ISSN: 3048-8702(O)

LLRJ

LEX LUMEN RESEARCH JOURNAL

VOLUME 2 - ISSUE 3

2026

Editor-in-Chief: Dr. Razit Sharma,
Publisher: Mrs. Rachana

LEX LUMEN RESEARCH JOURNAL-ISSN:3048-8702
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Editor-in-Chief: Prof. (Dr). Razit Sharma, Publisher: Mrs. Rachana

Volume-2, Issue-3 ***Pages:387-396***

THE CONTROVERSY SURROUNDING THE ROYALTY RATE REDUCTION IN GHANA'S LITHIUM MINING AGREEMENT: A CRITICAL EXAMINATION

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ABSTRACT

The October 2023 Lithium mining lease for Ghana's Ewoyaa Project originally provided a 10% royalty on gross revenue, 13% free-carried interest, and 6% equity for the Minerals Income Investment Fund. Following a change of government in January 2025 and falling lithium prices, the deal was renegotiated into a sliding-scale royalty (5–7% baseline, rising to 12% or higher) under the Minerals and Mining (Royalty) Regulations 2025. Parliament ratified the revised Mining Lease Agreement on 19 March 2026. This article examines the economic, legal, and governance implications of the downward adjustment. Drawing on analyses by IMANI Africa, public statements by activist Bright Simons, parliamentary records, and comparative international cases, it argues that the revised terms unnecessarily sacrifice guaranteed revenue for uncertain upside gains. At current market prices ($900–$1,300 per tonne) and the company's reported breakeven of $610 per tonne, the original 10% royalty would still have left Atlantic Lithium with healthy 30–45% margins while delivering Ghana an estimated additional US$1.8–21 million annually. The article further contends that the "illegality" justification for the 10% rate is

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Volume-2, Issue-3 *Pages:387-396*

legally untenable under the repealed 2010 Act and current Act 900 framework, and that weak refinery commitments perpetuate raw-export dependence. It concludes that, even after ratification, Ghana should now prioritize rigorous implementation monitoring, binding value-addition timelines, and stronger oversight to align the project with long-term national development objectives.

KEYWORDS: Lithium mining; royalty regime; resource governance; Ewoyaa Project; Ghana; critical minerals; value addition; resource curse; Atlantic Lithium; mining fiscal terms; IMANI Africa; sliding-scale royalty; parliamentary ratification.

INTRODUCTION:

Ghana's pursuit of economic benefits from its natural resources has once again sparked intense debate, this time centered on the royalty rates in the lithium mining agreement for the Ewoyaa Lithium Project. Discovered in the Central Region, the project's deposits hold significant promise amid the global demand for lithium in electric vehicle batteries and renewable energy technologies. The agreement, involving the Ghanaian government and Barari DV Ghana Limited (a subsidiary of Australian firm Atlantic Lithium), was initially signed in October 2023 with a 10% royalty rate on gross revenues. However, following a government change in January 2025 and subsequent revisions, the royalty was adjusted to a sliding scale starting at 5-7%, potentially rising to 12% or more based on market prices. This reduction has become a flashpoint, with critics arguing it represents an unjustified concession to foreign investors, potentially costing Ghana millions in revenue.[2] Supporters maintain it ensures project viability in a volatile market, aligning with legal frameworks and international norms.[3] At the core of the controversy is whether the

[2] IMANI Africa, 'The Atlantic Lithium Puzzle: Why Ghana Is Giving Away More for Less' (IMANI Africa, November 2025) <https://imaniafrica.org/2025/11/the-atlantic-lithium-puzzle-why-ghana-is-giving-away-more-for-less/>

[3] 'Royalty Debate Heats Up: Who Really Benefits from Ghana's Lithium?' (YouTube, 12 December 2025) <https://www.youtube.com/watch?v=JbhU9c1qYK8>

Volume-2, Issue-3 *Pages:387-396*

adjustment prioritizes national interests or perpetuates historical patterns of resource exploitation. Drawing on analyses from think tanks like IMANI Africa and arguments from activist Bright Simons, this article examines the background, opposing views, and implications of the royalty rate reduction.

