



*Delivering **power** to the people*

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9 May 2017

PRESENTATION TO 121 MINING INVESTMENT LONDON 2017

African Energy Resources advises that the following presentation will be presented to institutional investors and analysts in London this week, including at **121 Mining Investment London 2017** on 10-11 May 2017.

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



Investor update: progressing the Sese Power Project in Botswana

May 2017



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

- ❖ **African Energy Resources Ltd (AFR)** has built a portfolio comprising over 8.5 billion tonnes of thermal coal* in Botswana, the safest and most stable investment destination in Africa
- ❖ Three projects are being developed as fully integrated power projects to supply the chronically power poor SADC region
 - ❖ **Sese JV**: managed by First Quantum Minerals Ltd (FQML), targeting power sales to Zambia
 - ❖ **Mmamabula West**: 600MW power project being developed for submission into South Africa's 3,750MW coal-fired base-load cross border IPP procurement program
 - ❖ **Mmamantswe**: 600MW project being developed by South African developer for the 3,750MW coal-fired base-load cross border IPP procurement program

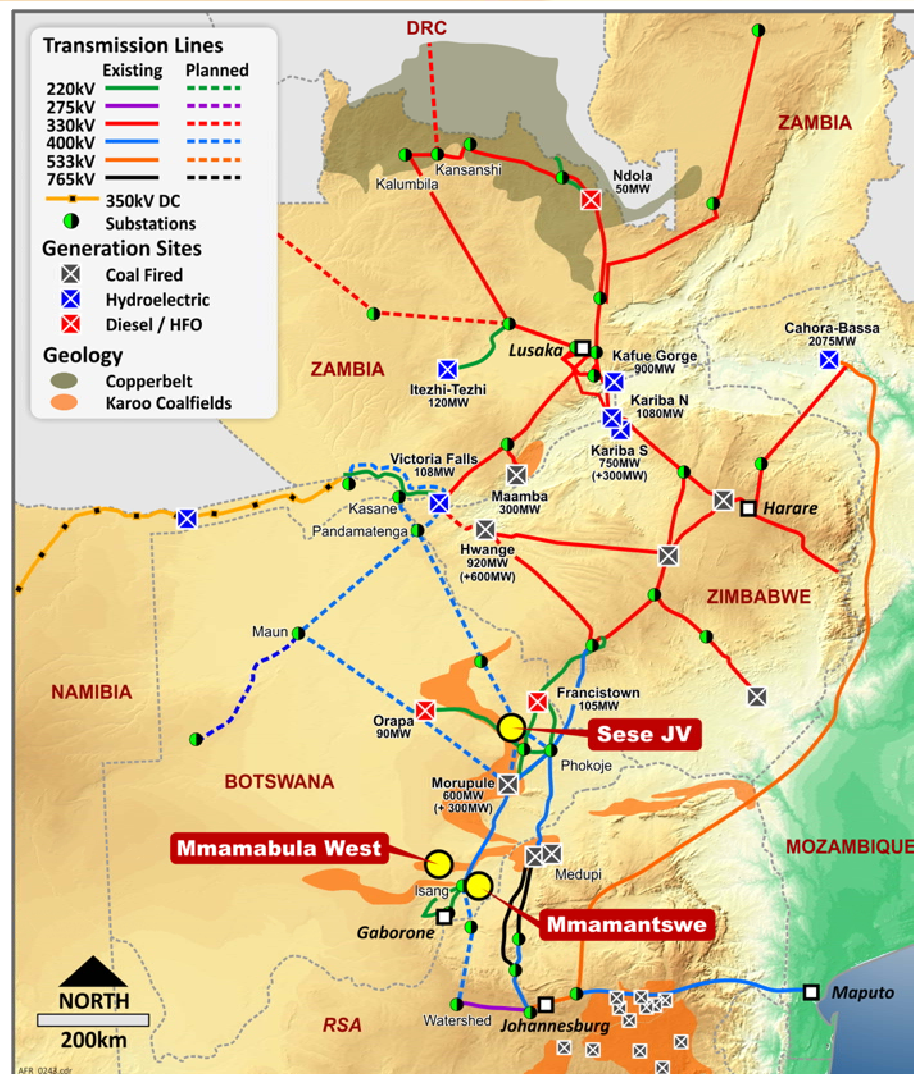


* Refer to Appendix 1 Resource Statement



Regional demand for new power generation is strong

- First Quantum currently drawing ~320MW for Sentinel copper mine and Kansanshi copper mine and smelter
- First Quantum have announced plans to expand Kansanshi mine and smelter in the next 2-3 years, which will increase their power requirements to ~450MW
- Zambian hydro-electric projects (~80% of installed base load capacity) operate at <50% availability during droughts, putting severe pressure on supply
- Few alternatives in Zambia for base load power due to limited local resources of coal and gas
- Zambia is importing power from South Africa and Mozambique to meet current demand and is exposed to significant market risk on price and security of supply – this is passed on to customers
- Sese JV can deliver secure, reliable and affordable power to First Quantum in Zambia, reducing exposure to these risks
- Well developed regional interconnected transmission grid allows wheeling of power throughout the region



