AEP Energy Africa

ANNUAL REPORT 2017

CONTENTS

	Page
Overview	2
Chairman and CEO's Report	4
Governance	6
Remuneration Report	25
Annual financial statements	29
Notice of annual general meeting	57
Form of proxy	65
Contacts	68

OVERVIEW

AEP Energy Africa (formerly African Energy Partners) Ltd aims to become a leading Pan African, clean and distributed energy group. The group will target investments in operating energy generation, distribution and fuel logistics infrastructure.

The group's fuel of choice is Liquefied Natural Gas (LNG) as it complements the substantial renewables project roll-out already underway in Africa and is an increasingly abundant regional fuel. LNG is globally recognised as a cheaper and/or cleaner alternative to other fossil fuels.

FAST FACTS

- AEP will own, operate and maintain a portfolio of **clean, distributed energy assets which generate electricity and associated by-products,** such as heating and cooling, as well as associated infrastructure for transportation and storage of primary fuels
- LNG is **primary fuel** of choice
- **Long-term visibility** of revenue and costs
- Strong pipeline of **potential acquisitions** with ability to grow swiftly
- Pan African investment mandate, giving mix of **Rand and hard-currency earnings**
- **Highly experienced board of directors** with strong, relevant industry experience
- **47% of capital raised** contributed by founding directors
- **Strong BEE credentials:**
  - Black-owned manager with earn-in mechanism strongly aligned with shareholders' interests
  - Majority black board
- **External Management Contract:**
  - Market-related fees
  - Annual review by board

DIFFERENTIATORS

- **Control vs minority stakes** in assets
- **Pan African vs South African**
- **Baseload and LNG vs renewables** only
- **Operating vs financial**
- **Integrated vs power** only IPP

WHY AFRICA

- **Africa = 16% of the world's population**
- **53% of Africa's people have no access to grid electricity**
- Africa needs **US$70 billion investment** p.a. in electricity infrastructure
- **AfDB New Deal for Energy in Africa** aimed at universal access to energy by 2025, leveraging Africa's energy resources (LNG)
- Abundance of **natural gas reserves** and LNG production

CHAIRMAN AND CEO'S **REPORT**

"Our vision is to significantly improve the quality of African lives by increasing access to and use of clean energy on the continent"

Edwin Kikonyogo and David Wright

We are pleased to report that AEP Energy Africa was listed on 30 June 2017 as a SPAC on the JSE's AltX. This was in challenging South African economic conditions, but pleasingly with solid shareholder support. The listing has provided a vehicle to access capital and a platform to look at energy developments which will move us towards a viable acquisition well within the two-year regulatory period. Our vision is to improve the quality of African lives by increasing access to and use of clean energy on the continent. We want to play a significant role in making energy in Africa, including South Africa, accessible, safe, reliable and cost-effective. We are pleased to say that in the short period since listing, management has identified assets and opportunities for acquisitions that are in line with our strategic intent.

STRATEGY

Our three strategic pillars are:

- Preferred ownership, management and operations partner in energy infrastructure.
- Preferred sector investment vehicle (offering cash-generative energy exposure in Africa).
- Preferred purchaser of commissioned new capacity (built by project developers).

Additional strategic considerations and preferences for future investment guidance are as follows: we seek controlling investments over minority stakes in energy assets; operational rather than only financial positioning; baseload operations as well as fuel supply versus renewable energy sources only; looking broader towards Pan African opportunities rather than limited to South Africa only; and integrated businesses versus stand-alone investments.

BUSINESS MODEL AND STAKEHOLDER VALUE CREATION

We intend to create value for all stakeholders and we are well-positioned to implement this for:

- **Investors and shareholders:** Our JSE vehicle offers risk-diversified exposure to cash-generating energy assets; Rand and US Dollar earnings; dividends in time.
- **Existing asset owners:** Operating partnerships backed by proven skill; full or partial exit opportunity; diversification of concentration risk (from single asset to portfolio); international exposure.
- **New asset developers:** exit and sale opportunities; customised development for secured purchaser/owner.
- **Customers:** Energy security with an emphasis on lower costs and enhanced environmental sustainability.
- **Suppliers and service providers:** reputable partner offering expansion opportunity through cross-selling within AEP Energy Africa group.
- **Employees:** broad multi-asset and country exposure; long-term career progression in AEP Energy Africa group; competitive incentives and reward.
- **Governments:** as solid corporate citizen with vision that is revenue-generating and economically uplifting.

STRATEGIC OBJECTIVES

Our primary objective is to identify and make a viable acquisition which will allow us to move out of the SPAC environment into the listed space and to migrate from AltX and onto the JSE Mainboard. This will depend on the nature and the size of the viable acquisition. We appreciate the backing of the Public Investment Corporation (PIC) as a cornerstone investor with ambitions to grow with us. We also have the backing of other investors aiming to develop and convert opportunities in the clean energy space.

CHALLENGES AND OPPORTUNITIES FACING THE GROUP

Our key challenge is to find and execute the viable acquisition and other synergistic projects that fit well within our portfolio and strategic plans. Several opportunities have presented themselves already and the team is currently working on them to assess whether they could serve to achieve our strategic objectives.

BUSINESS AND ECONOMIC ENVIRONMENT

We would be looking to acquire established operating assets with existing offtake agreements, customers and staff, rather than new start-ups or greenfields assets.

With a strong focus on BEE, we have a clear alignment with shareholders as Economic Empowerment grows in proportion to AEP Energy Africa growth and performance.

GOVERNANCE AND REMUNERATION

The board and management have extensive and relevant multi-country experience across Africa as well as the skills to implement our well defined strategy and a proven track record for realising investment value.

All the required committees for oversight and good governance are in place and functioning as they should be in the short period up to and since listing. These include the Audit and Risk, Remuneration and Nominations Committees, Investment Committee as well as the Social and Ethics Committee. (See Governance Report on page 6 for further details.)

Ms Erica Johnson resigned from her position as independent non-executive director and chairperson of the Audit and Risk Committee with effect from 4 September 2017 to take up a position that would have conflicted with her continued service on our board. We wish her well in her future endeavours. Ms Meriam Kekana, one of our existing non-executive directors was appointed as the Chairperson of the Audit and Risk Committee in her stead.

On 5 July 2017 the board welcomed Messrs Thabo Leeuw, Sello Moloko and Oliver Petersen. Mr Sello Moloko who is also chairman of the board of Sibanye Gold Limited and Alexander Forbes Limited, has been appointed to AEP Energy Africa's Investment Committee.

SUSTAINABILITY

As a SPAC we have a sharp focus on keeping costs down. This is a characteristic which will continue after the viable acquisition is announced and executed. By way of an example, until the viable acquisition has been made, management will use external consultants rather than hiring new staff as part of the cost management strategy.

LNG is a largely unused fuel in Africa, but one that can be moved and stored using proven existing fuel logistics infrastructure. Our view is that we will look at all energy sources, but where more polluting fuels are in use, we will look to migrate assets acquired by us to cleaner and lighter energy sources.

OUTLOOK AND PROSPECTS

Our Pan African standpoint allows us to pursue growth markets across the continent. Energy requirements, especially in sub-Saharan Africa, are also set to rise in support of economic growth. These positive indicators should ensure good demand for the group's skills and business case in the year ahead and place AEP Energy Africa in a favourable position to find the right assets with the intention of announcing a viable acquisition in the course of 2018.

The impact of energy policy fluidity in South Africa raises opportunities for us. Our focus on LNG across Africa, rather than renewables, aligns AEP Energy Africa to a large extent towards the changing South African energy landscape, such as Government's intended Gas to Power Programme, and Project Phakisa. Additional opportunities could also arise due to continued increases in the price of electricity in South Africa and anticipated introduction of stricter environmental protection measures, as well as pollution taxes. Opportunities with industries seeking onsite lower cost multi-energy generating assets that utilise cleaner fuels are consequently expected to materialise.

APPRECIATION

Looking back at 2017, AEP Africa Energy Limited listing on the JSE was a major achievement. We are thankful to all of those people who made this possible. Acknowledgment must go to the management team and especially colleagues Nkosi Gugushe and Kevin Simons, as well as our distinguished board of directors. We express our thanks to all the service providers and advisors who guided us through the process and to shareholders who have joined us on this exciting journey.

David Wright
Independent,
Non-executive Chairman

Edwin Kikonyogo
CEO

31 October 2017

GOVERNANCE

AEP Energy Africa Limited ("AEP" or "the company") complies with the Johannesburg Stock Exchange ("JSE") Listings Requirements, applicable statutes, regulatory requirements and other authoritative directives regulating its conduct. The principal applicable frameworks include:

JSE Listings Requirements
AEP is a public company listed on the JSE and is subject to the JSE Listings Requirements.

www.jse.co.za

King IV
The King Report on Corporate Governance for South Africa 2016 and the King Code of Governance Principles (collectively, King IV), came into effect 1 April 2017.
www.iodsa.co.za

Companies Act

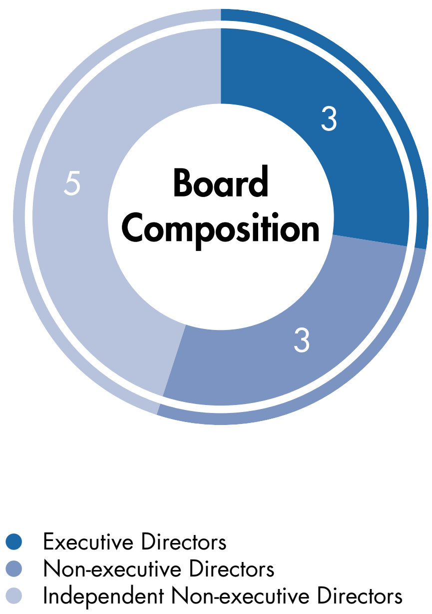
The Companies Act 71 of 2008, as amended, by the Companies Amendment Act 3 of 2011 (the Companies Act), and the Regulations promulgated thereunder (the Companies Regulations) came into effect on 1 May 2011.

www.acts.co.za

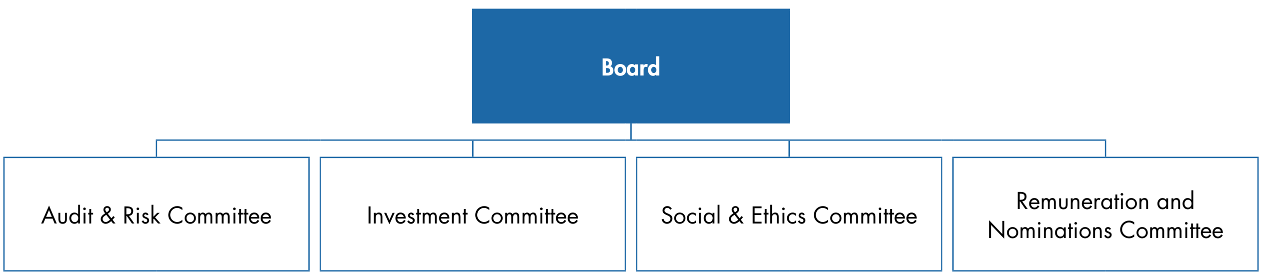
BOARD COMPOSITION (KING IV PRINCIPLE 7)

The AEP board comprises of the appropriate balance of knowledge, skills, experience, diversity and independence to discharge its governance role and responsibilities objectively and collectively. The board comprises 11 directors, 45% of whom are independent non-executive directors and 72% non-executive.

The JSE Listings Requirements prescribe that listed companies must appoint a chief executive officer and a Chairperson to their board of directors. The JSE Listings 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. The company, as a special purpose acquisition company ("SPAC") vehicle, is exempt from the foregoing principle until such time as it has converted into an ordinary listed company on the main board or the Alternative Exchange ("AltX") of the JSE. However, the company has elected to comply with the foregoing as if it is a company listed on the main board or the AltX of the JSE as at the date on which this charter was adopted.



GOVERNANCE FRAMEWORK



Independent non-executive directors

David Wright

Chairman

BSc Chemical Engineering (University of Natal), Certificate Programme for Finance and Accounting (Wits Business School)

Appointed: 7 April 2017

David's professional affiliations include, *inter alia*, member of Ministerial Advisory Council for Energy from 2015 to 2017, SA Institution of Chemical Engineers since 1974, Institute of Directors (IoD) since 2014 and Secretary General of SA National Energy Association (SANEA – SA Member Committee of World Energy Council) since 2012.

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.

Sifiso Sibiya

BCom Hons (Accounting) (University of Natal), CA(SA), Certificates in Geology, Debt Restructuring and Mezzanine Finance

Appointed: 7 April 2017

Sifiso completed his articles and 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, Sifiso 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 Sotobe Chartered Accountants, a risk, corporate advisory and investment firm. He is also a member of Council at Durban University of Technology where he also chairs the Audit Committee.

Silvanus David

Post-graduate and Advanced Diplomas in Project Management, Masters (Commerce – Project Management) (Cranefield College of Management)

Appointed: 7 April 2017

Silvanus began his career in 1989 in manufacturing with Pakco, and thereafter moved into a financial role at the Durban City Council. After later serving at Santam as a project leader, 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.

Meriam Kekana

BCompt Hons (Accounting) (University of Johannesburg), CA(SA)

Appointed: 7 April 2017

Meriam completed her articles with Ernst & Young in 2004 and continued as an auditor until she became 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 serves until today 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.

