African Eagle Resources PLC : Half Year Progress and Reports

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African Eagle Interim Results Announcement
RNS

INTERIM RESULTS FOR THE SIX MONTHS ENDED 30 JUNE 2012

28 September 2012: African Eagle Resources plc ("African Eagle" or the "Company") (AIM: AFE; AltX: AEA) today announces its interim results for the six months ended 30 June 2012, which are also available on the Company's website: www.africaneagle.co.uk.

Operational Highlights

Dutwa Development
* Strongly positive metallurgical test work on Wamangola FeSi ore which has significant potential to improve project economics
* Simple ore beneficiation prior to processing results in potential for higher grade lower volume ore feed to process plant
* Targeting an increase in nickel feed grade from 1% to up to 2%
* Opportunity to reduce plant throughput capacity while achieving the equivalent metal output
* Leach characteristics of the beneficiated ore superior to run-of-mine ore, requiring less reagent consumption
* Dutwa Resource upgraded with 94% promoted to Indicated category
* Total JORC resource 107 million tonnes ("Mt") at 0.92% nickel containing 984,000 tonnes metal
* JORC Indicated Resource category at 101Mt at 0.93% nickel
* 70% of Resource comprises FeSi ore
* ESIA progressing well

Corporate Development
* Board restructuring complete and new team fully integrated
* David Newbold appointed as Finance Director
* Ambassador Rupia appointed Non-Executive Director
* Cutfield Freeman & Co appointed as Financial Adviser to examine, develop and implement financing strategies for the development of the Dutwa project
* Binding agreement reached for the disposal of remaining Zambian copper assets to Elephant Copper
* Cash on hand, as at 30 June 2012, was £10.6 million

Commenting on the results, African Eagle's Chairman, Chris Pointon said "I am pleased to report solid progress has been made across all of the key work streams on the Dutwa Bankable Feasibility Study ("BFS"). We recently reported very exciting and positive metallurgical test work results on the Wamangola Ferruginous Siliceous ("FeSi") ore which represent a real break-through for the project and have the potential to substantially improve the project economics.

The metallurgical results are of such significance that the Board has decided to allow more time for an expanded test programme on the transition ore and ore from the adjacent Ngasamo deposit in the fourth quarter of 2012, with the pilot plant run now scheduled to occur in 2013. The BFS is now due to be completed in the second half of 2013.

We have also increased our levels of confidence in the quality and size of the Dutwa resource and recently announced a revised JORC Resource with 94% of the total 107 million tonnes ("Mt") being classified in the Indicated category. The FeSi ore comprises 70% of the total resource.

On the corporate front we have appointed Ambassador Paul Rupia as a Non-Executive Director and David Newbold as Finance Director. Ambassador Rupia brings over 49 years of experience in Tanzania's diplomatic and civil service and will add vital in-country experience and contacts to the Board. David has an excellent track record in the financing, structuring, risk mitigation, governance and operation of natural resource businesses globally. We already have a first-class project management team, and I believe that with the addition of Paul and David the Board and management now have the skills and experience required to ensure African Eagle can successfully develop the Dutwa Project."

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About African Eagle
African Eagle Resources plc is a nickel development and exploration company listed on the London AIM (AFE) and Johannesburg AltX (AEA) stock exchanges. The Company's flagship project is the Dutwa Nickel project in Tanzania located about 25km south of Lake Victoria and 110km east of Mwanza within greenstone gold belts which host many of Tanzania's operating and developing gold mines. The Company is currently conducting a Bankable Feasibility Study, which is due for publication during 2013.

CHAIRMAN'S STATEMENT

Dear Shareholder,
It gives me great pleasure to present my first report to you as Chairman of your Company and to have the opportunity to tell you about the excellent progress we are making in advancing the Dutwa Nickel Project through development and towards production.

We have made significant progress on the Dutwa Bankable Feasibility Study ("BFS") and recently reported very exciting and positive metallurgical test work results. We think these results represent a real break-through for the project and have the potential to substantially improve the project economics.

