

30 June 2010

Manager Announcements  
Company Announcements Office  
Australian Stock Exchange Limited  
10th Floor, 20 Bond Street  
SYDNEY NSW 2000

*Via electronic lodgement*

Dear Sir/Madam,

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**INVESTOR PRESENTATION – JUNE 2010**

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Please find attached the latest Investor Update for African Energy Resources Limited.

This presentation is being used by the Company at the Botswana Resources Conference in Gaborone on 30 June.

For any further information, please refer to the Company's website or contact the Company directly on +61 8 6465 5500.

*For and on behalf of the board*

African Energy  
Resources Limited

ASX : AFR

Issued Capital  
282,774,650

Directors:

**Alasdair Cooke**  
Executive Chairman

**Frazer Tabearth**  
Managing Director

**Bill Fry**  
Executive Director

**Mike Curnow**  
Non-Executive Director

**Valentine Chitalu**  
Non-Executive Director

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# African Energy Resources Ltd

Karoo-hosted deposits in Botswana and Zambia

30<sup>th</sup> June 2010



AFRICAN ENERGY

# Disclaimer

The information in this presentation is published to inform you about African Energy Resources Limited (AFR) and activities of it and its subsidiaries. All reasonable effort has been made to provide accurate information but we do not warrant or represent its accuracy and we reserve the right to make changes to it at any time without notice.

To the extent permitted by law, AFR accepts no responsibility or liability for any losses or damages of any kind arising out of the use of any information contained in this presentation.

*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 has been presented in accordance with the JORC Code and references to "Measured Resources", "Inferred Resources" and "Indicated Resources" are to those terms as defined in the JORC Code.*

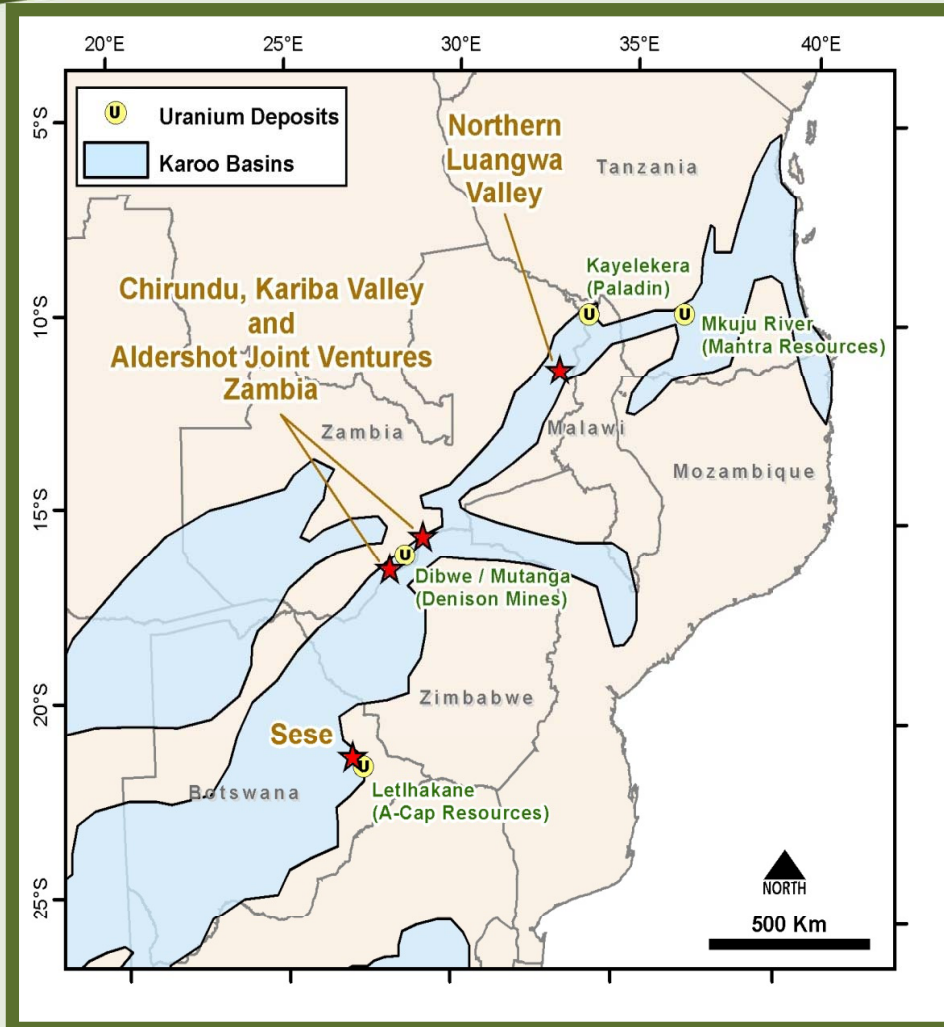
*Information in this report relating to Exploration results, Mineral Resources or Ore Reserves is based on information compiled by Dr Frazer Tabcart (an employee of African Energy Resources Limited) who is a member of The Australian Institute of Geoscientists. Dr Tabcart has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person under the 2004 Edition of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Tabcart consents to the inclusion of the data in the form and context in which it appears.*

*Uranium mineralisation grades in this report that are annotated with a sub-prefix 'e' have been reported as uranium equivalent grades attained by handheld calibrated RS125 Spectrometer and should be regarded as approximations only.*

# African Energy – snapshot

- Currently drilling uranium targets in Botswana (Sese Project), with drilling to commence in Zambia by early July
- Granted Mining Licence over 11 Mlb  $U_3O_8$  Chirundu JV project, Zambia
- Potential to significantly increase resource base in southern Zambia through exploration and/or consolidation providing near-term production potential
- Additional near-term resource potential in Botswana and northern Zambia
- Strong uranium fundamentals as global nuclear renaissance continues
- Strongly leveraged to uranium price
- Healthy cash position to fund 2010 exploration programmes and beyond

# African Energy's portfolio



- Energy projects in the Karoo basins of southern Africa which host significant coal and uranium mineralisation
- Focused on projects in Zambia and Botswana where stable democracies support mining
- Two wholly owned projects in Botswana (Sese) and northern Zambia (Northern Luangwa Valley)
- Three joint ventures in southern Zambia:
  - Chirundu JV (70% AFR, 30% ALB)
  - Kariba Valley JV (AFR can earn up to 70%)
  - Aldershot JV (AFR can earn up to 70%)

# Current capital structure and management

## **CAPITAL STRUCTURE (ASX):**

Ordinary Shares:	282,774,650
Options:	17,930,066
Market Cap:	A\$ 19 million (28 June '10)
Cash position:	A\$ 5.0 million (31 May '10)
Debt:	A\$ none

