AFRICAN ENERGY

22 February 2011

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

Via electronic lodgement

Dear Sir/Madam,

BLOCK-B COAL DRILLING IDENTIFIES THICK, SHALLOW COAL SEAM

- **Resource delineation drilling in Block-B at the Sese coal project has commenced and has intersected a thick, near-surface coal seam over a large area.**
- **11 reverse circulation (RC) percussion holes and 9 diamond drill core holes have been completed to date in Block-B within an area of approximately 21km^2.**
- **The average seam thickness in Block-B to date is 15m with an average depth to the top of this seam of 38m.**
- **The shallow depth of overburden and the thickness of the coal seam are very encouraging, offering very low strip ratios at potential sites for initial mining operations.**
- **This drilling, plus that previously completed in Block-A and Block-C, demonstrates a continuous coal seam over an area of 110km^2 (11,000 ha).**
- **Drilling in Block-B is expected to be completed by the end of the month.**
- **The Company expects to be able to announce an initial inferred resource in April 2011.**

African Energy Resources Limited

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293,124,650

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BACKGROUND TO PROJECT

The Sese Coal project comprises one wholly owned prospecting licence and a number of prospecting licence applications 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 updated Exploration Target of 1.5 to 2.0 billion tonnes of 4,000kcal/kg to 5,000kcal/kg thermal coal.* A programme of resource delineation drilling commenced in October to provide data for an initial inferred resource estimate for the deposit. Initial drilling results from Block-A and Block-C exceeded expectations on the extent and continuity of the coal seam. Block-B drilling is now partially complete and has confirmed the presence of a thick, near surface coal seam throughout the whole Block.

**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-B

Resource delineation drilling commenced at Sese Block-B in early-February and to date a total of 9 diamond drill core holes and 11 reverse circulation (RC) percussion drill holes have been completed, complementing the 3 RC holes drilled in this area during the initial programme which led to the discovery of the deposit (Diagrams 2 and 3). Drilling in Block-B is now almost complete (6 core holes remaining), and is expected to be finished within two weeks.

Drilling results to date in Block-B are provided below in Table 1, and the following information summarises the results:

- With the exception of one hole which intersected a dolerite intrusion, all holes have intersected at least one thick coal seam.
- The coal seam averages approximately 15m in true thickness, and has an average depth to the top of the seam of 38m.
- The combination of thick seams and shallow overburden results in a potential strip ratio of less than 1.5:1 (bank cubic metres waste : tonnes of coal), and locally is less than 1:1.
- The drilling in Block-B, plus that from previous drilling in Block-A and Block-C, demonstrates that a thick basal coal seam is continuous throughout an area of approximately 110km^2 (11,000 ha), confirming that the Sese project contains a very large, near surface deposit of thermal coal with apparently very little structural disturbance.
- The seam is sub-horizontal, with a very shallow dip of approximately 1-2 degrees to the southwest.

Table 1. Summary of drilling results for resource delineation programme in Block-B.

Hole ID	Hole Type	Easting	Northing	EOH/m	Seam Thickness/m	Depth to Seam/m
SES438PD	Diamond	510000	7616999	73.69	18.86	47.84
SES439PD	Diamond	508998	7617997	61.69	20.08	35.09
SES440PD	Diamond	510000	7618800	58.70	17.60	31.77
SES441PD	Diamond	507995	7617198	104.70	18.31	77.67
SES442PD	Diamond	507999	7619000	47.67	13.97	23.64
SES443	RC	508998	7616997	90.50	16.00	69.50
SES444	RC	509003	7619016	66.50	18.50	30.50
SES445	RC	510002	7618003	72.50	11.00	37.50
SES446	RC	507998	7617903	90.50	20.00	46.50
SES447	RC	507010	7619845	78.50	10.00	44.50
SES448	RC	506000	7618999	42.50	12.00	22.50
SES449	RC	504999	7619003	72.50	12.00	34.50
SES450	RC	503997	7620003	36.50	10.00	20.50
SES451	RC	502997	7618996	86.50	17.00	63.50
SES452	RC	502999	7620994	45.50	14.00	14.50
SES453	RC	501999	7620001	60.50	13.00	32.50
SES454PD	Diamond	506999	7619003	35.69	22.23	16.00
SES455PD	Diamond	506000	7618000	83.74	17.56	47.86
SES456PD	Diamond	506000	7620000	65.75	Dyke	N/A
SES457PD	Diamond	505001	7620003	41.72	6.23	23.50

All holes were drilled vertically, and coal seam thicknesses thus approximate true widths.

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

Picture 1: Intersection of coal in drill hole SES419 located in Block B of the Sese coal project. Photograph shows drill core from approximately 54m (top) to 69m (bottom) depth. Drill hole is oriented vertically.

