

International Construction Consulting, LLC LNG Supply / Re-Gasification / Gas Supply Overview - Ukraine

For
Investor
Review



Gas Supply Overview

Objective:
Provide a long term gas supply to Ukraine; alternative to Russian and European gas

- Assist in alleviating Ukraine's current gas shortages
- Develop a high-impact, long-term sustainable enterprise producing major, stable net cash flow
- Create and grow an integrated regional gas business
- Provide shareholder value

Provide gas via an LNG purchase agreement, de-gasified via an FSRU.

- Obtain LNG purchase agreement
- Purchase FSRU for placement at Port Yuzhny
- Negotiate gas sales agreement with NaftaGas

Near Term Production and Cash Flow with Long Term Sustainability

- Expected delivery time for FSRU is 12-18 months of placing order
- Clear route to monetization with expected access to the NaftaGas system
- Private Ukrainian partners, OdessaGaz / TIS, with significant government and regulatory knowledge

Project Timeline

2016

2017

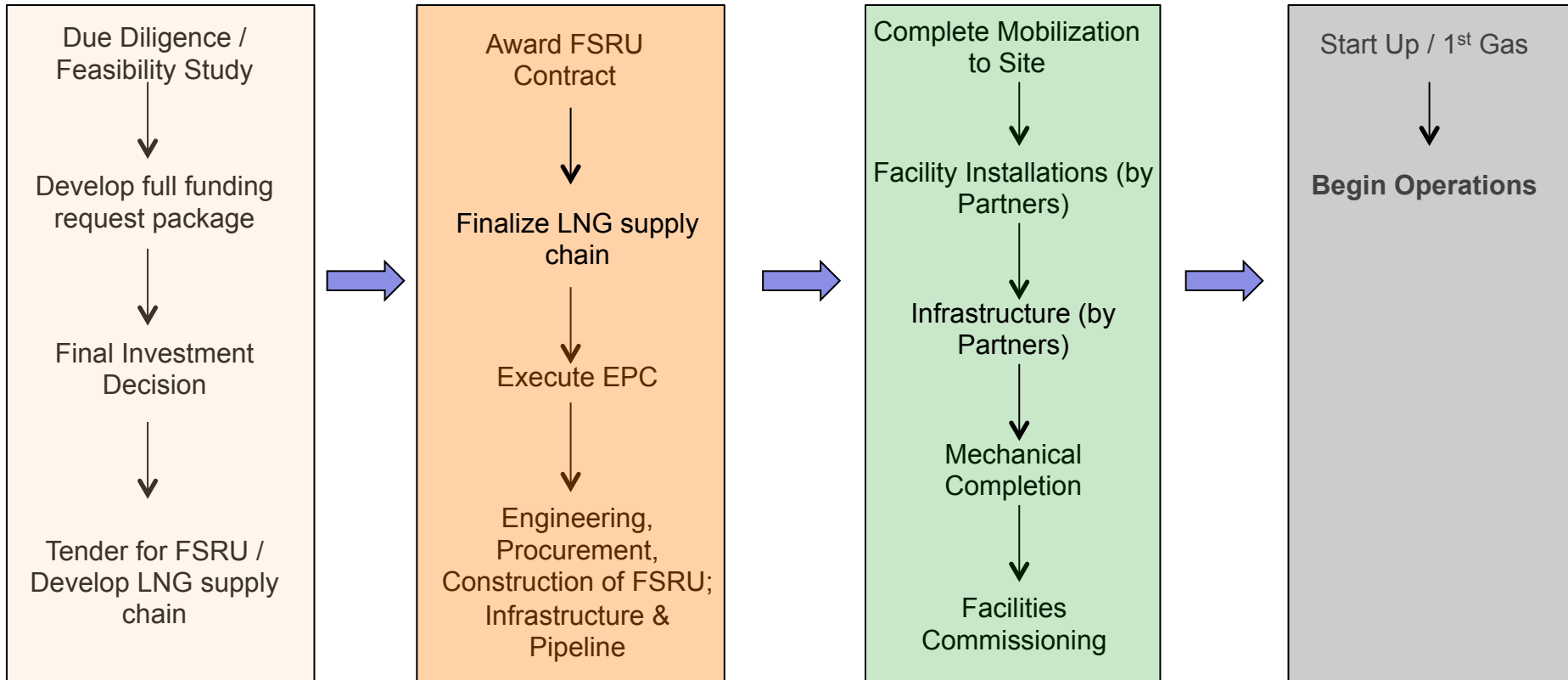
2018

Expected Milestones

Planning

Execution / Installation / Commissioning

Start Up / Operations



Initial Stages - Project Overview

Near Term Steps

- Proposal:** Secure data for previous studies and work performed by OdessaGaz / TIS. Perform due diligence study on the work including FSRU cost and delivery; LNG cost and supply assessment; management cost development; risk assessment; Project Execution Plan; project schedule; project economics
- Timing:** Complete due diligence in 2 months after receipt of data; present findings to investors for FID
- After Study:** Upon FID approval, begin contract negotiations for major project components; FSRU and LNG purchase; start in-country activities.
- Funding Req'd:** To develop a package for FID submittal = \$1M* for work to date + \$555K for due diligence study for a total of \$1.56M to fund the effort leading to a final investment package for investor consideration.
- * *Estimated amount for cost of work completed, final cost to be negotiated.*

Potential Project Return

Business Benefit

- Investment: \$505M CAPEX + \$33M OPEX = \$538M
- NPV = \$2.9B (18 years)
- IRR = 30%
- Profit Ratio = 4.09
- Duration = 24 months
