

16 September 2010

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 PROJECT INVESTOR PRESENTATION

Please find attached the latest Investor Update for African Energy Resources Limited.

This presentation on the Sese Coal Project is being used for marketing and investor presentations over the coming weeks.

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

African Energy
Resources Limited

ASX : AFR

Issued Capital
282,774,650

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African Energy Resources Ltd

The Sese coal deposit in Botswana

September 2010



AFRICAN ENERGY

Disclaimer

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To the extent permitted by law, AFR accepts no responsibility or liability for any losses or damages of any kind arising out of the use of any information contained in this presentation.

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 Resources", "Inferred Resources" and "Indicated 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 Tabcart (an employee 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.



Sese: a major coal discovery in Botswana

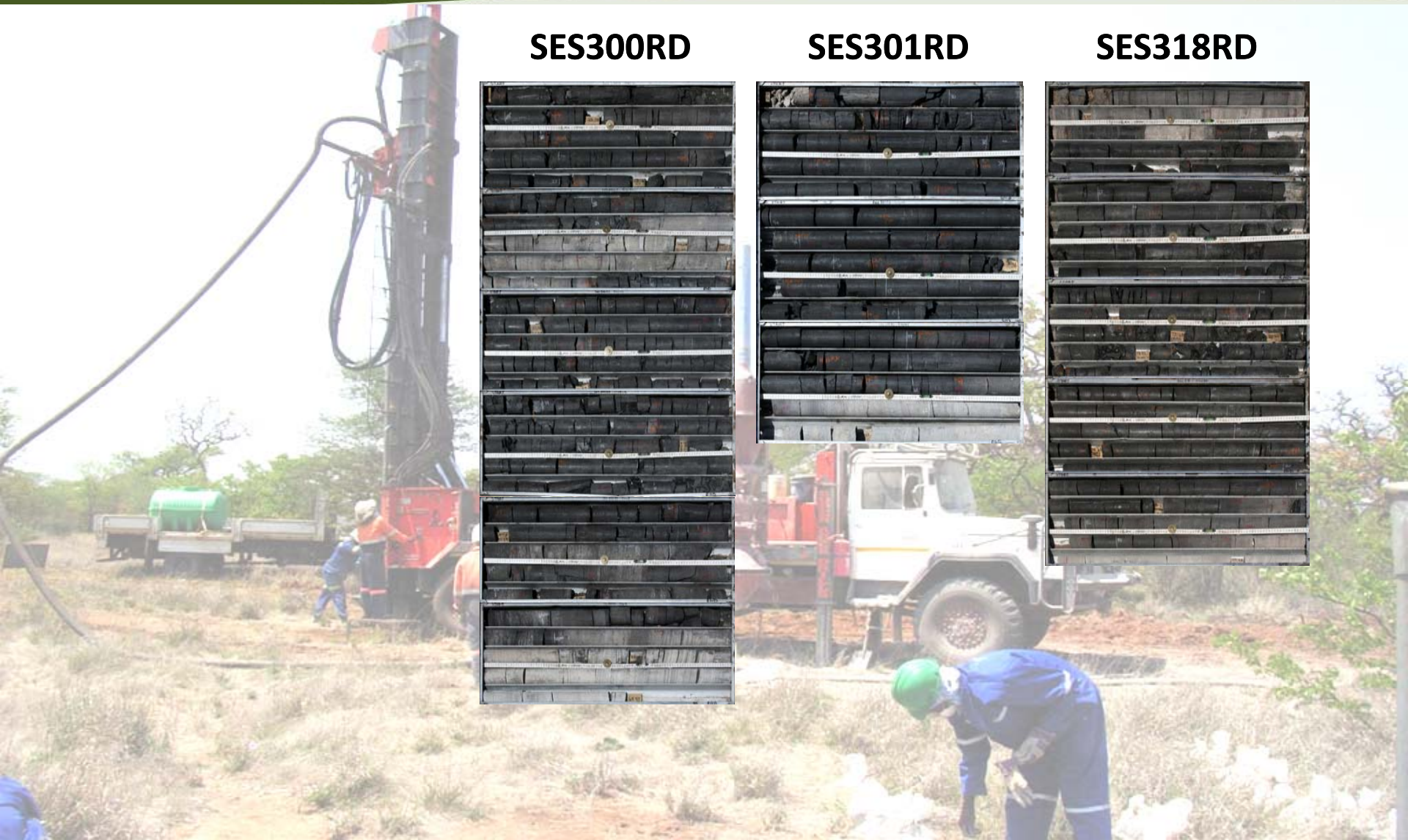
SES300RD



SES301RD



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Overview of the Sese coal project

