

Energy and Sustainable Development in Africa - Seventh Summit

Énergie et Développement Durable en Afrique - Septième Sommet

DAKAR

1er au 3 décembre 2008

December 1st to 3rd 2008

Presented by:

ROGERS BEALL

Chairman



- **Northwest Africa Anchors Sub-Saharan AFRICA with Senegal, Mauritania & MaliOur Work Area**
- **Political Stability Exceeding Many other African Nations, Democratic Traditions Command Good Investment Context**
- **Proven Super-Giant Deepwater Petroleum System**
- **Sustainable Economic Development Requires Affordable Energy**
- **Greater Dakar Area >100 MMCFPD Gas Market Potential from Large Commercial Industries Plus 20,000 BOD Refining Market**

AFRICA FORTESA CORPORATION

- **Operations HQ'd in DAKAR**
- **SENEGAL's Only Producing Company**
- **FORTESA Has:**
 - **Seven (7) Wells Producing Onshore Gas**
 - **Pipeline from Current Producing Field**
- **AFRICA ONSHORE DRILLING Has:**
 - **Two (2) Land Drilling Rigs**
 - **SENEGAL**
 - **MAURITANIA**

AFRICA FORTESA CORPORATION

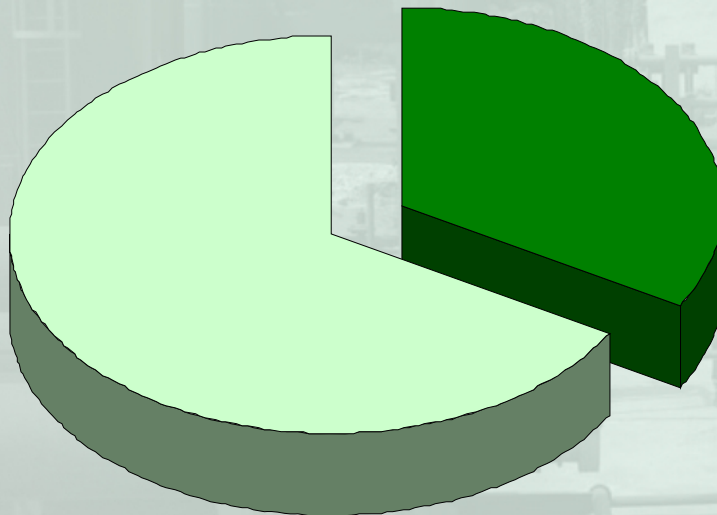
A Stable Partner:

