African Eagle Resources PLC: Audited Financial Results for year ended 31 December 2013

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18 June 2014 - <u>African Eagle Resources plc</u> (the "Company") (AIM: AFE; AltX: AEA) today announces its results and the publication of its 2013 Annual Report and Financial Statements for the year ended 31 December 2013. This is being posted to shareholders today and will be available on the Company's website shortly: www.africaneagle.co.uk.

As announced on 6 June 2014 the Annual General Meeting of the Company will be held at 9.30 a.m. (BST) on Monday, 30 June 2014, at the offices of Beaumont Cornish Limited, 29 Wilson Street, London, EC2M 2SJ, United Kingdom.

The financial information for the year ended 31 December 2013 has been extracted from the accounts for the year ended 31 December 2013 on which the report of the auditors was unqualified. The financial information included in this announcement for the years ended 31 December 2013 and 2012 does not comprise statutory accounts for the purposes of Section 434 of the Companies Act 2006.

Chairman's Statement

2013 proved to be a very difficult year for your Company which culminated in the sale of materially all of the assets in August 2013 as a result of being unable to raise further funding in the capital markets. This resulted in the Company becoming an investing company under AIM rules and adopting an Investing Policy to seek opportunities in the natural resources, infrastructure and services sectors in all geographic areas. Despite this disappointment your Board is optimistic that your Company can have a positive future. The sale of 90% of the assets in Tanzania resulted in the Company no longer being exposed to the tax liability of approximately £600,000 which was provided for in the 2012 accounts. This, together with the cutting of corporate costs to the bare minimum to maintain the listing, redundancies, the mitigation of other potential and actual liabilities and a placing to raise working capital has established a strong base for a renaissance in the Company's fortunes.

The Company retains two potentially valuable assets:

- * approximately 9% interest in Elephant Copper Limited. Elephant Copper Limited is preparing to list on the TSX Venture Exchange in Toronto and holds 100% of the Mkushi copper mine in Zambia and the aim of bringing it back into production.
- * 10% free carried interest in the Tanzanian assets sold in 2013 until US\$20 million of expenditure has been incurred and met on the assets. Further information on events since the disposal are as follows:
- * The majority owner of the asset, Blackdown Resources (UK) Limited, has appointed Rui de Sousa as Chairman and Ian Stalker as CEO along with in country expertise. Mr de Sousa is a well known figure in the sector and has 35 years' experience. Mr Stalker has over 30 years' experience in the industry and is the former CEO of UraMin Inc. ("UraMin"), a London and Toronto listed uranium company until its acquisition by Areva in August 2007 for US\$2.5 billion.
- * Low nickel prices in the latter part of 2013 hampered the ability to raise further funds to progress the main asset, the Dutwa Nickel project. However work has continued with the aim of producing a pre-feasibility study with lower operating costs than were previously envisaged.
- * The tax liability provided for in the 2012 accounts has been settled by the majority owner.
- * The nickel price has increased substantially in 2014 (up over 30%) as a result of the ban on the export of ore from Indonesia. It is hoped that this increase will be sustained and thus be reflected in valuations for development stage projects and the ability to raise capital for them.

More recently the appointment of myself and Nick Clarke to the Board on 30 May 2014 has brought a new

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dimension and renewed enthusiasm to your Company.

The cash position of the Company at the time of writing is approximately £40,000, however on 17 June 2014 the Company entered into a loan facility with Nick Clarke and myself whereby it can draw down a maximum of £365,000 until 30 November 2015 paying interest on the sum drawn down and any unpaid interest at 5% per annum. The Company is actively examining ways of improving its cash position and intends to replace the loan facility with a longer term solution in due course.

Finally, I would like to take this opportunity to express my and my fellow Directors' appreciation for the hard work and dedication of the former staff and directors who worked tirelessly in Tanzania and London during very difficult times and without whose efforts it is unlikely that the Company would have a realistic future.

Kola Karim Chairman

17 June 2014

Strategic Review Report

Financial Performance

As set out in the Financial and Risk Review below, the Company reduced its losses by £31.5m as a result of the impairment of assets in the 2012 financial statements. Further details are given in the Financial and Risk Review.

Business Review

Nickel Assets - Dutwa

As reported in the 2012 Annual Report, the difficult capital markets and the requirement that Dutwa would need a strategic partner resulted in the Company appointing Cutfield Freeman and Co Ltd. as financial adviser for the development of Dutwa. Significant efforts were directed toward discussions with the large nickel producers and other potential parties in both 2012 and early 2013. Several large companies expressed interest in Dutwa but the global challenges then faced by the wider nickel industry and commodities generally meant that no potential strategic partners committed to the project.

This situation resulted in a transaction being sought for all of the Tanzanian assets, including the Dutwa nickel project, for cash and/or a carried interest in the project. Whilst potential transactions were being progressed immediate cost cutting measures took place, including redundancies, termination of supplier and consultant contracts and the funding of subsidiaries on a case by case basis. This preserved working capital to allow the transaction to be completed and also maintained the exploration licences in good order.

Discussions were progressed with a number of interested parties and, following a restructure of the subsidiaries into a new entity called Blackdown Minerals, a transaction to sell 90% of the Company's subsidiaries, assets and liabilities to Blackdown Resources (UK) Limited, a company owned by Nick Clarke (appointed CEO of the Company on 30 May 2014) completed on 8 August 2013. The Company received US\$100,000 and has a 10% free carry in the assets until US\$20 million has been incurred and met on the exploration and development of the assets. At the same time the Company was reclassified as an investing company under AIM rules.

As a result the Board of Directors assembled for the development of Dutwa was recognised as no longer being suitable for the changed needs of the Company and Chris Pointon, Don Newport and Paul Rupia stepped down in mid-August, following the departure of Trevor Moss at the end of June and David Newbold at the end of March. I would like to express my thanks and appreciation for their support and contribution to the successful transition of the Company.

Consequently, Paul Colucci, Venkat Siva and Mark Thompson were appointed Directors to seek a transaction to inject new assets or a business into the Company using their considerable combined expertise. At the same time efforts to reduce corporate costs continued and as part of this I became the Company's only employee from the start of October 2013. Advisers terms were renegotiated or new advisers sought to suit the Company's situation. The lease for the office in London was assigned at the start of December. These changes reduced the monthly cash burn to realistically the lowest possible

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whilst maintaining the AIM and Johannesburg AltX quotations.

During this time the new Directors, along with Julian McIntyre and myself, worked hard to seek a transaction for the Company that was value enhancing for shareholders, and this work continued into 2014. A number of potential transactions were examined that were mostly, but not exclusively, in the resources sector. Unfortunately none of these potential transactions progressed to the stage where any binding agreements were reached and as a result Nick Clarke through his wholly owned company Salkeld Investments Limited (which subsequently sold 16.18% of the issued share capital in the Company to Shoreline Energy International, a company of which Kola Karim owns 90% of the issued share capital and of which he is CEO) purchased the Directors' shares in early April 2014 and both he and Kola Karim were appointed to the Board on 30 May 2014. Paul Colucci, Venkat Siva, Mark Thompson and Julian McIntyre all stepped down as Directors prior to these appointments.

