

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 19 November 2020
at 11:30am (Western Standard Time)
at Suite 1, 245 Churchill Avenue, Subiaco, 6008, Western Australia

Due to the ongoing COVID-19 pandemic and strict limitation on physical attendance, the Company has taken steps to ensure attendance in person is in adherence to COVID-19 protocols. If the situation in relation to COVID-19 changes in a way that affects the Company's ability to facilitate an in-person Meeting as currently proposed, the Company will provide a further update ahead of the Meeting by releasing an announcement on the ASX market announcements platform.

Please complete the Proxy Form or 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 **19 November 2020** 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 17 November 2020 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 17 November 2020 at 11:30am Western Standard Time will be entitled to attend and vote at the Meeting. Given the current COVID-19 pandemic, voters are urged to vote by completing and returning the Voting Instruction Form.

Proxy Form and CDI 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 17 November 2020. You should submit your Proxy Form or Voting Instruction Form in accordance with the instructions on that form.

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 19 November 2020 at 11:30am (Western Standard Time), for the purpose of transacting the business set out below.

Due to the ongoing COVID-19 pandemic and strict limitation on physical attendance, the Company has taken steps to ensure attendance in person is in adherence to COVID-19 protocols. If the situation in relation to COVID-19 changes in a way that affects the Company's ability to facilitate an in-person Meeting as currently proposed, the Company will provide a further update ahead of the Meeting by releasing an announcement on the ASX market announcements platform.

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 2020 and the reports of the Directors and Auditors thereon."

Resolution 2 – Re-election of Director – Frazer Tabcart

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

"That Frazer Tabcart, 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."

Resolution 3 – Re-election of Director – Valentine Chitalu

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

"That Valentine Chitalu, 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."

Resolution 4 – Amend Articles

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

"That with effect from the close of the Meeting, the Articles of the Company, in accordance with the Companies (Guernsey) Law 2008, be altered by making the amendments described in the Explanatory Statement which relate to restricted securities."

Resolution 5 – Ratification of issue of Options to Consultant

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

"That the issue of 31,124,532 Options to ALS (Hong Kong) Limited on 22 July 2020 under Listing Rule 7.1 is approved under and for the purposes of Listing Rule 7.4 and for all other purposes, on the terms set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of ALS (Hong Kong) Limited, a person who participated in the issue or an associate of those persons. However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided

the following conditions are met:

- (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
- (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 6 – Approval of additional 10% capacity

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

"That, the Company have the additional capacity to issue equity securities provided for in Listing Rule 7.1A."

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of any person who is expected to participate in, or who will obtain a material benefit as a result of, the proposed issue (except a benefit solely by reason of being a holder of ordinary securities in the entity) or an associate of those persons. However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 7 – Approval to issue securities under Employee Incentive Scheme

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

"That the issue of securities under the 'Employee Incentive Plan' for a period of 3 years from the Meeting is approved under and for the purposes of Listing Rule 7.2 Exception 13(b) and for all other purposes, on the terms set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person who is eligible to participate in the Employee Incentive Plan or an associate of those persons. However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 8 – Approval to issue Options to Alasdair Cooke

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

"That the issue up to 3,000,000 Options to Alasdair Cooke or his nominees is approved under and for the purposes of Listing Rule 10.14 and for all other purposes, on the terms set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person referred to in Listing Rules 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Employee Incentive Plan or an associate of

those persons. However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

Resolution 9 – Approval to issue Options to Frazer Tabeart

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

"That, subject to the passing of Resolution 2, the issue up to 3,000,000 Options to Frazer Tabeart or his nominees is approved under and for the purposes of Listing Rule 10.14 and for all other purposes, on the terms set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast in favour of the Resolution by or on behalf of a person referred to in Listing Rules 10.14.1, 10.14.2 or 10.14.3 who is eligible to participate in the Employee Incentive Plan or an associate of those persons. However, this does not apply to a vote cast in favour of the Resolution by:

- (a) a person as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with directions given to the proxy or attorney to vote on the Resolution in that way; or
- (b) the chair of the Meeting as proxy or attorney for a person who is entitled to vote on the Resolution, in accordance with a direction given to the chair to vote on the Resolution as the chair decides; or
- (c) a holder acting solely in a nominee, trustee, custodial or other fiduciary capacity on behalf of a beneficiary provided the following conditions are met:
 - (i) the beneficiary provides written confirmation to the holder that the beneficiary is not excluded from voting, and is not an associate of a person excluded from voting, on the Resolution; and
 - (ii) the holder votes on the Resolution in accordance with directions given by the beneficiary to the holder to vote in that way.

BY ORDER OF THE BOARD

Daniel Davis
Company Secretary
Dated: 29 October 2020

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 2020 Annual Report contains the financial statements of the Company for the financial year ended 30 June 2020. 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.

2. Resolution 2 – Re-Election of Director – Frazer Tabeart

Dr Tabeart was appointed a director of the Company in 2007 and last re-elected on 23 November 2017.

