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3 TO 6BT COAL EXPLORATION TARGET AT NEW SESE WEST PL AMENDED RELEASE

Highlights:

- *Prospecting Licence PL197/2007 Sese West has been renewed for a further two years with the addition of coal to the list of approved minerals for prospecting.*
- *PL197/2007 is to the immediate south of the Company's 2.5 billion tonne Sese Coal deposit.*
- *Previous drilling on PL197/2007 encountered coal in six holes distributed throughout the tenement. This coal is interpreted to be the down-dip continuation of the Sese deposit.*
- *On the basis of these coal intersections and knowledge of the coal at Sese, an Exploration Target* of 3 to 6 Billion tonnes of 3,500 kcal/kg to 5,000 kcal/kg thermal coal has been defined on PL197/2007.*
- *A programme of resource delineation drilling for an inferred resource will commence as soon as drill site preparations have been completed.*

***Disclaimer:**

The Exploration Target is conceptual in nature and it is uncertain if further exploration will result in the determination of a Mineral Resource. There is currently insufficient data to define a JORC compliant mineral resource for the Exploration Target.

PL197/2007 Sese West:

Prospecting Licence PL197/2007 Sese West, in eastern Botswana (Diagram 1) has been renewed for a further two years until 30th September 2014, and has had coal added to the approved list of minerals for prospecting. The tenement covers an area of 229km² and is approximately 1.0 to

1.5km south of the Sese coal deposit hosted in the Company's prospecting licence PL96/2005, itself recently renewed for a further two years.

In June 2011 the Company announced that it had discovered coal on PL197/2007 during the course of exploration drilling to test weak uranium anomalism. Six vertical cored drill holes intersected coal seams varying in thickness from 7m to 19m and at depths varying from 79m to 157m (Diagram 2).

In view of the close proximity of PL197/2007 to the 2.5 billion tonne Sese coal deposit in nearby PL96/2005, it is interpreted that the coal intersected in drill core in PL197/2007 represents the down-dip extension of the Sese coal deposit. The depth to the coal and the average thickness of the coal are consistent with this interpretation. Based on visual observation and down-hole geophysical logging, the coal appears to be of a similar quality to that in the Sese deposit.

Exploration Target:

The widespread nature of the drill intercepts in PL197/2007 and the consistency of the coal with that in PL96/2005 has permitted the calculation of an Exploration Target of between 3 billion and 6 billion tonnes of 3,500 kcal/kg to 5,000 kcal/kg thermal coal in PL197/2007. This is based on minimum and maximum seam thickness of 7m and 19m respectively, an average seam thickness of 14m for the whole deposit, and typical relative densities of between 1.65 and 1.75 for the coal in the Sese deposit. This Exploration Target is conceptual in nature and it is uncertain if further exploration will result in the determination of a Mineral Resource. There is currently insufficient data to define a JORC complaint mineral resource for the exploration target.

Drilling Programme:

An initial infill drilling programme to a notional drill spacing of 4km is planned for PL197/2007 in the coming months. Subject to geological continuity being demonstrated between these drill holes, this may be sufficient to define an Inferred Resource for this tenement. The Company has confirmed the availability of a drill rig to undertake this work and complete the drilling prior to the end of the year.

Summary:

The renewal of Prospecting Licence PL197/2007 Sese West until 30th September 2014, and the addition of coal to the list of minerals for prospecting represents an important milestone for the Company and re-confirms that the Government of the Republic of Botswana is supportive of the Company's initiatives to develop the Sese Coal & Power Project. The large exploration target defined at Sese West, when added to the defined 2.5 billion tonnes resource at Sese confirms the massive tonnage potential of this project.

JORC DISCLAIMER:

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, Exploration target, Mineral Resources or Ore Reserves is based on information compiled by Dr Frazer Tabcart (an employee and the Managing Director of African Energy Resources Limited) who is a member of The Australian Institute of Geoscientists. Dr Tabcart 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 Tabcart consents to the inclusion of the data in the form and context in which it appears.

The Exploration Target is conceptual in nature and it is uncertain if further exploration will result in the determination of a Mineral Resource. There is currently insufficient data to define a JORC compliant mineral resource for the Exploration Target.

