

## Introduction

---

- Africa is a prolific basin yet remains under-explored, by global standards.
- As a result, it's commanding increased investor attention in the capital markets. A number of emerging companies are making their mark in Africa, and several of them are here with us today.
- MRCC has championed emerging international oil and gas companies over the past decade, and are engaged on several opportunities for energy investment in Africa.

## Africa Oil & Gas: Key Facts

- In 2011 Africa produced 3.2 billion barrels of oil and 202.7 billion cubic metres of natural gas, accounting for 10.4% and 6.2% of the world's production, respectively.

- Africa's proved oil reserves account for 8% of the world's oil reserves.

Africa's Proved Oil Reserves - 2011

Region	Thousand million tonnes	Billion barrels
Africa	17.6	132.4
World	234.3	1652.6
<b>Africa's Share</b>		<b>8.0%</b>

Africa's Proved Natural Gas Reserves - 2011

Region	Trillion cubic feet	Trillion cubic metres
Africa	513.2	14.5
World	7360.9	208.4
<b>Africa's Share</b>		<b>7.0%</b>

- Its proved natural gas reserves account for 7% of global reserves.

- At current production rates, Africa's oil and natural gas reserves have a life of 41 and 72 years, respectively.

## What Makes a Great Africa-Focused Oil & Gas Story

---

- ✓ Balance of Prospective Geology vs. Level of Political Risk
- ✓ Balance of Exploration Upside vs. Existing Production
- ✓ Balanced Fiscal Regime, Geared towards Attracting Investment
- ✓ Infrastructure, Including Pipelines
- ✓ Rule of Law and Sanctity of Contract
- ✓ Strong, Reputable Local Partners

## Review of 2011 and 2012 YTD Africa-Focused Oil & Gas Financings

- In 2011 and 2012 YTD, across all exchanges, 70 financings of Africa-focused Oil & Gas companies were completed, raising \$9.2 billion.
- Investor appetite for offerings with enhanced disclosure was relatively robust, with the average public offering raising \$191 million compared to \$29 million (on average) for private placements.
- The top five Africa-focused Oil & Gas financings in 2011 to 2012 YTD raised \$4.4 billion, or nearly half of the financing raised during this period.

Africa-Focused Oil & Gas Financings			
	2011	2012	Overall
Number of Financings	46	24	70
Total Raised (\$MM)	\$6,618.7	\$2,548.3	\$9,167.1
Average Financing Size (\$MM)	\$143.9	\$106.2	\$131.0

Top Africa-Focused Oil & Gas Financings - 2011 & 2012 YTD			
Close Date	Company	Transaction	Size (\$MM)
23-Feb-12	Cobalt International Energy, Inc. (NYSE:CIE)	Public Offering	\$1,452.9
5-Dec-11	Noble Energy, Inc. (NYSE:NBL)	Public Offering	\$1,013.5
15-Feb-11	Noble Energy, Inc. (NYSE:NBL)	Public Offering	\$840.1
10-May-11	Kosmos Energy Ltd (NYSE:KOS)	Public Offering	\$571.0
16-Feb-11	Afren PLC (LSE:AFR)	Public Offering	\$488.6
<b>Total</b>			<b>\$4,366.1</b>

Source: S&P Capital IQ

## Review of 2011 and 2012 YTD Africa-Focused Oil & Gas M&A

- In 2011, 5 Africa-focused Oil & Gas M&A deals were completed, accounting for \$385 million dollars worth of transactions.
- In 2012 to date, 5 M&A transactions have been completed, totaling \$822 million.
- The average M&A transaction size rose in 2012 to \$164 million from \$77 million in 2011. Average transaction size over the total time period was \$121 million.

Africa-Focused Oil & Gas M&A Transactions			
	2011	2012	Overall
Number of M&A Transactions	5	5	10
Total Transaction Value (\$MM)	\$386.1	\$822.1	\$1,208.2
Average Financing Size (\$MM)	\$77.2	\$164.4	\$120.8

