

# *Menchum Power Project*

Presentation by  
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This presentation is organized into 5 parts

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1. Project Sponsors
2. Feasibility Phase
3. Project Cost Structure
4. Contractual Structure
5. How you can Help

# Menchum Power Project

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## Part 1: Project Sponsors and key partners

# Project Sponsors and key Partners

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- Promoted and sponsored by: Agreenergy Ltd and Stake Capital as founding shareholders
- Project company is the “Menchum Power Project Ltd” (MPP), an SPV.
- Technical Partners will include: Possibly Canyon Hydro in the USA but other Chinese, Indian and Austrian providers are being evaluated
- Financing Partners will include : the DFI Community, Commercial Banks and Private equity firms and local Credit Unions.

# Implementation Progress

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- Signing of the MOU between the Government of Cameroon (GOC) & Agreenergy Ltd on September 7<sup>th</sup> 2009.
- Incorporation of Menchum Power Project Ltd (MPP) and assignment of the MOU to MPP;
- Project team now in place; MPP in discussions to retain key Consultants and Equipment suppliers
- Right of way (ROW) determined and ROW application to be submitted to GOC in next 2 weeks;
- Feasibility studies commenced mid September 2009;
- Anticipate phase financial close no latter than August of 2010;
- Construction scheduled to commence September 2010.

# Aerial view of Project Site

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January 24, 2010

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# Value added by Project

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- Help to increase the country's installed capacity by 90 - 120MW;
- Project will create employment and generate wealth for the local community and
- Create positive externalities for the country through tax revenue and other benefits;
- Implement good corporate social responsibility programs e.g rehabilitate the local health clinic for the local population, increase the water supply for the local population and implement capacity building programs.
- Build and maintain a new and tarred diversion road within the project ROW;
- Encourage growth of Small and Medium size enterprises (SMEs) through SME loans.

# Feasibility Phase

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## Part 2 : ROW determination and Project feasibility Studies





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# Project Overview

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## Project Description:

Construction of a 90MW Hydropower plant over the River Menchum. Plant to comprise:

- Dam or impoundment structure;
- A water intake structure;
- Stilling basin;
- Tailrace or power channel leading to forebay;
- Penstock;
- Power house and the Tailrace channel;
- Transformer / switchgear units;
- Access road to site and
- Transmission line to inter-connection to national grid lines.

# Status of Feasibility Studies

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- Right of Way (ROW) determination complete;
- Site capacity determination complete;
- Design Data Collection is on-going;
- ESIA & ESMP studies are on-going;
- Design of temporary works on-going;
- Detailed design of main works awaiting detailed feasibility studies data;
- Project draft financial model being finalized;
- Legal & Regulatory; Local counsel identified who will head legal and regulatory negotiations;
- Advance Procurement Actions in progress.

# Project Scoping Arrangement: Phase I

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Phase I; Run of the river facility with the following components:

- Secure project Right of way (ROW);
- Complete compensation for affected persons;
- Build access road to powerhouse site;
- Divert main road at vicinity of site compound;
- Build retaining wall to reclaim land for powerhouse;
- Carry stream traversed by road via penstock to powerhouse location;
- Build weir and embankment, install gates and intake structures;
- Build hydro-mechanical conduits, powerhouse and drainage;
- Build saddle/anchor blocks and powerhouse; install all penstocks and couple to turbines;
- Build Transmission line and substation at point of sale and commission plant.

# Project Scoping Arrangement (Cont) : Phase II

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## Phase II:

- Build dam and sufficient spillways;
- Install further gates and control devices;
- Install one further trash rack;

# Environmental Impact Assessment (ESIA)

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- Environmental impact assessment on-going
- Project classed as category 1 on both the Equator & DFI environmental guidelines;
- Identified impacts will be mitigated with Environmental and social monitoring plan being (ESMP) being prepared in parallel;
- Assessment of downstream impacts;
- Implement an integrated management of the watershed
- Project to Comply with national and international monitoring frameworks e.g the Equator Principles;

# ESIA Mitigation Measures (ESMP)

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- Road Show to gain public acceptance & broad community support;
- An inventory of current land use;
- Draw up a comprehensive E&S management plan (ESMP) leading to:-
- Resettlement and Compensation action plan (RECAP) for affected persons
- Restoration / improvement of disturbed environment e.g sacred sites etc
- Implement a monitoring program for the affected persons.

# In summary the feasibility studies will yield the following deliverables:

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- Complete feasibility studies report by April 2010;
- Complete the ESIA and ESMP reports by April 2010;
- Complete the project info memo and Business Plan May 2010;
- Complete Technical Drawings by June 2010;
- Legal framework/structure for the project by August 2010;
- Conclude PPA negotiations by March 2010;
- Complete procurement arrangements by May 2010;
- Complete draft project financial model by March 2010;
- Secure no objection from project stakeholders;
- Secure relevant permits and licenses from the GOC;
- Complete recruitment of project management team and
- Tender documentation leading to retention of key contractors.



