

**AFRICAN ENERGY RESOURCES LIMITED**  
**ARBN 123 316 781**

**PROSPECTUS**

For an offer to transfer fully paid ordinary shares in AFR Newco to Shareholders on a pro-rata basis pursuant to a capital reduction the subject of the Distribution Resolution in the Meeting Notice.

This is an important document. Please read it carefully.

This document is a short form prospectus issued in accordance with section 712 of the Corporations Act 2001. This Prospectus does not of itself contain all the information that is generally required to be set out in a document of this type, but refers to parts of other documents lodged with ASIC, the contents of which are taken to be included in this Prospectus.

If you have any questions about the Prospectus or the action you should take, you should speak to your professional adviser.

## IMPORTANT NOTICE

This Prospectus is dated 20 September 2021 and was lodged with ASIC on that date. Neither ASIC, ASX nor any of its respective officers take any responsibility for the contents of this Prospectus or the merits of the investment to which this Prospectus relates.

This Prospectus does not constitute an offer in any place in which or to any person to whom it would not be lawful to make such an offer. No person is authorised to give information or to make any representation in connection with this Prospectus which is not contained within this Prospectus. Any information or representation not contained within this Prospectus may not be relied on as having been authorised by the Company in connection with this Prospectus.

Certain abbreviations and other defined terms are used throughout this Prospectus. Defined terms are generally identifiable by the use of an upper case first letter. Details of the definitions and abbreviations used are set out in section 6 of this Prospectus.

The Company will not transfer any AFR Newco Shares later than 13 months after the date of this Prospectus.

This Prospectus is a short form prospectus issued in accordance with section 712 of the Corporations Act. This means that this Prospectus refers to a document that has been lodged with ASIC instead of setting out the information in this Prospectus.

The Company refers to the Meeting Notice that was lodged with ASIC on 20 September 2021 and advises:

- (a) The Meeting Notice contains information that is relevant to the offer of AFR Newco Shares under this Prospectus and that will provide you and your professional advisers with information to assist you in making an informed assessment of:
  - (i) the rights and liabilities attaching to the AFR Newco Shares; and
  - (ii) the assets and liabilities, financial position and performance, profits and losses and prospects of AFR Newco.
- (b) We will give you a copy of the Meeting Notice if you ask us during the application period of this Prospectus. You should contact our registered office during normal business hours.
- (c) The information in the Meeting Notice will be primarily of interest to you and your professional advisers or analysts.

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## 1. INVESTMENT OVERVIEW

Question	Response	Where to find more information
What is the Offer?	The offer is the invitation to Shareholders to vote on the Distribution Resolution at the Meeting. The Distribution Resolution seeks Shareholder approval to effect the Distribution being an equal capital reduction by an in specie distribution of the AFR Newco Shares held by the Company on a pro-rata basis to Shareholders on the Record Date.	Section 2.1 of this Prospectus.
Who is AFR Newco and what assets does it hold?	<p>AFR Newco is an unlisted Australian public company.</p> <p>At the date of this Prospectus and until the Distribution, the Company holds all the AFR Newco Shares issued in AFR Newco.</p> <p>AFR Newco will hold the Coal Assets via subsidiaries being 3 coal and power project interests in Botswana.</p> <p>The AFR Newco Shares are the subject of the Distribution Resolution.</p>	Section 6.10 of the Meeting Notice.
Why is the Company proposing the Distribution Resolution?	<p>The Company is undertaking the in specie distribution of the AFR Newco Shares so that Shareholders may participate directly in the ownership of AFR Newco. AFR Newco will hold the Coal Assets via subsidiaries.</p> <p>By reason of the Distribution, the Shareholders of the Company will individually hold shares in AFR Newco (rather than the Company holding these shares).</p>	Sections 6.2 and 6.8 of the Meeting Notice.
How many AFR Newco Shares will be transferred to Shareholders under the Distribution?	<p>If the Distribution Resolution is passed, the Company will distribute all of the AFR Newco Shares held by it to Shareholders on the Record Date for no consideration.</p> <p>Shareholders should receive 1 AFR Newco Share for every 1 Share held in the Company.</p>	Section 6.4.2 of the Meeting Notice.
Who will receive the AFR Newco Shares?	If the Distribution Resolution is passed, the AFR Newco Shares will be transferred to Shareholders who are registered as Shareholders of the Company on the Record Date. The Record Date is 1 November 2021.	Section 6.4.3 of the Meeting Notice.

