Deloitte.

The Deloitte Guide to Oil and Gas in East Africa

Where potential lies

2013 Edition

Contents

1 Introduction

Welcome to the first edition of Deloitte's guide to the upstream industry in East Africa.

Until the last few years this region has been a sleepy backwater for the upstream industry, but the discovery of significant quantities of oil in Uganda in 2006 has ushered in a bonanza; indeed one senior oil company executive informed me recently (January 2013) that more hydrocarbons have been discovered in East Africa in the last 2 years than anywhere else in the World. Onshore oil discoveries in Uganda have been followed by discoveries in Kenya. Offshore we have seen world-class discoveries of gas in Tanzania and Mozambique. Now every potential hydrocarbon basin across East Africa is the subject of intensive interest. We have also seen an influx of majors, super-majors and big independents. Indeed so rapid has the industry's progress been that this slim volume has been through a number of re-writes before it even reached the public domain. I have no doubt that we will be continuing that process over the coming year, so please look out for our 2014 edition next year.

It is important to bear in mind that East Africa remains one of the world's poorest, least developed regions. Many of its inhabitants live on less than a dollar a day and it continues to be ravaged by disease: AIDS, malaria and TB. Low levels of development are also reflected in an inadequate and poorly maintained infrastructure. The development of oil and gas will provide a major stimulus to the local economies and will require extensive upgrading of the existing infrastructure. Governments across the region are already looking at how to harness the power of the industry to benefit their people. At the same time oil and gas companies are also focusing their efforts on the development of local content and local capacity. The arrival of the international oil and gas industry offers hope of a better life for millions.

As a professional services firm with a long history of working with the oil and gas industry (both private sector players and governments), Deloitte is committed to making oil and gas a success story for this region. I hope and expect that future editions will chart that success.

Finally I must thank those who contributed to this guide: Eugenia Santos and Celia Meneses from our Maputo office; Nikhil Hira, Andrew Oduor and Linda Ndungu from Nairobi; Patronella Namubiru and Mabel Ndawula from Kampala; and Graham Sadler and Lydia Thevanayagam from Deloitte's Petroleum Services Group in London.

Bill Page

Dar es Salaam, January 2013

2 Kenya

2.1 Overview

Kenya is a former British colony which became independent in 1963. Its first president, the charismatic Jomo Kenyatta, led the country from 1963 to his death in 1978. His successor, Daniel arap Moi left power in 2002 after 24 years in office, a period marked by major corruption scandals. Kenya's transition to stable, democratic government has been somewhat erratic, with continuing allegations of corruption. The 2007 election was followed by widespread violence resulting in the deaths of around 1,500. Following the unrest, a peace deal was brokered by former UN secretary general, Kofi Annan which resulted in the formation of a coalition between the main political parties. Kenyans voted to approve a new constitution in August 2010 which will entail the creation of a bicameral assembly and the abolition of the post of prime minister. Kenya's economy remains energy starved with restricted access to electricity.

Source: PetroView®

2.2 Key facts

Population: 43 million (July 2012 estimate)

Median age: 18.8 years

Currency (code): Kenya shilling (KES)

Exchange rate at 1 October 2012: KES 84.9 = US$ 1

Exchange controls: none, but banks must report foreign exchange transactions on excess of US $ 10,000.

GDP (purchasing power parity): $72.34 billion (2011 estimate)

GDP per head of population: US$ 1,800 (2011 estimate)

GDP growth: 5% (2011 estimate)

Principal industries: agriculture, tourism

Official languages: English, Kiswahili

Unemployment rate: 40% (2008 estimate)

Hydrocarbon production: nil

Petroleum production usage: 78,000 barrels per day equivalent (2008 estimate)

Legal system: mixed system based on English common law.

Head of State: President Mwai Kibaki

Head of Government: President Mwai Kibaki

Transparency International corruption perception index 2011: 2.2 (placed 154)

Sources:

- BBC country profile (http://www.bbc.co.uk/news/world-africa-13681341);
- CIA World Factbook (https://www.cia.gov/library/publications/the-world-factbook/geos/ke.html);
- Transparency International (http://cpi.transparency.org/cpi2011/results/)

2.3 Industry overview

Kenya has 4 prospective sedimentary basins: Anza, Lamu, Mandera and the Tertiary Rift. The Lamu basin extends offshore.

Kenya has no proven commercial hydrocarbon discoveries at the time of writing. BP and Shell carried out exploration work in the 1950s with the first exploration well being drilled in 1960. Over the past 50 years many other oil and gas companies have tried their luck onshore and offshore, including Exxon, Total, Chevron, Woodside and CNOOC. Of 33 wells drilled in the country prior to 2012, 16 showed signs of hydrocarbons, but none were considered commercial. Only 4 had been drilled offshore prior to 2012 and of these only 1 (in Block L5, drilled by Woodside in 2007) was in deep water. Following recent successes in Mozambique and Tanzania, offshore exploration has become flavor of the moment and industry confidence was boosted in 2012 by the announcement that Apache's Mbawa-1 well (Block L8) had encountered gas. Extensive activity is expected over the next 2 years, with drilling planned by Afren (Block L17/18), Anadarko (Block L12), BG Group (Blocks L10A and L10B) and FAR (Block L6).

Recent onshore drilling by CNOOC in Block 9 (Anza Basin) proved unsuccessful, despite high hopes and reports of gas finds. Tullow Oil farmed into 6 blocks in the Turkana Rift Basin in late 2010 (5 in Kenya and one block in Ethiopia). The geology of this area is similar to that in the Albertine Graben of Uganda and a well drilled in 1992 by Shell found evidence of waxy crude similar to that in the Ugandan arm of the Rift Valley. Tullow is undertaking an exploration drilling campaign in the hope of replicating its recent Ugandan success. On 26 March, 2012, it announced an oil discovery in Block 10BB, though it is not yet clear whether this is commercial. A further discovery of oil in Block 13T was announced in November 2012 and drilling in the area continues at the time of writing. A licence auction is expected to take place in 2013. Kenya's blocks are currently licensed as follows:

Operator	Block	Consortium partners
ADAMANTINE ENERGY	BLOCK 11B	BOWLEVEN
AFREN	L-18	-
	L-17	-
	BLOCK 1	TAIPAN RESOURCES
AFRICA OIL	BLOCK 9	MARATHON
ANADARKO	L-11B	TOTAL, PTTEP
	L-12	TOTAL, PTTEP
	L-11A	TOTAL, PTTEP
	L-7	TOTAL, PTTEP
	L-5	TOTAL, PTTEP
APACHE	L-8	ORIGIN ENERGY, TULLOW OIL, PANCONTINENTAL
A-Z PETROLEUM	L-1A	-
	L-3	-
BG GROUP	L-10B	PTTEP, PREMIER OIL, PANCONTINENTAL
	L-10A	PTTEP, PREMIER OIL, PANCONTINENTAL
CAMAC	L-16	GOVERNMENT - KENYA
	L-1B	GOVERNMENT - KENYA
	L-27	GOVERNMENT - KENYA
	L-28	GOVERNMENT - KENYA
EDGO GROUP	L-14	QATAR FIRST INVESTMENTS
ENI	L-21	-
	L-23	-
	L-24	-
ERHC ENERGY	BLOCK 11A	-
FAR LTD	L-6	PANCONTINENTAL
IMARA ENERGY	L-2	-
NOCK	BLOCK 14T	-
OPHIR ENERGY	L-9	FAR, AVANA PETROLEUM
	L-15	-
PACIFIC SEABOARD	L-20	-
RIFT ENERGY CORP	L-19	-
SIMBA ENERGY	BLOCK 2A	-
STATOIL	L-25*	-
SWISS OIL COMPANY	L-4	-
	L-13	-
TAIPAN RESOURCES	BLOCK 2B	-
TOTAL	L-22	-
TULLOW OIL	BLOCK 10BA	AFRICA OIL
	BLOCK 10A	AFRICA OIL, AFREN
	BLOCK 10BB	AFRICA OIL
	BLOCK 13T	AFRICA OIL, NOCK
	BLOCK 12B	SWALA ENERGY
	BLOCK 12A	AFRICA OIL , MARATHON, NOCK
VANGOLD	BLOCK 3B	-
	BLOCK 3A	-

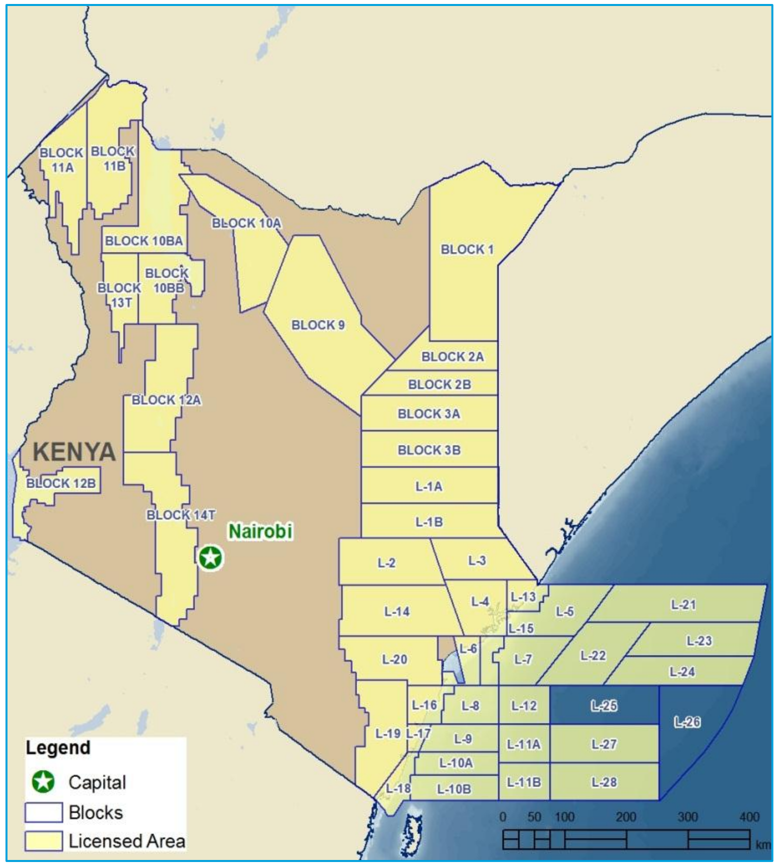
*Under Application

Source: PetroView®

Kenya is home to the region's only operating refinery and also its largest port, both located as Mombasa. The nameplate capacity of the Mombasa refinery, operated on a tolling basis by Kenya Petroleum Refinery Limited (KPRL), is 80,000 barrels per day but it currently operates at significantly less. In 2009 Essar acquired a 50% interest in KPRL from a consortium of BP, Shell and Chevron. The remainder is owned by the Kenyan government. At that point it was announced that Essar would invest USD 400 – 450 million in a significant upgrade. This project appears to be stalled at the time of writing.

Sources:

- National Oil Corporation of Kenya website (http://www.nockenya.co.ke/)
- A Dash for Gas (and Oil…) in East Africa (Citigroup Global Markets, 4 July 2011)
- Tullow Oil website (http://www.tullowoil.com/)
- Essar website (http://www.essar.com/)
- KPRL website (http://www.kprl.co.ke/)



Source: PetroView®

2.4 Regulatory environment

The Petroleum (Exploration and Production) Act (cap 308), last revised in 1986, is the fundamental law governing upstream activities in Kenya. This vests ownership of hydrocarbons in the hands of the Kenyan government and grants significant powers over the sector to the Minister of Energy. Day to day responsibility for the sector lies with the Petroleum Energy Department of the Ministry.

The Act envisages upstream activities being conducted via a state oil company established for that purpose or through contractors under a petroleum agreement or "in any such other manner as may be necessary or appropriate" (section 4 (3) (b)). The Minister is empowered to sign petroleum agreements on behalf of Kenya and is required to make a model agreement available to potential contractors: this can be downloaded from the website of the state oil company (the National Oil Corporation of Kenya Ltd (NOCK) - see http://www.nockenya.co.ke/). The site includes 2 different versions of the PSC, which may be an oversight.