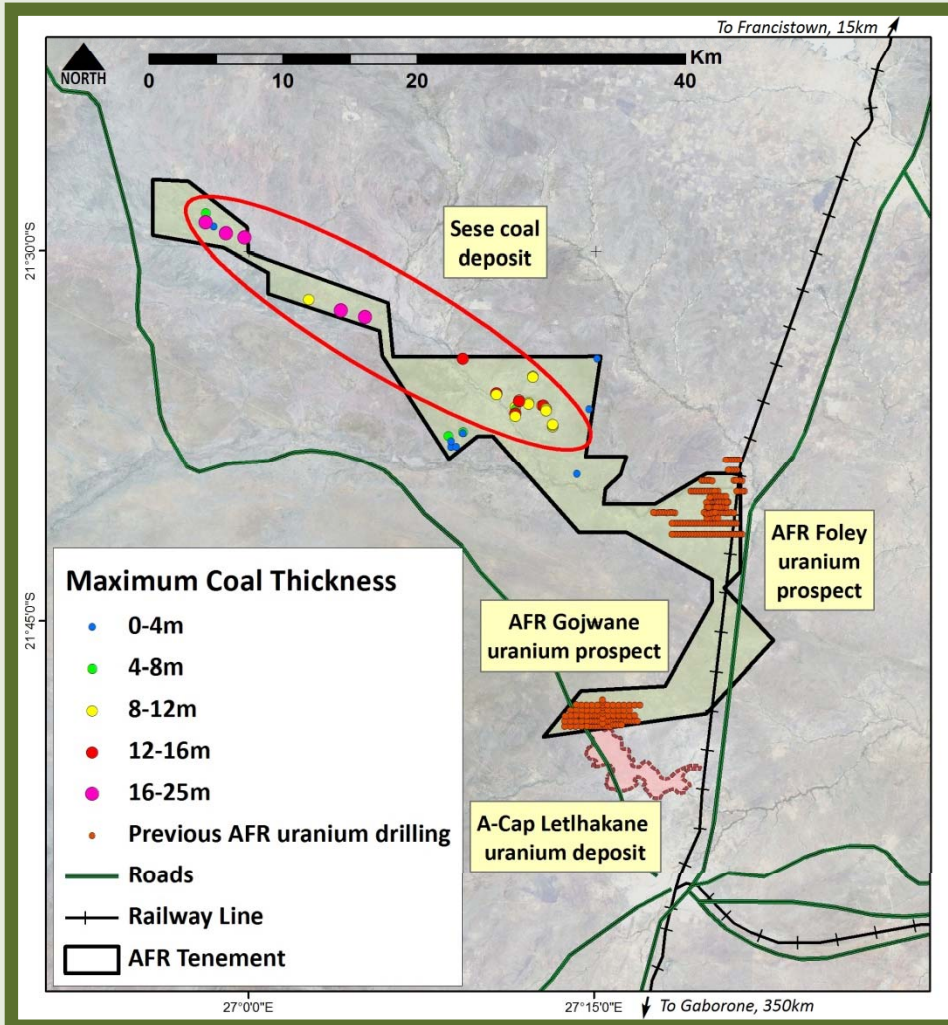
- Coal occurs over an extensive area (approximately 80km²) and averages 10m to 12m thickness from a depth of 25m to 65m
- The dimensions and geometry of the coal deposit indicate that a potentially large deposit exists which may be amenable to low cost open-pit extraction
- Analysis of raw coal indicates that it is of commercial quality
- Washing data from historical drilling indicates that, where tested, the raw coal can be readily upgraded to a higher quality product
- There is also potential for broad zones of higher quality coal in the deposit
- AFR is seeking a project partner who is willing to invest in the coal project and take an active role in managing its future development

