

28th January 2009

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

Via electronic lodgement

Dear Sir/Madam,

NEW URANIUM PROSPECT DISCOVERED IN NORTHERN ZAMBIA

HIGHLIGHTS:

- **Assay results from widely spaced geochemical soil sampling have confirmed that an 8km long airborne radiometric anomaly at Sitwe in the Northern Luangwa Valley Project is anomalous in uranium, with a peak value of 66 ppm eU.**
- **Geological mapping at Sitwe indicates that the uranium anomalism is associated with a fine grained siltstone horizon within a broader package of gently dipping sediments which are part of the Karoo Supergroup.**
- **The sediments of the Karoo Supergroup host significant uranium mineralisation elsewhere in Zambia (African Energy's Chirundu Joint Venture and Denison's Dibwe and Mutanga deposits) and Malawi (Paladin's Kayelekera Mine).**
- **African Energy intends to conduct additional soil sampling followed by reconnaissance drill testing. These programmes will commence in the second or third quarter of 2009 after the end of the wet season.**
- **The Northern Luangwa Valley Project is 100% owned by African Energy.**

INTRODUCTION AND SUMMARY

African Energy (ASX: AFR) is pleased to announce that geochemical soil sampling in the Mulipo prospecting licence (part of the Northern Luangwa Valley Project) has discovered surface uranium anomalism associated with an 8km long airborne radiometric anomaly, approximately 5km north of Sitwe village in northern Zambia (refer to Diagrams 1 and 2 for location). Geological mapping indicates that the uranium anomalism is associated with sediment of Karoo age, similar to those which host uranium at the Company's Chirundu joint venture project in southern Zambia. Additional soil sampling is required to fully delineate the extent of the surface anomalism and to provide sufficient detail to allow drill targets to be defined. Further work will commence in the second or third quarter of 2009 once seasonal rains have ceased.

SITWE PROSPECT

In late 2006 and late 2007, African Energy undertook a series of regional airborne radiometric surveys over several uranium targets in northern Zambia (see Diagram 2). Several uranium anomalies were detected in these surveys, and these were evaluated with low level aerial reconnaissance flights in 2008 to determine if the uranium anomalism occurred in Karoo-aged sediments or in older basement rock. Anomalies that were interpreted to occur in the Karoo were prioritised for ground reconnaissance, including the Sitwe target.

Field evaluation of the Sitwe airborne radiometric anomaly indicates that there is a close spatial association between the anomaly and shallow-dipping inter-bedded fine sandstones and siltstones over a strike-length of approximately 8km. The siltstones and sandstones are interpreted to be of the Karoo sedimentary system, which is also host to Paladin's Kayelekera uranium deposit approximately 100km to the northeast in Malawi (see Diagram 2).

A programme of geochemical soil sampling (400 metres by 50 metres sample spacing) was completed over the southern half of the primary target, and a further two lines were completed over a secondary target 2km to the west. A total of 81 samples were collected for assay. The soil samples were analysed for uranium using a Radiation Solutions RS-125 hand-held spectrometer, with every second sample also analysed by X-Ray Fluorescence (XRF) at ALS Chemex Laboratories in South Africa.

Assay results from the RS-125 hand-held spectrometer were very encouraging, with anomalous assay values highlighting an elongated zone of uranium anomalism corresponding to silty sediments within an inter-bedded siltstone-sandstone association. A peak value of 66ppm eU was recorded. Assays derived from the XRF analysis at ALS Chemex Laboratories confirmed the anomalism. The anomaly remains open to the north where the airborne radiometric target extends for a further 4km.

Additional geochemical soil sampling is required to cover the northern extent of the airborne radiometric target, and to prioritise drilling targets. The Company expects to complete the additional soil sampling in the second quarter of 2009 once the seasonal rains have abated, and to have drill targets identified by the third quarter.

BACKGROUND

African Energy holds a 100% interest in the Northern Luangwa Valley Project. African Energy also holds a 70% interest in the Chirundu Joint Venture in southern Zambia where the Company has defined Indicated and Inferred resources containing 9.6 million lb U₃O₈ at an average grade of 310 ppm U₃O₈. The Company also holds a 100% interest in the Sese Project in Botswana, where uranium mineralisation has been intersected in reverse circulation percussion drilling associated with a 7km x 7km airborne radiometric anomaly.

