Company Ltd | 238,933 | - | -100% |
| Napari Company Limited | 99,864 | - | -100% |
| O. M. Minerals Ghana Ltd | 1,617 | - | -100% |
| Premetex Ghana Ltd | 31,317 | - | -100% |
| Samaska Company Limited | 122,633 | - | -100% |
| Total | 1,587,888 | 1,175,318 | -26% |

Source: Precious Minerals Marketing Company (2021)

Appendix Six: Export Revenue of Licensed Gold Exporting Companies (USD)

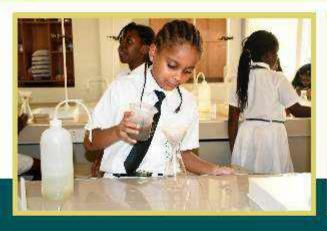
| Name of Company | 2019 | 2020 | % Change |
|------------------------------------|-------------|---|----------|
| Brenley Quartz | 28,120,553 | 562,824,572 | 1,901% |
| Company Ltd | | 100 007 000 | |
| De-Apidago Company | | 188,997,382 | - |
| Limited Golden Empire Legacy | 181,579,638 | 167,906,118 | -8% |
| Limited | 101,373,030 | 107,000,110 | -070 |
| Bullion City Limited | | 157,396,192 | - |
| Vimstar Company | 330,737,836 | 131,723,925 | -60% |
| Limited | | | |
| Kyei & Amankwa | 55,393,812 | 128,554,190 | 132% |
| Consulting Ltd Rafmoh Gold Limited | 14,286,504 | 90,548,289 | 534% |
| Cosmos Edge | 14,200,304 | 89,911,742 | - |
| Investment | | 00,011,772 | |
| H.A. Exploits Gold | | 84,578,162 | - |
| Asanska Jewellery | 31,333,152 | 83,091,048 | 165% |
| Limited | | | |
| Ampsel Commodities | | 68,030,732 | - |
| Limited Blaze Metals | 61 750 705 | F2 C42 410 | 1 2 0/ |
| | 61,758,705 | 53,642,410 | -13% |
| Arima Intra Ghana Limited | 7,318,206 | 44,519,920 | 508% |
| Prestige Metal Logistics | | 34,842,889 | - |
| Ghana Ltd | | , | |
| Vaipra Impex | | 18,588,751 | - |
| Karls Group | | 17,465,515 | - |
| A.G.B Company Limited | | 17,081,366 | - |
| Jorly Minerals Limited | 17,941,560 | 16,398,417 | -9% |
| SWB4 Company Limited | 9,077,131 | 15,763,741 | 74% |
| Gold Crest Jewellery | | 13,321,471 | - |
| Limited | | 11.070.050 | |
| BH Minerals | 20 252 225 | 11,379,350 | - 010/ |
| Goldridge Ghana Limited | | 7,211,372 | -81% |
| Fiore International Limited | 262,838 | 6,795,050 | 2485% |
| OAR Ghana Limited | | 6,125,859 | - |
| AU Resources Ghana | 129,151,455 | 5,263,924 | -96% |
| Ltd | ., . , | | |
| Gold Recovery Ghana | 1,118,658 | 4,262,903 | 281% |
| Limited | | 0.000.040 | |
| Laus Minerals | | 3,802,346 | - |







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Statement of Council's responsibilities

The Council is responsible for preparing financial statements for each financial period which give a true and fair view of the state of affairs of the Chamber at the end of the financial year and of the excess of income over expenditure of the Chamber for that period. In preparing those financial statements, the Council is required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and estimates that are reasonable and prudent
- State whether the applicable accounting standards have been followed
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Chamber will continue in business

The Council is responsible for ensuring that the Chamber keeps accounting records which disclose with reasonable accuracy the financial position of the Chamber and which enable them to ensure that the financial statements comply with International Financial Reporting Standards. They are responsible for taking such steps as are reasonably open to them to safeguard the assets of the Chamber, and to prevent and detect fraud and other irregularities.

Independent auditors' report To members of The Ghana Chamber of Mines

Opinion

We have audited the accompanying financial statements of The Ghana Chamber of Mines on pages 121 to 146 which comprise the statement of financial position as at 31 December 2020, the statement of profit or loss and other comprehensive income, statement of changes in equity, statement of cash flows for the year then ended, the notes to the financial statements including a summary of significant accounting policies and other explanatory disclosures.

In our opinion, the financial statements give a true and fair view of the financial position of the Chamber as at 31 December 2020 and the financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards, and in the manner required by the Companies Act, 2019 (Act 992).

Basis of opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Chamber in accordance with the requirements of the International Ethics Standards Board for Accountants' (IESBA) International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) and other independence requirements applicable to performing audits of financial statements in Ghana. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code and other ethical requirements that are relevant to our audit of financial statements in Ghana. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Council is responsible for the other information. The other information comprises the

Report of the Council, which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, if we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Council's for the Financial Statements

The Council is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 2019 (Act 992) and for such internal control as the Council determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Council is responsible for assessing the Chamber's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Council either intend to liquidate the Chamber or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Chamber's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence

obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Chamber's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Chamber to cease to continue as a going concern.

Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Finance and Budget Committee and the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit

Report on Other Legal and Regulatory Requirements

In accordance with the Seventh Schedule of the Companies Act, 2019 (Act 992) we expressly state that:

- 1. We have obtained the information and explanations, which to the best of our knowledge and belief were necessary for the purpose of the audit.
- 2. In our opinion:
- "• proper books of accounts have been kept by the Chamber, so far as appears from our examination of those books. the information and explanations or provided to us, is in the manner required by Act 992 and give a true and fair view of the:a. statement of financial position of the Chamber at the end of the financial year, and b. statement of profit or loss and other comprehensive income for the financial year."
- 3. The Chamber's statement of financial position

and statement of profit or loss and other comprehensive income are in agreement with the accounting records and returns.

