AFRICAN ENERGY

2 February 2012

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

Via electronic lodgement

Dear Sir/Madam,

SESE INDICATED RESOURCE EXCEEDS 2.5 Bt

SEAM	RESOURCE CATEGORY	IN-SITU TONNES	Raw CV MJ/kg ADV	Raw CV Kcal/kg ADV	Washed CV range RD 1.5 to 1.7 Kcal/kg
SS (formerly Lower Main)	Indicated	1,532 Mt	17.36	4,146	
	Inferred	68 Mt	14.85	3,547	
	SUB-TOTAL	**1,599 Mt**	**17.26**	**4,121**	**4,550 – 5,550**
SST (formerly Upper Main)	Indicated	637 Mt	12.76	3,046	
	Inferred	32 Mt	9.43	2,253	
	SUB-TOTAL	**669 Mt**	**12.60**	**3,008**	**4,200 – 5,250**
SSU (formerly Upper Main)	Indicated	348 Mt	13.06	3,120	
	Inferred	9 Mt	12.95	3,092	
	SUB-TOTAL	**357 Mt**	**13.06**	**3,119**	**4,350 – 5,400**
	TOTAL	**2,626 Mt**	15.50	3,701	

HIGHLIGHTS

- **Successful reclassification of greater than 95% of the in-situ resource to the Indicated category.**
- **The Lower Main Seam accounts for 61% of the total resource and contains coal which is suitable for washing to create an export quality product (up to 5,550 Kcal/kg).**
- **The Upper Main Seam coal can be washed, or blended with the Lower Main Seam middlings to make a product which is suitable for use as power station fuel. Full Seam raw coal is also suitable as a power station fuel.**
- **The coal occurs in one main seam which averages 14m thickness, is close to surface and which is expected to be amenable to low strip-ratio open pit mining.**
- **The Measured Resource calculation for drilling completed in Blocks B and C is expected to be released in the 2nd Quarter 2012.**

African Energy Resources Limited

ASX : AFR, BSE : AFR

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BACKGROUND

The Sese Coal project comprises one wholly owned prospecting licence (PL96/2005) and six prospecting licence applications located in northeast Botswana, approximately 50km southwest of the town of Francistown. The project is close to the sealed highway between Francistown and Gaborone and is easily accessible. Rail, road and power infrastructure is also close to the project (Diagram 1).

African Energy discovered a large deposit of thermal coal at Sese in June 2010 and is pleased to announce an updated Indicated Resource estimate for the coal within Prospecting Licence PL96/2005. Infill drilling is complete in portions of Block B and C with results pending, and the Company expects to upgrade portions of resource to Measured Resource category during the April-June quarter.

RESOURCE ESTIMATE

The Sese coal resource occurs within Lower Karoo aged sediments and is characterised by a thick (5m to 26m) coal seam that occurs close to the basal unconformity between the Karoo Supergroup and the Precambrian Basement (refer to Diagram 2 as an example of the Block B area). This thick coal seam is referred to as the Sese Main Seam, and is characterised a lower seam of coal (SS or Sese Seam) with occasional bright bands and a general lack of silty partings, and by two upper seams of coal (SST or Sese Seam Top and SSU or Sese Seam Upper) separated by a silty parting. The coal dips at approximately 0.6^0 to the southwest. Additional thinner and less continuous coal seams are developed higher in the stratigraphy, but these have been omitted from the resource estimate.

The resource estimate was compiled from data collected from 167 vertical diamond drill holes and 131 vertical reverse circulation (RC) percussion drill holes (Diagram 3). All blocks have enough data to permit the classification of Indicated Resources, with the minor fringe portion of the deposit classified as Inferred Resource. Resource estimation was undertaken in accordance with industry standard practice (see Appendix A) by independent resource consultants Gemecs (Pty) Ltd.

The table below shows the resource details, with proximate analyses reported on an air-dried basis. The tonnages account for losses due to modelled dolerite dykes and sills. Note that more conservative geological loss factors have been applied by the new consultants (Gemecs) than those used in the previously announced resource.

