

Stakeholder Update

July 2019



Developer-Owner-Operator of Sustainable Power Projects across Sub-Saharan Africa

Development Bank of Southern Africa (DBSA) commits US\$4.9m development funding to Bumbuna II

In June, DBSA, one of Africa's leading development finance institutions, committed development capital to help finance the remaining development activities for Bumbuna II, commenting "By providing development capital at this important time, as well as being a prospective senior lender to the project, we are helping to facilitate the bankability and ultimate success of Bumbuna II."



Total of US\$13.4m development capital so far committed to Bumbuna II in 2019

Commitments by Electrifi and DBSA, coupled with a further investment by African Alpha Investment Partners, have resulted in US\$13.4m of development capital being raised so far during 2019.

Andrew Cavaghan, Chairman of Joule Africa, commented: "The funding and ongoing support from these institutions comes at a critical time when our team is focused on completing the remaining activities so that the construction of this landmark project can get underway."

Progress on Lender due diligence

Mott MacDonald's trip in February and their initial feedback that followed, identified no areas of non-conformance with IFC performance standards. The Joule Africa and Seli Hydropower teams continue to develop environmental and social management plans and to conduct follow up reviews to close out due diligence findings. Shearman & Sterling have, similarly, completed their legal due diligence and the interim report has been submitted to lenders and reviewed by the sponsors. No major issues have been highlighted. Financial

due diligence will be conducted shortly by Mazars and an insurance review by Marsh. A consultant to conduct a sector review will be selected and commence work shortly.



Biodiversity Action Plan (BAP) completed

The BAP has been completed and is expected to be submitted for approval in the next few weeks, which is expected to go smoothly following detailed discussions with the Sierra Leone Environmental Protection Agency (SL-EPA) and National Protected Area Authority (NPAA).

The BAP is supported by another four documents; a Residual Impact Assessment (RIA), Critical Habitat Assessment (CHA), Species Prioritisation Report, and Offset Strategy. Market leading mitigation measures in the BAP are being developed for the priority biodiversity species and habitat with a net gain planned for both critical terrestrial and aquatic impacts.

It is likely the Project will result in an overall positive social downstream impact and the overall ecostatus of the river downstream is predicted to remain the same. Offset areas have been identified and management plans will be discussed with the regulators once the BAP and supporting documents are submitted.



Seli Hydropower continues to build team



Victoria Pratt has now joined the local project team in Freetown as Finance Manager, responsible for all aspects of the financial management system. Victoria is a UK-trained Chartered Certified Accountant with over 22 years' work experience, and also holds a master's degree in Business Administration. Prior to working with Seli Hydropower, Victoria has worked in several senior financial management roles within many International Non-Governmental Organisations in Sierra Leone.

Other senior appointments in the pipeline include a General Manager for Seli Hydropower and a Senior Development Engineer.

New regional office opens in Sierra Leone

As Seli Hydropower prepares to step up its engagement with communities ahead of the resettlement programme and plans for the construction phase of Bumbuna II, a regional office has been opened in Makeni, about 45km drive from Bumbuna.

Other up-country field offices have been established at Kondembaia and Kamankay. Kamankay has been selected as a host community, welcoming some of the people moving as part of the first phase of the resettlement action plan.



Tender process underway for the Operation & Maintenance of Bumbuna II

A Request for Proposal (RFP) is being drawn up and five experienced companies, all of whom have passed prequalification through an REOI process, will be invited to submit bids in the coming weeks. It is anticipated that a preferred contractor will be selected in Autumn 2019.

Joule Africa sponsors African Energy Forum

For the third year running, Joule Africa has sponsored this event which is always a valuable opportunity to connect with many of our key stakeholders.

We hosted a dinner with our lender group and held numerous

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meetings with interested parties to update them on our progress.

It was encouraging to sense the momentum that is building behind the development of Bumbuna II.

Cameroon - Kpep lines up legal and E&S advisers

With the completion of the first phase of feasibility studies in Cameroon, Joule Africa has retained Herbert Smith Freehills as legal advisers to assist in negotiating a PPA-term sheet with ENEO, the offtaker.

Joule Africa has also selected WSP to prepare a full ESIA, incorporating a screening and scoping report which will start in the second half 2019.



A Perspective from the CEO

Our purpose at Joule Africa and in our projects in Sierra Leone and Cameroon is to improve people's livelihoods and stimulate economic growth by providing affordable, reliable electricity to households, businesses and public services. We have been focused on this both in Cameroon, by the completion of feasibility work and commencement of our discussions with Government on the Kpep project, and in Sierra Leone with the continued negotiations to reduce the tariff of the Bumbuna project by bringing in concessional funding. In Cameroon we expect to close out commercial PPA negotiations by the end of the year, and on the Bumbuna II project in the next few weeks.

Meanwhile at Bumbuna II other workstreams continue to progress well. Lenders' E&S, technical and legal advisers have broadly completed their initial due diligence; development capital has been raised to support our ongoing activities as we move towards the Financial Close of Bumbuna II; and our local project team, Seli Hydropower, continues to gear itself up as we prepare for an increased level of activity on all fronts. At Kpep, we plan to complete the next phase ESIA work in parallel to government negotiations.

More broadly, as the world increases focus on climate change and control of carbon emissions, we expect hydropower – a reliable low carbon resource – to become a core focus for development of the electricity sector in many African countries. Beyond our current projects we aim to add third and fourth projects to our pipeline and to bring our experience and focus to the transition to a long-term low-carbon renewable energy future on the continent.

For more information please call +44 (0) 20 7499 7985 or email contact@jouleafrica.com