

29 October 2021

QUARTERLY ACTIVITIES REPORT FOR THE PERIOD ENDED 30 SEPTEMBER 2021

HIGHLIGHTS:

- Signed an exclusive option with Canterbury Resources to earn up to a 70% interest in the Briggs, Mannersley and Fig Tree Hill Porphyry Copper Project in SE Queensland.
- Invested A\$1.0M in Canterbury Resources share placement to secure the option until 31 July 2022 by which time the Company must have spent a minimum of A\$750,000 on RC drilling and soil sampling.
- Soil sampling program underway on the Briggs porphyry copper project.
- Commenced 3,000m RC drilling program on the Briggs porphyry copper project to evaluate potential for increasing mineral resource tonnage and copper grade.
- Preliminary fieldwork on copper targets in Western Australia are about to commence, initially at the Mayanup and Sunnyside projects near Bridgetown.
- Sese Joint Venture has been invited to participate in the tender process for a new 300MW coal fired power station in Botswana.
- The Company's interest in Sese Joint Venture, Mmamantswe Coal Project, and Mmamabula West Coal Project to be divested by way of an in-specie distribution, which was approved by shareholders on 22 October 2021.
- Completed a placement of 70,000,000 new shares at 2 cents per share to raise A\$1,400,000.
- Changed presentation currency from US dollars to Australian dollars.
- At the date of this report, the Company has A\$1.40M cash plus A\$7.1M in share investments and carries no debt.

PROJECTS:

1. Queensland Copper

The Briggs and Mannersley Porphyry Copper Project comprises three exploration permits for minerals (EPM's) covering a total area of 241 km² and contains a JORC compliant Inferred Mineral Resource estimate of 143Mt @ 0.29% copper at a 0.2% copper cut-off grade in the Central Porphyry zone of the Briggs Copper Project.

The Project is in a low-risk, Tier 1 jurisdiction, close to key infrastructure, including sealed roads, rail, grid power, gas pipelines and a deep-water port at Gladstone which lies 50km to the east (Figure 1).

African Energy has secured an exclusive option over the project until 31 July 2022 through an equity investment of \$1M into ASX-listed Canterbury Resources Limited. African Energy has committed to fund a A\$750k exploration programs during option phase, which will include:

- Detailed soil sampling over the Briggs Porphyry to refine future drilling targets.
- RC drilling program (~3,000m) to test immediate upside at the Briggs Porphyry.

These programs have commenced and are scheduled for completion during the final quarter of 2021.

After exercise of the option, African Energy can spend up to a further \$15.25M via a three stage earn-in to reach 70%:

- Stage 1 (AFR 30%): \$2.25M within 2 years of exercising option.
- Stage 2 (AFR 51%): further \$3M within 4 years of exercising option.
- Stage 3 (AFR 70%): further \$10M within 9 years of exercising option.

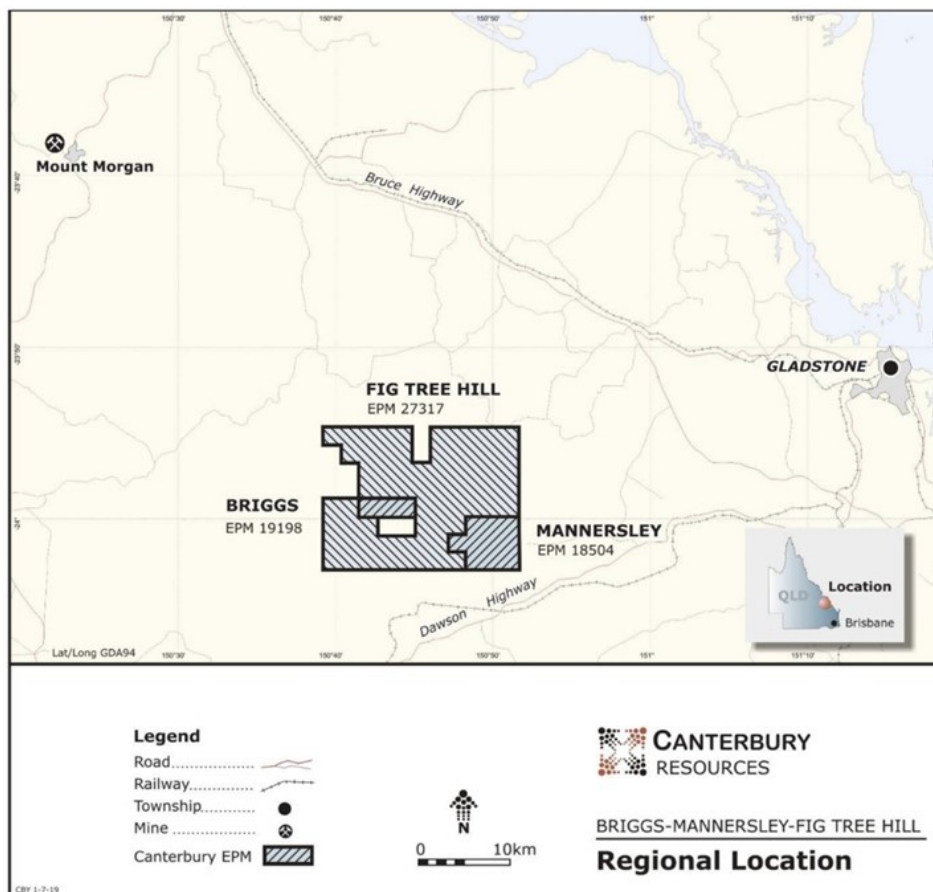


Figure 1. Location Map of the Briggs and Mannersley Copper Project, SE Queensland

1.1. Geology

Porphyry copper mineralisation at Briggs and at Mannersley is associated with multi-phase phyllic and potassic altered granodiorite to tonalitic stocks which form part of the Triassic Galloway Plains Intrusive Complex, intruded into Silurian to Devonian aged sediments and volcanic rocks within the Yarrol Province of the northern New England Orogen (Figure 2).