4. We are independent of the Chamber, pursuant to section 143 of Act 992.

The engagement partner on the audit resulting in this independent auditor's report is Charlotte Forson (ICAG/P/1509)

For and on behalf of Deloitte & Touche (ICAG/F/2021/1509)
Chartered Accountants
The Deloitte Place
Plot No.71, Off George Walker Bush Highway
North Dzorwulu
Accra Ghana

Deloi Hex Touche

28th May 2021

Statement of Profit or loss and Comprehensive income For the year ended 31 December 2020

| | Notes | 2020 GH¢ | 2019 GH¢ |
|---|--------|------------------------|--------------|
| Revenue | 4 | 10,131,235 | 7,959,325 |
| Investment income | 5 | 1,250,425 | 274,163 |
| Other income Tertiary education levy | 6 7 | 1,849,473 2,482,509 | 126,886 - |
| | | 15,713,642 | 8,360,374 |
| General & administrative expenses | 8 | (9,108,054) | (7,673,148) |
| Surplus before taxation | | 6,605,588 | 687,226 |
| Taxation | 9 | (312,607) | (68,541) |
| Other comprehensive income | | - | - |
| Total comprehensive income | | 6,292,981 | 618,685 |

Statement of Financial position As at 31 December 2020

| | Notes | 2020 | 2019 |
|-----------------------------------|-------|------------|-----------|
| Non current asset | | GH¢ | GH¢ |
| Property and equipment | 10 | 6,804,405 | 7,112,551 |
| | | 6,804,405 | 7,112,551 |
| Current Assets | | | |
| Receivables | 11 | 548,330 | 398,445 |
| Held to maturity investments | 12 | 7,200,000 | - |
| Cash and bank | 13 | 132,397 | 360,072 |
| | | 7,880,727 | 758,517 |
| Total assets | | 14,685,132 | 7,871,068 |
| Funds and equity | | | |
| Stated capital | | 3 | 3 |
| Accumulated fund | | 12,671,058 | 6,378,077 |
| | | 12,671,061 | 6,378,080 |
| Current liabilities | | | |
| Other payables | 14 | 984,329 | 943,292 |
| Accruals | 15 | 236,575 | 276,232 |
| Taxation | 9 | 312,607 | 68,541 |
| Other long term employee benefits | 16 | 480,560 | 204,923 |
| | | 2,014,071 | 1,492,988 |
| Total equity and liabilities | | 14,685,132 | 7,871,068 |

The financial statements on pages 121 to 146 were approved for issue by the Council on 27 / 05 2021 and signed on its behalf by:

Council/Member

Date: 27 / 05 / 2021

Council Member

Date: 27 / 05 / 2021

Statement of changes in equity For the year ended 31 December 2020

| | Stated Capital GH¢ | Accumulated Fund GH¢ | Total GH¢ |
|--------------------------------|--------------------------|----------------------------|--------------|
| Balance as of 1 January 2020 | 3 | 6,378,077 | 6,378,080 |
| Surplus | - | 6,292,981 | 6,292,981 |
| Balance as of 31 December 2020 | 3 | 12,671,058 | 12,671,061 |
| | | | |
| Balance as of 1 January 2019 | 3 | 5,759,392 | 5,759,395 |
| Surplus | - | 618,685 | 618,685 |
| Balance as of 31 December 2019 | 3 | 6,378,077 | 6,378,080 |

Statement of cash flows

For the year ended 31 December 2020

| Operating activities | 2020 GH¢ | 2019 GH¢ |
|--|-------------|-------------|
| Operating activities Surplus before taxation Non-cash adjustment to reconcile profit before tax to net cash flows: | 6,605,588 | 687,226 |
| Depreciation of property, plant and equipment | 343,865 | 348,906 |
| Working capital adjustments: | | |
| Change in receivables | (149,885) | (20,207) |
| Change in accounts and other payable | 41,037 | (3,181,486) |
| Change in accrued charges | (39,657) | 96,563 |
| Other long term employee benefits | 275,637 | 32,519 |
| Net cash flows from operating activities | 7,076,585 | (2,036,479) |
| Tax paid | (68,541) | (167,253) |
| Investing activities | | |
| Redemption/ (purchase) of investment | (7,200,000) | 1,300,000 |
| Purchase of property, plant and equipment | (35,719) | (59,850) |
| | (7,235,719) | 1,240,150 |
| Increase in cash and cash equivalents | (227,675) | (963,582) |
| Cash and cash equivalents at 1 January | 360,072 | 1,323,654 |
| Cash and cash equivalents at 31 December | 132,397 | 360,072 |

Notes to the financial statements For the year ended 31 December 2020

1. Corporate information

The Chamber is the main minerals industry association in Ghana. The Chamber represents the collective interests of its member companies involved in mineral exploration, production and processing in Ghana.

Its activities are entirely funded by its member companies, which produce over 60 percent of Ghana's mineral output.

The Chamber has represented the industry's interests since 1928. The Chamber is a registered as a company limited by guarantee

The registered office of the Chamber is Gulf Street, South Legon, Adjacent Wild Gecko Handicraft, P.O. Box 991, Accra - Ghana.

2.1 Basis of preparation

The financial statements of the Chamber have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

2.1.1 Basis of measurement

The financial statements have been prepared on a historical cost basis. The financial statements are presented in Ghana Cedis [GH¢].

