



# ENERGY WORLD CORPORATION LTD.

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26 April 2018

The Manager  
ASX Company Announcements  
ASX Limited

Total no. of page(s): 4 + 14

## Energy World Corporation Business Update – 26 April 2018

Energy World Corporation Limited (“EWC”) is pleased to provide the market with the following update:

### Corporate Update

#### Short Selling of EWC Shares

It has been brought to our attention that an unusually high portion of EWC daily stock turnover has been short selling, with gross shorts nearing 100% of volume. We have written to the bank(s) who have been facilitating this process through stock lending arrangements, asking them to review whether this type of lending practise is acceptable, especially when keeping in mind the new level of banking ethics that are expected post the subprime lending era.

We understand that a shareholder has been trying to reclaim their shares from a bank to stop them being short sold but is currently being blocked from doing so by a bank.

We have also written to ASX, asking if any relief can be granted under their rules, and ASIC.

#### EWI Funding

Energy World International Limited, our major shareholder, has provided further working capital loan funds to EWC in the amount of US\$5m, bring the total loan funds provided by EWI to US\$45m. The loan provides EWI the ability to accept repayment through conversion into ordinary shares or other equity instruments, subject to appropriate approvals.

#### Convertible Notes

Standard Chartered Private Equity (Singapore) PTE LTD (“SCPE”) have agreed to extend the maturity date on their US\$50 million of Exchangeable Convertible Notes from 14 May 2018 to 14 August 2018.

The maturity date extension will provide EWC and SCPE time to evaluate options.

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## Sengkang 357 MW Power Plant - Project Financing

On 23 April we made a scheduled repayment of US\$17.8m in principal and interest, secured against the Sengkang Power Plant on a project finance basis. This payment was funded by the reserve account that had built up from cash flows from the power plant. As a result, we have repaid 6 lenders – Standard Chartered Bank, Mizuho Bank, Natixis, OCBC, Sumitomo Mitsui and Indonesia Eximbank. The outstanding project finance loan balance of US\$37.3m is provided by the Development Finance Institutions, namely Deutsche Investitions - Und Entwicklungsgesellschaft MBH, Nederlandse Financierings - Mattschappij Voor Ontwikkelingslanden N.V. and Societe De Promotion Et De Participation Pour La Cooperation Economique (“the DFI’s”) with a maturity date of 22 October 2021. The remaining principal is scheduled to be repaid in roughly equal semi-annual instalments.

We are currently discussing with the DFI’s amendments to this loan which could allow more cash flow to be released to EWC earlier.

The Company, with the strong support of EWI, is in a sound financial position and has no intention to raise equity capital currently.

### **Project Updates:**

#### **Australia**

##### Australian Gas Fields

Last year the Queensland government invited oil & gas companies, including EWC, to discuss options to supply more gas to the market.

With the East Coast gas supply shortfall issues and the resultant significant increase in the gas price we believe this has created an excellent opportunity for our gas fields, and we have commenced the process to evaluate the refurbishment and restart of our gas fields and processing facilities at Gilmore and Eromanga.

These fields, which are located in South West Queensland, and owned 100% by EWC, were put onto care and maintenance in 2001.

Each processing facility has a throughput capacity of 12 TJ of gas per day, allowing us to produce up to 24 TJ per day when fully utilised. Both facilities are connected to existing gas production wells and the broader Queensland gas pipeline infrastructure. In addition, the Eromanga facility has the potential to provide additional regional infrastructure to enable the unlocking of third party stranded gas resources.

As part of the Governments aims to encourage greater gas supplies, we have recently been awarded A\$2m of funding by the Federal Minister under the Australian Governments A\$26m Gas Acceleration Program.

The A\$2m grant will enable us to accelerate the process to recommence gas production from both the Gilmore and Eromanga gas fields. Details of the terms of funding will be finalised with the Government over the coming weeks.

The Federal Government program is designed to provide businesses with funding grants to accelerate the responsible development of onshore natural gas for domestic gas consumers

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and has the stated objective to support projects with the greatest likelihood of securing new and significant volumes of gas by 30 June 2020.

We have also recently completed the acquisition of the remaining 80.4% of PL 184 from Beach Petroleum. This field can be tied into the Eromanga gas processing plant.

Strike Energy has commenced the drilling of the Jaws-1 well and has most recently announced that it has commenced a side track at a depth of 2,350m.

With 31 bcf of resource at Gilmore and Eromanga, and substantial upside potential, this is an exciting project which we believe can provide an additional earnings driver for EWC. With gas prices currently in excess of A\$7 per mmbtu, revenue could exceed A\$200m just from the resource before counting any upside potential, or benefit from Strike.

## **Indonesia**

### Sengkang Gas Field Production Sharing Contract

We have been formally invited by SKK Migas to make an application to extend the Sengkang PSC in Indonesia beyond 2022, for a further period of up to 20 years.

We are therefore preparing our submission for the PSC extension and it is expected to be submitted later this year.

We have made progress to secure compression equipment for the wells that supply gas to the Sengkang power plant. These compressors will be installed progressively over the coming 6 - 9 months and will allow increased gas flow to the power plant.

### Sengkang 2mtpa LNG Plant

With regards to the Sengkang LNG facility, we continue to progress the commercial solution that has previously been identified as potentially acceptable to all parties for the price of the feedstock gas and the FOB price for the LNG.