## **BOARD:**

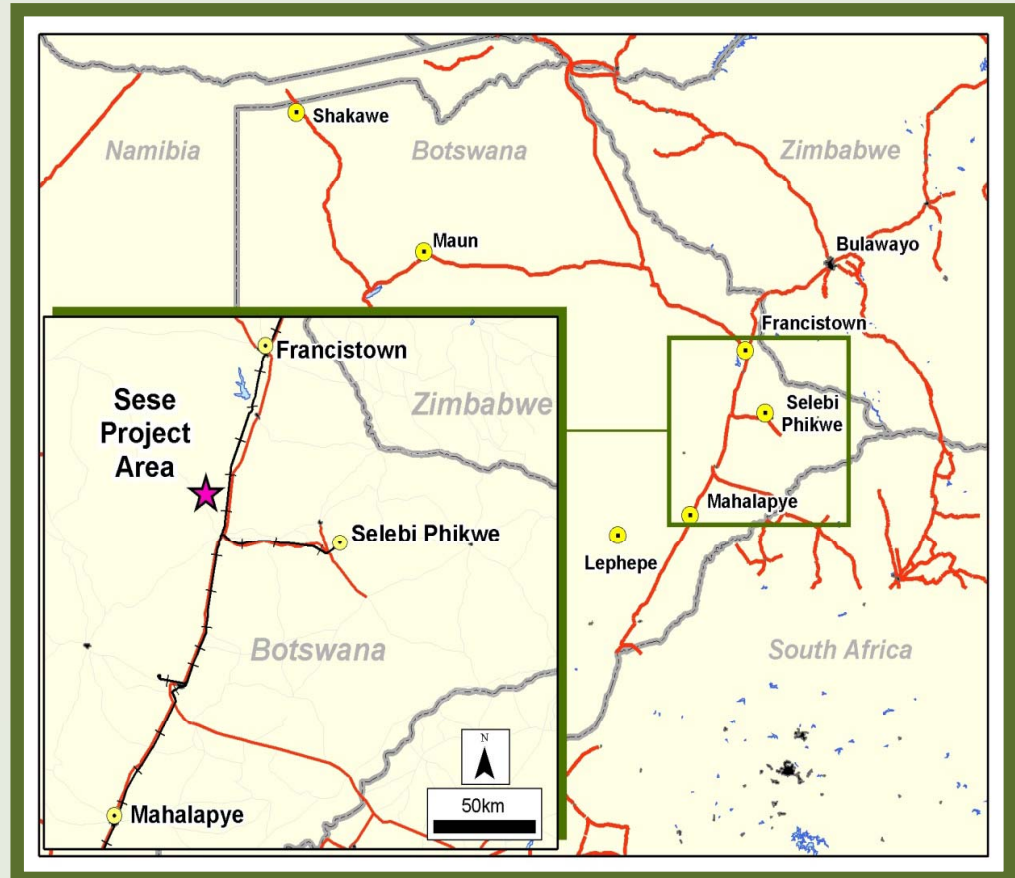
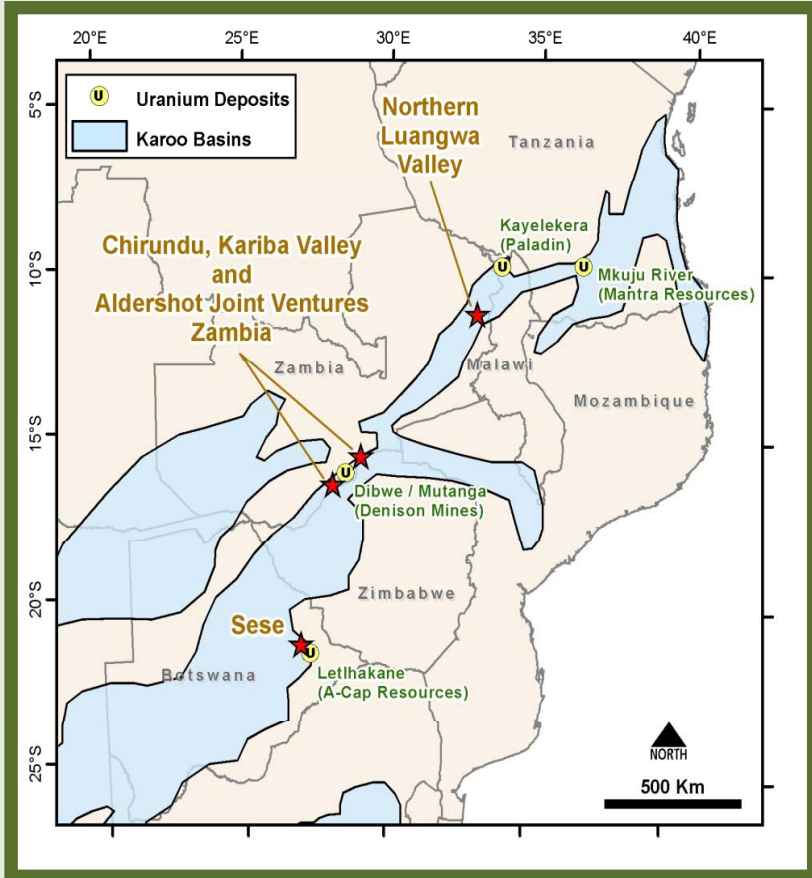
Alasdair Cooke, Executive Chairman  
Frazer Tabcart, Managing Director  
Bill Fry, Executive Director  
Valentine Chitalu, Non-executive Director  
Michael Curnow, Non-executive Director

## **MAJOR SHAREHOLDERS:**

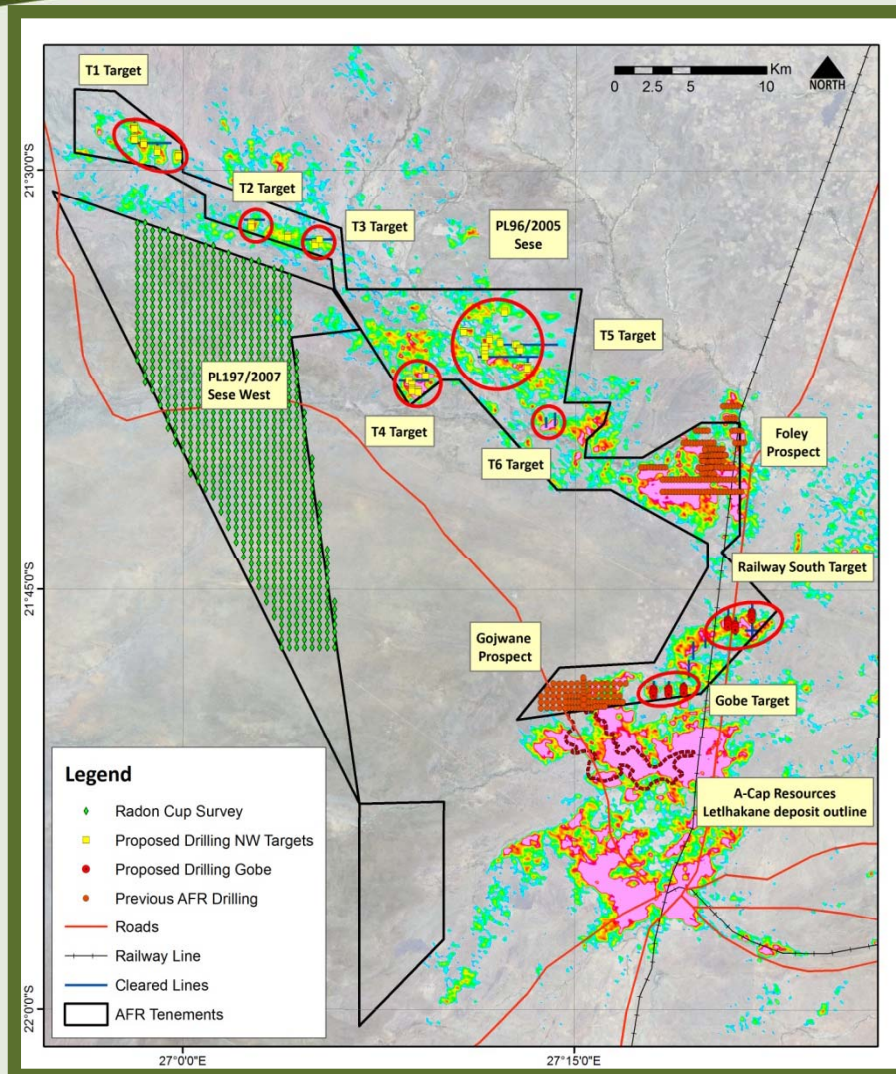
Energy Ventures Ltd	~ 37%
Management	~ 5%
Independent Asset Mgmt	~ 4%

