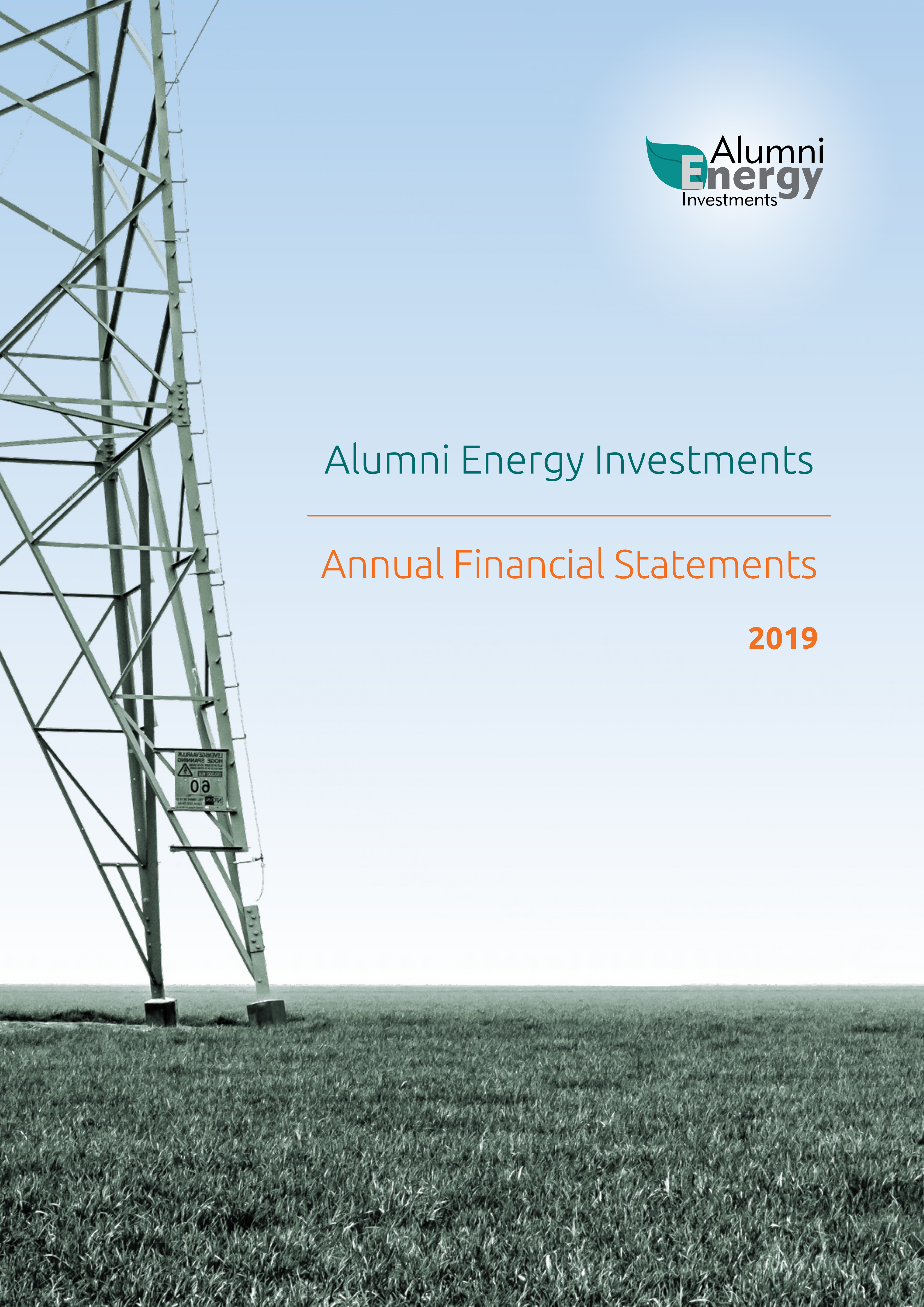


Alumni Energy Investments

Annual Financial Statements

2019

Contents

Alumni Energy Investments is a high-potential, ethical investment that minimises your risk by enabling tax-based investing.

Building momentum

Alumni Energy Investments has produced a positive first set of financials on the back of two encouraging rounds of fundraising.


Shakes Motsilili

> With our de-risked downside structure and our focus on high growth sectors, investors can look to Alumni to provide the "healthy risk" in their portfolio.

Dear Shareholder

We set out on this journey with ambitious numbers and the desire to change many of the entrenched features of traditional venture capital investing. We now stand at a point, two years into the life of this young fund, where we have achieved key foundational milestones. For much of this we owe thanks to you, our investors. You trusted us. And you allowed us to trust our convictions.

Positive Audit

I am pleased to announce that our auditors have completed our qualified financial statements and we have been given a clean bill of health. I am also encouraged by our fundraising efforts over the first two rounds and the fact that all our investors have received their rebates and have been rubber stamped by the South African Revenue Service. This proves that our structure works! I am certain that investors who have been through the first cycle should now be more assured in re-investing their tax with us.

We continue to work closely with SARS and our relationship continues to strengthen. This is undoubtedly a key asset to the fund.

The Future

Looking forward, I am excited about the new tax season, which starts on the 1st of July. The 2019 tax season promises to, by all accounts, coincide with a sustained resurgence in the crypto market as well as the realisation that traditional investor returns, both here and offshore, are struggling to achieve anything close to double digits. With Alumni's de-risked downside structure and our focus on high growth sectors, investors can look to Alumni to provide the "healthy risk" in their portfolio.

Thanks

I would like to acknowledge and thank the Alumni team for their efforts in getting the financials to our auditors. And I would like to extend my thanks to Sondlo Chartered Accountants for their meticulous work.

A comprehensive annual report with details of progress being made in our various investee companies will be published for you in due course.

AGM

Finally, note that we will be holding Annual General Meetings in Johannesburg and Cape Town in the coming weeks. We will shortly be sending out invitations once venues are confirmed. I'm really looking forward to catching up with you all then, if I don't speak to you sooner.

Yours faithfully,

Shakes Motsilili

Directors' responsibility statement

for the year ended 31 March 2019

> The directors have no reason to believe that the business will not be a going concern in the year ahead.

The directors' responsibility

The directors' responsibility includes: 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 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' view

The directors are of the opinion, based on the information and explanations given by management that the system of internal controls provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements for the Company. However, any system of internal financial control can provide only reasonable and not absolute assurance against material misstatement or loss.

The member has reviewed the Company's cash flow forecasts for the period of the financial statements and, in light of these reviews and the current financial position of the Company, made an assessment of the Company's ability to continue as a going concern. The directors are satisfied that the Company has, or has access to, adequate resources to continue in operational existence for the foreseeable future. Hence the directors have no reason to believe that the business will not be a going concern in the year ahead.

