



**Arabian SEA Oil and Gas summit
26-27 May 2015, Intercontinental Hotel,
Muscat, Oman**

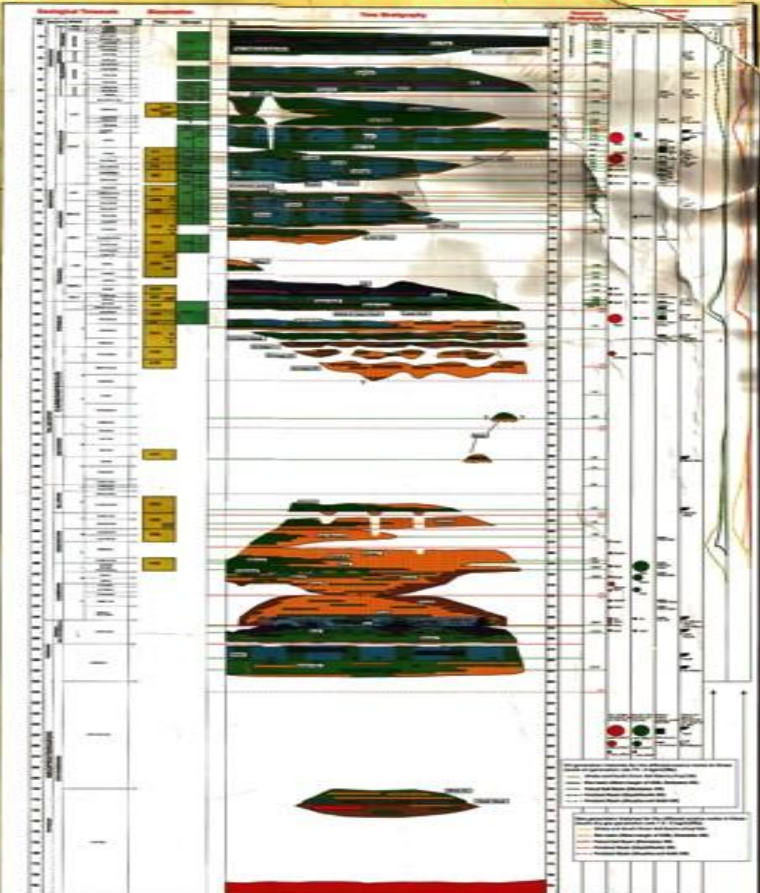
**Opportunities and Challenges of Investing in The
Exploration and Production (E&P) Sector of Somalia
By Dr.Ali Abdullahi,CEO
Amsas Consulting**

OPPORTUNITIES AND CHALLENGES OF INVESTING IN THE E&P SECTOR OF SOMALIA

- ❖ Part: I
- ❖ The Geology of Somalia and in particular the Nugal, Mudug, Coriole and Coastal Basins
- ✗ -----
- ❖ Part: II
- ❖ The Amsas-Coriole-Afgoye (ACA)Block and the case for Oil and Gas Opportunities
- ✗ -----
- ❖ Part: III
- ❖ The Security, Political and Logistical Development and outlook after the Projected 2016 elections
- ❖ Part: IV
- ❖ Somalia's Data



OMAN SUBSURFACE STRATIGRAPHY



By Hisham Choudry, July 2007 with contributions from Peter Smith, Peter Gassoff, Jonathan Austin, James A. Roberts, William A. Ryan, John ...

Lithology

Geological Units

Time Stratigraphy

Geological Symbols

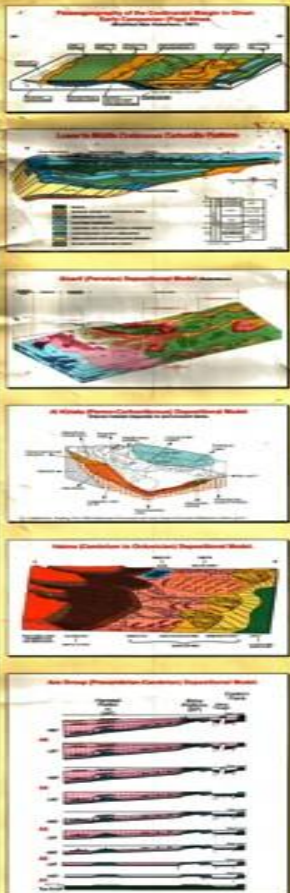
Geological Units

Time Stratigraphy

Geological Symbols

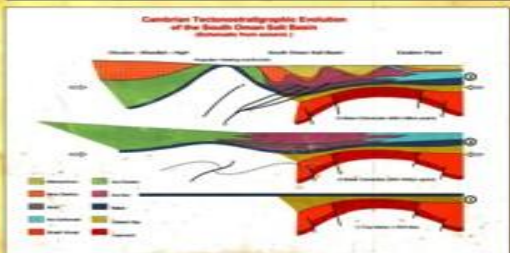
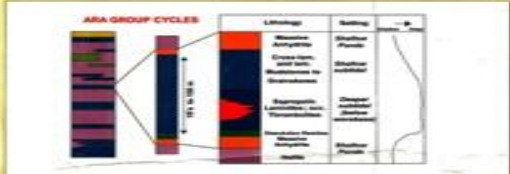
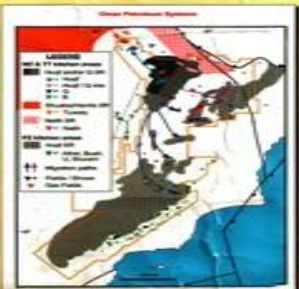
Geological Units

