

KUVANINGA ENERGIA
GAS FIRED POWER PROJECT IN MOÇAMBIQUE
EXECUTIVE SUMMARY OF PROJECT INFORMATION

November 2011, Updated 28 August 2012

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Investec Bank Ltd
Intelligence, Counselling & Research LDA

PROJECT SHAREHOLDERS

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TABLE OF CONTENTS

1	CONFIDENTIALITY	3
2	DISCLAIMER.....	3
3	PROJECT SUMMARY	4
3.1	INTRODUCTION	4
3.2	DOCUMENT PURPOSE	4
3.3	PROJECT BACKGROUND	5
4	PROJECT DESCRIPTION	8
4.1	LOCATION.....	8
4.1.1	<i>Environmental Impact Assessment</i>	<i>8</i>
4.2	TECHNICAL DETAILS.....	9
4.2.1	<i>Technology Choice - Turbines vs. Engines</i>	<i>9</i>
4.2.2	<i>Reciprocating Engines</i>	<i>10</i>
4.3	FUEL SUPPLY	11
4.4	PROJECT INVESTMENT	11
4.4.1	<i>Capital Investment</i>	<i>11</i>
4.4.2	<i>Capital Expenditure</i>	<i>14</i>
4.5	KEY PROJECT CONTRACTS TO BE FINALISED	15
4.5.1	<i>Tolling Agreement.....</i>	<i>15</i>
4.5.2	<i>Shareholder Agreement (“SHA”).....</i>	<i>17</i>
4.5.3	<i>Turnkey Engineering, Procurement, and Construction (EPC) Agreement.....</i>	<i>17</i>
4.5.4	<i>Preventative & Corrective Maintenance Agreement (“PCMA”).....</i>	<i>18</i>
4.5.5	<i>Operation & Maintenance Agreement (“O&M”)</i>	<i>18</i>
4.6	BENEFITS FOR MOÇAMBIQUE	18
4.6.1	<i>Facilitation of Industry</i>	<i>18</i>
4.6.2	<i>Local Employment</i>	<i>19</i>
4.6.3	<i>Other</i>	<i>20</i>
5	PROJECT PARTICIPANTS.....	21
5.1	DEVELOPERS.....	21
5.1.1	<i>Enventure Partners Limited</i>	<i>21</i>
5.1.2	<i>Intelligence, Counselling and Research Lda.....</i>	<i>21</i>



5.1.3	<i>Investec Bank Limited</i>	22
5.2	PROJECT SPONSORS	22
5.2.1	<i>Kuvinga Moçambique Limitada</i>	22
5.3	EPC & EQUIPMENT SUPPLY	23
5.3.1	<i>GE Jenbacher GmbH & Co</i>	23
5.3.2	<i>Group Five Ltd</i>	23
5.4	OPERATIONS & MAINTENANCE PROVIDERS.....	24
5.4.1	<i>ADC Projects (Pty) Ltd</i>	24
5.5	POWER OFFTAKER	24
5.5.1	<i>Electricidade de Moçambique E.P</i>	24
6	INVESTMENT BREAKDOWN SCHEDULE	24

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3 PROJECT SUMMARY

3.1 INTRODUCTION

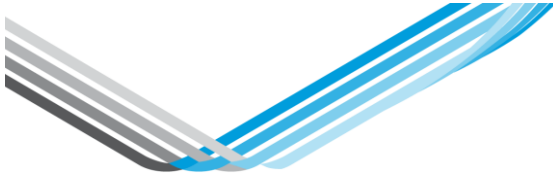
Investec Bank (“IBL”), Enventure Partners (“EPL”) and Intelligence, Counselling & Research (“ICR”) (jointly as “the Developers”) have partnered with Kuvaninga Moçambique Limitada (“KDM”) to co-develop a gas-fired power plant in Moçambique with a nominal gross rated capacity of 40.29MW, as well as the associated gas pipeline and power transmission facilities required to connect the plant to the Republic of Moçambique Pipeline Investments Company (“ROMPCO) gas pipeline and Electricidade de Moçambique E.P (“EDM”) grid at the Lionde substation respectively (“the Project”).

IBL and the Development Bank of Southern Africa (“DBSA”) are the mandated debt arrangers for the Project, whilst IBL additionally retains first right of refusal to fund 50% of the equity not allocated to KDM, the Project’s local partners. EPL will retain the same rights to equity participation as IBL. The shareholding in the Project shall be made up of KDM-25%, EPL-37.5% and IBL-37.5% (the “Project Sponsors”).

The Developers have to date outlaid a considerable amount of resources in carrying out the feasibility study, obtaining the required licenses and bringing the initiative to one that is both bankable and marketable. The Tolling Agreement (“TA”) with EDM, the purchaser of the power, has received preliminary approval from their board subject to their independent audit and finalisation of the contract price. The remaining project documents are in a state of substantial completion having been worked through together with lenders’ advisors.

3.2 DOCUMENT PURPOSE

This document is to accompany the Project Application Form as an elaboration of the project proposal submitted to the Investment Promotion Centre (“CPI”) for the purpose of obtaining the necessary permission to make an investment in the Project. In addition, the document serves as an application for



the various guarantees and incentives as provided for in the Law on Investment and Code of Fiscal Benefits.

3.3 PROJECT BACKGROUND

The Government of Moçambique (“GoM”) is entitled to receive natural gas as royalty in kind (“Royalty Gas”) from the gas mined in the Pande and Temane gas fields. In 2008, KDM, a company incorporated in Moçambique, signed a term sheet with the National Petroleum Institute of Moçambique (Instituto Nacional de Petroleos, “INP”) for the supply of 3,000,000 gigajoules (HHV) of gas per annum, over a 17 year term ending in 2025. The Royalty Gas was to be specifically supplied for the purpose of generating electrical energy.

