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RE: Request for site selection matrix for a proposed solar energy facility

Dear Mr Holder,

Our earlier correspondence refers whereby it was requested that Atlantic Renewable Energy Partners (Pty) Ltd (“AEP”), on behalf of ABO Wind Hotazel PV (Pty) Ltd, provide a site selection matrix for the development of a PV solar energy facility (“SEF”) in the Hotazel region designated to be Hotazel Solar. The most preferable location we have identified for Hotazel Solar is the Remaining Extent (Portion 0) of the farm York A 279, situated in the District of Hotazel in the Northern Cape Province, hereinafter referred to as the Site. This is based on our extensive investigation of prospective sites in the Hotazel area, backed by the following findings:

1. Solar resource

The proposed site was selected for the development of a solar PV facility based on the predicted solar resource, as the economic viability of a solar facility is directly dependent on the intensity of the solar resource/ global horizontal irradiation (GHI). The overarching objective for the solar energy facility is to maximise electricity production through exposure to the solar resource, while minimising infrastructure, operational and maintenance costs, as well as social and environmental impacts. The Northern Cape receives the highest average daily GHI in South Africa, with the Hotazel area exhibiting approximately 2233 kWh/m²/annum. Figure 1 indicates the location of the proposed site on a solar resource map of South Africa.

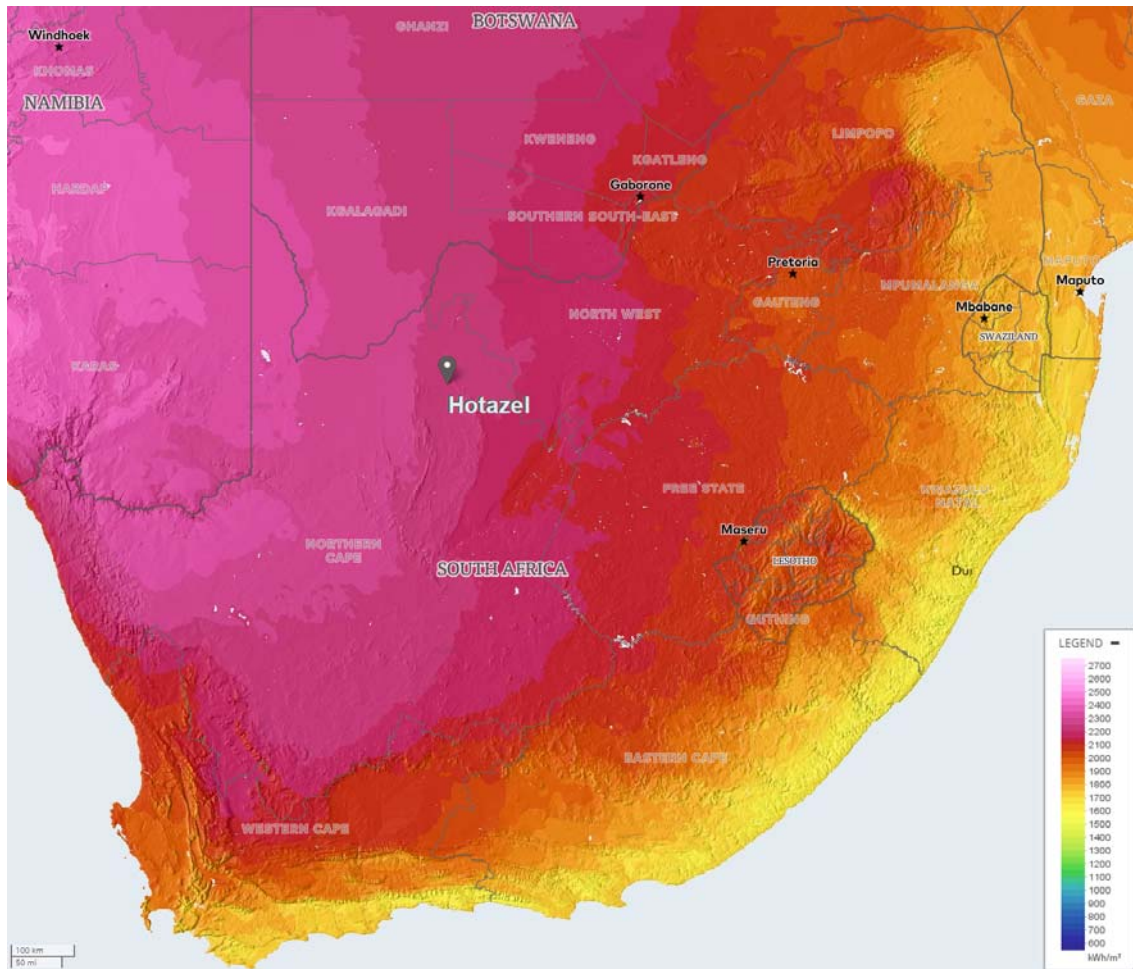


Figure 1: GHI map of South Africa (Global Solar Atlas, <http://globalsolaratlas.info/>)

