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(*International Legal Counsel to DaMina Advisors LLP)

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Fmr. Foreign Minister of Burkina Faso

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Fmr. Guinean Minister of Mines

H.E. Mamadouba Max Bangoura
Fmr. Guinean Minister of Planning and Private Investment Promotion

Mr. Bismark Rewane
Fmr. Advisor to late Nigerian Pres. Yar'Adua

Ms. Rita Gail-Johnson
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Mr. David Ensor
Fmr. Chief Credit Officer, AIG-Chartis

Mr. Scott Korman
CEO, Nashone Inc

Hon. Conrad Enill
Fmr. Trinidad & Tobago Energy, Finance Minister

Mr. Elias Masilela
Fmr. CEO, South Africa's PIC

RESEARCH, DUE DILIGENCE, REGULATORY AND POLITICAL RISK ADVISORY SERVICES

CONTACT:

Sebastian Spio-Garbrah
Managing Director & Chief Analyst,
sebastian@daminaadvisors.com
Tel: +1 647 808 9671

Nicole Elise Kearse Esq.
Deputy Managing Director, Head of Transactional & Cross Border Risks
nicole@daminaadvisors.com
Tel: +44 7415 131102

ABOUT THE COMPANY

DaMina is a preeminent independent frontier markets risk research, due diligence and Africa M&A transactions consulting firm.

With a special focus on African capital and commodities markets, DaMina provides exclusive, highly-tailored, 360-degree and around-the-clock regulatory, political risk advisory, due diligence and M&A consulting services to a range of marquee global firms.

DaMina Advisors is registered in the UK, US, Canada, Australia and Ghana.

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DaMina Advisors Note: Independent oil E&P firms, renewables technology sector face multibillion dollar write-offs, bankruptcies and forced M&A as oil slides towards \$60/ barrel.

With global mining sector investors still reeling from over \$80billion in write offs and bad debts and searching for a new profitable operating paradigm, the global oil industry and its many debt and equity investors face a severe 'winter of financial discontent' as oil prices skid towards \$60/ barrel, and possibly even lower to \$50/barrel. With most of the world's small and mid-tier oil E&P and renewables companies operating at breakeven points above \$85/ barrel, the current slide imperils hundreds of marginal oil and renewables projects worldwide.

Oil Producing Regions	Breakeven cost per barrel (\$/bbl)
<i>Russian Arctic</i>	\$ 119
<i>EU Biodiesel</i>	\$ 110
<i>EU Ethanol</i>	\$ 102
<i>Canada Oil Sands</i>	\$ 93
<i>US Ethanol</i>	\$ 84
<i>US Shale Oil</i>	\$ 74
<i>Brazil Ethanol</i>	\$ 66
<i>Deepwater Offshore</i>	\$ 57
<i>UK North Sea</i>	\$ 50
<i>West Africa Offshore</i>	\$ 41
<i>Central and South America</i>	\$ 32
<i>Central Asian Republics Onshore</i>	\$ 22
<i>Russia Onshore</i>	\$ 18
<i>Middle East Onshore</i>	\$ 14

Source: IEA/ EIA/ DaMina Advisors calculations

Oil E&P projects being undertaken by mid-tier and small oil companies offshore Mozambique, offshore Kenya, Tanzania and South Africa, as well as other similarly situated marginal E&P projects in Latin America, Northern Europe and Asia look to all come to a screeching halt if oil prices continue their current slide. Many independent shale oil sands, traditional offshore, and onshore oil companies, as well as several renewables projects may be in for a very tough winter of financial discontent as their company stocks fall making it harder to raise equity or equity linked financing. With many bank credit lines of these companies likely to be cut back in coming days, and some debtors baying to push many into bankruptcy to get hold of hard assets before it's too late, the cascading confusion could also affect some global banks with large exposure to shall oil companies, renewable energy firms and traditional independent E&P firms. Energy sector equity investors, oil services firms, rig owners, eco-friendly car manufacturers, exposed regional US mid-western and western Canadian banks, pension funds and asset managers with high portfolio exposure to independent mid-tier oil producers may be in for a tough ride.

Furthermore, despite the recent climate change accord between China and the US, and the impending raft of executive orders from the US EPA on carbon emissions, the slide in oil prices also imperils the relative competitiveness of most renewable alternatives, as consumption will shift back to fossil fuels and away from renewables. Solar, wind, biodiesel, and other renewables companies, including electric car companies, who are marginally profitable and overloaded with debt may also face possible bankruptcies and forced M&A actions. The London AIM exchange, the NASDAQ and the Toronto stock exchanges which host many of the world's independent oil and renewables firms may see potential material erosion in their own operating margins, spurring new consolidations among global stock exchanges.

For more in-depth analysis on this subject kindly contact us.

EUROPE
3 Abercorn Mansions
17 Abercorn Place
London NW8 9DY

AFRICA
10 Abokobi Road
East Cantonments, Accra
Ghana, West Africa

AMERICAS (HQ)
55 Fifth Ave,
Suite 1702, NY 10003
New York, NY

ASIA
Level 11, 535 Bourke Street
Melbourne, Australia 3000