2.1.2 Estimates and assumptions

In the process of applying the Chamber accounting policies, the most significant judgements made by management relate to the following:

2.1.3 Provision for bad and doubtful debt

The Chamber reviews its receivables individually at each statement of financial position date to assess whether an impairment loss should be recorded in the income statement. In particular, management's judgement is required in the estimation of the amount and timing of future cash flows when determining the impairment loss. These estimates are based on assumptions about a number of factors and actual results may differ, resulting in future changes to the allowance.

2.1.4 Other long term employee benefits obligation

The cost of the other long term employee benefits is determined based on assumptions about discount rates and future salary increases. Due to the long-term nature of these plans, such estimates are subject to significant uncertainty.

2.2. Summary of significant accounting policies

The following are the significant accounting policies applied by the Chamber in preparing its financial statements:

2.2.1 Revenue recognition

Revenue represents contributions from all members. Contributions are recognised when invoiced and consist of contributions for operating costs and image building fund collected in-line with the yearly approved budget. There are no exclusions in this regard.

2.2.2 Property, plant and equipment

Property, plant and equipment is stated at cost, excluding the costs of day-to-day servicing, less accumulated depreciation and accumulated impairment losses. Replacement or major inspection costs are capitalised when incurred and if it is probable that future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. Depreciation is provided on a straight line basis over the useful lives of the following classes of assets:

Office furniture 5 years Computer 5 years Equipment 5 years Motor vehicle 4 years Leasehold land and building

Lease period 50 years

The assets' residual values, and useful lives and method of depreciation are reviewed and adjusted, if appropriate, at each financial year end and adjusted prospectively, if appropriate.

Impairment reviews are performed when there are

indication that the carrying value may not be recoverable. Impairment losses are recognised in the income statement as an expense.

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the income statement in the year the asset is derecognised.

2.2.3 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less in the statement of financial position.

For the purpose of the statement cash flows, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdraft.

2.2.4 Impairment

An annual impairment review of assets is carried out by comparing the net book value of the assets with their recoverable amount. Recoverable amounts are based on the higher of the value in use and the fair value less costs to sell. Value in use is determined by applying a discount rate to the anticipated pre tax cash flow for the remaining useful life of the asset.

Where the recoverable amount is less than the net book value, the impairment is charged against income to reduce the carrying amount of the affected assets to recoverable amounts. The revised carrying amounts are amortised on a systematic basis over the remaining useful life of such affected assets.

2.2.5 Provisions

Provisions are recognised where the Chamber has a present legal or constructive obligation as a result of a past event, a reliable estimate of the obligation can be made and it is probable that an overflow of resources embodying economic benefits will be required to settle the obligation. Provisions are reviewed at each balance sheet date and adjusted to reflect the current best

estimate.

At the date of authorisation of these financial statements, the Chamber has not applied the following new and revised IFRS Standards that have been issued but are not yet effective.

2.2.6 New and revised IFRS Standards in issue but not yet effective

Impact of the initial application of Covid-19-Related Rent Concessions Amendment to IFRS 16. In May 2020, the IASB issued Covid-19-Related Rent Concessions (Amendment to IFRS 16) that provides practical relief to lessees in accounting for rent concessions occurring as a direct consequence of COVID-19, by introducing a practical expedient to IFRS 16. The practical expedient permits a lessee to elect not to assess whether a COVID-19-related rent concession is a lease modification. A lessee that makes this election shall account for any change in lease payments resulting from the COVID-19-related rent concession the same way it would account for the change applying IFRS 16 if the change were not a lease modification. The practical expedient applies only to rent concessions occurring as a direct consequence of COVID-19 and only if all of the following conditions are met:

- a) The change in lease payments results in revised consideration for the lease that is substantially the same as, or less than, the consideration for the lease immediately preceding the change;
- b) Any reduction in lease payments affects only payments originally due on or before 30 June 2021 (a rent concession meets this condition if it results in reduced lease payments on or before 30 June 2021 and increased lease payments that extend beyond 30 June 2021); and
- c) There is no substantive change to other terms and conditions of the lease.

"Impact on accounting for changes in lease payments applying the exemption. The Chamber has applied the practical expedient retrospectively to all rent concessions that meet the conditions in IFRS 16:46B, and has not restated prior period figures"

"Impact of the initial application of other new and amended IFRS Standards that are effective for the current year Amendments to References to the

Conceptual Framework in IFRS Standards. The Chamber has adopted the amendments included in Amendments to References to the Conceptual Framework in IFRS Standards for the first time in the current year. The amendments include consequential amendments to affected Standards so that they refer to the new Framework. Not all amendments, however, update those pronouncements with regard to references to and quotes from the Framework so that they refer to the revised Conceptual Framework. Some pronouncements are only updated to indicate which version of the Framework they are referencing to (the IASC Framework adopted by the IASB in 2001, the IASB Framework of 2010, or the new revised Framework of 2018) or to indicate that definitions in the Standard have not been updated with the new definitions developed in the revised Conceptual Framework. The Standards which are amended are IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32."

"Amendments to IFRS 3 Definition of a business. The Group has adopted the amendments to IFRS 3 for the first time in the current year. The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. The amendments remove the assessment of whether market participants are capable of replacing any missing inputs or processes and continuing to produce outputs. The amendments also introduce additional guidance that helps to determine whether a substantive process has been acquired."

The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single

identifiable asset or group of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after 1 January 2020.

Amendments to IAS 1 and IAS 8 Definition of material

"The Group has adopted the amendments to IAS 1and IAS 8 for the first time in the current year. The amendments make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. In addition, the IASB amended other Standards and the Conceptual Framework that contain a definition of 'material' or refer to the term 'material' to ensure consistency."