The outcome demonstrates the potential to upgrade the ore, doubling the nickel grade of the run-of-mine ore, from around 1% to 2%, before processing through the atmospheric tank leaching circuit, by a simple screening process, and without the need for fine grinding. This, if confirmed by the balance of the test work programme, means that between half and one-third of the run-of-mine ore can be rejected prior to processing, the rejected portion being below cut-off grade. Hence the capacity of the capital-intensive processing plant, which will extract the nickel from the concentrated ore, can be correspondingly smaller than previously planned for the same nickel output. Although capital cost estimates will only be available when the BFS is complete, we are confident that they will be strongly competitive. Furthermore, the upgraded ore leaches more rapidly, and with lower sulphuric acid and limestone requirements per kg of nickel extracted, than the run-of-mine ore. The net result will be a positive impact on the operating costs as well as the capital costs of the Project.

The test work was done on the Wamangola Ferruginous Siliceous ("FeSi") ore, which comprises around 45% of the total Dutwa resource. We therefore need to extend the tests to the Transition ore and ore from the adjacent Ngasamo deposit, which comprise the rest of the resource. This work has already commenced.

This expanded test work programme is essential to ensure we have fully defined the process flowsheet and metallurgical parameters before commencing full scale pilot plant work. The purpose of the high value but expensive pilot plant campaigns of the type we plan to undertake is to confirm technical parameters for the engineering specification of the commercial scale plant. It is therefore vital that we have the pilot plant properly configured and representative of the commercial scale plant we plan to build. We aim to update shareholders on the further progress of this work early next year.

The metallurgical results are of such significance that the Board has decided to allow more time for this expanded test programme in the fourth quarter of 2012, with the pilot plant run now scheduled to occur in 2013. The BFS is now due to be completed in the second half of 2013.

We continue to increase our levels of confidence in the Dutwa resource and, following drilling campaigns at both Ngasamo and Wamangola completed earlier this year, we recently announced a revised JORC mineral resource statement for the Project. 94% of the total 107 million tonne ("Mt") 0.93% Ni grade resource has been upgraded and classified in the Indicated category with FeSi ore comprising 70% of the total resource.

In addition, work continues on other key areas for the optimisation of operating costs, most importantly transport of raw materials and finished product, and the procurement of sulphur.

Current funds will carry us through to the start of the pilot plant test campaign, but we will need to secure additional funds to allow us to complete the BFS. We will make further announcements in this regard in due course.

In relation to our legacy projects, I am pleased to report that we have entered into a binding agreement with Elephant Copper Limited ("Elephant") for the disposal of our remaining Zambian copper assets, the wholly owned Katanga Resources Limited and 49.9% interest in Kujima Mining and Exploration Limited. The total consideration of the transaction will be 15 million shares in Elephant and a 2% Net Smelter Return on the Katanga assets, which will be applicable once the assets reach production. The transaction is conditional, amongst other things, on approval of the Zambian Minister of Mines. We expect to finalise the transaction shortly and this will complete the disposal of our remaining Zambian assets.

Turning to corporate issues and governance, I am particularly pleased to welcome Ambassador Paul Rupia to the Board of African Eagle. Ambassador Rupia brings over 49 years of experience in Tanzania's diplomatic and civil service, having represented Tanzania as Ambassador to the United Nations, Ambassador to Ethiopia and Deputy High Commissioner to the United Kingdom. He also served as Chief Secretary to the President and Head of Tanzania's Civil Service. He has a thorough knowledge of both the public and private sector in Tanzania, and will add vital in-country knowledge, experience and contacts to the Board.

We have also appointed David Newbold as Finance Director. David has an excellent track record in the financing, structuring, risk mitigation, governance and operation of natural resource businesses globally.

We already have a first-class project management team, and I believe that with the addition of Paul and David the Board and management now have the skills and experience required to ensure African Eagle can successfully develop the Dutwa Project.