Approval of the Company's annual financial statements

The annual financial statements of the Company were approved by the Directors on 05 June 2019 and are signed by

Director

General information

Alumni Energy Investments ("AEI") is an open-ended investment fund domiciled and incorporated as a public limited company registered under the laws of South Africa.

The address of its registered office is:

2.3 Workshop 17,
128 West Road,
Sandton,
Guateng,
South Africa,
2196.

AEI's objective is to generate significant long-term capital growth by investing in venture capital opportunities in South Africa. It aims to achieve this objective by purchasing and holding long term investments in a diversified portfolio of unlisted equity in companies exposed to exploration plays in the nascent South African oil and gas industry. The Fund will also invest in related technology innovation companies with successful implementation of such technologies that could increase the probability of success of the exploration programs of investee companies.

As the fund invests in high risk unlisted startups that are pre-revenue, AEI's strategy with regard to fundraising has been and will continue to be the targeting of individual high net wealth individuals and corporate investors in South Africa, who have sufficient income tax liabilities to mitigate their risk with the generous tax breaks the fund is able to obtain for qualifying investors.

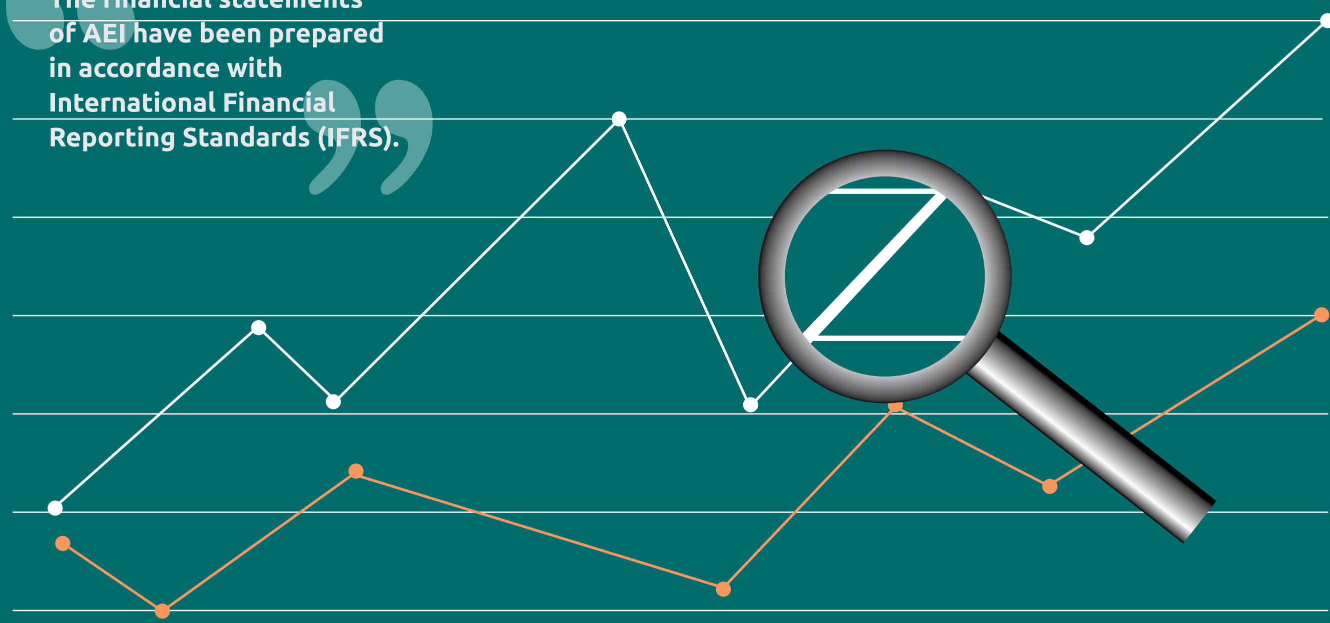
The company is regulated by the Financial Services Conduct Authority in South Africa under License number 48168 and is registered with South African Revenue Services under Section 12J of the Income Tax Act of 1962 as Amended. To ensure compliance with Section 12J, the company's investment mandate is restricted to investing in ordinary shares in early stage unlisted companies where the primary activities of the companies qualify under the Act. Under both S12J and its own Memorandum of Incorporation, AEI is not authorised to invest in debt or to raise debt from investors or any other source.

AEI's investment activities are managed by Alumni Risk Solutions (Pty) Ltd (the "Investment Manager"), which also provides fund administration services.

These financial statements were authorised for issue by the Board of Directors on 05 June 2019.

Annual Financial Statement

"The financial statements of AEI have been prepared in accordance with International Financial Reporting Standards (IFRS)."



1 Basis of preparation

1.1 In accordance with IFRS

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The financial statements of AEI have been prepared in accordance with International Financial Reporting Standards (IFRS). The financial statements have been prepared under the historical cost convention, as modified by the revaluation of financial assets and financial liabilities (including derivative financial instruments) at fair value through profit or loss.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Board of Directors to exercise its judgement in the process of applying the Fund's accounting policies.

The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

1.2 New standards and interpretations

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2019, and have not been early adopted in preparing these financial statements. None of these are expected to have a material effect on the financial statements of the Company. However, as the company invests in shares, the Directors did take note of the following:

IFRS 9 – Financial Instruments – Standards and amendments to existing standards effective 1 January 2018

It addresses the classification, measurement and derecognition of financial assets and liabilities and replaces the multiple classification and measurement models in IAS 39. Classification and measurement of debt assets is driven by the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. A debt instrument is measured at amortised cost if the objective of the business model is to hold the financial asset for the collection of the contractual cash flows and the contractual cash flows under the instrument solely represent payments of principal and interest (SPPI). A debt instrument is measured at fair value through other comprehensive income if the objective of the business model is to hold the financial asset both to collect contractual cash flows from SPPI and to sell. All other debt instruments must be recognised at fair value through profit or loss. An entity may however, at initial recognition, irrevocably designate a financial asset as measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency. Derivative and equity instruments are measured at fair value through profit or loss unless, for equity instruments not held for trading, an irrevocable option is taken to measure at fair value through other comprehensive income. IFRS 9 also introduces a new expected credit loss (ECL) impairment model. IFRS 9 has been applied retrospectively by the Fund and did not result in a change to the classification or measurement of financial instruments. The Fund's investment portfolio continues to be classified as fair value through profit or loss and other financial assets which are held for collection continue to be measured at amortised cost. As the company's investments are in unlisted shares without a market value, there was no material impact on adoption from the application of the new impairment model.

1.4 Basis of measurement

The financial statements are prepared on the historical cost basis, except for available-for-sale financial assets which are measured at fair value.

