14 March 2012

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

Via electronic lodgement

Dear Sir/Madam,

Investor Presentation – March 2012

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

It is being presented at the Proactive Investors One2One Forum in Sydney today and at Mines and Money Hong Kong next week.

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

For and on behalf of the board

African Energy Resources Limited

ASX : AFR
BSE : AFR

Issued Capital
326,576,735

Directors:

Alasdair Cooke
Executive Chairman

Frazer Tabeart
Managing Director

Bill Fry
Executive Director

Mike Curnow
Non-Executive Director

Valentine Chitalu
Non-Executive Director

Phil Clark
Non-Executive Director

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Sese Coal and Power:
Project development summary

AFRICAN ENERGY

Investor presentation, March 2012

Disclaimer

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This presentation includes certain "Forward- Looking Statements". The words "forecast", "estimate", "like", "anticipate", "project", "opinion", "should", "could", "may", "target" and other similar expressions are intended to indentify forward looking statements. All statements, other than statements of historical fact, included herein, including without limitation, statements regarding forecast cash flows and potential mineralisation, resources and reserves, exploration results, future expansion plans and development objectives of African Energy Resources Limited are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements.

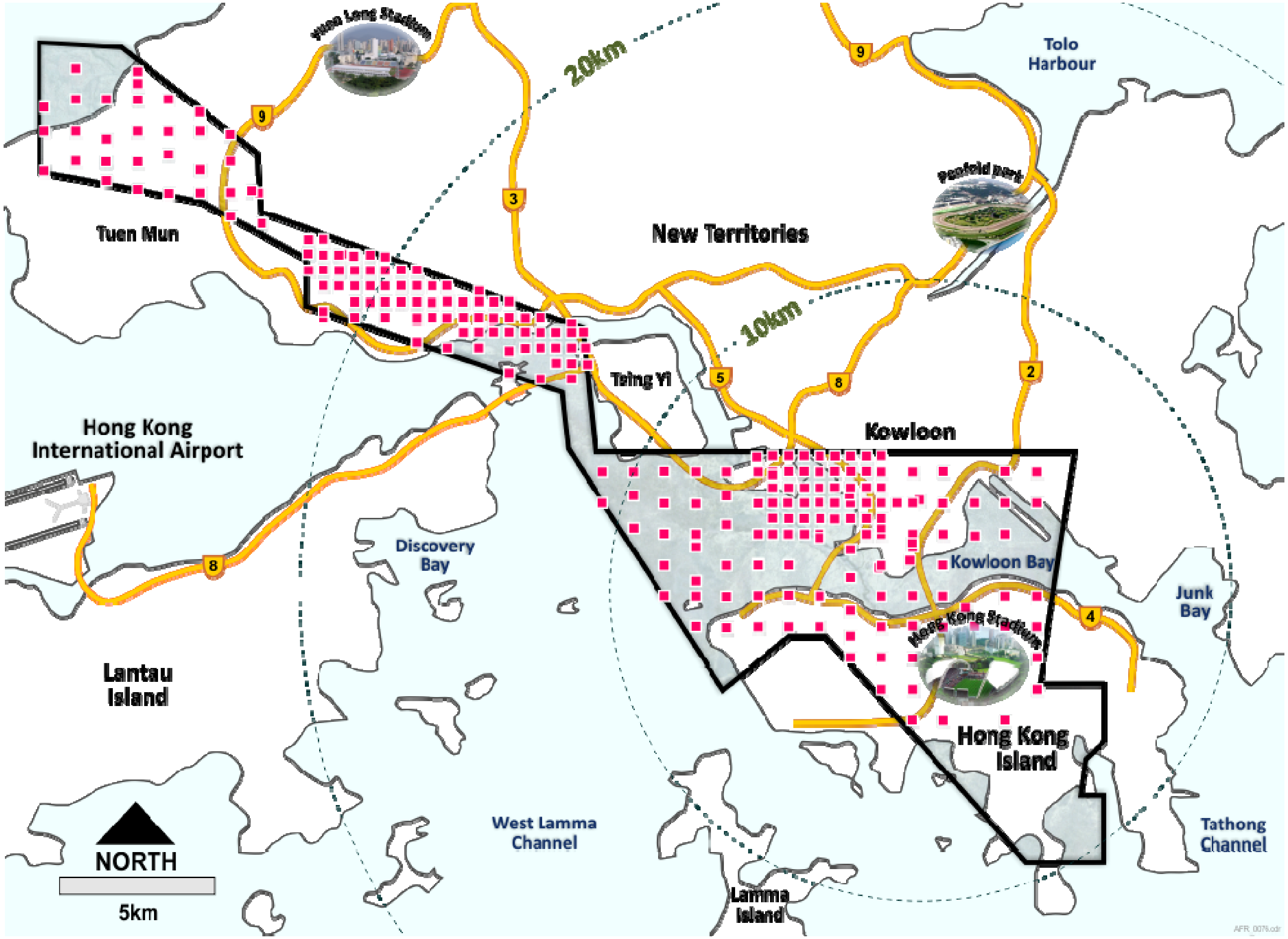
The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the 'JORC Code') sets out minimum standards, recommendations and guidelines for Public Reporting in Australasia of Exploration Results, Mineral Resources and Ore Reserves. The information contained in this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

