

3rd November 2010

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

Via electronic lodgement

Dear Sir/Madam,

**THICK, SHALLOW, EXTENSIVE COAL SEAM INTERSECTED IN
RESOURCE DRILLING AT THE SESE COAL PROJECT,
BOTSWANA**

- Initial resource delineation drilling in the western part of the Sese coal project has intersected thick, near surface coal seams over an extensive area measuring 7km by 3km (Block A).
- Twenty reverse circulation (RC) percussion holes and three diamond drill core holes in Block A have intersected coal with an average seam thickness of 14.5m from an average depth to the top of the coal of 39m.
- Additional drill rigs have been mobilised to accelerate drilling progress.
- Down-hole geophysical logging has commenced to provide data to aid sampling strategy and coal continuity determination.
- The drilling and down-hole geophysical programme is expected to provide data of sufficient density to permit the classification of an inferred resource.
- It is expected that all work, including resource estimation will be complete during the first quarter of 2011.
- The Sese Prospecting Licence has been renewed for a further period of two years.

**African Energy
Resources Limited**

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292,874,650

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BACKGROUND TO PROJECT

The Sese Coal project comprises one wholly owned prospecting licence and one prospecting licence application located in northeast Botswana, approximately 50km southwest of the town of Francistown. The project is situated close to the sealed highway between Francistown and Gaborone and is easily accessible. Rail, road and power infrastructure is close to the project area (Diagram 1). African Energy has discovered a large deposit of thermal coal at Sese, and recently announced an Exploration Target of 1.0 to 1.5 billion tonnes of 4,000kcal/kg to 5,000kcal/kg thermal coal.*

**Disclaimer:*

The Exploration Target is conceptual in nature and it is uncertain if further drilling will result in the determination of a Mineral Resource. There is currently insufficient data to define a JORC compliant mineral resource for the Exploration Target

RESOURCE DELINEATION DRILLING PROGRAMME: PROGRESS TO DATE

Resource delineation drilling commenced at Sese in mid-October, and to date a total of three diamond drill core holes and twenty reverse circulation (RC) percussion drill holes have been completed. A summary of the coal intersections is provided in Table 1 below:

Hole ID	Hole Type	Easting	Northing	Elevation	EOH/m	Seam Thickness/m	Depth to seam/m
SES319PD	Diamond	499925	7623000		19.00	Dyke	-
SES320PD	Diamond	498000	7625000		50.80	13.20	27.50
SES321PD	Diamond	498000	7623000		39.00	10.60	21.00
SES327	RC	500005	7622003	987	90.00	23.00	59.00
SES328	RC	498998	7622246	977	75.00	18.00	49.00
SES329	RC	498999	7623012	989	63.00	16.00	36.00
SES330	RC	499004	7624000	989	65.00	20.00	38.00
SES331	RC	499001	7624916	992	48.00	20.00	20.00
SES332	RC	497004	7622985	991	56.00	6.00	33.00
SES333	RC	496998	7624005	992	51.00	5.00	34.00
SES334	RC	497002	7625994	999	51.00	15.00	31.00
SES335	RC	496003	7623996	996	102.00	20.00	70.00
SES336	RC	495998	7625997	1000	66.00	21.00	37.00
SES337	RC	494998	7623999	997	76.00	15.00	53.00
SES338	RC	494998	7624999	1002	36.00	7.00	24.00
SES339	RC	495000	7626010	1008	60.00	19.00	29.00
SES340	RC	495000	7627001	1012	40.00	Dyke	-
SES341	RC	493994	7624026	1003	72.00	15.00	47.00
SES342	RC	494000	7626002	1010	60.00	16.00	31.00
SES343	RC	493001	7623995	994	48.00	9.00	31.00
SES344	RC	493004	7625002	1005	78.00	17.00	51.00
SES345	RC	493002	7626029	1003	56.00	4.00	43.00
SES346	RC	493002	7627002	1010	54.00	Basement	-

These drill holes have been completed in the western-most block (Block A) of the existing tenement and include an area which extends the known coal intersections beyond the outline of the reported Exploration Target (Diagram 2). Whilst five diamond core holes have yet to be completed, the drilling results are very encouraging, with an average seam thickness of 14.5m and an average depth to the top of the coal of 39m, confirming the presence of extensive, near-surface, thick coal seams potentially amenable to low cost, low strip ratio (< 3:1) open pit mining. The presence of dolerite dykes and sills has been noted in a small proportion of the drill holes, but these are not expected to have a significant impact on the coal resource.

