

18 November 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 RESOURCE AT NJAME SOUTH EXPANDS CHIRUNDU JOINT VENTURE URANIUM INVENTORY**

### **HIGHLIGHTS:**

- **An initial Inferred Resource estimate has been completed for the Njame South deposit within the Chirundu Joint Venture, Zambia:**

<b>Njame South Resource:</b>		
<b>Inferred:</b>	<b>4.4 Mt @ 237 ppm U<sub>3</sub>O<sub>8</sub></b>	<b>2.3 Mlb U<sub>3</sub>O<sub>8</sub></b>
<i>Note: Reported using a 100ppm U<sub>3</sub>O<sub>8</sub> cut-off grade envelope with appropriate rounding applied</i>		

- **The new total resource for the Njame and Gwabe uranium deposits in the Chirundu Joint Venture Project is 11 Mlb contained U<sub>3</sub>O<sub>8</sub>.**
- **The Njame South resource is located less than 1km from the existing Njame resource and is considered to be the strike extension of the deposit.**
- **The additional resources at Njame South are expected to have a materially positive effect on the current Bankable Feasibility Study and may extend the proposed mine life by up to two years.**

## African Energy Resources Limited

ASX : AFR

Issued Capital  
254,767,152

### 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](http://www.africanenergyresources.com)  
[info@africanenergyresources.com](mailto:info@africanenergyresources.com)

## OVERVIEW

The Board of African Energy Resources Limited is pleased to announce the completion of an initial resource estimate for the Njame South uranium deposit, within the Company's Chirundu Joint Venture Project, Zambia. This new resource is the outcome of a successful reverse circulation drilling programme which intersected two zones of near-surface uranium mineralisation with grades and continuity that are considered to be potentially viable for extraction by open pit mining.

A total Inferred Resource of 4.4 Mt @ 237 ppm U<sub>3</sub>O<sub>8</sub> has been estimated for the Njame South deposit. This new resource brings the total combined resources at the Chirundu Joint Venture to 11 Mlb U<sub>3</sub>O<sub>8</sub>. Based on current Bankable Feasibility Study (BFS) parameters, the Njame South resource will increase the proposed mine life by approximately two years and is expected to have a materially positive impact on the project economics.

## NJAME SOUTH RESOURCE ESTIMATE

African Energy has completed a resource estimate for the Njame South uranium deposit in Zambia (for location, refer to Diagram 1). The Njame deposit was initially discovered by the Italian petroleum company AGIP in the late 1970's and Measured, Indicated and Inferred Resources were announced by African Energy in March 2009 for the Njame North, Central and East deposits.

A reverse circulation (RC) drilling programme was completed at Njame South in October 2009, comprising a total of 81 holes for a total of 3,568m. Drill samples were collected over 1m drill intervals, and were assayed for U and U<sub>3</sub>O<sub>8</sub> using the pressed-pellet XRF method. The majority of the Njame South deposit has been drilled to a 100m x 100m grid, with local infill to 100m x 50m.

The resource estimate for Njame South has outlined a total Inferred Resource of **4.4 Mt @ 237 ppm U<sub>3</sub>O<sub>8</sub> for 1,040t U<sub>3</sub>O<sub>8</sub> (2.3 Mlb)**, using a 100 ppm U<sub>3</sub>O<sub>8</sub> cut-off grade envelope. The resource is concentrated into two zones (see Diagram 2) and extends from surface to a vertical depth of 50m.

Table 1: Njame South Resource

Deposit	Resources							
	Measured		Indicated		Inferred		Contained U <sub>3</sub> O <sub>8</sub>	
	Tonnes (Mt)	Grade (ppm U <sub>3</sub> O <sub>8</sub> )	Tonnes (Mt)	Grade (ppm U <sub>3</sub> O <sub>8</sub> )	Tonnes (Mt)	Grade (ppm U <sub>3</sub> O <sub>8</sub> )	Tonnes	Mlb
Njame South	-	-	-	-	4.4	237	1,040	2.3
<b>Njame South Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>4.4</b>	<b>237</b>	<b>1,040</b>	<b>2.3</b>

The resource estimate was completed using the Ordinary Kriging method, and classified with reference to the criteria set out in the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, December 2004). Confidence in the geology of the deposit and the continuity of mineralisation from the drilling is considered sufficient to classify the resource in the Inferred category.