Article 129 provides for the rotation of one-third of Directors at the annual general meeting. Additionally, Listing Rule 14.4 provides that a Director must retire from office no later than the longer of the third annual general meeting of the Company or 3 years following that Director's last election or appointment.

Pursuant to these provisions, Dr Tabeart, 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 Dr Tabeart are set out in the 2020 Annual Report for the Company.

The Board recommends the re-election of Dr Tabeart as a Director.

3. Resolution 3 – Re-Election of Director – Valentine Chitalu

Mr Chitalu was appointed a director of the Company in 2006 and last re-elected on 23 November 2017.

Article 129 provides for the rotation of one-third of Directors at the annual general meeting. Additionally, Listing Rule 14.4 provides that a Director must retire from office no later than the longer of the third annual general meeting of the Company or 3 years following that Director's last election or appointment.

Pursuant to these provisions, Mr Chitalu, 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 Chitalu are set out in the 2020 Annual Report for the Company.

The Board recommends the re-election of Mr Chitalu as a Director.

4. Resolution 4 – Amend Articles

4.1 Special Resolution

Resolution 4 is a special resolution proposing to amend the Articles relating to including restricted securities provisions which are required in order to comply with an amendment to the Listing Rules.

In accordance with the Law, an amendment to the Articles must be passed by Shareholders by a special resolution.

4.2 Reasons for the amendment to the Articles

In accordance with ASX's Public Consultation Paper of 28 November 2018 titled "*Simplifying, clarifying and enhancing the integrity and efficiency of the ASX Listing Rules*", the ASX proposed a number of changes to the Listing Rules.

One efficiency measure the ASX proposed was to amend the Listing Rules to give effect to a modified escrow regime to make aspects of the listing process and ongoing compliance with the Listing Rules more efficient.

ASX's modified escrow regime came into effect from 1 December 2019. A two-tiered escrow regime has been introduced.

The first tier of escrow involves ASX requiring certain more significant holders of restricted securities and their controllers to execute a formal escrow agreement in the form of an ASX compliant restriction agreement (Appendix 9A). The expectation is a restriction agreement requirement will be imposed on related parties, promoters, substantial holders, service providers and their associates.

However, for less significant holders, a second tier applies where ASX instead allows listed entities to rely on a provision in their constitution (or Articles in the case of AFR) imposing appropriate escrow restrictions on the holder of restricted securities and to provide a notice to the holder of restricted securities in the form of a new Appendix 9C advising them of those restrictions. Securities in a class of quoted securities will be made the subject of a holding lock for the duration of the escrow period.

This two-tier escrow regime replaces the former requirement where all holders of restricted securities must enter into a formal escrow agreement.

In order to provide a constitutional underpinning for ASX's modified escrow regime, the ASX amended Listing Rule 15.12 (restricted securities) from 1 December 2019.

The new Listing Rule 15.12 requires the constitution (or constituent document, such as articles of association) of listed entities to reflect the modified escrow regime. This includes the constitution (or constituent document) expressly providing for securities to be the subject of a holding lock where they are in a class of quoted securities and further providing that the holder of restricted securities will not be entitled to participate in any return of capital during the escrow period.

4.3 Amendment

The Articles of AFR do not provide for the ASX's modified escrow regime. An amendment of the Articles is therefore sought in the following terms:

- (1) By inserting a new Article 233 as follows:

"RESTRICTED SECURITIES

233.

- (a) *The Company must comply with the Listing Rules in respect of Restricted Securities.*
- (b) *Notwithstanding the generality of Article 233(a):*
- (i) *a holder of Restricted Securities must not dispose of, or agree or offer to dispose of, the securities during the escrow period applicable to those securities except as permitted by the Listing Rules or ASX;*
 - (ii) *if the securities are in the same class as quoted securities, the holder will be taken to have agreed in writing that the Restricted Securities are to be kept on the Company's issuer sponsored subregister and are to have a Holding Lock applied for the duration of the escrow period applicable to those securities;*
 - (iii) *the Company will refuse to acknowledge any disposal (including, without limitation, to register any transfer) of Restricted Securities during the escrow period applicable to those securities except as permitted by the Listing Rules or ASX;*
 - (iv) *a holder of Restricted Securities will not be entitled to participate in any return of capital on those securities during the escrow period applicable to those securities except as permitted by the Listing Rules or ASX; and*

