African Consolidated Resources plc / Ticker: AFCR / Index: AIM / Sector: Mining
15 December 2011

African Consolidated Resources plc ('ACR' or 'the Company')
Interim Results

African Consolidated Resources plc, the AIM listed resource and development company focused in Zimbabwe, is pleased to announce its results for the six months to 30 September 2011.

Financial Highlights

- Loss of $1.7m to 30 September 2011 as exploration programmes continue (2010: $1.8m)
- Cash balance of $7.1m (2010: $8.8m)
- $7.3m cash received through private placement of 78m shares (2010: nil)

Project Highlights

- Zimbabwe: Successful ongoing development of Pickstone Gold Project to achieve cash generative, first phase production in mid 2012, subject to funding
- 10,700 metres of drilling conducted at Gazema Gold Project to upgrade current JORC resource of one million troy ounces - results expected Q1 2012
- Continued commitment to Indigenisation strategy to play a significant role in ACR's 2012 activities
- Zambia: Acquisition of further assets with broad exploration of the highly prospective region now underway
- Acquisition of an aircraft with high-tech radiometrics and aeromagnetic equipment to commence extensive aeromagnetic programmes at Zambian projects, primarily the Kasempa iron-oxide-copper-gold-project H1 2012

Executive Chairman's Report

Whilst work on our various projects continues on a broad front, the focus of activity in the short period since our final results has centred on the advance of our Pickstone gold production project and our Gadzema Gold resource development, both in Zimbabwe, and in addition the negotiation for, and acquisition of, significant areas of exploration ground in north west Zambia, highly prospective for copper as well as other minerals.

We are making considerable headway in analysing alternate technologies whilst fine tuning the feasibility of the metallurgically complex sulphide dump at Pickstone which will provide us with some near term cash flow. As a result of further test work we are now optimistic that we will make a significant saving on the projected

$7.5million residual CAPEX previously reported. The project has the potential to be highly profitable. Andrew Cranswick explains this further in his report below.

From a risk-management angle, it has been our view that the remaining financing should be linked to our Indigenisation strategy as explained in Andrew Cranswick's report and significant strides have been made in this regard. We anticipate substantial news flow in this vein over the coming quarter. Following a preliminary scoping study, test-work continues on open-pit hard-rock mining at the same project and we are hopeful that profits from the sulphide dump may allow self-funding for the expansion of this activity. Throughout this ramp-up and production, the Company remains committed to full compliance with Zimbabwe's Indigenisation regulations. Indigenous beneficiaries of our programme will be dominated by the local community, our loyal staff and many of our long-standing indigenous partners who have helped steer the Company through difficult years.

We find that in practice there is scope for flexibility in the Indigenisation Regulations in such a way that in smaller projects at least, they can be compatible with a fair return to the investor and risk-taker. However in their present form it is widely recognised within many elements of government and in the investment community that the regulations do present a disincentive to inward investment, at least on large scale projects, and in my opinion do not by any means lead to a path of true empowerment of the people. Effective empowerment would best be served through the encouragement of business enterprise and the generation of employment. We believe that a job providing a monthly income is far more empowering and provides more sense of worth than an arbitrary possible interest in a company over which there is no real control and no certainty of realisation. I remain confident that the regulations will be rationalised towards a more universally accepted commercial regime within the medium term.

We continue to seek contact and exchange of ideas with individuals in the different wings of the Zimbabwe Government of National Unity and with senior civil servants and have indeed achieved several important relationships. Although there remain many political hurdles, and not all elements of Government speak with the same voice, we believe that there are increasing signs of green shoots in the economy and in people's thinking.

Although the Marange diamond dispute is still before the Courts, we have again refrained from advancing our appeal against the Rescission Judgement. We remain committed to doing all we can to resolve the outstanding issues by dialogue. It is evident from material in the public domain that diamond production from our Marange claim has been very large indeed, amounting it seems, to a material percentage of world supply. We believe that an amicable and fair solution to this issue will lead to a win-win result. Apart from the benefit to ACR, it is likely to help international acceptability of Zimbabwean diamonds, to add to the fiscus, and to aid Zimbabwe image as an investment destination.

