

The Geothermal Energy Investment Vehicle (“GeoTermico”)



September 2017

PRIVATE & CONFIDENTIAL

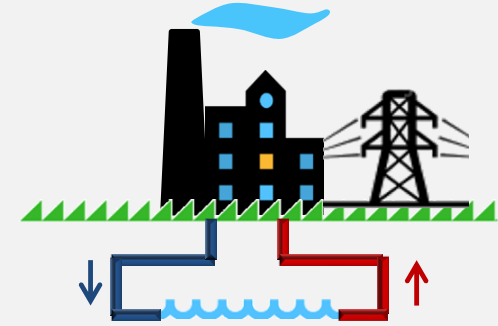
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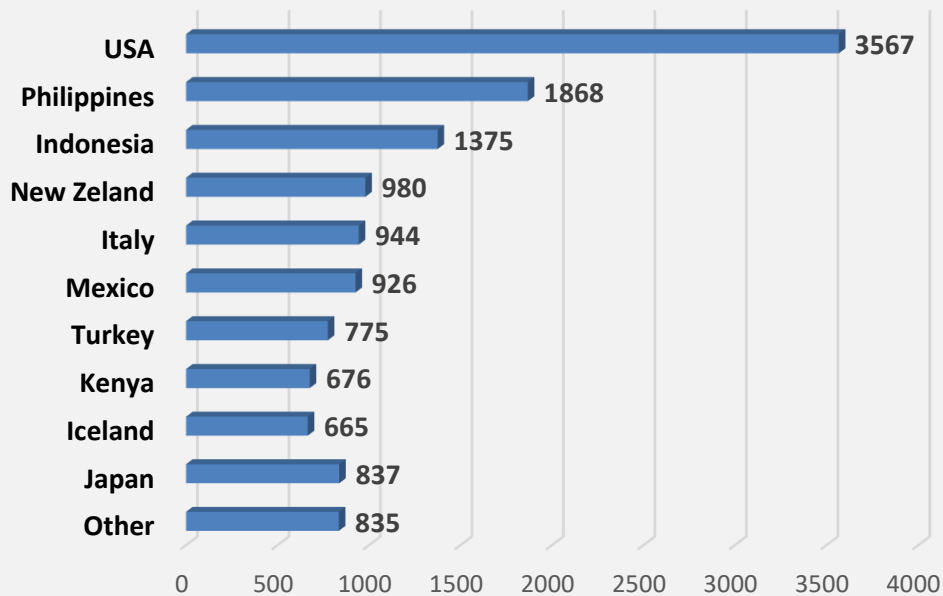


Geothermal energy: introduction

Geothermal electricity generation is a **mature baseload technology** that utilises steam or hot water from geothermally active areas to provide very competitive electricity where high-quality resources exist



Top 10 Geothermal Countries -Installed capacity (Nov 2016)



Today over **13 thousand MW** of electricity is produced with geothermal energy spread across **24 countries**

The global geothermal industry is expected to reach about **18.4 GW by 2021**. Overall, if all countries follow through on their geothermal power development goals and targets the global market could reach **32 GW by the early 2030s**



It is estimated that the world's potential is above 200.000 Mwe

Geothermal, offers some of the lowest cost of electricity of any source with costs as low as **USD 0.04/kWh** at the most competitive projects and an availability rate of over **98%**

