

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 Thursday 14 November 2019
at 11.30am (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 Voting Instruction Form 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 commence at **11.30am** (Western Standard Time) on **Thursday 14 November 2019** at **Suite 1, 245 Churchill Avenue, Subiaco 6008, Western Australia**

The Directors have set a date to determine the identity of those entitled to attend, speak and vote at the Meeting. The date is Tuesday 12 November 2019 at 11.30am (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:

CHESS 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 CHESS 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 set out above.

Attendance at Meeting

All holders of Shares appearing in the Company's Register of Shareholders at 12 November 2019 at 11.30am Western Standard Time will be entitled to attend and vote at the Meeting.

Proxy and Voting Instruction form

To be effective, the proxy or Voting Instruction Form must be received by the Company no later than 11:30am Western Standard Time on 12 November 2019. The following methods of delivery for proxies are specified:

Online: Visit www.linkmarketservices.com.au. Select 'Investor Login' and in the "Single Holding" section enter African Energy Resources Limited or the ASX code ('AFR') in the Issuer name field, your Security-holder Reference Number ('SRN') or Holder Identification Number ('HIN') (which is shown on the front of your Voting Instruction 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 11:30am (Western Standard Time) on 12 November 2019.

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 Thursday 14 November 2019 at 11:30am (Western Standard Time), 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 2019 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 – 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: 14 October 2019

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 2019 Annual Report contains the financial statements of the Company for the financial year ended 30 June 2019. It also contains a report by the Directors and the Company's auditors.

Pursuant to article 77 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 199 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.

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 2019 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 2019 Annual Report for the Company.

Resolution 4 – Proportional Takeover Bids

At the 2016 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 20 November 2019. The Company seeks Shareholder approval by special resolution to re-insert Article 231 into the Articles in the form set out in Annexure A.

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 4. 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.

"**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.

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 INSTRUCTION

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


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 General Meeting of stockholders of the Company to be held at **11.30am (WST) on Thursday, 14 November 2019 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
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*
1 Receipt of Financial Statements and Reports	<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"/>
3 Re-election of Director – Alasdair Cooke	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Insertion of Proportional Takeover Provisions	<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 3
SIGNATURE OF CDI HOLDERS – THIS MUST BE COMPLETED

CDI Holder 1 (Individual)

Sole Director and Sole Company Secretary

Joint CDI Holder 2 (Individual)

Director/Company Secretary (Delete one)

Joint CDI Holder 3 (Individual)

Director

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



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. CDI Holders 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 CHESSE DEPOSITARY NOMINEES PTY LTD

Each CHESSE 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 CHESSE 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.

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.

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 below by **11:30am (WST) on Tuesday, 12 November 2019**, being not later than 48 hours before the commencement of the Meeting. Any CDI Voting Instruction Form received after that time will be invalid.



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 front of the CDI Voting Instruction Form).



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

delivering it to Link Market Services Limited*
1A Homebush Bay Drive
Rhodes NSW 2138

* in business hours (Monday to Friday, 9:00am–5:00pm)



COMMUNICATIONS PREFERENCE

We encourage you to receive all your shareholder communication via email. This communication method allows us to keep you informed without delay, is environmentally friendly and reduces print and mail costs.



ONLINE

www.linkmarketservices.com.au

Login to the Link website using the holding details as shown on the Proxy Form. Select 'Communications' and click the first button to receive all communications electronically and enter your email address. To use the online facility, securityholders will need their "Holder Identifier" (Securityholder Reference Number (SRN) or Holder Identification Number (HIN) as shown on the front of the Proxy Form).