Carla Cloete

LLB, LLM (University of KwaZulu-Natal)

Appointed: 7 April 2017

Carla completed her articles at Bowman Gilfillan and practiced as an associate for four years in the M&A and Capital Markets teams. She 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 the legal aspects including risk management, legal agreements, commodities trading and pricing and derivatives structuring and execution.

GOVERNANCE continued

Non-executive directors

Thabo Leeuw

B.Com (Accounting) degree from the University of Zululand, a B.Compt Honours from UNISA and has completed a Management Advanced Program at Wits Business School

Appointed: 5 July 2017

Thabo is the Managing Director and co-founder of the Thesele Group and has more than 27 years' experience in the Food & Beverages, Petrochemicals, ICT and Financial Services sectors. He is 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.

Sello Moloko

B.Sc Honours (Mathematics) and a Post Graduate Certificate in Education from the University of Leicester. He completed the Advanced Management Program at the Wharton School – University of Pennsylvania

Appointed: 5 July 2017

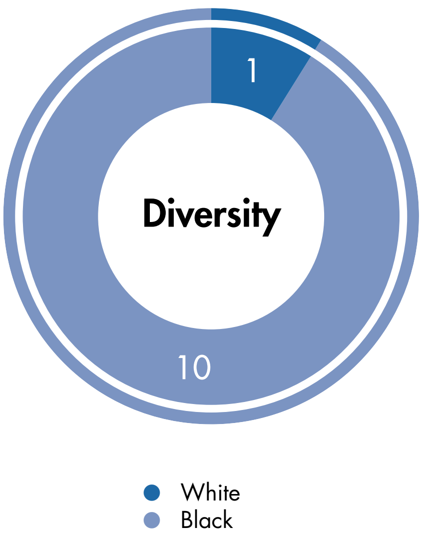
Sello is the Executive Chairman and co-founder of Thesele Group. As a result of his career spanning 24 years, he possesses a wealth of experience in financial services. He is the former CEO of Old Mutual Asset Managers and former deputy CEO of Capital Alliance Asset Managers. Sello serves on the boards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

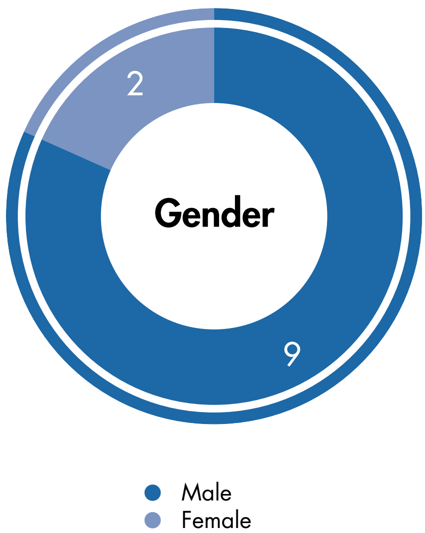
Oliver Petersen

B.Com (Financial Accounting), a B.Com Honours (Accounting Sciences), and a Certificate in the Theory of Accountancy – all from the University of Pretoria. He also holds the EVCA Certificate in Institutional Private Equity Investing through the Said Business School – University of Oxford

Appointed: 5 July 2017

Oliver is a member of the South African Institute of Chartered Accountants. Oliver joined Thesele as a Senior Executive in November 2015. In his 13-year career post-articles at PwC, he has held various Associate and Executive roles in Banking, Corporate Finance and Private Equity.





Executive directors

Edwin Kikonyogo

CEO

BA (University of London), MBA (Rutgers University,)
Lemberg Programme in Economics and Finance (Brandeis University)

Appointed: 1 February 2017

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, Edwin has been leading Destiny's energy project development teams, 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 signing distributor and licensing partnerships with international leaders on the energy value chain.

Between 1994 and 2005 Edwin 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.

Nkosi-Yawo Gugushe

COO

BCom (University of KwaZulu-Natal)

Appointed: 1 February 2017

Nkosi is a co-founder and chief executive officer of Destiny Group, which holds diverse investments in the Property, Services, Industrial Gases and Pharmaceuticals industries. Since 2012, Nkosi has been leading Destiny's energy project development teams, 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 signing distributor and licensing partnerships with international leaders on the energy value chain.

Between 1996 and 2005, Nkosi worked at Accenture Consulting and then as Head of African 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.

Kevin Simons

CFO

BCom (RAU), Hons. (Accounting) (University of South Africa), CA(SA)

Appointed: 1 April 2017

Kevin was formerly a Financial Manager for Sasol Group, which included Sasol Group Services, Sasol Energy, Sasol Oil, Sasol Chemicals, a number of international group holding and finance companies, as well as special projects such as Sasol's gas processing and pipeline facilities in Mozambique and SA, and the proposed GTL in Louisiana, USA. His role included project pre-feasibility, budgeting, accounting, taxation, reporting, governance, stakeholder relations, compliance, financial management and team leadership. He initially began his career after articles as Senior Manager: Finance at Nambiti Consulting. He then consulted independently for LPC Manhatten Moela (now Arcay Moela) and EOH. In March 2009 he founded Simons and Maggs Consulting, which provided financial management and corporate finance services to *inter alia*, Government, Abacus, SAB&T and MTN, before joining Sasol in 2012.

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 participate in any share incentive scheme of the company.

GOVERNANCE continued

KING IV COMPLIANCE

AEP recognises and supports the principles and practices set out in King IV. AEP continues to implement compliance to ensure that it applies the principles set out in King IV. The company will conduct gap analyses on an ongoing basis to assess its compliance level in respect of King IV and to identify areas that require improvement. Gaps, if any, will be addressed through action plans and regular monitoring and reporting to the appropriate governance structures. Ongoing progress reports in this regard will be presented to the Audit and Risk Committee.

Adhering to the highest standards of corporate governance is fundamental to the sustainability of AEP's business. 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. 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.

APPLICATION OF KING IV

A summary of the King IV principles implemented and the progress made towards achieving the practices and, ultimately, the governance outcomes foreseen is set out below. Enhancements will be made over time where required in line with our objective to continuously improve and entrench corporate governance practices.

King IV Principle	AEP Compliance Commentary
Leadership, Ethics and Corporate Citizenship	
Leadership	
Principle 1: The governing body should lead ethically and effectively.	The board confirms its commitment to the highest standards of corporate governance. The board charter was adopted by the board and has set the ethical foundation for how the company operates. The board and its committees monitor compliance and the directors individually and collectively cultivate and exhibit integrity, competence, accountability, fairness and transparency in their leadership. They act ethically in discharging their responsibility to provide strategic direction and control of the company as provided for in the board charter and the company's Memorandum of Incorporation. The ethics of the board and the directors are regularly monitored and will further be considered in the annual board evaluation process. The board confirms that a Code of Conduct Policy will be adopted by the company which will set the ethical foundation for how the company operates.

King IV Principle	AEP Compliance Commentary
Organisation Ethics	
Principle 2: The governing body should govern the ethics of the organisation in a way that supports the establishment of an ethical culture.	The board has established the Social and Ethics Committee to ensure that issues related to the environment, health and safety as well as sustainability are given due consideration. This committee reports to the board. AEP listed on 30 June 2017 and has not had any Social and Ethics Committee meetings to date. Management has been delegated the responsibility for the implementation of the Code of Conduct. The board, with the assistance of the Social and Ethics Committee and the Audit and Risk Committee, will exercise ongoing oversight of the management of ethics, monitoring the company's activities with regards to ethics and ensuring that our conduct supports our values. The purpose that the Code will serve is to give guidance in interactions with all stakeholders and to address the key ethical risks of the company. Our programmes will include a whistleblower facility, operated by an independent service provider, which will enable employees and other stakeholders to report confidentially and anonymously any unethical or risky behaviour and which will contribute to our strong ethical foundation. Directors are mindful of their fiduciary duties and their duty to act in accordance with applicable legislation. Records of directors' financial interests are kept and updated on an ongoing basis. Each director acts with independence of mind in the best interests of the company and its stakeholders. In its deliberations, decisions and actions, the board is sensitive to the legitimate interests and expectations of the company's stakeholders. The company further maintains a register of director interests, which is updated on an ongoing basis. At the beginning of every board meeting, the Chairman actively reminds members to declare where they maybe conflicted and to recuse themselves in these circumstances.
Responsible corporate citizenship	
Principle 3: The governing body should ensure that the organisation is and be seen to be a responsible corporate citizen.	The board ensures that the company complies with all applicable legal requirements and that the relevant structures are in place for compliance. The company further manages its employees in a fair and responsible manner and is also committed to looking after the environment and society in which it operates. Through the board charter and Social and Ethics terms of references a framework will be established to ensure human and financial resources are employed effectively, including to beneficially impact on communities. AEP is still a SPAC therefore our commitment to the environment and society will only be measured once a viable asset is acquired and becomes fully operational.

GOVERNANCE continued

King IV Principle	AEP Compliance Commentary
Strategy and Performance	
Principle 4: The governing body should appreciate that the organisation's core purpose, its risks and opportunities, strategy, business model, performance and sustainable development are all inseparable elements of the value creation process.	The board acknowledges the strategy and performance responsibility as detailed in the board charter. AEP's board will undertake a robust interrogation of the company's purpose, risks and opportunities, strategy and business model with due consideration to all the capital requirements. Management is tasked with the formulation of a business plan including key performance measures and targets, which will then be approved by the board. Every quarter the board will actively monitor performance against all the targets in acknowledgement that the outcomes for all the capitals are connected for value creation. The company endeavours to create trust and goodwill with stakeholders which will ultimately foster a positive business environment that facilitates business growth while building the company's image and brand as an ethical, responsible and concerned corporate citizen. AEP is aware of its responsibility to present a balanced and comprehensive assessment of the company to all its identified stakeholders. The company aims to develop mutually beneficial relationships with its stakeholders, built on a foundation of effective and practical communication strategies, for the benefit of stakeholders and society as a whole.
Reporting	
Primary roles and responsibilities of the governing body	
Principle 5: The governing body should ensure that reports issued by the organisation enable stakeholders to make informed assessments of the organisation's performance, and its short-, medium- and long-term prospects.	The board, through the Audit and Risk Committee and other board committees, ensures that the necessary controls are in place to verify and safeguard the integrity of the Annual Reports and any other disclosures. The Audit and Risk Committee oversees and reviews the annual financial statements, which are audited by the external auditors. The Social and Ethics Committee's role is to oversee the sustainability reporting assurance and the Remuneration Committee's role is to monitor remuneration reporting, which is reviewed by the company's remuneration consultants. The Annual Report provides a review of the sustainability of the company, including the company's financial and economic performance on matters material to the company's strategy and the key stakeholders. Reporting is prepared in line with recognised guidelines that ensure compliance with legal requirements and relevance to stakeholders including International Financial Reporting Standards (IFRS), King IV and the JSE Listings Requirements.

King IV Principle	AEP Compliance Commentary
Primary roles and responsibilities of the governing body	
Principle 6: The governing body should serve as the focal point and custodian of corporate governance in the organisation	The board ensures that the company applies the governance principles contained in King IV and will continue to further entrench and strengthen recommended practices through the company's governance structures, systems, processes and procedures. Every year a gap analysis will be conducted by a governance expert to ensure full compliance. The board, through effective corporate governance directs and manages the operations of the company. The board reviews company policies as and when the need arises to do so. The board, as well as any director or committee, may obtain independent, external professional advice at the company's expense concerning matters within the scope of their duties and the directors may request documentation from and set up meetings with management as and when required. An appropriate governance framework and the necessary policies and processes are in place to ensure entities in the company adhere to the required governance standards. The company's governance framework and corporate governance practices are disclosed in the Governance Report in the Annual Financial Statement.
Composition of the governing body	
Principle 7: The governing body should comprise the appropriate balance of knowledge, skills, experience, diversity and independence for it to discharge its governance role and responsibilities objectively and effectively.	The board consists of 11 directors, three of whom are executive directors and eight of whom are non-executive directors. Five of the eight non-executive directors are independent. The Chairman of the board is an independent non-executive director. The board has also considered and satisfied itself with regards to the competence and qualifications of all board members. Furthermore, the company appoints directors based on certain criteria which include, *inter alia*: • Leadership qualities; • Depth of experience; • Independence; • Business acumen; and • Personal integrity beyond reproach. The board is in the process of adopting a policy on the promotion of gender and race diversity at board level, and shall report in the Integrated Annual Report on how it has made progress towards meeting the targets established in the policy. The process to identify suitable candidates for appointment to the board involves taking into consideration diversity and inclusion. Directors are appointed in terms of the company's Memorandum of Incorporation.

