Mozambique Fishing Feasibility Study

July 2013

Confidential

Executive Summary

This document assesses the feasibility of establishing a domestic tuna fishing fleet in the Republic of Mozambique (the "Project"). This feasibility study has been prepared to assist the Republic of Mozambique in reviewing the technical viability of the Project and its financial sustainability.

Background

- The Mozambique Ministry of Fisheries has long recognised the social and economic importance of the tuna fisheries and the disadvantages of not having a national tuna fishing fleet resulting in the exploitation of Mozambique fishery resources by foreigners with no benefits to the Mozambican economy.
- The Ministry has taken a number of steps toward improving the fishing industry, including:
  - Achieving Indian Ocean Tuna Commission ("IOTC") membership in 2012
  - Passing the Fisheries Master Plan that sets out the Ministry's fisheries strategy until 2019
  - Sponsoring a new fisheries law that is aimed to better serve the interests of the country
  - Establishing the Strategic Plan for Development of Tuna Fishery on July 9th 2013 (The "Tuna Development Plan")

The Tuna Development Plan

- Development objective of this Strategic Plan is to foster a greater contribution of the tuna fishery in the socio-economic development of the country through increased recovery and control of the tuna fishery in the EEZ, and participation in strengthening the management of tuna in the Indian Ocean by IOTC, to maximize the benefits of this fishery to Mozambique.
- The first step in Mozambique's Tuna Development Plan is to phase the replacement of foreign tuna fishing vessels with vessels that will fish under the Mozambique flag and achieve the socio-economic objectives of the government.
- The plan presented to the IOTC by Mozambique Ministry of Fisheries proposes a fleet of up to 130 vessels in the next 15 years (30 on the next 2 years).
- The IOTC is expected to introduce a tuna quota system to protect the tuna resource in the next 2 years with quota allocations potentially based on fleet size per country. This makes it critical for Mozambique to establish its tuna fleet as soon as possible.

Executive Summary (continued)

Empresa Moçambicana de Atum, S. A. ("EMATUM")

- EMATUM, (a company established by the Ministry of Finance, the Ministry of Fisheries and the Ministry of Interior of Mozambique) has received a proposal from Abu Dhabi Mar LLC to supply to Mozambique 24 tuna fishing vessels and 3 patrol trimarans (the "Project").

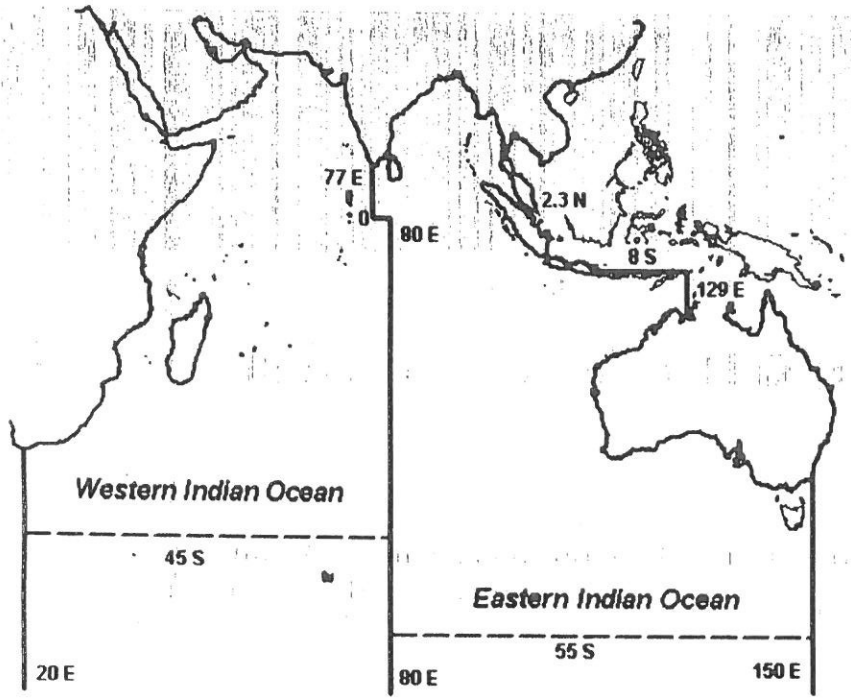
Abu Dhabi Mar LLC ("ADM")

- ADM forms part of the largest privately owned worldwide shipbuilding and naval contracting groups. ADM's affiliated companies and group members comprise leading international technical and professional naval and marine institutions notably:
- Constructions Mecaniques de Normandie from France
  - Abu Dhabi Mar LLC from Abu Dhabi, United Arab Emirates ("ADM")
  - Nobiskrug from Germany
  - ADM Kiel from Germany
  - Lindenau from Germany
  - Hellenic Shipyards from Greece.
- ADM has also identified financing from the capital markets for the Project. It is expected that the financing will be self-sustaining and whilst requiring a guarantee from the Ministry of Finance, will not place a burden on the State Budget while at the same time providing the following benefits to Mozambique:
  - Increasing GDP by over $200mn per annum
  - Improving the balance of payments
  - Providing significant local employment
  - Developing a sustainable fishery resource for Mozambique
  - Providing food security
  - Developing a maritime industry in Mozambique (ADM has committed to technology transfer and to building a proportion of the fleet in Mozambique (subject to local approvals)).

