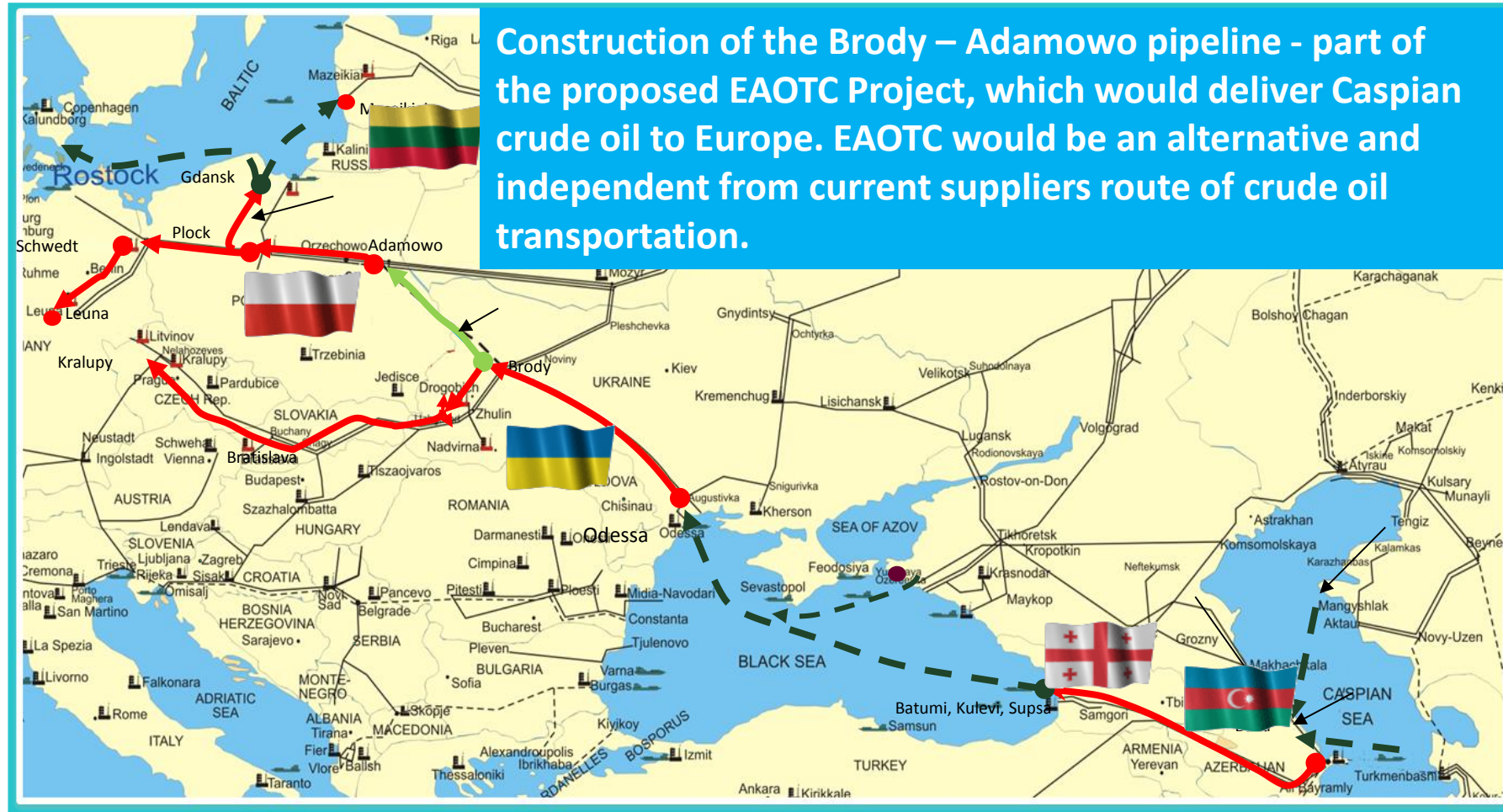


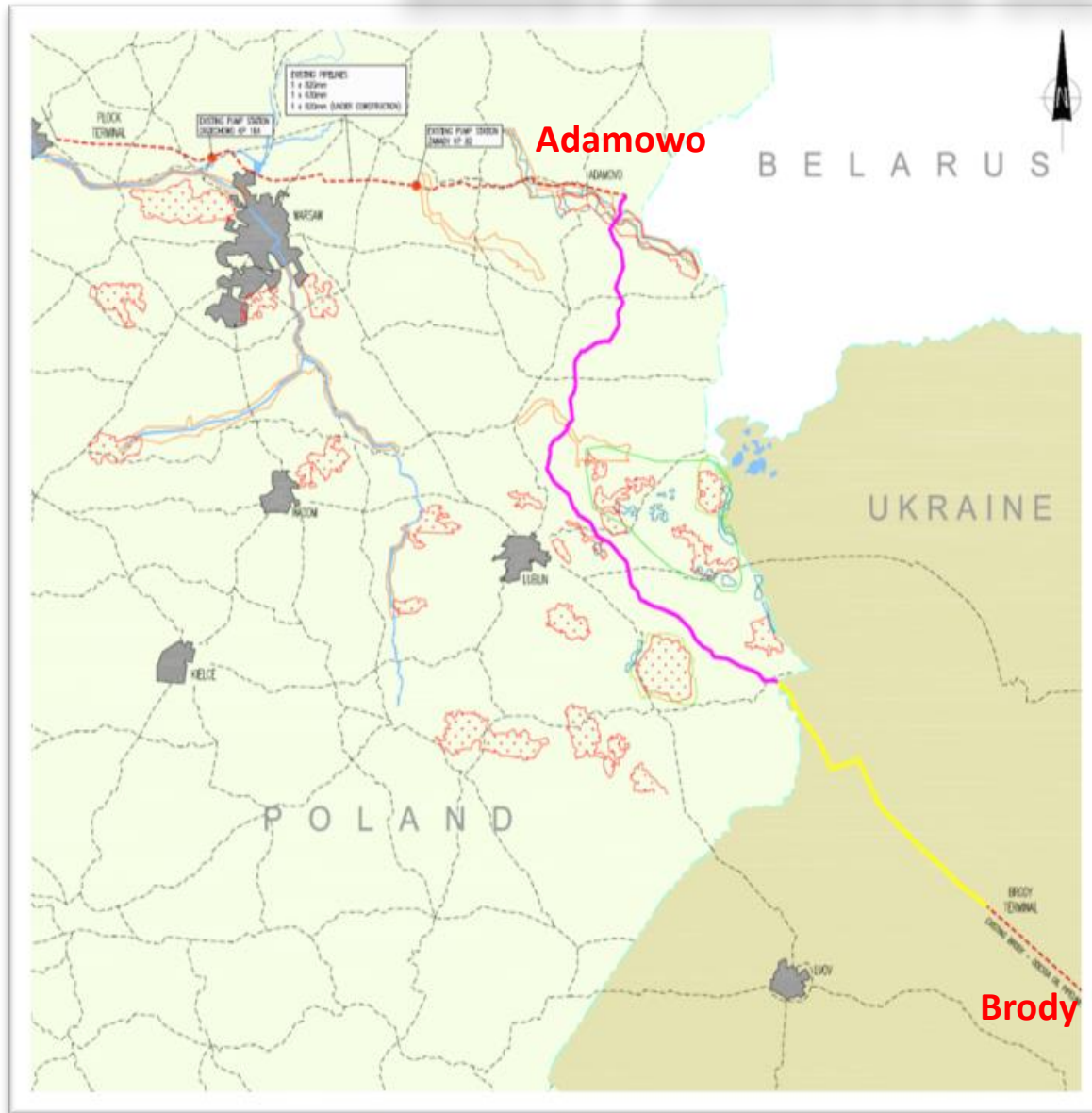
BRODY-ADAMOVO PIPELINE AND PROSPECTS OF GOGC FURTHER INVOLVEMENT IN THE EAOTC PROJECT

BRUSSELS
June 24, 2016

Brody-Adamovo Pipeline yet not Completed Segment of 1st Phase of EAOTC PROJECT Realization



BRODY ADAMOVO OIL PIPELINE



The pipeline:

- Total Line Length – 396,3 km, diameter - 800 mm,
- Capacity: 10, 20 and 30 MTA depending on the market demand by realization of three consecutive project stages.

