

## What is Agyapa Royalties About?



It is a Gold  
royalty  
company

An innovative financing solution that employs the structure of a gold royalty company to offer financing to gold mining companies that want to develop new mining projects in exchange for a royalty or revenue related stream once the mine starts producing.



## What is the strategic Importance of Agyapa Royalties ?



It's the first African focused minerals royalty company, and also the first to be listed by an African Government.



It will showcase Ghana as the premier destination for gold assets & resource mining whilst raising non debt funding for capital investment.



ATTRACT INVESTMENT  
INTO THE SECTOR:

- ★ It will increase exploration activity and involvement in gold mining
- ★ Provide financing to owners of mining concessions looking for equity type financing to develop their mines and bring them to production thereby creating Jobs, Rural Development and generating taxes for GoG.

### Frequently Asked Questions

#### Does the agreement make it impossible for a future government to replace managers of Agyapa Royalties ?



1 Agyapa Royalties will adhere to international corporate governance standards as would be expected of a publicly listed company.



2 Board of Directors of Agyapa Royalties will be up for election each and every year at Annual General Meeting.



3 Shareholders will be able to vote on the election of the Company Directors.



4 MIIF will be the largest shareholder in Agyapa Royalties, and therefore will exercise its right to vote on the Directors. Additionally, MIIF has two seats on the Board of Agyapa; one to be filled by the CEO of MIIF and the other by a MIIF Board member

### Frequently Asked Questions

#### Is the agreement based solely on the amendment done to the Minerals Income Investment Fund Act, which was approved by Parliament but not signed into law yet by the president, therefore making it illegal?

- ★ This is not correct
- ★ All the agreements relating to the transaction are subject to the MIIF Act and the subsequent amendments.
- ★ The President has signed the Amendments to the Act
- ★ This will now be published in the Parliamentary Gazette



### Frequently Asked Questions

#### **It is a bad idea to mortgage future revenues from gold royalties for a lump sum of money today**

- ★ This is not mortgaging the country's future revenues but the conversion of our royalty flows into a listed Pan African Royalty company of which we shall be the majority shareholder.
- ★ This is an investment into our future which will create an upfront sum of capital upon the proposed listing date
- ★ The upfront capital obtained via the IPO and regular dividends will be reinvested into the country to finance strategic capital investments such as infrastructure to spur socio-economic development
- ★ Additionally as the majority shareholder, the Government will continue to receive a portion of these royalties annually but now it will be in the form of dividends



### Frequently Asked Questions

#### **It is a bad idea to mortgage future revenues from gold royalties for a lump sum of money today**

- ★ The cost of capital through this transaction is lower than any other debt capital raise, with the added advantage of no repayments.
- ★ Given the gold price is at an all-time high, the timing is right for the shares to be listed in London and Ghana.
- ★ Ghana must invest in itself and build a future through investment, not aid, and this is a key way to achieve this.



### Frequently Asked Questions

**Agyapa is the current government's attempt to mortgage 75.6% of the country's mineral revenue in perpetuity.**

- ★ Agyapa Royalties will receive 75.6% of royalties from a selected portfolio of underlying gold mines (12 producing gold mines and 4 mines under development) under the current mining leases.
- ★ In addition to the initial capital raise, MIIF is expected to continue to receive dividends from Agyapa and will continue to receive the royalty revenue from other operating mines in Ghana that are not related to Agyapa Royalties
- ★ Agyapa Royalties will continue to benefit the Ghanaian people, regardless of which political party is in power.



### Frequently Asked Questions

**Is it true that shareholders other than GoG will own 75.6% of Ghana's royalties and therefore its future?**

- ★ This statement is **untrue. MIIF is the 100% shareholder of Agyapa**
- ★ At the closing of the IPO, Agyapa will hold rights to receive 75.6% of the royalties from the 12 specific producing mines and four development assets in its portfolio.
- ★ Agyapa is not acquiring the rights to all of Ghana's royalties.
- ★ GoG, through the MIIF, will continue to be the majority shareholder in Agyapa and therefore will benefit from the receipt of the majority of dividends from Agyapa.





### Frequently Asked Questions

#### Parliament was not provided with enough information on the transaction

- ★ While the prospectus in connection with the proposed listing was not shared as the listing has not commenced, all material and necessary information was shared with Parliament before the transaction was approved by Members of Parliament.