Tuna Fishing Fleet for Mozambique – Strategic Importance

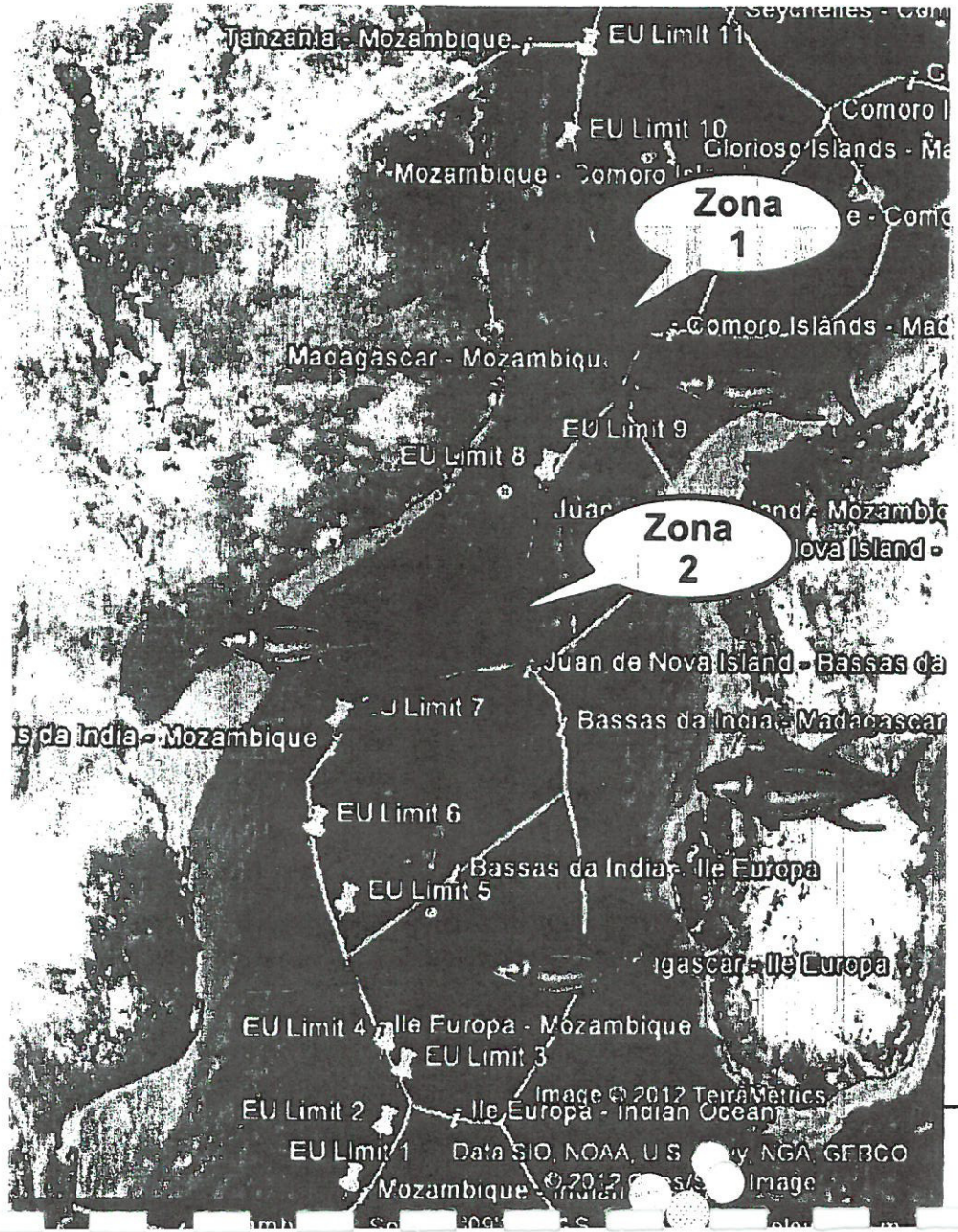
Tuna Fishing – a Valuable Resource

- **Tuna is one of the most economically important fishery resources globally and its demand has grown continuously in the last 30 years.**



- **In 2010, the catch totaled 434 million tons, equivalent to U.S. $ 2-3 billion and the annual catch potential in the Indian Ocean is estimated at 80 million tons of tuna per year.**
  - **The Indian Ocean contributed 24% of this production, representing the second most important zone for tuna fishing in the world**
  - **The West Indian Ocean (including Mozambique) is responsible for about 80% of all tuna catch in the Indian Ocean**
- **This fishery is particularly significant for the economies of island states that have large EEZs (Seychelles, Mauritius and Madagascar)**
  - **Mozambique has the 5th largest EEZ in the region after these island states and South Africa but has been unable to benefit from this valuable resource due to the lack of a national fishing fleet**
- **The Indian Ocean Tuna Commission (IOTC) is responsible for the management of tuna and tuna-like species in the Indian Ocean**
  - **The IOTC has endorsed Mozambique's plan to build up to a fleet of 130 tuna fishing boats to exploit the resource available to it by phasing out the current foreign fishing fleet (currently totaling 129 ships)**

Mozambique Tuna Fisheries – a Valuable but Underutilised Resource



- Currently 20 000 tons of tuna are caught per year in Mozambique EEZ as reported to the IOTC, valued at c. $200 million at current prices for tuna.
- However, completely dominated by foreign fishing vessels
  - 129 vessels (average of 125 licenses p.a. over last 10 years) currently hold tuna licenses from Mozambique Ministry of Fisheries, of which only 1 vessel is Mozambican.
  - Majority vessels are from Japan and the EU (under the EU/Mozambique Fishery Partnership Agreements) where tuna prices are highest.
  - Tuna license fees collected by Mozambique amount to approximately $4.1 million or just 2% of the value of the resource.
- As the tuna fishing vessels are foreign and export the catch directly without calling on the Mozambican ports, there is
  - No revenue collection beyond the license fees (i.e. 2% of the catch value)
  - No export credit toward the Mozambique balance of payments which is in a deep deficit
  - No job creation for Mozambique population
  - No value added services at the ports and for tuna processing as the vessels never call on Mozambique ports
  - Little control over the tuna fisheries and fishing quantities (only 5 to 7 thousand tonnes reported to Mozambique vs. 20 thousand tonnes reported to the IOTC

Strategic Plan for Development of Tuna Fishery

Strategic Plan for Development of Tuna Fishery

- The implementation of this plan is aimed to help increase the sector's contribution to food production for the population, poverty reduction, balance of payments and the socio-economic development of the country
- It is designed in the context of various instruments of national policy and legal framework, including the Fisheries Policy, the Policy and Strategy MCS (Monitoring, Control and Surveillance of fishing), the Fisheries Act and its regulations, especially the REPMAR (General Rules of Marine Fisheries) and the Fisheries Master Plan 2010-2019.
- The plan sets out four strategic objectives
  - (i) To promote greater contribution of the tuna fishery for food and nutritional security of the population,
  - (ii) encouraging a greater contribution of the tuna fishery in the economic and social development of the country,
  - (iii) Promote a greater contribution to the balance of payments, and
  - (iv) strengthen the effective control of the country on the tuna fishery in its EEZ, and promote their sustainable management.

