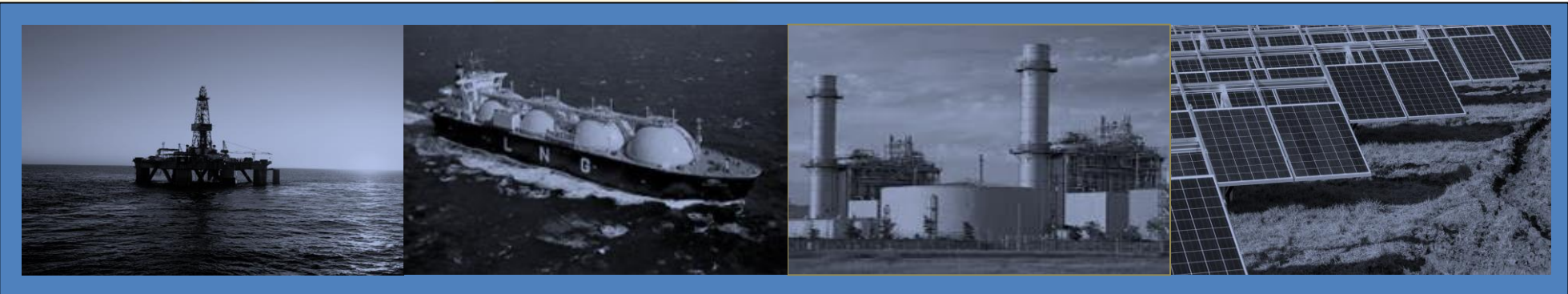




**PetroSA**

# Strategy & Corporate Turn-around Plan



# The Problem Statement

## Factors that contribute to our current status

- **Historical:**
  - Upstream: Limited, Inefficient and Ineffective exploration and production activity resulting in minimal discovery and production
  - Midstream: Primarily dependent on sole source feedstock and operational model resulting in no long term diversified solution
  - Downstream: Constrained market growth due to limited supply and infrastructure
- **Markets:**
  - significant disruption factors; such as Climate Change, Technology, Supply dynamics, Price volatility, COVID-19

### Other factors that have changed

- **Upstream (Feedstock)**
  - Depleted indigenous feedstock, reach technical limit Dec 2020
- **Midstream (Operations)**
  - Sub-optimal and Inefficient Operations, operating < 18 000 bpd
- **Downstream (Supply Chain & Network)**
  - cross-subsidization of pricing with midstream refining, inefficient feedstock to product ratio

### These have resulted in unsustainable financial and operating conditions for PetroSA:

#### Strategic

- disconnected from changing market drivers and value
- declining profitability and cash flow challenges
- lack of trust and support in the market for PetroSA
- abandonment liability (provision) – unaffordable
- leadership instability

