



For release immediate release

6 May 2008
49/08-cdr

PRELIMINARY RESULTS FOR THE YEAR ENDED 31 DECEMBER 2007

African Eagle Resources plc (“African Eagle” or “the Company”, ticker AIM: AFE, AltX: AEA) today announces its preliminary results for the year ended 31 December 2007. The Company’s annual consolidated financial statements have, for the first time, been prepared in accordance with International Financial Reporting Standards (“IFRS”) AS adopted by the European Union. The information in this preliminary announcement has been extracted from the audited financial statements for the year ended 31 December 2007 and as such, does not contain all of the information required to be disclosed in the financial statements prepared in accordance with IFRS. The Company will publish its full Annual Report and Financial Statements to shareholders in May.

Chairman’s Statement

Dear shareholder

It has been a most significant year for African Eagle on a number of fronts and one which I believe will be recognised in years to come as having been a landmark one for the Company. We have continued our development as a diversified, experienced exploration and emerging mining company, with a competitive base in stable and highly prospective countries in eastern and southern Africa. Highlights of the year included:

- The completion of the pre-feasibility study on the Mkushi Copper Project which indicated an initial resource of 10.7Mt at 1.11% copper. At this stage the project looks highly viable and we are looking forward to the conclusion of the Definitive Feasibility Study later in 2008 which I hope and expect will increase both the size and the grade of the resource.
- The listing of the Company on the Alternative Exchange of the JSE Limited (JSE) (AltX), in August 2007, which coincided with the placement of stock to the value of ZAR88M (£6.3M) in South Africa and £1.1M in the UK. This highly successful secondary listing was the largest fund-raising by a resources company to date on the AltX and we were the first resources company to list on this market without any assets in South Africa. Around 22% of African Eagle’s issued shares are now held on its South African register and we believe that about 30% of our shares are now managed from South Africa. The funds from the placing have secured African Eagle’s near-term future and place us in position to progress key unencumbered projects further than we might have otherwise.
- The funding of our Ndola exploration by Phelps Dodge (now part of Freeport McMoRan) through subscriptions for two tranches of shares. Phelps Dodge now holds around 5% of African Eagle.
- The introduction of Randgold Resources into the Miyabi project in May and their commencement of an exploration programme to improve the geological model and to increase the resource estimate of 500,000 plus ounces we have delineated there.
- The award of the Mokambo Copper Project licence in September and the commencement in December of our drilling programme to demonstrate the potential that exists in the eastern limb of the Mufulira syncline.

In March this year we announced that TWP Finance, a subsidiary of JSE-listed South African consulting engineering company, TWP Holdings, an EPCM (Engineering Procurement Construction Management) company, had acquired a strategic stake in African Eagle, which TWP expect to increase from the current 5% level. TWP has skills, capabilities and assets which complement our own and we see TWP, as our relationship with them grows, as a preferred partner, through project development partnerships or via the provision of services by TWP Consulting. As this relationship develops we will also seek new joint initiatives.

Our listing on the JSE was indeed well timed and beneficial to the Company. While new shareholders may not yet have seen the benefit of this, our share price having fallen since August in line with our peers', I am positive that in the longer-term they will reap the benefits afforded by the injection of capital that will give us the ability to weather the current storm in the global markets. Moreover, our substantial cash position will ensure that we are well-placed to take advantage of acquisition and joint venture opportunities that are likely to arise in a cash-strapped exploration sector over the next year or so.

We have always encouraged investors to take a longer-term view as we develop and deliver projects, as we believe that the market will ultimately recognize the value of the Company. We consider, however, that our share price performance has not reflected either the commodity price rally or the significant progress we have made in augmenting and developing our portfolio during the year. In respect of the former, while the major gold and copper companies have benefited to some degree from the gold price rise, this has not flowed through to exploration companies as yet, in an apparent disconnect between the value above and the value below the ground. There appears, too, to be a widespread lack of understanding of exploration companies and their importance in the development and production processes that culminate in the generation of the cash flow so favoured by the market. We recognise that there is a need for us to deliver near-term cash flow and that is something that we are addressing.

Our policy of partnerships remains important to the Company and will continue to deliver significant intrinsic value. By engaging with companies which are well-placed in terms of skills and experience, financial support and local knowledge, we exert significant leverage to our larger projects, bringing them to fruition on an accelerated time scale. We will continue to develop partnerships with such as those already signed with Freeport McMoRan, CGA Mining and Randgold Resources.