SEAM	RESOURCE CATEGORY	IN-SITU TONNES	CV Kcal/kg	CV MJ/kg	RD	Ash %	Inherent Moist. %	Volatile Matter %	Total Sulphur %
SS	Indicated	1,532 Mt	17.36	4,146	1.65	32. 9	7.1	18.8	2.22
	Inferred	68 Mt	14.85	3,547	1.71	40.6	6.2	18.8	2.40
	TOTAL	**1,599 Mt**	**17.26**	**4,121**	**1.65**	**33.2**	**7.1**	**18.8**	**2.23**
SST	Indicated	637 Mt	12.76	3,046	1.77	45.7	6.3	17.6	1.62
	Inferred	32 Mt	9.43	2,253	1.90	55.4	5.0	15.8	0.98
	TOTAL	**669 Mt**	**12.60**	**3,008**	**1.78**	**46.2**	**6.2**	**17.5**	**1.59**
SSU	Indicated	348 Mt	13.06	3,120	1.77	45.2	5.8	18.3	1.52
	Inferred	9 Mt	12.95	3,092	1.80	45.1	6.2	17.8	1.19
	TOTAL	**357 Mt**	**13.06**	**3,119**	**1.77**	**45.2**	**5.8**	**18.3**	**1.51**
	TOTAL	**2,626 Mt**	**15.50**	**3,701**	**1.70**	**38.2**	**6.7**	**18.4**	**1.97**

The table below shows the resource details (on an air dried basis) for Block B which is anticipated to be where mining operations are likely to commence. As illustrated, Block B produces a higher yield, higher quality product.

SEAM	RESOURCE CATEGORY	IN-SITU TONNES	CV Kcal/kg	CV MJ/kg	RD	Ash %	Inherent Moist. %	Volatile Matter %	Total Sulphur %
SS	Indicated	254 Mt	19.1	4,549	1.57	26.1	9.0	20.4	1.79
	Inferred	15 Mt	19.5	4,654	1.57	24.8	9.3	21.6	1.88
	TOTAL	**269 Mt**	**19.1**	**4,555**	**1.57**	**26.0**	**9.0**	**20.5**	**1.79**
SST	Indicated	127 Mt	12.2	2,921	1.78	45.2	7.0	18.6	1.19
	Inferred	11 Mt	11.0	2,622	1.84	49.1	6.3	18.3	1.16
	TOTAL	**138 Mt**	**12.1**	**2,897**	**1.78**	**45.5**	**6.9**	**18.6**	**1.19**
SSU	Indicated	51 Mt	14.3	3,403	1.73	39.9	7.4	19.7	2.03
	Inferred	4 Mt	15.5	3,704	1.71	36.8	7.8	21.3	1.40
	TOTAL	**55 Mt**	14.3	3,425	1.73	39.7	7.4	19.8	1.98
	TOTAL	**462 Mt**	**16.4**	**3,926**	**1.65**	**33.5**	**8.2**	**19.82**	**1.64**

INDICATIVE COAL WASHABILITY RESULTS

Washing test work has been undertaken on coal cores from 85 core holes drilled by African Energy (from a total of 174 core holes - refer to Diagram 3 for hole locations). The core samples from these holes were tested at ALS Witlab in South Africa, and the resulting washability data has been analysed to produce yield curves by Gemecs (Pty) Ltd.

The washability data collected to date indicate the following:

- The Lower Main Seam is amenable to either a single-stage or two-stage washing process to produce coal with improved heating values that may be suitable for export.
- The following Table shows the results for the Lower Main seam for the Indicated Resource (Block-B) only, also on an air-dried basis, illustrating that Block-B produces a higher yield, higher quality product:

SS Seam, Block-B	Single Stage RD 1.5	Single Stage RD 1.7
Yield %	28.8	71.6
CV MJ/kg	22.8	20.3
CV kcal/kg	5,435	4,840
Ash %	14.2	20.0
IM %	6.8	6.8
VM %	25.4	23.9
TS %	0.34	0.29

- The Lower Main Seam in Block-B can thus be washed to produce an export quality coal, with an indicative yield of 71.6% for a 4,840 kcal/kg single stage product.
- The Upper Main Seam is characterised by lower yields than the Lower Main Seam at similar RD cut-off points. As a low-yield washed product, or as a raw coal blended with the middlings from a two-stage washing of the Lower Main Seam, it is suitable for use as domestic power station fuel.
- Full Seam raw coal is also suitable as a power station fuel.

The washability results presented above are representative of 32 core holes tested to date in Block B and show good correlation with earlier test work.

