

## **NRGI REPORT: SAHARA RESTATES POSITION ON OFFSHORE PROCESSING AGREEMENT**

Our attention has been drawn to the publication by the Natural Resource Governance Institute (NRGI) titled: **“Inside NNPC Oil Sales: A Case for Reform in Nigeria”**.

We note that the report made reference to the Offshore Processing Agreement (OPA) which Sahara has over the last few months continued to address transparently in line with our commitment to good corporate governance and our membership of the World Economic Forum Partnering Against Corruption Initiative (PACI).

For the record and benefit of all our business partners and stakeholders, we reiterate that all terms of the OPA contracts between the Nigerian National Petroleum Corporation (NNPC) and the Société Ivoirienne de Raffinage, Abidjan (SIR) - which was operated from 2010 till 2014 - and between NNPC and Sahara - 2015 to date - were executed efficiently, diligently and professionally.

As highlighted by the report, the OPA which came into place in 2010 has ensured availability of petroleum products in Nigeria, irrespective of the \$3billion debt raked up by the NNPC/PPMC'S open account import system which could no longer support the importation of petroleum products by trading houses. In more recent times, all banks have completely stopped lending towards the importation of products necessitating a renewal of the OPA in 2015.

The flexibility in the structure of the OPA contract provided for pre-deliveries of petroleum products which have turned out to be a positive benefit to NNPC/PPMC and the nation over the years. In total, 1,182,683.911 Metric Tons of refined products were pre-delivered under the OPA from 2010 - 2014, while over 811,000 Metric Tons of refined products have been pre-delivered under the ongoing contract.

It is also important to note that in spite of spurious interpretations that may be inferred from the report, we reiterate that there was no default on our part throughout the duration of the contract. The OPA contract provides for periodic reconciliation and at the last reconciliation exercise in Q1 2015, there were no unfulfilled obligations due from Sahara to NNPC/PPMC in crude, cash or products. This is in line with our track record of providing excellent services and an unwavering commitment to total quality assurance.

Although we expect that the NRGI report may not be the final commentary or report on the OPA contract, we remain confident that fair and balanced analysis on the subject will reveal that the OPA was the most suitable solution available at the time to address the financial and operational crisis faced by the NNPC/PPMC in 2010.

We also wish to state that Sahara will not hesitate to take legal action against persons/organizations that author or sponsor any libelous article(s) that aims to destroy our corporate brand or that denigrates any member of staff of the Sahara Group.