23 May 2011

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

Via electronic lodgement

Dear Sir/Madam,

INVESTOR PRESENTATION – MAY 2011

Please find attached the latest Investor Update for African Energy Resources Limited.

It is initially being presented on a marketing roadshow to Australian retail and institutional investors with an international roadshow to follow in June.

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

African Energy Resources Limited

ASX : AFR

Issued Capital
296,276,735

Directors:

Alasdair Cooke
Executive Chairman

Frazer Tabeart
Managing Director

Bill Fry
Executive Director

Mike Curnow
Non-Executive Director

Valentine Chitalu
Non-Executive Director

Phil Clark
Non-Executive Director

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African Energy Resources Ltd

The Sese Coal Project
May 2011

AFRICAN ENERGY

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This presentation includes certain “Forward- Looking Statements”. The words “forecast”, “estimate”, “like”, “anticipate”, “project”, “opinion”, “should”, “could”, “may”, “target” and other similar expressions are intended to indentify forward looking statements. All statements, other than statements of historical fact, included herein, including without limitation, statements regarding forecast cash flows and potential mineralisation, resources and reserves, exploration results, future expansion plans and development objectives of African Energy Resources Limited are forward-looking statements that involve various risks and uncertainties. There can be no assurance that such statements will prove to be accurate and actual results and future events could differ materially from those anticipated in such statements.

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 Resources”, “Inferred Resources” and “Indicated 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 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.

AFRICAN ENERGY RESOURCES LIMITED

1. Executive Summary

AFRICAN ENERGY
RESOURCES LIMITED

Company

- ASX listed in 2007 (ASX:AFR)
- Major thermal coal asset in Botswana
- Board & Management with extensive mining experience
- Track record of taking projects through to development

Sese Project

- Very large thermal coal deposit – JORC Resource 2.7 Bt
- Near surface, low strip-ratio, amenable to open cut mining
- Potential to wash to export quality

Development Plan

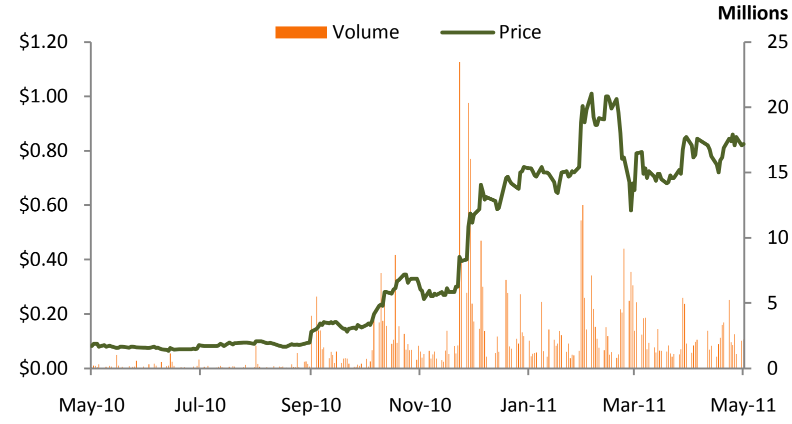
- Prove up additional resources within 12 months
- Trial pit:10,000t sample to establish credibility in 3Q 2011
- Commence Definitive Feasibility Study in Q3 2011
- Decision on initial 0.6Mtpa development by early 2013
- Conceptual target of 20-30Mtpa via export market

1. Executive Summary (cont)

Capital Structure

Shares on Issue	~296m
Options	~26.7m
Price range (52 weeks)	A$0.06-A$1.04
Market Cap	A$243M
Cash	A $4.3M
Debt	A$4.8M
Enterprise Value	A $242M

Share Price Performance



Major Shareholders

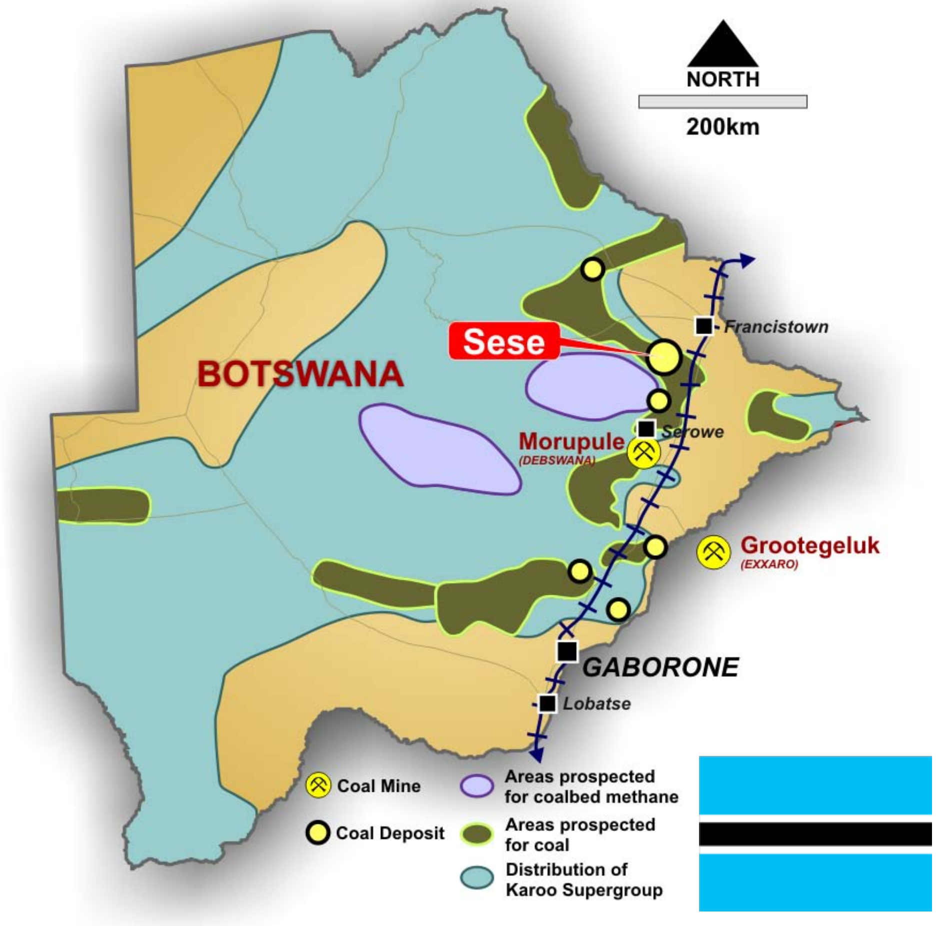
Management	10.5%
Mr Stacey Radford	4.9%
Independent Asset Mgmt	4.4%
Geared Investments	3.9%
Energy Ventures Ltd	3.7%
Geiger Counter Ltd	3.4%
Top 20	48%

Core of Sese Main Seam

2. Botswana

Why Botswana?

