Georgian Oil & Gas Corporation

April 2016

Georgian Oil and Gas Corporation

Investor Presentation

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Snapshot of Georgian Oil and Gas Corporation

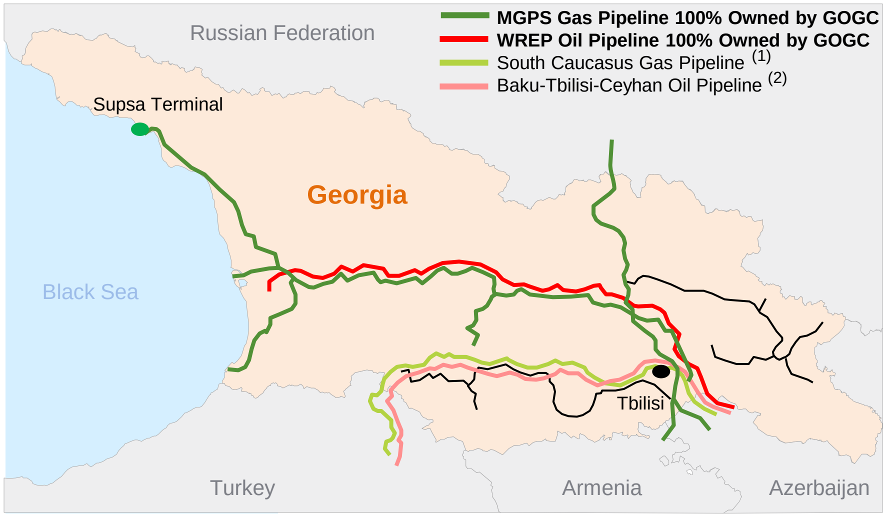
Overview of GOGC

100% state owned GOGC is the oil and gas infrastructure backbone of Georgia

Key Facts

- ✓ GOGC has the National Oil Company status in Georgia
  - ☐ 100% owned by the Partnership Fund (“PF”), itself a 100% state-owned entity, and co-governed by the PF and the Georgian Ministry of Energy
- ✓ Ownership of Georgia’s strategic gas and oil pipelines
- ✓ Formed in 2006 by consolidating Georgian state-owned oil and gas infrastructure assets
- ✓ Optimally positioned to capitalise on growing European demand for oil and gas from the Caspian Basin due to Georgia’s strategic location
- ✓ GOGC is Georgia’s contract counterparty in major international energy trade agreements and transit consortia
- ✓ Emerging player in the power generation market via Gardabani 1 Combined Cycle Power Plant (“CCPP”) – the newest and most efficient power plant in Georgia
- ✓ Benefits from predominantly long term fixed price purchase and onsale contracts
- ✓ Stable predictable off-take in growing domestic gas market
- ✓ Limited FX exposure with most revenues and costs denominated in, or linked to, US$
- ✓ Limited exposure to commodity price risk

Georgia Oil and Gas Infrastructure



Key Financials FY 2015 (m GEL)

Revenues	495.4
EBITDA [3]	123.5
EBITDA Margin [4]	25%
Net Debt [5]	337.3
Net Debt / EBITDA	2.73x
Profit/Profit w/o Minority	36.2/76.0

Pipelines 100% Owned by GOGC

- **The Main Gas Pipeline System (MGPS)**
  - ☐ Operated by the Georgian Gas Transportation Company (GGTC - a 100% state-owned entity) under the pipeline rent agreement
  - ☐ Supplies gas to the domestic market
  - ☐ Supplies Russian gas to the Armenian market via NSGP, the North-South Gas Pipeline section of the MGPS
- **The Western Route Export Pipeline (WREP)**
  - ☐ Operated by British Petroleum (BP)
  - ☐ Delivers oil from Baku to the Supsa terminal in Georgia
  - ☐ No maintenance or capex commitments for GOGC

(1) The South Caucasus Gas Pipeline (SCP) is owned by the South Caucasus Pipeline Company, a consortium led by BP and SOCAR. GOGC has no share in the consortium.
(2) The Baku-Tbilisi-Ceyhan Pipeline (BTCP) is owned by a third-party consortium. GOGC does not receive any revenue from BTCP.
(3) The Company calculates EBITDA for any relevant period as profit before income tax for such period plus net finance cost (minus net finance income) for such period plus depreciation and amortisation (there was no amortisation applicable in the relevant period). Impairment reversals / (losses) are also excluded from the calculations of EBIT as these are one-off items. There were no impairment reversals / (losses) in the relevant period.
(4) EBITDA Margin is EBITDA divided by revenue for the relevant period.
(5) Net debt is gross debt minus cash and cash equivalents and available credit facilities as at 31 December of the relevant period.

Our Business Breakdown

GOGC is a diversified energy company operating across five segments

Key Figures, 2015

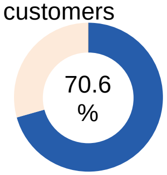
For convenience, figures have been translated into US$ at the average GEL/US$ exchange rate for 2015, at GEL2.2702 per US$

Revenue	EBITDA	Net Profit/Net Profit wo Minority	Capital Expenditure
218.2 million US$	54.4 million US$	16.0/33.5 million US$	88.9 million US$
+60.6 million US$, +38.5%	+5 million US$, +10.2%	21.0 million US$, -56.8%	-61.6 million US$, -40.9%

Credit Ratings	Natural Gas Supply Volumes	Gardabani 1 CCPP Capacity	Covenant Ratio
B+/BB-	1,320 mmcm	239 MW	2.73x Net Debt / EBITDA
	+89 mmcm, +7.2%	Full installed capacity	2.53x in 2014

Gas Supply

- Exclusive buyer under the South Caucasus Pipeline transit arrangements
- Exclusive buyer of 10% of Russian gas transported to Armenia via Georgia
- Gas sales through SOCAR to the social sector of the domestic wholesale market
- Sales through SOCAR of locally produced gas to domestic customers

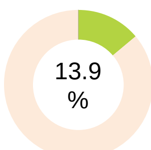


% of sales
2015 revenue

+29.6% increase from 2014

Pipeline Rental

- Rents MGPS out to GGTC for a fee based on transported volumes
- Coordinates development and rehabilitation of existing infrastructure
- Involved in the development of the regional Caspian and Black Sea transit routes

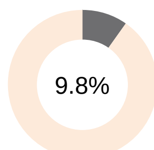


% of sales
2015 revenue

+35.4% increase from 2014

Electricity Generation

- Electricity generated at the Gardabani 1 CCPP during the four months since operations began in September 2015
- Two revenue components:
  - Tariff
  - Guaranteed capacity fee

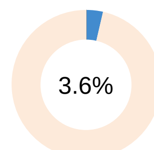


% of sales
2015 revenue

New business segment added in 2015

Oil Transportation

- Rents out WREP oil pipeline to BP for a tariff payment based on transit volumes

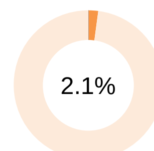


% of sales
2015 revenue

+31.4% increase from 2014

Upstream Activities

- Sells State share of oil and gas under PSAs
- Limited E&P operation



% of sales
2015 revenue

-56.4% decrease from 2014

Key Credit Highlights

Key Credit Highlights

1 Strong Government Support and "NOC" Status

- 100% owned by the Georgian Government through PF and mandated to ensure the continuity and security of gas supply in Georgia
- Fulfils a strategic role in the country and is an important contributor to the Georgian economy, representing approximately 1.2% of Georgia's GDP and employing over 2,000 Georgian citizens
- Operates in Georgia's stable macro environment with limited exposure to commodity price volatility

2 Strategic Geographic Location

- Strategically positioned within the Caucasus to serve as a transport corridor for crude oil and natural gas supplies from neighbouring jurisdictions to the European markets
- Georgia holds an attractive geographic position as the shortest connection between the European Union and the Caucasus and as an integral part of the Caspian-EU transit corridor

3 Strong Position within a Growing Market

- Profitable and diversified gas supply business secured by long term contracts at predominantly fixed prices
- Stable tariff income from gas and oil transportation activities as the owner of MGPS and WREP
- Strong performance of the newly created electricity generation segment

4 Attractive and Diversified Asset and Project Portfolio

- Gardabani 1 CCPP completed ahead of schedule, within planned budget and, since commencing operations, strongly contributing to revenues
- Intention to build on experience with the Gardabani 1 CCPP in the construction of Gardabani 2 CCPP, a second gas-fired thermal power plant
- Potential underground gas storage project in Samgori South Dome field
- Equity participation in Kartli Wind Power Station LLC which plans to construct the first wind power station in Georgia with capacity of 20.7 MW
- Extending international profile through its involvement in the planning and pre-development stages of both the Euro-Asian Transportation Corridor (EAOTC) and the Azerbaijan-Georgia-Romania Interconnector (AGRI) projects

