

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised for the purposes of the Financial Services and Markets Act 2000 who specialises in advising on the acquisition of shares and other securities before taking any action. The whole of this document should be read. You should be aware that an investment in the Company involves a high degree of risk and prospective investors should carefully consider the section entitled "Risk Factors" set out in Part III of this document.

If you have sold or transferred all of your registered holding of Ordinary Shares on or before the Record Date please forward this document, together with the accompanying documents, as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other party through whom the sale or transfer was effected. for transmission to the purchaser or transferee.

If you have sold or transferred only part of your registered holding of Ordinary Shares on or before the Record Date, you are advised to consult your stockbroker, bank or other agent through whom the sale or transfer was effected.

This document does not comprise a prospectus in accordance with the Prospectus Rules and, pursuant to section 85 of the Financial Services and Markets Act 2000 (as amended), has not been drawn up in accordance with the Prospectus Rules. This document has not been approved by the Financial Services Authority or by any other authority in any jurisdiction.

The Company's Ordinary Shares are currently admitted to trading on AIM and on AltX. Application will be made to the London Stock Exchange and the Johannesburg Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM and AltX respectively. It is expected that AIM Admission will become effective, and dealings for normal settlement in the New Ordinary Shares will commence, at 8.00 a.m. on 7 August 2009. It is expected that AltX Admission will become effective, and dealings for normal settlement in the New Ordinary Shares will commence, at 9.00 a.m. on 11 August 2009. The Company's Ordinary Shares are also traded on the PLUS-traded secondary market. The New Ordinary Shares will not be dealt in, or on, any other recognised investment exchange and no other such application will be made.

The Directors, whose names appear on page 5 of this document, and the Company accept responsibility, both individually and collectively for the information contained in this document. To the best of the knowledge and belief of the Directors and the Company (who have taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information. In connection with this document and/or the Placing and Offer, no person is authorised to give any information or make any representations other than as contained in this document and if given or made, such information or representation must not be relied upon as having been so authorised.

AIM is a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. AIM securities are not admitted to the Official List. A prospective investor should be aware of the risks of investing in such companies and should make the decision to invest only after careful consideration and, if appropriate, consultation with an independent financial adviser. Neither the London Stock Exchange nor the UKLA has examined or approved the contents of this document.

The AIM Rules are less demanding than those of the Official List. It is emphasised that no application is being made for admission of the Existing Ordinary Shares or the New Ordinary Shares to the Official List. Neither the Existing Ordinary Shares nor the New Ordinary Shares will be dealt on any other recognised investment exchange and no other such application will be made.

AFRICAN EAGLE RESOURCES PLC

(Registered in England and Wales under the Companies Act 1985, number 3912362)

AIM Share Code: AFE

AIM ISIN: GB0003394813

JSE Share Code: AEA

JSE ISIN: GB0003394813

**Placing of 30,804,500 new Ordinary Shares at 4 pence per share,
Open Offer of up to 53,875,000 new Ordinary Shares at 4 pence per share
and**

Notice of General Meeting

Nominated adviser and broker

SEYMOUR PIERCE LIMITED

The New Ordinary Shares will, following allotment, rank *pari passu* in all respects with the Existing Ordinary Shares including the right to receive all dividends and other distributions declared made or paid on the Ordinary Share capital of the Company.

Seymour Pierce Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting for the Company and no-one else in connection with the Placing, the Offer and the AIM Admission and will not be responsible to anyone other than the Company for providing the protections afforded to customers of Seymour Pierce Limited or for providing advice to any other person in relation to the contents of this document, the Placing, the Offer, Admission or any other matter referred to herein. Seymour Pierce Limited is not making any representation or warranty, express or implied, and takes no responsibility for the contents of this document or for the General Meeting.

A letter from the Chairman of the Company is set out on pages 12 to 18 of this document which contains a unanimous recommendation from the Directors that you vote in favour of the Resolutions to be proposed at the General Meeting. Notice of a General Meeting of African Eagle Resources plc to be held at the Company's offices at 2nd Floor, 6-7 Queen Street, London EC4N 1SP, UK at 4.00 p.m. on 6 August 2009 to propose the resolutions *inter alia* required to effect the Placing and the Offer is set out at the end of this document. All Shareholders are urged to complete and return the enclosed Form of Proxy, whether or not they intend to be present at the meeting, in accordance with the instructions printed thereon so as to arrive as soon as possible and in any event so as to be received by the Company at its offices at 2nd Floor, 6-7 Queen Street, London EC4N 1SP, UK, not later than 4.00 p.m. on 4 August 2009.

The release, publication or distribution of this document in or outside the UK may be restricted by law. Persons who come into possession of this document should inform themselves about and observe any applicable restrictions or requirements in their particular jurisdiction. Failure to comply with these restrictions may constitute a violation of the securities laws of such jurisdiction. No action has been taken by the Company or Seymour Pierce that would permit possession or distribution of this document in any jurisdiction (including the United Kingdom) where action for that purpose is required.

This document is being sent to all Shareholders, but for those Shareholders who are not Eligible Shareholders (including but not limited to those with a registered address in South Africa) it is being sent to them for information purposes only to enable them to exercise their rights as shareholders vis-à-vis the General Meeting to be held.

This document does not constitute an offer to sell, or the solicitation of an offer to subscribe for or buy shares to any person in any jurisdiction to whom or in which such offer or solicitation is unlawful. The Existing Ordinary Shares and the New Ordinary Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended, or under the securities legislation of any state of the United States. The relevant clearances have not been, and will not be, obtained from the Securities Commission of any province or territory of Canada; no document in relation to the Placing or the Offer has been, or will be, lodged with, or registered by, the Australian Securities and Investments Commission; and no registration statement has been, or will be, filed with the Japanese Ministry of Finance in relation to the Placing or the Offer. Subject to certain exceptions, the New Ordinary Shares may not, directly or indirectly, be offered or sold within the United States or the Excluded Territories or offered or sold to a person within the United States or the Excluded Territories. Any failure to comply with these restrictions may constitute a violation of the securities law of any jurisdiction.

It is the responsibility of any person receiving a copy of this document outside the United Kingdom to satisfy himself or herself as to the full observance of the laws and regulatory requirements of the relevant territory in connection therewith, including obtaining any governmental or other consents which may be required or observing any other formalities required to be observed in such territory and paying any other issue, transfer or other taxes due in such other territory.

Persons (including, without limitation, nominees and trustees) receiving this document and/or an Application Form should not, in connection with the Offer, distribute or send this document or Application Form into any jurisdiction when to do so would, or might contravene local securities laws or regulations.

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EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Date of publication of this document and Offer opens	20 July 2009
Record Date for the Offer	29 July 2009
Last time and date for receipt of Form of Proxy	4.00 p.m. on 4 August 2009
Latest time and date for receipt of Application Form	11.00 a.m. on 6 August 2009
General Meeting	4.00 p.m. on 6 August 2009
Announcement of results of the Offer through a Regulatory Information Service	6 August 2009
Admission and dealings in the New Ordinary Shares to commence on AIM	7 August 2009
CREST accounts credited with New Ordinary Shares	7 August 2009
Admission and dealings in the New Ordinary Shares to commence on Alt ^x	11 August 2009
Definitive share certificates for the New Ordinary Shares to be despatched (if appropriate) by	21 August 2009

References to time in this document and the Notice of GM are to British Summer Time.

KEY STATISTICS

Number of Existing Ordinary Shares	212,540,128
Placing Price	4 pence
Number of Placing Shares	30,804,500
Estimated net proceeds of the Placing	£1,066,000
Estimated net proceeds of the Offer	£2,155,000
<i>Assuming the maximum number of new Ordinary Shares are subscribed pursuant to the Offer and no options or warrants exercised:</i>	
Number of Placing Shares	30,804,500
Number of Offer Shares	53,875,000
Number of New Ordinary Shares	84,679,500
Number of Ordinary Shares in issue at Admission	297,219,628
Market capitalisation of the Company on Admission at the Placing Price	£11.9 million
Percentage of the Enlarged Share Capital represented by the Placing Shares	10.36 per cent.
Percentage of the Enlarged Share Capital represented by the Offer Shares	18.13 per cent.
Percentage of the Enlarged Share Capital represented by the New Ordinary Shares	28.49 per cent.
Number of outstanding warrants	600,000
Number of outstanding options	12,298,000
Estimated gross proceeds of the Placing and Offer	£3,387,180
Estimated net proceeds of the Placing and Offer	£3,221,000
<i>Assuming no new Ordinary Shares are subscribed pursuant to the Offer:</i>	
Number of Placing Shares	30,804,500
Number of Offer Shares	Nil
Number of New Ordinary Shares (Placing Shares)	30,804,500
Number of Ordinary Shares in issue at Admission	243,344,628
Market capitalisation of the Company on Admission at the Placing Price	£9.7 million
Percentage of the Enlarged Share Capital represented by the Placing Shares	12.66 per cent.
Estimated gross proceeds of the Placing	£1,232,180
Estimated net proceeds of the Placing	£1,066,000

DIRECTORS, SECRETARY AND ADVISERS

Directors	John Gordon Park (<i>Non-executive Chairman</i>) Euan Arthur Worthington (<i>Non-executive Deputy Chairman</i>) Mark Edwin Parker (<i>Managing Director</i>) Christopher Davies (<i>Operations Director</i>) Bevan John Metcalf (<i>Finance Director</i>) Geoffrey Cooper (<i>Non-executive Director</i>) all of
Registered and Head Office	2nd Floor 6-7 Queen Street London EC4N 1SP UK Telephone number: 020 7248 6059 Website: www.africaneagle.co.uk
Company Secretary	Bevan John Metcalf
Nominated Adviser and Broker to the Company	Seymour Pierce Limited 20 Old Bailey London EC4M 7EN
JSE Sponsor	Nedbank Capital, a division of Nedbank Limited 135 Rivonia Road Sandown 2196 South Africa
Auditors & Reporting Accountants	Grant Thornton UK LLP Grant Thornton House Melton Street London NW1 2EP
Solicitors to the Company (corporate matters)	Cobbetts LLP 58 Mosley Street Manchester M2 3HZ
Solicitors to the Nominated Adviser and Broker	Pinsent Masons LLP CityPoint One Ropemaker Street London EC2Y 9AH
Registrars	Capita Registrars Limited Northern House Woodsome Park Fenay Bridge Huddersfield HD8 0GA
Receiving Agents	Capita Registrars Limited Corporate Actions The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

DEFINITIONS

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

“2006 Act”	the Companies Act 2006 (as amended)
“Act”	the Companies Act 1985 (as amended or replaced from time to time)
“Acts”	the Act and the 2006 Act
“Admission”	AIM Admission and Alt ^x Admission, as the case may be
“African Eagle” or “Company”	African Eagle Resources plc, a company registered in England and Wales with company number 3912362
“AIM”	the market of that name operated by the London Stock Exchange
“AIM Admission”	the admission of the New Ordinary Shares to trading on AIM becoming effective in accordance with the AIM Rules
“AIM Rules”	the AIM Rules for Companies governing the admission to and operation of AIM published by the London Stock Exchange as amended from time to time
“Alt ^x ”	the alternative exchange of the JSE
“Alt ^x Admission”	the admission of the New Ordinary Shares to trading on Alt ^x becoming effective in accordance with the rules governing the admission to and operation of Alt ^x published by the JSE in force from time to time
“Application Form”	the application form relating to the Offer and enclosed with this document for use by Eligible Shareholders
“Articles”	the articles of association of the Company (as amended from time to time)
“Board” or “the Directors”	the directors of the Company, as at the date of this document, whose names are set out on page 5 of this document
“Closing Date”	the date on which the Offer will close being, 11.00 a.m. on 6 August 2009 or such later time and date as the Directors and Seymour Pierce may agree
“City Code”	the City Code on Takeovers and Mergers
“CREST”	the relevant system (as defined in the Uncertificated Securities Regulations 2001 (SI 2001 No 3875)) for the paperless settlement of trades and the holding of uncertificated securities, operated by Euroclear UK & Ireland Limited, in accordance with the same regulations
“Disclosure and Transparency Rules”	the Disclosure and Transparency Rules issued by the FSA
“Eligible Shareholder”	Shareholders on the register of members of the Company on the Record Date with addresses for service within the United Kingdom (excluding for the avoidance of doubt the Channel Islands), the Republic of Ireland and Germany

