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 Thursday 27 November 2014
at 11.30am (Western Standard Time)
at Suite 1, 245 Churchill Avenue, Subiaco, 6008, 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:

Suite 1, 245 Churchill Avenue  Commencing
Subiaco 6008  at 11.30am (Western Standard Time)
Western Australia  on Thursday, 27 November 2014

And also via phone link with our registered office, Granite House, La Grande Rue, St Martin, Guernsey GY1 3RS which will commence at 3:30am (Greenwich Mean Time) on 27 November 2014.

The Directors have set a date to determine the identity of those entitled to attend, speak and vote at the Meeting. The date is 25 November 2014 at 11.30am (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 3:30am (Greenwich Mean Time) on 27 November 2014.

Attendance at Meeting

All holders of Shares appearing in the Company's Register of Shareholders at 25 November 2014 at 11:30am WST 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 11:30am WST on 25 November 2014. 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 11:30am WST on 25 November 2014.

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 Suite 1, 245 Churchill Avenue, Subiaco, 6008, Western Australia on Thursday, 27 November 2014 at 11:30am WST and also via phone link at our registered office, Granite House, La Grande Rue, St Martin, Guernsey GY1 3RS at 3.30am (Guerney time) on Thursday, 27 November 2014, 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 2014 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 – Philip Clark

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

"That Philip Clark, who retires by rotation in accordance with article 122 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: Philip Clark has been a Director of the Company since 5 April 2011. Philip Clark is presented for re-election in accordance with the rotation requirements of the Articles.

Resolution 3 – Re-election of Director – Charles Tabeart

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

"That Charles Tabeart, who retires in accordance with article 122 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: Dr Tabeart has been a Director of the Company since 1 November 2007. Dr Tabeart is presented for re-election in accordance with the rotation requirements of the Articles.

Resolution 4 – Re-election of Director – Wayne Trumble

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

"That Wayne Trumble, who was appointed during the year and retires in accordance with article 120 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 Trumble was appointed as Director of the Company during the year and is presented for election in accordance with the casual vacancy provisions of the Articles.

Resolution 5 – 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 ASX Listing Rule 7.4 and for all other purposes, the Company approves and ratifies the issue of 69,000,000 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 6 – Approval of Issue of Options to First Quantum Minerals Limited

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 7.1 and for all other purposes, approval is given for the Company to issue 13,800,000 Options to First Quantum Minerals Limited or its nominee on the terms and conditions set out in the Explanatory Memorandum accompanying this Notice.”

Short Explanation: Under ASX Listing Rule 7.1, the Company may not issue or agree to issue equity securities in any 12 month period representing more than 15% of its ordinary share capital on issue at the commencement of that period without shareholder approval.

Voting exclusion: The Company will disregard any votes cast on this Resolution by a person who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if this Resolution is passed, 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 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.

Recommendation by Directors: The Directors support the grant of the Options to First Quantum Minerals and unanimously recommend that Shareholders vote in favour of this resolution. The Directors have indicated they will vote their individual holdings in favour of the resolution.

Resolution 7 – 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 1,984,848 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 8 – 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 1,636,363 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 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 – 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 909,091 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 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 10 – 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 909,091 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 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 11 – 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 909,091 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 12 – 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 1,013,258 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.

Resolution 13 – Approval of Issue of Shares to Director Under Employee Share Plan – Mr Wayne Trumble

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 909,091 Shares to Mr Wayne Trumble 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 to grant Performance Rights to 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 Company to grant up to 600,000 performance rights under an employee performance rights share plan to Alasdair Cooke or his nominee on the terms set out in the Explanatory Statement accompanying this Notice."
Short Explanation: The ASX Listing Rules requires the Company to seek shareholder approval before a director may acquire securities under an employee incentive scheme.

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 Performance Rights 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 15 – Approval to grant Performance Rights to 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 Company to grant up to 600,000 performance rights under an employee performance rights share plan to Charles Tabeart or his nominee on the terms set out in the Explanatory Statement accompanying this Notice."

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

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 Performance Rights 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 16 – Approval to grant Performance Rights to 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 Company to grant up to 600,000 performance rights under an employee performance rights share plan to Gregory Fry or his nominee on the terms set out in the Explanatory Statement accompanying this Notice."

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

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 Performance Rights 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 17 – Approval to grant Performance Rights to 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 Company to grant up to 466,667 performance rights under an employee performance rights share plan to Valentine Chitalu or his nominee on the terms set out in the Explanatory Statement accompanying this Notice."

