

African Energy Resources Limited

ARBN 123 316 781

NOTICE OF ANNUAL GENERAL MEETING AND EXPLANATORY STATEMENT

**For the Annual General Meeting to be held on Tuesday 22 November 2016
at 3.00pm (Western Standard Time)
at Suite 1, 245 Churchill Avenue, Subiaco, 6008, Western Australia**

**This is an important document. Please read it carefully and in its entirety.
If you do not understand it please consult your professional advisers.**

**Please complete the form of proxy enclosed
and return it in accordance with the instructions set out on that form.**

TIME AND PLACE OF ANNUAL GENERAL MEETING AND HOW TO VOTE

This Annual General Meeting of the Shareholders of African Energy Resources Limited will be held at:

**Suite 1, 245 Churchill Avenue
Subiaco 6008
Western Australia**

**Commencing
at 3.00pm (Western Standard Time)
on Tuesday 22 November 2016**

And also via phone link with our registered office, Granite House, La Grande Rue, St Martin, Guernsey GY1 3RS which will commence at 7:00am (Greenwich Mean Time) on 22 November 2016.

The Directors have set a date to determine the identity of those entitled to attend, speak and vote at the Meeting. The date is 20 November 2016 at 3.00pm (Western Standard Time).

How you will be able to vote depends on if you are a Shareholder or a Chess Depositary Interest (CDI) holder. The majority of voters will be CDI holders. Both methods are listed below:

CHES Depositary Interests

CDI Holders are invited to attend and speak at the Meeting but are not entitled to vote at the Meeting. In order to have votes cast at the Meeting on their behalf, CDI holders must complete, sign and return the Voting Instruction Form (as attached to this Notice of Annual General Meeting) as per the information below so that CHES Depositary Nominees Pty Ltd (CDN) can vote the underlying Shares on their behalf.

Shareholders

Ordinary Shareholders may vote by attending the Meeting in person, by proxy or by authorised representative. Shareholders of the Company, entitled to attend, speak and vote are entitled to appoint one or more proxies to attend, speak and vote at this Meeting. The completion and return of a valid form of proxy will not prevent holders of ordinary Shares from attending, speaking and voting in person at the Meeting if so desired. Where more than one proxy is appointed, each proxy must be appointed to represent a specified proportion of the Shareholder's voting rights. If the Shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half of the votes. A proxy need not be a Shareholder of the Company.

Voting in Person

To vote in person you need to attend the Meeting on the date and at the place (in Australia or Guernsey) set out above.

Attendance at Meeting

All holders of Shares appearing in the Company's Register of Shareholders at 20 November 2016 at 3.00pm Western Standard Time will be entitled to attend and vote at the Meeting.

Proxy and Voting Instruction forms

To be effective, the proxy must be received by the Company no later than 3:00pm Western Standard Time on 20 November 2016. The following methods of delivery for proxies are specified:

Online: Visit www.linkmarketservices.com.au. Select 'Investor Login' and enter African Energy Resources Limited or the ASX code ('AFR') in the Issuer name field, your Securityholder Reference Number ('SRN') or Holder Identification Number ('HIN') (which is shown on the front of your proxy form), postcode and security code which is shown on the screen and click 'Login'. Select the 'Voting' tab and then follow the prompts. You will be taken to have signed your Voting Instruction Form if you lodge it in accordance with the instructions given on the website, so that it is received not later than 3.00pm WST on 20 November 2016.

By post: African Energy Resources Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

By facsimile: +61 2 9287 0309

By delivery: Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138

Your proxy form or voting instruction form is enclosed with this notice, depending on your holder status.

Notice is hereby given that the Annual General Meeting of the Shareholders of African Energy Resources Limited will be held at Suite 1, 245 Churchill Avenue, Subiaco, 6008, Western Australia on Tuesday 22 November 2016 at 3.00pm WST and also via phone link at our registered office, Granite House, La Grande Rue, St Martin, Guernsey GY1 3RS at 7.00am (Guernsey time) on 22 November 2015, for the purpose of transacting the business set out below.

The Explanatory Statement is to be read in conjunction with this Notice.

AGENDA

GENERAL BUSINESS

Resolution 1 – Receipt of Financial Statements and Reports

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That the Company consider and receive the profit and loss account and the balance sheet of the Company for the financial year ended 30 June 2016 and the reports of the Directors and Auditors thereon."

Short Explanation: The Articles require that a profit and loss account, a balance sheet, a report of the Directors and a report of the Auditors be laid before the Company at its annual general meeting each year.

Resolution 2 – Re-election of Director – Gregory Fry

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That Gregory Fry, who retires by rotation in accordance with article 129 of the Articles of Association of the Company, and being eligible, offers himself for re-election, is hereby re-elected as a Director of the Company."

Short Explanation: Gregory Fry has been a Director of the Company since 22 August 2006. Gregory Fry is presented for re-election in accordance with the rotation requirements of the Articles.

Resolution 3 – Re-election of Director – Alasdair Cooke

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That Alasdair Cooke, who retires in accordance with article 129 of the Articles of Association of the Company, and being eligible, offers himself for re-election, is hereby re-elected as a Director of the Company."

Short Explanation: Alasdair Cooke has been a Director of the Company since 22 August 2006. Alasdair Cooke is presented for re-election in accordance with the rotation requirements of the Articles.

Resolution 4 – Re-election of Director – Philip Clark

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That Philip Clark, who retires by rotation in accordance with article 122 of the Articles of Association of the Company, and being eligible, offers himself for re-election, is hereby re-elected as a Director of the Company."

Short Explanation: Philip Clark has been a Director of the Company since 5 April 2011. Philip Clark is presented for re-election in accordance with the rotation requirements of the Articles.

Resolution 5 – Grant of Options to Director - Mr Alasdair Cooke

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes Listing Rule 10.11 of the Listing Rules of ASX Limited and for all other purposes, approval is given for the Company to grant to Mr Alasdair Cooke (or his nominee) up to 1,750,000 Options to acquire fully paid ordinary shares in the capital of the Company, to be issued on the terms and conditions set out in the Explanatory Statement accompanying this Notice."

Short Explanation: The ASX Listing Rules requires the Company to seek shareholder approval before a director may acquire securities under an employee incentive scheme.