5 Predictable Margins and Attractive Financial Profile

- Predictable margins in natural gas supply activities and limited exposure to natural gas market prices due to long-term contracts with predominantly fixed prices
- Strong start in the electricity generation segment representing 9.8% of revenues after only 4 months in operation
- Limited FX exposure with all revenues and expenses being denominated, or linked to, US$
- Flexibility with capex spending - keeping it low and targeted
- GOGC does not have any significant outstanding debt and has no outstanding long-term debt, other than the 2016 Notes and limited working capital requirements

6 Experienced Management Team

- GOGC benefits from a Management team with significant experience in the energy sector in general and in Georgia in particular
- GOGC's General Director and its Technical Director, as well as members of the Company's middle management, each have more than ten years of experience in the energy industry

Georgian Economy at a Glance

An investor friendly country with strong fundamentals and a competitive diversified economy

Key Facts

- **Territory**: 69,700 sq. km
- **Capital**: Tbilisi
- **Population**: 3.7 million
- **Language:** Georgian
- **GDP per capita PPP**[1]: US$ 7,600.00
- **Credit ratings**: *Moody's*: Ba3 (outlook positive)
  S&P: BB- (outlook Stable)
  Fitch: BB- (outlook stable)
- **Currency**: Georgian Lari (US$/GEL: 2.39[2])

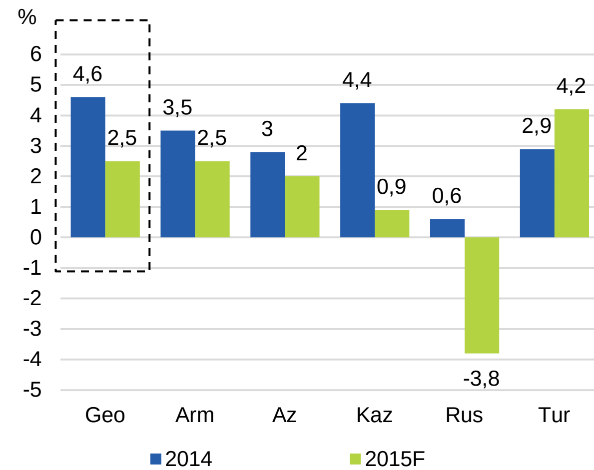
Sources: Geostat, National Bank of Georgia, World Bank, World Bank Doing Business data; (1) As at 31 December 2014 per World Bank data; (2) as at 31 December 2015 per National Bank of Georgia data

Global Competitiveness

- In 2006 Georgia made more progress in establishing a business-friendly environment than any other country globally, as evidenced by its rankings, and has continued to show strong results since:
  - **Ranked #6** out of 189 countries globally on **Starting a Business**
  - **Ranked #24** out of 189 countries globally on **Ease of Doing Business**
  - **Ranked #13** out of 189 for **Enforcing Contracts**

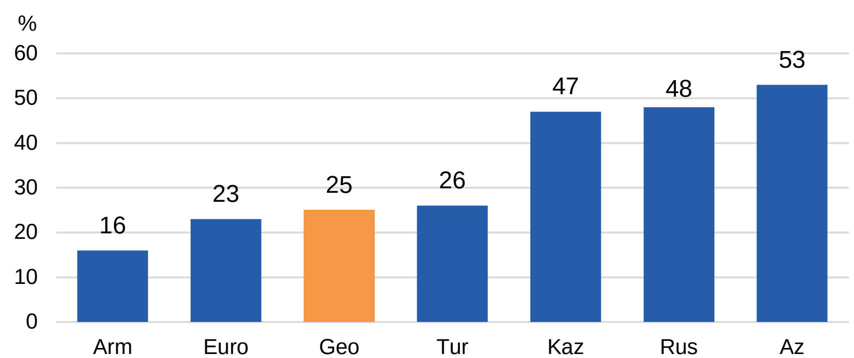
Sources: World Bank – Doing Business Report 2007, World Bank Doing Business data 2016

GDP Growth Georgia vs. the Region



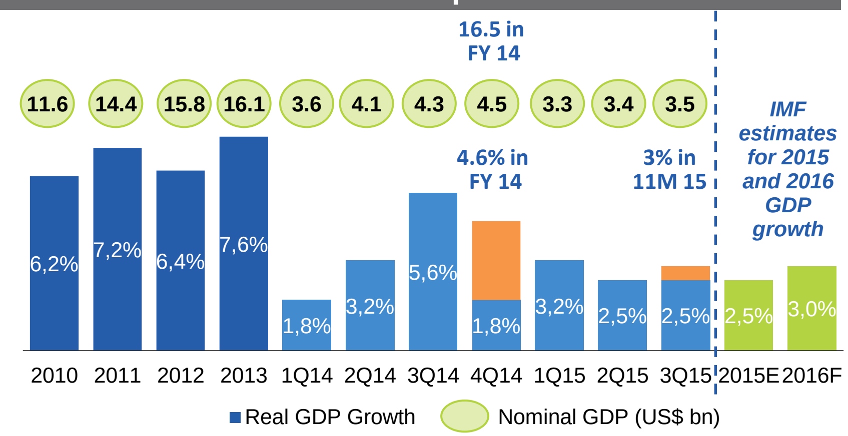
Source: IMF, November 11, 2015

Currency Weakening vs US$ 1 Aug 2014 to 15 Mar 2016



Source: Bloomberg, US$ per unit of national currency, 1 Aug 2014 – 15 Mar 2016

GDP Development



Source: Geostat; IMF December 8 2015 Georgia update.

Trade and Energy Transit Corridor

Georgia's strategic location facilitates international trade and supports long term growth

Key Facts

- Strategically positioned within the Caucasus region to serve as a transport corridor for European and global markets and a corridor for East-West trade
  - In line with EU strategy to reduce reliance on Russian gas
  - Trans-Anatolian Gas Pipeline (TANAP) underway
  - Trans-Adriatic pipeline (TAP) project due to commence in 2016

The increase of volumes of natural gas is expected to positively impact GOGC's revenues from the gas supply segment

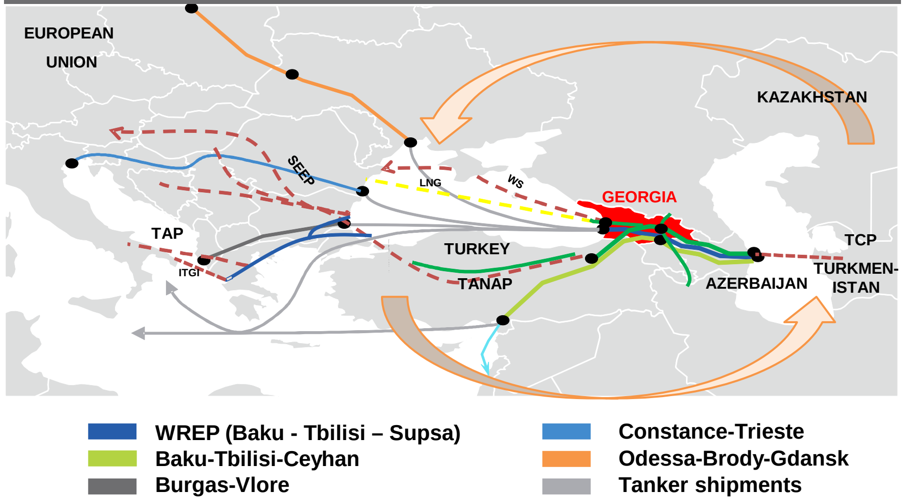
- Major regional developments expected to further enhance Georgia's trade and transit in the coming years:
  - Increased transit capacity at Kazakh, Turkmen and Azeri ports
  - Major upgrades and capacity expansion at Georgia's Black Sea ports and oil terminals
  - Increased coordination within the Silk Wind / One Belt, One Road project
  - The Baku-Tbilisi-Kars railway system nearing completion
  - Rail and road infrastructure upgrades in Georgia and neighbouring countries

GOGC as Georgia's key energy player is expected to benefit from increased regional interconnection and trade links

- Georgia is and is expected to remain the only route for Russian natural gas supply to Armenia

