

Lemur Concludes Concession Agreement with the Government of Madagascar for the Imaloto Power Project

Bushveld Minerals, the AIM-listed integrated vanadium producer with additional investments in coal, power and tin, is pleased to provide the following update in respect of Lemur Holdings Limited ("Lemur"), Bushveld's coal and energy subsidiary that is developing an integrated thermal coal mining and independent power project in Madagascar. Lemur has, through its Madagascan subsidiary Imaloto Power Project SARL ("Imaloto"), executed a binding 30-year Concession Agreement (the "Concession") with the Government of the Republic of Madagascar, represented by the Ministry of Energy and Hydrocarbons for the approval to develop, construct, operate and maintain the Imaloto Power Project in Madagascar ("the Project"). The Project, which has an initial capacity of 60 MW and over 250km (expandable as required) of transmission, will be located at the mine-mouth of Lemur Resources' coal deposit, which has a resource of approximately 136 million tonnes of coal. The addition of a power component unlocks the value of the coal asset, while at the same time securing reliable electricity supply backed by a government entity and approval. **Highlights:**

- The Concession Agreement is for a period of 30 years and is aligned with the Power Purchase Agreement ("PPA") Imaloto signed with Madagascar's state-owned utility, JIRAMA, in November 2017;
 - The Concession will be for an initial 60 MW capacity and includes the following key approvals;
 - the right to build/renovate, possess, operate and maintain the 60 MW coal-fired power plant in Imaloto, Toliara Province;
 - to build the Evacuation Line of up to 138kV for the transport of the electricity to the connection point(s);
 - enabling the power Plant of 60 MW, adjustable by an amendment between the parties, to satisfy JIRAMA's direct needs for its resale activities to the public and the large-electricity consumers in the south region during the specified period;
 - to enable any future collaboration with JIRAMA or other mandated agency on additional evacuation lines to large electricity consumers as agreed;
 - granting Imaloto the right of way and any land use authorisation for road constructions and related infrastructure from the Plant to connection points as required-
 - The Concession also contains provisions for lenders' standard terms and conditions to ensure the bankability of the project;
 - Overall, the Imaloto project will provide significant developmental benefits to southern Madagascar over its lifetime
 - The Project remains on track to deliver electricity to Madagascar by 2021
- Prince Nyati, CEO of Lemur Holdings, made the following statement: *"The signing of the Concession with the Government, paves the way for Lemur to move towards construction of the Project, subject to concluding the SEIA and achieving financial close. Once completed, this Project will, for the first time in the history of Madagascar, interconnect the south region from west to east, including the towns in-between".* Commenting on these developments, Fortune Mojapelo, CEO of Bushveld Minerals, said: *"Lemur is a pioneer in the coal energy space in Madagascar. Since the beginning of 2017, Lemur has made significant strides on the Imaloto Project as an integrated mine and power company. Lemur's achievements are reflective of Bushveld's core strategy of creating value through integration, this approach is clearly demonstrated in our flagship vanadium platform."*

"Notwithstanding Bushveld Minerals' focus on its flagship vanadium platform, the Company is committed to deliver on the value of the Imaloto Project by completing the milestones that were set out for this year. These include: progressing the Bankable Feasibility Study; completing the SEIA; as well as engaging with lenders." In addition, 2018 is an election year in Madagascar and we will be monitoring the political developments closely. Overall, I am pleased to see the significant progress made on the project and delighted with the ongoing positive cooperation with the Madagascan government. The Project remains on track to complete a Full Technical and Financial Feasibility Study for the Power Plant and Transmission Line at the end of June 2018 and conclude its Social Environmental Impact Assessment ("SEIA") application by the end of 2018. The integrated project will act as an enabler for sustained electricity production for the population that has traditionally relied on subsistence or diesel power-based solutions. According to PowerAfrica, Madagascar currently has only 504 MW of installed generation capacity catering to 24 million people. The Project is planned to grow this by nearly 12% in a region that currently has no power grid. Furthermore, the base load coal-fired power project would also look to attract industries to the area, especially since the project includes transmission lines reaching major parts of south-western Madagascar to connect the power

plant with multiple, currently off-grid, communities. The integrated nature of the project will facilitate significant financial benefits to the country overall, including the creation of thousands of jobs; planned direct investment of about USD \$200 million and over USD \$1 billion to the national fiscus revenue over the project's lifetime from royalties, taxes and other types of government revenue. The Concession comes on the back of a full coal mine exploitation license, which is only one of three currently held by developers in Madagascar. The Concession follows the signing of a 30-year binding power offtake with JIRAMA, the state utility, in November 2017. The Project will use 100% local coal as fuel to supply 24-hour energy to the load centres at Tulear and later to Fianarantsoa - ultimately covering a total distance of about 500km in the long term. Thus, making it the longest transmission line built in Madagascar by almost three times the current existing interconnecting transmission line. **Enquiries:** info@bushveldminerals.com