African Eagle Resources plc : Proposed Disposal and Proposed Adoption of Investing Policy

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African Eagle Resources plc ("African Eagle" or the "Company") (AIM: AFE; AltX: AEA) is pleased to announce that it has agreed to sell substantially all of its subsidiaries, assets and liabilities to Blackdown Resources (UK) Limited, a subsidiary of Cienega S.a.r.l, which is ultimately owned by Nick Clarke and his family trusts.

All definitions used in this announcement have the meanings ascribed to them in the Appendix set out at the end of this announcement.

The Disposal constitutes a fundamental disposal pursuant to Rule 15 of the AIM Rules and requires the approval of Shareholders. Following the Disposal, African Eagle will be classed as an Investing Company under Rule 15 of the AIM Rules and its proposed Investing Policy (as well as details of the Disposal) will be set out in a Circular, which shall be sent to Shareholders within the next few days and which will then also be made available for download from the Company's website. Having reviewed a number of business sectors and potential opportunities it is the opinion of the Board that the Company's Investing Policy should be to seek opportunities to invest in the natural resources, infrastructure and services sectors.

The Board believes that the Disposal will allow the Company to focus on an alternative investment proposition that the Board believes can provide the best opportunity for an enhancement in value to Shareholders over the long term.

Completion of the Disposal is conditional, inter alia, on the approval of Shareholders at the General Meeting. The Board will also be seeking the approval at the General Meeting for its proposed new Investing Policy. The Circular will convene a General Meeting to approve both the Disposal and the Investing Policy of the Company.

Background to and reasons for the Disposal

On 15 May 2013, the Company announced that, following discussions with its major Shareholders and other institutional Shareholders to assess the potential to raise additional equity financing to further progress the Group's projects, investment appetite for the development of nickel laterite projects was limited and the Directors had been unable to identify any source of funding for the Group.

As a result, the Board determined that, in order to preserve the Company's cash position, it would no longer continue to provide funding to its Tanzanian subsidiaries beyond the expenses associated with the renewal and maintenance of the Group's main licences in relation to the Company's nickel assets.

Since this time, the Directors have been taking steps to minimise costs to the Group in order to preserve the Company's cash position and have been engaging in discussions with the Company's major Shareholders and others to consider the strategic options for the Group.

In the Chairman's statement in the annual financial statements, for the year ended 31 December 2012, it was stated that the Board had decided to progress three initiatives:

* to continue to seek a purchaser for the Dutwa assets, with the consideration being in cash and/or a carried interest;

* to recover any value possible from the Miyabi JV and other non-Dutwa assets via a sale of our interest for cash or equity; and
* to maintain the AIM-listed plc with a view to seeking new investment opportunities in the natural resources and related sectors, thereby retaining a possibility of securing some upside for Shareholders.

The alternative option to the Company was to liquidate the Tanzanian assets and return any residual cash in the Company to Shareholders via a members' voluntary liquidation. This option was rejected by the Board for two reasons; firstly the expected residual cash in the Company after closing out all business issues and the cost of liquidation was considered unlikely to be significant in terms of cash per share. Secondly, following discussions with major Shareholders, the Board's view was that, the Disposal which will result in the Company becoming an Investing Company and therefore having the expectation that an injection of new assets into the Company will be forthcoming, whilst not quantifiable now, could (if achieved) potentially offer greater value for Shareholders.

The proposed Disposal and adoption of the Investing Policy represents the culmination of these deliberations and one which the Board has concluded is expected to provide the best opportunity for an enhancement in Shareholder value over the long term. In addition, it removes the Company from its liabilities connected to Blackdown Minerals, including the potential liability in respect of the review of previous tax filings by the Tanzanian Revenue Authority, as announced on 2 April 2013, which will remain with the relevant Tanzanian subsidiary of Blackdown Minerals.

