Finding Petroleum
North Africa and the Eastern Mediterranean

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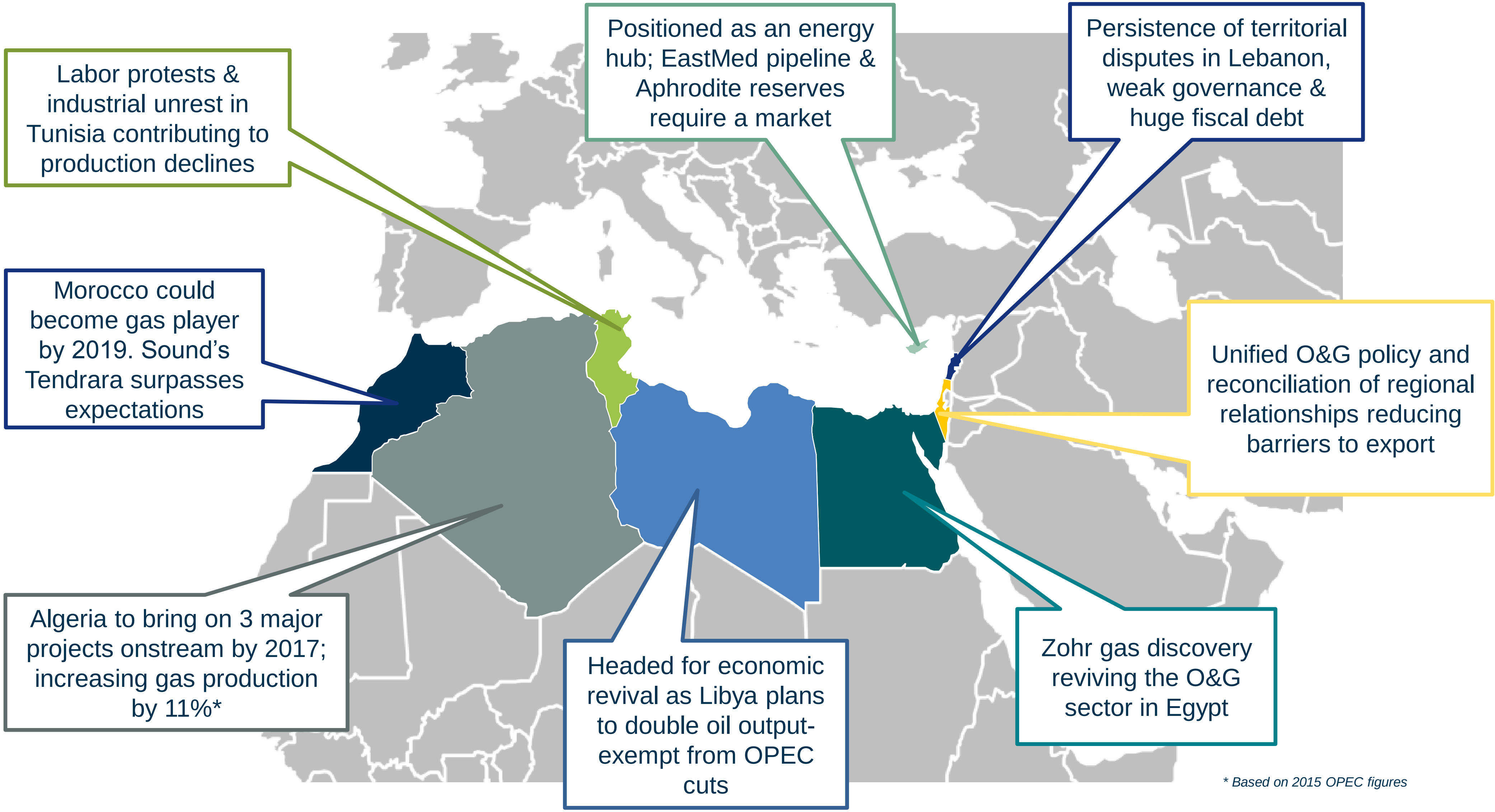
