THE GABONESE REPUBLIC

US$1,500,000,000 6.375% Amortizing Notes due 2024

Issue Price 100%

The US$1,500,000,000 6.375% Amortizing Notes due 2024 (the "**Notes**") issued by the Gabonese Republic (the "**Issuer**", the "**Republic**" or "**Gabon**") will, unless previously redeemed or cancelled, be redeemed in three equal instalments on 12 December 2022, 12 December 2023 and on 12 December 2024 (the "**Maturity Date**"). See "*Terms and Conditions of the Notes—5. Redemption, Purchase and Cancellation*".

The Notes comprise (a) US$890,511,120 in aggregate principal amount of Notes (the "**Offered Notes**") to be issued by the Republic and subscribed for cash and (b) US$609,488,880 in aggregate principal amount of Notes (the "**Exchange Notes**") to be issued by the Republic pursuant to the Exchange and Tender Offers (as defined and described in "*Exchange and Tender Offers*"). The Offered Notes and the Exchange Notes will be issued on 12 December 2013 (the "**Issue Date**") and comprise a single series of Notes.

The Notes will bear interest from and including 12 December 2013 at the rate of 6.375% per year payable semi-annually in arrear on 12 June and 12 December in each year. The first payment of interest will be made on 12 June 2014 for the period from and including 12 December 2013 to but excluding12 June 2014. Payments on the Notes will be made in U.S. dollars without deduction for or on account of any Gabonese withholding taxes and the Issuer will pay additional amounts in respect of, and in the event of the imposition of, any such taxes as described herein. See "*Terms and Conditions of the Notes—7. Taxation*".

An investment in the Notes involves certain risks. Prospective investors should consider the factors described in "Risk Factors".

This Prospectus constitutes a prospectus for the purposes of the Prospectus Directive. This Prospectus has been approved by the Central Bank of Ireland (the "**Central Bank**"), as competent authority under Directive 2003/71/ EC, as amended (including the amendments made by Directive 2010/73/EU) (the "**Prospectus Directive**"). The Central Bank only approves this Prospectus as meeting the requirements imposed under Irish and EU law pursuant to the Prospectus Directive. Such approval relates only to Notes that are to be admitted to trading on the regulated market of the Irish Stock Exchange (the "**Main Securities Market**") or on another regulated market for the purposes of Directive 2004/39/EC (the "**Markets in Financial Instruments Directive**") or that are to be offered to the public in any member state of the European Economic Area ("**EU Member States**"). Application has been made to the Irish Stock Exchange for the Notes to be admitted to its Official List (the "**Official List**") and trading on the Main Securities Market.

The Notes have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable state securities laws. Accordingly, the Notes are being offered or sold (i) in the United States only to qualified institutional buyers ("QIBs") (as defined in Rule 144A under the U.S. Securities Act ("Rule 144")) in accordance with Rule 144A and (ii) outside the United States in offshore transactions in accordance with Regulation S under the U.S. Securities Act ("Regulation S"). See "*Transfer Restrictions*".

The Notes have not been and will not be registered under the regulations of the Monetary and Economic Community for Central Africa (the *Communauté économique et monétaire de l'Afrique centrale* or "CEMAC") or Gabonese financial regulations. Unless they are registered and authorised by the financial regulators of the CEMAC and Gabon, the Notes cannot be issued, offered or sold in these jurisdictions.

The Notes have been rated BB- (stable) by Fitch Ratings Ltd ("**Fitch**") and BB- (stable) by Standard & Poor's Credit Market Services Europe Limited ("**Standard & Poor's**"). All references to Fitch and Standard & Poor's in this Prospectus are to the entities as defined in this paragraph. Each of Fitch and Standard & Poor's is established in the European Union and registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the "**CRA Regulation**"). A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

The Notes will be offered and sold in registered form in denominations of US$200,000 or any amount in excess thereof which is an integral multiple of US$1. Notes that are offered and sold in reliance on Regulation S (the "**Unrestricted Notes**") will be represented by beneficial interests in a global Note (the "**Unrestricted Global Note**") in registered form without interest coupons attached, which will be registered in the name of Citivic Nominees Limited, as nominee for, and will be deposited on or about the Issue Date with a common depositary for, and in respect of interests held through, Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**"). Notes that are offered and sold in reliance on Rule 144A (the "**Restricted Notes**") will be represented by beneficial interests in a global Note (the "**Restricted Global Note**" and, together with the Unrestricted Global Note, the "**Global Notes**") in registered form without interest coupons attached, which will be deposited on or about the Issue Date with a custodian for, and registered in the name of Cede & Co. as nominee for, The Depository Trust Company ("**DTC**"). Interests in the Restricted Global Note will be subject to certain restrictions on transfer. Beneficial interests in the Global Notes will be shown on, and transfers thereof will be effected only through, records maintained by DTC, Euroclear and Clearstream, Luxembourg and their participants. Except as described herein, certificates will not be issued in exchange for beneficial interests in the Global Notes.

Joint Lead Managers

Citigroup **Deutsche Bank**

Standard Chartered Bank

Financial Advisers to the Issuer

Lazard

The date of this Prospectus is 6 December 2013

RESPONSIBILITY STATEMENT

The Issuer accepts responsibility for the information contained in this Prospectus. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

To the best of the knowledge and belief of the Issuer, the information contained in this Prospectus is true and accurate in every material respect and is not misleading in any material respect and this Prospectus, insofar as it concerns such matters, does not omit to state any material fact necessary to make such information not misleading. The opinions, assumptions, intentions, projections and forecasts expressed in this Prospectus with regard to the Issuer are honestly held by the Issuer, have been reached after considering all relevant circumstances and are based on reasonable assumptions.

IMPORTANT NOTICE

No person has been authorised to give any information or to make any representation other than those contained in this document in connection with the offering of the Notes (the "**Offering**") and, if given or made, such information or representations must not be relied upon as having been authorised by the Republic or the joint lead managers (the "**Joint Lead Managers**") set forth under "Plan of Distribution". Neither the delivery of this Prospectus nor any offer or sale made hereunder shall, under any circumstances, constitute a representation or create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the affairs (financial or otherwise) of the Republic since the date of this Prospectus, or that the information contained herein concerning the Republic is correct at any time subsequent to the date hereof. This document may not be used for the purpose of an offer to, or a solicitation by, anyone in any jurisdiction or in any circumstances in which such an offer or solicitation is not authorised or is unlawful, including the CEMAC and Gabon.

None of the Joint Lead Managers has independently verified or authorised the whole or any part of the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Joint Lead Managers or any of them or their respective affiliates as to the accuracy or completeness of the information contained in this Prospectus or any other information provided by the Republic in connection with the Notes or their distribution.

This Prospectus is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Republic or the Joint Lead Managers that any recipient of this Prospectus should purchase any of the Notes. Each investor contemplating purchasing Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Republic.

IN CONNECTION WITH THE ISSUE OF THE NOTES, DEUTSCHE BANK AG, LONDON BRANCH, AS STABILISING MANAGER (THE "**STABILISING MANAGER**") (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) MAY OVERALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILISATION ACTION OR OVER ALLOTMENT SHALL BE CONDUCTED BY THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

The Republic is relying on an exemption from registration under the U.S. Securities Act for offers and sales of securities that do not involve a public offering. By purchasing the Notes, each purchaser will be deemed to have made the acknowledgements, representations, warranties and agreements described in "*Transfer Restrictions*" in this Prospectus. Each prospective investor should understand that it will be required to bear the financial risks of its investment for an indefinite period of time.

Neither the Republic nor any of the Joint Lead Managers is making any representation to any purchaser of the Notes regarding the legality of an investment in the Notes by such purchaser under any legal investment or similar laws or regulations, including those of Gabon. The contents of this Prospectus are not to be construed as legal, business or tax advice. Each prospective investor should consult with its own legal, business or tax adviser regarding an investment in the Notes.

The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions (including the CEMAC and Gabon). The Republic and the Joint Lead Managers do not represent that this document may be lawfully distributed, or that any Notes may be lawfully offered, in any such jurisdiction or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Republic or the Joint Lead Managers which would permit a public offering of any Notes or distribution of this document in any jurisdiction (including the CEMAC and Gabon) where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material relating to the Notes may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable securities laws and regulations, and the Joint Lead Managers have represented that all offers and sales of Notes by them will be made on the same terms. Persons into whose possession this Prospectus or any Notes come must inform themselves about and observe any such restrictions. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States. For a description of these and certain further restrictions on offers and sales of the Notes and distribution of this Prospectus, see "*Transfer Restrictions*". In addition, there are restrictions on the distribution of this Prospectus and the offer and sale of the Notes in the CEMAC (including Gabon).

The Notes have not been registered with, recommended by or approved or disapproved by the U.S. Securities and Exchange Commission (the "**SEC**") or any other federal or state securities commission in the United States nor has the SEC or any other federal or state securities commission confirmed the accuracy or determined the adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States. The Notes are subject to restrictions on transferability and resale and may not be transferred or resold except as permitted under applicable U.S. federal and state securities laws pursuant to an exemption from registration. See "*Transfer Restrictions*".

The Notes have not been registered with, recommended by or approved or disapproved by the financial regulators of the CEMAC or Gabon nor have the financial regulators of the CEMAC or Gabon confirmed the accuracy or determined the adequacy of this Prospectus.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421 B OF THE NEW HAMPSHIRE REVISED STATUTES ANNOTATED, 1955, AS AMENDED ("**RSA**"), WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421 B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE OR CAUSE TO BE MADE TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

FORWARD LOOKING STATEMENTS

This Prospectus contains forward looking statements. These forward looking statements can be identified by the use of forward looking terminology, including the terms "believes", "estimates", "projects", "expects", "intends", "may", "will", "seeks" or "should" or, in each case, their negative or other variations or comparable terminology or in relation to discussions of strategy, plans, objectives, goals, future events or intentions. Forward looking statements are statements that are not historical facts, including statements about the Issuer's beliefs and expectations. These statements are based on current plans, estimates and projections and, therefore, undue reliance should not be placed on them. Forward looking statements speak only as of the date they are made. Although the government of Gabon (the "**Government**") believes that beliefs and expectations reflected in such forward looking statements are reasonable, no assurance can be given that such beliefs and expectations will prove to have been correct.

Forward looking statements involve inherent risks and uncertainties. A number of important factors could cause actual results to differ materially from those expressed in any forward looking statement. The information contained in this Prospectus identifies important factors that could cause such differences, including, but not limited, to the following:

- Adverse external factors, such as:
  - changes in international commodity prices particularly oil and certain minerals, foreign exchange rates or prevailing interest rates, which could adversely affect Gabon's balance of payments and budgetary expenditures and external reserves;
  - changes in the monetary policy applicable in CEMAC countries which could affect inflation and/or growth rates;
  - regional political and military instability, particularly in the Republic of Congo, which could have an effect on regional trade; and, if local involvement and resources are required, there could be a further direct material adverse effect on Gabon's economy;
  - a deterioration of global economic conditions which could cause continued volatility in global exchange rates, food and oil prices and reduce net capital inflows; or
  - recession or low economic growth in Gabon's trading partners or changes in the terms on which international financial institutions provide financial assistance to Gabon or fund new or existing projects which could decrease exports, adversely affect Gabon's economy and, indirectly, reduce tax and other public sector revenues, so adversely affecting the state budget.
  - Adverse domestic factors, such as:
  - a decline in foreign direct investment, increases in domestic inflation, high domestic interest rates, exchange rate volatility or an increase in the level of domestic and external debt, which could lead to lower economic growth or a decrease in Gabon's international reserves; or
  - trade and political disputes between Gabon and its trading partners and other political factors in Gabon, which could affect the timing and structure of economic reforms and the climate for foreign direct investment.

The sections of this Prospectus entitled "*Risk Factors*", "*The Gabonese Republic*" and "*The Economy*" contain a more complete discussion of the factors that could adversely affect the Issuer. In light of these risks, uncertainties and assumptions, the forward-looking events described in this Prospectus may not occur.

The Issuer does not undertake any obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise, except as may be required by law or applicable regulations. All subsequent written and oral forward-looking statements attributable to the Issuer or to persons acting on its behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this Prospectus.

PRESENTATION OF ECONOMIC AND OTHER INFORMATION

Annual information presented in this Prospectus is based upon 1 January to 31 December periods (which is the fiscal year for the Issuer) unless otherwise indicated. Certain figures included in this Prospectus have been subject to rounding adjustments; accordingly, figures shown for the same category presented in different tables may vary slightly and figures shown as totals in certain tables may not be the sum of the figures which precede them. Statistical information reported herein has been derived from official publications of, and information supplied by, a number of agencies and ministries of the Issuer and by the *Banque des Etats de l'Afrique Centrale* (the "**BEAC**"). Some statistical information has also been derived from information publicly made available by the International Monetary Fund (the "**IMF**"), the International Bank for Reconstruction and Development (the "**World Bank**") and other third parties. Where information has been so sourced the source is stated where it appears in this Prospectus. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced inaccurate or misleading. Similar statistics may be obtainable from other sources, but the underlying assumptions, methodology and, consequently, the resulting data may vary from source to source. In addition, statistics and data published by a ministry or an agency of the Issuer may differ from similar statistics and data produced by other agencies or ministries due to differing underlying assumptions or methodology. Certain historical statistical information contained herein is based on estimates that the Issuer and/or its agencies believe to be based on reasonable assumptions. The Issuer's official financial and economic statistics are subject to review as part of a regular confirmation process. Accordingly, financial and economic information may be subsequently adjusted or revised. In particular, estimates of financial and statistical information as at and for the years ended 31 December 2011, 2012, 2013 and 2014 and for the six-month ended 30 June 2013 in this Prospectus may be preliminary estimates. While the Government does not expect revisions to be material, no assurance can be given that material changes will not be made.

The Issuer adheres to the IMF's General Data Dissemination Standards which guide members in the dissemination of economic and financial data to the public. Gabon participates in the IMF's General Data Dissemination System ("**GDDS**") which is designed to guide all member countries in the provision of their economic and financial data to the public. Data covered includes the real, fiscal, financial and the external sectors as well as socio-demographic data.

By participating in the GDDS, Gabon has undertaken to:

- use the GDDS as a framework for statistical development;
- designate a country coordinator; and
- provide metadata to the IMF describing the current practices and plans for short- and long-term improvements in these practices.

A summary of the methodology under which Gabon prepares its metadata is found on the internet under the IMF's Dissemination Standards Bulletin Board. Gabon's metadata may be found on the IMF's Web site at http://dsbb.imf.org/Applications/web/gdds/gddscountrycategorylist/?strcode=GAB.

The BEAC Web site http://www.beac.int contains information, relevant legislation, press releases, publications, including statistics, research papers, guidelines and regulations and speeches. Recent additions to the Web site were the Advance Release calendar of the Reserve Bank's publications and press releases as well as the dates of its board meetings.

Information contained in the above-mentioned Web sites is not incorporated by reference in this Prospectus and, therefore, is not part of this Prospectus.

All references in this Prospectus to "**CFA**" *(Communauté Financière Africaine)* and "**CFA franc**" are to the currency of the Issuer, all references in this Prospectus to "**U.S. dollars**" and "**US$**" are to the currency of the United States of America and all references in this Prospectus to "**Euros**" and "**€**" are to the currency of the member states of the European Union participating in the European Union's Economic and Monetary Union.

The language of this Prospectus is English. Certain legislative references and technical terms have been referred to in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

EXCHANGE RATES

Gabon's currency is the CFA franc. The CFA franc zone operates under a number of key operating principles:

- a fixed parity against the Euro, adjustable if required by economic reasons after consultation with the French government and unanimous decision of all member countries within each monetary area: the CEMAC comprising Cameroon, the Central African Republic, Chad, Congo (Brazzaville), Equatorial Guinea and Gabon; and the West Africa Economic and Monetary Union ("**WAEMU**") which consists of Benin, Burkina Faso, the Ivory Coast, Guinea-Bissau, Mali, Niger, Senegal and Togo;
- convertibility of the CFA franc in Euros without any fluctuation margins, at a rate of CFA 655.957 = €1 as of 1 January 1999, which is equivalent to the CFA 100 = 1 French franc prevailing previously;
- guarantee of convertibility by France through the establishment by each regional central bank of an operations account with the French treasury with market-related yields or charges (these accounts can have a positive or negative balance, thus providing an, in principle, unlimited overdraft facility to each central bank);
- free capital mobility between the two regions and France; and
- the pooling of foreign exchange reserves of each regional monetary area.

To preserve these principles, and as a means of encouraging financial discipline, a number of operating rules are stipulated in the statutes of the two regional central banks: the BEAC for the CEMAC zone and the *Banque Centrale des Etats de l'Afrique de l'Ouest* (the "**BCEAO**") for the WAEMU zone. Each central bank must:

- maintain at least 50% of its foreign assets in its operations account with the French treasury;
- maintain foreign exchange cover of at least 20% for its sight liabilities; and
- limit its credit to each government of member countries to a ceiling equivalent to 20% of that country's revenue in the previous year.

As part of a number of initiatives to strengthen the monetary union, central bank financing to national treasuries has in fact been gradually phased out. Statutory advances to governments were consolidated with repayments to the central banks starting in 2003. As a result, national treasuries have resorted to market financing of budget deficits, stimulating the CFA franc zone debt market. In addition, the member countries adopted a regional Convergence, Stability, Growth and Solidarity Pact in December 1999 to encourage the harmonisation and coordination of fiscal policies necessary to sustain credibility and stability in the monetary union. They also introduced a fully-fledged customs union, liberalised intra-regional trade and harmonised tax rates.

The only change in parity since 1948 occurred in January 1994, following a sharp cumulative deterioration of around 40% over 1986-93 in the terms of trade faced by the CFA franc zone, accompanied by a sizable firming of the French franc against the U.S. dollar following the 1985 Plaza Accord (relating to the management of the fluctuating value of the U.S. dollar against other major currencies). This episode was the stimulus for the economic reforms described above.

The following table sets forth information concerning exchange rates between the U.S. dollar and the Euro from 2008 through 15 November 2013, expressed in U.S. dollars per Euro, rounded to the nearest cent. Yearly rates are given from 2008 to 15 November 2013 and monthly rates are given from January 2013 to 15 November 2013. This information is based on the noon buying rate in New York City for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York (the "**Noon Buying Rate**"). The exchange rates below are provided solely for convenience. No representation is made that the Euro was, could have been, or could be, converted into U.S. dollars at these rates or at any other rate. The Noon Buying Rate of the Euro on 15 November 2013 was US$1.3480 = €1.00.

	Period End	Period Average[1]	High	Low
		(U.S. dollars per €1.00)		
Year				
2008	1.39	1.47	1.60	1.24
2009	1.43	1.40	1.51	1.25
2010	1.33	1.32	1.45	1.20
2011	1.30	1.39	1.49	1.29
2012	1.32	1.29	1.35	1.21
2013 (through 15 November 2013)	1.35	1.32	1.38	1.28
Month				
January 2013	1.36	1.33	1.36	1.30
February 2013	1.31	1.33	1.37	1.31
March 2013	1.29	1.30	1.31	1.28
April 2013	1.32	1.30	1.32	1.28
May 2013	1.30	1.30	1.32	1.28
June 2013	1.30	1.32	1.34	1.30
July 2013	1.33	1.31	1.33	1.28
August 2013	1.32	1.33	1.34	1.32
September 2013	1.35	1.34	1.35	1.31
October 2013	1.36	1.36	1.38	1.35
November 2013	1.35	1.35	1.35	1.34

(1) For yearly information, Period Average means the average of the Noon Buying Rates on the last business day of each month during the relevant period. For monthly information, Period Average means the average of the Noon Buying Rates for each business day during the relevant period.

The relationship between the CFA franc and the Euro is fixed at CFA 655.957 = €1.00. An indication of the relationship between the CFA franc and the U.S. dollar for any period can be obtained by dividing 655.957 by the U.S. dollars-per-Euro exchange rate as presented in the table above; the resulting quotient will provide an indication of the rate at which CFA francs can be converted to U.S. dollars.

ENFORCEMENT OF CIVIL LIABILITIES

The Issuer is a sovereign state. Consequently, it may be difficult for investors to obtain or enforce judgments of courts in the United States or other jurisdictions against the Issuer without compliance with the Gabonese enforcement procedure for foreign judgments. The Issuer will irrevocably appoint the Ambassador Extraordinary and Plenipotentiary of the permanent mission of the Gabonese Republic to the United Nations, as its authorised agent in the United States on whom process may be served in any action arising out of or based on the Notes. The Issuer will irrevocably submit to, and accept the non-exclusive jurisdiction of, any United States federal or New York State court located in the Borough of Manhattan, the City of New York, with respect to any suit, action or proceeding arising out of or based on the Notes and will irrevocably and unconditionally waive, to the fullest extent permitted by law, any objection which the Issuer may have based on improper venue or forum *non conveniens* to the conduct of any such suit, action or proceeding in any such court.

To the extent that the Issuer may in any jurisdiction claim or acquire for itself or its assets immunity (sovereign or otherwise) from suit, execution, attachment or other legal process (whether through service or notice or otherwise), the Issuer irrevocably agrees for the benefit of holders of Notes not to claim and irrevocably waives such immunity to the fullest extent permitted by the laws of such jurisdiction (other than immunity from pre-judgment attachment, which is expressly not waived). The waiver of immunity will have the fullest scope permitted under the Foreign Sovereign Immunities Act of 1976 of the United States and is intended to be irrevocable for the purposes of such act, but such waiver shall otherwise constitute a limited and specific waiver for the purposes of the Fiscal Agency Agreement (as defined herein) and the Notes and under no circumstances shall such waiver be interpreted as a general waiver by the Issuer or a waiver of immunity in respect of property used by a diplomatic or consular mission of the Issuer, property of a military character and under the control of a military authority or defence agency of the Issuer or property located in Gabon and dedicated to a public or governmental use by the Issuer. The Issuer reserves the right to plead sovereign immunity under the U.S. Foreign Sovereign Immunities Act of 1976 with respect to actions brought against it in any court of or in the United States of America under any United States federal or State securities law.

Subject to international conventions, enforcement of foreign court judgments in Gabon is subject to the following conditions:

- the foreign courts rendering the relevant judgment must offer reciprocal treatment to judgments obtained in the courts of Gabon; if such reciprocal treatment is not offered by the foreign court where the judgment is obtained, Gabonese courts will re-examine the merits of the case;
- the Gabonese courts are not exclusively competent to hear the dispute, and the foreign courts are shown to have been competent to hear the dispute in accordance with their own respective laws;
- the foreign procedures were fully respected and the parties to the dispute were duly notified and properly represented in the proceedings;
- the dispute was properly resolved according to proper facts which were raised in the dispute;
- the foreign judgment is final, non-appealable and conclusive in accordance with relevant law; and
- the foreign judgment does not conflict with a prior Gabonese judgment on the same subject matter and is not contrary to public order in and public law principles in Gabon.

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OVERVIEW

The following is an overview of certain information contained elsewhere in this Prospectus. It does not purport to be complete and is qualified in its entirety by the more detailed information appearing elsewhere in this Prospectus. Prospective investors should also carefully consider the information set forth in "Risk Factors" below prior to making an investment decision. Capitalised terms not otherwise defined in this overview have the same meaning as elsewhere in this Prospectus. See "The Gabonese Republic", "The Economy", "Foreign Trade and Balance of Payments", "Public Finance", "Public Debt" and "Monetary System" for a more detailed description of the Issuer.

Overview of the Republic

General

Gabon occupies 267,667 square kilometres of Central Africa, bordering Equatorial Guinea to the north west, Cameroon to the north, Congo to the east and south and the Atlantic Ocean to the west. Gabon has a population of approximately 1.64 million people, with approximately 86.2% of the population living in urban areas. Libreville, the capital of and the largest city in Gabon, has a population of approximately 619,000 and is located on the Atlantic coast towards the north of the country.

Gabon achieved full independence from France on 17 August 1960. Ali Bongo Ondimba is Gabon's current President. He was elected in August 2009 and was sworn into office on 16 October 2009 following a recount of votes. The election was held following the death of his father, Omar Bongo Ondimba, Africa's longest serving head of state to date, who served as President of Gabon from 1967 to 2009. The next presidential elections are expected to be held in 2016.

The current constitution was adopted by the National Assembly in March 1991 and provides for a bill of rights, a Parliament ("**Parliament**") with two chambers (the National Assembly, the lower chamber, for which the next election is due to be held in December 2016, and the Senate, the upper chamber, for which the next election is due to be held in January 2015) and an independent judiciary. The *Parti Démocratique Gabonais* (the "**PDG**") has been in power since 1968 and won 114 out of 120 seats in the last National Assembly election in December 2011.

Economy

The Gabonese economy is highly dependent on the oil sector. The Government's economic policy is based on diversifying the economy, developing infrastructure and improving quality of life through budgetary adjustment, good governance and structural reforms. Non-oil real gross domestic product ("**GDP**") grew from CFA 3,181.8 billion in 2011 to an estimated CFA 3,480.8 billion in 2012 and the Ministry of Economy, Employment and Sustainable Development (the "**Ministry of Economy**") expects non-oil GDP to increase further to an estimated CFA 3,813.8 billion in 2013.

Since 2010, there has been overall growth in the Gabonese economy, with the total real GDP growing from CFA 4,563.6 billion in 2011 to an estimated CFA 4,804.0 billion in 2012 and the Ministry of Economy expects real GDP to grow further to an estimated CFA 5,096.0 in 2013. The Government plans to reinforce economic growth by encouraging non-oil private sector growth, including through the implementation of a favourable legislative and regulatory framework.

Gabon has a common currency with other members of the CEMAC, the CFA franc, which is pegged to the Euro at 1 Euro = CFA 655.957. The central bank of the CEMAC, the BEAC, manages monetary policy.

The following selected economic information is qualified in its entirety by, and should be read in conjunction with, the detailed information appearing elsewhere in this Prospectus.

	2010	2011	2012	2013[1]
Domestic Economy				
Nominal GDP (CFA billions)	6,918.5	8,384.2	8,925.7	8,784.6
Real GDP (growth rate) (%)	6.9	7.0	5.3	6.1
GDP per capita (current US$)[2]	9,343.0	11,789.0	11,430	N/A
Consumer Price Index (%)[3]	1.4	1.3	2.7	1.3
Balance of Payments (CFA billions)				
Exports of Goods (FOB)	3,697.0	5,172.3	5,729.9	5,148.7
Imports of Goods (FOB)	1,346.1	1,510.3	1,634.2	1,868.8
Current Account Balance	1,495.5	2,612.9	2,946.6	2,023.2
Overall Balance	(54.4)	240.8	80.2	357.1
Public Finance (CFA billions)				
Total Revenues and Grants	1,838.0	2,486.0	2,638.0	2,704.0
Total Expenditure	1,707.0	2,354.0	2,420.0	2,971.0
Overall Balance	131.0	132.0	218.0	(267.0)
Overall Balance (% of GDP)	1.9	1.6	2.4	(3.0)
Public Debt (CFA billions)	**1,291.2**	**1,450.9**	**1,484.1**	**2,112.8**[4]
Internal Public Debt	89.4	56.6	57.0	29.1
External Public Debt	1,201.8	1,394.3	1,427.1	2,083.8[4]
Gross Public Debt as % of GDP	17.5	16.4	16.6	24.1

(1) Estimates.

(2) GDP per capita data have been extracted from World Bank national accounts data and are expressed in U.S. dollars converted from CFA francs by the World Bank using a single year official exchange rate.

(3) Annual rate of change.

(4) These figures include an estimated amount of US$1.5 billion representing the maximum amount of the Notes to be issued less the maximum aggregate principal amount of the Existing Notes which the Republic intends to purchase in connection with the Exchange and Tender Offers if successful. See "*Exchange and Tender Offers*".

Sources: Ministry of Economy, World Bank Open Data.

Overview of Risks Relating to Gabon, the Market and the Notes

An investment in the Notes involves significant risks, including (among others):

- the Issuer may be unable to meet its economic diversification and reform objectives set out in Emerging Gabon and any failure or inability to do so may have a negative effect on the performance of the Gabonese economy;
- Gabon's economy is very dependent on oil production and global prices of oil;
- failure to grow the non-oil sectors of its economy may constrain Gabon's economic growth;
- failure to adequately address Gabon's significant infrastructure deficiencies could adversely affect Gabon's economy and growth prospects;
- Gabon suffers from chronic power shortages;
- the lack of an effective opposition may result in political instability;
- failure to implement economic and fiscal reforms may have a negative effect on the performance of the Gabonese economy;
- limited availability of credit to companies may have a negative effect on the performance of the Gabonese economy;
- a significant portion of the Gabonese economy is not recorded, resulting, *inter alia*, in lower tax revenues and failure to address this situation adequately will continue to have a negative effect on the Gabonese economy;

- failure to adequately address actual and perceived risks of corruption may adversely affect Gabon's economy and its ability to attract foreign direct investments;
- Gabon may face a lack of continued access to foreign trade and investment;
- legal and arbitral proceedings;
- reliance on food imports may result in inflation and in increased Government spending;
- high levels of debt could have a material adverse effect on Gabon's economy and its ability to service its debt, including the Notes;
- it may be difficult for investors to obtain or enforce judgments of courts in the United States or any other country against Gabon;
- statistics published by Gabon may be more limited in scope, published less frequently and differ from those produced by other sources;
- health risks could adversely affect Gabon's economy;
- as a member of the BEAC and belonging to the CFA franc zone, Gabon may be subject to monetary policies that it has not chosen and has limited influence on exchange rates;
- the free movement of people and goods within the CEMAC as of 1 January 2014 may have a negative impact on Gabon's employment rate and national security;
- investing in securities involving emerging markets generally involves a higher degree of risk than more developed markets;
- the Notes may not be suitable as an investment for all prospective purchasers;
- there may be no active trading market for the Notes or any such trading market for the Notes may be volatile;
- the terms and conditions of the Notes contain provision for modifications and waivers;
- the Notes have amortizing redemption features;
- events of default;
- definitive Notes not denominated in an integral multiple of US$200,000 may be illiquid and difficult to trade;
- fluctuations in exchange rates and interest rates may adversely affect the value of the Notes;
- legal investment considerations may restrict certain investments;
- credit ratings may not reflect all risks; and
- payments made in certain EU Member States may be subject to withholding tax under the EU Savings Directive.

Overview of the Terms and Conditions of the Notes

*The following is an overview of certain information contained elsewhere in this Prospectus. It does not purport to be complete and is qualified in its entirety by the more detailed information appearing elsewhere in this Prospectus. Prospective investors should also carefully consider the information set forth in "Risk Factors" below prior to making an investment decision. Capitalised terms not otherwise defined in this overview have the same meaning as in the terms and conditions of the Notes (the "**Conditions**"). See "Terms and Conditions of the Notes" for a more detailed description of the Notes.*

Issuer	The Gabonese Republic.
Notes	US$1,500,000,000 principal amount of 6.375% Amortizing Notes due 2024. The Notes comprise (a) US$890,511,120 in aggregate principal amount of Notes (the "**Offered Notes**") to be issued by the Republic and subscribed for cash and (b) US$609,488,880 in aggregate principal amount of Notes (the "**Exchange Notes**") to be issued by the Republic pursuant to the Exchange and Tender Offers (as defined and described in the *Exchange and Tender Offers* section below). The Exchange Notes and the Offered Notes will form a single series of Notes.
Issue Date	12 December 2013.
Maturity Date	12 December 2024 (the "**Maturity Date**").
Interest	6.375% per year.
Interest Payment Dates	The Republic will pay interest semi-annually in arrear on 12 June and 12 December of each year computed on the basis of a 360-day year of 12 30-day months, payable in U.S. dollars and calculated as described below. The first payment of interest will be made on 12 June 2014 for the period from and including 12 December 2013 to but excluding 12 June 2014. See "*Terms and Conditions of the Notes—4. Interest*".
Issue Price	100% of the principal amount.
Yield	As at the Issue Date, the yield of the Notes is 6.375% per annum calculated on the basis of the Issue Price. It is not an indication of future yield on the Notes.
Redemption	Principal will be repaid in three equal instalments on 12 December 2022, 12 December 2023 and on the Maturity Date. See "*Terms and Conditions of the Notes—5. Redemption, Purchase and Cancellation*".
Denominations	The Notes will be issued and may only be transferred, in minimum principal amounts of US$200,000 and integral multiples of US$1 in excess thereof.
Status	The Notes will be direct, unconditional and (subject to a negative pledge undertaking) unsecured obligations of the Republic. The Notes will rank equally among themselves and *pari passu* in right of payment with all other present and future unsecured External Indebtedness (as defined below) of the Republic.

	See "*Terms and Conditions of the Notes—2. Status*".
Negative Pledge	So long as any of the Notes remains outstanding (as defined in the Fiscal Agency Agreement), the Republic will not create or permit to subsist any Lien (other than Permitted Liens) upon the whole or any part of its existing or future assets or revenues to secure any Public External Indebtedness of the Republic or any other Person or any Guarantee thereof unless, at the same time or prior thereto, the obligations of the Republic under the Notes are secured equally and rateably therewith or have the benefit of such other arrangements as may be approved by an Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of the Noteholders. See "*Terms and Conditions of the Notes—3. Negative Pledge*".
Events of Default	The Conditions will permit the acceleration of the Notes following the occurrence of certain events of default. See "*Terms and Conditions of the Notes—8. Events of Default*".
Form of Notes	The Republic will issue the Notes in registered form, without coupons. The Republic will not issue the Notes in bearer form. Notes sold in offshore transactions in reliance on Regulation S will initially be in the form of Regulation S global notes, which will be deposited outside the United States and the CEMAC (including Gabon) with a common depositary for Euroclear and Clearstream, Luxembourg and registered in the name of a nominee for such common depositary. Notes sold to QIBs in reliance on Rule 144A will be issued initially in the form of Rule 144A global notes, which will be deposited with DTC, or a custodian of DTC, and registered in the name of a nominee of DTC.
Taxation and Additional Amounts	All payments of principal and interest in respect of the Notes by the Republic shall be made free and clear of, and without withholding or deduction for, any taxes (including royalties), duties (including customs duties), assessments or governmental charges of whatever nature imposed or levied by or within the Republic or any political subdivision or any authority thereof or therein having power to tax (together, "**Taxes**"), unless such withholding or deduction is required by law. If any such withholding or deduction is required by law, the Republic shall pay such additional amounts as will result in the receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required, subject to certain exceptions set forth under "Terms and Conditions of the Notes—7. Taxation" and "Taxation".
Modification and Amendment	The terms and conditions of the Notes may be modified with the approval by Extraordinary Resolution of 66.67% of Noteholders voting at a meeting, *provided that* certain material changes (including changes relating to principal amount and interest) require the approval of a majority of not less than 75% of the Noteholders voting at a meeting. Any such modification will be binding on all Noteholders.

	See "*Terms and Conditions of the Notes—11. Meeting of Noteholders, Modification and Waiver*".
Use of Proceeds	The net proceeds of the Offered Notes will be approximately US$887,911,120, after deduction of the Joint Lead Managers' discounts and commissions and certain expenses payable by the Republic. The net proceeds of the Offered Notes will be used to accelerate and support the infrastructure projects identified by the *Schéma directeur national des infrastructures*, including the development of the bypass road in the Owendo zone, the development of electricity generation and transmission, in particular the *Chutes de l'Impératrice* dam and the finalisation of the Libreville-Franceville road and the South and South-West corridors. See "*The Economy–Emerging Gabon*". The Exchange Notes will be used as consideration for certain of Gabon's US$1,000,000,000 8.20% Notes due 2017 (the "**2017 Notes**") in connection with the Exchange and Tender Offers. See "*Public Debt*" and "*Exchange and Tender Offers*". See "*Use of Proceeds*" and "*Exchange and Tender Offers*".
Ratings	The Notes have been rated "BB-" by Fitch Ratings Ltd ("**Fitch**") and "BB-" by Standard & Poor's Credit Market Services Europe Limited ("**Standard & Poor's**"), a division of the McGraw Hill Companies Inc. All references to Fitch and Standard & Poor's in this Prospectus are to the entities as defined in this paragraph. Each of Fitch and Standard & Poor's is established in the European Union and registered under Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on credit rating agencies (the "**CRA Regulation**"). Credit ratings assigned to the Notes do not necessarily mean that they are a suitable investment. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation. Similar ratings of different types of securities do not mean the same thing. Ratings do not address the likelihood that principal on the Notes will be paid as expected. The ratings do not address the marketability of the Notes or their price. Any change in the credit rating of the Notes or the Republic could adversely affect the price that a subsequent purchaser will be willing to pay for the Notes. The significance of each rating should be analysed independently from any other rating.
Listing and Admission to Trading ..	Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on the Main Securities Market.
Further Issues	The Republic may from time to time without the consent of the Noteholders issue additional notes that will form a single series with the Notes subject to certain conditions. See "*Terms and Conditions of the Notes —12. Further Issues*".
Governing Law	The Notes will be governed by the laws of the State of New York.

Selling and Transfer Restrictions ..	The Notes have not been and will not be registered under the U.S. Securities Act or any U.S. state securities law. Consequently, the Notes may not be offered or sold in the United States except pursuant to an exemption from or in a transaction not subject to the registration requirement of the U.S. Securities Act and applicable state securities laws. See "*Transfer Restrictions*". The Notes have not been and will not be registered under CEMAC or Gabonese financial regulations. Unless they are registered and authorised by the financial regulators of the CEMAC and Gabon, the Notes cannot be issued, offered or sold in these jurisdictions. The Notes are also subject to certain other restrictions relating to the offer and sale of securities. See "*Plan of Distribution*" below.
Fiscal Agent, Principal Paying Agent and Transfer Agent	Citibank, N.A..
Registrar	Citigroup Global Markets Deutschland AG & Co KGaA.
ISIN	XS1003557870 and US362420AB78 for the Regulation S Global Note and Rule 144A Global Note, respectively.
Common Code	100355787 and 100380307 for the Regulation S Global Note and the Rule 144A Global Note, respectively.
CUSIP Number................................	362420 AB7 for the Rule 144A Global Note.