I alluded earlier to the Board's recent review of our broad strategy, which came to the conclusion that there is also significant value to be attained through the development, in-house, of high quality, near-to-production projects from our portfolio. This is particularly so given the skills within our own company and the fortunate position that we are in, with our partners funding the exploration and development of the larger projects. Thus, we are currently looking closely at bringing one of our unencumbered projects into production on our own. Whilst it is still early days and no firm decision has been taken, the Mokambo, Rupa and Igurubi projects may have the ability to deliver substantial returns. Their value is also currently overlooked by the market in our resource base.

Combined with our own operations, we can also look forward to taking a significant step towards production at Mkushi in November/December 2008 at the conclusion of the bankable feasibility study, with production expected by the second quarter of 2010. We have no reason to believe that the project is not viable and, in anticipation of this, are looking to order or confirm key long-lead items to ensure a rapid ramp up once the go-ahead decision has been taken.

Two of African Eagle's big advantages are, firstly, the established and experienced team that we have on the ground in the countries in which we operate and, secondly, the fact that the countries in which we are based – Zambia, Tanzania and Mozambique – generally have good infrastructure and relatively mining-friendly investment regimes. One of the benefits from the former is the number of opportunities which are brought to us because our teams have long-standing relationships in, and knowledge of, the area.

We place a great deal of emphasis on the professional development of our locally-recruited people, not only to mitigate the global shortage of mining and exploration skills, but also because we have a real interest in the development of the countries in which we operate. That said, we are well-resourced with both geological and technical skills and are fortunate that many of our employees have developed a great loyalty to the group over a long period of time.

Much has been made in some quarters about the recent increase of royalties and introduction of windfall taxes in Zambia. In respect of the former, we are firmly of the view that the countries and communities that are host to our operations need to benefit from the mineral wealth of their countries. The royalties that are being imposed in Zambia are not out of line with progressive mining economies elsewhere in the world. In respect of windfall taxes, this is something that still needs to pan out.

While our operations are currently confined to Zambia, Tanzania and Mozambique, we have always said that we are interested in new projects in some other SADC countries, particularly if we can acquire on-the-ground skills at the same time. We are also conscious of the desirability of increasing our market capitalisation to a level that will get us onto the radar screen of institutional investors whose market capitalisation criteria for investee companies means that they will not consider us now. Our involvement with TWP, as it grows, may well be the catalyst for just such an expansion of our operating and corporate foci.

Looking to the year ahead, our shareholders should continue to see significant developments from African Eagle. Key among these are likely to be:

- Finalisation of the bankable feasibility study at Mkushi and the expected go-ahead for this project.
- Development of a resource statement for Mokambo.
- Positive drilling results from Igurubi, Ndola and Rupa.
- Investigation of a possible listing on the Zambian Stock Exchange, which would facilitate the entrance of local investors and partners into the Company and perhaps provide the opportunity to work more closely with local partners.
- Progressing African Eagle managed copper and gold projects.
- Expansion of our current country, commodity and operational expertise comfort zones.

In conclusion, I would like to thank shareholders, new and old, for their support during the year, our partners for their diligent execution of exploration and development work on our key joint ventures, and our employees for their ongoing contribution and loyalty to the Company.

John Park
Chairman
African Eagle Resources plc

Consolidated Income Statement

For the year ended 31 December 2007

	Note	Year to 31 December 2007	Year to 31 December 2006
		£	£
Depreciation expense		(83,023)	(68,895)
Employee benefits expense		(622,395)	(501,011)
Impairment of deferred exploration expenditure		(131,668)	(215,201)
Other expenses		(534,542)	(351,708)
Operating loss		(1,371,628)	(1,136,815)
Finance costs:			
Bank interest receivable		216,623	101,266
Foreign exchange gain/(loss)		28,137	(263,378)
Loss before tax		(1,126,868)	(1,298,927)
Income tax expense		-	-
Loss for the year		(1,126,868)	(1,298,927)
Loss per share:			
Basic loss per share from total and continuing operations	1	(0.7p)	(1.0p)
Diluted loss per share from total and continuing operations	1	(0.7p)	(1.0p)
Headline loss per share from total and continuing operations	1	(0.6p)	(0.8p)
Diluted headline loss per share from total and continuing operations	1	(0.6p)	(0.8p)

