

David Sitsope Kobla Tamakloe

Office of Special Prosecutor
Haile Selassie St, Accra

October 23rd, 2023

Submission to Office of Special Proescutor re Asante Gold Corporation and Bank of Ghana

(a) Full name, address and occupation of the whistleblower:

Name: David Sitsope Kobla Tamakloe
Home Address: Kpobi We St, GL-071-6713
Email: idavtamakloe79@gmail.com
Occupation: Journalist

(b) Nature of the impropriety in respect of which the disclosure is made:

Asante Gold Corporation (Asante), an external company registered in Ghana with registration number ET000800721, possibly making improper payments in relation to a \$100M loan from Bank of Ghana (BoG) to Asante and BoG causing financial loss to the state by terms of said loan. This loan was characterized as a gold prepurchase agreement between Asante and BoG.

(c) Person alleged to have committed, who is committing or is about to commit the impropriety:

Management of Asante, BoG, responsible persons would be:

Douglas MacQuarrie,
Asante Gold Corporation
President & CEO
Tel: +1 604-558-1134; +233 55 087 2991; +233 592049688
E-mail: douglas@asantegold.com

Dr. Ernest Addison
Governor,
Bank of Ghana

(d) Time and place where the alleged impropriety is taking place, took place or is likely to take place:

(i) Likely impropriety occurred around July 2022, when a facilitation fee variously described as \$4.3 or \$4.44M in Asante's financial statements was paid to unknown persons by Asante for organising the \$100M loan from BoG

(e) Full name, address and description of a person who witnessed the commission of the impropriety if there is such a person: Same as the whistleblower, in (a)

(f) Whether the whistleblower has made a disclosure of the same or of some other impropriety on a previous occasion and if so, about whom and to whom the disclosure was made: No

(g) If the person is an employee making a disclosure about that person's employer or a fellow employee, whether the whistleblower remains in the same employment: No

Description of Impropriety

This transaction with BoG has been described in several public financial statements issued by Asante, such as:

1. Management Discussion and Analysis for the Years Ended January 31, 2023 and 2022, dated May 31, 2023, p5
2. Condensed Interim Consolidated Financial Statements for the three and nine months ended October 31, 2022 and 2021, Note 15
3. Condensed Interim Consolidated Financial Statements for the three and six months ended July 31, 2023 and 2022, Note 18
4. Condensed Interim Consolidated Financial Statements for the three and six months ended July 31, 2022, Note 14

5. Condensed Interim Consolidated Financial Statements for the three months ended April 30, 2023 and 2022, Note 16

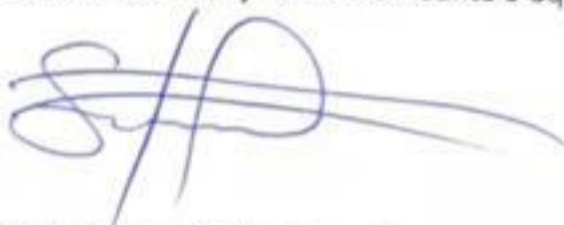
In summary, in July of 2022, BoG loaned \$100M to Asante, a company that was already facing financial difficulties, with woefully inadequate collateral, at an interest rate that did not resemble market terms offered Asante by any bank, let alone reflect the unpleasant commercial realities of Asante. Asante paid undisclosed persons a facilitation fee for arranging this loan from BoG. At the time the loan was made to Asante, the then-Deputy Finance Minister, Charles Adu Boahen, who via his company Black Star had already received payments from Asante that were improper due to his supervisory role over MIIF and GIIF, who after said payments were received invested in Asante on disadvantageous terms, sat on the board of Bank of Ghana and via his company Black Star Advisors, was a shareholder in Asante. The term of the loan from BoG to Asante was 1 year, to be repaid by July 2023, and unsurprisingly, at time of writing, Asante has not repaid the loan, stating in its financial statements that the loan maturity has been rescheduled to October 31, 2023.

