# PA Resources

## SEB Enskilda Nordic Seminar

Bo Askvik, President & CEO
Copenhagen, 11 January 2011

# Agenda

Introduction and macro drivers

Production and accelerated development

Exploration update and outlook

# Introduction
# and macro drivers

# Introduction to PA Resources

- International oil and gas company listed on NASDAQ OMX Stockholm*
- Operations and assets in eight countries in three regions - West Africa, North Africa and North Sea
- Deepwater exploration, development and production portfolio in West Africa with key infrastructure assets
- Market Cap of approx. SEK 3.4bn
- Average production of 12,100 boepd in Q4 2010
- Proved and probable (2P) reserves of 79 mmboe of which proved (1P) reserves constitute 52 mmboe**
- Contingent resources of 65 mmboe and risked prospective resources of 319 mmboe**
- 130 employees and offices in Tunis, London, Point Noire and head office in Stockholm

*Ptextbackslash* PA Resources share will be delisted from Oslo Stock Exchange 1 February 2011*

** *Figures as of December 31, 2009*



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# Geographical presence and assets


## North Sea

- **Denmark:** 3 exploration licences, operator of1
- **Germany:** 1 exploration licence, operator
- **UK:** 3 exploration licences, operator of all
- **Netherlands:** 3 exploration licences, 1 discovery Q7
- **Greenland:** 1 exploration licence, operator

## North Africa

**Tunisia:**

- 6 producing fields
- 4 exploration licences
- 3 discoveries Elyssa, Zarat and Didon North
- Operator of 7 licences

## West Africa

**Republic of Congo (Brazzaville):**

- 1 producing field (Azurite)
- 2 exploration licences
- 2 discoveries Mer Profond Sud (Turquoise) and Marine XIV

**Equatorial Guinea:**

- 1 development project (Aseng field)
- 2 exploration licences
- 4 discoveries in Block I

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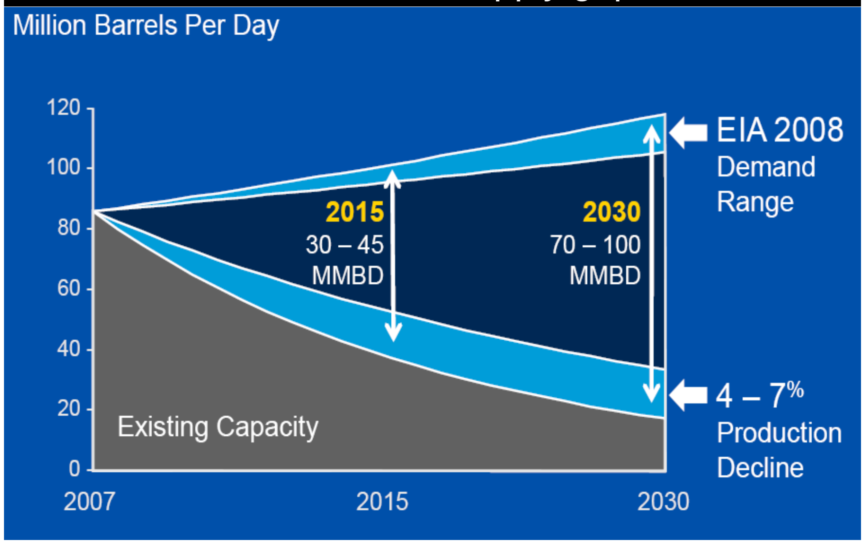
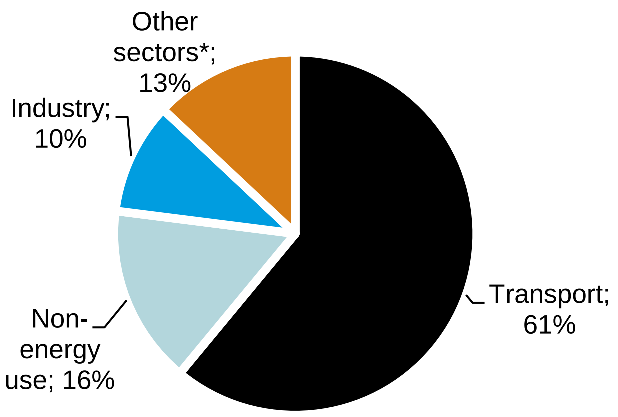
# Oil demand and supply gap