Top 20 shareholders own ~ 70% of company

# African Energy in Botswana



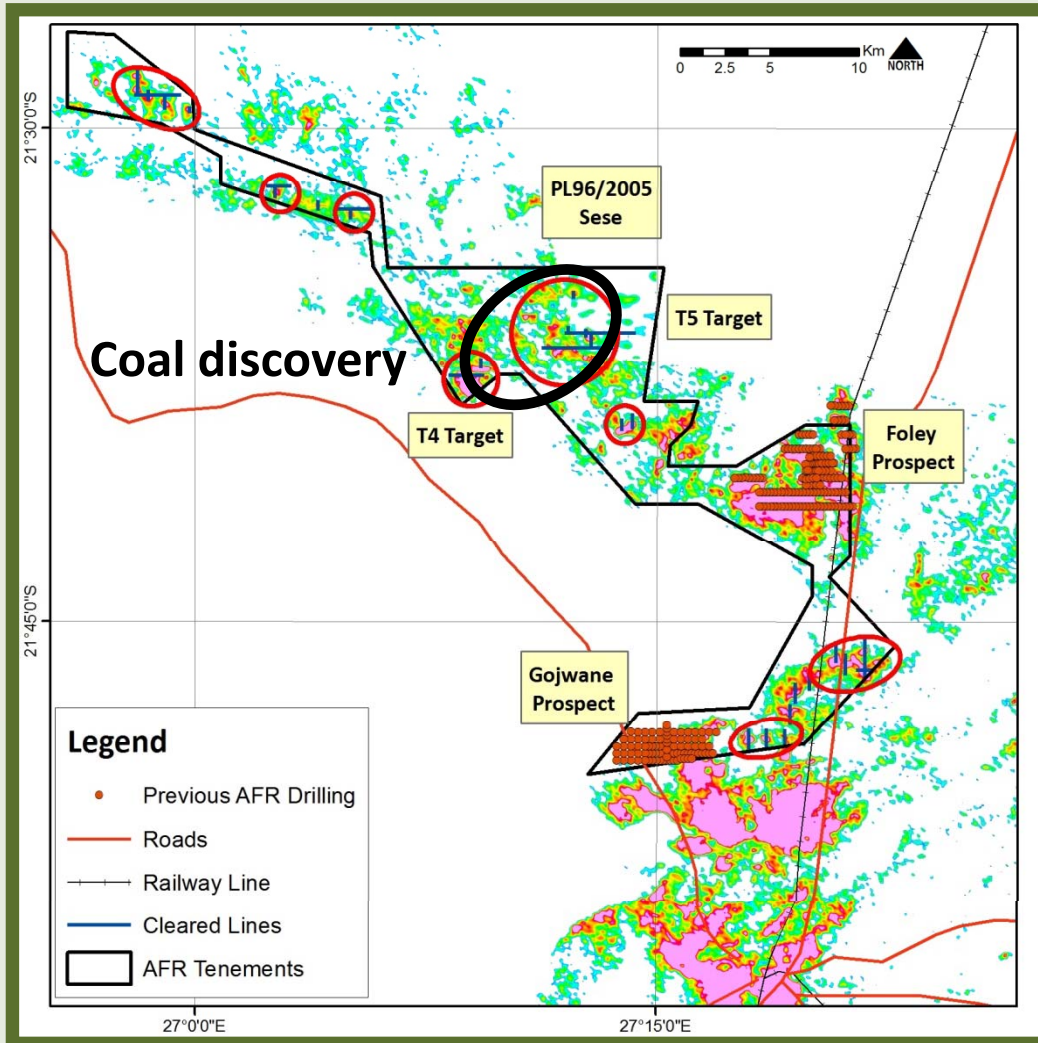
# Exploration programme: Sese project



- 50km south of Francistown, <5km from major highway, railway, power
- NW Targets, Railway and Gobe uranium prospects prioritised for RC drilling (~5,000m programme), now underway
- Radon cup survey over Sese West to assess blind uranium mineralisation potential below Kalahari sands
- Infill drilling (~2,500m RC) at Gojwane discovery to evaluate resource potential (extension of A-Cap's Lethlakane deposit)

