NATIONAL ENERGY REGULATOR OF SOUTH AFRICA

APPLICATION FOR AN ELECTRICITY GENERATION LICENCE IN TERMS OF THE ELECTRICITY REGULATION ACT, 2006 (ACT NO. 4 OF 2006).

Please return completed form to:

HOD: Electricity Licensing and Compliance
National Energy Regulator of South Africa
Kulawula House, 526 Vermeulen Street
Arcadia, 0083
Pretoria

Or:

HOD: Electricity Licensing and Compliance
National Energy Regulator of South Africa
P.O. Box 40343
Arcadia
0007

Tel (012) 401 - 4600
Fax (012) 401 - 4700

SECTION A PARTICULARS OF APPLICANT

A1 Full name of applicant (business name) and business registration number

Thabametsi Power Company (Pty) Ltd. (2016/193930/07)

A2 Address of applicant, or in the case of a body corporate, the registered head office Physical address

1st Floor Building 7, Harrowdene Office Park, Western Services Road, Woodmead Sandton, Gauteng

Postal address

P.O. Box 111, The Woodlands, The Woodlands, Gauteng, 2080

A3 Telephone number of applicant

082 729 5537

A4 Fax number of applicant

+27 (0)11 802 0025

A5 Email address of applicant

Harutoshi-Nakamura@marubeni.com

A6 Contact person

First name Harutoshi

Surname Nakamura

Telephone No 011 568 1480

Mobile No 082 729 5537

Fax No. +27 (0)11 802 0025

Email address Harutoshi-Nakamura@marubeni.com

A7 Legal form of applicant

Company

Note to Section A

1) State whether the applicant is a local government body, a juristic person established in terms of an act of parliament, a department of state, a company or other legal body.

2) If the applicant is a local government body, attach a copy of the proclamation establishing such body. Where the applicant is a company, the full names of the current directors and the company registration number are required.

SECTION B COMMENCEMENT DATE OF LICENCE

B1 Desired date from which the licence (if granted) is to take effect
1st March 2017

Note to Section B

3) The normal processing time for a licence application is 120 days once all relevant information has been provided and there are no objections received.

4) If the applicant intends operating more than one generation station under the proposed licence, please complete separate application forms for each generation station.

SECTION C PARTICULARS OF PROPOSED GENERATION STATION

C1 Name of generation station

Thabametsi Power Plant

C2 Geographical location of generation station (please attach maps)

Site Area Coordinates

S/No.	NW corner	NE corner	SW corner	SE corner
1.	23°35'21.34"S	23°35'4.57"S	23°36'32.40"S	23°36'23.42"S
2.	27°26'53.03"E	27°29'38.42"E	27°27'19.83"E	27°29'54.17"E

Please see Annexure A as attached for the site location.

C3 Address of generation station

N/A

C4 Contact person at generation station

First name and Surname N/A

Telephone No

Mobile No

Fax No

Email address

C5 Type of generation station (thermal, nuclear, hydro, pumped storage, gas turbine, diesel generator or other)

Circulated Fluidized Bed Coal-fired power plant

C6 Expected commissioning date for a proposed generation station or at which the station was commissioned (if an existing station).

- Unit 1 Back Energisation – July 1st 2019
- Unit 1 Synchronisation – October 1st 2020
- Unit 1 COD: March 1st 2021
- Unit 2 Back Energisation – January 1st 2020
- Unit 2 Synchronisation – April 1st 2021
- Unit 2 COD: September 1st 2021

C7 The installed capacity (existing and/or planned) of each unit within the generation station (MW)

Existing Capacity

N/A

Planned Capacity
557.3MW (Contracted Capacity)
630MW (Gross Capacity)

C8 Maximum generation capacity (MW) expected to be available from the generation station and energy to be produced (MWh) over the next 5years of operation. These estimates should be based on modelling of how the power station will fit into the demand profile of its customers, taking into account the least cost energy purchase consideration and demand management options of customers.

