



# AFRICAN CONSOLIDATED RESOURCES PLC INTERIM REPORT

for the half year ended 31 August 2006



## Company information

### Directors

|                  |                           |
|------------------|---------------------------|
| Andrew Cranswick | - Chief Executive Officer |
| Roy Tucker       | - Group Finance Director  |
| Stuart Bottomley | - Non-Executive Director  |
| Michael Kellow   | - Technical Director      |
| Ian Fisher       | - Executive Director      |

|                  |                  |
|------------------|------------------|
| Peter Vanderspuy | - Chairman elect |
|------------------|------------------|

*all of*

Nettlestead Place  
Nettlestead  
Maidstone  
Kent, ME18 5HA

### Secretary and registered office

Roy Clifford Tucker

Nettlestead Place  
Nettlestead  
Maidstone  
Kent, ME18 5HA

**Website** [www.acrplc.com](http://www.acrplc.com)

### Auditors

BDO Stoy Hayward LLP  
8 Baker Street  
London W1U 3LL

### NOMAD and Corporate Broker

Evolution Securities Ltd  
100 Wood Street  
London  
EC2V 7AN

### Bankers

Standard Bank Isle of Man Limited  
Standard Bank House  
1 Circular Road  
Douglas  
Isle of Man, IM1 1SB

### Registrars

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

### Financial Public Relations

College Hill  
78 Cannon Street  
London, EC4N 6HH

**Registered number** 05414325

### Company announcements

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

### Share price information

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

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

**Ticker** AFCR

### Enquiries:

#### African Consolidated Resources

|                                   |                   |
|-----------------------------------|-------------------|
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| Roy Tucker, Finance Director      | + 44 1622 816 918 |
| Ian Fisher, Executive Director    | + 44 79 2018 9011 |

#### Evolution

|               |                  |
|---------------|------------------|
| Simon Edwards | +44 20 7071 4330 |
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#### College Hill

|                           |                  |
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| Nick Elwes / Paddy Blewer | +44 20 7457 2020 |
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Copies of this interim report are available free of charge by application in writing to the Company Secretary at Nettlestead Place, Nettlestead, Maidstone, Kent, ME18 5HA or by e-mail to [royctucker@nettlesteadplace.co.uk](mailto:royctucker@nettlesteadplace.co.uk), or from the Company's website at [www.acrplc.com](http://www.acrplc.com)



## Interim results – highlights

African Consolidated Resources, the AIM listed gold and minerals exploration company operating in Zimbabwe today announces its maiden interim results for the half year ended 31 August 2006.

### Highlights

- ◆ Admission to AIM, raising GBP 4m at a price of 12p per share
- ◆ Inferred resource of 820,500 JORC ounces of gold as reported in the Admission Document. Revised Resource calculation to include new drilling is in progress
- ◆ Good progress made in first phase drilling at Pickstone Peerless and Giant mines - including discovery of southern extension to the Giant Mine and confirmation of gold lodes on Duchess Hill at Pickstone. Comprehensive soil geochemistry has been completed on the Renco target in the Lowveld
- ◆ Acquisition of the eastern block of Snakes Head platinum project agreed. Geological mapping completed on the west block. Mapping has identified the only known gabbro cap on the Great Dyke which appears to be fully intact - encouraging sulphide mineralisation observed in reconnaissance rockchips
- ◆ Three primary nickel targets acquired, with work programmes either planned or commenced. State of the art Mobile Metal Ion geochemistry programme planned for extensive holding in Chakari
- ◆ Diamond find - some teething issues - bulk sampling programme planned
- ◆ Peter Vanderspuy has agreed to join the Board as Chairman

### Financial

- ◆ Loss of £1.09m to 31 August 2006 as exploration programmes progressed to plan
- ◆ Cash balance of £3.35m as of 31 August 2006

### Outlook

- ◆ Work progressing on our portfolio of existing and new projects
- ◆ Continuing buoyancy in metals and commodities markets fuelled by consumption and development of China and India

#### **Andrew Cranswick, Chief Executive of ACR commented:**

*"This has been a very successful year for ACR. Not only have we listed on AIM, raising valuable development capital, but we have progressed from a gold play to developing a multi mineral, multi property portfolio.*

*Whilst gold remains the core of our portfolio, the international commodities market provides considerable optimism for our future. With exposure to gold, copper, platinum, nickel and diamonds, ACR is well placed to take advantage of the predicted continued growth in metals and mineral prices as we look to further develop our portfolio both in strategic scope and operational depth."*



## Chief Executive's statement

The year is drawing to a close and I take great pleasure in updating you on developments and progress in the prospects and projects of African Consolidated Resources.