GOGC owns the MGPS, which transports natural gas from Russia to Armenia

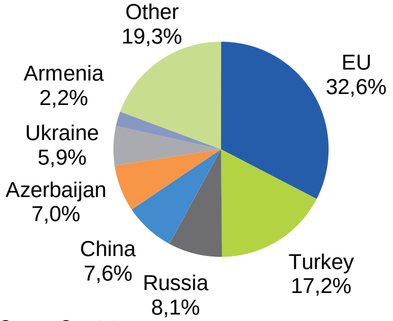
Strategic East-West Trade Flows and Pipelines



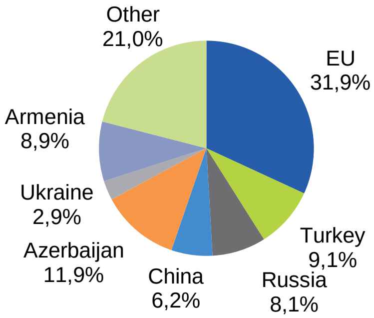
Key Trading Relationships

The EU is Georgia's main trading partner

Georgian Imports by Country (2015) (%)



Georgian Exports by Country (2015) (%)

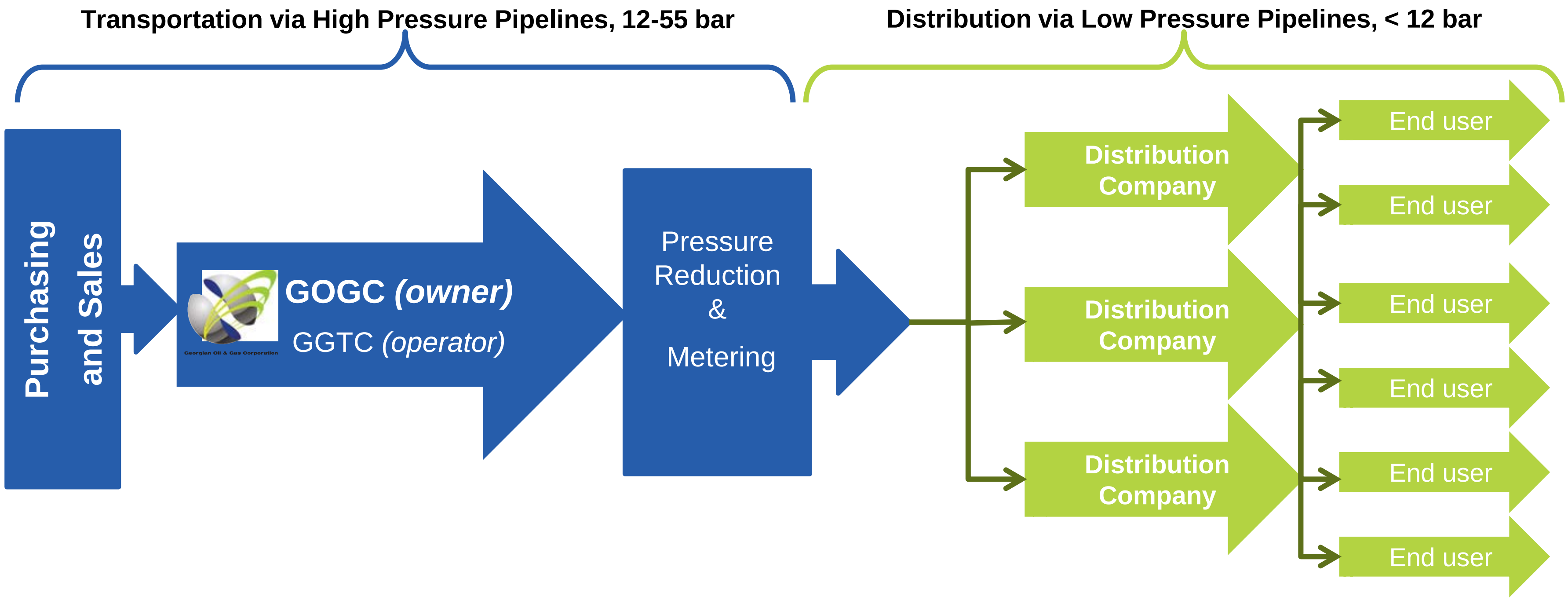


Source: Geostat

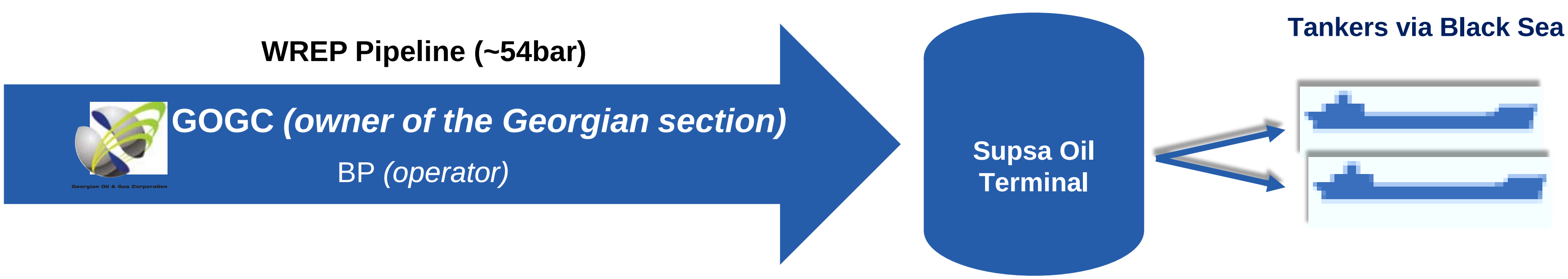
Efficient and Stable Business Model: Gas and Oil Transportation

GOGC owns the core pipelines used in domestic energy transportation, generating volume-linked rental fees

Gas Transportation

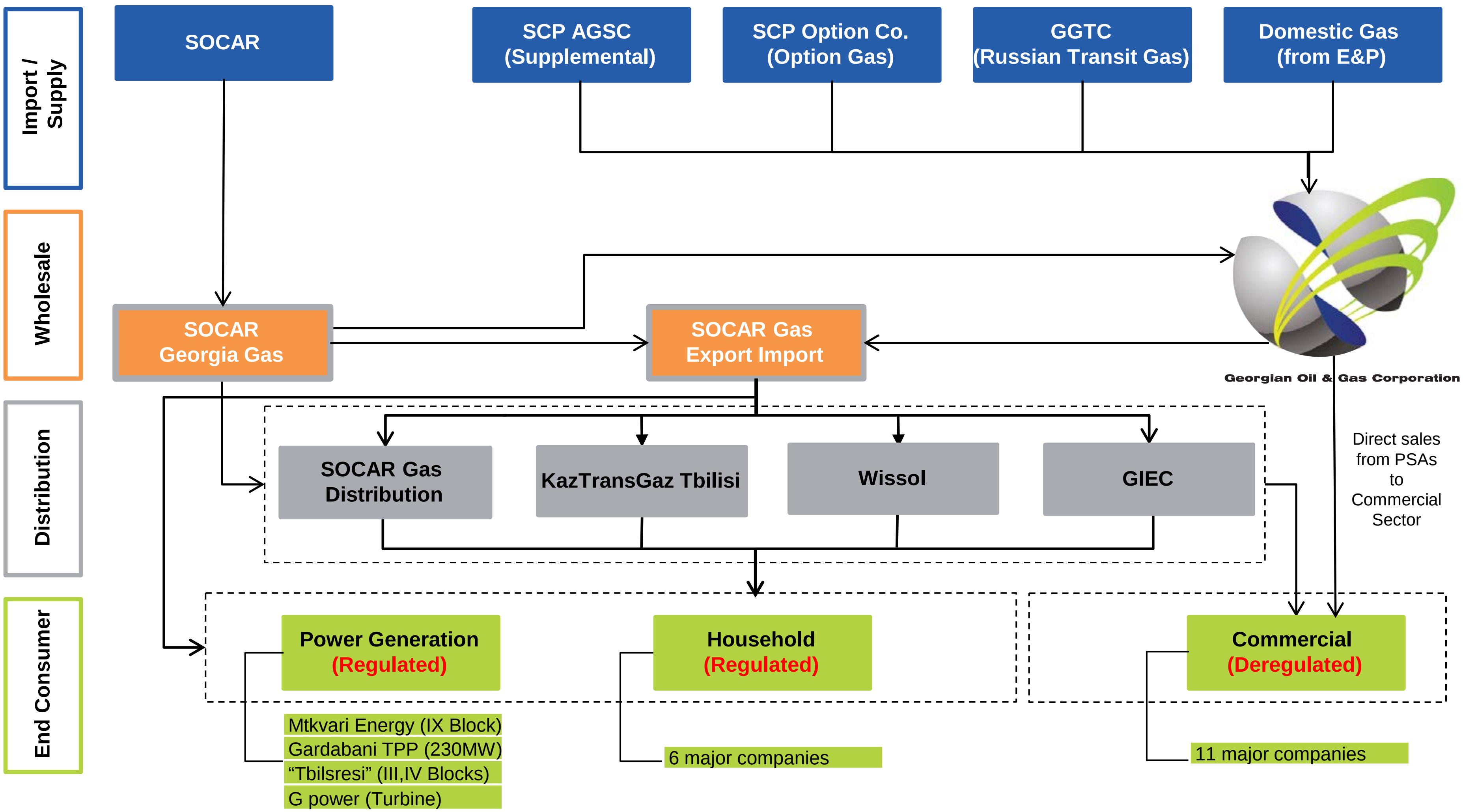


Oil Transportation



Efficient and Stable Business Model: Gas Supply

GOGC operates in the wholesale market and benefits from long term purchase contracts as well as an off-take agreement with SOCAR Export Import