In March 2009 a Letter of Intent was signed between KDM, IBL, EPL and ICR to partner in the establishment of the Project. IBL, EPL and ICR are to act as co-developers, guiding and funding the development of the Project through to financial close in return for a fee and the right to 75% of the Project equity. IBL and EPL aim to inject their portion of the required equity, however both parties retain the right to sell down this shareholding. The remaining 25% equity requirement is to be funded by KDM as a joint-shareholder in the project.

Subsequently, in the course of the PPA negotiations with EDM, it became apparent that the preferred arrangement ought to be a ‘Tolling’ arrangement whereby EDM would provide the Project SPV the gas to be converted into electricity. Towards that objective, the GoM, by means of a letter issued by the Minister of Finance expressing the finding of the MOU between the three Ministries, authorized the transfer of the 3,000,000GJ (HHV) of Royalty Gas concession from KDM to EDM. In response to this the PPA has been modified to a Tolling Agreement (“TA”)

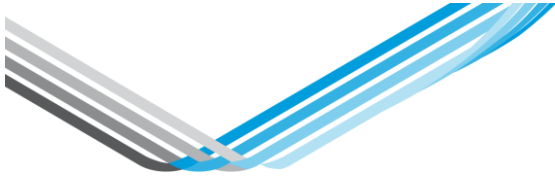
IBL is additionally, together with the DBSA, the mandated debt arranger. The final Project structure is expected to be commercially attractive for both Developmental Finance Institutions (“DFI’s”), Export Credit Agencies as well as commercial banks from which IBL and DBSA may arrange any of the necessary debt.

The Project can be summarised as follows:

- The Project cost of USD105 million shall include all costs associated with the construction of the plant, associated pipeline and power transmission facilities.



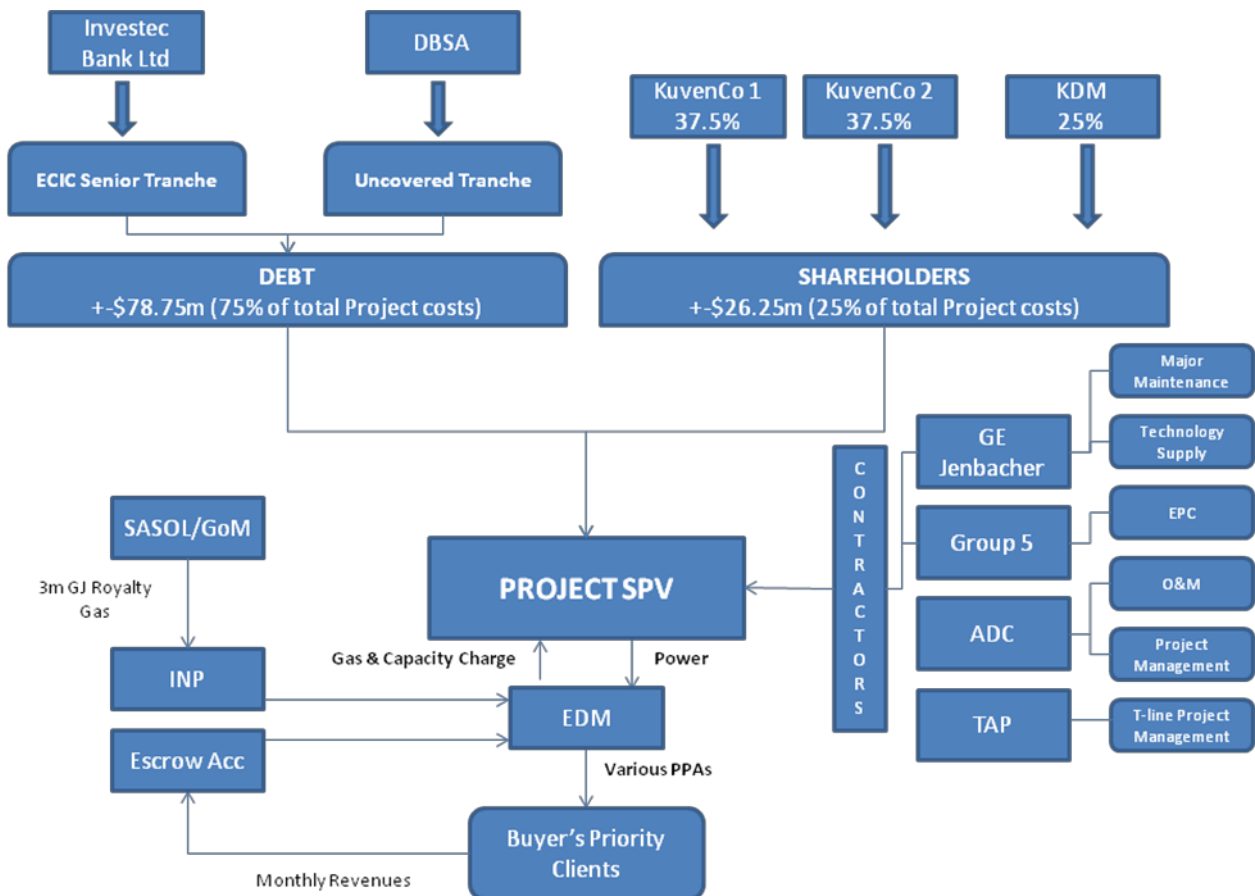
- The plant shall be a natural gas-fired power generating facility with a nominal gross rated capacity of 40.29MW (the “Facility”), to be located in Chokwé, Gaza Province, Moçambique (the “Site”).
- The Facility and associated pipeline shall be built, owned, operated and maintained by Kuvaninga Energia S.A (the “Project SPV”), a company to be incorporated under the laws of Moçambique.
- The Project SPV shall construct the 110kV transmission line, electrical infrastructure and equipment required to connect the Facility to the EDM grid at the Lionde substation. The design and construction shall be in coordination with EDM, and ownership is to transfer upon commencement of commercial operations (“COD”).
- An envisaged Debt to Equity ratio of up to 75:25.
- The Site will be located on a 5ha piece of land for which KDM has the right of use issued by the Ministry of Agriculture.
- Gas-fuelled reciprocating engines are to be purchased from GE Jenbacher GmbH (“GE/Jen”), a reputable global service provider from Austria.
- The Engineering, Procurement and Construction contract shall be entered into with Group 5 International (the “EPC Contractor”), which has significant experience with GE/Jen engines.
- It is estimated that it will take 14-16 months to complete the construction of the Facility, with the objective to reach financial close by Q4 2012 and COD by Q1 2014.
- The Facility will operate as a base-load power supply, supplying power to the EDM grid under a 13 year TA.
- Major maintenance and overhauls shall be carried out by GE/Jen as the original equipment manufacturer, with day-to-day operations facilitated by ADC Projects (Pty) Ltd (“ADC”) using both South African and Moçambican employees.
- The Facility will generate an estimated 300,000MWh of electrical energy per annum, requiring 3,000,000GJ (HHV) of natural gas. The Royalty Gas is to be purchased by EDM from the GoM and transported from Pande/Temane gas fields directly to the tap-off point located near the Site

