

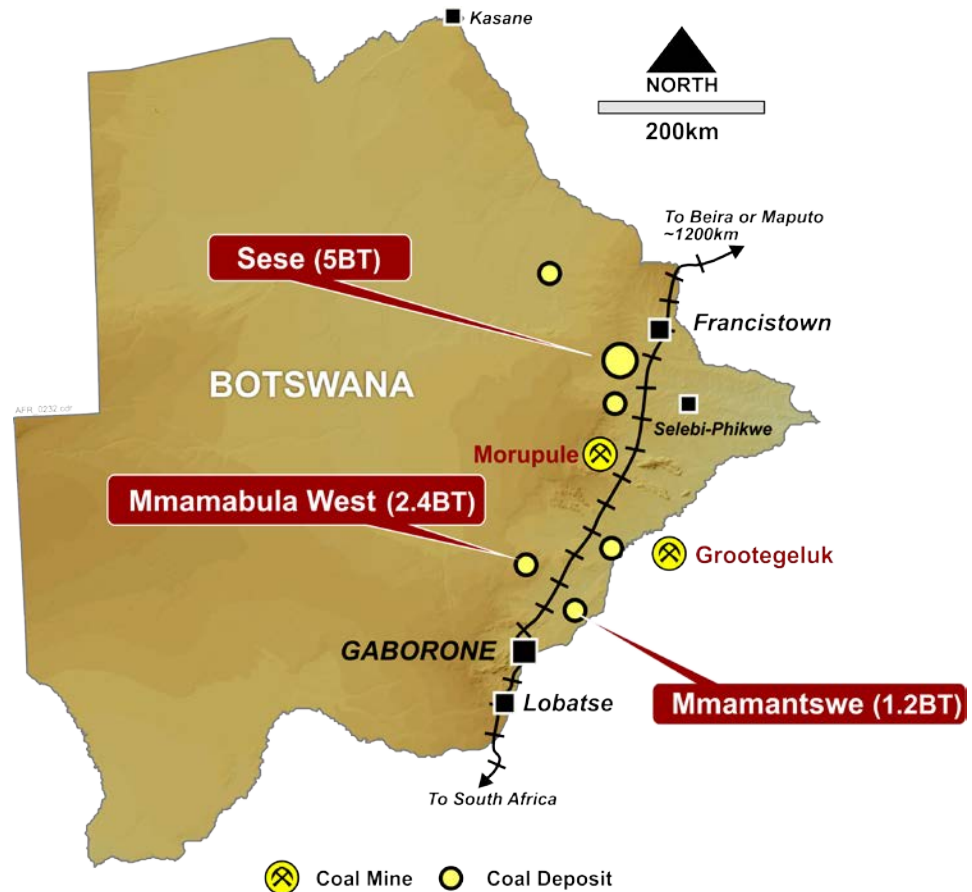


# Developing Power Projects in Southern Africa

London 121 Presentation  
April 2016

## AFR is participating in the development of three large-scale power projects in Botswana

- ❖ **Sese JV:** Technical, commercial and permitting programs have progressed under the management of First Quantum Minerals
- ❖ **Mmamabula West:** Term sheet executed with a South African developer to enter into a Joint Development Agreement and rapidly progress this 600MW power project
- ❖ **Mmamantswe:** Share Sale Agreement executed to sell project to South African developer for USD \$20M at financial close
- ❖ All projects to be funded by development partners, no cash required from AFR
- ❖ Strong AFR cash position ~AUD \$6M\*



\* For details on capital structure refer to Appendix 1

# Regional demand for new power projects is strong

## Surrounded by robust demand:

every country in SADC is chronically short of reliable base-load power, particularly South African and Zambia. Power tariffs are increasing to stimulate new supply from IPP's

