African Energy Resources Limited  
ARBN 123 316 781

NOTICE OF ANNUAL GENERAL MEETING  
AND  
EXPLANATORY STATEMENT

For the Annual General Meeting to be held on Friday, 29 November 2013  
at 3.00pm (Western Standard Time)  
at Level 1, 8 Colin Street, West Perth, 6005, Western Australia

This is an important document. Please read it carefully and in its entirety.  
If you do not understand it please consult your professional advisers.

Please complete the form of proxy enclosed  
and return it in accordance with the instructions set out on that form.
TIME AND PLACE OF ANNUAL GENERAL MEETING AND HOW TO VOTE

This Annual General Meeting of the Shareholders of African Energy Resources Limited will be held at:

Level 1  Commencing
8 Colin Street at 3.00 PM (Western Standard Time)
West Perth 6005 on Friday, 29 November 2013
Western Australia

And also via phone link with our registered office, Granite House, La Grande Rue, St Martin, Guernsey GY1 3RS which will commence at 7:00am (Greenwich Mean Time) on 29 November 2013.

The Directors have set a date to determine the identity of those entitled to attend, speak and vote at the Meeting. The date is 27 November 2013 at 3.00pm (Western Standard Time).

How you will be able to vote depends on if you are a Shareholder or a Chess Depositary Interest (CDI) holder. The majority of voters will be CDI holders. Both methods are listed below:

CHESS Depositary Interests

CDI Holders are invited to attend and speak at the Meeting but are not entitled to vote at the Meeting. In order to have votes cast at the Meeting on their behalf, CDI holders must complete, sign and return the Voting Instruction Form (as attached to this Notice of General Meeting) as per the information below so that CHESS Depositary Nominees Pty Ltd (CDN) can vote the underlying Shares on their behalf.

Shareholders

Ordinary Shareholders may vote by attending the Meeting in person, by proxy or by authorised representative. Shareholders of the Company, entitled to attend, speak and vote are entitled to appoint one or more proxies to attend, speak and vote at this Meeting. The completion and return of a valid form of proxy will not prevent holders of ordinary Shares from attending, speaking and voting in person at the Meeting if so desired. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder’s voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a Shareholder of the Company.

Voting in Person

To vote in person you need to attend the Meeting on the date and at the place (in Australia or Guernsey) set out above.

The phone link with our registered office, at Granite House, La Grande Rue, St Martin, Guernsey GY1 3RS will commence at 7:00am (Greenwich Mean Time) on Friday, 29 November 2013.

Attendance at Meeting

All holders of Shares appearing in the Company’s Register of Shareholders at 27 November 2013 at 3.00pm (Western Standard Time) will be entitled to attend and vote at the Meeting.
Proxy and Voting Instruction forms

To be effective, the proxy must be received by the Company no later than 3:00 PM (WST) on 27 November 2013. The following methods of delivery for proxies are specified:

Online: Visit www.linkmarketservices.com.au. Select ‘Investor Login’ and enter African Energy Resources Limited or the ASX code (‘AFR’) in the Issuer name field, your Securityholder Reference Number (‘SRN’) or Holder Identification Number (‘HIN’) (which is shown on the front of your proxy form), postcode and security code which is shown on the screen and click ‘Login’. Select the ‘Voting’ tab and then follow the prompts. You will be taken to have signed your Voting Instruction Form if you lodge it in accordance with the instructions given on the website, so that it is received not later than 3.00 PM on 27 November 2013 at (Western Standard Time).

By post: African Energy Resources Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

By facsimile: +61 2 9287 0309

By delivery: Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138

Your proxy form or voting instruction form is enclosed with this notice, depending on your holder status.
Notice is hereby given that the Annual General Meeting of the Shareholders of African Energy Resources Limited will be held at Level 1, 8 Colin Street, West Perth, Western Australia on Friday, 29 November 2013 at 3.00pm (Western Standard Time) and also via phone link at our registered office, Granite House, La Grande Rue, St Martin, Guernsey GY1 3RS at 7.00am (Guernsey time) on Friday, 29 November 2013, for the purpose of transacting the business set out below.

The Explanatory Statement is to be read in conjunction with this Notice.

AGENDA

GENERAL BUSINESS

Resolution 1 – Receipt of Financial Statements and Reports

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That the Company consider and receive the profit and loss account and the balance sheet of the Company for the financial year ended 30 June 2013 and the reports of the Directors and Auditors thereon."

Short Explanation: The Articles require that a profit and loss account, a balance sheet, a report of the Directors and a report of the Auditors be laid before the Company at its annual general meeting each year.

Resolution 2 – Re-election of Director – Gregory Fry

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That Gregory Fry, who retires by rotation in accordance with article 129 of the Articles of Association of the Company, and being eligible, offers himself for re-election, is hereby re-elected as a Director of the Company."