RISK FACTORS

The Issuer believes that the following factors may affect its ability to fulfil its obligations under the Notes. These factors are contingencies which may or may not occur, and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are also described below.

The Issuer believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay principal, interest or other amounts on or in connection with any Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding the Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

Risks Relating to Gabon

Gabon may be unable to achieve its economic diversification and reform objectives set out in Emerging Gabon and any failure or inability to do so may have a negative effect on Gabon's affairs, political condition and the performance of the Gabonese economy.

The Government has announced its intention to pursue its Strategic Plan for Emerging Gabon ("**Emerging Gabon**") launched in 2009 and has commenced the implementation of this initiative (see "*The Economy—Emerging Gabon*"). However, no assurance can be given that Emerging Gabon will be adequately funded, will achieve or maintain the necessary long-term political support, will be fully implemented or prove successful in achieving its objectives. In addition, there can be no assurance that projects contemplated in Emerging Gabon will be realised within the timeframes contemplated, if at all. For example, in 2013, there were some delays in the implementation of Emerging Gabon and the delivery of some projects was postponed. The funding required for the implementation of Emerging Gabon necessitated increasing Gabon's investment budget to above CFA 1,200 billion in 2013 and 2014 compared to an annual average of CFA 300 billion between 2005 and 2009. Continued pursuit of long-term objectives such as those set forth in Emerging Gabon will depend on a number of factors including continued political support across multiple government administrations, adequate funding from both public and private sources, improved security, infrastructure and power sector reform, availability of human capital and coordination. The significant funding requirements for Emerging Gabon may prove difficult or impossible to meet, and the funding requirements for these initiatives may lead to an increase in Gabon's outstanding debt. If fiscal resources prove insufficient or if Gabon fails to secure appropriate external funding, it may not be possible for Gabon to pursue adequately all of the public capital projects set forth in Emerging Gabon.

The economic and other assumptions underlying the objectives set forth in Emerging Gabon including with respect to GDP growth, oil prices and production, economic diversification, inflation, external debt and the fiscal deficit, may not be met, which would undermine the Issuer's ability to achieve the stated objectives. Failure to achieve one or more of the objectives or complete certain public capital projects set forth in Emerging Gabon may render it difficult to achieve other stated objectives, and Gabon's ability to achieve its strategic objectives may be affected by many factors beyond its control. If the Government is not able to fund or implement the medium-term objectives contained in Emerging Gabon, or if there is a delay in such funding or implementation, then the Government may not be able to meet the long-term strategic objectives by 2025, which could result in an adverse effect on the economy of Gabon and on the Issuer's ability to service the Notes.

Gabon's economy is very dependent on oil production and global prices of oil.

In 2012, the oil sector accounted for an estimated 40.5% of GDP, 86.8% of export earnings and 58.0% of fiscal revenue, according to the Ministry of Oil, Energy and Hydraulic Resources. Reductions in oil revenues could have a material adverse effect on the Gabonese economy and the ability of the Issuer to service the Notes. Gabon's oil revenues are a function of the level of oil production in the country and prevailing world oil prices. Oil prices are subject to wide fluctuations caused by factors which are beyond Gabon's control.

These factors include, but are not limited to, political conditions in the Middle East and other oil-producing regions, internal and political decisions of the Organisation of Petroleum Exporting Countries ("**OPEC**") and other oil-producing countries to increase or decrease production of crude oil, consumer demand, government regulations, the price and availability of alternative fuels and overall economic conditions. These factors have led to significant fluctuations in world oil prices in recent years. For example, the average spot price of crude oil (Brent) was US$74.46 per barrel in December 2009, US$91.45 per barrel in December 2010, US$107.87 per barrel in December 2011, US$109.49 per barrel in December 2012 and US$109.08 in November 2013.

Gabonese oil production declined by approximately 14% between 2003 and 2012, primarily due to maturing oil fields and a lack of new oil fields being developed. According to the Minister of Oil, Energy and Hydraulic Resources, Gabon's proven reserves are estimated at 3.6 billion barrels and, in the absence of future discoveries or modernisation of current oil fields, production is currently expected to be exhausted in approximately 30 years. Maintaining current oil production levels requires substantial investment in exploration and development from oil companies which Gabon may not be able to attract. Furthermore, future oil exploration may be located in zones such as deepwater fields where extraction may prove more difficult and expensive than in the current coastal fields. Such exploration may only be economically viable on the basis of lasting high oil prices.

Many developed countries are also actively trying to develop alternative sources of energy or alternative methods of increasing domestic oil production to reduce their dependence on imported oil. Any significant development of either of these alternatives to imported oil could adversely affect oil prices and demand and the resulting oil revenues of Gabon.

Any such unplanned reduction in revenues could negatively affect economic growth and have a material adverse effect on Gabon's affairs, political and economic condition and its ability to service the Notes.

Failure to grow the non-oil sectors of its economy may constrain Gabon's economic growth.

As a result of decreasing oil output, Gabon has attempted to develop the non-oil sectors of its economy by increasing the production and processing of other mineral resources such as manganese, iron and gold and encouraging construction, trading, telecommunications and tourism activities. The non-oil sector grew by 9.4% in 2012 as compared with 11.7% in 2011.

However, local shortages of skilled managers and workers, work permit restrictions and the lack of infrastructure (including inadequate power supply and transportation systems) may constrain development in these sectors and the current rate of growth may decline in future periods. A failure to grow the non-oil sectors of its economy may constrain Gabon's economic growth, which may in turn result in a material adverse effect on Gabon's ability to meet its debt obligations, including those under the Notes.

Failure to adequately address Gabon's significant infrastructure deficiencies could adversely affect Gabon's economy and growth prospects.

Gabon intends to diversify its economy but its success in doing so will depend upon the country having adequate infrastructure. Good roads, ports, railways and other transport infrastructure and reliable power sources and water supply are important factors affecting capital and operating costs which in turn affect higher private sector investment and increase productivity. Persistent problems with power generation, transmission and distribution, obsolete and/or insufficient road and rail networks and congested ports have negatively impacted Gabon's socio-economic development. While significant progress has been made in recent years, and are still being made, in sectors such as transport, energy and telecommunications, the state of development in those sectors cannot be considered at par with that in more developed countries. The Government has identified Gabon's insufficient infrastructure as a major impediment to economic growth and Emerging Gabon includes ambitious targets for infrastructure development and investments and aims at achieving these targets by 2016. Public investments in infrastructure represent approximately 27% of the budget for 2013 (CFA 800 billion) although there can be no assurance that these investments will be realised.

Failure to significantly improve Gabon's infrastructure could adversely affect Gabon's economy, competitive ranking and growth prospects, including its ability to meet GDP and other growth targets.

Gabon suffers from chronic power shortages.

In spite of important energy resources and investments in the power sector in recent years, lack of reliable electricity supply remains a serious impediment to Gabon's economic growth and development. Insufficient power generation, aging or insufficient infrastructure, inadequate funding, weak distribution networks and overloaded transformers result in frequent power outages, high transmission and distribution losses and poor voltage output.

The Government has identified the improvement of electricity generation, transmission and distribution infrastructure as a critical element in meeting economic growth and development objectives. To address these issues, the Government has launched a series of policy initiatives under Emerging Gabon. Major projects in the power sector include the development of the Grand Poubara hydropower plant, the 46-megawatt *Chutes de l'Impératrice* plant due for completion in 2015 and the 50-megawatt Ngoulmendjim hydropower project due for completion in the second half of 2015.

No assurances can be given that Gabon will be able to effectively reform the power sector or that the reforms will not cost significantly more than what is estimated.

Failure to adequately address the significant deficiencies in Gabon's power generation, transmission and distribution infrastructure could lead to lower GDP growth and its ability to obtain funding, thereby hampering the development of Gabon's economy and its ability to meet its debt obligations, including those under the Notes.

The lack of an effective opposition may result in political instability.

The former President of Gabon, Omar Bongo Ondimba, who had been in office since 1967, died in June 2009. On 30 August 2009, Ali Bongo Ondimba, the son of the late President, won the ensuing presidential election. The announcement of the election results triggered very violent protests, leading to the deaths of several people, throughout the country and in particular in Libreville and Port-Gentil, where rioters set fire to the French Consulate. In addition, complaints were made regarding the validity of the election and eleven requests were submitted by, in particular, nine candidates in the election to the Supreme Court (*Cour Constitutionnelle*) for cancellation of the vote. However, the Supreme Court, in October 2009, rejected these requests and a poll recount confirmed the election of Ali Bongo Ondimba as the new President of Gabon.

Four years following his election, Ali Bongo Ondimba remains, however, contested by a large part of the opposition and has been faced with several challenges to his rule. To date, the greatest challenge was in January 2011 when André Mba Obame, a runner-up to the election and former Secretary General of the now defunct opposition party *Union Nationale*, proclaimed himself as President of Gabon in violation of the Constitution. Mba Obame occupied the headquarters of the United Nations Development Programme for over a month and during that time his supporters were responsible for several outbreaks of violence. Mba Obame was, however, allowed to leave the country to receive medical treatment.

Gabon is a one-party dominant state and there is no real challenge to the PDG as the opposition in Gabon has been weak, disorganised and short-lived. For example, the *Union Nationale* party was created in February 2010 and was dissolved less than a year later in January 2011. As a further example, the boycott by the main opposition parties of the December 2011 legislative elections led to a landslide victory for the PDG, the President's party. Consequently, for many, the only means of protest is the use of violence.

There can be no assurance that Ali Bongo Ondimba will not face further challenges to his rule. The next presidential elections are expected to take place in 2016. No assurance can be given that these elections will not generate political instability or that after such elections the current reforms and policies will continue.

Failure to implement economic and fiscal reforms may have a negative effect on the performance of the Gabonese economy.

The Government continues to implement economic and financial system reforms in order to improve the legal and regulatory environment, promote the private sector, diversify the economy and facilitate access to credit. The Government is pursuing various fiscal reforms to control expenditure and improve the tax system. Although the Government intends to proceed with its economic, financial and fiscal reforms, there can be no assurance that these reforms will be implemented or if they are so implemented that they will have the expected consequences. Failure to implement economic, financial and fiscal reforms or unexpected consequences resulting from implementation may have a negative effect on Gabon's economy, affairs and political condition and its ability to service the Notes.

Limited availability of credit to companies may have a negative effect on the performance of the Gabonese economy.

Despite recent efforts from the BEAC to establish liquidity schemes for Gabonese banks, the Gabonese banking sector is still relatively small and the interbank credit market underdeveloped. As a result, liquidity that may be held by some banks does not circulate between credit institutions as they would in more developed banking markets and access to loans and financings by companies in Gabon are therefore very limited. Furthermore, the oil companies tend to finance themselves outside Gabon and consequently do not contribute to the growth of the local banking sector. While the net domestic credit increased by 73.3% between 2010 and 2012 (from CFA 708.2 billion to CFA 1,227.7 billion), primarily driven by an increase in credit to Gabonese companies that participate in Emerging Gabon-related projects, failure by the BEAC to develop an active interbank market and increased portfolio loan loss provisions over the past years may weaken the balance sheet of the Gabonese banks and limit access to credit to companies. This could have an adverse effect on Gabon's economy and the Issuer's ability to service the Notes.

A significant portion of the Gabonese economy is not recorded.

The informal economy is estimated to account for 20% of total nominal GDP in the last study carried out in 1990. While there are no more recent figures, it is estimated that the share of the informal economy has increased in the past two decades. The informal economy is not recorded and is only partially taxed, resulting in a lack of revenue for the Government, ineffective regulation, unreliability of statistical information and inability to monitor or otherwise regulate a large portion of the economy. Lack of effective regulation and enforcement in this sector also gives rise to other issues including health and safety issues. Although the Government is attempting to address the informal economy via the implementation of policies and measures, including the streamlining of certain regulations such as tax laws, there can be no assurance that such reforms will adequately address the issues and bring the informal economy into the formal sector.

Failure to adequately address actual and perceived risks of corruption may adversely affect Gabon's economy and its ability to attract foreign direct investments.

As is the case in relation to other emerging markets, there have been allegations of corruption and misuse of funds by public officials in Gabon. Since 2002, Gabon has implemented various measures to prevent and fight corruption and unlawful enrichment. In particular, Ali Bongo Ondimba, upon becoming President in 2009, stated his commitment to develop a strong system of good governance. Examples of recent key reforms include the demotion or arrest of government officials, the creation of the *Agence Nationale d'Investigation Financière*, which is responsible for money laundering-related matters and the approval of a strategy paper on the fight against corruption and money laundering (*Document de Stratégie de Lutte Contre la Corruption et le Blanchiment des Capitaux*).

Despite these reforms, corruption remains a serious problem impacting Gabon, its affairs, political condition and economy. There have been a number of high-profile convictions for corruption and members of the Ondimba family have been and still are subject to an investigation in France regarding misuse of funds. See "*The Gabonese Republic—Legal and Arbitral Proceedings*".

Failure to address these issues, continued corruption in the public sector and any future allegations of or perceived risk of corruption in Gabon could have an adverse effect on the Gabonese economy and may in turn have a negative effect on Gabon's ability to attract foreign investment.

Gabon may face a lack of continued access to foreign trade and investment.

Gabon's total foreign direct investment ("**FDI**"), which comprises equity capital and other capital inflows, increased from CFA 339.4 billion in 2010 to CFA 401.0 billion in 2011 and CFA 425.1 billion in 2012. At the same time, according to the UNCTAD World Investment Report 2012, FDI inflows to Africa as a whole declined for the third successive year in 2012 to US$42.7 billion. The decline in FDI inflows to the continent in recent years was largely caused by the impact of political instability on FDI in North Africa and, in particular, inflows to Egypt and Libya, which had previously been major recipients of FDI. In the absence of a decrease in the perceived risks associated with investing in Gabon, including those described herein, there may not be any significant increase in FDI, which could adversely affect the Gabonese economy and limit sources of funding for infrastructure and other projects which are dependent on significant investment from the private sector. Existing levels of FDI may also decrease, which would significantly impede the progress of sectors important to Gabon's economic growth such as the infrastructure, financial and energy sectors.

Legal and arbitral proceedings.

Gabon has been and is currently involved in a number of legal and arbitral proceedings. See "*The Gabonese Republic—Legal and Arbitral Proceedings*". Adverse outcomes in such proceedings may damage Gabon's reputation with international investors or otherwise have a material adverse effect on Gabon's economy, political affairs, financial condition or its ability to service the Notes. For example, in 2008, the Committee of the International Centre for Settlement of Investment Disputes (the "**ICSID**") issued an arbitral award against Gabon requiring it to indemnify the CECF shareholders for a total amount of CFA 154 billion. As at the date of this Prospectus, Gabon has paid CFA 41 billion and CFA 113 billion remains outstanding and is expected to be settled by end 2015.

In addition, two coupon payments (in 2008 and in 2012) in relation to Gabon's 2017 Notes were delayed by court orders following claims from private creditors. These delays were not related to Gabon's capacity or its desire to pay and Gabon had already made available the funds for payment. In both instances Gabon was able to pay the coupon within the 10-day grace period. However, there can be no assurance that there will not be further claims in the future that could interfere with Gabon's ability to make payments on the Notes.

Reliance on food imports may result in inflation and in increased Government spending.

The dominance of the oil sector, urbanisation and the lack of effective government policies to modernise agriculture have led to a decrease in agriculture's contribution to Gabon's GDP from approximately 16% in the early 1960s to about 2.5% in 2012, according to the Ministry of Economy, including livestock and fishing. As a result, the majority of food consumed in Gabon is imported from France, Cameroon and South Africa. It has been estimated that almost 60% of food in Libreville, where approximately 38% of Gabon's population is located, is imported, mostly from Europe. Because Gabon does not control its monetary policy, as it is a member of the BEAC, which is in charge of the monetary policy for all of the member states of CEMAC, its high reliance on food imports in an environment of rising prices may force the Government to increase or create new subsidies resulting in unplanned budgetary outlays and inflation, which may have a negative impact on the economy.

High levels of debt could have a material adverse effect on Gabon's economy and its ability to service its debt, including the Notes.

Any significant future borrowings, including the issuance of internal debt to finance Gabon's fiscal deficit and the issuance of external debt on local and foreign capital markets, could increase the risk of external debt distress. Although Government debt decreased from 38% of GDP in 2007 to 16.6% of GDP in 2012, relatively high levels of debt through continued borrowing or decreasing GDP may negatively impact Gabon's sovereign credit rating or may impair Gabon's ability to service the Notes.

It may be difficult for investors to obtain or enforce judgments of courts in the United States or any other country against Gabon.

Gabon is a sovereign state and, as a result, it may be difficult for investors to obtain judgment against Gabon in foreign or Gabonese courts or to enforce foreign judgments, including judgments predicated upon civil liabilities under the securities laws of the United States or any state or territory within the United States against Gabon. While Gabon's waiver of sovereign immunity described above under "Enforcement of Civil Liabilities" will have the fullest scope permitted under the Foreign Sovereign Immunities Act of 1976 of the United States and is intended to be irrevocable for the purposes of such Act, it otherwise constitutes a limited and specific waiver and under no circumstances shall it be interpreted as a general waiver by Gabon or a waiver of immunity in respect of property used by a diplomatic or consular mission of Gabon, property of a military character and under the control of a military authority or defence agency of Gabon or property located in Gabon and dedicated to a public or governmental use by Gabon. In addition, Gabon reserves the right to plead sovereign immunity under the U.S. Foreign Immunities Act of 1976 with respect to actions brought against it in any court of or in the United States of America under any United States federal or State securities law. It may therefore be difficult for investors to obtain or enforce judgments against Gabon.

Statistics published by Gabon may be more limited in scope and published less frequently and differ from those produced by other sources.

A range of Ministries and institutions, including the Ministry of Economy, the Ministry of Industry and Mines, the Ministry of Oil, Energy and Hydraulic Resources, the Ministry of Agriculture, Livestock and Rural Development and the Ministry of Budget, Public Accounts and Civil Service, the *Direction Générale de la Statistique et des Etudes Economiques* and the BEAC produce statistics relating to Gabon and its economy. Gabon adheres to the IMF's General Data Dissemination Standards. However, these statistics may be more limited in scope and published less frequently than in the case of other countries such that adequate monitoring of key fiscal and economic indicators may be difficult. Statistical data appearing in this Prospectus has, unless otherwise stated, been obtained from public sources and documents. Similar statistics may be obtainable from other sources, but the underlying assumptions, methodology and, consequently, the resulting data may vary from source to source. Furthermore, the assumptions on which certain statistical data, such as expected GDP growth rates, future oil prices, oil production levels and exchange rates, are based may be imprecise and as a result such data may prove to be incorrect or imprecise.

Health risks could adversely affect Gabon's economy.

HIV/AIDS, tuberculosis (which is exacerbated in the presence of HIV/AIDS), typhoid and malaria are major healthcare challenges in Gabon and other West African economies. According to the *Enquête Démographique et de Santé*, in 2012, over 4.1% of the population were infected with HIV in Gabon. No assurance can be given that the high prevalence rate of HIV/AIDS, malaria, typhoid and other diseases in Gabon will not have a material adverse effect on the economy of Gabon and therefore on its ability to meet its debt obligations, including those under the Notes.

As a member of the BEAC and belonging to the CFA franc zone, Gabon may be subject to monetary policies that it has not chosen and has limited influence on exchange rates.

Gabon is a member of the BEAC, which sets interest rates and banking policies for all of the member states of CEMAC to protect the union from fluctuations in the global market and pegs the CFA franc to the Euro. As a result, the BEAC makes interest rate policy decisions on the basis of union-wide considerations. This means that Gabon is unable to amend its interest rate unilaterally and requires the BEAC to do so across the union for any rate changes to become effective. In addition, the BEAC makes policy decisions on the basis of the best interests of the CEMAC as a whole and is unable to make jurisdiction-specific decisions other than the amendment to national reserve requirements. As a result, the BEAC may take action which is not in the interests of the Gabonese economy. This may have an adverse effect on Gabon's economy and its ability to make payments under the Notes.

Furthermore, the CFA franc is pegged to the Euro at a rate of CFA 655.957 for €1. As a result, the fluctuations of the CFA franc towards other currencies will be the same as the Euro's and will not be linked to the economy or the balance of payments of the member States of the CEMAC. Therefore, Gabon may face fluctuations in exchange rates which are not correlated to the performance of its economy and over which it has no or very limited control. In some circumstances, prices of imports could be higher, and value of the exports could be lower than the actual prices that would have prevailed had Gabon used an independent currency. For instance, a significant proportion of Gabon's exports are oil products, which are usually traded in U.S. dollars and therefore dependent on the Euro/US dollar exchange rate. This may have an adverse effect on Gabon's economy and its ability to make payments under the Notes.

The free movement of people and goods within the CEMAC as of 1 January 2014 may have a material adverse impact on Gabon's employment rate and national security.

To further strengthen regional integration, the CEMAC member States have agreed to introduce the free movement of people and goods within the region as of 1 January 2014. Early November 2013, Equatorial Guinea announced that it would block the free movement of people and goods due to fear that a large number of immigrants would enter the country, thereby throwing doubt on whether the agreement will come into force at the beginning of next year. If this agreement does come into force this might result in an increased influx of immigrants both from countries of the region and countries sharing borders with the CEMAC region.

A massive influx of immigrants could have a negative effect on the employment rates in Gabon. Furthermore, the arrival of residents from less politically stable countries outside of the region could bring internal security problems in Gabon. Both could result in an adverse effect on Gabon's economy and the Issuer's ability to service the Notes.

Investing in securities involving emerging markets generally involves a higher degree of risk than more developed markets.

Investing in securities involving emerging markets, such as Gabon, generally involves a higher degree of risk than investments in securities of corporate or sovereign issuers from more developed countries and carries risks that are not typically associated with investing in more mature markets. These risks include, but are not limited to, higher volatility and more limited liquidity in respect of the Notes, political risk, foreign relations, dependency on foreign aid, instability in neighbouring countries, a narrow export base, budget deficits, lack of adequate infrastructure necessary to accelerate economic growth and changes in the political and economic environment. Emerging markets can also experience more instances of corruption by government officials and misuse of public funds than do more mature markets, which could affect the ability of governments to meet their obligations under issued securities. Generally, investment in securities of issuers in emerging markets, such as Gabon, is only suitable for sophisticated investors who fully appreciate the significance of risks involved in, and are familiar with, investing in emerging markets and investors are urged to consult their own legal and financial advisers before making an investment.

Investors should also note that emerging markets such as Gabon are subject to rapid change and that the information set out in this Prospectus may become outdated relatively quickly.

Risks Relating to the Market Generally

The Notes may not be suitable as an investment for all prospective purchasers.

Each potential purchaser of the Notes must determine the suitability of investment in light of its own circumstances. In particular, each potential purchaser should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained in this Prospectus or any applicable supplement;

- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the resulting effect on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including any risk resulting from the currency of the Notes being different from the potential investor's currency;
- understand thoroughly the terms of the Notes and be familiar with financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) changes in economic conditions, interest rates and other factors that may affect its investment and its ability to bear the associated risks.

There may be no active trading market for the Notes or any such trading market for the Notes may be volatile.

Although an application has been made to list the Notes on the Irish Stock Exchange and to admit the Notes to trading on the Main Securities Market, there is no assurance that such application will be accepted or that an active trading market for the Notes will develop or, if one does develop, that events in Gabon, in Africa or elsewhere will not cause market volatility or that such volatility will not adversely affect the liquidity or the price of the Notes or that economic and market conditions will not have any other adverse effect. If an active trading market in the Notes does not develop or is not maintained, the market price and liquidity of the Notes may be adversely affected.

The market for the Notes issued is influenced by economic and market conditions in Gabon and, to varying degrees, interest rates, currency exchange rates and inflation rates in other countries, such as the United States, European Union ("**EU**") Member States and elsewhere. If the Notes are traded after their initial issuance, they may trade at a discount to their offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of Gabon. As a result of the above factors, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

Risks Relating to the Notes

The terms and conditions of the Notes contain provision for modifications and waivers.

The terms and conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally, including material changes to the terms of the Notes and rescission of any acceleration following an Event of Default. These provisions permit defined majorities voting at a meeting or executing written consents to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and/or Noteholders who voted in a manner contrary to the majority.

The Notes have amortizing redemption features.

The Notes are amortizing obligations and principal on the Notes is scheduled to be repaid in three equal instalments on 12 December 2022, 12 December 2023 and, finally, on the Maturity Date. Holders of Notes may only be able to reinvest monies they receive upon such amortization in lower-yielding securities than the Notes.

Events of Default.

Under the Conditions, if an Event of Default occurs, the holders of at least 25% per cent., in aggregate principal amount of the outstanding Notes are entitled to declare all the outstanding Notes to be immediately due and payable by providing notice in writing to the Issuer at the specified office of the Fiscal Agent, whereupon the Notes shall become immediately due and payable, at their principal amount with accrued interest, without further action or formality, subject to the provisions set out in the Conditions.

In addition, the Conditions also provide that any such declaration may be withdrawn and will have no further effect if the Republic receives notice in writing from holders of at least 50% in aggregate principal amount of the outstanding Notes to the effect that the Event of Default or Events of Default giving rise to any above-mentioned declaration of acceleration is or are cured following any such declaration and that such holders wish the relevant declaration to be withdrawn.

Definitive Notes not denominated in an integral multiple of US$200,000 may be illiquid and difficult to trade.

The Notes have denominations consisting of a minimum of US$200,000 plus integral multiples of US$1 in excess thereof. It is possible that the Notes may be traded in amounts that are not integral multiples of US$200,000. Any holder who, as a result of trading such amounts, holds an amount which is less than US$200,000 in his account with the relevant clearing system at the relevant time would not be entitled to trade such Notes and may not receive a Definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to US$200,000.

If Definitive Notes are issued, holders should be aware that Definitive Notes which have a denomination that is not an integral multiple of US$200,000 may be illiquid and more difficult to trade than Notes denominated in an integral multiple of US$200,000.

Fluctuations in exchange rates and interest rates may adversely affect the value of the Notes.

The Issuer will pay principal and interest on the Notes in U.S. dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than U.S. dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of the U.S. dollar or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to U.S. dollars would decrease the Investor's Currency-equivalent yield on the Notes, the Investor's Currency equivalent value of the principal payable on the Notes and the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities (including where the investor is domiciled) may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal. In addition, investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

Legal investment considerations may restrict certain investments.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent the Notes are legal investments for it, the Notes can be used as collateral for various types of borrowing and other restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

Credit ratings may not reflect all risks.

Fitch and Standard & Poor's have assigned credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued under the CRA Regulation (and such registration has not been withdrawn or suspended). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement or certification, as the case may be, has not been withdrawn or suspended).

Payments made in certain EU Member States may be subject to withholding tax under the EU Savings Directive.

On 3 June 2003, the European Council of Economics and Finance Ministers adopted directive 2003/48/EC on the taxation of savings income in the form of interest payments (the "**Savings Directive**"). The Savings Directive requires Member States, subject to a number of conditions being met, to provide to the tax authorities of other Member States details of payments of interest and other similar income made by a paying agent located within their jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Luxembourg and Austria are instead required to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information under the Directive. A number of non-EU countries and territories have adopted similar measures. See "*Taxation –European Union*".

The European Commission has proposed certain amendments to the Savings Directive which may, if implemented, amend or broaden the scope of the requirements described above.

Pursuant to the terms and conditions of the Notes, if a payment were to be made or collected through a Member State which has opted for a withholding system under the Savings Directive and an amount of, or in respect of, tax is withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Notes, as a result of the imposition of such withholding tax. The Issuer will be required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Savings Directive.

Holders of the Notes should consult their own tax advisers regarding the implications of the Directive in their particular circumstances.

USE OF PROCEEDS

The net proceeds of the issue of the Offered Notes will be approximately US$887,911,120, after deduction of the Joint Lead Managers' discounts, commissions and certain expenses payable by the Issuer. The issuance of the Notes has been authorised by Law no. 20/2013 that was promulgated by the President on 25 November 2013 (Decree of promulgation no. 0926/PR). The net proceeds of the Offered Notes will be used to accelerate and support the infrastructure projects identified by the *Schéma directeur national des infrastructures*, including the development of the bypass road in the Owendo zone, the development of electricity generation and transmission, in particular the *Chutes de l'Impératrice* dam, the finalisation of the Libreville-Franceville road and the South and South-West corridors. See "*The Economy–Emerging Gabon*". The Exchange Notes will be used as consideration for certain of Gabon's 2017 Notes in connection with the Exchange and Tender Offers. See "*Public Debt*" and "*Exchange and Tender Offers*".

THE GABONESE REPUBLIC

Location and Geography

The Republic occupies 267,667 square kilometres of Central Africa, bordering Equatorial Guinea, Cameroon, Congo and the Atlantic Ocean. Three quarters of Gabon's area comprises one of the world's largest rainforests. A further 10,000 square kilometres comprises wetlands, estuaries and rivers, the largest of which is the Ogooué river. The climate is tropical with an average daily temperature of 26.7°C / 80°F and two wet and two dry seasons. There is a narrow coastal plain, a hilly interior and a savannah to the east and south.

Gabon has an abundance of natural resources, particularly oil, manganese and iron, with the main oil fields located both onshore and offshore near Port-Gentil, which is approximately 150 kilometres to the south of the capital, Libreville.

History

Bantu ethnic groups settled in the area now known as Gabon over 700 years ago. Portuguese traders arrived in Gabon in the 15th century and were followed by the British, Dutch and French in the 16th century.

France assumed the status of protector by signing treaties with the Gabonese coastal chiefs in 1839 and in 1841, and contributed to the naming of the capital by capturing a slave ship in 1849 and releasing the passengers, who founded Libreville (which in English means "Freetown"). France occupied Gabon in 1885, began to administer it in 1903 and made it one of the four territories of French Equatorial Africa, along with the countries which became independent as the Central African Republic, Chad and Congo, from 1910 until 1958 when Gabon gained internal autonomy. Gabon achieved full independence on 17 August 1960.

At the time of Gabon's independence, there were two main political parties, the *Bloc Démocratique Gabonais* (the "**BDG**") led by Leon M'Ba, and the *Union Démocratique et Sociale Gabonaise* (the "**UDSG**") led by J.H. Aubame. After the first post-independence election, neither party was able to win a majority and, shortly afterwards, the two party leaders came to the conclusion that Gabon's population was insufficient to support a two-party system. They agreed on a single list of candidates drawn from both their parties and a new election was held in February 1961, after which Mr. M'Ba became President and Mr. Aubame became Foreign Minister.

In February 1963, the UDSG cabinet ministers resigned. President M'Ba called an election in February 1964. The UDSG failed to provide a list of candidates that satisfied the electoral process and, as a result, the BDG won the election by default. President M'Ba was deposed by the Gabonese military on 14 February 1964, but was reinstated by the French army the next day. Elections held in April 1964 were won by the BDG.

In 1966, the Constitution was amended so that if the President were to die in office, he would be automatically succeeded by the Vice President. In March 1967, President M'Ba and Omar (then Albert Bernard) Bongo Ondimba were elected President and Vice President of Gabon, respectively. Later that year, Mr. M'Ba died and Mr. Bongo Ondimba became President of Gabon.

In March 1968, President Bongo Ondimba re-established a one-party state by dissolving the BDG and replacing it with the PDG. Mr. Bongo Ondimba was successively re-elected unopposed as President with over 99% of the vote in 1973, 1979 and 1986.

Opposition to the one-party system grew alongside discontent with Gabon's economy in the 1980s. After a national political conference, comprehensive political reforms were made in 1990, including reinstating the multi-party system. See "*Political System*". The PDG won multi-party elections in September 1990 and President Bongo Ondimba was re-elected in 1993 with 51% of the vote. As a result of the opposition parties disputing the result of this election, the Paris Accords were signed by the PDG and the opposition party, the *Haut Conseil de la Résistance*, in October 1994. Under the Paris Accords, a unified coalition government was formed. This coalition lasted until shortly before the 1996 legislative election.

The PDG won the legislative elections in 1996 and 2001. President Bongo Ondimba was re-elected in 1998 with 66.9% of the vote and in November 2005 with 79.2% of the vote. In June 2009, President Bongo Ondimba died while still in office, making him the longest-serving head of state in Africa to date. Elections were held on 30 August 2009 and his son, Ali Bongo Ondimba, was elected President on 16 October 2009 with 41.7% of the votes amid controversy which led to a recount of votes further to which the Supreme Court confirmed the initial result.

The last National Assembly elections occurred in December 2011 but were boycotted by the main opposition parties leading to a landslide victory for the PDG. Currently, it is widely recognised that no opposition party is strong and organised enough to represent a real challenge to the PDG's rule.

Local elections are due to be held on 14 December 2013 in which opposition parties will participate. The PDG agreed with the opposition parties to request a biometric identification for all voters.

Population, Education, Health and Health Insurance

Population

Gabon has a population of approximately 1.64 million people and is one of the least densely populated countries in Africa with just over five inhabitants per square kilometre.

There are approximately 40 ethnic groups in Gabon. The Fang, Nzebis and Punus are the largest groups, constituting approximately 60% to 70% of the population. While each ethnic group has its own culture, there are fewer differences between the ethnic groups in Gabon than in other parts of Africa as a result of the policy of national unity, which stipulated that the interests of the nation were more important than ethnic differences, advocated by the first President of Gabon and pursued by his successors.

Population growth has slowed from 2.2% per year in 2000 to approximately 1.6% per year in 2005 and has increased again to approximately 2.4% per year in 2012, according to the World Bank. Gabon has a relatively young population with only 3.8% of the population over 65 and 54.1% between 15 and 64 according to the CIA World Factbook report.

The main cities in Gabon include Libreville, the capital, with a population of approximately 619,000, Port-Gentil with a population of approximately 113,140 and Franceville with a population of approximately 87,843. It is estimated that approximately 86.2% of the population lives in urban areas, a significantly higher percentage than the average in Africa. The accelerated urbanisation of the population is attributed to the oil boom that took place in the 1970s.

According a 2011 World Bank report, in 2011, approximately 70% of the Gabonese population is Christian, between 10% and 15% is Muslim, 10% is animist and 5% is atheist.

The table below sets out selected comparative statistics as of 2012 (unless specified otherwise):

	Gabon	**Nigeria**	**Côte D'Ivoire**	**Sub-Saharan Africa**	**South Africa**	**U.S.A**
GNI per capita (current US$)[1]	10,070.0	1,430.0	1,220.0	1,345.0	7,610.0	50,120.0
GDP Growth (annual %)	6.1	6.6	9.5	4.2	2.5	2.2
Population Growth (annual %)	2.4	2.8	2.3	2.7	1.2	0.7
Life Expectancy at Birth (years)[2]	63	52	50	56	55	79
Primary School Enrolment (% gross)	182[3]	83[4]	88[3]	100[3]	102[5]	102[4]
Infant Mortality Rate (per 1,000 live births)	42	78	76	64	33	6

(1) GNI per capita is the Gross National Income, converted to US dollars using the World Bank Atlas method, divided by the midyear population. The World Bank Atlas method of conversion is used by the World Bank to smooth fluctuations in prices and exchange rates. The World Bank Atlas method applies a conversion factor that averages the exchange rate for a given year and the two preceding years, adjusted for differences in rates of inflation between the country and countries in the Euro Zone, Japan, the United Kingdom and the United States.

(2) Figures for 2011

(3) Figures for 2011

(4) Figures for 2010

(5) Figures for 2009

Source: World Bank, Key Development Data & Statistics

Education

The literacy rate in Gabon for people over 15 was estimated at 88% in 2010 and the gross enrolment rate in primary education was 182% in 2011 (the margin over 100% reflects the large number of students repeating education levels), according to the World Bank. There are currently three universities in Gabon: the Omar Bongo Ondimba University of Libreville, the University of Science and Technology of Masuku and the University of Health Sciences. The Government has projects to build additional universities, including the Booué university for wood-related studies and the mining and metallurgy university near Franceville.

In order to improve the quality of education, the Government has initiated a number of projects which have been implemented or are to be implemented in the short-term. These include the construction of 3,000 classes by 2014, the creation of 15 science-oriented high schools and a programme under which teachers are being sent to Ghana to receive training.

Health

Although the healthcare system covers the entire country, medical infrastructure and equipment is often worn out and poorly maintained. Medicines are not widely available, due to poor stock management and high prices. Gabon has 88 pharmacies and 185 recognised health institutions. The under-five infant mortality rate decreased from 70 per 1,000 live births in 2009 to 62 per 1,000 live births in 2012 due primarily to improvements in access to clean water, and life expectancy considerably increased to 63.0 years in 2011 from 53.8 years in 2005 according to the World Bank, primarily due to the improvement of health structures in Gabon and the success of the prevention and health-related measures implemented. In addition, in 2011, 95% of urban households had access to improved water sources, a relatively high proportion compared to other countries in the region. However, only 41% of rural households had access to improved water sources.

Tackling HIV/AIDS is one of the Government's priorities in the health sector. According to the *Enquête Démographique et de Santé*, in 2012, over 4.1% of the population were infected with HIV in Gabon. The current programme to fight HIV, which derives from the vision and objectives of Emerging Gabon, is based on two pillars. The first pillar aims to prevent the spread of HIV in Gabon via awareness actions and information campaigns. The second pillar is that all the costs of HIV prevention and treatment are to be borne by the Government. The Government is committed to more than double the resources allocated to the fight against HIV by 2016.

Another major health risk affecting Gabon is malaria. Malarial infections affect between 15% and 25% of children aged between zero and 10. According to the *Université des Sciences et de la Santé*, malaria is the primary cause of death, absenteeism, medical consultation and hospitalisation in Gabon. In 2012, malaria infected between 15% and 25% of the Gabonese population, 34% of the people infected were hospitalised and 23% of the people infected died.

Gabon dedicates only 5% of the state budget to the health sector, well below the 15% recommended in the Abuja Declaration of the World Health Organization of 2000. However, the share allocated to the fight against malaria has been steadily increasing in recent years, from CFA 77,140,000 in 2010 to CFA 106,500,000 in 2013. Funds are used principally to invest in mosquito nets, anti-malaria medications and research.

