

MOZAMBIQUE FIFTH LICENSING ROUND

QUESTIONS & RESPONSES – UPDATED 21st APRIL 2015

1. Do we need to provide copies of the application translated in Portuguese?

No, the Application documents should be presented in English. If a company wishes to complete the application in Portuguese then there should also be an official English translation provided.

2. For Appendix A, C and D, can we include (separate) additional documentation as part of the bid?

The standard forms provided shall be used. The forms are obligatory. It is possible to submit additional supporting documentation, but the elements which are to be assessed and given score must appear in the appendix as outlined.

For any of the appendices the applicants may include additional documentation. Please note that this should be separate and provided in A4 format.

3. Are we able to "link" more than one Area? If so, how will this practically work (i.e. do we submit multiple applications with a cover letter indicating that these are "linked", or can we submit one application with a combined work programme and commitments?).

It is only possible to "link" applications for Areas that adjoin or are in close proximity to each other within the defined Areas, for example Zambezi, Angoche, Rovuma & Onshore. For areas which are not immediately adjacent, separate applications must be prepared.

Each Area requires its own EPCC application and the "linking" between the applications must be explained in a separate cover letter (refer to page 8 of the Application Guidelines). This shall clearly state whether the application is conditioned on the applicant being awarded all the linked Areas, or whether the applicant is also secondarily applying for each of the Areas individually, and if so the applicant's priority of the Areas applied for.

See application guidelines on page 8.

4. Are the linked Areas then awarded/rejected as a combined Area?

Yes, unless the applicant has indicated that the applicant would accept the award of individual Areas.

5. Can INP give any guidance on production bonuses?

To give guidance on level or composition of any economic term, including Production Bonuses are not required to by legislation or the bid invitation.

Production Bonus is structured as a cash amount which during the assessment of bids is allocated a certain score. Previous EPCCs are public domain and give an indication of the level Production Bonus previously included in EPCCs.

Production bonus is a biddable item and it is up to applicants to determine the production bonus they offer. The production bonus may be set to vary between Areas awarded and considered in terms of onshore vs. offshore, deeper vs. shallower water, and expectation to leads and prospects.

6. In the bid evaluation criteria, there is a 19% score given to "Other Terms" in Appendix C. What are these other terms?

The authorities have renamed "*Other Terms*" to "*Economic Model Analysis Results*" which better describes its content and an updated version of Appendix C may now be downloaded from the website (www.inp-mz.com).

All the "*Financial terms*" as specified in Appendix C, are input as variables in to the Government economic model to compute the score in this section.

The input to the economic model includes all the biddable items in Appendix C including Cost Petroleum ceiling, R-Factor, State Participation and Production Bonus.

The economic model takes in to account differences between onshore and offshore, gas and oil, shallow water and deep water. The model is then used to determine the Government take and is used by Government to support negotiations with applicants.

Note; This section does not include any score for "*local content*".

7. Will submission by a single Company only (and carried participation by ENH) be viewed as a qualified bid, or is a second partner still required?

Yes, a single company application will be seen as a valid bid, but Government preference is to award the EPCC to a group forming a unincorporated joint venture as published in the application guidelines which would include one Concessionaire to be appointed Operator and at least one other Concessionaire. In addition all EPCC's will include State participation (represented by ENH).

Note; The Government has the right to introduce other qualified applicants as Concessionaires in any given EPCC in line with resource management objectives.

8. When can the Model EPCC be made available on the INP website?

The new Petroleum Law (2014) has required some changes to the Petroleum Operation Regulations and model EPCC which are taking longer to conclude than anticipated. INP is committed to publish these documents as soon as they are completed.

9. Are all of the partners in the block required to provide the bank guarantee as per their equity share? Or is this provided by the Operator in total (with some back-to-back agreement between the operator and the partners?)

The bank guarantee (BG) must be presented in substantially the form shown in Annex D of the EPCC. Government preference has in earlier awards been a bank guarantee for each Concessionaires Participating Interest share and relevant portion of the carry of the Minimum Expenditure defined in the EPCC. Government has under certain circumstances approved a single bank guarantee by the Operator on behalf of all Concessionaires (with back to back agreements between concessionaires) or by the partners as per their equity. Such solution only available on a case by case basis, and requiring additional Government approvals.

