



THE NATIONAL GAS COMPANY OF TRINIDAD AND TOBAGO LIMITED

Signing of Term Sheet Agreement NGC/Shell

Chairman Professor Gerry C. Brooks

Hyatt Regency

Monday 24th June 2019

GOOD AFTERNOON.

TODAY'S EXECUTION OF THIS NGC/SHELL TERM SHEET IS ANOTHER CRITICAL MILESTONE FOR NGC AND TRINIDAD AND TOBAGO. IT REPRESENTS ANOTHER FOUNDATION STONE IN FULFILLING OUR OBLIGATIONS TO ENSURE GAS SUPPLY CERTAINTY FOR OUR KEY STAKEHOLDERS WHILE DEEPENING OUR COUNTRY'S GAS-BASED RECOVERY. ON BEHALF OF THE NGC GROUP, I CONGRATULATE THE LEADER OF SHELL, DEREK HUDSON AND OF NGC, MARK LOQUAN, ON THE COMPLETION OF THIS IMPORTANT PHASE OF NEGOTIATIONS. TEAM NGC AND TEAM SHELL. WELL DONE!

THE EXECUTION OF THIS TERM SHEET IS POSITIONED AGAINST THE BACKDROP OF FUNDAMENTAL AND SEISMIC CHANGES IN OUR ENERGY ECOSYSTEM, AND AMIDST ANOTHER CHALLENGING CYCLE OF LOWER GAS AND FALLING COMMODITY PRICES. GAS IS HOVERING AT \$2.23 AND US GULF COAST METHANOL AND FOB CARIBBEAN AMMONIA ARE HOVERING AT \$340 AND \$184 RESPECTIVELY.

TRADE TENSIONS, US SANCTIONS AND BREXIT ANXIETIES AMPLIFY THESE ECONOMIC PRESSURES, PUSHING PROSPECTS FOR GLOBAL GROWTH LOWER. IN THESE CIRCUMSTANCES, THE RESET OF THE

INDUSTRY WHICH STARTED IN 2015, MUST CONTINUE TO BE APPROACHED DYNAMICALLY BY NGC, WITH ONGOING STRATEGIC COURSE CORRECTION. **LIKE APPLE, WE MUST BE DIFFERENT AND BETTER.**

NEVER HAS THERE BEEN A GREATER IMPERATIVE FOR AN INTEGRATED, INTERNATIONALLY FOCUSED NGC, ACTING AS AGGREGATOR, MARKETER, TRANSPORTER AND MERCHANT. ANY OTHER MODEL WILL MARGINALIZE OUR KEY STATE ENTERPRISE AND DIMINISH OUR COUNTRY'S ENERGY PROSPECTS. THE ARGUMENTS IN SUPPORT OF THIS MODEL HAVE BEEN WELL VENTILATED IN NGC'S STATEMENTS, ANNUAL REPORTS, GOVERNMENT STATEMENTS AND THEREFORE REQUIRE LITTLE REPETITION AT THIS FORUM.

HONOURABLE COLLEAGUES, CABINET'S JUDICIOUS SELECTION OF NGC'S BOARD MEMBERS - A MIX OF ENGINEERING, ENERGY AND COMMERCIAL EXPERIENCE - ALLOWED OUR SEPARATE NGC SUBSIDIARIES TO CRYSTALLIZE INTO AN INTEGRATED GROUP, PROVIDING 45 BILLION DOLLARS OF ASSETS; ANCHORED IN A REVAMPED GROUP WIDE STRATEGIC PLAN AND A BASE OF SHARED SERVICES AND ALIGNED GROUP MARKETING, WHICH HAVE ENABLED THE GROUP TO INCREASE PROFITABILITY FROM 560 MILLION DOLLARS IN 2015 BY DOUBLE DIGITS ANNUALLY.

NGC SUBSIDIARIES IN 2018 AGAIN DELIVERED DOUBLE DIGIT INCREASES IN PROFITABILITY. PUT DIFFERENTLY, THIS ALLOWED US AS A GROUP TO CONTRIBUTE APPROXIMATELY TWO POINT TWO (2.2) BILLION DOLLARS IN TAXES AND DIVIDENDS TO THE PEOPLE OF TRINIDAD AND TOBAGO. ALLOW ME TO CONGRATULATE OUR TEAMS ACROSS THE GROUP AND OUR BOARDS ON THIS ACHIEVEMENT.

ACCOUNTABILITY, GOOD GOVERNANCE, PROFESSIONALISM AND TRANSFORMATIVE THINKING HAVE BEEN OUR GUIDING TENETS. EIGHT UPSTREAM AND DOWNSTREAM AGREEMENTS HAVE BEEN RENEGOTIATED. THE STRUCTURE OF UPSTREAM AND DOWNSTREAM CONTRACTS RELEVANT IN THE 1990'S ARE MISALIGNED AND DISADVANTAGEOUS IN THE CURRENT ENVIRONMENT. THESE AGREEMENTS HAVE BEEN REVAMPED AND STREAMLINED, WITH THE INPUT OF OUR COMMERCIAL AND LEGAL TEAMS, SUPPORTED BY OUR BOARD.