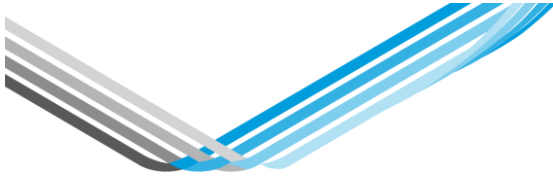


via the Rompco pipeline. The gas shall thereafter be transported to the Facility through the 200m pipeline that is to be constructed by the Project SPV.

- As a required credit enhancement to the TA, it is envisaged that an escrow account will be established in the name of EDM that will hold a portion of EDM's day-to-day operational revenue from a selection of their client base. This account shall be in EDM's full control and may only be drawn upon by the Project SPV should EDM be late in payment of its obligations as stipulated in the TA.

Figure 1: Project Structure





4 PROJECT DESCRIPTION

4.1 LOCATION

The site selection was based on the Government of Moçambique's decision to diversify and de-centralize power generation, and desire to have the 3,000,000GJ (HHV) of Royalty Gas applied in the Province of Gaza. Selection was also guided by the fact that the Rompco pipeline carrying gas from Pande/Temane to South Africa has, in that specific vicinity, a tap ready for extraction of gas and, on the other side, the proximity of EDM's Lionde Sub-Station affording good access to the grid. A route from the Site to the Lionde Substation has been identified together with EDM for the interconnection to the grid. The route shall use an existing servitude previously registered by EDM and will require approximately 27km of transmission line (Annexure A).

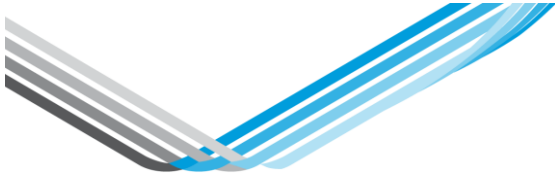
After a preliminary feasibility study that involved the selection of generation equipment was concluded (GE Jenbacher reciprocating engines), the required footprint was established and land surveyed in the area. A plot of land of 5ha near Chokwé was identified, and the respective DUAT (Annexure B) was issued (No 2541, November 2, 2010) to KDM, under the name of one of its partners, Mr. Pedro Manjate, for future transfer/conveyance to Kuvaninga Energia.

One of the concerns with the selected Site is its proximity to the water levels during the severe Mozambican floods that occurred in February and March of 2000, onset by the bursting of the Limpopo River's banks and Cyclone Eline. These levels have been assessed as a proxy for the base flood elevation level (100 year flood line). As demonstrated by Attachment C, the Site can be seen to be outside of this flood plain. Nevertheless, the EPC Contractor shall raise the Site by an additional 0.5m for further risk mitigation.

4.1.1 Environmental Impact Assessment

Sociedade de Engenharia e Desenvolvimento, Lda ("SEED") was commissioned by the Developers to carry out an Environmental Impact Assessment on the Site.

The attached "Ofício de Aprovação do REIA (Relatorio do Estudo de Impacto Ambiental) do Projecto de Construção da Central Eléctrica do Chokwé", dated November 26th, 2010, approves the environmental license application for the power plant (Annexure D). The document issued by the Ministry of Environment (MICOA) for the generation plant makes the common recommendation for plants of this type regarding



how to mitigate the environmental impact of the facility; measures which will be adopted and followed by the Project.

In addition, the Project also applied for the Environmental License to build the transmission line connecting the generation facility to the Lionde Sub-Substation. The Ministry of the Environment issued, in March 28, 2011, the “Relatorio de Estudo de Impacto Ambiental (“REIA”_ do Projecto Para a Linha de Transmissãõ da Central Termoeletrica de Manjangué até a Subestação de Lionde” (Annexure E1 &E2), which granted the necessary approval under the terms of Decree Law 45/2004 of September 29th . The recommended mitigation strategies of the Management and Monitoring Environmental Plan, typical for this type of facility, shall be implemented by the Project during the construction and operation phases.

4.2 TECHNICAL DETAILS

4.2.1 Technology Choice - Turbines vs. Engines

Through the Developer’s understanding of the primary and secondary equipment markets as well as each of the technology option’s suitability to the various project specifics, the necessary decision on whether to use either a gas turbine or a number of reciprocating engines was made after due assessment of the following criteria:

- Capability to provide high part-load availability;
- After sales support and operating risk; and
- Final cost per MWh taking the amount of gas available, efficiency, capital and operating costs into account

Part-Load Availability:

For the purpose of this report, part-load availability of a power plant will be defined as the amount of MW’s that can be generated when one generating unit is out of service. Thus, a power plant with ten (10) generating units will have a part-load availability of 90% when one generating unit is out of service while a power plant with a single generating unit will have a part-load availability of 0% when one generating unit is out of service. A utility can therefore place a high degree of value on a power plant with multiple units and high part-load availability as they can typically count on the plant to supply at least 80% and usually 90% of the plant’s installed capacity. Thus, with a ten (10) engine plant, EDM is afforded the comfort of knowing that 80% to 90% of the plant capacity will be available virtually all of the time requiring far less system planning to accommodate both forced and scheduled outages.