<b>Works Components</b>	<b>Time frame</b>						
	<b>Mar-10</b>	<b>Jun-10</b>	<b>Dec-10</b>	<b>Jun-11</b>	<b>Dec-11</b>	<b>Jun-12</b>	<b>Dec-12</b>
<b>Feasibility studies</b>							
<b>Financial close Phase I</b>							
<b>Compensate affected persons</b>							
<b>Construction of phase I works</b>							
<b>Road diversion works</b>							
<b>Powerhouse foundation</b>							
<b>Installation of first turbine,</b>							
<b>Financial close for phase II</b>							
<b>Hydro-merchemical works</b>							
<b>Install Turbines switchgear</b>							
<b>Build T-line</b>							
<b>Commision plant</b>							
<b>Build dam accross river</b>							

# Fundraising Phase

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## Part 3 : Fundraising and Project cost structure

# Fundraising Phase

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- **Overview of Term Sheet**

- 12 – 15 years tenor/ EUR denominated senior and subordinated loans
- Competitive terms/Capitalized interest/3yr grace on principal repayments,
- Repayment to mirror project cash flows;
- Cash sweep to enhance deal credit risk
- Security: Project Company Assets and key documentation and insurances typical of project finance
- Capital structure for transaction is shown below:

Entry	Uses of Funds		Value (mil EURO)	% of Total
		Component Description		
1		Capex (hydro and electro-mechanical and civil structures)	171.0	73%
2		Development Costs	18.0	8%
3		Financing Costs	44.8	19%
<b>Sources of Funds</b>				
4		Equity	31.6	14%
5		Revenue During Construction	7.2	3%
6		Sub-Debt	51.4	22%
7		Senior Debt	143.5	61%
	<b>Total Sources of Funds</b>		<b>233.7</b>	

# Key Financial Highlights

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**Financial model currently under construction; first draft will be released in March 2010; Preliminary results (subject to change) show the following performance:**

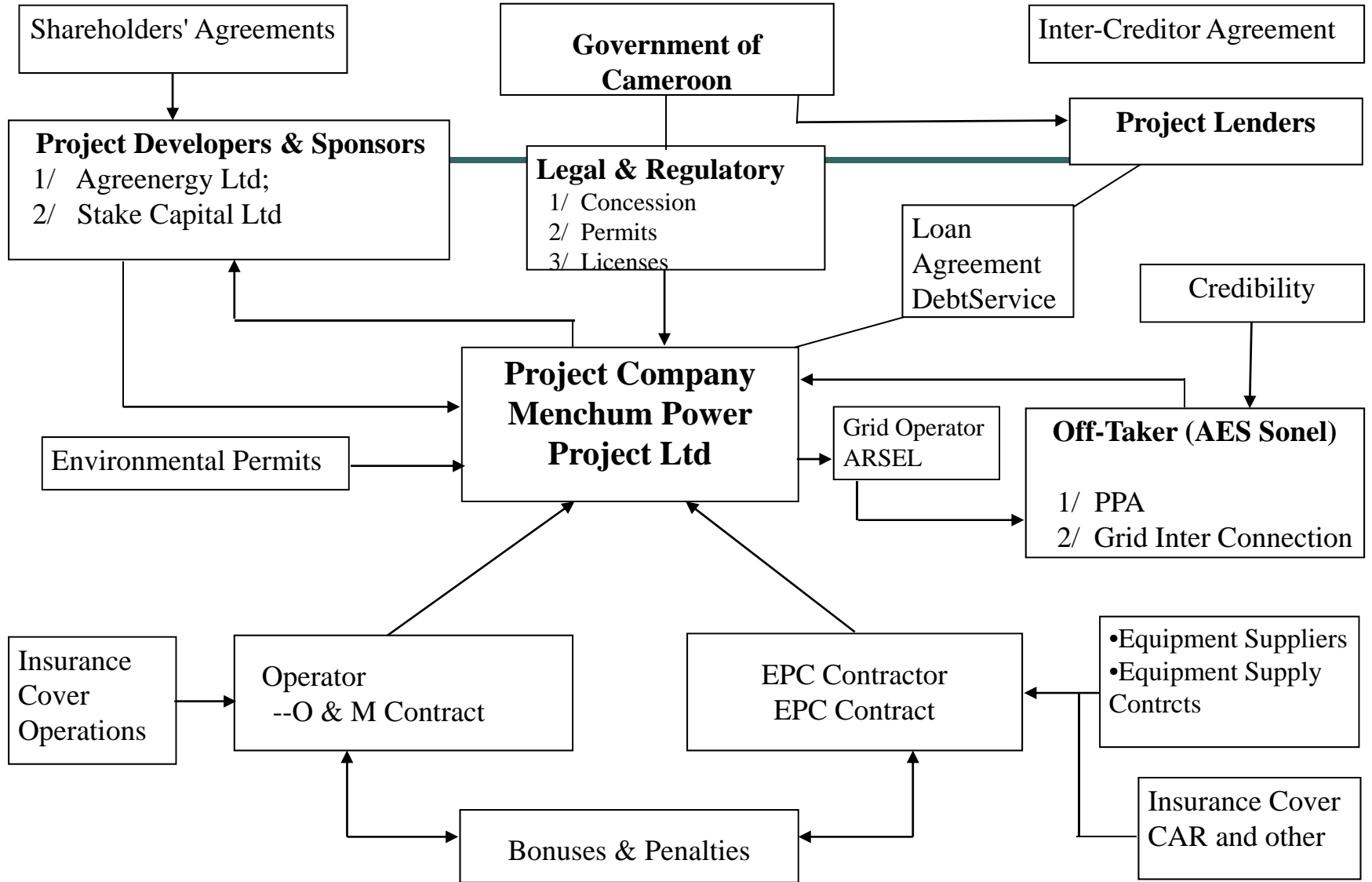
<b>Performance metric</b>	<b>Indicative Value</b>
Project NPV	442.65
Project IRR	18%
Equity IRR	30%
Int Cover Ratio (ICR)	6.23
Min DSCR	3.46

# Contractual Structure

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## Part 4: Contractual Structure and key stakeholders

# Project Contractual Structure



# How you Can Help

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Invest in the project via:

- Senior Debt;
- Sub-debt;
- Equity and
- In the case of the State, grant us timely approvals for the concession and licenses required to go live before June 2013
- In the case of the general public, we ask for your support.



Thank you for your  

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attention

**Any Questions?**