2006 was indeed an important year for us and saw the company successfully listing on the AIM Market of the London Stock Exchange amidst severe market angst and turbulence. While an achievement that remains a credit to the quality of our assets, management and strategy, the listing was not an end in itself but rather the laying of an important foundation stone in a major exploration play upon an under-explored terrain.

I am happy to announce that Peter Vanderspuy has agreed to join the Board of ACR in the capacity of Chairman (non-executive). Confirmation is pending regulatory proceedings. Peter has a wealth of knowledge and trail of success stories in exploration behind him, including the founding of Delta Gold and Zimplats. We believe the guidance and input he will offer will provide an invaluable contribution to the success of ACR.

Since July we have continued and almost completed the first phase drilling of our most advanced gold projects, the Pickstone Peerless and Giant mines. The definition envelope of mineralised ground has been expanded in several directions and some exciting intercepts encountered. Limitations of the assay labs have yet to be fully overcome and we continue to work with our partners toward an improvement in that processing capacity. Local bureaucracy makes export of samples difficult but that has now been largely overcome.

### Exploration Highlights are as follows:

#### Gold:

A total of 32,100 metres of RC drilling and 10,600m of RAB drilling has been completed at the Pickstone-Peerless project (including the Concession, Duchess, Blue Streak and St Kilda prospects) since the drilling that was taken into account for the Resource statement in the Admission Document. The majority of holes have returned results from the assay labs and the remainder are expected over the coming six weeks. Further drilling of 1500 metres is required to complete first phase on the project and obtain assays for same. Thereafter, detailed cross-sections will be produced and the Company will calculate a revised resource and undertake ore body modelling. It is the intention of the management to seek preliminary mine costing and economic grade analyses for a pit design or series of pit designs within this project area. This will assist in the planning of a second phase drilling campaign to advance resources to a pre-feasibility stage.

Significant intercepts from the drilling referred to above include:- see chart at the top of opposite page.