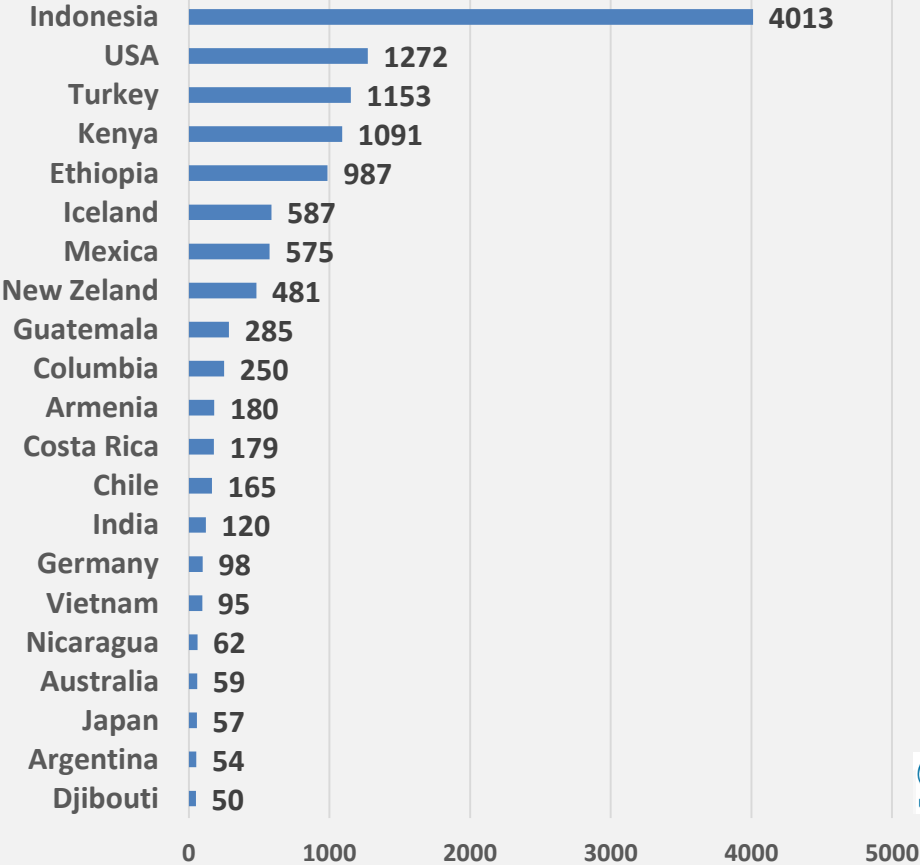


Geothermal Opportunity



Currently there are numerous projects in development in key geothermal countries with excellent resource potential. Most of these projects have shown encouraging exploration results but still lack identifying and proving the resource

Capacity under development of country or territory in Megawatts



GeoTermico has been set-up **precisely** to provide this funding for these projects based on the advice and guidance from our **highly respected** and **experienced** team of **experts** in the field of geothermal development

GeoTermico will be a major **first mover** into this energy space. The Investment Vehicle intends to achieve this objective by taking a stake in **high-quality assets** and generate **high premiums** upon confirmation of the megawatt potential of the project



