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4 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,

SESE COAL PROJECT INVESTOR PRESENTATION

Please find attached an updated Investor Update for African Energy Resources Limited incorporating the most recent drilling results.

This presentation on the Sese Coal Project is being used for marketing and investor presentations over the coming weeks.

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
292,874,650

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Executive Chairman

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Managing Director

Bill Fry
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African Energy Resources Ltd

Sese Coal Project, Botswana

Investor Update, November 2010

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Disclaimer

The information in this presentation is published to inform you about African Energy Resources Limited (AFR) and activities of it and its subsidiaries. All reasonable effort has been made to provide accurate information but we do not warrant or represent its accuracy and we reserve the right to make changes to it at any time without notice.

To the extent permitted by law, AFR accepts no responsibility or liability for any losses or damages of any kind arising out of the use of any information contained in this presentation.

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 Resources", "Inferred Resources" and "Indicated 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 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.

This presentation refers to an Exploration Target in respect of the potential tonnage range and quality range for the coal deposit. The Exploration Target is conceptual in nature and it is uncertain if further exploration 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.

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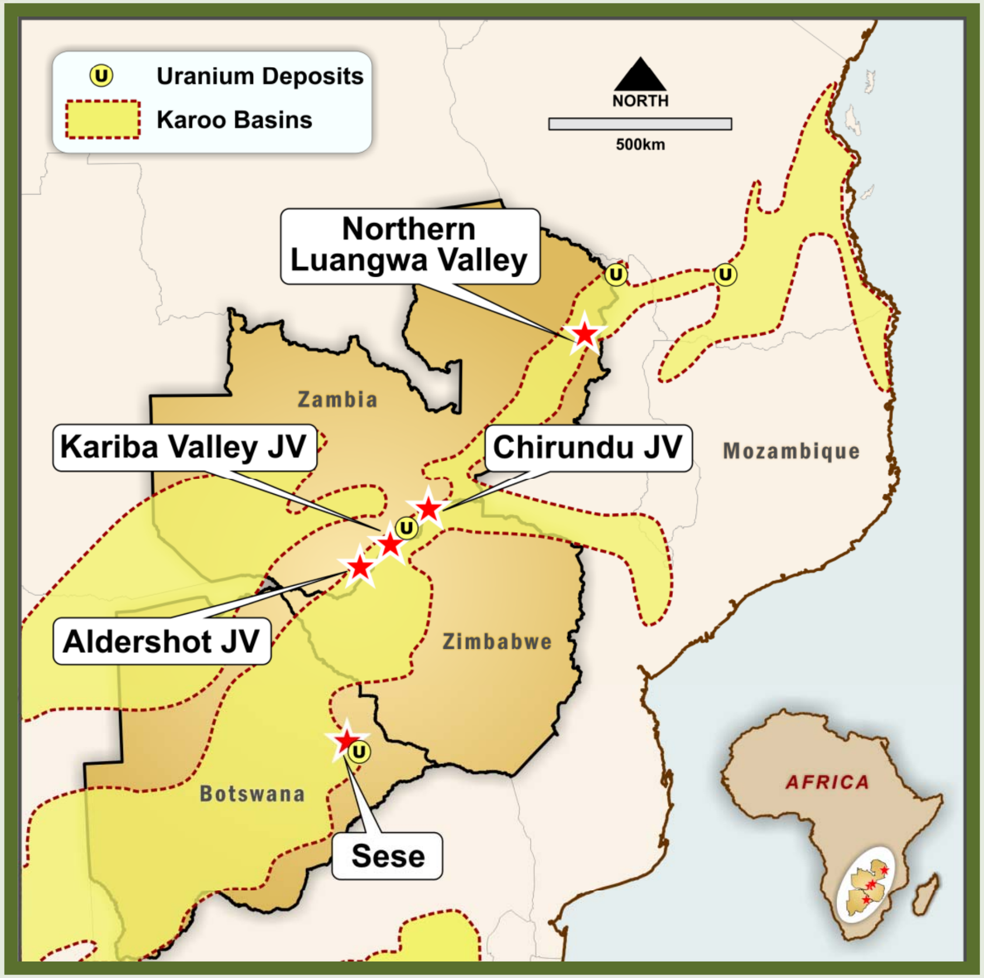
Project locations in southern Africa