2. Proximity to towns with a need for socio-economic upliftment

The Site is situated in close proximity to the town of Hotazel and relatively close proximity to the towns of Deben, Kathu, and Kuruman. These towns are typically masked with high rates of unemployment, as is the case in the Northern Cape. The closest cities in the area are Kimberley and Upington, which both also experience the same level of unemployment and poverty. Consequently, local labour would be easy to source, which fits in well with the Renewable Energy Independent Power Producer Procurement Programme (“REIPPPP”) economic development criteria for socio-economic upliftment. Currently, a large proportion of local labour is used in the mining and agricultural industry. A few negatives related to agricultural employment are that it is very seasonal and it is not always in close proximity to their homes, forcing workers to travel large distances on a daily basis to reach their place of employment. Over the years, employment in the mining sector has shown to be very volatile.

3. Access to grid

Ease of access to the Eskom electricity grid is vital to the viability of a SEF. The Developer corresponded with Eskom network planners to understand their future demand centres as well as strategic plans to upgrade and strengthen any local networks. Hotazel Solar is intended to connect to the Hotazel Substation, which is less than 3 km from the site. The 66kV network between Hotazel, Kuruman and Kathu is planned to be upgraded to 132kV to meet the increasing demand from mining activity in the area. Some of these upgrades are already in progress, most noteworthy being the Hotazel-Eldoret 132kV line build currently under construction. In addition, Eskom intends to construct a 400kV transmission line from the Mookodi MTS in Vryburg through to Hotazel. Notwithstanding the fact that the SEF will contribute to meeting the electrical demand on the distribution network, close proximity to the planned 400kV infrastructure means that in due course, surplus power can be evacuated into Eskom's Transmission System and conveyed at very high voltage for consumption elsewhere in the country.

4. Land availability

The majority of land surrounding the Hotazel town is mining land reserved for related mining activities. The Remaining Extent (Portion 0) of the farm York A 279, is one of the few available privately-owned land parcels suitable for solar PV development.

5. Declining farming activity in the area

For a number of reasons, agricultural land around Hotazel generally has very low agricultural potential, owing particularly to the following factors:

- The depletion of underground water resources due to mining activity;
- Periodic droughts directly impact the ability to farm sustainably; and
- Stock theft is a persistent problem in the area and therefore the area sees low agricultural production as cattle and sheep farming and other forms of small livestock farming proves to be challenging.

6. Wind and dust consideration

Several mines in the area are located to the north-west, south-west and south of the Site. Venturing closer to these mining areas (downwind) will expose the SEF to increased dust levels thus reducing the efficiency of the solar PV modules and hence power generation of the SEF. The wind direction distribution for the Site appears to be predominantly from the north-east which it is hoped will blow most of the dust from the mines away from the Site. The manganese mine located directly north of the site is no longer in use and is under rehabilitation with reduced dust emission.

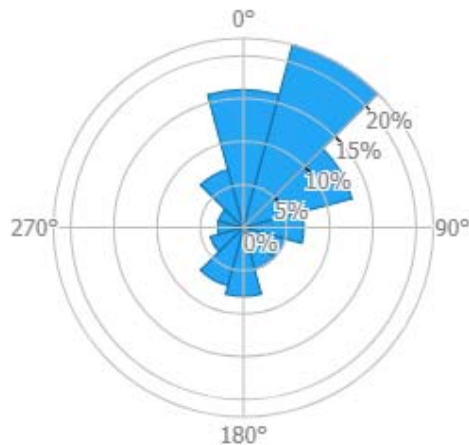


Figure 2: Wind Frequency Rose for Hotazel (<https://globalwindatlas.info/>)

7. Proximity to access road for transportation of material and components

Large volumes of material and components will need to be transported to the Site during the construction phase of the project. The accessibility of the Site was therefore a key factor in determining the viability of Hotazel Solar, particularly taking transportation costs (direct & indirect) into consideration and the impact of this on project economics and therefore the ability to submit a competitive bid under the Department of Energy's ("DoE") Renewable Energy Independent Power Producer Procurement Programme ("REIPPPP").

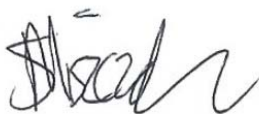
8. Proximity to airport/s

The Sishen / Kathu airport is located more than 45km south of the Site, and therefore will not be affected in any way by the proposed SEF.

Based on the above list of findings it was decided that the proposed site would be suitable for such a development. With consideration to the farm extents, it is believed that the site could accommodate the maximum 100 MW contracted capacity permitted under the DoE's RFP, and furthermore, that all this power would be able to be absorbed into the national grid under stipulated contingency conditions.

Please do not hesitate to contact me if any other information is needed regarding this request.

Yours sincerely,



Sonia Mischczak
Project Developer, Atlantic Renewable Energy Partners