

Company	African Consolidated Resources Plc
TIDM	AFCR
Headline	Consolidates Ground in Greater Kasempa IOCG District
Released	07:00 19-Sep-2011
Number	HUG1547457

African Consolidated Resources plc / Ticker: AFCR / Index: AIM / Sector: Mining
19 September 2011

**African Consolidated Resources plc ('ACR' or the 'Company')
Agreement to Further Consolidate Ground in the Greater Kasempa IOCG District, NW Zambia**

African Consolidated Resources Plc, the AIM listed Southern African focussed resource development company, is pleased to announce that it has, subject to certain conditions, agreed to acquire a further large-scale mineral prospecting licence known as 8584-HQ-LPL (the 'Licence') in north-west Zambia in the vicinity of existing ACR licences in the area. The Licence incorporates 1,085 sq km of ground considered highly prospective for Iron Oxide Copper Gold ('IOCG') style mineral depositions and incorporates the historically productive Kalengwa Copper/Silver mine including tailings and waste rock dumps. The counter party to this agreement (the 'Agreement') is the current Licence holder, Euro African Kalengwa Mining Ltd ('EAKM') which incorporates the local community via the regional traditional Chieftain structures.

Overview

- Acquisition will include the brown-field Kalengwa Copper-Silver Mine, dumps and contiguous exploration ground covering 1,085 sq km in north-west Zambia
- Non-JORC resource estimate by previous operators of 1.6 million tonnes of ore grading 2.2% copper, containing 36,000 tonnes of copper metal within the brown-field mine site
- Strong potential to generate revenue from recommencement of production from waste dumps and mine extensions to depth and along strike in near term
- Highly prospective exploration ground to significantly increase targets in the greater Kasempa exploration area (the Kasempa Project) - the most important targets being IOCG mineralisation models which were not well understood by early explorers
- Considerable amount of technical data and drill core available from the Zambian Geological Survey
- Imminent high definition aeromagnetic and radiometric survey planned to map intrusive complexes, structures and alterations consistent with IOCG systems
- New Licence is 8km west of the Company's existing IOCG target area - further consolidates ACR's expanding IOCG interests in Zambia
- The acquisition is in line with the Company's strategy to expand its portfolio of assets across Zambia and Southern Africa to complement its proven Zimbabwean assets and diversify shareholder exposure

ACR Chief Executive Andrew Cranswick said, "The expansion of the Kasempa Project area, combining high-priority, new IOCG targets with high-grade brown-field targets is a milestone event for ACR in Zambia. It falls precisely within our declared IOCG target strategy but with the added prospect of possible near-term production from the immediate extensions of the pit at depth, along strike, and within dumps and tailings, which are estimated to host approximately 1.6 million tonnes of ore grading 2.2% copper, containing 36,000 tonnes of copper metal. This of course adds a dimension to our style and focus of exploration."

The Project Area

The Licence boundaries approximately 8km west of ACR's existing Kasempa IOCG Project. IOCG deposits frequently contain valuable silver, cobalt, uranium, phosphate or rare earth credits, and can be very large (500-3000 Mt ore), as demonstrated at the Olympic Dam and Ernest Henry mines in Australia, and Palaborwa in South Africa.

The brown-field Kalengwa mine was one of the highest-grade and most profitable copper deposits in Zambia when mined in the 1970s, and paid for its own infrastructure in a remote location, south of the main Zambian

Copperbelt. High grade ore (>26%Cu) made up approximately 20% of the ore-body, most of which was trucked unprocessed to Kitwe for direct smelting.

Total production according to Hitzman and Broughton, 2003, was 1.9 million tonnes of 9.44% copper ('Cu'), and 50 g/t silver ('Ag'). Most of the mined copper and silver minerals came from a massive chalcocite body enriched by supergene concentration.

It is estimated by previous workers that a non JORC resource of approximately 1.6 million tonnes ('Mt') of ore grading 2.2% Cu containing 36,000 tonnes of Cu metal is likely to be available in immediate extensions of the pit at depth, along strike, and within dumps and tailings (see table 1).