Time Stratigraphy

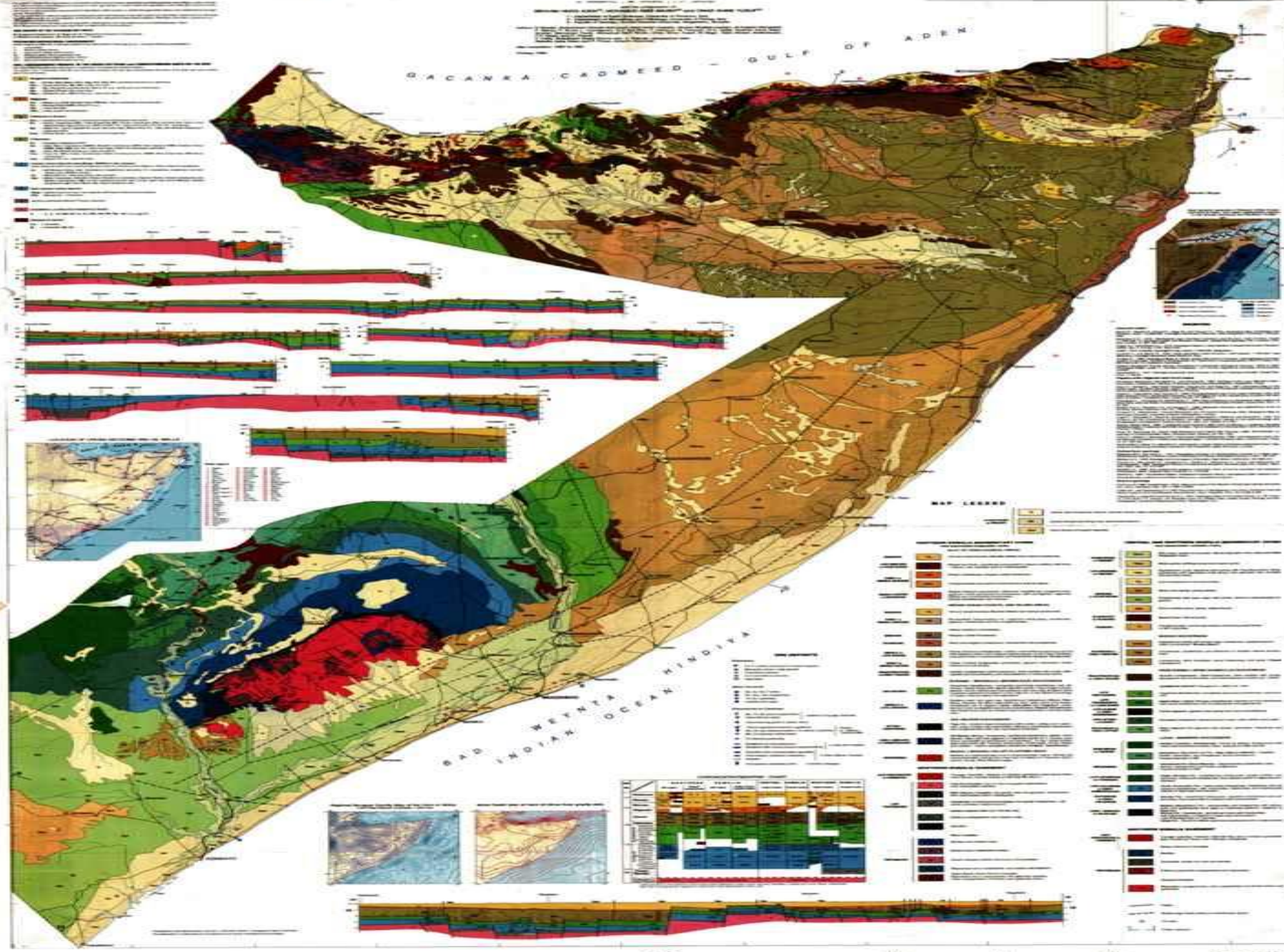


Regional Stratigraphy

Region	Stratigraphic Unit	Age	Geological Unit	Age
Musandam	Al-Hajar	Upper Cretaceous	Al-Hajar	Upper Cretaceous
	Al-Hajar	Lower Cretaceous	Al-Hajar	Lower Cretaceous
	Al-Hajar	Upper Cretaceous	Al-Hajar	Upper Cretaceous
	Al-Hajar	Lower Cretaceous	Al-Hajar	Lower Cretaceous
	Al-Hajar	Upper Cretaceous	Al-Hajar	Upper Cretaceous
	Al-Hajar	Lower Cretaceous	Al-Hajar	Lower Cretaceous
	Al-Hajar	Upper Cretaceous	Al-Hajar	Upper Cretaceous
	Al-Hajar	Lower Cretaceous	Al-Hajar	Lower Cretaceous
	Al-Hajar	Upper Cretaceous	Al-Hajar	Upper Cretaceous
	Al-Hajar	Lower Cretaceous	Al-Hajar	Lower Cretaceous
Northern Oman	Al-Hajar	Upper Cretaceous	Al-Hajar	Upper Cretaceous
	Al-Hajar	Lower Cretaceous	Al-Hajar	Lower Cretaceous
	Al-Hajar	Upper Cretaceous	Al-Hajar	Upper Cretaceous
	Al-Hajar	Lower Cretaceous	Al-Hajar	Lower Cretaceous
	Al-Hajar	Upper Cretaceous	Al-Hajar	Upper Cretaceous
	Al-Hajar	Lower Cretaceous	Al-Hajar	Lower Cretaceous
	Al-Hajar	Upper Cretaceous	Al-Hajar	Upper Cretaceous
	Al-Hajar	Lower Cretaceous	Al-Hajar	Lower Cretaceous
	Al-Hajar	Upper Cretaceous	Al-Hajar	Upper Cretaceous
	Al-Hajar	Lower Cretaceous	Al-Hajar	Lower Cretaceous
Central Oman	Al-Hajar	Upper Cretaceous	Al-Hajar	Upper Cretaceous
	Al-Hajar	Lower Cretaceous	Al-Hajar	Lower Cretaceous
	Al-Hajar	Upper Cretaceous	Al-Hajar	Upper Cretaceous
	Al-Hajar	Lower Cretaceous	Al-Hajar	Lower Cretaceous
	Al-Hajar	Upper Cretaceous	Al-Hajar	Upper Cretaceous
	Al-Hajar	Lower Cretaceous	Al-Hajar	Lower Cretaceous
	Al-Hajar	Upper Cretaceous	Al-Hajar	Upper Cretaceous
	Al-Hajar	Lower Cretaceous	Al-Hajar	Lower Cretaceous
	Al-Hajar	Upper Cretaceous	Al-Hajar	Upper Cretaceous
	Al-Hajar	Lower Cretaceous	Al-Hajar	Lower Cretaceous
Southern Oman	Al-Hajar	Upper Cretaceous	Al-Hajar	Upper Cretaceous
	Al-Hajar	Lower Cretaceous	Al-Hajar	Lower Cretaceous
	Al-Hajar	Upper Cretaceous	Al-Hajar	Upper Cretaceous
	Al-Hajar	Lower Cretaceous	Al-Hajar	Lower Cretaceous
	Al-Hajar	Upper Cretaceous	Al-Hajar	Upper Cretaceous
	Al-Hajar	Lower Cretaceous	Al-Hajar	Lower Cretaceous
	Al-Hajar	Upper Cretaceous	Al-Hajar	Upper Cretaceous
	Al-Hajar	Lower Cretaceous	Al-Hajar	Lower Cretaceous
	Al-Hajar	Upper Cretaceous	Al-Hajar	Upper Cretaceous
	Al-Hajar	Lower Cretaceous	Al-Hajar	Lower Cretaceous



- ❖ Part: I
- ❖ The Geology of Somalia and in particular the Coriole and Coastal Basins



The boundaries and names on this map do not imply any endorsement by the United States Government.

The original well control, locations, and data were prepared by the Government of the Republic of Somalia in 1988.

Scale of 1:500,000. Date of Issue: 2003 (revised 26 August 2006).



100 0 100 200 Kilometers

MAP LEGEND

Geological Formations

- 1. Quaternary
- 2. Pliocene
- 3. Miocene
- 4. Oligocene
- 5. Eocene
- 6. Paleocene
- 7. Cretaceous
- 8. Jurassic
- 9. Triassic
- 10. Permian
- 11. Carboniferous
- 12. Devonian
- 13. Silurian
- 14. Ordovician
- 15. Cambrian

Topographic Features

- 1. Contour lines
- 2. Spot heights
- 3. Elevation

Other Features

- 1. International boundaries
- 2. National boundaries
- 3. District boundaries
- 4. Major roads
- 5. Minor roads
- 6. Railways
- 7. Airports
- 8. Harbors
- 9. Rivers
- 10. Canals
- 11. Lakes
- 12. Swamps
- 13. Wetlands
- 14. Forests
- 15. Shrublands
- 16. Grasslands
- 17. Deserts
- 18. Ice
- 19. Snow
- 20. Clouds

SOUTH & CENTRAL SOMALIA

NORTH SOMALIA & SOUTH YEMEN

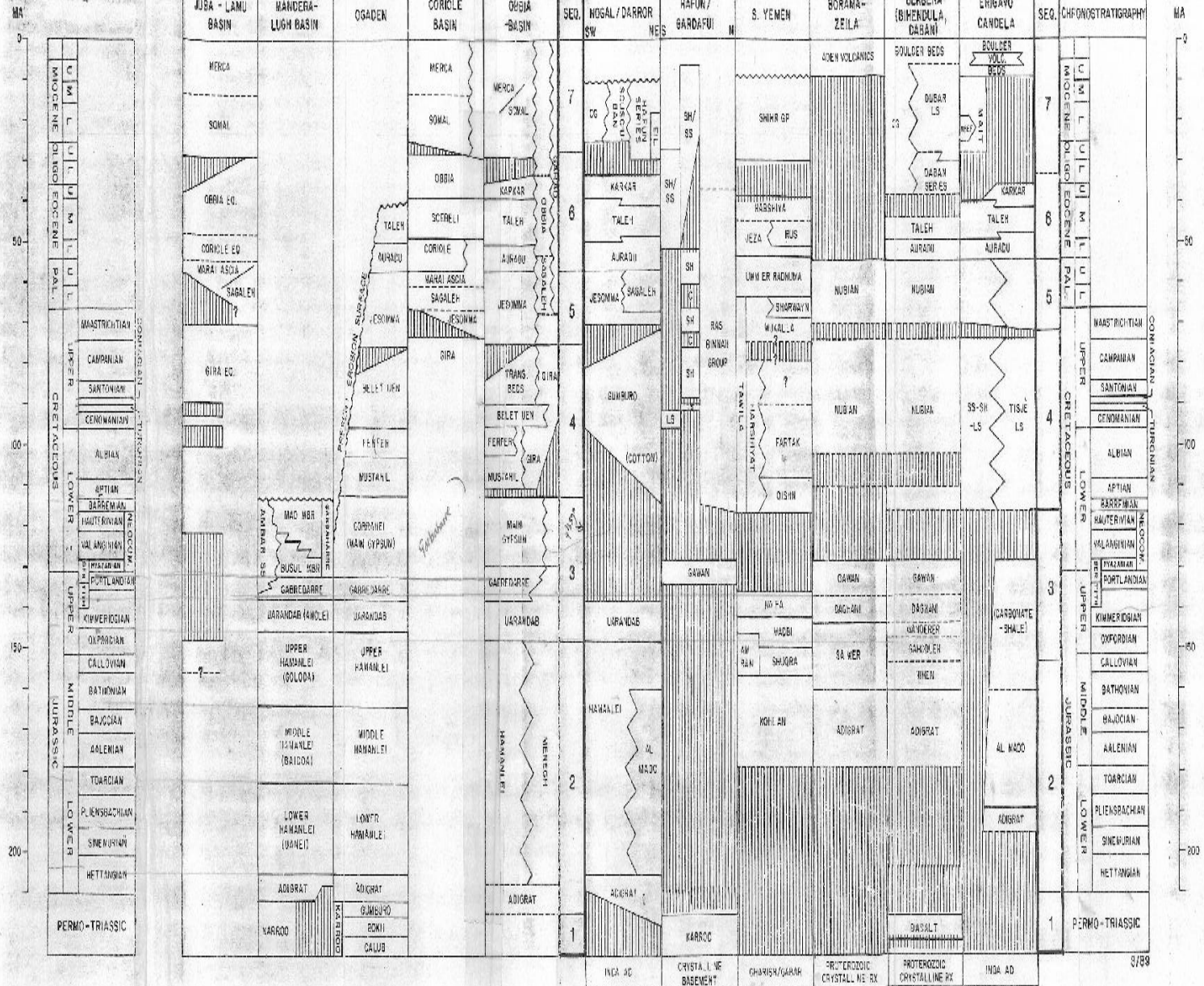
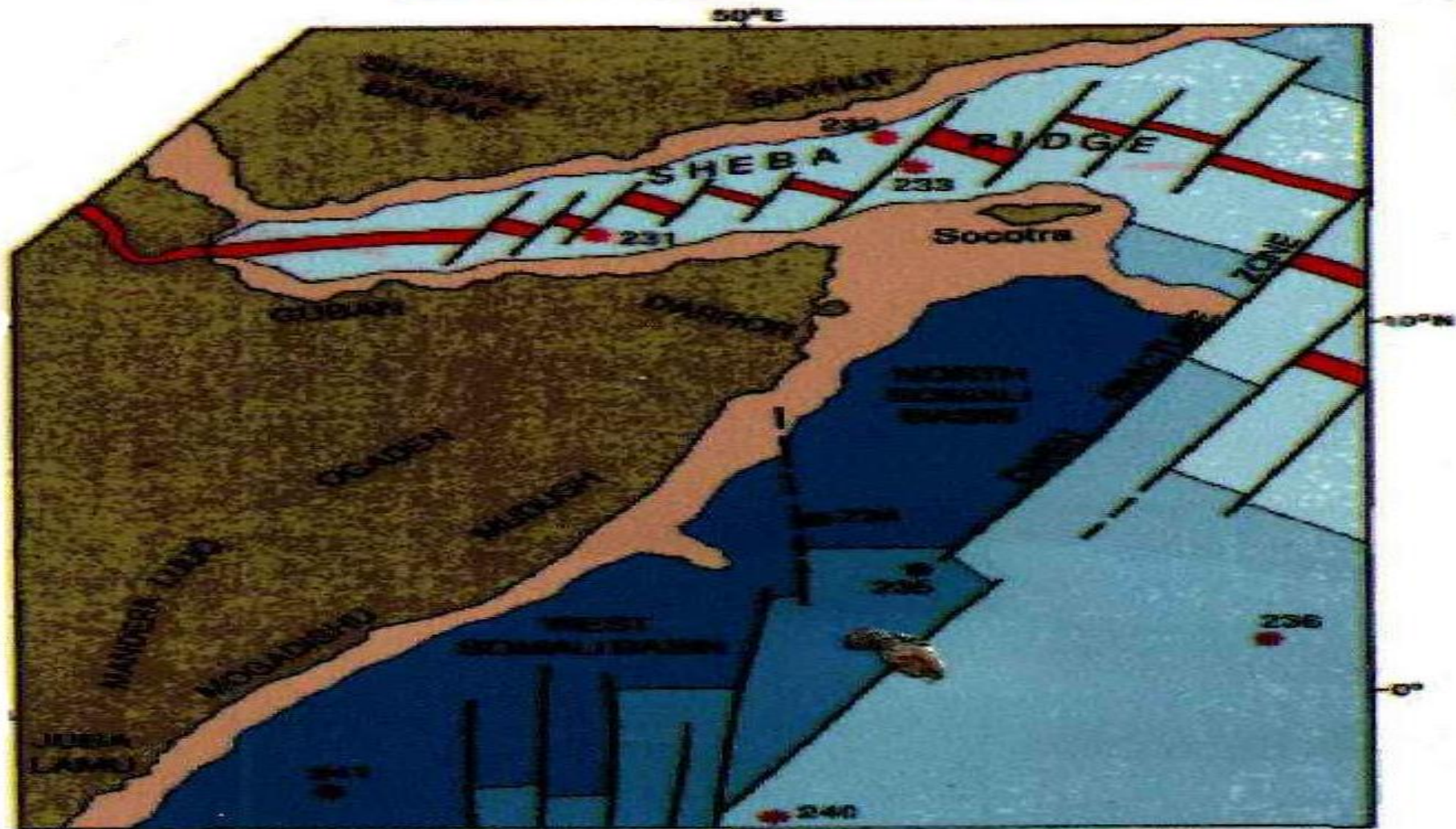




