

4 December 2009

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

Via electronic lodgement

Dear Sir/Madam,

PLACEMENT AND ISSUE OF SHARES

African Energy Resources Limited is pleased to announce that it has issued 27,969,998 fully paid ordinary shares to institutional and sophisticated investors at an issue price of 15 cents per Shares to raise \$4,195,500 before costs.

The Corporations Act 2001 (the Act) restricts the on-sale of securities issued without disclosure, unless the sale is exempt under Section 708 or 708A. By the Company giving this notice, sale of the Shares will fall within the exemption in Section 708A(5) of the Act.

The Shares were issued without disclosure to investors under Part 6D.2, in reliance on Section 708A(5) of the Act.

The Company gives this notice pursuant to Section 708A(5)(e) of the Act.

The Company, as at the date of this notice, has complied with:

- i. the provisions of Chapter 2M of the Act; and
- ii. Section 674 of the Act.

As at the date of this notice, there is no excluded information for the purposes of Section 708A(7) or 708A(8) of the Act.

Please see attached the duly completed Appendix 3B.

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
282,737,150

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

Appendix 3B

New issue announcement, application for quotation of additional securities and agreement

Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

African Energy Resources Limited

ARBN

123 316 781

We (the entity) give ASX the following information.

Part 1 - All issues

You must complete the relevant sections (attach sheets if there is not enough space).

- | | | |
|---|--|------------------------------|
| 1 | *Class of *securities issued or to be issued | Ordinary Fully Paid Shares |
| 2 | Number of *securities issued or to be issued (if known) or maximum number which may be issued | 27,969,998 Fully Paid Shares |
| 3 | Principal terms of the *securities (eg, if options, exercise price and expiry date; if partly paid *securities, the amount outstanding and due dates for payment; if *convertible securities, the conversion price and dates for conversion) | Fully paid shares |

Appendix 3B
New issue announcement

| 4 | <p>Do the *securities rank equally in all respects from the date of allotment with an existing *class of quoted *securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> • the date from which they do • the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment • the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment | <p>Yes</p> | | | | |
|-------------|--|--|--------|--------|-------------|------------------------|
| 5 | Issue price or consideration | <p>\$0.15</p> | | | | |
| 6 | <p>Purpose of the issue</p> <p>(If issued as consideration for the acquisition of assets, clearly identify those assets)</p> | <p>Placement of shares</p> | | | | |
| 7 | <p>Dates of entering *securities into uncertificated holdings or despatch of certificates</p> | <p>4 December 2009</p> | | | | |
| 8 | <p>Number and *class of all *securities quoted on ASX (including the securities in clause 2 if applicable)</p> | <table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="width: 50%; padding: 5px;">Number</th> <th style="width: 50%; padding: 5px;">*Class</th> </tr> <tr> <td style="text-align: center; padding: 5px;">282,737,148</td> <td style="padding: 5px;">Ordinary Shares (CDIs)</td> </tr> </table> | Number | *Class | 282,737,148 | Ordinary Shares (CDIs) |
| Number | *Class | | | | | |
| 282,737,148 | Ordinary Shares (CDIs) | | | | | |

+ See chapter 19 for defined terms.

| | Number | *Class |
|----|---|---|
| 9 | Number and *class of all *securities not quoted on ASX (including the securities in clause 2 if applicable) | <div>2 Ordinary Shares</div> <div>11,930,066 Options exercisable at 31.25c on or before 30/6/2012</div> <div>1,450,000 Options exercisable at 40c on or before 30/6/2012</div> <div>4,200,000 Options exercisable at 8.5c on or before 30/6/2012</div> <div>500,000 Options exercisable at 12.5c on or before 30/6/2012</div> |
| 10 | Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests) | The Company does not have a dividend policy |

Part 2 - Bonus issue or pro rata issue

| | | |
|----|--|-----|
| 11 | Is security holder approval required? | N/A |
| 12 | Is the issue renounceable or non-renounceable? | N/A |
| 13 | Ratio in which the *securities will be offered | N/A |
| 14 | *Class of *securities to which the offer relates | N/A |
| 15 | *Record date to determine entitlements | N/A |
| 16 | Will holdings on different registers (or subregisters) be aggregated for calculating entitlements? | N/A |
| 17 | Policy for deciding entitlements in relation to fractions | N/A |

