

8 June 2011

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

Via electronic lodgement

Dear Sir/Madam,

URANIUM DRILLING IDENTIFIES THICK COAL SEAM AT SESE WEST

- Reconnaissance drilling as part of a regional uranium exploration programme has identified thick coal seams over a very wide area in the Sese West tenement (PL197/2007) in Botswana.
- Coal seam thickness ranges from 7m to 30m with the depth to the top of the coal varying from 79m to 157m.
- These intersections are between 2km and 17km to the south of the Sese coal deposit for which a 2.73 billion tonne resource was recently announced.
- The Sese West tenement is valid for radioactive minerals only. African Energy has applied for an amendment to the licence to include the rights for coal.
- The requested amendment is currently subject to the recently announced moratorium on coal and coal bed methane licence applications, which is due to end in September 2011.

African Energy Resources Limited

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BACKGROUND

The Sese project is located in northeast Botswana, approximately 50km southwest of the mining hub of Francistown. The project is close to the sealed highway between Francistown and Gaborone and is easily accessible. Rail, road and power infrastructure is also close to the project (Diagram 1).

The Sese project comprises one wholly owned prospecting licence (PL96/2005 Sese) valid for uranium, coal, coal bed methane, base and precious metals, and one wholly owned prospecting licence (PL197/2007 Sese West) valid for radioactive minerals only (uranium). Six further prospecting licence applications for coal and coal bed methane have been submitted in the last eight months.

African Energy discovered a large deposit of thermal coal at Sese in June 2010 and recently announced an initial resource estimate of 2.73 billion tonnes of coal within Prospecting Licence PL96/2005 (0.5 Bt Indicated Resource and 2.23 Bt Inferred Resource).

During the course of regional reconnaissance exploration for uranium in PL197/2007 (Sese West), thick coal seams have been identified over a large area, up to 17km south of the known resource. Details are provided below.

URANIUM DRILLING PROGRAMME IDENTIFIES COAL SEAM OVER VERY WIDE AREA

Prospecting Licence PL197/2007, Sese West, was granted on 1 October 2007 and renewed for a further two years on 1 October 2010. The Licence is valid for radioactive minerals only. In 2010 African Energy undertook a regional radon-cup survey over the entire tenement to identify prospective targets for uranium as per its proposed schedule of exploration activities. On the basis of the results of this survey a regional reconnaissance programme comprising six vertical diamond drill holes was undertaken to evaluate the uranium potential of the Karoo sediments and underlying crystalline basement (Appendix 1).

All six drill holes have identified a thick coal seam, varying in thickness from 7m to 30m and from depths ranging from 79m to 157m to the top of the seam (Diagram 2, Appendix 1). Down-hole geophysical logging has failed to identify potentially economic intersections of radioactive minerals. The coal intersections are between 2km and 17km south of the large, near-surface coal resource identified in PL96/2005, and the thickness and depth of the recent intersections are consistent with the same coal deposit dipping at no more than 1° to the southwest. Furthermore, two holes drilled by Shell in 1976 are also consistent with a large regional coal seam dipping very gently to the southwest (Diagram 2). Coal may therefore be present as an extensive, thick seam over a very large area (approximately 500km² including the known resources in PL96/2005). All of the coal is within 220m of surface.

APPLICATION FOR COAL TO BE ADDED TO PL197/2007

As a consequence of the results announced in the preceding section, African Energy has applied to the Minister for Minerals, Energy and Water Resources to have Prospecting Licence 197/2007 amended to

include coal. The Company has been informed that the application for the amendment to the existing Prospecting Licence is subject to the Moratorium for coal licence applications announced in March 2011, and as such cannot be considered during the moratorium period. However, the Company is confident that its application will be addressed once the Moratorium ends in September.

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 map of the Sese Project, Botswana.