Question	Response	Where to find more information
What is the effect of the Distribution on the Company?	<p>The Distribution should have the effect of reducing the issued share capital of the Company by approximately US\$6,993,637 based on the 31 December 2020 consolidated statement of financial position. A proforma consolidated statement of financial position for the Company is set out in Annexure 5 to the Meeting Notice, which shows the financial position of the Company following completion of the Distribution.</p> <p>The capital structure of the Company will be unchanged by reason of the Distribution and the rights attaching to the Shares of the Company will not be altered.</p>	Section 6.5 of the Meeting Notice
What are the advantages and disadvantages of the Distribution to Shareholders?	<p>Some of the advantages and disadvantages to Shareholders of the Distribution include:</p> <p><i>Advantages:</i></p> <ul style="list-style-type: none"> <li>• Shareholders will participate directly in the ownership of AFR Newco. AFR Newco will hold the Coal Assets via subsidiaries.</li> <li>• AFR Newco will have a primary focus on the Coal Assets and this will be unaffected by the other projects of AFR.</li> <li>• Shareholders will retain their current Shareholding in AFR which will pursue its copper focus without a secondary focus on the Coal Assets.</li> </ul> <p><i>Disadvantages</i></p> <ul style="list-style-type: none"> <li>• There is no guarantee that the Company's Shares or AFR Newco Shares will increase in value following the Distribution. It is possible that the collective value of Shareholder interests in the Company's Shares and the AFR Newco Shares will decrease.</li> <li>• Shareholders will hold AFR Newco Shares, which are not listed on any recognised financial market and will have an illiquid investment in the Coal Assets. It may be difficult for Shareholders to transfer or otherwise deal in that investment or realise the full value for that investment.</li> <li>• Shareholders may incur additional transaction costs if they wish to dispose of their AFR Newco Shares.</li> <li>• There may be taxation consequences for Shareholders following the Distribution.</li> <li>• Although AFR Newco will provide shareholder updates, it will not be subject to ASX continuous disclosure rules.</li> </ul>	Section 6.8 of the Meeting Notice

Question	Response	Where to find more information
What are the risks associated with AFR Newco?	Risks relating to AFR Newco include it being an unlisted public company with limited initial funding and risks associated with holding coal and power project interests in Botswana including a minority interest in the Sese Coal Project	Section 6.10.2 of the Meeting Notice.
What are the rights attaching to the AFR Newco Shares?	A summary of the rights attaching to the AFR Newco Shares is set out in the Meeting Notice.	Section 6.10.6 of the Meeting Notice.
Are there any taxation consequences on transfer of the AFR Newco Shares?	There will be taxation consequences following Distribution to Shareholders. The Meeting Notice sets out details of the general taxation issues that should be taken into account by Shareholders. Shareholders should obtain their own independent taxation advice.	Section 6.11 of the Meeting Notice.
What is the Directors recommendation?	The Directors unanimously recommend that Shareholders pass the Distribution Resolution. The Directors consider that on balance the Distribution to Shareholders is in the best interests of Shareholders as a whole and further, that the Distribution does not materially prejudice the Company's ability to pay its creditors.	Sections 6.8 of the Meeting Notice.
What interest do the Directors have in the Distribution Resolution	<p>No Director will receive any payment or benefit of any kind as a result of the Distribution other than as Shareholders of the Company. To the extent that Directors hold Shares in the Company, they will be treated on the same basis as other Shareholders under the Distribution.</p> <p>The Meeting Notice includes a table showing relevant interest of Directors in the Shares in the Company and the number of AFR Newco Shares that they are likely to receive if the Distribution is completed.</p>	Section 6.9 of the Meeting Notice.
What other information about AFR Newco is there?	<p>The Meeting Notice contains information about AFR Newco including:</p> <ul style="list-style-type: none"> <li>• Overview of AFR Newco including an information on of the Coal Assets;</li> <li>• Overview of AFR including the Queensland Project, South West WA Copper Projects and Kimberley WA Copper Project;</li> <li>• Risk factors for an investment in AFR Newco;</li> <li>• Board of directors of AFR Newco; and</li> <li>• Pro forma statement of financial position for AFR Newco.</li> </ul>	Sections 6.6 and 6.10 of the Meeting Notice.