- African Energy (AFR) is an ASX listed company exploring the Karoo Basins of southern Africa – known for coal and uranium deposits
- 11.1 Mlb U_3O_8 at Chirundu JV
- Major discovery of thermal coal in Botswana by AFR, potential for > 1 billion tonnes
- JORC resource on coal expected in early 2011

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Overview of the Sese coal project

- Exploration Target* 1.0 to 1.5 billion tonnes of 4,000kcal/kg to 5,000kcal/kg unwashed coal
- Commenced $1 million drilling/sampling programme to deliver JORC Inferred Resource, due in early 2011
- Excellent resource drilling results to date from Block-A
- Amenable to very low cost open-pit extraction
- Limited washing data indicates that raw coal can be readily upgraded
- Potential for broad zones of higher quality coal in the deposit
- Potential for very robust operating margins as thermal coal export project

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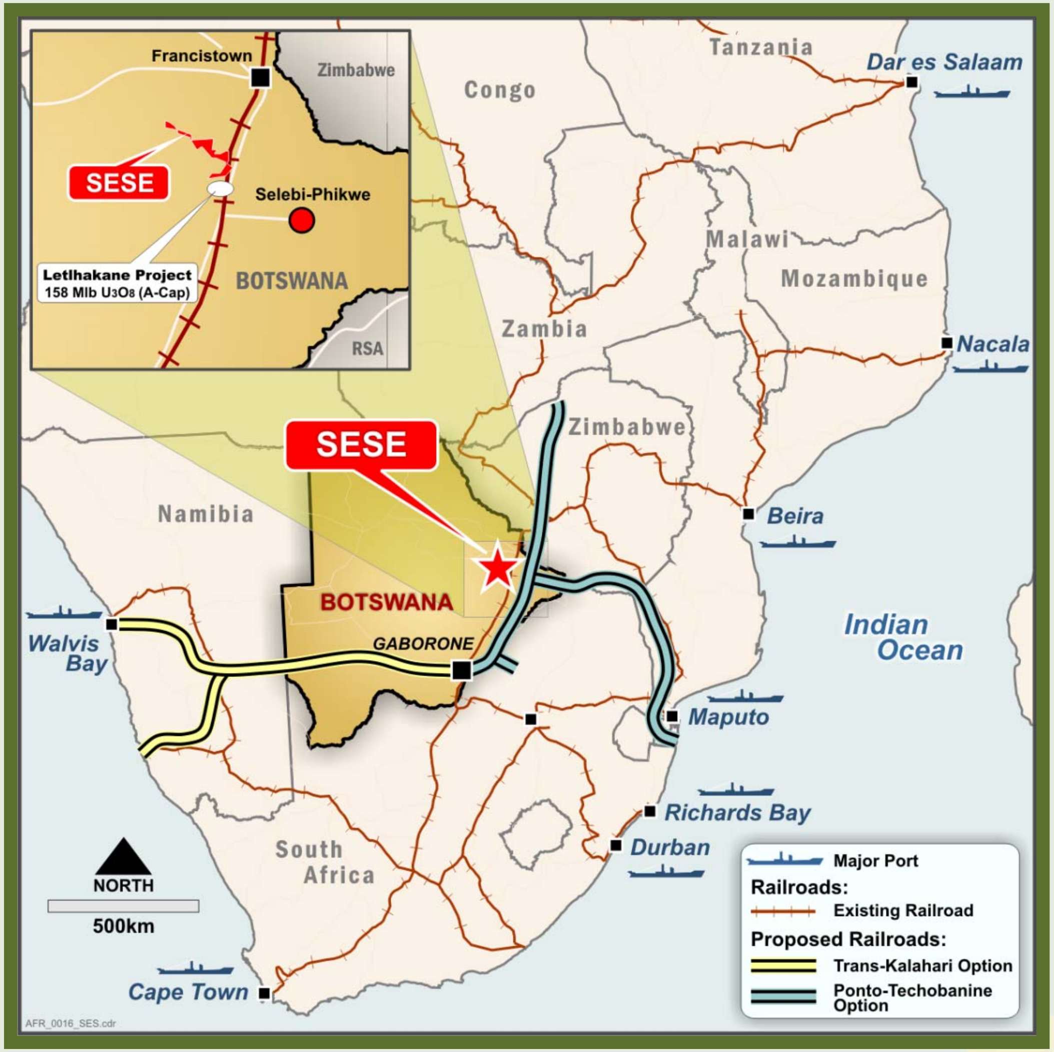
Sese project location



