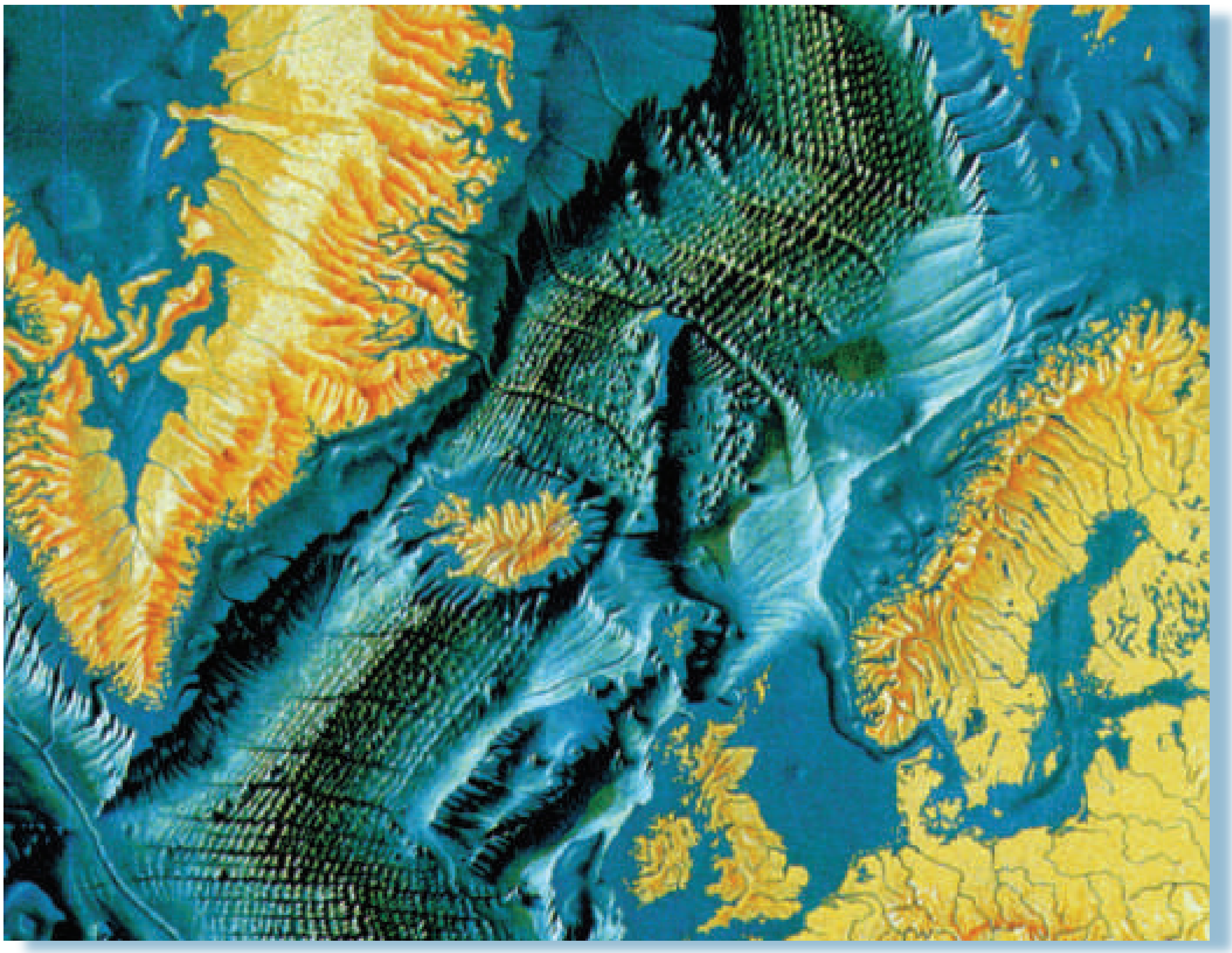
Sagex hunting elephants



The Atlantic Margin

There have been few new gigantic oil discoveries, generally known as elephants, in recent years. But not everyone has given up hunting. In fact, the capture of a new elephant or two is precisely where the Norwegian oil company Sagex Petroleum may triumph in the coming years. Sagex maintains that the structures in their two large licence areas off the Faeroes give reason for optimism. Another possibility will be the Jan Mayen Ridge. A third may be North Africa.

Even before its amalgamation with Sagex, GeysirPetroleum was well positioned in the Faroes, with an office in Tórshavn together with their partners, Atlantic Petroleum and DONG. They were awarded operatorship of two frontier licences in the Faroes/West of Shetland, with a 60 % share in the second licensing round. 2D seismic was acquired in 2006, with drill-drop in 2009. Chevron is currently appraising the near-by Rosebank/ Lochnagard discovery, which had successful appraisal wells in 2007. Sagex has described its 013 and 014 licences as potential elephants. Indeed, the well reputed independent consultant company Wood Mackenzie has declared that a discovery in 013/014 will be a "company maker".

Sagex will be involved in a business opportunity to participate in the planned West of Shetland/ Faroes gas hub infrastructure for the off take of discoveries on Sagex' and other Faroes licences. The short distances should give commercially attractive developments, with ready access to UK gas markets.

GeysirPetroleum was originally registered in Iceland in 2001, with the declared aim of pursuing exploration opportunities on the Jan Mayen Ridge.

The Jan Mayen Ridge is a micro-continent with the same geology as eastern Greenland and offshore Mid-Norway. It is one of the last unexplored regions with great potential. The staff in Sagex has decades of considerable expertise on the Jan Mayen Ridge. When the Icelandic part of the Jan Mayen Ridge is opened for exploration shortly, Sagex will be well positioned for the first licensing round, in 2009.

Geysir/Sagex has been active in promoting exploration offshore Iceland and has been instrumental in the acquisition of a 2800 km high-tech, long-cable, 2D seismic in cooperation with the Icelandic energy authorities and the seismic contractor Wavefield Inseis.

Sagex' balanced portfolio consists of a total of eight licences in North-West Europe, with an average share of 40 %.

In Norway Sagex has an interest in two licences in the Norwegian Barents Sea, and one in the Norwegian Sea. In Denmark the company is operator for one licence in the North Sea.

On the UK Continental Shelf, Sagex is partner in a discovery in 2006 through its 10 % share in the Causeway field, with planned production start-up at the end of 2009. The company has recently also acquired a share in a West of Shetland licence operated by DONG and due to be drilled next year.

North Africa – a second focus area

Sagex has been successful in establishing the first ever Libyan private oil and gas exploration and production company, Almahari Energy. Through its partnership in Almahari, and its considerable experience in Libya for over a decade, Sagex is contributing in all aspects of exploration, field development and production.

Just recently Sagex were prequalified as operator in Algeria, and are working on establishing a strong consortium as a basis for an application for the upcoming concession round, the first since 2005.

On the subject of elephants, we in the Faroes place our hopes and confidence in the belief that the first elephant Sagex manages to hunt down will be the one in our own back yard.

Sagex Petroleum was founded in August 2007 through the amalgamation of the well-reputed Norwegian consultancy company Sagex, the successful Icelandic company GeysirPetroleum (which was operated by Sagex) and the value-driven, knowledge-based, technology companies from the Inoil group