AFRICAN CONSOLIDATED RESOURCES PLC

INTERIM REPORT

for the half year ended 31 August 2008

Company information

Directors

Herbert Stuart Bottomley - Non-Executive Director

Andrew Noel Cranswick - Chief Executive Officer

Michael Wallis Kellow - Technical Director

Roy Clifford Tucker - Group Finance Director

Secretary and registered office

Roy Clifford Tucker, FCA

Nettlestead Place
Nettlestead
Maidstone
Kent, ME18 5HA

Website www.acrplc.com

Auditors

BDO Stoy Hayward LLP
55 Baker Street
London W1U 7EU

NOMAD and Corporate Broker

Ambrian Partners Limited
Old Change House
128 Queen Victoria Street
London
EC4V 4BJ

Financial Advisor

Smith's
20 Northdown Street
London
N1 9BG

Bankers

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

Anglo Irish Banking Corporation plc
10 Old Jewry
London
EC2R 8DN

Registrars

Capita Registrars
Northern House
Woodsome Park
Fenay Bridge
Huddersfield
HD8 0LA

Registered number 05414325

Company announcements

www.acrplc.com

Share price information

www.londonstockexchange.com

www.acrplc.com

Ticker AFCR

Enquiries:

African Consolidated Resources

Andrew Cranswick, Chief Executive	+ 44 79 2018 9010
Roy Tucker, Finance Director	+ 44 1622 816 918

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, or from the Company's website at www.acrplc.com

Interim results – highlights

Financial Highlights

- Loss of £0.537 million to 31 August 2008 as exploration programmes continue.
- Cash balance of £2.856 million at 31 August 2008.

Exploration Highlights

- Significant gold intercepts in Gadzema Greenstone Belt.
- Completion of detailed airborne geophysical survey on Perseverance Nickel Sulphide project.
- PGM exploration postponed pending price recovery.
- Acquisition of substantial database and physical samples of kimberlitic anomalies.
- Growing establishment of targets from greenfield exploration.

Chief Executive's statement

Since my last report the world has experienced, and indeed continues to experience, financial turmoil of a level not seen for decades. As a result the industry and African Consolidated Resources Plc ('ACR' or the 'Company') face a very different short and medium term future than recently anticipated. In a positive vein, the completion of this great de-leveraging of world markets will ultimately give rise to a more rationalised, less speculative environment in which the real economy will find rational balance on the good old fundamentals of supply and demand. The mining industry can take heart from that and from the fact that the bubble was not from over-optimism in mining stocks as happened in the dot-com crash of 2000. In my opinion the market's reaction to the unwinding of untenable, poorly secured debt levels has left an unqualified pessimism in its wake. A pessimism that will be reversed only on stocks with strong fundamentals; again a long-term positive sign for the mining sector.

Against that background, Zimbabwe languishes in a political limbo as the nation attempts to negotiate a future. Uncertainty, hope, failure, more hope, more failure has a debilitating effect. Precious man-hours squandered on political analysis and hand-wringing over endless vacillation. Medium term planning is rendered almost impossible. For ACR staff and management, remaining focused in this environment is challenging to say the least but I am proud to report that the attitude and mentality on display at all levels of the Company provide me with a daily inspiration. I am satisfied that our day-to-day exploration operations are affected only minimally by the state of the domestic economy and again this is a credit to the willingness and "can-do" approach from the staff and management.

The strategy of ACR and the sound reasoning upon which that strategy is based remain unchanged. We have undertaken to garner a significant stake in the minerals and mineral prospectivity of Zimbabwe. With a low cost and efficient operation we are processing promising ground, relinquishing ground that does not prove up and preparing to define multi-mineral resources for development and production in a stable environment once it returns. While the capital markets have begun to demand the rapid transition of exploration juniors to producers, ACR is an obvious exception as a large and wide-scale approach to excellent geology with a geo-political turnaround play the big step in the reward chain. We are determined to keep our focus on this strategy. With that and potential budgetary constraints in mind, I note again that we do have a broadened regional view, partly for a spread in the sovereign risk profile but also for commercial opportunity. We have recently been granted significant tenements in Zambia while some bureaucratic delays are slowing our Mozambican venture.

