

AfNat Resources Limited
(“AfNat” or the “Company”)

Mozambique Joint Venture Agreement signed with Rio Tinto Minerals Development Limited

AfNat (AIM:AFNR) is pleased to announce that the Company has entered a joint venture agreement (“**Joint Venture Agreement**”) with Rio Tinto Minerals Development Limited (“**Rio Tinto**”), a wholly owned subsidiary of Rio Tinto Plc (LSE: RIO).

The Joint Venture Agreement sets out the terms on which Rio Tinto will manage and develop the Company’s exploration licenses in Mozambique (more particularly exploration licenses PL 1045L and PL 1046L (the “**Mozambique Licenses**”) in relation to the exploration of copper, cobalt, nickel, platinum, gold and associated minerals and metals in the Manica Province, Mozambique, both of which are currently owned by the Company’s wholly owned subsidiary Zambezi Níquel Moçambique, Limitada.

Highlights:

- Rio Tinto and the Company will form a new joint venture company to hold, manage and develop the Mozambique Licenses (“**JVCo**”);
- Rio Tinto will initially hold a 51% interest in JVCo with the Company holding 49%;
- To maintain its interest Rio Tinto must fund the first \$5m of JVCo expenditure or deliver an “order of magnitude study” within 5 years;
- Rio Tinto can increase its interest in JVCo to 75% if it incurs the following \$20m of expenditure, or submits a pre-feasibility study to the board of JVCo for approval;
- thereafter, each party shall contribute pro rata to the costs of JVCo or face dilution;
- Rio Tinto shall appoint the project manager who will run JVCo (subject to instructions from the JVCo board) and implement programs and budgets agreed from time-to-time. The project manager’s fee shall be 12% of JVCo expenditure;
- JVCo shall have a board of two, with one Rio Tinto nominee and one nominee of the Company as long as it continues to hold a 10% interest in JVCo. Board votes shall be weighted with Rio Tinto’s nominee director’s vote worth 51% (increasing if the Company is diluted);
- all budgets, programs and plans are approved by the JVCo board by simple majority;
- there are pre-emptive rights should either party wish to transfer its shares; and
- where a participant’s interest falls below 10%, the 90% shareholder has a call option to buy the remaining shares, with the acquisition price to be agreed in good faith or determined by an independent expert.

George Roach, Chief Executive Officer of AfNat, said: “*The joint venture agreement signed with Rio Tinto today is an extremely positive development for the Company, and for its prospects in Mozambique. Rio Tinto will provide both the capital and the management expertise to develop the Company’s Mozambique assets and, we hope, further down the line bring the Company’s licenses in the country into full production. Additionally, the agreement significantly reduces the Company’s liabilities in Mozambique which is in line with the Company’s current strategy to minimise expenditure*”

on its early stage exploration projects. All of the Directors are very excited by the joint venture, which they believe is excellent news for the Company's shareholders, and look forward to working closely with Rio Tinto to ensure the success of the project in the years to come."

Further details on the Rio Tinto Group

Rio Tinto is a leading international mining group, combining Rio Tinto plc, a London listed public company headquartered in the UK, and Rio Tinto Limited, which is listed on the Australian Stock Exchange, with executive offices in Melbourne.

The two companies are joined in a dual listed companies (DLC) structure as a single economic entity, called the Rio Tinto Group.

The Rio Tinto Group finds, mines and processes the earth's mineral resources - metals and minerals essential for making thousands of everyday products that meet society's needs and contribute to improved living standards. More information regarding Rio Tinto can be found at www.riotinto.com.

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