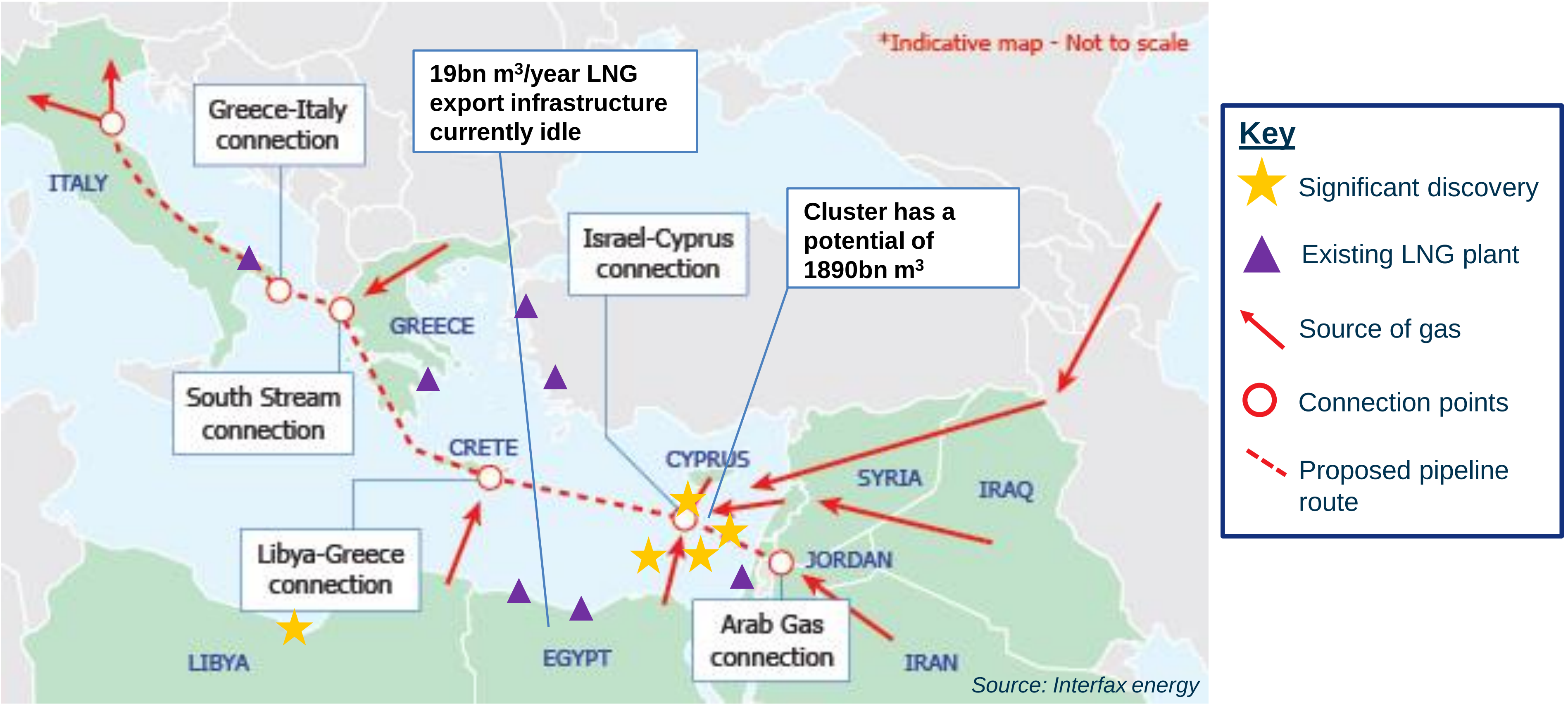
Setting the scene- key developments & highlights- Major gas discoveries and Libya's revival?