In the field we continue to march samplers through large tracts of greenfield ground producing precious and base metal anomalies. Our base-metal laboratory processes these samples quietly and efficiently, our diamond / diamond-indicator laboratories and microscopes sort heavy minerals diligently and we continue to send our precious metal samples to domestic laboratories. Such activities continue at an astonishing pace yet at a fraction of the cost that might be expected in a traditional first-world environment.

A Brief Project Summary

- **PGMs**

  Even amidst deflated commodity prices, the drop in PGM prices has been dramatic by comparison to others. In such a thinly supplied, versus heavily weighted demand structure, it is obvious that volatility is a reality that will remain a factor in this sub-sector and miners / explorers need to somehow factor that into long-term exploration plans. As a result of this volatility, ACR has shifted priority to other minerals and down-scaled activities at the Snakes Head PGM prospect while we await more certainty in that market. Nevertheless, planning for a large bulk sample is complete and planning for a drilling campaign on the newly discovered Northern facies is being contemplated. However, large-scale expenditure has all been postponed.

GOLD

Amidst the general financial uncertainty there is a clear support in parts for gold as a safe haven. While the unwinding of short dollar positions may be distorting this upward momentum in the short term, the gold price does seem steadier than that of most metals. ACR was established and floated very much on the back of its gold assets. The consolidation of regional gold assets and application of modern ideas in exploration and exploitation have remained fundamental cornerstones of the Company's philosophy. Indeed we have spent significant capital in re-classifying and confirming legacy resources in compliance with the latest JORC standards. As a result, between two of its mature gold projects, ACR has 813,000 JORC oz Au (combined Inferred, Indicated and Measured). In the past two years our greenfield and brownfield projects have developed well. This is reflected in the steady progress achieved drilling and mapping of the Gadzema Greenstone Belt, within which the Blue Rock / Shlegani areas are showing particular promise where large felsic porphyry pods appear widely and well-mineralised. A 26-hole Reverse Circulation drilling programme at Blue Rock returned best intercepts of 22m @ 6.5g/t in hole BRRC17, and 24m @ 2.7 g/t in hole BRRC11, with semi-consistent mineralisation intersected over 600m of strike, open both north and south. Ground-proofing and drilling have identified several look-alike bodies within the magnetic survey area and these sit largely within ACR tenement holdings. An expanded exploratory drilling campaign is being planned to confirm the existence of extensions to the body. Drilling in the One-Step prospect also continues as do negotiations with neighbouring tenement holders therein. We hope to provide a more detailed exploration report on the unfolding midlands gold deposit story by February 2009, but there is a leaning toward an increased prioritisation of our gold prospects.

DIAMONDS

With the completion of the acquisition of a very large database containing substantial kimberlitic anomalies, our diamond exploration has gathered pace. This coupled with the commissioning of our DMS (dense media separation) plant in Bulawayo has given a new impetus and we have already begun yielding positive indicator proofs of ground identified by the database.

The Marange diamond fields remain in a mess. Illegal digging and smuggling is rife. This is tragic for Zimbabwe as well as for the social fabric of the province and we continue to urge Government to engage ACR in dialogue that will lead to commencement of a fair and equitable mining project to benefit the nation, the local community and our shareholders. Matters are not helped by the fact that there remains no formally constituted cabinet pending the outcome of political negotiations. The progress of the legal action is slow but steady and remains the course of absolute last resort in the event that our continuing efforts to engage Government do fail. Should an agreement be reached we consider it possible to commission a plant into first-phase production within a short space of time – possibly as quickly as two months.