YEAR	Max MW	Total MWh	Own use MWh	Export (Sales) MWh
1	630	4,934,979	569,481	4,365,498
2	630	4,877,712	562,872	4,314,840
3	630	4,891,925	564,513	4,327,412
4	630	4,877,712	562,872	4,314,840
5	630	4,877,712	562,872	4,314,840

C9 Estimate of the energy conversion efficiency of the generation station.
HHV Net Efficiency – 34.07%

C10 Expected future life of the generation station.
30 years after Schedule COD (as defined in the Power Purchase Agreement)

SECTION D PARTICULARS OF LONG TERM ARRANGEMENTS WITH PRIMARY ENERGY SUPPLIERS

D1 Name of primary energy supplier/s (mining house, colliery or other fuel supplier)
Exxaro Coal (Pty) Ltd.

D2 Particulars of the contractual arrangements with primary energy supplier

The coal for the Thabametsi Power Plant will be supplied to the applicant by Exxaro Coal (Pty) Ltd ("**Exxaro**") under a long-term coal supply agreement matching the tenor of the Power Purchase Agreement. Exxaro Resources is one of the largest South Africa-based diversified resources groups, with interests in the coal, titanium dioxide, ferrous and energy markets. It is listed on the Johannesburg Stock Exchange (JSE) and has business interests in South Africa, Botswana, DRC, Inner Mongolia and Australia. Exxaro is the second-largest coal producer in South Africa with current production of almost 40 million tonnes per annum (Mtpa). Exxaro will develop a new Thabametsi Mine adjacent to its operating Grootegeluk mine in order to meet the long-term coal supply requirements of the Thabametsi Power Plant. Exxaro will develop and establish the new mine and associated infrastructure to the south of the Thabametsi Power Plant along with a conveyor belt ending at the mine-power plant boundary. This conveyor belt, capable of delivering coal at a rate of 1 000t/h, will offload onto an overland conveyor belt on the power plant site that will unburden onto the coal stockyard. The Exxaro conveyor belt will be equipped with an assizing plant for weighing and sampling of coal. The 30-year coal supply is the equivalent to 100% power capacity delivered by conveyor to the "transfer point" by conveyor from Exxaro's stockpile. The price for the coal will include a fixed and a variable price with an indexation mechanism that aligns with Power Purchase Agreement payments. The coal price will comprise of a fixed daily component indexed by reference to the South African Consumer Price Index, plus a variable component per Gigajoule-equivalent of coal supplied. The variable component will be indexed by reference to a weighted basket index consistent with the Power Purchase Agreement. The coal must comply with a fixed specification and any off-specification coal delivered can be rejected by the applicant. Any supply shortfalls trigger rectification obligations, a right to source alternative supply (at the supplier's cost) and liquidated damages set at levels to keep the applicant whole. Exxaro must provide life-of-mine plan prior to execution of the Coal Supply Agreement confirming that the mine has sufficient reserves to meet the full supply commitment for the term of the Coal Supply Agreement and must update such plans on a 3-yearly basis throughout the term. Exxaro will be obligated to compensate the applicant for any loss in capacity payments subject to a yearly cap, after which the applicant may terminate or purchase alternative coal at Exxaro's cost.
Please see Annexure B as attached for the term sheet of Coal Supply Agreement which has been agreed.

Notes to Section D

5) Please provide brief particulars of any long term agreements entered into with fuel suppliers and copies of such contracts (Signed Fuel Supply Agreements).

SECTION E MAINTENANCE PROGRAMMES AND DECOMMISSIONING COSTS

E1 Details of any proposed major maintenance programmes, including the expected cost and duration thereof, covering the next six years. Project proposals to state the expected availability, planned outage rate and forced outage rate of the plant over the first five years of operation.

