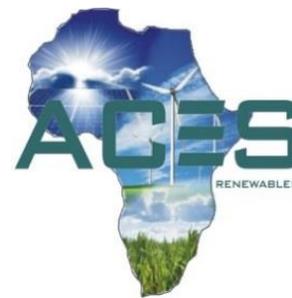


**Africa Clean Energy Solutions Limited**  
Incorporated in the Republic of Mauritius  
Registration number: 152282 C1/GBL  
Having its registered office address at  
c/o Intercontinental Trust Ltd, Level 3, Alexander House  
35 Cybercity, Ebene 72201, Mauritius  
SEM share code: ACES.N0000  
ISIN: MU0620N00008  
 (“ACES” or the “company” or the “Group”)



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## **DIRECTORS’ REPORT AND UPDATE ON THE ACTIVITIES OF THE GROUP SINCE THE LOCK DOWN HAS BEEN IMPOSED DUE TO THE COVID-19 VIRUS**

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### **THE LOCK DOWN**

Notwithstanding the lock down, the ACES team has continued to operate from their respective homes with the use of technology. However, due to the lock down, matters have slowed down considerably as many stakeholders in countries such as Kenya, Uganda and Namibia have also moved into lock down causing delays in certain respects as set out below. On the other hand some exciting developments have occurred which will have a very positive impact on the Group.

### **SAFEPOD**

We need to thank Dave Kruger for developing and pushing this initiative. SAFEPOD (Pty) Limited (“SAFEPOD”) is a joint venture between the directors of a company called 3D Mining Solutions (Pty) Limited and ACES. ACES holds 45% of the shares in SAFEPOD.

The concept is to install SAFEPOD “field hospitals” either operating on grid – using the national utility energy with standby power or off-grid using a solar/battery installation provided by ACES.

SAFEPOD is a fully equipped high care and/or ICU unit with the latest equipment and IT solutions provided by Dimension Data. A unit ranges from 116 to 156 square meters and is capable of being installed very quickly in any car park, centers and vacant location. No heavy equipment needs to be installed. It is ideal to roll out in urban and/or rural areas amid the current COVID-19 pandemic crisis.

The market is enormous and consists of Governments, Provinces, Municipalities, industrial parks, mines, rural communities in South Africa and Africa.

The entire concept was put together in two weeks including the professional advice from the medical profession, IT specialists, major equipment suppliers and providers of the building unit.

SAFEPOD has appointed agents in South Africa and Kenya and discussions have already taken place at Government level.

A sample presentation on SAFEPOD is available on the company’s website: <https://www.acesrenewables.com/documents>.

### **UPDATE REGARDING THE PRIVATE PLACEMENT**

With regard to the private placement which is expected to close on 20 May 2020, ACES is in discussion with a few potential investors. However, the process has slowed considerably. At this stage, ACES will continue with discussions with potential investors but a final decision will have to be made on the way forward by the end of April when more certainty on the lock down will become available as well as the effects of COVID-19 on the global economy and the Stock Exchanges.

## UPDATE ON ACES' PROJECTS

### (1) Namibia

The construction of the two 5MW projects commenced in August 2018. NCF Energy (Pty) Ltd (“**NCF**”) reached Commercial Operating Date in October 2019 and Tandii Investments (Pty) Ltd (“**Tandii**”) during November 2019. Both plants were tested and approved by Nampower. Unfortunately due to severe storms in January 2020, the plants were flooded and for safety reasons had to be switched off. A detailed investigation is underway and a damages claim has been lodged with the contractors by NCF and Tandii. As the contractor had not handed the plants over to the owners to date, they are fully responsible for the repairs of the plants and any damages incurred. In the meantime, NCF and Tandii have lodged claims against the insurers for loss of income.

It has been decided to revalue the investment in NCF and Tandii. Currently, the investment in each company is reflected at an equity cost of N\$100 plus the loan account provided by South Africa Clean Energy Solutions Limited (“**SACE**”) and Do-Lam Investments (Pty) Limited.

Based on the original financial model (which was confirmed when the plants were operational), the internal rate of return for each project is 24.35%. In discussions with Mutual of Namibia (“**Mutual**”), they would value the 15% held in each project at an internal rate of return of 16.2%. This value translates in a holding value of each project at N\$9,980,000.

