African Consolidated Resources plc

Unaudited Interim Report

for the six months ended 30 September 2010

Contents

Company information

Directors	Andrew Noel Cranswick – Chief Executive Officer Roy Clifford Tucker – Group Finance Director Herbert Stuart Bottomley – Non-Executive Director Michael Wallis Kellow – Technical 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.acrplc.com
Auditors	BDO LLP 55 Baker Street London W1U 7EU
NOMAD and Corporate Broker	Ambrian Partners Limited Old Change House 128 Queen Victoria Street London EC4V 4BJ
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

Interim results - highlights
for the half year ended 30 September 2010

Financial Highlights

- Loss of $1.839m to 30 September 2010 as exploration programmes continue.
- Cash balance of $8.796m at 30 September 2010.
- $0.7m cash received through private placement of 5,300m shares

Exploration and Development Highlights

- Further important ground consolidation along the Gadzema greenstone belt
- Modelling of the Blue Rock orebody and its extensions showing consistent gold mineralization over broad widths suitable for open pit mining
- Diamond drilling at Giant Mine to increase ore resources at depth and to the south returned significant gold intersections
- Better than expected gold grades at the Peerless sulphide zone
- More encouraging phosphate grades at Chishanya.

Chief Executive's Report

We have made solid progress across our portfolio of assets during the period, utilising our first mover advantage in Zimbabwe and technical capabilities to develop our diverse range of projects, which span commodities including gold, phosphate, nickel, platinum group metals ('PGMs'), copper, rare earth elements ('REEs') and diamonds.

We focussed particularly on our highly prospective gold projects in the Gadzema greenstone belt and the Pickstone-Peerless Project, both located in Zimbabwe's northern midlands, during the period. This focussed development work has enabled us to reach the milestone of achieving a JORC compliant Resource exceeding 1 million ounces of gold, following the publication of a maiden Resource on our Blue Rock project within the Gadzema belt. Importantly, this resource statement highlighted the attractive modelling of the Blue Rock ore-body showing that gold mineralisation is consistent over broad widths and extends to near surface, demonstrating that it is well suited for open pit mining. In addition, ground consolidation has now linked the Blue Rock and its southern extensions to our Giant mine brown-field project to the north. Drilling work continues along this Gadzema trend, with the aim of upgrading the extent of the current JORC Resource (572,000 troz Au) and establishing the optimum path to production. We now regard this consolidated ground holding and ore-body definition programme as ACR's highest priority project, and approximately 15,000m of RC drilling will be carried out in the first quarter of next year at Gadzema.

At the Pickstone-Peerless project, which is 30km south of the Giant Mine, vertical diamond drilling was conducted, through six large diameter core holes, at the historical Peerless mine to increase confidence in the previous RC drilling programme and to provide further material for metallurgical testwork. Subsequent to the drilling results announced on 16 November 2010 gold results from the deeper part in the sulphide zone of the last hole drilled (PED005) confirms better-than-expected grades and continuity down the plane of the vein. PED 005 returned;

- 11m @ 18.6 g/t from 58m
- 70m @ 7.2 g/t from 118m
- including 10m @ 35.4 g/t from 178m

(*Samples are 1 metre intervals, 50g fire assay. Intercepts reported include up to 2m of internal waste, 0.5 g/t lower cut and no upper cut. Repeat Fire assays by Gravimetric method are awaited to increase precision of the higher grades)*

The entire sulphide intercept from 52m to 200m (end of hole) averaged 5.3 g/t including all assays below 0.5 g/t cutoff. Oxide intercepts in the upper part of PED 005 have been previously reported.

As the holes were drilled parallel to the vertical-dipping orebody for metallurgical purposes, the reported thicknesses do not represent true widths, but they do confirm consistency of mineralisation in the plane of the vein to a depth of 200m.

The Pickstone-Peerless Project is a relatively mature project that warrants a production plan and discussions continue in this regard. The higher gold price and its promising trend has made this an increasingly attractive proposition and ACR continues to receive a variety of approaches by potential funding and operating partners.

