



SOLVING THE BIG ISSUES IN POWER AND ENERGY



A discussion with Kola Karim, Chairman of Shoreline Natural Resources

Q: The international business community has watched the Shoreline Group grow and develop in Nigeria and within the industry. Can you explain the company's larger vision, and what you as Chairman see on the horizon?

KK: Shoreline Natural Resources (SNR) has a fantastic combination of upstream assets in Nigeria and we intend to leverage these into a total energy company by developing our mid and downstream businesses. To this end, we are pursuing an integrated development strategy for the business. This will position Shoreline to continue to be at the forefront of the development of the industry both domestically and throughout the West African region.

Q: You often speak about Shoreline as an indigenous Nigerian firm. Why it is important for Nigerians to be building their own economy, and why is being indigenous a source of pride for you and the company?

KK: The African continent is the single most exciting investment destination on the planet, and Nigeria is the most exciting market in Africa. Over the last 20 years we have witnessed a paradigm shift in the political, legal, regulatory and social environment which has led to an unprecedented boom in investment from global investors. This trend has only recently been punctuated by the adjustment in the commodities cycle. Nigeria needs economic champions to support national economic policy objectives which accelerate industrialisation and harness the nation's resources to deliver on the demographic dividend, which is the promise of Nigeria.

At SNR we are proud of our Nigerian heritage and our African pedigree, and are excited by the opportunities presented by our continued operations in Nigeria's dynamic market.

Q: You have announced that you plan to greatly expand on your gas operations. Why gas? And how do you expect to expand? What's your timeframe?

KK: Nigeria's gas reserves place the nation in the top 10 producers globally. Applications available to Nigeria through investment in the harnessing of its gas reserves will deliver massive social and economic gains in power and industrialisation. Shoreline, alongside its partners in government and industry,

is investing heavily in being part of this ambitious future. We are developing projects and businesses along the entire supply chain from our upstream gas-gathering capabilities to building power plants for our generation company, Shoreline Power. We see this as a multi-year investment that will play out over the next decade. It's a marathon not a sprint.

Q: How do you evaluate the market demand? From Asia? Domestically? From the West African region? Elsewhere?

KK: We are focused on Africa where we see the most exciting opportunities. Gas will be the engine for the industrialisation of the continent. We see gas as critical to the delivery of adequate energy resources, which are a prerequisite for industrialisation. Shoreline is developing projects across the region that create innovative opportunities to utilise gas for development. We are doing this in Cote d'Ivoire as well as in our Gasland distribution business in Nigeria.

Q: The relationship between the oil and gas sector and the federal government in Nigeria is both sensitive and strategic. Can you speak about Shoreline's partnerships and alliances, and how closely you are working with your federal ministry?

KK: The Government of Nigeria, through its parastatals, acts as both an equity partner and regulator. NNPC/NPDC are equity holders and the Department for Petroleum Resources acts as regulator. In our gas businesses, we work with the Nigerian Gas Marketing Company and the Nigerian Gas Transportation Company to execute on projects that will build value. Therefore, government relationships are embedded in our operations, and thus we are working closely together with government, and delivering value for Nigeria.

Q: The social impact of an energy company on local communities and society today is extremely important to the company's reputation and to its larger business development. What is Shoreline doing in the communities that it is working to help improve the quality of life for Nigerians? Create employment? Improve health and education? Empower youth? Address the gender gap?

KK: The natural resources business is by its very nature a highly localised enterprise. Shoreline believes in responsible behaviour across all of its businesses and we are very much focused on a continuous dialogue that secures our license to operate and which includes all stakeholders. We actively work with the Federal Government of Nigeria, NNPC, state and local governments, and communities to ensure that everyone is not only aligned but happy and safe.

Our community programs partner with numerous NGOs to problem-solve and to get ahead of key challenges in the communities which include public health, wide-spread education, gender and youth, and other cross-cutting programs.

Q: Over the next twelve months, what do you anticipate being the most challenging obstacles for the business? And for the next five years? At the same time, please comment on the opportunities that really excite you as your company's Chairman?

KK: The fundamentals of the continent remain strong; our demographic and resource dividends remain attractive to global investors. Twenty years ago we were

clamouring for democratic rule, and now the path of good governance and the rule of law are on the top of our minds. These elements are primary in investors' minds too, and we are seeing these elements being pursued in most African nations. The outlook is positive. I am excited by the opportunities in Nigeria and the African continent that are now presented by our solving some of the big issues in power and energy.

We have a responsibility to leverage the massive demographic dividend of the youth by creating opportunities within communities. Shoreline is well positioned to be amongst the leaders in this area. The projects and businesses of the Shoreline Group and its partners are strategically positioned to innovate, execute, and deliver value to our communities and investors. That is what we are all about. However, we are conscious of the need to expect the unexpected. We are seeing macroeconomic policy enter uncharted waters, and that is creating a significant degree of uncertainty in global markets. It is difficult to predict when the current challenges will be resolved. We expect a lot of change and have prepared our business to weather the storm.



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