Strong Business Benefitting from Strategic NOC Status

GOGC plays a critical role in the implementation of national energy policy

Major Links Between Core Business and Government

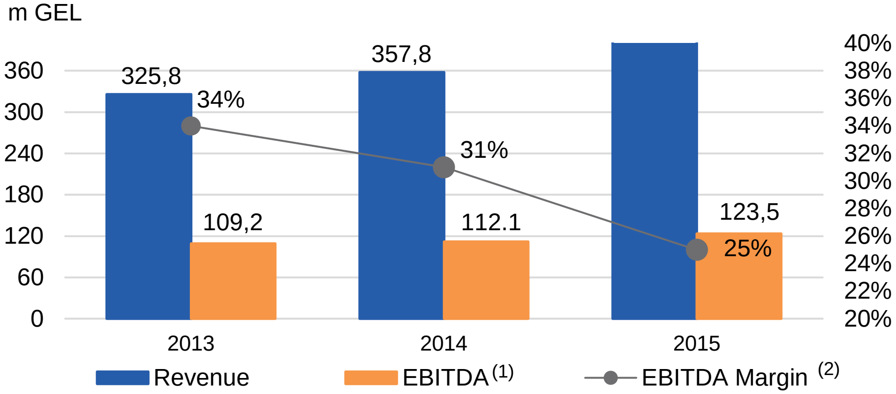
Central Role in Energy Supply	• Mandated with ensuring continued and secure gas supply to the Georgian population • Owner of strategic domestic gas pipeline (MGPS) and international oil pipeline (WREP) • Exclusive buyer of Georgian transit gas via South Caucasus pipeline • Majority owner and operator of Gardabani 1 CCPP with Guaranteed Capacity Source status
Significant Contributor to Georgia's Economy	• GOGC is an important contributor to Georgia's development ☐ Accounted for approximately 1.2% of Georgia's GDP in 2015 ☐ Contributed in excess of GEL 46.5m to the State budget in 2015 ☐ Employs over 2,000 Georgian citizens
Strong Ongoing Government Backing	• GOGC is 100% state owned through the PF • Under direct supervision of the Ministry of Energy • Recipient of low cost loans, grants and tax write-offs from the government • Experienced management team and direct access to key government officials

National Oil Company Status

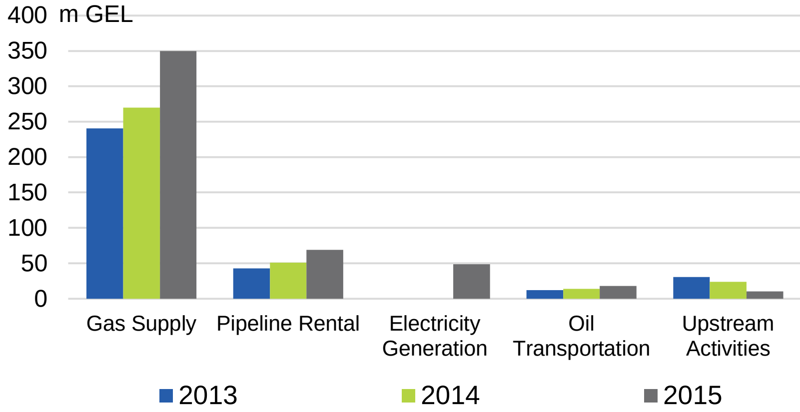
Robust Financial Profile

Long term contracts secure revenue stability and margin predictability

Resilient Revenue and EBITDA Generation



Revenue Breakdown by Segment



Strong Financial Profile

- **6% decrease in 2015 EBITDA margin** largely due to increased average cost of gas and one-off expenses related to the settlement of an arbitration claim
  - The increase in the cost of gas and oil in 2015, as compared to 2014, was primarily due to the depreciation of the GEL versus US$, as well as higher volumes of, and higher contractual purchase prices for, natural gas purchased by GOGC in 2015
- **Limited FX exposure: all revenue and most expenses denominated**, or linked to, US$
- **Low maintenance capex** and estimated capex for 2017 to 2020 to be deployed mostly towards the Gardabani 2 CCPP (2017-18) and UGS project (2018–21) [3]
- **Sustainable debt levels**: 2012 Eurobond is GOGC's only outstanding long-term debt - Net Debt/EBITDA ratio remains below 3.5x covenant level of existing 2017 Eurobond and the increased level of borrowings in 2015 is due to GEL depreciation
- **Electricity generation** segment added revenues of GEL48.7m in 2015 (after approximately 4 months of operations) and comprised tariff fees of GEL26.4m and fees of GEL 22.3m in respect of Gardabani I CCPP's status as a "Guaranteed Capacity Source"

(1) The Company calculates EBITDA for any relevant period as profit before income tax for such period plus net finance cost (minus net finance income) for such period plus depreciation and amortisation (there was no amortisation applicable in the relevant period). Impairment reversals / (losses) are also excluded from the calculations of EBIT as these are one-off items. There were no impairment reversals / (losses) in the relevant period.
(2) EBITDA Margin is EBITDA divided by revenue for the relevant period
(3) Management reviews, and will continue to review, its estimated capex on a quarterly basis. Management formulates and adjusts capital expenditure estimates, as well as planned project timing, depending on a number of factors, including the evolution of GOGC's actual results of operations and cash flows as against budget, market conditions, levels of demand for GOGC's services, the availability of funding, the structure of funding and possible project ownership structures, and other factors, which may be wholly or partially outside of GOGC's control.

Gardabani 1 CCPP

In operation since September 2015, Gardabani 1 CCPP is approximately twice as efficient as existing power plants in Georgia

Key Parameters

- Natural gas-fired thermal power plant located in Eastern Georgia
- Construction completed – July 2015
- Efficiency ratio of 55.5% – approximately twice that of existing power plants in Georgia
- 51% owned by GOGC, with the remaining 49% held by the PF
- One of the largest completed power projects in Georgia since independence
- Installed capacity of 230 MW; actual capacity – 239 MW
- Designed plant life of 25 years

Project Highlights

- Guaranteed Capacity Source status granted in June 2015 and effective until 2040 pursuant to which Gardabani TPP LLC is paid an annual fee
- In 2015 (representing four months of operations), revenue from electricity generation was GEL 48.7 million (or 9.8% of GOGC's total revenue), which comprised: (i) tariff fees of GEL 26.4 million; and (ii) fees in respect of Gardabani 1 CCPP's "Guaranteed Capacity Source" status of GEL 22.3 million
- Guaranteed capacity fee mechanism aligns the Gardabani project with GOGC financial profile
- Total investment – Approximately US$218m
- Completed two months ahead of schedule

Officially Commissioned on 23rd July 2015

Key Strategic Projects – Gardabani 2 CCPP and UGS

Gardabani 2 CCPP

- Based on the existing experience and success of Gardabani 1 CCPP, GOGC intends to develop a second CCPP, located adjacent to Gardabani 1 CCPP
- Planned installed capacity of 240 MW and the total cost for this project is expected to be U.S.$190 million
- Expected project timeline shorter than for Gardabani 1 CCPP due to similar engineering works, trained staff and project teams in place
- Installed capacity and technical characteristics similar or identical to Gardabani 1 CCPP
- Infrastructure including roads, water and gas pipelines already in place
- Expected cost savings due to sharing of resources and existing know-how
- Aim to contribute to further commercial sector energy sales in Georgia and scope for electricity exports to neighbouring countries
- The estimated capex for this project is expected to be GEL 275m in 2017 and GEL 200m in 2018[1]

Underground Gas Storage Facility

- GOGC intends to construct the UGS project to construct an underground gas storage project in Georgia
- Aim is to ensure a guaranteed supply of natural gas in emergency situations, achieve a balance in the seasonally-affected supply and demand of natural gas (currently 70-75% in winter and 25-30% in summer) and optimise GOGC's natural gas supply and demand activities
- Expected to cost approximately U.S.$240 million and to be completed in 2021
- The estimated capex for this project is expected to be GEL 100m in 2018, GEL 275m in 2019 and GEL 125m in 2020
- GOGC completed the preconstruction design study[2] for the UGS Project in 2011 and, in June 2015, hired a contractor to undertake a feasibility study for construction

(1) (2) Management reviews, and will continue to review, its estimated capex on a quarterly basis. Management formulates and adjusts capital expenditure estimates, as well as planned project timing, depending on a number of factors, including the evolution of GOGC's actual results of operations and cash flows as against budget, market conditions, levels of demand for GOGC's services, the availability of funding, the structure of funding and possible project ownership structures, and other factors, which may be wholly or partially outside of GOGC's control.