BACKGROUND OF THE LITHIUM AGREEMENT

The Ewoyaa Project's journey began with Atlantic Lithium's exploration in 2016, leading to the identification of substantial lithium spodumene deposits estimated at 35.3 million tonnes. The original 15-year mining lease, signed in October 2023, included a 10% royalty, 13% free carried state interest, and an additional 6% equity stake for the Minerals Income Investment Fund (MIIF).[4] Additional fiscal terms encompassed a 35% corporate income tax, withholding taxes, and a 1% Community Development Fund.[5] Public backlash emerged immediately, with concerns that the terms undervalued Ghana's resources compared to global benchmarks.[6] IMANI Africa, in a December 2023 analysis, highlighted structural flaws in the deal, warning of inadequate value capture.[7] The agreement was laid before Parliament in July 2024 but faced delays due to elections and scrutiny. Post the January 2025 government transition, it was withdrawn for renegotiation amid falling lithium prices from over $3,000 per tonne in 2023 to around $630 in mid-2024.[8] The revised agreement, resubmitted in November 2025, introduced the sliding-scale royalty under the Minerals and Mining (Royalty) Regulations 2025, starting at 5% for prices

[4] Minority, 'Minority Rejects Revised Lithium Agreement, Insists 10% Royalty Was Acceptable to Barari DV' (GBC Ghana Online, 19 December 2025) <https://www.gbcghanaonline.com/news/politics/minority-barari-dv/2025/4/>

[5] 'Inside the 3rd Lithium Agreement Laid Before Parliament' (The High Street Journal, 21 December 2025) <https://thehighstreetjournal.com/inside-the-3rd-lithium-agreement-laid-before-parliament-all-the-major-adjustments-in-the-new-deal/>

[6] 'Stop the Ratification of the Lithium Agreement — IEA Insists' (MSN, 2025) <https://www.msn.com/en-xl/africa/ghana/stop-the-ratification-of-the-lithium-agreement-iea-insists/ar-AA1S49f3>

[7] IMANI Africa, 'IMANI on the Atlantic Lithium Deal' (IMANI Africa, 9 December 2023) <https://imaniafrica.org/2023/12/imani-on-the-atlantic-lithium-deal/>

[8] Bright Simons (@BBSimons), Post on X (12 November 2025) <https://x.com/BBSimons/status/1988722446871257459>

Volume-2, Issue-3 *Pages:387-396*

below $1,500 per tonne and escalating thereafter.[9] This was justified by claims that the original 10% was unlawful under the Minerals and Mining (Amendment) Act 2010, which caps royalties at 5% unless regulated otherwise.[10] However, the deal was withdrawn twice more in December 2025 for consultations, amid rising prices to about $1,300 per tonne by late 2025. As of December 30, 2025, it awaits parliamentary ratification.

ARGUMENTS IN FAVOUR OF THE ROYALTY RATE REDUCTION

Proponents, including government officials and the parliamentary majority, argue that the reduction is essential for attracting investment in a fluctuating market. The Minister of Lands and Natural Resources has emphasized that lithium price volatility necessitates a flexible regime to prevent project abandonment during downturns.[11] The sliding scale provides investor certainty while allowing Ghana to benefit from price surges, potentially exceeding the original 10%.[12]

Legally, the majority caucus contends that the 10% rate violated the 2010 Act's cap, making the revision compliant and standardized across minerals.[13] Supporters point to international comparisons, noting that the effective government take remains competitive at around 58%, higher than in Australia or Zimbabwe.[14] Groups like the

[9] 'MPs Face Storm Over Ghana Lithium Terms' (Africa Briefing, 21 November 2025) <https://africabriefing.com/mps-face-storm-over-ghana-lithium-terms/>

[10] '10% Royalties for Ghana in the Lithium Deal Was Illegal. 5% for Ghana Is Rather What Is Legal' (Facebook, 25 November 2025) <https://www.facebook.com/groups/144012509486706/posts/1793586971195910/>

[11] 'Mining Consultant Seth WorldSIM Klaye Has Stated That Ghana...' (Instagram, 19 December 2025) <https://www.instagram.com/reel/DScV1mYlsnn/>

[12] IMANI Africa, 'IMANI Warns Ghana Parliament on Atlantic Lithium Deal Flaws' (LinkedIn, 11 November 2025) <https://www.linkedin.com/posts/imani-center-for-policy-and-education_the-atlantic-lithium-ewoyaa-project-deal-activity-7394012249972953088-4aV1>

[13] 'Ghana's Lithium Betrayal: A Forensic Analysis of How Both 2023... Agreements Are Flawed' (The High Street Journal, 14 December 2025) <https://thehighstreetjournal.com/ghanas-lithium-betrayal-a-forensic-analysis-of-how-both-2023-2025-agreements-are-flawed/>