Copper Assets - Zambia

The Company's copper assets in Zambia were sold to Elephant Copper ("Elephant") with the sale closing in November 2012. As a result of the transaction the Company and a subsidiary held a 21% interest in Elephant, a private company managed from South Africa that is seeking to list on the Toronto Stock Exchange. This interest has subsequently been reduced to 8.7% by the sale of the subsidiary and dilution from Elephant's acquisition of the 51% interest in the Mkushi copper mine that it didn't own during August 2013, bringing its interest therein to 100%.

Key Performance Indicators

The Board actively monitors KPI's as described in more detail in the Financial and Risk Review with the primary objective of ensuring adequate working capital for the Company.

Principal Risks and Uncertainties

The principal risk faced by the Company is the risk of running out of working capital. During 2013 this risk was mitigated by the cost cutting measures described above and the mitigation of potential legacy liabilities. The Board has worked closely with major shareholders to maintain adequate funding.

Outlook

We believe that inherent value remains in the Company's shareholdings in Blackdown Minerals and in Elephant Copper and the directors continue to explore ways of realising that value whilst maintaining the Company as a going concernand seeking new investments for the Company that will implement the Investing Policy.

Robert McLearon Finance Director

17 June 2014

Financial and Risk Review

As set out in the Chairman's Statement, the Strategic Review Report and in note 2(a) to the financial statements, the Company disposed of all of its subsidiaries on 8 August 2013. As a result these financial statements are for the Company only and the comparatives for 2012 have also been prepared for the Company. The main differences between the Company results and the consolidated results for 2012 are an increase in loss of £5.8 million as a result of impairment of assets being £6.4 million higher. This is partially offset by the £0.6 million tax liability not being applicable to the Company. The main differences for the statement of financial position are the removal of the £0.6 million tax liability, a reduction in payables of £1.1 million and there no longer being a merger or foreign currency reserve.

Comprehensive loss

The loss before taxation attributable to owners of the Company decreased from £34.7 million in 2012 to £3.3 million in 2013 mainly as a result of impairment charges of £31.8 million in 2012. The loss in 2013 was also significantly impacted by the loan impairments of £2.2 million. Employee benefits and other expenses decreased from £1.6 million in 2012 to £0.5 million in 2013 mainly as a result of the reduction in staff numbers during the year. The loss per share decreased from 5.67 pence in 2012 to 0.44 pence in 2013.

Statement of financial position

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As set out in note 12 to the financial statements the investments in Elephant Copper Limited and Blackdown Minerals Limited were revalued at 31 December 2013 resulting in an increase in investments of £0.8 million. This partially offset a decrease in assets of £2.6 million, largely as a result of the decrease in cash of £3.4 million.

Payables decreased by £0.46 million as a result of lower corporate activity.

Share capital and share premium increased by £0.3 million after expenses as a result of a fund raising in September 2013.

Cash flow

Net cash decreased over the year to £0.18 million at 31 December 2013 compared to £3.6 million at 31 December 2012. £0.3 million after expenses was raised by share issuance during the year (2012: £12.2 million). £2.04 million was used in investing activities and £1.67 million in operating activities principally prior to the disposal of the Tanzanian assets completed on 8 August 2013.

Key performance indicators

The Board of African Eagle monitors the following relevant KPIs on a monthly basis:

Financial KPIs

The Directors regularly review operating costs, capital expenditure and forecasts in order to ensure that there are sufficient cash resources to finance the continuing and future development of the Company. The principal KPIs are set out below:

- * Total expenditure burn rates post disposal the burn rate was rapidly reduced and now averages £20,000-£25,000 per month
- * Monthly cash flow budget comparisons post the disposal of subsidiaries the monthly cash flow followed budgeted figures closely except for unanticipated expenditure relating to the termination of a former supplier and an insurance premium
- * Annual budget and forecast reviews a new budget was approved following the disposal of subsidiaries to reflect the new circumstances of the Company The KPIs can be applied to the financial results as follows although it should be noted that comparability with the prior year is difficult as significant expenditure was incurred in 2012 when the Company was developing the Dutwa project in Tanzania:

Year to Year to 31 December 31 December 2013 2012 £ £

Cash flow used in operating activities (1,670,123) (2,387,153)

Cash flow used in investing activities (2,043,396) (8,250,834)

Cash flow from financing activities 300,000 12,202,857

Non-financial KPIs

Health and safety - number of reported incidents. There were no serious incidents reported during the year.

Risk review

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The risks inherent in an investing Company have been reviewed by the Board. The principal risk is detailed below.

Liquidity risk

Liquidity risk is the risk of running out of working and investment capital. African Eagle will rely on the issue of equity capital and loans to finance its activities in the near future. However, there can be no assurance that adequate funding will be available when required to finance the Company's activities and expansion.

Robert McLearon Finance Director

17 June 2014

Report of the Directors

To the members of African Eagle Resources plc, Company number 3912362

The Directors present their report together with the audited financial statements for the year ended 31 December 2013.

Business review

A review of the Company's trading during the year and future developments is contained in the Chairman's Statement and the Strategic Review Report as set out above.

The Company's financial and non-financial indicators are set out in the Financial and Risk Review above. There was a Company loss after taxation for the year of £3,267,492 (2012: £34,745,456). The Directors do not recommend the payment of a dividend.

Going Concern

It is the prime responsibility of the board to ensure the Company remains as a going concern. The Company announced on 15 May 2013, that the Directors were taking immediate steps to minimise costs and preserve the Company's cash position, and were undertaking a restructuring as a result of not being able to secure further funding. This resulted in the financial statements for the year ended 31 December 2012 being produced on a break up basis. On 8 August 2013 the Company completed the sale of 90% of substantially all of the Company's assets and business in Tanzania and became an Investing Company. That disposal along with the raising of £300,000 (after expenses) in September 2013 and the reduction of corporate overheads has allowed the Company to continue as a going concern. The Company has reviewed its forecasts for the next 12 months from the date of approval of these financial statements and concluded that as the Company has entered into a loan facility with Nick Clarke and Kola Karim (as described in the Chairman's Statement above and in Note 22 to the financial statements) it will have access to adequate working capital funding to continue as a going concern. The Directors therefore consider it appropriate to adopt the going concern basis of accounting for the financial statements.

