

INTRODUCTION

This study assesses the chances of getting the maximum benefit to the investor and the government from exploration activities in Sierra Leone given the country's fiscal system.

Exploration Strategy

Licences, Fees, Relinquishment conditions, state Participation, Employment & Local Content.

Main Fiscal Devices

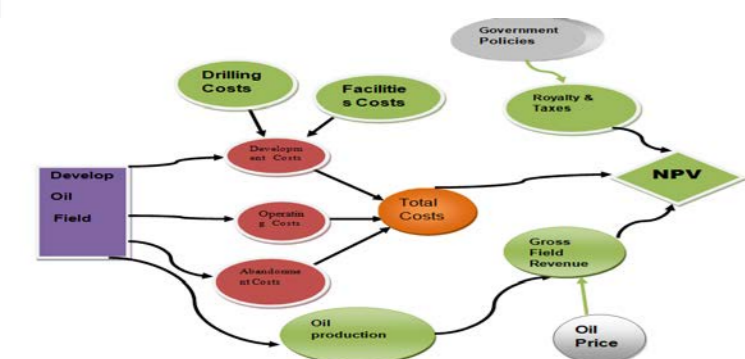
Royalty 10%

Corporate Income Tax(CIT) 30%

Petroleum resource Rent Tax 40% (threshold rate 15%)

METHODOLOGY

A DCF model was constructed.



