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INVESTOR PRESENTATION

The following presentation is being used to brief potential strategic partners and investors at the Mines and Money Conference in Hong Kong.

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For and on behalf of the board

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The Sese Coal & Power Project

INVESTOR PRESENTATION MARCH 2013

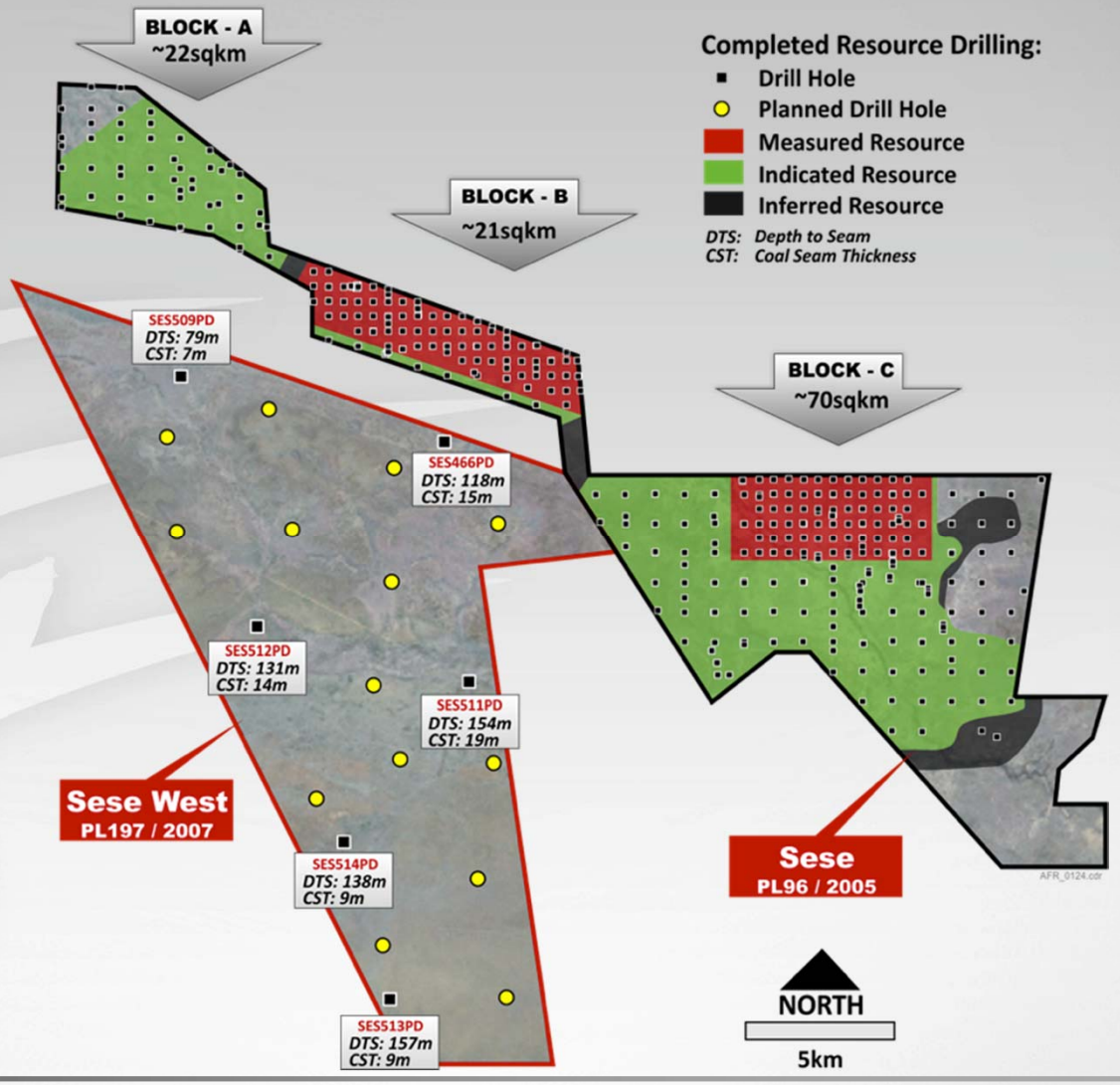
Project Overview

The Sese Coal & Power Project, Botswana

- Low-cost thermal coal project (+ 2.5 billion tonnes) in a premium investment destination
- Excellent fundamentals in place for thermal coal driven by long-term Asian demand
- Immediate and sustained demand for electricity in the region
- Sese is capable of producing large volumes of export coal and power station fuel
- Two core projects:
  - Sese Integrated Power Project
  - Sese Export Project
- Sese is NOT a stranded asset as has been demonstrated by recent 1600t trial export via Maputo and by its proximity to electricity grid

