3 February 2012

Manager Announcements
Company Announcements Office
Australian Stock Exchange Limited
10th Floor, 20 Bond Street
SYDNEY NSW 2000

Dear Sir/Madam,

INVESTOR PRESENTATION – FEBRUARY 2012

Please find attached the latest Investor Update for African Energy Resources Limited.

It is being presented on a marketing roadshow at the African Mining Conference in Livingstone and at the Indaba Conference in Cape Town.

For any further information, please refer to the Company’s website or contact the Company directly on +61 8 6465 5500.

For and on behalf of the board
Sese Coal and Power Project: Development plans for 2012-13

Project Update, February 2012
Disclaimer

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The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the ‘JORC Code’) sets out minimum standards, recommendations and guidelines for Public Reporting in Australasia of Exploration Results, Mineral Resources and Ore Reserves. The information contained in this announcement has been presented in accordance with the JORC Code and references to “Measured Resources”, “Inferred Resources” and “Indicated Resources” are to those terms as defined in the JORC Code.

Information in this report relating to Exploration results, Mineral Resources or Ore Reserves is based on information compiled by Dr Frazer Tabeart (an employee of African Energy Resources Limited) who is a member of The Australian Institute of Geoscientists. Dr Tabeart has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person under the 2004 Edition of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Tabeart consents to the inclusion of the data in the form and context in which it appears.
Executive summary

Summary:

- Coal mine and power station project in Botswana
- Low sovereign and commercial risk
- Experienced development team for mine and power project
- Quality resource – low cost and globally competitive
- Aligned to market, infrastructure and electricity markets

- Very large thermal coal deposit >2.6 Billion tonnes + upside
- Amenable to open cut mining with very low ROM costs
- Can produce large tonnages of domestic and export coal

- Bankable feasibility study and EIA underway

Sese Project:

- Bulk sample:~15,000t coal for marketing/test-work
- Stage 1: 1-2Mtpa coal production from mid-2013
- Stage 2: ramp-up to 5Mtpa over 2-3 years with feed to IPP
- Stages 3 & 4: ultimately >20-30Mtpa via expanded exports

Development Plan:
Capital structure and corporate overview

<table>
<thead>
<tr>
<th>Capital Structure</th>
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</thead>
<tbody>
<tr>
<td>Shares on Issue (ASX, BSE)</td>
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<tr>
<td>Options</td>
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<td>Price range (52 weeks)</td>
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<td>Market Cap (27th Jan’)</td>
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<td>Cash (30th Nov’)</td>
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<table>
<thead>
<tr>
<th>Major Shareholders</th>
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</thead>
<tbody>
<tr>
<td>Management</td>
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<tr>
<td>Mr Stacey Radford</td>
</tr>
<tr>
<td>Independent Asset Mgmt</td>
</tr>
<tr>
<td>Mr David Metford</td>
</tr>
<tr>
<td>Geiger Counter Ltd (CQS)</td>
</tr>
<tr>
<td>Republic</td>
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<tr>
<td>Top 20</td>
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<thead>
<tr>
<th>Board and Management</th>
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</table>

**Executive Directors**

ALASDAIR COOKE, Executive Chairman  
Geologist, founder of AFR, successful mine developer

FRAZER TABEART, Managing Director  
Geologist, 25 years global exploration experience

BILL FRY, Executive Director  
Accountant, funds management and project development

**Non-executive Directors**

BLACKIE MAROLE, Non-exec Chairman, Botswana  
Economist, senior Board roles (Debswana) and Govt. roles

VALENTINE CHITALU, Non-executive Director  
Accountant, investment and development management

MICHAEL CURNOW, Non-executive Director  
Mining project development in Africa

PHIL CLARK, Non-executive Director  
Engineer, 33 years experience in global coal with BHPB

**Senior Management**

DAVID SCOTT, General Manager Projects  
Engineer, coal mine development roles in Botswana

THOMAS SCOTT-MOREY, Power Development Manager  
Experienced developer of power stations and their finance
Project location – the right place

Botswana – an emerging global coal province

- **Stable, safe and secure jurisdiction**
  - Widely perceived as an excellent investment destination by mining companies (and their bankers!)

