AFRICAN CONSOLIDATED RESOURCES PLC

2011 ANNUAL REPORT

for the year ended 31 March 2011

Photos:

Front Cover:
Leach tanks at Pickstone-Peerless Gold Project
Aerial view of Giant Mine at Gadzema Gold Project

Above:
Geologists on site at the Gadzema Gold Project

Back Cover:
Victoria Falls

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African Consolidated Resources plc – Key Assets

ACR has established a formidable balance sheet of world class assets at various stages of development in Zimbabwe and Zambia over the past six years, with over 12 key projects covering gold, nickel, rare earth elements ('REEs') platinum, copper, phosphate and diamonds.

Gold

- JORC compliant gold resource inventory totalling 1.4 million ounces
- Gadzema Gold Project – current JORC resource of 912,000oz calculated along a small area of the total 8km strike length – considerable potential resource uplift potential
- Defined resource at Gadzema Gold Project is at shallow depth demonstrating attractive bulk open-pit geometries and the majority of the strike is believed to be open at depth
- Peerless-Pickstone Gold Project – JORC resource of 513,000oz (includes high grade sulphide dump totalling 28,000oz)

Pickstone-Peerless high grade sulphide dump

Phosphate

- Chisanya carbonatite complex: four carbonatite intrusives, the northern of which contains phosphate mineralisation with surface expression of approx 10ha and 11% P205 grade – close to all major infrastructure
- Primary product will be rock phosphate concentrate for fertiliser production
- Downstream value-add possible by producing phosphoric acid, superphosphate and ammonium phosphate fertilisers

Rare Earth Elements

- Nkombwa Hills joint venture project yielding rock-chip samples demonstrating Total Rare Earth Oxides ('TREO') levels frequently above 10% and as high as 22%
- Attractive market fundamentals for REEs due to well publicised world shortages and supply restrictions from China – Nkombwa Hills project offers value to ACR at no short-term capital cost

Base metals & Platinum

- Perseverance Nickel Sulphide Project: 30km strike length hosting historical Perseverance Nickel Mine
- Horse Shoe Nickel Saprolite oxides Project: Potential to host >200,000- tonnes of nickel metal at grades of ~1%
- Cedric Copper: old mining centre in Proterozoic Makonde copperbelt, never drilled. Initial 5 drillholes intersected broad copper oxide mineralisation 10-50m thick grading 1-2% Cu
- Snakes Head exploration project: Potential resource estimated by ACR of 50m ounces of platinum (non-JORC) in the large Musengezi Chamber of the Great Dyke
- Mphoengs Ni-PGE: Grass roots project covering extensions of the Botswana Tati Nickel Belt into Zimbabwe. Previous exploration only surficial

Diamonds

- Disputing ownership of the Marange diamond fields: a major diamond producing asset believed to be generating significant foreign currency earnings

Contents

Company information

Directors

Roy Clifford Tucker	– Executive Chairman
Andrew Noel Cranswick	– Chief Executive Officer
Michael Wallis Kellow	– Technical Director
Herbert Stuart Bottomley	– Non-Executive Director
Julian Peter Emery	– Non-Executive Director
Lloyd Manyaradzi Manokore	– Non-Executive Director

Secretary and registered office

Roy Clifford Tucker, FCA

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Country of incorporation

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Legal form

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Website

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Registered number

05414325

Executive Chairman's report

I am pleased to be able to report to you for the first time as Executive Chairman of the Company having accepted an invitation to take this position earlier in the year. This new role has given me the scope to engage actively in the business of the group from a broader perspective.

Much strength has been added to our Board and senior management team since we last reported. Julian Emery and Lloyd Manokore have been appointed as Non-Executive Directors and David Curas-Thompson has replaced me as Chief Financial Officer. Julian is an experienced mining analyst who combines practical mining experience with London City experience. Most recently he was senior research analyst in the Metals & Mining team at Ambrian Partners. Lloyd is a Zimbabwean lawyer who is chairman and partner of a network of boutique law practices in South Africa and Zimbabwe and in addition has much business experience. David is a chartered accountant many years resident in Zimbabwe who has experience in Eastern and Southern Africa both in general management and as finance director of a quoted large scale agricultural operation.

The year has seen a continued improvement in the general business climate in Zimbabwe. The use of the US dollar continues to ameliorate Zimbabwe's economic development and freedom to sell gold at world prices provides an attractive environment for gold developers and producers. In terms of politics however, progress under the Global Political Agreement which resulted in the appointment of the present Government of National Unity remains halting. It is positive that the issue of Zimbabwe elections is now fully engaged by SADC. In principle they should take place some time in 2012 or 2013 under SADC monitored conditions once the new constitution under construction has been ratified by referendum. However, notwithstanding this, in practical terms there remains uncertainty as to when an election will take place or under what conditions.

Another significant cloud on the business horizon is lack of clarity concerning the Indigenisation legislation. In particular the Regulation issued on 25 March 2011, which provided that 51% of all 'non indigenous' Zimbabwe companies with a net asset value of $1 or more should be transferred to a 'designated entity', has given rise to much consternation. We support the principle of the spreading of wealth to indigenous Zimbabweans – especially if it is to the many rather than to a privileged few – however we believe that this must be done in a fair and balanced way. It must not be done in a way which gives rise to a culture of entitlement and, above all, it must not discourage investment capital without which its whole purpose is defeated.

The 25 March Regulation actively discouraged investment capital. Fortunately there are, as I write this, some strong indicators that this message is being understood. We have reason to have some confidence that before long wise counsel will prevail and the regulations will be substantially modified.

As far as ACR is concerned we are advised that the 25 March Regulation does not affect us as all our Zimbabwean subsidiaries are in exploration phase financed by loans from the parent company and so individually all have a net asset value of 'less than one dollar'.

We continue to feel very positive about our exploration assets. We are of the opinion that notwithstanding the political uncertainties in Zimbabwe, ACR's projects have such potential that it must be in the Company's interest to continue to develop them. This is based on a reasonable belief that the investment climate in Zimbabwe will have improved sufficiently by the time that any of our projects are ready to be developed into mines that it will then be possible to raise the capital needed for that development. We therefore decided on a modest placing to raise further funds required for ongoing exploration, and this has been well received by our existing major shareholders, many of whom participated in the placing. In addition we have also welcomed new institutions to our shareholder register from North America, providing an additional dimension to our investor base.

Notable in the past year has been the further exploration and geological understanding of what we now refer to as the Gadzema Gold Project in the Zimbabwe Midlands. This includes, but extends well beyond, what we previously referred to as the Giant Mine and the Blue Rock project. With a current JORC Resource of 912,000 ounces of gold and a target of 2 million ounces by December 2012, we now believe this has the potential to be a world class project suitable for large open pit mining. This represents a key element in our exploration budget.

We have now completed an internal feasibility study based on existing test work on the Pickstone-Peerless high grade sulphide dump and a preliminary scoping study on further mining phases of the Pickstone-Peerless deposits. More technical details on this project are given in the CEO's report. Some further $7.5m CAPEX is required, as previously announced, to bring the sulphide dump project to fruition. At the Company's current share price we judge it best to finance this CAPEX from outside rather than use the Company's own cash.

With regard to our Marange diamond claims, whilst the matter remains before the Courts, we have been involved in extensive dialogue. If this is successful it will render the litigation process irrelevant.

A significant portion of our ongoing expenditure will be directed towards the onward development of our Zimbabwean assets, however we remain cognisant of the importance of mitigating political risk by spending some of our exploration budget in neighbouring countries where we can still easily maintain tight control and where management's regional expertise can add value. In this way we can further deploy and exploit the considerable exploration skill base that we have been able to develop. As explained in the CEO's report, we now have two active projects in Zambia and progress to date on both of these is positive. We intend to continue our policy of a measure of diversification in nearby areas and where we feel we have adequate local knowledge.

In conclusion I believe the Company now more than ever has exploration assets of great potential and a wealth of opportunities. It also has experienced management well equipped to deal with the challenging circumstances in which we operate. My thanks go out to the Board and all our staff for their hard work in bringing us to this point.

Roy Tucker

Chief Executive Officer's report

Introduction

The past twelve-month period ends with the financial sector apparently no less shaky than before, but steady commodity markets continue to underwrite strong fundamentals for the resource sector, albeit not necessarily recognised by equity markets. At ACR we have endeavoured to focus our recent and near-term efforts on the projects that offer the optimum mix of risk and value. This remains our guiding philosophy. Gold has been a stellar performer and thereby holds at the top of the Company's priorities. We will continue to build value within the asset base as we progress our resource definition on gold while advancing other key projects. ACR recently concluded a well-supported fund-raising effort subscribed to predominantly by existing shareholders and supported by new investors, all of whom share our vision and embrace our continued strategy. Since our last year-end, Roy Tucker has shouldered the role of Executive Chairman, a role in which he has excelled and added substantial value to the Board. I also express my welcome to the appointment of Lloyd Manokore and Julian Emery in non-executive roles on the ACR Board of Directors. Their complementary skills have already offered invaluable input and advice to various facets of operations and strategy.

Project Highlights & Expected News-Flow

In ACR's last annual report we declared our growing confidence in the mineralisation encountered in the Gadzema Gold Project (including, *inter alia*, the Giant and Blue Rock projects). Our consolidation efforts have had continued success and a comprehensive drilling campaign has yielded two JORC Resource upgrades in the past year with a further upgrade expected soon from delayed assays. The project to date has close to a million ounces in JORC Resource (912,000 troz) reported, and, with only a small part of the extrapolated 8 kilometre strike having been sufficiently drilled to define a resource, the potential project resource is expected to have significant upside. In addition, the defined resource is to a relatively shallow depth and the majority of the strike is believed to be open at depth. A combination of Reverse Circulation and diamond-core drilling for further resource definition plus air-drilling for confirmation of mineralisation along strike is planned and budgeted in the coming twelve months. We therefore have a pipeline of news-flow in this regard. The project benefits from excellent infrastructure; it is less than 100km from Harare along wide tarmac roads which go directly to site and water and scheme power are available at site. This remains ACR's leading long-term project and continues to live up to its promise of becoming a world-class open-pit gold mine in the future.

Following two false starts towards partnered production on the high grade sulphide dump, cancelled primarily or partly over sovereign risk concerns, the Pickstone-Peerless brown-field gold project has been the subject of intense internal feasibility work in the past six months with a view to concluding the best path to gold production. This work has covered not only the sulphide dump but also the early phases of mining of the ore bodies, which combined have a total JORC compliant resource of 513,000 troz gold. Progress from this point will include a phased approach into production which will commence with the sulphide dump. The previous work undertaken has been comprehensively reviewed. While existing work indicates strong profitability of this first phase, it has become established that alternative in-leach oxygenation methods to those initially proposed in earlier studies may offer significant advantages in both capital and operating cost profiles. It has therefore been decided that several further tests need completion to ensure the optimum metal extraction level but which balance rising costs with increased gold recovery. Although somewhat dependent on the outcome of these tests, initial capital requirement for the sulphide dump is expected as previously announced to be in the region of $7.5 million, potentially yielding approximate gross revenue of $30 million at current gold prices. Profit margins are expected to be strong based on work completed to date. Subsequent mining phases will include open pit operations on both the Peerless and the Pickstone ore bodies and work is on-going in developing sufficient knowledge base to assess feasibility thereof.

In north-west Zambia ACR is pursuing an Iron Oxide Copper Gold ('IOCG') target that has to date offered promising geochemical, geophysical and ground-truth indicators for copper, uranium and possibly gold. Detailed airborne magnetic and radiometric surveys are to commence in the forthcoming quarter. The survey will likely be followed by an exploratory drilling programme to generate better understanding of the geology and assess the targets for economic resource definition. This is a project of great interest to the Company and we will keep the market updated with results.

