

African Consolidated Resources Plc Nkombwa Hill Rare Earths and Phosphate Project, Zambia

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African Consolidated Resources plc / Ticker: AFCR / Index: AIM / Sector: Mining
11 June 2010

African Consolidated Resources plc ('ACR' or 'the Company')
Nkombwa Hill Rare Earths and Phosphate Project, Zambia

ACR, the AIM listed resource development company, is pleased to provide the following update in respect of its recently acquired Nkombwa Hill project in Zambia (the 'Project') including the signing of a joint venture agreement for the exploration of the Project for rare earth minerals and the commencement of an in-house work programme with the aim of defining a phosphate resource.

The Nkombwa Hill project lies in North Eastern Zambia, 23km east of the Lusaka-Tanzania bitumen highway near the town of Isoka, within ACR's 720 sq km Large Scale Prospecting Licence No 12198-HQ-LPL which was granted on 16 January 2010. This licence covers Proterozoic metasediments and basement gneisses, intruded by the Nkombwa Hill carbonatite and at least six of the Isoka swarm of kimberlite pipes, explored by De Beers in 1959-1973. The Carbonatite has historically been explored for phosphate, rare earths, and niobium.

The Project complements ACR's Chishanya Hill phosphate project in Zimbabwe, where considerable expertise has already been developed, investigating the geology and metallurgy of a similar carbonatite intrusion. ACR believes the demand in southern Africa for phosphate fertilisers for food and biofuel production will create strong markets for rock phosphate concentrates.

RARE EARTH MINERALS JOINT VENTURE AGREEMENT

ACR is pleased to announce that it has signed a joint venture heads of agreement ('Joint Venture Agreement') with Australian-based private exploration company, Rare Earth International Ltd ('REI'), to explore the Project specifically for Rare Earth minerals.

The Joint Venture Agreement will enable REI, in conjunction with ACR, to explore for rare earth minerals, drawing upon the specialist exploration skills of the REI management. REI CEO Dr. Jock Harmer and consultant Dr. Paul Nex, both have world class academic and commercial experience in carbonatite hosted rare earth Nkombwa mineralisation.

Pursuant to the Joint Venture Agreement, REI has been granted a period of 90 days in which to complete its due diligence of the Project after which it will then have a binding, exclusive right to explore the Project for Rare Earth minerals. In Stage 1 of the agreement REI must spend a minimum of \$750,000 over two years to define an initial Inferred Resource (to the Australian JORC standard) at which point they will earn 30% equity in the Project. A further Stage 2 expenditure of \$600,000 over 18 months and the definition of an Indicated JORC Resource will increase REI's equity interest in the Project to 50%.

Upon receipt of a Phase 2 Completion Notice, ACR may elect to co-fund Phase 3 (completion of pre-feasibility) and Phase 4 (bankable feasibility) with REI so that each party maintains a 50% interest in the Project. If ACR does not elect to co-fund after Phase 2 then after Stage 3 and Stage 4, REI will earn 65% and 75% respectively if they continue with sole funding.

PHOSPHATE AND NIOBIUM POTENTIAL

ACR retains 100% rights for minerals other than Rare Earths at Nkombwa Hill. The potential phosphate resource at Nkombwa adds a second important asset in addition to ACR's Chishanya Hill phosphate deposit in Zimbabwe, where ACR is seeking to define a maiden JORC resource before the end of 2010.

Previous explorers for phosphate including Chartered Exploration Ltd, Roan Selection Trust Ltd, Mindeco Ltd, Zimco Ltd and the Food and Agriculture Organisation (FAO) have variously estimated Non-JORC/NI43-101/SAMREC 'reserves' of the Nkombwa phosphate-bearing rocks at more than 200 million tonnes with a grade of 4.6% P₂O₅, however the depth extent and calculation methods of this estimate is not known (Van Straten P. H. 2002. Rocks for Crops).

Much of the phosphate is contained in a rare mineral Isokite, a Ca-Mg Phosphate, which in past metallurgical studies (to 1991) was not easy to concentrate by conventional flotation processes due to the Magnesium content. Modern flotation chemistry however may be able to solve the processing difficulties and ACR will

investigate this opportunity.

