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Manager Announcements
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PRE-FEASIBILITY RESULTS FOR CHIRUNDU PROJECT

AFR EARNS 70% INTEREST

HIGHLIGHTS:

- African Energy has completed the Pre-Feasibility Study (PFS) on the Chirundu Uranium JV Project
- African Energy has earned a 70% interest in the Chirundu Uranium JV Project by completion of the PFS and an Indicated Resource
- Uranium resources at Chirundu comprise;
 - ◆ Njame North -
 - Indicated Resource of 3.9 Mt @ 388 ppm U₃O₈ (containing 3.4 Mlb U₃O₈)
 - Inferred Resource of 5.2 Mt @ 275 ppm U₃O₈ (containing 3.1 Mlb U₃O₈)
 - ◆ Gwabe
 - Indicated Resource of 0.9 Mt @ 196 ppm U₃O₈ (containing 0.4 Mlb U₃O₈)
 - Inferred Resource of 4.0 Mt @ 303 ppm U₃O₈ (containing 2.6 Mlb U₃O₈)
- Key points from the PFS;
 - ◆ Production of 1.3 Mlb U₃O₈ per annum over a 5-6 year project life
 - ◆ Open pit mining
 - ◆ Acid heap-leach processing and ion-exchange precipitation
 - ◆ Estimated capital costs US \$68 million for pre-production costs with an additional US \$21 million deferred costs
 - ◆ Uranium recovery estimated at 85-90% for Njame ores, and over 70% for Gwabe ores
- Marketing discussions for uranium sales contracts are underway with interested parties
- Work is well advanced in environmental and community programmes for the Project areas
- African Energy's Board of Directors has approved a Bankable Feasibility Study which commenced in early May

INTRODUCTION

African Energy (ASX: AFR) has completed its Pre-Feasibility Study to assess the viability of commercial uranium mining from the Njame and Gwabe deposits in the Chirundu JV Project. The company has also completed an upgrade to Indicated and Inferred Resources for the project. By completing these milestones African Energy has increased its interest in the Chirundu JV to 70%, with the 30% held by JV partner Albidon Ltd.

The Pre-Feasibility Study demonstrated that commercially viable mining of uranium from the Chirundu Project is possible under the projected uranium price, capital cost and operating cost scenarios. African Energy's Directors have approved the commencement of a Bankable Feasibility Study for the Chirundu JV Project.

URANIUM RESOURCES

African Energy completed infill and extensional drilling at the Njame and Gwabe uranium deposits in late 2007. Data from these drilling programmes have been used to estimate the following Indicated and Inferred resources, using a 100 ppm U₃O₈ cut-off grade:

Resource Class	Million Tonnes	Grade ppm U ₃ O ₈	Million lb
NJAME			
- Indicated Resource	3.9	388	3.4
- Inferred Resource	5.2	275	3.1
GWABE			
- Indicated Resource	0.9	196	0.4
- Inferred Resource	4.0	303	2.6
CHIRUNDU JV PROJECT			
- Total Uranium	14.0	309	9.5

Additional infill drilling to convert the resources to Measured and Indicated Resource category will commence for both deposits in the third quarter of 2009 as part of the Bankable Feasibility Study. African Energy believes that there is good potential for locating additional uranium resources that could be processed at the Njame facility through extensions to know mineralisation and from exploration in the Chirundu JV Project and the nearby Kariba Valley JV Project.

CHIRUNDU URANIUM PROJECT OVERVIEW

The Chirundu Pre-Feasibility Study (PFS) commenced in October 2007 to evaluate mining and processing options for the commercial extraction of uranium from the Njame and Gwabe deposits. The following programmes were completed during the PFS:

- Mineralogical assessment of ore and gangue mineralogy conducted by Mintek Laboratories
- Bottle-roll acid leach tests undertaken by Mintek Laboratories
- Ore comminution testwork by Mintek Laboratories
- Bottle-roll alkaline leach tests by SGS Lakefield
- Column acid leach test by SGS Lakefield
- Hydrogeological assessment by Knight-Pieshold
- Engineering and Process design by GRD Minproc

- Leach pad design by GRD Minproc
- Electrical power requirements and power supply options by Utilink
- Engineering Cost Study by GRD Minproc
- Preliminary mining optimisation by GRD Minproc
- Capital Cost Estimate by GRD Minproc
- Operating Cost Sensitivity Analysis by GRD Minproc
- Risk Analysis by African Energy and GRD Minproc
- Fauna and Flora assessment by Mirriam Nachilembi
- Archaeological and Heritage Survey by Collins Chipote
- Environmental Project Brief and draft Environmental Impact Assessment by African Energy

The uranium ores will be mined initially from the Njame deposit only, with mining and heap leaching to commence at the Gwabe site once Njame has been exhausted. All mining will be from open pits, with ore stacked as a series of cells on a single-lined leach pad, and waste will be stored on a waste dump (see Diagram 1). Comminution tests indicate that the ore is very soft and is not abrasive and is amenable to mining by continuous surface mining equipment at costs equal to or less than drill and blast.