- **NICKEL**

  While nickel prices have dropped sharply over the past year, a recent resurgence in prices is encouraging. We believe that the fundamentals of demand for the metal will eventually restore a respectable price. In the meantime we continue to progress our primary nickel exploration projects. The nickel sulphide prospect around and along strike of the closed Perseverance mine remains of foremost significance. Detailed ground-based electromagnetic survey work continues and 13 conductive bodies have been identified to date along some 35% of the structure. We have recently completed a high-definition aerial magnetic survey of the 30km long structure flying some 5,000 line-kilometres at a spacing of 50 metres apart and at a height of 30 metres from the ground. Interpretation has provided an excellent insight and has assisted with a new geological model for the area which will hopefully assist in speeding up the identification of economic ore-bodies. It is likely that there are actually two geological models at play in the greater structure: A serpentinite sill containing disseminated sulphides overlying a Komatiitic flow containing massive-sulphides. This corresponds with the two ore-bodies found concurrently in the original mine and in essence it would appear that we have a Kambalda-style lava flow deposit overlain by a Mt Keith-style intrusive deposit. While these are exciting concepts, what now remains is to confirm drill targets in detail, and complete drilling to locate massive sulphides.

  Like others around the world, the viability of our laterite deposit is called into question with the current low price of the metal and high cost of sulphuric acid. With this in mind we have pursued a cheap source of sulphur to complement the deposit. Three possible sources have been identified of which one is now controlled by ACR. This deposit appears to be substantial and is a pyrite deposit that historical results indicate ranges between 23% and 28% sulphur. The other two sources would be closer to the laterite but are controlled by third parties with whom ACR has commenced preliminary discussions. Meantime, ACR has commissioned local metallurgical consultants to complete basic atmospheric leach trials on sample ore from the deposit with encouraging initial results on recovery and leach times. Like the PGM deposit, work will continue but at a very low spend rate on this project pending improvement in nickel prices.

All other projects are continuing but in a low-spend manner. Management believes that the best bang for our exploration buck will most likely emanate from our gold and nickel sulphide prospects. Administration overhead remains highly efficient with a low base burn rate. All expenses have been cut to a minimum and the Board will continue to manage cash flow extremely tightly. In the event that a major resource definition drilling campaign on our gold or nickel were considered justified, it would be dependent on the ability to raise funding against that campaign.

Andrew Cranswick

CEO

26 November 2008

Consolidated income statement

for the half year ended 31 August 2008

	Notes	For the half year ended 31 August 2008 Group Unaudited £'000	For the year ended 29 February 2008 Group Audited £'000	For the half year ended 31 August 2007 Group Unaudited £'000
Revenue		-	-	-
Administrative expenses		(609)	(1,153)	(611)
Operating loss		(609)	(1,153)	(611)
Finance income		72	161	33
Loss on ordinary activities before and after taxation		(537)	(992)	(578)
Loss attributable to the equity holders of the parent company		(537)	(992)	(578)
Loss per share – basic and diluted	3	(0.24) pence	(0.48) pence	(0.30) pence

Consolidated balance sheet

as at 31 August 2008

	Notes	31 August 2008 Group Unaudited £'000	29 February 2008 Group Audited £'000	31 August 2007 Group Unaudited £'000
Assets				
Non-current assets				
Intangible assets		6,760	5,842	5,365
Property, plant and equipment		487	403	357
Available for sale investments		57	35	7
		7,304	6,280	5,729
Current assets				
Inventory		63	25	34
Receivables		87	163	121
Available for sale investments		9	37	7
Cash and cash equivalents		2,856	4,142	4,936
Total current assets		3,015	4,367	5,098
Total Assets		**10,319**	**10,647**	**10,827**
Equity and Liabilities				
Capital and reserves attributable to equity holders of the company				
Called-up share capital	4	2,221	2,210	2,210
Share premium account	4	10,541	10,489	10,489
Available for sale reserve	4	25	5	(11)
Share option reserve	4	800	732	619
Retained earnings	4	(3,569)	(3,040)	(2,626)
Total equity		10,018	10,396	10,681
Current liabilities				
Trade and other payables		301	251	146
Total current liabilities		301	251	146
Total Equity and Liabilities		**10,319**	**10,647**	**10,827**