Niobium occurs widely disseminated in the carbonate as the mineral pyrochlore, $(\text{NaCa})_2\text{Nb}_2\text{O}_6$, at a "fairly constant" grade of 0.16% Nb_2O_5 (Chartered Exploration Ltd 1953-63), with individual samples reported over 1% Nb_2O_5 . It may be possible to float off the pyrochlore as a by-product in a phosphate flotation circuit.

Proposed Work Programme

Data compilation of a large volume of historical reports is nearly complete, and field visits are scheduled for June-July, ahead of extensive mapping and geochemical sampling programmes. Drilling and metallurgical-extraction studies will be required to assess the resources at depth once technical and environmental planning is completed.

FURTHER INFORMATION

Rare Earth Mineralisation at Nkombwa Hill

Rare Earth elements (REEs) comprise the family of Lanthanides on the periodic table of elements, and are separated into light rare earths - Lanthanum (La), Cerium (Ce), Praseodymium (Pr), Neodymium (Nd), and Samarium (Sm) - and the less common heavy rare earths such as Yttrium, Europium, Terbium and Gadolinium.

The major REE-bearing minerals at Nkombwa Hill belong to the light REE group, and are bastnaesite, monazite and pyrochlore with minor daqingshanite-(Ce), rare-earth bearing isokite, strontian apatite, strontianite and other rare earth carbonates. REE's reported from the carbonatite by Roan Selection Trust, Leeds University and others include Cerium, Lanthanum, Neodymium, Praseodymium and Gadolinium.

Within the carbonatite complex, bastnaesite - $(\text{Ce,La})\text{CO}_3\text{F}$, has been identified as an abundant mineral in xenoliths hosted by late-stage ferrocarnatite sills and dykes (Touret, Leeds University, 1991). Bastnaesite-(Ce) occurs as fibrous yellow crystals, about 1 μm in size, replacing monazite and in association with baryte, in a matrix of dolomite. In common with bastnaesite-(Ce) from other locations, the bastnaesite-(Ce) of Nkombwa Hill contains up to 70% light rare-earth oxides. However, Nkombwa Hill bastnaesite-(Ce) is relatively deficient in La and enriched in Pr and Nd.

Cerium oxide assay results ranging from 0.78 to 9.28% CeO_2 were recorded from five samples of drill core obtained by Roan Selection Trust Ltd in 1968-69. Individual rock chip samples from various workers in the 1980's yielded 2.5% Ce, 3.3% La and 0.6% Nd; 7.1% Ce, 7.2% La and 1.1% Nd and 5.6% Ce, 5.5% La and 2.3% Nd.

REE uses and markets

Light rare earth elements are essential components of fuel refinery catalysts, catalytic converters, fuel cell alloys, batteries, high quality optical glass, fluorescent lights and TV screens, and high strength alloys for aircraft engines and lighter cars. Neodymium and Samarium permanent magnets have wide applications in the aerospace industry, cellphones, CD's, computers and sound systems where miniaturization of components is a key feature. Emerging green technologies such as wind turbines, hybrid vehicles and fuel cells all require rare earth magnets, catalysts and specialized REE alloys.

China controls approximately 97% of the world's rare earth element market and 57% of current known Reserves. A March 2010 report by the Institute for the Analysis of Global Security (a Washington based think-tank), predicts Chinese domestic demand will absorb almost 100% of China's REE production by 2012, and increasing government control and restrictive export quotas are already in place. The study predicts global demand to reach 200,000 tonnes of rare earth elements a year in 2014, up from about 150,000t in 2010, leading to a 40,000t annual shortfall by 2015. Current world production is dominated by the giant Bayan Obo mine in Inner Mongolia and will remain so even after production ramps up from Mountain Pass (California), Mt Weld (Australia), Thor Lake and Hoidas Lake (Canada) and Steenkampskraal in South Africa, between 2010 and 2013.

By 2014 the two largest and most advanced projects outside China, Mountain Pass and Mt Weld, will each only be contributing about 20,000t or 10% of the estimated demand. Mt Weld owner Lynas Corp. Ltd estimates 2010 supply of La, Ce, Pr and Nd is already falling behind demand by 27%, 15%, 29% and 10% respectively.

****ENDS****

For further information visit www.acrplc.com <<http://www.acrplc.com/>> or please contact:

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This announcement has 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.

[HUG£1423277]

(END) Dow Jones Newswires

June 11, 2010 05:00 ET (09:00 GMT)