



Developing Power Projects in Southern Africa

AGM presentation, 27 November 2014

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- ① 8.7 BT THERMAL COAL PORTFOLIO IN 3 PROJECTS (2x POWER, 1x COAL EXPORT)
 - ② INVESTMENT AGREEMENT WITH FIRST QUANTUM MINERALS AT SESE POWER PROJECT
 - ③ STRONG DOMESTIC & REGIONAL POWER DEMAND
 - ④ POWER OFF-TAKE NEGOTIATIONS UNDERWAY
 - ⑤ KEY INFRASTRUCTURE IN PLACE

Milestones achieved in last six months

- Future funding secured for Sese
- EIA approved for 300MW Sese power project
- Surface rights approved at Sese
- LOI received from ZESCO for 300MW
- Commenced transmission study for 600MW to Zambia
- Registered projects into RSA's coal baseload programme
- Added to relevant Board experience
- Added 2.5Bt inferred resources at Sese West



- \$3.8M placement to First Quantum Minerals (FQM) for a 12.6% stake in AFR completed in October
- Underwritten Rights Issue, 1:8 @ 5.5c to raise a further \$3.5M, completed in November
- Proceeds used to repay all debt and provide new working capital
- Binding Heads of Agreement with FQM for \$20M project investment to earn 75% in Sese Project:
 - Subject to due diligence period and formal execution of a shareholders agreement
 - Initial \$8M for 51% on Completion (returned to AFR via intercompany loan repayment)
 - Further \$12M spend to earn additional 24% within 18 months
 - FQM to be project manager on reaching 51% project interest
 - AFR's 25% project interest to be loan carried and secured against project cash flow
 - AFR's cost of debt to be same as FQM
- As a result of this transaction AFR will have:
 - No debt
 - ~\$10m cash
 - 25% loan carried on projects developed at Sese
 - 100% ownership of Mmamabula West and Mmamantswe projects

Board and Capital Structure



CAPITAL STRUCTURE:

614.9M Ordinary Fully Paid Shares

36.6M Options (15c)

5.75M Performance Rights

\$34M Market Cap @ 5.5c

\$3.5M cash (no debt)

MAJOR SHAREHOLDERS:

20.1% The Sentient Group

11.2% First Quantum Minerals

10.5% Management

3.1% Stacey Radford

55.9% TOP 20

EXECUTIVE DIRECTORS:

Alasdair Cooke (Chairman)

Frazer Tabeart (Managing Director)

Bill Fry (Commercial)

NON-EXECUTIVE DIRECTORS:

Valentine Chitalu

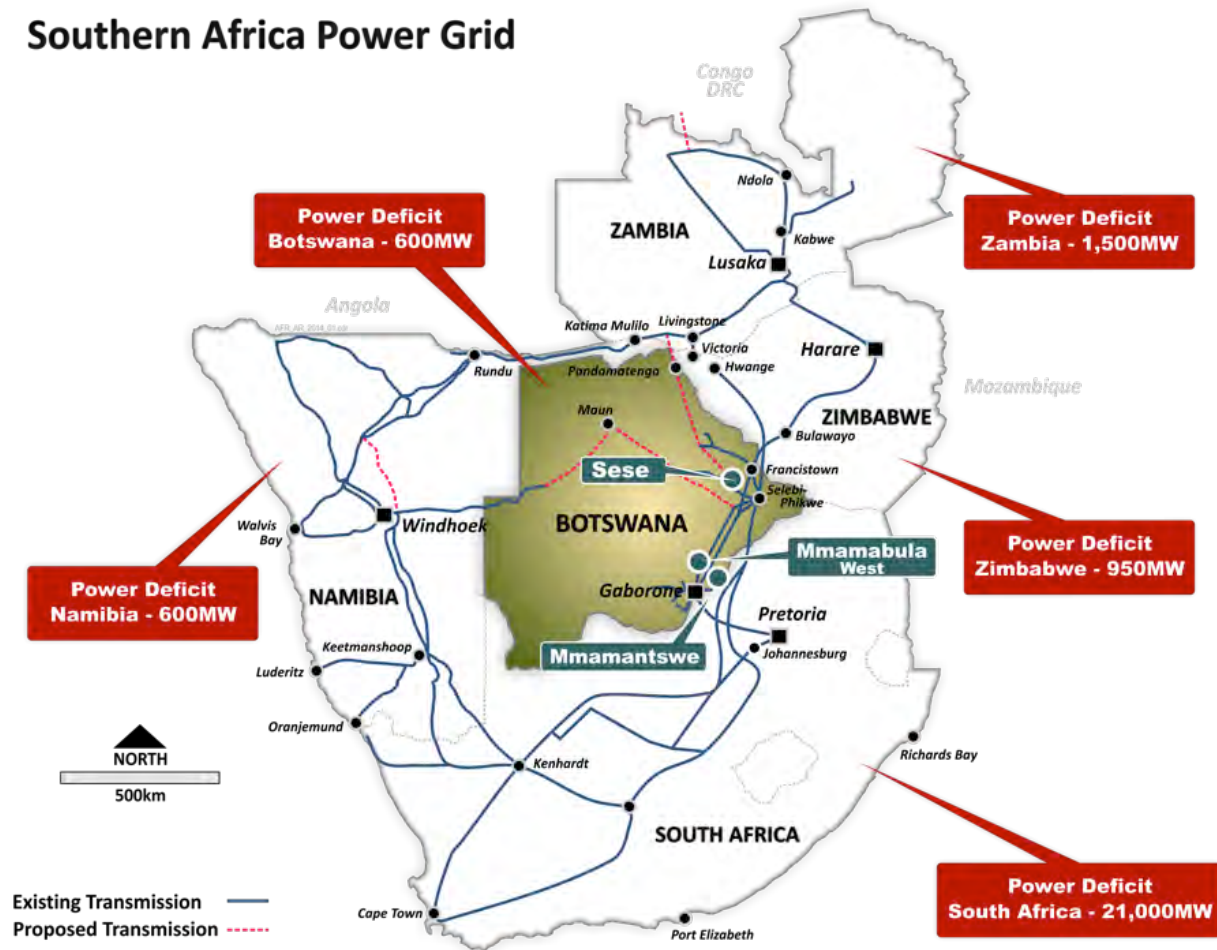
Phil Clark

Ian Hume

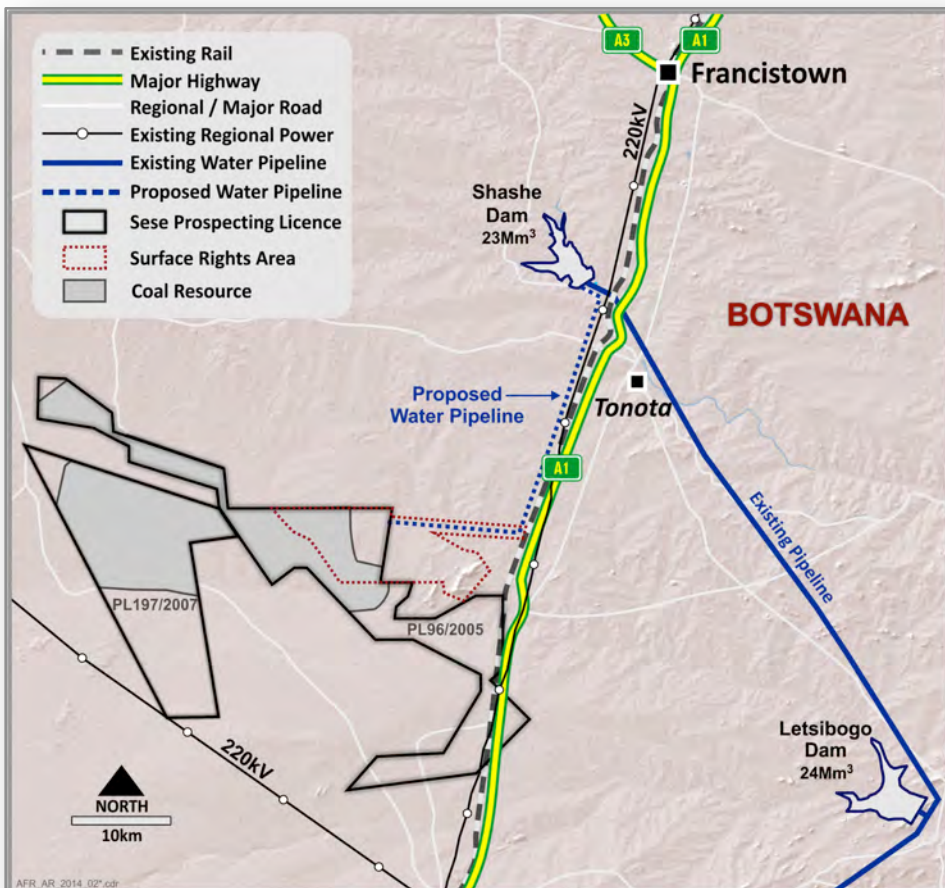
Wayne Trumble

1. Sese: Potential power projects
 - Developing 600MW for Zambia
 - Botswana 300MW Greenfield Tender
 - Registered 300MW for RSA Coal Baseload IPP Procurement Programme
2. Mmamantswe: 600MW project focused on South African market
 - Project - 20km from South African, the largest regional power market
 - 600MW registrations submitted for RSA Coal Baseload IPP Programme

