

22 January 2020

ADDITIONAL INFORMATION ON POWER SALES AGREEMENT WITH FQM

Reference is made to the ASX release titled “Sese JV Executes Second Power Sales Document” dated 20 January 2020 (“Announcement”), whereby African Energy announced that, 33.3% owned, Sese Power had executed a Power Sales Agreement with Kalumbila Minerals Limited (Zambian subsidiary 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 (“PSA”).

African Energy provides additional information in relation to the PSA.

The PSA is subject to certain material conditions precedent as follows.

Sese Power (“Seller”) conditions precedent

1. The Seller securing all approvals and consents from relevant authorities to allow the power to be delivered to the delivery point in Zambia
2. The Seller securing the necessary Connection, Use of Transmission System and Wheeling agreements with regional utilities (BPC, ZESA, ZESCO) to allow the power to be delivered to the delivery point for the duration of the 15-year PSA Term
3. The Seller Securing financing agreements for the project

FQM (“Buyer”) conditions precedent

1. The Buyer has secured all consents required to fulfil its obligations to purchase the power for the duration of the Term
2. The Buyer has entered into or amended its existing supply arrangements with ZESCO, the local Zambian power utility
3. Confirmation from the Buyer that it expects to continue to run its operations in a manner which requires no material reduction in its total energy supply across its group of companies in Zambia for the length of the term
4. The Buyer providing suitable credit support to the Seller

The economic significance of the PSA cannot be quantified with sufficient confidence until the conditions precedent have been completed, such as final licencing and financing terms.

Potential providers of debt and equity financing have commenced due diligence but no firm agreements have been reached.

Further advice on these negotiations will be released in due course.

African Energy notes that the Competent Persons Statement for the Announcement should read as follows

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 was prepared under the JORC Code 2012. References to "Measured, Indicated and Inferred Resources" are to those terms as defined in the JORC Code (2012 edition).

Information in this report relating to Exploration results, Mineral Resources or Ore Reserves is based on information compiled by Dr Frazer Tabeart (an employee and the Managing Director of African Energy Resources Limited) who is a member of The Australian Institute of Geoscientists. Dr Tabeart has sufficient experience that is relevant to the style of mineralisation and type of deposit under consideration and to the activity that he is undertaking to qualify as a Competent Person under the 2012 Edition of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Tabeart consents to the inclusion of the data in the form and context in which it appears.

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

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