The Act is brief and provides little detail, particularly on questions relating to development and production activities. There are a couple of points worth noting:

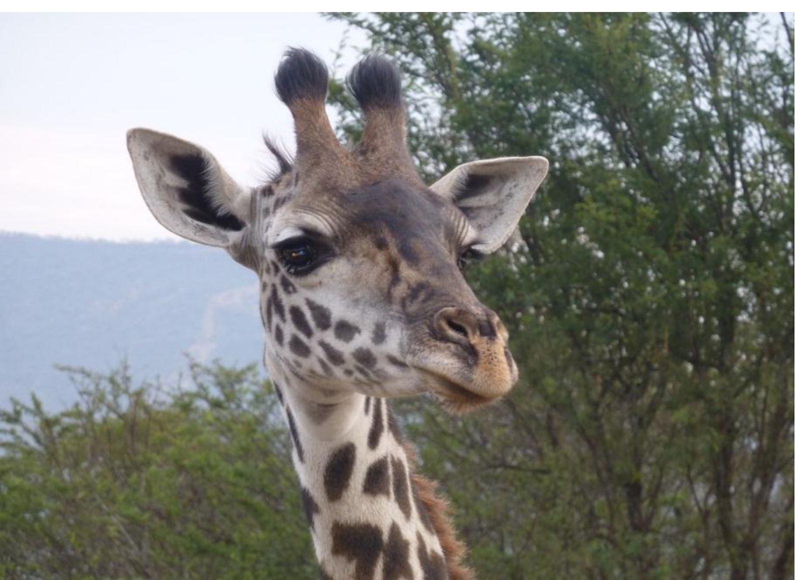
- Where petroleum operations are carried out onshore, the Act provides the contractor with right of access to private land at 48 hours' notice subject to various conditions.
- A contractor is required to give preference to locally available goods and services, but there is no definition of what "locally

available" means and no specific percentage of local content is prescribed.

NOCK was established in the 1980s to spearhead exploration on behalf of the Kenyan government. This remains a key role, but since 1997 it has also built up a retail business and today controls around 5% of the retail market for petroleum products in Kenya.

Key features of the current model production sharing contract include:

- Negotiation of an initial exploration period with the possibility to extend this twice.
- An agreed percentage of the contract area is to be surrendered at the end of each exploration period.
- In the event of a commercial development the total contract duration is negotiable.
- Surface fees are provided for but are negotiable.
- Annual contributions to the Ministry of Energy training fund.
- The PSC does not provide for bonus payments or royalties.
- A cost recovery cap per period is envisaged but the amount of this is also negotiable.
- Capital costs are subject to recovery at a rate of 20% per annum (straight-line).
- The sharing of profit oil is based solely on production volumes with the maximum state share achieved when production exceeds 100,000 barrels per day. The state share may be taken in cash or in kind.



- Separate rules for sharing gas production are not provided.
- The state's share of profit oil is inclusive of income tax (see below for more detail).
- One version of the model provides for an additional allocation of profit oil to the state, triggered when the oil price exceeds a specified threshold.
- In the event of a development, the government has a right to participate directly or via its designee (presumably this would be NOCK). The percentage share to be transferred is subject for negotiation. The PSC envisages that this will not entail reimbursement of costs up to the adoption of the development plan, but the government or its designee will be obliged to fund the respective share of costs thereafter, no carry arrangement being envisaged.
- The contractor is obliged to supply the domestic market out of its share of production in accordance with instructions from the Minister. This will be at market price.
- The contractor and its subcontractors will be entitled to import goods and equipment for petroleum operations free from customs duties.
- The PSC is subordinate to the laws of Kenya and it is not envisaged that it will be given force of law itself (e.g. by gazetting). In the event of a change in laws or regulations that impacts the economic benefits of a party to the PSC, it is provided that the parties "shall agree to make the necessary adjustments" to restore the status quo.
- In the event of dispute arbitration is provided for under UNCITRAL rules. This is to take place in Nairobi.
- The accounting procedure specifies the use of US dollars.

Sources:

- National Oil Corporation of Kenya website (http://www.nockenya.co.ke/)
- Website of the Kenya Ministry of Energy (http://www.energy.go.ke/)
- The Petroleum (Exploration and Production) Act, Chapter 308, revised 1986
- The Petroleum (Exploration and Production) Regulation

2.5 Taxation of oil and gas projects

The responsibility for administering taxes in Kenya rests with the Kenya Revenue Authority ("KRA"). The tax year is the calendar year.

Kenya resident companies and branches of foreign legal entities are taxed on all income accruing in or derived from Kenya. The calculation of profits is based on the IFRS financial statements. The rate for resident companies is 30% and for branches is 37.5%. There is no branch profits tax or branch remittance tax. Dividends paid by a resident company to a non-resident shareholder are usually subject to withholding tax at a rate of 10%. Capital gains are generally not taxed in Kenya (whilst there is capital gains tax legislation this has been suspended since 1985). Losses incurred may be offset in the year in which incurred and any of the 4 following years.

Income tax on employment income is generally collected via withholding at source under "pay as you earn" (PAYE). The marginal rate is 30% and additionally employers are required to collect certain social security contributions.

As noted above, the Kenyan model PSC provides that income tax (including tax on dividends paid) imposed on the contractor will be allocated from the government's share of production. The PSC does not provide detailed rules for calculating the implied gross-up or guidance on how the allocation is to be carried out if the company has more than one PSA or other activities.

The Kenya Income Tax Act contains a specific schedule (the ninth) which deals with the taxation of upstream activities and includes a special regime for subcontractors. The rules are clearly drafted and deal with most routine situations likely to be encountered during the exploration phase. They have not been tested through development and production, of course. Key points addressed in the schedule which apply to petroleum companies are as follows:

- There are specific and detailed rules for determining the value of sales for tax purposes together with specific transfer pricing rules. These mirror the provisions of the model PSC.
- Capital expenditure is depreciated for tax purposes at a rate of 20% per annum (straight-line) commencing in the year the asset is brought into use or the year in which production commences whichever is later. Operating costs (including G&G and intangible drilling) are fully deductible in the year incurred.
- There are also specific thin capitalization rules for petroleum companies. These apply to both branches and residents. Interest expenses are restricted if the loan amount or interest rate exceeds an arm's length amount. No specific debt: equity ratio is prescribed (unlike the general thin capitalization rules which impose a maximum debt: equity ratio of 3:1).
- Petroleum companies are permitted to carry back losses arising in the final year of production for up to 3 years. No carry back is permitted under general tax rules.
- Any gain arising on the disposal of a PSC interest will be taxed as income (the suspension of tax on capital gains is therefore not a benefit to petroleum

companies). The gain is the difference between proceeds and capital expenditure that has not yet been depreciated for tax purposes. The rules are silent on what happens in the case of a loss. In the case of a partial disposal the KRA may apportion the tax basis between the part sold and the part retained.

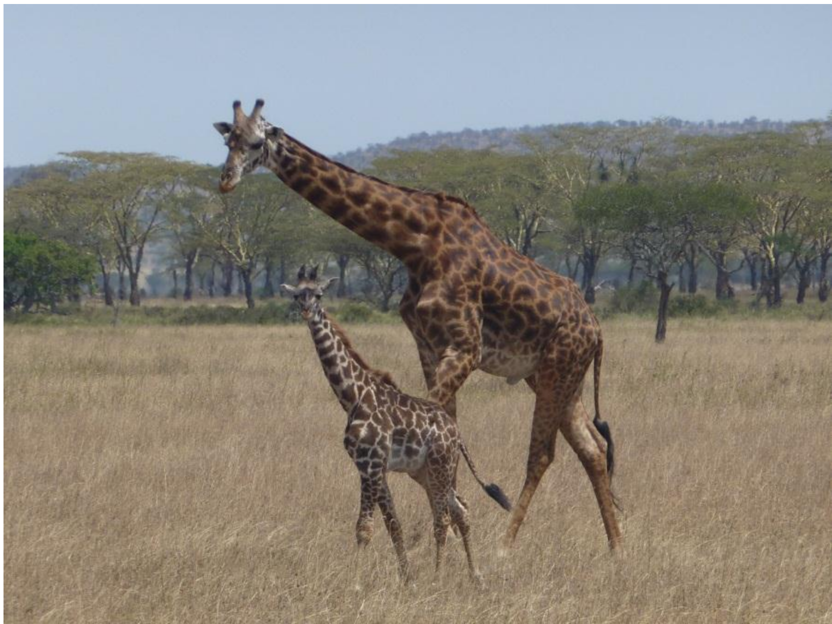
- In the event a disposal wholly or partly in exchange for the undertaking of a work obligation the value of the work obligation is excluded from the calculation of the gain.
- Amendments to the Income Tax Act introduced at the end of 2012 introduced an additional withholding tax on direct and indirect transfers of PSC interests. The rate is 10% of the value of total consideration in the case of transactions with residents and 20% in other cases. The withholding tax appears to apply in addition to any tax applied under the Ninth Schedule.
- On a disposal the assignee is permitted to tax depreciate the full consideration (i.e. a step-up in basis is permitted).
- The schedule does not provide for ring fencing of individual PSCs for tax purposes, so theoretically a petroleum company should pool all income and expenditures for purposes of calculating income tax. This is likely to cause difficulty in practice as the model PSC allocates income tax out of the government share of production and logically the mechanism for doing so can only operate on in individual PSC basis.

As mentioned above, the Ninth Schedule also deals with the taxation of “petroleum service subcontractors”. The definition restricts the scope to non-resident companies which contract directly with a petroleum company, i.e. it excludes a resident entity and also any lower tier subcontractors. The rules created a simplified tax regime for companies which are within the scope:

- They are subject to tax at the non-resident rate (37.5%) on a deemed profit of 15%.
- The resulting tax (5.625%) is to be withheld by the petroleum company and is a final tax.
- The base for calculating the tax excludes costs reimbursed by the petroleum company (including mobilization and demobilization costs).
- The rules only apply to activities within Kenya and its exclusive economic zone.

For activities undertaken by lower tier subcontractors, or services otherwise outside the scope of these special rules other rates of withholding tax may be applicable, depending on the specific fact pattern.

In addition to income tax on companies, Kenya operates a VAT system along conventional lines. The standard VAT rate is 16% but exports are generally zero-rated. Imports of goods and services normally trigger a VAT liability. The model PSC provides an exemption from VAT and customs duty on imports of goods by contractors and subcontractors. The VAT legislation provides a mechanism to implement this in the case of VAT on goods imported by a contractor, but is silent on the subject of subcontractors. The mechanism relies on a specific remission of the applicable VAT by the Kenyan government. This is currently under review as part of a full-scale overhaul of the Kenyan VAT Act. The relief does not apply to services.



General Law also provides an exemption from customs duty on equipment imported for purposes of exploration and development activities. This mirrors the exemption provided in the PSC, though it does not apply to subcontractors.

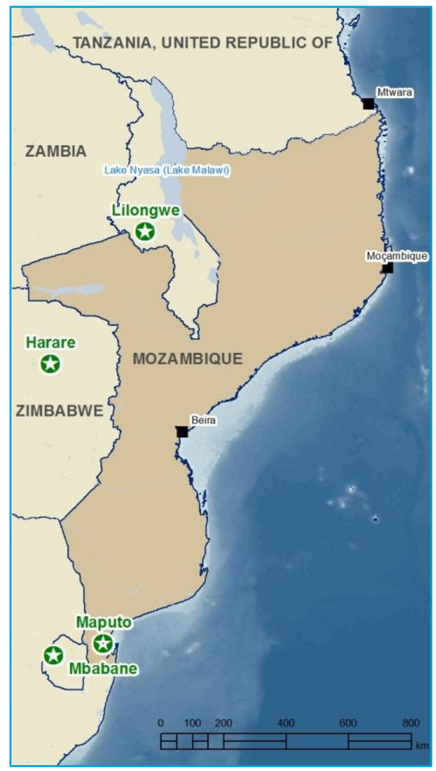
Sources:

- Kenya Income Tax Act
- Kenya VAT Act
- East Africa Customs Management Act

3 Mozambique

3.1 Overview

Mozambique is a former Portuguese colony which became independent in 1975. The ensuing civil war had a devastating effect on the economy. Political and economic life began to recover in the 1990s after a UN negotiated peace between the ruling Frelimo party and the opposition Renamo. Frelimo formally abandoned Marxism in 1989 and free market reforms and cessation of violence have enabled the country to rekindle economic growth. Frelimo continues to be the party of government, despite the creation of democratic institutions. Whilst political tensions remain, the country has significant potential for mining and metallurgy as well as for hydrocarbon production.



Source: PetroView®

3.2 Key Facts

Population: 23.5 million (July 2012 estimate)

Median age: 16.8 years

Currency (code): Metical (plural Meticais) (MZN)

Exchange rate at 8 January 2011: MZN 29.3= US$ 1

Exchange controls: foreign exchange transactions are subject to registration. Capital operation must be pre-approved by the Central Bank. Non-capital transfer abroad must be done through a commercial bank. No restrictions on remittance of profits and dividends.

GDP (purchasing power parity): US$ 24.19 billion (2011 estimate)

GDP per capita: US$ 1,100 (2011 estimate)

GDP growth: 7.2%

Principal industries: agriculture, metallurgy, fishing

Official language: Portuguese

Unemployment: 21% (1997 estimate)

Hydrocarbon production: 3.12 bcm of gas (2010 estimate)

Petroleum product usage: 17,000 barrels per day equivalent (2010 estimate)

Legal system: mixed system based on Portuguese civil law.