Fig. 4.2 Stratigraphic correlation chart

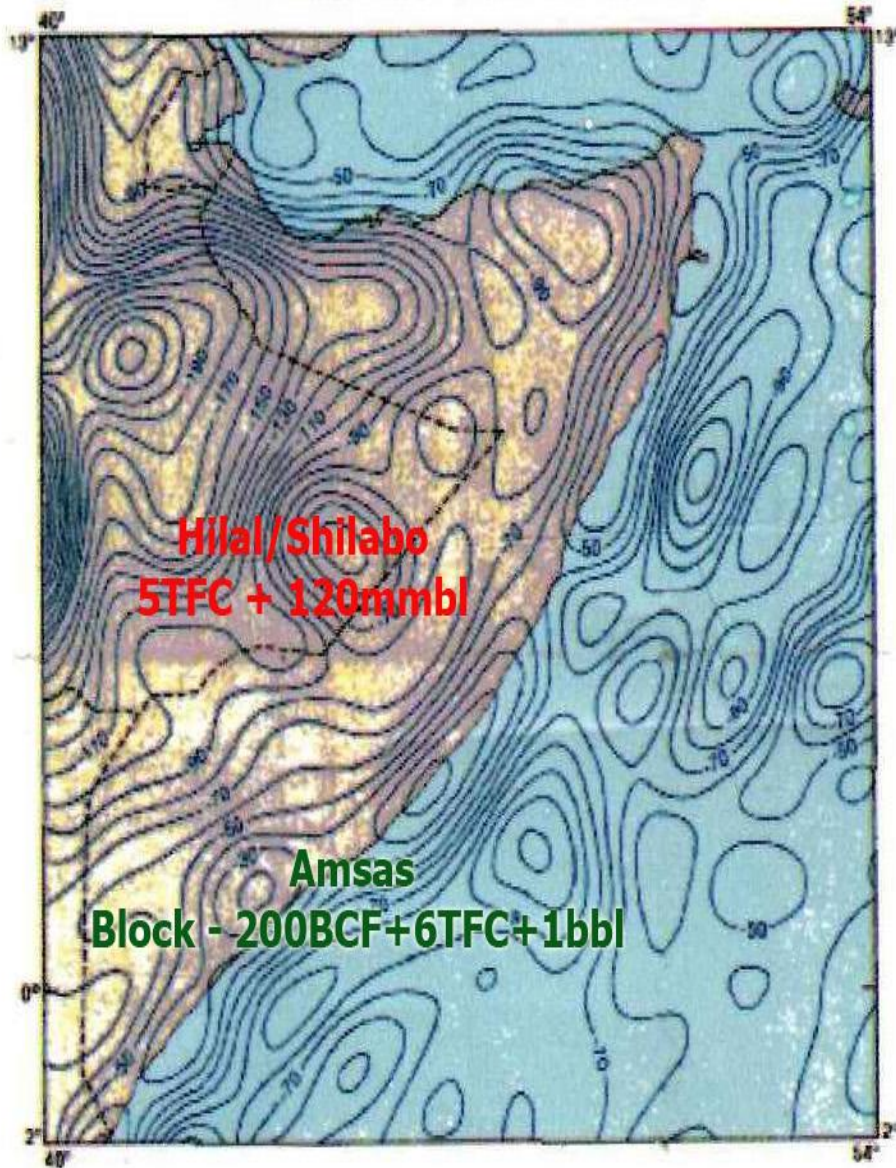
Main tectonic elements of Western Indian Ocean and Gulf of Aden, and major sedimentary basins in the Somali peninsula and Southern Arabia



- | | | | |
|---|---------------------------------|---|------------|
|  | Continental crust |  | Jurassic |
|  | Submerged continental crust |  | Cretaceous |
|  | Axis of active spreading |  | Paleogene |
|  | Deep-Sea Drilling Project wells |  | Neogene |



Regional Bouguer Gravity Map of the Horn of Africa
Low-Pass filtered ($\Lambda > 200$ km)



Moho Depth (km) of Horn of Africa from gravity data

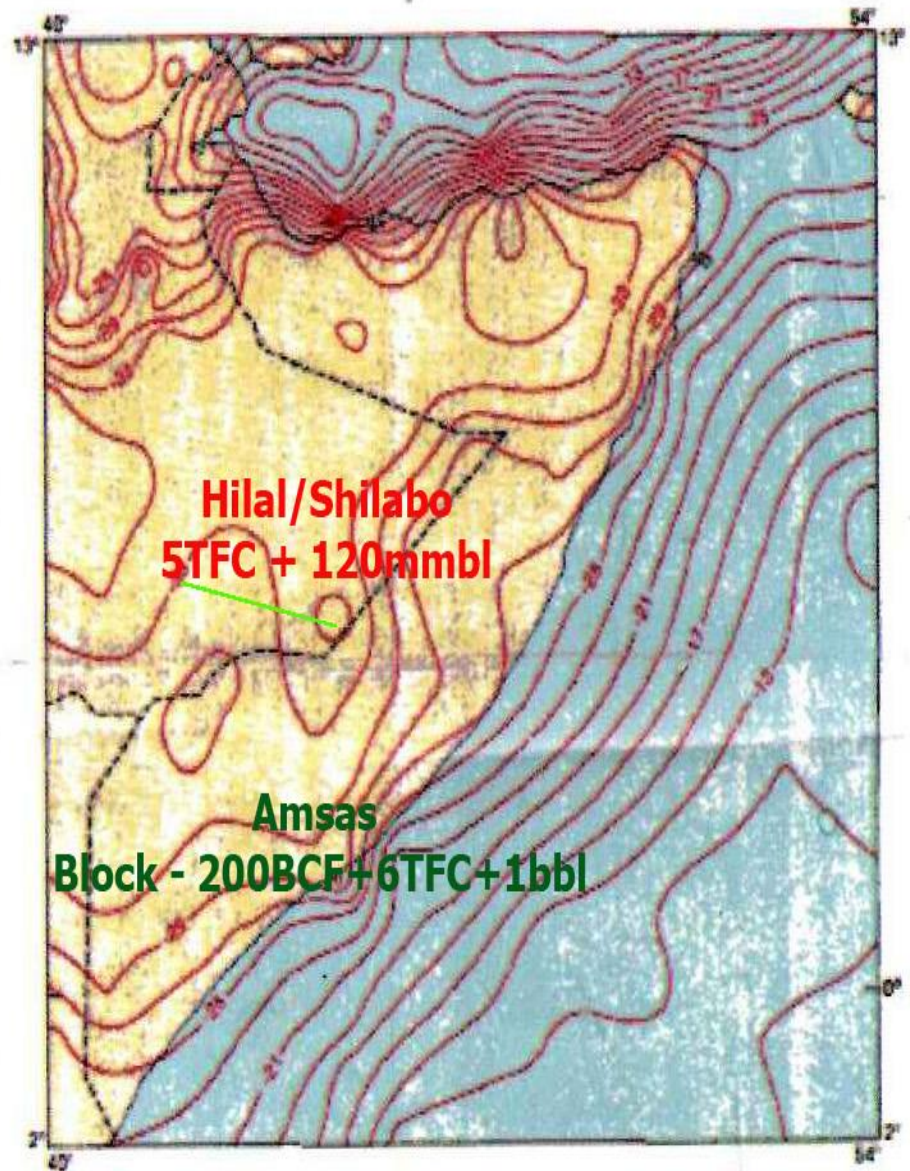
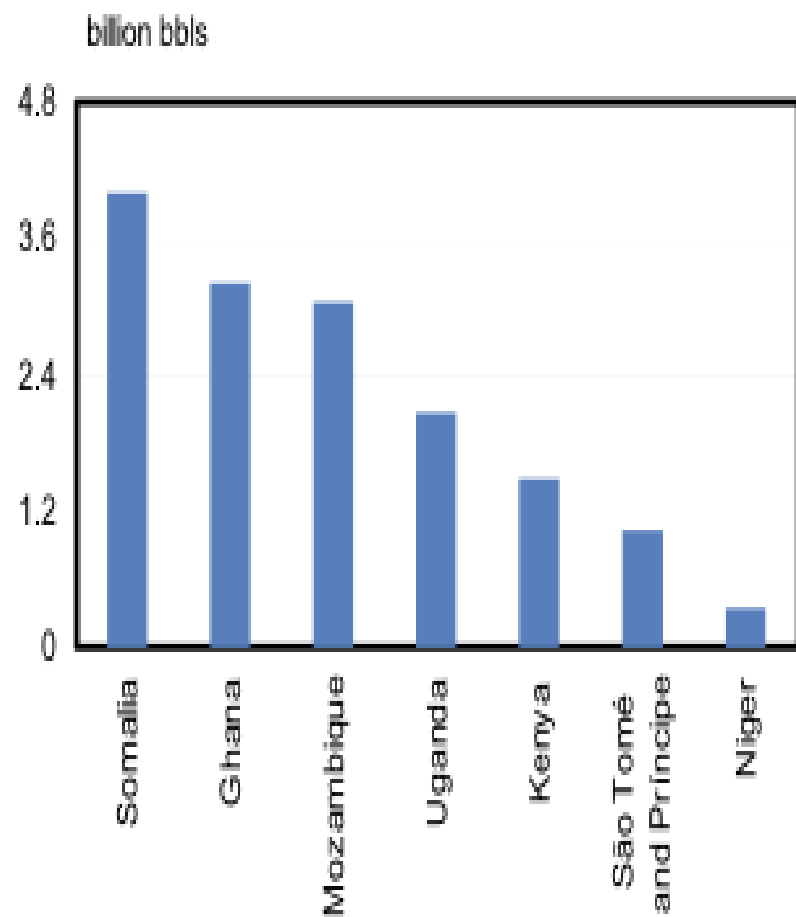
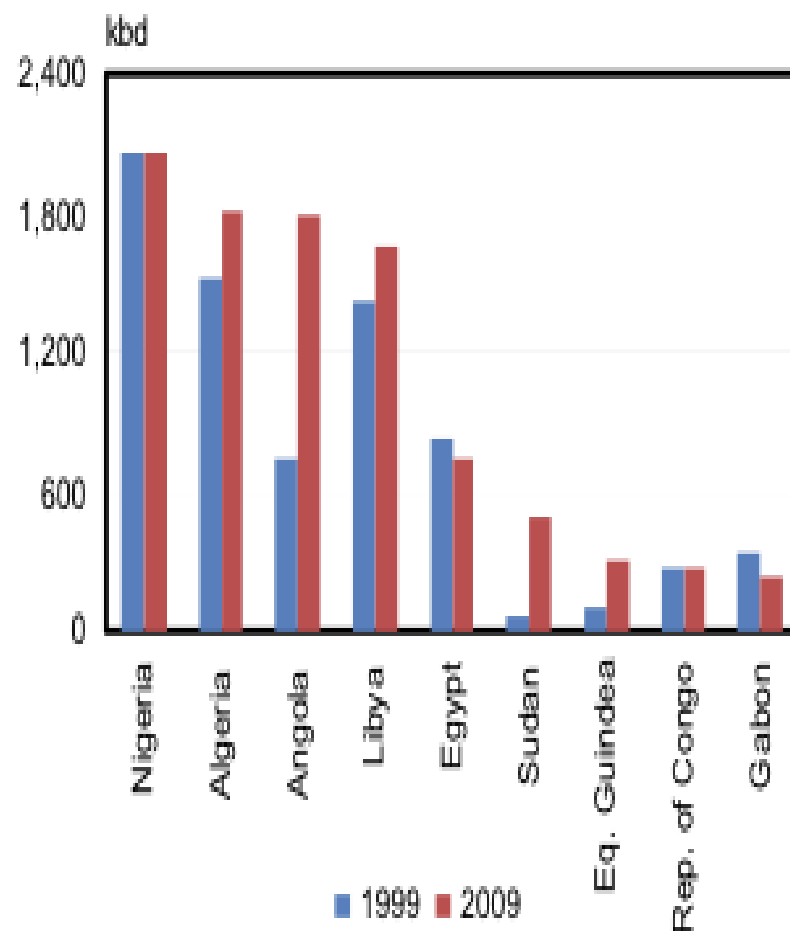