Returning to gold development, we have continued drilling at the Gadzema Gold project and the JORC resource now exceeds 1 million troz. As previously stated, we believe the total project resource is likely to be far higher, and mining widths indicated appear to be up to 450 metres along significant stretches of strike. It is clear that the best way to exploit this will be a large-scale open pit operation. This looks like it will develop into a major mine. The on-going resource definition will run in parallel with research on the funding of such a large-scale operation, given the internationally perceived political risk to finance opportunities in Zimbabwe.

In line with our Zambian expansion, particularly in the Greater Kasempa iron-oxide-copper-gold ('IOCG') district in north west Zambia, several asset acquisitions have been concluded while several more are under discussion. A broad exploration of the highly prospective region is now under way. In addition, upon resolution of various licensing issues, there exists a possible opportunity for a short term cash generation from the brown-field sites. We expect to develop these opportunities in the coming year.

As previously reported, the Company has acquired an aircraft with high-tech radiometrics and aeromagnetic equipment. Delivery of the aircraft was delayed by a technical fault that was resolved at the expense of the vendor and the intended extensive aeromagnetic programme at Kasempa will now shortly be underway. In general the equipment provides the Company with rapid access to vital geophysics research capacity at short notice and low cost for projects throughout the region. I expect this to play an important role on our portfolio development.

Solid strides have been made during the period to transparently progress our Zimbabwean gold assets, most notably the Pickstone and Gadzema projects, through the development cycle towards production status. With this in mind, we are approaching the stage where we can begin generating cash flow from Pickstone, a pivotal moment for any exploration and development company. Our commitment to our Indigenisation strategy will also play a key part in the Company's activities moving forward, and we hope to achieve this in a way which aligns the interests of our overseas shareholders as well as providing support and investment to all local stakeholders.

Over the coming months, we hope to build further value in our prospective projects and target a limited number of further assets through which to broaden our already extensive mineral footprint in Zimbabwe and Zambia. I look forward to providing shareholders with regular news flow on our developments in this vein.

I would like to take this opportunity to thank our loyal staff and partners on the ground in Zimbabwe and Zambia, and also our shareholders for their continued support for ACR as we continue to develop as an emerging multi-commodity exploration and development company focussed on Southern Africa.

Roy Tucker
Executive Chairman

Chief Executive Officer's Report

It is with a sense of achievement that I reflect on the practical field progress made by ACR in 2011, a year which proved extraordinary in so many different ways. As expected, the market turmoil has seen gold prices well underwritten and our strategy of prioritising our gold projects has proved correct. With gold price forecasts remaining high, our focus will remain to a great extent on these highly prospective gold properties in the near to medium term. Although our Zambian work and the concurrent broadening of sovereign risk base is progressing with great promise, it is in Zimbabwe where we have achieved the most this year.

Cash

The new reality of markets is that equity investment in exploration juniors is likely to remain increasingly thin for an extended period. While this presents challenges for the development of future ore bodies in all mineral classes to maintain long-term world supply, it is the inescapable reflection of nervousness in financial markets; a situation that will not evaporate overnight regardless of the best Merkozy efforts. What does that mean for ACR and how are we positioned for cash spend? Being reasonably well-funded from an over-subscribed raising in June 2011 afforded us the cash to complete the targets we set at that time for exploration and Resource-drilling on the Gadzema Gold project (see below). It also provided the financial capacity to make decisive strides on our key North-West Zambian project.

However, with stock markets punishing share prices, it is unlikely that we will be comfortable returning to investors for additional equity-based funds in the near future. Therefore on the basis of our ambitions to aggressively advance our high-priority projects, we have been planning alternative styles of funding. The most desirable will of course be self-funding from production in order to minimise dilution and in this regard we have made progress (see below – Pickstone tailings). Complementary to that goal is project-level funding of CAPEX to achieve such production and we have initiated dialogue with potential investors and partners in respect of gold and nickel prospects. Exploration projects that are too immature to achieve production in the near term have been analysed for the best means of finding exploration partner funding and we have had success in this regard with our highly prospective Rare

Earths/Phosphates project in Zambia. Early stage discussions on other projects continue and I am hopeful we will during 2012 be able to agree terms in respect of at least two major project areas attracting project-level exploration funding.