#### Operations

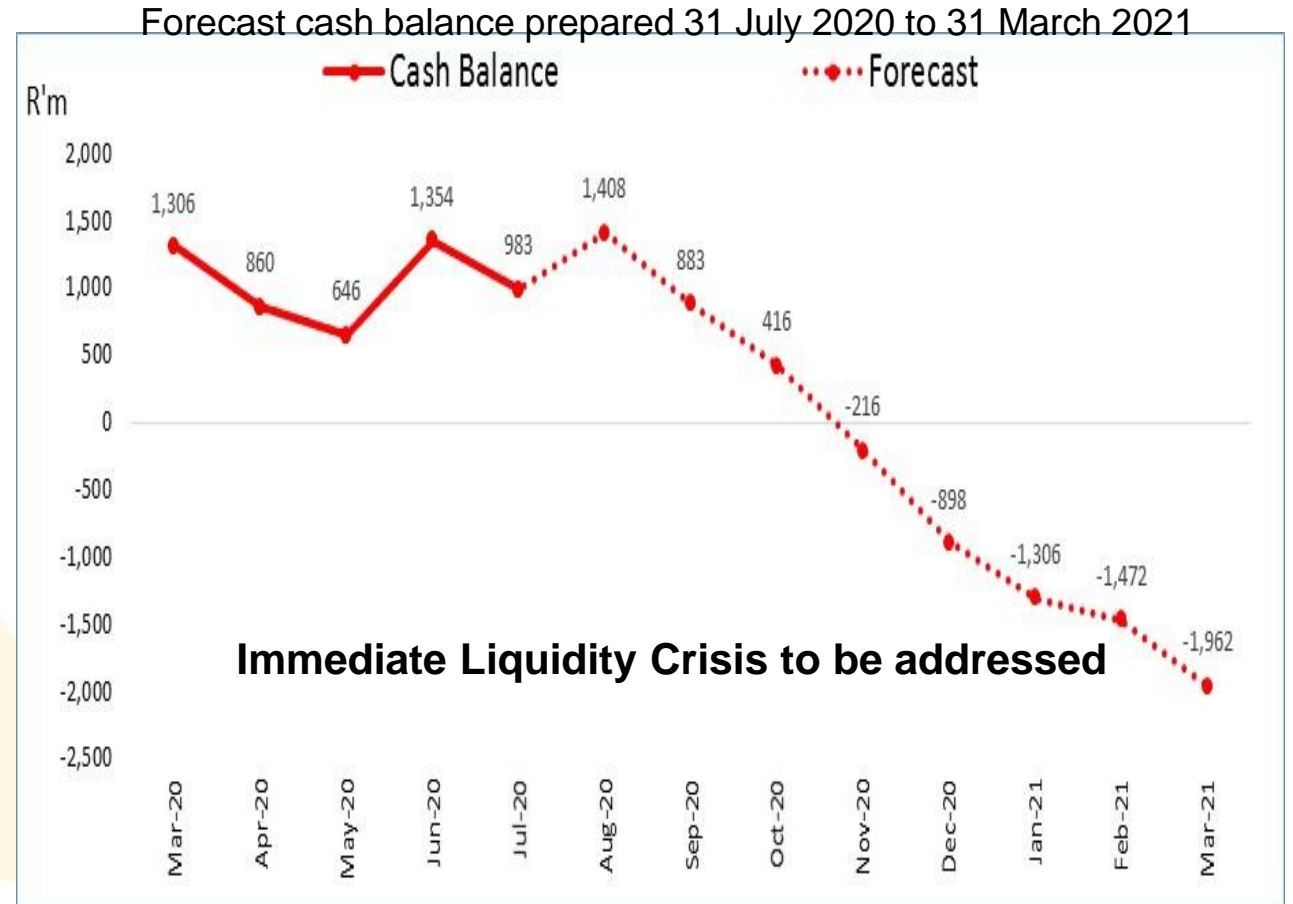
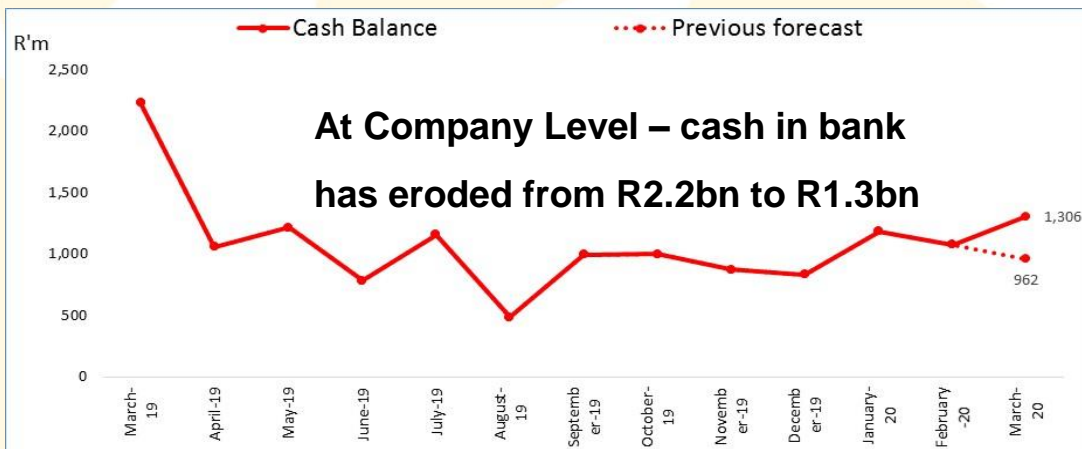
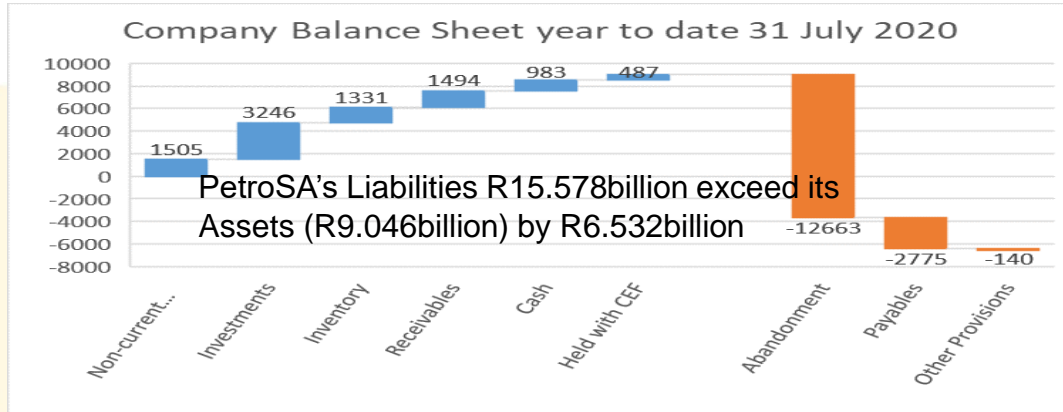
- unviable gas-to-liquid operating model
- high cash fixed costs and diminishing cash flow
- low efficiency and sub-optimal plant utilisation