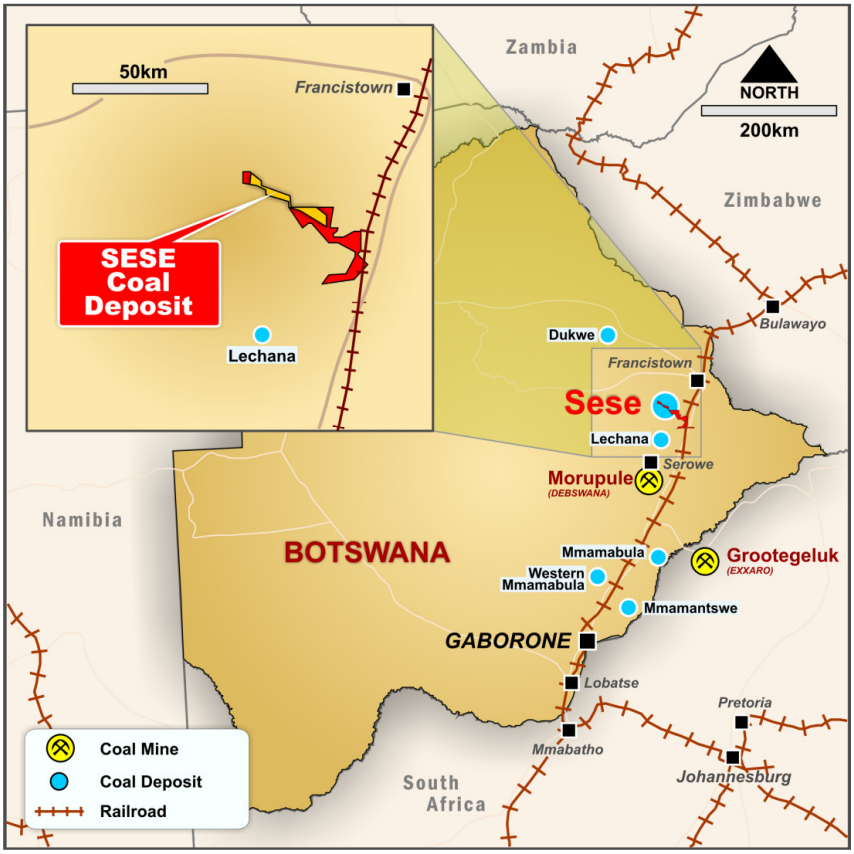

Diagram 1: Location map of the Sese Project, Botswana.