The Sese Project: Joint Venture Summary

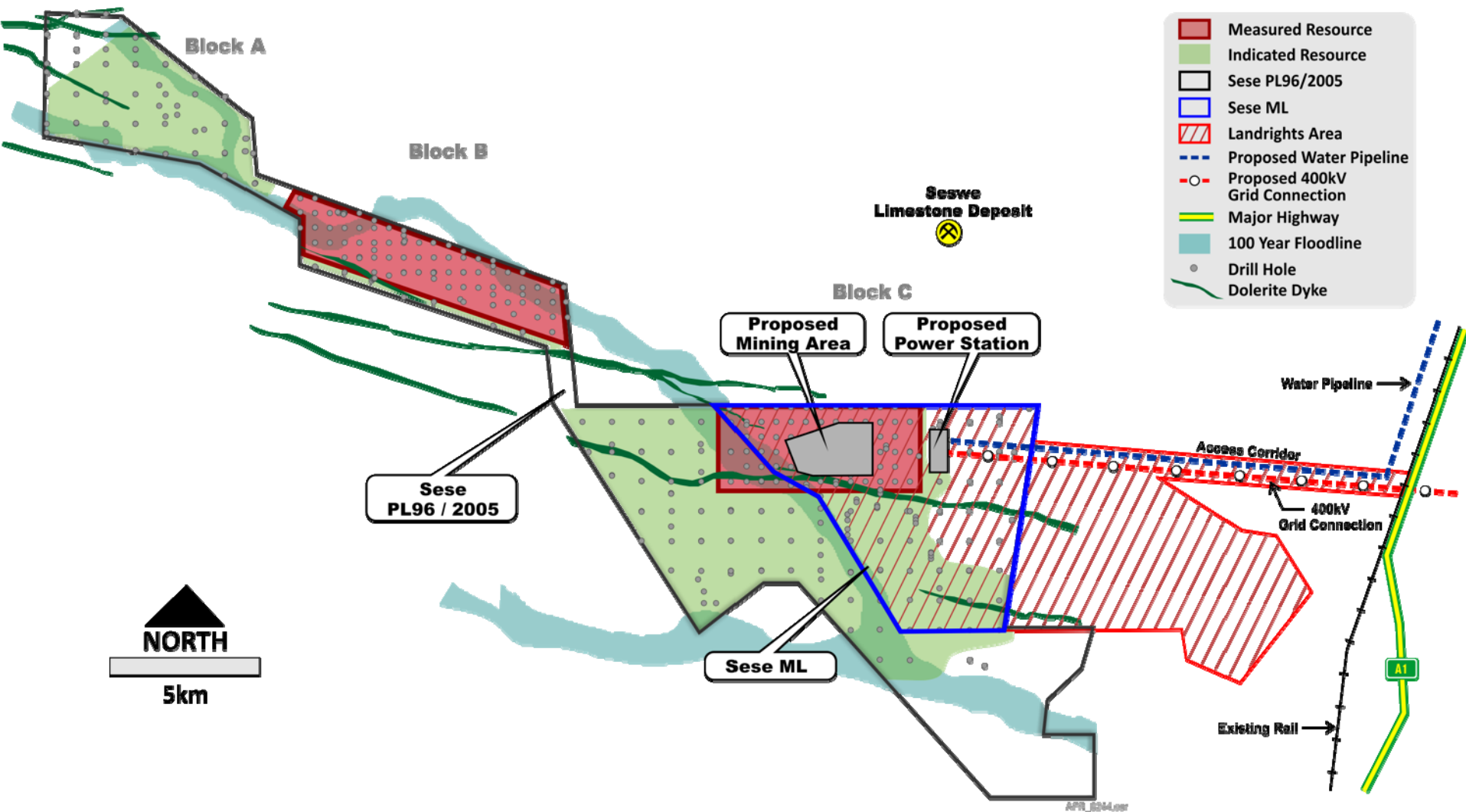
First Quantum Minerals Ltd is investing A\$20M into the Sese JV

