

16th December 2014

SESE JOINT VENTURE SHAREHOLDERS AGREEMENT EXECUTED

- ***Following satisfactory completion of due diligence, African Energy Resource Limited (AFR) and First Quantum Minerals Limited (FQM) have executed a binding Shareholders Agreement for the Sese Joint Venture Project on terms previously announced.***
- ***Subject to certain conditions precedent, FQM will purchase a initial 51% stake in African Energy Holdings SRL (AFRH) for \$8m. The \$8m will be used to repay all outstanding loans between AFRH and AFR, thus providing additional working capital for AFR.***
- ***The conditions precedent include Ministerial consent to the transfer of beneficial ownership of the tenements, and minor issues related to AFR/AFRH subsidiary companies. These conditions are all administrative in nature and are expected to be satisfied on or before the End Date of 31 January 2015.***
- ***FQM will invest a further \$12m within 18 months to earn an additional 24% stake in AFRH.***
- ***The \$12m funding for AFRH will be used to immediately investigate the development of power generation projects at Sese.***
- ***Final resource evaluation studies for coal and limestone supplies will be undertaken as soon as practical to provide data for final project design.***
- ***AFR's 25% interest in the Sese Joint Venture will be loan carried through to commercial operation of each power station funded by FQM.***
- ***AFR's 25% carried interest will be financed under the same terms as FQM's majority stake, with FQM to arrange the full financing for each project.***
- ***Successful completion of the joint venture investment will leave AFR with approximately \$10m working capital and with a 25% carried interest in new power projects being developed at Sese.***
- ***AFR retains 100% ownership of the Mmamabula West and Mmamantswe coal and power projects in Botswana.***

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

For and on behalf of the Board