New and revised IFRS Standards in issue but not yet effective

"At the date of authorisation of these financial statements, the Group has not applied the following new and revised IFRS Standards that have been issued but are not yet effective: Amendments to IFRS 10 and IAS 28 -Sale or Contribution of Assets between an Investor and its Associate or Joint VentureThe amendments to IFRS 10 and IAS 28 deal with situations where there is a sale or contribution of assets between an investor and its associate or joint venture. Specifically, the amendments state that gains or losses resulting from the loss of control of a subsidiary that does not contain a business in a transaction with an associate or a joint venture that is accounted for using the equity method, are recognised in the parent's profit or loss only to the extent of the unrelated investors' interests in that associate or joint venture. Similarly, gains and losses resulting from the remeasurement of investments retained in any former subsidiary (that has become an associate or a joint venture that is accounted for using the equity method) to fair value are recognised in the former parent's profit or loss only to the extent of the unrelated investors' interests in the new associate or joint venture. This standard is not applicable to the Chamber."

Amendments to IAS 1 – Classification of Liabilities as Current or Non-current

"The amendments to IAS 1 affect only the presentation of liabilities as current or noncurrent in the statement of financial position and not the amount or timing of recognition of any asset, liability, income or expenses, or the information disclosed about those items. The amendments clarify that the classification of liabilities as current or non-current is based on rights that are in existence at the end of the reporting period, specify that classification is unaffected by expectations about whether an entity will exercise its right to defer settlement of a liability, explain that rights are in existence if covenants are complied with at the end of the reporting period, and introduce a definition of 'settlement' to make clear that settlement refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments are applied retrospectively for annual periods beginning on or after 1 January 2023, with early application permitted."

Amendments to IFRS 3 — Reference to the Conceptual Framework

"The amendments update IFRS 3 so that it refers to the 2018 Conceptual Framework instead of the 1989 Framework. They also add to IFRS 3 a requirement that, for obligations within the scope of IAS 37, an acquirer applies IAS 37 to determine whether at the acquisition date a present obligation exists as a result of past events. For a levy that would be within the scope of IFRIC 21 Levies, the acquirer applies IFRIC 21 to determine whether the obligating event that gives rise to a liability to pay the levy has occurred by the acquisition date. Finally, the amendments add an explicit statement that an acquirer does not recognise contingent assets acquired in a business combination."

The amendments are effective for business combinations for which the date of acquisition is on or after the beginning of the first annual period

beginning on or after 1 January 2022. Early application is permitted if an entity also applies all other updated references (published together with the updated Conceptual Framework) at the same time or earlier.

Amendments to IAS 16 – Property, Plant and Equipment—Proceeds before Intended Use

The amendments prohibit deducting from the cost of an item of property, plant and equipment any proceeds from selling items produced before that asset is available for use, i.e. proceeds while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Consequently, an entity recognises such sales proceeds and related costs in profit or loss. The entity measures the cost of those items in accordance with IAS 2 Inventories.

The amendments also clarify the meaning of 'testing whether an asset is functioning properly'. IAS 16 now specifies this as assessing whether the technical and physical performance of the asset is such that it is capable of being used in the production or supply of goods or services, for rental to others, or for administrative purposes.

If not presented separately in the statement of comprehensive income, the financial statements shall disclose the amounts of proceeds and cost included in profit or loss that relate to items produced that are not an output of the entity's ordinary activities, and which line item(s) in the statement of comprehensive income include(s) such proceeds and cost.

The amendments are applied retrospectively, but only to items of property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after the beginning of the earliest period presented in the financial statements in which the entity first applies the amendments.

The entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings (or other component of equity, as appropriate) at the beginning of that earliest period presented.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted.

Amendments to IAS 37 – Onerous Contracts—Cost of Fulfilling a Contract

The amendments specify that the 'cost of fulfilling' a contract comprises the 'costs that relate directly to the contract'. Costs that relate directly to a contract consist of both the incremental costs of fulfilling that contract (examples would be direct labour or materials) and an allocation of other costs that relate directly to fulfilling contracts (an example would be the allocation of the depreciation charge for an item of property, plant and equipment used in fulfilling the contract).

The amendments apply to contracts for which the entity has not yet fulfilled all its obligations at the beginning of the annual reporting period in which the entity first applies the amendments. Comparatives are not restated.

Instead, the entity shall recognise the cumulative effect of initially applying the amendments as an adjustment to the opening balance of retained earnings or other component of equity, as appropriate, at the date of initial application.

The amendments are effective for annual periods beginning on or after 1 January 2022, with early application permitted

Annual Improvements to IFRS Standards 2018-2020

The Annual Improvements include amendments to four Standards.

IFRS 1 First-time Adoption of International Financial Reporting Standards

"The amendment provides additional relief to a subsidiary which becomes a first-time adopter later than its parent in respect of accounting for cumulative translation differences. As a result of the amendment, a subsidiary that uses the exemption in IFRS 1:D16(a) can now also elect to measure cumulative translation differences for all foreign operations at the carrying amount that would be included in the parent's consolidated financial statements, based on the parent's date of

transition to IFRS Standards, if no adjustments were made for consolidation procedures and for the effects of the business combination in which the parent acquired the subsidiary. A similar election is available to an associate or joint venture that uses the exemption in IFRS 1:D16(a). The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted."

IFRS 9 Financial Instruments

"The amendment clarifies that in applying the '10 per cent' test to assess whether to derecognise a financial liability, an entity includes only fees paid or received between the entity (the borrower) and the lender, including fees paid or received by either the entity or the lender on the other's behalf. The amendment is applied prospectively to modifications and exchanges that occur on or after the date the entity first applies the amendment."