Southern Africa Power Grid



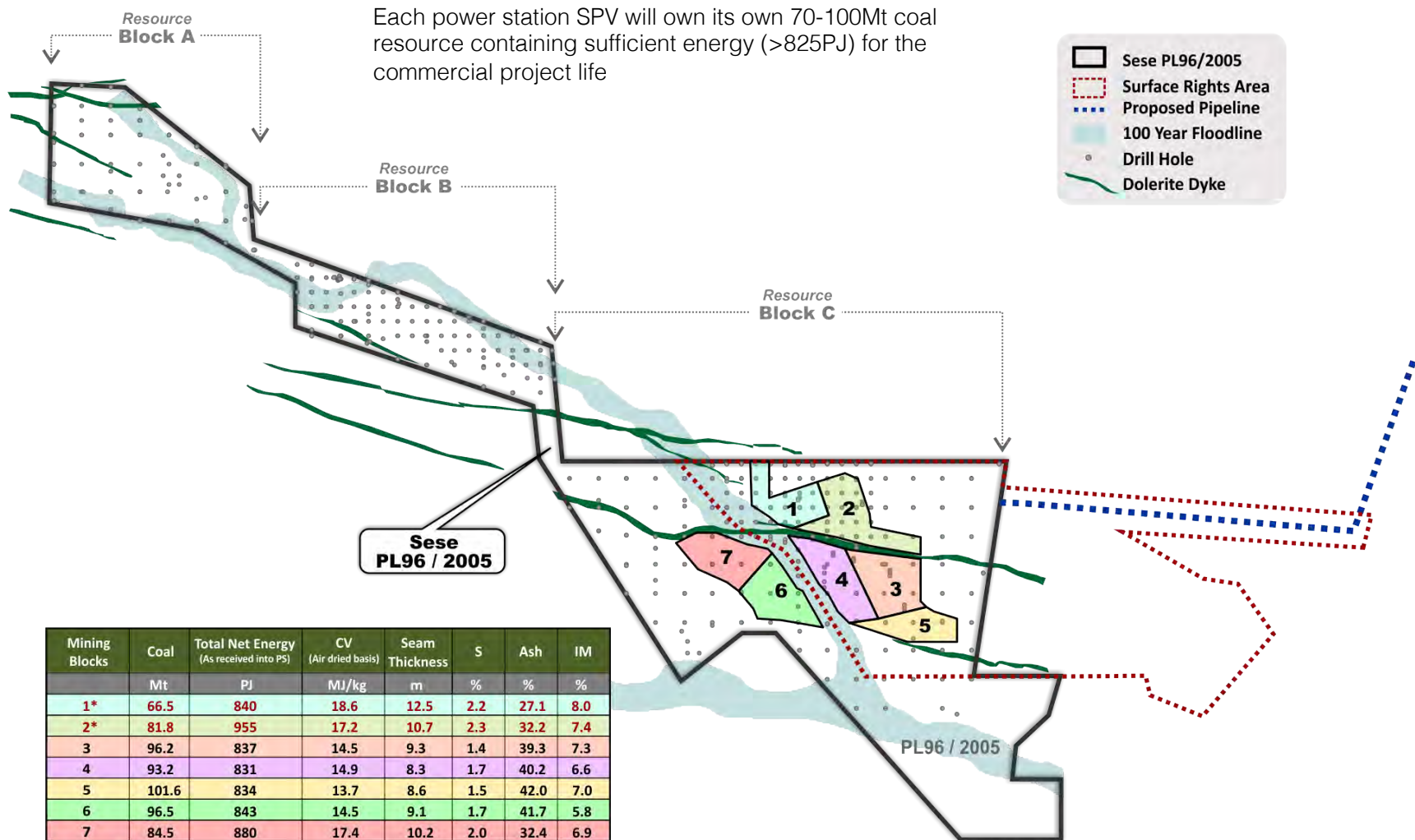
Sese Integrated Power Project overview



- Low risk mining, shallow, flat seam
- Water allocation from Shashe Dam has been approved, enough for 750MW power + mining
- All environment approvals (EIA) granted for first 300MW integrated project
- Surface rights approved over area with enough coal for > 5 x 300MW integrated projects



Sese coal can fuel multiple 300MW IPP's



* SS seam only

600MW Zambian opportunity

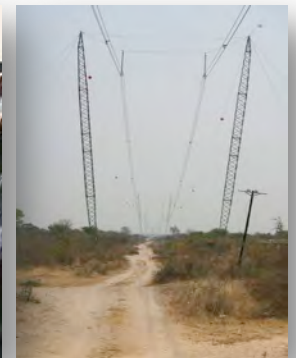
- FQM to take management role once Sese JV has been formalised
- Large power deficit in Zambia (and DRC) due to mine and smelter expansions in the Copperbelt
- ZESCO has furnished a Letter of Intent to AFR confirming its interest in receiving 300MW
- Synergies with government development plans for major water pipeline and Pandamatenga agricultural schemes in NE Botswana
