

15th April 2014

MULTIPLE HEAVY-HAUL RAIL PROJECTS ACHIEVE SIGNIFICANT MILESTONES

African Energy Resources Limited (“African Energy” or “the Company”) advises that two major rail projects relating to coal exports from Botswana have recently achieved important milestones.

Botswana-South Africa Rail Link

Transnet Freight Rail (“TFR”) CEO, Siyabonga Gama recently announced that a 105km heavy-haul coal rail link between Botswana and South Africa will commence construction next year as part of a R300 billion infrastructure investment programme initiated by TFR. TFR has allocated approximately R40 billion for the construction of this line which will link into existing coal heavy-haul railway lines and is aimed at transporting coal from Botswana into South Africa to be consumed by state-electricity generator Eskom, or exported via the seaborne market.

Gama stated that construction of the rail link would commence next year: “We are finalising feasibility studies [and we] will start constructing the rail link in 2015, immediately after the completion of feasibility studies”. The line will be designed to carry 40-80 million tonnes per year. “We are planning to develop the Richards Bay Coal Terminal to support the expected [volumes] from Botswana and the Waterberg coalfield in South Africa”.

Trans-Kalahari Railway

On 20th March, a Bilateral Agreement between the Governments of Namibia and Botswana for the construction of the 1,500km heavy-haul Trans-Kalahari Railway (“TKR”) was signed at a ceremony in Walvis Bay, attended by delegates from both Governments, investors and representatives of the business sector. The estimated capital cost of the project is approximately N\$100 billion (US \$10 billion) and construction work is expected to take five years. As part of this development, the Walvis Bay Commodity Terminal will be built with an annual capacity to handle 65 million tonnes of coal. The project is receiving the highest level of support from each government, including the Coal Development Unit in Botswana and the appointment of a Namibian ministerial committee to ensure the project is delivered.

Comment

The development of these two heavy-haul freight corridors will complement the two existing cape-gauge corridors that are available for the export of coal from Botswana (see Diagram 1), and once operational will help ensure a free-market providing competitive rail tariffs to coal producers.

For and on Behalf of the Board

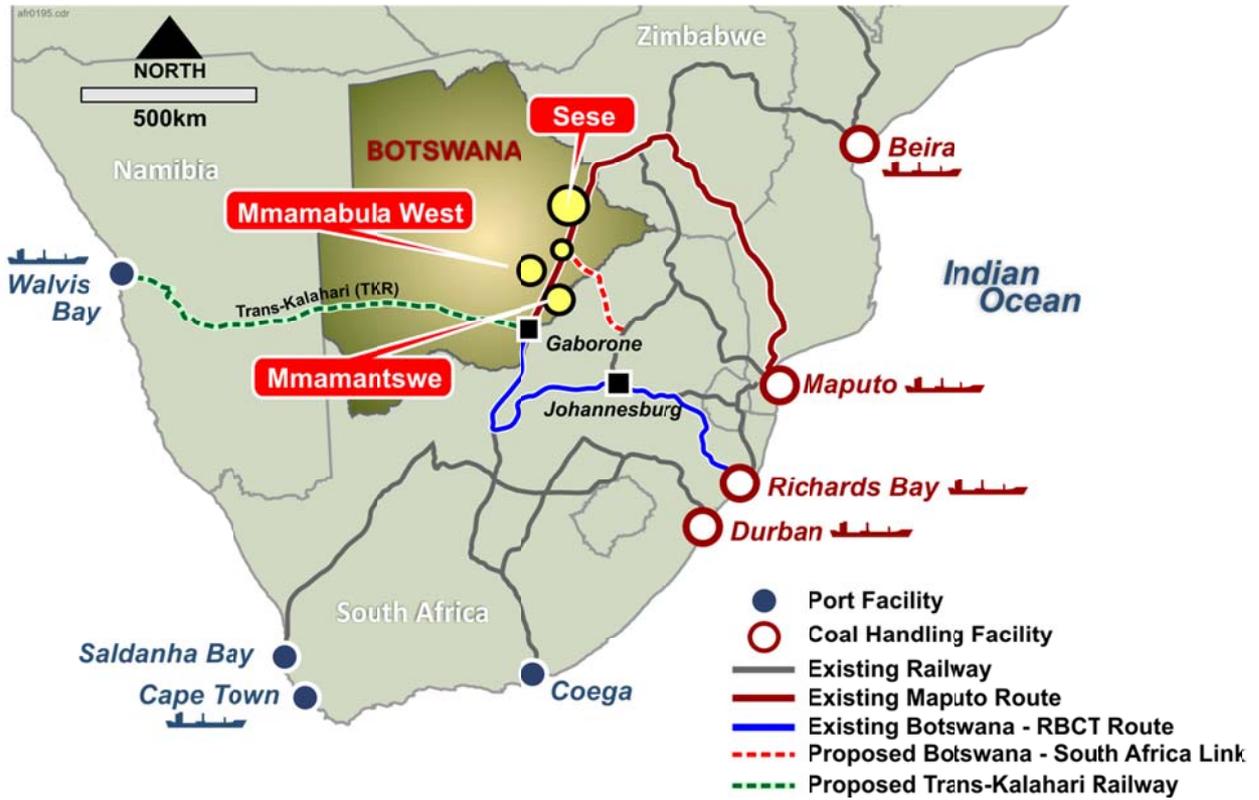


Diagram 1: Rail routes discussed in text, showing existing routes from Botswana to east coast ports, and the proposed new heavy-haul lines.