Short Explanation: Gregory Fry has been a Director of the Company since 22 August 2006. Gregory Fry is presented for re-election in accordance with the rotation requirements of the Articles.

Resolution 3 – Re-election of Director – Alasdair Cooke

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That Alasdair Cooke, who retires in accordance with article 129 of the Articles of Association of the Company, and being eligible, offers himself for re-election, is hereby re-elected as a Director of the Company."

Short Explanation: Alasdair Cooke has been a Director of the Company since 22 August 2006. Alasdair Cooke is presented for re-election in accordance with the rotation requirements of the Articles.

Resolution 4 – Re-election of Director – Vincent Ian Masterton-Hume

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

"That Vincent Ian Masterton-Hume, who was appointed during the year and retires in accordance with article 127 of the Articles of Association of the Company, and being eligible, offers himself for re-election, is hereby re-elected as a Director of the Company."

Short Explanation: Mr Masterton-Hume was appointed as Director of the Company during the year and is presented for election in accordance with the casual vacancy provisions of the Company’s Articles of Association.
Resolution 5 – Re-election of Director – Yan Zhao

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That Yan Zhao, who was appointed during the year and retires in accordance with article 127 of the Articles of Association of the Company, and being eligible, offers himself for re-election, is hereby re-elected as a Director of the Company.”

Short Explanation: Mr Zhao was appointed as an Alternate Director of the Company during the year and is presented for election in accordance with the casual vacancy provisions of the Company’s Articles of Association.

Resolution 6 – Ratification of Share Placement

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That for the purposes of Listing Rule 7.4 of the Listing Rules of the ASX Limited and for all other purposes, the Company approves and ratifies the issue of 32,708,334 fully paid ordinary shares in the capital of the Company on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”

Short Explanation: ASX Listing Rule 7.1 allows the Company to issue equity securities in any 12 month period representing up to 15% of its ordinary share capital on issue at the commencement of that period without shareholder approval. By obtaining ratification of shareholders under ASX Listing Rule 7.4 to the issue of the securities, the Company will obtain relevant approval for the purposes of ASX Listing Rule 7.1 and thereby refresh the Company’s capacity to make future issues of securities up to the 15% threshold. Please refer to the Explanatory Statement for details.

Voting exclusion: The Company will disregard any votes cast on this Resolution by a person who participated in the issue that is the subject of this Resolution and any associates of those persons. However, the Company will not disregard a vote cast on this Resolution if:

a) it is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form; or
b) it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

Resolution 7 – Insertion of Proportional Takeover Provisions

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a special resolution:

“That the Articles of the Company, in accordance with the Companies (Guernsey) Law 2008, be altered by inserting the Proportional Takeover provisions contained in Article 231 as set out in Annexure A to the Explanatory Statement.”

Short Explanation: The Directors have considered and approved the proposed amendments to the Company’s Articles and resolved to put the new Articles to the Shareholders for approval.

Resolution 8 – Approval of Issue of Shares to Director Under Employee Share Plan – Mr Alasdair Cooke

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Directors to issue up to 1,166,666 Shares to Mr Alasdair Cooke or his nominee pursuant to the Employee Share Plan in accordance with the terms and conditions of the Employee Share Plan.”

Short explanation: The ASX Listing Rules requires the Company to seek shareholder approval before a director may acquire securities under an employee incentive scheme.

Voting exclusion: The Company will disregard any votes cast on this resolution by a Director of the Company (except one who is ineligible to participate in the Employee Share Plan) and any of associate of those persons. However, the Company will not disregard a vote cast on this Resolution if:

a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
b) it is cast by the Chair of the Meeting as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.
Resolution 9 – Approval of Issue of Shares to Director Under Employee Share Plan – Dr Charles Tabeart

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Directors to issue up to 750,000 Shares to Dr Charles Tabeart or his nominee pursuant to the Employee Share Plan in accordance with the terms and conditions of the Employee Share Plan.”

Short explanation: The ASX Listing Rules require the Company to seek shareholder approval before a director may acquire securities under an employee incentive scheme.

Voting exclusion: The Company will disregard any votes cast on this resolution by a Director of the Company (except one who is ineligible to participate in the Employee Share Plan) and any associate of those persons. However, the Company will not disregard a vote cast on this Resolution if:

a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
b) it is cast by the Chair of the Meeting as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

Resolution 10 – Approval of Issue of Shares to Director Under Employee Share Plan – Mr Gregory Fry

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Directors to issue up to 416,667 Shares to Mr Gregory Fry or his nominee pursuant to the Employee Share Plan in accordance with the terms and conditions of the Employee Share Plan.”

Short explanation: The ASX Listing Rules require the Company to seek shareholder approval before a director may acquire securities under an employee incentive scheme.