Head of State: President Armando Guebuza

Head of Government: Prime Minister Alberto Vaquina

Transparency International corruption perception index 2011: 2.7 (placed 120)

Sources:

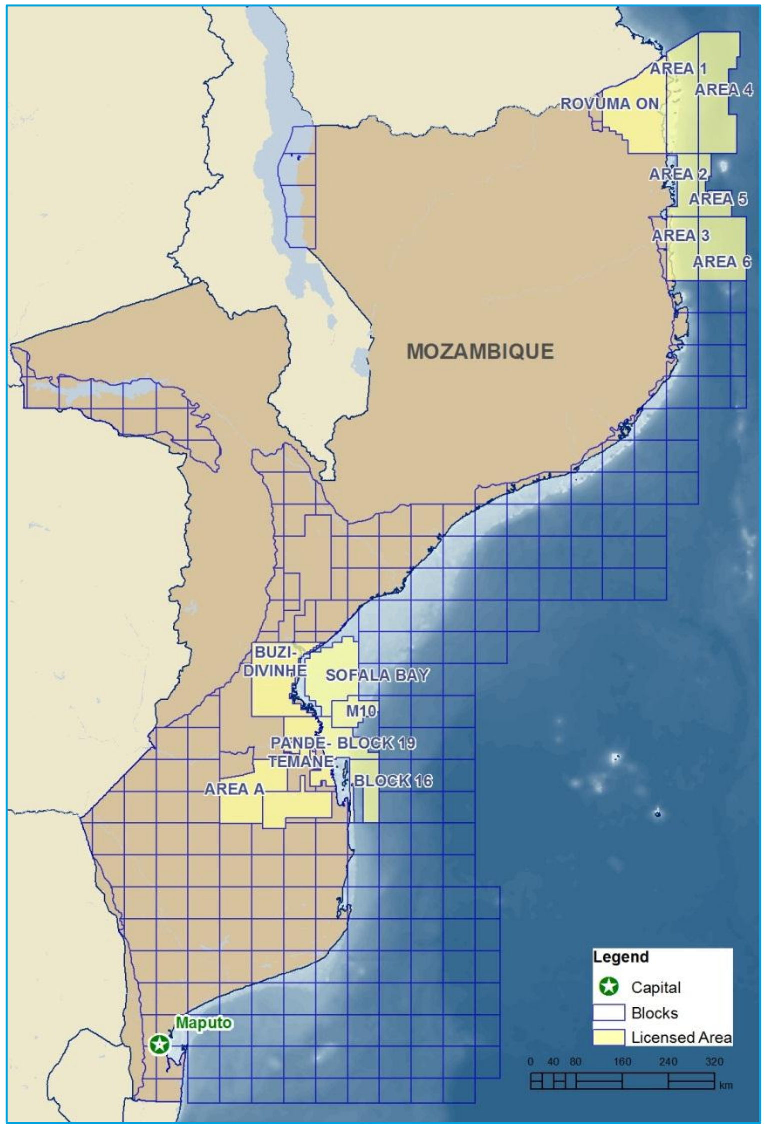
- BBC country profile (http://www.bbc.co.uk/news/world-africa-13890416)
- CIA World Factbook (https://www.cia.gov/library/publications/the-world-factbook/geos/mz.html);
- Transparency International (http://www.transparency.org/policy_research/surveys_indices/cpi/2011/results)

3.3 Industry overview

Exploration for hydrocarbons in Mozambique dates back to 1948 and prior to 1971, 54 exploration wells had been drilled, including 10 offshore. No discoveries were made which were deemed commercial at the time and activities ceased during the independence struggle and ensuing civil war. In 1998 Sasol was awarded licenses for the onshore Pande and Temane gas discoveries, made in the 1960s. Production began in 2004 after construction of an 865km 26 inch pipeline between Temane and Secunda, South Africa. Proved reserves for the combined project are in the region of 3 TCF of gas with condensate. An expansion project is expected to result in increased exports and production of 15 – 20,000 tonnes pa of LPG for the domestic market.

During the last 2 years most interest has focused offshore. Anadarko and Eni acquired concessions in the Rovuma basin, off the northern coast, in 2006. In 2010-2011 the companies made a series of massive gas discoveries. Further drilling has suggested that upwards of 100 tcf of recoverable natural gas may be in the basin and the companies are cooperating on plans for a major gas development with a LNG plant of several trains.

Statoil and Petronas hold leases to the south of those Anadarko and ENI and, at the time of writing, expect to begin exploratory drilling soon. There is speculation that the geology in the blocks further south may favor oil.



Source: PetroView®

Mozambique’s blocks are currently licensed as follows:

Operator	Block	Consortium partners
ANADARKO	AREA 1	MITSUI, ENH, VIDEOCON, BHARAT PETROLEUM,
	ROVUMA ON	MAUREL ET PROM, ENH, WENTWORTH RESOURCES,
ENERGI MEGA PERSADA	BUZI-DIVINHE	ENH
ENI	AREA 4	GALP, KOGAS, ENH
PETRONAS	AREA 3	TOTAL, ENH
	AREA 6	TOTAL, ENH
SASOL	AREA A	ENH
	TEMANE FIELD	ENH
	PANDE FIELD	ENH
	BLOCK 19	PETRONAS, ENH
	BLOCK 16	PETRONAS, ENH
	PANDE-TEMANE	ENH, WORLD BANK
	M10	PETRONAS, ENH
	SOFALA BAY	ENH
STATOIL	AREA 2	TULLOW OIL, ENH
	AREA 5	TULLOW OIL, ENH

Source: PetroView®

3.4 Regulatory environment

The fundamental law governing upstream activities is the Petroleum Law No. 3/2001 which vests in the state ownership of hydrocarbons onshore, in the territorial sea and exclusive economic zone. The law and related regulations set out the conditions under which exploration and exploitation activities may take place. State control over upstream activities is exercised via 3 state bodies: the Ministry of Mineral Resources (which exercises overall supervision and deals with policy issues); Instituto Nacional de Petróleo (INP – the national petroleum institute) which deals with regulatory matters; and the state oil and gas company, ENH (Empresa Nacional de Hidrocarbonetos de Mocambique), which holds the state’s share in EPCCs and participates in other commercial activities.

Exploration and production concession contracts (EPCCs) have been signed with a number of foreign oil and gas companies and a model EPCC is available on the website of INP (see http://www.inp.gov.mz/Legal-Framework/EPCC-Model). EPCCs currently in effect have been approved by the cabinet of ministers which gives them the force of law. The model EPCC is a form of production sharing agreement.

The Petroleum Law is under revision and according to the draft of the new law which was approved by the Government (but still requires the approval of the Mozambican Parliament at the time of writing) companies must be registered in Mozambique (through a subsidiary or branch) in order to be able to hold an exploration license or an interest under a concession contract.

Under the Private Public Partnership (PPP) Law which regulation was approved in July 4 2012, new EPCCs have to be consistent with the PPP Law.

Under the PPP law:

- Term of agreement: up to 30 years
- Assignment: any party to a concession contract in order to cede its contractual position (partially or in its entirety) has to request written pre-approval from the Mozambican State
- Local participation is required (either of Mozambican individuals or companies): 5% to 20% of the shares via a listing on the local stock market. EPCCs executed before the entry in force of the PPP Law are not obliged to comply with this. However, the Government reserves the right not to renew an EPCC, if the partners in the project have not included Mozambican participation.
- The operator is required to provide benefits (training, resettlement, environmental, social responsibility) and a minimum financial return/ benefit not lower than 35% of the annual profit for the Government (this includes the corporate income tax due at 32% of the profits).
- Signature bonus is to be between 0.5% and 5% of the value of the assets. This implies that there will be signature bonuses for future EPCCs (though how the value of new licenses will be determined is not clear).
- Concession fixed fees between 2% and 5% of the fair value of the assets. Again it is not clear how these are to be determined in the case of an EPCC.
- "Extraordinary benefits" arising from a sale of an EPCC should be shared with the State. It is not clear whether this means via taxes or some additional mechanism.

3.5 Taxation of oil and gas projects

As noted above, despite the use of the term "concession" to describe the arrangements entered into with oil and gas companies, the Mozambique fiscal regime for upstream projects is based on a production sharing mechanism with income and other taxes. In addition to the state's share of production the other elements of fiscal take are:

- Bonuses
- Petroleum Production Tax ("PPT" analogous to royalty)
- Income Tax
- Customs duties, VAT, payroll taxes, etc.

In addition to general taxes, production bonuses are specified in the EPCC model which are due on commencement of commercial production and when various levels of production are achieved. Once production commences royalty is due in cash or in kind. This is a liability of the Operator to be discharged before the calculation of production sharing. The current rate of PPT is 10% for Crude Oil and 6% for Gas. Rates vary for older contracts (see below).

The Petroleum Law No. 3/2001 provides that the Council of Ministers may approve modifications

to the general tax regime for upstream activities. In an effort to kick-start investment in the upstream sector significant tax incentives were offered by the government up to 2007. The current tax regime applicable to oil and gas (based on Laws 12/2007 and 13/2007) has restricted the tax incentive that may be granted by the Government, though incentives under previous EPCCs have been grandfathered.

Comparison of tax terms pre and post 2007 changes:

<table>
<tr><th></th><th colspan="3">Concession signed before entry in force of Law 12 and 13 of 2007 (June 27, 2007)</th><th colspan="3">Concession signed after entry in force of Law 12 and 13 of 2007 (June 27, 2007)</th></tr>
<tr><td rowspan="5">Royalty/Production Tax</td><td></td><td>Oil</td><td>Gas</td><td rowspan="5">No difference between Offshore and Onshore, or variation for depth</td><td>Oil</td><td>Gas</td></tr>
<tr><td>Onshore</td><td>8%</td><td>5%</td><td>10%</td><td>6%</td></tr>
<tr><td>Offshore depth up to 100m</td><td>7%</td><td>4%</td><td></td><td></td></tr>
<tr><td>Offshore depth 100 to 500m</td><td>5%</td><td>3%</td><td></td><td></td></tr>
<tr><td>Offshore depth > 500m</td><td>3%</td><td>2%</td><td></td><td></td></tr>
<tr><td rowspan="2">Corporate Income Tax</td><td colspan="3">Concessionaire - 32% with reduction of 8% for projects approved before 2010 (for a limit period of time)</td><td colspan="3">Concessionaire - 32%</td></tr>
<tr><td colspan="3">Foreign Subcontractors - withholding tax of 10%</td><td colspan="3">Foreign Subcontractors - withholding tax of 20%</td></tr>
<tr><td rowspan="7">Tax benefits</td><td colspan="3">Accelerated depreciation:</td><td colspan="3" rowspan="4">Subject to the general tax depreciation rates. (NB the EPCC model prescribes accelerated depreciation rates which are not consistent with the Law. It is not clear which takes precedence).</td></tr>
<tr><td colspan="3">Explorations costs - 100%</td></tr>
<tr><td colspan="3">Development and Production costs - 25%</td></tr>
<tr><td colspan="3">Operating Costs - 100%</td></tr>
<tr><td colspan="3">Customs duties, excise duties and VAT exemption on import of goods for the Petroleum Operations</td><td colspan="3">Exemption from customs duties, excise duties and VAT on import of goods classified as capital goods for a period of 5 years from the date of approval of the development plan.</td></tr>
<tr><td colspan="3">Losses can be carried forward for 6 period</td><td colspan="3">Losses can be carried forward for 5 years</td></tr>
<tr><td colspan="3">Other benefits may be granted:</td><td colspan="3">No other tax benefits are provided</td></tr>
</table>

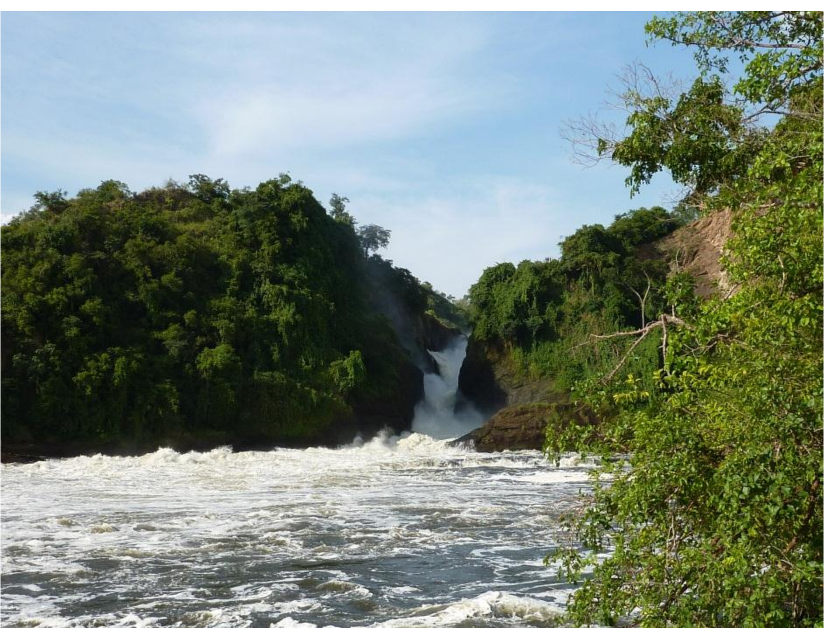
	Concession signed before entry in force of Law 12 and 13 of 2007 (June 27, 2007)	Concession signed after entry in force of Law 12 and 13 of 2007 (June 27, 2007)
	Property transfer tax reduction to 50%	
	Stamp duty exemption	
	Training incentives	

The general tax laws and regulations will apply to EPCCs subject to any specific provisions on taxation in the concessions. The 3 main pieces of legislation are:

- The Corporate Income Tax Code, 2007;
- The Value Added Tax Code, 2007; and
- The Individual Income Tax Code, 2007

The Responsibility for administering taxes in Mozambique rests with the Mozambican Revenue Authority.