The Project has been explored over a long period, but only 32 drill holes have been drilled at Briggs, of which only nine have been deeper than 150m.

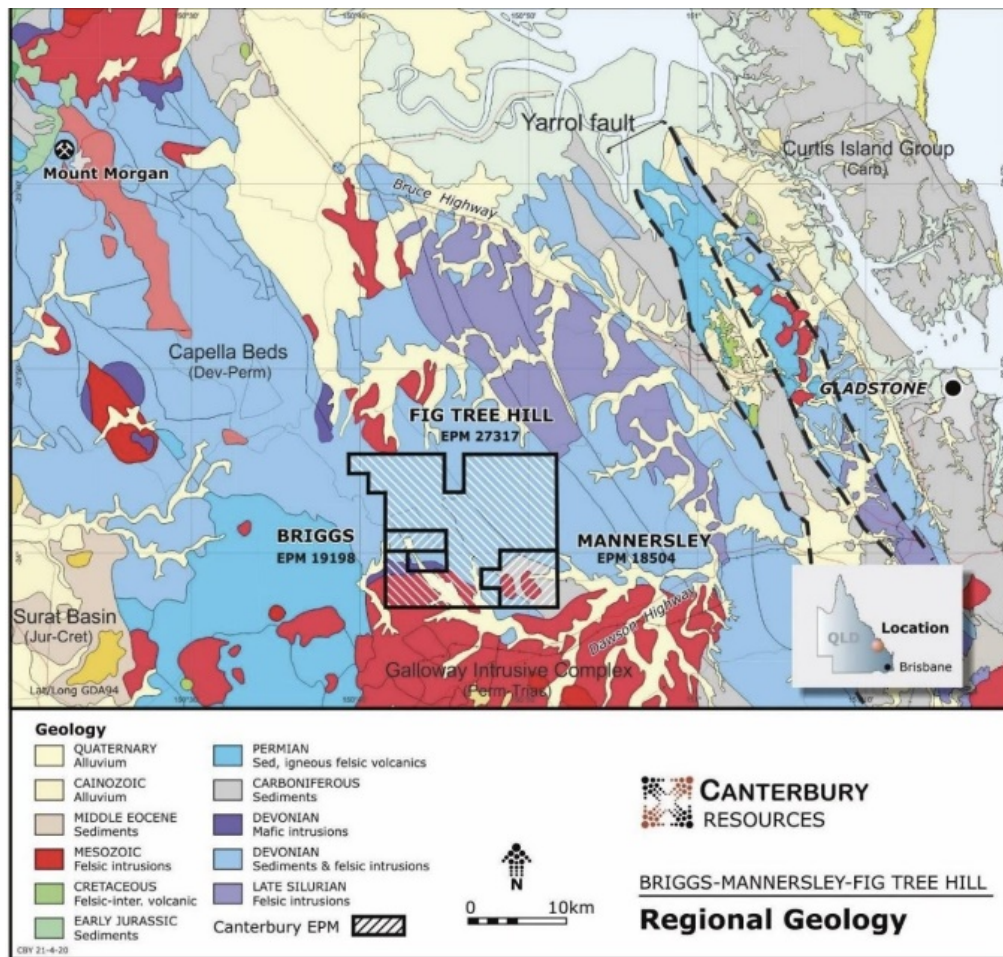


Figure 2. Regional geological setting of the Briggs and Mannersley Project in SE Queensland

1.2. Porphyry Copper Mineralisation at Briggs

The Inferred Mineral Resource of 143Mt @ 0.29% Cu occurs in the Central Porphyry at Briggs, a porphyritic granodiorite stock with dimensions in excess of 500m x 200m and which has been drilled to a depth of over 500m. It is one of at least three intrusive centres which make up the Briggs prospect. Mineralisation occurs in stockworks of quartz veins containing quartz, chalcopyrite, minor molybdenite, potassium feldspars and locally anhydrite (see Figures 3 and 4).

Limited drilling to date indicates that the highest copper grades are associated with sub-vertical banded silica bodies at the contacts between different intrusive phases, or in the volcanic sediments immediately adjacent to the granodiorite intrusions.

Significant opportunity to increase average grades at the Central Porphyry is present once these positions are drilled to a higher density.



Figure 3. Outcropping stockwork of quartz-chalcopyrite veins in porphyritic granodiorite at the Central Porphyry of the Briggs copper deposit.

The Northern and Southern Porphyries occur along strike from the Central Porphyry and show evidence of porphyry vein stockworks and banded silica bodies at surface like those seen at the Central Porphyry, along with copper anomalism in soil sampling. Limited drilling at both prospects has intersected similar mineralisation with similar grades to the Central Porphyry and represent immediate targets for further drilling for resource delineation (see Figure 5).



