

Press Release – 10th February, 2015

Ghana launches 2012 and 2013 EITI Reports

Accra, February 10, 2015. The National Multi-stakeholder Steering Committee of the Ghana Extractive Industries Transparency Initiative (GHEITI) has today formally launched the country's 2012 and 2013 mining, oil and gas EITI audit reports, released on December 27, 2014. The two reports bring to ten, the total number published since Ghana acceded to the initiative in 2003. The 2013 report is the third for the oil and gas sector.

The reports, which are published in conformity with the EITI standard adopted by the Sydney Global EITI Conference in 2013, goes beyond the mere reconciliation of payments and receipts, to include contextual information such as summary description of the legal framework and fiscal regime, the sector's contribution to the economy, production data; state participation in the extractive industries; revenue allocations and the sustainability of revenues, license registers and license allocations; as well as information on beneficial ownership and contracts.

Commenting on the 2012 and 2013 reports, the civil society co-chair of GHEITI, Dr Steve Manteaw said: "The reports this time around provide better context, which in my view will lead to a more informed debate on what contribution the extractive sector is making to our nation's development; and what policy reforms are necessary to address challenges faced by both government and industry; so that the extractive enterprise becomes a win-win venture for both resource owner and investors".

Oil and gas companies that participated in the 2012 and 2013 exercise were: Tullow (Ghana) Limited; Kosmos Energy Ghana HC; Ghana National Petroleum Corporation (GNPC); Saltpond Offshore Producing Co Ltd; Anadarko WCTP (Ghana) Limited; Sabre Oil and Gas Holdings Ltd/Petro SA.

Eni Ghana Exploration and Production Ltd; Vanco Ghana Ltd; Shallow Water Basin; Amerada, Hess Ghana Ltd; and Tap Oil Ltd were excluded from the exercise because they were still at the exploratory and appraisal stages of their operations.

On the government's side, reporting entities whose data were reconciled with those of the companies were: Ghana Revenue Authority; Ghana National Petroleum Corporation (GNPC); Ministry of Finance /Bank of Ghana; Petroleum Commission; Ministry of Energy and Petroleum.

For the mining audit, 16 companies made up of 13 gold mining, a bauxite, a manganese, and a quarry company took part in the exercise.

This is the first time a quarry company is being captured in a GHEITI audit report. The 2012 and 2013 GHEITI audit also reports on three new gold mining entrants – Sankofa (Prestea), a

subsidiary of the national oil company, GNPC, Perseus Mining(Ghana)Ltd (Ayanfuri); and Noble Mining Ltd. (Bibiani).

State agencies which provided data and information for the mining audit were: Ghana Revenue Authority; The Office of the Administrator of Stool Lands; The Minerals Commission; The Municipal and District Assemblies within the areas of operation of the mines; The Ministry of Lands and Natural Resources; and Ministry of Finance.

Key Findings - Petroleum

The total petroleum revenue received in 2012 and 2013 amounted to US\$541,977,890.46 and US\$ 846,413,034.38 respectively. However the government receipts from participants amounted to US\$541,510,082.84 and US\$845,870,843.70 in 2012 and 2013 respectively. The difference is the surface rentals paid by non-participants in 2012 and 2013.

The total barrels of oil lifted at the Jubilee Fields were 26,430,964 and 36,048,260 in 2012 and 2013, against production of 26,351,278 and 35,587,558 in 2012 and 2013 respectively. Thus in both 2012 and 2013 barrels of oil lifted exceeded production. Sabre Oil ltd and Petro SA did not report.

Initial net Discrepancy of US\$-66,018 and US\$-39,755,935 were obtained in 2012 and 2013 respectively. The discrepancy in 2012 was caused by differences between figures reported on carried interest, participating interest and royalty by GNPC and GRA. The fact that Tullow did not report on surface rentals in 2012 also contributed to the discrepancy.

In 2013 the initial discrepancy is due mainly to the fact that Anadarko did not report on corporate tax payment, as well as the difference between the corporate tax payment reported by Kosmos HC and that of the GRA.

Unresolved discrepancies in 2012 amounted to a net of US\$2151 resulting mainly from differences in surface rental payment reported by Saltpond Offshore Producing Company and the GRA.

In 2013 net unresolved discrepancy of US\$(55,070,955.56) resulting mainly from the corporate tax payment reported by GRA as having been paid by Anadarko WCTP Ltd. Anadarko WCTP Ltd did not report any corporate tax payment.

Key Findings - Mining

There were discrepancies in both 2012 and 2013. In 2012 there was a net discrepancy of GHS-3,161,945, whereas in 2013 the net discrepancy was GHS3, 100,577. The unresolved

discrepancies are 0.28% and 0.37% of total receipts by government Agencies in 2012 and 2013 respectively.

Corporate tax has exceeded mineral royalty for three continuous years. This may require further investigation and actions to ensure the sustainability of mining revenues.

An Online cadastral system for the Minerals Commission should be given the necessary attention.

Commenting on the exercise and the next steps beyond the launch of the report, the National Coordinator of the Ghana EITI, Mr. Franklin Ashiadey observed that he has no doubt, that once again Ghana has become a standard bearer in being among the first few countries to rise up to the challenge of reporting on its extractive sector along the new requirements of the EITI Standard. “The next challenge for us is to facilitate public engagements around these reports, and these we are poised to do in the coming months,” Mr Ashiadey assured.

The full report is available on: www.gheiti.gov.gh

NOTE TO EDITORS

The Extractive Industries Transparency Initiative (EITI) is the global community’s boldest response to the underdevelopment, conflict, and deprivation which have become characteristics of natural resource-dependent countries. Its mission is to promote transparency and accountability in the generation and use of extractive sector revenues. It is premised on the belief that implementation will lead to policy reforms and improvement in the impact of extractive revenues on national development.

The Ghana version of the initiative is called the Ghana Extractive Industries Transparency Initiative (GHEITI). A twenty (20) member National Steering Committee (NSC) made up of representatives from government, mining, oil and gas companies, and Civil Society Organisations exercise oversight responsibility over the activities of the initiative.

The specific objectives of the Ghana EITI are to:

- *Enhance the demand-side of social accountability by providing public insight into revenues derived from the exploitation of the country's mineral and oil and gas resources;*
- *Create a platform for public debate on the spending efficiency of extractive sector revenues; identify gaps and weaknesses in resource revenue management and make recommendations to prevent revenue leakage;*
- *Enhance the communication efficiency of GHEITI and ensure that mineral revenue and expenditure information are provided in a timely manner, and in an accessible and comprehensible format.*

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