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US court clears \$5bn Mozambique LNG loan

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A US appeals court has declined to block a \$5 billion US government loan supporting the Mozambique LNG project, removing a significant legal obstacle that had threatened to delay financing for one of Africa's largest natural gas developments. The ruling allows the loan, extended under the Trump administration, to proceed without an immediate judicial hold, maintaining the financial architecture underpinning the project.

The Mozambique LNG project, centred on the Cabo Delgado province in northern Mozambique, represents one of the most capital-intensive energy investments on the African continent. The \$5 billion US government loan — the instrument at the centre of the court challenge — is a critical piece of the broader project financing stack. The appeals court's refusal to issue a blocking order means that loan disbursement can continue on its current trajectory, at least until any further legal proceedings unfold. The nature and current status of the underlying lawsuit were not detailed in the source reporting, but the court's decision is a near-term positive signal for project continuity.

Mozambique LNG has faced a protracted series of setbacks since security deterioration in Cabo Delgado forced TotalEnergies to declare force majeure and suspend construction activities in 2021. The project has been in a prolonged holding pattern, with restoring security conditions and securing stable financing among the primary prerequisites for any restart. The preservation of the US government loan facility is therefore a meaningful development, signalling that at least one major financing pillar remains intact. Full project restart, however, remains contingent on

broader security and commercial conditions that extend well beyond this single ruling.

For the wider Mozambique LNG ecosystem — which includes substantial offshore gas extraction infrastructure, onshore liquefaction trains, and extensive marine and pipeline logistics — the court decision keeps a restart scenario alive. Financing certainty is a precondition for contractors and sub-contractors to re-engage at scale. The project's scope encompasses subsea tie-backs, floating and fixed production infrastructure, LNG processing and storage, and significant marine loading facilities, all of which require an extended and well-capitalised supply chain.

Norwegian service companies that positioned themselves in the Mozambique LNG supply chain prior to the 2021 suspension should treat this ruling as a signal to refresh their relationship mapping and monitor project status closely. The appeals court decision does not constitute a final investment re-commitment or a contract award, so active procurement outreach remains premature. The appropriate posture is continued monitoring of financing developments, security assessments from the Mozambican government and TotalEnergies, and engagement with local partners to ensure readiness when a credible restart timeline is confirmed.

Why this matters to partners and clients of Saga

This is a financing development, not a contract award or FID, so direct procurement outreach remains premature. Norwegian service companies — particularly those with prior Mozambique LNG exposure in subsea, FPSO, pipeline, or LNG construction segments — should use this ruling as a trigger to refresh their project monitoring and internal readiness assessments. Relationship-building with Mozambique LNG tier-one contractors and local partners is the recommended near-term action, positioning firms to move quickly when a concrete restart schedule is confirmed.

PARTNER ANGLES

- **Subsea/FPSO:** Monitor closely: preservation of the US loan facility keeps offshore production infrastructure procurement on the table, but no contract signals have been issued — maintain supply-chain readiness and contractor relationships.

- **LNG:** The \$5bn loan directly supports liquefaction infrastructure; Norwegian LNG technology and modular equipment suppliers should track financing milestones as early indicators of re-tendering activity.
- **Pipeline:** Onshore and nearshore pipeline scopes within the Mozambique LNG corridor remain paused; this ruling extends the window for pipeline contractors to maintain positioning ahead of any restart tender.
- **Drilling:** Upstream well campaigns linked to Mozambique LNG feed gas requirements will follow, not lead, a project restart decision — monitor financing and security developments before committing business development resources.
- **Service:** Well services and maintenance contractors that supported pre-suspension site activities should re-engage local agents and JV partners now, ensuring prequalification documentation is current when procurement reopens.

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