Short Explanation: The ASX Listing Rules requires the Company to seek shareholder approval before a director may acquire securities under an employee incentive scheme.
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 Performance Rights 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 18 – Approval to grant Performance Rights to 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 Company to grant up to 200,000 performance rights under an employee performance rights share plan to Philip Clark or his nominee on the terms set out in the Explanatory Statement accompanying this Notice."

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

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 Performance Rights 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 19 – Approval to grant Performance Rights to 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 Company to grant up to 100,000 performance rights under an employee performance rights share plan to Vincent Ian Masterton-Hume or his nominee on the terms set out in the Explanatory Statement accompanying this Notice."

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

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 Performance Rights 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 20 – Approval to grant Performance Rights to Wayne Trumble

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 Company to grant up to 1,100,000 performance rights under an employee performance rights share plan to Wayne Trumble or his nominee on the terms set out in the Explanatory Statement accompanying this Notice."

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

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 Performance Rights 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: 29 October 2014
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 2014 Annual Report contains the financial statements of the Company for the financial year ended 30 June 2014. 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 – PHILIP CLARK

Mr Clark was appointed a director of the Company on 5 April 2011 and last re-elected on 17 November 2011.

Pursuant to article 122 of the Articles, Mr Clark, being a Director of the Company, retires by rotation and, being eligible, offers himself for re-election as a Director of the Company.

Details of the qualifications and experience of Mr Clark are set out in the 2014 Annual Report for the Company.

3. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – CHARLES TABEART

Dr Tabeart was appointed a director of the Company on 1 November 2007 and last re-elected on 17 November 2011.

Pursuant to article 122 of the Articles, Dr Tabeart, 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 Dr Tabeart are set out in the 2014 Annual Report for the Company.

4. RESOLUTION 4 – RE-ELECTION OF DIRECTOR – WAYNE TRUMBLE

The Board appointed Mr Trumble as a director of the Company on 5 April 2014.

Pursuant to article 120 of the Articles, Mr Trumble 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 Trumble are set out in the 2014 Annual Report for the Company.

5. RESOLUTION 5 – RATIFICATION OF SHARE PLACEMENT

Background

On 23 October 2014, the Company issued 69,000,000 Shares at 5.5 cents each to raise $3,795,000 using the Company's 15% placement capacity pursuant to ASX Listing Rule 7.1. Resolution 5 seeks to ratify this private placement of securities.

The Company issued 69,000,000 Shares under the placement within its 15% capacity under Listing Rule 7.1. The Company now seeks Shareholder approval to ratify this issue under ASX Listing Rule 7.4 and refresh the 15% capacity.

ASX Listing Rules 7.1 and 7.4

ASX Listing Rule 7.1 provides, subject to certain exceptions, without shareholder approval, a listed company must not issue equity securities where the number of equity securities proposed to be issued represents more than 15% of the company’s shares then on issue.
ASX Listing Rule 7.4 provides that an issue of securities made without the approval under Listing Rule 7.1 is treated as having been made with approval if the issue of securities did not breach Listing Rule 7.1 (that is, the issue was within the Company’s 15% capacity) and Shareholders subsequently approve it.

Information required under ASX Listing Rule 7.5

ASX Listing Rule 7.5 provides that for shareholders to approve an issue subsequently, the notice of meeting must include particular information. This information is as follows:

a) The number of securities issued is 69,000,000 Shares.
b) The Shares were issued at an issue price of 5.5 cents each.
c) The Shares are fully paid ordinary shares in the Company and rank equally with the Company's current issued Shares.
d) The allottee of the Shares was First Quantum Minerals Limited, a Canadian, UK and Zambia listed diversified mining and metals company. It is not a related party of the Company.
e) The Company will utilise the funds raised from the issue of Shares together with funds to be raised from a rights issue announced on 20 October 2014 to repay the Macquarie Bank loan facility, pay a deferred vendor payment for Mmamabula West prospecting licence and for general working capital.

6. RESOLUTION 6 –APPROVAL OF ISSUE OF OPTIONS TO FIRST QUANTUM MINERALS LIMITED

Background

On 23 October 2014, First Quantum Minerals Limited subscribed for 69,000,000 Shares at 5.5 cents each to raise $3,795,000 (see Resolution 5). The Company agreed to issue 13,800,000 Options (10 cent exercise price and expiry date of 27 November 2017) to First Quantum Minerals Limited as part of this placement. The Company seeks approval to the issue of these Options under ASX Listing Rule 7.1.

ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides, subject to certain exceptions, without shareholder approval, a listed company must not issue equity securities where the number of equity securities proposed to be issued represents more than 15% of the company's shares then on issue.

One circumstance where an issue is not taken into account in the calculation of this 15% threshold is where the issue has the prior approval of shareholders in a general meeting. The Company is seeking approval under Listing Rule 7.1 to issue 13,800,000 Options to First Quantum Minerals Limited or its nominee.

