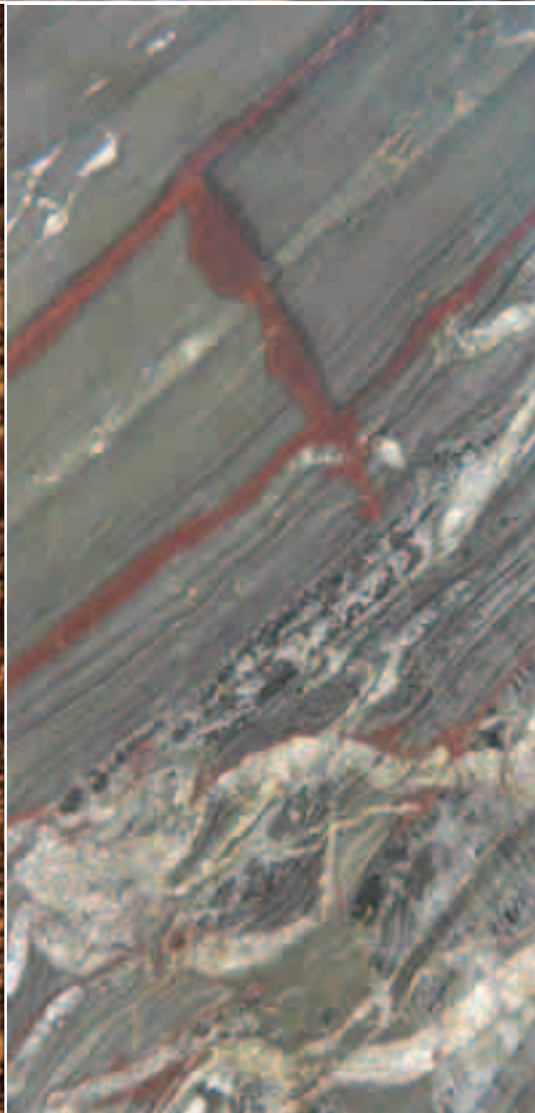
AFRICAN CONSOLIDATED RESOURCES PLC

Placing and Admission to AIM

Williams de Broë



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THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document you should consult a person authorised under FSMA who specialises in advising on the acquisition of shares and other securities.

This document, which constitutes an AIM admission document, has been drawn up in accordance with the AIM Rules. Ordinary Shares must not and will not be offered to the public in the United Kingdom (within the meaning of section 102B of FSMA, as amended) save in circumstances where it is lawful to do so without an approved prospectus (within the meaning of section 85 of FSMA) being made available to the public before the offer is made. Accordingly, this document does not constitute a prospectus as defined in the AIM Rules.

The Company and the Directors, whose names appear inside the front cover of this document, accept individual and collective responsibility for the information contained in this document and for compliance with the AIM Rules. To the best of the knowledge and belief of 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 makes no omission likely to affect the import of such information.

Application has been made for the whole of the ordinary share capital of the Company in issue immediately following the Placing to be admitted to trading on AIM, a market operated by London Stock Exchange. 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. 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 Ordinary Shares to trading on the Official List. Neither the UKLA, the FSA, nor London Stock Exchange has examined or approved the contents of this document. The existing Ordinary Shares are not traded on any recognised investment exchanges and, apart from the application for Admission, no such other applications have been made or are intended to be made. It is expected that Admission will become effective and dealings in the Ordinary Shares will commence on AIM on 30 June 2006.

The whole of this document should be read. An investment in the Company involves a significant degree of risk, may result in the loss of the entire investment and may not be suitable for all recipients of this document.

African Consolidated Resources plc

(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 05414325)

Placing of 33,333,333 Ordinary Shares of 1p each at a price of 12p per share and admission to trading on AIM

Nominated Adviser and Broker

Williams de Broë Plc

Share Capital immediately following Admission

Authorised			Issued and fully paid	
Number	**Amount**		**Number**	**Amount**
1,000,000,000	£10,000,000	Ordinary Shares of 1p each	189,065,527	£1,890,655.27

The Placing is conditional, *inter alia*, on Admission taking place on or before 8.00 a.m. on 30 June 2006 (or such later date and time being not later than 8.00 a.m., on 31 July 2006, as the Company and Williams de Broë may agree). All the Ordinary Shares will, on Admission rank *pari passu* in all respects and will rank in full for all dividends and other distributions declared, paid or made in respect of the Ordinary Shares after Admission.

This document does not constitute an offer to sell, or the solicitation of an offer to buy, shares in any jurisdiction in which such offer or solicitation is unlawful and, in particular, is not for distribution into the United States, Canada, Australia, Japan, the Republic of Ireland or South Africa or any national, resident or citizen of such jurisdictions. The distribution of this document in other jurisdictions may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

The Ordinary Shares have not been, and will not be, registered under the US Securities Act or under any state securities laws and may not be offered or sold in the United States or to, or for the account or benefit of, US persons (as defined in Regulation S promulgated under the US Securities Act). The Ordinary Shares are being offered only to non-US persons outside the United States in transactions exempt from the registration requirements of the US Securities Act in reliance on Regulation S. Purchasers of the Ordinary Shares may not offer to sell, pledge or otherwise transfer the Ordinary Shares in the United States or to, or for the account or benefit or, US persons (other than distributors) unless such offer, sale, pledge or transfer is registered under the US Securities Act or an exemption from registration is available.

The Ordinary Shares have not been and will not be registered under the securities legislation of any province or territory of Canada, Australia, Republic of Ireland, South Africa or Japan. Accordingly, the Ordinary Shares may not, subject to certain exceptions, be offered, or sold directly or indirectly, in or into Canada, Australia, Republic of Ireland, South Africa or Japan or to any national, citizen or resident of Canada, Australia or Japan.

Williams de Broë has been appointed as Nominated adviser and Broker to the Company. Williams de Broë, which is authorised and regulated in the United Kingdom by the FSA, is acting solely as Nominated Adviser and Broker to the Company for the purposes of the AIM Rules in connection with the Placing and Admission and is not acting for and will not be responsible to any other person other than the Company for providing the protections afforded to customers of Williams de Broë or for advising any other person on the contents of this document or any transaction or arrangement referred to in this document. Williams de Broë's responsibilities as the Nominated Adviser to the Company are solely owed to the London Stock Exchange. In accordance with the AIM Rules, Williams de Broë has confirmed to London Stock Exchange that it has satisfied itself that the Directors have received advice and guidance as to the nature of their responsibilities and obligations to ensure compliance by the Company with the AIM Rules and that, to the best of its knowledge and belief, all relevant requirements of the AIM Rules have been complied with. No representation or warranty, express or implied, is made by Williams de Broë as to any of the contents of this document, for which the Company and the Directors are solely responsible. Williams de Broë has not authorised the contents of, or any part of, this document and (without limiting the statutory rights of any person to whom this document is issued) no liability whatsoever is accepted by Williams de Broë for the accuracy of any information or opinions contained in this document or for the omission of any material information for which the Company and the Directors are solely responsible.

Copies of this document will be available free of charge during normal business hours on any weekday (except Saturday, Sunday and public holidays) at the offices of Williams de Broë, 6 Broadgate, London EC2M 2RP from the date of this document for the period of one month from Admission.

All statements, other than statements of historical fact, contained in this document constitute "forward-looking statements". In some cases, forward-looking statements can be identified by terms such as "may", "intend", "might", "will", "should", "could", "would", "believe", "anticipate", "expect", "estimate", "predict", "project", "potential", or the negative of these terms, and similar expressions. Such forward-looking statements are based on assumptions and estimates, and involve risks, uncertainties and other factors which may cause the actual results, financial condition, performance or achievements of the Company, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Factors that might cause such a difference include, but are not limited to, those "Risk Factors" set out in Part II of this document. New factors may emerge from time to time that could cause the Company's business not to develop as it expects, and it is not possible for the Company to predict all such factors. Given these uncertainties, prospective investors are cautioned not to place any undue reliance on such forward-looking statements.

Prospective investors are advised to read, in particular, Part I "Information on the Company" and Part II "Risk Factors" of this document, for a more complete discussion of the factors that could affect the Company's future performance and the industry in which it operates. In light of these risks, uncertainties and assumptions, the events described in the forward-looking statements in this document may not occur.

Other than in accordance with the Company's obligations under the AIM Rules or as otherwise required by law, the Company undertakes no obligation to update or revise publicly any forward-looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward-looking statements attributable to the Company, the Directors or to persons acting on its behalf are expressly qualified in their entirety by the cautionary statements referred to above and contained elsewhere in this document. Information or other statements presented in this document regarding market growth, market size, development of the market and other industry data pertaining to the market in which the Company operates and the Company's business consists of estimates based on data and reports compiled by industry professionals or organisations and analysts and the Company's knowledge.

Contents

Expected Timetable of Principal Events

Publication of this document	29 June 2006
Admission effective and dealings commence in the Ordinary Shares on AIM	8.00 a.m. on 30 June 2006
CREST accounts credited for Ordinary Shares in uncertificated form	30 June 2006
Date of despatch of definitive share certificates in respect of the Ordinary Shares in certificated form	14 July 2006

All times are London times and each of the times and dates above are subject to change

Placing Statistics

Placing Price per Ordinary Share	12p
Number of Ordinary Shares in issue immediately prior to Admission	155,732,194
Number of Placing Shares	33,333,333
Number of Ordinary Shares in issue immediately following the Placing and Admission	189,065,527
Percentage of the Enlarged Issued Share Capital represented by the Placing Shares	17.6%
Market capitalisation of the Company at the Placing Price on Admission	£22,687,863
Gross Proceeds of the Placing	£4,000,000
Estimated net proceeds of the Placing receivable by the Company	£3,200,000

Definitions

The following definitions apply throughout this document unless the context requires otherwise. A summary of technical terms and other definitions is given in the glossary to the Summary Competent Person's Report in Part V of this document.

"Act" or **"Companies Act"**	the Companies Act 1985, as amended
"Admission"	the admission of the Enlarged Issued Share Capital to trading on AIM becoming effective in accordance with the AIM Rules
"AIM"	the AIM Market of the London Stock Exchange
"AIM Rules"	the rules of AIM governing admission to and the operation of AIM for AIM companies and their Nominated Advisers as published by the London Stock Exchange from time to time
"Articles"	the Company's articles of association
"Board"	the board of Directors
"Company" or **"ACR"**	African Consolidated Resources plc, a company incorporated in England and Wales with company number 05414325
"Combined Code"	the Combined Code on Corporate Governance, published by the Financial Reporting Council in July 2003 and adopted on 1 November 2003 (as subsequently amended from time to time)
"CPR"	the Competent Person's Report on the Company's properties as set out in Part V and Part VI of this document
"CREST"	the computerised settlement system (as defined in the CREST Regulations) operated by CRESTCo which facilitates the transfer of title to shares in uncertificated form
"CrestCo"	CrestCo Limited
"CREST Regulations"	the Uncertificated Securities Regulations 2001 (SI 2001/3755), including (i) any enactment or subordinate legislation which amends or supersedes those regulations and (ii) any applicable rules made under those regulations or any such enactment or subordinate legislation for the time being in force
"Directors"	the directors of the Company, whose names are set out on the inside front cover of this document
"Enlarged Issued Share Capital"	the Ordinary Shares in issue immediately following the Placing
"EPO"	an Exclusive Prospecting Order under the MMA
"FSA"	the Financial Services Authority
"FSMA"	the Financial Services and Markets Act 2000
"Greenstone Belt"	a belt of metamorphosed igneous and sedimentary rocks
"Group"	the Company and its subsidiaries
"g/t"	grammes per metric tonne–metal concentration
"HDP"	historically disadvantaged persons

"Inlier"	a geological exposure of older rocks on the earth's surface, surrounded by younger rock sequences
"JORC"	Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy (reporting code)
"JORC Ounces"	inferred, indicated or measured Resource troy ounces as defined in the JORC Code
"London Stock Exchange"	London Stock Exchange plc
"Mining Board"	the Mining Affairs Board of Zimbabwe as constituted under the MMA
"Minster of Mines"	the Zimbabwe Minister of Mines and Mineral Development
"MMA"	the Mines and Minerals Act, Chapter 21:05 of Zimbabwe
"MMCZ"	the Minerals Marketing Corporation of Zimbabwe
"MMCZ Act"	the Minerals Marketing Corporation of Zimbabwe Act, 1982
"Official List"	the official list of the UKLA
"Ordinary Shares"	the ordinary shares of 1p each in the capital of the Company
"ounce" or **"oz"**	troy ounce or troy ounces
"PGE" or **"PGM"**	platinum group elements or platinum group metals (platinum, palladium, rhodium osmium, iridium and ruthenium)
"Pickstone-Peerless"	the exploration project comprising the ground surrounding and including the Pickstone Mine, the Concession Mine, the Peerless Mine, the Newspaper Mine, the St. Kilda Mine and the Blue Streak Mine
"Placing"	the proposed conditional placing of the Placing Shares at the Placing Price by Williams de Broë pursuant to the Placing Agreement
"Placing Agreement"	the conditional agreement between Williams de Broë, the Directors and the Company dated 29 June 2006, further details of which are set out in paragraph 10 of Part VII of this document
"Placing Price"	12p per Placing Share
"Placing Shares"	the 33,333,333 Ordinary Shares to be issued pursuant to the Placing
"Prospectus Rules"	the prospectus rules made by the FSA pursuant to section 73A of FSMA
"RBZ"	the Reserve Bank of Zimbabwe
"Registrars"	Capita Registrars, the registrar to the Company as set out on the inside front cover of this document
"Reserve"	mineral reserve as defined by the JORC Code 2004, where the context so requires
"Resource"	mineral resource as defined by the JORC Code 2004, where the context so requires
"Shareholders"	the persons who are registered as holders of Ordinary Shares from time to time
"SRK"	SRK Consulting (Zimbabwe) (Pvt) Limited
"UK"	the United Kingdom of Great Britain and Northern Ireland
"UKLA"	the FSA acting in its capacity as the competent authority for the purposes of Part VI of FSMA

"US person"	any natural person resident in the United States, any partnership or corporation organised or incorporated under the laws of the United States, any estate of which any executor or administrator is a US person, any trust of which any trustee is a US person, any agency or branch of a foreign entity located in the United States, any non-discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary for the benefit or account of a US person, any discretionary account or similar account (other than an estate or trust) held by a dealer or other fiduciary organised, incorporated, or (if an individual) resident in the United States and any partnership or corporation if it is organised or incorporated under the laws of any foreign jurisdiction and formed by a US person principally for the purpose of investing in securities not registered under the US Securities Act, unless it is organised or incorporated and owned by accredited investors (as defined in Rule 501(a) of Regulation D promulgated under the US Securities Act) who are not natural persons, estates or trusts
"US" or **"United States"**	the United States of America (including the District of Columbia), its territories and possessions
"US Securities Act"	the United States Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder
"US$"** or **"$" and **"¢"**	respectively United States dollars and cents, the lawful currency of the US
"Williams de Broë"	Williams de Broë Plc
"ZW$" or **"Zimbabwe Dollar"**	the lawful currency of the Republic of Zimbabwe
"£" and **"p"**	respectively pounds and pence, the lawful currency of the UK

Key Information

The following information should be read together with the more detailed information and the financial data and statements appearing elsewhere in the document

Introduction

ACR brings to market an opportunity to participate in a mineral exploration strategy with potential for excellent asset growth and fertile ground for new discoveries. Zimbabwe is an area of historical geological significance where exploration is currently counter-intuitive to most companies in the sector. The directors of ACR invite you to take an early advantage by joining us in this venture. Having already accumulated JORC Resources of gold approaching 1 million ounces from two sites less than twenty miles apart, eight geologists and a drilling programme comprising six rigs, the Directors believe that this offering provides significant interest to the market.

Strategy

ACR has its primary focus on gold. The strategy also encompasses the acquisition and development of a diversified portfolio of mineral holdings in Zimbabwe. Such acquisitions and exploration when measured against global comparatives are expected to be extremely cost competitive. To achieve this whilst simultaneously managing risk, the Company has assembled a dedicated and professional team with extensive experience in Zimbabwe and mineral exploration.

Having already achieved success with its strong gold assets, ACR has broadened its scope to the accumulation of PGE-related ground. The Company has also identified and procured properties strongly indicative of nickel and others showing kimberlite/diamond prospectivity. The diversification of the portfolio inherently manages risk by limiting exposure to a single commodity price.

Gold Assets

Key assets include the Pickstone-Peerless project and the Giant Mine just nineteen miles to the north-west. Both sites provide potential for significant gold Resources. Historically these mines were important contributors to the gold sector of Zimbabwe which peaked as the fifth largest world producer in 1975. Other historical gold mines and surrounding areas covering potential strike extensions have been acquired by ACR.

Other Mineral Assets

The Snakes Head project located in the northern chamber of the Great Dyke, where ACR has acquired a 32.4 km^2 property, provides a potential low-grade, multi-million ounce PGE deposit. Two nickel prospects are owned by ACR; one a massive layered ultra-mafic sequence with little historical exploration, and the other a historical mine closed by Rio Tinto during a period of low world prices. ACR has also acquired ground with kimberlitic indicators as part of its newly-formed diamond exploration division.

Zimbabwe

The Zimbabwean mining and exploration sector has a long relationship with the London bourse, reaching back over one hundred years.

While taking full cognisance of the political situation and uncertainty of tenure that has arisen from public statements made recently by Zimbabwean Government officials, the Directors are confident that a workable, practical and equitable regime of mine ownership will be established with the Zimbabwean Government. The Zimbabwean Government is actively seeking investment and encouraging international explorers and miners to partner with Zimbabweans in order to provide a mutual benefit to shareholders, the highly literate workforce and the local economy.

The Directors believe that ACR has taken all measures available to minimise the risk to the Company's assets which might be posed by the political and social environment in Zimbabwe. Furthermore, the Directors believe that the real risk is somewhat less than the international public perception and no worse than that present in several countries elsewhere in Africa which have attracted far higher levels of investment in recent years than has Zimbabwe. The superior infrastructure, workforce skills and geological database that Zimbabwe enjoys over most nations in Africa, along with the in-country know-how of ACR's management team, further add to the advantages of investment in Zimbabwe.

ACR has embraced the opportunity to achieve growth in shareholder value whilst contributing to the welfare of the people and communities of Zimbabwe. Steps have already been taken to rebuild schools and to successfully encourage equity participation from the nation's historically disadvantaged. A 'Best Practice' approach to our environmental and social policies remains a cornerstone of our corporate conscience. This extends to a self-imposed high standard of controls and reporting in the geological and laboratory aspects.

Key Strengths

Management in both the UK and Zimbabwe provides a marriage of financial skills to geological potential and a successful exploration programme. With a strong combination of in-house and outsourced technical skills, ACR has an opportunity to re-interpret and re-model the well-documented geology of Zimbabwe in such a way as to yield opportunities for new discoveries of substantial mineral deposits.

The Placing

The Directors believe that the Company has reached a size and stage of development where it will benefit from Admission to AIM. The Directors believe that Admission will be an important step for the Company for a number of reasons: it is expected that the Placing and Admission will help raise the profile and status of the Company; the Placing has raised approximately £8 million before expenses for the Company and will fund the current working capital needs of the Company; Admission will enable the Group to achieve a broader shareholder base by attracting investors from the UK and Europe; and Admission will provide the Company with access to international capital markets.

Risk factors

Investors should note the risks associated with an investment in the Company as set out in Part II of this document.

PART I. Information on the Company

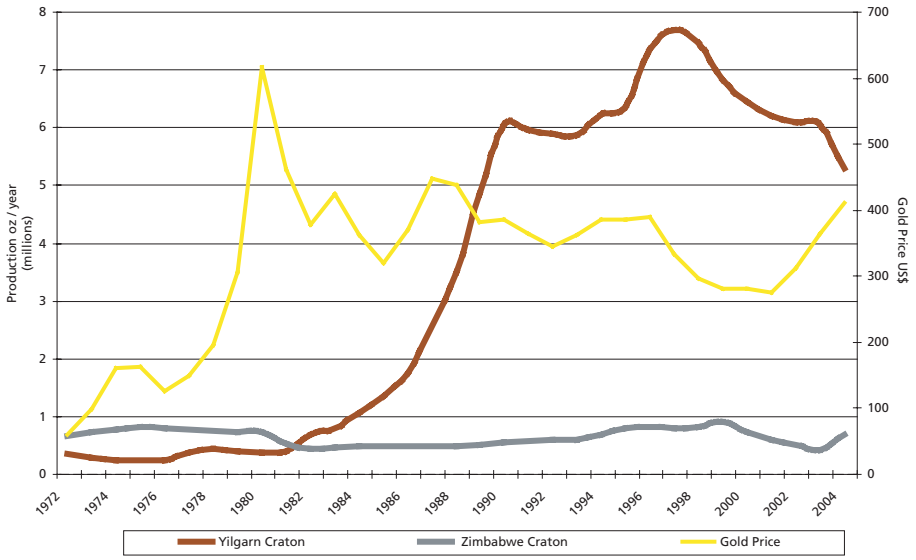
1. Introduction

ACR is a mining exploration company which owns predominantly gold but also PGE, nickel and diamond exploration rights in Zimbabwe through its subsidiaries. It is the vision of two Zimbabweans, Andrew Cranswick, living in Zimbabwe and Ian Fisher resident in Western Australia. They, together with Zimbabwean investors, both black and white, invested personal money and seed capital raised in Australia and Africa.

The perception that business in Zimbabwe is high risk has significantly discounted the value of most Zimbabwean assets. The Directors believe mineral resources in particular is an asset class that has been significantly undervalued. Zimbabwe has one of the best documented geological databases of the world's developing nations. In the opinion of the Directors, the value and diversity of this natural asset is beyond doubt.

The Zimbabwe Craton, as the local remnant of the Archaean Shield is known, is comparable in size and make-up to the Yilgarn Craton of Western Australia. Both were common to the Gondwanaland Super-Continent and while the Zimbabwean craton has a slightly different structural history, the rock types and mineralisation styles are very similar. The Greenstone Belts (or Gold Belts) of Zimbabwe have been exploited for centuries by various ancient cultures. There is a large divergence between the exploration and exploitation level of the Zimbabwean Greenstone Belt and other Greenstone Belts in the world's Archaean Shield. This divergence began with the dramatic technology-based production uplift engineered by West Australian and Canadian producers in the 1970s and 1980s. As illustrated in the graph below, Zimbabwe has yet to enjoy any uplift of the kind which saw West Australian production rise some 35-fold in the thirteen years after 1972.

Yilgarn Craton and Zimbabwe Craton – Comparative Gold Production Since 1972



Source: Government of Western Australia, Department of Industry and Resources

Private placements of equity have provided the Company with sufficient resources to establish the Group's portfolio of mining rights and commence exploration. The Directors believe that the work completed to date shows that the Group is on a path to becoming a substantial mining house with a diversity of mineral assets.

The Directors acknowledge that the risks (both real and perceived) inherent in developing a Zimbabwean business model currently persist in discounting the value of the Group's assets. However, the Directors take a longer term view and believe that the low capital investment required to acquire and prove world-class resources justifies such risks.

2. Strategy of the Group

The Directors believe that the Company must continue to acquire mineral assets and prospective exploration areas while advancing Resource definition within existing projects. The Directors also expect that the Company will move towards bankable feasibility studies on its lead projects (namely Pickstone-Peerless and Giant) from mid to late 2008.

The Directors believe that uplifts in Shareholder value will arise through one or more of four primary sources:

- increased value of assets through price improvements associated with the continued strength of the commodities and precious metals sectors
- increased value of assets through Resource upgrades achieved by drilling programmes
- addition of new exploration and prospecting assets through acquisitions and discovery
- increased value of assets through improvement of political climate and profile, resulting in reduced risk-associated discount.

It has become apparent that gold is not the only mineral largely deprived of modern exploration techniques in Zimbabwe. While the primary focus remains on gold assets, the Group has evolved into a multi-mineral explorer taking the view that a more diverse portfolio may protect against the risk associated with a single commodity. In the past thirty years technology in mineral exploration has improved enormously and it has been the Group's strategy to apply these advances to local geology wherever possible. Consequently, the Group's spectrum has broadened to incorporate platinum, nickel and diamond prospects. It is anticipated by the Directors that if such prospects prove to be substantive in size and quality, they would most likely, form the basis of spin-off subsidiaries within specialist mineral categories.

In the short term, the regional focus will remain on Zimbabwe, where the Directors believe that a brief window of opportunity remains for the continued acquisition of low-cost mineral assets. In the medium term, the Group will broaden its outlook in the region, in particular towards Mozambique to the east, where a Greenstone Belt overlaps national boundaries and where exploration has historically been very limited. Further areas of interest have also been identified in Zambia to the north.

In a short space of time ACR has moved from a company with a strategic plan to an established exploration company with Resources approaching 1 million ounces of gold. The Group controls several hundred square kilometres of exploration ground and has a variety of projects at stages from greenfield to pre-feasibility Resource definition drilling. The Group currently has six drill rigs operating on two lead projects. The Directors expect that these rigs will be available to the Group for the foreseeable future.

3. Overview of the Group's Existing Interests

The current gold Resources of the Group are summarised as follows:

Category	Area	Type	Tonnage t	Grade g/t	Content oz
Inferred	Peerless Trend	Oxide/Sulphide	4,600,000	1.4	210,000
Inferred	Pickstone; Concession Hill	Oxide/Sulphide	3,200,000	1.8	180,000
Measured	Pickstone; 2-3 Level Pickstone	Sulphide	205,000	4.8	31,500
Measured	Pickstone; Big Red	Tailings	380,000	1.3	15,900
Measured	Pickstone; Football Field	Tailings	586,000	1.0	18,800
Measured	Pickstone; Concentrate	Tailings	200,000	4.4	28,300
Indicated/Inferred	Giant Mine	Oxide/Sulphide	4,944,000	2.1	336,000
Global Resource			**14,114,000**	**1.8**	**820,500**

Source: CPR Table 4.1 as set out in Part V of this document

Pickstone – Peerless Area

Historically several mines, but now consolidated into one project, the area comprises two sub-parallel zones of mineralisation (now referred to as the Pickstone and Peerless trends), striking east-west for some 4,500m within the ACR mineral claims. Historically, the Pickstone and Peerless mines were exploited along some 1,300m of strike in the western half of the area. Most of this earlier mining was carried out by Rio Tinto. Before the mines closed in the early 1970s at a time of low world gold prices, the Pickstone-Peerless project area collectively produced approximately half a million ounces of gold through underground exploitation of the rich narrow centres of the ore bodies.

In addition to the unexploited 3,200m strike length, there remains a large halo of remnant mineralisation around the old Pickstone and Peerless underground workings. The crown pillar comprising the top 100m of the Pickstone mine also remains unmined. Both these areas are amenable to open-pit mining. Furthermore, very little exploration has been completed in the eastern extensions but indications from geophysics, geochemistry and wide interval drilling to date offer an expectation of continuing grades and probably wider bodies as exploration progresses eastward.

The northernmost Peerless trend is a mineralised thrust zone hosted within brecciated dolomitic siltstones. The lodes are sub-vertical, 5m to 20m in width and were selectively mined underground at an average grade of approximately 7.5 g/t Au and a cut-off of approximately 4.5 g/t Au. Current open-pittable Resource ranges from approximately 1.4 to 2.2 g/t Au depending on the selection of cut-off grade between 0.5 and 1.0 g/t Au.

The Pickstone trend is wider and the mineralisation appears as steeply-plunging lodes in one or more parallel Banded Iron Formations ("BIFs") as well as some strong sulphide mineralisation in the schist hanging wall and footwall. The Pickstone BIF lodes have good depth potential, as they were worked to 750m below surface. Overall BIF width can be up to 45m, containing sub-parallel sulphidised breccia zones up to 20m in width. Historical underground grade averaged approximately 6.4g/t Au at the Pickstone Mine. A modern open cut mine is expected to be economic at an average grade of 1.0g/t Au upwards.

ACR is targeting approximately 2 million open-pittable Resource ounces at Pickstone-Peerless. The Directors believe that depth extensions have the potential to bring the overall Resource at Pickstone-Peerless to over 3 million ounces. SRK have estimated the potential gold resources at between 1.5 and 3 million ounces for all of the mineralised trends at Pickstone-Peerless including near-surface and deep mineralised zones.

Further information on the Pickstone-Peerless area can be found in the CPR, as set out in Part A of Part VI of this document.

Giant Mine and Gadzema Schist Belt

The Gadzema Schist Belt is located some 29km north-west of Pickstone-Peerless along mostly good tarmac roads. The Giant Mine was an underground mine which ceased operations in 1971 due to depressed world gold prices, structure-related mine instability and a loss of ore beneath faulting at 7 level (700 feet below ground level). ACR has re-interpreted the structure and believes that previous drilling for ore extensions was inconclusive. An Australian-listed entity (Cambrian Resources NL) explored the mine in the 1990s in a joint venture with Anglo American Corporation Zimbabwe Ltd. Drilling defined 336,000 JORC Ounces amenable to open pit mining. Exploration was terminated in the mid-1990s when world gold prices were in steep decline and the tenements reverted to the original owner. ACR acquired the rights for US$5.00 per JORC Ounce, as summarised in paragraph 10 of Part VII of this document.

Surrounding the Giant Mine are 38 recorded gold producers and over 900 documented occurrences of gold dotted along a deformed Greenstone Belt sequence known as the Gadzema Schist Belt. The Group has signed acquisition and exploration options with the owners of much of this ground and has also acquired additional acreage through pegging of claims. The area controlled by the Group now comprises 76 claims totalling 1,099 hectares.

Drilling continues in this area as the Group extends the definition of the main Giant ore body while exploring for extensions or look-alikes along strike and elsewhere in the Gadzema Schist Belt.

Further information on the Giant Mine and Gadzema Schist Belt can be found in section 3 of the CPR, as set out in Part V of this document.

One Step and other gold projects

The One Step Mine (South), East Step Mine, West Step Mine and Challenge Block comprise an area totalling 45.8 ha, held by the Group and located 60km south of the Pickstone-Peerless Mine. The Challenge Block contains at least one known, strongly mineralised, porphyry body and plans are underway to explore for further parallel trends in this block. The Directors believe there to be modern open-pit mining potential in all of these projects. The Group has pegged claims in several other gold-bearing areas in the Greenstone Belt of the Midlands area of Zimbabwe and has begun discussions with owners of several others.

In addition, the Lowveld region in the South of Zimbabwe, 280km south of Harare, has shown promising signs of gold mineralisation along structures associated with Rio Tinto's Renco mine and ACR has pegged several discrete blocks of claims distributed over 130km of strike in this target area.

Further information on the One Step and other gold projects can be found in section 6 of the CPR, as set out in Part V of this document.

Snakes Head PGE project

ACR has acquired exploration rights over 32.4 km^2 of the northernmost part of the Great Dyke of Zimbabwe. This terrain incorporates all of the known PGE-bearing pyroxenite horizons in the Musengezi sub-chamber of the Great Dyke. Primarily, this is a project to research and prove substantial resources of PGEs. The Great Dyke hosts the world's second largest platinum Reserves. The known PGE bearing segments of the Great Dyke are the Mimosa Mine (Aquarius Platinum Ltd), Unki region of Shurugwi (Anglo Platinum Ltd), the Ngesi mine and its surrounds, including Hartley (Zimbabwe Platinum Mines Ltd / Impala Platinum Limited), and the Snakes Head region (ACR). The Directors are confident the region will yield a multi-million ounce low-grade Resource. Historical work in the 1990s was undertaken by Cluff Resources NL (amongst others) when the price of platinum was US$350-500 per ounce. This Resource could become economic with a platinum price of around $1,750 per oz, some 40 per cent. above current levels.

Further information on the Snakes Head PGE project can be found in section 5 of the CPR, as set out in Part V of this document.

Nickel Projects

The Group has acquired exploration rights over various ultramafic bodies in the north and centre of Zimbabwe. The first nickel project, the Chewore Inliers, is located near the northern border of the country, south of two projects owned by Zambezi Nickel plc (a subsidiary of Zambezi Resources plc) in Zambia, just north of the Zambezi River. The Chewore Inliers are a layered ultramafic intrusion of Proterozoic age, and the presence of mapped chromitite layers is a favourable indicator of mineral segregation and prospective for chromium, nickel and PGEs. The Group's Chewore claims cover approximately 125 km^2 over at least two block-faulted, layered ultramafic bodies each with dimensions of approximately 5 km by 3 km. The Group will explore for mineralisation similar to the promising prospects in ultramafic complexes across the rift valley at Munali Hills in Zambia (Albidon Mining Ltd), and elsewhere in Malawi and Mozambique.

The second nickel target area incorporates the old Perseverance Mine in the Midlands Province of Zimbabwe, formerly owned by Rio Tinto and closed after a relatively short lifespan due to low world prices. The Perseverance Mine produced 4,657 tonnes of nickel at an ore grade of 1.01 per cent.

Further information on the Group's nickel projects can be found in section 7 of the CPR, as set out in Part V of this document.

Diamonds

The Group has recently acquired exploration rights over ground in the eastern part of Zimbabwe where previous exploration identified kimberlite indicator minerals. The area is currently being re-sampled by a small, experienced team to confirm the earlier results and this low-cost exploration could lead to primary diamondiferous deposits.

Further information on the Group's diamond exploration can be found in section 8 of the CPR, as set out in Part V of this document.

4. Competent Person's Report

The attention of investors is drawn to the reports written by SRK which are set out in Parts V and VI of this document. The reports review previous and current work programmes on all the Group's projects, and provide detailed independent analysis of the geology and mineral Resources reported in this document.

The projects assessed in the reports are:

- The Pickstone-Peerless project – due diligence reporting and Resource estimates on recent drilling that has increased the Resource inventory to 485,000 oz. SRK also assesses the potential for discovering additional Resources.
- The Giant Mine – SRK reviews work by previous operators that defined the existing gold Resource of 336,000 oz, and comments on the Group's proposed exploration programme.
- The Snakes Head portion of the Great Dyke where low grade PGE mineralisation has been broadly delineated in previous drillholes – SRK discusses estimates by previous explorers of a potential PGE Resource of 23 to 30 Moz of Pt and Pd, and considers economic factors for profitable extraction.
- The Chewore Inlier – a group of small differentiated igneous complexes within the Zambezi Valley. SRK assesses potential for copper/nickel, chromitite or possibly PGE mineralisation.
- One Step – a group of gold occurrences situated 40 km southwest of Kadoma which have produced almost 13,000 ounces of gold.
- The old Perseverance Mine – which produced approximately 4,660 tonnes of nickel.
- Diamond exploration.

5. Zimbabwe

5.1 History of Mining in Zimbabwe

Zimbabwe has a rich and enviable place in the history of world gold mining.

Multiple ruins of ancient civilisations confirm the trading link between the coast and the ancient city of Great Zimbabwe in the country's centre. Other ruins show alternative overland trade links to Sofala (near modern day Beira) on the central coast of Mozambique. Zimbabwe's countryside is also scattered with a multitude of ancient gold workings, and indeed it was these markers which led early European settlers to find the deposits that created a turn-of-the-century gold rush.

While many hunters and prospectors explored and traded in the 1870s and 1880s, the country was first formally occupied by the British South Africa Company ("BSA Co") in September 1890, under a Royal Charter granted by the British Government. Whilst this Charter conferred both administrative powers as well as commercial rights, it was probably the only British proclaimed territory ever settled primarily for its mineral wealth. The modern agricultural industry developed much later.

The early settlers, including the BSA Co, initially sought and were granted mining concessions from the ethnic leaders and chiefs of the region, the best known of which was Chief Lobengula of the Matabele. On the basis of these leases, and armed with its Charter, the BSA Co went on to acquire much of the mineral-bearing ground in the country, while at the same time attempting to fulfil its obligations by providing a suitable administrative infrastructure, as well as establishing a police force for the young colony. After handing over its administrative responsibilities in 1923, the Company focused upon its commercial role and, in particular, its mining activities in the region up until 1965, when its Zimbabwean interests were merged with those of the Anglo American Corporation.

The earliest known example of a European-owned mining concession in the country was that granted by Chief Lobengula to Henry Hartley long before the arrival of the 1890 settlers column. Hartley subsequently began the mining of what became known as the Concession Hill mine. Today that mine is a part of Pickstone-Peerless, now the Group's lead project.

In 1975, despite being in the middle of a civil war, the country (then known as Rhodesia) was ranked the fifth largest gold producer in the world, fractionally behind the USA and well ahead of Australia.

Barring a brief opportunity in the late 1980s/early 1990s, the country's gold industry has, through periods of low metal prices alternating with political instability, been largely denied the benefits of the world's technological developments in exploration and mining techniques.

The current international perception of high political risk has given companies such as ACR an advantage which they have been quick to exploit. This has established the Group's potential as a major stakeholder in and developer of Zimbabwe's mining future, which, to the Directors, looks bright indeed.

5.2 Political and economic environment

The colony of Southern Rhodesia was granted self government in 1923 and was, from that point, run as a *de facto* independent country, principally democratic only within the white European settler community. Initially a colonisation for exploitation of minerals, this quickly extended to exploitation of the rich agricultural land. The local people resisted the colonisation in the form of various uprisings. Later in the century the indigenous Shona and Ndebele people turned to the formation of powerful political institutions pushing for a full democracy. In the wave of African independence, the British Government pressured the Rhodesian Government to grant these rights. The resulting Unilateral Declaration of Independence by the Rhodesian Government in 1965 eventually turned the Black Nationalist movements into armed resistance aimed at ending minority rule. Fifteen years later Zimbabwe achieved recognition of its independence in an election won by the party of President Robert Mugabe.

Initially a roaring success in agriculture, tourism and mining, Zimbabwe grew in maturity, economic power and prestige despite some concerns over human rights. The Government of Zimbabwe encouraged foreign and local investment through its market-oriented reform programmes introduced in the early 1990s as they began the departure from Marxist socialism.

Partly through controversial redistribution of agricultural land, an unbudgeted war veterans' payout, a military venture in the Democratic Republic of Congo, as well as the rise of a strong opposition unpopular with the government and failure to complete constitutional reform, Zimbabwe has floundered economically and politically. International investors have avoided the country pending the clarification of private property and other rights and a clearer rule of law. The demise of the bulk of the agricultural industry has severely strained an economy which has no safety net and the IMF has suspended financial assistance to the country.

Were it not for the mining industry, particularly the recent rise of a platinum sector, the nation would be likely to be in a state of collapse due to the exhaustion of foreign currency reserves. As it is, Zimbabwe has the world's fastest shrinking economy and in 2005 had the world's highest rate of inflation.

Zimbabwe contains a significant share of the world's platinum and chrome reserves and historically was a major world producer of gold. In addition, its resources include deposits of iron ore, nickel, coal, natural gas (coal bed methane), diamonds, copper, marble, black granite, vanadium and uranium.

The historical infrastructure of Zimbabwe is still far superior to most African states and has survived largely intact through the economic crises of recent years. This remains an important factor in the low cost of in-country operations. The fuel crisis has abated since the Government almost entirely deregulated the importing and retailing of fuel. The Group procures diesel for its drilling programme at a cost lower than available in neighbouring countries (e.g. 25 per cent. cheaper than in Zambia). Fuel shortages have not materially affected the Group's operations.

5.3 Mining regulation

Despite Zimbabwe's recent economic and political hardships, there are a number of large multinational mining companies such as Rio Tinto (gold, coal, diamonds), Metallon Corporation (gold), Anglo American Platinum (platinum group metals), Impala Platinum (platinum group metals) and Aquarius Platinum (platinum group metals) exploring or operating in the country.

The Ministry of Mines and Mining Development is responsible for the mining sector and all mineral rights are vested in the state. All mining activities are regulated by the MMA as amended, and associated regulations.

A recent indication of policy by the Minister of Mines created deep concern, but subsequent clarification by the Zimbabwe Government has indicated that the statement was simply a starting point for achieving the political ideal of economically

empowering HDPs. The Directors are confident that the ultimate policy and involvement of indigenous partners will be rationally conceived and will not endanger the investment of Shareholders. Furthermore, ACR has been proactive in encouraging involvement and investment from indigenous partners who now hold an important stake in the Company. In addition the Zimbabwean Government has specifically stated that exploration companies will be less affected in the short term by empowerment requirements in recognition of the costs and risks associated therewith. No mining titles have been formally challenged or seized and, in the Director's view, the application of the MMA has been consistent and transparent. Recent constitutional amendments enacted by the Zimbabwe Government affect only land title, which under the MMA is entirely divorced from mining and mineral rights. Constitutional amendments require a two thirds majority approval in Parliament. Any changes requiring compulsory acquisition of minerals or mining rights by the state or other parties will require a constitutional amendment. The same would apply to such an acquisition of company shares.

The Gold Trade Act of 1940 gives the RBZ a monopoly on the purchase and export of all gold and silver produced in Zimbabwe. The price paid historically by the RBZ, combined with an inappropriate exchange rate policy, has generally meant that mining operator earnings in Zimbabwe Dollars did not rise fast enough to offset rapidly rising costs, notably labour, caused by the escalating rate of inflation. The RBZ has recognised the success of deregulation applied to the platinum industry and acknowledged the potential for growth that would be unlocked if the same concessions are afforded to large gold producers. ACR intends to have discussions aimed at achieving such concessions, along with a variety of tax concessions which would commence with production. The Directors are confident that such negotiations will be successfully concluded prior to completion of bankable feasibility studies on the Group's gold reserves.

Under the MMCZ Act, all minerals and metal products, excluding gold and silver, are required to be sold through or with the approval of the MMCZ, whose duty is to act as the exclusive agent for the selling and marketing of minerals. In turn, the MMCZ receives a commission on all sales handled. Specific concessions for exemption to all or part of this restriction may be applied for as witnessed by the dispensation granted to platinum producers.

Under Zimbabwe's current exchange control regulations, foreign investors are permitted to remit offshore 100 per cent. of current net after tax trading profits in the form of dividends. Further discussion of these regulations is set out in paragraph 5.4 of this Part I.

Mineral resources are vested in the President of the Republic of Zimbabwe and a licence is required to search for and exploit mineral resources. The following licences, consents, titles and authorities may be granted:

Exclusive Prospecting Order ('EPO') – This title is available to any person making a written application to the Mining Affairs Board (MAB) which sits bi-monthly. If the MAB approves the application it recommends it and refers it to the Minister of Mines. No EPO is granted for a period exceeding three years but an order may be extended by the Minister of Mines on recommendation by the MAB for a further period not exceeding three years. These EPOs currently require the signature of the Minister of Mines. The President of the Republic of Zimbabwe has apparently ceased approval for all applications for new EPOs pending the finalisation of amendments intended for the MMA.

Prospecting Licence – This licence, which provides the right to search for minerals and peg mining claims is valid for two years and is issued by the Mining Commissioner's Office. It empowers the licensee to peg, through an Approved Prospector, claims or blocks of claims on any land open to prospecting. No recent restrictions have been introduced on the use and legality of these licences.

Special Grants – Minerals – This title provides the holder with the right to prospect for minerals in an area reserved against prospecting and pegging of claims. There is no set duration period for this title, but terms are specified at the issuing of the title. Special Grants must be approved first by the body governing the normal use of the area concerned (e.g. Department of National Parks and Wildlife for game reserves), whereafter the application is submitted to the MAB and follows the same path as an EPO.

Titles available for mine development and mining include:

Registered Claims – Each Prospecting Licence provides the authority for an Approved Prospector to peg one block of claims for the licensee, which in the case of precious metals or precious gems is restricted to 10 claims and in the case of base metals

restricted to 25 claims, where each claim may cover no more than 1 hectare in extent. Multiple prospecting licences are routinely issued, although the MMA does empower the Mining Commissioner to refuse issuance of licences without requiring specific justification. It is common and legally accepted practice for a single party to hold larger tracts of mineral rights in numerous, contiguous claim blocks.

Mining Leases – Holders of mining leases have the exclusive right of mining any deposit or mineral that occurs within the vertical limits of their lease. Mining leases are issued by the Mining Commissioner and provide a mechanism whereby multiple claims may be consolidated and easily maintained and monitored.

Special Mining Leases – These are granted to holders who intend to establish or develop a mine and whose investment will be in foreign currency and exceeding US$100 million in value and whose mining output will mainly be intended primarily for export. Special mining leases are approved by the President of the Republic of Zimbabwe after recommendation from the Minister of Mines and the MAB.

Special Grants – Energy – These are issued by the Minister of Energy, subsequent to endorsement by the MAB and Ministry of Mines, and are required for the exploitation or mining of coal, uranium, mineral oils, or natural gas. There is no set duration period for this title, but terms are specified at the issuing of the title.

All exploration licences and rights currently held by the Group are 'Registered Claims'.

5.4 Foreign Investment and Exchange Control Regulations in Zimbabwe

Under Zimbabwean law no share in a Zimbabwean registered company may be issued to a foreign resident without the approval of the Exchange Control Authorities who have delegated their authority to the Zimbabwe Investment Authority where the project is considered to be a new venture. The Company's wholly owned subsidiary, Canape Investments (Private) Ltd., ("Canape") has duly been given an investment certificate pursuant to this procedure.

The current rules are that all investment capital must be remitted into the country via normal banking channels or in the form of capital equipment that has customs cleared documentation if it is to be recognised by the Authority as having disinvestment rights.

Investment capital may only be repatriated at such time as the investor disinvests from the country. Foreign investors have been given an undertaking that initial foreign denominated investment capital will be permitted to be remitted upon application to disinvest. Any capital profit will be subject to the prevailing rules at the time of the disinvestment.

In the event of the Zimbabwean company obtaining a listing on the Zimbabwean Stock Exchange, shares bought with foreign currency remitted into the country through normal banking channels would be permitted to be remitted on sale of those shares. Such shares are endorsed as being held by non-residents for easy identification. Shares held by foreign investors at the time of the listing will not necessarily have the same rights unless specific authority is given for the shares to be thus endorsed.

Dividends accruing to the foreign investor from current net after tax trading profits are remittable on application. Capital profits are not remittable prior to disinvestment. The procedure for dividend remittances involves a submission within 12 months of the company's year end to the RBZ via the company's bankers with supporting information from the company's auditors verifying that the dividend is from current after tax profits, and that the company has sufficient of its own resources to pay a dividend. Companies are not permitted to borrow to pay a dividend. With the current shortage of foreign currency, companies are also required to indicate what foreign funds they have in their foreign currency accounts (these are allowed subject to certain conditions) as these are expected to be utilised before access to the general interbank funds is permitted. Once approval is received the approval remains valid even if foreign currency is not immediately available. Payment can be made on application when foreign currency can be sourced. Dividends are denominated in Zimbabwe Dollars and are thus subject to exchange rate fluctuations. All capital remittances are subject to RBZ approval. Investment guarantees relate only to the original foreign denominated capital with any capital profit being subject to the prevailing rules at the time of disinvestment. A future local Zimbabwean listing will not necessarily permit remittance of capital on shares existing at the time of the listing.