Question	Response	Where to find more information
Are Shareholders required to complete an application form to participate in the Distribution?	No, if the Distribution Resolution is passed, then all Shareholders registered on the Record Date will receive AFR Newco Shares on a pro-rata basis being 1 AFR Newco Share for every 1 Share held in the Company.	Section 6.4.2 of the Meeting Notice and Section 2.2 of this Prospectus.
What are the important dates of the Offer?	A timetable with relevant dates is set out in the Meeting Notice.	Section 6.1 of the Meeting Notice.

## **2. THE OFFER TO SHAREHOLDERS**

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### **2.1 The Offer**

The terms and conditions of the Offer are set out in the Meeting Notice accompanying this Prospectus.

The Meeting Notice includes the Distribution Resolution under which the Company proposes an equal reduction of capital of an amount equal to the value of the AFR Newco Shares to be distributed and transferred to Shareholders registered as such on the Record Date on a pro-rata basis.

Under applicable ASIC guidelines, the issue of the Meeting Notice, which contains an invitation to Shareholders to vote on the Distribution Resolution, constitutes an offer by the Company to transfer the AFR Newco Shares to Shareholders, which requires the issue of a prospectus. Therefore, the Company has prepared this Prospectus to accompany the Meeting Notice.

If Shareholders pass the Distribution Resolution then the AFR Newco Shares will be transferred to those Shareholders on the register on the Record Date in accordance with the timetable set out in section 6.1 of the Meeting Notice.

### **2.2 Action required by Shareholders**

Shareholders are not required to lodge an application form to participate in the proposed Distribution and no application form is included in or accompanies this Prospectus.

If Shareholders pass the Distribution Resolution, then the AFR Newco Shares will be distributed and transferred to eligible Shareholders in accordance with the Distribution Resolution whether you voted for or against the Distribution Resolution or did not vote at all.

### **2.3 Transfer of AFR Newco Shares**

The transfer of AFR Newco Shares will take place in accordance with the timetable set out in section 6.1 of the Meeting Notice. No AFR Newco Shares will be transferred on the basis of this Prospectus later than 13 months after the date of this Prospectus.

### **2.4 No quotation of AFR Newco Shares**

AFR Newco is not listed on any financial market (whether in Australia or elsewhere) and the AFR Newco Shares are not quoted on any financial market nor are they able to be traded on any financial market. There is no current intention for AFR Newco to seek to list on a financial market.

No assurance, promise or commitment is given (or implied) in this Prospectus that the AFR Newco Shares will be able to be traded on a financial market in Australia or elsewhere.



### **3. INFORMATION DEEMED TO BE INCLUDED IN THIS PROSPECTUS**

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#### **3.1 Short form prospectus**

This Prospectus is a short form prospectus prepared in accordance with section 712 of the Corporations Act. This means that rather than setting out all of the information that is required to be included in a document of this type, the Prospectus is taken to include information identified in the Meeting Notice.