Directors

The Directors in office during the year and current at the date of this report are listed below. The interests of the Directors in the shares of the Company at 31 December 2013 or the date of resignation, and 31 December 2012 were as follows:

As at 31 December As at 31 December

2013 2012

Ordinary Options Ordinary Options

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Shares Shares

David Calvasi 44/00/0040 44 005 744

Paul Colucci 14/08/2013 14,285,714 -

(Appointed)

08/05/2014

(Resigned)

Venkat Siva 14/08/2013 - -

(Appointed)

28/05/2014

(Resigned)

Mark Thompson 14/08/2013 17,526,571 -

(Appointed)

08/05/2014

(Resigned)

Chris Pointon 26/01/2012 750,000 150,000 750,000 150,000

(Appointed)

14/08/2013

(Resigned)

Trevor Moss 01/12/2011 1,187,500 6,000,000 1,187,500 6,000,000

(Appointed)

28/06/2013

(Resigned)

David Newbold 02/07/2012 - 3,000,000 - 3,000,000

(Appointed)

31/03/2013

(Resigned)

Don Newport 26/01/2012 - - - -

(Appointed)

14/08/2013

(Resigned)

Julian 28/04/2011 184,245,047 - 78,530,761 -

McIntyre (Appointed)

28/05/2014

(Resigned)

Paul Rupia 27/07/2012 - 150,000 - 150,000

(Appointed)

14/08/2013

(Resigned)

Robert 20/06/2012

McLearon (Appointed) - 262,000 - 262,000

03/07/2012

(Resigned)

24/06/2013

(Appointed)

Kola Karim 30/05/2014 - -

(Appointed)

Nick Clarke 30/05/2014 - -

(Appointed)

Mark Parker 19/01/2000 4,563,967 3,676,328

(Appointed)

24/04/2012

(Resigned)

Christopher 01/02/2001

Davies (Appointed)

1,047,165 3,504,618

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24/04/2012 (Resigned)

Andrew 01/12/2011 182,500 3,000,000 Robertson (Appointed) 07/06/2012 (Resigned)

Euan 08/12/2000 1,193,333 2,205,824 Worthington (Appointed) 24/04/2012 (Resigned)

Geoffrey 13/10/2003 975,967 1,637,230 Cooper (Appointed) 04/04/2012 (Resigned)

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Total 217,994,832 9,562,000 88,431,193 23,586,000

Substantial shareholdings

As at 6 June 2014, the only holdings of 3% or more in the issued share capital are:

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Shares in the Company Approximate % of the Company's issued share capital(1)

Shoreline Energy International Limited(2) 140,937,440 16.18%

Coburg Group Plc 98,080,999 11.26%

Salkeld Investments Ltd(3) 87,119,892 10.00%

Barclayshare Nominees Ltd 49,601,647 5.69%

TD Direct Investing Nominees 42,532,189 4.88%

HSBC Client Holdings Nominee 36,105,165 4.14%

HSDL Nominees Ltd 32,343,070 3.71%

Notes to substantial shareholdings

(1) Based on 871,157,261 shares issued and outstanding at 6 June 2014

(2) Kola Karim has a 90% interest in Shoreline Energy International

(3) Salkeld Investments is wholly owned by Nick Clarke

Directors' remuneration

Directors' emoluments are shown in note 8.

Statement of Directors' Responsibilities

In respect of the Strategic Report, the Directors' Report and the Financial Statements

Directors' responsibilities for the financial statements

The Directors are responsible for preparing the Annual Report and financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare financial

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statements in accordance with applicable law and International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU"). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. The Directors are also required to prepare the financial statements in accordance with the rules of the London Stock Exchange for companies trading on the AIM market.

In preparing these financial statements, the Directors are required to:

- * Select suitable accounting policies and then apply them consistently;
- * Make judgments and estimates that are reasonable and prudent;
- * state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- * Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business. The Directors are responsible for keeping adequate accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure to auditor In so far as each of the Directors is aware:

- * There is no relevant audit information of which the Company's auditors are unaware; and
- * The Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Events after Balance Sheet date

Refer to note 22 for details of the events after the balance sheet date.

Payment policy and practice

It is the Company's normal practice to settle the terms of payment when agreeing the terms of a transaction, to ensure that suppliers are aware of those terms, and to abide by them. The Company had no trade payables at the year end.

Financial risk management objectives and policies

The Company's financial risk management objectives and policies are set out in the Financial and Risk Review above and comply with the disclosure made in note 19 relating to the disclosure required by IFRS 7 Financial Instruments.

Auditors

Jeffreys Henry LLP replaced PricewaterhouseCoopers LLP as auditors during the year. Jeffreys Henry LLP offer themselves for reappointment as auditors in accordance with Section 489 (4) of the Companies Act 2006.

On Behalf of the Board

Robert McLearon Finance Director

17 June 2014

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF African Eagle Resources plc

We have audited the financial statements African Eagle Resources PLC for the year ended 31 December 2013 which comprise Statements of Financial Position, Statement of Comprehensive Income, Statement of Cash Flows, Statements of Changes in Equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and is applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' 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 and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

As explained more fully in the Directors' Responsibilities Statement set out above the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Chairman's Statement, Strategic Review and Directors' Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of the Company's loss and Company's cash flow for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on the other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Review Report and Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us: or
- the Company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Justin Randall (Senior Statutory Auditor)

For and on behalf of Jeffreys Henry LLP Chartered Accountants

Registered Auditors

Finsgate 5-7 Cranwood Street London EC1V 9EE

17 June 2014

Statement of Comprehensive Income

For the year ended 31 December 2013

Year to Year to
31 December 31 December

2013 2012 Note £ £

Facility of the confidence of

Employee benefits expense 4 (495,529) (1,649,651)

Reversal of impairment of available for sale 5 242,601 - investment

Impairment of assets 5 (46,789) (8,564,872)

Other expenses 6 (925,871) (1,412,548)

Depreciation expense 11 (488) (14,515)

Profit on disposal of subsidiaries 64,937 -

Loan impairment 14b (2,191,106) (23,214,698)

Operating loss (3,352,245) (34,856,284)

Finance income:

Bank interest receivable 20,175 108,448

Foreign exchange gain on translation 64,578 2,380

Loss before tax (3,267,492) (34,745,456)

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Income tax expense 9 - -Loss for the year (3,267,492) (34,745,456) Other comprehensive gain/(loss): Available for sale investments fair value 12 655,022 (40,000) adjustment Other comprehensive gain/(loss) for the year 655,022 (40,000) Total comprehensive loss for the year (2,612,470) (34,785,456) Loss per share: Basic and diluted loss per share 10 (0.44p) (5.67p) Headline loss per share 10 (0.17p) (0.48p) The accompanying notes form an integral part of these financial statements. Statement of Financial Position As at 31 December 2013 Note 31 December 31 December 2013 2012 ££ Assets Property, plant and equipment 11 - -Available for sale investments 12 897,623 68,000 Investments in subsidiaries --Other receivables - Short term 14a 75,557 77,018 Other receivables - Long term 14b - -Cash and cash equivalents 15 176,997 3,590,516 Total assets 1,150,177 3,735,534 Liabilities **Current liabilities** Other payables 16 (87,857) (547,889) Total liabilities (87,857) (547,889) Net assets 1,062,320 3,187,645

Equity

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Equity attributable to equity holders of Company

Share capital 17 7,117,288 6,940,145

Share premium account 36,682,600 36,559,743

Available for sale revaluation reserve 655,022 -

Retained losses (43,392,590) (40,312,243)

Total equity 1,062,320 3,187,645

The accompanying notes form an integral part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 17 June 2014.