Consolidated Balance Sheet

At 31 December 2007

	Note	Year to 31 December 2007	Year to 31 December 2006
		£	£
ASSETS			
Non-current assets			
Property, plant and equipment		156,337	153,495
Goodwill	2	103,188	106,188
Available for sale investments		6,462	10,117
Investment in Associates	3	1,809,901	-
Deferred exploration costs	2	8,441,854	7,172,869
Total non-current assets		10,517,742	7,442,669
Current assets			
Other receivables		383,339	240,466
Cash and cash equivalents		7,051,744	2,516,712
Total current assets		7,435,083	2,757,178
Total assets		17,952,825	10,199,847
LIABILITIES			
Current liabilities			
Other payables		(392,628)	(180,820)
Total liabilities		(392,628)	(180,820)
Net assets		17,560,197	10,019,027
EQUITY			
Equity attributable to equity holders of parent			
Share capital		2,123,402	1,478,249
Share premium account		19,311,622	11,803,913
Merger reserve		705,723	705,723
Available for sale revaluation reserve		(9,199)	(7,929)
Foreign currency reserve		(1,189,274)	(1,471,535)
Retained losses		(3,382,077)	(2,489,394)
Total equity		17,560,197	10,019,027

Consolidated Cash Flow Statement

For the year ended 31 December 2007

	Note	Year to 31 December 2007	Year to 31 December 2006
		£	£
Cash flows from operating activities			
Loss after taxation		(1,126,868)	(1,298,927)
Adjustments for:			
Depreciation		83,023	68,895
Exchange loss		(25)	-
Profit on disposal of property, plant and equipment		(516)	(1,615)
Interest received		(216,623)	(101,266)
Impairment of deferred exploration expenditure		131,668	215,201
Share based payments		234,185	199,584
MCJV – Group share of the loss		4,118	-
Impairment of investments for resale		2,335	-
Impairment of goodwill		3,000	-
Increase in other receivables		(135,999)	(92,970)
Increase in other payables		32,068	12,801
Net cash used in operating activities		(989,634)	(998,297)
Cash flows from investing activities			
Payments to acquire property, plant and equipment		(78,280)	(20,977)
Payments for deferred exploration expenditure		(2,775,401)	(1,834,550)
Proceeds from sale of property, plant and equipment		516	1,615
Interest received		216,623	101,266
Net cash used in investing activities		(2,636,542)	(1,752,646)
Cash flows from financing activities			
Proceeds from issue of share capital		8,152,862	4,198,644
Net cash used from financing activities		8,152,862	4,198,644
Net increase in cash and cash equivalents			
Cash and cash equivalents at beginning of period		2,516,712	1,097,881
Exchange gain/(loss)		8,346	(28,870)
Cash and cash equivalents at end of period		7,051,744	2,516,712

Notes to the Consolidated Financial Statements

For the year ended 31 December 2007

1 LOSS PER SHARE

Basic Loss Per Share

The calculation of basic loss per share is based on the loss for the period divided by the weighted average number of shares in issue during the year. In calculating the diluted loss per share potential ordinary shares such as share options and warrants have not been included as they would have the effect of decreasing the loss per share. Decreasing the loss per share would be antidilutive.

Loss Per Share	2007	2006
	£	£
Loss for the period	(1,126,868)	(1,298,927)
Weighted average number of shares in issue	172,383,883	135,728,466
Basic & diluted loss per share	(0.7p)	(1.0p)

Headline Loss per share

Headline loss per share has been calculated in accordance with the Institute of Investment Management and Research's ("IIMR") Statement of Investment Practice No. 1 entitled 'The Definition of Headline Earnings' and The South African Institute of Chartered Accountants Circular 8/2007 entitled 'Headline Earnings'. The calculation of headline loss per share is based on the headline loss for the period of £1,028,443 (2006: £1,149,417) divided by the weighted average number of shares in issue during the year. No diluted headline loss per share has been calculated as it would be antidilutive by reducing the headline loss per share.

Headline Loss

	2007		2006	
	£	£	£	£
	Gross	Net	Gross	Net
Loss for the period		(1,126,868)		(1,298,927)
Adjusted for:				
Less profit on sale of fixed assets	(516)	(361)	(1615)	(1,131)
Plus impairment of exploration assets	131,668	92,168	215,201	150,641
Plus Group share of associate loss	4,118	2,883		-
Plus impairment of Goodwill	3,000	2,100		-
Plus impairment of available for sale financial assets	2,335	1,635		-
Headline loss for the period		(1,028,443)		(1,149,417)
Weighted average number of shares in issue		172,383,883		135,728,466
Basic & diluted headline loss per share		(0.6p)		(0.8p)

Net is after the deduction of tax at the UK prevailing rate of 30%.