Additionally we have appointed Cutfield Freeman & Co Ltd ("CF&Co") to support us as financial advisers. They will work alongside David to develop and execute a financing strategy for the Dutwa Nickel Project which will embrace strategic investor, equity and debt elements. CF&Co is a well known and respected independent financial advisory services consultancy with a wealth of experience in successfully executing transactions in the mining and metal processing industries, including a number of major nickel projects.

In conclusion, we have had an extremely busy and productive first half of the year. We have an experienced Board and Management, and we are now entirely focused on bringing Dutwa through feasibility into development and on towards production. We have engaged contractors - Lycopodium, Knight Piesold, Snowden, Citrus Partners and CF&Co - who are leaders in our sector, familiar with nickel and with East Africa. We have made significant and encouraging progress in advancing the BFS, unlocking the potential of this remarkable orebody. Lastly, but not least, we have benefitted from the support and commitment of our main shareholders. I believe we are well placed to continue to move forward with Dutwa.

Christopher Pointon
Chairman
28 September 2012

Financial Review
For the six months ended 30 June 2012

Key Financial Data 6 months to 6 months to Year to

30 June 30 June 31 December

2012 2011 2011

Unaudited Audited

£ £ £

Loss before tax attributable to equity (4,351,787) (712,583) (2,960,124)
owners

Cash and cash equivalents 10,595,202 4,726,587 2,285,347

Exploration assets held for sale 2,275,281 1,078,634 2,465,518

Investment in associates - 2,870,698 2,677,921

Deferred exploration costs 14,658,103 11,761,144 11,126,684

Net assets/total equity 26,789,499 20,797,607 18,953,784

Net increase/(decrease) in cash 8,313,508 1,563,490 (883,872)

Loss per share - basic & diluted (0.8p) (0.2p) (0.7p)

Headline loss per share - basic & diluted (0.3p) (0.2p) (0.3p)

Condensed Interim Consolidated Statement of Comprehensive Income

Review of six months ended 30 June 2012 (reviewed) compared to the six month period ended 30 June 2011 (unaudited).

The loss after tax for the six months to 30 June 2012 at £4.4m is £3.7m higher than for the corresponding period last year. This variance can be explained by:

1. Impairment of the Zambian assets for £2.7m (see note 4 below);
2. Other expenses increased by £0.7m largely as a result of resigning directors' compensation payments;

3. Employee benefits increased by £0.3m.

Condensed Interim Consolidated Statement of Financial Position

Review as at 30 June 2012 (reviewed) compared to 31 December 2011 (audited)

The Company is in the process of disposing of its Zambian assets and impaired the assets during the period. See note 4 below for further information.

Cash and cash equivalents increased by £8.3m due to the fund raisings in February and April 2012 with approximately £12.5m before expenses being raised.

Deferred exploration costs at £14.7m are £3.5m higher than at 31 December 2011. The increase includes £3.4m related to the Dutwa Nickel Project.

Other payables amounted to £1.8m, £1.4m higher than at 31 December 2011. The increase was mainly due to higher accruals relating to the Dutwa Nickel Project.

At £26.8m, total equity increased by £7.8m. Share capital and share premium increased by £12.2m as a result of the fund raisings, after expenses. The foreign currency reserve increased by £0.3m as a result of the exchange differences in the period on the translation of foreign operations. The retained loss increased by £4.2m in line with the loss for the half year.

Condensed Interim Consolidated Statement of Comprehensive Income
For the six months ended 30 June 2012

6 months to 6 months to Year to

30 June 30 June 31 December

2012 2011 2011

Note Unaudited Audited

£ £ £

Depreciation expense (22,255) (15,961) (30,511)

Employee benefits expense (612,294) (326,004) (677,784)

Impairment of deferred exploration (63,074) (47,017) (1,640,836)
expenditure

Impairment of asset held for sale 4 (991,438) - -

Impairment of investment in associate 4 (1,734,716) - -

Impairment of investment in joint (21,724) - -
venture

Share of loss in associates - (1,873) (9,116)

Profit on sale of licences 212,291 - -

Other expenses (1,030,056) (354,104) (819,479)