“Enlarged Share Capital”	the issued Ordinary Share capital of the Company immediately following Admission comprising the Existing Ordinary Shares and the New Ordinary Shares
“Excluded Territories”	Australia, New Zealand, the United States, Canada, Japan, the Republic of South Africa, and/or their respective territories or possessions
“Existing Ordinary Shares”	the 212,540,128 Ordinary Shares in issue as at the date of this document being the entire issued share capital of the Company prior to the Placing and the Offer
“Form of Proxy”	the form of proxy for use in connection with the General Meeting which accompanies this document
“FSA”	the Financial Services Authority of the UK
“FSMA”	the Financial Services and Markets Act 2000 (as amended)
“General Meeting” or “GM”	the general meeting of the Company convened for 4.00 p.m. on 6 August 2009 or any adjournment thereof, notice of which is set out at the end of this document
“GRD Minproc”	GRD Minproc Limited of Perth, Western Australia
“Group”	together the Company and its subsidiary undertakings
“Johannesburg Stock Exchange” or “JSE”	JSE Limited, a company duly registered and incorporated with limited liability under the company laws of the Republic of South Africa under registration number 2005/022939/06, licensed as an exchange under the Securities Services Act 2004
“London Stock Exchange”	London Stock Exchange plc
“New Ordinary Shares”	the Placing Shares and the Offer Shares
“Notice of GM”	the notice of the GM set out at the end of this document
“Official List”	the Official List of the UKLA
“Offer”	the offer for subscription of up to 53,875,000 Offer Shares (subject to such adjustments that may be necessary to ensure compliance with the Prospectus Rules) being made by the Company on the terms set out in this document
“Offer Period”	the period starting on 20 July 2009 and ending on the Closing Date
“Offer Shares”	up to 53,875,000 new Ordinary Shares to be issued pursuant to the Offer
“Ordinary Shares”	ordinary shares of one pence each in the capital of the Company having the rights and being subject to the restrictions contained in the Articles
“Placing”	the conditional placing by Seymour Pierce as agent for the Company of the Placing Shares at the Placing Price, pursuant to the provisions of the Placing Agreement

“Placing Agreement”	the conditional agreement dated 20 July 2009 between (1) the Company; (2) the Directors and (3) Seymour Pierce relating to the Placing, details of which are set out in paragraph 6 of Part IV of this document
“Placing Price”	4 pence per Ordinary Share
“Placing Shares”	the 30,804,500 new Ordinary Shares to be issued pursuant to the Placing
“Proposals”	the Placing, the Offer and Admission
“Prospectus Rules”	the rules made by the Financial Services Authority pursuant to sections 73A(1) and (4) of FSMA
“Record Date”	29 July 2009
“Resolutions”	the resolutions set out in the Notice of GM to be proposed at the GM
“Seymour Pierce”	Seymour Pierce Limited, a company registered in England and Wales with company number 02104188
“Shareholders”	holders of Ordinary Shares from time to time
“UK”	the United Kingdom of Great Britain and Northern Ireland
“UKLA”	the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of FSMA
“United States”	the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia

A reference to £ is to pounds sterling, being the lawful currency of the UK.

A reference to € is to the Euro, being the official currency of 16 of the 27 member states of the European Union.

The £:€ exchange rate used in this document is 1.16 (www.xe.com: 17 July 2009).

A reference to US\$ is to United States of America (USA) dollars, being the lawful currency of the USA.

GLOSSARY

Archaean	A geological eon lasting from about 3800 million to 2500 million years ago.
Basement	The older igneous and metamorphic rocks which underlie any younger, largely unmetamorphosed sedimentary or volcanic rocks in an area.
Bottle roll	Bench-scale leaching test in which samples are placed in bottles with the leaching reagent and agitated continuously by rolling on rotating rollers. The method is most frequently used for cyanide leaching of gold or sulphuric acid leaching of base metals.
Calcrete	Superficial gravels cemented by calcium carbonate.
Cut-off grade	The grade used to separate ore and waste such that only material classified as ore will be treated in order to recover the economic metal or mineral of interest.
Cretaceous	A geological period from 136 million years to 64 million years ago.
Diamond drilling	Drilling using a water-cooled rotating hollow diamond-tipped bit, cutting a core through the rock which can be brought to the surface by a core barrel.
Feasibility study	A study of the economic viability of the mining and production of base or precious metals or other minerals in such form and containing such detail as is customarily required by a bank or other financial institution engaged in mining project finance to enable it to determine whether to finance the development of a commercial mining operation.
Grade	The tenor or concentration by weight of a metal in a mineral deposit or ore.
g/t	Grams per tonne.
Granite	A coarse grained igneous rock high in silica, which usually forms large intrusive masses.
Greenstone	Metavolcanic and associated sedimentary rocks that occur within Archaean and Proterozoic cratons between granite and gneiss bodies. The belts often contain ore deposits of gold, silver, copper, zinc and lead.
Heap leaching	A process to extract metals from ore, in which the mined ore is crushed and heaped onto a sculpted impermeable plastic- or clay-lined leach pad and irrigated with a leaching agent which percolates through the heap and leaches out the metals. When the "pregnant" metal-bearing leach solution reaches the impermeable base membrane, the sculpting directs it to canals from which it is collected and processed to precipitate out the valuable metals.
Igneous rocks	One of the three main rock types (the others being sedimentary and metamorphic rock), igneous rocks are formed by cooling and solidification of molten rock (magma). They may form with or without crystallization, either below the surface as intrusive (plutonic) rocks or on the surface as extrusive (volcanic) rocks.

JORC Code	Australasian Code for the Reporting of Exploration Results, Mineral Resources and Ore Reserves (Joint Ore Reserves Committee, www.jorc.org/main.php).
Karoo	A geological supergroup in Southern and Eastern Africa dating from the late Carboniferous to the early Jurassic, composed mostly of shales and sandstones with contemporaneous volcanic rocks.
Laterite	A surface layer, up to 100m thick, produced when water-soluble elements and silica are progressively removed from rocks by the weathering process, leaving residual material rich in the less mobile elements. Their chemistry depends on the original rocks, but laterites are often rich in iron and aluminium, and can contain significant concentrations of nickel and cobalt. Laterites usually form in humid tropical conditions.
Leaching	The extraction of metals from pulverised ore by dissolving them in a chemical solution, especially the extraction of gold using sodium cyanide.
Manganese wad	An old mining term for any black rock rich in manganese oxide or hydroxide minerals, in the oxidized zone of various ore deposits. It is typically associated with various iron oxides and may contain significant concentrations of any other metals present in the system, notably nickel, cobalt, iron, aluminium or barium.
Metallurgical	Relating to the study of the extraction, processing and properties of metals and their ores.
Metamorphic rocks	Rocks resulting from the transformation of an existing rock by heat, pressure or chemically active fluids, or combinations of these three processes.
Metavolcanic	Volcanic rocks which have been metamorphosed by heat and/or pressure within the Earth.
Mineralogy	1. The study of minerals; and 2. The mineral composition of rocks and ores.
Mineral Resource	An estimated tonnage and grade of mineralisation in the ground determined as prescribed by the JORC Code.
Mt	Million tonnes.
Neogene	A geological period from 23 million years ago to the present day.
Ore	A mineral or an aggregate of minerals from which a valuable constituent, especially a metal, can be profitably mined or extracted.
Ore Reserve	That part of a mineral resource which can be demonstrated to be worked profitably when all modifying factors are taken into account.
Percussion drilling	See RAB and RC.
Proterozoic	A geological eon lasting from 2500 million to 542 million years ago.
RAB	Rotary air blast. Percussion drilling using a pneumatic hammer, cutting the rock into chips which are flushed to the surface through the space between the drill pipe and the wall of the hole.

RC	Reverse circulation. Percussion drilling using an air-cooled bit, cutting the rock into chips which are flushed to the surface through a double walled pipe by the air pressure.
Sandstone	A sedimentary rock with more than 25 per cent. of sand grains, ie. particle sizes from 0.06mm to 2mm.
Sedimentary rocks	Rocks formed by the consolidation of sediments, which may include clastic fragments derived from parent rocks by weathering or erosion by water, ice or wind; biogenic material such as shells; or chemical precipitates such as salt.
Scanning electron microscope (SEM)	A type of electron microscope that images the surface of samples by scanning with a high-energy beam of electrons in a raster scan pattern. The electrons interact with the atoms that make up the sample producing signals that contain information about the sample's surface morphology and composition.
Tank leaching	A process to extract metals from mined ore, which is crushed and ground to powder, then placed with a leaching agent in large tanks where they are agitated and sometimes heated together. The metals dissolve in the leaching agent to produce a "pregnant solution" which is drawn off and processed to precipitate them out. The residual slurry is pumped out to tailings disposal. (Also called vat leaching).
Tonne	A metric tonne of 1000 kilograms, abbreviation t.
Ultramafic	Igneous rocks with very low silica and potassium content but high in iron and magnesium, usually composed of greater than 90 per cent. mafic minerals (dark coloured minerals with high magnesium and iron content).
Volcanic rocks	Rocks produced by or associated with volcanic eruptions, including lava and ash.
X-ray diffraction (XRD)	An analytical technique providing information about the crystallographic structure, chemical composition, and physical properties of materials by observing the diffraction or scattering pattern produced by a beam of X-rays hitting the sample.

PART I

LETTER FROM CHAIRMAN OF AFRICAN EAGLE RESOURCES PLC



(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 3912362)

2nd Floor
6-7 Queen Street
London EC4N 1SP
UK

20 July 2009

To Shareholders and, for information only, to optionholders and warrant holders

1. Introduction

The Company is pleased to announce that it proposes to raise (i) up to £2,155,000 (before expenses) by way of an open offer made to Eligible Shareholders of up to 53,875,000 Offer Shares at the Placing Price and (ii) £1,232,180 (before expenses) by way of a conditional placing of 30,804,500 Placing Shares at the Placing Price. Neither the Offer nor the Placing are underwritten.

The purpose of this document is, among other things, to provide you with details of the Offer and the Placing, to explain the background to and the reasons for the Offer and the Placing and to explain why the Board considers that the Offer and the Placing will promote the success of the Company for the benefit of its members as a whole.

Further details of the Offer are set out in paragraph 5 of this letter and further details of the Placing are set out in paragraph 4 of this letter. The Offer and the Placing are conditional upon the Shareholders passing Resolutions 1 and 2 respectively, at the General Meeting. The Directors intend to vote in favour of the Resolutions in respect of their beneficial holdings in the Company which amount, in aggregate, to 12,636,688 Ordinary Shares and represent approximately 5.95 per cent. of the Company's issued share capital.

Application will be made to the London Stock Exchange for the New Ordinary Shares to be admitted to trading on AIM and to the JSE for the New Ordinary Shares to be admitted to trading on Alt^x. Subject to, among other things, the Placing Agreement becoming unconditional and not being terminated in accordance with its terms and Admission of the Placing Shares, it is expected that dealings in the Placing Shares will commence on AIM at 8.00 a.m. on 7 August 2009 and on Alt^x at 9.00 a.m. on 11 August 2009. It is expected that dealings in the Offer Shares will also commence on AIM at 8.00 a.m. on 7 August 2009 and on Alt^x at 9.00 a.m. on 11 August 2009.

2. Background to and reasons for the Offer

Since its discovery of the Dutwa nickel deposit in June 2008, African Eagle has completed resource drilling; received an independent resource estimate; completed laboratory metallurgical and mineralogical tests (which revealed that the deposit could be processed efficiently by sulphuric acid leaching), and commissioned a scoping study which has indicated that the project is likely to be economically feasible.

In December 2008, African Eagle decided that the Dutwa project should become its top priority, because the Directors believed that, of all the Group's projects, Dutwa offered the greatest potential to add value. With the delivery of the positive scoping study in June 2009, the Company resolved to make a start immediately on work leading to a feasibility study.

At the end of June 2009, African Eagle held net cash of approximately £1.5 million. The estimated cost of the next stages of the feasibility study will be approximately £1.5 million to £2 million, including the working capital the Company will need to cover its general operational and administrative expenditures for the period through to August 2010. The Board therefore decided to raise a minimum of £1 million, after expenses, through a placing of Ordinary Shares with institutional investors.

