



AFRICAN CONSOLIDATED RESOURCES PLC

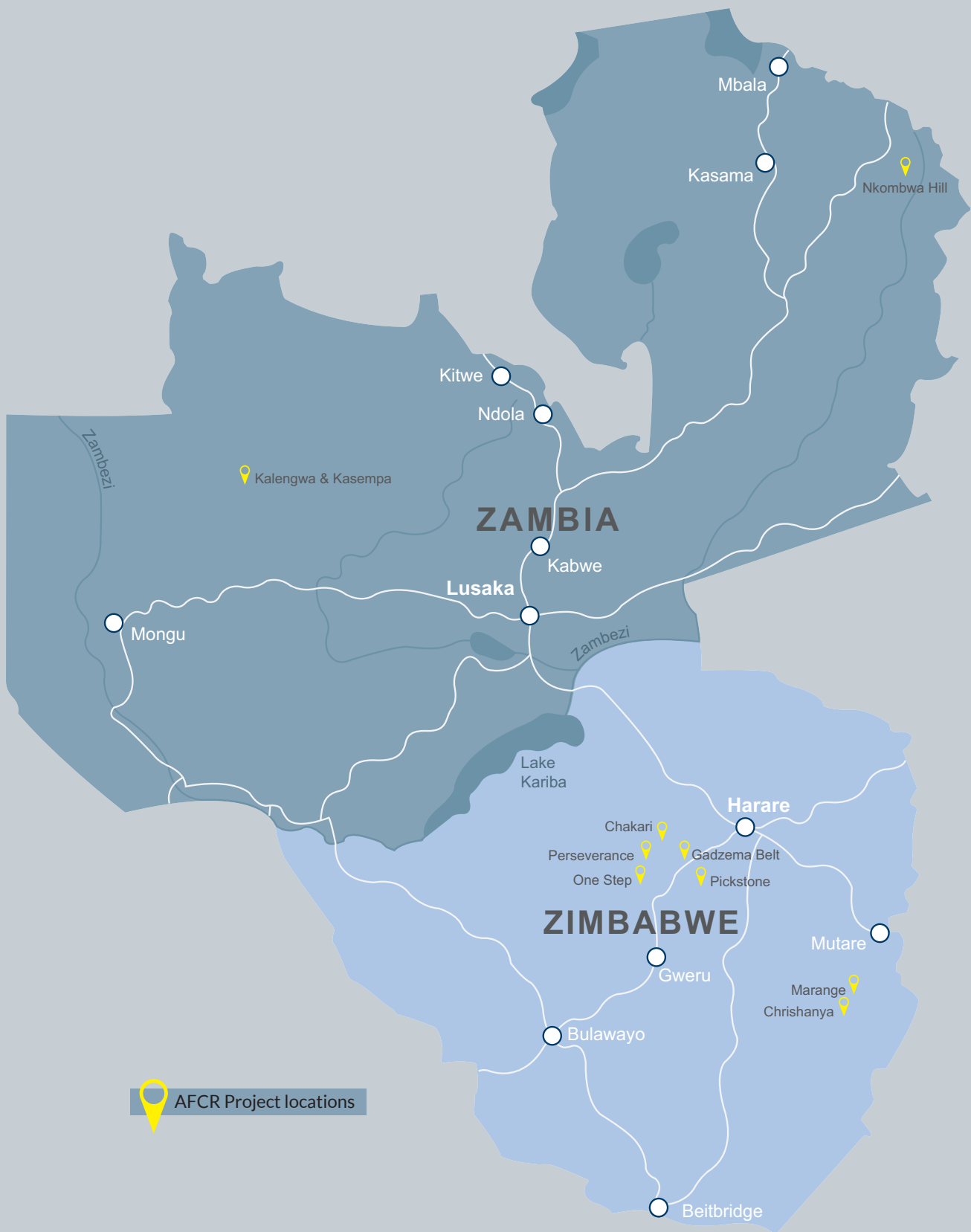
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2014 Annual Report

For the year ended 31 March 2014

Building a cash-generative development and production company



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Financial

- Loss of \$11.7m to 31 March 2014 as mine development and exploration programmes continue (2013: \$11.02m)
- Loss includes an impairment provision of \$6.7m in connection with exploration projects no longer actively being progressed in the light of focus on near term mining (2013: \$4.0m)
- Cash balance of \$0.6m as at 31 March 2014 (2013: \$11.0m)
- 23 exploration employees retrenched after year end to contain operational costs
- Employees on half salaries since March 2014 as part of cost containment measures

Post period end:

- Cash balance of \$0.6m as at 1 August 2014
- Entry into conditional acquisition of the Dalny mine and associated infrastructure in Zimbabwe in June 2014 ("Dalny Mine"). Payment date extended to 31 October 2014.
- The Harare office was sold in June 2014 for a net consideration of \$1.35m of which \$1m was used as a deposit for the acquisition of the Dalny Mine
- \$1.2m convertible loan from a company associated with the Chairman in June 2014

Management

- Roy Pitchford, who has in excess of 20 years' experience of senior management in the Southern African mining industry, appointed as Group CEO in order to complete the transition of the Company to a mine development company.
- Substantial further Board changes implemented to complement the Company's transformation.

Mine Development

- Corporate activities focussed on Pickstone Peerless in order to start mining and generating cash flow as soon as possible
- The total mineral Resource at Pickstone Peerless has been updated at **3.56Moz, (62.0 Mt @ 1.8 g/t)** comprising open-pittable ore in the upper levels of the old Pickstone and Peerless mines, and underground ore delineated from deeper drilling and historical mine plans, down to more than 800m below surface at the Pickstone mine and 350m at Peerless
- Completion of a Pre-Feasibility study and an updated **Ore Reserve Estimate at 1.02Moz (16.6Mt @ 1.9g/t)**, contained within the overall Pickstone Peerless Resource. This Reserve mines oxide and sulphide ore in open pits at Pickstone and Peerless trends, down to depths of approximately 200m
- An agreement subject to funding, and subject to other conditions now fulfilled, to purchase the Dalny Mine, at a net cost of \$8.5m. Dalny is located 57 km NW of Pickstone, and has a processing plant on care and maintenance that could be refurbished at low cost to treat Pickstone ore that is trucked to the plant. The Dalny plant is a large and well-established operation that can meet the original 20,000 tpm production target with minimal refurbishment, and can upgrade to 50-60,000 tpm with the addition of a ball mill and increased crushing capacity

- With the use of the Dalny plant and infrastructure, and based on the Company's due diligence and the new mining methodology that would be applied, and subject to funding:
 - o Startup Capex substantially reduced as compared with mining of Pickstone Peerless on a standalone basis as considered in the Company's December 2013 Pre-Feasibility study (\$14.3M vs \$27.3M)
 - o Construction risks eliminated
 - o Time to gold production post funding approximately 6 months
 - o Payback time 15 months
 - o NPV at 10% discount estimated at \$76M and cash costs \$701/oz at 20k tonnes/month production and gold price of \$1300/oz
- Dalny facilities could be used to process ore from the Gadzema Gold Project and provide a future platform to secure other regional ore resources with material scalability and commensurate returns

Funding

- Discussions with investors at advanced stage. Company critically requires funding in order to complete Dalny mine acquisition and bring cash flow at Pickstone Peerless to fruition
- Further funding requirement in any event by end of third quarter 2014 in order for AFRCR to continue operating as a going concern

Tabulation of Group's gold resources and reserves

Table 1: Mineral Resource Estimation for the Pickstone-Peerless Project (December 2013, ExplorMine Consultants)

PICKSTONE PEERLESS MINERAL RESOURCE ESTIMATE DECEMBER 2013					
Pickstone Peerless Mineral Resource Tabulation at a cut-off of 1.5 g/t for UG and 0.3 g/t for opencast					
Mineral Resource Category	Reef Type	Tonnes (Mt)	Grade Au (g/t)	Ounces Au (Koz)	Au (kg)
Measured	Oxide	1.22	1.2	46	1,428
Indicated	Oxide	10.08	1.1	345	10,725
Total Measured & Indicated	Oxide	11.30	1.1	391	12,153
Inferred	Oxide	0.76	0.9	22	679
Total Resources	Oxide	12.06	1.1	413	12,832
Mineral Resource Category	Reef Type	Tonnes (Mt)	Grade Au (g/t)	Ounces Au (Koz)	Au (kg's)
Measured	Fresh	1.89	1.6	94	2,930
Indicated	Fresh	18.64	1.9	1,154	35,877
Total Measured & Indicated	Fresh	20.53	1.9	1,248	38,807
Inferred	Fresh	29.37	2.0	1,900	59,087
Total Resources	Fresh	49.90	2.0	3,147	97,894
Mineral Resource Category	Reef Type	Tonnes (Mt)	Grade Au (g/t)	Ounces Au (Koz)	Au (kg's)
Measured	All	3.11	1.4	140	4,358
Indicated	All	28.72	1.6	1,498	46,602
Total Measured & Indicated	All	31.83	1.6	1,638	50,960
Inferred	All	30.13	2.0	1,922	59,766
Total Resources	All	61.96	1.8	3,560	110,726

1. Mineral Resources are reported as inclusive of Ore Reserves.

2. Cut-off Grades Pickstone: Open Pit (above 250m below surface) 0.30g/t; Underground (below 250m from surface) 1.5 g/t

3. Cut-off Grades Peerless: Open Pit (above 250m below surface) 0.30g/t; Underground (below 250m from surface) 1.5 g/t

4. Details relating to each of the estimates are contained in the Competent Persons Reports available on www.afcrplc.com

5. The effective date of the Pickstone Peerless Mineral Resource estimate is 30 December 2013

Table 2: Mineral Reserve Estimation for the Pickstone Peerless Project (December 2013)

TOTAL MINE RESERVES DECEMBER 2013 By Project Area (excluding rock and tailings dumps)					
	Reef Type	Cut-off grade (g/t)	Tonnes (Mt)	Grade (g/t)	Ounces Au (Koz)
Pickstone					
Proven	All		0.50	1.6	26
Probable	All	0.4	11.33	2.1	774
Total (Proven and Probable)	All		11.83	2.1	800
Peerless					
Proven	All		1.20	1.2	48
Probable	All	0.4	3.61	1.5	170
Total (Proven and Probable)	All		4.81	1.4	218
Total Mineral Reserve					
Proven	All		1.70	1.3	74
Probable	All	0.4	14.94	2.0	944
Total (Proven and Probable)	All		16.64	1.9	1,018

Table 3: AFCR Total Mineral Resource Inventory

TOTAL MINERAL RESOURCES DECEMBER 2013 By Resource Type					
	Cut-off grade (g/t)	Tonnes (Mt)	Grade (g/t)	Ounces Au (Koz)	Kilograms Au (kg)
Tailings and Rock Dumps					
Measured		1.2	1.7	63	1,960
Indicated		-	-	-	-
Total Measured & Indicated	0.0-0.2	1.20	2.4	63	1,960
Inferred		0.80	0.8	18	560
Total Mineral Resources		2.00	1.4	81	2,520
Surface (Open Pit)					
Measured		3.20	1.5	140	4,360
Indicated		36.00	1.4	1,520	47,280
Total Measured & Indicated	0.3-0.6	39.20	1.4	1,660	51,640
Inferred		44.80	1.5	2,028	63,080
Total Mineral Resources		83.90	1.4	3,688	114,720
Underground (>250m)					
Measured		-	-	-	-
Indicated		1.80	4.7	266	8,000
Total Measured & Indicated	1.5	1.80	4.7	266	8,000
Inferred		4.80	4.2	679	20,950
Total Mineral Resources		6.60	4.5	945	28,950
Total Mineral Resources					
Measured		4.30	1.5	203	6,320
Indicated		37.80	1.5	1,786	55,280
Total Measured & Indicated		42.10	1.5	1,989	61,600
Inferred		50.30	1.7	2,725	84,590
Total Mineral Resources		92.30	1.6	4,714	146,190

1. Mineral Resources are reported as inclusive of Ore Reserves.

2. Cut-off Grades Pickstone: Open Pit (above 250m below surface) 0.30g/t; Underground (below 250m from surface) 1.5 g/t

3. Cut-off Grades Peerless: Open Pit (above 250m below surface) 0.30g/t; Underground (below 250m from surface) 1.5 g/t

4. Cut-off Grades Gadzema (Blue Rock): Open Pit 0.60g/t

5. Cut-off Grades Gadzema (Giant): Open Pit 0.50g/t

6. Details relating to each of the estimates are contained in the Competent Persons Reports available on www.afcrplc.com

7. The effective date of the Pickstone Peerless Mineral Resource estimate is 30 December 2013

The technical information contained within this document has been reviewed by Mike Kellow BSc, a member of the Australian Institute of Geologists. Mr Kellow meets the definition of a "qualified person" as defined in the AIM Note for Mining, Oil and Gas Companies.

Glossary

Term	Explanation
Au	Chemical symbol for gold
Cut-off grade	The minimum grade at which a unit of ore will be mined to achieve the desired economic outcome.
Indicated mineral resource	An 'indicated mineral resource' is that part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.
Inferred mineral resource	An 'inferred mineral resource' is that part of a mineral resource for which tonnage, grade resource and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability.
Measured mineral resource	A 'measured mineral resource' is that part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity.
Probable mineral reserve	A 'probable mineral reserve' is the economically mineable part of an indicated, and in some circumstances, a measured mineral resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified
Proven mineral reserve	A 'proven mineral reserve' is the economically mineable part of a measured mineral resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified
Reserve	Ore reserve as defined by the JORC Code 2012
Resource	Mineral resource as defined by the JORC Code 2012

Strategic Highlights

My appointment as Chairman of AFCR as well as the appointment of the other new board members heralds a new era for the Company where we aim to make a swift transition from exploration to mining. Whilst the Company has secured some fine assets over the years, it is clear shareholders tire of the inevitable capital calls and dilution associated with exploration in isolation. Exploration has recently been and will continue to be put on hold to provide the focus required to make the transition to a cash-generative mining operation.

All costs not directly associated with the mining operation will be kept to the bare minimum. To this end, we have made significant cost cuts and I am satisfied we are running the business off the lowest practical cost base.

Pickstone Dalny Project

The opportunity to purchase Dalny mine and associated infrastructure is a game-changer for AFCR. It facilitates the quickest possible route to gold production at the lowest risk and at a significantly reduced capital cost to the original Pickstone Peerless project. We have conducted a robust interrogation of every facet of the Dalny project and we are comfortable the model is sound; we believe our projections are both conservative and achievable.

In addition to our base-case model in which we will ship ore from Pickstone Peerless to Dalny for processing, there are a number of interesting add-on projects we intend to subsequently investigate. These include, inter alia, shipping ore from our Giant mine.

There appears to be a general acceptance by most Zimbabwean politicians that change is necessary to promote investment in Zimbabwe. Nevertheless, it should be noted that the operating environment is fluid and there is some political risk attached to Zimbabwe, which is further discussed in the Auditor's Report. This is however offset by a

commensurate upside should things stabilize. In a nutshell, it is a high-risk / high-return environment.

Leadership changes

In order to reduce costs and facilitate rapid, effective decision-making, we have assembled a small Board of seasoned, pragmatic individuals. I am comfortable we have an excellent team who are committed and able to realize the enormous latent value of our assets.

Roy Pitchford joins us as the new CEO. Roy has had many years' experience in the mining sector, including several years in Zimbabwe. Notably, Roy was a key player in bringing Zimplats into production including as CEO. Roy is an imaginative and energetic individual with the ideal skills and experience to run a Zimbabwean mining operation. Roy is resilient under pressure and makes a first class leader. I am very pleased to have him on board.

Eric Diack takes on the role of non-executive Director and Audit Committee Chairman. He is a Chartered Accountant by profession, with many years' experience in the mining and industrial landscape. Eric is the former CEO of Anglo American Ferrous and Industries, and has served on numerous major listed and unlisted company Boards mainly associated with Anglo American. He is currently a member of The Bidvest Group and Aveng boards which are large South African listed companies with extensive international operations. Eric is a pragmatic and steadfast individual with an eye for detail, coupled with an excellent understanding of commercial and financial mechanics. He is an invaluable member of the team.

Roy Tucker has stepped down from the Chair to take his previous role as Financial Director. He also remains Company Secretary. He has an excellent understanding of the business in the broadest sense, along with an astute legal and financial mind and knowledge of the AIM rules and company law. Roy provides us with continuity and experience cumulated during his nine year

tenure. He has a prodigious work-rate and continues to make a most valued contribution to the business.

Whilst Mike Kellow has stepped down from the Board, he remains a valuable member of the senior team and adds significant value through his technical skills and knowledge of our geological assets.

Fundraising

Raising capital to fund the purchase and operations of Dalny mine and general overheads is an all-important matter, which is receiving our full attention. We are in advanced negotiations with key investors to provide AFCR with a significant portion of the \$18m required. We are confident that these discussions will culminate in a material investment in the Company.

It should however be noted that the Group does not have sufficient cash resources to support minimum spend requirements and general overheads for the next 12 months. The Group only has sufficient cash resources to meet its requirements to the end of September 2014.

There can be no certainty that the fund raising will be successful and therefore a material uncertainty exists over the Group's ability to continue as a going concern, which is further discussed in the Auditor's Report.

Impairments

In line with our intention to transition from an exploration company to a miner we have elected to write down the value of a number of exploration assets where we do not believe we will realize value in the near future. This has resulted in an impairment charge of \$6.7m, which comprises a significant portion

of our overall loss of \$11.7m. Nevertheless, it is noted that the impairment is not a cash loss, nor does it in any way detract from the potential value of the assets, or our desire to bring these assets to book in due course.

Other opportunities

Whilst our core focus is centred on the Pickstone Dalny Project, we continue to seek ways of realizing the value of our Zambian and Romanian assets. It is too early to claim any victories in this regard; nevertheless, we are working on some very interesting prospects in these regions. This work is being done at minimal expense and with no risk to AFCR.

Shareholding

We thank shareholders for supporting the motion on 4 July 2014 to allow the Board to issue shares to support our capital raising program. We give you our commitment that we will work relentlessly and diligently to justify your trust in the Board and AFCR's future.

William Battershill
Group Chairman

As the new Chief Executive of African Consolidated Resources Plc (“AFCR”), having been appointed in an acting role on 7 April 2014, and then substantive on 30 May 2014, it is a pleasure to present my first strategy report. Whilst understanding the past problems, the focus going forward is to commence gold production in Zimbabwe and to place the Group on a sound financial footing.

Significant transactions have been undertaken and are highlighted below.

Cash spent and projects update

The Group opened the financial year with cash of \$11.0m and closed it with \$0.6m.

Of the cash spent \$6.1m was capitalised as deferred expenditure. Of this, \$5m was spent on progression of studies, the purchase of a ball mill, and trial mining in preparation for mining at Pickstone Peerless, the main focus of the business during the year. The balance of the deferred expenditure was spent on exploration in other areas including at Gadzema and in Zambia, but exploration outside the Pickstone Peerless project has been very limited since July 2013.

\$0.3m was spent on plant and equipment, most of which was spent on trial mining equipment at Pickstone Peerless, and this equipment is available for future use on other projects.

The balance of the cash spent was on administration related expenses including project evaluation expenses in Romania amounting to \$0.4m and direct expenses in Zambia amounting to \$0.2m.

Impairment of projects

A comprehensive review for impairment on all the projects was undertaken resulting in an impairment loss of \$6.7 million as analysed and explained on note 11.1.

Zimbabwe Operations – Canape Investments (Private) Limited

Canape is the wholly owned subsidiary of AFCR through which all assets in Zimbabwe are held. Mining operations are controlled through Canape subsidiary companies.

Dalny Mine acquisition

The proposed acquisition of the Dalny Mine, via the acquisition of the Falgold subsidiary company, Palatial Gold Investments (Private) Limited, will transform AFCR from a junior explorer to a mid-sized gold producer. Linking the reserves and resources at the Pickstone Peerless Mine with the processing facilities at the Dalny Mine reduces the capital cost and the timing of first gold production significantly. In addition, Dalny will in due course provide additional reserves and resources and the ability to rapidly expand gold production. Dalny will serve as a central processing facility and operational base for several projects in the area.

Staff rationalisation

The termination of greenfield exploration activities in favour of mine development has unfortunately required staff complements to be reviewed with a number of exploration and administrative posts becoming redundant. Twenty three members of staff have left the Group and I thank them for their past service. It is hoped that these positions will be restored when the Group engages in exploration activities again.

Romania and Zambia

Progress in developing the Romanian and Zambian projects has been inhibited by the focus on Zimbabwe. The new board decided that it was appropriate to secure funding to bring the gold reserves and resources in Zimbabwe into production. Once achieved, the opportunities in Romania and Zambia, which remain key assets, will be addressed.

Fund raising

A total of US\$18m is required to purchase the Dalny Mine, undertake minor modifications, develop the Pickstone Peerless Mine, and provide operational and corporate working capital. A number of potential investors have indicated an interest in investing in the Company, including a significant number from within Zimbabwe, which is pleasing to see.

Working capital management

Following the year end, AFCR secured a US\$1.2m convertible loan through a company associated with the Chairman and we are grateful for his support. The loan is secured against the Pickstone Peerless claims for working capital purposes. The Harare office was sold for a net consideration of \$1.35 million in June 2014. The funds were used to finance the Dalny Mine down payment of US\$1 million and to meet operational requirements. Excess motor vehicles and equipment were also sold during the financial year raising a total of \$53 000.

Risk management

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

Risk – Going concern

The Group's going concern status is dependent on the successful raising of funding to acquire the Dalny Mine and commence gold production. Cash in hand is sufficient up to the end of Q3 2014.

Mitigation/Comments

The Board is actively engaging potential investors as explained under fund raising above. It is anticipated that the fund raising initiatives will diversify the shareholder base to create capacity to pursue future growth opportunities.

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. Good employee relations 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 will be in a position to formulate a new remuneration policy once funding is successfully raised to commence production.

Risk - Country and Political

The Group's operations are predominantly based in Zimbabwe, with a lesser exposure in Zambia and Romania. 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 in its areas of operation. 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. Particularly in Zimbabwe the Group will take the necessary steps to comply with the Indigenisation Regulations. These country risks are further addressed in the Notes 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.

Risk - Impairment of intangible assets

The Group has licences or claims over a significant number of discrete areas of exploration. Review of deferred exploration expenses involves significant judgement and this increases the risk of misstatement.

Mitigation/Comments

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 Notes 2 and 11 of the Financial Statements.

Outlook

I view the future of the gold industry with optimism and with more enabling policies put in place believe that Zimbabwe presents immense opportunities for the Group.

By order of the Board

Roy A. Pitchford
Group Chief Executive Officer

The Directors present their report together with the audited financial statements for the year ended 31 March 2014.

Results and dividends

The Group statement of comprehensive income is set out on page 20 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 principally 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 Strategic reports on pages 8 to 12 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.

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	-
Stuart Bottomley	27 May 2005	29 May 2014
Michael Kellow*	22 March 2006	29 May 2014
Lloyd Manokore	1 April 2011	21 February 2014
Craig Hutton	18 January 2013	18 March 2014
Neville Nicolau	24 April 2013	29 May 2014
Roy Pitchford	7 April 2014	-
William Battershill	30 May 2014	-
Eric Kevin Diack	30 May 2014	-

Mike Kellow continues to be a senior executive within the Group providing technical support.

Cash Resources

As can be seen from the statement of financial position, cash resources for the Group at 31 March 2014 were approximately \$0.6 million (2013: \$11.0 million). During the year the cash outflows from operations were \$4.1 million (2013: \$4.1 million) and from investing activities was \$6.3 million (2013: \$3.9 million). This mainly comprised expenses on exploratory works. The net monthly cash expenditure in the year to March 2014 was approximately \$870 000 (2013: \$677,000). Much of the spent was on Pickstone Peerless with the objective of creating cash-generative operations in the near term.

The loss arising from activities during the year of \$11.7m (\$11.02m) was considerably higher than cash outflows as the business continued to focus on key assets and has further impaired non-core assets.

Financial instruments

Details of the use of financial instruments by the Company and its subsidiary undertakings are contained in note 19 of the financial statements.

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 2014	Share Options held at 31 March 2014	Ordinary Shares held at 31 March 2013	Share Options held at 31 March 2013
Stuart Bottomley	8,026,000	-	7,626,000	-
Craig Michael Hutton	3,150,000	5,000,000	2,316,667	8,000,000
Michael Kellow	9,704,509	3,500,000	8,412,843	3,500,000
Lloyd Manokore	-	1,000,000	-	1,000,000
Neville Nicolau	400,000	2,000,000	-	-
Roy Tucker	9,668,417	3,500,000	8,260,083	3,500,000
Total	30,948,926	15,000,000	26,615,593	16,000,000

William Battershill, who was appointed to the Board on 30 May 2014, is interested in 15,700,395 ordinary shares in the Company. He also has an interest in a \$1.2 million convertible loan to the Company secured on the Pickstone Peerless Mine convertible into ordinary shares of the Company at 1.5p per share or at the price, if lower, at which the Company achieves a fundraising through subscription for ordinary shares.

The other Directors have no interest in shares.

Share options

Exercise price	Outstanding at 31 March 2013	Movements Issued	Lapsed during year	Outstanding at 31 March 2014	Vesting date	Final Exercise date
Craig Hutton 5.0p	8,000,000	-	(3,000,000)	5,000,000	Mar-15	Dec-15
Michael Kellow 5.0p	3,500,000	-	-	3,500,000	50% Aug-12; 50% Aug-13	Aug-15
Lloyd Manokore 5.0p	1,000,000	-	-	1,000,000	50% Aug-12; 50% Aug-13	Aug-15
Neville Nicolau 4.0p	-	2,000,000	-	2,000,000	May-14	Mar-16
Roy Tucker 5.0p	3,500,000	-	-	3,500,000	50% Aug-12; 50% Aug-13	Aug-15
Total	16,000,000	2,000,000	(3,000,000)	15,000,000		

Roy Pitchford, who was appointed to the Board on 7 April 2014, is entitled to 5 million options at an exercise price of 2.5p per share with a vesting date of 1 October 2014 and a final exercise date of 31 December 2017.

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 2013	Exercised during last 12 months	Granted during last 12 months	Outstanding at 31 March 2014	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
		3,250,000	-	-	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
		6,500,000	-	-	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
		5,000,000	-	-	5,000,000	
Total		15,250,000	-	-	15,250,000	

See Note 21 for further details of the EBT

Directors' remuneration

	Salary/ Fees \$	Termination Payments \$	Pension \$	Medical aid \$	Total 2014 \$
Stuart Bottomley	59,566	-	-	-	59,566
Craig Hutton	228,129	339,588	-	-	567,717
Michael Kellow	279,683	-	18,979	4,310	302,972
Lloyd Manokore	71,401	-	-	-	71,401
Neville Nicolau	60,212	-	-	-	60,212
Roy Tucker	220,472	-	-	-	220,472
	919,463	339,588	18,979	4,310	1,282,340

Part of the remuneration of Roy Tucker represents UK office services which are provided by Roy Tucker under his consultancy contract at his expense. His remuneration also includes irrecoverable VAT.

Of the remuneration to Craig Hutton:

\$28,806 of his fee has been settled by the issue of shares.

\$74,889 of the termination payment is due to be settled by the issue of shares which sum has been accrued at year end.

\$124,815 of the termination payment is payable in cash but was outstanding and therefore accrued at the year end.

Of the remuneration to Michael Kellow:

\$44,650 has been settled by the issue of shares.

\$96,732 is due to be settled by the issue of shares in the Company which sum has been accrued at the year end.

Of the remuneration to Roy Tucker:

\$41,769 has been settled by the issue of shares.

The payments to Craig Hutton include payments made or due under a negotiated consultancy agreement covering the period to 30 September 2014.

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

Auditors

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

Events after the reporting date

This is more fully disclosed in Note 26

By order of the Board

Roy Tucker

Secretary

4 September 2014

Statement of directors' responsibilities

The Directors are responsible for preparing the strategic and Director's 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 2014 which comprise the group statement of comprehensive income, the group and company statement of changes in equity, group and company statements of financial position, the group and company statements 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 to 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 Financial Reporting Council's (FRC'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 FRC's website at 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 2014 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of Matter - political and economic instability in Zimbabwe

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the Directors' disclosure of the political instability in Zimbabwe, particularly the Indigenisation Regulation that would require transfer of 51% of all Zimbabwean projects to designated local entities (see basis of preparation in Note 1 and Note 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 Group's and Company's ability to continue as a going concern. Further funds will be required to finance the Group's and Company's working capital requirements and the planned work programme including the acquisition of Dalny mine and move into production. 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 Group's and 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 strategic report and 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 2014

*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 2014

	Notes	31 March 2014 Group \$	31 March 2013 Group \$
Share options expenses	21	(173,211)	(325,685)
Other administrative expenses		(4,330,470)	(6,675,855)
Impairment of intangible assets	11.1	(6,712,308)	(4,017,827)
Project evaluation expenses	11.2	(438,151)	-
Administrative expenses		(11,654,140)	(11,019,367)
Operating loss	3	(11,654,140)	(11,019,367)
Finance income	5	4,105	3,686
Loss before and after taxation attributable to the equity holders of the parent company		(11,650,035)	(11,015,681)
Other comprehensive (loss)/income			
Items that may be reclassified subsequently to profit or loss			
(Loss)/gain on available for sale financial assets		(62,039)	24,460
Total other comprehensive (loss)/income		(62,039)	24,460
Total comprehensive loss attributable to the equity holders of the parent company		(11,712,074)	(10,991,221)
Loss per share – basic and diluted	9	(1.43) cents	(2.01) cents

All amounts above relate to continuing operations.

The accompanying accounting policies and notes on pages 25 - 49 form an integral part of these financial statements.

Group statement of changes in equity for the year ended 31 March 2014

Group	Share capital account	Share premium account	Share option reserve	Foreign currency translation reserve	Available for sale reserve	EBT reserve	Retained earnings/ (losses)	Total
	\$	\$	\$	\$	\$	\$	\$	\$
At 31 March 2012	7,908,049	48,482,461	5,121	(1,854,891)	6,440	(2,468,420)	(16,412,112)	35,666,648
Total comprehensive loss for the year	-	-	-	-	24,460	-	(11,015,681)	(10,991,221)
Loss for the year	-	-	-	-	-	-	(11,015,681)	(11,015,681)
Other comprehensive income	-	-	-	-	24,460	-	-	24,460
Share option charges	-	-	325,685	-	-	-	-	325,685
Write off of investment	-	-	-	11,807	-	-	-	11,807
Shares issued:								
- for cash consideration	5,093,684	11,827,222	-	-	-	-	-	16,920,906
- to settle liabilities (including Directors)	756,668	2,032,778	-	-	-	-	-	2,789,446
- to the EBT	245,897	1,229,487	-	-	-	(1,475,384)	-	-
- share issue costs	-	(821,089)	-	-	-	-	-	(821,089)
At 31 March 2013	14,004,298	62,750,859	330,806	(1,843,084)	30,900	(3,943,804)	(27,427,793)	43,902,182
Total comprehensive loss for the year	-	-	-	-	(62,039)	-	(11,650,035)	(11,712,074)
Loss for the year	-	-	-	-	-	-	(11,650,035)	(11,650,035)
Other comprehensive income	-	-	-	-	(62,039)	-	-	(62,039)
Share option charges	-	-	173,211	-	-	-	-	173,211
Shares issued:								
- to settle liabilities (including Directors)	70,898	141,796	-	-	-	-	-	212,694
At 31 March 2014	14,075,196	62,892,655	504,017	(1,843,084)	(31,139)	(3,943,804)	(39,077,828)	32,576,013

The accompanying accounting policies and notes on pages 25 - 49 form an integral part of these financial statements.

Company statement of changes in equity for the year ended 31 March 2014

Company	Share capital account	Share premium account	Share option reserve	Foreign currency translation reserve	Available for sale reserve	EBT reserve	Retained earnings/(losses)	Total
	\$	\$	\$	\$	\$	\$	\$	\$
At 31 March 2012	7,908,049	48,482,461	5,121	(4,953,777)	-	(2,468,420)	(7,322,138)	41,651,296
Total comprehensive loss for the year	-	-	-	-	14,140	-	(16,978,202)	(16,964,062)
Loss for the year	-	-	-	-	-	-	(16,978,202)	(16,978,202)
Other comprehensive income	-	-	-	-	14,140	-	-	14,140
Share option charges	-	-	325,685	-	-	-	-	325,685
Shares issued:								
- for cash consideration	5,093,684	11,827,222	-	-	-	-	-	16,920,906
- to settle liabilities (including Directors)	756,668	2,032,778	-	-	-	-	-	2,789,446
- to the EBT	245,897	1,229,487	-	-	-	(1,475,384)	-	-
- share issue costs	-	(821,089)	-	-	-	-	-	(821,089)
At 31 March 2013	14,004,298	62,750,859	330,806	(4,953,777)	14,140	(3,943,804)	(24,300,340)	43,902,182
Total comprehensive loss for the year	-	-	-	-	(13,370)	-	(11,698,704)	(11,712,074)
Loss for the year	-	-	-	-	-	-	(11,698,704)	(11,698,704)
Other comprehensive income	-	-	-	-	(13,370)	-	-	(13,370)
Share option charges	-	-	173,211	-	-	-	-	173,211
Shares issued:								
- to settle liabilities (including Directors)	70,898	141,796	-	-	-	-	-	212,694
At 31 March 2014	14,075,196	62,892,655	504,017	(4,953,777)	770	(3,943,804)	(35,999,044)	32,576,013

The accompanying accounting policies and notes on pages 25 - 49 form an integral part of these financial statements.

Group and Company statements of financial position as at 31 March 2014

	Note	31 March 2014 Group \$	31 March 2013 Group \$	31 March 2014 Company \$	31 March 2013 Company \$
ASSETS					
Non-current assets					
Intangible assets	11	28,709,520	28,841,335	1,580,252	2,894,158
Property, plant and equipment	12	2,682,769	2,929,155	1,455,142	1,501,907
Investment in subsidiaries	13	-	-	218,104	218,104
Loan to group companies	14	-	-	29,300,025	28,976,330
		31,392,289	31,770,490	32,553,523	33,590,499
Current assets					
Inventory	15	1,162	11,610	-	-
Receivables	16	1,180,463	1,905,327	21,991	173,223
Available for sale investments	17	6,107	90,293	1,336	14,706
Cash and cash equivalents		567,689	10,961,662	466,913	10,371,587
Total current assets		1,755,421	12,968,892	490,240	10,559,516
Total Assets		33,147,710	44,739,382	33,043,763	44,150,015
EQUITY AND LIABILITIES					
Capital and reserves attributable to equity holders of the Company					
Called-up share capital	20	14,075,196	14,004,298	14,075,196	14,004,298
Share premium account	20	62,892,655	62,750,859	62,892,655	62,750,859
Share option reserve	22	504,017	330,806	504,017	330,806
Foreign currency translation reserve	22	(1,843,084)	(1,843,084)	(4,953,777)	(4,953,777)
Available for sale reserve	22	(31,139)	30,900	770	14,140
EBT reserve	22	(3,943,804)	(3,943,804)	(3,943,804)	(3,943,804)
Retained earnings	22	(39,077,828)	(27,427,793)	(35,999,044)	(24,300,340)
Total equity		32,576,013	43,902,182	32,576,013	43,902,182
Current liabilities					
Trade and other payables	18	571,697	837,200	467,750	247,833
Total current liabilities		571,697	837,200	467,750	247,833
Total Equity and Liabilities		33,147,710	44,739,382	33,043,763	44,150,015

The accompanying accounting policies and notes on pages 25 - 49 form an integral part of these financial statements. The Financial Statements on pages 20 - 49 were approved and authorised for issue by the Board of Directors on 4 September 2014 and were signed on its behalf by:

Roy C Tucker
Director
4 September 2014

Registered number 05414325

Group and Company statements of cash flow for the year ended 31 March 2014

		2014 Group \$	2013 Group \$	2014 Company \$	2013 Company \$
CASH FLOW FROM OPERATING ACTIVITIES	Note				
Loss for the year		(11,650,035)	(11,015,681)	(11,698,704)	(16,978,202)
Adjustments for:					
Depreciation		50,037	59,354	28,154	24,633
Impairment charge on intangible assets	11.1	6,712,308	4,017,827	1,459,418	1,189,765
Impairment charge on advances to group companies		-	-	8,503,047	12,348,765
Write off of revaluation reserve in subsidiary		-	11,807	-	-
Unrealised exchange (gain)/loss		(54,572)	162,318	(54,572)	162,733
Finance income	5	(4,105)	(3,686)	(1,532,220)	(1,247,134)
Write-off of financial assets	17	22,147	-	-	-
(Profit)/loss on sale of property, plant and equipment		(51,942)	37,751	-	-
Disposal of investment in subsidiaries		-	-	-	1,000
Liabilities settled in shares		212,694	2,789,446	212,694	2,789,446
Share option charges	21	173,211	325,685	173,211	325,685
		(4,590,257)	(3,615,179)	(2,908,972)	(1,383,309)
Changes in working capital:					
Decrease/(increase) in receivables		724,864	(881,860)	151,232	43,461
Decrease/(increase) in inventories		10,448	(2,117)	-	-
(Decrease)/increase in payables		(265,503)	378,043	219,917	(46,302)
		469,809	(505,934)	371,149	(2,841)
Cash used in operations		(4,120,448)	(4,121,113)	(2,537,823)	(1,386,150)
Investing activities:					
Payments to acquire intangible assets		(6,050,419)	(3,654,158)	(103,760)	(159,307)
Payments to acquire property, plant and equipment	12	(334,658)	(235,271)	(23,141)	(433)
Proceeds on disposal of property, plant and equipment		52,875	-	-	-
Increase in loan to group companies		-	-	(7,296,288)	(6,691,552)
Interest received	5	4,105	3,686	1,766	15,168
		(6,328,097)	(3,885,743)	(7,421,423)	(6,836,124)
Financing activities:					
Proceeds from the issue of ordinary shares, net of issue costs		-	16,099,817	-	16,099,817
Increase / (decrease) in cash and cash equivalents		(10,448,545)	8,092,961	(9,959,246)	7,877,543
Cash and cash equivalents at beginning of year		10,961,662	3,031,019	10,371,587	2,656,777
Exchange gain/(loss) on cash and cash equivalents		54,572	(162,318)	54,572	(162,733)
Cash and cash equivalents at end of year		567,689	10,961,662	466,913	10,371,587

The accompanying accounting policies and notes on pages 25 - 49 form an integral part of these financial statements.

1 Accounting Policies

Basis of preparation and going concern assessment

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 2014.

The financial statements are prepared under the historical cost convention on a going concern basis.

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 the current budgeted spend basis and based on the current cash balance of \$0.6m (at 1 August) the Group will require further cash resources, ahead of current cash resources being exhausted, in October 2014.

The Group is actively pursuing funding options to complete the purchase of the Dalny Mine and associated infrastructure and also to provide working capital both for the start of planned gold production at Pickstone/Dalny and for its other projects. The Directors are confident of being able to raise the required funds at a price acceptable to existing shareholders and are 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. In the event that one of the funding options did not complete there would be further uncertainty around the Group being able to realise its assets and discharge its liabilities during the normal course of business. 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.

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.

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.

Changes in Accounting Policies

New and amended Standards effective for 31 March 2014 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 2014. 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 2013

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 2014 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 2013 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 2018
IFRS 10	Consolidated Financial Statements	1 April 2014
IFRS 11	Joint Arrangement	1 April 2014
IFRS 12	Disclosure of interest in other entities	1 April 2014
IAS 36	Recoverable amounts for non-financial assets	1 April 2014

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 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.

d) Going concern and intercompany loan recoverability

The Group's going concern is subject to the success of the ongoing fund raising initiatives. Whilst the Board is confident of the initiatives, there cannot be any guarantee that funding will be raised within the planned timeframe. The recoverability of intercompany loans advanced by the Company to subsidiaries also depends on the success of the fund raising initiatives.

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 incorporates 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..

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 2014	\$1.6642:£1
• 31 March 2013	\$1.5209:£1
• 31 March 2012	\$1.5990:£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 21). 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 has interests mainly 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. 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 \$
2014			
Impairment of intangible assets	6,712,308	-	6,712,308
Project evaluation expenses	438,151	-	438,151
Depreciation	530,074	50,037	580,111
Share based payments	-	173,211	173,211
Interest revenues	-	4,105	4,105
Loss for the period	6,712,308	4,937,727	11,650,035
Total assets	30,027,108	3,120,602	33,147,710
Total non-current assets	30,027,108	1,365,181	31,392,289
Additions to non-current assets	6,882,632	32,519	6,915,151
Total current assets	-	1,755,421	1,755,421
Total liabilities	34,332	537,365	571,697
2013			
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	30,998,075	13,741,307	44,739,382
Total non-current assets	30,386,858	1,383,632	31,770,490
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

There are no non-current assets held in the Company's country of domicile, being the UK (2013: \$Nil).

3 Group loss from operations

	2014 Group \$	2013 Group \$
Operating loss is stated after charging/(crediting):		
Annual Return Fees	8,626	14,787
Auditors' remuneration	125,182	91,717
Charitable contributions	82,356	54,831
Depreciation	50,037	59,354
Consulting Fees	965,509	1,125,887
Employee pension costs	18,979	18,936
Employee share option expense	173,211	325,685
Foreign exchange (gain)/loss	(54,572)	162,318
Impairment for intangibles	6,712,308	4,017,827
Project evaluation expenses	438,151	-
Legal & Secretarial Fees	230,704	250,994
Marketing	139,665	100,526
Office lease	128,408	87,099
Inventory expense	119,030	103,420
Travel & Accommodation	471,379	427,759
Wages and salaries (Note 7)	3,071,575	1,801,616
(Profit)/loss on disposal of property, plant and equipment	(51,942)	37,751

A total of \$173,211 (2013: \$325,685) of the employee share option expense arises on equity-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	83,685	80,057
Taxation compliance services	-	11,660
	<u>83,685</u>	<u>91,717</u>

5 Finance income

Interest received on bank deposits	<u>4,105</u>	<u>3,686</u>
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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:

	2014 Group \$	2013 Group \$
Loss before taxation	11,650,035	11,015,681
Loss before taxation at the standard rate of corporation tax in the UK of 23% (2013: 24%)	2,679,508	2,643,763
Expenses disallowed for tax	(33,629)	(132,425)
Difference in tax rates in local jurisdiction	240,695	(165,371)
Loss carried forward	(2,886,574)	(2,345,967)
Tax charge for the year	-	-

Factors that may affect future tax charges:

	2014 Group \$	2013 Group \$	2014 Company \$	2013 Company \$
Tax losses				
Accumulated tax losses	19,383,386	16,978,202	8,091,787	5,407,653

However the losses are only recoverable against future profits, the timing of which is uncertain and deferred tax asset for the company estimated at \$1,861,111 (2013 – \$1,297,837) has not been recognised in respect of these losses.

7 Employees

	2014 Group \$	2013 Group \$
Staff costs (including directors) consist of:		
Wages and Salaries - management	1,589,260	662,152
Wages and Salaries – other	1,482,315	1,139,464
	3,071,575	1,801,616
Consultancy fees	965,509	1,993,462
Termination fees	339,588	538,687
Social Security costs	24,252	30,796
Healthcare costs	7,814	14,663
Pension costs	18,979	18,936
	4,427,717	4,398,160

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

	Number	Number
Management	14	9
Other operations	100	106
	114	115

8 Directors' remuneration

	2014 Company \$	2013 Company \$
Directors' emoluments	919,463	1,413,939
Company contributions to pension schemes	18,979	18,936
Healthcare costs	4,310	6,424
Termination payments	339,588	538,687
Directors and key management remuneration	1,282,340	1,977,986
Gain on share options exercised by directors (not charged to profit or loss as explained below)	-	-

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

One director (2013: one) accrued benefits under a defined contribution pension scheme during the year. Four of the directors at the end of the period have share options receivable under long term incentive schemes. The highest paid director was Michael Kellow with an amount of \$302,972.

Included within the above remuneration are amounts accrued at 31 March 2014, please refer to the Directors Report for full detail.

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.

	2014 Group	2013 Group
The weighted average number of Ordinary Shares in issue for the year is	816,583,705	546,015,431
Losses for the Group for the year are	\$(11,650,035)	\$(11,015,681)
Loss per share basic and diluted	(1.43c)	(2.01c)

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 adopted 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 \$11,698,704(2013: \$16,978,202) 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
Group	\$	\$	\$
Cost at 31 March 2013	24,245,727	4,595,608	28,841,335
Additions during the year	6,580,493	-	6,580,493
Amount provided for impairment	(6,416,763)	(295,545)	(6,712,308)
Cost at 31 March 2014	24,409,457	4,300,063	28,709,520
Cost at 31 March 2012	23,876,653	5,019,403	28,896,056
Additions during the period	3,796,396	166,710	3,963,106
Amount provided for impairment	(3,427,322)	(590,505)	(4,017,827)
Cost at 31 March 2013	24,245,727	4,595,608	28,841,335
Company			
Cost at 31 March 2013	2,209,383	684,775	2,894,158
Additions during the year	145,512	-	145,512
Amount provided for impairment	(1,163,873)	(295,545)	(1,459,418)
Cost at 31 March 2014	1,191,022	389,230	1,580,252
Cost at 31 March 2012	2,669,356	1,199,775	3,869,131
Additions during the period	214,792	-	214,792
Amount provided for impairment	(674,765)	(515,000)	(1,189,765)
Cost at 31 March 2013	2,209,383	684,775	2,894,158

Includes depreciation as per note 12

Intangible assets by project

	2014 Group \$	2013 Group \$
Gold		
Gadzema	12,952,479	12,512,234
Pickstone Peerless	14,662,303	10,339,110
Diamonds		
Diamond Regional	-	3,234,111
Marange	-	1,411,300
Phosphates		
Chishanya	541,933	514,856
Various		
Zambia	552,805	559,702
Other	-	270,022
	28,709,520	28,841,335

11.1 Impairment on assets by project

	2014 Group \$	2013 Group \$
Gold		
Chakari Gold	-	328,065
One Step	-	580,763
Pickstone Peerless - dumps only	1,123,121	-
Diamonds		
Diamond Regional	3,294,089	-
Marange	1,411,300	-
Nickel		
Perseverance	-	1,522,781
Platinum Group Elements		
Snake's Head	-	1,212,184
Various		
Zambia	242,152	-
Other	641,646	374,034
	6,712,308	4,017,827

The amounts provided for impairment result from:

- in some cases management's decision not to pursue the project any further
- mining claims that the Group still holds but on which it has decided to defer any further exploration at the present time
- in the case of Marange a recognition that the progression of the outstanding claim is being deferred at the present time

11.2 Project evaluation expenses

	2014 Group \$	2013 Group \$
Romania	438,151	-

These relate to current year pre-exploration expenses pending the granting of an exploration licence. The accumulated expenses to 31 March 2013 of \$98,166 have been fully impaired.

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 2013	2,417,545	138,733	183,812	644,493	1,489,680	4,874,263
Additions during the year	299,889	2,783	31,986	-	-	334,658
Disposals during the year	-	-	-	(223,801)	-	(223,801)
Cost at 31 March 2014	2,717,434	141,516	215,798	420,692	1,489,680	4,985,120
Depreciation at 31 March 2013	1,002,983	110,477	172,584	600,939	58,125	1,945,108
Charge for the year	485,944	13,770	13,033	42,621	24,743	580,111
Disposals during the year	-	-	-	(222,868)	-	(222,868)
Depreciation at 31 March 2014	1,488,927	124,247	185,617	420,692	82,868	2,302,351
Net book amount at 31 March 2014	1,228,507	17,269	30,181	-	1,406,812	2,682,769
Cost at 31 March 2012	2,192,787	137,505	174,527	691,682	1,489,680	4,686,181
Additions during the period	224,758	1,228	9,285	-	-	235,271
Disposals during the period	-	-	-	(47,189)	-	(47,189)
Cost at 31 March 2013	2,417,545	138,733	183,812	644,493	1,489,680	4,874,263
Depreciation at 31 March 2012	776,432	95,025	153,083	526,079	35,625	1,586,244
Charge for the period	226,551	15,452	19,501	84,298	22,500	368,302
Disposals during the period	-	-	-	(9,438)	-	(9,438)
Depreciation at 31 March 2013	1,002,983	110,477	172,584	600,939	58,125	1,945,108
Net book amount at 31 March 2013	1,414,562	28,256	11,228	43,554	1,431,555	2,929,155
Net book amount at 31 March 2012	1,416,355	42,480	21,444	165,603	1,454,055	3,099,937

The depreciation on assets utilised directly for exploration activities is capitalised as deferred exploration costs amounting to \$530,074 (2013: \$308,948). Depreciation in respect of all other assets is charged to administrative expenses in the statement of comprehensive income amounting to \$50,037 (2013: \$59,354).

12 Property, plant and equipment

Company	Plant and machinery and aircraft \$	Fixtures fittings and equipment \$	Computer assets \$	Motor vehicles \$	Buildings \$	Total \$
Cost at 31 March 2013	323,019	18,595	65,688	10,500	1,400,000	1,817,802
Additions during the year	-	-	23,141	-	-	23,141
Disposals during the year	-	-	-	-	-	-
Cost at 31 March 2014	323,019	18,595	88,829	10,500	1,400,000	1,840,943
Depreciation at 31 March 2013	163,767	18,595	64,908	10,500	58,125	315,895
Charge for the year	41,752	-	5,654	-	22,500	69,906
Disposals during the year	-	-	-	-	-	-
Depreciation at 31 March 2014	205,519	18,595	70,562	10,500	80,625	385,801
Net book amount at 31 March 2014	117,500	-	18,267	-	1,319,375	1,455,142
Cost at 31 March 2012	323,019	18,595	65,254	10,500	1,400,000	1,817,368
Additions during the period	-	-	434	-	-	434
Disposals during the period	-	-	-	-	-	-
Cost at 31 March 2013	323,019	18,595	65,688	10,500	1,400,000	1,817,802
Depreciation at 31 March 2012	109,677	18,050	63,670	8,754	35,625	235,776
Charge for the period	54,090	545	1,238	1,746	22,500	80,119
Disposals during the period	-	-	-	-	-	-
Depreciation at 31 March 2013	163,767	18,595	64,908	10,500	58,125	315,895
Net book amount at 31 March 2013	159,252	-	780	-	1,341,875	1,501,907
Net book amount at 31 March 2012	213,342	545	1,584	1,746	1,364,375	1,581,592

The depreciation on assets utilised directly for exploration activities is capitalised as deferred exploration costs amounting to \$41,752 (2013:\$55,485). Depreciation in respect of all other assets is charged to administrative expenses in the statement of comprehensive income amounting to \$28,154 (2013: \$24,633).

13 Investment in subsidiaries

	2014 Company \$	2013 Company \$
Cost at the beginning of the year	218,104	219,104
Disposal during the year	-	(1,000)
Cost at the end of the year	218,104	218,104

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

Company	Country of registration	Class	Proportion held by Group 2014	Proportion held by Group 2013	Nature of business
African Consolidated Resources PTC Ltd *	BVI		-%	-%	Nominee company
Millwall International Investments Limited	BVI	Ordinary	100%	100%	Mining exploration and development
African Consolidated Resources (Zambia) Limited	Zambia	Ordinary	100%	100%	Mining exploration and development
African Consolidated Resources SRL	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.

Advantage has been taken of the exemption given in Section 410(2)(a) of the Companies Act 2006 which allows the disclosure of subsidiaries to be limited to those which are in the opinion of the directors principal. subsidiaries.

14 Loans to Group Companies

	2014 Company \$	2013 Company \$
Loans to Group Companies	29,300,025	28,976,330

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

	2014 Group \$	2013 Group \$	2014 Company \$	2013 Company \$
Material and supplies	1,162	11,610	-	-

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 (2013 - \$103,420).

16 Receivables

	2014 Group \$	2013 Group \$	2014 Company \$	2013 Company \$
Other receivables	560,166	1,167,148	21,991	153,930
Prepayments	10,297	160,126	-	19,293
VAT	610,000	578,053	-	-
	1,180,463	1,905,327	21,991	173,223

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	90,293	65,833	14,706	566
Write off	(22,147)	-	-	-
Movement in fair value	(62,039)	24,460	(13,370)	14,140
Fair value at the end of the year	6,107	90,293	1,336	14,706

Available for sale investments comprise shares in quoted companies.

18 Trade and other payables

Trade payables	-	286,088	-	-
Other payables	34,332	41,316	3,633	3,633
Other taxes and social security taxes	2,417	-	4,983	-
Accrued expenses	534,948	509,796	459,134	244,200
	571,697	837,200	467,750	247,833

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 2014 was \$Nil (2013: \$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.

	2014 Group \$	2013 Group \$	2014 Company \$	2013 Company \$
Loans and receivables				
Cash and cash equivalents	567,689	10,961,662	466,913	10,371,587
Receivables	560,166	1,167,148	21,911	153,930
Loan to Group Companies	-	-	29,300,025	28,976,330
Available for sale financial assets				
Available for sale investments (valuation level 1)	6,107	90,293	1,336	14,706
Other liabilities				
Trade and other payables	569,280	837,200	462,767	247,833

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 risks associated with them are also insignificant to the Group and the Company as a whole.

The Company has a credit risk in respect of 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:

	2014 Carrying value \$	2014 Maximum exposure \$	2013 Carrying value \$	2013 Maximum exposure \$
Loans and receivables				
Cash and cash equivalents	567,689	567,689	10,961,662	10,961,662
Receivables	560,166	560,166	1,167,148	1,167,148

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	466,913	466,913	10,371,587	10,371,587
Receivables	21,911	21,911	153,930	153,930
Loan to Group Companies	29,300,025	29,300,025	28,976,330	28,976,330

Net of impairment charges on advances to Group companies of \$8,503,047 (2013 – \$12,348,765)

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 year end the Group had a cash balance of \$567,689 (2013: \$10,961,662) which was made up as follows:

	2014 Group \$	2013 Group \$
British pounds	130,184	3,160,592
United States dollars	416,397	7,782,372
Euro	21,108	18,698
	567,689	10,961,662

Included within the above are amounts of £78,226 (\$130,184)(2013: £2,078,058 (\$3,160,592)) and US\$335,100 (2013: \$7,210,263)) 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 \$4,105 (2013: \$3,686).

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 \$411 (2013: \$368). Conversely the effect of a 10% increase in interest rates during the year would, on the same basis, have increased interest income by \$411 (2013: \$368).

At the year end, the Company had a cash balance of \$466,913 (2013 : \$10,371,587) which was made up as follows:

	2014 Company \$	2013 Company \$
Pounds Sterling	130,184	3,160,592
United States dollars	336,729	7,210,995
	466,913	10,371,587

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 \$571,697 (2013: \$837,200) is all due for payment within 45 days of the reporting date, except for \$122,625 (2013: \$194,124) in respect of the share based payment liability. Various measures have been put in place to contain costs including placing staff on half salaries, retrenchment of excess staff and cessation of exploration activities to focus on mine development.

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 2014 and 31 March 2013, the currency exposure of the Group was as follows:

	UK Sterling	US Dollars	Other Currencies	Total
	\$	\$	\$	\$
At 31 March 2014				
Cash and cash equivalents	130,184	416,397	21,108	567,689
Other receivables	-	1,180,463	-	1,180,463
Trade and other payables	(354,172)	(217,525)	-	(571,697)
Available for sale investments	-	6,107	-	6,107
At 31 March 2013				
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

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 (decreasing)/increasing post tax losses by (\$22,400) (2013 : \$299,910). 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 (increasing)/decreasing post tax losses by (\$22,400) (2013 : \$299,910).

At 31 March 2014 and 31 March 2013, the currency exposure of the Company was as follows:

	UK Sterling	US Dollars	Total
	\$	\$	\$
At 31 March 2014			
Cash and cash equivalents	130,183	336,730	466,913
Other receivables	1,551	20,440	21,991
Loans to Group companies	-	29,300,025	29,300,025
Trade and other payables	(356,738)	(111,012)	(467,750)
Available for sale investments	-	1,336	1,336
At 31 March 2013			
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

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
		\$	\$
Issued			
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
As at 31 March 2013	845,922,924	14,004,298	62,750,859
Issued during the period	4,614,740	70,898	141,796
As at 31 March 2014	850,537,664	14,075,196	62,892,655

Details of the shares issued during the year are as per the Statement of Changes of Equity on pages 21 - 22.

The number of shares reserved for issue under share options at 31 March 2014 was 33,000,000 (2013: 59,500,000).

The number of shares held by the EBT at 31 March 2014 was 32,500,000 (2013: 32,500,000), 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 2013	Exercised during last 12 months	Lapsed during last 12 months	Granted during last 12 months	Outstanding at 31 March 2014	Final exercise date
4.0p	-	-	-	2,000,000	2,000,000	March 2016
5.0p	15,000,000	-	-	-	15,000,000	August 2015
5.0p	8,000,000	-	(3,000,000)	-	5,000,000	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
	59,500,000	-	(28,500,000)	2,000,000	33,000,000	

	31 March 2012	12 months	12 months	12 months	31 March 2013	
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
	25,500,000	-	-	34,000,000	59,500,000	

	2014 weighted average exercise price (pence)	2014 number	2013 weighted average exercise price (pence)	2013 number
Outstanding at the beginning of the year	7.6	59,500,000	10.0	25,500,000
Granted during the year	4.0	2,000,000	5.7	34,000,000
Lapsed during the year	9.5	(28,500,000)	-	-
Exercised during the year	-	-	-	-
Outstanding at the end of the year	5.7	33,000,000	7.6	59,500,000
Exercisable at the end of the year	-	-	-	-

The weighted average remaining lives of the options outstanding at the end of the period is 18 months (2013: 31 months). Of the 33,000,000 (2013: 59,500,000) options outstanding at 31 March 2014, 7,000,000 (2013: 46,500,000) are not yet exercisable at 31 March 2014.

The weighted average range of exercise prices of share options outstanding at the end of the period is 5.7p (2013: 7.6p).

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 2013	4p options April 2013
Grant date	October 2012	January 2013	March 2013	March 2013	March 2013	March 2013	April 2013
Vesting periods	August 2015	December 2015	December 2015	August 2015	December 2015	August 2015	March 2016
Share price at date of grant	2.75p	3.5p	4.88p	5.12p	5.12p	5.12p	3.38
Volatility	54%	54%	54%	54%	54%	54%	62%
Option life	2.85 years	2.62 years	2.79 years	2.47 years	2.81 years	2.47 years	2.94 years
Dividend yield	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Risk free investment rate	0.23%	0.29%	0.38%	0.38%	0.38%	0.38%	0.38%
Fair value	0.50p	0.80p	1.68p	1.74p	0.72p	1.84p	2.28p

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 \$173,211 (2013: \$325,685).

Cash-settled share based payments

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

The Company funded (directly and indirectly through another subsidiary) an amount of \$Nil (2013 - \$1,475,384) 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 \$Nil (2013: \$3,726,027) and Millwall International Investments Limited had an outstanding loan to the same entity for \$217,777 (2013: \$217,777). 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 2013	Exercised during last 12 months	Lapsed during last 12 months	Granted during last 12 months	Outstanding at 31 March 2014	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
	32,500,000	-	-	-	32,500,000	

As at 31 March 2014 32,500,000 of the EBT participation rights were exercisable.

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
	17,000,000	-	-	15,500,000	32,500,000	

As at 31 March 2013 a total of 24,750,000 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:

	August 2012	August 2011	August 2011
Grant date	October 2010	March 2012	March 2012
Vesting periods	October 2010 - August 2012	August 2012 - August 2013	August 2012 - August 2014
Share price at date of grant	9.00p	6.00p	6.00p
Volatility	51%	51%	51%
Option life	2 years	1 years	2 years
Dividend yield	Nil	Nil	Nil
Risk free investment rate	0.65%	0.65%	0.65%
Fair value	Nil	Nil	Nil

Volatility has been based on historical share price information.

Share options (expense) / write back

	2014 Group \$	2013 Group \$
Share option expense	173,211	325,685
	173,211	325,685

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 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 \$339,588.

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 \$339,588.

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 affect any transfer of shareholding in the Zimbabwean subsidiaries to any third party. Counsel's opinion supports this view. Notwithstanding this, discussions are well progressed with representatives of Government concerning an indigenisation plan for Pickstone Peerless and, subject to completion of the acquisition, for the Dalny Mine.

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.

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.
- (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. 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.

On 4 August 2014 the Company was advised by ZIMRA that the objection had been granted in full.

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 had 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. However the Attorney-General has now withdrawn the charges because, instead of charging African Consolidated Resources Plc or Canape Investments (Private) Limited the charges were laid against African Consolidated Resources (Private) Limited, a company registered in Zimbabwe, which is a shelf company and not a group company. It could not have been involved because it had no staff.

26 Events after the reporting date

As highlighted in the strategy report the Group entered into a non binding agreement to acquire the Dalny Mine at a cost of \$8.5 million. This acquisition is contractually subject to successful fund raising of \$12million.

The Harare office was sold in June 2014 for a net consideration of \$1.350 million, again highlighted in the strategic report.

\$1.2million convertible loan secured on the Pickstone Peerless mine was provided in June 2014 from a company associated with the Chairman for working capital requirements. The loan had been agreed prior to the reporting date and prior to the appointment of the Chairman as a Director of the Company.

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 2014 at 2.30 p.m. for the purpose of considering and, if thought fit, passing the following resolutions, of which resolutions 1 to 8 (inclusive) will be proposed as ordinary resolutions and resolution 9 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 2014 and the directors' report and auditors' report on those accounts.
- 2** To re-appoint Roy Tucker, 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 Roy Pitchford, 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 William Battershill, 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 Eric Diack, 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.
- 6** To re-appoint BDO LLP as auditors of the Company to act until the conclusion of the next Annual General Meeting.
- 7** To authorise the directors to determine their remuneration.

SPECIAL BUSINESS

- 8** 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 £12,000,000 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.

9 That, subject to the passing of resolution 8, the directors be given power in accordance with section 571(1) of the 2006 Act to allot equity 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 £12,000,000,

and shall, subject to the continuance of the authority conferred by resolution 8, 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

4 September 2014

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.

Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), only those members registered in the register of members of the Company at 2.30pm on 28 September 2014 (or in the case of an adjournment 48 hours before the time set for the adjourned 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 2014.

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

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 (ID RA10) by 2.30 p.m. on 28 September 2014. 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 2014.

As at 3 September 2014 (being the last business day prior to the publication of this Notice) the Company's issued ordinary share capital consists of 850,537,664 shares, carrying one vote each.

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 8 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 9 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 2014 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

Roy Tucker 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

Roy Pitchford 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

William Battershill 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 Director

Eric Diack 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 6: 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 6 re-appoints BDO LLP as auditors to the Company.

Resolution 7:

Resolution 7 authorises the directors to fix the remuneration of the auditors.

Resolution 8: 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 renew the existing authority given at the General Meeting held on 4 July 2014 which enables the directors to issue new shares up to an aggregate nominal amount of £12,000,000 for the purpose of financing the acquisition of the Dalny mine and other purposes set out in the circular to shareholders issued on 18 June 2014. 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 9: Disapplication of statutory pre-emption rights

It is proposed to renew the existing authority for the disapplication of the statutory pre-emption rights of shareholders given at the General Meeting held on 4 July 2014 in connection with the acquisition of the Dalny Mine and other purposes set out in the circular to shareholders issued on 18 June 2014. 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 by way of a rights issue up to a maximum nominal amount of £12,000,000. 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 2014 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 8 inclusive will be proposed as ordinary resolutions and resolution 9 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 2014 and the directors' report and auditors' report on those accounts.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
2	To re-appoint Roy Tucker, 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 Roy Pitchford, 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 William Battershill, 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 Eric Diack, 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"/>
6	To re-appoint BDO LLP as auditors of the Company to act until the conclusion of the next Annual General Meeting.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
7	To authorise the directors to determine the remuneration of the auditors.	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
8	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 £12,000,000 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
☐

9 That, subject to the passing of resolution 8, the directors be given power in accordance with section 571(1) of the 2006 Act to allot equity 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 £12,000,000,

and shall, subject to the continuance of the authority conferred by resolution 8 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 (as amended), members will be entitled to attend and vote at the meeting if they are registered on the Company's register of members at 2.30pm on 28 September 2014 (or in the case of an adjournment 48 hours before the time appointed for the adjourned meeting).
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 uncertificated 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.

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Company information

Directors

William Battershill	– Chairman
Roy Pitchford	– Chief Executive Officer
Roy Tucker	– Financial Director
Eric Diack	– 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

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