Voting Exclusion Statement: The Company will disregard any votes cast on this resolution by Mr Cooke (or his nominee) or any of their associates. However, the Company will not disregard a vote cast on this Resolution if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or, it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 6 – Grant of Options to Director - Dr Charles Tabeart

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes Listing Rule 10.11 of the Listing Rules of ASX Limited and for all other purposes, approval is given for the Company to grant to Dr Charles Tabeart (or his nominee) up to 2,500,000 Options to acquire fully paid ordinary shares in the capital of the Company, to be granted on the terms and conditions set out in the Explanatory Statement accompanying this Notice."

Short Explanation: The ASX Listing Rules requires the Company to seek shareholder approval before a director may acquire securities under an employee incentive scheme.

Voting Exclusion Statement: The Company will disregard any votes cast on this resolution by Dr Tabeart (or his nominee) or any of their associates. However, the Company will not disregard a vote cast on this Resolution if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or, it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 7 – Grant of Options to Director - Mr Gregory Fry

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes Listing Rule 10.11 of the Listing Rules of ASX Limited and for all other purposes, approval is given for the Company to grant to Mr Gregory Fry (or his nominee) up to 875,000 Options to acquire fully paid ordinary shares in the capital of the Company, to be issued on the terms and conditions set out in the Explanatory Statement accompanying this Notice."

Short Explanation: The ASX Listing Rules requires the Company to seek shareholder approval before a director may acquire securities under an employee incentive scheme.

Voting Exclusion Statement: The Company will disregard any votes cast on this resolution by Mr Fry (or his nominee) or any of their associates. However, the Company will not disregard a vote cast on this Resolution if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or, it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 8 – Grant of Options to Director - Mr Philip Clark

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes Listing Rule 10.11 of the Listing Rules of ASX Limited and for all other purposes, approval is given for the Company to grant to Mr Philip Clark (or his nominee) up to 500,000 Options to acquire fully paid ordinary shares in the capital of the Company, to be issued on the terms and conditions set out in the Explanatory Statement accompanying this Notice."

Short Explanation: The ASX Listing Rules requires the Company to seek shareholder approval before a director may acquire securities under an employee incentive scheme.

Voting Exclusion Statement: The Company will disregard any votes cast on this resolution by Mr Clark (or his nominee) or any of their associates. However, the Company will not disregard a vote cast on this Resolution if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or, it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 9 – Grant of Options to Director - Mr Valentine Chitalu

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes Listing Rule 10.11 of the Listing Rules of ASX Limited and for all other purposes, approval is given for the Company to grant to Mr Valentine Chitalu (or his nominee) up to 500,000 Options to acquire fully paid ordinary shares in the capital of the Company, to be issued on the terms and conditions set out in the Explanatory Statement accompanying this Notice."

Short Explanation: The ASX Listing Rules requires the Company to seek shareholder approval before a director may acquire securities under an employee incentive scheme.

Voting Exclusion Statement: The Company will disregard any votes cast on this resolution by Mr Chitalu (or his nominee) or any of their associates. However, the Company will not disregard a vote cast on this Resolution if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or, it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 10 – Grant of Options to Director - Mr Vincent Masterton-Hume

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes Listing Rule 10.11 of the Listing Rules of ASX Limited and for all other purposes, approval is given for the Company to grant to Mr Vincent Masterton-Hume (or his nominee) up to 500,000 Options to acquire fully paid ordinary shares in the capital of the Company, to be issued on the terms and conditions set out in the Explanatory Statement accompanying this Notice."

Short Explanation: The ASX Listing Rules requires the Company to seek shareholder approval before a director may acquire securities under an employee incentive scheme.

Voting Exclusion Statement: The Company will disregard any votes cast on this resolution by Mr Masterton-Hume (or his nominee) or any of their associates. However, the Company will not disregard a vote cast on this Resolution if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or, it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 11 – Grant of Options to Director - Mr Wayne Trumble

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes Listing Rule 10.11 of the Listing Rules of ASX Limited and for all other purposes, approval is given for the Company to grant to Mr Wayne Trumble (or his nominee) up to 500,000 Options to acquire fully paid ordinary shares in the capital of the Company, to be issued on the terms and conditions set out in the Explanatory Statement accompanying this Notice."

Short Explanation: The ASX Listing Rules requires the Company to seek shareholder approval before a director may acquire securities under an employee incentive scheme.

Voting Exclusion Statement: The Company will disregard any votes cast on this resolution by Mr Trumble (or his nominee) or any of their associates. However, the Company will not disregard a vote cast on this Resolution if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or, it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 12 – Approval to grant Performance Rights to Charles Tabear

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to grant up to 666,666 Performance Rights to Charles Tabear or his nominee on the terms set out in the Explanatory Statement accompanying this Notice."

Short Explanation: The ASX Listing Rules requires the Company to seek shareholder approval before a director may acquire securities under an employee incentive scheme.

Voting Exclusion Statement: The Company will disregard any votes cast on this resolution by Dr Tabear (or his nominee) or any of their associates. However, the Company will not disregard a vote cast on this Resolution if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or, it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 13 – Approval to grant Performance Rights to Alasdair Cooke

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to grant up to 166,666 Performance Rights to Alasdair Cooke or his nominee on the terms set out in the Explanatory Statement accompanying this Notice."

Short Explanation: The ASX Listing Rules requires the Company to seek shareholder approval before a director may acquire securities under an employee incentive scheme.

Voting Exclusion Statement: The Company will disregard any votes cast on this resolution by Mr Cooke (or his nominee) or any of their associates. However, the Company will not disregard a vote cast on this Resolution if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or, it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 14 – Approval to grant Performance Rights to Gregory Fry

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to grant up to 333,333 Performance Rights to Gregory Fry or his nominee on the terms set out in the Explanatory Statement accompanying this Notice."

Short Explanation: The ASX Listing Rules requires the Company to seek shareholder approval before a director may acquire securities under an employee incentive scheme.

Voting Exclusion Statement: The Company will disregard any votes cast on this resolution by Mr Fry (or his nominee) or any of their associates. However, the Company will not disregard a vote cast on this Resolution if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or, it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 15 – Approval to grant Performance Rights to Philip Clark

To consider and if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to grant up to 100,000 Performance Rights to Philip Clark or his nominee on the terms set out in the Explanatory Statement accompanying this Notice."