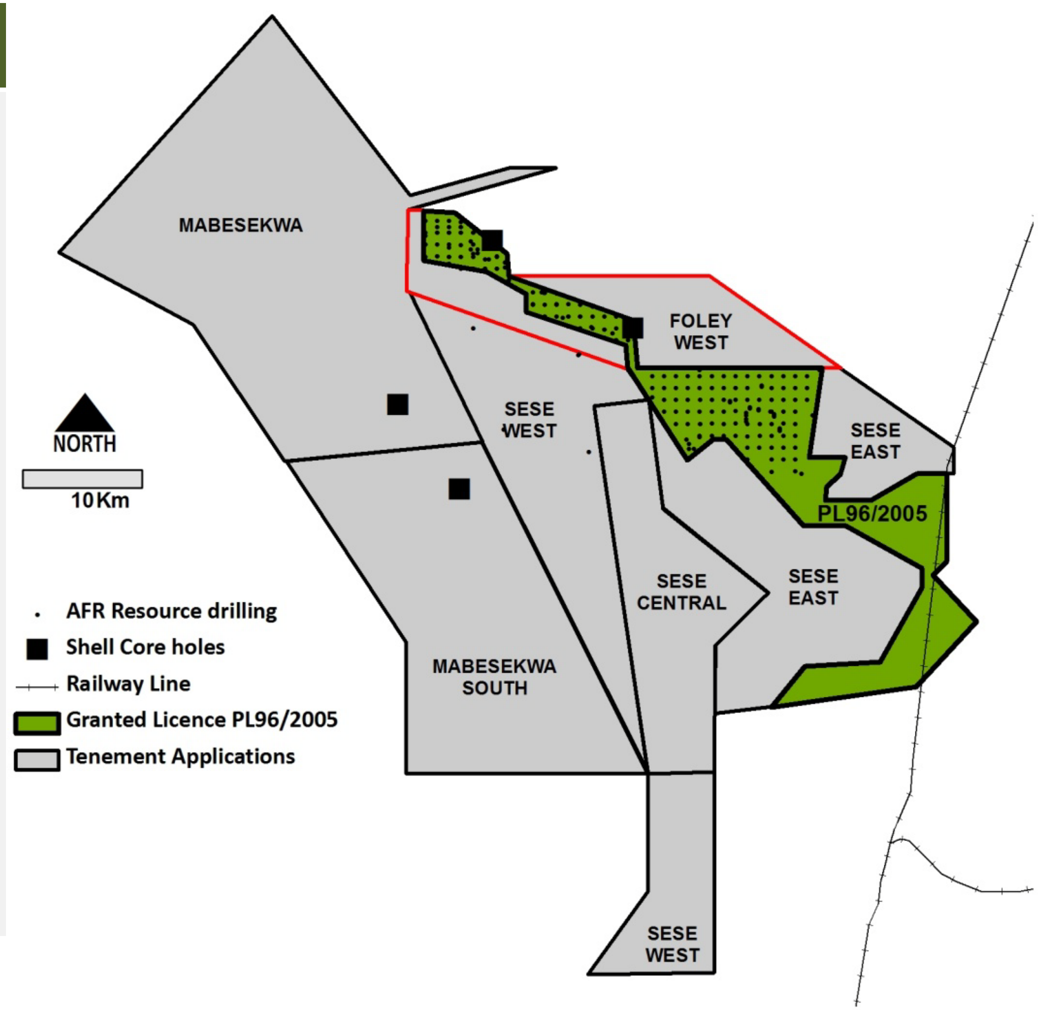
- Stable, safe and secure jurisdiction
  - *Democracy since independence in 1966*
  - *Strong credit rating (Moodys: A-)*
  - *Least corrupt country in Africa*
- Highest GDP per capita in Africa
- GDP currently reliant on diamond exports
- Government strongly supports coal mining
- Good infrastructure along eastern corridor
  - *Existing road, rail and 220kVa power*
- Botswana's coal deposits are all hosted in Lower Karoo sediments