10. Please clarify if a bank guarantee is actually required as at the time when bids are submitted as we do not even have a EEPC yet (which is the granting instrument for issuing work commitments)

Amounts and final content of bank guarantee (BG) is determined by content and character of Obligatory Work Commitment included in an EPCC. BGs will not have to be submitted with the application. The deadline for submitting the BG is within 30 days of the Effective Date of the awarded EPCC.

11. Please provide guidance on the bank guarantee wording required (or is there a "template" available)?

The template is available and will be provided after the award of Areas, when the Model EPCC is updated. It is not expected to materially deviate from the form previously used.

12. Can we get more details as to what "QHSE record of material events" (Appendix D) means?

Companies need provide only "high level" summary information of the type of incidents shown in Appendix D for the last 3 years

QHSE record of material events for the previous three (3) years including spills, site fatalities and injuries, major fires or explosions, mechanical or structural failures, emissions and waste, and main mitigating and remedial efforts employed.

13. Does the company have to be registered in Mozambique to participate in the tender?

To become Concessionaire and be awarded a Participating Interest in an EPCC the applicant must be registered in Mozambique. Please also be aware of the requirements of the amended Petroleum Law Art. 26 stating that foreign legal persons directly or indirectly holding or controlling a legal person holding rights pursuant to a Concession Contract shall be established, registered and managed from a Transparent Jurisdiction and that all shareholder and company incorporation information must be submitted.

14. Can a company operating in mining sector in Mozambique with technical capacity, backed by a foreign company financial strength, participate in the bidding or it need to find a partner to be able to tender

By Law companies must have the required assets & capital to be able to operate and have proven expertise and technical capacity and experience in the Petroleum sector to be awarded rights to conduct Petroleum Operations.

15. Difference of assessment criteria on bidding for Survey concession contract and EPCC?

This bidding round is only for rights awarded through an Exploration and

Production Concession Contract (EPCC), not for Reconnaissance Concession Contracts as is the new term for this rights document.).

16. What kind of privilege will a Survey Concession contract holding company have in the discussion for an EPCC?

There are no preferential rights for entities holding a Survey Concession Contract or a Reconnaissance Concession Contract with regard to the award of Exploration and Production Concession Contract in the Area covered by the SCC/RCC or other areas. The bidding round is only for awarding exclusive rights according to an Exploration and Production Concession Contract (EPCC).

17. Besides the document published on INP site and the data could be made available at the "Data room", are there other ways to get data on the offering blocks?

All Data that is available is documented on the website www.inp-mz.com (Application Guidelines and Technical Data documents) and may be used subject to the terms of the Master License Agreements. INP is in partnership with a number of companies to provide additional access to Data sets that may be licensed from contractors such as WesternGeco, ION, Core Laboratories and ERCL.

All applicants must be able to demonstrate that they have appropriate rights to use all Data including INP released Data and Multi Client Data for the purpose of the bid submitted.

The proposed Operator for the application should have license to all the Data used for the purpose of the application. Applicants to be Concessionaires and not Operator (bidding group) must demonstrate they have adequate license to relevant Data.

18. Costs associated with acquisition of Data (which may be purely commercial acquisition or Reconnaissance or Exploration as defined by the Petroleum Law) and related activities, including acquisition of seismic or other Data in an area open to EPCC application in the 5th Bid Round – are they cost recoverable?

Cost Recovery is regulated by the EPCC Art. 9 and in the standard Accounting and Financial Procedure, Section 3. The EPCC economic terms are ring-fenced, meaning that only costs related to the Petroleum Operations conducted pursuant to the EPCC may be cost recoverable under that EPCC. . Cost incurred for seismic or other Data acquisition, or other Exploration associated costs for the

preparation of the bid or prior to the award of the EPCC are currently not cost recoverable.

Subject to applicable Mozambican corporate income tax law, costs related to acquisition of seismic or other Data outside the Concession Contract Area for an EPCC may be deductible against corporate income tax.

19. Besides the talk with ENH on the proportion of shares, are there any other issues we need to negotiate with the Government/INP/ENH?

The State Participating Interest in the Joint Venture is a biddable item, as is the content of the Work Commitment, Institutional support, Training, Social support, Production Bonuses and Rfactors,. ENH is stipulated by law to manage the State Participating Interest.

