



Mozambique

Gas Supplier to the World?

Ben Holland, Standard Bank

September 2020

STANDARD BANK LNG INVOLVEMENT TO DATE





SIGNING OF USD 15 BILLION PROJECT FINANCING FOR MOZAMBIQUE LNG - AREA 1

Congratulations on another step taken
for the development of Mozambique

In partnership with Government of Mozambique, the Area 1 consortium will build 12.9 MTPA of liquefaction capacity at Afungi, Cabo Delgado. Standard Bank has been proud to have supported the Project for several years, and its financing acting as:

- Mandated Lead Arranger and Bookrunner
- ECIC Covered Loan Facility Agent (and largest ECIC lender)
- Onshore Account Bank
- Onshore CSA Security Agent
- Offshore CSA Security Agent
- CSA Security Custodian
- Onshore Area 1 Shared Security Agent
- Offshore Area 1 Shared Security Agent
- Area 1 Shared Security Custodian
- Initial Area 1 Group Agent

Congratulations to our partners:



Standard Bank *IT CAN BE.*



Area 1 Shareholders

Macro-Economic Study
Financial Advisor

2014





Coral South FLNG
Mozambique

2017
USD8.0 billion

Project Finance

Uncovered Facility Agent, Onshore
Account Bank, Onshore Facility Agent





Area 4 Shareholders

Macro-Economic Study
Financial Advisor

2019



- Standard Bank has focused on LNG since the initial offshore discoveries in Area 1 & 4 were made.
- Involvement and credentials include, amongst others:
 - Macroeconomic impact study for Area 1 partners on MLNG, which influenced the Enabling law and Decree Law (both 2014)
 - Afungi GTL & Power macroeconomic study for Shell on a potential [38] kbpd and [50-80]MW project
 - Participation in the Coral FLNG project financing, acting as the uncovered facility agent, onshore facility agent, and onshore account bank
 - Macroeconomic impact study for Area 4 partners on RLNG in 2019
 - Extensive Participation in the Mozambique LNG - Area 1 project financing, acting as:
 - Mandated Lead Arranger and Book Runner,
 - ECIC Covered Loan Facility Agent, and Lender
 - Onshore Account Bank;
 - Onshore, and Offshore, CSA Security Agent, and CSA Security Custodian;
 - Onshore, and Offshore, Area 1 Shared Security Agent;
 - Area 1 Shared Security Custodian; and
 - Initial Area 1 Group Agent

UGANDA OIL & GAS BANKER



Branch Footprint in the Albertine Region



- Extensive branch network across the country including 69 branches, 10 customer service points, 174 ATMs, 1507 Agents
- 8 strategically located branches along the pipeline route, as well as **3 branches in the Albertine area, including Hoima, Buliisa and Packwach.**

Business Incubator



Launched the Stanbic Business Incubator to train and build capacity for SMEs that will provide goods and services to the Oil & Gas sector in Uganda

Financing the Oil & Gas Sector



- Largest single obligor limit of USD60 Mn
- Largest commitment in the country in terms of contingent assets currently in excess of USD200 Mn supporting critical infrastructure projects in anticipation of the Oil & Gas development

Investor Guide



With focus on delivering quality service for our customers, the investor guide helps play a role in promoting investment opportunities in Uganda and provide the right linkages and credit to support economic growth.

Industry Thought Leadership



- We are founding members of the Association of Uganda Oil and Gas Suppliers (AUGOS), as well as the Uganda Chamber of Mines and Petroleum (UCMP)
- Maintain thought leadership with Government of Uganda and aligned with government priorities set out in Uganda's vision 2040

Relationship Building



Continue to forge strong relationships with industry leaders that would offer various services to the Oil & Gas industry, such as; Civil works, Transport & Logistics, Waste Management, Camp Services etc.

MOZAMBIQUE SNAPSHOT



Found **150-200 Tcf** since 2010 offshore northern Cabo Delgado, equivalent of **26-36 bn bbl.**



Fifth licensing round now signed and **sixth licensing round** reported to be launched next year.



Young country.
Independence 25 June 1975.