## Demand and supply gap




*Source: Chevron*

## Oil consumption by category 2008



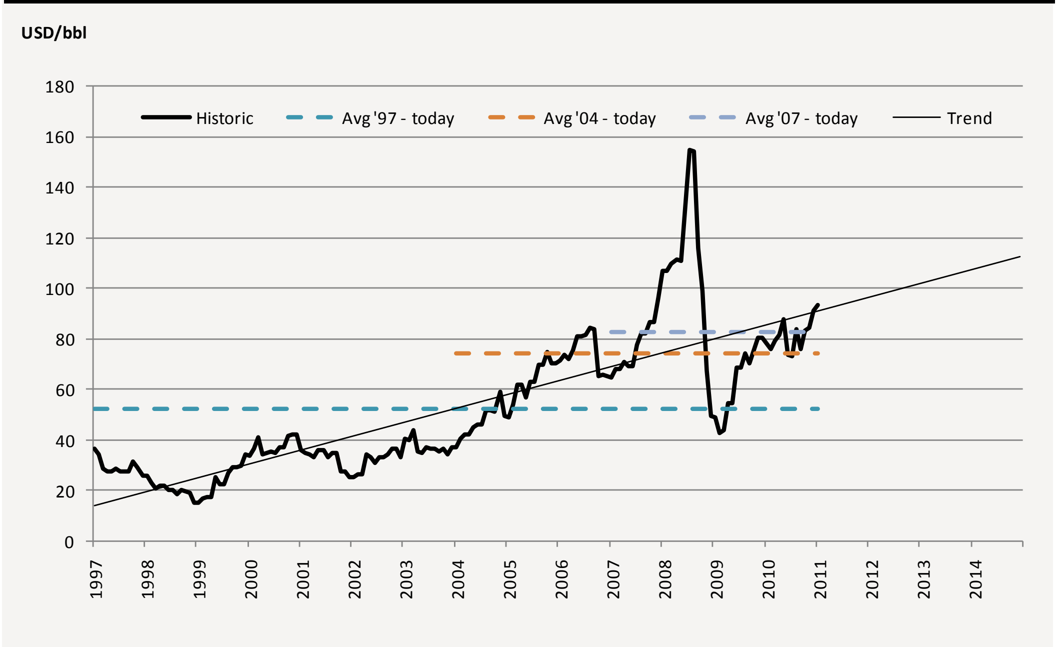

- *Includes agriculture, commercial & public services, residential and non-specified other sectors. Source: IEA Key World Energy Statistics 2010*

- Significant gap in production to be filled by fields not yet developed
  - Required new capacity to be explored and developed before 2030 equal to total 2009 production
- Triggers in place for increased demand for oil following a sharp rebound in GDP development
  - Significant portion of oil consumption is used for transportation
  - Transportation closely correlated to GDP growth

# Oil price development

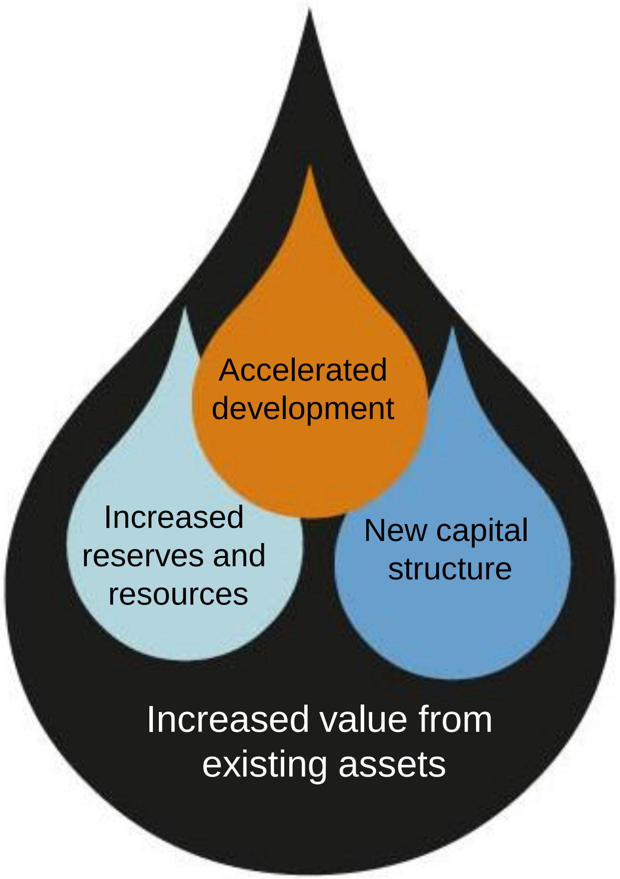
- Tight balance in supply and demand for oil, limited excess production capacity within OPEC
- Non-OECD will consume more oil than OECD. China and India main growth drivers
- Oil supply heading into two years (2011-12) with limited to zero growth in global production capacity
- The trend (also excluding the 2008-2009 fluctuations) implies an upward trend in the oil price as a result of higher oil demand and more difficult field develops

Oil price, real terms



# Strategic and operational focus 2010-2014

- **Accelerated development of existing assets**
  - Develop a number of fields in West- and North Africa
  - Total development capex of approx. USD 800m 2010-2014
  - Target of approx. 50 mmboe into production phase by year-end 2014
- **Increased reserves and resources**
  - Selective exploration of existing asset portfolio in all three regions
  - Total exploration capex of approx. USD 200m 2010-2014
  - More than 500 mmboe of total resources (including prospective) by year-end 2014
- **New capital structure**
  - Net debt/equity ratio not to exceed 50% other than temporarily
  - Majority of interest bearing debt on long-term basis