Figure 4. Multi-phase porphyry veins with blebby chalcopyrite mineralisation and associated potassic alteration overprinting volcanoclastic sediments, drill hole BD019-003 Central Porphyry, Briggs.

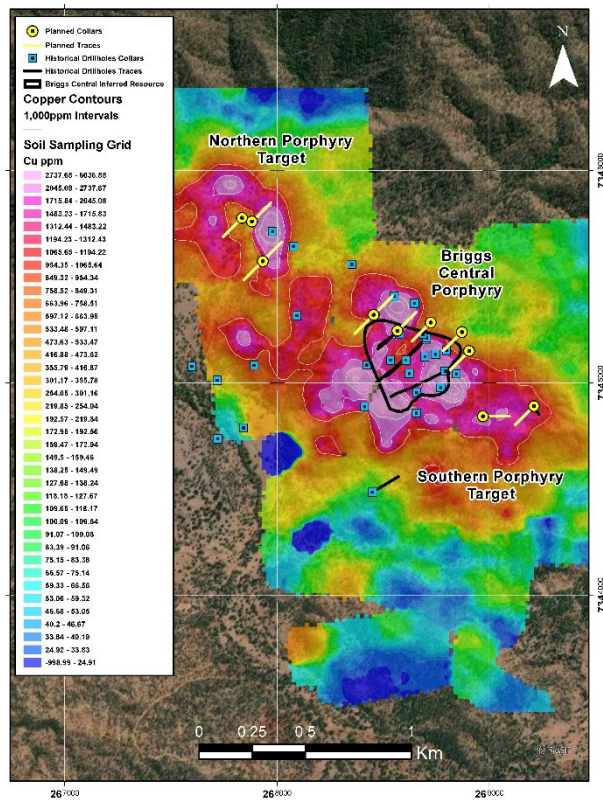


Figure 5. The Northern and Southern porphyry targets occur along strike from the outcrop of the Briggs central Inferred Mineral Resource. Twelve planned RC holes shown in yellow on this map to test multiple targets.

2. SW Terrane Copper and Gold in Western Australia

2.1. SW Terrane Overview

African Energy applied for six exploration licences in the SW Terrane of Western Australia in 2020 (Figure 6). Five of these tenements were granted in May 2021, with the sixth expected to be granted shortly. These applications cover three project areas which are considered prospective for large porphyry-style Cu-Au deposits or intrusion related orogenic Au deposits. Preliminary evaluation of open file data indicates extremely limited historical exploration has been undertaken in these areas.

2.2. Sunnyside-Mayanup Copper Project

These two exploration licences occur on flexures in regional structures which are interpreted to represent old subduction zones that may be prospective for porphyry Cu-Au mineralisation. The Sunnyside licence straddles a structure which represents a sub-terrane boundary. On the northern side of this structure, GSWA regional mapping indicates the presence of hornblende-bearing quartz monzonites which are locally porphyritic in nature (Figure 7). These types of rocks are considered prospective for porphyry Cu-Au mineralisation.

This is supported by strong geochemical anomalism for copper in the CSIRO-CRC-LEME Laterite Geochemical database in this area, with anomalous samples (>100ppm Cu) containing up to 409ppm Cu over an area of ~14km x 3.5km. The Mayanup application straddles two linear structures and contains copper anomalism up to 352ppm Cu over an area of ~12km x 5km.

A program of roadside soil and laterite sampling over these two licences is scheduled to commence in November 2021.



Figure 6. Location of the five new copper projects granted in the SW Terrane of Western Australia