1.5 Functional and presentation currency

These financial statements are presented in South African Rands, which is also the Company's functional currency. All financial information presented in Rands has been rounded to the nearest thousand rand unless otherwise stated.

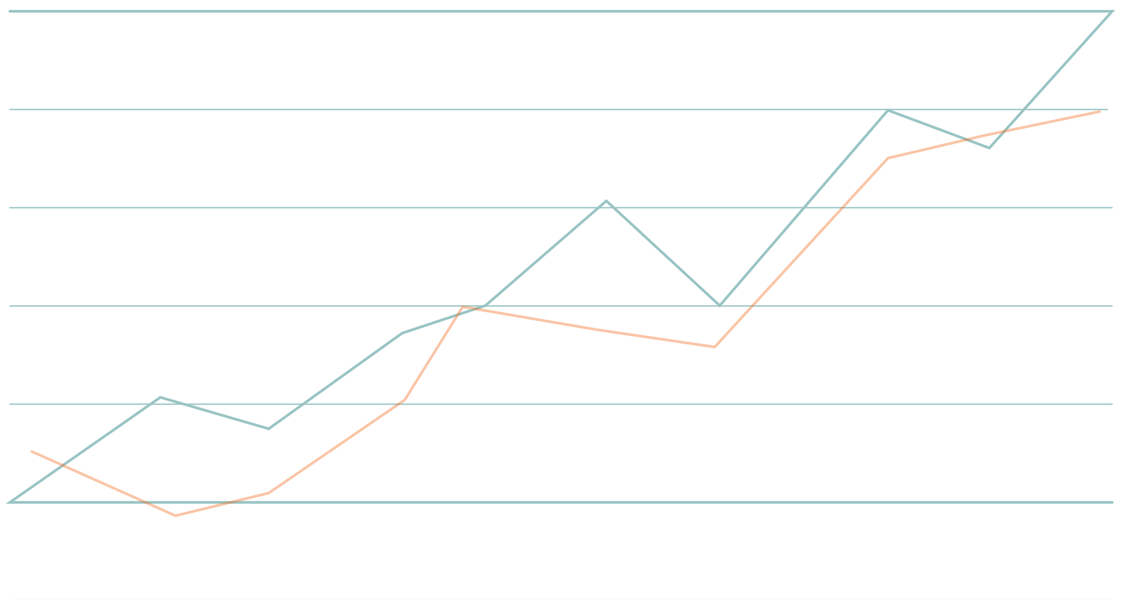
1.6 Use of estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and amounts at which assets, liabilities, income and expenses are reflected. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in a period in which estimates are revised and in any future periods affected.

The Fund's investment portfolio continues to be classified as fair value through profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the asset.



Alumni Energy Investments Limited

2 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

There has been no need to reclassify comparative amounts to conform to the current year's presentation.

2.1 Revenue

Revenue is measured at the fair value of the consideration received (excluding VAT) or receivable, net of returns, trade discounts and volume rebates. Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no continuing management involvement with the goods, and the amount of revenue can be measured reliably.

2.2 Finance income and expenses

Finance income comprises interest income. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance expenses comprise interest expense on borrowings.

Borrowing costs are capitalised against qualifying assets. Such borrowing costs are capitalised over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalisation ceases when construction is interrupted for an extended period or when the asset is substantially complete. Further borrowing costs are recognised in profit and loss.

Where funds are borrowed specifically for the purpose of acquiring or constructing a qualifying asset, the amount of borrowing costs eligible for capitalisation on that asset is the actual borrowing costs incurred on the borrowing during the period.

Where funds are made available from general borrowings and used for the purpose of acquiring or constructing qualifying assets, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on these assets. The capitalisation rate is the weighted average of the interest rates applicable to the borrowings of the Company that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining qualifying assets.

2.3 Property, plant and equipment and intangible assets

Items of property, plant and equipment, except for surface rights, are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

When parts of an item of property,

plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment and are recognised net within "other income" in profit or loss.

2.4 Subsequent costs

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in profit or loss as incurred.

2.5 Depreciation

Depreciation is charged to the income statement on a straight-line basis over the estimated useful lives of each part of an item of property, plant and equipment.

Surpluses/(deficits) on the disposal of property, plant and equipment are credited/(charged) to income. The surplus or deficit is the difference between the net disposal proceeds and the carrying amount of the asset.

The estimated useful lives are as follows:

- Motor Vehicles 5 years
- Office Equipment 3-5 years
- Computer Equipment 3 years

Depreciation methods, useful lives and residual values are reviewed at each reporting date.

2.6 Leased assets

Assets under finance lease, where substantially all the risks and rewards of ownership transfer to the Company are capitalised and amortised over their expected useful lives on the same basis as owned assets or, where shorter, over the term of the relevant lease.

2.7 Other intangible assets

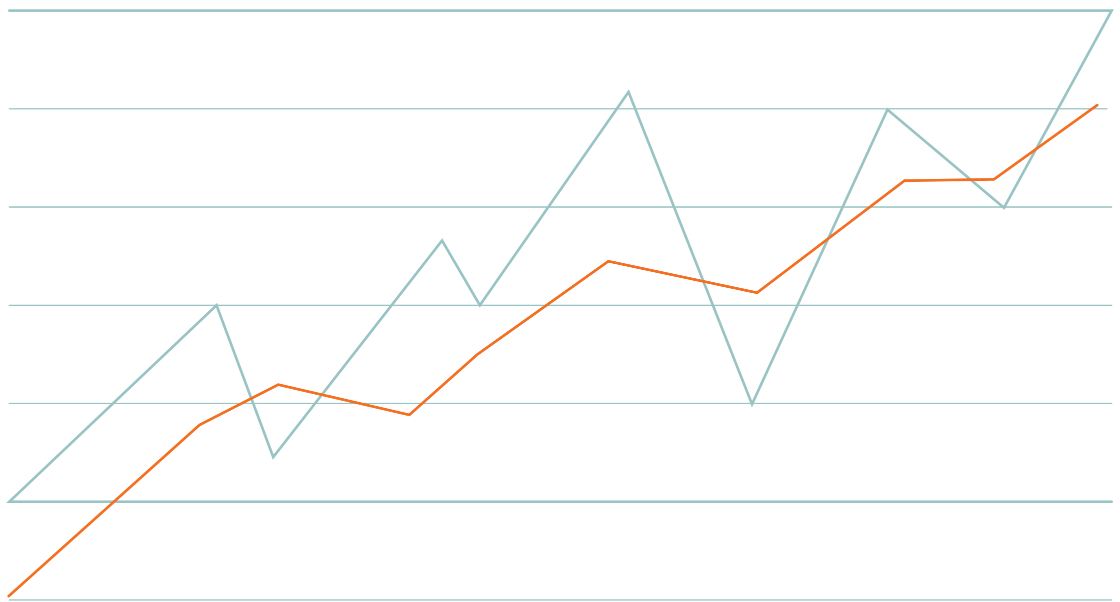
Other intangible assets that are acquired by the Company, which have finite useful lives, are measured at cost less accumulated amortisation and accumulated impairment losses.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

Amortisation is recognised in profit or loss on a straight-line basis over the estimated useful lives of intangible assets, other than goodwill, from the date that they are available for use. The estimated useful lives are as follows:

- Computer software 3 years

"Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates."



