

# Financing Natural Resources Development Projects with The Export-Import Bank of Korea

June 2008



 **Korea Eximbank**  
THE EXPORT-IMPORT BANK OF KOREA



**Overview**



**Financing Structure**



**Natural Resources Development Credit by KEXIM**



**Financing Case**

# I. Overview

- Why Overseas Natural Resources Development?

## Spot Prices of Crude Oil

	'06	'07	'08			
			March	April	May	6.20
Dubai (\$/bbl)	61.55	68.34	96.78	103.47	118.95	126.85
WTI (\$/bbl)	66.04	72.21	105.45	112.58	125.40	134.62

## Korea's Dependence on Imported Energy (%)

	'03	'04	'05	'06
Imported Energy/ Total Consumed Energy *100	96.9	96.7	96.4	96.8

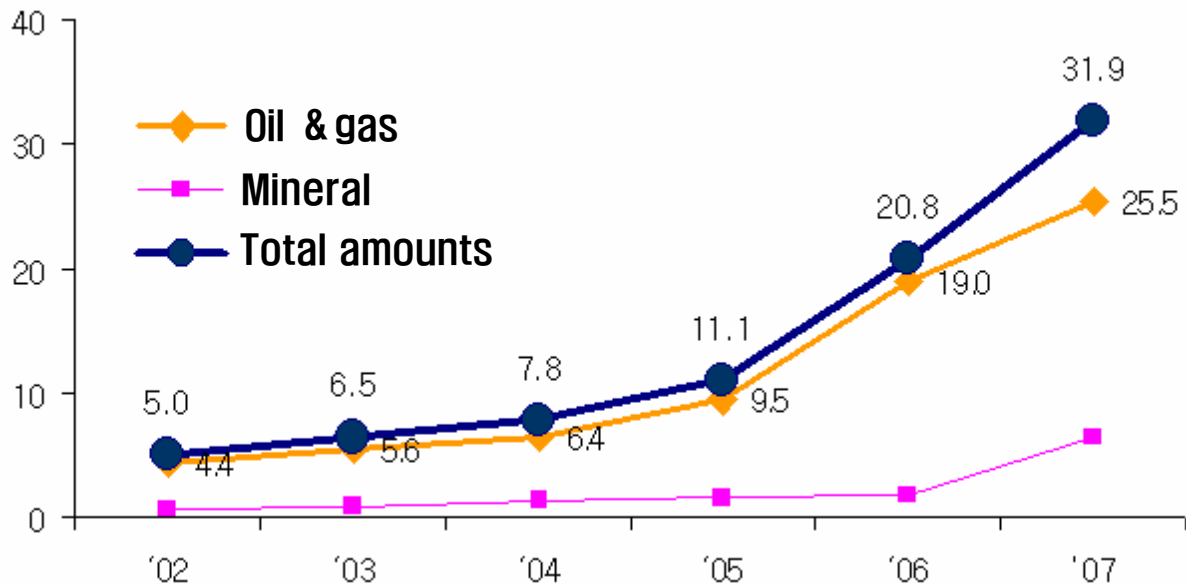
⇒ Stable energy supply systems are needed.

- Korean government is seeking for the independent energy supply.

# I. Overview

## Korea's Investments on Natural Resources Development

(U\$100million)



# II . Financing Structure

## Korean Government's finance for Natural Resources Development

### ● Terms

● **Eligible Projects :**  
Natural resources development projects  
(exploration, development, and production)