On 26 June 2013, the Company undertook a restructuring of its Group whereby Blackdown Minerals was incorporated as a new subsidiary of the Company, in preparation for its potential sale. Blackdown Minerals is the holding company for substantially all of the assets and business of the Group, including but not limited to the Group's licences in respect of the Dutwa Nickel project, the Zanzui Nickel and Cobalt project, its licences in respect of Igurubi and Msasa as well as the 50 per cent. interest of the Group in the Miyabi gold project in Tanzania. No profits are attributable to these assets.

Further to the discussions with major Shareholders and other investors mentioned above, the Company announces that it has entered into the SPA with the Purchaser pursuant to which the Company has agreed, subject to certain conditions, to sell 90 per cent. of the issued share capital of Blackdown Minerals to the Purchaser for a total cash consideration of US$100,000.

Under the terms of the Disposal, the Company will retain a shareholding of 10 per cent. of the issued share capital of Blackdown Minerals.

The Company has a 'free carry' and anti-dilution rights in respect of its 10 per cent. shareholding up until the Funding Condition is met, such that if any shares in Blackdown Minerals are issued, the Company will be issued with a proportionate number of shares to maintain its 10 per. cent shareholding, and the Purchaser will fund (or arrange funding of) the payment for those shares.

The Purchaser, Blackdown Resources (UK) Limited is a subsidiary of Cienega S.a.r.l, a company which is ultimately owned by the Clarke Family.

The Clarke Family is also a Shareholder, holding approximately 3 per cent. of the entire issued share capital of the African Eagle.

Nick Clarke went to the Camborne School of Mines graduating with a BSc in Mining and is an entrepreneur having founded and sold two trading house businesses. The Clarke Family companies have recently been investing in mining related businesses around the world.

Details of the Disposal

Under the terms of the SPA, the Company has agreed to sell 90 per cent. of the issued share capital of Blackdown Minerals to the Purchaser, for a total cash consideration of US$100,000. Completion of the Disposal is subject to two conditions:

a. approval of the Disposal by the Shareholders; and
b. written consent to the Disposal from the relevant mining licensing authority in Tanzania (a requirement under Tanzanian law).
The application for consent from the Tanzanian mining licensing authority is in progress and is expected to be submitted shortly after the date of the Circular. Although there is no specified time frame for receipt of a response from the relevant Tanzanian licensing authority, the Directors are confident that the consent will be forthcoming.

On Completion, the Company will also enter into the Shareholders' Agreement which shall regulate the relationship between the Company and the Purchaser in respect of their shareholding in Blackdown Minerals in the form normal for a transaction, and resultant shareholder positions, of this nature.

The other material terms of the Disposal, including the terms of the Shareholders' Agreement are:

- the Purchaser has the right to rescind the SPA prior to completion of the Disposal in the event that any of the warranties that the Company provides as to its title to the shares of each member of the Group is incorrect;

- the conditions to completion of the Disposal must be waived or fulfilled by 31 August 2013 (or such later time as agreed between the Company and the Purchaser);

- the Company has provided standard warranties for the benefit of the Purchaser in relation to the business of the Group;

- the Company has limited its liability under the Disposal to a maximum aggregate amount of US$100,000 (excluding costs and expenses);

- the Company has agreed to standard restrictions on the conduct of its business between signing the SPA and completion of the Disposal;

- the Company is entitled to nominate a director to the board of Blackdown Minerals for so long as it holds 10 per cent. of its issued share capital;

- from completion of the Disposal until the Funding Condition is met, Blackdown Minerals will be restricted from carrying out certain activities without approval from the Company, including the issue of new shares;

- Blackdown Minerals will be restricted from carrying out certain activities without approval of 91 per cent. of its shareholders, including significant disposals of its assets and the payment of dividends;

- the Company has a 'free carry' and anti- dilution rights up until the Funding Condition is met, such that if any shares in Blackdown Minerals are issued, the Company will be issued with a proportionate number of shares to maintain its 10 per cent. shareholding, and the Purchaser will fund (or arrange funding) of payment for those shares;

- the Company has the right to require the Purchaser to acquire its entire shareholding within one year of the Funding Condition being met (at a price to be agreed between the parties and, if no agreement is reached, at the open market price of the shares agreed by an expert); and

- neither the Company nor the Purchaser can transfer their shares in Blackdown Minerals without first offering those shares to the other shareholder (except to the extent that the tag along provisions contained in the articles of association of Blackdown Minerals are followed).

