

African Eagle

Dutwa project winding up

Company restructuring

Metals & mining

African Eagle has been unable to source additional funding to develop the Dutwa nickel project. The search for a strategic partner continues, but the Dutwa project company is expected to be wound up. The main nickel asset licences will be retained with only renewal and maintenance expenditure incurred. Asset disposals are being sought to provide funding and senior management departures are expected to reduce operating costs. Cash of £1.15m is expected to provide working capital for six months. Edison suspends its forecasts on African Eagle.

Year end	Revenue (£m)	PBT* (£m)	EPS* (p)	DPS (p)	P/E (x)	Yield (%)
12/10	0.0	(1.0)	(0.3)	0.0	N/A	N/A
12/11	0.0	(1.5)	(0.3)	0.0	N/A	N/A
12/12e	N/A	N/A	N/A	N/A	N/A	N/A
12/13e	N/A	N/A	N/A	N/A	N/A	N/A

Note: *PBT and EPS are normalised, excluding intangible amortisation and exceptional items.

African Eagle has announced that it has not been able to secure funding to continue development of the Dutwa nickel project. Immediate steps are being taken to preserve cash and a restructuring is being undertaken. The necessary actions will be taken to retain the main licences relating to the nickel assets, but funding will no longer be provided to Red Hill Nickel (RHN), African Eagle's Tanzanian subsidiary, and a process to commence the formal winding-up of RHN is expected.

African Eagle, with its adviser Cutfield Freeman, is continuing the search for a strategic partner with regard to the development of the Dutwa nickel laterite project, and will shortly seek renewal of the licence in relation to the Wamangola hill deposit. The potential renewal of other licences will be evaluated as each falls due.

Opportunities to dispose of assets are being sought, including the Tanzanian gold licences, and senior management departures are expected to reduce operating costs. The directors expect cash of £1.15m at 14 May 2013 to provide working capital for six months. Strategic options are being considered, including new investment opportunities, subject to financing. Edison suspends its forecasts on African Eagle.

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Price **0.35p**
Market cap **£2.4m**

Net cash (£m) as at 14 May 2013	1.15
Shares in issue	694.0m
Free float	77%
Code	AFE
Primary exchange	AIM
Other exchanges	AltX

Share price performance



Business description

African Eagle is restructuring and will no longer fund development of the Dutwa nickel project, although it will retain the main nickel asset licences. Asset disposal opportunities are being sought and new investment opportunities being considered.

Analysts

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