

ASX ANNOUNCEMENT

INDIGENISATION AND ECONOMIC EMPOWERMENT LEGISLATION

Shareholders were previously advised that the company is in discussion with the Government of Zimbabwe with regards to the company's compliance with the Indigenisation and Economic Empowerment Act and that the company's indigenisation plan has the following elements:

- (i) Issue of equity
- (ii) Empowerment credits for the release of mineral rights to the Government in terms of an agreement entered into in 2006
- (iii) Empowerment credits in respect of investment in social projects

On 25 March 2011, in a Government Gazette Extraordinary, the Government issued amended Indigenisation and Economic Empowerment Regulations detailing the minimum compliance requirements by foreign owned mining businesses. In summary the regulations provide for the following:

1. A controlling interest or 51% of any foreign owned mining company with a net asset value of at least US\$1 is required to be held by the following designated entities:
 - (a) the National Indigenisation and Economic Empowerment Fund; or
 - (b) the Zimbabwe Mining Development Corporation; or
 - (c) any company or other entity incorporated by the Zimbabwe Mining Development Corporation or the National Indigenisation and Economic Empowerment Fund; or
 - (d) a statutory sovereign wealth fund that may be created by law; or
 - (e) an employee share ownership scheme or trust, management share ownership scheme or trust or community share ownership scheme or trust
2. All foreign owned mining companies are required to submit indigenization plans in compliance with the regulations within 45 days of the issue of the regulations i.e. by 9 May 2011.
3. The approved indigenization plan should be achieved within a period of 6 months i.e. issue of shares or interests to the designated entities. The Minister responsible for indigenization may however grant a 3 month extension for compliance.
4. The value of the shares required to be disposed of to the Government agencies - the National Indigenisation and Economic Empowerment Fund, the Zimbabwe Mining Development Corporation and sovereign wealth fund when created, shall be calculated on the basis of valuation agreed to between the Minister and the company concerned and shall take into account the State's sovereign ownership of the mineral or minerals exploited or proposed to be exploited by the company.

Shareholders are advised that at the time the Government Gazette Extraordinary was issued, the company was still in discussions with relevant authorities in government with regards to compliance with the law. Discussions are still taking place and shareholders will be kept informed of any new developments.

For further information contact:

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