Project Rationale Supports the Tuna Development Plan

RATIONALE	CURRENT STATUS	AFTER PROJECT IMPLEMENTTION
1 **Employment**	▪ Only foreign labour	▪ National fleet will employ exclusively Mozambique workers ▪ Training by ADM will increase number of skilled Mozambican crew and seamen ▪ By creating auxiliary services, create a spillover employment effect in a newly developed tuna industry in Mozambique
2 **Revenues for budget**	▪ Average of 125 licenses per year at $32,000 per license generates c.$4.1 million of fees, or mere 2% of the value of the tuna catch	▪ 20 000 tonnes of tuna at current market prices for tuna could bring c.$190 million to the Mozambique Government budget and the proposed Project is targeting higher revenues ▪ Moreover, a national fleet would be able to access tuna outside of Mozambique waters for the benefit of Mozambique further increasing the revenue potential to north of $200 million
3 **Balance of Payments**	▪ NO contribution to export figures -- the tuna catch is kept on board of the foreign vessels and transferred or transhipped at sea, support vessels, or discharged in foreign ports	▪ Since caught by a Mozambique fishing fleet and earmarked mainly for export, tuna fishing for the benefit of Mozambique could contribute north of $200 million to the exports balance
4 **Value added services**	▪ None	▪ Promote the use of national ports, including transshipment, landing, storage and processing of tuna ▪ Once a national fleet exists; investment in such tuna processing facilities will be more relevant and funding can be generated from the proceeds of tuna exports
5 **Management of the tuna fisheries of Mozambique**	▪ Little control ▪ Underreporting	▪ Focus on sustainable fishing and best practices, such as longline fishing rather than using purse seine technique ▪ Accurate reporting ▪ Monitoring with the help of 3 highly specialised trimaran vessels
6 **Quota allocation from IOTC**	▪ Concerns that Mozambique may receive a smaller quota allocation from the IOTC due to lack of a national fleet (as foreign vessels claim their catch under their country's flag)	▪ Will ensure an appropriate quota allocation ▪ Once the quota is established by the IOTC, the Mozambique fishing fleet will have first rights on the quota

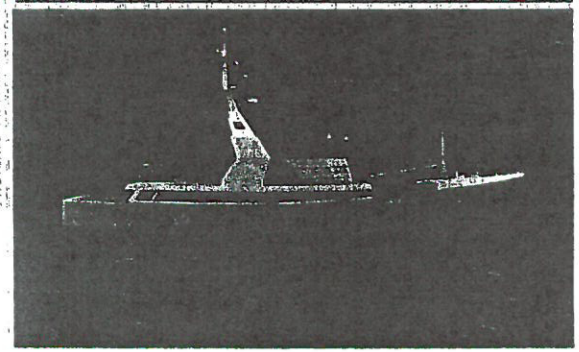
ADM Proposal for the Project Addresses the Goals of the Plan

SPECIFIC GOALS OF THE PLAN	ADDRESSED BY THE PROJECT	COMMENTARY
Flagging of a national fleet	✓	■ ADM will supply 27 ships in total to be flagged under Mozambican flag on an accelerated schedule of 19 months responding to the urgency of the situation
Promote national crew training	✓	■ Extensive training and transfer of technology are included as part of the supply contract
Promote investment in the industry	✓	■ The Project is expected to generate sizeable revenues that could be used to fund tuna storage and processing plants, such as the current plan for tuna development plant at Nacala port and to develop a maritime industry.
Promote the use of national ports	✓	■ The new fleet will use the national ports exclusively having a strong multiplier effect on employment and development
Review the terms of existing license agreements	✓	■ The new fishing fleet will phase out a number of the licenses issued to foreign ships, making the remaining licenses more valuable ■ Therefore, Mozambique Ministry of Fisheries will be in a position to command a higher license price
Promote knowledge and control of the national resource	✓	■ The Trimarans supplied as part of the Project will monitor the tuna fisheries real-time, preventing illegal fishing and helping ensure fishing is done in sustainable way in accordance with IOTC regulations

Supply of a Fishing Fleet for Mozambique - Project Overview

- Abu Dhabi Mar LLC has designed an operational concept aimed to develop a prosperous, responsible and safe tuna fishing activity in Mozambique waters.
- The Project will include the provision and all associated training for a Land Operations Coordination Centre as well as the vessels described below

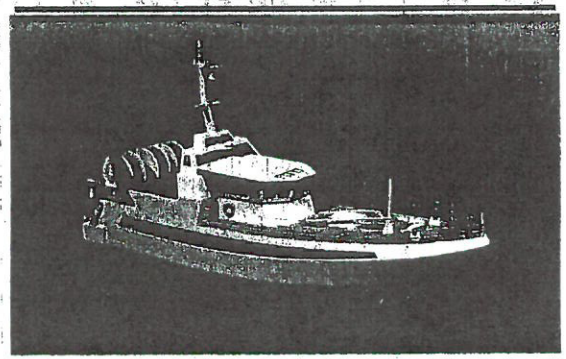
21 Long Liner Vessels



Long liners will fish for tuna as follows:

- Receiving data and position of long line authorized zone from Land Operations Coordination Centre
- Longline fishing operations
- Tuna hygienic treatment and storage
- Bait storage
- Design is best in class in the industry and designed to comply with the anticipated Indian Ocean African countries agreement regarding fishing resources

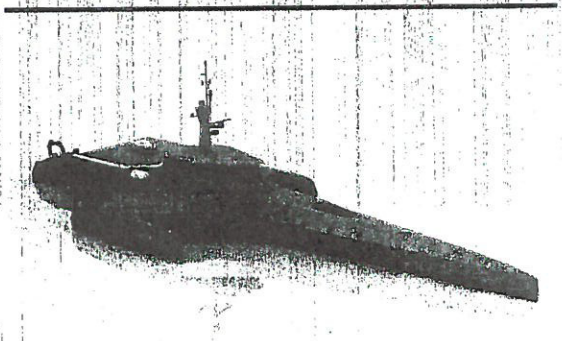
3 Bait Fishing Trawlers



Trawlers for bait fishing:

- Receiving data and position of authorized fishing zone from Land Operations Coordination Centre
- Receiving data about fish localization
- Fish for bait for pelagic tuna fishing activities.
- Store and distribute bait for long liners

3 Trimarans



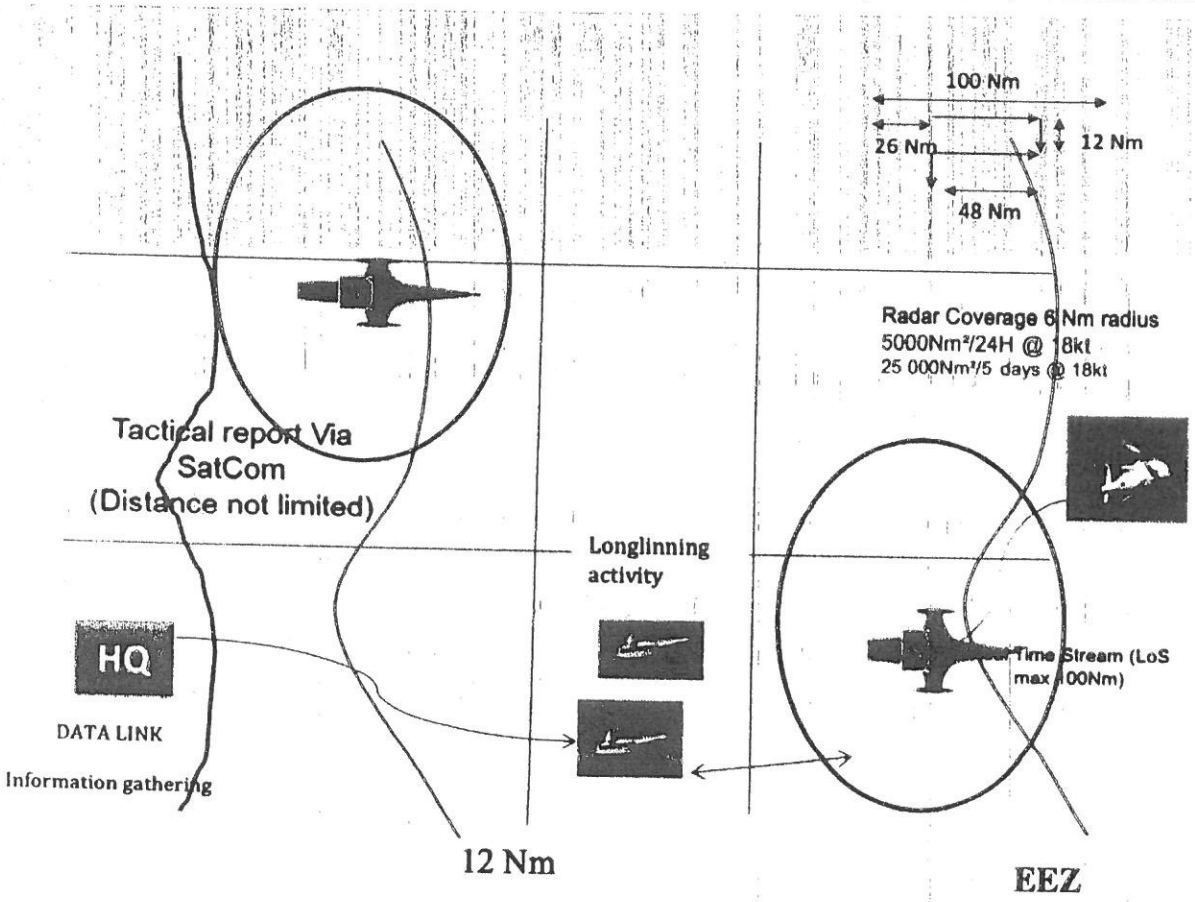
Trimarans for maritime surveillance and coordination:

- Protection of national waters against illegal fishing activity
- Control of Fishing Activities;
- Co-ordination and optimisation of fishing activities;
- Participation in ecological fishing activities (controlled fishing activities)
- For fleet management purposes it is expected that two trimarans will be in patrol in Mozambique waters and one will be at harbour.

Project Overview – A State of the Art Fishing Operation

The Land Operations Coordination Centre provided as part of the Project is designed to control and organize fishing activities as follows:

- Receive fishing data from Patrolling Trimarans in fishing zone and assist in fish location
- Coordinate fishing activities between the long liners and bait trawlers (or crustacean trawlers)
- It is envisaged that all data transfer will be made by Satellite data link and other communication means



Importantly, the Project includes Intellectual Property and Transfer of Technology:

- The Company operating the Fishing Fleet will be granted a royalty free, non-exclusive licence to use relevant intellectual property related to the vessels..
- The licence will permit construction in Mozambique for Mozambique and (subject to ADM's consent) third party countries.
- The necessary and associated technology transfer packages will similarly be provided.

