

10 June 2019

Anglo African Agriculture plc

(“AAA” or the “Company”)

**Proposed Acquisition of Comarco Group
and associated port operations**

Proposed change of name to Agulhas Group Africa plc

AAA is pleased to announce that it has signed conditional share purchase agreements to acquire the entire issued share capital of a number of companies within the Comarco group of companies that are based in Kenya and engaged in the port and marine logistics business (the "**Proposed Acquisition**"). The consideration will be USD 30m, payable in AAA new ordinary shares at 0.5p per share. The companies are: Consolidated Marine Contractors Limited (CMC); Comarco Properties (EPZ) Limited (CPL); Kenya Marine Contractors (EPZ) Limited (KMC); Touchwood Investments Limited (TIL) and Comarco Supply Base (EPZ) Limited (CSB) ("**Comarco Group**"). The Proposed Acquisition is subject, *inter alia*, to an equity fundraising, the publication of a prospectus and shareholder approval in general meeting.

Following a strategic review in 2018, AAA has been actively seeking to expand its activities beyond the agricultural sector while still utilising its directors' experience and network in sub-Saharan Africa. AAA announced on 30 August 2018 a proposed loan facility to Comarco Group to help fund its working capital which was advanced to Comarco Group in November 2018. This was intended to be the first step in the diversification of AAA's revenues and to significantly grow the business. During the course of identifying means to restructure Comarco Group, the Proposed Acquisition as a solution became evident as a mutually beneficial opportunity to help grow both companies. Comarco Group requires access to capital markets to facilitate growth in its business, particularly in light of the current oil and gas and infrastructure development off the coast of East Africa and the increased opportunities for marine logistics companies that such development will bring. In summary, the Proposed Acquisition would be in the best interests to both the shareholders of AAA and Comarco Group for the following reasons outlined below:

- Allows the Company to acquire a reputable port and marine logistics business at a strategic time when demand for such businesses have increased;
- Comarco Group has US Dollar based revenues and a strong asset base;
- Allows the Company to diversify and grow the revenue and income base;
- Allows Comarco Group wider access to capital should further funds be required for acquisitions or any future organic development beyond the Enlarged Group's present plans; and
- Increases the Company's network of high level financial, government, industry, and technical relationships, to support the Company's current and future activities, many of which are in emerging markets.

VSA Capital is acting as financial adviser and broker to AAA and will in due course be publishing equity research and conducting the equity fundraising following the publication of a Share Registration Document. In due course the Company expects to publish a Prospectus in respect of the proposed re-admission of the shares of the Enlarged Group ("**Enlarged Group**") to trading.

Subject to completion of the Proposed Acquisition, the Company intends to change its name to **Agulhas Group Africa plc**.

Reverse Takeover:

The Proposed Acquisition, if completed, would result in current AAA shareholders having a minority interest (expected to be less than 5%) in the Enlarged Group and would constitute a Reverse Takeover ("**RTO**") under the

Listing Rules. The RTO will be subject to an affirmative vote of the Company's shareholders and relevant regulatory and stock exchange approvals. Accordingly, as required by the FCA, a Share Registration Document and Prospectus are currently being prepared. The Company is not able to determine at this point when the Share Registration document will be published as it will have to be submitted and approved by the UKLA.

In due course a notice of general meeting (the "**Notice of General Meeting**") will be sent to the Company's shareholders which will, among other things, convene a general meeting of the Company at which resolutions approving the Proposed Acquisition will be proposed.

The RTO remains subject to certain conditions being met, including an equity fundraising to provide sufficient working capital for the Enlarged Group.

The Proposed Acquisition:

The consideration for the Proposed Acquisition will be satisfied by the issue of new ordinary shares to the sellers of Comarco Group (the "**Sellers**") at 0.5p. At the same time, VSA Capital will conduct an equity fundraising of approximately USD 15 million to fund working capital and the growth of the Enlarged Group. It is also anticipated that there will be a vendor placing of approximately USD 6 million to provide funds for the Sellers to settle existing debts and related costs including capital gains tax.