● **Financing range :** Up to 70~100% of total expenditure

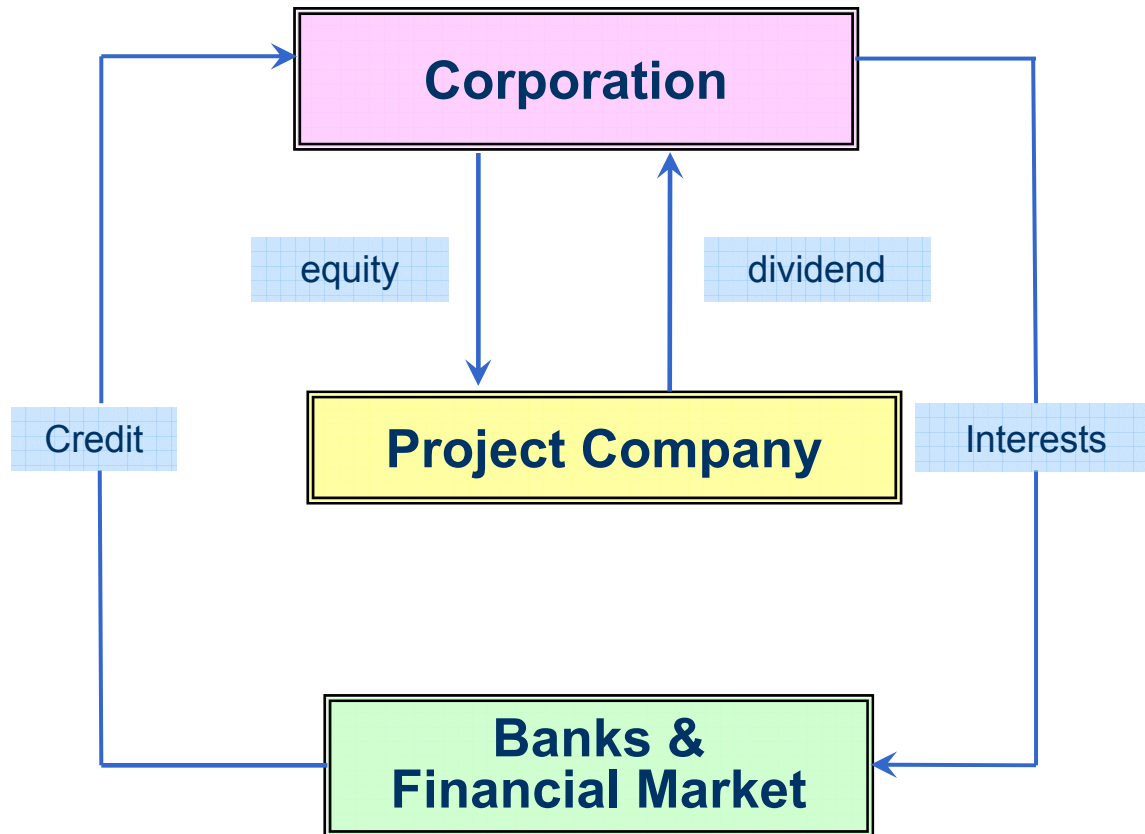
● **term :** 10~15years

● **Dealing with exploration projects,**  
if borrowers fail to produce natural resources,  
there'll be the exemption of the outstanding principal.

● **Agencies :** KNOC (Oil-Gas), KORES (Mineral)

