

Major US\$990m proposed Strategic Investment by Tianjin Materials and Equipment Group Corporation ("Tewoo") confirms US\$6Bn valuation of Tonkolili Project

African Minerals Limited (**AIM: AMI**) is pleased to announce it has entered into a strategic, binding Memorandum of Understanding (the "MoU") with Tianjin Materials and Equipment Group Corporation ("Tewoo") in respect of AML's flagship iron ore project at Tonkolili, Sierra Leone, and its related infrastructure projects (together, the "Project").

Under the terms of the MoU, upon successful completion of this transaction, Tewoo will pay to AML US\$990m for a 16.5% economic interest in the Tonkolili project based on a project valuation of US\$6Bn.

Tewoo will also secure a 20 year offtake agreement, and together with AML will form a JV to blend and market iron ore through the major Tianjin port facilities, significantly enhancing Tewoo's iron ore trading business.

Tewoo is the largest import and export enterprise in China, responsible for providing iron ore, coal, energy and other materials to Tianjin and Heibei Provinces, and is also the largest iron ore trader in China with 33Mtpa traded in 2011. Tewoo employs approximately 5,000 persons and had an annual turnover of US\$32bn in 2012.

Key elements

- The consideration is structured in two parts:
 - Subscription by Tewoo in AML for gross proceeds of US\$390m, with Tewoo to hold 10% of the shares of AML post issuance,

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- Sale by AML of 10% of its interest in the Project companies to Tewoo for US\$600m.
- This transaction will be accompanied by a long term (20 year) offtake agreement, at a price to be agreed by the parties, for a total of 10Mtpa of iron ore, or proportionately less if the capacity of the Phase 2 expansion is less than 35Mtpa, and with best efforts to supply 4Mtpa from the current 20Mtpa capacity.
- Establishment of a joint venture to investigate development, construction and operation of a blending facility at Tianjin port, with a view to sourcing, blending, marketing and selling blended products into PRC.
- Board approvals by both parties have been obtained, and this agreement is now subject to full documentation, due diligence and regulatory approvals.
- Part of the due diligence process will be the receipt and testing of 2 test cargoes.

Commenting on the investment, Frank Timis, Executive Chairman of African Minerals said:

"African Minerals is delighted with Tewoo's intended investment at both the AML and operating company levels. With AML's history of successful relations with Chinese industrial entities, I am confident that this transaction will be successfully completed.

"Once completed, this transaction will provide African Minerals with almost a billion dollars of additional funds at the corporate level, significantly strengthening our balance sheet and will provide flexibility in financing options for the Company's future development. Tewoo's offer to subscribe to AML's equity at approximately £7 per share will provide a strong endorsement of the Company's value to the market.

"Furthermore, Tewoo's partnership would also provide additional guaranteed long term offtake for our product. With Tewoo, SISG and CRM as our long term offtake partners, we will have almost all of the Tonkolili project's production committed for the next 20 years."

Next Steps

Tewoo will carry out technical, legal and financial due diligence investigations on AML.

AML will arrange for shipment of two cape sized trial cargoes of iron ore to Tewoo in September.

The parties will negotiate in good faith on the necessary contract documents and seek to close the transaction by 31 December 2013. These documents may be conditional upon receipt by the Parties of all governmental and regulatory approvals for the transaction.

The parties will develop and seek to execute the final legal contracts relating to the development of the Tianjin Port blending facility as soon as reasonably practicable.