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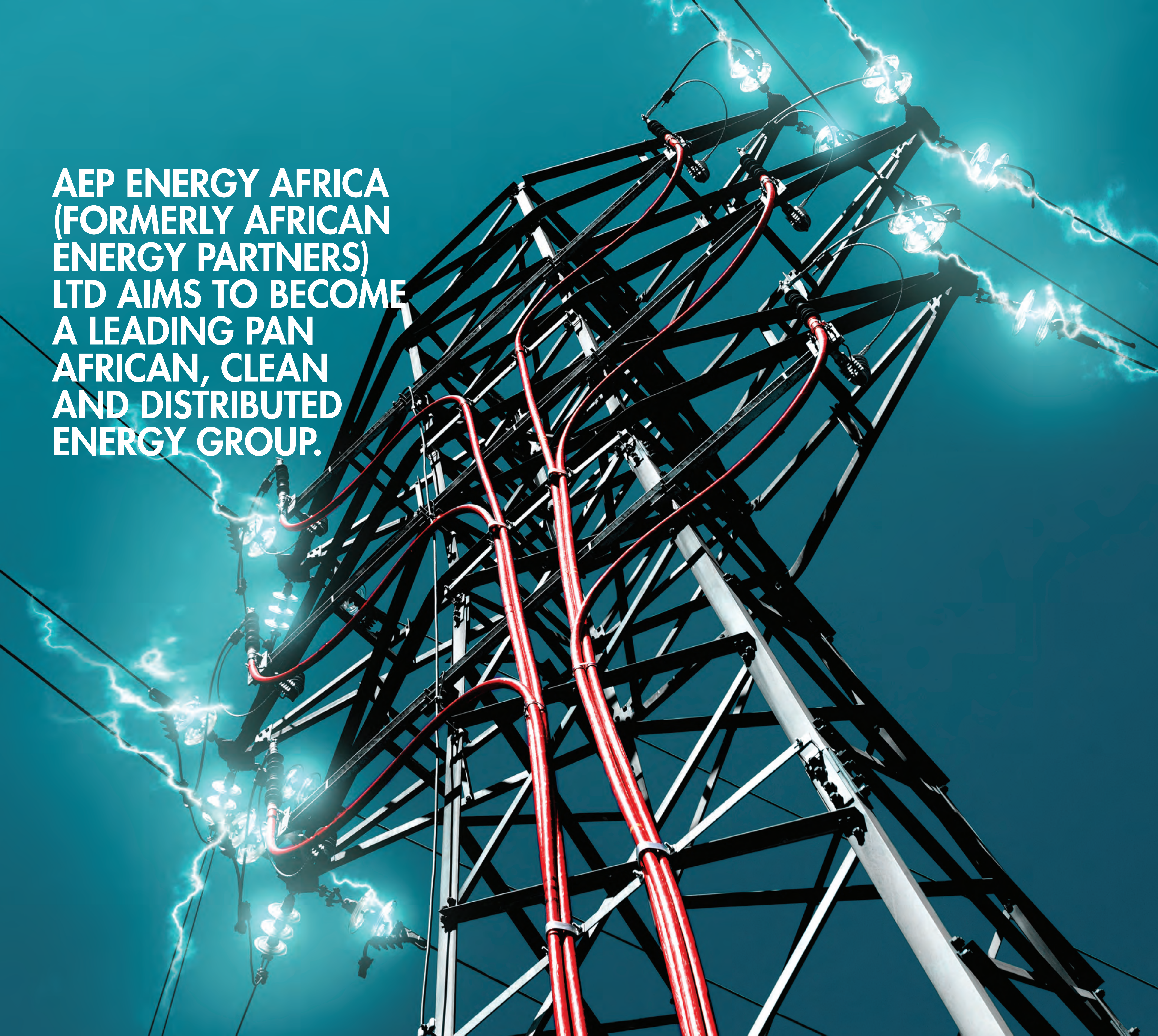
AEP ENERGY AFRICA LIMITED

2018 INTEGRATED REPORT

2018
INTEGRATED REPORT

DISTRIBUTING ENERGY TO A CONTINENT

AEP Energy Africa



AEP ENERGY AFRICA (FORMERLY AFRICAN ENERGY PARTNERS) LTD AIMS TO BECOME A LEADING PAN AFRICAN, CLEAN AND DISTRIBUTED ENERGY GROUP.

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ABOUT THIS REPORT

WE DEFINE AS MATERIAL MATTERS, THOSE THAT SUBSTANTIALLY AFFECT OUR ABILITY TO CREATE AND SUSTAIN VALUE OVER THE SHORT, MEDIUM AND LONG TERM.

This is the primary report of AEP Energy Africa (AEP, the Company) to its stakeholders. It outlines the issues, activities, relationships, interactions and performance of the Company within its operating and market context during the period between 1 July 2017 and 30 June 2018. Its aim is to provide all the Company's stakeholders with a balanced and integrated insight into the ability of AEP to create value in the short, medium and long term.

The material issues having a bearing on the performance of the Company have been identified and reported upon with regard to the six capitals – financial, manufactured, intellectual, human, social and relationship, and natural – as outlined in the International Reporting Council (IIRC) framework. We define material matters for reporting purposes as those issues that substantially affect our ability to create and sustain value over the short, medium and long term.

The report was also prepared with regard to the aspirations and ideals expressed in the principles, and their underlying disclosures, described in the King IV Code on Corporate Governance (King IV). The report provides an integrated view of strategy, governance and performance, and how they are linked.

FORWARD-LOOKING STATEMENTS

Certain forward-looking statements are made in the report, particularly with regard to the potential of energy markets, as well as global and domestic economic conditions on the Company's strategy, performance and operations. These forward-looking statements thus involve both known and as yet unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements to be materially different from the future results, performance or achievements expressed or implied by such forward-looking statements.

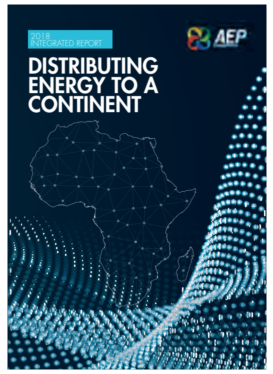
AEP undertakes no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this document, or to reflect the occurrence of anticipated events. The forward-looking statements have not been reviewed or reported on by the auditors.

INTEGRATED REPORTING

In this report, we have provided a more complete picture of strategy, governance and performance. This will help shareholders to make better informed decisions about where to allocate their capital and, in turn, help to attract investors.

DIRECTORS' STATEMENT OF RESPONSIBILITY

The Board of Directors (the Board), assisted by the Audit Committee, is responsible for overseeing the integrity of this integrated report, and acknowledges its responsibility for ensuring its integrity. The Board has applied its collective mind in the presentation and preparation of this report, and believes it is a fair representation of the performance of the Company and its material matters. The Board accordingly approved this integrated report on 30 October 2018.



WHILE AEP ENERGY AFRICA (AEP, THE COMPANY) PRODUCED AN ANNUAL REPORT FOR FY2017, THIS IS OUR FIRST INTEGRATED ANNUAL REPORT. IT OUTLINES TO OUR STAKEHOLDERS THE COMPANY'S ISSUES ACTIVITIES, RELATIONSHIPS, INTERACTIONS AND PERFORMANCE DURING THE PERIOD BETWEEN 1 JULY 2017 AND 30 JUNE 2018. ITS AIM IS TO PROVIDE ALL THE COMPANY'S STAKEHOLDERS WITH A BALANCED AND INTEGRATED INSIGHT INTO THE ABILITY OF AEP TO CREATE VALUE IN THE SHORT, MEDIUM AND LONG TERM.

WHO WE ARE

Vision

AEP's vision is to significantly improve the quality of African lives by increasing access to clean energy.

Mission

AEP's mission is to own and operate a high-quality portfolio of diverse energy facilities across the African continent, that generate, transport, store and sell energy. We aim to be:

- ***The preferred purchaser*** of near or newly-commissioned energy capacity, such as new power plants, typically developed and built by energy project developers.
- ***The preferred owner***, manager and operator of strategic energy facilities, such as gas terminals or independent power producers (IPP's), which transmit and distribute our own energy products, as well as those of our customers.
- ***The preferred investment asset*** for institutions and investors looking for exposure to the (clean) energy infrastructure, services and products sector in Africa, through a Johannesburg Stock Exchange (JSE) listed and regulated company.

Strategy

We seek to play an increasingly significant role in advancing clean energy usage across Africa, in a safe, reliable and cost-effective manner. We will achieve this by owning and operating (clean) energy assets including:

- **Specialist fuel storage terminals**, specifically for our fuel of choice, liquefied natural gas (LNG);
- **Pipelines**, both physical and virtual, that transport primary energy fuels such as LNG;
- **Cogeneration** plants generating electricity, heating and chilling energy, as well as megawatt-scale battery energy storage solutions located close to energy consumption points; and
- **Electricity-only plants** generating electricity for utilities and industry capable of using either renewable and/or globally accepted clean fuel technologies.

KEY FACTS

Our listing

AEP listed on 30 June 2017 on the Alt-X market of the Johannesburg Stock Exchange (JSE) as a Special Purpose Acquisition Company (SPAC). This is a very specifically-purposed company established only to facilitate the raising of capital, in order to enable the acquisition of a viable asset. Once such a viable asset is acquired, it would qualify the SPAC for a JSE listing as a company other than a SPAC, as envisaged in terms of the Listings Requirements. A SPAC is permitted a window of two years from the date of its listing to acquire a viable asset that enables it to realise its strategy and create value for its shareholders through its operations.

Our viable acquisition

On 25 June 2018, we entered into a sale and purchase agreement with First Independent Power (Kenya) Limited (FIPK), the owner, and Global Power Generation Sociedad Anónima, the guarantor, and collectively, the sellers, to acquire 100% of the issued share capital of, and shareholder claims against, IberAfrica Power (East Africa) Limited (IberAfrica). IberAfrica owns and operates the 103.57 MegaWatt (MW) Heavy Fuel Oil (HFO) fired Nairobi South Power Plant comprising two units with power generating capacity of 51.07 MW and 52.50 MW respectively. The plant is strategically located in the industrial heartland of Nairobi, Kenya's capital city. Nairobi is the demand centre for more than 50% of the electricity consumed in Kenya. Nairobi South in turn consumes 50% of the power used in Nairobi. IberAfrica's installed capacity accounts for approximately 5% of the total installed electricity generation capacity in Kenya. IberAfrica has an existing power purchase agreement with majority state-owned Kenya Power and Lighting Company Limited, which is the only mandated buyer of electricity in Kenya.

The Company has agreed with the sellers to acquire IberAfrica for a purchase consideration of USD61 569 066 in cash. The transaction is subject to a number of conditions precedent, including:

- Approval of the transaction by the Competition Authority of Kenya – completed on 13 September 2018;
- Submission of a request to Government of Kenya to issue a letter of support in favour of IberAfrica as an IPP – completed on 1 August 2018;
- Approval of the transaction by the Financial Surveillance Department of the South African Reserve Bank (SARB) – completed 13 August 2018;
- Approval of the transaction by AEP's shareholders in general meeting – completed on 25 October 2018;
- Consent for the implementation of the transaction from the Energy Regulatory Commission of Kenya – expected by 31 October 2018; and
- Consent for the implementation of the transaction from Kenya Power – expected by 30 November 2018.

IberAfrica reported audited revenue of US$60 million, EBITDA of US$23.2 million and net profit after tax of US$5.8 million for the 12 months ended 31 December 2017. It also had net assets of US$28.8 million and shareholder indebtedness of US$35.2 million as at 31 December 2017.

AEP's acquisition of IberAfrica has been structured in a manner that confers all of the company's substantive cash flows and net profits earned since 1 January 2018, on AEP.

Our shareholders

49%
PUBLIC INVESTMENT CORPORATION (SOC) LIMITED (PIC)

47.6%
TRODERA PROPRIETARY LIMITED

3.4%
PUBLIC SHAREHOLDERS

Broad-Based Black Economic Empowerment (B-BBEE)

While AEP remains a SPAC, it has no turnover. Consequently, in terms of South Africa's B-BBEE legislation, as a company with less than R10 million annual turnover, AEP is defined as an exempted micro enterprise. AEP's external manager, Destiny Corporation Management Services Proprietary Limited (DCMS) has therefore affirmed in a sworn affidavit, that AEP is a Level 2 B-BBEE contributor.

Additionally, DCMS has strong B-BBEE credentials, and has a complement of Black and women staff. AEP's eleven-person Board also enjoys strong racial and gender diversity, with 10 directors being of historically disadvantaged background.

Level 2
B-BBEE CONTRIBUTOR

DAVID WRIGHT
CHAIRMAN

IT GIVES ME GREAT PLEASURE TO BE ABLE TO PRESENT OUR FIRST INTEGRATED REPORT. WE ARE A SPAC THAT IS WELL ON THE WAY TO FULFILLING ITS REQUIREMENT OF MAKING A VIABLE ACQUISITION WITHIN THE 24-MONTH PERIOD ALLOTTED BY THE JSE LISTINGS REQUIREMENTS.

Indeed, our focus during the financial year under review has been to move on as quickly as possible from being a SPAC. The transaction that will facilitate this, while initiated during FY2018, will only have been completed during FY2019. Nonetheless, we have been very gratified to see that this initiative will indeed bear fruit shortly. I would like to commend the intense and diligent efforts that have been made in accomplishing this by our executive management team.

From a governance perspective – there were two aspects that are important to note. The first was that at the beginning of June the board held a two-day strategy session with the aim of aligning the understanding of all board members to the Company's strategic aims. This was successfully accomplished, and a consensus was achieved as to the structure of our business model, and the company's goals in the short, medium and long term. For more on our strategy, please see the CEO's report, which further sets out our thinking.

Perhaps more importantly, we also identified one of the major challenges that will materialise in the medium to long term for the company. We understand that once we have completed the IberAfrica acquisition, AEP will immediately become a company that has two primary objectives:

- To make sure that the assets we have acquired continue to perform at the level that we want them to, and deliver the returns that we are expecting; and
- At the same time, we need to find new assets to acquire to quickly build up our portfolio and financial capacities.

Consequently, we will have to augment the strong mergers and acquisition skills we have in the Company, with the variety of different skill sets required to drive operational performance and expand our opportunity origination networks.

While this observation seemingly carries very little import at this early stage of our growth, as the breadth of our portfolio grows to comprise multiple assets in diverse geographies, we will have to look at carefully recruiting the right people to assist with managing the business at all levels.

Our targeted acquisition

The primary day-to-day responsibility for IberAfrica will continue to be the responsibility of Mr. Henry Muthanji. Henry has been General Manager and CEO of IberAfrica from 2004, having joined IberAfrica in 1999. He is therefore the most suitable partner we could have hoped for to drive this business forward. We are delighted that he has chosen to stay on at the company and to become a partner in realising AEP's ambitions.

In acquiring this asset we are also acquiring the full 81-person staff complement, ably led by Henry. They have performed exceptionally under FIPK's leadership, and there is no reason to believe that this will change. IberAfrica's staff are enthused to have a new African owner that also unshackles their pent up ambitions to grow their business in Kenya and regionally, and one that promises to expand the horizon of their careers and experiences to cover the whole continent as AEP's asset portfolio grows.

I am very comfortable in the knowledge that our management team at IberAfrica has outstanding capacity for managing its operations. IberAfrica will be guided by its own board, and we are carefully considering its composition. Discussions have already taken place about both the Kenyan as well as international elements we prefer to see on this board. That being said, our Johannesburg-based Group capacity is ready for the additional responsibilities that come with this transformative acquisition.

I am very mindful of the fact that in the course of growing AEP's footprint, we will also need to look at augmenting the Company's Board with individuals who represent our increased pan African profile. A critical factor for our success as a truly pan-African business is to have a pan-African perspective at all levels in the Company.

The Board understands that the Company's acquisition pipeline needs to be kept full and active, and I believe that the pipeline reflects a very representative cross-section of attractive assets on the continent, including South Africa. Management has shown great facility in this, in extracting value in our negotiations, and in the short to medium term I believe that we are performing in all these aspects at the desired level.

King IV

We subscribe and adhere to the King IV principles, and make every effort to comply. We have full confidence in our company secretariat, IKB Company Secretaries, and our Designated Advisor, Questco, who continue to provide invaluable assistance and guidance with governance, in meeting the King IV provisions and adhering to the letter and spirit of all JSE Listings Requirements. We greatly appreciate these two outstanding companies, and their seamless work continues to be of tangible value to us.

Committees

We have a full suite of committees, including the audit and risk, investment, social and ethics, remuneration as well as nominations committees. We are also well-placed in terms of racial and gender diversity. We have two black female directors and believe we can improve on this in the course of the 2019 calendar year. We proudly aspire to be a Pan African business and our management and staffing will reflect this aspiration and implementation. We will draw talent in a gender-neutral way from every corner of the continent in which we will have the fortune to operate. In this way, we expect to become a global thought leader in matters of African energy and energy accessibility.

Performance and adding value

It is important to emphasise that AEP is still a young company, that has been in existence for just over a year. That we are a SPAC that is very close to achieving the critical milestone of our viable acquisition well within the two-year period allowed, is credit to our Board, our manager DCMS, and our staff.

The size and robust nature of the acquisition in particular, adds great value to the company. We are acquiring a well-run business, that transforms AEP into an IPP generating nearly a billion Rand in revenues, with over 81 employees. This achievement injects significant momentum to all our efforts.

Lastly, I would like to thank each and every director, as well as the Board as a collective, for its tireless efforts in taking us from where we started in June 2017, to where we are now. We look forward to walking the next transformative steps in AEP's journey together.