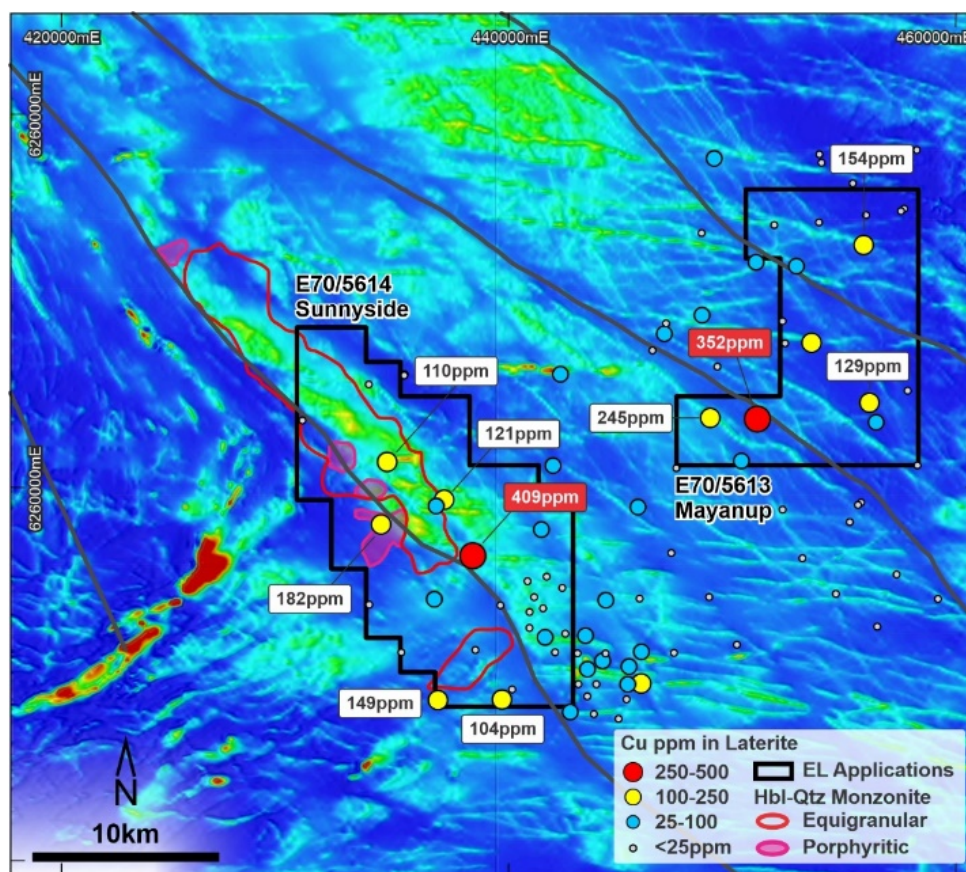


Figure 7. Sunnyside and Mayanup licences on an image of regional aeromagnetic data, also showing the location of CRC-LEME laterite samples and copper assays for these samples

2.3. Tarin Rock Gold Project

The Tarin Rock project comprises a single exploration licence (E70/5615), which occurs in an area of geological complexity where regional aeromagnetic data indicates the presence of a series of complex, nested felsic intrusive rocks to the immediate north-east of a jog in a major NNE trending structure. The Griffins Find intrusion related orogenic gold deposit occurs a further 5km to the NE of the tenement application (Figure 8). Tarin Rock is considered prospective for intrusion related orogenic gold deposits.

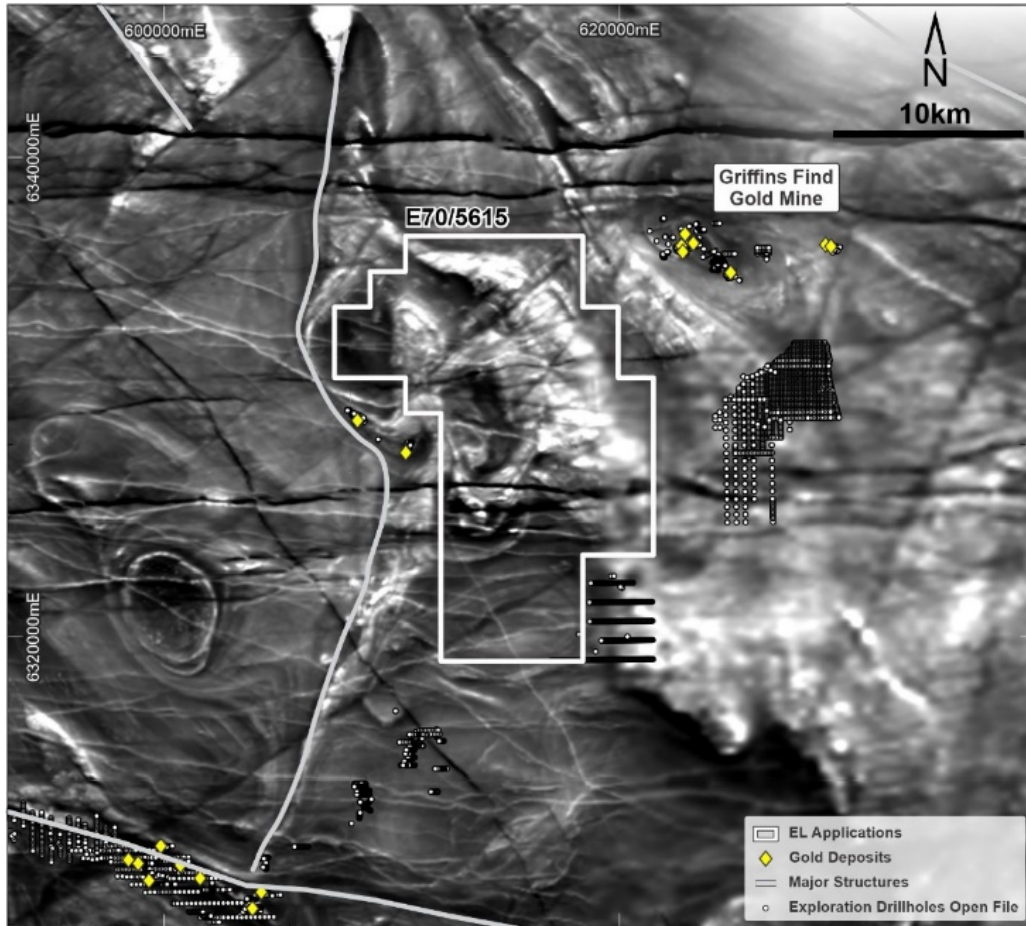


Figure 8. Tarin Rock licence outline on regional aeromagnetic data showing a complex series of nested felsic intrusions near a major jog in a NNE trending fault.

2.4. Kondinin Gold Project

The Kondinin Project comprises two licences, E70/5611 (Kondinin North) and E70/5612 (Kondinin South). The project covers deformed felsic gneisses to the east of a major N-S structure in which several elongate dome or “eye” structures are present. Kondinin North is 10km to the SW of Ramelius Resources’ Tampia gold project (Figure 9). Limited aircore drilling over Kondinin South is reported in open file data.