Company No. 03912362

Robert McLearon Director

17 June 2014

Statement of Changes in Equity

For the year ended 31 December 2013

Share Share Available for Retained Total Capital premium sale Losses Equity account revaluation reserves

££££

£

Balance at 1 4,095,862 27,201,169 40,000 (5,882,109) 25,454,922 January 2012

Loss for year - - - (34,745,456) (34,745,456)

Other

comprehensive income/(loss):

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

- fair value adjustment

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Total - - (40,000) (34,745,456) (34,785,456)

comprehensive loss for the year

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Transactions with equity owners for 2012:

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

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Share issue costs - (448,542) - - (448,542)
Share-based - - - 315,322 315,322
payments
Total 2,844,283 9,358,574 - 315,322 12,518,179
transactions with
equity owners
Balance at 31 6,940,145 36,559,743 - (40,312,243) 3,187,645
December 2012
Loss for year - - - (3,267,492) (3,267,492)
Other
comprehensive
income/(loss):
Available for - - 655,022 - 655,022
sale investments
- fair value
adjustment
Total - - 655,022 (3,267,492) (2,612,470)
comprehensive
loss for the year
Transactions with
equity owners for
2013:
Issue of share 177,143 132,857 - - 310,000
capital
Share issue costs - (10,000) - - (10,000)
Share-based - - - 187,145 187,145
payments
Total 177,143 122,857 - 187,145 487,145
transactions with
equity owners
Balance at 31 7,117,288 36,682,600 655,022 (43,392,590) 1,062,320
December 2013
The accompanying notes form an integral part of these financial statements.
Statement of Cash Flow
For the year ended 31 December 2013
  Year to Year to
 31 December 31 December
 2013 2012
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Loss after taxation (3,267,492) (34,745,456)

Adjustments for non-cash items:

Note £ £

Operating activities

08.11.2025 Seite 13/33 Impairment of assets 5 46,789 8,564,872

Reversal of impairment of available for sale 5 (242,601) - investment

Depreciation expense 11 488 14,515

Profit on disposal of subsidiaries (64,937) -

Loan impairment 2,191,106 23,214,698

Profit on disposal of assets (41,876) -

Loss on disposal of property, plant and - 694 equipment

Share-based payments 18 187,145 315,322

Interest received (20,175) (108,448)

Decrease/(increase) in other receivables 1,462 (39,669)

(Decrease)/increase in other payables (460,032) 396,319

Cash flow used in operating activities (1,670,123) (2,387,153)

Investing activities

Payments to acquire property, plant and 11 (1,955) (87,964) equipment

Funds advanced to subsidiaries (2,191,106) (8,271,318)

Proceeds from sale of assets 43,342 -

Proceeds from disposal of subsidiaries 64,937 -

Proceeds from disposal of available-for-sale 21,211 - investment

Interest received 20,175 108,448

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Cash flow used in investing activities (2,043,396) (8,250,834)

Financing activities

Net proceeds from issue of share capital 300,000 12,202,857

Cash flow from financing activities 300,000 12,202,857

Net increase/(decrease) in cash and cash (3,413,519) 1,564,870 equivalents

Cash and cash equivalents at beginning of year 15 3,590,516 2,025,646

Cash and cash equivalents at end of year 15 176,997 3,590,516

The accompanying notes form an integral part of these financial statements.

Notes to the Financial Statements

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For the year ended 31 December 2013 1 NATURE OF OPERATIONS AND GENERAL INFORMATION

African Eagle Resources plc ("African Eagle" or the "Company") whose registered address is 64 New Cavendish Street, London, W1G 8TB is a public limited company incorporated and domiciled in England and is listed on the AIM market of the London Stock Exchange and on the Alternative Exchange of the Johannesburg Stock Exchange Limited ("AltX").

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (a) Basis of preparation

African Eagle's financial statements are presented in pounds sterling (£), which is also the functional currency of the Company.

The Company disposed of all its subsidiaries on 8 August 2013 and only held minority investments at 31 December 2013. The 2013 financial statements are therefore prepared on a Company only basis with comparatives provided for 2012 for the Company.

Going Concern

The financial statements have been prepared on a going concern basis the validity of which is based on the continued support of the Directors. Were the Company to be unable to continue as a going concern adjustments would have to be made to the statement of financial position to reduce the value of the assets to their recoverable amounts and to provide for future liabilities.

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and IFRIC interpretations issued by the International Accounting Standard Board (IASB) as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below. (b) Taxation

Current income tax assets and liabilities comprise those obligations to, including company estimates, or claims from, fiscal authorities relating to the current or prior reporting period, that are unpaid at the 31 December. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the year.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill or on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax on temporary differences associated with shares in subsidiaries is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future. In addition tax losses available to be carried forward as well as other income tax credits to the Company are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at 31 December. Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the profit or loss, except where they relate to items that are charged or credited to other comprehensive income or directly to equity in which case the related deferred tax is also charged or credited to equity. The deferred tax asset in Note 9 has

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not been recognised. The deferred tax asset will be recognised when it is more likely than not that it will be recoverable.

(c) Property, plant and equipment

Property, plant and equipment are held at historical cost net of depreciation and any provision for impairment. Depreciation is calculated to write down the cost or valuation less estimated residual value of all property, plant and equipment over their estimated useful economic lives. The useful economic lives are assessed at least annually. The rates generally applicable are:

Motor vehicles 25%

Equipment 25%

Fixtures and fittings 20%

Material residual value estimates are updated as required, but at least annually, whether or not the asset has been revalued. Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

(d) Share-based payments

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions. Share options granted by the Company vest one year from the date of grant. All equity-settled share-based payments are ultimately recognised as an expense in the statement of comprehensive income with a corresponding credit to retained losses in the statement of financial position. If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are revised subsequently if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current year. No adjustment is made to any expense recognised in prior periods if share options that have vested are not exercised. Upon exercise of share options, the proceeds received net of attributable transaction costs are credited to share capital and, where appropriate, share premium. The fair value has been arrived at using the Black-Scholes model. The key inputs to these models include: exercise price; share price volatility; dividend yield (if any) and lapse rate.

(e) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. Financial assets are recognised in the statement of financial position at fair value on initial recognition and include cash and cash equivalents, other receivables, and equity instruments of another enterprise. Cash and cash equivalents includes cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less from acquisition.