### Frequently Asked Questions

#### Agyapa is owned by a few well-connected individuals

- ★ This is **not true**.
- ★ The company is **100%-owned by MIIF on behalf of the GoG**.
- ★ Once the Company is listed on the London Stock Exchange and Ghana Stock Exchange, MIIF will be the largest shareholder, and hence Agyapa Royalties will be ultimately majority-owned by the GoG



### Frequently Asked Questions

**As part of the total cost of executing this transaction, the legal firm handling it is expected to receive a fee of \$10 million.**

- ★ This is **incorrect**, fees paid so far to all transactions advisors including head hunting firms, auditors, investment banks and lawyers will all be disclosed once the prospectus has been published.
- ★ Once Agyapa is a publicly listed company, the expenses incurred will be available for scrutiny in its inaugural annual report
- ★ All listing fees and transaction related costs will be stated in the prospectus which shall be distributed by the brokers to anybody interested in buying shares, before the IPO
- ★ The transaction advisors were all engaged in 2018 and have been working on the transaction since then for over 2 years.



### Frequently Asked Questions

**Why did we register the company in Jersey, Channel Islands?**

- ★ Tax efficient and will attract investors.
- ★ 0% corporation tax. Given the royalties are a form of tax, it does not get taxed again.
- ★ Free of withholding tax on dividends, interest and royalties.
- ★ Shares in Jersey incorporated Holding Companies are free of stamp duty on trading of shares.
- ★ No taxes are paid on capital gains and dividends in Jersey, hence the government can maximise the value of the shares it is selling.
- ★ There are a significant number of London listed companies domiciled in Jersey. This is legitimate.



### Frequently Asked Questions

#### **The agreements were passed without the proper oversight and debate.**

- ★ The agreements were passed in the same process as all other agreements are dealt with in Ghana
- ★ The agreements were in line with the objects and powers of the MIIF as set out in the MIIF Act
- ★ The MIIF Act (Act 978) was passed in December 2018
- ★ The MIIF Amendments Bill 2020 was passed in July 2020
- ★ Transaction Agreements approved by Parliament in August 2020



### Frequently Asked Questions

#### **The Ghanaian people will not benefit from this transaction**

- ★ The Ghanaian people will benefit from this because the capital raised will finance strategic capital investments such as infrastructure to spur socio-economic development and enhance the lives of all Ghanaians.
- ★ It allows us to invest in ourselves and build a future through investment, not aid. This is central to the Ghana Beyond Aid philosophy.
- ★ It is also an opportunity to raise funds without increasing the national debt load, and there are no re-payment obligations, interest payments or the need for a guarantee.



### Frequently Asked Questions

#### **Agyapa surreptitiously changed its name from Asaase**

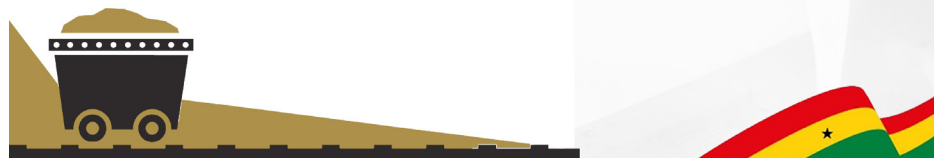
- ★ Agyapa changed its name from Asaase upon seeing that the name Asaase is used by 21 other companies
- ★ To ensure that there is no confusion, the name was changed.



### Frequently Asked Questions

#### **Agyapa Royalties is related to Asaase Radio**

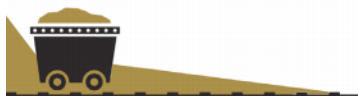
- ★ There is no relation between the two



### Frequently Asked Questions

#### **With Agyapa Royalties registered in Jersey, Channel Islands, it will be difficult to oversee the firm and know who are the shareholders**

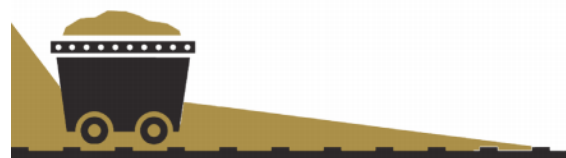
- ★ This is not going to be the case. Agyapa Royalties is being created with Ghanaian's best interests in mind. Agyapa Royalties will adhere to international corporate governance standards
- ★ As a publicly listed company on the London Stock Exchange and the Ghana Stock Exchange, Agyapa will be fully transparent about its ownership.
- ★ All large shareholders will need to disclose their position (when they buy or sell shares).
- ★ Agyapa Royalties will adhere to international corporate governance standards so as to give its shareholders, including the GoG, peace of mind that it is doing everything in the most transparent and appropriate way