Enough coal for >50-100 years

- Sese deposit contains 2.5 billion tonnes of thermal coal:
  - 650Mt Measured Resource:
    - 320Mt Block-B (Export coal)
    - 330Mt Block-C (IPP fuel)
  - 1,720Mt Indicated Resource
  - 150Mt Inferred Resource
- Sese West PL197/2007 renewed and coal added to list of minerals – significant exploration upside potential
- Concept study benchmarking shows expected Sese coal ROM costs amongst the lowest in Africa due to very low strip ratio (<<3:1)

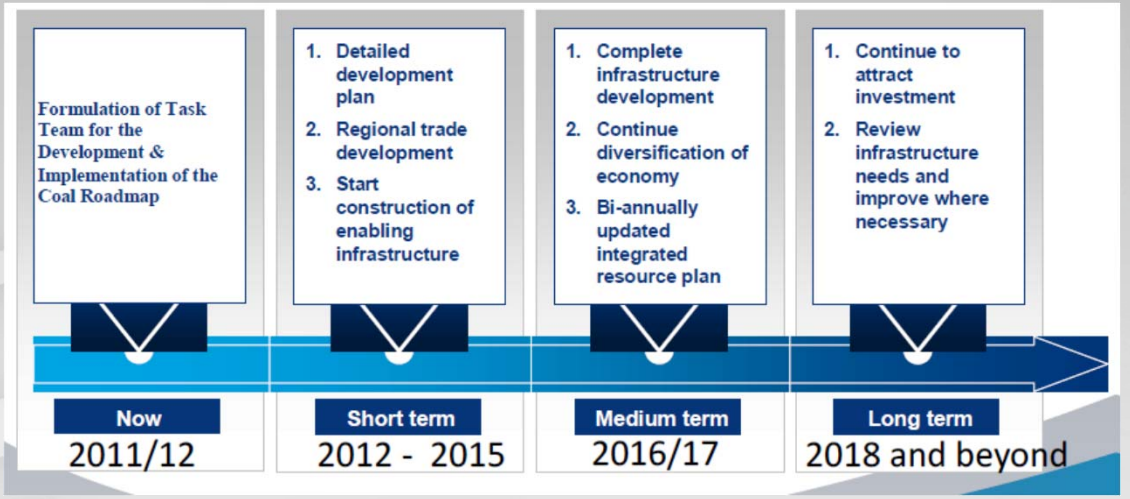


Botswana – investor highlights

- Botswana is a modern, vibrant and successful democracy in southern Africa
- Since Independence in 1966 the country has developed one of the most successful diamond industries in the world – it is mining friendly
- Botswana is well perceived in terms of low corruption index, ease of doing business and stable, democratic politics
- Transparent and fair tax and royalty rates
- Accessible government officials and ministers
- Botswana is a a preferred destination for international investment due sound fiscal management and political stability – no requirement for political risk insurance is a tangible recognition of this stability

Botswana's coal roadmap

- In January 2012, the Government of Botswana announced a national Coal Roadmap to ensure the timely development of the country's coal resources
- Two main priorities are: export of coal and export of electricity
- African Energy's project development plans are perfectly aligned with the Coal Roadmap
- AFR has maintained open and frequent dialogue with senior Government ministers in Botswana regarding both facets of the Coal Roadmap



Way forward

- In the next two years it will be necessary to commit to the construction of a rail and port solution to facilitate Botswana's exports and government should be actively involved in supporting the decision making process and the beginning of implementation.

SOURCE: Botswana Coal Road Map Pitso presentation
By H.E. Ian Khama, President of Botswana, January 2012