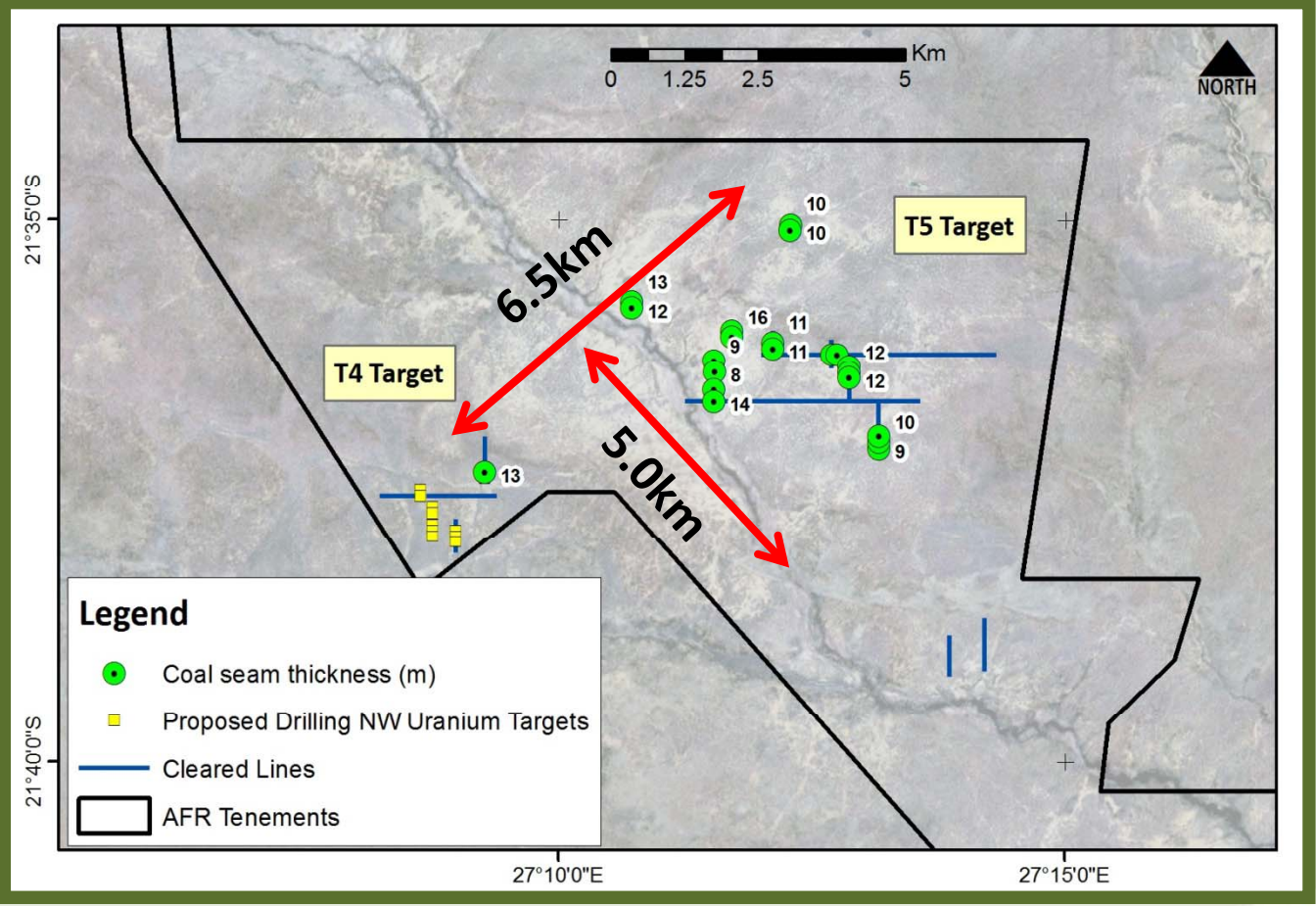


# Sese project: new coal discovery

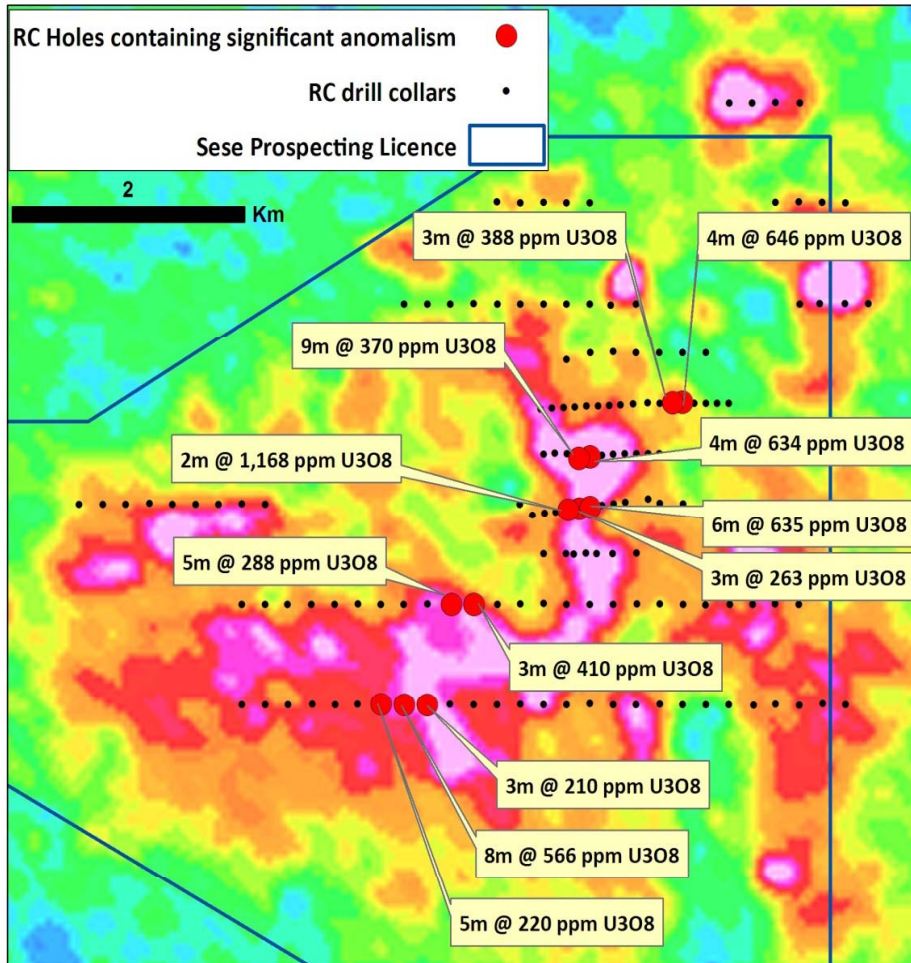


- Shallow, vertical reverse circulation (RC) percussion drilling at Target 5 and Target 4 for uranium
- Identified one or more coals seams in all holes drilled to date, average thickness 11.7m in main seam
- Thickness varies from 8m to 16m, with depth to top of seam between 25m and 58m (average approx 35m)
- No information to date on coal quality
- More work required to assess extent, nature and quality of coal