Diamond core drilling is continuing in Block A, and RC percussion drilling has commenced in Block B. An additional RC drill rig has been mobilised, and two additional diamond core drilling rigs are being sourced to accelerate the drilling and ensure as much as possible is completed before the onset of seasonal rains.

Down-hole geophysical logging has commenced in Block A, with results to be used in conjunction with geological logging of the core to determine the sampling strategy for coal quality (proximate) analysis. Proximate analyses will be released to the market once received, probably in January 2011.

Further results on thickness of coal intersections will be released in due course.

The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (the 'JORC Code') sets out minimum standards, recommendations and guidelines for Public Reporting in Australasia of Exploration Results, Mineral Resources and Ore Reserves. The information contained in this announcement has been presented in accordance with the JORC Code and references to "Measured, Indicated and Inferred Resources" are to those terms as defined in the JORC Code.

Information in this report relating to Exploration results, Mineral Resources or Ore Reserves is based on information compiled by Dr Frazer Tabeart (an employee and the Managing Director of African Energy Resources Limited) who is a member of The Australian Institute of Geoscientists. Dr Tabeart has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person under the 2004 Edition of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Tabeart consents to the inclusion of the data in the form and context in which it appears.

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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

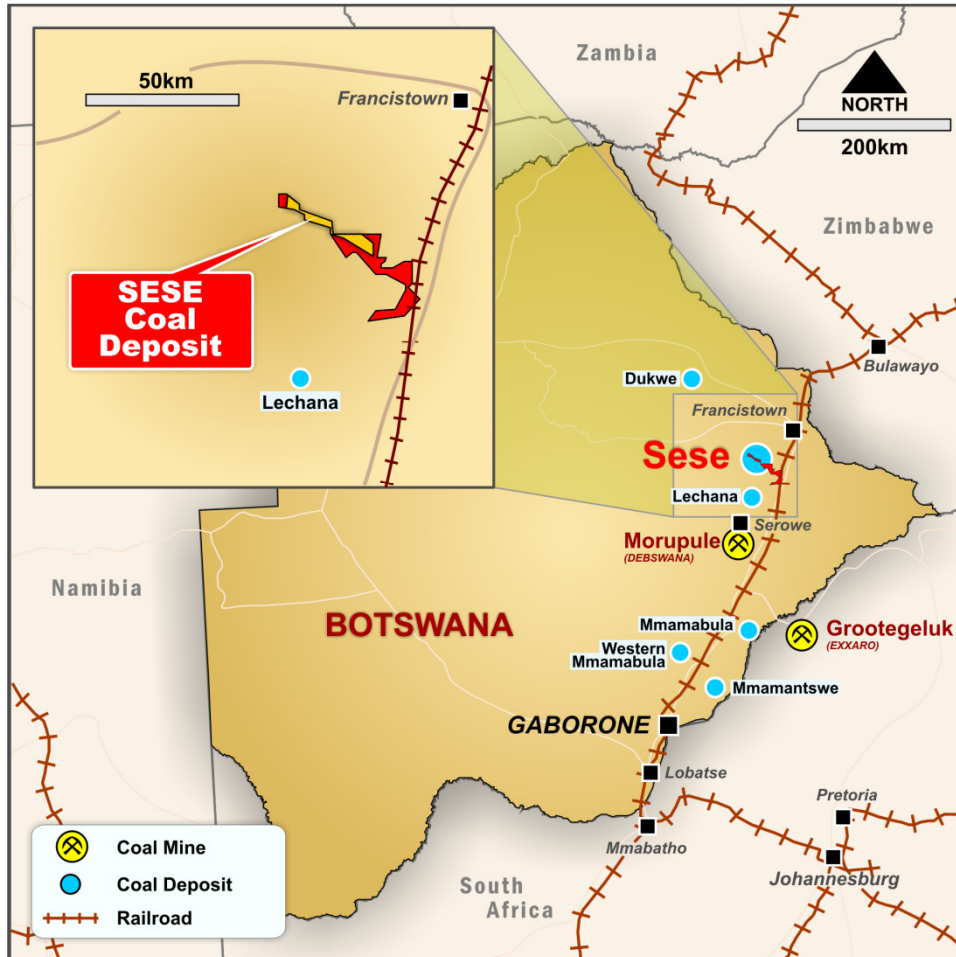


Diagram 1: Location map of the Sese Project, Botswana.

