



**African Mining and Exploration plc.
("AME" or "the Company")**

Acquisition of Caracal Gold Mali SARL

African Mining & Exploration plc (AME), the AIM listed company focusing on exploration in West Africa, is pleased to update the market on the Company's acquisition of Caracal Gold Mali SARL.

Highlights

- **Acquisition of Mali registered company with assets including gold exploration licences in Mali**
- **Historical exploration on permits include 2,070m of RAB drilling and 5,900m of RC drilling**
- **Selected drilling intercepts from Kossanto permits include 19m @ 1.8 g/t, 17m @ 2.1g/t, and 16m @ 9.5g/t**
- **Initial consideration totaling £125,000**
- **Total deferred consideration, subject to successful exploration and a JORC mining reserve, of up to £1.345 million**
- **Financial commitments funded from existing cash resources**

AME is pleased to announce that it has signed a Sale and Purchase agreement with Caracal Gold LLC ("the Seller") a wholly owned subsidiary of Electrum Ltd under which AME, through one of its subsidiaries, will acquire the entire issued share capital of Caracal Gold Mali SARL ("Caracal") on a 'cash free debt free' basis.

The Caracal group holds 6 gold exploration licences in Mali; all are in good standing with 3 awaiting Ministerial approval for the transfer from Caracal Gold LLC into Caracal. Caracal also has a 7th licence under a renewal application. The Sale and Purchase agreement gives AME beneficial rights to those permits awaiting approval.

The exploration licences encompass approximately 280 km². Two, Donbaleya and Daounabete are separate licences in west and south Mali respectively. Five licences are contiguous and collectively known as the 'Kossanto' permits (Kobokoto, Gourbassi, Farikounda, Koussikoto and Kobokoto-Est). These permits lie in the centre of the Kenieba inlier in western Mali, a block of ancient greenstones and granites hosting many significant gold deposits in Senegal and Mali making it one of the most important gold regions in Africa.

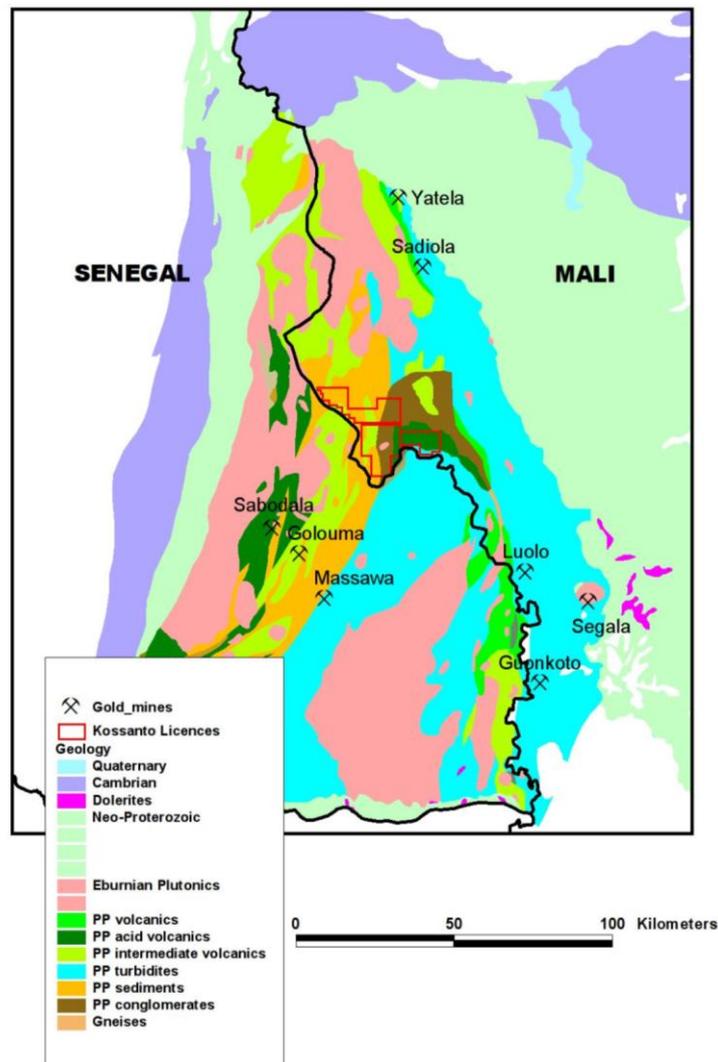


Figure 1. Generalised geology of the Kedougou-Kenieba Inlier, showing known gold deposits and the location of the Kossanto permits. (Source: Caracal)

