

AEIE SERIES 2 TSHOPO HYDROELECTRIC COMPANY LLC



PROJECT COMPANY

AEIE Series 2 Tshopo Hydroelectric Facility LLC (the “Project”) (the “Project Country”) Democratic Republic of Congo

Project Company Name:

AEIE Series 2 Tshopo Hydroelectric Facility LLC

Project Company Address:

2711 Centerville, Suite 400, Wilmington, Delaware 19808

Office Phone Number(s):

310-551-9301 (Joel Bernstein – Trustee)

Skype: **MRDLINK**

E-mail(s): **MD@iConnectCapitalMarkets.com**

Specific Project Location (if different from above):

Kisangani in the Orientale province of the Democratic Republic of Congo

AUTHORIZED REPRESENTATIVE

(Individual signing the application; i.e. shareholder in or executive of Project Company, financial advisor, legal counsel, etc.)

Name and Title of Representative:

Mark Richard Dagal

Relationship to the Project Company:

Investment Banker

Address:

6175 Hickory Flat Highway, Suite 110-354, Canton, Georgia 30115

Office Phone Number(s):

310-551-9301 (Joel Bernstein, Trustee)

Cell/Mobile Phone Number(s):

404-402-6761

Skype: **MRDLINK**

E-mails(s): **MD@iConnectCapitalMarkets.com**

OWNERSHIP

Ring Fenced Special Purpose Vehicle

SHAREHOLDER NAME	COUNTRY OF CITIZENSHIP OR INCORPORATION	PERCENT OWNED
1) iConnect Capital Markets LLC	California, USA	50%
2) AEIE Hong Kong Limited	Hong Kong, China	50%
(See attachments of all shareholders & Passports)		100%

SPONSORS

- > The office of the President for the Democratic Republic of the Congo
- > Societe National d' Electricite (SNEL), The Government of Democratic Republic of Congo's electric company
- > Ministry of Energy – Democratic Republic of the Congo
- > Ministry of Finance – 10 year tax holiday, no VAT and expedited customs clearance
- > Ministry of Defense – Physical facility security (throughout the entire process)
- > Ministry of Labor – Expedited work permits and visas

PROJECT SUMMARY

PURPOSE

The adaptive reuse and rehabilitation of a hydropower facility that was originally commissioned in 1954. It has been in operation for the last 58 years, albeit not at its full capacity due to lack of capital. The team that has been assembled is among the world finest in their fields. The purpose of our submission is simple: to rehabilitate, expand, upgrade, and maximize the power output.

- > Install 19.5 MW of best in class all new turbines
- > Rehabilitating the 220 kv main transmission line throughout the area with upwards of 150 miles of updates and enhancements
- > Rehabilitation of a series of transformer stations
- > Building a state of the art centralized monitoring facility
- > Construction of onsite employee and security house
- > Lease of heavy equipment
- > Reinforcing, rehabilitating of the entire structure, replacing steel, & sand blasting

CONCESSION TERM

Twenty-five years from the commencement of construction. Thereafter the facility reverts to the government electric company (SNEL).

SOCIAL AND ENVIRONMENTAL

Because the facility has been in operation for the last 58 years, no added or new environmental or social impact studies are required.

LICENSES AND OPERATING PERMITS

The facility has all the correct licenses, permits to generate, transport, export and sell power. This is at the regional, national and interregional levels.

ELECTRICITY TARIFFS

Upon completion the government set rate will be at \$0.14 per KVA plus a \$.03 KVA surcharge for the life of this project

- > Currently the only alternative is to use diesel generators at a rate in excess of \$0.42 per KVA (Providing diesel is available)
- > SNEL also has the ability to raise the KVA pricing to adjust for inflation as maybe required for the benefit of the hydropower facility operations

CUSTOMS AND DUTY

The government has agreed to exempt the company from corporate taxes, customs and duties for the first ten years.

