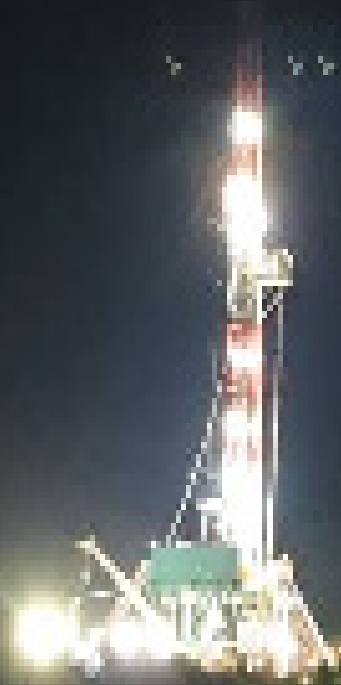


NEWSLETTER

June 2020



- **SHAREHOLDER LOAN REGISTRATION BY THE NATIONAL BANK OF ETHIOPIA**
- **TMGO BOARD HOLDS QUARTERLY MEETING**
- **BOARD APPROVES ACCOUNTS AND AUDIT REPORT OF 2019**
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- **ETHIOPIAN ENERGY AUTHORITY (EEA) TO ISSUE LONG TERM LICENSE FOR TULU MOYE PROJECT 8**
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Chief Executive Officer
Darrell Boyd

Hi Everyone

A very warm welcome to all our customer and stakeholder organizations to another addition of our Monthly Newsletter. June has been a month of further progress, albeit with lots of challenges which we continue to work through. I am pleased to report that everyone remains safe and focused on continued project progress and investment in Ethiopia. We have not been too distracted by Liverpool FC winning the Premier League in case any of you were worried about that.

I am super pleased that KenGen have safely remobilized to site and restarted geothermal drilling activities. An enormous effort and exemplar of collaboration both here in Ethiopia and in Kenya to make this happen safely and responsibly. All 65 drilling experts and crew, plus around 20 camp support staff are all safe and well at Wellpad GA and Camp, diligently following all COVID-19 prevention protocols to keep everyone associated with the project safe and well. A big thanks to KenGen's CEO Rebecca Miano and Senior Management Team including Abel, David, John & Paul for their herculean efforts.

MESSAGE FROM THE CEO, DARRELL BOYD

During June we moved closer to Effectiveness of our Project Documents thanks to good engagement with EEP, MoWIE, MOFEC & EEA. All Council of Ministers and House of People's Representatives approvals are now in place and we thank our customer organizations for helping achieve these significant milestones. We also completed our pretty extensive initial due diligence process with our Lender Group of AfDB, FMO, DFC, EIB, EAIF, DEG & Proparco. A big thanks to all the lenders and advisors for all their challenging questioning, positive feedback, and strong interest to invest in Ethiopia. The worldwide COVID-19 pandemic continues to present challenges to safe project progress. We believe we've implemented all the right measures and protocols to reduce the risks and it's good to see that Ethiopia as a nation, through its government institutions such as Ministry of Health and Public Health Institute, have done an excellent job containing its spread to date. We are proud to have played a further part in supporting their efforts through AMCHAM and foreign investor led fund raising initiatives. Both were particularly pleasing to me as they demonstrated private sector led support to the government of Ethiopia and especially the latter as it contributed to a really practical and impactful scheme to donate 1,000 iPad tablets for use by Ethiopia Public Health Institute in their contact and case tracking efforts. A special thanks to Zoscales for leading and coordinating the group of foreign investment firms on that.

All the very best to all
Darrell

You will Never Walk Alone 😊



SITE UPDATE

WATER SUPPLY SYSTEM AND WATER WELL STATUS

Two wells have been handed over by the ground water drilling contractor together with water quality laboratory results for Well 3, that shows parameters well within the WHO allowable range. Submersible pump installation in those wells is underway. The two wells' connection to the water pipeline system is completed. An additional well is being drilled (reached a depth of 300m). The 16 km pipeline connection and pressure testing is complete. The electromechanical system was put in place to run water from the water collection point at the tank located in Iteya to the project site. Water will start running from that location next month.



Wellhead at well 3 constructed



Well 4 drilling underway

PAD GB

Pad GB works are almost completed: Sub-base coarse fully laid, base coarse almost completed, cellar construction will start very soon. Studies are being conducted to expand the Pad size to add additional cellar for additional well drilling.