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

| | | |
|----|---|-----|
| 18 | Names of countries in which the entity has *security holders who will not be sent new issue documents <small>Note: Security holders must be told how their entitlements are to be dealt with.</small> <small>Cross reference: rule 7.7.</small> | N/A |
| 19 | Closing date for receipt of acceptances or renunciations | N/A |
| 20 | Names of any underwriters | N/A |
| 21 | Amount of any underwriting fee or commission | N/A |
| 22 | Names of any brokers to the issue | N/A |
| 23 | Fee or commission payable to the broker to the issue | N/A |
| 24 | Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of *security holders | N/A |
| 25 | If the issue is contingent on *security holders' approval, the date of the meeting | N/A |
| 26 | Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled | N/A |
| 27 | If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders | N/A |
| 28 | Date rights trading will begin (if applicable) | N/A |
| 29 | Date rights trading will end (if applicable) | N/A |

+ See chapter 19 for defined terms.

| | | |
|----|--|-----|
| 30 | How do *security holders sell their entitlements <i>in full</i> through a broker? | N/A |
| 31 | How do *security holders sell <i>part</i> of their entitlements through a broker and accept for the balance? | N/A |
| 32 | How do *security holders dispose of their entitlements (except by sale through a broker)? | N/A |
| 33 | *Despatch date | N/A |

Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities
(tick one)

(a) ☒ Securities described in Part 1

(b) ☐ All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

Entities that have ticked box 34(a)

Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35 ☐ If the *securities are *equity securities, the names of the 20 largest holders of the additional *securities, and the number and percentage of additional *securities held by those holders

36 ☐ If the *securities are *equity securities, a distribution schedule of the additional *securities setting out the number of holders in the categories
1 - 1,000
1,001 - 5,000
5,001 - 10,000
10,001 - 100,000
100,001 and over

37 ☐ A copy of any trust deed for the additional *securities

+ See chapter 19 for defined terms.

Entities that have ticked box 34(b)

| 38 | Number of securities for which +quotation is sought | N/A | | | | |
|--------|--|---|--------|--------|-----|-----|
| 39 | Class of +securities for which quotation is sought | N/A | | | | |
| 40 | <p>Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> the date from which they do the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment | N/A | | | | |
| 41 | <p>Reason for request for quotation now</p> <p><small>Example: In the case of restricted securities, end of restriction period</small></p> <p>(if issued upon conversion of another security, clearly identify that other security)</p> | N/A | | | | |
| 42 | Number and +class of all +securities quoted on ASX (<i>including</i> the securities in clause 38) | <table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 50%; padding: 5px;">Number</th> <th style="width: 50%; padding: 5px;">+Class</th> </tr> </thead> <tbody> <tr> <td style="height: 80px; vertical-align: bottom; padding: 5px; text-align: center;">N/A</td> <td style="height: 80px; vertical-align: bottom; padding: 5px; text-align: center;">N/A</td> </tr> </tbody> </table> | Number | +Class | N/A | N/A |
| Number | +Class | | | | | |
| N/A | N/A | | | | | |

+ See chapter 19 for defined terms.

Appendix 3B

New issue announcement

Quotation agreement

- 1 *Quotation of our additional *securities is in ASX's absolute discretion. ASX may quote the *securities on any conditions it decides.
- 2 We warrant the following to ASX.
 - The issue of the *securities to be quoted complies with the law and is not for an illegal purpose.
 - There is no reason why those *securities should not be granted *quotation.
 - An offer of the *securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty
 - Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any *securities to be quoted and that no-one has any right to return any *securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the *securities be quoted.
 - If we are a trust, we warrant that no person has the right to return the *securities to be quoted under section 1019B of the Corporations Act at the time that we request that the *securities be quoted.
- 3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.
- 4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before *quotation of the *securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:



Print name: Daniel Davis
 Company Secretary
 4 December 2009

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