## Regional hub:

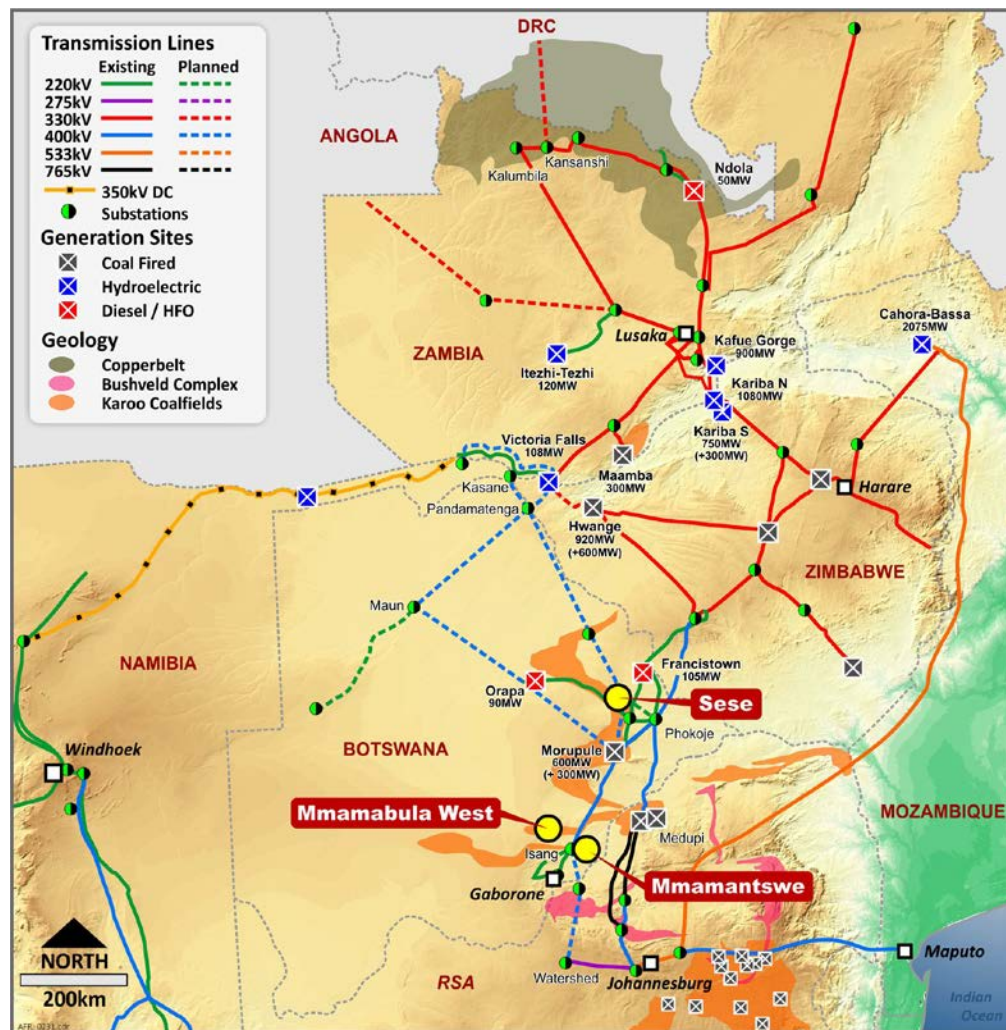
AFR's projects are centrally located and close to the core Southern African Power Pool (SAPP) transmission grid

## Limited competition for new supply:

Zambia hydro schemes struggling in drought, very limited alternative fuel. South Africa seeking cross border supply due to internal funding and permitting constraints

## Stable business environment:

Botswana provides a secure and stable fiscal and political jurisdiction for base load projects





## Sese JV

- Advanced JV project
- Measured resource\*
- First Quantum Minerals earning up to 75% interest
- AFR's 25% interest loan carried to commercial operation of power station
- Approved EIA for 300MW
- Mining License application submitted

## Mmamabula West

- Potential for low-cost ROM coal from underground mine\*\*
- EIA being amended to include 600MW power generation
- Project being developed for submission in RSA coal-fired IPP procurement program
- Term sheet executed for a Joint Development Agreement
- Planned project proposal to be submitted by end 2016

## Mmamantswe

- Measured resource\*
- Approved EIA for up to 10Mtpa mining and 2,000MW power
- Project consortium to submit bid into South Africa's coal-fired IPP procurement program
- AFR has agreed to sell project for U\$20M to the consortium if project bid is shortlisted and/or project is taken to financial close
- No further project costs to AFR