# Coal discovery – intersections to date



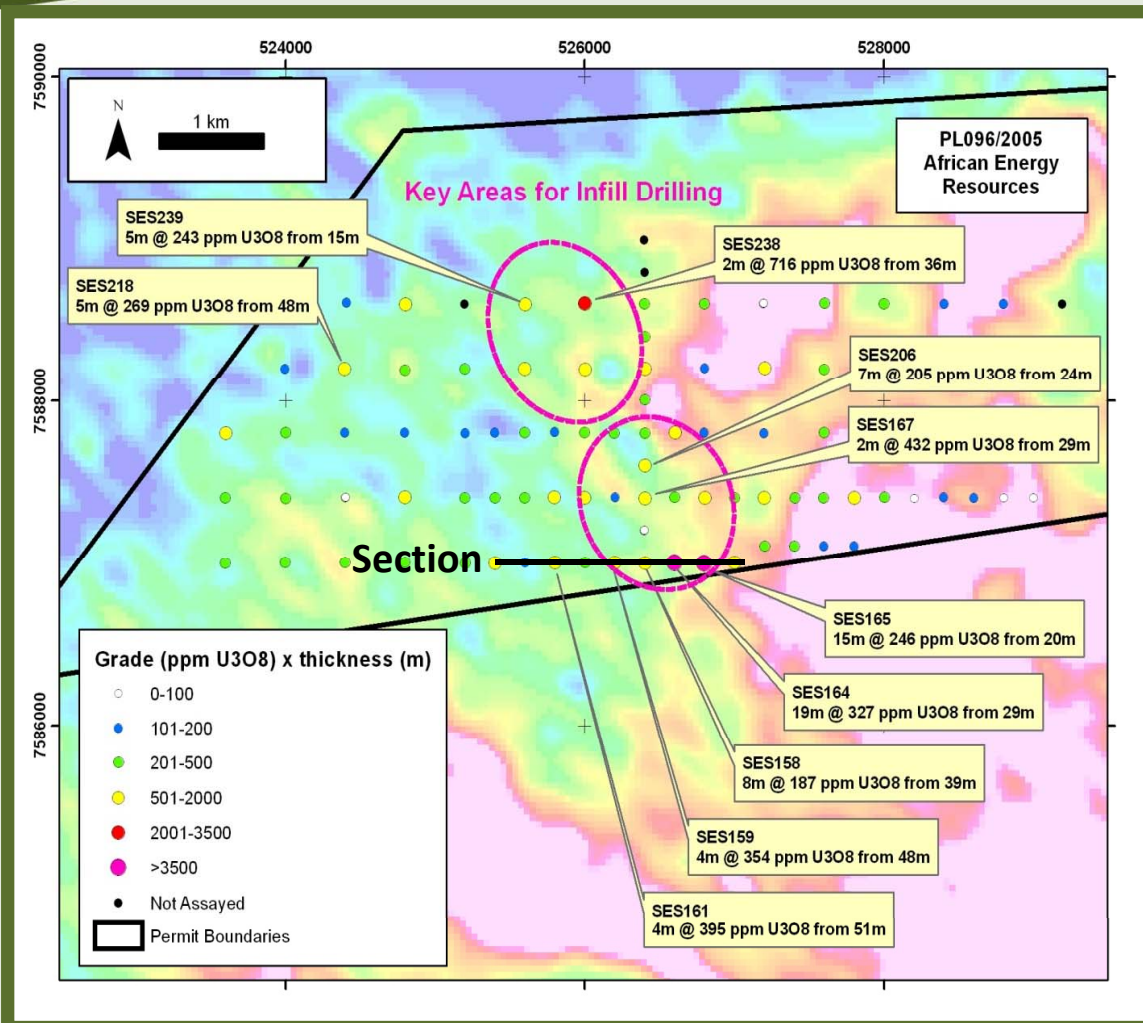
# Foley uranium prospect drill results



Hole ID	From (m)	To (m)	Interval (m)	Grade (ppm U <sub>3</sub> O <sub>8</sub> )
SES010	41	45	4	634
SES012	40	49	9	370
SES013	57	60	3	263
SES022	27	31	4	646
SES065	52	55	3	410
and	67	72	5	111
SES066	55	60	5	288
SES067	51	52	1	264
SES118	63	64	1	232
and	67	70	3	210
SES119	63	67	4	196
and	75	83	8	566
SES120	69	74	5	220
SES143	27	30	3	388
SES155	53	55	2	1,168
SES156	61	67	6	635

Based on 100 ppm U3O8 cut-off with max 1m internal dilution, all holes vertical

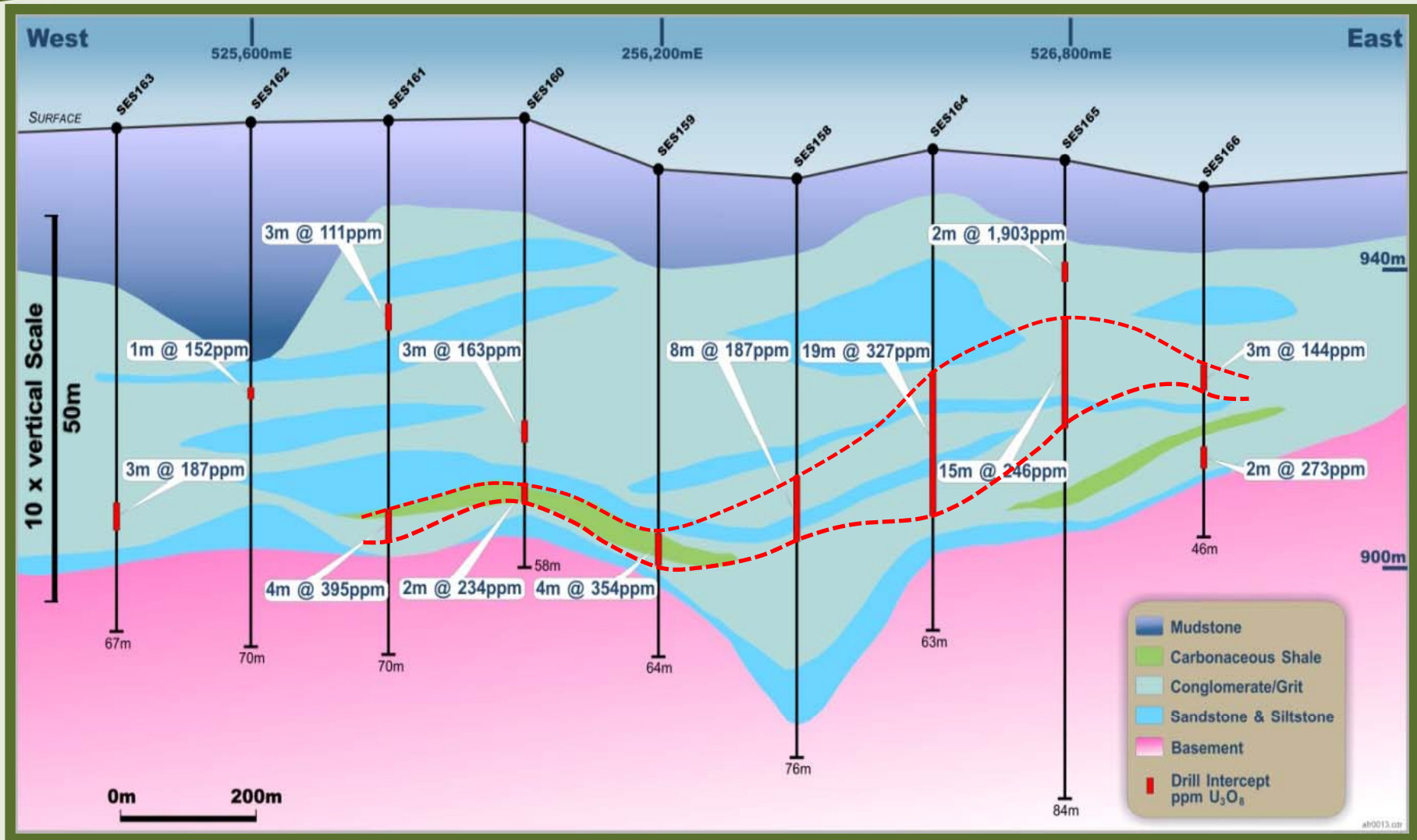
# Gojwane: uranium prospect on southern boundary