An EPCC contractor will be subject to corporate income tax on sales of profit oil or gas and cost recovery oil or gas with deductions as set out in the Corporate Income Tax Code. This calculation is entirely separate from the production sharing formula in the EPCC and any income tax payable is due from the contractors' share (i.e. it is not carved out of the state share).



If the contractor consists of more than one legal entity each is required to calculate its income tax separately and submit a separate tax return

Mozambican companies are taxed on their worldwide income at a flat rate of 32% (though older EPCCs provide for a reduction to 24% for a limited period). Dividends paid to a non-resident shareholder are subject to tax withholding at the rate of 20% (unless reduced under a double tax treaty). Dividends to resident shareholder are not subject to withholding tax if they hold more than 20% of the payer's equity for more than 2 years or intend to hold at least for this period (if not 20% is also applied). It is possible for a foreign legal entity to hold an interest in an EPCC and carry out activities in Mozambique via a local branch (termed a "permanent establishment" for tax purposes). Branches are also taxed at 32% but there is no branch remittance tax.

Mozambique does not provide fiscal consolidation for companies under common control. Each legal entity is responsible for submitting its own tax return and paying its own tax. There is no provision allowing one company to use losses from a related party to reduce its taxable income. Losses may be carried forward for 5 years. In 2012, the Corporate Income Tax Code was reviewed and the ring fencing rule was introduced for mining and oil concession.

Following this change, income of one EPCC cannot be reduced by losses from another if they are held by the same company.

The income tax law includes transfer pricing provisions though there are no detailed regulations to guide taxpayers. EPCCs generally include their own transfer pricing rules for determination of cost recovery. It is not clear if the same transfer pricing rules should be applied for determination of costs deductible for income tax purposes.

Although Mozambique has had modest hydrocarbon production since 2004, the framework of tax law and practice is not well developed. There are no specific rules in the Income Tax Code to deal with upstream projects and limited guidance on the tax treatment of farm-in agreements, development carries, or similar transactions. The tax authorities have very limited experience of the upstream industry.

The Mozambican Government approved changes to its tax rules affecting cross-border M&A to take effect from 1 January 2013. These are awaiting parliament's approval at the time of writing. Following a number of high profile transactions in the natural resource sector recently, the new rules clarify the basis of taxing such transactions and increase the potential tax liability significantly:

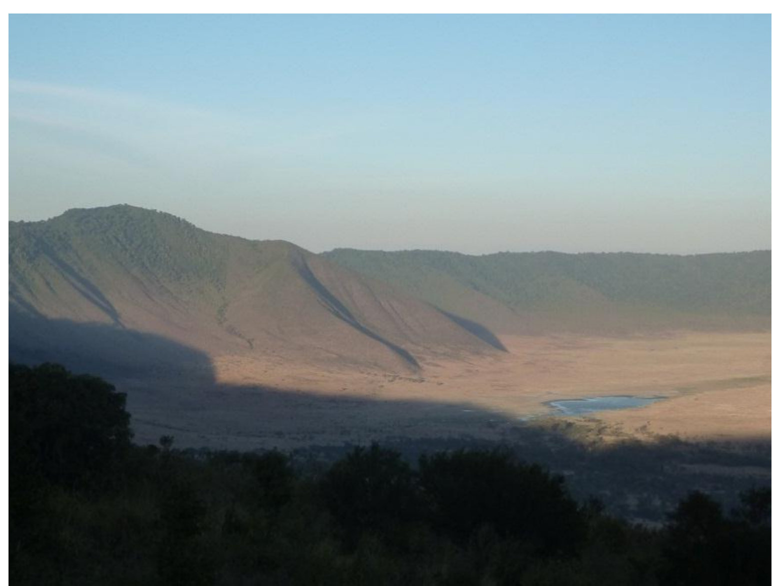
1. Transactions between non-residents will be explicitly taxable where they relate to assets located in Mozambique, even if the buyer and seller have no presence in Mozambique. Taxable transactions will include sales of shares and other interests or rights.

2. The tax rate applicable to such transactions will be the regular rate of 32%. Previously a "taper relief" had been available to reduce the tax charge in the case of assets held for period longer than 12 months.

It is expected that non-residents with no presence in the country will register in Mozambique in order to pay the related taxes. The legislation does not explicitly address how tax will be collected in the case of transactions in the shares of publicly traded companies and the practicality of taxing normally stock market trading transactions is questionable.

The model EPCC provides that costs are deductible either in the year that the cost is incurred or in the year that commercial production commences, whichever year is the later. Exploration and operating costs are subject to a 100% deduction. Development and production capex is deductible on a straight-line basis at a rate of 25% per year. There is a mechanism for total or partial deferral of depreciation at the discretion of each taxpayer constituting the EPCC contractor. As noted above these rates are not consistent with the current income tax rules and it is not clear whether an EPCC based on the model would take precedence over the law. Provisions for decommissioning and environmental restitution are deductible for income tax purposes.

Mozambique source income of foreign legal entities which do not have a branch in the country is taxable via a withholding mechanism. The usual rate is 20% but in some case 10% is applied (eg, telecommunications and international transports; transport and distribution of electricity in rural zones).



Some of the older EPCCs also provide a 10% rate for foreign subcontractors.

Mozambique implemented a VAT system in 2002 and the standard rate for goods and services is 17%. Exports are generally zero-rated for VAT. Imports of services are subject to a reverse charge mechanism similar to that which operates in the EU. Imports of goods are generally subject to import VAT in addition to customs duties.

Older EPCCs provide a blanket exemption from import duties and import VAT on goods for use in petroleum operations (as defined in the EPCC). Law 13/2007 restricts the categories of goods which are eligible for relief and limits the period relief is given to the 5 year period from the date of approval of a development plan.

Input VAT incurred during exploration and development is, in principle, recoverable on a claim for repayment from the tax authorities, but such claims are very time consuming and involve tax audits.

Payroll taxes consist of 2 elements: personal income tax which is deducted at source (up to 32%) and social security payments (contributions are 4% from the employer and 3% from the employee). Non-residents are taxable only on their Mozambican source income at 20%. Under some older EPCCs, non-resident employees are exempt from personal income tax. From 2013, residents who earned only employment income will be taxed monthly as a final tax (which varies from a sliding scale) and annual tax return will not be required.

4 Tanzania

4.1 Overview

The United Republic of Tanzania is a federation which comprises the mainland (the former British colony of Tanganyika, which became independent in 1961 – now referred to as Mainland Tanzania) and the island state of Zanzibar (which retains a significant degree of autonomy with its own parliament and president). In the 60s and 70s the first president, Julius Nyerere, pursued a socialist agenda, with the banning of all political parties apart from **Chama cha Mapinduzi** (CCM - *Party of the Revolution* in Swahili) in 1977. Nyerere's economic policies were disastrous for the country, and since his resignation in 1985 successive governments have pursued economic reform and promotion of foreign investment, particularly in the mining sector. A multi-party system was restored in 1995.

Source: PetroView®

Despite the failure of his economic policies, Nyerere is highly regarded for his espousal of a Tanzanian national identity which is seen as a major contributor to Tanzania's political stability. Since 1995 Tanzanian politics has continued to be dominated by CCM which has won every election for the presidency and the legislature.

Though Tanzania remains one of the poorest countries in the World, it enjoys high growth rates and its mineral wealth has the potential to transform its economy in the next decade. Given its demographic profile, job creation and the improvement of the agricultural sector are seen as critical elements of government policy.

4.2 Key facts

Population: 46 million (July 2012 estimate)

Median age: 18.7 years

Currency (code): Tanzanian shilling (TZS)

Exchange controls: none

GDP (purchasing power parity): $64.71 billion (2011 estimate)

GDP per head of population: US$ 1,500 (2011 estimate)

Principal industries: agriculture, tourism, mining

Official languages: English, Kiswahili

Unemployment rate: not available

Hydrocarbon production: 658 million cubic metres of gas (2009 estimate)

Petroleum product usage: 38,000 barrels per day equivalent (2010 estimate)

Legal system: based on English common law.

Head of State: President Jakaya Kikwete

Head of Government: the president is also head of the government

Transparency International corruption perception index 2010: 3 (placed 100)

Sources:

- BBC country profile (http://www.bbc.co.uk/news/world-africa-13681341);
- CIA World Factbook (https://www.cia.gov/library/publications/the-world-factbook/geos/ke.html);
- Transparency International (http://cpi.transparency.org/cpi2011/results/)

4.3 Industry overview

Tanzania has no commercial oil discoveries but there are 2 small producing gas fields (Songo Songo and Mnazi Bay) and a number of promising gas discoveries in the deep offshore blocks. The producing fields are small and took decades to bring to commercial production because of the lack of a local market and the impracticability of export (in view of the limited reserves). The Songo Songo field has been in production since 2004 and provides gas to generate a significant proportion of Tanzania's electricity. Gas is also used by a number of industrial and commercial customers in the Dar es Salaam area.

Exploration success since 2010 has raised Tanzania's profile as a potential supplier of LNG to Asian markets, along with its neighbour, Mozambique. Following exploration success in the Albertine Graben there is also interest in the analogous geology of Lake Tanganyika. Current PSA holders are as follows:

Operator	Block	Consortium partners
AFREN	TANGA	PETRODEL
AMINEX	LINDI	SOLO OIL
	MTWARA	SOLO OIL
	KILIWANI N	RAKGAS, BOUNTY OIL AND GAS
	NYUNI	RAKGAS, BOUNTY OIL AND GAS
BEACH ENERGY	S TANGANYIKA	-
BG GROUP	BLOCK 1	OPHIR
	BLOCK 4	OPHIR
	BLOCK 3	OPHIR
BOUNTY OIL AND GAS	WEST S.S.	-
DODSAL RESOURCES	RUVU	-
HERITAGE OIL	RUKWA NORTH	-
	KYELA	-
	RUKWA SOUTH	-
JACKA RESOURCES	RUHUHU*	-
MAUREL ET PROM	MAFIA	HOLLICK TRADING, PETROQUEST
	MNAZI BAY	WENTWORTH RESOURCES, TPDC
	BIGWA-RUFIJI	HOLLICK TRADING, PETROQUEST
MOTHERLAND HOMES	MALAGARASI	-
NOR ENERGY	ZANZI-PEMBA	-
OPHIR ENERGY	EAST PANDE	RAKGAS
	BLOCK 7	MUBADALA
ORCA	SONGO SONGO	-
PETROBRAS	BLOCK 8	-
	BLOCK 6	SHELL
	BLOCK 5	SHELL
PETRODEL RESOURCES	LATHAM	HERITAGE OIL
	KIMBIJI	-
SHELL	BLOCK 9*	-
	BLOCK 10*	-
	BLOCK 11*	-
	BLOCK 12*	-
SIGNET PETROLEUM	MNAZI BAY N	-
STATOIL	BLOCK 2	EXXON MOBIL
SWALA ENERGY	PANGANI	OTTO ENERGY LIMITED
	KILOSA	OTTO ENERGY LIMITED
TOTAL	N TANGANYIKA*	-