We are working with the appropriate regulatory authorities to secure each of these arrangements.

The Indonesian domestic market for LNG is being encouraged by government. With increased ability to distribute LNG around the country cleaner fuel is being made available for electricity generation and industrial uses.

## **Philippines**

### LNG Hub Terminal

Construction of the hub terminal has continued to move forward. We have substantially completed welding of the pipes and saddles from the wharf to the hub and construction of the structural steel processing pipe rack on the terminal.

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### 650 MW Power Plant

Construction of the power plant has continued with substantial completion of the internal main power block. The switch yard transmission pylons are now ready for electrical installation.

### Funding

We continue to progress bank funding arrangements with Land Bank and DBP. The Land Agent, who has secured the Right of Way for us, has now delivered to us the necessary documentation relating to the agreements with individual land owners. These documents are required as a prerequisite to the funding arrangements.

### Philippine Senate Presentation

As we are building the Philippines first LNG Hub Terminal and LNG fired Power Plant, the Senate of the Philippines has invited us to give a presentation to them.

Graham Elliott, Executive Director, and Diana Dabu, Senior Engineer, who has been elected by the Department of Energy as a member of the Gas Council to help formulate rules and regulations for the downstream natural gas industry, will be presenting on our behalf.

The Senate presentation will be held on 26 April 2018 and is titled "A resolution directing the appropriate Senate Committee to conduct an inquiry on the Philippines downstream natural gas industry policy with the end view of enacting appropriate legislation for its development and regulation in light of the Malampaya franchise expiration in 2024."

Brian Allen, Executive Director, stated that "we have been busy on all our projects over the last few months, and are confident each of them is tracking in the desired directions towards successful outcomes. We are grateful for the continued support of our major shareholder, who can look through short term share price movements and understands the underlying value of our business. We look forward to updating the market on further progress in due course."

Yours faithfully,  
For and on behalf of  
ENERGY WORLD CORPORATION LTD.