Figure 13: Estimated oil reserves from emerging producers



Sources: African Development Bank; Standard Bank Research

Figure 14: African oil production by country



Sources: IEA; BP; Standard Bank Research

RECENT OIL AND GAS AFRICA HOTSPOTS

- ✘ Why Somalia and in particular Coriole Basin
- ✘ Somalia has close to 12 Basins and Sub-basins (Most Offshore)
- ✘ More than 150 TCF of gas was discovered on the eastern shores of Eastern Africa from Mozambique to Kenya in the last 10 years.
- ✘ Somalia is also one area that has not had real exploration done for the last 23 years except for in Puntland
- ✘ In Kenya close to a Billion Barrels have been booked by Tullow Oil recently(2012-14)
- ✘ In Tanzania close to 50TCF of gas reserves has been discovered(2004-2014)
- ✘ In Mozambique close to 100 TCF of reserves is what major oil companies have discovered (2004-2014)
- ✘ In Uganda close to 1.5 Million Barrels of oil reserves has been discovered(since 2005) say last 10 years

✘ Somalia's Needs

- + Knowledge Transfer(Oil and Gas)
- + Capacity Building on Governance and legal reforms and modernization
- + Investments in Infrastructure
- + Security

Somalia Hydrocarbons - Potential



coastline 3333 km; area >646,000 sq.km
EEZ = 3333 * 350km = 1,166,550 km²

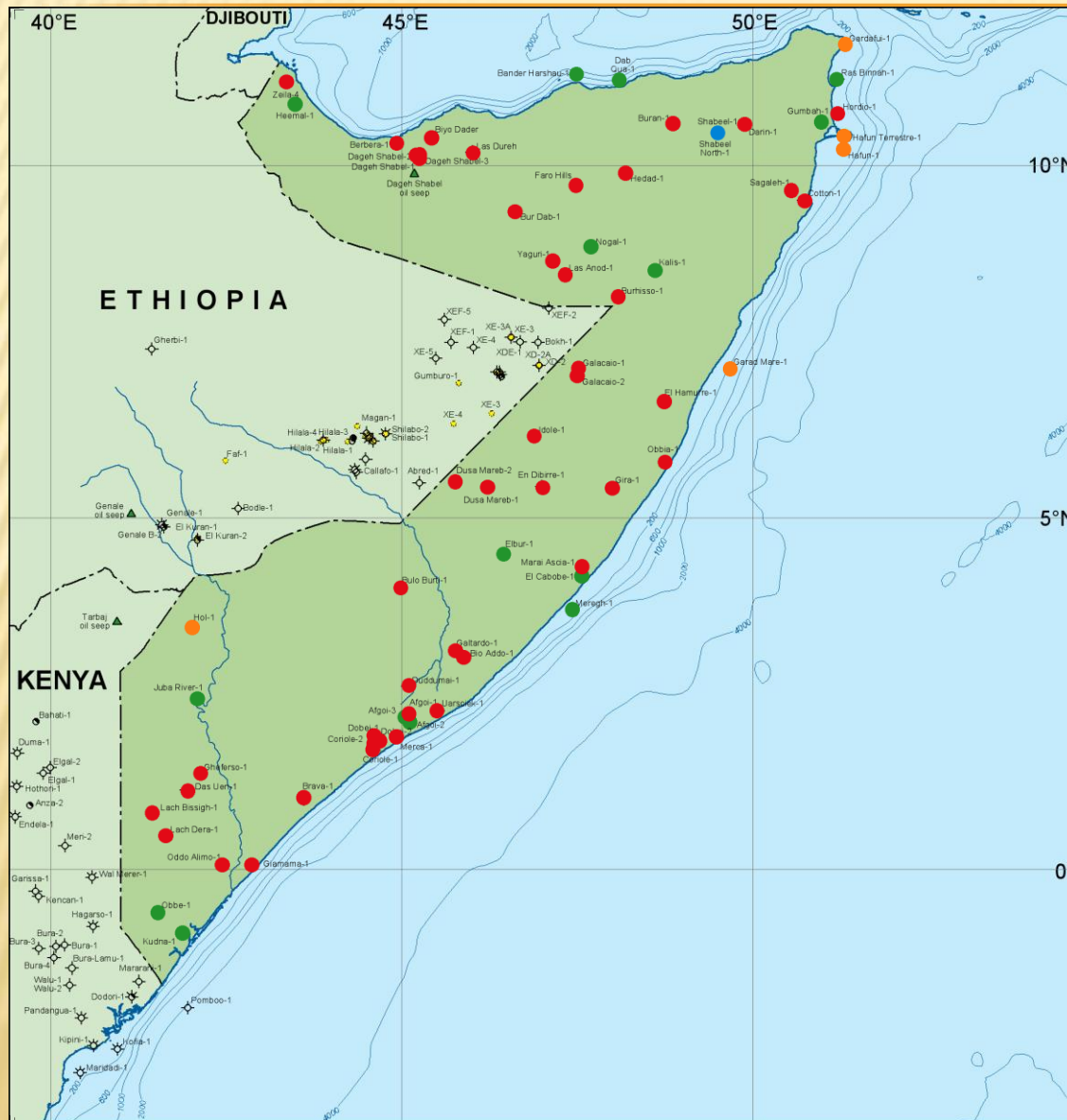
SOMALIA

- ✘ History of oil exploration in Somalia
- ✘ Exploration for Oil and Gas started around 1925 by Rogers and Sinclair, Miner and Amerada Hess.
- ✘ Somalia had more than 15 international companies that owned acreage – most declared ‘force Majeure’
- ✘ Currently there is no Agreed Federal Petroleum law and nothing has been agreed between the Federal Government and existing States(Puntland, Somaliland, etc)
- ✘ Puntland and Somaliland have issued licenses to new companies while the issue of ‘Force-Majuere’ still holds raising legal and jurisdictional risks a notch higher in Somalia.
- ✘ Jacka Resources, Petrosoma, DNO, Sterling Energy, Genel, Ophir, Answikifs have acreage in Somaliland while, Africa Oil, Horn Petroleum, Range Resources, have acreage issued by state governments all have overlapping issues with previous concession holders of the 1980s.
- ✘ Amsas Consulting/Amsas Energy is the only company that has been issued with clean acreage that has no overlaps since 1991.

Somalia Concession Holders August, 2014

3.	AMOCO-2	*Amoco Somalia Petroleum Company	50%	26,318.00
		Agip (Africa) Ltd.	50%	
4.	CHEVRON	*Chevron Corporation	100%	40,500.00
5.	CONOCO-1	*Continental Oil Company	30%	98,700.00
		Phillips Petroleum Corporation Somalia	25%	
		BG Somalia SA	20%	
		Japan Energy Corporation	15%	
		Du Pont E&P No.1 B.V	10%	
6.	CONOCO-2	*Continental Oil Company	60%	38,728.00
		BG Somalia SA	25%	
		Japan Energy Corporation	15%	
7.	Amsas Consulting/ Somalia Federal Government(FG)	*Amsas Consulting Pty.Ltd.(Option of gaining 100%)	49%	4700.00
			51%	
8.	PECTEN-1	*Pecten Somalia	50%	60,344.00
		Mobil Somalia	50%	
9.	PHILLIPS	*Phillips Petroleum Corporation Somalia	100%	14,263.00
			LAND	239,562.00
			SHELF	33,437.00
			DEEP	46,971.00
			TOTAL	319,970.00

