AFRICAN ENERGY
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15 December 2010

Ms Kerrie Papamihail
Assistant Manager, Listings (Perth)
ASX Compliance Pty Limited
Level 8, Exchange Plaza
2 The Esplanade
PERTH WA 6000

by email: kerrie.papamihail@asx.com.au

Dear Ms Papamihail,

RE: CONTINUOUS DISCLOSURE QUERY

I refer to your letter of 14 December 2010 and with regard to the Company's announcement released at 09:18 (EDST) on 14 December 2010 titled "Block-C Coal Drilling Results Exceeds Expectations" ("the Announcement"), reply as follows;

1. The Company considers the information contained in the Announcement to be material to the Company pursuant to listing rule 3.1.
2. N/A
3. The Managing Director, Dr Frazer Tabeart, received details of the drilling results published in the Announcement via email at 01:54 AM (WST) on Monday, 13 December 2010.
4. There was no earlier announcement from the Company relating to new information contained in the Announcement.
5. The Board and management spent 24 hours compiling the drilling information and preparing the Announcement suitable for release to the market pre-open on Tuesday, 14 December 2010. Drilling results remained confidential until the release was made.
6. The Company confirms it is in compliance with the listing rules, in particular listing rule 3.1.

Yours sincerely,

Daniel Davis
Company Secretary

ASX Compliance Pty Limited
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2 The Esplanade
PERTH WA 6000

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14 December 2010

Mr Daniel Davis
Company Secretary
African Energy Resources Limited
Level 1 8 Colin Street
WEST PERTH WA 6005

By Email: *danield@africanenergyresources.com*

Dear Daniel

African Energy Resources Limited ("the Company")

We refer to the following:

(i) The increase in the price and volume of the Company securities traded on ASX on Thursday 9 December 2010;
(ii) The price and volume query issued by ASX to the Company on 9 December 2010;
(iii) The Company's response to the price and volume query dated 9 December 2010; and
(iv) The announcement released by the Company at 09:18 (EDST) on 14 December 2010 titled *"Block-C Coal Drilling Exceeds Expectations"* (the "Announcement)".

We wish to draw your attention to the definition of "aware" in chapter 19 of the listing rules which states that:

"an entity becomes aware of information if a director or executive director (in the case of a trust, director or executive officer of the responsible entity or management company) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as a director or executive officer of that entity"

Further, we wish to draw your attention to listing rule 3.1 which requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A. Please note that for disclosure not to be required under this listing rule all of the exceptions must apply.

Having regard to the above definition, listing rule 3.1 and Guidance Note 8 - Continuous Disclosure, we ask that you answer the following questions in a format suitable for release to the market in accordance with listing rule 18.7A.

1. Does the Company consider the information contained in the Announcement to be material to the Company pursuant to listing rule 3.1?

2. If the answer to question 1 is "no", please advise the basis on which the Company does not consider the information in the Announcement to be material.

3. If the answer to question 1 is "yes", when did the Company become aware of the information contained in the Announcement?

4. If it was before the Announcement, please identify any earlier announcement from the Company relating to the information contained in the Announcement.

5. If there was no earlier announcement and the Company became aware of the information contained in the Announcement prior to the Announcement, why was the information not released to the market at an earlier time? Please comment specifically on the application of listing rule 3.1 and the exceptions to the rule in listing rule 3.1A.

6. Please confirm that the Company is in compliance with listing rule 3.1.

Please note the ASX reserves its right under listing rule 18.7 to release this letter and the Company's response to the market. Accordingly the Company's response should address each question separately and be in a format suitable for release to the market.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately. Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than **6:45 am (WST) Thursday, 16 December, 2010.**

Your response should be sent to ASX by facsimile on **facsimile number (08) 9221 2020**. It should not be sent to the Company Announcements Office.

If you have any queries regarding any of the above, please contact me on (08) 9224 0032.

Yours sincerely

Kerrie Papamihail
Assistant Manager, Listings (Perth)