- Not Subject to Credit Crunch
- No Unfunded Capex Commitment

Our Investors

■ 1/3 Private American Investors

□ 2/3 Equity Capital Funds

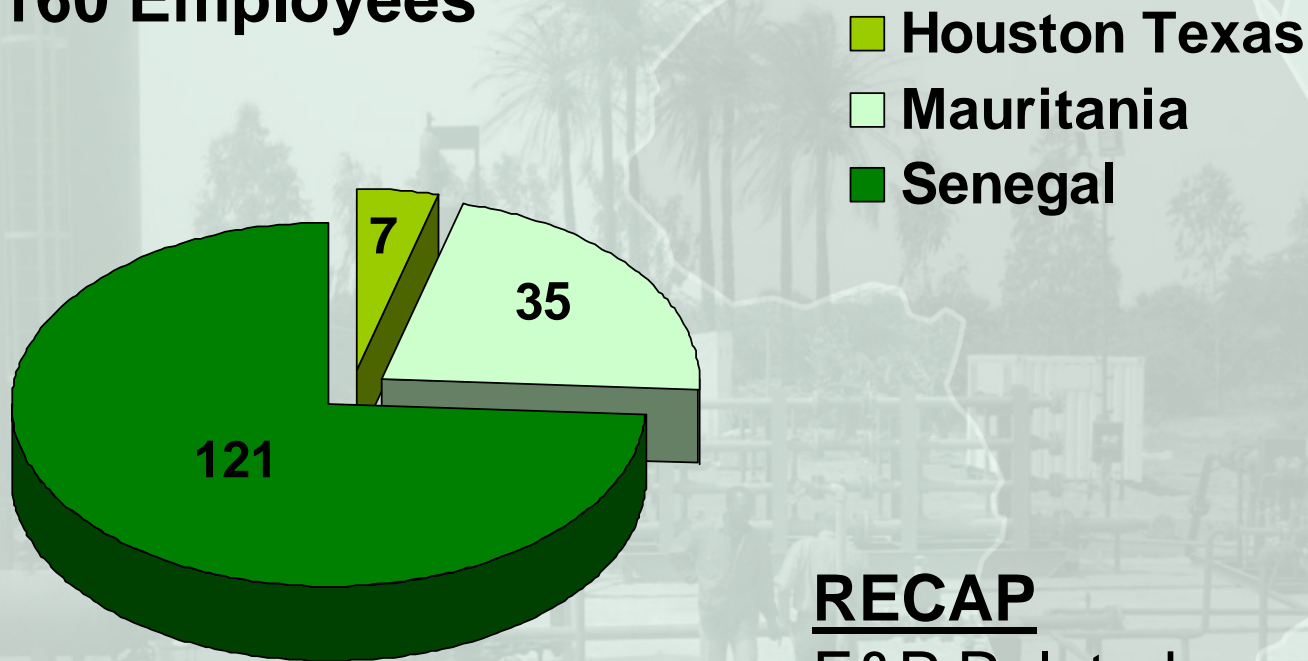


A Specialized
Development Capital
Oil & Gas Investor
(Upstream, Downstream,
Oil Services Mid-Sized
Companies) based in Paris,
France, with a European
+ African Focus

AFRICA FORTESA CORPORATION

A Vertically Imbedded Local Company

Our 160 Employees



RECAP

E&P Related	30
(2) Drilling Rigs	110
Administrative	20
	<hr/>
	160

FORTESA's Value Proposition

- Fortesa International Was Created in 1997 to:
Explore & Produce Gas Potential in Senegal
 - 100 percent Private Company
 - Operates Working Interest Partnership with NOC Petrosen
- Invested First in Pipeline & Production Facilities
- Created Africa Onshore Drilling to Meet Drilling Needs
- **Six Successful Discovery Wells Drilled Since 2005**

Fully Vertical, Imbedded, African E&P Company

FORTESA's team internally handles all functions

"From PSA to GSA"