Use the link at the end of this announcement to view this illustration

Kossanto geology includes all the key rock units that host the gold mineralisation in the major gold producing mines of Sadiola, Yatela, Loulo and Sabodala. They consist of a mix of basic and acidic volcanics with turbidites, and pervasive shearing and fracturing.

There are extensive artisanal workings all over this region and the structure as indicated by airborne geophysics places Kossanto on the same major fracture system which controls the Sadiola mineralisation.

Previous exploration targets on Kossanto permits were generated in the main from regional soil geochemistry and the regional geological map drawn up by the BRGM (Bureau de Recherches Géologiques et Minières). As a result Caracal targeted a felsic intrusive body (Rhyolite) at Kobokoto, the Sadiola dyke at Koussikoto and a lithological contact at Gourbassi. Through site visits and the analysis of the substantial historical exploration data provided by the Seller, AME's geologists have integrated all of the available geological, geochemical and geophysical information on the Kossanto area. This has resulted in the identification of a total of 11 potential target areas of 41 km² on the entire permit blocks including 8 new targets along with the 3 target areas drilled previously by Caracal.

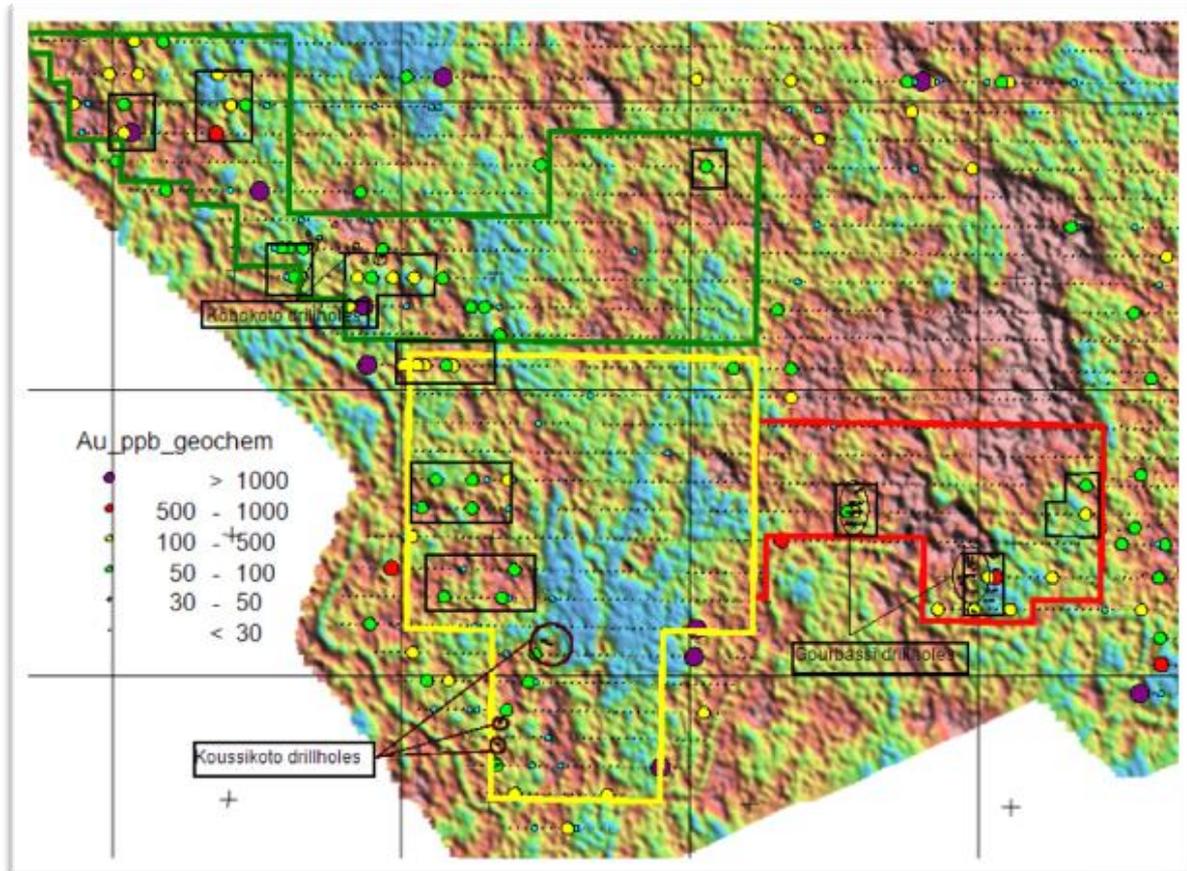