## Review of 2011 and 2012 YTD Africa-Focused Oil & Gas M&A

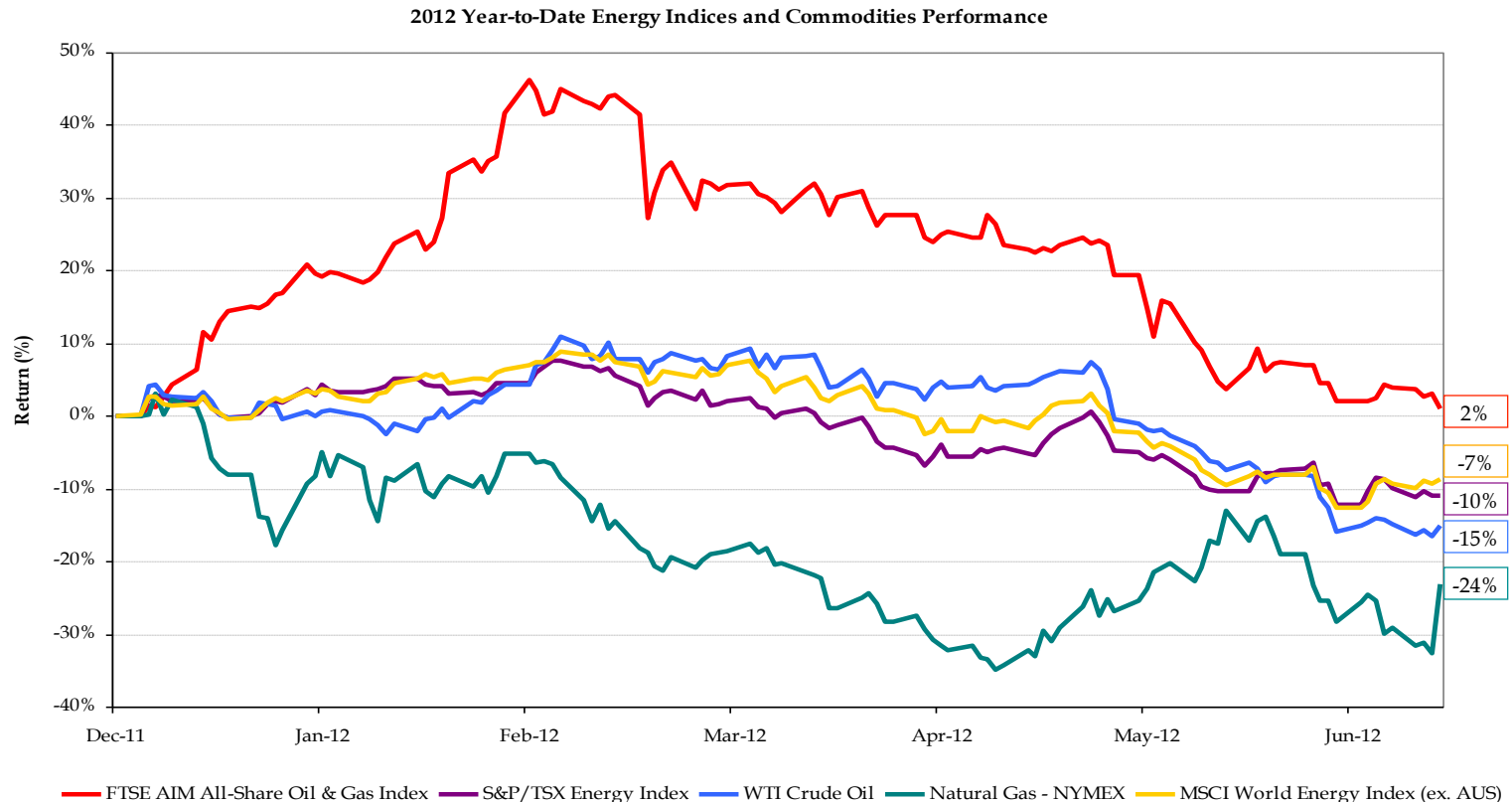
- The three largest M&A transactions of Africa-focused Oil & Gas companies represented nearly \$1 billion in transaction value, or over 80% of total transaction value during 2011 and 2012 YTD.

Top Africa-Focused Oil & Gas M&A Transactions - 2011 & 2012 YTD			
Close Date	Target	Acquiror	Size (\$MM)
29-Apr-11	UNX Energy Corp	HRT Participações em Petróleo S.A. (BOVESPA:HRT3)	\$699.3
1-Feb-12	Dominion Petroleum Limited	Ophir Energy Plc (LSE:OPHR)	\$219.6
22-Feb-11	Centric Energy Corp.	Africa Oil Corp (TSXV:AOI)	\$58.9
<b>Total</b>			<b>\$977.9</b>

Source: S&P Capital IQ

## Current Market Conditions

- In 2012 YTD, major energy indices and commodities have declined, with few performing neutrally.
- Equities linked to commodities are down substantially in 2012 YTD due to the ongoing Eurozone financial crisis, slowing growth in China, and as investors flee to perceived safe havens such as the US dollar.



Source: Bloomberg

## Financing Alternatives for Africa-Focused Oil & Gas Companies in the Current Markets

---

- Producers
  - Common equity, but at a discount to market
  - Convertible debentures
  - Eurobonds – custom tailored convertible bonds
  
- Developers
  - Common equity, but at a discount to market and including warrants
  - Convertible debentures and Eurobonds – higher coupons, lower conversion premiums, PIK provisions
  
- Explorers
  - Common equity, but at a discount to market and including warrants



## “Hot” Plays in African Oil & Gas

---

- East Africa Rift Basin
  - Nigeria “Marginal Field” Development
  - Namibia Offshore
  - “Silurian” in Tunisia/Libya/Algeria
- ...and to a lesser extent
- Gas Offshore Tanzania
  - Offshore South Africa Oil & Gas
  - Oil Onshore Cameroon

