

DEED OF VARIATION AND NOVATION

between

AFRICAN MINERALS EXPLORATION & DEVELOPMENT FUND SICAR SCA

and

BAOBAB RESOURCES PLC

and

AFRICAN MINERALS EXPLORATION & DEVELOPMENT FUND II SICAR SCA

THIS DEED OF VARIATION AND NOVATION made on the 26th day of **FEBRUARY 2015**

between

AFRICAN MINERALS EXPLORATION & DEVELOPMENT FUND SICAR SCA, a Luxembourg partnership limited by shares set up as an investment company with risk capital in the Grand Duchy of Luxembourg with registration number B166728 (the "**Lender**");

and

BABOAB RESOURCES PLC, a company registered in England and Wales with registration number 5590467 (the "**Borrower**");

and

AFRICAN MINERALS EXPLORATION & DEVELOPMENT FUND II SICAR SCA, a Luxembourg partnership limited by shares set up as an investment company with risk capital in the Grand Duchy of Luxembourg with registration number B183040 ("**FUND II**");

(collectively hereinafter referred to as the "**Parties**" and "**Party**" shall mean any one of them).

RECITALS:

- A. **WHEREAS** the Borrower and the Lender had entered into a Loan Agreement on or about 31 October 2014 whereby the Lender had agreed to advance an amount of \$1 000 000 (one million United States Dollars) to the Borrower (hereinafter referred to as the "Loan Agreement");
- B. **AND WHEREAS** the Parties now wish to vary certain of the terms and conditions of the Loan Agreement, including but not limited to an increase of the Loan Amount to an amount of up to \$2 000 000 (two million United States Dollars); and
- C. **AND WHEREAS** the Parties now wish to record in writing the novation to FUND II of the Loan Agreement and the assignment and transfer to FUND II of all the rights,

obligations, claims and demands of the Lender under the Loan Agreement on the terms set out herein.

NOW THEREFORE THE PARTIES HEREBY AGREE AS FOLLOWS:

1. DEFINITIONS AND INTERPRETATION

1.1 In this Deed of Novation (including the Recitals) capitalised words shall bear the same meanings as are ascribed thereto in the Loan Agreement, and in addition the following words and expressions shall, unless the context otherwise requires, have the following meanings:

1.1.1 **"Signature Date"** – means the date on which the last Party appends its signature hereto;

1.1.2 **"Deed of Variation and Novation"** – means this deed including any annexures attached hereto.

1.2 In the interpretation of this Deed of Novation, unless the context otherwise requires, headings are for convenience only and do not affect interpretation.

2. VARIATION OF LOAN AGREEMENT

2.1 By signing this Deed of Variation and Novation each Party hereto irrevocably agrees that clause 4.1 of the Loan Agreement shall be deleted irrevocably and replaced with the following:

"4.1 The Initial Loan is in the sum of \$2 000 000 (two million United States Dollars)."

2.2 By signing this Deed of Variation and Novation each Party hereto irrevocably agrees that clause 7 of the Loan Agreement shall be deleted irrevocably and replaced with the following:

"7.1 The Loan shall become repayable in full, upon the earlier of:

7.1.1 *the completion of a successful rights issue or any other form of financing by the Borrower if, in the sole discretion of the Lender, the financial position of the Borrower is such that the Loan can be repaid in full;*

7.1.2 *a change of control of the Borrower (save for a change of control involving the Lender or any concert party related thereto, as defined in The City Code on Takeovers and Mergers); and*

7.1.3 *12:00 GMT on 31 December 2015,*

each being a "Repayment Event".

7.2 *The Lender may upon the happening of a Repayment Event elect, in its sole discretion, to call for the full repayment of the Loan by notifying the Borrower in writing and the Borrower shall then be required to repay the outstanding balance of the Loan within 10 (ten) business days of the date of delivery of such written notice, in United States Dollars by electronic bank transfer into such account and bank as the Lender may from time to time direct in writing.*

7.3 *Notwithstanding clause 7.1, the Borrower may at any time repay all or part of the Loan before the due date for repayment.*

7.4 *Notwithstanding clause 7.1, the Borrower agrees that, should it seek to raise equity financing other than by way of a rights issue, that the Lender (or its nominee) shall be offered the right to participate in such offering as if the financing was conducted by way of a rights offering and all of the shareholdings of the Lender's concert parties were attributed to the Lender.*

3. NOVATION

- 3.1 For the purposes of this clause 3, "Continuing Party" shall mean the Borrower.
- 3.2 FUND II agrees and undertakes in favour of the Continuing Party and the Lender to perform and be bound by the terms of the Loan Agreement in every way as if FUND II had at all times been a party to the Loan Agreement in the place of the Lender. For the avoidance of doubt, FUND II agrees to assume all the rights and obligations of the Lender under the Loan Agreement as well as all claims and demands of whatsoever nature under the Loan Agreement whether arising before, on or after the Signature Date.
- 3.2 The Lender and the Continuing Party hereby mutually release each other from their rights and obligations towards one another and from all claims and demands between them whatsoever in respect of the Loan Agreement, whether arising before, on or after the Signature Date, and the Continuing Party accepts the liability of FUND II under the Loan Agreement in the place of the Lender.
- 3.3 All of the Lender's right, title and interest in, to and under the Loan Agreement, whether arising before, on or after the Signature Date, is hereby assigned and transferred to FUND II and FUND II accepts such assignment and transfer.

4. NO OTHER AMENDMENTS

For the avoidance of doubt it is confirmed and agreed that save for the novation and variation described herein, all clauses and provisions in the Loan Agreement are binding on the Parties (excluding the Lender) are of full force and effect in all respects.

5. ENTIRE AGREEMENT

This Deed of Variation and Novation encompasses the entire agreement between the Parties with regard to the subject matter hereof and supersedes all prior agreements,

understandings, negotiations and discussions between them, whether oral or written and there are no warranties or representations between the Parties save as may be specifically set forth herein.

6. VARIATION OR AMENDMENT

No addition to or variation, deletion or agreed cancellation of all or any clauses or provisions of this Deed of Variation and Novation will be of any force or effect unless in writing and signed by all the Parties.

7. GOVERNING LAW AND JURISDICTION

7.1 This Deed of Variation and Novation and any disputes or claims arising out of or in connection with it or its subject matter or its formation (including non-contractual disputes or claims) shall be governed by and construed in accordance with the laws of England and Wales.

7.2 The Parties irrevocably agree that any dispute or claim that arises out of or in connection with this Deed of Variation and Novation or its subject matter or formation (including non-contractual disputes or claims), shall be subject to the exclusive jurisdiction of the England and Wales courts.

8. MISCELLANEOUS

The provisions of clause 12 of the Loan Agreement shall apply hereto mutatis mutandis.

[Remainder of page intentionally blank with signatures on following page]

Executed by the Parties as a Deed on this the day of February 2015

Executed as a Deed by)
AFRICAN MINERALS EXPLORATION & DEVELOPMENT FUND SICAR SCA)
in the presence of)



Name: CARLO BARAVALLE
MANAGER

Executed as a Deed by)
BAOBAB RESOURCES PLC)
in the presence of)



WITNESS

Name: RENEE EAGAR

Address: 11 ACASIA AVE, CEDAR LAKES

Occupation: FINANCIAL CONSULTANT



DIRECTOR

Name: FRANCIS SUTHU EAGAR

Executed as a Deed by)
AFRICAN MINERALS EXPLORATION & DEVELOPMENT FUND II SICAR SCA)
in the presence of)



Name: CARLO BARAVALLE
MANAGER