Short Explanation: The ASX Listing Rules requires the Company to seek shareholder approval before a director may acquire securities under an employee incentive scheme.

Voting Exclusion Statement: The Company will disregard any votes cast on this resolution by Mr Clark (or his nominee) or any of their associates. However, the Company will not disregard a vote cast on this Resolution if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or, it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

Resolution 16 – Insertion of Proportional Takeover Provisions

To consider and, if thought fit, to pass, with or without amendment, the following resolution as a **special resolution**:

"That the Articles of the Company, in accordance with the Companies (Guernsey) Law 2008, be altered by inserting the Proportional Takeover provisions contained in Article 231 as set out in Annexure C to the Explanatory Statement."

Short Explanation: The Directors have considered and approved the proposed amendments to the Company's Articles and resolved to put the new Articles to the Shareholders for approval.

BY ORDER OF THE BOARD

Daniel Davis
Company Secretary
Dated: 21 October 2016

This Explanatory Statement is intended to provide Shareholders with sufficient information to assess the merits of the Resolutions contained in the Notice.

The Directors recommend that Shareholders read this Explanatory Statement in full before making any decision in relation to the Resolutions.

1. Resolution 1 – Receipt of Financial Statements and Reports

The Company's 2016 Annual Report contains the financial statements of the Company for the financial year ended 30 June 2016. It also contains a report by the Directors and the Company's auditors.

Pursuant to article 83 of the Articles, the ordinary business of an Annual General Meeting of the Company is to receive and consider the profit and loss account and the balance sheet of the Company and the reports of the Directors and the auditors. Article 206 requires a balance sheet and profit and loss to be laid before the Company at its Annual General Meeting each year together with a report by the Directors and a report by the Company's auditors.

The Directors recommend that Shareholders vote in favour of Resolution 1.

2. Resolution 2 – Re-Election Of Director – Gregory Fry

Mr Fry was appointed a director of the Company on 22 August 2006.

Pursuant to article 129 of the Articles, Mr Fry, being a Director of the Company, retires by way of rotation and, being eligible, offers himself for re-election as a Director of the Company.

Details of the qualifications and experience of Mr Fry are set out in the 2016 Annual Report for the Company.

3. Resolution 3 – Re-Election Of Director – Alasdair Cooke

Mr Cooke was appointed a director of the Company on 22 August 2006.

Pursuant to article 129 of the Articles, Mr Cooke, being a Director of the Company, retires by way of rotation and, being eligible, offers himself for re-election as a Director of the Company.

Details of the qualifications and experience of Mr Cooke are set out in the 2016 Annual Report for the Company.

4. Resolution 4 – Re-Election Of Director – Philip Clark

Mr Clark was appointed a director of the Company on 5 April 2011 and last re-elected on 17 November 2011.

Pursuant to article 129 of the Articles, Mr Clark, being a Director of the Company, retires by rotation and, being eligible, offers himself for re-election as a Director of the Company.

Details of the qualifications and experience of Mr Clark are set out in the 2016 Annual Report for the Company.

5. Resolutions 5 To 11 – Grant Of Options And Performance Rights To Directors

Background

Resolutions 5 to 11 seek Shareholder approval for the grant of a total 7,125,000 Options to Directors as follows:

Resolution Number	Director	Number of Options
5	Alasdair Cooke	1,750,000
6	Charles Tabear	2,500,000
7	Gregory Fry	875,000
8	Phil Clark	500,000
9	Valentine Chitalu	500,000
10	Vincent Masterton-Hume	500,000
11	Wayne Trumble	500,000
		7,125,000

The Company seeks approval under ASX Listing Rule 10.11 to grant the 7,125,000 Options to Directors.

Options shall vest upon an irrevocable commitment to a power purchase agreement at Mmamabula West.

Information required under ASX Listing Rule 10.13

For the purposes of ASX Listing Rules 10.13, the following information is provided to Shareholders:

- The Options will be granted to Executive Chairman, Mr Alasdair Cooke; Managing Director, Dr Charles Tabear; Executive Director, Mr Gregory Fry and five Non-executive Directors Mr Valentine Chitalu, Mr Philip Clark, Mr Ian Masterton-Hume and Mr Wayne Trumble or their nominees;
- The maximum number of Options that may be granted to the Directors is 7,125,000 as set out in the table above. The general terms and vesting hurdles of the Options are set out in Annexure A;
- The Options will be granted to Messrs Cooke, Tabear, Fry, Clark, Chitalu, Masterton-Hume and Trumble (or their respective nominees) no later than one month after the date of this Meeting; and
- No monetary consideration is payable for the grant of the Options (though the Directors will be required to pay the relevant exercise price on exercise of the Options which shall be utilised by the Company as working capital).
- The Company will disregard any votes cast on a resolution by a Director (or their nominee) or any of their associates who is to receive securities in the entity pursuant to the outcome of the resolution. However, the Company will not disregard a vote cast on this Resolution if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or, it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

Other information

As a foreign company, the Company is not subject to the related party provisions of the Australian Corporations Act. However, the Company provides the following additional information to Shareholders, which is similar to the style of information that Shareholders would receive if these provisions applied.

The Party to Whom the Proposed Resolution Would Permit the Financial Benefit to be given

The parties are Mr Alasdair Cooke or his nominee (by Resolution 5), Dr Charles Tabear or his nominee (by Resolution 6), Mr Gregory Fry or his nominee (by Resolution 7), Mr Philip Clark or his nominee (by Resolution 8), Mr Valentine Chitalu or his nominee (by Resolution 9), Mr Vincent Masterton-Hume or his nominee (or his nominee (by Resolution 10) and Mr Wayne Trumble or his nominee (by Resolution 11).

The Nature of the Financial Benefit

The proposed financial benefit to be given is the grant of Options for no monetary consideration to Messrs Cooke, Tabear, Fry, Clark, Chitalu, Masterton-Hume and Trumble, or their respective nominee(s), as noted above. The terms and conditions of the Options are set out in Annexure A, and Performance Rights are set out in Annexure B to this Explanatory Memorandum.

Directors' Recommendation and Basis for the Financial Benefit

The Board currently consists of Executive Chairman, Mr Alasdair Cooke; Managing Director, Dr Charles Tabeart; Executive Director, Mr Gregory Fry and five Non-executive Directors Mr Valentine Chitalu, Mr Philip Clark, Mr Ian Masterton-Hume, Mr Wayne Trumble and Mr John Dean.