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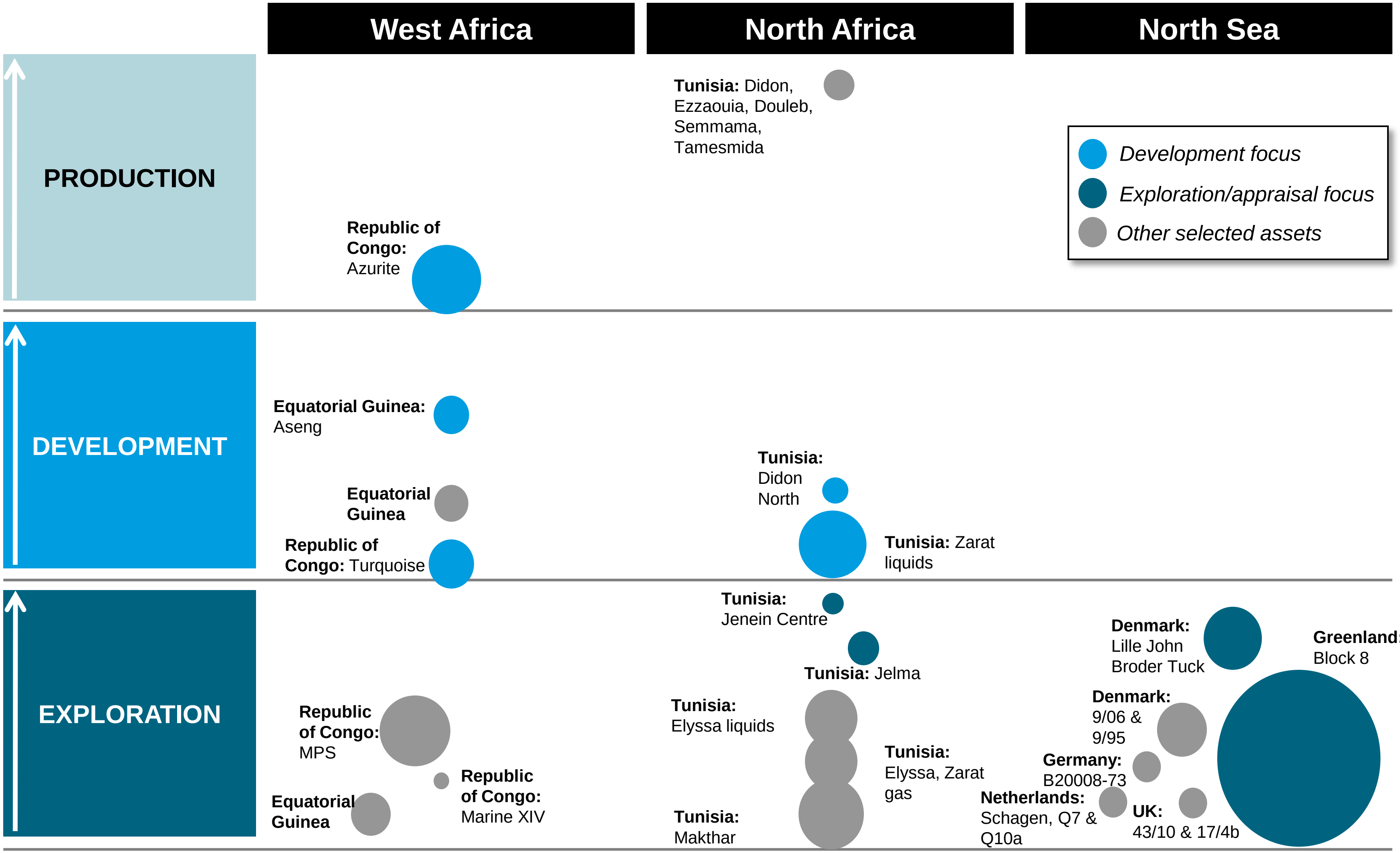
# Asset Overview

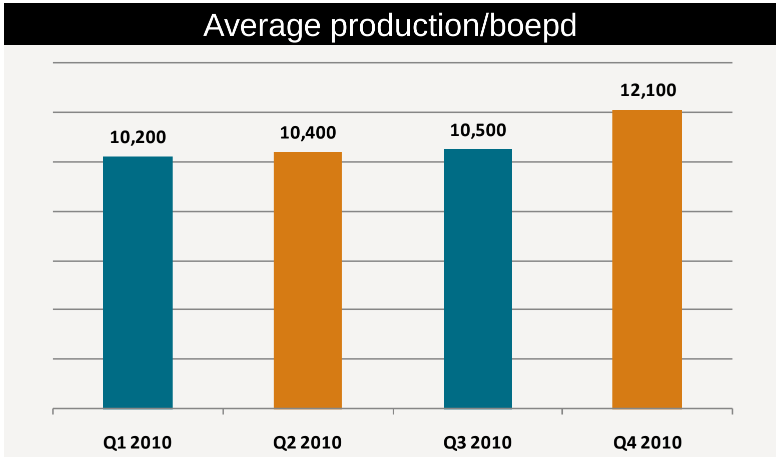


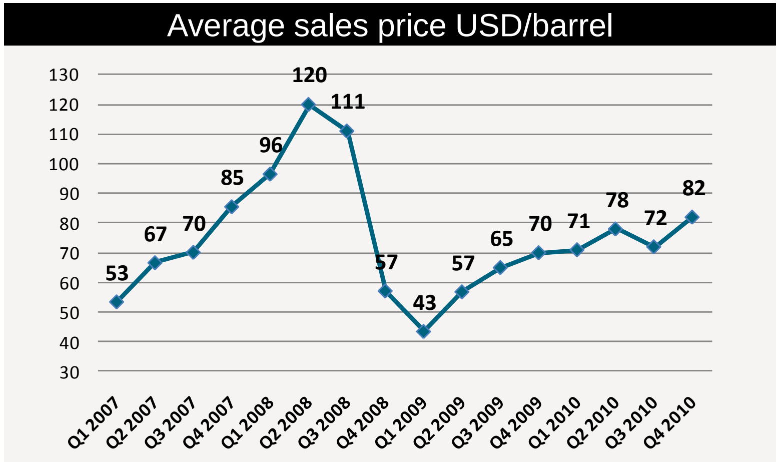

*Note: Size of bubbles represents risk weighted size of assets*

# Production and accelerated development

# Production and sales in Q4 2010

- Azurite field in Congo main producing field followed by Didon field in Tunisia and five smaller fields in Tunisia
- Average gross production of 12,100 in Q4 and 10,700 boepd full-year 2010
  - » 8,050 boepd in Congo
  - » 4,050 boepd in Tunisia
- Production target of 15,000 – 20,000 boepd by year-end 2010 not reached
- Average sales price increased to 82 USD/barrel
- Total sales amounted to 681,300 barrels