Information required under ASX Listing Rule 7.3

ASX Listing Rule 7.3 sets out the matters which must be included in the notice of meeting convened to seek shareholder approval under ASX Listing Rule 7.1. For the purposes of ASX Listing Rule 7.3, the following information is provided to shareholders:

a) The maximum number of securities to be issued by the Company is 13,800,000 Options.
b) The Options will be issued for nil consideration.
c) The Options have an exercise price of 10 cents and an expiry date of 27 November 2017 and will be issued on the terms set out in Annexure A.
d) It is intended that the Options will be allotted on one date shortly following shareholder approval and in any event no later than 3 months after the date of the Meeting.
e) The Options will be issued to First Quantum Minerals Limited or its nominee. It is not a related party of the Company.
f) No funds will be raised from the issue of the Options.
Recommendation by Directors: The Directors support the grant of the Options to First Quantum Minerals and unanimously recommend that Shareholders vote in favour of resolution 6. The Directors have indicated they will vote their individual holdings in favour of the resolution.

7. RESOLUTIONS 7, 8, 9, 10, 11,12 and 13 – 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 adopted the African Energy Resources Limited Employee Share Plan on 7 December 2012 (“Share Plan”). The Board proposes to invite each of the Directors to apply for Shares under the Share Plan in lieu of payment of cash remuneration that will accrue to each of the Directors over the 12 months from 1 January 2015 to 31 December 2015. 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 2015 for the quarter from October to December). The 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 7 to 13 seek Shareholder approval for the issue of up to a total of 8,270,835 Shares to the Directors under the Share Plan as follows:

<table>
<thead>
<tr>
<th>Director</th>
<th>Annual Salary (AUD)</th>
<th>Percentage Salary Paid in Shares</th>
<th>Salary Paid in Shares (AUD)</th>
<th>Shares Issued Mar-15</th>
<th>Shares Issued Jun-15</th>
<th>Shares Issued Sep-15</th>
<th>Shares Issued Dec-15</th>
<th>In lieu of prior year remuneration</th>
<th>Total Shares Issued</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alasdair Cooke</td>
<td>100,000</td>
<td>100%</td>
<td>100,000</td>
<td>454,545</td>
<td>454,545</td>
<td>454,545</td>
<td>454,545</td>
<td>166,667</td>
<td>1,984,849</td>
</tr>
<tr>
<td>Charles Tabeart</td>
<td>400,000</td>
<td>22.5%</td>
<td>90,000</td>
<td>409,091</td>
<td>409,091</td>
<td>409,091</td>
<td>409,091</td>
<td>-</td>
<td>1,636,364</td>
</tr>
<tr>
<td>Gregory Fry</td>
<td>200,000</td>
<td>25%</td>
<td>50,000</td>
<td>227,273</td>
<td>227,273</td>
<td>227,273</td>
<td>227,272</td>
<td>-</td>
<td>909,091</td>
</tr>
<tr>
<td>Valentine Chitalu</td>
<td>50,000</td>
<td>100%</td>
<td>50,000</td>
<td>227,273</td>
<td>227,273</td>
<td>227,273</td>
<td>227,272</td>
<td>-</td>
<td>909,091</td>
</tr>
<tr>
<td>Philip Clark</td>
<td>50,000</td>
<td>100%</td>
<td>50,000</td>
<td>227,273</td>
<td>227,273</td>
<td>227,273</td>
<td>227,272</td>
<td>-</td>
<td>909,091</td>
</tr>
<tr>
<td>Vincent Ian Masterton-Hume</td>
<td>50,000</td>
<td>100%</td>
<td>50,000</td>
<td>227,273</td>
<td>227,273</td>
<td>227,273</td>
<td>227,272</td>
<td>104,167</td>
<td>1,013,257</td>
</tr>
<tr>
<td>Wayne Trumble</td>
<td>50,000</td>
<td>100%</td>
<td>50,000</td>
<td>227,273</td>
<td>227,273</td>
<td>227,273</td>
<td>227,272</td>
<td>-</td>
<td>909,091</td>
</tr>
</tbody>
</table>

The number of Share 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 $0.055. The Directors consider this reasonable as it is the same price as a placement to First Quantum Minerals on 23 October 2014 (Resolution 5) and the same price as a rights issue to be undertaken and which was announced on 20 October 2014.