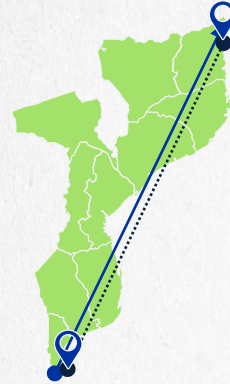


Civil war 30 May 1977 - 4 October 1992, with Cabo Delgado hit hard.



Producing **onshore gas** since 2004, through Sasol.

Geography



2,800km long

Afungi site is
2,750km
from capital city (Maputo).



Same distance as....

New York

to

Houston

London

to

Casablanca

Paris

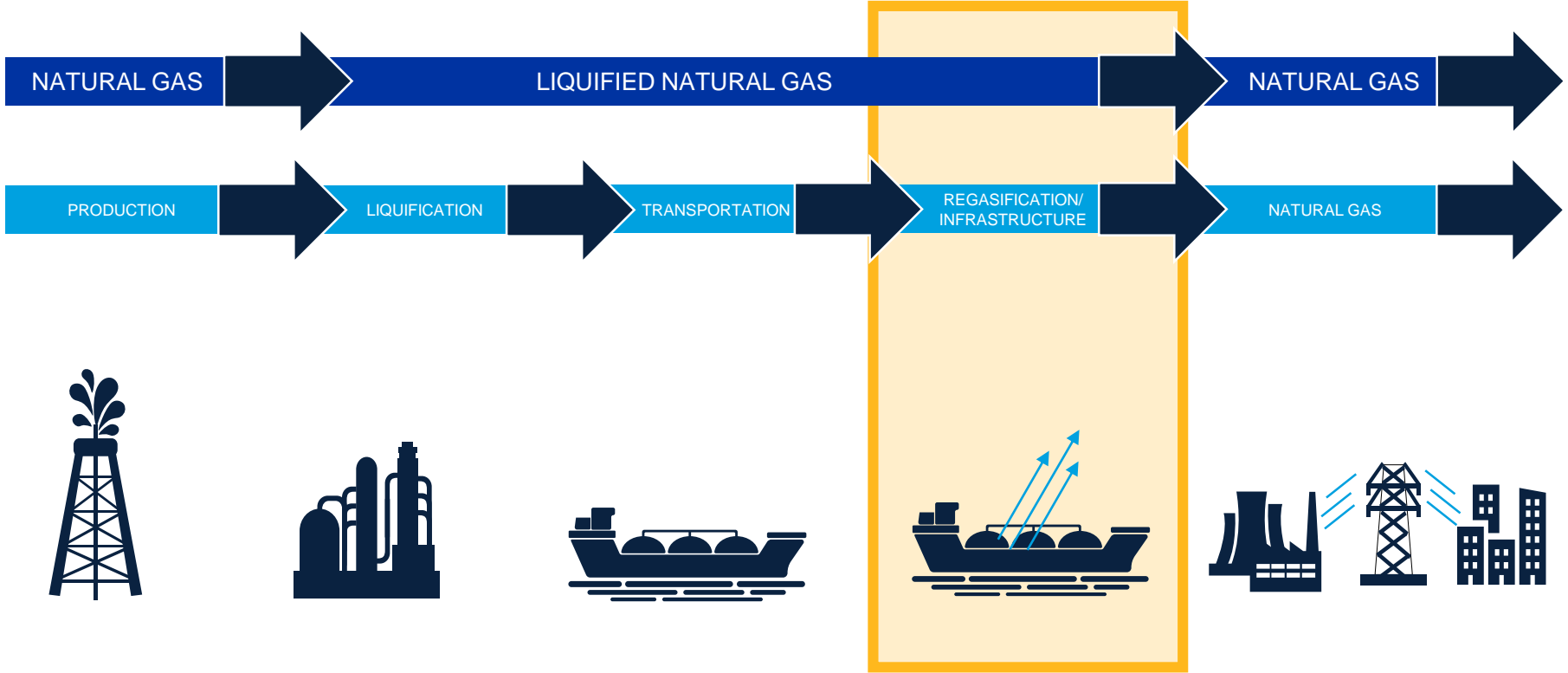
to

Moscow

One of world's poorer countries.