- Payout = 6.1 years
- Positive cash flow = year 4

Key Assumptions

Partners will be responsible for all in-country facilities, including jetty upgrades and LNG ship support (i.e. tugs); pipeline; sales meter facility; tie in to NaftaGas; gas sales agreement with NaftaGas; all government and regulatory approvals.

Project Category Through Start Up/1st Gas in late 2017

Cost Assumptions (\$M)	Year	CAPEX	OPEX	Cumulative Total
	2016	108	0	108
	2017	341	22	471
	2018	56	11	538

- 12% escalation over the project timeline for CAPEX
- Bosphorus Strait LNG transit is resolved timely
- Gas sales agreement with NaftaGas based on 15% profit margin
- 15 year depreciation on capital equipment
- All government & regulatory permissions will be timely
- 20% advance payment for FSRU in 2016; terms & conditions to be finalized
- 15% contingency

Critical Risk Factors

Critical Risk Factors:

- Agreement for transiting Bosphorus Strait with LNG ships
- Secure LNG purchase agreement within pricing threshold
- Equitable agreements negotiated with partners, OdessaGaz / TIS
- Agreeable terms available for purchase and delivery of an FSRU
- Long term gas sales agreement negotiated with NaftaGas

LNG Worldwide Supply Overview

Pacific Basin	Mtpa	Middle East	Mtpa	Atlantic Basin	Mtpa
Alaska Kenai	0.7	Abu Dhabi	5.7	Algeria Arzew	17.3
Brunei	7.2	Qatargas 1	10.0	Algeria Skikda	2.9
Indonesia Bontang	17.5	Qatargas 2	15.6	Libya Marsa El Brega	0.6
Indonesia Arun	2.5	Qatargas III	7.8	Norway Snohvit 1	4.1
Indonesia Tangguh	7.6	Qatargas IV	7.8	Trinidad & Tobago	15.7
Malaysia Satu	8.1	RasGas 1	6.6	Nigeria 1 to 6	22.3
Malaysia Dua	9.0	RasGas 2	14.1	Egypt Damietta	5.0
Malaysia Tiga	7.4	RasGas 3	15.6	Egypt Idku	7.2
Australia NWS	16.6	Oman LNG	7.4	Equatorial Guinea 1	<u>3.6</u>
Australia Darwin	3.6	Oman Qalhat	3.6		78.7
Russia Sakhalin	9.6	Yemen LNG	<u>6.7</u>		
Peru	<u>4.4</u>		100.9		
	94.2				

Total Current Supply Capacity = 273.8 Mtpa

LNG Worldwide Supply Overview

Pacific Basin	Mtpa	Middle East	Mtpa	Atlantic Basin	Mtpa
Australia Pluto	4.3	None	<u>0</u>	Algeria Skikda rebuild	4.5
Australia Gorgon	15.0		0	Algeria Arzew 3	4.7
Australia Santos	3.9			Angola LNG	<u>5.2</u>
Australia BG	4.2				14.4
Australia APLNG	4.0				
PNG	<u>6.6</u>				
	38.0				