By Resolutions 5 to 11, Options are proposed to be issued to seven Directors of the Company. In each case the number of Options to be granted to the respective Director and the terms of the Options were negotiated by the Directors independent of that particular Director (being all the other Directors).

The purpose of the Options is to give each of Messrs Cooke, Tabeart, Fry, Clark, Chitalu, Masterton-Hume and Trumble incentive to provide dedicated ongoing commitment and effort to the Company and further align their interests with that of the Company and its Shareholders.

Messrs Cooke, Tabeart, Fry, Clark, Chitalu, Masterton-Hume and Trumble abstain from making a recommendation to Shareholders as to Resolutions 5 to 15 as they have a material personal interest in the outcome of Resolution 5 to 11 being the recipient of the Options.

Dilution

The passing of Resolutions 5 to 11 will have the effect of granting Messrs Cooke, Tabeart, Fry, Clark, Chitalu, Masterton-Hume and Trumble (or their nominees) up to 7,125,000 Options on the terms and conditions set out in Annexure A.

If any Options granted as proposed above are vested, the effect would be to dilute the shareholding of existing Shareholders.

If all of the 7,125,000 Options that may be granted under Resolutions 5 to 11 are vested, the effect would be to dilute the shareholding of existing Shareholders by approximately 1.17% based on the current number of Shares of 608,996,716 (undiluted).

Total Remuneration Package of Messrs Cooke, Tabeart, Fry, Clark, Chitalu, Masterton-Hume and Trumble.

- The total remuneration received package paid to Dr Tabeart is \$320,000 per annum.
- The total remuneration received package paid to Mr Cooke is \$85,000 per annum.
- The total remuneration received package paid to Mr Fry is \$160,000 per annum.
- The total remuneration received package paid to Mr Clark is \$45,000 per annum.
- The total remuneration received package paid to Mr Chitalu is \$45,000 per annum.
- The total remuneration received package paid to Mr Masterton-Hume is \$45,000 per annum.
- The total remuneration received package paid to Mr Trumble is \$45,000 per annum.

Existing Relevant Interest

Director	Number of Shares	Number of Performance Rights
Mr Alasdair Cooke	50,003,682	933,333
Dr Charles Tabeart	4,774,100	1,933,333
Mr Gregory Fry	5,869,610	1,266,667
Valentine Chitalu	2,251,425	400,000
Philip Clark	2,485,392	200,000
Vincent Masterton-Hume	4,157,606	100,000
Wayne Trumble	327,273	1,000,000

There are various performance hurdles associated with the existing Performance Rights as set out in the 2016 Full Year Statutory Accounts of the Company.

Trading History

The following table gives details of the highest, lowest and the latest closing price of the Company's Shares trading on the ASX over the last 12 months.

	Date	Price
Highest Price	9 November 2015	6.4c
Lowest Price	31 August 2016	3.6c
Latest Price	19 October 2016	4.4c

Valuation of Options

The Company has valued the Options to be granted to the Directors, or their respective nominee(s), using the Binomial Model. The value of an Option calculated by the Binomial Model is a function of a number of variables. The Company's assessment of the value of the Options has been prepared using the following assumptions:

Variable	Input
Share price	\$0.04
Exercise price	\$0.06
Risk free interest rate	2.00%
Volatility	25%
Time	3.1 years

For the purposes of this valuation the Company has assumed 23 November 2016 as the issue date of the Options. For the Share price, the Company has assumed \$0.04 as this was a recent Share price on ASX on 6 October 2016. The Company has also assumed a volatility level of 25%. Taking these factors into account, the term of the Options (3.1 years) and its past Share prices the estimated value of one Option is 0.27 cents.

The estimated value of the 7,125,000 Options proposed to be granted to Messrs Cooke, Tabcart, Fry, Clark, Chitalu, Masterton-Hume and Trumble pursuant to Resolutions 5 to 11 is AUD\$19,237. The Company's adoption of Australian equivalents to International Financial Reporting Standards for reporting periods commencing from 1 July 2005 means that, under AASB2 Share-based Payment, equity based compensation will be recognised as an expense in respect of the services received. Other than as set out in this Explanatory Memorandum, the Directors do not consider that from an economic and commercial point of view, there are any costs or detriments, including opportunity costs or taxation consequences, for the Company or benefits foregone by the Company in granting the Options pursuant to Resolutions 5, 6, 7, 8, 9, 10 and 11. Apart from the information set out in this Explanatory Memorandum, neither the Directors nor the Company are aware of other information that would be reasonably required by Shareholders to make a decision in relation to the financial benefits contemplated by the proposed Resolutions 5, 6, 7, 8, 9, 10 and 11.

6. Resolutions 12 To 15 – Grant Performance Rights To Directors

Background

Resolutions 12 to 15 seek Shareholder approval for the grant of a total 1,266,666 Performance Rights to Directors as follows:

Resolution Number	Director	Number of Performance Rights
12	Alasdair Cooke	166,666
13	Charles Tabcart	666,667
14	Gregory Fry	333,333
15	Phil Clark	100,000
		<u>1,266,666</u>

The Company seeks approval under ASX Listing Rule 10.11 to grant 1,266,666 Performance Rights to Directors.

Performance Rights awarded to Messrs Cooke, Tabcart and Fry vest upon the formal execution by the Company of a Power Purchase Agreement for the full output of a 300MW Integrated Power project at Sese with an execution date from 1 October 2017 to 31 December 2019.

Performance Rights awarded to Mr Clark shall vest upon completion of a bankable feasibility study on the Sese Coal Project with an effective completion date from 1 October 2017 to 31 December 2019.

Information required under ASX Listing Rule 10.13

For the purposes of ASX Listing Rule 10.13, the following information is provided to Shareholders:

- a) The Performance Rights will be granted to Mr Alasdair Cooke; Dr Charles Tabeart; Mr Gregory Fry and Mr Philip Clark or their nominees.
- b) The maximum number of Performance Rights that may be granted to the Directors is 1,266,666 as set out in the table above. The general terms and vesting hurdles of the Performance Rights are set out in Annexure B.
- c) The Performance Rights will be granted to Messrs Cooke, Tabeart, Fry and Clark (or their respective nominees) no later than one month after the date of this Meeting.
- d) No monetary consideration is payable for the grant of the Performance Rights; and
- e) The Company will disregard any votes cast on a resolution by a Director (or their nominee) or any of their associates who is to receive securities in the entity pursuant to the outcome of the resolution. However, the Company will not disregard a vote cast on this Resolution if it is cast by a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or, it is cast by the person chairing the meeting as a proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.