JORC DISCLAIMER

The information in this report that relates to Coal Resources for the Sese Coal Deposit is based on coal resource estimate completed by Mr Coenraad Daniël van Niekerk, a full time employee of Gemecs (Pty) Ltd. Mr van Niekerk is a member of the South African Council for Natural Scientific Professions, a 'Recognised Overseas Professional Organisation' (ROPO), (SACNASP No. 400066/98) as well as a Member and Fellow of the Geological Society of South Africa. He has more than 36 years' experience in the South African Coal and Minerals industries. Mr van Niekerk 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 as defined by the 2004 Edition of the 'Australasian Code of Reporting of Exploration Results, Mineral Resources and the Ore reserves. Mr van Niekerk consents to the inclusion in the ASX release of the matters based on his information in the form and context in which it appears.

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

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

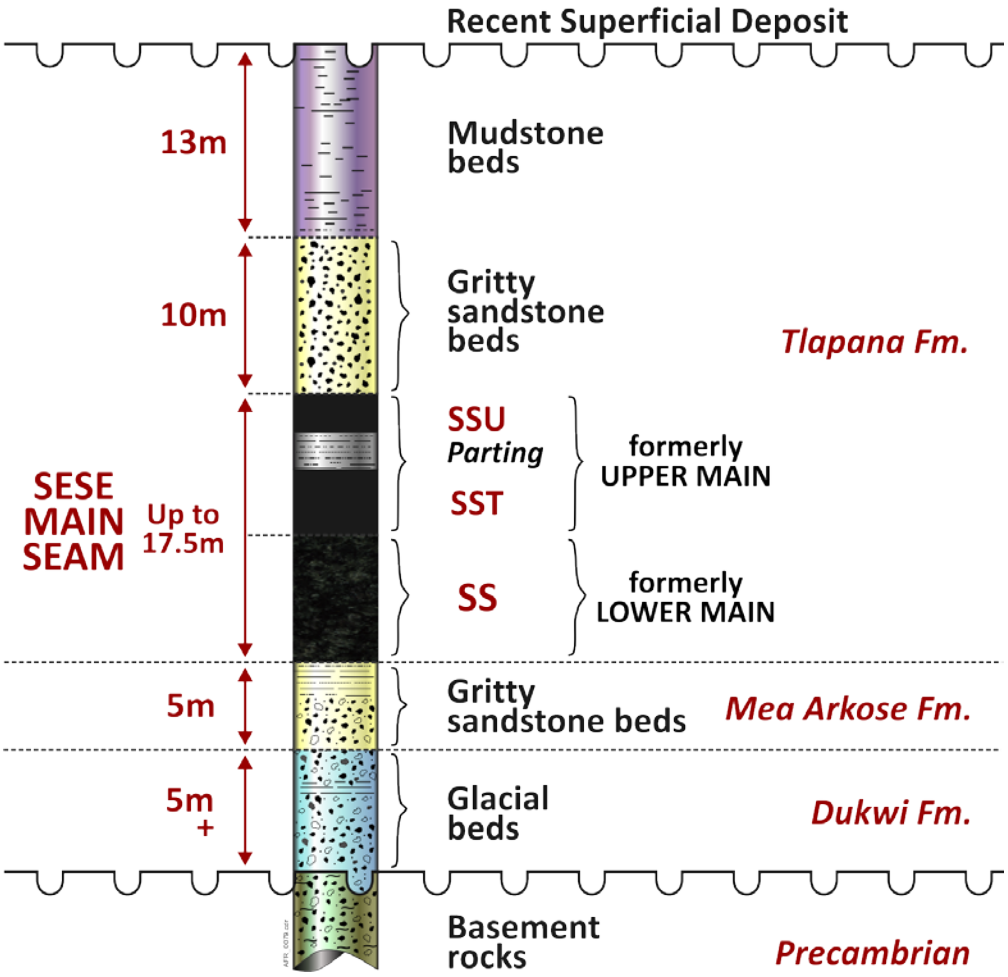

Diagram 2: Schematic stratigraphy for Block B of the Sese coalfield showing the full stratigraphic section. In many places the upper stratigraphy has been eroded away so that the top of the Sese Main Seam is at shallower depth.