Brian Allen  
Executive Director

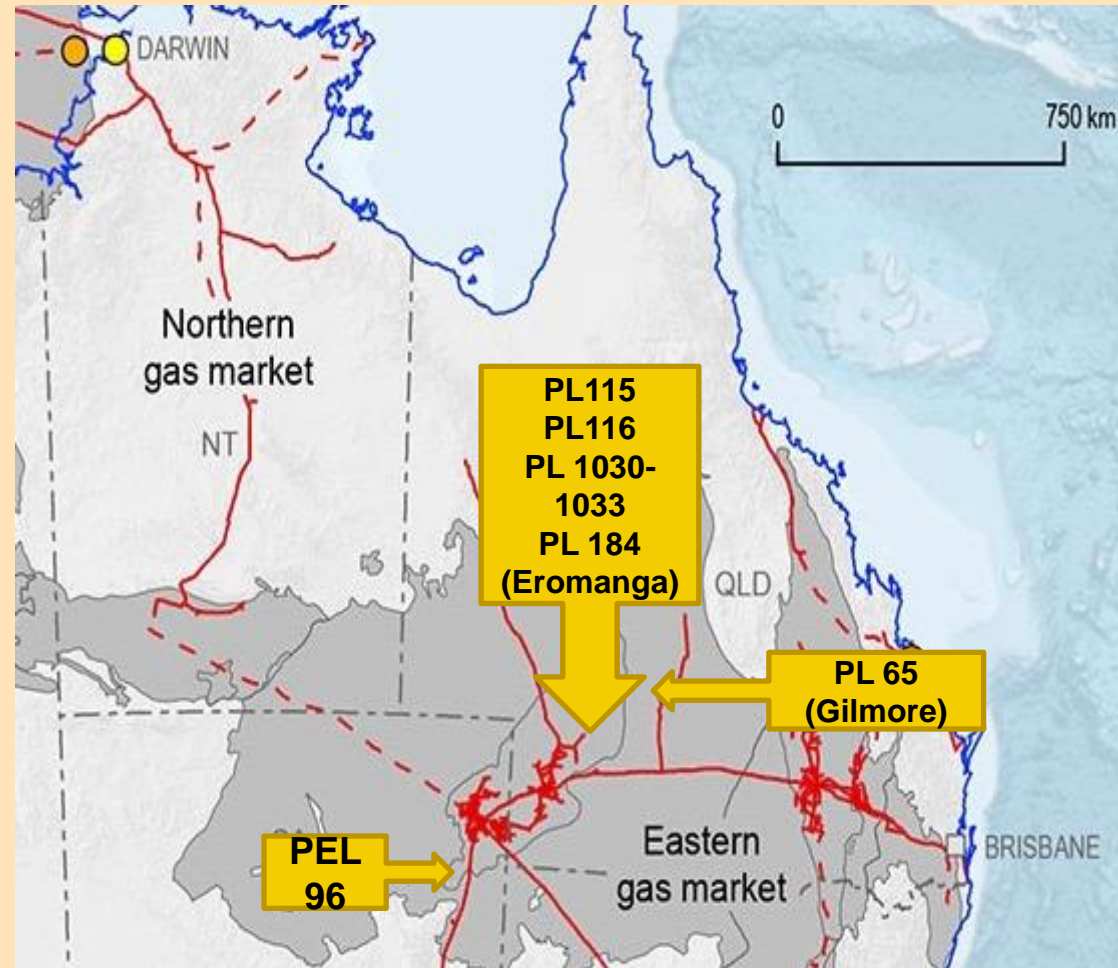


# About EWC:

## Location of Australian Projects



Our gas fields and processing plants are connected to existing pipeline networks

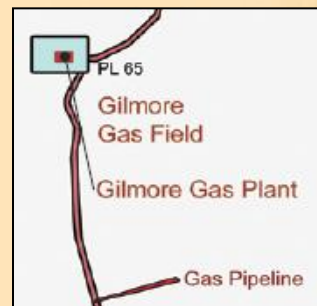
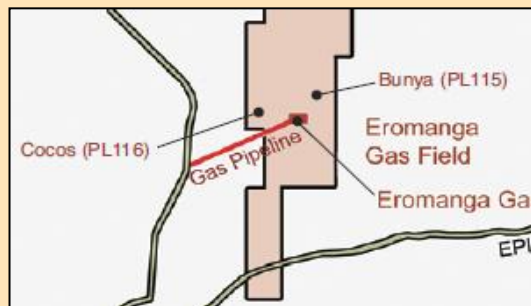




# Australia – Fields and LNG Facilities

- Australian domestic gas prices have increased significantly over the past few years
- Our 100% owned gas fields have proven reserves
- Importantly, they also have existing gas processing facilities connected to existing pipelines. These facilities are currently shut in
- We are investigating the opportunity to re-commence commercial production from these fields, with gas being sold into the domestic market. Initial reports suggest that the processing facilities are in good order, and could be recommissioned with only modest cost
- In addition, we have previously commenced construction of a 56,000 tpa LNG facility utilizing gas from PL 65
- Strike Energy has recently declared technical success at PEL 96, and commenced drilling of the first well in the “Jaws” program.

	Effective Interest	Recorded Resource (BCF)	Future Potential (BCF)		
			I	II	III
PL 65	100%	20	400	500	500
Bunya & Cocos (PL115 & PL116)	100%	11	1,000	1,500	2,000
ATP 549 (now PL 1030, PL1031, PL1032, PL1033)	100%		1,000	2,000	8,000
Thylunger (PL 184)	100%	4 - 6			
PEL 96 (based on Strike reports)	33.33%	52	500	1,000	2,500
ATP 259	2%				
<b>Total:</b>		<b>87.6</b>	<b>2,900</b>	<b>5,000</b>	<b>13,000</b>





# Indonesia – Sengkang Gas Field

## Sengkang PSC

The Sengkang PSC Block is located in the province of South Sulawesi. The PSC is operated by Energy Equity Epic Sengkang (“EEES”) which is 100% owned by EWC and covers 2,925 square kilometres

Gas from the PSC is supplied to the 315MW Sengkang Power Station IPP; PT Energi Sengkang (“PTES”) which is owned 95% by EWC

EEES is currently developing the PSC to its full potential including the recent drilling of wells in the WASAMBO gas fields in order to supply LNG to the Domestic Market in Indonesia

2P reserves are estimated at 203 BCF, while total gas in place is estimated at 7-9 TCF based on PT Lapi ITB studies

The PSC expires in October 2022. We have been invited by DG Migas and SKK Migas to apply for an extension beyond 2022, and the process has commenced





