



Lisungwe plc - News announcement 25 May 2007

Lisungwe plc announces the doubling of its potential Nickel resource.

Lisungwe plc, the PLUS–quoted mineral exploration company conducting operations through its subsidiary, Lisungwe Mineral Resources Limited (LMR) in Malawi, is pleased to announce that on the 16 May 2007 it received a new Reconnaissance Licence over a nickel-bearing area, as foreseen in the news release of 26 April 2007.

The new area, known as Chimimbe Hill, a prominent ultra-basic intrusion with exciting nickel potential, is located about 80km due west of Lilongwe a few kilometres from the Zambian border. From a study of historical records and preliminary site work, it is possible that the area could contain mineralisation similar in grade and tonnage to that at Chimwadzulu Hill. If so, this would effectively double the LMR potential from 3m to 6m tonnes containing 0.5% Nickel with a corresponding increase of gross revenue.

The area has excellent infrastructure, with abundant water, nearby power and is exceptionally well served by a paved road to Lilongwe, the capital city, and a railroad to the newly modernised deep-sea port of Nacala on the Mozambique coast to the East.

Immediately following the issue of the licence, a detailed pitting programme was started with the intention of establishing the tonnage and grade of mineralisation. This programme is expected to be in progress for several months.

As soon as possible, metallurgical tests will be carried out to establish the extractability of the nickel with a view to estimating operation costs. However, preliminary, on-site tests suggest that the bulk of the soils consist of particles of less than 250 microns which would be amenable to relatively inexpensive vat-leach extraction.

The market price of Nickel has risen strongly from USD 13,825 per tonne in early January 2006 to USD 35,000 during the second half of 2006. Currently prices for 15 month delivery are approximately USD 40,000 and over USD 50,000 for immediate cash.

At the current share price, Lisungwe plc is capitalised at £1.91m; the shares are traded on PLUS Markets under the symbol LIS.

The Directors of Lisungwe plc accept responsibility for this announcement.

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