The amendment is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

IFRS 16 Leases

"The amendment removes the illustration of the reimbursement of leasehold improvements. As the amendment to IFRS 16 only regards an illustrative example, no effective date is stated."

3 Use of estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

a) Deferred tax assets and liabilities

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based on the likely timing and the level of future taxable profits together with future tax planning strategies.

b) Useful lives of property, plant and equipment

The Chamber reviews the estimated useful lives of property, plant and equipment at the end of each reporting period.

c) Fair value measurement and valuation processes

In estimating the fair value of an asset or liability, the Chamber uses market-observable data to the extent that it is available. Where Level 1 inputs are not available, the Chamber engages third party qualified valuers to perform the valuation.

d) Contingencies

By their nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence, and potential quantum, of contingencies inherently involves the exercise of significant judgement and the use of estimates regarding the outcome of future events.

e) Financial instruments

Financial assets and financial liabilities are recognised in the Chamber's statement of financial position when the Chamber becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):
- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

By default, all other financial assets are measured subsequently at fair value through profit or loss (FVTPL).

Despite the foregoing, the Chamber may make the following irrevocable election/designation at initial recognition of a financial asset:

- The Chamber may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met and
- The Chamber may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

(i) Amortised cost and effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period.

For financial assets other than purchased or originated credit-impaired financial assets (i.e. assets that are credit-impaired on initial recognition), the effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) excluding expected credit losses, through the expected life of the debt instrument, or, where appropriate, a shorter period, to the gross carrying amount of the debt instrument on initial recognition.

For purchased or originated credit-impaired financial assets, a credit-adjusted effective interest rate is calculated by discounting the estimated future cash flows, including expected credit losses, to the amortised cost of the debt instrument on initial recognition.

The amortised cost of a financial asset is the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount, adjusted for any loss allowance.

The gross carrying amount of a financial asset is the amortised cost of a financial asset before adjusting for any loss allowance. Interest income is recognised using the effective interest method for debt instruments measured subsequently at amortised cost and at FVTOCI.

For financial assets other than purchased or originated credit-impaired financial assets, interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for financial assets that have subsequently become creditimpaired.

For financial assets that have subsequently

become credit-impaired, interest income is recognised by applying the effective interest rate to the amortised cost of the financial asset. If, in subsequent reporting periods, the credit risk on the credit-impaired financial instrument improves so that the financial asset is no longer credit-impaired, interest income is recognised by applying the effective interest rate to the gross carrying amount of the financial asset.

ii) Debt instruments classified as at FVTOCI

The corporate bonds held by the Chamber are classified as at FVTOCI. The corporate bonds are initially measured at fair value plus transaction costs. Subsequently, changes in the carrying amount of these corporate bonds as a result of foreign exchange gains and losses, impairment gains or losses and interest income calculated using the effective interest method are recognised in profit or loss. The amounts that are recognised in profit or loss are the same as the amounts that would have been recognised in profit or loss if these corporate bonds had been measured at amortised cost. All other changes in the carrying amount of these corporate bonds are recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve.

When these corporate bonds are derecognised, the cumulative gains or losses previously recognised in other comprehensive income are reclassified to profit or loss.

(iii) Equity instruments designated as at

On initial recognition, the Chamber may make an irrevocable election (on an instrument-by-instrument basis) to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognised by an acquirer in a business combination.

A financial asset is held for trading if:

- It has been acquired principally for the purpose of selling it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Chamber manages together and has evidence

of a recent actual pattern of short-term profittaking; or

- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).
- Investments in equity instruments at FVTOCI are initially measured at fair value plus transaction costs.

Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the investments revaluation reserve. The cumulative gain or loss is not be reclassified to profit or loss on disposal of the equity investments, instead, it is transferred to retained earnings.

Dividends on these investments in equity instruments are recognised in profit or loss in accordance with IFRS 9, unless the dividends clearly represent a recovery of part of the cost of the investment. Dividends are included in the 'finance income' line item in profit or loss.

The Chamber has designated all investments in equity instruments that are not held for trading as at FVTOCI on initial application of IFRS 9.

(iv) Financial assets at FVTPL

Financial assets that do not meet the criteria for being measured at amortised cost or FVTOCI are measured at FVTPL. Specifically:

- Investments in equity instruments are classified as at FVTPL, unless the Chamber designates an equity investment that is neither held for trading nor a contingent consideration arising from a business combination as at FVTOCI on initial recognition (see (iii) above).
- Debt instruments that do not meet the amortised cost criteria or the FVTOCI criteria (see (i) and (ii) above) are classified as at FVTPL. In addition, debt instruments that meet either the amortised cost criteria or the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency (so called 'accounting mismatch') that would arise from measuring assets or liabilities or

recognising the gains and losses on them on different bases. The Chamber has not designated any debt instruments as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any fair value gains or losses recognised in profit or loss to the extent they are not part of a designated hedging relationship (see hedge accounting policy). The net gain or loss recognised in profit or loss includes any dividend or interest earned on the financial asset and is included in the 'other gains and losses' line item.

Impairment of financial assets

The Chamber recognises a loss allowance for expected credit losses on investments in debt instruments that are measured at amortised cost or at FVTOCI, lease receivables, trade receivables and contract assets, as well as on financial guarantee contracts. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The Chamber always recognises lifetime ECL for trade receivables, contract assets and lease receivables. The expected credit losses on these financial assets are estimated using a provision matrix based on the Chamber's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Chamber recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Chamber measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a

financial instrument that are possible within 12 months after the reporting date.

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Chamber compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition.