*Under Application

Source: PetroView®

4.4 Regulatory environment

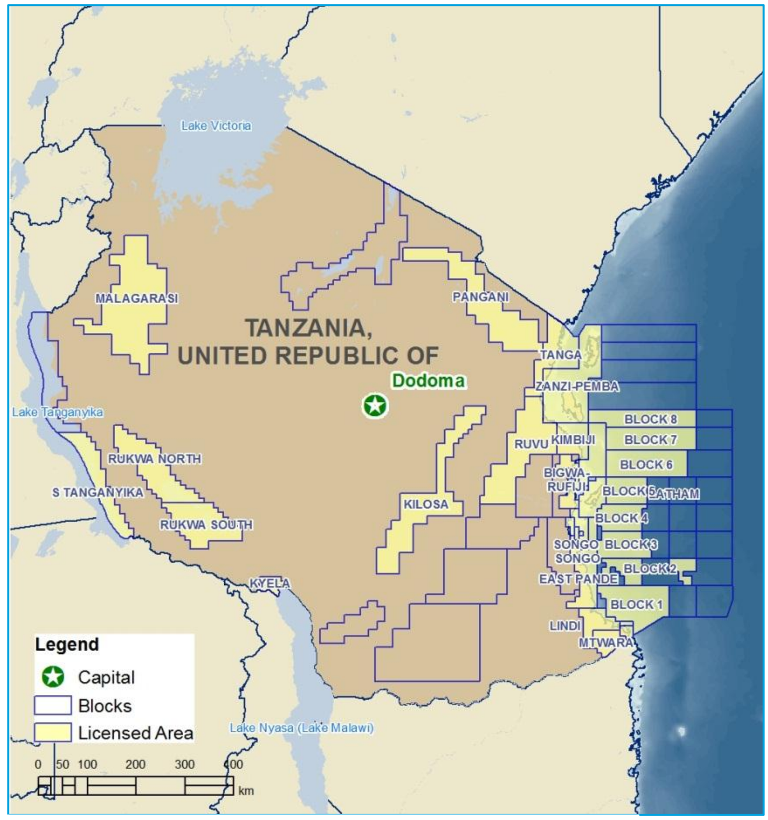
Tanzania has adopted free market economic policies and lifted foreign currency controls. The government retains a critical role in the economy however, particularly in the energy sector. The lack of reliable electric power is a major barrier to economic growth and this is likely to be high on the government's agenda in any discussions about the development of gas discoveries. A draft natural gas policy was circulated for stakeholder input in late 2012.

The foundation legislation for the upstream industry is the Petroleum (Exploration and Production) Act which was passed in 1980. This applies to Mainland Tanzania and Zanzibar (including the continental shelf) and vests ownership of any petroleum resources

in the United Republic. The 1980 act lays down the machinery for the granting licenses for exploration and development. It also empowers the Minister of Energy and Minerals to enter into Production Sharing Agreements ("PSAs") on behalf of the United Republic.

Tanzania has asserted its rights over the continental shelf up to 200 nautical miles in accordance with the Law of the Sea Convention. Currently it is seeking to further extend this zone. This has given rise to some friction with the Zanzibar government which has disputed the validity of exploration licenses issued by the Ministry of Energy and wishes to take a more direct role in oil and gas exploration around the islands.

The 2 key government entities involved in the upstream industry are the Ministry of Energy and Minerals and the Tanzania Petroleum Development Corporation (TPDC). In addition to upstream activities, the Ministry is also responsible for downstream, the electricity sector and mining. TPDC was set up in 1969 and its responsibilities include oversight of the upstream sector as well as commercial



Source: PetroView®

participation as formal holder of exploration and production licenses and direct participant in PSAs. Its long term vision is to become an integrated oil and gas company and it also has downstream activities (eg it holds the state's shareholding in the Puma Energy retail business in Tanzania). There is no separate regulator responsible for the upstream sector and this role has been entrusted to TPDC, for example it carries out audits of recoverable costs under PSAs.

The TPDC website provides 2 model PSAs as a basis for negotiation with oil and gas companies. The first is dated 2004, the second 2008. It is not clear whether these are provided as alternatives bases for negotiation or if the 2008 model superseded the earlier version. Key differences include:

- The 2008 model provides for Additional Profits Tax (see below);

- The 2008 model does not provide any economic stabilization. The 2004 model provides a fairly standard clause: *If at any time or from time to time there should be a change in legislation or regulations which materially affects the commercial and fiscal benefits afforded by the Contractor under this Contract, the Parties will consult each other and shall agree to such amendments to this Contract as are necessary to restore as near as practicable such commercial benefits which existed under the Contract as of the Effective Date.;* and
- The 2008 model does not include an exemption from transfer taxes on assignments of interests (the effectiveness of this clause is discussed in more detail below).

Whilst the Act does not prescribe measures to enhance local content, these have been included in both models, with the 2008 version being more prescriptive. In particular the 2008 version requires the contractor to satisfy the Minister of Energy that it has maximized local content, but does not specify a target percentage. There is no clear definition of what constitutes local content. There are also detailed requirements for local training and technology transfer in both models.

Both model PSAs also provide machinery for TPDC to require additional volumes of hydrocarbons for the domestic market (though the 2004 model only refers to oil). Prices are to be determined in accordance with the valuation clause of the PSA. The TPDC website contains a model addendum to PSAs to deal with gas projects. This includes a mechanism to enable an allocation of gas production to the domestic market over the life of the project.

The model PSAs also provide for TPDC to participate directly in any development carried out in the block. It is not required to reimburse exploration costs but is required to pay the relevant share of development expenses.

The 2008 model provides a mechanism for the contractor to loan development costs to TPDC but this is not found in the 2004 model.

4.5 Taxation of oil and gas projects

Tanzanian PSAs usually contain some specific tax rules, but these tend to be of narrow application and their validity is unclear (see discussion below). For most purposes the general tax laws and regulations will apply. The 3 main pieces of legislation are:

- The Income Tax Act, 2004;
- The Value Added Tax Act, 1997; and
- The East Africa Community Customs Management Act, 2004 (adopted by all the EAC member states).

Tax policy is managed by the Ministry of Finance but day to day administration of the tax system is dealt with by the Tanzania Revenue Authority (TRA) which enjoys considerable autonomy.

A PSA contractor will be subject to income tax on sales of profit oil or gas and cost recovery oil or gas with deductions as set out in the Income Tax Act. This calculation is entirely separate from the production sharing formula in the PSA and any income tax payable is due from the contractors' share (i.e. it is not carved out of the state share). If the contractor consists of more than one legal entity each is required to calculate its income tax separately and submit a separate return.

Tanzanian companies are taxed on their worldwide income at a flat rate of 30%. Dividends paid to a non-resident shareholder are subject to tax withholding at the rate of 10% (unless reduced under a double tax treaty). It is possible for a foreign legal entity to hold an interest in a PSA and carry out activities in Tanzania via a local branch (termed a “permanent establishment” for tax purposes). Branches are also taxed at 30% and there is an additional tax of 10% levied on profits deemed repatriated to the head office.

Tanzania does not provide fiscal consolidation for companies under common control. Each legal entity is responsible for submitting its own tax return and paying its own tax. There is no provision allowing one company to use losses from a related party to reduce its taxable income. The 2010 Finance Act introduced ring fencing for mining projects but there is no similar rule for exploration and production so under current law, income of one PSA may be reduced by losses from another if they are held by the same company.

The income tax law includes transfer pricing provisions and these are applied in practice by the TRA though there are no detailed regulations to guide taxpayers. PSAs generally include their own detailed transfer pricing rules.

Tanzanian source income of foreign legal entities which do not have a branch in the country is taxable via a withholding mechanism. The usual rate is 15%. Payment for imports of goods is generally not subject to withholding but payments for services may be depending on the facts. There is an on-going dispute with the TRA over whether payment for services provided outside Tanzania should be subject to Tanzanian tax.

Tanzania implemented a VAT system in 1997 and the standard rate for goods and services is 18%. Exports are generally zero-rated for VAT. Imports of services are subject to a reverse charge mechanism similar to that which operates in the EU. Imports of goods may be subject to import VAT in addition to customs duties.

Although Tanzania has had modest hydrocarbon production since 2004, the tax framework of law and practice is not well developed. There are no specific rules in the Income Tax Act to deal with upstream projects so there is nothing to cover situations like farm-in agreements, development carries, or other sorts of M&A activities. There are also no specific rules to cover the treatment of decommissioning costs, and although losses may be carried forward indefinitely, there is no loss carry-back. Exploration and development capex is eligible for tax depreciation at the rate of 20% per annum on a straight line basis.

Under the VAT Act a special relief is available to companies in the exploration phase to eliminate VAT on procurement of goods and services. Though the precise cut-off point is unclear, this relief will not be available for development costs. This gives rise to the potential for significant Tanzanian input VAT to be incurred on services during the development and production phase. Even once sales begin to be made by a project most of these are likely to be exports and therefore zero rated, leaving companies with excess input VAT. Though most E&P companies that have made VAT repayment claims so far have been paid by the TRA after an audit, there is a high risk that the process will slow once the size of the claims increases.

The VAT Act does not specifically address activities under a JOA. This gives rise to uncertainty over how VAT applies, for example it is not clear whether a JV billing is a VATable transaction or whether the operator is entitled to recover all VAT on behalf of the JV. Many other areas of uncertainty are likely to emerge as development programmes move forward.

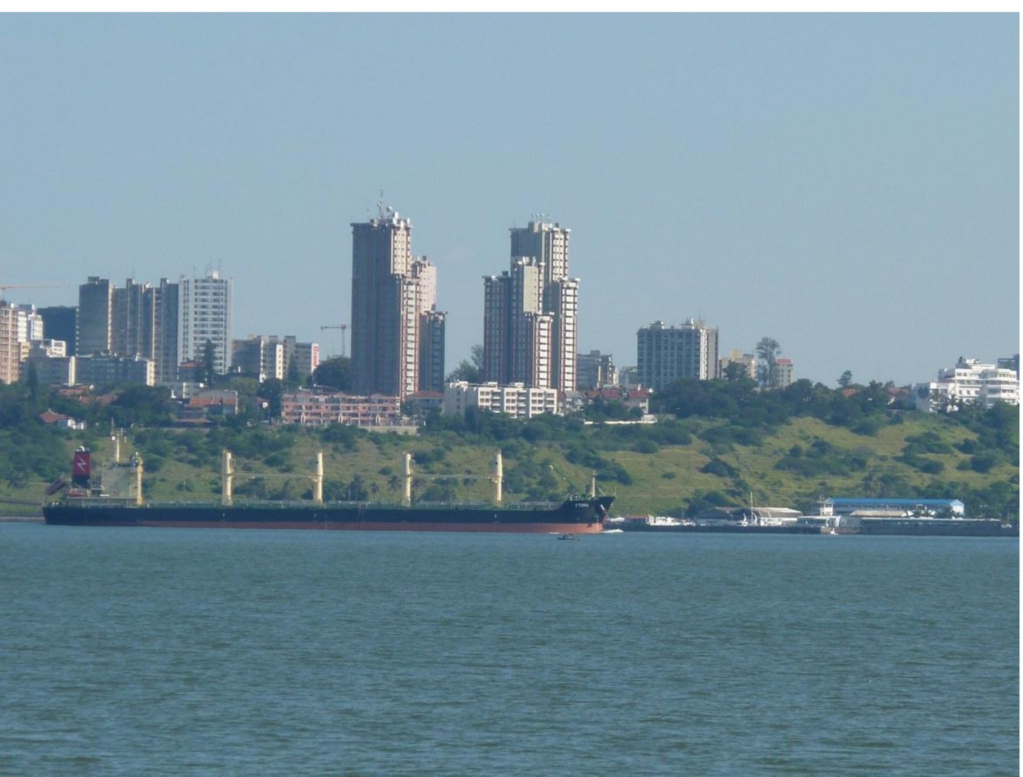
The East Africa Community Customs Management Act provides specific relief for imports of goods (apart from motor vehicles) for use in exploration and development. This relief also applies for VAT purposes. Eligibility is restricted to licensed companies (i.e. PSA contractors) and TPDC approval is required. Most PSAs also provide this exemption but extend it to subcontractors. This extension has not been accepted by the TRA in practice because it is not explicitly stipulated in the law.

Payroll taxes consist of 3 elements: personal income tax which is deducted at source (the marginal rate is 30% for residents); social security payments (contributions are 10% from the employer and an equal amount from the employee) and skills and development levy (a 6% contribution by the employer). Most benefits in kind are taxable. Non-residents and short term residents (< 2 years) are taxable only on their Tanzania source income.

Tanzanian PSAs are not accepted by the TRA as overriding domestic tax legislation unless they have been "legalized" by way of a government notice. The government has so far been reluctant to provide such a formalization of its contractual obligations and this is becoming a more and more pressing issue as projects move towards development.

In addition to general taxes there are a number of levies which are specific to PSAs. Annual charges are levied based on the area covered by the license. Once production commences royalty is due in cash or in kind. This is a liability of TPDC as formal holder of the license and the liability is discharged before the calculation of production sharing. The rate of royalty for deep water is 5% under the 2004 Model PSA.