GOVERNANCE continued

King IV Principle	AEP Compliance Commentary
Committee of the governing body	
Principle 8: The governing body should ensure that its arrangements for delegation within its own structures promote independent judgement, and assist with balance of power and the effective discharge of its duties.	As set out in the board charter, the board has four standing committees that assist it in discharging its duties and responsibilities. The committees are as follows: the Audit and Risk Committee, the Investment Committee, the Remuneration and Nomination Committee, and the Social and Ethics Committee. These committees operate in accordance with written terms of reference approved by the board, which will be reviewed annually. The committees are appropriately constituted and members are appointed by the board, with the exception of the Audit and Risk Committee whose members are nominated by the board and elected by shareholders of the company. The Nomination Committee reviews the composition of board committees and makes recommendations to the board with regard to their composition, taking into account factors such as diversity and skills and the need to create a balanced distribution of power. External advisors, executive directors and members of executive and senior management attend committee meetings by invitation. Any non-executive director may also attend meetings by invitation. The committees play an important role in enhancing high standards of governance and achieving increased effectiveness within the group. The board considers the allocation of roles and associated responsibilities and the composition of membership across committees holistically. A delegation by the board of its responsibilities to a committee will not by or of itself constitute a discharge of the board's accountability.
Evaluation of the performance of the governing body	
Principle 9: The governing body should ensure that the evaluation of its own performance and that of its committees, its Chair and its individual members, support continued improvement in its performance and effectiveness.	The effectiveness and performance of the board as a whole and the individual board committees will be evaluated annually. The Remuneration and Nominations Committee together with company secretary, will assist the board in developing a performance-based evaluation criteria which will aid the board in ensuring the continuous development of directors. An external service provider will assist the board and board committee with evaluations in respect of the board's performance in FY2018. The board wishes to satisfy itself that the evaluation process will improve the board's performance and effectiveness.

King IV Principle	AEP Compliance Commentary
Appointment and delegation to management	
Principle 10: The governing body should ensure that the appointment of, and delegation to, management contribute to role clarity and effective exercise of authority and responsibilities.	The company has delegated the overall management of the operations to an external management company except for instances where approval by the board or shareholders is expressly required. Furthermore the company will implement and roll out a detailed Delegation of Authority (DoA) once the company acquires a viable asset and progresses from a SPAC to a Main Board listed company. The role and responsibilities of the Chief Executive Officer are set out in the board charter. The board, with the assistance of the Remuneration and Nomination Committee, is responsible for ensuring that succession plans are in place for the Chief Executive Officer and other senior executives. The Chief Executive Officer is accountable to the board for the successful implementation of our strategy and the overall management and performance of the company. The Chief Executive Officer is supported by a competent, multi-skilled team, which helps him execute his responsibilities.
Governance Function Areas	
Risk governance	
Principle 11: The governing body should govern risk in a way that supports the organisation in setting and achieving its strategic objectives.	The company has appointed an Audit and Risk Committee as a sub-committee of the boards, all of which members are independent non-executive directors, and are suitably skilled and experienced. The committee discusses risks associated with the business and reports to the board on tolerance thereof. The committee discusses and evaluates risks related to their functions and reports to the board. The board is satisfied that the executive management team is constantly aware of risk factors and actively seeks ways in which to overcome controllable risks and those that can be influenced and to minimise the impact of the uncontrollable risks.
Technology and information governance	
Principle 12: The governing body should govern technology and information in a way that supports the organisation setting and achieving its strategic objectives.	The Audit and Risk Committee oversees amongst others, the IT risk of the company. The responsibility is set out in the committee's terms of reference. The committee reports to the board on management's and the external auditors' feedback on IT governance. The Code of Conduct, to be approved by the board, will set out the requirement of legal compliance and provide for the company to develop and implement a policy. The company will develop a Legal and Regulatory Compliance Policy and, with the assistance of Audit and Risk Committee, identify the legal and regulatory universe applicable to AEP. Implementation of the Policy will be monitored by management and reported to the Audit and Risk Committee and to the Social and Ethics Committee.

GOVERNANCE continued

King IV Principle	AEP Compliance Commentary
Compliance governance	
Principle 13: The governing body should govern compliance with applicable laws and adopted, non-binding rules, codes and standards in a way that supports the organisation being ethical and a good corporate citizen.	Management, together with the assistance of the Audit and Risk Committee, will further develop a legal and regulatory compliance policy to ensure compliance within the organisation.
Remuneration and Governance	
Principle 14: The governing body should ensure that the organisation remunerates fairly, responsibly and transparently so as to promote the achievement of strategic objectives and positive outcomes in short-, medium- and long-term.	The directors' remuneration is benchmarked against industry norms and other similar listed companies. Based on this exercise it is the board's view that directors and executives are remunerated fairly and responsibly. Information regarding remuneration of directors is disclosed in the Annual Financial Statements.
Combined assurance	
Principle 15: The governing body should ensure that assurance services and functions enable an effective control environment, and that these support the integrity of information for internal decision-making and of the organisation's external reports.	The Audit and Risk Committee and the Executive Committee have developed a risk based approach monitoring a comprehensive system of internal controls. The Audit and Risk Committee ensures that the combined assurance from both external auditors and Executive Committee appropriately addresses the identified company risks. The Audit and Risk Committee also monitors the activities of management in their role as custodians of business processes to ensure the effective implementation, review and maintenance of internal controls, as well as alignment with other assurance providers.
Stakeholder relationships	
Stakeholders	
Principe 16: In the execution of its governance roles and responsibilities, the governing body should adopt a stakeholder-inclusive approach that balances the needs, interests and expectations of material stakeholders in the best interests of the organisation over time.	AEP is committed to transparent, comprehensive and objective communication with its stakeholders. The company maintains a website (www.aep.co.za), which provides information regarding the company's operations, financial performance and other information. Shareholders are encouraged to attend the Annual General Meeting and to use it as an opportunity to engage with the board and senior management. Summaries of the results of decisions taken at shareholders' meetings are disclosed on the JSE's Stock Exchange News Service ("SENS") and the company's website following the meetings.

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 following its listing on the JSE, the company is also subject to:

- (i) the mandatory corporate governance requirements set forth in the JSE Listings Requirements; and
- (ii) the recommended corporate governance practices set forth in the Code. Additionally, compliance with the corporate governance principles outlined in the JSE Listings Requirements were disclosed in the company's prospectus and in this Annual Report.

The roles and responsibilities of the board as set out in the board charter include the following:

- act as the focal point for, and custodian of, corporate governance by managing its relationship with management, the shareholders and other stakeholders of the company to build and maintain stakeholders' trust and confidence in the company aligned to sound corporate governance principles. In this regard, the board will be expected to:
  - acquire a working knowledge and understanding of the company's business and the laws, regulations and processes that govern its activities;
  - be able to make sound business decisions and recommendations;
  - exercise judgement independently; and exercise stewardship at all times and uphold the highest degree of ethics in all forms of conduct;
  - appreciate that strategy, risk, performance and sustainability are inseparable and to give effect to this by:
    - contributing to and approving the strategy;
    - satisfying itself that the strategy and business plans do not give rise to risks that have not been thoroughly assessed by management;
    - identifying key performance and risk areas, which includes the responsibility of setting the company's level of risk tolerance and limits for its risk appetite on an annual basis and monitoring the same accordingly;
    - ensuring that the strategy will result in sustainable outcomes; and
    - considering sustainability as a business opportunity that guides strategy formulation;
- provide effective leadership on an ethical foundation;
- ensure that the company is and is seen to be a responsible corporate citizen by having regard to not only the financial aspects of the business of the company but also the impact that business operations have on the environment and the society within which it operates;
- ensure that the company's ethics are managed effectively;
- ensure that the company has an effective and independent Audit and Risk Committee;
- be responsible for the governance of risk;
- be responsible for IT governance, which includes ensuring that information assets are identified, managed and treated as important business assets;
- ensure that the company complies with applicable laws and considers adherence to non-binding rules and standards;
- ensure that there is an effective risk-based internal audit for approaching the control environment which must be aligned with the risk assessment process;
- appreciate that stakeholder's perceptions affect the company's reputation;
- ensure the integrity of the company's Integrated Report;
- act in the best interests of the company by ensuring that individual directors:
  - adhere to legal standards of conduct;
  - are permitted to take outside or other independent advice as it deems necessary in connection with their duties following an agreed procedure;
  - disclose real or perceived conflicts to the board and deal with them accordingly; and
  - dealing in securities: deal in securities only in accordance with the applicable provisions of the JSE Listings Requirements, the Financial Markets Act, No. 19 of 2012 and other applicable laws and regulation. Without limiting the generality of the foregoing, directors should have regard to (and familiarise themselves with) paragraphs 3.63 through 3.74 of the JSE Listings Requirements;

- commence business rescue proceedings as soon as the company is financially distressed;
- report on the effectiveness of the company's system of internal control;
- elect a Chairperson of the board that is an independent non-executive director; and
- appoint and annually evaluate the performance of the chief executive officer.

The board will comply with all relevant legislation and be 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, INDUCTION, SUCCESSION AND ASSESSMENT

Election and re-election

The 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. Being eligible, these non-executive directors may seek re-election should they so wish.

Mr DW Wright, Mr SM David, Mrs CJ Cloete, Mr SS Sibiya and Ms MM Kekana are required to retire by rotation. They have made themselves available for re-election at the Annual general meeting to be held on Monday, 12 March 2018. The Nomination Committee evaluates nominees and, taking into account their past performance and their contribution made to the company, recommends such nominees to the board for recommendation to shareholders for election and re-election at annual general meetings of shareholders, as the case may be.

Directors appointed by the board between annual general meetings, either to fill a casual vacancy or as an addition to the existing board, hold office only until the next annual general meeting 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.

With effect from 5 July 2017, Mr Thabo Leeuw, Mr Sello Moloko and Mr Oliver Petersen were appointed as non-executive directors and are available for confirmation as Directors of AEP at the AGM.

Ms Erica Johnson resigned as an Independent non-executive director of the company with effect from 4 September 2017.

The directors' *curricula vitae* are available on pages 7 to 9 of the Annual Report.

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 were required to attend the compulsory induction programme conducted by the Institute of Directors in Southern Africa during August 2017 and 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.

Succession

The board has compiled a succession plan for executive directors and senior management, which provides for the sustainability of the business of the company.

Assessment

The board is committed to transparency in assessing the performance of the board, its committees and individual directors as well as the governance processes that support board activities. The effectiveness of the board and its committees will be assessed annually. Independent external advisors will 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 to ensure a rigorous and impartial evaluation process.

Matters to be considered in the assessments will focus on the effectiveness of the board, including:

- 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
- Interaction: communication and relationships
- Board dynamics and leadership
- Board focus and function: strategy and compliance
- Risk management and internal controls
- Information Technology governance

- Accounting and audit
- Non-financial (sustainability) performance
- Balance of power and authority
- Ethics

BOARD MEETINGS

The board meets to consider the business and strategy of the company. The board reviews reports from the committees and independent advisors. During the financial year ended 30 June 2017, a pre-listing board meeting was held in April 2017.

Agendas for board meetings are prepared by the Company Secretary in consultation with the Independent Non-executive Chairman, the Chief Financial Officer and the Chief Executive Officer. Meeting materials are delivered to every director prior to each meeting.

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.

Meeting attendance

The 2017 meeting attendance summary is shown below:

	Board	Audit and Risk Committee	Investment Committee	Remuneration and Nomination Committee	Social and Ethics Committee
Number of meetings per year	1	1	1	–	–
DW Wright (Chairperson)	1	1	1	–	–
E Kikonyogo (Chief Executive Officer)	1	1	1	–	–
CJ Cloete	1	1	–	–	–
SM David	1	1	–	–	–
MM Kekana	1	1	–	–	–
SS Sibiya	1	1	1	–	–
N Gugushe	1	1	1	–	–
EL Johnson*	1	1	1	–	–
TP Leeuw**	–	–	–	–	–
ONW Petersen**	–	–	–	–	–
SM Moloko**	–	–	–	–	–
K Simons	1	1	1	–	–

* Resigned as an independent non-executive director on 4 September 2017.
** Appointed as a non-executive director on 5 July 2017

GOVERNANCE continued

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. 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 practices. Committees report to the board at each board meeting and make recommendations in accordance with their terms of reference.

The membership of the board committees currently consists solely of non-executive directors. Each committee is chaired by an Independent non-executive director. Attendance schedules for committee meetings held in FY2017 are included in the meeting attendance summary above.

The committee Chairpersons will attend annual general meetings of shareholders to answer any questions.

AUDIT AND RISK COMMITTEE

Members:
MM Kekana (Chairperson)
SM David
CJ Cloete
EL Johnson (Resigned 4 September 2017)

The Audit and Risk Committee is constituted as a statutory committee of the board in terms of Section 94 of the Companies Act and its composition complies with the provisions of that section.

The Audit and Risk Committee comprises three independent non-executive directors, each of whom has extensive relevant experience. In accordance with the guidelines in King IV, the Audit and Risk Committee Chairperson is an independent non-executive director and the Executive Directors attend Audit and Risk Committee meetings as invitees.

The Audit and Risk Committee terms of reference were adopted by the board in April 2017. No amendments were made during the reporting period.

Based on the terms of reference, a comprehensive framework will be prepared to ensure that all tasks assigned to the Audit and Risk Committee are considered at least once a year.

The primary objective of the Audit and Risk Committee is to assist the board in discharging its duties relating to the operation of adequate systems, internal controls and control processes; and the preparation of accurate financial reports and statements in compliance with all applicable legal requirements, corporate governance and accounting standards, as well as enhancing the reliability, integrity, objectivity and fair presentation of the affairs of the company. It also oversees financial and other risks in conjunction with the Social and Ethics Committee. In fulfilling its oversight responsibilities, the Audit and Risk Committee reviews and discusses the audited financial statements with management and the external auditors of the company.