Sese project location



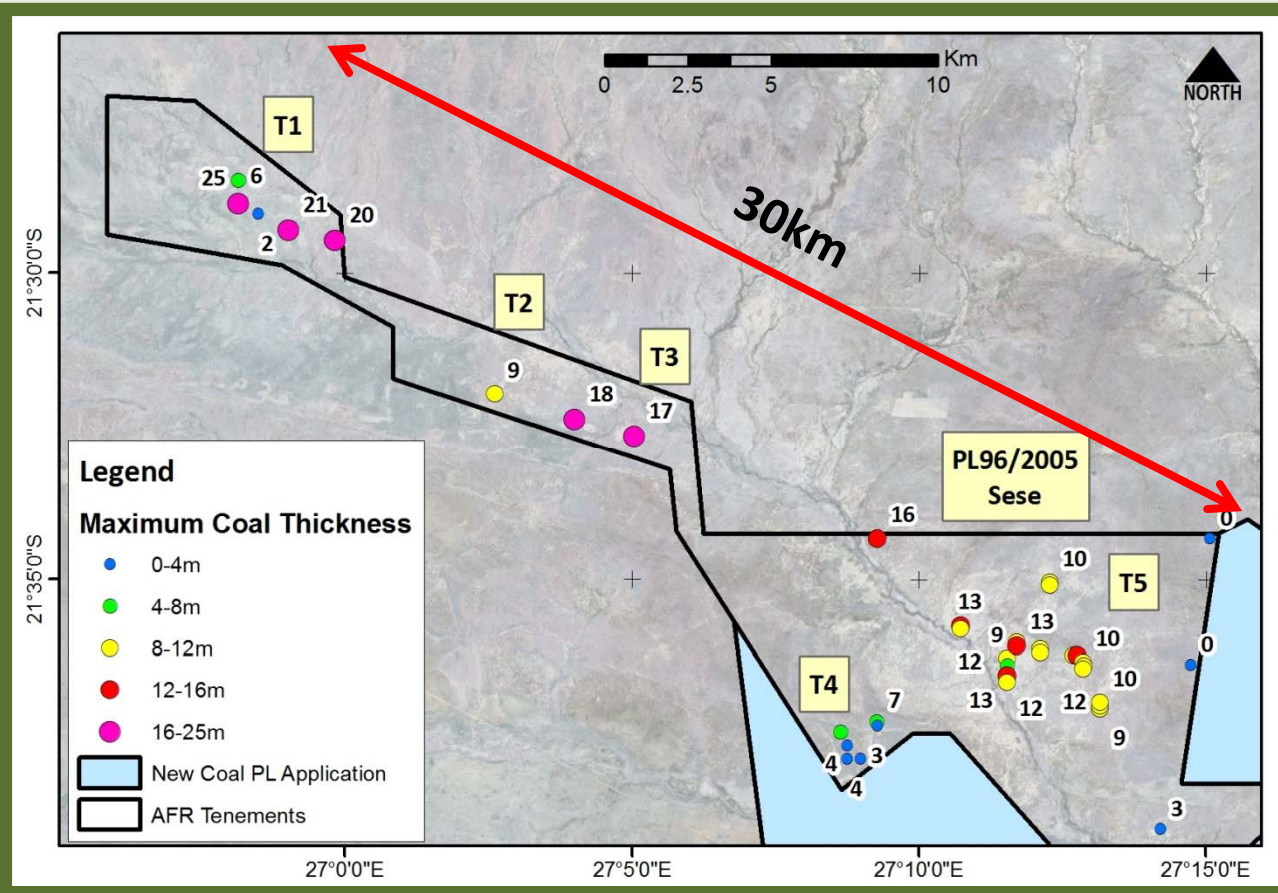
- The Sese project is in eastern Botswana, close to road, rail and power infrastructure
- African Energy owns 100% of the Sese tenement
- Botswana is the most stable democracy in Africa and encourages the exploration for, and subsequent development of large mining projects