Information on Comarco Group:

Comarco Group was established in 1971, in Mombasa, Kenya before expanding its range of activities and area of operations along the Eastern African seaboard and throughout the Indian Ocean. Comarco Group is a group of companies that consists of Consolidated Marine Contractors Limited (CMC); Comarco Properties (EPZ) Limited (CPL); Kenya Marine Contractors (EPZ) Limited (KMC); Touchwood Investments Limited (TIL) and Comarco Supply Base (EPZ) Limited (CSB).

Comarco Group is one of the leading marine and specialised logistics contractors in the East African region with over forty five years' experience. Comarco Group operates its own fleet of tugs, barges, landing craft, supply vessels and specialised equipment for offshore, close shore, port and beach operations from its own private port facility, shipyard and supply base in Mombasa, Kenya.

Comarco Port is a privately owned harbour fronting facility, which lies on the main port channel approximately 1km to seaward from Mombasa Port and 1km from the city centre.

Comarco Group's business comprises of the following activities:

- Provision of high quality and efficient integrated port services, including stevedoring, lighterage, stacking, warehousing, transportation and logistics, which can handle various types of cargo including coal, commodities, metal ores, oil and liquefied gas, project and general cargo.
- Provision of land and facilities to customers through long-term leases, licences or commercial agreements with an aim to generate consistent and predictable revenue streams.
- Provision of the principal offshore supply base for the Oil & Gas industry in Kenya. Between 2010 and 2016, Apache, Anadarko and BG all used Comarco Port as the supply base for their offshore drilling campaigns in Kenya.
- As a dedicated owner of vessels, Comarco Group offers comprehensive and integrated marine logistic services to customers, through the charter market, to meet their diverse transportation needs.
- Turnkey logistic solutions and project management for the Oil & Gas and construction industries.

Over the last five years the Group has operated extensively along the Eastern African seaboard: Kenya, Mozambique, Somalia, Comoros, Reunion Island, Mauritius, South Africa, Tanzania and Zanzibar. The Group is bidding on additional work in Namibia, Madagascar and Seychelles.

History and Development:

Comarco Group was established in 1971 initially as Diving Contractors Limited in Mombasa, Kenya, offering commercial diving services within the port of Mombasa.

History of Comarco Group's marine contracting experience

In the 1970's, Comarco Group developed its range of activities to include additional marine works and also expanded its operating range to include Tanzania, Somalia, Djibouti, Yemen and Ethiopia. In 1978, Comarco Group commenced acquiring its first offshore support and work vessels and secured its first oil and gas contract with Italian giant AGIP in southern Tanzania in the same year.

In 1982, Diving Contractors Limited changed its name to Consolidated Marine Contractors Limited, to reflect the change in strategy in becoming a general marine contractor and from which the abbreviation "Comarco" is derived. In the following years, the company successfully supported oil and gas exploration projects for Esso Exploration in Mozambique, Amoco in Madagascar, Somalia, Kenya and Tanzania and Shell in Tanzania.

Kenya Marine Contractors Limited was established in 1996 to operate as the principal floating asset owning and general marine contracting arm of Comarco Group in East Africa. Kenya Marine Contractors was converted to an EPZ (Export Processing Zone) company in 2003, the status of which is maintained today.

Comarco Supply Base (EPZ) Limited was incorporated in Mombasa and registered within the EPZ programme in 2013. This company was to provide shore base assets, equipment and services to the burgeoning East African offshore oil and gas industry where, oilfield materials and equipment would be imported into the EPZ, services performed on such materials and equipment and thereafter exported upon completion of the project.

Over the years, a strong acquisition programme has seen Kenya Marine Contractors and Comarco Supply Base take ownership of numerous marine assets and support equipment, which has made Comarco Group one of the largest marine contracting and logistics companies based in the East African region.

History of Comarco Port

In 1974, Comarco Group acquired the freehold harbour fronting property, Mombasa Block XLVII / 54. This was the first of four property purchases including, in the 1980's, a second freehold harbour facing property Mombasa Block XLVII/65, which now comprise the current private port area. In 1983, the Company formally acquired the leasehold rights for plot Mombasa Block XLVII / 148 from the Kenya Port Authority, being the area reclaimed from the sea by Comarco Group in order to expand its port operating area. This lease was extended by both parties in 2016 for a further thirty three year term.