Figure 2. Target areas of the Kossanto permits combined with regional soil geochemistry and potassium alteration map. (Source: Caracal)

Use the link at the end of this announcement to view this illustration

The 3 previously drilled targets intersected mineralisation of various grades and widths. However there was no follow-up drilling to test for lower grade bulk tonnage, which is warranted considering the much wider halos of potassium and magnetic alteration that are associated with these targets, especially at Kobokoto and Gourbassi.

Promising higher grade drill intercepts obtained on the targets (including 19 m @ 1.8 g/t and 17 m @ 2.1 g/t at Gourbassi and 16 m @ 9.5 g/t at Kobokoto) require additional work to establish whether the mineralisation exhibit continuity. So far the IP surveys completed at Kobokoto and Gourbassi show that the mineralisation is associated in both cases to a resistive and chargeable, silicified and sulphide rich sheared contact zone. Follow up drilling has not been completed along strike of the IP anomalies and on mineralised zones and this will be a potential future drill target for AME.

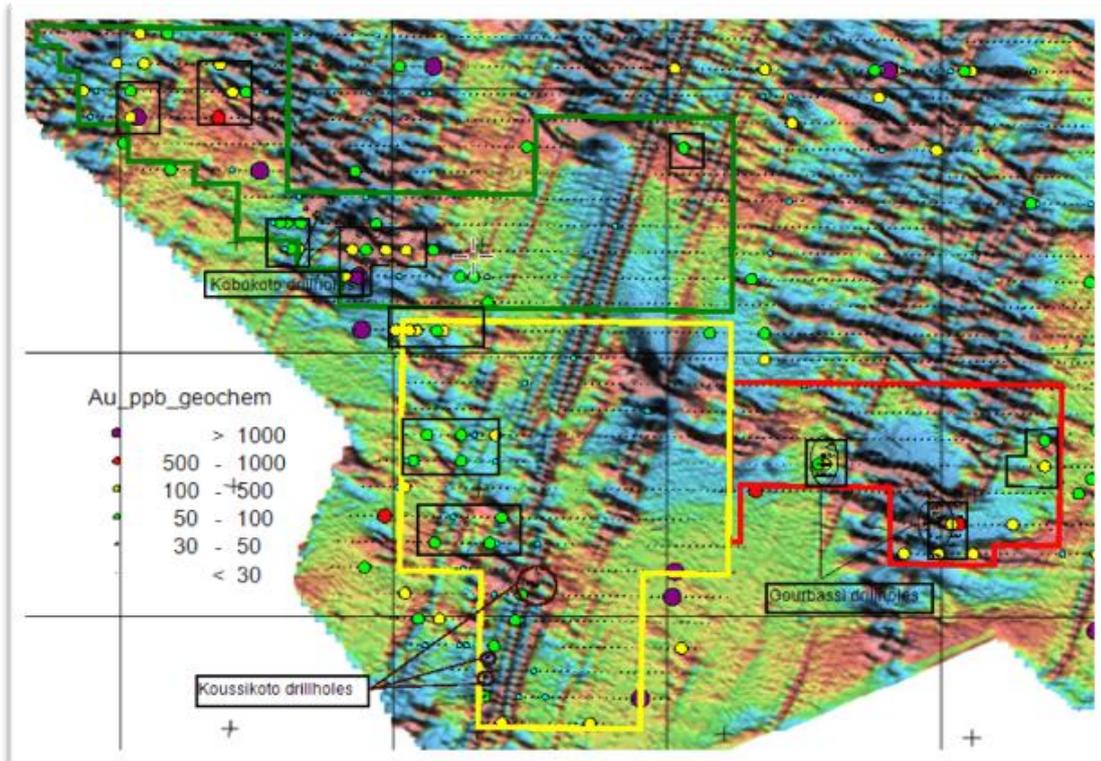


Figure 3. Target areas of the Kossanto permits combined with regional soil geochemistry and First Vertical derivative magnetism showing Caracal previous drill holes positions. (Source: Caracal)
 Use the link at the end of this announcement to view this illustration