The Directors intend to use the US$100,000 cash consideration received by it for general working capital purposes, including, inter alia, to fund the expenses that it has incurred in executing the Disposal.

The Company's operations following the Disposal

On completion of the Disposal, the assets (other than cash) that the Company will hold will be its 10 per cent. retained interest in Blackdown Minerals, 533,333 shares in Kibo Mining Plc and 9,050,000 shares in Elephant Copper Ltd. The Company intends to retain its shareholding in Blackdown Minerals until such time as the Directors deem it to be in the best interests of Shareholders to dispose of them; however the Directors currently have no such intention to do so. As at 1 July 2013, the Company had cash of £567,144.

The Company intends to use the funds that become available to it following Completion for general working capital purposes, including inter alia, to meet its costs arising out of the Disposal and to pursue the proposed Investing Policy until such time as it can make investments in accordance with the proposed Investing Policy, further details of which are set out in paragraph 5 below.

The Directors consider that it is in the best interests of the Company and its Shareholders to proceed with the Disposal to provide greater opportunities to generate capital for the Company and to remove from the Company its liabilities connected to Blackdown Minerals, including the potential liability in respect of the review of previous tax filings by the Tanzanian Revenue Authority, as announced on 2 April 2013, which will remain with the relevant Tanzanian subsidiary of Blackdown Minerals.

On completion of the Disposal, the Company will be re-classified as an Investing Company under the AIM Rules as, by virtue of the Disposal, the Company is disposing of "substantially all of its trading business, activities or assets". An "Investing Company" is a company which has, as its primary business or objective, the investing of its funds in securities, businesses or assets, and is also subject to additional regulation under the AIM Rules.

An Investing Company is required to produce an investing policy which describes the policy that it will follow in relation to asset allocation and risk diversification, and that policy must be approved by Shareholders. Details of the Company's expected Investing Policy are set out below and will be set out in full in the Circular.

Investing Company and Investing Policy

The Board has determined that the Company's Investing Policy will be to seek opportunities in the natural resources, infrastructure and services sectors.

The Company's objective is to generate an attractive rate of return for Shareholders, by taking advantage of opportunities to invest in the natural resources, infrastructure and services sectors. There will be no limit on the number of projects into which the Company may invest, and the Company's financial resources may be invested in a number of propositions, or in just one investment, which is likely to be deemed to be a reverse takeover pursuant to Rule 14 of the AIM Rules.

The Company will seek investment opportunities to exploit rights to natural resources or interests in infrastructure and services sectors worldwide, which the Directors believe are undervalued or present significant growth opportunities and where one or more such transactions have the potential to create value for Shareholders. This may be achieved through acquisitions, partnerships or joint venture arrangements. Such investments may result in the Company acquiring the whole or part of a company or project.

The strategy of the Company will be to leverage the contacts of the Board to investigate the current opportunities available to it, with a view to identifying appropriate target investments in the natural resources or infrastructure and services sectors with some or all of the following characteristics:

- a strong management team;

- significant growth prospects;

- the probable benefits of achieving enhanced potential from access to additional working capital; and

- the likelihood of benefits accruing from being part of a group with publicly traded shares.

The Directors' preference is to acquire 100 per cent. of any potential target investment in order to obtain the full benefit of their growth prospects. However, equity interests of less than 100 per cent. will be considered if the opportunity is compelling.

The Company's Investing Policy is intended to be long-term, but if circumstances, arise whereby an acquired business or company may be floated in its own right, or disposed of at a suitable premium, such opportunities will be considered.

Under the AIM Rules, the Company is required to make an acquisition or acquisitions which constitute a reverse takeover under the AIM Rules or otherwise implement its Investing Policy within 12 months of the date of the General Meeting, failing which the Ordinary Shares would be suspended from trading on AIM in accordance with AIM Rule 40.