The Audit and Risk Committee has oversight of the company's financial reporting process on behalf of the board. Management has primary responsibility for the financial statements and for maintaining effective internal controls over financial reporting and for assessing the effectiveness of internal controls of such reporting.

The Audit and Risk Committee, after due consideration, is of the view that the independent registered audit firm, which is responsible for expressing an opinion on the conformity of the audited financial statements with International Financial Reporting Standards (IFRS) and the requirements of the Companies Act, is independent of the company and its management.

Upon the recommendation of the Audit and Risk Committee at the Annual general meeting, shareholders will be requested to re-appoint Deloitte and Touche as external auditors of the company. Mr Mandisi Mantyi was identified through the partner rotation and succession process. He is an experienced assurance partner with significant experience in auditing of JSE-listed companies. Deloitte and Touche and Mr Mantyi are JSE accredited.

The Audit and Risk Committee meets with the external auditors on a regular basis to discuss the results of their examinations, their evaluation of the company's internal controls and the overall quality of the company's financial reporting. The committee also discusses the overall scope and plans for the respective audits of the company's internal and external auditors. The external auditors are invited to attend Audit and Risk Committee meetings.

The Audit and Risk Committee acts as a forum for communication between the board, management and the external auditors.

INVESTMENT COMMITTEE

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

The Investment Committee comprises two independent non-executive directors and one non-executive director.

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; and
- review the performance of individual assets within the Companies portfolio of assets and make recommendations in respect of such assets.
- The committee in carrying out its duties under these terms of reference 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 committee does not assume the functions of management, which remain the responsibility of the executive directors, officers and other members of senior management.

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

REMUNERATION AND NOMINATION COMMITTEE

Members:
SM David (Chairperson of Remuneration Committee)
DW Wright (Chairperson of the Nominations Committee)
CJ Cloete

The board of the company acknowledged the need for a Remuneration and Nomination Committee as recommended in the King IV Report on Corporate Governance, and as required in terms of the Listings Requirements of the JSE Limited, as amended from time to time (the Listings Requirements).

The Remuneration and Nomination Committee comprises three independent non-executive directors.

The role of the committee is to assist the board by:

- making recommendations regarding the appointment of new executive, non-executive and independent non-executive directors, for its consideration and final approval;
- nominating successors to key positions in the group as part of ensuring that a formal management succession plan is in place;
- ensuring that the board has the appropriate composition for it to execute its duties effectively and to comply with the Code, the Companies Act, the Listings Requirements and other applicable legislation;
- ensuring that directors are appointed through a formal and transparent process;
- determining whether the services of any director should be terminated;
- ensuring that induction and ongoing training and development of directors take place; and
- carrying out such other functions as the board may request from time to time.

In line with JSE Listings Requirements, the Remuneration and Nomination Committees are chaired by the independent non-executive director, Mr SM David and Mr DW Wright respectively.

In terms of the terms of reference of the Nomination Committee at least one meeting must be held per year. No meetings were held during the reporting period.

REMUNERATION AND NOMINATIONS COMMITTEE

The Remuneration Report is available on pages 25 to 28 Additional information is available in the directors' report on pages 33 to 38 of the annual report.

SOCIAL AND ETHICS COMMITTEE

Members:
CJ Cloete (Chairperson)
MM Kekana
SS Sibiya

The purpose of the Social and Ethics Committee is to monitor the company's sustainability philosophy which is underpinned by the realisation that there is a need to turn wealth into sustainable economic growth and development. Through its business endeavours, the company seeks to make a lasting and important social, economic and environmental contribution to the regions in which the company operates.

GOVERNANCE continued

The Social and Ethics Committee's terms of reference were adopted by the board in April 2017 in compliance with King IV.

The Social and Ethics Committee performs all the functions as are necessary to fulfil its role as stated above and including the following:

- Drawing matters within its scope to the attention of the board as occasion requires;
- Reporting, through one of its members, to the shareholders of the company at the company's annual general meeting on the matters within its scope;
- Monitoring the activities of the company, having regard to any relevant legislation, other legal requirements or prevailing codes of best practice, with regard to matters relating to social and economic development, including the company's standing in terms of the goals and purposes of the 10 (ten) principles set forth in the United Global Compact Principles, which require a commitment to:
  - i. support and respect the protection of internationally proclaimed human rights;
  - ii. ensure that the company is not complicit in human rights abuses;
  - iii. uphold the freedom of association and the effective recognition of the rights to collective bargaining;
  - iv. the elimination of all forms of forced and compulsory labour;
  - v. the effective abolition of child labour;
  - vi. the elimination of discrimination in respect of employment and occupation;
  - vii. support a precautionary approach to environmental challenges;
  - viii. undertake initiatives to promote environmental responsibility;
  - ix. encourage the development and diffusion of environmentally friendly technologies; and
  - x. work against corruption in all its forms, including extortion and bribery;
- The Organisation of Economic Co-operation and Development (OECD) recommendations regarding corruption;
- The Employment Equity Act, 1998; and the Broad-Based Black Economic Empowerment Act, 2003;
- Good corporate citizenship, including the company's:
  - Promotion of equality, prevention of unfair discrimination, and reduction of corruption;
  - Contribution to development of the communities in which its activities are predominantly conducted or within which its products or services are predominantly marketed;
  - Record of sponsorship, donations and charitable giving; and
  - The environment, health and public safety, including the impact of the company's activities and of its products or services.

The Social and Ethics Committee's Terms of Reference provide that the Committee must have a minimum of three members, the majority of whom must be independent non-executive directors. Currently, the Social and Ethics Committee comprises three non-executive directors, all of whom are independent.

No meetings were held during the 2017 financial year.

AD HOC BOARD COMMITTEES

The board has the right to appoint and authorise special *ad hoc* board committees, comprising the appropriate board members, to perform specific tasks as required.

Executive Committee

The company has an Executive Committee which is chaired by the Chief Executive Officer. Standard items on the agenda of the Executive Committee include investment projects reports from the Chief Executive Officer, and Chief Financial Officer.

RISK MANAGEMENT PROCESSES AND ASSURANCE

King IV Principle 15

AEP 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.

RISK MANAGEMENT PROCESS

Risk Evaluation	Risk Analysis	Risk Treatment
• Determine whether controlled risk is acceptable • Determine whether controlled risk needs further treatment • Prioritise risk treatment	• Determine level of risk • Likelihood of occurrence • Consequence if it were to occur • Implement control to mitigate risk	• Identify treatment for risk that does not meet acceptable tolerance level on risk matrix • Prioritise risk for monitoring and review • Escalate priority 1 and 2 risks as required

Strategic Risk Managed Quarterly
Operational Strategy Managed Quarterly

KEY RISKS

Strategic	Mitigation
Construction and development risk	• Ring-fenced with project developer • Assets only acquired once substantially de-risked and cash-generating or close thereto
Operational Risk	• KPI-driven, interest aligned external management company • Strong executive team coupled with strong management teams inherited through acquisitions • Reputable Operators (OEMs/authorised partners), dedicated service providers, engineering and environmental consulting houses • Building AEP skills pool to move operations and preventative maintenance in-house • Board level risk mitigation
Access to funding to conclude deals	• Developing alternative funding structures, i.e. looking at both equity and debt finance • Effective communication of AEP investment case • Spread capital raising risk amongst other players with access to their own unique target audience
Financial risk	• Customer due diligence • Appropriate gearing and hedging • Non-recourse project finance where appropriate
Offtake risk	• "Take or pay" agreements • Supplying critical products • Primary and secondary customers
Regulatory and environmental risk	• Will ensure SHEQ and other regulatory compliance
Maintenance risk	• Long-term maintenance agreements with expert third parties
Political risk	• Stringent selection criteria for countries we invest in • Form in-country partnerships • Political risk insurance cover

GOVERNANCE continued

LEGAL COMPLIANCE

In accordance with King IV principle 13, internal and external legal compliance and operational audits are regularly conducted and any instances of non-compliance with regulatory requirements are reported to the Audit and Risk Committee for corrective action. Management with the assistance of the Audit and Risk Committee will further develop a legal and regulatory compliance policy to ensure compliance by the organisation.

DEALINGS IN SECURITIES AND INSIDER TRADING

AEP enforces closed periods in compliance with legislation and regulations. During these times, directors, officers and designated persons are precluded from dealing in AEP securities. Directors and employees are reminded of their obligations in terms of insider trading provisions as set out in the Financial Markets Act, 2012, and the penalties for contravening the regulations. The development of a policy is, in this regard, currently in progress.

INVESTOR RELATIONS AND COMMUNICATION WITH STAKEHOLDERS

AEP is committed to transparent, comprehensive and objective communication with its stakeholders. The company maintains a website, which provides information regarding the company's operations, financial performance and other information. Shareholders are encouraged to attend the Annual General Meeting and to use it as an opportunity to engage with the board and senior management. Summaries of the results of decisions taken at shareholders' meetings are disclosed on the company's website following the meetings.

The development of a stakeholder communication/ engagement policy is currently in progress.

ANNUAL GENERAL MEETING

The Notice of Annual General Meeting is available on pages 57 to 64 of this Annual Report. The date is set for Monday, 12 March 2018.

DESIGNATED ADVISOR

Questco Corporate Advisory Proprietary Limited is the company's designated advisor, in compliance with the Listings Requirements.

REMUNERATION **REPORT**

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 will do 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 will actively engage with best practice corporate governance principles, with specific reference to the principles contained in the King IV Report on Corporate Governance for South Africa and the King Code of Governance Principles (collectively, King IV). Supporting a progressive Remuneration Policy are AEP'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.

STAKEHOLDER ENGAGEMENT

The Remuneration Committee recognises the importance of stakeholder engagement with regard to the Remuneration Policy and implementation thereof. Therefore, the Remuneration Committee remains committed to proactively maintaining regular, transparent and informative dialogue with AEP's stakeholders. As a result, the Remuneration Committee will also consider and address feedback received from investors during the financial year.

ABOUT THE REMUNERATION REPORT

The Remuneration Committee report consists of two parts: Part I, which is set out on pages 26 to 27, explains the Remuneration Policy; and Part II explains the proposed implementation of the Remuneration Policy in FY2018. The FY2017 directors' remuneration was reviewed by the auditors and is included in the annual financial statements on page 52. This approach has been adopted in line with emerging best remuneration disclosure practices.

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

On behalf of the Remuneration Committee

SM David
Chairman of the Remuneration Committee

31 October 2017

REMUNERATION **REPORT** continued

PART I – REMUNERATION POLICY

The company's Remuneration Policy is available on the website www.aep.co.za.

REMUNERATION GOVERNANCE FRAMEWORK

Composition of the Remuneration Committee

Members:

SM David *(Chairperson Nomination)*
DW Wright
CJ Cloete

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 blend 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 and executives are fairly and responsibly remunerated and 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 in the previous paragraph. The terms of reference were approved by the board in April 2017. The Remuneration Committee's mandate includes the following:

- Oversee the setting and administering of remuneration at all levels in the group;
- Oversee the establishment of a remuneration policy that will promote the achievement of strategic objectives and encourage individual performance;
- Ensure that the remuneration policy is put to a non-binding advisory vote at the general meeting of shareholders of the company once every year;
- Determine and develop the company's general policy on group executive remuneration for approval by the board;
- Review the terms and conditions of group executives' employment, taking into account information from comparable groups where relevant;
- Review the outcomes of the implementation of the remuneration policy to ascertain whether the set objectives are being achieved;
- Ensure that the mix of fixed and variable pay, in cash, shares and other elements, meets the group's needs and strategic objectives;
- Determine any criteria necessary to measure the performance of the company's executive directors in discharging their functions and responsibilities;
- Satisfy itself as to the accuracy of recorded performance measures that govern the vesting of incentives;
- Ensure that all benefits, including retirement benefits and other financial arrangements, are justified and correctly valued;
- Consider the results of the evaluation of the performance of the chief executive officer, other executive directors and members of senior management, both as directors and as executives in determining remuneration;
- Select an appropriate comparative group when comparing remuneration levels;
- Consider and recommend to the board any change in the rules and allocation procedures governing the group's incentive schemes;
- Regularly review incentive schemes to ensure continued contribution to shareholder of the company value and that these are administered in terms of the rules;
- Consider the appropriateness of early vesting of share-based schemes at the end of employment or upon a corporate action or event;
- Review and approve corporate goals and objectives relevant to the chief executive officer's remuneration and evaluate the chief executive officer's performance in light of those goals and objectives. The committee shall make recommendations to the board which shall determine the chief executive officer's level of remuneration based upon this recommendation;
- Recommend the policy for authorising claims for expenses from the chief executive officer;
- 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;

- Review 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;
- Where shares or share options are to be offered to non-executive directors, shareholders of the company must approve this offer in a general meeting prior to the allocation being implemented;
- Establish the selection criteria, including selecting, appointing and setting the terms of reference for any remuneration consultants who advise the committee, if applicable;
- Oversee the preparation and recommend to the board the remuneration report, to be included in the integrated report, to ensure 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 bench marks.