Where a Zimbabwean registered company or resident individual acquires the shares of another Zimbabwean registered company utilising Zimbabwean Dollars it is not necessary to seek approval from the RBZ as there are no cross-border implications. If a foreign loan is involved or blocked funds or remittable dividends are to be used, RBZ approval is required.

Where shares held by a foreign investor in a Zimbabwe registered company are be sold or transferred to a local or foreign investor, application has to be made to the RBZ for authority prior to the transaction taking place. RBZ does not permit payment to be made offshore where two foreign parties are involved.

Applications for disinvestments must include up to date financial statements, a valuation of the shares involved or details of how a price was arrived at, proof of the original foreign investment approvals and receipt of funds, details of the new investors and a motivation for the sale. Benefits to the country and of a sale to another foreign investor as opposed to a local investor should be demonstrated.

An undertaking has been given to permit the remittance of the original foreign denominated investment capital received after 1992 provided it receives RBZ approval and was remitted into the country through normal banking channels or in the form of customs cleared capital goods. Approvals must be sought for any remittance. Remittance of capital profits will depend on the rules and conditions pertaining at the time of application for disinvestments. Capital may only be remitted on disinvestment.

5.5 Zimbabwe Taxation

The current income tax rate for mining companies operating in Zimbabwe is 15 per cent. In addition there is a 20 per cent. withholding tax recovered at source on dividends paid from an unlisted Zimbabwean mining company which is ordinarily resident in Zimbabwe to shareholders who are not ordinarily resident in Zimbabwe. However, the double taxation agreements between Zimbabwe and the United Kingdom reduce this withholding tax on dividends declared to 5 per cent. where the recipient, being resident in the United Kingdom and subject to tax there on the dividends, is a company which controls, directly or indirectly, at least 25 per cent. of the voting power in the Zimbabwe company.

6. Summary Financial Information

The attention of investors is drawn to the financial information relating to the Group which is set out in Part III of this document. Unaudited pro forma net assets of the Group, as at 28 February 2006 were £6.8 million. The basis on which this figure has been arrived at is set out in Part IV of this document.

The table below summarises the audited financial position of the Group as at 28 February 2006. This information has been extracted from Part III of this document. In order to make a proper assessment of the financial position of the Group, a prospective investor should not rely solely on the summary information set out below but should read the whole of this document.

	As at 28 February 2006 £
ASSETS	
Non-current assets	
Intangible assets	2,329,211
Property, plant and equipment	142,376
Fixed asset investments	43,273
Total non current assets	2,514,860
Current assets	
Inventory	50,775
Receivables	53,985
Cash at bank	1,975,166
Total current assets	2,079,926
Total assets	4,594,786
EQUITY AND LIABILITIES	
Equity	
Share capital	1,456,270
Share premium	2,442,790
Share option reserve	53,000
Sustained losses	(340,719)
Total equity	3,611,341
Current liabilities	
Trade payables	983,445
Total current liabilities	983,445
Total equity and liabilities	4,594,786

7. Current Trading and Prospects

Since its formation, the Group has achieved all of its initial objectives as follows:

- the acquisition of Pickstone-Peerless completed in June 2005;
- the acquisition of the Giant Mine and other exploration properties at satisfactory prices;
- the formation of a strong board containing experts in geology, capital markets, international commerce and the commodities sector;
- an exploration team now comprising eight geologists under the leadership of Michael Kellow has been appointed and is in full operation;

- six operational drilling rigs under contract; and
- defining of a gold Resource of over 800,000 ounces.

The Placing proceeds will enable the Group to work on its current asset portfolio and to expand its asset base further by the definition of more Resource ounces, the "pegging" of further claims and by the acquisition of further small claims prospective for gold and/or other minerals. Larger acquisitions may require the issue of new Ordinary Shares. The Directors consider that such continued development should leave the Group well placed to become a substantial mining house with a diversity of mineral assets.

8. Reasons for and details of the Placing and use of proceeds

The Company is seeking to raise £4.0 million (approximately £3.2 million net of expenses) pursuant to the Placing. Williams de Broë has agreed pursuant to the Placing Agreement and conditional, *inter alia*, upon Admission, to use its reasonable endeavours to place the Placing Shares at the Placing Price with investors. The Placing has not been underwritten.

The Directors intend to use the net proceeds of the Placing as follows:

• Exploration relating to current projects	£1,499,000
• Capital expenditure	£482,000
• Working capital and general future corporate development	£1,219,000

There are no amounts to be provided in respect of the matters aforesaid otherwise than out of the proceeds of the Placing.

No firm commitments have as at the date of this document been entered into by the Company specifically in relation to the above funds save for capital commitments of £100,000.

The Directors believe that the Placing and Admission will be an important step for the Group for the following principal reasons:

- to provide the Company with access to international capital markets;
- to raise the profile of the Group in Europe, Australia and Africa; and
- to achieve a broader shareholder base by attracting investors from the UK and Europe, Australia and Africa.

The Placing Shares are subject to the rights and obligations contained in the Articles described in further detail in paragraph 5 of Part VII of this document and may be issued in certificated or uncertificated form. The Placing Shares will be credited as fully paid and will, when issued, rank *pari passu* in all respects with the existing Ordinary Shares.

In the case of placees requesting Placing Shares in uncertificated form, it is expected that the appropriate CREST stock accounts of the placees will be credited with their Placing Shares on 30 June 2006. In the case of placees requesting Placing Shares in certificated form, it is expected that certificates in respect of their Placing Shares will be despatched by post within 14 days of the date of Admission. Dealings in the Ordinary Shares are expected to commence on AIM on 30 June 2006.

Further details of the Placing Agreement are set out in paragraph 10 of Part VII of this document. Following Admission, the Directors and their connected persons (within the meaning of section 346 of the Act) will hold 11,576,479 Ordinary Shares, representing approximately 6.1 per cent. of the Enlarged Issued Share Capital.

9. Directors and Senior Management

The current Board comprises:

Ian Fisher, Executive Chairman, aged 53

Ian Fisher was born in Zimbabwe and has lived in Western Australia for 30 years. He has extensive knowledge of the mining and gas sectors in Zimbabwe and Central Africa. He is a director of Carnegie Corporation Ltd., an Australian Stock Exchange listed company with mineral sands production interests in Gambia. Ian Fisher is the Chairman of the Western Australian Premier's Regional Investment Group – a voluntary group of twelve financiers assisting with investment in regional areas in Western Australia. He was also founding director of Atlas Pacific Ltd., a South Sea pearl farming company listed on the Australian Stock Exchange.

Andrew Cranswick, Chief Executive Officer, aged 43

Andrew Cranswick is Zimbabwean by birth and citizenship. He has, at various stages over the past twenty-five years, been active in the mining and minerals sector in Zimbabwe and Southern Africa and was a geologist assistant for Anglo Gold (Vaal Reefs) in the 1980s. Returning to Zimbabwe in the late 1980s he exploited the combination of Zimbabwe's emerging market status and the tech boom by founding a group of IT companies including the country's first commercial Internet Service Provider and the first major computer assembly line. Selling the internet company to an international concern at the peak of the dot.com boom in 2000, he returned to the mining sector as it began its upturn.

Roy Tucker, Group Finance Director and Company Secretary, aged 65

Roy Tucker is a Chartered Accountant whose background is as a tax consultant. He has co-founded and been involved in the management of various financial businesses particularly in the banking and commodity sectors. He is chairman and co-founder of South Africa based Legend Lodges Group which holds significant tourism interests. He is also a director of Lisungwe plc which has mineral exploration interests in Malawi. Roy Tucker is based in the UK.

Stuart Bottomley, Non-Executive Director, aged 61

Stuart Bottomley was appointed as a non-executive director of the Company on 27 May 2005. He worked as a stockbroker for nine years, before joining Dawnay Day where he worked as a portfolio manager for the Target Group of Unit Trusts. During his time with Target, he successfully managed the Special Situations Fund and Target Energy. In 1984, he joined Fidelity International in London, working with the ERISA group, focused on UK and European markets. Since leaving Fidelity, Stuart has consulted for numerous private and public companies, advised a number of Australian companies on admissions to AIM and assisted in IPOs and other fundraisings. He is currently a non-executive director of Centamin Egypt Ltd and Isis Resources Plc.

Michael Kellow, Technical Director, aged 50

Michael Kellow is an exploration geologist with over twenty-five years' experience in diverse gold, base-metals and uranium exploration in Archaean and Proterozoic terranes both in Australia and Africa. He was team leader in multiple discoveries of virgin mineral systems in Western Australia and the Northern Territory, and has worked with a range of both junior and major mining companies including Anglo American Corporation (now Anglo Gold), Gold Fields and Sons of Gwalia. Michael Kellow was a founding director of Intierra Ltd, one of the world's largest commercial databases on mining projects, companies and management.

Senior Management comprises:

Ian Harris, Group Financial Controller, aged 45

Ian Harris is a Zimbabwean by birth and citizenship. He qualified as a Chartered Accountant (SA) in Johannesburg, South Africa, where he served Articles of Clerkship with Pim Goldby. Since his return to Zimbabwe in 1989, his varied financial and corporate experience has included positions as Financial Director, United Bottlers (a division of Delta Corporation), head of Corporate Finance Division, Merchant Bank of Central Africa, and most recently Chief Financial Officer, Anglo American Corporation Zimbabwe Limited 2004-2005. He has held several executive and non-executive, listed and unlisted directorships, including *inter alia* Anglo American Corporation Services Limited (2003-2005), National Foods Holdings Limited (2000 to present), Amzim Gold (2000-2003), and CBZ Asset Management (2005 to present). He is currently acting as a financial consultant to the Group.

Dirk Benade, Senior Geologist, aged 57

Dirk Benade has 33 years' mining geology experience on 49 mines in Zimbabwe in both underground and open pit operations mining or exploring for copper, gold, chrome and tungsten. Dirk Benade also has three years' experience in Australia exploring for copper, gold, uranium, tungsten and coal. As a partner in a private company he was instrumental in building a well-established analytical laboratory in the Midlands area of Zimbabwe. He has worked for, among others, Utah Development Company (now BHP-Utah) Anglo American, Messina Transvaal Development and Falcon Mines, and latterly spent ten years

with AIM-listed African Gold plc, rising to Managing Director. He is fluent in the indigenous languages of Zimbabwe. He currently acts as senior geologist for the Group.

10. Corporate governance

The Directors recognise the importance of sound corporate governance and the guidelines set out in the Combined Code. Whilst AIM companies are not obliged to comply with the Combined Code, the Directors intend to comply with the Combined Code so far as is appropriate, having regard to the size, stage of development and resources of the Group. In doing so, the Board will also take into account the guidance issued by the Quoted Companies Alliance for companies whose shares are admitted to trading on AIM.

Audit Committee

The Audit Committee of the Board has recently been established and it currently comprises the Non-Executive Director and the Executive Chairman. It will be responsible for ensuring that the financial performance, position and prospects of the Group are properly monitored as well as liaising with the Group's auditors to discuss accounts and the Group's internal controls.

Remuneration Committee

A Remuneration Committee has been established and comprises the Non-Executive Director and the Group Finance Director. The committee will be responsible for making recommendations to the Board, within agreed terms of reference, on the Company's framework of executive remuneration and its cost. The Remuneration Committee will determine the contract terms, remuneration and other benefits for the executive directors, including performance related bonus schemes and compensation payments. The Remuneration Committee will also make recommendations to the full Board concerning the granting of share options to Directors, senior management and employees. No Director will be permitted to participate in discussions or decisions concerning his own remuneration. The Board itself will determine the remuneration of the non-executive director and the Group Finance Director.

Share Dealing Code

The Company has adopted a code for the Director's and applicable employees' share dealings which is appropriate for an AIM listed company. The Directors will comply with Rule 21 of the AIM Rules relating to Directors' dealings and will take all reasonable steps to ensure compliance by the Group's applicable employees.

Health, Safety, Environment and Community Committee

A Health, Safety and currently, Environment, and Community Committee ("HSEC Committee") has also been established and currently consists of the Non-Executive Director and the Executive Chairman. The HSEC Committee will be responsible for the overall health, safety and environmental performance of the Group and its operations and its relationship with the local community.

11. Dividend policy

The Directors do not envisage paying a dividend in the short to medium term, as the intention is to devote the Group's cash resources directly to its exploration programme, definition of mineral resources at a number of sites and possibly further tenement acquisitions.

12. Lock-in Agreements and Orderly Market Undertakings

On 29 June 2006 each of the Directors, Adonis Investments LLC and Notezy Pty Limited undertook to the Company and Williams de Broë that, save in specified circumstances, they will not dispose of any interest in Ordinary Shares held by each of them for a period of 12 months from Admission (the "Lock-in Period").

Furthermore, they have also each undertaken to the Company and Williams de Broë not to dispose of their Ordinary Shares for a period of twelve months following the expiry of the Lock-in Period otherwise than through the Company's broker from time to time in order to maintain an orderly market.

Collectively, such persons will control or be interested in 11,576,479 Ordinary Shares representing, 6.1 per cent. of the Enlarged Issued Share Capital.

In addition Adonis Investment Limited has undertaken to the Company not to dispose of any interest in 9,605,214 Ordinary Shares (representing 5.1 per cent. of the Enlarged Issued Share Capital) for a period of 6 months from Admission.

Further details of the Lock-In Agreements and Orderly Market Undertakings are set out in paragraph 10.10 of Part VII of this document.

13. Share options and employee remuneration

The Directors consider that an important part of the Group's remuneration policy includes equity incentives through the grant of Share Options to Directors, employees and consultants (where considered appropriate by the Board). It is the intention of the Board to grant Share Options to Directors and senior management at Admission as detailed more fully in paragraph 6 of Part VII of this document. The maximum number of new Ordinary Shares which will be subject to options granted to Directors and employees and under any share schemes adopted by the Company will not exceed 20 per cent. of the Company's issued share capital from time to time.

The Directors and senior management of the Company have entered into agreements for their services with the Company and the principal terms of these agreements are summarised in paragraph 9 of Part VII of this document. The remuneration of the Directors and senior management is subject to annual review by the Remuneration Committee.

Details of Share Options issued to the Directors and applicable senior management as part of their incentive schemes are set out in Part VII paragraph 6 of Part VII of this document.

14. CREST

CREST is a paperless settlement system enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. The Company has applied for the Ordinary Shares to be admitted to CREST upon Admission. Accordingly, settlement of transactions in the Ordinary Shares following Admission may take place within the CREST System if the relevant Shareholders so wish.

CREST is a voluntary system and holders of Ordinary Shares and Placing Shares who wish to receive and retain share certificates will be able to do so.

15. Taxation

The attention of investors is drawn to the further information regarding taxation set out in paragraph 15 of Part VII of this document. These details are, however, intended only as a general guide to the current tax position under English taxation law for certain investors. Investors who are in any doubt as to their tax position or who are subject to tax in jurisdictions other than the UK are strongly advised to consult their professional advisers.

16. Further information

The attention of investors is drawn to the information contained in Parts II to VII of this document which provide additional information on the Group and the Placing and, in particular, the Risk Factors set out in Part II and the Competent Person's Report set out in Parts V and VI.

PART II. Risk Factors

AN INVESTMENT IN THE COMPANY IS HIGHLY SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK AS THE COMPANY HAS A SHORT OPERATIONAL HISTORY AND DUE TO THE NATURE OF MINING EXPLORATION.

The Directors believe that the following risk factors should be considered by any potential investor in the Company. An investment in the Ordinary Shares is suitable only for individuals who are financially able to withstand a complete loss of their investment.

If any of the circumstances identified in the risk factors, together with possible additional risks and uncertainties of which the Directors are currently unaware or which they consider not to be material in relation to the Group's business at the date of this document, were to materialise, the Group's business, financial condition and results of operation could be materially and adversely affected.

An investment in the Company may not be suitable for all recipients of this document. Any persons wishing to invest are accordingly advised to consult an independent financial adviser duly authorised under FSMA and who specialises in advising upon the acquisition of shares and other securities before making a decision to invest.

The risks described below are not presented in any assumed order of priority.

OPERATIONAL RISKS

1. Project development risk

Exploration for, and development of, natural resources is speculative and involves a significant degree of risk. Mining development projects typically require a number of years and significant expenditure during the development phase before production is possible. In addition, there can be no assurance that the Group's projects will be fully developed in accordance with the Company's current plans or completed on time or to budget.

Estimates of mineral resources are based upon the interpretation of geological data obtained from drill holes. The Group may complete feasibility studies for the mining of such resources. These studies derive estimates of cash operating costs based upon anticipated tonnage and grades of ore to be mined and processed, the configuration of the orebody, expected recovery rates, comparable facility and equipment operating costs, anticipated climatic conditions and other factors. As a result, it is possible that actual cash operating costs and economic returns may differ from those estimated. Additionally, the resources underlying such projects may require further evaluation and capital expenditure in order to bring them into production. Future work on the development of projects, the levels of production and financial returns arising therefrom may be delayed or adversely affected by factors outside the control of the Group.

References to mine reserves and resources figures are estimates and there can be no assurance that they will be recovered or that they can be brought to profitable production. Reserve and resource estimates may require revision based on actual production experience. Further, the volume and grade of reserves mined and processed and the recovery rates may not be the same as currently anticipated and a decline in the market price may render ore reserves uneconomic and may in certain circumstances ultimately lead to a restatement of reserves.

2. Drilling and operating risks

There are risks inherent in the development and exploitation of mineral deposits. The business of mining by its nature involves risks and hazards often outside a mining company's control. These include geological, geotechnical and seismic factors and production risks (ore grade/quality, tonnages and recovery/yields), industrial and mechanical incidents, unscheduled plant shutdowns or other processing problems, technical failures, labour disputes, environmental hazards including the discharge of toxic chemicals, fire, drought, flooding, pollutants, and acts of God. The occurrence of one or more of these events may result

in the death of, or personal injury to, miners, the loss of mining equipment, damage to or destruction of mineral properties or production facilities, monetary losses, delays in production, environmental damage and potential financial liabilities. As a result, a mining company's operations could be affected and, if such effects were material, its financial position could be adversely impacted.

As is common with all mining and exploration operations, there is uncertainty associated with a mining company's operating parameters and costs. While costs can be budgeted with a reasonable degree of confidence, operating parameters can be difficult to predict and are often affected by factors outside a mining company's control.

3. Growth and strategy risks

In order to expand its asset base, the Group may seek to make acquisitions of selected rights, properties or assets, or may acquire producing companies. The Group's success in making any acquisitions will depend on a number of factors, including, but not limited to:

- negotiating acceptable terms with the seller of the business(es) or asset(s) to be acquired;
- obtaining approval from regulatory authorities in the jurisdiction of the business or asset(s) to be acquired, as applicable;
- assimilating the operations of an acquired business or asset(s) in a timely and efficient manner;
- maintaining the Group's financial and strategic focus while integrating the acquired business or asset(s);
- implementing standards, controls, procedures and policies at the acquired business or asset(s); and
- to the extent that the Group makes an acquisition outside of markets in which it has previously operated, conducting and managing operations in a new operating environment.

Any problems experienced by the Group in connection with an acquisition as a result of one or more of these factors could have a material adverse effect on its business, operating results and financial condition.

REGIONAL AND COUNTRY SPECIFIC RISKS

4. Economic and political risk

Currently all of the Group's properties are located in Zimbabwe. The Group does intend to own properties and operate in other countries in the southern African region. The Group's properties will be subject to the laws and regulations of the countries in which it operates. The Group's mineral exploration and mining activities may be affected in varying degrees by political stability and government regulations relating to the mining industry and foreign investors in Zimbabwe and anywhere else it operates. Any changes in regulations or shifts in political conditions are beyond the control of, and may adversely affect, the Group's business. Operations may be affected in varying degrees by government regulations, policies or directives with respect to restrictions on production, price controls, export controls, income taxes, expropriation of property, repatriation of income, royalties, environmental legislation and mine safety. The Group will also be required to negotiate mining leases/licences/permits with the government of whatever country it is operating in. Such governments may impose conditions, such as providing the government with a free carried interest or providing subsidies for the development of the local infrastructure or other social assistance, that will affect the viability of a project. There can be no assurance that the Group will be successful in concluding such mining leases/licences/permits on commercially acceptable terms or that these mining leases/licences/permits will be successfully enforced by the relevant authorities.

Operations may also be affected in varying degrees by political and economic instability, economic or other sanctions imposed by other countries, terrorism, civil wars, guerrilla activities, military repression, crime, extreme fluctuations in currency exchange rates and hyperinflation.

Exchange control risks

Foreign exchange control requirements in the countries in which the Group operates or may operate in future may have an adverse effect on profitability.

The Group's operations will be subject to governmental requirements relating to exchange control. The exchange control laws of certain of the countries in which the Group may operate in future may require permission from local authorities for transactions involving foreign currency.

Exchange rate risk

As the Company will be making investments and incurring costs in currencies other than its reporting currency (£) there is a risk from exchange rate fluctuations.

Infrastructure

Failure in electrical power and shortages of the supply of diesel, mechanical parts and other items required for the Company's operations may occur in the southern African region which may adversely affect the Group's exploration programme.

Legal

Countries in the southern African region have less developed legal systems than more established economies, which may result in risks such as: (i) potential difficulties in obtaining effective legal redress in its courts, whether in respect of a breach of law or regulation, or in an ownership dispute; (ii) a higher degree of discretion on the part of governmental authorities; (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations; (iv) inconsistencies or conflicts between and within various laws, regulations, decrees, orders and resolutions; or (v) relative inexperience of the judiciary and courts in such matters. In addition the commitment of local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain, creating particular concerns with respect to licences and agreements for business. These may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that joint ventures, licences, licence applications or other legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness of and enforcement of such arrangements in these jurisdictions cannot be assured.

5. Zimbabwe specific risk

The Group's mineral deposits are presently located in Zimbabwe. Certain risks specific to Zimbabwe are set out below.

Political and economic risk

Government policy in Zimbabwe has been unpredictable and the institutions of government and market economy have been unstable and subject to rapid and unpredictable change.

Any existing and new exploration projects and, should the Group move to production, any mining projects carried out by the Group in Zimbabwe will be subject to Zimbabwean laws, policies and regulations governing the prospecting, developing and mining of mineral reserves, taxation, exchange controls, investment approvals, employee relations and other matters. If the Group cannot obtain or maintain the necessary permits, authorisations or agreements to implement planned projects or continue its operations under conditions or within time frames that make such plans and operations economic, or if legal or fiscal regimes or the governing political authority change materially, its financial position could be adversely affected.

Inflation risk

Zimbabwe historically has had high rates of inflation and hyperinflation. Because the Group may not be able to control the price at which it sells any minerals which it may produce in the future (except to the extent that it enters into forward sales and other derivative contracts which may not necessarily be permissible in Zimbabwe), it is possible that higher future inflation in Zimbabwe may result in an increase in future operational costs in Zimbabwean dollars, which without a concurrent devaluation of the Zimbabwe dollar against the U.S.$ or an increase in the U.S.$ price of gold, could have a material adverse effect upon the Group's operations and financial condition.

Regulatory risk

In 2004, the Government of Zimbabwe proposed an amendment to the MMA whereby every holder of a mining right or title will be required to offer a part of its issued shared capital to HDP. This was followed up in March 2006 with a speech by the Minister of Mines, to the mining industry's representative body, the Chamber of Mines, stating Government's intention to

indigenise 51 per cent. in some instances, of all foreign owned mining companies, 25 per cent. to be acquired on a non-contributory basis on promulgation of the proposed amendments, and the other 26 per cent. over a 5 year period. The contents of the speech have subsequently been verified as work in progress. The proposed amendments remain unlegislated and are expected to be enacted in 2006 in a different form to those indicated in the speech. The Directors believe that failure of the Company to comply with the amendments could result in the loss of licences and/or permits. The Company will comply with the amended MMA once enacted.

Further, the Directors believe that in certain circumstances, such as the acquisition or disposal of mining assets, the Company will be required to seek the consent of regulators and other governmental authorities before it can undertake significant transactions. It may not be able to obtain these consents expeditiously or at all.

Foreign exchange risk

Zimbabwe currently faces acute foreign currency shortages which may negatively affect the Group's prospects. It has been reported that a number of mining companies have failed to import essential raw materials and that external suppliers are now demanding pre-payments for any supplies when dealing with Zimbabwean firms. The Company may face a similar situation.

While all new foreign shareholders post 1992 in Zimbabwe are permitted to remit full dividends declared from current after tax trading profits, these remittances are subject to approval by an authorised dealer and confirmation that no recourse to local borrowing will be necessary. Although it is expected that the Group would be able to remit 100 per cent. of any dividends which it may pay in the future, this will be dependent on the availability of foreign currency in Zimbabwe and the RBZ's willingness to prioritise the remittance of the foreign currency component of the Company's dividend.

Local Government, municipal bodies and utility providers are experiencing increased financial strain in the current economic environment in Zimbabwe. This situation is giving rise, *inter alia*, to increased shortages of power and municipal water supplies. Whilst these risks to the Group's exploration activities are low, and can be mitigated, these risks will potentially adversely affect future operations in particular if full production is entered into.

OTHER RISKS

6. Insurance

The Group's insurance will not cover all potential risks associated with the Group's business. In addition, the Group may elect not to have insurance for certain risks, due to the high premium associated with insuring those risks or for various other reasons, including an assessment that the risks are remote and that hyperinflation could decrease the value of any insurance claim. Furthermore, the Group may not be able to obtain insurance coverage at all or at acceptable premiums.

The occurrence of events for which the Group is not insured, or for which its insurance is inadequate may affect its cash flows and overall profitability.

7. Financing

Further exploration and the development of one or more of the Group's projects will depend upon the Company's ability to obtain financing through the raising of additional equity and/or debt financing or by other means. Any additional equity financing may be dilutive to Shareholders and debt financing, if available, may involve restrictions on further financing and operating activities. While the Directors are of the opinion that, taking into account the net proceeds of the Placing, the Company can meet its working capital requirements for at least the twelve months from Admission, the Company may need additional funds through debt and/or equity financing to expand. There can be no assurance that the Group will be able to procure such additional funding.

8. Litigation

While the Group currently has no outstanding litigation, there can be no guarantee that the current or future actions of the Group will not result in litigation since the mining industry, as with all industries, is subject to legal claims, both with and without merit. Defence and settlement costs can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, there can be no assurance that the resolution of any particular legal proceeding will not have a material effect on the Group's financial position or results of operations.

9. Environmental regulation

Environmental and safety legislation in the countries in which the Group operates or may operate in from time to time may change in a manner that requires stricter or additional standards than those now in effect, a heightened degree of responsibility for companies and their directors and employees and more stringent enforcement of existing laws and regulations. There may also be unforeseen environmental liabilities resulting from exploration, mining and related activities, which may be costly to remedy.

10. Gold and other metal and mineral prices

Mineral and metal prices are volatile and are affected by numerous factors which are beyond the Company's control. These factors include world production levels, global and regional economic and political events, international economic trends, inflation and deflation, currency exchange fluctuations, speculative activity and the political and economic conditions of a number of countries. Additionally, the purchase and sale of minerals and metals by world central banks or other large holders or dealers may also have an impact on the market price. The aggregate effect of these factors is not possible to predict.

11. Taxation and Royalties

The taxation and royalty structure of the countries in which the Group operates or may operate in the future are subject to change and any such change could have a materially adverse effect on the Group's business and future operations.

12. Competition

A number of major international mining companies already operate in Africa, including but not necessarily limited to Rio Tinto, Anglo Platinum, Metallon, Impala Platinum, Aquarius Platinum, Mwana Africa and Central Africa Gold. Other mining companies may seek to establish themselves in Africa and other countries in which the Group proposes to operate and may be allowed to bid for exploration and production licences and other services, thereby providing competition to the Group. Larger companies, in particular, may have access to greater resources than the Group, which may give them a competitive advantage. In addition, actual or potential competitors may be strengthened through the acquisition of additional assets and interests.

13. Dependence on key personnel

The Group is substantially dependent on the services of certain key members of the executive management team and a small number of highly skilled and experienced executives and personnel. The Group cannot guarantee the retention of the services of such executives and personnel. The loss of these persons or the Group's inability to attract and retain additional highly skilled employees may adversely affect the exploration and development of its properties, which could have a material adverse effect on the Group's business and future operations.

14. Liquidity of the Ordinary Shares

Admission to AIM should not be taken as implying that there will be a liquid market for the Ordinary Shares. It may be more difficult for an investor to realise his or her investment on AIM than to realise an investment in a company whose shares are quoted on the Official List of the UK Listing Authority. The share price of publicly traded emerging companies can be highly volatile. The price at which the Ordinary Shares will be traded and the price at which investors may realise their investments will be influenced by a large number of factors, some specific to the Group and its operations and some which may affect quoted companies generally. Such factors could include the performance of the Group's operations, large purchases or sales of Ordinary Shares, liquidity (or the absence of liquidity) in the Ordinary Shares, currency fluctuations and general economic conditions. The value of the Ordinary Shares may go down as well as up. The market perception of mining companies may change which could impact on the value of investors' holdings and impact on the ability of the Group to raise funds by the issue of further Ordinary Shares.

An investment in the Ordinary Shares described in this document is speculative. Potential investors are accordingly advised to consult a person authorised under the FSMA who specialises in advising on 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 or her personal circumstances and their personal financial resources available.

PART III. Accountant's Report and Financial Information on the Group

SECTION A – Accountant's Report on the Group

BDO Stoy Hayward
Chartered Accountants

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Surrey KT17 1HS

The Directors
African Consolidated Resources plc
Nettlestead Place
Nettlestead
Maidstone
Kent
ME18 5HA

29 June 2006

The Directors
Williams de Broë Plc
6 Broadgate
London
EC2M 2RP

Dear Sirs

African Consolidated Resources plc ("ACR") and its subsidiaries (collectively the "Group")

Introduction

We report on the financial information set out in Part III Section B. This financial information has been prepared for inclusion in the admission document of ACR dated 29 June 2006 (the "Admission Document") on the basis of the accounting policies set out in Note 1 to the financial information in Section B of Part III.

This report is required by Schedule Two of the AIM Rules and is given for the purposes of complying with the AIM Rules and for no other purpose.

Save for any responsibility arising under paragraph (a) of Schedule Two of the AIM Rules to any person as and to the extent there provided, to the fullest extent permitted by the law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such other person as a result of, arising out of, or in connection with this report or our statement, required by and given solely for the purposes of complying with Schedule Two of the AIM Rules, consenting to its inclusion in the Admission Document.

Responsibilities

The directors of ACR are responsible for preparing the financial information on the basis of preparation set out in Part III Section B and in accordance with applicable International Financial Reporting Standards.

It is our responsibility to form an opinion on the financial information as to whether the financial information gives a true and fair view, for the purposes of the Admission Document, and to report our opinion to you.

Basis of opinion

We conducted our work in accordance Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. Our work included an assessment of evidence relevant to the amounts and disclosures in the financial information. It also included an assessment of significant estimates and judgements made by those responsible for the preparation of the financial information and whether the accounting policies are appropriate to the entity's circumstances, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial information is free from material misstatement whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the financial information gives, for the purposes of the Admission Document, a true and fair view of the state of affairs of ACR as at the date stated and of its loss and cash flows for the period then ended in accordance with the basis of preparation set out in Part III Section B Note 1 to the financial information and in accordance with applicable International Financial Reporting Standards as described in Part III Section B Note 1.

Declaration

For the purposes of paragraph (a) of Schedule Two of the AIM Rules we are responsible for this report as part of the Admission Document and declare that we have taken all reasonable care to ensure that the information contained in this report is, to the best of our knowledge, in accordance with the facts and contains no omission likely to affect its import. This declaration is included in the Admission Document in compliance with Schedule Two of the AIM Rules.

Yours faithfully

BDO Stoy Hayward LLP
Chartered Accountant

SECTION B – Financial Information on the Group

The Directors are responsible for preparing the financial information set out below on the basis of preparation set out in note 1 to the financial information and in accordance with applicable International Financial Reporting Standards for the relevant period.

Consolidated income statement

	Notes	5 April 2005 to 28 February 2006 £
Administrative Expenses		(401,961)
Loss from operations	3	(401,961)
Financial income	5	61,242
Loss before taxation		(340,719)
Taxation	6	–
Loss for the year	16	(340,719)
Attributable to:		
Equity holders of the parent		(340,719)
Loss for the period after taxation and deficit carried forward		(340,719)
Loss per Ordinary Share (pence)		
Basic and fully diluted	7	(0.35p)

All amounts relate to continuing activities.

Reconciliation of movements in shareholders' funds

	Notes	5 April 2005 to 28 February 2006 £
Reconciliation of movements in shareholders' funds		
Loss for the period		(340,719)
Share option charge		53,000
Issue of shares		3,899,060
Shareholders' funds at 28 February 2006		3,611,341

Consolidated balance sheet

	Notes	As at 28 February 2006 £
ASSETS		
Non-current assets		
Intangible assets	8	2,329,211
Property, plant and equipment	9	142,376
Fixed asset investments	10	43,273
Total non-current assets		2,514,860
Current assets		
Inventory	11	50,775
Receivables	12	53,985
Cash at bank		1,975,166
Total current assets		2,079,926
Total assets		4,594,786
EQUITY AND LIABILITIES		
Equity		
Share capital	15	1,456,270
Share premium	16	2,442,790
Share option reserve	16	53,000
Sustained losses	16	(340,719)
Total equity		3,611,341
Current liabilities		
Trade payables	13	983,445
Total current liabilities		983,445
Total equity and liabilities		4,594,786

Consolidated cash flow statement

	5 April 2005 to 28 February 2006 £
CASH FLOW FROM OPERATING ACTIVITIES	
Loss before tax	(340,719)
Adjustments for:	
Depreciation	10,243
Finance income	(61,242)
Share option charges	53,000
	2,001
Changes in working capital:	
Increase in receivables	(53,985)
Increase in stock	(50,775)
Increase in payables	983,445
	878,685
Cash generated from operations	539,967
Investing activities:	
Payments to acquire intangible assets	(2,329,211)
Payments to acquire property, plant and equipment	(152,619)
Payments to acquire fixed asset investments	(43,273)
Interest received	61,242
	(2,463,861)
Financing activities:	
Issue of ordinary shares	3,899,060
	3,899,060
Increase in cash and cash equivalents	1,975,166
Cash and cash equivalents at beginning of period	–
Cash and cash equivalents at end of period	1,975,166

NOTES TO THE CONSOLIDATED FINANCIAL INFORMATION

1 Accounting policies

Basis of preparation

The principal accounting policies adopted in the preparation of the financial information are set out below. The policies have been consistently applied throughout the current period presented, unless otherwise stated. This financial information has been prepared in accordance with International Financial Reporting Standards (IFRSs and IFRIC interpretations) issued by the International Accounting Standards Board (IASB) and with those parts of the Companies Act 1985 applicable to companies preparing their accounts under IFRS. This is the first period of account for ACR and the Company has chosen to prepare its financial information in accordance with IFRS from incorporation on 5 April 2005 to 28 February 2006.

Basis of consolidation

Where the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The financial information presents the results of the Company and its subsidiaries (the "Group") as if they formed a single entity. Inter-company transactions and balances between Group companies are therefore eliminated in full.

Business combinations

The financial information incorporate the results of business combinations using the purchase method. In the consolidated balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the consolidated income statement from the date on which control is obtained.

The licences acquired have been valued at their fair value using appropriate valuation techniques and posted to intangible assets. This has been supported by reference to the Competent Person's Report.

Foreign currency

Transactions entered into by the Group entities in a currency other than the currency of the primary economic environment in which it operates (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are similarly recognised immediately in the income statement, except for foreign currency borrowings qualifying as a hedge of a net investment in a foreign operation.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the balance sheet date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised directly in equity (the "foreign exchange reserve"). Exchange differences recognised in the income statement of Group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the overseas operation concerned are reclassified to the foreign exchange reserve if the item is denominated in the functional currency of the Group or the overseas operation concerned.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the income statement as part of the profit or loss on disposal.

Provision for abandonment costs

Provision for abandonment costs are recognised at the commencement of mining. The amount recognised is the present value of the estimated future expenditure determined in accordance with local conditions and requirements. A corresponding tangible fixed asset of an amount equivalent to the provision is also created. This is subsequently depreciated as part of the capital costs of production. Any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the fixed assets.

Share-based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the income statement over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the income statement is charged with the fair value of goods and services received.

Tax

The major components of income tax on the profit or loss from ordinary activities include current and deferred tax.

Current tax is based on the profit or loss from ordinary activities adjusted for items that are non-assessable or disallowed and is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Income tax is charged or credited to the income statement, except when the tax relates to items credited or charged directly to equity, in which case the tax is also dealt with in equity.

Deferred development and exploration costs

In accordance with the full cost method, all costs associated with mining property development and investment are capitalised on a project-by-project basis pending determination of the feasibility of the project. Costs incurred include appropriate technical and administrative expenses but not general overheads. If a mining property development project is successful, the related expenditures will be amortised over the estimated life of the commercial ore reserves on a unit of production basis. Where a licence is relinquished, a project is abandoned, or is considered to be of no further commercial value to the company, the related costs will be written off.

Unevaluated mining properties are assessed at each year end and where there are indications of impairment or at the end of an appraisal programme the related costs are transferred to the appropriate cost pool within tangible fixed assets. The recoverability of deferred mining property costs and interests is dependent upon the discovery of economically recoverable reserves, the ability of the Group to obtain necessary financing to complete the development of reserves and future profitable production or proceeds from the disposition of recoverable reserves.

Proved mining properties

Depletion and amortisation of the full-cost pools is computed using the units-of-production method based on proved reserves as determined annually by management.

Mineral rights

Mineral rights are recorded at cost less amortisation and provision for diminution in value. Amortisation will be over the estimated life of the commercial ore reserves on a unit of production basis.

Licences for the exploration of natural resources will be amortised over the lower of the life of the licence and the estimated life of the commercial ore reserves on a unit of production basis.

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Plant is subsequently carried at fair value, based on periodic (usually triennial) valuations by a professionally qualified valuer. Changes in fair value are recognised in equity (the "revaluation reserve"). An appropriate transfer is made from the revaluation reserve to the profit and loss reserve when plant is expensed through the income statement (eg through depreciation, impairment or sale). All other items of property and equipment are carried at depreciated cost. Depreciation is provided on all other items of property and equipment is to write off the carrying value of items over their expected useful economic lives. It is applied at the following rates:

Plant and machinery	–	25% per annum, straight line
Fixtures and fittings	–	25% per annum, straight line
Computer equipment	–	33% per annum, straight line
Motor vehicles	–	20% per annum, straight line

Financial instruments

The Group's financial liabilities consist of trade and other payables, and a loan note. The trade and other payables are stated at cost. The loan note is recorded at the proceeds received, net of direct issue costs. All interest and other borrowing costs incurred in connection with the above are expensed as incurred and reported as part of net financing costs in the income statement.

Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realiseable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

Weighted average cost is used to determine the cost of ordinarily inter-changeable items.

Liquid resources

For the purposes of the cash flow statement, liquid resources are defined as current asset investments and short term deposits.

Leased Assets

Where assets are financed by leasing agreements that do not give rights approximating ownership, these are treated as operating leases. The annual rentals are charged to the income statement on a straight line basis over the term of the lease.

2 Segmental analysis

The Group operates in one business segment, the exploration for and production of mineral assets. ACR has interests in one geographical segment being Zimbabwe.

3 Group loss from operations

This has been arrived at after charging/(crediting):

	Period from 5 April 2005 to 28 February 2006 £
Auditors' remuneration	20,000
Depreciation	10,243
Office lease	861
Foreign exchange differences	(5,697)

4 Salaries

	Period from 5 April 2005 to 28 February 2006
Average number of employees	10
	£
Gross salaries	137,528
Employee share option expense	53,000
	190,528
Directors' remuneration	137,125

5 Financial income and expense

Financial income during the period of £61,242 comprises interest from bank deposits.

6 Taxation on loss from ordinary activities

There is no tax charge arising for the Group for the period.

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	Period from 5 April 2005 to 28 February 2006 £
Loss before taxation	(340,719)
Loss before taxation at the standard rate of corporation tax in the UK of 30%	(102,216)
Expenses disallowed for tax (principally depreciation)	3,073
Tax losses carried forward	99,143
Tax charge for the period	–

Factors that may affect future tax charges

At 28 February 2006, the Company had UK tax losses of approximately £100,000 carried forward which will be utilised against future profits. However these losses are only recoverable against future profits, the timing of which is uncertain and as a result no deferred tax asset is being recognised in relation to these losses.

7 Loss per share

Loss per Ordinary Share have been calculated using the weighted average number of Ordinary Shares in issue during the relevant financial period. The weighted average number of Ordinary Shares on issue for the period is 96,567,209.

Losses for the Group for the period are £340,719.

8 Intangible assets

	Deferred exploration costs £	Mining options £	Licence acquisitions costs £	Total £
Cost				
Additions and at end of period	554,689	14,178	1,760,344	2,329,211
Amortisation				
Provided for the period and at end of period	–	–	–	–
Net book value				
At 28 February 2006	554,689	14,178	1,760,344	2,329,211

9 Tangible assets

	Plant and machinery £	Fixtures, fittings and equipment £	Computer assets £	Motor vehicles £	Total £
Cost					
Additions and at end of period	14,187	10,578	23,122	104,732	152,619
Depreciation					
Provided for the period and at end of period	912	363	1,490	7,478	10,243
Net book value					
At 28 February 2006	13,275	10,215	21,632	97,254	142,376

10 Fixed asset investments

	Other Investments £
Cost	
Additions and at end of period	43,273
Amortisation	
Charge for the period and at end of period	–
Net book value	
At 28 February 2006	43,273

The principal subsidiaries of ACR, all of which have been included in the financial information are as follows:

Name	Country of incorporation or registration	Proportion of ownership interest
Abbarre Limited	United Kingdom	100%
Canape Investments (Private) Limited	Zimbabwe	100%

11 Inventory

	£
Material and supplies	50,775

There is no material difference between the replacement cost of stocks and the amount stated above.

12 Receivables

	£
Other receivables	53,985

All amounts fall due for payment within one year.

13 Creditors: amounts falling due within one year

	£
Other creditors	961,670
Accrued expenses	21,775
	983,445

All amounts fall due for payment within one year.

14 Financial instruments - risk management

The Group's financial instruments, other than its investments, comprise cash and items arising directly from its operations such as trade receivables and trade payables.

The Group seeks to obtain a favourable interest rate on its cash balances through the use of bank treasury deposits. All assets and liabilities are at the floating interest rate.

At the year end the Group had a cash balance of £1,975,166. There is no material difference between the book value and fair value of the Group's cash.

The Company has one immediate overseas subsidiary which operates in Zimbabwe and whose expenses are mainly denominated in Zimbabwean Dollars. Foreign exchange risk is inherent in the Group's activities and is accepted as such. The majority of ACR's expenses is denominated in Sterling.

15 Share capital

ACR	Authorised Number	Number	Allotted, called up and fully paid £	Share Premium £
5 April 2005	1,000,000,000	200	2	–
28 April 2005	–	4,999,800	49,998	–
6 June 2005	–	75,000,000	750,000	–
27 June 2005	–	51,249,787	512,498	1,687,803
16 September 2005	–	1,555,510	15,555	54,443
30 September 2005	–	2,444,444	24,445	85,555
15 November 2005	–	305,814	3,058	10,703
10 January 2006	–	5,714,285	57,143	342,857
13 February 2006	–	71,429	714	4,286
28 February 2006	–	4,285,711	42,857	257,143
	1,000,000,000	145,626,980	1,456,270	2,442,790

On 5 April 2005, ACR was incorporated with an authorised share capital of £10,000,000 comprising 1,000,000,000 ordinary shares of £0.01 each. On incorporation, 200 shares were issued at par.

On 28 April 2005, ACR issued 4,999,800 shares at par.

On 6 June 2005, ACR issued 75,000,000 shares in exchange for the acquisition of a 100% interest in Abbarre Limited, together with a 100% interest in Breckridge Investments (Private) Limited. The acquisition had a value of £750,000.

On 27 June 2005, ACR issued 51,249,787 shares at 4.5p per share. The cost of issuing shares was £105,940.

On 16 September 2005, ACR issued 1,555,510 shares at 4.5p per share.

15 Share capital (continued)

On 30 September 2005, ACR issued 2,444,444 shares at 4.5p per share.

On 15 November 2005, ACR issued 305,814 shares at 4.5p per share.

On 10 January 2006, ACR issued 5,714,285 shares at 7p per share.

On 13 February 2006, ACR issued 71,429 shares at 7p per share.

On 28 February 2006, ACR issued 4,285,711 shares at 7p per share.

Post Balance Sheet Share Issues

On 10 April 2006, ACR issued 9,605,214 shares at 7p per share.

On 18 April 2006, ACR issued 500,000 shares at 7p per share.

Share options

Exercise price	Outstanding at 5 April 2005 £	Granted during period £	Cancelled during period £	Outstanding at 28 February 2006 £	Final exercise date
4.5p	–	2,500,000	–	2,500,000	October 2007
4.5p	–	1,111,111	–	1,111,111	June 2010
4.5p	–	11,000,000	–	11,000,000	June 2011
7.0p	–	1,500,000	–	1,500,000	March 2009
7.0p	–	928,571	–	928,571	November 2006
7.0p	–	37,500	–	37,500	June 2011
	–	17,077,182	–	17,077,182	

These options have been valued using the Black Scholes method of valuing options from the date of issue to 28 February 2006.

Fair value of options

Inputs to the valuation model

The fair values of awards granted under the Share Option arrangements have been calculated using the Black Scholes pricing model that takes into account factors specific to share incentive plans such as the vesting periods of the Share Option arrangements, the expected dividend yield of ACR's shares and expected early exercise of share options.

	4.5p options	7.0p options
Grant date	June 2005 - November 2005	January 2006 - February 2006
Share price at date of grant	4.5p	7.0p
Exercise price	4.5p	7.0p
Volatility	30%	30%
Option life	3 years	3 years
Dividend yield	Nil	Nil
Risk free investment rate	4.5%	4.5%

Volatility has been based on the volatility of comparable listed companies in the mining, oil and gas sector, based on historical share price information.

15 Share capital (continued)

Based on the above assumptions, the fair values of the options granted are estimated to be:

	4.5p options	7.0p options
Fair value	1.2p	1.8p

Expense arising from share-based payments

Based on the above fair values and ACR's expectations of employee turnover, the expense arising from equity-settled share options and share awards made to employees was £53,000. There were no other share-based payment transactions.

16 Reserves

	Share capital account £	Share premium account £	Share option reserve £	Sustained losses £	Total £
At 5 April 2005	–	–	–	–	–
Issue of shares	1,456,270	2,442,790	–	–	3,899,060
Share options	–	–	53,000	–	53,000
Loss for the year	–	–	–	(340,719)	(340,719)
	1,456,270	2,442,790	53,000	(340,719)	3,611,341

The share premium account holds the balance of consideration received in excess of the par value of the shares.

The (sustained losses)/retained earnings reserve represents the cumulative net gains and losses recognised in the consolidated income statement.

17 Financial instruments

The Group's financial instruments, other than its investments, comprise cash and items arising directly from its operations such as trade debtors and trade creditors.