The Thabametsi Power Plant is configured with two Blocks (A&B) each with two CFB boilers and one steam turbine (ST). The planned maintenance philosophy is to shut down an entire Block and hence concurrently undertake maintenance works on both boilers and the steam turbine

Year	Block A	Block B
Year 1	Medium Boiler & Minor ST Outage – 10 days	Medium Boiler & Minor ST Outage – 7 days
Year 2	Major Boiler & Medium ST Outage – 31 days	Medium Boiler & Minor ST Outage – 10 days
Year 3	Medium Boiler & Minor ST Outage – 10 days	Major Boiler & Medium ST Outage – 31 days
Year 4	Major Boiler & Medium ST Outage – 31 days	Medium Boiler & Minor ST Outage – 10 days
Year 5	Medium Boiler & Minor ST Outage – 10 days	Major Boiler & Medium ST Outage – 31 days
Year 6	Major Boiler & Major ST Outage – 45 days	Medium Boiler & Minor ST Outage – 10 days
Year 7	Medium Boiler & Minor ST Outage – 10 days	Major Boiler & Major ST Outage – 45 days

Year	Availability	Planned Outage Rate	Forced Outage Rate
Year 1	89.42%	2.33%	8.25%
Year 2	88.38%	5.62%	6%
Year 3	88.40%	5.60%	6%
Year 4	88.38%	5.62%	6%
Year 5	88.38%	5.62%	6%

E2 Details of any major decommissioning costs expected during the life span of the power station and provided for in the project feasibility study.

Net cost of decommissioning - USD 9,447,000

Please see Annexure C as attached for the decommissioning plan

E3 Details of major generation station expansion and modifications planned for in the feasibility study (Dates, Costs in Rands (state year) and description)

N/A

SECTION F CUSTOMER PROFILE

F1 Particulars of the person or persons to whom the applicant is providing or intends to provide electricity from the generation station

Eskom Holdings SOC Limited

F2 Network connection details (connection points, voltages, wheeling arrangement, single line diagram)

The Thabametsi Power Plant will connect to the national transmission network via a loop-in to the Matimba-Medupi 400kV line. The connection will require the construction of a 25km double circuit 400kV line. The construction will be undertaken by Eskom, however, discussions with Eskom are underway for the line to be constructed under a Self-Build Agreement. An application for the connection of the Thabametsi Power Plant to the Eskom network was submitted by the applicant. The Eskom Cost Estimate Letter was issued on 17 July 2015 (Eskom Ref. IPP109901586 2015//03/10 ICE).

Please find attached the Cost Estimate Letter which has been issued from Eskom Holdings SOC Ltd as Annexure D.

F3 Provide summary details of Power Purchase Agreements with customer including purchasing price etc. (Please attach Power Purchase Agreements).

The Power Purchase Agreement governs the basis on which power will be sold by the applicant as Seller to Eskom as Buyer. The Power Purchase Agreement establishes the obligations of the applicant in relation to *inter alia* commissioning and testing, connection to the system, the appointment of an independent engineer, the independent engineer's inspection and testing, the completion and commissioning of the power plant, the provisional unit commercial operation date, the commercial operation date, the last commercial operation date, consequences of a reduction in contracted capacity, coordination of connection with the network operator, dispatch arrangements, metering and outages.

Provided that the applicant has achieved commercial operations before the longstop date under the Power Purchase Agreement, the applicant shall be paid a combination of Net Dependable Capacity Payments, Commercial Energy Payments, Start Up Payments and the reimbursement of use of system charges for energy dispatched by the Thabametsi Power Plant to the System.

Please find attached as Annexure E the Power Purchase Agreement as issued under the Coal Caseload IPP Procurement Programme together with the relevant schedules.

Notes to Section F

6) For example, supply to ESKOM or supply to local government distribution system. Please include the details of power purchase agreements entered into and the price structure of the contract.

SECTION G FINANCIAL INFORMATION

G1 Submit projections of and current statements of the accounts in respect of the undertaking carried on by the applicant, showing the financial state of affairs of the most recent period, together with copies of the latest audited annual accounts where such have been prepared.