Projects that have reached FID

Total Supply Under Construction = 52.4 Mtpa*

* Additional projects are continually added

LNG Worldwide Supply Overview

Region	Operating Mtpa	Under Construction Mtpa	Total Mtpa
Pacific Basin	94.2	38.0	132.2
Middle East	100.9	0	100.9
Atlantic Basin	<u>78.7</u>	<u>14.4</u>	<u>93.1</u>
TOTAL	273.8	52.4	326.2

A total of 326 Mtpa of LNG to be available by the end of 2017.

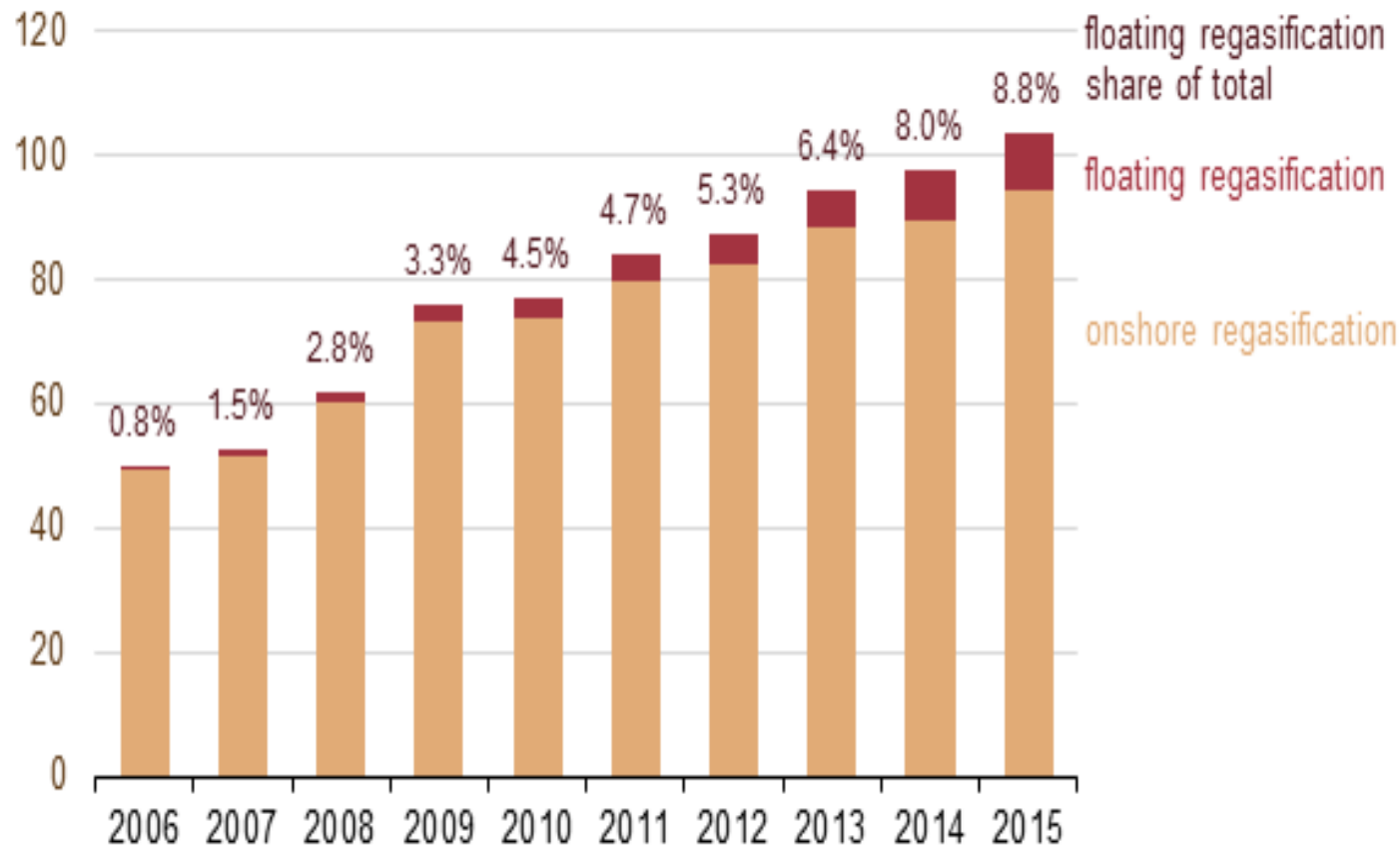
To put it in perspective, this project would require roughly 4M tons of LNG per annum (roughly 0.012% of total LNG worldwide production).

