



Delivering power to the people

ASX RELEASE ASX:AFR

26th July 2016

SESE JOINT VENTURE COMMITS TO MAJOR WORK PROGRAM

African Energy Resources Limited (AFR or the Company) advises that First Quantum Minerals Ltd. (FQM) has committed to spend AUD \$3 million on work programs to advance the Sese integrated power project (Diagram 1), further to their agreement of January 2015. Additionally, a 12-month extension, to 12th July 2017, has been agreed for the investment of the remaining AUD \$7 million required to complete FQM's earn-in for 75% interest in the Sese joint venture.

The AUD \$3 million commitment will be used to undertake the following programs which will commence immediately:

- Additional large diameter drilling to collect approximately 1,000kg of coal for combustion testing and physical handling test work. This will lead to the development of the fuel specification for the proposed power station, and finalization of the coal handling and processing flowsheet.
- Preliminary geotechnical evaluations of the proposed power station site to assess sub-surface conditions with respect to footings for the power station (boilers, turbines, generators) and ancillary infrastructure.
- Update the Environmental Approvals to allow up to 450MW of power generation (staged development of 2 x 225MW units) and the associated coal mining and processing.
- Update the mining study to meet the requirements of fuel delivery for a 450MW integrated power project.
- Preliminary power station design and layout.
- Negotiations for power off take agreements with interested parties.
- Execution of the Water Supply Agreement for the project.
- Hydrogeological studies at the mine site to characterize aquifers to allow mine design and aquifer management plans to be advanced.
- Commencement of early site works to include an upgraded access road and preliminary siting of camp facilities.
- Diamond drilling to test the continuity and quality of the Seswe limestone deposit for use as a sorbent to reduce airborne sulphur emissions from the proposed power station.

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

For and on behalf of the Board

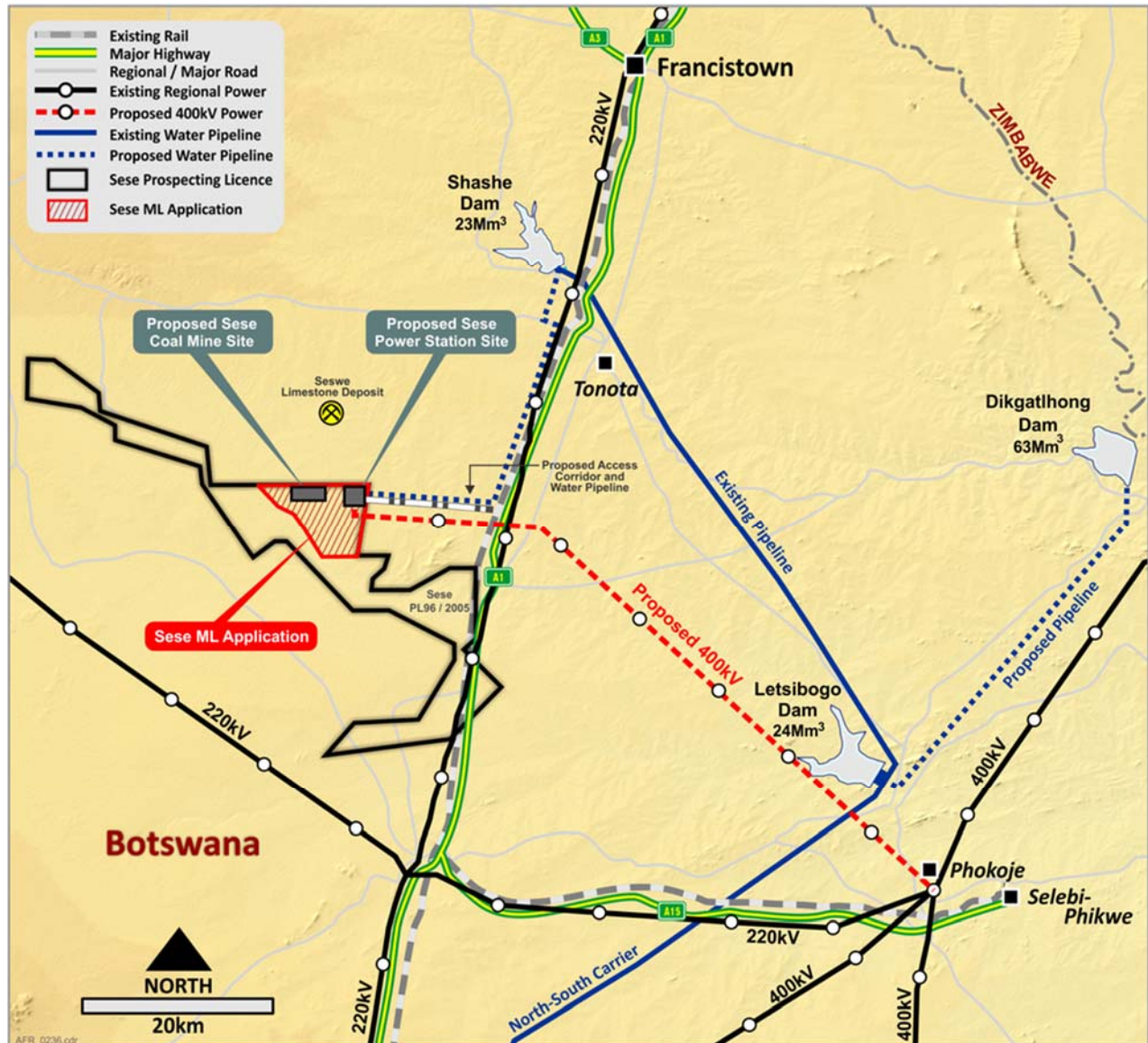


Diagram 1. Regional layout of key elements of the Sese integrated power project showing the outline of the prospecting license, ML application area and key infrastructure elements (proposed mine site, power station site, water pipeline and transmission/grid connection).#