

What are the challenges for African FLNG developments ?

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The FLNG Global logo consists of the words "FLNG" and "Global" stacked vertically in a bold, teal-colored sans-serif font, enclosed within a white rectangular box.

UK | USA | BRAZIL

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SyEnergy Overview



- Energy consultancy on strategy, business/project development, technical, commercial & legal issues.
- Team located in UK, USA, and Brazil with 25-40+ years of experience in business development, project management, technical / engineering, contract / dispute negotiating, and senior management advice.
- Advised and developed energy projects located in West, East & North Africa, Middle East, Europe, South & North America, Indian Sub-continent, Caribbean, Caspian, Indonesia and Australia.
- Direct experience with LNG liquefaction operations in Nigeria, Qatar, Angola, Indonesia and Australia.
- LNG business development in Angola, Nigeria, Trinidad, Russia, Venezuela, Iran and Congo (FLNG).
- FSRU business development, advice, and negotiations in Argentina, Brazil, Pakistan, and USA.
- Power projects in Brazil, Nigeria, Egypt, Saudi Arabia, USA, Turkey and West Africa and SE Asia.
- Support, negotiation and conclusion of 50+ MoUs and 20+ GSA and LNG SPAs.
- Successful advice, negotiation and resolution of commercial disputes valued over \$25 Billion.
- Senior decision and advisory support services : Government Authorities, complex project development, business process improvement, agreement negotiation, shareholder committees, board decisions.
- Business process improvement for industrial, utilities, and financial service companies.
- Project portfolio assessment and management (resource and capital allocation) aligned with strategy.
- Business modelling / simulations supporting alliances, joint-venture and M&A transactions.
- Bespoke energy training courses for in-company staff and/or external stakeholders.

Professional and Client Experience



African FLNG



Cameroon: Hilli Episeyo (2.4 Mtpa - \$0.75bn) \$313/ton



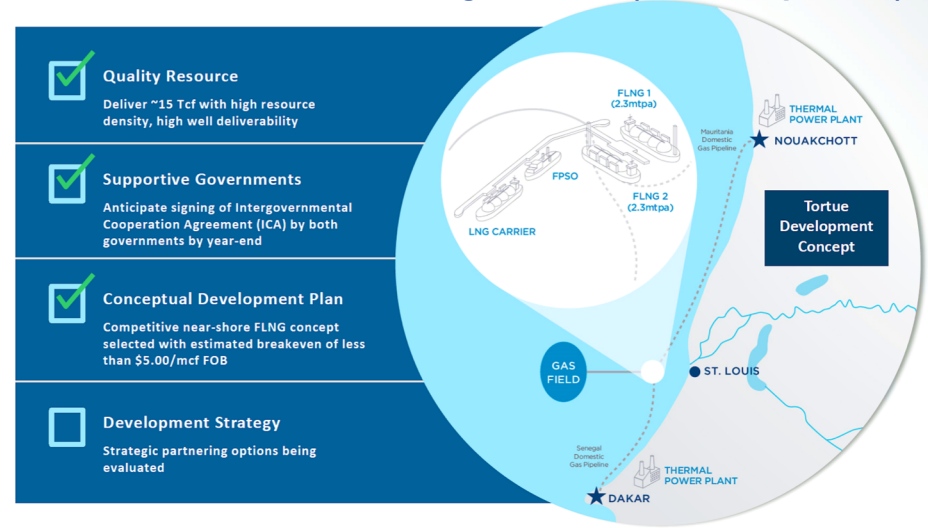
Mozambique: Coral South (3.4 Mtpa - \$4.7bn) \$1,382/ton



Equatorial Guinea: Fortuna (2.2 Mtpa - \$1.2bn) \$545/ton



Mauritania/Senegal: Tortue (2 x 2.3 Mtpa - ??)