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 Masterton-Hume, Chitalu, Clark and Trumble or their nominees.
b) The maximum number of Shares that may be acquired by the Directors is 8,270,835 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 $0.055.

c) The Shares will be issued to Messrs Cooke, Tabeart, Fry, Chitalu, Clark, Masterton-Hume and Trumble (or their respective nominees) on a quarterly basis no later than 12 months after the date of this 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 $0.055.

e) Shareholder approval to issue Shares to the Directors under the Share Plan was last given at the 2013 annual general meeting held on 29 November 2013. Since that date, the Company has issued the following Shares to the following persons (all being Directors) under the Share 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>970,237</td>
<td>Nil</td>
</tr>
<tr>
<td>Charles Tabeart</td>
<td>723,214</td>
<td>Nil</td>
</tr>
<tr>
<td>Gregory Fry</td>
<td>401,787</td>
<td>Nil</td>
</tr>
<tr>
<td>Michael Curnow (former director)</td>
<td>297,620</td>
<td>Nil</td>
</tr>
<tr>
<td>Valentine Chitalu</td>
<td>401,787</td>
<td>Nil</td>
</tr>
<tr>
<td>Philip Clark</td>
<td>401,787</td>
<td>Nil</td>
</tr>
<tr>
<td>Vincent Ian Masterton-Hume</td>
<td>416,668</td>
<td>Nil</td>
</tr>
</tbody>
</table>

f) All Directors and their nominees are entitled to participate in the Share Plan. As at the date of this Notice, the Directors are Messrs Cooke, Tabeart, Fry, Chitalu, Clark, Masterton-Hume and Trumble and Mr Zhao who is an alternate director.

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

8. RESOLUTIONS 14, 15, 16, 17, 18, 19 AND 20 – GRANT OF PERFORMANCE RIGHTS TO DIRECTORS UNDER PERFORMANCE RIGHTS PLAN

Background

Resolutions 14 to 20 seek Shareholder approval for the grant of a total of 3,766,667 Performance Rights to the Directors as follows:

<table>
<thead>
<tr>
<th>Director</th>
<th>Number of Performance Rights</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alasdair Cooke</td>
<td>600,000</td>
</tr>
<tr>
<td>Charles Tabeart</td>
<td>600,000</td>
</tr>
<tr>
<td>Gregory Fry</td>
<td>600,000</td>
</tr>
<tr>
<td>Valentine Chitalu</td>
<td>466,667</td>
</tr>
<tr>
<td>Philip Clark</td>
<td>200,000</td>
</tr>
<tr>
<td>Vincent Ian Masterton-Hume</td>
<td>200,000</td>
</tr>
<tr>
<td>Wayne Trumble</td>
<td>1,100,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>3,766,667</strong></td>
</tr>
</tbody>
</table>
The Performance Rights will be granted pursuant to the Employee Performance Rights Share Plan, which was approved by shareholders on 3 September 2012 ("Performance Rights Plan").

**Background of Performance Rights Plan**

The Board adopted the Performance Rights Plan to enable the Company to issue Performance Rights to employees and Directors.

The Performance Rights Plan was developed by the Board to provide an opportunity to employees to participate in the Company's future growth and provide an incentive to contribute to that growth. The Performance Rights Plan is further designed to assist in retaining employees.

Performance Rights were chosen as they allow the Company to incentivise employees and Directors of the Company without creating onerous up-front taxation obligations on them for a security (Share) they may not receive.

Information as to ASX Listing Rules 10.11 and 10.14 is set out in section 7 of this Explanatory Statement.

The Company seeks approval under ASX Listing Rule 10.14 to grant the Performance Rights to the Directors under the Performance Rights Plan.

**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 Performance Rights 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 Mr Chitalu, Mr Clark, Mr Masterton-Hume and Mr Trumble, all Non-Executive Directors of the Company, or their nominees.

b) The maximum number of Performance Rights that may be granted to the Directors is 3,766,667 as set out in the table above. The general terms of the Performance Rights are set out in Annexure B. The performance/vesting hurdles imposed on the Performance Rights are set out in Annexure C.

c) The Performance Rights will be granted to Messrs Cooke, Tabeart, Fry, Chitalu, Clark, Masterton-Hume and Trumble (or their respective nominees) no later than 12 months after the date of this Meeting.

d) No monetary consideration is payable for the grant of the Performance Rights and any resultant Shares.

e) Shareholder approval to grant Performance Rights to the Directors under the Performance Rights Plan was last given at the shareholder meeting held on 3 September 2012. Since that date, the Company has issued the following Performance Rights to the following persons (all being Directors) under the Performance Rights Plan:

<table>
<thead>
<tr>
<th>Name of Director</th>
<th>Number of Performance Rights received</th>
<th>Acquisition price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alasdair Cooke</td>
<td>1,000,000</td>
<td>Nil</td>
</tr>
<tr>
<td>Charles Tabeart</td>
<td>3,000,000</td>
<td>Nil</td>
</tr>
<tr>
<td>Gregory Fry</td>
<td>2,000,000</td>
<td>Nil</td>
</tr>
<tr>
<td>Michael Curnow (former director)</td>
<td>100,000</td>
<td>Nil</td>
</tr>
<tr>
<td>Valentine Chitalu</td>
<td>100,000</td>
<td>Nil</td>
</tr>
<tr>
<td>Philip Clark</td>
<td>200,000</td>
<td>Nil</td>
</tr>
</tbody>
</table>

f) All Directors and their nominees are entitled to participate in the Performance Rights Plan.

g) No loans will be provided to the Directors in relation to the acquisition of Performance Rights under the Performance Rights Plan.