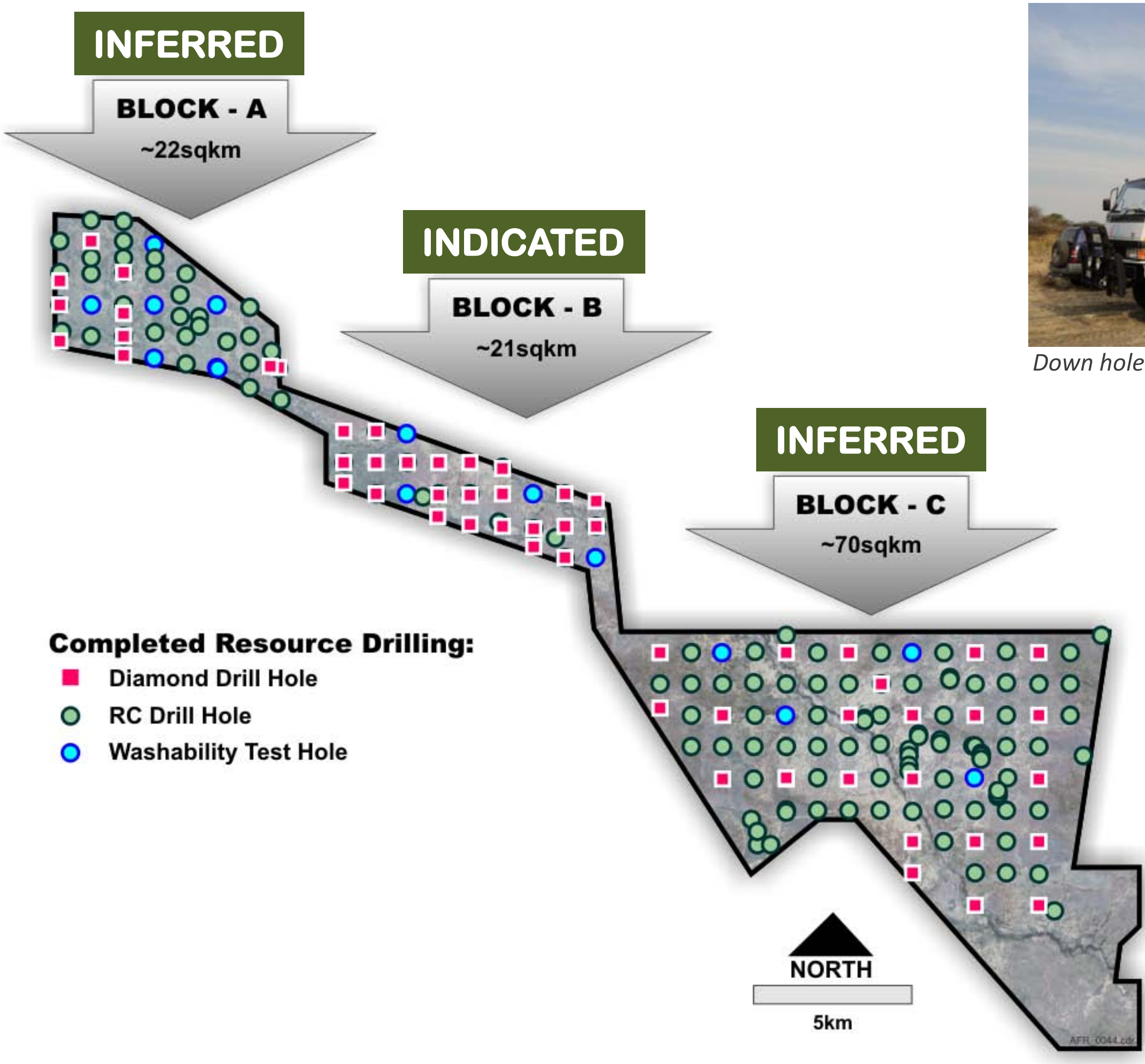
3. Sese Project

Tenement Status

- Current resource entirely within granted PL 96/2005
- Mining licence application once BFS and EIS completed
- Significant resource upside potential
  - *Drilling indicates coal extends beyond the boundary of PL96/2005*
  - *6 new PL applications submitted since discovery*
- New PL applications subject to moratorium
  - *Currently imposed on all new coal licences*
  - *Moratorium expected to end Sept 2011*



3. Sese Project (cont)



Down hole geophysical logging

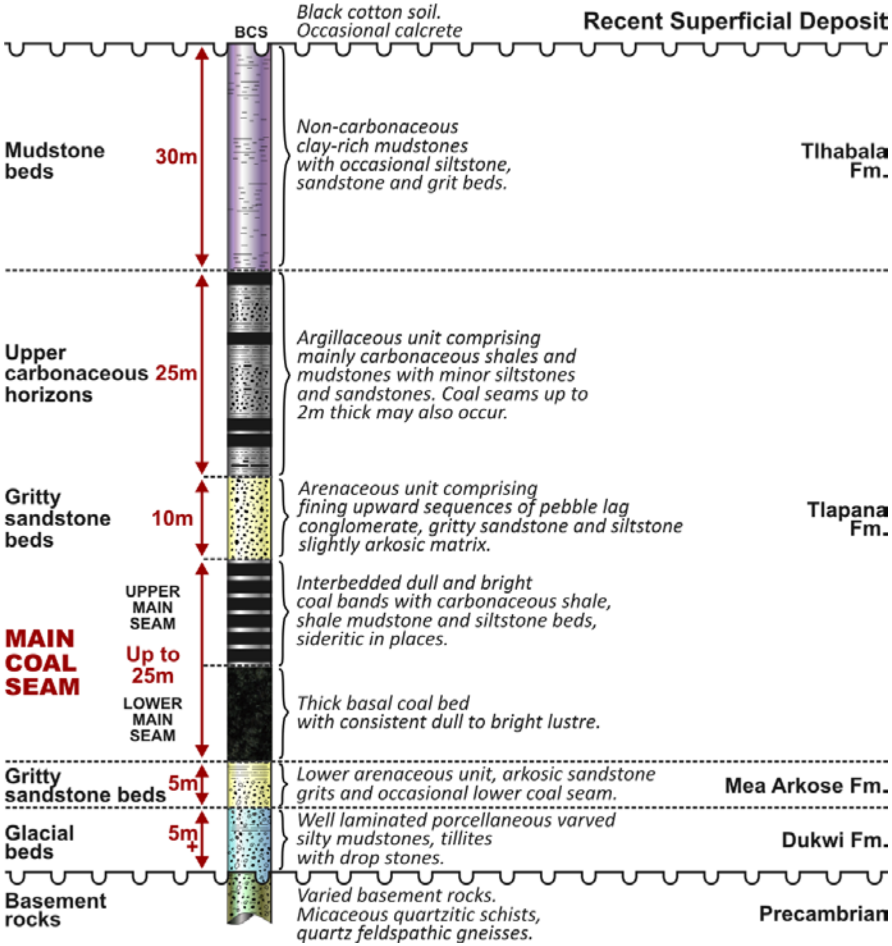
RC drilling

RC percussion chips from the discovery hole

3. Sese Project (cont)

Geological Interpretation

- Sese Coal forms a thick basal seam comprising:
  - o *Upper Main Seam*
  - o *Lower Main Seam*
- Lower Main Seam has superior coal quality
- Soft overburden amenable to low cost open-cut
- Thick seams amenable to low cost bulk mining