**PetroSA**

# The Problem Statement

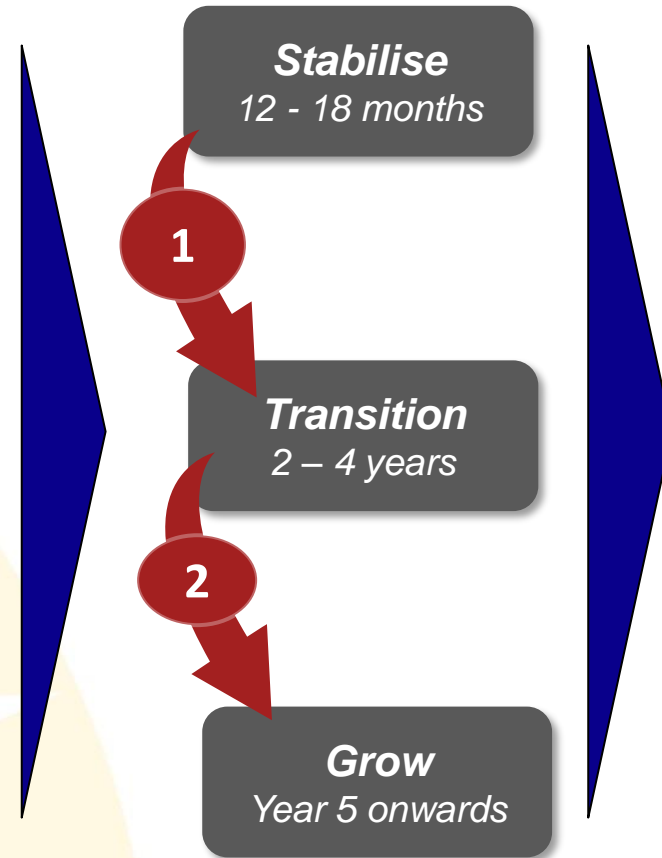
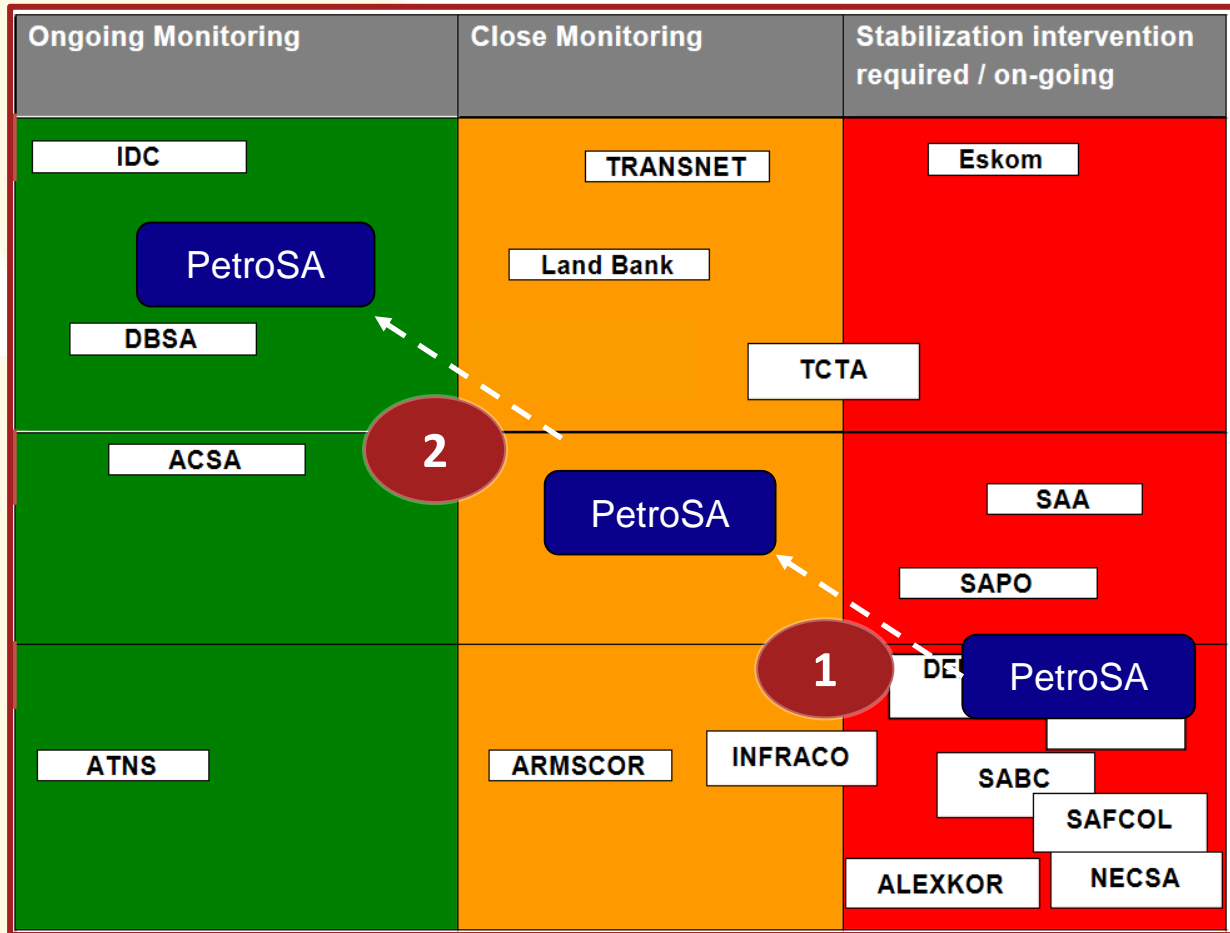
## Financial Status



**The AS-IS should no interventions be executed as was indicated previously**

# Rebuild from Stabilize TO Transition TO Grow positioning for the next 20 years and beyond

**Moving from sub-optimal to optimal**



| KFA           | RESULT |
|---------------|--------|
| PROFITABILITY | ●      |
| SOLVENCY      | ●      |
| LIQUIDITY     | ●      |

