

16 June 2014

African Consolidated Resources plc ("AFCR" or "the Company")

Intention to raise c. US\$18 million to fast-track gold production at Pickstone Peerless and fund purchase of Dalny Mine, Zimbabwe

African Consolidated Resources, the AIM listed resources and development company, is pleased to announce that it has signed a conditional agreement with Falcon Gold Zimbabwe Ltd to purchase the Dalny Mine ('Dalny'), which is proximal to both its flagship Pickstone-Peerless Gold Project ('Pickstone') and its Gadzema Gold Project ('Gadzema') in Zimbabwe, for a net cost of US\$8.5 million ('the Dalny Agreement'). The Company intends to raise approximately US\$18 million through a mixture of debt and equity in order to bring Pickstone into production, finance the acquisition of Dalny and support general corporate purposes.

The Dalny Agreement is only binding on AFCR when conditions precedent are satisfied, which include, *inter alia*, completion of due diligence by the Company, now well advanced, and raising the necessary capital.

Highlights

- Focused on advancing flagship Pickstone Peerless Gold Project in Zimbabwe into production:
 - Current JORC Resource of 3.56Moz Au, including an open pit table ore Reserve of 1.02Moz Au
 - Pre-Feasibility Study ('PFS') completed in December 2013 demonstrated robust economics of Pickstone as a standalone project
- Conditional agreement to acquire previously producing Dalny Mine located 56km from Pickstone and 46km from Gadzema
- Dalny has an operational processing plant and ancillary infrastructure, which would provide a central processing plant to treat ore from Pickstone, thus:
 - Fast tracking gold production: potential to commence before the end of Q4 2014
 - Eliminating construction risk through the use of existing infrastructure
 - Lowering upfront CAPEX to US\$14.3 million as compared to the PFS estimate of US\$27.3 million
- Incorporating Dalny, Company Internal Financial Model generates:
 - NPV of \$76 million over a 19 year mine life
 - Cash costs and all-in costs of US\$701/oz and US\$855/oz over life of mine (see Appendix for detailed summary of Company Internal Financial Model)
 - Model incorporates provision for indigenisation scheme
- Opportunity for Dalny to provide a future platform and secure other regional ore resources, with material scalability and commensurate returns
- Intention to raise approximately US\$18 million

Roy Pitchford, Chief Executive Officer, said "This is a potential game-changer for AFCR with considerable blue-sky opportunities. We have already identified a high grade, low cost gold resource at Pickstone and I am encouraged by our low-risk profile due to the low cost of production and conservative mining methods. Subject to financing and completion, this acquisition will further enhance the already attractive economics of Pickstone, and strengthen our existing platform so that AFCR can play a meaningful role in the resurgence of the Zimbabwean gold sector.

"I look forward to providing further updates on this exciting opportunity shortly."

An updated corporate presentation incorporating the proposed Dalny acquisition will shortly be available for download on the Company's website www.afcrplc.com.

Further Information

The Dalny Agreement

The following is a summary of the terms of the Dalny Agreement:

- Vendor : Falcon Gold Zimbabwe Ltd, a Zimbabwe Stock Exchange listed company
- Assets acquired: the business of the Dalny Gold Mine including:
 - o plant, equipment and infrastructure;
 - o land, buildings and moveable assets;
 - o mining claims;
- Net cost to AFCR: US\$8.5 million (includes payment of current creditors but excludes long term environmental liability)
- Conditions Precedent:
 - o due diligence to the satisfaction of AFCR;
 - o raising of minimum of US\$12 million by AFCR;
 - o any necessary regulatory approvals; and
 - o approval by AFCR shareholders
- Contract:
 - o binding on vendors
 - o only binding on AFCR when all conditions precedent satisfied
- Payment on account of US\$1 million due by AFCR:
 - o after completion of due diligence
 - o repayable by vendor to AFCR and secured by the Dalny Gold Mine in the event that other conditions precedent are not fulfilled
- Initial payment due 18 June 2014, with remaining consideration due 8 July 2014
- Agreement may be varied upon consent of both Falcon and AFCR

The Rationale for the acquisition of Dalny

A unique opportunity to acquire established infrastructure to fast track production and reduce CAPEX:

Located 56km from Pickstone and 46km from Gadzema (which includes the Giant Mine)

Existing Infrastructure includes:

Milling and leaching circuit

Tailings dam

Accommodation

Maintenance facility

Laboratory and offices

Experienced operators available

Reliable electricity supply and water source

Legal right to minerals in place including tailings

Environmental approvals for re-opening mining operations and tailings disposal are required following closure of the mine. Same footprint as before and with no material change in operating procedures.