Raw Coal Quality

Main Seam	CV Kcal	CV MJ	IM %	Ash %	VM %	FC %	TS %
Lower	4,350	18.2	7-9%	25-35%	18-21%	40-45%	1.8-2.6%
Upper	3,000	12.5	6-8%	40-47%	17-19%	30-31%	1-1.4%

3. Sese Project (cont)

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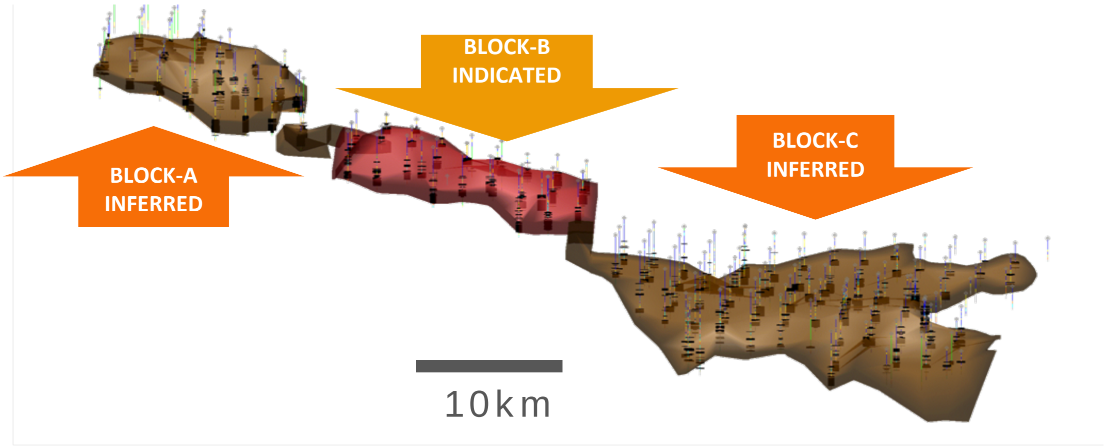
	JORC Status	Resource*	Raw CV kcal/kg (adb)	Washing Yield	Washed CV kcal/kg (adb)
LOWER MAIN	Indicated	295 Mt	4,560	28-72%	5,420 – 5,070
	Inferred	1,395 Mt	4,300		
		1,690 Mt	***4,350***	***16-61%***	***5,360 – 4,850***
UPPER MAIN	Indicated	205 Mt	3,100	6-24%	5,200 – 4,795
	Inferred	835 Mt	2,975		
		1,040 Mt	***3,000***	***7-29%***	***5,310 – 4,600***
TOTAL		**2,730 Mt**		**12-46%**	**5,340 – 4,780**

** In-situ tonnes after removal of modelled dolerite dykes and sills and factoring in an additional 5% geological losses*



3. Sese project (cont)

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RECENT TRANSACTION VALUES; SOUTHERN AFRICA THERMAL COAL

Acquirer	Seller	Asset	Country	Transaction Value (US$m)	Resources (Mt)	EV/Resources (US$/t)
Continental Coal	Mashala Resources	Various South African projects	South Africa	56.5	411.0	0.14
JSW Energy	CIC Energy Corp	Mmamabula Coal Field	Botswana	540.0	2600.0	0.21
Wuhan Iron & Steel	Riversdale	40% stake in Zambeze Coal Project	Mozambique	800.0	3618.0	0.22
Firestone Energy	Sekoko Coal	30% stake in four licences	South Africa	48.3	336.8	0.14
Continental Coal	Undisclosed	Chelmsford Coal Project	South Africa	19.4	103.0	0.19
Shanduka Coal	Petmin	Springlake Coal Mine	South Africa	17.4	24.4	0.71
London Mining	DMC Energy	50.5% interest in DMC Energy	South Africa	120.0	334.0	0.36
Optimum Coal Holdings	BHP Billiton Group	Optimum Colliery Coal Mine	South Africa	187.7	527.0	0.36
Mining Women Investments	Sasol Limited	20% stake in Sasol's mining unit	South Africa	277.2	847.0	0.33
BIEE Groups	BHP Billiton Group	Koornfonteine coal mine	South Africa	75.0	95.0	0.79
					Average	**$0.34/t**
					Maximum	**$0.79/t**
					Minimum	**$0.14/t**

AFR Valuation using Sese JORC resource

Resource (2,730Mt)	US $0.10/t	US $0.15/t	US $0.20/t	US $0.25/t	US $0.30/t	US $0.35/t
Implied EV (US$m)	273.0	US$409.5	546.0	682.5	819.0	955.5
Share Price (AU$)*	***$0.88***	***$1.32***	***$1.76***	***$ 2.19***	***$2.63***	***$3.06***

**Undiluted, A$1 = US$1.05*

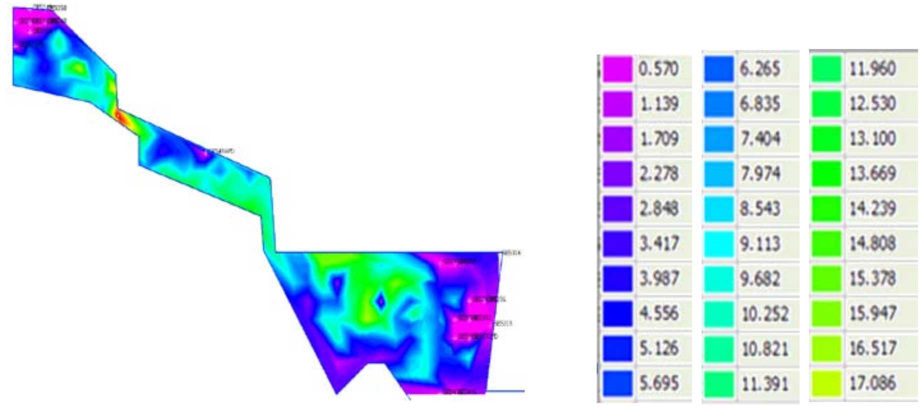
3. Sese Project (cont)