\* Refer to resource table in Appendix 2

\*\* From Prefeasibility Study results announced to ASX in May 2014

# The Sese JV: Summary

First Quantum Minerals Limited (FQM) will invest up to \$20M in the Sese JV

- AUD \$9.8M invested to date by FQM to take a 53% interest and management of JV
- FQM sole funding the next AUD \$10.2M to increase interest to 75%
- Funding being used to investigate the development of a fully integrated coal mine and mine-mouth power station
- FQM responsible for sourcing all additional funding beyond the initial \$20M
- AFR's 25% share of additional funding will be loaned to it by FQM, and carried to commercial production
- Technical, permitting and commercial programs making good progress e.g. mining license submitted, land lease agreement executed, EIA approved



15,000t bulk sample pit excavated by AFR at the Sese project



## Sese JV - project development tasks underway

**TECHNICAL** Transmission study on existing options between Botswana and Zambia completed

Confirmation of critical power plant (boiler) technology, unit size and layout

Combustion testing to finalise fuel specification

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**PERMITTING** Land Lease Agreement executed, providing surface rights for 50 years

Complete and execute Water Supply Agreement (2.8 GL p.a. water allocation approved)

Coal Supply Agreement executed

Mining License application submitted

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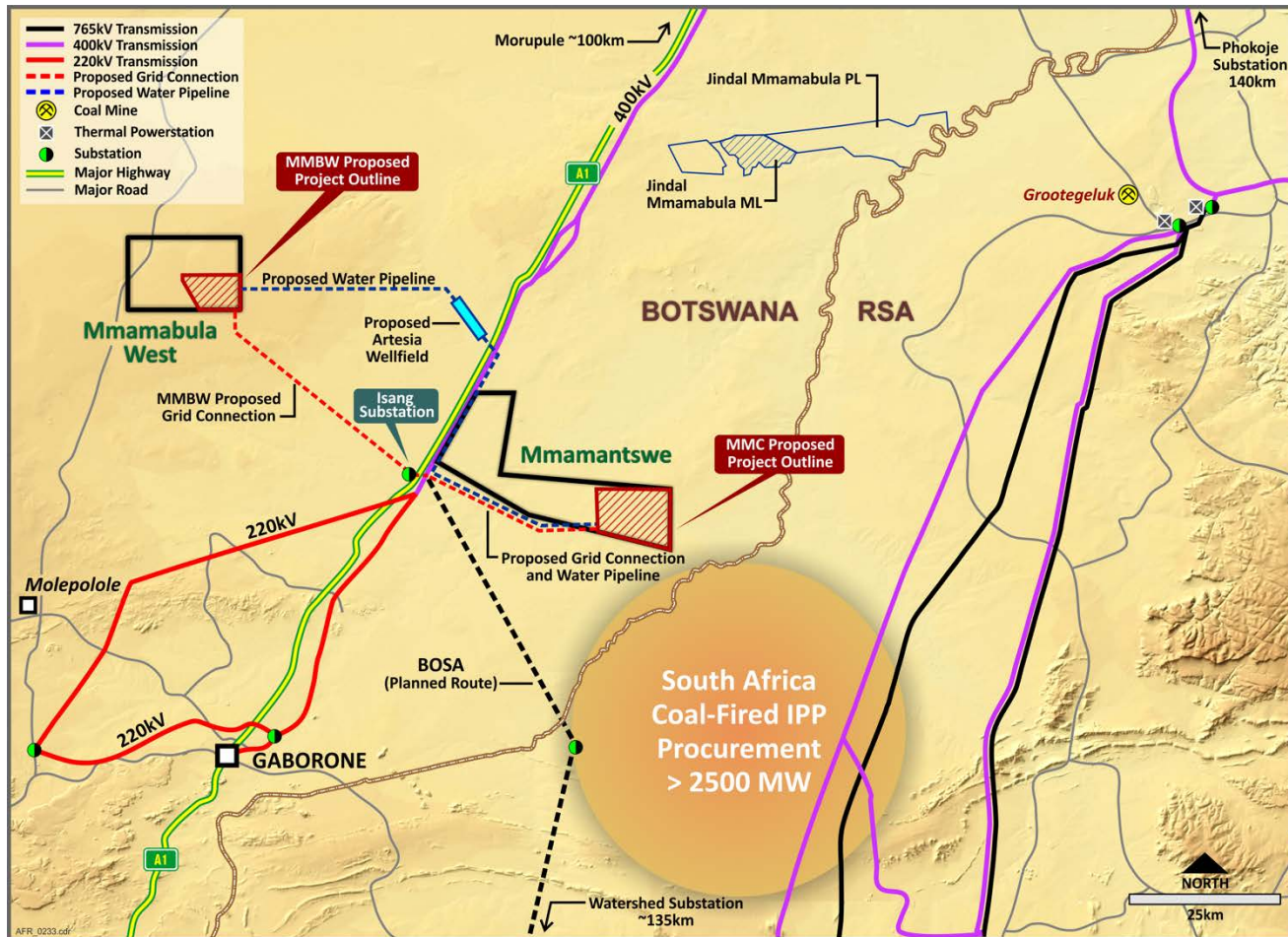
**COMMERCIAL** Manufacturing Development Approval Order to be prepared and submitted

