

20 August 2021

COMPLETION OF PLACEMENT AND CLEANSING NOTICE

African Energy Resources Limited (the “Company or AFR”) (ASX: AFR) advises that further to its announcement of 18 August 2021, it has now issued 63,750,000 ordinary shares at an issue price of \$0.02 per share (“Placement”).

Cleansing Notice

The Company issued Placement shares on 19 August 2021 without disclosure to investors under Part 6D.2 of the Corporations Act 2001 (Cth) (“the Act”). For the purposes of section 708A(5)(e) of the Act, the Company notifies ASX that:

- (a) this notice is being given under section 708A(5)(e) of the Act;
- (b) the shares were issued without disclosure to investors under Part 6D.2 of the Act;
- (c) as at the date of this notice, the Company has complied with:
 - i. the provisions of Chapter 2M of the Act as they apply to the Company; and
 - ii. section 674 of the Act; and
- (d) other than the intended in specie-distribution as disclosed below, as at the date of this notice, there is no information that:
 - i. has been excluded from a continuous disclosure notice given to ASX in accordance with the ASX Listing Rules; and
 - ii. investors and their professional advisers would reasonably require for the purpose of making an informed assessment of:
 - (A) the assets and liabilities, financial position and performance, profits and losses and prospects of the Company; or
 - (B) the rights and liabilities attaching to fully paid ordinary shares.

AFR's current intention is to spin-out its Botswana coal assets by undertaking a pro-rata in-specie distribution of shares in a spin-out vehicle to AFR shareholders. The spin-out vehicle is to be a new unlisted Australian public company that will own the interest in the coal assets.

The Botswana coal assets consist of AFR's interest in the Sese JV and its 100% interest in the Mmamantswe and Mmamabula projects. The in-specie distribution would be subject to shareholder approval by AFR shareholders and be undertaken in accordance with the relevant ASX Timetable.

The intended spin-out of the coal assets would enable AFR to focus solely on its copper-gold projects in Australia.

AFR will keep the market informed of any implementation of the spin-out of the coal assets.

For and on behalf of the board. Authorised for release by Frazer Tabeart, CEO.

For further information, please contact Daniel Davis, Company secretary, on +61 8 6465 5500.