Alumni Energy Investments Limited
Significant accounting policies

"The Company is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions."

2.8 Financial assets

The Company classifies its investments based on both the Fund's business model for managing those financial assets and the contractual cash flow characteristics of the financial assets. The portfolio of financial assets is managed and performance is evaluated on a fair value basis. The Company is primarily focused on fair value information and uses that information to assess the assets' performance and to make decisions. The Company has not taken the option to irrevocably designate any equity securities as fair value through other comprehensive income. The contractual cash flows of the Company's debt securities are solely principal and interest, however, these securities are neither held for the purpose of collecting contractual cash flows nor held both for collecting contractual cash flows and for sale. The collection of contractual cash flows is only incidental to achieving the Company's business model's objective. Consequently, all investments are measured at fair value through profit or loss.

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognised in profit or loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised. For financial assets measured at amortised cost the reversal is recognised in profit or loss.

2.8.1 Recognition, derecognition and measurement of investment assets

Regular purchases and sales of investments are recognised on the trade date – the date on which the Fund commits to purchase or sell the investment. Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value. Transaction costs are expensed as incurred in the statement of comprehensive income.

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

When the Fund purchases an option, an amount equal to fair value which is based on the premium paid is recorded as an asset. When the Fund writes an option, an amount equal to fair value which is based on the premium received by the Fund is recorded as a liability. When options are closed, the difference between the premium and the amount paid or received, net of brokerage commissions, or the full amount of the premium if the option expires worthless, is recognized as a gain or loss and is presented in the statement of comprehensive income within other net changes in fair value of financial assets and liabilities at fair value through profit or loss.

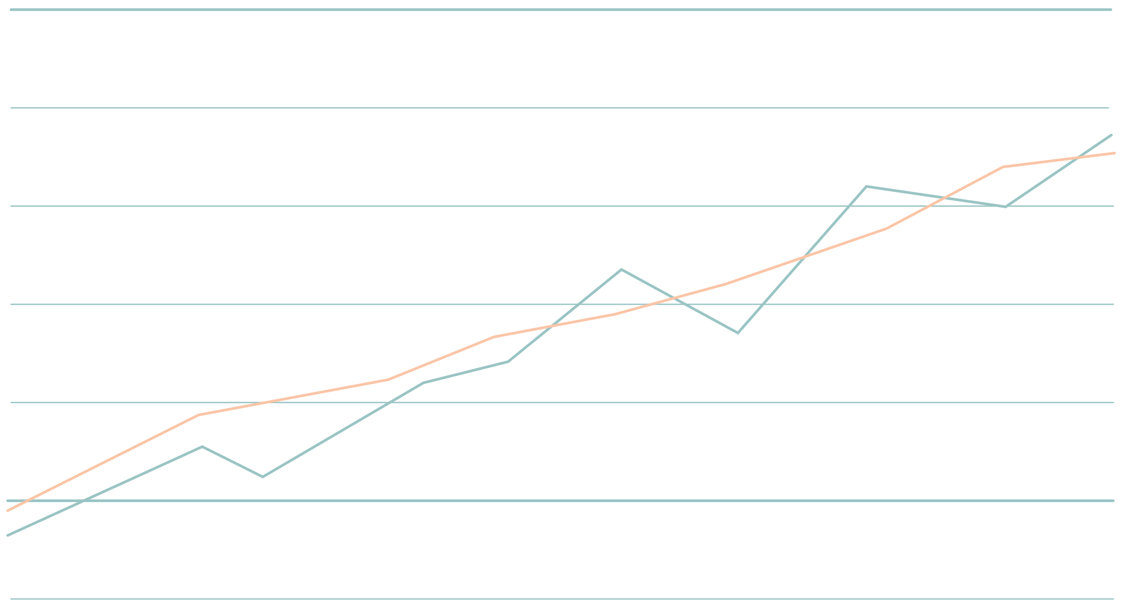
Subsequent to initial recognition, all financial assets and financial liabilities at fair value through profit or loss are measured at fair value. Gains and losses arising from changes in the fair value of the 'financial assets or financial liabilities at fair value through profit or loss' category are presented in the statement of comprehensive income within other net changes in fair value of financial assets and liabilities at fair value through profit or loss in the period in which they arise.

Dividend income from financial assets at fair value through profit or loss is recognised in the statement of comprehensive income within dividend income when the Fund's right to receive payments is established. Interest on debt securities or bank account deposit balances through profit or loss is recognised in the statement of comprehensive income within interest income based on the effective interest rate.

2.8.2 Valuation of investments – fair value

The company is investing in the ordinary shares of pre-revenue startups that are not quoted on a stock exchange. As these investments comprise the majority of the assets of the company, focus should be drawn to the method on which such investments are valued. The Company has been guided by IFRS13 with regard to the fair value of financial assets that are not traded in an active market and the suitability of various valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each year end date. Valuation techniques used for non-standardised financial instruments such as valuation of proven or contingent reserves, using as a reference, comparable recent arm's length transactions, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs. For instruments for which there is no active market, the Company has used internally developed models, which are usually based on valuation methods and techniques generally recognised as standard within the industry and the Securities Exchange Commission and the

> **The company is investing in the ordinary shares of pre-revenue startups that are not quoted on a stock exchange.**



> **Section 12J prohibits investment in exchange listed shares.**

American Petroleum Institute for valuation of resources at their various stages of exploration. Valuation models are used primarily to value unlisted equity, debt securities and other debt instruments for which markets were or have been inactive during the financial year. Some of the inputs to these models may not be market observable and are therefore estimated based on assumptions. The output of a model is always an estimate or approximation of a value that cannot be determined with certainty, and valuation techniques employed may not fully reflect all factors relevant to the positions the Fund holds. Valuations are therefore adjusted, where appropriate, to allow for additional factors including model risk, liquidity risk and counterparty risk.

At the early stage, investments are reflected at cost, unless the Company has reason to believe that there has been a material diminution of value in the investee company, in which case the company will be written down to less than cost. The most common reason for material diminution of value would include exploration program results that indicate continuance of the exploration program would not be cost effective.