# Indonesia – Sengkang Power



Aerial view of Sengkang Power Plant



Block 2



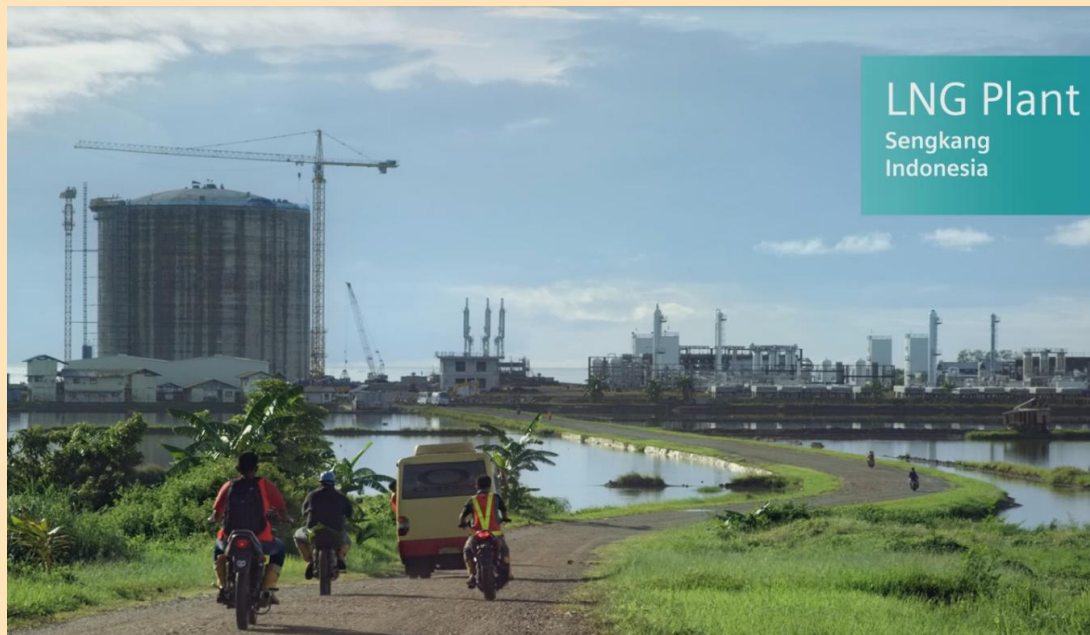
Block 1

- The Sengkang Power Station is 315 MW, comprising of Block 1 of 135 MW and Block 2 of 180 MW
- Gas is obtained from the Sengkang gas field
- Electricity is sold under a take or pay Power Purchase Agreement (“PPA”) with PLN. This PPA has terms which include the rights for PLN to purchase the plant from us at a price determined with reference to a formula. At this time, PLN has not chosen to exercise such rights. In fact, it is our intention to negotiate for an extension to the PPA.
- The PPA is currently until 2022. We have had initial discussions regarding extensions beyond 2022.

<b>Location</b> Sengkang South Sulawesi, Indonesia	<b>Capacity</b> Block I: 135MW Block II: 180MW Total Output: 315MW (total rated output of 357 MW)
<b>Performance Metric</b> Trailing 3 year Avg. Availability Factor = 86.3%	<b>Completion Date</b> Block I = 1996, Block II = 2012



# Indonesia – Sengkang LNG



The Sengkang LNG Plant has a design capacity of 2 mtpa, consisting of 4 modular 500,000 tpa trains, an import/export terminal and jetty facilities

Construction is 80% complete

Gas will be purchased from our Sengkang gas field, where an allocation agreement has already been concluded, ensuring supply of gas until 2022

Gas is expected to be sold to PLN under an offtake agreement for domestic use

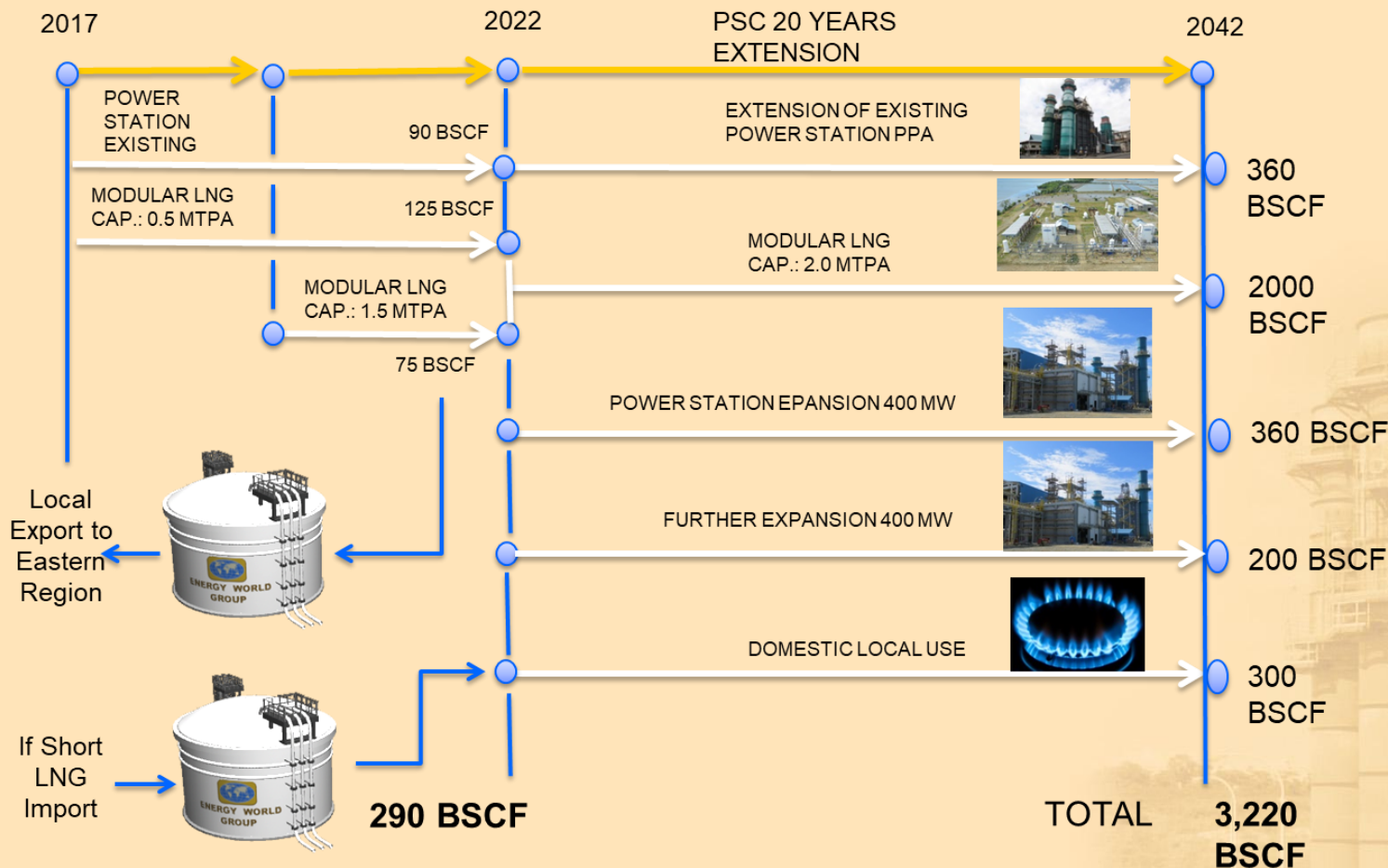
We also have a license to export LNG, subject to meeting domestic gas obligations, and this could be used to supply our Philippines Hub Terminal