In making this assessment, the Chamber considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Chamber's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Chamber's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition, an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;

- Significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost:
- Existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- An actual or expected significant deterioration in the operating results of the debtor;
- Significant increases in credit risk on other financial instruments of the same debtor;

 An actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Chamber presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Chamber has reasonable and supportable information that demonstrates otherwise.

Despite the foregoing, the Chamber assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date.

A financial instrument is determined to have low credit risk if:

- (1) The financial instrument has a low risk of default.
- (2) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
- (3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.
- (I) The Chamber considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information as described above.

As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Chamber's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Chamber in accordance with the contract and all the cash flows that the Chamber expects to receive, discounted at the original effective interest rate.

If the Chamber has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Chamber measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Chamber recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets

The Chamber derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Chamber neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Chamber recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Chamber retains substantially all the risks and rewards of ownership of a transferred financial asset, the Chamber continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

For the year ended 31 December 2020

| 4 | Revenue | 2020 GH¢ | 2019 GH¢ |
|---|----------------------------------|-------------|-------------|
| | Membership subscription | 8,608,504 | 6,417,454 |
| | Image Building Fund (IBF) | 1,522,731 | 1,541,871 |
| | | 10,131,235 | 7,959,325 |
| | | 2020 | 2019 |
| 5 | Investment income | GH¢ | GH¢ |
| _ | Income from fixed deposits | 1,250,425 | 274,163 |
| 6 | Other income | 2020 GH¢ | 2019 GH¢ |
| 0 | | · | |
| | Interest on savings and deposits | 36,232 | 21,734 |
| | Interest on staff loans | 7,372 | 11,289 |
| | Hiring of conference room | 26,755 | 25,133 |
| | Exhibition income | 429,114 | 68,730 |
| | Impaired investments | 1,350,000 | - |
| | | 1,849,473 | 126,886 |
| | | 2020 | 2019 |
| 7 | Tertiary Education Fund Levy | GН¢ | GH¢ |
| | Contributions | 2,482,509 | - |

The levy represents contributions by members to support University of Mines and Technology (UMaT) with a building, learning eqipment and student scholarships.

For the year ended 31 December 2020

| General & administrative expenses | 2020 GH¢ | 2019 GH¢ |
|--|--------------|-------------------|
| Human resource and training | 5,415,993 | 4,614,912 |
| Office management | 1,329,662 | 1,419,432 |
| International travels | 141,592 | 121,772 |
| Audit fees | 85,832 | 80,026 |
| Depreciation | 343,865 | 348,906 |
| GHEITI | 8,750 | 2,863 |
| Exchange loss | 443,991 | 429,561 |
| | 7,769,685 | 7,017,472 |
| | 2020 | 2019 |
| Image building fund expenses | GH¢ | GH¢ |
| Donation | 421,845 | 77,803 |
| Publicity and advertising | 570,706 | 254,723 |
| Protocol | 67,520 | 63,580 |
| Press soiree | - | 27,408 |
| Others UMaT - Environmental Sciences Chair | - 145,000 | 89,037 143,125 |
| | 1,205,071 | 655,676 |
| | 2020 | 2019 |
| Tertiary education fund expenses | GH¢ | GH¢ |
| UMaT student bursaries | 133,298 | - |
| | 133,298 | - |
| Total | 9,108,054 | 7,673,148 |

For the year ended 31 December 2020

| 9 | Current | tax pa | vable |
|---|---------|--------|-------|
| | | | |

| | Year of assessment | Balance 1/1/20 | Charge for the year | Payments | Balance 31/12/20 |
|-----|--|---------------------------------|-------------------------------|---------------------------------------|------------------------------------|
| | 2019 | 68,541 | - | (68,541) | - |
| | 2020 | - | 312,607 | - | 312,607 |
| | | 68,541 | 312,607 | (68,541) | 312,607 |
| | Profit before tax | | | 6,605,588 | 687,226 |
| | Tax computed at applicable tax rat Tax effect of non-taxable income Tax effect of non-deductible expen | | | 1,651,397 (3,615,804) 2,277,014 | 171,807 (2,021,553 1,918,287 |
| | Total tax expense | | | 312,607 | 68,541 |
| | Effective tax rate (%) | | | 5 | 10 |
| 10. | Property & equipment 2020 Cost | At 1 Jan. GH¢ | Additions/ transfer GH¢ | Disposal/ transfer GH¢ | Af 31 Dec GHo |
| | Leasehold land and buildings Motor vehicles Furniture, fittings & equipment | 6,627,368 445,395 763,196 | - - 35,719 | - - - | 6,627,368 445,395 798,915 |
| | | 7,835,959 | 35,719 | - | 7,871,678 |
| | Depreciation | At 1 Jan. GH¢ | Charge for the year GH¢ | Disposal GH¢ | At 31 Dec GHo |
| | Leasehold land and buildings Motor vehicles Furniture, fittings & equipment | 170,435 312,124 240,849 | 132,547 70,156 141,162 | - - - | 302,982 382,280 382,011 |
| | | 723,408 | 343,865 | - | 1,067,273 |
| | Net book value At 31 December 2020 | | | | 6,804,405 |
| | | | | | -,, 199 |