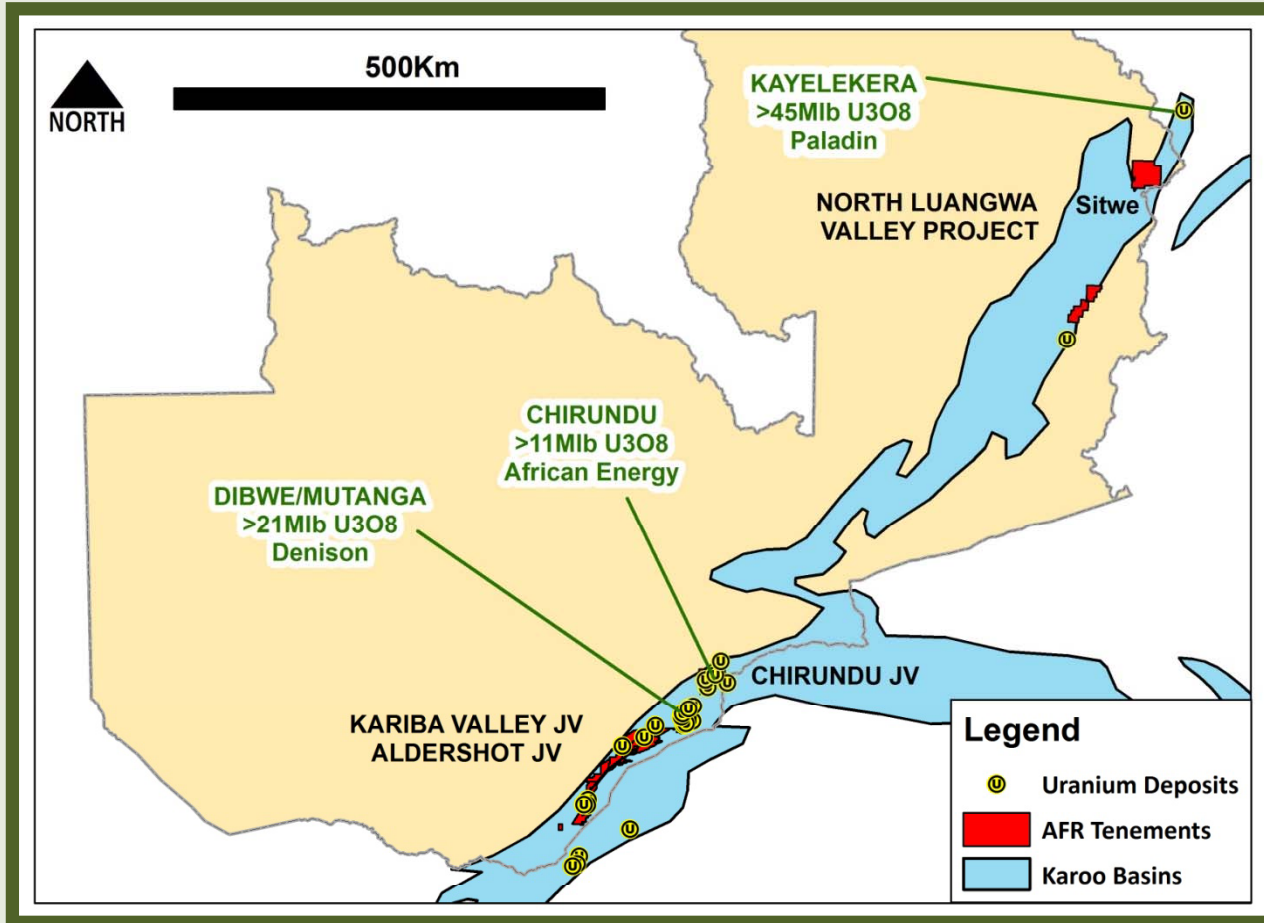
- A-Cap's inferred resource extends to AFR tenement boundary
- Shallow, very widely spaced drilling by AFR to evaluate calcrete and sandstone hosted uranium potential
- First assays encouraging and demonstrate potential for mineralisation over a large area:

SES159: 4m @ 354 ppm U<sub>3</sub>O<sub>8</sub> from 48m  
 SES161: 4m @ 395 ppm U<sub>3</sub>O<sub>8</sub> from 51m  
 SES164: 19m @ 327 ppm U<sub>3</sub>O<sub>8</sub> from 29m  
 SES165: 15m @ 246 ppm U<sub>3</sub>O<sub>8</sub> from 20m  
 SES239: 5m @ 243 ppm U<sub>3</sub>O<sub>8</sub> from 15m