We are waiting for finalization of various agreements before proceeding to complete this project

It is our intention to complete construction of 500,000 tonnes of capacity initially, and then roll out another module each 3 months, until all 4 modules are in commercial operation



# Indonesia – Growth Opportunities



## SENGKANG PSC

Prospect/Lead	Gas In Place (BCF)		
	P10	P50	P90
Tacipi Prospect	1778,72	1567,46	1376,77
Tacipi Lead	1855,18	1645,43	1456,92
Walanae Lead	383,91	339,42	300,07
Malawa Lead	5149,37	4519,18	3917,85
<b>TOTAL</b>	<b>9167,18</b>	<b>8071,49</b>	<b>7051,61</b>

**If we can secure an extension to the PSC, we have many opportunities to expand in Sengkang, given PT Lapi ITB estimates of 7- 9 TCF of gas in place**



# Philippines – Pagbilao LNG Hub Terminal



View of Jetty and Hub Terminal

Foundations for second 130,000 cubic meter storage tank have been laid

LNG Tank No.2

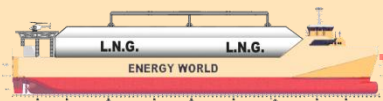
- Strategically important asset for Philippines nascent gas industry
- 130,000 m<sup>3</sup> LNG Hub Terminal is 92% completed
- Deep water jetty is capable of handling all sizes of LNG vessels
- Facility is capable of handling a throughput of 3 mtpa of LNG annually with the 1<sup>st</sup> tank, which can support 3,000 MW of gas fired power generation
- This will support our adjacent 650 MW combined cycle gas fired power plant, and provide expansion options for both EWC and third party gas clients
- Hub Terminal to be run on a tolling model for third party clients



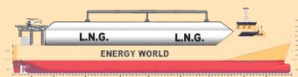
# LNG Distribution Options – Creating a Market



- The LNG Terminal at Pagbilao will act as a Hub Terminal. LNG can be imported to the Hub Terminal, and then distributed in smaller cargoes to users around the Philippines
- There are multiple options for the distribution including pipelines, shipping and land transport solutions
- Once available in the Philippines, we foresee significant demand for LNG
- We are being approached by a number of provinces and islands wishing to secure LNG supplies
- We are having initial discussions with industry players on their needs for LNG



Large LNG vessel for deliveries of LNG to the Hub Terminal



Middle size LNG Ship for distribution of LNG on a national scale



Small LNG Ship for distribution of LNG on a regional scale



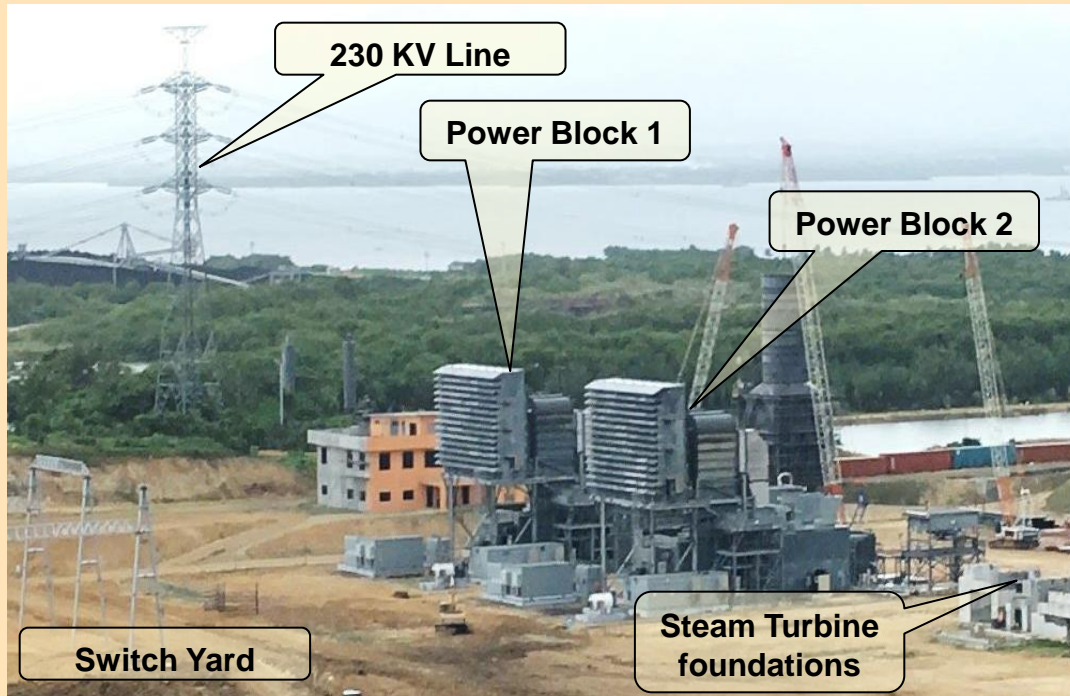
LNG Truck for local deliveries of LNG



Ocean Quest, owned by our major shareholder EWI, will be used to ship LNG to the Hub Terminal