- Over A\$12M invested directly into the project to date by FQML to take a 55% interest and management of JV
- FQML sole funding the next A\$8M to increase its interest to 75% by mid-July 2017
- Funds being used to investigate the development of a fully integrated coal mine and up to 450MW mine-mouth power station
- AFR is loan carried by FQML beyond the initial A\$20M investment – i.e. AFR does not have to contribute any more cash to this project, even for construction



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

Sese JV: project overview



Sese JV: coal resources within approved ML

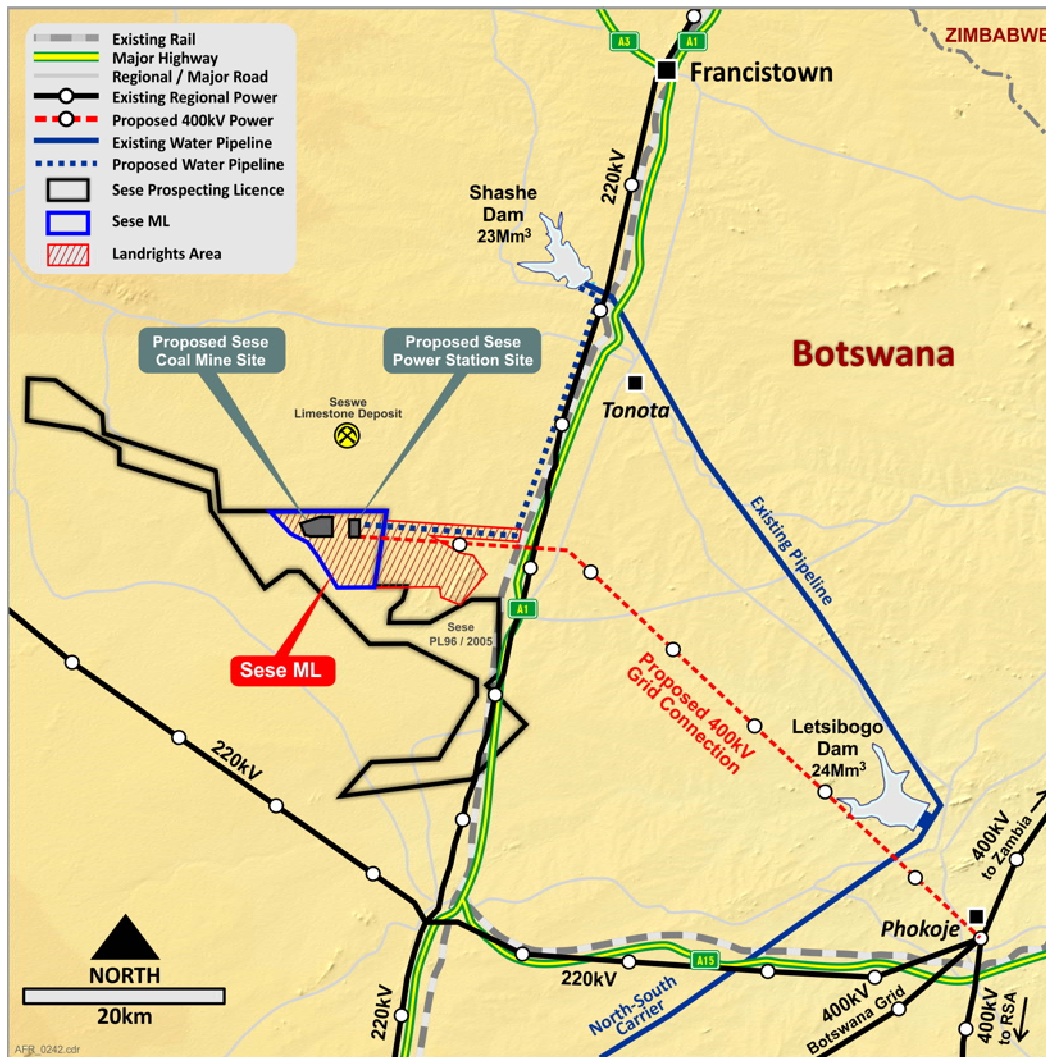


- Resource delineation infill drilling completed in area of mining licence (650Mt in Measured and Indicated resource)
- Results used to update mining schedule and cost-estimates from definitive feasibility study to deliver coal to 450MW power station
- Large diameter core drilling completed and results have been used to finalise fuel specifications for power station boiler design
- Prefeasibility study on coal handling and processing plant design, layout and cost-estimates to be completed in Q2 2017
- Prefeasibility study completed on power station design and layout with indicative EPC pricing for capital items received from original equipment manufacturer's (OEM's)
- Transmission studies for power evacuation to Zambia completed, viability confirmed
- 400kV grid connection to Phokoje sub-station agreed with Botswana Power Corporation - opens up power markets in Botswana, Zambia, South Africa, Namibia