Debt to GDP around 100%. In sovereign default since 2016, official debt recently rescheduled with unofficial debt still in default. 4

LNG VALUE CHAIN





OUR COUNTRY LNG HYPOTHESIS

FLNG

- Coral FLNG (3.4 MTPA)
 - FID June 2017, First Gas June 2022

Onshore

- Mozambique LNG (13.1 MTPA)
 - FID 18 June 2019,
Fully Commissioned 2024
- Rovuma LNG (15.2 MTPA)
 - FID [2021-2022]
Fully Commissioned 2026
- MLNG 2 / Prosperidade (13.1/15.2 MTPA)
 - FID 2023 (?)
Fully Commissioned 2027
- RLNG Unitised Trains (15.2 MTPA)
 - FID 2024/2025 (?)
Fully Commissioned 2028/2029

Domgas Projects

- Envisaged Gas-to-Liquids ("**GTL**"), Fertiliser, Independent Power Projects ("**IPPs**"), Small-Scale LNG ("**SSLNG**"), LNG Bunkering, Methanol-to-Olefins ("**MTO**")

KEY NUMBERS



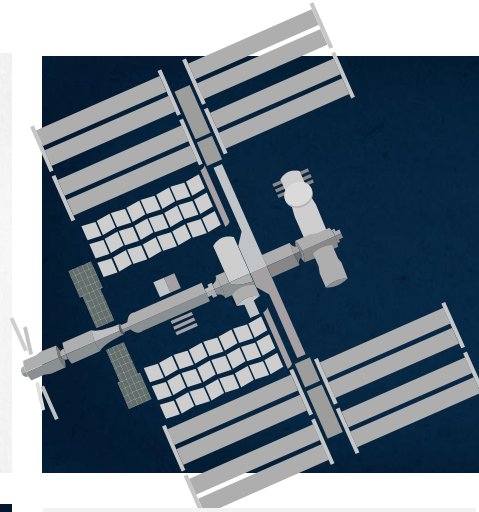
USD 65bn

of FIDs between 2Q19/2H21
in a **USD 15bn GDP** (with
100% external debt to GDP)

World's most expensive
object: **Gorgon LNG**



USD 54bn



World's most expensive
object *ever*: **International
Space Station**

USD 100bn

...but it is in the sky



From RLNG FID,
the **Afungi site**, with

USD 55bn FIDs

will be the **world's most
expensive real estate** since
time began, and will be a
building site for the next
decade.



The overall
USD 125bn

investment is scheduled to
take place in a provincial
GDP of USD 550m.

The only Cabo Delgado
parallel we can think of is
Guangdong Province,
China (USDbn) (13% p.a.)



1978 GDP – 11
2018 GDP – 1,470

WHAT COULD ONE EXPECT IN UGANDA ?



Following Mozambique LNG / FID 18 June 2019 Progress...

- **EPC contract winner (CCS JV in Mozambique)**
 - Key subcontract awarder
 - Will award local content contracts
 - Direct / indirect employers of 1,000s of Ugandan nationals (mass mobilization, complex in the time of COVID 19)
- **Key sub-contracts (15 months in)**
 - Major infrastructure milestones
 - Airstrip / Road Infrastructure
 - Early / Temporary Beach Landing
 - Material Offloading Facility / Jetty (Jun 21)
 - Drillers (e.g. Halliburton, Schlumberger – much bigger than Moz)
 - Man Camps (Bonatti, Renco, RA International)
 - Camp Catering (CIS, Sodexo) – key procurer of local supply / produce
 - Logistics
 - Security
 - Aggregate Supply
 - Yellow Metals / Equipment Supply
 - Man Power / Training Companies – conduits of mass national employment

KEY CONTRACTS / MILESTONES

“AS IT STANDS” GROWTH SECTORS



1

O&G Services, including O&G manpower

2

Marine and onshore logistics, including man camps

3

Aggregate supply (e.g. quarries, cement) and civil construction

4

Private Security

5

Cranes and Lifting

FOLLOW-ON OPPORTUNITIES

This feeds onto major opportunities across the:



Power & Infrastructure



Consumer



Agricultural



Industrial



Services



Transportation

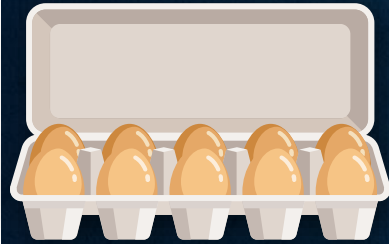


Financial Services



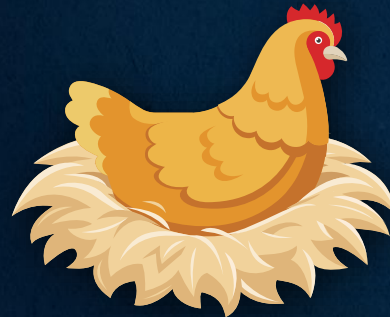
sectors in
Mozambique

A **major greenfield value chain** must be created in a remote area from a standing start. As one example, to build four (4) LNG trains in parallel needs among others:



2 million

eggs a month to feed the workers, thus



60,000

(not for eating) chickens
laying **1.2 eggs** per day



FOLLOW ON OPPORTUNITIES



Geographically speaking, the Afungi Site is nearer to East Africa than much of Southern Africa. For example, Palma is **80kms from Mtwara**, **646kms from Dar Es Salaam**, **1,500kms from Kampala** and **1,144kms from Mombasa** (Maputo is 2700kms from site). For this reason, we see significant opportunities for East African businesses. Crucially, Uganda business could gain valuable experience of LNG local content possibilities before their own potential energy development follows

The scale of the LNG / Domgas opportunity offers many opportunities for Ugandan business:



1. **Regional supply of goods and services.** There appears obvious opportunities for Ugandan agricultural and consumer businesses, we note the ACFTA agreement (and ease of shipping to Palma). Governmental policies permitting, Southern Tanzania (Mtwara) and Palma should become a “**gas corridor**” in time, with road and gas pipeline links



2. **Regional investors forming Mozambican companies** (including joint ventures with Mozambique nationals) to invest in, contract for and supply the LNG/Domgas investments and ensuing expenditure. Public domain, MLNG has a local content spend of USD 2.5bn and RLNG USD 3bn. Extrapolated forward, the long-term LC number could be USD 15-20bn (across LNG and Domgas projects). We see an opportunity for Uganda’s private sector to develop local content skills in the O&G sector.



3. **Regional Human Capital** working on the LNG projects and ensuing Domgas investments, as employees, contractors, manufacturers, service providers, consultants etc.