In order to give as many of its Shareholders as possible the opportunity to participate in the financing and to limit the dilutive effect of the Placing, the Board also resolved to make an open offer to Eligible Shareholders. The FSMA limits the amount which can be raised by way of an open offer to shareholders to the equivalent sterling amount of €2.5 million, without requiring an approved prospectus to be produced. The issue of a prospectus would considerably increase the costs of the fundraising and it would take much longer to complete, as any such prospectus would require the prior approval of the UKLA. Based on a £:€ exchange rate of 1.16, this means that the maximum amount which can be raised under an open offer is approximately £2,155,000, subject to such other adjustments as may be necessary to ensure compliance with the Prospectus Rules.

3. Information on the Company

African Eagle is a diversified mineral exploration and development company operating in eastern and central Africa. The Company's principal advanced projects are the Dutwa nickel laterite discovery in Tanzania, where the Company completed a scoping study in June 2009, and its 49 per cent. interest in the Mkushi Copper Mines joint venture project in Zambia, for which a draft feasibility study was completed in Q4 2008.

African Eagle is evaluating a second promising nickel laterite deposit at Zanzui in Tanzania and has defined a JORC gold resource estimated at half a million ounces at its Miyabi gold project in Tanzania. The Company holds a well-balanced portfolio of promising earlier stage gold, copper, platinum and uranium projects, including the Ndola and Mokambo projects in the Zambian Copperbelt and the Igurubi gold project in Tanzania.

Zambia, Tanzania and Mozambique, the sites of African Eagle's projects, are all countries which have highly prospective geology, relatively low above-ground risks and track records of successful major investments in the metals and minerals industries.

As noted above, in December 2008, African Eagle resolved to prioritise the Dutwa project, because the Board believes that, of all the Group's projects, it offered the greatest potential to add value. To take the other discoveries into production, African Eagle is seeking industry partners with records of successful mine development, by means of joint ventures, farm-ins, spin-outs or other mechanisms.

Further information on African Eagle and on the Group's projects is set out in Parts II and IV of this document and on the Company's website www.africaneagle.co.uk.

4. Details of the Placing

The Company has conditionally raised £1,232,180 before expenses through the proposed issue of the Placing Shares at the Placing Price. The expenses of the Placing are estimated to be approximately £166,000. The Placing Shares will represent approximately 12.66 per cent. of the Enlarged Share Capital (assuming no take up under the Offer) and approximately 10.36 per cent. of the Enlarged Share Capital (assuming maximum take up under the Offer), and in each case assuming that no options or warrants are exercised prior to Admission. The Placing Price represents a discount of approximately 20 per cent. to the closing mid-market price of 5 pence per Existing Ordinary Share on 17 July 2009, being the last dealing day prior to the publication of this document.

Pursuant to the terms of the Placing Agreement, Seymour Pierce as agent for the Company, has conditionally agreed to use reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price. The Placing Agreement is conditional upon, *inter alia*, Resolution 2 being duly passed at the General Meeting and AIM Admission of the Placing Shares becoming effective on or before 8.00 a.m. on 7 August 2009 (or such later date as the Company and Seymour Pierce may agree, but in any event no later than 21 August 2009). The Placing Agreement contains provisions entitling Seymour Pierce to terminate the Placing Agreement at any time prior to Admission in certain circumstances. If this right is

exercised, the Placing will not proceed. The Placing has not been underwritten and is not subject to clawback pursuant to the Offer. The Placing and the Offer are not inter-conditional.

The Placing Shares will be issued credited as fully paid and will rank *pari passu* in all respects with the Existing Ordinary Shares and the Offer Shares, including the right to receive all dividends and other distributions declared on or after the date on which they are issued. It is expected that CREST accounts will be credited on the day of Admission and that share certificates (where applicable) will be despatched within 14 days of AIM Admission.

Application will be made to the London Stock Exchange and the Johannesburg Stock Exchange for the Placing Shares to be admitted to trading on AIM and Alt^x respectively. It is expected that Admission will become effective and that dealings in the Placing Shares will commence on AIM at 8.00 a.m. on 7 August 2009 and on Alt^x at 9.00 a.m. on 11 August 2009.

Further details of the Placing Agreement are set out in paragraph 6 of Part IV of this document.

5. Details of the Offer

The Company considers it important that where reasonably practicable Shareholders have an opportunity to participate in the fundraising on equivalent terms and conditions to the Placing. Accordingly the Company is proposing to raise up to approximately £2,155,000 (before expenses) by way of the Offer.

The Offer has been structured such that the maximum amount that can be raised by the Company under the Offer will not exceed the sterling equivalent of €2.5 million. This maximum limit has been set to ensure that the Company is not required to produce an approved prospectus pursuant to section 85 of FSMA. The issue of a prospectus would considerably increase the costs of the fundraising and it would take much longer to complete, as any such prospectus would require the prior approval of the UKLA. Based on a £:€ exchange rate of 1.16, this means that the maximum amount which can be raised under the open offer is approximately £2,155,000.

On and subject to the terms and conditions of the Offer, the Company invites Eligible Shareholders to apply for the Offer Shares at the Placing Price.

In the event that the Offer is over subscribed the applications will be scaled back at the discretion of the Directors. In particular in the event that any Eligible Shareholder applies for a proportionately large number of Offer Shares compared to other applicants, that Eligible Shareholder's application will be scaled back so as to allow the smaller applicants to participate.

The Placing Price represents a discount of approximately 20 per cent. to the closing mid-market price of 5 pence per Existing Ordinary Share on 17 July 2009, being the last dealing day prior to the publication of this document.

Part V of this document, together with the accompanying Application Form, contains the terms and conditions of the Offer.

If an Eligible Shareholder does not wish to apply for Offer Shares he should not complete or return the Application Form.

Principal terms and conditions of the Offer

Eligible Shareholders may apply for, on and subject to the terms and conditions set out in Part V of this document and in the accompanying Application Form, any whole number of Offer Shares at the Placing Price subject to the minimum subscription set out below.

Applications must be for a minimum of £500 and thereafter in multiples of £100. Applicants may apply for any number of Offer Shares provided that an applicant's shareholding, when taken alone, or together with the shareholding of those of persons acting in concert (as defined in the City Code) with that applicant, must not exceed 29.9 per cent. of the Enlarged Share Capital.

The Offer Shares will, when issued and fully paid, rank *pari passu* in all respects with the Existing Ordinary Shares and the Placing Shares, including the right to receive all dividends and other distributions declared, made or paid after the date of their issue. The allotment and issue of the Offer Shares will be made upon and be subject to the terms and conditions set out in this document and in the Application Form. Eligible Shareholders will only be entitled to participate in the Offer in accordance with the procedure set out below in this letter, in Part V of this document and in the Application Form.

Application will be made to the London Stock Exchange and the Johannesburg Stock Exchange for the Offer Shares to be admitted to trading on AIM and Alt^x respectively. It is expected that Admission will become effective and that dealings in the Offer Shares will commence on AIM at 8.00 a.m. on 7 August 2009 and on Alt^x at 9.00 a.m. on 11 August 2009.

Conditions of the Offer

The Offer is subject to Resolution 1 being passed at the General Meeting.

Procedure for Application and Payment

Eligible Shareholders who hold their Ordinary Shares through a nominee and who wish to apply for Offer Shares must contact their nominee as such Eligible Shareholders will not be able to apply for Offer Shares directly using the Application Form.

Eligible Shareholders wishing to apply for Offer Shares in accordance with the terms of the Offer should complete the enclosed Application Form in accordance with the instructions on it and post it or (during normal business hours only) deliver it by hand, together with payment in full for the number of Offer Shares applied for, to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to arrive not later than 11.00 a.m. on 6 August 2009.

After this time, applications will not be accepted. Applications will be irrevocable and will not be acknowledged, and receipts will not be issued for amounts paid on applications. The Company reserves the right (but shall not be obliged) to treat any application not strictly complying with the terms and conditions of application or not accompanied by a power of attorney, if required, as nevertheless valid. **If you post your Application Form you are recommended to use first class post and to allow at least four working days for delivery.**

Eligible Shareholders who do not wish to apply for any Offer Shares under the Offer should not complete or return the Application Form.

Cheques or bankers' drafts should be made payable to "Capita Registrars Limited re: African Eagle Resources Offer for Subscription a/c" and crossed "A/C payee only". Cheques and bankers' drafts must be drawn in sterling on a bank or building society in the UK which is either a settlement member of the Cheques & Credit Clearing Company Limited or the CHAPS & Town Clearing Company Limited or a member of the Committee of Scottish or Belfast Clearing Houses or which has arranged for its cheques and bankers' drafts to be cleared through facilities provided for the members of either of those companies or committees and must bear the appropriate sorting code in the top right hand corner. **No application will be considered unless these requirements are fulfilled. Eurocheques will not be accepted.**

Cheques should be drawn on the personal account to which the Eligible Shareholder has sole or joint title to the funds. Third party cheques will not be accepted with the exception of bankers' drafts/building society cheques where the bank/building society has confirmed the name of the account holder on the back of the draft/cheque and has added their stamp. The account name must be the same as that of the applicant.

Cheques and bankers' drafts are liable to be presented for payment upon receipt and it is a term of the Offer that cheques will be honoured on first presentation. If cheques or bankers' drafts are presented for payment before the conditions of the Offer are fulfilled, the application monies will be kept in a separate bank account pending fulfilment of such conditions. If all the conditions of the Offer have not been fulfilled or (where appropriate) waived by 7 August 2009 (or such later date as the Company and its advisers may agree but in any event not later than 21 August 2009), application monies will be returned, without interest,

by crossed cheque in favour of the applicant(s) (at the applicant's risk) through the post as soon as is practicable after that date.

The instructions, notes and other terms set out in the Application Form constitute part of the terms of the Offer.

Overseas Shareholders

Overseas Shareholders should refer to Part V of this document which contains important information relevant to such persons.

Taxation

If you are in any doubt about your tax position, you should consult your independent professional adviser.

Further Information

Your attention is drawn to the Risk Factors relating to the Group set out in Part III of this document, the further information set out in Parts II and IV of this document and the terms and conditions of the Offer set out in Part V of this document and the Application Form.

6. Use of Proceeds

Subject to the Placing Agreement becoming unconditional and not being terminated in accordance with its terms, the Placing will raise approximately £1,232,180 before expenses payable by the Company. Assuming full subscription under the Offer, the Offer will raise a further £2,155,000 before expenses payable by the Company. The Company intends to use the net proceeds of the Placing and Offer (amounting to approximately £3,221,000, assuming full subscription under the Offer) to make a start on the feasibility study of the Dutwa nickel project and to fund the general working capital requirements of the Group.

Based on current forecasts, and as set out further in the third paragraph of the section entitled "Background to and Reasons for the Offer" in Part I of this document, the Directors believe that the Placing proceeds alone will be sufficient to make a start on the next stages of the Dutwa project and the Company's general working capital requirements for at least the next 12 months, even if no funds are raised under the Offer.

7. Shareholder approval

For the Offer and the Placing to proceed, Shareholder approval is required to:

- (a) give the Directors the authority to allot the Offer Shares by specifically dis-applying pre-emption rights in respect thereof; and
- (b) give the Directors the authority to allot the Placing Shares by specifically dis-applying pre-emption rights in respect thereof.

The General Meeting is to be held at 4.00 p.m. on 6 August 2009 at the Company's offices at 2nd Floor, 6-7 Queen Street, London EC4N 1SP, at which the Resolutions to enable, *inter alia*, the Offer and the Placing to take place will be proposed.

If the Offer and the Placing become unconditional (and the maximum amount is raised under the Offer), the proceeds thereof will provide the Company with funding of approximately £3,387,180 (£3,221,000 after expenses).

If both Resolutions 1 and 2 set out in the Notice of GM are not passed by Shareholders and/or the Offer and Placing do not become unconditional, then the Directors believe it is unlikely that the Group would be able to secure sufficient funding from other sources in the current economic climate to move forward with work leading to a feasibility study at the Dutwa project.

8. General Meeting

Notice of a GM to be held at 4.00 p.m. on 6 August 2009 at the Company's offices at 2nd Floor, 6-7 Queen Street, London EC4N 1SP, to approve the Resolutions for the above purposes, as well as a further resolution to dis-apply section 89 of the Act generally, is set out at the end of this document. The Placing is conditional upon Resolution 2 being passed and the Offer is conditional on Resolution 1 being passed in each case at the GM. If passed Resolution 3 would give the Directors authority to allot new shares equivalent to not more than £60,000.00 in nominal value, being 20 per cent. of the Enlarged Share Capital assuming full subscription under the Offer.