EXPLORATION HISTORY - DRILLING



1956 - 1969 46 wells

1970 - 1977 5 wells

1978 - 1991 15 wells

1991 - 2012 hiatus

2012 – P.D. 2 wells

TOTAL 68 wells

•Underexplored

•Clean slate

TABLE 6.1
OIL AND GAS OCCURRENCES IN SOMALIA AND BORDERING AREAS

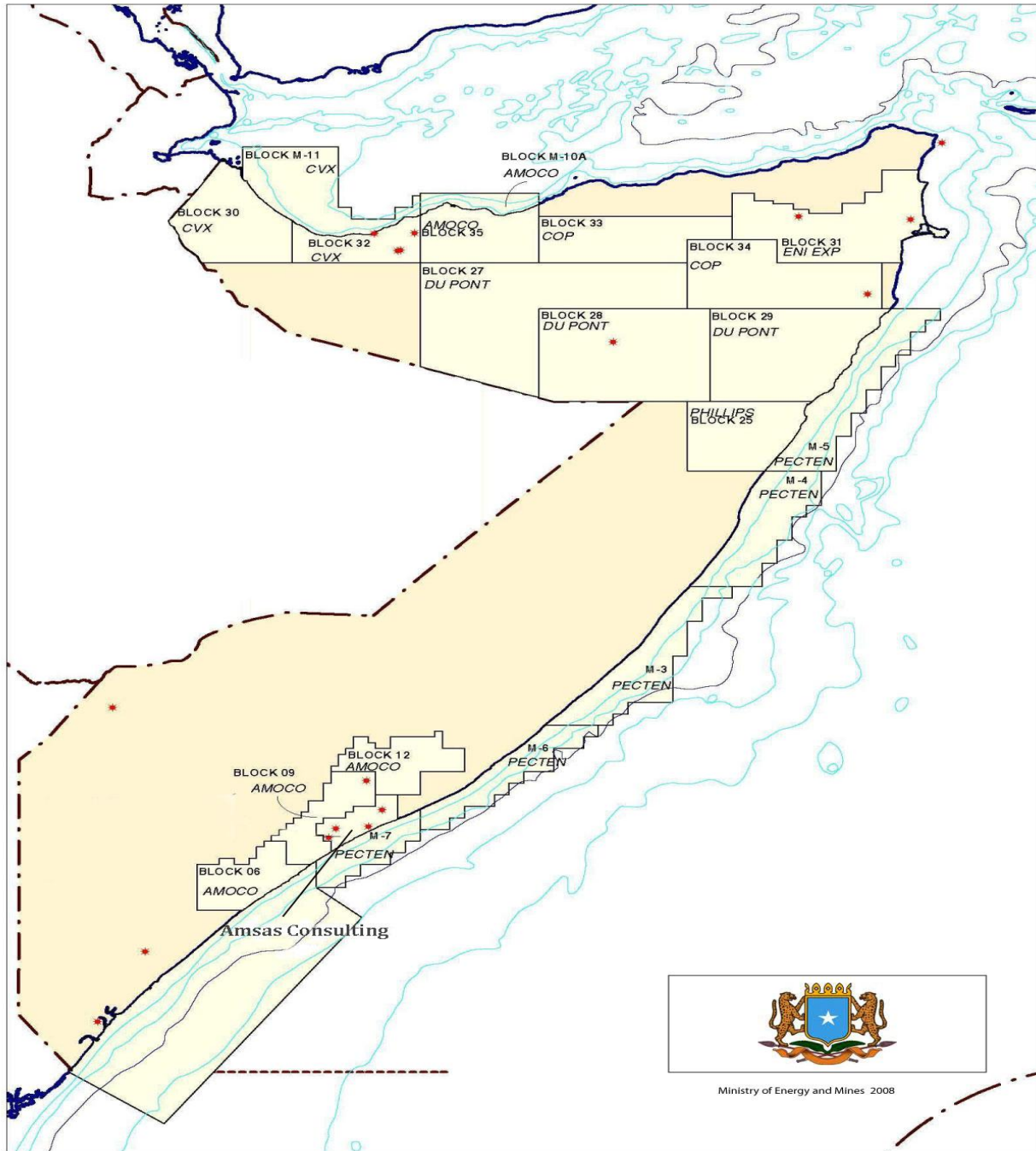
	AGE/FORMATION	DEPTH (FT)	COMMENTS
<u>SOMALIA</u>			
Coriole-1	Eocene ls	6,500	2 Bbls Oil Recovered on Test
	U.K. (?) Volcanics	11,500	2 MMCF/D + Condensate
Afgoi-1	Paleocene-U.K. ss	12,700	4 MMCF/D + Condensate
Dagah Shabel	U.K. ss & J frac ls	Shallow	Oil Recovered on Test; Seep
<u>NE KENYA</u>			
Tarbaej	Karoo ss	Shallow	Asphalt
<u>ETHIOPIA</u>			
Kuran-1	Hamanlei ls	9,500	Oil Recovered on Test
Hilala-1	Hamanlei ls	5,300	Oil Recovered on Test
Shillabo-1	Hamanlei ls	6,900	1 MMCF/D
Calub-1	Adigrat ss	9,000	17 MMCF/D + Condensate
	Calub ss	12,000	24 MMCF/D + Condensate
<u>S. YEMEN</u>			
Sharnah-1X	Middle Eocene ls	7,300	2600 Bbls Oil Recovered on Test
<u>N. YEMEN</u>			
Alic Field	U.J. ss	5-6,000	200,000 BOPD

Table 6.1 Hydrocarbon shows in Somalia

-
- ✘ Data and reports(Harms & Brady Report) on Somalia is available from Robertson-CGG of North Wales, UK or from Amsas Consulting(Africa)Ltd.
 - ✘ Somalia has recently been estimated to have more than 100 Billion Barrels of Oil by some analysts even putting it ahead of Kuwait (source:africareview.com)

❖ Part: II

- ❖ The Amsas-Corirole-Afgoye (ACA)Block and the case for Oil and Gas Opportunities



SOMALIA OPPORTUNITY CASE STUDY ; AMSAS-CORIOLE-AFGOYE(ACA) BLOCK

- ✘ Block is operated by Amsas Consulting/Amsas Energy Somalia Ltd.
- ✘ The Block Size is 4700 Square Kilometres and 854Km of 2D seismic is available
- ✘ Block has 8 wells drilled 1 oil discovery, 1 gas discovery and the rest had oil and gas shows except 2 wells that were dry (wrongly drilled in 1985 by Somali Government)
- ✘ Chapman Petroleum Engineers of Canada recently valued the ACA Block at around \$3.75 Billion with Prospect Reserves of 51Million Barrels of Oil and 268 BCF of Gas
- ✘ http://www.amsasconsulting.com/AmsasBlockSomalia_Valuation.pdf
- ✘ In 1961 Coriole-1 Well tested at 700BOPD light Oil at 44-47API
- ✘ In 1965 the Afgoye-1 well tested 9-15 MMSCFD
- ✘ Amsas Consulting estimates a mean resources of 2 Billion Barrels of oil and 6 TCF of gas
- ✘ [www.amsasconsulting.com/Amsa Consulting Block Potential_15OCT2014.pdf](http://www.amsasconsulting.com/Amsa_Consulting_Block_Potential_15OCT2014.pdf)
- ✘ ACA block is surrounded by Amoco(9,6 and 12 now BP)Blocks and offshore by Pecten(Shell) Blocks – Future Strong partners when it comes to development.
- ✘ The Agreement Amsas Consulting has is also a First of refusal on Three(3) Blocks on Previous ‘Force-Majeure’ Declared Blocks by Major Oil companies before the onset of the Somali civil war in 1991.

COMMENTS FROM THE BORROWER

MOG1067
OEDD2
.IBRD/MOG
INTBAFRAD MOGADISHU
SOMALIA
NOVEMBER 22, 1988

FOR ALEXAND NOWICKI

BELOW ARE COMMENTS RECEIVED FROM ALI NALEYE OF OCTOBER 18 ON THE PETROLEUM EXPLORATION PROMOTION PROJECT (CR. 1043-SO). NO OTHER COMMENTS WILL BE RECEIVED.

QUOTE: THE REPORT IS OBJECTIVE AND WELL WRITTEN AND WE ARE SATISFIED WITH IT. HOWEVER WE WOULD HAVE LIKED THE UNSATISFACTORY PERFORMANCE OF CONSULTANT FIRMS-ENERGY DEVELOPMENT INTERNATIONAL (EDI) AND THE ENGINEERING FIRM KEPLINGER-TO BE MORE STRONGLY STRESSED. IN FACT, WE FEEL A PASSING COMMENT ABOUT THE NON-PERFORMANCE OF THESE CONSULTANTS IS UNFAIR TO THOSE WHO PERFORMED QUITE WELL.

1. IN OUR OPINION, EDI'S WORK FOR MMU WAS TOTAL FIASCO. IN SPITE OF REPEATED MONITORING EFFORTS AND ASSISTANCE BY THE I.D.A THE FIRM NEITHER FULFILLED THE PRIMARY OBJECTIVE TO ESTABLISH A DATA BASE FOR POLICY DECISIONS NOR DID THEY ESTABLISH A SATISFACTORY FRAME WORK FOR CONTINUOUS PLANNING OR A GENERAL OVERVIEW OF ENERGY SITUATION THAT COULD SERVE AS BASIS FOR FURTHER STUDIES.

2. KEPLINGER'S INTERPRETATION OF AFGOI SEISMIC DATA WAS FLAWED. NO CONSIDERATION WAS GIVEN TO NUMEROUS FAULTS WHOSE EXISTENCE IN THE AREA IS UNDOUBTED. THE ANTICLINAL STRUCTURE THE FIRM CAME UP WITH WAS FICTITIOUS. HENCE THE GAS WELLS WERE MISLOCATED. WE FEEL REINTERPRETATION OF THE SEISMIC SECTIONS WILL SHOW DIFFERENT STRUCTURE, AND THE PROBABILITY OF FINDING A GAS DEPOSIT IS STILL EXISTS.

3. WE FOLLOD MINOR ERRATA IN FOLLOWING PARAS:

I. PAGE 1, PARA. 1.03.

PLEASE NOTE THAT THE MINING CODE WAS PROMULGATED IN JANUARY 9, 1988, NOT FEB. 1988.

II. PAGE 3, PARA 2.01

WE BELIEVE PETROLEUM ACTIVITIES CEASED IN 1974, WHEN BURMA OIL CO AND ITS PARTNERS RELINQUISHED THEIR CONCESSION ACREEGE IN LUGH BASIN, HENCE A LULL OF ACTIVITIES OF ABOUT 5 YRS. UNQUOTE.

REGARDS, FALCONER

PROSPECT SYNOPSIS
AMSAS-CORIOLE-AFGOYE (“ACA”) BLOCK
FEDERAL REPUBLIC OF SOMALIA
AFGOYE AREA – FULL FARM OUT CONTRACT GAS

This Prospect Synopsis contains the information required to be disclosed under NI 51-101, Sec. 5.9. More details regarding the prospects are presented in the Report Discussion which follows.

- (a) The Full Farm out Contract has a 49 percent working interest in 1,161,400 acres,
- (b) The subject exploration lands are located in the ACA Block along the coastline of Somalia,
- (c) The expected product from a successful prospect is methane gas with natural gas liquids,
- (d) The predominant risk is encountering the reservoir size as seen on the interpreted seismic,
- (e) The economic and risk analysis, justifying the participation in this project is presented in the Discussion of the report and a summary of the “before and after risk” values for the Forecast Prices and Costs Case is presented below:

Company Net Value, US Dollars

	Before Risk	After Risk
Undiscounted	\$761,590,784	\$157,455,880
Discounted @ 5%/year	\$589,721,276	\$117,925,894
Discounted @ 10%/year	\$469,167,456	\$90,198,515
Discounted @ 15%/year	\$381,579,366	\$70,053,254
Discounted @ 20%/year	\$316,046,474	\$54,980,689

- (f) The Undiscounted Net Values are calculated from the Most Likely, Low, and High cases:

Undiscounted Company Net Value, US Dollars

	Before Risk	After Risk
Most Likely Case	\$689,285,782	\$142,505,596
Low Case	\$300,786,418	\$62,176,768
High Case	\$1,294,700,152	\$267,685,277
Average Case	\$761,590,784	\$157,455,881

This report was prepared by a “Qualified Reserves Evaluator and Auditor” who is independent of the Company.

PROSPECT SYNOPSIS
AMSAS-CORIOLE-AFGOYE ("ACA") BLOCK
FEDERAL REPUBLIC OF SOMALIA
CORIOLE AREA – FULL FARM OUT CONTRACT OIL

This Prospect Synopsis contains the information required to be disclosed under NI 51-101, Sec. 5.9. More details regarding the prospects are presented in the Report Discussion which follows.