- **Transparent Mining Act plus attractive fiscal regime**
  - Prospecting Licence for 3+2+2 years, 25 year Mining Licence
  - 3% royalty (on mine-gate revenue)
  - Variable tax (22% to 55%) based on profitability ratio (generally low for “bulk commodities”)

- **Government currently finalising national coal “roadmap”**
  - Unique opportunity to enhance the economic development of Botswana for 50+ years
  - To be underpinned by exports of coal AND electricity

- **Good infrastructure along eastern corridor**
  - Existing road, rail and 220kV power line
  - Coal project is 25km west of this corridor
Project development path

**SHORT TERM:**
Sese coal mine offers early mover participation in emerging market (Botswana coal)

**MEDIUM TERM:**
Additional exposure to Sese power project, a 300-600MW greenfield power project based on strong regional electricity demand and low cost coal

**LONGER TERM:**
Exposure to massive seaborne coal export market when new rail/port becomes operational.

<table>
<thead>
<tr>
<th>Year</th>
<th>Returns</th>
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<tr>
<td>2013</td>
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<tr>
<td>2016/7</td>
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<tr>
<td>2018 onwards</td>
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</tbody>
</table>
World class resource

**Resource/Reserve upgrades**

Infill core drilling to 500m grid completed in Block-B and Block-C

**MEASURED RESOURCE** plus **RESERVE STATEMENT** in Q2 2012

### Indicated and inferred resources:

<table>
<thead>
<tr>
<th>Seam</th>
<th>JORC</th>
<th>TONNES /Mt</th>
<th>CV (MJ/kg)</th>
<th>CV (kcal/kg)</th>
<th>Washed CV range (kcal/kg) RD 1.5 to 1.7</th>
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<td>Indicated</td>
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<td>17.36</td>
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<td>Inferred</td>
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<td>Total</td>
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<td>4121</td>
<td>4550-5500</td>
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<td>Indicated</td>
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<td>Inferred</td>
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<td>9.43</td>
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<td>Total</td>
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<td>12.60</td>
<td>3008</td>
<td>4200-5250</td>
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<tr>
<td>Upper SSU</td>
<td>Indicated</td>
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<td>13.06</td>
<td>3120</td>
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<td>Inferred</td>
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<td>12.95</td>
<td>3092</td>
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<tr>
<td></td>
<td>Total</td>
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<td>3119</td>
<td>4350-5400</td>
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<tr>
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<td>2626</td>
<td>15.50</td>
<td>3701</td>
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</tbody>
</table>
Low ROM operating cost - benchmarked

Sese ROM costs (yellow bubbles) benchmarked against published data for all South African open pit coal mines

## Markets for Sese coal

### Industrial coal markets

**Growing industrial markets...**
- Existing industrial customers in Botswana and nearby countries
- New customers entering market as regional economies develop
- Marketing consultant appointed to develop Sese coal sales

### Regional power markets

**Southern African power crisis...**
- Southern African Power Pool facing net regional electricity generating deficit as demand increases
- Regional mine expansions – significant new regional electricity demand
- IPP negotiations underway

### Global export markets

**Rising demand from India/China...**
- India has large domestic demand which cannot be met internally
- Few undeveloped coal provinces capable of meeting this demand
- Competing with Galilee, Surat – each of which require $ billions for development
Growing markets in southern Africa

Strong regional GDP growth

Strong regional real GDP growth provides investment opportunities absent in traditional markets (Europe, North America), particularly in the fields of power and infrastructure.

Regional power deficit looming

Current supply gap filled by exported power from South Africa (ESKOM), but guaranteed supply contracts expire during the next 1-2 years. This provides an opportunity for power station(s) and power export from Botswana.

Source: African Economic Outlook 2011

Source: PB Power 2011
Export markets in the Indian Ocean basin

Botswana provides competition for the emerging coal basins in Australia (Galilee, Surat) for similar sized multi-$billion infrastructure investments.

**INDIA:**
- 12th Five Year Plan (2012-17)
- 100GW new power
- $120B investment
- >55% coal fired
- = additional 250Mt coal

**MOZAMBIQUE:**
- Low to moderate sovereign risk
- 600km rail + port required
- Total cost to develop ~$10-12B

**BOTSWANA:**
- Low sovereign risk
- 1100km rail + port required
- Total cost to develop ~$10-12B

**INDONESIA:**
- Changing sovereign risk
- High moisture coal
- Possible export restrictions

**GALILEE BASIN:**
- Increasing sovereign risk
- 500km rail required
- Total cost to develop ~$10-12B
Sese development plan (indicative)

<table>
<thead>
<tr>
<th>STAGE DEVELOPMENT APPROACH</th>
</tr>
</thead>
<tbody>
<tr>
<td>STAGE 1</td>
</tr>
<tr>
<td>Mining and Processing</td>
</tr>
<tr>
<td>ROM</td>
</tr>
<tr>
<td>Product</td>
</tr>
</tbody>
</table>

