

# PricewaterhouseCoopers Tanzania Statement of Capabilities Energy and Mining Bringing value to your business\*



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# Introduction

## Energy

The global economy is on the forefront of everyone's minds, including the energy sector, which has seen commodity prices drop by more than 65% in fewer than six months. Petroleum and natural gas prices hit new highs in July 2008, and began collapsing by the end of that same month. How long the downturn will last remains an uncertainty, but most analysts agree that things will get worse before they begin to improve. In addition to the economic environment, energy companies are also confronting the issue of carbon exposure and the impact of efforts to regulate greenhouse gas emissions. These important developments are only a part of the complexity of issues and challenges that oil and gas executives contend with regularly. Regulatory changes, workforce shortages, sustainability, supply and demand issues and creating value for stakeholders also contribute to the demands of the energy industry today.

## Mining

An unparalleled period of soaring commodity prices and economic growth has given way to slowdown and recession. The big question is whether the sudden downturn represents a relatively short-term interruption in growth, or whether it is the signal of a more long-run recession. Mining companies have to balance short-term responses with long-term strategy, weighing the long timescales needed for major infrastructure projects, such as mine development, against sharp downturns in prices and demand.

The mining industry, at first thought to be somewhat insulated from the debt crisis, is now fully impacted amid falling demand, tumbling commodity prices, high operating and capital costs and falling share prices. New mines will be rare. Under-performing mines, or those with cost over-runs will be carefully scrutinized for potential closure.

## PricewaterhouseCoopers

At PricewaterhouseCoopers, our goal is to put ourselves in our clients' shoes, be able to understand their needs and add value from our knowledge and experience. To accomplish this goal, we maintain a robust training program, designed to enrich not only our technical skills, but also to keep us abreast of the industry issues that our clients face. We examine the issues, and build teams of subject matter specialists who develop appropriate solutions through our assurance, tax and advisory services. For global clients, we put together experienced teams from around the world who contribute a local understanding in addition to global experience. At PricewaterhouseCoopers, we not only examine the industry issues to understand your concerns, but we are also committed to constantly evaluating and enhancing our well-developed services to better meet your needs.

PwC is the leading adviser to the energy and mining industry in Tanzania and globally, working with exploration, production and service companies to provide business solutions tailored to the energy and mining sector. Our strength in serving this truly international sector comes from our skills, our experience and our team of industry specialists.

## Our involvement with you

We want to be involved as you identify issues and work towards solving them. We know you expect to be able to come to us, ask a tough question, and get a useful, thoughtful answer in reply. Our goal is to do more — to help you plan for success. Our experience allows us to help you ask the right questions, not just provide the right answers.

# Specialised services - energy and mining

Our energy and mining practice focuses on delivering professional services to companies of all sizes, across all segments of the industry. We provide industry-specific solutions in the fields of audit and assurance, tax, transactions, performance improvement, human resources and crisis management to help companies address their business and stakeholder issues.

Our significant experience in the energy and mining sector in Tanzania means that our professionals are able to leverage their industry knowledge to deliver immediate value to our clients by bringing our in-depth understanding of your business issues to bear.

## **Audit and assurance**

PricewaterhouseCoopers audits major energy and mining companies and junior mining companies in Tanzania and around the world. Our audit clients in Tanzania include Barrick Gold, the largest mining investor in Tanzania.

PwC auditors around the world use a single, global audit methodology, fully compliant with International Auditing Standards and applicable national standards. Our globally consistent approach to the audit means that, regardless of location, PwC people can understand and evaluate your business using a single language and common methods. In turn, that gives you a uniform level of quality in all our audits. This methodology also enables us to quickly organise and deploy the kinds of multinational audit teams often required by our larger energy and mining clients.

In addition to audit services, we offer a full range of assurance services to energy and mining companies, covering areas such as statutory audit, regulatory risk, Sarbanes-Oxley compliance, independent review of controls and processes, and advice on acquisitions, alliances and disposals.