The Resolutions to be proposed are as follows:

Resolution 1

Resolution 1 is a special resolution which disapplies Shareholders' statutory pre-emption rights in relation to the issue of the Offer Shares. Unless revoked, varied or extended, such authority shall expire on the earlier of the date falling 15 months after the date of the resolution and the conclusion of the next annual general meeting of the Company.

If Resolution 1 is passed the Directors will be able to issue the Offer Shares as if section 89 of the Act did not apply to such allotment.

Resolution 2

Resolution 2 is a special resolution which disapplies Shareholders' statutory pre-emption rights in relation to the issue of the Placing Shares. Unless revoked, varied or extended, such authority shall expire on the earlier of the date falling 15 months after the date of the resolution and the conclusion of the next annual general meeting of the Company.

If Resolution 2 is passed the Directors will be able to issue the Placing Shares as if section 89 of the Act did not apply to such allotment.

The Placing and the Offer are not inter conditional so that either may proceed even if the other does not.

Resolution 3

Resolution 3 is a special resolution which dis-applies Shareholders' statutory pre-emption rights in relation to the allotment of equity securities for cash up to an aggregate nominal value of £60,000.00 (representing 20 per cent. of the Enlarged Share Capital, assuming full subscription under the Offer. Unless revoked, varied or extended, such authority shall expire on the earlier of the date falling 15 months after the date of the resolution and the conclusion of the next annual general meeting of the Company.

If Resolution 3 is passed the Directors will have authority to issue and allot shares for cash as if section 89 of the Act did not apply to such allotment, provided that it is within the limitations described in Resolution 3.

In accordance with section 95(5) of the Act, the proposed dis-application of pre-emption rights as detailed in Resolutions 1 and 2 will be necessary in order to carry out the Placing and the Offer and the Directors believe that Resolution 3 will give the Company the ability to issue a limited number of shares for cash to third parties should that be in the best interests of the Company although, following completion of the Placing and the Offer, they have no current plans to do so.

9. Action to be taken by Shareholders

In respect of the General Meeting

A Form of Proxy is enclosed with this document for use by Shareholders in connection with the GM. Whether or not Shareholders intend to be present at the GM, they are requested to complete, sign and return the enclosed Form of Proxy in accordance with the instructions printed thereon so as to arrive as soon as possible and in any event so as to be received by the Company at its registered office, 2nd Floor, 6-7 Queen Street, London EC4N 1SP or online through the web site of Capita Registrars www.capitashareportal.com, not later than 4.00 p.m. on 4 August 2009. The completion and return of the Form of Proxy will not preclude a Shareholder from attending the GM and voting in person should he wish

to do so. Shareholders who hold their shares through a nominee should instruct the nominee to submit the Form of Proxy on their behalf.

In respect of the Offer

Eligible Shareholders who wishing to participate in the Offer should carefully read the Application Form and the accompanying instructions and send the Application Form along with the appropriate remittance to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham Kent BR3 4TU by no later than the Closing Date.

10. Recommendation

The Directors consider that the Placing, the Offer and the Resolutions will promote the success of the Company for the benefit of its Shareholders as a whole. Accordingly, the Directors unanimously recommend that you vote in favour of the Resolutions as set out in the Notice of GM, as they intend so to do in respect of their own beneficial holdings (which amount in aggregate to 12,636,688 Ordinary Shares, representing approximately 5.95 per cent. of the Existing Ordinary Shares).

The Directors have participated in the Placing by subscribing for, in aggregate 1,222,500 Placing Shares and senior managers have subscribed for an additional 269,500 Placing Shares.

As all of the Directors are participating in the Placing and thus there are no independent Directors, Seymour Pierce, the Company's nominated adviser, has reviewed the terms on which the Directors are participating in the Placing and on the grounds that they are participating on the same terms as all of the other placees, consider such terms to be fair and reasonable insofar as shareholders are concerned.

11. Further Information

Your attention is drawn to the Risk Factors relating to the Group set out in Part III of this document, the additional information set out in Parts II and IV of this document and the terms and conditions of the Offer set out in Part V of this document and the Application Form.

Yours faithfully

John Gordon Park

Chairman, for and on behalf of
African Eagle Resources PLC

PART II

THE GROUP'S PROJECTS

Dutwa Nickel Project

African Eagle has discovered a significant nickel laterite deposit within the Dutwa project area in the Lake Victoria Goldfield. Within Tanzania, the project is favourably situated 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.

Since the discovery of the Dutwa nickel deposit in June 2008, African Eagle has explored the project very quickly and cost-effectively, including resource drilling and an independent resource estimate; laboratory metallurgical and mineralogical tests which revealed that the deposit could be processed efficiently by sulphuric acid leaching.

Scoping Study by GRD Minproc

On 24 June 2009, the Company announced the results of its "proof of concept" scoping study. The study, by GRD Minproc indicated that the project can be economically viable, and African Eagle has now begun work on detailed feasibility studies.

For the study, GRD Minproc reviewed information provided by African Eagle relating to the geology, resources, setting, mineralogy and metallurgy of the deposit, and the infrastructure in Tanzania and neighbouring countries, combining this information with its own internal data and experience, to develop and calculate the economics of ten alternative mining and process plant options. Costs were estimated in US dollars, to an accuracy of ± 30 per cent. The economic modelling was an iterative process, feeding back into the mining plans and the process designs.

GRD Minproc used Whittle mine modelling to optimise the mining plan and cut-off grade for each process option, based on the deposit model and JORC compliant resource of 31 million tonnes at 1.1 per cent. nickel and 0.034 per cent. cobalt produced by SRK Consulting (UK) Limited in November 2008, plus a 50 per cent. upside, to take into account the nearby Ngasamo laterite, which added a potential 15 million tonnes.

The study showed that the optimum process option is likely to be atmospheric tank leach, but the project may also be viable using heap leaching. High-pressure acid leach with direct solvent extraction of the nickel is also potentially economically feasible.

The financial modelling showed that at a nickel price of \$7/lb, the project can be expected to generate a net cash-flow (EBIT) of US\$ 53 million to US\$130 million per year over a mine life of 14 to 21 years, depending on the processing method. The detailed results are set out in the table below.

The study also shows a good investment case for the project, with a post-tax internal rate of return (IRR) of 15 per cent. and a net present value (NPV) of US\$110 million, using a discount rate of 10 per cent., a US\$7/lb nickel price, with the best processing option (AL/MSP). The pre-tax NPV is US\$200 million.

The cost of reagents, especially sulphur and lime, will be a major component of operating costs and sensitivity analysis shows that returns can be considerably increased if these costs can be minimised. Also, as anticipated, transport costs will form a significant contribution to operating costs and the Company will investigate ways to minimise them. The base case used transport costs of US\$0.08 per tonne per km; the NPV rises to \$209 million (post-tax) or US\$354 million (pre-tax) and the IRR increases to 15.5 per cent. if the transport costs can be reduced by 25 per cent. and an 8 per cent. discount rate is used. The Company is confident it can reduce the base case transport costs of US\$0.08 per tonne per km.

The study demonstrated that a feasibility study is now justified and the Company has commenced work on this. The initial work will be directed towards investigating ways to reduce costs and increase revenues, together with drilling the adjacent Ngasamo deposit, improving the resource model and refining the metallurgical information. A start has already been made on the additional metallurgical test work at Mintek Laboratories in South Africa, including column and tank leach tests, sizing analysis and physical test work to establish more definitively the optimum processing routes. The resource definition drilling of the Ngasamo laterite deposit is planned to commence in August 2009.

TABLE: Key parameters for base case economic models

<i>Processing option</i>		<i>AL/MSP</i>	<i>AL/MHP</i>	<i>HP/DSX/EW</i>	<i>HL/MHP</i>	<i>HL/MSP</i>
Capital cost	\$M	430	430	800	390	410
Capital cost	\$/lb	9.9	9.9	18	8.8	9.2
Annual cost	\$M/yr	140	120	150	130	150
Operating cost	\$/lb	3.10	2.80	3.90	3.00	3.30
Mine life	yr	18	19	21	14	14
Ni produced	t/yr	18,000	18,000	19,000	17,000	16,000
Ni over life	t	320,000	330,000	410,000	240,000	230,000
Average EBIT	\$M/yr	83	75	130	63	53
Pre-tax IRR	%	17	16	14	12	8.1
Post-tax IRR	%	15	13	11	9.7	6.7
Pre-tax NPV	\$M	200	163	210	34	-40
Post-tax NPV	\$M	110	81	72	-6.0	-63

Base case:

Nickel price = US\$ 7/lb (\$15,430/tonne)
Discount rate = 10 per cent.
Transport cost = US\$100/tonne (8¢/tonne/km)
Tax rate = 30 per cent., fiscal incentives not accounted
Royalty = 3 per cent.

The financial modelling was conducted in US dollars
with an estimated accuracy of ±30 per cent.

All numbers given to 2 significant digits

Abbreviations:

AL = Atmospheric pressure tank leach
HL = Heap leach
HP = High pressure leach
MSP = Mixed sulphide product
MHP = Mixed hydroxide product
DSX = Direct solvent extraction
EW = Electrowinning
DR = Discount rate
EBIT = Earnings before interest and tax

Dutwa Project Background

African Eagle acquired the Dutwa project for its gold potential, but the Company's exploration team quickly recognised that there was significant nickel laterite potential. There is very little outcrop, so the Company conducted extensive ground magnetic surveys to reveal the underlying structure and geology. The Company also compiled historical data, including detailed geological maps and trench results dating from 1956, when rock chip samples from the trenches over the ultramafic rocks were reported as yielding up to 1.9 per cent. nickel and 10 per cent. chromium.

In all, African Eagle has explored a total area of more than 750km² in the Dutwa project area. The Company holds a 90 per cent. interest, with an option to acquire a total of 100 per cent., over the Dutwa laterite deposit itself. In April 2009, African Eagle signed a Letter of Intent for an option and joint venture over another nickel laterite at Ngasamo, 5km west of the Dutwa deposit.

Greenstones and granites underlie the project area. The greenstones, of Archaean Nyanzian age, are mostly metamorphosed volcanic and sedimentary rocks, with some banded iron formation in the east. Several large ultramafic bodies occur within the greenstones and the nickel laterites form a blanket up to 60m thick on top of these.

To investigate the nickel discovery, the Company undertook trial drilling in June 2008. The results were very encouraging and a 139-hole reverse circulation (RC) drilling programme was completed to delineate the resource. African Eagle also undertook a 10-hole diamond drill programme to obtain core samples for metallurgical testing and density measurements.

In November 2008, African Eagle announced an initial Inferred Mineral Resource estimate of 31 million tonnes at an average grade of 1.1 per cent. nickel and 0.034 per cent. cobalt. At a cut-off grade of 0.5 per cent. nickel, this gives Dutwa a contained metal endowment of some 340,000 tonnes of nickel and 11,000 tonnes of cobalt. The estimate was prepared by independent consultants SRK Consulting (UK) Ltd in line with the Australasian Code for Reporting of Mineral Resources and Ore Reserves (the JORC Code). Additional drilling and more advanced geostatistics and deposit modelling will be needed to upgrade the resource to Indicated category.

Ngasamo Hill, 5km west of the Dutwa deposit, is geologically very similar and holds a laterite deposit of the order of 15 to 20 million tonnes, which would increase the global resource at Dutwa from the currently

defined 31 million tonnes at 1.1 per cent. nickel, to some 45 - 50 million tonnes. Drilling and metallurgical tests will be needed to confirm the size, grade and compatibility of Ngasamo. Under its agreement with Ngasamo's owners, (Safina a.s. of the Czech Republic and its Tanzanian subsidiary Precious Metals Refinery Company Ltd), African Eagle can earn an interest of at least 50 per cent. and up to 75 per cent. by completing a feasibility study.

Mintek Laboratories in Johannesburg investigated the mineralogy and metallurgy of mineralised drill samples from the Dutwa deposit, including extended 'bottle roll' sulphuric acid leach tests to investigate metal recoveries and acid consumption. Mintek also carried out mineralogical characterisation by X-ray diffraction (XRD), scanning electron microscopy (SEM) and polished section work.

The bottle roll test results showed nickel extractions of 70-90 per cent. with an average of 83 per cent. Cobalt extractions were mostly in the range 70 to 85 per cent. The acid consumptions, averaging 209kg/t, are very low compared to other nickel laterite ores worldwide.