- (a) The Full Farm Out Contract has a 49 percent working interest in 1,161,400 acres,
- (b) The subject exploration lands are located in the ACA Block along the coastline of Somalia,
- (c) The expected product from a successful prospect is light oil 44 API gravity,
- (d) The predominant risk is encountering an oil reservoir of sufficient quality for production,
- (e) The economic and risk analysis, justifying the participation in this project is presented in the Discussion of the report and a summary of the "before and after risk" values for the Forecast Prices and Costs Case is presented below:

Company Net Value, US Dollars

	Before Risk	After Risk
Undiscounted	\$1,436,283,475	\$314,945,199
Discounted @ 5%/year	\$1,109,230,705	\$239,723,062
Discounted @ 10%/year	\$877,184,363	\$186,352,403
Discounted @ 15%/year	\$708,224,807	\$147,491,706
Discounted @ 20%/year	\$582,311,544	\$118,531,655

- (f) The Undiscounted Net Values are calculated from the Most Likely, Low, and High cases:

Undiscounted Company Net Value, US Dollars

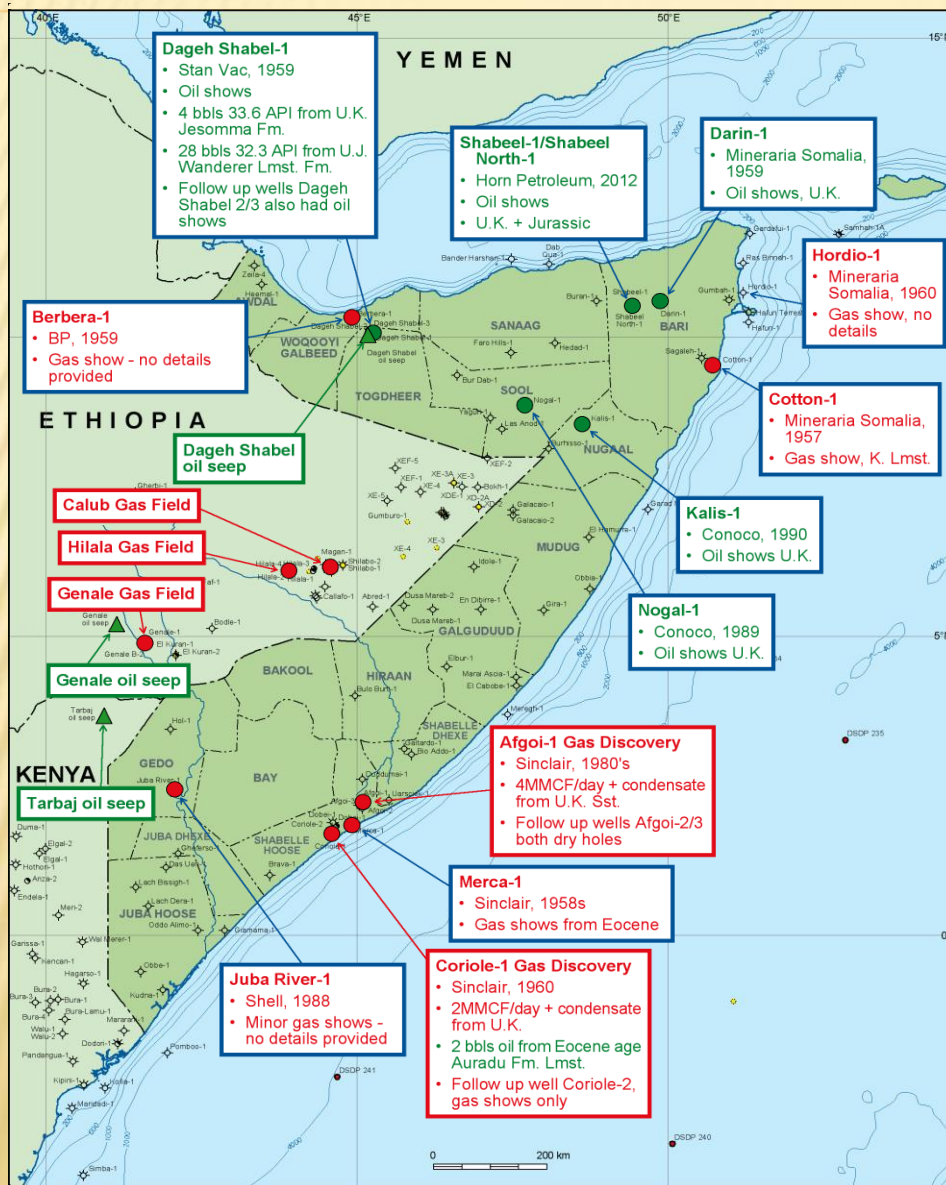
	Before Risk	After Risk
Most Likely Case	\$1,014,729,458	\$222,503,418
Low Case	\$539,919,850	\$118,383,318
High Case	\$2,754,201,115	\$603,948,862
Average Case	\$1,436,283,475	\$314,945,199

This report was prepared by a "Qualified Reserves Evaluator and Auditor" who is independent of the Company.

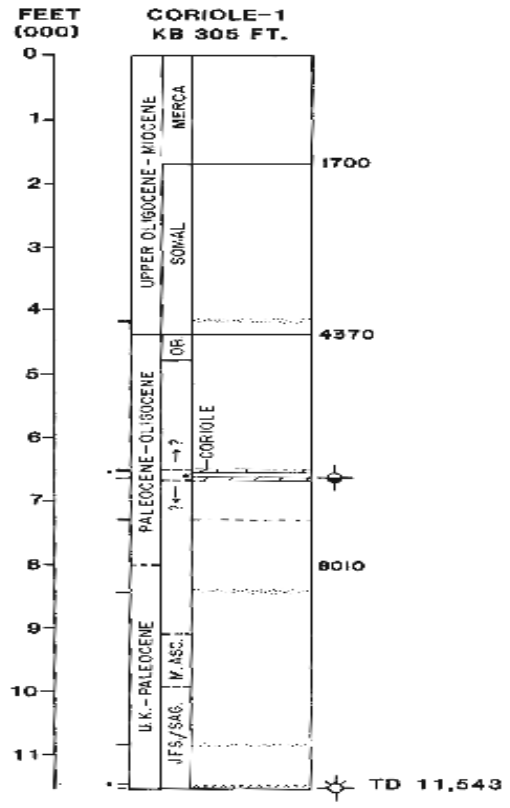
	Pipeline(Km) to Port	Projected Costs(\$)	Project Capex Rating	Technical/Financial Risk Rating
South Sudan	3300	3.3Billion	High	High
Uganda	1650	1.65Billion	Medium	Medium/High
Kenya	1020	1.02Billion	Medium	Medium
Somalia (Amsas Block)	40	40Million	Low	Low

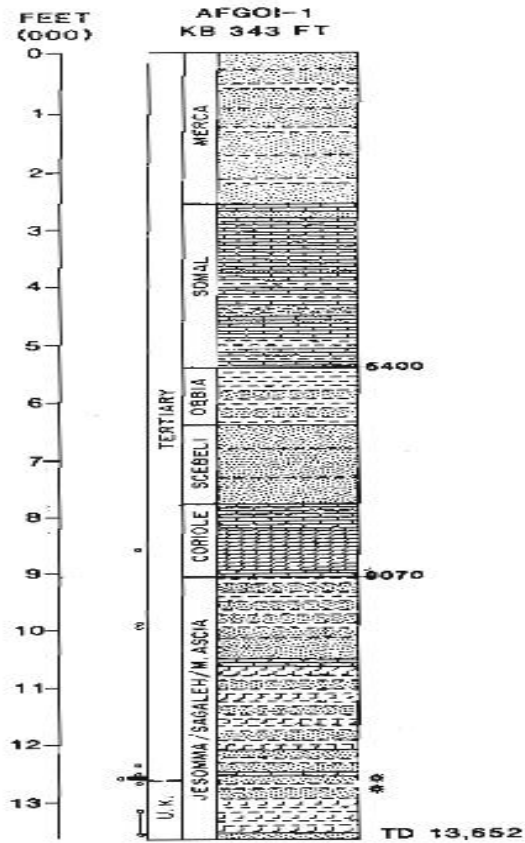
COMPARING PROJECT IN EAST AFRICA

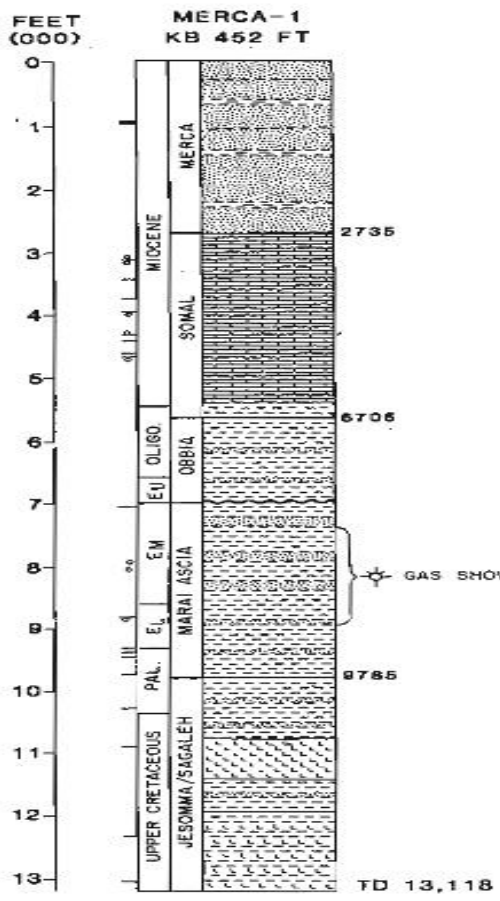
Hydrocarbon Occurrences



- Surface oil seepages
- Shows in wells
- Hydrocarbons recovered

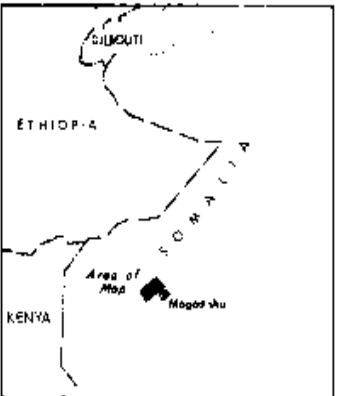






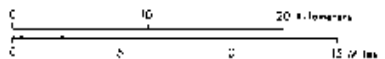
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CORES
DST'S