2011 2013 2014-5 2017-8 2020

Existing Infrastructure

New Infrastructure
Bulk sample = pre-development for Stage 1

- Entire deposit amenable to open-cut strip mining
- Exploration box-cut for the bulk sample has been designed to be an access ramp for Stage 1
- Reduces development time-frame for Stage 1 construction
- ~15,000t coal available for bulk washing tests, export trials and customer boiler trial’s

Rolleston Mine, Queensland – example of an 8Mtpa dragline operation similar to that under consideration for Sese Stage 3
First coal exposed December 2011
Inspecting first 5,000t of coal on stockpile
BFS/EIA – progress to date

Bankable feasibility study

- MRM (Runge): study manager/mining consultant
- Sedgman appointed as processing consultant
- Additional consultants appointed for key tasks
- Phase 1 (1-2mtpa) completed by June 2012
- Phase 2 (4-5mtpa) completed by Dec’ 2012

Environmental Impact Assessment

- Ecosurv appointed as EIA consultant
- Preliminary EIA for 5mtpa mine and 600MW power station has been approved
- Community consultation meetings in February
- Baseline surveys to commence in Q1 2012
- Mine EIA process to be complete by end 2012

<table>
<thead>
<tr>
<th>Concept Study results:</th>
<th>Stage 1</th>
<th>Stage 2</th>
<th>Stage 3</th>
<th>Stage 4</th>
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</thead>
<tbody>
<tr>
<td>Cost Estimates (+/-35%)</td>
<td>Contract Mining and Washing</td>
<td>Owner Operated</td>
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<td></td>
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<tr>
<td>ROM Tonnes</td>
<td>Million t</td>
<td>2.0</td>
<td>5.0</td>
<td>20.0</td>
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<tr>
<td>Product Tonnes</td>
<td>Million t</td>
<td>1.5</td>
<td>4.0</td>
<td>12.4</td>
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<tr>
<td>Strip Ratio</td>
<td>2.84*</td>
<td>1.60</td>
<td>1.40</td>
<td>1.50</td>
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<tr>
<td>Total CAPEX to reach each stage</td>
<td>US $ million</td>
<td>46</td>
<td>104</td>
<td>730</td>
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<tr>
<td>ROM Unit Costs</td>
<td>US$/ROM t</td>
<td>12.97</td>
<td>9.69</td>
<td>8.40</td>
</tr>
</tbody>
</table>

* Lower seam only for Stage 1, then full-seam mining for Stage 2 onwards
Sese power project – overview

Building the right team to deliver:
- Appointment of experienced Power Development Manager
- Initial concept study for first 300MW project completed
- Power purchasers identified, including Govt. of Botswana
- Team of external consultants and advisors appointed

Sese Power Station project scope:
- Initial 300MW (gross) coal fired power station, based on same design as Morupule B (4 x 150MW units)
- 1.2Mtpa Sese coal mine expansion
- 220 KV Sub-station
- 20-30km 220KV Transmission lines
- 0.5 Gl/yr Water supply infrastructure
- Coal handling equipment/facilities
- Ash handling equipment/facilities

Sese bulk sample excavated for test work

Morupule B (4 x 150MW) under construction
Sese power project – development plan

Development Plan:

<table>
<thead>
<tr>
<th>2011</th>
<th>2012</th>
<th>2013</th>
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<tbody>
<tr>
<td>Q3</td>
<td>Q4</td>
<td>Q1</td>
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<tr>
<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
</tr>
<tr>
<td>Q1</td>
<td>Q2</td>
<td></td>
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</table>

- Concept
- Feasibility
- Commercial Negotiations
- Project Financing

- Complete
- Financial Close

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<tbody>
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<td>Q1</td>
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</tr>
<tr>
<td>Q1</td>
<td>Q2</td>
<td>Q3</td>
<td>Q4</td>
<td></td>
</tr>
</tbody>
</table>

- Development
- Construction
- Operations

150 MW
300 MW
The above schedule is indicative only and assumes all project milestones are met and government permits and licences are granted in a timely manner.
Summary

- 2.6 billion tonne resource in attractive jurisdiction, very large upside potential
- Extremely low supply risk due to scale and geometry of deposit
- Team of developers with significant coal mine and power station expertise
- Thermal coal suitable for both export and domestic markets
- 15,000t exploration bulk sample for washing test-work and market development
- Ideal feedstock for power station(s) in low-risk environment
- Initial 1-2Mtpa Stage 1 operation in 2013, ramping up to 4-5Mtpa for Stage 2