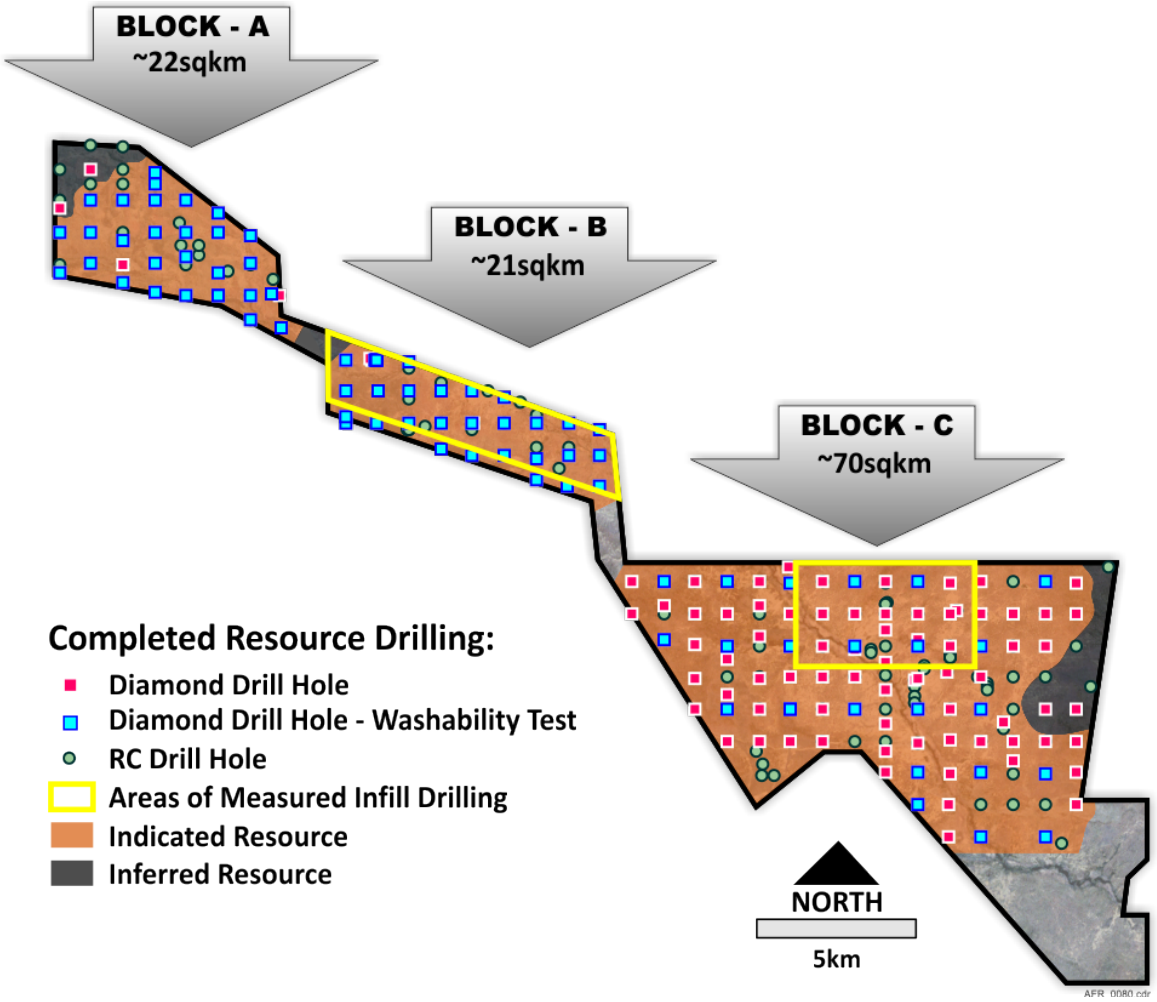

Diagram 3: Drill plan showing diamond drill holes and reverse circulation (RC) percussion holes used for the resource calculations. Washability test holes refer to holes where diamond drill core was tested for coal washability.