First phase preparatory work at the Perseverance Nickel Sulphide project has included Electromagnetic ('EM') surveys which have yielded a number of conductors to date. This has been followed up with the commencement of drilling to conduct down-hole EM survey work which in turn is hoped to yield potential nickel deposit drill targets. Subject to positive results, follow-up drilling will be conducted before year-end.

ACR's joint venture project in Isoka, Zambia, on exploration for Rare Earth Element ('REE') mineralogy at the Nkombwa Hills site has yielded promising results with rock-chip sampling yielding Total Rare Earth Oxides ('TREO') levels frequently above 10% and as high as 22%. Additional geophysics and trenching are expected to define the grid for a drilling campaign that we expect our exploration earn-in partners, Southern Crown Resources, to commence this year. Combined with continued publicity regarding world shortages and supply restrictions from China, this project offers value to ACR at no short-term capital cost.

Zimbabwe

It has long been and indeed remains my contention that the real risk of investing and doing business in Zimbabwe is lower than the perception thereof and that the gap between the two provides the arbitrage we seek to exploit. Nevertheless, it remains true that until both perceived and actual risk diminishes, Zimbabwe will remain an investment destination of immense potential but no development. Resource nationalism is all well and good but a sovereign nation's people grow no wealthier, eat no better and remain destitute while their 100% indigenously owned resources remain locked up underground due to lack of capital deployment. Until Zimbabwe's policy-makers address the perception and the reality, that capital will continue to be diverted elsewhere towards destinations that will share benefit fairly with the investor. This applies to capital from the East, West, North or South so rallying calls to look in one direction or the other impress no-one – least of all proud citizens who own the resources and wish to see them benefit their children. Yet amongst all of the negativity that surrounds Zimbabwe's politics and indigenisation debate there are, as ever, some promising signs. In his address at a recent investment conference in London, the Secretary for the Ministry of Indigenisation volunteered the acceptance that the law is a work-in-progress, that it discouraged investment in its current form and that there are some definite areas which need improvement. He described the 51% as an aspiration rather than a compulsion. While the statutes pertaining to mining are the most onerous, it was encouraging to hear a rational voice acting to moderate the prohibitive statute in the future.

It has never been and will never be our policy to make political commentary about any country, but it is appropriate to observe the effect that the continued uncertainty over Zimbabwe's future stability has on the risk perception. Indeed the overall sovereign-risk concern will continue to prevent the significant investment that Zimbabwe needs to develop large-scale mining operations and thereby grow its economy. At every investment promotion and conference on the subject, I and many others espouse the enormous potential of Zimbabwe's mineral and human resources, its underlying systems of law, infrastructure etc. But unless the real risks that destroy perception and chase away large scale investment are honestly and transparently addressed then Zimbabwe will perpetually remain a land of potential, perpetually undeveloped, perpetually under-achieving.

Mineral exploration is valuable only if it leads ultimately to mining and value extraction for a nation and for a company's shareholders. ACR's strategy in Zimbabwe has been based on execution of scientific and cost-effective exploration with a view to reaching feasibility-study stage to coincide with arrival of an investment climate that would allow us to attract capital at fair value in order to develop large-scale mining. This remains our strategy and we now look to the nation's leaders to lead, and to allow the resource sector to lift the economy by facilitating the unlocking of mineral wealth through encouragement of capital inflow.

Zambia & the Region

Since inception, ACR's targeting and exploration included several countries in the region and the past year has seen some important announcements and results from our Zambian assets. We anticipate continued positive results and news-flow in this regard. We have found the operating climate in Zambia to be enthusiastically welcoming and easy to work with. The rapid GDP growth is testament to the enormous success that the country has generated through good governance and stability – especially over the past ten years – leading to unprecedented capital inflow. I expect that our operations will continue to expand in such an environment as part of our regional strategy. The skills we have developed and honed in Zimbabwe have begun paying dividends in the fertile geology and stable operating environment of Zambia. We continue to develop strategies to extract benefit in this manner.

Conclusion

ACR is well-funded with a suite of highly prospective multi-mineral projects and a rapidly growing gold resource base. The market appreciation and recognition of value in our projects is unquestionably tainted by the current situation in Zimbabwe and the nervousness of the security of investments therein. This fact is part of the reality of the strategy model we adopted at the time of the Company's formation with respect to investment in Zimbabwe. Achieving first mover advantage by investing before risk subsides rather than afterwards comes at the price of scepticism. This is an accepted truth and so we continue to consolidate the position which our shareholders have invested in. In addition we continue to ameliorate real risk while spreading geographically as far as practical without abandoning our original philosophy. We have developed and retained a skilled and dedicated team that continues to perform to expectation and as always I would like to take this opportunity to pay tribute to their diligence, loyalty and continued belief in our goals.

Andrew N Cranswick

This report has been reviewed by Mike Kellow BSc, a member of the Australian Institute of Geologists and Technical Director of ACR. Mr Kellow meets the definition of a "qualified person" as defined in the AIM Note for Mining, Oil and Gas Companies.

Report of the directors for the year ended 31 March 2011

The directors present their report together with the audited financial statements for the year ended 31 March 2011.

Results and dividends

The Group statement of comprehensive income is set out on page 17 and shows the loss for the year.

The directors do not recommend the payment of a dividend.

Principal activities, review of business and future developments

The Group is engaged in the exploration for and development of mineral projects in Sub-Saharan Africa. Since incorporation the Group has built an extensive and interesting portfolio of projects in both Zimbabwe and Zambia. Both the Chairman's and Chief Executive Officer's reports on pages 4 to 8 provides further information on the Group's projects and a review of the business.

The directors consider the Group's key performance indicators to be the rate of utilisation of the Group's cash resources and the on-going evaluation of its exploration assets. These are detailed below.

Cash resources

As can be seen from the Statement of financial position, cash resources for the Group at 31 March 2011 were approximately $4.9 million (2010: $15.4 million). During the year the cash outflows from operations were $3.6 million (2010: $1.9 million) and from investing activities was $7.0 million (2010: $5.1 million). There was expenditure of some $7.0 million on capital assets the major part of which consisted of deferred exploration costs. The net monthly cash expenditure in the year to March 2011 was approximately $876,000. This figure reflects some increased drilling activity on the prior year as well as on-going geochemical and geophysical work. On the basis of a monthly cash overhead cost of $296,000, the cash balance of the Group at the beginning of April 2011, allows significant head room for discretionary expenditure on exploration for the year, taking into account the successful fund raising of $7.5 million in June 2011.

Evaluation of exploration areas

The Group has licences or claims over a significant number of discrete areas of exploration. It is the Group's policy for the Board to review progress every quarter on each area in order to approve the timing and amount of further expenditure or to decide that no further expenditure is warranted. If no further expenditure is warranted for any area then the related costs will be written off. The Board measures progression in each of its claim areas based on a number of factors including specific technical results, international commodity markets, claim holding costs and economic considerations. Further details are included in Note 2 of the Financial Statements.

Risks

The principal risks and uncertainties facing the Group are the normal ones inherent in carrying out exploration. Exploration for natural resources is speculative and involves significant risk. Drilling and operating risks include geological, geotechnical, seismic factors, industrial and mechanical incidents, technical failures, labour disputes and environmental hazards. In addition, the Group faces particular country risks due to the fact that a substantial proportion of its operations are currently in Zimbabwe where there is political and economic uncertainty. These country risks are further addressed in Notes 1 and 25 to the Financial Statements.

Financial instruments

Details of the use of financial instruments by the Company and its subsidiary undertakings are contained in Note 20 of the Financial Statements.

Purchase of own shares

During the year the Company, through African Consolidated Resources (PTC) Limited, acquired 5 million shares (2010 – 12 million) in the Company. The shares are held in trust by African Consolidated Resources (PTC) Limited for the purposes of an Employee Benefit Trust, as disclosed in Note 22 of the Financial Statements.

Charitable and political contributions

During the year the Group made charitable contributions of $159,003 (2010 – $57,545).

The Group made no political contributions during the current year or prior year.

Policy and practice on the payment of creditors

The Group's policy is to settle terms of payment with suppliers when agreeing terms of business, to ensure that suppliers are aware of the terms of payment and to abide by them. It is usual for suppliers to be paid within 30 days of receipt of invoice.

The number of average days purchases of the Company represented by trade creditors at 31 March 2011 was 27 days (2010 – 39 days).

Directors

The Directors who served during the year and up to the date hereof were as follows:-

	Date of Appointment	Date of Resignation
Stuart Bottomley	27 May 2005	-
Andrew Cranswick	12 April 2005	-
Michael Kellow	22 March 2006	-
Roy Tucker	5 April 2005	-
Julian Peter Emery	1 April 2011	-
Lloyd Manokore	1 April 2011	-

Directors' Interests

The interests in the shares of the Company of the Directors who served during the year were as follows:-

	Ordinary Shares held at 31 March 2011	Share Options held at 31 March 2011	Ordinary Shares held at 31 March 2010	Share Options held at 31 March 2010
Stuart Bottomley	2,376,000	3,650,000	2,376,000	3,650,000
Andrew Cranswick	8,920,727	9,115,000	8,920,727	9,115,000
Michael Kellow	200,000	5,150,000	200,000	5,150,000
Roy Tucker	2,485,859	1,000,000	2,485,859	1,000,000

On 4 April 2011 Roy Tucker subscribed for 1,000,000 new ordinary shares of 1p each in the Company at a price of 4.5p per share following the exercise of share options granted on 29 June 2006. The Company has also been advised that on 4 April 2011 R C Tucker transferred 788,732 shares to his Self Invested Personal Pension (SIPP) at a price of 7.1p per share.

On 3 May 2011 Michael Kellow exercised options over 2,500,000 shares at 4.5p per option and Stuart Bottomley exercised options over 1,000,000 shares, also at 4.5p per option. On the same date Andrew Cranswick assigned options in his name over 1,000,000 shares at 4.5p per option to an outside assignee in return for a consideration of 1.5p per option, having obtained prior approval from the Company's Board of Directors to do the same; these options were later exercised on 29 June 2011. Further, also on 3 May 2011, Michael Kellow sold 750,000 shares to an outside buyer for 6.1p per share and sold 750,000 shares to Stuart Bottomley's pension fund for 6.1p per share. On the same date Stuart Bottomley transferred 1,000,000 shares to his pension fund for nil consideration.

