

Company Operations

FULLY INTEGRATED GAS DEVELOPER IN TANZANIA

The Songo Songo Gas-to-Electricity Project is an integrated project that spans the breadth of exploration, development and production of gas, followed by processing, transportation and distribution of gas for power generation, and includes sales of gas to industrial users and CNG users. The Songo Songo Gas-to-Electricity Project is a major energy supplier to the Dar es Salaam area, producing approximately 45% of the Tanzanian electricity supply.

Upstream Operations

What we do:

The Company operates the Songo Songo natural gas field and associated production and processing facilities on behalf of the Government of Tanzania and Songas, under the Songo Songo PSA and the Operatorship Agreement respectively.

The Songo Songo natural gas field sits approximately 200km south of Tanzania's economic hub, Dar es Salaam, and approximately 25km offshore of the mainland itself, in the Kilwa District of Lindi Region. The gas field sits on and offshore Songo Songo Island. Production facilities include eight gas wells: four onshore and four offshore in relatively shallow water. The Songas processing facility operated by the Company has a nameplate capacity of 110 MMcfd, however three of the eight wells are also tied into the adjacent NNGI gas processing facility with a name plate capacity of 140 MMcfd, affording access to increased processing capacity and considerable flexibility and redundancy in its ability to sustain gas supply.

[Read more on page 12.](#)



Upstream Operations Highlights

The upstream operational focus in 2021 centered on four areas: significant sub-surface studies designed to reduce uncertainty in the Songo Songo natural gas reservoir and support future field development planning; progression of the installation of feed gas compression on the Songo Songo gas processing facility; planning for and commencement of the workover of three onshore gas wells; and planning for execution of 3D seismic acquisition in 2022. Alongside this and routine operations and maintenance, also progressed plans for installation of sand control facilities in 2022, alongside smart pigging of the gas well flowlines.

Capital Expenditure ⁽¹⁾ -2%

\$26.6m

2021	\$26.6m
2020	\$27.1m

Operating Netback ⁽¹⁾ +3%

\$2.93/mcf

2021	\$2.93/mcf
2020	\$2.85/mcf

⁽¹⁾ These non-GAAP financial measures and ratios do not have any standardized meaning under IFRS and may not be comparable to similar financial measures disclosed by other issuers. (See Page 54 MD&A).



Downstream Operations

What we do:

Industrial Sales

The Company owns and operates a low-pressure downstream distribution network that receives gas from the Songo Songo gas processing facility and distributes it to more than 50 large industries across almost every industrial sector in Dar es Salaam.

The breadth of industries supplied by the Company means that almost every day most of the local population is positively impacted by the products borne of Songo Songo gas.

Power Generation

During 2021 the Company sold 47.7 MMcfd of Additional Gas for power generation.

The Company supplies gas to TANESCO and Songas via the Songas infrastructure and to TPDC via the NNGI infrastructure. The gas supplied by the Company was responsible for approximately 45% of the total power generation during 2021.

In addition the Company supplied 30.6 MMcfd of Protected Gas to Songas for power generation.

■ Read more on page 13.

Case Study

East Coast Oils and Fats Limited (“ECO”).

ECO is a state-of-the-art facility for the manufacture of edible oils, fats and soaps, it is the largest plant of its kind in Tanzania. ECO has been in production since October 2006, attracting approximately 60% of the Tanzanian market. The plant, in Dar es Salaam, consists of refinery, dry-fractionation plant and soap manufacturing, cooking fat and margarine production. ECO utilizes natural gas from PAET.

ECO’s primary use of natural gas is for steam generation using boilers. The Company converted to natural gas, having previously used HFO for boiler firing.

Speaking about the benefits of using natural gas, ECO’s Chief Executive Officer commented:

“Natural gas proves to be very reliable to us, it is environment friendly and burning without releasing smoke to the environment. HFO is now only used on the very rare occasion in the absence of natural gas. Over the past four years we have only experienced one unplanned shutdown due to a pipe leaking at Buguruni following some unexpected damaged during road excavation”.

ECO plans to double its production capacity to 1,200,000 metric tons of oil, fats and soaps per annum. The plant will also introduce new product lines including palm oil, sunflower oil, soya oil, margarine and soap.

“We intend to increase our natural gas usage to captive power by generating 9.3MW in the future providing it is cost effective to the business.” stated ECO’s Chief Executive Officer.



Downstream Operations Highlights

The Company’s downstream team has worked tirelessly throughout the year to maintain, expand and realign our ever-increasing distribution network to ensure uninterrupted gas supply to our existing customers, and to establish connections to several new customers. In conjunction with this, the team has supported field development planning, undertaking considerable market research to identify potential new customers reachable via virtual pipelines, and has been heavily involved in the assessment of expansion options to meet future demand.

Sales Volumes - Power +6%

47.7 MMcfd

2021	47.7 MMcfd
2020	45.0 MMcfd

Sales Volumes - Industrials +6%

13.4 MMcfd

2021	13.4 MMcfd
2020	12.7 MMcfd