

29th July 2014

MULTIPLE REGISTRATIONS FOR SOUTH AFRICA'S BASELOAD IPP PROGRAMME

Highlights

- *South Africa's Department of Energy issued a request for registration ("RFR") to developers of projects for their 2,500MW coal baseload IPP procurement programme.*
- *Sponsors were invited to register one or more projects, each with a maximum size of 600MW.*
- *African Energy has submitted multiple project registrations under the RFR:*
 - *The African Energy and ACWA Power International consortium have registered a 300MW project at Sese.*
 - *African Energy formed three additional consortia and submitted multiple registrations for 600MW projects at Mmamantswe, located only 20km from the border with South Africa.*
- *The Ministry of Minerals Energy and Water Resources in Botswana has issued a Letter of Support for these project submissions.*
- *By registering these projects, African Energy and its partners may now be consulted by the Department of Energy and other relevant government stakeholders to discuss their projects.*
- *The Department of Energy intends to release the Request for Proposals ("RFP") in due course.*
- *Projects submitted in the first Bid Submission RFP must be capable of commercial operation by the end of June 2019.*

1. BACKGROUND

African Energy Resources Limited ('African Energy' or 'the Company') has delineated total resources of approximately 8.7 billion tonnes of in-situ coal in its Botswana projects (Diagram 1 and Appendix 1). Technical studies undertaken to date have indicated the suitability of the coal at the Sese deposit and the Mmamantswe deposit to be used for power generation.

African Energy and its lead development partner, ACWA Power International, are seeking to develop one or more 300MW power projects at the Sese deposit.

African Energy has also been in discussions with several groups in relation to opportunities to jointly develop power projects at Mmamantswe.

2. SOUTH AFRICA'S COAL BASELOAD IPP PROCUREMENT PROGRAMME

South Africa's Department of Energy recently released their request for registration ("RFR") in respect of the coal baseload IPP procurement programme. This programme seeks to secure up to 2,500MW of coal-fired baseload independent power projects, and is one of the core initiatives under the Policy Adjusted Integrated Resource Plan of 2010.

The 2,500MW IPP procurement is separate from any coal-fired power project that is undertaken directly by Eskom, South Africa's power utility, and thus represents a unique opportunity for independent power producers in the region.

The procurement programme is structured to consist of separate Bid Submission Phases in which Bid Responses shall be submitted to the Department of Energy on specified Bid Submission Dates. Projects submitted in the first Bid Submission Phase must be capable of commercial operation by the end of June 2019, and have a maximum contracted capacity of 600MW. Cross Border Projects in which the facility is situated outside South Africa are permissible.

Bidders who register their projects by the deadline of 25th July will be invited to meetings with the Department of Energy and/or other relevant government stakeholders to discuss their project.

3. REGISTRATION OF MULTIPLE PROJECTS

In response to the RFR, African Energy has been involved in the submission of four registrations under the RFR:

1. African Energy and ACWA Power International have submitted a joint registration for a 300MW power project at Sese. This project will be similar in scale and design to the project that has been submitted as an Expression of Interest for Botswana's own 300MW Greenfield IPP.
2. African Energy has also submitted three separate registrations for 600MW projects at Mmamantse, each registration as part of a different consortium.
 - The Mmamantse Project lies in Botswana but is only 20km from the South African border (see Diagram 1).
 - Mmamantse has an approved EIA for up to 10mtpa of coal mining and up to 2,000MW of electricity generation.
 - An 8GL per year water source suitable for >1,500MW has also been identified and registered.
 - Eskom's System Operations and Planning Department completed a Generation and Integration Feasibility Report on this project in 2009.

A Letter of Support from the Ministry of Minerals Energy and Water Resources in Botswana accompanied each registration.

Further information on the progress of the registered projects will be released when available.

For any further information, please contact the Company directly on +61 8 6465 5500.

For and on behalf of the board.

COMPETENT PERSONS STATEMENT

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 (2012 edition) and references to "Measured, Indicated and Inferred Resources" are to those terms as defined in the JORC Code (2012 edition).

The information in this report relating to coal resources is based on information compiled by Mr Lauritz Barnes who is a consultant to African Energy Resources Limited. Mr Barnes is a member of the Australian Institute of Geoscientists. Mr Barnes is a qualified geologist and has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking, to qualify as Competent Person as defined in the 2012 Edition of the "Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves". Mr Barnes consents to the inclusion in the ASX release of the matters based on his information in the form and context in which it appears.

