

# Africa Oil Week

## Industry remains in rude health

Last month's Africa Oil Week conference in Cape Town ably demonstrated that interest in the E&P sector across the continent remains strong. Against a backdrop of extensive geopolitical uncertainty, attractive geoscience opportunities remain plentiful. While much of the focus was on established provinces, most particularly Nigeria, we see exploration will provide the real buzz for the sector, with 2014 set to be a bumper year on this front.

### Conference mirrors growing interest in region

Attending the recent Africa Oil Week conference in Cape Town afforded us the chance to gauge the appetite for investment in oil and gas opportunities across the world's largest continent. While mining in Sub-Saharan Africa has endured a difficult 12 months, there was little evidence of this at the November oils event, with a significant step-up in scale from previous years as the conference moved to the much larger Cape Town International Convention Centre to accommodate the estimated 1,600 delegates.

### Geopolitical issues omnipresent

Despite the clear investment appetite, ahead of the conference it could hardly be said that things have been plain sailing across Africa. In the programme notes, organiser Global Pacific & Partners pointed to a "Winter of discontent" highlighting the numerous examples of political turmoil across the likes of Libya, Algeria, Egypt and Tunisia in North Africa, and Chad, CAR, Sudan, Somalia and Eritrea further south, which have affected the development of both established and nascent oil and gas industries.

A further trend towards resource nationalism was also well documented and we certainly heard noises from numerous parties around town that this is a trend expected to continue. Kenya in particular was singled out for upping the ante with operators and effectively blocking extensions to exploration permits. While this could significantly affect a number of juniors struggling to finance activities, it does play into the hands of those ready and willing to commit to drilling, while also, one assumes, meaning acreage in what is one of the most exciting provinces on the planet at the moment could be rapidly recycled.

Africa Oil Week conference  
wrap

Oil & gas

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#### Companies mentioned in this report

Afren (AFR)  
Africa Oil (AOI)  
Cairn Energy (CNE)  
Dana Petroleum  
Genel Energy (GENL)  
Kosmos Energy (KOS)  
Pancontinental (PCL)  
Petroceltic (PCI)  
Tullow Oil (TLW)

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## Nigeria interest on multiple fronts

With global equities in oil and gas depressed, there was a clear slant from attendees towards industry discussions rather than equity deals. Certainly the neighbouring coffee shops and restaurants made brisk business throughout the week.

However, rather than making a call on the coffee business, we will reserve our comments to those on the oil and gas industry. Overall, we were heartened by the sheer number of quality asset packages that are being pursued by both juniors and majors alike. A huge swathe of activity was focused on Nigeria and the opportunities available through the marginal field programme, albeit that uncertainty remains around what the PIB has in store following elections in 2014/15. Line losses as always were a reported feature in Nigeria, although we did hear some interesting comments about indigenous companies getting a better handle on these. Explorers were also in on the act in Nigeria, with Afren leading the way with its impressive Ogo discovery, which, at 774mmboe P50 recoverable resources, has blown away pre-drill estimates by a factor of four.

## Exploration opportunities aplenty

Exploration juniors from all the major resource exchanges were in fact well represented with, for example, TSX-listed Vanoil, ASX-listed Pancontinental and AIM-listed Petroceltic all represented in the very first session of the event. It is this melting pot of industry names from around the globe that makes the conference such an indispensable event for many. While geopolitical concerns are clearly omnipresent, we see plenty of scope for optimism over the coming year as exciting work programmes across the continent play out. While these are too numerous to mention in full, we feel that Mauritania (Tullow, Dana), Morocco (Genel, Cairn, Kosmos, etc), onshore Kenya (Tullow, Africa Oil) and the whole offshore East African Transform Margin in particular, will offer a plethora of activity for both the industry and investors alike.

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