

16 November 2015

EXTENSION TO TERM SHEET ON MMAMANTSWE PROJECT

African Energy Resources Ltd (the Company) advises that it has agreed to a revision of terms and a further extension of time to complete certain conditions precedent for the sale of the Mmamantswe Coal and Power project to TM Consulting (the Developer), as originally announced on 6 July 2015 and clarified on 21st September 2015.

The material changes to the agreed terms are:

- The Developer will form a bid consortium which is responsible for sole funding preparation and submission of a bid in response to South Africa's coal fired IPP procurement program, which must include completion of an agreed work program to keep the prospecting license in good standing.
- If the bid consortium is notified by South Africa's Department of Energy that it has achieved preferred bidder status, the Developer will, within 15 days of such notification, provide a bank guarantee for an amount of US \$20 million in favour of African Energy.
- African Energy will be paid the \$20 million upon the project reaching financial close at which point the Share Sale transaction will occur.

The satisfaction of the Term Sheet conditions precedent and execution of a binding Share Sale Agreement must now be completed on or before 30th November 2015.

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

For and on behalf of the Board