Gabon has a current national five-year plan to fight malaria for the period 2013-2017 at an estimated cost of CFA 56,007,288,490.

Health Insurance

Gabon has a compulsory health insurance scheme established in August 2007 by order 0022/PR/2007, which was subsequently ratified in January 2008 by law 034/2007. This legislation both introduced the scheme and established the managing body, the *Caisse Nationale d'Assurance Maladie et de Garantie Sociale* (CNAMGS).

The CNAMGS, whose aim is to improve access to healthcare, consists of three health insurance funds: a health insurance fund for the private sector, a health insurance fund for the public sector and a social guarantee fund for Gabonese people who are unable to afford the scheme. The first fund which became operational was the social guarantee fund, in 2009. It is available to Gabonese citizens aged at least 16 and whose income is lower than the statutory minimum wage of CFA 80,000 per month, as verified by the CNAMGS. As at the end of October 2013, 466,370 individuals were benefitting from this fund. The public sector fund became operational in 2011 and covers 168,302 individuals. The two funds currently in operation cover approximately 52.9% of the population. The social guarantee fund is funded by an indirect tax levied on the turnover of mobile phone companies and on the transfer of funds outside the CEMAC zone. The public sector fund is funded by social security contributions from the State. Any surplus generated by these two funds is set aside following the recommendations of the regional conference on social welfare (*Conférence Interafricaine de la Prévoyance Sociale*). The private sector fund is expected to become operational in January 2014.

In 2012, the CNAMGS spent approximately CFA 14.0 billion on health services. in the context of the health insurance scheme.

Political System

In 1961, Gabon adopted a constitution and became a unitary republic with a presidential form of government. The constitution was amended in 1966 to allow for the automatic succession of the Vice President if the President were to die in office and in 1975 to replace the office of Vice President with that of Prime Minister, with no automatic right of succession. In 1990, the Government made significant changes to the country's political system. A transitional constitution was drafted in May 1990 as a result of a national political conference earlier that year and was unanimously adopted by the National Assembly in March 1991. This constitution provided for a bill of rights, the creation of a Senate, the decentralisation of the budgetary process, freedom of assembly and press and an independent judiciary. The constitution was amended in 1997 to extend Presidential terms to seven years and to re-establish the office of Vice President (though with no automatic right of succession) and, in 2003, to remove the limits on the number of terms which the President may serve (which was previously limited to two terms) and to limit elections to one round of voting instead of two (the 1991 constitution, as amended, the "**Constitution**").

The Constitution was further amended in 2011 by the organic law of 12 January 2011 to increase the time within which new Presidential elections must be held following the death of the President or vacancy, from 45 days to three months.

Executive Branch

The President

The President is Gabon's head of state, elected in a single round of elections by direct universal suffrage for a seven-year term. Following an amendment to the Constitution in 2003, there is no restriction on the number of terms which a President may serve. Ali Bongo Ondimba has served as President of Gabon since 2009. He won the election for a first term in office, following the death of his father and former President, in August 2009 with 41.7% of the vote. The next presidential election is scheduled to be held in 2016.

The Constitution grants broad powers to the President including:

- in conjunction with the Government, the formulation of state policy and supervision of its implementation;
- the appointment and dismissal of the Vice President and the Prime Minister and the appointment of members of the Government in consultation with the Prime Minister;
- the negotiation and execution of treaties and international agreements and the appointment of ambassadors;
- the calling of referenda for the adoption of laws relating to the principles contained in the preamble or preliminary title of the Constitution;
- the right to declare a state of emergency as provided in the Constitution;
- the right to declare a legislative act (called an ordinance) during parliamentary intersession if authorised by the Parliament;
- the right to dissolve the National Assembly for any reason twice per term of office, causing legislative elections to be held between 30 and 45 days after the dissolution; and
- the promulgation of all laws.

The President is also the commander-in-chief of the armed forces.

The Constitution provides that if the office of the President becomes vacant by reason of death, resignation or removal, new presidential elections are to be held between 30 and 45 days after such vacancy arises. During the interim period, the President of the Senate shall exercise the office of President, or, if he cannot exercise such office, the Vice President, shall exercise the office of President.

The Government

The Prime Minister and his ministers make up the Government of Gabon. The Government is accountable to the President and the National Assembly and conducts state policy in conjunction with the President. The Prime Minister is the head of the Government and is appointed by the President. The other ministers are appointed by the President in consultation with the Prime Minister. The Prime Minister supervises the work of the Government and the execution of the laws. The current Prime Minister is Mr. Raymond Ndong Sima, appointed in February 2012. There is no requirement under the Constitution to appoint ministers from among members of Parliament. The Government's primary purposes are to put into practice public policies and to apply the budget adopted by Parliament.

Legislative Branch

The Constitution provides for a Parliament with two chambers:

- The National Assembly, the lower chamber, has 120 seats, and its members are elected by universal suffrage for a five-year term. The next election is due to be held in December 2016. The President of the National Assembly is elected by the members of the National Assembly according to its internal rules.
- The Senate, the upper chamber, has 102 seats, and its members are elected by municipal and regional councillors for a six-year term. The next election is due to be held in January 2015. The President of the Senate is elected by the members of the Senate according to its internal rules.

The Parliament is in session twice a year, from the third Tuesday in March to the fourth Friday in June and from the first Tuesday in October until the third Friday in December. The Parliament discusses and approves the national budget and the budgets of the economic authorities.

Both the Government and the Parliament have the authority to propose draft laws: *projets de loi* come from the Government and *propositions de loi* come from the Parliament. After a draft law is submitted, each chamber of Parliament votes on it. The National Assembly approves laws by a majority of more than 50% which are then submitted to the Senate which approves laws by a majority of more than 50%. A majority of two-thirds in each of the National Assembly and in the Senate is required for approvals of amendments to the constitution. Laws are then promulgated by the President. If the Senate makes amendments to a draft law that has been approved by the National Assembly and the National Assembly does not approve the Senate's amendments, the matter is referred to the *Commission Paritaire*, a commission comprised of seven members and seven substitutes of the National Assembly and seven members and seven substitutes of the Senate and which meets when the two chambers cannot agree on a draft law. The President may refuse to promulgate a law and ask the Parliament to re-examine certain provisions of a law. A law re-examined by the Parliament must be approved by two-thirds of the votes of each chamber. If the President still refuses to promulgate a law, the law is submitted to the *Cour Constitutionnelle* (the Constitutional Court) which checks the conformity of the law with the Constitution. If the *Cour Constitutionnelle* decides that it does conform to the Constitution, then the President must promulgate the law.

Legislation concerning matters listed in article 47 of the Constitution, which relates to social and economic programmes, criminal matters and citizens' fundamental rights, must be introduced by an act of Parliament. According to article 52 of the Constitution, in cases of emergency when the Parliament is not in session, the council of ministers may ask the Parliament for authorisation to declare ordinances, signed by the President, which come into force on their publication, but must be ratified by the Parliament during the next session. The Parliament can also amend ordinances.

The Parliament provides checks on the Government through written and oral questions and the National Assembly can also pass a vote of censure on its own initiative or a vote of no confidence at the request of the Prime Minister, in which case the Prime Minister must immediately offer his resignation to the President.

Judicial Branch

The main courts of the Gabonese judicial system are the *Cour Constitutionnelle,* the *Cour de Cassation* (Court of Appeal), the *Conseil d'Etat* (State Council) and the *Cour des Comptes* (Audit Court). Judicial power is independent and is exercised in compliance with the Constitution.

The *Cour Constitutionnelle* is the highest court in Gabon. It is responsible for the protection of constitutional and legal rights, for resolving legal disputes between the executive, legislative and judicial branches and for regulating the election process. It also has the power to determine the conformity of proposed laws with the Constitution and can prevent proposed laws that are deemed to be unconstitutional from coming into force. The *Cour Constitutionnelle* is composed of nine judges appointed for seven years: three are appointed by the President, three are appointed by the President of the Senate and three are appointed by the President of the National Assembly.

The *Cour de Cassation* is the highest civil, commercial, social and criminal court. It is divided into four chambers, each specialising in one of civil, commercial, social or criminal law. Below it are appeal courts, the courts of first instance and the high courts.

The *Conseil d'Etat* is the highest administrative court and court of judicial review of activities of the President, the Government and other public bodies. It also has an advisory role, in that the Government may refer drafts of laws and regulations to it for legal advice.

The *Cour des Comptes* is responsible for controlling public finances. It has the jurisdiction to audit the accounts of governmental and other public and semi-public bodies. It adjudicates on all conflicts arising from auditing these bodies, presents reports to Parliament and to the Government and may sanction the authorities concerned, in addition to any other possible criminal investigations and prosecutions.

The *Haute Cour de Justice* (High Court of Justice) is a non-permanent body which judges the President in case of an alleged breach of oath or high treason. It comprises 13 members, six of which are members of Parliament elected by Parliament on a *pro rata* basis according to the number of seats each party holds and seven of which are professional magistrates appointed by the *conseil supérieur*, which is headed by the President. A majority of each chamber of Parliament must order the President to stand before the *Haute Cour de Justice*. When the Parliament is not in session, the Prime Minister may, in exceptional circumstances, summon Parliament for this purpose.

The *Agence Judiciaire de l'Etat* is a body which was created in 2012. Its mission is to represent the State in proceedings instituted against it.

Political Parties

The main political parties in Gabon are the PDG and the *Rassemblement pour le Gabon* (the "**RPG**").

The PDG has been in power since 1968, and won 114 out of 120 seats in the last National Assembly election in December 2011. The RPG won three seats and three other parties won one seat each.

The opposition parties in Gabon currently do not represent a real challenge to the PDG's rule. Their boycott of the legislative elections in December 2011 led to a landslide victory for the PDG.

Local Authorities

Gabon is divided into nine provinces, 47 departments and 50 municipalities. Each province is administered by a governor. Each department has a departmental council and each municipality has a municipal council. The departmental councils and municipal councils are deliberative bodies and vote on their local budget and implement their own programme. The members of the departmental and municipal councils are elected by popular vote for five-year terms. The head of the departmental council is the president of the departmental council who is also elected for a five-year term by the members of the departmental council. The head of the municipal council is the mayor who is also elected for a five-year term by the members of the municipal council.

There has been a recent decentralization of powers to these local authorities, which perform different functions in education, health, public utilities and housing. However, these local authorities do not currently have the necessary resources to exercise these functions and mainly rely on central funding and assistance. Gabon intends to progressively increase the resources of local authorities.

Legal Framework

The Gabonese legal system draws inspiration from the French civil law system and customs. There are three direct sources of Gabonese law: national legislation, regional legislation and international treaties.

Since 1959, Gabon has had an official gazette known as the *Journal Officiel de la République du Gabon* in which all laws and regulations must be published. It is published by the Directorate of Official Publications.

As in most former French colonies, the French Civil Code of 1804 is the reference document for non-criminal aspects of the legal system. The civil code was introduced in French colonies in 1833. It comprises the basic family, inheritance, trust, tort and contract law and the basic rules regarding the status of persons. Since its independence, Gabon has continued to use the code (as updated by France in 1960) and gradually amended it based on national considerations such as family and inheritance.

The criminal code has recently been amended to ban the death penalty in Gabon. There has been a moratorium on executions since the early 1980s.

Legal and Arbitral Proceedings

Dispute with Addax Petroleum

On 18 August 2011, Addax Petroleum (a subsidiary of the Chinese Sinopec group) ("**Addax**") sought to renew its exclusive operating licence with Gabon. Given all the technical, environmental and financial (tax and customs) issues caused by Addax's activity on the Obangue field, the renewal was conditional upon Addax providing additional information. The administration in charge at the time did not receive the supplementary information requested and therefore in June 2012 the renewal request was rejected. A temporary management agreement for the field was signed by Gabon and Addax on 22 June 2012 under which both parties agreed to cooperate to adequately manage the oil operations pending resolution of their differences. However, in December 2012, Addax ordered the closing of the Obangue field and, to prevent this, Gabon seized the field pursuant to Law 3/85 dated 27 June 1985 and handed the field's operations over to the parastatal Gabon Oil Company ("**GOC**"). Since the takeover by the GOC, production at the Obangue field has almost halved.

In June 2013, Gabon also confirmed its intention to reclaim other oil assets from Addax located on the main onshore Tsiengui field when the contract comes up for renewal in 2015. Gabon argued that Addax was in breach of contract as it had not complied with the country's hydrocarbons and environment code and that it had not paid customs duties. Addax rejected these allegations and sought US$330 million in damages. Gabon issued a counterclaim of US$780 million. In September 2013, the International Chamber of Commerce rejected Addax's request for "emergency interim measures", with the aim of preserving the status quo. However, no decision has yet been rendered on Addax's claim for damages.

Dispute with CECF Transgabonais

In 2003, the *Compagnie Minière de L'Ogoou*é ("**Comilog**") won the concession to manage the national rail network. The concession was originally awarded to a consortium of timber companies, CECF Transgabonais ("**CECF**"), but was withdrawn due to alleged poor management. In September 2003, CECF asked the ICSID to arbitrate the matter, claiming damages in the amount of CFA 207 billion (for economic loss, unrealised gain and interest and damages) and €950,000 (for legal fees and other expenses). The Committee of the ICSID issued an arbitral award on 7 March 2008 against Gabon requiring it to indemnify the CECF shareholders for a total amount of CFA 154 billion. As at the date of this Prospectus, Gabon has paid CFA 41 billion, and CFA 113 billion remains outstanding and is expected to be settled by end 2015.

Dispute with Aveng (Africa) Limited

In June 2012, the South African conglomerate Aveng (Africa) Limited ("**Aveng**") was granted an injunction by a British court in connection with an arbitration award against Gabon relating to an alleged unpaid amount for the construction of 100 residences in Libreville. The injunction delayed a US$32 million coupon payment on Gabon's 2017 Notes but was lifted by agreement within the 10-day grace period and the coupon was paid on 21 June 2012. The arbitral tribunal issued a settlement award in favour of Aveng ordering Gabon to pay Aveng £27.1 million, which Gabon fully paid in 2012.

Dispute with Equatorial Guinea

Since the 1970s, Gabon and Equatorial Guinea have disputed the sovereignty of three small islands (Mbagne, Cocotiers and Congas) near the maritime border between the two countries. The islands and the nearby waters are believed to be rich in oil reserves, increasing their importance for each country. The matter has been being mediated since 2004 by UN mediators, however no solution satisfactory to both parties has yet been found.

Other Investigations and Proceedings

As is the case in relation to many emerging market countries, there have been allegations of corruption and misuse of funds by public officials in Gabon.

In particular, according to press reports (e.g. *Agence France Presse* on 19 June 2007), allegations were made by non-governmental, non-Gabonese organisations in France, including Transparency International, relating to the acquisition of properties in France by President Omar Bongo Ondimba, these allegations were investigated by the public prosecutor in Paris. Due to the nature of this investigation, it was not possible to quantify the amounts that were involved. On 23 November 2007, it was reported that the public prosecutor decided not to initiate prosecution and closed the investigation. However, since then further investigations have been carried out following the decision of the French *Cour de Cassation* on 9 November 2010 which held that Transparency International's complaint was admissible. As a result, an investigation was opened and two prosecutors were appointed to the case. In February 2013, a warrant was obtained to search houses in Paris and Nice belonging to the Ondimba family. Two Parisian prosecutors are investigating the conditions under which several assets, including these houses, have been acquired by the family. The aim of the investigation is to assert whether the houses have been bought using the Gabonese people's money. According to Transparency International, over 30 properties in France belong to the family and associates of the late president Omar Bongo Ondimba. In response to these allegations, Ali Bongo Ondimba has claimed that he does not personally possess any assets in France.

See also "*Risk Factors – Risks Relating to Gabon – Legal and arbitral proceedings*".

Foreign Relations

Gabon has been a strong proponent of regional stability and has been involved in mediating several conflicts in Africa. Gabon is a founding member of the Gulf of Guinea Commission, an organisation designed to facilitate dialogue and conflict management between eight regional states.

Since Gabon's independence from France in 1960, relations between Gabon and France have remained strong. Gabon was one of only three Sub-Saharan countries that the former President of France, Nicolas Sarkozy, visited on his first tour of Africa in 2007 and again in 2009. French-owned businesses are dominant in Gabon, and France is Gabon's main source of imports and an important export market. There are French troops stationed in Libreville, although France announced it intends to reduce the forces it keeps in Africa. On 24 February 2010, France and Gabon signed an action plan for 2010-2014. There are two key pillars to this action plan: (i) to strengthen the political partnership between the two countries and in particular in the defence and security and governance sectors and (ii) to establish an economic partnership to support Emerging Gabon. French companies are currently participating in key reform sectors of Emerging Gabon such as the industry, the environment and value-added services. The Franco-Gabonese business council, which aims at building a partnership between the two countries, held its first meeting in May 2010.

There is a French cultural institute in Libreville which further reinforces the cultural relationship between the two countries.

Gabon has good relations with the EU. The European Development Fund ("**EDF**") is the EU's main vehicle for development cooperation in African and Caribbean and Pacific ("**ACP**") states such as Gabon, focusing on economic growth and reduction of poverty. The ninth EDF, or Cotonou Agreement, which covered 2000 to 2007, focused on developing the Gabonese road network. Under the Cotonou Agreement, Gabon agreed to promote good governance, combat corruption and try to prevent illegal immigration into the European Union, in return for funds and general development assistance. The tenth EDF covers 2008 to 2013 and increased the budget devoted to regional programmes and created "incentive amounts" which are extra resources that countries can earn by improving their governance (in particular, management of their financial, tax and legal systems). The eleventh EDF is expected to cover 2014 to 2020 and focus on vocational training towards better professional development and integration.

Gabon is currently negotiating, along with other countries in the ACP region, an economic partnership agreement with the EU. aiming at removing customs barriers between the two regions.

Gabon is currently under the system of generalised preferences (*Système de Préférence Généralisée*) with the EU and its plywood is currently taxed at 6.5% until the end of 2013. If no renewal agreement is reached by the end of December 2013, as of January 2014, Gabon will be subject to the most-favoured nation clause.

Gabon has had diplomatic relations with the United States since 1961. Gabon has an embassy in Washington and the United States have one in Libreville. In addition, American companies are active in the oil sector. The United States purchases the majority of Gabon's crude oil and a significant proportion of its manganese, exports production equipment to Gabon and provides limited training for the Gabonese military. Under the African Growth and Opportunity Act, Gabon is able to export certain products into the United States tariff free. An agreement relating to the promotion and protection of investments is currently being negotiated between the two countries. The Gabonese national agency of grants (*l'Agence Nationale des Bourses du Gabon*) and the University of Oregon signed an agreement in June 2011 relating to education and research.

April 2014 marks the 40th anniversary of the relationship between Gabon and China. Gabon and China have an embassy in Beijing and Libreville, respectively. Numerous Chinese companies are involved in several economic sectors in Gabon. China and Gabon have actively cooperated in the fishing industry, the pharmaceutical industry, forest development and timber processing, among others. Gabon is one of China's largest trading partners in Central and West Africa. Many Gabonese students study in Chinese universities. The Government believes that the disagreement in relation to the Bélinga deposit did not deteriorate the relations between the two countries. See "*Principal Sectors of the Economy – Mining and Processing – Iron*".

Membership of Organisations

Gabon has been a member of the United Nations (the "**UN**") since 20 September 1960 and the World Bank and the IMF since 10 September 1963. Gabon became a non-permanent member to the UN Security Council in 2010-2011. See "*Public Debt—Relations with Creditors*" for information on Gabon's relationships with the World Bank and the IMF. Gabon currently has no plan to rejoin the OPEC, which it left in 1995.

Gabon joined the World Trade Organisation (the "**WTO**") on 1 January 1995. Gabon committed to a multilateral trading system and made efforts to improve its customs procedures and facilitate trade. Gabon's tariffs are based on the common external tariff of CEMAC (a regional grouping discussed below), which is relatively high and its structure has undermined competitiveness and economic growth prospects. There are currently four common external tariffs ("**CET**") within the CEMAC region, ranging from 5% to 30% depending on the nature of the imported goods and Gabon, as current head of the CEMAC, has been advocating for an overall reduction and simplification of the CET, with only three bands and a maximum rate of 20%. See "*Foreign Trade and Balance of Payments—Foreign Direct Investment*" and "*Trade Policy*".

Gabon is one of 53 members of the African Union (the "**AU**"), the successor to the Organisation of African Unity. The AU is modelled on the European Union and has had a parliament since March 2004 when the Pan African Parliament was created. In addition, the AU aims to have a central bank, a court of justice, common defence and a single currency. Its day-to-day affairs are run by the AU Commission, which was headed by a representative from Gabon between 2008 and 2012 and is now headed by Dr. Nkosazana Dlamini Zuma, a South African politician. All member states are expected to pledge 0.5% of their GDP to fund the AU. However, few member states comply with the funding requirement and many members are reluctant to make the necessary concessions regarding their sovereignty. The AU can, however, sanction military interventions through its Peace and Security Council, which it did in Mali.

Gabon is also a member of the CEMAC, a regional grouping which consists of six Central African countries, Cameroon, Central African Republic, Chad, Congo (Brazzaville), Equatorial Guinea and Gabon. In 1994, the member countries established a fully-fledged economic and monetary union, strengthening the existing customs and monetary union, which originated in the colonial era. The treaty was formally ratified in 1999. The main policy objectives were to create a fully functioning and effective customs union, to ensure a system of macroeconomic surveillance and to promote sectoral policies to create a common market for goods, capital and services. Regional institutions were established, including a Judicial Court of the Community, which can intervene on legal issues concerning member states, enterprises and individuals, an Inter-Parliamentary Commission, with responsibility to promote regional integration at a political level, and a Parliament of the Community, with responsibility for controlling regional institutions. These countries have a common currency, the CFA franc, and a single monetary policy under the control of the BEAC. See "*Monetary System— Monetary Policy and the BEAC*". Gabon currently holds the presidency of CEMAC.

To further strengthen regional integration, the CEMAC members met in June 2013 and agreed to introduce the free movement of goods and persons within the CEMAC region as of January 2014. However, in early November 2013, Equatorial Guinea announced that it would block this new measure due to fears that a large number of immigrants would enter the country and there is uncertainty as to whether the agreement will come into force at the beginning of next year.

Gabon is a member of the Economic Community of Central African States (the "**ECCAS**"). The organisation was set up in 1985, but was dormant between 1992 and 1997 before becoming active again in 1998. Eleven central African states are members. The organisation focuses on economic, political and cultural development and cooperation, the maintenance of peace, security and stability, the elimination of tariffs on exports between member states and other barriers to commerce, the establishment of a common tariff and foreign policy, the elimination of barriers to the free movement of goods, capital and services, the harmonisation of national policies in areas such as industry, energy and agriculture, the creation of a development and cooperation fund and the promotion of peace, security and stability in Central Africa. The ECCAS also operates as a driving force for New Partnership for Africa's Development ("**NEPAD**"). NEPAD, which receives funding from the AU, has been focused on developing the road network in Gabon. It is in that framework that the *Plan Directeur Consensuel en Afrique Centrale* was created, its aim is to have a road network connecting some of the capital cities in the region.

The Gulf of Guinea waters are increasingly prone to piracy and to combat this threat the countries in the region organised a summit on piracy in June 2013 in Yaoundé, the capital of Cameroon. The countries that participated in the summit agreed to implement a series of political measures focusing on the AIM 2050 Strategy adopted by the African Union, to create a regional organ in charge of fighting piracy and to dispatch an international naval force. The implementation and success of these measures will depend upon the harmonisation of a legal and institutional framework between the countries of the Gulf of Guinea.

THE ECONOMY

Overview and Economic Policy

The economy of Gabon is dominated by the oil sector. Prior to oil production beginning in 1956, the economy relied on timber production. Non-oil sectors, in particular mining and forestry, are playing an increasingly important role in the Gabonese economy.

Limited local infrastructure, long distances between rural and urban areas and high communication costs are barriers to developing a significant portion of Gabon's mineral resources and diversifying its economy. The Transgabonais railway, which links Libreville, Booué and Franceville has facilitated access to these resources. The Government intends to diversify the economy by pursuing economic reforms, such as the creation of special economic zones and the restructuring of the Chamber of Commerce, which is privately managed since 2011.

The Government also expects that the implementation of its Emerging Gabon strategy adopted in 2009, which aim is to develop Gabon's infrastructure and diversify the economy through public investments and incentives to the private sector, will encourage the growth of Gabon's economy. See "*The Economy – Emerging Gabon*". In parallel to the increased public spending expected to be generated by this plan, the Government has been implementing measures to rationalise its budget and improve tax collection. See "*Public Finance – Taxation*". The Government also expects to reduce public spending by cutting back on subsidies to public and private companies and on fuel subsidies.

The Gabonese economy is highly dependent on the oil sector. The oil sector accounted for 40.5% of Gabon's GDP, 86.8% of export earnings and 58.0% of fiscal revenue in 2012. This makes the economy vulnerable to oil price fluctuations particularly because, other than the agriculture and mining sectors, non-oil economic sectors depend on public spending which is itself dependent on oil revenues. However since 2010, the non-oil sector has been a key driver of growth, growing at 7.7% in 2010, 11.7% in 2011 and 9.4% in 2012.

Gabon's monetary policy is managed by the BEAC, which acts as the central bank for the six members of the CEMAC. The BEAC manages the single currency of the CEMAC zone, the CFA franc, and ensures its free convertibility and centralises the monetary reserves. See "*Monetary System*".

Despite its relatively high GDP (Gabon's income per capita is four times higher than the sub-Saharan average, according to the IMF), one-third of the Gabonese population lives in poverty. The Government set out its strategy to fight poverty in its 2012 Growth and Reduction of Poverty Strategy Document, which is supported by the *Agence Française de Développement* ("**AFD**"), a French state entity specialising in implementing in French overseas territories and other countries financial operations supporting economic and financial development. The strategy is based on four pillars: promoting strong economic growth, especially in sectors that will have to contribute more heavily to economic growth as Gabon's oil diminishes, improving infrastructure, improving access to essential services and improving governance.

The Republic expects economic growth to be achieved by encouraging private sector growth, which is expected to be facilitated by the implementation of a favourable legislative and regulatory framework. For example, Law 10/2011 of 18 July 2011 created special economic zones in the country, which benefit from tax and other incentives.

In recent years, growth in the private sector has been supported by a major privatisation programme, which is still ongoing but is coming to an end. See "*The Economy—Privatisation, Restructuring and Liquidation Programme*".

The Government believes that economic growth requires the development of infrastructure, in particular as a pre-condition to the success of Emerging Gabon. From 2009 to 2012, the Government invested CFA 2,880 million to build new and improving existing infrastructure with a focus on transport, energy and technology. In line with its Emerging Gabon strategy, the Government expects the share of the budget allocated to investment spending, in particular investments in infrastructure projects, to increase from 35.4% in 2013 to 42.6% in 2014 and 46.1% in 2016. In 2012, investment spending amounted to CFA 995.4 billion as at the end of December, of which 81.6% (CFA 812.8 billion) were the Government's own funds and 18.4% (CFA 182.6 billion) were external funding. Key projects include the development of the airport in Port-Gentil into an international airport and the development of infrastructure in the energy sector such as the Grand Poubara power plant whose capacity in 2012 was 120 megawatts. The Government intends to increase Grand Poubara's capacity by 100 megawatts by the end of 2015. Another key medium-term project is to build a strong road network linking the five industrial centres of the country, Bélinga, Franceville, Libreville, Mayumba and Port-Gentil. See "*The Economy—Principal Sectors of the Economy—Infrastructure*".

In terms of human development, the Government is dedicated to improving education and the health system. In education, new schools and universities have recently been built and more are planned in the short-term. In addition, investment in the new health insurance system aims to provide adequate coverage for most of the population and the Government is committed to fight against HIV and malaria. See "*The Gabonese Republic- Population, Education, Health and Health Insurance – Health*".

Emerging Gabon

Introduction

With an economy largely dependent on oil production, Gabon is vulnerable to volatile oil prices and fluctuations in levels of production. In 2009, the Government, following a thorough review of the state of the economy, concluded that there were two main challenges to Gabon's economic well-being: to increase growth and to diversify the economy. Therefore, the Government launched in 2009 a major public investment and reform programme to transform the country into a diversified emerging market economy by 2025, with milestone projects, in particular in the infrastructure sector, to be completed by 2016. The plan, known as Emerging Gabon, aims to associate the development of natural resources with value-added industries and services.

Emerging Gabon is based on three pillars: Industry Gabon (*Gabon Industriel*), Green Gabon (*Gabon Vert*) and Services Gabon (*Gabon des Services*), as described in more detail below. It further comprises eight sectors, 21 strategic objectives, 28 plans and 151 projects.

The funding required for the implementation of Emerging Gabon necessitated increasing Gabon's investment budget to above CFA 1,200 billion in 2013 and 2014 compared to an annual average of CFA 300 billion between 2005 and 2009.

A coordination office of Emerging Gabon (*Bureau de Coordination du Plan Stratégique Gabon Emergent*) was established in January 2013 to supervise the evolution and implementation of Emerging Gabon.

In addition, Emerging Gabon revolves around the development of five industrial centres. To support the development of these centres, the Government has made and expects to continue to make significant investments in the development of a modern and reliable infrastructure network to integrate and interconnect these centres.

See also *"Risk Factors—Risks Relating to Gabon—Gabon may be unable to achieve its economic diversification and reform objectives set out in Emerging Gabon and any failure or inability to do so may have a negative effect on Gabon's affairs, political condition and the performance of the Gabonese economy"*.

Industry Gabon

Industry Gabon relates to promoting the local processing of raw materials and increasing exports of value-added products. The plan is two-fold: (i) modernise existing oil and mining sites to increase their yields and continue exploration (in particular in the oil and gas fields including deep sea resources) and (ii) process locally at least part of the extracted resources by developing the industry. For this purpose, the Government has been creating incentives for foreign investments in newly-created special economic zones such as tax exemptions and lower tax rates. See "*Principal Sectors of the Economy – Special Economic Zones*".

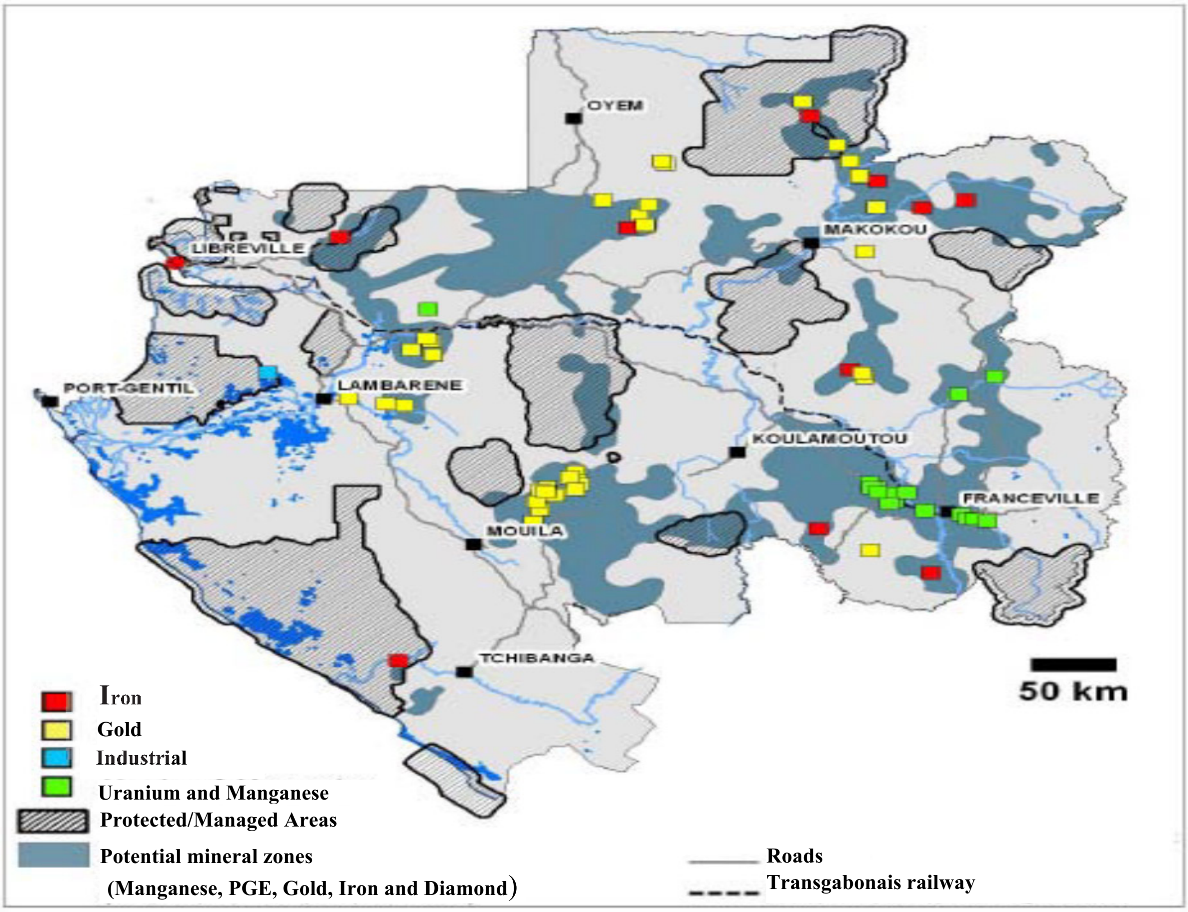
The key targets of Industry Gabon are as follows:

- increase the domestic processing of raw materials;
- produce higher value-added and diversified exports;
- reach a target of 325,000 new jobs by 2025, and specifically more skilled jobs; and
- foster the development of a more dynamic private sector, with a target of 13,000 new small and medium enterprises by 2025.

Gabon is rich in minerals and possesses important iron ore resources. According to the International Manganese Institute, in 2011, Gabon was the world's fourth largest producer of manganese. Currently, Gabon produces manganese ore and exports it in its raw state. The aim of Industry Gabon is to process the manganese locally before exporting it, thereby enhancing its value. The Government aims to have processed locally 20% of the manganese ore produced in Gabon by 2016 and 35% by 2025.

The Government has also set a target of having 50% of the iron produced in Gabon transformed in pellets locally by 2025. In terms of gold, the Ministry of Industry and Mines has set a target of 50 tonnes to be extracted annually by 2020. According to the Ministry of Industry and Mines, there are up to 900 sites with potential for mineral operations. The aim is to develop these sites and improve the economic development of the surrounding regions. The Government's aim is to have by 2020 no exports of unrefined minerals, so that all minerals would be refined locally before being exported.

The map below sets out certain data regarding mining and other resources of Gabon:



Gabon aims to increase its energy production capacity from 374 megawatts in 2013 to 2,000 megawatts by 2020 by means of significant investments in the production of natural gas and hydroelectricity.

On 29 October 2013, the latest licensing round which focused on Gabon's unexplored deep and ultra-deep waters came to an end with the announcement of the companies that were awarded a block. There were 18 bidders and 15 blocks were awarded, out of the 43 blocks available for bidding. See "Principal Sectors of the Economy – Oil – Reserves and Exploration" for further details.

In the hydrocarbons sector, key reforms include:

- The establishment of the GOC in 2011. The GOC is a state-owned company, which acts as an operator in the oil sector and is subject to the same procurement rules as companies in the private sector;
- An audit of the oil sector to survey existing exploration and production sharing oil contracts and ensure they are consistent with international norms and Gabon's interests; and
- The elaboration of a new hydrocarbons code.

Green Gabon

Green Gabon focuses on the sustainable development of Gabon's ecosystem. Gabon possesses approximately 22 million hectares of forest, 1 million hectares of arable agricultural land and over 800 kilometres of coastline.

As a result, Gabon has adopted the following policies and set itself the following goals:

- Reduce CO2 emissions linked to deforestation and forest degradation by up to 20 million tonnes a year.
- Turn Gabon into an important destination for ecotourism. The aim is to attract 100,000 tourists a year by 2020.
- In 2010, Gabon launched the National Food Security Programme covering 2010 to 2015, as the country is currently heavily reliant on imports for its food requirements.

Blue Gabon is an offspring of Green Gabon and focuses on developing Gabon's 800 kilometres of coastline and especially its fishing zones. The aim is to increase fishing production from 160,000 tonnes in 2013 to 230,000 tonnes by 2020 and employment in the sector from 21,700 in 2013 to 50,000 persons in 2020.

Forestry is another important component of Green Gabon. Until recently, Gabon's activities in this sector were limited to production and exports but a key strategy under Emerging Gabon is to industrialise Gabon's activities in the forestry sector. As a result, in 2010, the Government implemented an outright ban on exports of logs so that the raw timber is processed locally before being exported. This has led to the construction of several new factories. The aim is to make Gabon a leader in processed tropical timber by 2025. The Government also aims to create 60,000 jobs in the forestry sector by 2025.

With respect to agriculture, the Government has set focus on food crops, intensive cultures and livestock, and the target is to attain self-sufficiency by 2018 and become one of Africa's largest exporters for industrial crops by 2025.

In order to attract additional investments, Gabon is considering issuing "green bonds" (i.e. bonds whose proceeds are used for environmental-friendly projects).

Services Gabon

Services Gabon is designed to help develop the country's workforce, through the development of Gabon's transport and telecommunications infrastructure and better living conditions of the Gabonese people.

Transport

To address its transportation needs, Gabon launched, in 2009, a major infrastructure scheme (*Schéma National Directeur d'Infrastructures*). A key goal is to connect the five main industrial centres of the country, Bélinga, Franceville, Libreville, Mayumba and Port-Gentil.

The Government is currently developing the airport of Port-Gentil into an international airport in response to the increase in air traffic and expects that this airport will become fully operational in 2014. This project was financed using Government's own funds in the amount of approximately US$60 million.

Telecommunications

Libreville has been connected to the submarine SAT3 cable system which links Africa to Europe since 2002. In 2012, Gabon gained access to broadband after being connected to the submarine ACE fibre-optic system. A major telecommunication infrastructure plan is also being developed by the Government to connect all major cities of the country to the fibre-optic network. This project is being financed by the World Bank, at a cost of US$58 million.