The 2008 Model PSA also provides for an additional profits tax ('APT'). This is a contractual obligation, and is not covered by tax legislation. The 2004 Model PSA does not provide this though we are aware that some older PSAs also include it. The APT is based on the project's rate of return.

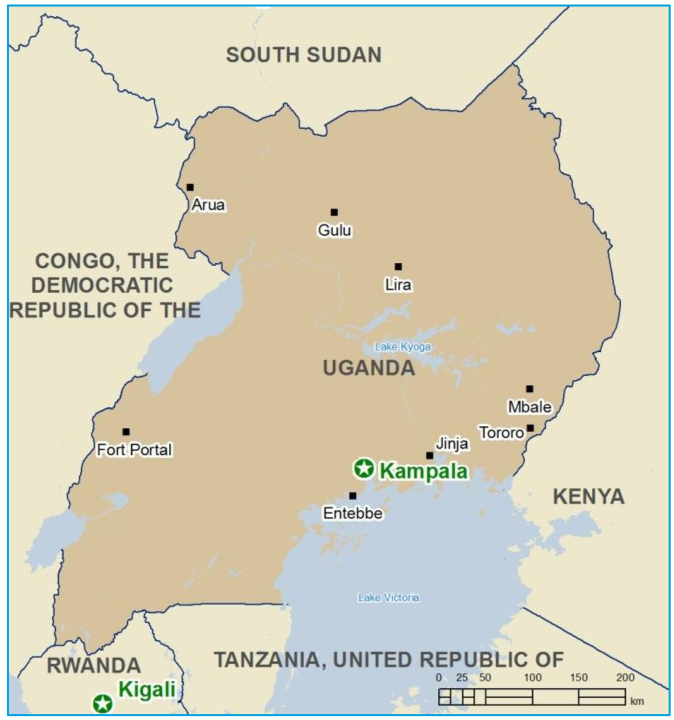


5 Uganda

5.1 Overview

Uganda is a former British colony which gained independence in 1962. During the 1970s it was ruled by a military dictator, Idi Amin, whose policies resulted in economic collapse and a disastrous war with Tanzania. Amin fled in 1979 but instability continued until 1986 when the current president, Yoweri Museveni, seized power at the head of the popular National Resistance Army. Museveni's policies stabilized the economy and there was a return to multi-party politics following a referendum in 2005. The 2011 presidential election saw Museveni returned to office for a fourth presidential term, but subsequent economic problems have weakened his authority.

Uganda's population is largely dependent on agriculture and its major export is coffee. The service sector is rapidly growing especially telecommunications, construction and tourism.



Source: PetroView®

In 2006, exploration drilling revealed the existence of commercial hydrocarbon reserves in the Lake Albert area. It is anticipated that commercial production could commence in 2017 though a number of key issues need to be resolved before this can happen.

5.2 Key facts

Population: 34. 5 million (October 2012 estimate)

Median age: 15.1 years

Currency (code): Uganda shilling (UGX)

Exchange rate at 1 November 2012: 2,640 UGX = 1 USD

Exchange controls: none (though persons repatriating the equivalent of more than UGX 50 m (approximately USD 20,000) require tax clearance)

GDP (purchasing power parity): 46.96 billion (2011 estimate)

GDP per head of population: US$ 1,300 (2011 estimate)

Principal industry: Services/ agriculture

Official language: English

Unemployment: not available

Hydrocarbon production: nil

Petroleum product usage: 14,000 barrels per day equivalent (2010 estimate)

Legal system: mixed system based on English common law.

Head of State: President Yoweri Museveni

Head of Government: Yoweri Museveni

Transparency International corruption perception index 2012: 2.1 (placed 143)

Sources:

- BBC country profile (http://www.bbc.co.uk/news/world-africa-13681341);
- CIA World Factbook (https://www.cia.gov/library/publications/the-world-factbook/geos/ke.html);
- Transparency International (http://www.transparency.org/policy_research/surveys_indices/cpi/2010/results)

5.3 Industry overview

Though commercial discoveries of oil in Uganda were first made in 2006, the presence of hydrocarbons in the Lake Albert area has been known for generations with local fishermen using the result of local seepages to caulk their boats. Since 2006, there has been an almost unbroken series of successful wells and in its 2011 full year results, Tullow Oil indicated that recoverable oil resources totalling 1.1 billion barrels (P50) had been discovered at that point, with some 1.4 billion barrels (P50) in undrilled prospective resources potentially yet to find. The discoveries are in a remote and environmentally sensitive area, which will add to the cost and complexity of the development. An additional problem is posed by the waxy nature of the oil which is solid at room temperature and therefore would require a heated and insulated pipeline to transport.

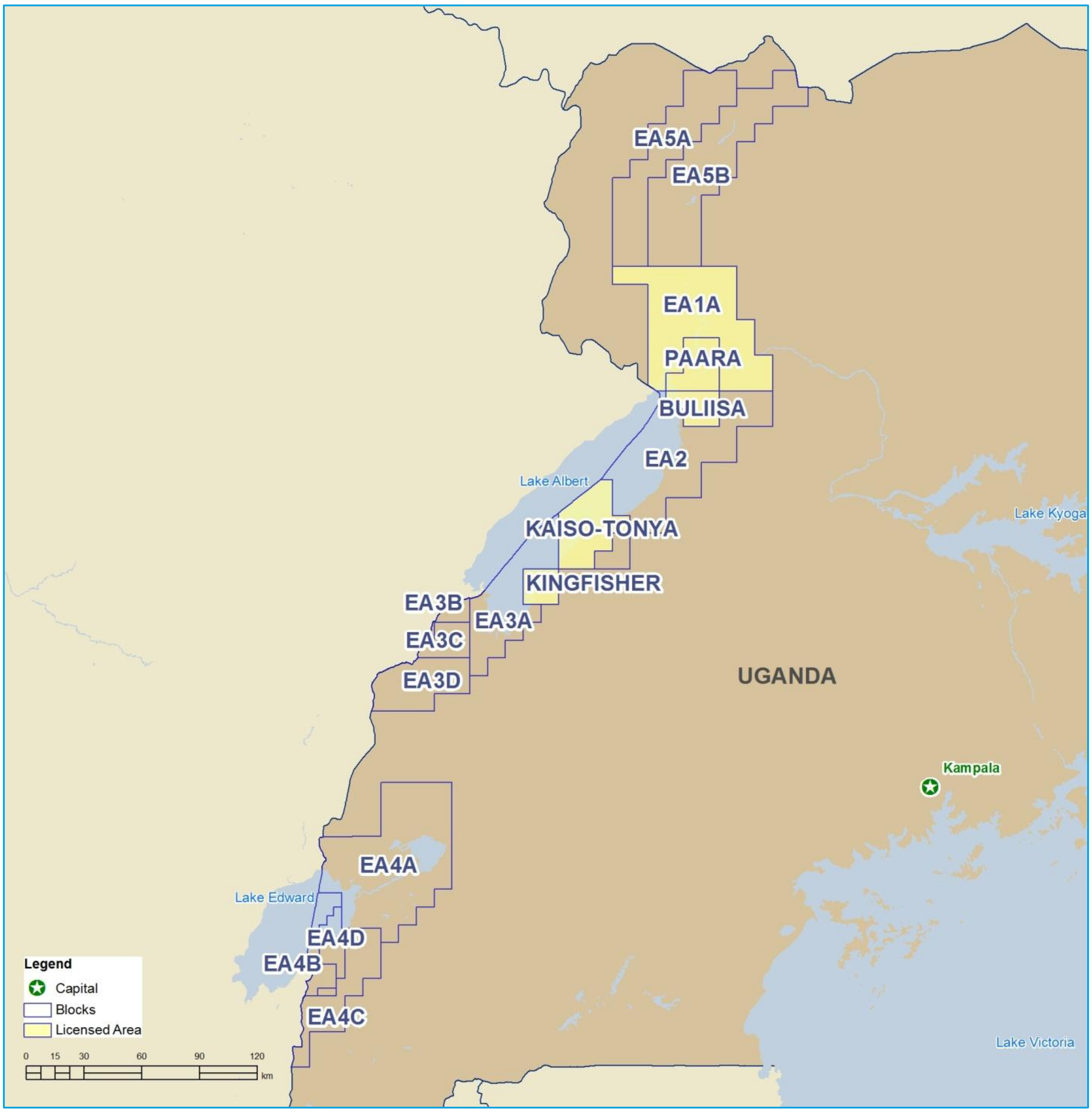
It seems likely that there will be additional resources in the Democratic Republic of Congo (DRC), on the other side of Lake Albert, though the political instability of the DRC makes future exploration efforts uncertain.

The landscape of the industry in Uganda has changed significantly since late 2009. At that point Heritage Oil Plc. was the operator of Blocks 1 and 3A and held 50% of each, the remainder being held by Tullow which also held 100% of the intervening block, 2A. On 18 December 2009, Heritage announced its intention to sell its Ugandan operations to ENI for USD 1.5 billion. Early in 2010, Tullow Oil exercised its pre-emption rights and subsequently announced a plan to farm down 2/3 of the combined project to Total and CNOOC. Implementation of the farm-down and field development plan became a long-drawn our process, however. The root of this was Heritage's position that its sale was not taxable in Uganda: a contention that is now subject to both litigation in the Ugandan courts and international arbitration. A major breakthrough was achieved during February and March 2012, with the finalization of the Tullow farm-down to CNOOC and Total.

Another potential problem is how to deal with the oil. One option would be to transport by pipeline to the coast for export, with the possibility that some might be used as feedstock for the Mombasa refinery. Uganda's national oil and gas policy, however, stipulates the development of a petrochemical industry based around an oil refinery. The government's estimated cost of the

refinery is around USD 2.5 billion, assuming capacity of 60,000 barrels per day. The refinery plan creates several questions, in particular, how it will be financed, whether it will find a ready market for its production and what the impact will be on export plans. It is anticipated that a comprehensive development plan will be finalized during 2012 - 13.

In addition to the blocks with commercial discoveries, there are 2 further blocks which have been licensed in Uganda. In the far north, EA5 was operated by Neptune Petroleum, a subsidiary of AIM-listed Tower Resources. The company has drilled 3 dry holes in 2009 – 12 and is in the process of relinquishing its licence. In the south west, Dominion Petroleum (now a subsidiary of Ophir Energy Plc.) operates EA4B. Dominion drilled a single well in 2010 which was dry, and is understood to be in the process of closing its operations. It is anticipated that the Ugandan government will announce a new licencing round in 2013.



Source: PetroView®

Operator	Block name	Partners
CNOOC	KINGFISHER	TULLOW OIL, TOTAL
TOTAL	EA1A	TULLOW OIL, CNOOC
	PAARA	TULLOW OIL, CNOOC
TULLOW OIL	BULIISA	TOTAL, CNOOC
	KAISO-TONYA	TOTAL, CNOOC

Source: PetroView®

5.4 Regulatory environment

The Petroleum Exploration and Production Department (PEPD) is the government body directly responsible for the supervision of the Oil and Gas industry. PEPD is a department of the Ministry of Energy and Mineral Development (MEMD).

The current regulatory and fiscal regime for the petroleum sector is based on the following legislation and policy:

1. The Petroleum (Exploration and Production) Act, Cap 150, Laws of Uganda, enacted in 1985 and revised in 2000.

2. Petroleum (Exploration and Production) (Conduct of Exploration Operations) Regulations, 1993

3. The National Oil and Gas Policy, 2008

Other relevant statutes and guidelines include the Income Tax Act, the Land Act and the National Environment Management Authority (NEMA) regulations.

On the basis of powers set out in the Petroleum (Exploration and Production) Act, the government has entered into a number of Production Sharing Agreements. Though no model agreement has been made available on the internet, Deloitte received a copy of a 2006 Model which was made public in 2009. This is similar to PSAs which have actually been signed and key terms are summarised in the Appendix.

In February 2012, two Bills were tabled before Parliament that are intended to clearly define the roles and duties of the different regulatory bodies as well as regulate the upstream, midstream and downstream. Any further licensing is subject to the enactment of these Bills which are:

- Petroleum (Exploration, Development and Production) Bill, 2012
- Petroleum (Refining, Gas Processing and Conversion, Transportation and Storage) Bill, 2012

At the time of writing, the Bills have not been enacted. Though it is expected that they will be approved early in 2013 and a new licencing round will be initiated shortly after. In terms of regulatory bodies while the promotion and regulation of the oil and gas sector was initially undertaken by the Ministry of Energy and Mineral Development through PEPD, under the National Oil and Gas Policy, the Ministry will handle the policy aspects, while regulatory and commercial aspects will be handled by Petroleum Authority of Uganda (PAU) and the Uganda National Oil Company, respectively.