Voting exclusion: The Company will disregard any votes cast on this resolution by a Director of the Company (except one who is ineligible to participate in the Employee Share Plan) and any associate of those persons. However, the Company will not disregard a vote cast on this Resolution if:

a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
b) it is cast by the Chair of the Meeting as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

Resolution 11 – Approval of Issue of Shares to Director Under Employee Share Plan – Mr Michael Curnow

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Directors to issue up to 416,667 Shares to Mr Michael Curnow or his nominee pursuant to the Employee Share Plan in accordance with the terms and conditions of the Employee Share Plan.”

Short explanation: The ASX Listing Rules require the Company to seek shareholder approval before a director may acquire securities under an employee incentive scheme.

Voting exclusion: The Company will disregard any votes cast on this resolution by a Director of the Company (except one who is ineligible to participate in the Employee Share Plan) and any associate of those persons. However, the Company will not disregard a vote cast on this Resolution if:

a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
b) it is cast by the Chair of the Meeting as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.
Resolution 12 – Approval of Issue of Shares to Director Under Employee Share Plan – Mr Valentine Chitalu
To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Directors to issue up to 416,667 Shares to Mr Valentine Chitalu or his nominee pursuant to the Employee Share Plan in accordance with the terms and conditions of the Employee Share Plan.”

Short explanation: The ASX Listing Rules requires the Company to seek shareholder approval before a director may acquire securities under an employee incentive scheme.

Voting exclusion: The Company will disregard any votes cast on this resolution by a Director of the Company (except one who is ineligible to participate in the African Energy Resources Employee Share Plan) and any associate of those persons. However, the Company will not disregard a vote cast on this Resolution if:

a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
b) it is cast by the Chair of the Meeting as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

Resolution 13 – Approval of Issue of Shares to Director Under Employee Share Plan – Mr Philip Clark
To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Directors to issue up to 416,667 Shares to Mr Philip Clark or his nominee pursuant to the Employee Share Plan in accordance with the terms and conditions of the Employee Share Plan.”

Short explanation: The ASX Listing Rules requires the Company to seek shareholder approval before a director may acquire securities under an employee incentive scheme.

Voting exclusion: The Company will disregard any votes cast on this resolution by a Director of the Company (except one who is ineligible to participate in the Employee Share Plan) and any associate of those persons. However, the Company will not disregard a vote cast on this Resolution if:

a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
b) it is cast by the Chair of the Meeting as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

Resolution 14 – Approval of Issue of Shares to Director Under Employee Share Plan – Mr Vincent Ian Masterton-Hume
To consider and, if thought fit, to pass, with or without amendment, the following resolution as an ordinary resolution:

“That, for the purposes of ASX Listing Rule 10.14 and for all other purposes, approval is given for the Directors to issue up to 416,667 Shares to Mr Vincent Ian Masterton-Hume or his nominee pursuant to the Employee Share Plan in accordance with the terms and conditions of the Employee Share Plan.”

Short explanation: The ASX Listing Rules requires the Company to seek shareholder approval before a director may acquire securities under an employee incentive scheme.

Voting exclusion: The Company will disregard any votes cast on this resolution by a Director of the Company (except one who is ineligible to participate in the Employee Share Plan) and any associate of those persons. However, the Company will not disregard a vote cast on this Resolution if:

a) it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
b) it is cast by the Chair of the Meeting as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form to vote as the proxy decides.

BY ORDER OF THE BOARD

Daniel Davis
Company Secretary
Dated: 28 October 2013
This Explanatory Statement is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the Notice.

The Directors recommend that Shareholders read this Explanatory Statement in full before making any decision in relation to the Resolutions.

1. RESOLUTION 1 – RECEIPT OF FINANCIAL STATEMENTS AND REPORTS

The Company's 2013 Annual Report contains the financial statements of the Company for the financial year ended 30 June 2013. It also contains a report by the Directors and the Company's auditors.

Pursuant to article 83 of the Articles, the ordinary business of an Annual General Meeting of the Company is to receive and consider the profit and loss account and the balance sheet of the Company and the reports of the Directors and the auditors. Article 206 requires a balance sheet and profit and loss to be laid before the Company at its Annual General Meeting each year together with a report by the Directors and a report by the Company's auditors.

The Directors recommend that Shareholders vote in favour of Resolution 1.

2. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – GREGORY FRY

Mr Fry was appointed a director of the Company on 22 August 2006.

Pursuant to article 129 of the Articles, Mr Fry, being a Director of the Company, retires by way of rotation and, being eligible, offers himself for re-election as a Director of the Company.

Details of the qualifications and experience of Mr Fry are set out in the 2013 Annual Report for the Company.

3. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – ALASDAIR COOKE

Mr Cooke was appointed a director of the Company on 22 August 2006.