Confirm design and cost estimate for fully integrated power project





# South Africa: the biggest regional market for power sales



**South Africa seeking >2500MW** of new coal-fired base load power

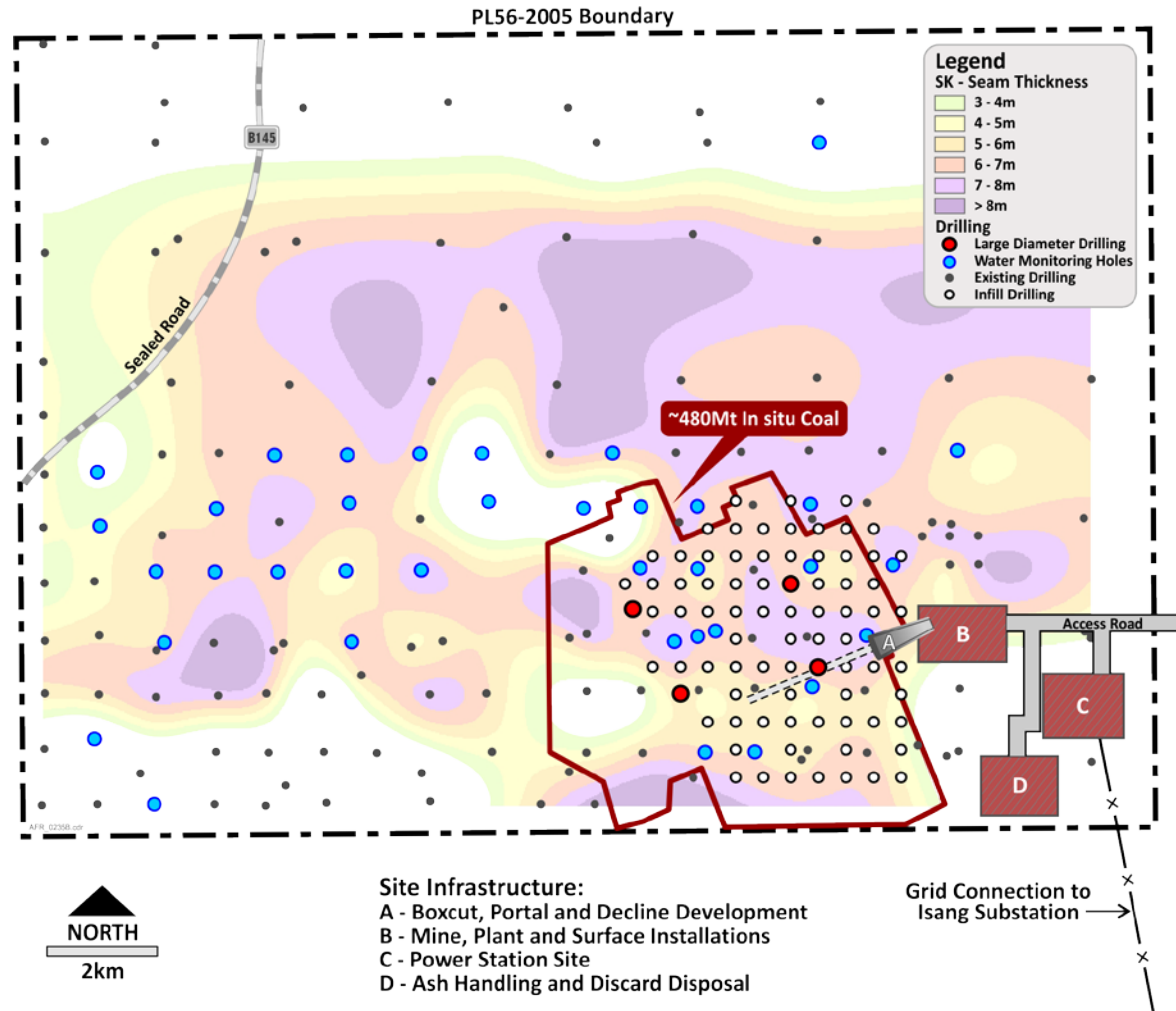
**Cross border projects in Botswana** may account for a significant component of this new generation capacity

