

16th 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,

FURTHER THICK COAL INTERSECTIONS IN BLOCK-A, SESE PROJECT, BOTSWANA

- Further resource delineation drilling in Block-A of the Sese coal project has continued to intersect thick, near-surface coal seams.
- Twenty-one reverse circulation (RC) percussion holes and seven diamond drill core holes have now been completed in Block-A.
- The average seam thickness has been increased to 16.3m with an average depth to the top of the coal of 44.6m.
- The additional drilling has refined the geological understanding of the coal distribution in Block-A, and has confirmed coal seam continuity over considerable distances, within an area of approximately 22km².
- Down-hole geophysical logging is progressing well and is providing data to aid coal sampling strategy and coal continuity determinations.
- Drilling to commence on Block-C once Block-A completed.
- The drilling and down-hole geophysical programme is expected to provide data of sufficient density to permit the classification of an inferred resource in Block-A and Block-C.
- Coffey Mining has been retained to provide independent supervision of the resource estimation programme, which is expected to be completed in Q1 2011.

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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 IN BLOCK-A

Resource delineation drilling commenced at Sese in mid-October, and to date a total of seven diamond drill core holes and twenty-one reverse circulation (RC) percussion drill holes have been completed. A summary of the drilling results to date is provided in Table 1, highlighting those which have not been previously reported.

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). The latest results include four further diamond drill holes, one additional RC percussion hole and results from deepening of four existing RC percussion holes. These additional results have confirmed the presence of a laterally extensive thick coal seam:

- Average seam thickness increased to 16.3m
- Average depth to the top of the coal is 44.6m (range 20m to 75.5m)
- Coal seam dips very gently to the southwest
- Coal intersected within an area covering approximately 22km²

The additional information from these holes has increased confidence in the continuity of the main coal seam, which is seen to extend throughout the entire length of Block-A (Diagram 3). The extent of the coal has not been closed off by the drilling with the exception of the extreme northwest part of Block-A where the seam is interpreted to pinch out against the basement contact below surface. The coal seam is interpreted to dip very gently (approximately 1-3 degrees) towards the southwest.

The final two diamond drill core holes in Block-A are scheduled for completion within the next few days, following which drilling will commence in Block-C, further to the east. Results from Block-C will be released in due course.

TABLE 1: Summary of coal intersections in BLOCK-A

Hole ID	Hole Type	Easting	Northing	EOH/m	Seam Thickness/m	Depth to seam/m
SES319PD	Diamond	499925	7623000	19.00	Sill	-
SES320PD	Diamond	498000	7625000	50.80	13.20	27.50
SES321PD	Diamond	498000	7623000	39.00	10.60	21.00
SES322PD	Diamond	495989	7622996	68.74	18.10	40.00
SES323PD	Diamond	495999	7624996	93.80	20.96	64.80
SES324PD	Diamond	495996	7626898	60.70	5.89	47.83
SES325PD	Diamond	494000	7627000	Underway	TBD	TBD
SES326PD	Diamond	494000	7625000	Underway	TBD	TBD
SES347PD	Diamond	498000	7623000	95.08	25.40	64.05
SES327	RC	500005	7622003	90.00	23.00	59.00
SES328	RC	498998	7622246	75.00	18.00	49.00
SES329	RC	498999	7623012	63.00	16.00	36.00
SES330	RC	499004	7624000	65.00	20.00	38.00
SES331	RC	499001	7624916	48.00	20.00	20.00
SES332	RC	497004	7622985	108.50	21.00	75.50
SES333	RC	496998	7624005	100.50	16.00	55.00
SES334	RC	497002	7625994	51.00	15.00	31.00
SES335	RC	496003	7623996	102.00	20.00	70.00
SES336	RC	495998	7625997	66.00	21.00	37.00
SES337	RC	494998	7623999	76.00	15.00	53.00
SES338	RC	494998	7624999	72.00	7.00	24.00
SES339	RC	495000	7626010	60.00	19.00	29.00
SES340	RC	495000	7627001	40.00	Dyke	-
SES341	RC	493994	7624026	72.00	15.00	47.00
SES342	RC	494000	7626002	60.00	16.00	31.00
SES343	RC	493001	7623995	84.00	9.00	31.00
SES344	RC	493004	7625002	78.00	17.00	51.00
SES345	RC	493002	7626029	56.00	4.00	43.00
SES346	RC	493002	7627002	54.00	Basement	-
SES348	RC	499925	7623000	113.00	22.00	69.00
AVERAGE					16.33m	44.55m

Hole deepened
Hole deepened

Hole deepened

Hole deepened

All holes were drilled vertically, and coal seam thicknesses thus approximate true widths. Holes denoted in bold italics represent new information that is previously unreleased.

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.