Other income 2,142 - -

Operating loss (4,261,124) (744,959) (3,177,726)

Finance income:

Bank interest receivable   45,121 7,168 10,117

Foreign exchange (loss)/gain   (135,784) 25,208 207,485

Loss before tax   (4,351,787) (712,583) (2,960,124)

Income tax expense   - - -

Loss attributable to equity owners for   (4,351,787) (712,583) (2,960,124)
the period

Other comprehensive (loss)/income:

Exchange differences on translation of   (284,402) (536,618) (233,131)
foreign operations

Available for sale investments: fair   40,000 (110,400) (170,400)
value adjustment

Other comprehensive (loss)/income for   (244,402) (647,018) (403,531)
the period

Total comprehensive loss attributable to   (4,596,189) (1,359,601) (3,363,655)
equity owners for the period

Loss per share:

Basic/diluted loss per share from total 3 (0.8p) (0.2p) (0.7p)
and continuing operations

Headline/diluted loss per share from 3 (0.3p) (0.2p) (0.3p)
total and continuing operations

All operations are continuing.

The accompanying notes form an integral part of these reviewed condensed interim consolidated financial statements.

Condensed Interim Consolidated Statement of Financial Position
As at 30 June 2012

30 June 2012 30 June 2011 31 December 2011
Unaudited   Audited
Note

£ £ £

ASSETS

Non-current assets

Property, plant and equipment   171,321 34,468 81,259

Available for sale investments   200,000 220,000 160,000

Investment in associates 4 - 2,870,698 2,677,921

Investment in joint ventures   - 33,300 32,993

Deferred exploration costs 5 14,658,103 11,761,144 11,126,684

Total non-current assets   15,029,424 14,919,610 14,078,857

Current assets

Cash and cash equivalents   10,595,202 4,726,587 2,285,347

Other receivables   640,791 635,751 509,556

11,235,993 5,362,338 2,794,903

Exploration assets held for sale 6 2,275,281 1,078,634 2,465,518

Total current assets   13,511,274 6,440,972 5,260,421

Total assets   28,540,698 21,360,582 19,339,278

LIABILITIES

Current liabilities

Other payables   (1,751,199) (562,975) (385,494)

Total liabilities   (1,751,199) (562,975) (385,494)

Net assets   26,789,499 20,797,607 18,953,784

EQUITY

Equity attributable to owners of the parent:

Share capital   6,940,145 4,093,472 4,095,862

Share premium account   36,559,743 27,188,181 27,201,169

Merger reserve   705,723 705,723 705,723

Available for sale   80,000 100,000 40,000
revaluation reserve

Foreign currency reserve   (474,668) (493,753) (190,266)

Retained losses   (17,021,444) (10,796,016) (12,898,704)

Total equity   26,789,499 20,797,607 18,953,784

The accompanying notes form an integral part of these reviewed condensed interim
consolidated financial statements.

Condensed Interim Consolidated Statement of Cash Flows
For the six months ended 30 June 2012

6 months to 30 6 months to 30 Year to 31
June 2012 June 2011 December 2011
Audited
Unaudited

£ £ £

Operating activities

Loss before taxation   (4,351,787) (712,583) (2,960,124)

Adjustments for:

Depreciation   22,255 15,961 30,511

Exchange loss/(gain)   1,954 (953) (3,953)

Loss on disposal of   569 - 1,082
property, plant and
equipment

Interest received   (45,121) (7,168) (10,117)

Impairment of deferred   63,074 47,017 1,640,836
exploration expenditure

Impairment of asset held   991,438 - -
for sale

Impairment of investment   1,734,716 - -
in associate

Impairment of investment   21,724 - -
in joint venture

Share based payments   229,047 136,982 281,835

Share of loss in   - 1,873 9,116
associate venture

Increase in other   (136,350) (196,800) (59,300)
receivables

Increase in other   376,543 74,794 69,783
payables

Share of joint venture   - 368 680
loss

Cash flows from operating   (1,091,938) (640,509) (999,651)
activities

Investing activities

Payments to acquire   (114,693) (8,014) (69,828)
property, plant and
equipment

Payments for deferred   (2,684,663) (940,115) (3,137,095)
exploration expenditure