**Other information**
As a foreign company, the Company is not subject to the related party provisions of the Australian Corporations Act. However, the Company provides the following additional information to Shareholders, which is similar to the style of information that Shareholders would receive if these provisions applied.

**The Party to Whom the Proposed Resolution Would Permit the Financial Benefit to be given**

The parties are Mr Alasdair Cooke or his nominee (by Resolution 14), Dr Charles Tabeart or his nominee (by Resolution 15), Mr Gregory Fry or his nominee (by Resolution 16), Mr Chitalu or his nominee (by Resolution 17), Mr Clark or his nominee (by Resolution 18) Mr Masterton-Hume or his nominee (by Resolution 19) and Mr Trumble or his nominee (by Resolution 20).

**The Nature of the Financial Benefit**

The proposed financial benefit to be given is up to 600,000 Performance Rights to Mr Cooke (or his nominee), up to 600,000 Performance Rights to Dr Tabeart (or his nominee), up to 600,000 Performance Rights to Mr Fry (or his nominee), up to 466,667 Performance Rights to Mr Chitalu (or his nominee), up to 200,000 Performance Rights to Mr Clark (or his nominee), up to 200,000 Performance Rights to Mr Masterton-Hume (or his nominee) and up to 1,100,000 Performance Rights to Mr Trumble (or his nominee).

The terms of the Performance Rights proposed to be given are set out in Annexure B. The performance hurdles that must be satisfied before the Performance Rights vest are set out in Annexure C.

**The Performance Rights will be granted within 12 months of the Meeting.**

**Directors’ Recommendation and Basis for the Financial Benefit**

The Board currently consists of Mr Alasdair Cooke (Executive Chairman), Dr Charles Tabeart (Managing Director), Mr Gregory Fry (Executive Director), Mr Valentine Chitalu (Non-executive Director), Mr Philip Clark (Non-executive Director), Mr Ian Masterton-Hume (Non-executive Director) and Mr Wayne Trumble (Non-executive Director)

By Resolutions 14 to 20, Performance Rights are proposed to be issued to the seven Directors of the Company. In each case the number of Performance Rights to be granted to the respective Director and the terms of the Performance Rights were negotiated by the Directors independent of that particular Director (being all the other Directors).

The purpose of the Performance Rights is to give each of Messrs Cooke, Tabeart, Fry, Chitalu, Clark, Masterton-Hume and Trumble incentive to provide dedicated ongoing commitment and effort to the Company and further align their interests with that of the Company and its Shareholders.

The independent Directors in each case consider the particular number and terms of the Performance Rights to be granted to each of Messrs Cooke, Tabeart, Fry, Chitalu, Clark, Masterton-Hume and Trumble constitute an appropriate number to adequately incentivise each of them in light of their skill, experience and reputation and when considered together with their other remuneration as Directors (as detailed below). The independent Directors in each case thereby recommend that Shareholders vote in favour of the Resolutions.

Mr Cooke abstains from making a recommendation to Shareholders as to Resolution 14 as he has a material personal interest in the outcome of Resolution 14 being the recipient of the Performance Rights.

Dr Tabeart abstains from making a recommendation to Shareholders as to Resolution 15 as he has a material personal interest in the outcome of Resolution 15 being the recipient of the Performance Rights.

Mr Fry abstains from making a recommendation to Shareholders as to Resolution 16 as he has a material personal interest in the outcome of Resolution 16 being the recipient of the Performance Rights.

Mr Chitalu abstains from making a recommendation to Shareholders as to Resolution 17 as he has a material personal interest in the outcome of Resolution 17 being the recipient of the Performance Rights.

Mr Clark abstains from making a recommendation to Shareholders as to Resolution 18 as he has a material personal interest in the outcome of Resolution 18 being the recipient of the Performance Rights.

Mr Masterton-Hume abstains from making a recommendation to Shareholders as to Resolution 19 as he has a material personal interest in the outcome of Resolution 19 being the recipient of the Performance Rights.

Mr Trumble abstains from making a recommendation to Shareholders as to Resolution 20 as he has a material personal interest in the outcome of Resolution 20 being the recipient of the Performance Rights.
Dilution

The passing of Resolutions 14 to 20 will have the effect of granting Messrs Cooke, Tabeart, Fry, Chitalu, Clark, Masterton-Hume and Trumble (or their nominees) up to 3,766,667 Performance Rights on the terms and conditions set out in Annexures B and C.

If any Performance Rights granted as proposed above are vested, the effect would be to dilute the shareholding of existing Shareholders.

If all of the 3,766,667 Performance Rights that may be granted under Resolutions 14 to 20 are vested, the effect would be to dilute the shareholding of existing Shareholders by approximately 0.69% based on the current number of Shares of 546,593,019 (undiluted).

**Total Remuneration Package of Messrs Cooke, Tabeart, Fry, Chitalu, Clark, Masterton-Hume and Trumble**

The total remuneration received package paid to Dr Tabeart is $400,000 per annum.

The total remuneration received package paid to Mr Cooke is $100,000 per annum.

The total remuneration received package paid to Mr Fry is $200,000 per annum.

The total remuneration received package paid to Mr Chitalu is $50,000 per annum.

The total remuneration received package paid to Mr Clark is $50,000 per annum.

The total remuneration received package paid to Mr Masterton-Hume is $50,000 per annum.

The total remuneration received package paid to Mr Trumble is $50,000 per annum.

**Existing Relevant Interest**

<table>
<thead>
<tr>
<th>Director</th>
<th>Number of Shares</th>
<th>Number of Performance Rights¹</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mr Alasdair Cooke</td>
<td>43,721,572</td>
<td>333,333</td>
</tr>
<tr>
<td>Dr Charles Tabeart</td>
<td>4,552,269</td>
<td>1,666,666</td>
</tr>
<tr>
<td>Mr Gregory Fry</td>
<td>5,775,669</td>
<td>1,000,000</td>
</tr>
<tr>
<td>Mr Valentine Chitalu</td>
<td>1,265,818</td>
<td>33,333</td>
</tr>
<tr>
<td>Mr Philip Clark</td>
<td>1,112,052</td>
<td>100,000</td>
</tr>
<tr>
<td>Mr Vincent Masterton-Hume</td>
<td>1,868,734</td>
<td>-</td>
</tr>
<tr>
<td>Mr Wayne Trumble</td>
<td>-</td>
<td>-</td>
</tr>
</tbody>
</table>

There are various performance hurdles associated with the existing Performance Rights as set out in the 2014 Full Year Statutory Accounts of the Company. None of these Performance Rights have vested.

**Trading History**

The following table gives details of the highest, lowest and the latest closing price of the Company's Shares trading on the ASX over the last 12 months.
Valuation of Performance Rights

The Directors have assessed that the value of each Performance Right by reference to the Share price. That is, the value of 1 Performance Right is equal to the value of 1 Share. No discount has been allowed to account for the possibility that the Performance Rights will not vest.

The most recent closing price of the Company's Shares prior to the date of this Notice was 8.0 cents on 28 October 2014. The highest and lowest prices in the last 12 months is set out above.

<table>
<thead>
<tr>
<th>Date</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Highest Price</td>
<td>5 November 2013</td>
</tr>
<tr>
<td>Lowest Price</td>
<td>7 October 2014</td>
</tr>
<tr>
<td>Latest Price</td>
<td>28 October 2014</td>
</tr>
</tbody>
</table>
In this Explanatory Statement, the following expressions have the following meanings:

"Annual General Meeting" or "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.

"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.

"Option" means an option to subscribe for a Share.

"Performance Right" means a right to acquire a Share under the Performance Rights Plan.

"Performance Rights Plan" means the Employee Performance Rights Share Plan approved by Shareholders on 3 September 2012.

"Resolution" means a resolution contained in the Notice.

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

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

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

"Western Standard Time" means Western Standard Time, Perth, Western Australia.
ANNEXURE A
TERMS OF OPTIONS (Resolution 6)

1. No consideration is payable by the Option holder for the issue of the Options.

2. Each Option entitles the Option holder to one Share in the Company subject to these terms.

3. The exercise price of the Options is AUD $0.10 (10 cents) per Option.

4. The expiry date of the Options is 27 November 2017 (Expiry Date).

5. The Optionholder may exercise the Options at any time (including on multiple occasions, if it so determines) before 5.00pm (Perth time) on the Expiry Date.

6. The Options will vest immediately upon issue.

7. In order to Exercise, the Optionholder must deliver to the registered office of the Company in Australia a notice in writing stating the Optionholder’s intention to exercise all or a specified number of Options (“Notice of Exercise”).