Response) Not applicable as the applicant (project company) currently doesn't have any account.

G2 Submit annual forecasts for the next five years of costs, sales and revenues generated by the project, stating the assumptions underlying the figures.

Response) As set out in Annexure F.

G3 Estimates of net annual cash flows for subsequent periods (5 years; 10 years; 15 years) sufficient to demonstrate the financial security and feasibility of operating the generation station.

Response) As set out in Annexure G.

G4 Project financing: Who will finance the project, how is funding split between debt and equity, and what is the terms and conditions of the funding agreements.

Response) The Thabametsi Power Plant will be funded by non-recourse project finance debt facilities denominated in South African Rand and equity contributions from the shareholders, based on a gearing of 75:25 (debt:equity). The debt repayment schedule will be sculpted to satisfy a minimum DSCR of 1.20x.

The senior debt facilities will comprise the following:

- Base funding to fund up to 75% of the project costs (including a contingency representing 2% of the EPC Price), split between (i) a Rand denominated floating rate facility (with JIBAR as base rate), and (ii) an inflation (CPI) linked facility.
- Senior standby facility to fund project costs overrun in an amount not exceeding [75%] of 5% of the EPC Price.
- Senior facility has a tenor of 22.5 years from financial close including 4.5 years of construction.

The project's lenders are as follows:

- Absa;
- Nedbank Limited;
- Standard Bank Limited;
- Rand Merchant Bank; and
- DBSA.

Notes to Section G

7) The financial projections should be based on a production plan for the generation station and the revenue generated by participating in the electricity market and by bilateral contracts (Power Purchase Agreements) with customers. Reference to the latest version of National Integrated Resource Plan (IRP) is required to demonstrate that the proposed power purchase agreement is the least cost solution available to the electricity purchaser.

SECTION H HUMAN RESOURCES INFORMATION

H1 Submit details of the number of staff and employees and their categories in the service of the applicant at the generation station and in any support services separate from the generation station. Also provide information regarding relevant qualifications and experience in critical areas e.g. Professional registration (Engineering Council of South Africa – ECSA), Government Certificate of Competency.

Response: Please find attached Annexure H.

SECTION I PERMISSION FROM OTHER GOVERNMENT DEPARTMENTS OR REGULATORY AUTHORITIES

I1 What progress has been made to obtain the required permits and approvals for the generation project? Please provide copies of permits issued by the relevant environmental and safety agencies in respect of the operation of the generation station.

Response) Please find attached as Annexure I the schedule with progress made for each required consent and permits.

SECTION J BROAD-BASED BLACK ECONOMIC EMPOWERMENT

J1 Please provide information in terms of the followingcategories: Please find Annexure

COMPONENTS	**POINTS**	**0.5**	**0.75**	**1**
Direct Empowerment	Black Ownership	10% to <20%	20% to 50%	>50%
	Black Management	20% to <35%	35% to 50%	>50%
	Black Female Management	1% to <5%	5% to 10%	>10%
Human Resource Development	Black Skilled Personnel as % of payroll	20% to <35%	35% to 50%	>50%
	Skills Development Programs as % of payroll	1% to <5%	5% to 10%	>10%
	Employment Equity i.e. Women Representation	20% to <35%	35% to 50%	>50%
Indirect Empowerment	Procurement from Black/BEE Suppliers	20% to <35%	35% to 50%	>50%
	Enterprise Development i.e. Monetary Investment or quantifiable non-monetary support in SMME with BEE contributions as % of Net Asset Value/ EBITDA/Total Procurement	10% to <20%	20% to 25%	>25 %
	Industry specific initiatives to facilitate the inclusion of black people in the sector as % of net profit	1% to <5%	5% to 10%	>10%
NERSA's Discretionary Points	Based on skills transfer and fulfilment or acceleration of other national objectives e.g. employment of disabled personnel robust implementation of mechanisms to verify the BEE status of suppliers reported under preferential procurement and utilization of DTI approved accreditation agencies and so on.	1% to <5%	5% to 10%	>10%

Please find attached response as Annexure J.

