



Press Release

SADR Offshore Oil & Gas Licence Offering

Embargoed until 17 May 2005.

ANNOUNCEMENT OF WESTERN SAHARA OIL AND GAS LICENSING INITIATIVE

The Government of the Saharawi Arab Democratic Republic ('SADR'), formally announces the commencement of a licensing initiative to enable international oil and gas companies to participate in the exploration of its offshore territory.

The SADR is a member of the African Union ('AU') and is the sovereign authority for the territory referred to as Western Sahara. The Polisario Front is internationally recognised as the representative of the Saharawi people and is

The licensing initiative has been launched in preparation for the full recovery of all of our territory, as the UN mediation process progresses towards a lasting solution to the conflict between the SADR and Morocco.

The licensing initiative is open to all competent and qualified companies and has been arranged in accordance with the UN legal opinion regarding commercial activities in Western Sahara.

The SADR government has noted reports of proposed activities by Kerr McGee in its offshore territory under an agreement that is in contravention of the intent of the UN legal opinion. The SADR government will consider all options to deter any such illegal and provocative action.

Emhamed Khadad, advisor to the SADR President, comments " The SADR Government believes that its significant resource potential will play an important part in the development of a self-reliant, democratic and progressive nation. The Government has always respected international law and operates in accordance with UN resolutions and guidelines. International companies are welcomed to participate in this licensing initiative and the SADR Government assures investors that it will fully respect all obligations'.

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