Financial assets in the financial statements are divided into loans and receivables and available for sale assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which they were acquired. The designation of financial assets is reevaluated at every reporting date at which a choice of classification or accounting treatment is available. Other receivables include non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition these assets are measured at amortised cost using the effective interest method less provision for impairment. Any change in their value is recognised in the Statement of Comprehensive Income.

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Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities categorised at fair value through the profit or loss are recorded initially at fair value; all transaction costs are recognised immediately in profit or loss. All other financial liabilities are recorded initially at fair value, net of direct issue costs. Other payables are financial liabilities which are expected to be settled within 12 months of 31 December.

Recognition occurs when a Company becomes a party to the contractual provisions of the instrument. Most obligations are legally enforceable and arise under contractual arrangements. Accrued expenses are liabilities to pay for goods or services that have been received or supplied but have not been paid, invoiced or formally agreed with the supplier. The recognition of accrued expenses results directly from the recognition of expenses for items of goods and services consumed during the year. The initial measurement of other payables is usually at fair value. The Company has not entered into any derivative financial instruments for hedging or any other purpose.

Interest receivable and payable is accrued and credited/charged to the statement of comprehensive income in the year to which it relates.

(f) Investments

Investments are stated as cost less provision for any impairment in value

(g) Available for sale financial assets

Available for sale financial assets include non-derivative financial assets that are either designated as such or do not qualify for inclusion in any of the other categories of financial assets. All financial assets within this category are measured subsequently at fair value, with changes in value recognised through other comprehensive income, through the Statement of Comprehensive Income. Gains and losses arising from investments classified as available for sale are recognised in profit or loss when they are sold or when the investment is impaired. In the case of impairment of available for sale assets, any loss previously recognised through other comprehensive income is transferred from equity reserve to profit and loss. Impairment losses recognised in the statement of comprehensive income on equity instruments are not recognised through other comprehensive income. Impairment losses recognised previously on debt securities are reversed through the profit or loss when the increase can be related objectively to an event occurring after the impairment loss was recognised in the statement of comprehensive income.

(h) Income and expense recognition

The Company's only income is interest receivable from bank deposits. Operating expenses are recognised in the statement of comprehensive income upon utilisation of the service or at the date of their origin. Interest received is recognised upon receipt and any outstanding interest is accrued at the end of the year. All other income and expenses are reported on an accrual basis.

(i) Foreign currency translation

Transactions in foreign currencies are translated at the foreign exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated to sterling at the foreign exchange rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement. Nonmonetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated to Sterling at foreign exchange rates ruling at the dates the fair value was determined.

(j) Equity

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Equity comprises the following:

- * "Share capital" is the nominal value of equity shares.
- * "Share premium account" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- * "Available for sale revaluation reserve" represents the difference between the fair value of the available for sale investments and the acquisition cost of those investments.
- * "Retained losses" represents retained earnings.
- (k) Operating lease agreements

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the lessee are classified as operating leases. Payments made under operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the period of the lease.

(I) Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash on hand and demand deposits together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

(m) New and amended standards adopted by the Company

The Company has adopted the following new and amended IFRS and IFRIC interpretations as of 1 January 2013:

- * Amendment to IAS 1, "Presentation of financial statements Presentation of items of other comprehensive income" (Effective date 1 July 2012)
- * IFRS 13, "Fair value measurement" (Effective date 1 January 2013)
- * Annual improvements 2011 (Effective date 1 January 2013)

The impact of adopting the above amendments had no material impact on the financial statements of the Company.

(n) Standards, interpretations and amendments to published standards that are not yet effective

The following standards, amendments and interpretations applicable to the Company are in issue but are not yet effective and have not been early adopted in these financial statements. They may result in consequential changes to the accounting policies and other note disclosures. We do not expect the impact of such changes on the financial statements to be material. These are outlined in the table below:

Title Summary Application Application Reference date of date of standard Company

Amendments to Amendments IFRS 2: Annual periods 1 July 2014 IFRS 2, IFRS 3 resulting from clarifies beginning on Annual definition of or after 1 Improvements vesting July 2014 2010-12 Cycle conditions

IFRS 3: clarifies contingent consideration in a business combination

.....

IFRS 9 Financial Revised standard Periods 1 January 2015 Instruments for accounting commencing on for financial or after 1

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instruments January 2015

·

IAS 36 Impairment of Limited scope Periods 1 January 2014 assets amendments to commencing on disclosure or after 1 requirements January 2014

The Directors anticipate that the adoption of these standards and the interpretations in future periods will have no material impact on the financial statements of the Company.

(o) Segmental reporting

Note 2013 2012

There are no reportable segments other than the company itself.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Company makes estimates and assumptions concerning the future. The resulting estimates will by definition, seldom equal the actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Many of the amounts included in the financial statements involve the use of judgement and/or estimation. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the financial statements. The most critical judgements as applied to these financial statements are as follows:

- * Valuation of assets and reversal of impairment: the Company annually considers the carrying value of its investments by reference to publically available information for similar investments and the valuations implied therein, if available. If no public information is available the Company will use the information that is available to form a judgement as to the valuation.
- * Going concern: the Company determines whether it has sufficient resources in order to continue its activities by reference to budgets together with current and forecast liquidity. This requires an estimate of the availability of such funding which is critically dependent on the specific circumstances of the Company and, to a lesser extent, macro-economic factors.

circumstances of the Company and, to a lesser extent, macro-economic factors.
4 EMPLOYEE BENEFITS EXPENSE
2013 2012
££
Share-based payments 187,145 315,322
Salaries and employment taxes 308,384 1,320,625
Other - 13,704
Other - 13,704 495,529 1,649,651
495,529 1,649,651
495,529 1,649,651 The employee benefits expense above is expensed to the Statement of
495,529 1,649,651 The employee benefits expense above is expensed to the Statement of Comprehensive Income.

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££

Property plant and equipment 11 - 75,127

Available for sale investments 46,789 978,774

Loss on disposal of subsidiary - 7,415,757

Reversal of impairment (242,601) -

Other receivables - short term 14a - 95,214

(195,812) 8,564,872

.....

6(a) OTHER EXPENSES

Other expenses included in the Statement of Comprehensive Income include the following items:

2013 2012

££

Loss on sale of property, plant and equipment 1,466 569

Profit on sale of assets (43,342) -

Operating lease costs: Land & Buildings 33,716 35,990

Equipment 7,200 6,774

Business and professional development 11,030 39,574

Legal & professional fees 726,720 722,403

Consultants 29,438 112,046

Insurance 35,822 30,822

Office costs 55,103 83,642

Travel & subsistence 40,996 108,457

6(b) AUDITORS' S REMUNERATION

During the year the Company obtained the following services from the auditor and its associates:

2013 2012

££

Fees payable to the 22,116 95,000 company's auditor and its associates for the audit of the Company financial statements

Tax and other advisory - 55,908 services

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Total 22,116 150,908

Total fees for 2013 include £7,616 of additional fees for 2012 payable to PriceWaterhouseCoopers for the audit of the financial statements for the year ended 31 December 2012 (2012 does not have any additional fees for 2011).