David Wright
Chairman

OUR SHAREHOLDER AND GOVERNANCE-CENTRED BUSINESS MODEL

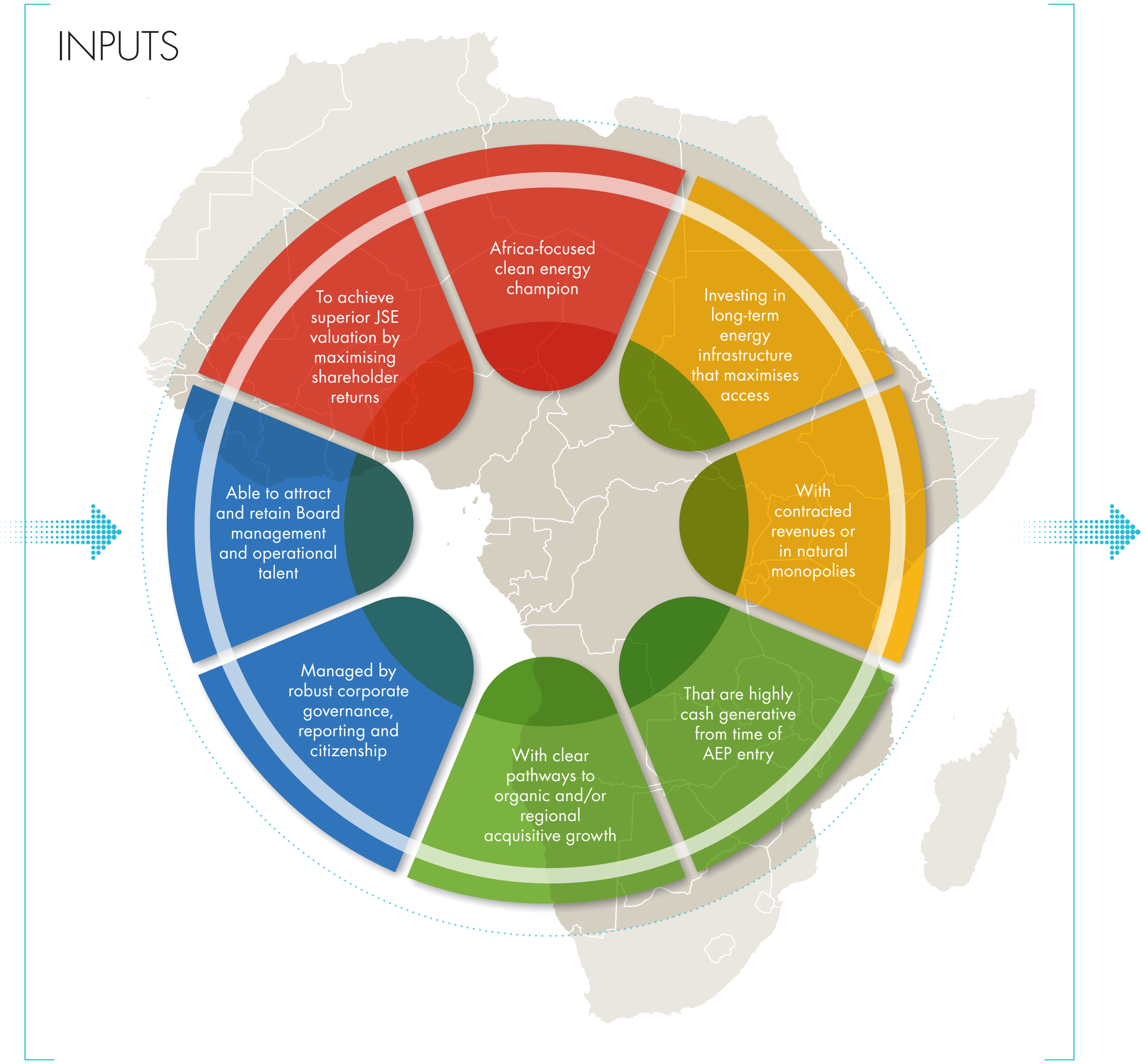
OPERATIONS AND THE BUSINESS MODEL

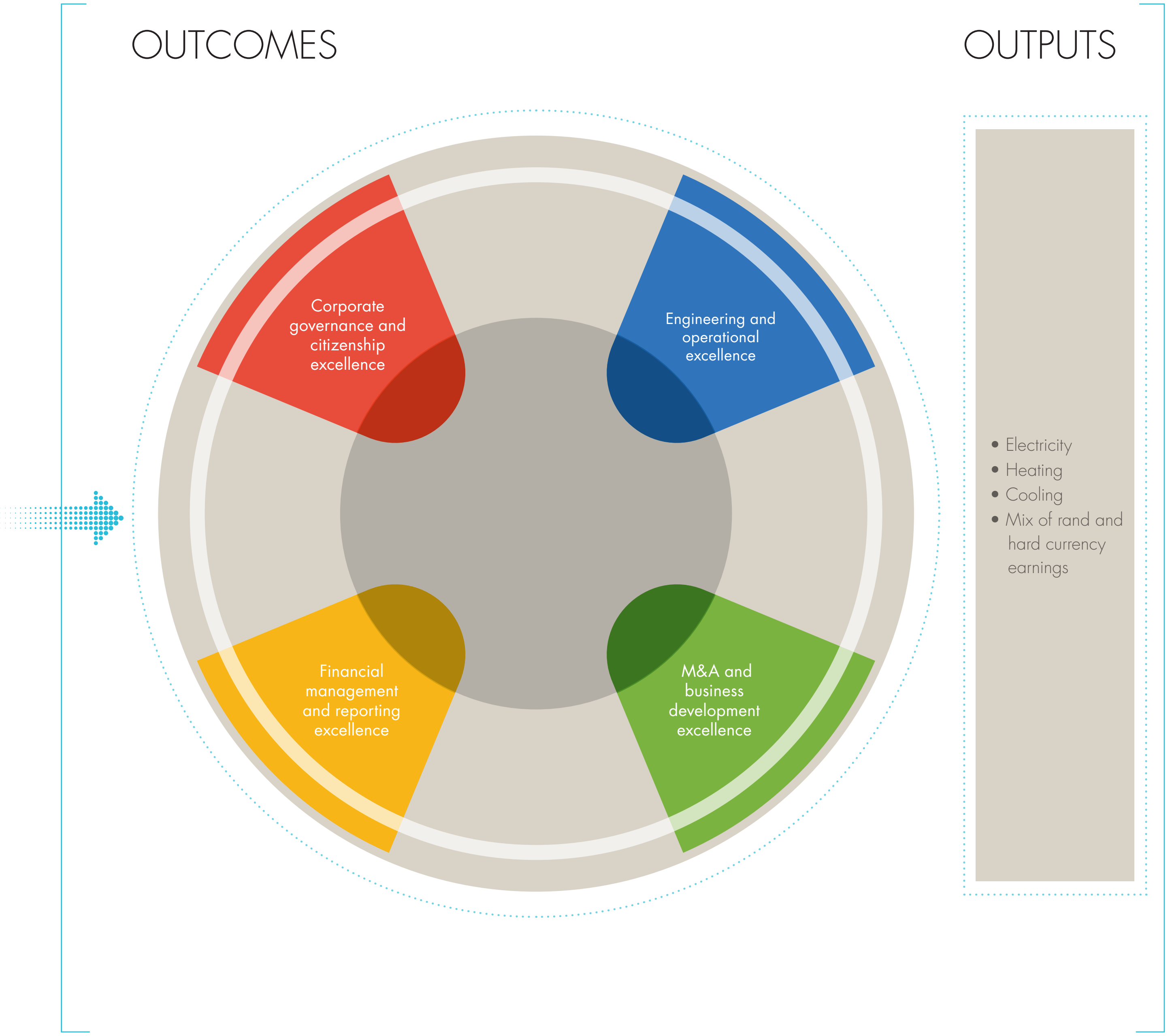
Many of the components that we will need in the power generation, storage and transmission, fuel storage and transportation, and LNG value chains are components that can be acquired internationally from existing suppliers. However, we would prefer, where possible, to source these components in Africa. As we own and acquire more businesses, we will simultaneously bring under AEP's umbrella some of Africa's leading engineers. In due course, we expect AEP to be able to drive the manufacturing of many energy infrastructure components on the African continent. While we intend to work closely with selected suppliers, to the extent that we can, we will own the manufacturing of those components, in order to retain intellectual property in AEP, while creating high value employment opportunities on the continent.

BUILDING A JSE MAIN BOARD LISTED INTEGRATED PAN AFRICAN CLEAN ENERGY CHAMPION

BUILDING AN AFRICAN GOVERNANCE AND OPERATIONAL CENTER OF EXCELLENCE

BUSINESS ACTIVITIES





EDWIN KIKONYOGO

CHIEF EXECUTIVE OFFICER

IT IS INCREDIBLY GRATIFYING TO BE ABLE REPORT TO ALL OUR STAKEHOLDERS THAT THE PAST FINANCIAL YEAR HAS SEEN AEP TAKING GREAT STRIDES TOWARDS FULFILLING ITS PRIMARY GOAL OF COMPLETING A SUBSTANTIAL VIABLE ACQUISITION. EARLIER THIS YEAR, IN JUNE 2018, AEP SIGNED THE IBERAFRICA SALE AND PURCHASE AGREEMENT. THIS ACQUISITION, AS WELL AS FULFILLING OUR MANDATE TO TRANSITION FROM BEING A SPAC, REPRESENTS A LARGE FIRST STEP TOWARDS OUR AMBITIONS OF ADVANCING CLEAN ENERGY ACCESS IN AFRICA, SAFELY, RELIABLY AND COST-EFFECTIVELY.

Our operating context

The context in which we intend to expand our operations is one of great potential. It forms the background and input to our strategy, which frames the founding premise of our business. We aim to be a catalyst in clean energy – specifically electricity and natural gas – accessibility across the African continent.

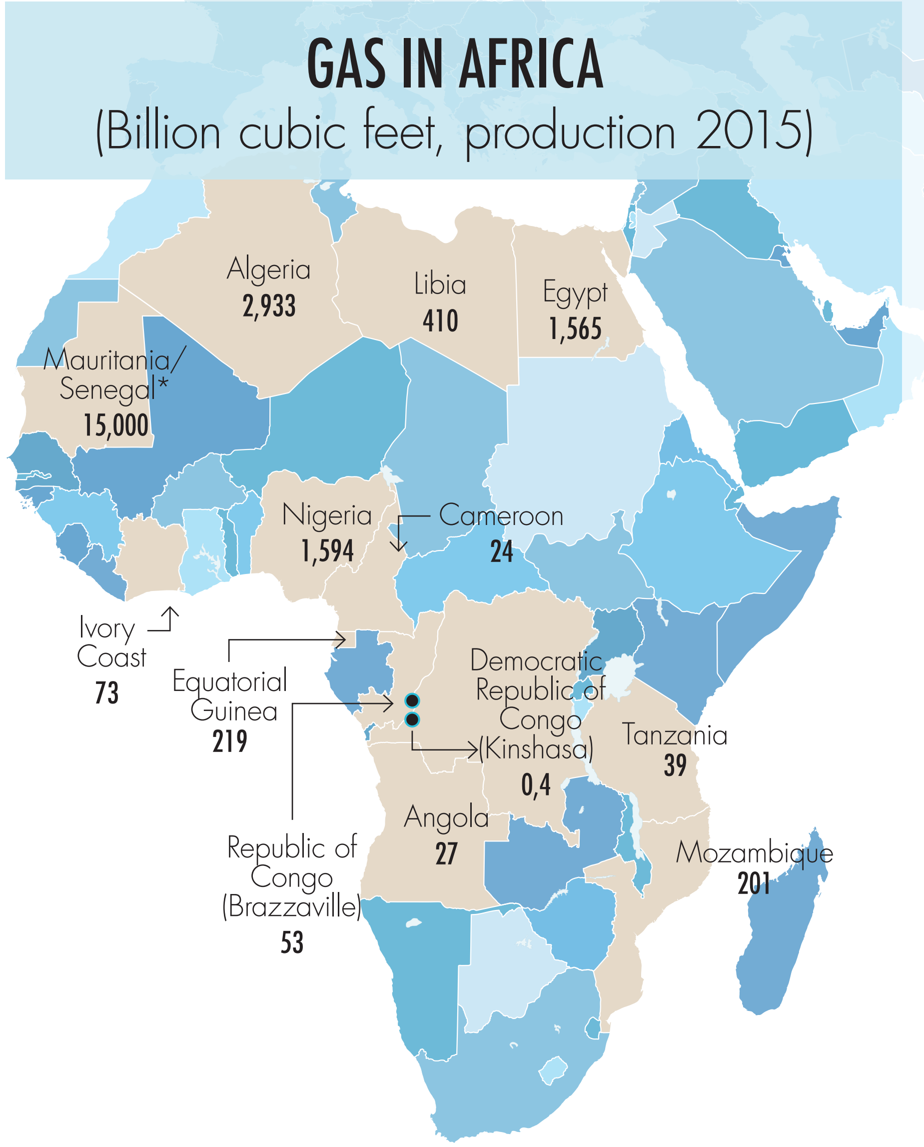
As a continent, Africa has one of the lowest per-capita consumption rates of electricity and other energy forms, globally. We have the lowest per capita consumption in the world of natural gas, Liquified Petroleum Gas (LPG), electricity, thermal energy and cooling energy.

This pervasive energy poverty means that individuals do not have access to basic electricity, heating, cooling and cooking fuel. Families are not able to pay for defined quantities of energy and need government to provide a subsidy to enable the access they require. Where governments are unable to provide subsidies, people are forced to turn to forests and woodlands for their energy requirements.

In pursuing our goals at AEP, our strategy is to be amongst the thought leaders and businesses striving to end this energy poverty in Africa. It is important that Africans play the leading role in framing the energy debate and in generating the solutions pertaining to our continent. AEP's sole focus is on delivering clean energy solutions to Africa. We are of the view that not all of appropriate solutions for our continent are necessarily renewable.

Clean energy, especially if fuelled by the continent's indigenous resources, has an important role to play in providing the holistic solutions necessary to migrate the majority of the continent away from charcoal and firewood as their primary source of fuel. This migration is critical to preserving our forests and woodlands, which continue to be degraded at an alarming rate – a depletion, that if it persists, will accelerate climate change in Africa to the detriment of all.

AEP believes that natural gas offers the African continent what is arguably the most holistic energy solution. Natural gas is a highly dexterous fuel that can be used for power generation, for cooking, heating and cooling, both domestically and in industry and manufacturing. Most importantly, natural gas is a fuel that is increasingly abundant on the continent, with a long history of extraction in North and West Africa. Substantial discoveries have been made on the East Coast of Africa, with several large monetisation projects already announced. These recent discoveries have spurred increased exploration along the southern coast of Africa as well. In addition to the abundance of natural gas, the African continent has a long history of monetisation of natural gas through liquefaction into more readily transportable LNG, dating back to the Arzew LNG plant in Algeria which was commissioned into operation in 1964.

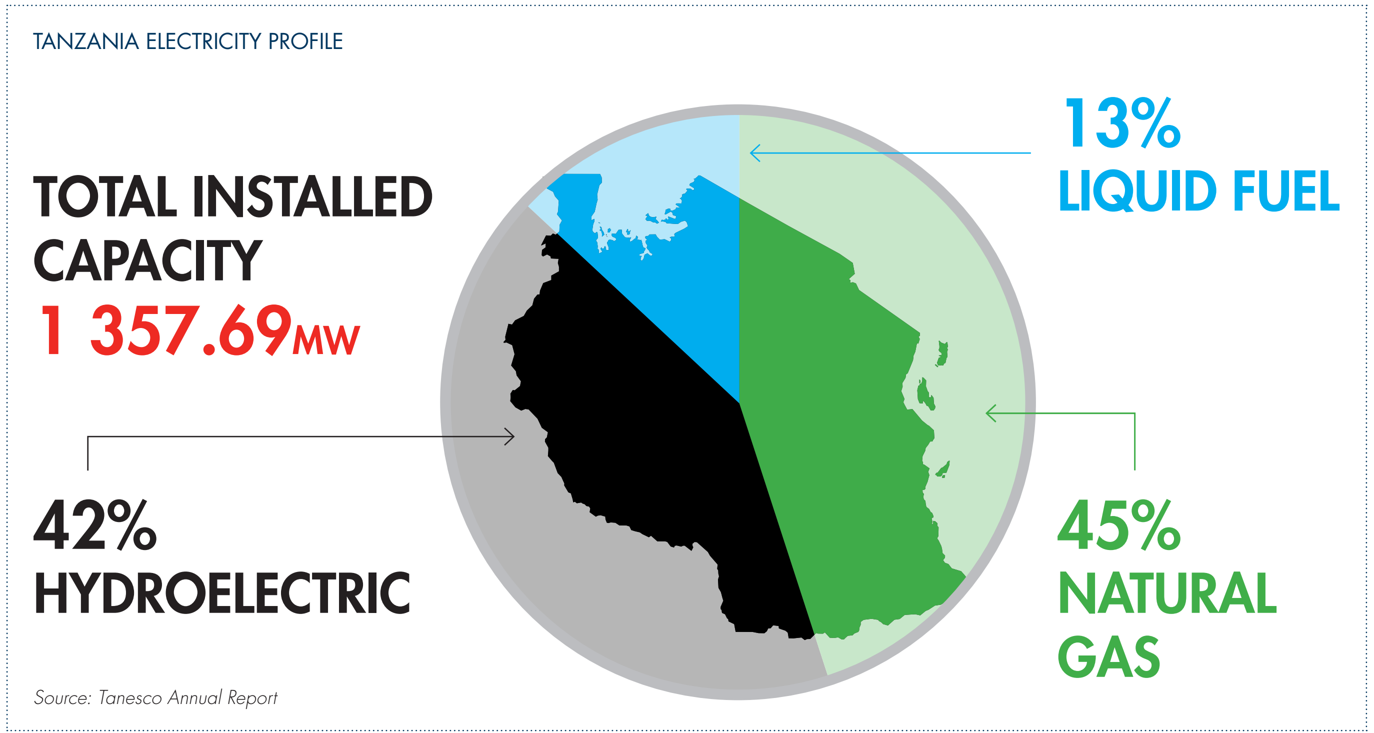


Source: BP's global analysis of gas in maps and charts

A key risk to the monetisation of African gas is the emergence of new gas producers such as Australia, the United States, Indonesia and Russia. These new natural producers have several advantages over African gas. Principal amongst these advantages is producers' closer proximity to large demand markets for gas, such as Europe, China, Japan and South Korea.

In the absence of the development of significant African demand for gas, African gas resources face the very real risk of becoming stranded for lack of markets. AEP sees this risk an opportunity to stimulate greater demand for gas on the continent for the benefit of the continent.

The example provided by Tanzania's electricity sector is an example of the transformative capacity of gas in Africa in delivering holistic energy solutions. Over the past 15 years or so , Tanzania has transformed its power sector from one comprised solely of Hydro and Liquid Fuel, to one comprised of majority local natural gas and hydro. The remaining liquid fuels component in Tanzania could likely be eliminated by LNG from local natural gas in the coming few years.



Source: Tanesco Annual Report

AEP believes that LNG holds significant potential in eliminating energy poverty in Africa, just as is being proven in Tanzania. With large commercially viable discoveries of natural gas having been announced on the East Coast from Egypt to Mozambique adding to the already large known reserves in West Africa. Africa is positioned to become a major global LNG supplier, but needs continental demand to remain globally competitive. The large discoveries will make cost effective clean energy accessible to the continent, provided that LNG receiving and utilisation infrastructure is developed.

There are significant cost savings available from consuming African LNG versus importing foreign refined petrochemicals. These savings will come principally from shortened and less complex logistics chains. Additionally, utilising African LNG on the continent will have the significant advantage of dramatically improving historically elusive intra-regional trade and strengthening regional economic linkages.

Economies of scale

A KEY RISK TO INCREASING THE CONSUMPTION OF AFRICAN LNG ON THE CONTINENT, IS THE CURRENT LACK OF LNG INFRASTRUCTURE, AND THE CURRENT DEARTH OF AFRICAN ENERGY PLAYERS WITH SUFFICIENT FINANCIAL CRITICAL MASS TO MAKE THE INVESTMENTS IN THE REQUISITE LNG HANDLING AND UTILISATION INFRASTRUCTURE. THIS CHALLENGE OF QUICKLY ACHIEVING ECONOMIES OF SCALE FORMS THE BASIS OF OUR THINKING. ONE OF THE WAYS THAT ECONOMIES OF SCALE CAN BE BUILT QUICKLY IS THROUGH THE OWNERSHIP OF LARGE CONSUMERS OF NATURAL GAS – POWER PLANTS.

AEP's chosen strategy is thus to own assets that quickly provide economies of scale across the entire LNG value chain, starting with the point of demand. This will in turn enable us to facilitate the transportation of LNG around the continent cost-effectively, enabling us to introduce natural gas as a fuel to be stored and ultimately consumed in our power plants to generate electricity, and further distributed for use ultimately at the retail level. Europe, China and South Korea, have already achieved this using imported LNG.

In South Africa and Tanzania, natural pipelines are a cost-effective way of doing this. There are 800 kms of natural gas transmission pipeline from Pande-Tamane in Mozambique to Secunda, with another 500 km of distribution pipeline around the greater Johannesburg area. A 300-400 km transmission pipeline is also in use from Secunda to Richards Bay, via Empangeni, which from there connects to a distribution pipeline to Durban. On the rest of the continent, only Cameroon, Nigeria and Tanzania have any substantive domestic natural gas pipeline networks to speak of. Algeria has an export pipeline to sends Algerian natural gas to Europe.

Building natural gas pipeline infrastructure is expensive, requires significant route planning and construction, and must have an enabling regulatory environment and legal jurisprudence. The Pande-Tamane pipeline took three to four years to construct at a cost of several billion US dollars.

We see economies of scale as critical strategically, not just in revenue or balance sheet size, but also in terms of technologies. There are interesting technologies in different parts of the continent – all working on a similar domestically-focused model, and one of the things that AEP actively wants to accomplish is not only to have a presence as quickly and profitably, and in as many markets as we can, but also to be positioned to bring new technologies that address the different regions and the continent itself as a whole. We would then disperse these as widely as possible across the continent in order to maximise scale economies and synergies.

Our twofold business case

We are therefore looking to borrow tried and tested strategies from other parts of the world and to implement them in a manner that makes best economic sense for the African continent. In other parts of the world, the complexities of building natural gas pipelines across large distances have been overcome by establishing virtual pipeline networks. These entail moving natural gas in liquefied form, in an energy density competitive to diesel, light and heavy fuel oil, LPG and petroleum, thereby enabling use of existing inter-modal truck and rail transportation networks and logistics. We expect that this will be cost-competitive with these competing fuels thereby making the already compelling clean substitution business case for natural gas that much stronger.

This is the first aspect of our business case and we have lived a similar experience with the impact of mobile telephone technologies in Africa, where seemingly divergent regions of the continent have all adopted a relatively standard platform of mobile telephone technologies with the result that Africa emerged as the first majority wireless telecoms continent. Energy and LNG/natural gas have similar technology platform attributes that can facilitate a development leap from energy poverty to near total accessibility and affordability.

The second aspect arises from the fact that there is very little crude oil refining capacity in Africa. Most of the liquid fuel in Africa, such as diesel, light and heavy fuel oil, LPG and petroleum, are imported from crude oil refineries in other parts of the world. Therefore, sourcing LNG from one African country and moving it to a neighbouring or regional country for use there, offers significant cost savings through merely eliminating the export leg of the crude product. Natural gas can only be economically liquefied at source. It has never been exported by pipeline in gaseous form for liquefaction and re-importation. Since African natural gas is liquefied on the continent, its use on the continent eliminates the export of the gas elsewhere for value addition before being imported back to continent for use. These savings would be for the benefit of the African consumer and our overall balance of payments.

Source: IberAfrica, Nairobi

Implementing our strategy

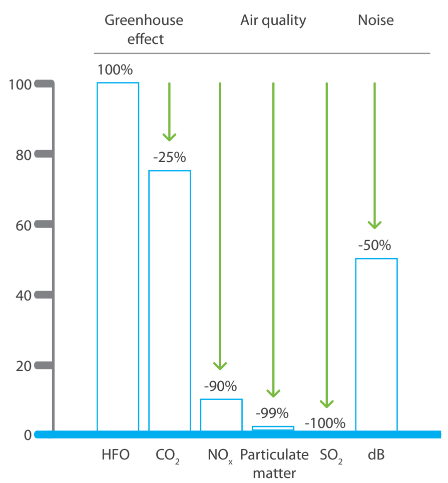
The first step of our strategy of catalysing gas demand for LNG and gas as a source of energy for Africa, is to buy existing operational infrastructure. That infrastructure does not necessarily have to be clean at the point of our acquisition, but it must have the prospect of conversion to clean infrastructure – for example, to be able to acquire a heavy fuel oil utilising IberAfrica, and convert its fuel to natural gas, or to add clean energy capacity thereto. We see the entry into these types of assets as creating the necessary steps towards establishing the financial critical mass and that of LNG (and natural gas) demand potential that will ultimately enable gas importation and consumption as a cleaner-burning and potentially much cheaper fuel. (See Fig 1 below)

- The United Nations considers LNG to be cleaner fuel than coal, heavy fuel oil (HFO), diesel, gasoline, kerosene and LPG
- LNG has lower particulate matter, CO_2, NO_x, and SO_2 emissions than other fossil fuels
- LNG can be integrated with other fossil fuel-driven systems
- LNG is globally considered as the preferred ally to renewable energy generation
- LNG can fill the power generation gap in baseload, mid-merit or peak services when renewables are not available or sufficient

COMPARATIVE POLLUTION: TONNES PER YEAR PER MW

Pollutant	Coal	Natural gas
CO_2	6 352	2 348
CO_2 with CSS capture	837	309
Carbon Monoxide	4.62	1.54
Nitrous Oxide (NO_x)	1.85	0.15
Sulfur Dioxide (SO_2)	3.08	0.02
Mercury (ounces)	2.0	None

ADVANTAGES OF LNG VS COAL



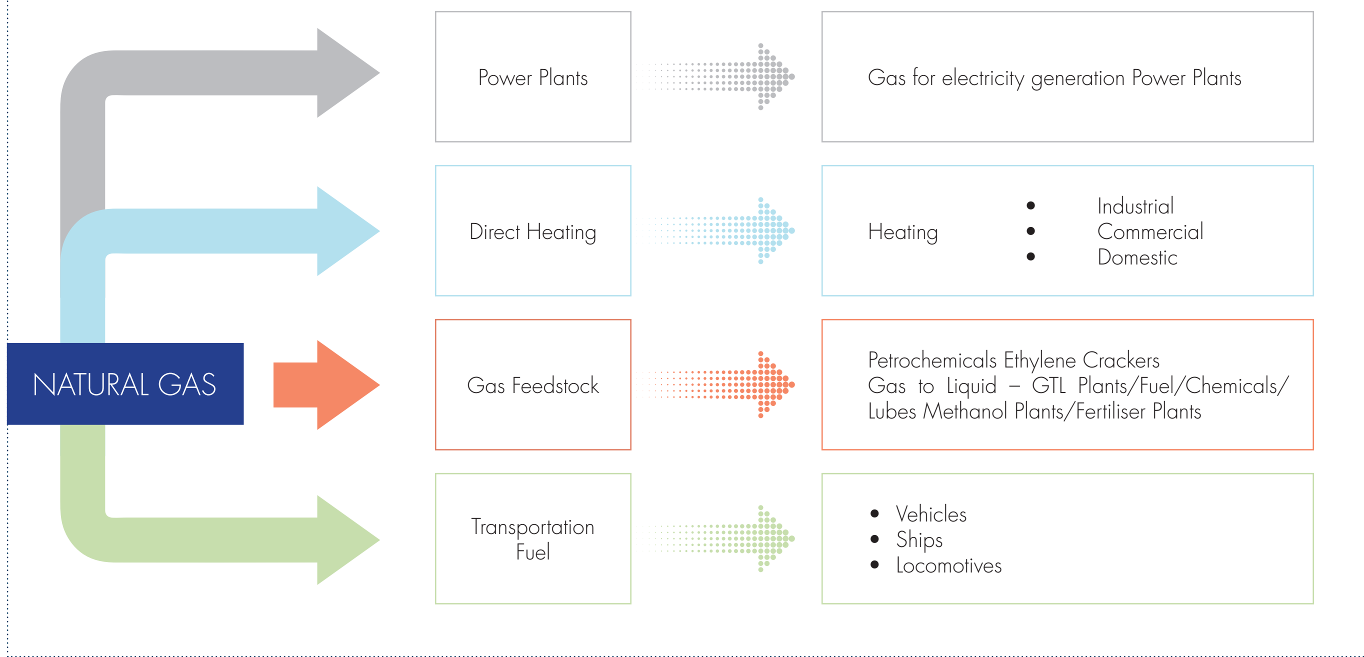
Source: Fluxys.com – LNG as fuel for ships

The transaction we are advancing in Kenya in buying IberAfrica accomplishes just that. The facility is a 103MW power plant with the capability of quick capacity upsizing and conversion to natural gas. IberAfrica also provides us with a significant presence in the Kenyan energy market and with an onground staff complement of 81 highly qualified and experienced managers, engineers and technicians with whom to expand by buying other assets in that market and in the region.