2 INTANGIBLES

The Group 2007

	Goodwill on Consolidati on £	Purchased goodwill £	Deferred Exploration costs £	Total £
Cost:				
At 1 January 2007	103,188	3,000	7,172,869	7,279,057
Foreign currency exchange differences	-	-	260,330	260,330
Additions	-	-	2,954,342	2,954,342
Transfer to investment in associates	-	-	(1,814,019)	(1,814,019)
Impairment costs	-	(3,000)	(131,668)	(134,668)
At 31 December 2007	103,188	-	8,441,854	8,545,042

The Group 2006

	Goodwill on Consolidati on £	Purchased goodwill £	Deferred Exploration costs £	Total £
Cost:				
At 1 January 2006	103,188	3,000	7,169,287	7,275,475
Foreign currency exchange differences	-	-	(1,414,516)	(1,414,516)
Additions	-	-	1,633,299	1,633,299
Transfers	-	-	-	-
Impairment costs	-	-	(215,201)	(215,201)
At 31 December 2006	103,188	3,000	7,172,869	7,279,057

Goodwill is reviewed annually for impairment or when changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Goodwill on consolidation relates to the acquisition of Katanga Resources Ltd in 2002. The goodwill is linked to the recovery of the deferred exploration costs on the Katanga mineral licences. The directors have reviewed the Katanga deferred exploration costs by licence in conjunction with the goodwill on consolidation and believe the goodwill to be fairly valued.

Following the incorporation of Mkushi Copper Joint Ventures Ltd the Mkushi exploration licences were transferred to the joint venture company. The Mkushi intangible asset was transferred to investments under non-current assets in the consolidated balance sheet.

3 SUBSIDIARY & ASSOCIATE UNDERTAKINGS

During the year Mkushi Copper Joint Ventures Ltd (MCJV) was created in Zambia. This company was established with CGA Mining as part of the Joint Venture agreement on the Mkushi copper project. Katanga Resources Ltd a fully owned subsidiary of the Group holds 49% of the ordinary shares and Seringa Mining Ltd a fully owned subsidiary of CGA Mining owns 51% of the ordinary shares. MCJV has been treated as an associate company for purposes of the Group consolidation as the Group has a significant influence over the financial and operating policy decisions but not control or joint control over those policies.

The functional currency for MCJV is US dollars. MCJV have expensed the costs associated with the Mkushi copper project in the income statement in accordance with its policy on exploration and evaluation expenditure. The loss reported by MCJV has been restated to reflect the Group policy for treating deferred exploration. The Group share of the adjusted loss is £4,118 which has been included in the Consolidated Income Statement under other expenses with a contra entry to investment in associates. The MCJV year end is the 30 June 2008 but it has also prepared financial statements for the period ending 31 December 2007 in line with the Group's year end date.

The Group's share of the summarised financial information of MCJV is detailed below:

	2007
	£
Total non-current assets	2,354,968
Total current assets	35,065
Total current liabilities	-
Total non-current liabilities	(2,394,151)
Group share of associate net assets	(4,118)
Group share of associate Loss for the year	(4,118)

The fair value of the investment in MCJV at the balance sheet date is £1,809,901 as detailed below. The Group did not have any contingent liabilities in MCJV.

	Investment in Associates
	£
Cost:	
At 1 January 2007	-
Transfer from deferred exploration costs	1,814,019
MCJV – Group share of loss	(4,118)
Carrying amount at 31 December 2007	1,809,901

4. PREPARATION OF NON-STATUTORY ACCOUNTS

The financial information set out in this preliminary announcement does not constitute the Group's statutory accounts for the years ended 31 December 2007 or 2006 as defined in section 240 of the Companies Act 1985.

The financial information for the year ended 31 December 2006 is derived from the statutory accounts for that year which have been delivered to the Registrar of Companies, as subsequently restated under IFRS. The auditors reported on those accounts; their report was unqualified and did not contain a statement under s.237(2) or (3) Companies Act 1985.

The consolidated balance sheet at 31 December 2007, the consolidated income statement, consolidated cash flow statement and associated notes for the year then ended have been extracted from the Group's 2007 statutory financial statements upon which the auditors' opinion is unqualified.

5. PRELIMINARY STATEMENT

Copies of the Annual Report will be sent to shareholders in May and will be available from the Company at 2nd Floor, 6-7 Queen Street, London, EC4N 1SP. The full financial statements will be made available on the Company's website www.africaneagle.co.uk at the same time they are mailed to shareholders.

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

Mark Parker
Managing Director
African Eagle
+44 20 7248 6059
+44 77 5640 6899

Nicola Marrin
Seymour Pierce Limited, London
Nominated Adviser
+ 44 20 7107 8000

Charmane Russell
Russell & Associates, Johannesburg
+ 27 11 8803924
+27 82 8928052

Ed Portman / Leesa Peters
Conduit PR, London
+44 20 7429 6607
+44 (0) 7733 635 01