Pursuant to article 129 of the Articles, Mr Cooke, being a Director of the Company, retires by way of rotation and, being eligible, offers himself for re-election as a Director of the Company.

Details of the qualifications and experience of Mr Cooke are set out in the 2013 Annual Report for the Company.

4. RESOLUTION 4 – RE-ELECTION OF DIRECTOR – VINCENT IAN MASTERTON-HUME

Mr Masterton-Hume was appointed a director of the Company on 18 September 2013.

Pursuant to article 127 of the Articles, Mr Masterton-Hume was appointed as a Director of the Company until the next annual general meeting and, being eligible, offers himself for re-election as a Director of the Company.

Details of the qualifications and experience of Mr Masterton-Hume are set out in the 2013 Annual Report for the Company.

5. RESOLUTION 5 – RE-ELECTION OF DIRECTOR – YAN ZHAO

Mr Zhao was appointed a director of the Company on 18 September 2013 as an alternate to Mr Masterton-Hume.

Pursuant to article 127 of the Articles, Mr Zhao was appointed as a Director of the Company until the next annual general meeting and, being eligible, offers himself for re-election as a Director of the Company.

Details of the qualifications and experience of Mr Zhao are set out in the 2013 Annual Report for the Company.

6. RESOLUTION 6 – RATIFICATION OF SHARE PLACEMENT

Background

On 29 April 2013, the Company announced it had executed a binding share subscription deed with Sentient Executive GP IV ("Sentient") to subscribe for up to AUD$8.5M of Shares in the Company at AUD 12c per Share. The subscription comprised a first tranche of $5M and a second tranche of $3.5M. The first tranche of Shares was issued to Sentient on 30 April 2013. Shareholders ratified the issue of these Shares at the general meeting held on 27 May 2013.
The second tranche of Shares (29,167,667 Shares at 12c each) was issued to Sentient on 12 July 2013 raising $3.5M.

On completion of the second tranche subscription, the Company issued a further 3,541,667 Shares to Sentient for nil consideration. These Shares were issued by way of a placement fee under the share subscription deed.

The Company issued the second tranche Shares and the placement fee Shares (32,708,334 in total) within its 15% capacity under Listing Rule 7.1. The Company now seeks Shareholder approval to ratify these issues under Listing Rule 7.4 and refresh the 15% capacity.

Information for Shareholders

For the purposes of ASX Listing Rule 7.5, the following information is provided to Shareholders:

a) The number of securities issued is 32,708,334 Shares.
b) The second tranche Shares (29,166,667) were issued at an issue price of 12 cents each. The placement fee Shares (3,541,667) were issued for nil consideration.
c) The Shares are fully paid ordinary shares in the Company and rank equally with the Company’s current issued Shares.
d) The Shares were issued to Sentient. Sentient is not a related party of the Company.
e) The Company will utilise the funds raised from the issue of the second tranche Shares ($3.5M) to advance feasibility studies at the Sese Coal and Power Project in Botswana. No funds were raised by the issue of the placement fee Shares.

7. RESOLUTION 7 – PROPORTIONAL TAKEOVER BIDS

At the 2009 annual general meeting, shareholders approved the insertion of proportional takeover approval provisions in the Company’s Articles (article 231). These provisions protected Shareholders’ interests in the event of a proportional takeover bid being made for the Company. A “proportional takeover bid” is a takeover bid for the Company under which the bidder offers to acquire a fixed percentage of each Shareholder’s Shares, rather than his entire Shareholding. Article 231 ceased to have effect on 24 November 2012. The Company seeks Shareholder approval by special resolution to re-insert Article 231 into the Articles in the form set out in Annexure A.

The proposed Article 231 inserts provisions which would require the Directors, if a proportional takeover bid is made for the Company, to convene a general meeting of Shareholders to vote on a resolution to approve the bid. Neither the bidder nor any Shareholder associated with the bidder would be eligible to vote on that resolution. The resolution would be proposed as an ordinary resolution and, if the resolution is not passed, any transfer of Shares in the Company pursuant to an acceptance of the bid would be prohibited. In other words the bid would lapse.

The Directors consider that the Shareholders should have the opportunity to decide whether a proportional takeover bid for the Company should proceed. If the necessary resolution is passed and the bid proceeds, individual Shareholders can then make their own decision as to whether to accept the bid. Without Article 231, a proportional takeover bid for the Company may enable effective control of the Company to be acquired without Shareholders having the opportunity to dispose of all of their Shares to the bidder. Accordingly Shareholders could be at risk of passing control to the bidder without payment of an adequate or any control premium for all of their Shares while leaving themselves as part of a minority interest in the Company. The proposed Article deals with this possibility by providing that if a proportional takeover bid is made for Shares in the Company, Shareholders must vote on whether or not a proportional takeover bid should be permitted to proceed.