Key Business Considerations

Overview of Infrastructure Assets

GOGC owns strategic infrastructure facilitating Georgia's integral role as key transport corridor in international energy trade, but is mostly not responsible for maintenance and operational costs

Gas Transportation

Owned by GOGC

- **Main Gas Pipeline System ("MGPS")**
  - Principal natural gas transportation network within Georgia
  - Serves to transit natural gas from Russia to Armenia
  - GGTC is the operator of MGPS and is responsible for all costs related to maintenance and operation of the pipeline
  - GOGC is responsible for MGPS capex and rehabilitation works
- **South Caucasus Pipeline ("SCP")**
  - Transports natural gas from Azerbaijan to Turkey and onward to Europe
  - Owned by a consortium led by BP and SOCAR with BP being the technical operator and SOCAR the commercial operator
  - GOGC buys gas from SCP, but is not responsible for any maintenance, CAPEX or costs related to SCP

Oil Transportation

Owned by GOGC

- **Western Route Export Pipeline (Baku-Supsa Pipeline) ("WREP")**
  - Transports oil from Azerbaijan to Georgia
  - Operated by BP, who is responsible for all capex and maintenance
  - In 2015 the volume of oil transported through the Georgian section of WREP was 4.2m tonnes; BP paid GOGC a tariff of US$0.25 per each barrel of Azerbaijani oil transported through WREP
  - BP has committed to invest $150m to modernize sections of the WREP
- **Baku-Tbilisi-Ceyhan Pipeline ("BTC")**
  - Transports crude oil from offshore oil fields in the Caspian Sea to the Mediterranean Sea
  - BTC owned by third-party consortium led by BP and SOCAR GOGC does not receive revenues from BTC, transit revenues are accounted directly to the State budget in the form of a property tax

Overview of Key Purchase Contracts

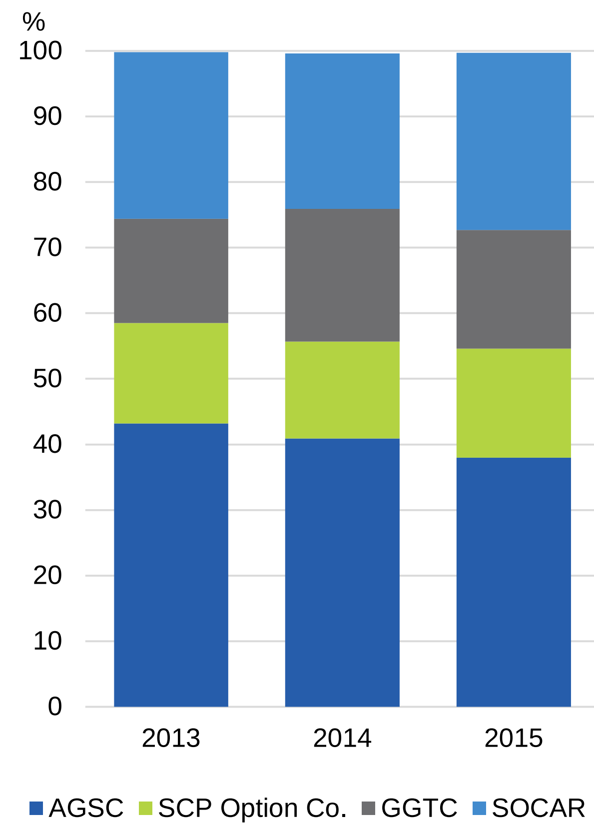
A solid framework of long term predominantly fixed prices contractual agreements for the purchase of natural gas

- **Average price paid by GOGC across the 4 agreements** was US$106.1 in 2015, US$102.7 in 2014 and US$102.2 in 2013 whilst the wholesale market price in Georgia for such periods was respectively US$275 in 2015, US$275 in 2014 and US$235 in 2013

Overview of Contractual Gas Purchase Agreements

Counterparty	Agreement	Validity and Currency Denomination
AGSC	SCP Supplemental Gas Agreement	- Entered into in 2003 - valid through 2025 - Paid in US$
SCP Option Co.	-SCP Option Gas Agreement	-Entered into in 2003 - 60-year term commencing in 2007 - Paid in US$
GGTC	-GGTC Gas Sales Agreement	-8.5 year term starting 2011 - Paid in GEL
SOCAR	-SOCAR Sales and Purchase Agreement	-Entered into in 2011 and amended in 2016 - Valid until 2030 - Paid in US$

Percentage of Gas Purchased from Counterparties



Overview of Key Sales Contracts

Predictable and stable revenue streams due to long term off take contracts

Overview of Natural Gas Sales

- The downstream natural gas market in Georgia is divided into three sectors - the power generation sector, the household sector and the commercial sector
  - These sectors accounted respectively for 27%, 32% and 41% of natural gas sales in 2015
- Pursuant to the SOCAR Gas Sales Agreement, GOGC sells all of its gas (except for the limited gas it receives pursuant to PSAs) to SOCAR Gas Export-Import
  - In addition, SOCAR Export Import serves the function of a virtual gas storage for GOGC – in winter when GOGC lacks capacity to fully meet demand, SOCAR Export Import procures gas in Azerbaijan and resells it in Georgia.
  - The natural gas GOGC acquires pursuant to PSAs is sold directly to the commercial sector at market rates

Volumes and Average Price of Natural Gas Sold by GOGC

	2013	2014	2015
Volume (mmcm)	1,159	1,231	1,319
Average Sales Price (US$ per mcm)	120.7	121.2	117.1

Overview of Electricity Sales

- In June 2015, the Gardabani 1 CCPP was granted "Guaranteed Capacity Source" status by the Government
- As a result, Gardabani TPP LLC is paid an annual fee (as determined by Georgian National Energy and Water Supply Regulatory Commission) to keep the Gardabani 1 CCPP on stand-by to supply electricity to Georgia in the event of an emergency
- This status guarantees a minimum level of income for GOGC whether or not actual electricity is generated
- Gardabani 1 CCPP should benefit from this status until 2040
- In 2015, income from electricity generation and supply business was GEL 48.7 million (reflecting four months of operations) and comprised:
  - tariff fees of GEL 26.4 million
  - fees received in respect of Gardabani 1 CCPP's status as a "Guaranteed Capacity Source" of GEL 22.3 million

Continued Investment to Ensure Sustainable Growth

GOGC aims to maintain profitable growth and further enhance its service offering by pursuing a focused strategy

Regional and Domestic Context

- Over 50% of work on “Shah Deniz-2” is complete
- Expected increase in transit volumes as TANAP comes on stream and TAP construction commences in 2016
- High seasonal swings in domestic natural gas supply and demand
- Strong government support of energy source diversification and supply security
- Commodity price volatility

Extensive Development of Gas Transportation Infrastructure

- Significant upgrades completed to date and plans for further rehabilitation of existing gas pipelines
- Plans to build new pipelines to deliver natural gas to Poti and Kutaisi free industrial zones

Terms of Gas Agreements

- GOGC may negotiate commercial terms of its four main gas trading agreements in order to:
  - ☐ Reflect the general tendency of oil prices
  - ☐ Increase supply volumes of gas in accordance with rising domestic consumption
  - ☐ Adjust delivery volumes and timing to better match the seasonality pattern of the domestic consumption

