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REGISTRATION OF INTEREST FOR 300MW POWER STATION

African Energy Resources Ltd (AFR) has prepared and successfully submitted a Request for Registration and Information (RFRI) to the Republic of South Africa's Department of Energy (RSA) for the development of a 300MW power station and captive coal mine to supply energy to the South African electricity grid. The key aspects of the submission are as follows:

- In December 2012, in support of its Integrated Resource Plan for Electricity 2010-2030, RSA added close to 11,000MW of new generating capacity to its forward procurement programme
- Of this, 2500MW has been reserved for base-load coal-fired generation, including domestic and imported energy from Independent Power Producers
- AFR has registered its interest in supplying 300MW in conjunction with a South African BEE partner
- The project is to be located at AFR's Sese coal project, with coal supply from Block-C
- The off-take party would be South African utility Eskom

Separately, Botswana recently released a Request for Pre-Qualification (RFPQ) for a 300MW independent power project to be built at the existing Morupule power complex (Brownfield IPP). It is anticipated that an RFRQ for an additional 300MW power plant to be developed at an alternative site in Botswana will be issued shortly (Greenfield IPP). AFR intends to lodge a submission for the Greenfield IPP in conjunction with its project partners, with whom advanced negotiations regarding the terms of such joint development are nearing completion.

Studies indicate that the geometry and low strip-ratio of the Sese Block-C coal resource will result in mining costs towards the bottom of the southern African cost curve. This permits the development of power projects with very competitive tariffs for sale to regional utilities and private companies. Measured resources defined at Sese Block-C alone contain enough coal to support an estimated 2,400MW of generating capacity for over 25 years, thereby providing substantial expansion opportunities.

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

For and on behalf of the board.