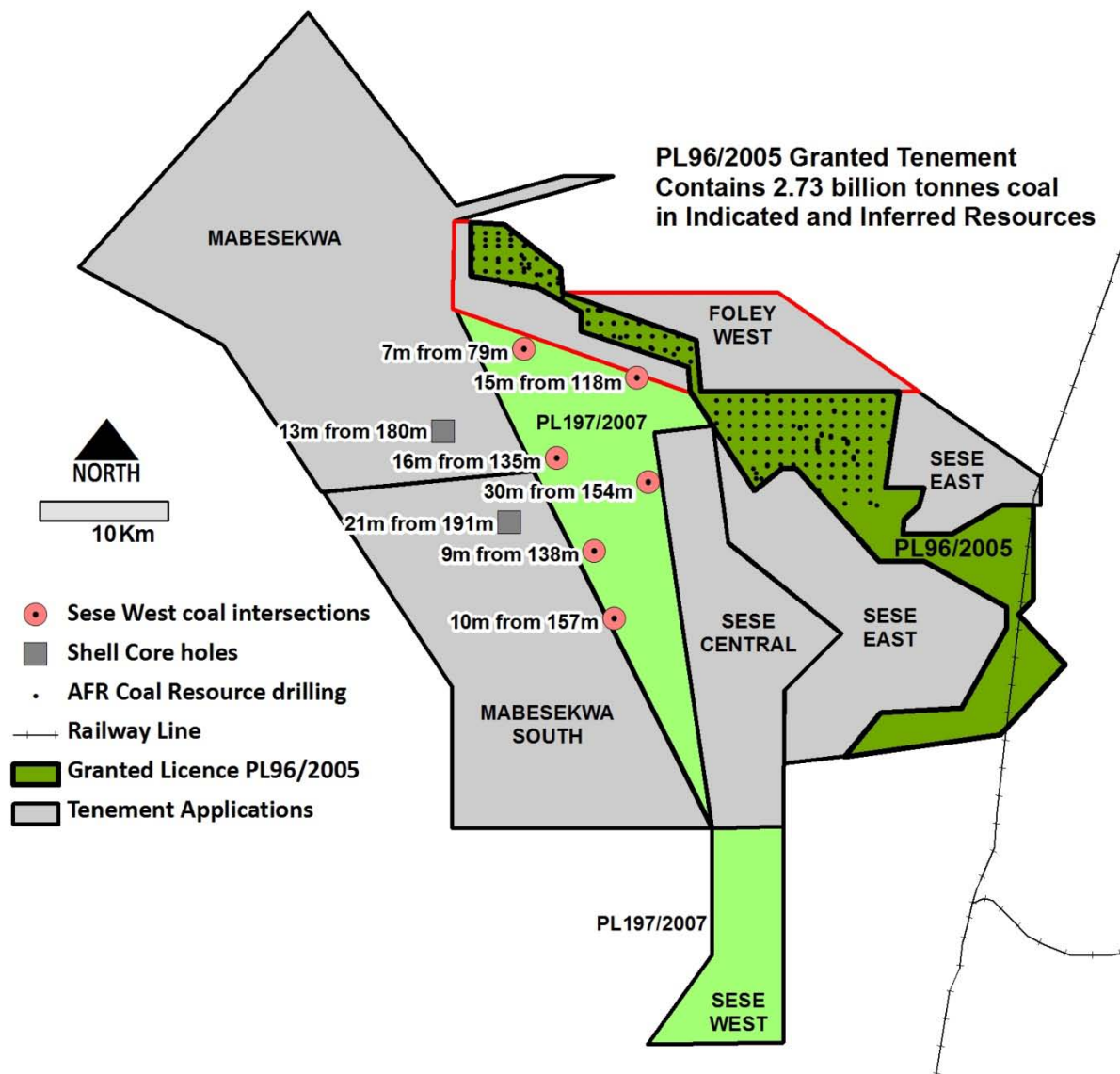


Diagram 2: Tenement map for the Sese project area showing the granted tenements PL96/2005 (valid for coal, uranium base and precious metals) and PL197/2007 (valid for uranium only). Additional tenement applications for coal are shown in grey. Coal seam intersections in recent uranium exploration drilling are shown as red circles.

APPENDIX 1; DRILL HOLE DATA FRO SESE WEST URANIUM EXPLORATION

Hole ID	Easting (m)	Northing (m)	COAL (m)	Top contact (m)	EOH/m
SES466PD	505833	7615753	15.1	118.14	141.48
SES509PD	497024	7617981	7.0	79.00	131.75
SES511PD	506730	7607650	29.6	153.88	222.48
SES512PD	499601	7609502	15.9	134.96	200.67
SES513PD	504070	7596999	10.2	156.87	184.86
SES514PD	502500	7602270	8.7	137.68	155.14