# Gojwane cross-section showing dip continuity



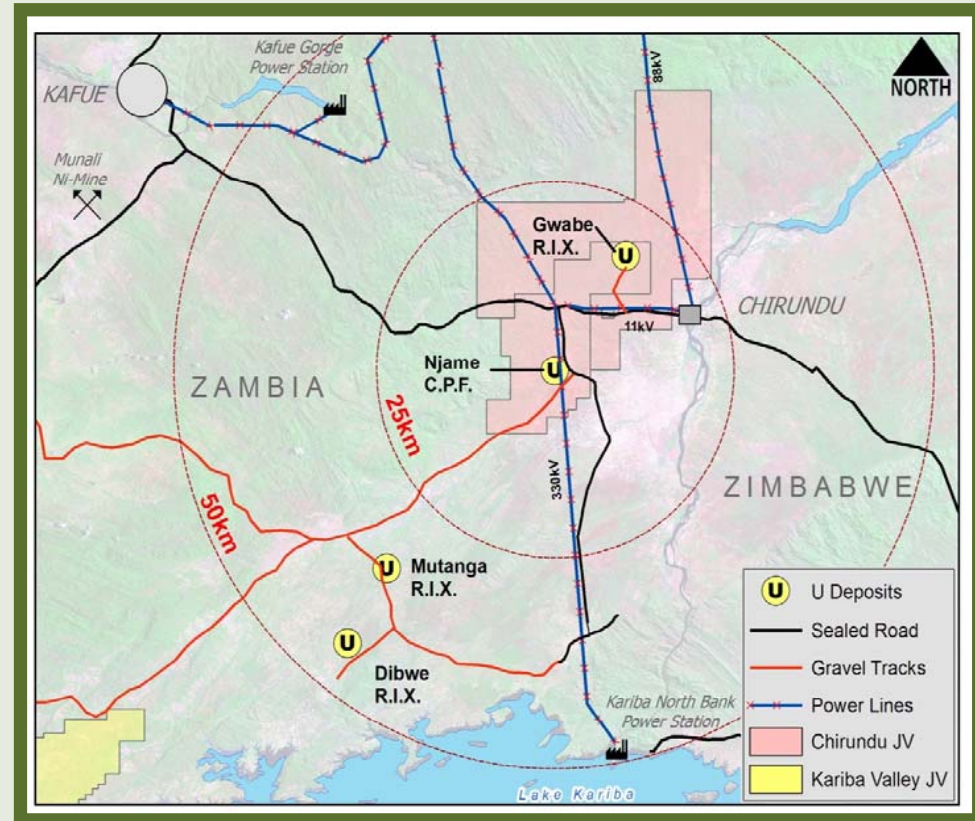
# African Energy in Zambia



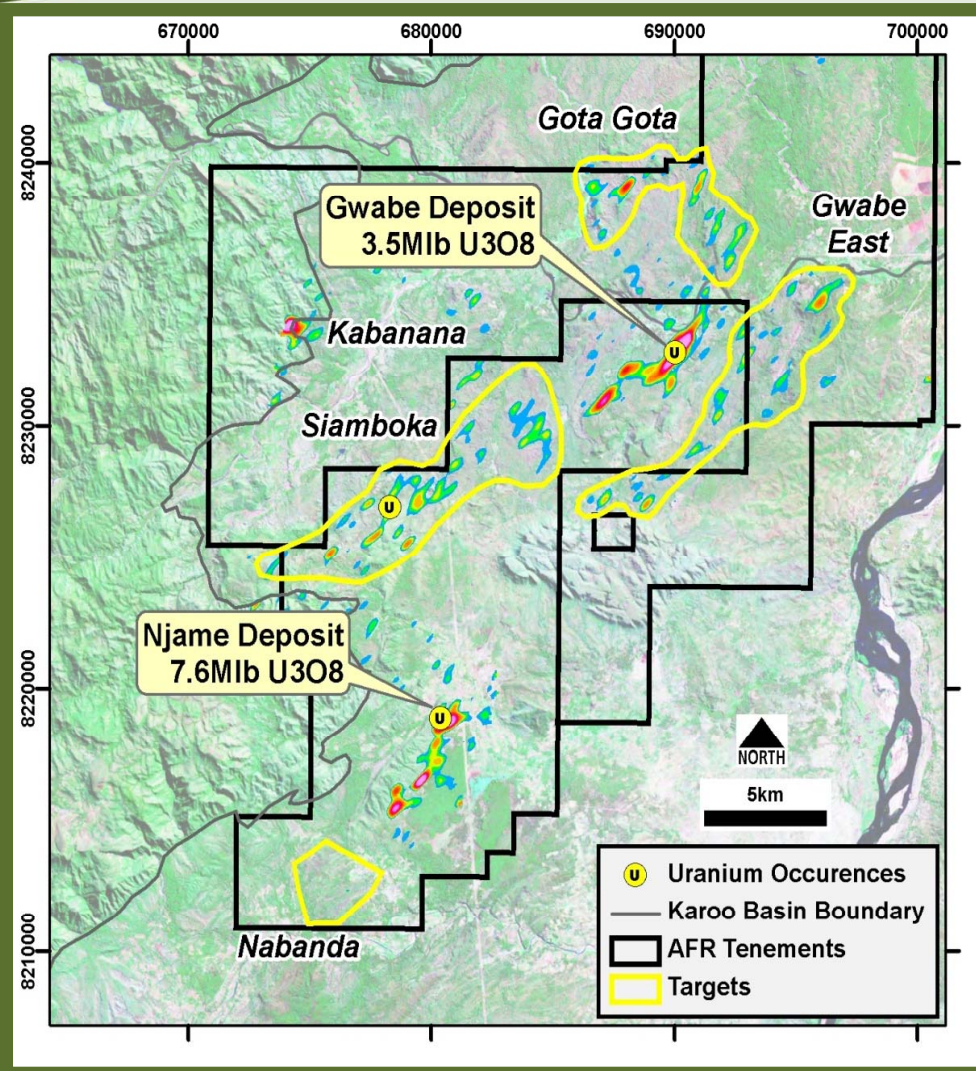
- Stable, mining friendly democracy
- Known uranium endowment
- Four AFR projects
- Approved Mining Licence for 11Mlb U<sub>3</sub>O<sub>8</sub> Chirundu JV
- Under-explored

# Chirundu JV Summary

- Simple uranium deposits amenable to low cost open-pit mining and acid heap-leach
- Current resources support 7-8 year mine life
- Low Opex (targeting US \$22-25/lb after optimisation) and low Capex (US \$108M)
- Mining Licence has been granted
- BFS on hold during resource expansion work, seeking >10 year project life
- Potential to consolidate with Denison's nearby Mutanga Project ~12 year project potential
- First production possible within a year of starting site works



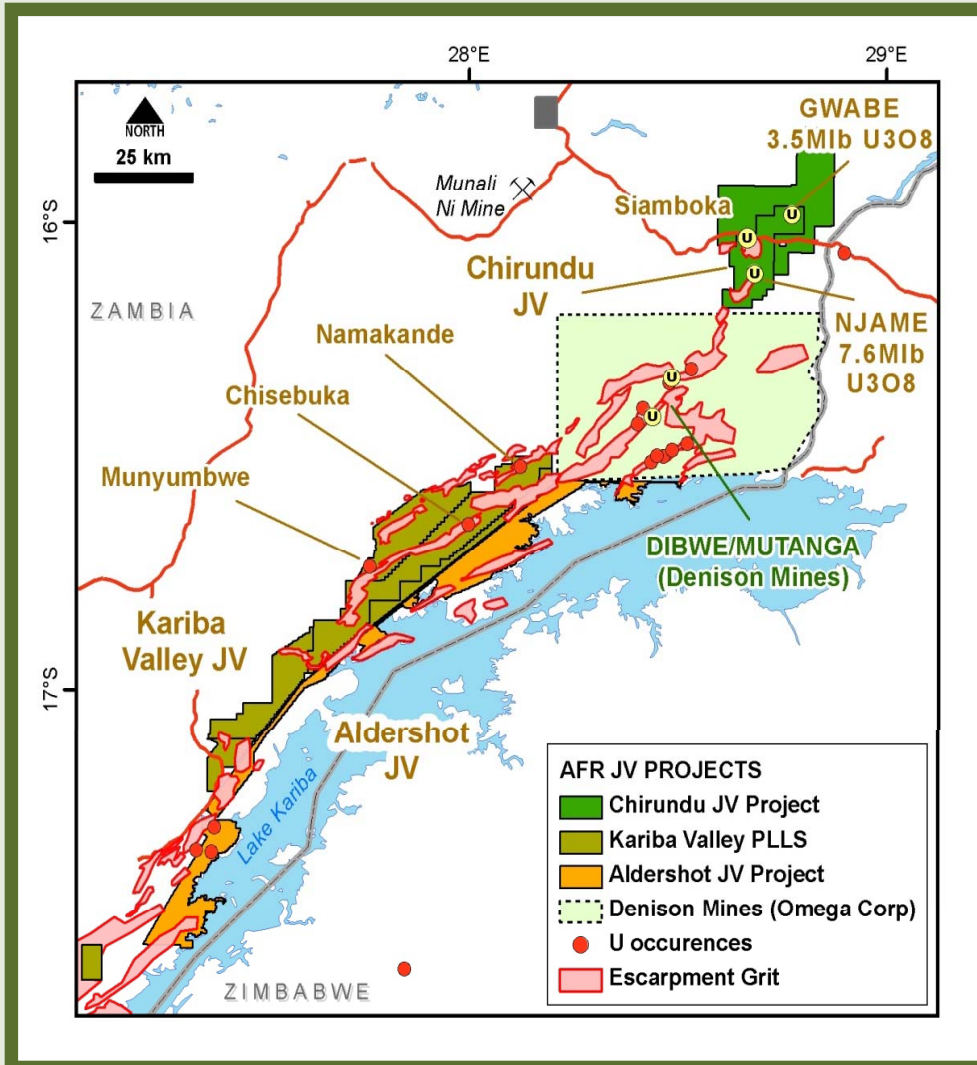
# Chirundu JV: exploration programme summary