Seam Delineation

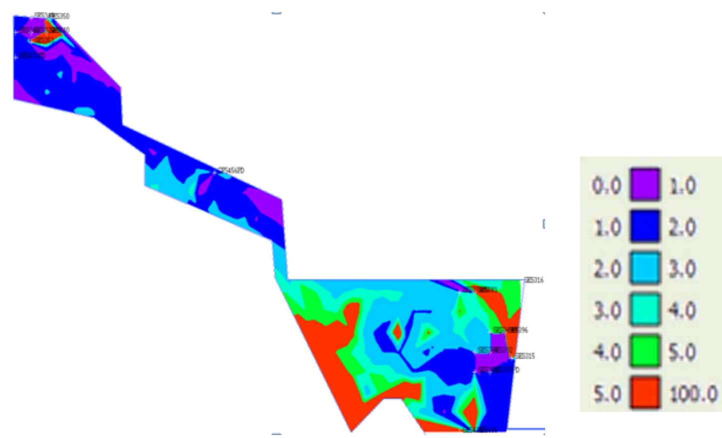
- Thick consistent coal seam
  - *Average thickness 14m*
  - *Thickness ranges from 6-26m*
  - *Lower Main Seam averages 9m thick*
- Very shallow coal seam
  - *Large areas with strip ratio below 2:1*
  - *LOM strip ratio of 1:1 to 3:1*
  - Initial >10 years mining possible at <1.5:1
- Gently dipping to the southwest (0.6°)
- Few local faults – simple seam geometry

Potentially Low OPEX Operation

Thickness Contour, Lower Seam



Strip Ratio Contour, Whole Seam



3. Sese Project (cont)

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Coal Quality

- Low-energy bituminous to sub-bituminous coal
- Lower Main Seam washes to export quality
- Upper Main Seam suitable as raw feed or blend with middlings for domestic power station fuel
- Lower Main Seam washability results:
  - *Data from 15 of 67 holes, more to come*
  - *Export quality post primary wash and middling*
  - *Block-B has best washing results to date**

**provisional data - based on 4 holes only.*
Block B currently contains 295Mt Indicated Resource

Washability Results from Lower Main Seam

	Single Stage RD 1.6		Single Stage RD 1.7		Two-stage Primary RD 1.5		Two-stage Middling RD 1.5-1.7	
	All	Blk B	All	Blk B	All	Blk B	All	Blk B
Yield %	40.3	56.0	60.9	71.7	16.2	28.4	44.7	43.3
Ash %	17.6	16.2	20.7	18.0	14.6	13.8	22.9	20.8
IM %	8.0	8.0	8.0	8.0	8.0	8.0	8.0	8.0
VM %	23.7	25.6	22.9	25.2	25.0	26.2	22.9	24.3
FC %	50.6	50.2	48.4	48.8	52.4	52.0	46.2	46.9
TS %	0.29	0.27	0.28	0.26	0.34	0.31	0.25	0.23
CV MJ/kg	21.36	21.88	20.31	21.23	22.42	22.68	19.54	20.29
CV kcal/kg	5,100	5,220	4,850	5,070	5,360	5,420	4,670	4,850

4. Concept Study

Resource and geology model

- Resource modelling (Coffey Mining)
- Washing test-work (ALS Witlab) and analysis (CPG-QCC)
- Product specifications

Marketing and coal chain logistics

- Assessment of regional/export markets and pricing (Wood Mackenzie)
- Assessment of regional infrastructure
- Evaluation of regional electricity supply/demand dynamics

Mining, handling and processing options

- Development of trial pit to test market, infrastructure
- Staged mine design and production schedules (Minserve)
- Assessment of washing plant design, sizing and availability

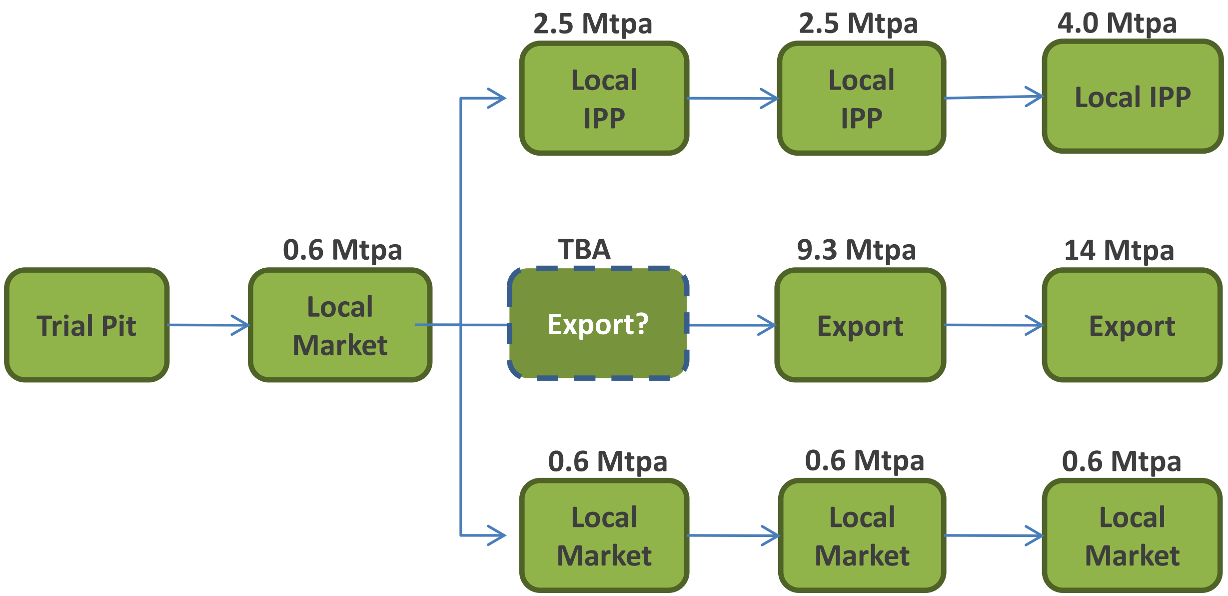
Cash flow modelling

- Assess viability of ultimate mine designs (20-30mtpa options)
- High level estimates of CAPEX and OPEX
- Order of magnitude estimates modified with historical data