It is not intended for applicants to have prior agreements with ENH on the level of State Participation to be offered in the application as this is a competitive bid item.

20. Does the non-operator have to carry out independent technical report and consequently write a detailed technical report. Would only the operator technical analysis and assessment be accepted?.

The application for an Exploration and production Concession Contract (EPCC) should contain the agreed technical analysis of each and every bidding group member as presented by the lead applicant, which also normally is the proposed Operator. It is up to the bidding group to determine the best way to reach agreement on the technical assessment of the Areas applied for.

21. As non-operating partner (Concessionaires) do we need to buy data now or defer purchase on award of block?

The bidding group needs to show that all applicants have appropriate rights to the Data that have been used in the preparation of the application and on which the application is based.

22. Does the Health Safety and Environment Systems and certifications need to be in place or can this be in progress with commitments to complete as soon as possible

HSE requirements are a Pass/Fail criteria. Any applicant whether the applicant is the proposed or a mere Concessionaire, will need to demonstrate that it has

a relevant and working HSE system in place to submit a valid bid. Certification is not a requirement, but if this is not available at the time of application then the method of audit and review will need to be demonstrated.

All “Concessionaires and the Operator which is appointed among Concessionaires will need to demonstrate they have HSE policies and HSE management systems in-place as specified in Appendix D “paragraphs a) & b)”. Note that certification “paragraph c)” is not an obligatory requirement, but should be submitted if available.

23. From the Application Guidelines downloaded from INP website, we didn't find any pre-register or pre-qualify requirement, there are no process defined. However, A rumor said that INP had already finished the pre-register procedure. So we want to confirm with you whether we missed the pre-qualification, Are we still able to attend the bidding?

There is no requirement for applicants to pre-register or pre-qualify for the fifth license round.

24. We have a question about details of the Company Representative in Mozambique, you know we have not established office in Mozambique, so we can't provide these information now. Is it ok if we leave them blank in parts of “APPLICANT DETAILS AND FINANCIAL INFORMATION” if we submit our bidding documents?

If you have not yet established an office or have a representative in Mozambique this part of the form should not be completed (left blank).

25. Is the bank guarantee is indeed required to submit the bid?

No, a bank guarantee is not required with the bid but is required within 30 days of EPCC. (see replies also to questions 10 and 11).

26. If a bank guarantee is required, please provide your expectations with the bank, the coverage of bank guarantee (the fixed amount, share of exploration cost, etc.)

The bank guarantee is linked to the minimum Work Commitment for the first Exploration Period, and thus clarification of these issues must await the final awarded EPCC .

27. Is there a text of bank guarantee and/or the specific link to legislative document establishing such requirements.

The template is available and will be provided after the award of Areas, when the Model EPCC is updated. It is not expected to materially deviate from the form previously used.

28. We expect that given the short timeframe, we might be unable to create the SPC (special purpose company) to participate in the licensing round and provide all necessary assurances and guarantees required to submit the bid on behalf of such SPC. In case if our company would be admitted to the stage of EPCC discussions, would it be possible to replace the Applicant (100% owned by mother company) with a company of mother company group (as well owned by mother company for 100%)? Or alternatively, if we managed to negotiate the EPCC for the benefit of Mozambique Government as well as investors, could the signatory of such EPCC be another company of mother company group (100% owned by mother company), not the Applicant.

INP would have to consider the detail on a case by case basis, but the principle is the bids are evaluated on the details of the submitted application. However, it is approved that an applicant being the Parent company to create a Mozambique subsidiary and assign subject to Government approval the Participating Interest of the EPCC.

29. Which Zambezi delta blocks require an Operator to hold an Operatorship of at least one Petroleum license in water depths in excess of 500m including drilling of exploration or development wells? Based on the maps we downloaded from INP web-site (<http://www.inp-mz.com/documents>), even the shallower blocks (Z5-A and Z5-F) partially have water depths below 500 m (south east corners for both). Please clarify whether experience criteria relates to the depths in the whole area of the block or the depth at the well location (chances might be slim that the wells would be placed at depths below 500 m in Z5-A, Z5-F).