Southern Africa Power Grid

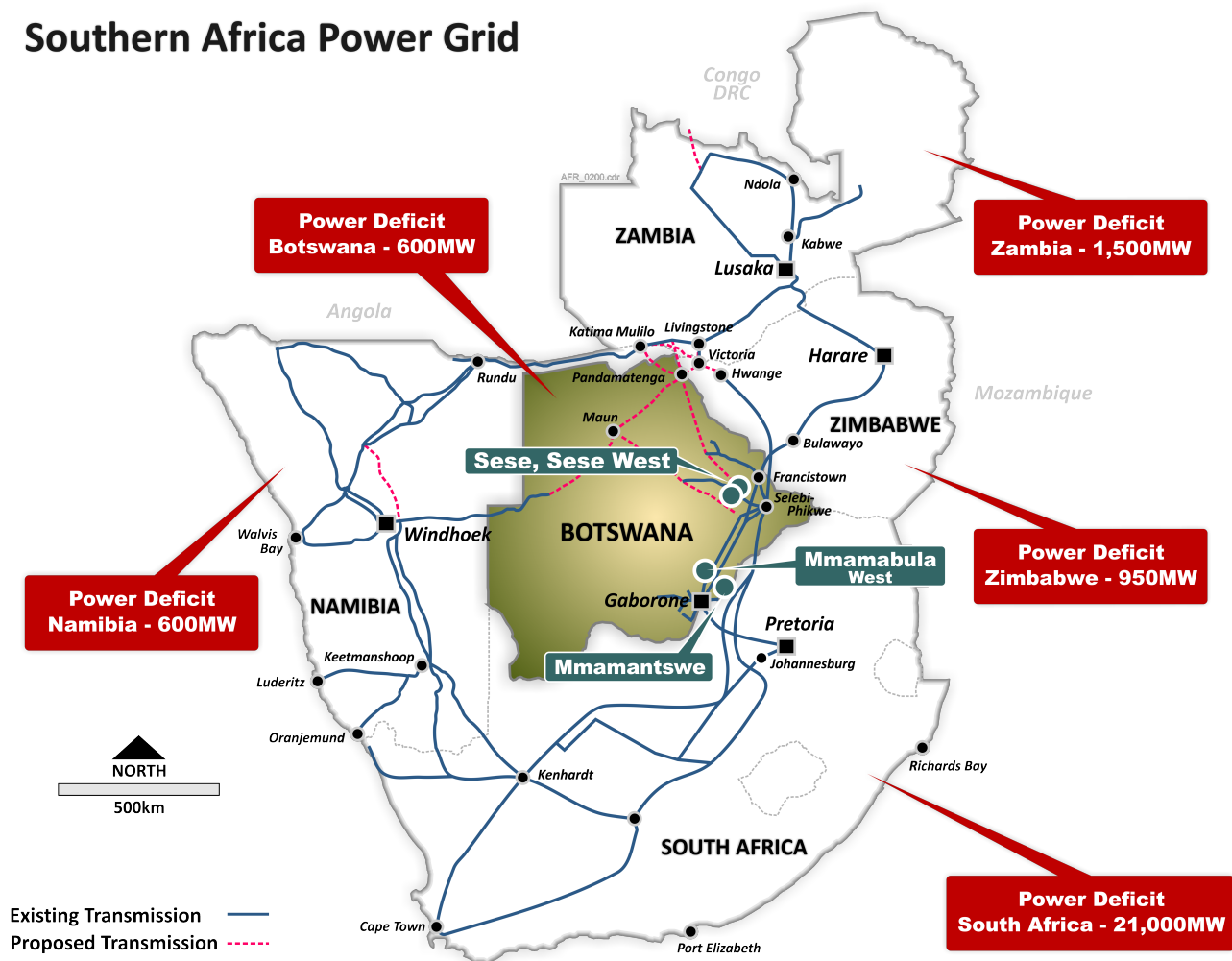


Diagram 1 – Location Map showing the location of the Company's coal deposits in Botswana and their proximity to the regional transmission grid.

APPENDIX 1: Global Coal Resources for African Energy's Coal Projects in Botswana

Sese Project: Resource Summary (Raw coal on an air-dried basis)								
Resource Zone	In-Situ Tonnes*	CV (MJ/kg)	CV (kcal/kg)	Ash %	IM%	VM%	FC%	S %
MEASURED (Bk-C)	333 Mt	17.6	4,200	30.2	7.9	20.6	41.4	2.1
MEASURED (Bk-B)	318 Mt	16.0	3,820	34.8	7.4	20.4	37.4	1.7
INDICATED	1,714 Mt	15.3	3,650	38.9	6.6	18.7	35.8	2.0
INFERRED	152 Mt	15.0	3,600	39.1	6.4	19.5	34.9	2.2
TOTAL	2,517 Mt							

Sese West Project: Resource Summary (Raw coal on an air-dried basis)								
Resource Zone	In-Situ Tonnes*	CV (MJ/kg)	CV (kcal/kg)	Ash %	IM%	VM%	FC%	S %
INFERRED	2,501 Mt	14.6	3,500	40.2	6.1	19.8	31.9	2.0
TOTAL	2,501 Mt							

Mmamabula West Project: Resource Summary (Raw coal on an air-dried basis)								
Resource Zone	In-Situ Tonnes*	CV (MJ/kg)	CV (kcal/kg)	Ash %	IM%	VM%	FC%	S %
INDICATED	892 Mt	20.2	4,825	25.5	6.0	26.0	41.0	1.5
INFERRED	1,541 Mt	20.0	4,775	25.5	5.7	25.9	41.2	1.7
TOTAL	2,433 Mt							

Mmamantswe Project: Resource Summary (Raw coal on an air-dried basis)								
Resource Zone	In-Situ Tonnes*	CV (MJ/kg)	CV (kcal/kg)	Ash %	IM%	VM%	FC%	S %
MEASURED	978 Mt	9.5	2,270	56.5	3.9	15.8	21.8	2.0
INDICATED	265 Mt	7.9	1,890	62.3	3.3	14.2	18.1	2.1
INFERRED	N/A							
TOTAL	1,243 Mt							

GRAND TOTAL	8,694 Mt
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* In-Situ tonnes have been derived by removing volumes for modelled intrusions, burnt coal and weathered coal and then applying geological loss factors to the remaining Gross In-Situ Tonnes

The Coal Resources quoted for the Sese, Mmamabula West and Mmamantswe Projects in the table above have been defined in accordance with the practices recommended by the Joint Ore Reserves Committee (2004 edition of the JORC Code), with the exception of Sese West which is reported as per the 2012 edition. There have been no material changes to any of the resources since they were first announced.