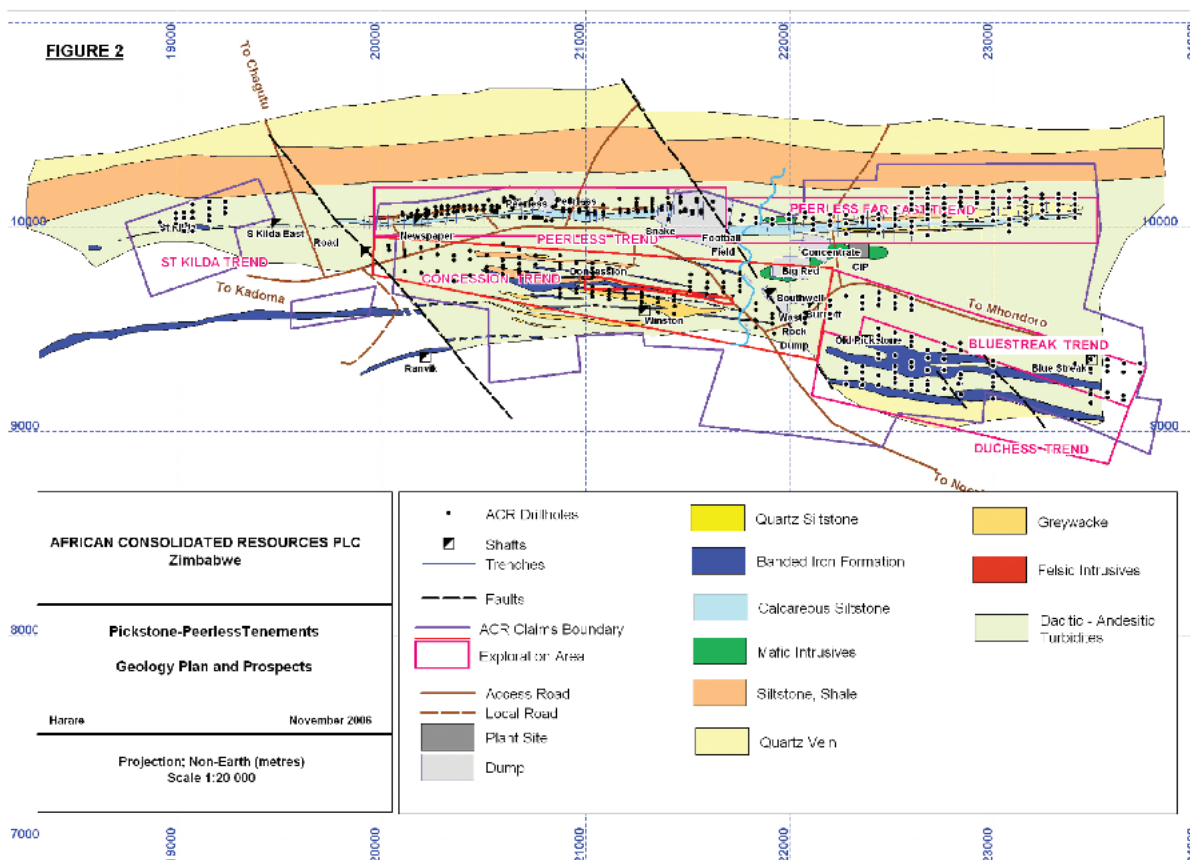
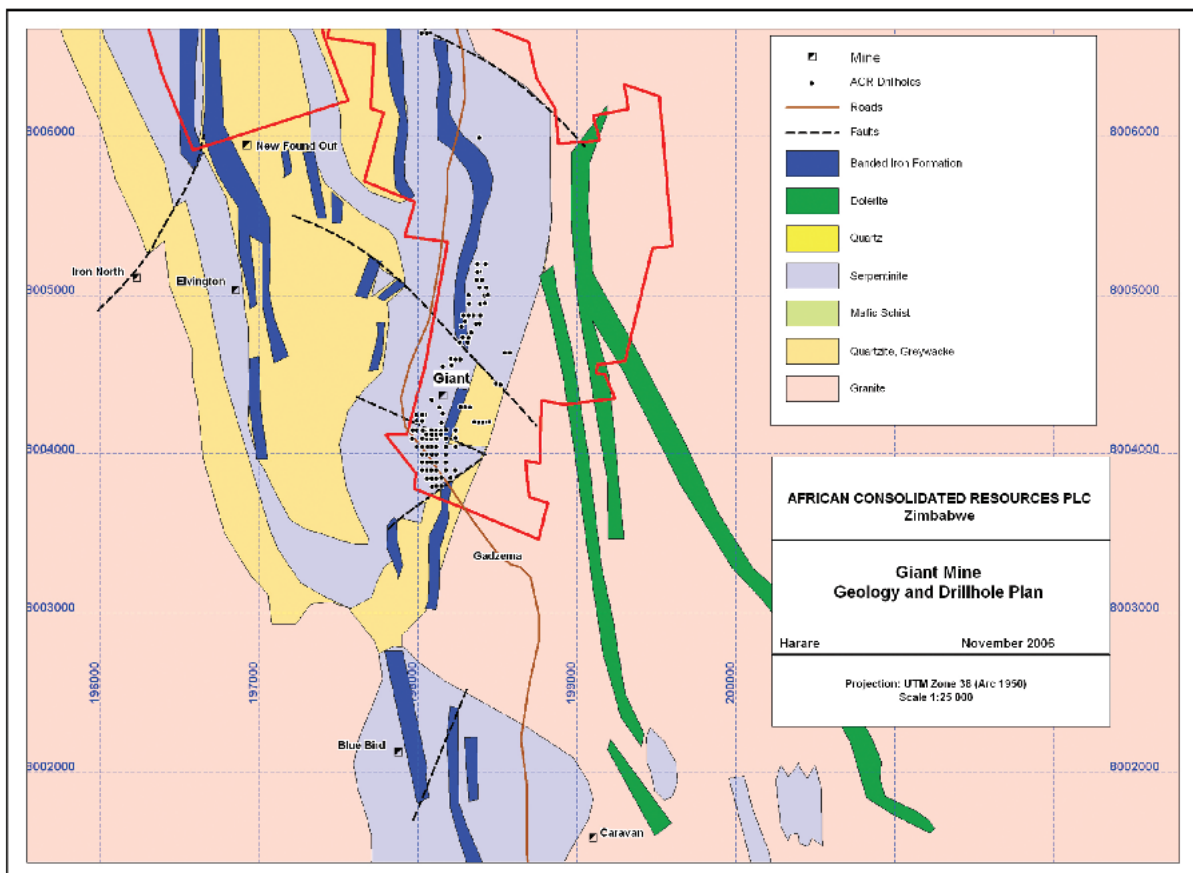
| Hole ID | Easting | Northing | Prospect          | From<br>m | Thickness<br>m | Av Grade<br>g/t |
|---------|---------|----------|-------------------|-----------|----------------|-----------------|
| BSRC014 | 22600   | 9594     | BLUE STREAK       | 47        | 9              | 15.9            |
| BSRC011 | 22440   | 9681     | BLUE STREAK       | 74        | 13             | 5.8             |
| BSRC013 | 22520   | 9603     | BLUE STREAK       | 47        | 16             | 1.4             |
| BSRC007 | 23560   | 9319     | BLUE STREAK       | 55        | 4              | 2.9             |
| CHRC101 | 21275   | 9589     | CONCESSION        | 139       | 9              | 3.4             |
| CHRC052 | 20880   | 9652     | CONCESSION        | 145       | 4              | 6.8             |
| CHRC051 | 20960   | 9671     | CONCESSION        | 61        | 4              | 6.7             |
| CHRC088 | 20960   | 9819     | CONCESSION        | 112       | 7              | 3.6             |
| CHRC047 | 21760   | 9706     | CONCESSION        | 72        | 3              | 7.2             |
| CHRC058 | 21838   | 9590     | CONCESSION        | 71        | 5              | 3.1             |
| CHRC053 | 20960   | 9779     | CONCESSION        | 97        | 7              | 2.1             |
| CHRC039 | 21041   | 9752     | CONCESSION        | 46        | 3              | 3.6             |
| CHRC101 | 21275   | 9589     | CONCESSION        | 131       | 5              | 2.0             |
| DHRC019 | 22840   | 9262     | DUCHESS           | 44        | 18             | 3.8             |
| DHRC053 | 22520   | 9290     | DUCHESS           | 85        | 11             | 3.4             |
| DHRC023 | 22832   | 9233     | DUCHESS           | 78        | 14             | 2.6             |
| DHRC051 | 22760   | 9356     | DUCHESS           | 66        | 11             | 2.0             |
| DHRC015 | 22280   | 9311     | DUCHESS           | 102       | 5              | 3.8             |
| DHRC038 | 22279   | 9288     | DUCHESS           | 124       | 10             | 1.7             |
| DHRC049 | 22521   | 9448     | DUCHESS           | 65        | 11             | 1.5             |
| DHRC020 | 23000   | 9266     | DUCHESS           | 88        | 5              | 2.9             |
| DHRC015 | 22280   | 9311     | DUCHESS           | 85        | 7              | 2.0             |
| DHRC023 | 22832   | 9233     | DUCHESS           | 100       | 6              | 2.2             |
| PFRC029 | 22840   | 10146    | PEERLESS FAR EAST | 138       | 12             | 1.5             |
| SKRC002 | 19040   | 9981     | ST KILDA          | 7         | 8              | 3.3             |
| SKRC013 | 19160   | 10090    | ST KILDA          | 91        | 9              | 2.9             |
| SKRC008 | 19160   | 10032    | ST KILDA          | 7         | 17             | 0.9             |
| SKRC013 | 19160   | 10090    | ST KILDA          | 82        | 5              | 2.3             |