Specific Comments

1. Asante is an Inappropriate Counterparty for BoG - It is difficult to see the commercial logic for BoG choosing to enter into a prepaid gold purchase agreement with Asante, effectively lending \$100M to an unproven gold producer (Asante's first pour was the same month BoG made this loan), given that there are over 11 large and proven gold producers in Ghana with solid balance sheets. To illustrate the weakness of Asante, as of April 30, 2022, (Asante's most recent financial statement prior to BoG entering into this agreement), liabilities were C\$134M, current assets C\$53M, quarterly earnings -C\$22M. To illustrate the recklessness of this loan, Asante's situation has continued to deteriorate, the most recent quarterly statement of July 31, 2023 shows liabilities of C\$915M, current assets of C\$161M. Over the intended period of the loan (July 2022 – July 2023), Asante's losses were C\$270M
2. The Interest Rate Charged Was Far Below Asante's Other Facilities - Per the agreement, in exchange for \$100M, Asante was to deliver to BoG in 4 equal instalments from July 2022 gold totalling \$107.53M in value. This is effectively an interest rate of 7.53%, yet Asante's loans with commercial banks at the same time for much smaller amount are priced at 11%, and backed with cash collateral
3. Collateral Provided Was Inadequate - The collateral for the \$100M loan was Asante's shares in the Bibiani gold mine. It is interesting to note that Asante purchased these shares in August 2021 for consideration of \$90M, \$40M of which was still outstanding at the time the loan was made. To state the obvious, at those valuations, BoG accepted collateral worth \$50M for a \$100M loan
4. Collateral Provided Was Arguably Meaningless - As GoG by law has the right to take over a financially distressed mining concession, in the event of default by Asante when the collateral is needed, ownership of said collateral reverts back to the state, so BoG's position is unprotected?. This (already insufficient) collateral pledged to the sovereign is arguably effectively the sovereigns already, in the circumstances in which BoG would need to look to the collateral
5. A BoG Board Member Had a Financial Interest in Asante – At the time the loan was made to Asante, Charles Adu Boahen sat on the Board of Directors of BoG, and via his company Black Star owned 111,073 shares of Asante
6. Asante is In Default - The agreement was for Asante to "deliver gold production from the Bibiani Gold Mine over four equal installments (sic) of US\$26.88 million (paid first installment (sic) of US\$26.88 million during October 2022) of principal and interest with the final payment due July 12, 2023." Asante defaulted on this agreement, failing to make the second and third instalments on time and in the prescribed amounts, and the fourth and final settlement has been extended to October 31, 2023
7. Asante Has Admitted to Paying A Facilitation Fee For The Loan – Asante has (inconsistently) stated that it paid either \$4.3M or \$4.44M (p. 22, October 31, 2022 financial statement \$4.3M; p.19, July 31, 2023 financial statement, \$4.44M) in connection with this BoG loan. This payment is described variously as a facilitation fee and an advisory fee, to undisclosed persons, so as to borrow Government money

In Conclusion

It is my contention that given the lack of security provided to BoG and the poor condition of Asante's balance sheet, that there were no commercial lenders who would have provided Asante with a \$100M loan, and that the actual fair market cost of the capital provided to Asante by BoG would be at minimum the equity cost of capital for Asante, which at the time the loan was made was approximately 25% per annum. Thus the financial loss caused to the state by this improper loan from BoG to Asante, even IF Asante repays the loan in full, is ~\$17.5M, being the difference between the 7.53% charged Asante by BoG and Asante's equity cost of capital.



David Sitsope Kobla Tamakloe

Copy:
Auditor General
Office of The Attorney General
Director General, State Interests Governance Authority
Director Financial Intelligence Centre

Attachments:

1. Management Discussion and Analysis for the Years Ended January 31, 2023 and 2022
2. Condensed Interim Consolidated Financial Statements for the three and nine months ended October 31, 2022 and 2021
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4. Condensed Interim Consolidated Financial Statements for the three and six months ended July 31, 2022