In 1992, Comarco Group incorporated Comarco Properties Limited as a property holding company to hold the two freehold titles, Blocks 54 and 65 as well as being the registered leasehold owner of Block 148. Comarco Properties was converted to an EPZ company in 2003, which status is maintained today.

In 2012, Comarco Group acquired Touchwood Investments Limited, which is the registered leasehold owner from the Kenya Port Authority of Mombasa Block XLVII / 137, comprising 4.5 acres of adjoining harbour fronting property. This enabled Comarco Group to build the Port to the size and capacity in which it currently operates. The Port facility is now one of the largest privately owned and operated ports along the East African coast and is based within the confines of the busiest port in East Africa.

Strong Oil and Gas Cycle 2008-2014

From 2008 there was a substantial increase in oil and gas exploration activity in the East African region, most notably in Kenya, Tanzania and Mozambique. Comarco Group provided supply base facilities at its Port for Apache, Anadarko, BG and ENI.

Furthermore, Comarco Group provided marine support and vessels for ENI in Mozambique, and StatOil, Petrobras, Heritage, BG and Fugro in Tanzania. Comarco Group also provided vessels, marine support and project management services for the China National Petroleum Corporation (CNPC) in Tanzania.

In addition to the oil and gas activity, there was a marked increase in infrastructure development in the region. This significant growth enabled Comarco Group to substantially increase its asset base, including property, marine equipment and port equipment assets. By acquisition and reclamation, the Port was expanded by an additional 20,000m² to cater for increased oilfield demand for space and services. The Port was upgraded to comply with international oil and gas standards and has subsequently passed audits by BG, Shell and ENI.

The substantial capital investments in the Port, together with the operational experience gained by both the management and workforce during this period, places Comarco Group in a strong position to benefit from the next cycle of oil and gas exploration and infrastructure development in the region.

Port:

The Port totals 16.45 acres including over 40,000 m² of open storage, covered storage space, office space and facilities, mobile and crawler cranes up to 250 tonnes capacity, a marine engineering workshop and a 24 hour Operations Centre. The main sufferance wharf, with a minimum draft of 7.5 metres alongside and is capable of handling ships of up to 130 metres Length Overall (LOA). The wharf has direct frontage to Liwatoni Bay and the main commercial shipping channel.

Comarco Group operates the Port on a 24-hour basis and vessels may be loaded and discharged by experienced stevedores and winchmen as required.

In February 2017, Comarco Port was successfully audited and approved by Shell for marine and support operations for its work in East Africa. This audit demonstrates and confirms that Comarco Group has the positioning, resources and standards to deliver on oil and gas contracts as the industry makes a return to East Africa.

Historical Financial Information of Comarco Group:

The following information comprises combined financial information based on audited financial statements of the entities within the Comarco Group together with the revaluation of certain investment properties.

COMBINED STATEMENT OF COMPREHENSIVE INCOME

For the periods

	Year ended 30 September 2018 \$'000	Year ended 30 September 2017 \$'000	Year ended 30 September 2016 \$'000
Continuing Operations			
Revenue	7,396	5,752	9,944
Cost of Sales	(6,330)	(2,521)	(4,902)

Gross profit/(loss)	1,066	3,231	5,042
Other operating income	7,467	1,971	575
Administrative expenses	(1,262)	(1,696)	(2,137)
Other operating expenses	(2,828)	(4,115)	(2,134)
Net Related party write offs	(706)	(11,598)	-
Operating profit/(loss)	3,737	(12,207)	1,346
Finance costs	(2,507)	(2,306)	(1,457)
Profit/(loss) before tax	1,230	(14,513)	(111)
Tax (charge)/credit	(339)	(514)	440
Net Profit/(loss)	891	(15,027)	329
Other comprehensive income:			
Items that will or may be reclassified to profit or loss:			
Revaluation of plant and equipment	36,436	-	-
Items that will not be reclassified to profit or loss:			
Deferred tax relating to items that will not be reclassified	(2,048)	-	-
Total comprehensive income	35,279	(15,027)	329