## **Tax services**

We have the strongest international network of dedicated tax specialists of any professional services firm. Equally, we have the largest team of dedicated tax specialists in Tanzania, and are the leader in the provision of tax advisory services to the energy and mining sector in Tanzania. This means that we can support you both locally and globally, wherever you require tax advice.

Our tax professionals solve challenging issues, anticipate changes that can impact your tax situation and financial statements, and keep you apprised of tax issues of relevance to your company's operations. We pride ourselves on what we believe is a unique ability to provide both the experience, technical knowledge and negotiating skills that you require in Tanzania as well as the resources and skills of the PricewaterhouseCoopers international network of firms conducting their practices in accordance with agreed standards and procedures.

## **Advisory services**

Through our deep understanding of finance, risk management/compliance, IT systems, operations and human resources, we can identify and implement cost-saving initiatives, improve management and control, improve performance, identify and assist in management of risk, improve quality of reporting and deliver greater financial effectiveness. We also provide internal audit resource solutions and also advise on project feasibility, finance raising, and transaction structuring.

# Our Clients – Energy and Mining

Entities in the energy and mining sector to whom we provide or have provided services include:

## ***Mining***

Anglo American Group entities (audit and tax)

AnglogoldAshanti entity (Geita Gold Mines Limited) (tax)

Barrick Gold entities including Bulyanhulu (audit and tax), North Mara (audit and tax), Pangea Minerals Limited (audit)

Helio Resources Corporation / Bafex (audit and tax)

Kabanga Nickel Company Limited (a Barrick Gold / Xstrata JV) (audit and tax)

Resolute Tanzania Limited (tax)

TanzaniteOne Mining Limited (tax)

Various service providers to the mining sector

## ***Oil and Gas Exploration***

Artumas (tax)

Maurel & Prom (accounting, tax)

Pan African Energy Limited (tax)

Ophir Energy (tax)

Petrobras (tax)

Songas Ltd / Songo Songo project (tax)

Statoil (tax)

TPDC (advisory - support in preparation of corporate plan and strategy)

# Out front on industry issues - Energy

Our commitment to the industry goes beyond our services. Each year we prepare industry specific reports on issues of key strategic importance to our energy and mining clients and the challenges that lie ahead. Our extensive thought leadership programme draws on the insights of our worldwide network of industry specialists, as well as energy and mining industry executives.

Visit [www.pwc.com/energy](http://www.pwc.com/energy) to download or order hard copies of these reports.



This edition of "Financial reporting in the oil and gas industry" describes the financial reporting implications of IFRS across a number of areas selected for their particular relevance to oil and gas companies.



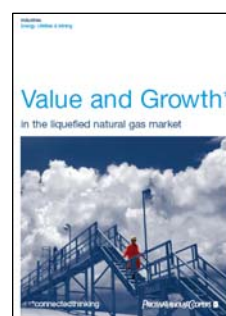
The renewable energy sector is an increasingly important arena for deal-making as companies and investors respond to the growing role of renewable sources in meeting global energy demands and the challenge of climate change.



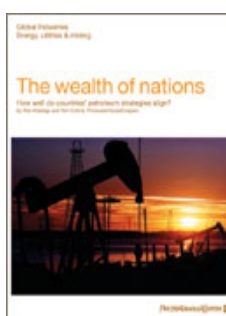
This report looks at the new commodity risk challenges facing companies in the oil and gas, power utility and mining industries. Key questions such the role of trading and hedging within company strategies are examined as well as how best to get key building blocks such as organisational structure, tax, valuation and accounting right.



**Oil & Gas Deals** is PwC's annual review of mergers and acquisitions activity within the global oil and gas market. In this report, we examine both the rationale behind the overall trends and look at the key individual deals. We also highlight, in a series of dialogue panels throughout the report, some of the critical issues for companies engaging in deal activity within the sector.