APPENDIX A: RESOURCE ESTIMATION METHODOLOGY

Field Data Collection

- A total of 305 drill holes were used in the resource modelling, of which 167 were diamond drill holes and 131 were RC percussion drill holes. All holes were drilled vertically and due to their short nature (16-115m end of hole depth range) were not deemed to need down-hole surveying.
- In all blocks, diamond drilling was undertaken on a 1km x 1km grid allowing a higher core sampling density, and as a result the vast majority of resource has been classified as an Indicated Resource.
- All drill holes have been surveyed for collar position using differential GPS, and all available holes have been logged with a down-hole geophysical probe to collect data at 2cm intervals on natural gamma, density and hole diameter (caliper reading).
- All drill holes have been geologically logged, with the down-hole geophysical data used to assist correlation of the geology between holes.
- Senior consultants from Gemecs (Pty) Ltd assessed field procedures during multiple site visits in the second half of 2011.

Analytical Data

- Samples of coal from diamond drill cores were selected for analysis on the basis of geological interval logging and correlations with the geophysical logs, with a maximum sample length of 2m.
- The coal samples were tested at ALS Global's coal laboratory in Witbank, South Africa. Proximate analyses (Calorific Value, Inherent Moisture, Ash Content, Volatile Matter, Fixed Carbon and Total Sulphur) were undertaken on all submitted samples.
- Samples from selected holes were then composited into 1 to 2.5m intervals for washing tests at RD intervals of 1.4, 1.5, 1.6, 1.7 and 1.8 – or 1.5, 1.6, 1.7, 1.8 and 1.9.
- Density data for the coal was also measured at ALS Witlab and compared to the densities derived from the down-hole geophysical logging.

Data Processing

- All available borehole and analytical data were imported in GBIS (an industry standard geological borehole database software developed by Micromine), and validated accordingly.

Geological Modelling

- The verified data set was used to construct a new geological model from base principles using the Gemcom Minex™ geological modelling software. A geological structural and coal quality model was built using Gemcom Minex™ modelling software using Gemcom General Gridding algorithm. Minex provides the best geology and mine planning tools for coal and other stratified deposits, ensuring resources are evaluated accurately and mined efficiently.

- The following surfaces were modelled for each of the mineable coal seams:

    - Seam Floor and Roof Elevations;
    - Seam Thickness;
    - Raw Air Dried Coal Qualities;
    - Topography – Using borehole collars
    - Limit of Weathering;
    - Dolerite sills

- All the potential resource coal seams, namely Sese Seam Upper (SSU), Sese Seam Top (top selection SST) and Sese Seam (bottom selection SS) have been modelled, as well as the major dolerite sills. The resource boundaries are based on the occurrence and specific cut-off's of these individual seams. Total seam thickness of the SSU and in the case of the SST and SS, selected horizons, were used in the modelling process.

- Modelling was undertaken on a mesh size of 100m x 100m across the whole project area. A surface grid of the topography was created using borehole collars. A weathering surface determined by the limit of weathering as recorded in each borehole, was also created. This is a very important surface because it defines the sub-outcrop limits and lateral extent of the seams. No coal resources are estimated between the surface grid (TOPS) and the limit of weathering surface (LOW).

- Quality grids for raw as well as washed coal qualities and yields have been modelled. All the reported coal qualities, i.e. CV (Calorific Value MJ/Kg), Ash (Ash %), VM (Volatile Matter %), FC (Fixed Carbon %), IM (Inherit Moisture %), TS (Total Sulphur %) and yield were modelled for each seam (ply) to enable raw and washability reporting. All coal qualities are on an air-dried basis.

Coal Resource Estimation Methodology

- GEMECS's estimates of Coal Resources use the terms and definitions as proposed by JORC Code.

Resource Cut-off Parameters

- The following criteria were used to define the seam limits of the in situ resources:

    - Minimum seam thickness of 1m un-weathered coal to define seam limits.
    - A cut-off parameter of 18% air-dried raw Volatile Matter is used to exclude burnt coal as a result of dolerite intrusions.
    - Prospecting Permit boundaries.

- Principally, the main criteria for classification is based on the number of boreholes intersecting a particular coal seam(s) within a specified area and the confidence in projecting the coal quality across each seam based on the analysis performed on samples taken from the cores of the individual borehole intersections.

- Classification was guided by the following:

    - Borehole density;
    - Geological and grade continuity;
    - Geological structure and its influence on mining;
    - Complexity of the geology.

- Geological loss factors were applied to all seams. Losses are expected to occur mainly as a result of intersection of dolerite dykes and weathering in the shallower areas.