Other information

As a foreign company, the Company is not subject to the related party provisions of the Australian Corporations Act. However, the Company provides the following additional information to Shareholders, which is similar to the style of information that Shareholders would receive if these provisions applied.

The Party to Whom the Proposed Resolution Would Permit the Financial Benefit to be given

The parties are Mr Alasdair Cooke or his nominee (by Resolution 12), Dr Charles Tabeart or his nominee (by Resolution 13), Mr Gregory Fry or his nominee (by Resolution 14) and Mr Philip Clark or his nominee (by Resolution 15)

The Nature of the Financial Benefit

The proposed financial benefit to be given is the grant of Performance Rights for no monetary consideration to Messrs Cooke, Tabeart, Fry and Clark, or their respective nominee(s), as noted above. The terms and conditions of the Performance Rights are set out in Annexure B to this Explanatory Memorandum.

Directors' Recommendation and Basis for the Financial Benefit

The Board currently consists of Executive Chairman, Mr Alasdair Cooke; Managing Director, Dr Charles Tabeart; Executive Director, Mr Gregory Fry and five Non-executive Directors Mr Valentine Chitalu, Mr Philip Clark, Mr Ian Masterton-Hume, Mr Wayne Trumble and Mr John Dean.

By Resolutions 12 to 15, Performance Rights are proposed to be issued to four Directors of the Company. In each case the number of Performance Rights to be granted to the respective Director and the terms of the Performance Rights were negotiated by the Directors independent of that particular Director (being all the other Directors).

The purpose of the Performance Rights is to give each of Messrs Cooke, Tabeart, Fry and Clark incentive to provide dedicated ongoing commitment and effort to the Company and further align their interests with that of the Company and its Shareholders.

Messrs Cooke, Tabeart, Fry, Clark, Chitalu, Hume and Trumble abstain from making a recommendation to Shareholders as to Resolutions 5 to 15 as they have a material personal interest in the outcome of Resolution 5 to 15 being the recipient of the Options and Performance Rights.

Dilution

The passing of Resolutions 12 to 15 will have the effect of granting Messrs Cooke, Tabeart, Fry and Clark (or their nominees) up to 1,266,666 Performance Rights on the terms and conditions set out in Annexure B.

If any Performance Rights granted as proposed above are vested, the effect would be to dilute the shareholding of existing Shareholders.

If all 1,266,666 Performance Rights that may be granted under Resolutions 12 to 15 are vested, the effect would be to dilute the shareholding of existing Shareholders by approximately 0.21% based on the current number of Shares of 608,996,716 (undiluted).

Total Remuneration Package of Messrs Cooke, Tabeart, Fry, Clark, Chitalu, Masterton-Hume and Trumble.

- The total remuneration received package paid to Dr Tabeart is \$320,000 per annum.
- The total remuneration received package paid to Mr Cooke is \$85,000 per annum.
- The total remuneration received package paid to Mr Fry is \$160,000 per annum.
- The total remuneration received package paid to Mr Clark is \$45,000 per annum.

Existing Relevant Interest

Director	Number of Shares	Number of Performance Rights
Mr Alasdair Cooke	50,003,682	933,333
Dr Charles Tabeart	4,774,100	1,933,333
Mr Gregory Fry	5,869,610	1,266,667
Philip Clark	2,485,392	200,000

There are various performance hurdles associated with the existing Performance Rights as set out in the 2016 Full Year Statutory Accounts of the Company.

Trading History

The following table gives details of the highest, lowest and the latest closing price of the Company's Shares trading on the ASX over the last 12 months.

	Date	Price
Highest Price	9 November 2015	6.4c
Lowest Price	31 August 2016	3.6c
Latest Price	19 October 2016	4.4c

Valuation of Performance Rights

The Directors have assessed that the value of each Performance Right by reference to the Share price. That is, the value of 1 Performance Right is equal to the value of 1 Share. No discount has been allowed to account for the possibility that the Performance Rights will not vest.

7. Resolution 16 – Proportional Takeover Bids

At the 2013 annual general meeting, shareholders approved the insertion of proportional takeover approval provisions in the Company's Articles (article 231). These provisions protected Shareholders' interests in the event of a proportional takeover bid being made for the Company. A "proportional takeover bid" is a takeover bid for the Company under which the bidder offers to acquire a fixed percentage of each Shareholder's Shares, rather than his entire Shareholding. Article 231 ceases to have effect on 29 November 2016. The Company seeks Shareholder approval by special resolution to re-insert Article 231 into the Articles in the form set out in Annexure C.

The proposed Article 231 inserts provisions which would require the Directors, if a proportional takeover bid is made for the Company, to convene a general meeting of Shareholders to vote on a resolution to approve the bid. Neither the bidder nor any Shareholder associated with the bidder would be eligible to vote on that resolution. The resolution would be proposed as an ordinary resolution and, if the resolution is not passed, any transfer of Shares in the Company pursuant to an acceptance of the bid would be prohibited. In other words the bid would lapse.

The Directors consider that the Shareholders should have the opportunity to decide whether a proportional takeover bid for the Company should proceed. If the necessary resolution is passed and the bid proceeds, individual Shareholders can then make their own decision as to whether to accept the bid. Without Article 231, a proportional takeover bid for the Company may enable effective control of the Company to be acquired without Shareholders having the opportunity to dispose of all of their Shares to the bidder. Accordingly Shareholders could be at risk of passing control to the bidder without payment of an adequate or any control premium for all of their Shares while leaving themselves as part of a minority interest in the Company. The proposed Article deals with this possibility by providing that if a proportional takeover bid is made for Shares in the Company, Shareholders must vote on whether or not a proportional takeover bid should be permitted to proceed.