Employment contracts

Employment agreements have been entered into between the company and executive directors, namely Messrs K Simons, N Gugushe and E Kikonyogo. These contracts are subject to a three (3) 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 Annual Report on page 52 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 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 are 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 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 quarterly and in arrears. The remuneration for independent non-executive directors does not include remuneration from the short-term or long-term (share-based) incentive schemes.

Board meeting attendance fees

On the advice of the Remuneration Committee and, in line with King IV, the board recommends an annual meeting fees 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 the website www.aep.co.za 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 is set out in the financial statements.

SM David
Chairman of the Remuneration Committee

31 October 2017

REMUNERATION **REPORT** continued

Annual board meeting attendance fees 2017/2018

	2017/2018 fees (Rand)*
Chairman	**120 000**
Independent non-executive director	**240 000**
Non-executive director	**Nil**

Committee meeting attendance fees

The board recommends for approval by shareholders the committee meeting attendance fees payable to non-executive directors for all committees, as set out in the table below.

The fees provide remuneration for preparation for and attendance at committee meetings as well as *ad hoc* committee and committee planning meetings.

	2017/2018 fees (Rand)*
Audit and Risk Committee	
Chairman	**33 000**
Member	**54 000**
Investment Committee, Remuneration and Nominations Committee and Social and Ethics Committee	
Chairmen	**121 000**
Member	**171 000**

* Please refer to the Notice of Annual General Meeting on pages 57 to 64 for the shareholders' resolutions in respect of the remuneration of non-executive directors.

Service contracts: Non-executive directors

In addition to directors' fees, non-executive directors may receive advisory fees in terms of agreements or other service contracts, concluded at market rates, for defined and pre-approved services.

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.

ANNUAL FINANCIAL **STATEMENTS**

Contents	Page
Audit and Risk Committee report	30
Statement by the Directors	31
Certificate of the Company Secretary	32
Directors' report	33 – 38
Independent auditor's report	39 – 41
Statement of financial position	42
Statement of comprehensive income	43
Statement of changes in equity	44
Statement of cash flows	45
Accounting policies and financial reporting terms	46 – 49
Notes to the financial statements	50 – 56

PREPARER OF THE FINANCIAL STATEMENTS

Mr Kevin Simons CA(SA), Chief Financial Officer, is responsible for the preparation of this set of financial statements.

AUDIT AND RISK **COMMITTEE REPORT**

This report is provided by the Audit and Risk Committee appointed in respect of the 2017 financial period of AEP Energy Africa Limited.

MEMBERS OF THE AUDIT COMMITTEE

The members of the Audit Committee are all Independent Non-Executive Directors of the Company and include:

Name	Qualifications	Date of appointment
Erica Lizette Johnson	BSc, MSc degree (Electrical Engineering) (University of Cape Town), MBA (Wits), ACE (MIT Sloan School of Business)	7 April 2017
	Resigned	4 September 2017
Silvanus David Moses	Postgraduate and Advanced Diplomas in Project Management, currently studying towards a Masters (Commerce – Project Management) (Cranefield College of Management)	7 April 2017
Meriam Maishibe Kekana	BCompt Hons (Accounting), (University of Johannesburg), CA(SA)	7 April 2017
Carla Julia 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 and Regulation 42 of the Companies Regulation, 2011.

MEETINGS HELD BY THE AUDIT AND RISK COMMITTEE

The Audit Committee had its inaugural meeting on 7 April 2017. All members were in attendance.

The following items were dealt with by the Audit Committee for the period under review:

EXTERNAL AUDITOR

The Committee satisfied itself through enquiry that the external auditors, Deloitte & Touche, are independent as defined by the Companies Act, and as per the standards stipulated by the auditing profession. Requisite assurance was sought and provided in terms of the Companies Act of South Africa, that internal governance processes within the firm support and demonstrate the claim of independence.

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

CHIEF FINANCIAL OFFICER

The Audit and Risk Committee evaluates the competency and effectiveness of the Chief Financial Officer ("CFO") (Mr Kevin Simons) as required in terms of the JSE Listing Requirements. The evaluation process includes as assessment of the CFO's eligibility, skills, knowledge and execution of duties.

The Audit and Risk Committee is satisfied that the CFO is competent and has the requisite qualifications and experience to effectively execute his duties.

FINANCIAL STATEMENTS

Following the review of the financial statements, the Audit and Risk Committee recommends that the Board approves the said statements.

On behalf of the Audit and Risk Committee

Meriam Kekana
Chairperson of the Audit and Risk Committee

31 October 2017

STATEMENT BY **THE DIRECTORS**

The Directors are responsible for the preparation and fair presentation of the financial statements of AEP Energy Africa Limited, comprising the statement of financial position at 30 June 2017, statement of comprehensive income, statement of changes in equity and statement of cash flows for the five months 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 Company's cash flow forecast for the period to 30 June 2018, and in the light of this review and the current position they are satisfied that the Company has or has access to adequate resources to continue in operational existence in the foreseeable future.

The auditor is responsible for reporting on whether the financial statements set out on pages 42 to 56 are fairly presented in accordance with the applicable financial reporting framework.

APPROVAL OF THE FINANCIAL STATEMENTS

The financial statements for the period ended 30 June 2017 as identified in the first paragraph and set out on pages 42 to 56 were approved by the Board of Directors on 13 September 2017 and are signed on its behalf by:

DW Wright
Chairman

ECMB Kikonyogo
Chief Executive Officer

CERTIFICATE OF THE COMPANY SECRETARY

In my capacity as the Company Secretary, I hereby confirm, in terms of the South African Companies Act, No. 71 of 2008, as amended, that for the period ended 30 June 2017, AEP Energy Africa Limited has lodged with the Registrar of Companies all such returns as are required of a public company in terms of this 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 (Pty) Ltd

12 September 2017

DIRECTORS' REPORT

for the five months ended 30 June 2017

The Directors have pleasure in presenting their report for the five months ended 30 June 2017.

1. NATURE OF BUSINESS

AEP Energy Africa Limited (AEP) was incorporated on 24 January 2017 and successfully listed as a Special Purpose Acquisition Company (SPAC) on the Alternative Exchange (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 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 upon listing. 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 play a significant role in advancing especially clean energy in Africa to become safely, reliably and cost-effectively accessible. AEP aims to own, operate and maintain a portfolio of clean energy assets; power plants generating electricity for utilities and industries; specialist fuel storage terminals; and co-generation plants generating electricity, located close to consumption points.

AEP's business model is to acquire clean energy infrastructure or service providers that are operating and cash generative or not more than 12 months from commercial operations. Typically these assets provide clear revenue visibility and a mix of annuity income, and examples include long-term electricity supply and short-term contracts for the supply of fuel, etc.

The Company issued a Prospectus on 9 May 2017 for the purpose of raising capital and being listed on the AltX. On 30 June 2017 AEP listed as a SPAC on the AltX and issued 5 255 480 shares at R10 per share, thereby raising R52 554 800.

The purpose of listing was to attract funding to enable the Company to execute its pipeline of investments.

Key requirements for listing on the JSE:

JSE Requirements	
Minimum capital raising was set at R50 million, which is the minimum for a JSE AltX listing.	• Directors met the criteria of minimum subscription of 5% shares offered; and • 10% of shares was subscribed by the public.
Cash raised on listing to be held in an escrow account until acquisition of a viable assets.	• AEP deposit funds in a JSE approved escrow account with Rand Merchant Bank which attracts interest on a daily basis.
A SPAC has 24 months from date of listing to acquire a viable asset.	• In the event that AEP should be unable to acquire a viable asset within 24 months, as prescribed in the JSE's Listings Requirements, shareholders would receive distributions *pro rata* to their holdings of accrued interest, less permitted expenses.

The operating results and state of affairs of the Company are fully set out in the attached financial statements.

2. REVIEW OF ACTIVITIES

The Company did not acquire a viable asset during the period under review. The Company made a loss after tax for the period of R6 136 895. Basic and headline loss per share based on 33 676, being the weighted average of outstanding shares in issue over the period to 30 June 2017, amounts to a loss of 18 224 cents and is a result of interest received from funds in escrow and current accounts, less permissible and operating expenses. The current tax for the period under review amounts to R9 849.

Before listing, the Executive Directors made it known in the market that the Company was seeking the acquisition of a viable asset in the 'Clean Energy' market. Since the listing, management has been diligently reviewing potential acquisition opportunities and engaged certain vendors on propositions that would satisfy the Company's vision and values. To this end, discussions are ongoing with some of the aforesaid vendors. The Company has sufficient resources to make a significant investment, using cash, equity and debt, or a combination of the three if need be. Given the JSE Requirements and the SPAC rules the Company could not enter into any agreement with third parties before listing on the JSE and the limited time from date of listing which coincided with our financial period-end, the Company has not yet identified a suitable viable asset or portfolio of assets, but remains confident that such a viable acquisition will be made in due course.

According to the abovementioned requirements shareholders have to approve the acquisition of a viable asset and will be informed of such an acquisition as and when the Company is in the position to do so. The funds raised through listing are currently in an escrow account with Rand Merchant Bank (a division of FirstRand Bank) (RMB) and has yielded an interest return of R35 176.

3. GOING CONCERN

The financial statements have been prepared on the going concern basis of accounting. The Directors have reviewed the Company's cash flow forecast for the period to 30 June 2018 and in the light of this review and the current financial position, they are satisfied that the Company has or has access to adequate resources to continue in operational existence for the foreseeable future.

4. SUBSEQUENT EVENTS

Appointment of Directors to the Board

On 5 July 2017, subsequent to the financial period-end but prior to the finalisation of the annual financial statements, the Company appointed the following Non-Executive Directors to the Board:

- Mr Thabo Leeuw;
- Mr Sello Moloko; and
- Mr Oliver Petersen.

Resignation of Director

On 4 September 2017, Ms Erica Johnson effectively resigned as Board member and Chairperson of the Audit and Risk Committee. Meriam Kekana was appointed as the new Chairperson of the Audit and Risk Committee.

Changes to the Management Agreement

Subsequent to the financial period-end, the Directors have agreed the amendments proposed by the Public Investment Corporation (SOC) Limited (PIC), as a condition of its subscription for shares in the Company, to restructure certain terms and conditions of the management agreement as follows:

Current agreement	Proposed change
The current agreement refers to an internalisation of the Management Company (Manco) after 10 years.	The proposed change to the agreement does not have an internalisation mechanism and is in effect in perpetuity.
The Manco charges a fee that is equal to 35 basis points (bps) of Enterprise Value whilst still a SPAC and 90 bps of Enterprise Value, thereafter on a sliding scale to 35 bps.	The proposed agreement is structured in such a way that Manco charge R150 000 per month prior to making investments below R250 million and 1% above R250 million.
The Manco does not own unlisted B/phantom shares.	The Manco will own unlisted B/phantom shares in the Company and will be paid a performance fee in the form of B/phantom dividend of 25% of the growth in AEP Energy Africa Limited's Net Asset Value (NAV) above the hurdle rate of 10% (renewable after three years).

The proposed changes will be tabled at the next general meeting of the Company for approval by shareholders.

5. SHARE CAPITAL

The authorised share capital of the Company comprises of 10 000 000 000 (ten billion) ordinary shares of no par value. The issued share capital of the Company comprises of 5 255 680 ordinary shares.

On 30 June 2017 AEP Energy Africa Limited listed on the AltX and issued 5 255 480 ordinary shares at R10 per share, thereby raising R52 554 800.

Shareholding spread as at 30 June 2017	Number of shares	%
General Public Individual shareholding less than 5%	177 480	3.4
Non-public Anchor Investors*	2 575 000	49.0
Executive Directors of AEP Energy Africa Limited	2 500 000	47.6
Non-Executive Directors of AEP Energy Africa Limited	3 000	<1.0
	5 255 480	100.0

* *Anchor Investors: Public Investment Corporation*

The founders, E Kikonyogo and N Gugushe were issued 200 shares at incorporation.

6. DIRECTORATE

The Board has unanimously embraced the King Code of Governance principles (King IV) and applied it with the exception of the matter discussed below:

- The King Code requires annual Board performance evaluations by the Chairman or an independent service provider, with results used to identify training needs for Directors. This was not performed as the Board was only appointed in April 2017.

During the 2017 financial year, AEP Energy Africa Limited was fully compliant with the requirements of the Companies Act No. 71 of 2008 and the Listings Requirements of the JSE Limited.

6. DIRECTORATE continued

The Board subscribes to full compliance with applicable laws and regulations in those jurisdictions in which it operates. Complying with all applicable legislation, regulations, standards and codes is integral to the Company's culture and imperative to achieving its strategy.

The Board delegates this responsibility for compliance to management and monitors it quarterly.

Oversight of compliance risk management is delegated to the Audit and Risk Committee.