Risk in Zimbabwe

In terms of risk from non-technical and non-financial sources, the politics in Zimbabwe has remained somewhat in limbo as the Unity Government tries to conclude a constitution-drafting process. That in turn will lead to a referendum (on the constitution) followed thereafter by a general election. While much lip-service is paid to a supposed election date in 2012, well-informed advisors indicate that in practice, it is unlikely to be feasible before 2013. This implies that, in the absence of some kind of watershed event, we will for a while remain adrift in this fog of uncertainty. Consequently, many will conclude that political certainty (and therefore investment certainty) will remain elusive for that period.

That foggy vale of uncertain future needs to be pierced somewhat by evaluating the reality on the ground right now vis-à-vis actual risk to ACR and other investors sitting in the breach. The fact is that Zimbabwe is populated by a literate, hard-working and non-violent people. There is little violent crime and the political violence that occupies much media space has to date had almost no effect on our mining and exploration activities (Marange being arguably the exception). Dollarization of the economy has seen it growing for several years, inflation is licked, and operating in Zimbabwe is now predictable. The ability to accurately budget and cost has been restored. Gold sales and mining has been extensively deregulated. The royalty is a little high (7%) but the corporate tax regime is reasonable (variously at 15% and 25% depending on style of mining right), with attractive capital write-down incentives.

Indigenisation is a reality. Analysed properly, and discussed with the Ministry concerned, the reality is not as ominous as the picture that was initially painted. As you will see from the Chairman's report, we have agreed a structure in principle that will indigenise our first producing asset yet still return a very respectable investment to ACR. The prime beneficiaries are the local community, our loyal staff and a number of businessmen who have travelled the road with ACR as stakeholders since our inception. The empowerment in our situation is real and deserved, making the solution an elegant one and highly practical. As an extension of this structure, a significant proportion of the indigenised profit is likely to be re-invested in later stage projects as fully paid equity.

The Indigenisation model provides ACR with a template that can be modified to suit the circumstances and implemented at a project level as each project approaches production, ensuring full compliance with the law. ACR has rightly stated that Indigenisation does not affect an exploration company until production revenues at a project level have accumulated sufficiently to absorb the expenditure that has been written off against them. At such a point, where the project/subsidiary crosses the net equity threshold, Indigenisation becomes lawfully required. And indeed this is what we have worked upon and will comply with early next year in our first producing asset. Furthermore, although not required to do so by regulation, we are now considering the possibility of an earlier stage, broad-brush, partial indigenisation roll-out to lower entry barriers while offsetting risk to ACR at earlier stages. It would be helpful if Indigenisation rules regarding the Zimbabwe Stock Exchange and cascading net equity would be improved and clarified. Work continues in these spheres.

In light of the above, the risk profile of Zimbabwe and indeed ACR's Zimbabwe projects has surely to be reassessed. While the proof of actual cash earned will remove many doubts, the time has arrived where our technical mining risk has been quantified and minimised; the primary sovereign risk issues appropriately addressed; and these risks have been judged acceptable to proceed. This offers ACR Zimbabwe the prospect of being self-funded in exploration, resource-development and in some cases subsequent production projects.

Throughout a difficult 2011, our Chairman has made many extended visits to Zimbabwe. He has met officials at all levels and developed relationships that give us comfort and confidence on our security of tenure. Simultaneously he has been making strides in agreeing with several government officials that an amicable resolution of the Marange issue is surely in the interests of all.

In light of the above work and progress, I am confident that our risk in Zimbabwe is significantly lower than before and I am hopeful that we are entering a period of relations and profitability which will allow us to spend less time looking over our shoulder and more time developing both our assets and the national interest.

