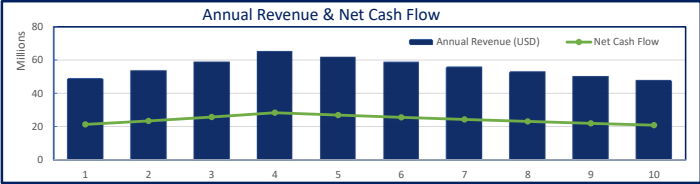
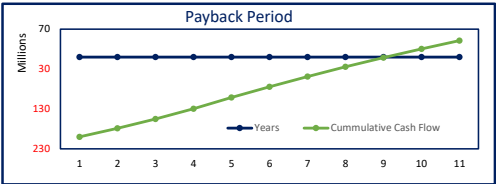


Capital Budgeting Analysis - Offshore Oilfield

| | | |
|--------------------|----|-------------|
| Initial Investment | \$ | 200,000,000 |
| NPV | \$ | 79,626,037 |
| IRR | | 13.523% |
| Payback Period | | 8.06 Years |



| Assumption | | |
|-------------------------------------|----|-------------|
| Initial Production (Barrels) | | 700,000 |
| Production Growth (Year 1-4) | | 10% |
| Production Decline (Year 5 Onwards) | | 5% |
| Oil Price | \$ | 70 |
| Initial Investment (Capex) | \$ | 200,000,000 |
| Opex | \$ | 20 |
| Tariff | \$ | 5 |
| Royalty Rate | | 10% |
| Tax | | 20% |
| Discount Rate | | 8% |
| Discount Rate of Future Cashflows | | 3% |

| | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|----------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Annual Production | 700,000 | 770,000 | 847,000 | 931,700 | 885,115 | 840,859 | 798,816 | 758,875 | 720,932 | 684,885 |
| Annual Revenue (USD) | 49,000,000 | 53,900,000 | 59,290,000 | 65,219,000 | 61,958,050 | 58,860,148 | 55,917,140 | 53,121,283 | 50,465,219 | 47,941,958 |

| Cash Flow | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|----------------------------|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|-------------|
| Revenue | | 49,000,000 | 53,900,000 | 59,290,000 | 65,219,000 | 61,958,050 | 58,860,148 | 55,917,140 | 53,121,283 | 50,465,219 | 47,941,958 |
| Royalties | | 4,900,000 | 5,390,000 | 5,929,000 | 6,521,900 | 6,195,805 | 5,886,015 | 5,591,714 | 5,312,128 | 5,046,522 | 4,794,196 |
| Revenue after Royalties | | 44,100,000 | 48,510,000 | 53,361,000 | 58,697,100 | 55,762,245 | 52,974,133 | 50,325,426 | 47,809,155 | 45,418,697 | 43,147,762 |
| Operating Expense | | 14,000,000 | 15,400,000 | 16,940,000 | 18,634,000 | 17,702,300 | 16,817,185 | 15,976,328 | 15,177,509 | 14,418,634 | 13,697,702 |
| Tariff | | 3,500,000 | 3,850,000 | 4,235,000 | 4,658,500 | 4,425,575 | 4,204,296 | 3,994,081 | 3,794,377 | 3,604,658 | 3,424,426 |
| Operating Profit | | 26,600,000 | 29,260,000 | 32,186,000 | 35,404,600 | 33,634,370 | 31,952,652 | 30,355,019 | 28,837,268 | 27,395,405 | 26,025,634 |
| Tax | | 5,320,000 | 5,852,000 | 6,437,200 | 7,080,920 | 6,726,874 | 6,390,530 | 6,071,004 | 5,767,454 | 5,479,081 | 5,205,127 |
| Net Cash Flow | 200,000,000 | 21,280,000 | 23,408,000 | 25,748,800 | 28,323,680 | 26,907,496 | 25,562,121 | 24,284,015 | 23,069,814 | 21,916,324 | 20,820,507 |
| Terminal Value | | | | | | | | | | | 252,448,653 |
| Net Cash Flow including TV | 200,000,000 | 21,280,000 | 23,408,000 | 25,748,800 | 28,323,680 | 26,907,496 | 25,562,121 | 24,284,015 | 23,069,814 | 21,916,324 | 273,269,161 |

| Terminal Value | | |
|------------------------------------|--|-------------|
| Terminal Value (Perpetuity Method) | | 252,448,653 |
| Discounted Terminal Value | | 116,932,572 |

| Years | 0 | 1 | 2 | 3 | 4 | 5 | 6 | 7 | 8 | 9 | 10 |
|-----------------------|-------------|-------------|-------------|-------------|-------------|------------|------------|------------|-----------|------------|------------|
| Cummulative Cash Flow | 200,000,000 | 178,720,000 | 155,312,000 | 129,563,200 | 101,239,520 | 74,332,024 | 48,769,903 | 24,485,888 | 1,416,073 | 20,500,250 | 41,320,758 |