The Group seeks to obtain a favourable interest rate on its cash balances through the use of bank deposits.

At the year end the Group had a cash balance of £1,975,166 comprising of the following balances.

British pounds	1,972,260
Zimbabwean dollars	2,906

There is no material difference between the base and fair value of financial assets and liabilities. The Company has one immediate subsidiary operating in Zimbabwe. Foreign Exchange risk is inherent in the Group's activities and is accepted as such.

18 Acquisitions of intangible assets

In calculating the goodwill arising on each acquisition made during the year, the fair value of net assets in each case have been assessed, and adjustments from book value made where necessary.

For each acquisition, the Directors have fair valued the underlying mining licences having considered reports form independent experts.

The details of each acquisition, and the respective adjustments made, are summarised below:

(a) *Breckridge*

On 1 June 2005, the Company acquired the entire issued share capital of Breckridge Investments (Pvt) Limited ("Breckridge") for consideration of 450,000 Ordinary Shares. Breckridge holds the Pickstone Peerless claims.

	Book value £	Fair value adjustments £	Fair value £
Breckridge			
Intangible assets	–	4,500	4,500
Consideration (450,000 Ordinary Shares at 1p)			(4,500)
Goodwill			–

(b) *Abbarre Limited*

On 6 June 2005, the Company acquired Abbarre Limited, a UK company for consideration of 74,550,000 Ordinary Shares.

	Book value £	Fair value adjustments £	Fair value £
Abbarre Limited			
Intangible assets	–	745,500	745,500
Consideration (74,550,000 Ordinary Shares at 1p)			(745,500)
Goodwill			–

18 Acquisitions of intangible assets (continued)

(c) *Giant*

On 9 September 2005, the Company acquired a 100% interest in the Giant Mine and surrounding area for consideration of $1,680,000 (£962,328) and a contingent amount as described below. The consideration consists of $340,000 paid in cash, $1,260,000 which was paid subsequent to the balance sheet date and $80,000 payable within 30 days of Admission. The contingent amount is to be calculated at $5 per ounce according to the number of ounces found in the tailings dump which, in the opinion of the Directors, will not be more than $125,000.

	Book value £	Fair value adjustments £	Fair value £
Giant Mine			
Intangible assets	–	962,328	962,328
Consideration			(962,328)
Goodwill			–

(d) *One Step*

On 6 October 2005, the Company agreed to acquire a prospecting contract and option in respect of One Step, West Step, East Step and Challenge Claims (which was duly exercised) for an aggregate cost of Z$500,000,000 (£2,500) and a pick-up truck. This consideration was not capitalised. Subsequent to this the Company paid £35,000 to procure the waiver of a subsisting option over the same ground.

	Book value £	Fair value adjustments £	Fair value £
One Step			
Intangible assets	–	35,000	35,000
Consideration			(35,000)
Goodwill			–

19 Related party transactions

During the period the Group entered into the following transactions with parties related to the Group.

On 1 June 2005, the Company acquired Breckridge Investments (Pvt) Limited from African Consolidated Resources Limited Pty, a company related by common directors. Breckridge Investments (Pvt) Limited was purchased for consideration of 450,000 shares of £0.01. The Directors believe this transaction was conducted at fair value.

On 6 June 2005, the Company acquired Abbarre Limited from African Consolidated Resources Limited, a company related by common directors. Abbarre Limited was purchased for consideration of 74,550,000 Ordinary Shares of £0.01. The Directors believe this transaction was conducted at fair value.

During the year, the Group has used African Consolidated Resources (Private) Limited as a nominee to purchase mining assets. This Company is related to the Group by common directors.

PART IV. Unaudited pro forma statement of net assets of the Company

The following information in this Part IV has been prepared for illustrative purposes only to provide information about the impact of the placing on ACR and because of its nature may not give a true reflection of the financial position of ACR.

The net assets of ACR derived from the consolidated balance sheet as at 28 February 2006, set out in part III of this document, were £3.6m. On the basis that the net placing proceeds of £3.2m were received as at 28 February 2006, the pro forma net assets of ACR would have been £6.8m. Net placing proceeds represents the proceeds from the placing of £4.0m (comprising 33,333,333 Ordinary Shares at 12 pence per share), less estimated expenses of £0.8m. Other than the net placing proceeds, no account has been taken of any change in the financial position of ACR, including its trading performance, since 28 February 2006.

PART V. Summary Competent Person's Report on the Group

SRK Consulting
Integrated Science and Engineering Consultancy

COMPETENT PERSON'S KEY INFORMATION SUMMARY: GEOLOGY RESOURCES AND POTENTIAL ACR TENEMENTS IN ZIMBABWE

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29 June 2006

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Appendices

1 INTRODUCTION

SRK Consulting (Zimbabwe) (Pvt) Limited ("SRK"), a subsidiary of the international group holding company, SRK Global Limited (the "SRK Group"), was commissioned by African Consolidated Resources plc ("ACR") to conduct independent reviews of their Pickstone-Peerless, Giant and other properties in Zimbabwe and compile Competent Person's Reports (CPR) on these covering past and current exploration activity, and Mineral Resource estimates.

It is understood that the purpose of this CPR is to support an AIM Admission document in London and all of these documents have been compiled to comply with the AIM Guidance Note for Mining, Oil and Gas Companies issued in March 2006.

This Key Information Summary section contains the essential elements of three principal reports which are set out in Sections A, B and C in Part VI of the Admission Document, comprising two main project reports, and one on other less advanced exploration properties. This Key Information Summary section also contains details of the qualifications of the SRK Group and the Competent Person responsible for compiling these reports and these are not repeated in the three principal reports. There is a single glossary that pertains to all reports.

1.1 Qualifications of Consultant

The SRK Group's independence is ensured by the fact that it holds no equity in any project and that its ownership rests solely with its staff. This permits the SRK Group to provide its clients with conflict-free and objective recommendations on crucial judgement issues. The SRK Group has a demonstrated track record in undertaking independent assessments of resources and reserves, project evaluations and audits, technical reports and independent feasibility evaluations to bankable standards on behalf of exploration and mining companies and financial institutions worldwide.

Neither SRK nor any of its employees and associates employed in the preparation of this report has any beneficial interest in ACR or its assets. SRK will be paid a fee for this work in accordance with normal professional consulting practice and this fee will not be linked in any way to admission to AIM or the market capitalisation of ACR.

The technical reports on all of ACR's projects have been prepared by Dr Anthony Martin of SRK Zimbabwe with review by Mr Robin Simpson of the SRK Group's Perth office. Dr Martin is a specialist in the fields of geology, mineral Resource and Reserve estimation and classification. He has been involved with gold exploration and Resource estimation for 23 years, and with platinum for 14 years and a Certificate of Author is given at the end of this summary report. Mr Robin Simpson, who estimated the Resources, has eight years' experience in mining, exploration and Resource estimation, mainly on gold.

The qualifications and affiliations of the main individuals who have provided input to this report are listed below.

- Anthony Martin, B.Sc. D.Phl; SA Pr.Sci.Nat. Reg. 400042/04, MAuslMM 221930
- Robin Simpson B.Sc. MSc Geostatistics (Leeds), MAIG
- Michael Kellow B.Sc. Dip Applied Finance (Securities Institute Aust.); MAIG

Others who have provided input include staff of ACR who compiled the exploration database which was audited by Mr David Byrne of Geoinformatics Exploration Australia Pty Ltd. and Mr Noel Sheppey who collated the historical data.

The results of this technical review by SRK are not dependent on any prior agreements concerning the conclusions to be reached, nor are there any understandings concerning any future business dealings.

SRK has been involved previously with the Pickstone-Peerless project and produced a report on the property in May 2004. No other report has been prepared within the last 12 months.

The Competent Person responsible for the estimation of the Pickstone-Peerless and Giant Resources is Anthony Martin.

1.2 Limitations and Reliance on Information

SRK's opinions contained herein are based on information provided to SRK by ACR throughout the course of SRK's investigations and reflect various technical and economic conditions at the time of writing. Given the nature of the mining business, these conditions can change over time.

This report includes technical information, which requires calculations to derive sub-totals, totals and weighted averages. Such calculations inherently involve a degree of rounding and consequently introduce a margin of error. Where these occur, SRK does not consider them to be material.

SRK are not aware of any information that might have been withheld from them and ACR has freely provided all requested hard copy and electronic data relevant to the projects areas.

SRK have not conducted an in-depth review of mineral title and ownership but accept in good faith the legal opinion on this matter expressed by Mark Stonier, legal council based in Harare.

SRK is not aware of any current or pending litigation or liabilities attached to the ACR exploration projects.

1.3 Effective Date

The effective date of this report is 15 May 2006. This date reflects the day upon which all market, economic, technical and financial conditions are based. Changes in these conditions after this date may have occurred which have not been reflected in the opinions and conclusions stated in this document.

1.4 Properties

There are two main gold project areas currently being explored and a number of other tenements (Figure 1.1). These include:

- Pickstone-Peerless
- Giant
- Other gold and mineral properties including the Snakes Head platinum project.

This summary report includes the significant findings on these. A summary table of assets is provided in Appendix 2.

Resources have been declared for the Pickstone-Peerless and Giant properties but not on any of the other tenements. For these, the JORC Code for reporting on Mineral Resources and Ore Reserves (2004) has been used.

1.5 Geological Context

Zimbabwe is areally dominated by the Archaean Zimbabwe Craton comprising granite-greenstone terrains typical of similar areas in Western Australia, South Africa, Canada, India and elsewhere. Common to all of these are large numbers of significant hydrothermal gold deposits, which are all related to major structural dislocations, mainly within the greenstones. The Pickstone-Peerless, Giant and other minor gold deposits held by ACR are parts of these systems.

Within the Archaean greenstone successions are layered intrusive bodies that contain nickel/copper mineralisation. ACR has acquired title to the dormant Perseverance Mine hosted by one of these.

Cutting through the Craton is the Great Dyke, a layered igneous complex which contains significant resources of platinum group elements (PGEs) associated with nickel and copper. ACR holds tenements in the northern part of this complex where the Main Sulphide Zone containing these metals is present, but of low grade.

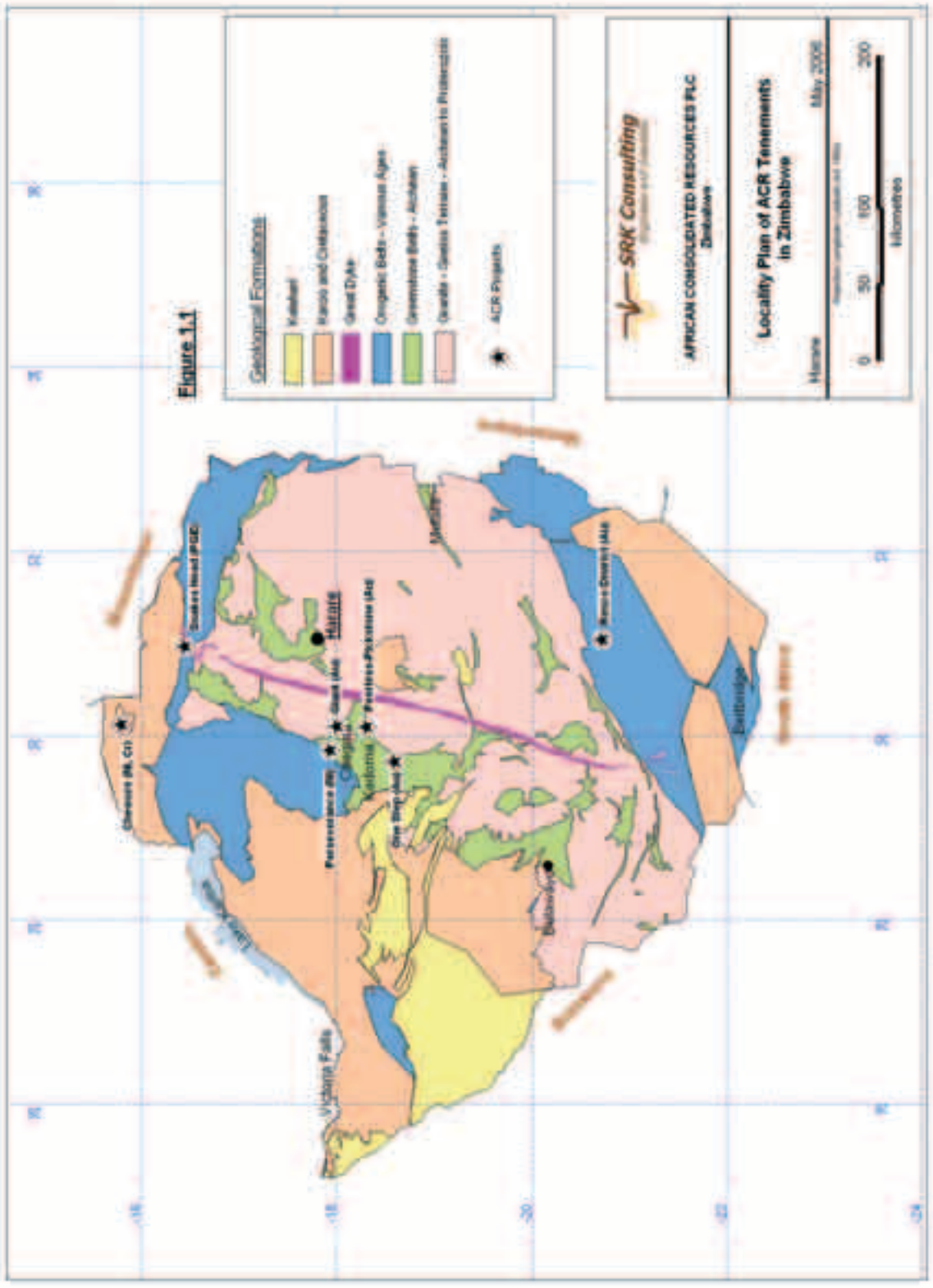
Having a thick cratonic crust, Zimbabwe has the potential to host diamondiferous kimberlites and ACR is exploring for indicator minerals following up previous exploration by earlier workers in the western part of the Craton.

1.6 Environmental Considerations

Current Zimbabwe legislation requires submission of a Prospectus to the Department of Natural Resources (DNR) for any activity including exploration. ACR has recently submitted these documents for Pickstone-Peerless and Giant and awaits their approval. The DNR may require an Environmental Impact Assessment (EIA), but this is not normally the case for exploration.

Two environmental surveys were completed at Pickstone-Peerless in 1997 and 1998 but it is unlikely that these are still valid. These identified only one potential risk associated with a small concentrate dump and seepage from this has been effectively contained.

Figure 1.1 Locality Plan of ACR Tenements



2 PICKSTONE-PEERLESS GOLD TENEMENTS

2.1 Area Description

The Pickstone-Peerless area lies approximately 100 km southwest of Harare in Zimbabwe. There is easy access to the property and the nearest rail siding is 35 km away. The climate is mild to hot with an average annual rainfall of 760 mm.

There is a non-operational dump retreatment plant on site with eight recently built concrete leach tanks, but apart from a few sheds, no other infrastructure is on the property. Future use of the plant will depend on the chosen process route, but the sheds are of little value. Water is available from the flooded underground workings and there are two nearby dams. An 11Kv line leads to the property and additional power requirement could be taken from a 330Kv transmission line, 2.5 km away.

2.2 Data Sources

This report has been based on information provided by ACR, and in particular reports by Noel Sheppey who acted as consultant to Mutapa Minerals (Pvt) Ltd (Mutapa), the previous property owner. His reports were based on historic information and Masasa Mines (Pvt) Ltd (Masasa) and Mutapa's exploration data.

This report also assesses recently acquired ACR exploration results and while only these have been subject to proper quality control checks, the Mutapa data, despite the lack of umpire assays, is considered by SRK to be acceptable.

2.3 Historic Production

There have been two main periods of production from 1905 to 1919 and 1956 to 1972, during which 2,042,465 tonnes were treated and 427,805 oz recovered at an average grade of 6.5 g/t. Currently there is significant artisanal activity in the area.

2.4 Description of Tenements and Security of Tenure

The tenements consist of 63 gold claim blocks plus a single 'Site' tenement of 26 hectares for tailings disposal covering an area of 584.5 ha. The area is approximately 6 km long, parallel to geological strike and contains numerous defunct mines and surface workings.

All claims are protected in accordance with statutory requirements and tenure has been subjected to a proper legal due diligence. The only perceived risk to tenure security lies in possible changes in the legislation.

2.5 Geological Setting

The Peerless and Pickstone hydrothermal gold deposits occur along two main sub-parallel zones hosted by sedimentary rocks associated with felsic and mafic greenstones. These lie within an easterly trending Archaean greenstone belt bounded to the south by a large ovoid granite body. There is a major shear along this granite-greenstone contact and splays off this shear host the Pickstone-Peerless mineralisation.

The gold mineralisation is associated with quartz stockworks. These zones are approximately tabular with strikes of up to 280 m and widths from 4 to 15 m; they are sub-vertical and ore shoots pitch to the west. The gold is associated with arsenopyrite, pyrite and minor chalcopyrite which occur as disseminated aggregates within the quartz.

2.6 History of Mining and Exploration

Claims in the area were first pegged in the 19th century over 'ancient' workings and the first recorded production was in 1905 but by 1919 most of the mines were abandoned. In 1949 London and Rhodesia Mining Company Limited (Lonrho) amalgamated the claims and after a short period of production sold them to Rio Tinto Zinc (RTZ) in 1960. They produced gold until closure of the mine in 1971 due to falling grades, a fixed gold price, sanctions and the security situation.

2.6.1 Masasa Mines Exploration 1987-1995

Masasa Mines (Pvt) Ltd, a subsidiary of Delta Gold NL of Australia, secured an option to purchase the property from RTZ in 1987. Over a nine-year period, Masasa completed various drilling and trenching campaigns along the Peerless trend and obtained economically significant grades over 1,250m of strike. However the quality of much of this work was questionable because of the drilling methods used and there were problems with assay precision. These shortcomings were highlighted in

an independent review report which also gave a positive assessment of the potential of the property but despite this, Masasa terminated their exploration. The Masasa results have not been included in the current Resource database.

2.6.2 Mutapa Exploration 1997-1999

Mutapa, the Zimbabwean operating company of a Canadian junior mining company, started exploration with the objective of establishing a shallow Resource over the Peerless Trend. Mutapa geologically mapped the area, conducted geophysical surveys, trenched and drilled, and estimated Resources based on this work.

During this exploration, funding problems led to the establishment of a dump retreatment operation that failed, and thereafter to bankruptcy and cession of the property to the African Banking Corporation.

From the Mutapa reports and discussion with the project geologist, it would appear that sampling was of a high standard. International assay standards were included in every batch of samples and these results, examined by SRK in 1999, gave acceptable correlation with the required values. SRK was reasonably confident that the assay database was acceptable and the recent review does not change this opinion.

Mutapa initiated metallurgical tests on six samples of Peerless oxide ores. High overall recoveries and rapid extraction rates were achieved for both heap-leach and attrition-plus-carbon-in-leach treatment routes. Further column leach tests conducted on soft material gave a wide range of recoveries with low results attributed to poor percolation and coarse particulate gold.

The overall conclusion from these tests is that there are no material metallurgical problems associated with the Peerless oxide mineralisation. Historic recoveries from sulphide ore show that it is not refractory, although SRK believe it would be prudent to conduct further tests to optimise process routes.

2.6.3 ACR Exploration 2005-to date

ACR resurveyed the Mutapa exploration grid and all drill collars and trenches. ACR core and RC holes have been down-hole surveyed, but 20% of these were not to full depth due to hole collapse. These holes were adjusted to the best approximate trace and with one exception, SRK do not consider these adjustments to be material. One incorrectly surveyed hole has been excluded from the Resource database.

The entire project area has been soil sampled and awaits assessment of results and any anomalies will be tested by rotary air blast (RAB) drilling.

ACR began Resource-definition drilling on the Peerless trend in September 2005 and on the Pickstone trend in February 2006 and as of late April 2006 approximately 10,500 m had been drilled. The objective of this work was to provide sufficient data to allow estimation of an Inferred or Indicated Resource.

The drilling of the Peerless trend was of an infill nature to extend open mineralisation to the east and west and to greater depths than the Mutapa work. Line spacing was 80 m along strike with a down-dip, pierce-point spacing of approximately 30 m.

The drilling at the Concession Hill portion of the old Pickstone Mine targeted the near-surface crown pillar remnants where there was a potential strike of over 1,400 m down to 120 m. The same drill spacing of 80 m on strike and 30 m down dip was planned to generate a Resource in this area.

The Duchess Hill deposit is a strike extension of the Pickstone BIF and is extensively altered and gold mineralised on the surface. Only six Mutapa drillholes tested the Duchess Ridge with a best value of 2.71 g/t over 4 m. Drilling is currently in progress over this branded iron formation (BIF) with some encouraging results.

Internationally acceptable Quality Assurance/Quality Control (QA/QC) standards have been adopted by ACR for the current exploration work being undertaken including drawing up of exploration protocols for sampling and analytical work and the routine submission of blanks and standards to the primary and umpire laboratories. SRK have audited these protocols and assessed compliance with them including a visit to site and the primary laboratory where samples have been prepared and assayed.

All RC drill samples were collected at metre intervals and riffle split for submission to the laboratory. Unmineralised samples were combined to provide 2, 3 or 4-m composites. ACR's primary laboratory is Antech in Kwekwe, Zimbabwe, with independent assay checks done by the ALS Laboratory in Johannesburg.

Some problems were experienced with the blank material used but the sporadic values (< 0.2 g/t) did not follow high-grade drill samples and it is likely that the granitic gneiss 'blank' contained detectable gold. The blank material has been changed with no further problems.

Drill samples were crushed, a 1-kg split pulverised and 50-g sample aliquots fire assayed with AAS finish. High grade samples were repeated using a gravimetric finish. An MS Access database was created to report on deviation from the acceptable standard range.

SRK detected no material flaws in sample collection or during sample preparation. Three batches of samples containing out-of-specification standard assay were returned to the laboratory for repeat assays with satisfactory results.

Samples have been sent to South Africa for umpire laboratory repeats but as of 15 May results have not been received. While SRK would prefer to have these check assays, they do not consider this to be a material flaw as only Inferred Resources have been declared and the JORC Code makes provision in this category for potentially unreliable information.

The Resource database has been assembled in customised MS Access files by ACR. The integrity of this system has been checked by Geoinformatics Exploration PL of Australia and further checks were conducted by Gayle Hanssen and by SRK during Resource modelling. SRK accept that the Pickstone-Peerless database is comprehensive, accurate and contains no omissions.

2.7 Resource Estimate

SRK have estimated the Peerless Resources from the ACR database of 41 Mutapa and 79 ACR RC holes and for the Concession Hill section of Pickstone from 39 ACR holes. Wireframes were built around the mineralisation in Surpac software with topographic surfaces created from collar coordinates and oxidation surfaces from the ACR logging. Only data within the wireframes were selected for estimation.

The variable drill sample intervals were composited to 4 m for Peerless and 2 m for Concession Hill to regularise their supports. Statistical and geostatistical analyses of the Peerless data showed the grade in the west to be significantly higher over narrower widths than in the east and therefore the Resource was estimated for two domains. At Concession Hill a single domain was used. Although the statistical analysis also shows differences between the oxide, transitional and primary domains, there were too few data to allow subdivision of these categories for variogram modelling.

For all domains, the declustered distribution of the grades was transformed to a normal distribution to process the highly skewed data, reduce the influence of extreme grades and allow variogram models to be fitted to the data sets. After this an anamorphosis function was used to transform the variogram and apply it to the raw data. Estimates were done by ordinary kriging using 20m x 10m x 20m (X by Y by Z) blocks. The in-situ density values applied to the model are taken from the Mutapa data.

Summing the blocks gave global tonnes and metal content estimates at a zero cut-off and from this a theoretical grade-tonnage curve was calculated for a selective mining unit of 10m by 10m by 5 m. This change-of-support technique is based on the variogram model and the declustered distribution of the composite grades. At a 0.5 g/t cut-off, the Peerless Resource contains 210,000 oz of gold at a grade of 1.43 g/t and for Concession Hill 180,000 oz of gold at a grade of 1.78 g/t.

All blocks within the Resource boundaries were classed as Inferred. This classification is supported by geostatistical parameters, but limitations on confidence also include uncertainties in the position of old workings, the position of the oxide-sulphide interface and the lower contact of the host lithology at Peerless, and the variogram model. There are also too few measurements of the density.

2.8 Pickstone Peerless Resource Statement

Category	Area	Type	Tonnage	AuGrade	Au Content
			t	g/t	oz
Inferred	Peerless Trend	Oxide/Sulphide	4,600,000	1.4	210,000
Inferred	Concession Hill	Oxide/Sulphide	3,200,000	1.8	180,000
Measured	2-3 Level Pickstone	Sulphide	205,000	4.8	31,500
Measured	Big Red	Tailings	380,000	1.3	15,900
Measured	Football Field	Tailings	586,000	1.0	18,800
Measured	Concentrate	Tailings	200,000	4.4	28,300
Global Resource			**9,171,000**	**1.7**	**484,500**

2.9 Conclusions

SRK conclude that:

- There are no significant problems associated with the locality, topography, access or climate of the area. Infrastructure is minimal at present, but adequate for current and future exploration. Power and water are available close to site.
- The mineral rights to the area have been confirmed by a legal due diligence and the only perceived risk here is proposed legislation to expropriate shares in foreign mining companies.
- Statutory environmental requirements relating to exploration have been submitted to the relevant authorities and approval is awaited. While this submission should have been made by the Company prior to the start of field work, SRK do not perceive this to be a major flaw.
- The geology of the area is well understood through past mining and exploration activity and the historic data have provided a good platform for the current exploration programme.
- While some of the historic exploration data only provide target assessment, the work done by Mutapa is of adequate quality to be included in the ACR Resource database.
- The Inferred Resource for the Peerless Trend has been estimated by SRK using ordinary kriging to contain 210,000 oz of gold at a grade of 1.43 g/t at a 0.50 g/t cut-off. At a 1.0 g/t cut-off the grade improves to 2.24 g/t but the contained gold drops to 130,000 oz. The classification into the Inferred category is supported by geostatistical parameters, uncertainties in the position of old workings, the oxide sulphide interface and the variogram model. There are also too few measurements of the density.
- The SRK Inferred Resource along the Concession Hill Trend only covers a part of the overall strike as this exploration is currently in progress. The same estimation methodology was used as for the Peerless Resource and amounts to 180,000 oz at a grade of 1.78 g/t. There is also a small Measured Resource below the Inferred zone which contains 32,000 oz at 4.78 g/t.
- The potential of the whole Pickstone-Peerless prospect has been estimated by ACR at between 1.5 and 3.0 Moz. SRK would concur with this estimate but long-term exploration will be required if this is to be turned into a Resource.

3 GIANT GOLD TENEMENTS

3.1 Area Description

The Giant Mine is located 100 km west-southwest of Harare with easy access via a paved road from Harare. Water is available close to site from boreholes and the Mupfure River 5 km away. Powerlines run to transformers on the mine site. The mineralisation underlies flat terrain with little outcrop. SRK perceive no significant problems associated with these issues either now or during future exploitation of the deposits. There are several occupied old mine houses within the claims area.

3.2 Tenements

The tenements consist of a group of 76 gold claim blocks covering an area of 1,099.2 ha within designated State Land. These claims are currently held by the Group, or have option agreements in place. They have been the subject of a separate legal due diligence.

3.3 Historic Production

Historic production from the Giant Mine was 17,474 kg of gold at a recovered grade of 8.2 g/t Au. The orebody was mined down to 200 m from surface where it was reportedly cut by a fault.

3.4 Geological Setting

The Giant Au deposit is situated in the deformed, northerly trending Achaean Gadzema Greenstone Belt of Banded Iron Formation (BIF), ultramafic and quartz-schists and meta-andesite intruded by minor felsic and dolerite dykes and flanked by granite. Narrow stringer quartz veins are associated with strike-parallel shears which contain gold at the Giant Mine and elsewhere. BIF and dolerite host most of the mineralisation and that within the BIF weakens away from a high-grade core.

Within the 15-km length of this greenstone belt appended to a much larger body of greenstone to the south there are 38 recorded producers and over 900 documented occurrences of gold.

3.5 Previous Exploration

Cambrian Resources NL (Cambrian Resources) explored the Giant claims in 1996/7, and the RC and core drilling sample assays were incorporated into the Resource database. They completed 6,183 m of RC drilling (107 holes) and in joint venture with Anglo American, ten core holes (2,018 m) to a maximum down-hole depth of 250 m. The Cambrian Resources sampling protocols were considered by GMS to be appropriate and SRK concur that these followed international best practice.

Some assays used aqua regia dissolution which tended to produce lower grades than conventional fire assay; the Resource database contains both although fire assays were used in preference.

3.6 Resources

The Giant Resources estimated by GMS used ordinary block kriging and were classified in accordance with the JORC Code for Reporting. The total Inferred and Indicated Resources from the Cambrian Resources Annual Report 1997 amounts to 336,000 oz at a grade of 2.1 g/t, of which 230,000 oz are in the Indicated category.

GMS noted certain limitations on the Resource estimates. These included the continuity of mineralisation because of historic mining activity and the inability to access stope footwalls by drilling, the very limited number of density measurements and the fact that the block size used was at the lower end of the geostatistical ideal. In addition to the GMS comments SRK is concerned about the unstated number of aqua regia assays in the database and quality controls on assays. There are also no variograms within the plane of the mineralisation.

3.7 ACR Exploration Programme

The current exploration programme includes a soil geochemistry survey and 5,000 m of RC drilling over specific targets, which are mainly extensions of the previous drilling and the budgeted cost for this work is US$270,000.

3.8 ACR Giant Resources

The table below gives the Resource statement for the Giant Mine property:

Table 3.1 Giant Project Resource Statement

Category	Area	Type	Mass t	Au Grade g/t	Content oz
Total Indicated	Giant	Oxide/Sulphide	3,459,000	2.1	230,000
Total Inferred	Giant	Oxide/Sulphide	1,485,000	2.2	106,000
Global Giant Resource			**4,944,000**	**2.1**	**336,000**

3.9 Conclusions

Despite the volume and variogram problems, SRK consider that there are enough data to support the Resources produced by GMS.

The proposed ACR exploration programme is considered by SRK to be reasonable and the costs attached thereto in line with normal exploration expenditures in Zimbabwe.

The total Resource at the Giant Mine amounts to 336,000 oz of which 230,000 oz are in the Indicated category and the remainder in Inferred.

4 ACR RESOURCE STATEMENT

The Resources for the Pickstone-Peerless and Giant deposits are tabulated below.

Table 4.1 ACR Resource Statement

Category	Area	Type	Tonnage t	Grade g/t	Content oz
Inferred	Peerless Trend	Oxide/Sulphide	4,600,000	1.4	210,000
Inferred	Pickstone; Concession Hill	Oxide/Sulphide	3,200,000	1.8	180,000
Measured	Pickstone; 2-3 Level Pickstone	Sulphide	205,000	4.8	31,500
Measured	Pickstone; Big Red	Tailings	380,000	1.3	15,900
Measured	Pickstone; Football Field	Tailings	586,000	1.0	18,800
Measured	Pickstone; Concentrate	Tailings	200,000	4.4	28,300
Indicated/Inferred	Giant Mine	Oxide/Sulphide	4,944,000	2.1	336,000
Global Resource			**14,114,000**	**1.8**	**820,500**

5 THE SNAKES HEAD PLATINUM PROSPECT

5.1 Area Description

Since March 2006 the Group has pegged 91 base metal (BM) claims totalling 32.4 km^2 covering known Platinum Group Elements (PGE) and gold mineralisation at the northern Snakes Head West end of the Great Dyke and are negotiating to purchase the assets of the company owning EPO 1487 (approximately 240 km^2) which includes a further 12 km of strike of the Main Sulphide Zone. This prospect lies 150 km north of Harare. The area is remote, largely uninhabited and has no infrastructure apart from drill site access roads. It has been explored by four different companies.

5.2 Geology and Mineralisation

The Great Dyke contains the second largest known accumulation of PGE in the world. Mineralisation is remarkably consistent throughout and contained within two discrete areas known as the Main (MSZ) and Lower Sulphide Zones (LSZ).

The ACR tenements cover the Musengezi Subchamber of the Great Dyke which is severely faulted and the igneous layering can be steeply dipping and in places overturned. The typical gross stratigraphy of the Great Dyke is present at Musengezi, but the MSZ and to a lesser extent the LSZ are very different in character compared to the rest of the Great Dyke in that they are of considerably lower PGE grade but over greater widths.

5.3 Economic Evaluation and Potential

Cluff Resources estimated a "probable" resource of 825 million tonnes of MSZ and LSZ of 0.88 – 1.16 g/t Pt + Pd for 23 to 30 Moz of Pt+Pd. This included all of the faulted blocks within the Musengezi Subchamber. SRK consider that a portion of this could be accorded JORC Resource status on the grounds of eventual economic extraction, but at present, the Musengezi mineralisation is sub-economic.

SRK have estimated the value of a 2-m cut from the Cluff Resources data at $35/t at current metal prices for Pt, and Pd (at $1000/oz and $280/oz respectively) for a combined Pt+Pd average grade of 1.37 g/t. Although Au, Rh and base metals will add some credits, this value only gives a gross margin of $5/t to $10/t over likely working costs. This would be well below the value required to recoup capital and the only way to make this deposit profitable is by increasing metal prices 1.75 to 2 times (Pt: $1750/oz to $2000/oz and Pd: $490/oz to $560/oz) from current levels.With some projections of a doubling of gold prices over the next five years, future profitability of the Snakes Head deposit is not impossible.

6 THE ONE STEP AND OTHER GOLD PROJECTS

The One Step Mine and adjacent properties comprise three claims totalling approximately 19 ha held by the Group and located 40 km southwest of Kadoma. The prospect contains shear-hosted gold mineralisation and historic production from One Step Mine to 1990 is 13,000 oz of gold. ACR plans to explore for further mineralisation in this block. ACR has pegged various claims in the area and initiated discussions with owners of others.

In addition some 280 km south of Harare there are promising indications of gold mineralisation near the Renco Mine, and ACR has pegged several blocks of claims in this area.

7 NICKEL PROSPECTS

The Group holds 92 blocks of nickel claims in the Chewore layered ultramafic complex in the Zambezi Valley which it intends exploring for nickel/copper and chromium mineralisation. The claims cover 125 km^2 over two faulted, ultramafic bodies. The presence of chromitite layers suggests possible magmatic segregation of nickel as well as chromium and possibly platinum.

The Group has acquired the dormant Perseverance Nickel Mine which produced 4,657 tonnes of Ni at a grade of 1.01%, and closed after eight years of operation due to low metal prices. The property is situated 38 km west of the Giant Mine. ACR is currently pegging additional ground along strike in the district.

8 DIAMOND EXPLORATION

The Group has recently acquired ground in the eastern part of Zimbabwe where previous exploration identified kimberlite indicator minerals. The area is being re-sampled by a small, experienced team to confirm the earlier results and this low-cost exploration could lead to primary diamondiferous deposits.

Appendix 1 Certificate of Author

I, Anthony Martin, Pr.Sci.Nat. MAusIMM do hereby certify that:

I am a Professional Geoscientist, employed as a Corporate Geologist with Steffen, Robertson and Kirsten (Zimbabwe) (Private) Limited of 28 Kennedy Drive, Greendale, Harare, Zimbabwe.

I graduated with a degree in Bachelor of Science in Engineering (Mining Geology) from the University of the Witwatersrand, Johannesburg, in 1971. In addition I have obtained a Doctor of Philosophy degree in Geology from the University of Zimbabwe, Harare, in 1982.

I am a member of the Australasian Institute of Mining and Metallurgy (AusIMM) membership number 221930 and a registered Natural Scientist with the South African Council for Natural Scientific Professions (SACNASP) PrSciNat registration number 400042/04.

I have worked as a geologist for a total of 35 years since my graduation from university.

I have read the definition of "Competent Person" set out in the March 2006 AIM Guidance Note for Mining, Oil and Gas Companies and certify that by reason of my education, affiliation with a professional organisation and past relevant work experience, I fulfil the requirements to be a "Competent Person" for the purposes of this AIM submission.

I am responsible for the preparation of all technical sections of the three reports entitled:

"Competent Person's Report on the Geology and Resources of the Pickstone-Peerless Tenements in Zimbabwe";

"Competent Person's Report on the Geology and Resources of the Giant Gold Tenements in Zimbabwe";

"Competent Person's Report on the Geology and Potential of Other ACR Tenements in Zimbabwe"

and a summary of these entitled

"Competent Person's Key Information Summary: Geology Resources and Potential ACR Tenements in Zimbabwe"

The Pickstone-Peerless database has been audited by SRK who have also estimated the Resources and determined the Resource categories. SRK have audited and accept the Giant Mine Resources estimated by Global Mining Services of Australia.

I have had prior involvement with the Pickstone-Peerless property that is the subject of one of the technical reports having completed a previous report in May 2004 entitled "Independent Report on the Geology, Resources and Exploration Potential of the Pickstone-Peerless Tenements".

I am not aware of any material fact or material change with respect to the subject matter of the above technical reports that is not reflected in these reports, the omission to disclose which makes the technical reports misleading.

I have read the AIM Guidance Note for Mining, Oil and Gas Companies and the listed technical reports have been prepared in compliance with this.

Appendix 2 Summary Table of Assets

Asset (Project name)	Reg'd Holder (ACR Subsidiary)	ACR beneficial Ownership %	Status	Expiry Date Range*	No. of Claims	Licence Area, hectares (Total)	Comments
Pickstone Peerless	Breckridge Investments (Private) Limited	100	Resource Definition	3/06/06 – 27/12/07	64	584	Original Purchase
Giant	Flenshord Investments (Private) Limited	100	Resource Definition	07/04/06 – 15/12/07	20	227	Original Cambrian Claims
	Flenshord Investments (Private) Limited -JV	75	Resource Definition	07/04/06 – 30/10/07	31	434	JV ground
	Dallaglio Investments (Private) Limited	100	Active Exploration	24/5/06	20	388	ACR pegging post-purchase
	Nivola Mining (Private) Limited	100	Active Exploration	22/8/07	5	50	Giant – Corleinor claims
Snakes Head	Methven Investments Company (Private) Limited	100	Data Review, planning	28/5/06	8	1,200	Snakes Head
	Nedziwe Mining (Private) Limited	100	Data Review, planning	7/10/06 – 10/09/06	8	190	Snakes Head
	Charmed Technical Mining (Private) Limited	100	Data Review, planning	10/9/06	23	573	Snakes Head
	Katanga Mining (Private) Limited	100	Data Review, planning	10/09/06 – 24/09/06	58	1,416	Snakes Head
Chewore Ni	Febrim Investments (Private) Limited	100	Data Review, planning	28/7/07	22	3,077	Chewore
	Mayback Investments (Private) Limited	100	Data Review, planning	27/07/06 – 5/10/07	70	9,461	Chewore
Perseverance Ni	Sackler Investments (Private) Limited	100	Data Review, planning	5/10/07	4	600	Chegutu district
	Mayback Investments (Private) Limited	100	Data Review, planning	3/09/06 – 22/08/07	100	6,879	Chegutu district
	Mayback Investments (Private) Limited	100	Data Review, planning	14/06/06 – 24/11/07	37	4,465	Chegutu district
One Step	Ivor Wilkinson	100	Grass-Roots Exploration	see comments	3	46	Option exercised, transfer to be effected
Renco District	Katanga Mining (Private) Limited	100	Grass-Roots Exploration	3/09/06 – 31/9/06	52	1,221	Lowvelt-Renco
	Stonefields Mining (Private) Limited	100	Grass-Roots Exploration	3/9/06	153	3,784	Lowvelt-Renco
Diamonds	Dashaloo Investment Company (Private) Limited	100	Grass-Roots Exploration	4/4/07	18	174	Mutare
	Olebile Investments (Private) Limited	100	Grass-Roots Exploration	10/4/07	20	200	Mutare
	Possession Investment Services (Private) Limited	100	Grass-Roots Exploration	4/4/07	18	171	Mutare
	Mayback Investments (Private) Limited	100	Grass-Roots Exploration	10/9/06	17	170	Lundi/Triangle
Zimbabwe Regional	Nedziwe Mining (Private) Limited	100	Data Review, planning	24/9/06	32	800	Guruve area
	Harihari Mining (Private) Limited	100	Data Review, planning	31/09/06	39	953	Guruve area
	Sackler Investments (Private) Limited	100	Data Review, planning	30/06/06 – 17/07/06	10	1,330	Norton, Dawendale
	TOTALs				**832**	**38,394**	

**claims are renewable either every 6 or 12 months.*

Appendix 3 Glossary of Terms

Term	Explanation	Acronym
andesite	volcanic rock with intermediate silica, iron and magnesium contents	
Archaean	rocks greater than 2,600 Ma in age	
arsenopyrite	iron arsenic mineral often associated with gold which can cause low metallurgical gold recovery	
atomic absorption spectrophotometry	measurement of the amount of gold at the end of the fire assay process by solution in acid	
banded iron-formation	chemical sedimentary rock consisting of iron and quartz	BIF
base metal	nickel and copper	BM
BOCO	bottom of complete oxidation surface, a computer code used in geological modelling	
boudinaged	lenticular zones of more competent rock within softer layers resulting from deformation	
brittle fractures	discontinuities in rock due to brittle failure, the rock breaks rather than bends	
chalcopyrite	copper sulphide mineral	
channel samples	samples cut from a rock face, should have same volume for each increment of length	
chlorite	iron magnesium silicate mica of metamorphic origin	
claim beacons	beacons demarcating claims, a statutory requirement of the Mines and Minerals Act	
claims	areas allocated by the GOZ for the purposes of exploration and exploitation of minerals, may be either for gold or base minerals	
Cluff Resources Zimbabwe (Pvt) Ltd	junior exploration company	
competency contrast	the differential reaction of rocks to the same stress field, causes openings that form channels for mineralisation	
concentrate	normally of metallic minerals such as pyrite and arsenopyrite after removal of gangue	
Cu	chemical symbol for copper	
cyanidation	the process of dissolving gold using sodium or potassium cyanide	
dacite	silica rich volcanic rock	
Department of Natural Resources	GOZ department that oversees the EMA	DNR
differential GPS	accurate GPS survey instrument that communicates with a base station via satellite	
diorite	medium grained rock often occurring as dykes of andesitic composition	
dip	the orientation of a planar geological feature relative to horizontal	
District Administrator	GOZ appointee responsible for local civil administration	

Term	Explanation	Acronym
DLL	computer logging code for the dolomitic siltstone unit hosting the Peerless gold mineralisation	
dolerite	medium grained rock often occurring as dykes of basaltic composition	
ductile duplex shear system	pattern of shears often associated with hydrothermal mineralisation	
dyke	tabular intrusion of igneous rock	
Environmental Impact Assessment	assessment of impacts to the environment likely to be caused by any activity	EIA
Environmental Management Act	legislation encompassing and replacing all previous environmental legislation	EMA
Environmental Management Plan	report detailing mitigation or avoidance of environmental impacts associated with any activity, for mining activity usually incorporates a mine closure plan	EMP
fault	a fracture or break within a body of rock across which some movement has occurred	
felsite	silica rich igneous rock	
flotation	the process of concentrating minerals from finely ground slurry by the addition of reagents and air	
fold	geological term for a curve or bend of planar surfaces in rocks	
foliation	geological term for planar features within rocks	
gabbro	coarse grained intrusive rock of basaltic composition	
gangue	waste minerals enclosing economic minerals in an orebody	
Global Mining Services	Australian company – estimated the Giant Resources	GMS
global positioning system	global positioning system allowing survey by satellite	GPS
GOZ	Government of Zimbabwe	
greenschist facies	low to moderate grade of metamorphism	
Greenstone Belt	belts of metamorphosed sedimentary and igneous rocks	
grinding	the process of comminution or ores to liberate valuable minerals ahead of concentration	
gritstone	medium grained sedimentary rock	
Half Absolute Relative Difference	comparative measure of two assay values	HARD Value
hydrothermal	hot, water-rich fluid which dissolves and transports metals and deposits these in suitable geological traps	
igneous	rock originally molten can be volcanic or intrusive	
Isatis	geostatistical software used to assist with Resource estimation	
JORC	Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy	

Term	Explanation	Acronym
komatiite	volcanic rock with low silica and high magnesium and iron contents	
kriging	geostatistical method of estimating Resource	
laterite	highly weathered rock, usually conforms to a consistent pattern from surface and often redistributes gold above the primary source at depth	
lineations	geological term for linear features along planar surfaces in rocks	
lodes	gold bearing portion of mineralised zones	
Lower Sulphide Zone	tabular, layered mineralised portion of the Great Dyke, generally of lower PGE grade than the MSZ	LSZ
magnetic survey	measurements of the perturbation in the earth's magnetic field caused by magnetic minerals in rocks	
Main Sulphide Zone	tabular, layered mineralised portion of the Great Dyke	MSZ
marcasite	iron sulphide mineral	
metamorphism	changes in the mineral compositions of rocks due to increased temperature and/or pressure normally during burial	
mineralisation	metallic minerals such as gold, pyrite and arsenopyrite incorporated in rocks	
mineralised zones	hydrothermally altered structural features containing potentially valuable minerals	
Mines and Minerals Act	GOZ legislation governing the exploration and exploitation of sub-surface mineral and fuel resources excluding water	
Mining Commissioner	local authority overseeing the Mines and Minerals Act and including claims tenure	
mylonite	very strongly deformed rock usually within faults	
Ni	chemical symbol for nickel	
ordinary block kriging	geostatistical method of estimating a Resource grade	
orebody	economically viable portion of a mineralised zone	
orthophoto	survey registered and distortion corrected amalgamation of more than one aerial photograph	
payshoot	economically viable portion of a mineralised zone, but usually as depicted on a vertical longitudinal projection or cross section	
Pd	Chemical symbol for palladium	
Peerless Package	the rock assemblage surrounding the Peerless mineralisation	
peneplain	eroded gently undulating land surface	
pitch	direction within a plane relative to horizontal of a linear structural feature, also refers to orebodies or payshoots	

Term	Explanation	Acronym
platinum group elements	platinum, palladium, rhodium (ruthenium and iridium)	PGE
plunge	direction within a plane relative to horizontal of a fold hinge or other linear structural feature	
Pollution Control Unit	established in terms of the GOZ Water Act to monitor pollution in the environment	PCU
Prospectus	initial submission to the DNR describing any activity likely to have an impact on the environment	
Pt	chemical symbol for platinum	
pyrite	iron sulphide mineral often associated with gold	
pyrrhotite	iron sulphide mineral	
Quality Assurance	process of recording all quality control procedures	QA
Quality Control	procedures to ensure the accuracy of all results obtained from any activity, particularly sampling and assays	QC
quartz	silicon oxide mineral very common in hydrothermal deposits	
Resource	mineral resource as defined by the JORC Code 2004	
reverse circulation drilling	rotary percussion drilling whereby the sample is returned from the cutting head inside the rod string to surface thereby avoiding contamination from the walls of the hole	RC
Rhodesdale Complex	large composite body of granite containing a number of smaller granitic bodies of different ages and compositions	
rotary air blast drilling	drilling using a blade bit without any percussion, only suitable for soft material	RAB
schist	metamorphic rock with well developed foliation	
selective mining unit	assumed smallest practical mining block	SMU
serpentinite	magnesium iron silicate of metamorphic origin	
shale	clay-rich sedimentary rock, when black or carbonaceous normally contains carbon	
shear zone	zone of multiple fractures or discontinuities in rock, either ductile or brittle	
siltstone	fine grained usually quartz rich sedimentary rock, where calcareous contains calcium or magnesium carbonate	
Siting of Works Plan	statutory submission required ahead of any mining activity	
stockworks	zone of multiple quartz filled fractures with individual veins often of random orientation	
strike	the horizontal orientation of a planar geological feature	
sulphide	sulphur bearing metallic mineral	
synform	geological term for an upward facing fold	

Term	Explanation	Acronym
talc	magnesium iron silicate mica of metamorphic origin	
tenement	an area encompassing a number of blocks of claims	
thrust	shallow dipping fault where the upper body of rock overrides the lower portion	
TOFR	top of fresh rock surfaces – computer code used in geological modelling	
transcurrent faulting	fault with dominant horizontal movement	
ultramafic	dark silicate mineral or rock with high magnesium and iron contents	
variogram	mathematical representation of spatial variability between data	
wacke	sedimentary rock of mixed composition	
Water Act	GOZ legislation governing the exploitation of surface and sub-surface water	
wireframe	computer generated volume boundary, usually around lithological or Resource zones	
Zimbabwe Electricity Supply Authority	GOZ owned power utility	ZESA
Zimbabwe Mining Development Corporation	State owned mining company	ZMDC
Zimbabwe National Water Authority	GOZ appointed body charged with overseeing the Water Act	ZINWA

UNITS

cm	centimetre
cm.g/t	centimetre grams per tonne – metal content expressed as grade times thickness
g	gramme
g/t	grammes per metric tonne – metal concentration
ha	hectare
kg	kilogramme, a thousand grammes
km	kilometre
koz	thousand ounces
kt	thousand metric tonnes
kV	thousand volt
kVA	thousand volt amperes
m	metre
mm	millimetre
µm	micron, or millionth of a metre
Mt	million metric tonnes
Moz	million ounces
oz	fine troy ounce equalling 31.1048 grammes – normal unit used in selling gold
ppb	parts per billion
t	metric tonne
t/m^3	density measured as metric tonnes per cubic metre
°	degrees

PART VI. Competent Person's Report on the Group

SECTION A

Competent Person's Report on the Geology and Resources of the Pickstone-Peerless Tenements in Zimbabwe

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1 INTRODUCTION

1.1 Data Sources

This report has been based on information provided by ACR, and in particular a report by Noel Sheppey who acted as consultant to Mutapa which explored the area between 1997 and 1999. His report was based on:

- Historical plans and reports from the main production period when the property was owned by RTZ;
- Reports and data from Masasa who explored the property between 1987 and 1995;
- Exploration data from Mutapa who conducted limited exploration between 1997 and 1999;
- In addition to the work done by previous owners this report includes data from the current phase of exploration being conducted by ACR.