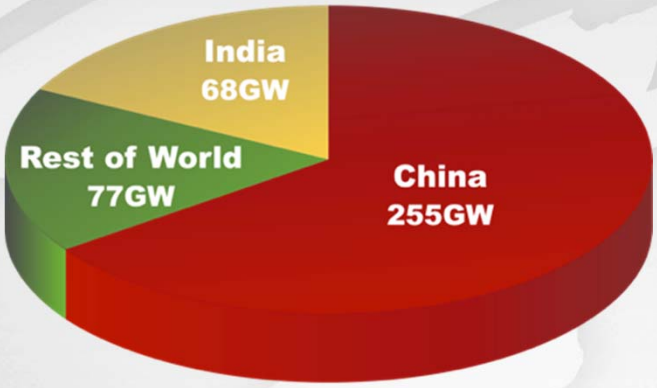
THE SESE EXPORT PROJECT

India: the “new China” for coal

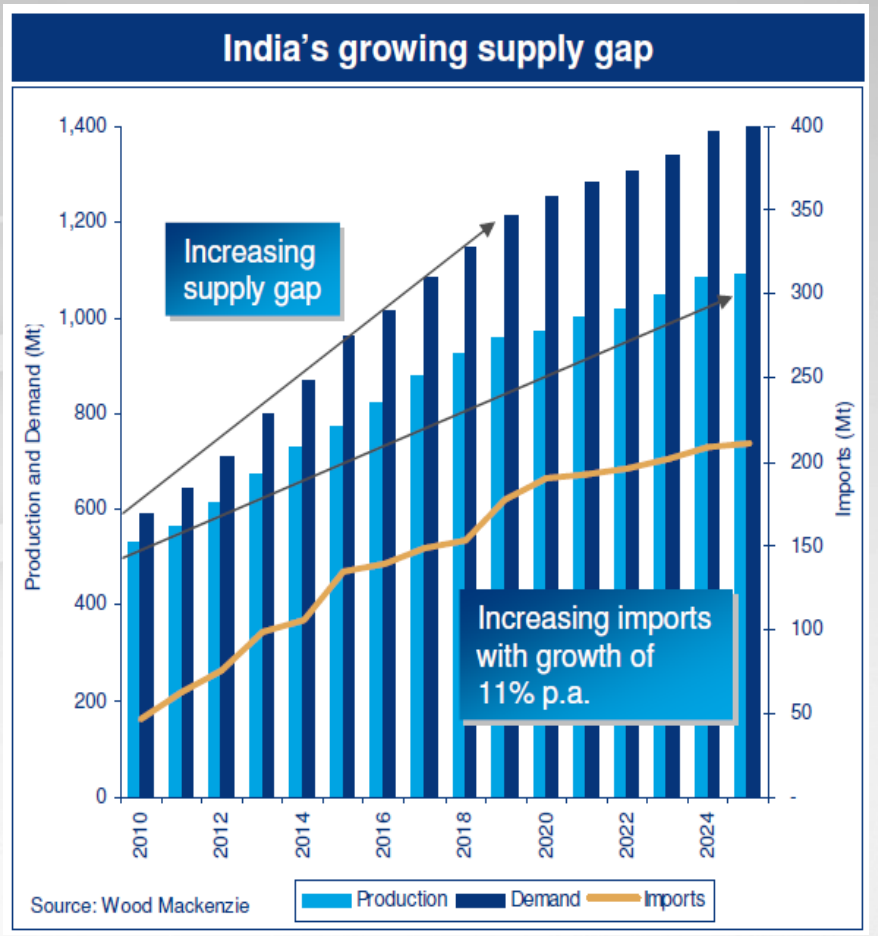
India’s construction of mega large power projects and increasing inability to satisfy demand from domestic coal sources is creating a supply imbalance which can only be met by increased imports

Need an additional ~130Mtpa coal imports by 2015 (ie twice South Africa's entire annual export volume!)

2011 - 2015 New Coal-Fueled Generating Capacity (GW)

