

African Consolidated Resources News Announcement

African Consolidated - Interim Results

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African Consolidated Resources Plc
29 November 2006

African Consolidated Resources

Interim results for the six months ended 31 August 2006

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.'

29 November 2006

Enquiries:

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

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		
Thickness	AV Grade			m	m	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. 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
Chief Executive Officer
29 November 2006

Consolidated profit and loss account
six months ended 31 August 2006

	Notes	Group
Unaudited		
£000		
Turnover		
-		
Administrative expenses (1,132)		
Operating loss (1,132)		
Interest receivable 46		
Loss on ordinary activities before and after taxation (1,086)		
Loss per share - basic (0.66) pence	3	
Consolidated balance sheet Six months ended 31 August 2006		
Group	Note	

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

Consolidated cash flow statement
Six months ended 31 August 2006

Group

£000
CASH FLOW FROM OPERATING ACTIVITIES

Loss after tax
(1,086)

Adjustments for:

Share option charge
46

Depreciation
22

Finance income
(46)

(1,064)	
Changes in working capital:	
Increase in receivables	
(6)	
Increase in stock	
(36)	
Decrease in payables	
(438)	
(480)	
Cash outflow from operations	
(1,544)	
Investing activities:	
Payments to acquire intangible assets	
(1,682)	
Payments to acquire property, plant and equipment	
(89)	
Reduction in fixed asset investments	23
Interest received	
46	
(1,702)	
(3,246)	
Financing Activities:	
Issue of share capital	
4,772	
Less pro rata share issue expenses written off share premium	
(149)	
4,623	
Increase in cash and cash equivalents	1,377
Cash and cash equivalents at beginning of period	1,975
Cash and cash equivalents at end of period	3,352

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

31

August 2006

Unaudited

Â£000

Loss per share has been calculated on 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

31

August 2006

Unaudited

Â£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
7,194

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