Only the ACR data has been acquired using stringent quality control checks, and while Mutapa conducted a large number of sample split assay repeats and submitted reference material standards, they did not have any umpire assays. Despite this, the Mutapa data are considered by SRK to be of sufficient accuracy to incorporate into the current Resource database. The Masasa data has only been used to define exploration targets. Details of the historic exploration and quality issues are discussed below.

1.2 Locality

The Pickstone-Peerless gold exploration project area is located approximately 100 km southwest of Harare, the capital city of Zimbabwe and 20 km south-southeast of the town of Chegutu at latitude 18˚ 17.5' S, longitude 30˚ 13' E and an altitude around 1,200 m. There is easy access to the property via gravel roads from Chegutu and Kwekwe off the main Harare-Bulawayo highway (Figure 1.1). The nearest rail siding is at Chegutu some 35 km away.

1.3 Infrastructure

There is a dump retreatment plant on site with eight concrete leach tanks, but apart from a few sheds there are no buildings on the property. The leach tanks may be usable depending on the chosen process route.

An estimated 600,000 m^3 of water is present in the flooded Pickstone workings and 109,000 m^3 at Peerless. The historic 100 t/d processing plant used mine inflows and several boreholes. There is no surface water storage on site but there are two dams downstream on the Mombi River.

A recent tailings re-treatment operation drew power from an 11Kv line and a nearby Zimbabwe Electricity Supply Authority (ZESA) substation. Additional requirements could be taken from the Kariba 330Kv transmission line, 2.5 km northwest from the property.

Plate 1.1 Existing Leach Tanks beyond the Concentrate Dump

1.4 Climate and Vegetation

The climate is mild with an average maximum temperature of 30°C and average minimum temperature of 13°C. The hottest month is October and winter extends from May to August. The average annual rainfall in the project area is 760 mm (but may vary by 400 mm above or below this average) and this falls between November and March and some thunderstorms may deposit up to 120 mm in a 12-hour period.

The natural vegetation consists of typical Miombo woodlands on the hills, dominated by mountain acacia (brachystegia glaucescens) with grasslands containing scattered trees in the intervening valleys. In places the virgin bush has been destroyed by past mining activity and replaced by invasive exotic species (particularly latana camara) producing thick, impenetrable scrub.

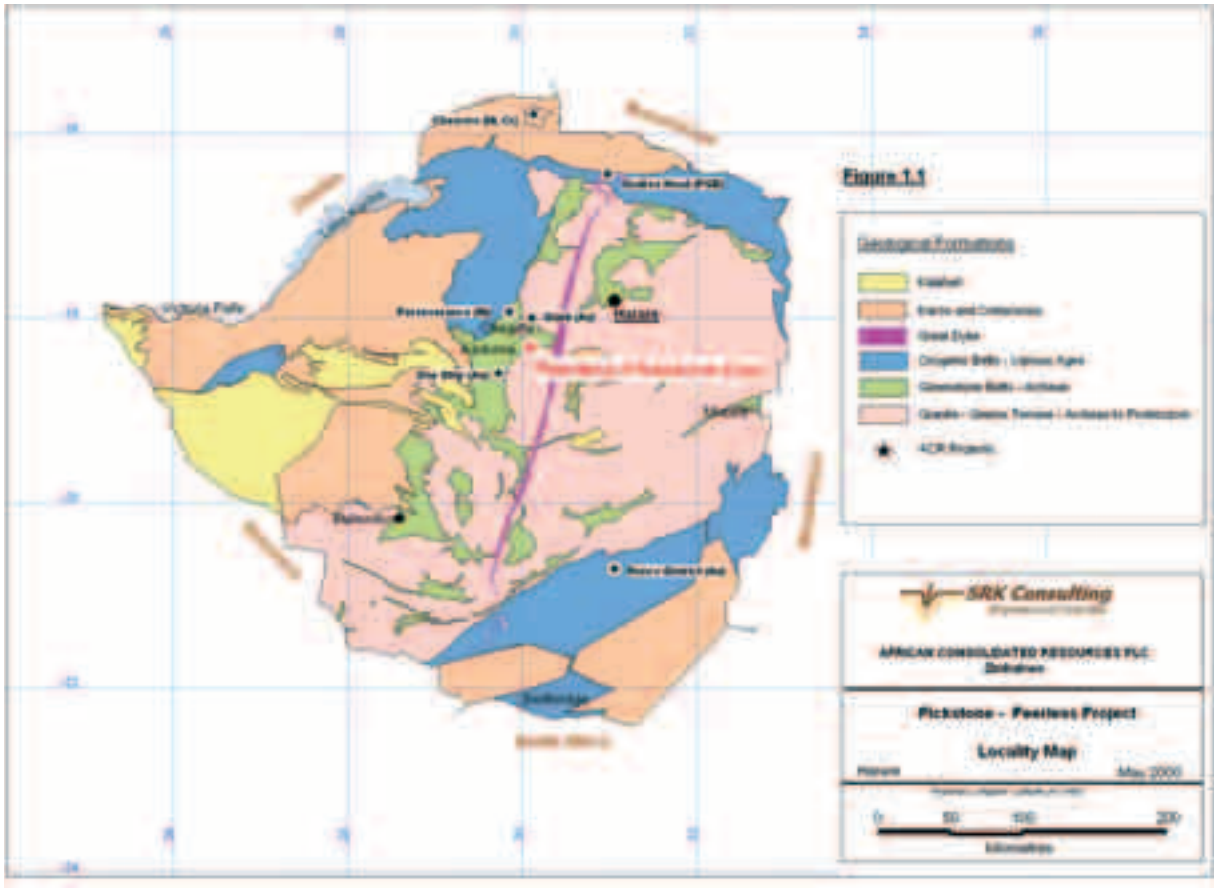
1.5 Historic Production

The area has been worked, initially from scattered pits followed by two main periods of production from 1905 to 1919 and 1956 to 1972. Since that time various junior companies have conducted exploration and very small-scale production over the tenements but none have done sufficient work to prove a significant Resource, except for Mutapa in 1998. There is continuing significant illegal artisanal production from the tenement area, but this is not officially recorded. The historic production from these two zones of mineralisation is tabulated below.

Table 1.1 Summary of Historic Production

	Treated t	Recovered kg	Recovered oz	Grade g/t
Peerless	213,731	1,602.98	51,534	7.5
Pickstone	1,828,734	11,703.90	376,271	6.4
Total	**2,042,465**	**13,306.88**	**427,805**	**6.5**

Figure 1.1 Locality Plan of the Pickstone Peerless Project



1.6 Description of Tenements

The tenements consist of 63 gold claim blocks plus a single 'Site' tenement of 26 hectares for tailings disposal covering an area of 584.5 ha within designated State Land owned by the Government of Zimbabwe. These claims are currently held by the Group and have been the subject of a separate legal due diligence.

The overall claims area has a broadly rectangular shape and is approximately 6 km east to west along the geological strike. It encloses numerous defunct gold mines and surface workings scattered along the crest and flanks of a banded-iron-formation unit that stands out as two prominent ridges known as Concession Hill and Duchess Hill (Figures A.1 to A.3 in Appendix 1 at the end of this report). The claims cover two separate areas, a smaller, western group around the old St Kilda workings and the eastern group over the Peerless and Pickstone Mines.

The project area falls within the jurisdiction of the Mining Commissioner in Kadoma in matters relating to the Mines and Minerals Act, and to the District Administrator, Chegutu, for civil administration.

All claims have been surveyed using conventional tacheometry and a hand-held global positioning system instrument (GPS), and corner and mid-boundary points marked with concrete beacons in accordance with the Mines and Minerals Act.

Construction of a mine requires approval of a Siting of Works plan by the Mining Affairs Board after submission to the Kadoma Mining Commissioner. Mutapa received approval in 1998 but this will probably have to be re-submitted. Aspects such as housing and environmental impact management and the impact on public roads and community services need to be covered in this application. Approval takes not less than two months.

1.7 Environmental Considerations

The Environmental Management Act (EMA) of 2003 was promulgated to combine all prior environmental legislation in Zimbabwe and to bring it into line with international standards. The Act provides for sustainable management of natural

resources and the protection of the environment; the prevention of pollution and environmental degradation as well as the establishment of standards for water and air pollution.

Part of this legislation requires submission of a Prospectus to the Department of Natural Resources (DNR) describing any activity (including exploration) and listing the environmental impacts. ACR has recently submitted this document and awaits its approval. Upon receipt of this document the DNR may either approve the activity or require a full EIA before embarking on the prescribed activity but this is not normally the case for exploration.

Should mining go ahead, an EIA will be required and approval permits for these are valid for two years after which they can be renewed for a further year. Thereafter an updated EIA must be submitted for any further extension, but only during project inception or construction; it is not required once the project is active.

An Environmental Management Plan (EMP) must be linked to the EIA as the commitments in this document are legally binding and an EMP also requires approval by the authorities.

There are currently no clear legislative guidelines for compensation and resettlement to families or individuals affected by mining activities and currently recommendations on compensation and land for resettlement are made in consultation with the affected parties and the Rural District Council in the area.

There is considerable artisanal activity over the property at present and this is controlled to some extent by the appointment by ACR of a safety officer from Chegutu who inspects the workings on a regular basis. A stamp battery that does custom milling of the artisanal ore has been established on site with amalgam table to concentrate the gold. The gold produced is sold to a GOZ certified buyer. These people have indicated that they would prefer to be employed on a conventional mine with a regular income and in the meantime they do provide a useful prospecting service to ACR. As they are essentially itinerant workers those ultimately removed from the property would not qualify for re-settlement benefits, but these issues would have to be settled during a social impact assessment that would form part of the EIA required ahead of production.

In terms of the GOZ Water Act, which controls the usage of all surface and underground water, permits are required to abstract any surface or sub-surface water. These two requirements must be included in the Approval of Siting of Works issued by the Mining Commissioner.

Two environmental surveys of the project area were completed in 1997 and 1998. It is unlikely that these are still valid under the EMA, but this requires checking with the DNR.

A concentrate tailings dump was identified as the only significant potential source of pollution as it contains some 200,000 tonnes of residue containing sulphur and arsenic. Evaporation ponds have successfully contained seepage from the dump and this has been confirmed by the results of a soil geochemistry down-slope from the ponds.

2 GEOLOGICAL SETTING

The Pickstone-Peerless hydrothermal gold deposits appear to be related to competency contrasts within the stratigraphic succession. There are two main sub-parallel mineralised zones, the Pickstone trend with the Peerless trend 400 m to the north.

2.1 Regional Setting

The Pickstone-Peerless deposits are hosted by a sedimentary succession associated with mafic and ultramafic extrusives within the Archaean Chegutu Greenstone Belt (Figure 2.1, page 76). The Rhodesdale Complex lies to the south of the project area and consists of various tonalitic gneisses. These deposits are located on the southern limb of an easterly-trending synform, which contains a number of subsidiary folds. To the west, this synform is connected to a northerly trending greenstone belt lying between Gweru in the south and 60 km beyond Kadoma in the north. The Rhodesdale Complex has influenced this interference fold pattern.

2.2 Stratigraphic Succession

The thick komatiitic unit in contact with the Rhodesdale Complex contains two banded iron formations at interflow sites. Minor gold is spatially related to the BIF where there is a significant competency contrast.

Overlying the komatiitic unit is a 800-m thick dacitic sequence containing minor, sheared andesites and thin units of pyritic, carbonaceous shales; BIF layers again represent breaks in volcanic activity.

The assemblage of rocks that contains Peerless mineralisation (known as the 'Peerless package') occurs halfway up the dacitic pile and marks another interruption in volcanic activity. It consists of a thin, black shale with subordinate calcareous siltstone overlain by well-bedded quartz siltstones and intermittent BIF. It forms an incompetent unit within the dacite. The tendency to develop brittle fractures during deformation along lithological contacts is considered to be fundamental to the localisation of gold mineralisation.

To the east, at approximately the same stratigraphic level of the Peerless package is a bedded wacke gritstone containing lenses of quartz gritstone. The lensoidal nature of the quartz gritstone offers good competency contrasts, but their limited occurrence results in small, haphazardly distributed gold deposits.

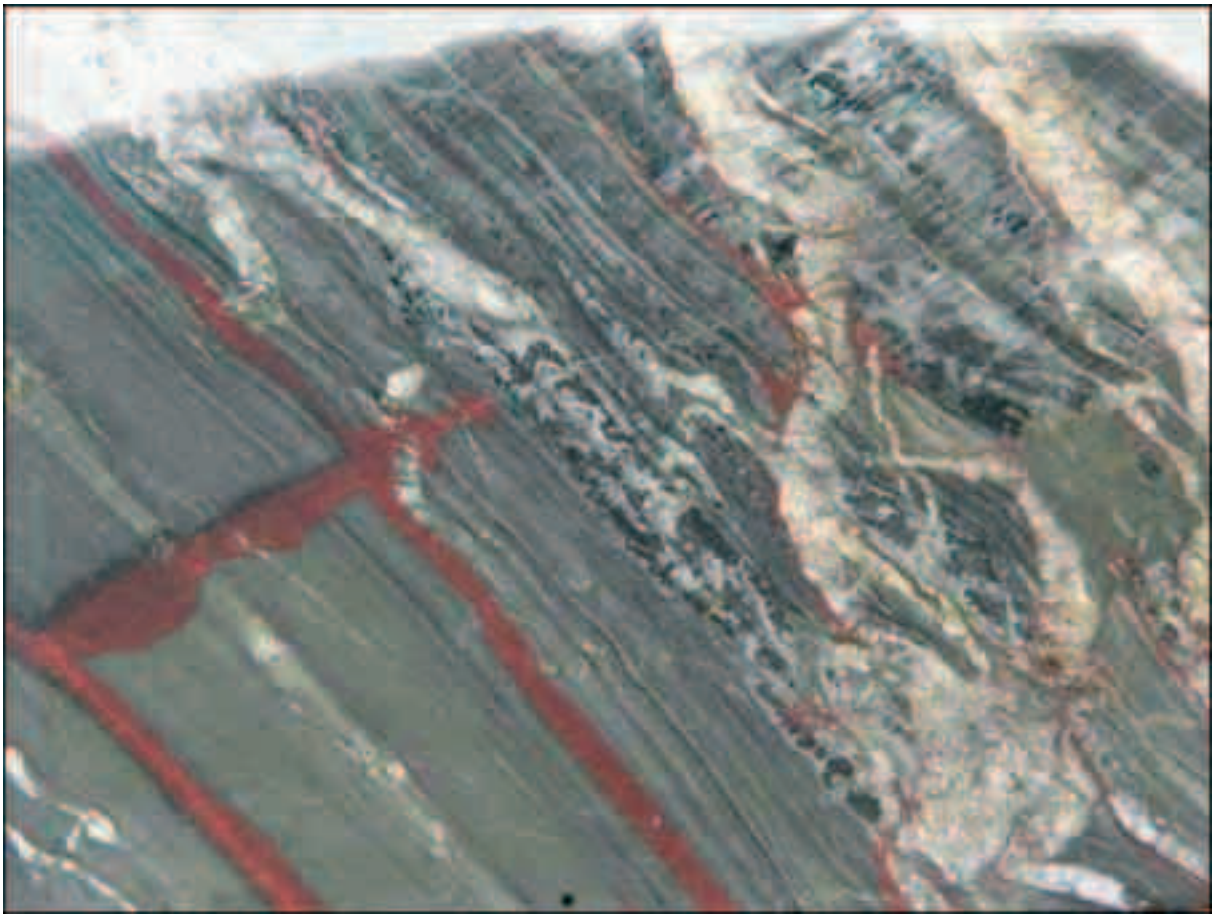
2.3 Mineralisation

The Pickstone gold mineralisation is associated with hydrothermal quartz stockworks within BIF and to a lesser extent other lithologies. The orebodies are roughly tabular with strikes of up to 160 m and widths from 4 to 15 metres; these are sub-vertical and pay shoots pitch 50° to the west. The gold is almost exclusively contained within arsenopyrite, subordinate pyrite and very minor chalcopyrite, which occur as coarse, disseminated aggregates associated with the quartz veining.

The Peerless mineralisation is similar to Pickstone, except that the host rocks are siltstones and calcareous shales and the maximum strike of individual pay shoots can be as much as 280 m. The Peerless mineralised zones also contain ladder quartz veins that post-date the gold alteration.

The mineralisation associated with the quartz gritstone is characterised by sparse quartz veins with wide zones of irregularly disseminated pyrite/gold alteration.

Plate 2.1 Cut Core through Mineralised Dolomitic Siltstone Peerless Deposit



2.4 Intrusive Rocks

There are very minor post-mineralisation intrusions with one sub-horizontal dolerite dyke occurring along the entire length of the old Concession-Pickstone workings approximately 200 m from surface (Figure A.8 in Appendix 1). Other small gabbroic and dioritic dykes have been exposed in trenches along with some felsic intrusive bodies.

2.5 Metamorphism

Regional metamorphism is characterised by chlorite and sericite which produce an intense foliation and the overall grade of metamorphism is considered to be in the upper greenschist facies.

2.6 Structure

The major Munyati Shear Zone curves around the Rhodesdale Granitic Complex from a northerly to an easterly trend, and lies near the contact between granites and komatiites south of the project area. South of Kadoma this shear has an important control on gold mineralisation, and it is likely that splays off it also control the Pickstone-Peerless deposits.

Medium-scale folds have been recognised with shallow plunges to both east and west and these appear to affect the mineralisation but whether they post-date it is not clear. Mineral lineations plunge steeply westward and sub-parallel to the pitch of parts of the stoped areas of the Pickstone Mine. Faulting across the geological strike is uncommon, with one known northwest-trending fault in the project area, which dislocates the Pickstone and Peerless trends by 100 m. Strike-parallel shears are more common and these develop along competency contrasts and host the gold, of which the Peerless and Pickstone shears are but two examples. Near-vertical mineral lineations in Peerless core and near-vertical gold lodes in the Pickstone BIF suggests that displacement down dip may be dominant over transcurrent faulting.

2.7 Lateritisation and Weathering

The project area lies in a terrain eroding through a laterite profile estimated to have been at least 80 m thick and covering the area from the Pickstone-Peerless to Chegutu. The Concession and Duchess Ridges probably stood above this surface and within the project area less than 30 m of the laterite is locally preserved.

Plate 2.2 View from Concession Hill East towards Duchess Ridge

Figure 2.1 Geological Plan of the Project Area and Regional Geology

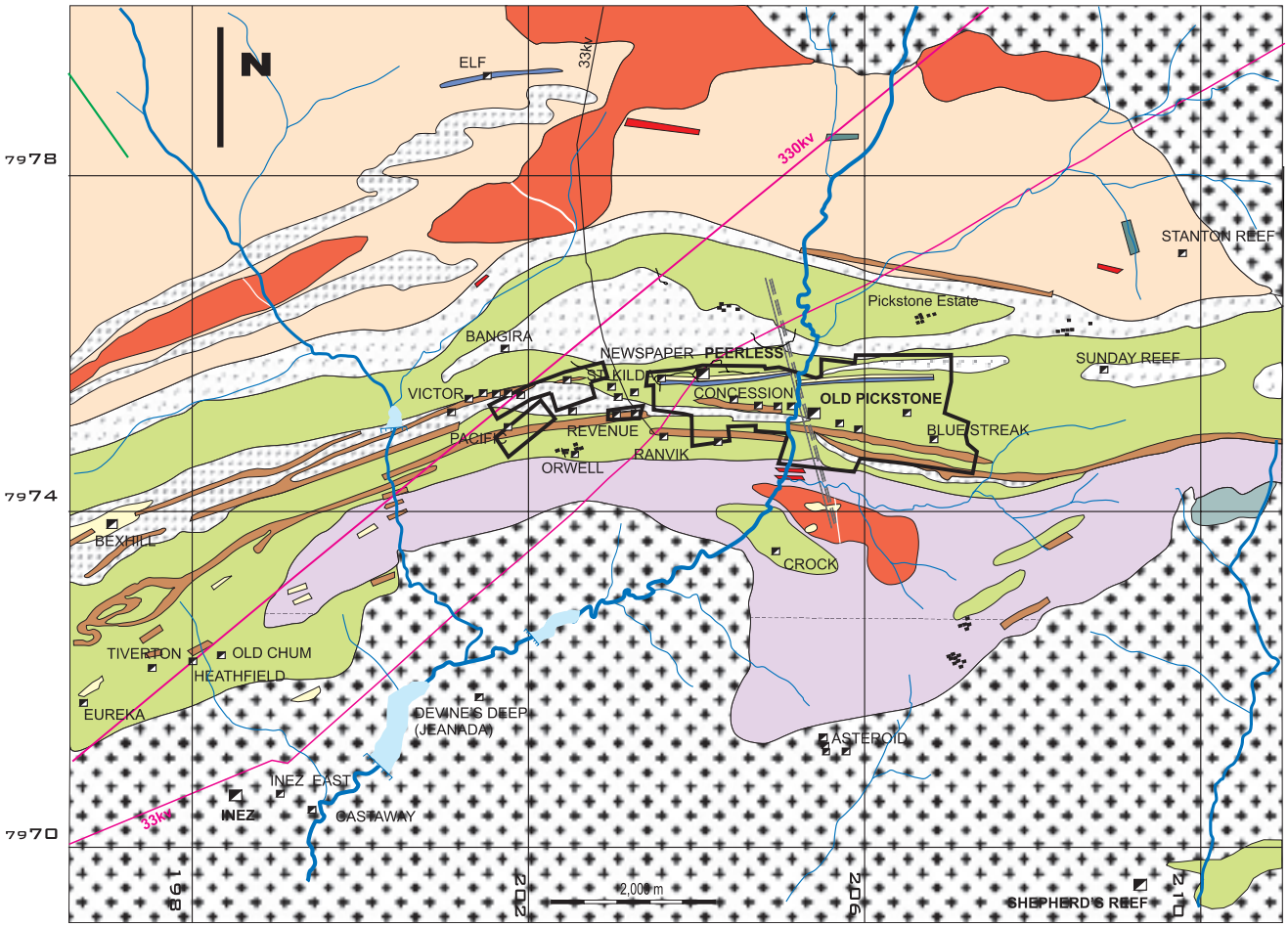
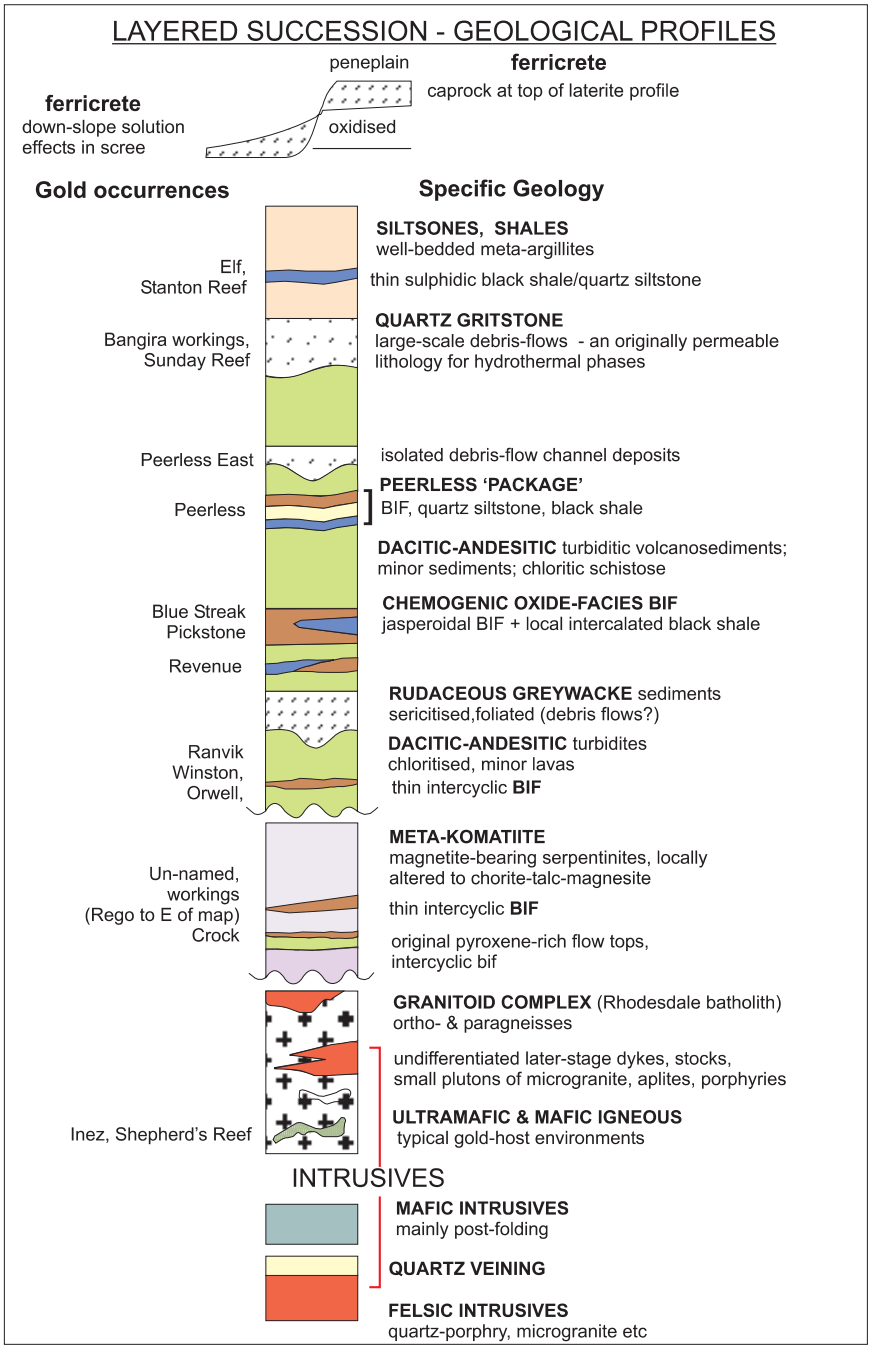
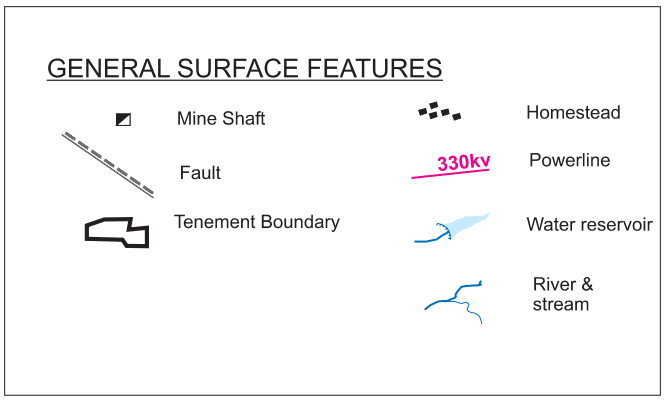


Figure 2.1 – Legend





3 HISTORY OF MINING AND EXPLORATION

3.1 Early Mining

The Concession and Duchess Hill claims were first pegged in the latter part of the 19th century over 'ancient' workings attributed to indigenous miners. Mining by European settlers began in 1905 but by 1919 most of the workings had been abandoned, including Pickstone and Peerless.

In 1949 Lonrho amalgamated these claims and after a brief period of production, sold them to RTZ in 1960. The Pickstone mine remained in production until 1971.

3.2 Pickstone Mine

The original Pickstone Mine exploited lenticular quartz veins on the northwest flank of Duchess Hill. By 1912 two shafts to 23 m established a 305-m strike over a 3.9 m reef width. Stoping of this zone between 1907 and 1919 produced 98,600 t at a recovered grade of 13.6 g/t.

The mine closed in 1919 because of poor recoveries from the sulphide ores and for 30 years there was little activity until Lonrho took over the properties. Lonrho had positive results from five exploratory drillholes and exposed four main orebodies over 1,400 m of strike on 6 Level. This led to re-opening of the mine in 1956 at a 7,000-tm throughput.

RTZ increased throughput to 15,000 t/mo in 1964 and maintained this until closure in 1971 when there were 12 main levels (600 m vertical) with exploratory work to 14 Level (750 m).

Initially the Pickstone ore was subjected to a coarse grind followed by flotation and fine grinding of the concentrate prior to cyanidation. Tailings from this operation are now in the Concentrate Dump. This process was abandoned in favour of fine-grinding and a Merrill Crowe circuit for an 88% recovery.

The mine operated with a government subsidy for the last seven years of its life and virtually all of the reserves were depleted. Falling grades, a fixed gold price, sanctions and the security situation all played a part in the decision to close the mine.

3.3 Peerless Mine

The Peerless Mine was the most important of four original small-scale operations along the Peerless Trend extending 1,600 m from the western Newspaper Mine to beneath the Football Field Dump in the east. The trend is marked by a series of shallow pits and the larger Peerless Pit itself.

RTZ opened two underground levels at Peerless and completed 19 core holes along 1,500 m of the strike in 1960 (Figure A.8). Despite the positive drill results, trial mining and feasibility studies, RTZ never brought the Peerless sulphides into production. They also did not appear to appreciate the oxide potential along strike from the old open pit which had produced some 51,500 oz of gold.

Underground sampling revealed orebody dimensions of up to 350 m along strike and 11 m wide, at an average grade of 4.0 g/t. The seven core intercepts below these workings are too widely spaced to estimate a resource but the results are encouraging. RTZ estimated a potential of 1.34 Mt at 6.3 g/t over 3.4 m horizontal to a vertical depth of 350 m for 270,000 oz. SRK consider that this estimate is realistic.

Between 1974 and 1976 RTZ revisited the Peerless Mine with a view to augmenting mill feed at the group's Patchway operation some 50 km away, but this plan was never implemented.

The Newspaper deposit, situated at the western end of the Peerless Trend, is the third most important old mine in the area. Three levels were driven with the deepest at 81 m and oxide ore above 50 m accounted for the bulk of the recorded production of 7,300 tonnes at 9.9 g/t recovered grade. Apparently groundwater ingress was a problem but this should not be difficult to control with sufficient pumping capacity.

3.4 Masasa Mines Exploration 1987-1995

Masasa Mines (Pvt) Ltd, the Zimbabwean subsidiary of Delta Gold NL of Australia, secured an option to purchase the Pickstone-Peerless Property from RTZ in 1987. Their main objective was to establish a pittable oxide resource along the Peerless Trend.

During their nine years of activity, Masasa also studied the potential for underground Resources at both Peerless and Pickstone and engaged consultants to examine the amenability of tailings retreatment at the Big Red and Concentrate Dumps. They sampled old trenches along the Peerless and Concession-Duchess Hill Trends and mapped most of the project area at 1:5,000 scale.

Masasa drilled 60 shallow, open-hole percussion drillholes inclined 45°S drilled on lines 50 m apart over the 1,400 m of strike from west of the Newspaper Shaft to part-way across the Football Field Dump. In-fill lines at 25 m were drilled over the most promising portion. A 1988 Masasa review stated that indications of economically significant grades were obtained over 1,250m of continuous strike.

Masasa also drilled 64 inclined core holes along lines 50 m apart over the same strike length, but without a triple-tube barrel core loss was severe and the friable mineralised rock not effectively sampled. Masasa also experienced problems with assay precision. These shortcomings were mainly responsible for the abrupt termination of exploration and Masasa did not estimate a Resource.

Masasa's work culminated in a project review by an independent geologist in 1996 which, besides being critical of the calibre of the exploration work, recommended that Masasa retain the property based on the potential of the Peerless oxides and sulphides. Despite this, Masasa terminated its exploration.

The following inventory of resources was listed in the independent geologist's report.

- Peerless open-pittable 400,000 t at 2.9 g/t
- Peerless underground 1,340,000 t at 7.0 g/t
- Pickstone open-pittable 200,000 t at 3.0 g/t
- Pickstone underground 100,000 t at 6.0 g/t
- Concentrate Dump 200,000 t at 4.3 g/t
- Big Red and Football Dumps 850,000 t at 0.6 g/t (recoverable).

3.5 Weston Mining (Pvt) Ltd 1993-1997

Weston Mining entered into a sub-tribute agreement through Masasa with Rio Tinto for heap leaching all surface residues and they mined part of the Peerless Trend by hand. They estimated an oxide resource of 415,000 t at 1.8g/t down to vertical depths varying from 15 m to 29 m based on the Masasa data.

Weston Mining retreated portions of the old tailings dumps and commissioned metallurgical work on the Concentrate Dump by the Geomet Research Laboratory. Their report suggested that a cyanide leach on a washed product of a fine regrind could result in 60-70% gold recoveries.

3.6 North Rand NL

North Rand NL, an Australian company, arranged a takeover of the Masasa option in 1996 and also purchased Weston Mining's tribute rights.

North Rand geologically mapped the area and chip sampled various accessible sites across the mineralised zones. This work mirrored the problems of Masasa's earlier sampling where the broad anomalous zones were successfully identified but with random, high individual assays.

North Rand were unable to further their exploration following an unsuccessful attempt to list on the Australian Stock Exchange and IndoMin Ltd of Canada acquired the Masasa and Weston tributes from RTZ.

3.7 Mutapa Minerals Exploration 1997 – 1999

In 1997 IndoMin Ltd, a Canadian junior mining company, took over the North Rand agreement, exercised the option with RTZ and acquired the Pickstone-Peerless project area. IndoMin was renamed Battlefield Minerals Corporation, which wholly owned Mutapa Minerals (Pvt) Ltd, the Zimbabwean operating company.

Mutapa started exploration in November 1997 with the primary objective of establishing a near-surface Resource over the Peerless Trend. During this exploration, funding problems and failure of a dump retreatment operation led to bankruptcy and cession of the property to the African Banking Corporation (ABC).

Mutapa geologically mapped the area, conducted geophysical surveys, trenched and drilled and estimated Resources based on this work. Details of this phase of exploration are given below.

3.7.1 *Airborne Photography and Geological Mapping*

Mutapa established a surveyed grid with two baselines over the entire tenement area to control exploration. Concrete beacons were established at key points and claim beacons and farm boundaries positioned using differential GPS and conventional survey.

A low-level airborne colour photographic survey was flown and used to produce a digital terrain model, orthophotos and topographic maps. Using these, Mutapa compiled a 1:1,000-scale geological map incorporating localities of previous mining and prospecting activity.

3.7.2 *Airborne Magnetometer Survey and Structural Interpretation*

High Sense Geophysics completed a fixed-wing airborne magnetic survey of the area and these data, together with the geological mapping, allowed a structural analysis by ERA Maptech of Dublin. Their report gave a structural explanation for the mineralisation and target areas for future exploration.

3.7.3 *Peerless Trend Exploration*

In the absence of reliable drill core and shortcomings in the Masasa shallow drilling programme Mutapa completed 160-m spaced drill traverses along the entire Peerless Trend. Phase 1 consisted of seven RC and four core holes. Triple-tube core recoveries were excellent with good recovery of cuttings from the RC holes. All cores were logged and photographed before diamond-saw splitting and sampling. The results were sufficiently encouraging to proceed with systematic delineation work over the entire strike.

Initial Phase 2 trenches were nominally 40 m apart with large channel samples cut from one side wall. These were crushed to minus 4 mm and split by cone and quartering to 5-10 kg for fire assay. Some trenches were extended after receipt of assays. Trenching proved impossible in the siliceous rocks over the eastern part of the Big Pit area but explosives were used to obtain samples of all zones of interest.

The second phase of RC drilling also tested the western (Newspaper – Peerless) and eastern (Peerless – Football Field Dump) extension target zones. A total of 40 holes were drilled with at least two holes along each trench line, with the exception of the Football Field Dump area where sand prevented drilling and intermediate 20-m lines were selected. The identified mineralisation remained open to the east.

Because of some correlation problems, a third phase of 19 RC holes was drilled. This included twinning some old holes and new traverses along the western and eastern extensions. Assayed intercepts of interest are summarised in Tables 3.1 and 3.2 for sulphide and oxide mineralisation.

Table 3.1 Significant Mutapa Sulphide Intercepts Peerless Trend

Drillhole	Approximate Easting	From	Intercept width	Au Grade
		m	m	g/t
PE10	20464	48.30	6.84	4.77
N03	20516	118.26	6.40	20.98
PED01	20600	37.50	4.50	3.97
PED01	20600	47.00	4.70	4.97
PED02	20600	55.31	5.59	3.64
N18A	20594	245.97	5.49	9.61
N04	20646	413.46	9.75	5.08
N01	20656	132.38	17.10	3.75
N19A	20843	144.48	6.85	4.90
PED03	20840	79.70	3.10	3.69
PE24	20880	45.56	6.70	8.19
PEP	20930B	28.00	4.00	20.12
PEP	20970B	30.00	6.00	5.67
PE26	20981	14.69	13.38	3.97
PEP	21010B	32.00	4.00	5.54
PE29	21034	71.86	3.77	6.22

Table 3.2 Significant Mutapa Oxide Intercepts Peerless Trend

Section	Trench No.	Hole No.	From	Intercept width	Au Grade
			m	m	g/t
20890E		A20890E	0.0	16	4.04
		B20890E	6.0	14	2.58
	T20890E		13.0	17	3.04
	T20890E		28.0	6	3.98
20930E	T20930E		5.0	7	3.47
	T20930E		37.0	1	7.98
20970E		A20970E	22.0	8	2.97
		B20970E	30.0	8	4.56
21010E		A21010E	32.0	4	5.54
21130E		A21130E	8.0	6	3.01
	T21130E		16.9	16	4.02
21170E		A21170E	18.0	4	2.56

3.7.4 *Peerless Eastern Extension Exploration*

The geological mapping revealed scattered vein quartz outcrops along the Peerless trend east of the Mombi River and this extension was supported by the airborne magnetic survey, random trenches and two old core drill holes. A ground magnetic survey suggested a more complex structural pattern and subsequent 160-m spaced trenching to the eastern property limit

exposed two trends of Peerless-style mineralisation. Despite visual evidence of mineralisation, assays were not encouraging and further trenches over other promising indications also gave poor results.

3.7.5 *Newspaper Mine Area Exploration*

In the Newspaper Shaft area a small oxide resource was identified from previous exploration but it was difficult to estimate the amount of mined ore. Old underground sampling and limited drilling (Table 3.3) suggested potential for sulphide extensions at depth in this area.

Table 3.3 Mutapa Sulphide Intercepts in the Newspaper Shaft Area

Drillhole	Approximate Easting	From m	Intercept m	Au Grade g/t
PE 01	20158	51.09	3.97	3.24
PE 01	20158	49.67	3.82	2.91
PE 02	20158	48.90	6.16	2.67
PER 05	20200	56.00	6.00	3.43
PE 04	20208	45.92	4.97	10.53
PE 04	20259	51.90	1.50	5.70
N15A	20269	135.94	2.44	3.16
PE 06	20310	45.19	5.91	6.68
N14A	20392	130.45	6.71	2.54

3.7.6 *Other Prospects along the Peerless Trend*

A number of other areas were drilled by Mutapa and although these appear less interesting than the Peerless area they nevertheless provide an indication of the further potential. Some of the better intercepts from these areas are tabulated below.

Table 3.4 Other Significant Mutapa Drill Intercepts

Drillhole	Approximate Easting	From m	Intercept m	Au Grade g/t
Football Field Area				
PE64	21160	46.20	7.00	3.03
PE34	21187	52.00	3.00	4.05
PE34	21187	61.00	3.00	7.01
PE34	21187	70.00	2.00	3.76
N12	21193	147.52	5.49	10.44
PEP	21210B	24.00	2.00	4.43
PE35	21236	53.94	3.00	2.41
N11	21300	133.20	3.05	2.24
PEP	21510B	34.00	4.00	11.15
PE57	21517	72.50	6.04	4.40
PE48	21542	24.25	6.75	2.67
PEP	21550C	14.00	16.00	3.79
		14.00	10.00	4.95
Snake Dump Area				
PEP	21370B	32.00	2.00	10.80
		40.00	2.00	4.94
PER07	21400	70.00	8.00	4.92
N10	21403	120.40	5.79	4.11
PEP	21410B	26.00	2.00	3.57

3.7.7 *Duchess Hill East Drilling*

During 1997 Mutapa drilled five inclined RC holes along two traverses located on the southeast flank of the Duchess Ridge to test the two BIF units in this area. The disappointing results from these holes were supported by a core drillhole through the entire BIF succession which returned only 4.0 m at 2.71 g/t. The discrepancy between surface indications of mineralisation and drill intercepts suggested supergene enrichment of mediocre sulphide mineralisation at depth or that the mineralised zones may have abnormal orientations that were missed by the drilling.

3.7.8 *Plant and Tailings Dam Site Sterilisation Drilling*

RC holes drilled to sterilise the proposed plant and tailings sites indicated the possibility of economic grades along a southern branch of the Peerless shear, but oxidised stockworks in trenches above these holes gave disappointing results. This mineralisation is part of the Blue Streak trend and Mutapa recommended further work along strike to both the east and west.

3.7.9 *Exploration of Blue Streak and Roller Areas*

The Blue Streak and Roller Structural Domains occupy a 350-metre wide zone in oxidised, chloritic schists along the northern flank of the Duchess and Concession ridges. Preliminary exploration indicated two separate east-west trends within this domain.

The Southern trend incorporates the old Blue Streak Mine and trenching here exposed four quartz stockworks, one of which returned 4.0 m at 4.78 g/t. No follow-up work was done despite artisanal activity along this strike. The remaining three

stockworks were barren although there is no visible difference between these four zones. The original Pickstone Mine exploited a similar stockwork. At the western end of the Northern trend are the defunct Road and Yorkshire Mines where mineralisation was intersected in two holes and this was confirmed in a trench with 4 m at 1.7 g/t.

3.7.10 *Sampling of Small Tailings Dumps*

The Lonrho and RTZ operations produced three tailings dumps, two of which contain sulphide-bearing residues. All significant tailings dumps were sampled and analysed by bottle-roll cyanidation. The remnants of the Pickstone dump yielded encouraging results but samples from the Football Field and the Peerless dumps were not assayed with closure of the re-treatment operation.

The arsenical Concentrate Dump metallurgical studies by Signet Engineering of Australia and Harare-based Peacocke Simpson & Associates (PSA) suggested no economic recovery route, which was at odds with the Geomet Research Laboratory report which indicated that a cyanide leach on a washed product of a fine regrind could result in 60-70% gold recoveries.

3.7.11 *Dump Retreatment Operations*

In 1998 20 auger holes were drilled through the Big Red Dump and bottle-roll cyanidation assays on these samples indicated an average recoverable grade of 0.75 g/t Au and column leach tests suggested that no regrind would be necessary. A significant shortcoming of this sampling was that the coarser tailings around the dump periphery were not tested and the characteristics of this material caused the failure of the Mutapa dump retreatment operation, non-repayment of loans and the cession of Mutapa to the African Banking Corporation.

4 MUTAPA RESOURCE DATABASE

Comments are given here on the Mutapa database as much of this has been incorporated into the current ACR Resource estimates.

4.1 Hardness

The oxide ores and to a lesser extent waste, were classified during the logging into one of three hardness categories:

- Soft — probably free-dig;
- Transitional — some drill-and-blast will be required;
- Hard — definitely requiring drill-and-blast.

Every assay sample was assigned a hardness category and correlations made for zones with these characteristics. These were used in allocating density values to Resource blocks.

4.2 Bulk Density Measurements

Bulk density measurements on sub-surface material were restricted by the lack of large diameter cores, but the density was measured by Mutapa from four surface samples using an infusion of a quick setting polymer for these porous materials at a commercial laboratory. Similar measurements were made on two partly weathered samples and three samples of fresh rock. These estimates appear reasonable and have been applied to the Resource but SRK would prefer a much greater density database. However as only an Inferred Resource has been declared this is not seen as a major drawback at this stage.

4.3 Assays

With problems anticipated from the Masasa exploration, Mutapa instituted routine checks on the precision and accuracy of assays.

