

20 October 2010

Manager Announcements
Company Announcements Office
Australian Stock Exchange Limited
10th Floor, 20 Bond Street
SYDNEY NSW 2000

Via electronic lodgement

Dear Sir/Madam,

**AFRICAN ENERGY TO RAISE UP TO AUD \$1.44 MILLION TO FUND SESE COAL
RESOURCE DRILLING PROGRAMME**

HIGHLIGHTS

- **The Company intends to raise up to AUD \$1.44 million via a private placement to exempt investors at AUD \$0.15 per share**
- **The Company has received very strong interest to participate in this placement and expects to have it completed within one week**
- **Monies from the raising will be used to fund the recently announced resource delineation drilling programme at the Sese coal project**

African Energy Resources Ltd is pleased to announce a private placement to institutional and sophisticated investors to raise up to AUD \$1.44 million before costs, by placing 9,600,000 new fully paid ordinary shares at AUD \$0.15 per share. This represents the residual amount available to the Company under listing rule 7.1, which allows the Company to raise up to 15% of its issued capital without requiring prior shareholder approval.

The new issue will be placed to institutions and sophisticated investors pursuant to Section 708 of the Corporations Act.

Funds from the placement will be used to fund the resource delineation drilling programme, which commenced this week, at the Company's Sese coal project in Botswana.

For any further information, please refer to the Company's website or contact the Company directly on +61 8 6465 5500.

For and on behalf of the board

**African Energy
Resources Limited**

ASX : AFR

Issued Capital
282,774,650

Directors:

Alasdair Cooke
Executive Chairman

Frazer Tabearth
Managing Director

Bill Fry
Executive Director

Mike Curnow
Non-Executive Director

Valentine Chitalu
Non-Executive Director

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