- Potential to sell to NamPower (via ZESCO), DC transmission line already in place along Caprivi Strip
- AFR, ZESCO and BPC have agreed scope for transmission and grid connection study (underway)



Good quality soils at Pandamatenga, but agricultural output hampered through constrained water supply (lack of power for pipeline, pumps and centre pivots)



Hydro expansion in Zambia at risk from drought, cost



350kV DC line, Caprivi Strip

300MW Botswana Greenfield tender

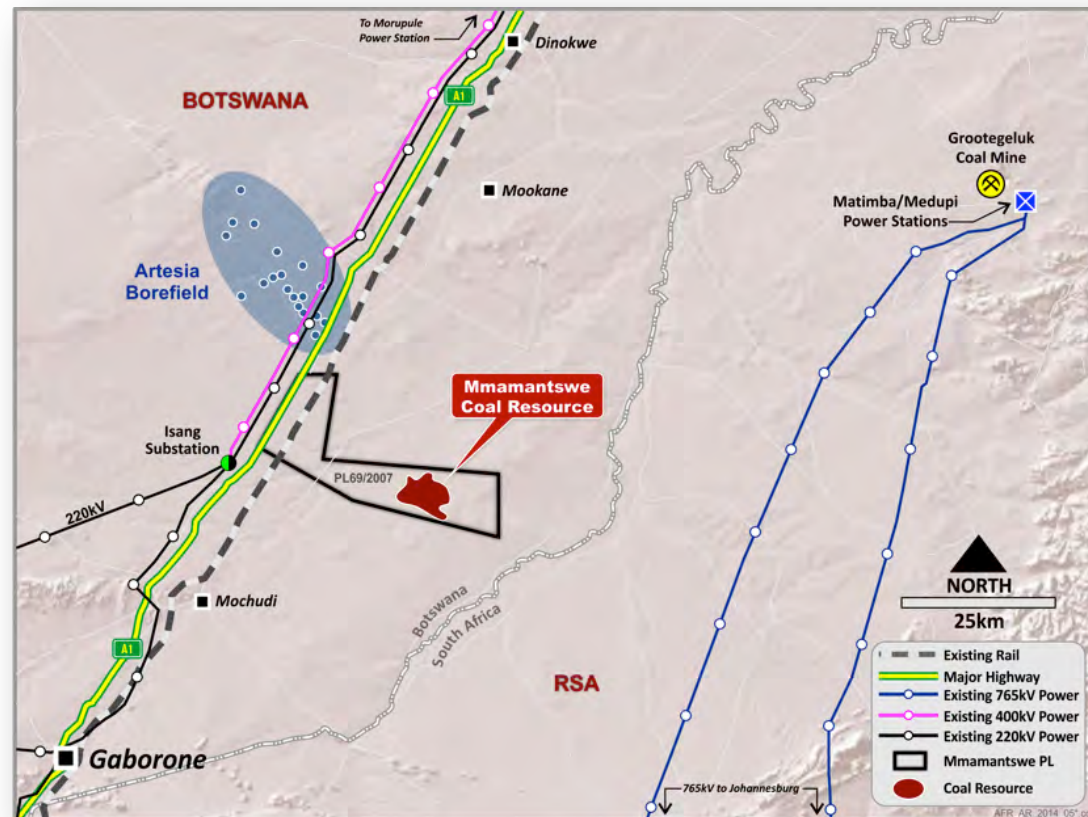
- Expression of Interest submitted for Botswana 300MW greenfield tender
- An integral part of Botswana's long term energy security planning
- Shortlisted to receive request for proposal (RFP) when formal bids are invited
- ACWA Power will be the lead developer and will provide the equity and arrange debt funding for the integrated project SPV
- AFR not required to fund the construction/operation of the mine or power project