At the Giant Mine, drilling intersected a broadening (east and west) and southern extension of the diorite body which forms part of the mineralised envelope in the historical resource definition. While significant sulphide alteration was witnessed throughout the diorite, the gold-mineralised portion appears to be localised on the margins, and the centre is low-grade or barren. The drilling has extended the known mineralisation about 150m to the south. Similarly to the north, mineralised banded ironstone was regularly intersected over several hundred metres of strike beyond the existing Resource, but the complete assay database is yet to be collated. Final definition of the ore grade envelope will be completed in the coming months. ACR has drilled a total of 10,164 metres to date and anticipates a further 2000 metres before finalisation of a revised resource. It is the intention of the management to seek preliminary mine costing and economic grade/tonnage analyses for a pit design within this project area.

Significant Intercepts since the previous Resource upgrade in June include:-

| Hole ID | Easting | Northing | Prospect | From<br>m | Thickness<br>m | Av Grade<br>g/t |
|---------|---------|----------|----------|-----------|----------------|-----------------|
| GNRC082 | 198217  | 8004561  | GIANT    | 84        | 7              | 17.9            |
| GNRC013 | 198089  | 8004150  | GIANT    | 40        | 31             | 1.7             |
| GNRC065 | 198120  | 8004125  | GIANT    | 100       | 8              | 2.1             |
| GNRC096 | 198379  | 8005200  | GIANT    | 1         | 3              | 3.6             |
| GNRC016 | 198119  | 8004147  | GIANT    | 70        | 10             | 1.1             |

RAB drilling continues at the Blue Rock prospect (south of Giant in the same Greenstone system) and over which ACR has an option. Results are awaited.



Extensive soil analysis has been completed at a wide variety of gold targets including along the Renco trend in the Lowveld of geophysical and structural targets defined for acquisition and pegged over the latter half of 2006. Some 2500 soil samples were taken in the region and we are awaiting results.

Geochemistry will be applied on a large scale to gold prospects in Chakari North and Chakari West. This is a relatively unexplored greenstone belt with many of the right indicators from historical data. While extensive agricultural use of land has in the past inhibited exploration, much of the farming land is now idle and hence open for prospecting.

