

13th April 2012

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

Via electronic lodgement

Dear Sir/Madam,

SUCCESSFUL RAIL DELIVERY OF SESE COAL TO MAPUTO

- Excavation of 15,000t of coal from the Sese bulk sample site was completed in March 2012.
- A 25 tonne parcel of Sese coal was loaded into a Botswana Railways freight wagon at the Francistown railway station on April 3rd, and dispatched to Maputo via Bulawayo and southern Zimbabwe.
- A ceremony to mark this occasion was hosted by senior executives from Botswana Railways, and was addressed by the Minister for Transport and Communications, the Hon. Nonofu Molefhi.
- The coal wagon arrived at Grindrod's Matola coal terminal in Maputo on Saturday, 7th April.
- The successful completion of this shipment demonstrates that transport of Sese coal via rail to the east coast of Africa is possible using existing infrastructure.
- The east coast of Africa is considered an ideal location from which Botswana's coal may be ultimately exported to Asian markets.

**African Energy
Resources Limited**

ASX : AFR, BSE : AFR

**Issued Capital
326,876,735**

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BACKGROUND TO PROJECT

The Sese Coal and Power Project comprises one wholly owned prospecting licence and six prospecting licence applications located in northeast Botswana, approximately 50km southwest of the town of Francistown (Diagram 1). African Energy discovered a large deposit of thermal coal at Sese in June 2010 and announced an updated Indicated Resource estimate of 2.5 billion tonnes of coal within Prospecting Licence PL96/2005 in February 2012. The Company expects to upgrade portions of the resource to Measured Resource category during the April-June quarter.

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 are in progress.

RAIL TRIALS USING EXISTING INFRASTRUCTURE

During the past six months, African Energy has been assessing options for transporting coal from Botswana to ports on the east and west coasts of Africa. To assist the Company with these evaluations, an external consultant has been appointed to provide specific input on coal chain logistics, including a desktop review of the existing infrastructure, the proposed Trans Kalahari and Ponto-Techobanine heavy haul railways, and an assessment of whether alternative rail and port solutions are viable. This work is ongoing as part of the project feasibility studies.

In the last three months, African Energy has held discussions with Botswana Railways and recently completed a trial shipment of Sese coal to Grindrod's Matola coal terminal at the port of Maputo in Mozambique. A parcel of 25 tonnes of Sese coal was placed in bulker bags and loaded onto a train in Francistown on Tuesday, 3rd April (Diagram 2). A ceremony to mark this occasion was held at the Francistown rail station on 3rd April, attended by keynote speaker the Hon. Nonofo Molefhi (Botswana's Minister for Transport and Communications), senior members of Botswana Railways board and management, representatives of the National Railways of Zimbabwe, African Energy Resources Botswana Chairman, Blackie Marole, and African Energy Resources board and management representatives (Diagrams 3 and 4). The ceremony was also attended by the Mayor of Francistown and other local dignitaries, members of the Botswana press, and was recorded and aired by Botswana television.

The trial shipment of Sese coal by rail to Maputo was completed in approximately four days via Bulawayo, southern Zimbabwe and southern Mozambique, a distance of approximately 1,350km (Diagram 1). The coal was unloaded at Grindrod's Matola coal terminal on Wednesday, 11th April (Diagrams 5 and 6). This successful trial represents an important milestone for African Energy, and for the broader coal sector in Botswana as it demonstrates that coal can be transported in a timely manner to the east coast of Africa, a logical point from which this coal could be exported to markets in Asia (predominantly India and China).

African Energy and Botswana Railways have committed to continue working together to evaluate operational efficiencies and delivery of cost-effective short-to medium-term coal transport arrangements for Sese coal.

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.

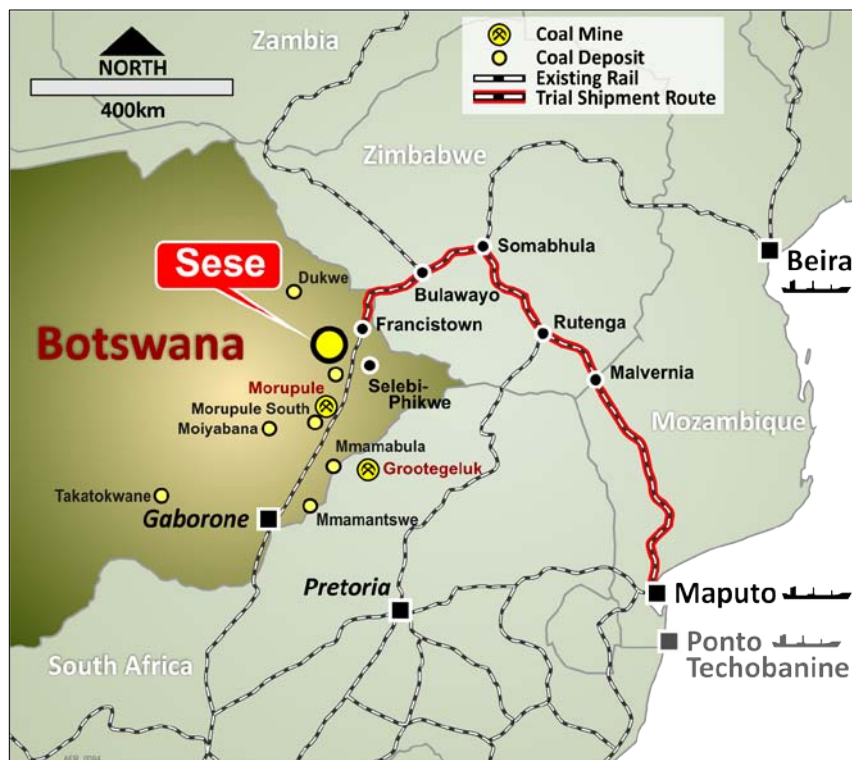


Diagram 1. Location map of the Sese Coal and Power Project showing existing rail routes to the east coast of southern Africa. The trial shipment left Francistown in Botswana, and went to Maputo in Mozambique via Bulawayo and Rutenga in Zimbabwe.



Diagram 2. Sese coal being loaded into a Botswana Railways freight wagon in Francistown.



Diagram 3. Hon Nonofo Molefhi, Minister for Transport and Communications, addresses dignitaries at the Botswana Railways function in Francistown, marking the first shipment trial of Botswana coal to Maputo in Mozambique.



Diagram 4. Dignitaries pose in front of loading operations in Francistown, including African Energy Resources Botswana Chairman, Blackie Marole (centre front), and Hon. Nonofo Molefhi, Minister for Transport and Communications (right).



Diagram 5. Loaded BR coal wagon with Sese coal at the Matola coal terminal in Maputo.



Diagram 6. Unloading Sese coal at the Matola coal terminal in Maputo.