



Lisungwe plc - Newstrack announcement 21 November 2007

Lisungwe to commission scoping study on its advanced nickel project

Lisungwe plc, the PLUS–quoted mineral exploration company with operations in Malawi, southern Africa, is pleased to announce substantial progress on its advanced nickel projects.

Overview

Two deposits, **Chimimbe and Chimwadzulu**, are both estimated to have non-compliant resources in excess of 3 million tonnes of nickel-ore, grading better than 0.5% nickel, amenable to sulphuric acid leach extraction with the production of a nickel hydroxide product. It is possible that some of the nickel grades are high enough to justify direct shipping of the primary ore.

Each deposit contains substantial amounts of a valuable ferro-chrome/magnetite, with possible nickel and cobalt credits. It is expected that this could be recovered easily by magnetic separation for sale as a separate product. This process would precede the acid leaching of nickel from the non-magnetic material.

Both deposits:

- remain open laterally; neither has reached the base of economic grades at depth,
- appear to have the potential to become economically viable, with low cost open-pit mining operations of relatively high grade, and
- are expected to hold in excess of 15,000 tonnes of contained nickel with the possibility of this being several times that amount.

Chimimbe

- Progress has been rapid since the exploration licence was granted in May 2007 with pitting for a total depth of 1500 meters in about 750 pits on lines 50m apart. The average depth of the pits is about 2 metres with some as deep as 7 meters, still in mineralisation.
- A routine programme of detailed deep pitting is currently in progress to a target depth of 6 meters with the expectation of establishing a minimum JORC compliant resource of 6 million tonnes.
- The first drilling is planned to begin within the next three months with the objective of establishing the depth of mineralisation.
- Samples from the pitting carried out to date, subject to verification by an accredited laboratory, are expected to show a resource estimate which falls into the “measured” category of the JORC code.
- Lisungwe is confident that a sufficiently large resource has been established to warrant a **Scoping Study** which will indicate the potential value of the deposit and guide future exploration and development. This study will be a very significant step towards the establishment of a producing mine.
- Lisungwe intends to advance the Chimimbe project as quickly as possible; for this purpose, two engineering groups, each with the ability and experience in nickel processing to carry out the study, have been identified, one of which will be appointed in the near future to work with Lisungwe’s mineral processing consultant.
- In addition, an experienced mining engineer has been identified to advise on the most suitable mining method.

- Lisungwe has already carried out preliminary work for a scoping study at Chimimbe and, at this stage, envisages a 1.2 million tonnes per annum operation with the production of ferro-chrome by magnetic separation followed by acid leaching to produce nickel hydroxide.
- The approximate cost of plant and staffing requirements have been estimated by Lisungwe, and will be refined by the scoping study
- It is likely that sulphuric acid will be produced on site, with the excess heat produced being used to heat the leaching tanks.
- Transport is planned to be mainly by rail involving the construction of a branch line to the already established main line located 12km away which terminates at the modern deep-sea port at Nacala on the Mozambique coast.
- The electricity grid is 6km away and has the capacity to supply the estimated 2MW requirement.
- Abundant water will be obtained from bore-holes to be drilled nearby.

Chimwadzulu

A Mining Licence has recently been issued to Nyala Mines Limited with which Lisungwe is currently re-negotiating the terms of a sub-licence prior to continuing with the field programmes. However, the delay in finalising this issue, has allowed Lisungwe to make considerable advances in the project development at Chimimbe. Subject to the successful conclusion of negotiations with Nyala Mines Limited Lisungwe expects to follow a similar programme to produce a JORC resource for Chimwadzulu.

Nickel

Nickel is in high demand worldwide being an essential ingredient in the production of stainless steel. Current spot prices approximate to USD30,000 per tonne of metal whereas the Lisungwe profitability projections are predicated on a conservative nickel price of USD15,000 per tonne.

Managing director's comment

Stuart Brand, managing director, stated: "Lisungwe has now reached a really exciting stage in the development of the Chimimbe Hill nickel prospect. Thanks to an extraordinarily willing local workforce coupled with good fortune, the enormous amount of pitting completed since the granting of the exploration licence in mid-May of this year has produced results which have many of the hallmarks of a commercial operation. The forthcoming drilling programme and scoping study are considered to be further stepping stones towards the development of Lisungwe's first mine - the first modern base - metal mine in Malawi."

The Directors of Lisungwe plc accept responsibility for this announcement.

ENQUIRIES:

Lisungwe plc

Tel: 01483 771992

John Watkins, Chairman

john@lisungwe.com

Roy C Tucker, Finance Director

Tel: 01622 816918

roy@lisungwe.com

VSA Capital Limited

Tel: 020 7628 3989

William Voaden

wvoaden@vsacapital.com