- Four targets remain to be tested:
  - Kabanana – partially ‘blind’ target with drilling to commence in late June
  - Gota Gota – reconnaissance mapping to determine priority
  - Gwabe East - reconnaissance mapping to determine priority
  - Nabanda - reconnaissance mapping to determine whether target is blind. If confirmed, then target warrants reconnaissance drilling as possible strike extension of Njame
- Drilling to commence in early July (after a 2 week delay due to rig breakdown)

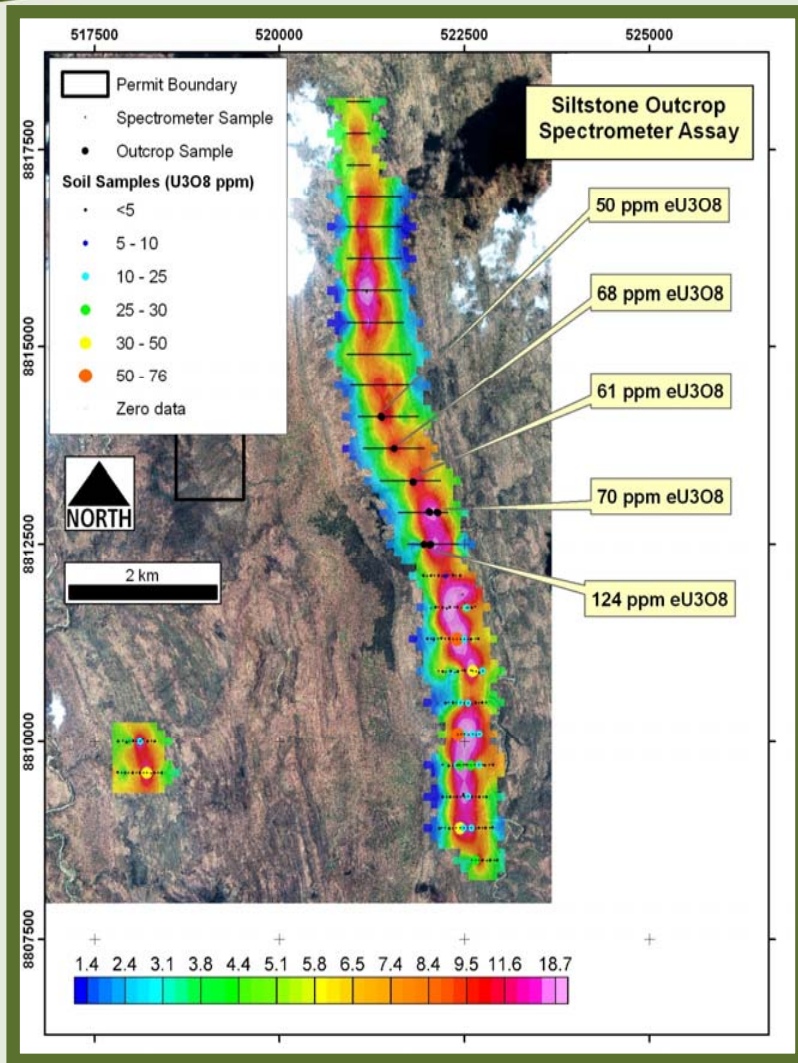


# Kariba Valley JV: target portfolio



- Desktop study underway to assess fundamental controls on location of ore grade mineralisation throughout belt
- Extensive suite of regional targets including previously drilled Chisebuka, Namakande and Munyumbwe, each of which warrants further drilling
- Smaller, more specific prospect scale targets to be generated and prioritised
- 7,000m RC drilling budget approved

# Exploration programme: Sitwe prospect, Zambia



- Remote area in far north-east Zambia, no previous exploration, 100% AFR
- Lower Karoo sediments, similar to Paladin's Kayelekera 45Mlb deposit in nearby Malawi
- 8km long airborne radiometric anomaly with soil anomaly peak 77 ppm eU<sub>3</sub>O<sub>8</sub> in silty sediments and up to 124 ppm eU<sub>3</sub>O<sub>8</sub> in outcrop
- Initial programme of hand trenching across anomaly peaks to evaluate width and geometry of mineralisation, commencing in early July
- Follow-up RC drill testing in third quarter

# 2010 exploration programme summary

Project	Programme Summary	Cost US \$
Sese, Botswana	<ul style="list-style-type: none"> <li>• Soil sampling NW targets</li> <li>• Radon cup survey over Sese West</li> <li>• 3,000m RC drilling NW targets</li> <li>• Follow-up coal discovery</li> <li>• 4,500m RC drilling Gojwane infill, Gobe</li> </ul>	\$553,400
Sitwe, Zambia	<ul style="list-style-type: none"> <li>• Trenching across soil anomaly</li> <li>• 1,500m RC drilling</li> </ul>	\$246,400
Chirundu JV, Zambia	<ul style="list-style-type: none"> <li>• Environmental baseline surveys</li> <li>• Field validation of untested targets</li> <li>• 3,000m RC drilling</li> </ul>	\$514,500
Kariba Valley JV, Zambia	<ul style="list-style-type: none"> <li>• Field validation of untested targets</li> <li>• 7,000m RC drilling</li> </ul>	\$792,300
Aldershot JV, Zambia	<ul style="list-style-type: none"> <li>• Field validation of targets</li> <li>• 2,000m RC drilling</li> </ul>	\$285,500

- 21,000m RC drilling committed to all five projects
- Total budget for 2010 = US \$4 million

# The investment case for African Energy

- Chirundu JV (AFR 70%) has 11.1 Mlb  $U_3O_8$ :
  - Exploration potential at Chirundu JV and nearby Kariba Valley JV and Aldershot JV
  - Consolidation opportunity with Denison's adjacent Dibwe-Mutanga project (20Mlb)
- Potential for near-term production in <2 years:
  - Remaining feasibility study programmes would take 6-9 months to complete, followed by 3-6 month project financing and off-take negotiations, and 9-12 month construction
  - Few other projects with such a short lead time and such a low capital cost
- Significant exploration upside in both Zambia and Botswana:
  - Botswana – Sese project, new coal discovery and numerous uranium anomalies
  - Southern Zambian JV's, drilling to commence in June
  - Northern Zambia – Sitwe prospect, drilling in third quarter

# Summary

- New coal discovery in Botswana requires immediate evaluation
- AFR is highly leveraged to uranium price
- Granted Mining Licence over 11 Mlb U<sub>3</sub>O<sub>8</sub> Chirundu JV project
- Potential to significantly increase resource base through exploration/consolidation
- Uranium production potential within 2 years in Zambia
- Additional near-term resource potential in Botswana and northern Zambia
- Healthy cash position to fund 2010 exploration programmes and beyond