The Directors in office at the time the report is approved are:

Members of the Board of Directors		Appointment date
Executive		
Edwin Kikonyogo	(Chief Executive Officer)	1 February 2017
Nkosi Gugushe	(Chief Operations Officer)	1 February 2017
Kevin Simons	(Chief Financial Officer)	1 April 2017
Independent Non-Executive		
David William Wright	(Chairman)	7 April 2017
Silvanus Moses David		7 April 2017
Erica Lizette Johnson	(Resigned)	7 April 2017
Carla Julia Cloete		7 April 2017
Sifiso Siyabonga Sibiya		7 April 2017
Meriam Maishibe Kekana		7 April 2017
Oliver Petersen		5 July 2017
Sello Moloko		5 July 2017
Thabo Leeuw		5 July 2017

The number of meetings attended by each of the Directors up until the date of this report is as follows:

Directors	Board meeting	Audit and Risk Committee	Investment Committee
Executive			
Edwin Kikonyogo	2/2	2/2	1/1
Nkosi Gugushe	2/2	2/2	1/1
Kevin Simons	2/2	2/2	1/1
Independent Non-Executive			
David William Wright	2/2	1*	1/1
Silvanus Moses David	2/2	2/2	
Erica Lizette Johnson	2/2	2/2	1/1
Carla Julia Cloete	2/2	1*	
Sifiso Siyabonga Sibiya	2/2	1*	1/1
Meriam Maishibe Kekana	2/2	2/2	
Sello Moloko	1/1		
Thabo Leeuw	1/1		
Oliver Petersen	1/1		

* *Invitees*

Directors' interest in shares

In terms of the JSE Listings Requirements applicable to SPACs, the Directors of the Company are required to hold at least 5% shareholding on a collective basis.

There have been no changes in directors' interests between the end of the financial year and the date of approval of the annual financial statements.

As at 30 June 2017, the Directors held beneficial interests in 47.7% of its issued ordinary shares, as set out below:

	Beneficial		Total	
Director	Direct	Indirect*	shareholding 2017	% shareholding
E Kikonyogo	100	1 250 000	1 250 100	23.8
N Gugushe	100	1 250 000	1 250 100	23.8
S David	1 000		1 000	<1.0
S Sibiya	2 000		2 000	<1.0
	3 200	2 500 000	2 503 200	47.7

* *Shares held in Trodera (Pty) Ltd of which the Directors are shareholders*

The founders, E Kikonyogo and N Gugushe were issued 200 shares (to be split equally) at incorporation.

7. DIVIDENDS

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

8. MATERIAL RESOLUTIONS

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

- On 21 February 2017, adoption of the memorandum of incorporation (MOI).
- On 5 April 2017, authorisation to issue ordinary shares as required to implement the offer pertaining to listing of AEP.
- On 5 April 2017, the Directors' remuneration was approved by a special resolution passed by the shareholders of the Company in terms of Section 66(9) of the Companies Act.
- On 5 April 2017, in terms of Sections 44 and 45 of the Companies Act, approving as a general authority, the provision by the Company of direct financial assistance (as defined by Sections 44 and 45 of the Companies Act) to subsidiaries which the Company may acquire after listing date.
- On 5 April 2017, the shareholders approved the composition of the Company's board structure.
- On 5 April 2017, the shareholders ratified the resolutions passed prior to the adoption of resolutions and passed under the MOI.
- On 24 May 2017, the resolution was passed to change the Company's name from African Energy Partners Limited to AEP Energy Africa Limited.

9. DIRECTORS' AND OFFICERS' DISCLOSURE OF INTEREST IN CONTRACTS

The Executive Directors of AEP are currently the executives of the external fund manager, Destiny Corporation Management Services (Pty) Ltd. The matter has been properly disclosed and the executives recused themselves from voting in favour or against the appointment of the fund manager.

DIRECTORS' REPORT continued

for the five months ended 30 June 2017

10. SHARE OPTION PLAN

No share options were granted during the period under review.

11. AUDITORS

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

12. COMPANY SECRETARY

The Company Secretary for AEP is Imbokodvo Bethany Governance and Statutory Compliance (Pty) Ltd who is represented by Siphiwe Ngwenya. The Board has considered and satisfied itself on the competence, qualifications and experience of the company secretary

Address: First Floor, Yellowwood House, Ballywoods Office Park, 33 Ballyclare Drive, Bryanston, 2196.

13. COMPARATIVE FINANCIALS

No comparative financial data has been presented for the statement of financial position, statement of comprehensive income and statement of cash flows as the Company was only incorporated on 24 January 2017. This is the reason for providing financial statements that are shorter than one year.

Registered office

The registered office addresses of the Company are:

PO Box 652101
Benmore
Sandton
2010

2nd Floor
28 Fricker Road
Illovo
Sandton
2196

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF AEP ENERGY AFRICA LIMITED

Report on the Audit of the Financial Statements

OPINION

We have audited the financial statements of AEP Energy Africa Limited set out on pages 42 to 56, which comprise the statement of financial position as at 30 June 2017 and the statement of comprehensive income, the statement of changes in equity and the statement of cash flows for the period then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of AEP Energy Africa Limited as at 30 June 2017, and its financial performance and cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRSs) 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 Financial Statements section of our report. We are independent of the Company in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independent 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 MATTERS

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' Report, the Audit and Risk Committee's 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 auditor's report and the Annual Report, which is expected to be made available to us after that date. The other information does not include the financial statements and our auditor's report thereon.

INDEPENDENT **AUDITOR'S REPORT**

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, 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 FINANCIAL STATEMENTS

The Directors are responsible for the preparation and fair presentation of the 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 financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing 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 Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the 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 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 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 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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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 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 since its incorporation on 24 January 2017.

Deloitte & Touche.

Deloitte & Touche
Registered Auditor

Per: **Mandisi Mantyi**
Partner

19 September 2017

STATEMENT OF **FINANCIAL POSITION**

as at 30 June 2017

	Notes	2017 R
ASSETS		
Property, plant and equipment	2	**16 884**
Non-current assets		**16 884**
Other receivables	3	**1 093 600**
Cash and cash equivalents	4	**52 592 028**
Current assets		**53 685 628**
Total assets		**53 702 512**
EQUITY AND LIABILITIES		
Stated capital	11	**48 741 085**
Retained loss		**(6 136 895)**
Total equity		**42 604 190**
Trade payables and accrued expenses	5	**9 765 037**
Taxation payable		**9 850**
Loans from related parties	14	**1 323 435**
Current liabilities		**11 098 322**
Total equity and liabilities		**53 702 512**

STATEMENT OF **COMPREHENSIVE INCOME**

for the five months ended 30 June 2017

	Notes	2017 R
Administrative and other operating expenditure		**(6 162 222)**
Finance income	8	**35 176**
Loss before taxation		**(6 127 046)**
Taxation	9	**(9 849)**
Loss for period		**(6 136 895)**
Other comprehensive income		**–**
Total comprehensive loss for the period		**(6 136 895)**
Loss per share (cents)		
Basic and diluted loss per share (cents)	10	**(18 224)**

Note: There are no dilutive instruments in issue

STATEMENT OF **CHANGES IN EQUITY**

for the five months ended 30 June 2017

	Share capital R	Retained loss R	Total equity R
Balance at 24 January 2017	–	–	–
Shares issued	52 555 000	–	52 555 000
Total comprehensive loss for the period	–	(6 136 895)	(6 136 895)
Share issue costs	(3 813 915)	–	(3 813 915)
Balance at 30 June 2017	**48 741 085**	**(6 136 895)**	**42 604 190**

STATEMENT OF **CASH FLOWS**

for the five months ended 30 June 2017

	Notes	2017 R
Cash generated from operating activities	12	**2 510 751**
Finance income	8	**35 176**
Net cash inflow from operating activities		**2 545 927**
Cash flow from investing activities		
Additions to property, plant and equipment	2	**(18 419)**
Net cash outflow from investing activities		**(18 419)**
Cash flow from financing activities		
Proceeds on share issue	11	**52 555 000**
Payment for share issue costs		**(3 813 915)**
Borrowings from related party loan	14	**1 323 435**
Net cash inflow from financing activities		**50 064 520**
Net movement in cash and cash equivalents		**52 592 028**
Cash and cash equivalents at beginning of the period		**–**
Cash and cash equivalents at the end of the period	4	**52 592 028**

ACCOUNTING POLICIES AND FINANCIAL REPORTING TERMS

1. BASIS OF PREPARATION

The financial statements have been prepared in accordance with International Financial reporting Standards, the SAICA Financial Reporting Guides as issued by the Accounting Practices Committee and Financial Pronouncements as issued by the Financial Reporting Standards Committee, the JSE Listings Requirements, and the Companies Act 71 of 2008.

1.1 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 satisfied themselves that AEP is in a sound financial position and that it has access to sufficient resources to meet its foreseeable cash requirements.

It is on this basis that the Directors believe that AEP has adequate financial resources to continue in operation for the foreseeable future and accordingly the financial statements have been prepared on the going concern basis.

Property, plant and equipment

The useful lives of assets are based on management's estimation. Management considers the impact of changes in technology, service requirements, availability of capital funding and required return on assets and equity to determine the optimum useful life expectation of each individual item of equipment. The estimation of residual values of assets is based on management's judgement of whether the assets will be sold and what their condition will be at that time.

1.2 Property, plant and equipment

Property, plant and equipment are tangible assets which the Company holds for its own use and which are expected to be used for more than one period.

It is initially measured at cost.

Cost includes all of the expenditure which is directly attributable to the acquisition. 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 Company. Depreciation of an asset ceases at the earlier of the date that the asset is classified as held for sale or derecognised.

The useful lives of items of office and computer equipment have been assessed as three periods. This is depreciated using the straight-line method.

Impairment tests are performed on office and computer 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.

1.3 Financial instruments

Initial recognition and measurement

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

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

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 available-for-sale assets.

The Company's financial assets include accounts receivable and cash and cash equivalents.

The Company's financial liabilities include accounts payable which are classified as financial liabilities at amortised cost.

Derecognition

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

Fair value determination

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's-length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, and option pricing models making maximum use of market inputs and relying as little as possible on entity-specific inputs.

Impairment of financial assets

At each reporting date the Company 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.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered an indicator of impairment. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity as an impairment of financial assets reclassification adjustment to other comprehensive income and recognised in profit or loss.

Impairment losses are recognised in profit or loss. Impairment losses are reversed when an increase in the financial asset's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the financial asset at the date that the impairment is reversed shall not exceed what the carrying amount would have been had the impairment not been recognised.

Reversals of impairment losses are recognised in profit or loss except for equity investments classified as available-for-sale.

Loans and receivables

Loans and 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 organisation, and default or delinquency in payments (more than 30 days overdue) are considered indicators that the trade 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.

Accounts receivable and prepayments are classified as loans and receivables.

Trade and other payables

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

1. BASIS OF PREPARATION continued

1.3 Financial instruments continued

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 amortised cost.

1.4 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 these periods, the excess is recognised as an asset.

Current tax liabilities or (assets) for the current and prior periods are measured at the amount expected to be paid to or (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.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income.

Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same period, directly in equity.

1.5 Impairment of assets

The Company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. During the period there were no indications of impairments.

The Company assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets that may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.6 Headline earnings/(loss) and diluted headline earnings/(loss) per share

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

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

Headline earnings/(loss) and diluted headline earnings/(loss) are presented after tax and non-controlling interest.

1.7 Share capital and equity

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

1.8 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), 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.

1.9 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 the standard.

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 also disclosed in terms of the requirements of IAS 24.

1.10 Standards and interpretations effective but not yet adopted

Standard		Effective date	Impact
IAS 7:	Statement of Cash Flows	1 January 2017	Disclosure
IFRS 4:	Insurance Contracts	1 January 2018	Still to be assessed
IFRS 7:	Financial Instruments: Additional disclosure resulting from the introduction of the hedge accounting chapter in IFRS 9	1 January 2018	Still to be assessed
IFRS 9:	Financial Instruments Classification and measurement, Impairment, Hedge Accounting and De-recognition	1 January 2018	Still to be assessed
IFRS 15:	Revenue from Contracts with customers	1 January 2018	Still to be assessed
IFRS 16:	Leases	1 January 2019	Still to be assessed

	2017 R
2. PROPERTY, PLANT AND EQUIPMENT	
Cost	
Balance at beginning of the period	–
Additions	18 419
to sustain existing operations	18 419
Balance at end of the period	18 419
Comprising	
Computer equipment	18 419
	18 419
Accumulated depreciation and impairment	
Balance at beginning of the period	–
Current period charge	1 535
Balance at end of the period	1 535
Comprising	
Computer equipment	1 535
	1 535
Carrying value	
Property, plant and equipment	16 884
Balance at end of the period	16 884
Additions to property, plant and equipment (cash flow)	
To sustain existing operations	18 419
Current period additions	18 419
Per the statement of cash flows	18 419
3. OTHER RECEIVABLES	
VAT receivable	1 093 600
Fair value of other receivables	
The carrying amount approximates fair value because of the short period to maturity of these instruments.	
4. CASH AND CASH EQUIVALENTS	
Cash in bank	52 592 028
Cash restricted for use relates to:	
R28 644 575 is held in an escrow bank account and Is not available for general use by the Company as per the Listings Requirements	28 644 575
Fair value of cash and cash equivalents	
The carrying amount of cash and cash equivalents approximates fair value due to the short-term maturity of these instruments.	

	2017 R
5. TRADE PAYABLES AND ACCRUED EXPENSES	
Trade payables	8 209 572
Accrued expenses	557 009
Leave pay provisions	155 028
Payroll accrual	843 428
	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.