COMBINED STATEMENTS OF FINANCIAL POSITION

As at

	Year ended 30 September 2018 \$'000	Year ended 30 September 2017 \$'000	Year ended 30 September 2016 \$'000
Non-current assets			
Property, plant and equipment	59,673	24,474	26,966
Investment property	11,905	4,719	4,810
	71,578	29,193	31,776
Current assets			
Trade and other receivables	4,683	5,592	22,778
Inventories	228	226	263
Cash and cash equivalents	185	223	456
Tax recoverable	21	26	27
	5,117	6,067	23,524
Total assets	76,695	35,260	55,300

Equity attributable to owners of the parent

Share capital	1,697	1,697	1,697
Other reserve	38,871	4,456	4,723
Retained earnings	(4,274)	(5,165)	9,862
Total equity	36,294	988	16,282

Non-current liabilities

Borrowings	16,172	15,657	14,719
Deferred tax	2,856	474	-
	19,028	16,131	14,719

Current liabilities

Trade and other payables	8,396	5,862	11,662
Tax payable	7	-	-
Borrowings	12,967	12,253	12,592
Other accrued liabilities	3	26	45
	21,373	18,141	24,299

Total liabilities

	40,401	34,272	39,018
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Total equity and liabilities

	76,695	35,260	55,300
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COMBINED STATEMENT OF CHANGES IN EQUITY

	Share capital \$'000	Other reserve \$'000	Retained earnings \$'000	Total \$'000
Balance as at 01 October 2015	1,697	4,204	9,533	15,434
Profit	-	-	329	329
Currency translation differences	-	519	-	519
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	519	329	848
Balance as at 30 September 2016	1,697	4,723	9,862	16,282
Balance as at 01 October 2016	1,697	4,723	9,862	16,282
Loss	-	-	(15,027)	(15,027)
Currency translation differences	-	(267)	-	(267)
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	(267)	(15,027)	(15,294)
Balance as at 30 September 2017	1,697	4,456	(5,165)	988
Balance as at 01 October 2017	1,697	4,456	(5,165)	988
Profit	-	-	891	891
Currency translation differences	-	27	-	27
Other comprehensive income	-	34,388	-	34,388

Total comprehensive income for the period	-	34,415	891	35,255
Balance as at 30 September 2018	1,697	38,871	(4,274)	36,294

COMBINED CASH FLOW STATEMENTS

For the periods

	Year ended 30 September 2018 \$'000	Year ended 30 September 2017 \$'000	Year ended 30 September 2016 \$'000
Cash flows from operating activities			
Profit/(Loss)	1,230	(14,513)	(112)
<i>Adjustments for:</i>			
Depreciation and amortisation	1,225	1,314	1,397
Interest expense	3,037	2,057	1,981
Profit/(Loss) on disposal of property plant and equipment	413	340	(19)
Revaluation of investment property	(7,081)	-	-
Changes in working capital -			
Other accrued liabilities	(24)	(18)	(27)
Inventories	3	32	308
Trade and other receivables	1,046	16,809	(4,355)
Trade and other payables	2,395	(5,603)	5,421
Cash generated from operations	2,244	418	4,594
Income taxes paid	-	(38)	(99)
Interest expense	(3,037)	(2,057)	(1,981)
Net cash flows from operating activities	(793)	(1,677)	2,514
Investing activities			
Purchase of property, plant and equipment	(133)	-	(1,129)
Sale of property, plant and equipment	330	334	1,299
Net cash used in investing activities	197	334	170
Financing activities			
Proceeds from borrowing	4,746	1,231	2,820
Repayments from borrowing	(390)	(390)	(4,749)
Net cash generated from financing activities	4,356	841	(1,929)
Net increase in cash and cash equivalents	3,760	(502)	755
Cash and cash equivalents at beginning of period	(7,669)	(7,306)	(7,802)
Exchange differences on cash and cash equivalents	(275)	139	(259)
Cash and cash equivalents at end of period	(4,184)	(7,669)	(7,306)

The proposed changes to the Board:

Upon Re-Admission of the Enlarged Group, Andrew Monk, David Lenigas, and George Roach will resign from the Board. Matt Bonner and Robert Scott will remain.