# Philippines – Pagbilao 650 MW Combined Cycle Power Plant



- 650 MW Combined Cycle Gas Turbine Power Plant construction is significantly completed
- Project is being developed in stages:
  - Block 1 - 200 MW gas turbine (86% complete)
  - Block 2 - 200 MW gas turbine (83% complete)
  - Block 3 - 250 MW steam turbine (foundations complete, equipment ready for delivery)
- Plant will secure gas from adjacent LNG hub terminal
- Electricity will initially be sold into the Wholesale Electricity Spot Market (“WESM”)
- There is sufficient land at site to expand our power generation capacity to cater to forecast growth in Philippines demand



# Philippines – Connection Agreement

## Right of Way and 230 KV Line

We entered into a binding agreement with a Land Agent, who together with the Quezon Province, has secured land ownership and right of way access agreements with individual land owners

NGCP has granted us immediate access to the adjacent 230 KV line which will provide for up to 200 MW of power, on a temporary basis

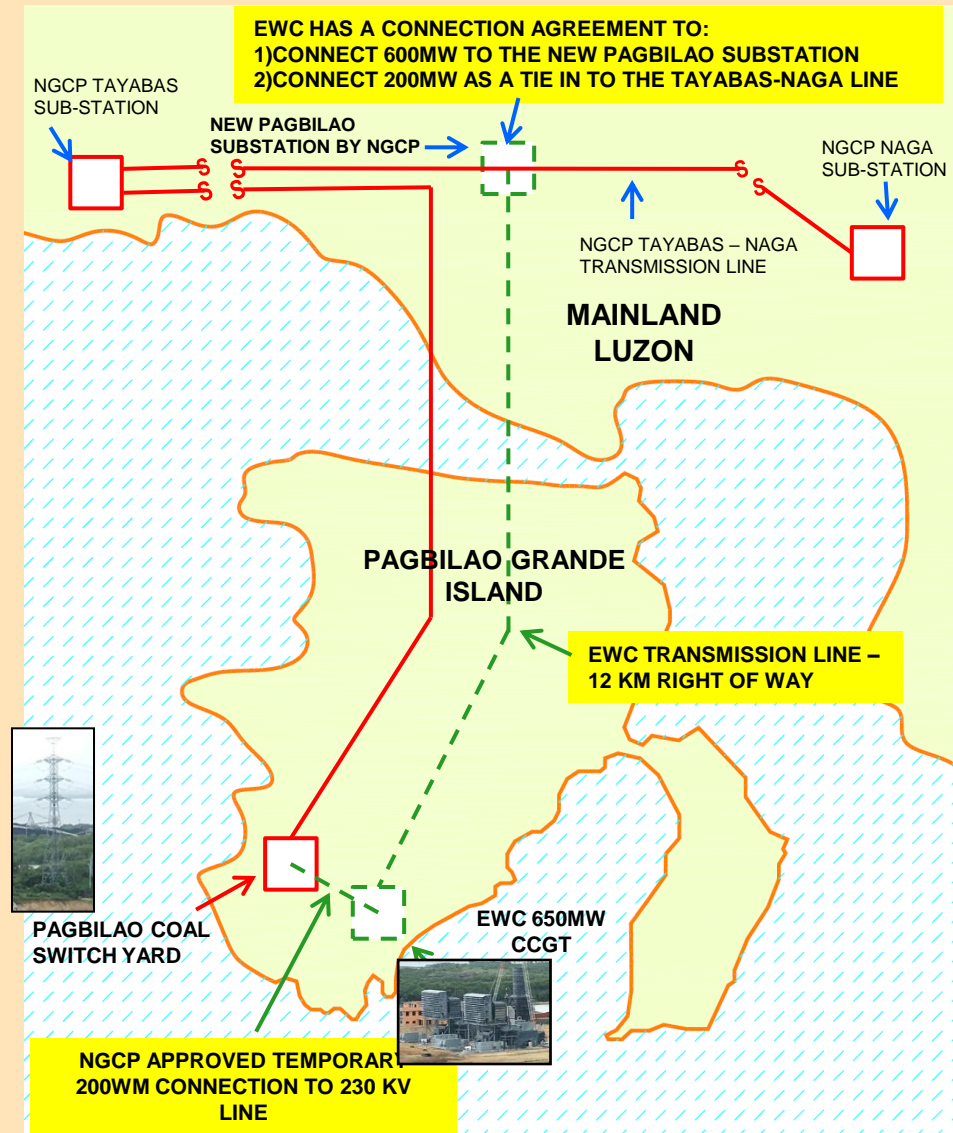
## Connection Agreement:

We have a connection agreement with NGCP that provides us access to the main grid as follows:

- A tie in connection to the existing Taybas – Naga transmission line for up to 200 MW, which is immediately available
- A connection for the full 600 MW plant capacity when NGCP completes construction of the Pagbilao Sub Station