#### **3.2 Meeting Notice**

In accordance with section 712 of the Corporations Act, information about the relevant contents of the Meeting Notice referred to in this Prospectus is set out below:

- (a) The Meeting Notice, which convenes the meeting of Shareholders at which Shareholder approval for the Distribution Resolution will be sought; and
- (b) The following parts of the Explanatory Statement, which sets out all relevant information known to the Company on how to vote on the Distribution Resolution contained in the Meeting Notice:
  - (i) Section 1 – Background to Resolutions
  - (ii) Section 6.1 – Timetable
  - (iii) Section 6.2 – Background information to Distribution
  - (iv) Section 6.3 – Legal Requirements
  - (v) Section 6.4 – Details of the Distribution
  - (vi) Section 6.5 – Effect of the Distribution on the Company
  - (vii) Section 6.6 – Future of the Company if the Distribution is approved
  - (viii) Section 6.7 – Future of the Company if the Distribution is not approved
  - (ix) Section 6.8 – Directors' Recommendations
  - (x) Section 6.9 – Directors' Interests
  - (xi) Section 6.10 – Information about AFR Newco
  - (xii) Section 6.11 – Taxation
  - (xiii) Section 6.12 – Other Material Information

A copy of the Meeting Notice accompanies this Prospectus.

#### **4. ADDITIONAL INFORMATION**

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##### **4.1 Rights attaching to AFR Newco Shares**

Information concerning the rights attaching to the AFR Newco Shares is set out in section 6.10.6 of the Meeting Notice.

##### **4.2 Legal proceedings**

As at the date of this Prospectus, neither the Company nor AFR Newco is involved in any material legal proceedings and the Directors are not aware of any legal proceedings pending or threatened against either of them.

##### **4.3 Disclosure of interests of Directors**

The relevant interest of the Directors in the securities of the Company and the number of AFR Newco Shares they are to receive is set out in section 6.9 of the Meeting Notice and the engagement of the Directors by AFR Newco is also set out in section 6.10.3 of the Meeting Notice.

##### **4.4 Remuneration of Directors**

Mr Alasdair Cooke is paid A\$85,000 per annum as executive chairman for one day per week time commitment plus a consultancy fee of A\$2,000 per day for work in excess of one day per week. In the two years prior to the date of this Prospectus, Mr Cooke has received a total remuneration of approximately A\$256,000.

Mr Frazer Tabeart receives remuneration of A\$160,000 per annum as a managing director. In the two years prior to the date of this Prospectus, Mr Tabeart has received a total remuneration of approximately A\$320,000.

Mr Vincent Masterton-Hume receives remuneration of A\$25,000 per annum as a fee for a non-executive Director. In the two years prior to the date of this Prospectus, Mr Masterton-Hume has received a total remuneration of approximately A\$62,500.

Mr Valentine Chitalu receives remuneration of A\$25,000 per annum as a fee for a non-executive Director. In the two years prior to the date of this Prospectus, Mr Chitalu has received a total remuneration of approximately A\$62,500.

Mr John Dean receives remuneration of A\$25,000 per annum as a fee for a non-executive Director. In the two years prior to the date of this Prospectus, Mr Dean has received a total remuneration of approximately A\$62,500.

##### **4.5 Interests of experts and advisers**

Except as disclosed in this Prospectus, no expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, nor any firm in which any of those persons is or was a partner nor any company in which any of those persons is or was associated with, has now, or has had, in the two year period ending on the date of this Prospectus, any interest in:

- (a) the formation or promotion of the Company; or
- (b) property acquired or proposed to be acquired by the Company in connection with its formation or promotion or the Offer; or

(c) the Offer.

Except as disclosed in this Prospectus, no amounts of any kind (whether in cash, securities or otherwise) have been paid or agreed to be paid to any expert, promoter or any other person named in this Prospectus as performing a function in a professional advisory or other capacity in connection with the preparation or distribution of the Prospectus, or to any firm in which any of those persons is or was a partner or to any company in which any of those persons is or was associated with, for services rendered by that person in connection with the formation or promotion of AFR Newco or the Offer.

Fairweather Corporate Lawyers has acted as solicitors to the Company in relation to the Offer. The Company estimates that it will pay approximately A\$10,000 (excluding GST) for these services. In the past two years, the Company has paid fees totalling approximately A\$40,000 (excluding GST) to Fairweather Corporate Lawyers.