Moreover, it also establishes a platform from which we can agglomerate our demand for natural gas in the future with that of other power producers in the country to create the necessary critical mass to begin investing in gas handling infrastructure. We are also looking to replicate this model in other parts of the continent. This is a medium to long-term strategy to build, own and operate the gas handling infrastructure needed for the continent.

The logical second step will be to convert the two IberAfrica HFO plants to LNG. This would be a fairly significant undertaking, but the advantage is that it would not be embarked on for its own sake. As a business project, it would have to offer value, which would, in turn, lengthen IberAfrica's power purchasing agreement with the Government of Kenya by as much as another 25 years. An important outcome of this would also be the securing of the permanent employment of all of IberAfrica's existing staff and creating additional skilled and highly-skilled jobs in Kenya and in South Africa.

Fig 1



Operational considerations

It is substantially cheaper to operate a facility such as IberAfrica on LNG than on HFO, which is currently imported into Kenya. Crude oil derived fuels contain significant quantities of contaminants – sulphur, nitrous oxide – as well as particulate matter. These increase wear and tear, and shorten the life of the equipment. Additionally, these crude oil derived fuels are susceptible to pilferage and to adulteration whilst in transit from the point of supply to the point of use.

The advantage of natural gas, and LNG in particular, is that it tends not to contain any particulate matter. As a cryogenic liquid, LNG is also extremely difficult to pilfer since its use requires specialised regasification equipment. This same cryogenic nature makes LNG equally difficult to adulterate. This further optimises the cost savings available from substitution to LNG through lower maintenance expenditure on critical equipment, reduced pilferage and adulteration losses.

Energy and permanent capital

The third aspect in implementing our strategy is to introduce permanent capital into the energy sector in Africa. Traditionally permanent capital in this sector in Africa has been provided only through government investment in national utility companies such as Eskom in South Africa. Private sector participation in the energy sector in Africa has been the preserve of infrastructure and private equity funds, that typically have pre-defined short to medium-term investment horizons. These private sector investors in African energy have been constrained in the extent of strategic positioning they can take to any particular energy project by their predetermined need to exit their investments and their investment limits for exposure to any single asset or investment.

AEP, as a stock exchange listed company, is by nature seeking as long a life for itself as possible. There are numerous stock exchange listed companies that have been in existence for well beyond a century. This potentially perpetual life for stock exchange listed companies means that they would be best able to provide the permanent capital that Africa's energy sector requires. Stock exchange listed companies would also by nature have the long-term strategy horizon required to make capital intensive investments of the type required to enable an integrated energy company that is involved in all aspects on the LNG and natural gas logistics value chain to point of consumption. AEP is such a stock exchange listed company, aspiring to make such investments.

Coincident with the listing of AEP, there has been a global move in terms of economic efficiency towards distributed power generation and away from centralised power generation. Distributed generation means that rather than having a single very large central power plant in a rural or semi-urban area, and having to transport the electricity along immense lengths of transmission lines, appropriately sized (often smaller) power plants are being placed at or close to points of electricity demand, typically at factories, hospitals, in industrial zones as well as in residential neighbourhoods.

With advances in internal combustion energy technology, small gas turbine technology, or fuel cell technology, a power plant can be established anywhere, in, alongside or beneath buildings and businesses. The level of investment that is required for distribution and transmission infrastructure can at least be deferred, if not entirely eliminated. Many industries have already done this, installing their own power-generating facilities, and even selling surplus energy back to the grid.

The advent of distributed generation is well-timed to the emergence of AEP as a provider of permanent capital to energy infrastructure in Africa. Distributed generation will enable the faster roll-out of smaller and cheaper power plants by infrastructure and private equity funds as well as by African energy sector entrepreneurs. AEP is well positioned to partner with all of these power plant developers and builders, either as a direct investment partner at point of construction, or as an exit avenue at expiry of their investment horizon. In both cases, AEP benefits by being an aggregator of energy sector assets, whilst the developers and medium-term investors benefit by being assured by asset buyers like AEP, of being able to recycle their capital for returns and/or reinvestment.

Distributed generation also means that AEP is no longer only looking to target governments and national utilities as buyers of electricity. We are also looking at industry, schools, airports, hospitals, barracks, offices, shopping centres, hotels and many others, as potential customers. In so doing we will be able to build a sustainable business that is also able to uplift many communities. A factory powering its own production can lower its prices and increase production, whilst creating a market for electricity and gas for itself and its neighbours, be they other factories, schools or housing communities for its employees.

With our focus on distributed energy generation, AEP will become a functional part of creating a virtuous cycle of making electricity or energy demand and accessibility more robust. If any given small electricity generating unit is down, other nearby units can pick up the demand load very quickly. Exposure to catastrophic exposure such as terrorist events is lowered. Skills levels are broadened and raised. There are any number of advantages, and the opportunity is immense.

Investment flexibility

As buyers of developed infrastructure, we offer project developers across the continent the ability to recycle their capital, and the prospect of building more infrastructure. Energy projects are very long-term, and can be risky for project developers, with the final reward being a built and operating plant which can tie up investment capital long after it is profitably operational. AEP offers such developers the ability to churn their capital with the opportunity of selling their plants to us, provided that their plants meet our criteria, allowing them to move on to their next development.

Strategy over the short, medium and long term

Our first steps are thus to implement the acquisitions we have targeted. The next steps are medium to long-term goals in the LNG and natural gas infrastructure space. The acquisitions provide the operating cash-flows, the balance sheet and the investor confidence to enable us to take bolder steps, and therein to leverage off the synergies inherent in being an integrated energy company invested from fuel supply logistics all the way to the assets consuming the fuel.

Performance against strategy

THE PROPOSED ACQUISITION IN KENYA IS INDICATIVE OF AEP'S STRONG PERFORMANCE AGAINST OUR STRATEGY. IT IS ALSO TRANSFORMATIVE: BEGINNING WITH A R52 MILLION CAPITAL BASE, WE HAVE NOW POSITIONED THE COMPANY WITH AN ACQUISITION OF JUST UNDER USD62 MILLION. THIS IS PROOF OF OUR ABILITY TO DELIVER AGAINST OUR STATED OBJECTIVES – BOTH INTERNALLY AND IN WHAT WE HAVE COMMUNICATED TO THE INVESTOR COMMUNITY.

We have bought an asset of significant value that comes with 81 extremely competent and well-trained power plant operators and support staff. These skilled people will work both to strengthen our position in their home market, and provide us with the opportunity to look more confidently at regional opportunities, while fast-tracking a gas strategy. Conceptualisation, implementation and operation of projects requires people on the ground through the evolution of acquisition, expansion, backward integration and then long-term operations in any given region. We believe that we will now have this capacity in abundance. We will add to this capacity with each new acquisition, and will very quickly have the ability to move our people around the continent and to AEP's headquarters in South Africa to seed strategies and share best practice, all with a view to optimising the capabilities of the rapidly evolving AEP group to profitably implement our strategy.

Our stakeholders

To date, in addition to the prescriptions of the JSE' listing requirements, we have also communicated with many of our stakeholders on a less formal basis, for the reason that all our efforts were focused on finding and concluding this viable acquisition. Now that we have that opportunity, as well as having significantly advanced and deepened our investment pipeline, we are able to engage our stakeholders comprehensively to demonstrate our progress to date as well as share with them the depth of our pipeline of opportunities for both acquisitive and organic growth, and the potential to create substantial value in short, medium and long-term in their investment.

Our deepening pipeline

The executive team was tasked with initiating and accomplishing the acquisition. As progress is made through the acquisition, the Company's activities will become more widely known, and exponentially more opportunities will be offered to AEP.

We will now be focusing on growing our head office to work with the opportunities that we are seeing. We will also begin with the immediate tasks of integrating the asset that we are buying as well as testing the robustness of any organic growth potential inherent in it. We are excited at the prospect of adding new permanent highly skilled jobs to the South African economy and fiscus.

We also intend to spend more time in East Africa. We will do this for two reasons:

- We will have cash flow that is available for reinvesting into the right opportunities in Kenya and in the region; and
- We will have skilled people capable of branching out from the one operation to take on bigger responsibilities. We also have the profile in the region to increase the scope of our engagements.

Our material matters

During the year under review, there were several issues that we identified as material matters that have a direct impact on our ability to create value for our shareholders:

- The bedding down of the new acquisition;
- Extracting new opportunities from our acquisition pipeline and realising them;
- Raising the requisite capital to realise our investment pipeline;
- Taking the first step into the gas value chain;
- Diversifying our shareholder spread; and
- Benefitting from the PIC as an anchor (49%) shareholder, with their participation bestowing a significant advantage.

Our risks and opportunities

IN KENYA, WE ARE BUYING A LONG-DATED POWER PURCHASE AGREEMENT (PPA) TO 2034. THIS WILL PROVIDE VERY GOOD-QUALITY EARNINGS OVER THE COURSE OF THAT PPA, THAT ARE DEPENDENT NOT ONLY ON ELECTRICITY GENERATED, BUT ALSO ON THE 103MW OF CAPACITY BEING AVAILABLE REGARDLESS OF PLANT UTILISATION. THERE IS NO FUEL-PRICE RISK OR COMMODITY PRICE RISK ASSOCIATED WITH THIS INVESTMENT AS ANY FUEL COST IS PASSED DIRECTLY TO OUR CUSTOMER. PROFITABILITY AND CASH FLOW GENERALLY ARE HIGHLY VISIBLE WITH VERY LIMITED VARIABILITY.

Conclusion

In summary, we are delighted with AEP's achievements over the past year, especially finding the right investment in Kenya that comes with 81 world class energy professionals and employees. We are anxious to continue in this vein and look forward to the continued implementation of our strategy and delivering against our mandate from our shareholders.

At AEP's debut on the JSE on 30 June 2017, I spoke of the definition of faith as being "the absolute belief in that which is not yet seen" in other words "in imagining that Giant Oak tree that will grow when at first planting the smallest acorn".

We continue to see AEP's future as the Giant Oak tree. We are most pleased that at long last our small acorn has broken ground.

Edwin Kikonyogo
Chief Executive Officer

Other principal risks that we monitor and against which we mitigate are:

Risk	Implications
SPAC status	This is our principal risk, as being defined as a SPAC allows us only until 30 June 2019 to make a viable acquisition. This is an existential risk and has been at the forefront of our thinking. With the imminent completion of our acquisition, however, we have mitigated that risk substantially.
Shareholder spread	JSE requirements stipulate that we are required to have a wider shareholder spread for reasons of liquidity and other related aspects. We cannot rely solely on the PIC's stature, and will need to find a more diverse pool of shareholders. Our planned equity capital raise will be an important first step to reduce this risk.
Capital raising	As with the shareholder spread risk, this risk is associated more with the facilitating of our aspirations rather than one that will impact how we roll out.
Strengthening our listing	To attract a wider range of investors, we need to achieve a migration to the JSE's Main Board, although this is not an existential risk

Our independent non-executive directors

1

DAVID WRIGHT
Chairman
BSc Chemical Engineering (University of Natal), Certificate Programme for Finance and Accounting (Wits Business School)
Appointed 7 April 2017

2

SIFISO SIBIYA
BCom Hons (Accounting) (University of Natal), CA(SA), Certificates in Geology, Debt Restructuring and Mezzanine Finance
Appointed 7 April 2017

3

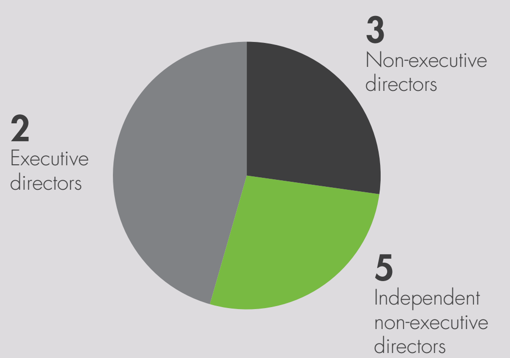
SILVANUS DAVID
Deputy Chairman and lead independent director
Postgraduate and Advanced Diplomas in Project Management, Masters (Commerce – Project Management) (Cranefield College of Management)
Appointed 7 April 2017

4

MERIAM KEKANA
BCompt Hons (Accounting) (University of Johannesburg), CA (SA)
Appointed 7 April 2017

5

CARLA DOOLING (NÉE CLOETE)
LLB, LLM (University of KwaZulu-Natal)
Appointed 7 April 2017



Our non-executive directors

6

THABO LEEUW
B.Com (Accounting) (University of Zululand) a B.Compt Honours (UNISA), Management Advanced Programme (its Business School)
Appointed 5 July 2017

7

SELLO MOLOKO
B.Sc Honours (Mathematics), Postgraduate Certificate in Education (University of Leicester), Advanced Management Program (Wharton School – University of Pennsylvania)
Appointed 5 July 2017

8

OLIVER PETERSEN
B.Com (Financial Accounting), B.Com Honours (Accounting Sciences), Certificate in the Theory of Accountancy (University of Pretoria), EVCA Certificate in Institutional Private Equity Investing (Said Business School, University of Oxford)
Appointed: 5 July 2017

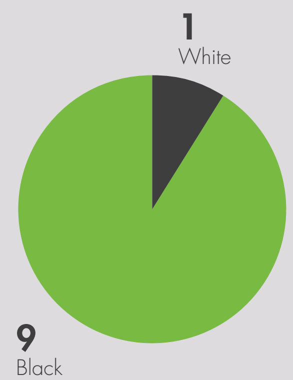
Executive directors

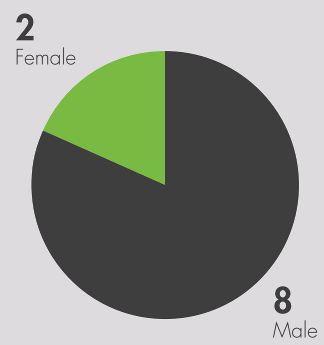
9

EDWIN KIKONYOGO
CEO
BA (University of London), MBA (Rutgers University), Lemberg Programme in Economics and Finance (Brandeis University)
Appointed 1 February 2017

10

NKOSI-YAWO GUGUSHE
COO
BCom (University of KwaZulu-Natal)
Appointed 1 February 2017





Our independent non-executive directors

1 DAVID WRIGHT

David began his career in 1974 as a Metallurgist for Anglo American before moving to, amongst others, Engen in 1991 where he spent 23 years. Towards the end of his tenure as a long-serving member of the senior management team, he acted as Special Advisor to the MD and CEO. Since August 2014 David has pursued industry consulting for clients, including the Central Energy Fund, Phembani and Sasol Mining.

David's professional affiliations include, inter alia, membership of the Ministerial Advisory Council for Energy from 2015 to 2017; the SA Institution of Chemical Engineers since 1974; the Institute of Directors (IoD) since 2014, and Secretary General of the SA National Energy Association (SANEA – SA Member Committee of World Energy Council) since 2012. David's serves as independent non-executive Chairman of AEP.

2 SIFISO SIBIYA

Sifiso was appointed as an internal audit manager at KPMG, where he stayed until 2005. He then joined RMB Structured Finance as a credit analyst, where he managed a portfolio holding over R100 billion in facilities covering the mining and resources sectors, and was also involved in transactions of over R50 billion. By 2008, he was co-team leader of the Mining and Resources Credit team and was nominated as RMB's Analyst of the Year. He subsequently left RMB and founded risk, corporate advisory and investment firm Sotobe Chartered Accountants. He is also a member of Council at Durban University of Technology where he also chairs the Audit Committee.

3 SILVANUS DAVID

Silvanus began his career in 1989 in manufacturing with Pakco, later moving into a financial role at the Durban City Council. After subsequently serving as a project leader at Santam, Silvanus joined SITA in October 2000 where he is still currently employed as Programme Manager. Silvanus has over two decades of experience in financial risk management, procurement oversight and management, quality control and technology and systems risk management, and brings a wealth of expertise in the field of project management. Silvanus is also a sought-after and frequent speaker on project and risk management on the international professional speaking circuit. Silvanus serves as lead independent director of AEP, and as deputy Chairperson of the Board

4 MERIAM KEKANA

Meriam completed her articles with Ernst & Young in 2004 and continued as an auditor, becoming a senior manager servicing a number of large listed and private corporations.

Her responsibilities also included IFRS, US SEC and US GAAP compliance, as well as internal audit mandates. In 2013 she joined international energy group BP, where she continues to serve as Assurance, Risk and Controls Manager with specific responsibilities for financial management and business controls, risk management, ethics and compliance, and governance and reporting. In these roles, she has designed and implemented self-assurance and interventionist processes for BP's Southern African businesses, reporting directly to the Group CFO. Meriam is currently the Financial Director of Medizone.

5 CARLA DOOLING (NÉE CLOETE)

Carla completed her articles at Bowman Gilfillan and practised as an associate for four years in the M&A and Capital Markets teams, and was lead legal counsel on a number of matters for a variety of clients, including Tongaat Hulett, Barclays, Netcare, Steinhoff, GoldFields, Anglo American, UBS, Morgan Stanley, AngloGold Ashanti and Goldman Sachs.

Carla has spent the last eight years at RMB as legal advisor in the Global Market division, which covers all market-facing transactions. She advises, structures, negotiates and executes legal aspects including risk management, legal agreements, commodities trading and pricing and derivatives structuring and execution.

Non-executive directors

6 THABO LEEUW

Thabo is the Managing Director and co-founder of the Thesele Group and has more than 27 years' experience in the food and beverages, petrochemicals, ICT and financial services sectors. He is a former global director at Cazenove PLC and director of Corporate Finance in South Africa. Thabo serves on the boards of a number of JSE-listed companies.

7 SELLO MOLOKO

Sello is the Executive Chairman and co-founder of Thesele Group. With a career spanning 24 years, he has extensive experience in financial services, and is a former CEO of Old Mutual Asset Managers and former deputy CEO of Capital Alliance Asset Managers. Sello serves on the boards of a number of JSE-listed companies.

8 OLIVER PETERSEN

Oliver is a member of the South African Institute of Chartered Accountants, Oliver joined Thesele as a Senior Executive in November 2015. In his post-articles 13-year career at PwC, he has held various associate and executive roles in banking, corporate finance and private equity.

Executive directors

9 EDWIN KIKONYOGO

Edwin is a co-founder and executive director of Destiny Group, which holds diverse investments in the property, services, industrial gases and pharmaceuticals industries. Since 2012. Currently involved in developing cogeneration projects and battery energy storage projects, LNG conversion to power and LNG supply projects, an acquisition of natural-gas producing fields, electricity agreements and in securing distributor and licensing partnerships with international leaders on the energy value chain, Edwin has been leading Destiny's energy project-development teams.

Between 1994 and 2005 he worked at Citibank CIB, Deutsche Bank and as Head of African Corporate Finance and Debt Capital Markets for Barclays Capital. He has extensive experience in structuring and financing corporate lending, investment banking and corporate, structured and project finance in the mining, oil and gas, telecoms and infrastructure sectors across Africa.

10 NKOSI-YAWO GUGUSHE

As a co-founder and chief executive officer of Destiny Group since 2012, Nkosi has been leading the group's energy-project development teams, and is Currently involved in developing cogeneration projects and battery energy storage projects, LNG conversion to power and LNG supply projects, an acquisition of natural-gas producing fields, electricity agreements and in securing distributor and licensing partnerships with international leaders on the energy value chain.