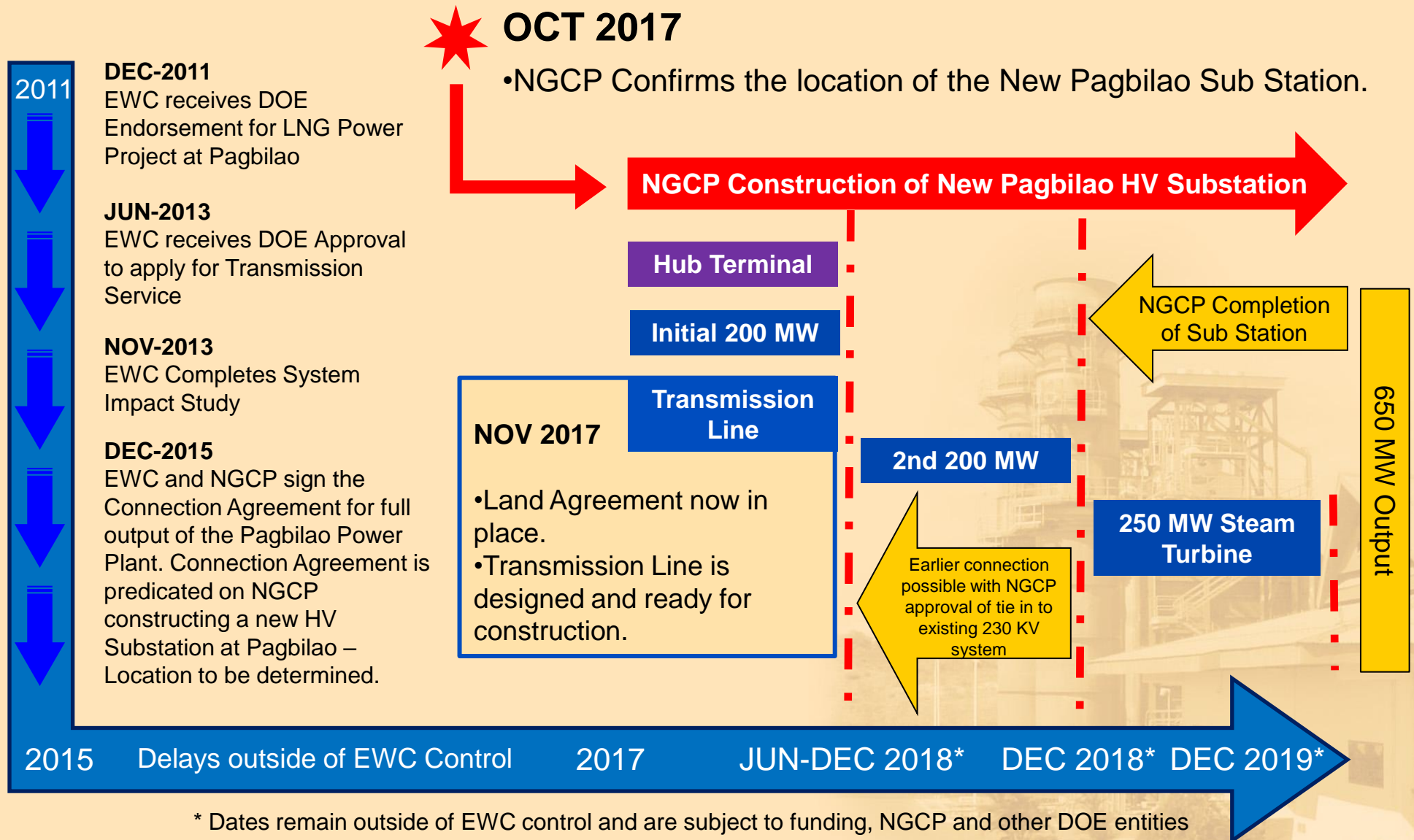
NGCP and the National Transmission Corporation (“Transco”) are responsible for construction of the new Pagbilao Sub Station

While we anticipate the facility will be completed by December 2019, it must be noted that this process is outside of our control





# Pagbilao Power Plant – A Pathway to Completion





# Philippines – Political Support



(From Left to Right)

**Department of Energy Site Visit of Pagbilao LNG Hub Terminal on 26 July 2017**

Donato Marcos Undersecretary of DOE	Felix William Fuentebella Undersecretary of DOE	Alfonso Cusi Secretary of DOE	Brian Allen Executive Director Energy World Group	Matthias Weber Senior Sales Manager Siemens
Redentor Delola Assistant Secretary of DOE	Stewart W.G. Elliott Chairman, M.D. & C.E.O Energy World Group	Admiral Lista President of PNOC	Jesus Posadas Undersecretary of DOE	