[14] 'Can Critical Mineral Deals Benefit Local Communities? Insights from Ghana's Lithium Project' (Carnegie Endowment, 17 July 2025) <https://carnegieendowment.org/research/2025/07/can-critical-mineral-deals-benefit-local-communities-insights-from-ghanas-lithium-project?lang=en>

Volume-2, Issue-3 *Pages:387-396*

Institute of Economic Affairs (IEA) advocate for ratification, arguing the scale prevents over-reliance on high royalties that could deter capital.[15] Atlantic Lithium supports this, stating that without adjustments, the $185 million project might stall, depriving Ghana of economic benefits like jobs and infrastructure.[16] The National Concerned Small-Scale Miners Association has praised the government's responsiveness through withdrawals and stakeholder engagements.[17] Overall, advocates view the change as a balanced approach to sustainable resource development.

CRITICISMS AND OPPOSITIONS TO THE ROYALTY RATE REDUCTION

Criticism has been vehement, with IMANI Africa describing the revised deal as a 'mockery' and urging Parliament against ratification.[18] In a November 2025 position paper, IMANI argued that halving the royalty from 10% to 5% baseline swaps guaranteed revenue for uncertain gains, potentially losing Ghana $21 million annually based on project projections.[19] They recommend a minimum 10% sliding scale to better capture value during market upswings.[20]

Bright Simons, IMANI's Vice President, has used X (formerly Twitter) to dissect the government's narrative. In a November 2025 thread, he challenged the price-fall justification, noting that Atlantic lobbied for the original 10% when prices were around $780-$800 in 2024, yet demanded reductions as prices rose to $990 by November 2025, an increase of over 25%. He argued that at $800 per tonne, the

[15] 'New Analysis by IMANI Center for Policy and Education...' (Instagram, 17 December 2025) <https://www.instagram.com/p/DSXJWr1jv27/>
[16] 'IMANI Dismisses Concerns Over Lithium Agreement Profit Margins...' (ALM, 11 December 2025) <https://www.alm.com/press_release/alm-intelligence-updates-verdictsearch/?s-news-21258136-2025-12-11-imani-dismisses-concerns-over-lithium-agreement-profit-margins-as-unjustified>
[17] 'Imani Africa Describes Revised Lithium Agreement as 'Mockery...' (Facebook, 20 December 2025) <https://www.facebook.com/TV3GH/posts/imani-africa-describes-revised-lithium-agreement-as-mockery-ghana-lithium-mining/1324350339726777/>
[18] IMANI Africa, 'The Atlantic Lithium (Ewoyaa Project) Deal: Why Ghana's Parliament Should Not Ratify a Flawed Agreement' (IMANI Africa, 8 November 2025) <https://imaniafrica.org/2025/11/the-atlantic-lithium-ewoyaa-project-deal-why-ghanas-parliament-should-not-ratify-a-flawed-agreement/>
[19] IMANI Africa, 'The Atlantic Lithium Puzzle: Why Ghana Is Giving Away More for Less' (n 3).
[20] *Ibid.*

Volume-2, Issue-3 *Pages:387-396*

project yields a $110 per tonne net margin after 10% royalty, making the cut unnecessary and prioritizing investor profits.[21] In a July 2025 post, Bright Simons questioned the sudden push for 5% despite stable prices, elevating refining as crucial for long-term benefits.[22] In another detailed thread from November 2025, Simons debunked the Minister's claim of lithium prices falling from $3,000 to $630, clarifying that the signing price was around $2,200, and current prices at $990 still ensure profitability with gross margins of 30-45%.[23] He emphasized that the breakeven is at $610 per tonne, and slashing royalties sacrifices national gains for minimal investor relief.[24]

IMANI's analyses further debunk the 'illegality' claim, clarifying that the 2010 Act was repealed in 2015, and current law (Act 900) empowers the Minister to set rates via regulation or parliamentary ratification. Simons echoed this in a November 2025 post, attaching evidence that no legal barrier exists to maintaining or increasing royalties.[25] Critics like the Third World Network and Natural Resource Governance Institute warn of repeating raw export pitfalls, advocating for statutory timelines on value addition.[26]

Parliamentary minority rejects the revisions, insisting the original 10% was acceptable to Atlantic.[27] Public sentiment on X reflects frustration, with accusations of opacity and bias towards the company.[28] IMANI has also highlighted how the