Interest received   45,121 7,168 10,117

Investments in associates   (43,176) (400,987) (248,740)

Cash flows used in   (2,797,411) (1,341,948) (3,445,546)
investing activities

Financing activities

Proceeds from issue of   12,202,857 3,545,947 3,561,325
share capital (net of
issue costs)

Cash flows from financing   12,202,857 3,545,947 3,561,325
activities

Net increase/(decrease)   8,313,508 1,563,490 (883,872)
in cash and cash
equivalents

Cash and cash equivalents   2,285,347 3,170,709 3,170,709
at beginning of year

Exchange loss   (3,653) (7,612) (1,490)

Cash and cash equivalents   10,595,202 4,726,587 2,285,347
at end of period

The accompanying notes form an integral part of these reviewed condensed interim consolidated financial statements.

Condensed Interim Consolidated Statement of Changes in Equity
For the six months ended 30 June 2012

Share Share Merger Available Foreign Retained Total
capital premium reserve for sale currency losses attributable
account revaluation reserve to

reserve owners

£ £ £ £ £ £ £

Balance at 1 3,847,622 23,888,084 705,723 210,400 42,865 (10,220,415) 18,474,279
January 2011

Loss for - - - - - (712,583) (712,583)
period

Exchange - - - - (536,618) - (536,618)
differences
on
translation
of foreign
operations

Available for - - - (110,400) - - (110,400)
sale
investments

Total - - - (110,400) (536,618) (712,583) (1,359,601)
comprehensive
loss for the
period

Transactions
with equity
owners for
the first
half of 2011:

Issue of 245,850 3,499,575 - - - - 3,745,425
share capital

Share issue - (199,478) - - - - (199,478)
costs

Share based - - - - - 136,982 136,982
payments

Total 245,850 3,300,097 - - - 136,982 3,682,929
transactions
with equity
owners

Balance at 4,093,472 27,188,181 705,723 100,000 (493,753) (10,796,016) 20,797,607
30 June 2011

Loss for - - - - - (2,247,541) (2,247,541)
period

Exchange - - - - 303,487 - 303,487
differences
on
translation
of foreign
operations

Available for - - - (60,000) - - (60,000)
sale
investments

Total - - - (60,000) 303,487 (2,247,541) (2,004,054)
comprehensive
loss for the

period

Transactions
with equity
owners for
the second
half of 2011:

Issue of   2,390 13,145 - - - - 15,535
share capital

Share issue   - (157) - - - - (157)
costs

Share based   - - - - - 144,853 144,853
payments

Total   2,390 12,988 - - - 144,853 160,231
transactions
with equity
owners

Balance at   4,095,862 27,201,169 705,723 40,000 (190,266) (12,898,704) 18,953,784
31 December
2011

Loss for   - - - - - (4,351,787) (4,351,787)
period

Exchange   - - - - (284,402) - (284,402)
differences
on
translation
of foreign
operations

Available for   - - - 40,000 - - 40,000
sale
investments

Total   - - - 40,000 (284,402) (4,351,787) (4,596,189)
comprehensive
loss for the
period

Transactions
with equity
owners for
the first
half of 2012:

Issue of   2,844,283 9,807,116 - - - - 12,651,399
share capital

Share issue   - (448,542) - - - - (448,542)
costs

Share based   - - - - - 229,047 229,047
payments

Total   2,844,283 9,358,574 - - - 229,047 12,431,904
transactions
with equity
owners

Balance at   6,940,145 36,559,743 705,723 80,000 (474,668) (17,021,444) 26,789,499
30 June 2012

The accompanying notes form an integral part of these reviewed condensed interim consolidated financial statements.

