

# African Consolidated Resources Plc Operational Update

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

## Operational Update

African consolidated Resources Plc is pleased to provide the following update in respect of its recent activities and strategy.

Shareholders may be aware that the major political parties in Zimbabwe have agreed to the formation of a Unity Government under the auspices of a Southern African Development Community (SADC) sponsored agreement, signed by all parties and the resulting swearing in of the Prime Minister and cabinet in mid-February. In terms of the agreement, ministerial portfolios have been allocated to individual political parties with the Ministry of Mines being allocated to ZANU-PF and Ministry of Finance being allocated to MDC.

The MDC has made a clear statement of intent regarding mining activities in Zimbabwe, indicating that it intends to ensure that mining companies are allowed greater freedom to pursue their activities in the country and in so doing, provide potential of accessing new funding and foreign investment. ACR has always strived to manage risk in Zimbabwe and ensure that potential opportunities are identified early and followed up. Clearly, the playing fields in the world at large and indeed in Zimbabwe have changed dramatically.

In this regard, ACR has implemented the following strategies:

A Technical Review has now been completed, as separately announced today, giving updates on the Company's assets including exploration results from the 2008-2009 field programme.

In addition to the Technical Review, the Company has undertaken a financial review of all projects and mineral assets in order to define a priority list for immediate activity based on the commodity price outlook and with a strong leaning towards potential near term production and cash flow. Following this review, management has determined to prioritise expenditure on its gold assets and in particular the Blue Rock, One Step, Giant Mine and Pickstone Peerless projects. Commensurate with this strategy, discretionary spend in respect of the Company's other projects is to be reduced.

Management is confident of the potential to grow the company rapidly should the political environment continue to improve. In line with cost-efficiency, judicious application of funds and overhead reduction, the Board and all senior management have agreed to a 25% reduction in salary payments; junior management a 10% reduction and to implement a significant reduction in the number of skilled and semi-skilled contractors. This will be reviewed quarterly or as circumstances change.

In light of the recently announced deregulation of the Zimbabwe gold-marketing regime (yet to be ratified in Parliament), the Company is currently analysing the steps required to advance to production in gold. It is believed that establishing a moderate production (approx 10,000 oz pa), from existing measured JORC resources in tailings dumps at Pickstone Peerless (from a tailings resource of 63,000 oz), would require relatively low capital expenditure and a ramp-up period of approximately 6 months. Much of the required infrastructure including roads, power, water, leach tanks, tailings dams is already in place and this augers well for the low capex / short timeframe model. The Company has now embarked on a scoping study to better define the viability of such an operation together with the capital expenditure requirements and operating parameters. Should this study confirm management's initial assessment, the Company would aim to establish operations as quickly as possible with the aim of generating cash flow with which to progress feasibility studies in relation to the Company's wider gold assets.

Enquiries:

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