600MW Mmamantswe power project



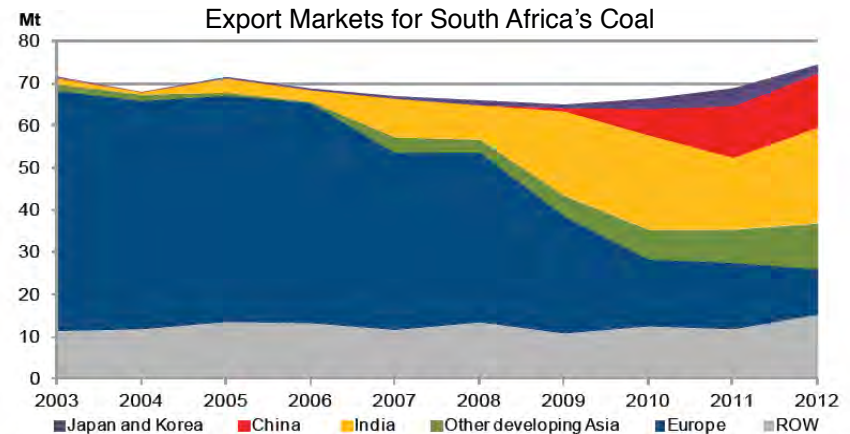
- 100% AFR project, purchased for \$3.5M
- 600MW project has been registered in South Africa's 2,500MW coal baseload IPP procurement programme
- 20km from South African border - ideal project to supply power to South Africa
- Extensive resource drilling and technical studies between Dec 2007 and Jan 2011 on coal quality, mining, processing options, and power generation
- EIA for 10Mtpa ROM coal mine and up to 2,000MW power generation approved in 2013
- 8Gl p.a. water borefield has been drilled, fitted, pump tested and registered to company. Sufficient for >1,500MW
- Seeking to finalise development partner in 2015



