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ASX RELEASE ASX:AFR

20 January 2020

SESE JV EXECUTES SECOND POWER SALES DOCUMENT

Highlights

- **Cornerstone Power Sales Agreement for 100MW has now been signed with First Quantum Minerals Ltd.**
- **This is in addition to the previously announced Term Sheet for a Power Sales Agreement for 150MW signed with Zimasco (Pvt) Ltd.**
- **Discussions to move the Zimasco Term Sheet to a Power Sales Agreement will commence shortly.**
- **Meeting has been scheduled with energy regulators in Botswana to finalise permitting for the Sese Power Project.**
- **Negotiations continue with potential development and financing partners for an initial 300MW project with the potential to expand to 600MW or larger.**
- **African Energy remains a 33.3% contributing shareholder in the Sese JV.**

SUMMARY

African Energy Resources Limited ('African Energy' or 'the Company') is pleased to provide a further update for the Sese JV Coal and Power Project ("**Sese Project**") in Botswana.

A cornerstone Power Sales Agreement ("PSA") has now been signed with Zambian subsidiaries of First Quantum Minerals Ltd ("FQM") for the purchase of 100MW of power delivered to their Zambian copper operations for a period of 15 years. FQM is the largest consumer of power in Zambia.

This is in addition to the Power Sales Term Sheet, as a precursor to a PSA, which was previously executed with Zimasco (Pvt) Ltd ("Zimasco") for the purchase of 150MW of power for 15 years. Zimasco is Zimbabwe's largest ferro-chrome mining and smelting business and is 100% owned by Sinosteel. It is the largest industrial consumer of power in Zimbabwe.

Both Power Sales Agreements will be subject to certain conditions precedent.

The execution of these documents is an important step towards procuring the final permits and approvals with Botswana regulators. A meeting with the Botswanan Energy Regulatory Authority has been scheduled for this purpose.

BACKGROUND – SESE PROJECT AND THE REGIONAL ENERGY CRISIS

Southern Africa is currently experiencing a major energy crisis due to a combination of thermal power generation plant failures and severe drought-induced low river flows reducing hydro-electric output. This crisis is driving strong interest in the low-cost baseload power that can be delivered by the Sese Project.

Many major mining projects, which are critical to their national economies, are dependent on stable power supply. A number of new builds and expansion plans for such projects are contingent on securing long-term power supply at suitable prices.

The Sese Project is ideally located at the centre of the regional transmission grid to deliver power to the entire region (see Diagram1) and has large resources of coal to support multiple long-term power generation projects (refer Appendix 1).

The Sese Project is engaged with prospective partners for financing and construction of the project and is progressing these negotiations. Negotiations to date have focussed on an initial installed capacity of 300MW gross (2 x 150MW units), which would produce approximately 260MW of net power available for sale. After allowing for transmission losses, the two agreements noted above will consume the full output of the first 300MW stage.

A further update on permitting and financing will be provided later this quarter.

Authorised for release by Frazer Tabeart, CEO of African Energy.

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

COMPETENT PERSONS STATEMENT

The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the 'JORC Code') sets out minimum standards, recommendations and guidelines for Public Reporting in Australasia of Exploration Results, Mineral Resources and Ore Reserves. The information contained in this announcement has been presented in accordance with the JORC Code (2012 edition) and references to "Measured, Indicated and Inferred Resources" are to those terms as defined in the JORC Code (2012 edition).

