

Adria LNG

The LNG Terminal in the Adriatic Sea

**An attractive option enhancing the security
of gas supply**

Opatja, May 2nd, 2007

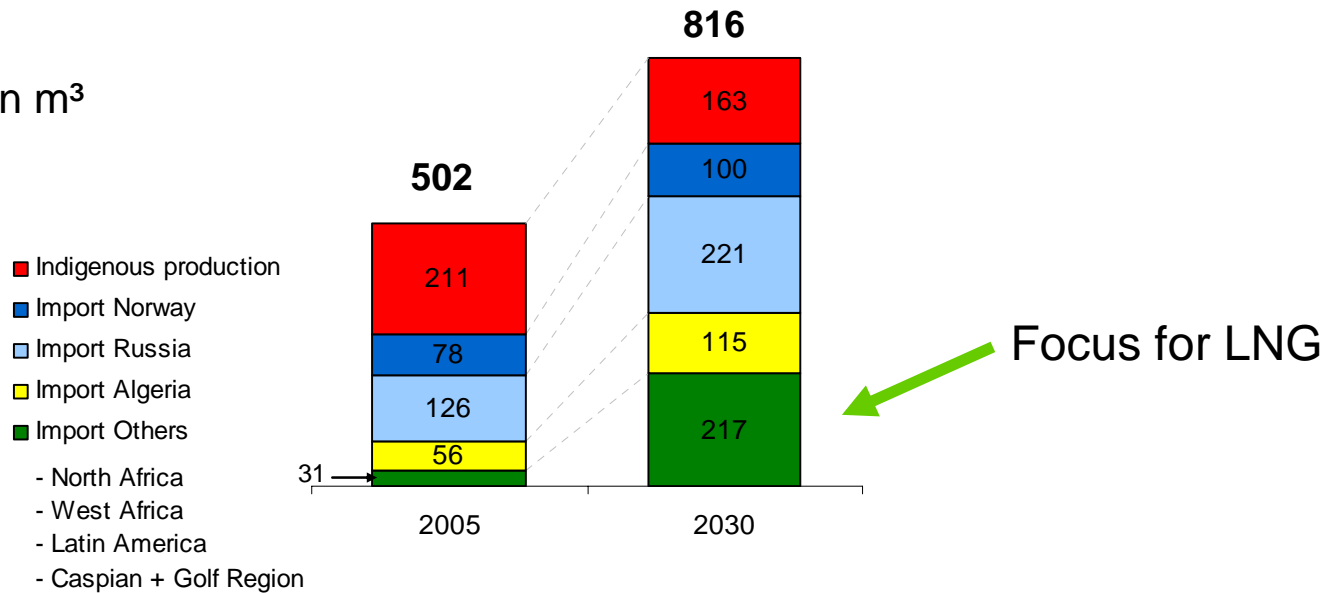
Christoph Lewisch

Adria LNG Study Company Ltd.

Managing Director

Forecast of Gas Supply Europe¹⁾

in billion m³



Source: Observatoire Méditerranéen de l'Énergie 2006

¹⁾ EU 25, Balkan states and Switzerland

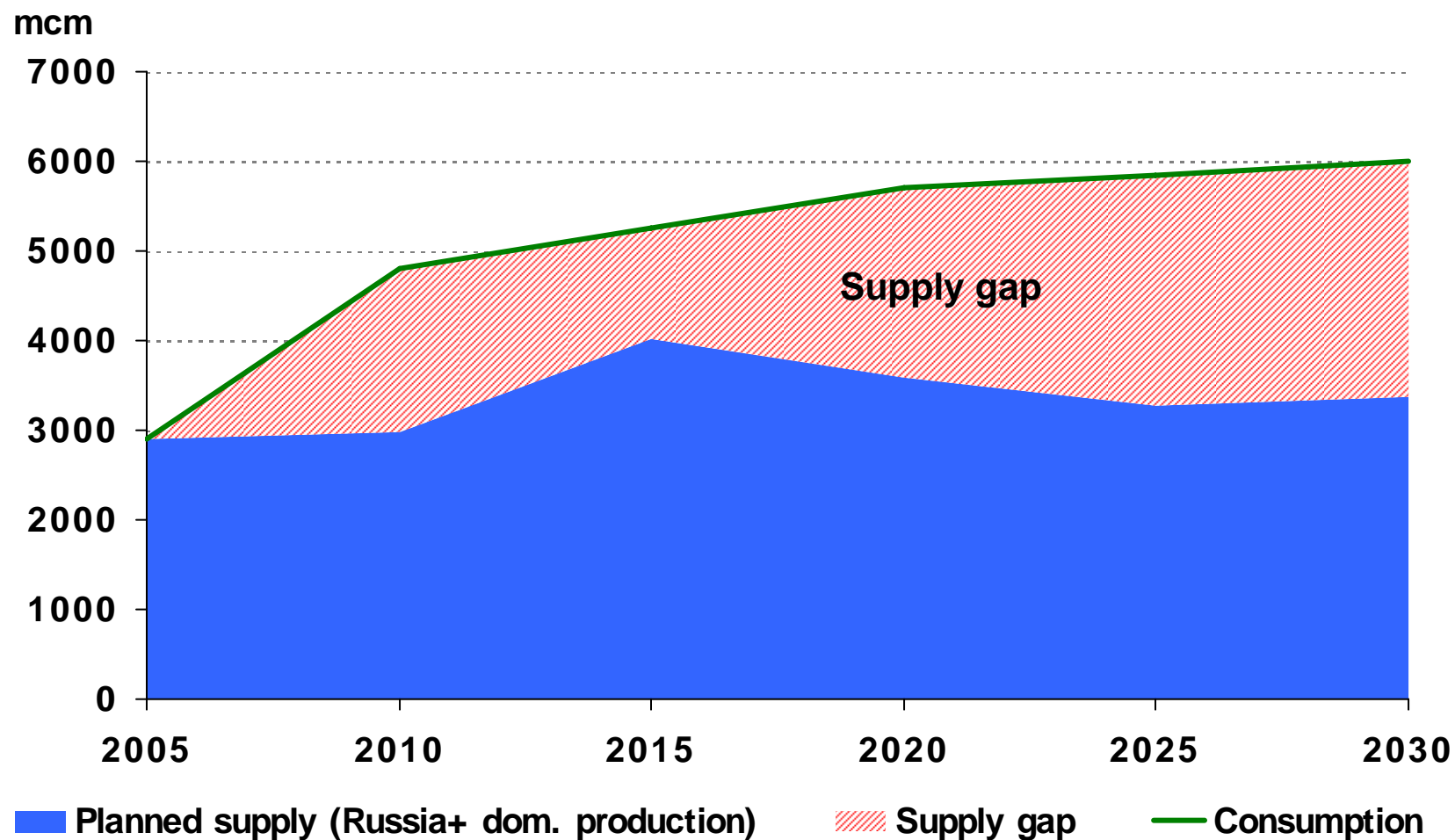
²⁾ Adria LNG, Opatja, May 2nd, 2007

Potential Future Supply Sources for Europe Gulf Countries + Caspian Region

Countries	Reserves (bcm)	Exp. Exports 2030 (bcm) to others / to Europe
Kazakhstan	1.900	50 / ?
Turkmenistan	2.900	120 / ?
Azerbaijan	1.370	20 / 13
Iran	28.000	114 / 35
Iraq	3.200	25 / 20
Qatar	26.000	232 / 80
Oman	1.000	14 / 2
Yemen	500	8 / 6

Source: OME 2006

Gas supply for CROATIA



Data Source: Energy Institute Hrvoje Požar and www.plinacro.hr

LNG – supporting the Croatian gas system

- ▶ Croatia has quite a high ratio of domestic production which will start decreasing in the future
- ▶ Gas consumption will increase
- ▶ Import dependency will increase
- ▶ At the moment **just one** import source → Russia!
- ▶ Croatia has enormous advantage → Access to Coastal Seaside
- ▶ LNG provides flexibility for supply sources and CHOICE by ...
 - ▶ A variety of potential gas suppliers
 - ▶ Seasonality
 - ▶ Reduced dependence on pipeline imports

Adria LNG as the essential LNG Regas terminal to supply Adriatic region, Italy and Western Europe