The following table lists the names and positions of the Proposed Directors of the Enlarged Group upon Re-Admission:

Name	Position
Brian Hall	<i>Non-Executive Chairman</i>
Simon Phillips	<i>Chief Executive Director</i>
Charlie Pettifer	<i>Executive Director</i>
Hemant Thanawala	<i>Non-Executive Director</i>

On Re-Admission, the Proposed Board will therefore comprise:

Brian Hall (aged 73) – Non-Executive Chairman

Brian has over 40 years' experience in natural resources and is a Chartered Accountant. In 1991 he became CEO of Aminex PLC, an international oil and gas company, launching a successful venture into Russia in 1993 and distributing the exit profits to shareholders in 2001 and subsequently became the Chairman from 2007 until 2018. He has operated across both developed and emerging market countries and guided Aminex through several significant ventures. He started his oil industry career with Hamilton Brothers Oil and Gas Limited, where he served as a Member of the team which brought on stream Argyll, the UK North Sea's first oilfield. He also served as UK Manager for Lochiel Exploration of Canada and was responsible for building up that company's interests outside North America. He served as a Non-Executive Director at Canyon Oil and Gas Ltd and currently serves as a non-exec chairman of Great Western Mining Corporation plc.

Simon Phillips (aged 51) – Chief Executive Director

Simon has 23 years of management experience within the African port and marine logistics industry. Simon joined Comarco Group in 1996 as Administrative Manager that was responsible for the establishment of Kenya Marine Contractors. Simon was appointed as Managing Director of KMC and then Managing Director of Comarco Group in 2013, a position he has held ever since. He has played an integral part in the expansion of Comarco Group throughout Africa over the past 22 years. During this period Comarco Group has developed a significant privately-owned port in the region and one of the largest tug and barge fleets along the East African seaboard. In 2012 Simon founded Specialised Vessel Services alongside Charlie Pettifer and now serves as the Executive Chairman. Simon qualified as an attorney and notary in South Africa (non-practising) with a specialisation in maritime and commercial law. Simon holds a BA and an LLB in Law from the University of Cape Town.

Charlie Pettifer (aged 54) – Executive Director

Charlie has principal responsibility for commercial development of the business. Charlie has 25 years' experience in African business development and management specifically within the security, private equity, natural resource and maritime sectors. Prior to joining Comarco Group, Charlie was the CEO of Rapport Research & Analysis Ltd, where Charlie ran a gold purchasing operation in Ghana. He was the Operations Director of a corporate finance boutique in London that established a private equity fund focussed on African natural resources. Charlie was CEO of African Gold & Diamonds Ltd, a mining company focussed on Sierra Leone and West Africa. He was CEO of Bushveld Platinum a mining exploration company focussing on platinum in South Africa. In 2012 Charlie founded Specialised Vessel Services with Simon Phillips, a provider of safety, security and standby vessels to the offshore oil & gas industry in Africa and is a director of the company. In 2008, he became the Regional Manager in East Africa for Drum Cussac establishing the company in the region and growing it to an annual turnover of \$80m. Charlie attended the Royal Military Academy at Sandhurst and was subsequently commissioned as an officer in the Coldstream Guards. Charlie holds a BA (Hons) in Politics and International Relations from University of Exeter.

Robert Scott (aged 51) – Executive Director

Rob has principal responsibility for the day to day operation and management of Dynamic Intertrade, a spice manufacturing business. He has over 30 years financial and investment management experience with the last ten years specifically focussed in mining within central and southern Africa and is a Chartered Accountant (CA(SA)) by profession. He served as Country Manager for Lonrho and has served as the General Manager of Uramin's South African operations. He held executive and senior positions with a number of companies across countries such as South Africa, Angola, Mozambique, Zimbabwe, DRC, CAR, Rwanda, Tanzania, Kenya, Nigeria, Niger and Namibia amongst others. He was also involved in hotels, agriculture, shipping, consumer products and construction amongst many other industries. Rob has been a Director of Dynamic Intertrade (Pty) Limited for 5 years and is responsible for setting the strategy for Dynamic and has an intimate understanding of its day-to-day operations. He has served on a number of other public and private company boards. Rob began his career and qualified with Deloitte South Africa after obtaining his Certificate of Theory of Accounting (CTA) from the University of Cape Town.

