AFRICAN ENERGY

30 January 2012

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 BULK SAMPLE: PROGRESS REPORT #2

- **Excavation of the bulk sample of coal from a 320m long box-cut is now nearing completion.**
- **When complete, approximately 15,000t of coal will have been placed on the stockpiles, including coal from both the upper and lower sections of the Sese Main Seam.**
- **Coal from the bulk sample will be used for a series of large-scale tests, including:**
    - **Washing studies using air separators and conventional dense media separation plants.**
    - **Export trials using the existing rail/port infrastructure.**
    - **Combustion tests for power station boilers.**
    - **Other test work as determined by the BFS coal processing and handling consultants.**
- **The first 60t batch of coal for processing using a 10tph air separator has been despatched to a processing facility in Witbank, South Africa by truck.**
- **Further processing test work will be undertaken once results of these initial trials have been assimilated.**

African Energy Resources Limited

ASX : AFR, BSE : AFR

Issued Capital
326,576,735

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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 tones Inferred Resource) in May 2011. The Company has since commenced a bankable feasibility study and environmental impact assessment to evaluate a mining operation of up to 5Mtpa coal with the option for an associated mine-mouth power station of up to 600MW.

BULK SAMPLING PROGRAMME

Grubbing, clearing and top soil removal and storage for a 10-15,000t bulk sample commenced in October 2011. The first few metres of overburden were removed through ripping and free digging with all subsequent excavation through drilling and blasting (Diagram 2 and 3). The top of the Sese Main Seam was exposed approximately 15m below the surface in late December (Diagram 4), and approximately 5,000t of Upper Main Seam was stockpiled in late December (Diagram 5). Further drilling and blasting to complete the excavation of the Lower Main Seam is now underway (Diagram 6), from which a further ~10,000t of coal will be stockpiled and compacted. When complete, the box-cut will be approximately 320m long and 33m deep at the high-wall end.

A full programme of test work for the bulk sample is being developed with the Company's coal processing and handling consultants as part of the bankable feasibility study. This will include processing of coal using both air separation and dense media separation technologies, combustion tests for power station boilers and provision of coal to potential industrial customers for their own test work (working with the Company's coal marketing consultant). Export trials using the existing rail and port infrastructure in southern Africa will also be undertaken.

The first 60t sample of coal from the initial stockpile (upper seam coal) has been trucked to a processing facility in Witbank, South Africa (Diagram 7). This coal will be processed with a 10tph air separation pilot plant to assess the suitability of this technique for Sese coal. A further sample of 60t of lower seam coal will be dispatched for similar testing 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.

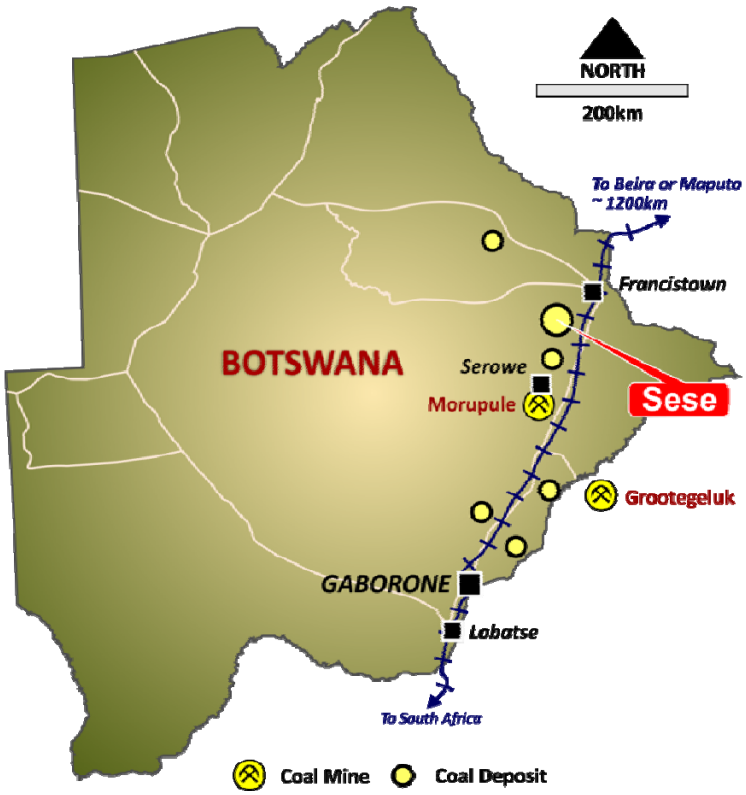

Diagram 1 Location map of the Sese coal project

Diagram 2 Initial drill and blast excavations in early November 2011

Diagram 3 Drilling and blasting of the final waste rock (overburden) in late November 2011

Diagram 4 Exposure of Sese Main Seam 15m below surface in mid-December 2011

Diagram 5 Visitors (including the Hon Minister of Minerals, Energy and Water Affairs) inspecting the initial coal stockpile (prior to compaction) in late December 2011

Diagram 6 Bulk sample excavation status in mid-January, ready for final drilling and blasting of Lower Main Seam coal.

Diagram 7 Coal from compacted stockpile being loaded onto road train for shipment to processing facility in South Africa.

Diagram 8 10tph air separator pilot plant at processing facility in South Africa. This plant will be used for the first bulk processing trials of the initial 60t sample.