Pump stations:

1 in Brody (Ukraine), 2 in Poland (on the next stages of project development)

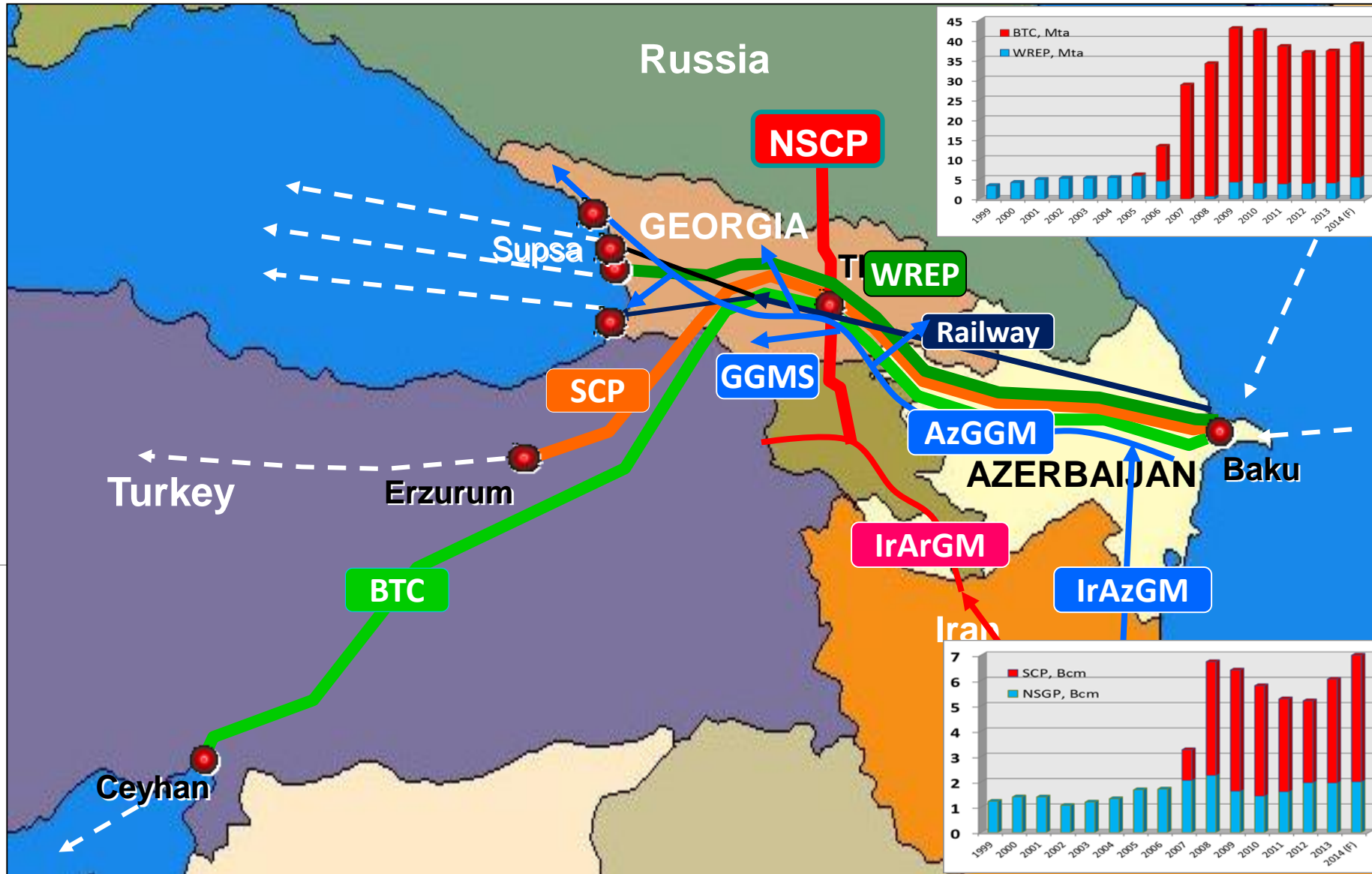
Project would enhance the flexibility of the East European crude pipeline system to cope with supply disruptions under various scenarios and to accommodate additional sources of supply.