Between 1996 and 2005, Nkosi worked at Accenture Consulting and subsequently, as Head of Corporate Finance and Debt Capital Markets for Vunani Capital (then African Harvest Capital). He has extensive experience and expertise in operations management across the energy, financial services and transport industries, investment banking and structured and project finance in the resources, telecoms and infrastructure sectors.

OUR GOVERNANCE

AEP'S BUSINESS PRACTICES ARE CONDUCTED IN GOOD FAITH, IN THE INTERESTS OF THE COMPANY AND ALL ITS STAKEHOLDERS, WITH DUE OBSERVANCE OF THE PRINCIPLES OF GOOD CORPORATE GOVERNANCE. THE BOARD OF DIRECTORS IS THE FOUNDATION OF AEP'S CORPORATE GOVERNANCE SYSTEM AND IS ACCOUNTABLE AND RESPONSIBLE FOR AEP'S PERFORMANCE. GOVERNANCE IS HOW WE DO BUSINESS.

The Board has prepared this integrated report in terms of the governance principles outlined in King IV, and which is intended for all our stakeholders, and at informing providers of financial capital about all key aspects of our business and the ways in which we create value.

Our approach to governance

AEP is committed to the principles of openness, integrity, responsibility and accountability in our dealings with stakeholders. We endorse the value of good corporate governance, standards and principles as recommended by King IV and we apply King IV to support and strengthen our governance processes and to provide stakeholders with the necessary assurances in this regard.

We detail the ways in which we apply King IV in our King IV assessment, which is available online at www.aep.co.za/investor-relations/corporate-governance.

Our Board Charter

The Board Charter was adopted by the Board in April 2017 to ensure compliance with King IV and the Companies Act. The Board Charter sets forth the Board's role and responsibilities as well as the requirements for its composition and meeting procedures, noting that the Company is subject to the corporate governance requirements of the Companies Act, and that, following its listing on the JSE, the Company is also subject to:

- The mandatory corporate governance requirements outlined in the JSE Listings Requirements, compliance with which are disclosed in the Company's prospectus in this integrated report and the checklist on our website
- The recommended corporate governance practices outlined in King IV

The key roles and responsibilities of the Board as defined in our Board Charter can be found as part of our reporting suite on our website at www.aep.co.za/investor-relations/corporate-governance

Our Board composition

The AEP Board comprises the appropriate balance of knowledge, skills, experience, diversity and independence to discharge its governance role and responsibilities objectively and collectively. The Board is composed of 10 directors, 20% being executive directors, 50% of independent non-executive directors and the balance of 30% being non-executive.

JSE Listings Requirements prescribe that listed companies must appoint a chief executive officer and a chairperson to their board of directors. The requirements further prescribe that the foregoing positions cannot be held by the same person and that the chairperson must either be an independent non-executive director failing which the company must appoint a lead independent director.

While AEP, as a SPAC, is exempt from the foregoing principle until such time as it has been converted into an ordinary listed company on the main board or the AltX board of the JSE, the Company has nevertheless elected to comply with the foregoing listing requirement as at the date on which this charter was adopted.

INDEPENDENCE

The independent non-executive directors are highly experienced and have the skills, background and knowledge to fulfil their responsibilities. The Board believes that the independent non-executive directors of the Company are of the appropriate calibre, diversity and number for their views to carry significant weight in the Board's deliberations and decisions.

The classification of independent non-executive directors is determined by the Board on the recommendation of the Remuneration and Nomination Committee in accordance with the guidelines set out in King IV. In accordance with the independence requirements of the JSE Listings Requirements, none of the independent non-executive directors participates in any share incentive scheme of the Company.

King IV compliance

We recognise and support the principles and practices set out in King IV, and continue to implement compliance to ensure that we apply its letter.

We are committed to conducting gap analyses on an ongoing basis to assess the Company's compliance level in respect of King IV, identifying areas that require improvement. Gaps, if any, are addressed through action plans and regular monitoring and reporting to the appropriate governance structures, and ongoing progress reports in this regard is presented to the Audit and Risk Committee.

Enhancements, where required, will be made over time in line with the objective of continuously improving and entrenching corporate governance practices in respect of King IV, the progress made towards achieving them and, ultimately, the foreseen governance outcomes.

A detailed list of the King IV principles and the ways in which we comply with them can be found as part of our reporting suite on our website at www.aep.co.za/investor-relations/corporate-governance

The Board complies with all relevant legislation and is required to maintain strict confidentiality of all information relating to the business of the Company, except to the extent that disclosure is required by law or regulation.

Election and re-election of Directors

AEP's Memorandum of Incorporation requires that one-third of elected non-executive directors, who have been in office longest since their last election, retire by rotation at each annual general meeting (AGM). Being eligible, these non-executive directors may seek re-election should they so wish.

The Nominations Committee evaluates nominees and, taking into account their past performance and their contribution made to the Company, recommends the nominees to the Board for recommendation to shareholders for election and re-election at AGMs of shareholders, as the case may be.

Directors appointed by the Board between AGMs, either to fill a casual vacancy or as an addition to the existing Board, hold office only until the next AGM and are eligible for election (but are not included in determining the number of directors who are to retire by rotation). When appointing directors upon the recommendation of the Remuneration and Nomination Committee, the Board considers, *inter alia*, whether the candidates have the necessary skills and experience. (For directors' curricula vitae see pages 20 to 21.)

Induction and continuing education

All newly-appointed directors receive a comprehensive information pack, including the Memorandum of Incorporation, the Board Charter, terms of reference of the committees of the Board, Board policies and other documents relating to the Company, key legislation and regulations, as well as corporate governance, financial and reporting documents, including minutes and documents of an administrative nature.

Following the successful listing of the Company, all directors attended the compulsory induction programme conducted by the Institute of Directors SA for AltX listed companies. In addition, they are encouraged to attend courses providing information and training relating to their duties, responsibilities, powers and potential liabilities. Regulatory and legislative updates are provided regularly.

The Remuneration and Nominations Committee will develop a continuous development plan for the directors and identify programmes that are energy related.

Succession

The Board has put together a succession plan for executive directors and senior management, and which provides for the sustainability of the business of the Company.

Assessment

The Board is committed to transparency in assessing its performance, its committees and individual directors as well as the governance processes that support its activities. The effectiveness of the Board and its committees will be assessed annually. The Institute of Directors (SA) have been engaged to assist the Nomination Committee with the evaluation of the Board as a whole and individually together with its committees.

The Board is of the view that the involvement of independent external advisors assists in ensuring a rigorous and impartial evaluation process.

Matters to be considered in the assessments will focus on the effectiveness of the Board, and could include the following:

- Board composition;
- Board meetings and content;
- Roles of the chairman;
- Board accountability;
- Appointment, induction and training and succession planning;
- Performance evaluation and remuneration
- Board committees;
- Communication and relationships;
- Board dynamics and leadership;
- Board focus and function with regard to strategy and compliance;
- Risk management and internal controls;
- IT governance;
- Accounting and audit;
- Non-financial (sustainability) performance;
- Balance of power and authority; and
- Ethics.

Advice and information

No restriction is placed on a director's access to Company information, records, documents and property. Non-executive directors have access to management, and regular interaction is encouraged. All directors are entitled to seek independent professional advice concerning the affairs of the Company at its expense.

Board meetings

The Board meets to consider the business and strategy of the Company, and reviews reports from the committees and independent advisors. Agendas for Board meetings are prepared by the Company Secretary in consultation with the independent non-executive chairman, the CFO and the CEO, and meeting materials are delivered to every director prior to each meeting.

During the year under review, 1 July 2017 to 30 June 2018, the following meetings of the Board and its committees took place:

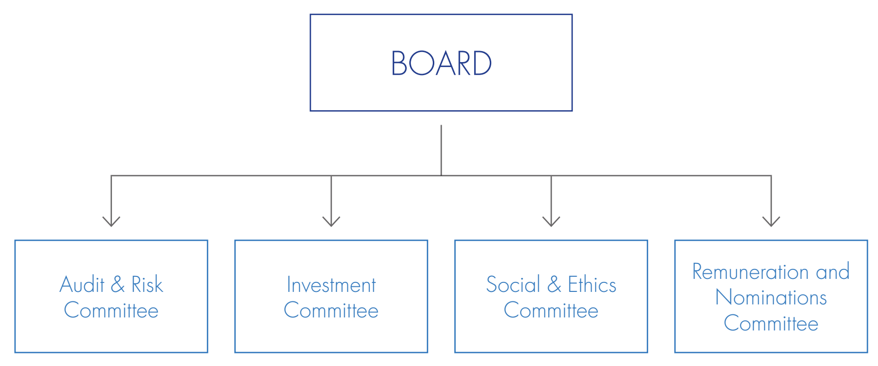
Directors name	Board meeting	Remuneration & Nomination committee	Audit & Risk Committee	Investment Committee	Social & Ethics comittee
DW Wright	5/5	1/1	n/a	4/4	n/a
SM David*	5/5	1/1	3/3	n/a	n/a
EL Johnson^	1/5	n/a	1/3	1/4	n/a
CJ Dooling	5/5	n/a	2/3	n/a	1/1
SS Sibiya	5/5	n/a	n/a	4/4	1/1
MM Kekana	5/5	n/a	3/3	n/a	1/1
ONW Peterson*	5/5	1/1	n/a	n/a	n/a
SM Moloko*	1/5	n/a	n/a	1/4	n/a
TP Leeuw*	5/5	0/1	n/a	n/a	n/a
ECMB Kikonyogo	5/5	Invited	Invited	Invited	Invited
KG Simons+	5/5	Invited	Invited	Invited	Invited
N Gugushe	5/5	Invited	Invited	Invited	Invited

Lead independent director
* Waived directors fees due to them
^ Resigned on 4 September 2017
Committee Chair
+ Resigned on 3 October 2018

Our governance framework

THE BOARD RETAINS EFFECTIVE CONTROL OF THE BUSINESS OF AEP THROUGH A CLEAR GOVERNANCE STRUCTURE AND HAS ESTABLISHED SUB-COMMITTEES TO ASSIST IT IN ACCORDANCE WITH THE PROVISIONS OF AEP'S BOARD CHARTER. THE BOARD RECOGNISES THAT DELEGATING AUTHORITY DOES NOT REDUCE THE RESPONSIBILITY OF DIRECTORS TO DISCHARGE THEIR STATUTORY AND COMMON LAW FIDUCIARY DUTIES. THE BOARD CONTINUES TO REVIEW ITS GOVERNANCE STRUCTURES TO ENSURE THAT THEY SUPPORT EFFECTIVE DECISION-MAKING, PROVIDE ROBUST CONTROLS AND ARE ALIGNED TO EVOLVING LOCAL AND GLOBAL BEST PRACTICE.

GOVERNANCE FRAMEWORK



Our board committees

The Board has established sub-committees to assist it with fulfilling its responsibilities in accordance with the provisions of the Company's Board Charter, and membership of the Board committees currently consists solely of non-executive directors. The Board acknowledges that the delegation of authority to its committees does not detract from the Board's responsibility to discharge its fiduciary duties to the Company.

The committees have terms of reference, which will be reviewed annually. They set out the committees' roles and responsibilities, functions, scope of authority and composition. The annual review will take into account amendments to applicable legislation and developments in international best practice.

Committees report to the Board at each Board meeting and make recommendations in accordance with their terms of reference. Each committee is chaired by an independent non-executive director. Attendance schedules for committee meetings held in FY2018 are included in the meeting attendance summary above. The committee chairpersons will attend AGMs to answer any questions.

The terms of reference and focus of the committees during FY2018 can be found as part of our reporting suite on our website at www.aep.co.za/investor-relations/corporate-governance.

Executive Committee

The Company has an Executive Committee which is chaired by the CEO, who is an executive director of AEP. Standard items on the agenda of the Executive Committee include operational matters by the COO, proposed investment activity, as well as the company's financial position and capacity.

Risk management processes and assurance

In compliance with King IV Principle 15, the Company has a Risk and Compliance Framework in place that aims to identify, assess, communicate and report AEP's risks. The framework ensures that AEP achieves the level of strategic and operational efficiency and compliance as required by the Board. (For more on risk, see page 17.)

About the remuneration report

The Remuneration Committee report consists of two parts: Part I, which is set out in detail as part of our reporting suite on our website at www.aep.co.za/investor-relations/corporate-governance, explains the Remuneration Policy; and Part II explains the implementation of the Remuneration Policy in FY2018.

The FY2018 directors' remuneration was reviewed by the auditors and is included in the annual financial statements on pages 56 and 57. This approach has been adopted in line with emerging best remuneration disclosure practices.

THE REMUNERATION COMMITTEE ACKNOWLEDGES ITS RESPONSIBILITY TO APPLY REMUNERATION STRATEGY TO ENSURE A BALANCE IN ATTRACTING AND RETAINING HUMAN CAPITAL THROUGH COMPETITIVE REMUNERATION PRACTICES, WHILE CREATING SHAREHOLDER VALUE.

The Remuneration Committee does so by formulating a remuneration policy designed to give effect to the remuneration strategy, support the business objectives within the larger operating environment and offer a balanced remuneration mix within the company's financial constraints. In so doing, the Remuneration Committee actively engages with best-practice corporate governance principles, with specific reference to the principles contained in King IV.

Supporting a progressive Remuneration Policy are AEP and DCMS's talent-management, succession planning, human resources development and workforce planning processes, which aim to ensure the appointment of competent and experienced individuals to realise the company's expectations and strategy.

OBJECTIVES

AEP's goal to retain and attract the best employees is only possible with an attractive employee value proposition with focused attention given to elements such as the company's values, culture, talent management, workforce planning and competitive benefits and remuneration. This can only be achieved with a solid employer brand within the market. This indicates that AEP's remuneration and benefits policies and practices compare well against South African and international practices. In addition, AEP engages regularly with DCMS, who as the manager of AEP provides AEP's senior management core, to ensure alignment on these objectives.

STAKEHOLDER ENGAGEMENT

The Remuneration Committee recognises the importance of stakeholder engagement with regard to the Remuneration Policy and its implementation. Therefore, the Remuneration Committee remains committed to proactively maintaining a regular, transparent and informative dialogue with AEP's stakeholders. The Remuneration Committee considers and ensures that we address feedback received from investors during the financial year. As an example, at our first AGM, shareholders requested additional transparency in reporting and this Remuneration Report.

OTHER DECISIONS

Other decisions that demonstrate alignment of senior executives with the interests of shareholders included the following:

- The Remuneration Committee recommended and the Board approved that all directors and prescribed officers receive no annual salary and fee increases for the new financial year starting 1 July 2018 while AEP remains a SPAC;
- Professional services firm PwC South Africa (PwC) conducted a market bench-marking exercise for similarly sized companies, once AEP is no longer a SPAC. The Board has accepted PwC's recommendation to increase Directors fees to the market median, and executive directors' salaries to 70% of market median, after the conclusion of the viable acquisition; and
- The Company and its manager have canvassed shareholders on proposed amendments to the terms of the Management Agreement, and once they are finalised, will call a general meeting where such terms will be considered and voted on by shareholders.

NON-BINDING ADVISORY VOTE

Principle 14 of King IV, which deals with the remuneration governance, requires that a company tables at its annual general meetings its remuneration policy for discussion by shareholders of the company, who voice their confidence in it through a non-binding advisory vote. This vote enables shareholders to express their views on a company's remuneration policy and on its implementation.

Ordinary resolutions numbers 5.1 and 5.2, pertaining to the non-binding advisory vote to approve the Company's Remuneration Policy and Implementation Report, respectively, are included in the Notice of Annual General Meeting. As these resolutions are of an advisory nature only, failure to pass these resolutions will not have any consequences on existing arrangements.

In the event that the Company's Remuneration Policy and Implementation Report receives dissenting votes exceeding 25% of the votes exercised, the Remuneration Committee will seek to engage directly with those dissenting shareholders and major shareholders with a view to understanding the concerns raised and to address legitimate and reasonable objections.

COMMITMENT

The Remuneration Committee remains committed to monitoring the effectiveness and implementation of the Remuneration Policy, strategy and practices continuously, and is confident that the Remuneration policy will generate real long-term value for AEP's shareholders.

Remuneration governance framework

COMPOSITION OF THE REMUNERATION COMMITTEE

Members

SM David (Chairperson)
DW Wright
TP Leeuw

In accordance with King IV, the Remuneration Committee consists entirely of independent non-executive directors. The Board considers the composition of the Remuneration Committee to be an appropriate blend of knowledge, skills and experience, and is confident that the Remuneration Committee's members have a strong combination of expertise and experience in the financial, business and human capital fields.

FUNCTIONS OF THE REMUNERATION COMMITTEE AND TERMS OF REFERENCE

Purpose

The purpose of the Remuneration Committee is to assist the board with its responsibility for setting the Company's remuneration policies to ensure that directors, executives and all employees are fairly and responsibly remunerated and that remuneration policies are set in the Company's long-term interests. The committee considers and recommends remuneration policies for all levels in the company, as well as the requirements for its composition and meeting procedures.

Functions and responsibilities

The Remuneration Committee performs the functions and responsibilities necessary to fulfil its purpose as stated above. Its terms of reference were reviewed and approved by the Board in June 2018. The Remuneration Committee's mandate includes:

- Overseeing the setting and administering of remuneration at all levels in the group;
- Overseeing the establishment of a remuneration policy that will promote the achievement of strategic objectives and encourage individual performance;
- Ensuring that the remuneration policy is put to a non- binding advisory vote at the general meeting of shareholders of the company once every year;
- Engaging with the Manager on execution of its responsibilities in terms of the Management Agreement, and fulfilment by AEP of its own obligations;
- Determining and developing the Company's general policy on group executive remuneration for approval by the Board;
- Reviewing the terms and conditions of group executives' employment, taking into account information from comparable groups where relevant;
- Reviewing the outcomes of the implementation of the remuneration policy for whether the set objectives are being achieved;
- Ensuring that the mix of fixed and variable pay, in cash, shares and other elements, meets the group's needs and strategic objectives;
- Determining any criteria necessary to measure the performance of the company's executive directors in discharging their functions and responsibilities;
- Satisfying itself as to the accuracy of recorded performance measures that govern the vesting of incentives;
- Ensuring that all benefits, including retirement benefits and other financial arrangements, are justified and correctly valued;
- Considering the results of the evaluation of the performance of the CEO, other executive directors and members of senior management, both as directors and as executives in determining remuneration;
- Selecting an appropriate comparative group when comparing remuneration levels;
- Considering and recommending to the Board any change in the rules and allocation procedures governing the group's incentive schemes;
- Regularly reviewing incentive schemes to ensure continued contribution to shareholder value and that these are administered in terms of the rules;
- Considering the appropriateness of early vesting of share-based schemes at the end of employment or upon a corporate action or event;
- Reviewing and approving corporate goals and objectives relevant to the CEO's remuneration and evaluate the CEO's performance in light of those goals and objectives. The committee shall make recommendations to the Board which shall determine:
  - The CEO's level of remuneration based upon this recommendation;
  - Recommend the policy for authorising claims for expenses from CEO;
- Due to conflict of interest, the committee will not determine the remuneration or terms of any consultancy agreement of any non-executive director, although it may make recommendations to the board, if requested;
- Reviewing the performance of individual directors at the same time as reviewing independent non-executive remuneration and make recommendations in respect of independent non-executive fees each year;
- Ensuring that where shares or share option schemes are to be introduced, shareholders of the company approve this offer in a general meeting prior to the scheme being implemented;
- Establishing the selection criteria, including selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee, if applicable; and
- Overseeing the preparation and recommending to the Board the Remuneration Report, to be included in the integrated report, as to whether it:
  - is accurate, complete and transparent;
  - provides full disclosure of each individual executive and non-executive directors, including the three highest-paid employees who are not directors', remuneration including details relating to base pay, bonuses, share-based payments, granting of options or rights, restraint payments and other benefits (including present values of future awards); and
  - provides a clear explanation of how the remuneration policy has been implemented including a clear explanation of the base pay including the use of appropriate benchmarks.

Employment contracts

Employment agreements have been entered into between the Company and executive directors. These contracts are subject to a three-calendar-month termination notice period by either party. None of these employment contracts is a fixed-term contract. Executive agreements do not include restraint provisions applicable upon termination.

The remuneration paid in terms of the executive employment agreements with the executive directors and prescribed officers is set out in detail in Part II of this integrated annual report on page 57 of the Annual Financial Statements.

Executive directors and prescribed officers only receive remuneration in terms of their employment relationship with the company and do not earn fees for services. As recommended in King IV, the Company has not concluded any employment agreements with its executive directors and prescribed officers to pay a fixed sum of money on termination of employment, or to make "balloon payments" in recognition of service to the company without any performance conditions attached. There is also no automatic entitlement to short-term or long-term incentives in the event of resignation or termination because of a disciplinary procedure for terminations due to other reasons. Executive directors and prescribed officers shall be subject to the same rules that apply to all participants in the Share Plan and the Scheme.

There are no other service contracts between the company and its executive directors and prescribed officers.

Part I – Remuneration Policy

The Company's Remuneration Policy is available as part of our reporting suite on our website at www.aep.co.za/investor-relations/corporate-governance.

Part II – Remuneration Implementation Report

NON-EXECUTIVE DIRECTORS' REMUNERATION

Non-executive directors' fees

The Board appoints high-calibre non-executive directors who contribute significantly to the company's strategic direction.

In determining the level of fees, consideration is given, inter alia, to the importance of attracting and retaining experienced non-executive directors, market dynamics and the increasingly demanding responsibilities of directors throughout the year, as well as the contributions of each director and their participation in the activities of the board and its committees.

Board and committee meeting attendance fees are paid in arrears. The remuneration for independent non-executive directors does not include remuneration from any of the Company's incentive schemes.

Board meeting attendance fees

On the advice of the Remuneration Committee and, in line with King IV, the Board recommends an annual meetings fee for attendance at board meetings payable to non-executive directors for approval by shareholders.

Board attendance fees are paid for ad hoc Board meetings, site visits and other ad hoc meetings in respect of Board matters. The company reimburses reasonable travel, subsistence and accommodation expenses to attend meetings.

Executive directors' remuneration

The Company's Remuneration Policy is available on its website at www.aep.co.za/investor-relations/corporate-governance and has been reviewed by the Board to ensure that the executive directors' remuneration is fair and responsible in the context of the overall employee remuneration. Details of executive and non-executive remuneration are set out in the financial statements.

