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Lawyers and Business Advisors

PAN-AFRICAN
PRO-AFRICAN

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CENTURION LAW GROUP

Centurion Law Group (Centurion) is delighted to present this introductory note on Central Africa's energy markets along with its capabilities to provide legal, tax and business advisory services with respect to your activities across the sub-region.

Our team stands ready to provide experienced legal and energy advisory support in an authentic knowledge-based and cost-effective manner or investors looking to do business in established and frontier energy markets across Central Africa.

Centurion's advisory credibility in various Central African oil and gas producing countries is unrivalled and we continue to be the firm of

choice for both governments and private sector actors in navigating the unique oil and gas investment climate of the sub-region.

Based out of Cameroon and Equatorial Guinea, the firm's lawyers and advisors have been educated in the best American and European Universities and are fluent in French, Spanish and English, among other languages. They embody the firm's core values; pan-African, down to earth, practically minded, solution-driven and can advise clients on all areas of business law. Alongside a deep understanding of corporate and business issues, the firm has unrivalled expertise in the oil and gas sector – which actively underpins the economies of Central Africa.

CENTRAL AFRICA OFFICES

CAMEROON

2nd Floor, Immeuble Pallas
Next to MTN Head Office)
Rue Drouot, Akwa
P.O. Box 1319 Akwa
Douala
+2372334333617

EQUATORIAL GUINEA

Malabo 11, Carretera entre Arab
Contractors y SOGECO
Casa Centurion
Malabo
+240 555 973 386

CONTACT OUR OFFICES

NJ Ayuk

Chief Executive Officer
+1 647 308 6325
nj.ayuk@centurionlg.com

Carl Mbeng

Head of Central Africa Operations
+237 61 43 43 21
carl.mbeng@centurionlg.com

CENTURION LAW GROUP

CENTRAL AFRICA REGIONAL INTEGRATION

Centurion Law Group is a pan-African corporate law conglomerate specializing in cross-border energy law. We help clients navigate the legal and regulatory environments of Africa's many jurisdictions to ensure that deals are made and completed as efficiently and cost-effectively as possible.

“Our approach is to have the expertise that our clients need, when they need it and where they need it.”

It is clear that the Francophone market, and indeed the wider African market, is looking for lawyers that are dynamic, mobile, up-to-date with modern technology and systems; lawyers who can bring international experience alongside their local, on the ground connections. The Central African region is no exception. Centurion Law Group has put together a bespoke team of lawyers to assist businesses as they expand into Central Africa – lawyers with specific commercial and regional expertise.

The region is known to have different legal landscapes depending on history, laws, governments, languages and natural resources, but it shares the common goal of uniting to generate more – and better – business for themselves.

The idea is to unlock business opportunities for clients by being pro-Africa, innovative, first movers and developing a pool of specialists for the cross-border business.

We have done this by grouping together the six countries that make up the Central African market and adopting a 'hub and spoke' approach. Our hub jurisdictions are in Malabo and Douala and from these offices we can easily reach the common market of Central Africa and deliver any legal, IP, business or tax services for our clients.

We have advised inbound, outbound, and pan-African clients on their strategic goals in these countries and are looking to promote the region and its opportunities to more businesses. Business in the commodity-rich region is about resources and Centurion is a specialist firm in this regard. We have developed a niche area advising clients directly on matters relating to energy and in particular oil and gas.

We have deep specialization in all areas relating to energy and can mobilise teams across central Africa to handle any deal.

The benefit of this approach:

- Clients get access to top independent and local law firms with a strong presence on the ground and unrivalled on-the-ground connections
- Centurion will project manage any transaction, ensuring that projects are done according to plan and according to cost expectations.
- All the lawyers are from Africa – it is an all-African team.
- Language, cultural and any local business complexities are handled by experienced lawyers who know the lie of the land.
- Our billing rates are competitive.
- The firms within the Central African region all know each other well and have worked together as one firm creating a virtual presence across all the six countries.
- Best practice sharing: through our regional teams, we make sure that knowledge and best practice developed in one regional market in Africa is shared with teams working on matters in other regions across the continent.
- We use international best practice to provide clients on African matters with the same standards of service they have come to expect from any global law firm.
- Local law knowledge.
- Broad-based experience: We advise leading international and African corporates, banks and investors across a number of sectors, including power, natural resources, infrastructure, financial services and regulation, oil and gas, education, housing, and healthcare.

REGIONAL COMPETENCES

Centurion has put in place a team of lawyers and business advisors with market leading expertise and knowledge of the legislative and fiscal frameworks that bisects the Central African region and appropriate local laws. Our in-house lawyers and network partners are exceptionally well-positioned to give direction to organizations looking at entering the market or expanding their operations throughout the region – the team is equipped to handle complex transactions that span across regional legislation.

OHADA

Currently enforced in 17 African countries, OHADA law covers several aspects of business law, including general commercial law, corporate and economic interest groups law and various legal frameworks regulating areas such as accounting, security interest, bankruptcy, arbitration and contracts of carriage by road. OHADA aims to promote regional economic development through the harmonisation of its member states' business laws.