### Frequently Asked Questions

#### **Is Ghana's economy collapsing at a fast rate and hence the need for this transaction?**

- ★ Ghana's economy is not collapsing however it has been negatively impacted by the global pandemic and the fall in oil and cocoa prices
- ★ This is the time to seek innovative ways of raising funds so that we can invest in the country, protect our economy from external forces, and make the most of the increase in the gold price





## Frequently Asked Questions

### The Attorney – General's Office says the interest is not in the best interest of Ghana

- ★ The AG gave the Ministry of Finance the green light to go ahead and submit the agreements to Parliament after intense scrutiny and numerous correspondences
- ★ The document circulating on social media dated 22nd July was an opinion of the AG at the time which required that we provided further clarity
- ★ As such, the Ministry of Finance and the transaction advisors engaged with the AGs office to go over the all the agreements together
- ★ Based on these meetings and some further clarification, the AGs office gave the MOF the go ahead.



## Frequently Asked Questions

### The benefits of Agyapa Royalties



Investment of the significant amount of funds received from issuing shares in the Agyapa. Government will be invested in infrastructure, housing, health, education



This is an opportunity to raise non-debt capital, which will complement our debt capital markets activity and will not require repayment obligations, interest payments and/ or the need for a guarantee.



Private sector led solution that the ability to facilitate the development of mines in Ghana and Africa and hence develop the sector, create jobs and economy as a whole. It will help ensure we remain Africa's leading Gold producer.



## Frequently Asked Questions

### The benefits of Agyapa Royalties



Once listed, the Government/MIIF being the majority shareholder will be the largest recipient of dividends from Agyapa. This can be further invested in the economy



The government being the majority shareholder and Ghanaian retail and institutional investors will also benefit from the potential capital gains in the shares. It is expected to be a listed and independent company on both the Ghana and London Stock Exchanges, committed to conforming to the highest corporate governance standards as required in both financial markets.



Listing on London, the largest and most trusted stock exchange for mining equities, ensures we realise maximum value for our royalties

## Frequently Asked Questions

### What will the proceeds be used for?

**Education**

Upgrade existing schools in mining areas (both secondary, technical and tertiary)

**Health**

To build district hospitals in mining areas and other health infrastructure

**Housing**

Seed capital for Housing Projects particularly in the area of affordable housing

**Infrastructure**

Support ongoing drive to plug existing infrastructure gap across the country incl Road Infrastructure in Mining Areas, Development Bank and GIIF.



### Frequently Asked Questions

#### Why issue equity in a company instead of raising debt?

- ★ Instead of raising debt, Government decided to form a Company and plans to sell shares in the Company to raise funds i.e. issue equity in the Company.
- ★ Anyone who buys shares in the Company shares in the risks and rewards from the Company.
- ★ They will potentially benefit from an increase in the value of the Company and can sell their shares if the Company does well.
- ★ They will also be capable of receiving dividends.
- ★ Additionally, current market conditions due to the ongoing pandemic has essentially shut the Capital markets for debt financing at reasonable interest rates
- ★ Gold is one of the few commodities that has outperformed despite the pandemic



### Frequently Asked Questions

#### Who are the key stakeholders involved in this transaction?

- ★ Ministry of Finance
- ★ The Minerals Income Investment Fund
- ★ Attorney General's Department
- ★ Minerals Commission
- ★ Ministry of Lands and Natural Resources
- ★ Bank of Ghana
- ★ Ghana Revenue Authority



### Frequently Asked Questions

#### What are the key next steps?

- ★ Prospectus approved by the regulators in London & Accra
- ★ Virtual Global roadshow commences
- ★ The Company is to be listed on the London and Ghana Stock Exchanges after the approval by appropriate regulatory authorities in Ghana and London
- ★ The Company is **100% OWNED BY THE GOVERNMENT OF GHANA**
- ★ Once listed, Government of Ghana through MIIF will be the majority shareholder with AT LEAST 51% of the shares



### Frequently Asked Questions

#### Why was Kofi Osafo-Maafa chosen to head Agyapa?

#### Who are the other top managers of Agyapa?

- ★ The selection of Kofi Osafo Maafa was done through a competitive process spearheaded by Kornferry – an internationally recognized Head hunting firm.
- ★ Government wanted a well-qualified Ghanaian at the helm of affairs of the Agyapa Mineral Royalties firm and that led to the selection of Kofi Osafo Maafa.
- ★ He has 25 years of experience on the investment banking and asset management side but more specifically, 18 of those years have been covering gold mining and energy stocks.
- ★ The other members of the management team will be announced once the IPO process has been completed

