

News Release

The strategic alliance between AGM Petroleum and the Ghana National Petroleum Corporation

13 March 2014 – Minexco Petroleum Inc. (“Minexco”), the African focused private Oil and Gas Exploration Company, provides details of the petroleum agreement between its subsidiary AGM Petroleum and the Ghana National Petroleum Corporation (GNPC), for their joint project in the South Deepwater Tano Basin.

The debate around resource nationalism and the ability of countries to leverage the benefits of their natural resources is of central concern to AGM Petroleum. In Ghana, the location of one of AGM Petroleum’s key assets, this discussion has led to the passing of the Local Content and Participation Regulation, 2013 (LI 2204). This new legislation aims to empower Ghanaians and ensure the citizenry benefits from the country’s newly discovered resource.

Around the same time of the passing of the Local Content regulation, parliament ratified a unique petroleum agreement between the national upstream regulator turned operator, the Ghana National Petroleum Corporation (GNPC) and AGM Petroleum regarding the South Deepwater Tano Basin. Formed in Ghana, AGM Petroleum is a consortium made up of Minexco (OGG) Inc, AGR Energy and an indigenous Ghanaian company, MED Songhai.

Benefits of the agreement to Ghana

1) Training and education

The uniqueness of the agreement can be seen in the focus placed on training and technology transfer through the establishment of programmes to prepare Ghanaians to work in the oil and gas sector. These programmes will teach the management skills and technical expertise required for petroleum operations. EXPLORCO, the Joint Operating Company developed under the agreement to undertake the exploration and production activities, will serve as the vehicle for this training and technology transfer. As part of the AGM consortium, AGR of Norway, a sizeable industry player, guarantees a significant amount of industry expertise will be available to EXPLORCO.

In addition, \$15 million will be paid to EXPLORCO for the specific purposes of undertaking capacity building for relevant tertiary institutions in Ghana, including KNUST and the University of Natural Resources and Energy. These funds will be directed towards creating more targeted programmes to bring them in line with the needs of Ghana’s growing petroleum industry. Courses and skillsets critical to the petroleum industry such as subsea engineering and the construction of Floating Production Storage and Offloading (FPSOs) will be actively supported under this initiative.

2) Employment

The Minister of Energy and Petroleum, Mr. Emmanuel Armah Kofi Buah, has stated that the local content and participation regulation will “guarantee employment for Ghanaians in junior and middle-level positions, while requiring a succession plan for Ghanaians to take over positions currently occupied by non-Ghanaians.” This focus is clearly expressed in the structuring of the AGM/GNPC Petroleum Agreement.

3) Opportunities for Ghanaian Companies

In order to facilitate the necessary training and technology transfer, AGM Petroleum is committed to paying GNPC an amount of one million dollars at the beginning of each contract year. Provisions such as this ensure that the AGM Petroleum agreement comes with financial and local content participation commitments which exceed those of any Petroleum agreement Ghana has signed thus far. The result is an arrangement that serves the interests of the corporate investors as well as the nation. Chief Executive Officer of the GNPC, Mr. Alex Mould, has stated that: “The agreement aligns with GNPC’s overarching goal of becoming a ‘stand-alone’ operator in seven years and a world-class operator in 15 years.”

Several other aspects of the petroleum agreement are of immense national benefit. Aside from the fact that there are Ghanaian companies playing key roles as a result of the local content provisions being adhered to, the agreement also requires that goods and services will be procured from indigenous Ghanaian companies.

The Campaigns Coordinator of the Integrated Social Development Centre (ISODEC), Dr. Steve Manteaw, echoed the sentiments about the unique nature of the AGM agreement. “What is reassuring is that [the contract] has an arrangement built into it that mentors GNPC into becoming an operator on its own. This you can't get for free anywhere.”

The constitution of the AGM consortium shows that this is the first time two Ghanaian corporate actors are playing key roles in the oil and gas sector. Whilst concern has been expressed around the expected benefits of the extraction of oil in Ghana, the AGM Petroleum agreement marks a positive step towards ensuring that the discovery of oil will be a blessing and not a curse for Ghana.

For further information please contact:

RLM Finsbury

Dorothy Burwell
Richard Webster-Smith

+44 (0) 20 7251 3801 / minexco@rlmfinsbury.com

Notes to Editors

Minxeco Petroleum

Minxeco Petroleum is a private oil and gas exploration company focused on managing and developing petroleum projects in West Africa. The Company combines its extensive technical and

project management expertise with a strategy of partnering with host country governments and NOCs to identify and obtain low risk, high-quality prospects in areas with proven development opportunities.

Minexco has demonstrated the success of its partnership model through its agreement with Ghana National Petroleum Corporation (GNPC) where AGM Petroleum, a subsidiary of Minexco Petroleum, was selected through a competitive and transparent bid process to become the preferred partner. In December 2013, AGM Petroleum and GNPC received ratification to carry out all petroleum exploration, development and production activities in the South Deepwater Tano Block.

In Sierra Leone, Minexco holds 90% equity interest and is operator of Block SL-07A-10.