

**TMGO**

TULU MOYE GEOTHERMAL

NEWSLETTER

FEBRUARY 2019

EEP WORKSHOP

TMGO and Corbetti Geothermal sponsored two days of Workshops with EEP as the main attendees. The 2 days were designed to bring the new management teams and personnel at EEP up to speed on the new geothermal projects and investments, including the details of the signed transactions and contracts. These include the Power Purchase Agreements between each Project Company and EEP and the Implementation Agreements between each Project Company, EEP and Government of Ethiopia. Given the recent reorganizations within EEP senior management levels. It was considered that holding the workshops was the quickest method of familiarizing the new EEP management personnel with the investments and the conditions precedent that remain to be satisfied to allow the investments in the projects to proceed at pace.

The Workshops were very well attended with representatives from Ethiopian Energy Authority, Ministry of Energy, Ministry of Finance, Power Africa, EEP & GoE transaction legal advisors [Clifford Chance] and the Tulu Moye & Corbetti Team on Day 1. On Day 2 we were also joined by World Bank, USAID, JICA, KFW, DFID, USAID and other international agencies who gave informative presentations on their support for EEP's geothermal development electricity generations plans and how these support Ethiopia's industrialization aspirations and growth and transformation plans.



OWNER ENGINEERS MEETINGS



TMGO's appointed Owners Engineers to manage all design, engineering, procurement and site supervision activities for the civils & water infrastructure works, geothermal drilling campaign and steam gathering system attended 2 days of meetings in Addis. The meetings were to review the project delivery schedule in detail to ensure that TMGO as Owner and Mannvit-Verkis as Owners Engineers were aligned in delivery the project and investment according to committed timescales and were clear on the project priorities and ability to perform. The two days went well with all parties

clear on priorities and the need to perform all critical path activities.

A mini-workshop and brainstorming session was also held with environmental & social, civil engineering, hydrology, geophysics, geology and TMGO experts in the room to discuss the options available to source water for the project and investment. To undertake geothermal exploration drilling, where the wells can go to a depth of more than 2,500m below the earth's surface, large amounts of water are required [up to 50 litres per second] to support this. Eight options were reviewed with each being scored on the criteria of (1) Environmental and / or Social Benefits, (2) Likelihood of Success, (3) Likely quantity and quality of water they would provide, (4) Time to undertake and (5) Cost to undertake. After evaluating the results for each of the eight options, the selected option, being a location to drill new water wells to the east of Iteya, some 20-25km from our drilling site, was selected.

TMGO Board Approvals for the extra cost and all environmental & social activities are now well underway to support this best strategy.

CIVIL WORKS CONTRACT SIGNING

Mikada and TMGO have signed a contract on the 14th of February and consequently Mikada has started mobilisation on the 15th of February. They are currently doing survey activities in coordination with our Owner's Engineers; M-V, and their local partner MGM Engineering. In addition, our head of E&S is working with them parallelly in order to push the land compensation activities.



POWER PLANT ENGINEERING, PROCUREMENT & CONSTRUCTION PROCUREMENT PLAN



"The resulting contract from the procurement is expected to be in the order of US\$65M and bring in international expertise needed to deliver such a complex project"

Power Engineers Inc, one of the largest Engineering Consultancy Firms in the USA, appointed as Owners Engineers for TMGO for the Phase 150MW Power Plant, have been formulating the procurement strategy to appoint a Contractor. An initial draft for review has been formulated and provided in order to start the process and solicit interest from international companies who have the required expertise and capacity to deliver the project.

The resulting contract from the procurement is expected to be in the order of US\$65M and bring in international expertise needed to deliver such a complex project. This procurement plan is of extra importance to TMGO and the projects investors in order to meet an ambitious project delivery schedule for the first 50MW of power to be provided to EEP and to allow future Phases of the project [a further 100MW, then another 100MW and a final 270MW] to come on line as early as possible.



WATER SUPPLY FOR GEOTHERMAL DRILLING

TMGO is conducting a detailed hydro-geophysical survey after having done a preliminary Hydrogeological investigation/reconnaissance trip to TMGO project site. They have identified six potential sites with promising yield and potable water. TMGO technical team is now in the field in order to carry out hydrogeological evaluation and geophysical investigations in the selected sites in order to determine potential for groundwater and appropriateness of drilling wells at the sites and exact drilling location for test well. TMGO's Owner's Engineers have started the process of initialization of test well drilling process with our civil contractor, Mikada.



Rock Samples Being Collected for Further Testing

ENVIROMENTAL & SOCIAL WORKSHOP: CREATING CONDUCTIVE ENVIRONMENT FOR ENERGY INVESTMENT



Tulu Moye Geothermal Operations PLC and President Office of Oromia Regional State have jointly organized a one-day workshop entitled "Creating Conducive Environment for Energy Investment" on 31st of January 2019 at Rift Valley Hotel, in Adama, Ethiopia.

ducive environment for energy investment in the region as stated in the title of the workshop.

In addition, the renewable energy potentials of Ethiopia in general and Oromia in particular were explored. Geothermal as a major renewable energy source was also discussed in much detail with reference to the TMGO project.



Also, existing legal frameworks around geothermal energy development in Ethiopia were presented. The current status of TMGO project was briefed and its benefits to the local community were discussed in greater scope with the active participation of all stakeholders represented in the workshop. In general, the workshop covered diverse issues related to energy access, sustainability and governance with particular emphasis on geothermal energy.

The one-day workshop was attended by authorities from federal government and the regional government of Oromia, local officials from Arsi Zone and targeted *Woredas* as well as community representatives from specific localities where TMGO project is currently active. These community representatives include elders, religious leaders and farmers. The workshop was designed to raise (a) awareness diverse stakeholders have around energy sector investment in the region, (b) establish clear and efficient line of communication between the community, investors and government and (c) create mechanisms through which project benefits are better coordinated. Particularly, the workshop aimed to promote con-



LENDER PLATFORM ADVANCED BY TMGO – TECHNICAL, LEGAL, ENVIRONMENTAL & SOCIAL PROCUREMENT RUN

Three separate request for Proposals processes have been run by TMGO to select international independent and expert advisors to have a duty of care to our prospective lender group. This potential lender group includes such international development finance institutions such as African Development Bank, European Investment Bank, OPIC (American), Proparco (France), DEG (Germany) & FMO (Netherlands).

The first and most progressed procurement is for Legal Advisors which is ready for issuing of contract following receipt of proposals, evaluation and recommendation for award. The second, for Technical Advisors and involved international consultancies and specialists in geothermal development has resulted in Proposals being received and evaluation is well underway to select the best value and most qualified company.

The third, but not least, procurement related to Environmental & Social matter and Proposals have just been received this last week. All appointments will be made during March 2019. Further procurements for Insurance Advisors and Financial Model Due Diligence will be run in the future according to the project time schedule.



DRILLING TENDERS: TMGO GEOTHERMAL DRILLING PROCURMENT REACHES KEY MILESTONE ACHIEVEMENT

After a two-stage procurement process managed by Mannvit-Verkis [MV] on behalf of TMGO, which involved firstly pre-qualification by international drilling contractors and then a tendering stage, bids have been received and opened. The results are still commercially confidential while all technical and commercial evaluations are undertaken by MV. Negotiations with the best value and highest placed Contractor will take place in Addis Ababa during March. Bidders are being evaluated according to Environmental & Social, Health & Safety, Security, Community Development, Technical Expertise and Pricing criteria.



TMGO SUBMITTED 2018 FINANCIAL



In February 2019, TMGO successfully submitted Annual Audit Report for the

year 2018. TMGO's external Auditors checked and referred to all cheque & petty cash payments issued by TMGO in the year. The auditors also cross-checked that all are correctly filed, coded & booked in 'Peachtree' Accounting system. In addition, the auditors also refereed TMGO bank reconciliations in relation to the bank statements and financial statement for the year 2018 based on the files prepared by TMGO. As a result, the auditors submitted audit report based on IFRS and accordingly provided feedbacks.

TMGO AWAYDAY TRAINING



TMGO held its second Awayday training on February 1st and 2nd 2019 at Marriot Hotel in Addis Ababa, Ethiopia. The event was held as part of TMGO's staff team building and development agenda to enable Staff to gain the necessary tools and skills to enhance effective communication and efficiency of the TMGO team.

The overall feedbacks gained from the sessions has been very fruitful and promising. TMGO Staff were pleased with the sessions and the training came to an end with enhancing of acquired knowledge and understanding. Also, the team have become more engaged and motivated after taking part of this event.



TMGO EMPLOYEE SPOTLIGHT: MEET MAHLET TAMIRU

Ms. Mahlet Tamiru holds a bachelor's degree in Sociology from Woldia University, Ethiopia. She has experiences in volunteer works where she served 8 months as a coordinator of the charity club in Hawas Preparatory School in Adama, Ethiopia. Also, she has participated in various programs working to promote cultural entrepreneurship among high school students in Goro High School in Adama, Ethiopia.



In addition, Mahlet has gained training on Gender Based Violence and on carrying out counseling in Enhancing Child Focused Activities (ECFA), in the year of 2017. In her leisure time Mahlet likes listening to Motivational Speech Videos and doing research. Mahlet is currently working as an Environmental & Social Intern at TMGO since January 2019.

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