As at the date of preparation of this Explanatory Statement, no Director is aware of a proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

Potential advantages and disadvantages for the Directors and Shareholders of the Company

The re-insertion of Article 231 will enable the Directors to formally ascertain the views of Shareholders in respect of a proportional takeover bid. Without such provisions, the Directors are dependent upon their perception of the interests and views of Shareholders. Other than this advantage, the Directors consider that the inclusion of these provisions has no potential advantages or potential disadvantages for them as they remain free to make a recommendation on whether a proportional takeover offer should be accepted.
The Directors consider that including the proportional takeover approval provisions will benefit all Shareholders in that they will have an opportunity to consider a proportional takeover bid and then attend or be represented by proxy at a meeting of Shareholders called specifically to vote on the proposal. Accordingly, Shareholders will be able to prevent a proportional takeover bid proceeding if there is sufficient support for the proposition that control of the Company should not be permitted to pass under the proportional takeover bid. The provisions may also help Shareholders avoid being locked in as a minority with one majority Shareholder. In addition, increasing the bargaining power of Shareholders may ensure that any partial offer is adequately priced. Furthermore, knowing the view of Shareholders assists each individual Shareholder in assessing the likely outcome of the proportional takeover bid and whether to accept or reject that bid.

As to the possible disadvantages, it may be argued that renewing approving the proportional takeover provisions will make a proportional takeover bid more difficult and will therefore discourage proportional takeover bids. The chance of a proportional takeover bid being successful may be reduced. In turn, this may reduce the opportunities which Shareholders may have to sell all or some of their Shares at a premium to persons seeking control of the Company. Such a provision may also be considered an additional restriction on the ability of individual Shareholders to deal freely in their Shares.

On balance, the Directors consider that the possible advantages outweigh the possible disadvantages such that the inclusion of the proportional takeover approval provisions is in the interests of Shareholders.

The Directors unanimously recommend that Shareholders vote in favour of Resolution 7. Each Director intends to vote all the Shares controlled by him or her in favour of the Resolution. If this resolution is approved, Article 231 will be re-inserted into the Articles and will take effect from the date of the Meeting.

8. RESOLUTIONS 8, 9, 10, 11, 12, 13 and 14 – APPROVAL OF SHARES TO DIRECTORS UNDER EMPLOYEE SHARE PLAN

Background

ASX Listing Rule 10.11 requires Shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX’S opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

An exception to ASX Listing Rule 10.11 is set out in ASX Listing Rule 10.12 (exception 4) which provides that ASX Listing Rule 10.11 does not apply to issues made with the approval of shareholders under ASX Listing Rule 10.14.

ASX Listing Rule 10.14 provides that an entity must only allow Directors or their associates to acquire securities under an employee incentive plan with the approval of Shareholders and provided the Notice of Meeting complies with ASX Listing Rules 10.15 or 10.15A.

The Board proposes to invite each of the Directors to apply for Plan Shares in lieu of payment of cash remuneration that will accrue to each of the Directors over the 12 months from 1 January 2014 to 31 December 2014. The invitations will be made on a quarterly basis for services that have been provided to the Company during the previous quarter (payment in arrears for each of the first three quarters and payment in mid-November 2014 for the quarter from October to December). The Employee Share Plan can be therefore be used to reduce the cash costs of the Company by allowing the Directors to take a portion of their remuneration in equity. As a consequence, a greater proportion of the Company’s cash reserves can therefore be allocated to advancing the Company’s projects.

Resolutions 8 to 14 seek Shareholder approval for the issue of up to a total of 4,000,001 Shares to the Directors under Employee Share Plan as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Annual salary (AUD)</th>
<th>Percentage Salary paid in Shares</th>
<th>Salary paid in Shares (AUD)</th>
<th>Shares Issued Mar-14</th>
<th>Shares Issued Jun-14</th>
<th>Shares Issued Sep-14</th>
<th>Shares Issued Dec-14</th>
<th>Total Shares Issued</th>
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<tbody>
<tr>
<td>Alasdair Cooke</td>
<td>100,000</td>
<td>100%</td>
<td>100,000</td>
<td>208,333</td>
<td>208,333</td>
<td>208,333</td>
<td>208,334</td>
<td>1,166,666</td>
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<tr>
<td>Charles Tabeart</td>
<td>400,000</td>
<td>22.5%</td>
<td>90,000</td>
<td>187,500</td>
<td>187,500</td>
<td>187,500</td>
<td>187,500</td>
<td>750,000</td>
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<tr>
<td>Gregory Fry</td>
<td>200,000</td>
<td>25%</td>
<td>50,000</td>
<td>104,167</td>
<td>104,167</td>
<td>104,167</td>
<td>104,166</td>
<td>416,667</td>
</tr>
<tr>
<td>Michael Curnow</td>
<td>50,000</td>
<td>100%</td>
<td>50,000</td>
<td>104,167</td>
<td>104,167</td>
<td>104,167</td>
<td>104,166</td>
<td>416,667</td>
</tr>
<tr>
<td>Valentine Chitalu</td>
<td>50,000</td>
<td>100%</td>
<td>50,000</td>
<td>104,167</td>
<td>104,167</td>
<td>104,167</td>
<td>104,166</td>
<td>416,667</td>
</tr>
<tr>
<td>Philip Clark</td>
<td>50,000</td>
<td>100%</td>
<td>50,000</td>
<td>104,167</td>
<td>104,167</td>
<td>104,167</td>
<td>104,166</td>
<td>416,667</td>
</tr>
<tr>
<td>Vincent Ian Masterton-Hume</td>
<td>50,000</td>
<td>100%</td>
<td>50,000</td>
<td>104,167</td>
<td>104,167</td>
<td>104,167</td>
<td>104,166</td>
<td>416,667</td>
</tr>
</tbody>
</table>
The number of Plan Shares to be issued will be equal to the amount of directors’ fees that have accrued and are owing to each respective Director at that time. The deemed issue price for the Plan Shares has been fixed at $0.12.