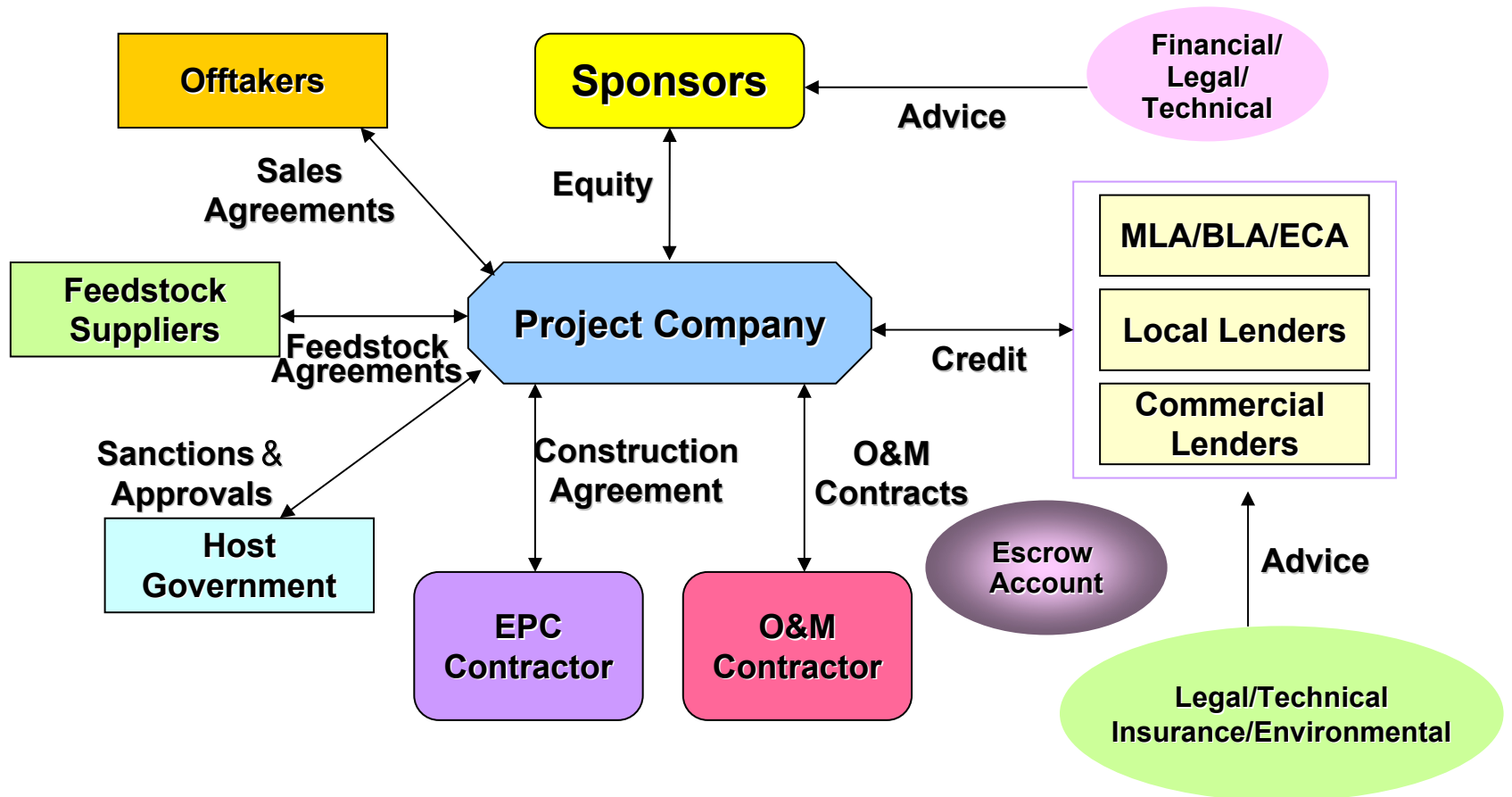
# II . Financing Structure

## Corporate Finance



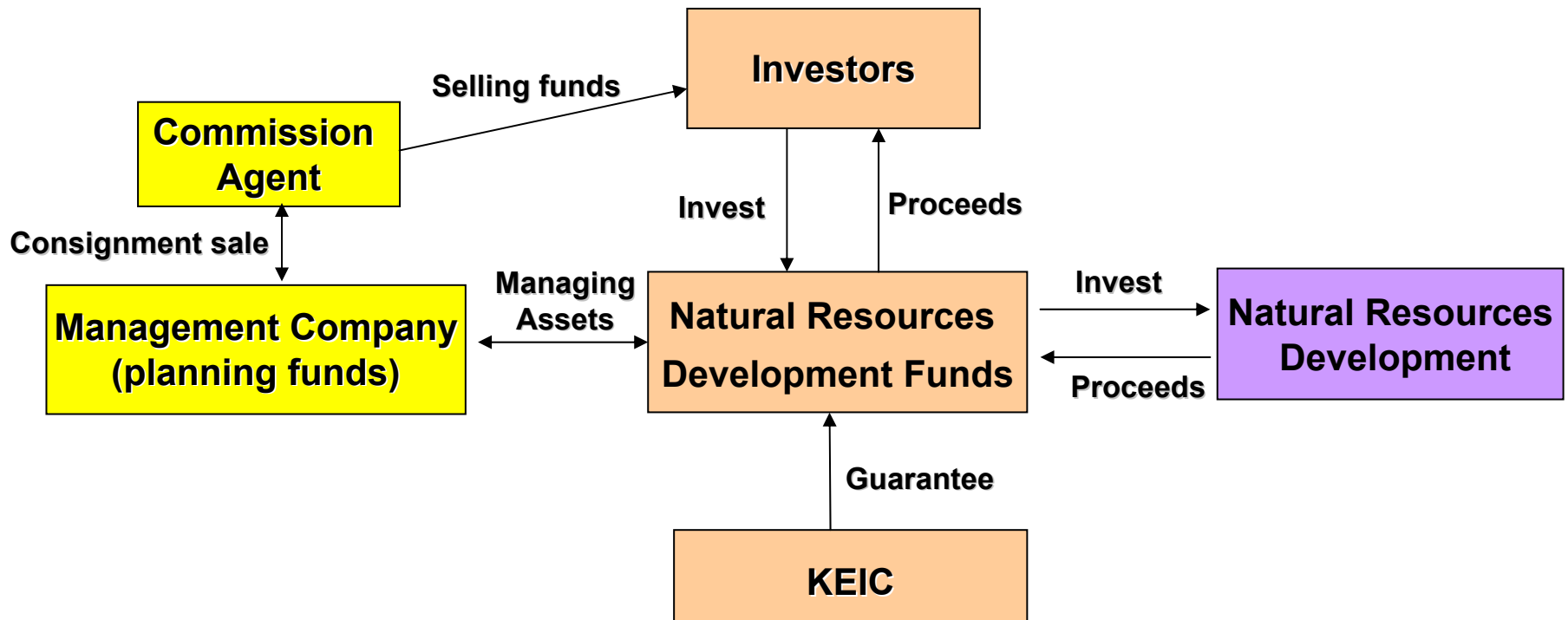
# II. Financing Structure

## Project Finance



# II. Financing Structure

## Natural Resources Development Funds





# III. Natural Resources Development Credit by KEXIM

## Eligibility Project

### ◆ Natural resources development projects (explorations, development and production) conducted overseas by

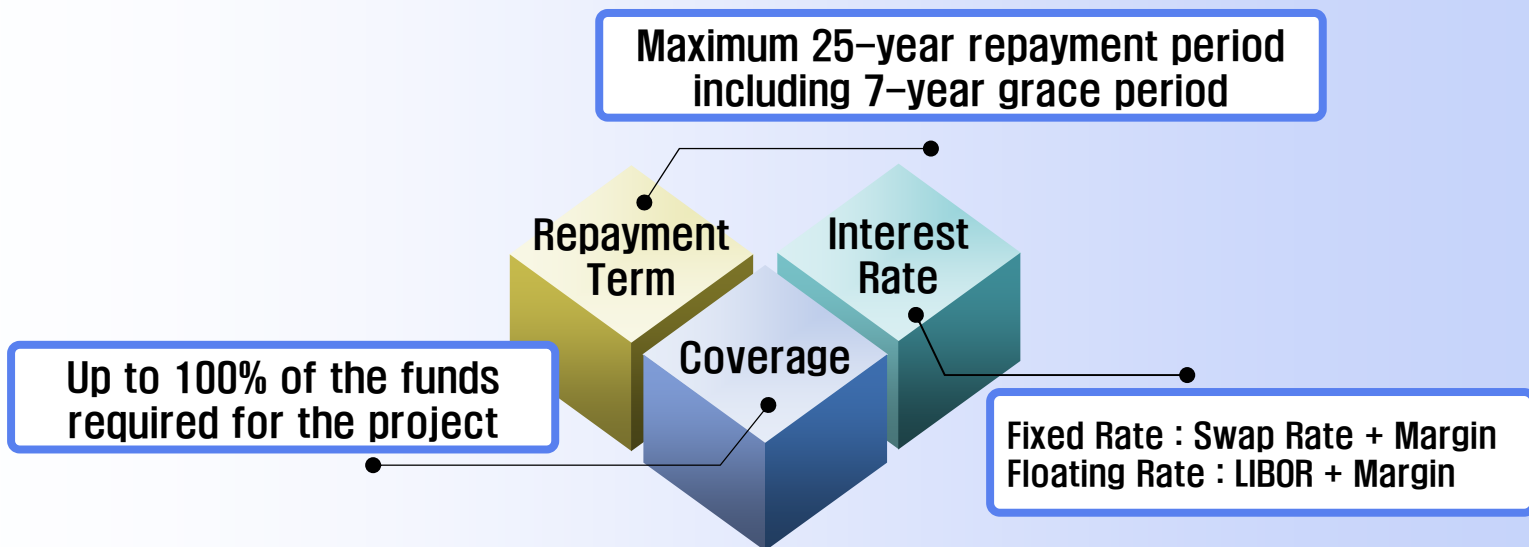
- (i) Korean companies; or

- (ii) foreign companies in which Korean companies have not less than 10% of equity shares; or

- (iii) foreign companies in which Korean companies have less than 10% of equity shares, but have long term offtake arrangement

# III. Natural Resources Development Credit by KEXIM

## Terms & Conditions



# III. Natural Resources Development Credit by KEXIM

## Financing Tools

### Overseas Investment Credit

providing to Korean companies that invest abroad in the form of equity participation



### Overseas Project Credit

providing to Korean companies that conduct overseas projects without establishing an overseas subsidiary