Our work programme continues to bear fruit for our non-gold assets, with various drilling, field and laboratory work conducted across our project portfolio. This work has included pit sampling and detailed mapping at the Horseshoe nickel project.

A diamond drill programme at our Chishanya phosphate project has delineated encouraging phosphate grades at depth and initial mineralogy tests have indicated that the apatite ore should be amenable to flotation. Further 3-dimensional modelling will require some additional drilling and metallurgical (floatation) test work. Additional planned chemical analysis on beneficiation will add to the understanding whereafter possible partners from the fertiliser sector will be engaged and evaluated.

The Perseverance nickel sulphide belt has suffered from logistical problems in the execution of an airborne EM survey. The delay allowed re-evaluation of methodology and the recent consensus is to switch the budget to a down-hole EM programme which is expected to define far more precise drill targets albeit over a smaller extent of the belt. Mobilisation of equipment and hence results will also be faster and cheaper. Offers of partnership in this project will be evaluated after further work has yielded some results.

Our non-Zimbabwean assets, which include the Nkombwa Hill project in Zambia, are also progressing well under the joint venture agreement with Rare Earth International Ltd ('REI') for the exploration for rare earth minerals. As previously announced REI has committed to a minimum spend of US$750,000 in order to define an initial Inferred Resource in exchange for a 30% equity interest in the Nkombwa Hill project, and we look forward to working with REI as the project progresses towards resource definition.

Financial Overview

We continue to invest heavily in the development of our portfolio of assets, with a particular focus on the Gadzema Gold Belt and Pickstone-Peerless Gold Project, which we believe have the ability to create our shareholders significant value as we aim to define 2 million+ ounces of open-pittable gold resource. In light of this, as an exploration and asset development business, we are reporting a loss of US$1.839 million. Our cash position remains strong with a balance as at 30 November 2010 of US$7.4 million.

Outlook

Due to our primarily Zimbabwean project portfolio, we continue to monitor the political and economic situation in the country with keen interest and remain committed to developing our assets in a transparent manner through which all stakeholders will benefit. I remain steadfast in my belief that by utilising Zimbabwe's unrivalled concentration of different geological terrains, which offer an extraordinarily diverse and intense mixture of mineral deposits, an economic recovery will be achievable for Zimbabwe, provided this process is conducted in a fair, competitive and transparent manner.

Andrew Cranswick
Chief Executive
16 December 2010

The technical elements of this report have been reviewed by Mr. Michael Kellow (the Company's Technical Director). Michael Kellow (BSc) is a member of the Australian Institute of Geoscientists (AIG) and a full-time employee of African Consolidated Resources Plc. Mr Kellow has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2004 Edition of the 'Australian Code for Reporting of Exploration Results, Mineral Resource and Ore Reserves' (JORC Code) and as a "qualified person" as defined in the AIM Note for Mining, Oil and Gas Companies. Michael Kellow consents to the publication of this report.

Group statement of comprehensive income
for the six months ended 30 September 2010

	Notes	For the six months ended 30 September 2010 Group $'000	For the year ended 31 March 2010 Group $'000	For the six months ended 30 September 2009 Group $'000 Restated
Revenue		-	-	-
Share options expenses		(101)	(215)	(41)
Other administrative expenses		(1,761)	(2,343)	(674)
Administrative expenses		(1,862)	(2,558)	(715)
Operating loss		(1,862)	(2,558)	(715)
Finance income		23	22	6
Loss before and after taxation attributable to the equity holders of the parent company		(1,839)	(2,536)	(709)
Other comprehensive income				
Gain/(loss) on available for sale financial assets		8	11	25
Total other comprehensive income / (loss)		8	11	25
Total comprehensive loss attributable to the equity holders of the parent company		**(1,831)**	**(2,525)**	**(684)**
Loss per share – basic and diluted	3	(0.51) cents	(0.87) cents	(0.29) cents