The mine is considered one of the major exponents of IOCG deposits in Zambia. The deposit was hosted by Katangan siliciclastic rocks and limestones. It consisted of a tabular body of round-pebble hydrothermal breccias, calcareous conglomerates, sandstones and siltstones replaced by primary copper sulphides (chalcopyrite, bornite and chalcocite) surrounded by a large halo of red-rock and brown-rock (hematite) alteration. An association of syenites and granites seems to have produced the mineralisation.

ACR now has major interest in a large mineralised district of approx 40km x 40km extent, exhibiting numerous copper occurrences, associated with gold, uranium and hematite-magnetite iron deposits. Exploration in the 1970s to 1990s by Roan Consolidated Mines, Phelps Dodge, Zamanglo and others, delineated at least six high-priority copper geochemical and geophysical anomalies that will be immediately explored by mapping and geophysics followed by drilling.

De Beers in the 1970s also found numerous diamonds in the drainage area of ACR's Kasempa Project, including 63 diamonds at a single site and an individual stone of 0.4 carats in soils. Their work failed to provide a satisfactory explanation for the results or any indication of source hence ACR's planned high-definition aeromagnetic survey will also be carefully interpreted for kimberlite targets.

A large amount of technical data and drill core from the Kalengwa Mine is still available from the Zambian Geological Survey. It is likely that the waste dumps and mine extensions to depth and along strike can be brought into production quite quickly.

Estimates of the copper resource (non-JORC) by previous workers are tabulated below:

Table 1. Potential copper resources at the mine

Mine	Tonnes	% Cu	Acid Sol. Cu	Contained Cu (t)
In-Pit Reserves (1978)				
Intermediate grade ore	43,951	8.4	2.9	3,679
Low grade ore	2,337	2.1	0.8	50
Outside Pit (Wightman 1974)				
1090-1040m levels	226,000	4.0	0.2	8,995
Limestone Marker	79,500	3.7	0.7	2,973
Conglomerate Marker	104,500	4.3	0.8	4,494
Low grade stockpile	523,000	1.6	-	8,368
No. 6 Tailings Dam	700,000	1.2	-	8,400
TOTAL	1,679,288	2.2		36,958

"For example, hole number MF 354, off the northeast end of the open pit, intersected 19.5m grading 7.5 % Cu....the orebody has a northeasterly plunge and has not been drilled to depth in that direction" (Watts, Griffis & McQuat, 1991).

Proposed Exploration

ACR has already carried out considerable historical data retrieval and GIS compilation, and will undertake a full data review immediately. Exploration will be focussed on two fronts:

1. short-term copper-silver production from the old mine; and
2. more "green-fields" exploration over the full 40km x 40km project area for major new discoveries.

Mining consultants will be employed to further assess the historical data and diamond drill core.

On regional targets, an ultra-detailed airborne magnetic and radiometric survey will commence in September 2011, followed by ground gravity surveys to search for iron-rich cores of IOCG style targets. This work, combined with over 223,000 historical soil geochemical samples, should deliver drill targets before the end of 2011.

Purchase Agreement

The consideration payable in order to complete the Agreement (the 'Completion Consideration') is linked to future proven resources to be established within a period not longer than three years with reference to copper, silver and gold - as certified as in accordance with JORC standards, in any category, at minimum grade levels described below.

Subject to ACR proceeding with the Agreement (at the sole discretion of ACR after it has completed a due diligence process, expected to be completed by mid-October), a non-refundable cash deposit of \$800,000 becomes payable. Total initial costs including this and due diligence work are likely to amount to \$975,000.

The JORC Resource for the purpose of the Completion Consideration calculation is limited to resources defined up to a depth from surface of 100 metres and excludes any ore grade less than 1.5% in the case of copper; any ore grade less than 35 grammes per tonne in the case of silver; and any ore grade less than 1.5 grammes per tonne in the case of gold.

The Completion Consideration is payable 30 days after completion of certification of the copper JORC Resource and the silver JORC Resource, or such date after 17 September 2012 as ACR elects, or on 17 September 2014, whichever is the earlier. The Completion Consideration is payable 50% in cash and 50% in ACR shares, or otherwise by mutual agreement. The ACR shares are to be priced at the average price over the 15 business days prior to completion, which is 30 days before payment is due, or at 10p per share, whichever is the greater. Any ACR shares so issued will be escrowed for 5 months from the latest date on which they are liable to be issued.