If there are questions of going concern in the investee companies, prudence dictates that a provision is taken against the investment down to zero.

As the Company's mandate is to invest in shares of pre-revenue start-up companies, the shares are unlikely to be traded on any market. Indeed Section 12J prohibits investment in exchange listed shares. Therefore the fair value of such financial assets that are not traded in an active market is determined using valuation techniques. The Company uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date. Valuation techniques used include the use of comparable recent ordinary transactions between market participants, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.

2.9 Amounts due to brokers

The company uses brokers to make investment sales, giving rise to amounts payable to brokers. The amounts may be material. Where broker balances are accruing at year end, they are accrued and reported under current liabilities.

Amounts due to brokers represent receivables for securities sold that have been contracted for but not yet settled or delivered on the statement of financial position date respectively. The monies due to brokers balance is held for collection.

2.10 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term investments in an active market with original maturities of three months or less and bank overdrafts. Although not mandated, any bank overdrafts would be shown in current liabilities in the statement of financial position.

2.11 Accrued expenses

Accrued expenses are recognised initially at fair value and subsequently stated at amortised cost using the effective interest method.

2.12 Provisions

A provision is recognised if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The most likely occurrence of a provision will be against the cost of a start-up investment.

2.13 Income tax

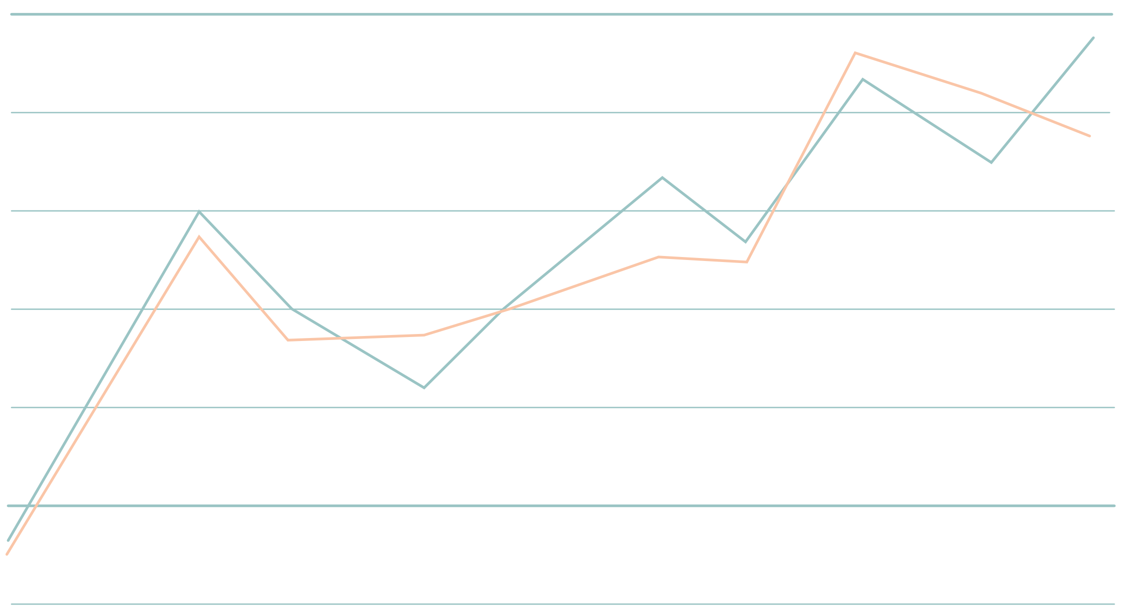
Income tax expense compromises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using the tax rates substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.



The Company's overall risk management programme seeks to maximise the returns derived for the level of risk to which the investments are exposed.

2.14 Dividend income

Dividend income is recognised when the right to receive payment is established.

3 Risk reporting

3.1 Financial risk factors

As per IFRS7, cognisance must be taken of the managing and reporting of risks to shareholders. As an investor in pre- revenue start-ups, the Company's activities expose it directly and indirectly through its investments to a variety of financial risks: market risk (including currency risk, fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Company could, in the future, also be also exposed to operational risks such as custody risk. Custody risk is the risk of loss of securities held in custody occasioned by the insolvency or negligence of the custodian. Although an appropriate legal framework is in place that eliminates the risk of loss of value of the securities held by the custodian, in the event of its failure, the ability of the Company to transfer securities might be temporarily impaired.

The Company's overall risk management programme seeks to maximise the returns derived for the level of risk to which the investments are exposed and seeks to minimise potential adverse effects on the Company's financial performance. The Company's policy does not allow it to use derivative financial instruments to moderate risk exposures.

All securities investments present a risk of loss of capital. The maximum loss of capital on equity investments is limited to the fair value of those positions. If the company were to be mandated to use written call options, short future positions on equity and debt sold short, the maximum loss of capital would be unlimited, however creating such positions would be in breach of the Company's investment mandate.

The management of these risks is carried out by the investment manager under policies approved by the Board of Directors. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk, the use of derivative financial instruments and non-derivative financial instruments and the investment of excess liquidity.

3.2 Liquidity risk

Liquidity risk is the risk that financial obligations will not be met due to insufficient cash reserves.

Liquidity risk is listed first as it is

Alumni Energy Investments Limited
Risk Reporting

the most significant risk that the company faces. Reasons that this risk is heightened, are listed below:

1. **Illiquidity of venture capital investments** – the company's activities focus on investing in unlisted pre-revenue companies where the expectation is that many will fail and those that do succeed will need to be cashflow negative for at least five years. Therefore the ability to liquidate investments is close to non-existent.
2. **Borrowing** – The Company is restricted by its Memorandum of Incorporation from borrowing or applying for a bank overdraft
3. **Seasonality of the fundraising cycle** – Due to the seasonal nature of the S12J fundraising cycle where the vast majority of funds are raised within a one month period prior to the annual year end. The reason for this is the type of investor who participates tends to be a high net wealth and therefore a provisional tax payer, whose increase in wealth is subject to capital gains. As capital gains are taxed annually (not in the bi-annual provisional tax payments), these investments tend to be matched against the underlying tax liabilities that they offset.