#### **Platinum Group:**

The Snakes Head project, a PGE project on the northern part of the Great Dyke, has been consolidated and the Company has carried out detailed geological mapping on the west block. The exercise was headed by a recognised expert on the Great Dyke which hosts the world's second largest reserves of PGE metals.

The geological mapping has identified the presence of what appears to be the only known occurrence of the original, intact gabbro cap that is believed to have once overlain the entire length of the Great Dyke. This discovery is of significant interest as it is believed that the magnetite-rich upper levels of the gabbro could contain sulphide zones of PGE's, nickel, gold or copper. Such mineralisation would be in addition to known PGE-bearing reefs below. The Company intends to complete a reconnaissance geochemical programme to cover this newly identified target which has similarities to the Skaergaard intrusion in Greenland and Stella intrusion in South Africa style of mineralisation.

Meanwhile the primary, known PGE bearing zones of the Great Dyke remain a target for resource definition in the future. While the grades anticipated in the known reefs of the northern chamber are most likely sub-economic at current PGE prices, the longer term strategy under consideration by the Board would allow for definition and accumulation of contained ounces, effectively constituting a low-cost option on higher metal prices.

#### **Nickel:**

ACR has three primary nickel targets; one a very large, layered ultramafic intrusive, the second is an Archaean ultramafic intrusive into the Chakari greenstone belt, while the third is a laterite prospect. The former and largest of the three is the Chewore inlier where a geochemistry programme has been prepared as a first-pass targeting of this greenfield prospect.

The second ultramafic is the Chakari West serpentinite, incorporating the brownfield target of the old Perseverance mine. The mine itself operated for a limited period in the 1970's and produced some 4,000 tonnes of nickel at 1% ore grade with 0.4% copper credits until it was closed due to low metal prices and exhaustion of known Reserves in 1980. ACR has secured the entire original site as well as all known and interpreted extensions defined by mapping and/or aeromagnetic surveys. ACR has commenced a state-of-the-art Mobile Metal Ion (MMI) soil geochemistry programme under the guidance of an independent consultant from Perth. This technology has a history of significant discovery success in such terrain. With extensive ground under claim in the area, the directors and technical staff consider this a promising project. Sample analysis will be completed in Canada.

Satellite data and historical research has led us to some very interesting nickel laterite targets. Soil sampling shows very encouraging nickel enrichment and a more extensive acquisition and sampling programme is envisaged.

#### **Diamonds:**

The discovery of an occurrence of diamonds was announced by ACR to the market on 24 September 2006. The occurrence which is in the south east of Zimbabwe comprises alluvial diamonds found in an unusual setting of Precambrian conglomerates containing diamonds. The project has gradually taken shape amid some teething problems.

An influx of artisanal miners disrupted proceedings for some time. They have now been largely cleared from the area by the police and should shortly be stopped entirely by fencing. In addition there has been disagreement between the Company and the Mining Commissioner's office regarding the validity of ACR's claims and this remains an ongoing issue. The Company has taken legal advice in this regard and has cause for hope that the deposit (Marange deposit) will be worked commercially in the short to medium term to the benefit of the Company. A bulk sampling programme is being planned and is expected to establish an indication of the extent and potential economic significance of mineralisation.