COMPLEX AND DETAILED RENEGOTIATION OF THESE CONTRACTS HAS ALLOWED THE COUNTRY TO AVOID FUTURE CLAIMS WHILE EXTINGUISHING APPROXIMATELY TWO BILLION DOLLARS OF CLAIM LIABILITY. YOU WILL RECALL IN 2015, NGC WAS CONFRONTED WITH 4.7 BILLION DOLLARS IN CLAIMS. OUR MANDATE WAS NOT TO BE LIKED; NOT TO BE POPULAR; BUT TO ACT CONSTRUCTIVELY AND DELIBERATELY IN THE COUNTRY'S INTEREST.

DEEPER RESEARCH, MORE THOUGHTFUL AND ROBUST MODELING, METICULOUS PREPARATION AND RESULTS-ORIENTED ENGAGEMENT HAVE CHARACTERIZED OUR WORK AND NEGOTIATIONS. ONE OF MY FORMER TEACHERS ALWAYS SAID: "FAIL TO PREPARE; PREPARE TO FAIL". EVERY NGC TEAM MEMBER HAS SAID: "WE HAVE GROWN; WE ARE EXECUTING BETTER". TODAY I THANK THE PRESIDENT, THE NEGOTIATING TEAMS – LEGAL, COMMERCIAL AND OPERATIONS - FOR THEIR UNWAVERING SUPPORT, THEIR INSIGHT AND THE LONG HOURS AND WEEKENDS SPENT SERVING THE INTEREST OF OUR COUNTRY.

THIS DEDICATION IS REFLECTED IN THE UPLIFT OF GAS PRODUCTION FROM 3.2 BCF TO 3.8 BCF. IT WAS NOT SO LONG AGO THAT THE COUNTRY WAS FACING DESPAIR, WITH PRECIPITOUSLY FALLING GAS SUPPLIES CALLED THE "THE MOUNT TRINIDAD SCENARIO". TODAY, MANY PLANTS ARE ENJOYING FULL DAILY CONTRACT QUANTITIES. THERE IS BETTER GAS COORDINATION IN OUR SECTOR AND MINIMIZATION OF DISRUPTIONS AND OUTAGES.

THE CRITICAL ROLE OF NGC CANNOT BE OVER EMPHASIZED - AGREEMENTS WITH GPG GRENADA; TECHNICAL SERVICE AGREEMENTS WITH MOZAMBIQUE AND GHANA; A TERM SHEET ON DRAGON; LORAN MANATEE; AGREEMENTS WITH BEIJING RHEINGAU CORPORATION IN CHINA – A SUBSIDIARY OF CHINA INVESTMENT CORPORATION IN 2019; THE OPENING OF OUR OFFICE IN GUYANA IN 2019; 20% PARTICIPATION IN SMALL AND MARGINAL FIELDS WITH DeNovo AND THE PROSPECT OF

SEVERAL ACQUISITIONS UNDER REVIEW – CONFIRM THAT CONFIDENCE IN OUR FUTURE IS VALIDLY ANCHORED.

THESE ARE ALL ALIGNED TO OUR GROUP-WIDE AND SUBSIDIARY STRATEGIC PLANS WHICH DID NOT COST NINETY MILLION DOLLARS BUT AROSE OUT OF AN EIGHT-MONTH GROUP-WIDE ENGAGEMENT WITH MANAGEMENT, LEADERSHIP AND OUR STAFF – HARD WORK DONE IN THE COUNTRY’S INTEREST; STRATEGIC PLANS DEVELOPED BY THE COMPANY, OWNED BY THE COMPANY AND EXECUTED BY THE COMPANY.

TODAY, I SALUTE EVERY STAFF MEMBER OF THE NGC GROUP - BOTH INDIVIDUALLY AND COLLECTIVELY.

MAY I TAKE THIS OPPORTUNITY AS WELL COLLEAGUES, TO WARMLY THANK THE MINISTER OF ENERGY AND ENERGY INDUSTRIES, WHOSE SUPPORT AND COLLABORATION HAVE BEEN INVALUABLE. WORKING WITH THE MINISTRY AND MINISTER KHAN, HIS READY SMILE, THOUGHTFUL AND PROBING QUESTIONS, INTERROGATION AND WISE COUNSEL MADE FOR A VERY COLLABORATIVE AND PROFESSIONAL RELATIONSHIP. MINISTER, I PUBLICLY THANK YOU. ENGAGEMENT OF THE BOARD BY MINISTERS YOUNG AND IMBERT WHERE APPROPRIATE, WERE EQUALLY COLLABORATIVE, ENGAGING AND THOUGHTFUL.

IT IS THIS ENGAGEMENT WHICH ALLOWED US, AMONG OTHER THINGS, TO SUCCESSFULLY LAUNCH THE TTNGL IPO, AND THE EQUALLY SUCCESSFUL APO, DEEPENING OUR CAPITAL MARKETS AND RECAPTURING CONFIDENCE IN STATE SECTOR DIVESTMENTS.

