

10th November 2011

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

Via electronic lodgement

Dear Sir/Madam,

SESE COAL PROJECT BULK SAMPLE: PROGRESS REPORT

- Excavation of a 10,000t bulk sample of coal has commenced from a box-cut which will measure 320m long, 45m wide and 35m deep when completed.
- The box-cut has been sited and designed so that it can be expanded into a development ramp for future mining operations.
- Coal from the bulk sample will be used for a series of large-scale tests, including:
 - Export trials using the existing rail/port infrastructure.
 - Combustion tests for power station boilers.
 - Confirmation of the washing yields derived from previous testing of slimline drill core samples.
 - An assessment of the coal's suitability for coal-to-liquids processing.
- Samples of coal from the bulk sample will be made available to potential industrial customers to undertake their own test-work.
- It is expected that the bulk sample excavation will be complete in the first quarter of 2012.

**African Energy
Resources Limited**

**ASX : AFR
BSE : AFR**

**Issued Capital
326,376,735**

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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 (Diagram 1). 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.

African Energy discovered a large deposit of thermal coal at Sese in June 2010 and announced an initial resource estimate of 2.73 billion tonnes of coal within Prospecting Licence PL96/2005 (0.5 billion tonnes Indicated Resource and 2.23 billion tonnes Inferred Resource) in May 2011. In September 2011 the Company announced positive results from a concept study which had evaluated a staged development of the project. The Company has since committed to a bankable feasibility study to evaluate an operation of up to 5Mtpa.

BULK SAMPLING PROGRAMME

As part of the feasibility study, the Company also committed to extract a bulk sample of approximately 10,000t of coal to provide material for ongoing test work. Local contractor G&S Projects mobilised to the site in October and has commenced drill and blast operations to deliver the bulk sample in early 2012. The bulk sample will be extracted from a 320m long box-cut which has been sited, orientated and designed so that it can be easily extended to become a production ramp for subsequent mining operations (Diagram 2). Site preparation, including an all-weather access road for mining equipment and top soil removal and stockpiling commenced in October. Excavation of the upper few metres of weathered sediments was through free digging and ripping, but all subsequent material will be removed through drill and blast operations (Diagrams 3, 4 and 5). It is expected that the excavation will be finished in the first quarter of 2012.

Coal from the bulk sample will be used for the following programme of test work and commercial activities:

- Export trials to assess the capacity and freight tariffs of the existing rail and port infrastructure.
- Combustion tests for power station boilers to assist negotiations of coal sales agreements to power station customers.
- Large scale coal analysis to confirm the washing yields derived from previous testing of slimline drill core samples. This will confirm the product specification ranges of washed coal for sale.
- An initial assessment of the coal's suitability for coal-to-liquids processing (requiring approximately 100kg of coal), which if favourable will be followed by a large scale test programme utilising 500t or more coal.
- Samples of coal from the bulk sample will also be made available to interested industrial customers to undertake their own test-work.

Further updates on progress with the bulk sample excavation will be provided in due course.

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

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.



Diagram 1 Location map of the Sese coal project

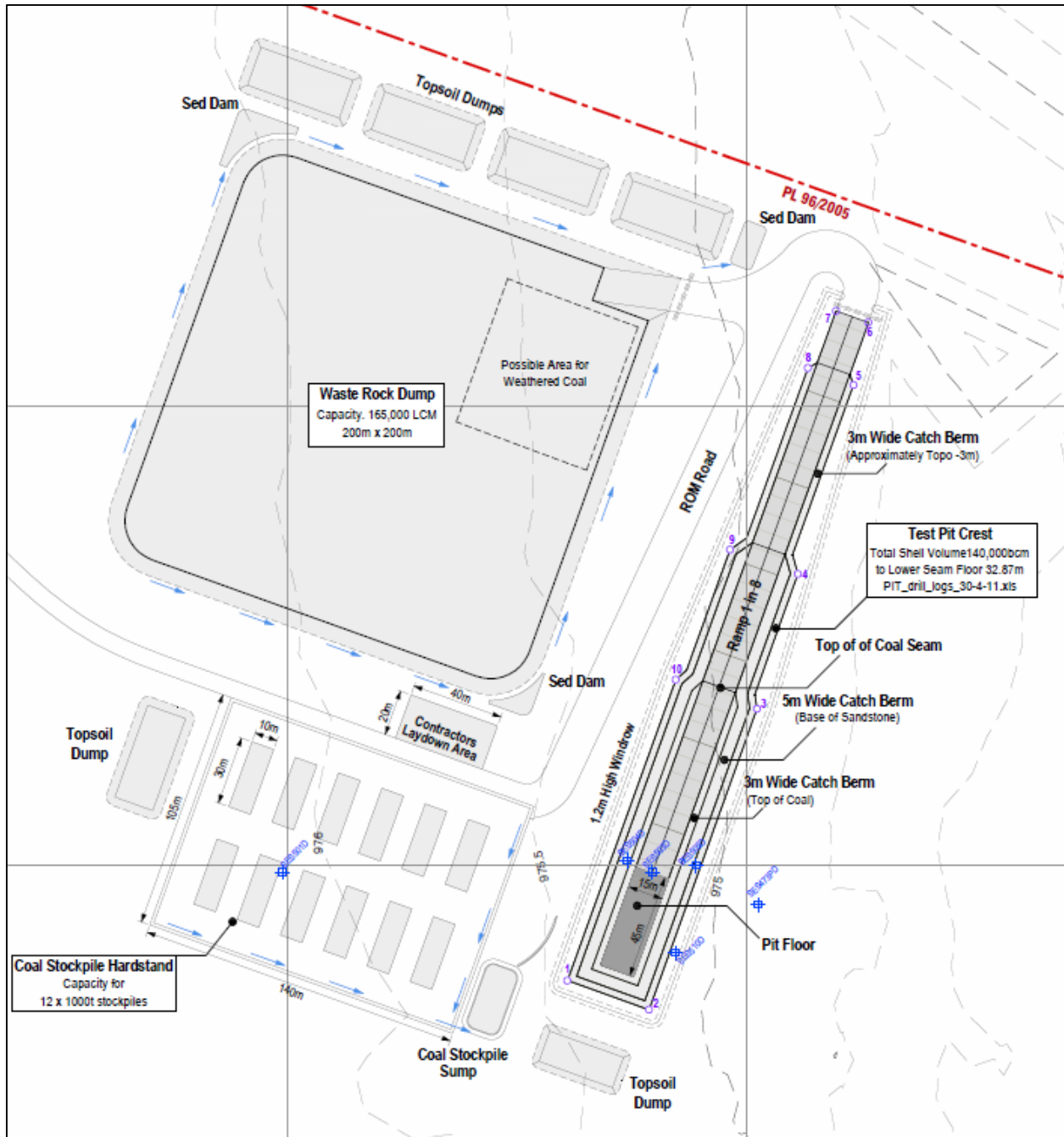


Diagram 2 Layout of the Bulk Sample excavation and sample lay-down areas. Grid lines are 200m apart.



Diagram 3 Blast-hole rigs drilling overburden on the first blasting bench.



Diagram 4 Removal of overburden from the first blast with a 50t digger.



Diagram 5 Backhoe loading 20t and 40t trucks with blasted waste-material.