SECTION K ADDITIONAL INFORMATION

Provide any other relevant information related to this application

Land

The applicant has secured the site for the Thabametsi Power Plant ("**Project Site**") in terms of an Option to Purchase Agreement with Exxaro. Whilst securing the rights to the Project Site, the applicant has undertaken various assessments of the Project Site and confirms that there are no land claims over the property or restrictive conditions registered against the title deed with respect to the lawful use of the Project Site for the intended purpose of constructing and operating the Thabametsi Power Plant.

Engineering Procurement and Construction

Following an extensive evaluation process, the applicant has selected Doosan Heavy Industries & Construction Co Ltd ("**Doosan**") as the Engineering Procurement and Construction ("EPC") Contractor for the Thabametsi Power Plant on a full turn-key EPC basis and Doosan's proposed key sub-contractors and equipment suppliers have been identified. Doosan is an internationally recognised contractor, experienced in the engineering, manufacture and construction of power plants both in Korea and in various international markets. Since 1962 Doosan has constructed over 300 nuclear, thermal and hydro units. A subsidiary of Doosan will also be the manufacturer of the CFB boilers and steam turbines.

An EPC Contract is currently in the final stages of negotiation. The EPC contract will cover all stakeholder and lender requirements for a limited or non-recourse project finance structure. The EPC contract will provide for turnkey delivery of the Thabametsi Power Plant and supporting infrastructure for a lump sum price. The EPC Contract will establish:

- a fixed lump sum price for the Thabametsi Power Plant with the milestone-based payment schedule. Payments will be related to procurement and installation progress;
- a guaranteed completion date on the basis of a milestone-based time schedule, matched to the payment milestones and the contractual obligations of the Thabametsi Power Plant (i.e. the PPA, the Implementation Agreement and other RFP documents);
- a comprehensive set of technical specifications defining the minimum quality and scope for all Works, plant, systems and components. It shall be mandatory for the EPC Contractor to provide a fully functioning plant;
- inspection and testing: a specific quality management program shall be implemented through pre-fabrication of components and equipment (i.e. workshop and on-site witness inspections) throughout the installation and commissioning;
- performance guarantees and testing shall reflect international best practices;
- liquidated damages regarding delay and performance will be established to reflect market standards as far as applicable while satisfying the specific risk requirements of the EPC Contactor ;
- commissioning obligations and training of operational staff under a joint training program;
- obligation to comply with all national laws, applicable regulations, and project-specific requirements, which may result from the EIA, water permits, etc. This is of particular importance with regard to the local sourcing of equipment, materials and labour;
- the Thabametsi Power Plant delivery shall also consider training programs as per economic development requirements;
- bonds and guarantees shall be provided to satisfy the shareholders' and lenders' requirements on delay, performance, and for the prescribed defects liability period. This will all be based on best market practice;
- during implementation, an Owner's Engineer will be appointed by the applicant, which shall be supported by the EPC company and all related sub-contractors. The Owner's Engineer will represent the applicant regarding all contractually agreed supervision and quality control measures.
- A warranty period of at least two years shall be provided, within which the EPC Contractor shall rectify all warranty defects without extra cost to the Project.

Shareholders

The applicant is backed by a strong group of international and South African based shareholders who jointly have experience in all aspects of developing, funding, constructing and operating power plants and more

specifically coal baseload power plants. The participation interests of the shareholders of the applicant -

Shareholder	%	Designation
Axia Power Holdings B.V.	24.5%	International Entity
Korea Electric Power Corporation	24.5%	International Entity
Blue Falcon 253 Trading Proprietary Limited	21%	SA Entity
Jenzoprox Proprietary Limited	15%	Black Enterprise
Business Venture Investments No 1879 Proprietary Limited	10%	Black Enterprise
Mandlalex Proprietary Limited	5.0%	Black Enterprise
Total	**100%**	

Axia Power Holdings B.V. ("Axia")

Axia was incorporated on 14 December 1998 and is a major investment vehicle of Marubeni and is a wholly owned subsidiary of Marubeni.