For this reason alone, liquidity risk is a major issue that needs risk mitigation intervention. The Company has dealt with the risks by:

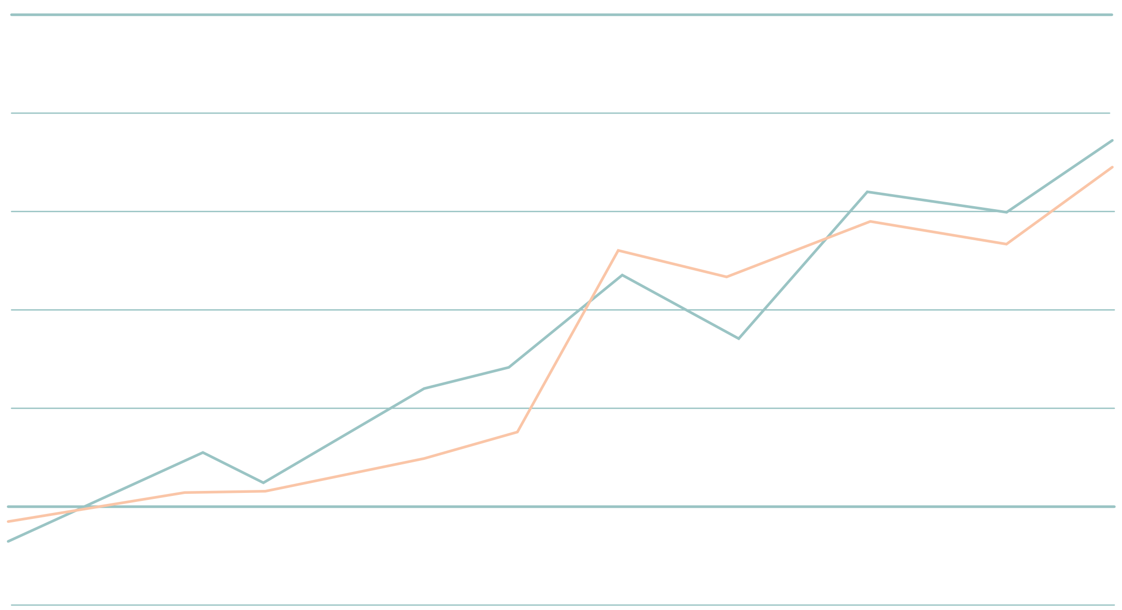
- Reducing the underlying overheads of running the Company
- Reducing asset management costs to a low fixed fee and a percentage of assets under management
- Reducing directors' emoluments – where respected industry leaders are giving their time on a pro bono basis or one substantially below their market value
- Structuring marketing and brokerage costs to be based on sales levels rather than fixed costs.

3.3 Market risk

The Company's policy is to manage price risk through diversification and selection of securities and other financial instruments within specified limits set by the Board of Directors. Section 12J of the income tax act requires that at least 80% of the proceeds raised from the selling VCC shares is to be invested in qualifying equity securities. As these securities are unlisted, their value has little or no correlation with the financial markets. Value in the underlying investments is tied to the successful implementation of innovation and exploration programs and discovery of hydrocarbons, rather than market movements per se . There is some exposure to market risk as commodity prices will affect investment appetite into the Company and the size of investment exits.

> **Liquidity risk is a major issue that needs risk mitigation intervention.**

> **Investments are raised in South African Rands and investments are into South African domiciled companies in South African Rands.**



3.4 Political risk

Section 12J requires that the fund invest 80% of its funds into qualifying companies. One of the conditions of qualification is the fact that the investee company must be resident in South Africa and its primary economic activity be within the borders of the Republic. The hydrocarbons exploration business is one that is exposed to more risk than most, where communities and holders of political office can be responsible for the issuance of permissions and permits. As the company has a zero-tolerance policy on corruption, it is possible that corrupt figures could hold investee companies to ransom causing projects to be delayed or to fail outright. This is a risk that the company has chosen to accept, rather than to compromise its position on corruption.

3.5 Foreign exchange risk

Investments are raised in South African Rands and investments are into South African domiciled companies in South African Rands. So on the face of it, there is little in the way of foreign exchange risk for South African investors. However due to the majority of the services being imported, there is potentially foreign exchange risk, where a depreciation of the South African Rand, will render exploration projects unaffordable, due to the constraints imposed by Section 12J. AEI's risk mitigation intervention involves an innovative structure where all projects plans are designed around the fact that all import contracts are denominated in South African Rands, where the international supplier hedges their Rand exposure, not AEI. In addition, the project plan payments are triggered at the option of the investee companies – who will only initiate such projects once funds have been received through investment by AEI.

3.6 Technology risk

The company depends heavily on technology designed to reduce the cost and increase the probability of success. However, this technology is proprietary and immature. To mitigate the proprietary risk, AEI has signed an exclusive license agreement for all its investee companies to use the technology with the owner of the intellectual property. However, should the technology be found not to be effective, the exploration company investments, which comprise the majority of the portfolio's prospective will be worthless.

3.7 Credit risk

As the company does not lend its funds, there is little credit risk beyond that of banks at which cash deposits are held. This risk is therefore insignificant within the context of this Company.

Alumni Energy Investments Limited

Statement of changes in equity

for the year ended 31 March 2019

	Notes	Class A share Capital	Class A share Premium	Shareholders Loan	Retained earnings	**Total**
	5	R'000	R'000	R'000	R'000	R'000
Balance at 01 April 2018		4,151	68,523	37	(1,545)	74,256
Movement for the year		1,023	39,896	58		40,977
Total comprehensive income for the year						
Profit / (Loss) for the period					(2,690)	2,690
Balance at 31 March 2019		5,174	108,419	95	(4,235)	**117,922**
Balance at 01 April 2017		–	–	–	–	–
Movement for the year		4,151	68,523	37		72,711
Total comprehensive income for the year						–
Profit / (Loss) for the period					1,545	1,545
Balance at 31 March 2018		4,151	68,523	37	1,545	**74,256**

Statement of comprehensive income

for the year ended 31 March 2019

	Notes	**2019**	**2018**
		R'000	R'000
Revenue		–	–
Operating expenses	1	(2,690)	(1,545)
Employee related expenses		(1,221)	(434)
Other operating expenses		(1,469)	(1,111)
Operating profit			
Net finance expense		–	0
Finance income		–	0
Finance expense		–	–
Profit/(Loss) before income tax		(2,690)	(1,545)
Income tax expense		–	–
Deferred tax benefit		–	–
Total comprehensive income/ (loss) for the period		(2,690)	(1,545)

Statement of financial position

for the year ended 31 March 2019

	Notes	2019 R'000	2018 R'000
Assets			
Section 12J investments – hydrocarbons concessions	3	**105,221**	**65,351**
Section 12J investments – innovation companies	4	**2,000**	**1,000**
Other investments		**–**	**–**
Deferred tax asset – non-current portion		**–**	**–**
Total non-current assets		107,221	66,351
Cash or cash equivalents		**2,482**	**4,818**
Accounts receivable		**–**	**–**
Total current assets		2,482	4,818
Total assets		**109,703**	**71,169**
Equity and liabilities			
Share capital	6	5,174	4,151
Share premium	6	108,419	68,523
Retained income/accumulated loss		(4,235)	(1,545)
Other non-distributable reserves		(0)	(0)
Subordinated shareholder loans	7.4	95	37
Total equity		**109,453**	**71,166**
Long term debt - non current portion		**–**	**–**
Deferred tax liability – non-current portion Provisions		**–**	**–**
Total non-current liabilities		**–**	**–**
Creditors		**150**	**3**
Accrued expenses Bank overdrafts		**100**	**–**
Bank overdrafts		**–**	**–**
Taxes payable		**–**	**–**
Long term debt – current portion		**–**	**–**
Total current liabilities		250	3
Total liabilities		250	3
Total equity and liabilities		**109,703**	**71,169**