Source: Golar/Perenco Hilli Episeyo FLNG, ENI Coral South FLNG, Ophir Energy, BP/Kosmos, Offshoreenergytoday, Worldoil

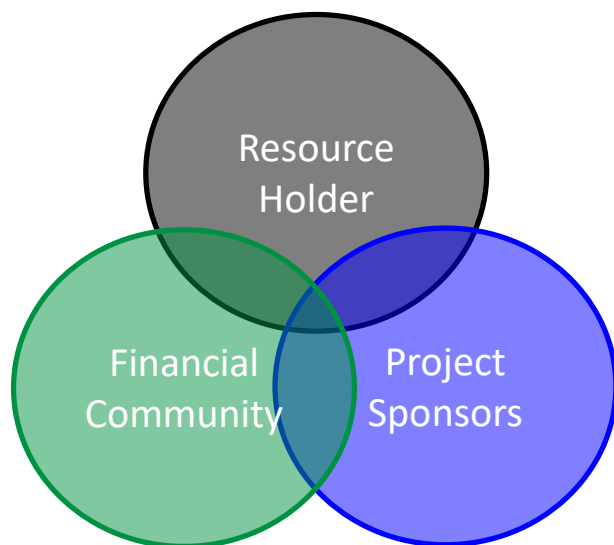
African FLNG Challenges



What do Key Stakeholders Want ?

Resource Holder

Government Take
Domgas Development
Local Content



Financial Community

Legal & Fiscal Stability
Sustainable Development
Robust Cash-Flow

Project Sponsors

Feasible Project
Return on Investment
Operating Environment

UPSTREAM

Upstream capex
Associated gas vs. Non-associated gas
Methane and liquids vs. Methane only
Upstream fiscal terms

MIDSTREAM

FLNG capex
Still not considered "proven technology"
Resource holder funding
Project finance availability

DOWNSTREAM

Competitive \$/ton liquefaction ?
Lower gas and LNG prices
"Buyer's market" perception triggered by USA LNG
SPAs w/shorter duration, lower volumes, higher credit risk
LNG buyers trying to reduce/share volume risk

Can African FLNG Projects Secure Project Financing ?



Resource Holder

- Competitive energy policy
- Clear regulation
- Competitive & stable fiscal terms

Technology Providers

- Reliability
- Commercially proven
- Performance guarantees

Project Sponsors

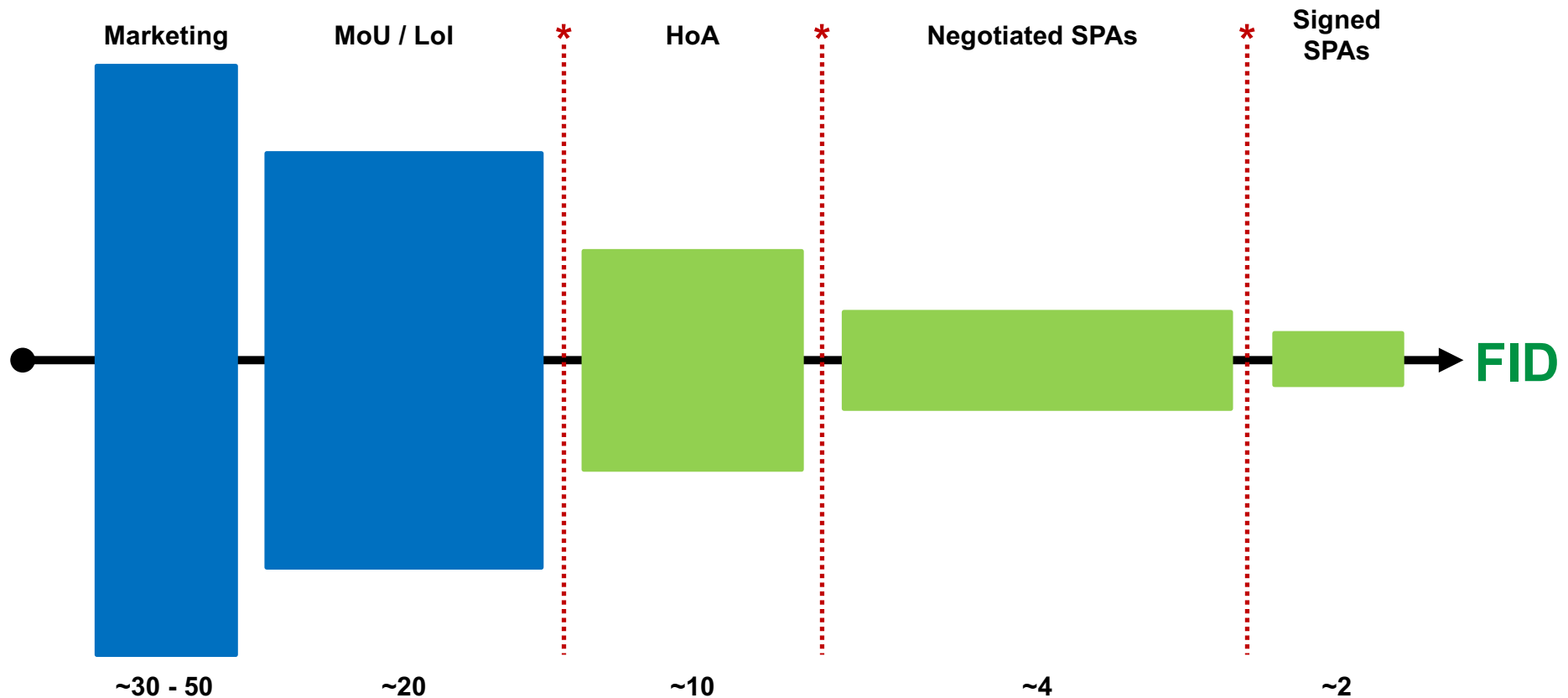
- Quality front-end plan
- Operational competence
- Strong balance sheet

