Dutwa Nickel Project - Drilling Results

10.05.2010 | Globenewswire Europe

DRILL RESULTS FROM NGASAMO HILL AT
AFRICAN EAGLE'S DUTWA NICKEL PROJECT IN TANZANIA

Drill assay results from remaining holes at Ngasamo.

· Results from all 66 drill holes now received and sent for resource estimate
· 59 out of the 66 holes intersected mineralisation
· Key nickel mineralised intersections include:
- 75m at 1.42% nickel
- 84m at 1.07% nickel including 30m at 1.64%
- 63m at 1.41% nickel including 45m at 1.71%
- 66m at 1.11% nickel
- 57m at 1.25% nickel including 12m at 2.48%
· Key cobalt mineralised intersections include:
- 18m at 0.47% cobalt
- 54m at 0.13% cobalt
- 9m at 0.43% cobalt
- 9m at 0.27% cobalt including 3m at 0.48%
· Geostatistical infill drilling at Wamangola Hill (Dutwa Main Deposit) also completed

Africa Eagle is pleased to report the remaining assay results from its recently completed drilling programme at Ngasamo Hill, a part of its Dutwa Nickel project, and the appointment of Snowden Mining Industry Consultants in Perth, WA to undertake a formal resource estimate.

The Company's Managing Director Mark Parker comments, "We are extremely pleased with the drill results from Ngasamo. They reveal a deposit which is somewhat thicker than the main Dutwa deposit, and although the average grade appears to be slightly lower, we expect Ngasamo will add significantly to the overall resource base.

"We have also completed an infill drilling programme at the Dutwa main deposit, designed to test the internal variability of the mineralisation and allow the Dutwa main resource to be upgraded to JORC Indicated category.

"Meanwhile, the nickel market continues to show strength, with prices now up more than 40% this year, backed by an increase of 55% year-on-year stainless steel demand from China."

All the assay results have now been received from African Eagle's programme of 66 vertical reverse circulation (RC) drill holes at Ngasamo, which was designed to delineate a formal Mineral Resource to JORC Inferred category or better.

Tables of all mineralised intersections from Ngasamo with grades of more than 0.5% nickel and 0.05% cobalt have been posted on the Company's web site, together with a plan of the grade x thickness parameter for each hole, which provides an indication of the form of the resource. See www.africaneagle.co.uk/p/ng_drilling.asp

Each hole was drilled through the blanket-like nickel deposit until it reached bedrock. Samples were composited over 3m down-hole lengths and assays for nickel and cobalt were carried out at Humac Laboratories in Tanzania, by atomic absorption spectrometry (AAS). The samples have now been sent for analysis for a wider suite of chemical elements, to help in modelling any internal geochemical domains within the deposit. The domain models of the Ngasamo and Dutwa Main deposits will be used to plan a core drilling programme to obtain samples, representative of the deposits and their variations, for the final phase of metallurgical testing.

The Ngasamo drill database has been sent to Snowden Mining Industry Consultants in Perth, WA, for deposit modelling and generation of a formal resource estimate. The Dutwa Main drill database, including the results of the infill programme, expected soon, will be sent to Snowden for an upgraded deposit model and resource estimate. Ngasamo drill samples will also be sent for preliminary metallurgical testing to Mintek in South Africa.

With the determination of a resource estimate at Ngasamo to JORC inferred standard or better, African Eagle will have completed its earn-in of a 35% interest in the deposit from Ngasamo's owners, Safina a.s. of the Czech Republic and its Tanzanian subsidiary Precious Metals Refinery Company Ltd. Thereafter, the Company can increase its equity in Ngasamo to at least 50% and up to 75% by completing further resource and feasibility work.

Qualified Person

Information in this report relating to exploration results is based on data reviewed by Mr Christopher Davies BSc, MSc, DIC, FSEG, FAusIMM, Operations Director for African Eagle, who is a Fellow of the Australasian Institute of Mining and Metallurgy, has more than 27 years' relevant experience in mineral exploration, and is a Qualified Person under AIM rules. Mr Davies consents to the inclusion of the information in the form and context in which it appears.

Technical terms
A glossary of technical terms used by African Eagle in this announcement and other published material may be found at www.africaneagle.co.uk/p/glossary.asp

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About African Eagle

Since discovering major oxide nickel deposits at Dutwa in Tanzania, African Eagle is in transition from a diversified explorer into a nickel mining company. The Company completed a positive scoping study on the Dutwa deposit in July 2009 and is now working towards a full feasibility study.

African Eagle is evaluating a second promising oxide nickel deposit at Zanzui in Tanzania, 60km south of Dutwa.

The Company also holds a 49% interest in the Mkushi Copper Mines joint venture in Zambia, for which a draft feasibility study was completed in Q4 2008. In addition, it holds a half million ounce gold resource at the Miyabi project in Tanzania, and a portfolio of gold and base metal exploration assets, including two projects in the Zambian Copperbelt.

The Company is seeking partners or buyers for its "non-core" copper, gold and uranium projects.

More information may be found on the Company's website, www.africaneagle.co.uk

African Eagle's oxide nickel projects

The Dutwa oxide nickel project, discovered in mid-2008, consists of two deposits within blankets of laterite or weathered rock on the tops of low ridges. African Eagle believes that the deposits together contain around 500,000 tonnes of nickel with by-product cobalt. Because the deposits lie at surface, mining costs will be very low.

The deposits lie 100km east of the railhead at Mwanza and close to the main Mwanza-Nairobi trunk road, a major power line and the shore of Lake Victoria. The Company holds a 90% interest in the main Dutwa deposit, with option to acquire 100%, and is earning up to 75% of a second nickel deposit at Ngasamo, 6km to the west.

Since discovering the deposits in June 2008, African Eagle has explored the project very quickly and cost-effectively, completing within 9 months an interim JORC-compliant resource estimate based on the drilling to September 2008 and laboratory metallurgical and mineralogical tests which showed that the deposit can be processed efficiently by sulphuric acid leaching.

In July 2009, the Company announced the results of a "proof of concept" scoping study by GRD Minproc, which indicated that the project would be profitable if it were in production today. At current nickel prices (~$10 to $11/lb), earnings over the life of mine would be of the order of $3 to 4 billion on an EBIT basis, giving an internal rate of return around 30%, after tax. African Eagle has now begun work towards a definitive feasibility study.

The economic viability of any nickel laterite deposit depends on its metallurgy, its resource geology and its location. Metallurgical tests have shown that the Dutwa ore is unusually, perhaps uniquely, amenable to acid leaching, with very low acid consumption and a very fast leach reaction compared to other nickel laterites around the world. These characteristics should allow the ore to be processed at atmospheric pressure using straightforward heap or tank leaching.

In addition to the Dutwa deposits, African Eagle holds the Zanzui nickel project, which is only 60km from Dutwa and offers potential economies of scale. Zanzui is possibly as large as Dutwa and preliminary metallurgical tests suggest that it shares the same fast, low-acid leaching characteristics. The Company is aware of at least two other, similar deposits in Tanzania.

[HUG#1413230]

Unternehmen: African Eagle Resources PLC - ISIN: GB0003394813