- (v) *if a holder of Restricted Securities breaches a restriction deed or a provision of these Articles restricting a disposal of those securities, the holder will not be entitled to any dividend or distribution, or to exercise any voting rights, in respect of those securities for so long as the breach continues."*
- (2) By making consequential amendments to definitions in the Articles by deleting the current definitions of "ASTC", "ASTC Settlement Rules", "ASTC Transfer", "ASX", "CHESS Approved Securities", "CHESS System" and including the following definitions:
- | | |
|---|---|
| "ASXS" | <i>ASX Settlement Pty Ltd (ACN 008 504 532);</i> |
| "ASX Settlement Operating Rules" | <i>the operating rules of ASXS;</i> |
| "ASXS Transfer" | <i>a transfer of quoted securities or quoted rights effected in:</i> |
| | <i>(a) accordance with the ASX Settlement Operating Rules; or</i> |
| | <i>(b) substantial accordance with the ASX Settlement Operating Rules and determined by ASXS to be an effective transfer;</i> |
| "ASX" | <i>ASX Limited (ACN 008 624 691);</i> |
| "CHESS Approved Securities" | <i>securities of the Company for which CHESS approval has been given in accordance with the ASX Settlement Operating Rules, or such amended definition as may be prescribed by the Listing Rules from time to time;</i> |
| "CHESS System" | <i>the Clearing House Electronic Subregister System operated by ASXS or such other securities clearing house as is approved pursuant to the Corporations Act and to which the Listing Rules apply;</i> |
| "Holding Lock" | <i>a facility that, in accordance with ASXS Settlement Operating Rules, prevents securities being deducted from, or entered into, a holding pursuant to a transfer or conversion;</i> |
| "Listing Rules" | <i>the official listing rules of ASX as amended and replaced from time to time;</i> |
| "Restricted Securities" | <i>has the meaning which it bears in the Listing Rules;"</i> |

The new proposed Article 233 and the consequential amendments provide the constitutional underpinning for ASX's modified escrow regime.

A copy of the Articles with the amendments proposed will be made available for review by Shareholders at the office of the Company. A copy will be available for inspection at the Meeting.

The Directors recommend Shareholders vote to amend the Articles to insert the new rule to ensure compliance with the Listing Rule changes.

5. Resolution 5 – Ratification of issue of Options to Consultant

5.1 Background

On 22 July 2020 ("**Issue Date**") the Company issued 31,124,532 Options to ALS (Hong Kong) Limited as a remuneration incentive under the terms of a consultancy agreement ("**Issue**").

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

The Issue does not fit within any of these exceptions and, as it has not yet been approved by the Company's Shareholders, it effectively uses up part of the 15% limit in Listing Rule 7.1, reducing the Company's capacity to issue further equity securities

without Shareholder approval under Listing Rule 7.1 and Listing Rule 7.1A for the 12 month period following the Issue Date.

Information on Listing Rule 7.1A is set out in Section 6.1 below.

Listing Rule 7.4 allows the shareholders of a listed company to approve an issue of equity securities after it has been made or agreed to be made. If they do, the issue is taken to have been approved under Listing Rule 7.1 and so does not reduce the company's capacity to issue further equity securities without shareholder approval under that rule.

The Company wishes to retain as much flexibility as possible to issue additional equity securities into the future without having to obtain Shareholder approval for such issues under Listing Rules 7.1 and 7.1A.

To this end, this Resolution seeks Shareholder approval to the Issue under and for the purposes of Listing Rule 7.4.

The securities issued the subject of this Resolution were issued within the Company's 15% capacity in Listing Rule 7.1.

If this Resolution is passed, the Issue will be excluded in calculating the Company's 15% limit in Listing Rule 7.1 and the additional 10% capacity in Listing Rule 7.1A, effectively increasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the Issue Date.

If this Resolution is not passed, the Issue will be included in calculating the Company's 15% limit in Listing Rule 7.1 and the additional 10% capacity in Listing Rule 7.1A, effectively decreasing the number of equity securities it can issue without Shareholder approval over the 12 month period following the Issue Date.

5.2 Listing Rule 7.5

For Shareholders to approve the Issue under and for the purposes of Listing Rule 7.4, the following information is provided to Shareholders in accordance with Listing Rule 7.5:

- (a) The securities were issued to ALS (Hong Kong) Limited, which is not a related party of the Company.
- (b) The number of securities issued was 31,124,532 Options.
- (c) The Options have an exercise price of 2 cents, an expiry date of 20 July 2022 and feature a vesting hurdle. The full terms of the Options are set out in Schedule 1.
- (d) The Options were issued on 22 July 2020.
- (e) The Options were issued for no cash consideration and there is no issue price.
- (f) The purpose of the issue of the Options is to incentivise ALS (Hong Kong) Limited as part of its engagement under a consultancy agreement referred to below.
- (g) The securities were issued under a consultancy mandate agreement, the material terms of which are ALS (Hong Kong) Limited is engaged by the Sese Joint Venture (of which the Company is a 33.3% shareholder) to provide advice and assistance in securing a project partner for the Sese Joint Venture. The consultant's remuneration is success based and the Options the subject of this Resolution were issued as the remuneration incentive.

6. Resolution 6 - Approval of additional 10% capacity

6.1 Background

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

Under Listing Rule 7.1A, however, an eligible entity can seek approval from its members, by way of a special resolution passed at its annual general meeting, to increase this 15% limit by an extra 10% to 25%.

An "eligible entity" means an entity which is not included in the S&P/ASX 300 Index and which has a market capitalisation of \$300 million or less. The Company is an eligible entity for these purposes.