Share options

Exercise price	Outstanding at 31 March 2010	Exercised during last 12 months	Granted during last 12 months	Outstanding at 31 March 2011	Final Exercise date
Stuart Bottomley					
4.5p	1,000,000	-	-	1,000,000	Jun-11
12.0p	550,000	-	-	550,000	Jun-11
15.0p	550,000	-	-	550,000	Jun-11
18.0p	550,000	-	-	550,000	Jun-11
18.0p	1,000,000	-	-	1,000,000	Jun-11
	3,650,000	**-**	**-**	**3,650,000**	
Andrew Cranswick					
4.5p	1,000,000	-	-	1,000,000	Jun-11
12.0p	1,705,000	-	-	1,705,000	Jun-11
15.0p	1,705,000	-	-	1,705,000	Jun-11
18.0p	1,705,000	-	-	1,705,000	Jun-11
18.0p	3,000,000	-	-	3,000,000	Jun-11
	9,115,000	**-**	**-**	**9,115,000**	
Michael Kellow					
4.5p	2,500,000	-	-	2,500,000	Jun-11
12.0p	550,000	-	-	550,000	Jun-11
15.0p	550,000	-	-	550,000	Jun-11
18.0p	550,000	-	-	550,000	Jun-11
18.0p	1,000,000	-	-	1,000,000	Jun-11
	5,150,000	**-**	**-**	**5,150,000**	
Roy Tucker					
4.5p	1,000,000	-	-	1,000,000	Jun-11
Total	**18,915,000**	**-**	**-**	**18,915,000**	

Employee Benefit Trust

The following shares are held by the Employee Benefit Trust. The Directors beneficial interest in these shares is as follows:

	Subscription price	Outstanding at 31 March 2010	Exercised during last 12 months	Granted during last 12 months	Outstanding at 31 March 2011	Exercise date
Stuart Bottomley	8.75p	1,500,000	-	-	1,500,000	50% Jul-10 and 50% Jul-11
	9.00p	-	-	750,000	750,000	50% Aug-11 and 50% Aug-12
		1,500,000	-	750,000	2,250,000	
Andrew Cranswick	8.75p	3,000,000	-	-	3,000,000	50% Jul-10 and 50% Jul-11
	9.00p	-	-	1,500,000	1,500,000	50% Aug-11 and 50% Aug-12
		3,000,000	-	1,500,000	4,500,000	
Michael Kellow	8.75p	2,000,000	-	-	2,000,000	50% Jul-10 and 50% Jul-11
	9.00p	-	-	1,000,000	1,000,000	50% Aug-11 and 50% Aug-12
		2,000,000	-	1,000,000	3,000,000	
Roy Tucker	8.75p	1,500,000	-	-	1,500,000	50% Jul-10 and 50% Jul-11
	9.00p	-	-	750,000	750,000	50% Aug-11 and 50% Aug-12
		1,500,000	-	750,000	2,250,000	
Total		**8,000,000**	**-**	**4,000,000**	**12,000,000**	

See Note 22 for further details of the EBT

Directors' remuneration

	Basic salary/fees $	Pension $	Medical aid $	Total 2011 $	Total 2010 $
Stuart Bottomley	46,386	-	-	46,386	34,280
Andrew Cranswick	168,030	-	2,648	170,678	122,732
Michael Kellow	146,046	14,850	3,176	164,072	123,123
Roy Tucker	154,622	-	-	154,622	132,608
	515,084	14,850	5,824	535,758	412,743

The Company has made qualifying third party indemnity provisions for the benefit of the Directors.

Auditors

All of the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company's auditors for the purposes of their audit and to establish that the auditors are aware of that information. The Directors are not aware of any relevant audit information of which the auditors are unaware.

The current senior statutory auditor has acted in this capacity for 6 years; the Ethical Standards set a maximum of 5 years before rotation unless the audit committee decides that serving additional years is necessary to safeguard audit quality whilst the Company goes through a period of change. In light of the recent political instability the audit committee are of the view that retention of the senior statutory auditor will safeguard audit quality.

BDO LLP has expressed its willingness to continue in office and a resolution to re-appoint it will be proposed at the annual general meeting.

Events after the reporting date

On 21 June 2011 the Company announced that it had successfully concluded a further capital raising of some $7.5 million involving the issue of a further 78,334,000 ordinary shares. The proceeds of this raising will be directed to an extended exploration programme.

On 29 June 2011 3,250,000 options over ordinary shares in the Company were exercised at a price of 4.5 p per ordinary share. The options were granted at the time of the Company's admission to AIM on 29 June 2006 and were to expire on 29 June 2011. 1,000,000 of the options were granted to Andrew Cranswick, a Director of the Company, but were assigned to an outside assignee on 3 May 2011.

Further details of options transactions undertaken by the Directors since the reporting date are detailed above, under 'Directors' Interests'.

By order of the Board

Roy Tucker
Secretary

19 July 2011

Statement of directors' responsibilities

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the Group and Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that year. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Independent Auditors Report
to the Members of African Consolidated Resources plc

We have audited the financial statements of African Consolidated Resources Plc for the year ended 31 March 2011 which comprise group statement of comprehensive income, group and company statement of financial position, the group and company statement of cash flows, the group and company statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and the parent company's affairs as at 31 March 2011 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of Matter – political and economic instability in Zimbabwe

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the directors' disclosure of the political instability in Zimbabwe, particularly the Indigenisation Regulation that would require transfer of 51% of all Zimbabwean projects to designated local entities (see basis of preparation in Note 1 and Note 25). The political uncertainty and the Indigenisation Regulation gives rise to a significant uncertainty over the ability of the Group and Company to realise the value of the Group's assets.

The financial statements do not include the adjustments that would result if 51% of the Zimbabwean projects were required to be transferred, or the current political position in Zimbabwe changed for the worse and the Group was unable to realise the aforementioned assets. These adjustments would principally be significant impairment of the Group's exploration assets and the Company's investment in subsidiaries.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Scott Knight (senior statutory auditor)

For and on behalf of BDO LLP, statutory auditor

55 Baker Street
London
W1U 7EU
United Kingdom

19 July 2011

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Group statement of comprehensive income

for the year ended 31 March 2011

	Notes	31 March 2011 Group $	31 March 2010 Group $
Revenue		-	-
Share options expenses	22	(232,185)	(214,673)
Other administrative expenses		(3,612,223)	(2,343,570)
Administrative expenses		(3,844,408)	(2,558,243)
Operating loss	3	(3,844,408)	(2,558,243)
Finance income	5	35,328	22,240
Loss before and after taxation attributable to the equity holders of the parent company		(3,809,080)	(2,536,003)
Other comprehensive income			
Gain on available for sale financial assets		5,903	10,787
Total comprehensive loss attributable to the equity holders of the parent company		**(3,803,177)**	**(2,525,216)**
Loss per share – basic and diluted	9	(1.09) cents	(0.87) cents

All amounts above relate to continuing operations.

The accompanying accounting policies and Notes on pages 22 - 48 form an integral part of these financial statements.

Group statement of changes in equity

for the year ended 31 March 2011

	Share capital account	Share premium account	Share option reserve	Foreign currency translation reserve	Available for sale reserve	EBT reserve	Retained earnings/ (losses)	Total
Group	**$**	**$**	**$**	**$**	**$**	**$**	**$**	**$**
At 31 March 2009	**4,138,258**	**20,483,487**	**2,330,492**	**(1,854,891)**	**(29,294)**	**-**	**(7,867,544)**	**17,200,508**
Total comprehensive loss for the year	-	-	-	-	10,787	-	(2,536,003)	**(2,525,216)**
Credit in respect of share option charges	-	-	40,883	-	-	-	-	**40,883**
Share options exercised	-	-	(104,777)	-	-	-	104,777	**-**
Shares issued:								
- for cash consideration	1,863,263	18,704,404	-	-	-	-	-	**20,567,667**
- in respect of share options	79,762	279,168	-	-	-	-	-	**358,930**
- to the EBT	198,206	1,536,099	-	-	-	(1,734,305)	-	**-**
- share issue costs	-	(710,567)	-	-	-	-	-	**(710,567)**
At 31 March 2010	**6,279,489**	**40,292,591**	**2,266,598**	**(1,854,891)**	**(18,507)**	**(1,734,305)**	**(10,298,770)**	**34,932,205**
Total comprehensive loss for the year	-	-	-	-	5,903	-	(3,809,080)	**(3,803,177)**
Credit in respect of share option charges	-	-	20,891	-	-	-	-	**20,891**
Share options lapsed	-	-	(48,840)	-	-	-	48,840	**-**
Shares issued:								
- for purchase of assets	83,306	616,694	-	-	-	-	-	**700,000**
- to the EBT	79,363	654,752	-	-	-	(734,115)	-	**-**
- in respect of fees	17,559	158,029	-	-	-	-	-	**175,588**
At 31 March 2011	**6,459,717**	**41,722,066**	**2,238,649**	**(1,854,891)**	**(12,604)**	**(2,468,420)**	**(14,059,010)**	**32,025,507**

The accompanying accounting policies and Notes on pages 22 - 48 form an integral part of these financial statements.

Company statement of changes in equity

for the year ended 31 March 2011

	Share capital account	Share premium account	Share option reserve	Foreign currency translation reserve	EBT reserve	Retained earnings/ (losses)	Total
Company	**$**	**$**	**$**	**$**	**$**	**$**	**$**
At 31 March 2009	**4,138,258**	**20,483,487**	**2,330,492**	**(4,953,777)**	**-**	**(5,937,147)**	**16,061,313**
Total comprehensive loss for the period	-	-	-	-	-	(903,568)	**(903,568)**
Credit in respect of share options charges	-	-	40,883	-	-	-	**40,833**
Share options exercised	-	-	(104,777)	-	-	104,777	**-**
Shares issued:							
- for cash consideration	1,863,263	18,704,404	-	-	-	-	**20,567,667**
- in respect of share options	79,762	279,168	-	-	-	-	**358,930**
- to the EBT	198,206	1,536,099	-	-	(1,734,305)	-	**-**
- share issue costs	-	(710,567)	-	-	-	-	**710,567**
At 31 March 2010	**6,279,489**	**40,292,591**	**2,266,598**	**(4,953,777)**	**(1,734,305)**	**(6,735,938)**	**35,414,658**
Total comprehensive loss for the year	-	-	-	-	-	(1,565,614)	**(1,565,614)**
Credit in respect of share option charges	-	-	20,891	-	-	-	**20,891**
Share options lapsed	-	-	(48,840)	-	-	48,840	**-**
Shares issued:							
- for purchase of assets	83,306	616,694	-	-	-	-	**700,000**
- to the EBT	79,363	654,752	-	-	(734,115)	-	**-**
- in respect of fees	17,559	158,029	-	-	-	-	**175,588**
At 31 March 2011	**6,459,717**	**41,722,066**	**2,238,649**	**(4,953,777)**	**(2,468,420)**	**(8,252,712)**	**34,745,523**

The accompanying accounting policies and Notes on pages 22 - 48 form an integral part of these financial statements.

Group and Company statements of financial position

as at 31 March 2011

ASSETS	Notes	31 March 2011 Group $	31 March 2010 Group $	31 March 2011 Company $	31 March 2010 Company $
Non-current assets					
Intangible assets	11	24,800,200	19,017,852	3,697,219	3,332,387
Property, plant and equipment	12	2,975,314	1,114,945	1,443,806	77,271
Available for sale investments	13	31,572	24,417	566	566
Investment in subsidiaries	14	-	-	219,104	219,104
Advance to group companies	15	-	-	26,115,523	17,546,296
		27,807,086	20,157,214	31,476,218	21,175,624
Current assets					
Inventory	16	60,161	19,744	-	-
Receivables	17	403,013	509,447	145,330	170,096
Available for sale investments	18	15,217	16,469	-	-
Cash and cash equivalents		4,928,518	15,398,926	4,102,457	14,983,099
Total current assets		5,406,909	15,944,586	4,247,787	15,153,195
Total Assets		**33,213,995**	**36,101,800**	**35,724,005**	**36,328,819**
EQUITY AND LIABILITIES					
Capital and reserves attributable to equity holders of the Company					
Called-up share capital	21	6,459,717	6,279,489	6,459,717	6,279,489
Share premium account	21	41,722,066	40,292,591	41,722,066	40,292,591
Available for sale reserve	23	(12,604)	(18,507)	-	-
Share option reserve	23	2,238,649	2,266,598	2,238,649	2,266,598
Foreign currency reserve	23	(1,854,891)	(1,854,891)	(4,953,777)	(4,953,777)
EBT reserve	23	(2,468,420)	(1,734,305)	(2,468,420)	(1,734,305)
Retained earnings	23	(14,059,010)	(10,298,770)	(8,252,712)	(6,735,938)
Total equity		32,025,507	34,932,205	34,745,523	35,414,658
Current liabilities					
Trade and other payables	19	1,188,488	1,169,595	978,482	914,161
Total current liabilities		1,188,488	1,169,595	978,482	914,161
Total Equity and Liabilities		**33,213,995**	**36,101,800**	**35,724,005**	**36,328,819**

The accompanying accounting policies and Notes on pages 22 - 48 form an integral part of these financial statements.