The PAU and NOC are yet to be established, pending enactment of the 2 bills referred to above

5.5 Taxation of oil and gas projects

Petroleum Operators are taxed in accordance with the provisions of the general tax legislation below:

- The Income Tax Act, Cap 340;
- The Value Added Tax Act, Cap 349; and
- The East Africa Community Customs Management Act, 2004 (adopted by all the EAC member states).

Where there are no specific rules under provisions relating to the taxation of petroleum operations, the general provisions of the acts apply.

Subcontractors are taxed under the general provisions of the law.

Ugandan companies are taxed on their worldwide income, generally at a flat rate of 30%. Dividends paid to a non-resident parent are subject to tax withholding at a rate of 15% under general rules. This rate may be reduced if a shareholder is resident in a country with which Uganda has a double tax treaty.

In principle it is possible for foreign legal entities to hold interests in PSAs and carry out other types of business activities in Uganda via branches. Branches are also usually taxed at 30% and there is an additional tax of 15% which effectively applies to profits repatriated to the head office.

Ugandan tax law does not provide any fiscal consolidation for companies which are under common control: each is taxed separately and there is no ability to offset profits of one company against losses incurred by an affiliate. There is also ring-fencing of contract areas so that profits arising from one PSA cannot be sheltered from income tax by losses arising in a separate PSA held by the same taxpayer.

The Income Tax Act includes basic transfer pricing rules and although these have not been applied extensively in the past, the URA is starting to conduct audits focused on the pricing of related party transactions. More detailed regulations were introduced during 2011 and documentation requirements published in 2012. Ugandan PSAs generally have specific transfer pricing and valuation rules.

Uganda has a VAT system. The standard rate is 18%. Certain goods and services are exempt including petroleum products while others (such as exports) zero-rated. For goods to be exported, they have to be delivered to a place outside Uganda while services have to be used and consumed outside Uganda. A company which sells exempt goods and services is not able to recover VAT on related goods and services which it purchases. Where goods and services are standard or zero-rated, the related input VAT may be recovered by offset or refund. A business which imports services will be required to “self-charge” input VAT on the related cost (the so-called reverse charge mechanism). Oil and gas projects require significant capital investments over a number of years before they start to generate revenue. In such a situation prior to the 2011 VAT Amendment Act, the oil company could register as an “investment trader” which gave it the right to refund of VAT on goods and services it consumed even though it has no sales revenue. This facility was abolished with effect from 1 July 2011 which will have a significant cost implication for future projects.

In addition, effective 1 July 2012 VAT on imported services accounted for through the reverse mechanism, cannot be offset against output VAT. It is therefore a cost to the recipient of the foreign services in Uganda.

The importation of plant and machinery is exempt from VAT as an incentive to investment.

The upstream oil industry is heavily taxed in most places and Uganda is no exception. The government has opted for Production Sharing Agreements (PSAs) as the mechanism to collect economic rent. A model PSA, issued in 2006, is in the public domain, though the government has never formally issued this. Although the PSAs which have been signed remain confidential, it is reported that the overall government take from the existing PSAs is likely to be in excess of 80%.

The existing PSAs are subject to the following taxes and levies:

- Bonuses are provided for on signing the PSA;
- Licence rentals based on the area covered by the licence;
- Royalties (which are calculated based on production volumes);
- State share of profit oil (understood to be calculated based on volumes produced); and
- Corporate income tax (at the standard rate of 30%)
- Taxes will also apply on repatriation of profits (via branch profits tax or dividend withholding tax)

PSAs often contain an element of "stabilisation" protecting the oil companies from changes in law after the signing of the PSA which may adversely affect project economics. It is understood that the current Ugandan PSAs contain such a provision. On the other hand, it is not clear that the terms of PSAs override domestic legislation in the event of a conflict, as they do not have the force of law.

A customs duties and withholding tax exemption is available for equipment imported for upstream operations.

Complex rules were introduced in 2010 governing the tax treatment of disposals of interests in PSAs. The approach is, broadly, to tax any gains arising, but to prevent the acquirer from obtaining a compensating step-up in basis for purposes of calculating future tax depreciation. The rules are effective from the date the Income Tax Act itself came into force (1 July 1997) and it is not clear whether holders of a PSA pre-dating the 2010 changes will be subject to the new rules or protected by the economic stabilisation provision of the PSA.

Companies are obliged to withhold income tax at source from salaries. Individual tax rates are progressive and the maximum rate (30%) applies to annual income in excess of approximately USD 1,864. In addition to the 30%, an additional tax of 10% is payable on employment exceeding approximately USD 3,788 per month. Most types of benefit-in-kind are taxable. Residents are in general taxable on worldwide income, whilst non-residents and short-term residents (< 2 years) are taxable only on Uganda source income.

In addition to income tax, employers are usually required to withhold 5% of wages paid to employees which are allocated to the National Social Security Fund (NSSF). Employers make an additional contribution equivalent to 10% of employee remuneration.

6 Comparison table of key terms of model PSAs

The table below shows a comparison of the key terms of some East African model petroleum contracts:

Jurisdiction	Kenya	Mozambique	Tanzania	Uganda
Principal legislation	Petroleum (Exploration and Production) Act 1986	Law no. 3/2001 of 21 February 2001 and Decree No. 24/2004 of 20 August 2004	Petroleum (Exploration and Production) Act 1980	Petroleum (Exploration and Production) Act 1985
Government bodies	Ministry of Energy, National Oil Corporation of Kenya (NOCK)	Ministry of Mineral Resources (MIREM), INP – regulator ENH – NOC	Ministry of Energy, Tanzania Petroleum Development Corporation (TPDC)	Ministry of Energy and Mineral Development, Petroleum Exploration and Production Department
Form of agreement	Petroleum Sharing Contract (current model downloaded May 2012 from http://www.nockenya.co.ke)	Exploration and Production Concession Contract (EPCC) (current model downloaded from INP website - http://www.inp.gov.mz/Legal-Framework)	Production Sharing Agreement (2008 Model Agreement downloaded from TPDC website, August 201: http://www.tpdc-tz.com/tpdc/ NB Licences are issued in the name of TPDC.	Petroleum Sharing Agreement (2006 Model Agreement obtained 2009)

Jurisdiction	Kenya	Mozambique	Tanzania	Uganda
Parties	The Republic of Kenya (represented by the Ministry of Energy); the Contractor	The Republic of Mozambique (represented by MIREM) and the Concessionaire	The United Republic of Tanzania (represented by the Ministry of Energy); TPDC; the Contractor.	The Republic of Uganda (represented by the Ministry of Energy and Mineral Development); the Contractor
Term of agreement	Exploration period: negotiable Development and production: 25 years	Exploration period: up to 8 years Development and production: up to 30 years.	Exploration period: up to 11 years Development and production: up to 45 years (to be specified in the development licence).	Exploration period: up to 6 years Development and production: up to 30.
Legal status	Not clear which would prevail in the event of a conflict. PSCs are not formally laws so prima facie the law would prevail	Pre 2007 agreements approved by the Council of Ministers which effectively gives the force of law. More recent agreements cannot override the law.	PSAs which have not been formally gazetted do not have the force of law, so legislation overrides.	Not clear which would prevail in the event of a conflict. PSAs are not formally laws so prima facie the law would prevail.
Annual fees	Negotiable	Not specified	Exploration: USD 4 – 16 per sq. km. Development and production: USD 200 per sq. km (NB these are indexed)	Negotiable
Bonuses	Negotiable signature bonus	No signature bonus specified; negotiable production bonuses on commencement of commercial production and when various levels of production achieved.	None specified	Negotiable signature bonus

Jurisdiction	Kenya	Mozambique	Tanzania	Uganda
Royalties	None specified	Petroleum Production Tax (PPT): Gas: 6% Oil: 10%	12.5% of production to be paid in kind by TPDC (5% under the modified gas terms – see below)	Negotiable on a sliding scale with maximum rate reached when production > 7,500 bopd. Rate for gas to be negotiated.
Production sharing	Cost recovery cap to be negotiated. Profit oil split is also subject to negotiation and is to be based on volumes produced. Capex recovery limited to 20% pa (not clear whether this is straight line or declining balance basis).	Cost recovery cap to be negotiated. Profit oil split is also subject to negotiation and is to be based on an R-Factor calculation. Capex recovery limited to 25% pa (straight line). PPT is allocated before production sharing is calculated.	Cost recovery is limited to 50% of production per period (net of royalty). This is increased to 70% under the modified gas terms (see below). Profit oil/gas split is subject to negotiation based on volumes produced.	Cost recovery cap to be negotiated (separately for oil and gas). Profit oil/gas split is subject to negotiation and to be based on volumes produced. Royalty is allocated before production sharing is calculated.
Income tax	Resident companies: 30% on net income as adjusted for tax; allocated out of the state's share. The Ninth Schedule of the Income Tax Act contains detailed rules for upstream activities.	Resident companies and branches: 32% on net income as adjusted for tax; payable by the Concessionaire. There are few specific provisions covering upstream activities in the tax law, but the model EPCC contains some specific rules.	Resident companies and branches: 30% on net income as adjusted for tax; payable by the Contractor. There are few specific provisions covering upstream activities in the tax law.	Resident companies and branches: 30% on net income as adjusted for tax; payable by the Contractor. Net income cannot be less than Contractor's share of profit oil/gas in the relevant period. Part IXA of the Income Tax Act applies to upstream activities.
Trigger for tax depreciation on capex	Later of date asset brought into use and date production commences.	Later of date asset brought into use and date production commences. EPCC provides for deferral of tax depreciation.	Date the asset brought into use.	Later of date asset brought into use and date commercial production commences.

Jurisdiction	Kenya	Mozambique	Tanzania	Uganda
Tax losses	Carry forward is limited to 4 years. Carry back is permitted for 3 years if incurred in the final year of production.	Losses may be carried forward for up to 5 years. No carry back in permitted.	Losses may be carried forward indefinitely. No carry back is permitted.	Losses may be carried forward indefinitely. No carry back is permitted.
Branch profits tax (BPT) / dividend withholding	The income tax rate for branches is 37.5% (rather than 30% for resident companies). Dividend WHT is 10% Both allocated out of the state's share.	No branch profits tax provided in the law or the EPCC. Dividends to a non-resident parent company: 20%	BPT: 10% of profits deemed to be repatriated Dividends to a non-resident parent company: 10%	BPT: 15% of profits deemed to be repatriated Dividends to a non-resident parent company: 15%
Additional tax on income, etc.	No additional tax is applied, but a "second tier" profit share is allocated to the state when the oil price exceeds a specified threshold.	Not applicable.	Additional profits tax, based on the rate of return, is provided in the model PSA but is not in law. NB: it is not provided in the 2004 Model PSA.	Not applicable
Ring fencing	Ring fencing applies for calculation of production sharing and by implication income tax.	Ring fencing applies for calculation of production sharing and income tax.	Ring fence applies for production sharing but not income tax purposes.	Ring fencing applies for calculation of production sharing and income tax.
Tax treatment of assignment	Gains on assignments are taxable as income (capital gains tax is suspended). Consideration in the form of	No specific rules in the PSA or tax acts. In general disposer will be taxed on gains with assignee getting a step-up in	No specific rules in the PSA or tax acts. In general disposer will be taxed on gains with assignee getting a step-up in	No specific rules provided in the PSA. The Income Tax Act provides detailed rules on taxation of assignments:

Jurisdiction	Kenya	Mozambique	Tanzania	Uganda
	a work obligation is not taxable. Direct and indirect disposals are also subject to withholding at the rate of 10% (or 20% in case the sale is to a non-resident which is not tax registered in Kenya	basis. VAT exemption may be available. Indirect disposals also subject to tax at 32% (even if neither party is registered in Mozambique).	basis. VAT exemption may be available. Change of control of contractor may trigger a deemed disposal of assets held at market value.	disposals are taxable without a step-up in basis. VAT exemption may be available.
Customs exemptions	Exemption under PSA for goods imported by Contractor and subcontractors. Under general law applies **only** to the Contractor.	Exemption is available for import of specified goods for 5 years from the date of development plan approval.	Exemption under PSA for goods imported by Contractor and subcontractors. Under general law applies only to the Contractor.	Goods imported by a PSA holder are mostly exempt, under general law. No specific model PSA provision.
VAT exemptions	Goods and services are subject to VAT remission (similar to zero rating) under general law in the case of the Contractor. The model PSA also applies this to subcontractors.	Goods: as for customs duties. Services are exempt from VAT in the exploration phase.	Goods and services are subject to VAT remission (similar to zero rating) in the exploration phase. Imports of capital goods are exempt under law at any time.	Goods: as for customs duties Services: no exemption available under current law or the model PSA.
Financing costs	In general, cost recoverable and tax deductible, subject to limits.	In general, cost recoverable and tax deductible, subject to limits.	Not cost recoverable, but tax deductible subject to limits	In general, cost recoverable and tax deductible, subject to limits.
Economic stabilization	In the event of changes in law, etc. which substantially impact the Contractor's	In the event of introduction of new taxes, which substantially impact the Concessionaire's	No stabilization is provided under the PSA (though the 2004 model and most PSAs in	In the event of changes in law, etc. which materially impact the Contractor's economic interest