**Information required under ASX Listing Rule 10.15**

For the purposes of ASX Listing Rules 10.15, the following information is provided to Shareholders:

a) The Shares will be granted to Mr Cooke, the Executive Chairman of the Company, Dr Tabeart, the Managing Director of the Company, Mr Fry, an Executive Director of the Company, and Non-Executive Directors of the Company, Messrs Curnow, Masterton-Hume, Chitalu and Clark, or their nominees.

b) The maximum number of Shares that may be acquired by the Directors is 4,000,001 as set out in the table above. The formula for calculating the number of Shares in based on the amount of accrued but unpaid directors fees at a deemed issue price of $0.12.

c) The Shares will be issued to Messrs Cooke, Tabeart, Fry, Curnow, Masterton-Hume, Chitalu and Clark (or their respective nominees) on a quarterly basis no later than 12 months after the date of this Annual General Meeting.

d) The Shares will be issued in lieu of cash remuneration that the Directors are entitled to be paid and, accordingly, no funds will be raised. The Plan Shares will be issued at a deemed price of $0.12.

e) Shareholder approval to issue Shares to the Directors under the Employee Share Plan was last given at the general meeting held on 20 December 2012. Since that date, the Company has issued the following Shares to the Directors under the Plan:

<table>
<thead>
<tr>
<th>Name of Director</th>
<th>Number of Shares received</th>
<th>Acquisition price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alasdair Cooke</td>
<td>702,379</td>
<td>Nil</td>
</tr>
<tr>
<td>Charles Tabeart</td>
<td>482,142</td>
<td>Nil</td>
</tr>
<tr>
<td>Gregory Fry</td>
<td>267,858</td>
<td>Nil</td>
</tr>
<tr>
<td>Michael Curnow</td>
<td>267,858</td>
<td>Nil</td>
</tr>
<tr>
<td>Valentine Chitalu</td>
<td>267,858</td>
<td>Nil</td>
</tr>
<tr>
<td>Philip Clark</td>
<td>267,858</td>
<td>Nil</td>
</tr>
</tbody>
</table>

f) All Directors and their nominees are entitled to participate in the Employee Share Plan. As at the date of this Notice, the Directors are Messrs Cooke, Tabeart, Fry, Curnow, Masterton-Hume, Chitalu, Clark and Zhao.

g) There are no loans provided to the Directors in relation to the acquisition of Shares under the Employee Share Plan.

h) The Shares will be issued on the same terms as the fully paid ordinary shares of the Company and will rank equally with all of the Company’s existing shares. The Company will apply for quotation on ASX for any Shares issued under the Employee Share Plan.
In this Explanatory Statement, the following expressions have the following meanings:

"Annual General Meeting" means this Meeting.

"Articles" means the Articles of Association of the Company as amended from time to time.

"ASX" means the ASX Limited, ABN 98 008 624 691.

"ASX Listing Rules" or "Listing Rules" means the listing rules of the ASX.

"Board" means the Board of Directors of the Company.


"Directors" means the Directors of the Company from time to time.

"Employee Share Plan" means the African Energy Resources Limited Employee Share Plan adopted by the Board on 7 December 2012.

"Explanatory Statement" means this explanatory statement. "Meeting" means the meeting convened by this Notice.

"Notice" or "Notice of Meeting" means the notice of meeting that accompanies this Explanatory Statement.

"Resolution" means a resolution contained in the Notice.

"Share" means a fully paid ordinary Share in the capital of the Company.

"Shareholder" means a registered holder of a Share in the Company.