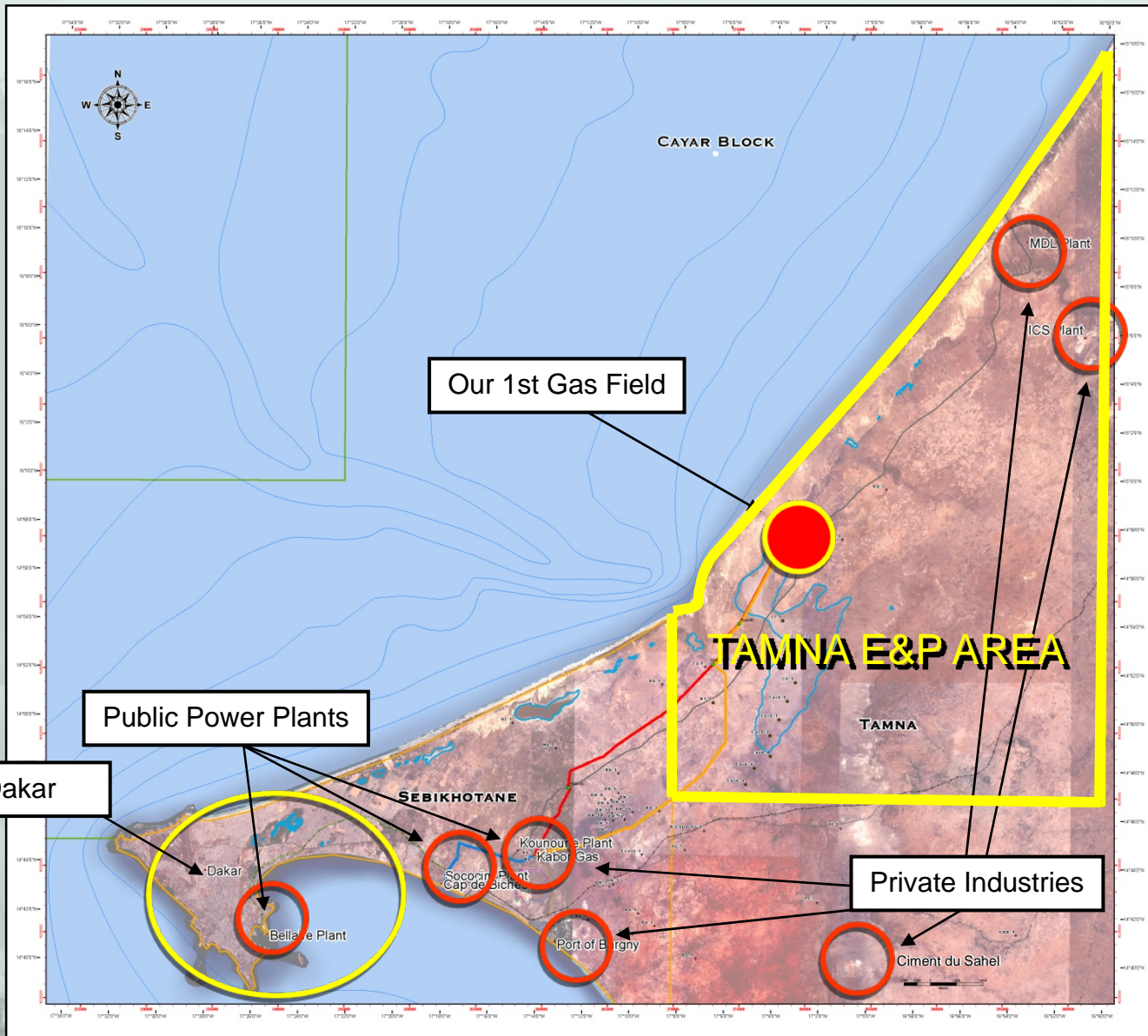
Comprising 90% African Employment for All Functions

Allows Savings in:

- **Exploration Interpretation / Field Acquisition**
- **Fully Integrated, State of the Art Technology used In-Country**
- **True Local Content & Management**
- **Drilling Rigs Operation & Maintenance**
- **Well Cementing / Testing / Completion**
- **Production Dept., Pipeline Construction, Maintenance**
- **Dual Accounting – Local Reporting / IFRS Group Reporting**

International Funding & Expertise Provided By Shareholders

S é n é g a l



DOMESTIC GAS - African Development Solution

Only Two Sub-Saharan African Countries are Both

DRILLING FOR *and* PRODUCING GAS
as the Primary Hydrocarbon Product

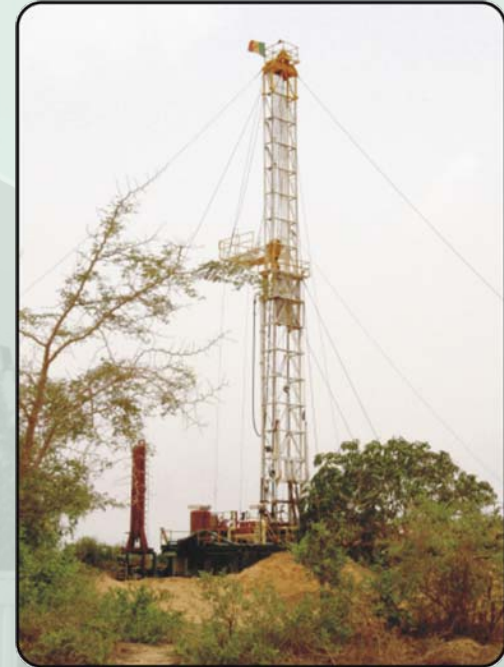
I.E., SENEGAL & TANZANIA

Where Gas Is Produced In Association w/ Oil
Gas Pricing Misconceptions Can Result