A total of 2788 samples (A1) from trenches and RC cuttings were determined for gold using a 50-gm fusion aliquot. Approximately 80% of these were done in duplicate by the same laboratory (SGS Harare). 560 drill chip sample splits (A2) were assayed by a second laboratory (Antech, Kwekwe), although part of these were 1-m intervals of original 2-m composites, giving an effective 413 repeats or 15%. The 193 A3 samples were mainly from the opposite walls of trenches, but some provided triplicate assays. The A4 set of 33 samples provided quadruplicate checks. Overall, some 639 or 23% of the samples have been assayed more than once and most of these were from higher-grade portions of the mineralised zones.

SRK investigated the Peerless results in some detail and calculated correlation coefficients and scatter plots between the A1 and other assay sets for all values and for those above a range of cut-offs. Given that the sets are based on sample splits and not repeats of milled pulps, the correlation coefficient between the A1 and A2 sets of assays at 0.80 is acceptable. Above various grade cut-offs, the coefficient drops as shown in the table below but the correspondence between the two sets at ore grades is reasonable.

In addition the table gives the averages for the two sets at the range of cut-offs. Note that these are not weighted averages and do not reflect Resource grades.

Table 4.1 Comparison of Assay 1 and Assay 2 Repeats

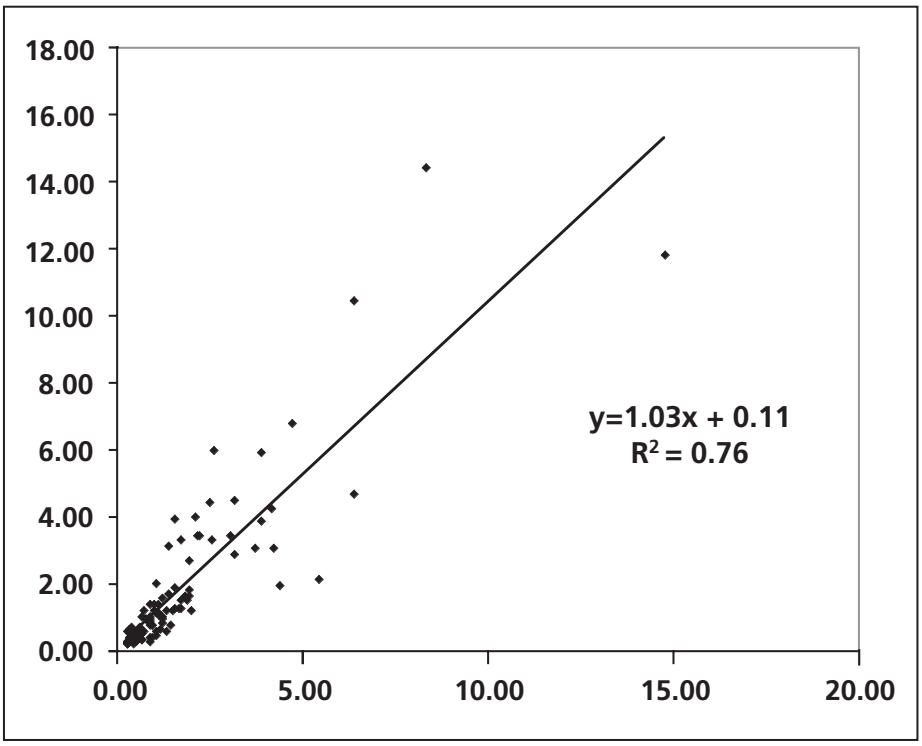
Assay Set	A1	A2	A1	A2	A1	A2	A1	A2
Cut-off g/t	none		0.50		0.75		1.00	
Average g/t	0.87	0.95	2.17	2.46	2.68	3.05	3.11	3.56
HARD value	4.5%		6.2%		6.4%		6.8%	
Correlation Coefficient	0.80		0.78		0.77		0.76	

The HARD values for the two averages for A1 and A2 are also shown on the table. The 4.5% variation for the uncut average is acceptable but for the averages above a range of cut-offs it is marginally above the limit and for all cut-offs the average of the A2 set is higher than the A1 assays, suggesting some bias between the two.

The correlation coefficient between A1 and A3 is 0.72 (values above the 0.5 cut-off) and the HARD value between the averages of the two sets is almost 17%. As most of these samples are from parallel sampling on the opposite sides of trenches this correlation is surprisingly good. For the effective 18 repeats (some were from original composites) of A4, the averages were 0.52 and 0.54 g/t respectively and the correlation coefficient 0.85 against A1. This subset is small, but this analysis again suggests that the assays are reliable.

The generally poor precision was largely the result of different sample types being used but there is still evidence that at least some of the assays are unreliable. However by removing values of less than 0.25 g/t and 13 "wild" results, the scatter plot shows an acceptable bias but a low Pearson's correlation coefficient reflecting a wide scatter of points about the regression line.

Figure 4.1 Scatter Plot of A1 and A2 Repeats



SRK consider that the averages of A1 and A2 (and A3 for trenches) are acceptable as reflecting the grade of the Peerless oxide deposit and, where there were no repeats, that the A1 set of results was acceptable.

The only significant discrepancy noted was on hole PP1330C where the provenance of the accepted values could not be traced. This hole, an adjacent one (PP1330A), and the trench above them, were clearly problematical.

Mutapa recognised the lack of precision of the assays and repeated far more assays than is normal. As there appeared to be no systematic bias between assay sets, it is concluded that the average assays are acceptable for inclusion in the ACR Resource database.

Four internationally recognised standards with grade ranges from 0.31 to 9.9 g/t were submitted with every batch of twenty samples and approximately 185 standards were assayed. A batch of 45 of these was examined by SRK and these gave acceptable correlations with the standard values. While assay checks against standards are a measure of accuracy, they only reflect the quality of the assay procedure itself and have no bearing on sample preparation quality.

4.4 Mutapa Resource Estimates

Mutapa estimated Resources for four sections of the project area and details were given in a previous SRK Report in May 2004.

- Peerless Trend oxides and Sulphides;
- Newspaper Section;
- Pickstone Underground Sulphides;
- Tailing Dumps.

These estimates are not repeated here as they have been superseded by the ACR estimates.

4.5 Mutapa Metallurgical Tests

Mutapa instigated metallurgical tests on six samples of Peerless oxide ores. This work conducted by PSA in Harare included grindability tests, evaluation of gravity concentration and cyanide leaching. No work was done on composites from RC cuttings. A summary of this work is given below.

4.5.1 *Sampling*

Three samples considered representative in terms of grade and physical characteristics of the Peerless oxide mineralisation were collected from old pits. A second batch of three samples was collected from trenches to examine the metallurgical response of the different hardness categories.

Sample No.	Locality	Grade	Hardness
P MET 1	121220E/10060N	3.3 g/t	Soft
P MET 2	221265E/10055N	1.8 g/t	Soft
P MET 3	321399E/10055N	0.67 g/t	Soft
P MET 4	421330E/10066-10078N	3.51 g/t	Soft
P MET 5	521290E/10067-10078N	3.50 g/t	Transitional
P MET 6 Composite	21210E/10064-10077N & 620890E/10060-10075N	1.92 g/t	Hard

These six samples were considered to represent the spectrum of ore types and likely run-of-mine material from surface to 10 m.

4.5.2 *Testwork and Results*

The size fractions of the first three samples were (% passing 75 µm): 75%, 88%, and 97% and the fractions used in the second set were: 65%, 75% and 85%.

Bond Work Indices for the selected 'soft' (P MET 4), 'transitional' (P MET 5) and 'hard' (P MET 6) material were 12.6 kwh/t, 13.9 kwh/t and 19.7 kwh/t respectively.

A 10-kg split of each of the ground samples was pulped to approximately 15% solids and subjected to gravity concentration using a 3-inch Knelson centrifugal concentrator. The primary concentrate was upgraded by panning to produce a final concentrate and tail and these were weighed and assayed.

One-kg splits of ground material from each sample were pulped (~ 40% solids) and conditioned with 0.003 – 0.011% of lime, a pH of 10.0 – 11.5, and 0.1 kg/t of lead nitrate prior to addition of sodium cyanide and agitated over a 24-hour period, with periodic withdrawal of solution to determine dissolution rates and reagent consumptions with cyanide replenished as necessary. The pulp residues were filtered, washed and assayed.

The following table summarises the results. With one exception (P MET 2), finer grinds did not give improved recoveries.

Table 4.2 Mutapa Metallurgical Test Results

Sample	Head Grade g/t	Overall Recovery %	Gravity Recovery %	Cyanidation leach time hrs	Reagent Consumption	
					NaCN kg/t	Lime kg/t
P MET 01	3.3	95.0	8.0	10	0.97	20
P MET 02	1.8	87.4	10.0	4	1.05	14
P MET 03	0.7	85.4	9.0	4	0.95	14
P MET 04	3.5	95.7	24.5	8	0.4-0.6	8
P MET 05	3.5	96.2	31.3	8	0.4-0.6	8
P MET 06	1.9	96.0	56.0	8	0.4-0.6	8

There was no obvious reason for the high lime consumption in the first three samples or the lower gravity recoveries as the characteristics of samples are essentially similar, whereas P MET 6 differs in its hardness.

The high overall recoveries (95%) and rapid extraction rates (less than 10 hrs) were encouraging for both the heap-leach and attrition-plus-CIL treatment options and a gravity circuit is justified if the latter option is chosen. The most serious shortcoming was the absence of tests on material from the deeper parts of the mineralised zones.

Mutapa also conducted seven column leach tests on material designated as soft and transitional at the Antech Laboratory. These gave a maximum gold recovery of 76% and the lowest recovery of 26% was on a soft sample with poor percolation characteristics. One sample with good percolation but poor recovery suggests the presence of coarse particulate gold. Two other samples had reasonable recoveries (41% and 52%) considering the low head grade (0.78 g/t and 0.82 g/t). Other tests gave reasonable results but indicate that overall recoveries would only be around 50 to 60%.

A small trial heap-leach test gave poor recoveries and ponding on the top of the heap indicated poor percolation and solution channelling. Further tests suggested that the minus 0.05 mm fraction responded well to tank leaching and the coarse fraction was amenable to cyanide irrigation. While separation of fine from coarse material and two process routes would optimise recoveries, this would largely obviate the economic advantages of heap-leaching.

The overall conclusion from these tests is that there are no material metallurgical problems associated with the Peerless oxide mineralisation, but process route optimisation may require further work.

5 ACR EXPLORATION

5.1 Survey

All ACR topographic surveys used a total station theodolite. ACR's survey was based on the local grid established by Mutapa with an E-W baseline at 10,000N with concrete markers every 50 m. A local trigonometric beacon on Concession Hill allows conversion to either Lat/Long, or UTM (ARC 1950 datum) grids.

Drill collars were re-surveyed after drilling and all RC and core holes down-hole surveyed at nominal 20-m intervals using a qualified contractor and an electronic down-hole probe. Approximately 20% of the holes could not be surveyed to full depth due to hole collapse. The probe measures azimuth, dip and magnetic susceptibility, the last to identify magnetic rocks which may cause erratic azimuth readings. The deviation on RC holes was as expected with holes bending slightly upwards when encountering hard rock.

SRK consider the ACR surveys to be adequate for the Inferred Resource database.

5.2 Soil Geochemistry

The entire project area has been soil sampled on 100-m lines and 10-m centres, for approximately 3,200 samples. Samples were taken at a 20-40 cm depth to avoid surface contamination and the organic horizon, and areas of old dumps, tailings and other contamination were not sampled. Samples were sieved to produce approximately 4 kg of -1mm material, split to 1kg, dried and assayed for gold by aqua regia digest/DIBK finish to a 5 ppb detection limit. Soil geochemistry was used to generate targets for RAB drilling. Anomaly definition peaks at >1000ppb were arbitrarily assigned over a background of 20-40 ppb.

5.3 Reverse Circulation Drilling

ARC began a 15,000 to 20,000-m Resource-definition drilling programme on the Peerless trend in September 2005 and on the Pickstone trend in February 2006. Three RC rigs are currently on-site and by May 2006, approximately 10,500 m had been drilled. The objective of this work was to provide sufficient data to allow estimation of an Inferred or Indicated Resource. Further initial targets exist on the Peerless Far East, Blue Streak and Roller Trends. Further infill drilling is planned to increase confidence in the Resource to a status suitable for a Feasibility Study.

5.3.1 *Peerless Target*

The ACR drilling of the Peerless Trend is essentially of an infill nature to confirm and obtain better definition of the Mutapa Resource and to extend open mineralisation to both east and west. The target strike was 1500 m to depth of 120 m. Drillhole line spacing was 80 m along strike with a down-dip, pierce-point spacing of approximately 30 m with the intention of defining an Inferred Resource. The geological model is well understood and the Peerless mineralisation to date has been reasonably consistent along strike. This strike has further depth potential indicated by underground workings to approximately 120 m and significant RTZ core drill intercepts to 430 m.

Plate 5.1 Drill Rig on Concession Ridge

5.3.2 *Pickstone Target*

The drilling at Pickstone targeted the unmined near-surface remnants within the crown pillar of the old Pickstone mine where there was a potential strike of over 1,400 m down to 120 m. The same drill spacing of 80 m on strike and 30m down dip was planned to generate a Resource in this area. There is good control over the geology and lode orientation from old mine plans to a 700-m depth and these indicate potential for 10 to 20-m halos of lower-grade mineralisation around the 2 to 3-m wide high-grade core mined in the past.

5.3.3 *Duchess Target*

The Duchess Hill deposit is a strike extension of the Pickstone BIF and is extensively altered and gold mineralised on the surface. Numerous artisanal workings have exposed gossanous, brecciated BIF up to 30 m thick. Only six drillholes have tested the Duchess Ridge, all concentrated at the eastern end, with a best value of 2.71 g/t over 4 m in Mutapa corehole DHD01.

Drilling is in progress over this 1,500-m strike to test the BIF at 80-m intervals along strike and 30 m down-dip to a nominal depth of 120 m. ACR expects to identify an Inferred Resource here if well developed lodes are discovered on parts of the Ridge.

5.4 Exploration Procedures and Quality Controls

Internationally acceptable Quality Assurance/Quality Control (QA/QC) standards have been adopted by ACR for the current exploration work being undertaken.

These include:

- Drawing up of exploration protocols for the drilling, sampling and analytical work;
- Submission of routine blanks and standards to the primary and umpire assay laboratories.

SRK have audited these protocols and compliance with them assessed at intervals throughout the exploration, including a visit to the primary Antech Laboratory in Kwekwe where all of the sample preparation and most of the assays have been done.

RC drill samples were collected at metre intervals in polywoven bags from the drill cyclone and spear-sampled on site to form a 4-m composite sample of 4 kg. Within the known mineralised zone, and through any visibly altered rock, samples were taken at 1-m intervals, split to 4 kg with a tiered riffle-splitter, and plastic-bagged and ticketed for assay.

Internationally recognised Au standards and blank samples were inserted after every ten drill samples, and a riffle-split duplicate sample inserted at least once in every drillhole. An MS Access database has been created to report on deviation from the acceptable standard range, and plots were generated to ensure check assays comply within 3 standard deviations of the accepted value. Batches containing standards that lie outside 3-sigma limits were re-assayed in full from the milled laboratory pulps.

ACR's primary laboratory is Antech in Kwekwe, central Zimbabwe, with independent assay checks done by the ALS Laboratory in Johannesburg.

Drill samples were oven-dried, crushed to 85% minus 5 mm and a 1-kg split pulverised in a ring mill to better than 90% minus 75 µm. A 50-g sample aliquot was used for fire assay with AAS finish. High-grade samples were re-assayed by fire assay with a gravimetric finish.

Soil samples were oven-dried and 50 g was used for assay by aqua-regia digest/DIBK finish with a 5-ppb Au detection limit.

5.5 Sampling and Assay Quality Control Audit

SRK have audited quality issues in the field, the database and assay control systems and summarise their findings as follows.

The RC drilling at the time of the field visit was through siliceous material with heavy inflows of water, which is neither normal nor ideal. However the mineralisation consisted of coarse sulphides and there did not appear to be any preferential loss of any particular mineral species. The sample collection and bagging system followed standard practice as did the drying and splitting. SRK can confirm that the current sampling, sample splitting and despatch system is being done with due care and in accordance with international best practice.

Problems were being experienced at the laboratory with throughput rates at the time of the SRK visit due to an inadequate number of drying ovens. ACR has assisted Antech with these and other issues in order to speed up assay turn-around. SRK was slightly concerned about the potential for dust contamination during the milling process and the general state of cleanliness around the crushers and mills, but the jaws and mill pots were clean and no material contamination of samples was detected.

One blank sample and one internationally acceptable Au reference material (standard) have been inserted with every 20 samples. The ACR records show that over a period of a few weeks this was done for mineralised zone samples only instead of for the whole batch, and as a result only half the required number of samples assayed was controlled by blanks and standards. This was rectified and SRK do not consider it to be a material problem as it only applied to unmineralised samples. Blank material came from a granite quarry near Harare and the standards from commercial suppliers in Australia.

To date 144 standards and 143 blanks have been assayed with results entered into a dedicated file within an MS Access database where plots are obtained for each batch of samples submitted to the laboratory.

These show that for all 13 batches sent to Antech and examined by SRK, four gave problematic standard assay results. Of these it is likely that for three batches the standard grade was incorrectly assigned and a selection of 10 or 20% of the mineralised intervals from these batches has been re-submitted to Antech for assay along with the usual number of standards and blanks. The fourth problem batch returned wild values for more than half of the standards and this batch was re-assayed in its entirety. The results from one of these batches showed practically no bias between the two sets and acceptable individual correspondence.

Four of the standards (out of 144) were given zero grades by Antech and upon investigation it transpired that the cupels split during fusion or cupellation and this was not reported. When this occurred for a drill sample, another assay was done on the pulp rejects but this was not possible for the small amount of standard submitted.

Fifteen blank samples (of 134) contained more than 0.10 g/t Au. Examination of the position of these "high-grade" blanks in the sample stream showed that previous drill samples within the run were too low grade to have caused contamination and it is therefore possible that the granite "blank" contains minor gold.

While there have been some problems with the assay receipts from Antech, these are not considered to be material at this stage and checks are being conducted to firm up on initial results.

In addition to checking the primary laboratory, ACR has also sent around 100 milled pulps to an umpire laboratory in Johannesburg. These were selected across the whole range of values received to date to determine whether there is any bias between the two primary and umpire laboratories. This submission also included standards and blanks. These results were not available at the time of writing. While SRK would very much prefer to have these results, their absence from the assay database is not considered at this stage to be a material flaw, as only Inferred Resources have been declared and in terms of the JORC Code potentially unreliable data can be used.

5.6 Resource Database Audit

The Resource database has been assembled in customised MS Access files by ACR. The integrity of this system, has been checked by Geoinformatics Exploration PL of Australia against part of the original data, and further checks were conducted by Gayle Hanssen during the Resource modelling process and by SRK. SRK accept that the Pickstone-Peerless database is comprehensive, accurate and contains no omissions.

6 THE ACR PICKSTONE-PEERLESS RESOURCES

SRK have estimated the Peerless Resource based on the Mutapa data where appropriate, and the results of the current 2005-6 exploration. The Concession Hill section of the old Pickstone Mine used only data from the ACR drilling. These Resources supersede previous estimates by Mutapa based on their drilling and in some instances data from the historic underground sampling plans provided by RTZ. There is one small remnant Measured Resource based on RTZ underground channel and horizontal drill data that was not covered by recent exploration and there are also old tailings dump Resources which are included in the current inventory.

The SRK Resource estimates have used ordinary kriging and the methodologies are summarised below for both the Peerless and Concession Hill sections. The JORC Code (2004) for reporting on Mineral Resources and Ore Reserves has been used as the standard for these estimates.

All plans, sections and vertical longitudinal projections are given in Appendix 1 at the end of this report.

6.1 Resource Estimation Methodology

The Peerless database used for Resource modelling consisted of 41 RC holes drilled by Mutapa and 79 RC holes drilled by ACR. The Mutapa holes are mostly confined to the oxide and transitional zones, and cover a vertical depth of no more than 50 m. whereas the ACR holes provide coverage to 120m below surface. The Concession Hill database used for modelling consisted of 39 RC holes drilled by ACR with coverage down to around 100 m from surface.

These two databases were loaded into Surpac software and wireframes created around lithologic contacts or in some areas a 0.25 g/t grade cut-off boundary was used. Topography surfaces were based on the surveys of the collar coordinates and similar surfaces were created for the bottom of complete oxidation and top of fresh rock from the oxidation logs in the database.

6.1.1 *Data preparation*

Only data within the wireframes were selected for estimation.

Sampled intervals have variable lengths based on a visual assessment of mineralisation and range from 1 m within mineralised zones to 4 m in unaltered rock. For the Resource estimation these were composited to 4 m for Peerless and 2 m for Concession Hill to regularise their supports. The composite lengths were chosen as a compromise between smoothing of erratic high grades, whilst maintaining enough data points for variogram modelling.

Three holes were excluded from the data used for Peerless Resource estimation; two ended in old workings and a third appears to have been surveyed incorrectly.

6.1.2 *Statistical Analysis*

The composites were imported into Isatis software for statistical and geostatistical analysis.

Raw and declustered statistics for the composite grades were obtained and the declustering weights calculated using an appropriate cell size for each deposit. The X and Z dimensions of the cells were chosen to match approximately the largest frequently occurring spacing between drillholes, and the Y dimension (the direction of maximum variability) was chosen to be one composite length.

Composite statistics within easting and elevation slices through Peerless wireframe showed that mean grades in the west were significantly higher than those in the east and therefore this mineralised zone was separated into western and eastern domains.

6.1.3 *Top Cutting*

Histograms of the composite grades in the western and eastern domains were used to assess the necessity of capping extreme grades. No top cutting was used for Peerless, but a cut of 10 g/t was tested and found to reduce global metal and grade by approximately 1%. At Concession Hill a top cut of 15 g/t was applied to the raw data.

6.1.4 *Variogram Modelling*

For all domains, the declustered distribution of composite grades was transformed to a normal distribution using the Gaussian anamorphosis function in Isatis, a process commonly applied to the highly skewed distributions to reduce the influence of extreme grades and allow variogram models to be fitted to data sets. The anamorphosis function was then used to transform the variogram model so that it can be applied to the raw data.

The nugget components of the variogram models were fitted to the down-hole variograms. There are too few composites to do systematic three-dimensional fitting for the other variogram structures and therefore it was assumed that the maximum and intermediate directions of continuity were within a plane dipping 85° north. Experimental variograms were calculated in several directions within this plane and variogram models fitted to these. An experimental variogram in the direction normal to the plane was used for fitting the ranges in the minor direction of the variogram anisotropy ellipsoid.

The experimental and modelled variograms showed that most of the variability occurs at ranges less than the average spacing between drillholes, so there is uncertainty about the reliability of the variogram models.

Although the statistical analysis shows that there are differences between the oxide, transitional, and primary domains, there were too few data to allow subdivision of the composites into these categories for variogram modelling.

The wireframes were used as hard boundaries and no samples outside of these domains were allowed to influence the grade estimation. Different variogram models were used for the two domains at Peerless and a single domain at Concession Hill. A limit for resource estimation was built in Surpac to prevent grade interpolation into the low grade extremities of the wireframes along strike.

6.1.5 *Kriging Parameters and Block Modelling*

Estimates were done by Ordinary Kriging with the kriging neighbourhoods optimized in Isatis. Each domain was estimated with a single kriging run and the orientations (but not the dimensions) of the search ellipsoids were set to match the orientation of the variogram models.

Several block sizes were tested and a 20 x 10 x 20 (X by Y by Z) block size chosen for all three domains. Larger blocks did not significantly improve the kriging quality.

These blocks were created in Surpac for each domain and the number of blocks and the fraction of each block within the wireframes determined, as well as the fractions within the oxide, transitional, and primary domains.

The block model with domain fractions was imported into Isatis, and block grades estimated from the composites using the defined variogram models and kriging parameters.

The block model was validated visually in Isatis and Surpac and block statistics calculated within easting and elevation slices and compared against the composite statistics.

6.1.6 *Density*

The in-situ density values applied to the model are taken from the Mutapa data based on determinations made by SGS (Zimbabwe) and during metallurgical tests done in South Africa.

Table 6.1 In-situ density values used

Category for this model	Mutapa Category	Number of samples	In-situ Density
Peerless Oxide	Soft Ore	4	1.64
Peerless Transitional	Transitional	2	2.23
Peerless Primary	Hard Ore	5	2.70
Concession Hill	Hard Ore	Unknown	3.0

6.2 Peerless Resource

For the Peerless Resource the oxide, transitional, and primary fractions were multiplied by the block volume and the density values to generate the mass of each block and then multiplied by the estimated grade to generate the gold content. Summing the blocks gave global tonnes and metal estimates for the eastern and western domains at a zero cut-off.

The theoretical grade-tonnage curves have been based on a selective mining unit (SMU) of 10 x 10 x 5 m (X by Y by Z and calculated based on the variogram model and the declustered distribution of the composite grades using the Discrete Gaussian or Hermitian Polynomial change-of-support technique. The tonnes and metal at zero cut-off come from the kriging estimate.

The grade-tonnage curves are shown in Figure 6.1 and the data in Table 6.2. A cut-off of 0.5 g/t was chosen for quoting the tonnes and grade for the Inferred Resource Estimate.

Figure 6.1 Theoretical Grade Tonnage Curve

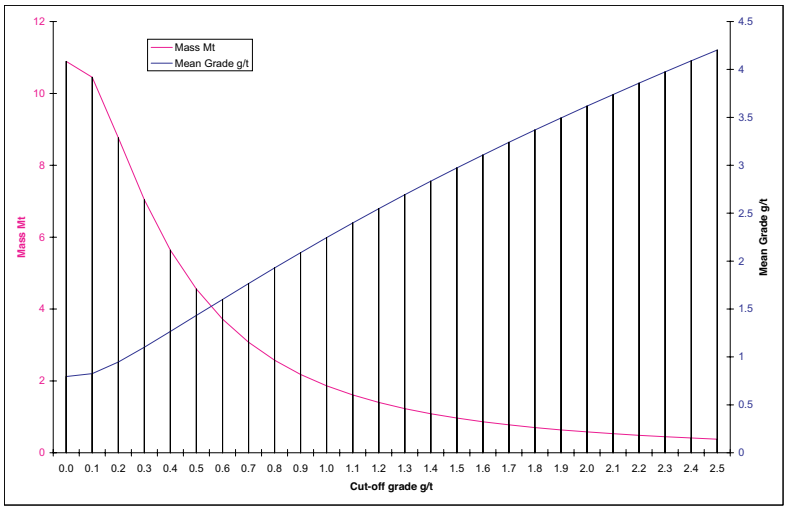


Table 6.2 Peerless Grade Tonnage Data

Cut-off	Tonnes	Metal (g)	Ounces	Grade
0.0	10,900,000	8,700,000	280,000	0.80
0.1	10,400,000	8,600,000	280,000	0.83
0.2	8,800,000	8,300,000	270,000	0.95
0.3	7,000,000	7,800,000	250,000	1.10
0.4	5,600,000	7,100,000	230,000	1.27
0.5	4,600,000	6,500,000	210,000	1.43
0.6	3,700,000	6,000,000	190,000	1.60
0.7	3,100,000	5,400,000	170,000	1.77
0.8	2,600,000	5,000,000	160,000	1.93
0.9	2,200,000	4,500,000	150,000	2.09
1.0	1,900,000	4,200,000	130,000	2.24
1.1	1,600,000	3,900,000	120,000	2.40
1.2	1,400,000	3,600,000	110,000	2.55
1.3	1,200,000	3,300,000	110,000	2.69
1.4	1,100,000	3,100,000	100,000	2.83
1.5	1,000,000	2,900,000	90,000	2.97
1.6	900,000	2,700,000	90,000	3.11
1.7	800,000	2,500,000	80,000	3.24
1.8	700,000	2,400,000	80,000	3.37

6.2.1 Resource Classification

All blocks within the Resource Boundary were classed as Inferred. The factors influencing this classification decision are discussed below.

Geostatistical Criteria

A geostatistical parameter for assessing the quality of a kriged estimate was the slope of the regression of the true block grade against estimated block grade. Most of the kriged blocks in the Peerless orebody have a slope less than 0.7 and on this basis alone the Resource has been classed as Inferred.

Density

The density values are based on very few measurements which are of uncertain reliability; no measurements have been done on core.

Old Workings

Previous mining of the orebody, both on surface and underground, cannot be determined with any accuracy. Based on available data, SRK estimates that less than 5% of the total volume of the Resource has been extracted, but not being able to quantify this lowers the confidence in the Resource. Because the higher grades would have been depleted by the previous mining, it is more difficult to determine the effects of mining on the remaining grade than on the tonnes.

Assay QA/QC

At the time this estimate and report were prepared, the only QA/QC data available for the ACR drilling were the results of blanks and standards submitted with the samples, and some internal laboratory repeats. These data give no indication of

serious flaws with assays, but a complete QA/QC programme should also include umpire assays. Duplicates have been submitted to an umpire laboratory, but these results were not available as at the date of this report.

Oxide Model

The logging of the oxide and transitional contacts is often inconsistent between adjacent drill holes with local uncertainty of up to tens of metres. The uncertainty may be due to geological factors, such as structural controls, or due to logging inconsistencies. The oxidation surfaces control the assignment of density values and will affect the Resource mass.

Variogram Modelling

The global estimate at zero cut-off should not be very sensitive to the choice of variogram model. However, the variogram model, particularly the short-range part of the model, is critical for generating the theoretical grade-tonnage curve for a selected SMU. The short range part of the variogram modelling for Peerless has considerable uncertainty because most of the structural variability is at less than the average spacing between drill holes.

Wireframe Model

On several sections the orientation and true thickness of the bounding surface of the wireframe model is uncertain. Often there are only one or two holes per section, and many of the drill holes end within the wireframe volume. Of the 79 RC holes drilled by ACR, eight terminate in old workings, and another 30 do not intersect the footwall.

Downhole Surveys

In many cases drill holes could not be fully surveyed because of hole collapse. Of the 79 RC holes drilled by ACR, 36 have downhole surveys for less than half of their length. Compared to the other factors influencing Resource classification, the down-hole surveys are not considered to be a major issue as the drilling is not particularly deep (all holes <150m) and full surveys show that the holes are reasonably straight.

6.3 Concession Hill Resource

A theoretical grade-tonnage curve was constructed for the Concession Hill deposit using the same change-of-support method described for the Peerless Resource.

Figure 6.2 Concession Hill Grade-Tonnage Curve

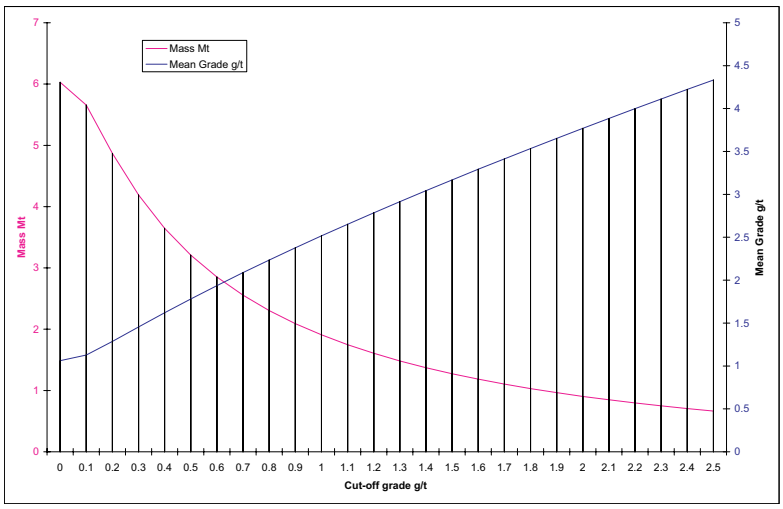


Table 6.3 Concession Hill Grade Tonnage Data

Cut-off	Tonnes	Metal (g)	Ounces	Grade
0	6,000,000	6,400,000	210,000	1.06
0.1	5,700,000	6,400,000	210,000	1.13
0.2	4,900,000	6,300,000	200,000	1.29
0.3	4,200,000	6,100,000	200,000	1.46
0.4	3,600,000	5,900,000	190,000	1.62
0.5	**3,200,000**	**5,700,000**	**180,000**	**1.78**
0.6	2,900,000	5,500,000	180,000	1.94
0.7	2,600,000	5,300,000	170,000	2.09
0.8	2,300,000	5,200,000	170,000	2.24
0.9	2,100,000	5,000,000	160,000	2.38
1	1,900,000	4,800,000	150,000	2.52
1.1	1,700,000	4,600,000	150,000	2.65
1.2	1,600,000	4,500,000	140,000	2.79
1.3	1,500,000	4,300,000	140,000	2.92
1.4	1,400,000	4,200,000	130,000	3.05
1.5	1,300,000	4,000,000	130,000	3.17
1.6	1,200,000	3,900,000	130,000	3.30
1.7	1,100,000	3,800,000	120,000	3.42
1.8	1,000,000	3,600,000	120,000	3.54
1.9	1,000,000	3,500,000	110,000	3.66
2	900,000	3,400,000	110,000	3.77

A cut-off of 0.5 g/t was chosen for quoting the tonnes and grade for the Resource Estimate.

6.3.1 Resource Classification

All blocks based on recent drilling from surface within the Concession Resource were classed as Inferred. Most of the factors limiting confidence in the Resource are the same as those for the Peerless Resource and only additional comments are listed below.

Density

The density applied is an assigned value. There are limited density measurements on Concession samples from metallurgical tests done by Mutapa.

Mineralisation Envelope

On some sections gold grades are substantially lower near surface, probably due to depletion during weathering. Ideally these low grade zones should be modelled as a separate domain, but at the current level of drilling information there are insufficient data to do this.

6.4 Pickstone Concession Hill Measured Resource

In a previous SRK report[1] on the Pickstone-Peerless tenements, Resources were estimated for the near-surface mineralisation covered by the Mutapa drilling and also data obtained from old RTZ underground assay plans. Most of the previously declared Resource has been superseded by the revised Inferred Resource estimates based on new ACR drilling, but a small segment around the old 2 and 3 Level development on the Concession Hill section of the mine lies outside of this.

This Measured Resource was based on channel sampling of this development and close-spaced horizontal drilling from it. A simple arithmetic average was used to determine the grade and the volumes were calculated from plan area measurements of the extent of the mineralised zones taken approximately 15 m vertically from each Level. This Resource is tabulated below.

Table 6.4 Concession Hill Measured Resource

Locality	Resource Category	Mass Mt	Grade g/t	Au Content oz
Concession Section 2 Level	Measured	0.14	4.78	22,000
Concession Section 3 Level	Measured	0.07	4.77	10,000

6.5 Resource Summary

The total Resource inventory for the Pickstone-Peerless tenements is summarised below including a small Measured Resource from various tailings dumps. The kriged Resources are based on a 0.50 g/t cut-off.

Table 6.5 Summary of Pickstone-Peerless Resources

Category	Area	Type	Tonnage	Au Grade	Au Content
			t	g/t	oz
Inferred	Peerless Trend	Oxide/Sulphide	4,600,000	1.4	210,000
Inferred	Concession Hill	Oxide/Sulphide	3,200,000	1.8	180,000
Measured	2-3 Level Pickstone	Sulphide	205,000	4.8	31,500
Measured	Big Red	Tailings	380,000	1.3	15,900
Measured	Football Field	Tailings	586,000	1.0	18,800
Measured	Concentrate	Tailings	200,000	4.4	28,300
Global Resource			**9,171,000**	**1.7**	**484,500**

7 POTENTIAL AROUND THE PICKSTONE MINE

The potential for further mineralisation outside of the current Resource Blocks and within the Pickstone-Peerless tenements was estimated by SRK in their May 2004 report. Zones of interest were defined on 1:1,000-scale plans based on random sampled intersections, including drill and trench data, and areas of artisanal activity. The strike and width of these zones were measured on the plans and factored by an assessment of expected continuity of mineralisation. Depth of potential oxide mineralisation was taken to 50 m with a density of 2.2 t/m^3 and a grade of 2 g/t.

For the sulphide mineralisation below 50 m, a nominal 200 m down dip was assumed based on the depth of drill intersections of 350 m from surface on Peerless (9.75 m at 5.05 g/t). At Pickstone Mine, the mineralisation was mined to 600 m from surface with preliminary exploration and development to 60 m below this, and for this the potential has been taken 100 m down dip. The grade and density of the sulphide potential are assumed to be 4 g/t and 2.8 t/m^3 respectively.

For the Duchess Deeps potential the actual strike was the sum of the mineralised strikes of the North, Central and South Zones on surface. The table below gives the measurements used for the estimate of potential and the factors used for each area.

[1] Independent Report on the Geology, Resources and Exploration Potential of the Pickstone-Peerless Tenements SRK Report (July 2004)

Table 7.1 Summary of Project Area Potential

Mineralised Zone	Actual		Assumed						Potential Mass	Potential Content
	Strike m	Max. Width m	% Strike Pay	Strike m	Width m	Depth m	SG t/m3	Grade g/t	t	oz
Duchess North	550	40	70%	385	15	50	2.2	2	635,000	41,000
Duchess Central	175	45	70%	123	15	50	2.2	2	202,000	13,000
Duchess South	2,300	20	70%	1,610	10	50	2.2	2	1,771,000	114,000
Newspaper	210	15	90%	189	6	50	2.2	2	125,000	8,000
Concession	560	10	50%	280	8	50	2.2	2	246,000	16,000
Peerless East Extension	500	15	50%	250	8	50	2.2	2	220,000	14,000
Duchess Deeps	3,025	25	50%	1,513	6	200	2.8	4	5,082,000	654,000
Peerless Deeps	1,600	20	50%	800	8	200	2.8	4	3,584,000	461,000
Pickstone Deeps	800	10	70%	560	7	100	2.8	4	1,098,000	141,000
Total									**13,000,000**	**1,500,000**

Note that the potential quantity and grade discussed above are conceptual in nature, and it is uncertain if further drilling will result in the delineation of a Mineral Resource.

ACR has reassessed this potential based on their recent drilling and in particular some visually significant RC drillhole intersections on the Duchess section which suggest that the depth continuity of mineralisation could be similar to that along the adjacent Pickstone Mine to the east. It is also apparent that the density of the sulphide mineralisation is probably some 10% higher than that used in Table 7.1 above.

This reassessment suggests that the Duchess Deeps potential could be significantly larger and with the sulphide density adjustment and slight increases in the depth of the Peerless and Pickstone depth potential the overall estimate is thought to be around 3.0 Moz.

SRK would concur with these estimates of potential for the Pickstone Peerless property at between 1.5 Moz and 3.0 Moz. The conversion of this to a Resource will require long term and sustained exploration.

8 SUMMARY AND CONCLUSIONS

SRK conclude that:

- There are no significant problems associated with the locality, topography, access or climate of the area.
- Infrastructure in the area is minimal at present, but adequate for current and future exploration. Power and water are available close to site but supplies of these can only be confirmed once requirements are known.
- The mineral rights to the area have been confirmed by a legal due diligence and the only risk here is proposed legislation to expropriate shares in foreign mining companies.
- Statutory environmental requirements relating to exploration have been submitted to the relevant authorities and approval is awaited. While this submission should have been made prior to the start of field work, SRK do not perceive this to be a major flaw.

- The geology of the area is well understood through past mining and exploration activity and the historic data have provided a good platform for the current exploration programme.
- While some of the exploration data provide little more than target assessment, the work done by Mutapa is of adequate quality to be included in the ACR Resource database provided that it is corroborated by the ACR results.
- The Inferred Resource for the Peerless Trend has been estimated by ordinary kriging and contains 210,000 oz of gold at a grade of 1.43 g/t at a 0.50 g/t cut-off. At a 1.0 g/t cut-off the grade improves to 2.24 g/t but the contained gold drops to 130,000 oz.
- Classification is an Inferred Resource supported by geostatistical parameters. Limitations on confidence also include uncertainties on the position of old workings, the position of the oxide sulphide interface and the lower contact of the host lithology, and the variogram model. There are also too few quality measurements of the density.
- The Inferred Resource along the Concession Hill Trend only covers a part of the overall strike where there is sufficient data as this exploration is currently in progress. The same estimation methodology was used as for the Peerless Resource and amounts to 180,000 oz at a grade of 1.78 g/t. There is also a small Measure Resource below the Inferred zone which contains 31,500 oz at 4.78 g/t.
- The total tailings Resource for three dumps on the property amounts to 63,000 oz.
- SRK would concur with the estimates of potential for the Pickstone-Peerless property at between 1.5 Moz and 3.0 Moz but would also note that conversion of this potential to Resources will require long term and sustained exploration.