Matola coal terminal, Maputo

4. Concept Study (cont)

	STAGE 1	STAGE 2	STAGE 3	STAGE 4
Mining and processing	Contract	Contract	Owner operated	Owner operated
ROM	1.0	5.0+	20.0	30.0
Product	**0.6**	**3.1+**	**12.4**	**18.6**



Coal intersection in core from Sese Block-A

5. Pathway to Production

Near Term

Trial Pit and Bulk Samples (2011-2012)

- Designed to expose approximately 10,000t raw coal in Block-B
- Bulk washing tests
- Export trials via existing rail/port to regional customers
- Trial fuel for domestic / regional power stations

Medium Term

Domestic supply, Power Station and Export (2012-2017)

- Washed coal into regional markets (SADC)
- Power station at Sese to provide domestic electricity
- 1-2 Mtpa export via existing infrastructure
- Only genuine alternative to Morupule, the only coal mine in Botswana
- Export to Zambia, Namibia, Zimbabwe, Congo and ultimately South Africa
- Severe regional shortage for power
- **Rail bottlenecks in South Africa and potential export restrictions**

5. Pathway to Production (cont)

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LONGER TERM

Export Market (2017 onwards…)

Rising Demand from India ...

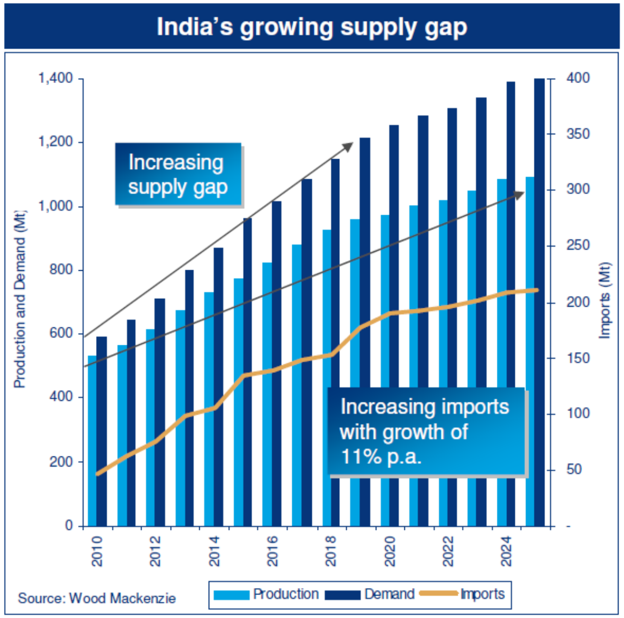
- India considered most likely market for Sese thermal coal
- Indian demand growing at fast pace
- Demand set to increase from 50Mtpa in 2010 to 210Mtpa by 2025
- Potential to supply into European market

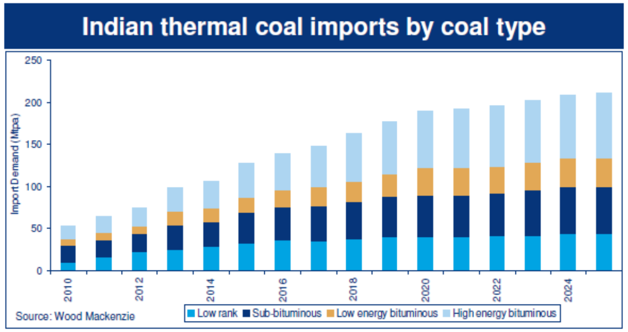
… and China

- Imports of thermal coal expected to double to 213 Mt by 2025
- Sub-bituminous imports will increase at 9% p.a. (2010 to 2020)

Source: Wood Mackenzie 2011

Requires Infrastructure Solution





5. Pathway to Production (cont)

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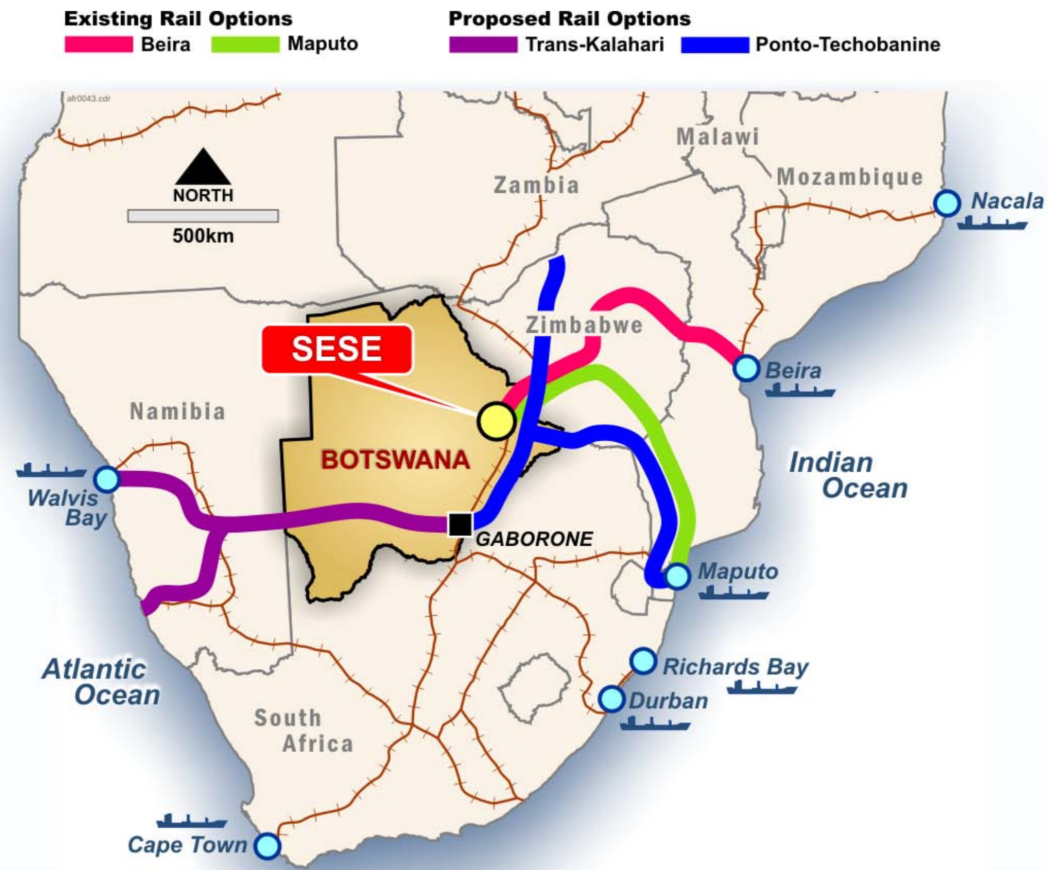
Route to Market