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 www.africanenergyresources.com or contact the Company directly on +61 8 6465 5500.

For and on behalf of the board

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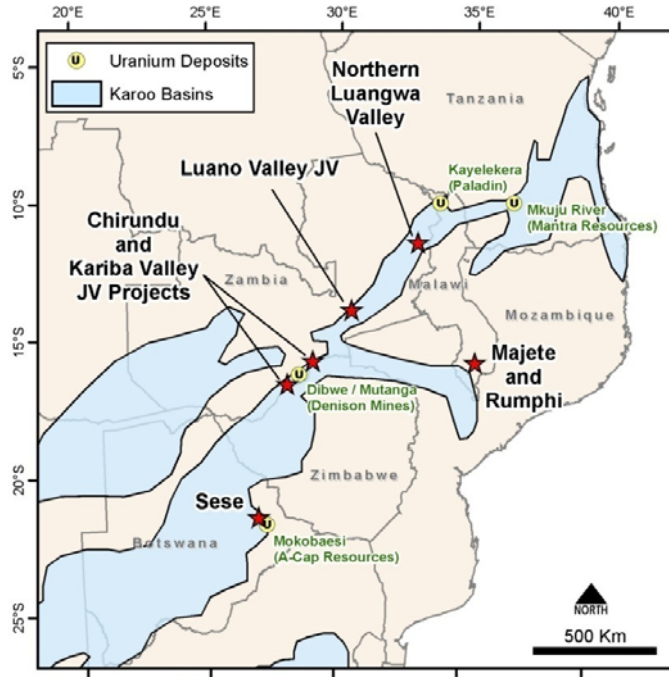


Diagram 1. Location of the Northern Luangwa Valley Project and the main uranium deposits in the Karoo Basins of southern Africa

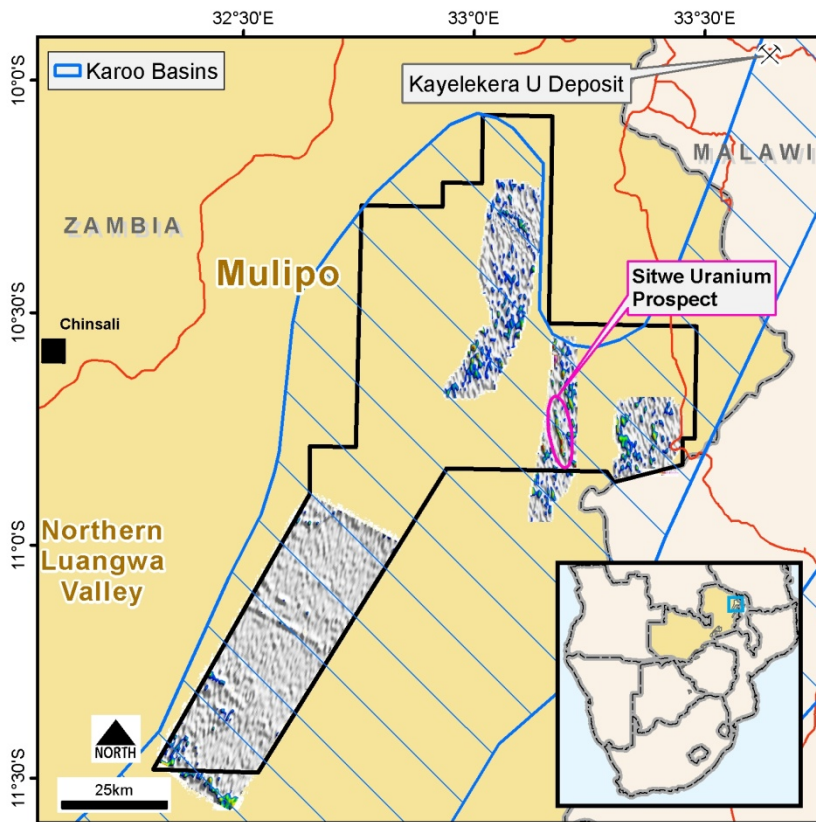


Diagram 2. Image of the airborne radiometric survey (uranium channel) for the Mulipo prospecting licence showing the location of the Sitwe radiometric anomaly in the Northern Luangwa Valley Project and its location with respect to Paladin's Kayelekera uranium mine in Malawi.