Marubeni was incorporated in 1949 and is one of Japan's leading trading and investment houses. In the power generation field, Marubeni's strength lies in its diverse portfolio of IPP projects, which encompasses 48 overseas power plants in operation or under construction in 22 countries with various type of fuels such as coal, gas/LNG, oil and hydro. With this substantial portfolio, Marubeni has grown to become one of Japan's largest power producers with approximately 36GW of gross capacity and 10 GW of equity net capacity in overseas markets and with 538 MW of gross capacity and 472 MW of equity net capacity in Japan. Currently, out of the 36 GW of gross capacity in overseas markets, approximately 35% of assets are located in Asia, 35% in the Middle-East & Africa and the balance in other regions such as the Americas and Europe. Marubeni has a keen interest in extending its experience to the Sub Saharan African power sector through the Project.

Marubeni's business strategy in IPP (I(W)PP) sector is to continue to build upon its global reputation as a world leading developer of power projects or leading partner in projects through its substantial participation in greenfield, brownfield and assets acquisition for IPP, IWPP, transmission and distribution. For execution of its business strategy, Marubeni has 5 overseas IPP & IWPP project development offices in Dubai, Johannesburg, London, Singapore and New York.

Korea Electric Power Corporation ("KEPCO")

KEPCO was founded with the objective of facilitating the development of electric power supply in Korea, to meet the country's power supply and demand needs, and contribute towards the national economy in accordance with the Korea Electric Power Corporation Act. KEPCO is classified as a market-oriented public corporation and is listed on both the Korea Exchange (1989, KRX) and NYSE (1994, NYSE).

KEPCO's areas of business include the development of electric power resources, electric power generation, transmission, transformation, and distribution, as well as related marketing, research, technological development, overseas business, investment and corporate social responsibility. KEPCO operates, through its 100% owned subsidiaries, a total capacity of 72GW in domestic market including nuclear, coal, and combined cycle power plants.

On the back of its world-class capabilities and extensive experience, KEPCO is working to expand its presence in overseas markets, including South Africa and the region. KEPCO is currently implementing 11 power generation projects with a total capacity of 14,777MW in several countries including, the Philippines, China, Mexico and the Middle East.

Blue Falcon 253 Trading Proprietary Limited ("Blue Falcon")

Blue Falcon is 100% owned by the Unemployment Insurance Fund ("**UIF**"), a fund established in terms of the Unemployment Insurance Act 63 of 2001 for the purpose of employers and employees to contribute to the fund

and from which employees who become unemployed or their beneficiaries, as the case may be, are entitled to benefits and in so doing to alleviate the harmful economic and social effects of unemployment. The UIF has existing committed investable capital amounting to approximately R2.3 billion as at 30 September 2015 which is managed by the Public Investment Corporation ("**PIC**").

PIC is one of the largest investment managers on the African continent. Its clients are public sector entities, most of which are pension, provident, social security, development and guardian funds. PIC's role is to invest funds on behalf of these clients, based on investment mandates set by each client and approved by the Financial Services Board (FSB), with which it is a registered financial services provider. PIC is wholly owned by the South African government, with the Minister of Finance as shareholder representative. PIC was established as a corporation on 1 April 2005 in accordance with the Public Investment Corporation Act, 2004. Corporatisation has enabled it to structure its investment activities and operations in a manner comparable to private sector investment managers.

Jenzoprox Proprietary Limited ("Jenzoprox")

Jenzoprox is a subsidiary of Royal Bafokeng Holdings ("**RBH**"). RBH is a community-based investment company whose growth uplifts and creates intergenerational wealth for the Royal Bafokeng Nation, a 100,000 strong Setswana-speaking community in South Africa's North West Province.

Some 100,000 members of the Setswana speaking Royal Bafokeng Nation, as well as a further 50,000 non-Bafokeng members, live in the Rustenburg valley. The valley contains one of the largest deposits of platinum-group metals in the world and, as a result of an innovative approach to development, the revenue from this mineral resource has been wisely invested for the benefit of the community. In 2004, the Supreme Council of the Royal Bafokeng Nation led by Kgosi Leruo Molotlegi, resolved that the Royal Bafokeng Nation Development Trust (the "**Trust**") be registered in order to achieve Vision 2020 objectives. The Trust would then be responsible for the management and development of the commercial assets of the Royal Bafokeng Nation.

The beneficiaries of the Trust are the Royal Bafokeng Nation and any voluntary association whose members are Bafokeng or any company controlled by the Trust. Hence, the affairs of the Trust are operated in line with the customs, traditions and values of the Royal Bafokeng Nation. In this regard, decision-making processes have been largely aligned with those of the existing Royal Bafokeng Nation structures such as the Royal Bafokeng Nation Supreme Council, which remains responsible for the identification, prioritisation and delivery of social needs to the community.

Business Venture Investments No 1879 Proprietary Limited ("Business Venture Investments")

Business Venture Investments, an affiliate of Tirisano Partners ("**Tirisano**"), is a young power company that carries out functions on behalf of clients or in a principal capacity in respect of energy equity investments, energy project development and infrastructure transaction advisory.

Tirisano works in partnership with larger entities on sizeable projects in order to gain know-how and then leads smaller projects in execution. Tirisano's long term goal is to self-develop, own and operate energy projects throughout Africa. The company's management and shareholders have experience in operating in the different areas of the energy value chain.

Tirisano's founders and members all have substantial energy and infrastructure experience prior to starting the company. Prior to its inception and since its inception, the company and its members have been involved in providing various energy advisory and capital raising solutions.

Mandlalex Proprietary Limited ("Mandlalex")

Mandlalex is a subsidiary of KDI Holdings (Pty) Ltd ("**KDI**"). KDI was established in 2012 as a 100% Black Economic Empowered entity. Serving at the helm is Kuseni Dlamini, founder of the KDI group of companies. Whilst Kuseni's career has its roots embedded in the mining industry, he has served at the helm of several leading major multinational companies; including the head of Anglo American South Africa, Richards Bay

Coal Terminal and Old Mutual South Africa and Emerging Markets. His career also extends to serving on multiple boards, of which he is currently a Non-Executive Chairman of Massmart/Walmart and Non-Executive Director and Chairman Designate of Aspen Pharmaceuticals. His exposure has contributed to building an extensive network across industries around the globe, and up to the highest level of decision makers of business and government.

KDI has a vision of building strategic partnerships and participating in meaningful ventures, with a focus on acquiring and operating assets in Southern Africa and the rest of Africa. The group aims to build a portfolio of key assets that contributes to the return objectives of KDI whilst managing risk by taking a diversified portfolio view. KDI is a strong proponent of active empowerment participation and will therefore endeavour to leverage its knowledge and networks to create significant value for its investee companies and the relevant stakeholders involved.

Operation and Maintenance

The O&M Contractor will be a special purpose company owned and fully supported by Marubeni through Axia, Jenzoprox and Business Venture Investments. Marubeni and KEPCO currently own approximately 10GW and 5 GW of net power capacity under operation respectively. The O&M Contractor satisfies the 20% Ownership by Black People as required under the RFP. Individually the O&M consortium members are able to provide a diverse and comprehensive knowledge of power plant operation, maintenance and engineering practices and activities that will be involved in fulfilling the duties of the O&M Contractor.