** Based on 2015 OPEC figures*

The Eastern Med has significant exploration and export potential



Area highlights

- Zohr has opened up the Lower & Mid Miocene carbonate play- BP, Dana, SDX, ENI and others actively exploring in Egypt
- Israeli government announces 28 blocks in upcoming licensing round & commitment to fast-track development of Leviathan
- Additional resource potential in Cyprus on back Zohr discovery?

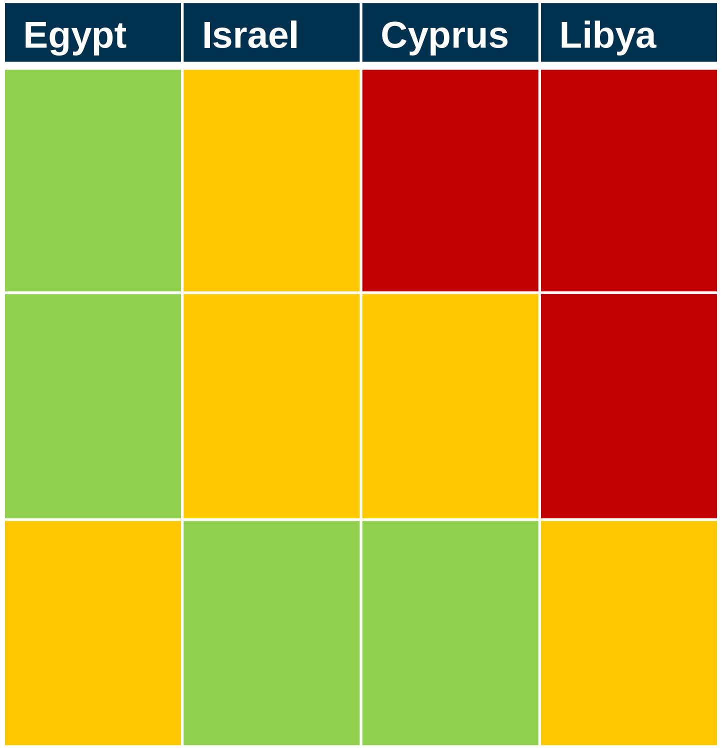
The Eastern Med to become a gas hub through different routes

Where will new gas go?

Local consumption
- *Egypt been experiencing energy crisis since 2011*
- *Israel & Cyprus are likely to have a surplus*

LNG
- *Egypt has large capacity in place already*
- *New facilities elsewhere?*

Pipeline to Europe
- *Europe diversify from Russia*
- *Market for Israeli & Cypriot resources*