	2017 R
6. OTHER EXPENSES	
Admin and other operating expenditure include the following:	
Marketing and advertising	285 273
Travel and accommodation	57 822
Depreciation	1 535
Telephone and internet costs	48 437
Transfer secretary fees	26 250
JSE listing fees	146 302
Professional fees	3 612 878
Other administrative costs	13 206
Employee costs	1 833 519
Auditors' remuneration	100 000
Analysis of employee costs:	
Salaries	(1 755 028)
Other employee-related expenditure	(78 491)
	(1 833 519)

	2017 R
7. DIRECTORS' REMUNERATION	
Executive Directors	
Services as Directors	(1 660 000)
Edwin Kikonyogo	(650 000)
Nkosi Gugushe	(650 000)
Kevin Simons	(360 000)
	(1 660 000)
Independent Non-Executive Directors	
Services as Directors	(108 000)
David Wright (Chairperson)	(30 000)
Silvanus David (Deputy Chairperson)	(18 000)
Erica Johnson	(15 000)
Carla Cloete	(15 000)
Meriam Kekana	(15 000)
Sifiso Sibiya	(15 000)
Other services	(29 000)
Erica Johnson (Audit Committee Chairperson)	(11 000)
Meriam Kekana (Audit Committee)	(9 000)
Silvanus David (Audit Committee)	(9 000)
	(1 798 000)
8. FINANCE INCOME	
Interest received from banks	35 176
9. TAXATION	
South African normal tax	9 849
Current period	9 849
	9 849
Reconciliation of effective tax rate	
Net loss before taxation	6 127 046
Tax at the income tax rate of 28%	(1 715 573)
Tax effect of non-deductible pre-trade expenses	1 682 014
Tax effect on non-deductible provisions	43 408
Taxation charge	9 849

	2017 R
10. BASIC LOSS PER SHARE	
Basic loss per share	
Basic loss per share	
From continuing operations (cents per share)	**(18 224)**
Basic loss per share was based on losses after tax of R6 136 895 and weighted average number of ordinary shares of 33 676, calculated based on 200 shares issued on 24 January 2017 and a further 5 255 480 shares issued on the day of listing on the JSE, 30 June 2017 which is also the last day of the Company's financial year-end.	
AEP Energy Africa Limited has not yet acquired a viable asset and therefore income earned is not indicative of the Company's future performance capability.	
Headline loss per share (cents)	**(18 224)**
Diluted headline loss per share	**(18 224)**
Reconciliation between losses and headline losses	
Loss and headline loss	**(6 136 895)**

	Number of shares
11. SHARE CAPITAL	
Authorised	
Non-par value shares	**10 000 000 000**
Issued – non-par value shares	
Shares in issue at beginning of period	**200**
Shares issued during period	**5 255 480**
Shares in issue at end of period	**5 255 680**
Share capital (R)	**52 555 000**
Capitalised transaction costs (R)	**(3 813 915)**
Share capital (net of transaction costs) (R)	**48 741 085**

Shareholding spread as at 30 June 2017	Number of shares	%
General Public Individual shareholding less than 5%	**177 480**	**3.4**
Non-public Anchor Investors*	**2 575 000**	**49.0**
Executive Directors of AEP Energy Africa Limited	**2 500 200**	**47.6**
Non-Executive Directors of AEP Energy Africa Limited	**3 000**	**<1.0**
	5 255 680	**100.0**

**Anchor Investors: Public Investment Corporation*

	2017 R
12. CASH GENERATED FROM OPERATIONS	
Loss before taxation	(6 127 046)
Adjusted for:	
Depreciation of computer equipment (refer to note 2)	1 535
Increase in short-term provisions	155 028
Finance income	(35 176)
	(6 005 659)
Movement in working capital	8 516 410
	2 510 751

13. FINANCIAL RISK MANAGEMENT AND FINANCIAL INSTRUMENTS

Introduction

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 Energy Africa Limited.

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 provides written principles for overall risk management, as well as policies covering specific 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 decrease 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.

The carrying amount of financial liabilities of R10 933 444 represents the Company's maximum exposure to liquidity risk.

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 are 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.

14. RELATED PARTY TRANSACTIONS

Relationships

Destiny Corporation Management Services (Pty) Ltd has been appointed as the Management Company of AEP Energy Africa Limited and therefore has significant influence. Some of the Directors of Destiny Corporation Management Services are also Directors of AEP Energy Africa Limited.

Related party balances

	2017 R
Loan accounts – owing to related parties	
Destiny Corporation Energy (Pty) Ltd	**1 323 435**

The loan bears no interest and has no fixed payment terms.

The related party transactions are at arm's-length basis.

Key management disclosure and Directors' remuneration (refer to note 7).

15. SUBSEQUENT EVENTS

Appointment of Directors to the Board

On 5 July 2017, subsequent to the financial period-end but prior to the finalisation of the annual financial statements, the Company appointed the following Non-Executive Directors to the Board:

Mr Thabo Leeuw;

Mr Sello Moloko; and

Mr Oliver Petersen.

Resignations of Director

On 4 September 2017, Ms Erica Johnson effectively resigned as member of the Board, Chairperson of the Audit and Risk Committee and Investment Committee. Meriam Kekana was appointed as the new Chairperson.

Changes to the Management Agreement

Subsequent to the financial period end, the Directors have agreed the amendments proposed by the Public Investment Corporation (SOC) Limited (PIC), as a condition of its subscription for shares in the Company, to restructure certain terms and conditions of the management agreement as follows:

Current agreement	Proposed change
The current agreement refers to an internalisation of the Manco after 10 years	The proposed change to the agreement does not have an internalisation mechanism and is in effect in perpetuity.
The Manco charges a fee that is equal to 35 basis points (bps) of Enterprise Value whilst still a SPAC and 90 bps of Enterprise Value, thereafter on a sliding scale to 35 bps	The proposed agreement is structured in such a way that Manco charge R150 000 per month prior to making investments below R250 million and 1% above R250 million.
The Manco does not own unlisted B/phantom shares	The Manco will own unlisted B/phantom shares in the Company and will be paid a performance fee in the form of B/phantom dividend of 25% of the growth in AEP Energy Africa Limited's Net Asset Value (NAV) above the hurdle rate of 10% (renewable after three years).

The proposed amendments will be tabled at the next General Meeting for approval by shareholders.

16. GOING CONCERN

The Directors have made an assessment of the Company's ability to continue as a going concern and there is no reason to believe the business will not be a going concern in the period ahead. The Directors have reviewed the Company's cash flow forecast for the period to 30 June 2018, and in the light of this review and the current position they are satisfied that the Company has or has access to adequate resources to continue in operational existence in the foreseeable future.

Furthermore, it is important to note that, according to the JSE rules a SPAC has a 24-month period from inception, by which it must make a viable acquisition and thus far AEP Energy Africa Limited is only trading in its first financial year.

17. COMPARATIVE FINANCIALS

No comparative financial data has been presented for the statement of financial position, statement of comprehensive income and statement of cash flows as the Company was only incorporated on 24 January 2017. This is the reason for providing financial statements that are shorter than one year.

NOTICE OF **ANNUAL GENERAL MEETING**

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**")

Notice is hereby given, in terms of section 62(1) of the Companies Act No 71 of 2008, as amended ("Companies Act") that the first Annual General Meeting ("AGM") of the Company (this "notice") will be held at the registered offices of the Company, 2nd Floor AEP Boardroom, 28 Fricker Road, Illovo, Sandton, Johannesburg, on Monday, 12 March 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, 2 February 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, 2 March 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 February 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;
- 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 reasonably 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 Thursday, 8 March 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.

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 Directors' Report, Auditor's Report and the reports by the Audit and Risk Committee of the Company for the year ended 30 June 2017 ("AFS"), are presented to shareholders as required in terms of section 30(3)(d) of the Companies Act. The AFS are included in the Annual Report of which this notice forms part.

ORDINARY RESOLUTIONS

1. RE-APPOINTMENT OF EXTERNAL AUDITOR

Ordinary Resolution Number 1

To re-appoint Deloitte & Touche South Africa ("Deloitte") as independent auditor of the Company for the ensuing financial period.

"**Resolved that** Deloitte (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 2018."

The percentage of voting rights that is required for this Ordinary Resolution Number 1 to be adopted is more than 50% (fifty percent) of the voting rights exercised on the resolution.

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.

2. CONFIRMATION OF DIRECTORS' APPOINTMENTS

Ordinary Resolutions Number 2.1 to 2.3

To confirm the appointment of directors appointed during the prior financial period.

Ordinary Resolution Number 2.1

"**Resolved that** the appointment of Mr T Leeuw as a non-executive director of the Company with effect from 5 July 2017 be and is hereby confirmed."

Ordinary Resolution Number 2.2

"**Resolved that** the appointment of Mr MS Moloko as a non-executive director of the Company with effect from 5 July 2017 be and is hereby confirmed."

Ordinary Resolution Number 2.3

"**Resolved that** the appointment of Mr O Peterson as a non-executive director of the Company with effect from 5 July 2017 be and is hereby confirmed."

Explanatory note:

In accordance with the Memorandum of Incorporation of the Company ("MOI"), any director appointed to fill a vacancy or as an additional appointment to the board, must be confirmed by shareholders at the next general meeting or AGM.

3. RE-ELECTION OF DIRECTORS

Ordinary Resolutions Number 3.1 to 3.8

To consider, and if deemed fit, to re-elect, on an individual basis, the following non-executive directors who retire in terms of the current MOI but, being eligible, offer themselves for re-election as required under section 68(2) of the Companies Act.

Ordinary Resolution Number 3.1

"**Resolved that** Mr DW Wright who retires by rotation as a director of the Company in terms of the MOI and who, being eligible is hereby re-elected as a director of the Company."

Ordinary Resolution Number 3.2

"**Resolved that** Mr SM David who retires by rotation as a director of the Company in terms of the MOI and who, being eligible is hereby re-elected as a director of the Company."

Ordinary Resolution Number 3.3

"**Resolved that** Mrs CJ Cloete who retires by rotation as a director of the Company in terms of the MOI and who, being eligible is hereby re-elected as a director of the Company."

Ordinary Resolution Number 3.4

"**Resolved that** Mr SS Sibiya who retires by rotation as a director of the Company in terms of the MOI and who, being eligible is hereby re-elected as a director of the Company."

Ordinary Resolution Number 3.5

"**Resolved that** Ms MM Kekana who retires by rotation as a director of the Company in terms of the MOI and who, being eligible is hereby re-elected as a director of the Company."

Ordinary Resolution Number 3.6

"**Resolved that** Mr N Gugushe who retires by rotation as a director of the Company in terms of the MOI and who, being eligible is hereby re-elected as a director of the Company."

Ordinary Resolution Number 3.7

"**Resolved that** Mr E Kikonyogo who retires by rotation as a director of the Company in terms of the MOI and who, being eligible is hereby re-elected as a director of the Company."

Ordinary Resolution Number 3.8

"**Resolved that** Mr K Simons who retires by rotation as a director of the Company in terms of the MOI and who, being eligible is hereby re-elected as a director of the Company."

The percentage of voting rights that is required for Ordinary Resolution Numbers 3.1 to 3.8 to be adopted is more than 50% (fifty percent) of the voting rights to be cast on the resolutions.

Explanatory note:

Article 7.1.5 of the MOI provides that at the first AGM of the Company all directors of the Company shall retire, but all of them shall be eligible for re-election. At every subsequent AGM of the Company one-third of the non-executive directors (or if their number is not three, or a multiple of three, the number nearest to one-third) shall retire from office. The directors who shall retire are determined in terms of Article 7.1.5 of the MOI. A brief curriculum vitae ("CV") of each of the directors mentioned above appears on page 7 of the Annual Report of which this notice forms part.

4. ELECTION OF AUDIT AND RISK COMMITTEE MEMBERS

Ordinary Resolutions Number 4.1 to 4.3

To appoint an Audit and Risk Committee to conduct the duties and responsibilities as outlined in section 94(7) of the Companies Act. The Board has recommended that Mr SM David, Ms MM Kekana and Mrs CJ Cloete be appointed, on an individual basis, as members of the Audit and Risk Committee.

Ordinary Resolution Number 4.1

Appointment of Ms MM Kekana as Chairperson of the Audit and Risk Committee.

"**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 4.2

Appointment of Mr SM David as a member of the Audit and Risk Committee.

"**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 4.3

Appointment of Mrs CJ Cloete as a member of the Audit and Risk Committee.

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

Explanatory note:

A brief CV of each of the independent non-executive directors mentioned above appears on page 7 of the Annual Report of which this notice forms part. The committee members have the required qualifications and experience to fulfil their duties.

The percentage of voting rights that is required for Ordinary Resolution Numbers 4.1 to 4.3 to be adopted is more than 50% (fifty percent) of the voting rights exercised on the resolution.

Explanatory note:

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.

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:

- Remuneration policy contained in the Remuneration Committee's report; and
- 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 on pages 25 to 28 of the Annual 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 on pages 25 to 28 of the Annual Report of which this notice forms part, be and is hereby endorsed by way of a non-binding advisory vote."

The percentage of voting rights that is required for Ordinary Resolutions Number 5.1 and 5.2 to be adopted is more than 50% (fifty percent) of the voting rights to be cast on the resolution.

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 2017 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

6. APPROVAL OF NON-EXECUTIVE DIRECTORS' REMUNERATION – 2017/2018

Special Resolution Number 1

To resolve as a Special Resolution that the non-executive directors' annual remuneration, in their capacity only as directors of the Company, be approved.