Sese project overview map



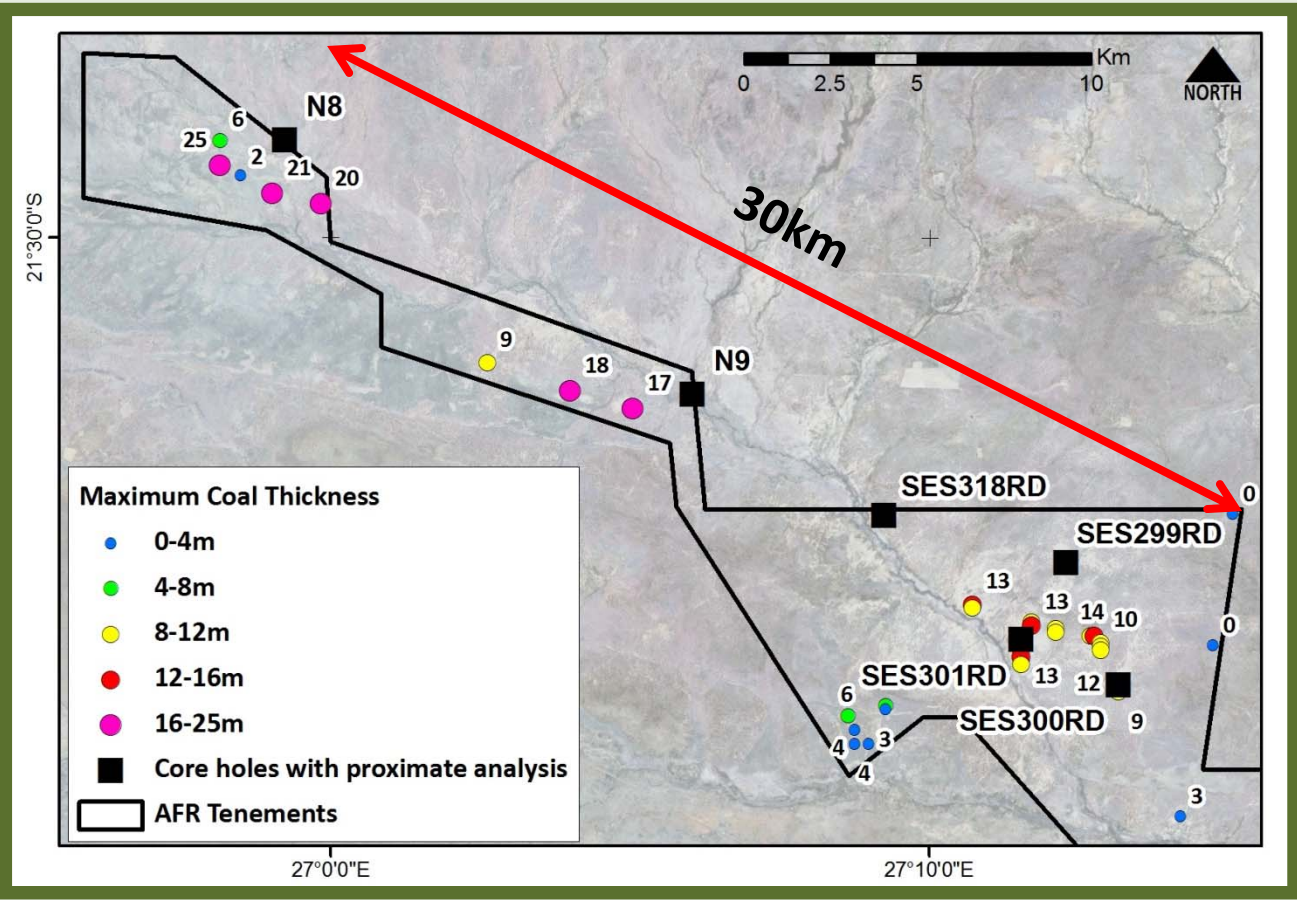
- 50km south of Francistown, major highway, railway, power along eastern project boundary
- Coal discovery in northern part of tenement
- Uranium discoveries in southern half of tenement
- Commodities to be “split” so that coal and coal-bed methane (CBM) rights are separated from those for other commodities – will allow stand-alone coal/CBM deal without impacting on uranium ownership

Coal discovery – initial drilling



- At least one coal-bearing seam in all reverse circulation percussion holes drilled at T1, T2, T3, T4, T5
- Coal over >30km strike length, >80km² area
- Average 10-12m thick seam from 25-65m depth for holes with >6m coal

Raw coal sampling programme



- Four core holes drilled by AFR to collect material for coal quality analysis (“proximate analysis”)
- Data located for 1976 Shell Coal Botswana drilling with proximate analysis on two holes (N8, N9)

