

22 March 2011

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

Via electronic lodgement

BOTSWANA UPDATE – NEW TENEMENT APPLICATIONS

African Energy wishes to advise that it has received notification from the Ministry of Minerals, Energy and Water Resources that the Government has engaged consultants to formulate a development strategy for coal resources in Botswana.

The review will commence immediately and is expected to take six months with completion planned by September 2011. As part of the process, the Government has advised it is suspending the granting of new prospecting licences for coal and associated minerals (coal bed methane and sediment-hosted uranium) until completion of the review period. The Company welcomes the review and the efforts to optimise government involvement in the industry especially in the areas of infrastructure development. The Company has offered its cooperation and assistance to the Ministry where appropriate.

African Energy has six applications for new tenements surrounding the granted prospecting licence (PL96/2005) which hosts the Sese coal deposit. These six new tenement applications will be subject to the moratorium on grants during the review. The Company is confident these applications will be processed as expected once the moratorium has been lifted. It is now clear that the delays in processing these applications to date have been related to the planning of this review.

The Ministry has assured the Company that the review has no impact on granted tenements, which includes PL96/2005, Sese.

Work is continuing at Sese according to plan and the Company expects to release its initial inferred resource estimate in late April. Infill drilling is also continuing toward the objective of defining an indicated resource and preparations have commenced for a trial pit to extract a 10,000t bulk sample later around the middle of the year.

Further updates will be provided in due course.

African Energy Resources Limited

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295,769,323

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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