7 OPERATING SEGMENTS

In the opinion of the Directors the Company's turnover, loss before tax and net assets are not attributable to classes of business or geographical segments which differ substantially from each other.

8 DIRECTORS AND EMPLOYEES

Staff costs of the Company during the year were as follows:

2013 2012 £ £

Wages and salaries 257,983 1,219,217

Share-based payments 187,145 315,322

Social security costs 50,374 82,542

Other 27 32,570

495,529 1,649,651

The monthly average number of employees in the Company was 7 (2012:12).

The Directors constitute the only key management personnel of the Company.

Remuneration in respect of Directors was as follows:

2013 2012

££

Emoluments including share-based payments relating to the 385,165 1,033,114 Company

The Company does not contribute towards pension schemes in the UK or overseas. Directors' emoluments in respect of 2013 and 2012 are detailed below:

2013 Salary Fees Compensation Share Other Total £ £ Options 2013 £ £ £

L L L

Christopher Pointon - 28,125 - 1,646 - 29,771

Trevor Moss 77,015 - - 93,420 1,155 171,590

David Newbold 44,000 - - 46,710 678 91,388

Don Newport - 15,625 - - - 15,625

Paul Rupia - 15,717 - 1,646 - 17,363

Robert McLearon 59,308 - - - 120 59,428

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180,323 59,467 - 143,422 1,953 385,165

In addition to the above, £136,000 was paid to HAWM Consulting, Inc a Company owned by Trevor Moss and payable by Tanzania Nickel Holdings Limited, a subsidiary until disposal on 8 August 2013. This figure comprised £36,000 in fees and £100,000 in compensation.

2012 Salary Fees Compensation(3) Share Other Total options 2012

£££££

Christopher Pointon - 36,250 - 1,250 - 37,500

Trevor Moss(1) 150,000 107,035 - 33,170 1,057 291,262

David Newbold 88,000 - - 16,585 1,240 105,825

Don Newport - 23,301 - - - 23,301

Paul Rupia - 10,417 - 1,250 - 11,667

Robert McLearon 2,222 - - 8,308 137 10,667

Mark Parker 39,896 - 75,000 31,322 1,175 147,393

Christopher Davies 37,121 - 122,700 29,143 1,449 190,413

Andrew Robertson 90,500 - - 15,867 - 106,367

Euan Worthington(2) - 20,162 101,000 16,342 - 137,504

Geoffrey Cooper - 10,217 58,500 9,533 - 78,250

407,739 207,382 357,200 162,770 5,058 1,140,149

- (1) This includes £107,035 paid to HAWM Consulting, Inc a Company owned by Trevor Moss and payable by Tanzania Nickel Holdings Limited, a subsidiary until disposal on 8 August 2013.
- (2) This includes £2,500 paid to Mining Finance Solutions a Company owned by Euan Worthington.
- (3) The compensation to Directors is restated to reflect actual payments made during 2013. Any adjustments have been accounted for in the 2013 accounts.

9 **INCOME TAX EXPENSE**

The tax on the Company's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the company as follows:

2013 2012

££

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Loss for year multiplied by standard rate of UK corporation tax 23.25% (2012: 24.5%) (759,692) (8,512,637)

Expenses not deductible for tax purposes 556,713 7,798,842

Movement in un-recognised deferred tax asset 202,979 713,795

Unrealised foreign exchange losses/(gains) --

Tax charge for the year --

Unrecognised deferred tax asset:

UK tax losses 1,338,757 1,829,686

Short term temporary differences 506,544 487,928

Net property, plant and equipment temporary 3,321 (2,538) differences

1,848,622 2,315,076

The deferred tax asset would be recoverable if taxable profits were generated. Deferred tax relating to share-based payments is a short term temporary difference. The standard rate of corporation tax in the UK changed from 24% to 23% with effect from 1 April 2013. Accordingly, the company's profits for this accounting period are taxed at an effective rate of 23.25%.

10 LOSS PER SHARE

Basic and diluted loss per share

The calculation of basic loss per share is based on the loss for the year divided by the weighted average number of ordinary shares in issue during the year. In calculating the diluted loss per ordinary 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. Details of share options and warrants in issue that could potentially dilute earnings per share in the future are detailed in Note 17.

.....

2013 2012

££

Loss for the year (3,267,492) (34,745,456)

Weighted everage number of charge in icous 744 075 026 642 26

Weighted average number of shares in issue 744,975,036 613,317,814

Basic and diluted loss per share (0.44p) (5.67p)

Headline loss per share

Headline loss per share has been calculated in accordance with the Institute of Investment Management and Research's ("IMR") Statement of Investment Practice No.1 entitled 'The Definition of Headline Earnings' and The South African Institute of Chartered Accountants Circular 2/2013 entitled 'Headline Earnings'. 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 2013 2012

££

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Loss for the year (3,267,492) (34,745,456) Adjusted for: Plus loss on disposal of property, plant and - 569 equipment Reversal of impairment of available for sale (242,601) investment Loan impairment 2,191,106 -Impairment of assets 46,789 31,779,570 Headline loss for the year (1,272,198) (2,965,317) Weighted average number of shares in issue 744,975,036 613,317,814 Basic headline loss per share (0.17p) (0.48p) 11 PROPERTY, PLANT AND EQUIPMENT 2013 Leasehold Fixtures and Total improvement fittings £££ Cost: At 1 January 2013 56,261 58,437 114,698 Additions 1,955 - 1,955 Disposals (58,216) - (58,216) At 31 December 2013 - 58,437 58,437 Accumulated depreciation: At 1 January 2013 56,261 58,437 114,698 Charge for the year 488 - 488 Disposals (56,749) - (56,749) At 31 December 2013 - 58,437 58,437 Carrying amount at 31 December 2013 - - -2012 Leasehold Fixtures and Total improvement fittings £££ Cost: At 1 January 2012 685 27,033 27,718 Additions 55,576 32,388 87,964

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Disposals - (984) (984) At 31 December 2012 56,261 58,437 114,698 Accumulated depreciation: At 1 January 2012 685 24,661 25,346 Charge for the year 8,337 6,178 14,515 Disposals - (290) (290) Impairments at the balance sheet date 47,239 27,888 75,127 At 31 December 2012 56,261 58,437 114,698 Carrying amount at 31 December 2012 - - -..... All of the Company's property plant and equipment listed above are free of any mortgage and charge. AVAILABLE FOR SALE INVESTMENTS 12 2013 2012 _____ Investment in Kibo Mining plc Cost: At 1 January 68,000 160,000 Release of revaluation reserve during the year - (40,000) Impairment (46,789) (52,000) Proceeds from sale (21,211) Carrying amount at 31 December - 68,000 Investment in Elephant Copper Limited Cost: At 1 January - -Investments during the year - 847,167 Reversal of impairment/(impairment) 242,601 (847,167) Carrying amount at 31 December 242,601 -Investment in Blackdown Minerals Limited Cost: At 8 August - -Revaluation during the period 655,022 -

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Carrying amount at 31 December 655,022 -

Total carrying amount at 31 December 897,623 68,000

Kibo Mining plc

The Kibo investment was received in respect of compensation arising from the termination of a joint venture between the Company and Sloane Developments Limited (a wholly owned subsidiary of Kibo Mining). The Company held 533,333 shares in Kibo Mining following a 1 for 15 share consolidation. The shares were sold for 4p each on 18 July 2013 raising gross proceeds of £21,333. At 31 December 2012 the holding was valued at £68,000.

