Business to be driven by low-cost coal
Overview of AFR’s coal projects

1. Sese Integrated Power Projects (50-500Mt coal)
   • Multiple 300MW opportunities for domestic and export power

2. Sese Export Project (>2,000Mt)
   • Large export tonnages possible
   • Successful export trial via Maputo

3. Mmamantswe Project (1,300Mt)
   • 20km from South Africa, the largest regional market for power
• AFR and its IPP development partner will submit an Expression of Interest on 2\textsuperscript{nd} October for a 300MW power station and associated coal mine at Sese in Botswana
• A Joint Development Agreement is close to being finalised. Key terms incorporate:
  • Development partner to provide all equity required for the 300MW project, and will become the lead developer and operator of the power project
  • The financial returns to AFR at financial close and throughout the life of the project
  • Additional export power generation opportunities are being pursued for both Sese and Mmamantswe coal projects
  • Coal export options are also being assessed
## Capital Structure and management

### CAPITAL STRUCTURE:
- 429,577,474 Ordinary Fully Paid Shares
- $35.5M Market Capitalisation (26-Sep)
- $5.1M cash (end July 2013)
- $5.0M debt

### MAJOR SHAREHOLDERS:
- 17.3% Sentient
- 9.0% Management
- 4.0% Independent Asset Mgmt
- 4.0% Stacey Radford
- 3.7% Republic Investment
- 51% TOP 20

### BOARD MEMBERS:
- **Chairman (Exec):** Mr Alasdair Cooke
- **Managing Director:** Dr Frazer Tabeart
- **Executive Director:** Mr Bill Fry
- **Non-Exec Director:** Mr Philip Clark
- **Non-Exec Director:** Mr Valentine Chitalu
- **Non-Exec Director:** Mr Michael Curnow
- **Non-Exec Director:** Mr Ian Hume
- **Non-Exec Chairman (Botswana):** Mr Blackie Marole
Botswana: a safe place to invest
Sese deposit facts

Resource Summary (Raw coal on an air-dried basis)

<table>
<thead>
<tr>
<th>Resource Zone</th>
<th>Total Tonnes in situ*</th>
<th>CV (MJ/kg)</th>
<th>CV (kcal/kg)</th>
<th>Ash %</th>
<th>S %</th>
</tr>
</thead>
<tbody>
<tr>
<td>MEASURED (Block-B)</td>
<td>318 Mt</td>
<td>16.0</td>
<td>3,820</td>
<td>34.8</td>
<td>1.7</td>
</tr>
<tr>
<td>MEASURED (Block-C)</td>
<td>333 Mt</td>
<td>17.6</td>
<td>4,200</td>
<td>30.2</td>
<td>2.1</td>
</tr>
<tr>
<td>INDICATED</td>
<td>1,714 Mt</td>
<td>15.3</td>
<td>3,650</td>
<td>38.9</td>
<td>2.0</td>
</tr>
<tr>
<td>INFERRED</td>
<td>152 Mt</td>
<td>15.0</td>
<td>3,600</td>
<td>39.1</td>
<td>2.2</td>
</tr>
<tr>
<td>TOTAL</td>
<td>2,517 Mt</td>
<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

Block-B Resource by Seam (air-dried basis)

<table>
<thead>
<tr>
<th>Seam</th>
<th>In-Situ Tonnes</th>
<th>CV (MJ/kg)</th>
<th>Ash %</th>
<th>S %</th>
</tr>
</thead>
<tbody>
<tr>
<td>SS</td>
<td>178.5</td>
<td>18.8</td>
<td>26.4</td>
<td>1.8</td>
</tr>
<tr>
<td>SSU</td>
<td>33.8</td>
<td>13.7</td>
<td>41.9</td>
<td>1.9</td>
</tr>
<tr>
<td>SST</td>
<td>97.4</td>
<td>11.6</td>
<td>47.6</td>
<td>1.2</td>
</tr>
</tbody>
</table>

Block-C Resource by Seam (air-dried basis)