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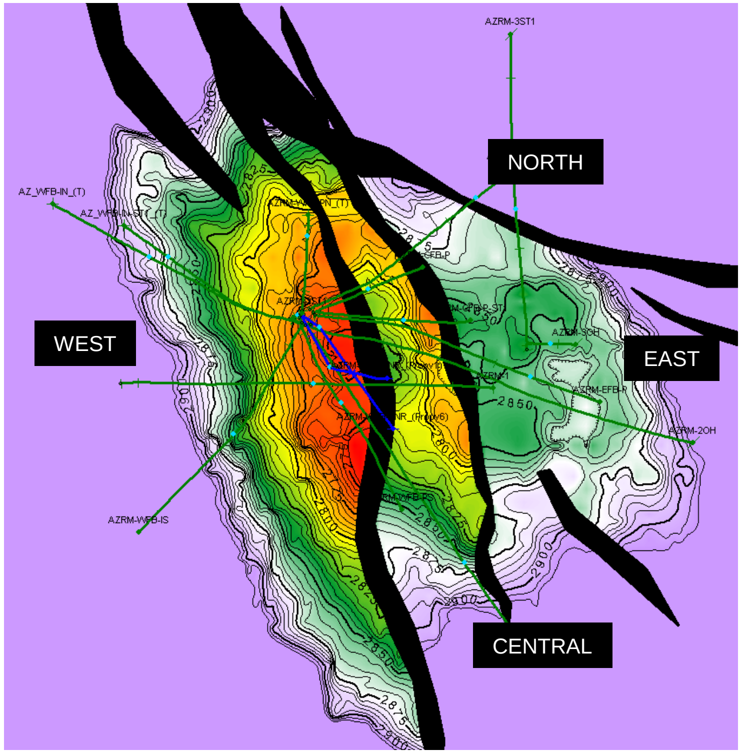
# Azurite production and development

- First producer on stream in August 2009, since then over 7 million barrels in gross production
- Located on 1,400 meter water depth, produced via industry's first FDPSO vessel
- Initial drilling program of six producers and four water injectors in total
- Last three producers added in Q4 2010 produce at reduced rates, awaiting planned water injectors to provide necessary pressure support
- Third water injector is currently being drilled, followed by a new production well. Fourth injector to be drilled after that. Field development estimated to be completed in Q2 2011
- Field production disappointing in Q4. Field's maximum production of 40,000 boepd will, according to PA Resources' assessment, be lower. New forecast pending completion and evaluation of remaining wells




**Licence Group:** Operator Murphy (50%), PA Resources (35%) and SNPC (15%)

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# Improved fiscal terms in Republic of Congo

- Government wants to encourage and facilitate continued investments and development of deepwater oil and gas fields in Congo
- Agreement unanimously approved by Council of Ministers, will be submitted for Parliamentary approval
- Increasing net entitlement share of produced oil due to lower taxation compensates for lower production
- Financial impact of improved licence terms for Azurite gives PAR net entitlement of approx. 23% (16%) dependent on oil price
- Also leads to improved conditions for Turquoise discovery and other prospects on the MPS licence


**Licence Group:** Operator Murphy (50%), PA Resources (35%) and SNPC (15%)

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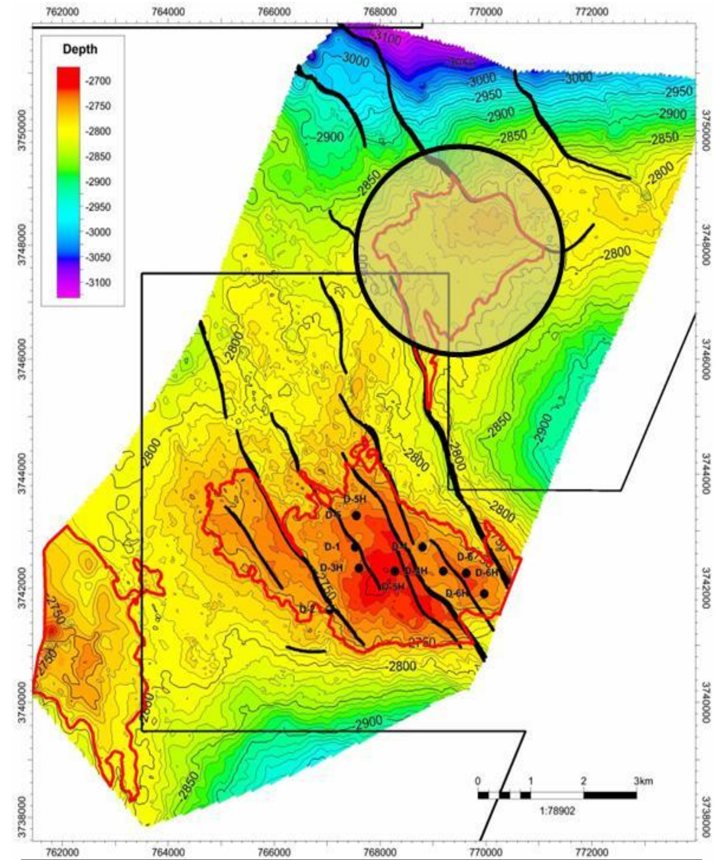
# Tunisia: Didon North – next field on stream