- The Sese project is in eastern Botswana, close to road, rail and power infrastructure
- African Energy owns 100% of the Sese tenement
- Botswana is the most stable democracy in Africa and encourages the exploration for, and subsequent development of large mining projects
- Export of 20-30 Mtpa possible, but requires new rail/port infrastructure
  - Two consortiums/options being considered

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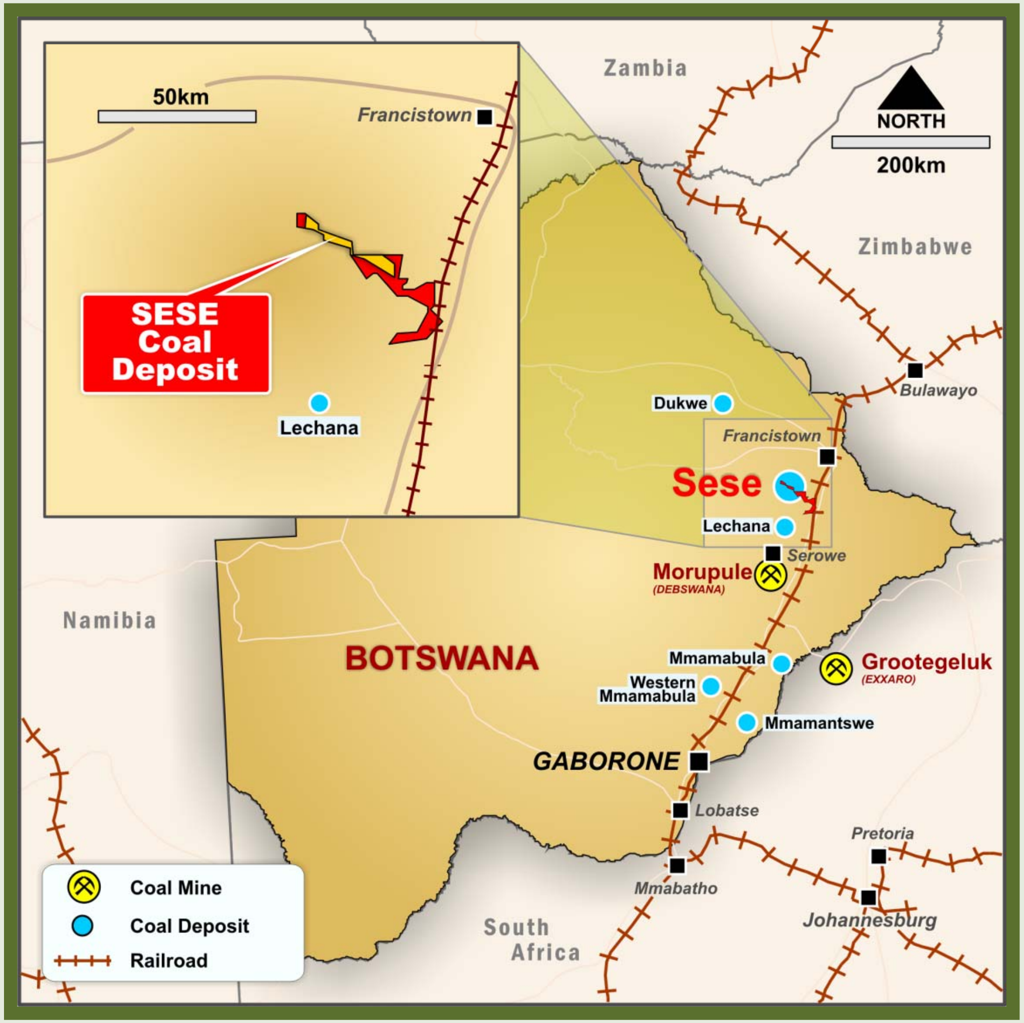
Sese project overview map



- 50km south of Francistown, major highway, railway, power along eastern project boundary
- Coal discovery in northern part of tenement
- Tenement recently renewed for a further 2 year period
- New rail and port infrastructure required to realise full project potential