The Financial Statements on pages 17 - 48 were approved and authorised for issue by the Board of Directors on 19 July 2011 and were signed on its behalf by:

Roy C Tucker
Director

Registered number 05414325

Group and Company statements of cash flow

for year ended 31 March 2011

	2011 Group $	2010 Group $	2011 Company $	2010 Company $
CASH FLOW FROM OPERATING ACTIVITES				
Loss for the year	(3,809,080)	(2,536,003)	(1,565,614)	(903,568)
Adjustments for:				
Depreciation	77,896	88,410	11,924	10,106
Unrealised exchange gain on cash and cash equivalents	(38,399)	(78,033)	(38,689)	(154,091)
Finance income	(35,328)	(22,240)	(819,284)	(536,422)
(Profit)/Loss on sale of property, plant and equipment	(33,084)	25,935	-	3,333
Services settled in shares	175,588	-	175,588	-
Share option charges	232,185	214,673	232,185	214,673
	378,858	228,745	(438,276)	(462,401)
Changes in working capital:				
Increase in receivables	106,434	(373,455)	24,766	(72,554)
(Increase)/Decrease in inventories	(40,417)	2,119	-	-
(Decrease)/Increase in payables	(192,402)	740,310	(146,975)	361,680
	(126,385)	368,974	(122,209)	289,126
Cash used in operations	(3,556,607)	(1,938,284)	(2,126,099)	(1,076,843)
Investing activities:				
Payments to acquire intangible assets	(5,507,338)	(4,395,777)	(343,107)	(1,411,013)
Payments to acquire property, plant and equipment	(1,513,382)	(760,192)	(700,183)	(36,791)
Payments to acquire investment in subsidiaries	-	-	-	(1,000)
Proceeds on disposal of property, plant and equipment	33,192	47,404	-	-
Increase in advance to group companies	-	-	(8,569,226)	(4,691,399)
Interest received	35,328	7,322	819,284	4,308
	(6,952,200)	(5,101,243)	(8,793,232)	(6,135,895)
Financing Activities:				
Proceeds from the issue of ordinary shares, net of issue costs	-	20,216,030	-	20,216,030
(Decrease)/Increase in cash and cash equivalents	(10,508,807)	13,176,503	(10,919,331)	13,003,292
Cash and cash equivalents at beginning of year	15,398,926	2,144,390	14,983,099	1,825,716
Exchange gain on cash and cash equivalents	38,399	78,033	38,689	154,091
Cash and cash equivalents at end of year	**4,928,518**	**15,398,926**	**4,102,457**	**14,983,099**

The accompanying Notes and accounting policies on pages 22 - 48 form an integral part of these financial statements.

Statement of accounting policies for the year ended 31 March 2011

1 Accounting Policies

Basis of preparation

The principal accounting policies adopted in the preparation of the financial information are set out below. The policies have been consistently applied throughout the current year and prior year, unless otherwise stated. These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs and IFRIC interpretations) issued by the International Accounting Standards Board (IASB) as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies preparing their accounts under IFRS.

The consolidated financial statements incorporate the results of African Consolidated Resources plc and its subsidiary undertakings as at 31 March 2011.

At the date of issue of these financial statements the Group has sufficient cash resources to support minimum spend requirements and general overheads. The Directors may, subject to market conditions, seek to raise additional funds to accelerate exploration and capital development work. As a result the going concern basis has been adopted in preparing the financial statements and the directors have no reason to believe that the Group will not be a going concern in the foreseeable future based on forecasts and available cash resources.

In the preparation of the financial statements the directors have considered the current political and economic uncertainty in Zimbabwe and the impact on the Group and Company.

Since the formation of a Government of National Unity in 2008 and the subsequent dollarisation of the economy, much progress has been made in stabilising the national economy. While divisions still remain in the Unity Government, it is perceived that this trend of recovery is likely to continue.

The Zimbabwean Government's policy on indigenisation remains unclear with several conflicting statements being made by both sides within the Unity Government. The Government has issued further regulations in respect of the Mining sector, which are expanded upon further in Note 25 to these Financial Statements.

The Directors have further considered the quality of the assets held by the Company through its investment in its subsidiary undertakings in Zimbabwe. They have concluded that whilst the current political and economic uncertainty gives rise to uncertainty over the ability of the Group and Company to realise the value of the Group's assets and the Company's investment in Zimbabwe for the benefit of the Company's shareholders, the Directors remain confident that in the longer term, it will not materially impact the Company's ability to realise the value of its investments for its shareholders.

Changes in Accounting Policies

New standards, amendments to published standards and interpretations to existing standards effective on 1 April 2010 adopted by the Group and Company. The impact of the new and amended standards and interpretations was an increase in the level of disclosure, particularly in respect of the disclosure of operating segment information; there was no impact on the balances reported.

New and revised standards effective for 31 March 2011 period-ends	Standard	Effective for annual periods beginning on or after
Amendments	*Embedded Derivatives (Amendments to IFRIC 9 and IAS 39)*	1 January 2010
	Amendments to IAS 27 Consolidated and Separate Financial Statements	1 July 2009
	Amendment to IAS 39 Financial Instruments: Recognition and Measurement: Eligible Hedged Items	1 July 2009
	Improvements to IFRSs (2009)	1 January 2010
	Group Cash-settled Share-based Payment Transactions (Amendments to IFRS 2)	1 January 2010
	Classification of Rights Issues (Amendment to IAS 32)	1 February 2010
	IFRS 3 Revised – Business Combinations	1 July 2009
Interpretations	*IFRIC 17 – Distribution of non-cash assets to owners*	1 July 2009
	IFRIC 18 – Transfer of assets from customers	1 July 2009
	IFRIC 16 – Hedges of a Net Investment in a Foreign Operation	1 January 2010

New standards, amendments to published standards and interpretations to existing standards in issue but not yet effective, that will be applicable to the Group and Company in the future.

New and revised standards issued but not effective for 31 March 2011 period-ends	Standard	Effective for annual periods beginning on or after
New Standard	*IFRS 9 Financial Instruments**	1 January 2013
	*IFRS 10 Consolidated Financial Statements**	1 January 2013
	*IFRS 11 Joint Arrangements**	1 January 2013
	*IFRS 12 Disclosure of Interests in Other Entities**	1 January 2013
	*IFRS 13 Fair Value Measurement**	1 January 2013
	Revised IAS 24 Related Party Disclosures	1 January 2011
Amendments	*Additional Exemptions for First-time Adopters (Amendments to IFRS 1)*	1 July 2010
	*IAS 12 Deferred tax – recovery of underlying assets**	1 January 2012
	*IFRS 1 Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters**	1 July 2011
	IFRIC 14 IAS 19 – Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2011
	*IFRS 7 Transfer of financial assets**	1 July 2011
	Improvements to IFRSs (2010)	Generally 1 January 2011
Interpretations	*IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments*	1 July 2010

Items marked* had not yet been endorsed by European Union at the date that these financial statements were approved and authorised for issue by the Board. The standards listed above are not yet effective and are not expected to have a significant impact on the Group.

The preparation of the Group financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in the next financial year are discussed below:

a) *Useful lives of property, plant & equipment*

Property, plant and equipment are depreciated over their useful economic lives. Useful economic lives are based on management's estimates of the period that the assets will be in operational use, which are periodically reviewed for continued appropriateness. Due to the long life of certain assets, changes to estimates used can result in significant variations in the carrying value. More details, including carrying values, are included in note 12 to the financial statements.

b) *Impairment of intangibles*

The Group reviews, on an annual basis, whether deferred exploration costs, mining options and licence acquisition costs have suffered any impairment. The recoverable amounts are determined based on an assessment of the economically recoverable mineral reserves, the ability of the Group to obtain the necessary financing to complete the development of the reserves and future profitable production or proceeds from the disposition of recoverable reserves. Actual outcomes may vary. More details, including carrying values, are included in note 11 to the financial statements.

c) *Share based payments*

The Group operates an equity settled share based remuneration scheme for key employees. Employee services received, and the corresponding increase in equity, are measured by reference to the fair value of equity instruments at the date of grant. The fair value of the share options is estimated by using the Black Scholes model on the date of grant based on certain assumptions. Those assumptions are described in note 22 and include, among others, the expected volatility and expected life of the options.

Basis of consolidation

Where the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The financial information presents the results of the Company and its subsidiaries (the "Group") as if they formed a single entity. Inter-company transactions and balances between Group companies are therefore eliminated in full.

Business combinations

The financial information incorporate the results of business combinations using the purchase method. In the consolidated balance sheet, the acquiree's identifiable assets, liabilities and contingent liabilities are initially recognised at their fair values at the acquisition date. The results of acquired operations are included in the Group statement of comprehensive income from the date on which control is obtained. The licences acquired have been valued at their fair value using appropriate valuation techniques and posted to intangible assets.

Revenue

The Group and Company had no revenue during the year.

Foreign currency

The functional currency of the Company and all of its subsidiaries is the United States Dollar, which is the currency of the primary economic environment in which the Company and all of its subsidiaries operate.

Transactions entered into by the Group entities in a currency other than the currency of the primary economic environment in which it operates (the "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the date of the statement of financial position. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are similarly recognised immediately in profit or loss, except for foreign currency borrowings qualifying as a hedge of a net investment in a foreign operation.

In accordance with the UK Registrar of companies requirement the exchange rates applied at each reporting date were as follows:

- 31 March 2011 $1.6033:£1
- 31 March 2010 $1.5067:£1
- 31 March 2009 $1.4209:£1

Provision for abandonment costs

Provision for abandonment costs are recognised at the commencement of mining. The amount recognised is the present value of the estimated future expenditure determined in accordance with local conditions and requirements. The present value is calculated by discounting the future cash flows at a pre tax rate that reflects current market assessments of the time value of money at that time. A corresponding property, plant and equipment asset of an amount equivalent to the provision is also created. This is subsequently depreciated as part of the capital costs of production. Any change in the present value of the estimated expenditure is reflected as an adjustment to the provision and the property, plant and equipment assets. As at the reporting date the Group had no such provision.

Share based payments

Equity-settled share based payments

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to profit or loss over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each reporting date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to profit or loss over the remaining vesting period.

Where equity instruments are granted to persons other than employees, the fair value of goods and services received is charged to profit or loss, except where it is in respect to costs associated with the issue of shares, in which case, it is charged to the share premium account.

Cash-settled share based payments

The Company also has cash-settled share based payments arising in respect of the EBT (see below and Note 22). A liability is recognised in respect of the fair-value of the benefit received under the EBT and charged to profit or loss over the vesting period. The fair-value is re-measured at each reporting date with any changes taken to profit or loss.

Employee Benefit Trust ("EBT")

The Company has established an Employee Benefit Trust. The assets and liabilities of this trust comprise shares in the Company and loan balances due to the Company. The Company includes the EBT within its accounts and therefore recognises an EBT reserve in respect of the amounts loaned to the EBT and used to purchase shares in the Company. Any cash received by the EBT on disposal of the shares it holds will be recognised directly in equity. Any shares held by the EBT are treated as cancelled for the purposes of calculating earnings per share.

Tax

The major components of income tax on the profit or loss include current and deferred tax.

Current tax

Current tax is based on the profit or loss adjusted for items that are non-assessable or disallowed and is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Income tax is charged or credited to the statement of comprehensive income, except when the tax relates to items credited or charged directly to equity, in which case the tax is also dealt with in equity.

Deferred tax

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the balance sheet differs to its tax base, except for differences arising on:

- The initial recognition of goodwill;
- Goodwill for which amortisation is not tax deductible:
- The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit; and
- Investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the differences will not reverse in the foreseeable future.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when deferred tax liabilities/(assets) are settled/(recovered). Deferred tax balances are not discounted.

Intangible assets

Deferred development and exploration costs

Once a licence has been obtained, all costs associated with mining property development and investment are capitalized on a project-by-project basis pending determination of the feasibility of the project. Costs incurred include appropriate technical and administrative expenses but not general overheads. If a mining property development project is successful, the related expenditures will be amortised over the estimated life of the commercial ore reserves on a unit of production basis. Where a licence is relinquished, a project is abandoned, or is considered to be of no further commercial value to the Group, the related costs will be written off.

Unevaluated mining properties are assessed at each year end and where there are indications of impairment these costs are written off to the income statement. The recoverability of deferred mining property costs and interests is dependent upon the discovery of economically recoverable reserves, the ability of the Group to obtain necessary financing to complete the development of reserves and future profitable production or proceeds from the disposition of recoverable reserves.

If commercial reserves are developed, the related deferred development and exploration costs are then reclassified as development and production assets within property, plant and equipment.

Proved mining properties

Depletion and amortisation of the full-cost pools is computed using the units-of-production method based on proved reserves as determined annually by management.

Mineral rights

Mineral rights are recorded at cost less amortisation and provision for diminution in value. Amortisation will be over the estimated life of the commercial ore reserves on a unit of production basis.

Licences for the exploration of natural resources will be amortised over the lower of the life of the licence and the estimated life of the commercial ore reserves on a unit of production basis.

Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost and are subsequently carried at depreciated cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future costs of dismantling and removing items. The corresponding liability is recognised within provisions.

Depreciation is provided on all other items of property and equipment to write off the carrying value of items over their expected useful economic lives. It is applied at the following rates:

Plant and machinery	–	25% per annum, straight line
Fixtures and fittings	–	25% per annum, straight line
Computer equipment	–	33% per annum, straight line
Motor vehicles	–	20% per annum, straight line

Financial assets

The Group's financial assets consist of cash and cash equivalents, other receivables and available for sale investments. The Group's accounting policy for each category of financial asset is as follows:

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the statement of comprehensive income. On confirmation that the receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

The Group's loans and receivables comprise other receivables and cash and cash equivalents in the statement of financial position.

Cash and cash equivalents

Comprises cash in hand and balances with banks. Cash equivalents are short term, highly liquid accounts that are readily converted to known amounts of cash. They include short term bank deposits originally purchased with maturities of less than three months.

There is no significant difference between the carrying value and fair value of receivables.

Available for sale

Non-derivative financial assets not included in the categories above are classified as available-for-sale and comprise the Group's strategic investments in entities not qualifying as subsidiaries, associates or jointly controlled entities. They are carried at fair value with changes in fair value recognised directly in equity. Where a decline in the fair value of an available-for-sale financial asset constitutes evidence of impairment, for example if the decline is significant or prolonged, the amount of the loss is removed from equity and recognised in the profit or loss for the year.

Financial liabilities

The Group's financial liabilities consist of trade and other payables, which are initially recognised at fair value and subsequently carried at amortised cost, using the effective interest method.

Inventories

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Weighted average cost is used to determine the cost of ordinarily inter-changeable items.

Leased assets

Where assets are financed by leasing agreements that do not give rights approximating ownership, these are treated as operating leases. The annual rentals are charged to profit or loss on a straight line basis over the term of the lease.

Pension costs

Contributions to defined contribution pension schemes are charged to profit or loss in the year to which they relate.

Notes to financial statements for the year ended 31 March 2011

2 Segmental analysis

The Group operates in one business segment, the exploration and development for mineral assets and only has interests in one geographical segment being Southern Africa, primarily Zimbabwe. The Group has not generated any revenue to date and therefore no disclosures are provided with respect to revenues.

The Group's operations are reviewed by the Board, which is considered to be the Chief Operating Decision Maker ('CODM'), on a project by project basis and split between exploration and development and administration and corporate costs.

Exploration and development is reported to the CODM only on the basis of those costs incurred directly on projects, once incurred. All costs incurred on the projects are capitalised in accordance with IFRS 6, including depreciation charges in respect of tangible assets used on the projects.

Administration and corporate costs are further reviewed on the basis of where they are incurred, being either Southern Africa or the UK.

Decisions are made about where to allocate cash resources based on the status of each project and according to the Group's strategy to develop the projects. Each project, if taken into commercial development, has the potential to be a separate operating segment. Operating segments are disclosed below on the basis of the split between exploration and development and administration and corporate. Further information is provided on the non-current intangible assets attributable to exploration and development on a project by project basis as this is the primary basis for reviewing operating segments.

2011	Exploration and development $	Administration and corporate $	Total $
Depreciation	275,009	77,896	352,905
Share based payments	-	232,185	232,185
Interest revenues	-	35,328	35,328
Loss for the period	-	3,809,080	3,809,080
Total assets	31,354,540	1,859,455	33,213,995
Total non-current assets	26,291,085	1,516,001	27,807,086
Additions to non-current assets	6,461,762	1,428,217	7,889,979
Total current assets	5,063,455	343,454	5,406,909
Total liabilities	516,699	671,789	1,188,488
2010			
Depreciation	293,334	88,410	381,744
Share based payments	-	214,673	214,673
Interest revenues	-	22,240	22,240
Loss for the period	-	2,536,003	2,536,003
Total assets	35,016,385	1,085,415	36,101,800
Total non-current assets	19,208,928	948,286	20,157,214
Additions to non-current assets	5,406,244	43,059	4,994,220
Total current assets	15,807,457	137,129	15,944,586
Total liabilities	355,300	814,215	1,169,515

There are no non-current assets held in the Company's country of domicile, being the UK (2010: $nil).

Non-current intangible assets by project

	2011 Group $	2010 Group $
Gold		
Chakari Gold	222,810	83,347
Gadzema	8,421,421	5,802,536
One Step	496,972	446,959
Pickstone Peerless	7,320,561	6,628,234
Copper		
Cedric	382,233	279,052
Diamonds		
Diamond Regional	2,794,740	2,343,860
Marange	1,411,300	1,144,207
Phosphates		
Chishanya	345,705	146,377
Nickel		
Perseverance	1,197,477	1,028,400
Platinum Group Elements		
Snake's Head	946,094	821,492
Various		
Other	1,260,887	293,388
	24,800,200	19,017,852

3 Group loss from operations

Operating loss is stated after charging/(crediting):	2011 Group $	2010 Group $
Annual Return Fees	31,400	56,848
Auditors' remuneration	68,472	149,449
Charitable contributions	159,003	57,545
Depreciation	77,896	88,410
Computer Expenses	102,731	58,773
Consulting Fees	500,524	468,823
Employee pension costs	12,539	10,428
Employee share option expense	232,185	214,673
Foreign exchange gains	(38,399)	(78,033)
Insurance	25,058	42,194
Legal & Secretarial Fees	557,717	147,505

	2011 Group $	2010 Group $
Marketing	109,291	114,307
Office lease	91,565	96,077
Repairs and Maintenance	88,701	49,159
Telephone and Fax	96,159	63,959
Transport, Oils and Fuel Costs	88,968	73,809
Travel & Accommodation	273,267	175,756
Wages and salaries (note 7)	465,158	415,849
Other administration costs	899,929	326,777
(Profit)/Loss on disposal of property, plant and equipment	(33,084)	25,935
	(3,809,080)	(2,558,243)

$20,891 (2010: $40,883) of the employee share option expense arises on equity-settled share based payment transactions and $211,294 (2010: $173,790) arises on cash-settled share based payment transactions.

4 Auditors' remuneration

	2011 Group $	2010 Group $
Audit services		
Statutory audit of the Company - 2011	55,330	-
Statutory audit of subsidiaries - 2011	22,625	-
Statutory audit of the Company - 2010	-	52,735
Statutory audit of subsidiaries - 2010	4,350	13,630
Statutory audit of the Company - 2009	-	55,235
Statutory audit of subsidiaries - 2009	-	19,588
Non-audit services		
For tax valuation on EBT	-	8,261
	82,305	149,449

5 Finance income

Interest received on bank deposits	35,328	22,240

6 Taxation

There is no tax charge arising for the Group for the year.

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The differences are explained:

	2011 Group $	2010 Group $
Loss before taxation	3,809,080	2,536,003
Loss before taxation at the standard rate of corporation tax in the UK of 28% (2010 : 28%)	(1,023,929)	(701,081)
Expenses disallowed for tax	82,000	60,108
Deduction on exercise of share options	-	(122,907)
Loss carried forward	941,929	772,880
Tax charge for the year	-	-

Factors that may affect future tax charges:

At the 31 March 2011, the Company had UK tax losses of approximately $3,607,636 (2010: $3,234,276) carried forward which can be utilised against future profits. However these losses are only recoverable against future profits, the timing of which is uncertain and as a result no deferred tax asset is being recognised in respect of these losses.

7 Employees

Staff costs (including directors) consist of:	2011 Group $	2010 Group $	2011 Company $	2010 Company $
Wages and Salaries - management	320,543	254,610	277,994	206,559
Wages and Salaries – other	218,754	161,239	-	-
	539,297	415,849	277,994	206,559
Consultancy fees	805,791	711,419	726,360	663,751
Social Security costs	31,547	48,970	3,499	2,488
Healthcare costs	16,256	17,147	14,416	17,147
Pension costs	14,850	10,428	14,850	10,428
	1,407,741	1,203,813	1,037,119	900,373

The average number of employees (including directors) during the year was as follows:

	2011 Group Number	2010 Group Number	2011 Company Number	2010 Company Number
Management	6	7	6	7
Other operations	53	61	-	-
	59	68	6	7

8 Directors' remuneration

	2011 $	2010 $
Directors' emoluments	277,994	206,559
Company contributions to pension schemes	14,850	10,428
Healthcare costs	5,824	6,877
Amounts paid to third parties in respect of directors' services	237,090	188,879
Share based payment charges	-	120,530
Directors and key management remuneration	535,758	533,273
Gain on share options exercised by directors (not charged to profit or loss as explained below)	-	135,295

The directors are considered to be the key management of the Group and Company.

One director (2010: one) accrued benefits under a defined contribution pension scheme during the year. The gain on exercise of the options amounted to $Nil (2010: $135,295). This is not charged to profit or loss as the fair value of the options issued is reflected in the share based payment charges. Four directors have share options receivable under long term incentive schemes.

9 Loss per share

	Group 2011	Group 2010
Loss per Ordinary Share has been calculated using the weighted average number of Ordinary Shares in issue during the relevant financial year.		
The weighted average number of Ordinary Shares in issue for the year is	349,675,876	291,512,289
Losses for the Group for the year are	$ (3,809,080)	$ (2,536,003)
Loss per share basic and diluted	(1.09c)	(0.87c)

The effect of all potentially dilutive share options is anti-dilutive. Details of the share options which may dilute the loss per share are disclosed in note 22 in the financial statements.

10 Loss for the financial year

The Company has taken advantage of the exemption allowed under Section 408(1b) of the Companies Act 2006 and has not presented its own income statement in these financial statements. The Group loss for the year includes a loss after taxation of $1,565,614 (2010: $903,568), which is dealt with in the financial statements of the parent company.

11 Intangible assets

Group	Deferred exploration costs $	Mining options $	Licence acquisition costs $	Total $
Cost at 31 March 2010	14,172,606	-	4,845,246	19,017,852
Additions during the year	5,728,849	10,000	95,750	5,834,599
Disposals during the year	(52,251)	-	-	(52,251)
Cost at 31 March 2011	**19,849,204**	**10,000**	**4,940,996**	**24,800,200**
Cost at 31 March 2009	10,266,321	-	4,062,420	14,328,741
Additions during the period	3,906,285	-	782,826	4,689,111
Disposals during the period	-	-	-	-
Cost at 31 March 2010	**14,172,606**	**-**	**4,845,246**	**19,017,852**
Company				
Cost at 31 March 2010	2,182,612	-	1,149,775	3,332,387
Additions during the year	378,772	-	-	378,772
Disposals during the year	(13,940)	-	-	(13,940)
Cost at 31 March 2011	**2,547,444**	**-**	**1,149,775**	**3,697,219**
Cost at 31 March 2009	1,458,321	-	454,449	1,912,770
Additions during the period	724,291	-	715,326	1,439,617
Disposals during the period	-	-	(20,000)	(20,000)
Cost at 31 March 2010	**2,182,612**	**-**	**1,149,775**	**3,332,387**

See Note 2 for an analysis of deferred expenditure by project and Note 26 in respect of the Marange licence, the carrying value of which is $1,411,300 (2010: $1,144,207) in the Group and $584,320 (2010: $446,309) in respect of the Company.

12 Property, plant and equipment

Group	Plant and machinery $	Fixtures, fittings & equipment $	Computer assets $	Motor vehicles $	Buildings $	Total $
Cost at 31 March 2010	1,061,351	98,544	159,983	664,220	44,536	2,028,634
Additions during the year	749,655	3,544	9,128	8,000	1,443,055	2,213,382
Disposals during the year	(5,169)	-	-	(3,106)	-	(8,275)
Cost at 31 March 2011	**1,805,837**	**102,088**	**169,111**	**669,114**	**1,487,591**	**4,233,741**
Depreciation at 31 March 2010	438,081	59,673	90,743	325,192	-	913,689
Charge for the year	176,108	17,562	37,049	122,186	-	352,905
Disposals during the year	(5,061)	-	-	(3,106)	-	(8,167)
Depreciation at 31 March 2011	**609,128**	**77,235**	**127,792**	**444,272**	**-**	**1,258,427**
Net book amount at 31 March 2011	**1,196,709**	**24,853**	**41,319**	**224,842**	**1,487,591**	**2,975,314**
Cost at 31 March 2009	596,376	79,498	110,300	626,120	-	1,412,294
Additions during the period	464,975	19,046	49,683	181,952	44,536	760,192
Disposals during the period	-	-	-	(143,852)	-	(143,852)
Cost at 31 March 2010	**1,061,351**	**98,544**	**159,983**	**664,220**	**44,536**	**2,028,634**
Depreciation at 31 March 2009 –	253,174	38,316	66,645	244,323	-	602,458
Charge for the period	184,907	21,357	24,098	151,382	-	381,744
Disposals during the period	-	-	-	(70,513)	-	(70,513)
Depreciation at 31 March 2010	**438,081**	**59,673**	**90,743**	**325,192**	**-**	**913,689**
Net book amount at 31 March 2010	**623,270**	**38,871**	**69,240**	**339,028**	**44,536**	**1,114,945**

The depreciation on assets utilised directly for exploration activities is capitalised as deferred exploration costs amounting to $277,009 (2010: $293,334). Depreciation in respect of all other assets is charged to administrative expenses in the statement of comprehensive income amounting to $77,896 (2010: $88,410).

12 Property, plant and equipment

Company	Plant and machinery $	Fixtures, fittings & equipment $	Computer assets $	Motor vehicles $	Buildings $	Total $
Cost at 31 March 2010	103,019	18,595	63,054	10,500	-	195,168
Additions during the year	-	-	183	-	1,400,000	1,400,183
Disposals during the year	-	-	-	-	-	-
Cost at 31 March 2011	**103,019**	**18,595**	**63,237**	**10,500**	**1,400,000**	**1,595,351**
Depreciation at 31 March 2010	50,216	13,163	49,964	4,554	-	117,897
Charge for the year	18,532	2,270	10,746	2,100	-	33,648
Disposals during the year	-	-	-	-	-	-
Depreciation at 31 March 2011	**68,748**	**15,433**	**60,710**	**6,654**	**-**	**151,545**
Net book amount at 31 March 2011	**34,271**	**3,162**	**2,527**	**3,846**	**1,400,000**	**1,443,806**
Cost at 31 March 2009	66,933	17,890	63,054	20,500	-	168,377
Additions during the period	36,086	705	-	-	-	36,791
Disposals during the period	-	-	-	(10,000)	-	(10,000)
Cost at 31 March 2010	**103,019**	**18,595**	**63,054**	**10,500**	**-**	**195,168**
Depreciation at 31 March 2009	25,213	8,515	45,005	7,121	-	85,854
Charge for the period	25,003	4,648	4,959	4,100	-	38,710
Disposals during the period	-	-	-	(6,667)	-	(6,667)
Depreciation at 31 March 2010	**50,216**	**13,163**	**49,964**	**4,554**	**-**	**117,897**
Net book amount at 31 March 2010	**52,803**	**5,432**	**13,090**	**5,946**	**-**	**77,271**

The depreciation on assets utilised directly for exploration activities is capitalised as deferred exploration costs amounting to $18,029 (2010: $28,604). Depreciation in respect of all other assets is charged to administrative expenses in the statement of comprehensive income amounting to $10,841 (2010: $10,106).

13 Available for sale investments

(Non current)	2011 Group $	2010 Group $	2011 Company $	2010 Company $
Fair value at the beginning of the year	24,417	24,417	566	566
Movement in fair value	7,155	-	-	-
Fair value at the end of the year	**31,572**	**24,417**	**566**	**566**

The available for sale investments represents investments in quoted companies. The fair value of available for sale investments is based on the quoted market price of those investments. The face value of the Company's available for sale investments is not materially different to the market value at either the current or previous year end.

14 Investment in subsidiaries

	2011 Company $	2010 Company $
Cost at the beginning of the year	1,316	1,316
Additions during the year	217,788	217,788
Cost at the end of the year	**219,104**	**219,104**

The principal subsidiaries of African Consolidated Resources plc, all of which are included in these consolidated Annual Financial Statements, are as follows:

Company	Country of registration	Class	Proportion held by group 2011	Proportion held by group 2010	Nature of business
African Consolidated Resources PTC Ltd **	BVI		-%	-%	Nominee company
Millwall International Investments Limited	BVI	Ordinary	100%	100%	Mining exploration and development
Mimic Mining UK Limited	United Kingdom	Ordinary	100%	100%	Holding company
African Consolidated Resources (Zambia) Limited	Zambia	Ordinary	100%	100%	Mining exploration and development
ACR Mauritius Limited	Mauritius	Ordinary	100%	100%	Holding company
Moorestown Limited	BVI	Ordinary	100%	100%	Mining exploration and development
Canape Investments (Private) Limited	Zimbabwe	Ordinary	100%	100%	Mining exploration and development
Breckridge Investments (Private) Limited *	Zimbabwe	Ordinary	100%	100%	Mining exploration and development
Lescaut Investments (Private) Limited *	Zimbabwe	Ordinary	100%	100%	Mining exploration and development

* Entire shareholding is held indirectly through a subsidiary company

** Previously 'Touzel Holdings Limited'. The Company has effective control of this entity.

The voting rights are equal to the proportion of the shares held.

15 Advance to Group Companies

	2011 Group $	2010 Group $	2011 Company $	2010 Company $
Advance to Group Companies	-	-	25,115,523	17,546,296

Advances to Group companies are repayable on demand, subject to relevant exchange control approvals being obtained. The treatment of this balance as non-current reflects the Company's expectation of the timing of receipt.

16 Inventory

Materials and supplies	60,161	19,744	-	-

There is no material difference between the replacement cost of stocks and the amount stated above. The amount of inventory recognized as an expense during the year was $313,729 (2009 – $342,918).

17 Receivables

	2011 Group $	2010 Group $	2011 Company $	2010 Company $
Other receivables	40,506	100,356	16,558	51,734
Prepayments	103,703	181,921	57,989	61,201
VAT	258,804	227,170	70,783	57,161
	403,013	509,447	145,330	170,096

All amounts are due for payment within one year. No receivable are past due or impaired.

18 Available for sale investments (Current)

	2011 Group $	2010 Group $	2011 Company $	2010 Company $
Fair value at the beginning of the year	16,469	5,682	-	-
Additions during the year	-	-	-	-
Disposals	-	-	-	-
Movement in fair value	(1,252)	10,787	-	-
	15,217	16,469	-	-

Available for sale investments comprise shares in quoted companies. The face value of the Group's available for sale investments was not materially different to the market value at the previous year end.

19 Trade and other payables

	2011 Group $	2010 Group $	2011 Company $	2010 Company $
Trade payables	495,351	355,300	148,407	64,934
Other payables	32,640	20,079	-	218,577
Other taxes and social security taxes	13,550	26,840	2,007	4,507
Share based payment – EBT	385,085	173,790	385,085	173,790
Accrued expenses	261,862	593,586	442,983	452,353
	1,188,488	1,169,595	978,482	914,161

All amounts fall due for payment within 45 days with the exception of the liability in respect of share based payments which will fall due upon exercise of the share appreciation rights, as set out in Note 22 under Cash-settled share based payments.

20 Financial instruments – risk management

Significant accounting policies

Details of the significant accounting policies in respect of financial instruments are disclosed in Note 1 to the financial statements. The Group's financial instruments, comprise available for sale investments (Notes 13 and 18), cash and items arising directly from its operations such as other receivables and trade payables.

Financial risk management

The Board seeks to minimise its exposure to financial risk by reviewing and agreeing policies for managing each financial risk and monitoring them on a regular basis. No formal policies have been put in place in order to hedge the Group and Company's activities to the exposure to currency risk or interest risk, however this will be considered periodically by the Board. No derivatives or hedges were entered into during the year.

The Group and Company is exposed through its operations to the following financial risks:

- Credit risk
- Cash flow interest rate risk
- Liquidity risk
- Foreign currency risk

The policy for each of the above risks is described in more detail below.

The principal financial instruments used by the Group, from which financial instruments risk arises are as follows:

- Receivables
- Cash and cash equivalents
- Trade and other payables (excluding other taxes and social security)
- Available for sale investments

The table below sets out the carrying value of all financial instruments by category and where applicable shows the valuation level used to determine the fair value at each reporting date. The fair value of all financial assets and financial liabilities is not materially different to the book value.

	2011 Group $	2010 Group $	2011 Company $	2010 Company $
Loans and receivables				
Cash and cash equivalents	4,928,518	15,398,926	4,102,457	14,983,099
Receivables	403,013	509,447	145,330	170,096
Advances to Group Companies	-	-	26,115,523	17,546,296
Available for sale financial assets				
Available for sale investments (valuation level 1)	46,789	40,886	566	566
Other liabilities				
Trade and other payables	789,853	968,965	591,390	735,864

Credit risk

Financial assets which potentially subject the Group and the Company to concentrations of credit risk consist principally of cash, short term deposits and other receivables. Cash balances are all held at recognised financial institutions. Other receivables are presented net of allowances for doubtful receivables. Other receivables currently form an insignificant part of the Group's and the Company's business and therefore the credit risk associated with them are also insignificant to the Group and the Company as a whole.

The Company has a credit risk in respect to inter-company loans to subsidiaries. The recoverability of these balances is dependent on the commercial viability of the exploration activities undertaken by the respective subsidiary companies. The credit risk of these loans is managed as the directors constantly monitor and assess the viability and quality of the respective subsidiary's investments in intangible mining assets.

Inter-company loan amounts between the holding company and its Zimbabwean subsidiary Canape Investments, are subject to credit risk in so far as the Zimbabwe's exchange control regulations, which change from time to time, may prevent timeous settlement.

Maximum exposure to credit risk

The Group's maximum exposure to credit risk by category of financial instrument is shown in the table below:

Loans and receivables	2011 Carrying value $	2011 Maximum exposure $	2010 Carrying value $	2010 Maximum exposure $
Cash and cash equivalents	4,928,518	4,928,518	15,398,926	15,398,926
Receivables	403,013	403,013	509,447	509,447

The Company's maximum exposure to credit risk by class of financial instrument is shown in the table below :

Loans and receivables				
Cash and cash equivalents	4,102,457	4,102,457	14,983,099	14,983,099
Receivables	145,330	145,330	170,096	170,096
Advances to Group Companies	26,115,523	26,115,523	17,546,296	17,546,296

Cash flow interest rate risk

The Group has adopted a non speculative policy on managing interest rate risk. Only approved financial institutions with sound capital bases are used to borrow funds and to invest surplus funds in. The Group and the Company had no borrowing facilities at either the current year end or previous period end.

The Group and the Company seeks to obtain a favourable interest rate on its cash balances through the use of bank deposits. At the year end the Group had a cash balance of $4,928,518 (2010: $15,398,926) which was made up as follows:

	2011 Group $	2010 Group $
British Pounds	1,443,739	4,308,974
United States Dollars	3,484,779	11,089,952
	4,928,518	**15,398,926**

Included within the above are amounts of £811,158 ($1,285,157) and US$1,751,614 (2010: £1,505,112 ($2,267,759) and US$5,005,218) held within fixed and floating rate deposit accounts. Interest rates range between 1% to 2% based on bank interest rates.

The Group received interest for the year on bank deposits of $35,328 (2010: $22,240).

The effect of a 10% reduction in interest rates during the year would, all other variables held constant have resulted in reduced interest income of $3,533 (2010: $2,240). Conversely the effect of a 10% increase in interest rates during the year would, on the same basis, have increased interest income by $3,533 (2010: $2,240).

At the year end, the Company had a cash balance of $4,102,457 (2010: $14,983,099) which was made up as follows:

	2011 Company $	2010 Company $
British Pounds	1,443,739	4,308,974
United States Dollars	2,658,718	10,674,125
	4,102,457	**14,983,099**

The Group and the Company has no interest bearing debts at either the current year end or previous period end.

Liquidity risk

Borrowing facilities are negotiated with approved financial institutions at acceptable interest rates. All assets and liabilities are at fixed and floating interest rate. The Group and the Company seeks to manage its financial risk to ensure that sufficient liquidity is available to meet the foreseeable needs both in the short and long term.

As set out in Note 19 the consolidated trade and other payables balance of $1,104,698 (2010: $1,169,595) is all due for payment within 45 days of the reporting date, except for $211,295 (2010: $173,790) in respect of the share based payment liability. The Company has sufficient cash resources to settle these outstanding liabilities as they fall due.

Foreign currency risk

Foreign exchange risk is inherent in the Group's and the Company's activities and is accepted as such. The majority of the Group's expenses are denominated in United States Dollars and therefore foreign currency exchange risk arises where any balance are held or costs incurred, in currencies other than the United States Dollars. This foreign exchange risk differs from the risk reported in prior years where the functional and presentational currency of the Group was UK Pounds Sterling.

At 31 March 2011 and 31 March 2010, the currency exposure of the Group was as follows:

At 31 March 2011	**UK Sterling $**	**US Dollars $**	**Other Currencies $**	**Total $**
Cash and cash equivalents	1,443,739	3,484,779	-	4,928,518
Other receivables	95,123	307,890	-	403,013
Trade and other payables	(140,107)	(649,746)	-	(789,853)
Available for sale investments	-	46,789	-	46,789
At 31 March 2010				
Cash and cash equivalents	4,308,974	11,089,952	-	15,398,926
Other receivables	112,186	397,261	-	509,447
Trade and other payables	(157,423)	(811,542)	-	(968,965)
Available for sale investments	-	40,886	-	40,886

The effect of a 10% strengthening of Sterling against the US dollar at the balance sheet date, all other variables held constant, would have resulted in increasing post tax losses by $145,300 (2010: $426,373). Conversely the effect of a 10% weakening of Sterling against the US Dollar at the balance sheet date, all other variables held constant, would have resulted in decreasing post tax losses by $145,300 (2010: $426,373).

At 31 March 2011 and 31 March 2010, the currency exposure of the Company was as follows:

At 31 March 2011	**UK Sterling $**	**US Dollars $**	**Total $**
Cash and cash equivalents	1,443,740	2,658,717	4,102,457
Other receivables	96,913	48,417	145,330
Advances to Group companies	26,115,523	-	26,115,523
Trade and other payables	(335,316)	(256,074)	(591,390)
Available for sale investments	-	566	566
At 31 March 2010			
Cash and cash equivalents	4,308,974	10,674,125	14,983,099
Other receivables	114,059	56,037	170,096
Advances to Group companies	17,546,296	-	17,546,296
Trade and other payables	(376,001)	(359,863)	(735,864)
Available for sale investments	-	566	566

Capital

The objective of the directors is to maximise shareholder returns and minimise risks by keeping a reasonable balance between debt and equity. To date the Company and Group has minimised risk by being purely equity financed. The capital employed by the Group and Company is comprised of equity attributable to shareholders.

21 Share capital

	Number of shares	**Nominal value £**	**Share premium £**
Authorised			
Ordinary shares of £0.01 each	1,000,000,000	10,000,000	-
Issued		**$**	**$**
As at 31 March 2009	224,003,129	4,138,258	20,483,487
Issued during the period	134,099,322	2,141,231	19,809,104
As at 31 March 2010	358,102,451	6,279,489	40,292,591
Issued during the period	11,400,000	180,228	1,429,475
As at 31 March 2011	**369,502,451**	**6,459,717**	**41,722,066**

The number of shares reserved for issue under share options at 31 March 2011 was 61,722,500 (2010: 39,848,611). The number of shares held by the EBT at 31 March 2011 was 17,000,000 (2010: 12,000,000), see Note 22 for additional details about the EBT.

22 Share based payments

Equity-settled share based payments

The Company operates an unapproved share option plan for directors, senior management and staff consultants. The tables below reconcile the opening and closing number of share options in issue at each reporting date:

Share options

Exercise price	Outstanding at 31 March 2010	Exercised during last 12 months	Lapsed during last 12 months	Granted during last 12 months	Outstanding at 31 March 2011	Final Exercise date
4.5p	2,500,000	-	-	-	2,500,000	June 2011
4.5p	1,111,111	-	(1,111,111)	-	-	June 2010
4.5p	5,250,000	-	-	-	5,250,000	June 2011
7.0p	37,500	-	-	-	37,500	June 2011
10.0p	-	-	-	25,500,000	25,500,000	March 2014
12.0p	5,500,000	-	-	-	5,500,000	June 2011
12.0p	1,965,000	-	(1,965,000)	-	-	Dec 2010
14.5p	1,945,000	-	-	-	1,945,000	June 2011
15.0p	5,500,002	-	-	-	5,500,002	June 2011
18.0p	5,499,998	-	-	-	5,499,998	June 2011
14.5p	2,040,000	-	-	-	2,040,000	June 2011
18.0p	8,000,000	-	-	-	8,000,000	June 2011
12.0p	500,000	-	(500,000)	-	-	June 2013
	39,848,611	**-**	**(3,576,111)**	**25,500,000**	**61,772,500**	

	31 March 2009	12 months	12 months	12 months	31 March 2010	
4.5p	2,500,000	-	-	-	2,500,000	Dec 2010
4.5p	1,111,111	-	-	-	1,111,111	June 2010
4.5p	10,000,000	(4,750,000)	-	-	5,250,000	June 2011
7.0p	37,500	-	-	-	37,500	June 2011
12.0p	666,667	-	(666,667)	-	-	June 2009
12.0p	5,500,000	-	-	-	5,500,000	June 2011
12.0p	1,965,000	-	-	-	1,965,000	Dec 2010
14.5p	1,945,000	-	-	-	1,945,000	June 2011
15.0p	5,500,002	-	-	-	5,500,002	June 2011
18.0p	5,499,998	-	-	-	5,499,998	June 2011
14.5p	2,040,000	-	-	-	2,040,000	June 2011
18.0p	8,000,000	-	-	-	8,000,000	June 2011
12.0p	-	-	-	500,000	500,000	June 2013
	44,765,278	**(4,750,000)**	**(666,667)**	**500,000**	**39,848,611**	

	2011 weighted average exercise price (pence)	2011 number	2010 weighted average exercise price (pence)	2010 number
Outstanding at the beginning of the year	12.9	39,348,611	12.1	44,765,278
Granted during the year	10.0	25,500,000	12.0	500,000
Lapsed during the year	9.7	(3,576,111)	12.0	(666,667)
Exercised during the year	-	-	4.5	(4,750,000)
Outstanding at the end of the year	12.0	61,772,500	13.0	39,848,611
Exercisable at the end of the year	13.4	36,272,500	12.9	39,348,611

The weighted average remaining lives of the options outstanding at the end of the period is 17.04 months (2010: 14.29 months). Of the 61,772,500 (2010: 39,848,611) options outstanding at 31 March 2011, 25,500,000 (2010: 500,000) are not yet exercisable at 31 March 2011.

Fair value of share options

The fair values of awards granted under the Employee Share Option Plan have been calculated using the Black Scholes pricing model that takes into account factors specific to share incentive plans such as the vesting periods of the Plan, the expected dividend yield of ACR's shares and the estimated volatility of those shares. Based on the above assumptions, the fair values of the options granted are estimated to be:

	12p options	14.5p options	18p options	14.5p options	12p options	10p options
Grant date	March 2007	Jan 2008	April 2008	July 2008	March 2010	March 2011
Vesting periods	Dec 2007 -Dec 2010	Dec 2008 -June 2011	April 2009 -June 2011	July 2009 -June 2011	March 2011 -April 2011/12	March 2014
Share price at date of grant	7.7p	14.5p	19p	13p	9.6p	9.0p
Volatility	50%	50%	41%	42%	60%	51%
Option life	3 years	2.5 years	2.25 years	2 years	1.1 & 2.1 years	3 years
Dividend yield	Nil	Nil	Nil	Nil	Nil	Nil
Risk free investment rate	4.86%	4.86%	3.8%	5.13%	0.5%	0.65%
Fair value	2.6c	8.9c	9.8c	5.8c	2.5/3.9c	0.03c

Volatility has been based on the volatility of comparable listed companies in the mining, oil and gas sector and on historical share price information.

Based on the above fair values and ACR's expectations of employee turnover, the expense arising from equity-settled share options and share awards made to employees was $20,891 (2010: $40,883).

Cash-settled share based payments

The directors of the Company have set up an Employee Benefit Trust (EBT) in which a number of employees and directors are participants. The EBT holds shares on behalf of each participant until such time as the participant exercises their right to require the EBT to sell the shares. On the sale of the shares the participant receives the appreciation of the value in the shares above the market price on the date that the shares were purchased by the EBT, subject to the first 5% in growth in the share price, on an annual compound basis, being retained by the EBT. The participant pays 0.01p per share to acquire their rights. The table below sets out the subscription price and the rights exercisable in respect of the EBT.

The Company funded (directly and indirectly through another subsidiary) an amount of $2,468,420 (2010: $1,734,305) to the EBT in order to enable the purchase of shares in the Company. At the year end, the Company had an outstanding loan to African Consolidated Resources (PTC) Limited (under the effective control of African Consolidated Resources plc and trustee of the EBT) of $2,250,642 (2010: $1,516,527) and Millwall International Investments Limited had an outstanding loan to the same entity for $Nil (2010: $217,778). As set out in the EBT accounting policy note, the EBT has been included as part of the Company financial statements and consolidated as part of the Group financial statements.

EBT

Exercise price	Outstanding at 31 March 2010	Exercised during last 12 months	Lapsed during last 12 months	Granted during last 12 months	Outstanding at 31 March 2011	Date Exercisable from
8.75p	6,000,000	-	-	-	6,000,000	July 2010
8.75p	6,000,000	-	-	-	6,000,000	July 2011
9.00p	-	-	-	2,500,000	2,500,000	August 2011
9.00p	-	-	-	2,500,000	2,500,000	August 2012
	12,000,000	**-**	**-**	**5,000,000**	**17,000,000**	

As at 31 March 2011 6,000,000 of the EBT participation rights were exercisable.

Exercise price	Outstanding at 31 March 2009	Exercised during last 12 months	Lapsed during last 12 months	Granted during last 12 months	Outstanding at 31 March 2010	Date Exercisable from
8.75p	-	-	-	6,000,000	6,000,000	July 2010
8.75p	-	-	-	6,000,000	6,000,000	July 2011
	-	**-**	**-**	**12,000,000**	**12,000,000**	

As at 31 March 2010 none of the EBT participation rights were exercisable.

Fair value of EBT participant rights

The fair values of the rights granted to participants under the EBT have been calculated using a Monte Carlo valuation model. Based on the assumptions set out in the table below, as well as the limitation on the growth in share price attributable to the participants (as set out in the table above) the fair-values are estimated to be:

	July 2010 rights	July 2011 rights	August 2011	August 2012
Grant date	August 2009	August 2009	October 2010	October 2010
Vesting periods	August 2009 - July 2010	August 2009 - July 2011	October 2010 - August 2011	October 2010 - August 2012
Share price at date of grant	8.75p	8.75p	9.00p	9.00p
Volatility	51%	51%	51%	51%
Option life	1 year	2 years	1 year	2 years
Dividend yield	Nil	Nil	Nil	Nil
Risk free investment rate	0.65%	0.65%	0.65%	0.65%
Fair value	Nil	Nil	Nil	Nil

Volatility has been based on historical share price information.

23 Reserves

Details of the nature and purpose of each reserve within owners' equity are provided below:

- The share premium account holds the balance of consideration received net of fund raising costs in excess of the par value of the shares.
- The share options reserve represents the accumulated balance of share benefit charges recognised in respect of share options granted by the Company, less transfers to retained losses in respect of options exercised or lapsed.
- The foreign currency translation reserve comprises amounts arising on the translation of the Group and Company financial statements from Pound Sterling to United States Dollars, as set out in Note 1, prior to the change in functional currency to United States Dollars.
- The available for sale reserve holds the gains/(losses) arising on recognising financial assets classified as available for sale at fair value.
- The EBT reserve has been recognised in respect of the shares purchased in the Company by the EBT; the reserve serves to offset against the increased in share capital and share premium arising from the Company effectively purchasing its own shares.
- The retained earnings reserve represents the cumulative net gains and losses recognised in the Group statement of comprehensive income.

24 Related party transactions

Group

There were no related party transactions during the year in the Group other than directors and key management emoluments which are disclosed in Note 8 and the following:

- Andrew Cranswick held a Nil% (2010: 50%) indirect equity stake in the property from which Canape Investments (Private) Limited incurred $Nil (2010: $36,000) rental expense in the current financial year until he disposed of his interest in January 2010.
- Michael Kellow held a 20% equity stake in Aeromags.com from which African Consolidated Resources plc incurred $2,200 (2010: $47,947) aeromagnetic survey expense in the current financial year.

Company

The Company emoluments to directors and key management are disclosed in Note 8 to the financial statements.

The Company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related Party Disclosures" not to disclose transactions with members of the group headed by African Consolidated Resources plc on the grounds that 100% of the voting rights in the Company are controlled within that Group and the Company is included within the consolidated financial statements.

25 Contingent liabilities and capital commitments

Resources definition – Giant Claims

There is a contingent liability in respect of the acquisition of the Giant Claims made in 2006. This relates to the as yet un-finalised quantification of the mineral resource. In the opinion of the Directors this liability is not likely to exceed $96,000.

Zimbabwe Indigenisation

On 25 March 2011 the Government of Zimbabwe issued regulations relating to the Mining Sector pursuant to the Indigenisation and Empowerment Act 2007. These regulations require all Zimbabwean registered mining companies, having a net asset value of $1 or more, to transfer not less than 51% of their issued shares to designated entities by September 2011. These regulations are relevant to Canape Investments (Private) Limited and its subsidiaries which are Group companies registered and operating in Zimbabwe. However, as these subsidiaries are all still in exploration phase financed by loans from the holding or other Group companies, neither Canape Investments (Private) Limited nor its subsidiaries has a net asset value of or above one United States Dollar. As such the Directors believe that there is currently no compulsion to effect any transfer of shareholding in the Zimbabwean subsidiaries to any third party. Counsel's opinion supports this view.

In a response to the Zimbabwean Ministry of Youth Development, Indigenisation and Empowerment, the Company has stated this fact and added that it will take such steps as it can to comply with any indigenisation law in force from time to time.

The full effect that this legislation might have on the operations of the Group is yet to be quantified and is subject to considerable uncertainty.

26 Litigation

Included in intangible assets for the Group is an amount of $1,411,300 (2010: $1,144,207) representing costs of title acquisition and of exploration over a diamond deposit near Marange, Zimbabwe. In or about September 2006 and subsequently, the Zimbabwe Minister of Mines challenged the Group's legal title with respect to Marange. The Group initiated proceedings in the Zimbabwe High Court in order to confirm its title which resulted in a judgement in the Group's favour on 24 September 2009. The Court ordered that the Group's title to the Marange claims was valid and had been since the claims were pegged; and that all diamonds mined from the claims should be returned to the Group. The Ministry of Mines subsequently lodged an appeal to the Supreme Court against the High Court judgement (the "Substantive Appeal").

It is understood that the diamonds seized from the Group's offices in January 2007 have been deposited at the Reserve Bank of Zimbabwe, in terms of an interim Order made by the Supreme Court. The Group has also filed a further application to the High Court to bring all diamonds mined at Marange (not just those mined up to the date of the High Court Order) within the ambit of the Supreme Court Order.

Subsequent to the High Court Order and apart from the Substantive Appeal, the Ministry of Mines has commenced other proceedings with a view either to undermine or to terminate the Group's title to the Marange claim (the Other Proceedings) all of which are being vigorously resisted.

On 16 February 2010 The High Court issued a further judgement (the 'Rescission Judgement') rescinding the order previously handed down in 2009. Legal opinion is to the effect that the Rescission Judgment is fatally flawed. The Group has lodged an appeal against this judgement, which has yet to be heard.

The Ministry of Mines has subsequently withdrawn its Substantive Appeal against the original judgement of September 2009 in the Group's favour, which upheld the Group's entitlement to the Marange claims.

The opinion of Legal Counsel is that neither the actions by the Ministry of Mines in the Other Proceedings nor the case made against the Group resulting in the Rescission Judgement have any merit; accordingly no provision against loss of this asset has been made.

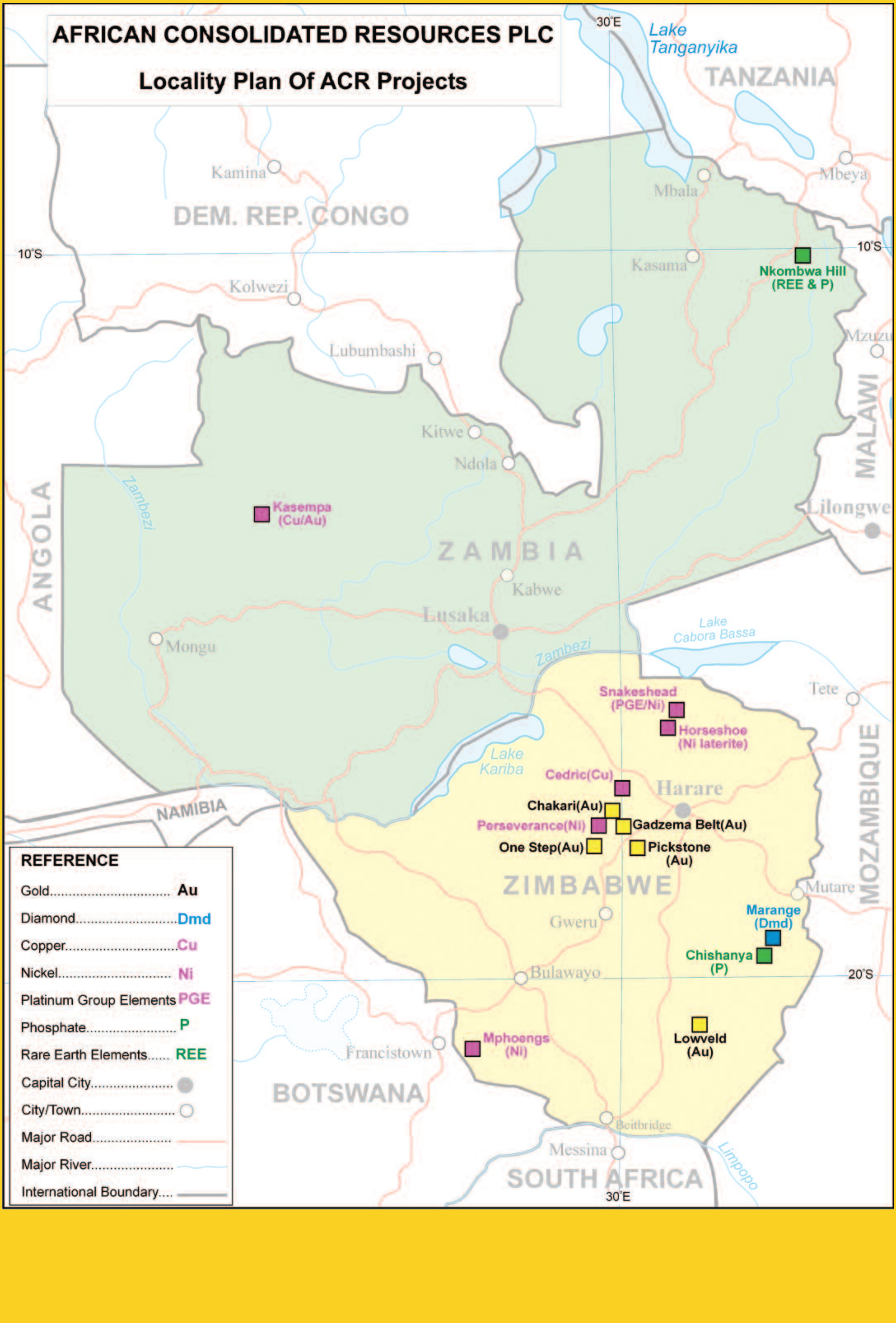
There is no other litigation involving any group company.

27 Events after the reporting date

On 21 June 2011 the Company announced that it had successfully concluded a further capital raising of some $7.5 million involving the issue of a further 78,334,000 ordinary shares. The proceeds of this raising will be directed to an extended exploration programme.

On 29 June 2011 3,250,000 options over ordinary shares in the Company were exercised at a price of 4.5 pence per ordinary share. The Options were granted at the time of the Company's admission to AIM on 29 June 2006 and were to expire on 29 June 2011. 1,000,000 of the Options were granted to Andrew Cranswick, a Director of the Company, but were assigned to an outside assignee on 3 May 2011.

Further details of Options transactions undertaken by the Directors since the reporting date are detailed in the Report of the Directors, under 'Directors' Interests'.



AFRICAN CONSOLIDATED RESOURCES PLC
Locality Plan Of ACR Projects
30°E
Lake Tanganyika
TANZANIA
Kamina
Mbala
Mbeya
DEM. REP. CONGO
10°S
Kasama
Nkombwa Hill (REE & P)
Kolwezi
Lubumbashi
Mzuzu
MALAWI
Kitwe
Ndola
Zambezi
Kasempa (Cu/Au)
Lilongwe
ANGOLA
ZAMBIA
Kabwe
Lusaka
Mongu
Lake Cabora Bassa
Zambezi
Snakeshead (PGE/Ni)
Tete
Horseshoe (Ni laterite)
Lake Kariba
Cedric(Cu)
Harare
MOZAMBIQUE
NAMIBIA
Chakari(Au)
Perseverance(Ni)
Gadzema Belt(Au)
One Step(Au)
Pickstone (Au)
REFERENCE
Gold.............................. Au
Diamond.......................... Dmd
Copper............................ Cu
Nickel............................. Ni
Platinum Group Elements PGE
Phosphate........................ P
Rare Earth Elements...... REE
Capital City......................
City/Town.........................
Major Road.......................
Major River......................
International Boundary....
ZIMBABWE
Mutare
Marange (Dmd)
Gweru
Chishanya (P)
Bulawayo
20°S
Mphoengs (Ni)
Francistown
Lowveld (Au)
BOTSWANA
Beitbridge
Messina
Limpopo
SOUTH AFRICA
30°E

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