LNG Market

- Offtake volume certainty with TOP
- Profitable market price
- Investment grade buyer or top quartile LC

Value-chain aligned “bankable” contracts
with proper risk allocation, mitigation
and redress mechanisms

Commercial Portfolio Development for FID



LNG Buyers:

- End Users / Utilities
- Portfolio Players
- Traders
- Shareholders

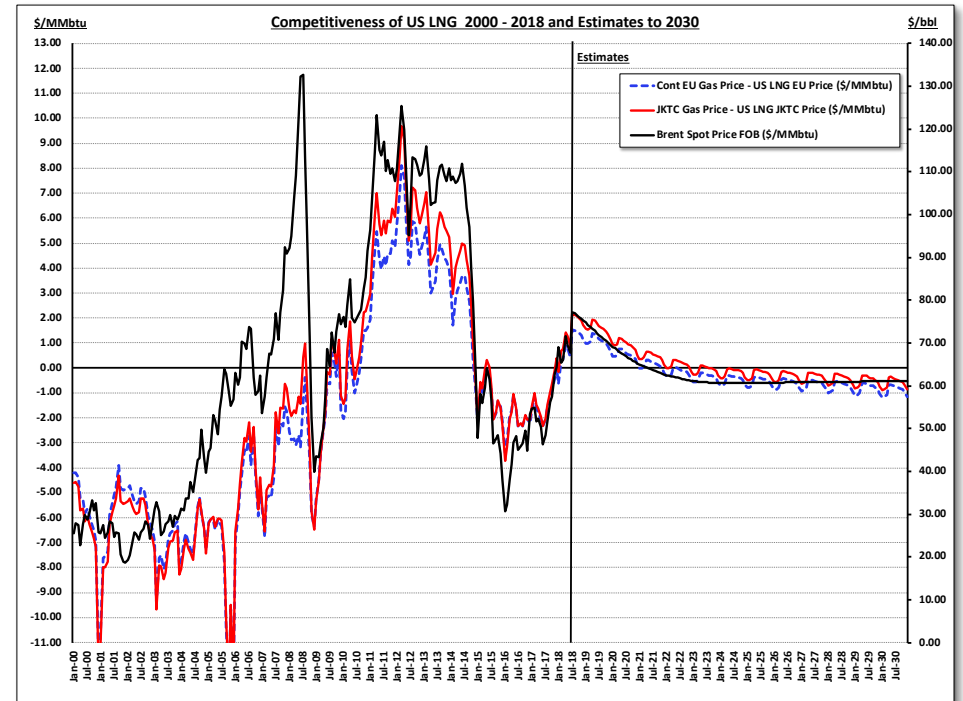
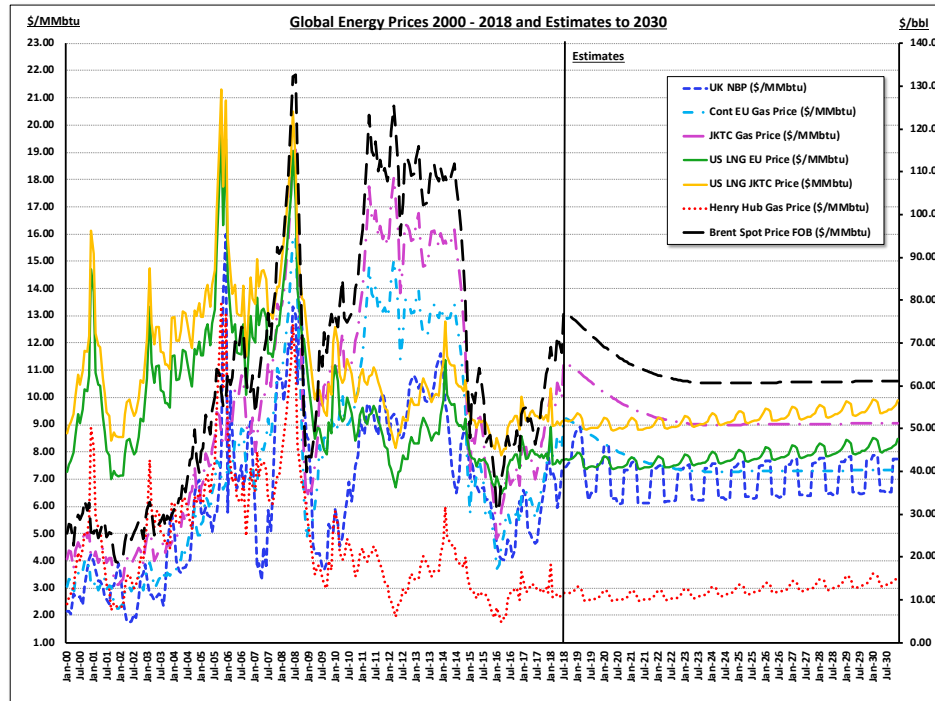
Key Issues:

- Take-or-Pay
- Operational & Commercial Flexibility
- Price, Indexation, Price Review, Dispute Resolution
- Credit Support & Project Finance Bankability

* Decision Making Process:

- Functional Committees
- Company Board
- Government
- Shareholders

Energy Pricing Challenge



- Oil price rose 55% in one year
- 05/17 : Brent \$/bbl forward curve \$67/bbl (12/30)
- 05/18 : Brent \$/bbl forward curve \$61/bbl (12/30)
- US LNG “out of the money” from 2022 onwards ?
- Oil price forward curve backwardation ?
- Supply/demand impact and alternatives ?

Competitive intelligence and quantitative analysis support robust SPA negotiation and sound decision making process.

Commercial & financial complexity much greater and variable than technical complexity.

Source: Energy Information Agency, CME Group, Intercontinental Exchange, Oanda, own estimates

Where Can SyEnergy Add Value ?



- Competitive Intelligence, Strategy Formulation, and Business / Project Development
- Regional Gas Master Plan, Gas Supply Plan, and Gas Monetisation Alternatives
- Conceptual and Feasibility Studies
- Gas / LNG Procurement and Portfolio Development Strategy
- Gas / LNG Pricing, Netback and Quantitative Analysis
- Support and/or Lead Key Commercial Contract Negotiations (FSRU, Gas / LNG Supply)
- Pre-FID Project Support and Value Assurance Review
- Structured Transaction Support and Due Diligence
- Project Team and Senior Management Advice
- Dispute Resolution, Arbitration, and Price / Contract Renegotiation
- Bespoke Energy Training