Our Central African team has collaborated on projects and transactions in the Central African Economic and Monetary Community (CEMAC) region for a number of years and the association between Centurion and our network firms allows us to offer a more complete solution to clients' needs in the OHADA region and further develop their regional law practices. Our OHADA offering now represents a significant and growing part of the firm's practice by combining our expertise with the insight of local partners, we provide our clients with a competitive advantage when operating in Africa.

CEMAC

CEMAC is made up of six states; Gabon, Cameroon, the Central African Republic (CAR), Chad, the Republic of the Congo and Equatorial Guinea. CEMAC represents one of the Central African regional Communities established to promote cooperation and exchange among its members.

Since its creation, CEMAC member states agreed to initiate a comprehensive reform process in key economic areas including, but not limited to, bank and finance, monetary reform, economic integration, transport of persons and goods, taxation and customs. Consequently, the organisation produces regional legislative instruments that regulate cross border and local activities in key sectors. Our team has the highest level of proficiency in advising clients on legal and fiscal issues regulated by CEMAC. Through our in-depth understanding of the regional framework, we develop effective solutions to give a competitive advantage to our foreign and local clients with relation to banking and finance operations, financial markets, capital markets, competition, customs, immigration and maritime Law.

We complement our understanding of regional legislation with local laws and other implementation instruments, as well as practice.

ECCAS

The Economic Community of Central African States (ECCAS) is an organisation for the promotion of regional economic cooperation in Central Africa. It is the largest economic community in Central Africa, regrouping 11 member states from CEMAC and the Economic Community of Great Lake Countries (ECGLC).

ECASS has produced a number of protocols to maintain its objectives for Central Africa. These include protocols around cooperation, economic and social development, as well as regional integration. Our lawyers assist clients understand these protocols to the extent which they may be applicable to their operations with Central Africa.

CENTRAL AFRICA

In Profile

Central Africa is home to sub-Saharan Africa's third, fourth and fifth largest oil producers, OPEC members Congo-Brazzaville, Equatorial Guinea and Gabon. Together with CEMAC, which also includes Cameroon, Chad and the Central African Republic, the region has proven reserves of over six billion barrels of oil and 336 billion cubic metres of gas.

Given increasing production from the Republic of Congo, Central Africa passed the production threshold of one million barrels of oil per day (bopd) in 2018, up from 869,000 bopd in 2017. CEMAC countries have also benefited from rebounding global oil prices and fiscal consolidation measures to reconnect with economic growth in 2018.

While the region's average GDP growth stood at -0.36% in 2017, positive economic performances by Congo-Brazzaville and Chad put the region's growth back up and out of the red in 2018.

With its common currency and financial, regulatory and legal structure, positive economic forecasts and vastly under-explored sedimentary basins, Central Africa is a natural resources hotspot where the right strategies and investments will prove very rewarding.

“

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ONE TIME ZONE ONE CURRENCY ONE FRAMEWORK



Combined GDP: \$82.5bn



Total population: 52m



Average population growth: 2.6%



Proven oil reserves 6.4bn



Total oil production (2018): over 1m bpd



CONTACT US

With offices in Malabo and Douala, Centurion is your gateway into Central African markets, offering you a one-stop shop for all your legal and advisory needs in the region.

Contact us today to set up your operations, cross-border mandates, business and market intelligence, country risk assessment, networking with key stakeholders and developing your own strategy plan for the region.