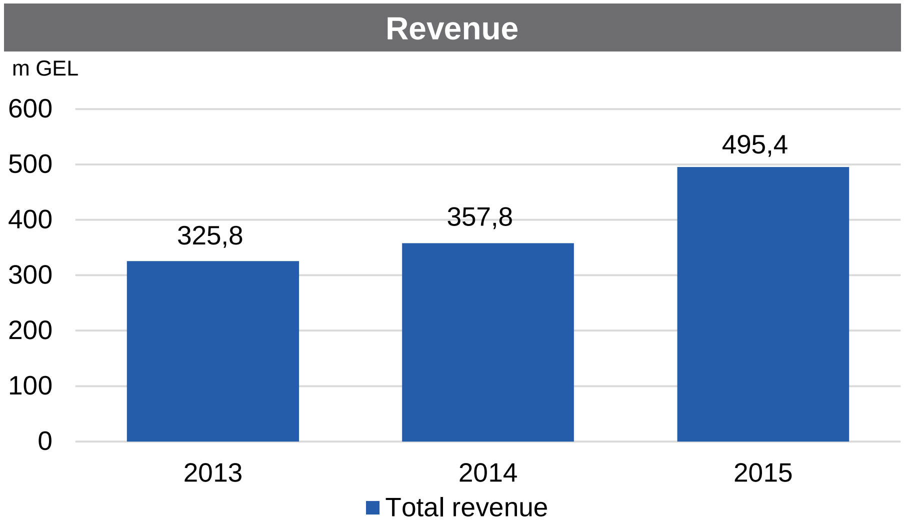
Exploration of New Energy Sources

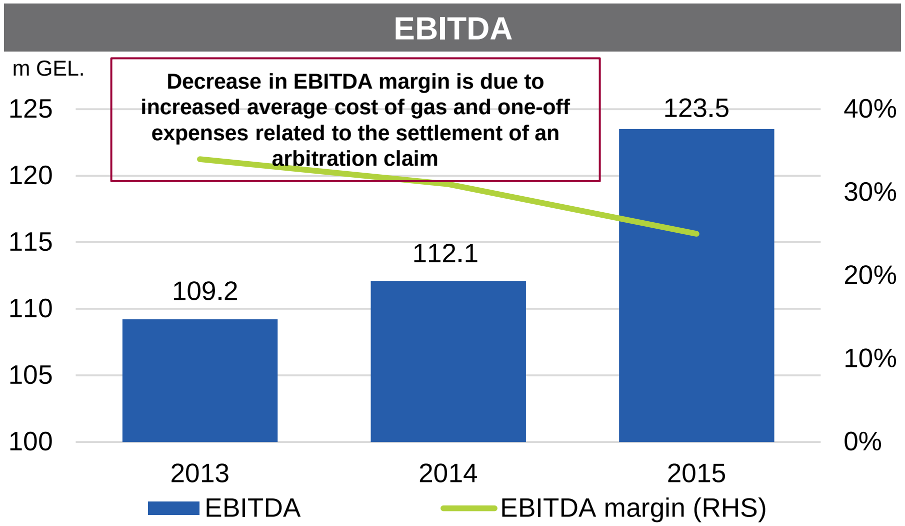
- Scope to enter into further arrangements with SOCAR and other counterparties to secure less expensive, reliable sources of energy
- Continued monitoring of natural gas exploration opportunities within Georgia

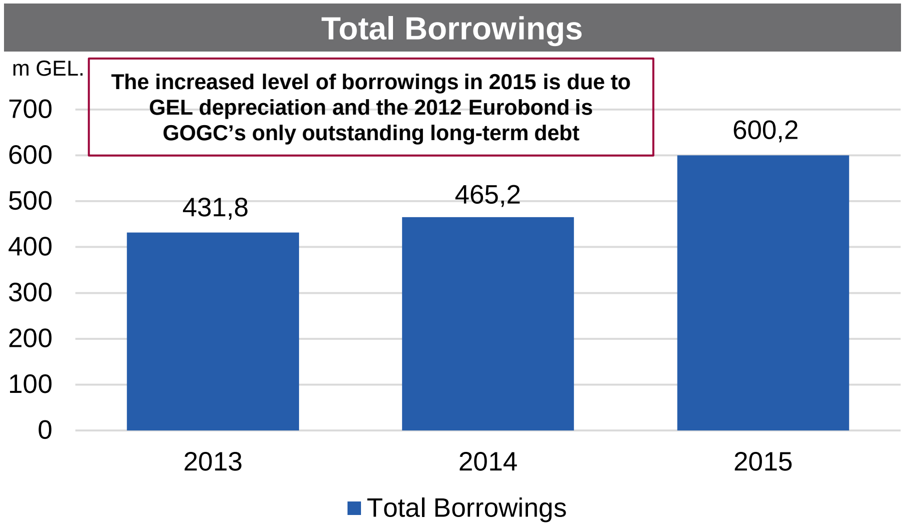
Financial Overview

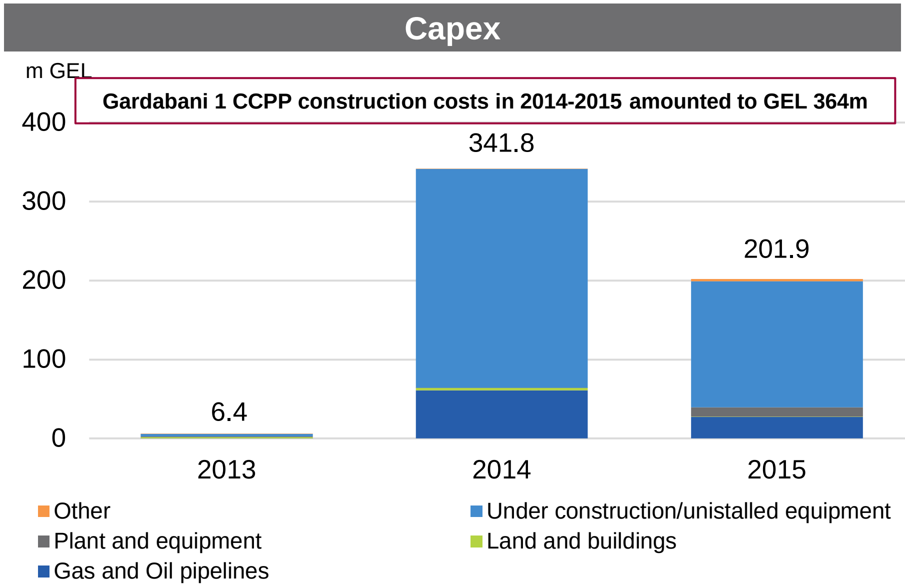
Financial Overview (1/2)

