

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")



ABRIDGED UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS AND NINE MONTHS ENDED 31 MARCH 2020

DIRECTORS' COMMENTARY & COMPANY OVERVIEW

It is with great pleasure that we present the unaudited consolidated financial statements for the three months and nine months ended 31 March 2020. 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 – South Africa:

SAFEPOD (Pty) Limited ("SAFEPOD") is a joint venture between the directors of 3D Mining Solutions (Pty) Limited and ACES. ACES holds 47.5% 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 isolation ward, 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 was taken at the ACES Board meeting extend the closing date of the private placement until 24 July 2020 to allow the negotiations with the investors to continue, and also give time for the effects of COVID-19 on the global economy and the Stock Exchanges to be assessed.

UPDATE ON ACES' PROJECTS

Tana Biomass Generation Limited ("Tana") – 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. However since the COVID-19 lock down it is uncertain when the PPA will be signed. 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.

Unergy Limited ("Unergy") – 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.

Once again the effect of COVID-19 will result in a delay in finalizing the project.

TRADING UPDATE

Exercise of options and listing of new shares

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 or as soon as the first SAFEPOD agreements are signed.

During the quarter ending 31 March 2020, 1,016,728 options were exercised by various option holders at a price of USD 0.304 per option and 1,016,728 additional new shares were issued to these option holders on 28 January 2020.

OTHER UPDATES

ACES intends to acquire the assets and liabilities of South Africa Clean Energy Solutions Limited, in exchange for new shares in ACES, 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 valuation report prepared by Deloitte Mauritius (the appointed Independent Professional Expert) to determine the fair and reasonableness of the consideration for the acquisition 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.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Unaudited as at 31 March 2020	Audited as at 30 June 2019
	US\$	US\$
ASSETS		
Current Assets		
Amounts receivable from related parties	677,436	481,574
Other receivables	23,353	14,937
Cash and cash equivalents	14,727	4,549
Total current assets	715,516	501,060
Total assets	715,516	501,060
EQUITY AND LIABILITIES		
Equity		
Stated capital	1,247,721	938,635
Equity component of convertible loan	33,046	32,083
Foreign currency translation reserve	3,801	1,288
Accumulated loss	(1,136,602)	(871,198)
Equity attributable to owners of the parent	147,966	100,808
Non-controlling interest	(215,544)	(168,384)
Total equity	(67,578)	(67,576)
Liabilities		
Borrowings	6,954	7,917
Accruals and payables	233,018	197,969
Amounts payable to related parties	403,122	362,750
Subscription monies received in advance	140,000	-
Total liabilities	783,094	568,636
Total equity and liabilities	715,516	501,060
Weighted average number of shares in issue	26,277,318	26,099,042
Net asset value per share	0.0056	0.0039

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Unaudited for the three months to 31-Mar-20 US\$	Unaudited for the nine months to 31-Mar-20 US\$	Unaudited for the three months to 31-Mar-19 US\$	Unaudited for the nine months to 31-Mar-19 US\$
INCOME				
Interest on loan	9,611	21,739	7,981	18,727
EXPENSES				
Professional fees	(22,460)	(79,822)	(18,908)	(159,215)
Audit fees	(10,670)	(25,129)	(6,172)	(18,515)
Directors' fees	(52,917)	(64,250)	(4,220)	(9,435)
Licence fees	(650)	(1,950)	(5,492)	(14,465)
Accounting fees	(30,021)	(34,572)	(1,127)	(3,381)
Legal fees	(220)	(26,716)	(24,274)	(72,821)
Interest expenses	(10,209)	(21,833)	(13,165)	(39,443)
Bank charges	(728)	(3,490)	(1,044)	(3,208)
Consulting fees	-	(47,400)	(18,506)	(47,988)
Exchange gains (losses)	1,430	1,077	(1,422)	(4,266)
Other operating expenses	(9,505)	(34,079)	(11,021)	(47,170)
	(135,950)	(338,164)	(105,351)	(419,907)
Loss before taxation	(126,338)	(316,425)	(97,370)	(401,180)
Taxation	-	-	-	-
Loss for the period	(126,338)	(316,425)	(97,370)	(401,180)
Other comprehensive loss for the period	6,650	2,513	-	-
Total comprehensive loss for the period	(119,688)	(313,912)	(97,370)	(401,180)
Loss attributable to:				
Non-controlling interests	(11,280)	(51,020)	(19,674)	(59,023)
Owners of the company	(115,105)	(265,404)	(77,696)	(342,157)
	(126,385)	(316,424)	(97,370)	(401,180)
Total comprehensive loss attributable to:				
Non-controlling interests	(11,280)	(51,020)	(19,674)	(59,023)
Owners of the company	(108,446)	(262,891)	(77,696)	(342,157)
	(119,726)	(313,911)	(97,370)	(401,180)
Weighted average number of shares	26,277,318	26,277,318	2,761,727	2,761,727
Basic loss per share	(0.0044)	(0.0101)	(0.0281)	(0.1239)