After Sales Support & Operating Risk

There are more power plant operators in the Southern African region with experience in operating engines than high performance gas turbines. In addition, major maintenance and emergency services would be available for the engines directly out of service centres in South Africa and from representatives that are therefore familiar with the region.

All gas turbine options assessed require high quality water injection for emissions control and power augmentation while the engines do not. Aside from the additional capital expenditure involved in ensuring a specific water quality, prolonged operator error in properly operating and maintaining the water treatment system can result in catastrophic gas turbine damage.

Final Cost per MWh

When taking the capital cost, operating cost, amount of Royalty Gas available and fuel utilization efficiency into account, the single unit turbine option evaluated by the Developer was found to be just marginally less expensive than the engine option. However, when taking into account EDM's preference for high part-load availability and the lower operating risk involved, the engines became the preferred technical option.

The Developer did also consider an engine-based combined cycle option that recovers heat in the engine exhaust, uses it to generate steam which is expanded in a small steam turbine to generate an additional amount of power without using any more fuel. However, the Developer found that the incremental increase in power plant output (approximately 10%) did not justify the additional capital and operating cost associated with the steam turbine plant.

A decision was therefore made to utilise reciprocating engine gensets operated in the simple cycle mode. After an official request for tender was sent out to the chosen Original Equipment Manufacturers, a final decision was made to advance with GE/Jen in partnership with Group 5 Limited as the EPC Contractor.

4.2.2 Reciprocating Engines

The natural gas-fired reciprocating engines to be used for the Kuvaninga Energia Project will be supplied by GE/Jen, model number JGS 624 GS-NLC with an expected gross power generating capacity of 4.029



kW el. per engine and an electrical efficiency of 41.0%, based on the lower heating value of the natural gas.

4.3 FUEL SUPPLY

The GoM is entitled to receive natural gas as royalty in kind from the Sasol gas mined in the Pande and Temane gas fields (“Royalty Gas”). In April 2008, the National Petroleum Institute of Moçambique (Instituto Nacional de Petroleos, “INP”) signed a Term Sheet on behalf of GoM (Attachment F) with KDM, in order to provide the key terms of supply for 3,000,000GJ (HHV) of Royalty Gas. The Royalty Gas was allocated to KDM with the mandate that it could only be used for power generation. As such, KDM therefore partnered with the Developers for the purpose of building, operating and maintaining a gas-fired power plant.

The Term Sheet was to be complemented by the execution of a final Royalty Gas Purchase and Sales Agreement, and was to be finalized within 1-year of the April 2008 execution. This period was subsequently extended by INP through the letter dated March 31, 2010 (Attachment G). In the course of the negotiations for a power purchase agreement with the off-taker, EDM, it became apparent to all parties, including the Ministries of Energy, Finance and Mineral Resources, that the preferred arrangement ought to be a ‘Tolling’ arrangement whereby EDM would provide the Project SPV the gas to be converted into electricity. Towards that objective, the GoM, by means of a letter issued by the Minister of Finance expressing the finding of the MOU between the three Ministries, authorized the transfer of the 3,000,000GJ (HHV) of Royalty Gas concession from KDM to EDM (Attachment H)

4.4 PROJECT INVESTMENT

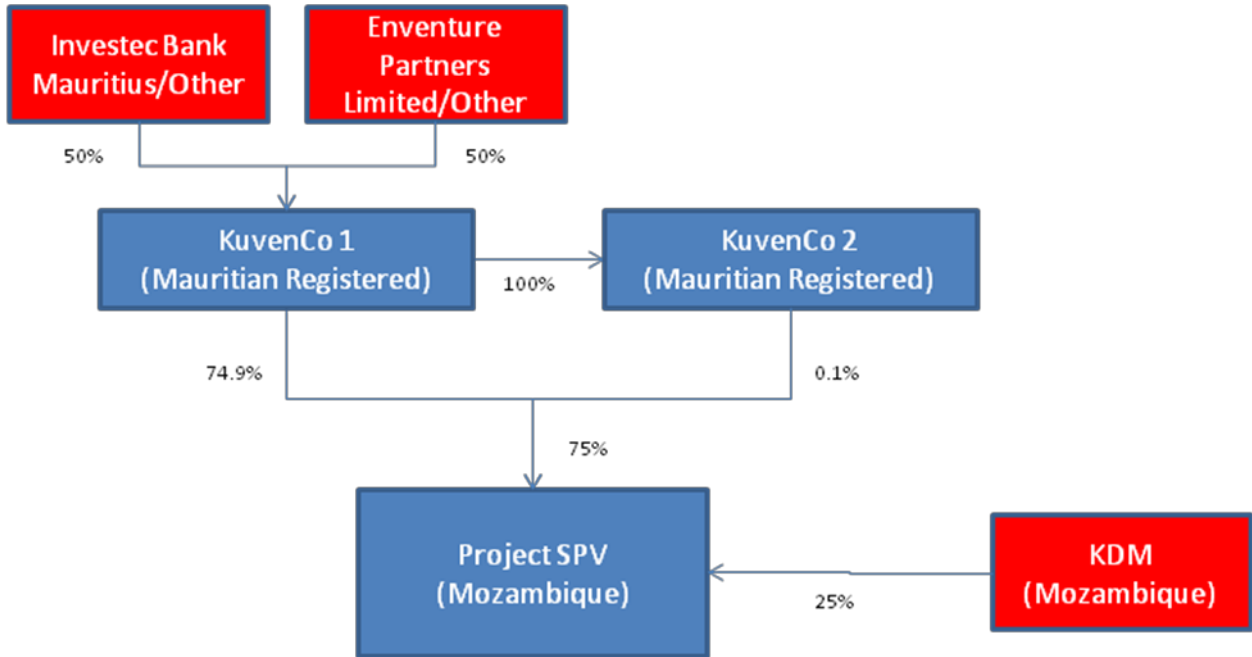
4.4.1 Capital Investment

Subject to each of the Project Sponsor’s and Lender’s Investment and Credit Committees’ final approvals, the Project will be funded with a mixture of loan capital and shareholder equity capital, in the form of:

1. Senior debt to be provided by IBL, DBSA and/or a combination of South African based development finance institutions and/or commercial banks (up to 75%)
2. Equity Capital to be provided by the Project Sponsors (up to 25%)
 - a. Ordinary Shareholder Equity (up to 9%)
 - b. Shareholder Loans (up to 16%)



The equity capital will be injected into the Project SPV as follows:



It is understood that under the Law of Investment, Shareholder Loans and the Senior Debt will be classified as Indirect Foreign Investment (“IFI”). As such the IFI is therefore required to first be approved by CPI and thereafter the Bank of Moçambique. The following table provides an overview of the capital investment:

Funding Breakdown	USD '000	
Senior Debt - ECIC Tranche	46 587	44.5%
Senior Debt - Tranche II	31 958	30.5%
Subordinated Debt	-	0.0%
Shareholder Loans	16 756	16.0%
Ordinary Shareholders Equity	9 425	9.0%
Total Funding	104 726	100%



The Shareholder Loans will be provided by the Project Sponsors in equal proportion to their shareholding. It is envisaged that these loans will be unsecured, subordinated to the Senior Debt and carry an interest rate of Libor (currently 0.75%) + 8%. This has been detailed in the Shareholders Agreement.

The following rounded numbers provide a further summary of the above:

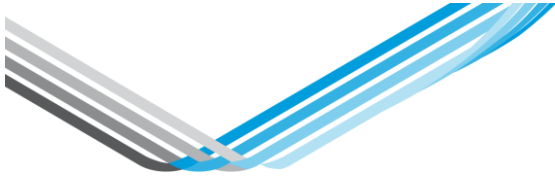
- Direct National Investment (KDM): USD2.4m
- Indirect National Investment (KDM): USD4.2m
- Direct Foreign Investment (Kuvenco 1 & Kuvenco 2): USD7.1m
- Indirect Foreign Investment (Kuvenco 1 & Kuvenco 2): USD12.6m
- Indirect Foreign Investment (DBSA & IBL): USD78.6m



4.4.2 Capital Expenditure

Project Cost Breakdown	USD '000	%
Development Costs	6 956	6.6%
Power Plant EPC Cost	50 211	47.9%
<i>Jenbacher Engines</i>	15 860	15.1%
<i>Balance of Plant</i>	34 351	32.8%
Off-Site Facilities EPC Cost	13 694	13.1%
<i>Permanent Housing</i>	1 451	1.4%
<i>HV Switchyard</i>	2 588	2.5%
<i>Single Circuit T-Lines & Substation</i>	7 882	7.5%
<i>Incremental Double Circuit T-Line & Substation</i>	1 773	1.7%
Owner's Costs	7 534	7.2%
<i>Gas Pressure Reduction Station</i>	1 000	1.0%
<i>Customs & Import Duties</i>	2 090	2.0%
<i>O&M Mobilisation Costs (ADC)</i>	1 672	1.6%
<i>CSI Investment</i>	400	0.4%
<i>Insurance</i>	611	0.6%
<i>Lenders Technical Advisor</i>	112	0.1%
<i>Lenders ECIC Consultant</i>	58	0.1%
<i>Owner's T-Line Engineer (TAP)</i>	433	0.4%
<i>Owner's Powergen Engineer (ADC)</i>	1 160	1.1%
Contingency	4 704	4.5%
VAT Working Capital Outflow / (Inflow)	995	1.0%
Initial Working Capital Prefunded	2 568	2.5%
Debt Service Reserve A/C	2 519	2.4%
Corrective Maintenance Reserve A/C	400	0.4%
Gas Concession Payment	3 500	3.3%
ECIC Premium	5 870	5.6%
Upfront Fees	1 274	1.2%
Agency Fees	91	0.1%
Commitment Fees	325	0.3%
Interest During Construction	4 086	3.9%
Total Project Cost	104 726	100%

As described hereunder, Group 5 will engineer, procure equipment and services as required, construct, test and commission, on a guaranteed turnkey basis, the Kuvaninga power plant, the Kuvaninga high voltage (HV) switchyard; the transmission line; and all required modifications to EDM's Lionde Substation.



As such, the Project SPV will pay for these various services (“Power Plant EPC Cost” & “Off-Site Facilities”) with the Capital Investment described above.

The following equipment is a short summary of items that are required to be procured by Group Five either in SA or abroad, and imported into Mozambique by Group Five:

- GE Jenbacher gas engines
- Power and auxiliary transformers
- MV and LV switchgear
- Pumps and motors
- Electrical cable
- Structural steelwork for the buildings
- Permanent housing kits
- Transmission line Towers and hardware

4.5 KEY PROJECT CONTRACTS TO BE FINALISED

4.5.1 Tolling Agreement

A heads of terms (“HoT”) agreement outlining the key commercial aspects to be contained within the Power Purchase Agreement was executed by EDM and the Project Sponsors in November 2009. Substantial progress was made towards the development of the Power Purchase Agreement through negotiations between the Project Sponsors and EDM, culminating in the approval of the PPA by EDM in January 2011 (Annexure I). Approval was granted subject to final approval by the EDM Board of Directors and ratification by the relevant Government Ministries. As further described in the above section describing the ‘Fuel Supply’, it subsequently became apparent to all parties, including the Ministries of Energy, Finance and Mineral Resources, that the preferred arrangement ought to be a ‘Tolling’ arrangement whereby EDM would provide the Project SPV the gas to be converted into electricity.

As such, the Project Sponsors and Developers are in the final stages of working together with the Lenders, and Lender’s technical and legal advisors to convert the Power Purchase Agreement into a bespoke Tolling Agreement acceptable to the Project Sponsors, EDM and the Lenders (together with all other relevant Project Documents requiring amendment).

Salient terms of the Tolling Agreement include:



- A term expiring at the end of 2025;

- The expected tariff will be in two parts corresponding to:
 - an energy payment covering a pass through of the cost of lube oil as well as variable operational costs based on total hours of Facility operations; and
 - a monthly capacity payment covering fixed operating costs, and debt and equity financing costs based on Facility available capacity.

- The final capacity payment tariff shall be determined at financial close based on the audited banking base case financial model and subject to shareholder returns of 21%.

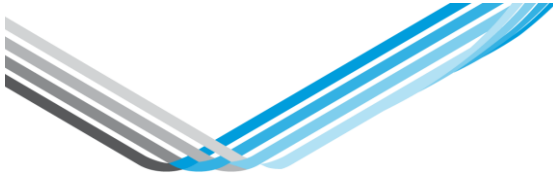
- Post financial close, the energy payment escalations are to be based primarily on SA and EU based inflation indexation, as well as an exchange rate factor in order to mirror the operations and maintenance contract escalations. Any benefits negotiated in the PCMA in terms of escalation caps will be passed through to EDM

- It is envisaged that the capacity payment shall be escalated on a constant basis per annum which shall allow for a significant portion of EDM's cost of power to be determinable looking forward.

- The capacity payment shall also be adjusted at the start of operations and at each subsequent annual performance test in order to ensure a constant cost of power for EDM. This is particularly important for both EDM and the Project SPV so as to ensure that EDM does not overpay (via the monthly capacity payment) for energy actually not produced due to poor engine performance, and alternatively so that the Project SPV is paid and incentivised for additional energy produced over and above that guaranteed.

- The Project SPV will guarantee certain plant availability, below which it will be liable to pay liquidated damages. Such commitment on the part of the Project will be backed to a degree by the performance terms and obligations accepted by the major maintenance contractor, in addition to the insurance cover that will be taken by the Project SPV.

- In order to improve the Project's marketability to the debt funders at a reasonable cost of capital, it is envisaged that an escrow account mechanism shall be created in order to implement a degree



of credit enhancement. An escrow account will be established in the name of EDM that will hold a portion of EDM's day-to-day operational revenue from a selection of their client base. This account shall be in EDM's full control and may only be drawn upon by the Project SPV should EDM be late in payment of its obligations as stipulated in the TA.

4.5.2 Shareholder Agreement ("SHA")

KDM originally approached IBL & EPL via a shareholder, to sell gas from the company's concession in order to produce power. Subsequent discussions highlighted their desire to be shareholders in the power company and it was thus initially agreed that KDM would partner with the Developers by selling a majority shareholding in KDM of 75%. It has since been agreed that a new Project SPV, Kuvaninga Energia, was to be established upon finalization of the SHA in order to build, own, operate and maintain the Project through the respective contracting parties. IBL and EPL shall have the right to purchase up to 75% of this Project SPV at par value, and KDM 25%. A SHA setting out the rights and responsibilities of each of the shareholders (i.e. Kuvenco 1, Kuvenco 2 and KDM) has been agreed and is ready for execution.

4.5.3 Turnkey Engineering, Procurement, and Construction (EPC) Agreement

Group 5 will engineer, procure equipment and services as required, construct, test and commission, on a guaranteed turnkey basis, the Kuvaninga power plant, the Kuvaninga high voltage (HV) switchyard; the transmission line; and all required modifications to EDM's Lionde Substation. Group 5 will guarantee the total installed cost; the total duration from execution of the EPC Contract to the commercial operation date; the net plant capacity; the net plant heat rate (fuel utilization efficiency); short-term reliability; lube oil consumption, and stack emissions. Group 5 will provide liquidated damages to support these guarantees sufficient to maintain debt coverage constant in case any one of the guarantees are not met up to G5's limit of liability. All performance guarantees will be confirmed with rigorous performance tests conducted by G5 and monitored by the Project Sponsor's Engineer (ADC) and the Lender's Technical Advisor (Worley Parsons) prior to commercial operation.

Guaranteed project duration from execution of the EPC Contract to the commercial operation date is sixteen (16) months, which is based on an engine procurement lead time of approximately 8 months; an allowance of approximately one month to ship to the Kuvaninga Site; one month to install each engine; and approximately four months to start-up, test and commission the plant. The staggered schedule to ship, install, start-up, and test all ten (10) of the engines accounts for the remaining two (2) months. G5's allowance to install, test and commission the transmission line, Kuvaninga substation, and Lionde substation modifications is approximately 10 months.



4.5.4 Preventative & Corrective Maintenance Agreement (“PCMA”)

GE/Jen the manufacturer of the reciprocating engines will provide comprehensive preventive and corrective maintenance for the Project’s reciprocating engines and related auxiliary equipment. GE/Jen will guarantee the cost of all parts and labour needed to provide all preventive and corrective maintenance under the contract. In addition, GE/Jen will guarantee the availability of each engine.

The GE/Jen scope includes all preventive maintenance services at each 10,000 hour interval throughout the term of the Tolling Agreement, including the minor overhaul (at 30,000 operating hours) and the major overhaul (at 60,000 operating hours.) In addition, they are obligated to perform corrective maintenance and repair of unscheduled equipment failures and equipment sub performance as required. In addition to this coverage, the Project will have Mechanical Breakdown Insurance coverage. GE/Jen will also remotely monitor the engines for the purpose of troubleshooting problems as they arise and so power plant O&M personnel can have access to experts as questions arise.

4.5.5 Operation & Maintenance Agreement (“O&M”)

ADC will operate the power plant on a continuous “24/7” basis, procure plant consumables, conduct routine maintenance and inspection of all power plant equipment, and schedule major maintenance conducted by GE/Jen. ADC will guarantee the routine O&M costs within their scope. Comprehensive training for all O&M personnel at the plant will be provided at GE/Jen’s facilities in Jenbach, Austria prior to commercial operation of the facility.

4.6 BENEFITS FOR MOÇAMBIQUE

4.6.1 Facilitation of Industry

With a growing economy the Mozambican power utility requires further electricity so as to allow for the increase in mining and manufacturing activity, as well as the GoM’s electrification programme. As of December 2011, EDM’s growth statistics were as follows:

- 8% of the population had access to electricity in 2008 versus 18% in 2011
- 106% of growth in customers since 2006
- 69% growth in billed energy since 2006



As EDM is reaching its full HCB allocation it will have to diversify its supply base so as to not have to increase its reliance on South African imported power. As such, a number of projects to increase electricity production and to improve energy transmission are planned, with Kuvaninga Energia earmarked as one of these. Kuvaninga Energia will diversify and augment the local Moçambican power supply by adding up to 300 000MWh to the grid per annum off a total supply base in 2011 of 4,000,000 MWh

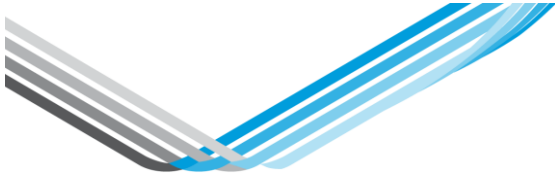
4.6.2 Local Employment

Local employment is to be sourced as much as possible during construction and operations. During the construction period a work force of 90 is expected to be on Site. Approximately 55-75% will come from Moçambique. During operations there will be an on-site staff of 33 personnel of which up to 80% will be of local origin. There will be considerable local skills transfer through on-site and international training (by the equipment manufacturer) for the employees during operations and the initial expats are expected to be replaced by local employment over time. In addition, the presence of non-local builders, technicians and suppliers during construction and operations will boost commerce in the area.

The following is a breakdown of the staff requirement during operations:

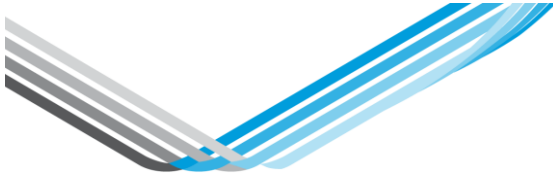
Personnel During Operations	TOTAL	LOCAL	FOREIGN	APPROXIMATE SALARY* (ea)
Plant Manager/Engineer	1	0	1	\$100 000-\$120 000 p.a.
Maintenance Operators	8	5	3	\$50 000-\$60 000 p.a.
Shift Millwrights/Electricians	4	2	2	\$50 000-\$60 000 p.a.
Operator/Maintenance Assistants	8	8	0	\$3 000-\$4 000 p.a.
Administrator	1	1	0	\$16 000-\$18 000 p.a.
Plant Security	8	8	0	\$3 000-\$4 000 p.a.
Facility/Housing Maintenance	1	1	0	\$12 000-\$15 000 p.a.
Gardeners/Labourers	2	2	0	\$2 000-\$2 500 p.a.

*Salaries are indicative and basic, i.e. exclude any bonuses, government levies, shift allowances, leave etc



4.6.3 Other

- The total Project cost of US\$105m includes the costs associated with an investment in the local community. Various projects were identified in consultation with the local community during the public consultation process that was undertaken during the environmental impact assessment. A short-list has been compiled and the investment will be made once Financial Close has been reached on the Project. Any required local authority approvals will be sourced.
- The project shall attract international attention for being one of the first 'new build' Independent Power Producers (IPP) in Southern Africa and shall create a precedent and example for further IPP's in the country/region
- The Project will reinforce, at a global level, the good image of Moçambique as a destination for international investment



5 PROJECT PARTICIPANTS

5.1 DEVELOPERS

5.1.1 Enventure Partners Limited

EPL is a privately held, independent power development firm headquartered in Miami, Florida USA. The firm develops, owns and operates both conventional and renewable energy generation projects under the fundamental elements of a Project Finance non-recourse model and defined cash-flow business. EPL professional expertise and accrued experience offer competency with diverse technologies; its cultural makeup and linguistic capacity provides excellent penetration into Portuguese, Spanish, English and French speaking countries. Together, they afford EPL a broad market coverage that spans mature and emerging markets throughout the Americas, Europe and Africa.

EPL's experience in the Independent Power Producer (IPP) business grew from its senior partners' long careers that started in the late 1970's with the growth of the IPP business in the USA. The principals of the company participated in the power industry privatization in several other countries, including many of the markets where EPL currently operates.

The EPL business model is to fund their own development activities up to a point where the project is concretized, and then utilize their network of private equity and other power sector players to partner them financially in taking the projects through to financial close, as well as fund EPL's equity commitments.

5.1.2 Intelligence, Counselling and Research Lda

ICR is a Moçambican company established in 2006 to provide consultancy and project management services in Moçambique. Its two principals are Mr. Chivambo Mamadhussen and Mr. Rui Gonzalez.

Mr. Gonzalez is a civil engineer by training, with a long and substantial experience in the Moçambican civil service and as a consultant. He has held National Director and Secretary of State Positions in the Moçambican government between 1975 and 1991, and acted in an advisory capacity on various major Public Works and Housing initiatives since. Mr. Gonzalez has focused on water, biofuels and environmental sustainability issues since 1991.



Mr. Mamadhussen holds a Bachelors of Commerce degree (Marketing and Business Management), from Bond University in South Africa. Prior to 2006 he focused on events organisation and management, and since 2006 has participated in various business partnerships in Moçambique.

5.1.3 Investec Bank Limited

Investec (comprising Investec plc and Investec Limited) is an international, specialist bank and asset manager that provides a diverse range of financial products and services to a select client base. Investec is dual-listed on the London and Johannesburg Stock Exchanges. Investec Bank Limited (“IBL”) is the main banking subsidiary of the South African listed Investec Limited.

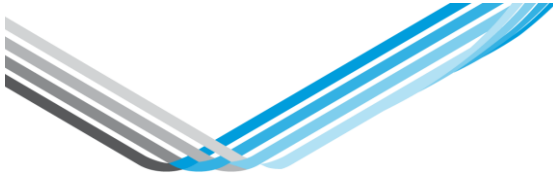
Through a team of approximately 50 professionals in London, Johannesburg, Sydney and Toronto, the group has extensive experience of project finance, infrastructure finance and public private partnerships transactions around the world. IBL’s Project and Infrastructure Finance business covers the financing of assets, business or concessions primarily on the strength of the cash flows they generate, i.e. typically with limited or no recourse to the corporate credit of the project sponsors. The team provides advice and finance to clients through specialist teams providing sector expertise in the following areas:

- Conventional and renewable energy and biofuels
- Public Private Partnerships
- Telecoms
- Transportation

5.2 PROJECT SPONSORS

5.2.1 Kuvaninga Moçambique Limitada

KDM is a company that was formed by its local shareholders for the primary purpose of generating power from Royalty Gas in Moçambique. In April 2008, the National Petroleum Institute of Moçambique signed a Term Sheet with KDM in order to provide the key terms of supply for 3,000,000GJ (HHV) of Royalty Gas. The Moçambican shareholders partnered with a South African based power developer in order to achieve this, but this partner was subsequently bought out by the local shareholders. In March 2009 a Letter of Intent was signed between KDM, IBL, EPL and ICR to partner in the establishment of the Project, and through this partnership the Project has been developed to its current juncture. In August 2011 it was



agreed by KDM and the Minister of Finance that the Royalty Gas would instead be transferred to EDM which would supply the Project SPV the Royalty Gas.

KDM's local shareholders include:

- SPI Lda
- Executive Options Lda
- Meridional Lda
- Luminoc Lda

5.3 EPC & EQUIPMENT SUPPLY

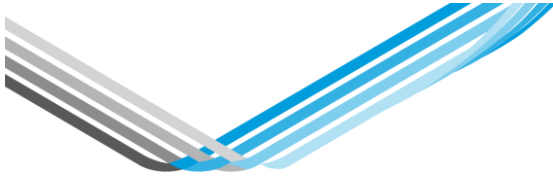
5.3.1 GE Jenbacher GmbH & Co

GE/Jen is an Austrian manufacturer of gas engines and cogeneration plants. The company emerged from the former Jenbacher Werke, which was founded in 1959 and manufactured gas and diesel engines, and locomotives. The company was bought out by General Electric in 2003 and was renamed GE Jenbacher GmbH & Co. OHG. It is currently under the control of GE Energy. GE Jenbacher currently specializes in lean burn gas engines, including cogeneration plants and containerized power generator sets utilizing said gas engines. GE/Jen's main facility resides in Jenbach Austria, and employs over 1400 workers.

5.3.2 Group Five Ltd

Group Five is a provider of integrated building, infrastructure and engineering solutions. The group operates in South Africa, the rest of Africa, the Middle East and Eastern Europe. With 14 000 employees and R9.2 billion annual turnover for the year ended June 2011, Group Five is one of South Africa's largest infrastructure groups. In the energy sector the company is an active development partner to independent power developers and power island equipment manufacturers on power generation projects, with a track record of fixed-price, on-time delivery of energy producing assets. Recent experience in the power generation sector includes:

- **Sasol OCGT contract:** Engineer, procure, construct and commission, including performance testing the open cycle gas turbines as part of the Combined Cycle Power Generation Project at Secunda South Africa



- **Orapa Botswana IPP:** Engineering and design work, including conceptual works, as well as the procurement of two GE LM6 000 gas turbines.
- **Aba power station:** Design, supply and installation of three gas turbines, with a combined output of 120 megawatt for the Aba power station in Nigeria.
- **Ibom gas-fired power station:** A multi-disciplinary contract for the design, supply and construction of a gas-fired power plant in Nigeria.
- **Power Alt:** a 10.7 MW gas-fired power plant planned to expand to 32.1 MW in Middelburg using GE Jenbacher gas-fired engines.

5.4 OPERATIONS & MAINTENANCE PROVIDERS

5.4.1 ADC Projects (Pty) Ltd

ADC is a privately owned company established in 1992 and based in Centurion, South Africa. The company specializes in providing project management, engineering support services and operations and maintenance services to the heavy industry with a specific interest in the electricity power generating sector. In October 2010 Moody International completed their rigorous audit of ADC and subsequently provided them their official ISO 9001, ISO 14001 and OHSAS 18001 accreditation.

With regard to ADC's related O&M experience, the company has been providing the same O&M services for a similar power plant in Middelburg, South Africa for the past three (3) years. This plant incorporates four (4) GE/Jen natural gas-fired engines rated at 3.4 MW per engine.

5.5 POWER OFFTAKER

5.5.1 Electricidade de Moçambique E.P

As the national utility of Moçambique, EDM has a consumer base of approximately 500 MW. This base has grown by up to 15% year-on-year over the past two years which has largely been provided for by the uptake of its full allocation from the Cahora Bassa hydroelectric plant. The utility requires further power so as to allow for the increase in mining and manufacturing activity, as well as the GoM's electrification programme.

6 INVESTMENT BREAKDOWN SCHEDULE

Please see Annexure J. The numbers provided are of an indicative nature.