Alumni Energy Investments Limited

Statement of cashflows

for the year ended 31 March 2019

	Notes	2019 R'000	2018 R'000
Cash flows from operating activities			
Cash (utilised in)/generated from operating activities			
Net profit/(loss) before interest and tax	1	(2,690)	(1,545)
Add provisions, depreciation and amortisation		–	–
Working capital movements		247	3
Net cash outflow from operating activities		**(2,443)**	**(1,542)**
Cash flows from investing activities			
Investments		(40,870)	(66,351)
Deferred tax asset – non-current portion		–	–
Net cash outflow from investing activities		**(40,870)**	**(66,351)**
Financing activities			
Proceeds from issues of ordinary share capital		40,919	72,674
Grants and other non-distributable reserve movements		(0)	0
Subordinated shareholder loans		**58**	**37**
Net cash inflow from financing activities		40,977	72,711
Net increase/(decrease)in cash and cash equivalents		(2,336)	4,818
Cash and cash equivalents at beginning of the period		4,818	–
Cash and cash equivalents at end of the period		**2,482**	**4,818**

Notes to financial statements

for the year ended 31 March 2019

1 Operating expenses

	2019	2018
	R'000	R'000
	2,690	**1,545**
Fund management costs	–	575
Staffing and consultant costs – overheads	317	34
Directors emoluments	600	400
Key individual costs	304	–
Office, staff travel and communications	676	497
Promotion and acquisition	270	4
Accounting and compliance	318	19
Professional services	–	–
Insurances	174	1
Bank charges and exchange differences	31	9
Depreciation and amortisation	–	–
Other	–	7

2 Nature of business

Alumni Energy Investments Ltd (AEI) is a public unlisted company which is a licensed Financial Services Provider (FSP 48168) with the Financial Services Conduct Authority. AEI is also an approved Venture Capital Company (VCC) by the South Africa Revenue Services under Section 12J of the Income Tax Act. VCCs are intended to be a marketing vehicle that will attract retail investors. An investor is any taxpayer who qualifies to invest in an approved VCC. They have the benefit of bringing together small investors as well as concentrating investment expertise in favour of the small business sector.

A minimum of 80% of the expenditure incurred by the VCC to acquire assets must be for qualifying shares, and each investee company must, immediately after the issuing of the qualifying shares, hold assets with a book value not exceeding:

R500 million in any junior mining company; or R50 million in any other qualifying company.

The expenditure incurred by the VCC to acquire qualifying shares in any one qualifying company must not exceed 20% of any amounts received by the VCC in respect of the issue of VCC shares.

Notes to financial statements (continued)

for the year ended 31 March 2019

3 Section 12J investments – hydrocarbons concessions

	2019	2018
	R'000	R'000
Vioolsdrif Prospecting (Pty) Ltd	16,564	10,892
Ganyesa Exploration Services (Pty) Ltd	18,939	10,892
Orm Exploration (Pty) Ltd	18,024	10,892
Reconnoitre Northern Cape (Pty) Ltd	15,564	10,892
Upington Exploration Services (Pty) Ltd	18,464	10,892
Phalane Prospecting (Pty) Ltd	17,664	10,892
Total exploration company investment	**105,221**	**65,351**

Due to constraints within Section 12J, it was necessary for AEI to own fewer than 70% of the shares in an investee company. Therefore, as exclusive funder of the exploration program, AEI will retain 66.67% of the shares in the investee companies throughout the exploration fund raise, which will end on 28 February 2021.

4 Section 12J investments – innovation companies

	2019	2018
	R'000	R'000
Gyrotek (Pty) Ltd	1,000	1,000
Africanopy (Pty) Ltd	1,000	–
Total innovation company investment	**2,000**	**1,000**

AEI invested in Gyrotek (Pty) Ltd, a start-up providing airborne data collection services. AEI invested R1 million in 2018 for 1 million shares, which represent 10% of the 10 million shares in issue in Gyrotek.

AEI invested in Africanopy (Pty) Ltd, a start-up providing transportable telecoms networks. AEI invested R1 million in 2019 for 1 million shares, which represent 10% of the 10 million shares in issue in Africanopy.

5 Shareholder Loans

Shareholder loans are subordinated.

Notes to financial statements (continued)

for the year ended 31 March 2019

6 Authorised share capital

The Company is authorised to issue (and, as applicable, re-issue if and upon any such issued Shares being cancelled or repurchased and otherwise being restored to authorised, but unissued, Shares) the following numbers and classes of Shares (which includes Shares already issued at any given time)

10 000 000 000 (ten billion) ordinary Venture Capital Shares, designated as "Venture Capital Shares", with a par value of R0.01 (one cent) each, which shall have Voting Rights as set out in Clause 10.6, in respect of every matter that may be decided by voting and which shall rank as equal pari passu with the Class "B" Treasury Shares as per Clause 10.1.2 as regards Distributions.

1,000 000 (One million) Class "B" Treasury Shares with a par value

The Class "B" Treasury Shares rank pari passu in all respects, save for the fact that the Ordinary Shares will confer on the owner one vote per share and the Class "B" Treasury Shares will confer on the owner 100,000 (One hundred thousand) votes per share and the Class "B" shares shall not participate in the right to any form of economic distribution.

The Class "B" Treasury Shares are held by Directors of the Company, ex officio

The voting rights of the Class "B" Treasury Shares shall vest ex officio with the Directors.

	2019	2018
	000s	000s
Number of ordinary ("Venture Capital') shares issued		
Balance at beginning of period	415,071	–
Movement for the year	102,297	415,071
Balance at end of period	**517,367**	**415,071**

Number of "B' shares issued

Balance at beginning of period	100	100
Movement for the year	–	–
Balance at end of period	**100**	**100**

7 Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. The following relationships are deemed to be related party transactions:

7.1 Management fee

The Company is managed by Alumni Risk Solutions (Pty) Ltd (the 'Investment Manager'), an investment management company incorporated in the Republic of South Africa. Under the terms of the management agreement dated 31 August 2017, the Company appointed Alumni Risk Solutions (Pty) Ltd as an Investment Manager to provide management services to the Company. Alumni Risk Solutions (Pty) Ltd receives in return a fee based on the net asset value of Or shares estimated based on traded values, payable quarterly in advance using the annual rate of 2.0%. Total management fees for the year charged by the Investment Manager was zero in 2019 (2018: R575,000), with no outstanding accrued fees due to Alumni Risk Solutions (Pty) Ltd at the end of the year. Note that this fee is lower than the 2.0% per year that could be charged, and was so, because the Investment Manager has the right to reduce its fee if it feels that it is in the interest of both parties that it do so.