PROJECTED ANNUAL GROSS INCOME

\$25,038,167.00 USD

PROJECTED ANNUAL GROSS EXPENSES, INCLUDING 7% SIMPLE INTEREST PAYMENT

\$9,608,000.00 USD

PROJECTED ANNUAL GROSS PROFIT (TEN YEAR TAX HOLIDAY)

\$15,430,167.00 USD

PROJECT COSTS (ESTIMATED PROJECT COSTS)

\$118,400,000.00 (SNAP SHOT)

Loan Term – 22 years + 2 years grace period		
	US \$	%
Feasibility study & professional fees	13,000,000	
Existing turbines repairs (for the interim)	1,850,000	
Gates & cranes rehabilitation	3,500,000	
New turbines, valves and electro-mechanical	28,000,000	
Switchyard and regional transmission lines	6,500,000	
Construction & civil engineering	5,000,000	
De-silting and dam rehabilitation	4,150,000	
Logistics	2,500,000	
Penstocks and tailgates	1,500,000	
Transmission lines	42,000,000	
Closing Costs including Consulting Fees Earned	5,400,000	
Cost Overruns 5%	5,400,000	
Total Project Costs	\$ 118,400,000	100%

GROSS PROJECT FUNDING REQUESTED**\$118,400,000.00**

	US \$	%
Debt	8,288,000	
Loan 22 years, interest fixed at 7%		
Annual Expenses:		
All in annual expenses including service contracts	1,320,000	
Total Project Funding	\$	100%

COLLATERAL, CREDIT ENHANCEMENTS, LEGAL, AND ACCOUNTING**UNCONDITIONAL GUARANTIES**

(Single Power Purchase agreement or in a basket of Power Purchase agreements)

- > Freeport – McMoRon (NYSE- FCX) S&P (BBB Stable) Fitch (BBB Stable)
www.fcx.com
- > Heinekin (Bralima Brewery) S&P (BBB+ Stable) Moody's (AZ Stable)
<http://bralima.net>
- > Randgold Resources (NASDAQ- RRUS or GOLD) S&P (BB) Citi: Neutral
www.randgoldresources.com

DEFAULT GUARANTIES

- > SNEL
(While they are not currently credit rated, they will pledge additional investment grade credit rated PPAs as may be required. In addition they will have any and all PPA's resigned to conform to lenders criteria and documents without exception.)

POLITICAL RISK INSURANCE

- > Marsh
- > MIGA
- > OPIC (other)

GOVERNING LAW AND JURISDICTION

Delaware law; arbitration in London, United Kingdom

CURRENCY

US Dollars

HEDGING POLICY

Appropriate hedging strategy as maybe required

DEBT SERVICE RATIO

1.25 X 1

AUDIT AND ACCOUNTING

KPMG and or Deloitte

LEGAL

To be determined

MANAGEMENT EXPERIENCE AND TRACK RECORD

Tshopo Engineering Procurement and Construction Consortium

(Profiles attached)

PRINCIPAL AGENT AND LEAD ENGINEERING COMPANY

Jefferas & Green (www.igi.co.za)

- > 90 year old South African engineering and environmental consulting firm
- > 300 direct employees of: engineers, scientists, and environmental specialist

EQUIPMENT SUPPLIER

Andritz Hydro (www.andritz.com)

- > Founded in 1856
- > Leading supplier of plants, equipment and services for hydropower stations
- > 23,700 direct employees world wide
- > Currently operates more than 250 production sites worldwide
- > Will supply service contract on all equipment manufactured for the life of the term
- > Will supply on going management, training and oversight for the life of the term

ENVIRONMENTAL SPECIALIST

Golder & Associates (www.golder.com)

- > 50 year old firm that operates 180 offices worldwide with over 8000 direct employees
- > Specializing in: sustainable development, design and construction and environmental

SPECIALIST STRUCTURAL ENGINEERING

ARQ Engineering (www.arq.co.za)

- > Internationally recognized as a leading hydropower in the world
- > Acted as experts in their field for the World Bank and other major clients
- > Has built several of the largest hydropower facilities in the world