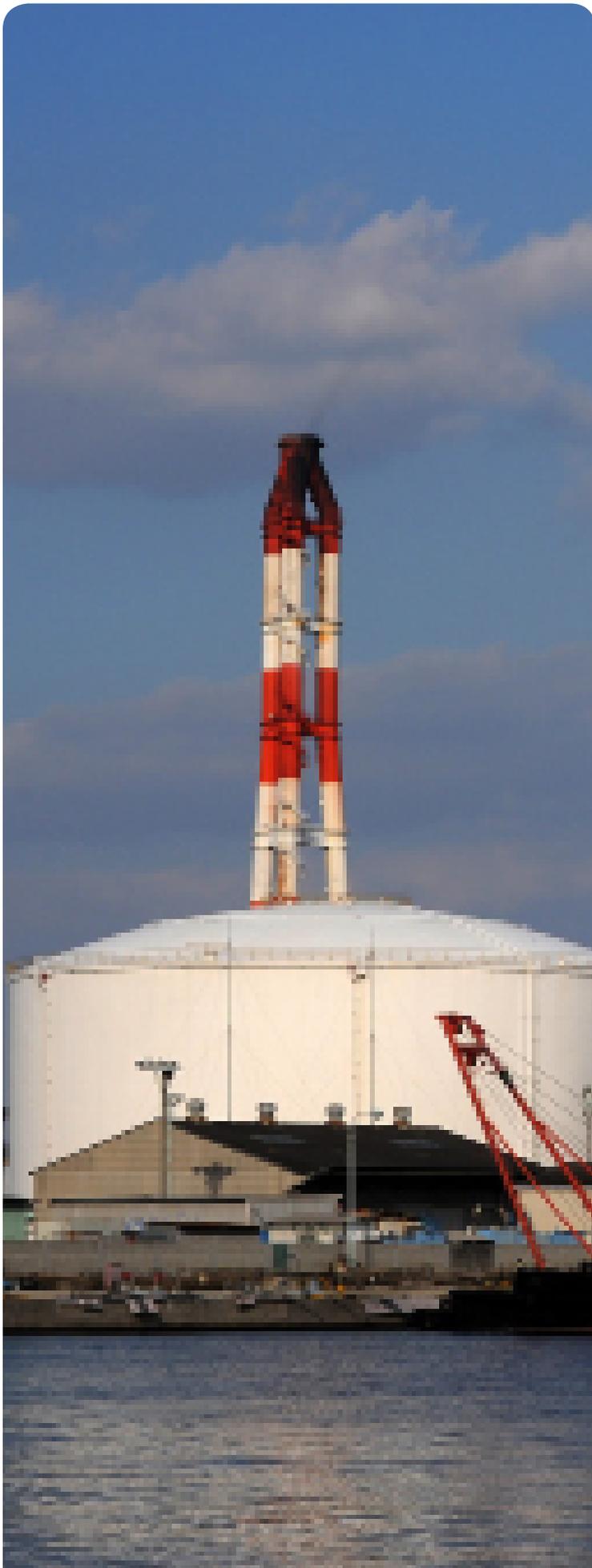
EQUATORIAL GUINEA

Equatorial Guinea has distinguished itself as an innovative oil and gas producer in the Gulf of Guinea through its purposeful energy policy, inviting environment and ambitious hydrocarbons strategy and projects.

Oil exploration began under the Spanish administration in pre-independence Equatorial Guinea in 1965, but was eventually reduced following independence. It resumed only under the new government in 1979. New exploration efforts resulted in the discovery of the Alba gas field in 1983, and the giant Zafiro discovery in 1995, which contributed to the country's peak production of 358,000 bpd in 2005.

The sector is managed and regulated by the Ministry of Mines and Hydrocarbons (MMH), under the New Hydrocarbons Law (Act no. 8/2006 of November 3rd, 2006). Equatorial Guinea's hydrocarbons legislation states that contracts may be awarded by competitive international public tender or direct negotiation. Exploration periods are set at two initial sub-periods of four or five years, plus a maximum of two extensions of one year each. The state is entitled to a carried interest participation of no less than 20%. Production sharing contracts are the standard petroleum agreement in place. National content provisions are set out in a 2014 local content regulation, whose scrutiny has been increasing in recent years.

The government of Equatorial Guinea is committed to promoting industrial development as a pillar of national development. This includes value-added midstream and downstream projects, including gas monetisation and valorisation projects. The MMH signed for instance in May 2018 an agreement with Noble Energy to supply gas from the Alen and Aseng fields to Punta Europa, the country's 3.4 mtpa LNG terminal, to replace declining production from the Alba field. This is a major step in Equatorial Guinea's plans to build a gas mega-hub to aggregate gas from upstream projects and deliver it to onshore industries. While the country's other major gas project, the 2.2 mtpa Fortuna FLNG, has stalled due to a lack of financing, hopes are high that 2019 will see new partners revive the plans for Africa's first deep-water FLNG project.



