

## **Development of the Pande and Temane gasfields**

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### **Technical brief**

Financing	Agence Française de Développement
Beneficiary	CMH (Companhia Moçambicana de Hidrocarbonetos)
Loan amount	€ 20M
Date of approval	20 October 2003
Date of agreement signature	09 December 2004

### **Objective**

To promote the participation of Mozambican public interest in the project of developing the Pande and Temane gasfields on shore deposits near Vilankulos (Inhambane Province).

### **Project content**

The €20M loan was allocated by AFD to the public enterprise CMH (Companhia Moçambicana de Hidrocarbonetos) to cofinance its 25% participation in the gas project.

This financing is completed by a US\$ 12M loan from the EIB (European Investment Bank) and a US\$ 25M loan from DBSA (Development Bank of South Africa). Loan disbursements took place at the end of March 2006 and enabled the Mozambican enterprise to acquire a stake in the project financed and implemented by the South African petrochemicals group SASOL.

The investment comprises:

- an upstream extraction/treatment project: the development of the Pande and Temane gasfields as well as a gas treatment plant (approximately 600 km to the north-east of Maputo). AFD is participating in this upstream project on behalf of CMH,
- a downstream transport project: an 865 km underground gas pipeline between the Mozambican gasfields and SASOL's chemical plants in Secunda, South Africa. The gas pipeline is equipped with delivery points in Mozambique in order to deliver the country 5% of the quantity exported towards South Africa. The Matola industrial area is supplied by this gas.

The upstream project is held by an association between Sasol Petroleum Temane (SPT, a Mozambican subsidiary of SASOL) (70 %), CMH (25 %) and IFC (5 %). The association holds 30-year exploitation rights for the Pande and Temane gasfields. CMH is a subsidiary 70 % held by ENH, a national Mozambican hydro carburant enterprise, and the Mozambican State holds 20 %. 10% were sold to private Mozambican investors in May 2008. CMH was set up in 2000 in order to bring a Mozambican public participation into the project.

The downstream project is implemented by ROMPCO, a subsidiary 100 % held by SASOL Group.

SASOL therefore is involved at various stages in the project as the operator, via its various subsidiaries, and as the main off-taker of the project.

The development of Temane began in January 2004 while Pande started in 2008. Proved and probable reserves in the Temane and Pande gasfields provide a 35-year supply for gas sales. The initial gas sale contract signed with SASOL guarantees the supply of 120 MGJ per annum (millions of gigajoules) of gas for 25 years. Equipment design allows for a future increase in treatment capacity up to 240 MGJ per annum. An extension phase of 183 MGJ is under preparation which should allow the Mozambican market to access 27 MGJ gas per annum from 2012.

## Financing Plan

Financings	Amounts in millions of \$
<i>AFD Loan</i>	24,0
<i>EIB Loan</i>	12,0
<i>DBSA Loan</i>	25,0
<i>IFC (5% of CMH initial share of 30%)</i>	5,5
<b>TOTAL</b>	<b>66,5</b>