## CHIRUNDU JV RESOURCES

With the incorporation of the new Njame South Inferred Resource, the total resource for the Njame and Gwabe uranium deposits has been increased to 11 Mlb U<sub>3</sub>O<sub>8</sub> contained metal. A full breakdown of the resource categories is shown below:

Table 2: Chirundu Joint Venture Project Resource Summary

Deposit	Resources							
	Measured		Indicated		Inferred		Contained U <sub>3</sub> O <sub>8</sub>	
	Tonnes (Mt)	Grade (ppm U <sub>3</sub> O <sub>8</sub> )	Tonnes (Mt)	Grade (ppm U <sub>3</sub> O <sub>8</sub> )	Tonnes (Mt)	Grade (ppm U <sub>3</sub> O <sub>8</sub> )	Tonnes	Mlb
Njame North	2.7	350	2.2	252	1.5	223	1,815	4.0
Njame East	-	-	0.6	291	0.5	233	305	0.7
Njame Central	-	-	0.9	222	0.2	219	240	0.5
Njame South	-	-	-	-	4.4	237	1,040	2.3
<b>NJAME TOTAL</b>	<b>2.7</b>	<b>350</b>	<b>3.7</b>	<b>252</b>	<b>6.6</b>	<b>233</b>	<b>3,400</b>	<b>7.5</b>
<b>GWABE TOTAL</b>	<b>1.3</b>	<b>237</b>	<b>3.6</b>	<b>313</b>	<b>0.8</b>	<b>178</b>	<b>1,575</b>	<b>3.5</b>
<b>CHIRUNDU PROJECT TOTAL</b>	<b>4.0</b>	<b>313</b>	<b>7.3</b>	<b>282</b>	<b>7.4</b>	<b>227</b>	<b>4,975</b>	<b>11.0</b>

*Note: All reported using a 100ppm U<sub>3</sub>O<sub>8</sub> cut-off grade envelope with appropriate rounding applied*

## IMPACT ON FEASIBILITY STUDIES

The Chirundu Joint Venture Project is currently the subject of a Bankable Feasibility Study (BFS). On the basis of the BFS parameters, the Njame South resource has the potential to have a material impact on the project's free cash flow by extending the mine life by up to two years.

## BACKGROUND TO PROJECT

African Energy holds a 70% interest in the Chirundu JV project with Albidon Limited (**ASX: ALB**) holding the remaining 30%. A Bankable Feasibility Study commenced on the Chirundu JV Project in May 2008, but with the exception of certain aspects of the metallurgical test-work programme, was suspended in October 2008 in response to deteriorating market conditions. African Energy is currently undertaking an extensive programme of exploration on key target areas within the Chirundu project in order to increase the resource base of the project.



# AFRICAN ENERGY

*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 Mineral Resources has been compiled by Mr Lachlan Reynolds (an employee of African Energy Resources Limited) and Mr Lauritz Barnes (who is a consultant to African Energy Resources Limited). Mr Reynolds and Mr Barnes are both members of The Australasian Institute of Mining and Metallurgy. Mr Reynolds 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 (the JORC Code). Mr Barnes has sufficient experience that is relevant to modelling and resource estimation and to the activity he is undertaking to qualify as a Competent Person under the JORC Code. Mr Reynolds and Mr Barnes consent 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 directly on +61 8 6465 5500.