Government preferences

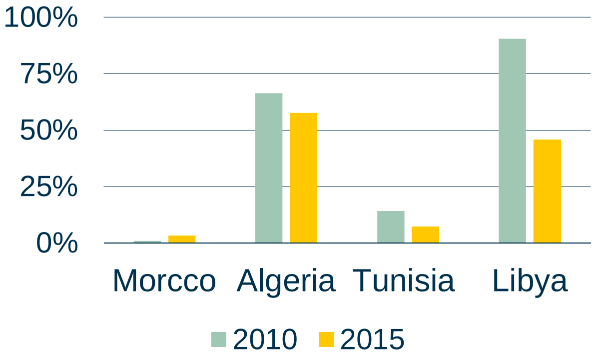
Attractive Neutral Unattractive

Key hurdles limiting success

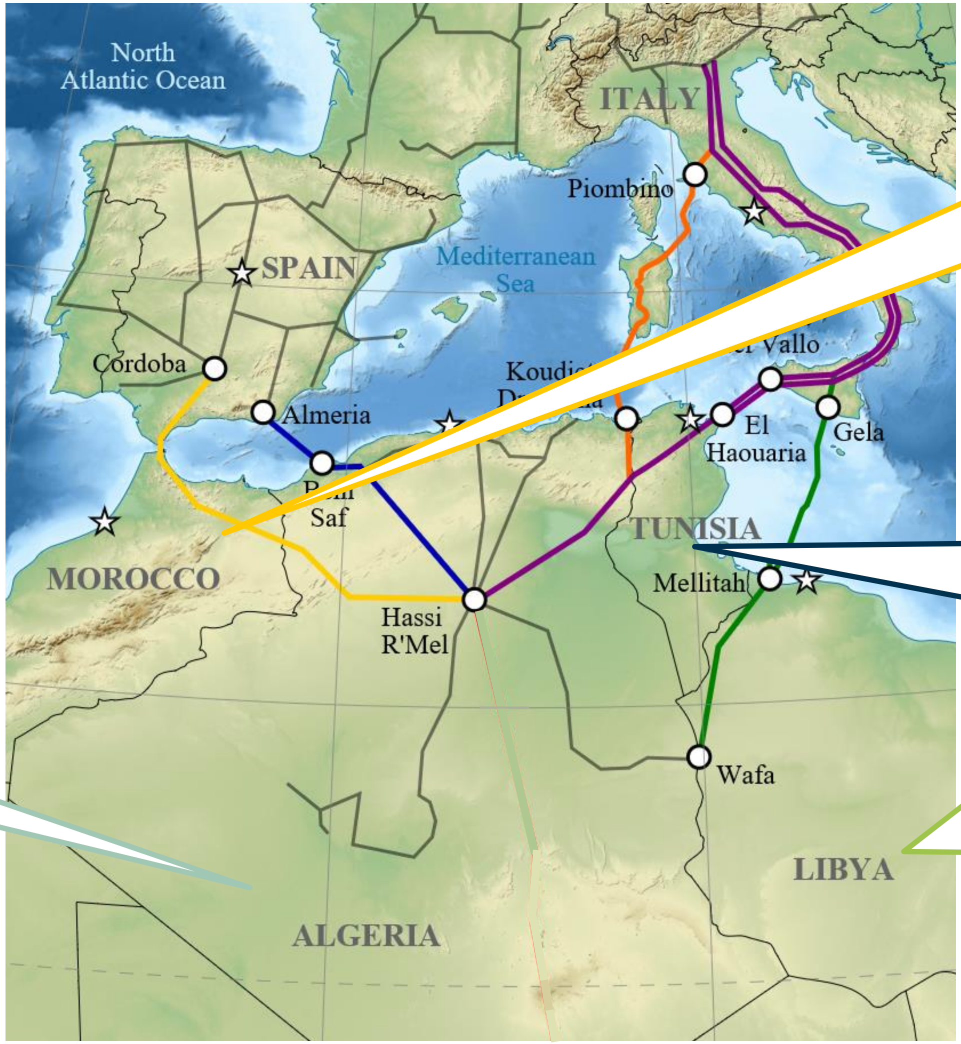
- Political instability in the area has deterred large investment- economic interests provide a catalyst for development
- Are existing resources sufficient to support pipeline export to Europe?: Cyprus & Israel *may* become net exporters ~2025
- High cost projects (pipeline $5.7bn) & low oil price. Funding likely to come from Europe to provide energy security

Libya set to re-export oil and Morocco could become a gas exporter to Europe

Petroleum exports % of total exports



Is the risk worth it?
NOC accepting offers for fields. Military present at facilities but attacks still happening (Mar 16)



Maghreb-Europe	Galsi
Other	Trans-Mediterranean
Medgaz	Greenstream

Is Morocco the next export hub?
More stable political environment & success of Tendrara offers attractive diversification EU gas sources

How much will economic protests impact O&G?
ENI continue exploring onshore. Petrofac forced to pause operations due to labour protests

Is increased production good news?
0.6m bpd Q4 ‘16 → 1.1m bpd Q4 ’17. Ports are set to reopen, but more barrels places pressure on recent OPEC induced rise

STRATEGICFIT

Political instability in North Africa and the East Med is the bottle-neck in unlocking potential

	Opportunities	Threats
North Africa- Will Morocco change the game?	• In Morocco, smaller companies have secured frontier acreage – Sound have been successful • In theory options exist in Algeria, Tunisia and Libya	• A market is required for the gas in Morocco • History of political instability- attacks still occurring across most of the region
Eastern Mediterranean- The new export hub?	• Further exploration offshore • Increased export options	• East Med pipeline requires cooperation between many countries and funding

What next ?

1. Will the majors renew their focus in Morocco post Tendrara?
2. Zohr and Tendrara were surprises, how many more geological unknowns are there in the region?
3. Will Libya get it’s act in order? Lots of oil (gas?)