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SESE MINING LICENSE APPLICATION ACCEPTED IN BOTSWANA

African Energy Resources Limited advises that the Department of Mines in Botswana has accepted an application for a coal mining license submitted by First Quantum Minerals Ltd on behalf of the Sese joint venture:

- The mining license application (MLA) covers an area of 51 sq km, and contains enough coal to fuel multiple 300MW power stations for >35 years. The MLA also contains enough land outside the boundary of the coal resource for the placement of multiple power stations and all necessary supporting infrastructure (refer to Diagram 1).
- The MLA was supported by a definitive feasibility study for an initial 1.6Mtpa coal mine, and an approved Environmental Impact Assessment (EIA) and Environmental Management Plan (EMP) for a 1.6Mtpa coal mine, a 300MW power station and the associated grid connection infrastructure.
- Once approved, the Mining License will be valid for 25 years. This can be extended by a further period of up to 25 years on written application to the Minister to be submitted not less than 12 months before the expiry of the license.
- The areal extent of the mining license may be increased at any time by written submission to the Minister if a larger project with increased mining volumes is warranted.
- A Land Lease Agreement providing guaranteed surface rights over the Sese project area for 50 years was signed in late 2015.
- A Water Supply Agreement for the 2.8GL per year water abstraction approval is close to execution.
- A submission for a Generation and Export License will be made in due course.
- Once the Mining License and the Generation and Export License are approved, the project will be fully permitted.

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

For and on behalf of the Board

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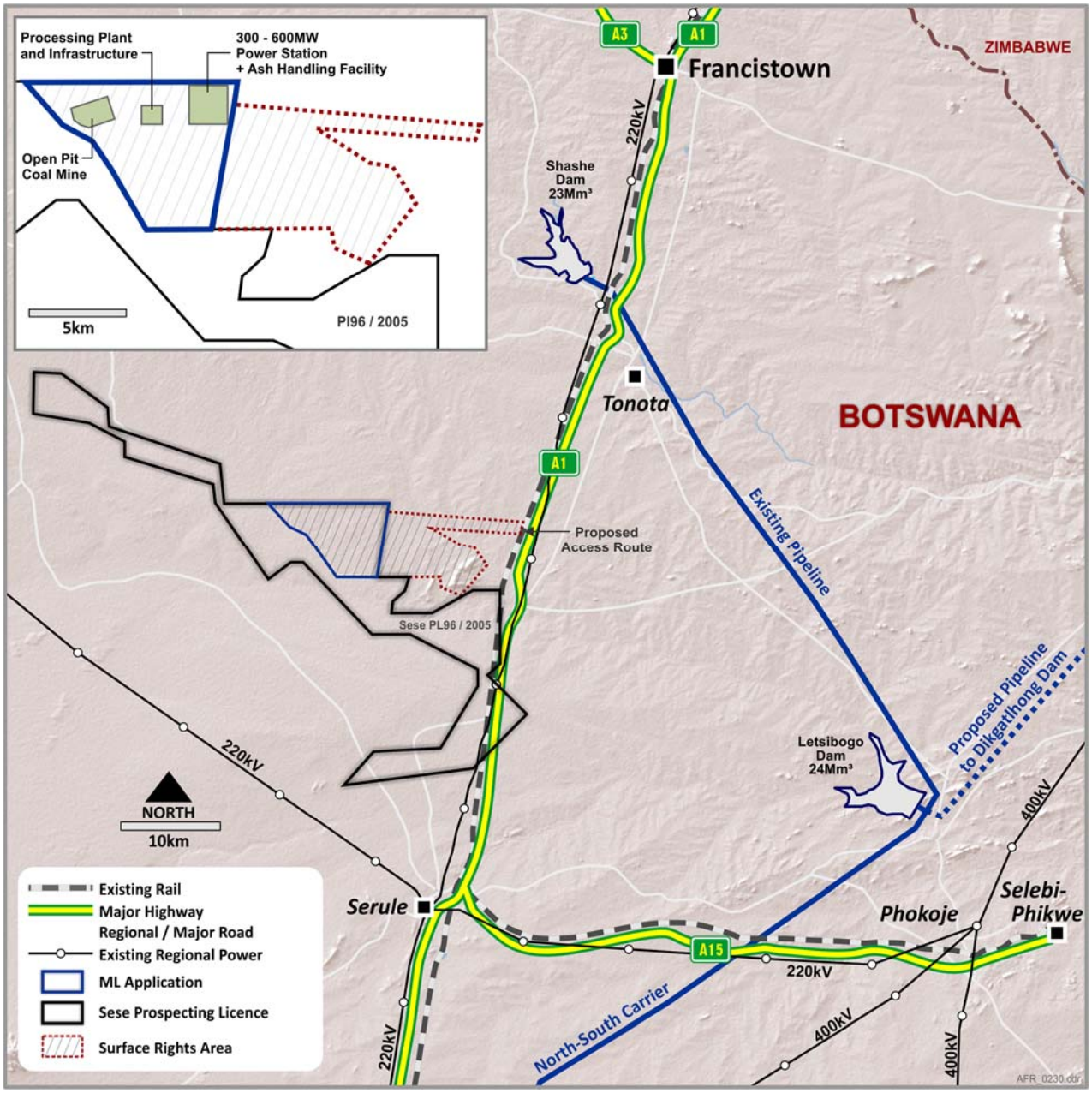

Diagram 1. Regional layout of key elements of the Sese integrated power project showing the outline of the prospecting license, ML application area, proposed water pipeline location and surface rights area.#