Sese coal – proximate analyses

HOLE ID	From (m)	True Width (m)	Yield %	Inherent Moisture %	Ash %	Calorific Value MJ/kg	Calorific Value kcal/kg	Total sulphur %
RAW COAL, AIR DRIED BASIS								
SES 299RD	39.00	5.90	100.00	8.27	28.48	18.06	4,313	2.21
SES 300RD	35.30	7.72	100.00	7.65	31.11	16.81	4,014	0.83
SES 301RD	30.66	8.39	100.00	7.54	32.60	16.80	4,012	1.69
SES 318RD	64.87	16.03	100.00	9.35	22.84	20.51	4,898	2.04
SHELL N8	37.68	7.72	100.00	4.25	25.90	20.87	4,984	1.81
SHELL N9	37.12	7.28	100.00	7.54	23.88	19.75	4,716	1.92
AVERAGE		8.84	100.00	7.71	26.80	19.06	4,552	1.78
WASHED COAL, AIR DRIED BASIS, S.G. = 1.60								
SHELL N8	37.68	7.72	60.11	4.59	19.52	22.51	5,376	0.39
SHELL N9	37.12	7.28	60.14	7.86	16.04	22.06	5,269	0.30
AVERAGE		7.50	60.12	6.18	17.83	22.29	5,323	0.35

- Raw analysis is on coal straight from the ground, air dried to remove loosely bound moisture
- “Washing” is a process where the coal is upgraded by removing the denser, inert components
- “Yield” reflects how much of the raw coal remains after washing at a particular density – in this case 60% yield at a density of 1.60

What do the proximate analyses mean?

- Calorific Value (CV) is the most important measure of coal quality, with higher numbers being better
 - Sese raw coal average 19.1 MJ/kg (4,550 kcal/kg)
 - Sese preliminary washed coal average 22.3 MJ/kg (5,325 kcal/kg)
 - Moderate quality Indonesian coal is 17.5 to 22.6 MJ/kg (4,200-5,400 kcal/kg) and high quality Newcastle thermal coal is >25 MJ/kg (>6,000 kcal/kg)
- Ash content (the non-combustible portion of the product) is also important, with lower numbers being better
 - Sese raw coal average of 27% is typical of southern African coals
 - Sese preliminary washed coal ash contents drop to <18%, may go lower
- Sulphur content – lower is better as this leads to cleaner emissions
 - Simple washing drops Sese sulphur content to very low levels

Comparisons with other deposits in the region

					Raw Coal, Air Dried Basis				
Company	Project	Mt	Seam Thickness	Depth to top	CV (MJ/kg)	Ash (%)	Volatiles (%)	Sulphur (%)	Notes
BOTSWANA									
African Energy	Sese	TBD	6-25m	25-65m	19.06	26.80	20.86	1.78	1
Aviva	Mmamantswe	895	55m*	65m	10.21	54.55	18.11	0.90	2
Debswana	Morupule	2,900	7-10m	80-180m	21.50	21.00	24.00	1.10	3
CIC Energy	Mmamabula - total	1,910	1-9m	35-90m	21.10			2.00	4
Asenjo Energy	Dukwe	1,039	6.0-9.8m	35-190m	20.00	29.40	9.80	0.20	5
Asenjo Energy	Western Mmamabula	4,119	0.9-4.5m	45-300m	20.00	29.00			5
SOUTH AFRICA									
Homeland Energy	Kendall (Witbank)	38	1.3-5.0m		20.61	30.26	19.15	1.12	6
Exxaro	Grootegeluk open pit - Volkrust Fm	3,573			13.20	53.90	19.80	1.10	7
Exxaro	Grootegeluk open pit - Vryheid Fm	1,114			23.20	28.00	22.10	2.10	7
Coal of Africa	Vele	721	7-9m		14.85	50.30	20.90	1.82	8
MOZAMBIQUE									
Ncondezi	Ncondezi Project	1,809	5-50m		11.86	56.70	15.80	0.90	9