## The Way Forward

to stop liquidation, reduce costs, transition to break-even and achieve sustained profitability

(Key interventions)

### Short Term

Phase 1, 0 - 6 months

- 1 ✓ Security of finished products supply - Enable "market related" and "G2G" relations in sourcing finished products in downstream business
- ✓ Reduce Corporate Services Costs
- ✓ Utilise PSA-G for Liquidity and progress "potential of increasing" equity stake in the asset
- ✓ Complete farm-outs procurement process

### Medium Term

Phase 2, 6 – 12 months

- 2 ✓ Get GTLR to a 3X3 operation by
  - Sourcing LNG as feedstock and restoring the technical refinery plant to 3X3 operation

### Long Term

Phase 3, 12 months onwards

- 3 ✓ Monetize indigenous gas
- ✓ Increase Finished Products Imports from 10% up to 60% in a phased transition leveraging the preferential import status
- ✓ Brownfields Refinery Acquisition

PetroSA to be supported by DMRE led tripartite war-room (DMRE/CEF/PetroSA)

Note: the key interventions are complimented by other interventions within the upstream, midstream, downstream and corporate business operations all of which is currently in progress through the relevant governance processes including engagement and approval by PetroSA Board

***Thank You***



PetroSA

# The Way Forward Progress Update

## Upstream:

- ✓ Disposal of non-core assets
  - ✓ Submissions made, response pending
- ✓ Provide Upstream Logistics service to TOTAL drilling
  - ✓ completed
- ✓ Proceed with upstream Farm-out
  - ✓ Some submissions made, response pending
  - ✓ Other farmouts in procurement process
- ✓ Position to support State carry
  - ✓ Completed and submissions made
- ✓ Progress the deferment and funding of Decommissioning Financial provision
  - ✓ Submission made, response pending

## Midstream:

- ✓ Disposal of non-core assets
  - ✓ Submissions made, response pending
- ✓ Decouple Gasloop from Liquid Refinery and increase capacity to 25kbpd
  - ✓ work in progress
- ✓ Obtain binding LNG supply offer through market engagement to enable long term solution
  - ✓ Market process completed. Submission made, response pending
- ✓ Obtain external support to improve refinery performance
  - ✓ Work on hold
- ✓ Obtain binding offer to purchase “remaining indigenous gas”, through market engagement, post no gas to power
  - ✓ Market process completed. Proposal/s being reviewed
- ✓ Obtain PPA to secure gas to power supply from “remaining indigenous gas”
  - ✓ Work in progress, support received from Eskom
- ✓ Stop FA operations, subject to no gas sales and no gas to power

## Downstream:

- ✓ Capacitate Trading & Marketing
- ✓ Secure depot bonding to enable increase in sales
  - ✓ Submission made, response pending
- ✓ Operationalize fuel supply to SOEs
  - ✓ Eskom & Transnet contracts secured and being executed
- ✓ Complete transactional due diligence for the identified storage acquisition
  - ✓ Work in progress by SFF
- ✓ Secure condensate for processing
  - ✓ On hold due to market not being favourable
- ✓ Secure finished product through parent company guarantee
  - ✓ Secured 1 cargo
- ✓ Operationalize Gov. Depart Agric. Supply
  - ✓ MOC issued, response pending
- ✓ Pursue down stream opportunities, specifically reseller and lubricants
  - ✓ Work in progress

## Corporate Services:

- ✓ Implement Cost Savings and enable capex spend that is limited to agreed interventions
  - ✓ Work in progress, realized to date +ve cash balance March 2021
- ✓ Organizational restructuring approach
  - ✓ S189 CCMA consultation process completed
- ✓ Reposition PetroSA offices, potentially upstream and downstream based in Jhb and midstream based in Mossel Bay
  - ✓ Work in progress to enable consolidation and possible disposal
- ✓ Utilize Ghana as security to support funding
  - ✓ Work in progress to assess internal (within CEf Group) equity participation and /or disposal
- ✓ Secure dividends from Ghana and Euro BV
  - ✓ completed
- ✓ Support the implementation of the NPC