This Resolution seeks Shareholder approval by way of special resolution for the Company to have the additional 10% capacity

provided for in Listing Rule 7.1A to issue equity securities without Shareholder approval.

If this Resolution is passed, the Company will be able to issue equity securities up to the combined 25% limit in Listing Rules 7.1 and 7.1A without any further Shareholder approval.

If this Resolution is not passed, the Company will not be able to access the additional 10% capacity to issue equity securities without shareholder approval provided for in Listing Rule 7.1A and will remain subject to the 15% limit on issuing equity securities without Shareholder approval set out in Listing Rule 7.1.

6.2 Specific information required by Listing Rule 7.3A

(i) Period for which approval is valid

An approval under Listing Rule 7.1A commences on the date of the annual general meeting at which the approval is obtained and expires on the first to occur of the following:

- (a) The date that is 12 months after the date of the annual general meeting at which the approval is obtained.
- (b) The time and date of the Company's next annual general meeting.
- (c) The time and date of the approval by Shareholders of a transaction under Listing Rule 11.1.2 or Listing Rule 11.2.

(ii) Minimum price at which equity securities may be issued

Any equity securities issued under Listing Rule 7.1A must be in an existing quoted class of the eligible entity's equity securities and issued for a cash consideration per security which is not less than 75% of the volume weighted average market price for securities in that class, calculated over the 15 Trading Days on which trades in that class were recorded immediately before:

- (a) the date on which the price at which the securities are to be issued is agreed by the entity and the recipient of the securities; or
- (b) if the securities are not issued within 10 Trading Days of the date in paragraph (a), the date on which the securities are issued.

(iii) Purposes for which funds raised may be used

Equity securities can only be issued under Listing Rule 7.1A for a cash consideration. Funds raised by the issue of equity securities under Listing Rule 7.1A may be used for the continued development of the Company's current assets, the acquisition of new assets or other investments (including expenses associated with such acquisition), and for general working capital.

(iv) Risk of economic and voting dilution

If this Resolution is approved by Shareholders and the Company issues equity securities under Listing Rule 7.1A, the existing Shareholders' voting power in the Company will be diluted.

There is a risk that:

- (a) the market price for the equity securities in that class may be significantly lower on the issue date than on the date of the Shareholder approval under Listing Rule 7.1A; and
- (b) the equity securities may be issued at a price that is at a discount to the market price for those equity securities on the issue date.

The table below shows the potential dilution of existing Shareholders on the basis of 3 different assumed issue prices and values for variable "A" in the formula in Listing Rule 7.1A.2. This includes one example that assumes that "A" is double the number of Shares on issue at the time of the approval under Listing Rule 7.1A and that the price of Shares has fallen by 50%.

Number of Shares on Issue (Variable "A" in Listing Rule 7.1A.2)	Number of Shares issued under additional 10% capacity	Dilution		
		Funds raised based on issue price of 1.1 cents	Funds raised based on issue price of 2 cents	Funds raised based on issue price of 4.4 cents
		(50% decrease in current issue price)	(Current issue price)	(100% increase in current issue price)
622,960,630 (Current)*	62,296,063	\$685,257	\$1,370,513	\$2,741,027
934,440,945 (50% increase)	93,444,094	\$1,027,885	\$2,055,770	4,111,540
1,245,921,260 (100% increase)	124,592,126	\$1,370,513	\$2,741,027	\$5,482,053

*The number of Shares on issue (variable "A" in the formula) could increase as a result of the issue of Shares that do not require Shareholder approval (such as under a pro-rata rights issue or scrip issued under a takeover offer) or that are issued with Shareholder approval under Listing Rule 7.1.

The table has been prepared on the following assumptions:

1. The current Shares on issue are the Shares on issue as at 28 October 2020.
2. The issue price set out above is the closing price of the Shares on the ASX on 26 October 2020.
3. The Company issues the maximum number of equity securities available under the additional 10% capacity.
4. No Options are exercised into Shares before the date of the issue of the equity securities.

(v) Allocation Policy

The Company's allocation policy for the issue of equity securities under the additional 10% capacity will depend on the prevailing market conditions at the time of any proposed issue. The identity of the allottees of equity securities will be determined on a case-by-case basis having regard to the factors including but not limited to the following:

- (a) the methods of raising funds that are available to the Company, including but not limited to, a rights issue or other issue in which existing security holders can participate;
- (b) the effect of the issue of the equity securities on the control of the Company;
- (c) the financial situation and solvency of the Company; and
- (d) advice from corporate, financial and broking advisers (if applicable).

The allottees under the additional 10% capacity have not been determined as at the date of this Notice but may include existing substantial shareholders and/or new Shareholders who are not related parties or associates of a related party of the Company and may include new investors who have not previously been Shareholders.

(vi) Equity securities issued under Listing Rule 7.1A.2 in the previous 12 months

The Company has not issued or agreed to issue any securities under Listing Rule 7.1A.2 in the 12 months preceding this Meeting.