EQUATORIAL GUINEA IN NUMBERS



Population: 1,267,689



Proven oil reserves: 1.1bn barrels



Proven gas reserves: 1.34 Tcf



Gas production: 180,400 bpd



Oil production: 280,000 bpd



Capital: Malabo



Main operators

Marathon Oil, Kosmos Energy, Noble Energy, ExxonMobil



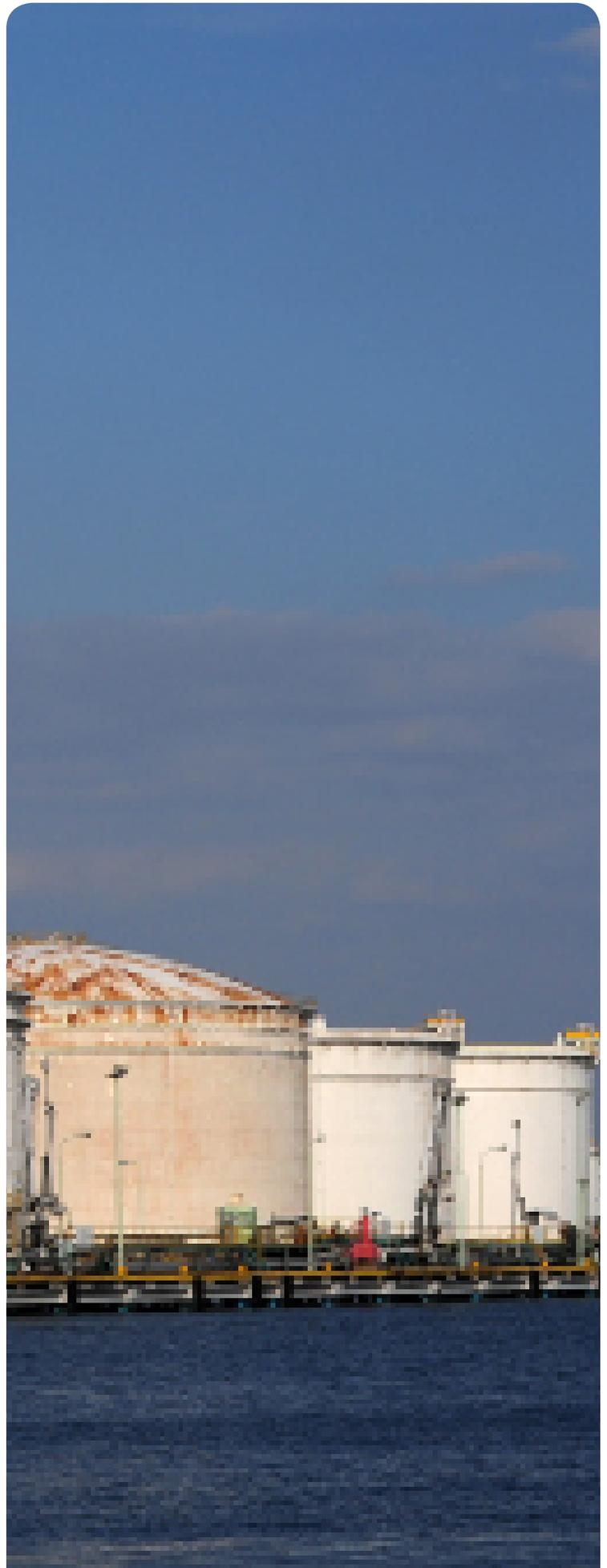
Producing areas

Alba, Alen, Aseng, Ceiba, Okume, Zafiro



State-owned company

GEPetrol, Sonagas, Segesa



CONGO- BRAZZAVILLE

The Republic of Congo is one of the largest and oldest hydrocarbon producers in sub-Saharan Africa, with production starting up in the 1960s. Despite the maturity of some of its fields, Congo is showing an upward trend in its oil production, with domestic output increasing by 25% between 2017 and 2018 to reach its current 350,000 bopd, following the start of production at the Moho Nord project in March 2017, operated by Total.

New projects under development should increase production to 400,000 barrels per day by 2020. The Congo also offers many opportunities for the development of its gas resources, with reserves estimated by the government at 400 billion standard cubic meters. The country is holding, from November 2018 to June 2019, its license round phase II, under which 18 blocks are being put up for bid, which will be a test of investors' receptiveness to the country's new reforms.

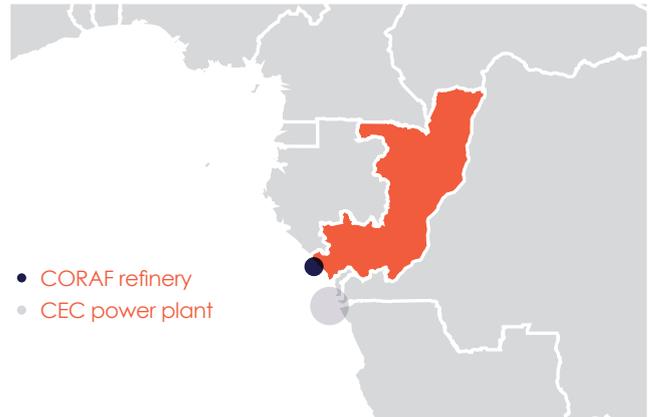
Congolese authorities realize that the country's potential in the hydrocarbon sector is under-explored. The government is, therefore, committed to developing the upstream sector and continuing to develop its infrastructure, particularly in the downstream sector. To this end, the Ministry of Hydrocarbons has put in place a legal and fiscal framework to attract investors. Furthermore, a Gas Code is being drafted to structure the gas industry and is based on an ambitious program of gas valorisation. In this regard, Congo already has a power plant with a capacity of 300MW fuelled by gas, which can be expanded to 900MW. Other projects, such as LNG, power generation, gas-to-liquids, urea and fertilizer production, and petrochemicals are under development.

The sector is managed and regulated by the Ministry of Hydrocarbons, under Law no. 28-2016 of October 12, 2016, which notably stipulates that upstream activity is to be conducted under production sharing contracts or service contracts with the state. The state is entitled to a carried interest participation of no less than 15%. Exploration permits are granted for the duration of four years and can be renewed twice for periods of three years, with a six-year extension period for selected acreages. Following discovery, exploitation permits have a 20-year validity period with a possible extension of up to five years. All permit holders are required to train Congolese nationals and give priority to local providers of goods and services.





CONGO- BRAZZAVILLE IN NUMBERS



Population: 5,260,750



Proven oil reserves: 1.6bn barrels



Estimated gas reserves: 400bn cubic metres



Oil production: 350,000 bpd



Capital: Brazzaville



Main operators

Total, Eni, Perenco, Chevron



State-owned company

SNPC





GABON

Gabon is a well-established hydrocarbons producer in the Gulf of Guinea. Its domestic output peaked at 370,000 bopd in 1997 but has been declining and reaching about 200,000 bopd in 2017. Oil production kept decreasing in 2018 and was already down by 10% at the end of the third quarter, while gas production augmented by 12.3% over the same period, increasing to 1.57mmscmd in the third quarter of 2018. Over the past decade, Gabon has addressed negative reserves and production forecasts by incentivizing exploration and encouraging additional investment via policy and regulatory reforms, which culminated in the 2014 New Hydrocarbons Law (Law no. 11/2014 of August 28, 2014).