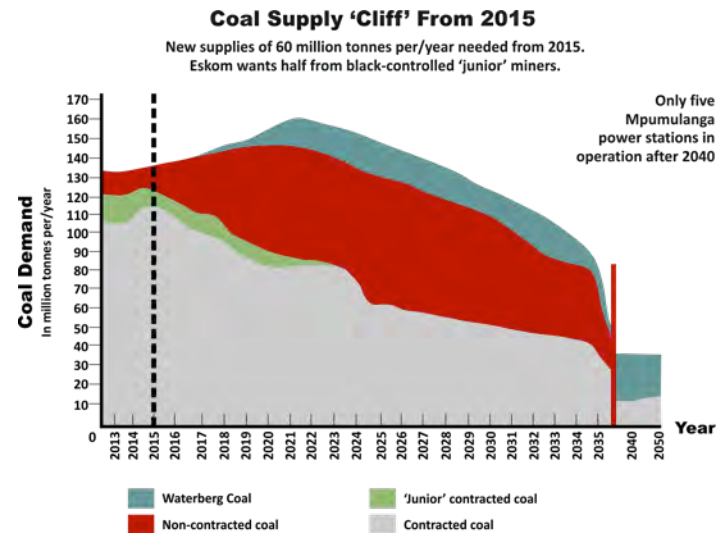
Thermal Coal Export Strategy



1. Mmamabula West project acquired for its export potential
 - High quality in-situ coal resource which can produce multiple export products
2. Global thermal coal demand supported by power growth in China and India
 - India now the second largest importer of thermal coal (behind China)
3. Market for coal in South Africa as Eskom faces a supply shortfall
 - Potential to provide new supply to Eskom from 2015 onwards
 - Transnet planning rail link to Botswana to facilitate coal export to SA
4. Rail/port infrastructure in place
 - Multiple route and port options
 - Port and rail expansion plans well advanced
 - Strong support from government

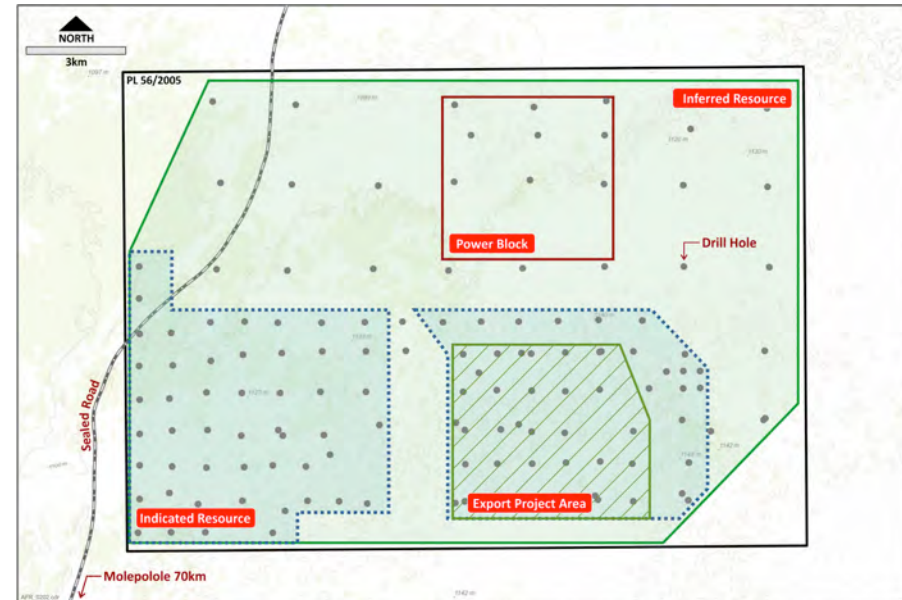


Sources: McCloskey (2013), *McCloskey Coal Reports 2010-2013*, McCloskey's, London, <http://cr.mccloskeycoal.com>; IEA analysis.



Mmamabula West : Overview

- 2.4 billion tonnes in two underground coal seams
 - K-Seam averages 5.5m thick, 105m depth
 - A-Seam averages 4.5m thick, 130m depth
- Prefeasibility Study conducted on a small portion of Indicated Resource in A-Seam (best coal)
- Conventional underground bord and pillar mining
- Conventional DMS and spiral processing plant to produce a 6,200kcal/kg (adb) low-sulphur coal
- Owner operated mining fleet and processing plant
- Up to 3.0Mtpa export quality product*
- 70Mt ROM gives 20 year mine-life
- Initial capital costs of \$113M
- ROM operating cost of \$17/t
- Mine-gate product cost of \$25/t
- Ongoing discussions on rail tariff



1. Global scale coal portfolio in the best address in Africa
2. Massive, growing regional shortfall in base load power
3. Delivering multiple power solutions for Zambia, Botswana, South Africa and Namibia
4. Strategic partnership with First Quantum Minerals unlocks power developments
5. Short time frame to development due to advanced permitting
6. AFR retains 100% ownership of Mmamabula West and Mmamantswe
7. Robust balance sheet – well funded and carried to cash flow at Sese

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