In this report, we look at the challenges for the various players. We map the nature of these challenges - from handling geopolitical and trading risk to determining the best commercial and tax structuring - and the different strategies that need to be considered. We look at how the LNG market is evolving and changing from a previously concentrated market to a future where it will take on more of the characteristics of the global oil market.



Many of the countries have chosen to govern the oil & gas industry through nationalizing these resources. These national oil companies are a leading force in the energy industry. PricewaterhouseCoopers finds that the competitive behaviors of NOCs can be grouped into five distinct clusters, ranging from restricted access to competing head-on with the international oil companies.

# Out front on industry issues - Mining

Our commitment to the industry goes beyond our services. Each year we prepare industry specific reports on issues of key strategic importance to our energy and mining clients and the challenges that lie ahead. Our extensive thought leadership programme draws on the insights of our worldwide network of industry specialists, as well as energy and mining industry executives.

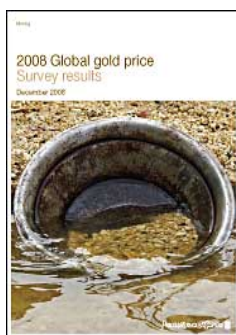
Visit [www.pwc.com/mining](http://www.pwc.com/mining) to download or order hard copies of these reports.



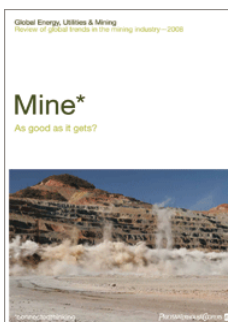
This edition provides a comprehensive analysis of financial reporting in the global mining industry, setting out the major accounting practices adopted by the mining industry under IFRS with respect to issues of particular relevance to the mining sector or to issues whose treatment in international practice has varied historically.



The report uses data on taxes and other contributions to Governments from 13 of the largest mining companies worldwide, by market cap, to provide greater transparency over the tax footprint and the contribution of the mining sector to the public finances of the countries where they operate.



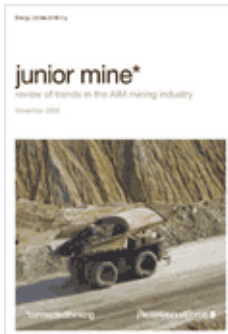
This report summarises the responses of over 40 of the world's leading gold mining companies to a 15-question survey on the prices that the gold producers have used to place a dollar figure on the value of their gold deposits, carrying values, and factors that influenced their determination. This is an annual report.



**Mine\*** is an annual report that provides a consolidated view of the performance of the global mining industry and discussion on global trends. It discusses the outlook for the industry and highlights significant challenges. Now in its fifth year, **Mine\*** has grown to be one of the leading in-depth analytical reviews of the mining industry today.



**Metals Market Sentiment** is a quarterly publication focused on the metals and mining industry covering pricing information, market trends and industry forecasts.



**Junior Mine\*** – Review of Trends in the AIM Mining Industry is a consolidated view of the UK's junior mining industry, as represented by 50 of the largest mining companies listed on AIM, giving a look into more than 90% of the AIM mining companies by market capitalisation, and they are engaged in exploration and mining in many countries around the world. This is an annual report.

## Our People – Assurance – Energy and Mining



### **Leonard Mususa, Partner - Assurance**

Leonard is our country leader. Leonard Mususa joined Coopers and Lybrand, a predecessor firm of PricewaterhouseCoopers, in 1978 as a qualified Accountant at Audit Senior level. Having gained experience at various levels of seniority (two of these in London, UK), he was admitted to partnership in 1985. Leonard is a Fellow of the UK Association of Chartered Certified Accountants (FCCA).

Leonard has extensive accounting and advisory skills and knowledge of the local environment make him well placed to provide constructive advice on the business activities of your company. Over his career with the firm, Leonard has been involved in the audit of various energy and mining companies in Tanzania:- Barrick Gold subsidiaries, IAMGOLD Tanzania Limited, Williamson Diamonds Limited and other key clients like Tanzania Breweries Limited, TANESCO, BP Tanzania etc.