Brody-Adamovo linking the Baltic Sea to the Black Sea Supporting Development of South North corridor



The increase in capacity of sea imports of crude and the proposed Expansion of the Pomeranian Pipeline and construction of the Adamowo-Brody pipeline combined with a Adamowo-Odessa-pipeline capacity increase would link the Black Sea and the Baltic Sea and create a South-North pipeline corridor, which would have a profound impact on **the security of supply of Eastern and Central Europe since it potentially would be able mitigate the potential supply disruption and bottlenecks of an existing pipelines (TAL, IKL) to the refineries of Region**

Georgia - Regional Leader for Oil & Gas Transit Systems

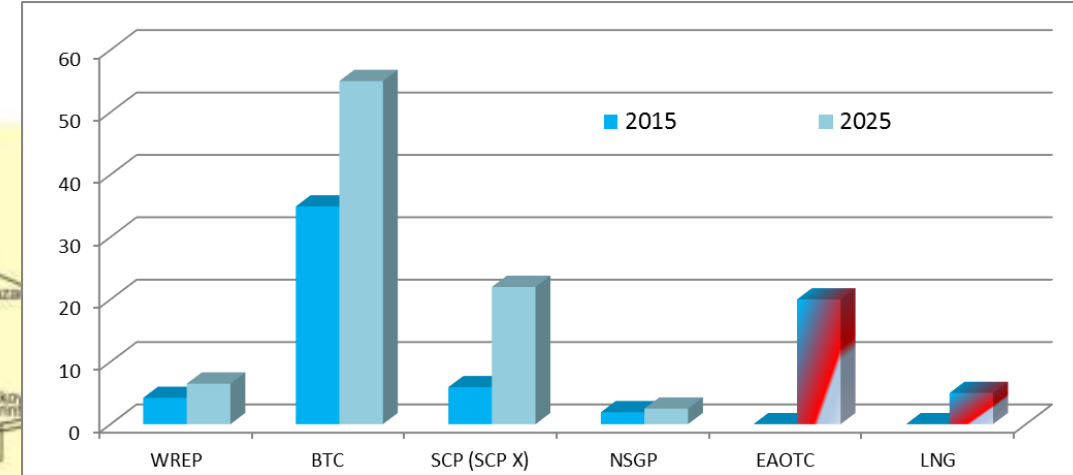
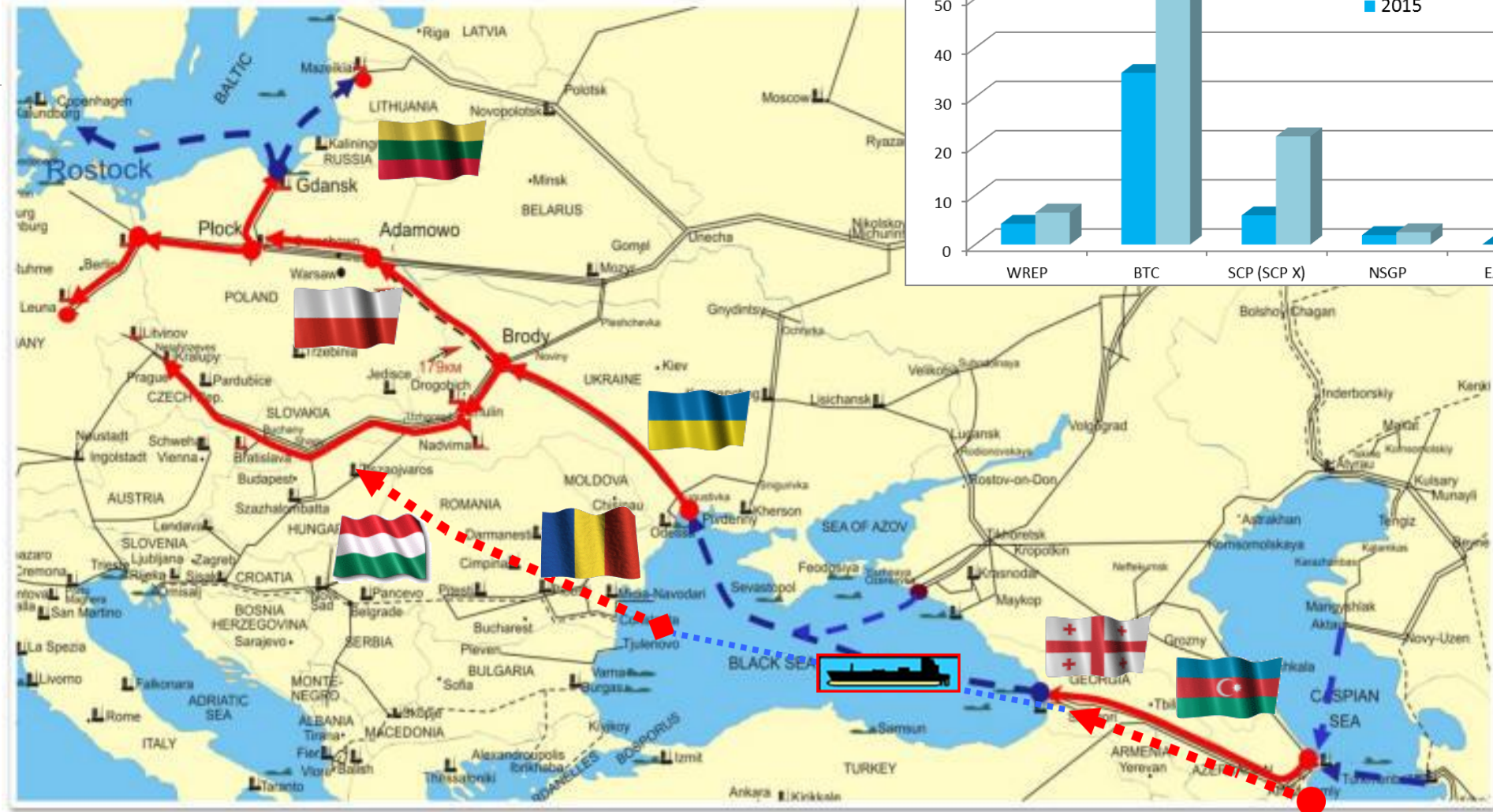