※ account for the Ilon's share of *total credit amount* for development of overseas natural resources

# III. Natural Resources Development Credit by KEXIM

## ● Overseas Business Credit

Providing directly to foreign companies, in which a Korean company has an equity share



K-EXIM



Foreign Company with equity share of Korean Company

## ● Foreign Governments that invest foreign companies invested by Korean Companies



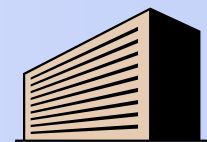
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Foreign Company or Government



Foreign Company



Korean Company

# III. Natural Resources Development Credit by KEXIM

## KEXIM's Credit Records

### Loan Disbursement by overseas natural resources (as of May, 2008)

	'03	'04	'05	'06	'07	May, '08
U\$ Million	39.8	62.2	102.2	252.3	283.7	773.4

## Major Overseas Projects

- Vietnam's Block 15-1 Oil E&P Project (SK)
- Libya's Elephant Oil E&P Project (SK, Daesung, etc)
- Peru's Camisea Gas E&P Project (SK)
- Madagascar's Ambatovy Nickel Project (KORES)

# III. Natural Resources Development Credit by KEXIM

## KEXIM's Credit Goals

### Goals for overseas natural resources

	'07	'08	'09	'10	'11	'12
₩ 100million	2,680	17,000	20,000	25,000	30,000	36,000

## Diverse Financial Facilities

- Corporate Finance & Project Finance
- Offering credit Line for expert corporations
- Financing for long-term imports without Korean corporation's equity

# IV. Financing Case

## Madagascar's Ambatovy Project

### Summary

- location : Madagascar
- type of natural resources : Nickel
- reserves : 125million ton
- operators : Sherritt(40%), KORES(27.5%), Sumitomo(27.5%), SNC Lavalin(5%)
- term : 27years
- output : Nickel 60,000 ton/year
- offtakers : KORES(50%), Sumitomo(50%)



# IV. Financing Case

## Madagascar's Ambatovy Project

### ● Features

- the biggest P/F facility in the world
- contribution for stable natural resources supplies

### ● Expenditure

- total amounts : US\$ 3,688 Million
- KEXIM facility : Project Finance (US\$ 650 Million)  
with JBIC, EDC, AfDB , etc.



**Thank you  
for your kind attention!**