- Didon North prospect on Zarat permit situated 5 km northeast of the Didon field's production facilities
- Oil discovery made in November 2008
- Well encountered 14 meters of oil pay in the El Gueria formation (same formation as Didon-field)
- Expected recoverables of 3 MMbbl net to PA Resources (100%), 2,000 - 3,000 boepd
- The offshore satellite tie-back to Didon, development planning and procurement proceeding according to plan
- PA Resources next producing field, production start currently expected in second half of 2011




PAR 100% working interest,
ETAP has a back-in right of up to 55%

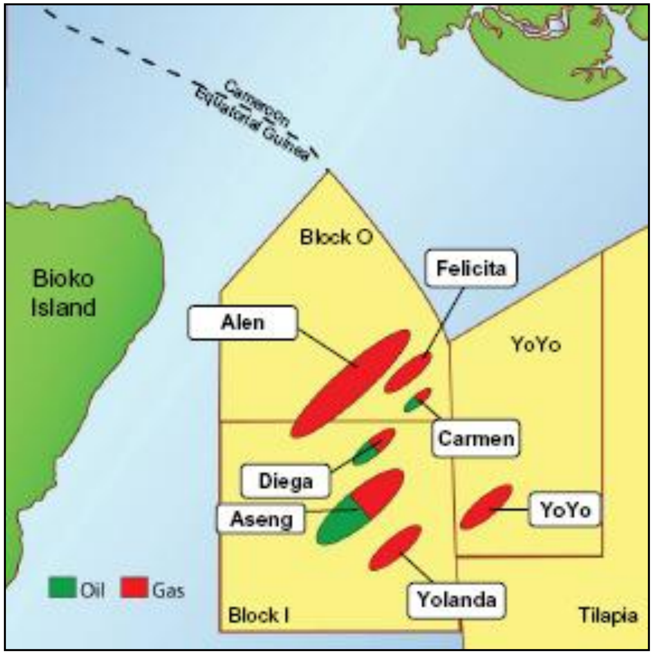
# EG: Block I – Aseng project on track

- Exceptional exploration track record in Block I with world-class reservoir
- Aseng, offshore 1,000 meter water depth, is the first development project providing necessary infrastructure for other discoveries. Combined development with a FPSO
- On Schedule and on budget. Development drilling and completions on the field substantially advanced during Q4 2010
- Drilling program of 10 wells (5 production, 2 gas injectors, and 3 water injectors) conducted in 2010
- Overall progress on upgrade of the FPSO, topsides fabrication and subsea assembly and testing remains to be completed in 2011
- First oil expected in first half 2012 with 3,000 bopd net to PA Resources

Licence Group: Operator Noble Energy (40%), Atlas Petroleum Int. (29%), Glencore (25%), PA Resources (6%)

# EG: Block I – Alen development

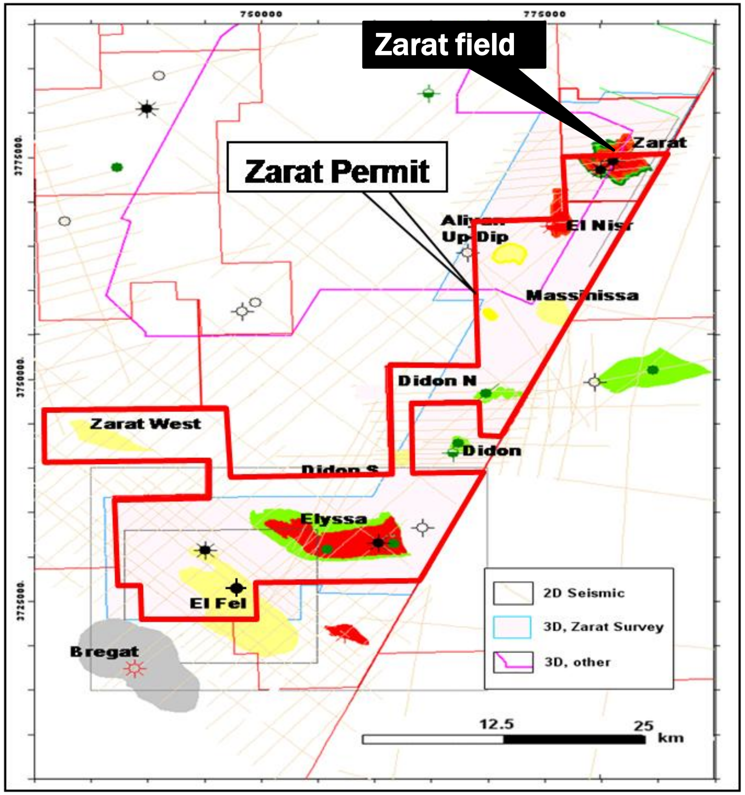
- Formerly known as Belinda, Alen is a liquid-rich gas-condensate field
- Reservoir primarily lies in Block O and extends into the northern part of Block I
- Expected development project sanction in Q1 2011
- Facilities designed as regional gas hub, utilize Aseng FPSO for liquid export
- Significant synergies exist between the Alen and Aseng fields in respect of production support and onshore activities
- Combined cost savings will generate substantial economic value to the Block I and Block O partnership




Licence Group: Operator Noble Energy (40%), Atlas Petroleum Int. (29%), Glencore (25%), PA Resources (6%)