*For and on behalf of the board*

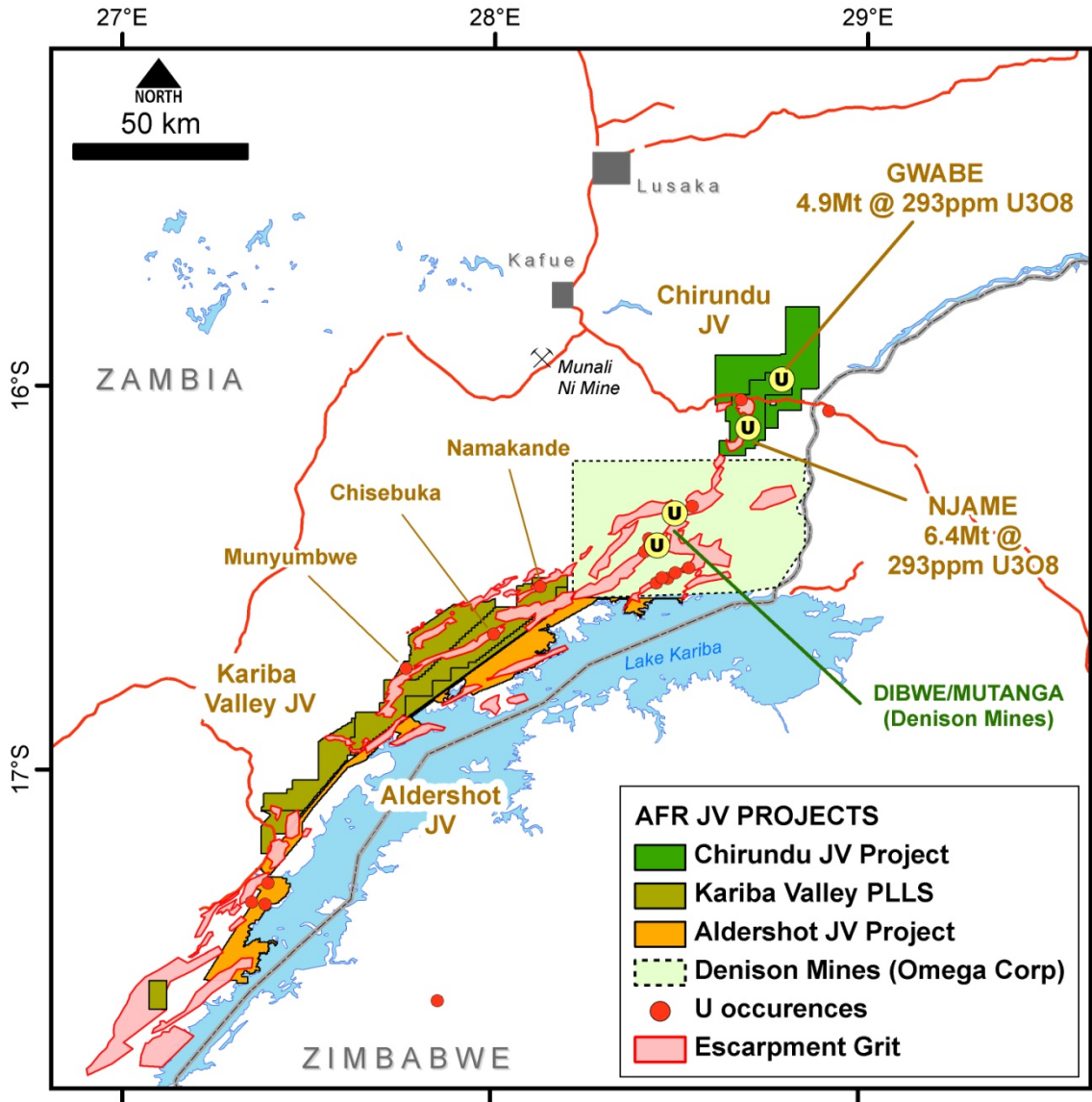


Diagram 1: Location of the Chirundu Joint Venture project, Zambia. Measured and Indicated resources given for the Njame and Gwabe uranium deposits.