Investment Objective & Strategy

Enter into projects at exploration stage

Set-up a funding strategy for the whole project cycle

Exit when resource is confirmed

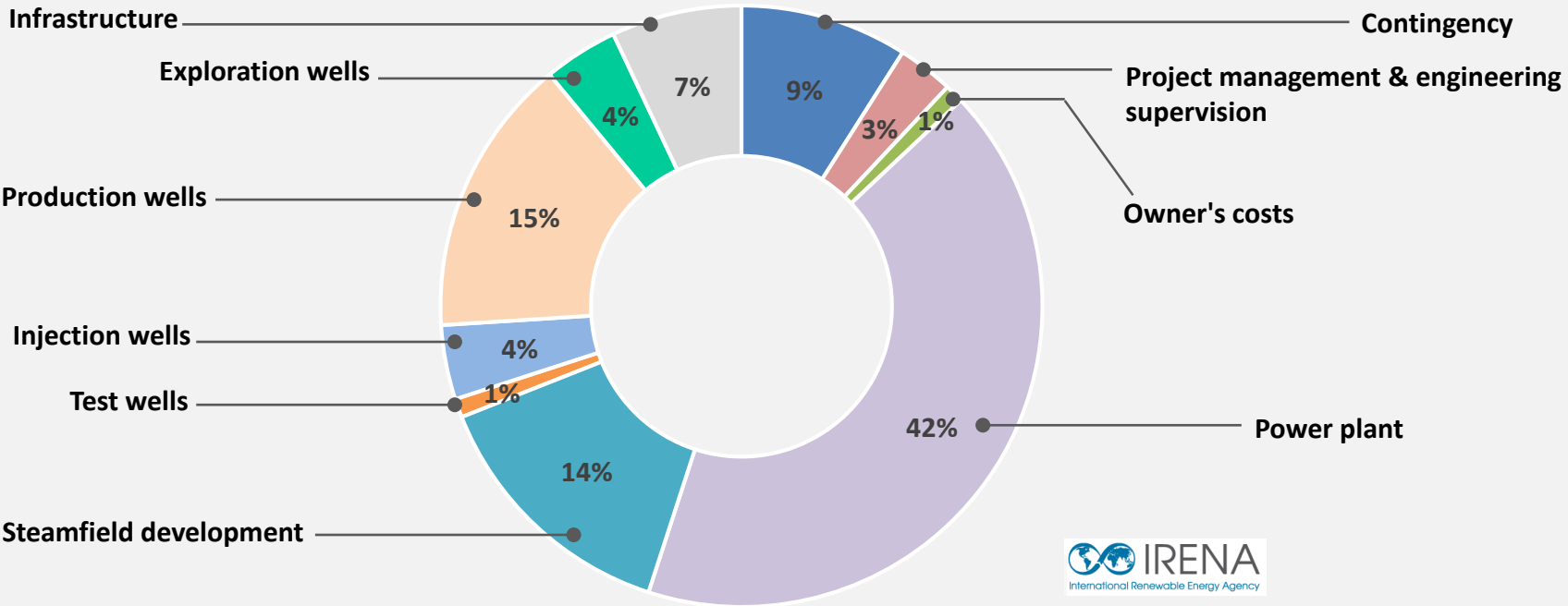
- GeoTermico will invest between US\$ 100-150 Million over 5 – 10 projects across the cycle of the Investment Vehicle at a rate of 2-3 projects per annum
- GeoTermico will enter projects based on phased approach, meaning that the Investment Vehicle can abandon a project at any time during development
- The aim is to finance high level research, exploration and drilling work needed to verify the energy potential of the projects for full utilization
- At the same time as taking over a project, the Investment Vehicle will aim to have a pre-selected buyer of the project (partly or in total) if certain levels of energy are proven with expected returns of $\geq 2-3X$
- The Investment Vehicle will cooperate with companies and organisations such as:



Cost breakdown for development

- To prove a geothermal resource a thorough exploration program has to be conducted; and based on that exploration, production drilling can be performed
- The cost of exploration can run from \$250.000 – 500.000. Production drilling can cost from \$2.5 – 7m per well depending on the location and type of well drilled. Exploration and drilling account for c. 20% of total cost

Average total installed cost breakdown for geothermal plants



Summary

Criteria	Strategy	Rationale
Geography	Turkey, East Africa, South America and South East Asia Country Limit : TBD	<ul style="list-style-type: none"> ▪ Huge energy demand ▪ Huge supply chasm ▪ Many Markets have great renewable resource ▪ Regulatory and fiscal incentives in some countries ▪ Risk mitigation instruments availability
Energy Technology	Geothermal	<ul style="list-style-type: none"> ▪ Mature technologies that have been proven ▪ Project financeable with 70-80% leverage as a option ▪ Risk mitigation instruments available ▪ Vendor Finance available with Export Credit Agency support
Investment Vehicle Size*	US\$ 100-150 Million	<ul style="list-style-type: none"> ▪ Commitment of at least US\$10-15m required in 2017 to catalyse the Investment Vehicle ▪ Close round one of around US\$50m by Q1 2018 as and another US\$50m as a second round by Q2 2018
Ticket Size	Ideally US\$10-30m	<ul style="list-style-type: none"> ▪ Across 5-10 projects across the cycle of the Investment Vehicle ▪ 2-3 projects on an annual basis
Stage	Development leading into construction	<ul style="list-style-type: none"> ▪ Injection of early to mid stake development capital ▪ Numerous opportunities in early to mid stage project developments
Hold Period (per project)	Structure exit after 3-5years	<ul style="list-style-type: none"> ▪ Linked to proving the resource as quickly and efficiently possible ▪ Identifying potential buyers up-front
Returns	≥ 2-3X	<ul style="list-style-type: none"> ▪ Linked to the risk profile of project and country

*the actual structure is open to discussion and can converted into a Fund to accommodate the needs of potential investors



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