

IFC INVESTMENT IN AFRICAN EAGLE

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African Eagle Resources plc

IFC DISCLOSES PROPOSED INVESTMENT IN AFRICAN EAGLE

African Eagle Resources plc ("African Eagle" or "the Company"; AIM: AFE; AltX: AEA) is pleased to report that IFC, a member of the World Bank Group, proposes to subscribe for a 10% equity share in the Company, through an investment of approximately US\$5 million (£3.1m) in African Eagle Resources, primarily to finance the evaluation of the Dutwa Nickel Project. The proposed investment is subject to signature of a subscription agreement following IFC's 30 day public disclosure period and formal approval by IFC's Board of Directors.

The proposed IFC investment will be made through an equity subscription agreement (the "Placing") with the Company. The placing price of 6.8 pence per share (the "Placing Price") values IFC's investment at approximately US\$5 million (ca.£3.1m) and will result in the issue of 45,509,570 ordinary shares in the capital of the Company to IFC. The Placing Price and total proceeds from the Placing were determined by the 20-day volume weighted average price of African Eagle shares on the day preceding this public disclosure of IFC's proposed investment.

The Placing, which is subject to the signature of a subscription agreement containing standard conditions for a financing of this type, is expected to close following approval by IFC's Board of Directors after IFC's public disclosure period of 30 days from the date of this announcement. Upon closing of the Placing, IFC will hold 10% of the issued share capital of the Company, making it the second largest shareholder in African Eagle.

For every two new shares subscribed for, IFC will receive a warrant to purchase one further share at a price per share of 150% of the Placing Price, exercisable for four years. Accordingly, on closing of the Placing, IFC will hold 22,754,785 share purchase warrants. IFC will also have a pre-emptive right to participate in any future equity or equity linked financings in order to allow it to maintain its 10% ownership in the Company.

The proceeds of the Placing will be used to continue the evaluation of the Dutwa Nickel Project in Tanzania through the progression of the Company's bankable feasibility study.

Euan Worthington, Chairman of African Eagle commented "We are delighted that IFC has decided, after careful due diligence, to invest in the Dutwa project, endorsing our view that Dutwa will become a major new mine for Tanzania. Our management is fully behind the IFC's criteria for responsible environmental and social management of the Dutwa project and we will welcome IFC as a shareholder. This investment will further de-risk the project by providing further financing towards the feasibility study".

The IFC has posted a Summary of Proposed Investment ("SPI") and an Environmental and Social Review Summary ("ESRS") for public viewing on its website.

The following are excerpts from the Development Impact section of the SPI:

Anticipated Development Impact of Project

The proposed investment will contribute to the completion of a full project feasibility study to confirm the commercial viability of Dutwa. Thus IFC's current investment will be used for further exploration and studies, and not for

the development of a mine. Development impacts from exploration activities are typically limited and at this stage mainly limited to local employment.

If Dutwa is developed, significant development impacts will be realised, including: (i) diversification of Tanzania's mining industry beyond gold and gemstones into base-metals; (ii) Government revenue generation and increased foreign exchange earnings; (iii) Significant linkages of Dutwa with other domestic economic activities; especially transportation and logistics; (iv) employment opportunities; and (v) Dutwa could become a long-term base-load customer of the Tanzanian central rail system.

IFC's expected development contribution

African Eagle has shown commitment to responsible environmental and social management. IFC will assist the Company to implement the appropriate measures to ensure that the Project is developed in line with international best practice, particularly with regard to environmental and social sustainability.

IFC will be a strategic long-term partner with the Company and assist it to attract future investments to support the development of the Project.

Governance

The World Bank's Mining Policy group is actively involved in Tanzania and is providing capacity building support to the Ministry of Mines in a number of areas. In 2009, Tanzania became a candidate country to the Extractive Industries Transparency Initiative ("EITI") and submitted its Validation report, disclosing payments to Government made by major extractive industry companies, in May 2011, which is currently being reviewed by the EITI board.

African Eagle has agreed publicly to disclose any material payments to the Government, as per IFC's requirements.

The full text of the SPI can be found at
http://www.africaneagle.co.uk/downloads/AFE-IFC_SPI.pdf

The full text of the ESRS can be found at
http://www.africaneagle.co.uk/downloads/AFE-IFC_ESRS.pdf

For further information please see the Company's web site at
www.africaneagle.co.uk or contact one of the following:

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ABOUT IFC

IFC, a member of the World Bank Group, is the largest global development finance institution focused on private sector development in frontier and emerging markets. IFC provides financing to help businesses develop sustainable projects, thereby helping to reduce poverty by creating employment opportunities, supplying essential services, facilitating broader local supply chains and increasing government revenues. IFC aims to increase the amount of seed financing it provides to exploration-stage companies through its early equity

mining program, as well as providing support to mid-tier mining companies by participating in project and corporate financing partnerships that will support mining development and expansion. IFC will continue to work with mining majors to develop large projects with the potential to transform national and / or regional economies. IFC's global mining portfolio spans 37 countries, of which 17 are in Africa, and totals more than US\$400 million. IFC is also expanding its work in Advisory Services for the mining sector, by providing supply chain SME (Small and Medium Enterprise) capacity building, supporting community engagement so that local communities can benefit more from mining activities, and new programs to help the industry to use resources more efficiently with less impact on the environment. For more information, visit www.ifc.org.

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