As at the date of preparation of this Explanatory Statement, no Director is aware of a proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

Potential advantages and disadvantages for the Directors and Shareholders of the Company

The re-insertion of Article 231 will enable the Directors to formally ascertain the views of Shareholders in respect of a proportional takeover bid. Without such provisions, the Directors are dependent upon their perception of the interests and views of Shareholders. Other than this advantage, the Directors consider that the inclusion of these provisions has no potential advantages or potential disadvantages for them as they remain free to make a recommendation on whether a proportional takeover offer should be accepted.

The Directors consider that including the proportional takeover approval provisions will benefit all Shareholders in that they will have an opportunity to consider a proportional takeover bid and then attend or be represented by proxy at a meeting of Shareholders called specifically to vote on the proposal. Accordingly, Shareholders will be able to prevent a proportional takeover bid proceeding if there is sufficient support for the proposition that control of the Company should not be permitted to pass under the proportional takeover bid. The provisions may also help Shareholders avoid being locked in as a minority with one majority Shareholder. In addition, increasing the bargaining power of Shareholders may ensure that any partial offer is adequately priced. Furthermore, knowing the view of Shareholders assists each individual Shareholder in assessing the likely outcome of the proportional takeover bid and whether to accept or reject that bid.

As to the possible disadvantages, it may be argued that renewing approving the proportional takeover provisions will make a proportional takeover bid more difficult and will therefore discourage proportional takeover bids. The chance of a proportional takeover bid being successful may be reduced. In turn, this may reduce the opportunities which Shareholders may have to sell all or some of their Shares at a premium to persons seeking control of the Company. Such a provision may also be considered an additional restriction on the ability of individual Shareholders to deal freely in their Shares.

On balance, the Directors consider that the possible advantages outweigh the possible disadvantages such that the inclusion of the proportional takeover approval provisions is in the interests of Shareholders.

The Directors unanimously recommend that Shareholders vote in favour of Resolution 7. Each Director intends to vote all the Shares controlled by him or her in favour of the Resolution. If this resolution is approved, Article 231 will be re-inserted into the Articles and will take effect from the date of the Meeting.

In this Explanatory Statement, the following expressions have the following meanings:

"**Annual General Meeting**" or "**Meeting**" means this Meeting.

"**Articles**" means the Articles of Association of the Company as amended from time to time.

"**ASX**" means the ASX Limited, ABN 98 008 624 691.

"**ASX Listing Rules**" or "**Listing Rules**" means the listing rules of the ASX.

"**Board**" means the Board of Directors of the Company.

"**Company**" means African Energy Resources Limited (ARBN 123 316 781).

"**Directors**" means the Directors of the Company from time to time.

"**Explanatory Statement**" means this explanatory statement.

"**Law**" means Companies (Guernsey) Law, 2008 (as amended)

"**Meeting**" means the meeting convened by this Notice.

"**Notice**" or "**Notice of Meeting**" means the notice of meeting that accompanies this Explanatory Statement.

"**Option**" means an option to subscribe for a Share.

"**Performance Right**" means a right to acquire a Share.

"**Resolution**" means a resolution contained in the Notice.

"**Share**" means a fully paid ordinary Share in the capital of the Company.

"**Shareholder**" means a registered holder of a Share in the Company.

"**Western Standard Time**" means Western Standard Time, Perth, Western Australia.

TERMS AND CONDITIONS OF OPTIONS

1. No monies will be payable for the issue of the Options.
2. Options shall vest upon an irrevocable commitment to a power purchase agreement at Mmamabula West.
3. The Options shall expire at 5.00pm (WST) on 30 September 2019 ("Expiry Date"). In addition, should the director voluntarily cease employment, for whatever reason, the options (if not yet exercised) will lapse, subject to discretion of the Board.
4. Subject to conditions 13 and 14, each Option shall carry the right in favour of the option holder to subscribe for one fully paid ordinary share in the capital of the Company ("Share").
5. Subject to condition 12, the exercise price for each Option shall be AU\$0.06 ("Exercise Price").
6. Subject to condition 12, the Exercise Price of the Options shall be payable in full on exercise of the Options.
7. Options shall be exercisable by the delivery to the registered office on the Company of a notice in writing stating the intention of the option holder to: (a) exercise all or a specified number of Options; and (b) pay the Exercise Price in full for the exercise of each Option. The notice must be accompanied by a cheque made payable to the Company for the exercise price for the Options. An exercise of only some Options shall not affect the rights of the option holder to the balance of the Options held by him.
8. Options will vest if there is a "Change of Control Event" or, in the Board's discretion, in the event of the death or permanent disablement of the holder. "Change of Control Event" means a person or a group of associated persons becoming entitled to sufficient Shares to give that person or persons the ability to, in general meeting, to replace all or a majority of the Board.
9. The Company shall allot the resultant Shares and deliver the holding statement within five business days of the exercise of the Option.
10. Subject to the requirements of the Corporations Act 2001 (Cwlth), the Options shall be transferable only to related parties but will not be listed on the Australian Securities Exchange ("ASX").
11. Shares allotted pursuant to an exercise of Options shall rank, from the date of allotment, equally with existing Shares in all respects.
12. The Company shall within five business days of any exercise of the Options apply for official quotation on the ASX of the Shares allotted pursuant to the exercise of any of the Options.
13. In the case of any entitlements issue (other than a bonus issue) the Exercise Price of the Option shall be reduced according to the following formula:

$$O' = O - E[P - (S + D)] N + 1$$

O' = the new exercise price of the Option

O = the old exercise price of the Option

E = the number of underlying securities into which one Option is exercisable

P = the average market price per Share (weighted by reference to volume) of the underlying securities during the five trading days ending on the day before the ex-rights date or ex-entitlements date.

S = the subscription price for a security under the pro-rata issue.

D = the dividend due but not yet paid on the existing underlying securities (except those to be issued under the pro-rata issue).

N = the number of securities with rights or entitlements that must be held to receive a rights to one new security.

14. In the case of a bonus issue the number of Shares over which the Option is exercisable shall be increased by the number of Shares which the option holder would have received if the Option had been exercised before the record date for the bonus issue. The Company shall notify the ASX of the adjustments in accordance with the Listing Rules.
15. In the event of any reconstruction (including consolidation, subdivisions, reduction or return) of the authorised or issued capital of the Company, the number of the Options or the exercise price of the Options or both shall be reconstructed (as appropriate) in accordance with the Listing Rules of ASX.
16. The Options will not give any right to participate in dividends or new issues until Shares are allotted pursuant to the exercise of the relevant Options.