Investec is providing the full debt required for the two projects, while Mutual is providing the funding for the previously disadvantaged Namibians, Mettle and Evolution will provide the total equity required to finance the plants. Africa Renewable Clean Power (Pty) Limited (“**ARCP**”) has no obligation to provide any equity to the project as ARCP’s contribution was part of the disposal of 55%.

### (2) Kenya

After many months of negotiations and uncertainty the final Power Purchase Agreement (“**PPA**”) was submitted and accepted by Kenya Power and Lighting Company for onward submission to its Board. It is expected that the PPA will be initialled next month and finally signed in three months time. The project is a hybrid solution of 10MW of Solar and 10MW of Biogas at an average tariff of 8.85 US cents per kWh.

### (3) Uganda

The application for the completion of a feasibility study for submission to the Ugandan Electricity Regulation Authority was granted in January 2020. Once the feasibility study is completed, a PPA will be signed. The process takes between 9 to 11 months and includes the obtaining of an Environmental Impact Assessment, Grid Study, Topographical Study, water license and compliance with other regulatory matters.

ACES entered into a partnership agreement with Metier, a private equity fund who will be a 35% shareholder in the first project in Uganda.

Since embarking on the projects in Kenya and Uganda, it has become very apparent that the Biogas plants will produce a high quality fertilizer. Initially, it was thought that the disposal of the “waste material” would yield sufficient income to pay for its disposal. It has since transpired that the fertilizer is a highly sought after product and negotiations are taking place with a large US company and South African company to buy the fertilizer. It does seem as if the net cash flow from the sale of fertilizer will at least equate to the cash flow from the energy plant. Investigations are still ongoing.

## UPDATE ON SACE PROJECTS

### SACE Projects (Pty) Limited (“SACE Projects”)

- Nelson Mandela Bay Solar. SACE Projects is finalizing a PPA with Powerx (Pty) Limited for 2.8MW of

solar energy. The tariff is being negotiated at 99 South African cents per kWh escalating at the South African consumer price index (“CPI”). Final negotiations are taking place with the EPC Company to commence the building of the plant.

- Mpumalanga Biomass. This project has been put on hold pending final quotations for the plants. The historical quotations resulted in the plant being well below the expected IRR of the group of 14%.
- SACE Projects has embarked on a new activity in providing roof top and other smaller installations in a joint venture with a service provider called Rhino Energy. Thus far, SACE Projects has received requests for 21 installations varying from 70 KVA to 700 KVA. However due to the lock down, the projects have been put on hold.

## **TRADING UPDATE**

Since its listing on the Official Market of the Stock Exchange of Mauritius Ltd (“SEM”) on 31 May 2019, trading in the ACES’ shares has been limited and sporadic. This is expected to continue until the first plant is fully operational.

## **OTHER UPDATES**

ACES will acquire the assets and liabilities of SACE and the full details of the acquisition will be set out in a separate circular, which will be posted to shareholders of the company in due course. The fair and reasonableness report by Deloitte (the appointed Independent Professional Expert) which is expected in the coming days, will be attached to the circular.

As we are facing uncertainty for what the future holds due to the COVID-19 virus, the Directors are taking the necessary precautions to position ACES to continue operating and making progress in the various projects, taking into consideration the safety of all our staff and people engaged in the projects. This does mean that almost all the timelines for Commercial Operating Dates of the projects will be affected.

The SAFEPOD business will allow ACES to progress and build a client base on the solar energy solutions offered and also build a strong cash flow to sustain the Group.

This announcement is not an invitation to the public to subscribe for shares in the company and is provided for information purposes only.

By order of the Board

20 April 2020

For further information, please contact:

**SEM Authorised Representative & Sponsor and  
Mauritian Transaction Advisor**



+230 402 0890

**Company Secretary**



+230 403 0800

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This notice is issued pursuant to SEM Listing Rule 11.3 and the Mauritian Securities Act 2005. The Board of Directors of ACES accepts full responsibility for the accuracy of the information contained in this Communiqué.