

**STATEMENT ON THE DEVELOPMENT AGREEMENTS BETWEEN
THE REPUBLIC OF GHANA AND GOLD FIELDS GHANA LIMITED**

This statement is in response to misrepresentations in the media concerning the Development Agreements signed between the Republic of Ghana and Gold Fields Ghana Limited ("GFG") and Abooso Goldfields Limited ("AGL") (Altogether "Goldfields") which was ratified by Parliament on 17 March 2016.

BACKGROUND

Under the Government of Ghana's privatisation programme in the 1990s, Gold Fields Limited ("GFL") acquired the State Gold Mining Company's Tarkwa Goldfields Limited under a project development agreement in 1992. GFL subsequently acquired a majority interest in AGL in 2001. Currently, GFL holds 90% interest in both GFG (which owns the Tarkwa mine) and AGL (which owns the Damang mine). The Government of Ghana owns the remaining 10% interest in both companies.

NEGOTIATIONS FOR DEVELOPMENT AGREEMENT

In 2004, Government commenced discussions with Goldfields in respect of negotiations for a development agreement. This followed the execution of two investment agreements between the Government of Ghana and Newmont Ghana Gold Limited ("Newmont") in 2001. The Government entered into these discussions based on proposals by Goldfields to meet the minimum investment threshold of US\$500 million required by Government for such agreements, which was subsequently adopted in section 49 of the 2006 Minerals and Mining Act (Act 703).

Since 2004, several meetings have been held between Government's tripartite team (comprising representatives from the Ministry of Finance, Attorney-General's Department and the Ministry of Lands and Natural Resources) and Goldfields, without concluding a development agreement. A key source of disagreement was that Government was unwilling to grant the company the same terms as Newmont, because unlike Newmont, which developed a new mine, Goldfields acquired an existing mine together with significant assets.

Government Negotiation Team

In January 2012, the Inter-Ministerial Task Team assigned to review the Newmont investment agreement established a Government Negotiating Team ("GNT") to renegotiate the Newmont investment agreement and any other existing stability agreements between the Government of Ghana and mining companies operating in the country. The GNT, chaired by Prof. Akilagpa Sawyer included experts in taxation and finance as well as representatives from the Attorney-General's Department, Ministry of Finance, and Ministry of Lands and Natural Resources. The team successfully renegotiated the Newmont investment agreements. It was the Government and GNT's understanding that since Goldfields had not been granted either a development agreement or a stability agreement, GNT did not have the mandate to continue the negotiations began with Goldfields in 2004. Indeed, a letter from the Chairman of the GNT to Goldfields in response to a request by Goldfields to enter into negotiations with GNT, stated that Goldfields' request fell outside the remit of the GNT, as GNT had been mandated to renegotiate **only** existing investment/development agreements and not to negotiate any new ones. The Chairman of GNT, Prof. Akilagpa Sawyer correctly noted in the letter that the responsibility for the grant of new development