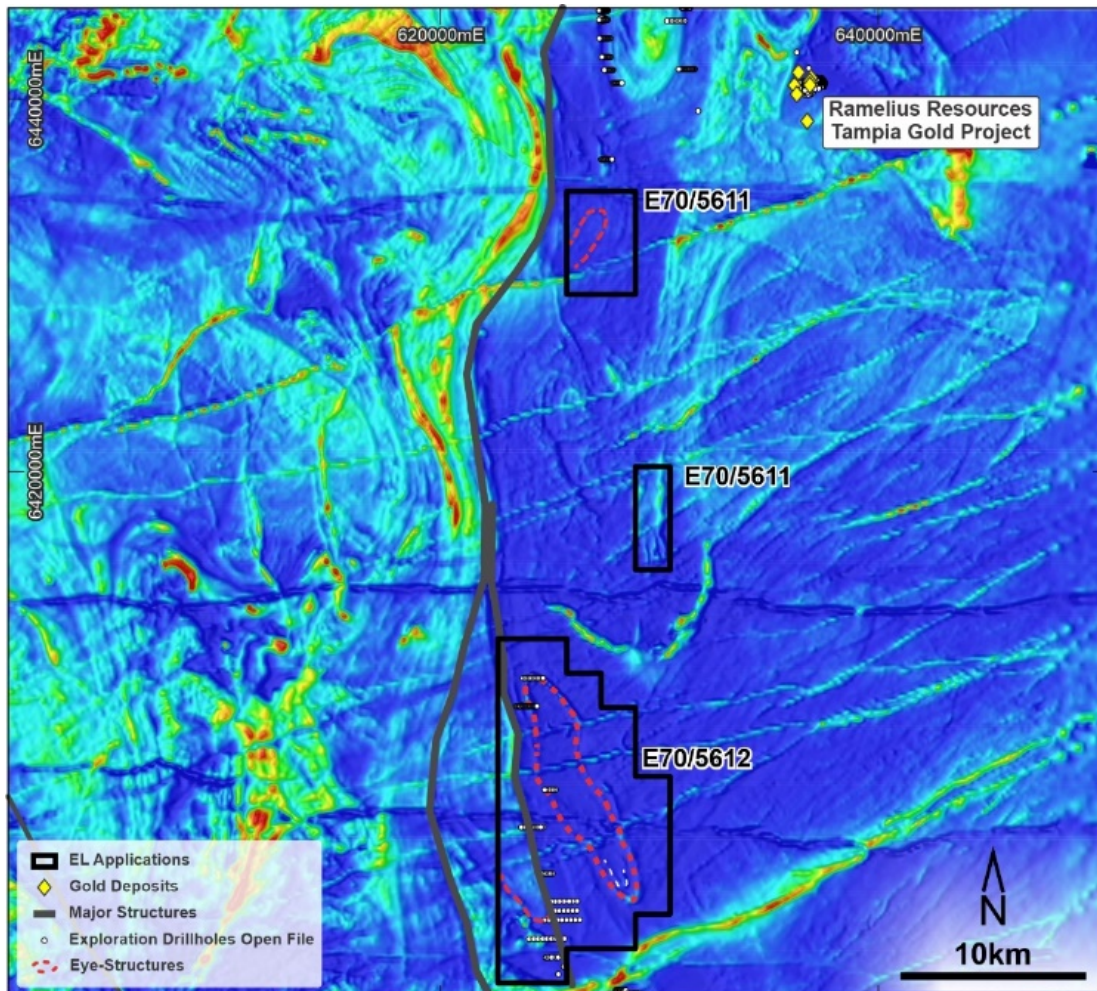


Figure 9. Kondinin EL outlines on regional aeromagnetic data showing a series of domed (“eye”) structures immediately east of a N trending major fault.

2.5. Outlook:

- A program of 400m spaced roadside soil sampling and geological mapping of the Sunnyside and Mayanup projects is about to commence. Planning, selection of contractors to perform the work, and logistics preparation are complete, and work is expected to begin in early-November.
- Initial field reconnaissance of the Tarin Rock and Kondinin project areas will be undertaken in the coming quarter to evaluate the geochemical sampling medium and to assist with planning follow up sampling.

3. East Kimberley Copper Projects

African Energy has submitted applications for nine maximum size exploration licences in the East Kimberley District of Western Australia, covering two project areas considered highly prospective for stratiform copper mineralisation. The Cambridge Gulf Project consists of five exploration licence applications ranging from 50km to 100km to the north of Wyndham. The Menuair Dome Project consists of four exploration licence applications situated 80km to the south-west of Wyndham (Figure 10).

Both projects contain numerous copper occurrences hosted in the Elgee Siltstone or at the base of the Middle Pentecost Sandstone, both part of the Palaeo-Proterozoic Kimberley Group, and

both considered prospective for sediment-hosted, stratiform copper mineralisation. No modern exploration for copper in these project areas is noted in any open file data held on record in Western Australia.

The Company has initiated a process to discuss land access and commercial agreements with the traditional owners of these lands. Upon successful completion of these discussions, and subsequent granting of the tenements, the Company will undertake a stream sediment sampling program to determine high-priority areas for follow-up.