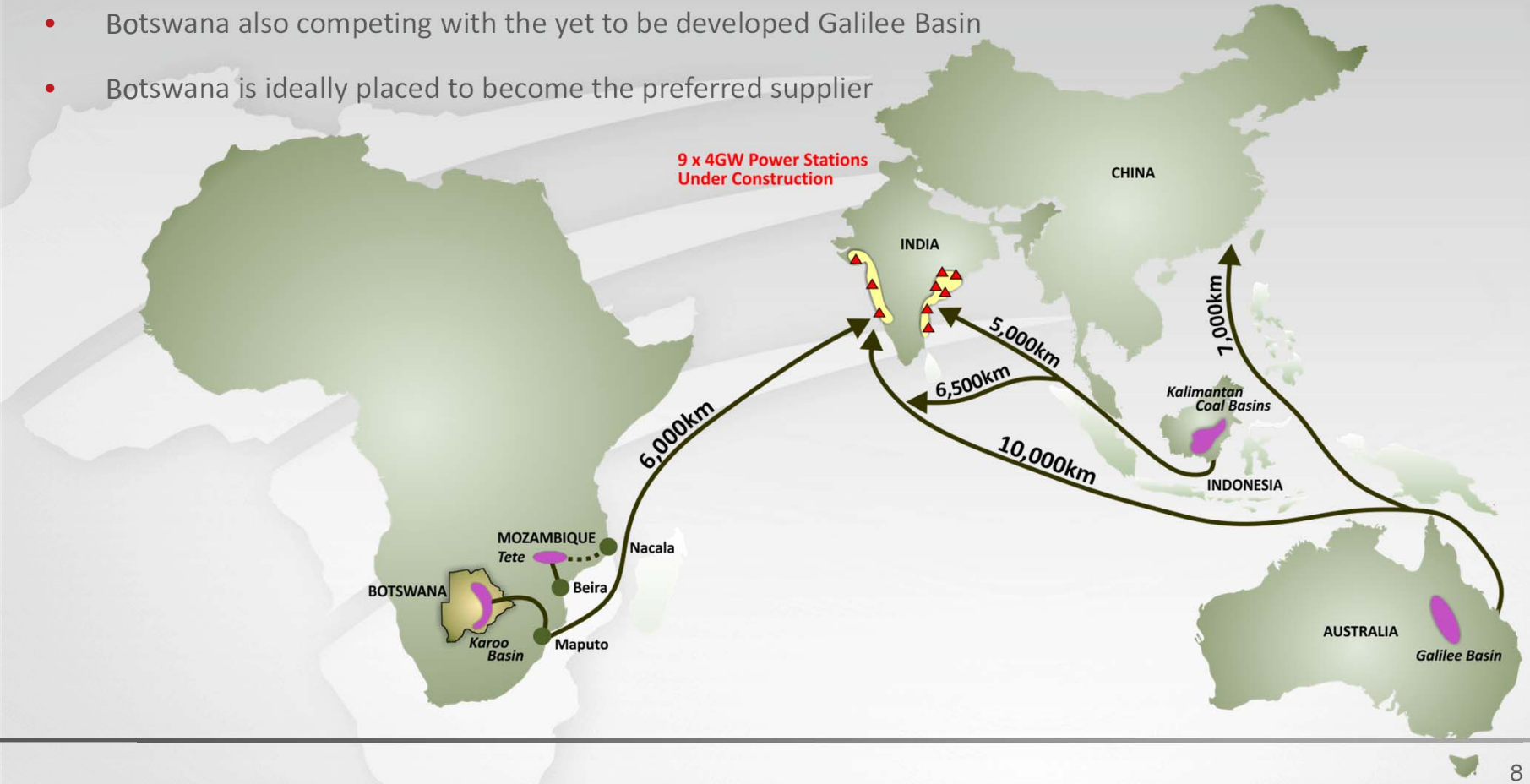


Source: Platts Worldwide Power Plant Database; EIA International Energy Outlook 2010 and Peabody analysis. Growth of global coal-based generation (billion kilowatt hours) based on 2007-2035 EIA data.



Botswana is closer to India than others

- 4500-5500kcal/kg (19-23MJ/kg) is becoming the new benchmark for Indian power stations
- Botswana competing with Indonesia and South African coal exports, both of which may be restricted as "strategic" assets by their respective governments
- Botswana also competing with the yet to be developed Galilee Basin
- Botswana is ideally placed to become the preferred supplier



Export: rail and port study objectives

OBJECTIVE: To determine the optimum rail and port solution that delivers a sustainable export corridor for the lowest initial capital outlay

DELIVERABLES:

- Botswana's first ever export trial of 1,600t coal via Maputo (November 2012)
- Prefeasibility level study of 0.5Mtpa and 2Mtpa export logistics solutions (March 2013)
- Concept level study of 10Mtpa 20Mtpa (March 2013)
- Pre-concept level study of 100Mtpa (March 2013)

CONSULTANTS:

- Richard Jupp (Study Manager) – formerly BHP Head of Pilbara technical operations, Rio, QRN, Hope Downs
- Bruce McLarty – commercial rail and infrastructure manager Rio, Hope Downs
- Andrew Neal – independent expert on narrow gauge railways and optimisation programmes
- WorleyParsons – track and train path simulation modelling
- Calibre – train operating model, track studies and design
- Aurizon (formerly QR National) – track inspections

Key conclusions of the export study

- African Energy's strategy is to support the long term development of >100Mtpa infrastructure, whilst implementing a low-cost, near-term 10-20Mtpa interim solution
- Proposed new routes to Walvis Bay and Ponto-Techobanine are yet to demonstrate commercial viability, but offer potential long term solutions for >100Mtpa:
  - Note: recent Botswana Government reports that it may seek tenders in late 2013 to build the $11B Trans Kalahari Railway and $4B port at Walvis Bay
  - Likely 7-10 years until fully operational
- The existing rail link from Botswana to Maputo, and the port itself offer the only option with immediately available capacity, a clear path to 20Mtpa and the ability to incrementally expand to >100Mtpa

Key issue – port selection

Maputo is the preferred port for the initial export infrastructure solution

Due to its proximity to market and short- to medium-term expansion plans.

