

CARIBBEAN SHIPPING ASSOCIATION

AGM and Conference

Hyatt Regency - October 16-19 2016

Address by Gerry C. Brooks, Chairman NGC Group of Companies

Monday, October 17th 2016

Salutations,

Ladies and gentlemen, good afternoon.

It is with great pleasure that I address you at this General Meeting, Conference and Exhibition of the Caribbean Shipping Association being held this year in our beautiful twin island of Trinidad and Tobago.

Indeed, at your last AGM you would have experienced the historical richness of Cartagena.

I assure you that your experience over the next few days will be no less rich as Trinidad and Tobago offers the best of cultural and economic diversity.

As a nation we boast over one hundred (100) years of oil production and fifty (50) years of gas production respectively. In 2015 Trinidad and Tobago production averaged an oil equivalent of 755,947 boepd.

Trinidad and Tobago remains the largest and most advanced oil and natural gas producer in the Caribbean.

As the Chairman of the NGC Group of Companies I am privileged to spearhead the national development agenda for natural gas commercialisation with the associated port and marine infrastructure. As renowned captains of industry and keen stakeholders in global and regional economic development, today I stand before you to share our group vision “to be a recognized leader in the development of sustainable energy-related businesses” and to highlight the opportunities that our group and by extension Trinidad & Tobago can offer.

The great philosopher Confucius declared that one must “study the past if you would define the future. “

As you would be aware, the global energy industry continues to be characterised by cycles of boom and bust, and more so changes that are disruptive. In the recent past, Trinidad and Tobago enjoyed the esteemed status as the world’s sixth largest LNG exporter, and the largest LNG supplier to the us, accounting for 71% of that country’s imports. Enter the shale gas boom in the United States and the consequent rapid downturn in Trinidad and Tobago’s LNG exports to its major market USA.

This situation continues to be a matter of critical strategic and economic importance to Trinidad and Tobago’s energy sector. The early millennia supported the highest of energy prices with oil prices peaking above 145 us\$/bbl in June

2008, and economic margins across the energy supply chain exploding to record highs.

The effect of the global decline in energy commodity prices has been exacerbated by the domestic gas curtailment. This is not a time to despair, but a time to reimagine and reinvent our sector. We in the energy sector often say “never waste a good downturn”. We must use the opportunity to shape a future that is underpinned by operating efficiency. We must re-strategize and re-energize, become “stronger for longer.” Now is the time for us to shape-up, implement a diversification strategy and revamp our sector.

Economic diversification is a fundamental cornerstone of the response to the challenging economic climate and our disruptive energy reality. As we seek to find ways to secure our economic future, Trinidad and Tobago has been exploring various avenues to leverage its strengths, in a sector where we have been and continue to be a global player. Marketing our portfolio of energy services regionally and internationally is but one such opportunity which is new and exciting for both the NGC group of companies, and key stakeholders that now operate on the frontier of energy development.

Thus far, there have been some exciting opportunities which have emerged with particular focus on, the African initiative – opportunities in West and East Africa; the South American possibilities with neighbouring Venezuela and the Guyana/Surinamese basin, to name a few. Indeed, our newly appointed NGC President has deep experience in Angola/sub sahara Africa and Australia, which will provide further impetus to the strategic initiatives.

Led by the Honourable Prime Minister, the NGC Group of companies has been actively pursuing these opportunities seeking to provide additional value to targeted countries by utilising the country's expertise and experience in the energy sector. This vision encompasses the University of the West Indies, University of Trinidad and Tobago, downstream professionals and related industries, including the financial services sector.

Recent developments including the expansion of the Panama Canal, major oil finds in the Guyana basin, increasing trade volumes between the east coast of South America and the US, place Trinidad and Tobago in a prime position to further develop our resources, our organizations and our people in a sustainable manner, whilst also stimulating development in peripheral territories.

Both government officials and technical professionals from relevant state agencies have been on missions to these countries to identify potential areas for development and opportunities for our private and state sector companies. We are open for business!

The NGC Group, through National Energy, whose responsibility includes estate and port infrastructure planning and development, owns and manages six unique multi-user petrochemical piers, and iron and steel terminal at Point Lisas, as well as the Point Lisas harbour. In 2015, the annual tonnage throughput handled at the Point Lisas facilities was just over 17 million tonnes.

Further, National Energy owns and manages the Port of Galeota and berth 3 at the Port of Brighton, at which is also located the Labidco Industrial Estate.

Additionally, in 2015 approximately 2600 vessel calls were registered across the combined ports of Point Lisas, Brighton and Galeota.

National Energy also owns and manages a fleet of ten vessels which provide in-port service to users of the port and harbour facilities at Point Lisas, Brighton and Galeota, as well as out of port services to other locations within country and nearby Caribbean territories.

The development of all of National Energy's ports is being pursued in the context of the overarching 2016-2020 NGC Group strategy which is rolled up into four (4) strategic pillars: (1) developed organization (2) secure current business (3) grow locally and internationally and (4) national contribution. These pillars are well-aligned to and informed by the Group's strategic vision.

Recent development in both local and regional gas markets has posed viable threats to the local natural gas sub-sector. In response to mitigating these risks and challenges, the Ministry of Energy and Energy Industries facilitated the development of a natural gas masterplan which provides a roadmap for further policy and strategy development.

Further, the official policy framework of the Government of Trinidad and Tobago identifies the maritime sector as one of the key sectors for development. A committee led by the ministry of rural development and local government has been established to lead maritime expansion projects for Trinidad and Tobago, with a thrust towards port and infrastructure development within the energy sector, as well as regional and international exploration of energy sector markets.

Let me now share with you some insight into the existing, current and planned development activity in train at National Energy.

New port of Galeota - hub for energy logistics

National Energy is currently assessing markets in South America, such as the Suriname/Guyana basin. The Galeota Port facility offers one of the best strategic opportunities for expanding our local energy services.

The burgeoning oil and gas activity off shore the south eastern/southern coast of Trinidad, inclusive of Exxon Mobil's massive oil find in offshore Guyana, presents opportunities for business growth and partnerships cross- regionally, as well as in new jurisdictions.

The Port of Galeota, is being embarked upon in two (2) phases. Phase 1 which was substantially completed in 2014 provides a 7.6m design draft and a five (5) berth facility, with 529m of quay wall, a 1km long 80m wide navigation channel and 200 meter diameter turning basin, as well as a private road access and administrative facilities, and is expected to be fully operationalized in 2017. The investment for construction of Phase 1 is approximately US\$100m. Operationalization of Phase 1 which includes among other things, provisions for utilities, warehousing and administrative facilities is estimated at US\$18.6m.

In shaping a future characterised by operating efficiency and operational excellence, National Energy is reviewing its port operating model to align with this vision.

We believe that the Port of Galeota presents an opportunity for the local energy services sector to consolidate and expand in the area of shared services, particularly in logistics and supply chain and to look at performing work in captive markets outside of Trinidad and Tobago. With firm expressions of interest from international/ regional maritime players directed continuously at the port, National Energy is seeking to position Port Galeota as the preferred regional logistics hub of choice.

Our country has an aggressive, positive exploration programme planned for the future with BHP Billiton, Shell, bptt and other MNC's. This is important for Galeota, as there will be significant work in the coming years. The Port of Galeota will prove to be a very valuable asset in terms of providing logistics support for new exploration work, as well as its current role in maintaining the existing services for those platforms currently in operation, and those to come in the short and medium term.

The Port of Galeota is strategically located to service the development activities associated with the Ioran-Manatee natural gas field that straddles the maritime border between Trinidad and Tobago and Venezuela. Once that field development is realized, it will drive our vision for the Port of Galeota as a major logistics hub for E&P companies and their activities.

This Port is well poised to take advantage of other upstream deep and ultra-deep-water activities such as, BG group's starfish gas development, Guyana oil finds such as the Liza 2 well, bptt's Juniper project and associated services.

From the south-east coast we move to the south-western peninsula, where the Port of Brighton at La Brea is located.

Port of Brighton & Labidco Industrial Cluster – the next Point Lisas

This facility at La Brea which is managed by National Energy through the La Brea Industrial Development Company Limited (LABIDCO), [for which NGC is an 81% shareholder], is a fully operational facility which offers a wide range of energy support services. This facility offers a 10 metre draft, which can adequately facilitate the load-off and load-out activities associated with downstream projects at Union Industrial Estate, located in proximity to the port facility.

The ongoing construction of the Juniper platform by TPFCO, at the Labidco Fabrication Yard, for bptt, is the sixth and largest platform to be built by TOFCO in this country.

This platform is expected to come on stream by Q3/2017 and it is expected that the fields will produce approximately 590 million standard cubic feet a day (mmscfd), to meet the demands of the local downstream industry, electrical power generation, supply Atlantic LNG as well as, other strategic gas-based projects; with the intent of reversing the shortfall in supply that clients on the Point Lisas Industrial Estate are currently facing.

The Fabrication Yard at the La Brea Industrial Estate has always been the flagship facility in La Brea with regards to competitiveness, local content and employment opportunities.

At Brighton Port, National Energy/Labidco has continued to receive expressions of interest from local and international bodies who have demonstrated an interest in the following;

- Development of a transshipment port and dry dock facility
- Development of a new ship building and repair facility
- Construction of a ferry terminal, and planned infrastructure realignment and development

The Point Lisas Model is now a standard for industrial development in emerging economies. Trinidad and Tobago has the expertise, the experience, and all of the service industries currently in place to adequately facilitate the development of energy projects in the region and around the world.

With the liquidation of the Arcelor Mittal facility, the Arcelor Mittal dock (ISCOTT dock) has been transferred to National Energy. The ISCOTT dock provides a strategic asset to maritime customers as a strong alternative to Chaguaramas, as well as an opportunity for the creation of a mega port in collaboration with our partner Point Lisas Industrial Port Development Corporation.

Port of Point Lisas-centre of excellence

National Energy owns and operates six unique multi-user petrochemical terminals and steel terminals, namely the Savonetta piers and ISCOTT dock, at the Point Lisas harbour, serving more than 25 world scale petrochemical and metal based plants at Point Lisas. These petrochemical facilities which serve the heavy gas-based industries at the Point Lisas Industrial Estate, are classified as hazardous

cargo terminals due to the materials handled such as ammonia, methanol, iron ore and steel. These terminals are available to users on a 24- hr basis and have been in operation for over thirty (30) years without major incident; testimony to our strong HSE philosophy. These facilities generate the lion's share of the company's revenue.

In terms of national contribution not only does the NGC Group bring value to local business and community employment, the group remains a significant contributor to national GDP. At current prices, according to the review of the economy, Ministry of Finance, the energy sector contribution to GDP for 2015 was 32.1%.

Future projects

National Energy's future infrastructure plans include construction of phase 2 of Port of Galeota, which would allow for a dredge depth of 12.8 metres, and a total of 995 meters of quay wall space for both phase 1 and 2, would cater to the needs of 60,000 tonne dwt ships. It is expected that ocean-going vessels with deeper drafts would be required for an increase in oil and gas E&P activities. Benefits of phase 2 include support of the expansion of E&P of oil and gas in Suriname, French Guiana, Guyana and local deep-water activity, as well as employment, and a boost in the marine industry in the south-eastern peninsula. It is proposed that the port facility will assist Trinidad and Tobago in capturing demand, based on new upstream project activity in the region and further afield, contributing to the generation of revenue for the country.

Phase 2 which involves the expansion of the Port of Galeota through the construction of 466m of additional quay wall to provide for five (5) additional

berthing spaces, creation of increased land space and a deeper draft, is carded to commence in Q 2, 2018, upon completion of the detailed design which is currently in the tendering phase. The expected timeline for completion of construction activities is Q 4, 2019 and is budgeted to cost US\$130m.

With the development of the port there will be a need for support services resulting in direct and indirect employment. The creation of over 1000 jobs (direct and indirectly affiliated with the port) will affect overall spending and investment along the east coast.

Also planned for the future is the expansion of Port of Brighton to allow for deeper drafts and more berths, handling of multipurpose cargo, LNG distribution facilities, tugs and pilot/launch vessel facilities, and extension of the berthing space and logistics area. A masterplan has been developed for the Port of Brighton which takes into consideration any possible expansion for the next twenty-five (25) years.

The undertaking of expansion works at the Port of Brighton at La Brea is required to cater for CGCL's methanol/DME facility at Union Industrial Estate (UIE), as well as other new processing facilities at UIE. In addition, the port expansion shall support the activities of the tenants on the La Brea Industrial Estate who utilize the port for logistics and general cargo to service the energy industry. This project is estimated to cost US\$110m.

The Brighton Port development is a key component in the development of heavy gas based activities that increases value added to the natural gas supply chain.

Both construction and operational phases will add benefit to employment of skilled and unskilled persons in La Brea and environs.

Development of the lands at Point Lisas north and Point Lisas South and East Industrial Estate is also being explored by National Energy. A design for port facilities at these sites has already been undertaken. The port will handle import and export activities associated with new industries at Point Lisas North, and Point Lisas South and East in the first instance. This port development initiative is estimated at US\$132m.

Another business opportunity which is provided by Trinidad and Tobago's strategically developed port infrastructure is the advantage to be gained from encouraging increased synergies with major shipping lines using our existing port facilities as a hub to serve adjacent ports that have shallow natural drafts, including Suriname, Guyana, and Venezuela.

Given the state of development of the promising energy sector in Guyana, the NGC Group holds the view that partnership between the two countries in energy offers great potential for mutual benefit and we have been actively working with our Guyanese counterparts to identify all areas for collaboration and further development. These opportunities may include the transportation, processing and fractionation facilities for any substantiated natural gas, as well as utilisation of our existing port facilities during exploration works.

When compared to other ports locally, National Energy's combined port advantage include, a knowledgeable work force, user optionality, geographical locations situated in the south-east, south-west and central Trinidad; greater berthing

options, with its current combined berth lengths of 3,445m and planned expansion to 4,709m at its facilities; extensive port back-land acreage; and well developed ancillary services such as pilotage, towage, logistic services and bonded area.

As a country, we have available, the full range of services that are required for the development of new industries. Despite the current economic downturn, Trinidad and Tobago is well-positioned, ready, willing and able. With its geographic and logistical advantage, stakeholders can enjoy significant competitive advantage.

The NGC Ggroup of companies is open for business and invites you to be part of our energy vision.

In closing, I would like to thank you for the opportunity to highlight some of our achievements thus far, as well as some of our immediate and medium term plans. Now is not the time to despair, but a time for us together, to re-imagine and re-strategise, within the context of among other things, public private partnership.

I urge you to seriously consider all that our lovely twin island has to offer and look forward to doing business with all of you.

Ladies and gentlemen, i thank you for your time and attention and I do wish you a successful conference.

END