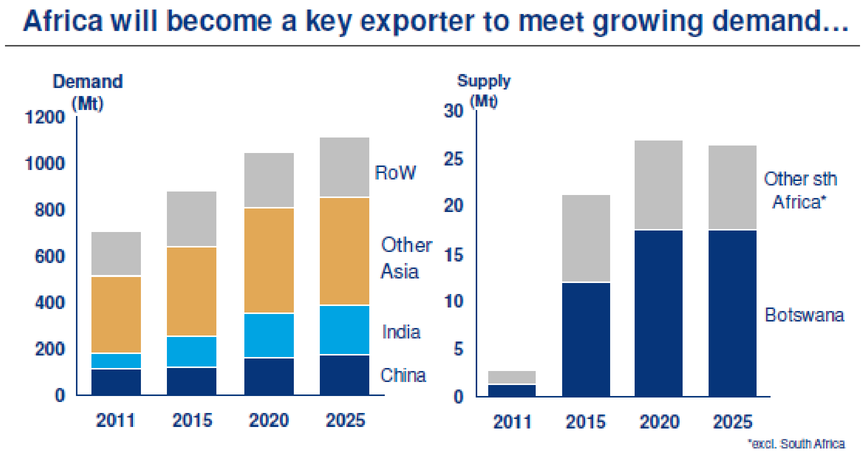
- Existing Infrastructure
  - *Existing freight line 30km east of Sese*
  - *Potential for 2Mtpa via 13t axle loading*
  - *Beira/Maputo port expansions underway*
  - *Trial "export" using coal from trial pit*
- Proposed Infrastructure Solution
  - *Two consortia evaluating routes (Trans-Kalahari Railway and Ponto Techobanine)*
  - *Both proposing 60Mtpa via 30t axle loading*
  - *Currently at prefeasibility.*
  - *Likely to be moving to feasibility mid-2011*
  - *3-4 year build time, operational by 2017?*

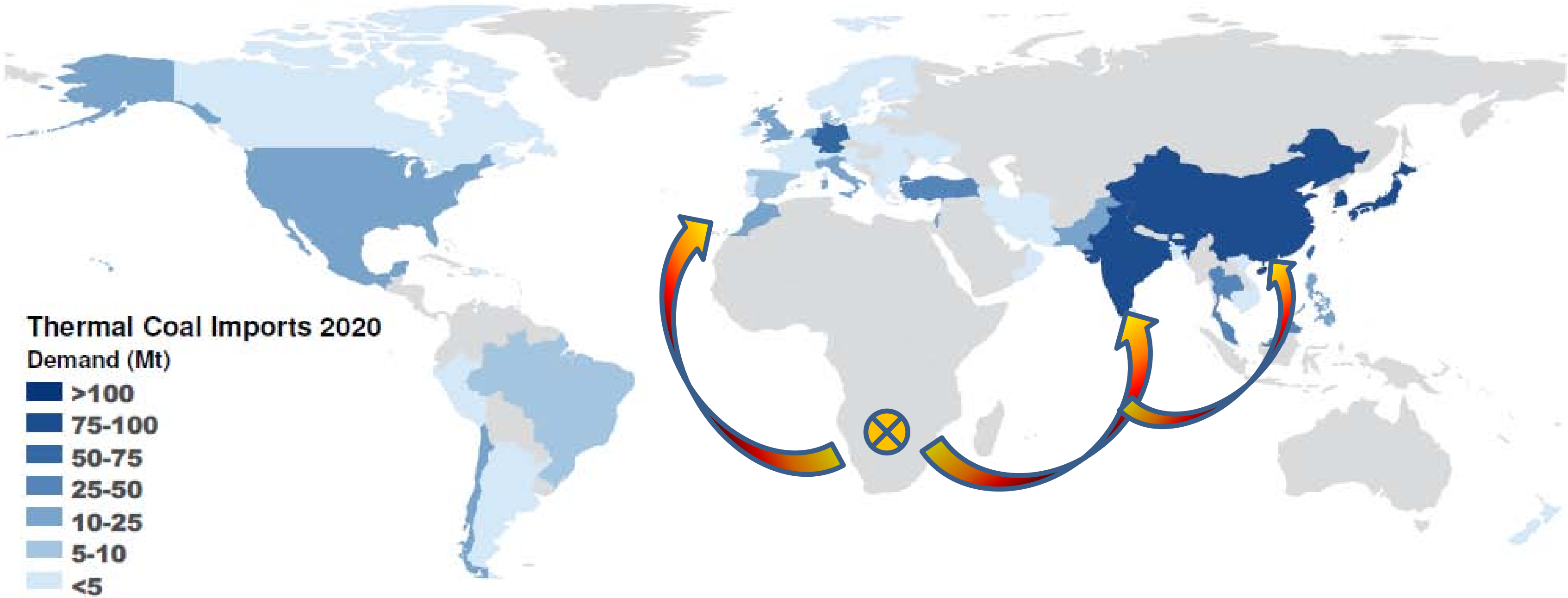


5. Pathway to Production (cont)

Sese export markets

- India considered most likely market for Sese coal
- Some potential to supply into the European market
- China/SE Asia viable, but other suppliers are closer