PROJECT PERFORMANCE METRICS
NPV, EMV, NPV /I, NPV /bbl,

DATA

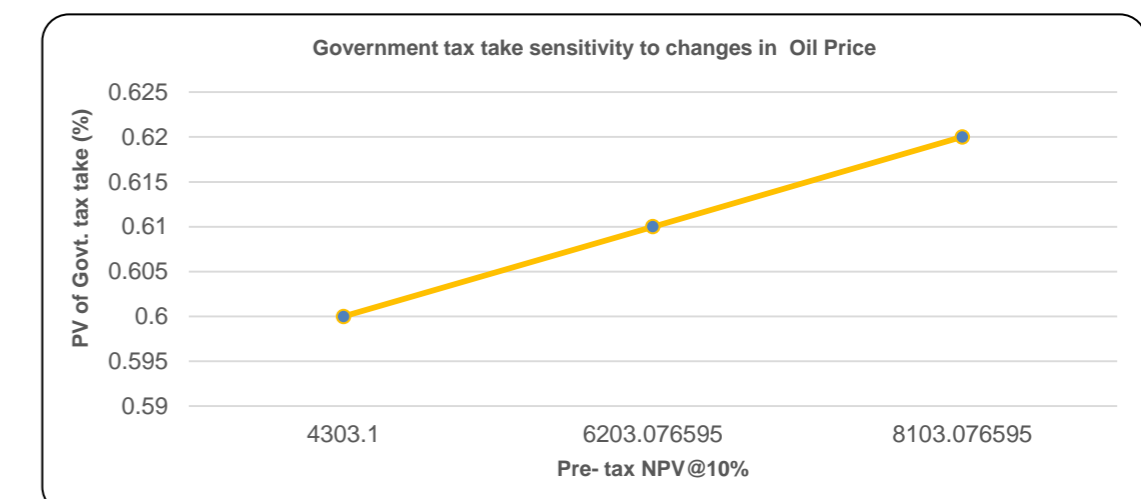
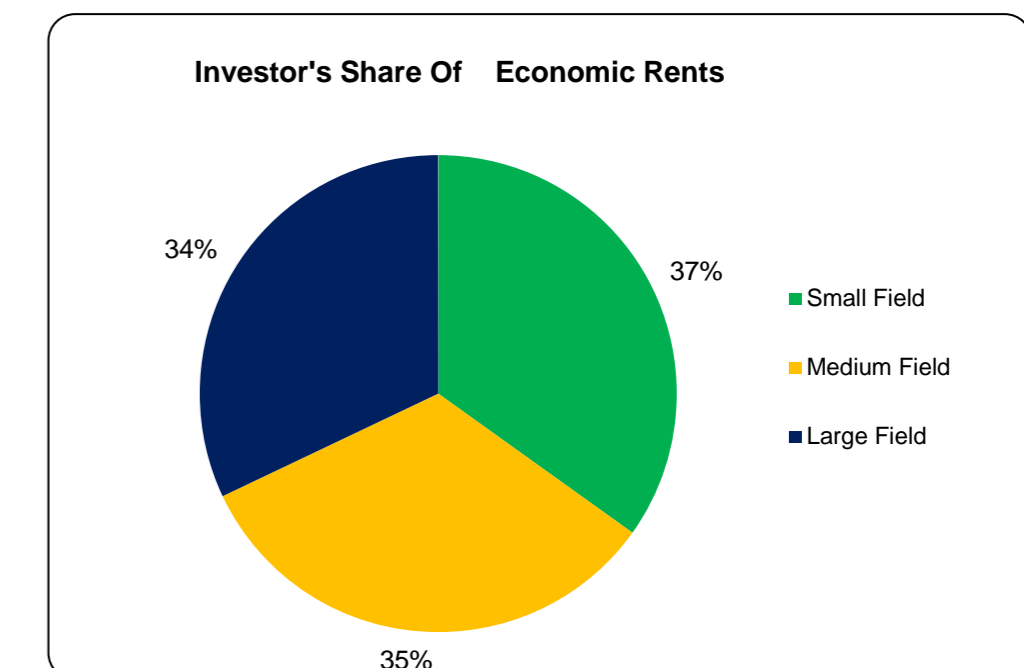
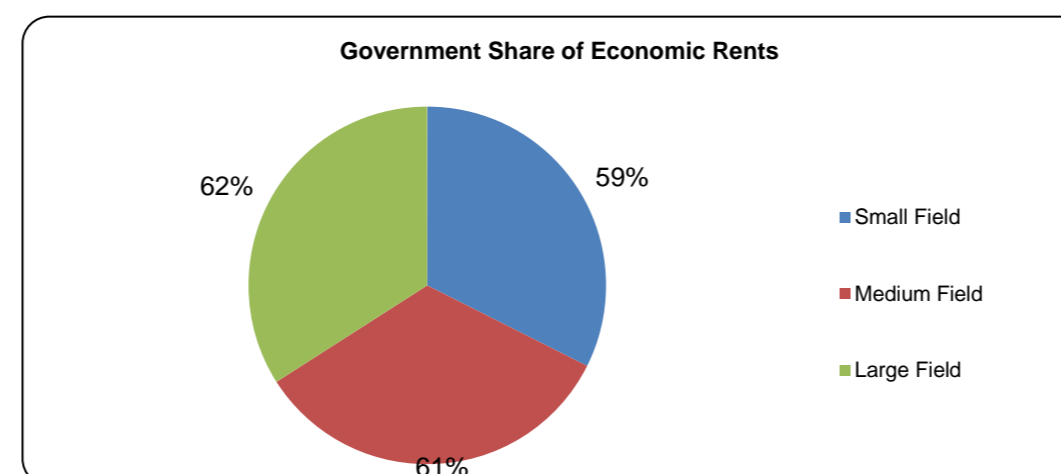
Reserves (mmbbls)	50	100	250
Development Cost(\$/bbl)	20	17.5	12.5
Annual Opex (% of Acc. Devex)	7		6.25
Exploration & Appraisal Cost(\$mm)	50		

RESULTS

Post Tax

Project Performance Metrics			
	50 mmbbls	100 mmbbls	250 mmbbls
Post tax NPV	654.3	1214	2617
Post tax IRR	79%	65%	62%
PIR	0.84	1.25	1.52
Post NPV/bbl	21.6	22.91	24.95
Post tax EMV	218.86		

Share of Economic Rents



CONCLUSIONS

- Progressive in relation to oil price, development costs and reserves.
- Attractive to investors.