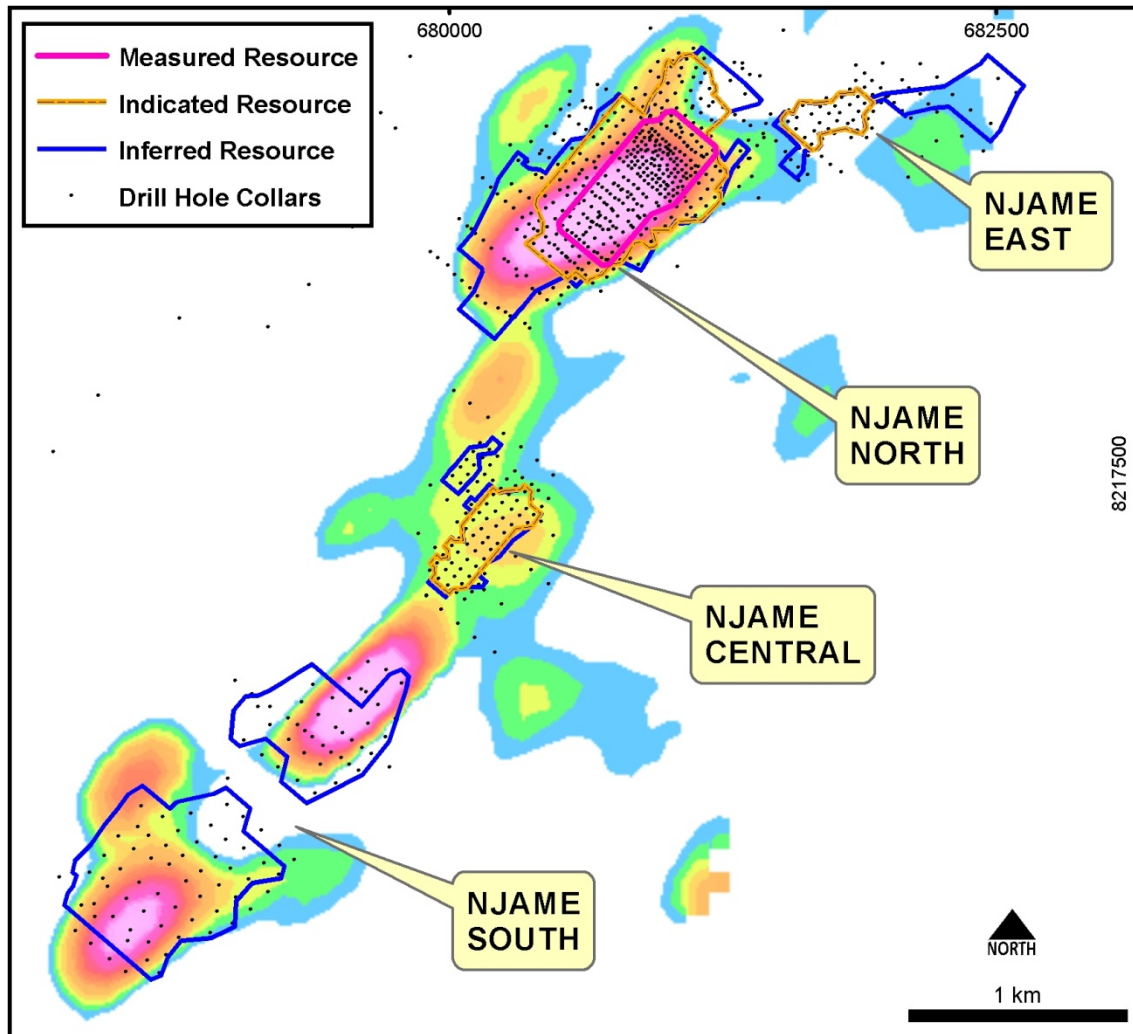


Diagram 2: Drill status plan for the Njame uranium deposits overlain on airborne radiometric uranium anomalies. Outlines of Measured, Indicated and Inferred Resources are as shown.