Group statements of financial position

As at 30 September 2010

	Note	30 September 2010 Group $'000	31 March 2010 Group $'000	30 September 2009 Group $'000 Restated
Assets				
Non-current assets				
Intangible assets	5	22,094	19,018	15,695
Property, plant and equipment		2,933	1,115	699
Available for sale investments		34	24	41
		25,061	20,157	16,435
Current assets				
Inventory		5	20	30
Receivables		754	509	142
Available for sale investments		15	17	14
Cash and cash equivalents		8,796	15,399	3,666
Total current assets		9,570	15,945	3,852
Total Assets		**34,631**	**36,102**	**20,287**
Equity and Liabilities				
Capital and reserves attributable to equity holders of the Company				
Called-up share capital	4	6,363	6,279	4,983
Share premium account	4	40,909	40,293	24,812
Available for sale reserve	4	(11)	(19)	(5)
Share option reserve	4	2,267	2,267	2,332
Foreign currency translation reserve	4	(1,855)	(1,855)	(1,855)
EBT reserve	4	(1,734)	(1,734)	(1,734)
Retained earnings	4	(12,138)	(10,299)	(8,537)
Total equity		33,801	34,932	19,996
Current liabilities				
Trade and other payables		830	1,170	291
Total current liabilities		830	1,170	294
Total Equity and Liabilities		**34,631**	**36,102**	**20,287**

Group statements of cash flow

for the six months ended 30 September 2010

	For the six months ended 30 September 2010 Group $'000	For the year ended 31 March 2010 Group $'000	For the six months ended 30 September 2009 Group $'000 Restated
CASH FLOW FROM OPERATING ACTIVITES			
Loss for the year	(1,839)	(2,536)	(709)
Adjustments for:			
Depreciation	45	88	45
Unrealised exchange gain on cash and cash equivalents	(44)	(78)	(351)
Finance income	(23)	(22)	(6)
Profit on sale of available for sale investments	-	-	-
Loss/(Profit) on sale of property, plant and equipment	-	26	(7)
Share option charges	101	215	41
	79	229	(278)
Changes in working capital:			
(Increase)/Decrease in receivables	(245)	(373)	(47)
Decrease in inventories	15	2	(8)
Increase /(Decrease) in payables	(441)	740	62
	(671)	742	7
Cash generated from operations	(2,431)	(1,938)	(980)
Investing activities:			
Payments to acquire intangible assets	(2,938)	(4,396)	(1,249)
Payments to acquire property, plant and equipment	(2,001)	(760)	(52)
Payments to acquire investment in subsidiaries	-	-	-
Proceeds on disposal of property, plant and equipment	-	47	7
Proceeds on disposal of available for sale investments	-	-	-
Interest received	23	7	-
	(4,916)	(5,102)	(1,288)
Financing Activities:			
Proceeds from the issue of ordinary shares, net of issue costs	700	20,216	3,439
Increase /(Decrease) in cash and cash equivalents	(6,647)	13,177	1,171

Cash and cash equivalents at beginning of year	15,399	2,144	2,144
Exchange loss arising on presentation in US$		-	-
Exchange gain on cash and cash equivalents	44	78	351
Cash and cash equivalents at end of year	**8,796**	**15,399**	**3,666**

Interim report notes

1 Interim Report

The information relates to the period from 1 April 2010 to 30 September 2010.

The interim report was approved by the Directors on 16 December 2010.

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 2010.

2 Basis of preparation

a) The unaudited condensed interim financial statements for the six months ended 30 September 2010 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 2011, 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 2010

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 Change in functional and presentational currency

Effective 1 October 2009, the Company and all subsidiaries changed their functional currency from pounds sterling to the United States dollar ('$'). This change was made following the adoption of a multi-currency system in Zimbabwe and due to the level of expenditure across all Group companies in $, as well as the anticipation that all future revenues will be generated in $. The directors consider the $ to most faithfully represent the economic effects of the underlying transactions, events and conditions in the Company. In accordance with International Financial Reporting Standards, this change in functional currency has been accounted for prospectively and from 1 October 2009, the books and records of all Group companies have been maintained in $, with transactions arising in currencies other than $ being translated at the rate of exchange on the date of the transaction and monetary assets and liabilities held in currencies other than $ being translated at each reporting date at the exchange rate applicable on the date.