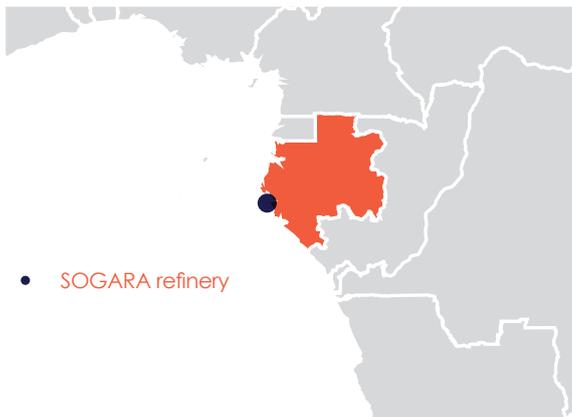
The sector is managed and regulated by the Ministry of Petroleum and Hydrocarbons, which implements the government's hydrocarbons policy. Under the new law, the state has a 20% share of all exploration and production activities, and state-owned Gabon Oil Company is entitled to a stake of up to 15% in production sharing contracts. Operating companies may gain access to the country's acreages either by tender procedure or by negotiating directly with the state. In this regard, Gabon is conducting its 12th shallow and deep-water licensing round from November 2018 to April 2019.

Upstream activities can be conducted under prospecting authorisations (18 months), exclusive exploration authorisations (six years with maximal extension of two years) and exclusive exploitation authorization (10 years renewable for two periods of up to five years each for liquid hydrocarbons, and 15 years renewable for two periods of up to five years each for gaseous hydrocarbons). Such activities can be carried out under a service contract, a technical evaluation contract, an exploration contract, a production sharing contract or an exploration and production sharing contract.

The new law also addresses local content matters, and notably stipulates that any entity exercising within Gabon's hydrocarbons sector is required to give priority to the hiring and training of Gabonese nationals, and the sourcing of Gabonese goods and services