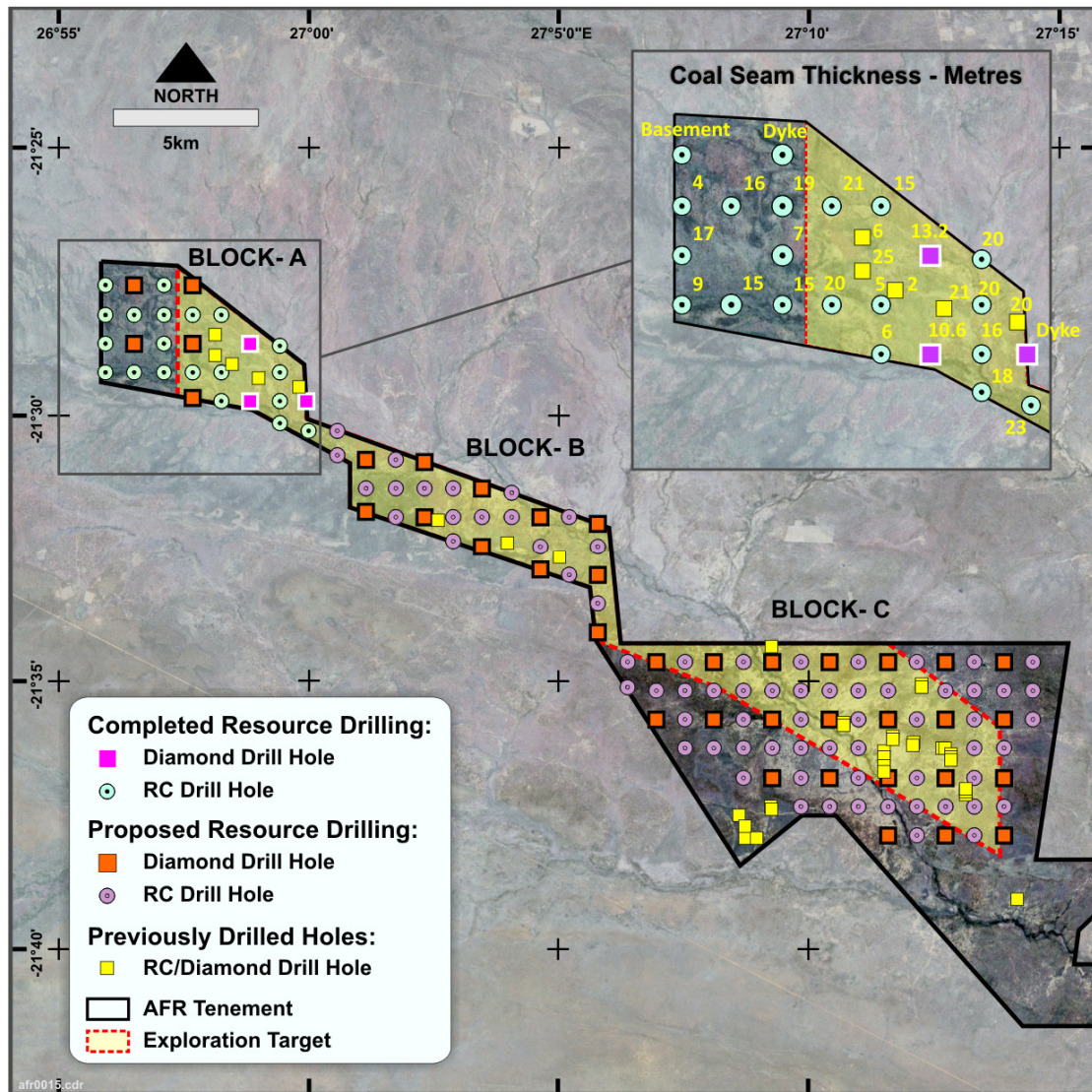


Diagram 2: Resource delineation drilling programme showing progress to date. Inset diagram depicts coal seam thickness in Block A.