Living conditions

The Government's goal is to build 35,000 new homes each year in Gabon between 2010 and 2016 and to modernise urban infrastructure and transports.

Another aim is to have a strong public health system and to develop high-level research. A special education zone is being developed in Booué to encourage research initiatives.

Financing of Emerging Gabon

The Government contemplates that the financing of the projects under Emerging Gabon will come from four different sources:

Gabon's own funds, private funding, co-financing and public-private partnerships.

The Government plans to first use a higher proportion of its own funds and then intends to slowly reduce the portion of its own funds and attract investors to co-finance projects. The Government contemplates that the financing requirements for Emerging Gabon until 2025 will be approximately CFA 17,000 billion, of which stand-alone public sector investment would account for approximately 25% while public-private partnerships and stand-alone private investment will be required to account for approximately 35% and 40%, respectively. The Government expects to make the vast majority of the public sector investment in infrastructure. Recent and ongoing investments that comprise governmental and private funding include:

- The Gabon Fertilizer Company to be located in the special economic zone of Port-Gentil (US$2.15 billion);
- The increase in generating capacity of the Grand Poubara power plant (approximately CFA 200 billion); and
- The special economic zone of Nkok (US$300 million).

Export targets

Under Emerging Gabon, the Government has elaborated an export strategy that provides for a larger and more diversified export sector, with a focus on value-added products. The Government intends to export the majority of the agricultural and forestry production internationally including other African countries, and to export substantially all of Gabon's mining production.

Key policy reforms

Since 2009, the Government has undertaken a number of ongoing reforms to improve the efficiency of public finance management, to align the budget with national priorities and to comply with governance standards. These reforms include:

- creation of a new public finance framework to modernize the legal framework and enhance transparency in establishing evaluation and performance systems. The public finance legal framework is being reviewed in synergy with the CEMAC Guidelines for Public Finance (see "*Public Finance – The Budget Process*");

- reform of public service: the Government is currently reviewing the list of employed civil servants in order to identify ghost workers. In particular, a General Directorate for Human Resources and Management Units has been put in place in ministries;
- creation of dedicated agencies: creation of a Treasury Committee, a national agency for major projects (*Agence Nationale des Grands Travaux*) to implement the Emerging Gabon plan and a Recovery Fund for the management of unspent budget appropriations; and
- debt management: implementation of a reserve account managed by the World Bank (See "*Public Debt – Debt Management Strategy*").

Gross Domestic Product

Gabon's nominal GDP for 2012 was estimated at CFA 8,925.7 billion. Real GDP growth was estimated at 5.3% in 2012, a decrease from 7.0% in 2011, primarily due to a decrease in the construction and public works sector, following the end of investments for the Africa Cup of Nations and in the mining sector, due to logistics and transportation issues. In the 2013 and 2014 budget, the Government estimated that real GDP would increase to 6.1% and 7.8% in 2013 and 2014, respectively. Non-oil real GDP growth was 9.4% in 2012, a decrease from an 11.7% growth in 2011, primarily due to a decrease in the growth of the mining sector caused by logistics problems such as train derailments. The Government estimates that non-oil real GDP growth would reach 9.6% in 2013.

GDP by Sector

The table below provides information regarding Gabon's nominal GDP by sector for the periods indicated:

	2010	2011	2012[1]	2013[1]
		(*CFA billions*)		
Oil GDP	2,846.7	3,975.8	4,176.6	3,477.9
Non-Oil GDP	4,071.8	4,408.3	4,749.1	5,306.7
Total GDP	**6,918.5**	**8,384.2**	**8,925.7**	**8,784.6**
Breakdown of Total GDP:				
Primary Sector	**3,386.5**	**4,415.9**	**4,599.2**	**3,964.9**
Agriculture, Livestock and Fishing	247.1	207.3	222.6	234.2
Forestry	51.7	43.8	46.9	45.9
Oil	2,846.7	3,975.8	4,176.6	3,477.9
Mining	241.0	188.9	153.0	206.8
Secondary Sector	**699.8**	**925.9**	**995.9**	**1,117.3**
Agribusinesses	115.2	132.8	144.1	155.0
Wood	50.9	60.5	64.5	65.8
Other Industries	174.5	194.5	228.9	255.2
Refining	51.3	75.4	59.5	65.2
Electricity, Water	61.5	64.2	70.3	75.3
Construction and Public Works	211.5	360.2	387.9	456.1
Research, Oil Services	34.8	38.4	40.8	44.6
Tertiary Sector...	**1,550.9**	**1,682.3**	**1,822.8**	**2,033.9**
Transport and Telecoms	385.5	399.1	436.7	476.9
Services	773.8	861.4	912.2	1,024.3
Commerce...	329.3	356.2	402.6	456.1
Banking Services	62.3	65.6	71.3	76.6
Import Taxes and VAT	**464.1**	**498.8**	**522.7**	**554.5**
Non-Commercial Services	**817.2**	**861.3**	**985.2**	**1,114.1**

(1) Estimates

Source: Ministry of Economy

The primary sector (-3.1% in 2012) did not contribute to the general growth rate in 2012 due to the decline in oil production (notwithstanding good performance from the mining and agriculture sectors). The secondary and tertiary sectors have made progress in recent years, +4.8% and +9.8% in 2012, respectively, due to the construction, refining and electricity sectors (growth rates of +15.5%, +19.8% and +7.2% in 2012, respectively) and fiscal measures (such as lowering the corporate income tax rate from 35% to 30% at the beginning of 2013 and introducing incentives for the import of industrial equipment).

The share of the primary sector in the GDP increased from 48.9% in 2010 to 52.6% in 2012, the share of the secondary sector in the GDP slightly increased from 10.1% in 2010 to 11.2% in 2012.

It is difficult to obtain specific information on the informal economy. It is estimated that in 1990 the informal economy accounted for 20% of total nominal GDP as compared with 11% in 1980. According to the survey carried out by the Ministry of Labour in 2010, the informal sector comprised 253,035 jobs in comparison with 153,725 jobs for the formal sector. The agricultural sector accounts for a large proportion of the informal sector.

The existence of a significant informal economy in Gabon is a real threat to the economic development of the country and to the principle of free trade. Every year, the informal economy results in substantial financial losses to the State. Gabon has implemented measures to combat the informal economy including frequent controls and inspections of businesses and goods by the relevant administrations. See "*Public Finance—Taxation*".

Specific measures that have been or are expected to be implemented to reduce the share of the informal economy include the following:

- creation of local tax centres to better explain tax rates and payment procedures to the population and try to dispel popular misconception that these rates are high and/or the procedures are complex;
- simplification of procedures to enter into the formal economy; and
- inclusion of a tax amnesty in the Finance Act 2014 to encourage companies operating in the informal economy to enter the formal sector. This measure, however, is to be limited to companies with a turnover inferior or equal to CFA 30 million.

The table below provides information regarding Gabon's real GDP by sector for the periods indicated (based on constant 2001 prices):

	2010	**2011**	**2012[(1)]**	**2013[(1)]**
		(CFA billions)		
Oil GDP	1,415.8	1,381.8	1,323.2	1,282.2
Non-Oil GDP	2,847.6	3,181.8	3,480.8	3,813.8
Total GDP	**4,263.4**	**4,563.6**	**4,804.0**	**5,096.0**
Breakdown of Total GDP:				
Primary Sector	**1,718.8**	**1,689.8**	**1,638.1**	**1,623.7**
Agriculture, Livestock and Fishing	184.8	191.5	199.1	206.5
Forestry	55.7	46.9	53.9	56.0
Oil	1,415.8	1,381.8	1,323.2	1,282.2
Mining	62.6	69.6	62.0	79.0
Secondary Sector	**436.2**	**557.4**	**584.0**	**646.1**
Agribusinesses	85.2	95.0	101.5	107.3
Wood Industries	37.8	44.6	51.7	55.2
Other Industries	98.9	110.3	126.3	138.3
Refining	11.0	11.6	9.1	10.8
Electricity, Water	43.8	45.7	48.7	52.2
Construction and Public Works	126.5	215.5	210.3	242.9
Research, Oil Services	33.0	34.6	36.4	39.4
Tertiary Sector	**1,112.7**	**1,202.9**	**1,320.7**	**1,452.6**
Transport and Telecoms	276.2	293.2	325.7	357.1
Services	577.0	626.6	687.4	758.2
Commerce	232.9	252.0	273.9	300.8
Banking Services	26.6	31.1	33.7	36.5
Import Taxes and VAT	**361.5**	**387.6**	**408.9**	**437.9**
Non-Commercial Services	**667.1**	**760.5**	**852.2**	**935.7**

(1) Estimates

Source: Ministry of Economy

GDP (by Expenditure Components)

The following table sets out certain information regarding expenditure components of Gabon's nominal GDP for the periods indicated:

	2010	2011	2012(1)	2013(1)
		(CFA billions)		
GDP	**6,918.5**	**8,384.2**	**8,925.7**	**8,784.6**
Internal Demand	**5,314.0**	**5,634.0**	**5,837.0**	**6,604.0**
Total Consumption	**3,455.9**	**3,825.3**	**4,253.6**	**4,571.2**
Private	2,432.9	2,664.3	2,945.7	3,184.7
Public	1,023.0	1,161.0	1,308.0	1,386.5
Total Investment	**1,857.9**	**1,808.7**	**1,583.2**	**2,032.5**
Private	895.5	967.0	1,015.7	1,021.5
Administration(2)	847.5	919.8	914.5	1,010.9
External Demand	**1,604.7**	**2,750.2**	**3,088.9**	**2,181.0**

(1) Estimates
(2) Administration includes central government and local authorities.
Source: Ministry of Economy

The following table sets out certain information regarding expenditure components of Gabon's real GDP for the periods indicated (based on constant 2001 prices):

	2010	2011	2012(1)	2013(1)
		(CFA billions)		
GDP	**4,263.4**	**4,563.6**	**4,804.0**	**5,096.0**
Internal Demand	**3,953.3**	**4,415.9**	**4,899.2**	**5,470.8**
Total Consumption	**2,701.9**	**2,923.5**	**3,166.9**	**3,350.1**
Private	1,853.8	2,005.8	2,160.2	2,306.2
Public	848.2	917.7	1,006.7	1,044.0
Total Investment	**1,257.4**	**1,492.4**	**1,732.2**	**2,120.7**
Private	914.9	966.9	1,037.9	1,106.7
Administration(2)	877.4	909.3	879.5	1,014.0
External Demand	**304.0**	**147.7**	**(95.2)**	**(374.9)**

(1) Estimates
(2) Administration includes central government and local authorities.
Source: Ministry of Economy

Principal Sectors of the Economy

Oil

According to the Minister of Oil, Energy and Hydraulic Resources, Gabon's proven reserves are estimated at 3.6 billion barrels and, in the absence of future discoveries, production is expected to be exhausted in 30 years.

Oil production began in 1957 with the exploitation of the Pointe-Clairette field by Elf Gabon (now Total Gabon since September 2003) and peaked in 1975 at 222,000 barrels per day when Shell's Gamba Ivinga field (discovered in 1963) was at the height of its production and again in 1997 at 370,000 barrels per day when Shell's Rabi Kounga field (discovered in 1985) was at its peak. Production then declined until 2002 as the Rabi Kounga field reached maturity and remained stable until 2006, when production fell by 10.3% in 2006. Between 2006 and 2010, oil production remained stable and between 2010 and 2013, oil production decreased by 6.45%, due to a decline in the production of maturing oil fields, the delayed start in operation of drilled wells and social unrest in early 2013.

In June 2011, the GOC, a state-owned company, was established in order to increase the Government's involvement in new oil production by taking equity stakes in future awards. This is the first national oil company to be created in over two decades, following the dismantling of the previous one, the *Société Nationale Pétrolière Gabonaise*, in 1987.

The body of legislation that regulates the hydrocarbons sector such as Law 15/62 of 1962, Decree 981/PR of 1970, Law 14/74 of 1975 and Law 14/82 of 1983, has become increasingly outdated and a new hydrocarbons code is being prepared. The new hydrocarbons code is considered by Government as key to increase growth and enhance Gabon's attractiveness under Emerging Gabon.

The objectives of the new code include:

- codifying the role and powers of the different Gabonese administrations in respect of oil contracts;
- taking into consideration environmental issues and promote sustainable development, as set forth in Emerging Gabon; and
- improving good governance in the sector.

Chapter III of the draft code sets out the five types of hydrocarbons contracts that will be offered by Gabon to its partners. These are the service contract, the technical evaluation contract, the exploration contract, the operating and production sharing contract and the exploration and production sharing contract.

Reserves and Exploration

Large oil companies have traditionally dominated oil exploration and production in Gabon. Total, the major French oil company, has been particularly active in Gabon.

Oil contracts signed before 1982 (such as those with Total) operate as concession arrangements. Under a typical concession arrangement, a mining royalty is paid to the Government in monthly instalments, calculated by reference to the official transfer price, and adjusted to take account of changes in prices, production, and the official exchange rate. A royalty, proportionate to oil production, is also paid, as is corporate income tax (at 73% of net taxable profits after deduction of depletion allowances), 75% of which is paid in monthly instalments and the remaining 25% is paid the following year. As oil production is an export activity, value added tax ("**VAT**") is charged (currently at the zero rate), and oil companies are entitled to a refund on input VAT.

Oil contracts signed after 1982, when Law 14/82 was adopted, operate according to a production-sharing system between the Government and the oil companies. Under this system, oil companies pay the mining and surface area royalties and VAT. However, oil companies do not pay corporate income tax and the Government instead takes a share of production. Exploration and development costs are borne by the company and if oil is discovered the company recovers its expenses with the revenues from production, which are then shared between the Government and the company pursuant to the terms of the production-sharing contract. Typically, the first six years are spent exploring the field, the next three years are a development phase and then operation of the field begins.

On 29 October 2013, the latest licensing round which focused on Gabon's unexplored deep and ultra-deep waters, came to an end with the announcement of the companies that were awarded a block. 18 bidders participated in this licensing round in which 43 blocks were available but only 18 were the subject of bids.

Among other factors, the 25 other blocks required costly investments or exploitation could prove difficult. For three of the 18 blocks, the bidding was declared unsuccessful because the pre-requisites were not met. The negotiations for the allocation of the 15 other blocks are due to take place throughout November on the basis of an exploration and production sharing contract (*Contrat d'Exploration et de Partage de Production*), which is currently being reviewed by the competent authorities. Following these negotiations, the blocks are expected to be formally allocated to the successful bidders. The Minister of Oil, Energy and Hydraulic Resources expects that the exploration of ultra-deep waters will launch a new oil era for Gabon.

The Government has changed its strategy to encourage more oil investment in the country and slow the decline in oil production. As the majority of Gabon's oil fields individually contain relatively small amounts of reserves, the Government has been attracting new, smaller companies from a variety of countries, such as the United States, Canada, France, China and South Africa, which specialise in small field oil exploration. Small field exploration is relatively expensive, but activity has been bolstered by high oil prices. These smaller companies tend to have lower overheads and are better placed to extract oil from marginal declining and complex oil fields, thereby extending the productive lives of mature oil fields. There are currently 18 oil companies from 12 countries operating in Gabon with whom Gabon has signed 47 exploration contracts and 72 production contracts, with six of them being both exploration and production contracts.

The table below sets out information regarding investment in exploration in Gabon and its territorial waters by oil companies for the periods indicated:

	2007	2008	2009	2010	2011	2012	2013
				(US$ thousands)			
Investment	373,003	478,827	329,562	378,347	387,136	544,774	600,000

Source: Ministry of Oil, Hydrcarbons and Hydraulic Resources

In total, oil companies invested CFA 1,780.4 billion in research, exploration and development of new and mature fields in 2012, compared with CFA 1,733.6 billion in 2011, an increase of 2.7%.

Oil Production

The following table sets out certain information regarding oil production by operator for the periods indicated:

	2007	2008	2009	2010	2011	2012
				(Barrels)		
Operator						
Total Gabon	29,743,949	28,028,762	25,547,617	23,804,648	20,734,578	20,411,868
Shell Gabon	20,911,406	18,728,057	18,196,982	20,872,521	23,290,398	20,985,152
Perenco	16,833,395	16,307,575	17,279,505	16,832,982	15,628,975	15,214,339
Addax	5,944,246	8,786,925	8,274,129	8,907,573	8,380,592	8,197,162
Vaalco Gabon	7,407,241	7,794,144	8,167,551	7,330,116	8,064,359	7,045,073
Maurel & Prom	34,498	86,866	3,206,877	5,319,537	6,732,138	6,449,848
Marathon	7,660,218	6,478,341	4,959,136	5,265,275	4,505,191	5,890,259
CNRI	–	–	954,544	2,513,490	1,308,950	677,387
Total	**88,534,953**	**86,210,670**	**86,586,341**	**90,846,142**	**88,645,180**	**84,871,090**

Source: Ministry of Oil, Energy and Hydraulic Resources

According to the Ministry of Oil, Energy and Hydraulic Resources, 84,871,090 barrels of oil were produced in 2012, a decrease of 4.26% compared to the 88,645,180 barrels of oil produced in 2011. This decrease was due to ageing oil fields and some technical, mainly electrical, problems in certain oil fields.

Total Gabon operates 27 fields, Perenco Gabon operates 24 fields and Shell Gabon operates 5 fields. These three oil companies accounted for approximately 66.7% of oil output in Gabon in 2012.

The table below sets out certain information regarding oil production in barrels by field for fields which produced more than 1 million barrels per year in at least one of the years 2009, 2010, 2011 or 2012:

Field	**Operator**	**Grade**	**2009**	**2010**	**2011**	**2012**
Anguille	Total Gabon	Mandji	4,345,045	4,108,275	3,488,260	3,446,674
Atora	Total Gabon	Rabi	3,404,115	3,188,956	2,775,713	2,320,545
Avocette	Total Gabon	Rabi	2,562,244	3,030,700	2,887,660	2,736,556
Barbier Marine	Total Gabon	Mandji	992,248	855,525	693,318	641,129
Baudroie Nord	Total Gabon	Mandji	2,180,565	1,795,555	1,396,158	1,286,291
Coucal	Total Gabon	Rabi	979,932	725,820	651,938	540,497
Gonnelle Marine	Total Gabon	Mandji	2,347,365	1,978,393	1,798,373	1,681,379
Grondin Marine	Total Gabon	Mandji	1,204,447	902,974	535,767	924,006
Hylia Marine	Total Gabon	Mandji	919,761	743,966	408,380	672,237
Mandaros Marine	Total Gabon	Mandji	659,230	957,165	861,761	1,036,237
Port-Gentil Ocean	Total Gabon	Mandji	671,286	584,573	460,170	376,625
Torpille Marine	Total Gabon	Mandji	2,003,770	2,025,860	2,040,547	1,896,097
Omko	Maurel & Prom	Rabi	690,422	4,029,291	1,025,177	966,032
Omoueyi	Maurel & Prom	Rabi	2,372,326	692,667	4,328,137	3,880,103
Gwedidi	Maurel & Prom	Rabi	0	5,319,537	773,247	661,732
Gombe	Perenco	Oguendjo	330,019	536,818	1,355,143	761,964
Limande	Perenco	Oguendjo	609,774	108,063	1,088,338	1,771,086
Lucina	Perenco	Lucina	278,531	1,983,131	224,078	236,342
Mbya	Perenco	Lucina	2,142,695	525,421	1,675,884	1,439,159
M’wengui	Perenco	Lucina	285,833	3,326,822	256,312	249,214
Niungo	Perenco	Rabi	3,188,260	3,216,963	2,696,290	2,282,505
Oba	Perenco	Oguendjo	2,635,343	801,573	2,919,715	3,342,421
Olende	Perenco	Oguendjo	0	1,661,721	343,417	0
Olende Fuel	Perenco	Olende Fuel	2,526,017	92,273	942,805	1,226,568
Vanneau Marine	Perenco	Mandji	230,496	16,832,982	127,816	194,942
Gamba/Ivinga	Shell Gabon	Rabi	2,251,340	8,799,444	1,912,109	1,047,559
Rabi Kounga	Shell Gabon	Rabi	9,536,409	167,248	8,141,650	6,690,430
Totou	Shell Gabon	Rabi	157,630	6,449,289	160,190	131,098
Toucan	Shell Gabon	Rabi	6,251,340	3,255,713	5,618,874	5,997,990
Koula	Shell Gabon	Rabi	0	20,872,521	7,457,575	7,118,075
Tchatamba	MPGL	Rabi	1,135,697	3,857,878	651,332	1,620,338
Tchatamba Sud	MPGL	Rabi	3,694,550	221,619	2,987,101	4,083,119
Tchatamba Ouest	MPGL	Rabi	128,889	5,265,275	321,360	186,803
Obangue	GOC[(1)]	Rabi	1,198,001	0	3,846,149	3,416,362
Remboue	Addax	Remboue	83,410	5,157,460	0	0
Tsiengui	Addax	Rabi	6,083,138	557,848	4,093,207	4,505,571
Tsiengui Est	Addax	Rabi	909,580	8,907,573	441,236	275,230
Etame	Vaalco	Etame	3,448,744	2,272,627	3,552,835	7,045,073
Avouma	Vaalco	Etame	2,955,244	2,311,838	1,999,160	0
Ebouri	Vaalco	Etame	1,763,563	7,330,116	3,057,762	0
Olowo	CNR	Olowi	954,544	2,513,490	1,308,950	677,387

(1) The GOC has been the operator since 2012 taking the field over from Addax.

Source: Ministry of Oil, Energy and Hydraulic Resources

The table below sets out the oil fields discovered between 2001 and 2013:

Field	Year of Discovery	Operator
Olowi (5)	2001	Pioneer
Toucan	2001	Shell Gabon
Frambroise	2001	Amerada Hess
Tsiengui	2002	Panafrican
Pilote	2002	Shell Gabon
Ompoyi	2002	Perenco
Bounawiri	2002	Transworld
Orendi	2003	Perenco
Simba	2003	ENI Gabon (ex AGIP)
Akoum B	2003	Energy Africa
Koula	2004	Shell Gabon
Damier	2004	Shell Gabon
Avouma	2004	Vaalco
Ebouri	2004	Vaalco
Oba	2006	Perenco
Loche	2007	Perenco
Mbigou	2008	Maurel & Prom
Koumounazaou	2008	Maurel & Prom
Aloumbe Profond	2008	Total Gabon
Weze	2008	Sino-Gabon
Maroc	2009	MP
Mouteti	2009	MP
Maroc Nord	2010	MP
Etame Sud-Est Marin	2010	Vaalco
Robin	2010	Shell
Ruche Marine	2011	Harvest
Salsich Ozima	2011	Sino-Gabon
Nguma Yara Sud Marin	2012	MPDC
Ngongui	2012	Mutamba Iroru
Tortue Marine	2012	Harvest
Lassa	2013	Oil India
Ikando Nord	2013	Perenco
Ompoyi Deep	2013	Perenco

Source: Ministry of Oil, Energy and Hydraulic Resources

New, more marginal fields produce far less revenue per barrel, partly because a large proportion of early revenue goes into recovering investment costs. However, Government revenue from oil increased to an estimated CFA 1,460 billion in 2012 from an estimated CFA 1,372 billion in 2011, mainly due to high oil prices and fluctuations in exchange rates.

Oil Refining

The national refinery, Sogara, is the only oil refinery in Gabon. Sogara is jointly owned by the Government (25%) and by an international consortium composed of Total Gabon (43.85%), Petrofina Assets Corporation (16.99%), Petro Gabon (11.66%) and Agip (2.5%). Sogara refined 749,000 tonnes of local crude in 2012 and is projected to refine 780,000 tonnes of local crude in 2013. Oil companies operating in Gabon are required to sell a minimum of 5% of the oil they produce to Sogara at international prices. Refined oil produced by Sogara is sold in the local market. Sogara imports approximately 20% of the refined oil used in Gabon, to supply the country when Sogara is not able to refine oil itself during scheduled maintenance of the refinery, which happens twice a year on average. It is currently cheaper for the Government to import refined oil than to refine it at Sogara because Sogara buys crude oil at international prices on top of which are the additional refining costs.

Also, Sogara's refining ability is limited as it only refines just over half of the national demand. In July 2012, Gabon and Samsung entered into a memorandum of understanding for the construction of a new 50,000 barrels-per-day refinery in Port-Gentil. Once completed, scheduled to occur in 2016, this new refinery is expected to replace Sogara which will be shut down.

Natural Gas

Gabon possesses natural gas associated with its oil fields (proven reserves of 28.32 billion cubic metres in 2012, according to the CIA World Factbook report) but the quantities of gas found do not appear to be commercially exploitable. According to the Ministry of Oil, Hydrocarbons and Hydraulic Resources, Gabon's undeveloped natural gas potential consists of between 1,287 billion standard cubic feet and 3,809 billion standard cubic feet of recoverable resources. To promote the use of gas in Gabon and develop a gas industry, key priorities of the Government include the use gas towards electricity generation and the development of an export sector for liquefied natural gas. Existing non-associated gas fields include the Ozangué field, operated by Perenco and the Bende M'bassou field operated by Shell. In August 2013, Total, Marathon Oil and Cobalt International Energy under the Diaba licence (in which the Government owns a 15% stake) discovered gas in deepwaters off the coast of Gabon. This discovery could potentially attract further investors in the region. In spite of the initial disappointment (the consortium was hoping to find oil rather than gas), the discovery should bolster investment in pre-salt exploration.

Perenco, which signed with Gabon a contract for the sale of natural gas, is, as at the date of this Prospectus, the main supplier for electricity production on Port-Gentil, Libreville and Gamba. The Ministry of Oil, Hydrocarbons and Hydraulic Resources considers that in the short- to medium- term gas will be increasingly needed to match an increase in the demand for energy and in particular electricity.

Mining and Processing

In 2012, the mining sector contributed CFA 153 billion, or 1.69%, to Gabon's nominal GDP, compared with CFA 188.9 billion, or 2.13%, in 2011.

Mining production, after an 11.3% increase in 2011, decreased by 11.9% in 2012 due to logistics problems such as train derailments. The Ministry of Industry and Mines expects mining production to increase by 27.5% in 2013 and 12.5% in 2014, as a result of the increase in production in the manganese fields operated by Huazhou Industrial and Commercial Mining Company and Comilog and in the gold field operated by Reg Managem.

Mineral prospecting was encouraged by a mining code adopted in 2000, removing special privileges that favoured local and French companies, reducing the duration of mining concessions and shifting some of the economic burden from the prospecting and development phases to the production phase and by reducing tax payable during the prospecting and development phases. This code is the main legislation for the mining industries.

A new mining code (the "**New Mining Code**") is currently being prepared. The rationale behind the New Mining Code is to industrialise the mining sector, increase Gabon's revenues, establish good governance and ensure the preservation of the environment. The proposed New Mining Code provides that all production from mining would need to be processed, in all or in part, locally and the State would have a systematic 10% share in any operating private company. In addition, the sector would benefit from tax advantages, the improvement in the procedure allocating mining licences and a more protective legal framework for all mining licences.

The Council of State and the President have approved a draft of the New Mining Code and it is currently being reviewed by Parliament.

A mining and metallurgy university (*Ecole des mines*) is currently under construction and is the result of a public-private partnership between Gabon and Eramet-Comilog, a French company. The purpose of this new school is to develop the local workforce and address the technical needs of the sector. The cost of the project totals CFA 13.1 billion of which CFA 4.5 billion will be paid by Gabon and CFA 8.6 billion by Eramet-Comilog. Construction began in November 2013 and the university is scheduled to open in October 2015.

The Société Equatoriale des Mines ("**SEM**"), which was created in 2011, is state-owned but it is privately managed. The rationale behind the creation of the SEM was to improve the management of Gabon's mineral resources and further attract foreign investments in the sector. The role of the SEM includes managing the shareholdings of Gabon in the mining sector, developing mining-related projects in Gabon and promoting the local processing of raw materials towards the exportation of products with higher added value.

Manganese

Globally, manganese is the fourth most used metal in terms of tonnage. According to the International Manganese Institute, in 2011, Gabon was the world's fourth largest producer and, according to the Ministry of Industry and Mines, Gabon has the sixth largest world reserves estimated at 250 million tonnes. Manganese processed to improve the properties of alloys and compounds in steel objects is called ferro-manganese and 90% of manganese produced is used as ferro-manganese according to the International Manganese Institute. The largest manganese deposit is in Moanda (with estimated recoverable reserves of 200 million tonnes, with a concentration of 50%, according to the Ministry of Industry and Mines) in southeast Gabon, from where manganese ore has been extracted since 1962 by Comilog. Comilog is currently at approximately 29% owned by Gabon with the remainder owned by Eramet (64%) and Formang Holding (7%) but following an agreement reached in 2010, Gabon could increase its share to 35.4% by 2015. According to the Ministry of Industry and Mines, in 2012, CFA 32.3 billion were invested and the Ministry estimates that investments will reach CFA 43.3 billion in 2013 and projects that investments for 2014 will amount to CFA 39 billion. In 2012, 3.1 million tonnes were produced and in 2013 production is expected to reach 3.5 million tonnes, according to the Ministry of Economy. The projected production for 2014 is 4.0 million tonnes. The Moanda deposit is expected to last until around 2084.

The Government intends to increase the value of its manganese exports by increasingly smelting the manganese locally. One of the major manganese smelting plants is the *Complexe industriel de Moanda*, it opened in 2000 and is operated by Comilog. In 2012, the Moanda smelting plant processed 188.2 tonnes, or 6% of the manganese ore produced in Gabon.

High commodity prices have attracted further interest in exploration and several licences have recently been granted. A Chinese-led consortium, the *Compagnie industrielle et commerciale des mines de Huazhou,* which was granted a three-year exploration permit in the Ndjolé region, began operations of the manganese deposit of Mont M'Bembele at the end of 2012. The consortium announced that it estimates production at 500,000 tonnes for 2013.

The table below sets out Gabon's manganese production and exports for the periods indicated:

	2010	**2011**	**2012**	**As at 30 June 2013**
		(thousands of tonnes, except prices)		
Production	3,201	3,562	3,137	1,897
Exports	3,204	3,381	3,038	1,866
Sales	3,198	3,383	3,035	1,862
Sale Price (CFA/tonne)	143,145	112,207	103,390	100,008

Source: Ministry of Economy

In 2012, Gabonese manganese production was 3,137 thousand tonnes, compared to 3,562 thousand tonnes in 2011. Production as at 30 June 2013 was 1,897 thousand tonnes. In 2012, manganese exports decreased to 3,038 thousand tonnes from 3,381 thousand tonnes in 2011. The Ministry of Economy expects that the strong international steel market will continue to bolster production. During the first half of 2013, world production of steel increased by 2%, mainly driven by China (+7%) and, as a result, manganese production in Gabon increased by 44.7% to approximately 1.9 million tonnes during the first half of 2013 as compared with the first half of 2012. Exports increased by 46.6% to approximately 1.9 million tonnes between 30 June 2012 and 30 June 2013.

Iron

Gabon has one of the world's largest iron ore deposits located in Bélinga in northeast Gabon, containing an estimated 850 million tonnes of iron ore with an iron content of 64%. It was discovered in 1895, but its exploitation has been hindered by the lack of transport infrastructure. The China National Machinery and Equipment Import Export Corp ("**CMEC**") signed an agreement on 7 September 2006 to exploit the deposit. In 2007, the project was transferred to the *Compagnie Minière de Bélinga* ("**Comibel**"), a new company in which the State has a 15% interest and Chinese investors have an 85% interest. The total cost of the project was estimated to be US$3 billion and China's Eximbank was to provide the financing. However, in 2009, following alleged breaches of contract by Comibel, the Government decided that the contract had to be revised. An amicable agreement was signed in Paris on 19 November 2013 under which Gabon agreed to pay for Comibel's previously incurred expenses.

In the meantime, the Government, following a tender offer, mandated SRK, an international consulting firm, to conduct a resource assessment of the Bélinga deposit. Prospection is expected to start in December 2013 and the results of the assessment are expected in 2015 or 2016. The Government evaluates the costs of prospection to approximately CFA 15 billion. If the results of the assessment are satisfactory, the Government estimates that up to 6,500 jobs could potentially be created. The Government expects to select the new partner for the exploitation of the deposit by 2015.

There are other smaller iron deposits in Monts M'Bilan (approximately 100 million tonnes with an iron content of 38-45%) and Milingui (approximately 135 million tonnes with an iron content of 37.5%). There is no current plan to exploit these deposits.

Other Minerals

Gold. The key player in Gabon is Reg Managem, a Moroccan company, in which the State has a 25% stake. Reg Managem operates the gold mines in the Bakoudou region, which is located in southeast Gabon, near the border with Congo, approximately 55 kilometres southwest of Franceville.

There are currently 23 exploration licences and one prospecting authorisation that have been granted by the State.

The Minister of Industry and Mines has entrusted the SEM with the responsibility to organise the collection and sale of gold in Gabon. A pilot phase began in Makokou in 2012 and, if successful, is expected to be progressively extended to other sites in Gabon. The Government expects that the SEM and the *Caisse des Dépôts et de Consignation* will work in partnership for the sale of gold, its transformation into ingot and its sale outside of Gabon. The SEM is responsible for the operation of the Bacoudou mine.

Rare metals; Niobium. Eramet-Comilog is the project leader regarding the exploitation of the Mabounié deposit, which contains niobium. Niobium is an important component of alloys used in the aeronautical industry. Exploitation has not yet begun but teams have been assembled at Eramet Research, agreements between Eramet Research and other international laboratories regarding the chemical process have been signed and environmental studies are ongoing. The Mabounié deposit contains several minerals as well as radioactive substances (uranium, thorium). Laboratory studies are ongoing in France, Australia, Canada and China, among others, to elaborate a process to separate the radioactive substances from the minerals and to maximise productivity.

Uranium. Areva, a French nuclear company, is the only company to which the Government has granted licences in the uranium sector. In addition to the Maboumine project, Areva Gabon is also carrying out operations in the region of Franceville pursuant to three mining licences, Lékabi, Mopia and Andjogo.

Phosphate. The Mabounié deposit is the only existing source of phosphate in Gabon. The Government plans to eventually extract phosphate to supply a fertiliser petrochemicals unit currently being constructed in Port-

Gentil, by the Government, in partnership with the Olam group. As at the date of this prospectus no licence had been granted, and feasibility studies were being conducted.

Forestry

Forestry makes a significant contribution to the economy, employing approximately 30,000 people. It is the principal employer in the private sector. Forestry represented 3.36% of export earnings in 2012, a decrease from 3.8% in 2011. Gabon has significant reserves of ozigo timber and approximately one third of Gabon's timber stocks is the prized okoumé tree, which until recently was the most significant individual contributor by species to Gabonese log exports. See "*Foreign Trade and Balance of Payments—Foreign Trade—Imports and Exports*".

The current forestry code came into force in 2001 and is based on sustainable management objectives. These include the protection of biodiversity and natural resources, the strengthening of the industrialisation process and the involvement of the Gabonese population in the forestry-related activities.

The national forestry fund was created in February 2010 pursuant to article 250 of the forestry code. The aim of the fund is to take part in the sustainable management of the Gabonese forestry resources. The gist of the fund's action plan for 2013 is to raise awareness of the sector's key players.

There has been a ban on all exports of logs since 2010. The rationale behind the ban is to develop the local transformation of the wood before exporting it and therefore industrialise the sector locally. In 2011, the ban, combined with weak local demand, led to a 15.8% decline in the forestry sector but the industrialisation process continued and, in 2012, 12 new factories were created, bringing the total number of factories (all segments combined) to 130 factories in 2012 compared with the 80 existing factories in 2009. In 2012, the forestry sector was able to absorb 95% of the overall production of logs.

Production in the wood-processing sub-sector increased from 617,968 cubic meters in 2011 to 732,222 cubic meters in 2012, a 16.8% increase, primarily due to the consolidation of the production capacity. In 2013 and 2014, the Government expects wood-processing activities to grow by 6.7% and 11.5%, respectively, primarily due to the creation of new factories.

Gabon further aims at becoming a significant player in the certified timber wood production and the certification process is underway. Industry Gabon combines this with a focus on large investments in agriculture to benefit from Gabon's untapped potential and ensure food security.

Agriculture

The dominance of the oil sector, urbanisation and the lack of effective government policies to modernise agriculture have led to a decrease in agriculture's contribution to GDP from approximately 16% in the early 1960s to about 2.5% in 2012 (including livestock and fishing) and from 3.5% in 2006 to 2.5% in 2012.

Crops

Only 1% of land in Gabon is cultivated. As a result, the majority of food consumed in Gabon is imported, in particular from France, Cameroon and South Africa. It is estimated that almost 60% of food in Libreville, where approximately 38% of Gabon's population is located, is imported, mostly from Europe. In order to help realise agriculture's potential in the Gabonese economy, Gabon joined a special programme initiated by the Food and Agriculture Organisation of the UN which runs in partnership with the Special Programme for Food Security and also runs a programme to support the development of agriculture in Gabon.

Agricultural land remains in the ownership of the State but is leased out under special leases.

As part of its efforts to diversify the economy within the Emerging Gabon plan, the Government is currently negotiating a contract for the development of 620 hectares of eucalyptus plantations in Ndouaniang. This project is expected to create between 500 and 1,000 jobs over the next seven years.

Palm oil is one of the traditional Gabonese production crops. In 2012, the production of palm and refined oil and of soap significantly decreased due to the competition coming from imported products, leading to a complete stop in production during the first half of 2012. In 2012, 5,248 tonnes of crude palm oil were produced, a 30.7% decrease as compared with 2011, 4,417 tonnes of refined palm oil were produced, a 21.5% decrease as compared with 2011, and 1,925 tonnes of soap were produced, a 8.3% decrease as compared with 2011. In 2010, Gabon entered into a US$236 million public-private partnership with the multinational Olam group to develop 50,000 hectares of palm groves. The aim is ultimately to develop 300,000 hectares of palm groves and to become a top producer of palm oil in Africa.

Coffee and cocoa are also produced, but on a small scale due to poor management of the plantations, inadequate agricultural extension services and fluctuating commodity prices.

The table below sets out information regarding Gabon's fruits and vegetables production in the periods indicated:

	2010	**2011**	**2012**
		(kilos)	
Tomato	83,354.0	58,679.0	105,430.0
Pepper	18,015.0	18,823.0	38,173.0
Purple Eggplant	13,343.0	9,537.0	13,035.0
Cucumber	7,041.0	15,517.0	14,382.0
Passion Fruit	3,802.0	4,719.0	6,385.0
Gombo	5,824.0	1,580.0	4,021.0
Melon	4,180.0	8,995.0	5,435.0

Source: TBE

Overall, the production of different fruits and vegetables increased between 2011 and 2012. This was mainly due to the increase in the areas cultivated.

The Transgabonais railway helps to support Gabon's agricultural industry as it facilitates the transport of goods from the east to the urban coastal regions. In addition, some commercial agriculture projects are subsidised by the Government.

Livestock and fishing

Fishing does not significantly contribute to the Gabonese economy but the sector has been growing in recent years. The Government intends to increase protection of this resource and increase production, particularly by improving fishing infrastructure and preventing unauthorised fishing in its waters. The Government allows European trawlers to fish in Gabonese waters in return for payments amounting to approximately US$1.1 million per year. The AFD provides financial support for the Gabonese fishing industry and negotiations between both parties are ongoing regarding a potential loan. Gabon also has an agreement with Japan under which Gabon allows limited tuna fishing in its waters, in return for support for its fishing industry. Subject to these agreements, since the start of 2013, all fish caught in Gabonese waters must transit through Gabonese ports in order to develop the local transformation industry.

In 2012, total fishing production was 37,913 tonnes, compared to 34,243 tonnes in 2011, representing a 10.7% increase, which was primarily due to an increase in domestic demand and the industrialisation of the sector.

In 2012, food for livestock increased by 15.8% due to increased demand from independent farmers.

Manufacturing

Gabon manufactures canned and bottled drinks, cement, fertilizers, soap, industrial gas, cigarettes, printed textiles and clothing. Other than oil refining and timber and manganese processing, the development of the manufacturing sector is limited by high labour costs, a shortage of skills, poor infrastructure and little internal demand for locally-manufactured goods. The Government is promoting increased timber processing by tax incentives, such as charging no income tax on processing equipment or machinery.

A clinker plant and two clinker crushing plants are operated by the national cement company, Cimgabon, which was privatised in 2000 and is now 75%-owned by HeidelbergCement and 25%-owned by the State

The Gabon Fertilizer Company is currently constructing a fertilizer plant in the special economic zone of Port-Gentil, at an estimated investment cost of US$2.15 billion, in partnership with the Olam group. It is expected to start operating in 2017. See "*The Principal Sectors of the Economy – Mining and Processing – Phosphate*".

Construction

The construction sector is made up of subsidiaries of multinational companies, mid-sized private domestic and foreign companies and small individual companies.

The construction sector has traditionally relied heavily on public spending, which is in turn dependent on oil prices, oil production rates and public debt service. The construction sector saw significant growth in the 1970s and 1980s due to major public projects, such as the construction of the Transgabonais railway.

Control of public spending has limited the growth of the construction sector. Construction and public works accounted for approximately 4.3% of nominal GDP in 2011 and 2012.

The construction sector has grown slowly recently, but growth is expected to increase in the next few years due to the infrastructure projects associated with mining licences.

Financial services

Banking

See "*Monetary System — The Gabonese Banking System*".

Insurance

The four major insurance companies are *Omnium gabonais d'assurances et de reassurances* (OGAR, Gabon) with a 37.01% market share, *Nouvelle société interafricaine d'assurance* (NSIA, Gabon) with a 19.27% market share, Colina with a 13.78% market share and *Assurances industrielles et commerciales* (Assinco, Gabon) with 12.70% market share . The *Caisse nationale de sécurité sociale* is a national social security fund, providing private sector social security benefits.

All insurance companies in Gabon are members of the Gabonese Insurers' Federation ("**Fegasa**"). According to the Fegasa the combined revenue of insurance companies in Gabon in 2012 was CFA 98.85 billion compared to CFA 89.99 billion in 2011. Transport, fire, car and other risk policies (except for life insurance) made up CFA 82.86 billion of the revenue in 2012, compared to CFA 74.69 billion in 2011, with the remainder being made up of life insurance policies. The increase in revenue is due to increased revenue in all types of insurance and an increase in investments in new types of insurance (except for health insurance as potential customers currently rely on social security systems).

Tourism

Approximately 3,000 people work in the tourism sector and it is intended that the new national parks system will increase the number of tourists. There are currently fifteen ecotourism sites in Gabon, the most popular being in Loango, Sette-Cama, la Lope, Lambaréné and Evaro. The Government has tried to encourage high-value tourism, particularly ecotourism, with tax incentives, such as exempting new tourist businesses from corporation tax for the first eight years of their operations. However, the growth of this sector is hindered by poor infrastructure and expensive airfares.

International-class hotels in Gabon are concentrated in Libreville, Franceville and Port-Gentil. According to the TBE, the revenues of international-class hotels in Gabon increased from CFA 19,434 million in 2011 to CFA 21,062 million in 2012, an increase of 8.4%. The number of clients increased from 159,733 in 2011 to 220,325 in 2012, a 37.9% increase. However, occupancy rates decreased from 73.1% in 2011 to 52.1% in 2012. Notwithstanding the increase in business by international-class hotels, many conference facilities and hotels built in the 1970s are unoccupied and ageing.

According to the TBE, in 2012, there were 493,551 passengers on international flights, up from 437,586 passengers in 2011, a 12.8% increase and the total number of passengers, including domestic flights and passengers in transit, increased from 773,442 in 2011 to 821,638 in 2012, a 6.2% increase.

Employment and Labour

The labour market in Gabon can be divided into three segments: the public sector, the private formal sector and the informal sector. The informal sector is made up of unofficial economic activities that are organised without Government approval and are outside mainstream industry and commerce and therefore escape taxation. Available data on the labour market is limited due to the fact that a significant part of Gabon's workforce is employed in the informal sector and that surveys of the labour market that are made on a regular basis do not include the informal sector.

In 2012, approximately 51,283 people were employed in the private sector compared to 49,622 in 2011, a 3.3% increase, and approximately 101,372 people were employed in the public sector in 2012 compared to 89,867 in 2011, a 12.8% increase. In total, 162,142 people were employed in the formal sectors in 2012, compared to 149,099 people in 2011, representing an 8.7% increase.

The table below sets out information regarding the number of people in full-time employment in each division of the private sector for the periods indicated:

	2010	2011	2012
	(Number of workers)		
Agriculture	2,233	2,176	2,383
Oil	2,447	2,450	2,475
Mining	1,492	1,509	1,556
Forestry	4,095	6,985	7,209
Agri-business	3,420	3,245	3,310
Other Industries	2,820	1,913	1,937
Water, Electricity, Refining	3,013	2,019	2,078
Construction	6,857	4,376	4,477
Transport and Telecoms	8,302	8,551	8,713
Services	9,908	9,154	9,564
Commerce	7,965	5,004	5,189
Banking and Insurance	2,295	2,240	2,392
Total	**54,847**	**49,622**	**51,283**

Source: TBE, 2012

The table below sets out information regarding the number of people in full-time employment in each division of the public sector for the periods indicated:

	2010	2011	2012
	(Number of workers)		
Total Public Sector	**62,594**	**71,361**	**80,293**
Public Authorities	17,845	20,053	22,631
General Administration	8,335	9,521	10,759
Economic Administration	5,226	6,528	7,516
Development Administration	2,741	3,403	4,143
Transport Administration...	733	1,117	1,297
Education Administration	18,337	20,754	22,734
Social Administration	9,335	10,030	11,083
Others...	42	135	130
Total Temporary	**9,682**	**13,063**	**15,436**
Libreville	4,093	4,458	4,895
Interior	5,589	8,605	10,541
Total Local Authorities	**5,300**	**5,443**	**5,643**
Total	**77,576**	**89,867**	**101,372**

Source: TBE, 2012

In addition, the Government believes there are a substantial number of people of working age that are engaged in part-time employment and a substantial number that are employed in the informal economy.

According to the ENEC, the rate of unemployment in Gabon in 2010 exceeded 20% (as compared with 9% in 1993); this increase is mainly due to a high number of young people entering the labour market during this period and the important share of the informal economy generally. However, the Government believes that the launch of infrastructure projects, the exploitation of new mining deposits and the decision to ban the export of logs, among others, contributed to creating new jobs between 2010 and 2012.

Total wages in Gabon increased by 13.0% in 2012 to CFA 1,507.3 billion from 1,333.9 in 2011, due to a 13.5% rise in public sector salaries and a 6.0% rise in private sector wages. The annual minimum wage is CFA 80,000 per month making the Gabonese workforce one of the most expensive of sub-Saharan Africa. No Government subsidy is payable in case of unemployment.

There are two social security systems in Gabon, the *Caisse Nationale de Sécurité Sociale* for private sector workers and a government-sponsored scheme for both public and private sector workers and the poor which is managed by the *Caisse Nationale d'Assurance Maladie et de Garantie Sociale.* See "*The Gabonese Republic – Population, Education, Health and Health Insurance*".

The right to form unions and to strike is guaranteed under the Constitution. There are over 50 trade unions and employers' organisations mostly in the education, import/export, oil and forestry sectors. Unions are not very representative due to low membership and a lack of resources.

Environment

In 2004, Gabon and nine other countries signed a treaty to protect the Congo basin rainforest, which covers 75% of Gabon. The treaty's aims are the establishment of a forestry commission, limitations on deforestation and the harmonisation of national laws on logging. Thirteen national parks covering 10.8% of Gabon's surface have been created and designated world heritage sites by the United Nations. Gabon implemented the Gabon Strengthening Capacity for Managing National Parks and Biodiversity Project, a joint project with the World Bank. This project adopts an integrated approach to biodiversity conservation and aims to strengthen organisational and operational capacities of national parks and wildlife authorities. Gabon also intends to develop an ecotourism sector. The Environment Code of 1993 is currently being reviewed by Parliament.

In 2010, Gabon banned the flaring of gas, which is the burning off of the gas produced as a by-product of oil production carried out when it is not practical to use the gas commercially and is widely recognised as environmentally damaging.

The Government has tried to implement a number of programmes to protect its forests. These include:

- a forestry development plan called the *"Plan d'Aménagement Forestier"* in order to manage and develop the forests in a sustainable way, contravention of which can result in financial sanctions and the withdrawal of the relevant forestry licence;
- a World Bank-approved project for sustainable forestry management. This project also aims to lay the foundations for the development of ecotourism in Gabon; and
- a legislative order dated September 2008 regulating the conditions under which authorisations can be obtained to transport toxic waste across borders and the import and export of chemical products for industrial use in Gabon.

The safeguard of the environment is one of the pillars of the Emerging Gabon programme. The Government has committed to manage its resources in a sustainable way by subscribing to the "certified tropical wood" label and implementing measures to enhance arable land.

Infrastructure

Spending on infrastructure accounted for 10% to 15% of public spending between 2006 and 2010. Following the launch of Emerging Gabon, this share reached 30% of public spending in 2013. The Government expects that the share will be the same in the 2014 budget.

Roads

Development of the road network in Gabon is difficult due to dense tropical forests, rivers, marshland and mountains, climatic conditions and low population density.

In 2012, the road network in Gabon covered 9,170 kilometres, of which only 880 kilometres, or 9.6%, were paved (according to the Ministry of Planning). There is no direct road link between Libreville and Port-Gentil and road links between Gabon and neighbouring countries are poor. The CEMAC has been prioritising the development of regional road infrastructure and paved roads are currently being built between Gabon, Cameroon and Congo. Donors such as the EU are also supporting regional infrastructure development and roads within Gabon and, under the terms of the Bélinga iron ore contract, there will be further investment in the road network by Chinese companies. See "*Principal Sectors of the Economy—Mining—Iron*".

The Government recognises the importance of investing in infrastructure. For example, work has been started to build a bypass for Owendo at a cost of CFA 49 billion, 42 bridges in Lambaréné at a cost of CFA 880 million and 38 bridges in Kelle at a cost of CFA 1.85 billion.

Public transport in Libreville is provided by SOGATRA, which is currently being restructured. See "*The Economy—Principal Sectors of the Economy—Privatisation and Restructuring Programme*".

Railways

The 697-kilometre Transgabonais railway was completed in 1986 which contributed to the development of the exploitation of Gabon's forest and mineral resources.

In 2003, Comilog won the concession to manage the national rail network. The concession was originally awarded to a consortium of timber companies, CECF, but was withdrawn due to alleged poor management. In September 2003, CECF asked ICSID to arbitrate the matter. See "*The Gabonese Republic— Legal and*

Arbitral Proceedings—Dispute with CECF Transgabonais". In 2005, the *Société de l'Exploitation du Transgabonais* ("**Setrag**"), which is a subsidiary of Comilog, was awarded a 30-year concession to manage the Transgabonais railway.

Timber transportation accounts for approximately 50% of the railway's income, with 20% coming from transporting other goods, 20% from transporting passengers and 10% coming from transporting manganese ore. The proportion of income coming from manganese production is expected to increase as production increases at the mine. A new railway line from Bélinga is expected to be built in order to accommodate the Bélinga iron ore project. Destination of the railway line has not yet been confirmed.

The following table sets out information regarding the use of the railway in the periods indicated:

	2010	2011	2012
	(Tonnes, except passengers)		
Logs	345,326	296,586	358,678
Processed timber	25,591	24,447	34,284
Manganese	3,110,366	3,416,579	3,110,018
Oil Products	48,152	59,353	57,764
Clinker	43,585	42,462	30,778
Other Goods	221,251	254,965	236,071
Passengers (number)	226,079	233,034	255,956
Total Volume	3,796,281	4,096,403	3,829,605

Source: TBE, 2012

Ports

There are deepwater ports at Port-Gentil and Owendo. Port-Gentil handled 326,704 tonnes in 2012, a 61.6% decrease from 2011, which was due to the difficulty to handle large vessels and containers in Port-Gentil. Owendo is the Transgabonais railway terminus; it handled 5 million tonnes in 2012, of which 2.7 million were manganese.

Since 1992, when the national carrier, *Société nationale des transports maritimes* ("**Sonatram**"), was restructured following a financial crisis, overseas shipping has almost exclusively been handled by foreign companies.

Port services have recently been in decline due to worn out equipment, the silting up of the port at Owendo and a slowdown in maritime traffic. Consequently, the number of vessels using Port-Gentil and Owendo has decreased from 1,493 in 2011 to 1,147 in 2012, compared to an average of 10,000 per year for some ports in the region. The Government is seeking to de-silt the port at Owendo and increase the port's capacity at Port-Gentil. Furthermore, Gabon Port Management has invested heavily in new equipment for the Owendo port with the acquisition of a crane costing CFA 3 billion. In April 2012, Gabon Port Management acquired two similar cranes at a cost of CFA 5 billion. The Government believes that the new cranes will increase the port's productivity by four times. A new port is also expected to be built, potentially at Santa Clara, as part of the Bélinga project.

The ports were managed by the State-owned company, *Office de ports et rades du Gabon,* until December 2003. Since then, the ports have been managed by the *Société d'investissement de gestion et d'exploitation des ports et rades du Gabon* (a subsidiary of the Spanish company, *PIP Puertos de las Palmas)* which was awarded a 25-year concession. This concession was cancelled at the end of 2006 due to irregularities in the tendering process. A new tender was launched in 2007 and a new 25-year concession was awarded to the Portek group, which is headquartered in Singapore. A subsidiary of Bolloré, a French company, developed a dry port in Franceville, which has been operational for approximately two years.

Airports

There are five domestic airports in Gabon. The Leon M'Ba Airport in Libreville is the only airport conforming to the International Civil Aviation Organisation standards. This airport is managed by the privately-owned A*éroport de Libreville*. The Government is currently building a new international airport in Port-Gentil in response to the increase in air traffic and expects that this airport will become fully operational in 2014. The Government plans to renovate the airport in Franceville to conform to international standards. Thirty of the numerous smaller airfields are open to commercial traffic. See "*The Economy—Principal Sectors of the Economy— Tourism*".

Telecommunications and Media

This sector is relatively open and is regulated by the *Agence de Régulation des Télécommunications* ("**Artel**"). Gabon's fixed telecommunication infrastructure is relatively advanced but charges for its use are very expensive. The State-owned *Gabon Télécom* was bought by *Maroc Télécom* in 2006 in a deal that included the commitment by *Maroc Télécom* to invest CFA 100 billion in order to expand the existing network. The *Gabon Télécom* privatisation was controversial because there was speculation that Econet Wireless Global had offered CFA 27 billion more than *Maroc Télécom* to buy *Gabon Télécom*. However, this offer did not include *Maroc Télécom's* commitment to invest CFA 100 billion to expand the existing network. In addition, on 24 July 2007, the *Cour Constitutionnelle* temporarily suspended the sale due to objections to the sale being filed by seven senior employees of *Gabon Télécom's* subsidiary, Libertis. The objection was judged to be inadmissible by the *Cour Constitutionnelle*. In early November 2013, Vivendi sold its 53% stake in *Maroc Télécom* to Etisalat for Euro 4.2 billion. The deal remains subject to conditions, such as competition and regulatory approvals.

Gabon has a high mobile telecommunications penetration rate as compared with other countries in the sub-Saharan region having increased from 9,000 operating lines in 1998 to approximately 775,000 in 2006 and 2,810,800 in 2012. In order to improve its telecommunications network, Gabon connected to the African fibre optic network SAT 3 WASCQ and has been connected to the submarine ACE fibre-optic system since 2012, giving the country access to broadband. A major telecommunication infrastructure plan is also being considered to interconnect all major cities of the country to the fibre-optic network.

The number of fixed operating land lines decreased from 30,381 in 2010 to 18,012 in 2012. The main mobile telephone operators are Libertis (now a subsidiary of *Maroc Télécom),* Celtel (a subsidiary of MSI Cellular) and Moov (a subsidiary of *Atlantique Télécom).* Libertis had a monopoly until July 1999.

Internet services first became available to Gabon in 1997 and there were an estimated 355,764 internet users in 2012. The number of internet users has been rapidly increasing in the largest towns where the telephone service is adequate.

Two national television channels are supplemented by satellite television and a variety of radio stations. The daily newspaper is state owned. In 2013, Gabon was ranked 89 out of 179 countries with regard to press freedom by *Reporters sans frontières.*

The table below sets out the number of telecommunications operating lines at the end of the periods indicated:

	2010	2011	2012
	(Number of operating lines)		
Fixed Line Telephone	30,381	24,579	18,012
Mobile Telephone	2,244,364	2,676,766	2,810,800
Total Telephone	**2,274,745**	**2,699,265**	**2,868,212**
Internet	275,669	316,211	355,764

Source: TBE, 2012

Energy and Water Supply

Gabon produces around two thirds of its electricity through hydroelectric plants, such as the Kinguele facility. One of the Government's objectives is to increase the production of energy (electricity) and improve the water system.

Current hydropower projects include the development of the Grand Poubara hydropower plant, financed by the Government by way of a loan. The Government intends to increase Grand Poubara's capacity by 50 megawatts to 170 megawatts by the end of 2013 and by 50 additional megawatts by the end of 2015. Other hydropower projects include the 46-megawatt *Chutes de l'Impératrice* plant due for completion in 2015 and the 50-megawatt Ngoulmendjim hydropower project due for completion in 2015. For the Government, the Ngoulmendjim hydropower project is essential for the production of manganese and to support the industrial development of Gabon.

A gas turbine power plant became operational in 2008 in response to increased electricity demand in Libreville and will remain operational until the hydroelectric projects are completed. Work also began on a national electricity grid in 2008 in order to guarantee electricity supply in Libreville and to phase out diesel fuel power plants in the interior of the country as hydroelectric power stations come into operation. Water supply is also insufficient, in particular in Libreville where there is an estimated daily shortfall of 120,000 cubic meters resulting in numerous areas of the capital being without a continuous supply of water. There are on-going works on pipes and water tanks. Two water tanks are under construction, one with a 7,500 cubic meters capacity and the other with a 10,000 cubic meters capacity. A sewage facility (Ntoum 7) with a capacity of 140,000 cubic meters is currently being built and is expected to be operational in 2015.

In 1997, Veolia Environnement (the then *Compagnie Générale des Eaux,* part of Vivendi) bought a majority share in the State-owned electricity and water company, *Société d'énergie et d'eau du Gabon* ("**SEEG**"). SEEG was granted a 20-year concession for electricity and water distribution. In 2012, SEEG invested more than CFA 27.3 billion, a 10.5% decreased compared with 2011. The penetration rate for electricity is 80%, one of the highest in Africa, and excluding industry, demand for electricity is increasing by 3% to 5% each year. The Government is planning to accelerate its programme for the provision of electricity to rural areas and the improvement of water supply.

In July 2013, a new thermal power plant, which has been operational since April, was inaugurated. The dual-fuel Alénakiri power plant has capacity of 70 megawatts and was built by Telemania, an Israeli firm, at a cost of US$130 million. Once the various supporting infrastructure is finalised the plant will help reduce the chronic power shortages in Libreville and will also provide power to the special economic zone of Nkok. This new plant is an important step towards Gabon's ambition to have a power-generation capacity of 1,000 megawatts by 2016.

In 2013, the Government plans to spend CFA 5.3 billion on providing free electricity and free water to low-income households.

The table below sets out information regarding production and sale of energy and water in Gabon for the periods indicated:

	2010	2011	2012
Production			
Electricity (kwh millions)	1,752	1,837	1,966
Water (million m3)	81.8	82.3	86.0
Sales by Volume			
Electricity (kwh millions)	1,390	1,463	1,535
Water (million m3)	62.4	61.2	63.0

Source: TBE, 2012

Special Economic Zones

To further attract investment, the Government started to create special economic zones. Law 10/2011 of 18 July 2011 regulates the creation and mechanisms of these zones and stipulates that the tax and customs benefits only apply to companies that export at least 75% of their production.

The special economic zone of Nkok (mainly dedicated to the timber industry) is operating and offers tax exemptions to companies. After a company has invested in the zones for five to seven years, these companies typically benefit from a lower income tax of 10%. 10 companies, including *Chaudronnerie du Gabon*, Gabon Wood Industry, Krishna Industries, Sogametec and Otim Veneer, have started building their production plant in the special economic zone of Nkok.

The Government expects the special tax concession zone of Mandji to become operational by the end of 2013. One company, Gabon Fertilizer Company, has started to establish itself in the special economic zone of Mandji.

The third zone, Majumba, is still in the project phase.

Duty Free Zone

An export processing, duty free zone at Mandji was created in October 2000 to promote investment, create jobs and increase exports. It is principally aimed at the oil and timber-processing industries. Following a study led by the international business consultants, OTF, it is estimated that up to 1,600 jobs will be created over the next ten years in the timber-processing sector and that the value of processed timber exports will be CFA 134 billion over the next ten years. Infrastructure development of 80 hectares started in 2008 at a cost of CFA 45 billion and finished in 2011. The duty free zone is operational since 2010.

Privatisation, Restructuring and Liquidation Programme

Soon after independence, the Government created several state-owned companies to create jobs and to take a lead in Gabon's economic development. These companies were generally unsuccessful and following the 50% devaluation of the CFA franc in 1994, the economic recovery programme that was launched with the support of the IMF included a privatisation programme. The privatisation legislation adopted in 1996 (the "**Privatisation Act**") was the basis for a series of privatisations, which can take the form of the transfer of the ownership of a company to a private company, or the granting of a concession to a private company. The Privatisation Act covers privatisations, liquidations and restructurings in the same way, creating a Privatisation Committee which supervises and coordinates the privatisation, restructuring or liquidation process of state-owned companies. After the Government has decided to privatise, restructure or liquidate a company, it is valued and the specific strategy for that company is defined, determining how much of the Government's stake is to be sold and whether a concession is to be granted so that a private operator manages the company. There is then a public bidding process. The Privatisation Committee also prepares an annual report detailing the proceeds of privatisations and presents it to the National Assembly.

Privatisation is still part of the Government's economic strategy and its objective is to diversify the economy and make it more attractive to private investment. However, the major phase of privatisation came to an end in 2008-2009. As of November 2013, the privatisation programme is almost complete and has become residual. 80% of public sector companies have been privatised and the Privatisation Committee is mainly performing a monitoring role, reviewing the evolution of the companies that have been privatised. The sectors in which future privatisations are expected to take place are the agro-industrial and pharmaceutical sectors. Companies which are expected to be privatised in 2013-2014 include the SIFRIGAB and the SEPBG.

The table below sets out information regarding the privatisation, sale of business, restructuring and liquidation of certain state-owned companies:

Year	State Company	Industry	Action Taken	Buyer
2006	*Gabon Poste*	Mail	Liquidation	La Poste SA
2006	*Air Gabon*	Airways	Liquidation	Gabon Airlines
2006	*Société Nationale des Bois du Gabon* (SNBC)	Forestry	Restructuring	–
2007	*Gabon Telecom* (and its mobile telephone subsidiary, Libertis)	Telecoms	Privatisation	Maroc Telecom, a subsidiary of Vivendi (expected to become a subsidiary of Etisalat)
2012	Meridien Re-Ndama	Hotel industry	Sale of business	Wali
Current	Leconi Palace	Hotel industry	Restructuring	–
Current	CNI	River and Maritime Transport	Restructuring	–
Current	SOGATRA	Public Transport (Libreville)	Restructuring	–
Current	SNBG	Wood Industry	Restructuring	–

FOREIGN TRADE AND BALANCE OF PAYMENTS

Foreign Trade

Gabon has generated a large trade surplus in recent years due to substantial oil exports and more modest import levels. The trade surplus has fluctuated with international oil prices and with oil production levels.

Imports and Exports

The table below sets out certain information regarding imports and exports for the periods indicated:

	2010	2011	2012	Jan-June 2013
		(*CFA billions*)		
Exports				
Crude Oil	3,715.77	4,020.49	4,286.64	2,081.13
Oil-based Products	122.16	187.82	190.50	47.90
Manganese	103.22	112.10	112.87	42.30
Logs	72.76	0.00	0.00	0.00
Processed Timber	128.62	175.08	165.98	77.68
Natural Rubber	22.36	40.03	34.98	16.26
Tobacco	11.01	9.20	8.94	3.04
Gold	0.00	0.00	17.05	10.63
Other	86.6	60.25	120.4	131.48
Total Exports	**4,262.50**	**4,604.97**	**4,937.36**	**2,410.42**
Imports				
Food Products	233.05	280.73	302.51	254.22
Capital Goods	790.65	853.27	1,005.70	417.5
Pharmaceutical Products	220.02	250.68	267.98	202.58
Total Imports	**1,473.06**	**1,678.90**	**1,850.55**	**874.29**

Source: Ministry of Economy

Between 2011 and 2012, the total value of exports increased from CFA 4,604.97 billion to CFA 4,937.36 billion, an increase of 7.2%. This increase was mainly driven by the value of the oil sector's exports increasing from CFA 4,020.49 billion to CFA 4,286.64 billion, an increase of 6.6% due to an increase in oil prices in spite of a decrease in production volume and by the increase in Other exports which increased from CFA 60.25 billion in 2011 to CFA 120.4 billion in 2012 an increase of 99.8%.

Between 2011 and 2012, the total value of imports increased from CFA 1,678.90 billion to CFA 1,850.55 billion, an increase of 10.2%. This increase was driven by the value of the imports of food products increasing from CFA 280.73 billion to CFA 302.51 billion, an increase of 7.8%, the value of the imports of capital goods increasing from CFA 853.27 billion to CFA 1,005.70 billion, an increase of 17.9% and the value of the imports of pharmaceutical products increasing from CFA 250.68 billion to CFA 267.98 billion, an increase of 6.9%. Gabon's increased demand for these products is linked to the increased activity in the non-oil sectors of the Gabonese economy.

Customers and Suppliers

China, France and the United States are Gabon's principal trading partners. Other African countries, especially Cameroon, are significant sources of imports. The majority of Gabonese oil goes to the United States and the majority of Gabonese timber to China.

The table below sets out certain information regarding the composition of Gabon's exports for 2011 and 2012 by continent:

	Africa	Americas	Asia	Europe	Oceania	Total
			(*CFA billions*)			
2011						
Crude Oil	89.44	2,658.63	594.61	251.19	426.63	4,020.49
Oil-based products	21.61	16.15	0.00	150.07	–	187.82
Manganese	0.57	13.39	64.56	33.58	–	112.10
Logs	–	–	–	–	–	0.0
Processed Timber	19.45	1.89	62.14	91.56	0.04	175.08
Rubber	0.04	5.61	1.89	32.49	0.0	40.03
Gold	–	–	–	–	–	–
Total	**160.15**	**2,701.80**	**730.21**	**586.13**	**426.69**	**4,604.97**
2012						
Crude Oil	124.60	1,047.62	2,095.95	558.08	460.40	4,286.64
Oil-based products	14.06	65.13	0.0	111.31	–	190.50
Manganese	1.46	11.89	60.73	38.79	0.00	112.87
Logs	–	–	–	–	–	–
Processed Timber	21.81	3.84	65.57	74.44	0.32	165.98
Rubber	–	1.13	8.61	25.25	–	34.98
Gold	–	–	–	17.05	–	17.05
Total	**196.07**	**1,191.32**	**2,239.58**	**849.65**	**460.74**	**4,937.36**

Source: Ministry of Economy

Between 2011 and 2012, crude oil exports to the Americas decreased from CFA 2,658.63 billion to CFA 1,047.62 billion, a decrease of 60.6%, due to the development of shale oil in the United States. Exports of oil-based products to the Americas increased from CFA 16.15 billion in 2011 to CFA 65.13 billion in 2012.

Between 2011 and 2012, exports to Asia increased from CFA 730.21 billion to CFA 2,239.58 billion, an increase of 206.7%, due to the value of the crude oil exports to Asia increasing from CFA 594.61 billion to CFA 2,095.95 billion, an increase of 252.5%, primarily due to the development of shale oil in the United States, which required Gabon to find alternative export markets.

Between 2011 and 2012, exports to African countries increased from CFA 160.15 billion to CFA 196.07 billion, an increase of 22.4%. This increase was driven by the value of the crude oil sector's exports to African countries increasing from CFA 89.44 billion to CFA 124.60 billion, an increase of 39.3%, due to an increase in oil prices in 2012.

The table below sets out certain information regarding the destination of Gabon's exports for the periods indicated:

	2010	**2011**	**2012**	**2013 (as at 30 June 2013)**
		(CFA billions)		
Exports by Continent				
Americas	2,683.21	2,701.80	1,191.32	351.22
Asia	604.53	730.21	2,239.58	1,048.55
Europe	746.89	586.13	849.65	519.09
Africa.	131.38	160.15	196.07	158.75
CEMAC.	54.86	24.03	24.92	85.46
Oceania	96.50	426.69	460.74	332.81
Total	**4,262.50**	**4,604.97**	**4,937.36**	**2,410.42**
Main Countries for Gabon's Exports				
Indonesia.	61.83	87.48	926.02	89.63
United States	2,485.24	2,175.99	877.00	140.35
India	86.67	13.19	505.87	198.96
Australia	96.47	426.68	460.44	332.45
Japan.	4.98	44.15	385.59	185.85
Trinidad and Tobago	186.48	501.14	257.41	209.61
Spain	130.45	164.11	227.57	220.24
China	218.16	278.49	173.72	99.17
Netherlands	236.08	84.65	162.12	23.80
France.	161.88	109.63	140.15	76.58

Source: Ministry of Economy

Indonesia and the United States were the main destinations of Gabon's exports in 2012. In particular, exports to Indonesia increased from CFA 87.48 billion in 2011 to CFA 926.02 billion in 2012, an increase of 958.6%, which was primarily due to an increase in oil exports. At the same time, exports to the United States significantly decreased from CFA 2,175.99 billion to CFA 877 billion. Despite the decrease, the United States remain the second highest market for Gabonese exports. This was primarily due to a decrease in oil exports, which in turn was caused by the exploitation of shale oil in the United States.

In addition, exports to Asia increased from CFA 730.21 billion in 2011 to CFA 2,239.58 billion in 2012, an increase of 206.7%, resulting from high demand from Asian countries in oil. Between 2011 and 2012, exports to India increased from CFA 13.19 billion to CFA 505.87 billion, an increase of 3,735%, exports to Japan increased from CFA 44.15 billion to CFA 385.59 billion, an increase of 773% and exports to Spain increased from CFA 164.11 billion to CFA 227.57 billion, an increase of 38.67% and as at 30 June 2013, Australia was the first destination of Gabon's exports standing at CFA 332.45 billion.

The table below sets out certain information regarding the composition of Gabon's imports for the periods indicated:

	2010	2011	2012	2013 (as at 30 June)
		(*CFA billions*)		
Imports by Continent				
Africa	147.07	222.91	214.59	62.52
CEMAC	40.93	58.86	56.77	13.76
Americas	196.18	150.82	170.75	75.04
Asia	245.36	281.93	316.37	168.72
Europe	882.17	1,020.31	1,146.20	566.68
Oceania	2.29	2.94	2.63	1.33
Total	**1,473.06**	**1,678.90**	**1,850.55**	**874.29**
Main Countries for Gabon's Imports				
France	452.21	606.47	484.35	262.09
Belgium	198.75	242.99	236.29	152.55
China	103.25	143.07	106.44	85.65
United States	159.64	123.34	113.61	46.25
Italy	39.08	62.01	47.93	24.33
Togo	1.65	60.27	4.39	0.99
Great Britain	56.31	40.79	27.42	15.94
Netherlands	60.03	40.57	109.98	18.28
Russia	0.53	40.00	0.95	0.21
Japan	27.14	33.27	29.41	11.02

Source: Ministry of Economy

Between 2011 and 2012, imports from the Americas increased from CFA 150.82 billion to CFA 170.75 billion, an increase of 13.2%, and imports from Europe increased from CFA 1,020.31 billion to CFA 1,146.20 billion, an increase of 12.3%, this was driven by imports from the Netherlands, increasing from CFA 40.57 billion to CFA 109.98 billion. Imports from Togo decreased from CFA 60.27 billion to CFA 4.39 billion between 2011 and 2012, a 92.7% decrease and imports from Russia decreased from CFA 40.00 billion to CFA 0.95 billion between 2011 and 2012, a 97.6% decrease.

Balance of Payments

Gabon's balance of payments accounts are compiled and disseminated by the BEAC. There is close coordination between the BEAC agency in Gabon and the BEAC headquarters in Yaoundé, as the BEAC headquarters validates the results and runs consistency checks against the guidelines adopted for all the CEMAC member countries.

The table below sets out certain information regarding Gabon's balance of payments for the periods indicated:

	2010[1]	2011[1]	2012[1]	2013[1]	2014[1]
			(CFA billions)		
Current Account[2]	**1,495.5**	**2,612.9**	**2,946.6**	**2,023.2**	**2,062.8**
Trade Balance[3]	2,350.8	3,662.0	4,095.7	3,279.9	3,424.4
Exports (f.o.b)	3,697.0	5,172.3	5,729.9	5,148.7	5,428.8
Oil Sector	3,225.4	4,510.2	4,748.6	3,999.8	4,126.5
Other Sectors	471.6	662.1	981.3	1,148.9	1,302.3
Imports (f.o.b.)	1,346.1	1,510.3	1,634.2	1,868.8	2,004.4
Oil Sector	275.1	241.2	246.8	234.7	244.6
Other Sectors	1,071.0	1,269.1	1,387.4	1,634.1	1,759.8
Services (net)	-746.1	-911.9	-1,001.8	-1,098.9	-1,194.9
Current Transfers (net)	-113.7	-137.2	-147.3	-157.8	-166.7
Capital Balance[4]	**-418.7**	**-570.0**	**-1,006.6**	**-608.1**	**-792.4**
Direct Investment (net)	339.4	401.0	425.1	396.9	410.2
Portfolio Investments (net)	0.0	0.0	0.0	0.0	0.0
Other Investments (net)	-758.0	-970.7	-1,431.5	-1,004.8	-1,202.5
Private Sector	-816.8	-1,109.6	-1,321.7	-1,074.5	-1,158.8
Public Sector	38.9	6.2	-34.4	69.7	-43.6
Commercial Banks	20.0	132.6	-75.5	0.0	0.0
Others	-0.2	-0.2	-0.2	-0.2	-0.2
Errors and Omissions	-299.3	-657.6	-657.6	0.0	0.0
Overall Balance[5]	**-54.4**	**240.8**	**80.2**	**357.1**	**164.9**
Financing	**54.4**	**-240.8**	**-80.2**	**-357.1**	**-164.9**
Central Bank (net)	54.4	-240.9	-80.2	-357.1	0.0
External Obligations	4.3	5.2	-0.2	0.0	0.0
Net Arrears	0.0	0.0	0.0	0.0	0.0
Other Exceptional Financing	0.0	0.0	0.0	0.0	0.0
Financing Gap	**0.0**	**0.0**	**0.0**	**0.0**	**164.9**

(1) Due to rounding, there may be minor discrepancies in the total amounts and sub-total amounts. All figures are provisional data from the BEAC.

(2) Includes the trade balance, plus services (net), plus current transfers (net).

(3) Includes exports and imports.

(4) Includes direct investment, portfolio investment and other investment.

(5) Includes the current account and the capital balance.

Source: BEAC

Between 2011 and 2012, the current account increased from CFA 2,612.9 billion to CFA 2,946.6 billion, an increase of 12.77%, primarily due to an increase in oil exports. The trade balance increased from CFA 3,662.0 billion in 2011 to CFA 4,095.7 billion in 2012, an increase of 11.94%, mainly driven by the increase of exports, particularly in the oil sector. The deficit in net services increased from CFA (911.9) billion in 2011 to CFA (1,001.8) in 2012, primarily due to an increase in freight and insurance costs as a result of an increase in imports.

In 2013, the current account is expected to decrease due to a decrease in the value of exports resulting from a fall in oil revenue.

Between 2011 and 2012, the deficit in the capital balance increased from CFA 570.0 billion to CFA 1,006.6 billion, an increase of 76.60%. This increase has been driven by a higher level of external public debt amortization, an increase in the banking system's assets and a higher external proportion of assets held by private companies.

Foreign Direct Investment

Gabon's natural resources are an attraction to foreign companies and the Government encourages FDI. A variety of incentives are provided to prospective investors including tax incentives such as VAT exemption on oil exploration. See "*Public Finance—Taxation*".

Traditionally, the oil sector has been a major recipient of FDI. The Government has been attracting new, smaller companies, from a variety of countries, which specialise in the exploration of oil fields which contain individually relatively small amounts of reserves. Key players remain also actively involved in the sector. Maurel & Prom, Perenco and Shell Gabon have been exploiting oil fields which produced more than one million barrels in a given year at least once between 2009 and 2012.

More generally, the Government has been working since 2010 on measures aimed at facilitating investments, and in particular:

– the creation of an agency for the promotion of investments and exports;

– the simplification of the registration process for newly-incorporated companies (within 48 hours, as compared with an average of 9 days currently);

– the creation of special economic zones; and

– the simplification of direct investment, which is now subject to a reduced 20-day notice period to the Ministry of Economy.

The table below sets out certain information regarding Gabon's FDI for the periods indicated:

	2010(1)	2011(1)	2012(1)	2013(1)	2014(2)
			(*CFA billions*)		
Direct Investments	**339.4**	**401.0**	**425.1**	**396.9**	**410.2**
Commercial Credit	0.0	0.0	0.0	0.0	0.0
Credit	**363.7**	**427.8**	**454.4**	**431.4**	**447.3**
Participation in Capital	0.0	0.0	0.0	0.0	0.0
Reinvested Profits	363.7	427.8	454.4	431.4	447.3
Connected Account and Others	0.0	0.0	0.0	0.0	0.0
Debit	**24.3**	**26.8**	**29.3**	**34.5**	**37.1**
Participation in Capital	0.0	0.0	0.0	0.0	0.0
Reinvest Profits	0.0	0.0	0.0	0.0	0.0
Connect Accounts and Others	24.3	26.8	29.3	34.5	37.1

(1) Estimates extracted from the data provided by the Banque de France

(2) Projections extracted from the data provided by the Banque de France

Source: BEAC

Between 2011 and 2012, the net FDI increased from CFA 401.0 billion to CFA 425.1 billion, an increase of 6.0%.

In 2012, Gabon had attracted over CFA 425.1 billion in FDI and the Government believes that the level of FDI will continue to increase in the short- to medium-term given the ongoing and planned investments under public private partnerships and the industrialisation of the wood sector. In particular, private investment will be required to play a central role in Emerging Gabon. See "*The Economy – Emerging Gabon*".

Trade Policy

Recent bilateral commercial agreements signed by Gabon include agreements signed with France in 2010 and Mauritius in 2013.

Tariffs are governed by the CEMAC and national regulations. The CEMAC's customs code incorporates the WTO's agreement on customs evaluation of imported goods *("Accord OMC sur l'évaluation en douane des marchandises importées*"). Gabon has a common external tariff ("**CET**") with CEMAC member countries. The CET affects about 22% of taxable imports and the maximum rate is 30%. There are four different types of taxes on imports: 5% on staples, 10% on capital goods, 20% on intermediate goods and 30% on basic consumer goods. Exemptions and suspended duties are granted by conventions or Government decision or as part of investment incentives. The CET of the CEMAC is currently under review and Gabon fully supports it. The reform which is being considered is to move from the existing four-band tariff to a three-band tariff with a 20% maximum rate.

The only commodity subject to trade restrictions is sugar and a timetable to lift these restrictions is currently being prepared.

Manganese and gold are subject to export duties at a rate of 3.05% and 3%, respectively. Processed timber goods are subject to a felling tax of 1.05%.

PUBLIC FINANCE

General

Gabon's monetary policy is controlled by the BEAC and fiscal management is the Government's main tool of economic policy. In the 1970s, the increase in oil prices and in Gabonese oil production allowed the Government to invest in construction projects such as the Transgabonais railway and the buildings for the Organisation of African Unity summit in Libreville in 1977. France encouraged these projects. The Gabonese economy was then left vulnerable to external economic shocks due to changes in prices of national resources and unsuccessful economic plans.

Following the devaluation of the CFA franc in 1994 by 50%, an economic financial recovery programme was launched with the support of the IMF that included fiscal reforms to improve transparency by auditing government revenue and internal debt, public sector reforms to improve administration and a privatisation programme. These reforms had little effect at the time.

Diversifying the economy, managing volatile fiscal revenue due to oil prices and maintaining more stable public spending commitments are the key current challenges for the Government in fiscal policy. The large external debt burden, which reduces Gabon's capacity for investment, hampers these efforts. Nevertheless, the prospect of a decrease in oil production in the medium term and the desire to reach further arrangements with the IMF made the Government focus on reforms, particularly limiting public expenditure, improving tax administration and reducing the non-oil deficit. It is important to reduce the non-oil deficit in order to prepare Gabon's economy for a decline in oil revenue as Gabon's oil reserves diminish. Measures to improve tax administration include the computerisation of customs services, more efficient collection of tax arrears, better control of VAT reimbursements and an increase in taxation of the forestry sector through a new withholding system. Significant efforts have also been made to reduce internal debt and develop a sustainable strategy for external debt.

Public sector payroll costs and interest charges on public debt are high and amounted to 36.0% and 6.1%, respectively, of recurrent spending in 2012. Apart from timber and manganese, the non-oil sectors of the economy depend mainly on public sector spending and investment.

The Government is focused on reducing dependence on oil. In 2012, the oil sector accounted for approximately 58.0% of fiscal revenue despite oil production being well below the production levels of the 1990s. The Ministry of Economy believes oil revenue will remain the key source of Government revenue for the foreseeable future, although there has been a recent increase in activity in the non-oil sectors of the economy, as demonstrated by non-oil revenue increasing from CFA 716.0 billion in 2008 to CFA 1,086.0 billion in 2012, an increase of 51.7%.

Between 2011 and 2012, current expenditure increased from CFA 1,172.0 billion to CFA 1,466.0 billion, an increase of 25.0%. This increase was mainly due to transfers and subsidies increasing from CFA 344.0 billion to CFA 517.0 billion, an increase of 50%, and to the public wages increasing as a result of new security personnel, education and health workers.

The level of recurrent spending as a proportion of nominal GDP has slightly increased from 15.1% in 2011 to 16.0% in 2012.

In 2011 and 2012, the Government incurred a budget surplus of CFA 131.9 billion and CFA 217.8 billion, respectively. For 2013 and 2014, the Government expects a budget deficit and a budget surplus, respectively.

Gabonese Fund for Strategic Investments

The Gabonese Fund for Strategic Investments ("**GFSI**") is a sovereign fund which is heir to the Fund for Future Generations created in March 1998.

The GFSI is a sovereign entity free from any political influence. There is an independent decision-making process regarding all investments.

In 2010, the Fund received advice from the World Bank and other international institutions regarding its structure and management, which it has implemented. The GFSI has a management board composed of seven members, the majority of which manage companies located in Gabon. These members have recognised expertise in management, tax and finance. It is a legal requirement that the managing director of the fund must possess this expertise as well.

The GFSI is the asset manager of all the shares the State owns in Gabonese and foreign companies. The fund receives 10% of oil revenues, 50% of any budgetary surplus and all the revenues (dividends, interest payments etc.) flowing from the fund's activities and investments. In theory, the fund is also entitled to receive bequests and donations but has not received any yet.

Some of the GFSI's projects include the following:

- To develop selective tourism in Gabon, the GFSI entered into an agreement with an operator to build several hotels throughout the country. The first phase, which consists of building three hotels in Libreville, has an estimated cost of Euro 80 million.
- To develop the fishing sector, the GFSI with several partners entered into a leasing agreement for a fish-processing factory. The aim is to increase the processing of fresh fish for the regional market and of canned fish for the European market. This project has an estimated cost of CFA 2 billion. The GFSI is also considering participating in the construction of an international shipyard.
- The GFSI entered into a joint venture agreement with some European partners to purchase satellite imagery equipment. The agreement is expected to come into force in January 2014. The equipment is first expected to cover Gabon and then the whole of the Gulf of Guinea region.

While the GFSI's aim is profitability, the GFSI has a prudent risk management policy. For example, the fund's policy is not to invest in countries or regions with severe political instability.

Transparency and Anti-Corruption

The Government is committed to developing a strong system of good governance. Since his election in 2009, Ali Bongo Ondimba has launched several reforms aimed at reducing corruption in Gabon. These reforms include the reduction of his cabinet by 50%, demoting or arresting officials and conducting an audit of all the ministries. In October 2010, he announced the arrest of Gabonese officials involved in a multi-million dollar scandal with the BEAC's Paris office.

The *Cour des Comptes*, the final reviewer of public finances, has reinforced its role by carrying out additional audits, such as an audit of the Road Network Fund, which was created by the State to finance the road network. In addition, the National Commission Against Illegal Enrichment, which was created in 2004, has made efforts to raise awareness of the need to combat corruption and embezzlement of public funds. In 2005, Gabon ratified the UN Convention against Corruption. Under Law 001/2005, government employees must declare their assets, exercise discretion and professional integrity and not compromise their independence. A code of behaviour for the civil service has also been in force since August 2005.

In November 2012, a strategy paper on the fight against corruption and money laundering (*Document de Stratégie de Lutte Contre la Corruption et le Blanchiment des Capitaux*) was approved. The national agency responsible for financial investigation (*Agence Nationale d'Investigation Financière*) ("**ANIF**") is in charge of dealing with money laundering-related matters. Pursuant to decision 011 of 12 May 2011, the ANIF must be informed of all transactions exceeding CFA 5,000,000.

Gabon endorsed the EITI in 2004. The EITI's aim is to increase transparency over Government revenue from the oil, mining and gas sectors, so that the public has a better awareness of how much money is received from these sectors and what is done with it. Following advice in the EITI's 2004 report, the Government set up a Commission for Oil Revenue ("**COSUREP**"), whose role is to monitor collection of oil tax revenue and ensure the coherent production of information on the oil industry. In October 2010, the EITI Board designated Gabon as a candidate country that is "Close to Compliant". "Close to Compliant" means that the candidate has made meaningful progress and is expected to achieve compliance within a short period. In

2011, the Board renewed Gabon's EITI Candidate status for 18 months until December 2012, by which date Gabon was required to demonstrate compliance with the 2011 edition of the EITI Rules. However, Gabon was delisted from the EITI in February 2013 because it failed to submit a validation report by the deadline in December 2012. EITI has invited Gabon to reapply for admission as a candidate country. Gabon is currently undertaking an internal study to ensure that it will be able to comply with the requirements in the future and intends to reapply in the short- to medium-term.

Gabon is a member of the Organisation for the Harmonisation of Business Law in Africa ("**OHADA**"). The OHADA is a group of 16 African countries committed to a common and modern business law framework that aids the development of the economy and the private sector. Under the OHADA, laws adopted by the group apply directly and immediately to each member country, without need for internal national ratification. There have so far been eight laws, covering arbitration, insolvency, security, general commerce, economic groups and commercial companies, tax collection, recovery procedure, accounting and contracts for transport of goods by road. Membership of this organisation has therefore helped Gabon to substantially modernise its business law.

In 2011, the Government set up two companies, the GOC and the SEM whose aim is to improve the financial, fiscal and judicial transparency in Gabon and to fight against corruption in the oil and mining sectors.

The Budget Process

The Government's fiscal year is the calendar year and its budget is prepared in four phases. From January to the end of August is the administrative preparation phase, during which the reference data is determined. This is mainly an internal process within the Ministry of Economy, which ends with final negotiations between the Prime Minister and the President. Adjustments and examination are then made from the beginning of September until mid-October by the Economic and Social Council and the council of ministers. By 15 October, the budget is sent to the National Assembly, which must approve it by the end of November, and to the Senate, which must approve it by 20 December. The final phase is the formal declaration of the budget by the President, by 31 December. This process was set up in 2002 in order to identify everyone involved in its preparation, better coordinate tasks and improve the quality of forecasting. The key Ministers involved in the preparation of the budget are the Prime Minister, the Minister of Economy and the Minister of Budget, Public Account and Civil Services.

The Government has taken the following measures in recent years to improve the budgetary process:

- a Code for Public Tenders was adopted in 2003 and steps have been taken to improve the effectiveness of the public tender process. Negotiated public contracts are now the exception as most public contracts now go through a public tendering process;
- expenditures are programmed over a period of three years within a medium-term investment programme approved by Parliament;
- expenditures must now be targeted to reach government goals. Increased collaboration between the Ministries has improved control of expenditures; and
- investments are prioritised.

The table below sets out certain information regarding Gabon's revenues and expenditures for the periods indicated:

	2008	2009	2010	2011(1)	2012(2)	2013(2)
			(CFA billions)			
REVENUES						
Total Revenues and Grants	2,078	1,685	1,838	2,486	2,638	2,704
Oil Revenue	1,362	837	1,031	1,361	1,531	1,441
Non-Oil Revenue	716	848	807	1,125	1,107	1,263
Tax Revenue	679	798	803	1,046	1,068	1,073
Taxes on income, profits and capital gains	234	325	264	344	310	328
Domestic taxes on good and services	131	142	150	197	184	300
Taxes on international trade and transactions	276	277	385	378	407	425
Others	38	54	35	206	205	210
Grants	0	1	0	0	2	0
EXPENDITURES						
Total Expenditures (including net loans)	1,336	1,348	1,707	2,354	2,420	2,971
Current expenditures	907	915	983	1,268	1,427	1,492
Wages and Salaries	324	380	412	450	515	562
Goods & Services	209	216	239	299	328	420
Transfers and Subsidies	260	237	235	440	498	510
Interest Payments	114	82	97	79	87	135
Domestic	32	19	23	13	15	106
External	82	64	73	66	72	29
Capital Expenditures	299	309	601	1,000	995	344
Domestically Financed	244	210	377	500	813	1,047
Foreign Financed	54	100	224	250	183	298
Net loans	21	51	65	19	(78)	20
Fonds d'Entretien Routier(3)	109	73	58	78	75	21
OVERALL BALANCE	**742**	**337**	**131**	**132**	**218**	**(267)**
ARREARS (net change)	(131)	(212)	(68)	(116)	(22)	0
External (interest only)	0	0	0	0	0	0
Domestic	(131)	(212)	(68)	(116)	(22)	0

(1) Estimates

(2) Projections

(3) Special fund created for the management of the road network

Source: Ministry of Economy

In 2012, total revenues and grants were CFA 2,638 billion, up from CFA 1,838 in 2010, an increase of 43.5% primarily due to an increase in oil revenue. Oil revenue went up from CFA 1,031 billion in 2010 to CFA 1,531 billion in 2012, an increase of 48.5%, primarily due to an increase in the price of the oil barrel and favourable exchange rates. Non-oil revenue increased from CFA 807 billion in 2010 to CFA 1,107 billion in 2012, an increase of 37.1%, primarily due to the success of reforms undertaken as part of Emerging Gabon to develop non-oil sectors.

Total expenditures slightly increased from CFA 2,354 billion in 2011 to CFA 2,420 billion in 2012. Current expenditures went up from CFA 1,268 billion in 2011 to CFA 1,427 billion in 2012, an increase of 12.5%. Capital expenditures increased from CFA 601 billion in 2010 to CFA 995 billion in 2012, an increase of 65.6% primarily due to the Government's decision to increase investment expenditure.

The table below sets out certain information regarding Gabon's government budget for 2013:

	Budget
	(CFA billions)
Total Revenues and Grants	**2,704**
Oil Revenue	1,441
Non-Oil Revenue	1,263
Grants/Special Accounts	0
Total Expenditure	**2,971**
Total Expenditure (excluding interest payments)	**2,836**
Arrears	0
Overall Balance	(267)

The 2013 budget is based on the following assumptions:

– Oil production: 11.27 million tonnes and price per barrel: US$98.

– Manganese production: 4 million tonnes.

– Gold production: 1.2 tonnes.

The 2013 budget focuses on developing infrastructure, which represented approximately 27% of the budget. The 2013 Rectified Finance Act was adopted by the National Assembly on 18 November 2013 and by the Senate on 22 November 2013. The 2013 Rectified Finance Act increases the 2013 budget to accelerate the financing of Emerging Gabon and authorises the issue of the Notes.

The 2014 budget, which is expected to be adopted in early December 2013, is expected to have a continued emphasis on the development of infrastructure.

The 2014 budget is based on the Government's assumptions of real GDP growth of 7.8%. Revenues are estimated at CFA 2,851,656 million and expenses are estimated at CFA 2,820,696 million, with an estimated CFA 30,959 million surplus as a result.

Taxation

The Government has recently adopted a new tax code, which is both a consolidation and a modernisation of the two previous codes. The aim is to modernise the system, optimise revenue and enlarge the non-oil taxable base. The DGI **("DGI")**, created in 2004 and whose duties were amended by decree in 2012, is a department of the Ministry of Economy and is in charge of tax collection. Reforms have been implemented to improve tax collection such as the creation of local tax centres

There is also a project to develop a system that will enable taxpayers who subscribed to that option to declare and pay their taxes online. This system is expected to become operational by the end of 2013 and the Government expects it will substantially improve administrative procedures and reduce the risk of default. Gabon would be the third country in Africa, with Morocco and Namibia, to have such a system.

On the advice of the EITI, COSUREP was set up to improve identification and collection of oil tax proceeds. See "*Public Finance—Transparency and Anti-Corruption*". Better management of non-oil revenues is also being effected by the *Direction des Grandes Entreprises,* which focuses on tax collection from businesses with a revenue of more than CFA 1.5 million.

Personal income tax is levied on the total net income of the taxable household and includes wage, property, agricultural and property income. There are eleven rates ranging from 0% to 50%.

Corporate tax is levied on corporations and other legal entities. The standard rate is 30%, but public corporations and licenced property companies pay 20% corporation tax and the *Banque Gabonaise de Développement* ("**BGD**") pays 18% corporation tax.

VAT is paid on imports and in the delivery, production and services sectors when the revenue of the relevant company is CFA 80 million or more for all operations, CFA 60 million for services and CFA 40 million for certain professions, such as lawyers, accountants, real estate agents and transit agents. The standard rate is 18% and is reduced to 10% on key consumer goods such as mineral water, cement, sugar and imported poultry. Exempt items include locally produced poultry, milk products, butter, margarine, flour, medicine and medical supplies and fertilizer.

Excise duties are levied on imports, domestic drink sales, tobacco and fuels. There is usually a 30% reduction for locally-refined products. See "*Foreign Trade and Balance of Payments—Trade Policy*". There currently are several tax incentives in Gabon that apply to strategic sectors of the economy, such as the mining, wood-processing, oil and agriculture sectors. Examples of incentives include tax exemptions for a period ranging from five and seven years, tax allowance and tax credit.

PUBLIC DEBT

Overview

Much of the current external public debt results from large borrowings in the 1980s against oil revenues to fund large infrastructure projects such as the Transgabonais railway and setting up public companies. Gabon did not always meet its repayment obligations in the early 1990s due to adverse macroeconomic conditions and severe monetary and financial instability, particularly the 50% 1994 devaluation of the CFA franc, which doubled the debt burden in local currency terms.

Debt declined in relative terms from 20.1% of GDP in 2008 to 16.4% of GDP in 2012. Debt servicing will, however, remain high, especially since Gabon is not eligible for debt relief, as it is one of the very few African countries that does not qualify for the IMF/World Bank's initiative for Heavily Indebted Poor Countries. Gabon is rated as a middle-income country by the IMF.

External debt at the end of 2012 amounted to CFA 1,427.1 billion and external debt service to CFA 259.1 billion.

The table below sets out certain information regarding Gabon's debt service for the periods indicated:

	2008	2009	2010	2011	2012	2013(1)
			(*CFA billions*)			
Total Debt Service	**1,071.0**	**425.9**	**505.6**	**265.3**	**338.6**	**792.6**
Principal	983.3	355.8	431.7	197.1	264.8	669.0
Interest	87.7	70.1	73.9	68.2	73.8	123.6
External Debt Service	**967.9**	**221.2**	**254.0**	**209.3**	**259.1**	**554.3**(2)
Principal	885.6	156.8	184.7	143.4	186.8	440.4
Interest	82.3	64.4	69.3	65.9	72.3	113.9
Internal Debt Service	**103.0**	**204.7**	**251.6**	**56.0**	**79.5**	**238.3**
Principal	97.7	199.0	247.0	53.7	78.0	228.6
Interest	5.3	5.7	4.6	2.3	1.5	9.7

(1) Estimates

(2) This figure includes an estimated amount of US$1.5 billion representing the maximum amount of the Notes to be issued less the maximum aggregate principal amount of the Existing Notes which the Republic intends to purchase in connection with the Exchange and Tender Offers if successful. See "*Exchange and Tender Offers*".

Source: Ministry of Economy

Debt Management Strategy

The Government's debt management strategy over the past five years has been characterised by a low but existing presence on the international capital markets, allowing Gabon to maintain technical and financial cooperation with its main financial partners and reinforce its capacity to obtain external financings. In 2013, Gabon's debt management focused on strengthening the country's presence on the debt market and in particular international capital markets. In connection with its 2017 Notes, the Government has set up a reserve account managed by the World Bank to which it makes an annual contribution of US$50 million dedicated to the redemption of such notes and reduce any repayment risk. Furthermore, the Government may consider opportunistic buybacks to better manage the redemption profile of such debt.

The Government intends to actively participate in the financing of the *Schéma Directeur National d'Infrastructures* for 2012-2016, which was approved by the national agency for major projects (*Agence Nationale des Grands Travaux*) in February 2012. Examples of projects include the development of road sections such as that of Pk12-Bifoun, Port-Gentil and Booué and the construction of two hospitals. Overall, the loans granted by bilateral, multilateral and commercial partners and the funds raised on international capital markets are expected to be primarily allocated to the development and consolidation of Gabonese infrastructure.

The Government expects the annual borrowing ceiling to be in accordance with the requirements set out in the policy document relating to public indebtedness (*Document Cible de Politique d'Endettement Public*) for 2012-2016 and therefore is expected to be limited to 5.5% of GDP in 2014, 3.6% in 2015 and 3.3% in 2016.

This policy document sets out the terms of Gabon's targeted external commitments in 2014:

- bilateral and multilateral debt with an average maturity of 15-17 years;
- commercial debt with an average maturity of 9 years;
- bonds issued with a maturity of at least 10 years;
- 80% of the commitments at a fixed rate and 20% at a floating rate; and
- 70% of the commitments denominated in Euro and 30% in U.S. Dollar or other currencies.

Public Debt

The following table shows the aggregate principal amount of Gabon's public debt outstanding as at the date of this prospectus, which falls due for repayment in the specified calendar years:

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
						(*CFA millions*)						
External Debt[1]	237,903.40	232,621.95	221,892.16	483,168.69	191,228.01	173,949.54	187,038.56	176,187.37	169,271.73	666,159.75	147,598.06	389,961.67
Internal Debt	137,154.84	128,404.07	194,000.00	280,000.00	120,000.00	150,000.00	150,000.00	160,000.00	160,000.00	170,000.00	170,000.00	170,000.00
Total	375,058.24	361,026.02	415,892.16	763,168.69	311,228.01	323,949.54	337,038.56	336,187.37	329,271.73	836,159.75	317,598.06	559,961.67

(1) These figures include an estimated amount of US$1.5 billion representing the maximum amount of the Notes to be issued less the maximum aggregate principal amount of the Existing Notes which the Republic intends to purchase in connection with the Exchange and Tender Offers if successful. See "*Exchange and Tender Offers*".

The following table shows Gabon's outstanding public debt which fell due for repayment in 2011, 2012 and 2013. All amounts due in 2011 and 2012 have been repaid and all amounts due in 2013 falling due up to the date of this Prospectus have been paid:

	2011	2012	2013
		(*CFA billions*)	
External Debt	143.4	186.8	440.4
Internal Debt	53.7	78.0	228.6
Total	**197.1**	**264.8**	**669.0**

The table below sets out information regarding Gabon's outstanding public debt as at 31 December of the specified years unless otherwise indicated:

	2007	2008	2009	2010	2011	2012	2013[1]	2014[2]
				(CFA billions)				
External Debt	**1,924.9**	**1,033.0**	**1,112.2**	**1,201.8**	**1,394.3**	**1,427.1**	**2,083.8**	**2,253.0**
Bilateral Debt	1,167.5	273.3	265.0	306.8	337.3	349.0	414.9	**519.5**
including the Paris Club Debt	*1,078.6*	*165.6*	*126.6*	*107.0*	*82.4*	*57.7*	*50.1*	*42.3*
Multilateral Debt	163.4	157.9	188.6	189.2	222.6	242.0	280.2	352.6
Commercial Debt	149.0	161.7	246.2	270.9	390.4	402.0	399.1	391.2
International Capital Markets	445.0	440.1	412.4	434.9	440.0	434.1	989.6	989.6
Internal Debt	**140.6**	**147.6**	**256.0**	**89.4**	**56.6**	**57.0**	**29.1**	**57.0**
Banking	19.1	0.3	77.2	10.8	1.6	5.0	0.0	0.0
Various	114.1	66.0	77.4	33.7	27.3	16.0	3.6	0.0
Moratorium	7.5	13.5	47.0	4.2	0.5	22.4	0.0	0.0
Regional Capital Market	0.0	67.9	54.4	40.8	27.2	13.6	25.5	145.5
Total Outstanding Debt	**2,065.5**	**1,180.6**	**1,368.3**	**1,291.2**	**1,450.9**	**1,484.1**	**2,112.8**	**2,309.9**
Nominal GDP	**5,863.5**	**6,909.5**	**5,590.8**	**6,918.5**	**8,384.2**	**8,925.7**	**8,784.6**	**9,512.3**
Outstanding Debt/GDP	**35.2%**	**17.1%**	**24.5%**	**18.7%**	**17.3%**	**16.6%**	**24.1%**	**24.3%**

(1) Estimates

(2) Projections

(3) These figures include an estimated amount of US$1.5 billion representing the maximum amount of the Notes to be issued less the maximum aggregate principal amount of the Existing Notes which the Republic intends to purchase in connection with the Exchange and Tender Offers if successful. See "*Exchange and Tender Offers*".

Source: Ministry of Economy

The table below sets out certain information regarding Gabon's outstanding public debt by currency as at 31 December 2011 and 2012 and 30 September 2013:

Currency	31 December 2011	31 December 2012	30 September 2013
		(CFA billions)	
US dollars	662.3	670.8	645.0
Euros	622.3	635.1	707.9
Renminbi	68.1	73.1	71.0
CFA	58.6	68.3	86.2
Others	39.6	36.8	35.8
Total	**1,450.9**	**1,484.1**	**1,545.8**

Source: Ministry of Economy

The table below sets out Gabon's outstanding debt with a residual maturity of one year or less as at 31 December 2011 and 2012 and 30 September 2013:

	31 December 2011	31 December 2012	30 September 2013
		(*CFA billions*)	
Internal debt	9.40	5.16	67.51
External debt	36.84	7.68	11.59
Total	**46.24**	**12.84**	**79.11**

Gabon's public debt can be divided into external public debt and internal public debt, which both contain subsections.

External Public Debt

At the end of 2012, total outstanding external debt increased to CFA 1,427.1 billion from CFA 1,394.3 billion at the end of 2011, a 2.35% increase. The Government expects external debt to further increase in the short-term with total outstanding external debt as at 30 September 2013 at CFA 1,464.3 billion and as at the end of 2013 estimated at CFA 2,083.8 billion. Gabon's public external debt is composed of bilateral, multilateral, commercial and international capital markets debt.

As at 30 September 2013, the Paris Club debt represented 6.2% of Gabon's bilateral debt. See "*Relationship with Creditors—Paris Club*". Loans from China represented 27.35% of Gabon's bilateral debt.

Multilateral debt represents debt owed to international or multilateral organisations. As at the end of 2012, total multilateral debt amounted to CFA 242.0 billion. Gabon's main multilateral creditors are the African Development Bank, the European Investment Bank and the *Banque de Développement des Etats de l'Afrique Centrale*.

Internal Public Debt

Internal public debt is made up of banking, moratorium and other debt. Moratorium debt is mainly composed of the debt of public companies assumed by Gabon prior to privatisation. Total internal public debt slightly increased from CFA 56.6 billion in 2011 to CFA 57.0 billion in 2012.

Relationship with Creditors

Paris Club

The Paris Club ("**PC**"), formed in 1956, is an informal group of creditor governments from major industrialised countries. It meets every month in Paris to agree on restructuring debtor countries' debts.

In December 2007, Gabon issued the 2017 Notes to repay part of its Paris Club debt. The Paris Club PC 1-7 loan has now been fully repaid and only the PC 8 loan, dated June 2004, remains outstanding. As at 30 September 2013, the amount outstanding under CP8 was CFA 49.5 billion, of which 17.16% was held by France.

IMF

Gabon has fully repaid its debt to the IMF and there is currently no ongoing economic programme between Gabon and the IMF. The collaboration between Gabon and the IMF rests on three pillars: (i) consultations within the Article IV framework, (ii) technical assistance and (iii) participation in the IMF's and the World Bank's annual meetings.

The last Article IV report was published in March 2013. Overall, the IMF welcomed the Emerging Gabon plan and the measures undertaken as a result. The IMF encouraged Gabon to continue reforms undertaken to improve the management of public spending and highlighted the importance of increasing non-oil revenues.

The technical assistance provided by the IMF has focused on tax reforms, including the reform of the *Direction Générale des Impôts* ("**DGI**") and of the *Direction Générale de la Douane* and on budget reforms, including the reform of the *Direction Générale de la Dette*.

Since 2010, Gabon has regularly participated in meetings organised by the IMF and the World Bank.

World Bank

The World Bank's strategy for Gabon has two main objectives: improving the management of public resources (both natural and financial) and creating an investment climate that is more favourable to lasting growth. The World Bank coordinates programmes with the IMF for the development and diversification of the Gabonese economy. The World Bank takes the lead in the examination of management of public finances, diversification and development of the non-oil sectors of the economy, transport and city planning.

There are currently three agreements between Gabon and the World Bank. These relate to the management of Gabon's natural resources, the development of Gabon's infrastructure and the development of the backbone project in respect of telecommunications.

A financing agreement has also been signed in relation to the project to promote investments and competitiveness (*Projet de Promotion des Investissements et de la Compétitivité*) which is aimed at improving Gabon's business environment and making it more attractive to foreign investors.

The World Bank is financing, at a cost of US$58 million, a regional fibre optic project. Three other projects between Gabon and the World Bank are currently being developed:

- A US$5 million project to promote the Gabonese private sector and competitiveness;
- A US$35-40 million project towards rural electrification; and
- A project in the education sector.

Libreville Club

Gabon's internal creditors formed the Libreville Club on 21 March 2004. The membership requirements for this club are that the creditor must have a claim against the Republic of CFA 50 million or more that is certified by the treasury and the creditor must agree to pay tax to the treasury on any repayments of this debt. Libreville Clubs 1-5 have been fully repaid. As at 30 September 2013, under Libreville Club 6, Gabon's debt stood at CFA 20.2 billion.

MONETARY SYSTEM

Monetary Policy and the BEAC

Gabon's monetary policy is managed by the BEAC. The BEAC, established in 1972 and based in Yaoundé, Cameroon, acts as the central bank for the six members of the CEMAC. Lucas Abaga Nchama was appointed as the new governor of the BEAC in January 2010, replacing Jean- Philibert Andzembe, who was dismissed following alleged mismanagement of funds. The board of directors of the BEAC comprises a governor and five members appointed by the member countries of the CEMAC.

The basic principles governing the CEMAC are:

- a single monetary currency, the CFA franc, created in 1945;
- central holding of monetary reserves;
- free circulation of capital and freedom of monetary transfers within the union;
- free convertibility of the currency without limit into Euros on the basis of a fixed parity of 1 Euro to CFA 655.957; and
- harmonisation of monetary, banking and foreign exchange legislation.

The BEAC has the powers of currency issuance, stabilisation, valuation and free convertibility, can define and conduct the monetary policy applicable to the members of the CEMAC, conduct foreign exchange operations, hold and maintain CEMAC members' reserves and promote an effective banking system within the CEMAC. The accounts of each member state of the CEMAC are maintained separately.

The BEAC also provides liquidity to the banks located in its member States by offering collateral-backed treasury lines. Deposits collected by those banks may also be centralised with the BEAC.

The CFA franc's stability is based on tight monetary and fiscal discipline. For example, the BEAC must keep 20% of deposits that are repayable on demand in foreign currency and the member governments are not allowed to draw more than 20% of the previous year's budget receipts from the BEAC's funds.

The main policy objectives of the BEAC are to create a fully functional and effective customs union, ensure a system of macroeconomic surveillance and promote sector policies that help create a common market for goods, capital and services.

The key project for the BEAC in the medium-term is to reform its monetary policy. The financial instruments which are currently used were developed in the 1990s and are outdated. Therefore, for the past three years, the BEAC has implemented various reforms to develop market instruments and promote open market transactions.

Economic development in Gabon depends in part on policy decisions that are made at the regional level by the CEMAC and the BEAC. Areas where coordination at the regional level is critical for Gabon are:

- *creation of regional government securities market.* In order to help integrate the regional financial market, provide financial investment instruments to the private sector and streamline public debt management, CEMAC members have agreed, in principle, to reduce significantly the use of BEAC statutory advances and eventually to replace them with securities, such as treasury bills, which would be traded at the regional level; and
- *trade reform.* Regional coordination is important in the ongoing discussions with the EU on economic partnership agreements. There is a need to streamline administrative payment procedures at the BEAC, which can currently hamper efficient trade financing.

The BEAC also influences credit expansion within member states by granting rediscounting facilities and direct advances to commercial banks. Commercial banks are required to provide the BEAC with regular reports on the amount of their advances to clients.

Despite a common currency, a central bank and a supervisory and legal framework, only partial progress has been made regarding integration of banking markets in the region. This is due to the limited effectiveness of the measures taken so far, inadequate infrastructure and development of markets, the possible negative effects that integration could have on reputation and consumer preferences. Effects on reputation and consumer preferences arise from language barriers, cultural differences, geographical considerations and availability of information, which means that banks suffer from the lack of information on borrowers and other banks and consumers may not be willing to change banks.

Congo, Cameroon and Equatorial Guinea together constitute the majority of the total assets and loans in the CEMAC region with Gabon being in fourth position.

Limited investment opportunities are due to lack of economic diversification which creates reliance on a few high profile customers, interest rate regulations which effectively prevent lending to small and medium-sized businesses and households and the absence of a modern financial market.

Inflation

After a short period of deflation in the early 2000s, due to low national production, inflation is back at levels that comply with the target set by the BEAC, i.e. equal or inferior to 3.0%.

Controlling inflation and maintaining the CFA franc's peg to the Euro are the BEAC's main priorities. The CFA franc was devaluated in 1994 for the first time since 1948. The devaluation of the CFA franc in 1994 caused domestic prices to rise by 36% in 1994 and 10% in 1995. Since then, inflation in Gabon and other member countries of the CEMAC has been low, aided by the peg to the Euro and the BEAC's policies.

The following table sets out certain information regarding inflation for the periods indicated:

	2010	2011	2012	2013[1]
Inflation (Consumer Price Index)				
Yearly Average	1.4%	1.3%	2.7%	1.3%

(1) Estimates

Source: Ministry of Economy

Inflation increased to 2.7% in 2012 from 1.3% in 2011 due to an increase in the prices of food products, clothing and transport caused by an imbalance between domestic supply and demand and the significant rise in global prices of food products. The rate for 2013 is estimated to be 1.3%.

The Government imposed a zero-tax status on certain imported goods (mainly food) to slow down inflation, but the impact is expected to last only during 2013, as the CEMAC only allows for temporary measures on prices. Over 2014-2016, the Government expects inflation to be approximately 2.6% (yearly average) due to (i) increases in food production and (ii) improvement in the supply of markets and distribution channels as a result of the development in road infrastructure.

Foreign Reserves

Each BEAC member country's international reserves are pooled in the BEAC's operations account, which is held at the French treasury. This account is allowed to be in deficit, which guarantees the convertibility of the CFA franc (though only for physical transactions). In return, the BEAC countries are required to maintain 50% of their foreign assets in the operations account, which is denominated in Euros, with the remainder free to be converted into other currencies.

The IMF recommends a minimum of three months' import cover. As at the end of 2012, Gabon's reserves were at approximately seven months' import cover, above the average of 5.7 months for the CEMAC region.

The table below sets out certain information regarding Gabon's foreign reserves as at the dates indicated:

	2008	2009	2010	2011	2012
			(CFA millions)		
Foreign reserves					
Gold	879	N/A[1]	4,732	9,948	10,746
Bills and Currencies	1,285	1,878	1,954	2,056	1,609
French Treasury	889,794	709,552	551,768	790,451	802,242
DTS Holdings	219	94,802	101,025	103,365	101,559
IMF Reserve	318	353	276	441	485
Other	–	–	–	–	263,729
Total Foreign Reserves	**907,112**	**907,585**	**857,488**	**1,103,591**	**1,179,920**

(1) No data available

Source: BEAC

Between 2011 and 2012, Gabon's foreign reserves slightly increased from CFA 1,103,591 million to CFA 1,176,121 million.

As at 31 December 2011 and 2012, Gabon's foreign reserves were held principally in euros, US dollars and DTS in proportions as set out below:

	31 December 2011	31 December 2012
Euros	988,759	1,055,019
DTS	103,806	101,559
US dollars	19,025	22,856

Money supply

The following table sets out certain information regarding Gabon's money supply as at 31 December for each of the years unless otherwise indicated:

	2010	2011[1]	2012[2]	2013[2]
	(CFA billions except percentages)			
Net foreign assets	**894.0**	**1,045**	**1,263**	**1,426**
Net domestic assets	495.0	712.0	714.0	781.0
Domestic credit	663.0	930.0	1,341.0	1,716.0
Claims on central government (net)	84.0	102.0	308.0	412.0
Claims on public agencies (net)	(24.0)	(21.0)	(21.0)	(21.0)
Claims on nongovernment	590.0	839.0	1,053.0	1,325.0
Other items (net)	(168.0)	(218.0)	(627)	(935)
Broad money (M2)	**1,389.0**	**1,757.0**	**1,977.0**	**2,207.0**
Currency	222.0	293.0	324.0	346.0
Deposits	1,168.0	1,464.0	1,653.0	1,861.0
Change as percent of beginning of M2				
Net foreign assets	(16.2)	10.9	12.4	8.2
Net domestic assets	29.7	12.3	0.1	3.0
Domestic credit	19.6	15.210.4	20.8	17.0
Claims on central government (net)	18.7	1.1	10.4	4.7
Claims on nongovernment	0.8	14.1	10.9	12.3
Other items (net)	(0.7)	0.2	0.0	0.0

(1) Estimates

(2) Projections

Source: IMF, Article IV 2012

Net foreign assets increased from an estimated CFA 1,045.0 billion as at 31 December 2011 to an estimated CFA 1,263.0 billion as at 31 December 2012, an increase of 20.9%, due to a favourable international and national context, with a dynamic domestic growth. Net domestic assets remained almost unchanged between 2011 and 2012 with a slight increase from an estimated CFA 712.0 billion to an estimated CFA 714.0 billion as at 31 December 2012. Monetary supply has increased from an estimated CFA 1,757.0 billion as at 31 December 2011 to an estimated CFA 1,977.0 billion as at 31 December 2012, an increase of 12.5%.

The Gabonese Banking System

The banking sector is very concentrated. As at 31 August 2013, 10 banks were operational. These are the *Banque de l'Habitat du Gabon* ("**BHG**"), the *Banque Gabonaise de Dévelopement* ("**BGD**"), the *Banque Internationale pour le Commerce et l'Industrie* ("**BICIG**"), the *Banque Gabonaise et Française Internationale* ("**BGFIBank**"), Citibank Gabon, Ecobank Gabon, ORABank Gabon, the *Union Gabonaise de Banque* ("**UGB**"), United Bank for Africa – Gabon ("**UBA-Gabon**") and Postbank. Total assets amounted to CFA 2,402 billion in August 2013, a 15.7% increase compared to August 2012, primarily due to an increase in deposits of 17.9% between 2012 and 2013.

The largest bank, the BGFIBank, accounts for approximately 50% of bank deposits and loans. The BICIG and the UGB, affiliated with the French bank, BNP Paribas and the Moroccan group Attijariwafa, respectively, are the second and third largest. These three banks account for 70-80% of all bank loans and deposits.

Concentration can result in inefficiency, lack of innovation and diminished competition. With so few banks, any financial problems in one bank are also more likely to affect the whole system. To test the soundness of the banking system, stress tests are performed on a regular basis by the Cobac (as defined below). In November 2013, the IMF published a report on the financial system of the CEMAC in which it positively reviewed the Gabonese banking system when compared to the banking system of other countries in the region.

The State has a stake of approximately 26% in the UGB and 26.3% in the BICIG and is an indirect shareholder of BGFIBank as the BGD holds 10% of its capital. The commercial banks offer most corporate banking services or can procure them from overseas. Local credit to the private sector is limited and expensive but available to both foreign and local investors on equal terms.

The BGD, whose main objective is to encourage the country's economic and social development, is owned in particular by the AFD (11.4%) and by the State (69%). The BGD lends to small- and medium-sized companies. The BGD has diversified its activities to most sectors of the Gabonese economy, granting short-, medium- and long-term loans to both the private and public sectors and taking equity shareholdings in Gabonese companies. The BGD also finances forest development projects. The BGD benefits from the support of international institutions such as the AFD, the *Banque Européenne d'Investissement* and the *Société Financière Internationale*. The BGD has for ambition to become more involved in the financing and support of SME in order to take more active a role in the financing of the Gabonese economy.

The banking sector is small because the key drivers of the economy, the oil companies, finance themselves outside Gabon and the small- and medium- sized enterprises and the retail sectors remain underdeveloped. Commercial banks have transferred excess liquidity to correspondent banks outside the region. In July 2013, the BEAC decreased its reference rate by 50 basis points leading to an interest rate spread of 300 basis points between the BEAC and the European Central Bank. The spread between lending and deposit rates has decreased in the last few years and is expected to stay below 6% in 2013. The banking sector has, however, expanded in recent years due to high oil prices. Consequently, the total number of demand and savings deposits has increased from 8% of GDP in 2000 to approximately 16% in 2006 and to approximately 24% in 2013.

The level of credit to the private sector is limited by the BEAC setting minimum and maximum interest rates and difficulties in effectively monitoring loan portfolios. Nevertheless, credit to the private sector increased by 29.7% in 2012 (as compared to 2011), due to a favourable domestic economic situation.

Financial stability has improved since the Financial Sector Stability Assessment of 2006, but important structural challenges remain. The sector is shallow, even by regional standards. As lending and other financial instrument opportunities are limited in Gabon, the banks have increased their holdings of foreign assets and minimised their domestic activities by setting minimum deposits and income levels, effectively limiting the provision of financial services to a selected few. In particular, these practices have left small- and medium-sized businesses with little access to the banking system.

It should be noted that the current global financial crisis and the consequences on the Eurozone did not directly affect the Gabonese financial sector. The credit institutions, under the supervision of the Cobac (as defined below), comply with their prudential requirements. However, even if the credit institutions have good access to liquidity, they still do not have sufficient own funds to finance their development.

Banking Regulatory Authority

The *Commission Bancaire de l'Afrique Centrale* (the "**Cobac**") supervises and regulates the banking sector of the six member states of the CEMAC. The Cobac was created on 16 October 1990, and its members were officially installed on 22 January 1993. The Cobac's objective is to improve the effectiveness of the monetary and financial sector by supervising all financial intermediaries in the CEMAC region, such as banks and finance companies, including leasing companies, consumer credit companies and savings banks, ensuring banks' compliance with prudential norms and issuing and withdrawing banking licences.

The Cobac depends on the BEAC for financial and human resources and the governor of the BEAC chairs the board of the Cobac. The board of the Cobac consists of 12 members: the chairman, seven members representing the member states of the CEMAC, three auditors from the BEAC and one member of the French banking commission.

The Cobac has introduced a more rigorous classification system for loans and supervision has strengthened in recent years. Nevertheless, for Cobac-regulated banks, the proportion of non-performing loans has increased, rising from 7.6% in 2007 to 9.9% in 2010 but is estimated at 4.4% as at the end of December 2011.

Under the Cobac there is a substantial amount of compliance with the Basel Core Principles, which set out capital adequacy requirements for banks.

Currency transactions valued at more than CFA 5 million require use of commercial banks. Banks carrying out the actual exchanges must assess the economic reality of the transaction. Investments in a CEMAC member country of more than CFA 100 million must be declared, and in some cases authorised and are put under review for 30 days. This procedure enables the investment and income relating to it to be more easily traceable.

Regional Stock Exchange

In June 2003, the six member states of the CEMAC created a regional stock exchange, the *Bourse des valeurs mobilières d'Afrique centrale* (the "**BVMAC**"). The BVMAC became operational in August 2008 and is headquartered in Libreville. The objectives of the BVMAC are to facilitate regional economic integration, to increase methods of financing for companies, to improve good governance and reliability of information and to attract foreign investment. The Commission for the Surveillance of the Financial Market (the "**COSUMAF**"), created in 2001, is the statutory body which regulates the BVMAC.

Since 2008, eight issuers have listed notes and shares on the BVMAC for a total value of CFA 262 billion. As at 30 September 2013, there were six debt securities and one equity security listed on the BVMAC. The main securities (in value) listed on the exchange were issued by the following entities: Chad (CFA 100 billion), Gabon (CFA 81.5 billion), the International Finance Corporation (CFA 12.5 billion) and Petro Gabon (CFA 7.0 billion).

As at 30 September 2013, market capitalisation and the total amount outstanding of bonds stood at CFA 113.1 billion and CFA 162.4 billion, respectively.

Following a slow beginning, an increasing number of transactions are taking place on the exchange. The total value of the transactions in 2012 amounted to CFA 23.0 billion and the total value of the transactions for the first nine months of 2013 was CFA 17.7 billion.

In 2001, Cameroon set up its own stock exchange, in Douala, which could limit the efficiency and use of the BVMAC.

TERMS AND CONDITIONS OF THE NOTES

The following (except for the paragraph in italics in Condition 12) is the text of the Terms and Conditions of the Notes, which will be endorsed on each Note in definitive form:

The US$1,500,000,000 6.375% Amortizing Notes due 2024 (the "**Notes**", which expression includes any further notes issued pursuant to Condition 12 and forming a single series therewith) of the Gabonese Republic (the "**Republic**" or "**Gabon**") were authorised by the Rectified Finance Law no. 20/2013 dated 25 November 2013 promulgated by the Presidential decree no.0926/PR dated 25 November 2013 (as published in the Official journal dated on 25 November 2013). A fiscal agency agreement dated 12 December 2013 (the "**Fiscal Agency Agreement**") has been entered into in relation to the Notes among the Republic, Citibank, N.A. as fiscal agent (the "**Fiscal Agent**"), Citigroup Global Markets Deutschland AG & Co. KGaA as registrar (the "**Registrar**"), the other paying agents named therein (together with the Fiscal Agent and the Registrar, the "**Paying Agents**") and the transfer agents named therein (the "**Transfer Agents**").

In these Conditions, "Fiscal Agent", "Registrar", "Paying Agents" and "Transfer Agents" shall include any successors appointed from time to time in accordance with the provisions of the Fiscal Agency Agreement and any reference to an "Agent" or "Agents" shall mean any or all (as applicable) of such persons.

The statements set out in these Conditions include summaries of, and are subject to, detailed provisions of the Fiscal Agency Agreement. The Noteholders (as defined in Condition 1(b)) are bound by, and deemed to have notice of, all the provisions of the Fiscal Agency Agreement. Copies of the Fiscal Agency Agreement are available for inspection during usual business hours at the principal office of the Fiscal Agent and at the offices of each of the other Agents.

References to "**Conditions**" are, unless the context otherwise requires, to the numbered paragraphs of these Conditions.

1. Form, Denominations and Title Transfer

(a) *Form and Denominations*

The Notes are in registered form, without coupons, in the denominations (by reference to the original principal amount) of US$200,000 or any amount in excess thereof which is an integral multiple of US$1. The Notes will be numbered serially. Notes sold pursuant to Rule 144A ("**Rule 144A Notes**") under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**"), shall initially be represented by a Global Note (as defined below) in substantially the form (subject to completion) attached to the Fiscal Agency Agreement (the "**Restricted Global Note**"). Notes sold pursuant to Regulation S (the "**Regulation S Notes**") under the U.S. Securities Act shall initially be represented by a Global Note in substantially the form (subject to completion) attached to the Fiscal Agency Agreement (the "**Unrestricted Global Note**"). Rule 144A Notes in definitive form will be issued in exchange for interests in the Restricted Global Note and will bear a legend as set forth in the Fiscal Agency Agreement and Regulation S Notes in definitive form will be issued in exchange for interests in the Unrestricted Global Note and will also bear a legend as set forth in the Fiscal Agency Agreement, in each case, only in the limited circumstances described in the Fiscal Agency Agreement. Interests in the Restricted Global Note are exchangeable for interests in the Unrestricted Global Note and interests in the Unrestricted Global Note are exchangeable for interests in the Restricted Global Note, in each case as described in the Fiscal Agency Agreement.

(b) *Title Generally*

Subject as set out below, title to the Notes will pass upon registration of transfers in accordance with the provisions of the Fiscal Agency Agreement. Prior to the due presentment of a Note for registration of transfer, the Republic, the Fiscal Agent, the Paying Agents and any of their respective agents may treat the Person (as defined in Condition 3(b)) in whose name such Note is registered as the owner of such Note for the purpose of receiving payment of principal and interest and any other amount on such Note (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on it, or its theft or loss), and none of the Republic, the Fiscal Agent, the Paying Agents or any of their respective agents will be liable for treating such Person as the registered owner of the Note.

"**Noteholder**", "**Holder**" or "**holder**", when used with respect to any Note, means the Person in whose name the Note is registered in the register for the Notes maintained pursuant to the Fiscal Agency Agreement (the "**Register**"); *provided, that* for so long as any of the Notes is represented by a Note in global form (a "**Global Note**") held on behalf of any of Euroclear Bank SA/NV ("**Euroclear**"), Clearstream Banking, société anonyme ("**Clearstream, Luxembourg**") or The Depository Trust Company ("**DTC**") or its nominee, as the case may be, each Person who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg or DTC (collectively the "**Clearing Agents**" and each individually a "**Clearing Agent**") as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg or DTC as to the principal amount of the Notes standing to the account of any Person shall be conclusive and binding for all purposes except in the case of manifest error), shall be treated by the Republic, the Fiscal Agent and the Paying Agents and any agent of any of them as the holder of such principal amount of such Notes for all purposes other than with respect to the payment of principal or interest or any other amount on the relevant Notes, for which purpose the registered owner of the relevant Global Note shall be treated by the Republic, the Fiscal Agent, the Paying Agents and any of their respective agents as the holder of such Notes in accordance with and subject to the terms of the relevant Global Note. So long as the Notes are represented by one or more Global Notes, they will be transferable only in accordance with the prevailing rules and procedures of the Clearing Agents.

Any reference herein to Euroclear, Clearstream, Luxembourg, DTC or the Clearing Agents shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Republic and the Fiscal Agent.

(c) *Transfers of Notes*

A Note may be transferred, in whole or in part, in an authorised denomination upon the surrender of the Notes to be transferred, together with the form of transfer endorsed on it duly completed and executed, at the specified office of the Registrar or any Transfer Agent (which shall include a Transfer Agent in London or such other place as may be approved by the Irish Stock Exchange Limited (the "**Irish Stock Exchange**"), as long as the Notes are listed on the Irish Stock Exchange). In the case of a permitted transfer of only part of a Note, a new Note in respect of the balance not transferred will be issued to the transferor. Each new Note to be issued upon the transfer of Notes will, upon the effective receipt of such form of transfer by the Registrar or a Transfer Agent at its respective specified office, be available for delivery at such specified office, or at the request of the holder requesting such transfer, will, within five Relevant Banking Days (as defined below) of receipt of such form of transfer, be mailed at the risk of the transferee entitled to the new Note to such address as may be specified in such form of transfer. For these purposes, a form of transfer received by the Registrar or a Transfer Agent during the period of 15 calendar days ending on the due date for any payment on each relevant Note shall be deemed not to be effectively received by such Registrar or Transfer Agent until the day following the due date for such payment.

All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfer of Notes set forth in the Fiscal Agency Agreement. The regulations may be changed by the Republic with prior written approval of the Registrar to reflect changes in legal requirements or in any other manner which is not prejudicial to the interests of the Noteholders and does not affect the transferability of the Notes. A copy of the current regulations will be mailed by the Registrar to any Noteholder who requests a copy. "**Relevant Banking Day**" means a day on which commercial banks are open for business in the place where the specified office of the Registrar or a relevant Transfer Agent, as the case may be, is located.

(d) *No Charge*

Registration or transfer will be effected without charge to the holder or transferee thereof, but upon payment (or against such indemnity from the holder or the transferee thereof as the Registrar or the relevant Transfer Agent may require) in respect of any stamp duty (or any other documentary tax or duty), tax or other governmental charge of whatever nature which may be levied or imposed in connection with such registration or transfer.

(e) *Closed Periods*

No Noteholder may require the transfer of a Note to be registered during the period of 15 calendar days ending on the due date for any payment on such Note.

2. Status

The Notes constitute direct, unconditional and unsecured (subject to Condition 3) obligations of the Republic. The Notes shall at all times rank *pari passu* without any preference among themselves and at least *pari passu* in right of payment with all other present and future unsecured External Indebtedness (as defined below) of the Republic. The full faith and credit of the Republic is pledged for the due and punctual payment of the Notes and for all obligations of the Republic with respect thereto.

3. Negative Pledge

(a) *Negative Pledge*

So long as any of the Notes remains Outstanding (as defined in the Fiscal Agency Agreement), the Republic will not create or permit to subsist any lien, pledge, mortgage, security interest, deed of trust, charge or other encumbrance or arrangement having a similar effect (any of the foregoing, a "**Lien**") (other than Permitted Liens) upon the whole or any part of its existing or future assets or revenues to secure any Public External Indebtedness of the Republic or any other Person or any Guarantee thereof unless, at the same time or prior thereto, the obligations of the Republic under the Notes are secured equally and rateably therewith or have the benefit of such other arrangements as may be approved by an Extraordinary Resolution (as defined in the Fiscal Agency Agreement) of the Noteholders.

(b) *Definitions*

In these Conditions:

"**External Indebtedness**" means any indebtedness of any Person for money borrowed or raised, which is payable, or which at the option of the relevant creditor or holder thereof may be payable, in a currency other than the lawful currency of the Republic.

"**Guarantee**" means, in relation to any indebtedness of any Person, any obligation of another Person to pay such indebtedness including (without limitation):

(i) any obligation to purchase such indebtedness;

(ii) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such indebtedness;

(iii) any indemnity against the consequences of a default in the payment of such indebtedness; and

(iv) any other agreement to be responsible for such indebtedness.

"**Permitted Lien**" means:

(i) any Lien upon property to secure Public External Indebtedness of the Republic or any Guarantee by the Republic of Public External Indebtedness of any other Person incurred for the purpose of financing the acquisition or construction of such property and any renewal and extension of such Lien which is limited to the original property covered thereby and which (in either case) secures any renewal or extension of the original secured financing;

(ii) any Lien securing Public External Indebtedness of the Republic or any Guarantee by the Republic of Public External Indebtedness of any other Person incurred for the purpose of financing all or part of the costs of the acquisition, construction or development of a project; *provided that* (A) the holders of such Public External Indebtedness or Guarantee expressly agree to limit their recourse to the assets and revenues of such project or the proceeds of insurance thereon as the principal source of repayments of such Public External Indebtedness and (B) the property over which such Lien is granted consists solely of such assets and revenues;

(iii) any Lien existing on property at the time of its acquisition (and not created in contemplation of such acquisition) to secure Public External Indebtedness and any renewal or extension of such Lien which is limited to the original property covered thereby and which secures any renewal or extension of the original secured financing, *provided that* the principal amount of the Public External Indebtedness secured thereby is not increased;

(iv) any Lien on any assets securing Public External Indebtedness which arises pursuant to any order or attachment, distraint or similar legal process arising in connection with court proceedings so long as the execution or other enforcement thereof is effectively stayed and the claims secured thereby are being contested in good faith by appropriate proceedings; and

(v) any Lien securing the Public External Indebtedness of the Republic or any Guarantee by the Republic of Public External Indebtedness of any other Person which was in existence on 6 December 2013 and any renewal or extension of such Lien which is limited to the original property covered thereby and which secures any renewal or extension of the original secured financing, *provided that* the principal amount of the Public External Indebtedness secured thereby is not increased.

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, unincorporated organization, trust or any other juridical entity, including, without limitation, state or agency of a state or other entity, whether or not having separate legal personality.

"**Public External Indebtedness**" means any External Indebtedness which (i) is in the form of or is represented by any bond, debenture, note or other similar instrument and (ii) has a maturity of more than one year from the date of issue and is, or is capable of being, quoted, listed or ordinarily purchased and sold on any stock exchange, automated trading system or over-the-counter or other securities market.

4. Interest

Each Note bears interest from 12 December 2013 (the "**Issue Date**") at the rate of 6.375% per year (the "**Rate of Interest**"), payable semi-annually in arrear on the principal amount thereof from time to time outstanding on 12 June and 12 December in each year (each, an "**Interest Payment Date**") until maturity, payable in U.S. dollars as provided in Condition 6. Each period beginning on (and including) the Issue Date or any Interest Payment Date and ending on (but excluding) the next Interest Payment Date is herein called an "**Interest Period**".

Each Note will cease to bear interest from and including its due date for final redemption unless, upon due presentation, payment of principal in respect of the Note is improperly withheld or refused, in which case it will continue to bear interest at the Rate of Interest until the earlier of (a) the day on which all sums due in respect of such Note up to that day are received by or on behalf of the relevant Noteholder and (b) the Business Day (as defined in Condition 6) after the Fiscal Agent has given notice to the Noteholders of receipt of all sums due in respect of all sums due in respect of all Notes up to that Business Day (except to the extent that there is any subsequent default in payment in accordance with these Conditions).

All interest shall be calculated on the basis of a year of 360 days consisting of 12 months of 30 days each and shall be rounded to the nearest cent (with 0.005 cents being rounded downwards).

5. Redemption, Purchase and Cancellation

(a) Redemption by Amortization and Final Redemption

Unless previously purchased and cancelled, the Notes will be redeemed in three instalments on each amortization date specified in column A below (each an "**Amortization Date**") at the related amortization amount specified in column B below (each an "**Amortization Amount**") payable as provided in Condition 6. The outstanding principal amount of the Notes shall be reduced by the Amortization Amount for all purposes with effect from the relevant Amortization Date such that the outstanding aggregate principal amount of the Notes following such reduction shall be as specified in column C below, unless the payment of the relevant Amortization Amount is improperly withheld or refused. In such a case, the relevant principal amount will remain outstanding until whichever is the earlier of (a) the day on which all sums due in respect of such Notes up to that day are received by or on behalf of the relevant Noteholders and (b) the Business Day after the Fiscal Agent has given notice to the Noteholders of receipt of all sums due in respect of all sums due in respect of all Notes up to that Business Day (except to the extent that there is any subsequent default in payment in accordance with these Conditions). The Notes shall be finally redeemed on 12 December 2024 (the "**Maturity Date**") at their final Amortization Amount payable as provided in Condition 6.

Amortization Date (A)	**Amortization Amount (B)**	**Outstanding Aggregate Principle Amount of the Notes (C)**
Interest Payment Date falling in December 2022	U.S.$500,000,000	U.S.$1,000,000,000
Interest Payment Date falling in December 2023	U.S.$500,000,000	U.S.$500,000,000
Maturity Date	U.S.$500,000,000	U.S.$0

In these Conditions, references to "**principal**" shall, unless the context requires otherwise, be deemed to include any Amortization Amount and references to the "**due date**" for payment shall, unless the context requires otherwise, be deemed to include any Amortization Date.

(b) Purchase and Cancellation

The Republic may at any time purchase Notes in the open market or otherwise and at any price, *provided that* such purchase is made in accordance with the U.S. Securities Act and any other applicable securities laws. Any Notes so purchased may be cancelled or held or resold *(provided that* such resale is outside the United States, as defined in Regulation S under the U.S. Securities Act). Any Notes so purchased which are not deemed to be Outstanding shall not entitle the holder to vote, or be counted for the purposes of calculating a quorum, at any meeting of Noteholders. Any Notes so cancelled may not be reissued.

6. Payments

(a) Payments Generally

(i) *Method of Payment*. Payment of amounts (whether principal, interest or otherwise) due (other than in respect of the final redemption) in respect of the Notes will be made by check in U.S. dollars drawn on a bank in New York City and mailed to the address (as recorded in the Register kept by the Registrar) of the Noteholder thereof on the relevant Record Date (as defined below) not later than the relevant due date for payment unless, prior to the relevant Record Date, the Noteholder has applied to the Registrar and the Registrar has acknowledged such application for payment to be made to a designated U.S. Dollar account, in which case payment shall be made on the relevant due date for payment by transfer to such account. Payment on a Global

Note will be made through DTC, Euroclear or Clearstream, Luxembourg, as the case may be. All amounts due in respect of the Notes (including interest, principal and other amounts) shall be calculated in U.S. dollars, for payment in U.S. dollars.

(ii) *Payments to Persons Who are Noteholders on Record Dates*. Payment of amounts due in respect of Notes (other than in respect of the final redemption) will be paid to the Noteholders thereof as appearing in the Register kept by the Registrar as at close of business (local time in the place of the specified office of the Registrar) on the fifteenth calendar day before the due date for such payment (the "**Record Date**").

(iii) *Payments of Amounts Due on Final Redemption*. Payment of amounts (including accrued interest) due on the final redemption of the Notes will be made against presentation and surrender of the relevant Notes at the specified office of the Registrar or any of the Paying Agents. If the due date for payment of the final Amortization Amount of any Note is not a Business Day (as defined below), then the Noteholders thereof will not be entitled to payment thereof until the next day which is a Business Day and no further payment on account of interest or otherwise shall be due in respect of such postponed payment unless there is a subsequent failure to pay in accordance with these Conditions, in which event interest shall continue to accrue as provided in Condition 4. For purposes of the Notes, "**Business Day**" means (i) a day on which commercial banks and foreign exchange markets settle payments in New York City and London, (ii) in relation to payments due upon presentation and/or surrender of any Note, on which commercial banks are open and foreign exchange markets settle payments in U.S. dollars in the place of presentation and (iii) in relation to Global Notes, on which the Clearing Agents are in operation.

(b) *Fiscal Laws; Commissions*

All payments of principal and interest in respect of the Notes are subject in all cases to any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provision of Condition 7. No commissions or expenses shall be charged to the Noteholders in respect of payments under the Notes.

(c) *Presentation Dates and Other Payment Matters*

(i) *Presentation Dates*. A Noteholder shall be entitled to present a Note for payment only on a Presentation Date and shall not, except as provided in Condition 4, be entitled to any further interest or other payment if a Presentation Date is after the due date for the relevant payment. "**Presentation Date**" means a day which (subject to Condition 9) is or falls after the relevant due date or, if the due date is not or was not a Business Day, is or falls after the next following Business Day.

(ii) *Other Payment Matters*. If a Note is presented for payment at a time when, as a result of differences in time zones, it is not practicable to transfer the relevant amount to an account designated for payment as provided above for value on the relevant Presentation Date, the Republic shall not be obligated to effect transfer to such account for value on such date but shall be obliged to transfer the relevant amount to such account for value on the first practicable date after such Presentation Date. In any case where the due date for the payment of the principal of or interest on any Note is not a Business Day at a place of payment, payment of principal or interest need not be made on such date at such place but may be made on the next succeeding Business Day, with the same force and effect as if made on the date for such payment, and no interest shall accrue for the period after such date.

(d) *Agents*

The initial Agents and their initial specified offices are listed below. Any of the Agents may resign in accordance with the provisions of the Fiscal Agency Agreement and the Republic reserves the right at any time to vary or terminate the appointment of any Agent and appoint additional or other Agents, *provided that* while the Notes are Outstanding it will at all times maintain (a) a Fiscal Agent, a Registrar, a Paying Agent and a Transfer Agent having a specified office in London or such other place as may be approved by the Irish Stock Exchange, so long as the Notes are listed on the Irish Stock Exchange, and otherwise in any major European City and (b) a paying agent in an EU member state that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC. Notice of any change in the Agents or their specified offices will be given promptly to the Noteholders in accordance with Condition 13.

7. Taxation

All payments of principal and interest in respect of the Notes by or on behalf of the Republic shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes (including royalties), duties (including customs duties), assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of or within the Republic or any political subdivision or any authority thereof or therein having power to tax (together, "**Taxes**"), unless such withholding or deduction is required by law. If any such withholding or deduction is required by law, the Republic shall pay such additional amounts as will result in the receipt by the Noteholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable:

(a) to a holder, or to a third party on behalf of a holder, if such holder is liable for such Taxes in respect of such Note by reason of having some connection with the Republic other than the mere holding of such Note;

(b) in respect of a Note presented for payment (where presentation is required) more than 30 days after the Relevant Date, except to the extent that the holder would have been entitled to such additional amounts on duly presenting the Note for payment on the last Business Day of such period of 30 days, assuming that day to have been a Presentation Date;

(c) in respect of any estate, inheritance, gift, sales, transfer, capital gains, excise or personal property or similar tax, assessment or governmental charge;

(d) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directive; or

(e) in respect of a Note presented for payment (where presentation is required) by or on behalf of a Noteholder who would have been able to avoid such withholding or deduction by presenting the relevant Note to another Paying Agent in a member state of the European Union.

In these Conditions, "**Relevant Date**" means the later of (i) the date on which the payment in question first becomes due and (ii) if the full amount payable has not been received in New York City by the Fiscal Agent on or prior to such due date, the date on which (the full amount having been so received) notice to that effect has been given to the Noteholders.

Any reference in these Conditions to principal or interest in respect of the Notes shall be deemed to include any additional amounts which may be payable under this Condition 7.

8. Events of Default

If any of the following events (each an "**Event of Default**") occurs and is continuing:

(a) *Non-Payment*

the Republic fails to pay principal, premium, if any, or interest in respect of any of the Notes when due and payable and such failure continues for a period of 10 days; or

(b) *Breach of Other Obligations*

the Republic fails to perform or observe any other obligations in respect of the Notes and that failure continues for 30 days after any Noteholder gives written notice to the Republic to remedy the failure, delivered to the Republic (with a copy of such notice to the Fiscal Agent at its specified office); or

(c) *Cross-Default*

(i) Any other External Indebtedness of the Republic becomes due and payable prior to stated maturity thereof by reason of default, or (ii) any such External Indebtedness is not paid at maturity thereof, or (iii) any Guarantee of such External Indebtedness is not honoured when due and called upon and, in the case of (ii) or (iii), that failure continues beyond any applicable grace period; *provided, that* the amount of External Indebtedness referred to in (i) and/or (ii) and/or the amount payable under any Guarantee referred to in (iii) individually or in the aggregate exceeds US$20,000,000 (or its equivalent in any other currency or currencies); or

(d) *International Monetary Fund (“**IMF**”) Membership*

the Republic ceases to be a member, or becomes ineligible to use the resources of, the IMF or of any successor (whether corporate or not) that performs the functions of, or functions similar to the IMF; or

(e) *Moratorium*

the Republic shall have declared a general moratorium on the payment of principal of, or interest on, all or any part of its External Indebtedness or if the Republic denies any of its payment obligations under the Notes (whether by a general suspension of payments, a moratorium or otherwise on the payment of its External Indebtedness); or

(f) *Unenforceability*

for any reason whatsoever (i) it shall be or become unlawful for the Republic to perform or comply with all or any of its obligations set out in the Notes, including, without limitation, the payment of interest on the Notes, as a result of any change in law or regulation in Gabon or (ii) the obligations under the Notes are declared by a court of competent jurisdiction to be no longer binding or no longer enforceable against the Republic;

(g) *Validity*

if the Republic or any political subdivision thereof contests the validity of the Notes; or

(h) *Consents*

if any authorisation, consent of, or filing or registration with, any governmental authority necessary for the performance of any payment obligation of the Republic under the Notes, when due, ceases to be in full force and effect or remaining valid and subsisting,

then the holders of 25% or more in the aggregate principal amount of the Outstanding Notes may, by written notice to the Republic, delivered to the Republic (with a copy of such notice to the Fiscal Agent at its specified office), declare the Notes due and payable at their outstanding principal amount (as determined in accordance with Condition 5) immediately. Notice of any such declaration shall promptly be given to all other Noteholders by the Republic. Upon any declaration of acceleration, the principal, interest and all additional amounts payable on the Notes will become immediately due and payable on the date the Republic receives written notice of the declaration. No delay or omission of any Noteholder or any party to the Fiscal Agency Agreement to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or any other breach of obligations under the Fiscal Agency Agreement.

If the Republic receives notice in writing from holders of at least 50% in aggregate principal amount of the Outstanding Notes to the effect that the Event of Default or Events of Default giving rise to any above-mentioned declaration of acceleration is or are cured following any such declaration and that such holders wish the relevant declaration to be withdrawn, the Republic shall give notice thereof to the Noteholders (with a copy to the Fiscal Agent), whereupon the relevant declaration shall be withdrawn and shall have no further effect but without prejudice to any rights or obligations which may have arisen before the Republic gives such notice (whether pursuant to these Conditions or otherwise). No such withdrawal shall affect any other or any subsequent Event of Default or any right of any Noteholder in relation thereto.

9. Prescription

Pursuant to the Gabonese Act No. 5/85 relating to public accounting, any money paid by the Republic to the Fiscal Agent for payment due under any Note that remains unclaimed at the end of four years after the due date for that payment will be repaid to the Republic and the holder of such Note shall thereafter look only to the Republic for payment.

Claims against the Republic in respect of principal and interest shall become void unless made within a period of four years from the appropriate Relevant Date.

10. Replacement of Notes

If any Note is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Fiscal Agent or the Transfer Agent, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Republic may reasonably require. Mutilated or defaced Notes must be surrendered before replacements will be issued.

11. Meetings of Noteholders, Modification and Waiver

(a) Meetings of Noteholders

The Fiscal Agency Agreement contains provisions for convening meetings of Noteholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions (having been approved by the Republic) or any provisions of the Fiscal Agency Agreement. Such a meeting may be convened by the Republic and shall be convened by the Republic upon the request in writing of Noteholders holding not less than 10% of the aggregate principal amount of the Notes for the time being Outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing more than 50% of the aggregate principal amount of the Notes for the time being Outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the aggregate principal amount of the Notes held or represented, *provided that* any proposals relating to a Reserved Matter may only be sanctioned by an Extraordinary Resolution passed at a meeting of Noteholders at which two or more persons holding or representing not less than two-thirds of the aggregate principal amount of the Notes for the time being Outstanding, or at any adjourned meeting, one-third of the aggregate principal amount of the Notes for the time being Outstanding, form a quorum. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed).

The holder(s) of a Global Note will be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, as having one vote in respect of each US$1 in principal amount of Notes for which the relevant Global Note may be exchanged.

(b) *Extraordinary Resolutions and Reserved Matters*

In these Conditions, "**Extraordinary Resolution**" means:

(i) in relation to any Reserved Matter:

(A) a resolution passed at a meeting of Noteholders duly convened and held in accordance with the Fiscal Agency Agreement by a majority consisting of not less than 75% of the votes cast; or

(B) a resolution in writing signed (whether on one document or several documents in the same form) by or on behalf of holders of not less than 75% of the aggregate principal amount of the Notes for the time being Outstanding; and

(ii) in relation to any other matter:

(A) a resolution passed at a meeting of Noteholders duly convened and held in accordance with the Fiscal Agency Agreement by a majority consisting of not less than 66.67% of the votes cast; or

(B) a resolution in writing signed (whether on one document or several documents in the same form) by or on behalf of holders of not less than 66.67% of the aggregate principal amount of the Notes for the time being Outstanding; and

a "**Reserved Matter**" means any proposal, amendment, modification or change that could or would:

(i) change the due date for the payment of any principal, any premium, any interest or any other amount on the Notes;

(ii) reduce or cancel the principal amount of the Notes, the portion of the principal amount of the Notes that is payable on any date, the interest rate thereon or any premium or other amount payable on any date or change in the method of calculating any amount so payable;

(iii) change the currency or place of payment of principal or any premium or interest or other amount on the Notes;

(iv) change the quorum required at any meeting of Noteholders or the percentage of principal amount of the Noteholders whose vote or consent is needed to modify, amend or supplement the Fiscal Agency Agreement or the terms of the Notes or to take any other similar action;

(v) change the percentage of principal amount of the Noteholders whose vote or consent is needed for any Reserved Matter or any decision or action by or on behalf of the Noteholders;

(vi) change the definition of "Extraordinary Resolution" or "Outstanding";

(vii) change the Republic's obligation to pay additional amounts;

(viii) change or waive the provisions set out in Condition 2;

(ix) change any provision of the Notes describing the circumstances in which the Notes may be declared due and payable prior to their scheduled final redemption date, as set out in Condition 8;

(x) permit early redemption of the Notes or, if early redemption is already permitted, set a redemption date earlier than the date previously specified or reduce the redemption price;

(xi) change the law governing the Notes, the courts to the jurisdiction of which the Republic has submitted in the Notes, the Republic's obligation to maintain an agent for service of process in the State of New York or the Republic's waiver of immunity in respect of actions or proceeding brought by any Noteholder set out in Condition 16;

(xii) modify any provision of these Conditions in connection with any exchange or substitution of the Notes for, or the conversion of the Notes into, any other obligations or securities of the Issuer or any other Person which would result in the Conditions as so modified being less favorable to the holders of Notes which are subject to the Conditions as so modified than:

(A) the provisions of the other obligations or securities of the Issuer or any other Person resulting from the relevant exchange or substitution or conversion; or

(B) if more than one series of other obligations or securities results from the relevant exchange or substitution or conversion, the provisions of the resulting series having the largest aggregate principal amount; or

(xiii) amend this definition.

(c) Modification without consent of Noteholders

The Republic and the Fiscal Agent may, without the consent of the Noteholders, amend the Fiscal Agency Agreement or the Notes for the purpose of (i) adding to the Republic's covenants for the benefit of the Noteholders, (ii) surrendering any of the Republic's rights or powers, (iii) providing collateral for the Notes, (iv) curing any ambiguity or curing, correcting or supplementing any defective provision thereof or (v) amending the Fiscal Agency Agreement or the Notes in any manner which the Republic and the Fiscal Agent may determine and shall not be materially prejudicial to the interest of any Noteholder.

(d) Notes controlled by the Republic

For the purposes of ascertaining the right to attend and vote at any meeting of Noteholders or the right to sign, or authorise the signature of any written consent under this Condition 11 and under Condition 8, those Notes (if any) which are held in circumstances where the Republic has the power to direct the casting of votes in respect of such Notes, whether directly or indirectly, shall (unless and until ceasing to be so held) be disregarded and be deemed not to remain Outstanding. Without prejudice to the generality of the previous sentence, the Republic shall be deemed to have the power to direct the casting of votes in respect of a Note if the Note is held by or on behalf of the Republic or by or on behalf of any Person which is owned or controlled directly or indirectly by the Republic or by any public sector instrumentality of the Republic. As used in this paragraph, "**public sector instrumentality**" means the Bank of Central African States, any department, ministry or agency of the government of Gabon or any corporation, trust, financial institution or other entity owned or controlled by the government of Gabon and "**control**" means the power, directly or indirectly, through the ownership of voting securities or other ownership interests or otherwise, to direct the management of or elect or appoint a majority of the board of directors or other persons performing similar functions in lieu of, or in addition to, the board of directors of a corporation, trust, financial institution or other entity. In advance of any meeting of Noteholders or written consent by the Noteholders, the Republic shall provide to the Fiscal Agent a certificate of the Republic setting out the total number of Notes which are held in circumstances where the Republic has at the date of such certificate the power to direct the casting of votes in respect of such Notes. The Fiscal Agent shall make any such certificate available for inspection during normal business hours at its specified office and, upon reasonable request, will allow copies of such certificate to be taken.