DIRECTORS' MEETING ATTENDANCE 1 JULY 2017 TO 30 JUNE 2018

Directors name	Board meeting	Remuneration & Nomination committee	Audit & Risk Committee	Investment Committee	Social & Ethics comittee
DW Wright	5/5	1/1	n/a	4/4	n/a
SM David*	5/5	1/1	3/3	n/a	n/a
EL Johnson^	1/5	n/a	1/3	1/4	n/a
CJ Dooling	5/5	n/a	2/3	n/a	1/1
SS Sibiya	5/5	n/a	n/a	4/4	1/1
MM Kekana	5/5	n/a	3/3	n/a	1/1
ONW Peterson*	5/5	1/1	n/a	n/a	n/a
SM Moloko*	1/5	n/a	n/a	1/4	n/a
TP Leeuw*	5/5	0/1	n/a	n/a	n/a
ECMB Kikonyogo	5/5	Invited	Invited	Invited	Invited
KG Simons+	5/5	Invited	Invited	Invited	Invited
N Gugushe	5/5	Invited	Invited	Invited	Invited

DIRECTORS' FEES PAID 1 JULY 2017 TO 30 JUNE 2018

Directors name	Board meeting	Remuneration & Nomination committee	Audit & Risk Committee	Investment Committee	Social & Ethics Comittee	Total
DW Wright	150 000	9 000		36 000		**195 000**
SM David*	90 000	9 000	27 000			**126 000**
EL Johnson^	15 000		11 000	9 000		**35 000**
CJ Dooling	75 000		18 000		9 000	**102 000**
SS Sibiya	75 000			44 000	7 500	**126 000**
MM Kekana	75 000		31 000		7 500	**113 000**
ONW Peterson*		1/1				–
SM Moloko*				1/4		–
TP Leeuw*		0/1				–
ECMB Kikonyogo	Nil fees paid – Executive Director					–
KG Simons	Nil fees paid – Executive Director					–
N Gugushe	Nil fees paid – Executive Director					–
Total						**698 000**

** Lead independent director*
** Waived directors fees due to them*
^ Resigned on 4 September 2017
■ Committee Chair
+ Resigned on 3 October 2018

Please refer to the Notice of Annual General Meeting on pages 66 to 67 for the shareholders' resolutions in respect of the remuneration of non-executive directors.

There are no other service contracts between the company and its non-executive directors. No agreements to pay a fixed sum of money on the termination of any contracts have been concluded between the Company and any of its non-executive directors.

EXECUTIVE DIRECTORS AND PRESCRIBED OFFICERS EARNINGS 1 JULY 2017 TO 30 JUNE 2018

Below is an extract from Note 7 to the Consolidated Audited Annual Financial Statements on page 56 of this Integrated Annual Report.

	Basic salary	Medical aid benefits	Travel allowance	Foreign travel subsistence allowance	Total
Services as directors – 2018					
ECMB Kikonyogo	1 533 567	43 818	–	67 583	1 644 968
N Gugushe	1 577 385	–	–	49 740	1 627 125
KG Simons	1 332 219	39 798	84 000	4 640	1 460 657
	4 443 171	83 616	84 000	121 963	4 732 750

Finally, in terms of the Management Agreement, the Company has paid the Manager, DCMS, an amount of R150 000 per month, excluding VAT, for the twelve-month period ended 30 June 2018, totalling R1 800 000. The Manager is an associate or N Gugushe and E Kikonyogo, being the Company's executive directors, as well as TP Leeuw and SM Moloko, two of the Company's non-executive directors.

On behalf of the Remuneration Committee

SM David
Chairperson of the Remuneration Committee

30 October 2018

As set out earlier in this report with respect to the committee's other decisions, non-executive directors fees, and salaries for executive directors and prescribed officers, remain unchanged from those levels set in 2017.

AUDIT AND RISK COMMITTEE REPORT

My responsibility as chairperson of the AEP's Audit and Risk Committee is to report on the matters that fall within the Committee's mandate for the year under review in accordance with the requirements of the Companies Act, as amended, and also to report on the additional duties assigned to the committee by the Board.

This report is provided by the Audit and Risk Committee appointed in respect of the 2018 financial period of AEP Energy Africa Limited.

1. MEMBERS OF THE AUDIT AND RISK COMMITTEE

The members of the Audit and Risk Committee are all independent non-executive directors of the Company and include:

Name	Qualifications	Date of appointment
MM Kekana (Chairperson)	BCompt Hons (Accounting), (University of Johannesburg), CA(SA)	6 September 2017
SM David	Postgraduate and Advanced Diplomas in Project Management, currently studying towards a Masters (Commerce – Project Management) (Cranefield College of Management)	7 April 2017
EL Johnson	BSc, MSc (Electrical Engineering) (University of Cape Town), MBA (Wits), ACE (MIT Sloan School of Business)	Resigned 4 September 2017
CJ Dooling (nee Cloete)	LLB, LLM (University of KwaZulu-Natal)	6 September 2017

The committee is satisfied that the members thereof have the required knowledge and experience as set out in Section 94(5) of the Companies Act 71 of 2008 (Companies Act) and Regulation 42 of the Companies Regulation, 2011.

2. MEETINGS HELD BY THE AUDIT AND RISK COMMITTEE

The Audit and Risk Committee had three meetings during the period under review.

The following items were dealt with by the Audit and Risk Committee during the period under review:

2.1 External auditor

The Committee satisfied itself through enquiry that the external auditor is independent as defined by the Companies Act 71 of 2008, and as per the standards stipulated by the auditing profession.

The Audit and Risk Committee, in consultation with executive management, agreed to the terms of the engagement.

2.2. Chief Financial Officer

The Audit and Risk Committee evaluates the competency and effectiveness of the Chief Financial Officer (Mr Kevin Simons) as required in terms of the JSE Listings Requirements. The evaluation process includes an assessment of the Chief Financial Officer's eligibility, skills, knowledge and execution of duties. The Audit and Risk Committee is satisfied that the Chief Financial Officer is competent and has the requisite qualifications and experience to effectively execute his duties.

2.3. Consolidated audited annual financial statements

Following the review of the consolidated audited financial statements the Audit and Risk Committee recommends board approval thereof.

On behalf of the Audit and Risk Committee

MM Kekana
Chairperson of the Audit and Risk Committee

27 September 2018

Chairperson's Statement

My responsibility as chairperson of the AEP's Social and Ethics Committee (SEC) is to report on the matters that fall within the Committee's mandate for the year under review in accordance with the requirements of the Companies Act, as amended, and also to report on the additional duties assigned to the committee by the Board.

This report covers the activities of the SEC for the period ended 30 June 2018 and its progress leading up to the finalisation of the acquisition of a viable asset scheduled for the latter part of the 2018 calendar year.

Establishment, composition and role

The SEC was established in terms of Section 72(4)(a) of the Companies Act, 71 of 2008 (Companies Act), read together with Regulation 43 of the regulations, 2011. The Board approved the membership of the SEC and appointed me as Chairperson of the SEC, effective 7 April 2017, to serve together with Mr. Sifiso Sibiya and Ms. Meriam Kekana. The SEC comprises suitably skilled and experienced individuals, all of whom are non-executive directors of AEP.

Terms of reference are set out on our website www.aep.co.za/investor-relations/corporate-governance.

Taking into account that AEP currently remains a SPAC, the role of the SEC up to the time of writing this report, has been to lay the groundwork for the future activities of the Company in the fulfilment of its duties and responsibilities as an active and responsible participant in the energy sector as well within the corporate community. This is done by implementing, monitoring and improving AEP's sustainable development practices, and will directly assist the Board in achieving the values of doing business ethically.

In terms of the Committee's mandate, the SEC is required to meet at least twice a year. During the year under review, the Committee met twice, with executive directors being invited to attend these meetings. It is anticipated that once AEP's viable acquisition is concluded, the Committee will meet more than its twice-a-year minimum.

AEP complies with the Employment Equity Act, 1998, and Employment Equity Policies that are inclusive of race, gender and people living with disabilities, have been implemented. AEP is currently a company of three officers and eight non-executive directors, and we are pleased with the diversity within this group. With one disabled person, two black women and ten black directors, AEP is steadily advancing towards an optimal level of diversity.

Taking into account the potential acquisition of IberAfrica, a decision was taken to review the company's environmental footprint, and in particular, compliance with social and environmental issues by its acquired business. Further initiatives in this regard will be implemented during the new financial year, beginning with an audit and gap analysis. Going forward, this will be an area of focus and stringent monitoring, taking into consideration that many of these policies are in place and currently being adhered to by IberAfrica.

In the new calendar year, the Committee will consider and recommend approval of the Safety, Health and Environmental Policy to the Audit and Risk Committee and ultimately to the Board. The same policy will have to be implemented and/or integrated within AEP, as well as in its operations, as a measure to reduce and mitigate all associated risk that may arise and affect the Company.

AEP 's values incorporate Environmental, Social and Governance (ESG) considerations into its investment decisions. This approach to investment management is consistent with increasing global concern and awareness around sustainability issues. An ESG framework is being developed and approved by the Board in the next calendar year.

AEP is committed to B-BBEE as an integrated and coherent socio-economic process that will directly contribute to the economic transformation of South Africa and the Company remains cognisant of its role in contributing towards a significant increase in the numbers of black people that manage, own and control sustainable businesses not only in South Africa, but throughout the African continent.

CSI

Post its viable acquisition, AEP will actively implement a strategy and allocate budget towards funding community programmes that make an impact and contribute towards the betterment of all communities within which the Company operates.

Conclusion

I am satisfied that, whilst taking into account the focus on the transition of AEP from a SPAC, the SEC has fulfilled all its duties and has achieved its objectives for the year under review. No items were reported that would indicate non-compliance with legislation and regulations relevant to the areas within the SEC's ToR. The SEC has no reason to believe that any such non-compliance has occurred.

On behalf of the Social and Ethics Committee

C Dooling
Chairperson of the Social and Ethics Committee

30 October 2018

About the Investment Committee report

SS Sibiya (Chairperson)
DW Wright
EL Johnson (Resigned 4 September 2017)
SM Moloko (Appointed 5 July 2017)

My responsibility as chairperson of the AEP's Investment Committee is to report on the matters that fall within the Committee's mandate for the year under review in accordance with the requirements of the Companies Act, as amended, and also to report on the additional duties assigned to the committee by the Board.

The Investment Committee comprises two independent non-executive directors and one non-executive director. The committee does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management. The role of the committee is to assist the Board to:

- Review the Company's investment policy annually
- Consider all transactions for the acquisition or disposal of assets in accordance with the Company's investment policy
- Assess all investment opportunities presented to the Company by its management Company and other advisors
- Review the performance of individual assets within the Companies portfolio of assets and make recommendations in respect of such assets

In carrying out its duties under these terms of reference the committee will, for so long as the Company is a SPAC, be mindful of the Company's acquisition criteria as set out in its prospectus.

The terms of reference of the Investment Committee were adopted in April 2017. No changes were made during the year.

During the year under review, the Committee has focused on advancing the acquisition options the Company had available, to determine which one would serve as our viable asset. Once IberAfrica was selected, the Committee's role included processing the proposed transactions through the entire acquisition process, including:

- Due diligence;
- Negotiation;
- Transaction agreements;
- Acquisition finance;
- JSE regulatory compliance; and
- Transaction completion.

On behalf of the Investment Committee

SS Sibiya
Chairperson of the Investment Committee

30 October 2018

Consolidated audited annual financial statements

AEP Energy Africa Limited
Incorporated in the Republic of South Africa
(Registration number 2017/024904/06)
JSE Share code: AEY
ISIN: ZAE000241741
(AEP or the Company)

CONTENTS

PREPARER
This set of financial statements was prepared under the supervision of Mr KG Simons CA (SA), who served as Chief Financial Officer of the Company until 31 October 2018.

For further information visit our website

For more information see pages within the report

Audit and Risk Committee report

FOR THE YEAR ENDED 30 JUNE 2018

This report is provided by the Audit and Risk Committee appointed in respect of the 2018 financial period of AEP Energy Africa Limited.

1. MEMBERS OF THE AUDIT AND RISK COMMITTEE

The members of the Audit and Risk Committee are all independent non-executive directors of the Company and include:

Name	Qualifications	Date of appointment
MM Kekana (Chairperson)	BCompt Hons (Accounting), (University of Johannesburg), CA(SA)	6 September 2017
SM David	Postgraduate and Advanced Diplomas in Project Management, currently studying towards a Masters (Commerce – Project Management) (Cranefield College of Management)	7 April 2017
EL Johnson	BSc, MSc (Electrical Engineering) (University of Cape Town), MBA (Wits), ACE (MIT Sloan School of Business)	Resigned 4 September 2017
CJ Dooling (nee Cloete)	LLB, LLM (University of KwaZulu-Natal)	6 September 2017

The committee is satisfied that the members thereof have the required knowledge and experience as set out in Section 94(5) of the Companies Act 71 of 2008 (Companies Act) and Regulation 42 of the Companies Regulation, 2011.

2. MEETINGS HELD BY THE AUDIT AND RISK COMMITTEE

The Audit and Risk Committee had three meetings during the period under review.

The following items were dealt with by the Audit and Risk Committee during the period under review:

2.1 External auditor

The Committee satisfied itself through enquiry that the external auditor is independent as defined by the Companies Act 71 of 2008, and as per the standards stipulated by the auditing profession.

The Audit and Risk Committee, in consultation with executive management, agreed to the terms of the engagement.

2.2. Chief Financial Officer

The Audit and Risk Committee evaluates the competency and effectiveness of the Chief Financial Officer (Mr Kevin Simons) as required in terms of the JSE Listings Requirements. The evaluation process includes an assessment of the Chief Financial Officer's eligibility, skills, knowledge and execution of duties. The Audit and Risk Committee is satisfied that the Chief Financial Officer is competent and has the requisite qualifications and experience to effectively execute his duties.

2.3. Consolidated audited annual financial statements

Following the review of the consolidated audited financial statements the Audit and Risk Committee recommends board approval thereof.

On behalf of the Audit and Risk Committee.

MM Kekana
Chairperson of the Audit and Risk Committee

27 September 2018

Directors' responsibilities and approval

FOR THE YEAR ENDED 30 JUNE 2018

The directors of AEP (the directors) are responsible for the preparation and fair presentation of the consolidated financial statements of the Company with its subsidiary (Group), comprising the statements of financial position at 30 June 2018, statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa. In addition, the directors are responsible for preparing the Directors' report.

The directors` responsibilities include designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

The directors' responsibility also includes maintaining adequate accounting records and an effective system of risk management.

The directors have reviewed the Group's cash flow forecast for the year to 30 September 2019 and, in light of this review and the current financial position, they are satisfied that the Group has or had access to adequate resources to continue in operational existence for the foreseeable future.

The independent external auditor has audited the consolidated and separate company financial statements and their report is included on pages 44 and 45.

The audited financial statements of the Company and Group for the year ended 30 June 2018 set out on pages 38 to 62, which have been prepared on the going concern basis, were approved by the Board of directors on 27 September 2018 and were signed on their behalf by:

APPROVAL OF FINANCIAL STATEMENTS

DW Wright
Chairman

ECMB Kikonyogo
Chief Executive Officer

Certificate of the Company Secretary

FOR THE YEAR ENDED 30 JUNE 2018

In my capacity as the Company Secretary, I hereby confirm, in terms of the Companies Act, 71 of 2008, as amended (Companies Act), that for the year ended 30 June 2018, AEP Energy Africa Limited has lodged with the Registrar of Companies all such returns as are required of a public company in terms of the Companies Act, and that all such returns are to the best of my knowledge and belief, true, correct and up to date.

Siphiwe Ngwenya
Imbokodvo Bethany Governance and Statutory Compliance Proprietary Limited

27 September 2018

Directors' report

FOR THE YEAR ENDED 30 JUNE 2018

The directors have pleasure in submitting their report for the year ended 30 June 2018.

1. NATURE OF BUSINESS

AEP was incorporated on 24 January 2017 and successfully listed as a Special Purpose Acquisition Company (SPAC) on the Alternative Exchange Board (AltX) of the Johannesburg Stock Exchange (JSE) on 30 June 2017. The primary purpose of a SPAC is to pursue the acquisition of viable assets being investments in commercial enterprises in the energy sector with high growth potential. Unless and until such viable assets are acquired, the only material asset of a SPAC is the cash which it holds pursuant to a capital raise through the issue of shares. The cash is held in escrow and invested conservatively for the protection of the Company's shareholders. If the acquisition of a viable asset is not completed within a 24-month period from the date on which the SPAC was listed or such later date as the JSE may permit, the SPAC is required to return the subscription funds initially invested to shareholders, plus accrued interest, less permissible expenses and taxation.

AEP's vision is to contribute to advancing clean energy availability in Africa so that it becomes safe, cost effective and reliably accessible. AEP aims to own, operate and maintain a portfolio of clean energy assets including power plants generating electricity for utilities and industries; specialist fuel storage terminals; and cogeneration plants generating electricity, located close to consumption points.

AEP's business model is to acquire energy infrastructure or businesses that are operating and cash generative, or assets under construction that are not more than 12 months from commercial operations.

Typically these assets provide clear revenue visibility and a mix of annuity income e.g. long-term electricity supply and short-term contracts for the supply of fuel etc.

There have been no material changes to the nature of the Company's business from the prior year.

2. REVIEW OF FINANCIAL RESULTS AND ACTIVITIES

The Group recorded a net loss after tax for the year ended 30 June 2018 of R12 326 798. This represented an increase of 100.9% from the net loss after tax of the prior year of R6 136 894. This is as a result of the fact that in 2017, the Company was in existence for five months in comparison with the full financial year in 2018.

AEP remains a SPAC and consequently does not have operating income. Accordingly, AEP had a loss per share (LPS) and headline loss per share (HLPS) of 235 cents per share. This represents a decreased loss of 17 990 cents per share compared to LPS and HLPS of 18 224 cents per share reported for the year ended 30 June 2017.

The decreased LPS and HLPS can be attributed to the following:

- An increase in the weighted number of shares in issue as a result of the weighting being applicable for a 12-month period in the 2018 financial year as compared to an average five-month period in the 2017 financial year; and
- The incurring of permissible expenditure in respect of a full 12 months in the 2018 financial year as compared to a five-month period in respect of the 2017 financial year.

Refer to note 14 of the consolidated audited annual financial statements for more detail.

3. GOING CONCERN

The financial statements have been prepared on the going concern basis of accounting. The directors have reviewed the Group's cashflow forecast for the period up to 30 September 2019 and in light of this review and the current financial position, coupled with the acquisition of IberAfrica Power (East Africa) Limited, they are satisfied that the Company has adequate resources to continue in operational existence for the foreseeable future.

While the IberAfrica acquisition is subject to conditions that both AEP and the seller must satisfy, the directors are of the view that all conditions precedent will be fulfilled and the transaction will be concluded after year-end.

4. INCORPORATION OF A SUBSIDIARY

On 8 May 2018, AEP incorporated a subsidiary in Mauritius (AEP Energy Africa International Limited (the Subsidiary)), as part of the conditions of the bridging finance from Barak SPC Fund.

AEP has a 100% shareholding in the Subsidiary.

5. SHARE CAPITAL

	Number of shares	
Authorised	**2018**	2017
No par value ordinary shares	**10 000 000 000**	10 000 000 000

			Number of shares	
Issued	**2018 R**	2017 R	**2018**	2017
No par value ordinary shares	**52 555 000**	52 555 000	**5 255 680**	5 255 680

There have been no changes to the authorised or issued share capital during the year under review.

Shareholding spread as at 30 June 2018 and 30 June 2017	**Number of shares**	**% shareholding**
Public shareholders holding less than 5%*	**177 480**	**3.38**
Public Investment Corporation (SOC) Limited (PIC)	**2 575 000**	**48.99**
Executive directors of AEP	**2 500 200**	**47.57**
Non-executive directors of AEP	**3 000**	**0.06**
	5 255 680	**100.00**

* *12 public shareholders.*

6. DIRECTORATE

The directors in office at the time the consolidated audited annual financial statements were approved are:

Members of the Board of Directors	**Designation**	**Nationality**	**Appointment/resignation date**
ECMB Kikonyogo	Chief Executive Officer	Ugandan	
N Gugushe	Chief Operations Officer	South African	
KG Simons	Chief Financial Officer	South African	Resigned 3 October 2018
DW Wright	Independent Non-executive Chairman	South African	
SM David	Independent Non-executive	South African	
EL Johnson	Independent Non-executive	South African	Resigned 4 September 2017
CJ Dooling (nee Cloete)	Independent Non-executive	South African	
SS Sibiya	Independent Non-executive	South African	
MM Kekana	Independent Non-executive	South African	
ONW Petersen	Non-executive	South African	Appointed 5 July 2017
SM Moloko	Non-executive	South African	Appointed 5 July 2017
TP Leeuw	Non-executive	South African	Appointed 5 July 2017

Directors' report (continued)

FOR THE YEAR ENDED 30 JUNE 2018

7. DIRECTORS' INTERESTS IN SHARES

In terms of the JSE Listings Requirements for a SPAC, the directors of AEP are required to hold at least 5% shareholding on a collective basis.

As at 30 June 2018, the directors held beneficial interests in 47.64% of AEP's issued ordinary shares, as set out below:

Interests in shares – 2018

Directors	Number of shares direct	Indirect	Total shareholding 2017 and 2018	% shareholding
ECMB Kikonyogo*	100	1 250 000	1 250 100	23.79
N Gugushe*	100	1 250 000	1 250 100	23.79
SM David	1 000	–	1 000	0.02
SS Sibiya	2 000	–	2 000	0.04
	3 200	2 500 000	2 503 200	47.64

* *Includes shares held in Trodera Proprietary Limited of which the directors are shareholders.*

The register of interests of directors and others in shares of the Company is available to the shareholders on request.

There have been no changes in beneficial interests that occurred between the end of the reporting period and the date of the consolidated audited annual financial statements.

8. DIVIDENDS

No dividend was declared or paid during the period under review.