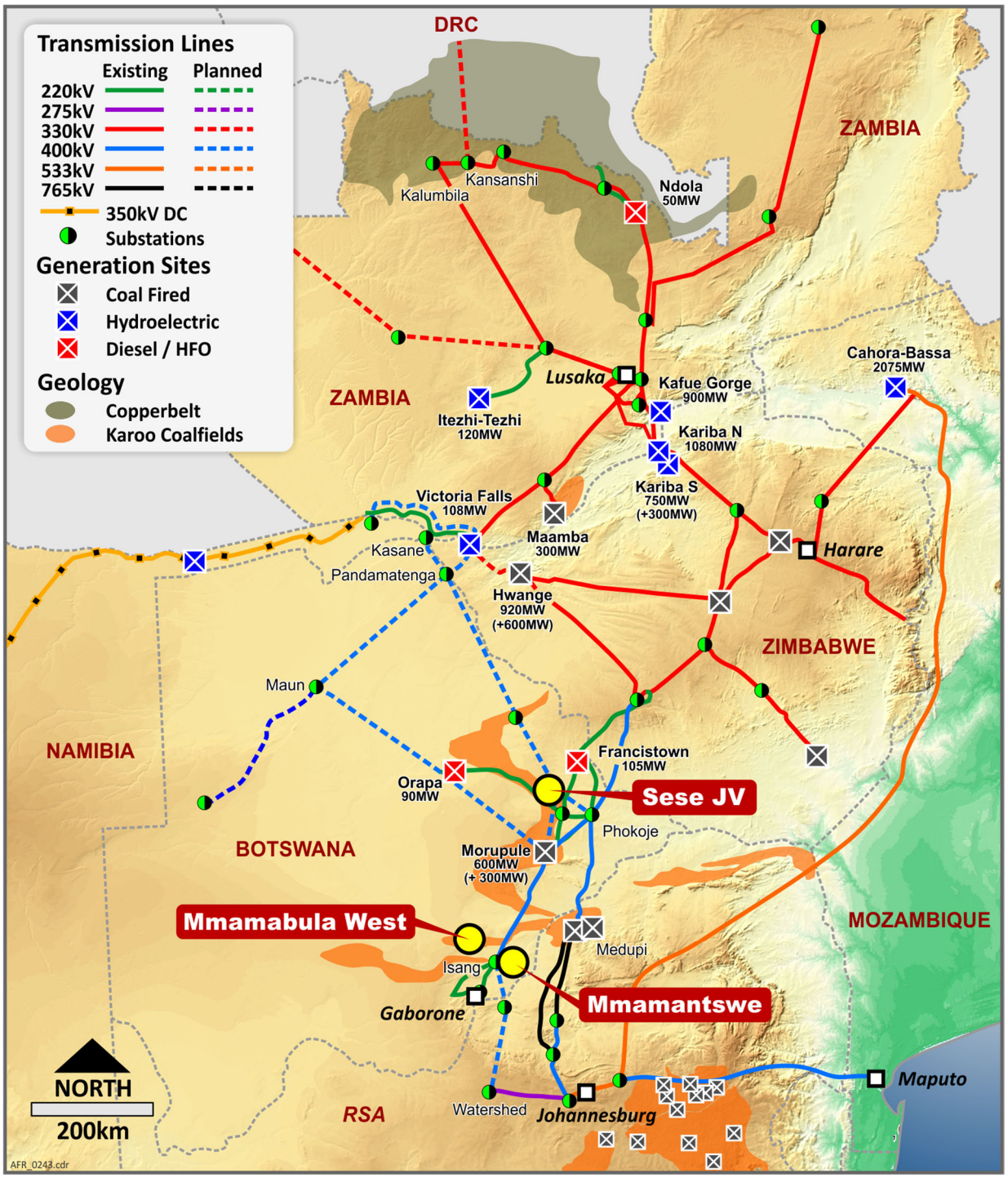

Diagram 1 – Location Map showing the location of the Sese Project and the regional high voltage transmission grid.

APPENDIX 1: Global Coal Resources for African Energy's Coal Projects in Botswana

Sese JV Project (AFR 33%, FQML 67%): Resource Summary (Raw coal on an air-dried basis)								
Resource Zone	**In-Situ Tonnes***	**CV (MJ/kg)**	**CV (kcal/kg)**	**Ash %**	**IM%**	**VM%**	**FC%**	**S %**
MEASURED (Bk-C)	325 Mt	17.6	4,200	30.1	7.9	20.6	41.5	2.1
MEASURED (Bk-B)	304 Mt	16.0	3,820	34.8	7.4	20.3	37.6	1.6
INDICATED	1,663 Mt	15.4	3,700	38.4	6.8	18.7	34.1	2.0
INFERRED	126 Mt	14.2	3,400	41.4	6.4	18.8	31.2	2.2
TOTAL	**2,418 Mt**							

Sese West Project (AFR 33%, FQML 67%): Resource Summary (Raw coal on an air-dried basis)								
Resource Zone	**In-Situ Tonnes***	**CV (MJ/kg)**	**CV (kcal/kg)**	**Ash %**	**IM%**	**VM%**	**FC%**	**S %**
INFERRED	2,501 Mt	14.6	3,500	40.2	6.1	19.8	31.9	2.0
TOTAL	**2,501 Mt**							

Mmamabula West Project (AFR 100%): Resource Summary (Raw coal on an air-dried basis)								
Resource Zone	**In-Situ Tonnes***	**CV (MJ/kg)**	**CV (kcal/kg)**	**Ash %**	**IM%**	**VM%**	**FC%**	**S %**
MEASURED	**17 Mt**	**22.2**	**5,300**	**19.6**	**7.3**	**24.8**	**48.2**	**1.6**
INDICATED	**1,061 Mt**	**20.4**	**4,875**	**24.4**	**6.1**	**26.5**	**43.1**	**1.5**
INFERRED	**1,858 Mt**	**20.3**	**4,850**	**24.7**	**5.8**	**26.2**	**43.4**	**1.6**
TOTAL	**2,935 Mt**							

Mmamantswe Project (AFR 100%): Resource Summary (Raw coal on an air-dried basis)								
Resource Zone	**In-Situ Tonnes***	**CV (MJ/kg)**	**CV (kcal/kg)**	**Ash %**	**IM%**	**VM%**	**FC%**	**S %**
MEASURED	978 Mt	9.5	2,270	56.5	3.9	15.8	21.8	2.0
INDICATED	265 Mt	7.9	1,890	62.3	3.3	14.2	18.1	2.1
INFERRED	N/A							
TOTAL	**1,243 Mt**							

** In-Situ tonnes have been derived by removing volumes for modelled intrusions, burnt coal and weathered coal and then applying geological loss factors to the remaining Gross In-Situ Tonnes*

The Coal Resources quoted for the Mmamantswe Project in the table above have been defined in accordance with the practices recommended by the Joint Ore Reserves Committee (2004 edition of the JORC Code). The coal resources quoted for Sese, Sese West and Mmamabula West are reported as per the 2012 edition. There have been no material changes to any of the Sese, Sese West and Mmamantswe resources since they were first announced.