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

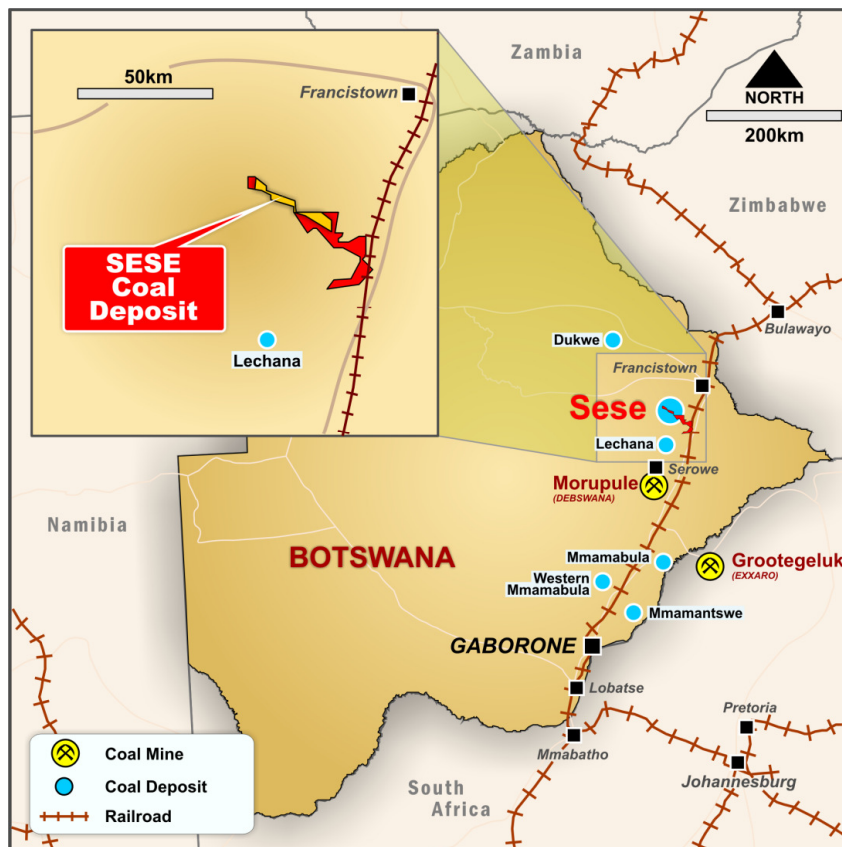


Diagram 1: Location map of the Sese Project, Botswana.