Economic Feasibility of a Mozambique Tuna Fishing Fleet

Revenue Potential

- The revenue potential for the proposed tuna fleet is north of $200 million at the current market prices for tuna (adjusted for inflation)
- Assuming 24 longliner and fish bait trawlers are delivered per the procurement contract delivery schedule below
- Total catch of 23 040 tonnes once all boats are delicered

Estimated Revenues – Year 1 to year 4 from funding

USD	H1	H2	Year 1	H1	H2	Year 2	H1	H2	Year 3	H1	H2	Year 4
Delivery Schedule												
Tuna Boats / Trawlers Delivered	5	10	15	9	-	9	-	-	-	-	-	-
# Tuna Boats / Trawlers- End of Period	5	15	15	24	24	24	24	24	24	24	24	24
Trimaran Vessels Delivered	-	-	-	2	1	3	-	-	-	-	-	-
Trimaran Vessels - End of Period	-	-	-	2	3	3	3	3	3	3	3	3
Revenue												
Operating Boats during Period	-	5		15	24		24	24		24	24	
Catch per Boat (tn)	-	960	960	480	480	960	480	480	960	480	480	960
Total Catch (tn)	-	4,800	4,800	7,200	11,520	18,720	11,520	11,520	23,040	11,520	11,520	23,040
Weighted Average Price per Kg	-	$9.45	$9.45	$9.45	$9.45	$9.45	$9.73	$9.73	$9.73	$10.02	$10.02	$10.02
Revenue	-	**$45,355,364**	**$45,355,364**	**$68,033,046**	**$108,852,873**	**$176,885,918**	**$112,118,459**	**$112,118,459**	**$224,236,918**	**$115,482,013**	**$115,482,013**	**$230,964,026**

Estimated Revenues – Year 5 to year 8 from funding

USD	H1	H2	Year 5	H1	H2	Year 6	H1	H2	Year 7	H1	H2	Year 8
Delivery Schedule												
Tuna Boats / Trawlers Delivered	-	-	-	-	-	-	-	-	-	-	-	-
# Tuna Boats / Trawlers- End of Period	24	24	24	24	24	24	24	24	24	24	24	24
Trimaran Vessels Delivered	-	-	-	-	-	-	-	-	-	-	-	-
Trimaran Vessels - End of Period	3	3	3	3	3	3	3	3	3	3	3	3
Revenue												
Operating Boats during Period	24	24		24	24		24	24		24	24	
Catch per Boat (tn)	480	480	960	480	480	960	480	480	960	480	480	960
Total Catch (tn)	11,520	11,520	23,040	11,520	11,520	23,040	11,520	11,520	23,040	11,520	11,520	23,040
Weighted Average Price per Kg	$10.33	$10.33	$10.33	$10.63	$10.63	$10.63	$10.95	$10.95	$10.95	$11.28	$11.28	$11.28
Revenue	**$118,946,473**	**$118,946,473**	**$237,892,946**	**$122,514,867**	**$122,514,867**	**$245,029,735**	**$126,190,313**	**$126,190,313**	**$252,380,627**	**$129,976,023**	**$129,976,023**	**$259,952,046**

Tuna Pricing Assumptions

- There are a number of varieties of tuna that command a range of prices so it is important to consider the relative weight in the catch of the various species, especially the more valuable ones (yellowfin, bigeye and albacore)

Annual catch in Mozambique EEZ per type of tuna

Year	Skipjack	Albacore tuna	Bigeye tuna	Yellowfin tuna	Swordfish	Black marlin	Other Tuna	Total Reported Catch	No vessels
2004								17,470	
2005								5,629	143
2006								6,668	142
2007	641	541	350	3,402	218	1	428	5,581	161
2008	2,550	341	322	2,647	209	9	471	6,549	122
2009	1,942	106	173	824	721	9	538	4,313	111
2010(1)	764	99	166	1,267	600	27	603	3,909	71
Total 2007-2010	5,897	1,087	1,011	8,140					
Proportion per Tuna Type	37%	7%	6%	50%					

Source: IOTC report. (1) Incomplete data, excludes EU catch statistics.

Type of Tuna	Av. Historical Proportion in Mozambique EEZ	Average Market Price
Yellowfin Tuna	50%	$13.94
Skipjack Tuna	37%	$2.00
Albacore Tuna (1)	7%	$10.33
Bigeye Tuna	6%	$15.79
Implied Weighted Average Market Price		**$9.45**

Source: Fish Information & Services.

(1) Based on FX rate of Eur/ US$ of 1.33.

Cost Assumptions

Licenses:

- Cost of a tuna license for a Mozambique flagged ship is $10,000 per vessel per year and is not based on the amount of tuna catch
- As tuna is a highly migratory species, the tuna fishing ships usually follow the tuna schools and obtain licenses from a number of neighbouring countries, including Madagascar, Mauritius and Seychelles. Therefore $100,000 per vessel is budgeted for obtaining international licenses

Export transport costs: estimated at $0.25 per kg of tuna as the catch is destined for export to the markets with highest demand, including Japan and EU

Command Center:

Item	Annual Cost - USD	Assumptions
Personnel	$38,304	6 personnel * 12 months * €400
Administrative consumable	7,980	
Electronic systems maintenance	7,980	
Total	**$54,264**	

Tuna Longliners/ Trawlers Operational Costs per year:

Item	Annual Cost - USD	Assumptions
Personnel	$44,688	7 personnel * 12 months * €400
Maintenance Costs	133,000	docking, paint, repairs, spares
Mobile Fishing equipment renewal	39,900	
Fuel and consumable	678,134	
Fuel	665,000	2,000 L per day * 250 days * €1.0 per L
Oil	1,496	3 L per day * 250 * €1.5 per L
Food and Consumables on Board	11,638	7 persons * 250 days * €5.0
Longliner/ Trawler Costs per Vessel	**$895,722**	

Trimaran Vessels Operational Costs per year:

Item	Annual Cost - USD	Assumptions
Personnel	$82,992	13 persons * 12 months * € 400
Maintenance Costs	39,900	docking, paint, repairs, spares
Fuel and consumable	354,811	
Fuel	332,500	1,000 L per day * 250 days * €1.0 per L
Oil	698	1.4 L per day * 250 * €1.5
Food and Consumables on Board	21,613	13 persons * 250 days * €5.0
Trimaran Op Costs per Vessel	**$477,703**	

Estimated Operating Costs (Year 1 to Year 4)