Georgian Railway and Black Sea Oil Terminals

	Volume of Tanks, M ³	Capacity, Mta Oil	Prospects, Mta Oil
Batumi	570 000	≈10	≈12
Poti	118 000	1,5-2	≈4
Supsa	195 000	≈6	≈10
Kulevi	320 000 -600 000	≈6	≈20
Anaklia	-	-	≈8-15 (dry cargo)

**Railway: Current Load – up to 12 MTA of oil and petroleum products;
Prospects of increase up to 17-20 Mta (+5 Mta in 2017)**

Prospects of Further Developments



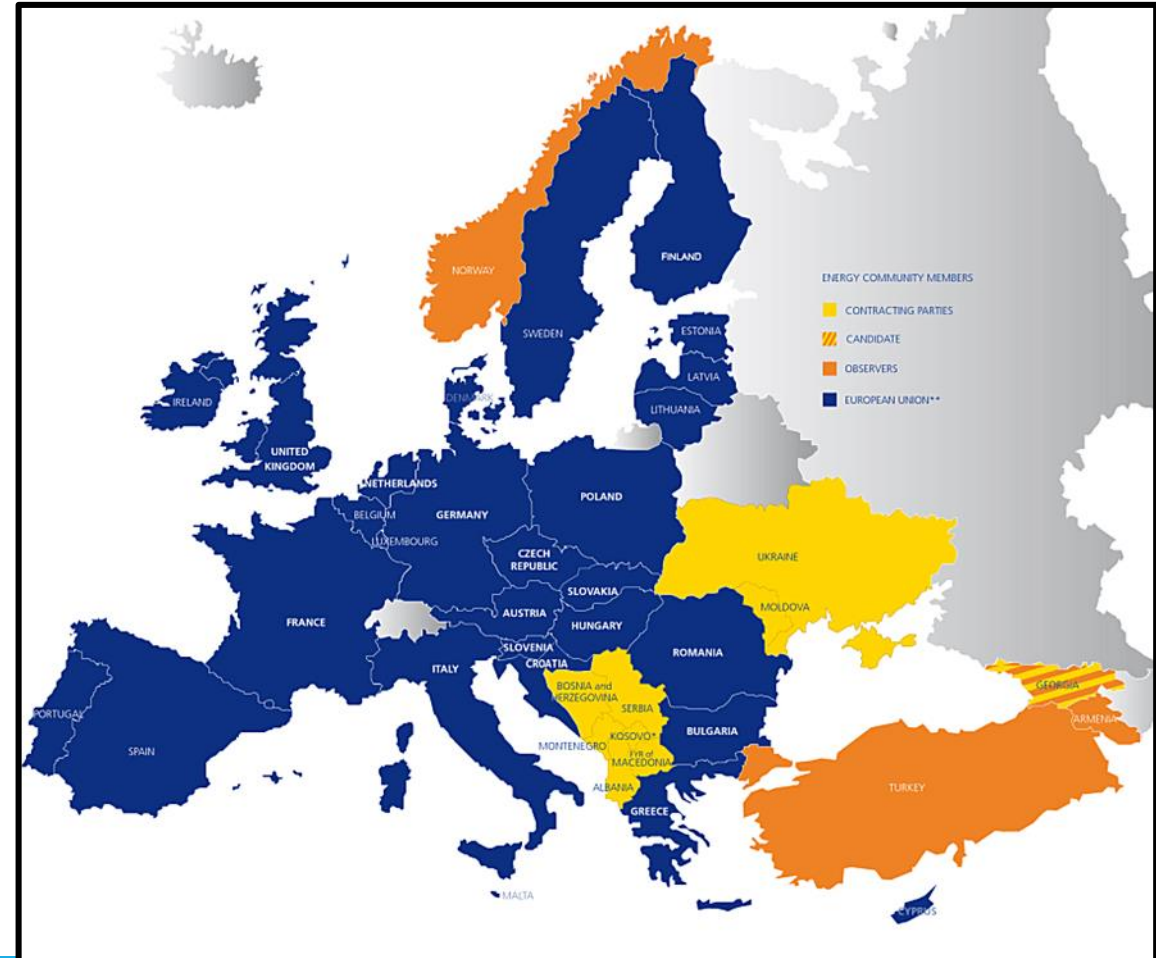
GEORGIA

Opportunities for Development and Political Choices

Georgia has chosen the path of integration into the European political and economic structures.

Membership of EU Energy Community (EnC) - Effective Tool for Integration

Energy Community - Opportunity and Challenge for Georgia



Harmonization of EU Directives and Regulations for Oil and Gas Sector – SUPPORT EAOTC's REALIZATION

- ❑ Directive 1999/32/EC relating to a reduction in the Sulphur content of the certain liquid fuels;
- ❑ Directive 2009/119/EC imposing an obligation on Member States to maintain minimum stocks of crude oil and/or petroleum products;
- ❑ Directive 94/22/EC on the conditions for granting and using authorization for the prospection, exploration and production of hydrocarbons.
- ❑ Directive 2009/73/EC concerning common rules for the internal market in natural gas;
- ❑ Regulation (EC) No 715/2009 on conditions for access to the natural gas transmission networks;
- ❑ Directive 2004/67/EC concerning measures for safeguard security of natural gas supply;

Standards and Technical Regulations for Oil and Gas Sector – SUPPORT EAOTC's REALIZATION

- ❑ 342 Euro Norms (EN) and ISO Standards in Oil&Gas Sector (Infrastructure, Transportation, Trade Issues – Quality and Measurements of Products, Information Support etc.), are already Registered in Georgia
- ❑ 15 American and 1 German Standard are Recognized as Georgian National Standards;
- ❑ 116 New EU Standards and Regulations are in Process of Registration by Georgian National Agency of Standards and Metrology (GEOSTM);
- ❑ Among them 56 New standards Is Planned to be registered in 2016 and during next 3 years other remaining;
- ❑ Costume Codex is in process of preparation to be harmonized with EU identical regulations (2016);
- ❑ Convention of Common Transit Procedure implementation in agenda (2016).

Prospects of GOGC Further Involvement

GOGC considers to increase of it's Further Involvement in the EAOTC Project with the consideration to contribute in EU security of supply and to obtain certain benefits as a transit country representative.