Historic Performance





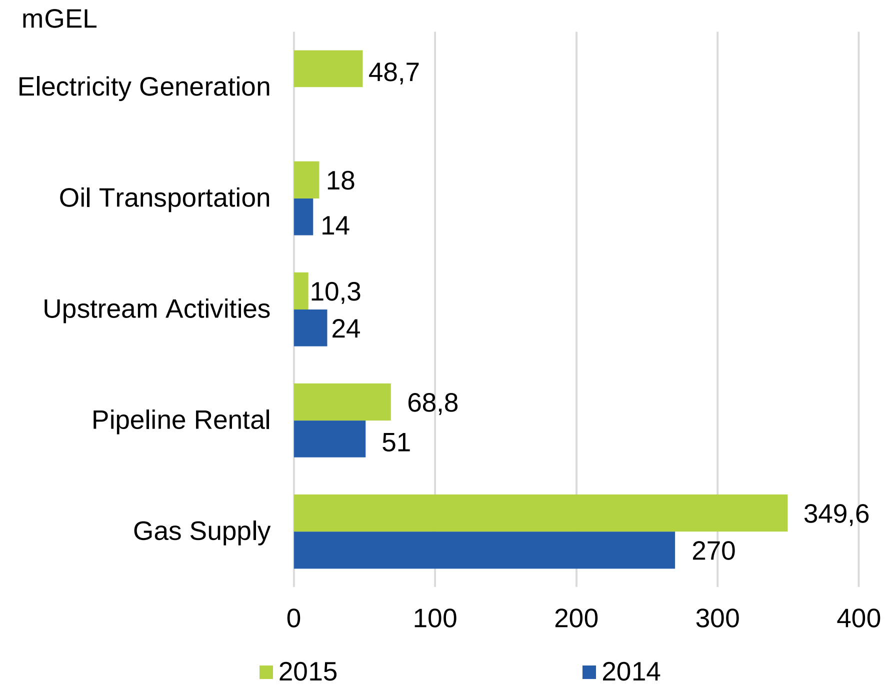




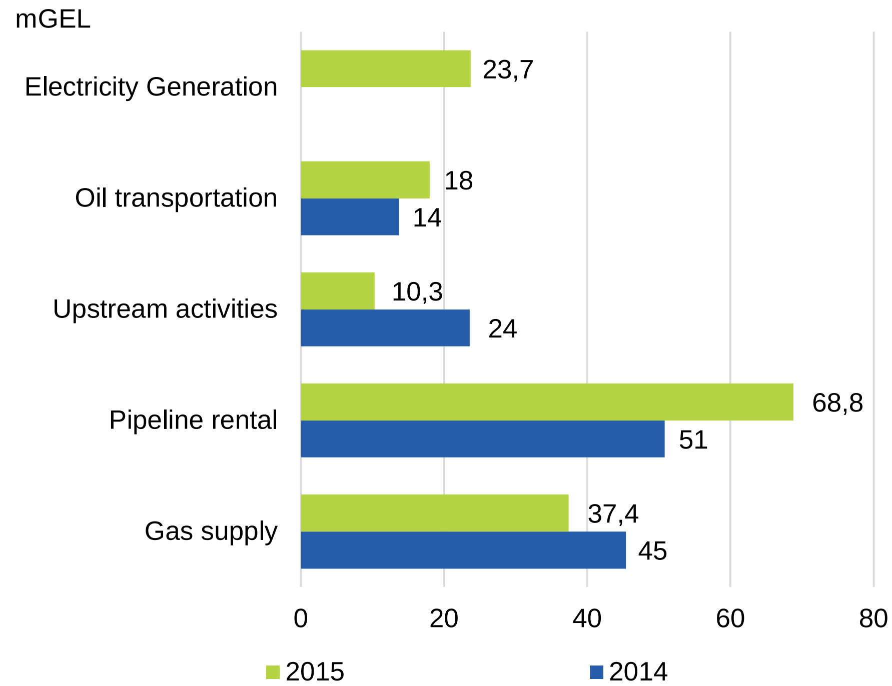
Financial Overview (2/2)

Historic Performance

Revenue Breakdown



Gross Profit Breakdown



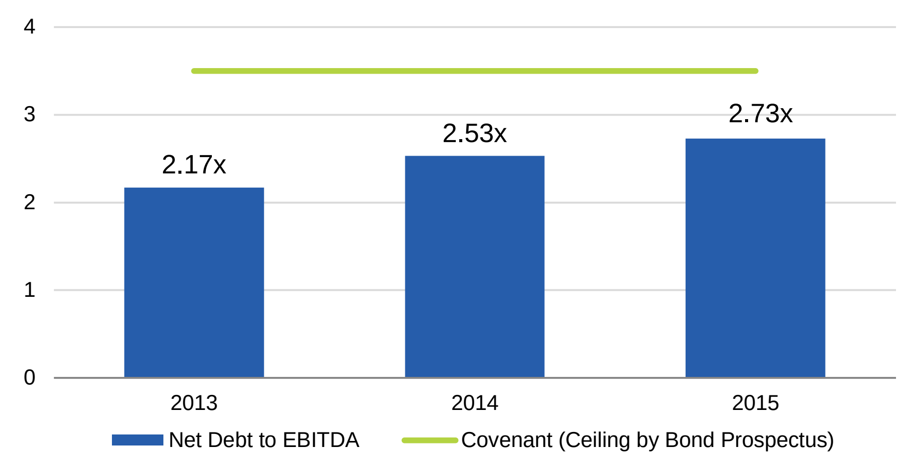
Key Highlights for 2015

- Revenue from gas supply was 70.6% of total revenue and it increased by nearly 30% year-on-year
- Revenue and profit from pipeline rental increased by over 35% from 2014
- Electricity generation accounted for 9.8% of revenue and over 14% of gross profit, representing approximately 4 months of Gardabani 1 CCPP's operation
- Oil transportation accounted for 3.6% of revenues and over 11% of gross profit

Prudent Debt Management and Capex Strategy

No outstanding long-term debt other than 2016 Notes and limited working capital requirements

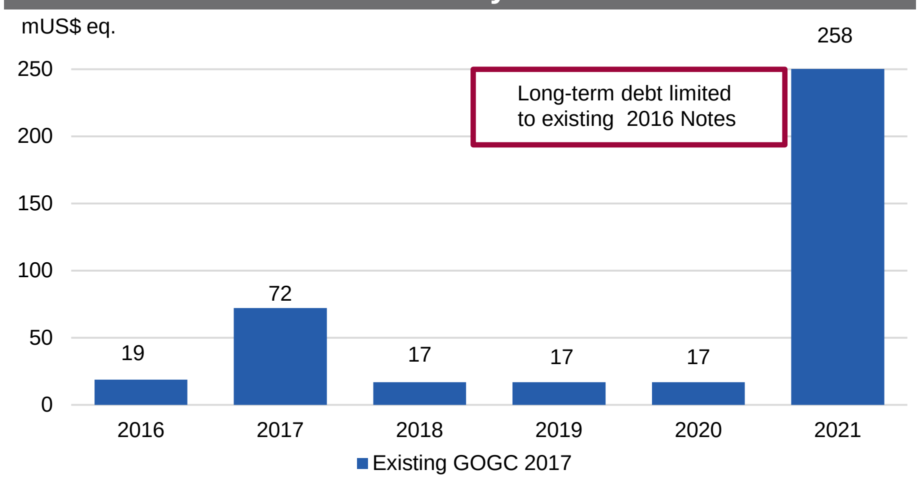
Net Debt to EBITDA



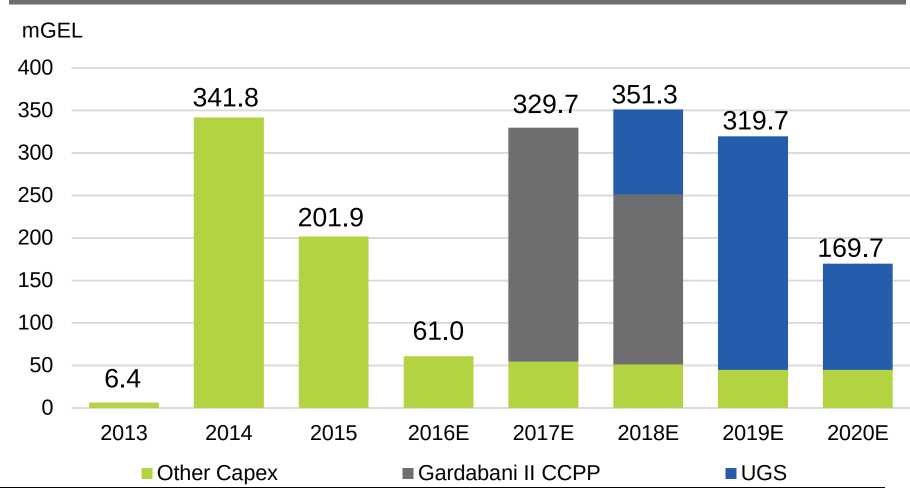
Debt and Capex Overview

- GOGC maintains a **prudent debt management strategy** with limited debt
- GOGC's long-term debt (over 1 year) is comprised fully of the **2016 Eurobond** bearing interest of 6.750%. The Eurobond contains a negative pledge, a covenant restricting the incurrence of additional indebtedness based on a ratio of net financial indebtedness to EBITDA of 3.5x and a covenant restricting disposals of core assets. GOGC's ratio of net financial indebtedness to EBITDA has been consistently above 3.5x at all times since 2012
- Based on its current plans and relevant estimates, GOGC currently estimates its planned capex in the five-year period between 2016 and 2020 will be approximately GEL 1,231.4m. Most of the capex is flexible and can be either reduced or rescheduled depending on a number of factors including GOGC's results, availability and structure of funding and possible ownership structures

Debt Maturity Profile



Historical and Estimated Capex



Strong Credit Ratings

Standard & Poor's

- **3rd March 2016: B+ Rating affirmed, Outlook revised to Negative as the agency believes "*the deleveraging process could take longer than S&P had previously expected due to the 2 major investment projects*"**
- **One more notch to go for alignment with Sovereign**
- Current Rating:
  - **Corporate rating (FC): B+/Negative**
  - Corporate rating (LC): B
  - Senior Unsecured (FC): B+
- Last updated: March 2016
- **Selected Quotes**
  - "*The ratings on GOGC, which is fully owned by the government of Georgia, reflect our assessment that there is a "**high" likelihood of extraordinary government support for GOGC***"
  - "*The company has a **strong track record of financial aid reception**, take-or-pay conditions in its contract with SOCAR, and **high profitability compared with its peers***"
  - "*GOGC's ownership of two strategic pipelines also supports the ratings as they provide relatively **stable earnings and cash flows from regulated activities***"