## Summary of MRCC International Oil & Gas Franchise

---

- MRCC offers a complete platform in international Oil & Gas:
  - Highly experienced Oil and Gas Investment Banking Team
  - Top-ranked International Oil and Gas Research Analyst
  - Research coverage of 16 International Oil and Gas companies
  - 52 Oil and Gas company financings over the past 3 years, raising over \$2.5 billion

## MRCC International Oil & Gas Research Coverage

International Coverage Focus: Undervalued, Rapidly-Growing with Significant Near-Term Upside Potential

Company	Symbol	Share Price	Market Cap	Analyst	Rating	Target
			\$ mm			
Americas Petrogas Inc.	BOE	\$1.99	\$411.17	Bill Newman	<b>BUY</b>	\$6.10
Antrim Energy Inc.	AEN	\$0.63	\$116.12	Bill Newman	<b>BUY</b>	\$1.65
Canacol Energy Ltd.	CNE	\$0.56	\$348.64	Bill Newman	<b>BUY</b>	\$1.60
Gran Tierra Energy Inc.	GTE	\$4.80	\$1,279.08	Bill Newman	<b>BUY</b>	\$8.90
Iona Energy Inc.	INA	\$0.50	\$162.43	Bill Newman	<b>BUY</b>	\$1.60
Ithaca Energy Inc.	IAE	\$1.74	\$450.95	Bill Newman	<b>BUY</b>	\$3.25
Madalena Ventures Inc.	MVN	\$0.41	\$130.44	Bill Newman	<b>BUY</b>	\$2.30
New Zealand Energy Corp.	NZ	\$2.06	\$250.84	Bill Newman	<b>BUY</b>	\$4.25
ORCA Exploration Group Inc.	ORC/B	\$2.50	\$87.10	Bill Newman	<b>BUY</b>	\$7.75
Pacific Rubiales Energy Corp.	PRE	\$24.73	\$7,284.18	Bill Newman	<b>BUY</b>	\$33.50
Pan Orient Energy Corp.	POE	\$3.37	\$191.03	Bill Newman	<b>BUY</b>	\$6.75
Parex Resources Inc.	PXT	\$5.40	\$585.42	Bill Newman	<b>BUY</b>	\$11.00
Petronova Inc.	PNA	\$0.47	\$77.69	Bill Newman	<b>SPEC. BUY</b>	\$1.95
Suroco Energy Inc.	SRN	\$0.34	\$44.22	Bill Newman	<b>BUY</b>	\$1.05
TAG Oil Ltd.	TAO	\$8.26	\$490.45	Bill Newman	<b>BUY</b>	\$12.80
Winstar Resources Ltd.	WIX	\$2.30	\$82.32	Bill Newman	<b>BUY</b>	\$6.40

## Summary of MRCC International Oil & Gas Financings

- Over the past three years, MRCC has championed emerging international oil and gas companies, participating in over 50 transactions and raising over \$2.5 billion.

### Notable Transactions

 \$46,345,750 Bought Deal Co-Manager May 2012	 \$92,000,000 Prospectus Co-Manager April 2012	 \$63,480,000 Bought Deal Co-Manager March 2012	 Madalena Ventures Inc. \$67,500,000 Bought Deal Co-Manager March 2012	 Americas Petrogas \$60,060,000 Bought Deal Co-Manager February 2012
 \$31,194,500 Bought Deal Co-Manager May 2011	 Bengal \$25,500,240 Bought Deal Co-Manager April 2011	 ANTRIM ENERGY INC. \$51,565,119 Bought Deal Co-Manager March 2011	 Americas Petrogas \$50,002,400 Bought Deal Lead Underwriter March 2011	 ionaenergy \$69,900,000 Private Placement Co-Manager March 2011
 Pan-Orient ENERGY \$49,500,079 Bought Deal Co-Manager March 2011	 ITHACA ENERGY \$158,000,000 Bought Deal Co-Manager July 2010	 PennWest ENERGY \$1,252,000,000 Private Placement & JV Sole Agent June 2010	 WestFire ENERGY LTD \$30,000,000 Bought Deal Co-Manager May 2010	 CANACOL ENERGY LTD. \$57,500,288 Bought Deal Co-Manager May 2010

## Closing Remarks

---

- It is with great pleasure that MRCC had the opportunity to present at *ENERGYAfrica*.
- *ENERGYAfrica* highlights the growing recognition Africa's oil and gas resources are receiving across global markets.
- MRCC supports *ENERGYAfrica*'s mission to improve awareness of energy investment opportunities in Africa and we look forward to continuing to commit our expertise to this sector.

## Contacts

---

### **GAGE JULL**

---

**Managing Director**  
**Investment Banking**

T: (416) 860-7614

F: (416) 860-7674

[gjull@mackieresearch.com](mailto:gjull@mackieresearch.com)

### **MAX SATEL**

---

**Vice President**  
**Investment Banking**

T: (416) 860-7632

F: (416) 860-7674

[msatel@mackieresearch.com](mailto:msatel@mackieresearch.com)

### **Mackie Research Capital Corporation**

---

199 Bay Street, Suite 4500

Commerce Court West, Box 368

Toronto, ON M5L 1G2