ML Resource*	Tonnes	CV	Thickness	Sulphur	Ash	Volatiles	Moisture
Measured		MJ/kg	m	%	%	%	%
SS Seam	221,645,944	18.21	11.63	2.29	28.27	20.65	8.06
SST Seam	17,219,414	13.23	1.23	0.76	42.34	19.74	6.82
SSU Seam	13,141,724	15.01	1.58	1.9	38.79	21.19	6.81
	252,007,082	17.70	14.44	2.17	29.78	20.62	7.91
Indicated		MJ/kg	m	%	%	%	%
SS Seam	249,548,161	15.48	10.25	1.99	37.45	18.49	7.14
SST Seam	108,074,948	11.83	5.51	1.06	48	17.25	6.06
SSU Seam	39,619,518	12.83	2.7	1.85	47.05	16.7	5.53
	397,242,627	14.22	18.46	1.72	41.28	17.97	6.69
TOTAL	649,249,709	15.57	18.24	1.89	36.81	19.00	7.16

* Subset of global resource - refer to Appendix 1

Sese JV: advanced permitting



- Approved EIA for 300MW of power and associated coal mining, amendment in progress to accommodate 450MW
- Approved water allocation from Shashe Dam, plus agreement on use of railway easement for pipeline placement
- Approved 50-year Land Lease Agreement covering 110km²
- Approved 25-year Mining Licence covering 51km² contains enough coal to fuel multiple 450MW power projects for their commercial lives
- Approved Manufacturing Development Approval Order sets fiscal regime for the power project, including a 5-year tax holiday from commencement of operations and then a tax rate of 15%
- Generation and Export Licence and Power Wheeling Agreements are the only major outstanding permits and agreements

The Sese JV has all the critical elements required to build a major power business:

- 1. Access to a secure supply of power station fuel for the life of the project**
 - ✓ Mining License at Sese contains enough low-cost, low-risk coal for multiple 300-450MW projects for >35 years
- 2. Access to long-term power markets through a secure power sales agreement**
 - ✓ Draft Power Sales Agreement to sell power to First Quantum's copper operations in Zambia
- 3. Access to project funding**
 - ✓ AFR's 25% share of Sese project funding to be loan carried to commercial operation by First Quantum Minerals Ltd
- 4. Access to sufficient transmission infrastructure capacity**
 - ✓ Existing high-voltage transmission infrastructure in place with available capacity



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Information in this report relating to Exploration results, Mineral Resources or Ore Reserves is based on information compiled by Dr Frazer Tabeart (an employee of African Energy Resources Limited) who is a member of The Australian Institute of Geoscientists. Dr Tabeart has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person under the 2012 Edition of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Tabeart consents to the inclusion of the data in the form and context in which it appears.



Appendix I: Global AFR Coal Resource Statement



Global Coal Resources for AFR Limited Coal Projects in Botswana

Sese Coal & Power Project: Resource Summary (Raw coal on an air-dried basis), FQML 55%, AFR 45%								
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
TOTAL	2,517 Mt							

Sese West Project: Resource Summary (Raw coal on an air-dried basis) FQML 55%, AFR 45%								
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
TOTAL	2,501Mt							

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
TOTAL	2,433 Mt							

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							
TOTAL	1,243 Mt							

* 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

Directors and Senior Management

Alasdair Cooke	Executive Chairman , >25 years experience in project development, mining and resource sector
Frazer Tabcart	Managing Director , >25 years experience in international exploration and development projects,
Bill Fry	Executive Director , >25 years experience in finance, funds management and commercial management
Valentine Chitalu	Non-executive Director , >25 years experience in finance and funds management, based in Zambia
Phil Clark	Non-executive Director , >35 years experience in international coal industry, largely with BHP Billiton
Wayne Trumble	Non-executive Director , >35 years experience in power generation and financing, including Bluewaters (WA)
Ian Hume	Non-executive Director , >35 years experience in international finance, one of the founders of Sentient Group
John Dean	Non-executive Director , Commercial Manager at First Quantum's Sentinel copper operation in Zambia
David Walton	Project Manager , >30 years experience with power development, generation and power sales/marketing
Daniel Davis	Company Secretary and Financial Accountant , >12 years experience in accounting and resource sector

ASX Code

AFR

Shares on issue

609 million

Market Cap (@ \$0.054)

AUD \$32.9M

Cash (31 March 2017)

AUD \$3.9M

Debt

Nil

Major Shareholders

The Sentient Group

23%

First Quantum Minerals

11%

Management

10%

Top 20 (includes above)

62%