7th July 2017

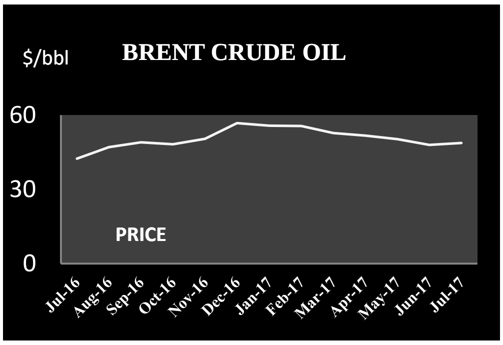
GLADIUS

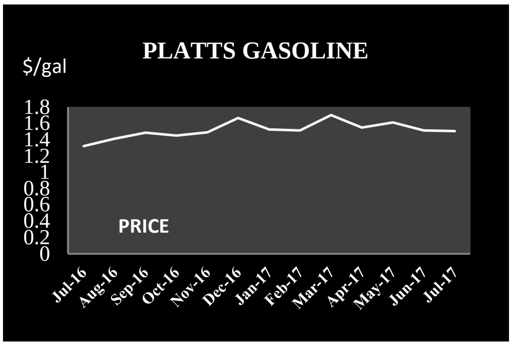
MARKET REPORT

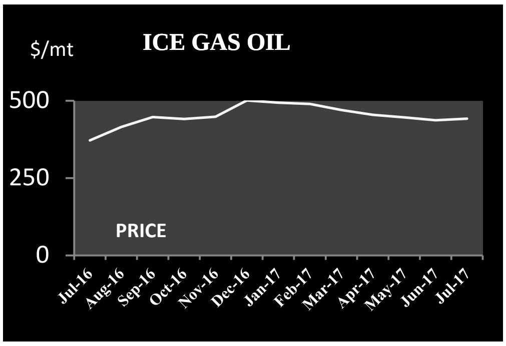
Gladius Energy Desk

research@gladiuscommodities.com

Tel: **+234-1-2931855**







LOCATIONS	PMS	AGO	DPK
LAGOS	[MT] 456,869	[MT] 39,370	[MT] -
P.H.	-	-	-
DELTA	49,096	-	-
CALABAR	7,670	-	-

GLOBAL	PRICE
BRENT	47.79$ /bbl
ICE GAS OIL	442.25$/mt
PLATTS GASOLINE	1.5024$/gal

PRICE (EX DEPOT) NGN / Litre				
	LAGOS	P.H.	**DELTA**	**CALABAR**
PMS	137–139	137-139	137-140	137– 140
AGO	138–140	138–141	139–141	139–141

FX RATES			
	USD	GBP	EUR
06/07/17	B/O	B/O	B/O
NGN (PARALLEL MARKET)	363 / 365	455 / 468	407/ 412
NGN (INTER BANK)	306.20	-	-

NIGERIA

The Nigerian National Petroleum Corporation (NNPC) on Tuesday 4th of July revealed that it has saved USD 2 billion by renegotiating its upstream servicing contracts in an effort to reduce high expenditure and revive the oil industry. The Group Managing Director of NNPC, Dr Maikanti Baru said cost reduction and efficiency are key features for upstream operation, hence a cut in oil production operational cost from USD 27 to USD 22 a barrel. Furthermore, NNPC's plans to raise Nigeria's crude oil reserves to 40 billion barrels by the year 2020 were highly received with the execution of a tripartite agreement in Abuja. NNPC/FIRST Exploration & Production Joint Venture and Schlumberger signed an agreement for the development of the Anyala and Madu fields in the Niger Delta under Oil Mining Licence, OML 83 and OML 85, located in shallow waters 40 km offshore Nigeria. A development cost of USD 700 million for the Anyala and Madu fields would be provided by Schlumberger. They would also provide other Oilfield Services to the JV on a limited exclusive basis. The fields are expected to generate 193 million barrels of crude oil and 800 billion cubic feet of gas to be added to the current reserves of 37.2billion barrels and 197 Trillion Cubic feet of gas respectively. Daily production yield of 50, 000 barrels of crude oil per day and 120 million standard cubic feet of gas per day are expected by early 2019. Baru said this project aligns with the government's aspiration to ramp up crude oil and gas production and serve as a test case for future funding mechanism. NNPC holds 60% interest in the licences while the operator of the JV, FIRST E&P, holds the remaining 40% interest.