The Company is managed by Alumni Risk Solutions (Pty) Ltd (the 'Investment Manager'), an investment management company incorporated in the Republic of South Africa. Under the terms of the management agreement dated 31/08/2017,

Alumni Risk Solutions (Pty) Ltd, where the CEO of the Company, Mr Motsilili Motsilili is a director of both AEI and Alumni Risk Solutions (Pty) Ltd, also provides specialist custodial services and secretarial services as well as tax administration services to investors on behalf of the Company.

7.2 Board of Directors' remuneration

The total remuneration paid to directors in 2019 was R600,000 (2018: 400,000) and consisted of fixed directors' fees.

7.3 Related party shareholdings

The Directors have control of all B Class Shares which gives them current voting control over the company.

7.4 Director's loan account

The amounts owed to one of the directors, Mr M Motsilili in 2019 was R95k (2018: R37 k) and consisted of the salary charged to the financial statements, less drawings by said director.

8 Events after the reporting date

The directors are not aware of any events after the reporting date that will have a material impact on the financial statements.

9 Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations in the ordinary course of business.

Notes to financial statements (continued)

for the year ended 31 March 2019

Property, plant and equipment

31 March 2019	Land & buildings R'000	Plant and machinery R'000	Motor vehicles R'000	Office equipment R'000	Total R'000
Cost	–	–	–	–	–
At the beginning of the year	–	–	–	–	–
Additions	–	–	–	–	–
Transfers	–	–	–	–	–
Disposals / scrappings	–	–	–	–	–
Capitalisation of interest (refer note 6.2)	–	–	–	–	–
At the end of the year	**–**	**–**	**–**	**–**	**–**
Accumulated depreciation at the beginning of the year	–	–	–	–	–
Charge for the year	–	–	–	–	–
Disposals / scrappings	–	–	–	–	–
At the end of the year	–	–	–	–	–
Carrying value at 31 March 2019	**–**	**–**	**–**	**–**	**–**
31 March 2018					
Cost	–	–	–	–	–
At the beginning of the year	–	–	–	–	–
Additions	–	–	–	–	–
Transfers	–	–	–	–	–
Disposals / scrappings	–	–	–	–	–
Capitalisation of interest (refer note 6.2)	–	–	–	–	–
At the end of the year	–	–	–	–	–
Accumulated depreciation	–	–	–	–	–
At the beginning of the year	–	–	–	–	–
Charge for the year	–	–	–	–	–
Disposals / scrappings	–	–	–	–	–
At the end of the year	–	–	–	–	–
Carrying value at 31 March 2018	–	–	–	–	–

AEI Audit Report

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To the directors of Alumni Energy Investments ltd.

Opinion

We have audited the accompanying financial statements of Alumni Energy Investments LTD. (the "Company"), which comprise the statements of financial position as at 31 March 2018 and 31 March 2019, and the statements of profit or loss and other comprehensive income, the statement of changes in equity and the statement of cash flows for the financial years 31 March 2018 and 31 March 2019, and the related notes comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2018 and 31 March 2019, and the results of its operations and cash flows in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and the requirements of the Companies Act.

Basis for opinion

We conducted our audits in accordance with International Standards on Auditing (ISAs). Those standards require that we comply with ethical requirements and plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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 independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B).

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit 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. These matters included those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters:

Alumni Energy Investments Limited

Final Audit Report

Key audit matter	How our audit addressed the key audit matter
Valuation of investments (Note 3 and 4 of the financial statements. The company is investing in the ordinary shares of pre-revenue startups that are not quoted on a stock exchange. As these investments comprise the majority of the assets of the company, focus should be drawn to the method on which such investments are valued. The Company has been guided by IFRS13 with regard to the fair value of financial assets that are not traded in an active market and the suitability of various valuation techniques. Therefore, the fair value of such financial assets that are not traded in an active m arket is determined using valuation techniques. Valuation techniques used include the use of comparable recent ordinary transactions between market participants, reference to other instruments that are substantially the same, discounted cash flow analysis, option pricing models and other valuation techniques commonly used by market participants making the maximum use of market inputs and relying as little as possible on entity-specific inputs.	In assessing the fair value of the unlisted investments, we obtained an understanding of the overall control environment as well as the processes which have been implemented by management. We performed preliminary analytical procedures to determine the value of individual investments, the nature of the investments and the extent of the fair value movement. We tested 100% of the investment portfolio. We tested the mathematical accuracy of the valuation by performing a recalculation of each investment. We checked the value of the investments against supporting documents. We have assessed managements' qualifications, experience and expertise with respect to the valuation performed. We inspected the disclosures in the financial statements in relation to the valuation of investments for compliance with the relevantaccounting requirements.
Share Capital and Share Premium The Company is authorised to issue (and, as applicable, re-issue if and upon any such issued Shares being cancelled or repurchased and otherwise being restored to authorised, but unissued, Shares) the following numbers and classes of Shares (which includes Shares already issued at any given time) 10 000 000 000 (ten billion) ordinary Venture Capital Shares, designated as "Venture Capital Shares", with a par value of R0.01 (one cent) each, which shall have Voting Rights as set out in Clause 10.6, in respect of every matter that may be decided by voting and which shall rank as equal pari passu with the Class "B" Treasury Shares as per Clause 10.1.2 as regards Distributions. 1,000 000 (One million) Class "B" Treasury Shares with a par value. The Class "B" Treasury Shares rank pari passu in all respects, save for the fact that the Ordinary Shares will confer on the owner one vote per share and the Class "B" Treasury Shares will confer on the owner 100 000 (One hundred thousand) votes per share and the Class "B" shares shall not participate in the right to any form of economic distribution.	We tested the mathematical accuracy of the share capital and share premium by performing a recalculation. We inspected the share certificates and signed share subscription agreements.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report, and the Company Secretary's Certificate as required by the Companies Act of South Africa, which is expected to be made available to us. 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 on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard at the date of the auditor's report.

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 the 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 financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism 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.

Alumni Energy Investments Limited

Final Audit Report

- 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 Sondlo Chartered Accountants Inc has been the auditor of Alumni Energy Investments LTD for 1 year.

Sondlo Chartered Accountants Inc. Registered Auditor

Monalisa Nkonki CA (SA) Director

Registered Auditor 18 June 2019

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