Areas A & F have been designated for Operators with total assets & capital greater than USD 2 Billion and which are operating at least one offshore Petroleum Production license in Mozambique or elsewhere (and experience of drilling of exploration and development wells). The whole of Area A & F will be awarded to applicants who meet the above criteria including those parts of acreage that extend beyond 500m water depth.

Areas B, C, D and E have been designated for Operators with total assets & capital greater than USD 5 Billion and which are operating at least one offshore

Petroleum Production license in Mozambique or elsewhere (and experience of drilling of Exploration and Development wells in areas with comparable conditions as expected to be encountered in acreage on offer).

30. On financial information, can we use the most recent Audited Financial Statements?

Yes

31. For bidding parameters which have a requirement for a fixed dollar amount to be bid/data purchased, how does the points system work?

There are 8 marks for the technical database. The minimum recommended Data package will score 4 marks (or 50% of total)

In general the 100% score (8 marks for technical database) will be given for applicants holding all relevant technical Data within the immediate geographic area and have used it for the purpose of the application.

A score sliding scale will be applied across these ranges.

32. 19 (of 37) points under financial Bid are classified as 'Others', Does this refer to profit petroleum sharing only or does it have other constituents?

See the above answer to question 6.

33. Is there further clarity on how the 19 points available may be awarded. For example, how would you award points based on a share range of 20- 50% in one bid against 30-35% in another bid?

See the above answer to question 6.

34. Some 22 points under Technical Bid are for the Phase 1 work program - how is it scored between G&G, wells, other? Will further clarity be provided on how the points available may be awarded?

Each Area has already been assigned a minimum Work Commitment (as published) based on the current Exploration database and INP perception of prospectivity. A score sliding scale will be applied to differentiate the applications based on the content of the minimum Work Commitment offered.

The weighting of scores between Wells, seismic & other technical work is linked to the relative value of each of these activities.

35. Under minimum data requirement, should that be for the block for which the bids are submitted or can regional data and reports be included as well?

Yes, regional Data and reports may form part of the minimum Data requirement. INP has described the minimum Data requirements for each Area and these can be downloaded from the website www.inp-mz.com.

36. Cost Recovery ceiling being a biddable item.

The Cost Recovery ceiling designated by the law is the highest cost recovery ceiling permissible in an EPCC, but offering a lower cost recovery ceiling is still possible.

As defined in the Tax Law (Article 31); In each calendar year, the total amount of recoverable costs incurred by the Concessionaire in Petroleum Operations in the Concession Contract Area shall not exceed 60% (sixty per cent) of Petroleum available for cost recovery purposes. Applicants may offer a lower ceiling as part of their bid.

Note: Appendix C has been updated to reflect this clarification.

37. QHSE record of material events for the previous three (3) years including oil spills, site fatalities and injuries, major fires and explosions, mechanical/structural failures, emissions and waste, and main remedial efforts.

Records of any incident or accident that result or may result in injury to person, affecting Production or cause anything, but insignificant damage to Facilities, other infrastructure, property or the environment, or having the potential to do so. Any major breach or repeated breach of applicable law, Concession Contract or Government approvals and related procedures or standards, whether regulatory or company code of conduct based.

38. Can a company apply as a Non-Operator and a range of percentage interests they would consider for an area?

Yes. If a company has licensed Data and completed its technical work and has still

been unable to find a bidding group, then INP will accept an individual bid as Concessionaire only (non-operator). INP, however, prefers group applications.

INP will mark the application and if it meets the evaluation criteria may offer the possibility of being awarded a Participating Interest together with applicants of a bid group. Government is under no obligation to award any EPCC or acreage for which there is an application regardless of the application being individual or a group application. The Government is not obliged to include an individual applicant acreage in an EPCC awarded to a joint venture formed by all or some applicants of a group application.

39. Do local Mozambique companies have to license the technical data before they submit an application?

All Companies must be able to demonstrate that they have appropriate rights to Data whether licensed to all as INP released data or Multi Client Data when used for the purpose of the bid.

The lead applicant for the application which normally also is the proposed Operator should hold relevant rights to all the Data used for the purpose of the application. Applicants assumed to be Concessionaires (bidding group) must demonstrate they hold adequate legal rights to relevant Data.