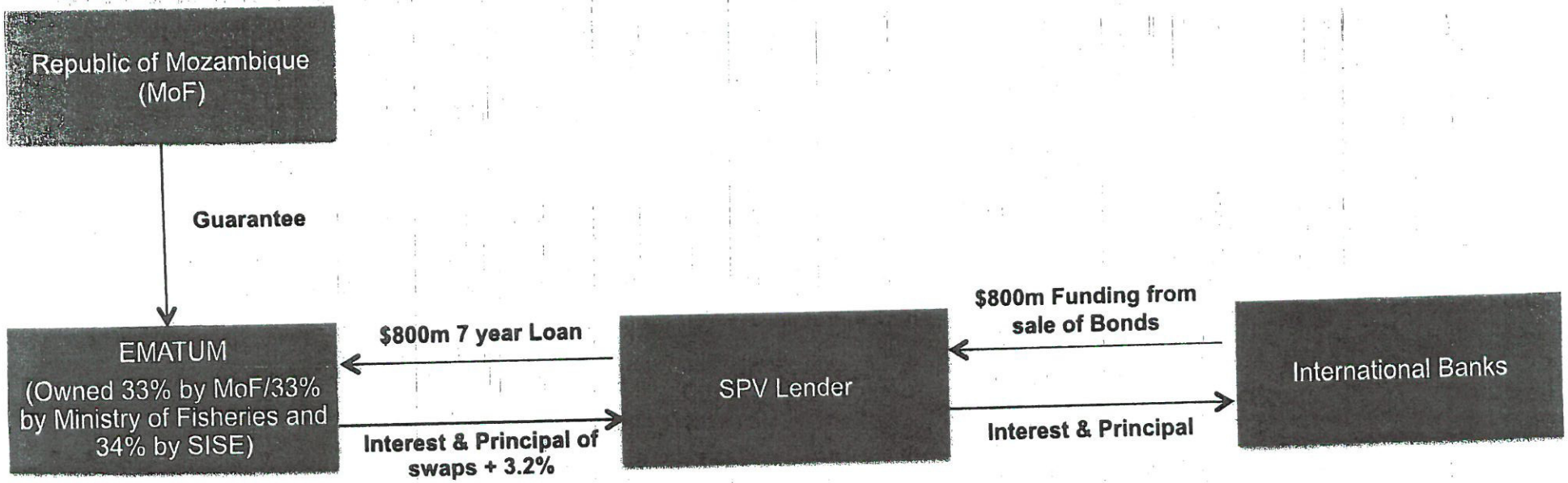
USD	H1	H2	Year 1	H1	H2	Year 2	H1	H2	Year 3	H1	H2	Year 4
Operating Costs												
# Boats in Operation- Longliner/ Trawler	-	5		15	24		24	24		24	24	
# Boats in Operation - Trimaran	-	-		-	2		3	3		3	3	
License Costs												
Licence Cost per Boat- Mozambique EEZ	-	5,000	5,000	5,000	5,000	10,000	10,300	-	10,300	10,609	-	10,609
Licence Cost per Boat- International Wate	-	50,000	50,000	50,000	50,000	100,000	103,000	-	103,000	106,090	-	106,090
Tota License Cost per Tuna Longliner	-	55,000	55,000	55,000	55,000	110,000	113,300	-	113,300	116,699	-	116,699
Tota License Costs	-	**$275,000**	**$275,000**	**$825,000**	**$1,320,000**	**$2,145,000**	**$2,719,200**	**$0**	**$2,719,200**	**$2,800,776**	**$0**	**$2,800,776**
Tuna Longliners/ Trawlers Operational Costs												
Personnel	-	22,344	22,344	22,344	22,344	44,688	23,014	23,014	46,029	23,705	23,705	47,409
Maintenance Costs	-	66,500	66,500	66,500	66,500	133,000	68,495	68,495	136,990	70,550	70,550	141,100
Mobile Fishing equipment renewal	-	19,950	19,950	19,950	19,950	39,900	20,549	20,549	41,097	21,165	21,165	42,330
Fuel and consumable	-	339,067	339,067	339,067	339,067	678,134	349,239	349,239	698,478	359,716	359,716	719,432
Fuel	-	332,500	332,500	332,500	332,500	665,000	342,475	342,475	684,950	352,749	352,749	705,499
Oil	-	748.13	748	748.13	748	1,496	771	771	1,541	794	794	1,587
Food and Consumables on Board	-	5,819	5,819	5,819	5,819	11,638	5,993	5,993	11,987	6,173	6,173	12,346
Longliner/ Trawler Costs per Vessel	-	447,861	447,861	447,861	447,861	895,722	461,297	461,297	922,593	475,136	475,136	950,271
Total Longliner / Trawler Op Costs	-	**$2,239,304**	**$2,239,304**	**$6,717,913**	**$10,748,661**	**$17,466,574**	**$11,071,121**	**$11,071,121**	**$22,142,242**	**$11,403,254**	**$11,403,254**	**$22,806,509**
Trimaran Vessels Operational Costs												
Personnel	-	41,496	41,496	41,496	41,496	82,992	42,741	42,741	85,482	44,023	44,023	88,046
Maintenance Costs	-	19,950	19,950	19,950	19,950	39,900	20,549	20,549	41,097	21,165	21,165	42,330
Fuel and consumable	-	177,405	177,405	177,405	177,405	354,811	182,728	182,728	365,455	188,209	188,209	376,419
Fuel	-	166,250	166,250	166,250	166,250	332,500	171,238	171,238	342,475	176,375	176,375	352,749
Oil	-	349.13	349	349.13	349	698	360	360	719	370	370	741
Food and Consumables on Board	-	10,806	10,806	10,806	10,806	21,613	11,130	11,130	22,261	11,464	11,464	22,929
Trimaran Op Costs per Vessel	-	238,851	238,851	238,851	238,851	477,703	246,017	246,017	492,034	253,397	253,397	506,795
Total Trimaran Operational Costs	-	**$0**	**$0**	**$0**	**$477,703**	**$477,703**	**$738,051**	**$738,051**	**$1,476,101**	**$760,192**	**$760,192**	**$1,520,385**
Land Operations Coordination Center	-	**$27,132**	**$27,132**	**$27,132**	**$27,132**	**$54,264**	**$27,946**	**$27,946**	**$55,892**	**$28,784**	**$28,784**	**$57,569**
Export transport costs	-	**$1,200,000**	**$1,200,000**	**$1,800,000**	**$2,880,000**	**$4,680,000**	**$2,880,000**	**$2,880,000**	**$5,760,000**	**$2,880,000**	**$2,880,000**	**$5,760,000**
Total Operating Costs	-	**$3,741,436**	**$3,741,436**	**$9,370,045**	**$15,453,496**	**$24,823,541**	**$17,436,318**	**$14,717,118**	**$32,153,435**	**$17,873,007**	**$15,072,231**	**$32,945,238**