<table>
<thead>
<tr>
<th>Seam</th>
<th>In-Situ Tonnes</th>
<th>CV (MJ/kg)</th>
<th>Ash%</th>
<th>S %</th>
</tr>
</thead>
<tbody>
<tr>
<td>SS</td>
<td>281.6</td>
<td>18.3</td>
<td>28.1</td>
<td>2.2</td>
</tr>
<tr>
<td>SSU</td>
<td>17.2</td>
<td>14.9</td>
<td>38.9</td>
<td>1.8</td>
</tr>
<tr>
<td>SST</td>
<td>33.1</td>
<td>13.3</td>
<td>42.4</td>
<td>1.0</td>
</tr>
</tbody>
</table>
Four main markets for Botswana coal

1. Domestic power generation
   • AFR in a very strong position due to location and low generation cost

2. Power generation for export
   • Large regional demand in South Africa and to a lesser extent in Zambia, Namibia

3. Regional coal exports for power generation
   • To meet expected shortfalls in domestic coal availability in South Africa

4. Seaborne global coal market
   • Export via existing rail and port networks to Asian markets

Domestic power market

- Botswana 300MW greenfield tender underway
- Power station to be producing electricity as early as 2016
- Sese is one of only two greenfield projects in Botswana capable of delivering power by end 2016
- AFR close to finalising terms with a preferred development partner with international IPP experience
- Expression of Interest (EOI) to be submitted by 2nd October 2013

Source: Request for Expression of Interest (EOI) from potential Independent Power Producers for the development of a 300MW coal fired power station (greenfield) in Botswana. 
Ministry of Minerals Energy and Water Resources July 2013
Sese Integrated Power Project

- **Sese Integrated Power Project (SIPP)** comprises one or more 300MW CFB power stations plus 1.5Mtpa ‘captive’ coal mines in Block-C
- Enough coal for 8 x 300MW projects over 25 years from Block-C Measured
- Low-cost fuel supply due to low strip ratio mining and minimal processing requirements
- Local source of low-cost limestone discovered by AFR <10km from SIPP (sorbent used to reduce SO$_2$ emissions)
- Water allocation from nearby Shashe Dam approved, final negotiations for abstraction licence underway
- EIA well advanced
South African power market (export)

- Integrated Resource Plan (IRP) stipulates an additional 42,500 MW of generational capacity by 2030
- South Africa likely to seek 1,000 MW of new coal-fired IPP generation every year for the next 10 years
- AFR has submitted an RFRI proposal to supply an initial 300 MW
- Mmamantswe project ideally located for this market due to proximity to border and key transmission links
Mmamantswe project

- Mmamantswe is less than 20km from South Africa
- Indicated resource of 1,296Mt, including 895Mt probable reserve
- 8GL/annum water borefield identified and registered
- Environmental impact assessment approved for 10Mtpa coal and 1000MW power
- Ideal coal for 1000MW mine-mouth power station exporting power to South Africa
Export markets for energy coal

**CHINA:**
China’s thermal coal demand will double by 2030, even after accounting for shale-gas ramp-ups
- *Wood Mackenzie, June 2013*

**INDIA:**
India has now surpassed Japan as the second largest importer of thermal coal at a rate of 130Mtpa
- *Salva Report, May 2013*

**SOUTH AFRICA:**
Largest regional market for coal and power with looming shortages of both
South African coal market

- Eskom currently purchases 125Mtpa with forecast consumption to increase by an additional 40Mtpa by 2020
- Eskom currently has a shortfall in delivered coal from 2015 onwards
- Mines in the Witbank coalfield getting deeper thereby becoming more expensive
- Botswana can supply low-cost coal to SA on the existing rail network - AFR projects within 25kms of this rail network
Export to Asia; key infrastructure in place

- Need access to efficient rail/port solutions on the east coast of Africa
- Maputo is the best short and medium term port solution up to 20Mtpa, and could be expanded to >100Mtpa
- Successful 1600t trial export train in Nov 2012 – proof of concept
- Prefeasibility study has determined current and future rail capacity, and developed models for affordable capital program and operating costs
- About to commence negotiations on rail access regime and tariffs
Concluding remarks

- Multiple power projects have been proposed to the governments of Botswana and South Africa using AFR coal (Sese and Mmamantswe)

- African Energy is working with a major international IPP to bring these projects to a successful conclusion

- A successful outcome to one or more of these projects would deliver significant returns to the Company

- All necessary infrastructure for coal exports is in place
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