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AFRICAN EAGLE RESOURCES PLC

POSITIVE PRE-FEASIBILITY STUDY FROM MKUSHI COPPER PROJECT, ZAMBIA
AND LATEST DRILL RESULTS

Highlights

- ? Pre-feasibility Study demonstrates viability of project
- ? Definitive Feasibility Study to be completed in Q4 this year
- ? Interim resource estimate of 10.7Mt at 1.11% copper
- ? Projected total net pre-tax cash flow approx. US\$215M
- ? Estimated NPV US\$ 60-70M and IRR 35-40%
- ? Capital requirement of US\$65-70M
- ? Minimum mine life of 6 years at 1.6 Mt per annum
- ? Open pit contract mining
- ? Mill and float plant delivering 96% recovery to a 28% copper concentrate
- ? New drill results include 1.75% copper over 26m and 2.71% over 9m
- ? Upside potential along strike, at depth and in surrounding area

African Eagle's Managing Director Mark Parker said: "The results of this study are very positive. We look forward to completion of the definitive feasibility study leading to a final production decision later this year. Development of Mkushi will be a turning point in African Eagle's history".

African Eagle Resources plc ("African Eagle", "AFE" or "the Company", ticker AIM: AFE, AltX: AEA) today announces that its 49% owned Mkushi Copper Joint Venture, has completed a study to assess the viability of developing an open pit copper mine, processing facility and associated infrastructure at the Mkushi Copper Project in Zambia (the "Study"). The Study was undertaken by the Joint Venture technical team supported by independent technical consultants when required.

The study addressed the geological, mining engineering, metallurgy, mineral processing, tailings disposal, environmental impact, infrastructure, utilities and manpower aspects of the project in some detail, and conducted a financial analysis including tests of the sensitivity of the project to such variables as copper price, input costs, ore grade, ore/waste ratio and mine life.

Because the drilling programme is still underway, an interim resource estimate of 10.7Mt at 1.11% copper was used for the Study, based on the drill results to Q3 2007. This estimate was made internally by the Joint Venture technical team and although not yet independently reviewed, provides confidence that sufficient resources exist to make the project payable.

The Study concluded that the project is economically viable at current prices and the Joint Venture is now committed to prepare a definitive feasibility study, which will include an independently audited resource report fully compliant to Canadian NI 43-101.

The premise of the Study was an open pit mine operated by contractors, feeding 1.6Mt of ore per annum to a flotation plant delivering a 28% copper concentrate.

The estimated capital cost of the plant and infrastructure is US\$61M. On the basis of the interim resource estimate, the mine would have a minimum life of 6 years. At the 2007 average copper price of US\$3/lb, the total net pre-tax cash flow would be around US\$215M and the estimated NPV and IRR, US\$60-70M and 35-40% respectively, at 10% discount rate.

In addition to the Study, the Joint Venture has reported new results from its continuing drilling programme, which is directed towards defining the copper reserves and resources for the definitive feasibility study due for completion in late 2008. The new results include:

- ?1.75% copper over 26m and 2.71% over 9m from the Munshiwemba Zone
- ?2.05% over 9m from G-Zone
- ?1.93% over 9m and 0.6% over 33m from H-Zone

Geological resource

Prior to establishment of the JV, AFE's wholly owned Zambian operating Company, Katanga Resources Limited, carried out almost 10,000m of exploration drilling. Subsequently, the JV has carried out an additional 16,000m of diamond drilling and 6,100m of reverse circulation ("RC") drilling, and combined all the drilling and sampling data into a digital database.

Based on the results to mid-Q3 2007, the JV commissioned a geological interpretation and evaluation of the orebody by an experienced geologist with appropriate expertise in copper sulphide mineralisation and resources modelling. The interim resource estimate made on this basis was 10.7Mt at 1.11% copper. Although this estimate was made internally by the JV and has not yet been independently reviewed, it provides confidence that sufficient resources exist to make the project economically viable. Drilling will continue into Q2 2008 and as part of the definitive feasibility study, the partners will prepare audited resource and reserve statements in accordance with Canadian NI 43-101.

Financial Analysis

The preliminary financial analysis from the Study indicates that the project is likely to be economically viable and the Joint Venture now intends to prepare a detailed feasibility study.

The estimated capital requirements determined by the Study (based primarily on work carried out by Metplant Engineering Services Pty Ltd) is US\$61M, including a contingency of US\$5M. The breakdown of the capital cost estimate is set out below.

	US\$M
Mine	3.3
Infrastructure, buildings and Utilities	15.7
Process Plant	33.1
EPCM	8.8

TOTAL	60.9

Based on these capital requirements, current standard industry costs and productivity, the resource estimated from results of drilling to mid-Q3 2007 and assuming a copper price of US\$3.0/lb, the indicative analysis set out in the Study suggests that the net pre-tax cash flow from the project will be of the order of US\$215M over an estimated mine life of 6 years. On this basis, at a

discount rate of 10% and taking royalties and taxes into account, the NPV would be US\$ 60-70M and the IRR 35-40%.

Tenure and Ownership

The copper deposits at Mkushi which form the basis of the Study lie within Exploration Licence No. PL114. This is surrounded by a larger Exploration Licence, No. PL290. Both licences are held by Mkushi Copper Joint Venture Company ("MCJV") which is a joint venture owned 51% by Seringa Mining Company ("Seringa", a wholly owned subsidiary of CGA) and 49% by Katanga Resources Company ("Katanga", African Eagle's wholly-owned Zambian subsidiary).

Location

The project is located in north central Zambia, some 220 km northeast of the capital city of Lusaka and 35 km east of the regional township of Kapiri Mposhi. The site is easily accessible via a 20km gravel road leading from the sealed highway from Lusaka through Kapiri Mposhi towards Tanzania. Plentiful water and electrical power is available nearby. The site lies at an altitude of 1100m ASL.

Geology and history

The main Mkushi copper deposit is a shear hosted sub-vertical suite of mineralisation extending over a distance of 2km, a length of 800m of which is exposed in an existing open pit. The deposit is part of a broader mineralized belt extending over more than 12km within the tenements. The deposit, hosted by metamorphic gneissic rocks and associated with a suite of felsic intrusive rocks, is structurally complex, with evidence of several generations of faulting. The mineralisation pinches and swells along strike and to depth. Copper mineralisation has been intersected to 300m vertical depth.

The project is located close to the southern end of the Zambian Copperbelt, but the style of mineralisation is quite different to that of the stratabound deposits for which the copper belt is well known.

The deposit was developed by an Italian mining company in the 1970s and in its 5 years of operation, produced 2.2 million tonnes of ore at a grade of about 0.98% copper. The ore was processed in a small concentration facility (part of which still exists on site), to produce 78,000 tonne of copper concentrate at a grade of 24% copper. The concentrate was sold to smelters within Zambia.

Exploration

Katanga as the manager and operator of the exploration activities outside the area of the known resources at Mkushi, has identified a number of prospective zones with potential for discovery of additional copper deposits. These will be investigated using either diamond drilling or RC drilling during the project development phase.

Mining

The JV appointed Zambia-based African Mining Consultants (AMC) to review the geotechnical conditions within the existing pit on site and develop design parameters on which to base the preliminary open pit design. The Australian Company AMC Consultants (AMCC), with involvement from the JV, carried out an optimization of the in-house geological model and developed a preliminary open pit proposal.

AMC advise that the pit slopes could be designed with a final overall angle of up to 70 degrees, based on tests on drill core.

Review of hydrogeological records and recent observations made since the existing pit was dewatered, suggests that the mine will not make significant water.

The study has assumed an annual production rate of 1.6Mt per annum with an 18 month pre-production period. Mining would probably progress from the north to the south along the strike of the deposit.

The study contemplates the use of a mining contractor, operating 60t haul trucks and 100t excavators, on a two shift per day basis, six days a week. Local labour would be used extensively, with the mining contractors training local operators. Indicative costs, based on the preliminary pit designs, have been obtained from Zambian South African and Australian contractors.

Metallurgy

The JV commissioned AMMTEC Laboratories in Perth to conduct a metallurgical test programme on 196kg of sample, which was made up by quartering core from a total of 12 diamond drill holes, representing three depth zones and covering the entire mineralized zone. A consultant metallurgist with 40 years experience in Australia and overseas oversaw the collection of appropriate drill core samples and supervised the test programme.

The results of the programme indicate a potential 96% recovery of copper using conventional copper sulphide flotation technology, yielding a concentrate containing 28% copper. The samples tested, which are believed to be representative, do not have significant levels of any onerous minerals and the concentrate is therefore unlikely to be liable to any smelter penalties.

Ore Processing

Metplant Engineering Pty Ltd, which has relevant experience in sulphide developments, was commissioned to design and cost the process plant. The facility proposed by Metplant will comprise primary crushing followed by single stage autogenous milling and a standard flotation circuit followed by pressure filter drying, to recover a concentrate from the run-of-mine ore. The concentrate will be trucked about 200km to nearby smelters in Zambia for sale.

Tailings Disposal

D. Cooper and Associates planned and supervised the tailings disposal investigation and testwork. Process plant tailings would be sent to an appropriately designed and constructed impoundment located nearby to the processing facility.

The proposed tailings dam is designed to allow surplus water to be recovered and returned for use in the process plant.

Environmental Impact Assessment

The JV commissioned AMC to carry out a baseline study and to produce an environmental brief setting out the guidelines for a full environmental impact assessment to be conducted as part of the feasibility study. The investigation

did not discover any significant issues that may affect any development at the project area. The existing tailings dump is eroding and requires remedial action, but the JV has received confirmation from the regulatory body that the previous operators, not the current Joint Venture, are responsible for any remediation. The JV is considering enclosing the existing tailings within a new development so as to mitigate any possible remedial action.

Infrastructure and Utilities

Process water can be abstracted either directly from the nearby Lumsemfwa River or from a dam to be constructed on the Lumsemfwa or one of its tributaries. A final decision will be made as part of the feasibility study.

Potable water could be sourced from the nearby river and treated to an acceptable standard.

Electrical power can be sourced from either an existing National Grid power line, located 300m north of the planned open pit or from the nearby Lumsemfwa hydrostation. Power in Zambia is presently charged at US\$0.34 per kW.

It is proposed to upgrade the existing gravel road to allow for all year round access of people and materials.

Domestic suppliers of consumables, presently supplying the requirements of the Zambian Copperbelt, would likely be contracted to deliver into appropriately designed and constructed buildings established onsite at Mkushi.

Zambian Taxation

The Finance Minister of Zambia recently announced his intention to introduce a new windfall tax regime for copper mines, scaled on the incremental copper price from 25% for prices between \$2.5 and \$3/lb to 75% for prices above \$3.50/lb. He also announced a reduction in the depreciation allowance. The proposed new tax regime will be included in the financial analysis for the definitive feasibility study.

New Drill Results

Prior to the JV's involvement in the project, Katanga carried out almost 10,000m of exploration drilling. Subsequently, CGA carried out an additional 16,000m of diamond drilling and 6,100m of reverse circulation ("RC") drilling.

Significant assay results from the final quarter of 2007 are indicated in the following table. The results are encouraging and have extended the resource potential of the three principal mineralisation zones H, L and G Zones. The promising results from L Zone, including 14m at 1.23%Cu and 9m at 1.93m from MH080, highlight the potential of L zone at depth and are the target of ongoing drilling. Additional copper mineralisation has been located in the hanging wall to both L and H Zones and this will be further targeted in the ongoing drilling programmes. The results from the Mtuga Prospect, 3km southwest of the main deposit, are of low order but warrant further geological assessment to assist in planning of follow up exploration.

