



MERCURIA

Report on Payments to Governments

Mercuria Energy Group Ltd

For the year ended December 31, 2018





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Mercuria Energy Group Ltd

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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 13th 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, 2018.

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 2018 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.



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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, 2018.

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.



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Table below shows the relevant payments made by Mercuria Energy Group in the year ended 31 Dec 2018

Countries and authorities	Production Entitlements	Taxes	Royalties	License Fees	Bonuses	TOTAL
Romania						
State Budget		4,157,204	3,955,647			8,112,851
National Agency for Mineral Resources				533,021		533,021
Forestry National Authority - Romsilva				176,389		176,389
United States of America						
North Dakota State administration		270,391	112,102			382,493
Netherlands						
State Tax department		1,960,772		194,825		2,155,597
Indonesia						
Directorate General Budget		129,020				129,020
Directorate General Mineral & Coal	10,794,112	702,525				11,496,638
TOTAL	10,794,112	7,219,912	4,067,749	904,235	-	22,986,009