The O&M Contractor will be developing project specific standards and procedures for the operations, maintenance and administration / management of the Thabametsi Power Plant. The O&M Contractor has the benefit of access to Marubeni's and KEPCO's support and their established standards and procedures successfully applied on projects around the world. This is an effective way of transferring knowledge and quality assurance/good industry practice into the South African market and in order to achieve the technical and performance targets/objectives.

Limestone Supply

Limestone will be supplied under a long-term agreement with Afrimat. The applicant will enter into a 10-year Limestone Supply Agreement based on the Limestone Supply Term Sheet for supply of 100% of the applicant's limestone requirements during that period, with options to renew for rolling 5 yearly periods up to 30 years in total. The Thabametsi Power Plant will initially utilise approximately 430,000 tonnes per annum of Limestone depending upon plant heat rate, dispatch and sulphur content of the fuel. The applicant will also have flexibility to source Limestone from alternative suppliers if required.

The Limestone will be transported by truck from the Marble Hall limestone quarry and a stockpile will be located at the Project Site equating to the requirements for 45 days at maximum generation level. It is anticipated that a rail option might become available in the Waterberg area in the future.

Afrimat is a leading JSE listed, black empowered, open pit mining company providing industrial minerals and construction materials ranging from mining and aggregates, metallurgical dolomites, agricultural lime, concrete products (bricks, blocks and pavers) to ready-mix. The company achieved revenues of ZAR1.9bn and has a total asset base of ZAR1.5bn.

Water Supply

The Project Site is in the Waterberg Region which is a water scarce area. Water to the area is currently supplied by the MCWAP 1 scheme which is almost at full capacity. The MCWAP 2 scheme is currently under development and expected to supply additional capacity to the area by 2020, although progress is delayed. Exxaro, the current land owner, obtained a water use license that was issued in June 2011 and allows for the withdrawal of 7,600,000 m^3 per year of raw water from the Mokolo Dam. Exxaro has agreed to surrender an allocation from its existing water use licence to the applicant and to assign its portion of its MCWAP 1 water allocation to the applicant. This assignment will involve the amendment of Exxaro's existing Water Use License and a cession of Exxaro's rights under the MCWAP 1 Agreement. To effect this amendment, Exxaro has followed the process set out in the National Water Act 36 of 1998. A letter has been issued by Exxaro confirming that 720,000 m^3 per annum of its water allocation is to be surrendered to the applicant and the proportional rights under the MCWAP 1 Agreement ceded to the applicant.

The applicant has completed a pre-application process in respect of its integrated water use licence application in terms of the Department of Water and Sanitation's guidance note which includes an application for the permanent transfer of existing lawful water use rights in terms of section 25 (2) of the National Water Act 36 of 1998 .

SECTION L DECLARATION

On behalf of the applicant, I hereby declare that:

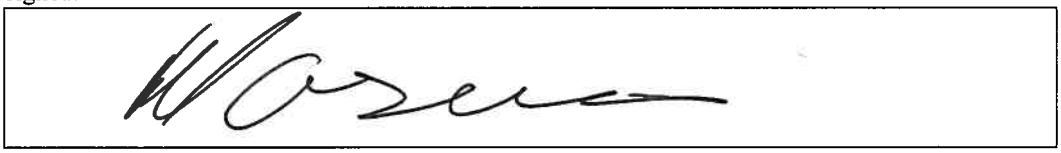
(a) the applicant shall at all times comply in every respect with the conditions attached to any licence that may be granted to the applicant;

(b) the applicant shall at all times comply with lawful directions of the National Energy Regulator of South Africa;

(c) the information provided by me on behalf of the applicant is accurate and complete in all respects; and

(d) I am authorised to make this declaration on behalf of the applicant.

Signed:



Full name(s) of Signator(y/ies):

Toshihiro Maruo	

Position held (if the applicant is a company, co-operative, partnership, unincorporated association or any other body corporate):

Director	

Date:

25 October 2016