

BRIEF ON KEY BUSINESS ISSUES

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Prime Minister Groysman opens the retrofitted Gas Processing Plant of DTEK Oil&Gas

On October 26th, *DTEK Oil&Gas* officially opened the *Machukhska gas processing plant (GPP)* after retrofit. The Ukrainian Prime Minister Volodymyr Groysman and the Poltava Region officials took part in the opening ceremony.

The *Machukhska GPP* processes natural gas and gas condensate from the *Machukhske field* wells to be further transported to the Dykanka–Kremenchuh–Kryvyi Rih main gas pipeline. The total investment in retrofitting exceeded UAH 100 mln; *DTEK Oil&Gas* has almost doubled the plant's capacity from 1.2 bcm to 2 bcm per day. The project was realized within the record time of 6 months.

Advanced process solutions were used in the retrofitted *Machukhska GPP*. The Company constructed a new gas processing line, using an efficient separation and heat exchange equipment, implemented an automated process control system based on Siemens latest generation equipment. *DTEK Oil&Gas* is the first company that arranged a gas commercial metering station with an on-stream gas chromatograph and moisture analyser, which allows the company to comply with the requirements of the EU Gas Transmission System Code.

"It is very important for us to stop importing gas to Ukraine," says Volodymyr Groysman, Ukraine's Prime Minister, at his press conference. "We have to produce it in Ukraine. And this is possible."

The *Machukhske gas field* is a very good illustration of what needs to be done: from recent production of 24 mcm of gas to 300 mcm.

Igor Shchurov, CEO of *DTEK Oil & Gas*, says: "When retrofitting the Machukhska plant, we used the latest technologies and advanced equipment, which are necessary for the development of the Ukrainian oil and gas industry. They allow us to efficiently develop the natural resource potential and increase gas production, which is essential for achievement of energy independence by Ukraine."

DTEK imports G-grade coal from the U.S.

On October 27th, the first vessel with 75 k/mts of U.S. G-grade coal arrived to Yuzhnyi port. "In August, the U.S. Commercial Service introduced DTEK and *XCoal Energy & Resources*. Just two months later, we are happy to congratulate them for successfully concluding an agreement, which will supply U.S. bituminous coal to Ukraine this year. The agreement will help diversify Ukraine's fuel supplies and create greater resiliency in the energy sector. U.S.-origin coal can provide a secure, reliable, and competitive energy source for the Ukrainian people and support U.S. jobs in the coal and transportation industries." - said Michele Smith, Acting Senior Commercial Officer, U.S. Commercial Service in Ukraine.

Towards energy resilience: DTEK Prydniprov's'ka TPP switched one unit to G-grade coal

A 150 MW-unit#7 of *DTEK Prydniprov's'ka TPP* has been successfully re-engineered to use G-grade coal. The duration of this pilot project was 6 months. Re-engineering of one more unit is to be completed by mid-November 2017. The monthly average consumption of these two units was some 90 k/mts of anthracite coal (which means that every month DTEK can now import one vessel of anthracite less).

Switching of anthracite-fired units to G-grade coal will decrease anthracite dependence and strengthen Ukraine's energy resilience, as all deposits of Ukrainian anthracite coal remain on the non-controlled territories of Donbas.