



Saharawi Arab Democratic Republic Petroleum Authority



14 November, 2008

SADR extends Second License Offering

The Saharawi Republic (SADR) has extended the closing date of the Second Licensing Offering to 31st March, 2009. The round was originally launched in Houston, Texas on 5 February, 2008, but the global financial crisis, and the recent plunge in oil prices have convinced the SADR authorities to delay the closing date for the offering.

A total of three onshore and six offshore blocks are being offered, totaling 192,569 square kilometers (48 million acres). Water depths in the offshore blocks range from 0 to 3,600 meters.

Most of the blocks lie in the under-explored Mesozoic and Tertiary Aaiun Basin, where the most recent extensive oil and gas exploration program was accomplished in the late fifties and early sixties. This earlier exploration program proved the existence of a sedimentary section at least 6,000 meters thick, and the presence of all of the ingredients for a working petroleum system. One of the onshore blocks, in the Paleozoic Tindouf Basin, appears to have significant potential for Silurian shale gas.

The SADR licensing regime is a Production Sharing Contract (PSC) format, with most terms biddable. The PSC is preceded by an Assurance Agreement (AA), valid for a period of up to ten years, or until certain external conditions have been met.

The SADR held a very successful First Bid Round which opened in 2005, with 9 licenses awarded to eight companies in early 2006. These companies are presently evaluating the petroleum prospects of the awarded licenses.

The SADR is a member of the African Union (AU) and is the sovereign authority for the territory referred to as Western Sahara.

The licensing initiative was launched in preparation for the full recovery of Saharawi territory, as the UN mediation process progresses towards a lasting solution to the conflict between the SADR and Morocco. The licensing initiative has been arranged in accordance with the UN legal opinion regarding commercial activities in Western Sahara.

Emhamed Khadad, advisor to the SADR President, commented "the SADR government will endeavour to make our significant natural resources an important part of the development of a self-reliant, democratic and progressive nation. The SADR will contribute to the peace and stability of the Maghreb Region, and will strive for the development and well-being of all the peoples of our region. The SADR Government assures investors that all contracts will be of international standards and all obligations fully respected".

For more information, you are invited to visit the website of the SADR Oil and Gas Licensing Authority (www.sadroilandgas.com). Companies are also invited to contact Mr. Kamal Fadel at kfadel@sadroilandgas.com.

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