[21] Bright Simons (@BBSimons), Post on X (12 November 2025) <https://x.com/BBSimons/status/1988722446871257459>
[22] Bright Simons (@BBSimons), Post on X (18 July 2025) <https://x.com/BBSimons/status/1946212824981643389>
[23] Bright Simons (@BBSimons), Post on X (12 November 2025) (n.20)
[24] Bright Simons (@BBSimons), Post on X (28 November 2025) <https://x.com/BBSimons/status/1994533925952311342>
[25] *Ibid.*
[26] 'Imani Archives' (Africa Centre for Energy Policy, 2025) <https://acep.africa/tag/imani/>
[27] [6] Minority, 'Minority Rejects Revised Lithium Agreement, Insists 10% Royalty Was Acceptable to Barari DV' (GBC Ghana Online, 19 December 2025) <https://www.gbcghanaonline.com/news/politics/minority-barari-dv/2025/4/>
[28] Bright Simons (@BBSimons), Post on X (12 December 2025) <https://x.com/BBSimons/status/1999357613801144752>

Volume-2, Issue-3 *Pages:387-396*

2023 and 2025 deals both shortchange Ghana by weakening refinery commitments and slashing royalties without updated feasibility studies.[29]

ANALYSIS OF THE ROYALTY CONTROVERSY

Beyond the public debate and competing narratives, the reduction in the royalty rate raises serious concerns regarding value retention and long-term public benefit. In my view, it's not just a tweak for "flexibility", but the agreement's fiscal terms may result in the State capturing a disproportionately low share of the economic value generated from its lithium resources, which risk diminishing the long-term public benefits that ought to accrue to Ghanaians from the exploitation of their natural resources. The government says it is about keeping the project alive in tough markets, but the numbers do not add up. Let us break it down step by step, economically, legally, how the process was handled, and what we can learn from other countries.

First, on the economic side, royalties are basically the government's cut of the sales from raw lithium ore before any costs are deducted. The original deal had a flat 10%, meaning Ghana gets 10 cents on every dollar of sales, no matter what. Now, they have switched to a sliding scale starting at 5-7% when prices are low (under $1,500 per tonne) and climbing to 12% or more if prices spike. Sounds fair? Not really. The company's own studies show their costs to mine and process the resource are about $610 per tonne which is the "breakeven" point where they start making profit. At recent prices around $990-$1,300 per tonne (as of late 2025), they are already clearing 30-45% profit margins after paying the old 10% royalty. That means even at $800 per tonne, they will walk away with $110 per tonne in net profit. So why slash the royalty? It is an unnecessary hand-holding for the investor. Think tank IMANI Africa crunched the numbers sticking with 10% could bring Ghana an extra $1.8 to $21

[29] 'Ghana's Lithium Betrayal: A Forensic Analysis of How Both 2023... Agreements Are Flawed' (The High Street Journal, 14 December 2025) <https://thehighstreetjournal.com/ghanas-lithium-betrayal-a-forensic-analysis-of-how-both-2023-2025-agreements-are-flawed/>

Volume-2, Issue-3 *Pages:387-396*

million a year, depending on how much lithium they pull out and sell. Over the mine's 15-year life, we are talking potentially hundreds of millions lost if prices stay moderate. And get this, the company pushed hard for the 10% deal back in 2024 when prices were even lower ($740-$780), but now that prices are up 25%, they're crying poor? In my take, this smells like lobbying winning over logic, prioritizing fat investor profits over Ghana's schools, roads, and hospitals. Worse, the deal ignores the real goldmine. Refining the raw ore into high-value products like lithium hydroxide for batteries. Right now, it is set up for basic export of unprocessed spodumene, which sells cheap, but refined products could fetch double or triple the price. Goldman Sachs predicts a 102% jump by 2028.[30] Critics like Bright Simons point out the agreement's weak rules on building a refinery basically pre-judge it as "not viable" without real studies. That's a huge miss. If Ghana mandated refining within, say, five years, it could create thousands of skilled jobs and keep more value at home. Without it, we're repeating the old curse: ship out raw materials cheap, buy back finished goods expensive. The deal was signed at $2,200, and current levels still make the project a moneymaker. No updated studies justify the cut; it's like betting against your own team's win.