# Tunisia: Unitisation of Zarat development

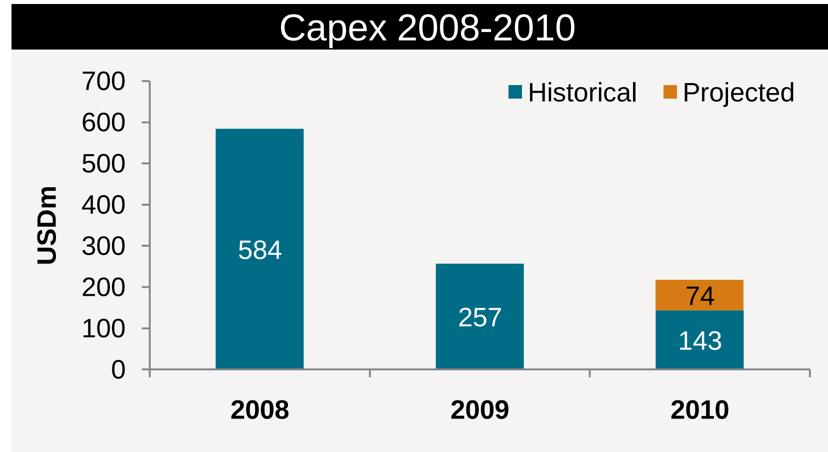
- Zarat, offshore Tunisia, significant discovery in 1992.
- Zarat field extends into adjacent 7th November Block. Operator Sonde is currently testing and evaluating results from appraisal well drilled in Q4. Results expected in early Q1 2011
- The drilling allows field unitisation. Oil reserves allocated to the two licenses containing the field, will form basis for revised development plan for Zarat field
- A two-phase development approach, first phase of production of liquid hydrocarbons combined with reinjection of gas

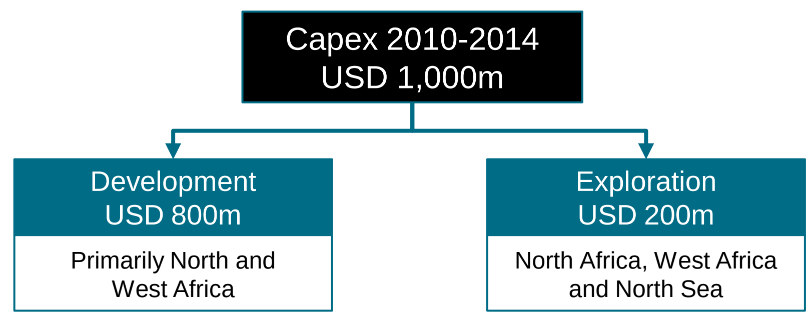



PAR 100% working interest,
ETAP has a back-in right of up to 55%

# Capital expenditure

- Five year plan entails investments in development and exploration of approx. USD 1,000m  2010-2014
- Majority of capital expenditures invested in developing existing assets into production
  - » Azurite completion in Q2 2011
  - » Didon North tie-back
  - » Continued development of Aseng field
  - » Reach closer to development of further resources at Zarat field
- Selective exploration activities:
  - » Drilling onshore Jelma in Tunisia and offshore Denmark on licence12/06
  - » Evaluation of seismic studies on Greenland
  - » Evaluation of seismic studies in the United Kingdom and the Netherlands

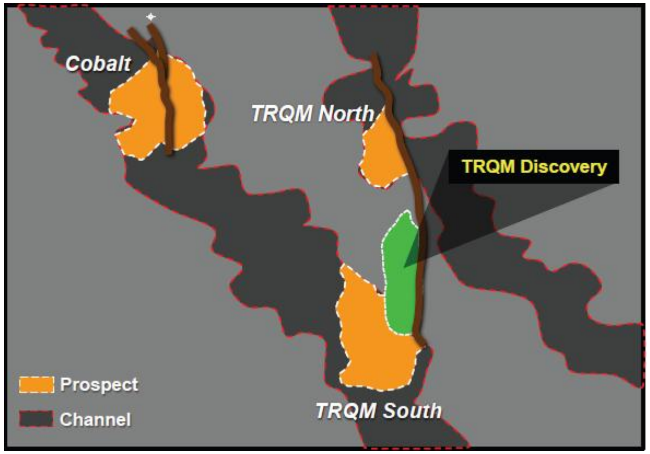


# Exploration update and outlook

# MPS Congo: Turquoise and Cobalt

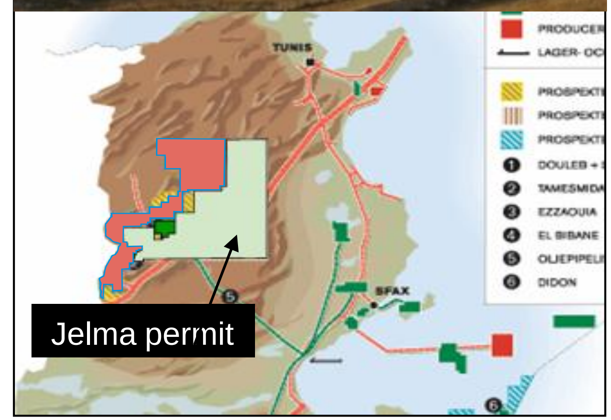
- Turquoise oil discovery in 2009
- Turquoise Marine located approx. 28 km and Cobalt Marine-1 approx. 35 km from Azurite field with identical structural timing
- 3 exploration/appraisal wells drilled in late 2010:
  - Exploration well Cobalt Marine 1 plugged and abandoned as dry hole
  - The appraisal wells Turquoise Marine 3 and 4 were unsuccessful at the primary Miocene target.
  - Turquoise Marine 4 was drilled to a deeper target where non-commercial oil pay was encountered along with significant reservoir development.
- Substantial geoscience evaluation to re-assess the prospectivity associated with encouraging deeper reservoir for MPS




