Egypt's New Oil & Gas Bid Rounds

Strengthening Efforts to Attract International Investment

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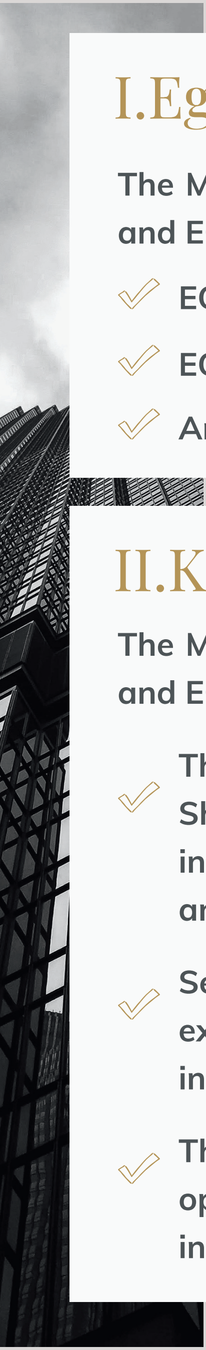

I.Egypt Launches Two International Oil & Gas Bid Rounds

The Ministry of Petroleum and Mineral Resources has announced two international bid rounds through EGPC and EGAS, offering 14 exploration and development blocks across Egypt.

- EGPC: 6 blocks, with the bid round running from 11 August to 11 November 2026.
- EGAS: 8 blocks, with the bid round running from 11 August to 14 December 2026.
- Areas covered: Mediterranean, Nile Delta, North Sinai, Gulf of Suez, Sinai and Western Desert.

II.Key Features

The Ministry of Petroleum and Mineral Resources has announced two international bid rounds through EGPC and EGAS, offering 14 exploration and development blocks across Egypt.

- The blocks are being offered digitally through the Egypt Upstream Gateway (EUG) under a Production Sharing Agreement (PSA) framework. The platform enables investors to access technical data, submit inquiries and bids, and participate in the technical and financial evaluation process through a transparent and competitive mechanism.
- Several blocks are located near existing pipelines, processing facilities and export terminals, which is expected to reduce development costs and facilitate the integration of new discoveries with existing infrastructure.
- The bid rounds include a mix of onshore and offshore opportunities, providing existing international operators with opportunities to expand their investments in Egypt while also encouraging new international oil and gas companies to enter the Egyptian market.

III.Fiscal Regime

It is worth noting that the fiscal regime applicable to these bid rounds differs from that adopted for the recent international bid rounds for the Red Sea blocks launched by GANOPE. While the current blocks are being offered under a PSA framework, the Red Sea blocks were offered under an R-Factor mechanism.

The R-Factor mechanism is a profitability-based fiscal mechanism under which the State's share of petroleum production increases as the project's profitability increases, based on the relationship between the project's cumulative revenues and recoverable expenditures. It is generally calculated as follows: R = Cumulative Revenue / Cumulative Expenditures.

Under this mechanism, the government's share of profit oil or gas—i.e., production remaining after cost recovery—is linked to the applicable R-Factor. Typically, the government's share increases as the R-Factor rises, reflecting the project's increasing profitability.

In contrast, under the PSA framework applicable to the current bid rounds, the allocation of profit oil and gas is predetermined under the relevant concession agreement and does not vary based on an R-Factor throughout the concession period.

If you have any questions or require any further clarification, please let us know. We would also be happy to assist with the bid rounds, if needed.

Our team welcomes your questions

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