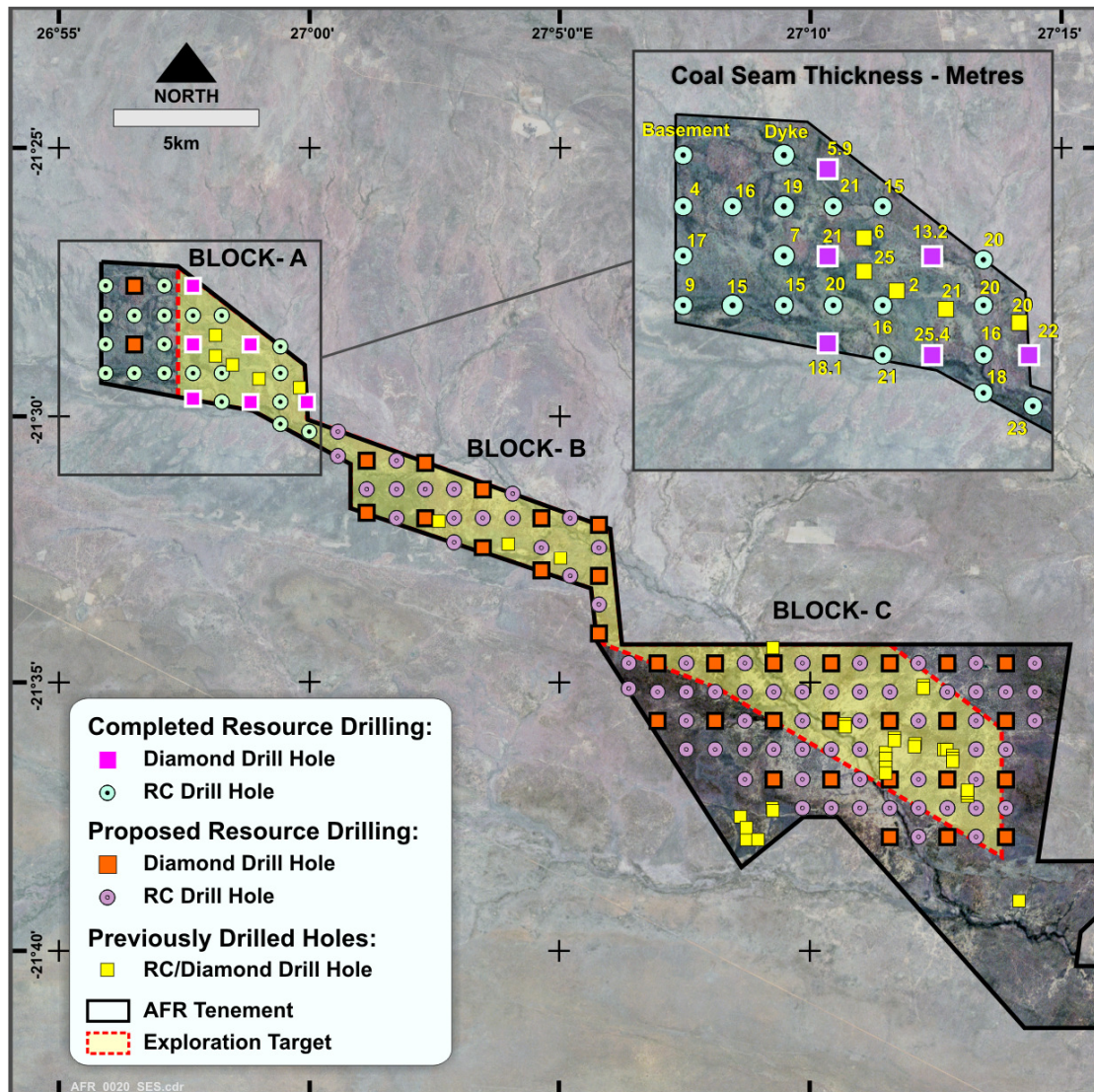


Diagram 2: Resource delineation drilling programme showing progress to date. Inset diagram depicts coal seam thickness in Block A.

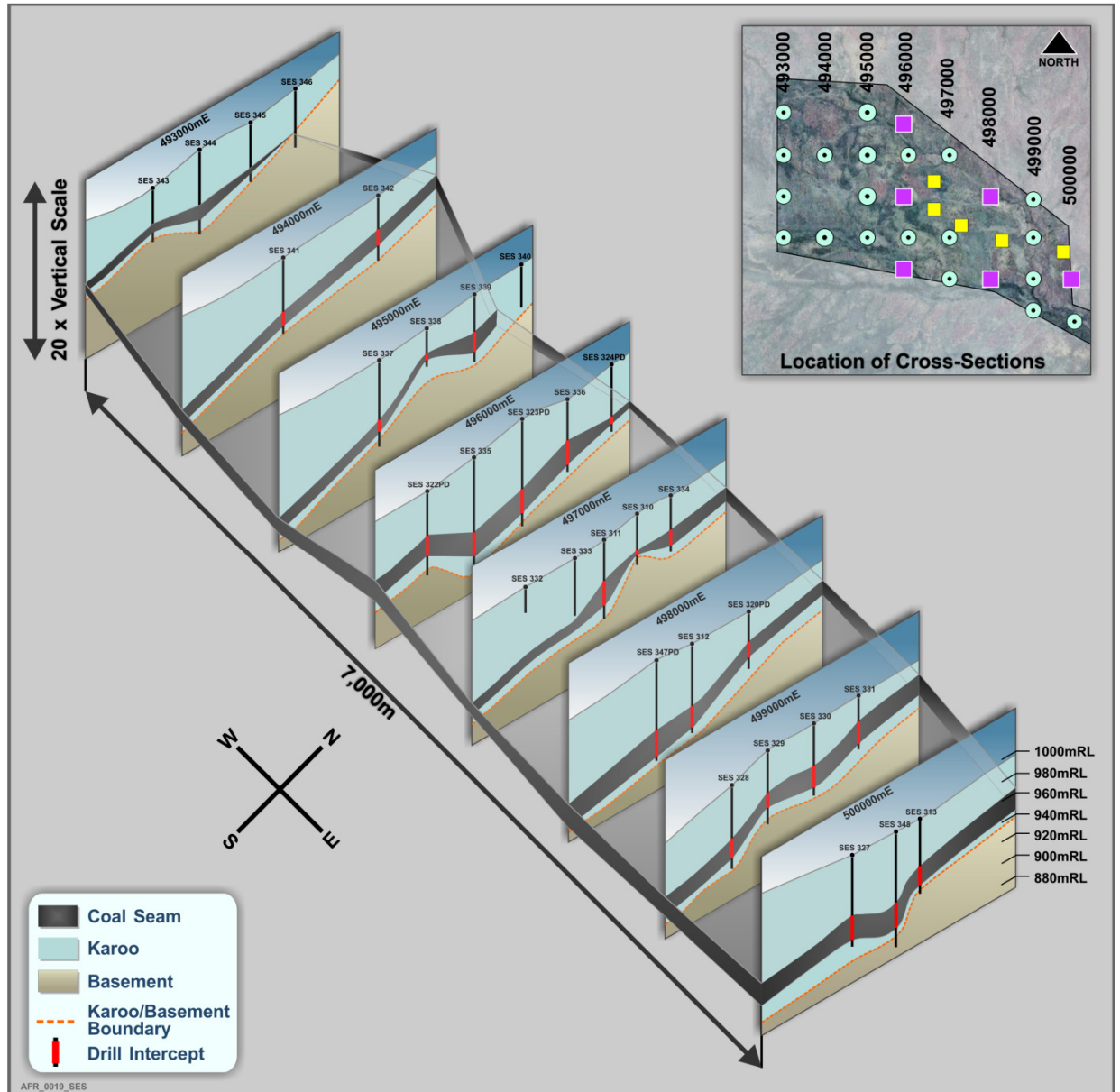


Diagram 3: Isometric perspective view of stacked cross sections from the Block-A drilling, illustrating extent and continuity of the coal. Note the vertical exaggeration of x 20 indicating the very low dip of the seam.