Appendix 1 Plans and Sections

Figure A.1 Geological Plan of the Pickstone-Peerless Tenement

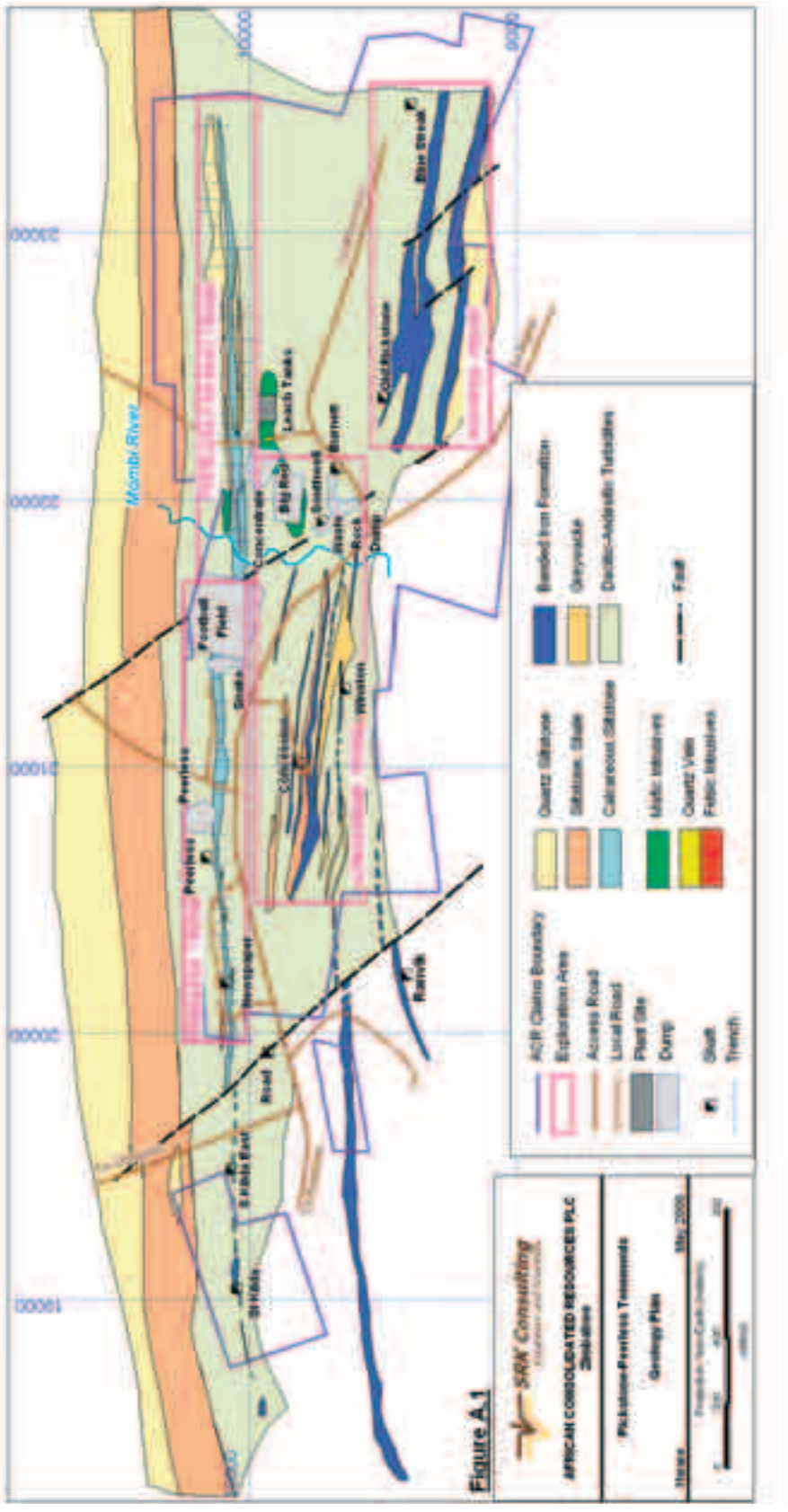


Figure A.2 Plan of Peerless Drillholes, Trenches and Resource Outline

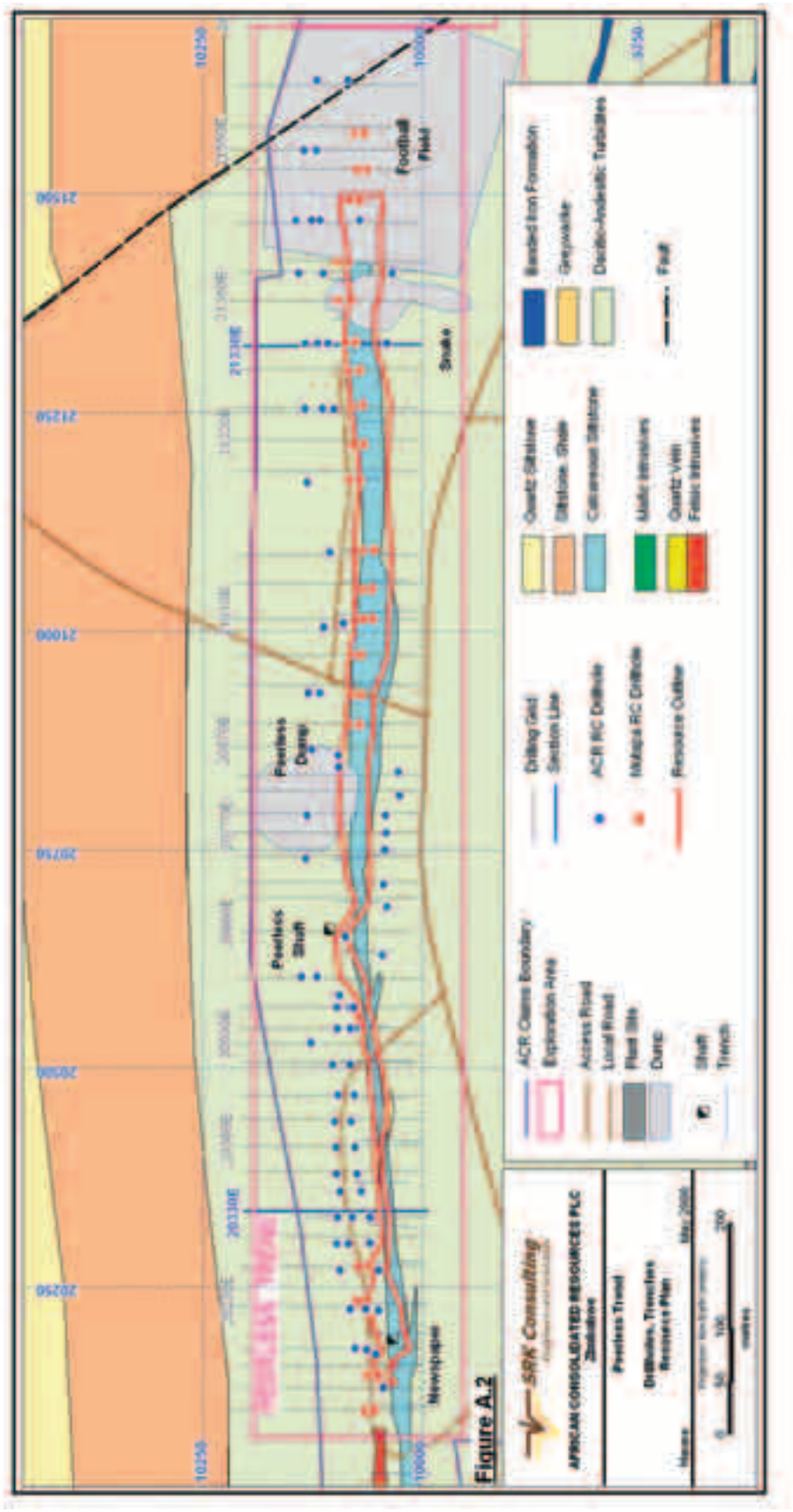


Figure A.3 Typical Cross Section of Peerless Drillholes and Resource Outline

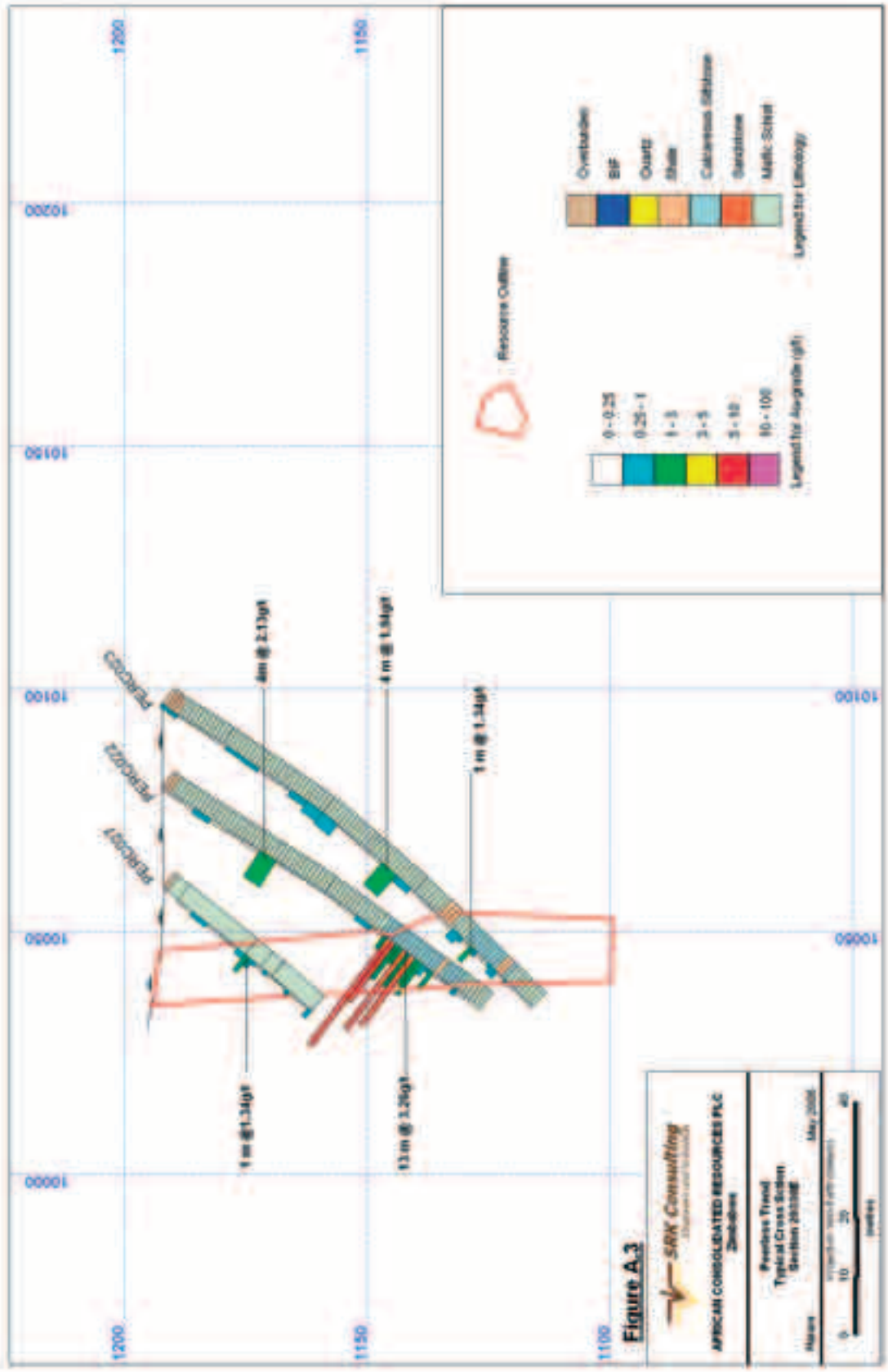


Figure A.4 Typical Cross Section of Peerless Drillholes and Resource Outline

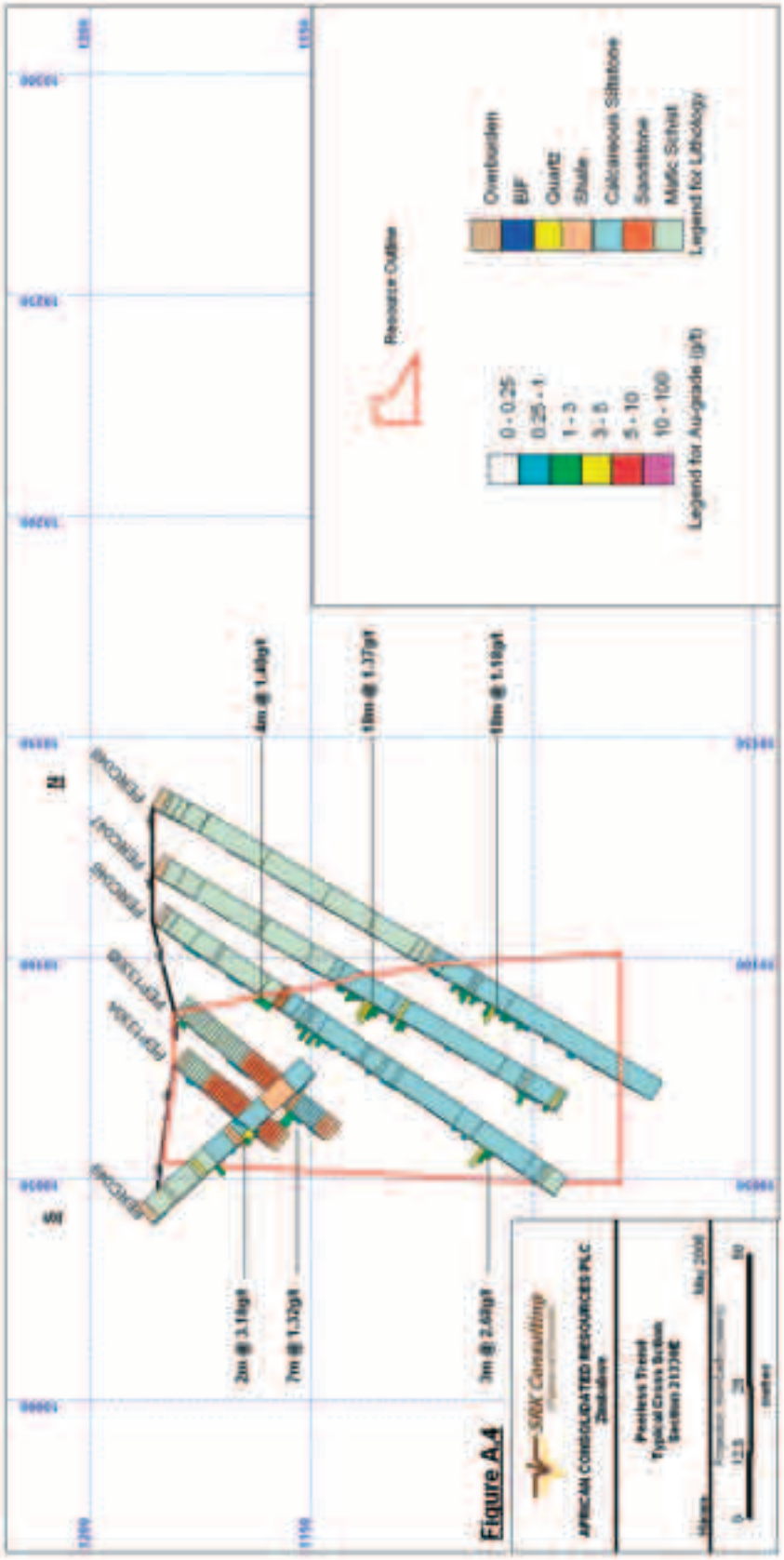


Figure A.5 Vertical Longitudinal Projection Peerless Drillholes and Resource Outline

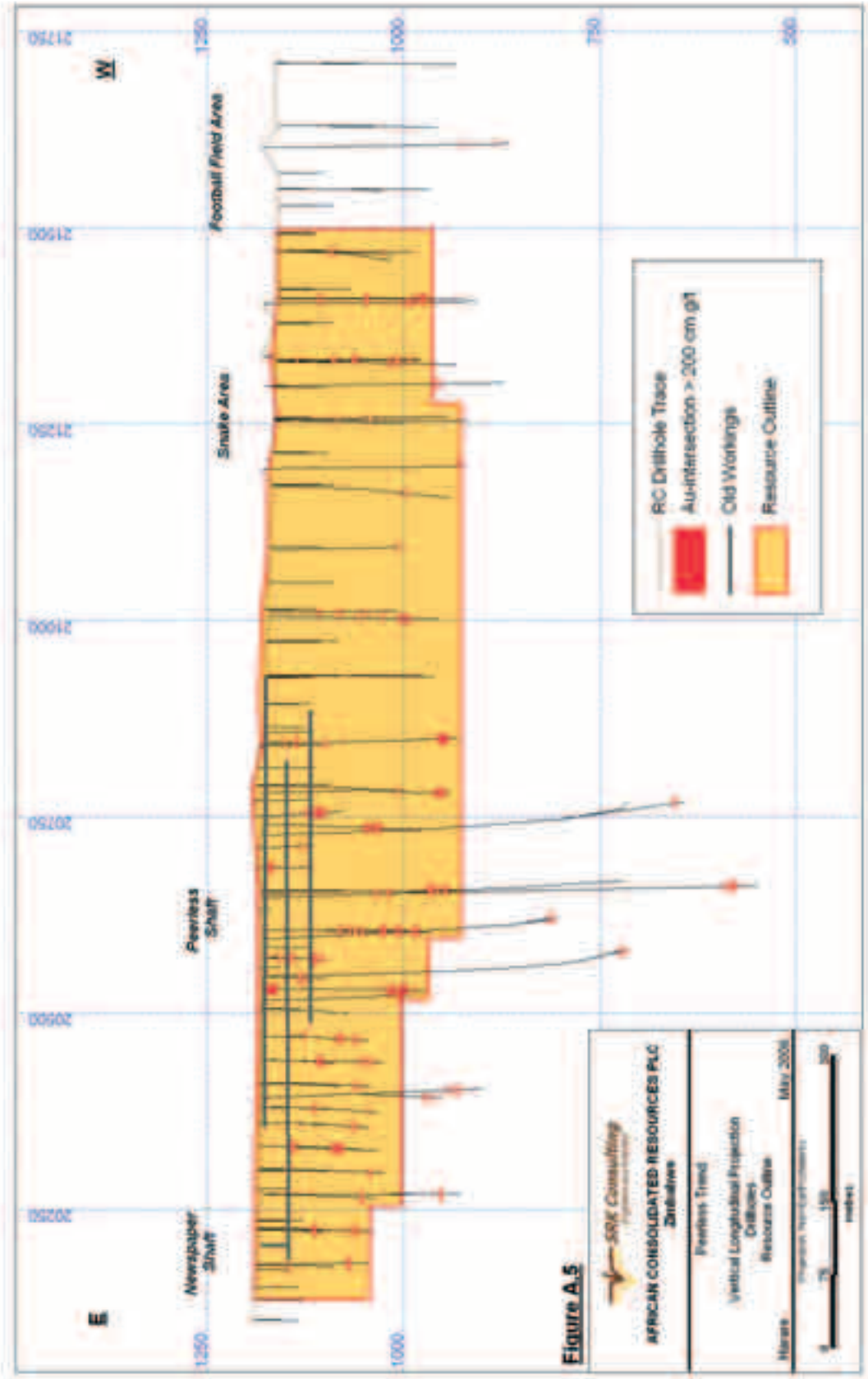


Figure A.6 Plan of Pickstone Concession Hill Drillholes, Trenches and Resource Outline

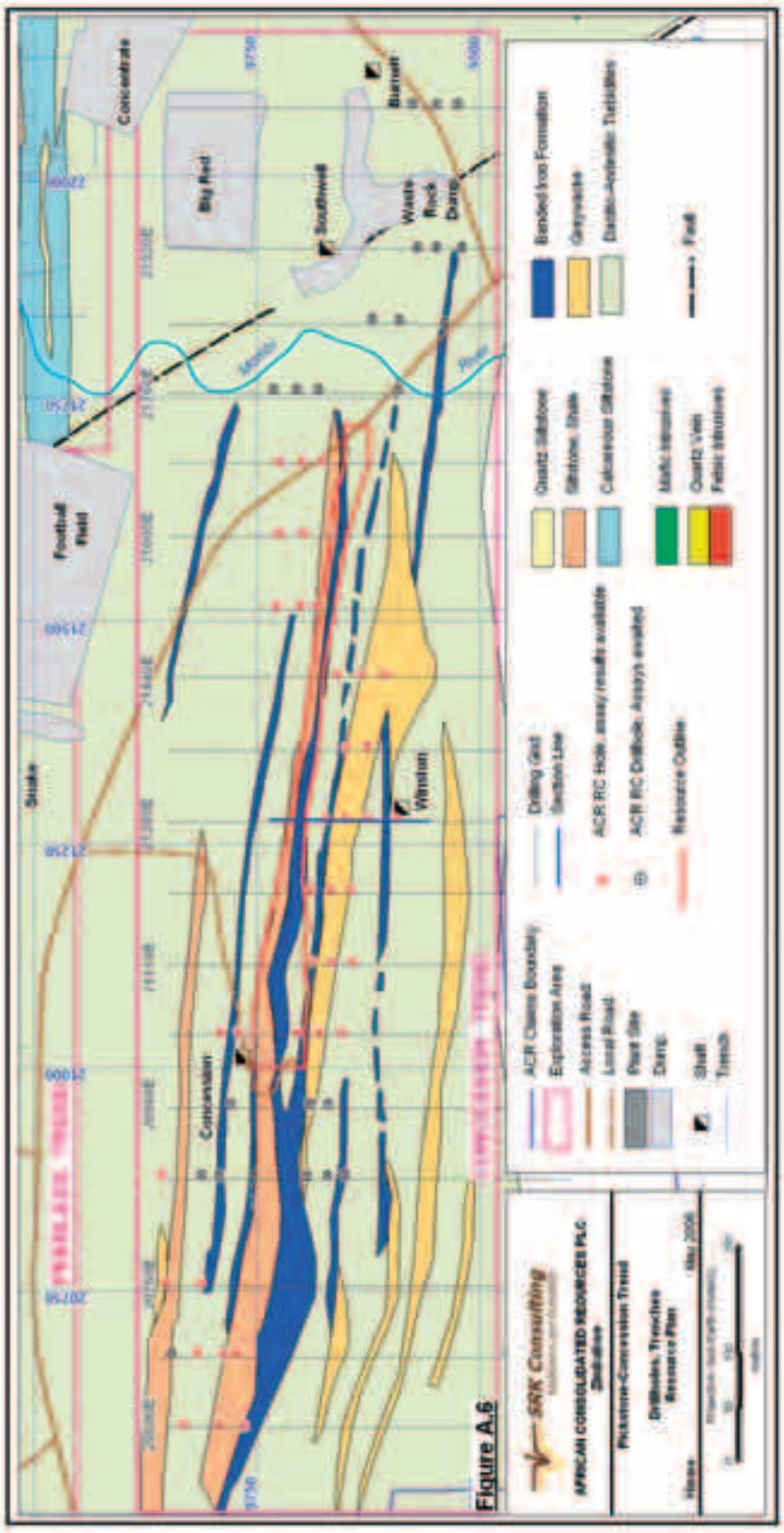


Figure A.7 Typical Cross Section of Pickstone Concession Hill Drillholes and Resource Outline

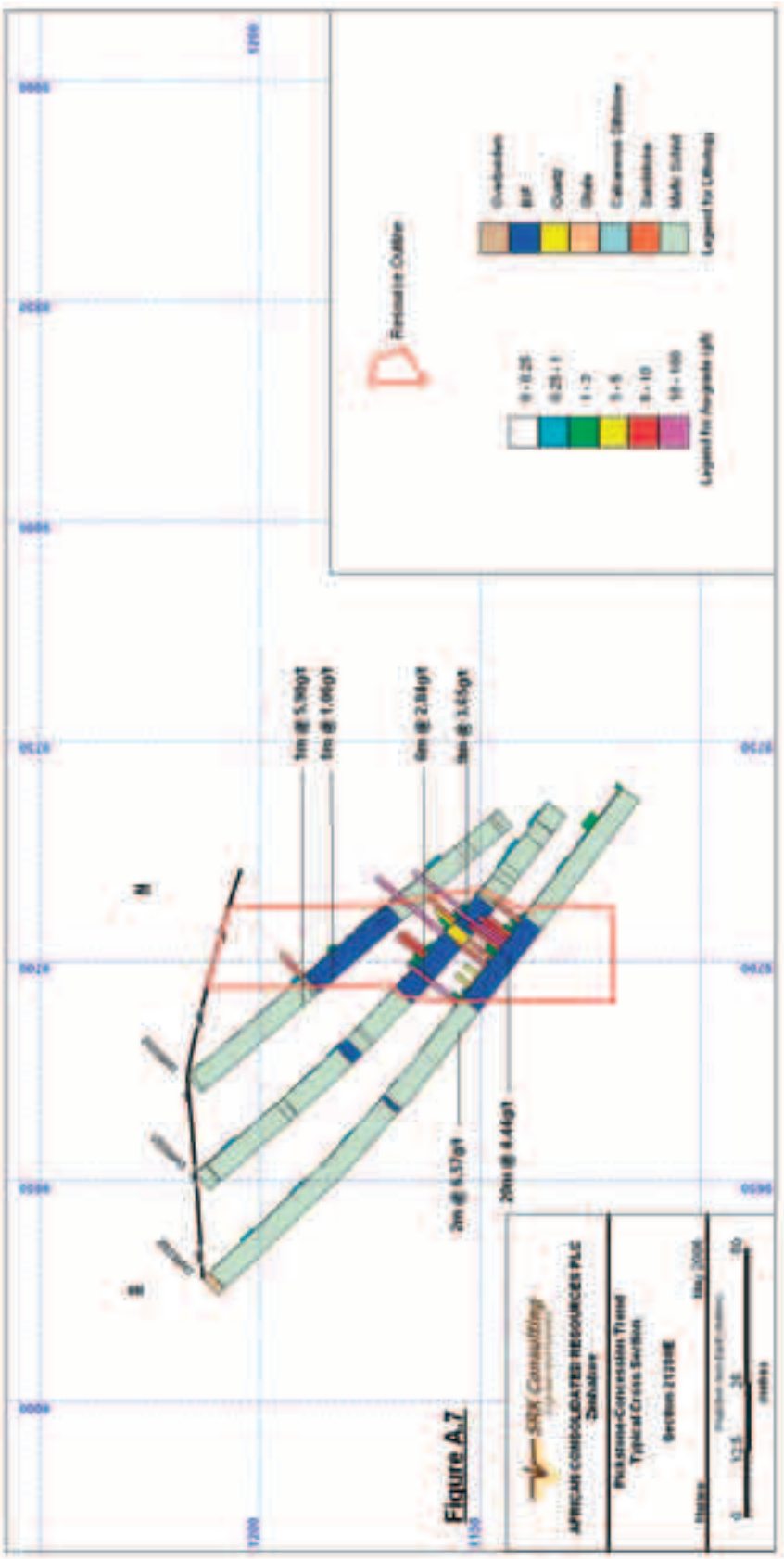
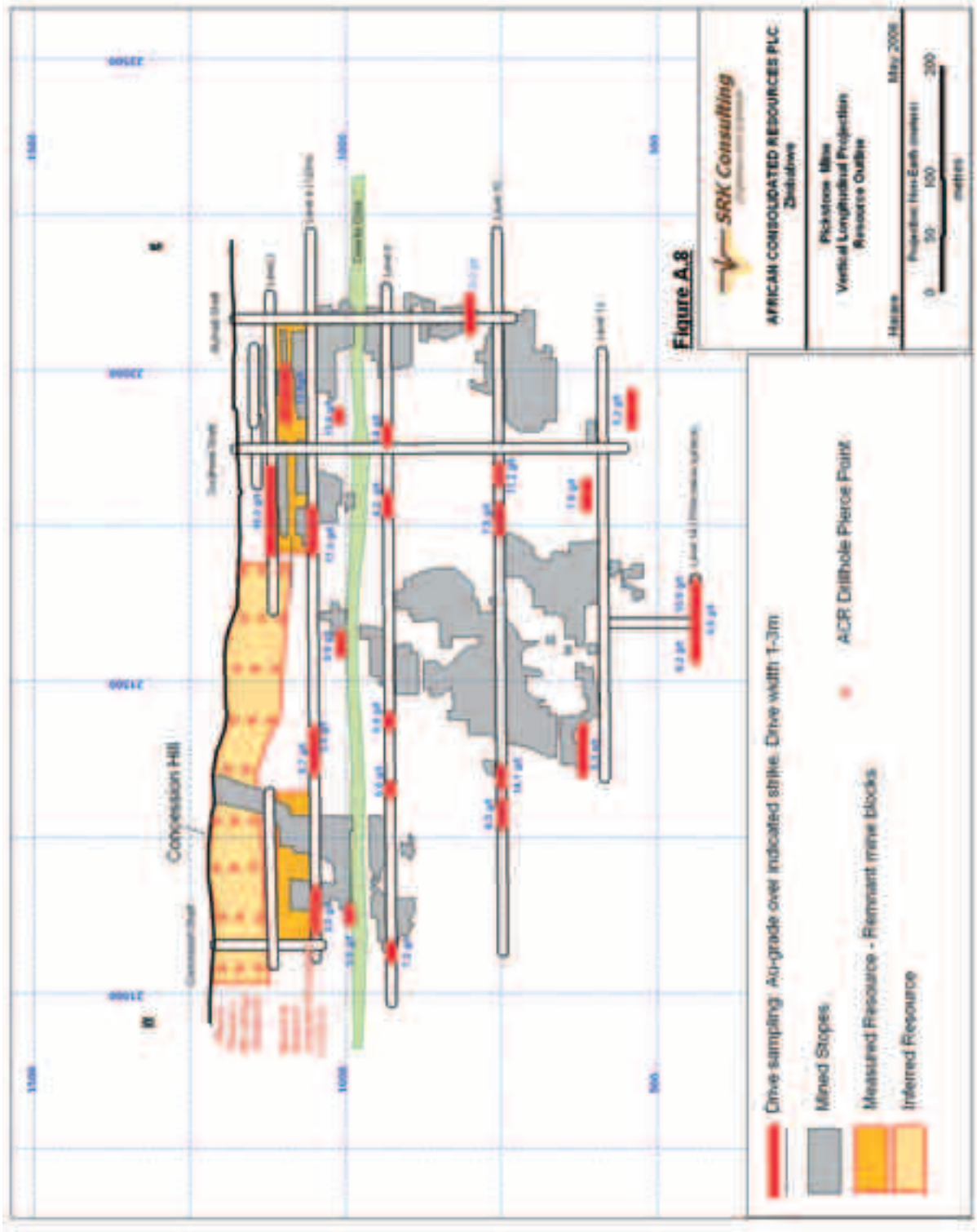


Figure A.8 Vertical Longitudinal Projection Concession Hill Drillholes and Resource Outline



SECTION B

Competent Person's Report on the Geology and Resources of the Giant Gold Tenements in Zimbabwe

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1 INTRODUCTION

The dormant Giant Mine Property was acquired by African Consolidated Resources (ACR) from a group of private investors (Dors Minerals) in 2005. The property was explored by Cambrian Resources NL (Cambrian Resources) in 1997 and the results of this work were included in two reports compiled by Global Mining Services (GMS) on behalf of Cambrian Resources, with a Resource estimate in the second of these.

ACR has assessed the Cambrian Resources work and incorporated their results into a database, but have completed only limited field work.

They are now conducting further exploration over the old mine and its extensions and this report reviews the previous work on the property and the Cambrian Resources Indicated and Inferred Resource Statement.

1.1 Area Description

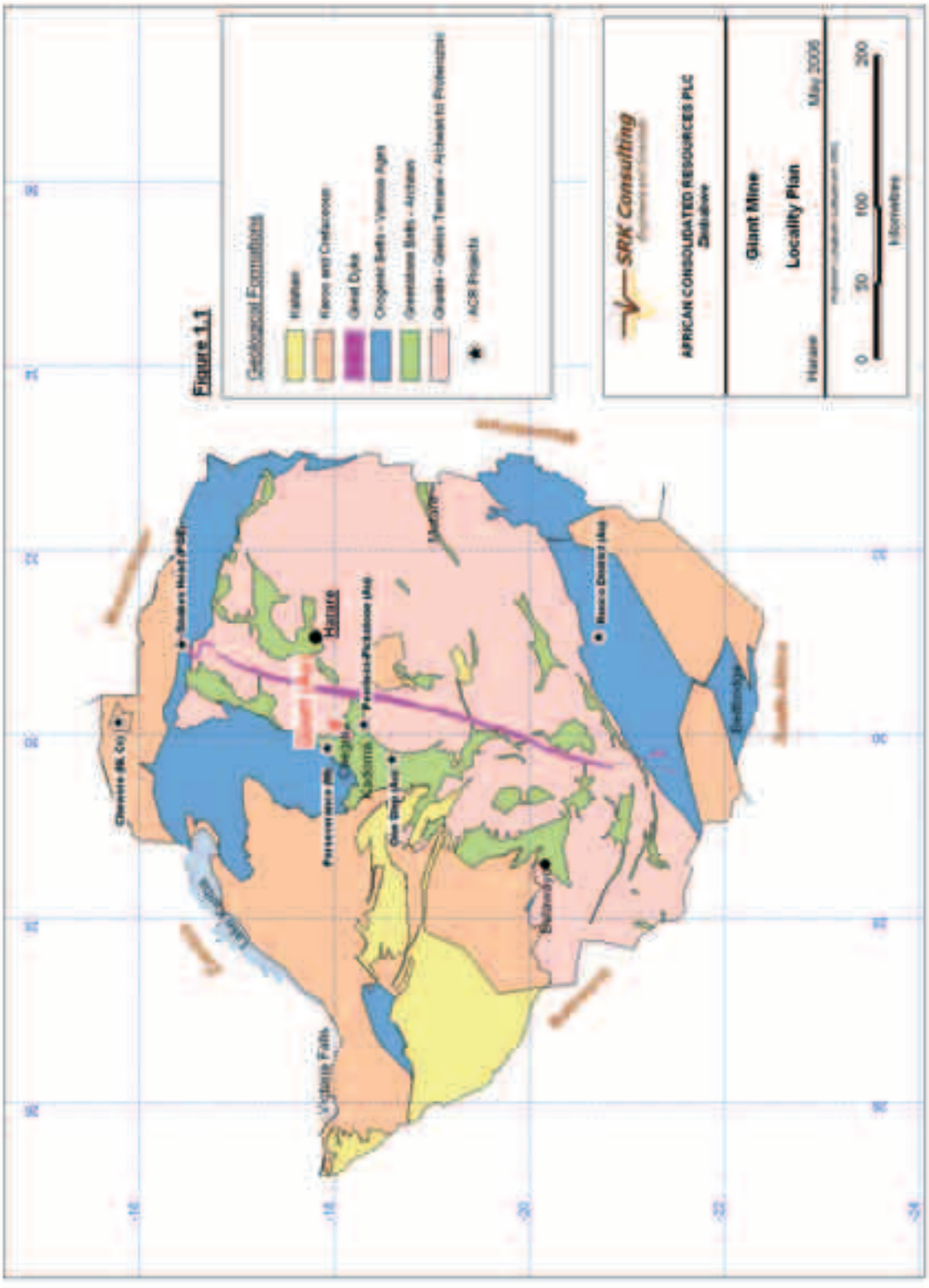
The Giant Mine is located approximately 100 km west-southwest of Harare, the capital city of Zimbabwe, and 11 km north of the town of Chegutu at latitude 18˚ 02'S, longitude 30˚ 09'E and an altitude of 1,200 m. Access to the property is via the paved road from Chegutu to Chinhoyi off the main Harare-Bulawayo highway (Figure 1.1).

Water is available close to site from boreholes, and also from the Mupfure River, 5 km to the south. Electricity powerlines run to transformers on the old mine site but these would probably need to be upgraded for a new mining operation.

The mineralisation underlies flat terrain with little outcrop and little of the original flora has survived mining and agricultural activities. Old pits and dumps cover most of the landscape above the old underground mine.

There are several old mine management houses within the claims area, now occupied by mine staff from the government-owned Zimbabwe Mining Development Corporation (ZMDC), and a small mine-workers' village on the northern extension of the mine, also occupied by ZMDC staff, under an arrangement with the previous owners. The Gadzema primary school lies at the north end of the worker's village. Exploration drilling around these dwellings will require community notification, and discussions to date with ZMDC have been positive. Full-scale open-pit mining would require relocation of the village housing.

Figure 1.1 Giant Mine Locality Plan



1.2 Sources of Information

This report is largely based on work completed by GMS on behalf of Cambrian Resources, a previous property owner. They produced two reports, the earlier one based on historic information only with a preliminary Resource statement and a second report following the RC drilling campaign recommended in the first report.

In the earlier study, GMS compiled historical mining and drilling data to generate a 3-D representation of past mining activity. This involved digitising old level plans and interpreting stope shapes based on voids intersected by old drillholes. The earlier study outlined drilling targets and based on this 107 RC holes were drilled, particularly through the more prospective BIF host lithology. Using these data, GMS modified the stope shapes, created new wireframe models and re-estimated the Resource.

The Cambrian Resources drilling programme was successful in increasing the Resource from that stated in the previous report and provided valuable geological information.

A further programme of drilling was recommended by GMS which included core drilling to provide geotechnical data, and samples for rock density determinations and metallurgical tests.

1.3 Production History

Historic mine production from the Giant Mine was 17,474 kg of gold which mostly came from a banded iron-formation at an average grade of 8.2 g/t Au. The orebody was mined down to the 7 level (200 m from surface) where it was reportedly lost due to faulting.

1.4 Environmental Considerations

The Environmental Management Act (EMA) (Chapter 20:27) of 2003 was promulgated to combine all prior environmental legislation in Zimbabwe and to bring it into line with international standards. The Act provides for sustainable management of natural resources and the protection of the environment; the prevention of pollution and environmental degradation as well as the establishment of standards for water and air pollution.

Part of this legislation requires submission of a Prospectus to the Department of Natural Resources (DNR) describing any activity (including exploration) and listing the environmental impacts. ACR has recently submitted this document and awaits approval. Upon receipt of this document the DNR may either approve the activity or require a full EIA before embarking on the prescribed activity but this is not normally the case for exploration.

1.5 Tenements

The tenements consist of a group of 76 gold claim blocks covering an area of 1,099.2 ha within designated State Land owned by the GOZ. These claims are currently held by the Group, or have option agreements in place. They have been the subject of a separate legal due diligence.

2 GEOLOGICAL SETTING

The Giant Mine and associated claims lie in the Gadzema Schist Belt, a highly deformed, north-south trending sequence of Archaean rocks (Figure 2.1). Three sub-parallel ridges of Banded Iron Formation (BIF) trend along the belt, and though strongly deformed are near-continuous. These units, where they are sheared and sulphidised host most of the gold in this belt. The BIFs are surrounded by serpentinite and talc-chlorite schist, with lesser meta-andesite, quartz-schist and quartz-chlorite schist. The belt is flanked by mylonitic granite and intruded by minor felsic and dolerite dykes. Quartz veins occur as narrow sub-parallel stringer zones and massive quartz blows in areas of structural disruption which are typically strike-parallel to shearing, and these are in part mineralised at the Giant Mine.

Within the 15-km length of the Gadzema Schist Belt there are 38 recorded producers and over 900 documented occurrences of gold. The Giant Mine is the largest of these (2.1 Mt at 8.2 g/t for 560,000 oz) but other significant gold producers on the BIF are the Giant Neighbour, Shlegani, Blue Rock, Kaltranic, Elvington, New Found Out and Starling Mines.

2.1 Geology of the Giant Mine Area

The Giant Mine claims cover part of the easternmost multi-banded BIF unit, containing the Corlianor and Giant Neighbour mines to the north, and the Giant South and Shlegani workings to the south. The mine sequence comprises a core of steeply

dipping BIF cut by sheeted, sub-parallel quartz veins enveloped by talc-chlorite schists and minor metasediments, and intruded by felsites and dolerites (Figure 2.2).

BIF and dolerite host most of the mineralisation. Within the BIF this mineralisation appears to form a large halo around the previously mined high-grade core. Sulphide species are predominantly pyrite, with lesser pyrrhotite and minor marcasite/chalcopyrite.

Two BIF mineralised units are present. The lower one is thicker, accounts for the bulk of the mineralisation and was the main focus of historical mining activity. This BIF is separated from the upper unit by a quartz filled fault zone.

The orebody was reported to have been terminated by a horizontal fault some 200 m below surface but this historical interpretation of planar, brittle dislocation may be incorrect and the termination could be due to a ductile duplex shear system, with the BIF forming boudinaged, but essentially continuous layers. However a comprehensive drilling programme from 6 Level of the old mine failed to find any extensions of mineralisation.

Figure 2.1 Geological Plan of part of the Gadzema Schist Belt

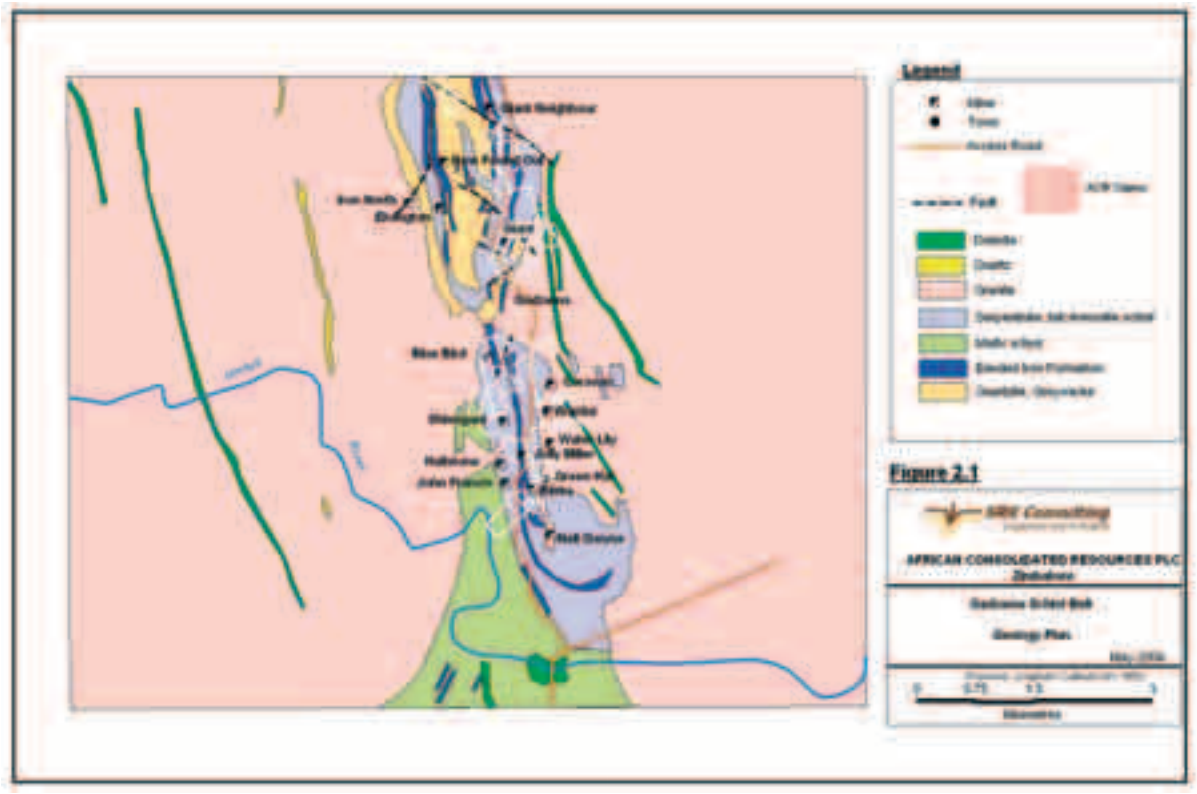
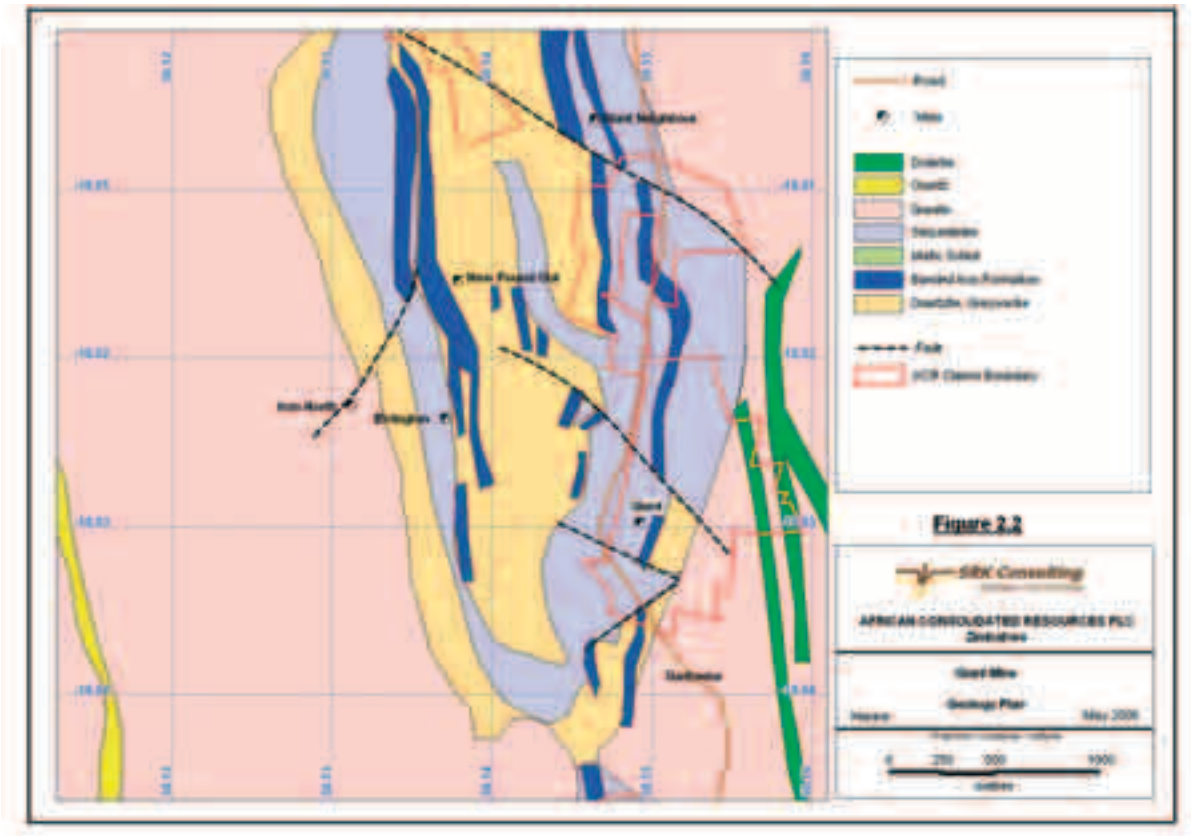


Figure 2.2 Geological Plan of the Giant Mine Area



In the northern part of the deposit, some zones of high-grade core mineralisation were intersected by the Cambrian Resources RC drilling adjacent to the old workings but elsewhere only the hanging wall contact is well defined and sampled; the footwall is less well known because the drill string could not pass through old stopes. A small number of holes succeeded in reaching the footwall contact but where this information is absent, its position was interpreted from adjacent sections and historical crosscuts into the footwall.

To the north, three drillholes intersected a vein quartz/talc schist unit which is consistently mineralised but the full extent of this zone has still to be tested.

GMS also modelled two separate dolerite-hosted mineralised zones but concluded that these could be a single body as there was no structural break between them and the mineralisation styles appeared to be identical. This mineralised dolerite has not been exploited and was discovered by Cambrian Resources' drilling at the southernmost end of the tenement. It has the potential to host a large, low-medium grade resource with best Cambrian Resources' intercepts of 61m at 1.9 g/t, 26 m at 3 g/t and 31 m at 2.5 g/t but their exploration of the southern extensions of the dolerite was restricted by the lease boundary. ACR has since obtained the Royal Bucks claim block to the south of the Giant Mine, and intends to explore the dolerite for at least a further 200 m.

3 CAMBRIAN RESOURCES EXPLORATION

Between June 1996 and June 1999, Cambrian Resources explored the Giant claims by geological mapping, geochemical and geophysical surveys, RAB, RC and core drilling. On the Giant orebody strike, Cambrian Resources completed 6,183 m of RC drilling, for an aggregate of 107 holes to a maximum vertical depth of 130 m. Between August and October 1997, under a joint venture with Prospecting Ventures Ltd, the exploration branch of Anglo American Zimbabwe Ltd, ten core holes were completed for 2,018 m to a maximum down-hole depth of 250 m. The core holes supported Cambrian Resources' geological interpretation and produced best intercepts of 31m at 5.0 g/t and 70m at 1.4 g/t. These programmes tested the old Giant Mine over a strike of 500 metres and resulted in the current Resource estimate.

Elsewhere on strike extensions to the north and south, Cambrian drilled 190 RAB holes (814 m) and 22 RC follow-up holes (1,664 m). The BIF/ultramafic/metasedimentary sequence was tested to 1000 m north and 600 m south from the centre of the Giant Mine, but the immediate southern extensions of the mineralised dolerite were not drilled as they were covered by competitor claims. To the southeast, interpreted faulted offsets of the Mine were found to be extensively invaded by granite and weakly mineralised, but Cambrian Resources considered that "the invasive event is a local phenomenon, and the main structure is robust in a regional context". (Cambrian Resources Exploration Completion Report, August 1999). The drilling to the north intersected various BIFs 2 to 58-m wide with up to 15% sulphide mineralisation that appears to increase northwards. Typical Au intercepts were narrow (1-2 m) at and in the 1 to 3g/t range but the wide drill spacing indicates that further testing could be productive.

Cambrian Resources also drilled around old workings on the Shlegani and Blue Rock claims, 2 and 5 km south of the Giant Mine respectively. At Shlegani, 18 RC holes were drilled (214 m) returning sporadic gold values, the best being 8 m at 2.7 g/t and 12 m at 1.7 g/t. At Blue Rock, 6 RC holes (308 m) gave a best result of 1.3 g/t over 7 m beneath old workings.

4 THE RESOURCE

GMS estimated Indicated and Inferred Resources for the Giant Mine from wireframe models generated on Surpac software using ordinary kriging to determine the grade.

4.1 Resource Database

The Resource database was compiled by GMS from survey and assay data supplied by Cambrian Resources. Most of the assay data came from RC drilling. Resource volumes were estimated from the drill logs/assays and historical plans were used to define mined voids.

4.2 Survey

All survey information supplied to GMS used a local grid with the RC drilling at a nominal collar spacing of 25 m north-south by 15 m east-west. Eleven holes were not used in the modelling due to their isolation.

There was no down-hole survey data but as none of the RC holes exceeded a depth of 130 m SRK consider it unlikely that any deviation would have materially affected the Resource estimates.

4.3 Drilling and Sampling

All Resource drilling was done using an RC rig with a face-sampling hammer. Drilling and sampling protocols were drawn up by Cambrian Resources and GMS considered these and the field procedures appropriate and in line with Australian standards. SRK have reviewed the procedures described in the GMS report and concur that these followed international best practice.

4.4 Assays

Electronic assay data supplied to GMS contained a sample number and an average gold and a nickel value. In the first study GMS compiled the assay database from original laboratory ASCII files and did comparative analyses of analytical methods and check sampling. This showed a high degree of assay variability considered to be due to the presence of particulate gold (visible gold was sighted in drill chips).

Some assays were done using aqua regia and correlation plots showed that in the majority of cases fire assay produced a higher grade. As a result fire assays, when available, were used in preference to aqua regia assays. Fire assay repeats were

averaged to produce a single value per sample, but fire assay values were not averaged with the aqua regia results. These assays were then incorporated into a Surpac software database. The GMS descriptions of this database suggest that some aqua regia assays were incorporated into the Resource estimate and this needs to be checked as this would lower the grade and the category confidence levels.

4.5 Historical Mining Data

Old stopes are an important aspect of the Giant Mine Resource. GMS modelled underground workings from available digitised plans and where drill holes encountered stopes. Scaling factors from old plans caused some uncertainty of void positions and in many cases these required manual interpretation.

The digitised mine development information was incorporated into the drill cross sections and stope shapes interpreted from these. The position of development above and below voids aided interpretation, but the uncertainty about their true size remains.

4.6 Bulk Density Data

A very limited number of density determinations were made by Cambrian Resources from surface outcrop samples considered to represent the mineralised zones. No densities were measured for some rock types and typical values were assigned to these based on the AusIMM Monograph 9, Field Geologists' Manual. An approximate oxidation surface was derived from the drill data and rock densities assigned to fresh and weathered varieties.

GMS recommended taking a greater number of density measurements from representative core samples of each mineralised lithology and SRK would concur with this.

4.7 Quality Controls

Although GMS validated the database there is no detail of the quality control measures used to determine assay precision and accuracy, and in particular the incorporation of standards and blanks into the sample batches submitted to the laboratory. Nor is there any mention of duplicate pulp assays done at an umpire laboratory.

The sampling protocol refers to storage of the coarse rejects and milled pulps and checks should be done on these if they are still available.

