

## **Risks Relating to the Company's Relationship with Lonrho**

***The Company is, and is expected to remain, highly dependent on Lonrho for corporate and investment-related services that are necessary to its business.***

The Company has signed a Management Services Agreement with Lonrho under which Lonrho will provide services which include, but are not limited to, sourcing investment opportunities, referring business opportunities relating to Zimbabwe, providing management, accounting, human resource, financial, marketing, technical and other support services and providing the Company with access to specialist advice on Zimbabwe and Africa.

Lonrho's investments in Zimbabwe and its ongoing operations in Africa may result in conflicts of interest in respect of projects which both companies may wish to pursue. Pursuant to the Management Services Agreement, Lonrho, on behalf of itself and any of its subsidiaries or companies in which Lonrho has majority control of the board, will be prohibited from making investments in Zimbabwe or an area of Mozambique known as the Beira Corridor, during the term of the Management Services Agreement and the period of six months following its termination. It has also agreed to offer to the Company investment opportunities of which Lonrho becomes aware which fall within the Company's investment policy. The Management Services Agreement excludes Lonrho Mining, in which Lonrho currently holds 22 per cent. of the issued share capital, from the scope of the prohibition, and as a result the Company could face competition for investments from Lonrho Mining in certain cases.

Pursuant to the Management Services Agreement, Lonrho has also agreed that the Company will be capable at all times of carrying on its business independently of Lonrho and that, save as set out above and elsewhere in this document, all transactions and relationships between Lonrho and the Company will be at arm's length and on a normal commercial basis. Lonrho agrees that it shall not exercise its votes at any shareholder meeting of the Company where there is a conflict of interest between Lonrho and the Company or if the matter to be voted relates, directly or indirectly, to Lonrho or any member of the Lonrho Group.

The Company will be highly dependent on Lonrho in executing its investment strategy. If for any reason Lonrho should fail to perform its obligations under the Management Services Agreement — for example, if Lonrho should be acquired by another financial institution that chooses not to honour its agreement with the Company, or if Lonrho should become insolvent — the Company may have little or no practical ability to enforce Lonrho's obligations, and may not be able to make suitable alternative arrangements on acceptable terms or at all. This could adversely affect the Company's ability to achieve its investment objectives, which could have a material adverse effect on the Company's financial performance, results of operations and share price.

***At Admission, Lonrho will acquire 20 per cent. of the Company's enlarged share capital for non-cash consideration in the form of Lonrho entering into a non-competition arrangement.***

At Admission, pursuant to the Management Services Agreement, Lonrho will acquire 20 per cent. of the enlarged share capital of the Company in exchange for entering into a non-competition arrangement. Pursuant to such arrangement, Lonrho has agreed, with the exception of Lonrho Mining, on behalf of itself and any of its subsidiaries or companies in which Lonrho has majority control of the board, that none will pursue or make investments in Zimbabwe or an area of Mozambique known as the Beira Corridor, during the term of the Management Services Agreement plus the first six months following the termination of the Management Services Agreement. The issuance of these Ordinary Shares to Lonrho will immediately dilute the interest of any investor participating in the Placing.

***Lonrho will be paid a US\$500,000 management fee regardless of the quantity or quality of service provided to the Company.***

Pursuant to the Management Services Agreement, the Company has agreed to pay Lonrho the greater of US\$500,000 or 2 per cent. of Invested Funds in exchange for sourcing investment opportunities, conducting investment analysis on potential investments, advising on and arranging financing for investments and providing other administrative support. This payment is provided semi-annually for the duration of the contract. The US\$500,000 fee will be provided regardless of the quality or quantity of service provided to the Company by Lonrho, and could potentially be paid for the provision of no service at all. The loss of this sum in exchange for no or minimal service rendered could adversely affect the Company's financial condition, results of operations, and share price.

***The Management Services Agreement was negotiated in the context of an affiliated relationship and may contain terms that are less favourable to the Company than those which might be obtained from unrelated parties.***

The Management Services Agreement was negotiated by persons who were, at the time of negotiation, affiliates of Lonrho and one another. As the arrangements were negotiated between related parties, their terms, including terms relating to contractual or fiduciary duties, conflicts of interest and the ability of the employees of the Lonrho utilised by the Company, to engage in outside activities, including activities that compete with the Company, and limitations on liability and indemnification, may be less favourable than otherwise might result if the negotiations had involved unrelated parties.