CONSOLIDATED STATEMENT OF CASH FLOWS

	Unaudited for the nine months to 31 March 2020	Unaudited for the nine months to 31 March 2019
	US\$	US\$
Net cash used in operating activities	(285,978)	(482,798)
Net cash flows used in investing activities	(157,005)	(155,290)
Net cash flows generated from financing activities	453,161	722,238
Net increase in cash and cash equivalents	10,178	84,150
Cash and cash equivalents at beginning of period	4,549	55,423
Cash and cash equivalents at end of period	14,727	139,573

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2019	Stated capital	Equity component of convertible loan	Foreign currency translation reserves	Retained earnings	Equity attributable to owners of the company	Non- controlling interest	Total equity
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Balance at 01 July 2018	180,423	32,390	(5,828)	(408,368)	(201,383)	(77,991)	(279,374)
Loss for the period	-	-	-	(342,157)	(342,157)	(59,023)	(401,180)
Total comprehensive loss for the period	-	-	-	(342,157)	(342,157)	(59,023)	(401,180)
Issue of shares	100,712	-	-	-	100,712	-	100,712
Equity component of convertible loan	-	(480)	-	-	(480)	-	(480)
Balance at 31 March 2019	281,135	31,910	(5,828)	(750,525)	(443,308)	(137,014)	(580,322)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

2020	Stated capital	Equity component of convertible loan	Foreign currency translation reserves	Retained earnings	Equity attributable to owners of the company	Non-controlling interest	Total equity
	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Balance at 01 July 2019	938,635	32,083	1,288	(871,198)	100,808	(168,384)	(67,576)
Loss for the period	-	-	-	(265,404)	(265,404)	(51,020)	(316,424)
Foreign currency translation reserves	-	-	2,513	-	2,513	-	2,513
Total comprehensive loss for the period	-	-	2,513	(265,404)	(262,891)	(51,020)	(313,911)
Non-controlling interest on sale of investment	-	-	-	-	-	3,860	3,860
Issue of shares	309,085	-	-	-	309,085	-	309,085
Equity component of convertible loan	-	964	-	-	964	-	964
Balance at 31 March 2020	1,247,720	33,047	3,801	(1,136,602)	147,966	(215,544)	(67,578)

NOTES:

- The company is required to publish interim consolidated unaudited financial results in terms of the SEM Listing Rule 12.19.
- The abridged unaudited consolidated financial statements for the three months and nine months ended 31 March 2020 (“**abridged unaudited consolidated financial statements**”) have been prepared in accordance with the measurement and recognition requirements of IFRS, the information contained in IAS 34: Interim Financial Reporting, the SEM Listing Rules and the Securities Act 2005, using the same accounting policies as those of the audited consolidated financial statements for the year ended 30 June 2019.
- The abridged unaudited consolidated financial statements have not been reviewed or reported on by the company’s external auditors. These abridged unaudited consolidated financial statements were approved by the Board of Directors on 11 May 2020.
- Copies of the abridged unaudited consolidated financial statements and the Statement of direct and indirect interests of each officer of the company, pursuant to rule 8(2) (m) of the Securities (Disclosure Obligations of Reporting Issuers) Rules 2007, are available free of charge, upon request at the Registered Office of the company at c/o Intercontinental Trust Limited, Level 3, Alexander House, 35 Cybercity, Ebene 72201, Mauritius.
- This communiqué is issued pursuant to SEM Listing Rules 11.3 and 12.20. The Board accepts full responsibility for the accuracy of the information contained in this communiqué. Contact person: Mrs. Smitha Algoo- Bissonauth.

By order of the Board

Intercontinental Trust Limited
Company Secretary

11 May 2020

For further information, please contact:

**SEM Authorised Representative &
Sponsor**



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Company Secretary



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