4.8 Resource Estimation Methodology

The GMS report contains a detailed methodology statement and describes the coding and other inputs into the Surpac model.

Down-hole composites were extracted from the database for each mineralised zone for 1, 2, 3 and 4-m intervals. Due to the geological and statistical similarity between the two dolerite bodies, composites both were combined for the statistical analysis and the same method was used for the two BIF zones.

Basic statistics of the composite data and the variography were examined and two-metre composites were selected for the grade interpolation. Anomalous high grades within the dolerite and BIF datasets were capped, with different cap values applied to the higher-grade BIF core and the lower grade halo. The variograms were not structured along horizontal and dip orientations, and the down-hole range was used to determine the search ellipsoid axes.

Wireframe models were created for each mineralised zone and subdivided into oxide and fresh portions where necessary. Grade interpolation was performed using ordinary block kriging with different grade models applied to each of the BIF and dolerite zones.

4.9 Resource Classification

The classification of the GMS Resource into Indicated and Inferred categories was based on a minimum number of samples and maximum search distance. For the Indicated Resource the minimum number of samples was three and the maximum search distance 30 metres and for the Inferred Resource where grades were interpolated, the minimum number of samples was relaxed to one and the search distance extended to 60 metres.

In areas where the Inferred Resource was projected from known mineralised zones to form extension blocks, the grade was taken from the adjacent Resource block.

4.10 GMS Giant Mine Mineral Resource Estimate

The Resources estimated by GMS are given in the three tables below.

Table 4.1 Giant Mine Total Inferred and Indicated Resource Estimate

Lithology	Volume	Mass	Au Grade	Content
	m^3	t	g/t	oz
BIF	963,900	2,874,000	2.6	238,400
Dolerite Quartz Breccia	780,600	2,070,000	1.5	97,300
Total	**1,744,500**	**4,944,000**	**2.1**	**336,000**

Table 4.1 Giant Mine indicated Resource Estimate

Lithology	Volume	Mass	Au Grade	Content
	m^3	t	g/t	oz
BIF	625,200	1,864,000	2.6	154,000
Dolerite Quartz Breccia	601,500	1,595,000	1.5	75,900
Total	**1,226,700**	**3,459,000**	**2.1**	**230,000**

Table 4.1 Giant Mine Inferred Resource Estimate

Lithology	Volume	Mass	Au Grade	Content
	m^3	t	g/t	oz
BIF	338,700	1,010,000	2.6	84,400
Dolerite Quartz Breccia	179,100	475,000	1.4	21,400
Total	**517,800**	**1,485,000**	**2.2**	**106,000**

4.11 Limitations on Resource Estimate

GMS noted certain limitations on the block grade estimates which have affected the confidence in the estimates. These included:

- The continuity of mineralisation along strike and down dip was based on historic mining records and drilling information, which in some areas was incomplete. In particular local uncertainties regarding the extent of historic mining activity may cause differences in tonnage and grade.
- The footwall side of the main BIF unit has not been effectively tested because of difficulties in drilling through old workings.
- A very limited number of density measurements were made.

- The block size used was at the lower end of the geostatistical ideal, which could impact on the mined grade if the chosen selective mining unit is significantly different to the block size used for modelling.
- The exclusion of mined high-grade material from the grade model could have affected local block estimates because the grade populations used were not representative.

In addition to these GMS comments SRK would note the following:

- There are reservations about the unstated number of aqua regia assays in the Resource database, but as inclusion of these is likely to give a conservative estimate of the Resource grade, this is not a major flaw.
- There are concerns about the lack of information on blanks and standards submitted to the primary laboratory and whether there were any umpire assays.
- The first probability plot in the GMS report and the table of data below it are incompatible and do not refer to the same data sets.
- There are no variograms within the plane of the mineralisation, only for down-hole structures and the range of the variogram in the plane of mineralisation has been arbitrarily assumed to be ten times that in the down hole for the BIF mineralisation and five times for the dolerite. There is no explanation of why these ranges were assumed.

5 ACR EXPLORATION PROGRAMME

ACR has commenced an exploration programme with the following costs and objectives.

Table 5.1 Exploration Programme and Costs

Activity	Area	Quantity	Direct Cost	Comments
RC Drilling	Giant Mine South extension	24 holes, 2880 m	$135,000	Test dolerite mineralisation to south and west
RC Drilling	Giant Mine North extension	11 holes, 1470 m	$69,000	Infill and extension drilling of Giant main lode to north
RC Drilling	Giant East lode	9 holes, 650 m	$30,000	Wildcat holes to test surface extrapolation of lode discovered on 7 level; ~ 5m@2.5g/t & 8.2m@3.0g/t
Soil Sampling	Full extent of claims block where effective	3000 samples	$18,000	Soil sampling for extensions and parallel mineralisation
Mapping, aeromagnetic interpretation	Gadzema Schist belt	1 month study	$15,000	Re-processing and interpretation of existing detailed magnetic data
TOTALS		**44 RC holes for 5000 m**	**$267,000**	

This programme is expected to be completed by the end of July 2006 and further work will depend on the results of this programme.

6 SRK COMMENTS AND CONCLUSIONS

Despite the volume and assumed variogram problems, SRK consider that there are enough data to support the Indicated classification and SRK would concur with the Resource statements produced by GMS, with the limitations on these recorded by GMS and the additional SRK reservations.

The lack of information on the number of blanks and standards submitted to the primary laboratory with each batch of samples should be investigated and whether there were any umpire assays. If the coarse rejects and/or pulps have been properly stored and are available for re-assay, this should be done.

The proposed ACR exploration programme is considered by SRK to be reasonable and the costs attached thereto in line with normal exploration expenditures in Zimbabwe.

The ACR Giant Project Resources are tabulated below.

Category	Area	Type	Mass	Au	Content
			t	g/t	oz
Total Indicated	Giant	Oxide/Sulphide	3,459,000	2.1	230,000
Total Inferred	Giant	Oxide/Sulphide	1,485,000	2.2	106,000

SECTION C

Competent Person's Report on the Geology and Potential of Other ACR Tenements in Zimbabwe

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1 INTRODUCTION

ACR has acquired various tenements throughout Zimbabwe with the intention of systematically exploring these to evaluate their potential for eventual profitable exploitation (Figure 1.1).

These include:

- The Snakes Head portion of the Great Dyke at its northern extremity where low grade platinum group element (PGE) mineralisation is known to occur.
- The Chewore Inlier, a group of small differentiated igneous complexes within the Zambezi Valley some 255 km north northwest of Harare with as yet unexplored potential to host copper/nickel, chromitite or possibly PGE mineralisation.
- A group of gold occurrences situated 40 km southwest of Kadoma which have produced almost 13,000 oz of gold.
- The old Perseverance Nickel Mine which produced 4,660 t of Ni.

Apart from the Snakes Head area very little is known about these properties at present.

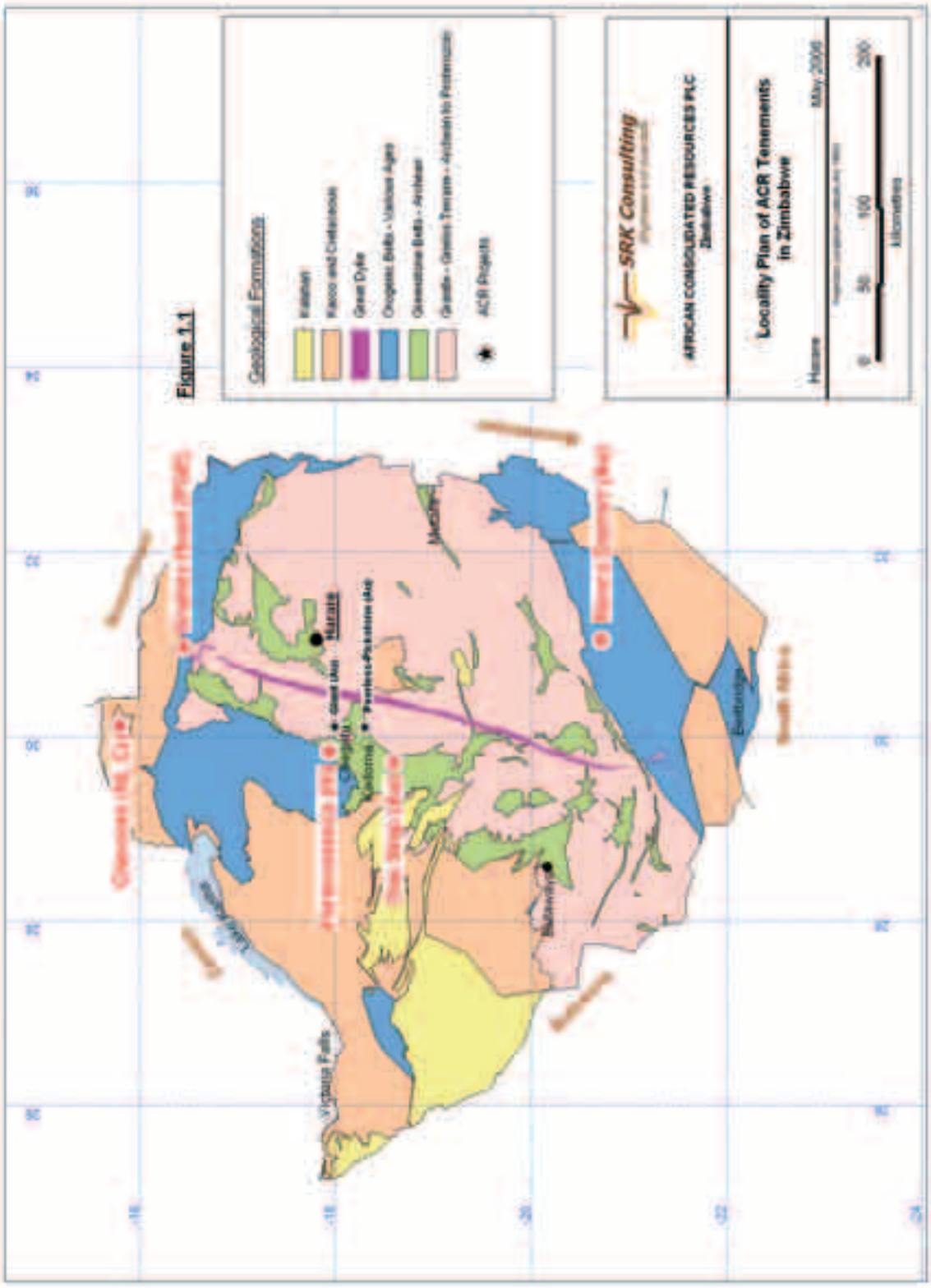
2 SNAKES HEAD

Since March 2006 the Group has pegged 91 base metal (BM) claims totalling 32.4 km^2, to cover known PGE with gold mineralisation on the Snakes Head West portion of the Great Dyke (Figure 2.1) over an area previously drilled by three different companies between 1966 and 1997. They have also reached a preliminary agreement to take over EPO 1487 to the east where Mimic Mining (Private) Limited (Mimic) have recently drilled five core holes. This Competent Person's Report assesses previous exploration data and comments on the potential of the property.

2.1 Location, Tenure and Access

The Snakes Head project is located at the northern end of the Great Dyke, about 150km north of Harare, in the rugged Mavuradonha Wilderness area. The area is largely uninhabited, and is accessed by about 20 km of gravel road running east from the main tar road north to Guruve. Despite the Wilderness status, approval has been granted in the area for at least four phases of exploration and core drilling by Union Carbide, Cluff Resources Zimbabwe (Private) Limited (Cluff Resources), the Metal and Mining Agency of Japan (MMAJ) and Mimic Mining (Pvt) Ltd.

Figure 1.1 Locality Plan of ACR's Other Tenements in Zimbabwe



2.2 Sources of Information

This report is largely based on work completed by Cluff Resources in 1997 and Mimic in 2005. The MMAJ report is difficult to understand and their assay technique precludes the use of these results.

2.3 Great Dyke Geology and Mineralisation

The Great Dyke layered igneous complex contains the second largest known accumulation of Platinum Group Elements (PGE) in the world after the Bushveld Complex in South Africa. Mineralisation is remarkably consistent within two discrete layers known as the Main Sulphide Zone (MSZ) and Lower Sulphide Zone (LSZ) within the uppermost (P1) pyroxenite. These persist over significant parts of the Great Dyke where the overlying Gabbro is preserved. This occurs in four shallow synclinal structures or Subchambers and the Snakes Head area is the northern-most of these.

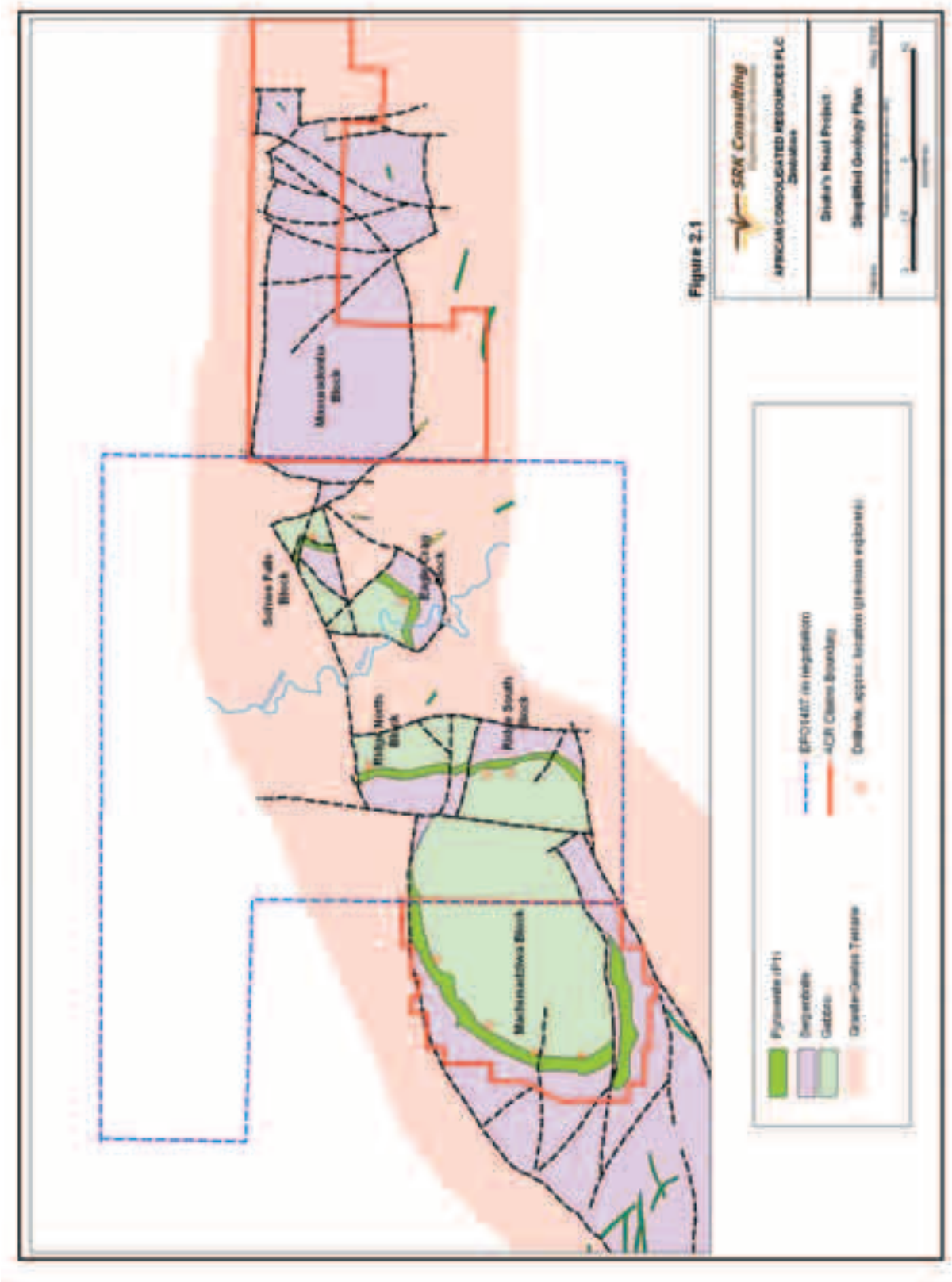
Grades and thicknesses of the sulphide zones vary from the centre of the Great Dyke (axial facies) to the margins (marginal facies). The MSZ marginal facies mineralisation is higher-grade over narrower widths whereas the axial facies, though of lower grade, has more contained metal over greater widths. The axial facies is only economically significant within the largest, Selous Subchamber. Both MSZ facies display very consistent grade profiles with a distinctive Pt peak (usually 4 to 5 g/t) tailing off abruptly into the hangingwall and more gradually into the footwall, over an interval known as the PGE subzone. The Pd peak (around 3 g/t) is either coincident with, or below that of Pt. Maximum base metal (BM) values (0.75% Ni and 0.55% Cu) lie above the PGE subzone.

2.3.1 Geological Setting of the ACR Tenements

The ACR tenements are situated within the northern-most Musengezi Subchamber of the Great Dyke and within the southern marginal zone of the Zambezi Rift (Figure 2.1). Unlike the rest of the Great Dyke, this Subchamber is severely faulted and within the fault blocks the igneous layering can be steeply dipping and in places overturned. Four major fault-bounded blocks have been recognised but these are internally dislocated by other faults with significant displacements, but across which there is stratigraphic continuity.

The typical gross stratigraphy of the Great Dyke is present within the Musengezi Subchamber with basal chromitite-bearing ultramafic rocks succeeded by pyroxenitic layering within these and capped by a thick sequence of gabbro. The uppermost P1 pyroxenite layer contains the MSZ and LSZ PGE- and base metal-rich layers with a variable parting between them of 50-70 m. However these are very different in character compared to the rest of the Great Dyke in that they are very wide but of much lower grade. At Musengezi the MSZ is broadly similar to the LSZ in this area and to the LSZ in the other Subchambers. Peak Pt values do not exceed 1.3 g/t and Pd 0.5 g/t, and Ni is rarely above 0.1%.

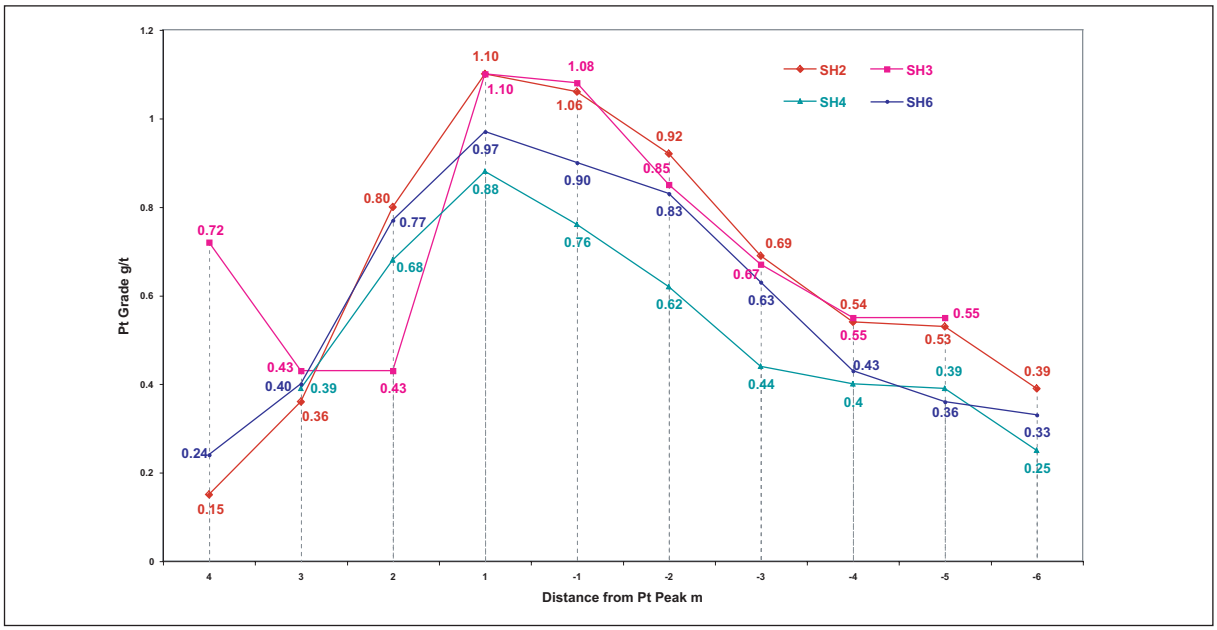
Figure 2.1 Geology of the Snakes Head Area



Although the MSZ and LSZ are only known from eight core holes, these do show a small range of characteristics and they are considered to be representative of the mineralisation within this Subchamber. Cluff Resources concluded that there was no facies variation along the 5 km of strike drilled.

Although details of the Union Carbide holes are not available, the four grade profiles (Figure 1.1) for the Cluff Resources results suggest similarities with an extreme axial facies with very low peak values and broader shoulders into both the hanging- and footwalls. The core was sampled over metre intervals and as a result the profile definition is not detailed. In addition there are few Au and Rh results reported. In keeping with the wider mineralisation, the base metal peak value position is around 2 m above the Pt peak (compared to 0.3 to 0.5 m for typical marginal facies) and although the PGE (upper) and BM (lower) subzones overlap they do not coincide.

Figure 2.2 Pt Grade Profiles through the MSZ



It should be noted that the 0.72 g/t value 4 m above the Pt peak in hole SH3 is very anomalous and may be the result of an assay problem, although Pd also gives an anomalously high result at this position. Overall the four profiles have similar consistency to those observed elsewhere on the Great Dyke, albeit with lower grades over greater widths.

2.4 Previous Exploration

Union Carbide drilled four exploratory holes in the southwest corner of the current ACR claims in 1971 but dropped the concession because of the low grades compared to the Hartley and Mimosa areas where they were active at the time. Cluff Resources drilled four vertical core holes and MMAJ a further five holes close again close to the southwest corner. Mimic drilled six holes through the MSZ over the eastern portion, two of which intersected the LSZ.

2.4.1 Union Carbide

Union Carbide explored the area between 1966 and 1972 under EPO 193. The MSZ sub-outcrop was first located by soil sampling and tested by an E-W line of four core holes 160 m apart in the south-western corner of the basin structure.

Table 2.1 Summary of Union Carbides Drillhole Results

Zone	Total Thickness	Base Metal Subzone		PGE Subzone	
	m	Cu + Ni %	m	Pt + Pd g/t	m
MSZ	14.5	0.16	9.8	1.4	9.3
LSZ	17.4	0.16	8.8	1.2	7.6

2.4.2 Cluff Resources

Cluff Resources mapped the area and drilled four core drillholes between 1989 and 1990, within the ACR claims area. The holes were drilled at approximately 2km intervals around the west rim of the Snakes Head basin, near the outcrop position of the P1 layer to intersect the Main Sulphide Zone (MSZ) approximately 100 m from surface and the Lower Sulphide Zone (LSZ) at 150 m.

Table 2.2 Summary of Cluff Resources Drillhole Results

Zone	Hole No	Base Metal Subzone		PGE Subzone	
		Cu + Ni %	m	Pt + Pd g/t	m
MSZ	SH2	0.10	10	1.19	7
	SH3	0.10	8	1.22	6
	SH4	0.11	10	1.07	4
	SH6	0.09	11	1.18	5
	MSZ Average	**0.10%**	**9.7 m**	**1.16 g/t**	**5.5 m**
LSZ	SH2	0.12	10	1.01	4
	SH3	0.10	12	0.84	4
	SH4	0.11	14	0.71	4
	SH6	0.12	14	0.99	5
	LSZ Average	**0.11%**	**12.5 m**	**0.88 g/t**	**4.2 m**

Note; the base-metal and precious-metal rich zones overlap but do not coincide; the Pt-Pd values are displaced slightly below the Cu-Ni values.

Cluff Resources' results were slightly lower grade and thinner than Union Carbide's but confirmed the general nature of the mineralisation. They only assayed for Au in holes SH2 and SH3, but results were low (max 0.17 g/t) and Rh values were also considered by Cluff Resources to be "insignificant" (max 0.03 g/t).

2.4.3 Metal and Mining Agency of Japan

MMAJ explored the area from October 1995 to October 1996. They drilled five core holes on four lines spaced 200 to 500-m apart in the southwest corner of the basin centred on Cluff Resources drillholes SH1 and SH2. Pt-Pd grades were significantly lower than the Cluff Resources and Union Carbide results because of their unconventional Electron Probe analysis (EPMA) technique. These results are not considered reliable but nevertheless this work did confirm the expected continuity of the MSZ intersected by the previous drilling. The MSZ was intersected in all five holes and the LSZ in two holes.

Table 2.3 Maximum PGE Values from MMAJ Drilling - EPMA Analysis

Hole No	Depth from	Depth to	Pt	Pd	Rh	PGE (Pt + Pd + Rh)
MJZS 1	249.5	250	533	434	12	979
MJZS 2	271	271.5	389	373	19	782
MJZS 3	348	349	583	331	14	928
MJZS 4	151	152	426	111	–	537
MJZS 5	168.5	169.5	598	147	17	762

2.4.4 Mimic Mining Exploration

The Mimic drilling programme was planned to determine whether any higher grade near-axial MSZ facies existed within four faulted blocks that lie to the east of the ACR claims. The eastern-most of these blocks within EPO 1487, known as the Ridge North and Ridge South dip to the east at moderate to steep angles with the gabbro lying above the MSZ. Within the western Blocks (Eagles Crag and Sohwe Falls) the stratigraphic succession is overturned and the lower serpentinitic units lie above the MSZ host pyroxenite.

Mimic drilled two holes in each of these Blocks; the MSZ was intersected in three of the Blocks, but in the Sohwe Falls area the mineralisation was affected by faulting. The LSZ was intersected in two holes within the Ridge South and Eagles Crag Blocks.

The Mimic drilling indicates that the MSZ in this eastern area of the Snakes Head does tend more towards an axial facies, but the grades remain low with an average of 1.47 g/t Pt+Pd+Au over 3.85 m compared to the 1.16-g/t grade over 5.5 m obtained from the Cluff Resources holes. The consistency of the grade profiles throughout the Ridge and Eagles Crag Blocks confirms the regularity of the mineralised layers and that the four fault blocks come from approximately the same position within the magma chamber and relative to the original axis.

2.5 Economic Evaluation and Potential

Cluff Resources estimated what they termed a "probable" or "speculative" resource of 825 million tonnes of MSZ and LSZ averaging 0.88 - 1,16 g/t Pt + Pd over 4.2 - 5.5 m widths, which equates to between 23 and 30 Moz of Pt+Pd with minor gold credits (Cluff Resources internal project report, 1991). This included all of the faulted blocks within the Musengezi Subchamber. Mimic estimated 6 Moz to be present down to 1000 m within EPO 1487, but is presumed to be included within the Cluff Resources estimate. SRK consider that at least a portion of this resource is likely to be present and even if discounted by 40% for geological losses, it is still significant. Because of the nature of the Great Dyke mineralisation there is probably sufficient information to put a portion of this into an Inferred Resource and give it JORC status on the grounds of eventual economic extraction. However, at present, the Musengezi mineralisation is clearly sub-economic, even with the more recent data and the slightly higher grade intercepts made by Mimic.

SRK have assessed the $/t value of the best 2-m cut from the Cluff Resources data. This shows that the value of the reef is $35/t at current metal prices but this includes only Pt and Pd. Although Au, Rh and BM grades are low they will add some credits, but nevertheless this in-situ value will only give a gross margin of $5/t to $10/t (over likely working costs of $25/t to $30/t) although this could be higher for an open-cast operation. This will be far too low to recoup capital which would require $60/t to $70/t in-situ values. It should also be kept in mind that underground mining costs do not decrease significantly for increased widths, although the steeper dips over the eastern portion of the Musengezi Sub-chamber may lower operating costs a little (but would increase capital development). The only way to make this deposit profitable is by increasing metal prices 1.75 to 2 times from current levels.

The table below gives the in-situ $/t values for a range of metal prices above those prevailing at present.

Table 2.4 In-situ Value over 2-m Width for a Range of Metal prices

	In-situ Value	Price	
	US$/t	Pt $/oz	Pd $/oz
Base Case	35	1000	280
Base x 1.5	53	1500	420
Base x 1.75	61	1750	490
Base x 2.0	70	2000	560

With some projections of precious metal prices rising substantially over the next five years, the future profitability of the Snakes Head deposit is not impossible.

2.6 Proposed ACR work programme

ACR intends to review previous work and assess the potential economics of bulk-mining the large but low-grade PGE resource while considering the possibility of increased metal prices. A favourable assessment would justify further geological work and a drilling programme to:

- Investigate the P1 mineralisation at more regular intervals across the basin
- Assess potential geological losses due to primary disturbances of the layering caused by magma chamber current activity
- Obtain information on any faults or dykes or other potential geological losses
- Obtain core to assess rock stability and amenability to mining.

2.7 Recommendations

SRK would recommend that any available core be re-sampled over 15-cm intervals and assayed for all PGEs, Au, Ni Cu and Co at a reputable laboratory in South Africa with normal quality checks using standards and blank samples. These results would allow better definition of the grade profile, more accurate assessment of $/t values and a preliminary financial analysis to determine the need for further drilling in the near future.

3 One Step and Other Gold Projects

The One Step Mine (South), East Step Mine, West Step Mine and Challenge Block comprise three claims totalling 45.8 ha held by the Group and located 40 km southwest of Kadoma. The prospect contains shear-hosted gold mineralisation in carbonatised and brecciated andesites and basalts of the Midlands Greenstone belt along the Whitewaters shear zone. The three mines were small producers and historic production from One Step mine to 1990 is 13,000 ounces of gold.

ACR is targeting a bulk open-pittable gold operation around the historical workings. The Challenge contains at least one known, strongly mineralised porphyry body and plans are underway to explore for further parallel trends in this block.

ACR has also pegged claims in several other gold-bearing areas in the immediate region and has initiated discussions with owners of others.

In addition, in the Lowveld region some 280 km south of Harare there are promising field indications of gold mineralisation along structures associated with the Renco Mine, and ACR has pegged several blocks of claims in this target area, which is currently being worked by artisanal miners.

4 Nickel Prospects

The Group holds a 100% interest in the Chewore layered ultramafic complex in the Zambezi Valley which it intends exploring for nickel/copper and chromium mineralisation. The 92 blocks of claims cover approximately 125.4 km^2 over two block-faulted, layered ultramafic bodies each with dimensions of approximately 5 by 3 km. These are believed to be remnants of an

Ophiolite Complex of Mid-Proterozoic age and the presence of chromitite layers indicates magmatic segregation of nickel as well as chromium and possibly PGEs.

The second nickel target area acquired by ACR incorporates the dormant Perseverance Nickel Mine, formerly owned by RTZ which produced 4,657 tonnes of Ni at a grade of 1.01%, and closed after eight years of operation due to low metal prices. The old mine is situated on the western edge of the Midlands greenstone belt, about 38 km west of the Giant mine. ACR is currently pegging additional ground along strike in the district.

The historic data on the Perseverance has yet to assessed to determine if there is any remaining resource that could be profitable at today's prices.

DIAMOND EXPLORATION

The Group has recently acquired ground in the eastern part of Zimbabwe where previous exploration identified kimberlite indicator minerals. The area is being re-sampled by a small, experienced team to confirm the earlier results and this low-cost exploration could lead to primary diamondiferous deposits.

PART VII. Additional Information

1. Responsibility statements

The Company and the Directors, whose names appear on the inside front cover of this document, accept individual and collective responsibility for the information contained in this document and for compliance with the AIM Rules. To the best of the knowledge and belief of 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 makes no omission likely to affect the import of such information.

SRK Consulting (Zimbabwe) (Pvt) Limited accepts responsibility for the information contained in Parts V and VI of this document. To the best of the knowledge and belief of SRK (which has taken all reasonable care to ensure that such is the case) the information contained in Parts V and VI of this document is in accordance with the facts and makes no omission likely to affect the import of such information.

2. The Company

2.1 The Company was incorporated on 5 April 2005 in England and Wales under the Act as a public limited company with registered number 05414325. The Company was issued with a certificate to commence business and borrow pursuant to section 117 of the Act on 9 May 2005.

2.2 The Company is a public limited company and, accordingly, the liability of its members is limited.

2.3 The Company and its activities and operations are principally regulated by the Act and the regulations made thereunder.

2.4 The Company's registered office and principal place of business is at Nettlestead Place, Nettlestead, Maidstone, Kent, ME18 5HA, England. The Company's telephone number is +44 (0) 1622 816 918.

2.5 The Company is the holding company of a group of companies, details of which are set out in paragraph 3 below.

3. Subsidiaries

Details of the Company's material subsidiaries as at the date of this document are as follows:

Name	Percentage Ownership	Principal activities	Place of incorporation and residence
Abbarre Limited	100%	Holding Company	England
Canape Investments (Private) Limited	100%	Management and Holding Company	Zimbabwe
Breckridge Investments (Private) Limited	100%	Holding mining claims	Zimbabwe
Febrim Investments (Private) Limited	100%	Holding mining claims	Zimbabwe
Mayback Investments (Private) Limited	100%	Holding mining claims	Zimbabwe
Charmed Technical Mining (Private) Limited	100%	Holding mining claims	Zimbabwe
Katanga Mining (Private) Limited	100%	Holding mining claims	Zimbabwe
Lescaut Investments (Private) Limited	100%	Holding mining claims	Zimbabwe
Methven Investment Company (Private) Limited	100%	Holding mining claims	Zimbabwe
Nivola Mining (Private) Limited	100%	Holding mining claims	Zimbabwe
Sackler Investments (Private) Limited	100%	Holding mining claims	Zimbabwe
Harihari Mining (Private) Limited	100%	Holding mining claims	Zimbabwe
Nedziwe Mining (Private) Limited	100%	Holding mining claims	Zimbabwe
Dallaglio Investments (Private) Limited	75%	Holding mining claims	Zimbabwe

4. Share Capital

4.1 The authorised and issued share capital of the Company (i) immediately prior to Admission and (ii) immediately following Admission is set out below:

	Number of Ordinary Shares Authorised	£	Number of Ordinary Shares issued and credited as fully paid	£
(i) Immediately prior to Admission	1,000,000,000	10,000,000	155,732,194	1,557,321.94
(ii) Immediately following Admission	1,000,000,000	10,000,000	189,065,527	1,890,655.27

4.2 On incorporation the authorised share capital of the Company was £10,000,000, divided into 1,000,000,000 Ordinary Shares of £0.01 each.

4.3 As at 31 December 2005, there were 135,555,555 Ordinary Shares in issue.

4.4 On 10 January 2006, 5,714,285 Ordinary Shares were issued at 7p each.

4.5 On 13 February 2006, 71,429 Ordinary Shares were issued at 7p each.

4.6 On 28 February 2006 4,259,855 Ordinary Shares were issued at 7p each.

4.7 On 10 April 2006, 9,605,214 Ordinary Shares were issued at 7p each.

4.8 On 18 April 2006, 500,000 Ordinary Shares were issued at 7p each.

4.9 Pursuant to a resolution passed at an extraordinary general meeting of the Company on 28 April 2005 and pursuant to Section 95 of the Companies Act 1985, the Directors were empowered to allot equity securities (as defined in Section 94 of the Companies Act 1985) of the Company pursuant to the authority conferred by Article 9 of the Company's Articles of Association as if sub-section (1) of Section 89 of the Companies Act 1985 did not apply to such allotment, such power to expire on the day three years after the passing of the resolution save that the Company was authorised before such expiry to make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors were authorised to allot securities in pursuance of such offer or agreement as if the power conferred thereby had not expired.

4.10 Save for the options granted to Directors described in paragraph 6.2 and the options further described in paragraph 10 ("Material Contracts") of this Part VII or otherwise provided below, no share or loan capital of the Company is under option or agreed, conditionally or unconditionally, to be put under option.

Name of Optionholder	Date of Grant	Number of Ordinary Shares	Exercise Price per share	Exercise period
Tourelle Management Group Limited	June 2005	1,500,000	4.5p	June 2007 – June 2011
Rosaire International Services Limited	November 2005	1,500,000	4.5p	June 2007 – June 2011
Rosaire International Services Limited	June 2006	449,167	12p	June 2006 – June 2011
		449,167	12p	December 2007 – June 2011
		449,167	15p	June 2006 – June 2011
		449,167	15p	December 2007 – June 2011
		449,166	18p	June 2006 – June 2011
		449,166	18p	December 2007 – June 2011
James Mushore	February 2006	37,500	7p	June 2007 – June 2011

4.11 The Ordinary Shares in issue following Admission will rank *pari passu* in all respects with the existing Ordinary Shares including the right to receive all dividends and other distributions thereafter declared made or paid after Admission.

4.12 No shares of the Company are currently in issue with a fixed date on which entitlement to a dividend arises and there are no arrangements in place whereby future dividends are waived or agreed to be waived.

4.13 (a) Save as disclosed in this paragraph 4, no share or loan capital of the Company has been issued or is proposed to be issued, fully or partly paid, either for cash or for a consideration other than cash;

(b) no commission, discounts, brokerage, or other special term has been granted by the Company or is now proposed in connection with the issue or sale of any part of the share or loan capital of the Company.

4.14 More than 10 per cent. of issued share capital of the Company has been paid for with assets other than cash within the period from 5 April 2005 to 28 February 2006, which is the period covered by the historical financial information set out further in Part III of this document.

4.15 Application has been made for the Ordinary Shares issued and to be issued pursuant to the Placing to be admitted to trading on AIM under ISIN number GB00B142P698.

5 Memorandum and Articles of Association

5.1 The memorandum of association of the Company provides that the Company's principal objects are to carry on business as a general commercial company. The objects of the Company are set out in full in clause 4 of its memorandum of association.

5.2 The Articles include provisions to the following effect:

5.2.1 *Voting rights*

Without prejudice to any special rights previously conferred and subject to any special terms as to voting upon which any shares may be issued or may for the time being be held and to any other provisions of the Articles, on a show of hands every Shareholder who is present in person at a general meeting of the Company shall have one vote, and on a poll every Shareholder who is present in person or by proxy shall have one vote for every Ordinary Share held.

5.2.2 *Dividends*

Subject to the Statutes (as defined in the Articles), the Company in a general meeting may declare dividends to be paid to Shareholders according to their rights and interests in the profits available for distribution, but no dividend shall be declared in excess of the amount recommended by the Board. Except insofar as the rights attaching to, or the terms of issue of, any Ordinary Share otherwise provide, all dividends shall be declared according to the amounts paid-up or credited as paid-up on the Ordinary Shares and apportioned and paid *pro rata* according to the amounts paid-up or credited as paid-up on the Ordinary shares during any portion or portions of the period in respect of which the dividend is paid. The Board may from time to time pay to the Shareholders such interim dividends as appear to the Board to be justified by the position of the Company. Any dividend unclaimed after a period of 12 years from the date it became due for payment shall be forfeited and shall revert to the Company.

5.2.3 *Distribution of assets on liquidation*

On a winding-up, the liquidator may, with the sanction of an extraordinary resolution of the Company and subject to and in accordance with the Statutes, divide among the Shareholders *in specie* or kind the whole or any part of the assets of the Company and may determine how such division shall be carried out as between shareholders or classes of Shareholders.

5.2.4 *Transferability of Ordinary Shares*

All transfers of Ordinary Shares which are in certificated form may be effected by transfer in writing in any usual or common form or in any other form acceptable to the Board. The instrument of transfer shall be executed by or on behalf of the transferor and (except in the case of fully-paid shares) by or on behalf of the transferee. All transfers of Ordinary Shares which are in uncertificated form may be effected by means of a relevant system (as defined in the Articles).

The Directors may, in the case of shares in certificated form, in their absolute discretion and without assigning any reason therefor refuse to register any transfer of shares (not being fully-paid shares), provided that any such refusal does not prevent dealings in partly-paid shares from taking place on an open and proper basis.

The Directors may decline to recognise any instrument of transfer relating to shares in certificated form unless the instrument of transfer is duly stamped, is in respect of only one class of share and is lodged at the registered office of the Company accompanied by the relevant share certificate(s) and such other evidence as the Directors may reasonably require to show the right of the transferor to make the transfer.

5.2.5 *Variation of rights*

Subject to the Statutes, the special rights attached to any class of shares for the time being issued may from time to time (whether or not the Company is being wound-up) be altered or abrogated with the written consent of the holders of three-fourths in nominal value of the issued shares of that class or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of the issued shares of that class at which a quorum of two or more persons holding or representing by proxy not less than one-third of the issued shares of that class (or in the case of an adjourned meeting such quorum as is specified by the Articles) is present. The special rights conferred upon the holders of any shares or class of share shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be altered by the creation or issue of further shares ranking *pari passu* therewith or the purchase by the Company of any of its own shares.

5.2.6 *Changes in capital*

Subject to the provisions of the Statutes and to any special rights conferred on the holders of any shares or class of shares, the Company may issue redeemable shares. Subject to the provisions of the Statutes and to any special rights previously conferred on the holders of any existing shares, any share may be issued with such special rights or such restrictions as the Company may determine by ordinary resolution. The Company may by ordinary resolution increase its share capital, consolidate and divide its share capital into shares of a larger amount, sub-divide its share capital into shares of a smaller amount (subject to the provisions of the Statutes) and cancel any shares which have not been taken or agreed to be taken by any person and diminish the amount of its authorised share capital by the amount of the shares so cancelled.

Subject to the provisions of the Statutes, the Company may reduce share capital, any capital redemption reserve and any share premium account in any manner. The Company may also, subject to the requirements of the Statutes, purchase its own shares.

5.2.7 *Notice of General Meetings*

An annual general meeting and an extraordinary general meeting called for the passing of a special resolution or a resolution appointing a person as a Director shall be called by at least twenty-one clear days' notice. All other extraordinary general meetings shall be called by at least fourteen clear days' notice.

5.2.8 *Untraced Shareholders*

Subject to the Statutes, the Company may sell any shares of a member or person entitled thereto who is untraceable, if during a period of twelve years, at least three dividends in respect of the shares in question have become payable and the cheques or warrants for all amounts payable to such member or person in respect of his shares have remained uncashed or mandated dividend payments have failed and the Company has received no indication of the existence of such member or person. The net proceeds of sale shall belong to the Company but the member or person who had been entitled to the shares shall become a creditor of the Company in respect of those proceeds.

If on two consecutive occasions notices or other communications (including dividend payments) have been sent through the post to any holder of shares to his registered or other specified address but returned undelivered or mandated dividend payments have failed, or following one such occasion and enquiries by the Company fail

to establish a new address or account, the Company may cease to send such notices or other such communications or mandated payments until the person entitled thereto otherwise requires.

5.2.9 *Non-UK Shareholders*

There are no limitations in the Memorandum or Articles on the rights of non-UK Shareholders to hold, or exercise voting rights attaching to Ordinary Shares. However, no Shareholder is entitled to receive notices from the Company, including notices of general meetings, unless he has given an address in the UK to the Company to which such notices may be sent.

5.2.10 *Sanctions on Shareholders*

A holder of Ordinary Shares loses his rights to vote in respect of Ordinary Shares if and for so long as he or any other person appearing to be interested in those shares fails to comply with a request by the Company under the Act requiring him to give particulars of any interest in those Ordinary Shares within 14 days. In the case of shareholdings representing 0.25 per cent. or more, in nominal amount, of the share capital of the Company then in issue, or any class thereof, the sanctions which may be applied by the Company include not only disenfranchisement but also the withholding of the right to receive payment of dividends and other monies payable on, and restrictions on transfers of, the Ordinary Shares concerned.

5.2.11 *Directors' fees*

The Directors shall be paid by way of fees for their services at such rate and in such proportion as the Board may resolve. Any Director who holds executive office or who performs duties outside the ordinary duties of a Director, may be paid such remuneration or extra remuneration by way of salary, commission or otherwise as the Board may determine.

The Directors shall also be paid all expenses properly incurred by them in attending meetings of the Company or of the Board or otherwise in connection with the business of the Company.

5.2.12 *Directors' Interests*

A Director who is in any way, whether directly or indirectly, interested in any contract or proposed contract with the Company shall declare the nature of his interest in accordance with the Statutes.

A Director shall not vote, and shall not be counted in a quorum, in respect of any contract, arrangement or proposal in which he has an interest which (together with any interest of any person connected with him) is to his knowledge a material interest (otherwise than by virtue of shares or debentures or other securities of or otherwise through the Company), except that this prohibition shall not apply to:

5.2.12.1 the giving of any security, guarantee or indemnity in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of the Company or any of its subsidiaries;

5.2.12.2 the giving of any security, guarantee or indemnity in respect of a debt or obligation of the Company or any of its subsidiaries for which he himself has assumed responsibility in whole or in part under a guarantee or indemnity or by the giving of security;

5.2.12.3 any contract or arrangement by a Director to participate in the underwriting or sub-underwriting of any offer of shares, debentures or other securities of the Company or any of its subsidiaries for subscription, purchase or exchange;

5.2.12.4 any contract or arrangement concerning any other company in which the Director and any persons connected with him do not to his knowledge hold an interest in shares (as that term is used in sections 198 to 211 of the Act) representing one per cent. or more of either any class of the equity share capital, or the voting rights, in such company. For the purpose of this paragraph, there shall be disregarded any shares held by a Director as bare or custodian trustee and in which he has no beneficial interest, any shares comprised in a trust in which the Director's interest is in reversion or

remainder if and so long as some other person is entitled to receive the income thereof, and any shares comprised in an authorised unit trust scheme in which the Director is interested only as a unit holder;

5.2.12.5 any arrangement for the benefit of employees of the Company or any of its subsidiaries which does not award him any privilege or benefit not generally awarded to the employees to whom such arrangement relates; or

5.2.12.6 any proposal concerning any insurance which the Company is empowered to purchase and/or maintain for or for the benefit of *inter alia* any Directors of the Company;

and the Company may in general meeting at any time suspend or relax any such prohibitions or ratify any transaction not duly authorised by reason of a contravention of a prohibition.

5.2.13 *Directors' interests in transactions*

Subject to the provisions of the Statutes, and provided that he has disclosed to the Board the nature and extent of any material interest of his, a Director notwithstanding his office may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise interested, may be a director or other officer of, or employed by, or a party to any transaction or arrangement with, or otherwise interested in, any body corporate promoted by the Company or in which the Company is otherwise interested and shall not, by reason of his office, be accountable to the Company for any benefit which he derives from any such office or employment or from any such transaction or arrangement or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the ground of any such interest or benefit. Any Director may act by himself or by his firm in any professional capacity (other than auditor) and he or his firm shall be entitled to remuneration as if he were not a Director.

5.2.14 *Retirement age*

The provisions of Section 293 of the Act as to the retirement of Directors on reaching 70 apply to the Company.

5.2.15 *Qualification Shares*

The Directors are not required to hold qualification shares.