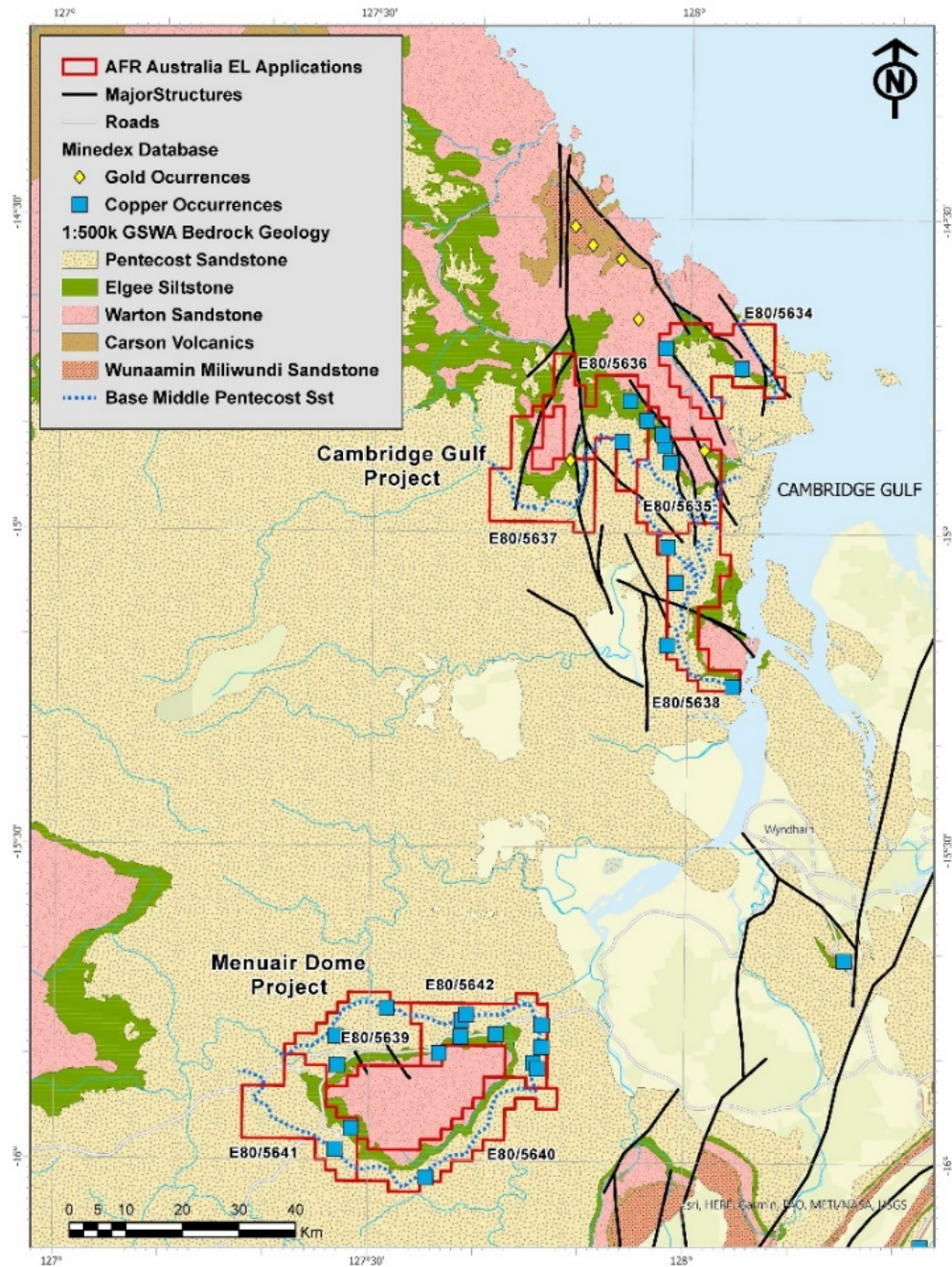


Figure 10. East Kimberley copper licence applications plotted over regional geology, showing copper occurrences in the Elgee Siltstone and at the base of the Middle Pentecost Sandstones.

4. African Coal projects

The Company's interest in the Sese JV, along with its wholly owned Mmamabula West and Mmamantswe coal projects in Botswana have been transferred into African Energy Limited. This subsidiary will be spun-out of AFR as a public unlisted company, with its shares distributed on a 1 for 1 basis to existing African Energy shareholders via an in-specie distribution. This is expected to be completed in November 2021, following which AFR will be exclusively focussed on copper and copper-gold projects in Australia and will no longer report on these African coal projects.

4.1. Sese JV (AFR 33%, FQM 67%)

African Energy owns 33% of the Sese Joint Venture, which is developing the Sese Power Project. First Quantum Minerals Ltd (FQM) owns the remaining 67% interest in the Sese Project and is the manager. The Sese JV owns the large Sese coal deposit near Francistown, Botswana, and has all approvals and licences required to complete its tender submission, including a Mining Licence containing over 650 million tonnes of coal, environmental approvals for up to 500MW of power generation and the associated coal mining and processing, a Water Supply Agreement and a Power Generation Licence.

The Sese JV has been invited to participate in a tender process for a 300MW power station by the Ministry of Minerals, Resources, Green Technology and Energy Security, Botswana.

Key points of the tender are as outlined below:

- The tender is for the "Design, finance, construction, ownership, operation, maintenance and decommissioning at the end of a minimum 30-year economic life of a 300MW net greenfield coal fired power plant in Botswana as an independent power producer (IPP)".
- The successful power station bid will sell power to Botswana Power Corporation via a 30-year Power Purchase Agreement.
- The Sese JV is one of only four parties shortlisted to participate in the tender process.
- The deadline for submissions is 10am on 30 March 2022.

