

African Consolidated Resources Plc Statement re: Marange Press Reports

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African Consolidated Resources plc ('ACR' or 'the Company')

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African Consolidated Resources plc, the AIM listed resource development company focussed in Zimbabwe notes on-going press reports surrounding the supposed approval of the sale of diamonds from the Marange diamond fields in Zimbabwe (the 'Marange Claims Area'), where ACR's title had been upheld by the High Court in a judgement issued on 25 September 2009 (the '25 September Judgement').

As previously announced, the Zimbabwe Supreme Court issued a Judgment on 16 February 2010 ('the 16 February Judgement') which ordered that all diamonds acquired from the Marange Claims Area be surrendered to the Reserve Bank of Zimbabwe ('RBZ'), and that all mining activities on the Marange Claims Area cease until determination of the appeal against the 25 September Judgement in the Supreme Court ('the Substantive Appeal').

In spite of the 16 February Judgment, mining has continued without halt. Only the diamonds mentioned in the 25 September Judgement were lodged with RBZ, whereas ACR understands that diamonds which are continually stockpiled by the companies mining upon the Marange Claims Area ('Mbada and Canadile') are retained by those companies. ACR's legal advice is that this is contrary to the stated and implied intention of the Chief Justice in the 16 February Judgment.

Considering the needs of the nation's economy and not wishing to stand in the way of much-needed income to the national treasury, in April 2010 ACR made a formal representations to Government and other interested parties, including Zimbabwe Mining Development Corporation ('ZMDC') on a without prejudice basis, stating that it would not oppose the sale of diamonds provided that certain conditions were met, including:

- (1) all diamonds in dispute be sold to reputable interested parties once certification had been obtained pursuant to the Kimberley Process;
- (2) the entire gross proceeds from the sale be paid over to the Government of Zimbabwe;
- (3) the Government of Zimbabwe issue a tax or royalty credit for a sum equivalent to 50% of the sale proceeds; and
- (4) the party finally awarded ownership of the diamonds by the Supreme Court be deemed to be the holder of the tax or royalty credit.

This offer has been ignored by Government and by Mbada and Canadile. Based on this attitude and on the fact that the Supreme Court is being ignored, and further that there appears to be an intention to sell the stockpiled diamonds within the near future, ACR was left with no alternative but to seek further relief by way of an urgent application to the High Court (the 'Application').

ACR's urgent Application in this regard specifically claimed:

- a) an interim interdict to stop the sale of any diamonds held by Mbada and Canadile, and;
- b) an order that all diamonds mined from the Marange Claims Area and held by the said companies fall within the ambit of the 16 February Judgement and that they must therefore be handed over to RBZ for safekeeping pending the Substantive Appeal.

The High Court dismissed the Application on the basis that the matter was not urgent, and on that basis alone, as it considered ACR would have other remedies available to it if the diamonds were sold. He specifically stated that he was making no finding on the merits.

The effect of this is that the High Court has declined to grant the Interdict and ACR is now obliged to re-lodge the Application as a normal (i.e. non-urgent) Application in the High Court, which ACR has now done.

It is essential to note that the High Court has not authorised the sale of the diamonds as has been widely reported. He was not at liberty to do so and was not asked by any of the parties to approve a sale. ACR's legal advice is that any sale of the disputed diamonds would be in conflict with the clear intention and the direct order of the Chief Justice in the 16 February Judgement.

ACR continues to lobby all offices of Government for a rational, just and fair settlement of the matter which could satisfy all stakeholders and bring about a final solution quickly.

It is ACR's contention that the intransigence of Mbada and Canadile, their lack of respect for the Court and their lack of will to compromise for the good of the nation is damaging Zimbabwe's image at home and abroad and delaying the point when the diamonds discovered by it at Marange may benefit Zimbabwe transparently and fairly.

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