(vii) Voting Exclusion Statement

A voting exclusion statement is included in the Notice. At the date of the Notice, the Company has not approached any particular existing shareholder or security holder or an identifiable class of existing security holder to participate in the issue of the equity securities. No existing shareholder's votes will therefore be excluded under the voting exclusion in the Notice.

7. Resolution 7 – Approval to issue securities under Employee Incentive Scheme

7.1 Background

The Board adopted the Employee Incentive Plan in October 2020 and it enables the Company to issue Options or Performance Rights to eligible participants being employees (full and part-time), directors, relevant contractors, casual employees and prospective parties in these capacities.

The Employee Incentive Plan is intended to provide an opportunity to eligible participants to participate in the Company's future growth and assist with reward and retention of eligible participants.

The Employee Incentive Plan is an employee incentive scheme in accordance with the Listing Rules.

The Employee Incentive Plan is in accordance with ASIC Class Order 14/1000, as amended, which expanded the class of financial products that could be offered (ie performance or incentive rights can be issued as well as shares and options) and expanded the categories of persons who can participate (ie certain contractors and casual employees).

A summary of the Employee Incentive Plan is set out in Schedule 2.

7.2 Listing Rule 7.2 Exception 13(b)

Broadly speaking, and subject to a number of exceptions, Listing Rule 7.1 limits the amount of equity securities that a listed company can issue without the approval of its shareholders over any 12 month period to 15% of the fully paid ordinary securities it had on issue at the start of that period.

Although Shareholder approval is not required under the Corporations Act or the Listing Rules for the operation of the Employee Incentive Plan itself, Listing Rule 7.2 Exception 13(b) provides that an issue of securities under an employee incentive scheme (such as the Employee Incentive Plan) will not be included in calculating the Company's placement limit in Listing Rule 7.1 if it is made within 3 years after shareholders approve the issue of equity securities under the scheme as an exception to the placement limits.

By this Resolution the Company is seeking approval to issue securities under the Employee Incentive Plan for a period of 3 years from the Meeting to eligible participants who are not Directors or Listing Rule 10.14 parties, so that the issue of securities is excluded in calculating the placement limit in Listing Rule 7.1.

This will enable the Company to retain as much flexibility as possible to issue additional equity securities into the future without having to obtain Shareholder approval to such issues under Listing Rule 7.1.

If this Resolution is passed, the Company will be able to proceed with issues of securities under the Employee Incentive Plan for a period of 3 years from the Meeting and these issues will be excluded in calculating the Company's placement limit in Listing Rule 7.1, effectively increasing the number of equity securities it can issue without Shareholder approval.

If this Resolution is not passed, any issues of securities under the Employee Incentive Plan will be included in calculating the Company's placement limits in Listing Rule 7.1, effectively decreasing the number of equity securities it can issue without Shareholder approval.

For Shareholders to approve the issue of securities under the Employee Incentive Plan for a period of 3 years from the Meeting, the following information is provided to Shareholders in accordance with Listing Rule 7.2 Exception 13(b):

- (a) A summary of the Employee Incentive Plan is set out in Schedule 2. Options or Performance Rights may be issued under the Employee Incentive Plan to eligible participants.
- (b) No securities have been issued to date under the Employee Incentive Plan.

- (c) The maximum number of equity securities proposed to be issued under the Employee Incentive Plan following Shareholder approval sought by this Resolution is equity securities.

Any equity securities proposed to be issued under the Employee Incentive Plan to a Director or Listing Rule 10.14 party will require separate Shareholder approval under Listing Rule 10.14 of the Listing Rules.

7.3 Recommendation

The Board recommends that Shareholders approve the issue of securities under the Employee Incentive Plan as it will allow the Company to issue such securities for the benefit of eligible participants for a period of 3 years from the Meeting whilst preserving the Company's placement limits in Listing Rule 7.1 and will provide flexibility in the manner in which the Employee Incentive Plan is managed.

8. Resolution 8 and 9 – Approval to issue Options to Directors

8.1 General

The Board consists of Alasdair Cooke (Executive Chairman), Frazer Tabeart (Executive Director), Valentine Chitalu (Non-Executive Director), Vincent Masterton-Hume (Non-Executive Director) and John Dean (Non-Executive Director).

Resolutions 8 and 9 seek Shareholder approval so that the Company may issue Options to Alasdair Cooke and Frazer Tabeart, the executive directors under the Employee Incentive Plan. The approval to issue Options to Frazer Tabeart (Resolution 9) is conditional on his re-election as a Director.

Shareholder approval is required under Chapter 10 of the Listing Rules because Alasdair Cooke and Frazer Tabeart are Directors and therefore related parties of the Company. Shareholder approval is being sought under Listing Rule 10.14 as the securities are being issued under an employee incentive scheme (being the Employee Incentive Plan). Listing Rule 10.14 is dealt with below.

8.2 Listing Rule 10.14

By Resolutions 8 and 9, the Company is proposing to issue Options to Alasdair Cooke and Frazer Tabeart, the 2 executive directors, under the Employee Incentive Plan, which is an employee incentive scheme ("**Issue**").