Use of the surface miner will remove the need for additional crushing equipment if further testwork confirms initial tests indicating the run-of-mine product may be directly leached with good recoveries. Column leach tests to date with feed top size of 20mm or 38mm have demonstrated no material differences in leach dynamics related to feed size. Dust suppression and highly selective mining for grade control purposes will be also possible using the surface miners. Overburden removal may be by surface miner or a combination of ripping and drill and blast. On completion of operations, leach heaps will be neutralised and rehabilitated with top-soil cover.

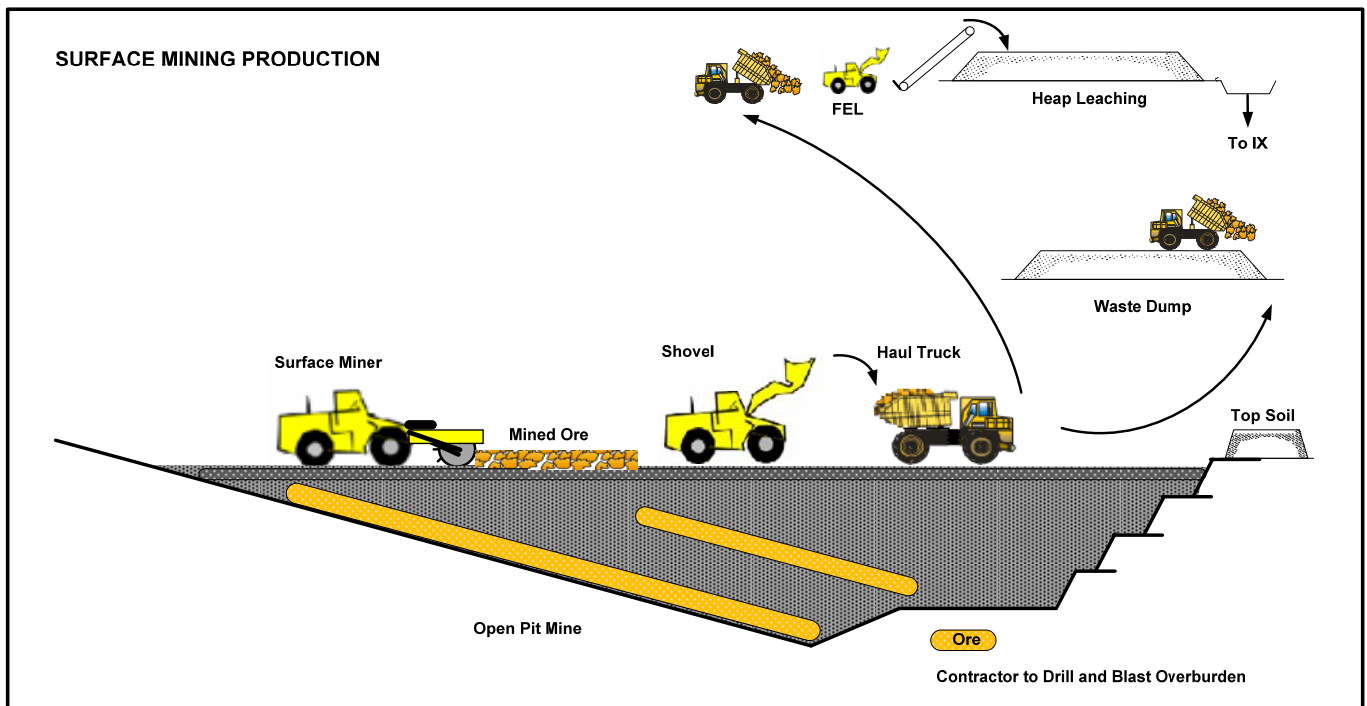


Diagram 1. Schematic mining operations overview

A summary of the project flowsheet is provided in Diagram 2 below. Processing of the ores by heap leaching will use sulphuric acid irrigation supplemented with an oxidant (hydrogen peroxide, manganese dioxide or ferric sulphate), with solutions supplied from double-lined ponds. Pregnant leach solutions will be passed through an ion-exchange column where the uranium is adsorbed onto resin beads prior to elution, precipitation and ultimately packaging. All elution, precipitation and packaging will be carried out at the Njame Central Processing Facility, including the processing of loaded resin delivered from the Gwabe Remote Ion-Exchange operation.