African Energy believes that the Sese JV is well positioned to submit a competitive bid into the tender.

4.2. Mmamabula West Project, Botswana (AFR 100%)

PL56/2005 (Mmamabula West Prospecting Licence) contains 2.9BT of thermal coal and was renewed for a further two years, expiring on 30 September 2022. African Energy is seeking a partner who is prepared to buy a majority equity stake in the project as an export option for coal into South Africa.

4.3. Mmamantswe Integrated Power Project, Botswana (AFR 100%)

Mmamantswe contains 1.24Bt of thermal coal close to the South African border. The coal quality and coal geometry are suitable for the development of a mine-mouth power station and integrated coal mine but requires a large off-taker for ~600MW to be viable.

MINING TENEMENTS HELD AT THE END OF THE QUARTER AND THEIR LOCATION

Project Name	Tenement Name	Tenement Holder	Licence Number	Interest at beginning of quarter	Interest at end of quarter	Location
Briggs and Mannerly Porphyry Copper Project	Briggs	Canterbury Resources Limited	EPM19198	-	-% (70%)	QLD
	Mannersley	Canterbury Resources Limited	EPM18504	-	-% (70%)	QLD
	Fig Tree Hill	Canterbury Resources Limited	EPM27317	-	-% (70%)	QLD
Kondinin	Kondinin North	AFR Australia Pty Ltd	E70/5611	100%	100%	WA
	Kondinin South	AFR Australia Pty Ltd	E70/5612	100%	100%	WA
Mayanup	Mayanup	AFR Australia Pty Ltd	E70/5613	100%	100%	WA
Sunnyside	Sunnyside	AFR Australia Pty Ltd	E70/5614	100%	100%	WA
Tarin Rock	Tarin Rock	AFR Australia Pty Ltd	E70/5615	100%	100%	WA
Tonebridge	Tonebridge	AFR Australia Pty Ltd	E70/5671	-	100%	WA
Cambridge Gulf	Helby River	AFR Australia Pty Ltd	E80/5634	-	100%	WA
	Lyne River	AFR Australia Pty Ltd	E80/5635	-	100%	WA
	Mt McMillan	AFR Australia Pty Ltd	E80/5636	-	100%	WA
	Mt Nicholls	AFR Australia Pty Ltd	E80/5637	-	100%	WA
	Thompson River	AFR Australia Pty Ltd	E80/5638	-	100%	WA
Menuair Dome	Durack River	AFR Australia Pty Ltd	E80/5639	-	100%	WA
	Palmer Creek	AFR Australia Pty Ltd	E80/5640	-	100%	WA
	West Menuair	AFR Australia Pty Ltd	E80/5641	-	100%	WA
	Mt Edith	AFR Australia Pty Ltd	E80/5642	-	100%	WA
Sese	Sese ML	Sese Power Subsidiary	ML2016/42L	33%	33%	Botswana
	Sese	African Energy Botswana	PL 96/2005	33%	33%	Botswana
	Sese West	African Energy Botswana	PL197/2007	33%	33%	Botswana
	Foley North	African Energy Botswana	PL004/2013	33%	33%	Botswana
Mmamantswe	Mmamantswe	Mmamantswe Coal (Pty) Ltd	PL069/2007	100%	100%	Botswana
Mmamabula West	Mmamabula West	Phokoje Power (Pty) Ltd	PL56/2005	100%	100%	Botswana

CORPORATE

At the date of this report, the Company had;

- 692,960,630 shares on issue
- 40,000,000 unlisted options exercisable at 5c on issue
- Cash reserves of A\$1.40M
- Investments in ASX-listed companies valued at A\$7.1M
- Nil debt

Approximately AUD\$41,000 of exploration and evaluation expenditure was expensed during the quarter which comprised of soil sampling costs across the company's portfolio of Australian projects.

There were no substantive mining production and development activities during the quarter.

The aggregate amount of payments to related parties and their associates during the quarter of approximately A\$104,000 (refer Item 6 of the accompanying Appendix 5B) comprises the following:

- Director fees (approximately A\$83,000); and
- Mitchell River Group serviced office and technical staff (approximately A\$21,000)

Authorised for release by Frazer Tabeart, Executive Director of African Energy Resources.

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

The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the 'JORC Code') sets out minimum standards, recommendations and guidelines for Public Reporting in Australasia of Exploration Results, Mineral Resources and Ore Reserves. The information contained in this announcement was prepared under the JORC Code 2012. References to "Measured, Indicated and Inferred Resources" are to those terms as defined in the JORC Code (2012 edition).

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

Appendix 5B

Mining exploration entity or oil and gas exploration entity quarterly cash flow report

Name of entity

African Energy Resources Limited

ABN

45 123 316 781

Quarter ended ("current quarter")

30 September 2021

Consolidated statement of cash flows		Current quarter (3-months) AUD\$'000	Year to date (3-months) AUD\$'000
1.	Cash flows from operating activities		
1.1	Receipts from customers	-	-
1.2	Payments for	-	-
	(a) exploration & evaluation	(41)	(41)
	(b) development	-	-
	(c) production	-	-
	(d) staff costs	(104)	(104)
	(e) administration and corporate costs	(129)	(129)
1.3	Dividends received (see note 3)	-	-
1.4	Interest received	1	1
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Government grants and tax incentives	-	-
1.8	Other (provide details if material)	-	-
1.9	Net cash from / (used in) operating activities	(273)	(273)