Zambia

As you will no doubt be aware, Zambia recently held peaceful and fair general elections. For the fourth time power passed peacefully between the old and new President, from one party to another. The new government has made an impassioned pledge to remove corruption and set the country more firmly on a path of economic growth. Also in 2011, Zambian copper output achieved record all-time historical highs. Since coming into office the new Minister of Mines has declared a moratorium on license issues as irregularities and inefficiencies in the system are investigated and rectified. This has been welcomed by the industry at large, not least ACR which has been affected by some of the systemic abuse – a trend which is now being reversed. I have personally witnessed the transformation of Zambia since the late 1990's into an economic growth success story, a process which is still underway. It has been truly impressive and the new Government brings a freshness and energy that will compliment and reinvigorate this strategy. There remain many opportunities for mineral discovery in Zambia and ACR have made exciting headway on a number of fronts in this regard. Our stated, long-standing goal of broadening our sovereign risk base has been well served by our efforts and I must congratulate our Zambian office for their dedication.

Projects

I will not dwell on details of all of our projects, but rather on those where we have expended the most money and man-hours in the past six months and those likely to attract the most attention in the next 12 months. This by no means implies the projects I omit to be at standstill and regular technical updates available on our website will keep the information and status of these projects available to the market. Various geological and metallurgical work continues on many deposits prior to decisions on resource definition. It is also noteworthy that we have relinquished large parcels of prospective ground in Zimbabwe and Zambia where we felt that we will not have sufficient resources to do justice to prospectivity. This is in keeping with the law and with our own tighter strategic focus.

Pickstone Gold

I address this project first to elaborate on some statements above. The new reality in markets to which I referred has imparted an urgency to the derivation of cash from our assets and the Pickstone sulphide tailings dump is a project that is thoroughly and exhaustively researched. In the past six months, new metallurgical test work has been extremely helpful and has led us to a simpler, lower-cost design. We have had two false starts on this project when would-be financial partners withdrew in light of sovereign risk issues. What remains difficult (or nigh-impossible) in Zimbabwe is local debt-finance of any scale for mining. However, with the Indigenisation concluded and the feasibility complete, we are confident of achieving funding for the Pickstone sulphide tailings dump project and I hope to announce news in that regard within the next quarter.

Subject to funding, the first phase production (i.e. the sulphide tailings) will commence mid-2012. Cash generated will be significant and can pay, if it was so decided, for subsequent investment in production phases at Pickstone and Giant, while simultaneously affording a more aggressive drill out of other assets, especially Gadzema. The conclusion of our project Indigenisation is imminent at Pickstone and the continued strength in the gold price indicates a strong profitability will be enjoyed throughout the various phases of mining envisaged. The on-going injection of cash will re-define us as a self-funded exploration company where small-to-medium projects are funding the development of large, world-class resources which will eventually progress to bulk mining.

Gadzema Gold

As targeted in our last report, we have passed the 1 million troy ounce ('troz') resource milestone at Gadzema. For reference, our Gadzema gold project comprises a consolidation of smaller claims over a north-south strike length of some 8kms, commencing in the north with the brown-field Giant mine-site. This old mine deposit, which produced over half a million ounces before a mine-collapse closed it in the 1960s, is well mineralised in the banded iron structures with a large pit already modelled. Virgin discoveries of a mineralised diorite in the southern fringes increased the resource. A further virgin discovery of an associated, large-scale, mineralised felsic, ryolitic porphyry deposit at surface extended the estimated strike significantly. Approximately a quarter of the entire structure length has now been drilled to 120 metres depth, and in the process we have defined a JORC-compliant resource exceeding a million ounces. The mineralised structure is consistent and will lend itself to a bulk mining proposition with efficient economics, considering for example, that prospective mining widths delineated by drilling could exceed 450 metres (wide) over significant stretches of the strike. More than 35,000 metres have now been drilled in Gadzema and while awaiting assays from the latest campaign we are planning the next resource drill out. It is hoped that the bulk of the future funding will come from the near-term production at Pickstone.

The main tailings dump at the Giant mine has been assessed with an approximate 10,000 troz of resource being defined to JORC standard, averaging a grade of 0.8 to 0.9 g/t gold ('Au'). Metallurgical tests of this resource are now underway in which I anticipate a high percentage recovery and it is envisaged that the tailings treatment plant from Pickstone will be relocated here upon the latter's completion. While not a significant resource on its own, this dump is expected to yield additional, profitable production at a low investment level, perpetuating ACR's self-funding exploration strategy.