Fitch Ratings

- **13 April 2015: Fitch revises outlook to Positive from Stable and affirms BB-**
- **BB- rating is aligned with sovereign**
- Current Rating:
  - **Corporate rating (FC): BB-/Stable**
  - Corporate rating (LC): B
  - Senior Unsecured (FC): BB-
- Last updated: April 2015
- **Selected Quotes**
  - "*The ratings of GOGC are aligned with the sovereign's as the government of Georgia considers the company **critical to its national energy policy***"
  - "*Fitch also considers the **100% indirect state ownership** and **strong management and governance linkages** between GOGC and the state. GOGC has a **track record of favorable earnings and operating cash flow***"
  - "*Fee income from gas and oil transit operations also provides **predictable and high-margin revenues***"

Source: http://www.gogc.ge/uploads/other/0/882.pdf , http://www.gogc.ge/uploads/other/0/692.pdf

Strong Corporate Governance Standards

Key Considerations	GOGC Approach
Government Linkages	✓ Direct ownership by the government via the PF ✓ Status as sole NOC with the right to exclusively manage the State's share of all crude oil and natural gas produced in Georgia and the government supported mission to ensure the continuity and security of Georgia's gas supply ✓ Previous strong financial support for GOGC in the form of grants, concessional loans, direct equity contributions and tax benefits ✓ GOGC's General Director David Tvalabeishvili sits on the Government's Economic Council providing GOGC with direct access to key Government officials
Management Experience	✓ Proven team with significant experience in the energy sector in general and in Georgia in particular ✓ Demonstrated leadership and project management by overseeing the successful completion ahead of schedule of the Gardabani 1 CCPP
Strong Board of Directors	✓ Hands-on and responsible for the day-to-day management and administration of GOGC ✓ Long-spanning experience across the industry both in Georgia and on international level
Financial Reporting	✓ Strong internal controls function ✓ IFRS reporting since 2008 and proven track record of ongoing disclosure activities since 2012 Eurobond ✓ KPMG is the Company's independent auditor

Appendix

Consolidated Balance Sheet Data

	As at 31 December				% change between the years ended 31 December	
	2015[1] (unaudited)	2015	2014	2013	2014 and 2015	2013 and 2014
	(U.S.$ millions)	(GEL millions)			(%)	
ASSETS						
Property, plant and equipment	319.2	764.5	590.6	269.6	29.4	119.1
Pre-payments for non-current assets	0.9	2.1	96.6	199.8	(97.8)	(51.7)
Intangible assets	0.0	0.1	0.1	0.1	0.0	0.0
Finance lease receivable	23.1	55.4	52.0	48.9	6.5	6.3
Loans given	25.6	61.3	138.8	89.1	(55.8)	55.8
Term deposits	25.5	61.1	44.4	40.1	37.6	10.7
Equity accounted investees	2.4	5.7	—	—	—	—
Deferred tax assets	6.0	14.4	2.1	—	585.7	—
Total non-current assets	402.7	964.5	924.6	647.6	4.3	42.8
Loans given	2.4	5.8	16.5	47.1	(64.8)	(65.0)
Assets held for distribution	0.8	1.8	—	1.1	—	—
Inventories	3.7	8.8	0.2	0.7	4,300.0	(71.4)
Current tax assets	1.5	3.7	—	1.1	—	—
Taxes other than on income	2.1	5.0	14.6	0.7	(65.8)	1,985.7
Prepayments	20.1	48.1	23.3	20.1	106.4	15.9
Trade and other receivables	75.8	181.5	69.9	63.5	159.7	10.1
Term deposits	—	—	—	78.5	—	—
Cash and cash equivalents	79.8	191.1	181.8	194.5	5.1	(6.5)
Total current assets	186.1	445.7	306.3	407.3	45.5	(24.8)
TOTAL ASSETS	588.8	1,410.2	1,230.9	1,054.9	14.6	16.7

Notes:

(1) For convenience, these figures have been translated into U.S. Dollars at the Lari/U.S.$ exchange rate published by the NBG as at 31 December 2015, which was GEL 2.3949 per U.S.$1.00. Such translation is not reflective of a translation in accordance with IFRS and it should not be construed as a representation that the Lari amounts have been or could be converted into U.S. Dollars at this rate or any other rate.

Consolidated Balance Sheet Data

	As at 31 December				% change between the years ended 31 December	
	2015(1) (unaudited)	2015	2014	2013	2014 and 2015	2013 and 2014
	(U.S.$ millions)	(GEL millions)			(%)	
EQUITY						
Share capital	255.1	610.9	572.7	509.6	6.7	12.4
Additional paid-in capital	29.9	71.7	71.7	71.7	0.0	0.0
Fair value adjustment reserve for non-cash owner contributions	(117.8)	(282.2)	(282.2)	(282.2)	0.0	0.0
Retained earnings	96.7	276.2	230.4	186.4	19.9	23.6
Equity attributable to owners of the Company	263.9	676.6	592.6	485.5	14.2	22.1
Non-controlling interests	36.7	43.5	83.3	83.4	(47.8)	(0.1)
TOTAL EQUITY	300.7	720.1	676.0	568.9	6.5	18.8
LIABILITIES						
Loans and borrowings	245.2	587.2	456.9	425.7	28.5	7.3
Deferred tax liabilities	6.3	15.0	14.2	16.5	5.6	(13.9)
Total non-current liabilities	251.5	602.2	471.1	442.2	27.8	6.5
Loans and borrowings	5.4	13.0	8.3	6.1	56.6	36.1
Trade and other payables	28.3	67.8	67.1	30.7	1.0	118.6
Taxes other than on income	2.1	5.0	5.2	5.3	(3.8)	(1.9)
Current tax liabilities	—	—	1.6	—	—	—
Provisions	0.9	2.1	1.7	1.7	23.5	0.0
Total current liabilities	36.7	88.0	83.8	43.8	5.0	91.3
TOTAL LIABILITIES	288.2	690.1	554.9	486.0	24.4	14.2
TOTAL EQUITY AND LIABILITIES	588.8	1,410.2	1,230.9	1,054.9	14.6	16.7

Notes:

(1) For convenience, these figures have been translated into U.S. Dollars at the Lari/U.S.$ exchange rate published by the NBG as at 31 December 2015, which was GEL 2.3949 per U.S.$1.00. Such translation is not reflective of a translation in accordance with IFRS and it should not be construed as a representation that the Lari amounts have been or could be converted into U.S. Dollars at this rate or any other rate.

Consolidated Statement of Comprehensive Income

	As at 31 December				% change between the years ended 31 December	
	2015[1] (unaudited)	2015	2014	2013	2014 and 2015	2013 and 2014
	(U.S.$ millions)	(GEL millions)			(%)	
Revenue	218.2	495.4	357.8	325.8	38.5	9.8
Cost of gas and oil	(148.5)	(337.2)	(224.3)	(198.5)	50.3	13.0
Depreciation	(11.8)	(26.9)	(20.1)	(18.2)	33.8	10.4
Personnel costs	(5.2)	(11.7)	(9.2)	(7.3)	27.2	26.0
Taxes, other than on income	(4.0)	(9.0)	(6.7)	(6.1)	34.3	9.8
Other expenses	(7.3)	(16.6)	(7.9)	(9.2)	110.1	(14.1)
Other income	1.1	2.4	2.4	4.5	0.0	(46.7)
Profit from operating activities	42.6	96.6	92.0	91.0	5.0	1.1
Finance income	13.7	31.0	12.0	50.1	158.3	(76.0)
Finance costs	(38.3)	(87.0)	(10.5)	(29.5)	728.6	(64.4)
Net finance (costs)/income	(24.7)	(56.0)	1.4	20.6	(4,100.0)	(93.2)
Profit before income tax	17.9	40.6	93.5	111.6	(56.6)	(16.2)
Income tax expense	(1.9)	(4.3)	(9.6)	(17.3)	(55.2)	(44.5)
Profit and total comprehensive income for the year	15.9	36.2	83.9	94.3	(56.9)	(11.0)
Profit and total comprehensive income attributable to owners of the Company	33.5	76.0	85.7	94.8	(11.3)	(9.6)
Non-controlling interests	(17.5)	(39.8)	(1.8)	(0.5)	2,111.1	260.0
TOTAL EQUITY	15.9	36.2	83.9	94.3	(56.9)	(11.0)

Notes:

(1) For convenience, these figures have been translated into U.S. Dollars at the average GEL/U.S.$ exchange rate published by the NBG for 2015 of GEL 2.2702 per U.S.$1.00. Such translation is not reflective of a translation in accordance with IFRS and it should not be construed as a representation that the Lari amounts have been or could be converted into U.S. Dollars at this rate or any other rate.