"**Resolved that** the following non-executive director's fees 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 2017 to 30 June 2018.

Meeting	Fixed/ Retainer	Attendance fee per meeting	Total for the year ending 30 June 2017 to 30 June 2018
Chairperson: Board Committee	–	30 000	120 000
Member: Board Committee	–	15 000	60 000
Chairperson: Audit and Risk Committee	–	11 000	33 000
Member: Audit and Risk Committee	–	9 000	27 000
Chairperson: Remuneration and Nominations Committee	–	11 000	22 000
Member: Remuneration and Nominations Committee	–	9 000	18 000
Chairperson: Social and Ethics Committee	–	11 000	22 000
Member: Social and Ethics Committee	–	9 000	18 000
Chairperson: Investment Committee	–	11 000	66 000
Member: Investment Committee	–	9 000	54 000

The percentage of voting rights that is required for this Special Resolution Number 1 to be adopted is at least 75% (seventy-five percent) of the voting rights exercised on the resolution.

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 2018. Further details on the basis of calculation of the remuneration are included in the Remuneration Report on pages 25 to 28 of the Annual Report of which this notice forms part.

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

Special Resolution Number 2

"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."

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:

7.1 it will not adopt a resolution to authorise such financial assistance, unless the directors are satisfied that:

7.1.1 immediately after providing the financial assistance, the Company would satisfy the solvency and liquidity test as contemplated in the Companies Act; and

7.1.2 the terms under which the financial assistance is proposed to be given are fair and reasonable to the Company; and

7.2 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:

7.2.1 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

7.2.2 within 30 business days after the end of the financial year, in any other case.

Additional information in respect of Special Resolution Number 2

The reason for and the effect of the Special Resolution Number 2 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.

The percentage of voting rights that is required for this Special Resolution Number 3 to be adopted is at least 75% (seventy-five percent) of the voting rights exercised on the resolution.

ADDITIONAL DISCLOSURE OF INFORMATION IN TERMS OF SECTION 11.26 OF THE JSE LISTINGS REQUIREMENTS

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

- **Major shareholders of the Company**
  See page 35 of the Annual Report.
- **Material changes**
  There have been no material changes in the financial or trading position of the Company and its subsidiaries since the balance sheet date and the date of the notice.
- **Share capital of the Company**
  See page 35 of the Annual Report. This includes the share capital of the Company in note 5 on page 35, and an analysis of the shareholders (including beneficial shareholders who hold 5% or more of the issued share capital of the Company, and of which the Company is aware).
- **Directors' responsibility statement**
  The directors, whose names appear on page 36 of the Annual 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 Annual Report and this notice contains all information required by law and the JSE Listings Requirements.

ATTENDANCE AND VOTING BY SHAREHOLDERS OR PROXIES

On a poll, every shareholder of the Company shall have one vote for every share held in the Company by such shareholder.

All shareholders are encouraged to attend, speak and vote at the AGM.

A shareholder entitled to attend and vote at the AGM may appoint any individual (or two or more individuals) as a proxy or as proxies to attend, participate in and vote at the AGM in the place of the shareholder. A proxy need not be a shareholder.

A proxy appointment must be in writing, dated and signed by the shareholder appointing a proxy, and, subject to the rights of a shareholder to revoke such appointment (as set out below), remains valid only until the end of the AGM.

The appointment of a proxy is suspended at any time and to the extent that the shareholder who appointed such proxy chooses to act directly and in person in the exercise of any rights as a shareholder.

Shareholders who have dematerialised their shares, other than those shareholders who have dematerialised their shares with own-name registration, should contact their Central Securities Depository Participant ("CSDP") or broker in the manner and time stipulated in their agreement, in order to furnish them with their voting instructions and to obtain the necessary authority to do so, in the event that they wish to attend the AGM.

Please note that if you are the owner of dematerialised shares (i.e. have replaced the paper share certificates representing the shares with electronic records of ownership under the JSE's electronic settlement system, Strate Proprietary Limited ("Strate")), held through a CSDP or broker and are not registered as an "own name" dematerialised shareholder you are not recorded as a registered shareholder of the Company, but appear on the sub-register of the Company held by your CSDP. Accordingly, in these circumstances and subject to the mandate between yourself and your CSDP or broker, as the case may be:

- if you wish to attend the AGM you must contact your CSDP or broker, as the case may be, and obtain the relevant letter of representation from them; alternatively;
- if you are unable to attend the AGM but wish to be represented at the meeting, you must contact your CSDP or broker, as the case may be, and furnish them with your voting instructions in respect of the AGM and/or request them to appoint a proxy. You must not complete the attached form of proxy. The instructions must be provided in accordance with the mandate between yourself and your CSDP or broker, as the case may be, within the time period required by them.

CSDPs, brokers or their nominees, as the case may be, recorded in the Company's sub-register as holders of dematerialised shares held on behalf of an investor/beneficial owner in terms of Strate should, when authorised in terms of their mandate or instructed to do so by the owner on behalf of whom they hold dematerialised shares in the Company, vote by either appointing a duly authorised representative to attend and vote at the AGM or by completing the attached form of proxy in accordance with the instructions thereon and returning it to the Company's transfer secretaries at least 24 hours before the time appointed for the holding of the meeting (excluding Saturdays, Sundays and public holidays). Forms of proxy will, however, be accepted up until voting on the specific resolution commences.

Shareholders of the Company that are companies, that wish to participate in the AGM, may authorise any person to act as its representative at the AGM.

If you hold certificated shares (i.e. have not dematerialised your shares in the Company) or are registered as an own-name dematerialised shareholder (i.e. have specifically instructed your CSDP to hold your shares in your own name on the Company's sub-register), then:

- you may attend and vote at the AGM; alternatively
- you may appoint a proxy (who need not also be a shareholder of the Company) to represent you at the AGM by completing the attached form of proxy and, for administrative reasons, returning it to the office of the Company's transfer secretaries, Computershare Investor Services (Proprietary) Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, South Africa or posted to the transfer secretaries at P.O. Box 61051, Marshalltown, 2107, South Africa, so as to be received by them by 09:00 on Thursday, 8 March 2018, 48 (forty-eight) hours before the AGM (excluding Saturdays, Sundays and public holidays in the Republic of South Africa). Any forms of proxy not received by this time will be accepted by the Chairperson of the AGM up until voting on the specific resolution commences. Please also note that the attached form of proxy may be delivered to the Company at any time before the AGM and must be so delivered before your proxy may exercise any of your rights as a shareholder at the AGM.

A proxy may delegate his/her authority to act on your behalf to another person, subject to the restrictions set out in the attached form of proxy as stipulated in section 58(3)(b) of the Companies Act.

PROOF OF IDENTIFICATION REQUIRED

Section 63(1) of the Companies Act requires that a person wishing to participate in the AGM (including any representative or proxy) must provide satisfactory identification (such as identity documents, driver's licences or passports) before they may attend or participate at such meeting.

VENUE

Please take note that the AGM will be held at the registered offices of the Company situated at 2nd Floor, AEP Boardroom, 28 Fricker Road, Illovo, Sandton, Johannesburg, 2196, on Monday, 12 March 2018 at 09:00.

By order of the Board

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

31 October 2017

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

FORM OF **PROXY**

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**")

This proxy form is only for use by:

1. registered Shareholders who have not yet dematerialised their shares in the Company; and
2. registered Shareholders who have already dematerialised their shares in the Company and are registered in their own names in the Company's sub-register.

For use by registered Shareholders of the Company at the first Annual General Meeting ("AGM") of the Company which will be held at 2nd Floor, AEP Boardroom, 28 Fricker Road, Illovo, Sandton, Johannesburg, on Monday, 12 March 2018 at 9:00 and at any adjournment thereof.

I/We (please print name) ____

____

of ____

(Address in block letters)

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.

FORM OF **PROXY** CONTINUED

*I/We desire my/our proxy to vote on the resolution to be proposed, as follows:

	For	Against	Abstain
Ordinary Resolutions			
1. To re-appoint Deloitte as external auditors and Pierre Fourie as the individual designated auditor of the Company for the 2017/2018 financial year.			
2. Confirmation of Directors' Appointments with effect 5 July 2017			
2.1 appointment of Mr T Leeuw as a non-executive director			
2.2 appointment of Mr MS Moloko as a non-executive director			
2.3 appointment of Mr O Peterson as a non-executive director			
3. Re-election of directors:			
3.1 DW Wright			
3.2 SM David			
3.3 CJ Cloete			
3.4 SS Sibiya			
3.5 MM Kekana			
3.6 N Gugushe			
3.7 E Kikonyogo			
3.8 K Simons			
4. Election of independent Audit and Risk Committee for the financial year commencing 1 July 2017, the members being:			
4.1 MM Kekana			
4.2 SM David			
4.3 CJ Cloete			
5. Non-Binding Approval of the Company's Remuneration Policy and Implementation Report			
5.1 Approval of Remuneration Policy			
5.2 Approval of Implementation Policy			
Special Resolutions			
6. Approval of non-executive directors' remuneration – 2017/2018			
7. General authority to provide financial assistance related and inter-related companies and corporations			

Signed by me/us this ______________________ day of ____ 2017

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:

1. Every Shareholder present in person or by proxy and entitled to vote at the AGM of the Company shall in the event of a poll be entitled to one vote in respect of each ordinary share in the Company held by him/her.
2. Shareholders who have dematerialised their shares in the Company and are registered in their own names are Shareholders who appointed Computershare Custodial Services as their Central Securities Depository Participant ("CSDP") with the express instruction that their uncertificated shares are to be registered in the electronic sub-register of Shareholders in their own names.

Instructions on signing and lodging the proxy form:

1. The form of proxy must only be used by Shareholders who hold shares in certificated form or Shareholders who hold dematerialised shares and who are recorded on the sub-register in electronic form in "own-name".
2. All other beneficial owners who have dematerialised their shares through a CSDP or broker and wish to attend the AGM must provide the CSDP or broker with their voting instructions in terms of the relevant agreement entered into between them and the CSDP or broker.
3. A Shareholder may insert the name of a proxy or the names of two alternative proxies of the Shareholder's choice in the space/s provided overleaf, with or without deleting "the chairman of the Annual General Meeting", but any such deletion must be initialled by the Shareholder. Should this space be left blank, the Chairman will exercise the proxy. The person whose name appears first on the proxy form and who is present at the AGM will be entitled to act as proxy to the exclusion of those whose names follow.
4. A Shareholder's voting instructions to the proxy must be indicated by the insertion of an "X" or the number of votes exercisable by that Shareholder in the appropriate spaces provided. If an "X" has been inserted in one of the blocks to a particular resolution, it will indicate the voting of all the shares held by the Shareholder concerned. Failure to do this shall be deemed to authorise the proxy to vote or to abstain from voting at the AGM, as he/she thinks fit in respect of all the Shareholder's exercisable votes. A Shareholder or his/her proxy is not obliged to use all the votes exercisable by his/her proxy, but the total number of votes cast, or those in respect of which abstention is recorded, may not exceed the total number of votes exercisable by the Shareholder or by his/her proxy.
5. A minor or any person under incapacity must be assisted by his/her parent or guardian, as applicable, unless the relevant documents establishing his/her legal capacity are produced or have been registered by the transfer secretaries of the Company.
6. To be valid, the completed form of proxy must be lodged with the transfer secretaries of the Company:

   Computershare Investor Services (Proprietary) Limited, Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196, South Africa or posted to the transfer secretaries at P.O. Box 61051, Marshalltown, 2107, South Africa,

   to reach the Company on or before 11:00 on Thursday, 8 March 2018 (at least 48 (forty-eight) hours (excluding Saturdays, Sundays and public holidays)) in the Republic of South Africa) before the time appointed for the holding of the AGM.
7. Documentary evidence establishing the authority of a person signing this proxy form in a representative capacity must be attached to this proxy form unless previously recorded by the transfer secretaries or waived by the Chairman.
8. The completion and lodging of this proxy form shall not preclude the relevant Shareholder from attending the AGM and speaking and voting in person thereat to the exclusion of any proxy appointed in terms hereof, should such Shareholder wish to do so.
9. The completion of any blank spaces overleaf need not be initialled. Any alterations or corrections to this proxy form must be initialled by the signatory/ies.
10. The Chairman may reject or accept any proxy form which is completed other than in accordance with these instructions provided that he is satisfied as to the manner in which a Shareholder wishes to vote.
11. Where there are joint holders of shares:
    a) any one holder may sign the form of proxy;
    b) the vote(s) of the senior Shareholders (for that purpose seniority will be determined by the order in which the names of Shareholders appear in the Company's register of Shareholders) who tenders a vote (whether in person or by proxy) will be accepted to the exclusion of the vote(s) of the other joint Shareholder(s).
12. A deletion of any printed matter and the completion of any blank space need not be signed or initialed. Any alteration or correction must be signed and not merely initialed.

CONTACTS

AEP Energy Africa Limited
(Formerly: African Energy Partners Limited)
(Registration number 2017/024904/06)
28 Fricker Road
Illovo, Sandton, 2196
(PO Box 652101, Benmore, 2010)

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 2002/005616/07)
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)

Bankers
The Standard Bank of South Africa Limited
(Registration number 1969/017128/06)
30 Baker Street, Rosebank
Johannesburg, 2196

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Energy Africa

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