40. What is the procedure for opening of the applications?

As in previous bid rounds, applicants are invited to have one company representative present at the bid opening ceremony, which will take place on the closing date for submission of applications.

All bids will be opened; the names of all individual and group applicants will be announced, as well as the acreage each applicant or group application is applying for. This information will also be published in a press release from INP.

41. Can I have feedback on the evaluation of our application?

After all Exploration and Production Concession Contracts relevant to the bid round is awarded, and Concession Contracts enters into force, INP will open for brief feedback meetings for those applicants that wish to get feedback regarding the evaluation of their applications.

As part of this, INP intends to give a brief insight into the total score of the

application versus the total score of other applications (anonymous) for the same area.

42. Please kindly clarify whether the “Minimum Data License Requirements” contained in the PowerPoint pdf “Data Package Recommendations” are advisory or mandatory? If they are advisory, please advise on the consequences of spending less than “Minimum Data License Requirements”.

- a. The “Minimum Data License Requirements” are mandatory
- b. Applications that do not meet the “Minimum Data License Requirements” will not be considered to have submitted a complete application and the application will fail.

43. Can I achieve full cost recovery or is there a “Cost Recovery Ceiling”?

Please refer to Law no. 27/2014, Article 31.

In each calendar year, the total amount of recoverable costs incurred by the concessionaire in Petroleum Operations in the Concession Contract Area shall not exceed 60% (sixty per cent) of the Petroleum made available for the purpose of cost recovery. In most situations this means total Production less Petroleum Production Tax.

The recoverable costs exceeding the limit set in one calendar year may be carried forward to a subsequent year or years until they are recovered in full, but not for more than five years.

44. How is the technical programme evaluated against the financial commitment? Example: Is it better to propose 3D + well for \$20m or 3D only for \$30m?

INP has determined the minimum Work Commitment for each Concession Contract Area and has completed a technical evaluation of each of the Areas. INP will evaluate the merit of the applicants proposed minimum Work Commitment. In this section of the evaluation the technical content of the applicants' Work Commitment is of greater importance than the USD amounts bid.

45. How are all elements of the technical work programme compared ultimately? Is it the sum of the cost from the SUMMARY OF PROPOSED PROGRAM of Appendix B?

Please refer to the answer to question 45.

46. For Angoche, are we right to assume that we would have no well commitment if the first exploration period is shorter than 3 years, but there would be a well commitment if this first period goes for 3 years or beyond?

Yes, this is correct.

47. APPLICANT DETAILS AND FINANCIAL INFORMATION – Is the bidding company evaluated or the group it belongs to?

Each applicant in a bid group is evaluated separately and must meet the defined minimum criteria. The scores are then summed with an increased weighting for the Operator's score.

48. How is technology going to be evaluated and what would you like to see in this programme?

INP has allocated points for bid groups that demonstrate to be in possession of and with practical experience with technology (including R&D) relevant and applicable to the Exploration and Development of each Concession Contract Area on offer. By way of example this might relate to E&P in deep water and GTL technology.

49. TECHNICAL SUBMISSION / WORK PROGRAM – Is a group guarantee also accepted or only a bank guarantee?

For the minimum Work Commitment this guarantee may only be a bank guarantee.

50. FINANCIAL PROPOSAL (appendix C) – Does INP expect specific programs under Training, Institutional Support and Social Support or is it just a monetary commitment?

At the point of application Institutional Support and Social Support is just a monetary commitment, but the Training commitment will include the Concessionaires presenting specific programs

51. What does INP mean by “other terms” (19 points) in the financial terms? Would a capacity building programme of ENH fit under this or not?

Please see the answer to question 6.

52. We see that partnering is not part of the criteria. Does it mean it is possible to bid for an IOC with ENH only?

Please see the answer to question 7.

An application may be submitted for an Exploration and production Concession Contract (EPCC) from a single company, but Government preference is for a group application formed by two or more companies as published in the application guidelines, one of which would include the proposed Operator and at least one other Concessionaire. In addition all EPCC’s will include State participation (represented by ENH).

Note; Government has the right to introduce additional qualified applicants to be considered for inclusion as Concessionaire in any given EPCC award.

53. At what stage may a bidder withdraw from the bid process (e.g., after the application is filed, after the winning bidder is determined, etc.)? What would be consequences for a withdrawing bidder at different stages?