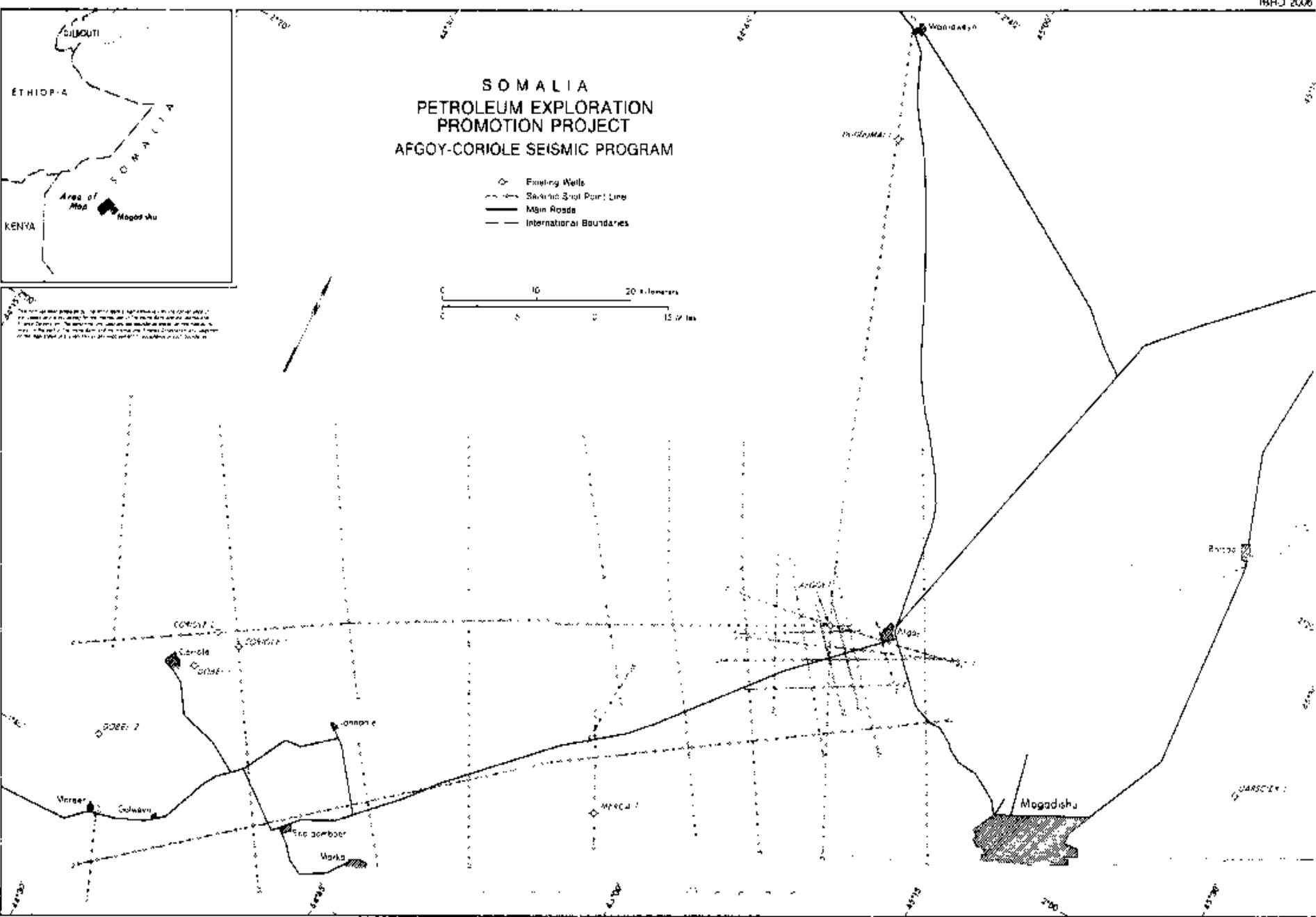


SOMALIA PETROLEUM EXPLORATION PROMOTION PROJECT AFGOY-CORIOLE SEISMIC PROGRAM

- Existing Wells
- Seismic Shot Point Line
- Main Roads
- - - International Boundaries



Information on this project is for general information only. It is not intended to be used for any purpose other than that for which it was prepared. The design and construction of any project under this project are the responsibility of the borrower. The Bank does not assume any liability for any loss or damage caused by or resulting from the use of the information contained in this report. The Bank makes no warranty, express or implied, for the accuracy, completeness, or timeliness of the information contained in this report.





COMMENTS FROM THE BORROWER

NOB1067
OEDD2
-IBRDNDG
INTBAFRAG HOGADISHU
SOMALIA
NOVEMBER 22, 1988

FOR ALEXAND HOUICKI

BELOW ARE COMMENTS RECEIVED FROM ALI KALEYE OF OCTOBER 18 ON THE PETROLEUM EXPLORATION PROMOTION PROJECT (CR. 1043-80). NO OTHER COMMENTS WILL BE RECEIVED.

QUOTE: THE REPORT IS OBJECTIVE AND WELL WRITTEN AND WE ARE SATISFIED WITH IT. HOWEVER WE WOULD HAVE LIKED THE UNSATISFACTORY PERFORMANCE OF CONSULTANT FIRMS-ENERGY DEVELOPMENT INTERNATIONAL (EDI) AND THE ENGINEERING FIRM KEPLINGER-TO BE MORE STRONGLY STRESSED. IN FACT, WE FEEL A PASSING COMMENT ABOUT THE NON-PERFORMANCE OF THESE CONSULTANTS IS UNFAIR TO THOSE WHO PERFORMED BETTTER.

1. IN OUR OPINION, EDI'S WORK FOR HAN WAS TOTAL FIASCO. IN SPITE OF REPEATED MONITORING EFFORTS AND ASSISTANCE BY THE I.D.A THE FIRM NEITHER FULFILLED THE PRIMARY OBJECTIVE TO ESTABLISH A DATA BASE FOR POLICY DECISIONS NOR DID THEY ESTABLISH A SATISFACTORY FRAME WORK FOR CONTINUOUS PLANNING OR A GENERAL OVERVIEW OF ENERGY SITUATION THAT COULD SERVE AS BASIS FOR FURTHER STUDIES.

2. KEPLINGER'S INTERPRETATION OF WFGOI SEISMIC DATA WAS FLAWED. NO CONSIDERATION WAS GIVEN TO NUMEROUS FAULTS WHOSE EXISTENCE IN THE AREA IS UNDOUBTED. THE ANTICLINAL STRUCTURE THE FIRM CAME UP WITH WAS FICTITIOUS. HENCE THE GAS SECTIONS WERE MISLOCATED. WE FEEL REINTERPRETATION OF THE SEISMIC SECTIONS WILL SHOW DIFFERENT STRUCTURE. AND THE PROBABILITY OF FINDING A GAS DEPOSIT IS STILL EXISTS.

3. WE FOUND MINOR ERRATA IN FOLLOWING PARAS:

I. PAGE 1, PARA. 1.03.

PLEASE NOTE THAT THE MINING CODE WAS PROMULGATED IN JANUARY 9, 1988, NOT FEB. 1988.

II. PAGE 3- PARA 2.01

WE BELIEVE PETROLEUM ACTIVITIES CEASED IN 1974, WHEN BURMA OIL CO AND ITS PARTNERS RELINQUISHED THEIR CONCESSION ACREAGE IN LUOH BASIN. HENCE A LULL OF ACTIVITIES OF ABOUT 5 YRS. UNQUOTE.

REGARDS, FALCONER

EAST AFRICA

Amsas is confident of Somalia success

Player sees early moves to acquire block rights as key to future rewards

BARRY MORGAN
Nairobi

AMSAS Consulting chief executive Ali Abdullahi is aiming to attract suitors to his Somali Government Area (SGA) block — a 4700-square kilometre coastal plot onshore, directly opposite maritime Block M-7 once held by Shell unit Pecten before the Somali civil war started.

Abdullahi has finally decided to show his hand, buoyed by the recently concluded Pan-Somali London conference. The meeting stopped short of recognising breakaway entities but did endorse dialogue in shaping regional relations once the transitional institutions expire in August. International insistence on a unified Somalia will enable any incoming government to refocus on Mogadishu's sole capacity to issue exploration and production licences, securing the status of Amsas' title at the same level enjoyed by majors, which declared force majeure when hostilities erupted in 1991.

Amsas secured 49% of the SGA licence from the Ministry of Energy & Mines in 2008, signed off by the late president Abdullahi Yusuf under the old Mining Code (Law-VII of 1984). However, Amsas boss Abdullahi kept his deal under wraps until the time looked ripe for a 30% farm out.

The next federal government

will likely enjoy powerful legitimacy and any review of existing oil contracts will reveal our position to be very strong," says Abdullahi.

The 11-year PSC is split into an initial six-year exploration period, during which airborne gravity survey is required alongside 1000 kilometres of 2D seismic, while the second phase requires acquisition of 600 square kilometres of 3D seismic and one well by December 2019.

No limit to cost recovery of operational expenditure is stipulated, while capex is limited to 50% before a 25-year development phase, extendable by five years.

As an additional sweetener, all tax is paid out of the government's share of production, while royalties on oil are pegged at 10%, and 5% for gas and condensates. Production sharing terms in the sliding scale provide for a 60:40 split between Amsas and the government, between 75,000 and 100,000 barrels per day of oil, and a 70:30 split for gas up to 250 million cubic feet per day, with a 60:40 split thereafter.

Probes drilled in the 1960s by Sinclair Oil included Goryoley 1 and 2, Dhobey 1 and 2, Afgoye 1 and Marka 1, all located on Abdullahi's family farm, evidently providing ample incentive for the Somali government to contract Parker Drilling after 20 years to drill Afgoye 2 and 3.

Just 40 kilometres south of

The next federal government will likely enjoy powerful legitimacy.



Upside: Amsas chief executive Ali Abdullahi. Photo: BARRY MORGAN

Mogadishu, about 200 billion cubic feet of gas was discovered before force majeure stopped play "but with proper exploration the upside is huge", says Abdullahi, who has been sounding out prospective partners.

Right of refusal The real significance of the Amsas award, given that Somalia's fractious power brokers are inching towards rapprochement before nationwide

polls this summer, is the attendant right of first refusal for another three blocks of his choice across the whole of Somalia.

The choice would include all those blocks once allocated to Eni, Chevron, ConocoPhillips, Pecten and Amoco if they fail to reclaim their acreage, and trump claims by newcomers currently active on behalf of the putative administrations in Puntland and Somaliland.

Abdullahi's PSC also envisages a 5% "mandatory local empowerment and participation in any three blocks" even if majors retain their acreage positions once Amsas and the government lift force majeure.

The Horn Petroleum consortium, currently drilling Shabeel 1 in Puntland's Dharoor basin, may face some pressure as ConocoPhillips and Eni are examining their legal options as gazumped operators of blocks 24 and 31.

Horn comprises Toronto-listed Africa Oil, associated with Sweden's Lundin Group, Australian explorers Range Resources and Red Emperor and may also shortly embrace TSX-listed Marauder Resources East Coast.

Marauder's eyes are firmly fixed

on the Nugal basin, hotly contested with the Somaliland regime, plus the entirety of Puntland's offshore acreage recently relinquished by Range. Marauder aims to sign its own PSCs by 15 July, just before Somalia's national elections.

Australian minnow Jacka Resources last month trumpeted an acquisition from Petrosoma and Prime Resources of a 50% operating stake in Somaliland's Habra Garhais in the formerly designated Block 26 — now SL6.

Prospective acreage Former Somaliland Minister of Water & Energy Ahmed Behi tells Upstream he believes this is the territory's most prospective acreage, while others hinted the Jacka deal may simply be an attempt by the Garhais, a local sub-clan of the Isxaag, to claim title before internationally sanctioned moves to reposition upstream policy in Mogadishu.

