

Preliminary Results

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AFRICAN EAGLE RESOURCES plc: PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2009

African Eagle Resources plc ("African Eagle" or "the Company", ticker AIM: AFE, AltX: AEA) today announces its preliminary results for the year ended 31 December 2009. The Company's annual consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The information in this preliminary announcement has been extracted from the audited financial statements for the year ended 31 December 2009 and as such, does not contain all of the information required to be disclosed in the financial statements prepared in accordance with IFRS. The Company will publish its full Annual Report and Financial Statements to shareholders in May.

CHAIRMAN'S STATEMENT

Dear Shareholder

After three years as Deputy Chairman, I was honoured that your Board appointed me Chairman following the retirement of John Park in October 2009. We must all thank John for his tireless work and great enthusiasm for African Eagle during his eleven years on the Board.

Following the Strategic Review carried out at the end of 2008 and announced in January 2009 as well as the plans that we announced last October, our strategy continues on track with its focus on the nickel oxide province that we discovered in the north of Tanzania. We completed a positive scoping study on Dutwa in July 2009 and in recent months we have been drilling the Ngasamo target which is only 5km away. Results to date from this programme are matching our expectations.

With the gold price reaching a new record high and copper prices firming up after the global slowdown, some observers continue to question why we have chosen to focus our efforts on nickel. I would like to take this opportunity to reiterate why we believe nickel has a bright future.

Why Nickel?

Since 1950, nickel demand has grown tenfold; faster than that for any other major base metal, by an average 4.7% year on year, compared to 3.3% for copper.

Some 65% of nickel production goes into stainless steel manufacturing, improving strength and ductility while adding resistance to corrosion and high temperatures. Most people are aware of the many uses for stainless steel in the home but of greater importance is the wide ranging use of nickel in industrial applications such as oil and chemical refineries, the food preparation industry, construction and power generation not to mention in super alloys for the aerospace and petrochemical industries.

With this wide range of applications, it is hardly surprising that nickel demand is increasing with China outstripping every other geographical region. We are also encouraged by the statement from a spokesman for leading global research group Commodities Research Unit at the recent Mines and Money Conference in Hong Kong that nickel was among the "hot" metals for the longer term.

Deposits like Dutwa are progressively dominating the nickel industry, as fewer sulphide deposits are being discovered and developed. Laterites already provide around 40% of the world's nickel and make up 70% of the world's nickel resources. While we are not concerned with the short term price fluctuations, we do note that the recovery of the nickel price, to around \$11/lb (end March) from its January 2009 low of \$6/lb, is an indication of the positive market fundamentals.

Admittedly, nickel laterites do not have an unblemished reputation. They can be metallurgically tricky, and some developments have not delivered as predicted. Most of these deposits have such a high iron content (30% to 50%) that they have to be processed using high temperature, high pressure acid leaching (HPAL). This is why Dutwa is so special: its unique low-iron metallurgy will allow the nickel to be extracted efficiently from the ore by simple acid leaching, without recourse to the hi-tech complications of HPAL. In fact, Dutwa is so different from other surface nickel deposits, that we are now calling it an oxide rather than a laterite deposit.

Nickel Projects

The latest metallurgical test results show just how special Dutwa is in contrast to other nickel laterite deposits. Our column tests, a proxy for heap leaching, show a fast initial leach which extracts about 60% of the nickel within 10 days, followed by a rather more leisurely phase which brings the total extraction to 95% after 5 months. In comparison, at one of the few operating nickel heap leach projects for which published data is available, almost one year of leaching was required to extract 60% of the nickel from trial heaps and 540 days to extract 80%. Tank leaching at Dutwa shows similarly fast leaching, with almost the entire reaction occurring in the first hour.

These extremely fast leaching kinetics have important profitability implications, especially for the heap leach method, as they mean that working capital will not be tied up for many months while the heap reaches full productivity.

The "proof of concept" scoping study completed by GRD Minproc, delivered in July 2009, made a strong investment case for the project. Although the Study had to adopt a fairly broad brush approach to many of the parameters, it showed that the project would be viable at a base nickel price of \$7/lb. This gave the Board the confidence to go ahead with the project. If we use the current \$11/lb nickel price, we get a life of mine revenue of \$3.6bn, for a deposit that has a metal endowment equivalent in value to around 10 million ounces of gold.

