

For electronic distribution

19th October 2012

RESOURCE DRILLING TO COMMENCE AT SESE WEST

Highlights:

- *Resource drilling has been approved at the Company's Sese West property to the immediate south of the Company's 2.5 billion tonne Sese Coal deposit.*
- *Previous drilling on PL197/2007 Sese West 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.*
- *It is expected that the programme of drilling will take 6-8 weeks to complete and that an inferred resource will be announced in Q1 2013.*

***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.

Resource drilling at PL197/2007 Sese West:

The Board is pleased to announce that it has approved a resource drilling programme for the Sese West coal target, and that drilling will commence in a few days. The tenement covers an area of 229km² and is approximately 1.0 to 1.5km south of the 2.5 billion tonne Sese coal deposit hosted in the Company's prospecting licence PL96/2005 (Diagram 1).

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 1). On the basis of these results a further 14 vertical core drill holes will be required to delineate an inferred resource. Access track clearing and drill pad preparation for this programme has already commenced, and drilling is expected to commence within three days.

The Company expects that the drilling programme will be completed in 6-8 weeks and that analytical results will be available in the first quarter of 2013. This programme should be sufficient to allow the classification of an inferred resource.

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 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.

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

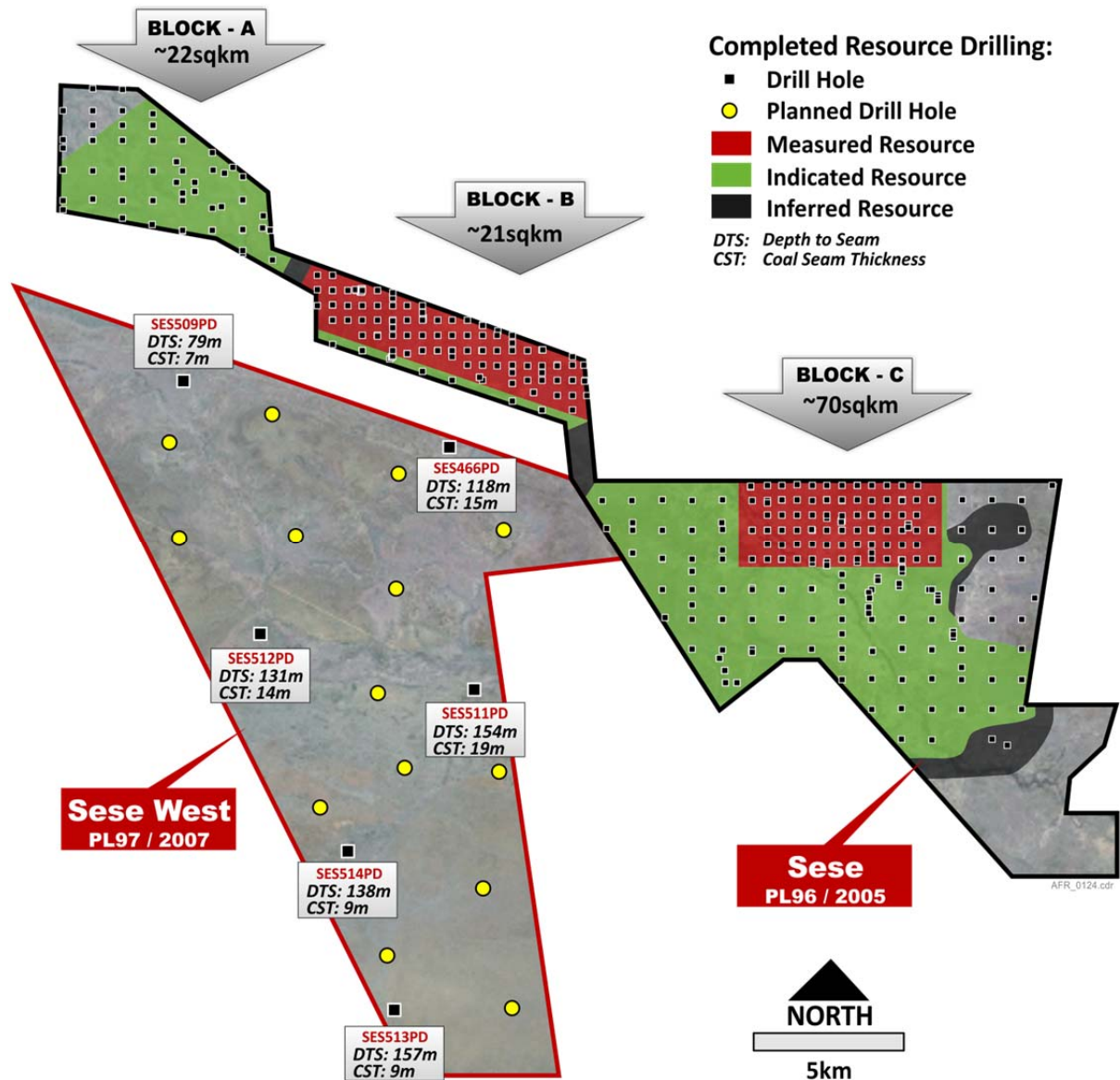


Diagram 1: Location of PL 197/2007 Sese West (to the south of the 2.5 Bt Sese coal deposit) and the drill holes referred to in the text