Bids have to be valid for 6 months following the date of application deadline. There is no penalty if a bidder withdraws at any stage before signature of the EPCC.

54. Could you please confirm whether a bidder’s application may provide that such bidder’s affiliate will be nominated as a perspective operator for the development of the relevant block, provided that such affiliate meets all financial and technical requirements?

The Government will appoint one of the Concessionaires in the EPCC as Operator and an applicant should indicate in the bid whether it wishes to be appointed Operator or not. No affiliate of the applicants will to be granted any rights pursuant to the EPCC.

55. We understand that a bidder may assign its rights and transfer obligations in respect of the bid process to its affiliate at any stage of the process, subject to approval by the government of the Republic of Mozambique (“Government”) as

set forth in Article 53.2 of the Mozambican Law No. 21/ 2014 of 18 August 2014 (“Petroleum Law”). Could you please confirm whether this is correct.

The applicant's capacities and capabilities will be assessed. If the applicant is a subsidiary of a larger corporation the corporation resources may be considered dependent on how the applicant is able to make use of corporate capacities and capabilities. The Government will not accept transfer of rights (if any) during the application and negotiation process. However, the application and negotiation may be conducted by an affiliated company (parent) on behalf of a wholly owned subsidiary or affiliated company which eventually is being awarded the EPCC.

56. We understand that in accordance with Article 26.3 of the Petroleum Law a bidder shall file documentary proof of its incorporation and related corporate documents with INP? Please advise whether our understanding is correct. Given that the bidder is a foreign company, will English translation of the bidder’s foundation documents verified by the general director be acceptable for INP?

Yes, documentation shall be provided as indicate and a certified English translation is acceptable. Please also note that the same article of the Petroleum Law provides that foreign legal persons directly or indirectly holding or controlling a legal person holding rights pursuant to a Concession Contract, shall be established, registered and managed from a Transparent Jurisdiction as defined.

57. Does a joint bid agreement between several bidders that would like to form an application group need to be approved by the Government as set forth in Article 30.2 of the Petroleum Law prior to the submission of the joint application? Should such approval be required, please advise on process for securing such approval and Government’s discretion on this matter.

The approval of the agreement is required, and should preferably be submitted to the Government as soon as it is entered into, and must be submitted at the latest when the application for EPCC is submitted. The Government will keep such information confidential in the same manner as all other bid relevant information received. However, when making public that applications have been submitted Government will indicate that certain bids are the result of group applications. Details of the joint bid agreement will not be made public at that stage or unless terms included in the bid agreement are relevant to the content of the awarded Exploration and Production Concession Contract.

58. We understand that several bidders that would like to form an application group and bid together do not need to form an incorporated joint venture for purposes of filing the application. Could you please confirm whether our understanding is correct?

Yes, this is correct. Such Joint Venture is not needed, but the agreement of joint bids must be approved by the Government and the bid agreement submitted (please see answer to 58 above.). If the group is awarded an Exploration and production Concession Contract (EPCC), they will as Concessionaires be required to enter into a standard and obligatory Joint Operating Agreement based on the Government prepared model JOA that will be regulating the unincorporated Joint Venture of the EPCC.

59. Article 26.1 of the Petroleum Law provides that foreign legal persons incorporated in Mozambique may be holders of rights to undertake petroleum operations. We understand that the requirement of incorporation in Mozambique applies to foreign companies that act as operators and undertake petroleum operations. Could you please confirm whether this is correct and whether a foreign company that will act as a non-operator under an EPCC does not have to be incorporated in Mozambique.

It follows from the Petroleum Law of 2014 (PL) Art. 26 .1 that foreign legal persons registered in Mozambique who proves competence, technical capacity, and adequate financial resources for the effective conduct of Petroleum Operations may be holders of the right to conduct Petroleum Operations. This applies to all Concessionaires, not only to those appointed Operators.

60. Please advise whether the EPCC will include any stabilization provisions or 'grandfathering clauses'?

This will be clarified when the model EPCC for the 5th bid round is finalized and prior to the bid deadline. The model will be made public on the INP web site.