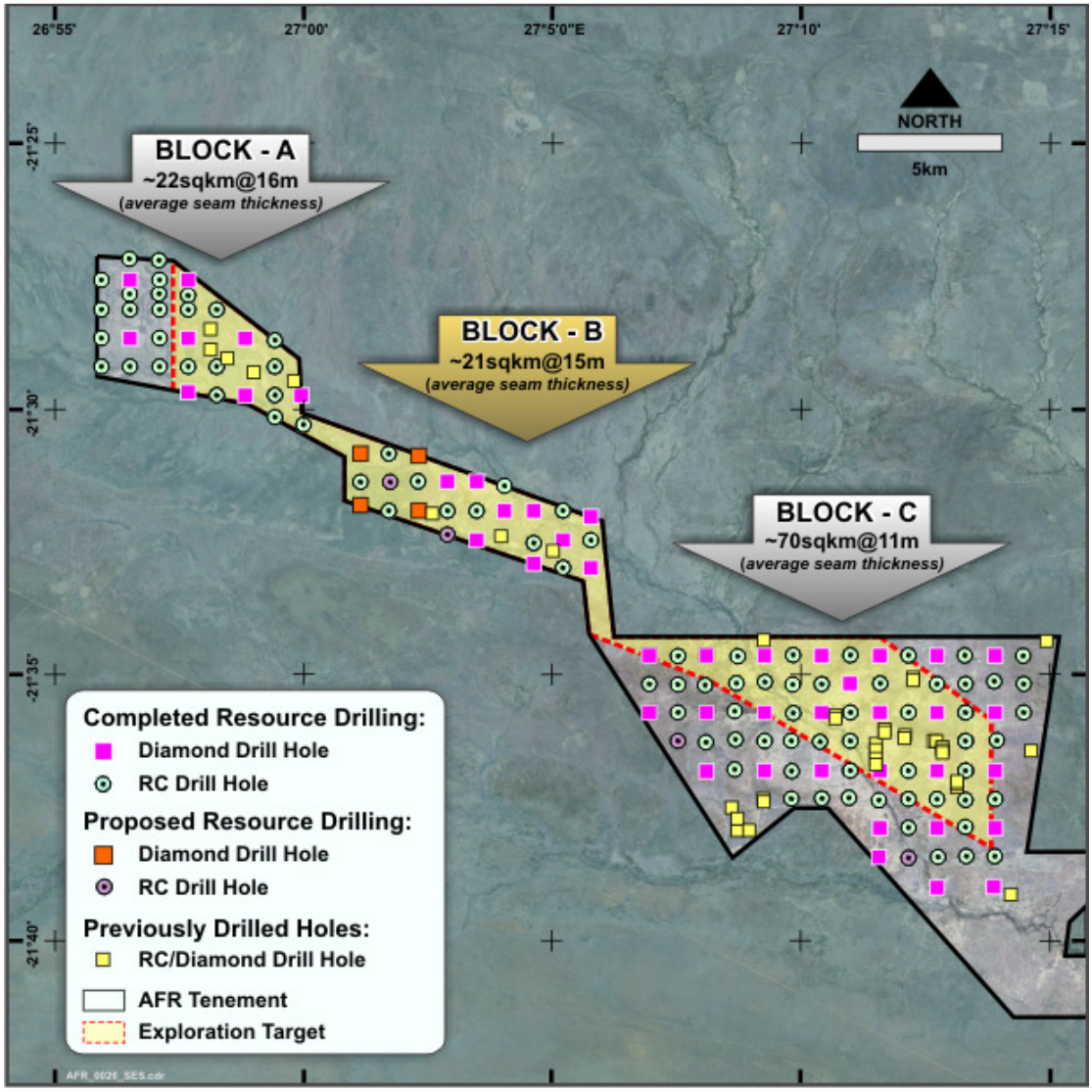

Diagram 2: Resource delineation drilling programme showing progress to date. Drilling is now complete in Block-A and Block-C, and Block-B will be completed by the end of February 2011.

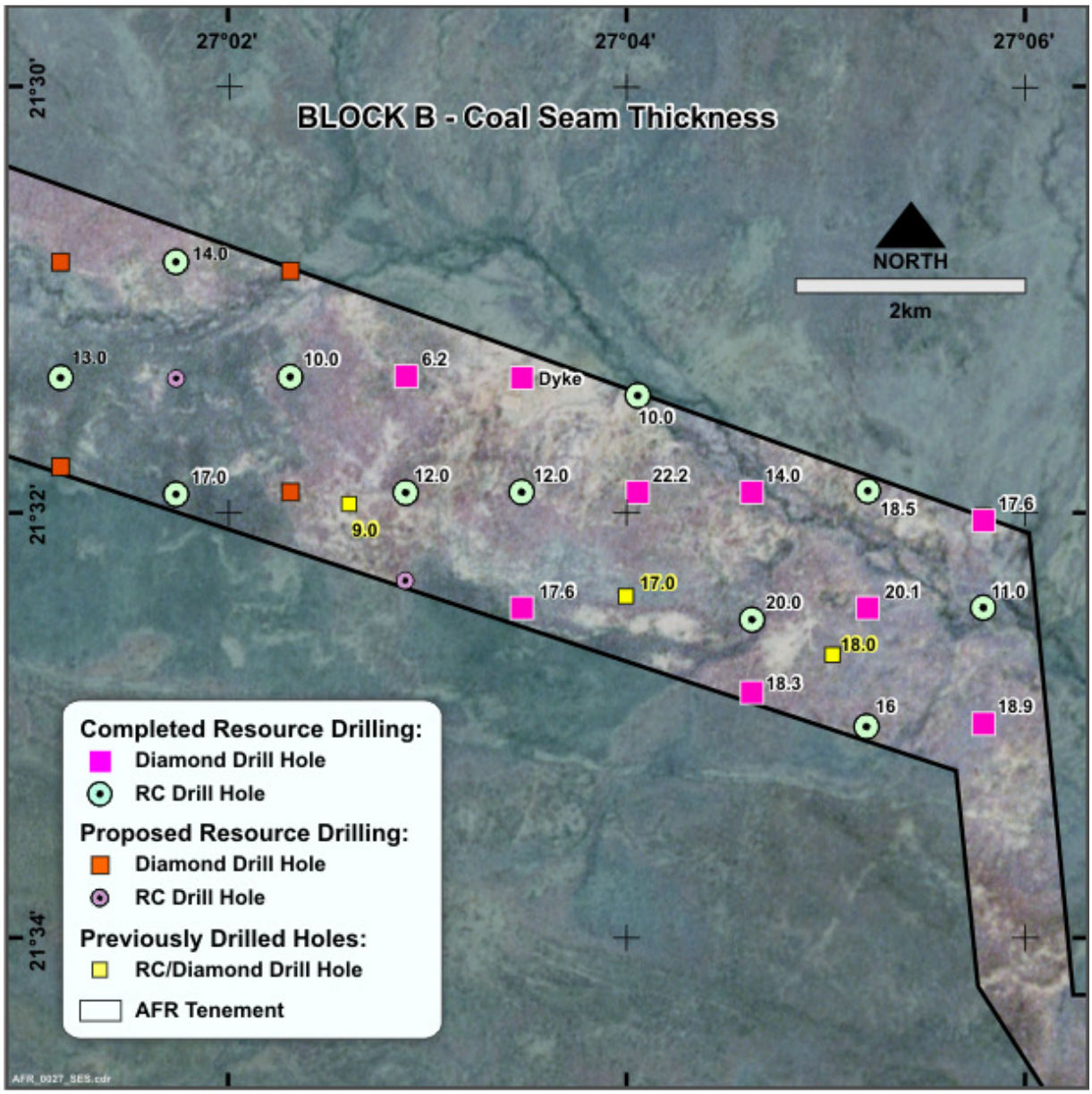

Diagram 3: Detailed view of drilling results to date in Block-B, including thickness of coal seams intersected in the original drilling in mid-2010. All thicknesses are true widths (in metres).