For Successful implementation of EAOTC:

- ❑ Construction of Brody-Adamovo Pipeline as yet not completed segment of EAOTC project is critical;**
- ❑ EU's Political Support is Required to the Member and Partner Countries**
- ❑ Financial support from European funds and IFI's is crucial.**

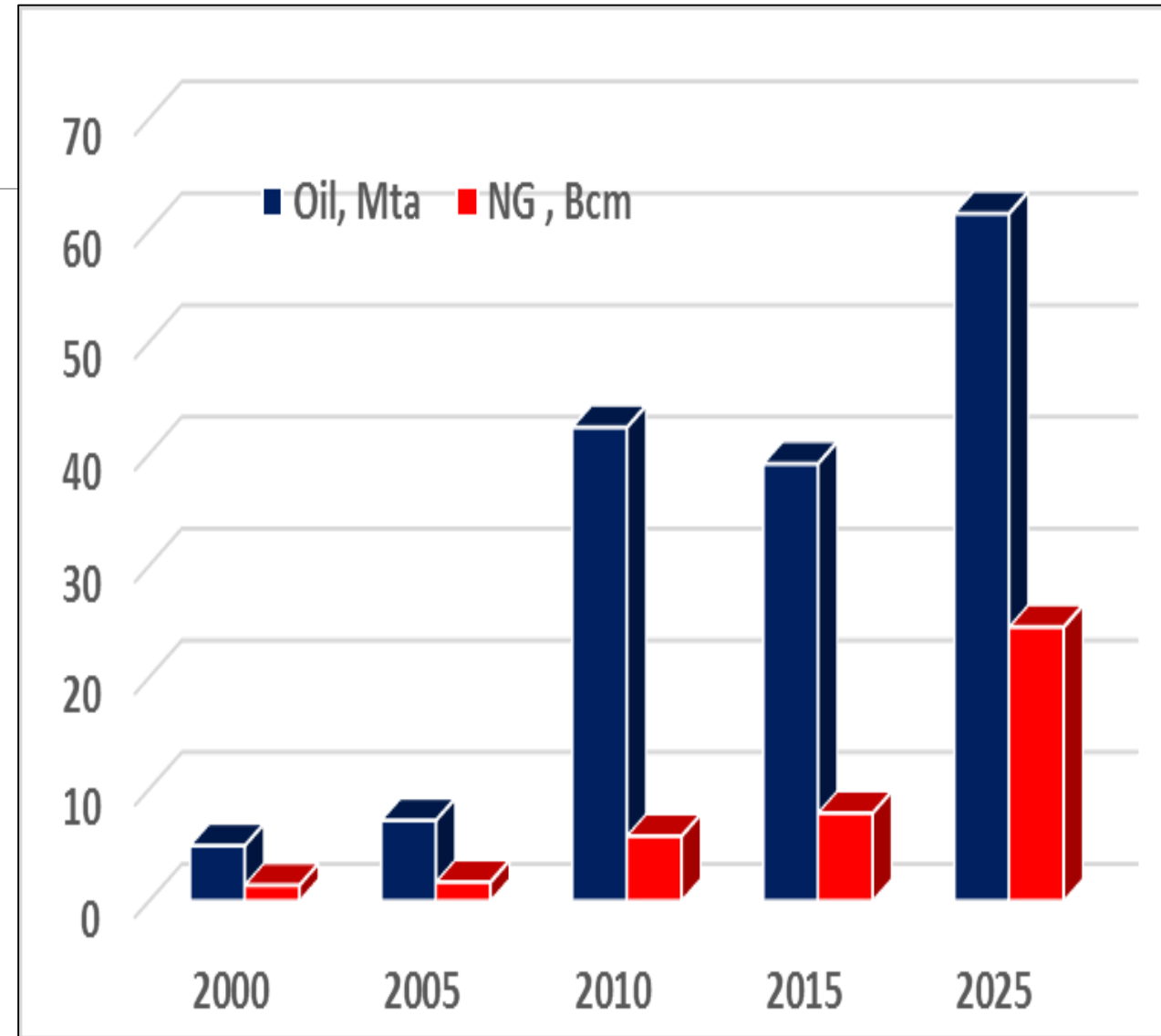
**Brody-Adamovo Pipeline Project
in Parallel with Commercial
Attractivness is strategically
important for the European Union
and Participant Countries**

Prospects of Development

Georgia has taken strong steps towards the integration in NATO and gradual approximation with the EU political and economic structures.

Challenging political climate in the region after Ukrainian-Russian conflict and the Ukraine-Georgia's membership of Energy Community support effective implementation of new energy transit projects, including Odessa-Brody oil pipeline as part of entire EAOTC project.

Projected Transit Flows From Caspian Region to the West will be increased significantly



Thank You !

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