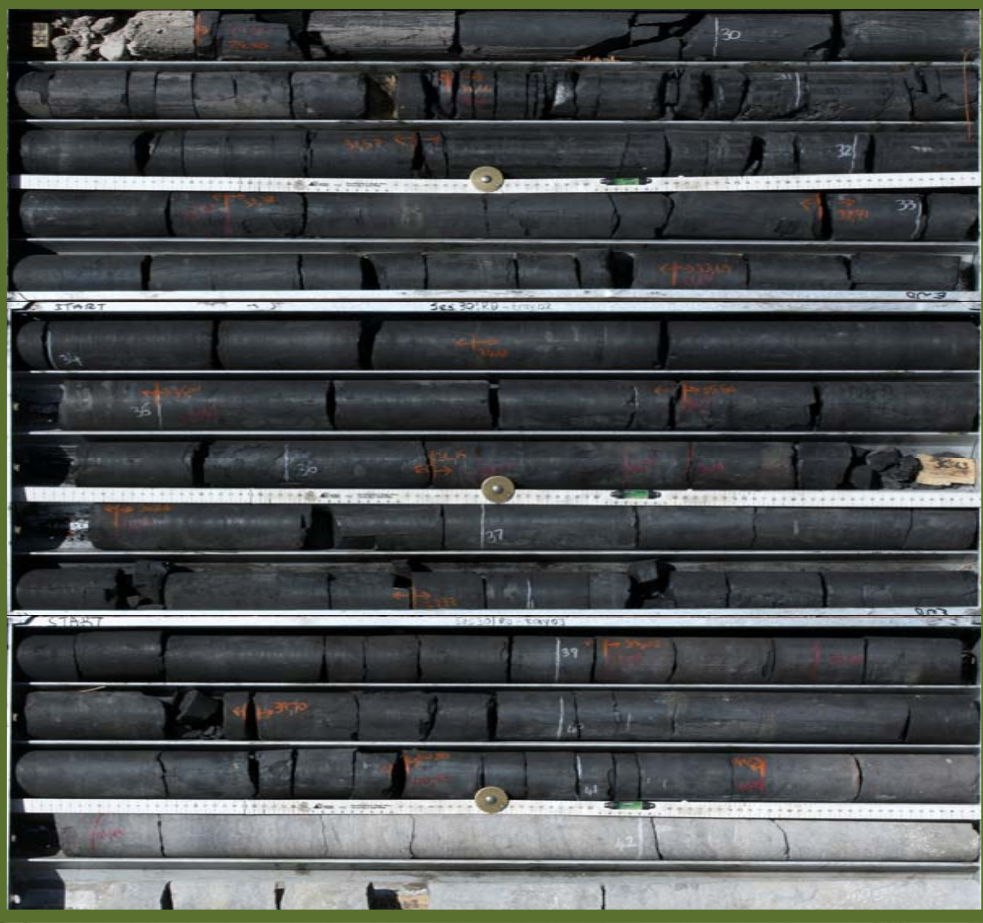
NOTES - INFORMATION SOURCES

1. AFR data and Shell Coal Botswana Open File data submitted to Botswana Geological Survey in 1976
2. Aviva company announcement ELS 29 2010 released to ASX on 21 July 2010
3. Debswana website
4. CIC Energy website and Corporate Presentation released in September 2010
5. Asenjo Energy Investor Presentation released to the Cape Town Mining Indaba February 2009
6. SRK Independent Technical Report, October 2007
7. Exxaro Annual Report 2009
8. Mineral Corporation Consultancy Pty Ltd report submitted to Coal of Africa in June 2010
9. Ncondezi website referring to mineral resource report by SRK Consulting (UK) Ltd

Why is the Sese coal deposit of interest?

- Potential for very large tonnage based on areal extent of drilled intersections (requires infill drilling to quantify a JORC inferred resource)
- Thick main seam which is very close to surface – potentially the lowest raw coal mining costs in region because low-strip ratio open-pit methods could be used for the entire deposit
- Raw coal analyses and washing results compare well with other deposits in region – more drilling is required to evaluate potential for even higher quality raw coal zones within the 80km² extent of the deposit
- Potential for higher quality zones within the deposit
- Potential for higher value washed products (export grade thermal coal, coking coal) still to be tested
- Global energy crisis and continued dominant role for coal in electricity generation for decades to come

Sese coal project – future initiatives



- Sese coal project will be transferred into a wholly owned but unlisted subsidiary of African Energy to allow project level transactions to take place
- AFR is seeking a cornerstone project partner with global coal experience to:
 - Purchase an initial equity position (10-20%) in the coal project
 - Provide technical guidance on all aspects of the coal programme
 - Sole fund a programme of resource delineation and feasibility studies in return for further project equity (potential to increase to a majority stake)

Concluding summary

- AFR has made a significant coal discovery at Sese, Botswana
- The dimensions and geometry of the coal deposit indicate that a potentially large deposit exists which maybe amenable to very low cost open-pit extraction
- Limited analysis of raw coal indicates that it's quality is of commercial interest
- Limited washing data from historical drilling indicates that the raw coal can be easily upgraded to a higher quality product
- Further drilling is required to establish an initial inferred resource and determine if parts of the deposit have higher quality raw coal that can be washed to produce a high-value >6,000kcal/kg product
- AFR is seeking a project partner who is willing to invest in the coal project and take an active role in managing its future development