

2nd February 2011

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

Via electronic lodgement

Dear Sir/Madam,

STUDY MANAGER APPOINTED FOR SESE COAL PROJECT

- **Mr. Philip Clark has been appointed to the role of Concept Study Manager for the Sese Coal Project.**
- **Mr. Clark is a highly experienced senior mining executive with 33 years global coal experience at BHP Billiton, including Management roles at operating coal mines, strategic planning manager at BHP Coal and most recently Vice President Resource Development at BHP Billiton Energy Coal.**
- **The Concept Study will evaluate two development options;**
 1. **Immediate supply of 3-5 million tonnes per annum into local and regional markets and into the seaborne export market, and**
 2. **Supply of much larger volumes via rail to port and into seaborne export markets.**
- **The Company expects to be able to announce an initial inferred resource estimate in April 2011.**
- **The Concept Study is expected to be completed by the end of April and delivered to the Board in May 2011.**
- **Results of the Study will be used to determine the scope of a formal feasibility study.**

African Energy
Resources Limited

ASX : AFR

Issued Capital
293,124,650

Directors:

Alasdair Cooke
Executive Chairman

Frazer Tabearth
Managing Director

Bill Fry
Executive Director

Mike Curnow
Non-Executive Director

Valentine Chitalu
Non-Executive Director

Level 1, 8 Colin Street
West Perth WA 6005

Tel: +61 8 6465 5500
Fax: +61 8 6465 5599

ARBN 123 316 781

www.africanenergyresources.com
info@africanenergyresources.com

BACKGROUND TO PROJECT

The Sese Coal project comprises one wholly owned prospecting licence and four prospecting licence applications located in northeast Botswana, approximately 50km southwest of the town of Francistown. The project is situated close to the sealed highway between Francistown and Gaborone and is easily accessible. Rail, road and power infrastructure are close to the project area (Diagram 1).

African Energy has discovered a large deposit of thermal coal at Sese, and recently announced an upgraded Exploration Target of 1.5 to 2.0 billion tonnes of 4,000kcal/kg to 5,000kcal/kg in-situ (ROM) thermal coal.* A programme of resource delineation drilling commenced in October 2010 to provide data for an initial inferred resource estimate for the deposit. Drilling results from Block-A and Block-C have been very encouraging, exceeding expectations on coal seam thickness and continuity. Block-B drilling has commenced and is expected to be completed by the end of February 2011. An initial inferred resource estimate is expected in April 2011.

On the basis of the drilling results to date the Company has elected to undertake a desktop Concept Study to evaluate both domestic and export options for development. A highly experienced manager has been appointed to run the conceptual study. Details of the appointment and an outline of the scope are provided below.

**Disclaimer:*

The Exploration Target is conceptual in nature and it is uncertain if further drilling 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.

APPOINTMENT OF STUDY MANAGER

Mr. Philip Clark has been appointed to the role of Concept Study Manager for the Sese project on a consulting basis. Mr. Clark is a highly experienced and widely respected senior mining executive who has spent over thirty years working in the coal mining industry, including the following key appointments:

- Vice President Resource Development, BHP Billiton Energy Coal (2005-2010). This included project development functional responsibility for major exploration and capital projects located in Australia, South Africa, USA and Colombia.
- Manager Strategic Planning, BHP Coal
- Production Manager, BHP Gregory Mine
- Mine Manager, BHP Nebo Colliery

The Board of Directors are delighted to welcome Mr. Clark to the Company. Mr. Clark has already commenced in the role and is actively in the process of engaging suitably qualified consultants to provide key technical and commercial intelligence.

OUTLINE OF CONCEPT STUDY

The Concept Study is scheduled to be delivered to the Board in May 2011. The Study will evaluate the key technical and commercial issues associated with two development options;

1. Immediate supply of 3-5 million tonnes per annum into a combination of local markets, both within Botswana and neighbouring countries, and seaborne export market, and
2. Supply of much larger volumes via rail to port and into seaborne export markets.

The results of the Conceptual Study will be used to determine the scope for a formal feasibility study.

Key issues to be assessed in the Conceptual Study include the following:

- Market analysis of both local and seaborne export options.
- Coal chain logistics including assessment of issues relating to Trans-Kalahari and Ponto-Techobanine rail options.
- Development of the geological model and mineral resource model.
- Mine Planning and Infrastructure.
- Estimation of capital costs and operating costs to +/- 35%.
- Development of high level cash flow model.
- Preparation of scope for formal feasibility study.

Coffey Mining has been engaged to provide specialist consulting advice on the resource estimation, and other consultants are in the process of being engaged to provide advice on market analysis and coal chain logistics.

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 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.

For any further information, please refer to the Company's website or contact the Company Secretary, Daniel Davis on +61 8 6465 5500.

For and on behalf of the board

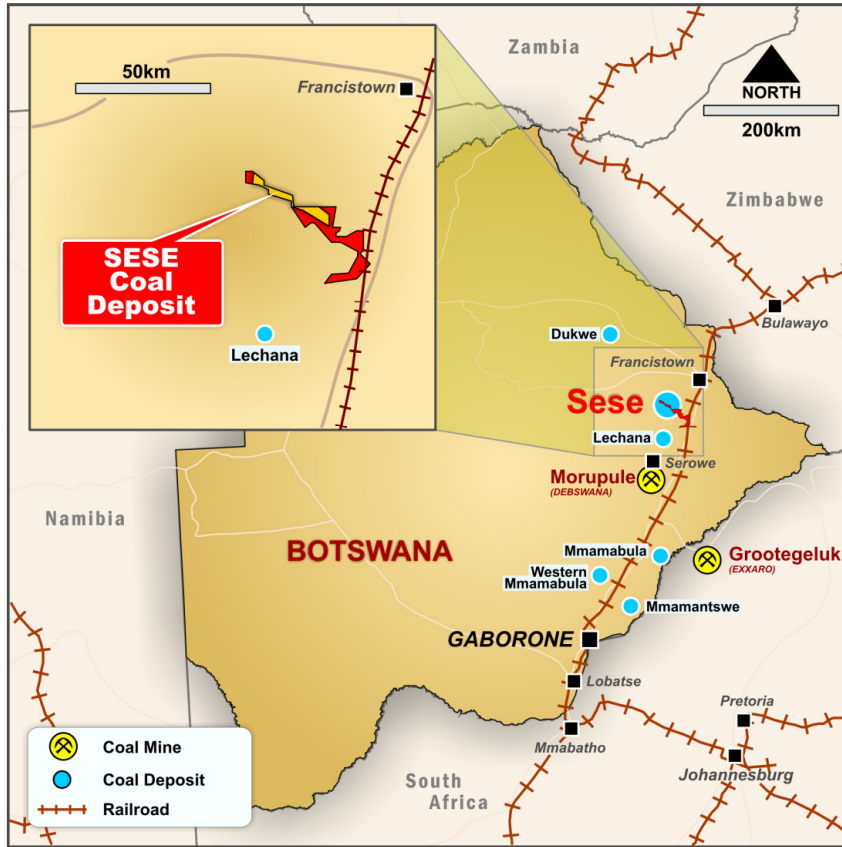


Diagram 1: Location map of the Sese Project, Botswana.