20 February 2012

The Manager
ASX Market Announcements
ASX Limited
Exchange Centre, 20 Bridge Street
Sydney NSW 2000

Via electronic lodgement

Dear Sir/Madam,

Roadshow Presentation – February 2012

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

It is being presented on a marketing roadshow through New York, Boston, Toronto, London and Singapore.

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 2012-3

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
- Bulk sample: ~15,000t coal for marketing/test-work
- Stage 1: 1-2Mtpa coal production from mid-2013
- Stage 2: ramp-up to 4-5Mtpa in late 2015 with feed to IPP
- Stages 3 & 4: >20-30Mtpa via expanded exports
## Capital Structure and Corporate Overview

### Capital Structure

<table>
<thead>
<tr>
<th>Description</th>
<th>Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shares on Issue (ASX, BSE)</td>
<td>326M</td>
</tr>
<tr>
<td>Options</td>
<td>26.4M</td>
</tr>
<tr>
<td>Price range (52 weeks)</td>
<td>A$0.22-A$1.045</td>
</tr>
<tr>
<td>Market Cap (14th Feb')</td>
<td>A$125M</td>
</tr>
<tr>
<td>Cash (31st Dec)</td>
<td>A$10M</td>
</tr>
</tbody>
</table>

### Major Shareholders

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Management</td>
<td>9.8%</td>
</tr>
<tr>
<td>Mr Stacey Radford</td>
<td>5.3%</td>
</tr>
<tr>
<td>Independent Asset Mgmt</td>
<td>4.0%</td>
</tr>
<tr>
<td>Mr David Metford</td>
<td>3.8%</td>
</tr>
<tr>
<td>Geiger Counter Ltd (CQS)</td>
<td>2.0%</td>
</tr>
<tr>
<td>Republic</td>
<td>1.2%</td>
</tr>
<tr>
<td>Top 20</td>
<td>48.1%</td>
</tr>
</tbody>
</table>

### Board and Management

#### 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 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)
  - Attractive tax rate based on profitability ratio (generally low for “bulk commodities”)

- **Government developing a national coal “roadmap”**
  - Unique opportunity to enhance the economic development of Botswana for 50+ years
  - Underpinned by exports of coal AND electricity

- **Good infrastructure along eastern corridor**
  - Existing road, rail and 220kV power line
  - Sese 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.

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$ Returns

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

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

**MEASURED RESOURCE** in Q2 2012, leading to mining **RESERVE STATEMENT**

### 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>
</tr>
</thead>
<tbody>
<tr>
<td>Lower SS</td>
<td>Indicated</td>
<td>1532</td>
<td>17.36</td>
<td>4146</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Inferred</td>
<td>68</td>
<td>14.85</td>
<td>3547</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>1599</td>
<td>17.26</td>
<td>4121</td>
<td>4550-5500</td>
</tr>
<tr>
<td>Lower SST</td>
<td>Indicated</td>
<td>637</td>
<td>12.76</td>
<td>3046</td>
<td></td>
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<tr>
<td></td>
<td>Inferred</td>
<td>32</td>
<td>9.43</td>
<td>2253</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>669</td>
<td>12.60</td>
<td>3008</td>
<td>4200-5250</td>
</tr>
<tr>
<td>Upper SSU</td>
<td>Indicated</td>
<td>348</td>
<td>13.06</td>
<td>3120</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Inferred</td>
<td>9</td>
<td>12.95</td>
<td>3092</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>357</td>
<td>13.06</td>
<td>3119</td>
<td>4350-5400</td>
</tr>
</tbody>
</table>

**Completed Resource Drilling:**
- Diamond Drill Hole
- Diamond Drill Hole - Washability Test
- RC Drill Hole
- Areas of Measured Infill Drilling
  - Indicated Resource
  - Inferred Resource

**Resource/Reserve upgrades**

- Infill core drilling to 500m grid completed in Block-B and Block-C
Low ROM operating cost - benchmarked