Zambia – Copper/Gold/Silver

We have made several announcements addressing the development of our strategy in the north-west of Zambia. Zambian licensing issues and moratorium thereupon have delayed full establishment of tenure in some instances, but we are confident that the reformed system will deliver a greater degree of certainty. Included in the most recent rights acquisitions is a brown-field site which produced high grade copper ('Cu') and silver ('Ag') ore in the 1970s (Kalengwa mine). It was reported that 1.9 million tonnes of ore with a cut off grade of 3g/t Cu delivered an average of 9.44% Cu plus 50 g/t Ag. There remains significant known tonnage in the tailings dumps (at 1.6% and 1.2% Cu each – totalling > 1 million tonnes) which could lead to early cash flow but the real target is of course significant ore bodies.

The known ore body has not been mined out and is expected to yield economic tonnage at depth and along strike. The desired targets in the greater area are replications of this extremely high-grade ore body hosted by hydro-thermally enriched Katangan sediments as well as Iron Oxide Copper Gold ('IOCG') targets which have been positively identified in the area, with others to be researched and identified. Gold and silver showings are consistent with the IOCG targets with petrology and mineralogy ratios correlating well to Olympic Dam style IOCG mineralisation. A structural interpretation of Kalengwa-style Katangan deposits has begun and is leading to a fine-tuned method of targeting guided by structural controls which we believe may yield several deposits. Considering the Kalengwa deposit did not outcrop and was detected only by a weak soil anomaly, we appear to be dealing with an entirely new detection science for this model which we believe may well be endemic to the southern fringes of the greater Copperbelt. Geophysics is expected to provide a key cornerstone for structural control analyses. Permissions are underway to commence an aerial survey using ACR's recently acquired technology and aeroplane. The commencement of that survey is imminent, limited only by logistics and the weather which has set in with the prolific rainy season the region experiences. Historical data of the known deposit has now been entirely recaptured and most of it has been digitised. A 3 dimensional model is being developed which will lead to extrapolations of the known body and its extensions, thereby yielding immediate drill targets. In addition, ACR is in negotiations with an exploration firm who was active in the 1990s to acquire an extensive digital data-set of work completed including drilling, geochemistry and geophysics.

We expect to bring continuous news flow on our work in this region during the next year and aim at some significant discoveries, likely brown-field resource definitions and possible limited production in that time period.

Zambia – Rare Earths and Phosphates

Nkombwa Hills in north-eastern Zambia is a large topographical feature of the area on the edge of the northern Luangwa rift valley, standing some 1,000 feet above the surrounding plains. Results from sampling have yielded Total Rare Earth Oxides ('TREO') commonly above 10% and up to 22%. Historically drilled cores have been re-assayed and equally impressive results shown. A pre-rainy season drilling programme was delayed by a tenure irregularity that was announced to the market. Extensive discussions with the Minister of Mines and his Deputy have assured us that the matter is being rectified but the delay has given way to the rainy season which hampers drilling mobilisation. In the meantime, trenching continues and is expected to further define various aspects of the carbonatite's mineralised facies. In addition, higher than expected phosphate values have been detected and ACR had agreed in principle to extend the agreement with Southern Crown Resources (our partners and technical experts) to incorporate phosphates into the joint venture mineral suite subject to an agreed increase in exploration spend. This project does not require ACR to contribute funding for at least another 12 months, by which time our partners are obligated to have defined a JORC-compliant mineral resource. Technical updates will be available on ACR's website from time to time detailing progress on this project. The funding and technical partnership with ASX-listed Southern Crown Resources is an example of a successful project-level funding model.

Conclusion

Our focus has tightened in tandem with the markets. We have gold production in our sights and a commitment to self-funding thereafter. Under-valuation is a common theme around stock exchanges at the moment, and proper valuations will return fastest to those who can best weather the cash drought. Our strategy has been moulded to match and we must progress steadily to profitable cash stream. Our staff, management and Board have contributed diligently and constructively at all levels and I thank them for their continued commitment while wishing all a joyous holiday and festive season. Next year will unlikely be any easier than 2011 so we need to ensure the skills and resilience we have developed are sensibly deployed to ensure not only our survival but to succeed beyond expectation.