GABON

IN NUMBERS



Population: 2,025,137



Proven oil reserves: 2bn barrels



Proven gas reserves: 25bn cubic metres



Gas production: 1.3 m m³/d



Oil production: 200,000 bpd



Capital: Libreville



Main operators

Total, Vaalco, Perenco, Eni, Petronas, Assala Energy



State-owned company

Gabon Oil Company

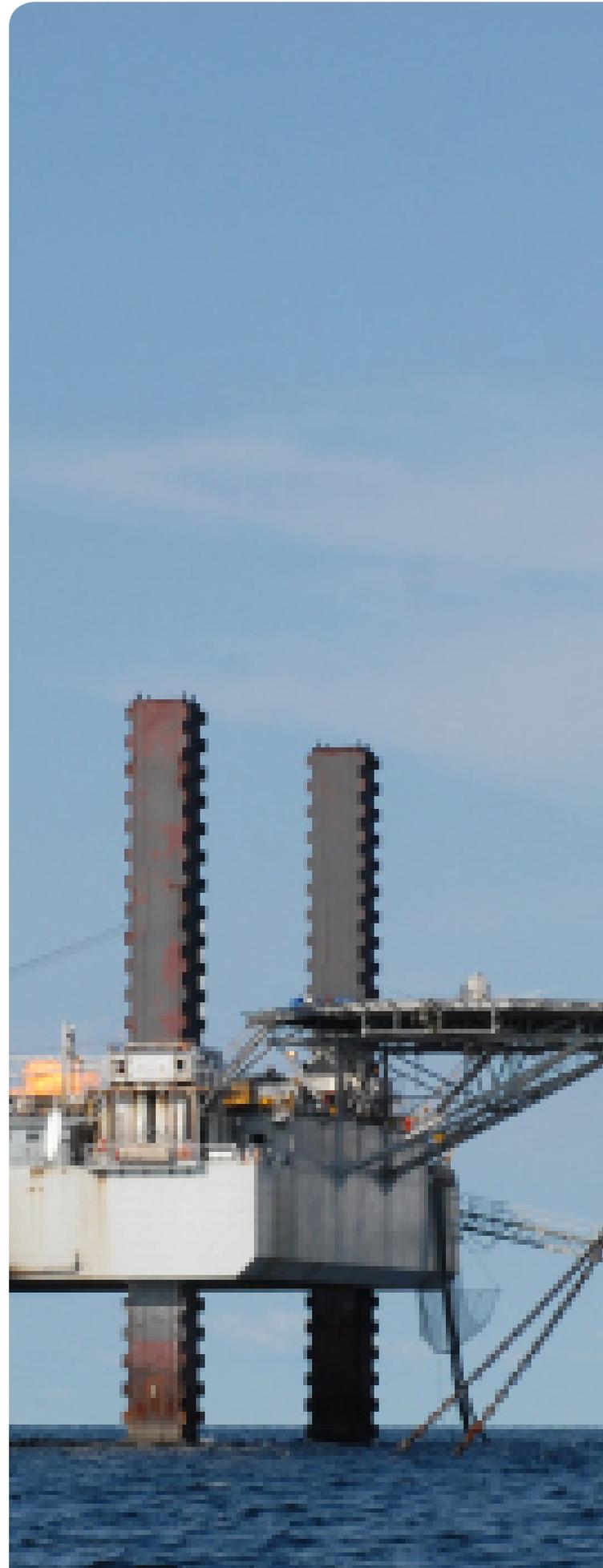


CAMEROON

Cameroon has been a producer and exporter of oil for over seven decades. Although it is not considered among the biggest oil exporting nations, it remains an important oil and gas exporter in Central Africa due to its favourable geology, dynamic relationship with other foreign oil operators, host government, and its well-developed legal framework. The government of Cameroon has set out to further develop and expand the industry, especially on the gas front, giving rise to a substantial number of project opportunities.

In this regard, Cameroon set a remarkable precedent in 2018 when it became the second country in the world, and the first in Africa, to commission a floating LNG facility. Located offshore Kribi, Golar LNG's 1.2mtpa Hilli Episeyo FLNG vessel is now receiving gas from the Perenco-operated Sanaga gas field, and its processed LNG has been sold to Gazprom's trading arm for eight years. Other key existing energy infrastructure includes the 42,000bpd Limbe refinery, owned at 66% by the government via Sonara, the 1070km Chad-Cameroon pipeline, one of Central Africa's landmark projects, and Globeleq's 216MW gas-fed Kribi power station. The Ministry of Mines, Industry and Technological Development regulates petroleum operations and oversees the granting of licenses and authorisations in Cameroon's oil and gas sector. A comprehensive set of laws, including the Petroleum Code (Law no. 99/013 of December 22, 1999) the Gas Code (Law no. 2012/006 of April 19, 2012) and the Electricity Law (Law no. 2011/022 of December 14th, 2011) govern Cameroon's energy sector. The Petroleum Code was modified and augmented by the Petroleum Regulations Decree 2000/465 of June 30, 2000.

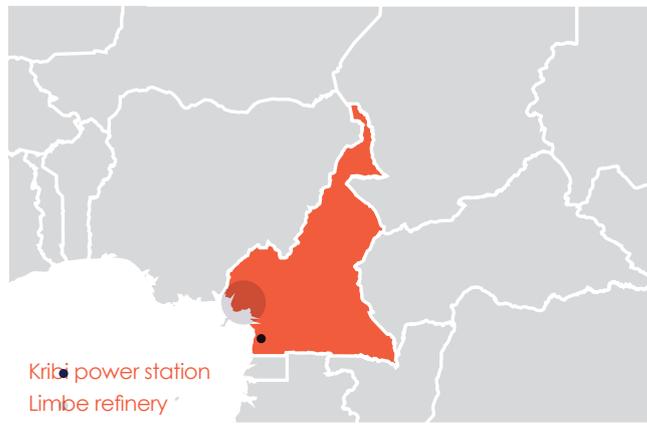
Exploration and production contracts exist in three forms in Cameroon: concession contracts, production sharing agreements (PSA) and risk services contracts. An initial exploration term is three years (five in the case of 'Special Petroleum Operations Zones'), which can be renewed twice, for two years at a time. The state's interest through state-owned SNH is negotiable up to 25%. Exploitation authorization is granted for a maximum period of 25 years (for liquids) or 35 years (for gas), and can be renewed once for ten years. The Petroleum Code sets out local content provisions, stating that contractors must give preference to Cameroonian construction companies and supplies of goods and services, and that the holder of a petroleum contract should be prepared to finance and implement training and develop programs for Cameroonians.