The mineralogical investigations show that the laterite is extremely silica-rich, with low iron and magnesium content, indicating that Dutwa is not a typical nickel laterite deposit. Mintek believes that much of the nickel and cobalt occurs in "wad" with manganese content of 20-60 per cent., nickel content of up to 20 per cent. and cobalt content of up to 10 per cent.

The unusual mineralogy of the deposit is highly beneficial, as it results in lower acid consumption and is expected to give good heap leach permeability or favourable liquid-solid separation in tank leaching. The concentration of nickel and cobalt in the manganese wad offers the possibility that mechanical selection of high-grade material may allow reduced throughput and hence a lower cost processing plant.

The Company is also investigating other potential nickel laterite deposits in Tanzania, and has completed a trial programme of RC drilling to test a laterite at its Zanzui project, 60km to the south of Dutwa. Results included 42m at 1.05 per cent. nickel (including 6m at 2.80 per cent.) and 33m at 0.91 per cent. nickel (including 9m at 1.41 per cent.).

Other Projects

Parallel development of multiple exploration projects using the Company's own funds has become unsustainable in the post-downturn climate. African Eagle is therefore seeking partners to progress the Group's other projects. The Company is considering all options including joint venture, farm-out, spin off, or even an outright sale.

Mkushi Copper Mines

The Company has a 49 per cent. interest in the Mkushi project, in Zambia. In October 2008 the Company's partner at the Mkushi project, CGA Mining Ltd of Australia ("CGA") completed a feasibility study. At that time, copper prices were collapsing and African Eagle and CGA therefore agreed to defer any development decision until prices recovered. It was also agreed to investigate modifications to the mining and processing parameters and to explore for additional resources in order to bring the project back to viability. Tenure of the project area is secure for the immediate future, under a 25 year Mining Licence.

The copper price has recovered somewhat and a helicopter electromagnetic survey (VTEM) is now underway to search for additional resources, down to a depth of 500m. With delineation of extra resources, together with higher copper prices and changes in the mining and processing plans, the Directors believe that the project may revert to viability.

Miyabi Gold Project

African Eagle's geologists have completed a thorough review of the data from Miyabi, Tanzania including the results of an exploration programme conducted under option by Randgold Resources, which included 20 diamond drill holes along two fence lines across the Miyabi Corridor. Although Randgold's drilling was designed to provide geological and structural context rather than to augment the current resource, the results highlighted the potential to add to the resource. Two of the drill holes, over an induced polarisation geophysical anomaly near the granite-greenstone contact, intersected elevated gold values.

The Company continues to believe that there is good potential to define at least 1.0 million ounces at Miyabi, as many targets within the Corridor have yet to be drilled.

Copperbelt projects

The Group made excellent progress during 2008 at Ndola and Mokambo in the Zambian Copperbelt, generating a number of drill ready targets at Ndola and receiving promising results including 2.44 per cent. copper over 15m and 2.47 per cent. copper over 12m from the Group's 3,000 metre diamond drilling programme at Mokambo.

Igurubi Gold Project

African Eagle's geologists have reviewed in detail the exploration data from its Igurubi gold project in Tanzania. Although the drill data are not detailed enough to support a formal resource estimate, deposit modelling gave strong indications of the potential for least 700,000 gold ounces. It also showed exactly where confirmation drilling is required.

IOCG projects

African Eagle's iron-oxide-copper-gold targets at Sasare (Eagle Eye) and Lunga were "on hold" during 2008 because of administrative issues in Zambia. These are now resolved and the Group is again seeking partners to progress the projects. African Eagle's interest in these projects now consists of 49.9 per cent. holdings in Kujima Mining & Exploration Limited, which holds the mineral rights.

Uranium projects

African Eagle's uranium assets include calcrete and playa type deposits in Neogene to recent sediments, sandstone hosted deposits of Karoo and Cretaceous ages and vein deposits in crystalline basement rocks, in Tanzania, Zambia and Mozambique. Work on the Sena project in the Lower Zambezi Basin of Mozambique has identified promising radon anomalies.

The Company is investigating alternative ways to develop these holdings, in order to maximise shareholder benefit, including exploring them in-house, joint venturing, vending them into a uranium specialist company, or developing them in a new listed subsidiary.

PART III

RISK FACTORS

ALL THE INFORMATION SET OUT IN THIS DOCUMENT SHOULD BE CAREFULLY CONSIDERED, IN PARTICULAR THE ATTENTION OF PROSPECTIVE INVESTORS AND SHAREHOLDERS IS DRAWN TO THE RISKS DESCRIBED BELOW. THE ORDINARY SHARES SHOULD BE REGARDED AS A SPECULATIVE INVESTMENT AND AN INVESTMENT IN ORDINARY SHARES SHOULD ONLY BE MADE BY THOSE WITH THE NECESSARY EXPERTISE TO FULLY EVALUATE THE INVESTMENT. INVESTMENTS MAY FALL AS WELL AS RISE IN VALUE. THE DIRECTORS BELIEVE THAT THE FOLLOWING RISKS SHOULD BE CONSIDERED CAREFULLY BY INVESTORS BEFORE ACQUIRING ORDINARY SHARES. PROSPECTIVE INVESTORS ARE ADVISED TO CONSULT AN INDEPENDENT ADVISER AUTHORISED UNDER FSMA.

If any of the following risks actually materialise, the Group's business, financial condition, and prospects could be materially and adversely affected to the detriment of the Company and its shareholders. In that case, the market price and liquidity of Ordinary Shares could decline and all or part of an investment in the Ordinary Shares could be lost.

The Directors consider the following risks to be material, but the risks listed do not necessarily comprise all those associated with an investment in the Company and the Ordinary Shares. There may be additional risks that the Directors do not currently consider to be material or of which the Directors are not currently aware. No inference ought to be drawn as to the relative importance, or the likelihood of the occurrence, of any of the following risks by reference to the order in which they appear.

RISKS SPECIFIC TO THE GROUP

Exploration and development risk

The Company is engaged in the exploration of mineral properties, an inherently risky business, and there is no assurance that an economically viable mineral deposit will be discovered. In fact most exploration projects do not result in the discovery or development of commercially mineable ore deposits.

Reserve and resource estimates

The estimation of mineral resources and reserves is in part an interpretative process and the accuracy of any such estimates is a function of the quality of available data, and of engineering and geological interpretation and judgement. No assurances can be given that the volume and grade of reserves recovered, and rates of production achieved, will not be less than anticipated. The Company contracts the services of independent professional experts to prepare resource and reserve estimates.

Political risk

Political risk is the risk that assets will be lost through expropriation, unrest or war. African Eagle seeks to minimise political risk by operating in countries with relatively stable political systems, established fiscal and mining codes and a respect for the rule of law but there can be no guarantee that the Group will not be adversely affected by political risk.

Commodity risk

Commodity risk is the risk that the price earned for minerals will fall to a point where it becomes uneconomic to extract them from the ground. The principal metals in African Eagle's portfolio are nickel, gold and copper. The prices of these metals are affected by numerous factors totally beyond the control of the Company, including producer hedging activities, demand, political and economic conditions and production levels. During 2008 the price of commodities including copper and nickel fell significantly on world markets. The lower copper price affected the economic viability of some of the Group's projects. Future commodity prices may go down as well as up.

Liquidity risk

Liquidity risk is the risk of running out of working and investment capital. African Eagle's goal is to finance its exploration activities with cash flow from operations, but in the absence of such cash flow, the Group relies on the issue of equity share capital, joint venture and option agreements to finance its activities. There can be no assurance that adequate funding will be available when required to finance the Group's activities.

Currency risk

Fluctuations in currency exchange risks can significantly impact cash flows. The Group finances its overseas operations by transferring US dollars from the UK to meet local operating costs in its African subsidiaries.

Because the primary market for the Ordinary Shares and the underlying business of the Company are in a currency other than Euro, investors from countries whose currency is the Euro are reminded that changes in exchange rates may also have an adverse effect on the value, price or income of the Ordinary Shares.

Changes in legislation

Exploration activities are subject to local laws and regulations governing prospecting, development, production, exports, taxes, labour standards, occupational health and safety, mine safety and other matters. Such laws and regulations are subject to change and can become more stringent, and compliance can therefore become more costly. The Group applies the expertise of its management, its advisors, its employees and contractors to ensure compliance with current laws.

Environmental protection

The Group's exploration and development activities are subject to extensive laws and regulations governing environmental protection. The Group is also subject to various reclamation-related requirements. A failure to comply with environmental laws and regulations may result in enforcement actions causing operations to cease or be curtailed, the imposition of fines and penalties, and may include corrective measures requiring significant capital expenditures. In addition, certain types of operations require the submission and approval of environmental impact assessments.

Title to mineral properties

While the Company has undertaken all the customary due diligence in the verification of title to its mineral properties, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfers and title may be affected by undetected defects.

RISKS RELATING TO THE COMPANY'S SHARES

Value of Ordinary Shares and liquidity

It is likely that the Company's share price will fluctuate and may not always accurately reflect the underlying value of the Group's business and assets. The price of the Ordinary Shares may go down as well as up and investors may realise less than the original sum invested. The price that investors may realise for their holdings of Ordinary Shares, if and when they are able to do so, may be influenced by a large number of factors, some of which are specific to the Group and others of which are extraneous. Such factors may include the possibility that the market for the Ordinary Shares is less liquid than for other equity securities and that the price of the Ordinary Shares is relatively volatile.

The Directors are unable to predict when and if substantial numbers of Ordinary Shares will be sold in the open market. Any such sales, or the perception that such sales might occur, could result in a material adverse effect on the market price of the Ordinary Shares.

Dividends

There can be no assurance as to the level of future dividends. The declaration, payment and amount of any future dividends of the Company are subject to the discretion of the Shareholders or, in the case of interim dividends, to the discretion of the Directors, and will depend upon, among other things, the Group's earnings, financial position, cash requirements, availability of profits, as well as provisions for relevant laws

or generally accepted accounting principles from time to time. For the time being the Company does not pay dividends and this is unlikely to change in the near future.

Suitability

An investment in the Company involves a high degree of risk and may not be suitable for all investors. Investors are reminded that the price at which they may realise their Ordinary Shares and the timing of any disposal of them may be influenced by a large number of factors, some specific to the Group and its proposed operations, some which may affect the sector in which the Group operates and some which relate to the operation of financial markets generally. These factors could include the performance of the Group's operations, large purchases or sales of shares in the Company, liquidity or absence of liquidity in the Ordinary Shares, legislative or regulatory changes relating to the business of the Group and general economic conditions.

GENERAL RISKS

Financial markets and global economic outlook

The performance of the Group will be influenced by global economic conditions and, in particular the conditions prevailing in the United Kingdom, Tanzania, Zambia, Mozambique and South Africa. The global economy has been experiencing difficulties during 2008 and 2009, with the oil and gas industry, in particular, being affected from the autumn of 2008 onwards. The financial markets have deteriorated dramatically in this period. This has led to unprecedented levels of illiquidity, resulting in the development of significant problems at a number of the world's largest commercial banks, investment banks and insurance companies and considerable downward pressure and volatility in share prices. In addition, recessionary conditions are present in the United Kingdom, as well as in other countries around the world. If these levels of market disruption and volatility continue, worsen or abate and then recur, the Company is likely to experience difficulty in securing debt finance, if required, to fund its long term development strategy. The Group may be exposed to increased counterparty risk as a result of business failures in the countries in which it operates and will continue to be exposed if counterparties fail or are unable to meet their obligations to the Group. The precise nature of all the risks and uncertainties the Group faces as a result of the current global financial crisis and global economic outlook cannot be predicted and many of these risks are outside of the Group's control.

Changes in tax and other legislation

The information in this document is based upon current tax and other legislation and any changes in legislation or in the levels and basis of, and reliefs from, taxation may affect the value of an investment in the Company. There can be no certainty that the current taxation regime in the UK and in Africa where the Company operates will remain in force or that the current levels of corporation taxation will remain unchanged. There can be no assurance that there will be no amendment to the existing taxation laws applicable to the Group's operations, which may have a material adverse effect on the financial position of the Group. Individual tax circumstances may differ from investor to investor and persons wanting to invest are advised to seek tax advice based upon their own circumstances.

