



ENERGY AND NATURAL RESOURCES

PETROLEUM BIDDING ROUNDS

CONGO & KWANZA BASINS ONSHORE

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Following the full division of the Lower Congo and Kwanza Basins in onshore petroleum blocks (the "Blocks") last year, Sonangol E.P. released a note stating that the 10 Blocks will be tendered during the course of the current year and that all national and international oil companies, as well as all interested investors, will be allowed to participate.

Sonangol E.P. started a road-show, in the meantime, for purpose of technical presentations of the Blocks to interested parties. Up to and including the current month of February, presentations were made in London and Houston. The Director for Exploration of Sonangol E.P., Mr Severino Cardoso, stated that pursuant to the latest seismic evaluations performed, the average capacity for each of the Blocks amounts to 700 million barrels, totalling an estimated amount of 7 billion barrels (i.e. more than 50% of Angola's current estimated reserves).

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additional seismic exploration phase obligations having in view further evaluation of the Blocks' capacities, which are expected to exceed the current forecasts. Data Packages vis-à-vis the relevant Blocks range from US\$49,000 up to US\$400,000, with individual well information costs of ca. US\$10,000.

The Angolan Executive's strategy for the Blocks is also already well defined. Sonangol should have a 50% interest in 4 out of the offered 10 Blocks. Following a successful exploration phase, Sonangol should then transfer part of this carried interest to pre-qualified national companies – i.e., held by national citizens or entities –, on a "best offer" basis. The remaining 6 Blocks shall be subject to tender open to national and international investors.

Besides the above mentioned Blocks, Sonangol E.P. is also evaluating 5 additional Blocks for later tender. This further bidding round offer is expected to occur within the next 3 years.

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