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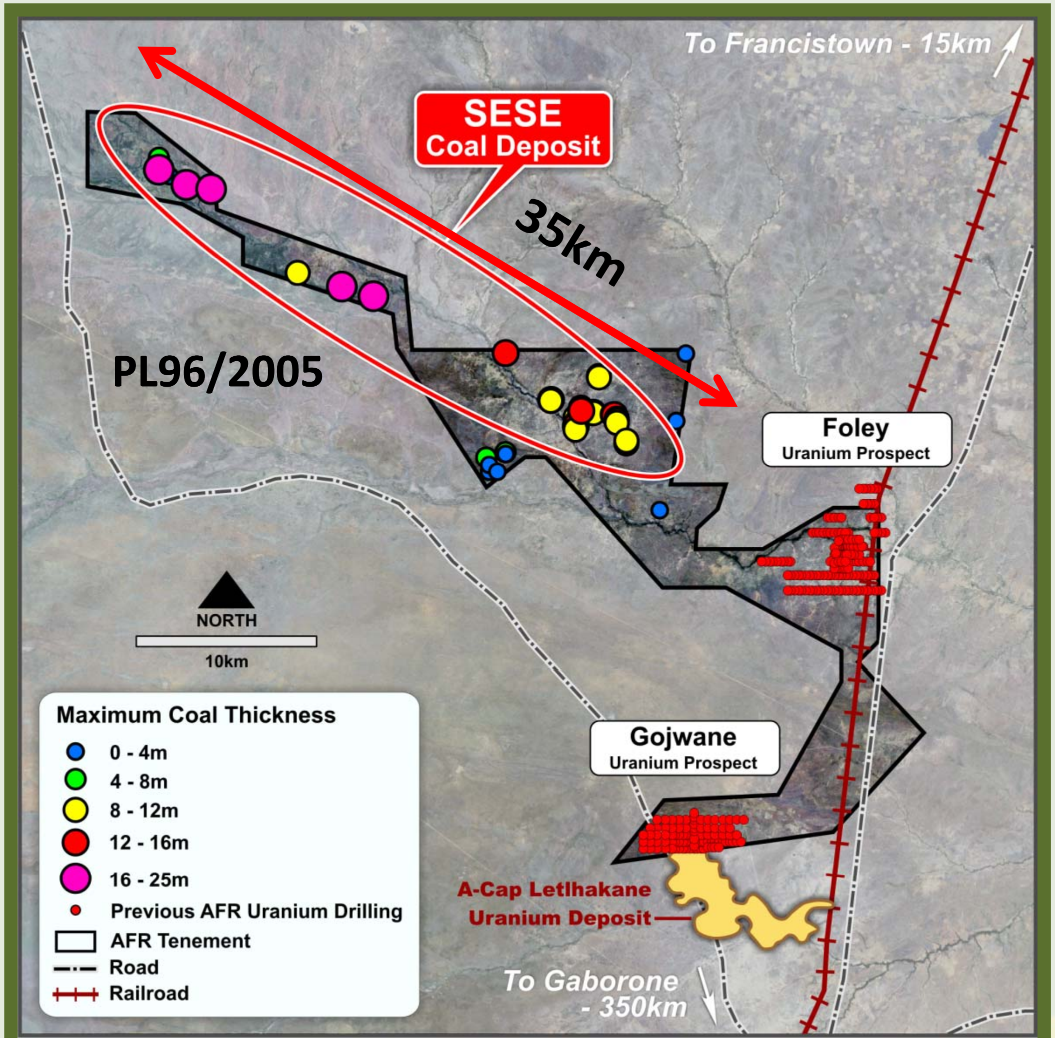
Sese coal discovery



- At least one coal-bearing seam in all reverse circulation percussion holes drilled to date
- Coal over >30km strike length, >80km^2 area
- Average 10-12m thick seam from 25-65m depth for holes with >6m coal
- Amenable to low strip-ratio open pit mining
- Exploration Target 1.0 to 1.5 billion tonnes

