



RISK and ADVANTAGE

RISK

Investing in an oil refinery in Chad, like any investment, carries both opportunities and risks. It's important to conduct a thorough risk assessment before making any investment decisions. Here are some of the key risks associated with investing in an oil refinery in Chad:

Political and Regulatory Risk: Chad has experienced political instability in the past, and the government's policies and regulations regarding the oil industry can change. This can affect the stability of your investment.

Economic Risk: Chad's economy is heavily dependent on oil revenue. The global oil market can be volatile, and fluctuations in oil prices can significantly impact the profitability of the refinery.

Infrastructure and Security Risks: Chad faces challenges with infrastructure development, and security issues can be a concern in some areas. This can affect the refinery's operations and safety.

Environmental and Social Risk: Environmental regulations and community relations can be complex in the oil and gas industry. Compliance with environmental standards and community engagement can be crucial to your project's success.

Market Risk: The demand for refined petroleum products can vary based on local and international factors. Changes in market dynamics can impact the profitability of the refinery.

Financing and Capital Risk: Investing in an oil refinery is capital-intensive, and securing financing for such projects can be challenging. It's important to consider the cost of capital and the availability of funding sources.

Technical and Operational Risk: Running an oil refinery is a complex.

ADVANTAGE

Advantages of investing in Chad oil

1. Chad is already outputting 1.0 crude oil

This means that Chad has a proven track record of oil production, which is a good sign for investors. It also means that Chad has the infrastructure and expertise in place to continue producing oil.

2. For the next twenty years due to geopolitical, world demands and economic factors, crude oil demands are more vulnerable than ever.

This is a significant advantage for Chad, as it means that oil prices are likely to remain high in the coming years. This will make Chad's oil exports more profitable for investors.

3. Chad current president are shareholders of this oil plant.



This is another positive sign for investors, as it shows that the Chadian government is supportive of the oil industry. This is important because the government can provide tax breaks, subsidies, and other forms of support to oil companies.

4. The major shareholder are supplier of weapons to the Chad military supporting their country protectionism needs

This means that the major shareholder has a vested interest in protecting Chad's oil industry. This is good for investors, as it means that they can be confident that the Chadian government will take steps to protect their investments.

Overall, the advantages of investing in Chad oil include:

- Proven track record of oil production
- Infrastructure and expertise in place to continue producing oil
- High oil prices likely to remain high in the coming years
- Support from the Chadian government
- Protection from the major shareholder

It is important to note that there are also some risks associated with investing in Chad oil. These risks include:

- Political instability
- Corruption
- Infrastructure challenges
- Environmental concerns

However, the potential rewards of investing in Chad oil are high, and the risks can be mitigated by careful due diligence.

Advantages of investing directly in Eastern Supreme Petroleum Limited

- **Direct exposure to Chad oil reserves:** By investing directly in Eastern Supreme Petroleum Limited, investors gain direct exposure to Chad's oil reserves, which are estimated to be 754 million barrels. This gives investors the potential to benefit from rising oil prices and future oil production from Chad.



- **Ownership of a significant stake in Jiahe Chad Oil plant:** Eastern Supreme Petroleum Limited carries a 10% stake in Jiahe Chad Oil plant, which is a major oil producer in Chad. This gives investors a significant stake in a well-established and profitable oil company.

- **Attractive valuation:** Eastern Supreme Petroleum Limited is offering 45% of its shares (or 4.5% of Jiahe Chad Oil plant) for approximately USD61.497 million. This represents an attractive valuation for investors, especially considering the company's exposure to Chad's oil reserves and its ownership stake in Jiahe Chad Oil plant.

Additional benefits of investing directly in Eastern Supreme Petroleum Limited

- **Support from the Chadian government:** The Chadian government is supportive of the oil industry and has provided tax breaks and subsidies to oil companies operating in the country. This is a positive sign for investors, as it shows that the government is committed to the long-term success of the oil industry.

- **Protection from the major shareholder:** The major shareholder in Eastern Supreme Petroleum Limited is a supplier of weapons to the Chad military. This means that the major shareholder has a vested interest in protecting the company and its assets. This is good for investors, as it means that they can be confident that the company will be protected from political instability and other risks.

Overall, investing directly in Eastern Supreme Petroleum Limited offers a number of advantages, including direct exposure to Chad's oil reserves, ownership of a significant stake in Jiahe Chad Oil plant, an attractive valuation, support from the Chadian government, and protection from the major shareholder.

Conclusion

Investors should carefully consider the risks and rewards before making an investment decision. However, for investors who are looking for direct exposure to Chad's oil reserves, Eastern Supreme Petroleum Limited represents an attractive investment opportunity.