9. MATERIAL RESOLUTIONS

The following material resolutions were passed during the period under review:

On 12 March 2018, in terms of section 45 of the Companies Act, approving as a general authority, the provision by the Company of direct financial assistance (as defined by section 45 of the Companies Act) to related and interrelated companies and corporations.

10. DIRECTORS' INTERESTS IN CONTRACTS

Trodera Proprietary Limited (Trodera) is an investment vehicle through which the founders of AEP, indirectly hold their shares in AEP. The entity's equal shareholders are AEP directors, ECMB Kikonyogo and N Gugushe.

The executive directors of AEP Energy Africa Limited are also the executive directors of the external fund manager, Destiny Corporation Management Services Proprietary Limited (DCMS).

Thesele Group Proprietary Limited (Thesele) is a significant shareholder of Kaemelon Proprietary Limited (Kaemelon), which in turn is a majority shareholder of DCMS. Three of the directors of Thesele, inter alia, Mr TP Leeuw, Mr ONW Petersen and Mr SM Moloko, are also non-executive directors of AEP.

11. AUDITORS

Deloitte & Touche will continue in office in accordance with Section 90 of the Companies Act 71 of 2008.

At the annual general meeting (AGM), the shareholders will be requested to reappoint Deloitte & Touche as the independent external auditors of the Company and to confirm Mr Mandisi Mantyi as the designated lead audit partner for the 2019 financial year.

12. COMPARATIVE FINANCIALS

Comparative audited financial information for the Company and Group for the 2017 financial year has been presented by way of statements of financial position, statements of profit or loss and other comprehensive income, statements of changes in equity, statements of cash flows and notes.

The prior year comparatives for the Group are the same as the 2017 audited Company financial statements. This is only for comparative purposes as the subsidiary was only incorporated in the current financial year. Refer to note 18.

13. SUBSEQUENT EVENTS

There were no significant events subsequent to year-end up until the date of this report that require adjustments to or disclosure to the audited consolidated and separate annual financial statements.

14. REGISTERED OFFICE

The registered address of the Company is: Second Floor
28 Fricker Road
Illovo
Sandton
2196

15. COMPANY SECRETARY

The Company Secretary of AEP is Imbokodvo Bethany Governance and Statutory Compliance Proprietary Limited which is represented by Ms Siphiwe Ngwenya.

Business address: First Floor, Yellowwood House
Ballywoods Office Park
33 Ballyclare Drive
Bryanston
2196

16. DESIGNATED SPONSOR

Questco Corporate Advisory Proprietary Limited is the designated sponsor to AEP.

Business address: First Floor, Yellowwood House
Ballywoods Office Park
33 Ballyclare Drive
Bryanston
2196

Independent auditor's report

FOR THE YEAR ENDED 30 JUNE 2018

TO THE SHAREHOLDERS OF AEP ENERGY AFRICA LIMITED

Report on the audit of the consolidated and separate financial statements

Opinion

We have audited the consolidated and separate financial statements of AEP Energy Africa Limited (the Group) set out on pages 46 to 62, which comprise the statements of financial position as at 30 June 2018, and the statements of profit or loss and other comprehensive income, the statements of changes in equity and the statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated and separate financial statements present fairly, in all material respects, the consolidated and separate financial position of the Group as at 30 June 2018, and its consolidated and separate financial performance and consolidated and separate cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

Basis for opinion

We conducted our audit in accordance with international standards on auditing (ISAS). Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the consolidated and separate financial statements section of our report. We are independent of the Group in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matter

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period.

We have determined that there are no key audit matters to communicate in our report.

Other information

The directors are responsible for the other information. The other information comprises the directors' responsibility and approval, directors' report, the Audit and Risk Committee report and the Certificate of the Company Secretary as required by the Companies Act of South Africa, which we obtained prior to the date of this report, and the integrated report, which is expected to be made available to us after that date. The other information does not include the consolidated and separate financial statements and our auditor's report thereon.

Our opinion on the consolidated and separate financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the consolidated and separate financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the consolidated and separate financial statements

The directors are responsible for the preparation and fair presentation of the consolidated and separate financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group and/or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated and separate financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and the Company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and/or the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation; and
- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated and separate financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on other legal and regulatory requirements

In terms of the IRBA Rule published in Government Gazette Number 39475 dated 4 December 2015, we report that Deloitte & Touche has been the auditor of AEP Energy Africa Limited for two years.

Deloitte & Touche.

Deloitte & Touche
Registered Auditor

Per: Mandisi Mantyi
Partner

28 September 2018

Statements of financial position

AS AT 30 JUNE 2018

		GROUP		COMPANY	
Figures in Rand	Note(s)	2018 Audited	2017 Audited	2018 Audited	2017 Audited
ASSETS					
Non-current assets					
Property, plant and equipment	3	**10 744**	16 884	**10 744**	16 884
Investment in subsidiary	18	**–**	–	**12 534**	–
		10 744	16 884	**23 278**	16 884
Current assets					
Other receivables	4	**544 909**	1 093 600	**544 909**	1 093 600
Current tax receivable		**2 978**	–	**2 978**	–
Cash and cash equivalents	5	**31 481 472**	52 592 028	**31 468 938**	52 592 028
		32 029 359	53 685 628	**32 016 825**	53 685 628
Total assets		**32 040 103**	53 702 512	**32 040 103**	53 702 512
EQUITY AND LIABILITIES					
Equity					
Share capital	10	**48 741 085**	48 741 085	**48 741 085**	48 741 085
Accumulated loss		**(18 463 692)**	(6 136 894)	**(18 463 692)**	(6 136 894)
		30 277 393	42 604 191	**30 277 393**	42 604 191
Liabilities					
Current liabilities					
Trade and other payables	6	**1 762 710**	9 765 037	**1 762 710**	9 765 037
Loan from related party		**–**	1 323 435	**–**	1 323 435
Current tax payable		**–**	9 849	**–**	9 849
		1 762 710	11 098 321	**1 762 710**	11 098 321
Total equity and liabilities		**32 040 103**	53 702 512	**32 040 103**	53 702 512

Statements of profit or loss and other comprehensive income

FOR THE YEAR ENDED 30 JUNE 2018

		GROUP		COMPANY	
Figures in Rand	Note(s)	2018 Audited	2017 Audited	2018 Audited	2017 Audited
Foreign exchange gains		**22 736**	–	**22 736**	–
Other operating expenses		**(13 973 232)**	(6 162 221)	**(13 973 232)**	(6 162 221)
Operating loss	17	**(13 950 496)**	(6 162 221)	**(13 950 496)**	(6 162 221)
Interest income	8	**2 263 978**	35 176	**2 263 978**	35 176
Loss before taxation		**(11 686 518)**	(6 127 045)	**(11 686 518)**	(6 127 045)
Taxation	9	**(640 280)**	(9 849)	**(640 280)**	(9 849)
Loss for the year		**(12 326 798)**	(6 136 894)	**(12 326 798)**	(6 136 894)
Other comprehensive income		**–**	–	**–**	–
Total other comprehensive loss for the year		**(12 326 798)**	(6 136 894)	**(12 326 798)**	(6 136 894)
Loss per share					
Per share information					
Basic loss per share (cents)	15	**(235)**	(18 224)	**(235)**	(18 224)
Diluted loss per share (cents)	15	**(235)**	(18 224)	**(235)**	(18 224)

Statements of changes in equity

FOR THE YEAR ENDED 30 JUNE 2018

Figures in Rand	Share capital	Accumulated loss	Total equity
GROUP AND COMPANY			
Issue of shares	52 555 000	–	52 555 000
Share issue costs	(3 813 915)	–	(3 813 915)
Loss for the year	–	(6 136 894)	(6 136 894)
Balance at 30 June 2017	**48 741 085**	**(6 136 894)**	**42 604 191**
Balance at 1 July 2017	**48 741 085**	**(6 136 894)**	**42 604 191**
Loss for the year	**–**	**(12 326 798)**	**(12 326 798)**
Total comprehensive loss for the year	**–**	**(12 326 798)**	**(12 326 798)**
Balance at 30 June 2018	**48 741 085**	**(18 463 692)**	**30 277 393**
Note	10		

Statements of cash flows

FOR THE YEAR ENDED 30 JUNE 2018

		GROUP		COMPANY	
Figures in Rand	Note(s)	2018 Audited	2017 Audited	2018 Audited	2017 Audited
Cash flows from operating activities					
Cash (used in)/generated from operations	11	**(21 397 992)**	2 510 751	**(21 397 992)**	2 510 751
Interest received		**2 263 978**	35 176	**2 263 978**	35 176
Tax paid	20	**(653 107)**	–	**(653 107)**	–
Net cash from operating activities		**(19 787 121)**	2 545 927	**(19 787 121)**	2 545 927
Cash flows from investing activities					
Purchase of property, plant and equipment	3	**–**	(18 419)	**–**	(18 419)
Investment in subsidiary	18	**–**	–	**(12 534)**	–
Net cash from investing activities		**–**	(18 419)	**(12 534)**	(18 419)
Cash flows from financing activities					
Proceeds on share issue	10	**–**	52 555 000	**–**	52 555 000
Repayment of related party loan		**(1 323 435)**	–	**(1 323 435)**	–
Loan advanced by related party		**–**	1 323 435	**–**	1 323 435
Payment of share issue costs		**–**	(3 813 915)	**–**	(3 813 915)
Net cash from financing activities		**(1 323 435)**	50 064 520	**(1 323 435)**	50 064 520
Net (decrease)/increase in cash and cash equivalents		**(21 110 556)**	52 592 028	**(21 123 090)**	52 592 028
Cash and cash equivalents at the beginning of the year		**52 592 028**	–	**52 592 028**	–
Cash and cash equivalents at end of the year	5	**31 481 472**	52 592 028	**31 468 938**	52 592 028

Accounting policies

FOR THE YEAR ENDED 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these audited annual consolidated and separate financial statements are set out below and are presented in South African Rand which is also the functional currency.

1.1 Basis of preparation

The audited annual consolidated and separate financial statements have been prepared on a historical cost basis in accordance with, and in compliance with, International Financial Reporting Standards (IFRS), International Financial Reporting Interpretations Committee (IFRIC) interpretations, the Companies Act 71 of 2008 of South Africa, as amended (Companies Act), and the JSE Listings Requirements.

The audited annual consolidated and separate financial statements have been prepared on the going concern basis.

These audited annual consolidated and separate financial statements comply with the requirements of the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and the Financial Reporting Pronouncements as issued by the Financial Reporting Standards Council.

These accounting policies are consistent with the previous period.

1.2 Consolidation

Basis of consolidation

The consolidated financial statements incorporate the consolidated audited annual financial statements of the Company and all subsidiaries. Subsidiaries are entities (including structured entities) which are controlled by the Group.

The Group has control of an entity when it is exposed to or has rights to variable returns from involvement with the entity and it has the ability to affect those returns through use its power over the entity.

The results of subsidiaries are included in the consolidated audited annual financial statements from the effective date of acquisition to the effective date of disposal.

Adjustments are made when necessary to the consolidated audited annual financial statements of subsidiaries to bring their accounting policies in line with those of the Group.

All inter-company transactions, balances, and unrealised gains on transactions between group companies are eliminated in full on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Non-controlling interests in the net assets of consolidated subsidiaries are identified and recognised separately from the Group's interest therein, and are recognised within equity. Losses of subsidiaries attributable to non-controlling interests are allocated to the non-controlling interest even if this results in a debit balance being recognised for non-controlling interest.

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions and are recognised directly in the statement of changes in equity.

The difference between the fair value of consideration paid or received and the movement in non-controlling interest for such transactions is recognised in equity attributable to the owners of the Company.

Where a subsidiary is disposed of and a non-controlling shareholding is retained, the remaining investment is measured to fair value with the adjustment to fair value recognised in profit or loss as part of the gain or loss on disposal of the controlling interest. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

1.3 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is intrinsic in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements.

Estimates and underlying assumptions will be reviewed on an ongoing basis. Revisions to accounting estimates will be recognised in the period in which the estimate is revised and in future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustment within the relevant financial period, as well as critical judgements in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements, will be separately disclosed in the notes of the financial statements.

Significant judgements and estimation uncertainty include:

Going concern

In order to assess whether it is appropriate for AEP to be reported as a going concern, the directors have applied their judgement, having undertaken appropriate enquiries and assessments of AEP's deal pipeline and business activities as well as associated potential risks and uncertainties.

The directors have applied their judgement on the reasonability of the cash flow forecasts and considered, liquidity and solvency ratios for the financial year ended 30 June 2018. The directors have satisfied themselves that AEP is in a sound financial position and that it has access to sufficient resources to meet its foreseeable cash requirements.

Taxation

Judgement is required in determining the provision for income taxes due to the complexity of legislation. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax provisions in the period in which such determination is made.

1.4 Property, plant and equipment

Property, plant and equipment are tangible assets which the Group holds for its own use.

An item of property, plant and equipment is recognised as an asset when it is probable that future economic benefits associated with the item will flow to the Group, and the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost. Cost includes all of the expenditure which is directly attributable to the acquisition of the asset.

Depreciation of an asset commences when the asset is available for use as intended by management. Depreciation is charged to write off the asset's carrying amount over its estimated useful life to its estimated residual value, using a method that best reflects the pattern in which the asset's economic benefits are consumed by the Group.

The useful lives of items of property, plant and equipment have been assessed as follows:

Item	Depreciation method	Average useful life
Computer equipment	Straight line	Three years

Impairment tests are performed on property, plant and equipment when there is an indicator that they may be impaired. When the carrying amount of an item of property, plant and equipment is assessed to be higher than the estimated recoverable amount, an impairment loss is recognised immediately in profit or loss to bring the carrying amount in line with the recoverable amount.

1.5 Investments in subsidiaries

Investments in subsidiaries are accounted for in the separate standalone Company audited annual financial statements at cost.

1.6 Financial instruments

Initial recognition and measurement

Financial instruments are recognised initially when the Group becomes a party to the contractual provisions of the instruments.

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as fair value through profit or loss.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Transaction costs on financial instruments at fair value through profit or loss are recognised in profit or loss.

Accounting policies (continued)

FOR THE YEAR ENDED 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.6 Financial instruments (continued)

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Impairment of financial assets

At each reporting date the Group assesses all financial assets, other than those at fair value through profit or loss, to determine whether there is objective evidence that a financial asset or group of financial assets has been impaired.

For amounts due to the Group, significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy and default of payments are all considered indicators of impairment.

Impairment losses are recognised in profit or loss.

Other receivables

Other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the other receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When an other receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.7 Tax

Current tax assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset.

Current tax liabilities (assets) for the current and prior periods are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Tax expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income; or
- a business combination.

1.8 Leases

A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

Operating leases – lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term. The difference between the amounts recognised as an expense and the contractual payments are recognised as an operating lease asset or liability.

Payments made under operating leases (net of any incentives received from the lessors) are recognised in profit or loss on a straight-line basis over the period of the lease.

1.9 Loss per share

Basic loss per share

Basic loss per share is determined by dividing profit/loss attributable to the ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the period.

Headline loss and diluted loss per share

Headline loss per share and diluted headline loss per share are determined by dividing headline loss and diluted headline loss by the weighted average number of ordinary shares outstanding during the period.

Headline loss and diluted headline loss are determined by adjusting basic loss and diluted loss by excluding separately identifiable remeasurement items.

Headline loss and diluted headline loss are presented after tax and non-controlling interest.

1.10 Share capital and equity

All shares are classified as equity. Incremental costs directly attributable to the issue of all shares are recognised as a deduction from equity, net of any tax effects.

1.11 Employee benefits

Short-term employee benefits

The cost of short-term employee benefits (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care) are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of profit sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

1.12 Related parties

Related parties are entities which have the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions.

Key management is defined as individuals with the authority and responsibility of planning, directing and controlling the activities of the entity. All individuals from the level of executive management up to the Board of directors are regarded as key management per the definition of IAS 24 Related party transactions.

Close family members of key management personnel are considered to be those family members who may be expected to influence, or be influenced by key management individuals in their dealings with the entity.

Other related party transactions are disclosed in terms of the requirements of IAS 24 Related party transactions and the Companies Act.

Accounting policies (continued)

FOR THE YEAR ENDED 30 JUNE 2018

1. SIGNIFICANT ACCOUNTING POLICIES (continued)

1.13 Translation of foreign currencies

Foreign currency transactions

A foreign currency transaction is recorded, on initial recognition in Rand, by applying to the foreign currency amount, the spot exchange rate between the functional currency and the foreign currency at the date of the transaction.

At the end of the reporting period:

- foreign currency monetary items are translated using the closing rate;
- non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction; and
- non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous consolidated audited annual financial statements are recognised in profit or loss in the period in which they arise.

When a gain or loss on a non-monetary item is recognised to other comprehensive income and accumulated in equity, any exchange component of that gain or loss is recognised to other comprehensive income and accumulated in equity. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

Cash flows arising from transactions in a foreign currency are recorded in Rand by applying to the foreign currency amount the exchange rate between the Rand and the foreign currency at the date of the cash flow.

The conversion of foreign entities goes to the foreign currency translation reserve and other comprehensive income until realised.

Notes to the consolidated audited annual financial statements

FOR THE YEAR ENDED 30 JUNE 2018

2. NEW STANDARDS AND INTERPRETATIONS

Standards and interpretations that are applicable to the Group which are issued but not yet effective

Standard/Interpretation	Effective date	Expected impact
• IFRS 16 Leases	1 January 2019	The entity is on a month-to-month lease contract and therefore the standard will not have a significant effect on the financial results
• IFRS 9 Financial instruments	1 January 2018	No material impact as the entity not yet trading

3. PROPERTY, PLANT AND EQUIPMENT

GROUP AND COMPANY

Figures in Rand	2018 Cost	2018 Accumulated depreciation	2018 Carrying value	2017 Cost	2017 Accumulated depreciation	2017 Carrying value
Computer equipment	**18 419**	**(7 675)**	**10 744**	18 419	(1 535)	16 884

Reconciliation of property, plant and equipment – 2018

Figures in Rand	Opening balance	Depreciation	Total
Computer equipment	**16 884**	**(6 140)**	**10 744**
	16 884	**(6 140)**	**10 744**

Reconciliation of property, plant and equipment – 2017

Figures in Rand	Opening balance	Additions	Depreciation	Total
Computer equipment	–	18 419	(1 535)	16 884
	–	18 419	(1 535)	16 884

4. OTHER RECEIVABLES

Figures in Rand	GROUP 2018 Audited	GROUP 2017 Audited	COMPANY 2018 Audited	COMPANY 2017 Audited
DCMS receivable	**419 131**	–	**419 131**	–
Prepayment	**83 171**	–	**83 171**	–
VAT receivable	**42 607**	1 093 600	**42 607**	1 093 600
	544 909	1 093 600	**544 909**	1 093 600

An amount of R419 131 due from DCMS and repayable by 31 December 2018. The receivable is interest free and has not been pledged as security.

Notes to the consolidated audited annual financial statements (continued)

FOR THE YEAR ENDED 30 JUNE 2018

Figures in Rand	GROUP 2018 Audited	GROUP 2017 Audited	COMPANY 2018 Audited	COMPANY 2017 Audited
5. CASH AND CASH EQUIVALENTS				
Cash and cash equivalents consist of:				
Bank balances	**31 468 938**	52 592 028	**31 468 938**	52 592 028
Other cash and cash equivalents	**12 534**	–	**–**	–
	31 481 472	52 592 028	**31 468 938**	52 592 028
6. TRADE AND OTHER PAYABLES				
Trade payables	**722 661**	8 209 572	**722 661**	8 209 572
Payroll accrual	**–**	842 931	**–**	842 931
Leave pay provision	**387 535**	155 028	**387 535**	155 028
Accrued expenses	**652 514**	557 506	**652 514**	557 506
	1 762 710	9 765 037	**1 762 710**	9 765 037

The carrying value approximates fair value because of the short period to maturity. Trade payables are non-interest bearing and normally settled on 30-day terms.