Concurrent with this change in functional currency, the Group and Company adopted the $ as its presentational currency and consequently the financial information for the 13-month period ended 31

March 2009, and at 29 February 2008 and 1 March 2007 (where applicable) has been retranslated to $ and presented as 'restated'.

The method and rates in which the translation from pounds sterling to United States dollar was done are set out in note 1 in the Group's consolidated annual financial statements for the year ended 31 March 2010.

As a result of retranslating the historical financial information for the purposes of the change in presentational currency, management used the retranslated financial information as at 1 October 2009 for the purposes of the opening balances for the change in functional currency for all Group companies.

4 Loss per share

		For the six months ended 30 September 2010 Group	For the year ended 31 March 2010 Group	For the six months ended 30 September 2009 Group Restated
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:		358,813,958	291,512,289	244,149,839
Losses for the Group for the year are:	**($'000)**	(1,839)	(2,536)	(709)
Loss per share basic and diluted		(0.51cents)	(0.87cents)	(0.29cents)

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

5 Group statement of changes in equity

	Share capital account	Share premium account	**Share option reserve**	**Foreign currency translation reserve**	**Available for sale reserve**	**EBT reserve**	**Retained earnings/ (losses)**	**Total**
	$'000	$'000	$'000	$'000	$'000	$'000	$'000	$'000
At 31 March 2010	**6,279**	**40,293**	**2,267**	**(1,855)**	**(19)**	**(1,734)**	**(10,299)**	34,932
Total comprehensive loss for the period	**-**	**-**	**-**	**-**	**8**	**-**	**(1,839)**	(1,831)
Credit in respect of share option charges	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-
Shares issued:								
- for cash consideration	84	616	**-**	**-**	**-**	**-**	**-**	700
At 30 September 2010	**6,363**	**40,909**	2,267	**(1,855)**	**(11)**	**(1,734)**	**(12,138)**	33,801

At 31 March 2009 – Restated	**4,138**	**20,483**	**2,331**	**(1,855)**	**(29)**	**-**	**(7,868)**	17,200
Total comprehensive loss for the period	**-**	**-**	**-**	**-**	**24**	**-**	**(709)**	(685)
Share options expense	-	-	**41**	**-**	**-**	**-**	**-**	41
Share options exercised	-	-	**(40)**	**-**	**-**	**-**	**40**	**-**
Shares issued:								
- for cash consideration	613	2,756	**-**	**-**	**-**	**-**	**-**	3,369
- in respect of share options	34	118	**-**	**-**	**-**	**-**	**-**	152
- to the EBT	198	1,536	**-**	**-**	**-**	**(1,734)**	**-**	-
- share issue costs		(81)	**-**	**-**	**-**	**-**	**-**	(81)
At 30 September 2009	**4,983**	**24,812**	2,332	(1,855)	(5)	(1,734)	(8,537)	19,996

6 Intangible assets

Group	Deferred exploration costs	**Licence acquisition costs**	**Total**
	$'000	$'000	$'000
Cost at 31 March 2010	14,173	4,845	19,018
Additions during the year	**2,983**	**93**	**3,076**
Disposals during the year	**-**	**-**	**-**
Cost at 30 September 2010	**17,156**	**4,938**	**22,094**
Cost at 30 September 2009 Restated	11,633	4,062	15,695
Additions during the year	**2,540**	**783**	**3,323**
Disposals during the year	**-**	**-**	**-**
Cost at 31 March 2010	**14,173**	**4,845**	**19,018**

7 Financial information

The financial information for the year ended 31 March 2010 has been extracted from the statutory accounts for that period. The auditors' report for the year ended 31 March 2010 was unqualified and did not include references to any matters to which the auditors drew attention by way of emphasis without qualifying their report.