It seems that the Company has identified a whole new province of oxide nickel deposits which are uniquely amenable to low-cost leaching. As well as Dutwa and Ngasamo, African Eagle holds the Zanzui nickel project, which is only 60km from Dutwa and offers potential economies of scale. Zanzui is potentially twice as large as Dutwa and preliminary metallurgical tests showed that it shares the same fast, low-acid leaching characteristics.

Nickel Work Programme

We are making excellent progress towards our pre-feasibility study ("PFS") on Dutwa. Our step-out and infill geostatistical drilling at Dutwa is close to completion while drilling for an inferred resource and Phase 1 metallurgical tests is complete at Ngasamo. To make the most of Dutwa's exceptional metallurgy, we have recruited one of the world's top nickel laterite metallurgists, Dr. Chad Czerny, to manage and implement the metallurgical testwork and engineering design programmes.

Once we have a good idea of the best processing flow-sheet, we will commission engineering design and costing, leading to an updated financial model and a pre-feasibility report which we hope to complete around the end of 2010.

Non-core projects

We recently announced an agreement to vend the Igurubi gold project in Tanzania

to Australian quoted group Peak Resources ticker ASX: PEK, a transaction that values the project at some £2.6m, or more if Peak's share price continues to rise.

This is the first of several deals in progress or under negotiation over our "non-core" assets. The other deals to be concluded involve our Zambian copper projects including the advanced Mkushi mining joint venture and the Miyabi gold project in Tanzania where we have a JORC resource of 520,000 ounces of gold which has a gross value in the ground of \$589 million at today's prices. Our objectives in negotiating these deals are to obtain the best value for our past investment and intellectual property, to ensure that the projects continue to be explored and developed and in doing so share in their future success.

Looking Forward

It has been a frustrating year for the Board and management as the share price continues to languish despite the growing value of our assets. I can promise you as shareholders ourselves, we are working very hard to gain recognition for this inherent value. We will push on with the PFS at Dutwa and with negotiations to sell or farm-out our non-core assets.

I would like to thank our shareholders for their support shown during the fund raising in 2009. The open offer was oversubscribed and together with the private placement raised £3.4 million to progress Dutwa and cover corporate overheads. On this topic, I am pleased to see that in the recent UK budget it is proposed that AIM listed shares will be allowed in ISAs which should help to further improve the liquidity of African Eagle's shares. Also, I note that The European Parliament's Economic and Monetary Affairs Committee is proposing that the threshold for raising funds without a prospectus be raised from ?2.5m to ?5.0m and the number of investors that can be approached is increased from 100 to 250 persons.

I would also like to recognise the hard work and commitment of all our employees during the year. I expect 2010 to produce further positive developments which will finally give us recognition in the eyes of the investment community.

Euan Worthington
Chairman
30 April 2010

Consolidated Statement of Comprehensive Income For The Year Ended 31 December
2009

Year to 31 December Year to 31 December
2009 2008
Note

£ £

Depreciation expense (60,659) (86,405)

Employee benefits expense (500,305) (979,613)

Impairment of deferred 3 (221,169) (4,442,563)
exploration expenditure

Impairment of goodwill - (103,188)

Share of loss in associate (7,476) (15,385)

Other expenses (453,200) (446,844)

Operating loss (1,242,809) (6,073,998)

Finance income:

Bank interest receivable 29,887 228,856

Foreign exchange gain 23,328 363,183

Loss before tax (1,189,594) (5,481,959)

Income tax expense - -

Loss attributable to equity (1,189,594) (5,481,959)
owners for the year

Other comprehensive
(loss)/income:

Exchange differences on (857,040) 1,907,024
translation of foreign
operations

Disposal of available for 13,694 (4,495)
sale investments

Other comprehensive (843,346) 1,902,529
(loss)/income for the year

Total comprehensive loss (2,032,940) (3,579,430)
attributable to equity
owners for the year

Loss per share:

Basic/diluted loss per 1 (0.5p) (2.6p)
share from total and
continuing operations

Headline/diluted loss per 1 (0.4p) (0.4p)
share from total and
continuing operations

All operations are continuing.

