

LEGAL NOTICE NO. 12

REPUBLIC OF TRINIDAD AND TOBAGO

THE FISCAL INCENTIVES ACT, CHAP. 85:01

ORDER

MADE BY THE PRESIDENT UNDER SECTION 10 OF THE FISCAL
INCENTIVES ACT

THE FISCAL INCENTIVES [METHANOL HOLDINGS
(TRINIDAD) LIMITED] ORDER, 2007

1. This Order may be cited as the Fiscal Incentives [Methanol Holdings (Trinidad) Limited] Order, 2007. Citation

2. In this Order, “the Act” means the Fiscal Incentives Act. Interpretation

3. Ammonia, urea ammonia nitrate solution and melamine are declared approved products. Declaration of approved products

4. For the purposes of the Ammonia/Urea/Melamine (AUM) Project, Methanol Holdings (Trinidad) Limited, a company duly incorporated in Trinidad and Tobago (hereinafter referred to as “the Company”) is declared to be an approved enterprise in respect of ammonia, urea ammonia nitrate solution and melamine (hereinafter referred to as “the approved products”) to be manufactured at its plant to be constructed at Point Lisas Industrial Estate, Point Lisas, with effect from July, 2009 (hereinafter referred to as “the production day”) Declaration of approved enterprise

5. The Company, classified as a highly capital intensive enterprise in respect of the approved products under section 9 of the Act, is granted, commencing from the production day— Classification of benefits

- (a) total relief from corporation tax for a period of five years;
- (b) total relief from customs duty for a period of ten years; and
- (c) subject to section 16 of the Act, total relief from income tax on dividends or other distributions, other than interest, out of profits or gains derived from the manufacture of the approved products for a period of ten years.

Obligations
imposed on
approved
enterprise
Schedule

6. The Company shall—

- (a) undertake locally or cause to be undertaken locally the minimum manufacturing process set out in the Schedule;
- (b) maintain to the satisfaction of the Board of Inland Revenue, accounts in respect of its business and the accounts so maintained shall allow for the transactions relating to the manufacture of the approved products to be clearly identifiable from the transactions relating to any other business of the company;
- (c) submit annually, notwithstanding the relief from tax under this Order, a return of the income so exempt from tax, at the same time and in the same manner as would have been required had income not been so exempt;
- (d) observe the practice and policy prevailing in Trinidad and Tobago as regards labour relations and conditions of employment;
- (e) comply with requirements of the Environmental Management Authority on the environmental codes of conduct for the industry and obtain the Certificate of Environmental Clearance;
- (f) submit to the Ministry of Trade and Industry any information requested in the manner directed and at such times as the Ministry may request; and
- (g) obtain all statutory approvals from the Town and Country Planning Division, Ministry of Planning, Housing and the Environment.

SCHEDULE

[Clause 6(a)]

MINIMUM MANUFACTURING PROCESS

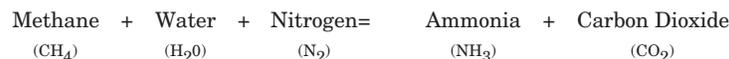
The Ammonia/Urea/Melamine (AUM) facility will manufacture 4,272 metric tons per day (1,475,000 mt/year) of urea ammonia nitrate (UAN 32) solution and 180 metric tons per day (60,000 mt/year) of melamine powder as the primary products. Periodically some ammonia which is normally an intermediate product may be available.

Step 1

Ammonia Synthesis

This step involves the manufacture of ammonia from natural gas, water and nitrogen. Natural Gas and water will be purchased off the respective distribution systems as is done for the existing plants, while atmospheric air will be used as the source of nitrogen. In this process the hydrocarbons in the natural gas (primarily methane) are combined

with steam and reformed to produce hydrogen as an intermediate product. This hydrogen is subsequently mixed with nitrogen and reacted to produce ammonia. Carbon dioxide is generated as a co-product. The overall reaction that governs this process is as follows:

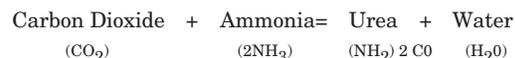


The ammonia produced is split into 3 separate streams for further processing to the downstream products. The first stream goes into urea production as a sub-step to both melamine and urea ammonia nitrate production, the second stream goes to nitric acid and ammonia nitrate production and the third stream goes directly to melamine production.

Step 2

Urea Synthesis

In this step one stream of the ammonia and the majority of the carbon dioxide produced in Step 1 are used as feedstock in the production of urea. The ammonia and carbon dioxide are reacted at high pressures to yield ammonium carbamate as an intermediate product. The ammonium carbamate so produced is heat decomposed at reducing pressures to yield urea, with water being a co-product. The overall reaction that governs this process is as follows:

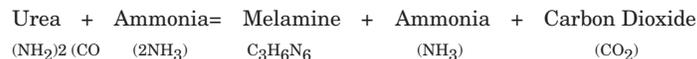


The urea solution produced here is split into 2 separate streams for further processing. One stream goes to melamine production and the other goes to urea ammonia nitrate.

Step 3A

Melamine

In this step the second stream of ammonia and one stream of urea are used to produce melamine in each of two plants through a direct reaction. The product from the reactor goes through a series of stripping and filtration steps and a crystallization sub-step to produce the final crystalline melamine product. There is a recycle of ammonia and carbon dioxide solution to the urea plant. The overall reaction that governs this process is as follows:



Step 3B

Urea Ammonia Nitrate

In this step the second urea stream is combined with ammonia nitrate to produce urea ammonia nitrate (UAN 32) solution. The ammonia nitrate is obtained through the synthesis of ammonia from Step 1 and oxygen from the atmosphere to form nitric acid and the subsequent neutralization of this acid with ammonia again from Step 1 to produce ammonia nitrate.

*Fiscal Incentives [Methanol Holdings (Trinidad) Limited]
Order, 2007*

Melamine is white crystalline powder and will be packaged in large bulk bags or palletized bags and sold as general cargo. Urea ammonia nitrate (UAN 32) is a solution with a nitrogen content of 32% and will be exported via pipelines to ocean going tankers. During start-up and off-normal operating conditions there may be excess ammonia which will be integrated into the Caribbean Nitrogen Company or the Nitro 2000 systems.

The integrated processes will yield an approximate product mix as follows:

| | |
|-------------------------------|---|
| Melamine | 180 metric tons/day (60,000 t/yr) |
| Urea Ammonia Nitrate (UAN 32) | 4,272 metric tons/day (1,475,000 t/yr). |

The intermediate plants are sized as follows:

| | |
|-----------------|-----------------------|
| Ammonia | 1,850 metric tons/day |
| Urea | 2,076 metric tons/day |
| Nitric Acid | 1,500 metric tons/day |
| Ammonia Nitrate | 1,905 metric tons/day |

Dated this 31st day of December, 2007.

A. LEUNG WOO-GABRIEL
Secretary to Cabinet