5.2.16 *Retirement*

At each annual general meeting of the Company one-third (or the nearest number to one-third) of the Directors shall retire from office by rotation. The Directors to retire in every year shall be those who have been longest in office since their last election but as between persons who became directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot. In addition, any Director who would not otherwise be required to retire shall retire by rotation at every third Annual General Meeting after his last appointment or re-appointment. A retiring Director shall be eligible for re-election. The Company may from time to time by ordinary resolution appoint any person to be a Director. The Directors may also from time to time appoint one or more Directors but any Director so appointed shall retire at or at the end of the next annual general meeting of the Company but shall then be eligible for re-election and any Director who so retires shall not be taken into account in determining the number of Directors who are to retire by rotation at such meeting.

5.2.17 *Executive Office*

The Board may from time to time appoint one or more Directors to be the holder of any executive office for such period and on such terms as it decides.

5.2.18 *Borrowing Powers*

Subject to the Act, the Directors may exercise all powers of the Company to borrow money and to mortgage or charge its undertaking, property and uncalled capital and to issue debentures and other securities whether outright or as collateral security for any debt, liability or obligation of the Company or any third party.

6. Directors' interests

6.1 As at 28 June 2006 (the latest practicable date prior to the date of this document), the interests (all of which are beneficial unless otherwise indicated) of the Directors and their immediate families in the issued share capital of the Company which: (i) have been notified to the Company pursuant to section 324 or 328 of the Act; or which (ii) are required to be entered in the register maintained by the Company under section 325 of the Act; or which (iii) are interests of a person connected (within the meaning of section 346 of the Act) with a Director which would, if the connected person were a Director, be required to be disclosed under (i) or (ii) above were and immediately following Admission are expected to be as follows:

	Immediately prior to Admission		Immediately following Admission	
Director	**Number of Ordinary Shares**	**Percentage of issued ordinary share capital**	**Number of Ordinary Shares**	**Percentage of issued ordinary share capital**
Andrew Cranswick	5,400,000	3.47%	5,400,000	2.86%
Ian Fisher	4,900,000	3.15%	4,900,000	2.59%
Roy Tucker	1,122,223	0.72%	1,122,223	0.59%
Michael Kellow	-	-	-	-
Stuart Bottomley	154,256	0.10%	154,256	0.08%

Options

6.2 The Company has granted two sets of options, "the first option grant" and "the second option grant". Both sets of option grants are made under share option agreements that do not benefit from any tax reliefs; as such they are grants of unapproved share options. As at 28 June 2006 (the latest practicable date prior to the date of this document) the options over Ordinary Shares set out in paragraphs 6.2.1 and 6.2.2 below had been granted for nominal consideration to the following Directors and remain outstanding:

6.2.1 *First option grant*

Option Holder	**Effective Date of Grant**	**Number of Ordinary Shares comprised in the Option**	**Exercise Price**	**Exercisable in the period**
Adonis Investments LLC (Andrew Cranswick)	June 2005	2,000,000	4.5p	First anniversary of Admission date – June 2011
Notezy Pty Limited (Ian Fisher)	June 2005	2,000,000	4.5p	First anniversary of Admission date – June 2011
Stuart Bottomley	June 2005	2,000,000	4.5p	First anniversary of Admission date – June 2011
Roy Tucker	June 2005	2,000,000	4.5p	First anniversary of Admission date – June 2011
Michael Kellow	Sept 2005	1,250,000	4.5p	March 2006 – 14 Oct 2007
	Sept 2005	1,250,000	4.5p	1 April 2007 – 14 Oct 2007

6.2.2 *Second option grant*

Option Holder	Date of Grant	Number of Ordinary Shares comprised in the option	Exercise Price	Exercisable in the period
Adonis Investments LLC (Andrew Cranswick)	June 2006 (re director's services)	426,250	12p	June 2006 – June 2011
		426,250	12p	December 2007 – June 2011
		426,250	15p	June 2006 – June 2011
		426,250	15p	December 2007 – June 2011
		426,250	18p	June 2006 – June 2011
		426,250	18p	December 2007 – June 2011
Adonis Investments LLC (Andrew Cranswick)	June 2006 (re consultancy services)	426,250	12p	June 2006 – June 2011
		426,250	12p	December 2007 – June 2011
		426,250	15p	June 2006 – June 2011
		426,250	15p	December 2007 – June 2011
		426,250	18p	June 2006 – June 2011
		426,250	18p	December 2007 – June 2011
Notezy Pty Limited (Ian Fisher)	June 2006 (re director's services)	150,000	12p	June 2006 – June 2011
		150,000	12p	December 2007 – June 2011
		150,000	15p	June 2006 – June 2011
		150,000	15p	December 2007 – June 2011
		150,000	18p	June 2006 – June 2011
		150,000	18p	December 2007 – June 2011
Notezy Pty Limited (Ian Fisher)	June 2006 (re consultancy services)	299,166	12p	June 2006 – June 2011
		299,166	12p	December 2007 – June 2011
		299,167	15p	June 2006 – June 2011
		299,167	15p	December 2007 – June 2011
		299,167	18p	June 2006 – June 2011
		299,167	18p	December 2007 – June 2011
Stuart Bottomley	June 2006 (re director's services)	137,500	12p	June 2006 – June 2011
		137,500	12p	December 2007 – June 2011
		137,500	15p	June 2006 – June 2011
		137,500	15p	December 2007 – June 2011
		137,000	18p	June 2006 – June 2011
		137,000	18p	December 2007 – June 2011
Stuart Bottomley	June 2006 (re consultancy services)	137,500	12p	June 2006 – June 2011
		137,500	12p	December 2007 – June 2011
		137,500	15p	June 2006 – June 2011
		137,500	15p	December 2007 – June 2011
		137,000	18p	June 2006 – June 2011
		137,000	18p	December 2007 – June 2011
Roy Tucker	June 2006 (re director's services)	69,167	12p	June 2006 – June 2011
		69,167	12p	December 2007 – June 2011
		69,167	15p	June 2006 – June 2011
		69,167	15p	December 2007 – June 2011
		69,166	18p	June 2006 – June 2011
		69,166	18p	December 2007 – June 2011
Roy Tucker	June 2006 (re consultancy services)	380,000	12p	June 2006 – June 2011
		380,000	12p	December 2007 – June 2011
		380,000	15p	June 2006 – June 2011
		380,000	15p	December 2007 – June 2011
		380,000	18p	June 2006 – June 2011
		380,000	18p	December 2007 – June 2011

Option Holder	Date of Grant	Number of Ordinary Shares comprised in the option	Exercise Price	Exercisable in the period
Michael Kellow	June 2006	275,000	12p	June 2006 – June 2011
		275,000	12p	December 2007 – June 2011
		275,000	15p	June 2006 – June 2011
		275,000	15p	December 2007 – June 2011
		275,000	18p	June 2006 – June 2011
		275,000	18p	December 2007 – June 2011
Total		**13,805,000**		

6.3 Save as disclosed in paragraphs 6.1 and 6.2 above, none of the Directors nor any member of their immediate families nor so far as the Directors are aware (having made due and careful enquiry) any person connected with them (within the meaning of section 346 of the Act), directly or indirectly, is interested in any Ordinary Shares.

6.4 Save as disclosed in paragraphs 6.1 and 6.2 above, none of the Directors nor any person connected with them (within the meaning of Section 346 of the Act) is interested in any related financial product referenced to the Ordinary Shares (being a financial product whose value in whole or in part is determined directly or indirectly by reference to the price of the Ordinary Shares including a contract for difference or a fixed odds bet).

6.5 There are no outstanding loans granted by the Company or any member of the Group to any of the Directors nor has any guarantee been provided by the Company or any member of the Group for the benefit of any Director.

7. Substantial Shareholders

7.1 As at 28 June 2006 (the latest practicable date prior to the date of this document) the Company had been notified of, or was otherwise aware of, the following persons, in addition to the Directors' and their immediate families' interests disclosed in paragraphs 6.1 and 6.2 above, who are expected to be, directly or indirectly, interested in 3 per cent. or more of the issued share capital of the Company immediately following Admission:

	Immediately prior to Admission		Immediately following Admission	
	Number of Ordinary Shares	Percentage of issued ordinary share capital	Number of Ordinary Shares	Percentage of issued ordinary share capital
GLG European Long-Short Fund	14,023,809	9.01%	14,023,809	7.42%
GLG European Opportunity Fund	8,357,142	5.37%	8,357,142	4.42%
Adonis Investment Ltd (Account 1)	9,605,214	6.17%	9,605,214	5.08%
Adonis Investment Ltd (Account 2)	5,994,306	3.85%	5,994,306	3.17%
Tourelle Management Group Limited	6,215,172	3.99%	6,215,172	3.29%
Trenna Trading Limited	6,035,714	3.88%	6,035,714	3.19%

7.2 Save as disclosed in paragraphs 6.1, 6.2 and 7.1, the Company is not aware of any person or persons who, directly or indirectly, have an interest in the Company which represents 3 per cent. or more of its issued share capital or who, directly or indirectly, jointly or severally, exercises or could exercise control over the Company.

7.3 None of the Directors nor any of the persons named in paragraph 7.1 above has any voting rights which are different from any other holder of Ordinary Shares.

7.4 The Company has been informed by Adonis Investment Ltd that, in addition to the holdings of 9,605,214 and 5,994,306 Ordinary Shares referred to in paragraph 7.1 above, Adonis Investment Ltd holds a further 40,831,437 Ordinary Shares (representing 21.6 per cent. of the Enlarged Issued Share Capital) as nominee for a total of thirty-four shareholding accounts.

8. Additional information on the Directors

8.1 In addition to their directorships of the Group, the Directors hold or have held the following directorships and are or have been a partner in the following partnerships within the five years prior to the date of this document:

Director	Current Directorships and Partnerships	Past Directorships and Partnerships
Andrew Cranswick	African Consolidated Resources Ltd. Camballin Developments (WA) Pty Ltd. Cranswick Pty Ltd. Futura Asset Pty Ltd. Mount Olympus Investments (WA) Pty Ltd.	
Ian Fisher	African Consolidated Resources Ltd. Carnegie Corporation Ltd. Notezy Pty Ltd. Notezy Pty Ltd. Superannuation	Yeeda Pastoral Company Pty Ltd.
Roy Tucker	Alibiprops 20 (Pty) Ltd. Castleton Properties (Pty) Ltd. Entabeni Private Game Reserve (Pty) Ltd. Farmingacre Ltd. Guild Acquisitions plc Guild Management Ltd. Guild Secretaries Ltd. Klipspruit (Pty) Ltd. Legend Holdings (Pty) Ltd. Legend Lodges (Pty) Ltd. Legodimo Lodge and Conference Centre (Pty) Ltd. Lisungwe plc MIS Corporate Defence Solutions Ltd. MIS Group Holdings Ltd. MIS Nominees Ltd. V22 plc Zebra Country Lodge (Pty) Ltd.	Agricola Resources plc Gold and Platinum plc MIS Europe Ltd. United Bank Ltd. Internet Security Distribution Limited MIS Group plc Malawi Minerals Limited
Michael Kellow		Geoweb Xpress Pty Ltd. Intierra Ltd.
Stuart Bottomley	Centamin Egypt Ltd Isis Resources plc	

8.2 Save as set out above, none of the Directors has held or occupied any other directorships or has been a partner in a partnership over the previous five years.

8.3 None of the Directors has:

8.3.1 any unspent convictions in relation to indictable offences;

8.3.2 had any bankruptcy order made against him or entered into voluntary arrangements;

8.3.3 been a director of a company which has been placed in receivership, compulsory liquidation, administration, been subject to a voluntary arrangement or any composition or arrangement with its creditors generally or any class of its creditors whilst he was a director of that company or within the twelve months after he ceased to be a director;

8.3.4 been a partner in any partnership which has been placed in compulsory liquidation, administration or been the subject of a partnership voluntary arrangement whilst he was a partner in that partnership or within the twelve months after he ceased to be a partner in that partnership;

8.3.5 been the owner of any asset or been a partner in any partnership which owned any asset which while he owned that asset, or while he was a partner or within the twelve months after he ceased to be a partner in the partnership which owned the asset, entered into receivership;

8.3.6 been the subject of any public criticism by any statutory or regulatory authority (including recognised professional bodies); or

8.3.7 been disqualified by a court from acting as a director of any company or from acting in the management or conduct of the affairs of any company.

9. Directors' service contracts and letter of appointment

9.1 The terms of the Directors' letters of appointment, consultancy agreements and Non-Executive letter of engagement (which are conditional upon Admission) with the Company are as follows:

9.1.1 Ian Fisher entered into an agreement on 26 June 2006 with the Company to act as Executive Chairman with effect from 1 June 2006. His term of employment is for an indefinite period, terminable on 3 months' notice by either the Company or Mr Fisher. The Company may at any time and in its absolute discretion terminate the agreement with immediate effect and make a payment in lieu of notice. Mr Fisher will receive an annual salary of £28,333 payable by equal monthly instalments in arrears. His salary will be reviewed annually. He will be entitled to 7.5 days' paid holiday per annum. The agreement contains detailed provisions regarding confidentiality, intellectual property and post-termination restrictive covenants applicable for 12 months following termination of the agreement.

9.1.2 Notezy Pty Limited entered into a consultancy agreement on 26 June 2006 with the Company under which it agrees to procure the services of Ian Fisher to perform certain operational and administrative duties. The agreement commenced on 1 June 2006 and is for an indefinite term terminable on 3 months' notice by either party. The agreement can also be terminated immediately in circumstances where Notezy Pty Limited or Ian Fisher is at fault.

Notezy Pty Limited will receive a fee of £4,722.25 per month. The Company will pay expenses which are reasonably and properly incurred in the course of providing the services. The parties agree that Notezy Pty Limited will procure that Ian Fisher dedicates at least 13 days per month to the provision of the services. The consultancy agreement contains detailed provisions regarding confidentiality, intellectual property and post-termination restrictive covenants applicable for 12 months following termination of the agreement.

9.1.3 Andrew Cranswick entered into an agreement on 26 June 2006 with the Company to act as Chief Executive Officer with effect from 1 June 2006. His term of employment is for an indefinite period, terminable on 3 months' notice by either the Company or Mr Cranswick. The Company may at any time and in its absolute discretion terminate the agreement with immediate effect and make a payment in lieu of notice. Mr Cranswick will receive an annual salary of £42,500 payable by equal monthly instalments in arrears. His salary will be reviewed annually. He will be entitled to 11.5 days' paid holiday per annum. He will be entitled to health and personal injury insurance to cover sickness claims while on work-related activities outside Australia, and MedEvac cover while working in an area outside normal health services. The agreement contains detailed provisions regarding confidentiality, intellectual property and post-termination restrictive covenants applicable for 12 months following termination of the agreement.

9.1.4 Adonis Investments LLC entered into a consultancy agreement on 26 June 2006 with the Company under which it agrees to procure the services of Andrew Cranswick to perform certain operational and administrative duties. The agreement commenced on 1 June 2006 and is for an indefinite term terminable on 3 months' notice by

either party. The agreement can also be terminated immediately in circumstances where Adonis Investments LLC or Andrew Cranswick is at fault.

Adonis Investments LLC will receive a fee of £3,541.67 per month. The Company will pay expenses which are reasonably and properly incurred in the course of providing the services. The parties agree that Adonis Investments LLC will procure that Andrew Cranswick dedicates at least 9.75 days per month to the provision of the services. The consultancy agreement contains detailed provisions regarding confidentiality, intellectual property and post-termination restrictive covenants applicable for 12 months following termination of the agreement.

9.1.5 Michael Kellow entered into an agreement on 26 June 2006 with the Company to act as Technical Director. His employment with the Company commenced on 14 October 2005. His term of employment is for an indefinite period, terminable on 3 months' notice by either the Company or Mr Kellow. The Company may at any time and in its absolute discretion terminate the agreement with immediate effect and make a payment in lieu of notice. Mr Kellow will receive an annual salary of £70,000 payable by equal monthly instalments in arrears. His salary will be reviewed annually. The Company will make an annual payment to Mr Kellow's personal pension plan equal to 9 per cent. of his salary in that year. He will be entitled to health and personal injury insurance to cover sickness claims while on work-related activities outside Australia, and MedEvac cover while working in an area outside normal health services. He will be entitled to 25 days' paid holiday per annum. The agreement contains detailed provisions regarding confidentiality, intellectual property and post-termination restrictive covenants applicable for 12 months following termination of the agreement.

9.1.6 Roy Tucker entered into an agreement on 26 June 2006 with the Company to act as Group Financial Director and Company Secretary with effect from 1 June 2006. His term of employment is for an indefinite period, terminable on 3 months' notice by either the Company or Mr Tucker. The Company may at any time and in its absolute discretion terminate the agreement with immediate effect and make a payment in lieu of notice. Mr Tucker will receive an annual salary of £20,000 payable by equal monthly instalments in arrears. His salary will be reviewed annually. He will be entitled to 2.5 days' paid holiday per annum. The agreement contains detailed provisions regarding confidentiality, intellectual property and post-termination restrictive covenants applicable for 12 months following termination of the agreement.

9.1.7 Roy Tucker entered into a consultancy agreement on 26 June 2006 with the Company under which he agrees to perform certain operational and administrative duties. The agreement commenced on 1 June 2006 and is for an indefinite term terminable on 3 months' notice by either party. The agreement can also be terminated immediately in circumstances where Roy Tucker is at fault.

Roy Tucker will receive a fee of £5,833.33 per month pursuant to the consultancy agreement which is inclusive of the provision of certain office and other services. The parties agree that Roy Tucker will dedicate at least 11 days per month to the provision of the services. The consultancy agreement contains detailed provisions regarding confidentiality, intellectual property and post-termination restrictive covenants applicable for 12 months following termination of the agreement.

9.1.8 Stuart Bottomley entered into an agreement on 26 June 2006 with the Company to act as Non-Executive Director with effect from 1 June 2006. His appointment is for an indefinite period, terminable on 3 months' notice by either the Company or Mr Bottomley. Mr Bottomley will receive an annual fee of £10,000 payable by equal quarterly instalments in arrears. The agreement contains detailed provisions regarding confidentiality, conflicts of interest and compliance.

9.1.9 Stuart Bottomley entered into a consultancy agreement on 26 June 2006 with the Company under which he agrees to perform certain operational and administrative duties. The agreement commenced on 1 June 2006 and is for an indefinite term terminable on 3 months' notice by either party. The agreement can also be terminated immediately in circumstances where Stuart Bottomley is at fault.

Stuart Bottomley will receive a fee of £833.33 per month pursuant to the consultancy agreement. The parties agree that Stuart Bottomley will dedicate at least 1 day per month to the provision of the services. The consultancy agreement contains detailed provisions regarding confidentiality and intellectual property.

9.2 Save for the service contracts, consultancy agreements and letter of engagement detailed in paragraph 9.1 above, there are no existing or proposed service contracts, consultancy agreements, or letters of appointment between any Director and the Company or any of its subsidiary undertakings.

9.3 The number of employees employed in the Group as at 28 February 2006, the end of the Company's first financial period, was as follows: 15 contract employees and 12 permanent employees.

10. Material contracts

The following contracts, not being entered into in the ordinary course of business and which are, or may be, material, have been entered into by the Company within the two years immediately preceding the date of this document.

10.1 *Acquisition of Breckridge Investments (Pvt) Limited*

Pursuant to an agreement dated 1 June 2005, the Company acquired the entire issued share capital of Breckridge Investments (Pvt) Limited ("Breckridge") from Andrew Cranswick (acting on behalf of African Consolidated Resources Limited ("ACR Ltd"). The Company issued 450,000 Ordinary Shares as consideration for the acquisition. The agreement is governed by Zimbabwe law. Breckridge holds the Pickstone-Peerless claims.

10.2 *Acquisition of Abbarre Limited*

Pursuant to an agreement dated 6 June 2005, ACR Ltd as seller sold the entire issued share capital of Abbarre Limited and an outstanding loan receivable from Abbarre Limited, to the Company, in consideration of the issue of 74,550,000 Ordinary Shares to ACR Ltd. The Seller and Purchaser provided mutual, limited general warranties. The agreement is governed by English law.

10.3 *Acquisition of Giant Mine*

Giant Mine was acquired pursuant to an agreement dated 9 September 2005 between African Consolidated Resources (Private) Limited and Flenshord Investments (Private) Limited ("Flenshord"). The payment mechanics have been amended by an Addendum to the agreement, which provides that Flenshord will receive all of the consideration in cash. US$1,600,000 has already been paid in cash and a further $80,000 will be paid within 30 days of Admission. A further amount is due, such amount to be calculated at $5 per Ounce according to the number of ounces found in the tailings dump which, in the opinion of the Directors, will not be more than $125,000. Flenshord also has certain share option rights in relation to this consideration. Further details are set out in paragraph 10.4 below. The agreement is governed by Zimbabwe law.

10.4 *Flenshord option*

Flenshord, ACR (Private) Limited and the Company have entered into a put and call option dated 30 March 2006, pursuant to which Flenshord can elect to subscribe or the Company can require Flenshord to subscribe for a number of Ordinary Shares at 7p per Share. The exact number of Ordinary Shares and the timing of any subscription is to be determined by reference to "Tailings Resource ounces" (as defined in the option agreement) multiplied by $5 and converted into £ sterling. The Tailings Resource ounces are yet to be confirmed, however the Board is of the opinion that no more than 1,025,000 Ordinary Shares could be issued pursuant to this Option agreement.

10.5 *Giant Mine Joint Venture*

The Company agreed a joint venture with Flenshord on 9 September 2005 in relation to certain exploration ground near the Giant Mine. Flenshord agreed to transfer 75 per cent. of its interest in the area to the Company in return for a capital investment by the Company into the joint venture of US$400,000. The Company was appointed manager of the joint venture. The joint venture agreement is drafted under Zimbabwe law.

10.6 *Acquisition of One Step/West Step/East Step Challenge Claims*

On 6 October 2005, the Company agreed to acquire a prospecting contract and option in respect of One Step, West Step, East Step and Challenge Claims (which was duly exercised) for an aggregate cost of Z$500,000,000 (£2,500) and a pick-up truck. This consideration was not capitalised. Subsequent to this the Company paid £35,000 to acquire the waiver of a subsisting option over the same ground.

10.7 *Geoinformatics*

Pursuant to the terms of the contract dated 13 January 2006, Geoinformatics will assist with the aggregation, validation and construction of three dimensional geologic data bases and the construction of three dimensional geodynamic modules that will provide the basis for a targeted strategy for developing prioritised areas in the Group's mine sites and project areas for the evaluation of mineral deposits. Under the contract Geoinformatics is due to receive a fee of £70,000. Geoinformatics also has an option to subscribe for 2,428,571 Ordinary Shares at 7p per share of which 928,571 Ordinary Shares are subject to a put option.

10.8 *Placing Agreement*

On 29 June 2006, the Company, the Directors and Williams de Broë entered into an agreement (the "Placing Agreement") pursuant to which Williams de Broë agreed to use reasonable endeavours to procure subscribers for the Placing Shares at the Placing Price and to give the Company and the Directors all such assistance as they may reasonably require in connection with Admission. The Placing Agreement is conditional, *inter alia*, on Admission on or before 31 July 2006 (or such later date as Williams de Broë and the Company may agree). The Company and the Directors give Williams de Broë various undertakings including an obligation to inform Williams de Broë of any breach of any warranties contained in the Placing Agreement.

Under the Placing Agreement, the Company has agreed to pay Williams de Broë a fee of £250,000 plus VAT (if applicable) and a commission of five per cent. of the gross proceeds of the Placing, in each case conditional upon Admission.

The Placing Agreement contains standard form placing agreement warranties which are given by the Company and the Directors to Williams de Broë and indemnities which are given by the Company to Williams de Broë.

Williams de Broë may terminate the Placing Agreement at any time prior to Admission in certain circumstances, including if the Company or any of the Directors fail to comply with their material obligations under the Placing Agreement, if the warranties in the Placing Agreement are materially breached at any time before Admission, or if there is an event of force majeure. Termination fees may be payable in certain circumstances.

10.9 *Nominated Adviser and Broker Engagement Letter*

On 25 May 2006, the Company and Williams de Broë entered into a nominated adviser and broker engagement letter pursuant to which the Company appointed Williams de Broë to act as nominated adviser and broker to the Company in connection with Admission and thereafter. The Company has agreed to pay Williams de Broë a fee of £40,000 per annum for its services as nominated adviser and broker under this agreement. The agreement contains certain undertakings given by the Company to Williams de Broë and indemnities given by the Company to Williams de Broë. The agreement is terminable on not less than one months' prior written notice by either the Company or Williams de Broë and will expire on or after the first anniversary of the date of the agreement.

10.10 *Lock-in arrangements*

10.10.1 On 29 June 2006 each of the Directors, Adonis Investments LLC and Notezy Pty Limited undertook to the Company and Williams de Broë that, save in specified circumstances, they will not dispose of any interest in Ordinary Shares held by each of them for a period of twelve months from Admission. The specified circumstances are:

(a) any disposal pursuant to acceptance of a general, partial or tender offer made by an offeror to all shareholders of the Company for the whole or a part of the issued share capital of the Company (other than any shares already held by the Offeror or persons acting in concert with the Offeror); or

(b) the execution of an irrevocable commitment to accept a general, partial or tender offer made to all shareholders of the Company for the whole or a part of the issued capital of the company (other than any shares already held by the offeror or persons acting in concert with the offeror); or

(c) a sale to an offeror or potential offeror who has been named in an announcement as envisaged by the City Code on Takeovers and Mergers; or

(d) any disposal pursuant to an intervening court order; or

(e) a disposal by the personal representatives of a Director.

Collectively these persons will control or be interested in 6.1 per cent. of the Enlarged Issued Share Capital immediately after Admission.

10.10.2 Adonis Investment Limited has undertaken to the Company not to dispose of any interest in 9,605,214 Ordinary Shares (representing 5.1 per cent. of the Enlarged Issued Share Capital) for a period of 6 months from Admission.

10.11 *2005 Engagement Letter*

On 22 April 2005 the Company engaged Williams de Broë to act as financial adviser and broker in connection with a pre-IPO fundraising. Pursuant to the agreement the Company paid to Williams de Broë the fee specified in paragraph 10.12 of this Part VII and also granted to Williams de Broë a warrant to subscribe for Ordinary Shares as more particularly described in paragraph 10.13 of this Part VII.

10.12 *Pre-IPO Placing Agreement*

In connection with the pre-IPO fundraising referred to in paragraph 10.11 of this Part VII the Company, the Directors and Williams de Broë entered into an agreement on 27 June 2005 pursuant to which Williams de Broë agreed to use reasonable endeavours to procure placees to subscribe for Ordinary Shares at a price of 4.5p per share. Under this agreement the Company and the Directors provided warranties and undertakings and an indemnity in favour of Williams de Broë which are customary in the context of a pre-IPO fundraising.

Pursuant to the agreement Williams de Broë placed 51,249,787 Ordinary Shares with placees and the Company paid to Williams de Broë a fee of £105,940 for its services in accordance with the fee structure set out in the agreement.

10.13 *Broker's warrant instrument*

Pursuant to a deed poll dated 27 June 2005 entered into between the Company and Williams de Broë, Williams de Broë may subscribe for 1,111,111 Ordinary Shares at 4.5p per Ordinary Share. The subscription period under the deed poll expires on 27 June 2010. All Ordinary Shares issued pursuant to the exercise of the warrants shall have the same rights and privileges as those set out in the Articles in relation to Ordinary Shares.

The right to subscribe for Ordinary Shares will be adjusted as necessary where: (i) Ordinary Shares are allotted or issued by way of capitalisation of profits or reserves, (ii) there is any alteration in the nominal value of the Ordinary Shares in connection with a sub-division, consolidation or otherwise, or (iii) the Company makes any offer or invitation to purchase Shares at a price per Ordinary Share less than the subscription price.

If an order is made or resolution passed for the winding up of the Company, Williams de Broë will be treated as if, immediately prior to the date of such order or resolution, the warrants were exercised in full and shall accordingly be entitled to receive out of the assets available in the liquidation according to the priority rights which would have been applicable to the relevant Ordinary Shares, such sum as would have been received had Williams de Broë been the holder of such Ordinary Shares but after deducting a sum per Ordinary Share equal to the subscription price.

Any rights attached to the warrants may be altered or abrogated with the consent in writing of the Company and the prior written consent of warrantholders holding 75 per cent. of the warrants.

Prior to the end of the subscription period, the Company will not without the prior consent of Williams de Broë: (i) modify the rights attached to any of the Ordinary Shares in a way which has or might have a material adverse effect on the rights of the warrantholders or create or issue any new class of share capital which carries rights regarding voting dividends or return of capital; (ii) make any distribution of capital reserves or issue securities by way of capitalisation of profits or reserves except fully paid Ordinary Shares; and (iii) reduce by way of repayment to the holder of Ordinary Shares its share capital or any share premium account or capital redemption reserve fund.

10.14 *Broker's warrant instrument*

Pursuant to a deed poll dated 29 June 2006 entered into between the Company and Williams de Broë, Williams de Broë may subscribe for 666,667 Ordinary Shares at 12.0p per Ordinary Share. The subscription period under the deed poll expires on 25 June 2009. All Ordinary Shares issued pursuant to the exercise of the warrants shall have the same rights and privileges as those set out in the Articles in relation to Ordinary Shares.

The right to subscribe for Ordinary Shares will be adjusted as necessary where: (i) Ordinary Shares are allotted or issued by way of capitalisation of profits or reserves, (ii) there is any alteration in the nominal value of the Ordinary Shares in connection with a sub-division, consolidation or otherwise, or (iii) the Company makes any offer or invitation to purchase Shares at a price per Ordinary Share less than the subscription price.

If an order is made or resolution passed for the winding up of the Company, Williams de Broë will be treated as if, immediately prior to the date of such order or resolution, the warrants were exercised in full and shall accordingly be entitled to receive out of the assets available in the liquidation according to the priority rights which would have been applicable to the relevant Ordinary Shares, such sum as would have been received had Williams de Broë been the holder of such Ordinary Shares but after deducting a sum per Ordinary Share equal to the subscription price.

Any rights attached to the warrants may be altered or abrogated with the consent in writing of the Company and the prior written consent of warrantholders holding 75 per cent. of the warrants.

Prior to the end of the subscription period, the Company will not without the prior consent of Williams de Bröe: (i) modify the rights attached to any of the Ordinary Shares in a way which has or might have a material adverse effect on the rights of the warrantholders or create or issue any new class of share capital which carries rights regarding voting dividends or return of capital; (ii) make any distribution of capital reserves or issue securities by way of capitalisation of profits or reserves except fully paid Ordinary Shares; and (iii) reduce by way of repayment to the holder of Ordinary Shares its share capital or any share premium account or capital redemption reserve fund.

11. Litigation

No member of the Group is or has been engaged in any governmental, legal or arbitration proceedings which have had or may have a significant effect on the financial position of the Company during the twelve months preceding the date of this document and so far as the Directors are aware, there are no such proceedings pending or threatened by or against any member of the Group.

12. Working capital

The Directors are of the opinion that, having made due and careful enquiry, and taking into account the net proceeds of the Placing, the working capital available to the Group will be sufficient for its present requirements, that is for at least twelve months from the date of Admission.

13. Significant changes

Save as disclosed in this document, there has been no significant change in the financial or trading position of the Group since 28 February 2006, being the date to which the latest financial information in Part III of this document has been prepared.

14. Taxation

UK Taxation

The following summary, which is intended as a general guide only, outlines certain aspects of legislation and Revenue practice in the United Kingdom regarding the ownership and disposition of Ordinary Shares. The Company is tax resident in the United Kingdom. The following is based on that status.

This summary relates only to the position of Shareholders who are resident or ordinarily resident in the United Kingdom for tax purposes and who hold Ordinary Shares as capital assets and not for the purpose of a trade. This summary does not address the position of certain classes of Shareholders such as dealers in securities, to whom special rules apply. This summary is not exhaustive and Shareholders are advised to consult their own tax advisers as to the taxation consequences of their purchase, ownership and disposition of Ordinary Shares. The summary is based on current United Kingdom tax legislation. Shareholders should be aware that future legislative, administrative and judicial changes could effect the taxation consequences described below.

Shareholders who are not resident in the United Kingdom should consult their own tax advisers concerning the tax liabilities in their own jurisdiction.

14.1 *UK Withholding tax*

Under current UK taxation legislation, no tax will be withheld at source from dividend payments by the Company.

14.2 *Taxation of dividends*

14.2.1 *United Kingdom resident shareholders Individuals*

UK resident individual Shareholders who receive a dividend from the Company will generally be entitled to a tax credit, which can be set off against the individual's income tax liability on the dividend payment. The rate of tax credit on dividends paid by the company will be 10 per cent. of the total of the dividend payment and the tax credit (the "gross dividend"), or one-ninth of the dividend payment. UK resident individual Shareholders will generally be taxable on the gross dividend, which will be regarded as the top slice of the Shareholder's income. UK resident individual Shareholders who are not liable to income tax in respect of the gross dividend will generally not be entitled to reclaim any part of the tax credit. In the case of a UK resident individual Shareholder who is not liable to income tax at the higher rate (taking account of the gross dividend he or she receives), the tax credit will satisfy in full such Shareholder's liability to income tax. To the extent that a UK resident individual Shareholder's income (including the gross dividend) exceeds the threshold for higher rate income tax, such Shareholders will be subject to income tax on the gross dividend at 32.5 per cent. but will be able to set the tax credit against this liability. An individual Shareholder who is liable to the higher rate of income tax will therefore be liable to income tax equal to 25 per cent. of the dividend received.

Companies

A corporate Shareholder resident in the UK (for tax purposes) will generally not be subject to corporation tax on dividend payments by the Company.

14.2.2 *Non-residents*

In general, the right of non-UK resident Shareholders to reclaim tax credits attaching to dividend payments by the Company will depend upon the existence and the terms of an applicable double tax treaty between their jurisdiction of residence and the UK. In most cases, the amount that can be claimed by non-UK resident Shareholders will be nil as a result of the terms of the relevant treaty. They may also be liable to tax on the dividend income under the tax law of their jurisdiction of residence. Non-UK resident Shareholders should consult their own tax advisers in respect of their liabilities on dividend payments, whether they are entitled to claim any part of the tax credit and, if so, the procedure for doing so.

14.2.3 *Pension funds, charities, PEP and ISAs*

UK resident Shareholders who are not liable to income tax, including pension funds, charities and individuals holding shares through a personal equity plan or individual savings account, are not entitled to reclaim the tax credits on dividends paid by the Company.

14.3 *Capital Gains Tax*

14.3.1 *United Kingdom resident shareholders*

A disposal of the Ordinary Shares by a Shareholder who is resident or, in the case of an individual, ordinarily resident for tax purposes in the UK, or a Shareholder who is neither resident nor ordinarily resident in the UK for tax purposes, but who carries on a trade, profession or vocation in the UK through a permanent establishment (where the Shareholder is a company) or through a branch or agency (where the Shareholder is not a company) and has used, held or acquired the Ordinary Shares for the purposes of such trade, profession or vocation or such permanent establishment, branch or agency (as appropriate) may, depending on the Shareholder's circumstances and subject to any available exemption or relief, give rise to a chargeable gain or an allowable loss for the purposes of UK taxation on chargeable gains. A Shareholder who is an individual and who has, on or after 17 March 1998, ceased to be resident and ordinarily resident for tax purposes in the UK for a period of less than five tax years (or a shorter period under certain double tax treaties, where applicable) and who disposes of Ordinary Shares during that period may be liable on his or her return to the UK to tax on any chargeable gain realised (subject to any available exemption or relief).

14.4 *Stamp duty and Stamp Duty Reserve Tax ("SDRT")*

14.4.1 *United Kingdom stamp duty*

Holders of Ordinary Shares will be registered on the Company's register in the UK. Shareholders who are "system members" of CREST may elect to hold their Ordinary Shares in CREST for trading on the main market.

The conveyance or transfer on sale of Ordinary Shares held in certificated form will generally be subject to *ad valorem* stamp duty on the instrument of transfer at the rate of 0.5 per cent. of the amount of value of the consideration given (rounded up if necessary to the nearest multiple of £5). Stamp duty is normally paid by the purchaser of the Ordinary Shares.

An unconditional agreement to transfer Ordinary Shares will normally give rise to a charge to SDRT at the rate of 0.5 per cent. of the amount or value of the consideration for the Ordinary Shares. However, where within six years of the date of the agreement an instrument of transfer is executed and duly stamped, the SDRT liability will be cancelled and any SDRT which has been paid will be repaid. SDRT is normally the liability of the purchaser of the Ordinary Shares.

Where Ordinary Shares are issued or transferred (a) to, or to a nominee for, a person whose business is or includes the provision of clearance services or (b) to, or to a nominee or agent for, a person whose business is or includes issuing depositary receipts, stamp duty (in the case of a transfer only to such person) or SDRT may be payable at a rate of 1.5 per cent. (rounded up if necessary, in the case of stamp duty, to the nearest multiple £5) of the amount or value of the consideration payable or, in certain circumstances, the value of the Ordinary Shares. This liability for stamp duty or SDRT will strictly be accountable by the depositary or clearance service operator or their nominee, as the case may be, but will in practice generally be reimbursed by participants in the clearance service or depositary receipt scheme. Clearance service providers may opt under certain circumstances for the normal rates of SDRT (0.5 per cent. of the consideration paid) to apply to issues or transfers of Ordinary Shares into, and to transactions within, the service instead of the higher rate applying to an issue or transfer of Ordinary Shares into the clearance service, in which case a liability to SDRT would arise (at the rate of 0.5 per cent. of the consideration paid) on any subsequent transfers of Ordinary Shares whilst in the service.

Paperless transfers of Ordinary Shares within CREST are generally subject to SDRT, rather than stamp duty, at the rate of 0.5 per cent. of the amount or value of the consideration payable. CREST is obliged to collect SDRT on relevant transactions settled within the system. Deposits of Ordinary Shares in CREST will generally not be subject to SDRT or stamp duty, unless the transfer into CREST is itself for consideration in money or money's worth, in which case a liability to SDRT will arise, usually at the rate of 0.5 per cent. of the value of the consideration.

Special rules apply to agreements made by market intermediaries in the ordinary course of their business.

14.5 *UK inheritance tax*

Ordinary Shares beneficially owned by an individual Shareholder will be subject to UK inheritance tax on the death of the Shareholder (even if the Shareholder is not domiciled or deemed domiciled in the UK). For UK inheritance tax purposes, a transfer of assets to another individual or trust could potentially be subject to UK inheritance tax, based on the loss of value to the donor. Particular rules apply to gifts where the donor reserves or retains some benefit. UK inheritance tax is not chargeable on gifts to individuals if the transfer is made more than seven complete years before the death of the donor. Special rules apply to close companies and to trustees of settlements, which could bring them within the charge to UK inheritance tax.

Shareholders should consult an appropriate professional adviser if they intend to make a gift of any kind or intend to hold any Ordinary Shares through trust arrangements. They should also seek professional advice in a situation where there is a potential for a double charge to UK inheritance tax and an equivalent tax in another country.

15. Miscellaneous

15.1 Williams de Broë has given and has not withdrawn its written consent to the inclusion of its name and the references thereto in the form and context in which they appear.

15.2 BDO Stoy Hayward LLP has given and has not withdrawn its written consent to the inclusion of its accountant's report on the Group in Part III of this document in the form and context in which it is included.

15.3 SRK has given and has not withdrawn its written consent to the inclusion in this document of its reports on the mining and exploration assets of the Company and of its name and the references thereto in the form and context in which they appear.

15.4 Save as otherwise disclosed, there is no person (excluding professional advisers otherwise disclosed in this document and trade suppliers) who has:

15.4.1 received directly or indirectly, from any undertaking in the Group within the twelve months preceding the application for Admission; or

15.4.2 entered into contractual arrangements (not otherwise disclosed herein) to receive, directly or indirectly from any undertaking in the Group on or after Admission any of the following:

(1) fees totalling £10,000 or more; or

(2) securities in the Company with a value of £10,000 or more calculated by reference to the expected opening price; or

(3) any other benefit with a value of £10,000 or more at the date of Admission.

15.5 The total costs and expenses of, and incidental to, the Placing and Admission payable by the Company are estimated to amount to approximately £0.8 million excluding VAT. It has been assumed for the purposes of this document that VAT on flotation costs will be recoverable. This is on the understanding that the Company will make supplies of services to its Zimbabwean subsidiaries which will enable it to register for VAT in the UK.

15.6 The Directors are not aware of any exceptional factors which have influenced the Group's activities, save as disclosed in this document.

15.7 Save as disclosed in this document, there are no patents or other intellectual property rights licences or particular contracts which are or may be of fundamental importance to the Group's business.

15.8 The Placing Shares will be in registered form, are subject to the rights and obligations contained in the Articles and can be issued in certificated or uncertificated form.

15.9 The financial information contained in this document does not constitute statutory accounts within the meaning of Section 240 of the Act. A copy of the statutory accounts of African Consolidated Resources plc for the financial period ended 28 February 2006 will be delivered to the Registrar of Companies of England and Wales in accordance with the Act and will contain an unqualifed audit report within the meaning of section 235 of the Act and such report will not contain any statement required by the auditors under section 237(2) or (3) of the Act.

15.10 Save as disclosed in this document, so far as the Directors are aware there are no events that are reasonably likely to have a material effect on the Company's prospects during the current financial year.

15.11 No temporary documents of title will be issued. All documents sent by or to a Placee, or at his discretion, will be sent through the post at the Placee's risk. Pending the despatch of definitive share certificates, instruments of transfer will be certified against the register of members of the Company.

15.12 The Company has applied for the Ordinary Shares to be admitted to CREST and it is expected that the Ordinary Shares will be so admitted and accordingly enabled for settlement in CREST on the date of Admission.

15.13 The Placing Shares are not being offered generally and no applications have or will be accepted other than under the terms of the Placing Agreement and the placing letters. All the Placing Shares have been placed firm with placees. The Placing is not being guaranteed or underwritten by any person.

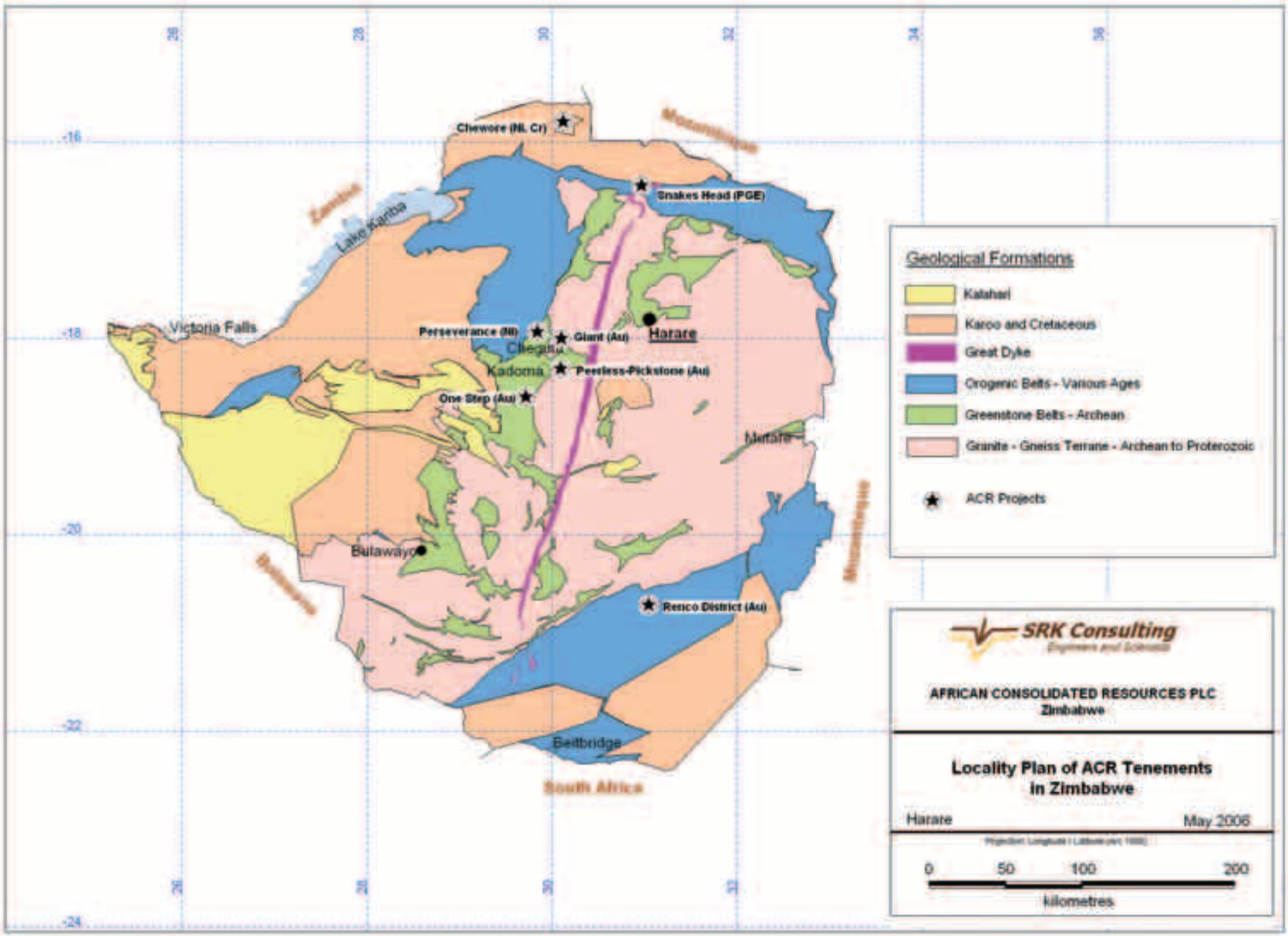
15.14 Monies received from applicants pursuant to the Placing will be held in accordance with the terms and conditions of the Placing until such time as the Placing Agreement becomes unconditional in all respects. If the Placing Agreement does not become unconditional in all respects by 31 July 2006, application monies will be returned to the Placees at their risk without interest.

15.15 The Placing Price represents a premium of 11 pence per share over the nominal value of 1p per Ordinary Share.

16. Availability of Admission Document

16.1 Copies of this document will be available free of charge at the offices of Williams de Broë at 6 Broadgate, London, EC2M 2RP during normal business hours on any weekday (excluding Saturdays, Sundays and public holidays) from the date of this document until one month after Admission.

29 June 2006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Snakes Head (PGE)
Zambia
Lake Kariba
Victoria Falls
Perseverance (Ni)
Giant (Au)
Harare
Chegutu
Kadoma
Peerless-Pickstone (Au)
One Step (Au)
Mutare
Mozambique
Botswana
Bulawayo
Renco District (Au)
Beitbridge
South Africa
-16
-18
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-22
-24
28
30
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34
36
Geological Formations
Kalahari
Karoo and Cretaceous
Great Dyke
Orogenic Belts - Various Ages
Greenstone Belts - Archean
Granite - Gneiss Terrane - Archean to Proterozoic
ACR Projects
SRK Consulting
Engineers and Scientists
AFRICAN CONSOLIDATED RESOURCES PLC
Zimbabwe
Locality Plan of ACR Tenements in Zimbabwe
Harare
May 2006
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