ENH-KOGAS, S.A.

Mozambique Natural Gas Distribution Project

Wednesday
September 23, 2015
Contents

• Project Introduction
  - Project Introduction including company, history, and any details

• Benefits from Project
  - Benefits from the project in terms of 4 aspects

• Project Plan
  - Projects which ENH-KOGAS is planning
Company Introduction
# Company Introduction

<table>
<thead>
<tr>
<th>Korea Gas Corporation</th>
<th>Empresa Nacional de Hidrocarbonetos</th>
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<tbody>
<tr>
<td>The largest LNG importer in the world</td>
<td>Created in 1981 – The commercial arm of Mozambique Government in the</td>
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<tr>
<td>Know-how in 30 years of operating NG facilities spanning over all LNG value chain</td>
<td>Exploration, Production, Processing and Distribution of Oil &amp; Gas</td>
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<td>26 projects in 13 countries including Mozambique Area-4</td>
<td>Partner in the Rovuma Basin Giant Gas Discoveries</td>
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Project Introduction

TEMANE Gas Field [Operated by SASOL]

Trunk Line to South Africa (865km) [Operated by ROMPCO]

Pipe Line Supplying to MATOLA (68km) [Operated by MGC]

Power Plants

Sales

Industry

Commercial
Mozambique Natural Gas Distribution Project

Project Introduction

Pipeline Length: 62 Kilo-Meters

IRS (Intermediate Regulation Station)

PRV (Pressure Regulating Valve)
Project Details

1. Project Scope

- Construction and Operation of Natural Gas Pipeline and Supply Facilities
- Sales of Natural Gas in Maputo City and Marracuene District

2. CAPEX: US$ 38 Million

3. Project Period

- Construction: 2013 ~ 2014 (about 2 years)
- Operation: May 2014 ~

4. Facility Scale: 82.7km-pipeline, 1 IRS (Intermediate Regulation Station), 8 PRV (Pressure Regulation valve)

5. Gas sales: 6MGJ/year (Power Plant and Industry/Commercial/Household)
## Project History and Flows

<table>
<thead>
<tr>
<th>Event</th>
<th>Description</th>
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<tbody>
<tr>
<td><strong>Singed MOU between ENH and KOGAS (2011)</strong></td>
<td>For execution of project</td>
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<tr>
<td><strong>Feasibility Study</strong></td>
<td>Economic analysis</td>
</tr>
<tr>
<td></td>
<td>Market research</td>
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<td><strong>FID by KOGAS (2012)</strong></td>
<td>KOGAS carries 100% of Investment</td>
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<tr>
<td><strong>JVC [ENH-KOGAS, S.A.]</strong></td>
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<tr>
<td>Share Holders Agreement</td>
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<tr>
<td>Assignment &amp; Assumption Loan Agreement</td>
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<tr>
<td><strong>Concession (Sub-Concession)</strong></td>
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<tr>
<td>Pipeline Concession [MIREM]</td>
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<tr>
<td>Distribution Concession [MOE]</td>
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<tr>
<td><strong>Contract</strong></td>
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<tr>
<td>Gas Purchase Agreement</td>
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<td>Gas Transportation Agreement</td>
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<tr>
<td>Gas Sales Agreement</td>
<td></td>
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<tr>
<td><strong>Tariff Structure Application (Approved by MOE)</strong></td>
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<tr>
<td>Gas sales Price for consumers</td>
<td></td>
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<tr>
<td>Gas Distribution and Sale Code</td>
<td></td>
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<tr>
<td>Gas Sales Terms &amp; Condition</td>
<td></td>
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<tr>
<td><strong>Construction Commencement (Jun. 2013)</strong></td>
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<tr>
<td><strong>Start Operation (May. 2014)</strong></td>
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Benefit of the project to Mozambique

- Transferring technical know-how into Mozambique
- Establishment Safety Code (EHSQ system) / Gas Tariff System
- Economic effect to Mozambique
  - Job Creation
  - Commitment to relevant industry during Construction
  - Expecting Local Industry Development
  - Social Contribution Activity
Benefit of the project to Mozambique

- Transferring technical know-how into Mozambique
Benefit of the project to Mozambique

Establishment Safety Code (EHSQ system)

1. INTRODUCTION

Joint Venture KOHOGAS MOCAMBIQUE (here after KOHOGAS) and ENH-KOGAS, SA, aims to

benefit in Mozambique, Benguela, Bengo, and Namibe, District of Mozambique, as well as in

the business of construction, operation and maintenance of natural gas transport and distribution pipelines,

including production and storage facilities within its business areas.

Compliance with applicable laws and regulations are factors to consider as well as contributing to the

feasibility and the economy. The company may be responsible for the provision of a legal framework to

the EHSQ Management System, which is developed and according to the International Standard ISO 45001, 9001

Management and EHSQ Management, and its Mozambican equivalent, in the company, all aimed to

establish a continuous improvement system.

2. POLICY

ENH-KOGAS endeavors to promote safety and health in the workplace, achievement of zero

incidents, and committed to the continuous improvement of the management system, and to achieve zero

incidents, reducing the degree of risk and realize significant environmental impact.

3. OBJECTIVES

a) Implement an EHSQ Management System based on ISO 9001:2008, ISO 14001:2004 and

b) Establish a system of responsibility for safety and environmental protection for contractors, suppliers,

c) Identify, assess, and minimize the impact of the company's activities on the environment and on the

workplace, and the interaction with stakeholders of the company, in Mozambique;

d) To ensure the ongoing education of the areas of health, safety, environmental and quality to contractors,

suppliers, and other interested parties.

4. SCOPE

Prepared by:

<table>
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<tr>
<th>Section</th>
<th>EHSQ</th>
<th>Revision</th>
<th>Date</th>
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Establishment Gas Tariff System

- [Table or diagram related to gas tariffs and distribution costs]

- [Additional information on gas revenues and cost breakdowns for different categories of users]

- [Summary of gas volume and revenue figures]

- [Graphs or charts illustrating gas distribution network and cost analysis]
Benefit of the project to Mozambique

- Economic effect to Mozambique

  - Job Creation
    - During Construction: about 500 employments
    - After operation: about 100 employments
    - And while expanding the project, job creation is expected to increase
Benefit of the project to Mozambique

• Economic effect to Mozambique
  
  • Commitment to relevant industry during CONSTRUCTION

Mechanical Procurement
- 33.2 Kilo-meters of Steel Pipe

All material
in Civil and Architecture Work
Benefit of the project to Mozambique

- Economic effect to Mozambique

  - *Expectation Local Industry Development*
    - By being substituted with safe, clean energy, Natural Gas, local industry is expected to be grow

<Natural gas consumption expectation data>
Benefit of the project to Mozambique

- Economic effect to Mozambique

  - Social Contribution Activities

    - From profit through project, give it back to society
Plan

- Natural Gas distribution for Households
  - Now bidding for Construction
  - Aim to Supplying to households at the end of 2015

- Extend Natural Gas Consumption in Domestic Market
  - Social impact, international trend, by reduction in fuel imports through replacing charcoal by Natural gas in domestic user

- Mozambique North to South Pipeline Project
Thank You

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