Investment in Elephant Copper Limited

The shares in Elephant Copper Limited were valued at US\$0.044 per share on the basis of available information received from third party offers and the opinion of the Directors resulting in a carrying value of £242,601 using the exchange rate at 31 December 2013. At 31 December 2012 the shares were fully impaired.

Investment in Blackdown Minerals Limited

The Company has a 10% shareholding in Blackdown Minerals Limited, the holding company for the Tanzanian companies that were disposed of by the Company in August 2013. The company valued its investment by comparing the nickel deposit at Dutwa (the principal asset in Tanzania) to the derived valuation of contained nickel in the ground to the following:

- * a listed company at a similar stage of development
- * a recently announced transaction by another similar company
- * a similar listed company taken private
- * ENK's sale of its interest in another nickel company
- * and a similar company that was delisted

A discount factor has then been applied to the average figure to take into account the following factors:

- 1. The deposit is privately held 25% discount
- 2. The minority stake 25% discount

The total discount is therefore 50%.

The undiscounted value of 10% of the attributable tonnage at Dutwa of 739,000 Mt and valued at US\$29/metric tonne is therefore US\$2.15 million. Applying the 50% discount gives a valuation of US\$1.08 million for African Eagle's stake resulting in a carrying value of £655,022 using the exchange rate at 31 December 2013.

13 SIGNIFICANT SUBSIDIARIES

The Company had no subsidiaries at 31 December 2013 following the disposal of 90% of the Group's assets on 8 August 2013.

Prepayments & accrued income 63,471 109,369

Impairments - (95,214)
----75,557 77,018

14b OTHER RECEIVABLES - LONG TERM

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2013 2012 ££
Amounts owed by group undertakings 2,191,106 23,214,698
Released during the year (2,191,106) (23,214,698)
The Company's receivables are unsecured.
15 CASH AND CASH EQUIVALENTS
2013 2012 ££
Cash at bank and in hand 176,997 3,590,516
176,997 3,590,516
16 OTHER PAYABLES
2013 2012 ££
Other payables 47,498 27,261
Social security and other taxes 5,069 29,930
Accruals and deferred income 35,290 490,698
87,857 547,889
17 SHARE CAPITAL
2013 2012 ££
Allotted, called up and fully paid
Ordinary shares
Balance brought forward 6,940,145 4,095,862
Additions 177,143 2,844,283
Ordinary shares of 0.1p (2012: 1p) each at 31 December 7,117,288 6,940,145
Deferred shares
Balance brought forward
Sub-division of shares 6,940,145 -
Deferred shares of 0.9p each at 31 December 6,940,145 -

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On 24 June 2013 the company passed an ordinary resolution to subdivide each of the Ordinary shares of £0.01 each in the capital of the Company in issue into one Ordinary share of £0.001, having the same rights, being subject to the restrictions and ranking pari passu in all respects with the existing Ordinary shares of £0.01 each in the capital of the Company, and one Deferred share of £0.009 each in the capital of the Company.

Ordinary shares are equally eligible to receive dividends and the repayment of capital and entitle the member to one vote per share at a shareholders' meeting of the Company. Deferred shares do not entitle holders to receive notice of or attend and vote at any general meeting of the Company or to receive a dividend or other distribution or to participate in any return on capital on a winding up other than the nominal amount paid on the shares following a distribution to the holders of Ordinary shares of £100,000,000 in respect of each Ordinary share held by them respectively.

During the year the Company allotted Ordinary shares with an aggregate nominal value of £177,143 as follows:

Price per share Number Share Share premium(1) Total (pence) Capital £ £ £

~ ~

Placement 0.175p 177,142,854 177,143 132,857 310,000 proceeds

'

(1)Before share issue costs of £10,000. Warrants

At 31 December 2013 the Company had in issue 22,754,785 warrants to subscribe for shares, (2012: 122,754,785), as follows:

* On 27 January 2012 the Company issued 22,754,785 unlisted share purchase warrants at an exercise price of 6.8 pence per share and an exercise period of four years from the closing date, 27 January 2016. No warrants have been exercised to date.

Options

The Company has granted options to subscribe for shares as follows:

Exercise At 1 January Granted Exercised Cancelled At 31 price 2013 in the in the year in the December (pence) year year 2013

Options 6.5 4,170,000 - - - 4,170,000 (14 May 2009 to 14 May 2014)

Options 6.5 3,314,964 - - - 3,314,964 (26 May 2010 to 26 May 2015)

