



**AFRICAN CONSOLIDATED RESOURCES PLC**

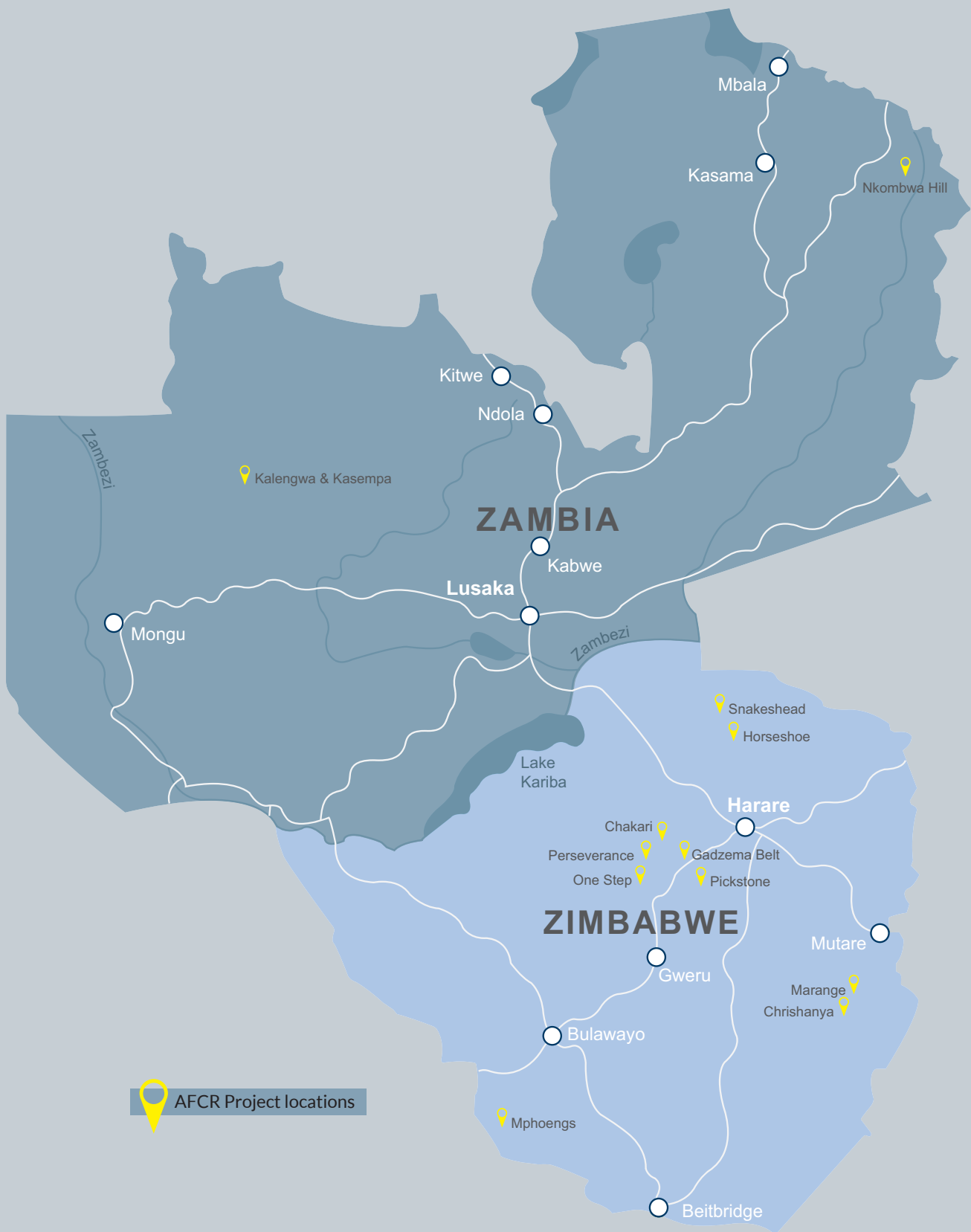
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## 2013 Annual Report

For the year ended 31 March 2013

# Building a cash-generative development and production company



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## Financial Highlights for the year

- Loss of \$11.02m to 31 March 2013 as exploration programmes continue (2012: \$4.56 m)
- \$16.1m cash received through private placement of 323m shares 2013 (2012 – \$7.3m cash received through private placement of 78m shares)
- Cash balance of \$6.6m at 1 August 2013
- Anticipate monetization of operational headquarters in Harare to provide additional working capital
- Additional fundraising required before June 2014. Any such funding may be in the form of equity and/or debt, and sources of funding to minimise recourse to shareholders are in advanced stages.

## Mining in the near future

- At Pickstone Peerless, a maiden mineral Reserve estimate of 136,000 ounces @ 2.06 g/t based on a gold price of \$1,500/oz and a cut-off grade of 0.4g/t. This maiden Reserve represents only 17% of the mining inventory reported in the Preliminary Economic Assessment (“PEA”) in December 2012.
- EBIDA after tax of \$25m after 3 years of operation and of \$54.8m after 6 years of operation and a project valuation of \$17.7m on a discount rate of 10%. These are based on an average gold price of \$1,250 in 2014, \$1,350 in 2015 and \$1,500 per ounce thereafter.
- 2013 Competent Persons Report (“CPR”) confirms the previous estimate (Sept 2012) with minor modifications, being a gold resource of 40 million tonnes grading at 2.5 g/t and containing 3.2 million ounces of gold.
- Updated net funding requirement of \$15.7m as at 30 June 2013 reflects the introduction of a four month pre-production ore stockpile in order to improve the grade of ore reporting to the processing plant.

## Exploration Highlights

- The Group total gold resources now stand at 66Mt at 2.0 g/t for 4.3 Moz, from its Midlands gold projects at Pickstone Peerless and Gadzema.
- Major gold upgrade at Pickstone Peerless derived from digitising and 3D-modelling the historic Rio Tinto underground Pickstone Peerless mine data which extends to 750m below surface at Pickstone, and to about 350m at Peerless. Resources here now stand at 37Mt @ 2.7 g/t for 3.2Moz as reported Sept 2012.
- Gadzema Gold project – an incremental Resource upgrade from drilling at Blue Rock, and from vibracore drilling of the Giant mine dump, has added approximately 60,000 oz to the inventory for a total of 29Moz @ 1.2 g/t for 1.09Moz.
- A Preliminary Economic Study (PEA) over the Pickstone Mine trend (Dec 2012) confirmed early indications of a high grade open pit able to produce at a rate of 50,000 tonnes per month and a mined grade of 4.6 g/t by applying a mining cut-off of 2.0 g/t. At this cut-off grade the open pit would produce an estimated 720,000 gold ounces over a life of mine of 10 years.
- Trial mining has now been completed on the well-defined Peerless oxide cap. Also completed is the Definitive Feasibility Study on a 20,000 tonne per month Phase 1 open pit operation over both Pickstone and Peerless. A Prefeasibility Study is also underway on the 50,000 tonne per month Phase 2 open pit operation - together with an underground mining concept study which is expected to be completed late 2013.

- A Definitive Feasibility Study is already in place for the sulphide dump at Pickstone, however this is metallurgically more complex than the proposed open pits at Pickstone and at Peerless, and in view of the greatly expanded hardrock Resource base it has been deemed prudent to defer exploitation of this until after the open pits are in production.
- In NE Zambia, over-pegging of the Nkombwa Hill carbonatite project delayed work to test highly encouraging Rare Earth values from surface sampling of three target zones identified by mapping and heli-borne geophysics. However in Jan 2013 the Ministry of Mines and Mineral Development confirmed the validity of the Nkombwa Hill Licence (12198-HQ-LPL). A ten-hole diamond drilling programme is planned in H2 2013 to test three target zones at depth – to be financed by joint venture partner Galileo Resources.
- In NW Zambia, the historical high-grade Kalengwa Mine was reconstructed into a preliminary 3D orebody model from drilling and mining plans in the government archives. This has identified a substantial oxide and sulphide copper halo around the old pit, which was mined at a 3% cut-off for a 9% head grade. Within the drilled area approximately 10Mt of ore at grade of about 1.5% Cu is estimated (non-JORC) to the bottom of the drilling (200-250m). Access to the minesite however is delayed by legal action to remove an illegal operator treating an old oxide-copper stockpile. Vendor considerations on the greater exploration area of 1000 sq km around the mine will be paid on unfettered access to the whole area.

\* Tabulated below are statistics on the Group's Gold Resources

	Cut-off Grade g/t	Tonnes metric	Grade g/t	Ounces oz	Vertical Depths m
<b>Peerless</b>		<b>10.3</b>	<b>2.7</b>	<b>874,876</b>	
<b>Open pit</b>		<b>5.2</b>	<b>1.4</b>	<b>239,975</b>	
Measured	0.6	1.3	1.5	64,038	0-120
Indicated	0.6	3.0	1.4	137,640	0-120
Inferred	0.6	0.9	1.4	38,297	0-120
<b>Underground</b>		<b>5.0</b>	<b>3.9</b>	<b>634,901</b>	
Measured	1.5	0.0	4.4	4,684	120-350
Indicated	1.5	0.5	4.4	65,552	120-350
Inferred	1.5	4.5	3.9	564,665	120-350
<b>Pickstone</b>		<b>25.2</b>	<b>2.8</b>	<b>2,269,372</b>	
<b>Open pit</b>		<b>17.5</b>	<b>2.2</b>	<b>1,240,057</b>	
Measured	0.5	0.3	3.6	36,361	0-120
Indicated	0.5	12.8	2.1	852,612	0-120
Inferred	0.5	4.4	2.5	351,084	0-120
<b>Underground</b>		<b>7.8</b>	<b>4.1</b>	<b>1,029,315</b>	
Measured	1.5				
Indicated	1.5	2.8	4.3	389,522	120 to >750
Inferred	1.5	4.9	4.1	639,793	120 to >750

Highlights					
	Cut-off Grade g/t	Tonnes metric	Grade g/t	Ounces oz	Vertical Depths m
<b>Tailings</b>		<b>1.2</b>	<b>1.7</b>	<b>63,000</b>	
Measured	1.0	1.2	1.67	63,000	0-20
Indicated	1.0				
Inferred	1.0				
<b>Total PnP</b>		<b>36.6</b>	<b>2.7</b>	<b>3,207,248</b>	
Measured		2.9	1.8	168,083	
Indicated		19.1	2.4	1,445,326	
Inferred		14.7	3.4	1,593,839	
<b>Total PnP</b>		<b>36.6</b>	<b>2.7</b>	<b>3,207,248</b>	
Peerless		10.3	2.7	874,876	
Pickstone		25.2	2.8	2,269,372	
PnP Tailings		1.2	1.7	63,000	
<b>Total Gazema Belt*</b>		<b>29.2</b>	<b>1.2</b>	<b>1,090,700</b>	
Measured					0-150
Indicated	0.5 - 0.6	9.0	1.0	287,700	0-150
Inferred	0.5 - 0.6	20.1	1.2	803,000	0-150
<i>*Giant plus Blue Rock</i>					
<b>Total Giant Mine</b>		<b>10.5</b>	<b>1.5</b>	<b>492,700</b>	
Measured					
Indicated					
Inferred	0.5	9.7	1.5	475,000	0-150
Giant Tailings	0.2	0.8	0.8	17,700	0-20
<b>Total Blue Rock</b>		<b>18.7</b>	<b>1.0</b>	<b>598,000</b>	
Measured					
Indicated	0.6	9.0	1.0	288,000	0-120
Inferred	0.6	9.7	1.0	310,000	0-121
<b>Total by Deposit</b>		<b>65.8</b>	<b>2.0</b>	<b>4,297,948</b>	
Pickstone Shear	0.5-1.5	25.2	2.8	2,269,372	0-750+
Peerless Shear	0.6-1.5	10.3	2.7	874,876	0-350
Giant Mine	0.5	9.7	1.5	475,000	0-150
Blue Rock	0.6	18.7	1.0	598,000	0-120
Total Tailings	0.2	2.0	1.3	80,700	0-20
<b>Total by Mining Style</b>		<b>65.8</b>	<b>2.0</b>	<b>4,297,948</b>	
Open Pit	0.5-0.6	51.1	1.6	2,553,032	0-120
Underground	1.5	12.8	4.0	1,664,216	0-750+
Tailings	0.2-1.0	2.0	1.3	80,700	0-20

## Executive Chairman's report

The period since I last reported to you in December has been eventful and in large part highly progressive. The Company has seen the appointment of Craig Hutton as its new CEO; the appointment of Neville Nicolau, ex CEO of Anglo American Platinum Ltd, as a non-executive director; the Government of Ras al Khaimah has become a substantial shareholder in the Company; we have achieved a Definitive Feasibility Study (DFS) on Phase 1 of our flagship Pickstone Peerless Gold Project in Zimbabwe; we are well on track for the production of a Preliminary Feasibility Study (PFS) on the whole 800,000 oz projected open pit at Pickstone Peerless. Outside of the Company's operations, there have also been notable events in the wider world which have impacted on the Company's direction and strategy; including a major wobble in the gold price causing many companies to fundamentally reassess their position; and the recent election in Zimbabwe has resulted in the end of the Government of National Unity and confirmation of ZANU PF in power in Zimbabwe for the next five years.

As noted in my previous reports, the current global economic climate compels us to focus on more mature projects and in effect to transform ourselves from an exploration company to a development and production company. This transformation is rapidly taking place and requires new skills. Most importantly, in January we appointed a new CEO - Craig Hutton. Craig has wide ranging technical and large company background, but brings also I believe the energy, entrepreneurial flair and width of experience to take on this challenging role. Craig has since assembled a senior mining team who between them have all the necessary complementary skills to transform and execute our mining operations.

As an additional facet to the Company's transformation, I welcome Neville Nicolau to the Board as Non-Executive Director and also as a member of our mining technical committee. Neville, who most recently held the position of Chief Executive Officer of

Anglo American Platinum Limited (Amplats), the world's largest platinum producer, brings extensive operational experience to the Board. He has a degree in Mining Engineering from the University of Johannesburg, an MBA from the University of Cape Town and a career spanning 34 years in the mining industry. Having held high profile positions in international mining companies including Anglo American and AngloGold Ashanti, Neville has managed the development of numerous mining production assets across many jurisdictions in Africa, South America, the United States and Australia.

In early 2013, the Company took a major step towards ensuring its financial security when Brimfell Investment Holdings Ltd (Brimfell) invested a total of approximately \$13.5 million in new Company shares, giving it a 29% equity interest (following two investments, in January and February 2013 respectively). Brimfell is a company ultimately owned by the Government of Ras al Khaimah, one of the United Arab Emirates. It is interesting to note that Brimfell's investment in the Company was followed a few weeks later by a State visit to Zimbabwe by the Emir of Ras al-Khaimah which no doubt provided a first-hand top-level understanding of Zimbabwe's attractions as an investment destination.

Progress on the Pickstone Peerless project is explained fully by Craig in the Chief Executive Officer's Report. As you will read we have achieved the important milestone in the Pickstone Peerless project of a DFS for a 20,000 tonne per month Phase 1 operation, being a subset of a 50,000 tonne per month 800,000 oz open pit Phase 2 operation. A PFS for Phase 2, prefigured in our Preliminary Economic Assessment (PEA) published in December 2012, is also well under way and scheduled for completion in October 2013.

Phase 2, which consists mostly of sulphides, is of considerably higher grade than Phase 1 and therefore anticipated to be proportionately more valuable. It is believed to be robust to falls in the gold price with



a cash operating cost (2012) per the PEA of less than \$500 per oz. We do not rule out developing both phases as one, but this depends on funding options. Discussions as to funding are ongoing and the current expectation is that we will start with Phase 1 only, this being in order to aid funding of Phase 2 from its operations, thereby reducing total funding requirements. The scheduled timeline for Phase 1 is explained in Craig's report.

The future of Pickstone Peerless is of course also bound up both with the gold price and the investment climate in Zimbabwe.

I do not wish to make any prediction concerning the future price of gold except to say that in the long term it should be at least \$1,500 per oz if gold production from new resources is to continue. CIBC World Markets and other sources have demonstrated that the long term replacement cost of an ounce of gold including cost of capital, overhead and exploration is at least \$1,500 per oz and therefore if the price remains below this figure the supply of new gold will eventually erode. Short term considerations are of course different, but, due to its low operating cost, the viability of the Pickstone Peerless project appears assured given any reasonable prediction.

We are pleased that the Zimbabwe elections are now over and the winning party has a firm and legal mandate to govern. The period over which elections were pending had created uncertainty and we now look forward to working with the new Government. It may take a little time to assess the implications of the new Government for investment but, going by the inaugural speech of the President of Zimbabwe, the near future is all about economic growth for the country. We have some reason to believe that reasonable pragmatic policies towards indigenisation will be pursued and that whilst conforming with any relevant law it will be possible for us to safeguard the interests of shareholders. Although there is at present no legal compulsion for us to implement an

indigenisation plan, as previously noted we have deemed it prudent and have created such a plan for Pickstone Peerless which we consider to be acceptable. In particular, we believe that enabling the local community to share in the benefits of the mining operation is very much in the long term interests of shareholders and the plan to incorporate a shareholding for a local community trust will achieve this.

We have continued to refrain from pursuit of the outstanding appeal concerning our Marange diamond claim (the Appeal). As reported in May 2013, there is an indictment against the Company relating to alleged offences in connection with registration of diamond claims in 2006 from Marange, but where the Company has been legally advised that the charges contained in the indictment are groundless. The Company is applying for a stay of proceedings as suggested by the High Court until the Appeal is heard, but is also doing its best to advocate that given the forward looking intents of the new Government in courting investors this matter should be resolved shortly and put behind us. We are hopeful that this will be done and the advent of the new Government will present an opportunity to solve the whole Marange matter once and for all and result in a win-win solution for all.

With regard to Zambia, we were pleased to announce on 15 January 2013 that the licence issues concerning overpegging of the Nkombwa Hills Rare Earth deposit by a third party have been resolved, the Zambian Ministry of Mines and Mineral Development having confirmed the validity of our sole licence. However, the legal saga concerning the Kalengwa copper mine continues. The issues have been reduced, but there are yet two outstanding. Unfortunately, there remains litigation between the vendor to the Company of the property (the Vendor) and the current occupier of the Kalengwa mine (the Occupier) who we understand has a history of protracting legal proceedings over an unacceptably long period.



One issue concerns a copper rich rock dump (the Rock Dump) – essentially a side issue but one that would be helpful to cash flow - where as previously reported the Occupier won an action in the Ndola High Court in 2012 that he had a right to process the Rock Dump under a Mineral Processing Licence which was only obtained based on a former licence which was subsequently voided by the Supreme Court. The appeal in this matter by the Vendor to the Supreme Court has now been heard and we await judgement.

The other issue concerns the main prospecting licence (the 8584 Licence) which covers a prospective exploration area of some 1,000 sq km with the Kalengwa mine on one corner. The Occupier had previously secured a mining licence over that corner (the Void Mining Licence) which licence as previously announced was voided by the Supreme Court in September 2011 as having been obtained without the consent of the then holder of the predecessor to the 8584 Licence. In May 2013, following the Supreme Court judgement, a renewed 8584 Licence covering the approximate 1,000 sq km was finally issued to the Vendor but it was subsequently discovered that the area of the Kalengwa mine itself (exactly the same area covered by the Void Mining Licence) had been excluded from the new 8584 Licence notwithstanding the payment by the Company on behalf of the Vendor of a fee for the whole area with no exclusion; and a new licence over the Kalengwa mine area covering exactly the same coordinates as the Void Mining Licence had been issued to a company connected with the Occupier. According to our legal advisers, the issue of this licence is in blatant contempt of the Supreme Court judgement of September 2011 and the Vendor has instigated Contempt of Court proceedings against the Occupier and against officials of the Mining Ministry in the Zambian Supreme Court which will be heard shortly.

So the position as legally advised is that the Company should gain title to the old

Kalengwa mine and also to the associated Rock Dump pursuant to its contract with the Vendor. The Rock Dump could produce useful short term cash flow, but the important asset is the Kalengwa mine itself. As previously announced, the Kalengwa mine, when mined in the 1970s, had an average grade of some 9% copper. The Company has estimated a non-JORC Resource of approximately 170,000 tonnes of copper metal in the oxide and sulphide halo around the mine and which is open along strike and at depth. The outstanding commitments on this mine following a final resolution of the legal issues comprise immediate and deferred consideration in the form of a mixture of cash, shares and royalties as further detailed in Note 24 of the Financial Statements.

As stated in Craig Hutton's report, progression on our less advanced exploration assets has not been our priority over recent months. In view of this, and the current effective cost of funding the development of these assets absent our own cash flow, we have decided to impair several of them resulting in an impairment charge in the Group Statement of Comprehensive Income of \$4,017,827. Of the properties impaired (see note 11 below) we have no reason to believe that Chakari Gold, One Step (gold), and Perseverance (nickel) would not warrant further expenditure given the right funding environment. The possibility of further expenditure on these assets will therefore be reviewed regularly. Snakes Head (Platinum Group Metals) has been impaired on the basis that in view of its remote location and the current platinum price it would not under current conditions be viable.

As noted by Craig in his report, we signed a Memorandum of Understanding with a major Romanian State mining company in May 2013. This has presented us with a very special opportunity and to date we have conducted extensive due diligence at reasonable cost and largely with the use of existing personnel on several of the key licences involved. This work is ongoing

and encouraging. We are hopeful that this opportunity will result in a significant acquisition on favourable terms. The Company will if necessary seek funding for this separately or on a joint venture basis.

As noted below, the Group Statement of Financial Position has been prepared on a going concern basis. As at 1 August 2013, Group cash and cash equivalents was approximately \$6.6 million. The Company is currently in discussions for further funding primarily to finance Phase 1 of Pickstone Peerless, but also for general corporate purposes. Without any such funding the directors believe the Company has sufficient financial resources to meet its commitments for the next 10 months on a minimum spend basis. Any such funding may be in the form of equity and/or debt. Please refer to Note 1 of the Financial Statements for further discussion on the Company's going concern status.

In conclusion, the Company continues to have a spread of what we believe to be potentially world class assets now coupled with the in-house skills to develop and mine such assets. In particular, production from Phase 1 of the Pickstone Peerless project remains our top priority. Subject to obtaining the necessary funding on acceptable terms I believe that the Company stands to be transformed.

My thanks go to the Board and all our staff for their hard work over the past year.

**Roy Tucker**

### Strategy

In this, my first review as CEO, it is a privilege to discuss our company's exciting future prospects and strategy as well as developments over the past year that have set us on track to become a cash-generative development and production company.

Our strategy, which is endorsed fully by my colleagues and myself, is ambitious yet cognisant of the general risk averse sentiment which is driving the market. In line with this, we are undertaking the important transition from being a cash-absorptive minerals exploration company to becoming a cash-generative entity by developing our primary assets, principally the Pickstone Peerless Gold Project in Zimbabwe. It is also our vision to position the Company as a mid-tier multi-commodity multi-jurisdictional development and mining company. We believe that this strategy is founded on the realities of our time – the realities of unpredictable financial and commodity markets and rapidly changing paradigms where once again shareholder focus is on cash flow, profit margins, dividend flows and growth. We have set ourselves the mission to pursue this whilst still retaining exposure to the considerable value upside potential of our earlier stage exploration interests.

### Immediate Focus

But let me begin with a review of the year that has just ended. Our focus has been on securing our presence, strengthening our finances, focusing on developing the Pickstone Peerless project and building an experienced, competent and motivated mining team.

Developing the Pickstone Peerless gold project represents our prime target and is central to the Company's conversion from being purely an exploration company into a cash-generative development and mining company. Pickstone Peerless is now absorbing most of our capital spend, with the objective of creating cash-generative operations in the near term. This will bring much needed

employment to the region both directly and indirectly. It will also eventually contribute to funding our exploration initiatives in Zimbabwe, Zambia and, possibly, elsewhere. Exploration, if you will, has temporarily been placed on the back burner.

In September 2012, the Company declared a JORC Resource upgrade of its Pickstone Peerless project to 3.2 million ounces of gold contained in 37 million tonnes of ore grading an average 2.7 g/t. This Resource upgrade was followed up with a Preliminary Economic Assessment (PEA) in December 2012 that indicated that an open pit mine Resource grading 5.1 g/t in situ and mined at a monthly rate of 50,000 tonnes would yield a total of more than 800,000oz for over 10 years. The economics suggested that the Resource could be exploited at a cash operating cost of less than \$500/oz at 2012 prices with the caveat of a PEA confidence level of 70%.

Since then much has been accomplished. In July 2013, a Definitive Feasibility Study (DFS) was published as well as an updated Resource statement. The DFS only considered mining the oxide cap at a rate of 20,000 tonnes per month as phase 1 (Phase 1) of the exploitation of the mineral inventory of 800,000 oz included in the PEA. This took account of current volatile capital markets and the continuing, though improving, negative investment perceptions of Zimbabwe. As a result, it was considered prudent to place the Company in a cash-positive position at the earliest opportunity. This approach is considered to be beneficial in that the Company's balance sheet is improved, thereby enhancing our ability to attract alternative forms of capital rather than approaching shareholders once again. The strategy is a trade off of an increased short-term cost of production against the potentially significant cost of shareholder dilution, the former option being considered a more prudent way to create value for shareholders. Consequently, and due to the relatively lower grade of the oxide cap, the cash operating cost of production for Phase 1 under the DFS is posted at approximately

\$750/oz. This comparatively-higher unit cost is expected to be reduced once higher volumes are mined and the higher-grade sulphides are intersected. To this end a Pre-Feasibility Study (PFS) has been initiated to confirm the detail and the economics of an expansion to 50,000 tonnes per month as informed by the PEA. The PFS will also target a mineral Reserve of 1 million ounces in an expanded open pit.

Notwithstanding this, in June 2013 we also completed a remodelling of the Resource as a consequence of new data derived from additional borehole drilling undertaken between January 2013 and May 2013. The outcome of this exercise was to confirm the previous estimate with the added benefit of improving our understanding and local estimation of the orebody. The current Resource declared at the end of June 2013 stands at 3.2 million ounces contained in 40 million tonnes grading 2.5 g/t.

Trial mining and pilot plant processing at Pickstone Peerless was initiated in January 2013. The pilot plant draws material from a small low-grade open pit and is name plated at 4 tonnes per hour. The trial mining has been very useful in advancing the Company to operational readiness. Much has been learned about the technical characteristics of the orebody and its amenability to processing. It has also helped by testing our ability to operate in-country. We also believe that 'learning curve' costs have been greatly diminished as a result of running a pilot plant at the mine's location.

To keep the capital cost and therefore capital intensity low for Phase 1, the DFS considers the use of existing plant and equipment that includes existing concrete leach tanks, elution columns, a furnace and a sampling laboratory. Importantly, there is also an existing 33kVA electricity sub-station that is being reconnected to feed power to mining operations. This substation will ensure continuous power to the mine for Phase 1 as it draws power from the same grid circuit that feeds Zimplats's Ngezi operation.

In early June 2013 orders were placed for long lead-time equipment, including ball milling equipment to be imported from Germany. Again allowing for a two-month time float, delivery is scheduled to coincide with completion of all other deliveries and completion of all civil works on site.

Installation of the ball mill is scheduled for February and March 2014 with planning again allowing for a two-month time float. The mill's month-long commissioning is set to begin the following month, with production ramping up to an initial monthly throughput of 20,000 tonnes set for April 2014. Once this steady-state operational level is achieved and has been running sustainably for two years, we will trigger our studies for raising the monthly milling rate to 50,000 tonnes. As I have said, this approach has been primarily adopted as a consequence of volatile capital markets and our reluctance to further dilute existing shareholders more than is necessary. If circumstances change, whether through more available funding options or otherwise, and the expansion to 50,000 tonnes per month can be achieved earlier, we will consider this new strategy on its merits.

The acceleration of our activities towards cash generation is a testament to the skill of the new mining team and has been achieved by decoupling the pit from the plant by building a 4-month stockpile. This strategy will allow pressure to be removed from the hard rock operation and allow time for selective trucking of variable grade material to stockpiles. As a consequence of this, the DFS demonstrates that an average grade of 3.04g/t can be achieved for the first six years of production from an orebody that has an average grade of 2.1 g/t over a nine-year life of mine. The essence of this strategy is to generate net cash flows of \$26 million over the first three years and \$54 million over the first six years of operations, based on management forecasts. This cash generation will considerably change the fortunes of the Company by significantly strengthening the balance sheet and bank balance.

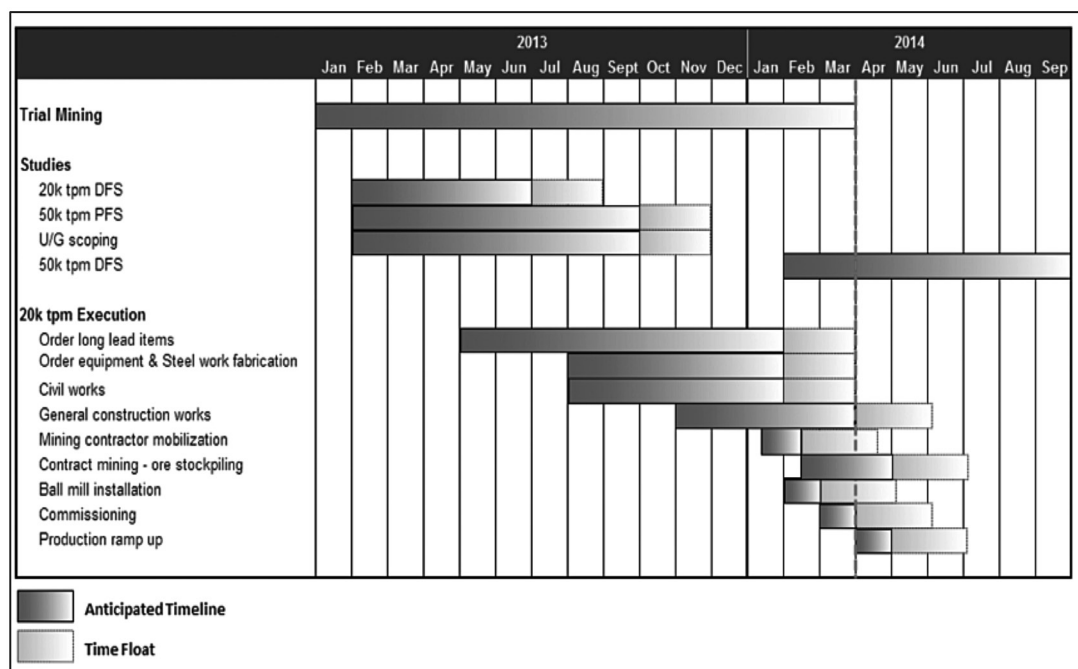
Importantly, the Phase 1 mining of the oxides defined in the current DFS only represents half of the total oxides available for extraction. This brings optionality to gold production in future years as the PFS will have to consider a number of options which may include a production of as much of 70,000 tonnes per month should both oxides and sulphides be exploited concurrently. The decisions will be clinical, ensuring that maximum cash is generated on a capital-efficient basis.

We have detailed our capital and funding requirements for Phase 1 by virtue of the DFS study. This is presented in the table below. We estimate that the basic capital before allocation of corporate and stockpiling costs

is approximately \$18.2 million. To achieve a maximum grade and accelerate cash flows, initial stockpiling of ore will cost an additional \$2.9 million. In addition, corporate costs allocated to Pickstone Peerless amounts to \$2.3 million. The total capital requirement therefore totals \$23.5 million. As of end June our cash balances stood at \$7.8 million implying a net funding requirement of \$15.7 million. As at 1 August 2013, cash balances totalled \$6.6 million. Having considered this equation, the Company is evaluating a number of financing options to ensure the successful completion of Phase 1 and provide for other on-going Company operations. Any such funding may be in the form of equity and/or debt.

Application of funds	Previous Cost (April 2013) USD '000	Balances (Post DFS Costs July 2013) USD '000
Bankable feasibility study (20 ktpm)	1 200	53
Pre-feasibility study - expansion (50 ktpm)	600	600
Underground conceptual study	65	65
20ktpm capital cost	13 700	13 700
20ktpm capital cost contingency	1 400	1 403
Working capital	1 600	1 600
Mining Site Establishment	0	761
SUBTOTAL	18 565	18 182
SRK		127
Other working capital - 4 months pre production stockpiling	0	2 933
SUBTOTAL	18 565	21 242
Corporate costs allocated	0	2 295
Bank Balance @ end June 2013	10 000	7 813
Funding requirement	8 565	15 724

Our construction schedule is both prudent and flexible. The chart below details the high-level activities and the timeline we have set for ourselves as a mining team. Attention is drawn to the time float to our schedule. We consider it prudent to add this time float so as to ensure that we clearly communicate that whilst our best endeavours will be applied to achieving early production, unforeseen or unplanned events may still present themselves.



## Exploration Update

As I have mentioned above, Pickstone Peerless is taking precedence over our other exploration operations. The most prospective of these remains the Gadzema Belt in Zimbabwe where drilling completed in the year under review has delivered an Indicated Resource containing 1.1Moz of gold. Turning it to account will be contemplated either when Pickstone Peerless is delivering sufficient cash flow to cover the cost of bringing Gadzema into production or if a joint venture partner were found. Our other Zimbabwean projects – Chakari (gold) and platinum, nickel and phosphates – were all explored using surface exploration methods during the year, but, as with Gadzema, will await adequate cash flows from Pickstone Peerless before they are targeted for exploratory drilling. We are anticipating the ability to negotiate joint venture farm in contracts on our Chishanya (phosphates) and diamond regional projects.

Outside of Zimbabwe, our prospects are in the main progressing satisfactorily. During the year under review, drilling access and camp infrastructure was established at

the Nkombwa Hill rare earths prospect in north-east Zambia, ahead of diamond drilling planned for H2 2013. At the Kalengwa Mine (copper/silver) in north-west Zambia, much of the year under review was spent on awaiting confirmation of our licence as explained in the Chairman's Report. Exploration on the ground has not been taking place and, until we have comprehensive title to the property, will be confined to aerial geophysical surveys. It is only when this has been completed that we will initiate soil geochemical sampling and exploration drilling programmes with the aim of generating Resource development targets in the mineralisation halo around the old mine, and over satellite copper targets.

Adjacent to the Kalengwa project, the Company's Kasempa project is an Iron-Oxide copper-gold style target, where previous explorers have delineated a 5km long copper-gold anomaly ("Jikambo") with copper grades of over 1% in some exploration drillholes. Mapping and airborne aeromagnetic surveys are planned immediately to delineate the host syenite body and to define drill targets.

Though geographically removed from our African host countries, during the fourth quarter of the year under review we were presented with an opportunity to examine gold and polymetallic possibilities in Romania. These are old properties where operations have ceased with the ending of government subsidies in compliance with European Union rules. As reported in May 2013, a memorandum of understanding was signed with a Romanian State mining company. This allows the Company until 29 October 2013 the exclusive right to evaluate whether 37 defunct polymetallic mines (Au, Ag, Cu, Pb, Zn) might again be suitable candidates for mining.

### **New Team Members**

Finally, though not less important, it is also my privilege to introduce our new team members that will be supporting me in realising the vision that we have set ourselves and the immediate tasks at hand to ensure the Company becomes cash positive. Apart from myself and Neville Nicolau, the following persons joined our team in this past year:

#### **Mark Humphery**

Mark has joined us as VP Business Assurance and Group Engineering. He has 23 years' industry experience and an NHDip. Mech. Eng. Companies where he has worked include Randgold Resources, Gold Fields and AngloGold Ashanti.

Mark's key strengths are in process plant design and plant construction, financial valuation, financial management, project management, supply chain management and logistics.

#### **Ross McMillan**

Ross has joined us as VP Business Optimisation and Group Mining. He has 19 years' industry experience and a B.Eng (Mining). Companies where he has worked include Barrick Gold, Placer Dome and AngloGold Ashanti.

Ross's key strengths are in mine engineering and design, mining production, strategy, project management and evaluations.

#### **Admire Chaendera**

Admire has joined us as our Chief Metallurgist. He has 12 years' industry experience and an impressive string of qualifications: MBL (current-RSA); MSc Engineering (RSA); BSc (Hons) Metallurgical Engineering (Zim). Pr. Eng. Admire has worked for Paradigm Project Management, Hatch Associates and RSV Kenyuka. Admire's key strengths are in project management, process engineering design and optimization.

#### **Craig Harvey**

Craig has joined us as VP Business Development and Ore Resource Management. Craig is a registered Member of the Geological Society of Southern Africa (GSSA) and the Australian Institute of Geoscientists (AIG) and holds the relevant qualifications and professional associations required by the ASX, JORC and VALMIN Codes in Australia. He brings 18 years of extensive experience in exploration geology, production geology, resource modelling and due diligence investigations gained in South Africa, Canada, Australia and Asia.

#### **Carel de Jager**

Carel has joined us on a consultancy basis as our Mining Economics consultant. He has 41 years industry experience and an MSc in Mining Economics. His experience has been in mineral resource management, project management, mining economics and mining with Anglo American and De Beers. Most recently Carel was the Global Head of Mining Economics and Technical Investment Review Manager co-ordinating all projects in excess of \$50m for Anglo American.



**Andrew Prelea**

Andrew has more than 20 years of investor and public relations experience. He has advised the Romanian Government on social housing and economic policy. He has senior experience as a minerals and metals trader and as a property developer. Andrew's key strengths are in investor relations, marketing and government relations.

Our team is strong and well-structured to steward the development of our key assets and advance the Company into a cash generative development and production company. Personally, I look forward to working with such a talented group.

**Craig Hutton**

*Chief Executive Officer*

*Both the Chief Executive Officer's and the Executive Chairman's reports have been reviewed by Mike Kellow BSc, a member of the Australian Institute of Geologists and Technical Director of the Company. Mr Kellow meets the definition of a "qualified person" as defined in the AIM Note for Mining, Oil and Gas Companies.*

The Directors present their report together with the audited financial statements for the year ended 31 March 2013.

### Results and dividends

The Group statement of comprehensive income is set out on page 23 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 and is also currently investigating certain opportunities in Romania. Both the Chairman's and Chief Executive Officer's reports on pages 5 to 14 provide 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 2013 were approximately \$11.0 million (2012: \$3.0 million). During the year the cash outflows from operations were \$4.1 million (2012: \$4.6 million) and from investing activities was \$3.9 million (2012: \$5.1 million). There was expenditure of some \$3.9 million on capital assets the major part of which consisted of deferred exploration costs. The net monthly cash expenditure in the year to March 2013 was approximately \$667 000. This figure reflects some increased drilling activity on the prior year as well as on-going geochemical and geophysical work.

### 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 and 11 of the financial statements.

### Risk Management

The Group is exposed to a number of risks and uncertainties which could have a material impact on its long-term development and performance and management of these risks is an integral part of the management of the Group.

The Board has identified the following as being the principal strategic and operational risks (in no order of priority).

#### Risk – Mining 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.

#### Mitigation/Comments

The Directors are constantly evaluating each project site by site in order to mitigate as far as possible these risks inherent in exploration. Use of modern technology and electronic tools also assist in reducing risk in this area. The maintenance of good labour is also key in reducing the exposure to labour disputes. The Group is committed to following sound environmental guidelines and is keenly aware of the issues surrounding each individual project.

#### **Risk - Retention of Key Personnel**

The successful achievement of the Group's strategies, business plans and objectives depends upon its ability to attract and retain certain key personnel.

#### **Mitigation/Comments**

The Group is committed to the fostering of a management culture where management is empowered and where innovation and creativity in the workplace is encouraged. The Group's employment terms are designed to attract, incentivise and retain individuals of the right calibre.

#### **Risk - Country and Political**

The Group's operations are predominantly based in Zimbabwe, with a lesser exposure in Zambia. Emerging market economies could be subject to greater risks, including legal, regulatory, economic and political risks, and are potentially subject to rapid change.

#### **Mitigation/Comments**

The Group's management team is highly experienced at operating in Africa. The Group routinely monitors political and regulatory developments in its countries of operation. In addition the Group actively engages in dialogue with relevant Government representatives in order to keep abreast of all key legal and regulatory developments applicable to its operations. The Group has a number of internal processes and checks in place to ensure that it is wholly compliant with all relevant regulations in order to maintain its mining or exploration licences within each country of operation and in particular in Zimbabwe the group will take the necessary steps to comply with the Indigenisation Regulations.

These country risks are further addressed in Notes 1 and 2 to the Financial Statements.

#### **Risk - Social, Safety and Environmental**

The Group's success may depend upon its social, safety and environmental performance, as failures can lead to delays or suspension of its mining activities.

#### **Mitigation/Comments**

The Group takes its responsibilities in these areas seriously and monitors its performance across these areas on a regular basis.

#### **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.

#### **Charitable and political contributions**

During the year the Group made charitable contributions of \$54,831 (2012 - \$90,885).

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 2013 was 27 days (2012 - 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
Roy Tucker	5 April 2005	
Andrew Cranswick	12 April 2005	18 January 2013
Stuart Bottomley	27 May 2005	
Michael Kellow	22 March 2006	-
Julian Emery	1 April 2011	18 January 2013
Lloyd Manokore	1 April 2011	-
Craig Hutton	18 January 2013	-
Neville Nicolau	24 April 2013	-

## 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 2013	Share Options held at 31 March 2013	Ordinary Shares held at 31 March 2012	Share Options held at 31 March 2012
Stuart Bottomley	7,376,000	-	7,376,000	-
Andrew Cranswick	15,133,960	-	9,857,115	-
Craig Michael Hutton	2,316,667	8,000,000	-	-
Julian Emery	166,700	-	-	-
Michael Kellow	8,412,843	3,500,000	3,785,696	-
Lloyd Manokore	-	1,000,000	-	-
Roy Tucker	8,260,083	3,500,000	4,354,053	-

## Share options

Exercise price	Outstanding at 31 March 2012	Movements Issued	Lapsed during year	Outstanding at 31 March 2013	Vesting date	Final Exercise date
Craig Hutton						
5.0p	-	2,000,000	-	2,000,000	Jan-13	Dec-15
5.0p	-	3,000,000	-	3,000,000	Dec-13	Dec-15
5.0p	-	3,000,000	-	3,000,000	On gold pour	Dec-15
	-	<b>8,000,000</b>	-	<b>8,000,000</b>		
Michael Kellow						
5.0p	-	3,500,000	-	3,500,000	50% Aug12; 50% Aug 13	Aug-15
Lloyd Manokore						
5.0p	-	1,000,000	-	1,000,000	50% Aug12; 50% Aug 13	Aug-15
Roy Tucker						
5.0p	-	3,500,000	-	3,500,000	50% Aug12; 50% Aug 13	Aug-15
<b>Total</b>	-	<b>18,500,000</b>	-	<b>18,500,000</b>		

## 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 2012	Exercised during last 12 months	Granted during last 12 months	Outstanding at 31 March 2013	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
	6.00p	-	-	1,000,000	1,000,000	50% Aug-12 and 50% Aug-13
		2,250,000	-	1,000,000	3,250,000	
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
	6.00p	-	-	3,500,000	3,500,000	50% Aug-12 and 50% Aug-13
		3,000,000	-	3,500,000	6,500,000	
Lloyd Manokore	6.00p	-	-	500,000	500,000	50% Aug-12 and 50% Aug-13
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
	6.00p	-	-	2,750,000	2,750,000	50% Aug-12 and 50% Aug-13
		2,250,000	-	2,750,000	5,000,000	
<b>Total</b>		<b>7,500,000</b>	<b>-</b>	<b>7,750,000</b>	<b>15,250,000</b>	

See Note 21 for further details of the EBT

**Directors' remuneration**

	<b>Basic salary/fees \$</b>	<b>Bonuses \$</b>	<b>Termination Payments \$</b>	<b>Pension \$</b>	<b>Medical aid \$</b>	<b>Total 2013 \$</b>	<b>Total 2012 \$</b>
Stuart Bottomley	59,205	-	-	-	-	59,205	56,334
Andrew Cranswick	267,687	84,890	538,687	-	2,503	893,767	157,385
Julian Emery	33,536	-	-	-	-	33,536	39,657
Craig Hutton	140,708	-	-	-	-	140,708	-
Michael Kellow	306,496	67,175	-	18,936	3,921	396,528	259,955
Lloyd Manokore	48,884	-	-	-	-	48,884	39,559
Roy Tucker	344,723	60,635	-	-	-	405,358	212,681
	<b>1,201,239</b>	<b>212,700</b>	<b>538,687</b>	<b>18,936</b>	<b>6,424</b>	<b>1,977,986</b>	<b>765,571</b>

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

Included in the Andrew Cranswick termination payment are certain consultancy fees post termination which are contractual and bound on completion of certain criteria.

Craig Hutton's basic salary includes consultancy fees payable pre-election as a director.

**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.

**Events after the reporting date**

This is more fully disclosed in Note 26.

By order of the Board

Roy Tucker  
*Secretary*

4 September 2013

## 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.



We have audited the financial statements of African Consolidated Resources Plc for the year ended 31 March 2013 which comprise the group statement of comprehensive income, the group and company statement of changes in equity, group and company statement of financial position, the group and company statement of cash flows 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 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 Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### **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 2013 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
- 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 24). 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.

### **Emphasis of matter – Going concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the company's ability to continue as a going concern. Further funds will be required to finance the company's working capital requirements and the planned work programme. Although the Directors expect to be able to successfully raise the additional funds required they have no binding agreements to date. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

### **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 McNaughton (Senior Statutory Auditor)**

For and on behalf of BDO LLP,  
statutory auditor  
London  
United Kingdom

4 September 2013

*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 2013

	Notes	31 March 2013 Group \$	31 March 2012 Group \$
Revenue		-	-
Cost of sales		-	-
Gross profit		-	-
Share options (expenses)/write back	21	(325,685)	409,113
Other administrative expenses		(6,675,855)	(4,211,435)
Impairment of intangible assets		(4,017,827)	(787,894)
Administrative expenses		(11,019,367)	(4,590,216)
<b>Operating loss</b>	3	(11,019,367)	(4,590,216)
Finance income	5	3,686	27,616
<b>Loss before and after taxation attributable to the equity holders of the parent company</b>		(11,015,681)	(4,562,600)
<b>Other comprehensive income</b>			
<b>Items that maybe reclassified subsequently to profit or loss</b>			
Gain on available for sale financial assets		24,460	19,044
<b>Total comprehensive loss attributable to the equity holders of the parent company</b>		<b>(10,991,221)</b>	(4,543,556)
<b>Loss per share – basic and diluted</b>	9	(2.01) cents	(1.08) cents

All amounts above relate to continuing operations.

The accompanying accounting policies and Notes on pages 28 - 53 form an integral part of these financial statements.

## Group statement of changes in equity for the year ended 31 March 2013

Group	Share capital account	Share premium account	Share option reserve	Foreign currency translation reserve	Available for sale reserve	EBT reserve	Retained earnings/ (losses)	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>At 31 March 2011</b>	<b>6,459,717</b>	<b>41,722,066</b>	<b>2,238,649</b>	<b>(1,854,891)</b>	<b>(12,604)</b>	<b>(2,468,420)</b>	<b>(14,059,010)</b>	<b>32,025,507</b>
Loss for the year	-	-	-	-	-	-	(4,562,600)	<b>(4,562,600)</b>
Other comprehensive income	-	-	-	-	19,044	-	-	19,044
Total comprehensive loss for the year	-	-	-	-	19,044	-	(4,562,600)	<b>(4,543,556)</b>
Net write off in respect of share option charges	-	-	(24,030)	-	-	-	-	<b>(24,030)</b>
Share options exercised	-	-	(165,183)	-	-	-	165,183	-
Share options lapsed	-	-	(2,044,315)	-	-	-	2,044,315	-
Shares issued:								
- for cash consideration	1,266,721	6,333,603	-	-	-	-	-	<b>7,600,324</b>
- in respect of share options	125,551	439,430	-	-	-	-	-	<b>564,981</b>
- for purchase of assets	39,744	147,163	-	-	-	-	-	<b>186,907</b>
- to settle liabilities (including Directors)	16,316	146,843	-	-	-	-	-	<b>163,159</b>
- share issue costs	-	(306,644)	-	-	-	-	-	<b>(306,644)</b>
<b>At 31 March 2012</b>	<b>7,908,049</b>	<b>48,482,461</b>	<b>5,121</b>	<b>(1,854,891)</b>	<b>6,440</b>	<b>(2,468,420)</b>	<b>(16,412,112)</b>	<b>35,666,648</b>
Loss for the year	-	-	-	-	-	-	(11,015,681)	<b>(11,015,681)</b>
Other comprehensive income	-	-	-	-	24,460	-	-	24,460
Total comprehensive loss for the year	-	-	-	-	24,460	-	(11,015,681)	<b>(10,991,221)</b>
Share option charges	-	-	325,685	-	-	-	-	<b>325,685</b>
Write off of investment	-	-	-	11,807	-	-	-	<b>11,807</b>
Shares issued:								
- for cash consideration	5,093,684	11,827,222	-	-	-	-	-	<b>16,920,906</b>
- to settle liabilities (including Directors)	756,668	2,032,778	-	-	-	-	-	<b>2,789,446</b>
- to the EBT	245,897	1,229,487	-	-	-	(1,475,384)	-	-
- share issue costs	-	(821,089)	-	-	-	-	-	<b>(821,089)</b>
<b>At 31 March 2013</b>	<b>14,004,298</b>	<b>62,750,859</b>	<b>330,806</b>	<b>(1,843,084)</b>	<b>30,900</b>	<b>(3,943,804)</b>	<b>(27,427,793)</b>	<b>43,902,182</b>

The accompanying accounting policies and Notes on pages 28 - 53 form an integral part of these financial statements.

## Company statement of changes in equity for the year ended 31 March 2013

Company	Share capital account	Share premium account	Share option reserve	Foreign currency translation reserve	Available for sale reserve	EBT reserve	Retained earnings/ (losses)	Total
	\$	\$	\$	\$	\$	\$	\$	\$
<b>At 31 March 2011</b>	<b>6,459,717</b>	<b>41,722,066</b>	<b>2,238,649</b>	<b>(4,953,777)</b>	<b>-</b>	<b>(2,468,420)</b>	<b>(8,252,712)</b>	<b>34,745,523</b>
Total comprehensive loss for the year	-	-	-	-	-	-	(1,278,924)	<b>(1,278,924)</b>
Net write off in respect of share option charges	-	-	(24,030)	-	-	-	-	<b>(24,030)</b>
Share options exercised	-	-	(165,183)	-	-	-	165,183	-
Share options lapsed	-	-	(2,044,315)	-	-	-	2,044,315	-
Shares issued:								
- for cash consideration	1,266,721	6,333,603	-	-	-	-	-	<b>7,600,324</b>
- in respect of share options	125,551	439,430	-	-	-	-	-	<b>564,981</b>
- for purchase of assets	39,744	147,163	-	-	-	-	-	<b>186,907</b>
- to settle liabilities (including Directors)	16,316	146,843	-	-	-	-	-	<b>163,159</b>
- share issue costs	-	(306,644)	-	-	-	-	-	<b>(306,644)</b>
<b>At 31 March 2012</b>	<b>7,908,049</b>	<b>48,482,461</b>	<b>5,121</b>	<b>(4,953,777)</b>	<b>-</b>	<b>(2,468,420)</b>	<b>(7,322,138)</b>	<b>41,651,296</b>
Loss for the year	-	-	-	-	-	-	(16,978,202)	<b>(16,978,202)</b>
Other comprehensive income	-	-	-	-	14,140	-	-	<b>14,140</b>
Total comprehensive loss for the year	-	-	-	-	14,140	-	(16,978,202)	<b>(16,964,062)</b>
Share option charges	-	-	325,685	-	-	-	-	<b>325,685</b>
Shares issued:								
- for cash consideration	5,093,684	11,827,222	-	-	-	-	-	<b>16,920,906</b>
- to settle liabilities (including Directors)	756,668	2,032,778	-	-	-	-	-	<b>2,789,446</b>
- to the EBT	245,897	1,229,487	-	-	-	(1,475,384)	-	-
- share issue costs	-	(821,089)	-	-	-	-	-	<b>(821,089)</b>
<b>At 31 March 2013</b>	<b>14,004,298</b>	<b>62,750,859</b>	<b>330,806</b>	<b>(4,953,777)</b>	<b>14,140</b>	<b>(3,943,804)</b>	<b>(24,300,340)</b>	<b>43,902,182</b>

The accompanying accounting policies and Notes on pages 28 - 53 form an integral part of these financial statements.

## Group and Company statements of financial position as at 31 March 2013

	Note	31 March 2013 Group \$	31 March 2012 Group \$	31 March 2013 Company \$	31 March 2012 Company \$
<b>ASSETS</b>					
<b>Non-current assets</b>					
Intangible assets	11	28,841,335	28,896,056	2,894,158	3,869,131
Property, plant and equipment	12	2,929,155	3,099,937	1,501,907	1,581,592
Investment in subsidiaries	13	-	-	218,104	219,104
Loan to group companies	14	-	-	28,976,330	33,401,577
		31,770,490	31,995,993	33,590,499	39,071,404
<b>Current assets</b>					
Inventory	15	11,610	9,493	-	-
Receivables	16	1,905,327	1,023,467	173,223	216,684
Available for sale investments	17	90,293	65,833	14,706	566
Cash and cash equivalents		10,961,662	3,031,019	10,371,587	2,656,777
<b>Total current assets</b>		12,968,892	4,129,812	10,559,516	2,874,027
<b>Total Assets</b>		<b>44,739,382</b>	<b>36,125,805</b>	<b>44,150,015</b>	<b>41,945,431</b>
<b>EQUITY AND LIABILITIES</b>					
<b>Capital and reserves attributable to equity holders of the Company</b>					
Called-up share capital	20	14,004,298	7,908,049	14,004,298	7,908,049
Share premium account	20	62,750,859	48,482,461	62,750,859	48,482,461
Available for sale reserve	22	30,900	6,440	14,140	-
Share option reserve	22	330,806	5,121	330,806	5,121
Foreign currency translation reserve	22	(1,843,084)	(1,854,891)	(4,953,777)	(4,953,777)
EBT reserve	22	(3,943,804)	(2,468,420)	(3,943,804)	(2,468,420)
Retained earnings	22	(27,427,793)	(16,412,112)	(24,300,340)	(7,322,138)
<b>Total equity</b>		43,902,182	35,666,648	43,902,182	41,651,296
<b>Current liabilities</b>					
Trade and other payables	18	837,200	459,157	247,833	294,135
<b>Total current liabilities</b>		837,200	459,157	247,833	294,135
<b>Total Equity and Liabilities</b>		<b>44,739,382</b>	<b>36,125,805</b>	<b>44,150,015</b>	<b>41,945,431</b>

The accompanying accounting policies and Notes on pages 28 - 53 form an integral part of these financial statements. The Financial Statements on pages 15 - 53 were approved and authorised for issue by the Board of Directors on 4 September 2013 and were signed on its behalf by:

Roy C Tucker  
Director

Registered number 05414325

## Group and Company statements of cash flow for the year ended 31 March 2013

	2013 Group \$	2012 Group \$	2013 Company \$	2012 Company \$
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>				
<b>Loss for the year</b>	(11,015,681)	(4,562,600)	(16,978,202)	(1,278,924)
<b>Adjustments for:</b>				
Depreciation	59,354	88,147	24,633	41,702
Impairment charge on intangible assets	4,017,827	787,894	1,189,765	204,139
Impairment charge on advances to group companies	-	-	12,348,765	-
Write off of revaluation reserve in subsidiary	11,807	-	-	-
Unrealised exchange loss on cash and cash equivalents	162,318	53,511	162,733	53,509
Finance income	(3,686)	(27,616)	(1,247,134)	(955,496)
Loss/(profit) on sale of property, plant and equipment	37,751	(12,791)	-	-
Disposal of investment in subsidiaries	-	-	1,000	-
Liabilities settled in shares	2,789,446	366,240	2,789,446	366,240
Share option charges/(write back)	325,685	(409,113)	325,685	(409,113)
	(3,615,179)	(3,716,328)	(1,383,309)	(1,977,943)
<b>Changes in working capital:</b>				
(Increase)/Decrease in receivables	(881,860)	(620,454)	43,461	(71,354)
(Increase)/Decrease in inventories	(2,117)	50,668	-	-
Increase/(Decrease) in payables	378,043	(344,248)	(46,302)	(82,476)
	(505,934)	(914,034)	(2,841)	(153,830)
<b>Cash used in operations</b>	(4,121,113)	(4,630,362)	(1,386,150)	(2,131,773)
<b>Investing activities:</b>				
Payments to acquire intangible assets	(3,654,158)	(4,628,930)	(159,307)	(333,522)
Payments to acquire property, plant and equipment	(235,271)	(477,911)	(433)	(222,017)
Proceeds on disposal of property, plant and equipment	-	23,112	-	-
Increase in Loan to group companies	-	-	(6,691,552)	(6,570,601)
Interest received	3,686	27,616	15,168	23,255
	(3,885,743)	(5,056,113)	(6,836,124)	(7,102,885)
<b>Financing Activities:</b>				
Proceeds from the issue of ordinary shares, net of issue costs	16,099,817	7,842,487	16,099,817	7,842,487
<b>Increase / (Decrease) in cash and cash equivalents</b>	8,092,961	(1,843,988)	7,877,543	(1,392,171)
<b>Cash and cash equivalents at beginning of year</b>	3,031,019	4,928,518	2,656,777	4,102,457
Exchange gain on cash and cash equivalents	(162,318)	(53,511)	(162,733)	(53,509)
<b>Cash and cash equivalents at end of year</b>	<b>10,961,662</b>	<b>3,031,019</b>	<b>10,371,587</b>	<b>2,656,777</b>

The accompanying accounting policies and Notes on pages 28 - 53 form an integral part of these financial statements.



## 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 2013.

At the date of issue of these financial statements the Group does not have sufficient cash resources to support minimum spend requirements and general overheads for the next twelve months. On a minimum spend basis and based on the current cash balance of \$6.6m (at 1 August) the Group has sufficient cash resources for the next 10 months. However the Group continues to pursue its objective of progressing its various assets. The Group requires further funding to continue with development of Phase 1 of the Pickstone Peerless mine and its other exploration projects as well as meeting cash spend outside of the minimum spend forecast.

The Group is actively pursuing funding options and the directors are confident of being able to raise the required funds at a price acceptable to existing shareholders and is in active discussions with several parties. 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 and the Directors' expectations.

There can however be no certainty that one of the funding options will complete and therefore a material uncertainty exists which may cast significant doubt over the Group's ability to continue as a going concern. These financial statements do not include the adjustments that would be required if the Group could not continue as a going concern. These would principally be impairing the carrying value of the mining projects to value in a distressed sale.

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.

Further improvements in the Zimbabwean economy will depend on whether the new government will promulgate investor friendly policies, which will open doors to much needed foreign investment.

The Zimbabwean Government's policy on indigenisation as set in its present format does create a burden on foreign owned companies, expectations are that it is likely to be modified with a change under the new dispensation.

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 and amended Standards effective for 31 March 2013 year-end adopted by the Group:

The following new standards and amendments to standards are mandatory for the first time for the Group for financial year beginning 1 April 2013. Except as noted, the implementation of these standards is not expected to have a material effect on the Group.

- a) New standards, interpretations and amendments effective from 1 April 2012

There are no new standards, amendments and interpretations which are effective for the first time in these consolidated financial statements which have had a material effect on the company.

No other IFRS issued and adopted are expected to have an impact on the Group's financial statements. All other new standards and interpretations that were effective for the year ended 31 March 2013 have been adopted, but have not had a material effect on the Group.

## b) New standards, interpretations and amendments not yet effective

The following new standards, interpretations and amendments, which are not effective for periods beginning 1 April 2012 and which have not been early adopted, will or may have an effect on the company's future financial statements:-

Standard	Description	Effective date
IFRS 9	Financial Instruments	1 April 2015
IFRS 10	Consolidated Financial Statements	1 April 2013
IFRS 11	Joint Arrangement	1 April 2013
IFRS 12	Disclosure of interest in other entities	1 April 2013
IFRS 13	Fair value measurement	1 April 2013
IAS 19	Employee Benefits	1 April 2013
IAS 36	Recoverable amounts for non-financial assets	1 April 2014

*\* Not yet endorsed by European Union.*

The above standards, interpretations and amendments are not expected to significantly affect the Group's results or financial position. The adoption of IFRS 9 will eventually replace IAS 39 in its entirety and consequently may have a material effect on the presentation, classification, measurement and disclosures of the Group's financial instruments.

## Areas of estimates and judgement

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/assets

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 and cash 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 21 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 statement of changes in equity, 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 2013 | \$1.5209:£1 |
| • 31 March 2012 | \$1.5990:£1 |
| • 31 March 2011 | \$1.6033:£1 |

## **Provision for abandonment costs**

Provision for abandonment costs are recognised when an obligation for restoration arises which is usually 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.

**Remuneration shares**

Where remuneration shares are issued to settle liabilities to employees and consultants, any difference between the fair value of the shares on the date of issue and the carrying amount of the liability is charged 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;
- 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 are 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 are 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.

**Mining options**

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

Land is not depreciated. 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 so as to write off the carrying value of items over their expected useful economic lives. It is applied at the following rates:

Buildings	- 2.5% per annum, straight line
Plant and machinery	- 25% per annum, straight line
Fixtures and fittings	- 25% per annum, straight line
Aircraft	- 5% per annum, reducing balance
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.

## 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')) 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 chiefly 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 in note 11 as this is the primary basis for reviewing operating segments.

	Exploration and development \$	Administration and corporate \$	Total \$
<b>2013</b>			
Impairment of assets	4,017,827	-	4,017,827
Depreciation	308,948	59,354	368,302
Share based payments	-	325,685	325,685
Interest revenues	-	3,686	3,686
Loss for the period	4,017,827	6,997,854	11,015,681
Total assets	33,429,684	13,741,307	47,170,991
Total non-current assets	32,818,467	1,383,632	34,202,099
Additions to non-current assets	3,882,562	6,867	3,889,429
Total current assets	611,216	12,357,676	12,968,892
Total liabilities	327,404	509,796	837,200
<b>2012</b>			
Impairment of assets	787,894	-	787,894
Depreciation	254,820	88,147	342,967
Share based payments	-	(409,113)	(409,113)
Interest revenues	-	27,616	27,616
Loss for the period	787,894	3,774,706	4,562,600
Total assets	30,684,344	5,441,461	36,125,805
Total non-current assets	30,559,874	1,485,579	32,045,453
Additions to non-current assets	4,278,614	40,333	4,318,947
Total current assets	124,470	3,955,882	4,080,352
Total liabilities	109,242	349,915	459,157

There are no non-current assets held in the Company's country of domicile, being the UK (2012: \$Nil).

### 3 Group loss from operations

	2013 Group \$	2012 Group \$
Operating loss is stated after charging/(crediting):		
Annual Return Fees	14,787	44,993
Auditors' remuneration	91,717	84,110
Charitable contributions	54,831	90,885
Depreciation	59,354	88,147
Consulting Fees	1,125,887	506,864
Employee pension costs	18,936	18,228
Employee share option expense/(write back)	325,685	(409,113)
Foreign exchange loss	162,318	53,511
Impairment for intangibles	4,017,827	787,894
Legal & Secretarial Fees	250,994	290,152
Marketing	100,526	82,602
Office lease	87,099	76,100
Travel & Accommodation	427,759	393,365
Wages and salaries (Note 7)	1,801,616	1,439,923
Loss/(profit) on disposal of property, plant and equipment	37,751	(12,791)

\$325,685 (2012: \$87,350) of the employee share option expense arises on equity-settled share based payment transactions and a write back of \$Nil (2012: \$(496,463)) arising on cash-settled share based payment transactions.

### 4 Auditors' remuneration

Remuneration receivable by the Company's auditors or an associate of the companies auditor for the auditing of these accounts

91,717	84,110
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Included within the above is \$11,660 which relates to non-audit services.

### 5 Finance income

Interest received on bank deposits	3,686	35,328
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## 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:

	2013 Group \$	2012 Group \$
Loss before taxation	11,015,681	4,562,600
Loss before taxation at the standard rate of corporation tax in the UK of 24% (2012: 26%)	2,643,763	1,151,839
Expenses disallowed for tax	132,425	12,143
Difference in tax rates in local jurisdiction	(165,371)	(831,462)
Loss carried forward	(2,345,967)	332,520
Tax charge for the year	-	-

A rate of 24% for the Financial Year beginning 1 April 2012 was set by section 5 of the Finance Act 2012 for all non-ring fence profits and a rate of 23% for the Financial Year beginning 1 April 2013 was set by section 6 of the Finance Act 2012. The Chancellor has proposed further reductions in the budget. Legislation will be introduced in the Finance Bill 2013 to reduce the main rate of corporation tax for non ring fence profits to 21% from 1 April 2014 and to 20% from 1 April 2015.

Under IFRS (IAS 12), the proposed rate changes will apply for annual or interim periods ending on or after substantive enactment of the change. Substantive enactment of the new main rates for non-ring fence profits occurs when the Finance Bill passes through the final reading in the House of Commons. This was on 2nd July 2013 for the 2013 Finance Bill.

Until substantively enacted the main rate of corporation tax remains 23% for the financial year beginning 1 April 2014 for the purposes of IAS 12 and the reduction to 21% should be considered for disclosure purposes as a non-adjusting event [IAS 10].

Factors that may affect future tax charges:

At the 31 March 2013, the Company had UK tax losses of approximately \$5,407,653 (2012: \$4,263,469) 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

	2013 Group \$	2012 Group \$
<b>Staff costs (including directors) consist of:</b>		
Wages and Salaries - management	662,152	361,885
Wages and Salaries – other	1,139,464	1,078,038
	<u>1,801,616</u>	<u>1,439,923</u>
Consultancy fees	1,993,462	928,479
Termination fees	538,687	-
Social Security costs	30,796	42,549
Healthcare costs	14,663	20,729
Pension costs	18,936	18,228
	<u>4,398,160</u>	<u>2,449,908</u>

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

	Number	Number
Management	9	7
Other operations	106	49
	<u>115</u>	<u>56</u>

## 8 Directors' remuneration

	2013 Company \$	2012 Company \$
Directors' emoluments	549,503	259,000
Company contributions to pension schemes	18,936	18,228
Healthcare costs	6,424	7,028
Bonuses paid	212,700	55,525
Termination payments	538,687	-
Amounts paid to third parties in respect of directors' services	651,736	319,189
Share based payment charges	-	162,126
Directors and key management remuneration	<u>1,977,986</u>	<u>821,096</u>
Gain on share options exercised by directors (not charged to profit or loss as explained below)	<u>-</u>	<u>133,289</u>

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

During the year the highest paid director received total remuneration \$893,767 (2012: \$259,995).

One director (2012: one) accrued benefits under a defined contribution pension scheme during the year. The gain on exercise of the options amounted to \$Nil (2012: \$133,289). 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 of the directors at the end of the period have share options receivable under long term incentive schemes. The highest paid director was Andrew Cranswick, who ceased to be a director on 18 January 2013, with an amount of \$893,767.

## 9 Loss per share

Loss per Ordinary Share has been calculated using the weighted average number of Ordinary Shares in issue during the relevant financial year.

	2013 Group	2012 Group
The weighted average number of Ordinary Shares in issue for the year is	546,015,431	422,027,914
Losses for the Group for the year are	\$(11,015,681)	\$(4,562,600)
Loss per share basic and diluted	(2.01c)	(1.081c)

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 21 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 \$16,978,202 (2012: \$1,278,924) for the company, which is dealt with in the financial statements of the parent company.

## 11 Intangible assets

	Deferred exploration costs \$	Licence acquisition costs and mining options \$	Total \$
<b>Group</b>			
Cost at 31 March 2012	23,876,653	5,019,403	28,896,056
Additions during the year	3,796,396	166,710	3,963,106
Amount provided for impairment	(3,427,322)	(590,505)	(4,017,827)
<b>Cost at 31 March 2013</b>	<b>24,245,727</b>	<b>4,595,608</b>	<b>28,841,335</b>
Cost at 31 March 2011	19,849,204	4,950,996	24,800,200
Additions during the period	4,780,343	103,407	4,883,750
Amount provided for impairment	(752,894)	(35,000)	(787,894)
<b>Cost at 31 March 2012</b>	<b>23,876,653</b>	<b>5,019,403</b>	<b>28,896,056</b>
<b>Company</b>			
Cost at 31 March 2012	2,669,356	1,199,775	3,869,131
Additions during the year	214,792	-	214,792
Amount provided for impairment	(674,765)	(515,000)	(1,189,765)
<b>Cost at 31 March 2013</b>	<b>2,209,383</b>	<b>684,775</b>	<b>2,894,158</b>
Cost at 31 March 2011	<b>2,547,444</b>	<b>1,149,775</b>	<b>3,697,219</b>
Additions during the period	326,051	50,000	376,051
Amount provided for impairment	(204,139)	-	(204,139)
<b>Cost at 31 March 2012</b>	<b>2,669,356</b>	<b>1,199,775</b>	<b>3,869,131</b>

**Intangible assets by project**

	2013 Group \$	2012 Group \$
<b>Gold</b>		
Chakari Gold	-	289,458
Gadzema	12,512,234	11,636,601
One Step	-	538,379
Pickstone Peerless	10,339,110	7,977,313
<b>Diamonds</b>		
Diamond Regional	3,234,111	3,223,409
Marange	1,411,300	1,411,300
<b>Phosphates</b>		
Chishanya	514,856	417,355
<b>Nickel</b>		
Perseverance	-	1,516,277
<b>Platinum Group Elements</b>		
Snake's Head	-	1,091,407
<b>Various</b>		
Other	829,724	794,557
	<b>28,841,335</b>	<b>28,896,056</b>

See note 26 in respect of the Marange licence, the carrying value of which is \$1,411,300 (2012: \$1,411,300) in the Group and \$584,320 (2012: \$584,320) in respect of the Company.

**Impairment on assets by project**

	2013 Group \$	2012 Group \$
<b>Gold</b>		
Chakari Gold	328,065	-
One Step	580,763	-
<b>Nickel</b>		
Perseverance	1,522,781	-
<b>Platinum Group Elements</b>		
Snake's Head	1,212,184	-
<b>Various</b>		
Other	374,034	787,894
	<b>4,017,827</b>	<b>787,894</b>

The amounts provided for impairment in this note result from:

- the relinquishment of less prospective claims following the 5,000% increase in claims holding fees by the Minister of Mines at the beginning of the year
- mining claims that the Group still holds but has decided to defer any further exploration at the present time.

## 12 Property, plant and equipment

Group	Plant and machinery and aircraft \$	Fixtures fittings and equipment \$	Computer assets \$	Motor vehicles \$	Buildings \$	Total \$
Cost at 31 March 2012	2,192,787	137,505	174,527	691,682	1,489,680	4,686,181
Additions during the year	224,758	1,228	9,285	-	-	235,271
Disposals during the year	-	-	-	(47,189)	-	(47,189)
<b>Cost at 31 March 2013</b>	<b>2,417,545</b>	<b>138,733</b>	<b>183,812</b>	<b>644,493</b>	<b>1,489,680</b>	<b>4,874,263</b>
Depreciation at 31 March 2012	776,432	95,025	153,083	526,079	35,625	1,586,244
Charge for the year	226,551	15,452	19,501	84,298	22,500	368,302
Disposals during the year	-	-	-	(9,438)	-	(9,438)
<b>Depreciation at 31 March 2013</b>	<b>1,002,983</b>	<b>110,477</b>	<b>172,584</b>	<b>600,939</b>	<b>58,125</b>	<b>1,945,108</b>
<b>Net book amount at 31 March 2013</b>	<b>1,414,562</b>	<b>28,256</b>	<b>11,228</b>	<b>43,554</b>	<b>1,431,555</b>	<b>2,929,155</b>
Cost at 31 March 2011	1,805,837	102,088	169,111	669,114	1,487,591	4,233,741
Additions during the period	386,950	35,417	6,266	47,189	2,089	477,911
Disposals during the period	-	-	(850)	(24,621)	-	(25,471)
<b>Cost at 31 March 2012</b>	<b>2,192,787</b>	<b>137,505</b>	<b>174,527</b>	<b>691,682</b>	<b>1,489,680</b>	<b>4,686,181</b>
Depreciation at 31 March 2011	609,128	77,235	127,792	444,272	-	1,258,427
Charge for the period	167,304	17,790	25,644	96,604	35,625	342,967
Disposals during the period	-	-	(353)	(14,797)	-	(15,150)
<b>Depreciation at 31 March 2012</b>	<b>776,432</b>	<b>95,025</b>	<b>153,083</b>	<b>526,079</b>	<b>35,625</b>	<b>1,586,244</b>
<b>Net book amount at 31 March 2012</b>	<b>1,416,355</b>	<b>42,480</b>	<b>21,444</b>	<b>165,603</b>	<b>1,454,055</b>	<b>3,099,937</b>
<b>Net book amount at 31 March 2011</b>	<b>1,196,709</b>	<b>24,853</b>	<b>41,319</b>	<b>224,842</b>	<b>1,487,591</b>	<b>2,975,314</b>

The depreciation on assets utilised directly for exploration activities is capitalised as deferred exploration costs amounting to \$308,948 (2012:\$254,820). Depreciation in respect of all other assets is charged to administrative expenses in the statement of comprehensive income amounting to \$59,354 (2012: \$88,147).

## 12 Property, plant and equipment

	Plant and machinery and aircraft	Fixtures fittings and equipment	Computer assets	Motor vehicles	Buildings	Total
Company	\$	\$	\$	\$	\$	\$
Cost at 31 March 2012	323,019	18,595	65,254	10,500	1,400,000	1,817,368
Additions during the year	-	-	434	-	-	434
Disposals during the year	-	-	-	-	-	-
<b>Cost at 31 March 2013</b>	<b>323,019</b>	<b>18,595</b>	<b>65,688</b>	<b>10,500</b>	<b>1,400,000</b>	<b>1,817,802</b>
Depreciation at 31 March 2012	109,677	18,050	63,670	8,754	35,625	235,776
Charge for the year	54,090	545	1,238	1,746	22,500	80,119
Disposals during the year	-	-	-	-	-	-
<b>Depreciation at 31 March 2013</b>	<b>163,767</b>	<b>18,595</b>	<b>64,908</b>	<b>10,500</b>	<b>58,125</b>	<b>315,895</b>
<b>Net book amount at 31 March 2013</b>	<b>159,252</b>	<b>-</b>	<b>780</b>	<b>-</b>	<b>1,341,875</b>	<b>1,501,907</b>
Cost at 31 March 2011	103,019	18,595	63,237	10,500	1,400,000	1,595,351
Additions during the period	220,000	-	2,017	-	-	222,017
Disposals during the period	-	-	-	-	-	-
<b>Cost at 31 March 2012</b>	<b>323,019</b>	<b>18,595</b>	<b>65,254</b>	<b>10,500</b>	<b>1,400,000</b>	<b>1,817,368</b>
Depreciation at 31 March 2011	68,748	15,433	60,710	6,654	-	151,545
Charge for the period	40,929	2,617	2,960	2,100	35,625	84,231
Disposals during the period	-	-	-	-	-	-
<b>Depreciation at 31 March 2012</b>	<b>109,677</b>	<b>18,050</b>	<b>63,670</b>	<b>8,754</b>	<b>35,625</b>	<b>235,776</b>
<b>Net book amount at 31 March 2012</b>	<b>213,342</b>	<b>545</b>	<b>1,584</b>	<b>1,746</b>	<b>1,364,375</b>	<b>1,581,592</b>
<b>Net book amount at 31 March 2011</b>	<b>34,271</b>	<b>3,162</b>	<b>2,527</b>	<b>3,846</b>	<b>1,400,000</b>	<b>1,443,806</b>

The depreciation on assets utilised directly for exploration activities is capitalised as deferred exploration costs amounting to \$55,485 (2012:\$42,529). Depreciation in respect of all other assets is charged to administrative expenses in the statement of comprehensive income amounting to \$24,633 (2012: \$41,702).

**13 Investment in subsidiaries**

	2013 Company \$	2012 Company \$
Cost at the beginning of the year	219,104	219,104
Disposal during the year	(1,000)	-
Cost at the end of the year	<b>218,104</b>	<b>219,104</b>

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 2013	Proportion held by Group 2012	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	Nil%	100%	Holding company
African Consolidated Resources (Romania) Limited	Romania	Ordinary	100%	100%	Mining exploration and development
Moorestown Limited	BVI	Ordinary	100%	100%	Mining exploration and development
Canape Investments (Private) Limited	Zimbabwe	Ordinary	100%	100%	Mining exploration and development

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

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

\*\* ACR Mauritius was deregistered during the course of the year.

**14 Loans to Group Companies**

	2013 Group \$	2012 Group \$	2013 Company \$	2012 Company \$
Loans to Group Companies	-	-	28,976,330	33,401,577

Loans 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.

**15 Inventory 2013**

	2013 Group \$	2012 Group \$
Material and supplies	11,610	9,493

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 \$119,030 (2012 - \$103,420).

**16 Receivables**

	2013 Group \$	2012 Group \$	2013 Company \$	2012 Company \$
Other receivables	1,167,148	471,883	153,930	178,367
Prepayments	160,126	87,012	19,293	38,317
VAT	578,053	464,572	-	-
	1,905,327	1,023,467	173,223	216,684

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

**17 Available for sale investments**

Fair value at the beginning of the year	65,833	46,789	566	566
Movement in fair value	24,460	19,044	14,140	-
Fair value at the end of the year	90,293	65,833	14,706	566

Available for sale investments comprise shares in quoted companies.

**18 Trade and other payables**

Trade payables	286,088	89,694	-	-
Other payables	41,316	21,419	3,633	3,209
Other taxes and social security taxes	-	2,435	-	1,794
Accrued expenses	509,796	345,609	244,200	289,132
	837,200	459,157	247,833	294,135

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 21 under Cash-settled share based payments. The value of the liability at 31 March 2013 was \$Nil (2012: \$Nil).

**19 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 (note 17), 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 follow:

- 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.

	2013 Group \$	2012 Group \$	2013 Company \$	2012 Company \$
<b>Loans and receivables</b>				
Cash and cash equivalents	10,961,662	3,031,019	10,371,587	2,656,777
Receivables	1,167,148	471,883	153,930	178,367
Loan to Group Companies	-	-	28,976,330	33,401,577
<b>Available for sale financial assets</b>				
Available for sale investments (valuation level 1)	90,293	65,833	14,706	566
<b>Other liabilities</b>				
Trade and other payables	837,200	456,722	247,833	290,551

### 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:

	2013 Carrying value \$	2013 Maximum exposure \$	2012 Carrying value \$	2012 Maximum exposure \$
<b>Loans and receivables</b>				
Cash and cash equivalents	10,961,662	10,961,662	3,031,019	3,031,019
Receivables	1,167,148	1,167,148	471,883	471,883

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	10,371,587	10,371,587	2,656,777	2,656,777
Receivables	153,930	153,930	178,367	178,367
Loan to Group Companies	28,976,330	28,976,330	33,401,577	33,401,577

### 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 \$10,962,662 (2012: \$3,031,019) which was made up as follows:

	2013 Group \$	2012 Group \$
British pounds	3,160,592	739,964
United States dollars	7,782,372	2,291,055
Euro	18,698	-
	<b>10,961,662</b>	<b>3,031,019</b>

Included within the above are amounts of £2,078,058 (\$3,160,592) (2012: £462,774 (\$739,964)) and US\$7,210,263 (2012: \$472,744) 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 \$3,686 (2012: \$27,616).

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 \$368 (2012: \$2,762). Conversely the effect of a 10% increase in interest rates during the year would, on the same basis, have increased interest income by \$368 (2012: \$2,762).

At the year end, the Company had a cash balance of \$10,371,587 (2012 : \$2,656,777) which was made up as follows:

	2013 Company \$	2012 Company \$
Pounds Sterling	3,160,592	739,964
United States dollars	7,210,995	1,916,813
	<b>10,371,587</b>	<b>2,656,777</b>

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

**Liquidity risk**

Any 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 18 the consolidated trade and other payables balance of \$837,200 (2012: \$459,157) is all due for payment within 45 days of the reporting date, except for \$Nil (2012: \$Nil) 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 2013 and 31 March 2012, the currency exposure of the Group was as follows:

	UK Sterling	US Dollars	Other Currencies	Total
	\$	\$	\$	\$
<b>At 31 March 2013</b>				
Cash and cash equivalents	3,160,592	7,782,372	18,698	10,961,662
Other receivables	41,858	1,863,469	-	1,905,327
Trade and other payables	(203,348)	(633,852)	-	(837,200)
Available for sale investments	-	90,293	-	90,293
<b>At 31 March 2012</b>				
Cash and cash equivalents	739,964	2,291,055	-	3,031,019
Other receivables	46,871	976,596	-	1,023,467
Trade and other payables	(167,880)	(291,277)	-	(459,157)
Available for sale investments	-	65,833	-	65,833

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 \$288,520 (2012: \$61,890). 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 \$288,520 (2012: \$61,890).

At 31 March 2013 and 31 March 2012, the currency exposure of the Company was as follows:

	UK Sterling	US Dollars	Total
	\$	\$	\$
<b>At 31 March 2013</b>			
Cash and cash equivalents	3,160,592	7,210,995	10,371,587
Other receivables	43,648	129,575	173,223
Loans to Group companies	-	28,976,330	28,976,330
Trade and other payables	(126,907)	(120,926)	(247,833)
Available for sale investments	-	14,706	14,706
<b>At 31 March 2012</b>			
Cash and cash equivalents	739,964	1,916,813	2,656,777
Other receivables	48,661	168,023	216,684
Loans to Group companies	-	33,618,365	33,618,365
Trade and other payables	(153,239)	(137,314)	(290,553)
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.

## 20 Share capital

	Number of shares	Nominal value £	Share premium £
<b>Authorised</b>			
Ordinary shares of £0.01 each	1,000,000,000	10,000,000	-
<b>Issued</b>		\$	\$
As at 31 March 2011	369,502,451	6,459,717	41,722,066
Issued during the period	89,481,325	1,448,332	6,760,395
As at 31 March 2012	458,983,776	7,908,049	48,482,461
Issued during the period	386,939,148	6,096,249	14,268,398
<b>As at 31 March 2013</b>	<b>845,922,924</b>	<b>14,004,298</b>	<b>62,750,859</b>

Details of the shares issued during the year are as per the Statement of Changes of Equity on pages 24 - 25.

The number of shares reserved for issue under share options at 31 March 2013 was 59,500,000 (2012: 25,500,000).

The number of shares held by the EBT at 31 March 2013 was 32,500,000 (2012: 17,000,000), see note 21 for additional details about the EBT.

## 21 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 2012	Exercised during last 12 months	Lapsed during last 12 months	Granted during last 12 months	Outstanding at 31 March 2013	Final exercise date
5.0p	-	-	-	15,000,000	15,000,000	August 2015
5.0p	-	-	-	8,000,000	8,000,000	December 2015
5.0p	-	-	-	2,500,000	2,500,000	December 2015
5.0p	-	-	-	3,500,000	3,500,000	August 2015
10.0p	25,500,000	-	-	-	25,500,000	March 2014
10.0p	-	-	-	5,000,000	5,000,000	August 2015
	<b>25,500,000</b>	<b>-</b>	<b>-</b>	<b>34,000,000</b>	<b>59,500,000</b>	

	31 March 2011	12 months	12 months	12 months	31 March 2012	
4.5p	2,500,000	(2,500,000)	-	-	-	June 2011
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
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
	<b>61,772,500</b>	<b>(7,750,000)</b>	<b>(28,522,500)</b>	<b>-</b>	<b>25,500,000</b>	

	2013 weighted average exercise price (pence)	2013 number	2012 weighted average exercise price (pence)	2012 number
Outstanding at the beginning of the year	10.0	25,500,000	12.0	61,772,500
Granted during the year	5.7	34,000,000	-	-
Lapsed during the year	-	-	15.8	(28,522,500)
Exercised during the year	-	-	4.5	(7,750,000)
Outstanding at the end of the year	7.6	59,500,000	10.0	25,500,000
Exercisable at the end of the year	-	-	-	-

The weighted average remaining lives of the options outstanding at the end of the period is 31 months (2012: 25 months). Of the 59,500,000 (2012: 25,500,000) options outstanding at 31 March 2013, 46,500,000 (2012: 25,500,000) are not yet exercisable at 31 March 2013.

The weighted average range of exercise prices of share options outstanding at the end of the period is 7.6p (2012: 10.0p).

### 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 the Company'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:

	5p options October 2012	5p options January 2013	5p options March 2013	5p options March 2013	5p options March 2013	10p options March 2011	10p options March 2013
Grant date	October 2012	January 2013	March 2013	March 2013	March 2013	March 2011	March 2013
Vesting periods	August 2015	December 2015	December 2015	August 2015	December 2015	March 2014	August 2015
Share price at date of grant	2.75p	3.5p	4.88p	5.12p	5.12p	9.0p	5.12p
Volatility	54%	54%	54%	54%	54%	51%	54%
Option life	2.85 years	2.62 years	2.79 years	2.47 years	2.81 years	3 years	2.47 years
Dividend yield	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Risk free investment rate	0.23%	0.29%	0.38%	0.38%	0.38%	0.65%	0.38%
Fair value	0.50p	0.80p	1.68p	1.74p	0.72p	0.72p	1.84p

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 the Group's expectations of employee turnover, the expense arising from equity-settled share options and share awards made to employees was \$325,685 (2012: \$87,350).

### 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 following 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 \$1,475,384 (2012 - \$Nil) 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 \$3,726,027 (2012: \$2,250,642) and Millwall International Investments Limited had an outstanding loan to the same entity for \$217,778 (2012: \$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 2012	Exercised during last 12 months	Lapsed during last 12 months	Granted during last 12 months	Outstanding at 31 March 2013	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
6.00p	-	-	-	15,500,000	15,500,000	August 2013
	<b>17,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>32,500,000</b>	

As at 31 March 2013 17,000,000 of the EBT participation rights were exercisable.

Exercise price	Outstanding at 31 March 2011	Exercised during last 12 months	Lapsed during last 12 months	Granted during last 12 months	Outstanding at 31 March 2012	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
	<b>17,000,000</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,000,000</b>	

As at 31 March 2012 14,500,000 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	July 2011	August 2011	August 2012	August 2011	August 2011
Grant date	August 2009	August 2009	October 2010	October 2010	March 2012	March 2012
Vesting periods	August 2009 - July 2010	August 2009 - July 2011	October 2010 - August 2011	October 2010 - August 2012	August 2012 - August 2013	August 2012 - August 2014
Share price at date of grant	8.75p	8.75p	9.00p	9.00p	6.00p	6.00p
Volatility	51%	51%	51%	51%	51%	51%
Option life	1 year	2 years	1 year	2 years	1 years	2 years
Dividend yield	Nil	Nil	Nil	Nil	Nil	Nil
Risk free investment rate	0.65%	0.65%	0.65%	0.65%	0.65%	0.65%
Fair value	Nil	Nil	Nil	Nil	Nil	Nil

Volatility has been based on historical share price information.

### Share options (expense) / write back

	2013 Group \$	2012 Group \$
Share option expense	(325,685)	(87,350)
EBT expense	-	-
Write back of share option expense	-	111,380
Write back of EBT expense	-	385,083
	<b>(325,685)</b>	<b>409,113</b>



## 22 Reserves

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

- The share capital account denotes the nominal value at 1p each of the shares in issue.
- 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.

## 23 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. In Note 8 there is a payment to a former Director for termination of services in the amount of \$538,687.

### Company

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. In Note 8 there is a payment to a former Director for termination of services in the amount of \$538,687.

## 24 Contingent liabilities and capital commitments

### Zimbabwe Indigenisation

The Indigenisation regulations stipulate that all Zimbabwean registered companies, with a net asset value of \$500,000 or more transfer not less than 51% of their issued shares to indigenous persons within a five year period. These regulations are relevant to Canape Investments (Private) Limited and its subsidiaries which are Group companies registered and operating in Zimbabwe. However, neither Canape Investments (Private) Limited nor its subsidiaries were or are in a net asset position, due to them being financed by loans from the holding or other group companies. 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. Responses received from the authorities would indicate that this position has been accepted.

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.

### **Kalengwa Copper Mine**

The Group has committed to an arrangement for interests in the Kalengwa Copper mine. This remains dependent upon the Vendor meeting certain criteria which remain outstanding. As discussed in detail within the Executive Chairman's statement the transaction is dependent upon the successful transfer of mining titles over the Kalengwa Copper mine.

Upon completion of the transaction the business will be committed to certain deferred consideration payments which are detailed as follows:

- (a) The Group has the obligation to pay up to \$650,000 to the Vendor and others.
- (b) The Group has the obligation to pay £310,000 to a former shareholder of the Vendor (Former Shareholder) whether in cash or in shares of the Company, to be determined solely by the Company. This arises pursuant to the agreement with the Former Shareholder referred to in my report in the Interim Statement to 30 September 2012.
- (c) The payment at (a) is on account of a total purchase price of \$25 per tonne copper Resource plus other amounts for any silver or gold on any certified Resource determined 36 months after clear title.
- (d) There is an additional payment to a shareholder of the Vendor of \$15 per tonne copper Resource plus other amounts for any silver and gold on any certified Resource determined 36 months after clear title of which \$1,200,000 is payable six months after grant of a mining licence and \$800,000 six months after that. It is for note that the obtaining of a mining licence - a right that can be derived from a prospecting licence - will be largely in the hands of the Company.
- (e) There is a royalty payable to the Former Shareholder of 1% on copper sales on the Kalengwa mine.

Management has not accrued amounts in relation to the Kalengwa Copper mine due to the contingent events required for the obligations to become due.

### **Value Added Tax**

Zimbabwe Revenue Authority (ZIMRA) charged the Company penalties and interest amounting to US\$432,676 on 5 November 2012 for inappropriately claiming input VAT on invoices from suppliers that were not VAT compliant. ZIMRA advised management on the same day that they were offsetting the VAT receivable with the penalties so that the amount remaining payable by the Company was US\$47,869. On 14 November 2012 management lodged an objection against the penalty charges through BDO Tax and Advisory department and there has not been any correspondence from ZIMRA to date. Consequently management did not accrue the penalties based on the tax advisors' advice that the penalties are without merit and the objection lodged against the charges has a huge chance of success.

## **25 Litigation**

In 2006 the Group registered some mining claims in Marange under shelf companies. At that time the Group was not aware that the shelf companies had not actually been registered. The registration process had started but the companies were only registered a short period after the claims were registered in the company names. After the registration of the claims 120 031.87 carats of diamonds were acquired from the claims. The Mining Commissioner subsequently cancelled the registration of the claims on the instructions of the Minister of Mines. The Group instituted proceedings in the High Court challenging the cancellations of the registration of the claims. The High Court handed down a judgement declaring that the cancellations were invalid and that the claims were legally held by the Group. The High Court also ordered that the diamonds which had been seized from the Group's offices in the Harare should be returned.

The Minister of Mines instructed the Attorney General to note an appeal to the Supreme Court. The appeal was noted but the Attorney General renounced agency because he considered that there were no valid grounds of appeal. The diamonds that were seized from the Group were not returned. They are being held in the vault of the Reserve Bank of Zimbabwe.

The Minister of Mines subsequently wrote to the High Court judge asking him to rescind his judgement on the basis that the Group had fraudulently withheld information in order to get a favourable judgement. Although the Judge had no jurisdiction to deal with the matter because it was on appeal to the Supreme Court, he did issue a judgement rescinding his earlier judgement. The Group has appealed against that judgement. Legal opinion is to the effect that the Rescission Judgement is fatally flawed. The Minister withdrew his appeal to the Supreme Court so if the Supreme Court upholds the appeal against the Rescission Judgement the claims will revert to the Group.

In 2010, soon after the issue of the Rescission Judgement, the Attorney General laid criminal charges against the Group the allegations being that registration of the claims in the names of the non-registered companies was prejudicial to the Ministry of Mines; alternatively the Group was illegally in possession of the diamonds above. The Group applied to the High Court for the charges to be quashed. More than 2 years later, in May 2013, the Judge handed down his judgement. He ruled that he could not quash the charges and that the Group should have applied for a stay of proceedings until the appeal has been determined. The suggested application has since been made to the Attorney General. Legal opinion is to the effect that the possibility of conviction on any of the charges is very remote.

## 26 Events after the reporting date

Pursuant to Mr. Nicolau's appointment as Non-executive Director, the Company has awarded, on 24 April 2013, 2,000,000 options over ordinary shares of 1p each in the capital of the Company ('Options') to Mr. Nicolau. The Options are exercisable at any time until 31 March 2016 at a price of 4p each, conditional upon Mr Nicolau's continued employment as a director of the Company to 31 December 2014.

Further to the announcement of 24 October 2012 the following issue of Shares pursuant to the binding agreement to pay a fixed proportion of basic remuneration as a subscription for Shares for the four month period ending 30 June 2013 in respect of services by directors:

	Remuneration applied as a subscription for Shares £	Shares issued at 2p
Roy Tucker	24,167	1,208,334
Michael Kellow	25,833	1,291,666

Further to the announcement of 21 March 2013 the issue of 833,333 Shares to Craig Hutton at a price of 3p per Share, pursuant to the binding agreement to pay a fixed proportion of basic remuneration in respect of his services, in respect of a proportion of basic remuneration totalling £25,000 for the four month period ending 30 June 2013.

Further to the announcement of 24 October 2012 and pursuant to subsequent board resolutions, the issue of 348,387 Shares to certain employees and consultants in respect of services rendered.

To a consultant the issue of 933,020 Shares at a price of 3.5p per share in respect of services rendered.

On the 24 July 2013 all these shares were admitted to AIM.



# Notice of the Annual General Meeting

## **African Consolidated Resources plc**

(Incorporated and registered in England and Wales under the Companies Act 1985 with registered number 05414325)

Notice is hereby given that the Annual General Meeting of African Consolidated Resources plc (the "Company") will be held at the offices of Panmure Gordon (UK) Limited, One New Change, London, EC4M 9AF on 30 September 2013 at 2.30 p.m. for the purpose of considering and, if thought fit, passing the following resolutions, of which resolutions 1 to 7 (inclusive) will be proposed as ordinary resolutions and resolution 8 will be proposed as a special resolution.

### **ORDINARY BUSINESS**

- 1** To receive and adopt audited financial statements of the Company for the year ended 31 March 2013 and the directors' report and auditors' report on those accounts.
- 2** To re-appoint Lloyd Manokore, who retires as a director by rotation in accordance with the Articles of Association and, being eligible, offers himself for re-election as a director of the Company.
- 3** To re-appoint Craig Hutton, who was appointed by the Directors as an additional Director and who retires as a director in accordance with the Articles of Association and, being eligible, offers himself for re-election as a director of the Company.
- 4** To re-appoint Neville Nicolau, who was appointed by the Directors as an additional Director and who retires as a director in accordance with the Articles of Association and, being eligible, offers himself for re-election as a director of the Company.
- 5** To re-appoint BDO LLP as auditors of the Company to act until the conclusion of the next Annual General Meeting and to authorise the directors to determine their remuneration.

### **SPECIAL BUSINESS**

- 6** To change the name of the Company to Allegro Minerals plc.
- 7** That in substitution for all existing authorities for the allotment of shares by the directors, which are hereby revoked, but without prejudice to any allotment, offer or agreement already made pursuant thereto, the directors be and they are generally and unconditionally authorised pursuant to and in accordance with section 551 of the Companies Act 2006 (the "2006 Act") to exercise all the powers of the Company to allot relevant securities (as defined in that section) up to an aggregate nominal amount of £4,000,000 provided that this authority shall expire on whichever is the earlier of the conclusion of the Company's next Annual General Meeting or 15 months from the date on which this resolution is passed save that the Company may pursuant to this authority make offers or agreements before the expiry of this authority which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offers or agreements as if the authority conferred by this resolution had not expired.

8 That, subject to the passing of resolution 7, the directors be given power in accordance with section 571(1) of the 2006 Act to allot securities (as defined in section 560 of the 2006 Act) for cash pursuant to the authority conferred by that resolution as if section 561 of the 2006 Act did not apply to the allotment, provided that this power is limited to:

- (a) the allotment of equity securities in connection with an offer or issue in favour of ordinary shareholders open for acceptance for a period fixed by the directors on a record date fixed by the directors where the equity securities attributable to each holder are proportionate (as nearly as practicable) to the respective number of ordinary shares held by them but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements or pursuant to the laws of any territory or requirements of any regulatory body or any stock exchange in any territory and provided that an offer of equity securities pursuant to any such rights issue need not be open to any shareholder holding ordinary shares as treasury shares; or
- (b) the allotment (otherwise than in pursuance of sub-paragraph (a) above) of equity securities which are to be wholly paid up in cash up to an aggregate nominal amount of £4,000,000,

and shall, subject to the continuance of the authority conferred by resolution 7, expire on whichever is the earlier of the conclusion of the Company's next Annual General Meeting or 15 months from the date on which this resolution is passed, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

**By Order of the Board**

Roy C Tucker  
Company Secretary

*Registered Office:*

Nettlestead Place  
Nettlestead  
Maidstone  
Kent ME18 5HA

6 September 2013

## NOTES

If you are a registered holder of Ordinary Shares in the Company, whether or not you are able to attend the meeting, you may use the enclosed form of proxy to appoint one or more persons to attend and vote on a poll on your behalf. A proxy need not be a member of the Company.

The appointment of a proxy will not prevent a shareholder from subsequently attending and voting at the meeting in person, in which case any votes cast by the proxy will be excluded.

A corporation which is a shareholder may appoint one or more corporate representatives who have one vote each on a show of hands and otherwise may exercise on behalf of the shareholder all of its powers as a shareholder provided that they do not do so in different ways in respect of the same shares.

To be effective the instrument appointing a proxy, and (failing prior registration) any letter or power of attorney under which it is executed (or a duly certificated copy thereof) must reach the address set out below not less than 48 hours before the time for holding the meeting or adjourned meeting or in the case of a poll taken otherwise than at or on the same date as the meeting or adjourned meeting it must be so left in advance of the time appointed for the taking of the poll.

In the case of joint holders, the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of any other joint holders. For these purposes, seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.

In the case of a corporation, the form of proxy must be executed under its common seal or signed on its behalf by a duly authorised attorney or duly authorised officer of the corporation.

As provided in Regulation 41 of the Uncertificated Securities Regulations 2001, only those members registered in the register of members of the Company 48 hours before the time set for the meeting shall be entitled to attend and vote at the meeting in respect of the number of Ordinary Shares registered in their name at that time. Changes to entries on the relevant register of securities after that time shall be disregarded in determining the rights of any person to attend or vote at the meeting.

The form of proxy may be sent by mail or hand-delivered to:

Capita Registrars  
PXS  
The Registry,  
34 Beckenham Road,  
Beckenham,  
Kent BR3 4TU

In either case, the signed proxy must be received by 2.30 p.m. on 28 September 2013.

To appoint a proxy or to give or amend an instruction to a previously appointed proxy via the CREST system, the CREST message must be received by the issuer's agent RA10 by 2.30 p.m. on 28 September 2013. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message. After this time any change of instructions to a proxy appointed through CREST should be communicated to the proxy by other means. CREST Personal Members or other CREST sponsored members, and those CREST Members who have appointed voting service provider(s) should contact their CREST sponsor or voting service provider(s) for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings please refer to the CREST Manual. We may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5) (a) of the Uncertificated Securities Regulations 2001. In any case your proxy form must be received by the company's registrars no later than 2.30 p.m. on 28 September 2013.

## **EXPLANATORY NOTES TO THE NOTICE OF ANNUAL GENERAL MEETING**

The notes on the following pages give an explanation of the proposed resolutions.

Resolutions 1 to 7 inclusive are proposed as ordinary resolutions, which means that for each of those resolutions to be passed, more than half of the votes cast must be in favour of the resolution. Resolution 8 is proposed as a special resolution, which means that for each of those resolutions to be passed, at least three-quarters of the votes cast must be in favour of the resolution.

### **Resolution 1: Audited Financial Statements**

Shareholders will be asked to receive and adopt the audited financial statements of the Company for year ended 31 March 2013 and the directors' report and auditors' report on those accounts, which have been posted to Shareholders with this Notice.

### **Resolution 2: Re-appointment of Director**

Lloyd Manokore retires as a director by rotation in accordance with the Articles of Association and, being eligible, offers himself for re-election as a director of the Company.

### **Resolution 3: Re-appointment of Director**

Craig Hutton who was appointed by the Directors as an additional Director and who retires as a director in accordance with the Articles of Association and, being eligible, offers himself for re-election as a director of the Company.

### **Resolution 4: Re-appointment of Director**

Neville Nicolau who was appointed by the Directors as an additional Director and who retires as a director in accordance with the Articles of Association and, being eligible, offers himself for re-election as a director of the Company.



**Resolution 5: Re-appointment of Auditors**

The Company is required at each general meeting at which accounts are presented to appoint auditors to hold office until the next such meeting. BDO LLP have indicated their willingness to continue in office. Accordingly, Resolution 5 re-appoints BDO LLP as auditors to the Company and authorises the directors to fix their remuneration.

**Resolution 6: Change of Name**

It is proposed that the Company's name be changed to Allegro Minerals plc. The proposed change of name reflects the Company's new focus as a production company under an enhanced management team.

**Resolution 7: Authority to allot shares**

Pursuant to section 551 of the Companies Act 2006, the directors are not permitted to issue new shares (or to grant rights over shares) unless authorised to do so by the shareholders. This authority will enable the directors to issue new shares up to an aggregate nominal amount of £4,000,000. This authority will expire on whichever is the earlier of the conclusion of the Company's next Annual General Meeting or 15 months from the date on which the Resolution is passed.

**Resolution 8: Disapplication of statutory pre-emption rights**

It is proposed to renew the disapplication of the statutory pre-emption rights of shareholders. This authority will, inter alia, permit the directors to make a rights issue to existing shareholders without the need to comply with the technical requirements of the statutory provisions, which create problems in particular with regard to overseas shareholders; and in respect of sub-paragraph (b) to renew the directors' power to make issues for cash to persons other than existing shareholders up to a maximum nominal amount of £4,000,000. The directors consider that this level of authority is appropriate to enable the Company to raise funds on an expeditious and cost efficient basis should circumstances in the coming year require. This authority will expire on whichever is the earlier of the conclusion of the Company's next Annual General Meeting or 15 months from the date on which the Resolution is passed.



# Form of Proxy

for use at an Annual General Meeting



AFRICAN CONSOLIDATED RESOURCES PLC

I/we, a Member of **African Consolidated Resources plc** (hereinafter referred to as 'the Company') and entitled to vote, hereby appoint the Chairman, or \_\_\_\_\_ as my/our proxy to attend and vote for me/us and on my/our behalf at the Annual General Meeting of the Company to be held at the offices of Panmure Gordon (UK) Limited, One New Change, London EC4M 9AF on 30 September 2013 at 2.30 p.m. and at any adjournment thereof for the purpose of considering and, if thought fit, passing the following resolutions, of which resolutions 1 to 7 inclusive will be proposed as ordinary resolutions and resolution 8 will be proposed as a special resolution.

(Please indicate below how you wish your votes to be cast. If the form of proxy is returned without any indication as to how the proxy should vote on any particular matter, the proxy will vote as they think fit.)

## ORDINARY RESOLUTIONS

Resolution Number	Please indicate how you wish your proxy to vote by ticking one box per resolution	FOR	AGAINST	WITHHELD
1	To receive and adopt audited financial statements of the Company for the year ended 31 March 2013 and the directors' report and auditors' report on those accounts.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	To re-appoint Lloyd Manokore, who retires as a director by rotation in accordance with the Articles of Association and, being eligible, offers himself for re-election as a director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
3	To re-appoint Craig Hutton, who was appointed by the Directors as an additional Director and who retires as a director in accordance with the Articles of Association and, being eligible, offers himself for re-election as a director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
4	To re-appoint Neville Nicolau, who was appointed by the Directors as an additional Director and who retires as a director in accordance with the Articles of Association and, being eligible, offers himself for re-election as a director of the Company.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
5	To re-appoint BDO LLP as auditors of the Company to act until the conclusion of the next Annual General Meeting and to authorise the Directors to determine their remuneration.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
6	To change the name of the Company to Allegro Minerals plc.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7	That in substitution for all existing authorities for the allotment of shares by the Directors, which are hereby revoked, but without prejudice to any allotment, offer or agreement already made pursuant thereto, the directors be and they are generally and unconditionally authorised pursuant to and in accordance with section 551 of the Companies Act 2006 (the "2006 Act") to exercise all the powers of the Company to allot relevant securities (as defined in that section) up to an aggregate nominal amount of £4,000,000 provided that this authority shall expire on whichever is the earlier of the conclusion of the Company's next Annual General Meeting or 15 months from the date on which this resolution is passed save that the Company may pursuant to this authority make offers or agreements before the expiry of this authority which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offers or agreements as if the authority conferred by this resolution had not expired.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

P.T.O.



## SPECIAL RESOLUTION

FOR  
☐

AGAINST  
☐

WITHHELD  
☐

8 That, subject to the passing of resolution 7, the directors be given power in accordance with section 571(1) of the 2006 Act to allot securities (as defined in section 560 of the 2006 Act) for cash pursuant to the authority conferred by that resolution as if section 561 of the 2006 Act did not apply to the allotment, provided that this power is limited to:

- (a) the allotment of equity securities in connection with an offer or issue in favour of ordinary shareholders open for acceptance for a period fixed by the directors on a record date fixed by the directors where the equity securities attributable to each holder are proportionate (as nearly as practicable) to the respective number of ordinary shares held by them but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with fractional entitlements or pursuant to the laws of any territory or requirements of any regulatory body or any stock exchange in any territory and provided that an offer of equity securities pursuant to any such rights issue need not be open to any shareholder holding ordinary shares as treasury shares; or
- (b) the allotment (otherwise than in pursuance of sub-paragraph (a) above) of equity securities which are to be wholly paid up in cash up to an aggregate nominal amount of £4,000,000,

and shall, subject to the continuance of the authority conferred by resolution 7 expire on whichever is the earlier of the conclusion of the Company's next Annual General Meeting or 15 months from the date on which this resolution is passed, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

Signature
Date
Full name
Address

## NOTES

1. If you wish to appoint someone other than the Chairman of the Meeting as your proxy, please insert his/her name and delete "the Chairman of the Meeting or".
2. Please indicate how you wish your proxy to vote by ticking "For", "Against" or "Abstain".
3. Unless otherwise instructed the person appointed a proxy will exercise his/her discretion as to how he/she votes or whether he/she abstains from voting on any particular resolution as he/she thinks fit.
4. A corporation must seal this form of proxy or have it signed by an officer or attorney or other person authorised to sign.
5. In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders. For this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.
6. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, members will be entitled to attend and vote at the meeting if they are registered on the Company's register of members 48 hours before the time appointed for the meeting or any adjournment thereof.
7. To be valid this form of proxy must reach **Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU** not later than 48 hours before the time of the Meeting. Lodgement of a form of proxy does not preclude a member from attending the Meeting and voting in person.
8. Shares held in uncertified form (i.e. in CREST) may be voted through the CREST Proxy Voting Service in accordance with the procedures set out in the CREST manual.

## NOTES

NOTES

## Company information

### Directors

Roy Clifford Tucker	– Executive Chairman
Lloyd Munyaradzi Manokore	– Non-Executive Vice Chairman
Craig Michael Hutton	– Chief Executive Officer
Michael Wallis Kellow	– Technical Director
Herbert Stuart Bottomley	– Non-Executive Director
Neville Francis Nicolau	– Non-Executive Director

### Secretary and registered office

Roy Clifford Tucker, FCA  
Nettlestead Place  
Nettlestead  
Maidstone  
Kent, ME18 5HA

### Country of incorporation

United Kingdom

### Legal form

Public limited company

### Website

[www.afcrplc.com](http://www.afcrplc.com)

### Auditors

BDO LLP  
55 Baker Street  
London W1U 7EU

### NOMAD and Corporate Broker

Panmure Gordon  
One New Change  
London  
EC4M 9AF

### Bankers

Standard Bank Isle of Man Limited  
Standard Bank House  
1 Circular Road  
Douglas  
Isle of Man  
1M1 1SB

### Registrars

Capita Registrars  
The Registry  
34 Beckenham Road  
Beckenham  
Kent  
BR3 4TU

### Registered number

05414325

