

26 April 2017

SESE JV DEVELOPMENT APPROVAL ORDER GRANTED

African Energy Resources advises that Botswana's Ministry of Finance and Economic Development has approved the Sese Joint Venture's (JV) application for a Manufacturing Development Approval Order (DAO) for the proposed 450MW Sese power station:

- Sese Power, the JV entity responsible for power generation, has been granted a five year tax holiday from its first year of commercial operation and thereafter a preferential 15% company tax rate.
- Sese Power is now required to enter into a formal Tax Agreement with the Government of Botswana which requires the approval of the National Assembly of Botswana, subsequent to which it will become a Statutory Instrument under the Tax Act.
- Sese Power Subsidiary, the JV entity responsible for coal mining recently awarded a mining license, did not apply for any tax concessions and will be subject to the normal tax regime specifically legislated for Botswana mining companies.
- Approval of the DAO is another important step towards completing the permitting of the Sese coal and power project, with the Generation and Export License being the only major outstanding permit required before the project can commence.
- Application for overseas staff work permits and visa concessions were submitted by Sese Power to the ministry responsible for labour & immigration. Sese JV is still awaiting approval of these requests.

Background:

The Sese Joint Venture is evaluating the development of an integrated coal mine and 450MW power station in eastern Botswana for the delivery of power to Zambia and neighbouring countries. The Joint Venture is managed by majority shareholder First Quantum Minerals Ltd who is earning up to a 75% interest in the project. African Energy's residual 25% interest is loan carried to commencement of project revenue.

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

For and on behalf of the Board