



**SOUTH AFRICA MAINSTREAM RENEWABLE POWER DEVELOPMENTS (Pty) Ltd
(Mainstream)
4th Floor Mariendahl House,
Newlands on Main,
Cnr Main & Campground Roads,
Claremont,
Cape Town, 7708**

For attention: Mr Hein Reyneke
E-mail: Hein.Reyneke@mainstream.com

SASOL-AIR LIQUIDE-RENEWABLE ENERGY IMPLEMENTATION PROGRAMME (SAL-REIP)

Date: 12 April 2022

Our Ref: RFQ NUMBER: SAL-REIP RFP2 20210428

Dear Mr Reyneke,

In September 2021, Sasol South Africa Limited (Sasol) and Air Liquide Large Industries South Africa (Air Liquide) jointly issued a Request for Proposal (RFP) for the design, finance, construction, operation, maintenance and ownership of the renewable energy facilities and their related connection infrastructure. The targeted procurement capacity is a total of 600MW (i.e. 1800 GWh pa), of which 400MW (1200 GWh pa) will be procured by Air Liquide and 200MW (600 GWh pa) will be procured by Sasol.

Following an internal evaluation process and subsequent bidder clarifications, we are pleased to inform you that the consortium consisting of Mainstream, African Rainbow Energy General Partners (RF) (Pty) Ltd and Thebe Investment Corporation (Pty) Ltd has been selected as **Preferred Bidder** in the Sasol - Air Liquide Renewable Energy Implementation Programme (SAL-REIP) for the exclusive and prioritized negotiation of Power Purchase Agreements (PPA's) for the following projects, totaling ~237.5 MW of installed capacity:

- Sutherland 2 Wind Project (140 MW); and
- Damlaagte Solar PV Project (97.5 MW).

Remaining a preferred bidder and progressing to binding contract is subject to:

- Agreement by Mainstream on the key terms and red lines of the PPA's as set forth in Appendix 1, with certain details and tariff impact still to be defined and with the understanding that these terms require approval by the lenders;
- Striving to fix or improve the tariff that was proposed on 25/03/2022, and introduce a mechanism to adjust for agreed changes in key input prices on an 'open book' basis
- Target signature of the PPA's before 30th June 2022;
- Final KYC due diligence; and
- The selected projects being exclusive to SAL-REIP while Mainstream retains Preferred Bidder status.

Notwithstanding the above, the preferred bidder status will expire on the 30th June 2022, unless extended by Sasol and Air Liquide and accepted by Mainstream.

The signature of the PPA will remain subject to the approval by Sasol and Air Liquide's internal governance bodies, including the respective boards and parent company boards.

May we congratulate Mainstream for being selected as preferred bidder and entering into exclusive negotiations with the aim of contracting long term power purchase agreements for renewable electricity with Sasol and Air Liquide.

As communicated, our target remains for the solar PV Project to reach Commercial Operations Date (COD) by June 2023, and the wind project by June 2024. We are looking forward to working with you to progress these projects expeditiously into the execution phase and will support as far as possible with engagements with Financiers, NERSA and Eskom.

Mainstream (and members of the consortium) are required to keep the selection as preferred bidder confidential as per the Declaration(s) of Compliance that were signed as part of the bid submission into SAL-REIP.

Please acknowledge the receipt of this letter, the understanding of the conditions set forth in this letter and the agreement of Mainstream with respect to the above by signing and returning this letter to Sasol and Air Liquide by the 22nd of April 2022 close of business.