Andrew Cranswick
Chief Executive Officer

This report and the report of the Executive Chairman have been reviewed by Mike Kellow BSc, a member of the Australian Institute of Geologists and Technical Director of ACR. Mr Kellow meets the definition of a "qualified person" as defined in the AIM Note for Mining, Oil and Gas Companies.

For further information visit www.acrplc.com or please contact:

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Group statement of comprehensive income
for the six months ended 30 September 2011

	For the six months ended	For the year ended	For the six months ended

	Note	30 September 2011 Group $'000	31 March 2011 Group $'000	30 September 2010 Group $'000
Revenue		-	-	-
Share options (expense) writeback		300	(232)	(101)
Other administrative expenses		(2,069)	(3,612)	(1,761)
Administrative expenses		(1,769)	(3,844)	(1,862)
Operating loss		(1,769)	(3,844)	(1,862)
Finance income		13	35	23
Loss before and after taxation attributable to the equity holders of the parent company		(1,756)	(3,809)	(1,839)
Other comprehensive income				
Gain on available for sale financial assets		2	6	8
Total comprehensive loss attributable to the equity holders of the parent company		**(1,754)**	**(3,803)**	**(1,831)**
Loss per share – basic and diluted	3	(0.46) cents	(1.09) cents	(0.51) cents

Group statement of changes in equity

for the six months ended 30 September 2011

	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 2011	**6,460**	**41,722**	**2,239**	**(1,855)**	**(13)**	**(2,468)**	**(14,059)**	**32,026**
Total comprehensive loss for the period	-	-	-	-	2	-	(1,756)	**(1,754)**
Credit in respect of share option charges	-	-	85	-	-	-	-	**85**
Share options lapsed	-	-	(2,045)	-	-	-	2,045	-
Share options exercised	-	-	(165)	-	-	-	165	-
Allotment of shares to EBT	-	-	-	-	-	(1,454)	-	**(1,454)**
Shares issued:								

- for cash consideration	1,264	6,320	-	-	-	-	-	**7,584**
- in respect of share options	126	439	-	-	-	-	-	**565**
- for purchase of assets	28	131	-	-	-	-	-	**159**
- in respect of fees	19	160	-	-	-	-	-	**179**
- share issue costs	-	(307)	-	-	-	-	-	**(307)**
At 30 September 2011	**7,897**	**48,465**	**114**	**(1,855)**	**(11)**	**(3,922)**	**(13,605)**	**37,083**

At 31 March 2010	**6,279**	**40,293**	**2,267**	**(1,855)**	**(19)**	**(1,734)**	**(10,299)**	**34,932**
Total comprehensive loss for the year	-	-	-	-	6	-	(3,809)	**(3,803)**
Credit in respect of share option charges	-	-	21	-	-	-	-	**21**
Share options lapsed	-	-	(49)	-	-	-	49	-
Shares issued:								
- for purchase of assets	84	616	-	-	-	-	-	**700**
- to the EBT	79	655	-	-	-	(734)	-	-
- in respect of fees	18	158	-	-	-	-	-	**176**
At 31 March 2011	**6,460**	**41,722**	**2,239**	**(1,855)**	**(13)**	**(2,468)**	**(14,059)**	**32,026**

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**

Group statements of financial position

As at 30 September 2011

	Note	**30 September 2011 Group $'000**	**31 March 2011 Group $'000**	**30 September 2010 Group $'000**
Assets				
Non-current assets				
Intangible assets	4	27,742	24,800	22,094
Property, plant and equipment		3,222	2,975	2,933