Options 6.5 8,047,036 - - - 8,047,036 (04 Oct 2010 to

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```
04 Oct
2015)
Options 10 4,526,000 - - (262,000) 4,264,000
(29 Jul
2011 to
29 Jul
2016)
Options 10 3,000,000 - - - 3,000,000
(05 Oct
2011 to
05 Oct
2016)
Options 3.36 10,000,000 - - - 10,000,000
(27 Jul
2012 to
27 Jul
2018)
Options 4 3,000,000 - - - 3,000,000
(27 Jul
2012 to
27 Jul
2018)
Options 3.36 300,000 - - - 300,000
(27 Jul
2012 to
27 Jul
2016)
  36,358,000 - - (262,000) 36,096,000
```

All share options except those that were granted at an exercise price of 4 pence

in 2012 were exercisable at the year-end. The highest and lowest price of the Company's ordinary shares during the year was 3.5p and 0.12p respectively, and the share price at the year end was 0.28p.

18 SHARE-BASED PAYMENTS

The Company's current share option scheme was adopted on 27 July 2012. Under this scheme no share options shall be granted which would, at the date of grant, cause the aggregate number of share options granted to exceed 10% of the issued ordinary share capital of the Company. At December 31 2013 the number of share options granted as a percentage of the issued share capital was 4.14%. Share options granted under the scheme may be made in tranches subject to separate exercise periods. There are no performance conditions associated with the share options.

No share options were granted during 2013 and the unvested share options for the employees and Directors who left during 2013 vested on termination resulting in an acceleration of the remaining share based payment charge to the Statement of Comprehensive Income. Details of share options granted in 2014 are included in note 22.

19 FINANCIAL INSTRUMENTS

The Company uses financial instruments, comprising short-term deposits, cash, liquid resources and various items such as other receivables and other payables that arise directly from its operations. The main purpose of these financial instruments is to manage the cash raised to finance operations. The Company has not used derivatives, embedded derivatives or hedging as defined under IAS 39 during the year. The main risks arising from the use of financial instruments are liquidity risk and currency risk. The Directors review and agree policies

08.11.2025 Seite 29/33 for managing these risks and these are summarised below:

Liquidity risk

The Company, at its present stage of development, have no sales revenues. Operations are financed through the issue of equity share capital in order to ensure sufficient cash resources are maintained to meet short-term liabilities. Management monitors the availability of funds in relation to budget expenditures in order to ensure fund raising is planned in a timely fashion. Funds are raised in discreet tranches to finance activities for limited periods. Funds surplus to immediate requirements are placed in liquid, low risk investments. The ability to raise finance is subject to a number of factors including but not limited to: the state of the world financial markets and attractiveness of the Company's projects.

Foreign currency risk

Foreign exchange transactions are settled at spot rate and the Company takes its profit or loss on these transactions as they arise. The Directors review the policy on foreign currency risk on a regular basis. The Company's exposure to US dollars is detailed below and is expressed in pounds sterling.

Foreign currency monetary assets US\$
2013 2012 Functional Currency £ £
Pounds Sterling 8,966 508,332

- * A sensitivity analysis has been prepared on the basis that the components of financial instruments in foreign currencies are all constant, as in place at 31 December 2013. As a consequence, this sensitivity analysis relates to the position as at 31 December 2013. The following assumption were made in calculating the sensitivity analysis:
- * All Statement of Comprehensive Income sensitivities also impact equity.
- * Using the above assumption, the following tables show the illustrative effect on the statement of comprehensive income and equity that would result from possible changes in the foreign currency:

2013 Company Projection:
Comprehensive income/(loss) Equity
5% fall in value of GBP vs USD 448 448
5% increase in value of GBP vs USD (427) (427)

Market risk

- * The Company's financial instruments affected by market risk include bank deposits, other receivables and other payables. The following analysis, required by IFRS 7, is intended to illustrate the sensitivity of the Company's financial instruments as at 31 December 2013 to changes in market variables, being exchange rates and interest rates.
- * A sensitivity analysis has been prepared on the basis that the components of financial instruments in foreign currencies are all constant, as in place at 31 December. As a consequence, this sensitivity analysis relates to the position as at 31 December. The following assumptions were made in

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calculating the sensitivity analysis:

- * All Statement of Comprehensive Income sensitivities also impact equity.
- * The majority of debt and other deposits are carried at amortised cost and therefore carrying value does not change as interest rates move.
- * Using the above assumptions, the following tables show the illustrative effect on the Statement of Comprehensive Income and equity that would result from possible changes in interest rates:

2013 Company Projection:
Comprehensive Income/(loss) Equity
5% fall in UK interest rates (961) (961)
5% increase in UK interest rates 1,009 1,009

At the 31 December 2013 there were no term deposits. The Company held the majority of its cash and cash equivalents in instant access deposit accounts. The majority of zero interest rate funds are held by our overseas affiliates to meet short term other creditor commitments.

Cash and cash equ	ivalents	
2013 2012 ££		
Floating interest rat	e (by reference to bank base rate)	126,851 2,829,759
Zero interest rate	50,146 760,757	
176,997 3,590,5	 516	

The Company's credit risk exposure is solely in connection with the cash and cash equivalents held with financial institutions. The Company manages its risk by holding surplus funds in high credit worthy financial institution and maintains minimum balances with financial institutions in remote locations.

2013 2012 £ £	
Financial institution with Standard & Poor's AA - rating or higher	176,997 3,590,516
Financial institution un-rated or unknown rating -	
176,997 3,590,516	

Fair value of financial instruments

The fair values of the Company's financial instruments at the 31 December 2013 and 2012 did not differ materially from their carrying values.

The Company does not have any long term borrowings, nor does it hold any derivative financial instruments.

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20 COMMITMENTS UNDER OPERATING LEASES

At 31 December 2013 the Company had annual commitments under non-cancellable operating leases in respect of land, buildings and equipment totalling £6,952 for 2014 and a total of £8,662 for 2015-2017 (2012: £41,203).

21 CAPITAL COMMITMENTS

The Company had no capital commitments at 31 December 2013 or 31 December 2012.

22 EVENTS AFTER BALANCE SHEET DATE

On 10 February 2014 share options over Ordinary Shares were awarded to Directors as follows:

Name Number of options granted Exercise dates

Julian McIntyre 10,000,000 Expire 10 February 2015

Venkat Siva 10,000,000 Expire 10 February 2015

Mark Thompson 10,000,000 Expire 10 February 2015

Paul Colucci 10,000,000 Expire 10 February 2015

Robert McLearon 5,000,000 Expire 10 February 2015

These options will only vest on completion of an acquisition or acquisitions which constitute a reverse takeover under the AIM Rules for Companies or when the Company otherwise implements its investing policy (which has been approved by shareholders) to the satisfaction of the London Stock Exchange plc.

On 9 April 2014 the Company announced that Julian McIntyre, Mark Thompson and Paul Colucci sold their shares in the Company and that therefore no Directors held shares in the Company.

On 8 May 2014 the Company announced that Mark Thompson and Paul Colucci had resigned with immediate effect.

On 28 May 2014 the Company announced that Julian McIntyre and Venkat Siva had resigned with immediate effect and surrendered their share options.

On 30 May 2014 the Company announced that Nick Clarke and Kola Karim had been appointed as directors of the Company.

On 17 June 2014 the Company entered into a loan facility with Nick Clarke and Kola Karim whereby it can draw down a maximum of £365,000 until 30 November 2015 paying interest on the sum drawn down and any unpaid interest at 5% per annum.

23 RELATED PARTY TRANSACTIONS

There were no related party transactions during 2013 or 2012 for the Company other than the Directors' remuneration as disclosed in Note 8. Directors' remuneration includes £2,500 paid to Mining Finance Solutions in 2012, a company owned by Euan Worthington and includes fees of £136,000 to HAWM Consulting, Inc in 2013, (2012: £107,035) a company owned by Trevor Moss.

Enquiries:

African Eagle Resources plc Tel: +44 (0) 20 7002 5361 Robert McLearon, Finance Director

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Beaumont Cornish Limited (Nominated Adviser) Tel: +44 (0) 207 628 3396

Roland Cornish Emily Staples

Pareto Securities Limited (Broker) Tel: +44 (0) 20 7786 4370 Guy Wilkes

About African Eagle

African Eagle Resources plc is quoted on the AIM Market of the London Stock Exchange (AFE) and Johannesburg AltX (AEA) stock exchanges.

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