Additional capital requirements

The Group will require additional capital in the future, which may not be available to it. Future financings to provide this capital may dilute Shareholders' proportionate ownership in the Company. The Company may raise capital in the future through public or private equity financings or by raising debt securities convertible into Ordinary Shares, or rights to acquire these securities. Any such issues may exclude the pre-emption rights pertaining to the then outstanding shares. If the Company raises significant amounts of capital by these or other means, it could cause dilution for the Company's existing Shareholders. Moreover, the further issue of Ordinary Shares could have a negative impact on the trading price and increase the volatility of the market price of the Ordinary Shares. The Company may also issue further Ordinary Shares, or create further options over Ordinary Shares, as part of its employee remuneration policy, which could in aggregate create a substantial dilution in the value of the Ordinary Shares and the proportion of the Company's share capital in which investors are interested.

Forward looking statements

Events in the past, or experience derived from these, or indeed present facts, beliefs or circumstances, or assumptions derived from any of these, do not predetermine the future. Hopes, aims, targets, plans or intentions contained in this document are no more than that and should not be construed as forecasts. This document contains certain forward-looking statements that are subject to certain risks and uncertainties, in particular statements regarding the Group's plans, goals and prospects. These statements and the assumptions that underpin them are based on the current expectations of the Directors and are subject to a number of factors, many of which are beyond their control. As a result, there can be no assurance that the actual performance of the Group will not differ materially from the matters described in this document.

Admission to trading on AIM

The Existing Ordinary Shares are, and the New Ordinary Shares will be, admitted to trading on AIM a market designed primarily for emerging or smaller companies to which a higher investment risk tends to be attached than to larger or more established companies. The Ordinary Shares will not be admitted to the Official List. An investment in AIM quoted shares may carry a higher risk than an investment in shares quoted on the Official List.

The investment described in this document is speculative and may not be suitable for all recipients of this document. Potential investors are accordingly advised to consult a person authorised under FSMA who specialises in advising in investments of this kind before making any investment decisions. A prospective investor should consider carefully whether an investment in the Company is suitable in the light of his/her personal circumstances and the financial resources available to him/her.

PART IV
ADDITIONAL INFORMATION

1. Responsibility

1.1 The Company and the Directors whose names appear on page 5 accept responsibility both collectively and individually for the information contained in this document. To the best of the knowledge and belief of the Company and the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. The Company

2.1 The Company was incorporated and registered as a public limited company in England and Wales under the Act on 19 January 2000, under the name Twigg Minerals plc, with registered number 3912362. On 29 August 2002 the Company resolved to change its name to African Eagle Resources plc and the change was registered on 6 September 2002. The liability of the members of the Company is limited.

2.2 The Company's registered office and principal place of business is 2nd Floor, 6-7 Queen Street London EC4N 1SP. The telephone number is +44 20 7248 6059.

2.3 On 2 March 2000 the Company was issued with a certificate to commence trading under Section 117 of the Act.

2.4 On 25 June 2003 the Ordinary Shares were admitted to trading on AIM and on 21 June 2007 the Ordinary Shares were admitted to trading on Altx.

2.5 The Company's principal objects and activities are to act as a general commercial company. The objects of the Company are set out in full in clause 4 of the Memorandum of Association.

2.6 The Company's accounting reference date is 31 December in each year. The Company's next accounting reference period will end on 31 December 2009.

2.7 The ISIN number of the Ordinary Shares is GB0003394813.

2.8 The principal legislation under which the Company operates is the Act (as amended, and so far as it remains in force), the 2006 Act (to the extent in force) and the regulations made respectively thereunder.

2.9 The Company's principal activity is that of mineral exploration and development.

2.10 The Company has the following direct and indirect subsidiaries:

<i>Name and Company Number</i>	<i>Date of incorporation</i>	<i>Place of incorporation</i>	<i>Percentage interest held</i>
Twigg Resources Limited (3280736)	9 November 1996	England & Wales	100 per cent. by the Company
Twigg Minerals Limited (4500824)	1 August 2002	England & Wales	100 per cent. by the Company (Dormant)
Twigg Gold Limited (34750)	2 September 1998	Tanzania	90 per cent. by Twigg Resources Limited and 10 per cent. by the Company
Twigg Minerals Limited (34751)	2 September 1998	Tanzania	90 per cent. by Twigg Resources Limited and 10 per cent. by the Company

<i>Name and Company Number</i>	<i>Date of incorporation</i>	<i>Place of incorporation</i>	<i>Percentage interest held</i>
Katanga Resources Limited (38809)	14 August 1997	Zambia	99 per cent. by Twigg Resources Limited and 1 per cent. by the Company
Twigg Exploration & Mining Limitada	16 August 2006	Mozambique	98 per cent. by Twigg Resources Limited and 2 per cent. by the Company

3. Share capital

3.1 The Company's shares are in registered form and are capable of transfer in both certificated form and uncertificated form. The register of members of the Company is maintained by the Registrars at Capita Registrars Limited, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU.

3.2 The current authorised share capital of the Company is £6,000,000 divided into 600,000,000 Ordinary Shares of nominal value 1p each.

3.3 The current issued share capital of the Company is 212,540,128 Ordinary Shares all of which are fully paid.

3.4 With the exception of outstanding options and warrants over a total of 12,898,000 Ordinary Shares (representing 4.34 per cent. of the fully diluted Enlarged Share Capital (assuming full take up under the Offer and 5.30 per cent. assuming no take up under the Offer) there are no Ordinary Shares under option.

3.5 On 18 June 2009 a resolution of the members in the following terms was passed:

"THAT the Directors be generally and unconditionally authorised for the purposes of Section 80 of the Companies Act 1985 (the "Act") to exercise all powers of the Company to allot relevant securities (within the meaning of Section 80(2) of the Act), up to an aggregate nominal amount of the authorised but unissued share capital of the Company. The authority will expire on the date of the Company's next Annual General Meeting (or if sooner the expiry of 15 months after the passing of this resolution) except as regards an allotment made pursuant to an offer or agreement made by the Company before such date, such authority to be in substitution for all existing authorities granted to the Directors in respect of the allotment of relevant securities."

3.6 The Placing and Offer (assuming full subscription under the Offer) will result in the issue of 30,804,500 Placing Shares and up to 53,875,000 Offer Shares. The Company's authorised and issued share capital as at the date of this document is, and (assuming full subscription under the Offer) immediately following Admission will be:

	<i>As at the date of this document</i>		<i>Immediately following Admission</i>	
	<i>Amount (£)</i>	<i>Number of Ordinary Shares</i>	<i>Amount (£)</i>	<i>Number of Ordinary Shares</i>
Authorised	6,000,000	600,000,000	6,000,000	600,000,000
Issued	2,125,401.28	212,540,128	2,972,196	297,219,628

3.7 No share or loan capital of the Company, has since 31 December 2008 (being the date of the last audited accounts), been issued or agreed to be issued or is now (other than the New Ordinary Shares proposed to be issued in respect of the Placing and the Offer) proposed to be issued fully or partly paid either for cash or a consideration other than cash and no discounts or other special terms have been granted by the Company during such period in connection with the sale or issue of any share or loan capital of the Company.

- 3.8 Save as mentioned in this paragraph 3 or otherwise described in this document:
- 3.8.1 no unissued share or loan capital of the Company or its subsidiary is under option or is agreed conditionally or unconditionally to be put under option;
- 3.8.2 there are no shares in the capital of the Company currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in force whereby future dividends are waived or agreed to be waived;
- 3.8.3 there are no outstanding convertible securities issued by the Company; and
- 3.8.4 no share capital or loan capital of the Company is in issue and so such issue is proposed.
- 3.9 There has been no material change in the capitalisation of the Company since 31 December 2008.
- 3.10 On Admission, assuming full subscription under the Offer, Shareholders who do not participate in the Offer will suffer an immediate dilution of 28.49 per cent. of their interests in the Company.
- 3.11 The Company's share capital consists solely of Ordinary Shares with equal voting rights (subject to the Articles). No major Shareholder of the Company has any different voting rights from the other Shareholders.

4. Directors' and other interests

- 4.1 The interests of each of the Directors in the share capital of the Company (all of which are beneficial unless otherwise stated) which have been or will be required to be notified to the Company pursuant to section 5.1 of the FSA's Disclosure and Transparency Rules or which will be required to be entered into the register maintained under the provisions of Section 808 of the 2006 Act (or which are interests of a person connected with a Director within the meaning of Sections 252 to 254 of the 2006 Act ("connected person")), which interests would be required to be disclosed pursuant to the FSA's Disclosure Rules and Transparency Rules, and the existence of which is known to the Directors or could with reasonable diligence be ascertained by them as at 17 July 2009 (being the last date practicable prior to the publication of this document) and are expected to be at Admission, are as set out below:

4.1.1. Ordinary Shares

<i>Director</i>	<i>As at 17 July 2009</i>		<i>As at Admission*</i>		<i>Percentage of Enlarged Share Capital (assuming full subscription under the Offer)</i>	<i>Percentage of Enlarged Share Capital (assuming no subscription under the Offer)</i>
	<i>Number of Ordinary Shares held</i>	<i>Percentage of Share Capital</i>	<i>Number of Ordinary Shares held</i>	<i>Percentage of Enlarged Share Capital (assuming full subscription under the Offer)</i>		
John Park	6,676,801	3.14%	6,926,801	2.33%	2.85%	
Euan Worthington	810,000	0.38%	1,060,000	0.36%	0.44%	
Mark Parker	3,496,357	1.65%	3,808,857	1.28%	1.57%	
Christopher Davies	794,230	0.37%	946,730	0.32%	0.39%	
Bevan Metcalf	70,000	0.03%	207,500	0.07%	0.09%	
Geoffrey Cooper	789,300	0.37%	909,300	0.31%	0.37%	

(*Assuming no outstanding warrants or options are exercised)

4.1.2. Share Options

<i>Director</i>	<i>As at 17 July 2009</i>	<i>As at Admission*</i>	
	<i>Number of Ordinary Shares over which options have been granted</i>	<i>Percentage of Enlarged Share Capital represented by the options (assuming full subscription under the Offer)</i>	<i>Percentage of Enlarged Share Capital represented by the options (assuming no subscription under the Offer)</i>
John Park	1,095,000	0.37%	0.45%
Euan Worthington	918,000	0.31%	0.38%
Mark Parker	1,208,000	0.41%	0.50%
Christopher Davies	1,208,000	0.41%	0.50%
Bevan Metcalf	1,031,000	0.35%	0.42%
Geoffrey Cooper	886,000	0.30%	0.36%

(*Assuming no other outstanding warrants or options are exercised)

Each option is exercisable at 6.5 pence per Ordinary Share during the period starting on 14 May 2010 and ending on 14 May 2014.

- 4.2 Save as disclosed above, at the date of this document, no Director, or any connected person, has any interest, beneficial or otherwise, in the share or loan capital of the Group.
- 4.3 No loan or guarantee has been granted or provided to or for the benefit of any Director by the Group.
- 4.4 The Company and the Directors are not aware of any arrangements, the operation of which may at a subsequent date result in a change of control of the Company.
- 4.5 Other than the holdings of the Directors and connected persons which are set out at paragraph 4.1 of this Part IV and as set out below, the Directors are not aware of any person, other than the Directors and their immediate families, who as at 30 June 2009 (being the latest practicable date prior to publication of this document) and immediately following Admission will, directly or indirectly, be interested in 3 per cent. or more of the voting rights of the Company or who, directly or indirectly, jointly or severally exercise or could exercise control over the Company, or whose interest is notifiable under the Disclosure and Transparency Rules or otherwise in the UK.

<i>Name</i>	<i>As at 30 June 2009*</i>		<i>As at Admission**</i>		
	<i>Number of Existing Ordinary Shares held</i>	<i>Percentage of all Existing Ordinary Shares</i>	<i>Number of Ordinary Shares held</i>	<i>Percentage of Enlarged Share Capital (assuming full subscription under the Offer)†</i>	<i>Percentage of Enlarged Share Capital (assuming no subscription under the Offer)†</i>
JP Morgan Asset Management	15,906,461	7.48%	24,156,461	8.13%	9.93%
Phelps Dodge	10,105,047	4.75%	10,105,047	3.40%	4.16%
TWP Finance	9,515,499	4.48%	9,515,499	3.20%	3.91%
Merck Finck	6,752,300	3.18%	6,752,300	2.27%	2.77%

(* Last practicable date for which information is available)

(** Assuming no outstanding warrants or options are exercised)

(† but no subscription pursuant to the Offer by this shareholder)

- 4.6 Save for the options that have been granted to the Directors detailed in paragraph 4.1.2 of this Part IV, the Directors receive no Ordinary Shares or options over Ordinary Shares in lieu of remuneration or as any form of compensation.