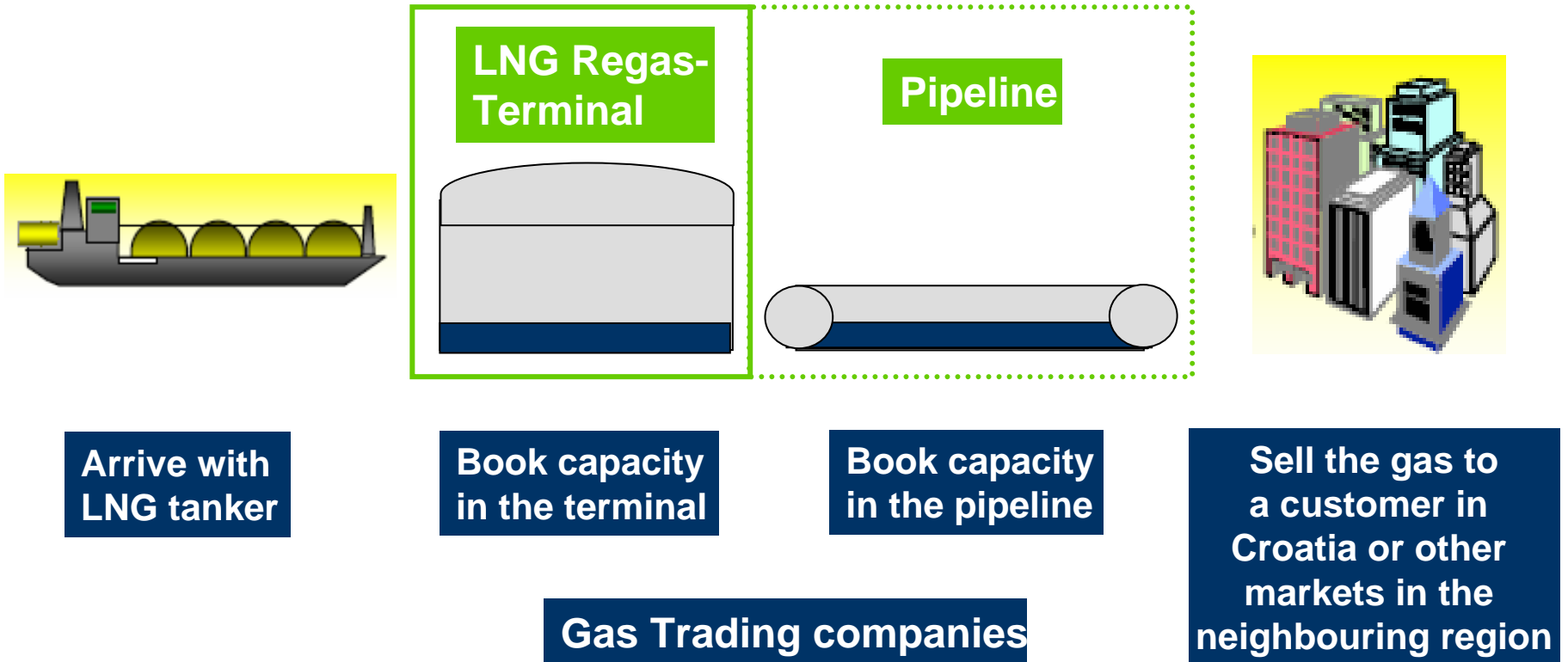


Business Model
<p>Construction and operation of an LNG regasification terminal (offtake pipeline capacity will be provided by the local TSOs) on the Croatian coast (pot. on island of Krk)</p> <ul style="list-style-type: none"> ▶ Potential supply regions: (North) Africa and Middle East ▶ Potential markets: Adriatic region (Croatia, Italy, etc.) and Western and Central Europe ▶ Gas trading will <u>not</u> be part of the business model

Business Model of Adria LNG

Gas infrastructure companies

ADRIA LNG & Local TSOs



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Strategic Goals of Project

- ▶ Opening a new gas supply corridor for Europe
- ▶ Increase trading possibilities for Croatia and for market participants at Croatian points of sale
- ▶ Contribution to security of supply for Croatia, partner countries and for Europe as a whole
- ▶ Increase potential and flexibility for swaps
- ▶ Enhance trading on liberalised market → to serve customers choices and preferences

Adria LNG Study Company Ltd. Company Structure



Potential supply regions via Krk



Croatia's benefits are strong arguments pro Adria LNG.

► Major impact on Croatia in form of:

1. an increase in supply security and diversification of gas portfolios in order to meet the country's future gas demand
2. an increase in liquidity and flexibility of the gas market and strengthening Croatia's position as a gas distributor for Europe
3. An absolutely positive consequences for the economic growth of Croatia and an impact with respect to social benefits (e.g. impulses for jobs, business opportunities, etc.)

→ Adria LNG will bring an enormous boost to the Croatian industry

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Results and Progress in 2006

- ▶ Adria LNG and E.ON Ruhrgas signed alliance agreement
- ▶ Update of Feasibility Studies for terminal including environmental and technical studies started
- ▶ Route investigations undertaken by local engineers and finished in Austria and Slovenia, under progress in Croatia.
- ▶ Summary of Pipeline Routing Studies in progress, to be compiled by the Pipeline Working Group
- ▶ Short list of Candidates for General Engineer in preparation
- ▶ Tender Dossier and specification for the Scope of Work of the General Engineer in preparation

Adria LNG Objectives 2007

- ▶ Implementation of new Shareholders
- ▶ Signing of MoU
- ▶ Signing of Shareholders Agreement
- ▶ Approval of location → work in progress
- ▶ Foundation of company in Zagreb

Adria LNG

.... we focus on Croatia!