Should peace be restored to a united Somali sovereignty, then all of these companies, including operators Asante Oil, Prime Resources and Ophir Energy, would be left with little to show for their pains, save muted recognition for having kept the flag flying during the dark days.

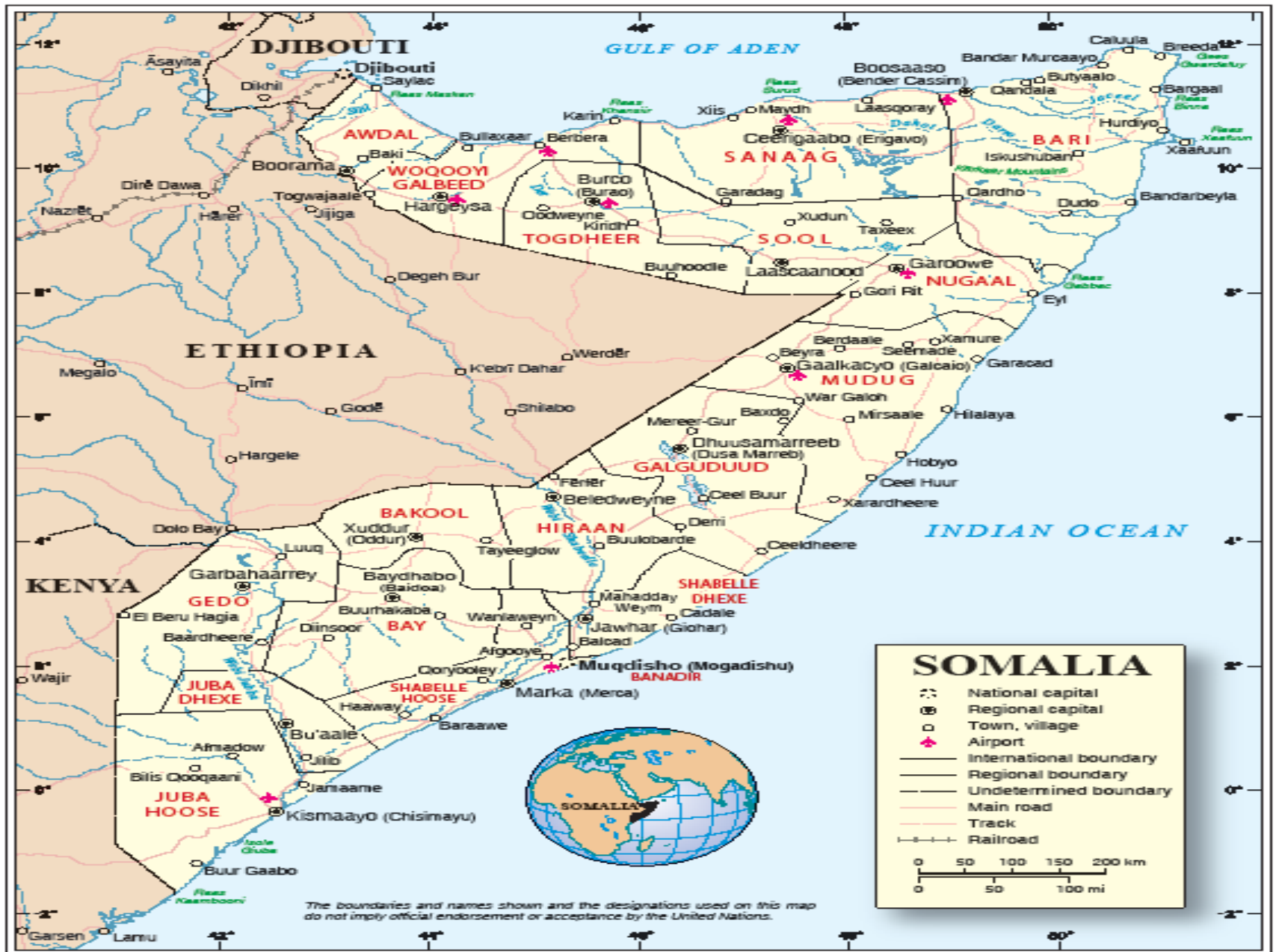
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❖ Part: III

The Security, Political and Logistical Development and outlook after the Projected 2016 elections



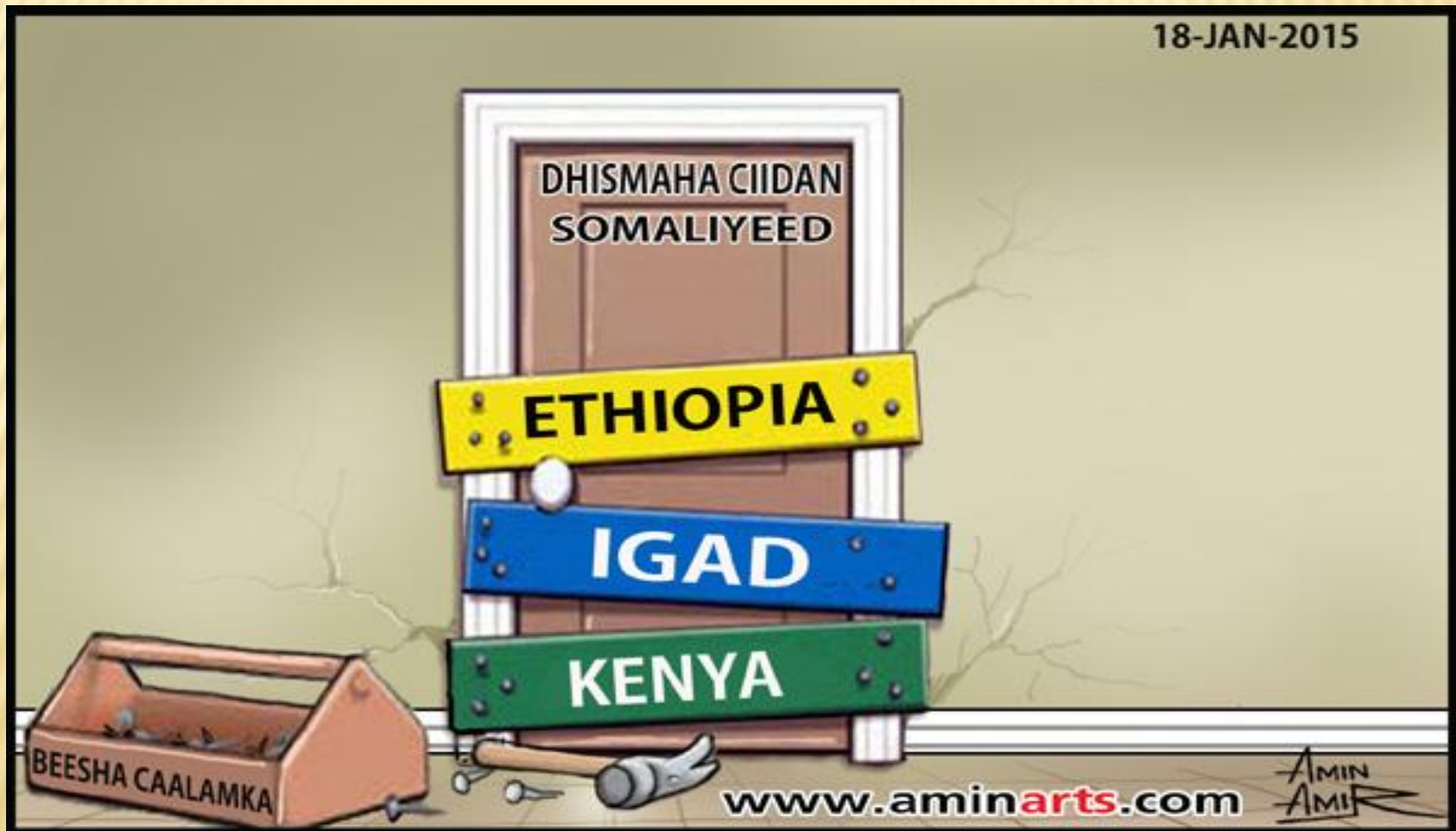
SECURITY, POLITICAL AND LOGISTICAL CHALLENGES

Security

- ✘ Though Alshabaab has been driven out of most major towns they are still a security challenge
- ✘ The Somali National Army is not fully functional all over Somalia – the challenge of integration and harmonization
- ✘ Lack of Professional Senior Security officers

THE STATE OF SECURITY IN SOMALIA

18-JAN-2015



Political

- ✘ Somalia adopted a Federal System of Government in line with the provisional constitution of 2012
- ✘ The Current Federal Government was formed using the 4.5 Rule that latter became the 5 Rule – in short it was a selected Government rather than an Elected Government
- ✘ The Constitution of 2012 has to be completed by 2016 before a Nation wide referendum and latter an election
- ✘ Currently there are two interim states(Jubaland and South Central) and one state(Puntland) while another one(Somaliland) is advocating for cessation.

-
- ✘ The Federal Constitution stipulates that two or more States(See Somalia political map) can form a State Government
 - ✘ The Challenges of Implementing the Federal Constitution and resource sharing are:
 - + Completing Federal States Formations – Currently there is Puntland, Somaliland, South Western State
 - + Selecting a Capital for Somalia and enacting special law (Article 9)
 - + Transforming the current parliament that consists of 275 Members of Parliament(MPs) to come from constituencies rather than from clans
 - + The Somaliland issue – why is the International community silent on whether Somaliland should be considered as being part of Somalia
 - + Formation of a Federal Boundaries Commission – to assist with governance and minimization of Inter-State conflict

Logistical Challenges

- ✘ Road Networks are very poor and in some regions are inaccessible
- ✘ There is lack of trained personnel in the E&P sector
- ✘ Some ports are in dire situation and need upgrade before they can accommodate fairly sized shipping vessels
- ✘ The Telecommunications network is very good
- ✘ Airport and improving but need more work – airlines are available to and from Somalia on a daily basis

SOMALI OIL AND GAS DATA

- ✘ Most data was lost after the 1991 civil war
- ✘ Robertson-CGG was able to compile and safeguard most data for Somalia and they have done some enhancement to original files and documents
- ✘ Robertson-CGG is working with the Ministry of Energy, water and mines at setting up a Somalia oil and gas database
- ✘ In 2014 Soma Oil and Gas a UK based company recently did an offshore 20,000KM of offshore 2D seismic and that data will be available soon. Soma oil and gas raised \$50million for Somalia operations alone
- ✘ In January 2015 ION Geophysical has signed an agreement with the Puntland Petroleum and Minerals Agency (PPMA) to complete a multi-client 2D regional seismic survey offshore Putland, Somalia.

Arabian SEA Oil and Gas summit
26-27 May 2015, Intercontinental Hotel, Muscat,
Oman

Opportunities and Challenges of Investing in The
OIL and GAS Sector of Somalia

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Thank You