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

<table>
<thead>
<tr>
<th>Case</th>
<th>Seam</th>
<th>Mtpa</th>
<th>ROM S/R</th>
<th>ROM $/t</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Lower</td>
<td>1.0</td>
<td>2.8</td>
<td>12.97</td>
</tr>
<tr>
<td>2</td>
<td>Full</td>
<td>5.0</td>
<td>1.6</td>
<td>9.69</td>
</tr>
<tr>
<td>3</td>
<td>Full</td>
<td>20.0</td>
<td>1.4</td>
<td>8.40</td>
</tr>
<tr>
<td>4</td>
<td>Full</td>
<td>30.0</td>
<td>1.5</td>
<td>6.96</td>
</tr>
</tbody>
</table>

Regional 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 marketing programme underway

Marketing consultant appointed for initial six month contract

- Marketing consultant brings an experienced southern African marketing team, including boiler engineers
- Bulk sampling exercise at Sese underway to provide samples of washed coal for marketing purposes
- Targeting regional smelters, small scale power generators (on mines with coal fired power), cement works, brick works, hospitals, tobacco farmers...

Sese coal being loaded into trucks for initial washing tests prior to marketing
Growing electricity market in region

**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.
Infrastructure pathways

Route to Market

- **Existing Infrastructure**
  - Existing freight line 30km east of Sese
  - Potential for 2Mtpa via 13t axle loading
  - Beira/Maputo port expansions underway
  - Trial “export” using coal from trial pit

- **Proposed Infrastructure Solution**
  - Two consortia evaluating routes (Trans-Kalahari Railway and Ponto Techobanine)
  - Both proposing 60Mtpa via 30t axle loading
  - Currently at prefeasibility.
  - 3-4 year build time, operational by 2018?
  - AFR has commissioned independent technical/commercial review of options
# Sese development plan (indicative)

## Staged Development Approach

<table>
<thead>
<tr>
<th></th>
<th>Stage 1</th>
<th>Stage 2</th>
<th>Stage 3</th>
<th>Stage 4</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Mining and Processing</strong></td>
<td>Contract</td>
<td>Contract</td>
<td>Owner Operated</td>
<td>Owner Operated</td>
</tr>
<tr>
<td><strong>ROM</strong></td>
<td>2.0</td>
<td>5.0</td>
<td>20.0</td>
<td>30.0</td>
</tr>
<tr>
<td><strong>Product</strong></td>
<td>1.5</td>
<td>4.0</td>
<td>12.4</td>
<td>18.6</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>2011</th>
<th>2013</th>
<th>2014-5</th>
<th>2017-8</th>
<th>2020</th>
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</thead>
<tbody>
<tr>
<td><strong>Bulk Sample</strong></td>
<td>Export</td>
<td>Export</td>
<td>Export</td>
<td>Export</td>
<td>Export</td>
</tr>
<tr>
<td><strong>Local Market</strong></td>
<td>Local IPP</td>
<td>Local IPP</td>
<td>Local IPP</td>
<td>Local IPP</td>
<td>Local IPP</td>
</tr>
<tr>
<td><strong>Export</strong></td>
<td>0.5-1Mtpa</td>
<td>1-2Mtpa</td>
<td>9.3Mtpa</td>
<td>14Mtpa</td>
<td>4.0Mtpa</td>
</tr>
<tr>
<td><strong>Local Market</strong></td>
<td>0.6Mtpa</td>
<td>0.6Mtpa</td>
<td>0.6Mtpa</td>
<td>0.6Mtpa</td>
<td>0.6Mtpa</td>
</tr>
</tbody>
</table>

## Existing Infrastructure

- Bulk Sample
- Export
- Local Market

## New Infrastructure

- 0.5-1Mtpa
- 1-2Mtpa
- 9.3Mtpa
- 14Mtpa
- 4.0Mtpa
Bulk sample = pre-development for Stage 1

Bulk sample layout plan

BULK SAMPLE LAYOUT PLAN

- 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 and strengthens BFS outputs with real data on blasting costs, powder factors, rock mechanics etc
- ~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
Site development in February 2012
Exposed coal seam February 2012

Sese bulk sample ramp. 15m of overburden above an 18m coal seam. Photograph depicts the upper 9m of the coal seam only.
**BFS/EIA – progress to date**

