

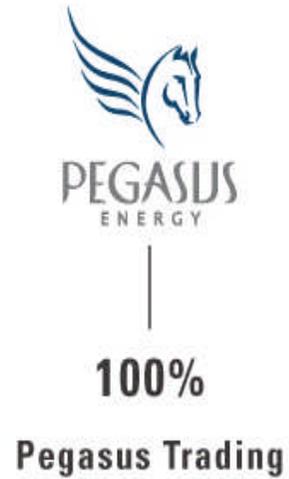


PEGASUS
ENERGY

SHAREHOLDERS

PEGASUS/VUMA GROUP

Board of directors
Executive Management





- 1** SBM, off-shore Beira, Moz
- 2** Tankage/Storage-On-shore-Beira, Moz
- 3** Pipeline extension - Harare, Zim to Lusaka, Zambia
- 4** Pipeline extension - Lusaka, Zambia to Ndola, Zambia
- 5** Indeni refinery - Ndola, Zambia - conversion to storage
- 6** Pipeline extension - Ndola, Zambia to Lubumbashi, DRC

Pegasus Energy SBM/Storage/Pipeline Elements of Proposal

1. Off-shore SBM, Beira, Mozambique
2. Tankage/Storage, on-shore, Beira, Mozambique
3. Upgrade of existing pipeline from Beira, Mozambique to Harare, Zimbabwe
4. Pipeline extension, Harare, Zimbabwe to Lusaka, Zambia
5. Pipeline extension, Lusaka, Zambia to Ndola, Zambia
6. Indeni Refinery, Ndola, Zambia, conversion to storage
7. Pipeline extension, Ndola, Zambia to Lubumbashi, DRC

Pegasus Energy SBM/Storage/Pipeline

Project 'Region' / Yearly est. fuel consumption

- Mozambique - 300,000 metric tons
- Malawi - 250,000 metric tons
- Zimbabwe - 1,500,000 metric tons
- Zambia - 700,000 metric tons
- Southern DRC - 300,000 metric tons

Pegasus Energy SBM/Storage/Pipeline Project 'Issues'

- The 'region' faces a looming energy supply problem within the next few years
- Exports from South Africa are a primary supply source for the region
- South African export capacity anticipated to dry up by 2008
- Pipeline delivery into the region is the most effective delivery mechanism - Beira, Mozambique is an ideally positioned port
- Some existing infrastructure in place - tankage/storage in Beira, Mozambique and a pipeline from Beira, Mozambique to Harare, Zimbabwe
- Beira, Mozambique Port -
 - shallow draft, < 7.5 meters, not allowing for economically sized vessel deliveries of petroleum products (estimated freight differential, min \$7/mt)
 - requires regular dredging

Pegasus Energy SBM/Storage/Pipeline

Project 'Issues' (continued)

- Indeni, Refinery, Ndola, Zambia - would help to justify the closing of this refinery, turning it into a regional strategic storage depot
- Nature of the project (political, multi-country, financial) will necessitate the involvement and cooperation of key African and International players, such as -
 - SADC
 - Comesa
 - Nepad
 - The World Bank
 - A 'Pan-African' BEE (Black Economic Empowerment) participant

Pegasus Energy SBM/Storage/Pipeline Cost Estimates (US \$'s)

- Project Study \$?
- SBM, Beira, Moz. \$15-20 mil.
- Tankage/Storage, Beira, Moz. \$ 20-25 mil.
- Existing pipeline upgrades \$?
- Pipeline extensions -
 - Harare, Zimbabwe to Lusaka, Zambia \$?
 - Lusaka, Zambia to Ndola, Zambia \$?
 - Ndola, Zambia to Lubumbashi, DRC \$?
- Indeni Refinery conversion to storage \$?



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