7. DIRECTORS' EMOLUMENTS

Executive directors

Figures in Rand	Basic salary	Medical aid benefits	Travel allowance	Foreign travel subsistence allowance	Total
Services as directors – 2018					
ECMB Kikonyogo	**1 533 567**	**43 818**	**–**	**67 583**	**1 644 968**
N Gugushe	**1 577 385**	**–**	**–**	**49 740**	**1 627 125**
KG Simons	**1 332 219**	**39 798**	**84 000**	**4 640**	**1 460 657**
	4 443 171	**83 616**	**84 000**	**121 963**	**4 732 750**

Figures in Rand	Basic salary	Total
Services as directors – 2017		
ECMB Kikonyogo	650 000	650 000
N Gugushe	650 000	650 000
KG Simons	360 000	360 000
	1 660 000	1 660 000

Non-executive directors

Figures in Rand	Board sitting fees	Committee sitting fees	Total
Services as directors – 2018			
DW Wright	**150 000**	**45 000**	**195 000**
SM David	**90 000**	**36 000**	**126 000**
EL Johnson*	**15 000**	**20 000**	**35 000**
CJ Dooling (nee Cloete)	**75 000**	**27 000**	**102 000**
SS Sibiya	**75 000**	**51 500**	**126 500**
MM Kekana	**75 000**	**38 500**	**113 500**
ONW Petersen^	**–**	**–**	**–**
SM Moloko^	**–**	**–**	**–**
TP Leeuw^	**–**	**–**	**–**
	480 000	**218 000**	**698 000**

Figures in Rand	Board sitting fees	Committee sitting fees	Total
Services as directors – 2017			
DW Wright	30 000	–	30 000
SM David	15 000	–	15 000
EL Johnson*	15 000	20 000	35 000
CJ Dooling (nee Cloete)	15 000	9 000	24 000
SS Sibiya	15 000	11 000	26 000
MM Kekana	15 000	9 000	24 000
	105 000	49 000	154 000

** Resigned on 4 September 2017.*
^ Waived their directors' fees.

8. INTEREST INCOME

Figures in Rand	GROUP 2018 Audited	GROUP 2017 Audited	COMPANY 2018 Audited	COMPANY 2017 Audited
Received from banks	**2 263 978**	35 176	**2 263 978**	35 176

Notes to the consolidated audited annual financial statements (continued)

FOR THE YEAR ENDED 30 JUNE 2018

		GROUP		COMPANY	
	Figures in Rand	**2018 Audited**	2017 Audited	**2018 Audited**	2017 Audited
9.	TAXATION				
	South African normal taxation				
	Current				
	Local income tax	**640 280**	9 849	**640 280**	9 849
	Reconciliation of the tax expense				
	Reconciliation between accounting profit and tax expense:				
	Accounting loss	**(11 686 518)**	(6 127 045)	**(11 686 518)**	(6 127 045)
	Tax at the applicable tax rate of 28% (2017: 28%)	**(3 272 225)**	(1 715 573)	**(3 272 225)**	(1 715 573)
	Tax effect of adjustments on taxable income				
	Non-deductible expenses in terms of S11(a)	**3 847 403**	1 682 014	**3 847 403**	1 682 014
	Non-deductible leave pay provision	**65 102**	43 408	**65 102**	43 408
		640 280	9 849	**640 280**	9 849
10.	SHARE CAPITAL				
	Authorised				
	Number of ordinary shares of no par value	**10 000 000 000**	10 000 000 000	**10 000 000 000**	10 000 000 000
	Issued				
	Number of shares issued	**5 255 680**	5 255 680	**5 255 680**	5 255 680
	Ordinary shares of no par value	**48 741 085**	52 555 000	**48 741 085**	52 555 000
	Capitalised transaction costs	**–**	(3 813 915)	**–**	(3 813 915)
		48 741 085	48 741 085	**48 741 085**	48 741 085

		GROUP		COMPANY	
	Figures in Rand	**2018 Audited**	2017 Audited	**2018 Audited**	2017 Audited
11.	CASH (USED IN)/GENERATED FROM OPERATIONS				
	Loss before taxation	**(11 686 518)**	(6 127 045)	**(11 686 518)**	(6 127 045)
	Adjusted for:				
	Depreciation	**6 140**	1 535	**6 140**	1 535
	Interest income	**(2 263 978)**	(35 176)	**(2 263 978)**	(35 176)
	Changes in working capital:				
	Other receivables	**548 691**	(1 093 600)	**548 691**	(1 093 600)
	Trade and other payables	**(8 002 327)**	9 765 037	**(8 002 327)**	9 765 037
		(21 397 992)	2 510 751	**(21 397 992)**	2 510 751

12. RISK MANAGEMENT

Capital risk management

The Company's objectives when managing capital (which includes share capital, borrowings, working capital and cash and cash equivalents) is to safeguard the Company's ability to continue as a going concern and to normalise the capital structure by maintaining an appropriate net debt to equity ratio (gearing ratio) in order to optimise the cash management in AEP.

Financial risk management

The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. The Board of directors provides guidelines for overall risk management including areas such as interest rate risk, credit risk and investment of excess liquidity.

Interest rate risk

Fluctuations in interest rates impact on the value of short-term investments and financing activities, giving rise to interest rate risk. Exposure to interest rate risk is particularly with reference to changes in South African Reserve Bank interest rates adjustments. The directors have determined that a fluctuation in interest rates of 50 basis points is reasonably possible. An increase or decreases in interest rates at the reporting date would not have had a significant impact on the profit before and after tax for the period.

Liquidity risk

Liquidity risk is the risk that an entity will be unable to meet its obligations as they become due. Liquidity risk arises because of the possibility that the Company may be required to pay its liabilities earlier than expected or because of any inability to realise assets in order to meet obligations as they fall due or is only able to realise assets by suffering financial loss.

The Company's liquidity risk derives from the need to have sufficient funds available to cover future commitments. The Company manages liquidity risks through ongoing review of future cash requirements. Cash flow forecasts are compared to cash available.

Cash flow forecasts are prepared and the availability of cash resources and access to borrowing facilities is monitored on a regular basis.

Credit risk

Credit risk relates to the secure and unfettered access to and recovery of cash deposits, cash equivalents and other receivables. Funds in escrow shall be held by the escrow agent on the basis that the escrow amount or part thereof may only be released by the escrow agent into the company's bank account during the initial period upon receipt by the escrow agent of a release instruction as provided for in the escrow agreement.

13. GOING CONCERN

The consolidated and Company audited annual financial statements have been prepared on the going concern basis of accounting. The directors have reviewed the Group's cashflow forecast for the period to 30 September 2019, and in light of this review and AEP's current financial position, coupled with the signature of the IberAfrica acquisition and progress to its completion (as per note 14 below), they are satisfied that the Group has adequate resources to continue in operational existence for the foreseeable future.

14. NATURE OF AEP AS A SPAC

On 25 June 2018, AEP entered into a specific and binding sale and purchase agreement (the Transaction) with First Independent Power Kenya Limited (FIPK) to acquire all the shares and shareholder claims against IberAfrica Power (East Africa) Limited (IberAfrica).

The Transaction, if implemented, will constitute the acquisition of a viable asset and will result in AEP no longer being classified as a SPAC. The Transaction constitutes a category 1 acquisition in terms of the JSE Listings Requirements and accordingly requires the approval of shareholders by way of an ordinary resolution.

Further information in respect of the Transaction was included in the announcement issued to shareholders on 26 June 2018. The Transaction is subject to inter alia, the following conditions:

- Written approval for the implementation of the Transaction from the Kenya Competition authorities – Completed on 13 September 2018;
- Written consent for the implementation of the Transaction from the Energy Regulatory Commission of Kenya – Still outstanding;
- Written consent for the implementation of the Transaction from Kenya Power and Lighting Company (KPLC) in terms of the lease agreement with IberAfrica – Still outstanding;
- Submission by the seller of a request to the Government of Kenya to issue a letter of support in favour of IberAfrica as an independent power producer (IPP) – Completed on 1 August 2018;
- Approval of the Transaction by the Financial Surveillance Department of South African Reserve Bank – Completed on 13 August 2018; and
- Approval of the Transaction by AEP shareholders at a general meeting to be convened by AEP – General Meeting set for on/around 25 October 2018.

In terms of the JSE Listings Requirements section 4.35, a SPAC is required to acquire a viable asset within 24 months of listing. Since AEP listed on the JSE`s AltX Board on 30 June 2017, this 24-month time limit expires on 30 June 2019. Should the Company not have concluded its viable acquisition transaction within the specified time, AEP will either raise more equity from its shareholders and seek an extension of its life as a SPAC in terms of the JSE Listings Requirements section 4.37, or it will distribute any residual cash and obtain shareholder approval to enter into voluntary liquidation.

Notes to the consolidated audited annual financial statements (continued)

FOR THE YEAR ENDED 30 JUNE 2018

15. BASIC LOSS PER SHARE

Basic loss per share is determined by dividing loss attributable to the ordinary equity holders of the Group by the weighted average number of ordinary shares outstanding during the period.

Basic and headline loss per share

	GROUP		COMPANY	
Figures in Rand	2018 Audited	2017 Audited	2018 Audited	2017 Audited
From operations (cents per share)	**(235)**	(18 224)	**(235)**	(18 224)

Basic loss per share was based on losses after tax of R12 326 798 (30 June 2017: R6 136 894) and weighted average number of ordinary shares of 5 255 680 at 30 June 2018 (30 June 2017: 33 676).

During the year ended 30 June 2018, there were no potential share conversions that could result in any additional shares being issued. Therefore, the diluted loss per share and diluted headline loss per share equalled the basic loss per share.

There is no difference between loss per share and headline loss per share.

16. RELATED PARTIES

Relationships

Trodera Proprietary Limited (Trodera)
Trodera is an investment vehicle through which the founders of AEP, indirectly hold their shares in AEP. The entity`s equal shareholders are AEP directors, ECMB Kikonyogo and N Gugushe.

Destiny Corporation Management Services Proprietary Limited (DCMS)
DCMS is the appointed Management Company of AEP and therefore has significant influence. The executive directors of DCMS are also the executive directors of AEP.

Kaemelon Proprietary Limited (Kaemelon)
Kaemelon has a 67% shareholding in DCMS.

Thesele Group Proprietary Limited (Thesele)
Thesele has a 49% shareholding in Kaemelon. Thesele has three non-executive directors on the AEP Board.

Related party balances

	GROUP		COMPANY	
Figures in Rand	2018 Audited	2017 Audited	2018 Audited	2017 Audited
Destiny Corporation Energy Proprietary Limited				
Related party loan	–	(1 323 435)	–	(1 323 435)
• The loan bears no interest and has no fixed payment terms.				
DCMS				
Management fees	**1 800 000**	–	**1 800 000**	–
Recovered costs	**534 131**	–	**534 131**	–
• The recovered costs include lease rental recoveries and legal fee recoveries on overruns. The outstanding balance on the recoveries was R419 131 at 30 June 2018.				
Trodera				
Shareholder hosting fees	**59 364**	–	**59 364**	–
• These are bank charges incurred by Trodera for holding its shares in AEP in custody with Rand Merchant Bank (RMB), as part of the JSE Listings Requirements of a SPAC. These bank charges were on-charged to AEP during the 2018 financial year.				
Thesele				
Office lease rental expense	**182 733**	–	**182 733**	–
• The Company entered into a 12-month lease rental agreement with Thesele Group Proprietary Limited (Thesele) on 1 August 2017. The lease agreement is renewable on 31 July 2018.				
Kaemelon				
Recovered costs	**262 848**	–	**262 848**	–
• The recoveries relate to the costs of a due diligence on a potential viable asset to be acquired by AEP. This asset was later recognised to be a development project rather than an operating business, and was outside of AEP's mandate, but suitable for Kaemelon. These costs were fully recovered from Kaemelon by 30 June 2018.				
The related party transactions are at arm's length.				
Key management disclosure and directors' remuneration (refer to note 7).				
Compensation to directors and other key management				
Short-term employee benefits	**5 663 256**	1 970 519	**5 663 256**	1 970 519

17. OPERATING LOSS

Operating loss includes the following:				
Auditor's remuneration	**(200 000)**	–	**(200 000)**	–
Consulting and professional fees	**(135 712)**	(3 612 878)	**(135 712)**	(3 612 878)
Costs associated with acquisitions	**(4 028 393)**	–	**(4 028 393)**	–
Non-executive directors' fees	**(698 000)**	(137 000)	**(698 000)**	(137 000)
Depreciation	**(6 140)**	(1 535)	**(6 140)**	(1 535)
Employee costs	**(4 965 256)**	(1 833 519)	**(4 965 256)**	(1 833 519)
Lease rental expense	**(182 733)**	–	**(182 733)**	–
Management fees	**(1 800 000)**	–	**(1 800 000)**	–

Notes to the consolidated audited annual financial statements (continued)

FOR THE YEAR ENDED 30 JUNE 2018

18. INVESTMENT IN SUBSIDIARY

COMPANY

Direct – unlisted

Name of company	Held by	% holding and voting power 2018	% holding and voting power 2017	Carrying amount 2018 R	Carrying amount 2017 R
AEP Energy Africa International Limited (Mauritius)	AEP Energy Africa Limited	**100**	–	**12 534**	–

AEP Energy Africa International Limited is an investment holding company incorporated in Mauritius on 8 May 2018. The sole purpose for the incorporation was to hold the IberAfrica asset post completion of the transaction between AEP and FIPK. There were no assets or liabilities at incorporation date. The cost of acquisition was R12 534. At year-end the entity did not have any revenue or profit.

19. LEASES

Operating leases

The Company entered into a 12-month lease rental agreement with Thesele on 1 August 2017. The lease agreement expired on 31 July 2018 and is now on a month-to-month basis.

20. TAX PAID

	GROUP		COMPANY	
Figures in Rand	**2018 Audited**	2017 Audited	**2018 Audited**	2017 Audited
Balance at beginning of the year	**(9 849)**	–	**(9 849)**	–
Current tax for the year recognised in profit or loss	**(640 280)**	(9 849)	**(640 280)**	(9 849)
Balance at end of the year	**(2 978)**	9 849	**(2 978)**	9 849
	(653 107)	–	**(653 107)**	–

21. SUBSEQUENT EVENTS

There were no significant events subsequent to year-end up until the date of this report that require adjustments to or disclosure to the audited consolidated and separate annual financial statements.

Notice of Annual General Meeting

FOR THE YEAR ENDED 30 JUNE 2018

AEP ENERGY AFRICA LIMITED
Incorporated in the Republic of South Africa
(Registration number2017/024904/06)
JSE share code: AEY
ISIN: ZAE000241741
(AEP or the Company)

Notice is hereby given, in terms of section 62(1) of the Companies Act No 71 of 2008, as amended (Companies Act) that the second Annual General Meeting (AGM) of the Company (this "notice") will be held at the registered offices of the Company, AEP Boardroom, 2nd Floor, 28 Fricker Road, Illovo, Sandton, Johannesburg, on Wednesday, 5 December 2018 at 09:00 to consider, and if deemed fit, to pass, with or without modification, the resolutions detailed in this notice.

RECORD DATE

This notice has been sent to shareholders of the Company ("shareholders") who were recorded as such in the Company's securities register on Friday, 26 October 2018 being the notice record date set by the board of directors of the Company (Board) in terms of section 59 of the Companies Act determining which shareholders are entitled to receive notice of the AGM.

The record date for purposes of determining which shareholders of the Company are entitled to participate in and vote at the AGM is Friday, 30 November 2018. Accordingly, the last date to trade in order to be registered in the securities register of the Company and therefore be eligible to participate in and vote at the AGM is Tuesday, 27 November 2018.

Shareholders are reminded that:

- a shareholder entitled to attend and vote at the AGM is entitled to appoint a proxy (or more than one proxy) to attend, participate in and vote at the AGM in the place of the shareholder, and shareholders are referred to the proxy form attached to this notice in this regard;
- completion of a form of proxy will not preclude such shareholders from attending and voting (in preference to that shareholder's proxy) at the AGM. It is requested that the form of proxy reach the transfer secretaries of the Company at the address given below by 09h00 on Monday, 3 December 2018. Alternatively, it may be handed to the Chairman at the commencement of the AGM.
- a proxy need not also be a shareholder of the Company; and
- in terms of section 63(1) of the Companies Act, any person attending or participating in a general meeting of shareholders must present reasonably satisfactory identification and the person presiding at the general meeting must be reasonably satisfied that the right of any person to participate in and vote (whether as shareholder or as proxy for a shareholder) has been reasonable verified.

QUORUM

The quorum for a shareholders' meeting to begin or for a matter to be considered shall be at least three (3) shareholders entitled to attend and vote at the meeting. In addition, the meeting may not begin unless sufficient persons are present at the meeting to exercise, in aggregate, at least 25% of all the voting rights that are entitled to be exercised on a matter on the agenda.

ELECTRONIC PARTICIPATION BY SHAREHOLDERS

In terms of section 61(10) of the Companies Act, every shareholders' meeting of a public company must be reasonably accessible within South Africa for electronic participation by shareholders. Shareholders wishing to participate electronically in the AGM are required to deliver written notice to the transfer secretaries, Computershare Investor Services (Pty) Ltd, at Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, South Africa or PO Box 61051, Marshalltown, 2107 by no later than 09:00 on Monday, 3 December 2018 that they wish to participate via electronic communication at the AGM (the "electronic notice").

In order for the electronic notice to be valid it must contain:

- if the shareholder is an individual, a certified copy of his identity document and/or passport;
- if the shareholder is not an individual, a certified copy of a resolution by the relevant entity and a certified copy of the identity documents and/or passports of the persons who passed the relevant resolution. The relevant resolution must set out from whom the relevant entity is authorised to represent the relevant entity at the AGM via electronic communication; and
- a valid e-mail address and/or facsimile number (the contact address/number).

The Company shall, by no later than 24 hours before the commencement of the AGM, notify a shareholder who has delivered a valid electronic notice, at its contact address/number of the relevant details through which the shareholder can participate via electronic communication.

Notice of Annual General Meeting (continued)

FOR THE YEAR ENDED 30 JUNE 2018

Please take note that:

- shareholders will merely be able to participate, but not vote, via electronic communication;
- the costs of accessing the any means of electronic participation provided by the Company will be borne by the shareholder so accessing the electronic participation; and
- the Company reserves the right not to provide for electronic participation at the meeting in the event that it proves impractical to do so.

PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The consolidated audited annual financial statements, including the reports of the Directors, Auditors and the Audit and Risk Committee for the year ended 30 June 2018 ("AFS"), have been distributed to shareholders and accompany this notice as required and are presented to shareholders in terms of section 30(3)(d) of the Companies Act. The AFS are set out on pages 38 to 62 of the Integrated Annual Report of which this notice forms part.

The 2018 Integrated Annual Report is also available on the Company's website: www.aep.co.za/investor-relations.

SOCIAL AND ETHICS COMMITTEE REPORT

In accordance with Regulation 43(5)(c) of the Regulations promulgated in terms of the Companies Act the Report of the Social and Ethics Committee as set out on page 34 of the 2018 Integrated Annual Report will be presented to shareholders at the AGM.

ORDINARY RESOLUTIONS

For the purpose of approving the ordinary resolutions other than ordinary resolution number 4, the support of more than 50% of the voting rights exercised by shareholders present and in person, or represented by proxy, at the annual general meeting, is required.

1. RE-ELECTION OF NON-EXECUTIVE DIRECTORS

Ordinary resolutions numbers 1.1 to 1.3 are proposed to re-elect directors who retire by rotation as Non-executive directors of the Company in accordance with the provisions of the Company's Memorandum of Incorporation ("MOI") and who, being eligible, offer themselves for re-election.

The curricula vitae of these Directors are set out on pages 20 to 21 of the 2018 Integrated Report. The Board of Directors of the Company recommends the re-election of these Directors.

Ordinary Resolution No. 1.1

Re-election of Mr DW Wright

"Resolved that Mr DW Wright, who retires by rotation in terms of the Company's MOI and who is eligible and available for re-election, be and is hereby re-elected as an independent non-executive Director of the Company."

Ordinary Resolution No. 1.2

Re-election of Mr SS Sibiya

"Resolved that Mr SS Sibiya, who retires by rotation in terms of the Company's MOI and who is eligible and available for re-election, be and is hereby re-elected as an independent non-executive Director of the Company."

Ordinary Resolution No. 1.3

Re-election of Mr TP Leeuw

"Resolved that Mr TP Leeuw, who retires by rotation in terms of the Company's MOI and who is eligible and available for re-election, be and is hereby re-elected as a non-executive Director of the Company."

2. RE-APPOINTMENT OF EXTERNAL AUDITOR

Ordinary Resolution Number 2

"Resolved that Deloitte & Touche (as nominated by the Company's Audit and Risk Committee and the Board) be and are hereby re-appointed as the independent external auditor of the Company, to hold office for the ensuing financial period terminating on the conclusion of the next AGM of the Company. It is noted that Mr Mandisi Mantyi from Deloitte is the individual registered auditor who will undertake the audit for the financial year ending 30 June 2019."

Explanatory note:

In compliance with section 90(1) of the Companies Act, a public company must each year, at its AGM, appoint or re-appoint an auditor. The Audit and Risk Committee has satisfied itself as to the independence of Deloitte and has recommended the re-appointment of Deloitte as auditors.

3. ELECTION OF AUDIT AND RISK COMMITTEE MEMBERS

Ordinary resolution number 3.1, 3.2, and 3.3

To elect Audit and Risk Committee members in terms of Section 94(2) of the Companies Act and the King IV Report on Corporate Governance of South Africa 2016.

The Board has recommended that Mr SM David, Ms MM Kekana and Mrs CJ Dooling be appointed, on an individual basis, as members of the Audit and Risk Committee.

Ordinary Resolution Number 3.1

"Resolved that Ms MM Kekana be and is hereby elected as a member and Chairperson of the Audit and Risk Committee of the Company."

Ordinary Resolution Number 3.2

"Resolved that Mr SM David be and is hereby elected as a member of the Audit and Risk Committee of the Company."

Ordinary Resolution Number 3.3

"Resolved that Mrs CJ Dooling be and is hereby elected as a member of the Audit and Risk Committee of the Company."

Explanatory note:

Brief curricula vitae of each of the independent non-executive directors mentioned above is set out on pages 20 and 21 of the 2018 Integrated Report of which this notice forms part. The committee members have the required qualifications and experience to fulfil their duties.

Section 94(2) of the Companies Act requires a public company, at each AGM, to elect an Audit Committee comprising at least three members unless (i) the company is a subsidiary of another company that has an Audit Committee and (ii) the Audit Committee of that other company will perform the functions required under section 94 on behalf of the subsidiary company.

Section 94(4) of the Companies Act requires, among other things, that each member of the Audit Committee must be a director of the Company.

4. GENERAL AUTHORITY TO ISSUE SHARES FOR CASH

Ordinary resolution number 4

"Resolved that the board of directors of the Company be and they are hereby authorised by way of a general authority, to issue all or any of the authorised but unissued equity securities in the capital of the Company for cash, as and when they, in their discretion, deem fit, subject to the Companies Act, the MOI and the JSE Limited Listings Requirements ("JSE Listings Requirements"), when applicable and which authority will be valid until the Company's next annual general meeting or for 15 months from the date on which this resolution is passed, and subject to the following:

- the equity securities which are the subject of the issue for cash must be of a class already in issue or, where this is not the case, must be limited to such equity securities or rights that are convertible into a class already in issue;
- the allotment and issue of equity securities must be made to persons qualifying as public shareholders and not to related parties, as defined in the JSE Listings Requirements;
- the aggregate number of equity securities which may be issued for cash in terms of this authority may not exceed 525 568 ordinary equity securities, being 10% of the Company's listed equity securities of 5 255 680 as at the date of notice of this AGM, provided that;
  - any equity securities issued under this authority during the period contemplated herein must be deducted from such number; and
  - in the event of a sub-division or consolidation of issued equity securities during the period contemplated prior to this authority lapsing, the existing authority shall be adjusted accordingly to represent the same allocation ratio;
- the maximum discount at which the equity securities may be issued is 10% of the weighted average traded price on the JSE of such equity securities over the 30 business days prior to the date that the price of the issue is agreed between the Company and the party subscribing for the securities;
- after the Company has issued equity securities for cash in terms of an approved general issue for cash representing, on a cumulative basis within the period contemplated, 5% or more of the number of securities in issue prior to that issue, the Company shall publish an announcement containing full details of the issue, including the number of securities issued, the average discount to the weighted average trade price of the securities over the 30 business days prior to the date that the issue is agreed in writing and an explanation, including supporting documentation (if any), of the intended use of the funds."