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

18m coal seam already exposed at Sese

Sese bulk sample ramp. 15m of overburden above an 18m coal seam. Photograph depicts the upper 9m of the coal seam only.

Thick seam over large area (>100km²)



Executive summary

Summary:

- Coal mine and power station project in Botswana
- Low sovereign and commercial risk
- Development team for mine and power project
- Aligned to markets and infrastructure

Sese Project:

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

Development Plan:

- Bankable feasibility study and EIA underway for mine
- Power off-take discussions in progress
- 15,000t bulk sample for marketing/test-work
- Stage 1: 1-2Mtpa coal production from mid-2013
- Stage 2: ramp-up to 4-5Mtpa in 2015 with feed to IPP
- Stages 3 & 4: >20-30Mtpa via expanded exports

Capital structure and corporate overview

Capital Structure

Shares on Issue (ASX, BSE)	326M
Options	26.4M
Price range (52 weeks)	A$0.22-A$0.91
Market Cap (12th Mar)	A$108M
Cash (31st Dec)	A$10M

Major Shareholders

Management	9.8%
Mr Stacey Radford	5.3%
Independent Asset Mgmt	4.0%
Mr David Metford	3.8%
Geiger Counter Ltd (CQS)	2.0%
Republic	1.2%
Top 20	48.1%

Board and Management

Executive Directors

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

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

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

Non-executive Directors

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

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

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

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

Senior Management

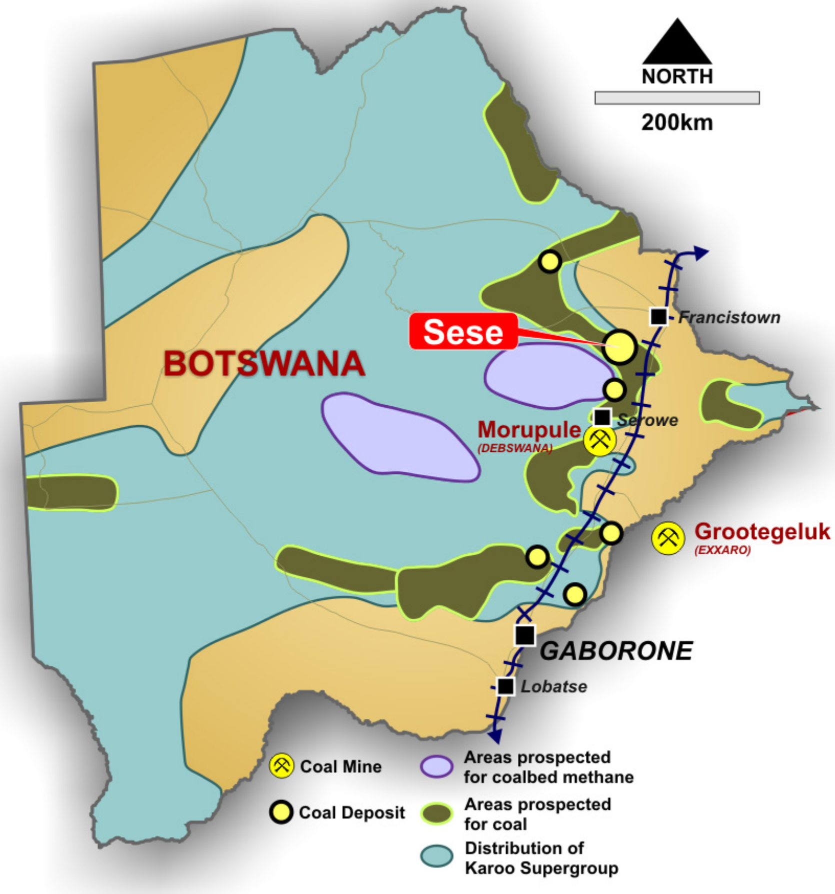
DAVID SCOTT, General Manager Projects
Engineer, coal mine development roles in Botswana

THOMAS SCOTT-MOREY, Power Development Manager
Experienced developer of power stations and their finance

