

6th July 2015

BINDING TERM SHEET SIGNED FOR THE MMAMANTSWE PROJECT

- *African Energy Resources Limited (AFR) has executed a binding Term Sheet with an experienced South African project developer (the "Developer") for the sale of the 100% owned Mmamantswe coal and power project.*
- *Subject to certain conditions precedent, African Energy has agreed to sell the Mmamantswe project on the following terms:*
 - *The Developer will form a bid consortium which will sole fund the preparation and submission of a bid into South Africa's coal-fired base load IPP procurement programme using the Mmamantswe project.*
 - *African Energy will be paid an initial sum of US \$10m if the project bid is shortlisted by South Africa's Department of Energy.*
 - *On receipt of the initial \$10m, African Energy will transfer ownership of its shares in the Mmamantswe project company to the Developer.*
 - *African Energy will receive a second payment of USD \$10m if the project reaches Financial Close.*
- *The conditions precedent include completion of due diligence by the buyer within 30-days, delivery of a bank guarantee or the creation of an escrow account for the initial US \$10m payment within 60 days, and completion of a Share Sale Agreement within 60 days.*
- *AFR retains 100% ownership of the Mmamabula West coal and power project in Botswana, and a 49% project interest in the Sese Joint Venture (51% owned and managed by First Quantum Minerals Ltd).*

For any further information, please contact the Company directly on +618 6465 5500

For and on behalf of the Board