Notice of Annual General Meeting (continued)

FOR THE YEAR ENDED 30 JUNE 2018

Explanatory notes

In terms of the Company's Memorandum of Incorporation, read with the JSE Listings Requirements, the shareholders of the Company may authorise the directors to issue any unissued ordinary shares and/or grant options over them, as the directors in their discretion think fit.

The directors have decided to seek this authority in accordance with best practice. The directors have no current plans to make use of this authority, but wish to ensure, by having it in place, that the Company has some flexibility to take advantage of any business opportunities that may arise in the future.

5. NON-BINDING APPROVAL OF THE COMPANY'S REMUNERATION POLICY AND IMPLEMENTATION REPORT

Ordinary Resolutions Number 5.1 and 5.2

The purpose of this resolution is to consider the non-binding advisory votes set out below, thereby providing the Company with the views of the shareholders regarding the:

a. Remuneration policy contained in the Remuneration Committee's report set out on pages 28 to 32 of the 2018 Integrated Report; and
b. Implementation Report in regard to the remuneration policy.

Unless otherwise indicated, in order for each of the non-binding advisory votes to be adopted, the support of more than 50% of the voting rights exercised on the resolutions by shareholders, present or represented by proxy at the AGM and entitled to exercise voting rights on the resolution, is required.

Ordinary Resolution Number 5.1

"Resolved that the Company's Remuneration Policy, as set out in the Remuneration Report set out on pages 28 to 32 of the 2018 Integrated Report of which this notice forms part, be and is hereby endorsed by way of a non-binding advisory vote.

Ordinary Resolution Number 5.2

"Resolved that the Company's Implementation Report in regard to its remuneration policy, as set out in the Remuneration Report set out on pages 28 to 32 of the 2018 Integrated Report of which this notice forms part, be and is hereby endorsed by way of a non-binding advisory vote."

Explanatory note:

King IV recommends that every year the Company's remuneration be disclosed in three parts, namely:

- a background statement;
- an overview of the remuneration policy; and
- an Implementation Report,

and that shareholders be requested to pass separate non-binding advisory votes on the policy and the implementation report at the AGM.

Voting on the above two resolutions enables shareholders to express their views on the remuneration policy adopted and on its implementation.

The Remuneration Committee prepared, and the board considered and accepted the remuneration policy and implementation report thereon, as set out in the 2018 Integrated Report.

The remuneration policy also records the measures the board will adopt in the event that either the remuneration policy or the implementation report, or both, are voted against by 25% or more of the voting rights exercised by shareholders. In such event, the Company will, in its announcement of the results of the AGM, provide dissenting shareholders with information as to how to engage with the Company in regard to this matter and the timing of such engagement.

SPECIAL RESOLUTIONS

For the purposes of approving the special resolutions, the support of at least 75% of the total number of votes, which the shareholders present or represented by proxy are entitled to cast, is required.

6. APPROVAL OF THE CHANGED NON-EXECUTIVE DIRECTORS' REMUNERATION – 2018/2019

Special Resolution Number 1

"Resolved that the following non-executive director's fees, which are changed from the previous financial year subject to AEP no longer being a SPAC at the date of the AGM, be and are hereby approved in terms of sections 66(8) and 66(9) of the Companies Act for their services as directors of the Company for the financial year ending 30 June 2019.

NON-EXECUTIVE DIRECTORS FEES (FOR SERVICES AND PER MEETING)

	16 month period June 2017 to October 2018 R	Proposed 1 December to AGM2019 (est. December 2019) R	Proposed % increase
Chairperson of the Board	30 000	60 000	100
Deputy chairperson of the Board and Lead Independent Director	18 000	48 000	167
Board member	15 000	40 000	167
Audit and Risk Committee Chair	11 000	25 000	127
Audit and Risk Committee Member	9 000	18 000	100
Investment Committee Chair	11 000	20 000	82
Investment Committee Member	9 000	13 000	44
Remuneration and Nominations Committee Chair	9 000	20 000	122
Remuneration and Nominations Committee Member	7 500	13 000	73
Social and Ethics Committee Chair	9 000	20 000	122
Social and Ethics Committee Member	7 500	13 000	73

Additional information in respect of Special Resolution Number 1

The reason for and the effect of this Special Resolution Number 1 is to approve the basis for calculating the remuneration payable by the Company to its non-executive directors for their services as directors of the Company for the period ending 30 June 2019.

Explanatory note:

In terms of sections 66(8) and (9) of the Companies Act, remuneration may only be paid to directors for their service as directors in accordance with a Special Resolution approved by the shareholders within the previous 2 (two) years.

It is noted that the remuneration payable to directors in their capacities as such and for their services as directors, as set out in the above Special Resolution Number 1 is only in respect of remuneration payable to directors of the Company in their capacities as such.

7. FINANCIAL ASSISTANCE – FOR SUBSCRIPTION FOR SECURITIES

Special Resolution Number 2

In terms of the Companies Act, the Board may authorise a company to provide financial assistance within the meaning of Section 44(1) and (2) by way of a loan, guarantee the provision of security or otherwise to any person for the purpose of or in connection with the subscription for any option or any securities issued or to be issued by the Company or a related or interrelated company, or for the purchase of any securities of the Company or a related or inter-related company, provided that such assistance is approved by way of a special resolution of the shareholders approved within the previous two years and certain requirements set out in the Companies Act are met, inter alia, that the Board is satisfied that immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test.

The Board seeks such approval from shareholders in order to provide financial assistance to any person who is a participant in any of the Company's share or employee incentive schemes.

"Resolved that the provision of direct or indirect financial assistance in terms of Section 44 of the Companies Act by the Company to any Director or Prescribed Officer of the Company (or any person related to any of them or to any company or corporation related or inter-related to any of them) or to any person who is a participant in any of the Company's share or any employee incentive schemes, for the purpose of, or in connection with, the subscription for or purchase of any securities, issued or to be issued by the Company or related or inter-related company, where any such financial assistance is provided in terms of any such scheme that does not satisfy the requirements of Section 97 of the Companies Act, be and is hereby approved.

This authority will be in place for a period of two years from the date of adoption of this resolution."

Notice of Annual General Meeting (continued)

FOR THE YEAR ENDED 30 JUNE 2018

8. GENERAL AUTHORITY TO PROVIDE FINANCIAL ASSISTANCE TO RELATED AND INTER-RELATED COMPANIES AND CORPORATIONS

Special Resolution Number 3

"Resolved that the Board is hereby authorised in terms of section 45(3)(a)(ii) of the Companies Act, as a general approval (which approval will be in place for a period of two years from the date of adoption of this Special Resolution), to authorise the Company to provide any direct or indirect financial assistance ("financial assistance" will herein have the meaning attributed to such term in section 45(1) of the Companies Act) that the Board may deem fit to any related or inter-related company or corporation of the Company ("related" and "inter-related" will herein have the meanings attributed to those terms in section 2 of the Companies Act), on the terms and conditions and for the amounts that the Board may determine from time to time."

Explanatory note:

The main purpose for this authority is to grant the Board the authority to provide inter-company loans and other financial assistance for purposes of funding the activities of the Company. The Board undertakes that:

- it will not adopt a resolution to authorise such financial assistance, unless the directors are satisfied that:
- immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test as contemplated in the Companies Act; and
- the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company; and
- written notice of any such resolution by the Board shall be given to all shareholders of the Company and any trade union representing its employees:
  - within 10 business days after the Board adopted the resolution, if the total value of the financial assistance contemplated in that resolution, together with any previous such resolution during the financial year, exceeds 0.1% of the Company's net worth at the time of the resolution; or
  - within 30 business days after the end of the financial year, in any other case.

Explanatory note:

The reason for and the effect of the Special Resolution Number 3 is to provide a general authority to the Board to grant direct or indirect financial assistance to any company or corporation forming part of the Company and its subsidiaries, including in the form of loans or the guaranteeing of their debts.

ADDITIONAL DISCLOSURE OF INFORMATION IN RESPECT OF SPECIAL RESOLUTION NUMBER 3 IN TERMS OF THE JSE LISTINGS REQUIREMENTS

The JSE Listings Requirements require the disclosure of the following information, some of which appears elsewhere in the 2018 Integrated Report of which this notice forms part as set out below:

- Major shareholders of the Company

See page 41 of the 2018 Integrated Report.

- Material changes

Other than the facts and developments reported on in the 2018 Integrated Annual Report, there have been no material changes in the financial position of the Company and its subsidiaries since the date of signature of the audit report and the date of this notice.

- Share capital of the Company

See page 41 of the 2018 Integrated Report.

- Directors' responsibility statement

The directors, whose names appear on page 41 of the 2018 Integrated Report, collectively and individually accept full responsibility for the accuracy of the information set out herein and certify that to the best of their knowledge and belief there are no facts that have been omitted which would make any statement false or misleading, and that all reasonable enquiries to ascertain such facts have been made and that the 2018 Integrated Report and this notice contains all information required by law and the JSE Listings Requirements.

Voting and proxies:

Shareholders who have not dematerialised their shares or who have dematerialised their shares with "own-name" registration, and who are entitled to attend and vote at the AGM, are entitled to appoint one or more proxies to attend, speak and vote in their stead. A proxy need not be a shareholder and shall be entitled to vote on a show of hands or poll. Shareholders will at any time prior to the commencement of the AGM be entitled to lodge the form of proxy in respect of the AGM. Forms of proxy must only be completed by shareholders who have not dematerialised their shares or who have dematerialised their shares with "own-name" registration.

On a show of hands, every shareholder present in person or represented by proxy and entitled to vote shall have only one vote irrespective of the number of shares such member holds. On a poll, every shareholder present in person or represented by proxy and entitled to vote shall be entitled to one vote for every share held or represented by that shareholder. On a poll taken at any such meeting a shareholder entitled to more than one vote need not, if he votes, use all of his votes, or cast all the votes he uses in the same way.

Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with own-name registration, should contact their CSDP or Broker in the manner and by the time stipulated in the agreement entered into between them and their CSDP or Broker:

- to furnish them with their voting instructions; or
- in the event that they wish to attend the Annual General Meeting, to obtain the necessary Letter of Representation to do so.

Summary of the rights established in terms of section 58 of the Companies Act

For purposes of this summary, "shareholder" shall have the meaning ascribed thereto in the Companies Act.

1. At any time, a shareholder of a company is entitled to appoint an individual, including an individual who is not a shareholder of that company, as a proxy, to participate in, and speak and vote at, a shareholders meeting on behalf of the shareholder, or give or withhold written consent on behalf of such shareholder in relation to an decision contemplated in section 60 of the Companies Act.
2. A proxy appointment must be in writing, dated and signed by the relevant shareholder, and such proxy appointment remains valid for one year after the date upon which the proxy was signed, or any longer or shorter period expressly set out in the appointment, unless it is revoked in a manner contemplated in section 58(4)(c) of the Companies Act or expires earlier as contemplated in section 58(8)(d) of the Companies Act.
3. Except to the extent that the MOI of a company provides otherwise:

3.1. a shareholder of the relevant company may appoint two or more persons concurrently as proxies, and may appoint more than one proxy to exercise voting rights attached to different securities held by such shareholder;

3.2. a proxy may delegate his authority to act on behalf of a shareholder to another person, subject to any restriction set out in the instrument appointing the proxy; and

3.3. a copy of the instrument appointing a proxy must be delivered to the relevant company, or to any other person on behalf of the relevant company, before the proxy exercises any rights of the shareholder at a shareholders meeting.

4. Irrespective of the form of instrument used to appoint a proxy, the appointment of the proxy is suspended at any time and to the extent that the shareholder who appointed that proxy chooses to act directly and in person in the exercise of any rights as a shareholder of the relevant company.
5. Unless the proxy appointment expressly states otherwise, the appointment of a proxy is revocable. If the appointment of a proxy is revocable, a shareholder may revoke the proxy appointment by cancelling it in writing, or making a later inconsistent appointment of a proxy, and delivering a copy of the revocation instrument to the proxy and the company.
6. The revocation of a proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the relevant shareholder as of the later of the date: (a) stated in the revocation instrument, if any; or (b) upon which the revocation instrument is delivered to the proxy and the relevant company as required in section 58(4)(c)(ii) of the Companies Act.
7. If the instrument appointing a proxy or proxies has been delivered to the relevant company, as long as that appointment remains in effect, any notice that is required by the Companies Act or the relevant company's MOI to be delivered by such company to the shareholder, must be delivered by such company to the shareholder, or to the proxy or proxies, if the shareholder has directed the relevant company to do so in writing and paid any reasonable fee charged by the company for doing so.

Notice of Annual General Meeting (continued)

FOR THE YEAR ENDED 30 JUNE 2018

8. A proxy is entitled to exercise, or abstain from exercising, any voting right of the relevant shareholder without direction, except to the extent that the MOI, or the instrument appointing the proxy provide otherwise.
9. If a company issues an invitation to shareholders to appoint one or more persons named by such company as a proxy, or supplies a form of instrument for appointing a proxy:

9.1. such invitation must be sent to every shareholder who is entitled to notice of the meeting at which the proxy is intended to be exercised;

9.2. the invitation, or form of instrument supplied by the relevant company, must: (a) bear a reasonably prominent summary of the rights established in section 58 of the Companies Act; (b) contain adequate blank space, immediately preceding the name or names of any person or persons named in it, to enable a shareholder to write in the name and, if so desired, an alternative name of a proxy chosen by such shareholder; and (c) provide adequate space for the shareholder to indicate whether the appointed proxy is to vote in favour or against the applicable resolution/s to be put at the relevant meeting, or is to abstain from voting;

9.3. the company must not require that the proxy appointment be made irrevocable; and

9.4. the proxy appointment remains valid only until the end of the relevant meeting at which it was intended to be used, unless revoked as contemplated in section 58(5) of the Companies Act.

By order of the Board

Imbokodvo Bethany Governance and Statutory Compliance (Pty) Ltd
Company Secretary

31 October 2018

1st Floor, Yellowwood House Ballywoods Office Park
33 Ballyclare Drive
Bryanston, 2191

Form of Proxy

FOR THE YEAR ENDED 30 JUNE 2018

AEP ENERGY AFRICA LIMITED
Incorporated in the Republic of South Africa (Registration number 2017/024904/06)
JSE share code: AEY ISIN: ZAE000241741
(AEP or the Company)

To be completed by registered certificated shareholders and dematerialised shareholders with own-name registration only.

For use in respect of the Annual General Meeting to be held at AEP Boardroom, 2nd Floor, 28 Fricker Road, Illovo, Sandton, Johannesburg on Wednesday, 5 December 2018 at 9:00.

Shareholders who have dematerialised their shares with a CSDP or Broker, other than with own-name registration, must arrange with the CSDP or Broker concerned to provide them with the necessary Letter of Representation to attend the Annual General Meeting or the shareholders concerned must instruct their CSDP or Broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the shareholder and the CSDP or Broker concerned.

I/We (please print name)

of (Address in block letters)

Telephone: Work Home: Mobile: Email address:

being a holder of ordinary shares in the Company and entitled to vote, do hereby appoint (refer to note 1):

1. or, failing him/her,

2. or, failing him/her,

the chairman of the AGM (Chairman), as my/our proxy/ies to vote on a poll on my/our behalf at the Annual General Meeting of the Company for the purpose of considering and, if deemed fit, passing, with or without modification, the resolutions to be proposed thereat and at each adjournment thereof and to vote for and/or against the resolution and/or abstain from voting in respect of the ordinary shares registered in my/our name/s in accordance with the instructions/notes overleaf.

Please indicate with an "X" or number of shares which you wish to vote in the spaces below how you wish your proxy to vote in respect of the resolutions to be proposed, as contained in the notice of the abovementioned AGM.

Ordinary Resolutions		For	Against	Abstain
1.	Ordinary resolution no 1: Re-election of Non-Executive Directors			
	1.1 Re-election of Mr DW Wright as an independent non-executive Director			
	1.2 Re-election of Mr SS Sibiya as an independent non-executive Director			
	1.3 Re-election of Mr TP Leeuw as a non-executive Director			
2.	Ordinary resolution no 2: Re-appointment of external auditors			
3.	Ordinary resolution no 3: Election of independent Audit and Risk Committee for the financial year commencing 1 July 2017, the members being:			
5.1	MM Kekana			
5.2	SM David			
5.3	CJ Dooling			
4.	Ordinary resolution no 4: General authority to Issue shares for cash			
5.	Non-Binding Approval of the Company's Remuneration Policy and Implementation Report			
6.1	Approval of Remuneration Policy			
6.2	Approval of Implementation Policy			
6.	Special Resolution no 1: Approval of non-executive directors' remuneration – 2018/2019			
7.	Special Resolution no 2: To authorise the Directors to cause the Company to provide financial assistance by way of a loan, guarantee or the provision of security, subject to the provisions of the Companies Act 71 of 2008, as amended			
8.	Special resolution no 3: General authority to provide financial assistance related and inter-related companies and corporations			

Signed by me/us this day of 2018

Signature

Assisted by me (where applicable) (refer to instruction 3)

Full name/s of signatory if signing in a representative capacity (refer to instruction 5)

** If this form of proxy is returned without any indication of how the proxy should vote, the proxy will exercise his/her discretion both as to how he/she votes and as to whether or not he/she abstains from voting.*

Notes to the Form of Proxy

FOR THE YEAR ENDED 30 JUNE 2018

1. A member may insert the name of a proxy or the names of two alternate proxies of the member's choice in the space(s) provided, with or without deleting "the chairman of the general meeting". The person whose name stands first on the form of proxy and who is present at the Annual General Meeting will be entitled to act as proxy to the exclusion of those whose names follow.
2. A member should insert an "X" in the relevant space according to how he wishes his votes to be cast. However, if a member wishes to cast a vote in respect of a lesser number of ordinary shares than he owns in the Company, he should insert the number of ordinary shares held in respect of which he wishes to vote. Failure to comply with the above will be deemed to authorise the proxy to vote or to abstain from voting at the Annual General Meeting as he deems fit in respect of all of the member's votes exercisable at the Annual General Meeting. A member is not obliged to exercise all of his votes, but the total of the votes cast and abstentions recorded may not exceed the total number of the votes exercisable by the member.
3. The completion and lodging of this form of proxy will not preclude the relevant member from attending the Annual General Meeting and speaking and voting in person to the exclusion of any proxy appointed in terms hereof, should such member wish to so do.
4. The chairman of the Annual General Meeting may reject or accept any form of proxy, which is completed and/or received, other than in compliance with these notes.
5. Members, who have dematerialised their shares with a CSDP or Broker, other than with own-name registration, must arrange with the CSDP or Broker concerned to provide them with the necessary Letter of Representation to attend the Annual General Meeting or the members concerned must instruct their CSDP or Broker as to how they wish to vote in this regard. This must be done in terms of the agreement entered into between the member and the CSDP or Broker concerned.
6. Any alteration to this form of proxy, other than the deletion of alternatives, must be signed, not initialled, by the signatory/ies.
7. Documentary evidence establishing the authority of a person signing this form of proxy in a representative capacity (e.g. on behalf of a company, close corporation, trust, pension fund, deceased estate, etc.) must be attached to this form of proxy, unless previously recorded by the company or waived by the chairman of the Annual General Meeting.
8. A minor must be assisted by his/her parent or guardian, unless the relevant documents establishing his/her capacity are produced or have been recorded by the Company.
9. Where there are joint holders of shares:
   - any one holder may sign the form of proxy; and
   - the vote of the senior joint holder who tenders a vote, as determined by the order in which the names stand in the Company's register of members, will be accepted.
10. To be valid, the completed forms of proxy must be lodged with the Transfer Secretaries or the Chairman of the meeting no later than the time of commencement of the Annual General Meeting.
11. The proxy appointment is revocable by the shareholders giving written notice of the cancellation to the Company prior to the Annual General Meeting or any adjournment thereof. The revocation of the proxy appointment constitutes a complete and final cancellation of the proxy's authority to act on behalf of the shareholders as of the later of: (i) the date stated in the written notice, if any; or (ii) the date on which the written notice was delivered as aforesaid.
12. If the instrument appointing a proxy or proxies has been delivered to the Company, any notice that is required by the Companies Act or the MOI to be delivered by the Company to shareholders must (as long as the proxy appointment remains in effect) be delivered by the Company to: (i) the shareholder; or (ii) the proxy or proxies of the shareholder has directed the Company to do so, in writing and pay it any reasonable fee charged by the Company for doing so.

Contact information

AEP ENERGY AFRICA LIMITED

(Formerly: African Energy Partners Limited)
(Registration number 2017/024904/06)
JSE Share code: AEY
ISIN: ZAE000241741

REGISTERED OFFICE

The registered address of the Company is:
Second Floor
28 Fricker Road
Illovo
Sandton
2196

Postal address
PO Box 652101, Benmore, 2010

Telephone
+27 11 268 5540

Website
www.aep.co.za

COMPANY SECRETARY

Imbokodvo Bethany Governance and Statutory Compliance (Pty) Ltd
(Registration number 2016/117816/07)
1st Floor, Yellowwood House
Ballywoods Office Park
33 Ballyclare Drive, Bryanston, 2191

INDEPENDENT REPORTING ACCOUNTANTS AND AUDITORS

Deloitte & Touche
Deloitte Place, The Woodlands
20 Woodlands Drive, Woodmead Sandton, 2196
(Private Bag X6, Gallo Manor, 2052)

DESIGNATED ADVISOR

Questco Corporate Advisory Proprietary Limited
(Registration number 2011/106751/07)
1st Floor, Yellowwood House, Ballywoods Office Park
33 Ballyclare Drive, Bryanston, 2191

TRANSFER SECRETARIES

Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Rosebank Towers, 15 Biermann Avenue,
Rosebank, 2196
(PO Box 61051, Marshalltown, 2107)