<table>
<thead>
<tr>
<th>Concept Study results:</th>
<th>Stage 1</th>
<th>Stage 2</th>
<th>Stage 3</th>
<th>Stage 4</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cost Estimates (+/-35%)</strong></td>
<td><strong>Contract Mining and Washing</strong></td>
<td><strong>Owner Operated</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ROM Tonnes Million t</td>
<td>2.0</td>
<td>5.0</td>
<td>20.0</td>
<td>30.0</td>
</tr>
<tr>
<td>Product Tonnes Million t</td>
<td>1.5</td>
<td>4.0</td>
<td>12.4</td>
<td>18.6</td>
</tr>
<tr>
<td>Strip Ratio</td>
<td>2.84*</td>
<td>1.60</td>
<td>1.40</td>
<td>1.50</td>
</tr>
<tr>
<td>Total CAPEX to reach each stage US $ million</td>
<td>46</td>
<td>104</td>
<td>730</td>
<td>1,013</td>
</tr>
<tr>
<td>ROM Unit Costs US$/ROM t</td>
<td>12.97</td>
<td>9.69</td>
<td>8.40</td>
<td>6.96</td>
</tr>
</tbody>
</table>

* Lower seam only for Stage 1, then full-seam mining for Stage 2 onwards

**Bankable feasibility study**
- MRM (Runge): study manager and mining consultant
- Sedgman appointed as processing consultant
- BFS will focus on an initial 1-2mtpa operation
- BFS will also assess expansion to 4-5mtpa operation

**Environmental Impact Assessment**
- Ecosurv appointed as EIA consultant
- Preliminary EIA (5mtpa mine and 600MW) approved
- Baseline surveys to commence in Q1 2012
- Mine EIA process to be complete by end 2012
Sese power project – overview

Building the right team to deliver:
- Appointment of experienced Power Development Manager
- Concept study for initial 300MW project completed
- Power purchasers identified, including Govt. of Botswana
- Initial 300MW project, with multiple expansions options based on 150MW CFB boiler units

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 and associated infrastructure
- 220 KV Sub-station
- 20-30km 220KV Transmission lines
- 0.5 Gl/yr Water supply infrastructure
- Coal and ash handling equipment/facilities
# Sese power project – development plan

## Development Plan:

<table>
<thead>
<tr>
<th>Year</th>
<th>Quarter</th>
<th>Activity</th>
<th>Status</th>
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</thead>
<tbody>
<tr>
<td>2011</td>
<td>Q3</td>
<td>Concept</td>
<td>Completed</td>
</tr>
<tr>
<td>2011</td>
<td>Q4</td>
<td>Feasibility</td>
<td>Completed</td>
</tr>
<tr>
<td>2012</td>
<td>Q1</td>
<td>Commercial Negotiations</td>
<td></td>
</tr>
<tr>
<td>2012</td>
<td>Q2</td>
<td>Project Financing</td>
<td></td>
</tr>
<tr>
<td>2013</td>
<td>Q3</td>
<td>Financial Close</td>
<td></td>
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<tr>
<td>2013</td>
<td>Q4</td>
<td>Development</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>Q1</td>
<td>Construction</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>Q2</td>
<td>Operations</td>
<td></td>
</tr>
<tr>
<td>2014</td>
<td>Q3</td>
<td>150 MW</td>
<td></td>
</tr>
<tr>
<td>2015</td>
<td>Q4</td>
<td>300 MW</td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>Q1</td>
<td></td>
<td></td>
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<tr>
<td>2016</td>
<td>Q2</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>Q3</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2016</td>
<td>Q4</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Corporate structure

AFRICAN ENERGY RESOURCES LTD
GUERNSEY REGISTERED
ASX/BSE LISTED

100%

AFRICAN ENERGY HOLDINGS SRL
BARBADOS REGISTERED

100%

AFRICAN ENERGY RESOURCES BOTSWANA (PTY) LTD
BOTSWANA REGISTERED
EXPLORATION ACTIVITIES
Licence Holder

AFRICAN ENERGY HOLDINGS NO 2 SRL
BARBADOS REGISTERED

100%

SESE POWER (PTY) LTD
BOTSWANA REGISTERED
POWER GENERATION

AFRICAN ENERGY HOLDINGS NO 3 SRL
BARBADOS REGISTERED

100%

SESE COAL (PTY) LTD
BOTSWANA REGISTERED
MINE OPERATIONS
INFRASTRUCTURE DEVELOPMENT
MARKETING
LOGISTICS
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

- 2.5 billion tonne indicated resource in attractive jurisdiction
- 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