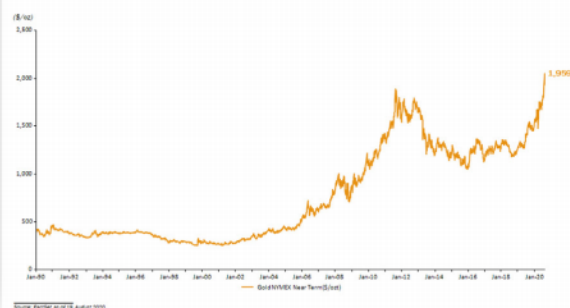


## Frequently Asked Questions

### Why Now ?

Gold prices are at an all time high. Last time they were even close was around 2011/2012, about 8 years ago as shown in the Graph below. Also the Graph clearly shows that gold prices are cyclical. There are peaks and troughs. We are at a peak now.

Spot Gold Price Performance



**Note : This is not a loan for fifteen years. We don't have to pay it back. It's equity not debt**

## Frequently Asked Questions

### The role of Africa Legal Associates? Isn't this conflict of interest?

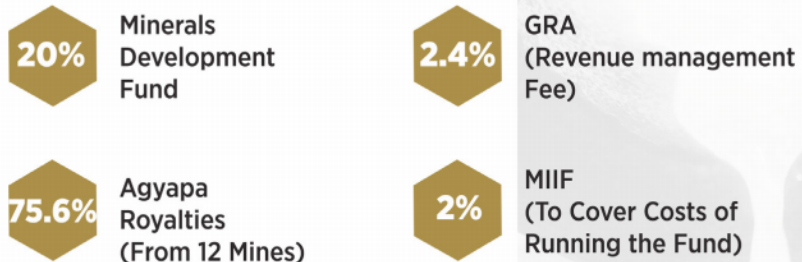
- ★ Africa legal associates is the local partner of White and Case - a reputable international law firm that was appointed through a transparent procurement process.





## Flow of Funds from Royalty Portfolio to Agyapa

Royalties will flow from the specified gold mining assets to BoG and be split as follows:



*Previously the balance of **80%** went to the Consolidated Fund  
The Statement that all traditional authorities lose right to Royalties is  
**UNTRUE***

## Use of Minerals Development Fund Proceeds of 20% of Total Royalties:



### Frequently Asked Questions

**Registration in a tax haven means there will be no transparency. Agyapa's transactions will be secretive**

- ★ This is *not true*.
- ★ Jersey is a highly regulated and transparent jurisdiction.
- ★ Registration in Jersey was to take advantage of the favourable tax regime. This means the royalties are not taxed again and we attract more investors and maximise the value of the company on listing.



### Frequently Asked Questions

**The total production of gold is over 4 million ounces and royalties are so low relative to the total production.**

- ★ The gross production from the relevant gold mines in 2019 that are the source of the Agyapa royalties is 2.9 million ounces.
- ★ Agyapa will be entitled to 75.6% of that. Obuasi based on public information is expected to add 375k - 400k ounces in 2021. If you add 75.6% you do not get to 4 million ounces.
- ★ Royalties are 3-5 % of revenues for 5 of the Agyapa mines. For these, they increase with the level of the gold price within the range. For the rest, royalties are 5% of revenues.



★ Jersey has a reputation as a leading and reputable international finance centre of substance committed to developing and maintaining the highest international standards of regulatory compliance.

★ Advantages of using Jersey Holding Company as Listing Vehicle:

- 0% corporation tax
- Free of withholding tax on dividends, interest and royalties
- Shares in Jersey incorporated Holding Companies are free of stamp duty in Jersey

## Why Jersey?

★ In part, it is a jurisdiction of choice for many listed companies around the world such as Glencore and WPP.

★ Jersey has never formed part of the EU blacklist for 'non-compliant' jurisdictions.

## Flow of Funds from Royalty Portfolio to Agypa

Royalties will flow from the specified gold mining assets to BoG and be split as follows:

**20%** Minerals Development Fund

**2.4%** GRA (Revenue management Fee)

**75.6%** Agypa Royalties (From 12 Mines)

**2%** MIIF (To Cover Costs of Running the Fund)

*Previously the balance of **80%** went to the Consolidated Fund and the Statement that all traditional authorities lose right to Royalties is **UNTRUE***

## The Minerals Development Fund Annual Proceeds of 20% of Total Royalties is split as follows:

