Delivering power to the people

ASX RELEASE ASX:AFR

5 May 2014

## NON-RENOUNCEABLE RIGHTS ISSUE

African Energy Resources ("African Energy") advises that it intends to undertake a 1 for 13 non-renounceable entitlement issue to raise up to $2.95m before costs ("Rights Issue"). The funds raised by the Rights Issue will allow the Company to advance its portfolio of coal and power projects in Botswana.

The Rights Issue is partly underwritten up to $1.5m by Sentient Global Resources Fund IV, L.P. acting though Sentient Executive GP IV Limited, the general partner of its general partner ("Sentient"). Sentient is the largest Shareholder in the Company with a current relevant interest in Shares of 19.95%.

The Rights Issue will be offered to all Eligible Shareholders at the record date on the basis of one (1) New Share for every thirteen (13) Shares held. African Energy shareholders who are registered on the Record Date and who have a registered address in Australia, New Zealand or Cayman Islands will have an opportunity to participate in this raising ("Eligible Shareholder").

A prospectus relating to the Rights Issue was lodged with ASIC today and will be sent to Eligible Shareholders together with a personalised Entitlement and Acceptance Form on 15 May 2014.

Indicative timetable for the Rights Issue:

| Event | Date |
|---|---|
| Lodgment of Prospectus with ASIC and lodgment of Appendix 3B with ASX | Monday, 5 May 2014 |
| Ex date (date from which securities commence trading without the entitlement to participate in the rights issue). | Thursday, 8 May 2014 |
| Record date (date for determining entitlement of eligible shareholders to participate in rights issue). | Monday, 12 May 2014 |
| Despatch of Prospectus and opening date. | Thursday, 15 May 2014 |
| Last Day for Acceptance and payment * | Thursday, 29 May 2014 |
| Deferred settlement trading commences ** | Friday, 30 May 2014 |
| Notification to ASX of undersubscriptions ** | Tuesday, 3 June 2014 |
| Issue of New Shares and dispatch of Holding statements ** | Thursday, 5 June 2014 |
| Normal trading ** | Friday, 6 June 2014 |

* Subject to the Listing Rules, the Directors reserve the right to extend the Closing Date for the Offer at their discretion. Should this occur, the extension will have a consequential effect on the anticipated date of issue for the New Shares.
** These dates are indicative only.

For and on behalf of the board

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