Listing Rule 10.14 provides that a listed company must not permit any of the following persons to acquire equity securities under an employee incentive scheme:

- (a) Listing Rule 10.14.1 – a director of the listed company;
- (b) Listing Rule 10.14.2 – an associate of a director of the listed company; or
- (c) Listing Rule 10.14.3 – a person whose relationship with the listed company or a person referred to in Listing Rule 10.14.1 or 10.14.2 is such that, in ASX's opinion, the acquisition should be approved by its shareholders,

unless it obtains the approval of its shareholders.

The Issue falls within Listing Rule 10.14.1 above and therefore requires the approval of the Company's Shareholders under Listing Rule 10.14.

Resolutions 8 and 9 seek the required Shareholder approval to the Issue under and for the purposes of Listing Rule 10.14.

In each case, if the Resolution is passed, the Company will be able to proceed with the Issue and the particular Director will be able to be issued the Options under the Employee Incentive Plan.

In each case, if the Resolution is not passed, the Company will not be able to proceed with the Issue and this incentive will not be issued to the particular Director. No other replacement incentive is currently proposed.

8.3 Listing Rule 10.15

For Shareholders to approve the issue of the Options under and for the purposes of Listing Rule 10.14, the following information is provided to Shareholders in accordance with Listing Rule 10.15:

- (a) The securities will be issued to Alasdair Cooke or his nominees (Resolution 8) and Frazer Tabeart or his nominees (Resolution 9).
- (b) Each of the persons referred to above is a Director and is a Listing Rule 10.14.1 party.
- (c) The number of securities the Company will issue is up to 3,000,000 Options to Alasdair Cooke or his nominees (Resolution 8) and up to 3,000,000 Options to Frazer Tabeart or his nominees (Resolution 9).
- (d) The current total remuneration package of each of the Directors is set out in Section 8.4(d) below.
- (e) No securities have previously been issued to the Directors the subject of Resolutions 8 and 9 under the Employee Incentive Plan.
- (f) The securities to be issued are Options with an exercise price of 3.5 cents and an expiry date of 30 November 2023. The full terms of the Options are set out in Schedule 3. Options are being issued under the Employee Incentive Plan as the Directors consider this incentive is a cost effective and efficient reward and incentive and will preserve the cash reserves of the Company as opposed to the payment of cash compensation. The value of the Options with the disclosure of the assumptions is set out in Section 8.4(h) below.
- (g) The securities are intended to be issued within 1 week of the Meeting.
- (h) The Options will be issued for no consideration and there is no issue price.
- (i) The material terms of the Employee Incentive Plan are summarised in Schedule 2.
- (j) No loan will be made to any of the Directors in relation to the issue of the Options under the Employee Incentive Plan.
- (k) Details of any securities issued under the Employee Incentive Plan to Listing Rule 10.14 parties will be published in the annual report of the Company relating to the period in which they were issued, along with a statement that approval for the issue was obtained under Listing Rule 10.14.

Any additional persons covered by Listing Rule 10.14 who become entitled to participate in an issue of securities under the Employee Incentive Plan after this Resolution is approved and who were not named in this Notice will not participate until approval is obtained under Listing Rule 10.14.

8.4 Additional Information

The Company is incorporated in Guernsey and is registered as a foreign company under the Australian Corporations Act. As such, the Company is not subject to the related party provisions of the 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.

- (a) *The related party to whom the resolution would permit the financial benefit to be given*

The related parties are Alasdair Cooke (Resolution 8) and Frazer Tabeart (Resolution 9).

- (b) *The nature of the financial benefit*

The nature of the financial benefit is the issue of up to:

- (i) 3,000,000 Options to Alasdair Cooke (or his nominees);

- (ii) 3,000,000 Options to Frazer Tabeart (or his nominees).

The Options will have an exercise price of 3.5 cents and an expiry date of 30 November 2023. The full terms of the Options are set out in Schedule 3.

(c) *Reasons for giving the benefit and Directors Recommendation*

The purpose of the issue of the Options is to incentivise the 2 executive directors to provide ongoing dedicated services and provide remuneration linked to the performance of the Company. The benefit will only be received from the Options upon the Company's Share price exceeding the exercise price of the Options and thereby warranting their exercise.

Under the Company's current circumstances, the Directors consider that the incentive, represented by the issue of these Options, is a cost effective and efficient reward and incentive to be provided to the relevant Director by the Company, as opposed to alternative forms of incentive, such as the payment of cash compensation. In addition, the Directors consider it prudent to make payment by way of the Options so as to preserve the cash reserves of the Company.

The Directors independent of the particular Director in each case consider that the quantity of Options together with the terms of the Options constitutes an appropriate number to adequately incentivise the Director in question in light of that Director's skill and experience and his current remuneration as detailed below.

The independent Directors and in each case recommend that Shareholders vote in favour of the Resolutions.

Alasdair Cooke abstains from making a recommendation to Shareholders on Resolution 8 as he has a material personal interest in the outcome as the recipient of the Options.

