

PRESS RELEASE

KINGDOM OF LESOTHO FACES WORLDWIDE ENFORCEMENT ACTION FOLLOWING 50 MILLION EUROS DAMAGES AWARD

- *Independent South African arbitrator ruled Lesotho breached contract in 2018; awarded €50 million to Frazer Solar.*
 - *Government of Lesotho has neither engaged in legal process nor paid damages owing.*
 - *US action against assets owned by Lesotho forms part of a worldwide enforcement strategy.*

WASHINGTON D.C., 18 MAY 2021: Lawyers acting for Frazer Solar GmbH ('FSG'), a solar energy developer, have begun a worldwide enforcement action against assets held by the Kingdom of Lesotho. Enforcement follows a full and final arbitration ruling in South Africa against the Kingdom of Lesotho, which awarded €50 million in damages to FSG.

In 2019, FSG was forced to take legal action against the Government of Lesotho ('GoL') following a series of contractual breaches, and in 2020 was awarded substantial damages by an independent South African arbitrator. To date, GoL has neither engaged with the legal process nor provided FSG with any explanation of the contractual breaches.

Enforcement activity has now commenced in the United States District Court for the District of Columbia as part of a global enforcement strategy which will seize assets held by the Kingdom of Lesotho and obtain payment of the amounts due. Ms. Emma Lindsay of Withers Worldwide is representing FSG in the United States.

In 2018, following extensive dialogue with the Office of the Prime Minister of Lesotho, FSG signed a binding agreement with GoL to provide up to 40,000 solar water heating systems, 20MW of solar photovoltaic capacity, 1 million LED lights and 350,000 solar lanterns nationwide. The project was financed by the German government and would have formed the first phase in a wider program developed by FSG to support Lesotho's energy transformation by turning the country into a net exporter of electricity, while improving electricity security and increasing government revenues.

In October 2018, the project's progress stalled when GOL's Ministry of Finance refused to finalise and execute the project's financial agreements. Following this breach, FSG commenced arbitration proceedings in South Africa. No explanation for this refusal has been provided to FSG by the GOL, but the resulting legal action concluded that a competing project had been prioritised.

Commenting on enforcement activity, global counsel for FSG, Mr. Hussein Haeri, Partner and Co-Head of International Arbitration, Withers LLP, said:

'The Government of Lesotho was given an outstanding opportunity to transform access to clean, renewable energy and to eradicate the use of damaging, polluting alternatives nationwide. Instead, it prevented the project from proceeding, contravened its legal obligations and left Frazer Solar with no alternative than to bring legal proceedings.'

Since 2018, FSG has continued to demonstrate a positive contribution to renewable energy infrastructure in Southern Africa. For example, in March 2021 FSG completed a nationwide solar healthcare project in the Kingdom of Eswatini, delivering hot water to every single government health clinic.

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For more information, please contact:

Duncan.Miller@withersworldwide.com

+44 20 7597 6033

Notes to Editors

Frazer Solar v. The Kingdom of Lesotho (2020)

Frazer Solar (FSG) contends that the Government of Lesotho (GOL) failed to fulfil its contractual obligations under the supply agreement, and in July 2019 gave notice to GOL concerning the commencement of arbitration proceedings, in line with the dispute resolution mechanism agreed by both parties.

As a deterrent for breaches of the contract, both parties agreed to a 'liquidated damages' clause in the supply agreement, which allocated a pre-agreed and capped sum to be paid in the event that either party did not fulfil its contractual obligations.

The independent arbitrator directed the GoL to pay FSG damages of €50 million, in addition to pre-award interest of €754,273, and post-award interest of 1.7% per annum.

About Frazer Solar

Frazer Solar is a global developer of nationally significant renewable energy projects, with a particular focus on developing countries in Africa. Frazer Solar is able to supply solutions including solar thermal, solar photovoltaic capacity, battery storage and a wide range of energy efficient products; for both grid-tied and off-grid applications. Frazer Solar's flagship development is a large-scale solar-storage project in the Southern African country of Eswatini which will be owned and operated by Frazium Energy, an Australian independent power producer (IPP) company that focuses on developing, owning and operating renewable energy projects globally. The Eswatini project will deliver 200 MWH daily to the South African Development Community (SADC) grid.

This project follows the successful provision of solar water units at every government medical clinic nationwide in the Kingdom of Eswatini benefitting 10,000 people per day. Prior to COVID-19, 82% of government medical clinics had no access to hot running water, making the completion of this project one of the most significant healthcare successes in recent history for Eswatini. The project was co-financed by Frazer Solar and the German government.

For more information, please visit: <https://www.frazersolar.com/media-coverage>