If the Company's Investing Policy has not been implemented within 18 months of the date of the General Meeting then the admission to trading on AIM of the Ordinary Shares would be cancelled and the Directors will convene a general meeting of the Shareholders to consider whether to continue seeking investment opportunities or to wind up the Company and distribute any surplus cash back to Shareholders.

Board composition following the Disposal

As announced on 24 June 2013, Trevor Moss stepped down as Chief Executive Officer of the Company with effect from 28 June 2013 and Robert McLearon was appointed to the Board as interim Managing Director with effect from 24 June 2013.

The Directors will review the composition of the Board on an ongoing basis and intend to appoint additional new executive and/or non-executive directors at appropriate stages in the Company's development.

Recommendation

The Directors consider that the Disposal, the Investing Policy and all Resolutions to be put to the General Meeting are in the best interests of the Company and the Shareholders as a whole and are most likely to promote the success of the Company for the benefit of its Shareholders as a whole.

Accordingly, the Directors unanimously recommend that Shareholders vote in favour of all the proposed Resolutions, as the Directors intend to do in respect of their own beneficial shareholdings in the Company.

The Company has received irrevocable undertakings to vote in favour of the Resolutions to be proposed at the General Meeting from Trevor Moss and Dr. Christopher Pointon in respect of a total aggregate number of 1,937,500 Ordinary Shares which represents 0.27 per cent. of the issued ordinary share capital as at the date of this announcement.

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A copy of this announcement will be available on the Company's website at www.africaneagle.co.uk as soon as possible. The content of the website referred to in this announcement is not incorporated into and does not form part of this announcement.

APPENDIX

DEFINITIONS

The following definitions apply throughout this announcement, unless the context requires otherwise:

"AIM" the market of that name operated by the London Stock Exchange plc;

"AIM Rules" The AIM Rules for Companies published by the London Stock Exchange plc from time to time;

"Articles of Association" the articles of association of the Company;

"Blackdown Minerals" Blackdown Minerals Limited, a company incorporated in England and Wales with company number 08584007, a wholly owned subsidiary of the Company;

"Board" the board of directors of the Company from time to time;

"Circular" the circular to Shareholders to approve both the Disposal and the Investing Policy;

"Clarke Family" means Nick Clarke together with his family trusts;

"Company" African Eagle Resources plc, a company incorporated in England and Wales with company number 03912362;

"Completion" completion of the Disposal in accordance with the terms of the SPA;

"Directors" the directors of the Company from time to time, each a "Director";

"Disposal" the sale of 90 per cent. of the entire issued share capital of Blackdown Minerals to the Purchaser;

"Funding Condition" where (i) the Purchaser (or its group) has, since the date of Completion, incurred and met expenditure of US$20 million or more on the exploration and development of projects and assets in the business of the Group or the Bankable Feasibility Study in respect of the Dutwa Nickel Project in Tanzania has been completed; and (ii) Blackdown Resources requires additional funding and the Company does not wish to provide any additional funding;

"General Meeting" the general meeting of the Company, notice of which will be set out at the end of the Circular;

"Group" means, prior to completion of the Disposal, the Company and its subsidiaries and subsidiary undertakings and after completion of the Disposal, Blackdown Minerals and its subsidiaries and subsidiary undertakings (as applicable);

"Investing Company" any AIM company which has as its primary business or objective, the investing of its funds in securities, businesses or assets of any description.

"Investing Policy" the investing policy of the Company as described in this announcement;

"Notice of General Meeting" the notice convening the General Meeting, to be set out in the Circular;

"Ordinary Shares" the ordinary shares of £0.001 each in the capital of the Company;

"Resolutions" the resolutions to be proposed at the General Meeting;

"RNS" the regulatory information service operated by the London Stock Exchange;

"Purchaser" Blackdown Resources (UK) Limited, a company incorporated in England and Wales with company number 08582203, a subsidiary of Cienega S.a.r.l, which is ultimately owned by the Clarke Family;

"Shareholders" the holders of Ordinary Shares of the Company from time to time, each being a "Shareholder";

"SPA" the conditional sale and purchase agreement dated 1 July 2013 between the Company and the Purchaser relating to the Disposal; and

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