61. According to Article 35 of the Petroleum Law Government shall (i) ensure that a share of not less than 25% of the oil and gas generated in the country is allocated to the national market, and (ii) regulate the purchase, price setting and other matters. Moreover, pursuant to Article 108 of the draft Petroleum Operations Regulations the use and domestic consumption of natural gas will be in accordance with the assumptions and principles set forth in the Natural Gas Master Plan. We have not seen the Natural Gas Master plan or any

provisions on this issue. Could you please clarify how such domestic sales will be regulated in general, how the price, quantities and supply periods will be determined? Is the Natural Gas Master Plan available for review by bidders?

The detailed regulation of domestic Natural Gas offtake issues are still under development and expected to be made public prior to the bid deadline for the 5th bid round. However, the applicants should be aware of the requirements as such following from the Petroleum Law 2014.

62. According to Article 107 of the draft Petroleum Operations Regulations the Government may “may authorize Concessionaires who have discovered deposits of oil and non-associated natural gas to run projects for the design, construction, installation, ownership, financing, operation, maintenance and use of wells, facilities, and related equipment, whether onland or at sea, for the production, processing, liquefaction, delivery and sale of gas on the domestic market and for export”. Could you please clarify whether the EPCC with the winning bidder will provide for the right to build, purchase and operate floating liquefied natural gas (FLNG) units for liquefaction of natural gas produced under the relevant EPCC? Are such activities considered to be petroleum operations under the EPCC that so that relevant expenses would qualify as recoverable costs?

The scope of the Petroleum Law encompass Production of Petroleum, which also may include liquefaction activities pursuant to an approved Development Plan. To what extent the use of FLNG and related activities be approved part of the Facilities and comprised by Petroleum Operations under the EPCC or will necessitate a separate Facility Concession Contract pursuant to the Petroleum Law 2014 will depend on an individual assessment made by the Government of the Development Plan submitted by Concessionaire in each individual case.

63. Are there any specific requirements in Mozambique legislation with respect to form and jurisdiction of foreign participants?

The Petroleum Law 2014 (PL) Art. 26 states that foreign legal persons directly or indirectly holding or controlling a legal person holding rights pursuant to a Concession Contract shall be established, registered and managed from a Transparent Jurisdiction and that all shareholder and all applicant corporate information must be submitted. "Transparent Jurisdiction" is defined by PL as those jurisdictions where the Government independently can verify the title, management, control, and fiscal status of such foreign legal entities which intend to participate or which is participating in the Petroleum Operations.

64. Are there any specific requirements in Mozambique legislation with respect to:

- **Limitations of share to be held by the foreign participant in the concession?**
- **Operator's functions under concession?**

See previous answers on the requirement of registration and information of national or foreign companies directly or indirectly owning or controlling a Concessionaire to an Exploration and production Concession Contract (EPCC). There is no concrete limitation in the PL to how much interest or control a foreign company may hold in a Concessionaire.

Operators' functions in the EPCC defined by applicable Petroleum law (including the Petroleum Operations Regulations – to be amended), the EPCC and its integrated attached documents (mainly Joint Operating Agreement, the Accounting and Financial Procedures and the guarantees).

65. What is the current practice with respect to how foreign parties usually participate in Mozambique concessions:

- a. **Branch of foreign entity vs Mozambique legal entity**
- b. **Typical foreign jurisdictions of foreign parties**

- a. See answer to question 64 and 65 above. According to the Petroleum Law 2014 (PL) a foreign legal person with a registered branch in Mozambique may be holder of rights to conduct Petroleum Operations. INP would however prefer that foreign companies applying for an Exploration and production Concession Contract (EPCC establish) a Mozambican legal entity to be Concessionaire in such EPCC.
- b. The Petroleum Law 2014 Art. 26 states that foreign legal persons directly or indirectly holding or controlling a legal person holding rights pursuant to a Concession Contract shall be established, registered and managed from a Transparent Jurisdiction. "Transparent Jurisdiction" is defined as those jurisdictions where the Government independently can verify the title, management, control, and fiscal status of such foreign legal entities which intend to participate or which is participating in the Petroleum Operations. INP would advise applicants to choose such foreign jurisdiction which clearly fulfils these requirements and submit documentation substantiating this fact.

Questions can be submitted to info@inp-mz.com

**For further information about the Mozambique Fifth License Round
please visit www.inp-mz.com**