8. Any Notice of Exercise must incorporate an undertaking by the Option holder to promptly remit, to an account nominated by the Company, payment in the amount of that part of the aggregate exercise price for those Options that are to be exercised.

9. The Optionholder may at its discretion exercise only some of the Options and may do so in any multiple it chooses. If it does so, this will not affect any of the Optionholder’s rights relating to the balance of the Options held by the Optionholder. The Company must issue to the Optionholder a replacement holding statement for the balance of any unexercised Options, and must provide this to the Option holder by no later than the date falling 3 Business Days after the date of the relevant Exercise.

10. Following any exercise and subject to receipt in cleared funds of the exercise price, the Company must:

   a. within the time period required by the Listing Rules, issue to the Optionholder (or its nominee) the resultant Shares (free of Encumbrances) that are the subject of that exercise;

   b. procure delivery to the Optionholder of a holding statement for the resultant Shares by 5pm (Perth time) 2 business days after the issue of the Shares; and

   c. apply to ASX for quotation of the Shares by no later than the earlier of:

      i. 5pm (Perth time) 3 business days after the date of Exercise; and

      ii. the time required by the Listing Rules.

11. All Shares issued upon the exercise of the Options will rank pari passu in all respects with the Company’s then issued Shares.

12. In the event of any reconstruction (including consolidation, subdivisions, reduction or return) of the authorised or issued capital of the Company, all rights of the Option holder shall be reconstructed (as appropriate) in accordance with the Listing Rules.

13. There are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new issues of capital that may be offered to shareholders during the currency of the Options. However, the Optionholder is entitled to participate in the issue of new Shares, or any other class of securities offered to shareholders of the Company, to the extent that the Optionholder has exercised and been issued the resultant Shares at any time before either the record date for the purposes of determining entitlements to any such issue (Record Date). The Company must give the Option holder, in accordance with the Listing Rules notice of any new issue of securities prior to the Record Date for any such offer of securities.
14. If the Company offers Shares by way of a pro-rata issue (except a Bonus Issue) to shareholders, the exercise Price of an Option that is not exercised prior to the Record Date will be reduced in accordance with the formula set out in Listing Rule 6.22.2.

15. If there is a Bonus Issue to the holders of Shares then the number of Shares over which each Option that is not Exercised prior to the Record Date is exercisable will be increased by the number of Shares that the Optionholder would have received under the Bonus Issue if the Option had been exercised before the Record Date for the Bonus Issue.
ANNEXURE B

MATERIAL TERMS OF PERFORMANCE RIGHTS

Following is a summary of the material terms of the Performance Rights:

1. The Performance Rights are non-transferable, except with the prior written approval of the Board.

2. The rights under Performance Rights are personal and contractual. A Performance Right does not confer any legal or interest in a Share nor any entitlement to attend or vote at meetings of the Company, to dividends, participation in new issues of securities or entitlement to participate in any return of capital.

3. Unless otherwise determined by the Board, Performance Rights vest at the end of the specified performance period provided that:
   a. The specified performance hurdles have been satisfied; and
   b. The issue of Shares on vesting of Performance Rights does not contravene the Corporations Act, the ASX Listing Rules or any Company policy applicable to dealing in Shares by the holder.

4. Despite paragraph 3, Performance Rights will vest if there is a “Change of Control Event” or, in the Board’s discretion, in the event of the death or permanent disablement of the holder. “Change of Control Event” means a person or a group of associated persons becoming entitled to sufficient Shares to give that person or persons the ability to, in general meeting, to replace all or a majority of the Board.

5. Upon vesting, one (1) Share will be issued for every one (1) Performance Right. The Shares will rank equally in all respects with the existing Shares. The Company must apply for official quotation by ASX of all Shares allotted pursuant to the vesting of Performance Rights.

6. If, in the reasonable opinion of the Board, a holder of a Performance Right acts fraudulently or dishonestly in any material respect or is in material breach of his or her obligations to the Company or related body corporate, then, the Board may deem unvested Performance Rights to lapse.

7. The Performance Rights lapse upon the Eligible Employee ceasing to be employed or on the failure to satisfy any performance hurdles within the required time following the issue of the Performance Rights.

8. If the Company makes a bonus issue of Shares, then the holder of the Performance Right upon vesting will be entitled to have issued to it the increased number of Shares that it would have received if the Performance Right had vested and the holder acquired Shares in respect of the Performance Right before the record date for the bonus issue.

9. In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the vesting date, the number of Performance Rights will be reconstructed in a manner consistent with the ASX Listing Rules.