The historical work undertaken suggests that the potential for fracture-controlled mineralisation is encouraging. These permits are in a prime location in a world-class gold mining district, and the AME Board believes that further investment, evaluation and exploration is justified.

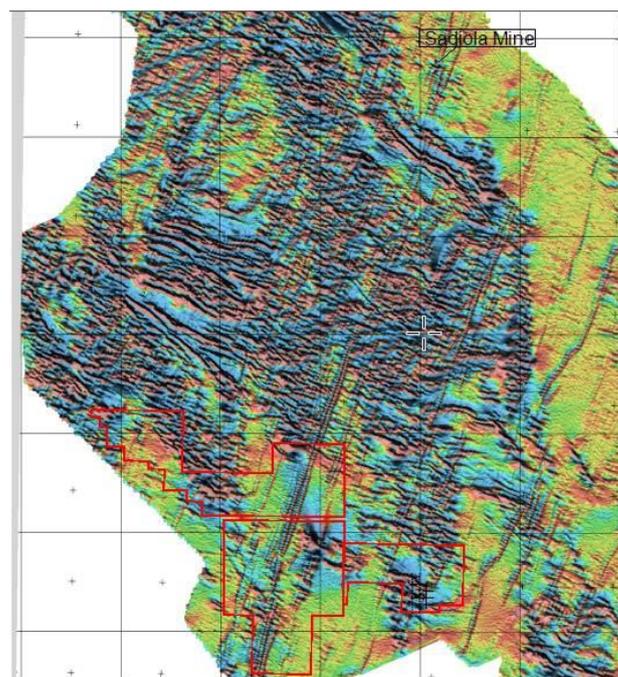


Figure 4. Aeromagnetic map showing Kossanto permits and Sadiola mine on the same dyke. (Source: Caracal)
 Use the link at the end of this announcement to view this illustration

In consideration for Caracal, AME has paid an initial sum of £62,500, with a further £62,500 being payable once completion of Government approval of the transfer in respect of 3 of the 7 licences has occurred.

AME envisages that it will spend up to US\$1.5 million on exploration on the permits in the 18 month period following completion. At the end of the 18 month period, AME will have at its sole discretion the right to allot ordinary shares, make a payment in cash or a combination of both cash and ordinary shares to the value of £1.25 million or grant the Seller a right of first refusal to reacquire Caracal from AME on a 'cash free debt free' basis.

If AME elects to proceed with the payment of £1.25m as set out above and where a JORC compliant Proven and Probable reserve of greater than 500,000 oz is established, AME shall be liable to allot 3,515,000 ordinary shares to the Seller.

Mark Jones, AME's CEO commented that:

"We are delighted that we have been able to complete the Sale and Purchase agreement with Caracal Gold LLC. As a substantial transaction it considerably enlarges AME's footprint in Mali and provides enhanced opportunity for establishing a gold resource. The work done on the Caracal exploration permits to date confirms the presence of gold mineralization and our geologists having analysed the wealth of data on the Kossanto permits are already working on a comprehensive programme of field work to confirm drill targets. The Board believes that the current political instability in the North East of Mali should not negatively influence the Company's ability to operate on any of the current or new exploration licence areas."

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Notes:

Link to view illustrations referred to in this announcement:

<http://www.rns-pdf.londonstockexchange.com/rns/7342G -2012-7-2.pdf>

The technical information contained in this announcement has been reviewed and approved by Mr. Douglas D Chikohora. Mr. Chikohora (MSc, MIMMM., CEng) has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity to which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves and as a qualified person under the AIM Note for Mining, Oil and Gas Companies. Mr. Chikohora is a Director of African Mining & Exploration Plc.