

FLASH NOTE:

A NEW MAJOR GAS

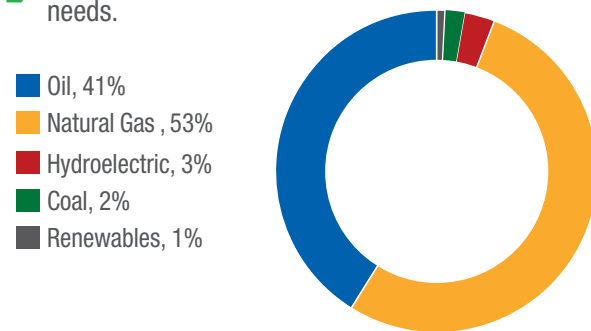
DISCOVERY...



ITALIAN ENERGY FIRM ENI DECLARED LAST AUGUST A GIANT GAS DISCOVERY IN THE "ZOHR" PROSPECT IN EGYPT'S MEDITERRANEAN, DESCRIBING IT AS "THE LARGEST GAS DISCOVERY EVER MADE IN EGYPT AND IN THE MEDITERRANEAN SEA. MOREOVER, IT COULD BECOME ONE OF THE WORLD'S LARGEST NATURAL GAS FINDS". THE NEW FIND IS EXPECTED TO SIGNIFICANTLY HELP EGYPT FACE ITS ENERGY CRISIS THAT HAS HIT THE COUNTRY SINCE 2011 AND TURN IT INTO A MAJOR PLAYER IN THE ENERGY MARKET.

EGYPTIAN ENERGY SECTOR

Egypt heavily depends on fossil fuel (oil and gas) to cover its energy needs.



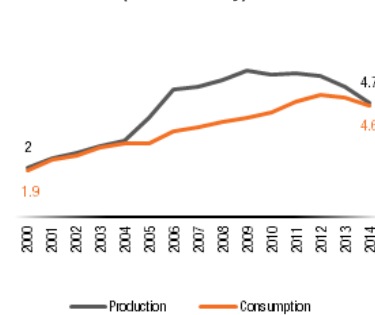
Source: U.S. Energy Information Administration

Egypt was the largest oil producer in Africa outside of the Organization of the Petroleum Exporting Countries (OPEC) and ranked the second in terms of natural gas production in the continent after Algeria in 2014. On the other hand, it was the largest oil and natural gas consumer in Africa, representing about 20% of oil consumption and 40% of dry natural gas consumption in the continent during 2014.

Since the breakout of the 2011 Revolution, Egypt has been experiencing frequent electricity blackouts and production halts in different industrial facilities, mainly due to shortages in fuel supply and rising demand.

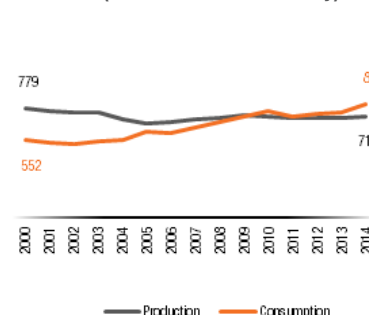
After years of stagnant production and increasing consumption, 2010 was the year when annual oil consumption exceeded production. For natural gas, annual production started to decrease in 2012, affected by declining production as energy firms became reluctant to increase exploration and production until the Egyptian government pays them their arrears.

Natural Gas Production & Consumption In Egypt (BCF* Per Day)



*Billion Cubic Feet

Oil Production & Consumption In Egypt (Thousand Barrels Per Day)



Source: BP Statistical Review Of World Energy-2015

ABOUT THE NEW DISCOVERY

LOCATION

The Shorouk block in the economic waters of Egypt's Mediterranean, at a depth of 4,757 feet in the sea.

ESTIMATED RESERVES

30 trillion cubic feet equivalent to about a half of Egypt's natural gas reserves which stands at 65 trillion cubic feet¹.

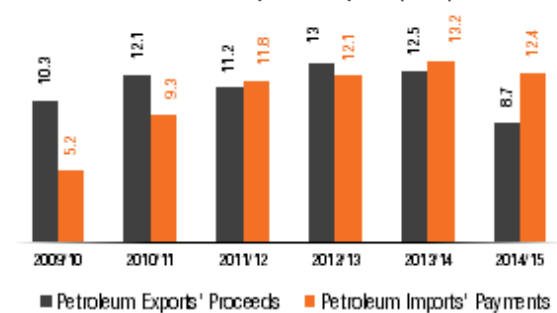
TIME NEEDED TO START PRODUCTION

30-36 months¹.

EXPECTED IMPACTS FOR EGYPT

- Reaching self-sufficiency of natural gas within 5 years as a result of Eni's discovery and other possible findings.
- Securing a sustainable energy supply for the industrial sector that has suffered from continuous supply shortages in the last few years, leading to acceleration in the GDP growth rate and Foreign Direct Investments.
- Expanding oil & gas related industries like Petrochemicals and liquefying natural gas.
- Boosting investments in the energy sector especially after paying foreign energy companies dues.
- Increasing the energy supply for power stations which would help solve the continuous blackouts Egyptian households have suffered from during the last 5 years.
- Mitigating pressures on the Balance Of Payments, as the petroleum trade balance recorded a \$ 3.7 billion deficit in 2014/15, and stop the depletion of foreign reserves through decreasing imports and increasing exports.

Oil & Gas Imports & Exports (\$ Bn.)



Source: Central Bank Of Egypt

Eni declared its aim to turn its East-Mediterranean gas prospects in Egypt and Libya into a major hub to supply Europe with Liquefied Natural Gas (LNG). The company also hopes to attract other suppliers from Israel and Cyprus into the facility, likely to be located in Egypt. The new hub will include building pipelines to link gas deposits across the region and resuscitating Egyptian LNG export plants in Idku and Damietta.

ENI IN EGYPT

Eni has been operating in Egypt since 1954 with a current daily production of 200,000 barrels of oil equivalent³ which represent about 30% of Egypt's total production of oil and natural gas. The Shorouk block was awarded to Eni in January 2014 after an international bid. The company declared during Egypt's economic development conference held in March its intentions to invest about \$ 5 billion over 4-5 years in Egypt.

¹ According to Egypt's Petroleum Ministry's statements.

² EGAS is The Egyptian Natural Gas Holding Company.

³ The amount of energy that is equivalent to the amount of energy found in a barrel of crude oil.



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