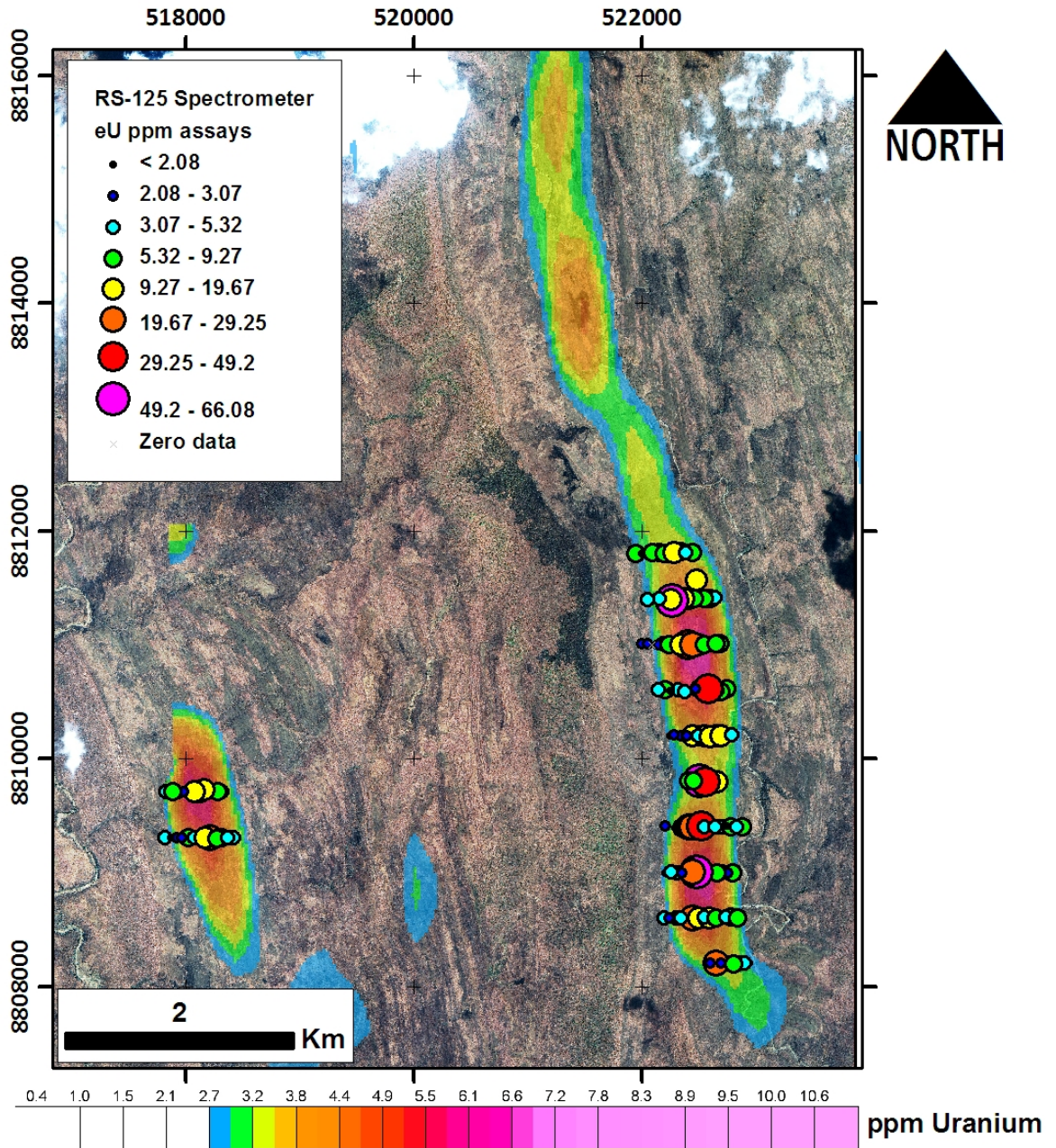


Diagram 3 Geochemical soil sampling assay results at Sitwe plotted on the airborne radiometric data (uranium channel), draped over satellite photo of the area. Note that these assays results were derived from a calibrated RS-125 handheld spectrometer, and that only the southern half of the airborne anomaly has been sampled to date. XRF assay of these samples at ALS Chemex laboratories has confirmed the anomaly.