SIGNIFICANT DIAMOND DRILL RESULTS

HOLE NO	PROSPECT	FROM	WIDTH	Cu %
MH078	L ZONE	126	3	1.31

MH078	L ZONE	138	5	1.49
MH080	L ZONE	111	22	0.46
MH080	L ZONE	153	14	0.95
MH080	L ZONE	229	14	1.23
MH080	L ZONE	247	9	1.93
MH081	L ZONE	109	10	1.07
MH081A	L ZONE	113	9	0.96
MH081A	L ZONE	249	9	1.08
MH082	L ZONE	117	2	2.75
MH083	H ZONE	28	3	2.95
MH083	H ZONE	47	6	0.88
MH083	H ZONE	64	2	2.1
MH083	H ZONE	85	1	1.61
MH084	L ZONE	137	7	1.26
MH084	L ZONE	206	1	3.95
MH085	H ZONE	25	5	1.03
MH086	H ZONE	72	33	0.6
MH086	H ZONE	109	9	0.9
MH086	H ZONE	219	8	0.85
MMT005	MTUGA	62	10	0.74
MMU046	G ZONE	7	5	1.45
MMU047	G ZONE	87	9	2.05
MMU047	G ZONE	103	6	0.98
MMU049	MUNSHIWEMBA	34	4	0.98
MMU050	MUNSHIWEMBA	17	3	1.99
MMU050	MUNSHIWEMBA	31	26	1.75
MMU051	MUNSHIWEMBA	48	9	2.71

John Park
Chairman
African Eagle Resources plc

1 February 2008

Qualified Person

The Study from which much of this report was abstracted was prepared under the supervision of Mr Geoff.G.Jones, F.Aus.I.M.M.CP Mng, who is acting as the Qualified Person for the JV Mr Jones is a fellow of the Australasian Institute of Mining and Metallurgy (AusIMM), and a consultant to the JV technical team. Information of a technical nature in this report is based on information compiled by, or under the supervision of, and approved by Mr Geoff G Jones and Mr Simon Plunkett. Mr Plunkett is a Professional member of the Australian Institute of Geoscientists and is the on site manager of the project The drilling results were assayed by Genalysis Laboratory Services Pty Ltd in Perth, Western Australia.

Both Mr Jones and Mr Plunkett have sufficient experience relevant to the style of mineralisation and type of deposit under consideration to be recognised as Competent Persons as defined in the 2004 Edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Resources'. Mr Jones and Mr Plunkett consent to the inclusion in the report of the matters based on their information in the form and context in which it appears.

Information in this report relating to exploration results is based on data reviewed by Mr Christopher Davies BSc, MSc, DIC, FSEG, FAusIMM, Operations Director for African Eagle, who is a Fellow of the Australasian Institute of Mining and Metallurgy, has more than 26 years relevant experience in mineral

exploration and is a Qualified Person under AIM rules. Mr Davies consents to the inclusion of the information in the form and context in which it appears. For further information, see the Company's web site www.africaneagle.co.uk or contact one of the following:

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About African Eagle

African Eagle is a diversified mineral exploration and development company operating in eastern and central Africa. The Company's principal advanced projects are the Mkushi Copper Mines project in Zambia and the Miyabi gold project in Tanzania, which are being fast-tracked towards production. The Company also holds a large well-balanced portfolio of promising earlier stage gold and base metal projects, including the Ndola copper project and the Eagle Eye iron-oxide copper gold project.

Zambia, Tanzania and Mozambique, the sites of African Eagle's projects, are all countries which have highly prospective geology, relatively low aboveground risks and track records of successful major investments in the metals and minerals industries.

African Eagle specialises in project generation and exploration. To take its discoveries into production, it seeks to sign up industry partners with records of successful mine development. These joint ventures and, in time, the revenue from advanced projects, will finance future exploration and new discoveries. Technical terms

A glossary of technical terms used by African Eagle in this announcement and other published material may be found at www.africaneagle.co.uk/african-eagle-projects-glossary.html

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