Frazer Tabeart abstains from making a recommendation to Shareholders on Resolution 9 as he has a material personal interest in the outcome as the recipient of the Options.

(d) *Current total remuneration package*

The current total remuneration received by Alasdair Cooke is \$131,000 per year.

The current total remuneration received by Frazer Tabeart is \$160,000 per year.

As at the date of this Notice, the Directors have a relevant interest in securities of the Company as follows:

	Shares
Alasdair Cooke	50,001,682
Frazer Tabeart	4,774,100

(e) *Dilution*

The passing of the Resolutions would have the effect of issuing up to 6,000,000 Options to the Directors.

If any of the Options are exercised into Shares, the effect will be to dilute the shareholding of existing Shareholders. If all the 6,000,000 Options were exercised into Shares, the effect would be to dilute the shareholding of the existing Shareholders by approximately 0.95% based on the total number of Shares on issue at the date of this Notice of 622,960,630.

(f) *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.

	Closing Price	Date
Highest Price	4.6 cents	30 December 2019
Lowest Price	1.1 cents	17 March 2020
Latest Price	2.2 cents	26 October 2020

(g) *Valuation of Options*

The Company has valued the Options to be issued by reference to the Black and Scholes valuation model.

The following assumptions have been made regarding the inputs required for the model:

	Input	Note
Number of Options	6,000,000	
Underlying share spot price	2.2 cents	1
Exercise Price	3.5 cents	2
Dividend rate	Nil	3
Risk free rate	0.145%	4
Volatility	132.03%	5
Life of the Options	36 months	6
Valuation	1.52 cents	

Note 1: The underlying share spot price used for the purpose of the valuation is based on the Company's Share price of 2.2 cents on 26 October 2020.

Note 2: The exercise price is 3.5 cents.

Note 3: No dividends are expected to be paid during the life of the Options.

Note 4: The risk free rate is based on the Commonwealth Government 2-year Treasury bond yield of 0.145% at 26 October 2020.

Note 5: The volatility was calculated from the Company's historical trading volatility over the last 12 months and is 132.03%.

Note 6: The life of the Options has been assumed to be 36 months expiring on 30 November 2023, the final date for exercise of the Options.

Based on the above assumptions, the Options have been valued as follows:

Number and Value of Options	
Alasdair Cooke	3,000,000 Options – 1.52 cents each (\$45,481)
Frazer Tabcart	3,000,000 Options – 1.52 cents each (\$45,481)

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.

"**CDI**" means a CHESS Depositary Interest representing a unit of beneficial ownership in the Shares registered in the name of CHESS Depositary Nominees Pty Ltd.

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

"**Corporations Act**" means Corporations Act 2001 (Cth) of Australia.

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

"**Employee Incentive Plan**" means the African Energy Resources Employee Incentive Plan, with the terms summarised in Schedule 2.

"**equity securities**" has the same meaning as in the Listing Rules.

"**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 subject to the satisfaction of applicable vesting conditions.

"**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.

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

Schedule 1

**Terms of Options to Consultant
(Resolution 5)**

The terms of the Options are:

1. Each Option entitles the holder to one Share (fully paid ordinary share) upon exercise of the Option.
2. The exercise price of the Options is 2 cents.
3. Subject to paragraph 4 below, the Options are exercisable at any time prior to 5.00 pm WST on 22 July 2022 (Expiry Date).
4. The Options vest and may only be exercised if an agreement completes that result in a new party introduced by ALS (Hong Kong) Limited becoming a majority shareholder in the Sese Joint Venture.
5. The Options are freely transferable. The Options are not intended to be quoted.
6. The Company will provide to each Option holder a notice that is to be completed when exercising the Options (Notice of Exercise). The Options may be exercised wholly or in part by completing the Notice of Exercise and delivering it together with payment to the secretary of the Company to be received any time prior to the Expiry Date. The Company will process all relevant documents received at the end of every calendar month.
7. Upon the exercise of an Option and receipt of all relevant documents and payment, the holder will be issued a Share ranking equally with the then issued Shares.
8. There will be no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new issues of capital which may be offered to Shareholders during the currency of the Options. Thereby, the Optionholder has no rights to a change in the exercise price of the Option or a change to the number of underlying securities over which the Option can be exercised except in the event of a bonus issue. However, the Company will ensure that the Optionholder will be notified of a proposed issue after the issue is announced. This will give an Optionholder the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
9. If there is a bonus issue (Bonus Issue) to Shareholders, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder would have received if the Option had been exercised before the record date for the Bonus Issue (Bonus Shares). The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue, and upon issue will rank equally in all respects with the other Shares on issue as at the date of issue of the Bonus Shares.
10. In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date, all rights of an Optionholder are to be changed in a manner consistent with the Listing Rules.