"Western Standard Time" means Western Standard Time, Perth, Western Australia.
231. PROPORIONAL TAKEOVER BIDS

(a) In this Article:

(i) proportional takeover bid or bid means a proportional takeover bid as defined in section 9 of the Corporations Act;

(ii) relevant day in relation to a proportional takeover bid means the day that is the fourteenth day before the end of the period during which the offers under the bid remain open; and

(iii) a reference to a person associated with another person has the meaning given to that expression by Division 2 of Part 1.2 of the Corporations Act.

(b) Where offers have been made under a proportional takeover bid in respect of Shares included in a class of Shares in the Company:

(i) other than where a transfer is effected in accordance with the takeover provisions (if any) under the ASX Settlement and Transfer Corporation Pty Ltd Settlement Rules, the registration of a transfer giving effect to a contract resulting from the acceptance of one of those offers is prohibited unless and until a resolution (in this Article referred to as an approving resolution) to approve the proportional takeover bid is passed in accordance with this Article;

(ii) a person (other than the bidder or a person associated with the bidder) who, as at the end of the day on which the first offer under the bid was made, held Shares in that class is entitled to vote on an approving resolution and, for the purpose of so voting, is entitled to one vote for each of the Shares;

(iii) an approving resolution must be voted on at a meeting, convened and conducted by the Company, of the persons entitled to vote on the resolution; and

(iv) an approving resolution that has been voted on is taken to have been passed if the proportion that the number of votes in favour of the resolution bears to the total number of votes on the resolution is greater than one-half, and otherwise is taken to have been rejected.

(c) The provisions of the Articles that apply in relation to a general meeting of the Company apply with any modifications the circumstances require, in relation to a meeting that is convened pursuant to the Article as if the last-mentioned meeting were a general meeting of the Company.

(d) Where offers have been made under a proportional takeover bid, then the Directors must ensure that a resolution to approve the bid is voted on in accordance with this Article before the relevant day in relation to the bid.

(e) Where a resolution to approve a proportional takeover bid is voted on in accordance with this Article, the Company must, on or before the relevant day in relation to the bid:

(i) gives to the bidder; and

(ii) serve on the ASX,

a notice in writing stating that a resolution to approve the bid has been voted on and that the resolution has been passed, or has been rejected, as the case requires.

(f) Where, at the end of the day before the relevant day in relation to a proportional takeover bid, no resolution to approve the bid has been voted on in accordance with this Article a resolution to approve the bid must, for the purposes of the Article, be treated as having been passed in accordance with this Article.

(g) Where a resolution to approve a proportional takeover bid is voted on in accordance with this Article before the relevant day in relation to the bid and is rejected, then:

(i) all offers under the bid that have not, as at the end of the relevant day, been accepted, and all offers under the bid that have been accepted and from whose acceptance binding contracts have not, at the end of the relevant day, resulted, must be treated as withdrawn at the end of the relevant day; and

(ii) a person who has accepted an offer made under the bid is entitled to rescind the contract (if any) resulting from that acceptance.
Nothing in this Article authorises the Company to interfere with any takeover transfer procedures contained in the ASX Settlement and Transfer Corporation Pty Ltd Settlement Rules.

This Article ceases to have effect on the third anniversary of the date of its adoption or of its most recent renewal.
Voting instructions will only be valid and accepted by CDN if they are signed and received no later than 48 hours before the meeting.

Please read the voting instructions overleaf before marking any boxes with an X.

**VOTING INSTRUCTION FORM**

**STEP 1**

DIRECTION TO CHESS DEPOSITORY NOMINEES PTY LTD

I/We being a holder of CHESS Depository Interests (CDI) of African Energy Resources Limited (the Company) hereby direct CHESS Depository Nominees Pty Ltd (CDN) to vote the shares underlying my/our CDI holding at the Annual General Meeting of the Company to be held at 3:00pm (WST) on Friday, 29 November 2013 at Level 1, 8 Colin Street, West Perth, 6005, Western Australia and at any adjournment of that meeting, in the manner set out below.

Voting instructions will only be valid and accepted by CDN if they are signed and received no later than 48 hours before the meeting. Please read the voting instructions overleaf before marking any boxes with an X.