DOMESTIC GAS - African Development Solution

Developmental Benefits:

- **Natural Gas For Power Generation:**
 - Gas Turbines, Diesels & Others
 - “Clean” Infrastructure
 - Maintenance Costs Reduced
 - Consistency of Supply
- **Natural Gas for Transportation**
 - CNG for Buses & Trucks
 - Cleaner and More Cost-Effective
- **Domestic Gas to Displace Imported Fuels:**
 - Trade & Currency Balances
 - Fiscal Improvement
 - Environmental Improvement



Gas vs. Oil - Differences to Consider:



Natural Gas:

- Find, develop, flat production as long as possible at a measured rate
- Needs to create its own ad hoc Market
- LT Sales contracts necessary for infrastructure investment & financing
- Sustainability requires “running room”

Liquids:

- Find, develop, produce at a peak rate
- Can be sold readily on spot basis
- Sells into an “infinite” market via Export

Domestic Gas Project Complexities

GAS E&P Typically Requires Everything Needed for Oil...

...Except MORE of Everything with a Focus to Properly / Safely Handle Gas on the Surface...

...and Much Effort to Obtain Domestic Project Financing due to Non-Exportability



Sub-Saharan Natural Gas E&P

Stranded Gas Can Become ... a Key Domestic Economic Development Tool

- **Gas Must be Sold By Reference to Its Caloric Value to Attract Exploration & Production Investment**
- **Otherwise, Drilling for Oil is Naturally Preferential**

Gas is a 'Primary Product' for Fortesa

E&P Must Be Sustainable to Supply Local Power Markets

- 'Cost' of E&P in Africa Exceeds North America by 2 to 3 times Due to Logistics, Lack of Service Companies, Employment Laws, Bureaucracy, Social Needs & Fuel Payment Ability
- Domestic Consumption is Generally Subsidized regardless of Finding and Development Costs
- Gas 'Value' Tends to be Minimized by Government
- Consequence: Lack of Appreciation as a Sustainable Energy Solution

The Imbedded Factor

The Commercial “Mix”: **Public AND Private**

A Main Beneficiary of GAS Production can be Public Power

- Consistency of Supply
- Cleanliness of Combustion
- Lowering of Maintenance Costs
- Government-Take from PSA ‘Profit Oil’
- Employment in the Producing / Consuming Nation
- ‘Take-or-Pay’ Pricing can be More Favorable than Oil ‘Spot Market’

A Main Supporter of Gas E&P can be Commercial Enterprises

- Mining & Industrial clients Requiring Large Consistent quantities of fuel
- Economic Growth of Private Enterprise In-Country – GDP Boost
- Cost-Effectiveness of Local Developed Products in the Global Economy

Both Markets are Needed for a BANKABLE and SUSTAINABLE Project

Conclusion

The Balanced Solution requires Political and Customer mandate

- **Current Domestic Senegal Production is:
Primarily Natural Gas (96% Methane) with
Associated Liquids**
- **Future Production Goals:
Condensate / Black Oil + Natural Gas**
- **African Costs Are High**
- **Sustainable Development is Possible With
Critical-Mass, Technology, Financing, an
Imbedded Workforce & Long-Term Gas Markets**



Thank You...

... from all the employees of FORTESA INTERNATIONAL,
PETROSEN and AFRICA ONSHORE DRILLING