Consolidated cash flow statement

for the half year ended 31 August 2008

	For the half year ended 31 August 2008 Group £'000	For the year ended 29 February 2008 Group £'000	For the half year ended 31 August 2007 Group £'000
CASH FLOW FROM OPERATING ACTIVITES			
Loss on ordinary activities	(537)	(992)	(578)
Adjustments for:			
Depreciation	81	117	53
Write-off of deferred expenditure/intangible assets	-	32	-
Finance income	(72)	(161)	(33)
(Profit)/loss on sale of available for sale investments	(20)	2	(3)
(Profit) on sale of property, plant and equipment	(21)	-	-
Share option charges	76	244	132
	44	234	149
Changes in working capital:			
Decrease/(Increase) in receivables	76	(78)	(36)
(Increase)/Decrease in inventories	(38)	7	(2)
Increase/(Decrease) in payables	50	20	(85)
	88	(51)	(123)
Cash generated from operations	(405)	(809)	(552)
Investing activities:			
Payments to acquire intangible assets	(918)	(911)	(403)
Payments to acquire property, plant and equipment	(186)	(152)	(41)
Payments to acquire available for sale investments	-	(60)	-
Proceeds on disposal of property, plant and equipment	43	5	7
Proceeds on disposal of available for sale investments	45	29	14
Interest received	72	161	33
	(944)	(928)	(390)
Financing Activities:			
Proceeds from the issue of ordinary shares, net of issue costs	63	4,365	4,364
(Decrease)/Increase in cash and cash equivalents	(1,286)	2,628	3,422
Cash and cash equivalents at beginning of period	4,142	1,514	1,514
Cash and cash equivalents at end of period	**2,856**	**4,142**	**4,936**

Interim Report notes

1 Interim Report

The information relates to the period from 1 March 2008 to 31 August 2008.

The interim report was approved by the Directors on the 26 November 2008.

The interim report is unaudited.

2 Basis of preparation

a) The report has been prepared using the same accounting policies as stated in the 29 February 2008 Annual Report. 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

- In accordance with the full cost method, 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.
- Depletion and amortisation of the full-cost pools is computed using the units-of-production method based on proved reserves as determined annually by management.
- Mineral rights 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.
- Where a licence is relinquished, a project is abandoned, or is considered to be of no further commercial value to the company, the related costs will be written off.

d) Property, plant and equipment are initially recognised at 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.

e) The Company intends to change its Accounting Reference Date and the Company and Group will report again for the 13 month period to 31 March 2009.

3 Loss per share

	For the half year ended 31 August 2008	For the year ended 29 February 2008	For the half year ended 31 August 2007
	Group	Group	Group
	£'000	£'000	£'000
Loss per Ordinary Share have been calculated using the weighted average number of Ordinary Shares in issue during the relevant financial period.			
The weighted average number of Ordinary Shares in issue for the period is.	221,409,142	208,614,788	193,140,059
Losses for the Group for the period are (£,000)	(537)	(992)	(578)
Loss per share basic and diluted	(0.24p)	(0.48p)	(0.30p)

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

4 Group Statement of Changes in Equity

	Share capital account	Share premium account	Share option reserve	Available for sale reserve	Retained earnings/ (losses)	Total
Group	£'000	£'000	£'000	£'000	£'000	£'000
At 29 February 2008	**2,210**	**10,489**	**732**	**5**	**(3,040)**	**10,396**
Issue of shares	11	52	-	-	-	**63**
Share option provision	-	-	76	-	-	**76**
Share options exercised	-	-	(8)	-	8	**-**
Available for sale investments - valuation losses	-	-	-	20	-	**20**
Loss for the year	-	-	-	-	(537)	**(537)**
At 31 August 2008	**2,221**	**10,541**	**800**	**25**	**(3,569)**	**(10,018)**