MATERIAL TERMS OF PERFORMANCE RIGHTS

Following is a summary of the material terms of the Performance Rights:

1. The Performance Rights are non-transferable, except with the prior written approval of the Board.
2. The rights under Performance Rights are personal and contractual. A Performance Right does not confer any legal or interest in a Share nor any entitlement to attend or vote at meetings of the Company, to dividends, participation in new issues of securities or entitlement to participate in any return of capital.
3. Unless otherwise determined by the Board, Performance Rights vest at the end of the specified performance period provided that:
 - a. The specified performance hurdles have been satisfied; and
 - b. The issue of Shares on vesting of Performance Rights does not contravene the Corporations Act, the ASX Listing Rules or any Company policy applicable to dealing in Shares by the holder.
4. Despite paragraph 3, Performance Rights will vest if there is a "Change of Control Event" or, in the Board's discretion, in the event of the death or permanent disablement of the holder. "Change of Control Event" means a person or a group of associated persons becoming entitled to sufficient Shares to give that person or persons the ability to, in general meeting, to replace all or a majority of the Board.
5. Upon vesting, one (1) Share will be issued for every one (1) Performance Right. The Shares will rank equally in all respects with the existing Shares. The Company must apply for official quotation by ASX of all Shares allotted pursuant to the vesting of Performance Rights.
6. If, in the reasonable opinion of the Board, a holder of a Performance Right acts fraudulently or dishonestly in any material respect or is in material breach of his or her obligations to the Company or related body corporate, then, the Board may deem unvested Performance Rights to lapse.
7. The Performance Rights lapse upon the Eligible Employee ceasing to be employed or on the failure to satisfy any performance hurdles within the required time following the issue of the Performance Rights.
8. If the Company makes a bonus issue of Shares, then the holder of the Performance Right upon vesting will be entitled to have issued to it the increased number of Shares that it would have received if the Performance Right had vested and the holder acquired Shares in respect of the Performance Right before the record date for the bonus issue.
9. In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the vesting date, the number of Performance Rights will be reconstructed in a manner consistent with the ASX Listing Rules.
10. A Performance Right must not be granted and will not vest, and the Shares must not be issued on vesting of the Performance Right if to do so would breach any law, the Corporations Act or the Listing Rules.

PERFORMANCE HURDLES UPON PERFORMANCE RIGHTS GRANTED TO DIRECTORS

11. Performance Rights awarded to Messrs Cooke, Tabcart and Fry vest upon the formal execution by the Company of a Power Purchase Agreement for the full output of a 300MW Integrated Power project at Sese with an execution date from 1 October 2017 to 31 December 2019.
12. Performance Rights awarded to Mr Clark shall vest upon completion of a bankable feasibility study on the Sese Coal Project with an effective completion date from 1 October 2017 to 31 December 2019

231. PROPORTIONAL TAKEOVER BIDS

- (a) In this Article:
- (i) proportional takeover bid or bid means a proportional takeover bid as defined in section 9 of the Corporations Act ;
 - (ii) relevant day in relation to a proportional takeover bid means the day that is the fourteenth day before the end of the period during which the offers under the bid remain open; and
 - (iii) a reference to a person associated with another person has the meaning given to that expression by Division 2 of Part 1.2 of the Corporations Act.
- (b) Where offers have been made under a proportional takeover bid in respect of Shares included in a class of Shares in the Company:
- (i) other than where a transfer is effected in accordance with the takeover provisions (if any) under the ASX Settlement and Transfer Corporation Pty Ltd Settlement Rules, the registration of a transfer giving effect to a contract resulting from the acceptance of one of those offers is prohibited unless and until a resolution (in this Article referred to as an approving resolution) to approve the proportional takeover bid is passed in accordance with this Article;
 - (ii) a person (other than the bidder or a person associated with the bidder) who, as at the end of the day on which the first offer under the bid was made, held Shares in that class is entitled to vote on an approving resolution and, for the purpose of so voting, is entitled to one vote for each of the Shares;
 - (iii) an approving resolution must be voted on at a meeting, convened and conducted by the Company, of the persons entitled to vote on the resolution; and
 - (iv) an approving resolution that has been voted on is taken to have been passed if the proportion that the number of votes in favour of the resolution bears to the total number of votes on the resolution is greater than one-half, and otherwise is taken to have been rejected.
- (c) The provisions of the Articles that apply in relation to a general meeting of the Company apply with any modifications the circumstances require, in relation to a meeting that is convened pursuant to the Article as if the last-mentioned meeting were a general meeting of the Company.
- (d) Where offers have been made under a proportional takeover bid, then the Directors must ensure that a resolution to approve the bid is voted on in accordance with this Article before the relevant day in relation to the bid.
- (e) Where a resolution to approve a proportional takeover bid is voted on in accordance with this Article, the Company must, on or before the relevant day in relation to the bid:
- (i) Gives to the bidder; and
 - (ii) Serve on the ASX ,
- a notice in writing stating that a resolution to approve the bid has been voted on and that the resolution has been passed, or has been rejected, as the case requires.
- (f) Where, at the end of the day before the relevant day in relation to a proportional takeover bid, no resolution to approve the bid has been voted on in accordance with this Article a resolution to approve the bid must, for the purposes of the Article, be treated as having been passed in accordance with this Article.
- (g) Where a resolution to approve a proportional takeover bid is voted on in accordance with this Article before the relevant day in relation to the bid and is rejected, then:
- (i) All offers under the bid that have not, as at the end of the relevant day, been accepted, and all offers under the bid that have been accepted and from whose acceptance binding contracts have not, at the end of the relevant day, resulted, must be treated as withdrawn at the end of the relevant day; and
 - (ii) A person who has accepted an offer made under the bid is entitled to rescind the contract (if any) resulting from that acceptance.
- (h) Nothing in this Article authorises the Company to interfere with any takeover transfer procedures contained in the ASX Settlement and Transfer Corporation Pty Ltd Settlement Rules.