**Licence Group:** Operator Murphy (50%), PA Resources (35%) and SNPC (15%)

# Tunisia: Drilling on Jelma permit

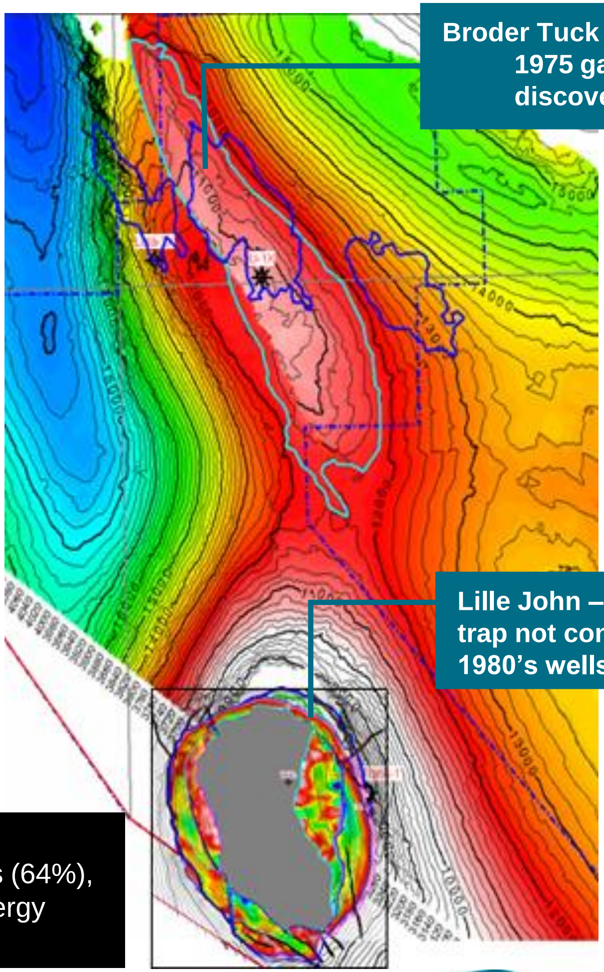
- Tunisian onshore licence covering 7,216 km²
- 300 km 2D seismic program acquired in summer 2009
- Two exploration wells are currently being drilled:
  - Drilling of first well on Sidi Mbarek prospect ongoing, unrisked mean reserves 127 BCF in gas case, 103 MMB in oil case
  - Followed by second well on Jbil prospect, unrisked mean reserves 202 BCF in gas case, 165 MMB in oil case




**Licence Group:** Operator HTC/ PA Resources 70%, Topic 30%

# Denmark: Drillings on licence 12/06

- 12/06, Lille John prospect: 20 MMbbl chalk potential, analogous to Banff Field in UK, missed by prior wells, up to c. 100 MMbbl upside
- 12/06, Broder Tuck prospect – 200 bcf + liquids to follow-up 1975 well with gas column of uncertain thickness
- Well planning and long lead items secured, rig contract being finalized, site survey completed
- Complete planning and drill 2 wells in first half 2011



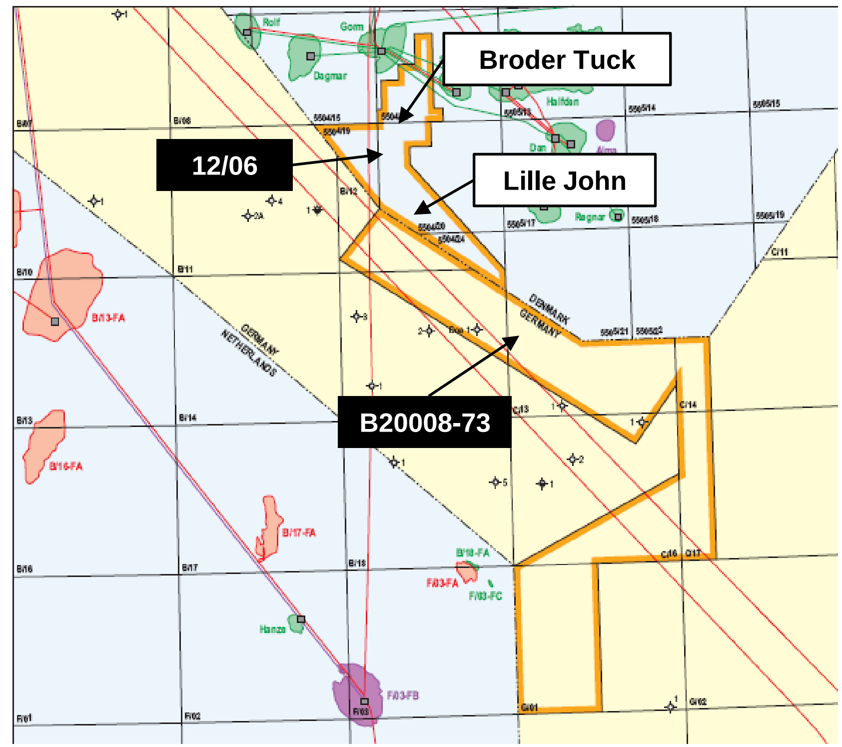
**Broder Tuck – follow-up to 1975 gas/condensate discovery**