Source: Wood Mackenzie

5. Pathway to Production (cont)

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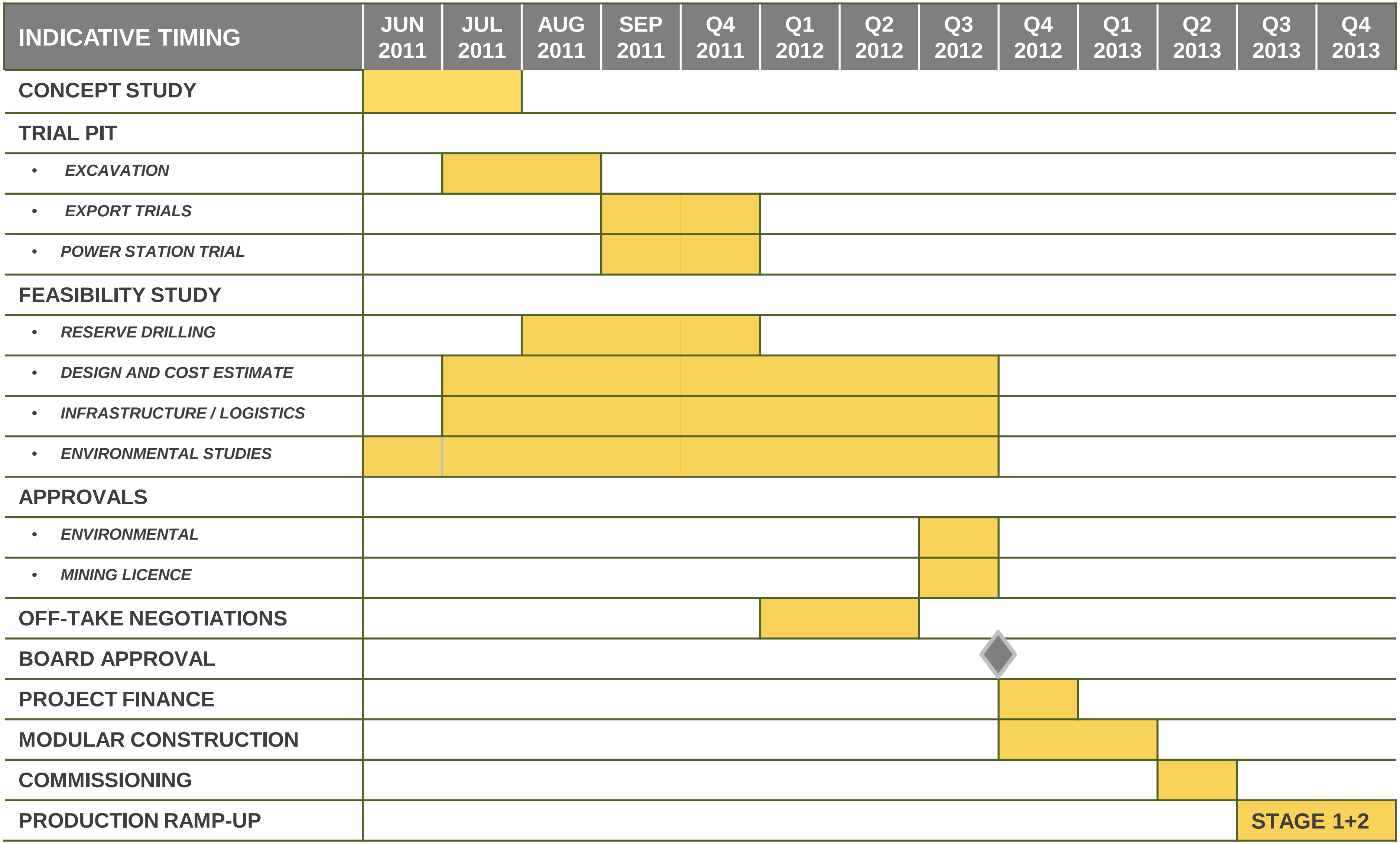

6. Board and Management

Alasdair Cooke, *Executive Chairman*

- Geologist with over 20 year experience
- Founding director of Sally Malay, Albidon and Exco Resources and Principal of Mitchell River Group

Frazer Tabeart, *Managing Director*

- Geologist with over 20 years international experience since leaving Royal School of Mines in 1988
- Sixteen years with WMC Resources in Australia, Asia and Africa. Principal of Mitchell River Group

Bill Fry, *Executive Director*

- Accountant with over 20 years experience in finance and project management
- Director of several listed and private companies, and Principal of Mitchell River Group

Valentine Chitalu, *Non-executive Director*

- Chartered accountant and Zambian national
- Has held directorships of many listed an un-listed companies and has a very wide business network in Africa

Mike Curnow, *Non-executive Director*

- Over 40 years experience in mineral project and property development
- Founding Director of Gallery Gold

Phil Clark, *Non-executive Director*

- Mining engineer with over 30 years coal industry experience
- Extensive management roles at BHP Billiton including mine management and global Resource Development roles

6. Board and Management (cont)

BOARD OF DIRECTORS

Alasdair Cooke Frazer Tabeart Bill Fry Phil Clark Valentine Chitalu Mike Curnow

MANAGING DIRECTOR

Frazer Tabeart

EXECUTIVE ASSISTANT

Meredith Howe

COMPANY SECRETARY

Daniel Davis

EXPLORATION MANAGER

Jerry Sharrock

RESOURCE MANAGER

Laurie Barnes

GENERAL MANAGER OPS

T.B.A.

MANAGER MARKETING

T.B.A.

7. Reasons to Invest

AFRICAN ENERGY RESOURCES LIMITED

- ✓ Major maiden JORC resource in emerging market
- ✓ Operating in Africa's most stable country
- ✓ Coal suitable for both export and domestic markets
- ✓ Robust outlook for global thermal coal market
- ✓ Significant resource upside in surrounding coal applications
- ✓ Trial pit to establish market credibility
- ✓ Staged development options under evaluation, 2013 start

CREATING LONG TERM SHAREHOLDER VALUE

8. Contacts

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