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14th November 2012

AFRICAN ENERGY IN BOTSWANA'S FIRST COAL EXPORT VIA MAPUTO

Highlights:

- *The first ever export trial of Botswana coal has been successfully concluded, marking a milestone achievement for the country and for African Energy's Sese Coal & Power Project*
- *The 34-wagon train, carrying approximately 1,600 tonnes of coal from Sese and Morupule Coal Mine covered the 1,300km route between Francistown and Maputo in three days*
- *The coal has been unloaded at the Maputo Coal Terminal which is owned and operated by Grindrod Mozambique Limitada. The coal will be stockpiled for eventual export sale by international energy trader, Vitol Coal South Africa*
- *The successful export trial was conducted in partnership by African Energy, Morupule Coal Mine, Grindrod Mozambique Limitada and Vitol Coal South Africa, with rail operations undertaken by Botswana Railways (BR), National Railways of Zimbabwe (NRZ) and Caminhos de Ferro de Mocambique (CFM)*
- *African Energy staff supervised the export trial throughout its duration and will derive significant intelligence for planning and future export operations from this exercise*

Successful export trial completed:

The Directors of African Energy are pleased to announce that the first dedicated export coal train from Botswana arrived at the Maputo Coal Terminal in Mozambique early on Sunday 11th November, covering the 1,300km from Francistown in three days (refer Diagram 1 for the route).

The train of 34 wagons carried 1,600 tonnes of coal, and was jointly sponsored by African Energy Resources, Morupule Coal Mine, Vitol Coal South Africa and Grindrod Mozambique Limitada.

African Energy and Morupule (Botswana's only operating coal mine which is owned by Debswana, a joint venture between DeBeers and the Government) each loaded 17 coal wagons with crushed and screened coal (Diagrams 2 and 3).

Botswana Railways assembled the 400m long train at Francistown Station (Diagram 4). A Botswana Railways (BR) crew and locomotive then took the train to the Zimbabwean border, where a National Railways of Zimbabwe (NRZ) crew and locomotive took over (Diagram 5). A further crew and locomotive change to Caminhos de Ferro de Mocambique (CFM) was made at Chicualacuala in Mozambique to take the train to its final destination, the main coal yard at the port of Maputo operated by Grindrod Mozambique Limitada and their partner Vitol Coal South Africa, one of the worlds leading energy and raw commodities traders. African Energy, Morupule, Grindrod and Vitol shared the costs for the export trial.

African Energy and Morupule Coal Mine have transferred ownership of the coal to Vitol at Maputo, where the coal has been unloaded and stockpiled at the Maputo Coal Terminal. The coal stockpile will be sold and subsequently loaded into bulk carriers at the terminal as part of routine coal export operations, marking the first time that Botswana coal has been exported to overseas markets. African Energy has treated this as a business development exercise and derived no income from the coal sales.

This trial not only proved conclusively that bulk export of coal from collieries in Botswana via the Maputo corridor is feasible, but also provided invaluable technical information on the operation of rail services to assist African Energy's feasibility study into coal exports from Botswana, which is due to be discussed with the Government of Botswana and other parties in early 2013.

Progress of the train was closely monitored by African Energy staff from their offices in Francistown and Western Australia via a satellite link to GPS locating systems in the cab of the locomotive, giving virtually real time data on the location and speed of the train. Of significance is that for much of the overall route the train was able to meet or exceed the anticipated operating speed of 40-50kmh indicating that with appropriate maintenance budgets from increased traffic volumes, significant improvements in turnaround time will be possible.

AFR also had staff in the field in Botswana, Zimbabwe and Mozambique monitoring progress of the train and observing hand-over, customs and exchange protocols at the international borders.

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

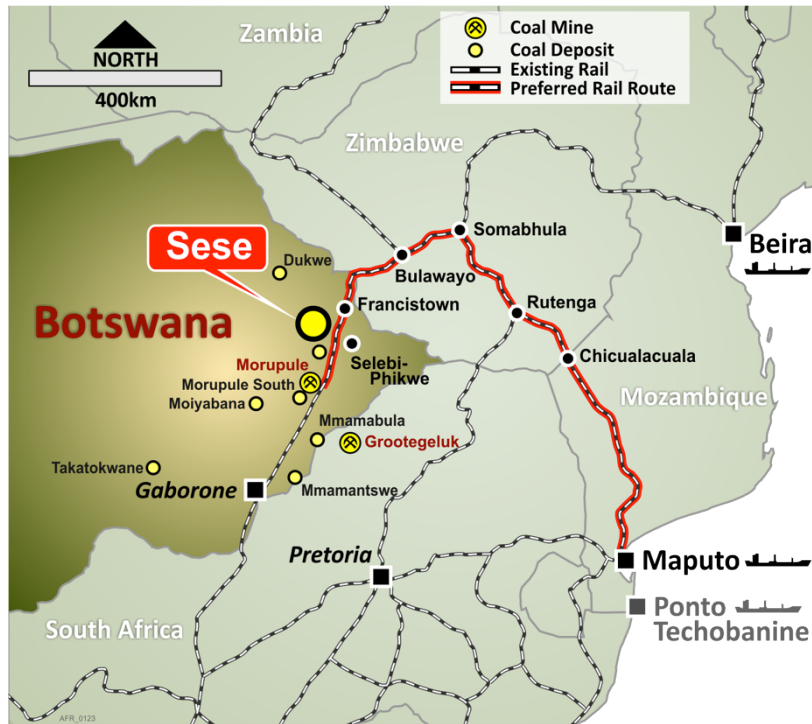


Diagram 1. Map showing the route taken by the trial export train from Francistown to Maputo



Diagram 2. Crushing and screening Sese coal prior to loading



Diagram 3. Loading screened Sese coal onto the train



Diagram 4. View along the fully assembled 34 loaded coal wagon train at Francistown Station



Diagram 5. Coal train en route to Maputo through Zimbabwe