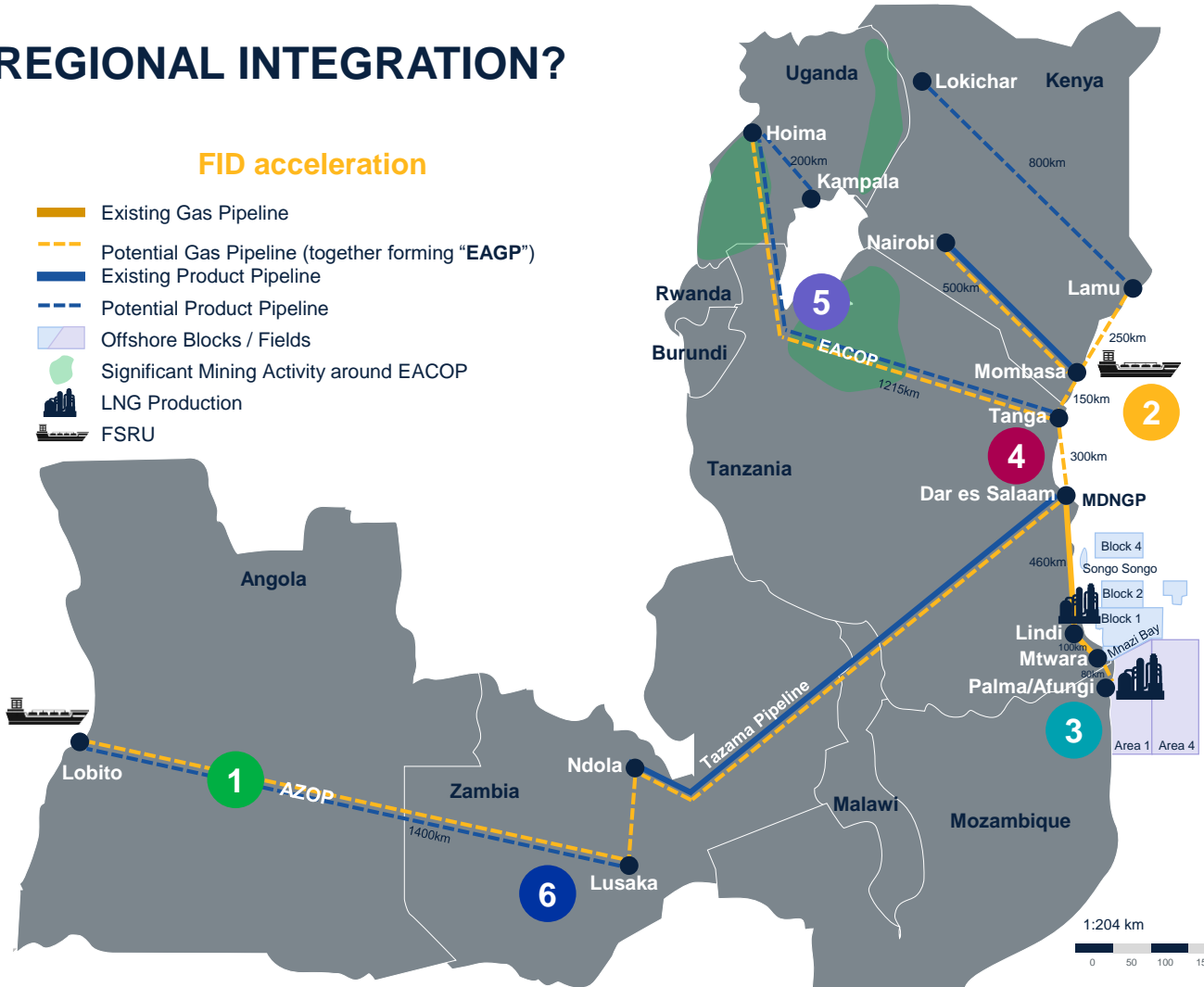
EAST AFRICA - REGIONAL INTEGRATION?



Uganda

FID acceleration

- Existing Gas Pipeline
- Potential Gas Pipeline (together forming "EAGP")
- Existing Product Pipeline
- Potential Product Pipeline
- Offshore Blocks / Fields
- Significant Mining Activity around EACOP
- LNG Production
- FSRU



Infrastructure Options

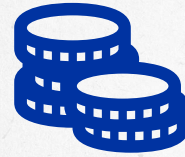
- 1** Potential AZOP gas/product line to ZM
- 2** Potential Mombasa FSRU, supplemented in time by EA Gas Pipeline (EAGP)
- 3** Spur to connect Afungi site to MDNGP (core of EAGP), bridging TZ gas supply
- 4** EAGP Hub, with branches to KE, UG, ZM (?), with supply bridged by MZ
- 5** Parallel gas pipeline to EACOP
- 6** ZM has options of either AZOP or link to TZ (adjacent to TAZAMA)

MOZAMBIQUE'S LNG ADVANTAGES



Huge reserves

150 Tcf resources found, with 5th Licensing Round drilling starting in 2021



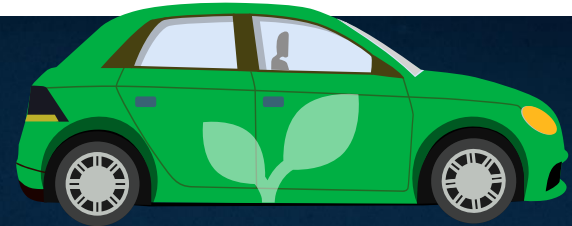
Practical approach

Mozambique has passed necessary legislation to underpin LNG investment and financing of “GDP multiples”. Example, Coral FLNG 2017 (Africa's largest PF and world's first FLNG PF).



Geography and Demand

Well placed to supply, in parallel, Asia, especially India and China (fast growing), and Europe (the LNG sink, noting declining indigenous production). **Mozambique is price competitive with US LNG** and well placed for regional **SSLNG/bunkering**.



Neutrality and Cleaner Energy

Well placed to provide "non-aligned LNG", promote coal to gas switching and underpin renewables growth.