Estimated Operating Costs (Year 5 to Year 8)

USD	H1	H2	Year 5	H1	H2	Year 6	H1	H2	Year 7	H1	H2	Year 8
Operating Costs												
# Boats in Operation- Longliner/ Trawler	24	24		24	24		24	24		24	24	
# Boats in Operation - Trimaran	3	3		3	3		3	3		3	3	
License Costs												
Licence Cost per Boat- Mozambique EEZ	10,927	-	10,927	11,255	-	11,255	11,593	-	11,593	11,941	-	11,941
Licence Cost per Boat- International Wate	109,273	-	109,273	112,551	-	112,551	115,927	-	115,927	119,405	-	119,405
Tota License Cost per Tuna Longliner	120,200	-	120,200	123,806	-	123,806	127,520	-	127,520	131,346	-	131,346
Tota License Costs	**$2,884,799**	**$0**	**$2,884,799**	**$2,971,343**	**$0**	**$2,971,343**	**$3,060,484**	**$0**	**$3,060,484**	**$3,152,298**	**$0**	**$3,152,298**
Tuna Longliners/ Trawlers Operational Costs												
Personnel	24,416	24,416	48,832	25,148	25,148	50,297	25,903	25,903	51,806	26,680	26,680	53,360
Maintenance Costs	72,666	72,666	145,333	74,846	74,846	149,693	77,092	77,092	154,183	79,404	79,404	158,809
Mobile Fishing equipment renewal	21,800	21,800	43,600	22,454	22,454	44,908	23,128	23,128	46,255	23,821	23,821	47,643
Fuel and consumable	370,508	370,508	741,015	381,623	381,623	763,246	393,071	393,071	786,143	404,864	404,864	809,727
Fuel	363,332	363,332	726,663	374,232	374,232	748,463	385,459	385,459	770,917	397,022	397,022	794,045
Oil	817	817	1,635	842	842	1,684	867	867	1,735	893	893	1,787
Food and Consumables on Board	6,358	6,358	12,717	6,549	6,549	13,098	6,746	6,746	13,491	6,948	6,948	13,896
Longliner/ Trawler Costs per Vessel	489,390	489,390	978,779	504,071	504,071	1,008,143	519,194	519,194	1,038,387	534,769	534,769	1,069,539
Total Longliner / Trawler Op Costs	**$11,745,352**	**$11,745,352**	**$23,490,704**	**$12,097,713**	**$12,097,713**	**$24,195,425**	**$12,460,644**	**$12,460,644**	**$24,921,288**	**$12,834,463**	**$12,834,463**	**$25,668,927**
Trimaran Vessels Operational Costs												
Personnel	45,344	45,344	90,688	46,704	46,704	93,408	48,105	48,105	96,210	49,548	49,548	99,097
Maintenance Costs	21,800	21,800	43,600	22,454	22,454	44,908	23,128	23,128	46,255	23,821	23,821	47,643
Fuel and consumable	193,856	193,856	387,711	199,671	199,671	399,343	205,661	205,661	411,323	211,831	211,831	423,663
Fuel	181,666	181,666	363,332	187,116	187,116	374,232	192,729	192,729	385,459	198,511	198,511	397,022
Oil	381	381	763	393	393	786	405	405	809	417	417	834
Food and Consumables on Board	11,808	11,808	23,617	12,163	12,163	24,325	12,527	12,527	25,055	12,903	12,903	25,806
Trimaran Op Costs per Vessel	260,999	260,999	521,999	268,829	268,829	537,659	276,894	276,894	553,788	285,201	285,201	570,402
Total Trimaran Operational Costs	**$782,998**	**$782,998**	**$1,565,996**	**$806,488**	**$806,488**	**$1,612,976**	**$830,683**	**$830,683**	**$1,661,365**	**$855,603**	**$855,603**	**$1,711,206**
Land Operations Coordination Center	**$29,648**	**$29,648**	**$59,296**	**$30,537**	**$30,537**	**$61,075**	**$31,453**	**$31,453**	**$62,907**	**$32,397**	**$32,397**	**$64,794**
Export transport costs	**$2,880,000**	**$2,880,000**	**$5,760,000**	**$2,880,000**	**$2,880,000**	**$5,760,000**	**$2,880,000**	**$2,880,000**	**$5,760,000**	**$2,880,000**	**$2,880,000**	**$5,760,000**
Total Operating Costs	**$18,322,797**	**$15,437,998**	**$33,760,795**	**$18,786,081**	**$15,814,738**	**$34,600,819**	**$19,263,264**	**$16,202,780**	**$35,466,044**	**$19,754,762**	**$16,602,463**	**$36,357,225**

Financing Structure

- The Projected will be financed with a 7 year, $800 million financing for the Republic of Mozambique to acquire a fishing fleet and related services per the Project contract.
- The financing will benefit from a guarantee from the Ministry of Finance of Mozambique and will be fully underwritten by 1 or more international banks.
- The proposed financing will be raised in the international bond markets by an SPV established by the bank.
- The proceeds of the bond issue will be lent to the project company as set out in the diagram below.
- The loan to the Borrower will have a Fixed Interest rate of 7 year USD swaps + 3.2%, and an upfront fee of 1.6% – any further financing cost will be borne by the Project contractor, allowing for predictable fixed financing cost
- Interest reserve of 1 year will be retained by the Borrower from the proceeds to allow time for the Project to ramp up and generate revenues



Resulting in a Self-Financed Project (Year 1 to Year 4 below)

- Cash balance of $50,000,000 after funding remains at the Borrower to cover the first year of interest and start-up operating costs
- 2 year Grace period on principal repayments to allow for revenue generation to ramp up