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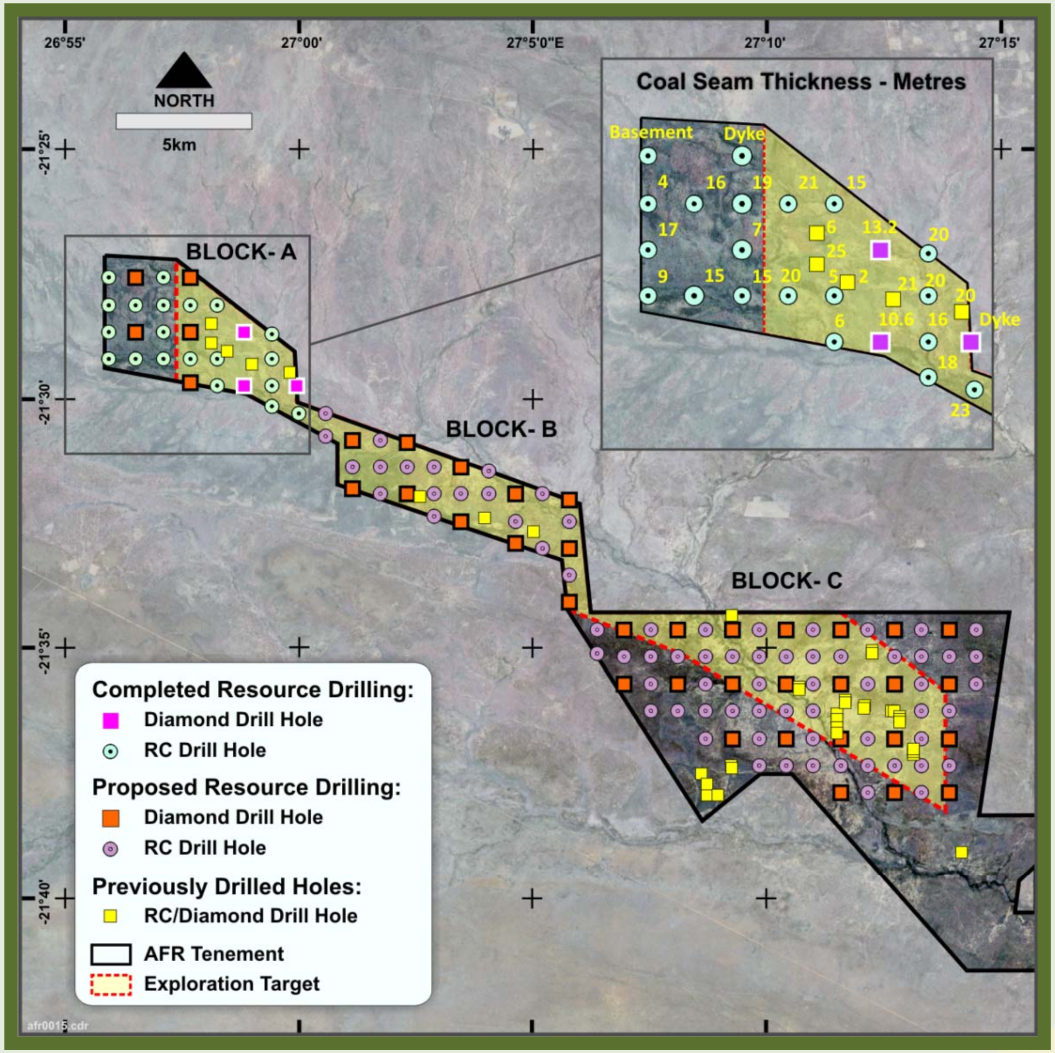
Sese coal project – resource drilling



- Drilling programme to define an inferred resource by Q1 2011
  - 2km x 2km diamond drilling grid
  - 1km x 1km RC percussion infill
- Excellent results from Block-A drilling to date, including thick coal intersections outside the Exploration Target (indicating potential to exceed Exploration Target tonnage)
- Block-A average coal thickness 14.5m from an average depth of 39m (strip ratio <3:1)

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Resource drilling – RC percussion rig

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Resource drilling – diamond core

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Resource drilling – down-hole logging

- Down-hole tool measures density, hole diameter and natural gamma
- Used to aid interpretation of coal seam continuity and internal variability
- Used to define coal sampling intervals

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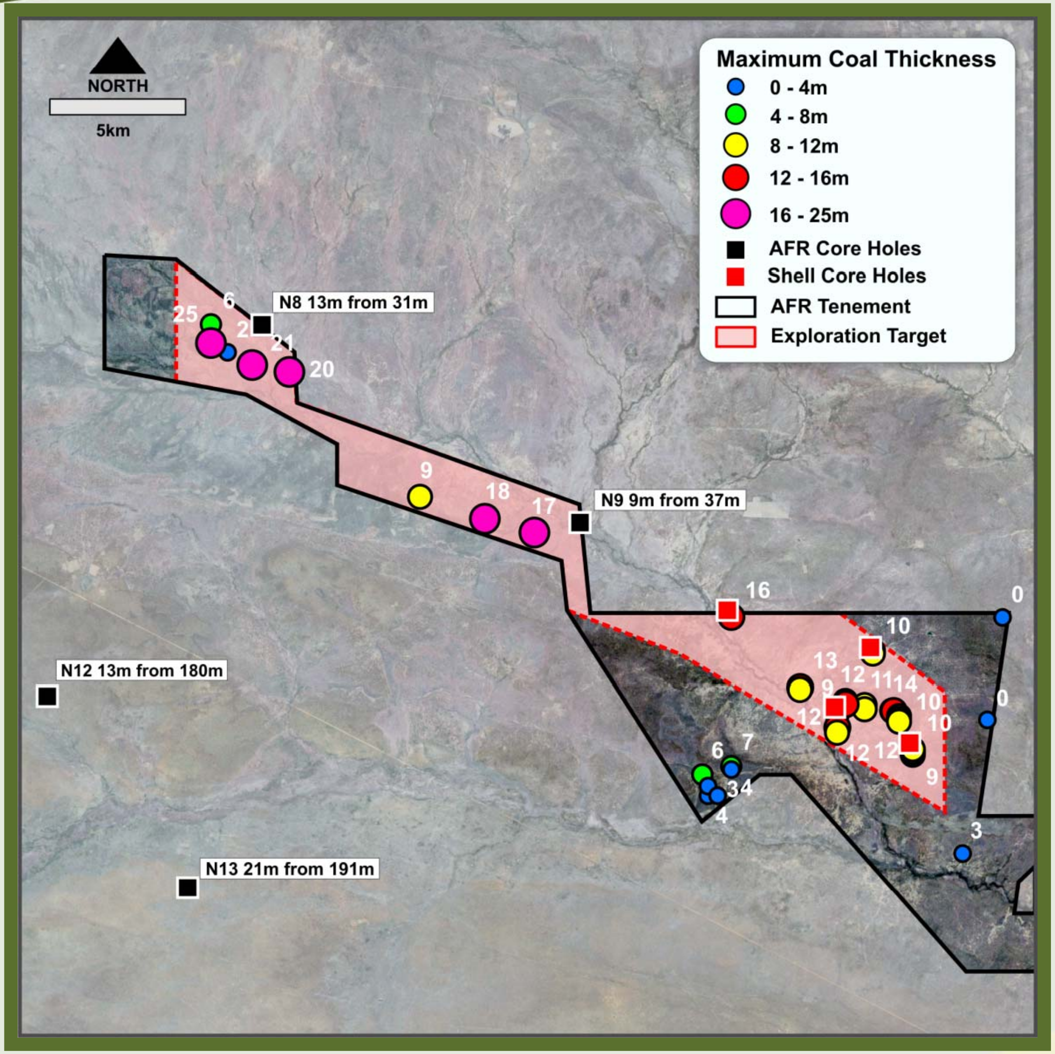
Raw coal sampling programme



- Four core holes were drilled in July by AFR to collect material for coal quality analysis (“proximate analysis”)
- Data located for 1976 Shell Coal Botswana drilling with proximate analysis on two holes (N8, N9)
- Note extensive down-dip continuation of coal seam to SW, as evidenced by Shell holes N12, N13 – whole system potentially much larger then the Exploration Target

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Sese coal – proximate analyses

HOLE ID	From (m)	True Width (m)	Yield %	Inherent Moisture %	Ash %	Calorific Value MJ/kg	Calorific Value kcal/kg	Total sulphur %
RAW COAL, AIR DRIED BASIS								
SES 299RD	39.00	5.90	100.00	8.27	28.48	18.06	4,313	2.21
SES 300RD	35.30	7.72	100.00	7.65	31.11	16.81	4,014	0.83
SES 301RD	30.66	8.39	100.00	7.54	32.60	16.80	4,012	1.69
SES 318RD	64.87	16.03	100.00	9.35	22.84	20.51	4,898	2.04
SHELL N8	37.68	7.72	100.00	4.25	25.90	20.87	4,984	1.81
SHELL N9	37.12	7.28	100.00	7.54	23.88	19.75	4,716	1.92
AVERAGE		**8.84**	**100.00**	**7.71**	**26.80**	**19.06**	**4,552**	**1.78**
WASHED COAL, AIR DRIED BASIS, S.G. = 1.60								
SHELL N8	37.68	7.72	60.11	4.59	19.52	22.51	5,376	0.39
SHELL N9	37.12	7.28	60.14	7.86	16.04	22.06	5,269	0.30
AVERAGE		**7.50**	**60.12**	**6.18**	**17.83**	**22.29**	**5,323**	**0.35**

- Raw analysis is on coal straight from the ground, air dried to remove loosely bound moisture
- "Washing" is a process where the coal is upgraded by removing the denser, inert components
- "Yield" reflects how much of the raw coal remains after washing at a particular density – in this case 60% yield at a density of 1.60

Comparisons with other deposits in the region

					Raw Coal, Air Dried Basis				
Company	**Project**	**Mt**	**Seam Thickness**	**Depth to top**	**CV (MJ/kg)**	**Ash (%)**	**Volatiles (%)**	**Sulphur (%)**	Notes
BOTSWANA									
African Energy	**Sese**	**TBD**	**6-25m**	**25-65m**	**19.06**	**26.80**	**20.86**	**1.78**	1
Aviva	Mmamantswe	895	55m*	65m	10.21	54.55	18.11	0.90	2
Debswana	Morupule	2,900	7-10m	80-180m	21.50	21.00	24.00	1.10	3
CIC Energy	Mmamabula - total	1,910	1-9m	35-90m	21.10			2.00	4
Asenjo Energy	Dukwe	1,039	6.0-9.8m	35-190m	20.00	29.40	9.80	0.20	5
Asenjo Energy	Western Mmamabula	4,119	0.9-4.5m	45-300m	20.00	29.00			5
SOUTH AFRICA									
Homeland Energy	Kendall (Witbank)	38	1.3-5.0m		20.61	30.26	19.15	1.12	6
Exxaro	Grootegeluk open pit - Volkrust Fm	3,573			13.20	53.90	19.80	1.10	7
Exxaro	Grootegeluk open pit - Vryheid Fm	1,114			23.20	28.00	22.10	2.10	7
Coal of Africa	Vele	721	7-9m		14.85	50.30	20.90	1.82	8
MOZAMBIQUE									
Ncondezi	Ncondezi Project	1,809	5-50m		11.86	56.70	15.80	0.90	9

NOTES - INFORMATION SOURCES

1. AFR data and Shell Coal Botswana Open File data submitted to Botswana Geological Survey in 1976
2. Aviva company announcement ELS 29 2010 released to ASX on 21 July 2010
3. Debswana website
4. CIC Energy website and Corporate Presentation released in September 2010
5. Asenjo Energy Investor Presentation released to the Cape Town Mining Indaba February 2009
6. SRK Independent Technical Report, October 2007
7. Exxaro Annual Report 2009
8. Mineral Corporation Consultancy Pty Ltd report submitted to Coal of Africa in June 2010
9. Ncondezi website referring to mineral resource report by SRK Consulting (UK) Ltd

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Valuation – recent valuations

- Competing Indian bids for acquisition of CIC Energy values 1.9 Bt Mmamabula coal deposit at approximately US $0.20 to $0.29/tonne (Measured and Indicated Resource)
- African thermal coal transaction average in last 2-3 years US $0.17/tonne, range from US$0.14 to $0.36/tonne
- Current AFR valuation (AUD $0.29/share):
  - Uranium portfolio accounts for approx $30M of Market Cap
  - Coal project is therefore currently valued at approx $55M on basis of Market Cap

Conclusion – why is Sese coal of interest?

- Potential for very large tonnage (>>1.0 to 1.5 billion tonnes)
- Constant news flow of drilling results, JORC resource in Q1 2011
- Thick main seam which is very close to surface – potentially the lowest raw coal mining costs in region through low-strip ratio (<4:1) open-pit methods
- Thick, near-surface start-up potential (Block-A) with strip ratio <3:1
- Raw coal analyses and washing results compare well with other deposits
- Strong interest in Botswana coal from India as evidenced by CIC Energy bids
- Potential to become one of Botswana's largest exporters of thermal coal