#### **4.6 Expenses of the Offer**

The total expenses of the Offer (including the Meeting Notice) are estimated to be approximately A\$15,000 including legal costs, ASIC fees, printing and other administrative expenses.

#### **4.7 Consents**

The following parties have given their written consent to be named in this Prospectus and for the inclusion of statements made by that party (as described below in the form and context in which they are included), and has not withdrawn such consent before lodgement of this Prospectus with ASIC.

FW Legal Pty Ltd trading as Fairweather Corporate Lawyers has consented to Fairweather Corporate Lawyers being named as the Solicitors to the Offer.

The parties referred to above in this section:

- do not make, or purport to make any statement in this Prospectus, or on which a statement made in this Prospectus is based other than as specified in this Section;
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Prospectus other than a reference to its name and a statement included in the Prospectus with the consent of that party as specified in this Section; and
- have not caused or authorised the issue of this Prospectus.

## 5. DIRECTORS AUTHORISATION AND CONSENT

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This Prospectus is authorised by the Company and lodged with ASIC pursuant to section 718 of the Corporations Act.

Each Director of the Company and each director of AFR Newco has consented to lodgement of this Prospectus with ASIC in accordance with the terms of section 720 of the Corporations Act and has not withdrawn that consent.

Dated: 20 September 2021



Signed for and on behalf of  
African Energy Resources Limited  
By Dr Frazer Tabeart  
Director



Signed for and on behalf of  
African Energy Limited  
By Alasdair Cooke  
Director

## 6. DEFINITIONS

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<b>A\$</b>	Australian dollars
<b>AFR Newco</b>	African Energy Limited (ACN 650 431 226).
<b>AFR Newco Share</b>	A fully paid ordinary share in the capital of AFR Newco.
<b>ASIC</b>	Australian Securities and Investments Commission.
<b>ASX</b>	ASX Limited (ACN 008 624 691).
<b>Board</b>	The board of Directors of the Company.
<b>Business Day</b>	Has the same meaning as in the Listing Rules.
<b>Coal Assets</b>	The Sese Coal Project, Mmamabula West Coal Project and the Mmamantswe Coal Project.
<b>Company or AFR</b>	African Energy Resources Limited (ARBN 123 316 781).
<b>Corporations Act</b>	Corporations Act 2001 (Cth).
<b>Directors</b>	The directors of the Company from time to time.
<b>Distribution</b>	The in specie distribution by the Company to Shareholders on a pro-rata basis of the AFR Newco Shares held by it.
<b>Distribution Resolution</b>	Resolution 7 of the Meeting Notice to be put to Shareholders at the General Meeting to approve the Distribution.
<b>Explanatory Statement</b>	The explanatory statement accompanying and forming part of the Meeting Notice.
<b>General Meeting</b>	The general meeting of Shareholders called by the Meeting Notice.
<b>Listing Rules</b>	The listing rules of ASX.
<b>Mmamantswe Coal Project</b>	The Mmamantswe coal and power project in Botswana to be held by AFR Newco as to 100% post-Distribution and summarised in section 6.10.1 of the Meeting Notice.
<b>Mmamabula West Coal Project</b>	The Mmamabula West coal project in Botswana to be held by AFR Newco as to 100% post-Distribution and summarised in section 6.10.1 of the Meeting Notice.
<b>Meeting Notice</b>	The notice of meeting and Explanatory Statement of the Company dated 20 September 2021.
<b>Offer</b>	The offer of AFR Newco Shares constituted by the issue of the Meeting Notice including the Distribution Resolution.
<b>Prospectus</b>	This prospectus dated 20 September 2021.
<b>Record Date</b>	1 November 2021 being the date for determining the entitlement to AFR Newco Shares under the Distribution Resolution.
<b>Sese Coal Project</b>	The Sese Coal and power joint venture project in Botswana to be held by AFR Newco as to 33.3% post-Distribution and summarised in section 6.10.1 of the Meeting Notice.
<b>Share</b>	A fully paid ordinary share in the capital of the Company.
<b>Shareholders</b>	A registered holder of Shares in the Company.
<b>US\$</b>	United States dollars