



Mkushi Copper Joint Venture Ltd

- JORC resource: 18.5Mt at 0.83% copper
- Feasibility study draft delivered Nov 08
- Projected total net cash flow ~US\$220M
- 96% recovery to a 30% copper concentrate
- Sale of concentrate to smelters in Zambia

LOCATION

The Mkushi Project is located in the Mkushi Region, 184km north-northeast of the capital, Lusaka, and 160km southeast of the provincial mining centre of Kitwe.

AFRICAN EAGLE INTEREST:

African Eagle has a 49% interest in the Joint Venture and CGA Mining holds a 51% share.

HISTORY:

Mkushi is an historic copper mining area which operated from the 1920s to the mid 1970s. It is one of the few places in Zambia where copper was exploited on a commercial basis outside the Copperbelt. The style of copper mineralisation is very different from that seen in the Copperbelt, occurring in association with granitic intrusions within a major shear zone cutting considerably older basement rocks.

Two deposits were mined in the past: Mtuga, which was mined underground to a depth of 80m with development down to 120m in the 1920's, and Munshiwemba in the 1960's when a switch was made to open pit mining.

Archive data from previous operators indicates that Mkushi as a whole contains a global exploration target of the order of 30Mt averaging 1.2% copper, or more than 350,000 tonnes of contained metal.



Drilling at Munshiwemba pit November 2007



The project is favourably situated, with a good network of roads, water supply and nearby rail link. Copper concentrates could easily be shipped to nearby smelters in the Copperbelt.

African Eagle began exploration at Mkushi in 2005 with a drilling programme concentrated in H zone, one of several known copper deposits. By mid 2008, a JORC resources of 18.5Mt at 0.83% copper had been delineated, open at depth and along strike.

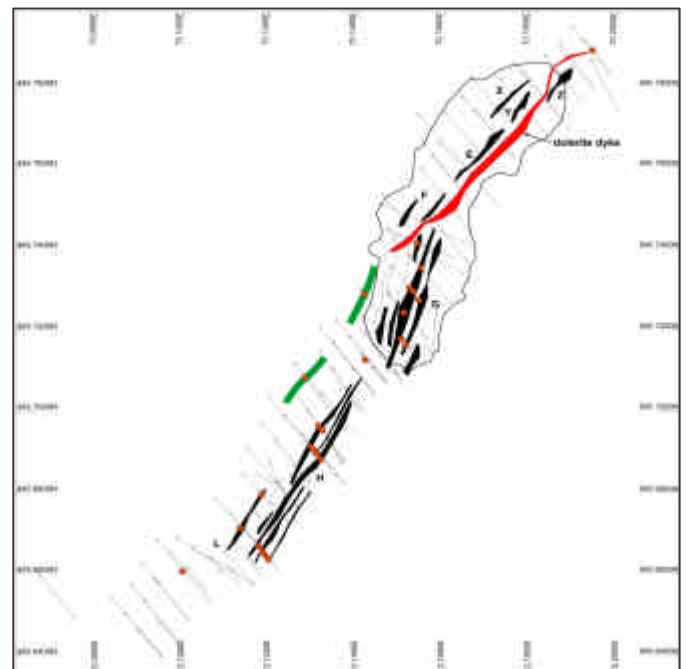
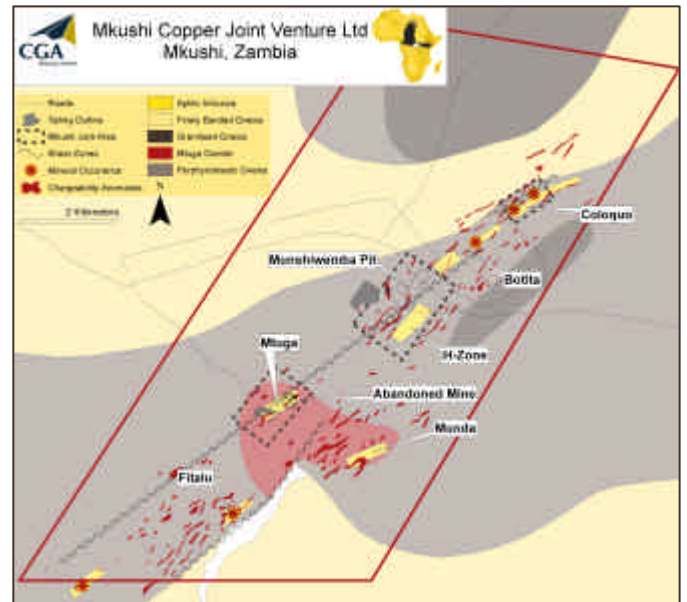
CURRENT STATUS:

African Eagle is developing Mkushi in joint venture with Australian miner CGA Mining. CGA hold a 51% interest in the joint venture and African Eagle 49%. CGA is responsible for directing and fully funding the feasibility study in a central "core zone" of the project, while African Eagle is exploring the area outside the core zone funded pro-rata by both parties.

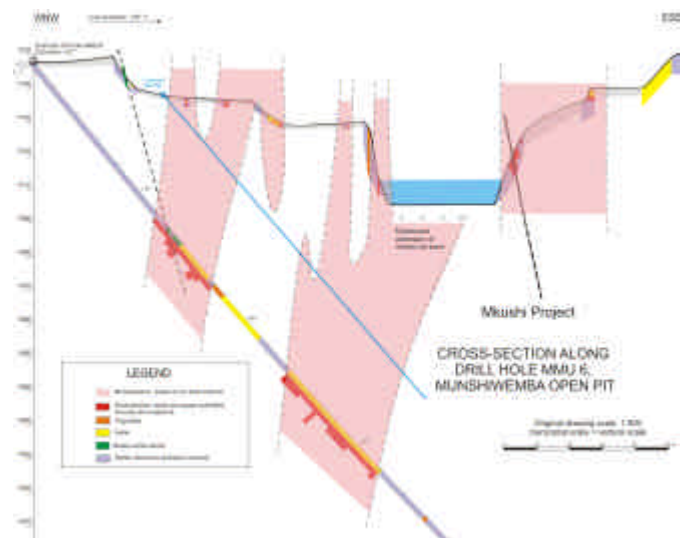
In November 2008, CGA delivered its draft feasibility study on the project, but CGA and African Eagle have agreed to defer a decision on project development, pending an improvement in the economic climate and clarification of the fiscal system under which the project would operate. With a 25 year mining licence in place, the project can afford to take a breathing space while the joint venture partners look at ways in which the short term project economics can be improved.

EXPLORATION POTENTIAL:

The potential for discovery of additional copper deposits is good within the 467km² held under prospecting licences. The known copper mineralisation gives clear induced polarisation (IP) anomalies. African Eagle's extensive IP surveys outside the core zone have defined 40 similar anomalies, the majority of which have yet to be drill tested. Limited drilling undertaken at Munda has shown potential for economic mineralisation. The copper mineralisation is up to 40m wide and has been traced over a strike length of 1,300m. Internal modelling indicated an additional deposit of 6Mt grading at 0.6% copper.



Ore zones at Munshiwemba G & H zones shown in black



Munda Prospect Drill Intersections			
Drill Hole	From (m)	Intersection	Copper Grade %
MMD3	77m	40m	0.48
incl.	79m	5m	1.21
and	91m	9m	0.71
MMD4	69m	32m	0.57
incl.	69m	5m	1.43
and	96m	5m	2.04
MMD1	0m	6m	0.38