CAMEROON

IN NUMBERS



Population: 24,053,727



Proven oil reserves: 0.2bn barrels



Proven gas reserves: 4.8 Tcf



Gas production: 0.35bn cubic metres



Oil production: 76,000 bpd



Capital: Yaoundé



Main operators

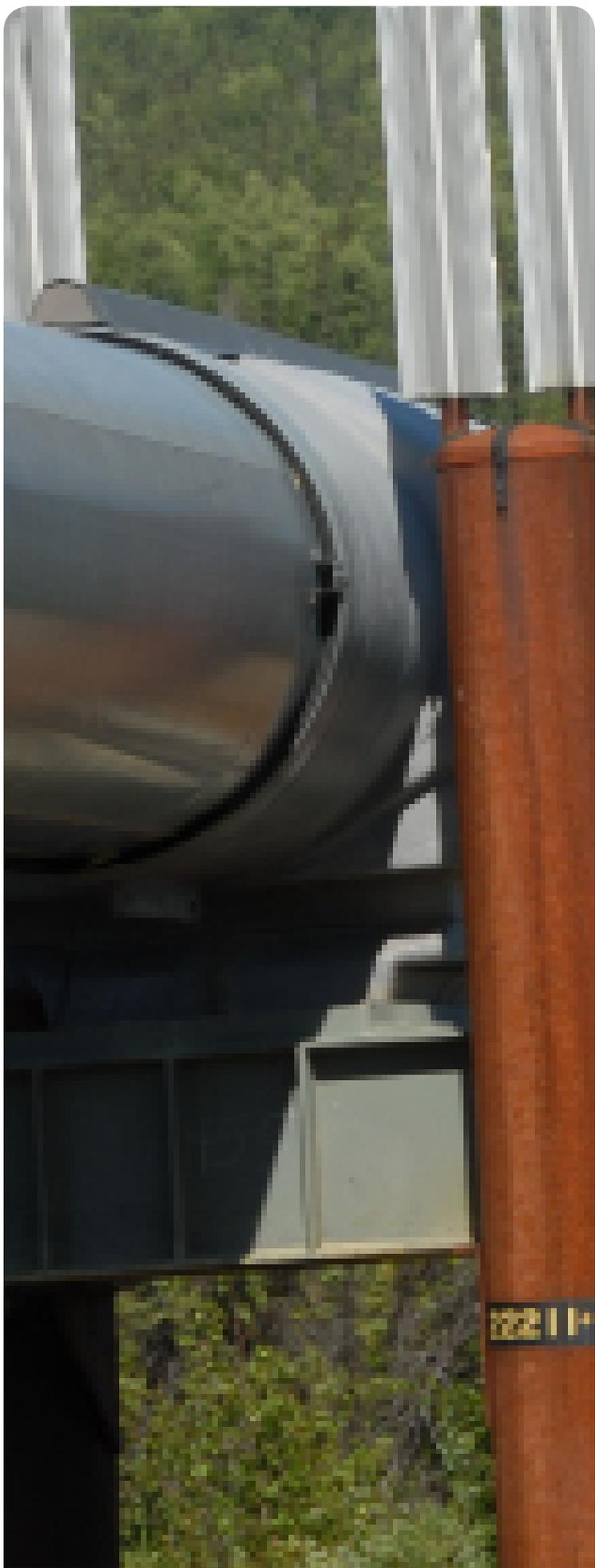
Perenco, Victoria Oil & Gas, Addax Petroleum, Noble Energy, NewAg



State-owned company

SNH, Sonara, Eneo





CHAD

Chad has Africa's tenth largest oil reserves, but its output has been slipping in recent years due to maturing fields, lower commodity prices and disruptions caused by the conflict with Boko Haram. While the landlocked nation is one of the most difficult countries in the world to do business in, its well-established petroleum industry and its existing export infrastructure via Cameroon make upstream investments attractive for oil and gas players.

As operator of the Doba consortium, ExxonMobil remains the biggest producing company in the country at around 63,000 bopd last year according to government data. The restructuring of Chad's debt to trading company Glencore in June 2018 coupled with rebounding oil prices has further encouraged the government to push for projects that could transform Chad's economy in the coming years. The country launched in January 2018 the social and environmental impact assessment of the Integrated Sedigui Oil and Gas Field Development Project, which will include a mini oil refinery, a gas treatment plant and gas terminal. The same month, agreements were signed for the exploitation of the new Daniela, Lanca and Raphia fields, where state-owned SHT took participation interests.

Chad's expanding energy infrastructure will also include a new 36 million litre oil depot in Djarmaya, where President Idriss Deby Itno laid the foundation stone in April 2018. The facility is part of a broader plan of expanding the country's downstream infrastructure, which has so far been limited to the 20,000 bopd refinery in Djarmaya, owned at 60% by China's CNPC. Finally, construction is set to start soon on the Niger-Cameroon oil pipeline, which will pass through Chad before reaching the Kribi oil terminal south of Douala.

The Ministry of Petroleum, Mines and Energy is the primary policy maker and regulator of the sector, and issues licensing rights and concessions to explore, develop and produce oil and gas. Law no. 006/PR/2007 of April 20, 2007, as amended and supplemented by Ordinance no. 001/PR/2010 of September 30, 2010, constitutes the country's core legislation. It notably requires contractors to prioritize qualified Chad nationals over foreign employees, and to establish a training program that enables nationals to move up the ranks from qualified worker to company manager and executives. Contractors and subcontractors must also give priority to Chadian companies for service and construction contracts, subject to qualifications.

CHAD

IN NUMBERS



- Djarmaya Refinery
- Chad-Cameroon oil pipeline
- - Niger-Chad proposed oil pipeline
- Integrated Sedigui Oil & Gas Field Development Project