- 4.7 None of the Directors has any contractual or other right to receive any bonus from the Company and there is no arrangement under which any Director has waived or agreed to waive future emoluments.
- 4.8 No Director has any accrued pension benefits.

5. Litigation

Neither the Company nor its subsidiary is, nor has either of them been engaged in the previous 12 months, in any governmental, legal or arbitration proceedings which may have, or have had, any significant effect on the Group's financial position or profitability nor, so far as the Company is aware, are there any such proceedings pending or threatened by or against the Company or its subsidiary.

6. Placing Agreement

Pursuant to the Placing Agreement, Seymour Pierce has agreed, as agent for the Company, to use its reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price. Under the Placing Agreement:

- 6.1 the Company has agreed to pay to Seymour Pierce:
- (a) a corporate finance fee of £25,000; and
 - (b) a commission of five per cent. of the Placing proceeds actually received by Seymour Pierce in respect of the Placing Shares;
- together in each case with VAT where applicable.
- 6.2 the Company has agreed to pay all costs and expenses of the Placing and the Offer and related arrangements (plus any applicable VAT); and
- 6.3 the Company has given certain customary warranties and indemnities as to the accuracy of the information in this document and as to other matters in relation to the Company.

7. Related party transactions

Save as disclosed in this document or in the Accounts there are no, and nor are there contemplated, any related party transactions to which the Company was or will be a party.

8. Material contracts

Save for the following contracts (not being contracts entered into in the ordinary course of business) the Group has not, since the date of the Accounts, entered into any contract which is or may be material or any other contract (not being a contract entered into in the ordinary course of business) which contains any provision under which the Company or its subsidiary has any obligation or entitlements which are material to it at the date of this document:

- 8.1 the Placing Agreement, further details of which are contained in paragraph 6 of this Part IV.
- 8.2 a letter of Engagement dated 20 July 2009 between the Company and Seymour Pierce under which Seymour Pierce agreed to act as agent for the Company in connection with the Placing.
- 8.3 an agreement dated 20 July 2009 between the Company and Capita Registrars under which Capita Registrars agreed to act as receiving agent in connection with the Offer.

9. General

- 9.1 Seymour Pierce has given and not withdrawn its written consent to the inclusion in this document of its name and the references thereto in the form and context in which they appear.
- 9.2 Seymour Pierce is registered in England and Wales under number 02104188 and its registered Office is at 20 Old Bailey, London EC4M 7EN.

- 9.3 The Company is not aware of the existence of any takeover bid pursuant to the rules of the City Code, or any circumstances which may give rise to any takeover bid, and the Company is not aware of any public takeover bid by third parties for the Ordinary Shares.
- 9.4 Save as disclosed in this document, there are no employee incentive arrangements involving a share in the capital of the Company in place at the date of this document.
- 9.5 The Placing Price represents a premium of 3 pence over the nominal value of one pence per Ordinary Share. The premium arising on the Placing and the Offer, assuming full subscription under the Offer, amounts to approximately £2,540,385 in aggregate and, assuming no subscription under the Offer, amounts to approximately £924,135 in aggregate.
- 9.6 The total amount of the expenses (excluding commissions) of the Proposals is estimated at £109,000 which is payable out of the proceeds of the Placing and Offer.
- 9.7 The Ordinary Shares are in registered form. No temporary documents of title will be issued.
- 9.8 Information sourced from a third party has been accurately reproduced and, as far as the Company is aware and is able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

Dated: 20 July 2009

PART V

TERMS AND CONDITIONS OF THE OFFER

Procedure for Application and Payment

Eligible Investors wishing to apply for any Offer Shares in accordance with the terms of the Offer should complete the enclosed Application Form in accordance with the instructions on it and post it or (during normal business hours only) deliver it by hand, together with payment in full for the number of Offer Shares applied for, to Capita Registrars, Corporate Actions, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to arrive not later than 11.00 a.m. on 6 August 2009. After this time, applications will not be accepted.

Applications will be irrevocable and will not be acknowledged and receipts will not be issued for amounts paid on applications. Capita Registrars and the Company reserve the right (but shall not be obliged) to treat any application not strictly complying with the terms and conditions of application or not accompanied by a power of attorney, if required, as nevertheless valid. **If you post your Application Form you are recommended to use first class post and to allow at least four working days for delivery.**

Cheques or bankers' drafts should be made payable to "Capita Registrars Limited re: African Eagle Resources Offer for Subscription a/c" and crossed "A/C payee only". Cheques and bankers' drafts must be drawn in Sterling on a bank or building society in the British Isles which is either a settlement member of the Cheques & Credit Clearing Company Limited or the CHAPS & Town Clearing Company Limited or a member of the Committee of Scottish or Belfast Clearing Houses or which has arranged for its cheques and bankers' drafts to be cleared through facilities provided for the members of either of those companies or committees and must bear the appropriate sorting code in the top right hand corner. **No application will be considered unless these requirements are fulfilled. Eurocheques will not be accepted.**

Cheques should be drawn on the personal account to which the Eligible Shareholder has sole or joint title to the funds. Third party cheques will not be accepted with the exception of bankers' drafts/building society cheques where the bank/building society has confirmed the name of the account holder on the back of the draft/cheque and has added their stamp. The account name must be the same as that of the applicant.

The instructions, notes and other terms set out in the Application Form constitute part of the terms of the Offer.

In the event that the Offer is over subscribed the applications will be scaled back at the discretion of the Directors provided that in the event that any Eligible Shareholder applies for a proportionately large number of Offer Shares compared to other applicants, that Eligible Shareholders application will be scaled back so as to allow the smaller applicants to participate.

Money Laundering Regulations

To ensure compliance with the Money Laundering Regulations 2007 (the "Regulations"), it is a term of the Offer that the Registrars may, at their absolute discretion, require verification of identity from any person completing an Application Form (the "Applicant") for more than a sterling equivalent of €15,000 and, without prejudice to the generality of the foregoing, in particular any person who either (i) tenders payment by way of a cheque or banker's draft drawn on an account in the name of any person or persons other than the Applicant or (ii) appears to Capita Registrars to be acting on behalf of some other person.

This may involve verification of the identity of any person on whose behalf the Applicant appears to be acting.

Lodging of an Application Form with the appropriate remittance constitutes a warranty by the Applicant that the Regulations will not be breached by the acceptance of the remittance and an undertaking to provide such evidence of identity at the time of lodging an Application Form or, in the absolute discretion of the Company, within a reasonable time thereafter (in each case to be determined at the absolute discretion of the Company and the Registrars) as may be required to ensure compliance with the Regulations.

If satisfactory evidence of identity has not been received by Capita Registrars Limited within a reasonable period of time, then the Application Form in question may be rejected, in which event the application will not proceed any further and the application monies (without interest) will be returned to the bank account on which the cheque was drawn at the Applicant's own risk.

Where possible Applicants should make payment by their own cheque. If a bankers' draft or building society cheque is used, the Applicant should:

- (a) write his/her name and address on the back of the draft or cheque and, in the case of an individual, record his/her date of birth against his/her name; and
- (b) ask the bank or building society to endorse on the reverse of the draft or cheque the full name and account number of the person whose account number is being debited and stamp such endorsement.

The above information is provided by way of guidance to reduce the likelihood of difficulties, delays and potential rejection of an Application Form (but without limiting Capita Registrars Limited's right to require verification of identity as indicated above).

Overseas Shareholders

The making of the Offer to persons who are resident in, or citizens of, countries other than the UK ("Overseas Shareholders") may be affected by the laws or regulatory requirements of the relevant jurisdictions. Such persons should satisfy themselves as to the full observance of such laws including obtaining any requisite governmental and other consents such that all requisite formalities are adhered to and they are advised to consult their professional advisers as to whether they require any governmental or other consents or need to observe any applicable legal requirements to enable them to apply for Offer Shares.

Only Eligible Shareholders may apply for Offer Shares and in particular no other person, and in particular no person receiving a copy of this document or the Application Form in any Excluded Territory may treat the same as constituting an offer or invitation to him/her nor should he/she in any event complete the Application Form unless, in the relevant territory, such an invitation or offer can lawfully be made to him/her or the Application Form can lawfully be completed without compliance with any unfulfilled registration or other legal requirements. Accordingly, persons receiving this document and Application Form should not send the same into any jurisdiction outside the EEA and in particular not into any Excluded Territory or any other jurisdiction where to do so would contravene local securities laws or regulations, and any copy of this document or the Application Form which is received in any such jurisdiction is sent for information only, is confidential and should not be copied or distributed.

The Company reserves the right to treat as invalid any application or purported application to subscribe for new Ordinary Shares pursuant to the Offer which appears to the Company or its agent to have been executed, effected or despatched in a manner which may involve a breach of the securities laws or regulations of any jurisdiction or which does not include the warranties set out in the Application Form.

Payment under an Application Form will constitute a representation and warranty that a person completing the same is not a North American Person (as defined below) or a resident of any other Excluded Territory and an agreement that such person will not offer to sell, directly or indirectly, any of the Offer Shares (or any rights in respect of such Offer Shares) in North America or any other Excluded Territory or for the benefit of any North American Person or a resident of any other Excluded Territory. In addition, completion of an Application Form will constitute a representation and warranty that the person in whose name registration is applied for is not a North American Person or a resident of any other Excluded Territory and that they do not hold and have not acquired the Offer Shares comprised in the Application Form for the account or benefit of a North American Person or a resident of any other Excluded Territory or with a view to the offer, sale or delivery, directly or indirectly, of any Offer Shares or any rights in respect of such Offer Shares in North America any other Excluded Territory or to a North American Person or a resident of any other Excluded Territory. If the latter representation and warranty cannot be made, the Offer Shares identified in the Application Form will be registered in the name of the original Shareholder named therein.

United States and Canada

The Offer Shares have not been and are not intended to be registered or qualified for sale under the Securities Act of 1933 (as amended) of the United States of America or for sale under the securities law of any province or territory of Canada and may not be offered, sold, renounced, transferred, delivered, assigned, exchanged or otherwise disposed of, directly or indirectly, in the United States of America or Canada (collectively “North America”) or to or for the account or benefit of any person who is a citizen or resident of North America or is a corporation, partnership or other entity created or organised in or under any law of the US or Canada (“a North American Person”).

Accordingly, unless otherwise determined by the Company and effected by the Company in a lawful manner, the Application Form will not be sent to Existing Shareholders with registered addresses in North America since to do so would require compliance with the relevant securities laws of North America. Applications from any such person will be deemed to be invalid. If an Application Form is received by any Shareholder whose registered address is elsewhere but who is in fact a North American Person or the agent of a North American Person, he/she should not seek to take up his/her allocation.

Australia

The Offer is not being made in the Commonwealth of Australia, its states, territories or possessions (“Australia”) nor will an Application Form or advertisement or other offering material in relation to the Offer or the Offer Shares be distributed directly or indirectly in Australia. The Offer Shares have not been and will not be available for purchase by any resident of Australia (including corporations and other entities organised under the laws of Australia but not including a permanent establishment of any such corporation or entity located outside Australia). Applications sent from or postmarked in Australia will be deemed to be invalid.

Japan

Shareholders who are resident in Japan should note that the Offer Shares have not been and will not be registered under the Securities and Exchange Law of Japan. Accordingly, the Offer Shares may not be offered, sold, transferred, taken-up or delivered in Japan and no application to subscribe for Offer Shares may be made under this document or the Application Form in Japan.

Republic of Ireland

The Offer made by or contained in this document to persons in the Republic of Ireland will be restricted to an offer of Offer Shares addressed to existing Shareholders of the Company as at the Record Date, of whom there are fewer than 100 in the Republic of Ireland. Accordingly, the Offer is an excluded offer within the meaning of Article 3.2 of Directive 2003/71/EC (the “Prospectus Directive”) and Regulation 9 of the Prospectus (Directive 2003/71/EC) Regulations 2005 (the “Regulations”). This documents has, therefore, not been prepared in accordance with the requirements of the Prospectus Directive or the Regulations nor has it been reviewed or approved, prior to its being issued, by any regulatory authority in the Republic of Ireland.

If any advice is given to residents of the Republic of Ireland in relation to the Offer by any intermediary, such intermediary should be authorised or exempted under the European Communities (Markets in Financial Instruments) Regulations, 2007, as amended.