Notes to the financial statements For the year ended 31 December 2020

| 10. | Property & equipment - continued | | | |
|------------|-------------------------------------|-----------|------------|-----------|
| | 2019 | At | | At |
| | Cost | 1 Jan. | Additions | 31 Dec. |
| | | GH¢ | GH¢ | GH¢ |
| | Leasehold land | 6,617,768 | 9,600 | 6,627,368 |
| | Motor vehicles | 445,395 | - | 445,395 |
| | Furniture, fittings & equipment | 712,946 | 50,250 | 763,196 |
| : | | 7,776,109 | 59,850 | 7,835,959 |
| | | At | Charge for | At |
| | Depreciation | 1 Jan. | the year | 31 Dec. |
| | | GH¢ | GH¢ | GH¢ |
| | Leasehold land | 38,080 | 132,355 | 170,435 |
| | Motor vehicles | 232,302 | 79,822 | 312,124 |
| _ | Furniture, fittings & equipment | 104,120 | 136,729 | 240,849 |
| | | 374,502 | 348,906 | 723,408 |
| = | Net book value | | | |
| : | At 31 December 2019 | | | 7,112,551 |
| | | | 2020 | 2019 |
| 11 | Receivables | | GH¢ | GH¢ |
| | Members receivables | | 569,881 | 449,685 |
| . <u>-</u> | Provision for bad and doubtful debt | | (569,881) | (449,685) |
| | | | - | - |
| | Staff Receivables | | 140,804 | 221,686 |
| | Prepayment | | 31,568 | 123,585 |
| - | Other receivables | | 375,958 | 53,174 |
| | | | 548,330 | 398,445 |

For the year ended 31 December 2020

| 12 | Held to maturity investments | 2020 GH¢ | 2019 GH¢ |
|----|-----------------------------------|-------------|-------------|
| | Fixed Deposits | 7,200,000 | - |
| | | 2020 | 2019 |
| 13 | Cash and bank balances | GH¢ | GH¢ |
| | Current account balances | 132,362 | 360,042 |
| | Petty cash account | 35 | 30 |
| | | 132,397 | 360,072 |
| | | 2020 | 2019 |
| 14 | Payables | GH¢ | GH¢ |
| | Members Companies | 74,125 | 29,000 |
| | Sundry creditors | 910,204 | 914,292 |
| | | 984,329 | 943,292 |
| 15 | Accruals | 2020 | 2019 |
| | | GH¢ | GH¢ |
| | Accrued charges | 149,575 | 194,855 |
| | Audit fee | 87,000 | 81,377 |
| | | 236,575 | 276,232 |
| 16 | Other long term employee benefits | 2020 | 2019 |
| | | GH¢ | GH¢ |
| | Long term benefits accrued | 480,560 | 204,923 |

The policy on other long term employee benefit for junior staff is to enjoy their one month salary for every five years spent. Management and senior staff are given benefits in kind and 10 days for every year served at the time of retirement.

The range of actuarial assumptions applied in calculating the liabilities for other long-term employee benefits is as follows:

| | 2020 | 2019 | 2018 |
|-----------------|-------|-------|-------|
| Discount rate | 13.5% | 14.7% | 14.7% |
| Salary increase | 7.0% | 6.0% | 6.0% |

Notes to the financial statements For the year ended 31 December 2020

17 Financial risk management

The Chamber's activities expose it to a variety of risks, including, financial risk, credit risk, foreign currency exchange rates and interest rates. The Chamber's overall risk management programme focuses on the identification and management of risks and seeks to minimise potential adverse effects on its financial performance, Investment policies are in place which help manage liquidity, and seek to maximise return within an acceptable level of interest rate risk.

This section summarises the way the Chamber manages key risks:

The Chamber controls and manages the financial risks connected to the business segments with the objective of limiting these risks.

The identification, analysis and valuation of financial risks as well as the decision concerning the application of financial instruments to manage these risks are carried out essentially by the Chamber's Management and the Finance and Budget Committee.

The Chamber's activities expose it to a variety of financial risks: Market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The Chamber's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on its financial performance, but the Chamber does not hedge any risks.

Market risk

Foreign exchange risk

"The Chamber operates locally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US dollar bank accounts denominated in foreign currency. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities."

| | 2020 | 2019 |
|--------|-------|-------|
| | GH¢ | GH¢ |
| Assets | 1,616 | 2,654 |

The following table details the Chamber's sensitivity to a 10% increase and decrease in the cedi against the US Dollar. A 10% sensitivity rate is used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. For each sensitivity, the impact of change in a single factor is shown, with other assumptions unchanged.

| | 31-Dec-20 | Scenario 1 | Scenario 2 |
|------------------|------------|--------------|--------------|
| | Amount | 10% increase | 10% decrease |
| | GH¢ | GH¢ | GH¢ |
| | 6,292,981 | 6,922,279 | 5,663,683 |
| Funds and equity | 12,671,061 | 13,938,167 | 11,403,955 |

Notes to the financial statements For the year ended 31 December 2020

Assuming no management actions, a series of such rises would increase surplus for 2020 by GH¢629,298 while a series of such falls would decrease surplus for 2020 by GH¢629,298. Also a series of such rises would increase the funds and equity by GH¢1,267,106 whilst a series of such falls would decrease funds and equity by GH¢1,267,106.

The following significant exchange rates were applied during the year:

| | 2020 GH¢ | 2020 GH¢ | 2019 GH¢ | 2019 GH¢ |
|-----------|-------------|-------------|-------------|-------------|
| | Selling | Buying | Selling | Buying |
| US Dollar | 5.7631 | 5.7573 | 5.5365 | 5.5309 |

[&]quot;The Chamber has exposure to credit risk, which is the risk that member companies are unable to pay subscriptions in full when due. Other areas where credit risk arises include cash and cash equivalents, deposits with banks and other receivables."

The Chamber has no significant concentrations of credit risk. The Chamber raises debit notes for subscriptions to member companies at the beginning of each year. This is based on its planned activities and programmes for the year. The amount of subscription payable by each member company is based on the category of the company namely Represented Members, Affiliates, Contract Miners and Associated Members. Limits on the level of subscription payable are approved annually by the Council Members.