LODGE YOUR VOTE



ONLINE

www.linkmarketservices.com.au



BY MAIL

African Energy Resources Limited
C/- Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235 Australia



BY FAX

+61 2 9287 0309



BY HAND

Link Market Services Limited
1A Homebush Bay Drive, Rhodes NSW 2138



ALL ENQUIRIES TO

Telephone: +61 1300 554 474

LODGEMENT OF A CDI VOTING INSTRUCTION FORM

This CDI Voting Instruction Form (and any Power of Attorney under which it is signed) must be received at an address given above by **3:00pm (WST) on Sunday, 20 November 2016**, being not later than 48 hours before the commencement of the Meeting. Any CDI Voting Instruction Form received after that time will be invalid.

CDI Voting Instruction Forms may be lodged using the reply paid envelope or:



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the CDI Voting Instruction Form. Select 'Voting' and follow the prompts to lodge your vote. To use the online lodgement facility, stockholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the reverse of this CDI Voting Instruction Form).

HOW TO COMPLETE THIS CDI VOTING INSTRUCTION FORM

YOUR NAME AND ADDRESS

This is your name and address as it appears on the Company's CDI register. If this information is incorrect, please make the correction on the form. Stockholders sponsored by a broker should advise their broker of any changes. **Please note: you cannot change ownership of your CDIs using this form.**

DIRECTION TO CHESS DEPOSITARY NOMINEES PTY LTD

Each CHESS Depositary Interest (CDI) is evidence of an indirect ownership in the Company's shares of common stock (Shares). The underlying Shares are registered in the name of CHESS Depositary Nominees Pty Ltd (CDN). As holders of CDIs are not the legal owners of the Shares, CDN is entitled to vote at the Meetings of stockholders on the instruction of the registered holders of the CDIs.

APPOINTMENT OF A PROXY

If you wish to attend the Meeting in person or appoint some person or company other than CDN, who need not be a stockholder, to attend and act on your behalf at the Meeting or any adjournment or postponement thereof, please insert your name(s) or the name of your chosen appointee in the box in Step 2. Link will then send you a legal form of proxy which will grant you or the person specified by you the right to attend and vote at the Meeting. Please remember that a legal proxy is subject to all terms and conditions that apply to proxies as outlined in the *Notice of Annual Meeting* including any cut off time for receipt of valid proxies.

SIGNING INSTRUCTIONS

You must sign this form as follows in the spaces provided:

Individual: where the holding is in one name, the holder must sign.

Joint Holding: where the holding is in more than one name, either holder may sign.

Power of Attorney: to sign under Power of Attorney, you must lodge the Power of Attorney with Link. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: with respect to an Australian company, where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the *Corporations Act 2001*) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place. With respect to a U.S. company or other entity, this form may be signed by one officer. Please give full name and title under the signature.

NAME SURNAME
ADDRESS LINE 1
ADDRESS LINE 2
ADDRESS LINE 3
ADDRESS LINE 4
ADDRESS LINE 5
ADDRESS LINE 6



X99999999999

CDI VOTING INSTRUCTION FORM

STEP 1

DIRECTION TO CHESS DEPOSITARY NOMINEES PTY LTD

I/We being a holder of CHESS Depositary Interests (CDIs) of African Energy Resources Limited (Company) hereby direct CHESS Depositary Nominees Pty Ltd (CDN) to vote the shares underlying my/our CDI holding at the Annual Meeting of stockholders of the Company to be held at **3:00pm (WST) on Tuesday, 22 November 2016 at Suite 1, 245 Churchill Avenue, Subiaco, 6008, Western Australia**, and at any adjournment or postponement of that Meeting, in accordance with the following directions. By execution of this CDI Voting Instruction Form the undersigned hereby authorises CDN to appoint such proxies or their substitutes in their discretion to vote in accordance with the directions set out below.

STEP 2

PROXY APPOINTMENT – *this only needs to be completed if you wish to attend the Meeting or appoint another person to attend the Meeting*

If you wish to attend the Meeting in person or appoint another person or company other than CDN, who need not be a stockholder, to attend and act on your behalf at the Meeting or any adjournment or postponement thereof, please insert their name(s) in this box.

Link will then send you a legal form of proxy which will grant you or the person specified by you the right to attend and vote at the Meeting. Please remember that a legal proxy is subject to all terms and conditions that apply to proxies as outlined in the *Notice of Annual Meeting* including any cut off time for receipt of valid proxies.

Important for Resolutions 5 to 15: If the Chairman of the Meeting is your proxy, either by appointment or by default, and you have not indicated your voting intention below, you expressly authorise the Chairman of the Meeting to exercise the proxy in respect of Resolutions 5 to 15, even though the Resolutions are connected directly or indirectly with the remuneration of a member of the Company's Key Management Personnel (KMP).

The Chairman intends to vote all undirected proxies in favour of all resolutions.

STEP 3

VOTING INSTRUCTIONS

Voting instructions will only be valid and accepted by CDN if they are signed and received no later than 48 hours before the Meeting.

Please read the voting instructions overleaf before marking any boxes with an ☒.

Resolutions

	For	Against	Abstain*		For	Against	Abstain*
1 Receipt of Financial Statements and Reports	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	10 Grant of Options to Director – Mr Vincent Masterton-Hume	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2 Re-election of Director – Gregory Fry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	11 Grant of Options to Director – Mr Wayne Trumble	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of Director – Alasdair Cooke	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	12 Approval to grant Performance Rights to Charles Tabart	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Re-election of Director – Philip Clark	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	13 Approval to grant Performance Rights to Alasdair Cooke	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Grant of Options to Director – Mr Alasdair Cooke	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	14 Approval to grant Performance Rights to Gregory Fry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Grant of Options to Director – Dr Charles Tabart	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	15 Approval to grant Performance Rights to Philip Clark	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Grant of Options to Director – Mr Gregory Fry	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	16 Insertion of Proportional Takeover Provisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 Grant of Options to Director – Mr Philip Clark	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				
9 Grant of Options to Director – Mr Valentine Chitalu	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>				



* If you do not mark the "For", "Against" or "Abstain" box your vote will not be counted.

STEP 4

SIGNATURE OF CDI HOLDERS – THIS MUST BE COMPLETED

Stockholder 1 (Individual)

Sole Director and Sole Company Secretary

Joint Stockholder 2 (Individual)

Director/Company Secretary (Delete one)

Joint Stockholder 3 (Individual)

Director

This form should be signed by the Stockholder in accordance with the instructions overleaf.

AFR PRX1601J