**Lille John – classic diapier trap not condemmed by early 1980's wells**

**Licence Group:**
Operator PA Resources (64%), NPS (20%), Spyker Energy (16%)

# Awarded new German offshore licence

- Awarded German offshore licence B20008-73 adjacent to Danish licence 12/06
- Lies in so-called ”duck’s bill” or ”entenschnabel” area of German North Sea, between Denmark and the Netherlands
- PA Resources 100% working interest and operator
- Effective from 1st January 2011 – 31 December 2013
- Similar exploration objectives to potential targets
- Logical, low cost add-on to Danish position allowing focus on exploring the basin

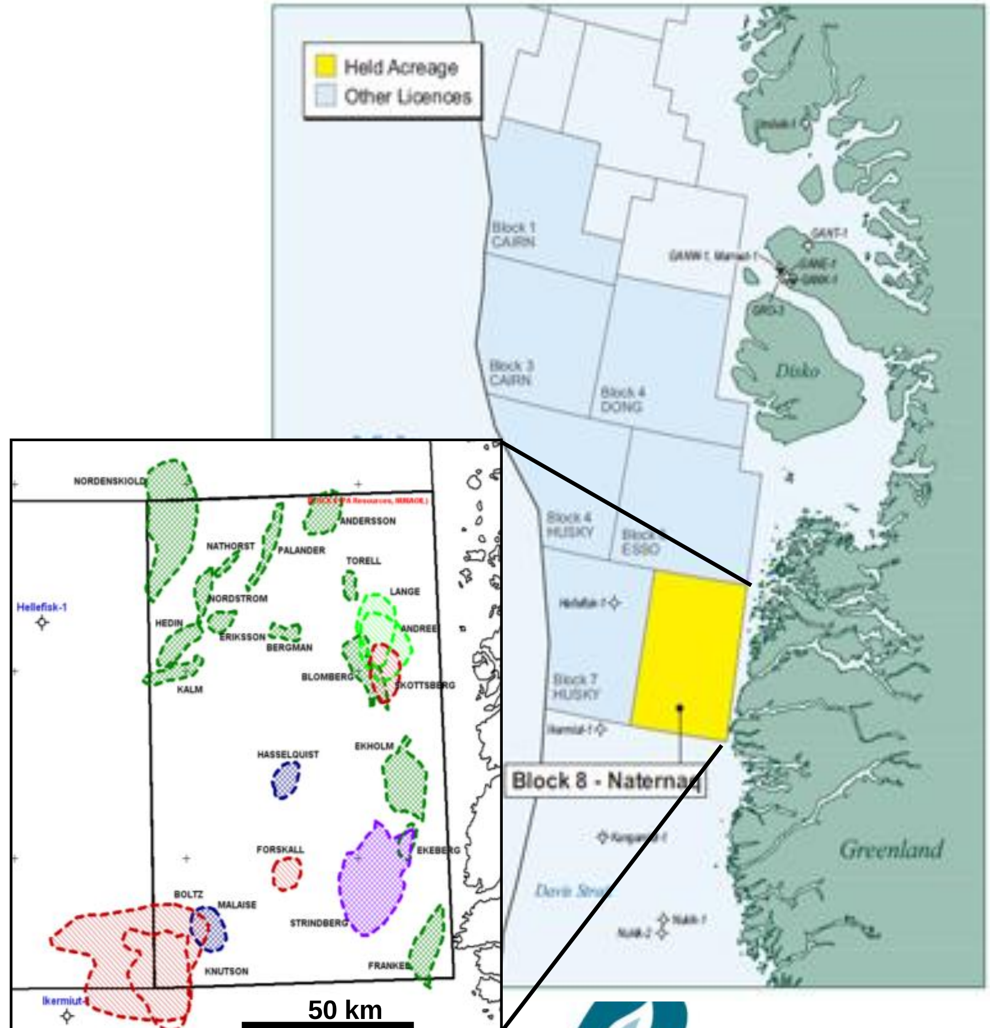



**Licence Group:**
Operator PA Resources (100%)

PA Resources Blocks
German Offshore Licencing Area

# Greenland: Block 8 – Naternaq

- 11,071 km$^2$ (equivalent to c. 50 UK North Sea blocks)
- Acquisition of 6,000 km 2D seismic in summer 2010, processing completed. Interpretation in first half 2011
- 20-100 meter water depth constrains ice management issues and permits jack-up drilling
- High risk frontier exploration: multiple large leads on 2D seismic data, up to one billion boe
- 2 exploration wells drilled (+1 suspended) in 2010 in Greenland by Cairn with hydrocarbon shows but not discoveries. Planned drillings in the area, up to 4 wells in 2011 by Cairn



# Outlook for PA Resources

- Key infrastructure assets in West Africa to allow commercialisation of adjacent discoveries and prospects
- Keep focus on accelerated development of existing, prioritised assets:
  - Remaining injectors and well to increase production levels on Azurite field
  - Progress development of Didon North, next producing field, with planned production start second half 2011
  - Development of Aseng proceeding according to plan. Wells and production facilities to be completed and tested in 2011
  - Sanction of Alen Plan of Development, beneficial cost synergies with Aseng field
  - Zarat appraisal well, drilling on adjacent licence enables unitisation and development application
- Drilling on Danish licence, with possible potential on adjacent German licence
- Interpretation of Greenland seismic first half 2011

# Thank you!