It is also served by existing rail connections with potential to optimise and reduce freight costs to <$30/t

Matola Coal Terminal:

- 4.5Mtpa coal capacity at Matola, plus 0.5Mtpa at general freight terminal
- Expanding to 7.3Mtpa total in 2013
- Grindrod/Vitol plan to expand Matola to 10Mtpa by 2016, 20Mtpa by 2018
- Potential to expand to >100Mtpa if a new terminal is built
- Can be dredged to mini-cape sized vessels

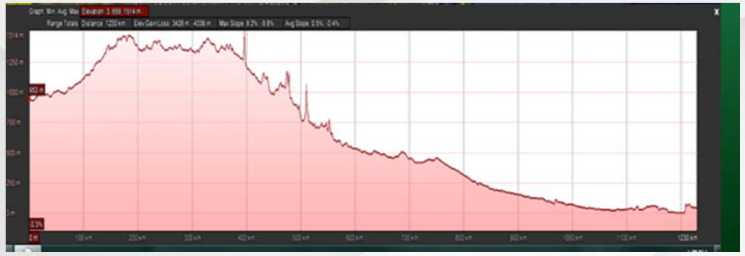
Matola Coal Terminal: expansion will come from further stockpiles and new berth to the right of those depicted above

Recent full train export trial

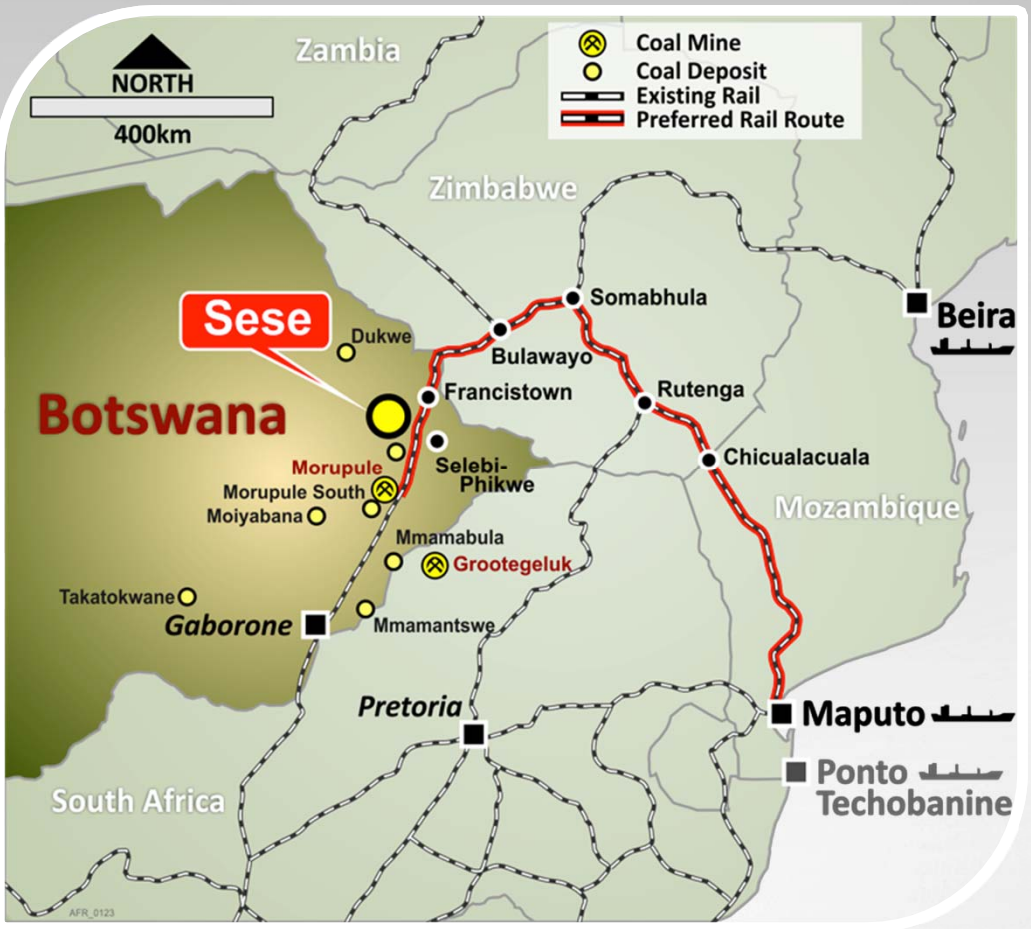
- AFR arranged for a full train of Botswana coal (1600t coal) to be delivered to Maputo in November 2012
- The train covered the 1,300km from Francistown to Maputo in three days
- The coal was stockpiled for eventual export sale – this is the first time Botswana coal has been sold to an overseas customer, a **major milestone for the Botswana coal industry**
- Significant commercial intelligence from this trial has been incorporated into a prefeasibility study on rail and port options for Sese coal, including train path simulation modeling