Consolidated Statement of Financial Position For The Year Ended December 2009

31 December 2009 31 December 2008 31 December
2007
Note

£ £ £

ASSETS

Non-current assets

Property, plant and equipment 80,706 122,246 156,337

Goodwill 2 - - 103,188

Available for sale investments - 1,967 6,462

Investment in associates 2,319,435 2,123,371 1,809,901

Investment in joint ventures 34,626 35,293 -

Deferred exploration costs 2 10,261,104 9,717,268 8,441,854

 Total non-current assets 12,695,871 12,000,145 10,517,742

Current assets

Other receivables 124,063 137,636 383,339

Cash and cash equivalents 3,293,014 2,709,957 7,051,744

 Total current assets 3,417,077 2,847,593 7,435,083

 Total assets 16,112,948 14,847,738 17,952,825

LIABILITIES

Current liabilities

Other payables (322,740) (269,218) (392,628)

 Total liabilities (322,740) (269,218) (392,628)

 Net assets 15,790,208 14,578,520 17,560,197

EQUITY

Equity attributable to owners of the parent:

Share capital	2,967,622	2,125,402	2,123,402
Share premium account	21,678,832	19,323,784	19,311,622
Merger reserve	705,723	705,723	705,723
Available for sale revaluation reserve	(13,694)	(9,199)	
Foreign currency reserve	(139,290)	717,750	(1,189,274)
Retained losses	(9,422,679)	(8,280,445)	(3,382,077)

 Total equity 15,790,208 14,578,520 17,560,197

Consolidated Statement of Changes in Equity For The Year Ended 31 December 2009

Share Capital
 Share premium account
 Merger Reserve
 Available for sale revaluation reserve
 Foreign currency reserve
 Retained Losses
 Total equity

£ £ £ £ £ £ £

Balance at 31 December 2008 2,125,402 19,323,784 705,723 (13,694) 717,750 (8,280,445) 14,578,520

 Loss for year - - - - (1,176,876) (1,176,876)

Other comprehensive income/(loss):

Exchange differences on translation of foreign operations - - - - (857,040) - (857,040)

Available for sales investments - fair value adjustment - - - 976 - - 976

Disposal of available for - - - 12,718 - (12,718) -

sale
investments

Total - - - 13,694 (857,040) (1,189,594) (2,032,940)
comprehensive
income/(loss)
for the year

Transactions
with equity
owners for
2009:

Issue of share 842,220 2,526,660 - - - - 3,368,880
capital

Share issue - (171,612) - - - - (171,612)
costs

Share-based - - - - - 47,360 47,360
payments

Total 842,220 2,355,048 - - - 47,360 3,244,628
transactions
with equity
owners

Balance at 31 2,967,622 21,678,832 705,723 - (139,290) (9,422,679) 15,790,208
December 2009

Consolidated Statement of Changes in Equity For The Year Ended 31 December 2008

Share Share Merger Available Foreign Retained Total
Capital premium Reserve for sale currency Losses equity
account revaluation reserve
reserve

£ £ £ £ £ £ £

Balance 2,123,402 19,311,622 705,723 (9,199) (1,189,274) (3,382,077) 17,560,197
at 31
December
2007

Loss for year - - - - - (5,481,959) (5,481,959)

Other
Comprehensive
income/(loss):

Exchange - - - - 1,907,024 - 1,907,024
differences on
translation of

foreign
operations

Available for sale
investments

Total comprehensive
income/(loss)
for the year

Transactions
with equity
owners for
2008:

Issue of share capital

Share issue costs

Share-based payments

Total transactions
with equity
owners

Balance at 31 December 2008

Consolidated Statement of Cash Flows For The Year Ended 31 December 2009

Year to 31 December 2009 Year to 31 December 2008
Note

£ £

Operating activities

Loss before taxation

Adjustments for:

Depreciation

Exchange gain

Loss on disposal of property, plant and equipment

Interest received

Impairment of deferred exploration expenditure

Share-based payments 47,360 583,591

Share of loss in associate venture 7,476 15,385

Impairment of goodwill 2 - 103,188

Decrease in other receivables 8,544 273,662

Increase/(decrease) in other payables 3,797 (116,230)