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 of Sese Coal & Power Project, Botswana

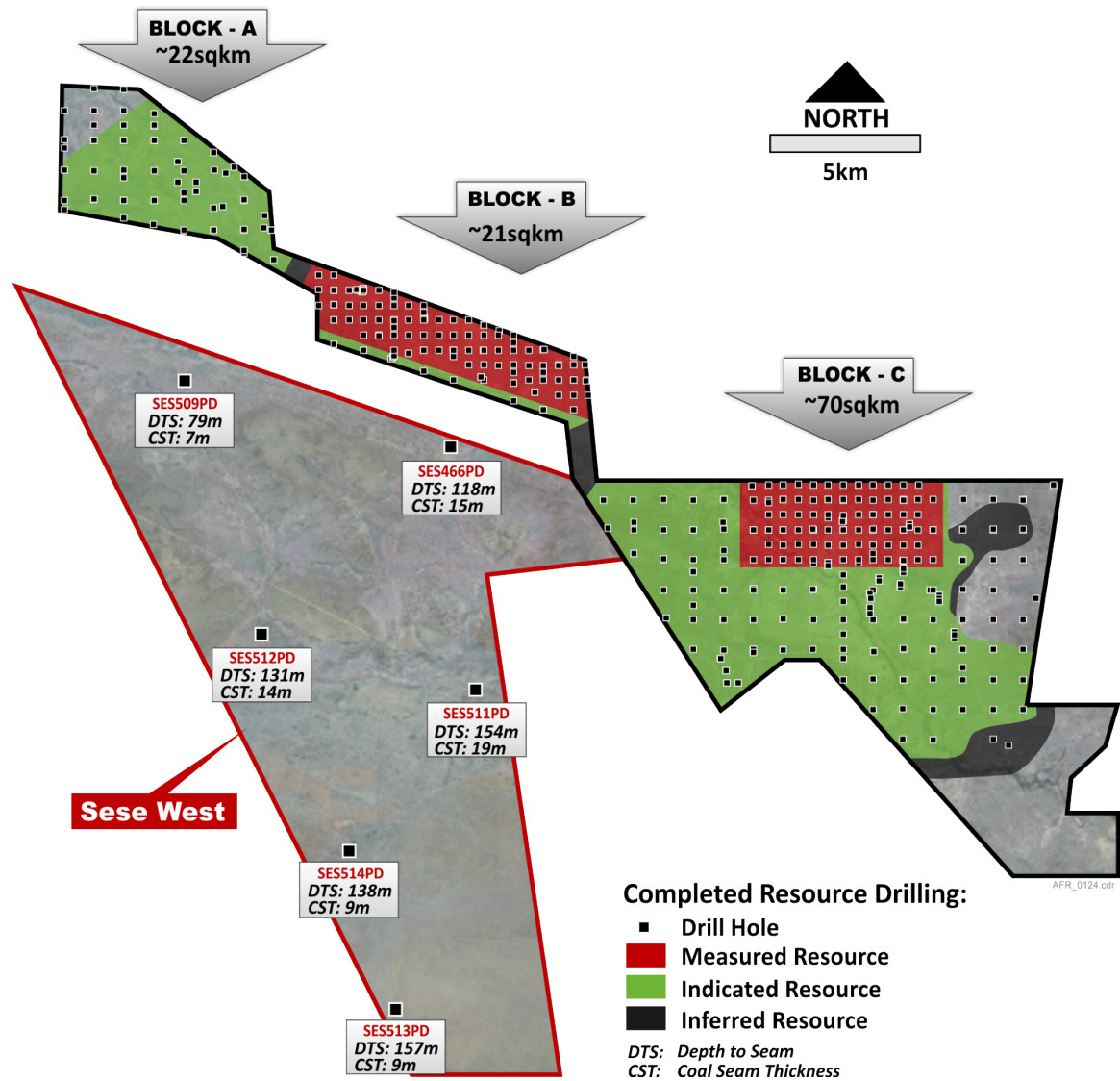


Diagram 2: Location of PL 197/2007 Sese West (to the south of the 2.5 Bt Sese coal deposit) and the drill holes referred to in the text