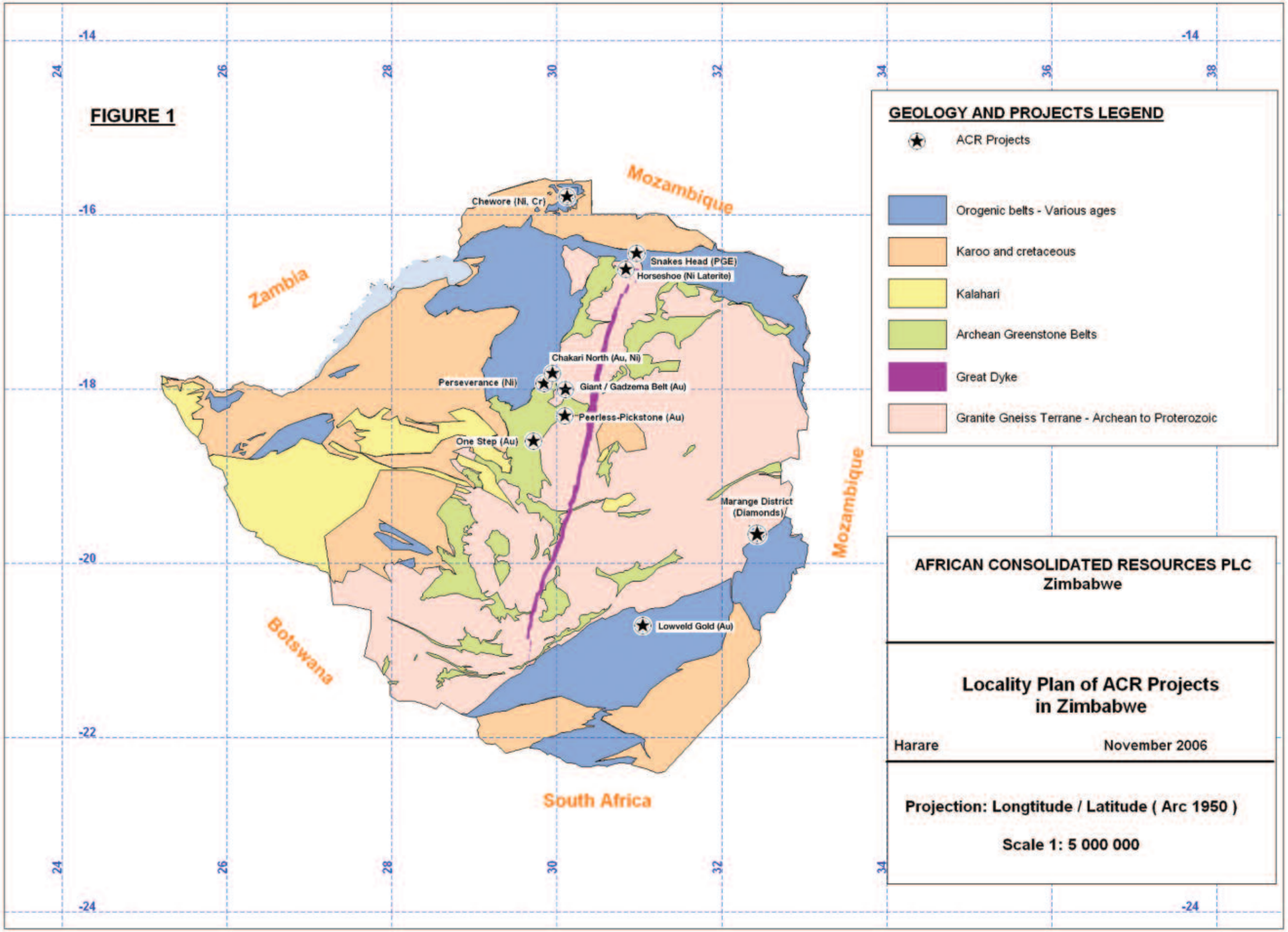
FIGURE 1
GEOLOGY AND PROJECTS LEGEND
ACR Projects
Orogenic belts - Various ages
Karoo and cretaceous
Kalahari
Archean Greenstone Belts
Great Dyke
Granite Gneiss Terrane - Archean to Proterozoic
AFRICAN CONSOLIDATED RESOURCES PLC
Zimbabwe
Locality Plan of ACR Projects
in Zimbabwe
Harare
November 2006
Projection: Longtitude / Latitude (Arc 1950)
Scale 1: 5 000 000
Chewore (Ni, Cr)
Snakes Head (PGE)
Horseshoe (Ni Laterite)
Chakari North (Au, Ni)
Perseverance (Ni)
Giant / Gadzema Belt (Au)
Peerless-Pickstone (Au)
One Step (Au)
Marange District
(Diamonds)
Lowveld Gold (Au)
Zambia
Mozambique
Mozambique
Botswana
South Africa
-14
-16
-18
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