Management information reported to the Council includes details of provisions for impairment on loans and receivables and subsequent write-offs. No collateral is held for any of the above assets. All receivables that are neither past due or impaired are within their approved credit limits. All receivables past due by more than 180 days are considered to be impaired, and are carried at their estimated recoverable value.

The Chamber manages the credit quality of financial assets using internal credit ratings. The table below shows the credit quality by class of asset for all financial assets exposed to credit risk, based on the Chamber's internal credit rating system. The amounts presented are gross of impairment allowances.

Notes to the financial statements For the year ended 31 December 2020

| 2020 | Neither past due nor impaired | | | | |
|---|---------------------------------|--------------------------|-------------------------------------|---------------------------------|-----------------------------------|
| | High grade GH¢ | | Past due but not impaired GH¢ | Individually impaired GH¢ | Total GH¢ |
| Cash and Bank Receivables Investments | 132,397 516,762 7,200,000 | - - - | - - - | - 569,881 - | 132,397 1,086,643 7,200,000 |
| Totals | 7,849,159 | - | - | 569,881 | 8,419,040 |
| 2019 | Neither | past due nor impaired | | | |
| | High grade GH¢ | | Past due but not impaired GH¢ | Individually impaired GH¢ | Total GH¢ |
| Cash and Bank Receivables Investments | 360,072 274,860 - | - - - | - - - | - 449,685 - | 360,072 724,545 - |
| Totals | 634,932 | - | | 449,685 | 1,084,617 |
| Age of impaired | d member receiva | ables | | | |
| | | | | 2020 [–] GH¢ | 2019 GH¢ |
| 365 days | | | | 569,881 | 449,685 |

18 Liquidity risk

The liquidity risk is the risk of the Chamber to remain solvent at any time to fulfil due obligations in time to have the possibility of obtaining necessary financial means from investors. There is an extensive need for liquid funds in managing the Chamber.

The Chamber is exposed to daily calls on its available cash for settlement of the Chamber's programs and administration expenses. Liquidity and financial flexibility at any time is granted through existent liquid funds and the available financing margin. Based on the results of the Chamber's strategy and the Chamber planning processes, day-to-day liquidity planning is effected, thus offering a current status of the estimated casted development of the liquidity. Medium and long term financing needs are determined by means of this forecast of the expected cash flows.

"Prudent liquidity risk management includes maintaining sufficient cash balances, and the availability of funding from an adequate amount of committed credit facilities. The table below analyses the financial liabilities into the relevant maturity grouping base on the remaining period at the reporting date to the contractual maturity date."

The amounts disclosed in the table are the contractual undiscounted cash flow, whereas the Chamber manages the liquidity risk based on a different basis (see note above for details), not resulting in a significantly different analysis.



REGISTER OF MEMBERS

REPRESENTED MEMBERS-LEVEL A

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 Nkroful Site
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Esiama, Western Region

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GHANA CHAMBER OF MINES ANNUAL REPORT 2020

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Tarkwa

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GHANA CHAMBER OF MINES ANNUAL REPORT 2020

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GHANA CHAMBER OF MINES ANNUAL REPORT 2020

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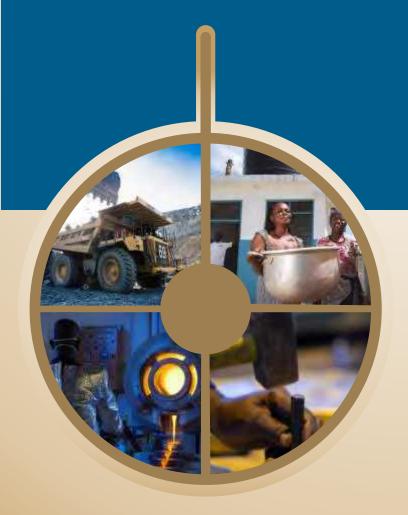
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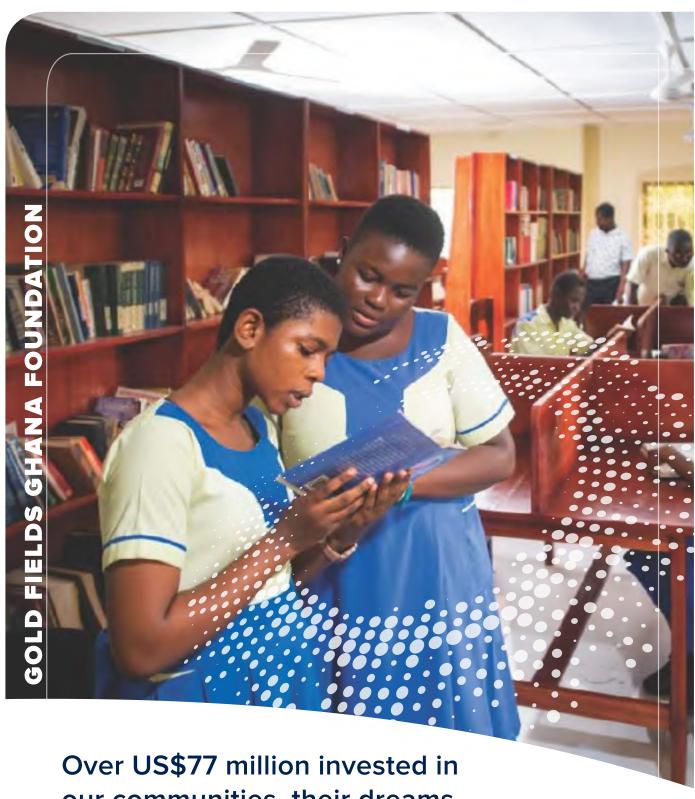


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