

SUPPLEMENT to the Solomon Islands GazetteThursday 14th July, 2011

S.I. No.29

[Legal Notice No. 56]

MINES AND MINERALS ACT
(Cap. 42)**MINES AND MINERALS (ROYALTIES) REGULATIONS 2011****IN** exercise of the powers conferred upon me by section 45(5) of the Act, I make these Regulations –Citation and
commencement

1. These Regulations may be cited as the Mines and Minerals (Royalties) Regulations 2011 and commence on the date of publication in the *Gazette*.

Interpretation

2. In these Regulations, unless the context otherwise requires –

“beneficiary” means a beneficiary other than landowner determined by the Minister under section 45(4);

“Fund” means the Mineral Royalty Special Fund established under section 45(4) of the Act;

“GRML” means Gold Ridge Mining Limited (Allied Gold Limited);

“Minister” means the Minister for Mines and Minerals;

“Special account” means a special account opened and maintained under regulation 4(1).

Control of the
Fund

3. (1) Subject to the provision of these Regulations and section 45(4) of the Act, the Ministry responsible for Finance shall administer the Fund and any special account.

(2) The Minister shall authorise any payment from the Fund to a special account pursuant to section 45(4) of the Act.

Landowners'
special accounts

4. (1) The Ministry responsible for Finance shall open and maintain a special account held by the Government in trust for the landowners and any other beneficiary, with the Central Bank of Solomon Islands or any approved commercial bank in Solomon Islands for the receipts of moneys from the Fund for the benefit of the landowners or other beneficiary.

(2) Appropriate officers at the Ministry of Mines and Minerals shall, under the direction of the Director of Mines, initiate and authorise payments out of any special account and shall send the payment authority to the Ministry responsible for Finance for processing.

(3) The Ministry responsible for Finance shall ensure that the payment authority is in order and, shall sign the resulting cheques and release funds into the special account of the landowners or beneficiary.

(4) Any moneys paid out of the special account shall be made in accordance with the normal procedures as required under the Public Finance and Audit Act (Cap. 120) and the Financial Instructions made under that Act.

(5) The appropriate officers of Ministry responsible for Finance are responsible for reconciliation of the bank accounts of the Fund and special account.

Royalty pay-
ments

5. (1) A mining company shall pay to the Fund the royalties at the rate of royalty prescribed under section 45(2), within a reasonable time but not later than the period (if any) stipulated in the mining agreement.

Accounts and
annual reports

6. (1) Books of accounts of the Fund and any special account shall be audited by the Auditor General once a year and shall soon as practical be laid before Parliament by the Minister responsible for Finance.

(2) The Ministry responsible for Finance shall, annually prepare and publish the audited reports of the Fund and any special account.

Gold Ridge
Mine Royalty

7. Royalty payments in relation to Gold Ridge Mine are set out in Schedule 1.

Revocation of
LN 68 of 97

8. The Mining Royalty (Gold Ridge) Fund Directions (Legal Notice 68 of 1997) are revoked.

SCHEDULE 1
(regulation 7)

GOLD RIDGE MINE ROYALTY

Distribution of royalty

1. (1) The royalty paid to the Fund by GRML in respect of Gold Ridge Mine shall be distributed in the following manner –

- (a) eighty per cent shall be paid into the Gold Ridge Landowners Special Trust Account for and on behalf of the Gold Ridge Landowners; and
- (b) twenty per cent shall be paid into the Guadalcanal Provincial Government Special Trust Account for and on behalf of the Guadalcanal Provincial Government.

(2) In accordance regulation 4, the Ministry responsible for Finance shall open and maintain the following special accounts –

- (a) Gold Ridge Landowners Special Trust Account, into which shall be paid any money payable pursuant to paragraph 1(1)(a); and
- (b) Guadalcanal Provincial Government Special Trust Account, into which shall be paid any money payable pursuant to paragraph 1(1)(b).

(3) The Guadalcanal Provincial Government is a beneficiary.

(4) The rate of royalty for Gold Ridge Mine is set out in Legal Notice 47 of 1997.

Payment of Royalties

2. (1) Pursuant to sections 38 and 38B of the Income tax Act (Cap. 123) and the rate specific to the GRML as agreed in the MOU, the GRML shall deduct withholding tax from the royalties payable to the landowners where a tax liability exists to the landowners, and remit the withholding tax to the Inland Revenue Division (IRD).

(2) Subject to subparagraph (1), monies paid out of the Fund into the Gold Ridge Landowners Special Trust Account shall be paid into the bank accounts held by the respective landowners trustees in the following manner –

- (a) 36.5% to the trustees of *Rausere* tribe being the landowning tribe of *Valehaichichi* gold deposit;
 - (b) 6.3% each of the trustees of the following landowning tribes of *Matoba* namely *Charana*, *Kaokao*, *Roha*, *Sutahuri* and *Vatuviti*;
 - (c) 6.2% each to the trustee of the tribes of *Matoba* namely *Halisia* and *Soroboilo*;
 - (d) 5% to the trustee of *Chacha* tribe being a landowning tribe of *Matoba*;
 - (e) 3.925% to the trustees of *Sabaha* tribe;
 - (f) 3.225% to the trustees of *Salasivo* tribe;
 - (g) 2.5% to the trustees of *Chavuchavu* tribe;
 - (h) 1.325% to the trustee of *Kaipalipali* tribe being a landowning tribe of Gold Ridge.
 - (i) 1.225% to the trustees of *Koenihao* tribe; and
 - (j) 1.2% to the trustees of the following landowning tribe of Gold Ridge namely *Lasi* and *Sahari*.
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Complaints

3. (1) A landowner or other beneficiary who on reasonable ground believes that the distribution of the royalty fund into the landowner and or Guadalcanal provincial government trust accounts was unreasonable may lodge a complaint with the Gold Ridge Royalty Fund Committee, headed by the Director of the Ministry of Mines and Minerals.

(2) The Chairperson (Director of Mines) of the Gold Ridge Fund Committee may, in consultation with the Council, direct that –

- (a) no payment be made from the Fund into the relevant trust account;
- (b) an investigation be carried out to determine the merits of the complaints; or
- (c) take such necessary action as they deem fit.

(3) In this paragraph, the "Council" means the Council established by the Constitution of the Gold Ridge Community and Landowners Association.

Royalty paid to Guadalcanal Provincial Government

4. (1) Subject to these Regulations, any payment made into Guadalcanal Province (Royalty) Special Fund shall only be expended on development projects approved by the Minister of Provincial Government in consultation with the Guadalcanal Provincial Government.

Taxes, Levies and Charges

5. (1) Where an adjustment is made under the tax and ability provisions of the Gold Ridge Mining Agreement in favour of a party arising from a new fiscal imposition in the nature of a tax, or a varied fiscal imposition not provided for in the Gold Ridge Mining Agreement, subparagraph (2) applies.

(2) If the Government reimburses GRML or its parent company as a result of the application of the tax stability provisions of Gold Ridge Mining Agreement arising from a new or varied fiscal imposition in the nature of a tax not provided for in the Mining Agreement, the Minister may order that the Government be reimbursed the amount of reimbursement out of the moneys paid under paragraph 1(1)(b).

MADE AT HONIARA this thirtieth day of June, 2011.

HON. MOSES GARU
Minister for Mines and Minerals