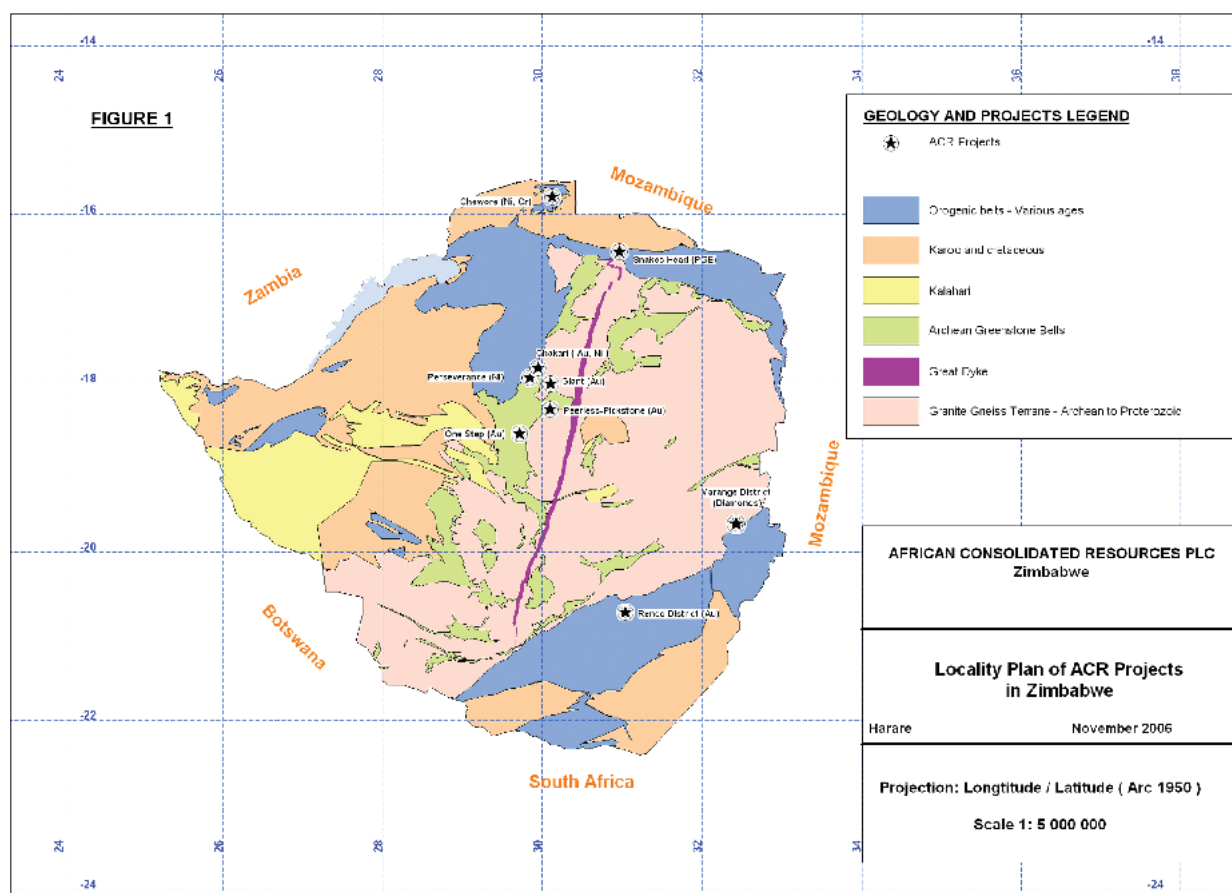
### Copper:

The Company has begun discussions with the owner of Umkondo copper prospect in the south east of Zimbabwe. Preliminary studies suggest a low-cost, large open-pit operation could be viable. Zimbabwe has excess copper smelting capacity. The area is considered prospective for sediment-hosted copper deposits and there is potential for iron oxide copper-gold style deposits in the greater region.

### Outlook:

The metals and commodity markets have been steadily holding their own in most part. The recent decline in precious metal prices were, I believe, a healthy correction and I look to a long-term rising market which I believe we have yet to fully enjoy. PGE's continue to test all time highs. Base metals have been somewhat jittery in parts but nickel's performance remains stellar. Given the anticipated strength of our nickel projects, we are indeed excited by these trends.

*For a larger version of this map see inside back cover*





I believe that the continued strength and growth rates of the demand which is fuelled largely by consumption and development of China and India is set to continue and thereby support prices in the medium to long term.

Notwithstanding Zimbabwe's struggling economy the country's skill base continues to be excellent and provides a good working environment. Politically, the country approaches Presidential elections in 2008 while talks of succession are given little official acknowledgement.

In the case of all target mineral projects we have had discussions with several international mining and exploration companies with a view to possible joint ventures where a synergy of skills or availability of specific capital could enhance shareholder value. We continue to engage in such discussions and any firm agreements would be announced in due course.

**Finance:**

The Company raised £4 million (£3.2m net of expenses) of new money through a successful placement simultaneous with a listing on AIM on 29 June 2006.

The results for the period 1 March through 31 August 2006 show a loss of £1,086,714 as exploration programmes progress to plan.

At 31 August 2006 the Group had a cash balance of £3,352,343.

No dividend has been proposed for the period.

**Conclusion:**

Your Board continues to look to the future with optimism for the fortunes and projects of the Company. We expect results to keep flowing from our exploration efforts and shall issue new releases whenever possible or necessary.

I wish to congratulate the employees, Board and management of ACR for an efficient and diligent effort in all facets of the Company's operations. I would also extend my sincerest gratitude and appreciation to the shareholders and investors. We have had solid, loyal support for our strategy and game plan which we continue to follow towards our stated goal of becoming an established mining house in Africa. It pleases me immensely that few have lost sight of the long term vision while maintaining the belief and patience required to achieve that vision.

