

SECURITIES TRADING POLICY

African Energy Resources Limited and its controlled entities (“the Company” or “African Energy”) has a policy that imposes certain restrictions on Directors, senior management and all employees trading in the Company's securities. The policy has been adopted to prevent trading in contravention of the insider trading provisions of the Corporations Act 2001, in particular when Company personnel are in possession of price-sensitive information.

In general trading in the Company’s securities is prohibited:

- whilst in possession of unpublished price sensitive information;
- where officers are engaging in the business of active trading in the Company’s shares;
- two weeks before and 24 hours after the release of the Company's quarterly, half yearly or annual report to the ASX; and
- two weeks before lodgement and during the period that a disclosure document including a prospectus is open for applications except to the extent that a Director or employee is applying for securities pursuant to that disclosure document.

In accordance with the provisions of the Corporations Act 2001 and the Listing Rules of the Australian Securities Exchange, Directors advise the ASX of any transaction conducted by them in shares or options in the Company.

1. Introduction

African Energy has adopted a trading policy to regulate dealings by the Company’s employees in shares, options and other securities issued by the Company.

2. Purpose

The purpose of this policy is to ensure that the Company’s employees are aware of the legal restrictions of trading securities while such a person is in possession of unpublished price sensitive information concerning the Company and any of its subsidiaries.

In addition, the policy is intended to minimise the possibility that misunderstandings or suspicions arise that the Company’s employees are trading while in possession of unpublished price sensitive information.

3. Employees

In the context of this policy, employees include:

- (a) all Directors, officers, employees, consultants and contractors undertaking work for African Energy;
- (b) the spouse or children of any of the above; and
- (c) a trust, company or investment vehicle controlled by any of the above.

4. Market Sensitive Information

Unpublished price sensitive information is information which a reasonable person would expect to have a material effect on the price or value of the Company's securities. Examples may include:

- (a) the financial results of the Company;
- (b) information on the Company's exploration results, production, resources or reserves;
- (c) a possible change in the Company's capital structure;
- (d) a possible takeover or merger involving the Company;
- (e) projections of the Company's future earnings or losses;
- (f) news of a new joint venture partner (or the loss of a joint venture partner); and
- (g) changes in senior management of the Company.
- (h) any other information required to be disclosed to ASX under continuous disclosure rules.

It should be noted that either positive or negative information may be material.

5. Restrictions on Trading

In these rules, reference to "securities" include shares, units in trusts, debentures, prescribed interests and rights or options to subscribe for shares, units, debentures or prescribed interests.

5.1. General Prohibition

Consistent with the legal prohibitions on insider trading contained in the Corporations Act, all employees are prohibited from trading in the Company's securities while in possession of unpublished price sensitive information.

An employee, whilst in possession of unpublished price sensitive information, is subject to 3 restrictions:

- (a) they must not deal in securities affected by information;
- (b) they must not cause or procure anyone else to deal in those securities; and
- (c) they must not communicate the information to any person if they know or ought to know that the other person will use the information, directly or indirectly, for dealings in securities.

If after you have placed an order to buy or sell African Energy securities you come into possession of relevant information and your order has not been filled, you must cancel that order.

5.2. Trading permitted following due authorisation

Subject to Rules 5.3, 5.4, and 5.5 any employee intending to deal must first notify the Managing Director by email or telephone. The Managing Director intending to deal must first notify the Chairman by email or telephone. The Chairman or the Managing Director (being the person notified) shall within 24 hours advise whether the dealing is permitted or not. Generally, dealing will be permitted if it appears that no employees of the Company are in possession of unpublished price sensitive information at the relevant time.

5.3. Cancellation of ability to trade

The ability to trade in the Company's securities may be closed at any time by direction of the Managing Director or a majority of directors. This is not required to be communicated to directors.

5.4. Prohibition on active trading

Dealing in the securities of African Energy is subject to the prohibition that Officers must not engage in the business of active dealing in the Company's securities. This means that Officers must not actively trade in the Company's securities with a view to deriving profit related income from that activity. "Active trading" for this purpose means to deal in the Company's securities in a manner which involves frequent and regular trading activity.

5.5. Additional restrictions for employees

All employees of the Company will be under an additional obligation to not trade in the securities of the Company during the following periods:

- (a) the period commencing two weeks prior to the release of the Company's quarterly, half yearly and full financial year reports, results to the ASX and ending 24 hours after such release; and
- (b) two weeks before lodgement and during the period that a disclosure document including a prospectus is open for applications except to the extent that a director or employee is applying for securities pursuant to that disclosure document.

6. Corporations Act

The requirements imposed by this policy are separate from the insider trading provisions contained in the Corporations Act.

Anyone who contravenes the prohibitions against insider trading contained in the Corporations Act will be guilty of an offence and risks substantial fines and/or imprisonment.

7. Consequences of a Breach of Policy

Strict compliance with this policy is mandatory for all Employees covered by this policy.

Breaches of this policy may damage the Company's reputation in the market place. Accordingly, breaches will be taken very seriously by the Company and any employee who breaches this policy will be subject to disciplinary action, including possible termination of that person's employment or appointment.

8. Summary

This policy is designed to clarify the obligations on employees, including directors and officers, in relation to trading in the Company's securities, and to help them should they wish to buy and sell Company securities.

All queries regarding issues raised in this policy should be directed to the Company Secretary.

ANNEXURE A

FORM OF ACKNOWLEDGEMENT BY EMPLOYEE

1. I have read and understood the document titled "African Energy Resources Ltd - Trading Policy" (the "Trading Policy"). ✓
2. I agree to be bound by and to comply with the Trading Policy. ✓
3. I acknowledge and agree that the Trading Policy form part of the terms of my appointment as an employee / director. ✓


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Signature

Name: DAVID S WALTON

Date: 31 May 2013

To be returned to the Company Secretary on completion.