Jurisdiction	Kenya	Mozambique	Tanzania	Uganda
	economic interest the parties can renegotiate terms to restore the status quo.	economic interest, the parties can renegotiate terms to restore the status quo.	force provide this).	the parties can renegotiate terms to restore the status quo.
State carried interest	The state (or its agent, presumably NOCK) has the right to take a negotiable percentage in the exploration phase and to be carried. It can also elect to take an interest in a development (again negotiable), but must meet its own costs.	The State (or its nominee) has the right to take a share in a development. It is required to reimburse exploration costs. Exploration costs will be paid by the Concessionaire and cost recovered with interest at USD LIBOR.	TPDC has the right to take a share of at least 25% in developments. It may pay its share of development costs, but is not required to reimburse exploration costs. If TPDC opts to be carried through development its share of costs is cost recoverable by Contractor with interest at LIBOR + 2%.	The State (or its nominee) has the right to take a share of up to 20% in a development. It is not required to reimburse exploration costs. Development costs will be paid by the Contractor and cost recovered with interest at LIBOR.
Title to fixed assets	No provisions.	Government entitled to acquire for zero consideration when the EPCC expires.	May pass to TPDC on sooner of cost recovery, or expiration of the PSA.	Shall pass to the government on earliest of full write off for tax, cost recovery, or expiration of the PSA.
Domestic market obligation	The government may require Contractor to supply the domestic market in certain circumstances. This should be paid for at market prices.	The government may require Concessionaire to supply the domestic market in certain circumstances. This should be paid for at market prices.	TPDC may require Contractor to supply the domestic market in certain circumstances. This should be paid for at market prices.	The government may require Contractor to supply the domestic market in certain circumstances. This should be paid for at market prices.
Local content	Local content is to be	Employment of nationals	Local content is to be	Local content is to be

Jurisdiction	Kenya	Mozambique	Tanzania	Uganda
	encouraged by the Contractor, but no minimum percentage is prescribed.	encouraged by the Contractor, but no minimum percentage is prescribed. No requirements re goods and services.	encouraged by the Contractor, but no minimum percentage is prescribed.	encouraged by the Contractor, but no minimum percentage is prescribed.
Decommissioning	Abandonment reserve to be established. Accruals are cost recoverable, but for income tax purposes only deductible when incurred.	Decommissioning fund to be established. Contributions tax deductible and cost recoverable	Abandonment fund to be established. Contributions tax deductible (apart from offshore costs) and cost recoverable.	Site restoration is required but there is no provision in the model for setting up a fund. The Income Tax Act provides for deductions for allocations to a reserve.
Foreign currency	Accounting in USD dollars. Kenya does not have currency controls at present.	Accounting in local currency and USD dollars. Mozambique has currency controls. The EPCC provides certain relaxations.	Accounting in local currency and USD dollars. Dollars prevail under the model PSA. Tanzania does not have currency controls at present.	Accounting in local currency and USD dollars. Dollars prevail under the model PSA. Uganda does not have currency controls at present.
Specific rules for natural gas	Little specific to gas in the model PSA.	Little specific to gas in the model PSA.	Additional terms have been published for deep sea gas. See http://www.tpdc-tz.com/tpdc/	Little specific to gas in the model PSA.
Dispute resolution	UNCITRAL Arbitration Rules, in Nairobi. Kenyan law applies to the PSA.	ICSID. Location to be negotiated. Mozambique law applies to the EPCC.	Arbitration under International Chamber of Commerce Rules of Conciliation and Arbitration, in Dar es Salaam. Tanzanian law applies to the PSA.	UNCITRAL Arbitration Rules, in London. Ugandan law applies to the PSA.

7 Working with the global Oil and Gas industry

Deloitte is a global network of member firms with more than 200,000 practitioners in 150 countries. We provide a wider range of services to the upstream industry than any other professional services organization.

7.1 Global services

Audit and Assurance Advisory

- Statutory and Independent Audit
- Information System Audit
- IFRS Financial Statements
- Accounting Compliance Review
- Revenue Assurance
- Forensic Services
- Capital Market Services
- Sarbanes – Oxley Compliance Services

Financial Advisory Services

- Corporate Finance
- Mergers and Acquisitions
- Due Diligence
- Fundraising and Capital Activities
- Transaction Services and Support
- Valuation and Valuation Advisory
- Financial Modeling
- Economic Consulting
- Financial Reorganization

Enterprise Risk Services

- Risk Management
- Internal Control Assurance
- Regulatory Advisory

IPO Services

- IPO Readiness Assessment
- Fundraising Strategy and Feasibility
- IFRS and US/UK GAAP Reporting
- Transaction Structuring and Execution
- Regulatory Compliance
- IPO Tax Advisory

Corporate Responsibility and Sustainable Development

- Forensic and Dispute
- Fraud Prevention

Consulting

- Strategy and Operations
- Corporate Strategy
- CFO Services (Financial Management)

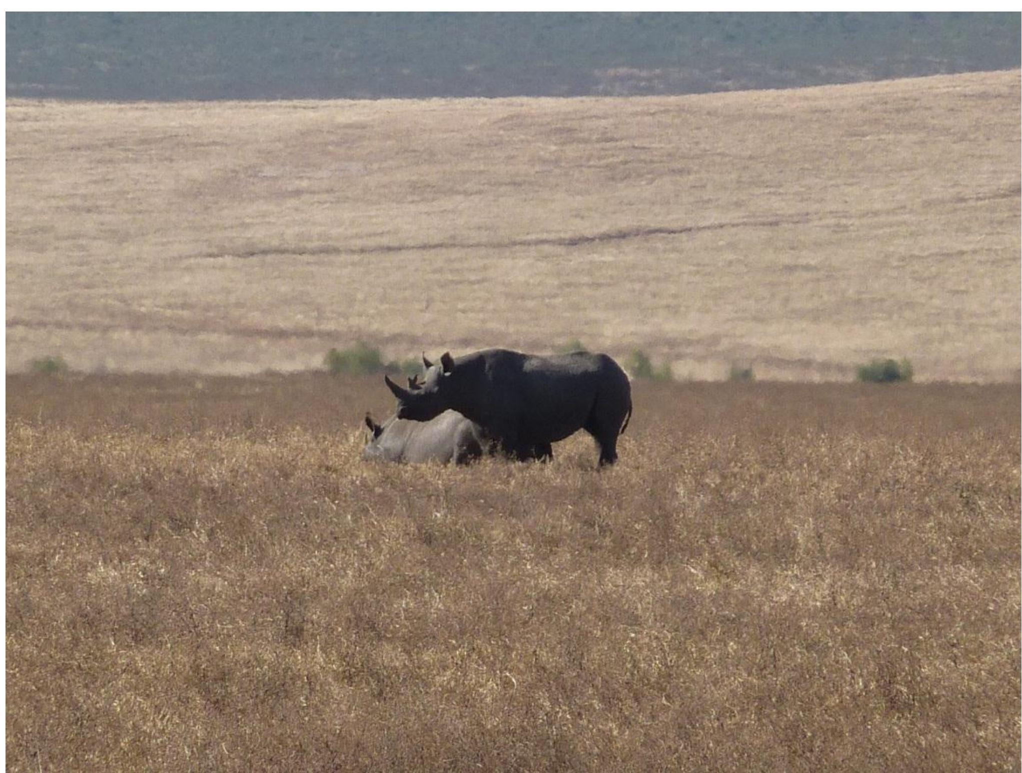
- Human Capital
- Supply Chain Management
- Enterprise Applications (SAP, Oracle, JDE)
- Technology Integration
- IT Strategy and Management
- Architecture and Infrastructure
- Enterprise Business Integration

Tax Advisory

- Corporate Taxation
- International Taxation
- Legal and Regulatory Advisory
- Tax Risk Management
- Due Diligence Support
- Transfer Pricing
- Energy trading Taxation

Global Energy Markets

- Risk Strategy (Enterprise Risk Management)
- Quantitative Analysis and Valuation Credit Advisory
- Energy and Derivative Transactions



7.2 Our Oil and Gas specialty services

Upstream

Petroleum Services Group

- **Deloitte's Petroleum Services Group** helps companies to gain greater market insight and advantage through a suite of subscription based Information Solutions and Advisory offerings.
- **Information Solutions:** Analytical tools include:
  - **PetroReports®:** A set of comprehensive reports focusing on Oil and Gas activity at country, company and asset levels, including industry activity, asset regimes and benchmarking.
  - **PetroView®:** A Geographic Information System which provides spatial data for analysis for exploration, new ventures and upstream business planning.
  - **PetroScope®:** A discounted cash-flow modelling framework, which can be supplied with fiscal models for over 80 tax and asset regimes worldwide.
- **Advisory:** Underpinned by the subscription products, offerings include:
  - Oil and gas market analysis
  - Asset and transaction support
  - Strategic planning and analysis
  - Fiscal & Regulatory services

AJM Deloitte

- **AJM Deloitte** helps upstream companies grow strategically through merger, acquisition and divestitures.
- AJM Deloitte is recognised for its extensive technical abilities in the preparation of corporate reserve disclosure and the estimation of reserves and resources of unconventional reservoirs such as shale gas, coal bed methane, tight gas, bitumen, and heavy oil.
- Its technical staff includes 44 engineers, geologists, and technicians.
- As an accredited Independent Qualified Reserves Evaluator, AJM Deloitte and all senior staff are registered to perform in their respective fields of expertise by the Association of Professional Engineers, Geologists, and Geophysicists of Alberta. (APEGGA).

Process Partners

- **Process Partners** provides a range of services to upstream companies including:
  - Strategy and Operations.
  - Human Capital Advisory Services, i.e. building organizational scalability – handling change and growth in a safe, reliable and compliant manner, leadership development, compliance in an oil and gas context.
  - Technology solutions such as ERP, Performance and Risk Management System selection and implementation support, Maximo/SAP – project management.

Market Analysis/Price Forecasting

Deloitte MarketPoint

- **Deloitte MarketPoint™** is a decision – support Solutions Company focused on fundamental market analysis and price forecasting.
- Their solutions include software applications, such as **MarketBuilder™**, economic models, market data, and consulting services.
- **MarketBuilder™** is a premier energy market solution for fundamental analysis and price forecasting to assist customers in making strategic decisions.
- It helps companies manage the complexity and volume of data required for fundamental market analysis.

Across the value chain

Global Back Office Support Services

- Deloitte offers a comprehensive umbrella of back office advisory and support services that clients need to operate efficiently and effectively in a competitive global environment.
- Services include – Tax advisory and compliance, Expatriate Tax Service, International Human Resources, Custom Duties and Tariffs, Book Keeping, Statutory Reporting, Integrity Due Diligence.

Joint Venture Support Services

- Joint Venture Support Services assists clients with a range of activities which enable the successful initiation, establishment, management and operations and disbandment of joint ventures.
- Services include – Financial Support, Reporting and Control, Operational Support considering JV Partners' standard Operating Procedures (SOPs), Internal Controls Design, Review and Compliance, External Compliance with Reporting, HR, Tax and other regulatory requirements.

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7.3 Selective global credentials

- Addax and Oryx Group Ltd.
- Alliance Oil Company Ltd.
- Anadarko Petroleum
- Baker Hughes
- Cairn Energy Plc.
- CEPSA
- China National Petroleum Corp.
- China Petrochemical Corp.
- CPC Corp. (Taiwan)
- Devon Energy
- Ecopetrol
- El Paso Corp.
- Encana Corp.
- ENI SpA
- EOG Resources, Inc.
- Gazprom
- GS – Caltex Oil Corp.
- Halliburton Company
- Husky Energy Inc.
- Irving Group (Irving Oil)
- Kinder Morgan Inc.
- McDermott International, Inc.
- Oil and Natural Gas Corporation Ltd.
- Perenco
- Petrobras (Petroleo Brasileiro S.A.)
- Pemex (Petroleos Mexicanos)
- Petrofac Ltd.
- PKN Orlen
- Quicksilver Resources Inc.
- Repsol – YPF S.A
- Rosneft oil Company
- Rowan Companies
- Sasol Group
- Statoil ASA
- Suncor Energy Inc.
- Talisman Energy Inc.

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