

8 March 2011

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

Via electronic lodgement

Dear Sir/Madam,

**AFRICAN ENERGY ACQUIRES 100% INTEREST IN CHIRUNDU AND
KARIBA VALLEY URANIUM PROJECTS**

HIGHLIGHTS

- African Energy Resources and Albidon Limited (ASX:ALB) have executed an agreement in which African Energy has acquired a 100% interest in the Chirundu Uranium Project tenements and Kariba Valley Uranium Project tenements.
- The Chirundu Uranium Project contains the Njame and Gwabe uranium deposits which collectively contain a total of 11.1 Mlb U₃O₈ in Measured, Indicated and Inferred Resources.
- African Energy is evaluating a number of additional exploration targets within the Chirundu and Kariba Valley tenements in order to increase the resource base at the Chirundu Uranium Project.
- The Company has funded the acquisition from existing cash reserves with working capital being replenished by a partial drawdown of the convertible loan facility with Macquarie Bank Limited.

**African Energy
Resources Limited**

ASX : AFR

Issued Capital
294,644,650

Directors:

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Executive Chairman

Frazer Tabear
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BACKGROUND TO PROJECTS

Since 2006, African Energy has been exploring mineral tenements in southern Zambia that were subject to a joint venture agreement with Albion Limited (ASX: ALB).

A pre-feasibility study was completed on the Chirundu Uranium Project in May 2008 earning African Energy a 70% interest in the project. To date, a total of 11.1 Mlb U_3O_8 in Measured (4.0Mt @ 313 ppm U_3O_8), Indicated (7.3Mt @ 282 ppm U_3O_8) and Inferred resources (7.4Mt @ 236 ppm U_3O_8) has been defined at Chirundu. In 2009, Zambian Ministry of Mines and Minerals Development granted a Large Scale Mining Licence for the development of the Chirundu Uranium Project. African Energy is evaluating a number of targets in order to increase the resource base at the Chirundu Uranium Project.

The Kariba Valley Uranium Project was the Company's second joint venture with Albion Limited, and contains the high-priority Chisebuka and Namakande prospects and a number of other targets. The Kariba Valley joint venture project is approximately 250km from Lusaka by road, and occurs 50km to the south-west of Denison Mines' tenement that contains the Dibwe and Mutanga uranium deposits. Prior to acquiring a 100% interest in the Kariba Valley tenements, African Energy held a 30% interest in the tenements and subject to the Joint Venture agreement, could have earned up to a 70% interest by completing a prefeasibility study and delivering an Indicated resource. Numerous targets have been identified in the Kariba Valley project requiring systematic evaluation to prioritise those for drilling.

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

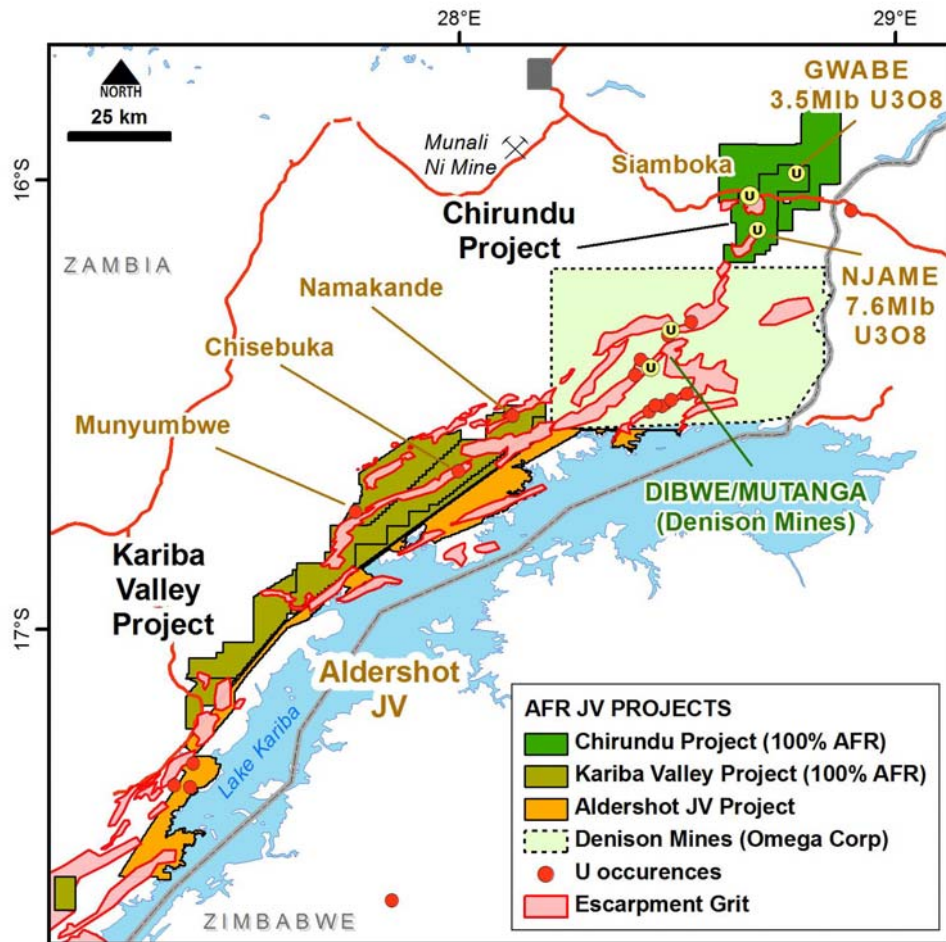


Diagram 1: Location of the Chirundu Project and Kariba Valley Project, Zambia. Total uranium contents given for the Njame and Gwabe uranium deposits include Measured, Indicated and Inferred Resources.