Botswana's national coal roadmap

Botswana – a great place to do business

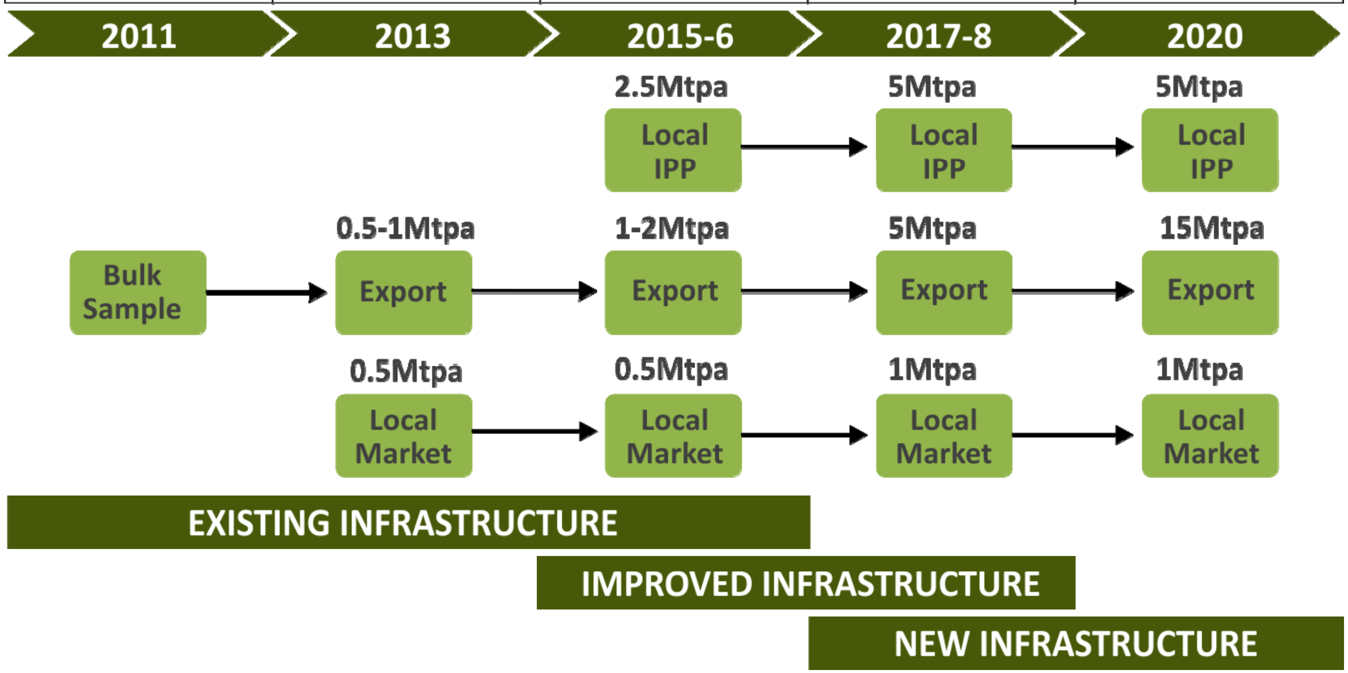
- **Stable, safe and secure jurisdiction**
  - *Widely perceived as an excellent investment destination by companies (and their bankers!)*
- **Transparent Mining Act plus attractive fiscal regime**
  - *3% royalty (on mine-gate revenue)*
  - *Attractive tax rate based on profitability ratio (generally low for "bulk commodities")*
- **Government has announced a national coal "roadmap"**
  - *Nation building opportunity to enhance economic development for 50+ years*
  - *Highest priority to be given to exports of coal AND electrical power*
  - *Establish a dedicated Coal Coordinating unit by April 2012*
  - *Identification of strategic partners for resource and infrastructure development*
  - *Infrastructure development plans by 2017*