**Mmamabula and Mmamantswe** suited to South Africa's IPP procurement program, both close to grid connection infrastructure

Both projects also close to main demand centers in the northern Bushveld platinum/chromium mining district

# Mmamabula West: Power Development Opportunity

- PFS for an underground coal mine completed in 2014 – potential for low cost ROM coal for use in power station
- Term sheet executed to enter into a Joint Development Agreement with an experienced South African developer
- EIA being amended to include 600MW power generation plus associated grid connection
- Detailed work program\* underway to complete all required technical studies and permitting activities for mining and power generation to support late 2016 submission to South Africa



\* Refer Appendix 3



# Summary – Strong Project Pipeline



## Sese JV

FQM evaluating the development of an integrated mine and power station

FQM earning-in, AFR loan carried to production from power station

## Mmamabula

Multiple power project potential with future coal export potential

AFR negotiating Joint Development Agreement with South African developer

## Mmamantswe

Agreement to sell Project to a South African developer at financial close

Potential \$20M short-term return, conditional upon SA IPP bid success

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# Appendix 1: Corporate Summary



<u>ASX Code</u>	AFR
Shares on issue	608 million
Market Cap (@ \$0.047)	AUD \$28M
Cash (31 March 2016)	AUD \$5.9M
Debt	Nil

## Major Shareholders

The Sentient Group	23%
First Quantum Minerals	11%
Management	10%
Top 20	62%





# Appendix 2: Global AFR Coal Resource Table



## Global Coal Resources for AFR Limited Coal Projects in Botswana

Sese Coal & Power Project: Resource Summary (Raw coal on an air-dried basis), FQM 53%, AFR 47%								
Resource Zone	In-Situ Tonnes*	CV (MJ/kg)	CV (kcal/kg)	Ash %	IM%	VM%	FC%	S %
MEASURED (Block-C)	333 Mt	17.6	4,200	30.2	7.9	20.6	41.4	2.1
MEASURED (Block-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
<b>TOTAL</b>	<b>2,517 Mt</b>							

Sese West Project: Resource Summary (Raw coal on an air-dried basis) FQM 53%, AFR 47%								
Resource Zone	In-Situ Tonnes*	CV (MJ/kg)	CV (kcal/kg)	Ash %	IM%	VM%	FC%	S %
INFERRED	2,501Mt	14.6	3,500	40.2	6.1	19.8	31.9	2.0
<b>TOTAL</b>	<b>2,501Mt</b>							

Mmamabula West Project: Resource Summary (Raw coal on an air-dried basis) AFR 100%								
Resource Zone	In-Situ Tonnes*	CV (MJ/kg)	CV (kcal/kg)	Ash %	IM%	VM%	FC%	S %
MEASURED	N/A							
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
<b>TOTAL</b>	<b>2,433 Mt</b>							

Mmamantswe Project: Resource Summary (Raw coal on an air-dried basis) AFR 100%								
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							
<b>TOTAL</b>	<b>1,243 Mt</b>							

\* 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

# Appendix 3: Mmamabula West: Indicative Development Plan