Existing rail to Maputo has capacity

- The 1600t export trial was a clear demonstration that existing infrastructure can facilitate Botswana coal exports with viable train times
- Rail simulation studies conclude that initial rail capacity of ~2mtpa can be readily expanded through a series of low-cost incremental expansions to >20mtpa
- Staged expansion of Matola Coal Terminal in Maputo to 20Mtpa by 2018 is aligned with rail expansion potential



Track profile: Sese to Maputo

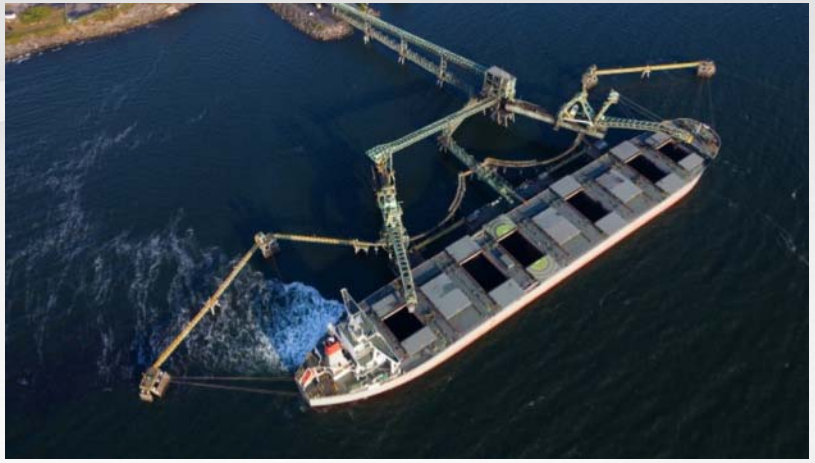


Track simulation modelling – 10Mtpa

- Train path simulation modeling by WorleyParsons will allow AFR to identify and quantify capital improvements in track and passing loops to achieve targeted export tonnages
- This allows AFR to stress-test rail capacity, passing loop suitability and assess sensitivity to unplanned events
- It has clearly demonstrated capacity for >10Mtpa using existing rail/port at turn round times from export trial