Hemant Thanawala (aged 61) – Non-Executive Director

Hemant has over 30 years' professional and commercial experience and is a Chartered Accountant (FCA) by profession. He has many years of experience of not only living in Kenya and the region but also conducting business there. He played a key role in the AIM listings of Nautical Petroleum plc in 2005 and Quadrise Fuels International plc in 2006, assuming the role of Finance Director in both companies upon their listings. Prior to 2005, Hemant served as CFO of Masefield AG, a Swiss-based energy trader, for a period of 4 years. Between 1989 and 2001, he served as CFO for Premier Telesports Group and Rostel Group, with diversified business interests in the emerging markets of Eastern Europe, Former Soviet Union and Africa. Before that, Hemant was engaged in professional practice, following his qualification with KMG Thomson McLintock (now KPMG) in 1981. He served as an Executive Director of Quadrise Fuels International plc, from April 19, 2006 to September 1, 2009 and as a Director of Nautical Petroleum PLC. until October 2008.

Matthew Bonner (aged 39) – Non-Executive Director

Matthew has significant financial leadership experience within the mining, energy and agriculture sectors, and emerging markets. He has advised on domestic and cross border public and private M&A, joint ventures, capital market transactions and project development. He is currently the Chief Operating Officer at EAS Advisors LLC, a New York based corporate advisory firm focused on supporting public and private companies predominantly in the natural resource and commodity sectors. Prior to joining EAS Advisors he was the General Counsel at BalanTrove Partners, a New York based hedge fund focused on energy, mining and infrastructure. He has also worked as a lawyer at Baker & McKenzie and Bowman Gilfillan in London and Johannesburg. He holds Series 7, 63 and 79 licenses provided by the Financial Industry Regulatory Authority in the USA. He is admitted as a member of the New York Bar, a solicitor in England and Wales (non-practising) and an attorney and notary in South Africa (non-practising). Matthew holds a BA and LLB in Law from the University of Witwatersrand.

AAA Chairman, David Lenigas, said:

“This transaction marks a turning point for Anglo African Agriculture. One of AAA's primary reasons for becoming involved with Comarco Group is based on the Company's belief that ports are long term growth assets and this particular port is of considerable strategic importance to East Africa. While Mombasa has long served as a key port in East Africa, the recently constructed railway project linking Mombasa to Kenya's capital city Nairobi has significantly reduced the journey time by 7.5 hours compared to the previous railway line. Large scale infrastructure improvements such as these only add to Mombasa's strategic importance in the region.

We have further been encouraged by the recent oil and gas transactional activity in the region and the ongoing liquefied natural gas focused work in Mozambique, all of which bode well for Comarco Group's marine logistics focused business. We are delighted to have reached agreement to acquire Comarco Group and we look forward

to concluding the fundraising and the transaction in due course to set the Enlarged Group up for an exciting future.”

Comarco Group CEO, Simon Phillips, commented:

“We have been working with the AAA team and their advisers for many months now and quickly came to the conclusion that an RTO of AAA was a good opportunity to access capital markets to drive growth in the group”.

Information for bona fide, unconnected sell-side research analysts:

In accordance with the provisions of the Conduct of Business Sourcebook of the FCA Handbook, (COBS 11.A), any unconnected sell-side research analysts interested in initiating coverage should in the first instance contact VSA Capital as set out below.

The information communicated in this announcement is inside information for the purposes of Article 7 of Regulation 596/2014 (“MAR”). The Company will continue to update the market as and when appropriate.

For further information, please visit www.aaapl.com or www.comarcogroup.com contact the following:

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