USD	H1	H2	Year 1	H1	H2	Year 2	H1	H2	Year 3	H1	H2	Year 4
Revenue	-	$45,355,364	$45,355,364	$68,033,046	$108,852,873	$176,885,918	$112,118,459	$112,118,459	$224,236,918	$115,482,013	$115,482,013	$230,964,026
Total Operating Costs	-	$3,741,436	$3,741,436	$9,370,045	$15,453,496	$24,823,541	$17,436,318	$14,717,118	$32,153,435	$17,873,007	$15,072,231	$32,945,238
Cashflow Available for Debt Service	-	$41,613,927	$41,613,927	$58,663,000	$93,399,377	$152,062,377	$94,682,141	$97,401,341	$192,083,483	$97,609,006	$100,409,782	$198,018,787
Financing Costs												
Interest	$22,914,286	$22,914,286	$45,828,571	$22,914,286	$22,914,286	$45,828,571	$20,852,000	$18,789,714	$39,641,714	$16,727,429	$14,665,143	$31,392,571
Principal	-	-	-	-	72,000,000	72,000,000	72,000,000	72,000,000	144,000,000	72,000,000	72,000,000	144,000,000
Total Financing Costs	$22,914,286	$22,914,286	$45,828,571	$22,914,286	$94,914,286	$117,828,571	$92,852,000	$90,789,714	$183,641,714	$88,727,429	$86,665,143	$175,392,571
Debt Balance												
Beginning of Period	$800,000,000	$800,000,000	$800,000,000	$800,000,000	$800,000,000	$800,000,000	$728,000,000	$656,000,000	$728,000,000	$584,000,000	$512,000,000	$584,000,000
Change	-	-	-	-	(72,000,000)	(72,000,000)	(72,000,000)	(72,000,000)	(144,000,000)	(72,000,000)	(72,000,000)	(144,000,000)
Debt Balance- End of Period	$800,000,000	$800,000,000	$800,000,000	$800,000,000	$728,000,000	$728,000,000	$656,000,000	$584,000,000	$584,000,000	$512,000,000	$440,000,000	$440,000,000
Cash												
Cash - Beginning of Period	$50,000,000	$27,085,714	$50,000,000	$45,785,356	$81,534,071	$45,785,356	$80,019,162	$81,849,303	$80,019,162	$88,460,930	$97,342,508	$88,460,930
Change of Cash	(22,914,286)	18,699,642	(4,214,644)	35,748,715	(1,514,909)	34,233,806	1,830,141	6,611,627	8,441,769	8,881,577	13,744,639	22,626,216
Cash - End of Period	$27,085,714	$45,785,356	$45,785,356	$81,534,071	$80,019,162	$80,019,162	$81,849,303	$88,460,930	$88,460,930	$97,342,508	$111,087,146	$111,087,146

Resulting in a Self-Financed Project (Year 5 to Year 8 below)

- Project expected to cover funding costs of interest and principal
- Debt is repaid in full at the end of Year 7
- Once the financing is repaid, cash generated by the Project is available for reinvestment in Mozambique.

USD	H1	H2	Year 5	H1	H2	Year 6	H1	H2	Year 7	H1	H2	Year 8
Revenue	$118,946,473	$118,946,473	$237,892,946	$122,514,867	$122,514,867	$245,029,735	$126,190,313	$126,190,313	$252,380,627	$129,976,023	$129,976,023	$259,952,046
Total Operating Costs	$18,322,797	$15,437,998	$33,760,795	$18,786,081	$15,814,738	$34,600,819	$19,263,264	$16,202,780	$35,466,044	$19,754,762	$16,602,463	$36,357,225
Cashflow Available for Debt Service	$100,623,676	$103,508,475	$204,132,151	$103,728,786	$106,700,129	$210,428,916	$106,927,050	$109,987,533	$216,914,583	$110,221,261	$113,373,559	$223,594,820
Financing Costs												
Interest	$12,602,857	$10,540,571	$23,143,429	$8,478,286	$6,416,000	$14,894,286	$4,353,714	$2,291,429	$6,645,143	$0	$0	$0
Principal	72,000,000	72,000,000	144,000,000	72,000,000	72,000,000	144,000,000	72,000,000	80,000,000	152,000,000	-	-	-
Total Financing Costs	$84,602,857	$82,540,571	$167,143,429	$80,478,286	$78,416,000	$158,894,286	$76,353,714	$82,291,429	$158,645,143	$0	$0	$0
Debt Balance												
Beginning of Period	$440,000,000	$368,000,000	$440,000,000	$296,000,000	$224,000,000	$296,000,000	$152,000,000	$80,000,000	$152,000,000	$0	$0	$0
Change	(72,000,000)	(72,000,000)	(144,000,000)	(72,000,000)	(72,000,000)	(144,000,000)	(72,000,000)	(80,000,000)	(152,000,000)	-	-	-
Debt Balance- End of Period	$368,000,000	$296,000,000	$296,000,000	$224,000,000	$152,000,000	$152,000,000	$80,000,000	$0	$0	$0	$0	$0
Cash												
Cash - Beginning of Period	$111,087,146	$127,107,965	$111,087,146	$148,075,869	$171,326,369	$148,075,869	$199,610,499	$230,183,834	$199,610,499	$257,879,939	$368,101,200	$257,879,939
Change of Cash	16,020,819	20,967,904	36,988,722	23,250,500	28,284,129	51,534,630	30,573,335	27,696,105	58,269,440	110,221,261	113,373,559	223,594,820
Cash - End of Period	$127,107,965	$148,075,869	$148,075,869	$171,326,369	$199,610,499	$199,610,499	$230,183,834	$257,879,939	$257,879,939	$368,101,200	$481,474,759	$481,474,759

Conclusion

- The Project has clear socio-economic benefits in line with governmental strategy and recommendations
- Plans for a Mozambican fishing fleet have been presented to the IOTC and endorsed by it
- Building a fishing fleet and related tuna industry has been a priority for Mozambique for a number of years and is the aspiration of a number of African coastal countries, such as Tanzania
- Based on the assumptions set out in this presentation, which reflect current market levels, the Project is expected to be self-funding and to generate revenues in excess of the funding costs