**House of Representatives' Site Visit at EWC's Facility on 24 August 2017**

Congressman Lord Allan Jay Q. Velasco Chairman House Committee on Energy	Stewart W.G. Elliott Chairman, M.D. &C.E.O, Energy World Group
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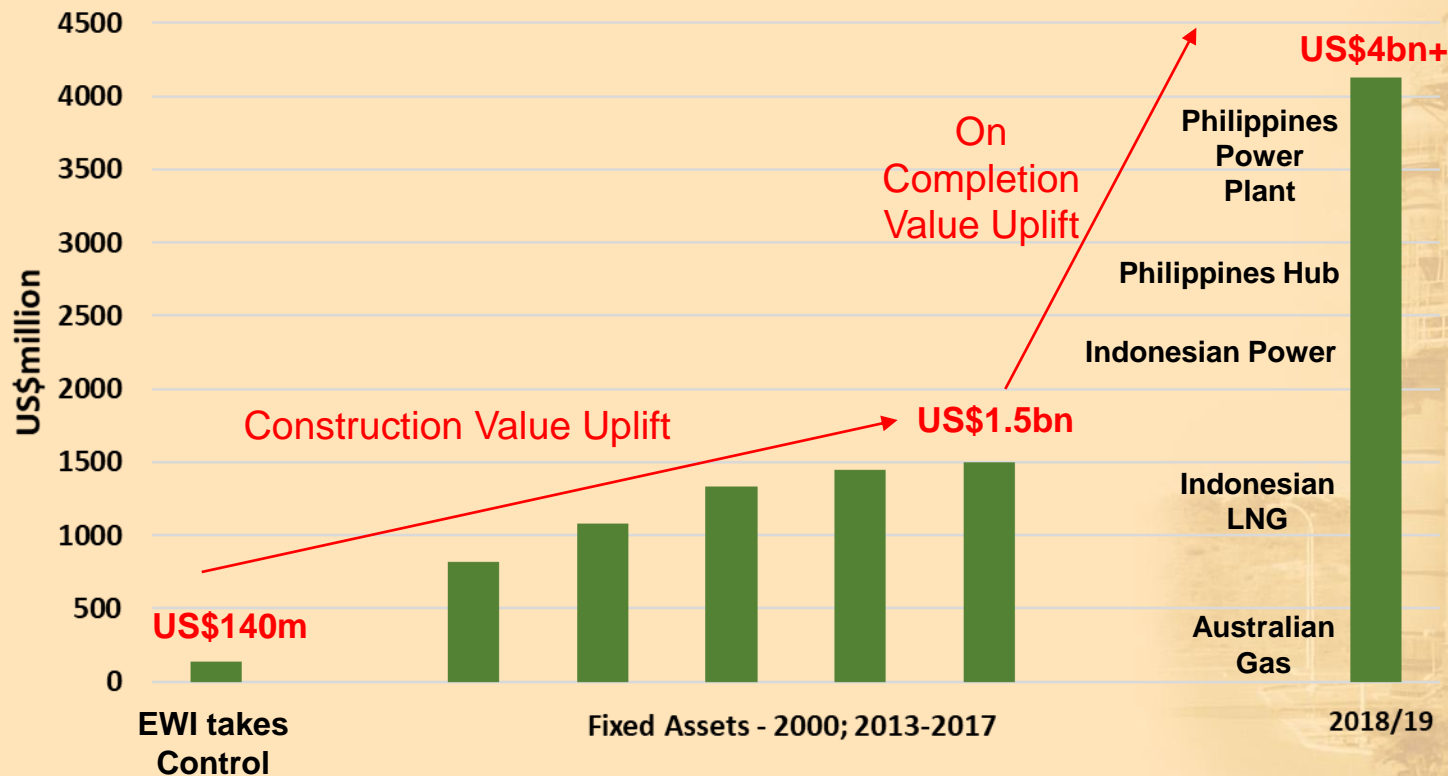
# Value Proposition

EWC's 5 main projects in 3 core countries of operation are at various stages of completion, with substantive works having been completed in the Philippines and Indonesia over the last few years, and with existing facilities currently on care and maintenance in Australia

The Philippines power plant and hub terminal are expected to commence commercial operations in 2018

The chart below depicts the value uplift we have seen through construction, and the US\$4bn+ value proposition we see unlocking with the completion of current projects

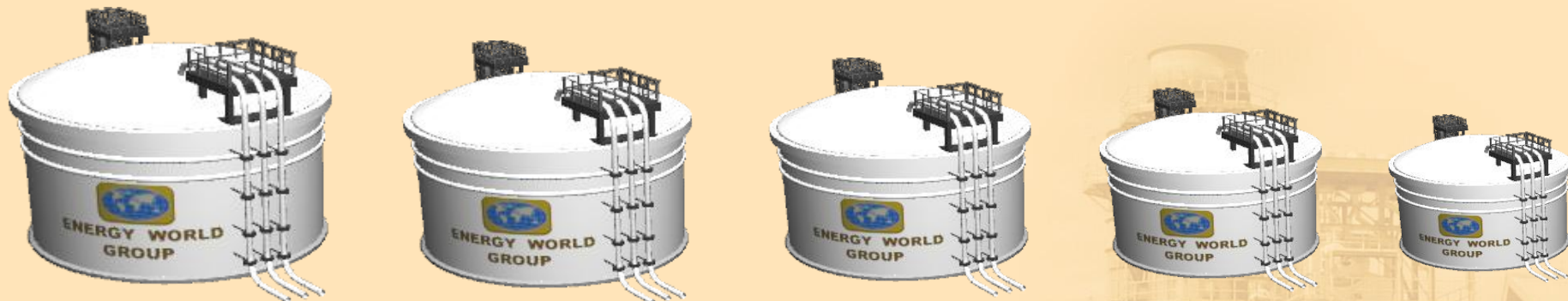
## Present Book Value versus Potential Value on Completion





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**Many Thanks from Energy World**



**Delivering Clean and Green Energy to Asia Pacific  
Whatever Quantity You Require**

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