**Andrew Cranswick**  
CEO

29 November 2006

# Consolidated profit and loss account

six months ended 31 August 2006

|  | Notes | Group Unaudited<br>£000 |
|--|-------|-------------------------|
| Turnover   |       | -                       |
| Administrative expenses                                      |       | (1,132)                 |
| <b>Operating loss</b>  |       | <u>(1,132)</u>          |
| Interest receivable  |       | 46                      |
| <b>Loss on ordinary activities before and after taxation</b> |       | <u>(1,086)</u>          |
| <b>Loss per share - basic</b>                                | 3     | <u>(0.66) pence</u>     |

# Consolidated balance sheet

six months ended 31 August 2006

|  | Note | Group<br>£000      |
|--|------|--------------------|
| <b>Fixed assets</b>                                    |      |                    |
| Intangible assets                                      | 2    | 4,011              |
| Tangible assets  | 2    | 209                |
| Fixed asset investments                                | 2    | 20                 |
|  |      | <hr/> 4,240        |
| <b>Current assets</b>                                  |      |                    |
| Inventory  |      | 87                 |
| Receivables  |      | 60                 |
| Cash at bank   |      | 3,352              |
|  |      | <hr/> 3,499        |
| <b>Creditors - amounts falling due within one year</b> |      | <hr/> 545          |
| <b>Net current assets</b>                              |      | <hr/> 2,954        |
| <b>Total assets less current liabilities</b>           |      | <hr/> <b>7,194</b> |
| <b>Capital and reserves</b>                            |      |                    |
| Called-up share capital                                |      | 1,900              |
| Share premium account                                  |      | 6,622              |
| Profit and loss account                                |      | (1,427)            |
| Share option reserve                                   |      | 99                 |
| <b>Equity shareholders' funds</b>                      | 4    | <hr/> <b>7,194</b> |

# Consolidated cash flow statement

six months ended 31 August 2006

|  | <b>Group<br/>£000</b> |
|--|-----------------------|
| <b>CASH FLOW FROM OPERATING ACTIVITIES</b>                   |                       |
| <b>Loss after tax</b>  | (1,086)               |
| <b>Adjustments for:</b>                                      |                       |
| Share option charge  | 46                    |
| Depreciation   | 22                    |
| Finance income   | (46)                  |
|  | <u>(1,064)</u>        |
| <b>Changes in working capital:</b>                           |                       |
| Increase in receivables                                      | (6)                   |
| Increase in stock  | (36)                  |
| Decrease in payables   | (438)                 |
|  | <u>(480)</u>          |
| <b>Cash outflow from operations</b>                          | (1,544)               |
| <b>Investing activities:</b>                                 |                       |
| Payments to acquire intangible assets                        | (1,682)               |
| Payments to acquire property, plant and equipment            | (89)                  |
| Reduction in fixed asset investments                         | 23                    |
| Interest received  | 46                    |
|  | <u>(1,702)</u>        |
|  | <u>(3,246)</u>        |
| <b>Financing Activities:</b>                                 |                       |
| Issue of share capital                                       | 4,772                 |
| Less pro rata share issue expenses written off share premium | (149)                 |
|  | <u>4,623</u>          |
| <b>Increase in cash and cash equivalents</b>                 | 1,377                 |
| Cash and cash equivalents at beginning of period             | 1,975                 |
| Cash and cash equivalents at end of period                   | <u>3,352</u>          |



# Interim Report notes

## 1. Interim Report

The information relates to the period from 1 March 2006 to 31 August 2006. No comparatives are included as there was no corresponding period in the preceding financial year.

The interim report was approved by the Directors on 29 November 2006.

The interim report is unaudited.