**STEP 2**

VOTING INSTRUCTIONS

<table>
<thead>
<tr>
<th>Resolution</th>
<th>For</th>
<th>Against</th>
<th>Abstain</th>
<th>For</th>
<th>Against</th>
<th>Abstain</th>
</tr>
</thead>
<tbody>
<tr>
<td>Resolution 1</td>
<td></td>
<td></td>
<td></td>
<td>Resolution 8</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Receipt of Financial Statements and Reports</td>
<td></td>
<td></td>
<td></td>
<td>Approval of Issue of Shares to Director Under Employee Share Plan - Mr Alasdair Cooke</td>
<td></td>
<td></td>
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<tr>
<td>Resolution 2</td>
<td></td>
<td></td>
<td></td>
<td>Resolution 9</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Re-election of Director - Gregory Fry</td>
<td></td>
<td></td>
<td></td>
<td>Approval of Issue of Shares to Director Under Employee Share Plan - Dr Charles Tabeart</td>
<td></td>
<td></td>
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<tr>
<td>Resolution 3</td>
<td></td>
<td></td>
<td></td>
<td>Resolution 10</td>
<td></td>
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<tr>
<td>Re-election of Director - Alasdair Cooke</td>
<td></td>
<td></td>
<td></td>
<td>Approval of Issue of Shares to Director Under Employee Share Plan - Mr Gregory Fry</td>
<td></td>
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<tr>
<td>Resolution 4</td>
<td></td>
<td></td>
<td></td>
<td>Resolution 11</td>
<td></td>
<td></td>
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<tr>
<td>Re-election of Director - Vincent Ian Masterton-Hume</td>
<td></td>
<td></td>
<td></td>
<td>Approval of Issue of Shares to Director Under Employee Share Plan - Mr Michael Curnow</td>
<td></td>
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<tr>
<td>Resolution 5</td>
<td></td>
<td></td>
<td></td>
<td>Resolution 12</td>
<td></td>
<td></td>
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<tr>
<td>Re-election of Director - Yan Zhao</td>
<td></td>
<td></td>
<td></td>
<td>Approval of Issue of Shares to Director Under Employee Share Plan - Mr Valentine Chitalu</td>
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<td></td>
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<tr>
<td>Resolution 6</td>
<td></td>
<td></td>
<td></td>
<td>Resolution 13</td>
<td></td>
<td></td>
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<tr>
<td>Ratification of Share Placement</td>
<td></td>
<td></td>
<td></td>
<td>Approval of Issue of Shares to Director Under Employee Share Plan - Mr Philip Clark</td>
<td></td>
<td></td>
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<tr>
<td>Resolution 7</td>
<td></td>
<td></td>
<td></td>
<td>Resolution 14</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Insertion of Proportional Takeover Provisions</td>
<td></td>
<td></td>
<td></td>
<td>Approval of Issue of Shares to Director Under Employee Share Plan - Mr Vincent Ian Masterton-Hume</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

If you do not mark either the “FOR”, “AGAINST” and “ABSTAIN” box your vote will be cast in favour of the Resolution(s).

**STEP 3**

SIGNATURE OF CDI HOLDERS - THIS MUST BE COMPLETED

<table>
<thead>
<tr>
<th>CDI Holder 1 (Individual)</th>
<th>CDI Holder 2 (Individual)</th>
<th>CDI Holder 3 (Individual)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Sole Director and Sole Company Secretary | Director/Company Secretary (Delete one) | Director

This form should be signed by the CDI Holder in accordance with the instructions overleaf.
HOW TO COMPLETE THIS VOTING INSTRUCTION FORM

Your Name and Address
This is your name and address as it appears on the company’s CDI register. If this information is incorrect, please make the correction on the form. CDI Holders sponsored by a broker should advise their broker of any changes. Please note: you cannot change ownership of your CDI’s using this form.

Direction to CHESS Depository Nominees Pty Ltd
Each CHESS Depository Interest (CDI) is evidence of an indirect ownership in a Common Share. The underlying Common Shares are registered in the name of CHESS Depository Nominees Pty Ltd (CDN). As holders of CDI’s are not the legal owners of the Common Shares, CDN is entitled to vote at meetings of shareholders on the instruction of the registered holder of the CDI’s. For voting purposes each CDI is equivalent to one Common Share.

Signing Instructions
You must sign this form as follows in the spaces provided:
Individual: where the holding is in one name, the holder must sign.
Joint Holding: where the holding is in more than one name, either CDI Holder may sign.
Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.
Companies: where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

Lodgement of a Voting Instruction Form
This Voting Instruction Form (and any Power of Attorney under which it is signed) must be received at an address given below by 3:00pm (WST) on Wednesday, 27 November 2013, being not later than 48 hours before the commencement of the meeting. Any Voting Instruction Form received after that time will be invalid.

Voting Instruction Forms may be lodged using the reply paid envelope or:

ONLINE www.linkmarketservices.com.au
Login to the Link website using the holding details as shown on the proxy form. Select ‘Voting’ and follow the prompts to lodge your vote. To use the online lodgement facility, CDI Holders will need their “Holder Identifier” (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the proxy form).

by mail:
African Energy Resources Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235
Australia

by fax:
+61 2 9287 0309

by hand:
delivering it to Link Market Services Limited, 1A Homebush Bay Drive, Rhodes NSW 2138.