The Agreement contemplates by concession and by mutual written agreement between the parties that after 18 August 2012 progress payments may optionally be made earlier against JORC Resources proven to that point provided that ACR's rights are reasonably protected and that such payments form a part of the Completion Consideration.

It is additionally provided that should an economic diamond discovery be made by ACR within the Licence, then EAKM will retain a free carried equity interest of 20% therein until completion of first phase definition of a diamond JORC Resource to a depth of depth of 100 metres. Any further expenditure on the diamond discovery after that would be funded by EAKM and ACR in proportion to their respective interest.

Other than the initial costs when incurred, the Agreement imposes no compulsory monetary obligations at this point - all payments being at the sole discretion of ACR as it chooses to continue. There is no obligation to proceed to completion in the event of poor results or other unforeseen circumstances. ACR is permitted to terminate the Agreement with 7 days' notice and in that event the liability of ACR under the Agreement is limited to payments that it has made prior to the termination.

****ENDS****

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

Roy Tucker	African Consolidated Resources plc	+44 (0) 1622 816918
		+44 (0) 7920 189012
Andrew Godber	Panmure Gordon (UK) Limited	+44 (0) 207 459 3600
Callum Stewart	Panmure Gordon (UK) Limited	+44 (0) 207 459 3600
Abhishek Majumdar	Panmure Gordon (UK) Limited	+44 (0) 207 459 3600
Susie Geliher	St Brides Media & Finance Ltd	+44 (0) 20 7236 1177

Glossary

Term	Explanation	Acronym
Au	chemical symbol for gold	
Ag	Chemical symbol for silver	
banded iron-formation	chemical sedimentary rock consisting of iron and quartz	BIF
chalcocite	Copper Sulfide (Cu ₂ S), an important copper ore mineral	

Cu	chemical symbol for copper
diamond drilling	Drilling method using a diamond-impregnated cutting bit to obtain a core sample of rock
dip	the orientation of a planar geological feature relative to horizontal
disseminated sulphide	Accumulations of sulphide minerals where the grains are separated by other minerals and are not in physical contact with each other.
fault	a fracture or break within a body of rock across which some movement has occurred
felsite	silica rich igneous rock, aka felsic volcanic
greenstone belt	belts of metamorphosed sedimentary and igneous rocks of Archaean age
hematite	An oxide of Iron, Fe ₂ O ₃
igneous rock	originally molten can be volcanic or intrusive
JORC	Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy
laterite	highly weathered rock usually conforms to a consistent weathering pattern from surface and often redistributes gold, nickel or aluminium to ore grade concentrations above the primary source at depth.
mineralisation	metallic minerals such as gold, base metals, pyrite and arsenopyrite incorporated in rocks
mineralised zones	hydrothermally altered structural features containing potentially valuable minerals
orebody	economically viable portion of a mineralised zone
pyrite	iron sulphide mineral often associated with gold and base metal mineralisation
pyrrhotite	iron sulphide mineral
quartz	silicon oxide mineral very common in hydrothermal deposits
Resource	mineral Resource as defined by the JORC Code 2004
reverse circulation drilling	rotary percussion drilling whereby the sample is returned from the cutting head inside the rod string to surface thereby avoiding contamination from the walls of the hole
schist	metamorphic rock with well developed foliation
stockworks	zone of multiple quartz filled fractures with individual veins often of random orientation
strike	the horizontal orientation of a planar geological feature
syenite	a coarse-grained intrusive igneous rock of the same general composition as granite but with quartz <5%, and feldspar component predominantly alkaline in character.
talc	magnesium iron silicate mica of metamorphic origin
thrust	shallow dipping fault where the upper body of rock overrides the lower portion

RC

UNITS

g	gramme
g/t	grammes per metric tonne - metal concentration
km	kilometre
m	metre
Mt	million metric tonnes
Moz	million ounces
oz	fine troy ounce equaling 31.1048 grammes - normal unit used in selling gold

ppb	parts per billion
ppm	parts per million, equivalent to g/t
t	metric tonne

This announcement is distributed by Thomson Reuters on behalf of Thomson Reuters clients.

The owner of this announcement warrants that:

- (i) the releases contained herein are protected by copyright and other applicable laws; and*
- (ii) they are solely responsible for the content, accuracy and originality of the information contained therein.*

Source: African Consolidated Resources Plc via Thomson Reuters ONE
HUG#1547457