FLOOD MITIGATION EFFORTS FROM TMGO

MGO commissioned consultants to do flood hazard assessment study at its project site. This study consisted of conducting Geotechnical and hydrological investigation along the TMGO upgraded road from Iteya to Tulu Moye and to recommend appropriate and cost effective counter measures to protect flooding of fertile farm lands in the vicinity of the project and the roadway. The consultants presented their findings during this month (June 2020) to the responsible body from the local authorities followed by a site visit which resulted in submission of revised draft report. Recommendations from the report are being examined and rapid counter measures are under implementation.

Pictured Next page...



TMGO CARES

It is to be recalled that TMGO hired a public health expert to help in the prevention of its staff, contractors and local community from COVID-19. The followings are some of the activities done by our Public health expert Behailu Tamirat at the project site during the month of June 2020.



Preparation of isolation and treatment room for suspected cases



COVID-19 rapid testing for support staff at the site



Bedroom and office disinfection



Orientation for support staff on how to prevent COVID-19



Behailu Tamirat, Public Health Expert

SHAREHOLDER LOAN REGISTRATION BY THE NATIONAL BANK OF ETHIOPIA

IT IS TO BE RECALLED THAT THE NATIONAL BANK OF ETHIOPIA HAS ISSUED APPROVAL OF A SHAREHOLDER LOAN AMOUNTING \$9.6 M TO TMGO. ACCORDINGLY, WE WOULD LIKE TO ANNOUNCE THAT THE TOTAL \$9.6M SHAREHOLDER LOAN HAS BEEN RECEIVED FROM OUR MAJOR SPONSOR MERIDIAM THROUGH TM SAS AND THIS HAS BEEN REGISTERED AT THE NATIONAL BANK OF ETHIOPIA. WE WOULD LIKE TO EXPRESS OUR APPRECIATION TO OUR SPONSOR AND THE MOTIVATED NATIONAL BANK TEAM FOR THEIR CONTRIBUTION TO MAKE THIS POSSIBLE.

TMGO BOARD HOLDS QUARTERLY MEETING

TMGO held its second quarterly Board Meeting of the year on June 19th, 2020. Due to the current COVID-19 pandemic outbreak and travel restrictions, TMGO Board directors and team were not able to conduct a face-to-face meeting. Hence, the Board met via VTC and held its regular Board meeting. The meeting mainly emphasised on discussions on Effectiveness, Geothermal Drilling, EPC Procurement, and water supply. The Board continues to show its dedicated support to the TMGO project and looks forward to its forthcoming assembly in mid-September 2020.

BOARD APPROVES ACCOUNTS AND AUDIT REPORT OF 2019

TMGO 2019 accounts were presented to the board and approved on the board meeting held on the 19th of June 2020. A detailed review session was also organized between our auditor Geta Mehari, financial advisors BDO, the TMGO management and finance team and our volunteering Board Director Allan Munyua. As per the independent auditors' qualified opinion -

the financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) adopted in Ethiopia and other applicable laws and regulations, they present fairly and in all material respect the financial position of the company as at Dec 31, 2019.

VIRTUAL ENVIRONMENTAL AND SOCIAL DUE DILIGENCE COMPLETED

As a result of COVID-19 and the subsequent lockdown, it has become increasingly difficult for lenders to complete due diligence. Even if Lenders believe that a personal visit is necessary, they also have a strong intention to find ways to keep making investment decisions. A crucial part of every investment process, due diligence (DD) is always conducted by visiting the business in the home country. While on site, Lenders and their advisors meet with all relevant stakeholders in person. This results in long days filled with local site visits and face-to-face discussions.

TMGO looks for practical solutions and adapt to the prevailing situation, even if it means going an extra mile to make sure lenders virtual experience to be closest to the personal visits. TMGO insured each virtual meeting and visit quality through exploring technology options and rigorous preparation.

Lenders Advisor, Arup, and local partner (MMA) took part in the virtual and physical site visit and met with local administrators and heads of sectoral offices through MS teams. Arup also met with the Environment and Climate Change Directorate of

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the Ministry of Water, Irrigation and Energy, and the Geothermal licensing Directorate of Ethiopian Energy Authority.

The local partner, MMA, had a meeting with community representatives from three project Kebeles named as Shakes Sherera, Annole and Tero Moye. The local partner also had a one-to-one meeting with people who are impacted by the project.

Virtual data rooms have been created for lenders so that their advisors can access all documents simultaneously and focus on the areas that are more relevant to the transaction. The different advisers can also review and work on the documents in the same location.

The Environmental and Social due diligence process completed after a month log document review and meetings and interviews with TMGO, contractors staffs

and various stakeholders including members of the local community. The advisor, Arup, concluded that the project developed to lender's expectations for the stage the project is in and they found some 'minor compliance' gaps that have to be corrected.