Schedule 2

Terms of Employee Incentive Plan (Resolution 7)

1. **Purpose** The purpose of the Employee Incentive Plan is to provide an incentive for eligible participants to participate in the future growth of the Company and to offer Options or Performance Rights to assist with reward, retention, motivation and recruitment of eligible participants.
2. **Eligible Participants** Eligible participants are a full or part-time employee, or a director of the Company or a subsidiary, relevant contractors and casual employees and prospective parties in these capacities ("Eligible Participants").
3. **Offers** Subject to any necessary Shareholder approval, the Board may offer Options or Performance Rights to Eligible Participants for nil consideration.
4. **Expiry Date** The expiry date of any Options or Performance Rights will be determined by the Board.
5. **Vesting Conditions and Lapse**

An Option or Performance Right may only be exercised after it has vested and before its expiry date. The Board may determine the conditions upon the vesting of the Options or Performance Rights at its discretion. By way of example, the Board may impose Share price and/or continuous service vesting hurdles.

An Option or Performance Right lapses upon various events including a vesting condition not being satisfied, a participant ceasing to be an Eligible Participant (except for certain matters such as death or permanent disablement) and upon misconduct by a participant.
6. **Shares issued on vesting** Each Option or Performance Right entitles the holder to one fully paid ordinary share on exercise or vesting.
7. **Transferability and quotation** An Option or Performance Right may not be transferred without the prior written approval of the Board or by force of law. Quotation of the Options or Performance Rights on the ASX will not be sought. However, the Company will apply for official quotation of Shares issued on the exercise of the Options or vesting of the Performance Rights.
8. **No voting or dividend rights** The Options or Performance Rights are personal and do not confer any entitlement to attend or vote at meetings, any entitlement to dividends or any entitlement to participate in any return of capital unless the Options or Performance Rights are vested and the underlying Shares have been issued.
9. **No participation rights** The Options or Performance Rights do not entitle the holder to participate in the issue of securities unless the Options or Performance Rights are exercised or vested and Shares have been issued before the record date for determining entitlements.
10. **Limitation on number of securities** Securities to be issued under the Employee Incentive Plan in any 3 year period must not exceed 5% of the total number of Shares on issue at the time of the relevant offer. Various excluded offers may be disregarded so as to not count for the 5% limit being any offer to a person outside Australia, an offer not requiring disclosure to investors because of section 708 of the Corporations Act or an offer made under a disclosure document.
11. **Administration of the Employee Incentive Plan** The Employee Incentive Plan will be administered under the directions of the Board and the Board may determine procedures for the administration of the Employee Incentive Plan as it considers appropriate.
12. **Operation** The operation of the Employee Incentive Plan is subject to the Listing Rules and, where necessary, the Corporations Act.

Schedule 3

Terms of Options (Resolutions 8 and 9)

The terms of the Options are:

1. Each Option entitles the holder to one Share (fully paid ordinary share) upon exercise of the Option.
2. The exercise price of the Options is 3.5 cents.
3. The Options are exercisable at any time prior to 5.00 pm WST on 30 November 2023 (Expiry Date).
4. The Options are only transferable with Board approval. The Options are not intended to be quoted.
5. The Company will provide to each Option holder a notice that is to be completed when exercising the Options (Notice of Exercise). The Options may be exercised wholly or in part by completing the Notice of Exercise and delivering it together with payment to the secretary of the Company to be received any time prior to the Expiry Date. The Company will process all relevant documents received at the end of every calendar month.
6. Upon the exercise of an Option and receipt of all relevant documents and payment, the holder will be issued a Share ranking equally with the then issued Shares.
7. There will be no participating rights or entitlements inherent in the Options and the holders will not be entitled to participate in new issues of capital which may be offered to Shareholders during the currency of the Options. Thereby, the Optionholder has no rights to a change in the exercise price of the Option or a change to the number of underlying securities over which the Option can be exercised except in the event of a bonus issue. However, the Company will ensure that the Optionholder will be notified of a proposed issue after the issue is announced. This will give an Optionholder the opportunity to exercise their Options prior to the date for determining entitlements to participate in any such issue.
8. If there is a bonus issue (Bonus Issue) to Shareholders, the number of Shares over which an Option is exercisable will be increased by the number of Shares which the holder would have received if the Option had been exercised before the record date for the Bonus Issue (Bonus Shares). The Bonus Shares must be paid up by the Company out of profits or reserves (as the case may be) in the same manner as was applied in the Bonus Issue, and upon issue will rank equally in all respects with the other Shares on issue as at the date of issue of the Bonus Shares.
9. In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date, all rights of an Optionholder are to be changed in a manner consistent with the Listing 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

LODGE 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 **11:30am (AWST) on Tuesday, 17 November 2020**, 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:



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).

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 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.

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.

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 General Meeting of stockholders of the Company to be held at **11:30am (WST) on Thursday, 19 November 2020 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.

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 – Frazer Tabcart	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3 Re-election of Director – Valentine Chitalu	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4 Amend Articles	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5 Ratification of issue of Options to Consultant	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6 Approval of additional 10% capacity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7 Approval to issue securities under Employee Incentive Scheme	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8 Approval to issue Options to Alasdair Cooke	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
9 Approval to issue Options to Frazer Tabcart	<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.

AFR PRX2001J

