African Consolidated Resources News Announcement

African Consolidated Resources Plc - Interim Report

Interim Report

African Consolidated Resources Plc
('ACR' or the 'Company')

Interim Report

Following the announcement made on 27 November 2007 the Company makes a further announcement of its interim report this time with the financial information set out in full rather than via a link to the Company's website.

Financial Highlights

*	Loss of £0.578m to 31 August 2007 as exploration programmes progressed to plan.
*	Cash balance of £4.936m at 31 August 2007.
*	£4.5m raised through issue of 31,034,482 Ordinary Shares.

Highlights

*	Subject to results of planned tests at Snakes Head substantial progress in reaching agreement with a potential technical partner to introduce cost reducing advanced technology for platinum production.
*	Increased definition of nickel sulphide potential in the Perseverance nickel trend through electro-magnetic survey using SIROTEM.
*	New gold and silver anomalies which are being followed up.
*	Marange diamonds legal process and discussions ongoing.
*	Continued success in obtaining new exploration ground.
*	First phase targeting of exploration ground in Zambia and Mozambique.

Chief Executive's statement

It is a few short months since the compilation of my last report incorporated into our Annual Report (still available on our web-site at www.acrplc.com). I will endeavour to avoid too much repetition and offer a slightly different perspective in summary of our activities since then.

In order that the market may be better placed to understand the value of ACR's assets and projects, I would like to point out that we are in the process of compiling a detailed technical review incorporating geochemical and geophysical data in the first quarter of the new year.

A Regional View

As previously noted we have begun our anticipated broadening of outlook to other Southern/Central African countries. First phase targeting has been undertaken in three regional countries in this regard and discussions have commenced with the relevant government bodies to acquire appropriate exploration rights. Meanwhile, company registration and negotiations with local partners in Mozambique and Zambia are now at an advanced stage and exploration is expected to commence in early 2008 in these two countries. Opportunities in Malawi, DRC and Angola have also been discussed but decisions on activities there are unlikely to be taken within the next 6 months. We are hopeful that investors may expect announcements on acquisitions and allocation of concessions in 2008.

In Zimbabwe, economic pressures continue to take a toll on the local population and ACR continues to follow a social support policy to help alleviate this wherever we are active. I am hopeful that the economy may be turned around in the coming year and that we might be able to play our part accordingly. An election in early 2008 will hopefully not cause a material disruption to our operations in country. ACR will always be committed to working productively and constructively with the Government of the day. We note with enthusiasm the rapid increase in interest shown by potential and actual investors in Zimbabwe assets hailing from Western and Eastern countries and operating in all sectors, not least mining and exploration. Wherever possible ACR has encouraged this and we believe stands to reap the benefit of our first-mover advantage. Indeed the company has recently been in discussions with potential project partners from several Asian, African and East European countries, regarding financial, equity and technical associations.

Meanwhile we continue a slow and steady legal process on our Marange diamond issue while simultaneously keeping open discussions on possible JV operations with Government. I remain hopeful of an outcome that will have all-round benefits to the local economy, to this company and to the local community of the area who have suffered from past illegal activities.

ACR has commissioned a legal consultant to provide detailed advice on potential implications for the company's operations of the recently tabled Indigenisation and Empowerment Bill (not yet passed into law). I once again stress our support for the concept of a long-term, rational re-balancing of economic power in favour of Zimbabweans in all sectors, one without prejudice to future foreign investment and without jeopardising prospects for nation-wide economic and social advancement.

In short, my opinion is that the world needs the resources that Zimbabwe has to offer, and Zimbabwe needs to regenerate a healthy economy while regaining its stature in Africa and the world. No-one will benefit from the exclusion of this country's resources and my most ardent wish remains one for rapprochement all round.

Technology Benefits

One of the basic tenets of our strategy has been to implement the latest technology and ideas in exploration. I would like to share some of the successes that this has brought to date and the hopes we have for further developments.

Firstly, perhaps we need to look at mining technology developments that promise to change the viability of projects we have been working upon and thereby draw us closer to feasibility and possible production in these fields. I wrote recently about technology advances in PGE refining and concentration. These have led us to commit to the sinking of a small exploration shaft in our Snakes Head project to procure trial samples of known PGE-bearing reefs. Coupled with the recent rises in precious metal prices we look forward to results which could lead to initial scoping studies in the region and a drilling campaign to achieve a JORC resource. We have selected potential technical partners with which to assist us in this regard and are hopeful of signing a substantive agreement post-testing.