TMGO COMPLETES SERIES OF VIRTUAL DUE DILIGENCE SESSIONS

TMGO has successfully completed a 6-weeks long series of Virtual Due Diligence Sessions (VDDS) providing a deep dive into all key project areas to its lenders group. Topics covered during the VDDS included: TMGO's management of environmental and social aspects; its Drilling, EPC and O&M strategies; the project's contractual arrangement and relevant legal frameworks; etc. The team has enjoyed a very positive feedback from all VDDS attendees and remain grateful for the support

expressed by each financing institution mandated on the project.

TMGO has now started detailed discussions with the two coordinating lenders (AFDB and FMO) on key structuring aspects of the financing with the objective of signing a financing term-sheet in October/November 2020.



ETHIOPIAN ENERGY AUTHORITY (EEA) TO ISSUE LONG TERM LICENSE FOR TULU MOYE PROJECT

Ethiopian Energy Authority is accountable to the Ministry of Water and Energy. It is authorized to fully undertake the regulatory activities of energy sector Issuing and administering Electric and geothermal resource development operation licenses, Promote reliable and

equitable electricity services by issuing operation licenses, determining tariff, setting performance standards & improve energy efficiency & conservation by conducting baseline study on energy supply & consumption, setting efficiency standards, issuing operation

license & by engaging in popularization activities.

TMGO is required to submit Annual Project Report as well as Work Program for each year / phase to the Ethiopian Energy Authority. These reports are prepared according to EEA's report template and requirements consisting of project activities, technical, procure-

ment, environmental, resource requirements and expenditure. The reports are reviewed by the team of Geothermal experts within EEA. TMGO's phase 1 Work Program is currently being updated as per EEA's comments and recommendations. Once the reports are approved, EEA will issue long term license for Tulu Moye project.



8th African Rift Geothermal Conference (ARGeo-C8)



8TH AFRICAN RIFT GEOTHERMAL CONFERENCE (ARGO-C8) TO BE HELD IN NAIROBI, KENYA

The Government of the Republic of Kenya will host the Eighth African Rift Geothermal Conference (ARGeo-C8) in partnership with UNEP, GAK, GDC, KenGen, AUC and IGA-ARB. The conference will be held at UNEP Headquarters, in Nairobi - Kenya from the 2nd of November to the 9th of November 2020. The Core Organizing Committee of the above conference deliberated on the membership of the Subcommittees earlier this month and we are please to announce the appointment of our very own Deputy Chief Technical Officer, Yitemgeta Fantu, as a member of the Fellowship and Resource Mobilization Subcommittee co-chaired by Dr. Meseret Zemedkun (Project Manager of ARGeo) and Eng. Abel Rotich (Geothermal Director of KenGen).



MEET OUR TEAM YITEMGETA FANTU: DEPUTY CHIEF TECHNICAL OFFICER

Yitemgeta Fantu has several years of experience in the energy sector. Graduating with his master's degree in Energy Engineering, he has been exposed to the areas of production and the optimal distribution and rational use of conventional and renewable energy in buildings, civil engineering, transportation, manufacturing, and transformation industries.

In his most recent roles, Yitem is part of a premium team put together by Crown Agents USA (through a USTDA Grant) to help EEP achieve value for money in publicly funded energy projects which aims to increase electricity access in Ethiopia and across sub-Saharan Africa. Currently, Mr. Fantu is assigned under the position of Deputy Chief Technical Officer with the key role of guiding and supporting the Technical Team and site project under the supervision of the Chief Technical Officer (CTO).



MERIDIAM WORLDWIDE ASSET MANAGEMENT AWAY DAYS

This time last year, TMGO ran a booth/kiosk to present the project to members from other assets of one of our sponsors Meridiam during their yearly Asset Management Days. This year, the AM days were conducted virtually during the week of 15th of June, for 5 days; Darrell Boyd and Yitemgeta Fantu from TMGO attended the events. The AM days focused in updating the AM team on update on the implementation of the innovative



Premium Asset Management Model that showed impressive resilience during the current crisis of Covid-19. A dedicated session was held to present the new organization put in place to serve the Meridiam Premium Asset Management composed of: the Meridiam Hub (ensures a deep knowledge of the assets to allow proper steering of the portfolio and quality reporting to the investors), the AM Lab (continuous improvement process through development of tailor made new tools and best practices) and the Project Leaders (have ownership of the asset and develops strategic road maps). An impressive SDG performance tool was also presented created to ensure the alignment of Meridiam vision to impact oriented goals and to enforce the value creation during the AM phase. The tool consists of an online data collection mechanism followed by an analysis summarized in a tailor-made roadmap report to enhance SDG performance.



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