Hydrogeological studies have indicated that suitable water is locally available and that a small production bore-field near the mine should provide sufficient process make-up water for the operation.

Uranium ore will be delivered to the leach pads at a rate of approximately 2.25Mt per year to produce, on average, approximately 1.3 Mlb per year of U_3O_8 over an initial mine life of just over 5 years. Bottle-roll tests and column leach tests have demonstrated that leach dynamics are rapid and that excellent recoveries are possible when an oxidant is added to the sulphuric acid leachate. Recoveries of 83 to 93% have been achieved for Njame composite samples, and recoveries of 71% for Gwabe composite samples.

The lower recoveries at Gwabe reflect the presence of approximately 2% calcite in the composite sample. Inspection of drill cores from Gwabe and acid drop tests on Gwabe RC chip samples indicate that this calcite is concentrated in the immediate footwall of the mineralisation, so that selective mining and grade control may lead to recoveries at Gwabe similar to those for Njame. An assessment of variability in metallurgical domains within each orebody will thus be a critical component of the forthcoming BFS.

Project power requirements are low, with the Njame facility requiring no more than 1.2 Mw per year during leaching and downstream processing operations (less once leaching has finished), and Gwabe requiring approximately 0.4 to 0.5 Mw per year. Negotiations for a Power Supply and Power Connection Agreement have commenced with local utility ZESCO. Power could be provided from an existing 88 KVA supply point at Chirundu, requiring approximately 45km of new line to be installed and step-down transformers at Chirundu, Njame and Gwabe. Diesel electricity generation will be evaluated as an alternative power option during the Bankable Feasibility Study.