Leonard has a keen interest in financial reporting and acts as the local champion in IFRS technical matters. In this regard he regularly attends IFRS update courses organised by PwC's Global Accounting Consulting Services unit based in London.



### **Nelson Msuya, Partner – Assurance**

Nelson has extensive experience of over 12 years in providing assurance and advisory services to energy and mining and mining related companies, gained while working with the firm in Tanzania and South Africa. He is a Tanzanian Certified Public Accountant.

In June 1998 he was seconded to our Johannesburg office where he gained valuable experience in financial reporting at an international level. While in Johannesburg office he was mainly involved in a number of high profile assignments offering both audit and business assurance services to a number of local and multi-national clients in the Energy & Mining sector. Nelson is currently based in Dar es Salaam and has worked extensively in the region.

Over his career with the firm, Nelson has been involved in the audit and due diligence assignments in various energy and mining companies in Tanzania, South Africa, West Africa and Canada as an Engagement Manager.

## Our People – Assurance – Energy and Mining



### **Cletus Kiyuga, Manager – Assurance**

Cletus has over 6 years experience in our Assurance department.

Cletus has a sound auditing and consulting experience in Tanzania and has been part of the assurance team of a number of our valued clients including Bulyanhulu Gold Mine Limited.

## Our People – Advisory – Energy and Mining



### **Richard Wood, Partner - Advisory**

Richard joined us in 2007 as a partner in our advisory services practice. A UK qualified Chartered Accountant and graduate of Cambridge University, he has over 19 years of professional work experience, providing a broad range of business advisory services to the private and public sectors. He has been based on the African continent for the last 13 years. He advised on the merger of AngloGold and Ashanti in Ghana, and has recently provided advisory support to both Tanesco and Zeco. In the region he has also provided energy sector related advice in Zambia, Malawi, Uganda, Nigeria and Sierra Leone.

## Our People – Taxation – Energy and Mining



### **David Tarimo, Partner – Tax**

David heads our tax and company administration services group. He joined Coopers and Lybrand, a predecessor firm of PricewaterhouseCoopers, in Tanzania in 1995 and prior to this worked for ten years with KPMG in London. David is a Fellow of the Institute of Chartered Accountants in England & Wales, the Chartered Institute of Taxation (UK), and in Tanzania is registered with the National Board of Accountants and Auditors.

David's tax advisory and planning experience spans a wide range of industries and organisations including agriculture, construction, energy, financial, manufacturing, mining, telecoms and tourism sectors. Energy and Mining is an area of particular specialism, and he has advised most of the major mining entities operating in Tanzania.

David has been very active in making proposals for change to the tax system in Tanzania. In 2003 and 2004, he was instrumental in catalysing the Government into making significant changes to the original version of Tanzania's new Income Tax Act. He is a member of the "Think Tank on Tax Reform", an advisory group reporting directly to the Minister for Finance.

David was active in liaising with the tax authorities regarding practical difficulties in implementation of the new fiscal regime for the Mining Sector, including participating in representations in relation to the VAT reliefs required for the Mining Sector. In 1998 he made a presentation on the tax regime for mining at an international conference "Mining in Tanzania – A new Engine of Growth" - hosted by the President. In 1998 the Tanzania Chamber of Mines requested David to prepare a report analysing the impact of the 1999 budget on the mining sector. In 2003 David assisted with the preparation of presentations on the fiscal regime for mining made both to a Chamber of Mines workshop, as well as to the Parliament. In 2004 David prepared a detailed submission on Tanzania's fiscal regime for mining, which included a comparison of this fiscal regime with mining regimes in certain other African countries – this report was sent to a Government appointed Taskforce that had been specially set up to review the fiscal regime instituted in 1997. In 2006 David presented at the EAMIC conference on the topic of the taxation of mining in East Africa including making comparisons with mining regimes elsewhere in Africa. For a number of years David was also a member of the fiscal committee of the Chamber of Minerals and Energy. In 2007 David prepared a pre-budget submission in relation to issues relevant to the oil and gas sector. In November 2007, David was appointed by the President of Tanzania to be part of a committee set up to review the mining sector.

