

# **Exclusive: Mitsui, Saudi Aramco, Russia's RDIF in talks to buy Arctic LNG 2 stakes – sources**



**MITSUMI & CO.**

MOSCOW/DUBAI (Reuters) – Japan's Mitsui & Co Ltd (8031.T), Russian sovereign wealth fund RDIF and Saudi Aramco are in talks to buy stakes in Novatek's (NVTK.MM) Arctic LNG 2 project, with the size of the investments still to be decided, sources familiar with the talks told Reuters.

Novatek plans to start producing LNG at Arctic LNG 2 in 2022-2023. The plant, which is expected to cost around \$25.5 billion, will have an annual production capacity of 19.8 million tonnes and will be Novatek's second LNG plant after Yamal LNG.

Novatek owns a 90 percent stake in the project, with France's Total (TOTF.PA) holding the other 10 percent. Novatek intends to keep a 60 percent stake in Arctic LNG 2, offering 30 percent to other investors.

However, under certain conditions Novatek may cut its stake further, although not to below 50 percent in order to keep control over the project.

Two sources familiar with the talks said that Mitsui, Saudi Aramco and the Russian Direct Investment Fund are in talks with Novatek over taking stakes in the project, which should bring the Russian gas company closer to its goal of producing as much LNG as Qatar, one of the world's top LNG suppliers.

"Mitsui, Saudi Aramco and RDIF are interested to buy a stake in Arctic LNG 2 but there is also an interest from South Asia," one of the sources said.

Japan is the world's top LNG consumer, with Russia among its key LNG suppliers. There are currently two LNG plants operating in Russia: Novatek's Yamal LNG and Gazprom's Sakhalin 2 and Moscow has ambitions for more.

A third source confirmed Mitsui's interest in the project. Three other sources familiar with the talks confirmed the interest from Saudi Aramco and RDIF.

"Saudi Aramco is currently holding technical due-diligence. When the commercial talks approach, RDIF will join(in)," one of the three sources familiar with the talks said.

While RDIF will invest in the project, its contribution is likely to be less than Aramco's, the second of the three sources familiar with the talks told Reuters.

Talks between Mitsui and Novatek are separate from talks with Saudi Aramco and RDIF, sources said. Each would have a stake in Arctic LNG 2 if their talks succeed, according to the sources.

Saudi Aramco declined to comment and Novatek could not immediately respond to a Reuters request for a comment on Friday. RDIF declined to comment.

“We have a general interest in the project and we are exchanging our opinions with parties involved,” a Mitsui spokesman said when asked whether the company planned to invest in the project.

This week, Novatek awarded a 2.2 billion euro (\$2.51 billion) contract to Italian energy contractor Saipem (SPMI.MI) and Turkish oil and gas services firm Renaissance for the construction of gravity-based structure platforms that will stand on the seabed to support the LNG processing units.

(\$1 = 0.8749 euros)