A National Gas Policy aimed at reducing Nigeria's crude oil dependency by increasing gas exploration and facilities has been approved by the Federal Executive Council (FEC). The Cabinet held a session last week and passed the policy after it was presented by the Minister for Petroleum Resources Dr Ibe Kachikwu. The drain in foreign exchange due to the importation of refined crude products could be reduced by substituting gas as a new energy source. Therefore, moving Nigeria from an oil-based to an oil and gas based industrial economy. Nigeria has the world's 9th largest proven gas reserves, at 187 trillion cubic feet and coupled with infrastructural investment it could improve the power grid sector. The 100-page National Gas Policy aims to set up a single independent petroleum regulator, separate upstream from midstream operations, separate gas infrastructure ownership and operations from gas trading. It will also divide the Nigeria Gas Company into separate transport and gas marketing companies and introduce "market-led wholesale gas pricing" after a transitional period.

WAF

GAMBIA

The Government of the Republic of the Gambia will begin Oil and Gas exploration in 2018. The government issued a permit to FAR Ltd. (FAR), an Australian Securities Exchange listed Oil and Gas Company to drill Erin Energy's offshore A2 and A5 blocks located offshore Gambia. Going with the terms of the farm-out agreement approved by the Government of the Republic of The Gambia, FAR will fund Erin Energy through the first exploration well by making an upfront payment of USD 5.18 million and will carry USD 8.0 million of Erin Energy's share of costs in a planned exploration well to be drilled late 2018. Erin Energy will retain 20% of its working interest while FAR will own 80% interest and operatorship. Blocks A2 and A5 are adjacent with FAR's 2014 SNE-1 oil field and lies approximately 30km offshore in water depths of 50 to 1,200 metres (164 to 3,900 feet), cover an area of approximately 2,683 km^2 (663,000 acres) within the emerging and prolific Mauritania-Senegal-Guinea-Bissau Basin. Both Blocks A2 and A5 could potentially contain resources in excess of one billion barrels of oil. Erin Energy and FAR acquired a 1,504 km^2 of modern 3-D seismic data and plan to undertake reprocessing and interpretation the data to further mature identified prospects on Blocks A2 and A5. Erin Energy has identified prospects on the blocks similar to the "shelf edge" play targeted by FAR in its offshore Senegal blocks.

GLOBAL

On Thursday 6th of July, oil prices bounced back after U.S domestic crude surged more than 2% according to the U.S. government data. The U.S. West Texas Intermediate crude for August delivery was up $1.17 at $46.30 a barrel by 11:03 AM ET (15:03 GMT), while the ICE Futures Exchange in London Brent oil for September delivery tacked on $1.29 at $49.08 a barrel by 11:08 AM ET (15:08 GMT). The U.S. Energy Information Administration (EIA) weekly report for Wednesday 5th July showed a fall in crude oil production by 6.299 million barrels a day in the week ending June 30, whereas market analysts' expected a crude stock draw of 2.283 million barrel.

Oil prices have been under pressure in recent weeks due to the steady increase in U.S. shale output despite production cuts by OPEC and non-OPEC members. OPEC/non-OPEC producers extended a deal to cut 1.8 million barrels per day in supply until March 2018. Thus far, the production cut agreement has had little impact on global inventory levels as U.S. shale output and supply from producers that are exempt from the OPEC deal (Libya and Nigeria) continues to increase. Russia reportedly opposes additional output cuts because any further supply cut would send the wrong message to the market.

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GLADIUS COMMODITIES LIMITED

Website: www.gladiuscommodities.com

Address: Elephant House, 214 Broad Street, Lagos – Marina, NIGERIA

192, Old Bakery Street, Valletta VLT 1455, MALTA