Development plan for Sese project

STAGED DEVELOPMENT APPROACH

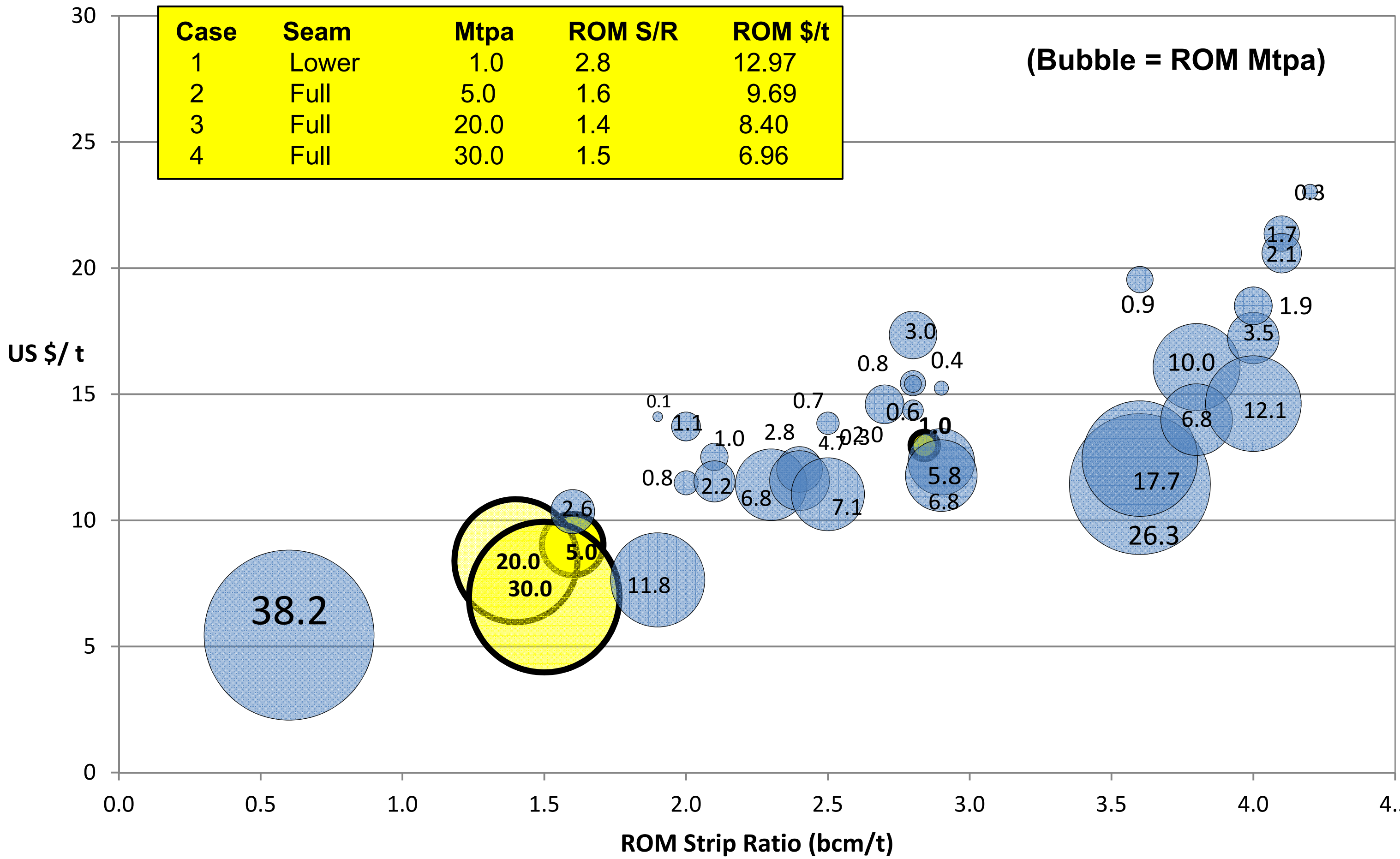
	STAGE 1	STAGE 2	STAGE 3	STAGE 4
Mining and Processing	Contract	Contract	Owner Operated	Owner Operated
ROM	2.0	5.0	16.0	30.0
Product	1.5	4.0	11.0	21.0
Incremental CAPEX	$45M	$60M	~$500M	~$500M



Project economics driven by low ROM cost

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

Case	Seam	Mtpa	ROM S/R	ROM $/t
1	Lower	1.0	2.8	12.97
2	Full	5.0	1.6	9.69
3	Full	20.0	1.4	8.40
4	Full	30.0	1.5	6.96



Source: Wood Mackenzie Coal Supply Series South Africa 2011, and Sese Concept Study