TTNGL HAS DISBURSED TT\$950 MILLION IN DIVIDENDS IN THREE AND A HALF YEARS, ENABLING OVER 13,000 CITIZENS AND INSTITUTIONS TO ENJOY OVER 45% RETURN AND OWN ONE OF THE TOP THREE SHARES LOCALLY AND REGIONALLY.

HONOURABLE PRIME MINISTER, THERE ARE MORE ACHIEVEMENTS - THE CNG STORY; OUR WORK WITH RENEWABLES INCLUDING A UTILITY SCALE PROJECT; EXECUTION-READY AGREEMENTS IN ALUMINUM AND DREDGING - ALL TESTIMONY TO OUR TEAM EFFORT. IT WAS A TEAM EFFORT IN WHICH ALL DECISIONS WERE UNANIMOUS. OUR GROUP IS IN GOOD HANDS – MARK LOQUAN IS A THOUGHTFUL LEADER; DR. VERNON PALTOO; DOMINIC RAMPERSAD AND CURTIS MOHAMMED – ARE COMMITTED, INSIGHTFUL ENERGY PROFESSIONALS, WHO HAVE ALL GAINED THE RESPECT OF THE INTERNATIONAL COMMUNITY. WITH THE NEW CHAIRMAN AND BOARD, I AM CONFIDENT OF THEIR ABILITY TO CONTINUE TO RECALIBRATE IN A DYNAMIC ENERGY ECOSYSTEM.

OUR DISCUSSIONS WITH SHELL AND THE AGREED TERM SHEET FULLY REFLECT THIS PHILOSOPHY. NEGOTIATIONS COMMENCED IN 2017. DISCUSSIONS WERE PROBING AND VIGOROUS BUT ALSO CONSTRUCTIVE AND RESPECTFUL.

MAY I ALSO CONGRATULATE SHELL ON THEIR PROACTIVE USE OF TECHNOLOGY TO INCREASE LOCAL GAS SUPPLY TO BRING MORE GAS TO MARKET. TOGETHER, THE POSSIBILITIES OF THE SHELL /GORTT/NGC PARTNERSHIP ARE INFINITE. IT HAS BEEN REFLECTED IN THE RESURGENCE OF STARFISH AND DOLPHIN. THERE IS THE POTENTIAL OF THE DRAGON FIELD, LORAN MANATEE AND LOCAL FIELDS. THESE EQUALLY RICH POSSIBILITIES ARE UNDER DISCUSSION AND IN NGC, YOU WILL CONTINUE TO FIND A WILLING PARTNER READY TO LEVERAGE OPPORTUNITIES, LOCALLY, REGIONALLY AND INTERNATIONALLY.

HONOURABLE PRIME MINISTER AND COLLEAGUES, MY PERIOD OF NATIONAL SERVICE IS FAST APPROACHING ITS END.

THE IMPORTANCE OF NATIONAL SERVICE WAS SOMETHING INSTILLED IN ME BY MY PARENTS WHO STRESSED: "YOU MUST GIVE BACK TO YOUR COUNTRY. YOU MUST SERVE WITH INTEGRITY AND SERVE TO THE BEST OF YOUR ABILITY".

HONOURABLE PRIME MINISTER, YOUR INVITATION TO SERVE WAS AN HONOUR AND A PRIVILEGE AND I HAVE SOUGHT TO RESPOND INNOVATIVELY, COURAGEOUSLY, TRANSFORMATIVELY AND WITH

INTEGRITY. TODAY HONOURABLE PRIME MINISTER, I THANK YOU AND THE CABINET OF TRINIDAD AND TOBAGO FOR THAT OPPORTUNITY.

AS I CONCLUDE, I WOULD LIKE TO WISH THE OUTGOING SHELL COUNTRY MANAGER DEREK HUDSON ALL THE BEST AS HE TOO MOVES INTO A NEW SPHERE OF LIFE. DEREK HAS BEEN A PROFESSIONAL COLLEAGUE OF MINE FOR MORE THAN 35 YEARS.

DEREK, YOU ARE A CONSUMMATE PROFESSIONAL AND IT WAS A PLEASURE TO WORK WITH YOU AND YOUR TEAM. I ALSO CONGRATULATE EUGENE OPKERE ON THE ELEVATION TO HIS NEW ROLE.

TO SUCCEED AS A COUNTRY, WE MUST CONTINUE TO BE TRANSFORMATIVE. BUSINESS AS USUAL WILL NOT SUFFICE. IT WILL REQUIRE COURAGE AND VISION. THERE IS STILL MUCH WORK TO BE DONE AND CHALLENGES TO BE NEGOTIATED. THE GREAT INTELLECT, INVENTOR AND HUMANIST, ALBERT EINSTEIN NOTED: **“IN THE MIDDLE OF CHALLENGES, LIES OPPORTUNITY”**. LET US ENVISION AND LEVERAGE THE OPPORTUNITIES COURAGEOUSLY AND STRATEGICALLY. I THANK YOU ALL FOR YOUR UNSWERVING SUPPORT AND COMMITMENT.

GOD BLESS AND THANK YOU.

END