Notes to the Condensed Interim Consolidated Financial Statements
For the six months ended 30 June 2012

1. Nature of Operations and General Information

African Eagle Resources plc ("African Eagle" or the "Company") is a public limited company incorporated and domiciled in England, with its primary listing on the AIM market of the London Stock Exchange and a secondary listing on the Alternative Exchange of the Johannesburg Stock Exchange Limited ("AltX"). African Eagle is the holding company of a mineral development and exploration group of companies (the "Group"). The Group is focused on becoming a nickel producer and is currently undertaking a feasibility study on its Dutwa Nickel Project in Tanzania.

The Company has prepared its condensed interim consolidated financial statements ("Financial Statements") on a going concern basis which assumes that the Company will be able to realise assets and discharge liabilities in the normal course of business. At 30 June 2012 the Group had cash and cash equivalents of £10.6 million. The Company, as at the date of approval of these Financial Statements, has sufficient funding to meet the Group's working capital requirements for the next 12 months for going concern purposes. The Company will, however, need to raise additional funds to start the pilot plant campaign and to complete the BFS and other planned activity.

The Directors are confident that they will be able to secure additional funding to undertake the current planned program of activity over the 12 months from the date of approval of this review, but, in common with other companies at this stage of development, there can be no certainty that the funding will be available.

African Eagle's Financial Statements are presented in pounds sterling (£), which is also the functional currency of the parent company. The Financial Statements were approved for issue by the Board of Directors on 27 September 2012.

2 Statement of Compliance and basis of preparation

The Financial Statements are for the six months ended 30 June 2012. They do not include all the information required for full annual financial statements and should be read in conjunction with the audited consolidated financial statements of the Group for the year ended 31 December 2011, which were prepared under International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU").

The financial information is prepared under the historical cost convention and in accordance with the recognition and measurement principles contained within IFRS as endorsed by the EU.

The comparative amounts in the Financial Statements include extracts from the Company's consolidated financial statements for the year ended 31 December 2011. These extracts do not constitute statutory accounts within the meaning of Section 435 of the Companies Act 2006.

3 Loss Per Share

(a) Basic loss per share

The calculation of basic loss per share is based on the loss for the period divided by the weighted average number of shares in issue during the period. In calculating the diluted loss per share potential ordinary shares such as share options and warrants have not been included as they would have the effect of decreasing the loss per share. Decreasing the loss per share would be anti-dilutive.

Loss per share 30 June 30 June 31 December
2012 2011 2011
Unaudited Audited
£ £ £

Loss for the period (4,351,787) (712,583) (2,960,124)

Weighted average number of shares in issue 531,734,445 405,960,448 407,793,202

Basic & diluted headline loss per share (0.8p) (0.2p) (0.7p)

(b) Headline loss per share

Headline loss per share has been calculated in accordance with the South African Institute of Chartered Accountants Circular 3/2009 - Headline Earnings. Circular 3/2009 is effective for interim and/or annual financial periods ending on or after 31 August 2009.

The calculation of headline loss per share is based on the headline loss for the year divided by the weighted average number of shares in issue during the year. No diluted headline loss per share has been calculated as it would be anti-dilutive by reducing the headline loss per share.

Headline loss per share

30 June 30 June 31 December

2012 2011 2011

Unaudited Audited
£ £ £

Loss for the period (4,351,787) (712,583) (2,960,124)

Adjusted for:

Plus loss on sale of tangible assets 569 - 1,082

Less profit on sale of intangible assets (212,291) - -

Plus impairment of deferred exploration assets 63,074 47,017 1,640,836

Plus impairment of assets held for sale 991,438 - -

Plus Group share of associate loss - 1,873 9,116

Plus impairment of associate 1,734,716 - -

Plus impairment of joint venture 21,724

Plus Group share of joint venture - 368 680

Headline loss (1,752,557) (663,325) (1,308,410)

Weighted average number of shares in issue 531,734,445 405,960,448 407,793,202

Undiluted headline loss per share (0.3p) (0.2p) (0.3p)

4 Impairment loss

As announced on 27 July 2012 an agreement disposing of the Group's Zambian assets was signed with Elephant Copper Limited ("Elephant"). It is expected to be completed by the end of October 2012. An impairment review was undertaken based on the transaction and the results were accounted for during the period. Additionally, the Group's 49% share in Mkushi Copper Joint Ventures Limited ("Mkushi"), previously classified under investment in associates, was transferred to exploration assets held for sale after its impairment. The fair value of these assets as at 31 December 2011 was £2.7m for Mkushi and £1.3m for the other assets. As a result of the review, charges of £1.7m and £1m were made to the Statement of Comprehensive Income for Mkushi and the other Zambian assets respectively.