Stage 1: regional sales of washed coal

Regional marketing programme underway

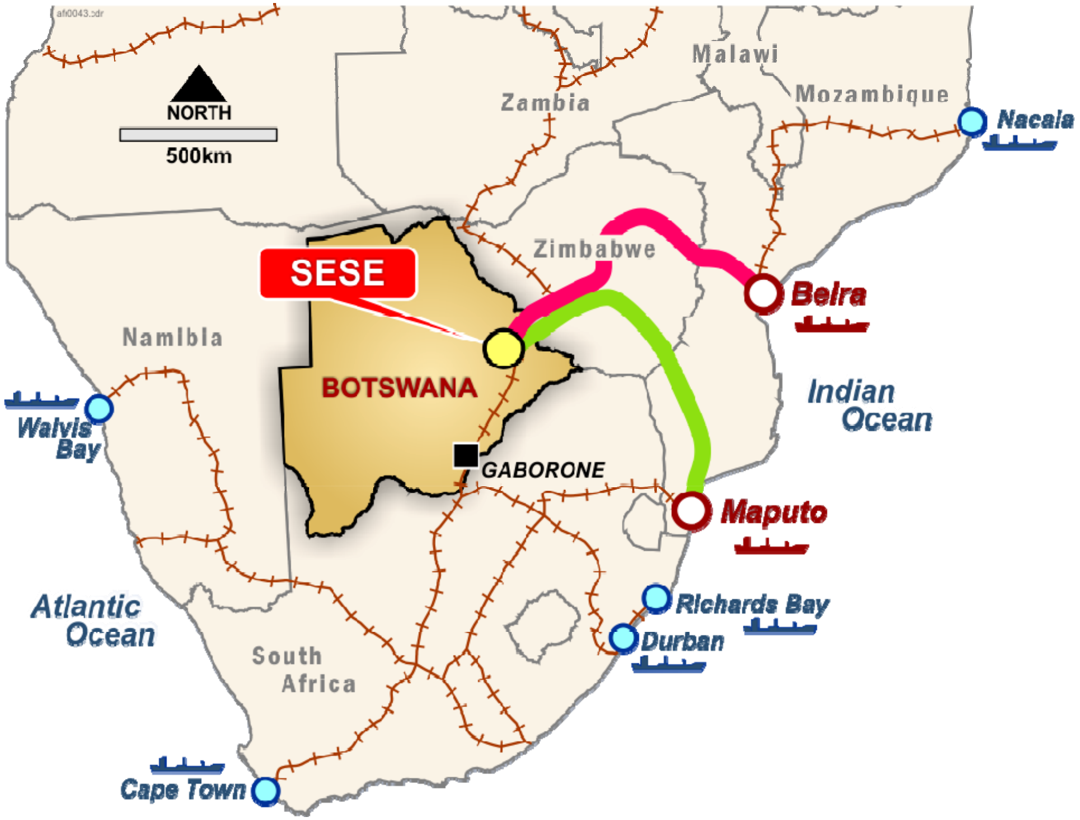
Experienced consultant appointed to take Sese coal to the market…

- Targeting sales to mine site power stations, Ni-Cu smelters, brick works, cement factories etc
- Bulk sample will provide approx. 2,000t washed coal (5000-5500 kcal/kg) for marketing
- Current regional market ~300,000 to 400,000 tonnes washed coal, and is supply constrained (current supply from one mine only)
- Opportunities to significantly expand size of regional market through selling cheap coal with low supply risk

Stage 1: export infrastructure IS in place

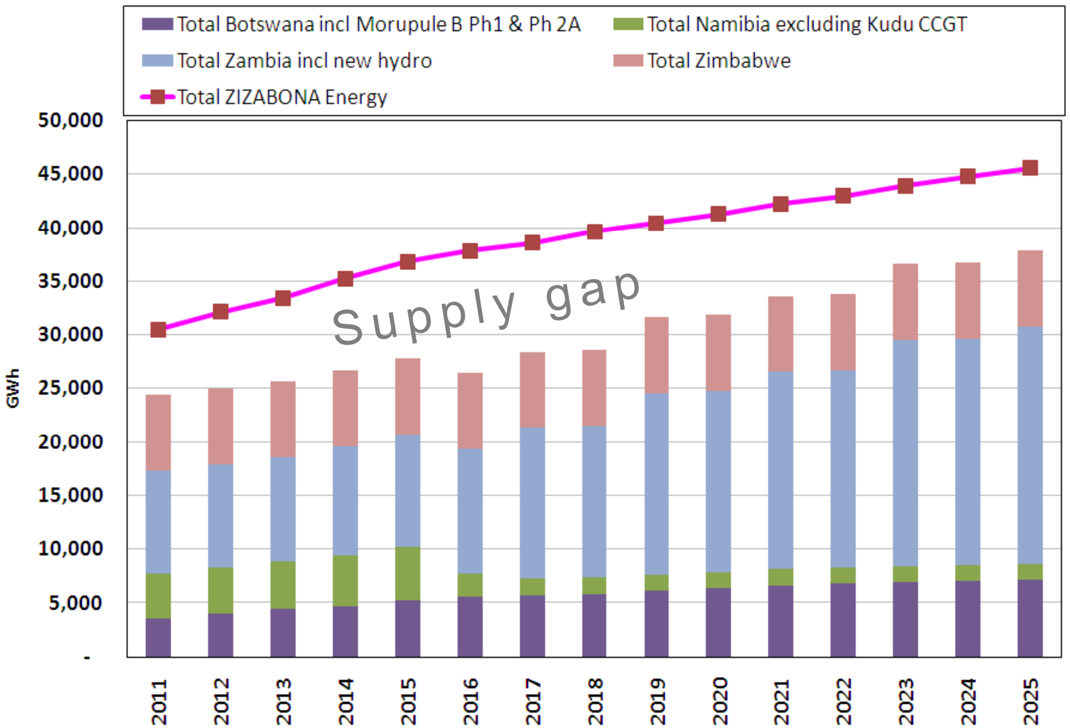
Existing Infrastructure:

- Existing freight line 30km east of Sese provides access to Mozambique coast
- The Maputo railway line is currently operational and is used to import diesel into Botswana
- Botswana Railways (BR) expanding capacity through acquisition of 300 coal wagons, each of 50t capacity
- Rail capacity available now for 2Mt in annual coal exports
- Trial “export” to Maputo using coal from bulk sample planned for late March
- Planned 20 Mtpa expansion of Matola coal terminal (Grinrod coal terminal in Maputo) underway



Stage 2: electricity demands IPP's

Regional power deficit looming



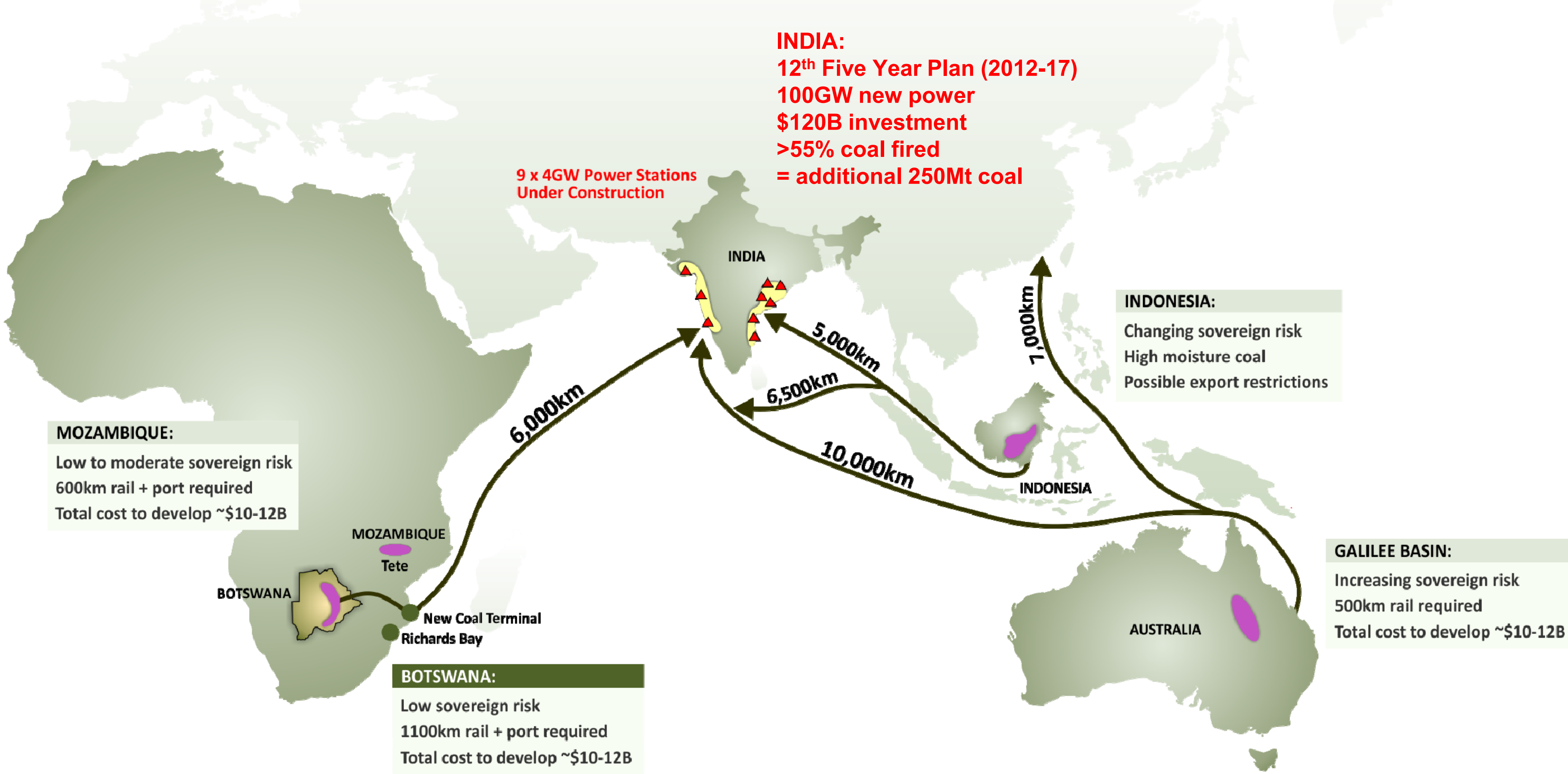
Source: PB Power 2011

Bridging the gap

- Supply gap currently covered by ESKOM exports, but these contracts moving to 'best endeavours"
- Recent announcement by Botswana Government for new 300MW coal-fired Independent Power Project (IPP)
- Further IPP opportunities exist with credit worthy state-backed utilities
- AFR in a strong position to supply lowest cost coal in region
- AFR currently negotiating an initial 300MW IPP, with potential for a further 300MW
- Botswana is physically well situated at the centre of the regional transmission network