## 2. Basis of Accounting

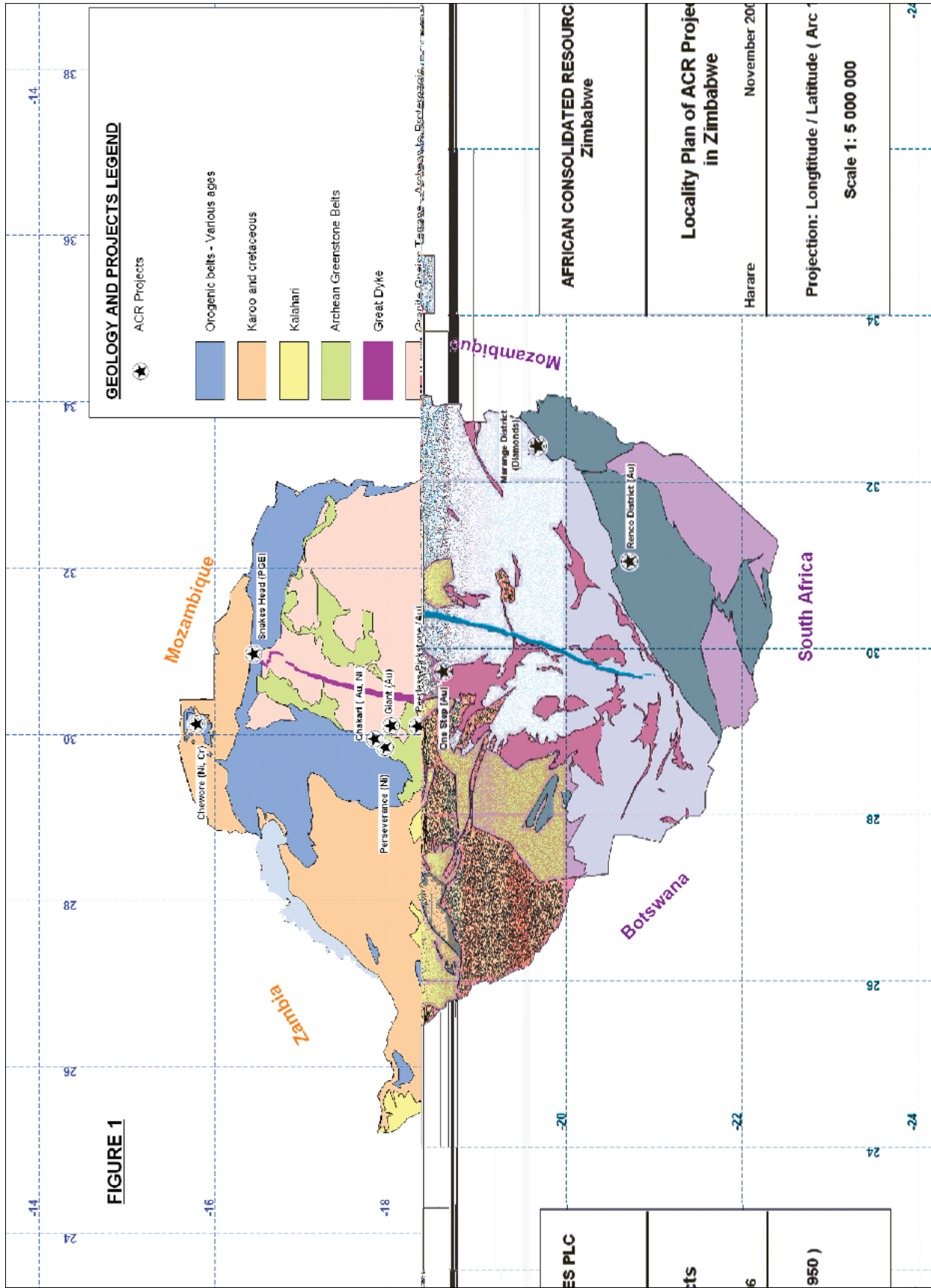
- a. The report has been prepared using accounting policies that the Group and its subsidiaries adopted and used for its first accounting period to 28 February 2006. The information does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985.
- b. These interim financial statements consolidate the financial statements of the Company and all its subsidiaries.
- c. Intangible Fixed Assets
  - ◆ Expenditure on the acquisition, exploration, development and evaluation of interests in projects including related overheads are capitalised. Such costs are carried forward in the balance sheet under intangible fixed assets.
  - ◆ The Group adopts a 'project area' method of accounting whereby all exploration and development costs relating to a project area are capitalised and carried forward until abandoned. In the event that a project area is abandoned, or if the Directors consider the expenditure to be of no value, accumulated exploration costs are written off in the financial year in which the decision is made.
  - ◆ Recoupment of capitalised exploration and development costs is dependent upon successful development and commercial exploitation of each project area and are amortised over the expected commercial life of each project area once production commences.
- d. Tangible fixed assets are stated at cost less depreciation.
- e. The Company and Group will report again for the full year to 28 February 2007.

## 3. Loss per share

|   | Six months ended<br>31 August 2006<br>Unaudited<br>£000 |
|---|---|
| Loss per share has been calculated on a loss of : | (1,086)   |
| The weighted average number of shares used was    | 164,791,364   |
| Basic loss per share                              | (0.66) pence  |

**4. Reconciliation of movements in shareholders' funds**

|  | Six months ended<br>31 August 2006<br>Unaudited<br>£000 |
|--|---|
| Opening shareholders funds                                   | 3,611   |
| Losses for the period  | (1,086)   |
| Proceeds of share issues                                     | 4,772   |
| Less pro rata share issue expenses written off share premium | (149)   |
| Increase in share option reserve                             | 46  |
| Closing shareholders funds                                   | <u>7,194</u>  |





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