2.	Cash flows from investing activities		
2.1	Payments to acquire or for:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) exploration & evaluation	-	-
	(e) investments	1,000	1,000
	(f) other non-current assets	-	-

Consolidated statement of cash flows		Current quarter (3-months) AUD\$'000	Year to date (3-months) AUD\$'000
2.2	Proceeds from the disposal of:		
	(a) entities	-	-
	(b) tenements	-	-
	(c) property, plant and equipment	-	-
	(d) investments	-	-
	(e) other non-current assets	-	-
2.3	Cash flows from loans to other entities	-	-
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
2.6	Net cash from / (used in) investing activities	1,000	1,000

3.	Cash flows from financing activities		
3.1	Proceeds from issues of equity securities (excluding convertible debt securities)	1,275	1,275
3.2	Proceeds from issue of convertible debt securities	-	-
3.3	Proceeds from exercise of options	-	-
3.4	Transaction costs related to issues of equity securities or convertible debt securities	(6)	(6)
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
3.10	Net cash from / (used in) financing activities	1,269	1,269

4.	Net increase / (decrease) in cash and cash equivalents for the period		
4.1	Cash and cash equivalents at beginning of period	1,473	1,473
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(273)	(273)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,000)	(1,000)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	1,269	1,269

Consolidated statement of cash flows		Current quarter (3-months) AUD\$'000	Year to date (3-months) AUD\$'000
4.5	Effect of movement in exchange rates on cash held	-	-
4.6	Cash and cash equivalents at end of period	1,468	1,468

5. Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter AUD\$'000	Previous quarter AUD\$'000
5.1 Bank balances	1,379	1,386
5.2 Call deposits	90	86
5.3 Bank overdrafts	-	-
5.4 Other (provide details)	-	-
5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)	1,468	1,473

6. Payments to related parties of the entity and their associates	Current quarter AUD\$'000
6.1 Aggregate amount of payments to related parties and their associates included in item 1	104
6.2 Aggregate amount of payments to related parties and their associates included in item 2	-
<i>Note: if any amounts are shown in items 6.1 or 6.2, your quarterly activity report must include a description of, and an explanation for, such payments.</i>	

7.	Financing facilities <i>Note: the term "facility" includes all forms of financing arrangements available to the entity.</i> <i>Add notes as necessary for an understanding of the sources of finance available to the entity.</i>	Total facility amount at quarter end AUD\$'000	Amount drawn at quarter end AUD\$'000
7.1	Loan facilities	-	-
7.2	Credit standby arrangements	-	-
7.3	Other (please specify)	-	-
7.4	Total financing facilities	-	-
7.5	Unused financing facilities available at quarter end		-
7.6	Include in the box below a description of each facility above, including the lender, interest rate, maturity date and whether it is secured or unsecured. If any additional financing facilities have been entered into or are proposed to be entered into after quarter end, include a note providing details of those facilities as well.		

8.	Estimated cash available for future operating activities	AUD\$'000
8.1	Net cash from / (used in) operating activities (item 1.9)	(273)
8.2	(Payments for exploration & evaluation classified as investing activities) (item 2.1(d))	-
8.3	Total relevant outgoings (item 8.1 + item 8.2)	(273)
8.4	Cash and cash equivalents at quarter end (item 4.6)	1,468
8.5	Unused finance facilities available at quarter end (item 7.5)	-
8.6	Total available funding (item 8.4 + item 8.5)	1,468
8.7	Estimated quarters of funding available (item 8.6 divided by item 8.3)	5.4
<i>Note: if the entity has reported positive relevant outgoings (ie a net cash inflow) in item 8.3, answer item 8.7 as "N/A". Otherwise, a figure for the estimated quarters of funding available must be included in item 8.7.</i>		
8.8	If item 8.7 is less than 2 quarters, please provide answers to the following questions:	
8.8.1	Does the entity expect that it will continue to have the current level of net operating cash flows for the time being and, if not, why not?	
	Answer:	
8.8.2	Has the entity taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?	
	Answer:	

8.8.3 Does the entity expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?

Answer:

Note: where item 8.7 is less than 2 quarters, all of questions 8.8.1, 8.8.2 and 8.8.3 above must be answered.

Compliance statement

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Date: 29 October 2021
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Authorised by: Managing Director – Frazer Tabeart
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(Name of body or officer authorising release – see note 4)

Notes

1. This quarterly cash flow report and the accompanying activity report provide a basis for informing the market about the entity's activities for the past quarter, how they have been financed and the effect this has had on its cash position. An entity that wishes to disclose additional information over and above the minimum required under the Listing Rules is encouraged to do so.
2. If this quarterly cash flow report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report. If this quarterly cash flow report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.
4. If this report has been authorised for release to the market by your board of directors, you can insert here: "By the board". If it has been authorised for release to the market by a committee of your board of directors, you can insert here: "By the [name of board committee – eg Audit and Risk Committee]". If it has been authorised for release to the market by a disclosure committee, you can insert here: "By the Disclosure Committee".
5. If this report has been authorised for release to the market by your board of directors and you wish to hold yourself out as complying with recommendation 4.2 of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations*, the board should have received a declaration from its CEO and CFO that, in their opinion, the financial records of the entity have been properly maintained, that this report complies with the appropriate accounting standards and gives a true and fair view of the cash flows of the entity, and that their opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively.