Ticker: AFCR / Index: AIM / Sector: Mining

4 December 2014

African Consolidated Resources plc
("AFCR" or "the Company")

African Consolidated Resources plc, the AIM listed resource and development company, is pleased to announce its results for the six months to 30 September 2014.

Highlights

	30 September 2014	**30 September 2013**
	$'000	**$'000**
Loss for the period	2,779	2,335
Dalny deal prepayment forfeited*	500	-
Zimra VAT refund**	180	117
Cash balance	260	5,087

* The balance of $500,000 is receivable over a period of 12 months

** Additional $177,000 received in October 2014 mainly in respect of the VAT dispute with Zimra.

Post period-end

- Cash Balance at 30 November 2014 $1.045 million
- Ball mill disposed of post period end €540,000 ($672,840 receivable).
- Joint venture agreed for funding development of Pickstone Peerless mine at 10,000 tonnes per month.
- Loan of $2,000,000 secured of which $1,000,000 received in connection with opportunities in Romania.

Chief Executive Officer's report

Introduction

In both the Chairman's and my strategic reports in the 2014 Annual Report the transformation of the Company from an exploration focus to a mining and cash generation company was emphasised. This process is ongoing and all exploration activities remain on hold. Wherever possible, employees have been reassigned and inevitably some have had to be regrettably retrenched.

The international resources sector remains extremely constrained and securing funding for new mines remains an enormous challenge. Reducing overheads and costs is still a major focus of management in order to ensure that available resources are sufficient until cash generation, which is expected in H2 2015.

The specific challenges faced in Zimbabwe and the international status of gold has resulted in the transition process in AFCR incorporating a wider development focus and a more significant presence in Romania.

The transition taking place in each of the regions where AFCR is now active are detailed below.

Zimbabwe

As announced on 30 September 2014, the reluctance of investors outside of Zimbabwe to fund the Dalny Mine/Pickstone-Peerless Mine Project resulted in its postponement pending further evaluation of how it may be resumed in the future. AFCR remains in contact with Falcon Gold Zimbabwe Limited.

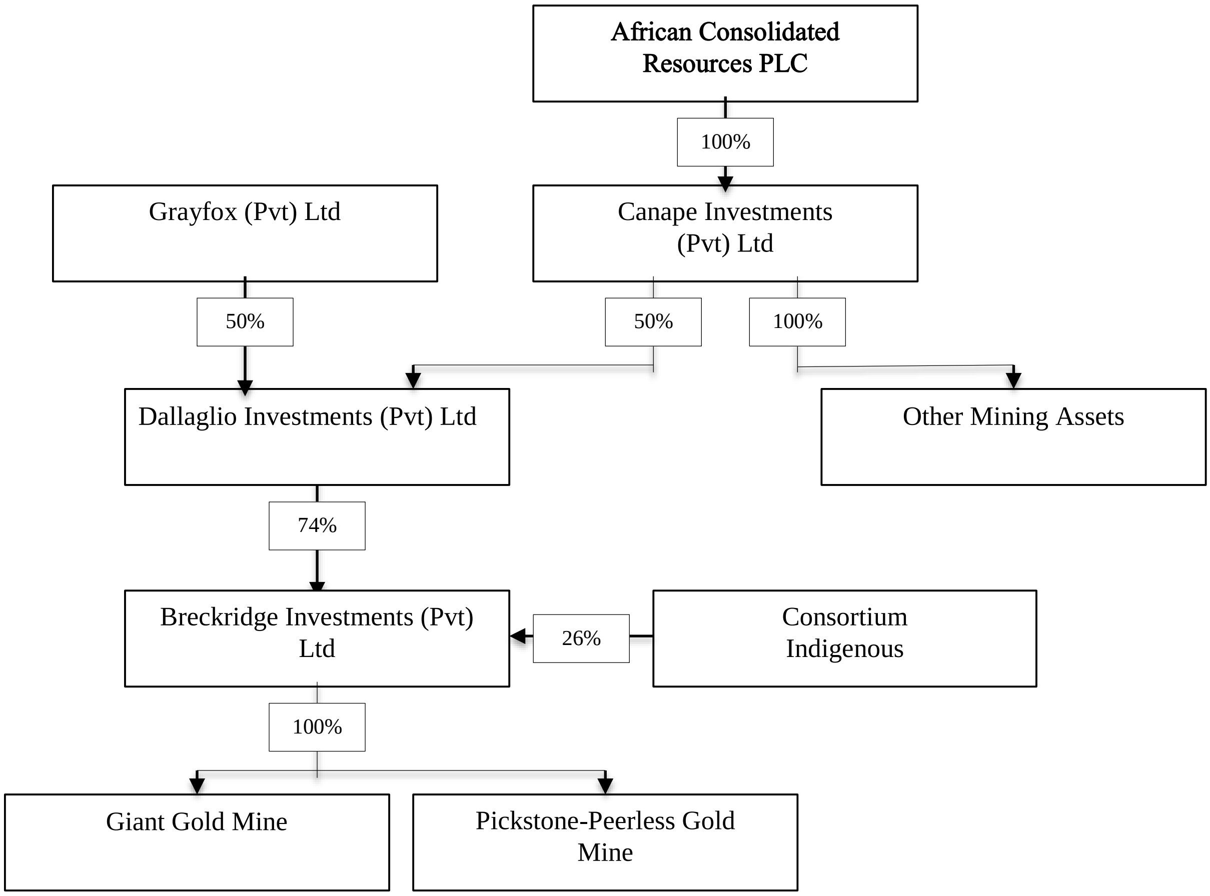
Funding for the development of the Pickstone-Peerless Mine, albeit at a reduced volume of 10,000 tonnes per month, has been secured from a Zimbabwean source. A new joint venture company Dallaglio Investments (Pvt) Ltd ('Dallaglio') has been established whereby AFCR will hold a 50 per cent. interest in Dallaglio and the joint venture partner, Grayfox Investments (Pvt) Limited ('Grayfox') the other 50 per cent. The joint venture includes the Pickstone-Peerless Mine and the mining claims surrounding the former Giant Mine.

Pursuant to an option Grayfox has the right to exchange its shareholding in Dallaglio for 288,333,333 shares in AFCR, which if effected would return these assets to 100 percent AFCR ownership (subject to indigenisation regulations).

The current plant design for this joint venture is expected to suffice for the oxide gold cap, which has an estimated life of six years. During this period, expansion of the plant to treat the open cast sulphides, at a rate at least double the current monthly volume will be evaluated, including the Dalny Mine option.

Mine commissioning is planned for the beginning of H2 2105 with first positive cash flows later in H2 2105.

Future Zimbabwe operations will be administered through the AFCR Zimbabwe holding company – Canape Investments (Pvt) Limited – as depicted in the diagram on the following page:



Note – appropriate name changes will be made to the Zimbabwe companies to reflect the transition to mining operations.

Zambia

AFCR has copper and rare earth prospects in Zambia. In view of current limited funding and management time the Zambian assets are not currently a focus while we still await the outcome of the two outstanding Zambian Supreme Court cases on the Kalengwa copper mine. The Board continues to review its options with regard to these assets in order to maximise shareholder value.

Romania

The attitude towards investing in Zimbabwe and for AFCR's advantageous position with securing good mining assets in Romania, with limited competition, has prompted management to accelerate the evaluation and acquisition of mining opportunities in that country.

The Company is advancing discussions regarding a number of opportunities and will make further announcements, as appropriate, in due course.

Conclusion

Notwithstanding the very challenging resource sector market conditions, AFCR has secured sufficient funding to commence development of its first gold mine in Zimbabwe.

Roy Pitchford

Chief Executive Officer

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Group statement of comprehensive income

for the six months ended 30 September 2014

	Notes	For the six months ended 30 September 2014 Group $'000	For the six months ended 30 September 2013 Group $'000
Revenue		-	-
Share options expenses		(37)	(131)
Other administrative expenses		(2,742)	(2,206)
Administrative expenses		(2,779)	(2,337)
Operating loss		(2,779)	(2,337)
Finance income		-	2
Loss before and after taxation attributable to the equity holders of the parent company	3	(2,779)	(2,335)
Other comprehensive income			
Gain on available for sale financial assets		18	(7)
Total comprehensive loss attributable to the equity holders of the parent company		**(2,761)**	**(2,342)**
Loss per share – basic and diluted (cents)	3	(0.34)	(0.43)

Group statement of changes in equity

for the six months ended 30 September 2014

	Share capital account $'000	Share premium account $'000	Share option reserve $'000	Foreign currency translation reserve $'000	Available for sale reserve $'000	EBT reserve $'000	Retained earnings / (losses) $'000	Total $'000
At 31 March 2013	**14,004**	**62,751**	**331**	**(1,843)**	**31**	**(3,944)**	**(27,428)**	**43,902**
Total comprehensive loss for the year	-	-	-	-	(62)	-	(11,650)	**(11,712)**
Share option charges	-	-	173	-	-	-	-	**173**
Shares issued:								
- to settle liabilities (including Directors)	71	142	-	-	-	-	-	**213**
At 31 March 2014	**14,075**	**62,893**	**504**	**(1,843)**	**(31)**	**(3,944)**	**(39,078)**	**32,576**
Total comprehensive loss for the period	-	-	-	-	18	-	(2,779)	**(2,761)**
Share option charges	-	-	37	-	-	-	-	**37**
At 30 September 2014	**14,075**	**62,893**	**541**	**(1,843)**	**(13)**	**(3,944)**	**(41,857)**	**29,852**

Group statements of financial position

As at 30 September 2014

	Note	30 September 2014 Group $'000	31 March 2014 Group $'000
Assets			
Non-current assets			
Intangible assets	4	28,768	28,710
Property, plant and equipment		1,099	2,683
		29,867	31,393
Current assets			
Inventory		-	1
Receivables		1,505	1,180
Available for sale investments		24	6
Cash and cash equivalents		260	568
Total current assets		1,789	1,755
Total Assets		**31,656**	**33,148**
Equity and Liabilities			
Capital and reserves attributable to equity holders of the Company			
Called-up share capital		14,075	14,075
Share premium account		62,893	62,893
Share option reserve		541	504
Foreign currency translation reserve		(1,843)	(1,843)
Available for sale reserve		(13)	(31)
EBT reserve		(3,944)	(3,944)
Retained earnings		(41,857)	(39,078)
Total equity		29,852	32,576
Current liabilities			
Short term portion loan	5	1 200	-
Trade and other payables		604	572
Total current liabilities		1,804	572
Total Equity and Liabilities		**31,656**	**33,148**

Group statements of cash flow

for the six months ended 30 September 2014

	For the six months ended 30 September 2014 Group $'000	For the six months ended 30 September 2013 Group $'000
CASH FLOW FROM OPERATING ACTIVITES		
Loss for the year	(2,779)	(2,335)
Adjustments for:		
Depreciation	245	19
Impairment charge on intangible assets	-	-
Write off of revaluation reserve in subsidiary	-	-
Unrealised exchange loss/(gain) on cash and cash equivalents	6	(43)
Finance income	-	(2)
Loss on sale of financial assets	-	
Loss on sale of property, plant and equipment	(116)	
Liabilities settled in shares	-	177
Share option expense	37	131
	(2,607)	(2,053)
Changes in working capital:		
(Increase)/decrease in receivables	(324)	106
Decrease/(increase) in inventories	1	(20)
Increase/(decrease) in payables	1,233	(252)
	910	(166)
Cash used in operations	(1,697)	(2,219)
Investing activities:		
Payments to acquire intangible assets	(54)	(3,336)
Payments to acquire property, plant and equipment	-	(365)
Proceeds on disposal of property, plant and equipment	1,449	-
Interest received	-	2
	1,395	(3,699)
Financing Activities:		
Proceeds from the issue of ordinary shares, net of issue costs	-	-
Decrease in cash and cash equivalents	(302)	(5,918)
Cash and cash equivalents at beginning of year	568	10,962
Exchange (loss)/gain on cash and cash equivalents	(6)	43
Cash and cash equivalents at end of year	**260**	**5,087**

Interim report notes

1 Interim Report

The information relates to the period from 1 April 2014 to 30 September 2014.

The interim report was approved by the Directors on 3 December 2014.

The interim report, which is unaudited, does not include all information required for full financial statements and should be read in conjunction with the Group's consolidated annual financial statements for the period ended 31 March 2014.

2 Basis of preparation

a) The unaudited condensed interim financial statements for the six months ended 30 September 2014 do not constitute statutory accounts and have been drawn up using accounting policies and presentation expected to be adopted in the Group's full financial statements for the year ended 31 March 2014, which are not expected to be significantly different to those set out in note 1 to the Group's audited financial statements for the year ended 31 March 2014
b) These interim financial statements consolidate the financial statements of the Company and all its subsidiaries.
c) After review of the Group's operations, the directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, the directors continue to adopt the going concern basis in preparing the unaudited condensed interim financial statements.

3 Loss per share

		For the six months ended 30 September 2014 Group	**For the six months ended 30 September 2013 Group**
Loss per ordinary share has been calculated using the weighted average number of ordinary shares in issue during the relevant financial year. The weighted average number of ordinary shares in issue for the period is:		818,897,396	547,342,776
Losses for the period:	($'000)	(2,779)	(2,335)
Loss per share basic and diluted (cents)		(0.34)	(0.43)

The effect of all potentially dilutive share options is anti-dilutive.

4 Intangible assets

Group	Deferred exploration costs $'000	Mining options $'000	Total $'000
Balance 31 March 2013	24,246	4,595	28,841
Additions during the year	6,581	-	6,581
Impairment loss	(6,417)	(295)	(6,712)
Balance 31 March 2014	**24,410**	**4,300**	**28,710**
Additions during the year	58	-	58
Balance 30 September 2014	**24,468**	**4,300**	**28,768**

5 Short term portion loan

This loan is repayable on 30 June 2015 and is convertible at the lender's election into new ordinary shares of the Company at an issue price of 1.5p or the price at which the Company secures new funding prior to the repayment date whichever is the lower.

6 Financial information

The financial information for the year ended 31 March 2014 has been extracted from the statutory accounts for that period. While the auditors' report for the year ended 31 March 2014 was unqualified, it did include an emphasis of matters concerning going concern and the political and economic stability in Zimbabwe, to which the auditors drew attention by way of emphasis without qualifying their report. Full details of these comments are contained in the report of the Auditors on Pages 18 and 19 of the Final Results for the year to 31 March 2014, released elsewhere on this website on 5 September 2014.

7 Events after the reporting date

The acquisition of the Dalny Mine did not proceed as a result of the failure of the Company to raise $12.0 million which constituted a condition precedent in the Purchase Agreement entered with Falcon Gold Zimbabwe Limited.

In October 2014 the Company secured joint venture finance for its Pickstone-Peerless Mine with Grayfox under which the Pickstone-Peerless and the Giant Mines are being transferred to a jointly owned company Dallaglio Investments (Pvt) Ltd into which Grayfox will contribute $4.0 million in cash and in addition plant equal to the carrying value of the Company's own plant at Pickstone-Peerless, which is estimated to have a carrying value of $1.0 million. Grayfox may at its election convert its 50 percent holding in the jointly owned company to 288,333,333 ordinary shares in the Company.

The Company also secured a $2 million loan facility from Grayfox for use as to $1 million for the Company's projects in Romania and as to $1 million for general corporate purposes.

In November 2014 the Company entered into an option to acquire, at its own discretion, a 68 percent interest in Mineral Mining SA which company owns the Baita Bihor polymetallic mine in Transylvania, Romania. The acquisition price is €1,200,000 (approximately $1,630,000) of which €950,000 (approximately $1,290,000) is payable on a deferred basis. The Company is in advance stage discussions with the intention of raising approximately $2.5 million by way of a placing of ordinary shares in order to finance the acquisition of Mineral Mining SA and to enable the Baita Bihor mine to be put back into production. It is expected that the directors will participate in this placing.