



Energy Partnership



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BELIZE
NATURAL ENERGY
L I M I T E D



FYI FACTS

- ❑ Investment of \$15 million, net of income
- ❑ Continuing to invest faster than income comes in
- ❑ Current production of 2700 Bbl/Day
- ❑ Current reserves of 5.5 million Bbls
- ❑ Significant new Belize employer:
 - 58 Belizean employees
 - 25-125 Belizean contract employees
 - 200+ Belizean support jobs in other companies

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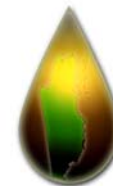




Potential Oil Benefits

- ❑ **Oil Benefits will be based on:**
 - **The Number of Barrels Found (let's find 100 Million barrels in Belize!!!)**
 - **The Value per Barrel net of Costs**
- ❑ **What will make discoveries happen?**
 - **Exploration investment (not just by BNE)**
 - **Willingness of wildcatters to take risk**
 - **Open, competitive access to data and acreage. Investor Confidence.**

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What is the profit/bbl?

\$USD/bbl

Oil Price (NYMEX)	\$ 60.0 (12 mo. Average)
Less: Quality Differential	3.0
Transportation Cost	(10.0)
<u>OH/Production Cost</u>	<u>(5.0)</u>
Operating Margin (income)	\$ 42.0
Less: Development Capital	(4.0)
<u>Exploration Cost (actual=\$50)</u>	<u>(2.0 to 10.0)</u>
Net Profit	\$ 28.0 to 36.0/bbl

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GOB Profit Share

	<u>\$USD/bbl</u>
Gross Interest (10.25%) (net of transport and quality differential)	\$ 5.50
Net Working Interest (10.0%) (GOB only pays for successful exploration)	\$ 3.23
<u>Production Sharing Interest (1.50%)</u>	<u>\$ 0.49</u>
Total GOB Profit Share	\$ 9.59/bbl
GOB Profit Share (%) (Exploration Cost Variable)	27% to 34%

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Alternative Structure

	<u>\$USD/bbl</u>
Gross Interest (8.50%) (Royalty and Trust Only, no business tax)	\$ 3.60
Net Working Interest (10.0%) (GOB only pays for successful exploration)	\$ 4.56
Production Sharing Interest (25.0%) <u>(Profits after Successful Exploration)</u>	\$ 8.10
Total GOB Profit Share	\$ 16.26/bbl
GOB Profit Share (%)	45% to 58%

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What's Fair ?

It Depends!!!!

Government profitability interests/shares vary all over the world

- ❑ **Government Priority**
 - Increasing oil production through private investment
- ❑ **Geological Risk**
 - Seismic and Well Data availability
- ❑ **Operating Cost**
 - Production environment (landscape, weather, location)
- ❑ **Transportation Cost**
 - Distance to Market
 - Type of Transportation (truck, pipeline, barge)
- ❑ **Political Risk/Investor Confidence**
 - Perception of govt. (dependable/undependable)
- ❑ **Size of Reserves**
 - Large (low risk) – Small (high risk)

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Example Governments

- ❑ **Government of Kurdistan (Iraq)**
 - 50% Profit Sharing Despite Huge Known Potential
 - Political Risk is High
- ❑ **Switzerland, Hungary**
 - > 60% Profit Sharing
 - Geological Risk is High
 - Political Risk is Low
- ❑ **Non Producing Countries**
 - Attractive Terms to Induce Private Investment
 - Driven by Investment Risk of Finding Oil/Gas

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We Invest in Belize!

Unaudited. Through 3/31/2006

Sales of Crude Oil	\$6,385,522
-Less Transportation	<u>(2,206,398)</u>
Net Sales of Oil:	4,179,124
-Less Operating Expenses	<u>(2,024,023)</u>
Profit before Capital Costs	2,155,101
-Less Capital Investment	<u>(16,857,963)</u>

BNE/CHx Investment (Net) \$14,702,862

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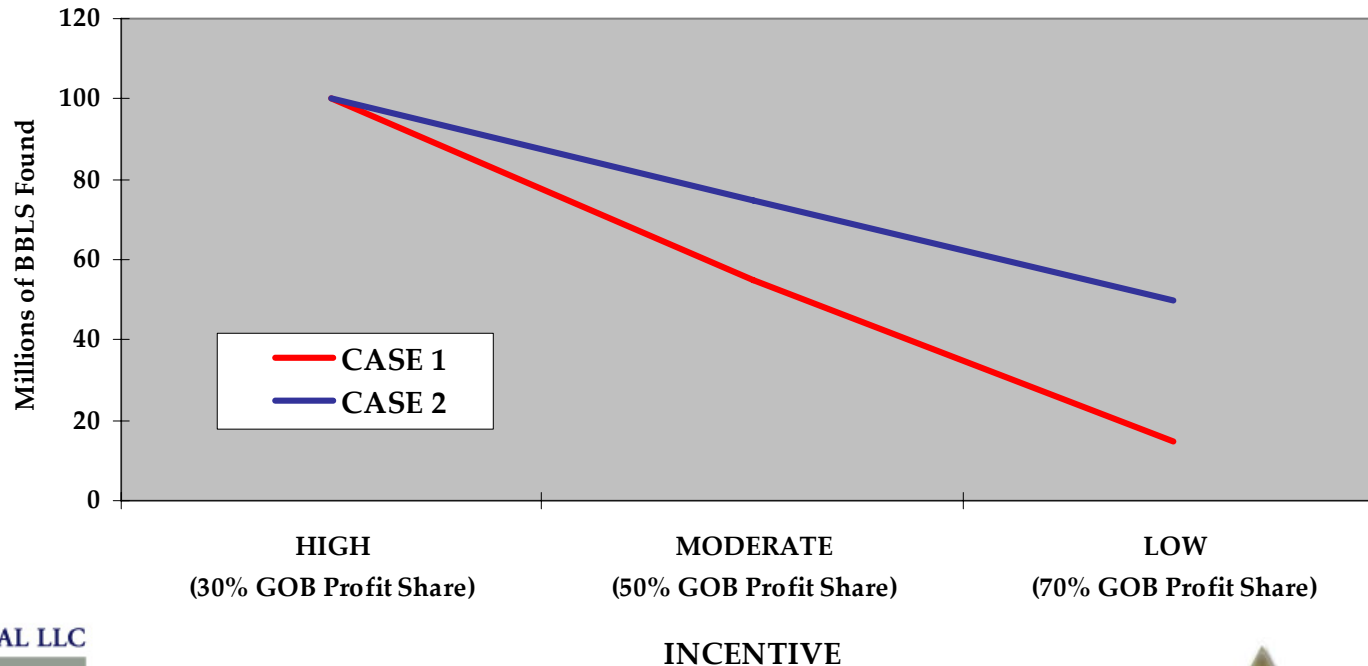
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How much oil is there?

We don't know.

It depends on the wildcatters, and their ingenuity, faith and willingness to take risk.



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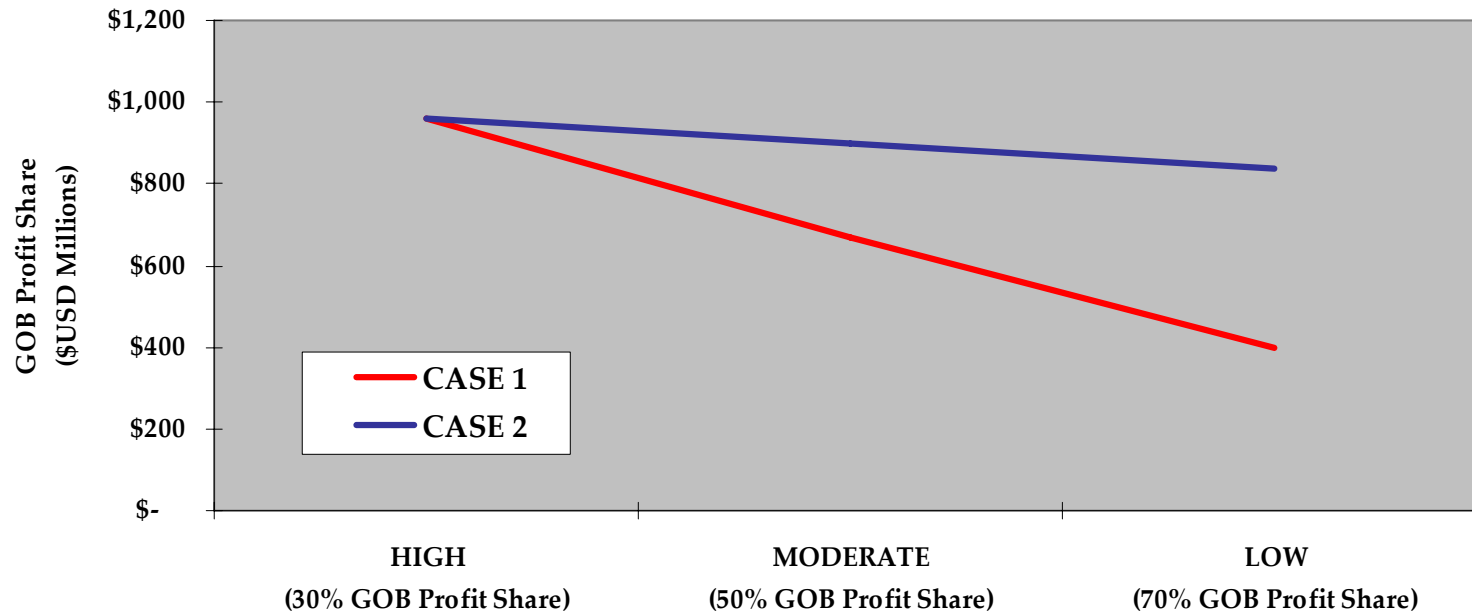


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GOB Share Value

If more is found, the Government makes more, even with a smaller percentage of each barrel



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INCENTIVE

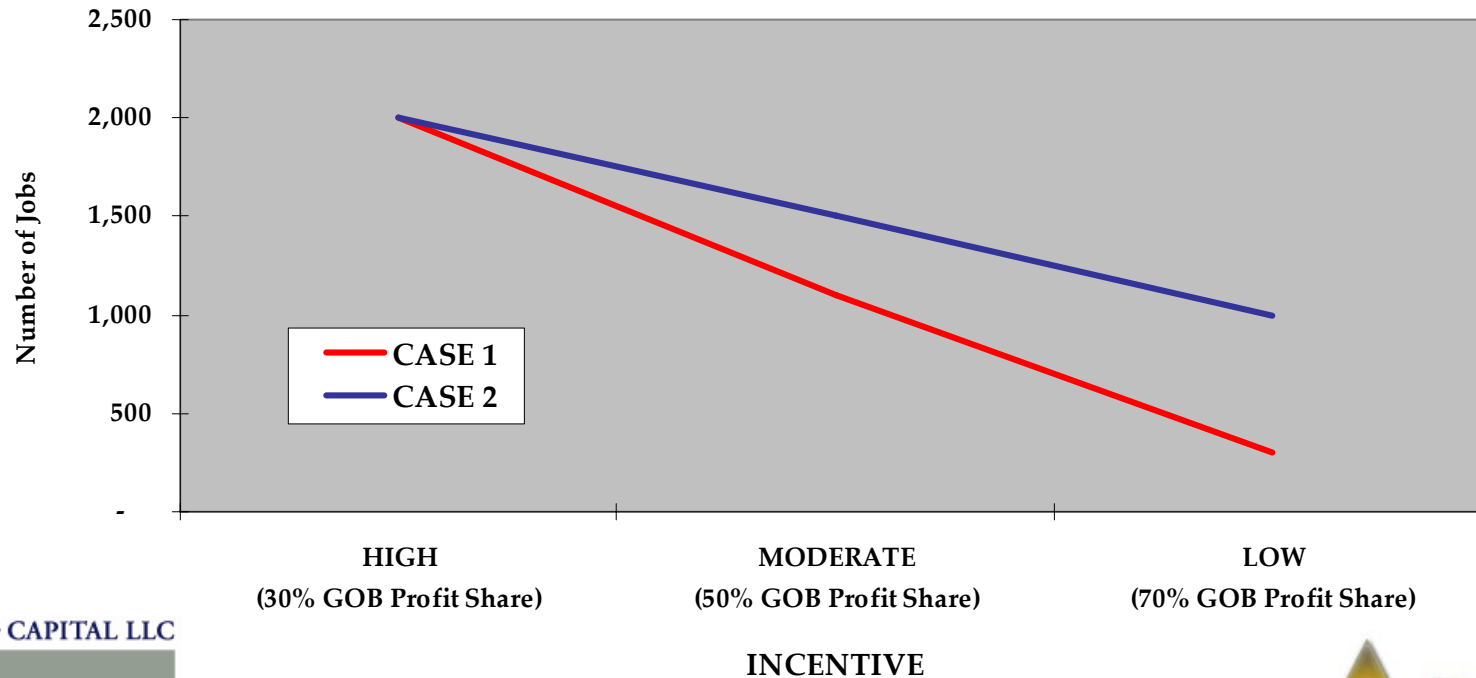


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Employment Impact

Direct Job Creation Impact More Oil = More Jobs



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Other Economic Impact

Stimulating the finding of larger reserves would also justify a small refinery that could provide lower-cost gasoline, diesel, natural gas and propane/butane to Belize. Even at current crude oil prices locally produced diesel could be refined and sold for BZ\$3.00/gallon wholesale.

This ability to domestically produce refined products would have a dramatic effect on Belize balance of payments. The GOB could cut taxes on refined products and thereby improve everyone's bottom line from small and large farmers to bus riders to fishermen to tourist guides.

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Environmental Impact

**Prosperity AND Environmental quality can
and do go hand-in-hand:**

**Oil and gas is produced in most of the advanced
countries of the world.**

**BNE is committed to taking its health, safety and
environmental responsibilities seriously.**

**Substantial oil income from the GOB and from BNE
shares will be devoted to environmental projects**

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