## Our People – Taxation – Energy and Mining



### **Richard Marshall, Partner – Tax**

Richard joined us in 2003 having previously worked in a variety of developing countries specialising in international and corporate taxation. Richard is a member of the Institute of Chartered Accountants in New Zealand and the National Board of Accountants and Auditors in Tanzania, and is a registered tax consultant.

Richard has had a specific focus on the energy and mining sectors for the past three years, dealing on a regular basis with most of the significant energy and mining companies active in Tanzania, in addition to a broad range of prospecting clients. This has involved both a tax advisory role and extensive dealings with the tax authorities in connection with audit enquiries and resolving issues in dispute.

Richard has had significant experience in advising companies involved in oil and gas exploration.



### **Rishit Shah, Director – Direct and Indirect Tax**

Rishit joined us in 1997 and is a member of the Association of Chartered Certified Accountants (UK) and a member of the National Board of Accountants and Auditors.

From January 2004, Rishit has specialised in indirect taxes and effective July 2005 heads the indirect tax practice of the firm.

Rishit's has significant experience in advising in the energy and mining sector on indirect tax matters. Rishit has been involved in significant lobbying and recently made a pre-Budget submissions on technical issues relevant to the industry and a presentation to protect the mining provisions during the transition to the Income Tax Act, 2004. He has recently completed a tax review of a major energy company in Tanzania. In 2003, on behalf of the Tanzania Chamber of Minerals and Energy, Rishit made presentations to various stakeholders in Dar es Salaam as well as the Parliament in Dodoma to educate on the fiscal provisions for the mining industry.

## Our People – Taxation – Energy and Mining



### **Angelica Tarimo, Manager - Direct Tax**

Angelica Tarimo is an experienced consultant within our direct tax team. Angelica joined us in 2002 and holds a degree of Bachelor of Science in Electrical Engineering from the University of Dar es Salaam and is a member of the Association of Chartered Certified Accountants (ACCA) .

Angelica is a key resource in our direct tax team and is currently specialising in mining taxation



### **Joseph Lyimo, Manager – Indirect Tax and Company Administration Services**

Joseph is a qualified lawyer and has worked with PwC in Tanzania for seven years. He has principally specialised in indirect taxes and recently spent two years on secondment to PwC New Zealand where he worked in the VAT(GST) practice.

Joseph is currently the manager in charge of the Company Administration Services department.

# PricewaterhouseCoopers

## International Presence

PricewaterhouseCoopers ([www.pwc.com](http://www.pwc.com)) provides industry-focused assurance, tax and advisory services to build public trust and enhance value for its clients and their stakeholders. More than 155,000 people in 153 countries across the global network share their thinking, experience and solutions to develop fresh perspectives and practical advice.

“PricewaterhouseCoopers” refers to the network of member firms of PricewaterhouseCoopers International Limited, each of which is a separate and independent legal entity.

## Local Presence

The Tanzanian firm ([www.pwc.com/tz](http://www.pwc.com/tz)) of PricewaterhouseCoopers (and its legacy firms) has operated in Tanzania for more than 50 years and has 9 partners and more than 175 professional staff based in Tanzania. We offer a full range of services including:

- Assurance and regulatory reporting;
- Tax compliance and tax advisory;
- Corporate support, including company formation / registration, company secretarial;
- Corporate finance;
- Transaction services;
- Business recovery;
- Forensic services;
- Financial management and accounting;
- Human resource services;
- Policy and management;
- Process improvement.

Contact details are as follows:

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<b>Facsimile</b>	255 (0) 22 2133200	255 (0) 27 2508166
<b>Email</b>	information@tz.pwc.com	
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