Legally, the whole "10% was illegal" excuse is unjust, a smokescreen to justify the rollback. The law they cite (from 2010) got scrapped in 2015. Now, under Act 900, the minister can set any royalty rate through regulations or parliament. It is flexible on purpose for strategic minerals like lithium. Simons even posted proof online: higher rates have been approved before for other mines without issue.[31] So why cap it low now? In my opinion, it's selective rule-bending to favor the company. Ghana could easily pass a special rule for lithium at 10% or more, like "lex specialis" (custom laws). Instead, the new sliding scale locks in a weak baseline, handing away bargaining power we don't need to lose.

[30] Bright Simons (@BBSimons), Post on X (18 July 2025) (n 21)
[31] Bright Simons (@BBSimons), Post on X (18 July 2025) (n 21)

Volume-2, Issue-3 *Pages:387-396*

Then there is how this was handled, governance-wise, it's a mess that screams favoritism and secrecy. The deal is been yanked from parliament multiple times for "consultations," but key voices like IMANI got sidelined. No shared math on profits, no public debates on impacts. That is not transparent; it's shady. Public trust is tanking, with X posts full of anger over opacity. This flies in the face of the new government's anti-corruption push, like Operation Recover All Loot (ORAL). If we are serious about that, why rush a flawed deal without real input? It risks protests, delays, and even lawsuits from communities hit by mining, lost farms, polluted water, no fair share. In my view, this isn't leadership; it is repeating history's mistakes where foreign firms walk away rich, leaving locals poor.

Looking globally, Ghana's setup puts us at the weak end. Our 58% "effective take" (all taxes and shares combined) sounds okay, but it drops below peers like Australia (7.5% royalties) or Zimbabwe at lower prices. We could learn from bolder models. Take Chile: variable royalties up to 20% based on profits, plus strong environmental rules. Or the DRC, tying rates to market swings but with community funds baked in. But let us dive into Bolivia, often hailed for its state-led approach, could Ghana pull that off? Bolivia sits on the world's biggest lithium reserves (over 21-23 million tons, mostly in salt flats), but they have gone full nationalist: only the state company YLB can extract, with foreign partners (like China's CATL or Russia's Uranium One) limited to minority stakes, tech sharing, and strict controls. It's about sovereignty, not letting outsiders run the show. Sounds empowering, right? But here is the reality: despite decades of trying, Bolivia's production remains tiny (around 3,500 tons annually in recent years, vs. Chile's tens of thousands). Challenges pile up, tech gaps in efficient brine extraction, huge capital needs, fights with indigenous groups over water in dry areas, and environmental hurdles. Production at meaningful scale is still projected only for late 2020s or beyond, with delays common. Does Ghana have the chops for something similar? Honestly, no, not yet. Our lithium is hard rock spodumene, not brine, so extraction tech differs (mining vs. evaporation ponds). We

Volume-2, Issue-3 **Pages:387-396**

lack Bolivia's massive reserves scale, state-owned expertise, or billions in upfront funding. Ghana's bodies like MIIF are building capacity, but full state control risks the same delays and investor flight Bolivia has faced. Socially, Ewoyaa already sees community tensions over land/jobs, a heavy-handed state push without strong consent could worsen conflicts. Bolivia's model builds national pride but has stalled real output Ghana risks gridlock if we copy it blindly. In my take, hybrid is smarter: high state stakes (like our current 19%), mandatory tech transfer and timed refining commitments, plus private partners for speed and capital. That builds skills without endless delays.

CONCLUSION

The downward adjustment in royalty rates, while presented as necessary for project viability amid price volatility, does not appear justified by the project's underlying economics or legal requirements. On 19 March 2026, Parliament ratified the revised 15-year Mining Lease Agreement, clearing the way for Atlantic Lithium to advance financing and move toward first production of Ghana's first lithium mine. Proponents emphasize pragmatism and the de-risking milestone; however, evidence from IMANI Africa and Bright Simons highlights structural flaws that could undermine Ghana's ability to maximize benefits from its lithium resources.

Ratification does not end the debate, it shifts the focus to implementation. To avoid repeating the resource curse: short-term gains at the expense of long-term development, Ghana must now enforce rigorous monitoring of royalty payments, introduce binding timelines for domestic refining and value addition, and maintain full transparency through independent audits and stakeholder oversight. Such measures would secure a fairer share of revenues for public investment while maintaining investor confidence and supporting sustainable development in a sector critical to the global green transition. Ghana deserves and can still achieve better outcomes from this landmark project.