12. Further Issues

The Republic may from time to time, without the consent of the Noteholders, create and issue further notes ranking equally in all respects (or in all respects except for the amount, the date of the first payment of interest thereon and for certain transfer restrictions) so that the same shall be consolidated and form a single series with the Notes.

Noteholders should be aware that additional notes that are treated for non-tax purposes as a single series with the original Notes may be treated as a separate series for U.S. federal income tax purposes. In such a *case, for U.S. federal income tax purposes, the new notes may be considered to have been issued with original issue discount, which may affect the market value of the original Notes since such additional notes may not be distinguishable from the original Notes.*

13. Notices

(a) Publication of Notices

Subject to Condition 13(b), notices to the Noteholders will be valid if mailed to them at their respective addresses in the Register. So long as the Notes are admitted to listing and/or trading on any stock exchange or relevant authority, the Republic will also publish notices to the holders of the Notes in a manner which complies with the rules and regulations of such stock exchange and/or other relevant authority. Any notice shall be deemed to have been given (i) in the case of a letter sent by mail, on the fourth business day after being so mailed or (ii) if so published, the date of publication or, if so published more than once or on different dates, on the date of the first publication.

(b) Notices through Clearing Agents

So long as any Global Note is held on behalf of DTC, Euroclear or Clearstream, Luxembourg, there may be substituted for notice by mail or through publication on the Companies Announcement Office of the Irish Stock Exchange to Noteholders represented thereby the delivery of the relevant notice to the relevant Clearing Agent for communication by it to the Noteholders held in accounts with that Clearing Agent, *provided that* any such notice will be deemed to have been given on the second Business Day after the day on which it was given to the relevant Clearing Agent.

(c) Effect of Certain Notices

Neither the failure to give notice nor any defect in any notice given to any particular Noteholder shall affect the sufficiency of any notice with respect to other holders.

(d) Notices to the Republic and Any Agent

Except as otherwise expressly provided herein, any request, demand, authorisation, direction, notice, consent, election, waiver or other act of the Noteholders or other document provided or permitted by the Fiscal Agency Agreement to be made upon, given or furnished to, or filed by any Noteholder with,

(i) the Fiscal Agent shall be sufficient for every purpose hereunder and under the Fiscal Agency Agreement, if made, given, furnished or filed in writing to the Fiscal Agent at its office specified herein or pursuant to the Fiscal Agency Agreement; or

(ii) the Republic shall be sufficient for every purpose hereunder and under the Fiscal Agency Agreement (unless otherwise herein or therein expressly provided) if made, given, furnished or filed in writing to or with the Republic at the address specified on the signature pages of the Fiscal Agency Agreement or at any other address previously furnished in writing to the Fiscal Agent by the Republic.

Any such notice by a holder may be furnished or filed by any standard form of telecommunications, including facsimile or email, so long as such notice is confirmed in writing by the Noteholder or its agent and delivered promptly by airmail to the Fiscal Agent or the Republic, as the case may be or, so long as the Notes are represented by a Global Note, through the relevant Clearing Agent's international communication system utilized for communication with its respective member organizations to the Fiscal Agent via DTC, Euroclear or Clearstream, Luxembourg, in such manner as the Fiscal Agent and DTC, Euroclear or Clearstream, Luxembourg, as the case may be, may approve for this purpose. The Republic or the Fiscal Agent, as the case may be, may require any Noteholder giving notice to furnish proof of its holding of the Notes.

14. Indemnity of the Fiscal Agent and Other Agents

The Fiscal Agency Agreement contains provisions for the indemnification of the Fiscal Agent and the other Agents and for their relief from responsibility. The Fiscal Agent and each other Agent is entitled to enter into business transactions with the Republic without accounting for any profit. The Fiscal Agent and the other Agents are agents of the Republic and none of them is a trustee or fiduciary for any of the holders of the Notes. All funds held by any Agent for the payment of principal of or any interest on the Notes shall be held in a separate account in trust and applied as set forth in the Fiscal Agency Agreement and in the Notes.

15. Currency Indemnity

U.S. dollars is the sole currency of payment for all sums payable by the Republic under or in connection with the Notes. Any amount received or recovered in a currency other than U.S. dollars (whether as a result of, or the enforcement of, a judgment or order of a court of any jurisdiction or otherwise) by any Noteholder in respect of any sum expressed to be due to it from the Republic shall only constitute a discharge of the Republic to the extent of the U.S. dollar amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so). If that U.S. dollar amount is less than the U.S. dollar amount expressed to be due to the recipient under any Note, the Republic shall indemnify such recipient against any loss sustained by it as a result. In any event, the Republic shall indemnify the recipient against the cost of making any such purchase. These indemnities constitute separate and independent obligations from the Republic's other obligations, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any Noteholder and shall continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due under any Note or any judgment or order.

16. Governing Law and Consent to Service

The Fiscal Agency Agreement and the Notes are governed by, and shall be construed in accordance with, the laws of the State of New York. The Republic irrevocably agrees for the benefit of each of the Noteholders that the courts of the State of New York and the United States sitting in The City of New York, Borough of Manhattan shall have non-exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Fiscal Agency Agreement or the Notes and that, accordingly, any suit, action or proceedings (collectively, "**Proceedings**") arising out of or in connection therewith may be brought in any such courts. The Republic irrevocably submits to the non-exclusive jurisdiction of the courts referred to in this Condition for purposes of any Proceeding and irrevocably and unconditionally waives to the fullest extent permitted by law, any objection which the Republic may have based an improper venue or forum *non conveniens* to the conduct of such Proceedings. The Republic, and each Noteholder by its acquisition of a Note, hereby irrevocably waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in respect of any Proceedings.

To the extent that the Republic may in any jurisdiction claim or acquire for itself or its assets immunity (sovereign or otherwise) from suit, execution, attachment or other legal process (whether through service or notice or otherwise), the Republic irrevocably agrees for the benefit of the holders not to claim, and irrevocably waives, such immunity, to the fullest extent permitted by the laws of such jurisdiction (other than immunity from pre-judgment attachments, which is expressly not waived). The waiver of immunity in this paragraph shall have the fullest scope permitted under the Foreign Sovereign Immunities Act of 1976 of the United States and is intended to be irrevocable for purposes of such act, but shall otherwise constitute a limited and specific waiver for the purpose of the Fiscal Agency Agreement and the Notes and under no circumstances shall it be interpreted as a general waiver by the Republic or a waiver of immunity in respect of (a) property used by a diplomatic or consular mission of the Republic, (b) property of a military character and under the control of a military authority or defense agency of the Republic or (c) property located in Gabon and dedicated to a public or governmental use by the Republic. The Issuer reserves the right to plead sovereign immunity under the U.S. Foreign Sovereign Immunities Act of 1976 with respect to actions brought against it in any court of or in the United States of America under any United States federal or State securities law.

The Republic hereby irrevocably appoints the Ambassador Extraordinary and Plenipotentiary of the permanent mission of the Gabonese Republic to the United Nations located at 18 East 41st Street, Ninth Floor, New York, NY 10017 as its authorised agent upon whom process may be served in any suit, action or proceeding arising out of or based upon the performance of its obligations under the Notes brought in any court of the State of New York and the United States sitting in The City of New York, Borough of Manhattan.

FORM OF NOTES

Form of Notes

All Notes will be in registered form, without coupons attached. The Notes sold in offshore transactions in reliance on Regulation S will initially be in the form of Regulation S global notes, which will be deposited with a common depositary outside the United States registered in the name of a nominee of Euroclear or Clearstream, Luxembourg. Until 40 days after the later of the commencement of the offering and the time of delivery of the Notes, beneficial interests in a Regulation S global note may be held only through Euroclear or Clearstream, Luxembourg, unless delivery is made through the related Rule 144A global note in accordance with the certification requirements described below. The Notes sold to QIBs in reliance on Rule 144A will initially be in the form of Rule 144A global notes, which will be deposited with DTC, or a custodian of DTC, and registered in the name of a nominee of DTC.

The Notes (including beneficial interests in the global notes) will be subject to certain restrictions on a transfer set forth in the Notes and in the relevant fiscal agency agreement and will bear a legend regarding such restrictions as provided in the "Transfer Restrictions". Under certain circumstances, transfer may be made only upon receipt by the fiscal agent of a written certification (in the form(s) provided in the relevant fiscal agency agreement).

Book Entry Ownership of Global Notes

The Republic has applied to Euroclear and Clearstream, Luxembourg for acceptance in their respective book entry settlement systems of the Regulation S global notes. The Republic has also applied to DTC for acceptance in its book entry settlement system of the Rule 144A global notes.

Principal and interest payments on the Notes will be made by the Republic through the Fiscal Agent to a nominee of Euroclear and Clearstream, Luxembourg as the holder of the Regulation S global notes and to a nominee of DTC as the holder of the Rule 144A global notes. All payments duly made by the Republic as aforesaid shall discharge the liability of the Republic under the Notes to the extent of the sum or sums so paid. Therefore, after such payments have been duly made, none of the Republic, the Fiscal Agent or any Paying Agent will have any direct responsibility or liability for the payment of principal or interest on the Notes to owners of beneficial interests in the global notes. Payment by DTC Participants (as defined below) (which include certain underwriters, securities brokers and dealers, banks, trust companies and clearing corporations and which may in the future include certain other organisations) and Indirect DTC Participants (as defined below) (which include banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly) to owners of beneficial interests in the Rule 144A global notes will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in "street name", and will be the responsibility of the DTC Participants or Indirect DTC Participants. None of the Republic, the Fiscal Agent or any Paying Agent will have any responsibility or liability for any aspect of the records of the DTC relating to payments made by DTC on account of beneficial interests in the Rule 144A global notes or for maintaining, supervising or reviewing any records of DTC relating to such beneficial interests. Substantially similar principles will apply with regard to the Regulation S global notes and payments to owners of interests therein.

Exchange of Interests in Notes

On or prior to the 40th day after the later of the commencement of the offering and the time of delivery of the Notes, a beneficial interest in a Regulation S global note may be held only through Euroclear or Clearstream, Luxembourg, unless delivery is made through the related Rule 144A global note in accordance with the certification requirements described in this paragraph. Prior to the 40th day after the later of the commencement of the offering and the time of delivery of the Notes, a beneficial interest in a Regulation S global note may be transferred within the United States to a person who takes delivery in the form of an interest in the related Rule 144A global note only upon receipt by the Transfer Agent of a written certification (in the form(s) provided in the relevant fiscal agency agreement) from the transferors that the transfer is being made to a person whom the transferor, and any person acting on its behalf, reasonably believes is a qualified institutional buyer and that the transaction is being made in reliance on Rule 144A. After the 40th day after the later of commencement of the offering and the time of delivery of the Notes (but not earlier), investors may also hold interests in a Regulation S global note through organisations other than Euroclear or Clearstream, Luxembourg that are either DTC Participants or Euroclear participants or Clearstream, Luxembourg participants.

Beneficial interests in a Rule 144A global note may be transferred to a person who takes delivery in the form of an interest in a Rule 144A global note and beneficial interests in a Rule 144A global note may be transferred to a person who takes delivery in the form of an interest in a Regulation S global note.

Any beneficial interest in one of the global notes that is transferred to an entity who takes delivery in the form of an interest in the other global note will, upon transfer, cease to be an interest in such global note and become an interest in the other global note and, accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to beneficial interests in such other global note for as long as it remains such an interest.

Transfer of interests in global notes within DTC, Euroclear and Clearstream, Luxembourg will be in accordance with the usual rules and operating procedures of the relevant clearing system. The laws of some States of the United States require that certain persons receive Notes in definitive form in respect of their holdings of the Notes. Consequently, the ability to transfer interests in a global note to such persons will be limited. Because DTC, Euroclear and Clearstream, Luxembourg only act on behalf of participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in a global note to pledge such interest to persons or entities which do not participate in the relevant clearing system or otherwise take actions in respect of such interest, may be affected by the lack of a Note in the definitive form representing such interest.

Subject to compliance with the transfer restrictions applicable to the Notes described above and under "Transfer Restrictions", cross market transfers between DTC Participants, on the one hand, and Clearstream, Luxembourg or Euroclear participants, on the other, will be effected in the Register.

DTC has advised the Republic that it will take any action permitted to be taken by a holder of the Notes (including, without limitation, the presentation of global notes for exchange as described below) only at the direction of one or more participants in whose account with DTC interests in global notes are credited, and only in respect of such portion of the aggregate principal amount of the global note as to which such participant or participants has or have given such direction. However, in certain circumstances, DTC will exchange the Rule 144A global note for Notes in definitive form (which will bear the legend set out under "Transfer Restrictions").

Although DTC, Clearstream, Luxembourg and Euroclear have agreed to the foregoing procedures in order to facilitate transfers of interests in global notes among participants and account holders of DTC, Euroclear and Clearstream, Luxembourg, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. Neither the Republic, the Registrar nor any Transfer Agent or any Paying Agent will have any responsibility for the performance of DTC, Euroclear and Clearstream, Luxembourg or their respective direct or indirect participants or account holders of their respective obligations under the rules and procedures governing their respective operations.

Definitive Notes

The Republic will issue the Notes in definitive form only if:

(i) (in the case of any Rule 144A Global Note only) DTC is unwilling or unable to continue as depositary, is ineligible to act as depositary or ceases to be a "clearing agency" registered under the U.S. Securities Exchange Act of 1934, as amended (the "**U.S. Exchange Act**"), and the Republic is unable to locate a qualified successor within 90 days after (i) DTC notifies the Republic or (ii) the Republic becomes aware of this situation; or

(ii) (in the case of any Regulation S Global Note only) Euroclear or Clearstream, Luxembourg is closed for a continuous period of 14 days (other than by reason of legal holidays) or announces an intention to permanently cease business; or

(iii) an Event of Default has occurred and is continuing, upon request of a Noteholder.

Global Depositaries

The information set out below in connection with DTC, Euroclear and Clearstream, Luxembourg (together the "**clearing systems**") is subject to change in or reinterpretation of the rules, regulations and procedures of the clearing systems currently in effect. The information in this section concerning the clearing systems has been obtained from sources that the Republic believes to be reliable, but neither the Republic nor any of the Joint Lead Managers takes any responsibility for the accuracy of such information. Investors wishing to use the facilities of any of the clearing systems are advised to confirm the applicability of the rules, regulations and procedures of the relevant clearing system. Neither the Republic nor any other party to the Fiscal Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of interest in the Notes held through the facilities of, any clearing system or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

DTC

DTC has advised the Republic as follows: DTC is a limited purpose trust company organised under the laws of the State of New York, a "**banking organisation**" within the meaning of the Banking Law of the State of New York a member of the United States Federal Reserve System, a "**clearing corporation**" within the meaning of the State of New York Uniform Commercial Code and a "clearing agency" registered pursuant to Section 17A of the U.S. Exchange Act. DTC was created to hold securities for its participants ("**DTC Participants**") and to facilitate the clearance and settlement of securities transactions between DTC Participants through electronic book entries, thereby eliminating the need for the physical movement of certificates. DTC Participants include securities brokers and dealers, banks, trust companies, clearing corporations and other organisations. Indirect access to the DTC system also is available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly ("**Indirect DTC Participants**"). DTC is owned by a number of its participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. Investors who are not DTC Participants may beneficially own securities held by or on behalf of DTC only through DTC Participants.

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg have advised the Republic as follows:

Euroclear and Clearstream, Luxembourg hold securities and book entry interests in securities for participating organisations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book entry changes in accounts of such participants. Euroclear and Clearstream, Luxembourg provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg interface with domestic securities markets. Euroclear and Clearstream, Luxembourg participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organisations. Indirect access to Euroclear and Clearstream, Luxembourg is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

Clearstream, Luxembourg advises that it is incorporated under the laws of Luxembourg as a bank. Clearstream, Luxembourg will facilitate the clearance and settlement of securities transactions between its customers through electronic book entry transfers between their accounts. Clearstream, Luxembourg will provide to its customers, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream, Luxembourg will interface with domestic securities markets in over 30 countries through established depositary and custodial relationships. As a bank, Clearstream, Luxembourg is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector, also known as the *Commission de Surveillance du Secteur Financier,* and the Luxembourg Central Bank. Customers of Clearstream, Luxembourg are recognised financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. U.S. customers of are limited to securities brokers and dealers and banks. Indirect access to Clearstream, Luxembourg is also available to other institutions such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream, Luxembourg customer.

Euroclear was created in 1968 to hold securities for its participants and to clear and settle transactions between its participants through simultaneous electronic book entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. The Euroclear System is owned by Euroclear Clearance System Public Limited Company and operated through a license agreement by Euroclear Bank SA/NV, a bank incorporated under the laws of the Republic of Belgium.

Euroclear is regulated and examined by the Belgian Banking and Finance Commission and the National Bank of Belgium.

Securities clearance accounts and cash accounts with Euroclear are governed by the terms and conditions governing the use of Euroclear, the related operating procedures of the Euroclear system and applicable Belgian law (collectively, the "**Euroclear Terms and Conditions**"). The Euroclear Terms and Conditions govern transactions of securities and cash within Euroclear, withdrawal of securities and cash from the system, and receipts of payments with respect to securities in the system. All securities in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear Operator acts under the Euroclear Terms and Conditions only on behalf of Euroclear participants, and has no record of or relationship with persons holding through Euroclear participants.

TAXATION

The following discussion summarises certain U.S. federal income and Gabonese tax considerations that may be relevant to a holder of Notes who is not a resident of Gabon. This summary does not describe all of the tax considerations that may be relevant to the holder or such holder's situation, particularly if the holder is subject to special tax rules. The holder should consult its tax adviser about the tax consequences of holding debt securities, including the relevance to such holder's particular situation of the considerations discussed below, as well as of state, local and other tax laws.

Gabonese Taxation of Non-Residents

This section describes the material Gabonese tax consequences of owning and disposing of Notes for investors that are not considered to be Gabonese residents for Gabonese tax purposes ("**Non-residents**") as confirmed by a ruling dated the 22 November 2007 by the Director General of Taxes of the then Ministry of Economy, Finance, Budget and Privatisation. A commercial entity will not generally be considered resident in Gabon unless its registered office or centre of activity or management is located in Gabon or it has resident employees in Gabon that render services to customers. An individual will not generally be considered resident in Gabon unless he has a place of abode, principal place of residence or a centre of business activity in Gabon. This discussion does not describe any Gabonese tax consequences of owning and disposing of Notes for investors that are considered to be Gabonese residents for Gabonese tax purposes.

The General Director of Taxes confirmed that "*no taxation of whatever nature will be applicable in Gabon on any principal or interests paid. No taxation will either be payable on holding or transfer of Notes issued outside Gabon*".

As a consequence, no withholding or other tax (including registration or stamp duties) will be imposed by Gabon on payments of interest, principal or other amounts on the bonds, to or on disposition of Notes by Non-residents.

U.S. Federal Income Taxation

The following is a description of the principal U.S. federal income tax consequences of the acquisition, ownership, disposition and retirement of Notes by a U.S. Holder (as defined below) thereof. This description only applies to Notes held by a U.S. Holder as capital assets and does not address, except as set forth below, aspects of U.S. federal income taxation that may be applicable to holders that are subject to special tax rules, such as: certain financial institutions; insurance companies; real estate investment trusts; regulated investment companies; grantor trusts; tax-exempt organisations; persons that will own Notes through partnerships or other pass through entities; dealers or traders in securities or currencies; holders that have a functional currency other than the U.S. dollar; certain former citizens and long-term residents of the United States; or holders that will hold a Note as part of a position in a straddle or as part of a hedging, conversion or integrated transaction for U.S. federal income tax purposes.

Moreover, this description does not address the U.S. federal estate and gift tax or alternative minimum tax consequences of the acquisition, ownership, disposition or retirement of Notes or the Medicare surtax on "net investment income", and does not address the U.S. federal income tax treatment of holders that do not acquire Notes as part of the initial distribution at their initial issue price. Each prospective purchaser should consult its tax adviser with respect to the U.S. federal, state, local and foreign tax consequences of acquiring, holding and disposing of Notes.

This description is based on the Internal Revenue Code of 1986, as amended (the "**Code**"), final, temporary and proposed U.S. Treasury Regulations, administrative pronouncements and judicial decisions, each as available and in effect on the date hereof. All of the foregoing are subject to change, possibly with retroactive effect, or differing interpretations which could affect the tax consequences described herein.

For purposes of this description, a U.S. Holder is a beneficial owner of Notes who for U.S. federal income tax purposes is: (i) a citizen or resident of the United States; (ii) a corporation organised in or under the laws of the United States or any state thereof, including the District of Columbia; (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source; or (iv) a trust (A) that validly elects to be treated as a U.S. person for U.S. federal income tax purposes or (B)(1) the administration over which a U.S. court can exercise primary supervision and (2) all of the substantial decisions of which one or more U.S. persons have the authority to control.

If a partnership (or any other entity treated as a partnership for U.S. federal income tax purposes) holds the Notes, the tax treatment of the partnership and a partner in such partnership generally will depend on the status of the partner and the activities of the partnership. Such partner or partnership should consult its own tax adviser as to its consequences.

Internal Revenue Service Circular 230 Disclosure

Pursuant to Internal Revenue Service Circular 230, the Issuer hereby informs each taxpayer that the description set forth herein with respect to U.S. federal tax issues was not intended or written to be used, and such description cannot be used, by any taxpayer for the purpose of avoiding any penalties that may be imposed on the taxpayer under the U.S. Internal Revenue Code. Such description was written to support the promotion or marketing of the Notes. Taxpayers should seek advice based on the taxpayer's particular circumstances from an independent tax adviser.

Interest

It is expected and this discussion assumes that the Notes will be issued with no more than a *de minimis* amount of original issue discount. Therefore, interest paid to a U.S. Holder on a Note, including any additional amounts with respect thereto as described under "*Terms and Conditions of the Notes— Taxation*," will be includible in such holder's gross income as ordinary interest income at the time it accrues or is received, in accordance with such holder's usual method of tax accounting. In addition, interest on the Notes will be treated as foreign source income for U.S. federal income tax purposes which may be relevant to certain holders in calculating their foreign tax credit limitation. U.S. Holders should consult their own tax advisers regarding the availability of foreign tax credits.

Sale, Exchange or Retirement

Upon the sale, exchange or retirement of a Note a U.S. Holder will recognise taxable gain or loss equal to the difference, if any, between the amount realised on the sale, exchange or retirement, other than accrued but unpaid interest which will be taxable as such to the extent not previously included as income, and such holder's adjusted tax basis in the Note. A U.S. Holder's adjusted tax basis in a Note generally will equal the cost of the Note to such holder. Any gain or loss recognised on the sale, exchange or retirement of a Note will be capital gain or loss. In the case of a non-corporate U.S. Holder, the maximum marginal U.S. federal income tax rate applicable to the gain will be lower than the maximum marginal U.S. federal income tax rate generally applicable to ordinary income if such holder's holding period for the Notes exceeds one year (i.e., such gain is long-term capital gain). Any gain or loss realised on the sale, exchange or retirement of a Note generally will be treated as U.S. source gain or loss, as the case may be. The deductibility of capital losses is subject to limitations under the Code.

U.S. Backup Withholding Tax and Information Reporting

Backup withholding tax and information reporting requirements apply to certain payments of principal of, and interest on, an obligation and to proceeds of the sale or redemption of an obligation, to certain non-corporate holders of Notes that are U.S. persons. The payor will be required to withhold backup withholding tax on payments made within the United States, or by a U.S. payor or U.S. middleman, on a Note to a holder of a Note that is a U.S. person, other than an exempt recipient, such as a corporation, if the holder fails to furnish its correct taxpayer identification number or otherwise fails to comply with, or establish an exemption from, the backup withholding requirements. The backup withholding tax rate is currently 28%.

Backup withholding is not an additional tax. A holder generally will be entitled to credit any amounts withheld under the backup withholding rules against such holder's U.S. federal income tax liability provided the required information is furnished to the Internal Revenue Service in a timely manner.

Foreign Asset Reporting

Certain U.S. holders who are individuals are required to report information relating to an interest in the Notes, subject to certain exceptions (including an exception for Notes held in accounts maintained by U.S. financial institutions). U.S. holders are urged to consult their tax advisors regarding their information reporting obligations, if any, with respect to their ownership and disposition of the Notes.

The above description is not intended to constitute a complete analysis of all tax consequences relating to the ownership of Notes. Prospective purchasers of Notes should consult their own tax advisers concerning the tax consequences of their particular situations.

EU Savings Directive

On 3 June 2003, the European Council of Economics and Finance Ministers adopted Directive 2003/48/EC on the taxation of savings income (the "**Savings Directive**"). Pursuant to the Savings Directive and subject to a number of conditions being met, Member States are required, since 1st July 2005, to provide to the tax authorities of another Member State, inter alia, details of payments of interest within the meaning of the Savings Directive (interest, premium or other debt income) made by a paying agent located within its jurisdiction to, or for the benefit of, an individual resident in that other Member State or to certain limited types of entities established in that other Member State (the "**Disclosure of Information Method**").

For these purposes, the term "paying agent" is defined widely and includes in particular any economic operator who is responsible for making interest payments, within the meaning of the Savings Directive, for the immediate benefit of individuals.

However, during a transitional period, certain Member States (the Grand-Duchy of Luxembourg and Austria), instead of using the Disclosure of Information Method used by other Member States (unless the relevant beneficial owner elects for the Disclosure of Information Method, or unless the Member State elects otherwise during this transitional period) withhold an amount on interest payments. The rate of such withholding tax is currently 35%.

This transitional period will end at the end of the first full fiscal year following the later of (i) the date of entry into force of an agreement between the European Community, following a unanimous decision of the European Council, and the last of Switzerland, Liechtenstein, San Marino, Monaco and Andorra, providing for the exchange of information upon request as defined in the OECD Model Agreement on Exchange of Information on Tax Matters released on 18 April 2002 (the "**OECD Model Agreement**") with respect to interest payments within the meaning of the Savings Directive and the simultaneous application by those same countries of a withholding tax on such payments at the rate applicable for the corresponding periods mentioned above and (ii) the date on which the European Council unanimously agrees that the United States of America is committed to exchange of information upon request as defined in the OECD Model Agreement with respect to interest payments within the meaning of the Savings Directive.

In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information under the Directive.

A number of non-EU countries and dependent or associated territories have agreed to adopt similar measures (transitional withholding or exchange of information) with effect since 1 July 2005.

The European Commission has proposed certain amendments to the Savings Directive which may, if implemented, amend or broaden the scope of the requirements described above.

Pursuant to the terms and conditions of the Notes, if a payment under a Note were to be made or collected through a Member State which has opted for a withholding system under the Savings Directive and an amount of, or in respect of, tax is withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Notes, as a result of the imposition of such withholding tax. The Issuer will be required to maintain a Paying Agent in a Member State that will not be obliged to withhold or deduct tax pursuant to the Savings Directive.

EXCHANGE AND TENDER OFFERS

On 26 November 2013, the Republic announced its invitation to eligible holders of its outstanding 2017 Notes (the "**Existing Notes**") of an offer:

(i) to Exchange Eligible Holders only, to exchange New Notes for any and all of the validly submitted and accepted outstanding Existing Notes (the "**Exchange Offer**"), and

(ii) to Tender Eligible Holders only, either (A) to purchase for cash some or all Existing Notes validly tendered and accepted for purchase (the "**Cash Tender Offer**") or (B) if any such Tender Eligible Holders are also Exchange Eligible Holders, (x) to purchase for cash some or all Existing Notes validly tendered and accepted for purchase and (y) to exchange for New Notes, pursuant to and subject to the terms of and conditions of the Exchange Offer, any and all of the remaining validly tendered and accepted Existing Notes of such Noteholder following application of a pro rata acceptance up to the Maximum Acceptance Amount (the "**Combined Tender Offer**" and, together with the Cash Tender Offer, the "**Tender Offer**", and the Tender Offer and the Exchange Offer together constituting the "**Offers**"),

all as more fully described in the launch announcement and in the Exchange and Tender Offer Memorandum.

On 5 December 2013, the Republic announced the final results of the Exchange and Tender Offers. After application of the pro-ration factor, the Republic accepted for purchase in cash US$140,000,000 in aggregate principal amount of Existing Notes at a purchase price of US$1,180 per US$1,000 principal amount of Existing Notes pursuant to the Cash Tender Offer.

The Republic accepted for exchange for New Notes US$516,516,000 in aggregate principal amount of Existing Notes pursuant to the Exchange Offer and the Combined Tender Offer resulting in the issue of US$609,488,880 in aggregate principal amount of New Notes.

Following settlement of the Offers, the outstanding aggregate principal amount of Existing Notes will be US$218,129,000.

In connection with the Exchange and Tender Offers, the Republic entered into a dealer manager agreement dated 26 November 2013 with Citigroup Global Markets Limited, Deutsche Bank AG, London Branch and Standard Chartered Bank (the "**Dealer Managers**") which are also the Joint Lead Managers in connection with the Notes, which agreement contains provisions regarding payment of fees, expense reimbursement and indemnity arrangements.

PLAN OF DISTRIBUTION

Each of the Joint Lead Managers named in the table below has, subject to the terms and conditions set out in a purchase agreement dated 6 December 2013 in connection with the Notes (the "**Purchase Agreement**"), agreed to purchase, and the Republic has agreed to sell to that Joint Lead Manager, the principal amount of the Notes set forth opposite such Joint Lead Manager's name.

	Principal Amount
	(US$)
Joint Lead Manager	
Deutsche Bank AG, London Branch	500,000,000
Citigroup Global Markets Limited	500,000,000
Standard Chartered Bank	500,000,000
Total	1,500,000,000

The purchase agreement provides that the obligations of the Joint Lead Managers to purchase the Notes are subject to certain conditions.

The Republic has been advised that the Joint Lead Managers propose to resell the Notes at the issue price set forth on the cover page of this Prospectus within the United States to QIBs in reliance on Rule 144A and outside the United States in reliance on Regulation S. See "Transfer Restrictions". The price at which the Notes are offered may be changed at any time without notice.

The Republic has agreed to indemnify the Joint Lead Managers against certain liabilities, including liabilities under the U.S. Securities Act, or to contribute to payments that the Joint Lead Managers may be required to make because of any of those liabilities.

In connection with the issue of the Notes, Deutsche Bank AG, London Branch, as the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) may over allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over allotment shall be conducted by the Stabilising Manager (or persons acting on behalf of the Stabilising Manager) in accordance with all applicable laws and rules.

United States

The Notes have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable state securities laws. Accordingly, the Notes are being offered or, sold only (i) outside the United States in offshore transactions in reliance on Regulation S and (ii) in the United States only to QIBs in reliance on, and in compliance with, Rule 144A. See "*Transfer Restrictions*."

In addition, until 40 days after the commencement of this offering, an offer or sale of the Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act if that offer or sale is made otherwise than in accordance with Rule 144A.

United Kingdom

Each Joint Lead Manager has represented and agreed that:

(a) it has only communicated or caused to be communicated and will only cause to be communicated any invitation or inducement to engage in investment activity (within in the meaning of section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**") received by it connection with the issue or sale of the Notes in circumstances in which section 21 of the FSMA does not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

CEMAC and Gabon

The Notes have not been and will not be registered with, submitted to or approved by the relevant authorities for financial regulations of the CEMAC region or Gabon and may not be issued, offered or sold in the CEMAC region (including Gabon).

General

No action has been taken by the Republic or any of the Joint Lead Managers that is intended to permit a public offer of the Notes in any country or jurisdiction where any such action for that purpose is required. Accordingly, each Joint Lead Manager will undertake in the Purchase Agreement that it will not, directly or indirectly, offer or sell any Notes or distribute or publish any Prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief, result in compliance with any applicable securities laws and regulations and all offers and sales of Notes by it will be made on the same terms.

TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, sale, resale, pledge or other transfer of the Notes.

The Notes have not been registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable state securities laws. Accordingly, the Notes are being offered and sold (i) in the United States only to persons reasonably believed to be QIBs in reliance on, and in compliance with, Rule 144A and (ii) outside the United States in offshore transactions in reliance on Regulation S.

Rule 144A Notes

Each purchaser of Rule 144A Notes, by accepting the delivery of this Prospectus and/or acquiring the relevant Rule 144A Notes, will be deemed to have represented, agreed and acknowledged that:

(i) the purchaser (a) is a QIB, (b) is acquiring the 144A Notes for its own account or for the account of one or more QIBs and (c) is aware, and each beneficial owner of such Notes has been advised that, the sale of the Notes to it is being made in reliance on Rule 144A;

(ii) (A) the Rule 144A Notes have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it, and any person acting on its behalf, reasonably believes is a QIB purchasing for its own account or for the account of one or more QIBs, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the U.S. Securities Act, (c) pursuant to an exemption from registration under the U.S. Securities Act provided by Rule 144 thereunder (if available), (d) to the Issuer or an affiliate thereof, or (e) pursuant to an effective registration statement under the U.S. Securities Act, in each case in accordance with any applicable securities laws of any state of the United States and (B) it will, and each subsequent holder of the Rule 144A Notes is required to, notify any purchaser of the Rule 144A Notes from it of the resale restrictions on the Rule 144A Notes;

(iii) the purchaser understands that the Rule 144A Notes (to the extent they are in certificated form) will bear a legend to the following effect, unless the Issuer determines otherwise in accordance with applicable law:

THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “U.S. SECURITIES ACT“), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (A) IN ACCORDANCE WITH RULE 144A UNDER THE U.S. SECURITIES ACT (“RULE 144A“) TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A (A “QIB”) THAT IS ACQUIRING THIS NOTE FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBS, (B) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE U.S. SECURITIES ACT, (C) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE U.S. SECURITIES ACT PROVIDED BY RULE 144, IF AVAILABLE, (D) TO THE ISSUER OR AN AFFILIATE THEREOF, OR (E) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE U.S. SECURITIES ACT, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 FOR RESALES OF THE NOTES.

(iv) it understands that the Issuer, the Joint Lead Managers, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of the acknowledgements, representations or agreements deemed to have been made by it by its purchase of Rule 144A Notes is no longer accurate, it shall promptly notify the Issuer and the Joint Lead Managers; and

(v) if it is acquiring any Notes for the account of one or more QIBs, the purchaser represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the U.S. Securities Act provided by Rule 144A.

Regulation S Notes

Each purchaser of Regulation S Notes, by accepting the delivery of this Prospectus and/or acquiring the relevant Regulation S Notes, will be deemed to have represented, agreed and acknowledged that:

(i) it is, or at the time the Regulation S Notes are purchased will be, the beneficial owner of such Notes and it is located outside the United States (within the meaning of Regulation S); and it is not an affiliate of the Issuer or a person acting on behalf of such an affiliate;

(ii) the Regulation S Notes have not been and will not be registered under the U.S. Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and that it will not offer, sell, pledge or otherwise transfer Regulation S Notes except (a) in accordance with Rule 144A under the U.S. Securities Act to a person that it and any person acting on its behalf reasonably believes is a QIB purchasing for its own account, or for the account of one or more QIBs or (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any State of the United States;

(iii) it understands that the Issuer, the Joint Lead Managers, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of the acknowledgements, representations or agreements deemed to have been made by it by its purchase of Regulation S Notes is no longer accurate, it shall promptly notify the Issuer and the Joint Lead Managers;

GENERAL INFORMATION

Trading Information

The Notes have been accepted for clearance through the facilities of DTC, Euroclear and Clearstream, Luxembourg. The relevant trading information is set out below:

For the Notes

Regulation S Notes:	Common Code	–	100355787
	ISIN	–	XS1003557870
Rule 144A Notes:	Common Code	–	100380307
	ISIN	–	US362420AB78
	CUSIP		362420 AB7

Application has been made to the Irish Stock Exchange for the Notes to be admitted to the Official List and trading on the Main Securities Market.

The estimated costs for the admission to trading of the Notes are Euros 4,940.

Arthur Cox Listing Services Limited is acting solely in its capacity as listing agent for the Issuer in relation to the Notes and is not itself seeking admission of the Notes to the Official List of the Irish Stock Exchange or to trading on the Main Market of the Irish Stock Exchange.

Authorisations

The Issuer has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of its obligations under the Notes. The issue of the Notes has been authorised by Law no. 20/2013 that was promulgated by the President on 25 November 2013 (Decree of promulgation no. 0926/PR).

Litigation

Save as disclosed in this Prospectus on pages 36-37, the Issuer is not involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the period covering the previous 12 months which may have or have had in the recent past a significant effect on its financial position.

Documents Available for Inspection

For so long as any Notes shall be outstanding, copies of the Fiscal Agency Agreement and the budget for the current fiscal year may be inspected during normal business hours at the specified offices of the Fiscal Agent.

Contact

The Issuer's address is: The Gabonese Republic, Ministry of Economy, Employment and Sustainable Development, Immeuble Arambo, Boulevard Triomphal, BP 747 Libreville, Gabon.

The Issuer's contact number is: +241 01 79 55 27.

Significant Change

Since 31 December 2012, there has been no significant change in the Issuer's (i) tax and budgetary systems, (ii) public debt, (iii) foreign trade and balance of payment figures, (iv) foreign reserves, (v) financial position and resources and (vi) income and expenditure figures.

Interested Persons

No person involved in the Offering has any interest in the Offering which is material to the Offering.

Managers Transacting with the Issuer

Certain of the Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to, the Issuer in the ordinary course of business.

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