Population: 14,899,994



Proven oil reserves: 1.5bn barrels



Proven gas reserves: 1bn cubic metres



Oil production: 103,000 bpd



Capital: N'Djamena



Main operators

ExxonMobil, CNPC, United Hydrocarbons



State-owned company

SHT

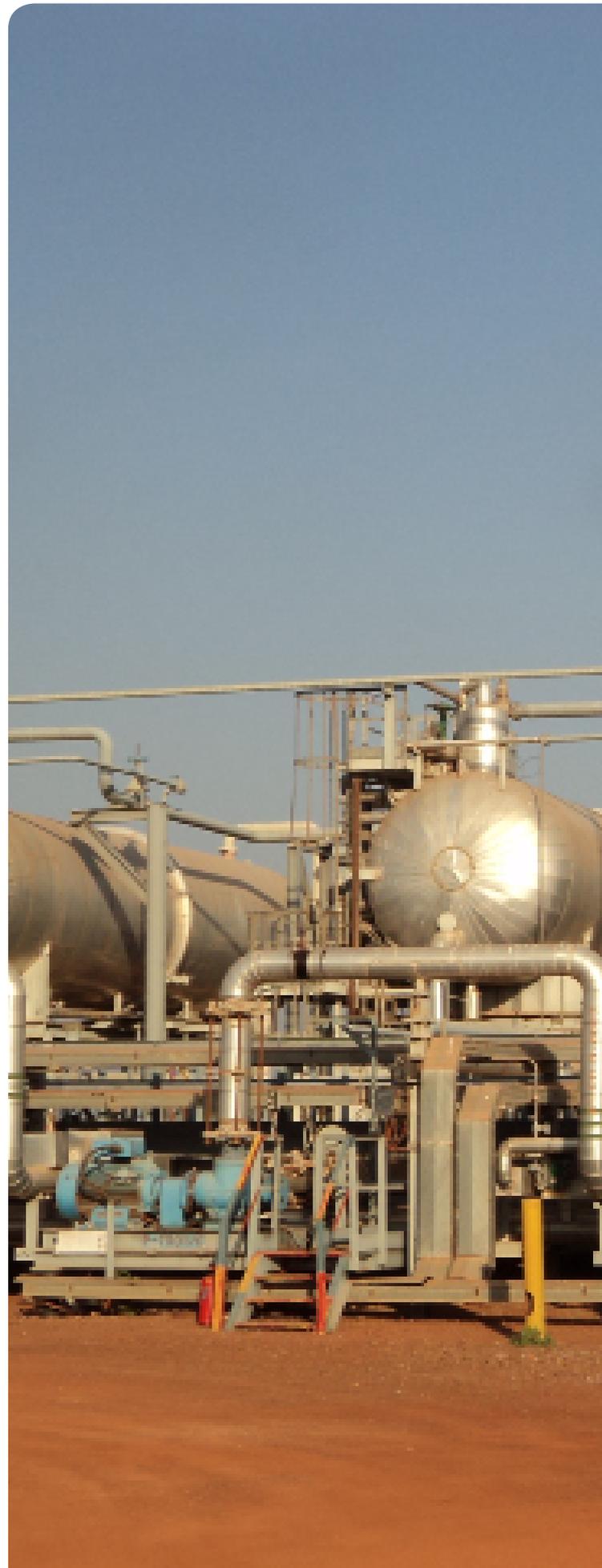


CENTRAL AFRICAN REPUBLIC

Ravaged by years of civil war, the Central African Republic (CAR) is one of the poorest countries in the world, and one of the most challenging ones to do business in. The latest World Bank Ease of Doing Business index ranked CAR 183 out of 190, just above DRC, South Sudan, Libya, Yemen, Venezuela, Eritrea and Somalia. Unfortunately, the country's current political, economic and social crisis is the result of decades of unrest, fuelled by natural resources, which CAR is abundant with.

CAR is estimated to hold considerable reserves of minerals like mercury, copper, natural gas, oil, uranium, diamonds, gold and iron. While the country does not have any official figures when it comes to its proven hydrocarbon reserves, its sedimentary basins overlap with those of Congo and Chad, where hydrocarbon deposits of considerable size have been found. Oil exploration started in CAR in the early 1970s, with American company Conoco exploring the Doseo and Salamat Basins in the country's northern regions, along the Chadian border. After the departure of the company in 1985, its permit was given in the early 2000s to another US company before being frozen by President Bozizé, who gave parts of it to two Chinese companies, PTI-IAS and PTI-AL. The former is exploring for oil around Birao, in the country's north-east, while the latter is exploring in the north of Ndele, along the Chadian borders. While the civil war forced both companies to cease all activity, they could soon resume operations following the election of Faustin Archange Touadera, and pending successful peace talks with armed groups. The Chinese explorers are also reportedly considering extending their exploration efforts westward, to the Bossangoa zone in Ouham, also along the Chadian border. French major Total is also present in the country, with 10 fuel retail outlets.

As per the new Constitution of March 2016, all exploration and exploitation permits have to be approved by the country's National Assembly. But in a country still divided between armed groups, who de facto impose their own rules over the governance and trade of natural resources, the actual power of public institutions remains limited. Increasing presence from regional powers like Russia has also resulted in new companies setting up shop, such as Russia's Wagner which handles security and mining operations, or Lobaye Invest for mining in Boda and Bakala.





The future of CAR's prosperity can only rely on stability. While repeated peace deals and cease fires have failed, hopes were high that the last phase of the African Union-led peace talks, which began in Khartoum in January 2019, and gathered representatives from as many as 14 armed groups, would finally set a foundation for deeper and more sustainable peace negotiations.

CENTRAL AFRICAN REPUBLIC IN NUMBERS



KEY

- Copper
- Hydrocarbons
- Gold
- Uranium
- Diamonds
- Iron

Population: 4,659,080



Proven oil reserves: Unexplored



Proven gas reserves: Unexplored



Capital: Bangui





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