Available for sale investments	34	32	34
	30,998	27,807	25,061
Current assets			
Inventory	29	60	5
Receivables	853	403	754
Available for sale investments	15	15	15
Cash and cash equivalents	7,149	4,929	8,796
Total current assets	8,046	5,407	9,570
Total Assets	**39,044**	**33,214**	**34,631**
Equity and Liabilities			
Capital and reserves attributable to equity holders of the Company			
Called-up share capital	7,897	6,460	6,363
Share premium account	48,465	41,722	40,909
Available for sale reserve	(11)	(13)	(11)
Share option reserve	114	2,239	2,267
Foreign currency translation reserve	(1,855)	(1,855)	(1,855)
EBT reserve	(3,922)	(2,468)	(1,734)
Retained earnings	(13,605)	(14,059)	(12,138)
Total equity	37,083	32,026	33,801
Current liabilities			
Trade and other payables	1,961	1,188	830
Total current liabilities	1,961	1,188	830
Total Equity and Liabilities	**39,044**	**33,214**	**34,631**

Group statements of cash flow

for the six months ended 30 September 2011

	For the six months ended 30 September 2011 Group $'000	For the year ended 31 March 2011 Group $'000	For the six months ended 30 September 2010 Group $'000

CASH FLOW FROM OPERATING ACTIVITES			
Loss for the year	(1,756)	(3,809)	(1,839)
Adjustments for:			
Depreciation	29	78	45
Unrealised exchange gain/(loss) on cash and cash equivalents	75	(39)	(44)
Finance income	(13)	(35)	(23)
Profit on sale of property, plant and equipment	-	(33)	-
Services settled in shares	179	176	-
Share option (write back)/expense	(300)	232	101
	(30)	379	79
Changes in working capital:			
(Increase)/Decrease in receivables	(450)	106	(245)
Decrease/(Increase) in inventories	31	(40)	15
Decrease in payables	(297)	(193)	(441)
	(716)	(127)	(671)
Cash used in operations	(2,502)	(3,557)	(2,431)
Investing activities:			
Payments to acquire intangible assets	(2,815)	(5,507)	(2,938)
Payments to acquire property, plant and equipment	(243)	(1,513)	(2,001)
Proceeds on disposal of property, plant and equipment	-	33	-
Interest received	13	35	23
	(3,045)	(6,952)	(4,916)
Financing Activities:			
Proceeds from the issue of ordinary shares, net of issue costs	7,842	-	700
Increase /(Decrease) in cash and cash equivalents	2,295	(10,509)	(6,647)
Cash and cash equivalents at beginning of year	4,929	15,399	15,399
Exchange (loss)/gain on cash and cash equivalents	(75)	39	44
Cash and cash equivalents at end of year	**7,149**	**4,929**	**8,796**

Interim report notes

1 Interim Report

The information relates to the period from 1 April 2011 to 30 September 2011.

The interim report was approved by the Directors on 14 December 2011.

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 2011.

2 Basis of preparation

a) The unaudited condensed interim financial statements for the six months ended 30 September 2011 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 2012, 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 2011
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 2011 Group	**For the year ended 31 March 2011 Group**	**For the six months ended 30 September 2010 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:		377,327,065	349,675,876	346,813,958
Losses for the Group for the year are:	($'000)	(1,756)	(3,809)	(1,839)

Loss per share basic and diluted	(0.47cents)	(1.09cents)	(0.53cents)

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

4 *Intangible assets*

Group	**Deferred exploration costs $’000**	**Mining options $’000**	**Licence acquisition costs $’000**	**Total $’000**
Cost at 31 March 2011	19,849	10	4,941	24,800
Additions during the year	2,892	50	-	2,942
Disposals during the year	-	-	-	-
Cost at 30 September 2011	**22,741**	**60**	**4,941**	**27,742**
Cost at 31 March 2010	14,173	-	4,845	19,018
Additions during the year	5,728	10	96	5,834
Disposals during the year	(52)	-	-	(52)
Cost at 31 March 2011	**19,849**	**10**	**4,941**	**24,800**
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**

5 *Financial information*

The financial information for the year ended 31 March 2011 has been extracted from the statutory accounts for that period. While the auditors’ report for the year ended 31 March 2011 was unqualified, it did include an emphasis of matters concerning 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 is contained in the report of the Auditors on Page 8 of the Final Results for the year to 31 March 2011, released elsewhere on this website on 20 July 2011.