



MERCURIA

## Report on Payments to Governments

Mercuria Energy Group Ltd

For the year ended December 31, 2017





# MERCURIA

## INFORMATION ABOUT THIS REPORT

<b>ABOUT THIS REPORT.....</b>	<b>3</b>
<b>BASIS OF PREPARATION AND SCOPE.....</b>	<b>3</b>
<b>CONSOLIDATED OVERVIEW.....</b>	<b>5</b>





# MERCURIA

## **Mercuria Energy Group Ltd**

### **Report on Payments to Governments 2017**

#### **1 About this Report**

This report has been prepared in line with the EU Accounting Directive 2013/34/EU, as amended which has been transposed into Cyprus legislation. Its publication aims to provide for enhanced transparency of payments made to governments in the context of extractive activities.

Article 42 of Directive 2013/34/EU states that “Member States shall require large undertakings and all public interest entities active in the extractive industry or the logging of primary forests to prepare and make public a report on payments made to governments on an annual basis.”

The provisions of this Directive are integrated in 13<sup>th</sup> Schedule of the Companies Law, Cap 113 in Cyprus.

#### **2 Basis of Preparation and Scope**

Mercuria Energy Group Ltd as parent of the Mercuria group of companies (the “Group”) has prepared the report on a consolidated basis and reports the activity of any of its subsidiary undertakings that perform extractive operations. Taxes, royalties, license fees, production entitlements and infrastructure improvements to governments are presented as incurred during the reporting period.

This report includes all payments to governments for activities which relate to exploration, discovery, development and extraction of minerals and other materials resulting from extractive operations of each of the Group’s consolidated subsidiaries during the 12 month period ended December 31, 2017.

Payments made to a government as a single payment or as a series of related payments of EUR 100,000 or more in financial year 2017 form part of this report.

This report excludes payments by non-consolidated entities (such as those that are accounted for using the equity method) regardless of the amounts paid and also excludes payments to governments related to the processing, marketing and trading of any of the Group’s products. Equally, any donations made, for example in respect of social or community programs, are excluded.

Unless otherwise noted, the following terms have the meanings as explained below:

#### **Government**

Any national, regional or local authority of a country, and includes a department, agency or other undertakings controlled by that authority.



# MERCURIA

## **Materiality Payments**

Payments made as a single payment exceeding EUR 100,000 or as part of series of related payments within a financial year exceeding EUR 100,000.

## **Reporting Currency**

All payments have been reported in USD.

Amounts in currencies other than USD (presentation currency for this report) have been converted based on the average annual foreign exchange rates prevailing as at December 31, 2017.

## **Payment Types**

“Payment” is defined as an amount paid whether in money or in kind, for relevant activities where the payment is of any one of the types listed below:

### **Production Entitlements**

Represents host government’s share of production. This payment is generally made in kind.

### **Taxes**

Represents taxes levied on the income, production or profits of a consolidated subsidiary, excluding taxes levied on consumption such as value added taxes, personal income taxes or sales taxes. Where practical, we have reported the amounts associated with the extractive operations only. Tax payments are made in accordance with current local regulations, which may include instalments.

### **Royalties**

Represents percentage of production payable to the owner of the mineral rights.

### **Fees**

Represents license fees, surface or rental fees, and other consideration for licenses and / or concessions paid for access to the area where extractive operations are conducted.

### **Infrastructure Improvements**

Represents payments for local development, including the improvement of infrastructure, not directly necessary for the conduct of extractive operations but mandatory pursuant to the terms of a production sharing contract or to the terms of a law.

## **3 Consolidated Overview**

The consolidated overview discloses the sum of the Group’s payments to governments in each country where the Group had extractive operations. The overview is based on the location of the receiving government.



# MERCURIA

Table below shows the relevant payments made by Mercuria Energy Group in the year ended 31 Dec 2017

Countries and authorities	Production Entitlements	Taxes	Royalties	License Fees	Bonuses	TOTAL
<b>Argentina</b>						
State Tax Department						0
Province of Mendoza		238,064	7,535,255	218,818		7,992,136
Province of Santa Cruz		165,873	2,038,323	300,000		2,504,197
Province of Tierra del Fuego			544,174			544,174
<b>US</b>						
North Dakota State administration		372,656				372,656
<b>Netherlands</b>						
State Tax department		4,449,389				4,449,389
<b>Indonesia</b>						
Directorate General Budget		147,641				147,641
Directorate General Mineral & Coal	9,997,420	628,810				10,626,230
Local Community	114,977					114,977
<b>TOTAL</b>	<b>10,112,397</b>	<b>6,002,433</b>	<b>10,117,752</b>	<b>518,818</b>	<b>-</b>	<b>26,751,400</b>