Share of joint venture loss/(gain) 630 (1,540)

Disposal of available for sale investments 12,718 -

Cash flows from operating activities (859,674) (330,093)

Investing activities

Payments to acquire property, plant and equipment (26,505) (43,892)

Payments for deferred exploration expenditure (1,458,630) (4,020,510)

Interest received 29,887 228,856

Investments in associates (290,308) (185,718)

Investments in joint ventures - (33,753)

Sale of investment for resale 2,943 -

Cash flows used in investing activities (1,742,613) (4,055,017)

Financing activities

Proceeds from issue of share capital 3,197,268 14,162

Cash flows from financing activities 3,197,268 14,162

Net increase/(decrease) in cash and cash equivalents 594,981 (4,370,948)

Cash and cash equivalents at 2,709,957 7,051,744

beginning of year

Exchange (gain)/loss (11,924) 29,161

 Cash and cash equivalents at 3,293,014 2,709,957
 end of year

Notes to the Consolidated Statements For The Year Ended 31 December 2009

1. Loss per Share

Basic 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 shares in issue during the year. In calculating the diluted loss per share potential ordinary shares such as share options and warrants have not been included as they would have the effect of decreasing the loss per share. Decreasing the loss per share would be antilutitive.

2009 2008

£ £

Loss for the year (1,189,594) (5,481,959)

Weighted average number of shares in issue 246,459,673 212,467,525

Basic & diluted loss per share (0.5p) (0.6p)

Headline loss per share

Headline loss per share has been calculated in accordance with the Institute of Investment Management and Research's ("IIMR") Statement of Investment Practice No. 1 entitled 'The Definition of Headline Earnings' and The South African Institute of Chartered Accountants Circular 8/2007 entitled 'Headline Earnings'. Circular 8/2007 contains various rules on IFRSs which were issued before June 2007. Many amendments to IFRSs have been issued since June 2007 and as a result Circular 3/2009 - Headline Earnings has been issued to revise Circular 8/2007. Circular 3/2009 has amended the rules table of Circular 8/2007 to take into account all amendments to IFRSs issued from June 2007 to April 2009. Circular 3/2009 is effective for interim and/or annual financial periods ending on or after August 31, 2009.

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

antidilutive by reducing the headline loss per share.

2009 2008

£ £
Headline loss

Loss for the year (1,189,594) (5,481,959)

Adjusted for:

Plus loss on sale of fixed assets 705 1,839

Plus impairment of deferred exploration assets 221,169 4,442,563

Plus Group share of associated loss 7,476 15,385

Plus/(less) Group share of joint venture 630 (1,540)

Plus impairment of available for sale financial assets 12,718 -

Plus impairment of goodwill - 103,188

Headline loss for the year (946,896) (920,524)

Weighted average number of shares in issue 246,459,673 212,467,525

Basic and diluted headline loss per share (0.4p) (0.4p)

2. Intangibles

The Group 2009

Goodwill on Deferred Total
Consolidation Exploration costs

£ £ £

Cost:

At 1 January 2009 - 9,717,268 9,717,268

Foreign currency exchange differences - (746,873) (746,873)

Additions - 1,511,878 1,511,878

Impairment charge - (221,169) (221,169)

At 31 December 2009 - 10,261,104 10,261,104

The Group 2008

Goodwill on Deferred Total
Consolidation Exploration costs

£ £ £

Cost:

At 1 January 2008 103,188 8,441,854 8,545,042

Foreign currency exchange - 1,758,217 1,758,217
differences

Additions - 3,959,760 3,959,760

Impairment charge (103,188) (4,442,563) (4,545,751)

At 31 December 2008 - 9,717,268 9,717,268

The Group 2007

Goodwill on Purchased Deferred Total
Consolidation goodwill Exploration costs

£ £ £ £

Cost:

At 1 January 2007 103,188 3,000 7,172,869 7,279,057

Foreign currency exchange - - 260,330 260,330
differences

Additions - - 2,954,342 2,954,342

Transfers - - (1,814,019) (1,814,019)

Impairment charge - (3,000) (131,668) (134,668)