Stage 3 and 4: export market is India

Botswana provides one of the closest supply options for Indian coal imports with less likelihood of Chinese competition - this will inevitably drive large investments in the necessary infrastructure development



Stage 3: expansion of existing infrastructure

Immediate expansion opportunities

Rail expansion to >10Mtpa…

- Potential to expand existing cape-gauge rail capacity with more passing loops, improved corners and bridges
- Potential to improve volumes by laying ~450km new rail to avoid population centres and shorten route

Port expansion plans…

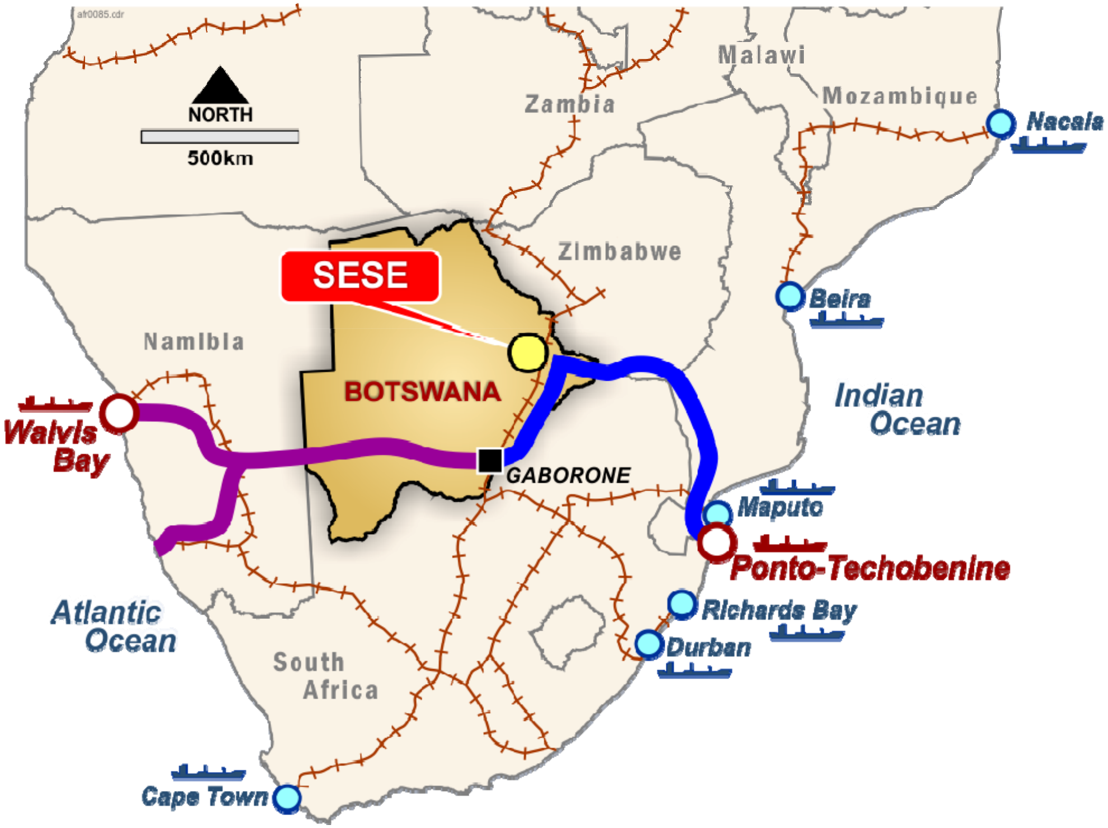
- Expansions of both Maputo and Beira are planned, to >20 Mtpa at Maputo
- Maputo expected to be >20 Mtpa within 3 years

Transhipment an option in the short term…

- Short term port capacity expansions possible through transhipment options at existing ports

Stage 4: planned export infrastructure

Large-scale export infrastructure:



- Two consortia evaluating routes: the Trans-Kalahari Railway and Ponto Techobanine options
- Both proposing minimum of 60Mt annual export, which could be achieved from 3-4 mines in region
- Rail proposals currently at prefeasibility study stage, planned to be operational by ~2018
- AFR has commissioned independent study of the viability of these routes
- Sese project capable of exporting large tonnages of coal >20 Mtpa

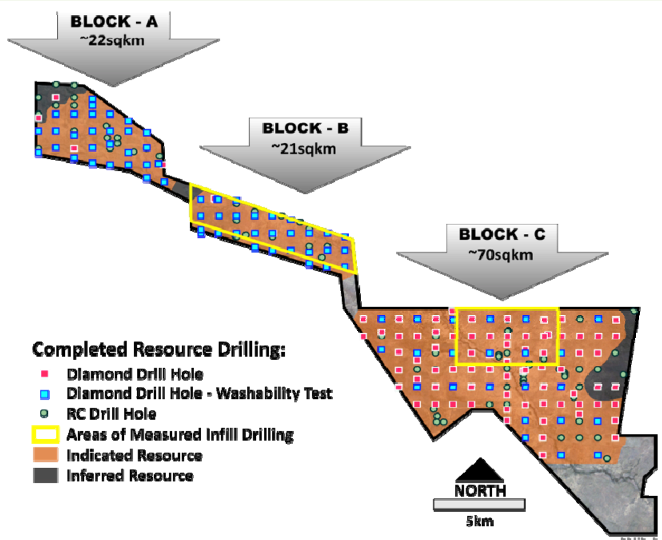
BFS/EIA – progress to date

Bankable feasibility study

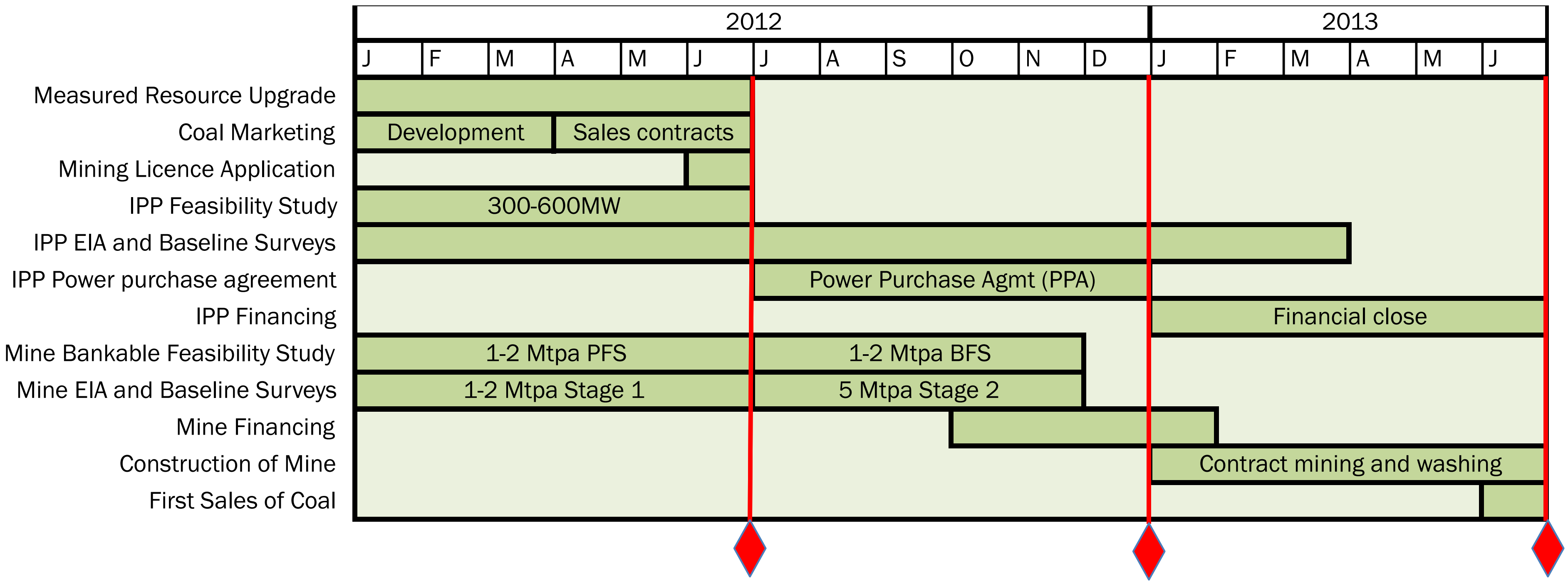
- MRM (Runge): study manager/mining consultant
- Sedgman appointed as processing consultant
- Additional consultants appointed for key tasks
- Phase 1 completed by June 2012 to prefeasibility standard
- Phase 2 completed by Dec' 2012 to bankable standard

Environmental Impact Assessment

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



Integrated development milestones



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

Summary

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