10. A Performance Right must not be granted and will not vest, and the Shares must not be issued on vesting of the Performance Right if to do so would breach any law, the Corporations Act or the Listing Rules.
**ANNEXURE C**

**PERFORMANCE HURDLES UPON PERFORMANCE RIGHTS GRANTED TO DIRECTORS**
(Resolutions 14 to 20)

Performance Hurdles

<table>
<thead>
<tr>
<th>Director's Name</th>
<th>service until 1 July 2015&lt;sup&gt;1&lt;/sup&gt;</th>
<th>execution of PPA&lt;sup&gt;2&lt;/sup&gt;</th>
<th>execution of PPA with Zesco&lt;sup&gt;3&lt;/sup&gt;</th>
<th>Financial close&lt;sup&gt;4&lt;/sup&gt;</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Alasdair Cooke</td>
<td>600,000</td>
<td></td>
<td></td>
<td></td>
<td>600,000</td>
</tr>
<tr>
<td>Charles Tabeart</td>
<td>600,000</td>
<td></td>
<td></td>
<td></td>
<td>600,000</td>
</tr>
<tr>
<td>Gregory Fry</td>
<td>600,000</td>
<td></td>
<td></td>
<td></td>
<td>600,000</td>
</tr>
<tr>
<td>Valentine Chitalu</td>
<td>66,667</td>
<td>300,000</td>
<td></td>
<td>100,000</td>
<td>466,667</td>
</tr>
<tr>
<td>Philip Clark</td>
<td>100,000</td>
<td></td>
<td></td>
<td>100,000</td>
<td>200,000</td>
</tr>
<tr>
<td>Vincent Masterton-Hume</td>
<td>100,000</td>
<td></td>
<td></td>
<td>100,000</td>
<td>200,000</td>
</tr>
<tr>
<td>Wayne Trumble</td>
<td>100,000</td>
<td>500,000</td>
<td></td>
<td>500,000</td>
<td>1,100,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>366,667</strong></td>
<td><strong>500,000</strong></td>
<td><strong>300,000</strong></td>
<td><strong>2,600,000</strong></td>
<td><strong>3,766,667</strong></td>
</tr>
</tbody>
</table>

1. Continuous service with the Company until 1 July 2015.
2. The formal execution by the Company of a Power Purchase Agreement for the full output of the 300MW Integrated Power project (may include Botswana Greenfields project, Zesco or other project).
3. The formal execution of a Power Purchase Agreement for the full output of the 300MW Integrated Power project between the Company and Zesco.
4. Upon financial close of a 300MW power station whereby all conditions are satisfied by all parties and all agreements are executed.
# Voting Instructions

**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 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 11:30am (WST) on Thursday, 27 November 2014 at Suite 1, 245 Churchill Avenue, Subiaco, Western Australia (the Meeting) 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>Resolutions</th>
<th>For</th>
<th>Against</th>
<th>Abstain*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 Receipt of Financial Statements and Reports</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>2 Re-election of Director - Philip Clark</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>3 Re-election of Director - Charles Tabeart</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>4 Re-election of Director - Wayne Trumble</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>5 Ratification of Share Placement to First Quantum Minerals</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>6 Approval of First Quantum Minerals Options Issue</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>7 Approval of Issue of Shares to Director Under Employee Share Plan - Mr Alasdair Cooke</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>8 Approval of Issue of Shares to Director Under Employee Share Plan - Dr Charles Tabeart</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>9 Approval of Issue of Shares to Director Under Employee Share Plan - Mr Gregory Fry</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>10 Approval of Issue of Shares to Director Under Employee Share Plan - Mr Valentine Chitalu</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>11 Approval of Issue of Shares to Director Under Employee Share Plan - Mr Philip Clark</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>12 Approval of Issue of Shares to Director Under Employee Share Plan - Mr Vincent Ian Masterton-Hume</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>13 Approval of Issue of Shares to Director Under Employee Share Plan - Mr Wayne Trumble</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>14 Approval to grant Performance Rights - Mr Alasdair Cooke</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>15 Approval to grant Performance Rights - Dr Charles Tabeart</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>16 Approval to grant Performance Rights - Mr Gregory Fry</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>17 Approval to grant Performance Rights - Mr Valentine Chitalu</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>18 Approval to grant Performance Rights - Mr Philip Clark</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>19 Approval to grant Performance Rights - Mr Vincent Ian Masterton-Hume</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
<tr>
<td>20 Approval to grant Performance Rights - Mr Wayne Trumble</td>
<td>☐</td>
<td>☐</td>
<td>☐</td>
</tr>
</tbody>
</table>

*AFR PRX402*

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

Sole Director and Sole Company Secretary

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 11:30am (WST) on Tuesday, 25 November 2014, 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.