At 31 December 2007 103,188 - 8,441,854 8,545,042

3. Impairment of Deferred Exploration

During the year a number of projects were impaired on the grounds they were not economically feasible. The geographical location of these projects is shown below:

2009 2008

£ £

Tanzania 91,801 657,597

Zambia 2,964 2,918,989

Mozambique 126,404 865,977

 221,169 4,442,563

Reason for	Project	Country	Mineral	£ impairment
	Fingoe	Mozambique	Gold	80,393
	Majele	Mozambique	Gold, base metals	35,140
	Rupa	Tanzania	Gold	42,234
	Other*	Tanzania	Gold	49,567
	Other*	Mozambique	Gold, silver	10,871
	Other*	Zambia	Base metals	2,964
	Total			221,169

* Final cost of projects impaired in 2008

The projects impaired in 2008 are detailed below.

Impairment Reason for	Project	Country	Mineral	£ impairment
	Fingoe	Mozambique	Gold	165,996
	Majele	Mozambique	Gold, base metals	518,494
	Tambara	Mozambique	Gold, silver	166,145
	Kakumbi	Tanzania	Gold	132,784
	Kiwasi	Tanzania	Gold	78,866
	Kisamamba	Tanzania	Gold	65,760

Mabale	Tanzania	Gold	53,426	prospective
+-----+-----+-----+-----+-----+				
	Not			
Mabeya	Tanzania	Gold	70,453	prospective
+-----+-----+-----+-----+-----+				
	Licence not			
Sasare	Zambia	Iron-Oxide-Copper-Gold	1,737,829	renewed**
+-----+-----+-----+-----+-----+				
	Licence not			
Kampumba	Zambia	Copper	554,208	renewed**
+-----+-----+-----+-----+-----+				
	Licence not			
Lunga	Zambia	Copper, gold, uranium	626,952	renewed**
+-----+-----+-----+-----+-----+				
	Not			
Other*	Tanzania/Mozambique	Mainly gold	271,650	prospective
+-----+-----+-----+-----+-----+				
Total			4,442,563	
+-----+-----+-----+-----+-----+				

* Impairments less than £50,000.

** The three Zambian licences were dropped as under new government rules prospecting licences cannot be held for more than seven years. Certain areas within these licenses have been applied for by Kujima, a joint venture company set up between African Eagle and a local Zambian partner.

4. Going Concern

It is the prime responsibility of the Board to ensure the Company remains a going concern. At the year ended 31 December, 2009 the Company had cash and cash equivalents of £3.3 million and no borrowings. The Board considers this is sufficient to maintain the Company as a going concern for a period of twelve months from the date of signing the annual report and accounts. The Company has used various methods to fund its operations in the past. Over the past year the Company has been speaking to prospective partners about its copper, gold and uranium projects with the view of joint venturing these projects or selling them outright. In 2009 the Company successfully raised gross proceeds of £3.4 million with the majority of funds coming from existing shareholders through an open offer. Although African Eagle has been successful in raising finance in the past, there is no assurance that it will be able to obtain adequate finance in the future. However, the directors have a reasonable expectation that they will secure additional funding when required to. For this reason, the directors continue to adopt the going concern basis in preparing the financial statements.

5. Summary Accounts

The summary accounts set out above do not constitute statutory accounts as defined in Section 435 of the Companies Act 2006 in respect of the 2009 Accounts or by Section 240 of the Companies Act 1985 in respect of the 2008 Accounts. The summarised consolidated statement of comprehensive income together with the consolidated statement of financial position, the summarised consolidated statement of changes in equity and the summarised consolidated statement of cash flow for the year then ended have been extracted from the Group's 2009 audited statutory financial statements. The auditor's report on the statutory financial statements for the years ended 31 December 2009 and 2008 were unqualified and did not contain any statement under Section 498(2) or (3) of the Companies Act 2006.

6. Preliminary Statement

Copies of the Annual Report will be sent to shareholders that have elected to receive hardcopy documents in May and will be available from the Company at 2nd Floor, 6-7 Queen Street, London, EC4N 1SP. The full financial statements will be

made available on the Company's website www.africaneagle.co.uk at the same time they are mailed to shareholders.

For further information, see the Company's website www.africaneagle.co.uk or contact one of the following:

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