Yours faithfully,

Piet van Staden
Sasol Procurement Lead: SAL-REIP
E-Mail address: piet.vanstaden@sasol.com

Roel Zant
Air Liquide Large Industries SAL-REIP Project Lead
E-mail address: roel.zant@airliquide.com

Signed by a duly authorised officer:
Signature:

Name of signatory:
Date:
Mainstream

Appendix 1

Clause	Description
Structure	Separate PPAs for Sasol and Air Liquide. Split the renewable energy production of each project between the two buyers (2/3 AL, 1/3 Sasol).
Term	20 Years starting from Scheduled COD.
Extension of term	Buyer has the option to request the extension of the term of the PPA for no less than 5 years and no more than 10 years at a tariff equivalent to the tariff payable in the last contract year.
Tariff	515.43 or 637.26 ZAR/MWh (100% or 50% CPI indexed, April 2022 basis) for Damlaagte 708.16 or 868.57 ZAR/MWh (100% or 50% CPI indexed, April 2022 basis) for Sutherland 2 Further capping or smoothing and indexation options to be explored.
Suspensive Conditions	Completed: a) Seller's performance bond, b) Seller's Authorizations (i.e NERSA), c) Seller grid connection, d) Seller's facility able to be registered under I-REC Standard, e) Seller's confirmation of no impediment to its registration under I-REC Standard and ability to claim REC, f) Sasol ESA amendment, g) Buyer's PCG and h) Seller financing.
Purchase Obligation	Take or Pay (as produced).
RECs	RECs to be delivered under the I-RECs Standard Foundation and transferred to the Buyer at no cost. RECs for the exclusive benefit of the Buyers (and their individual allocations).
Facility Performance	For wind, PPA refers to guaranteed facility availability of [x%] for each contract year. For solar, PPA refers to guaranteed performance ratio of [x%] for each contract year. Liquidated Damages (LDs) for underperformance based on prevailing tariff. Project is not banked on sales of excess energy, oversizing or future efficiency improvements
Commercial Operation Date	Delay in Commercial Operation Date (COD) entitles the Buyer to claim an amount of liquidated damages per day of delay (max amount: [10%] of EPC cost).
Network Event	Network event is a Force majeure event (neither party's fault)
Other Buyer's Default	In the event of a Sasol PPA event of default, AL can suspend the effectiveness of the termination of Sasol PPA in order to find solutions to resolve Sasol default. AL shall have the right to take over the Sasol PPA. Termination of Sasol PPA for Sasol event of default shall not result in AL event of default and termination of ALLISA PPA. (clause applies vice-versa). No cross-default or cross-payment or takeover obligations between the Buyers' PPAs
Buyer's Default Termination	Buyer to pay the termination payment as specified in the payment schedule of the PPA owing in the year of termination for Buyer's default. No reference to debt and equity in termination payment for Buyer Event of Default Termination payment shall be no larger than 3 years of IPP revenue No option to take-over of the facility for ALLISA upon termination of the PPA by the Seller for Buyer Event of Default.
Seller's Default Termination	No Buyer Termination Payment for Seller Event of Default Seller shall be liable for costs and any direct loss or damages incurred by the Buyer as a consequence of the termination of the PPA.
Force Majeure	Suspension of payments for REN not delivered.
Long Term Force Majeure	No payment and termination for long term FM. Relief is only an extension of the PPA term (extension cannot exceed 5 years). No Buyer Termination Payment to Seller in case of Force Majeure affecting the Seller
Sasol System Event	On the occurrence of a Sasol system event causing AL inability to consume REN, IPPs will still be paid (energy) under both PPAs.
Change in Law	Seller and Buyer to negotiate revised commercial terms. If revised commercial terms are rejected, PPA shall continue to apply and neither Party shall be released from its obligations under the PPA.
Change in Control	Buyer has approval rights over the change in control or change in share capital in the Seller No change in Mainstream's shareholding in the project company that will own and operate the renewable energy facilities for 5 years from COD Mainstream will remain the main operator* of the renewable energy facilities for at least 5 years after the commercial operation date of the facilities.

Assignment	Sasol can be assigned to take the ALLISA PPA if GSA is early terminated or not renewed without IPP or Lender approval
Credit Support	Sasol may provide credit support for ALLISA PPA. No financial or rating trigger in the PCG No financial or rating trigger for the Guarantor and Buyer

**Main operator means the entity in charge, on a day-to-day basis, for the operational and technical management of the facilities.*