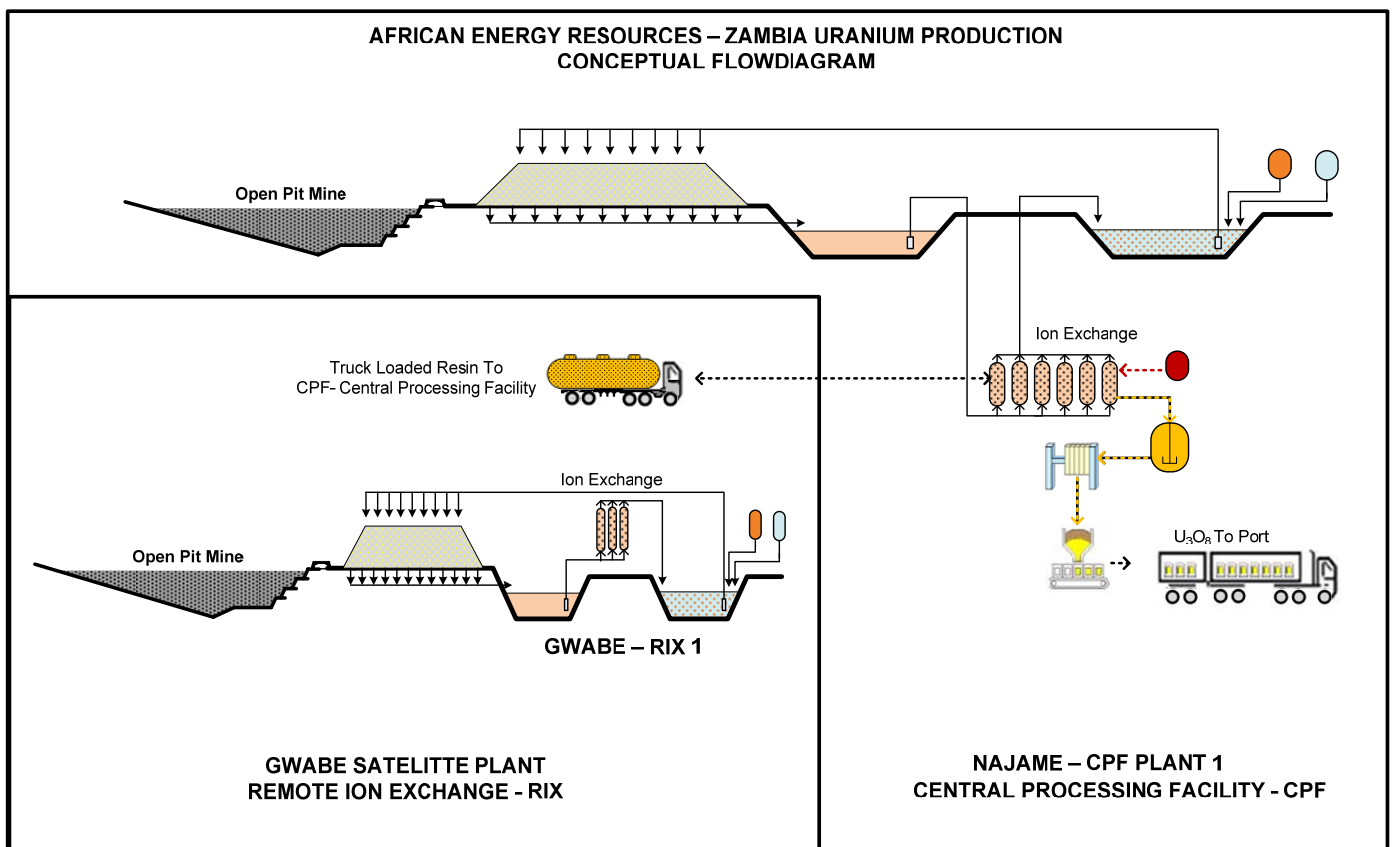


Diagram 2; conceptual project flow diagram for the Chirundu uranium operation.

CAPITAL AND OPERATING COSTS

Capital costs estimates have been prepared by African Energy and GRD Minproc. The projected capital costs are as follows:

Area Description	Bare Cost USD (\$m)	Accuracy Provisions (%)	Accuracy Provisions (\$)	Total Cost USD (\$m)
NJAME SITE				
- Direct Costs	53.8	11.9%	6.4	60.2
- Indirect Costs	6.9	10.0%	0.7	7.6
<i>Njame Totals</i>	60.7	11.7%	7.1	67.8
GWABE SITE				
- Direct Costs	16.0	14.3%	2.3	18.3
- Indirect Costs	2.1	10.0%	0.2	2.3
<i>Gwabe Totals</i>	18.1	13.8%	2.5	20.6
CHIRUNDU JV PROJECT				
- Direct Costs	69.8	12.5%	8.7	78.5
- Indirect Costs	9.0	10.0%	0.9	9.9
TOTALS	78.8	12.2%	9.6	88.4

Direct costs include construction of the leach pads, leach ponds, processing plant, packaging plant, first fills, power supply, mining equipment and owner's costs. Indirect costs are largely EPCM costs. These capital estimates do not include closure costs or contingency provisions. The Njame site includes the Central Processing Facility, and will be built and operated for three years prior to the commencement on mining and Remote Ion-Exchange operations at Gwabe. The Gwabe capital costs are thus deferred.

African Energy have estimated that operating costs will be in the range of \$30 to \$40 per pound recovered U₃O₈. Based on these operating cost estimates, the project has good returns at the study price of USD \$65 lb. Updated operating costs will be estimated after further column leach testwork to determine absolute acid and oxidant consumption has been completed. Sensitivity analysis indicates that the project is sensitive to realised uranium price, uranium recovery, mining costs, reagent consumption and reagent costs (largely sulphuric acid). Optimisation programmes to address these sensitivities will be conducted as part of the Bankable Feasibility Study.

Marketing discussions with interested parties have commenced for uranium sales contracts, and discussions with potential sulphuric acid suppliers in Zambia have been initiated.

BACKGROUND

African Energy now holds a 70% interest in the Chirundu JV project having delivered the Board approved Pre-Feasibility Study Report and the Indicated Resource Report, with Albidon Limited (ASX: ALB) holding the remaining 30%.

Energy Ventures Ltd (ASX: EVE) now holds a 64% interest in African Energy following the recent placement of 17m shares at 27 cents each to raise \$4.59m completed with Stanlib Bank (10% interest).

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 "Inferred and Indicated Resources" are to those terms as defined in the JORC Code.

Information in this report relating to Mineral Resources has been compiled by Dr Frazer Tabeart (a full-time employee and Managing Director of African Energy) and Mr Lauritz Barnes (who is a consultant to African Energy). Dr Tabeart and Mr Barnes are both members of The Australian Institute of Geoscientists. Dr Tabeart 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. Mr Barnes has sufficient experience which is relevant to the modelling and resource estimation and to the activity which he is undertaking to qualify as Competent Persons under the 2004 Edition of the Australasian Code for reporting of Exploration Results, Mineral Resources and Ore Reserves. Dr Tabeart 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 www.africanenergyresources.com or contact the Company directly on +61 8 9324 1177.

For and on behalf of the board

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