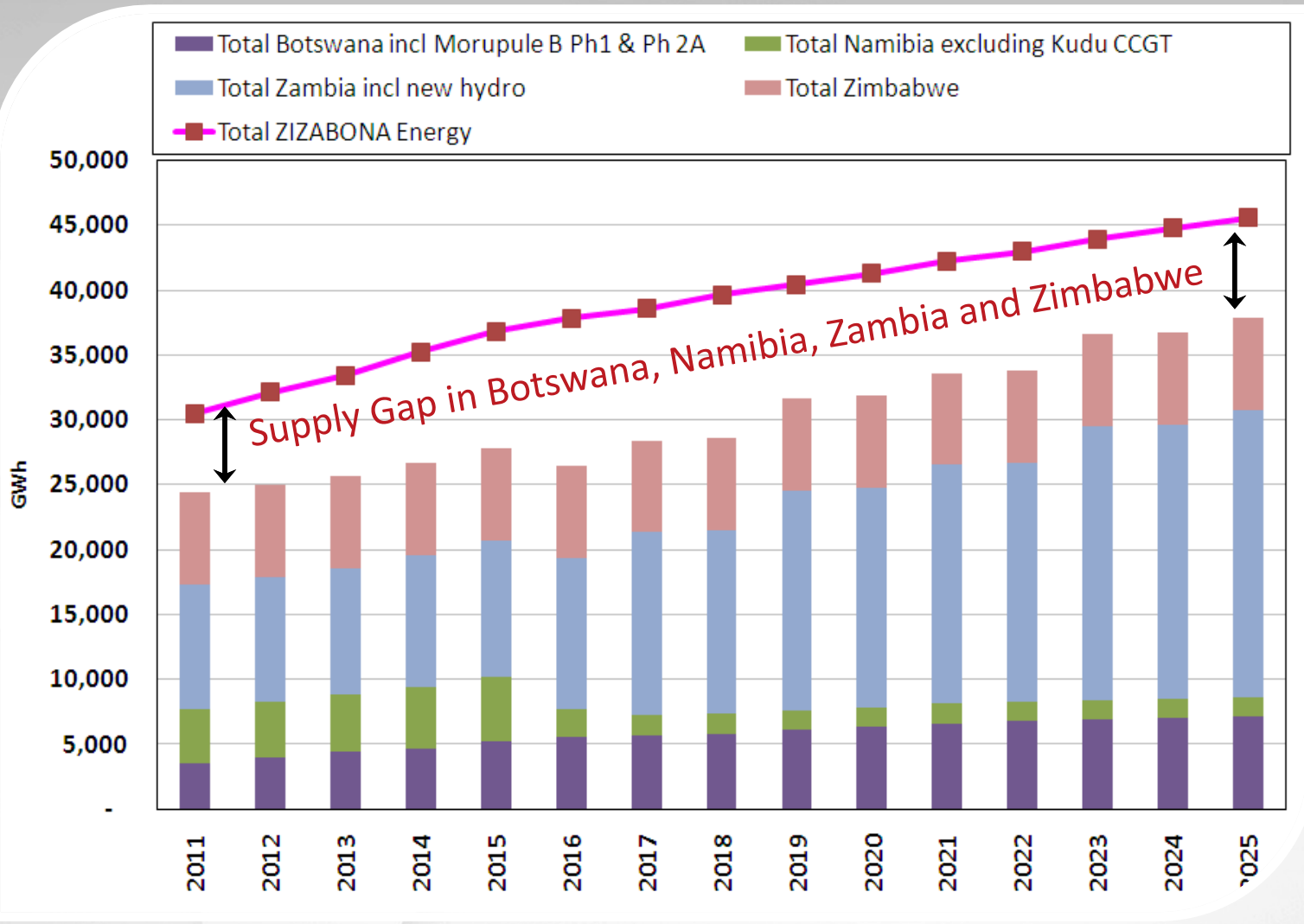
Next steps in export project

- Presentation of rail and port study to the Botswana Government – completed in February 2013
- Seek support from Govt to bring the three rail companies and other stakeholders together - ongoing
- Establish framework for rail system and tariff agreements
- Complete technical and financial feasibility studies on rail and initial small-scale export mine
- Secure access at port
- Investigate financing options



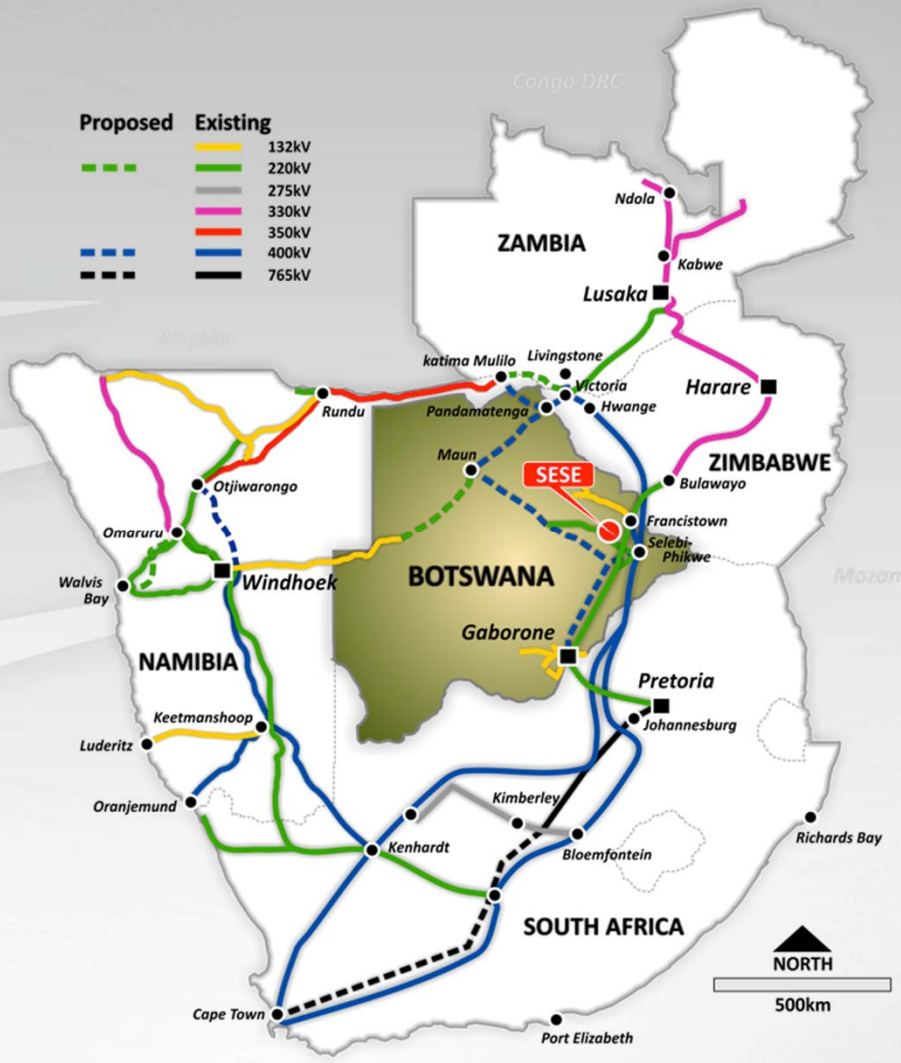
THE SESE INTEGRATED POWER PROJECT

Sese IPP – regional power demand



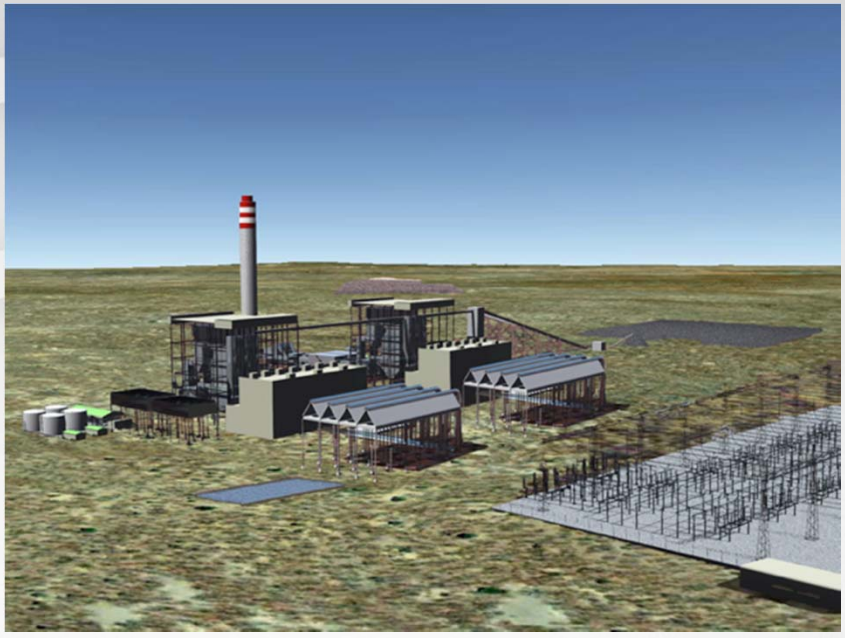
Sese Integrated Power Project

- Sese is at the hub of the Southern African Power Pool grid and can export power in all directions
- Very low generation cost due to low mining costs
- The **Sese Integrated Power Project** comprises an initial 300MW power station plus a 1.5Mtpa 'captive' coal mine in Block-C
- Block-C Measured Resource enough for 8 x 300MW projects for 30 years
- Multiple power project opportunities currently under evaluation by AFR include:
  - AFR negotiating a binding Power Purchase Agreement for first 300MW with credit worthy off-taker
  - Botswana Government announced that tenders will be released in early 2013 for 2 x 300MW independent power projects
  - Longer term potential to supply coal-fired electricity to Eskom (South Africa)



300MW power project + integrated mine

- AFR will place ~60Mt coal from Block-C into an ML in Sese Power Ltd (wholly owned AFR subsidiary)
- This will become a stand-alone mine for the first 300MW power station
- Sese Power Ltd becomes the SPV for the first 300MW integrated power station and mine
- Water rights recommended for approval by Water Utilities Corporation
- Archaeological survey approved
- First delivery of electricity planned for 2016
- Total budget of $800M covers:
  - 300MW power station + mine
  - All other costs for delivery of first power
  - = $500M debt + $300M equity
  - Developer's fee (~$25-30M to AFR)
  - AFR to retain a 15-20% carried interest



Conceptual design for Sese 300MW power station. Source PB Power

Indicative timeframe for Sese IPP

- Completion of Prefeasibility study – Feb 2013
- Definitive feasibility study for power station and integrated mine – completion by end 2013
- Project financing closure – mid 2014
- Commence power station construction mid 2014
- Commence mine construction in late 2015
- Delivery of first electricity from Unit 1 in late 2016

Concluding statements

The 2.5 billion tonnes Sese Coal & Power Project comprises two separate businesses which collectively deliver to Botswana's Coal Roadmap:

Sese Export Project

- Long-term, scalable strategic supply of thermal coal to Asian markets
- Existing infrastructure within 20km
- Optimisation studies of current rail/port capacity and future expansions confirm potential for >20mtpa
- Low-cost start-up possible, incremental expansion
- Marketing and port allocation negotiations in progress

Sese Integrated Power Project

- Potential to generate very low cost power – lowest in the region
- Initial 300MW power station plus 1.5Mtpa 'captive' coal mine planned
- Potential to significantly expand both for >30 years
- Grid connection adjacent to project
- Negotiating Power Purchase Agreement with potential off-taker for first 300MW

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