Germany

The Offer made by or contained in this document to persons in Germany will be restricted to an offer of Offer Shares addressed to existing Shareholders of the Company as at the Record Date, of whom there are fewer than 100 in Germany. Accordingly, the Offer is an excluded offer within the meaning of Article 3.2 of Directive 2003/71/EC (the “Prospectus Directive”) and Regulation 9 of the Prospectus (Directive 2003/71/EC) Regulations 2005 (the “Regulations”) and within the meaning of § 3 2 of the German Prospectus Act (Wertpapierprospektgesetz). This document has, therefore, not been prepared in accordance with the requirements of the Prospectus Directive or the Regulations of the German Prospectus Act (Wertpapierprospektgesetz) nor has it been reviewed or approved, prior to its being issued, by any regulatory authority in Germany.

If any advice is given to residents of Germany in relation to the Offer by any intermediary, such intermediary should be authorised or exempted under the European Communities (Markets in Financial Instruments) Regulations, 2007, as amended.

South Africa

The Offer is not being made in the Republic of South Africa, its states, territories or possessions ("South Africa") nor will an Application Form or advertisement or other offering material in relation to the Offer or the Offer Shares be distributed directly or indirectly in South Africa. The Offer Shares have not been and will not be available for purchase by any resident of South Africa (including corporations and other entities organised under the laws of South Africa but not including a permanent establishment of any such corporation or entity located outside South Africa). Applications sent from or postmarked in South Africa will be deemed to be invalid.

The City Code

Applicants will be required to warrant that acceptance by them of their application for subscription under the Offer will not result in them and/or persons acting in concert with them obtaining an interest in greater than 29.9 per cent. of the total number of Ordinary Shares in issue following the Offer.

Admission, Settlement and Dealings

Application will be made for the admission of the New Ordinary Shares to trading on AIM. The result of the Offer is expected to be announced on or about 6 August 2009 and, subject to the Offer becoming unconditional in all respects, trading in the Offer Shares is anticipated to commence on AIM for normal settlement on 7 August 2009.

Application will be made for the admission of the New Ordinary Shares to trading on Alt^x. The result of the Offer is expected to be announced on or about 6 August 2009 and, subject to the Offer becoming unconditional in all respects, trading in the Offer Shares is anticipated to commence on Alt^x for normal settlement on 11 August 2009.

CREST

Application will be made for the New Ordinary Shares to be admitted to CREST with effect from AIM Admission and applicants for Offer Shares will be able to hold their Offer Shares in certificated or uncertificated form.

Notwithstanding any other provision of this document or of the Application Form, the Company reserves the right to allot and/or issue any Offer Shares in certificated form. In normal circumstances, this right is only likely to be exercised in the event of any interruption, failure or breakdown of CREST (or any part of CREST), or on the part of the facilities and/or systems operated by the Company's registrars in connection with CREST. This right may also be exercised if the correct details in respect of bona fide market claims (such as the Member Account ID and Participation ID details) are not provided as requested on the Application Form.

Eligible Shareholders who are CREST sponsored members should refer to their CREST sponsor regarding the action to be taken in connection with this document and the Offer.

For more information as to the procedure for application in each case, Eligible Shareholders are referred to the Application Form.

AFRICAN EAGLE RESOURCES PLC

(Registered in England and Wales under the Companies Act 1985, number 3912362)

NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of African Eagle Resources plc (the "Company") will be held at 2nd Floor, 6-7 Queen Street, London EC4N 1SP, UK on 6 August 2009 at 4.00 p.m. to consider and, if thought fit, pass the following resolutions as special resolutions:

SPECIAL RESOLUTIONS

Resolution 1

THAT, the Directors be and they are hereby empowered pursuant to section 95(1) of the Act to allot equity securities (within the meaning of section 94(2) of the Act) pursuant to the authority of the Directors under section 80 of the Act conferred by Resolution 5 passed at the annual general meeting of the Company held on 18 June 2009 for cash as if section 89(1) of the Act did not apply to any such allotment and/or where such an allotment constitutes an allotment of equity securities by virtue of section 94(5A) of the Act, provided that this power shall be limited to the issue and allotment of up to 53,875,000 ordinary shares in accordance with the terms of the Offer (as defined in the circular issued by the Company on 20 July 2009) and, unless previously renewed, revoked, varied or extended this power shall expire on the earlier of the date which is 15 months from the passing of this Resolution and the conclusion of the next annual general meeting of the Company, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

Resolution 2

THAT, in addition to any power granted by resolution 1 above, the Directors be and they are hereby empowered pursuant to section 95(1) of the Act to allot equity securities (within the meaning of section 94(2) of the Act) pursuant to the authority of the Directors under section 80 of the Act conferred by Resolution 5 passed at the annual general meeting of the Company held on 18 June 2009 for cash as if section 89(1) of the Act did not apply to any such allotment and/or where such an allotment constitutes an allotment of equity securities by virtue of section 94(5A) of the Act, provided that this power shall be limited to the issue and allotment of up to 30,804,500 ordinary shares in accordance with the terms of the Placing (as defined in the circular issued by the Company on 20 July 2009) and, unless previously renewed, revoked, varied or extended this power shall expire on the earlier of the date which is 15 months from the passing of this Resolution and the conclusion of the next annual general meeting of the Company, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

Resolution 3

THAT, in addition to any power granted by resolutions 1 and/or 2 above, the Directors be and they are hereby empowered pursuant to section 95(1) of the Act to allot equity securities (within the meaning of section 94(2) of the Act) pursuant to the authority of the Directors under section 80 of the Act conferred by Resolution 5 passed at the annual general meeting of the Company held on 18 June 2009 for cash as if section 89(1) of the Act did not apply to any such allotment and/or where such an allotment constitutes an allotment of equity securities by virtue of section 94(5A) of the Act, provided that this power shall be limited to:

- (a) the allotment and issue of equity securities in connection with an issue or offer of equity securities to the holders of ordinary shares in the capital of the Company in proportion (as nearly as may be practicable) to their respective holdings of such shares on the record date for such allotment or in accordance with the rights attached to such shares but subject to such exclusions or other arrangements as the Board may deem necessary or expedient in relation to fractional entitlements,

or any legal or practical problems in or under the laws of any territory, or the requirements of any regulatory body or any stock exchange in any territory; and

- (b) the allotment (otherwise than pursuant to sub-paragraph (a) above) of equity securities up to an aggregate nominal value equal to £60,000.00;

and, unless previously renewed, revoked, varied or extended this power shall expire on the earlier of the date which is 15 months from the passing of this Resolution and the conclusion of the next annual general meeting of the Company, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

Dated: 20 July 2009

Registered Office:

2nd Floor
6-7 Queen Street
London EC4N 1SP
UK

By order of the Board:

Bevan Metcalf
Secretary

Notes To The Notice of General Meeting

Entitlement to attend and vote

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members at:
 - 4.00 p.m. on 4 August 2009; or,
 - if this Meeting is adjourned, 48 hours prior to the time of the adjourned meeting, shall be entitled to attend and vote at the Meeting.

Appointment of proxies

2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you.
4. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
5. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share.
6. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you either select the "Vote Withheld" option or if no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy may vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

Appointment of proxy using hard copy proxy form

7. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

To appoint a proxy using the proxy form, the form must be:

- completed and signed;
- sent or delivered to African Eagle Resources plc at 2nd Floor, 6-7 Queen Street, London EC4N 1SP; and
- received by African Eagle Resources plc no later than 4.00 p.m. on 4 August 2009.

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the Company.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

Electronic appointment of proxies

8. As an alternative to completing the hard-copy proxy form, you can appoint a proxy electronically through the website of Capita Registrars www.capitashareportal.com. For an electronic proxy appointment to be valid, your appointment must be received by the Company no later than 4.00 p.m. on 4 August 2009.

Appointment of proxy by joint members

9. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Changing proxy instructions

10. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact the Company Secretary at the Company's Registered Office at 2nd Floor, 6-7 Queen Street, London EC4N 1SP, UK (telephone number 020 7248 6059).

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

11. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to African Eagle Resources plc, 2nd Floor, 6-7 Queen Street, London EC4N 1SP. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

The revocation notice must be received by African Eagle Resources plc no later than 4.00 p.m. on 4 August 2009.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

Corporate representatives

12. In order to facilitate voting by corporate representatives at the Meeting, arrangements will be put in place at the Meeting so that:
- (i) if a corporate member has appointed the Chairman of the Meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all the other corporate representatives for that member at the Meeting, then, on a poll, those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and
 - (ii) if more than one corporate representative for the same corporate member attends the Meeting but the corporate member has not appointed the Chairman of the Meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative.

Corporate members are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives – www.icsa.org.uk – for further details of this procedure. The guidance includes a sample form of representation letter to appoint the Chairman as a corporate representative as described in (i) above.

Communication

13. You may not use any electronic address provided either:
- in this notice of general meeting; or
 - any related documents (including the chairman's letter and proxy form),
- to communicate with the Company for any purposes other than those expressly stated.

FORM OF PROXY

For use at the General Meeting of African Eagle Resources plc to be held at the Company's offices at 2nd Floor, 6-7 Queen Street, London EC4N 1SP on 6 August 2009 at 4.00 p.m.

I/We (*block capitals please*)

of address)

being a member/members of African Eagle Resources plc hereby appoint the Chairman of the Meeting

or(see note 2)

as my/our proxy to vote for me/us on my/our behalf at the General Meeting of the Company to be held at the Company's offices, 2nd Floor, 6-7 Queen Street, London EC4N 1SP on **6 August 2009 at 4.00 p.m.** and at any adjournment thereof and I/we direct my/our proxy to vote as indicated below.

		FOR	AGAINST	VOTE WITHHELD
1.	To approve the dis-application of section 89 of the Companies Act 1985 for the purposes of the allotment and issue of shares under the Offer.			
2.	To approve the dis-application of section 89 of the Companies Act 1985 for the purposes of the allotment and issue of shares under the Placing.			
3.	To empower the Directors to disapply statutory pre-emption rights with regard to certain allotments of shares.			

Please indicate with an "X" in the spaces above how you wish the proxy to vote. Unless otherwise instructed the proxy will at his discretion vote as he thinks fit or abstain from voting in relation to any of the resolutions (including amendments thereto) put to the meeting. Please note that if the "Vote Withheld" box is marked with an "X" the shareholder will not be counted in the calculation of votes "For" and "Against" and the shareholder will not be taken to have given his discretion to the proxy on how to vote.

Datedday of August 2009

Signed or sealed (see notes 6, 7 and 8)

Notes to the proxy form

1. As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at a general meeting of the Company. You can only appoint a proxy using the procedures set out in these notes.
2. Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.
3. A proxy does not need to be a member of the Company but must attend the meeting to represent you. To appoint as your proxy a person other than the Chairman of the meeting, insert their full name in the box. If you sign and return this proxy form with no name inserted in the box, the Chairman of the meeting will be deemed to be your proxy. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf, you will need to appoint someone other than the Chairman and give them the relevant instructions directly.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy, please contact the Company Secretary at the Company's registered office African Eagle Resources plc at 2nd Floor, 6-7 Queen Street, London EC4N 1SP.
5. To direct your proxy how to vote on the resolutions mark the appropriate box with an "X". To abstain from voting on a resolution, select the relevant "Vote withheld" box. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you either select the "Vote Withheld" option or if no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the meeting.
6. To appoint a proxy using the proxy form, the form must be:
 - completed and signed;
 - sent or delivered to African Eagle Resources plc at 2nd Floor, 6-7 Queen Street, London EC4N 1SP; and
 - received by African Eagle Resources plc no later than 4.00 p.m. on 4 August 2009.
7. In the case of a member which is a company, this proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.
8. Any power of attorney or any other authority under which this proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.
9. As an alternative to completing the hard-copy proxy form, you can appoint a proxy electronically through the website of Capita Registrars www.capitashareportal.com. For an electronic proxy appointment to be valid, your appointment must be received by Capita Registrars no later than 4.00 p.m. on 4 August 2009.
10. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
11. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.
12. For details of how to change your proxy instructions or revoke your proxy appointment see the notes to the notice of meeting.
13. You may not use any electronic address provided in this proxy form to communicate with the Company for any purposes other than those expressly stated.

*Affix
stamp
here*

African Eagle Resources plc
2nd Floor
6-7 Queen Street
London
EC4N 1SP
UK