In a similar vein, the mining and treatment of nickel laterite ore has advanced significantly in recent years and the resulting reduction in CAPEX requirements has changed the economics of such projects. More specifically, the size threshold of a laterite deposit has dropped dramatically and I therefore note that we are far more proactive in the analysis of our laterite targets. Again we hope to release important results from our geochemical and metallurgical work in this regard, which to date have been encouraging and could lead to an eventual estimate of resource size.

We have worked with experts in the field to design and build a plant for extraction of the uniquely-coated Marange style of diamonds which avoids the pitfalls associated with these diamonds of traditional extraction techniques. This is another example of embracing both new technology and expert partners early, while using detailed research to ensure minimal ramp-up time.

Turning to exploration technology, we have exploited the availability of affordable XRF analysis and have acquired a second Niton analyser for both field and laboratory use. This is proving invaluable in detecting all the minerals we are chasing and has all but removed our laboratory (pathfinder assay) bottleneck. Decision-making on maintenance/expansion versus release of exploration areas has become far more efficient. Our broad-brush geochem sampling effort has been expanded and anomalies of all minerals are providing future targets at an accelerated rate.

Our ongoing electro-magnetic survey using SIROTEM in the Perseverance nickel trend has already yielded promising anomalies that indicate both massive and disseminated nickel sulphide potential in keeping with the style of the historically-exploited Perseverance ore body. This gives me confidence of establishing firm drill targets for 2008. What's more, on the same trend, MMI geochem samples processed in Canada from sampling several kms along strike from the old pit, where suspected ultramafic is concealed under cover, has led to the discovery of a previously unknown nickel-rich gossan with potential

for significant strike-length. The SIROTEM follow-up is expected to define the dimensions of what appears to be another massive sulphide body along strike.

Our in-house diamond laboratory is in operation and our sorters have recently received training from a world-recognised specialist. Together with the recent acquisition of a large electronic and physical sample database, we are set to use the latest understanding of diamond indicator minerals to re-process and analyse these concentrates.

The philosophy guiding the early adoption of these techniques gives us exactly the right edge to achieve results fast against a backdrop of large-scale geochemical and geophysical research. I am hopeful that the output from these initiatives will provide target generation for development in the coming 18 months.

Coupled with this advantage we continue to benefit from our first-mover advantage which has allowed us almost unfettered access to ground which would be very difficult to obtain elsewhere in the world. Our broad-brush gold geochem has yielded several important gold and silver anomalies which are being followed up firstly by consolidation of surrounding tenements, then by more detailed geochem work over the anomalies and thereafter by geophysics to ultimately define drill targets. This strategy is now generating entirely new gold projects as intended. Fortuitously this comes at a time when gold has reached record highs. This bodes well for our green-field as well as our existing, advanced gold JORC resources in the Pickstone-Peerless and Giant mines.

Cash Resources

As reported in the 2007 Annual Report we raised £4.5million cash by the issue of ordinary shares in July 2007 the proceeds of which are reflected in the Interim Results. Expenditure in the period has been on progressing our planned exploration programme and as previously explained. Meanwhile we maintain an adequate cash resource to initiate diamond production at short notice at Marange should circumstances allow.

Conclusion

I look forward to providing more detailed technical information on the development of these and other projects in the near future and am confident that 2008 will begin to offer reward for the faith our shareholders have placed in the Board and management of ACR.

I wish you all a joyous festive season and a prosperous New Year.

Andrew Cranswick
CEO

The information in the Chief Executive's Statement in the Interim Report that relates to exploration and technical matters has been approved by Michael Kellow who takes responsibility for them.

Michael Kellow (BSc) is a Member of AIG and a full-time employee of African Consolidated Resources plc. Mr. Kellow has sufficient experience which is relevant to the style of mineralization 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 'Australasian Code for Reporting of Exploration Results, Mineral Resource and Ore Reserves' (JORC Code). Michael Kellow consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

27 November 2007

Consolidated income statement
for the half year ended 31 August 2007

	Notes	For the half year ended 31 August 2007 Group Unaudited £'000	For the year ended 28 February 2007 Group Audited £'000	For the half year ended 31 August 2006 Group Unaudited £'000
Revenue		-	-	-
Administrative expenses		(611)	(1,809)	(1,132)
Operating loss		(611)	(1,809)	(1,132)
Finance income		33	102	46
Loss on ordinary activities before and after taxation		(578)	(1,707)	(1,086)
Loss attributable to the equity holders of the parent company		(578)	(1,707)	(1,086)
Loss per share - basic and diluted	3	(0.30)pence	(0.96) pence	(0.66) pence