LNG Re-Gasification-Proven Technology

LNG re-gasification is a proven technology.

LNG re-gasification is technically much simpler than LNG liquefaction.

Total global LNG regasification capacity
billion cubic feet per day

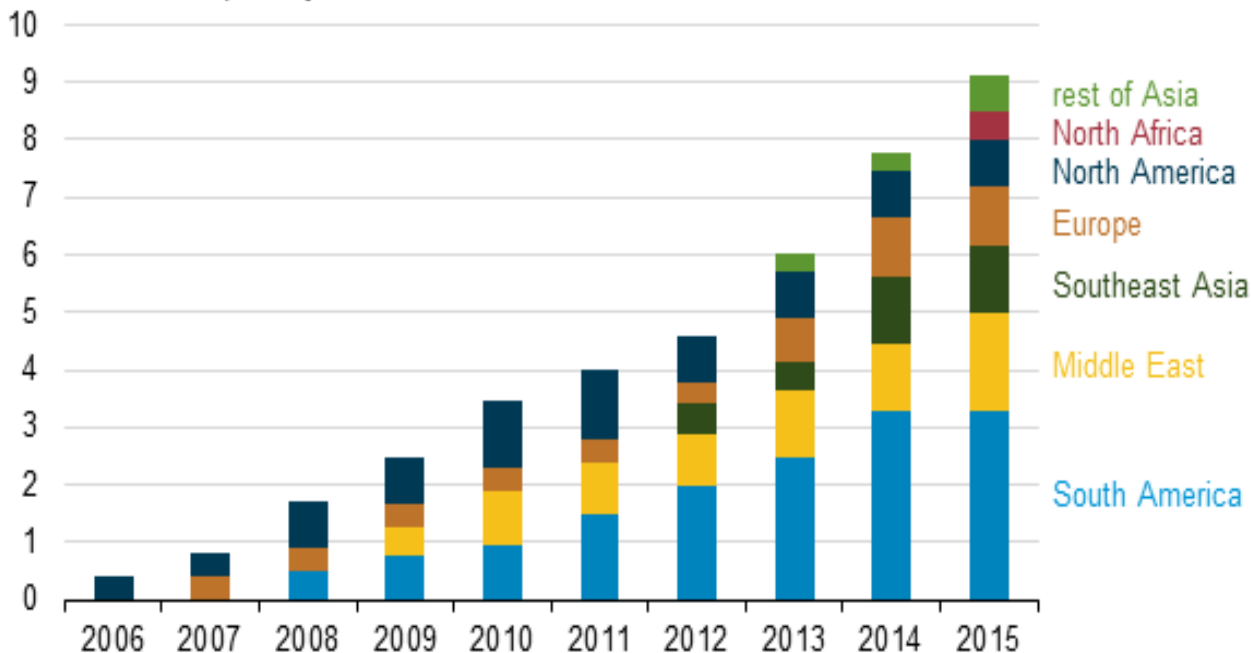


LNG Re-Gasification-Proven Technology

Of four countries that began importing LNG in 2015, three of them —

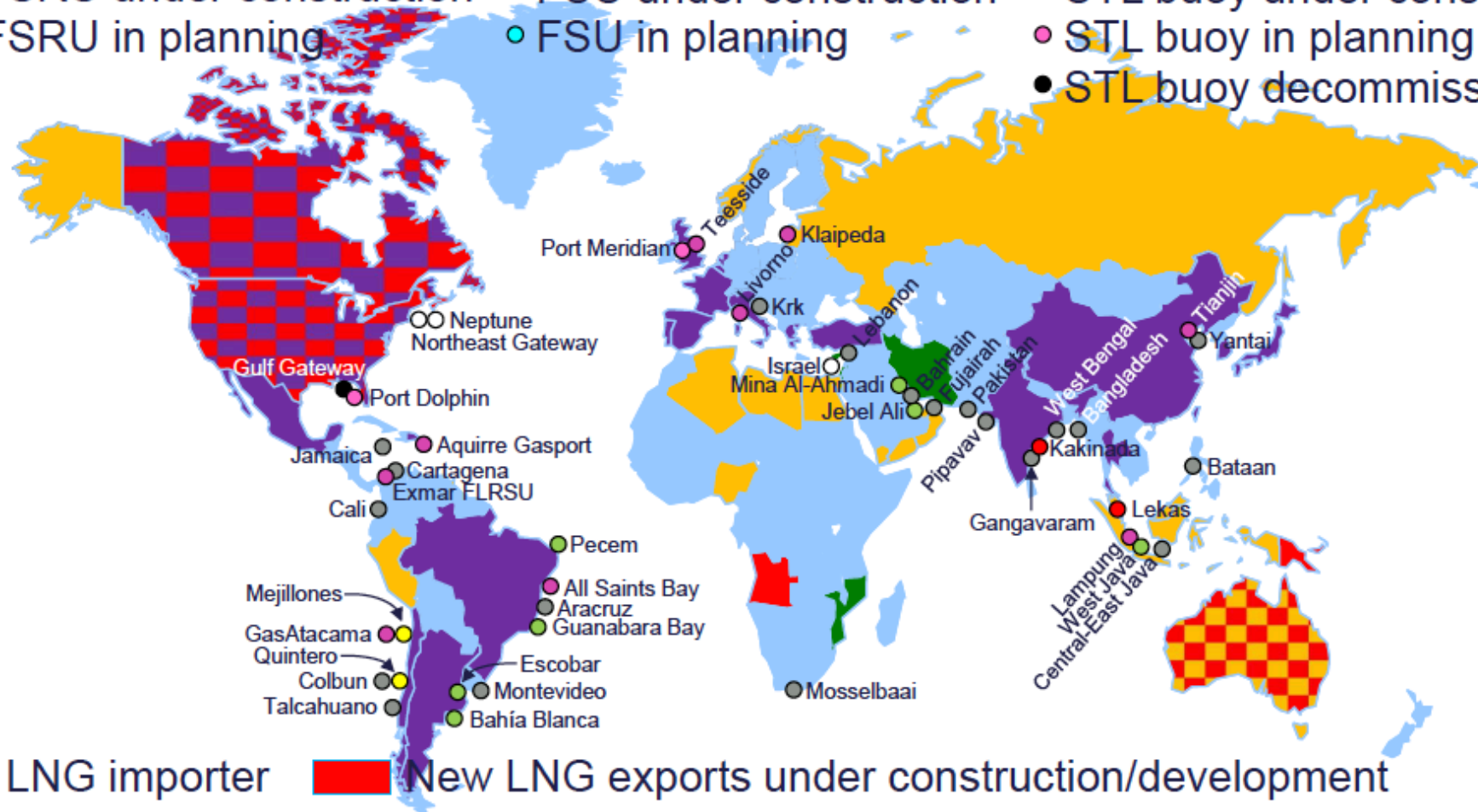
Pakistan, Jordan, and Egypt — have chosen to do so using floating regasification rather than building full-scale onshore regasification facilities.

Floating LNG regasification capacity by region
billion cubic feet per day



World Wide Operating or Planned RFSU's

- FSRU in operation
- FSRU under construction
- FSRU in planning
- FSU in operation
- FSU under construction
- FSU in planning
- STL buoy in operation
- STL buoy under construction
- STL buoy in planning
- STL buoy decommissioned



■ LNG importer

■ New LNG exports under construction/development

■ LNG exporter

■ Substantial gas reserves for LNG export developments

Recap of Next Steps

1. Receive interim funding for due diligence study
2. Perform due diligence study to reach a FID:
 - Assess work done to date by OdessaGaz/TIS
 - Detailed cost estimate for project (+/-25%)
 - Discussion with LNG suppliers
 - Develop economics and cash flow
 - Develop Level 2 schedule
 - Develop Early Project Execution Plan
 - Develop Basis of Design
 - Discussions with FSRU providers (at least 2)
 - Develop key strategies and processes
 - Develop a supply chain overview
3. Submit to investors for FID