FACILITY MANAGEMENT

Societe National d'Electricite

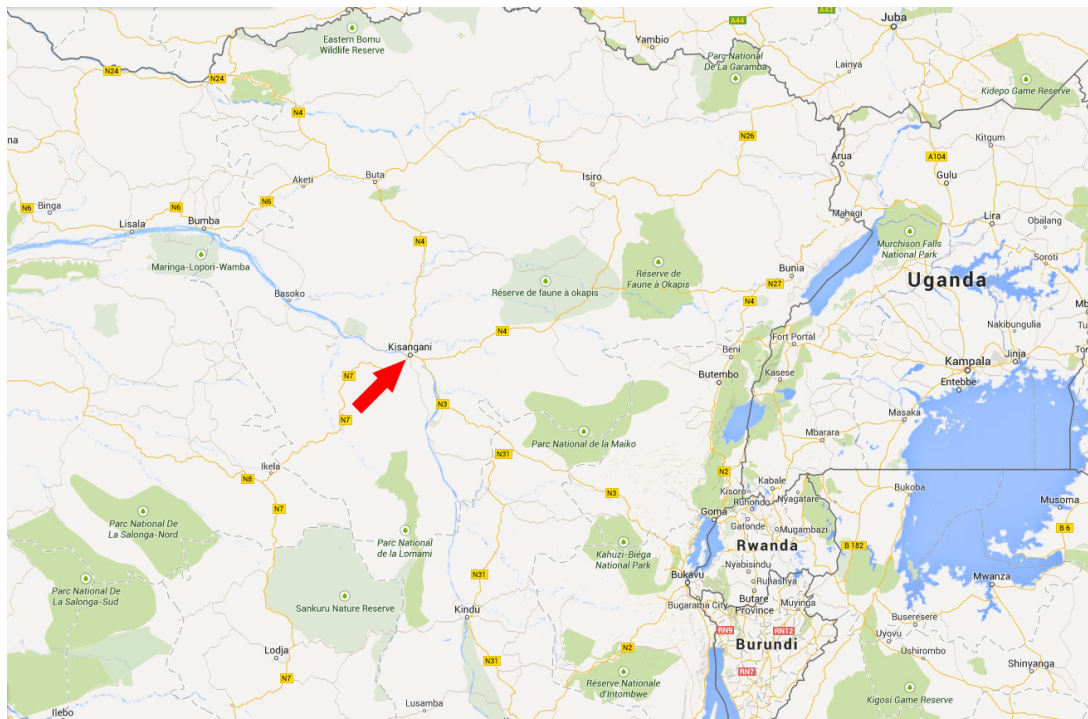
(Co facility managers with oversight and training from Andritz management team)

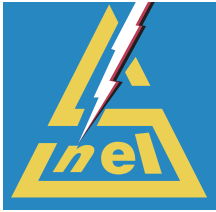
- > Government's only electric and power company
- > Maintains all grids, power lines, service work, and all implementations

LOGISTIC AND SMALL SCALE IN COUNTRY CONSTRUCTION EXPERTS

StewCo Construction Services

- > Will coordinate all in country labor, housing, logistics, supplies and manage all governmental relationships
- > Will provide oversight on all logistics in country with the various customs brokers





**Société
Nationale
d'Electricité s.a.r.l**

14 AOUT 2014

N/Ref.: DG/2014/ 4810- - - -

Mark R. Dagele
CEO
ConnectCapitalMarkets
2049 Century Park East 38th Floor
Los Angeles, CA 90067-3218

Letter as follows

After having spent the last few days with you on the funding of several of SNEL's hydro electric facilities, and as Chief Executive Officer and Deputy Chief Executive of SNEL we are looking forward to working with you and your company.

Further, SNEL hereby is in agreement, subject to final review of the terms and conditions of financing our joint venture. We are providing this letter of assurance that SNEL fully intends to assign the power purchase agreements as will be needed to the lenders in order to obtain long term funding.

Further, SNEL hereby is in agreement that the power purchase that you have provided will be the operative instrument that will be signed by the power purchaser and SNEL. These agreements will be fully assigned as will be required, subject to the final review of the term funding of the intended hydro electric facilities.

Further SNEL hereby provides full and total support for the endeavors of our joint venture along with providing you with the absolute assurance that all of the intended projects have full faith and support of our government.

With all our best regards,

Celestine Hortense MUKALAY KIONDE


Deputy Chief Executive

Eric MBALA MUSANDA


Chief Executive Officer