Group balance sheet
As at 31 August 2007

	Note	31 August 2007 Group Unaudited £'000	28 February 2007 Group Audited £'000	31 August 2006 Group Unaudited £'000
Assets				
Non-current assets				
Intangible assets	2	5,365	4,962	4,011
Property, plant and equipment	2	357	373	209
Financial assets		7	7	20
		5,729	5,342	4,240
Current assets				
Inventory		34	32	87
Receivables		121	85	60
Other financial assets		7	21	-
Cash and cash equivalents		4,936	1,514	3,352
Total current assets		5,098	1,652	3,499
Total Assets		10,827	6,994	7,739
Equity and Liabilities				
Capital and reserves attributable to equity holders of the company				
Called-up share capital	4	2,210	1,900	1,900
Share premium account	4	10,489	6,435	6,622
Retained earnings	4	(2,626)	(2,048)	(1,427)
Available for sale reserve	4	(11)	(11)	-
Share option reserve	4	619	487	99
Total equity		10,681	6,763	7,194
Current liabilities				
Trade and other payables		146	231	545
Total current liabilities		146	231	545
Total Equity and		10,827	6,994	7,739

Liabilities

Group cash flow statement
for the half year ended 31 August 2007

	For the half year ended 31 August 2007 Group £'000	For the year ended 28 February 2007 Group £'000	For the half year ended 31 August 2006 Group £'000
CASH FLOW FROM OPERATING ACTIVITES			
Loss on ordinary activities	(578)	(1,707)	(1,086)
Adjustments for:			
Depreciation	53	60	22
Finance income	(33)	(102)	(46)
Profit on sale of fixed assets	(3)	-	-
Profit on sale of financial assets	-	(38)	-
Share option charges	132	409	46
	149	329	22
Changes in working capital:			
Increase in receivables	(36)	(31)	(6)
Decrease/(Increase) in inventories	(2)	17	(36)
(Decrease)/Increase in payables	(85)	(752)	(438)
	(123)	(766)	(480)
Cash generated from operations	(552)	(2,144)	(1,544)
Investing activities:			
Payments to acquire intangible assets	(403)	(2,633)	(1,682)
Payments to acquire property, plant and equipment	(41)	(305)	(89)
Payments to acquire financial assets	-	(120)	23
Proceeds on disposal of fixed assets	7	15	-
Proceeds on disposal of financial assets	14	164	-
Interest received	33	102	46
	(390)	(2,777)	(1,702)
Financing Activities:			
Proceeds from the issue of ordinary shares, net of issue costs	4,364	4,460	4,623
(Decrease)/Increase in cash and cash equivalents	3,422	(461)	1,377
Cash and cash equivalents at beginning of period	1,514	1,975	1,975
Cash and cash equivalents at end of period	4,936	1,514	3,352

Interim report notes
for the half year ended 31 August 2007

1 Interim Report

The information relates to the period from 1 March 2007 to 31 August 2007.

The interim report was approved by the Directors on the 23 November 2007.

The interim report is unaudited.

2 Basis of preparation

a)		The report has been prepared using the same accounting policies as stated in the 28 February 2007 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 and Group will report again for the full year to 28 February 2008.

3 Loss per share

	For the half year ended 31 August 2007 Group £'000	For the year ended 28 February 2007 Group £'000	For the half year ended 31 August 2006 Group £'000
Loss per Ordinary Share has 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.	193,140,059	177,289,260	164,791,364
Losses for the Group for the period are	(578)	(1,707)	(1,086)

Loss per share basic and diluted	(0.30p)	(0.96p)	(0.66p)
The effect of all potentially dilutive share options is anti-dilutive			

4 Group Statement of Changes in Equity

Group	Share capital account	Share premium account	Share option reserve	Available for sale reserve	Retained earnings/ (losses)	Total
	£	£	£	£	£	£
At 28 February 2007	1,900	6,435	487	(11)	(2,048)	6,763
Loss for the year	-	-	-	-	(578)	(578)
Share options	-	-	132	-	-	132
Total recognised income and expenses for the period	1,900	6,435	619	(11)	(2,626)	6,317
Issue of shares (net of issue costs £135,000)	310	4,054		-		4,364
At 31 August 2007	2,210	10,489	619	(11)	(2,626)	10,681

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