5 Deferred Exploration

	30 June	30 June	31 December
	2012	2011	2011
	Unaudited	Audited	
	£	£	£
Cost:			
At 1 January	11,126,684	11,176,584	11,176,584
Foreign currency exchange differences	(115,543)	(387,441)	(101,550)
Additions	3,709,946	1,019,018	2,649,459
Assets held for sale	-	-	(956,973)
Impairment charge	(63,074)	(47,017)	(1,640,836)
Balance at the period end	14,658,103	11,761,144	11,126,684

6 Assets held for sale

	30 June	30 June	31 December
	2012	2011	2011
	Unaudited	Audited	
	£	£	£
Cost:			
Balance brought forward	2,465,518	1,098,843	1,098,843
Foreign currency exchange (loss)/gain	(62,802)	(37,225)	1,054
Additions	225,106	17,016	956,973

Sale of assets (258,356) - -

Impairment (991,438) - -

Transfers from investments in associates and 897,253 - 408,648
joint ventures

Balance at the period end 2,275,281 1,078,634 2,465,518

Assets held for sale relate to the Igurubi gold project in Tanzania and the copper assets in Zambia. The impairment relates to the Zambian copper assets (see note 4 above).

7 Events after the balance sheet date

On 27 July 2012 the Company announced that it had executed a binding agreement with Elephant for the disposal of its remaining Zambian copper assets. This is conditional, amongst other things, on approval of the Zambian Minister of Mines.

On 27 July 2012 the Company announced that it had granted 10,300,000 share options over ordinary shares to certain Directors and key employees. The exercise price of 3.36 pence is based on the 90 day volume weighted average price at market close on 26 July 2012.

Independent Review Report to African Eagle Resources plc

Introduction
We have been engaged by the company to review the financial information in the half-yearly financial report for the six months ended 30 June 2012 which comprises the condensed interim consolidated statement of financial position, condensed interim consolidated statement of comprehensive income, condensed interim consolidated statement of changes in equity, consolidated statement of cash flows and the related explanatory notes that have been reviewed. We have read the other information contained in the half yearly financial report which comprises only the Chairman's Statement and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the company in accordance with guidance contained in ISRE (UK and Ireland) 2410, 'Review of Interim Financial Information performed by the Independent Auditor of the Entity'. Our review work has been undertaken so that we might state to the company those matters we are required to state to them in a review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusion we have formed.

Directors' responsibilities
The half-yearly financial report is the responsibility of, and has been approved by, the directors. The AIM rules of the London Stock Exchange require that the accounting policies and presentation applied to the financial information in the half-yearly financial report are consistent with those which will be adopted in the annual accounts having regard to the accounting standards applicable for such accounts.

As disclosed in Note 2, the annual financial statements of the group are prepared in accordance with IFRS as adopted by the European Union. The financial information in the half-yearly financial report has been prepared in accordance with the basis of preparation in Note 2.

Our responsibility
Our responsibility is to express to the Company a conclusion on the financial information in the half-yearly financial report based on our review.

Scope of review
We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion
Based on our review, nothing has come to our attention that causes us to believe that the financial information in the half-yearly financial report for the six months ended 30 June 2012 is not prepared, in all material respects, in accordance with the basis of accounting described in Note 2.

GRANT THORNTON UK LLP
Statutory Auditor, Chartered Accountants
London

27 September 2012

Source: African Eagle Resources PLC via Thomson Reuters ONE
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