Based on the Company's Internal Financial Model, the Dalny acquisition would result in:

Ability to truck ore from Pickstone and Gadzema

Upfront CAPEX and working capital for Pickstone reduced as compared with PFS announced 4 December 2013 (US\$14.3m vs US\$27.3m)

Plant construction risk eliminated

Potential for first gold production in 4-6 months

Payback time on upfront CAPEX and working capital significantly reduced compared with PFS (15 months vs 50 months)

IRR improved compared with PFS (73% vs 56%)

Potential to double production by installing AFCR's purchased mill stored in Europe

Additional exploration upside potential:

- Falcon Gold Zimbabwe Ltd owns 2,325 claims at Dalny with a strike length of 12km of mineralisation
- Historical production up to 2006 was 2.44Moz Au from 10.2Mt of ore treated at a grade of 7.42g/t

Reserve and Resource figures:

Underground Mineral Reserve Estimate of 61Koz (417kt grading at 4.6g/t)*

Underground Mineral Resource Estimate of 325koz (1.8mt grading at 5.7g/t)*

Tailings Mineral Proven Reserve Estimate of 146koz (6.8mt grading at 0.7g/t)*

*Source: New Dawn: June 2012 43-101 (Canadian) Ore Reserve and Resource Statement - minor depletion ahead of care and maintenance in August 2013

Significant long term upside potential:

open pit, tailings and major underground development for Dalny ore

opportunity to secure regional gold resources and increased economics of scale

History of Dalny

The Dalny Mine has been put into care and maintenance by Falcon since 30 August 2013 predominantly due to operational and labour issues and in the year to 30 September 2013 the Dalny division of Falcon (the Division) incurred a loss before tax of US\$11.3 million, but, since the shut down of the mine, the Division has greatly reduced its operating loss. The Board does not consider that the past results of the Division are representative of future operations as AFCR is not currently proposing to reopen the Dalny Mine itself in the near to medium term, but use the existing processing plant and mining equipment to process ore from AFCR's existing Pickstone mine.

The Mining Plan for Pickstone using Dalny

Subject to the acquisition of Dalny, the Company has adopted a revised mining plan, which entails mining ore at Pickstone at the rate of 20,000tpm (the 'Mining Plan') and trucking it to Dalny for processing, from which a financial model has been derived ('Company Internal Financial Model'). The Pickstone ore body is well understood as a result of previous studies, the latest of which was the Reserve and Resource estimation announced by the Company on 4 March 2014.

The Company, which has employed persons with senior technical skills, has developed the Mining Plan internally with the assistance of Minxcon Pty (Ltd) who have prepared a mining strategy

review which has assisted in assessing the optimum cut-off grade. Minxcon has also reviewed the Dalny processing plant and equipment, which has confirmed the adequacy of the Dalny plant and equipment for the purposes of the Mining Plan. This has confirmed the CAPEX requirement at Dalny as being well within the range of the Company Internal Financial Model.

Under the Mining Plan, initial works at Pickstone and Dalny to prepare for mining and processing are projected to take two months from completion of funding, with mining starting in the third month, processing in the fourth month and gold production in the fifth.

The milling capacity at Dalny is 20,000tpm and the tankage facility is 60,000tpm. If the Company's purchased ball mill currently stored in Europe were brought to Dalny, production could be doubled. The Board therefore considers the Mining Plan to be conservative.

Headline figures for the Company Internal Financial Model showing comparatives with the PFS announced on 4 December 2013 and on the assumption of a gold price of US\$1,300/oz over life of mine are as follows.

Au price: US\$ 1,300/oz LOM		Unit	Mining Plan 20 ktpm ^^	PFS 20-50 ktpm ^^^
Life of Mine (LOM)		Years	19	18
Total project CAPEX (LOM)		US\$m	35	113
Total gold recovered** (LOM)		k'oz	562	766
Avg recovered grade (LOM)		g/t	3.76	2.58
Cash costs (LOM)		US\$/oz	701	430
All-in costs*** (LOM)		US\$/oz	855	669
US\$ NPV 10%		US\$m	76	186
Payback		Months	15	50
IRR		%	73	56
Upfront CAPEX*and working capital		US\$m	14.3	27.3
	Dalny plant rehab/New 20ktpm oxide plant	US\$m	2.1	15.1
	Pickstone Peerless mining site establishment	US\$m	1.0	2.5
	Working capital: pre-production stockpiling	US\$m	2.7	9.7
	Upfront payment for Dalny	US\$m	8.5	-

* Does not include AFCR corporate overhead costs.

** 562koz recovered does not include low-grade stockpiles remaining at Pickstone - available for heap leach or similar processing option

*** Based on 7% revenue royalty - see definition in glossary

^^ Company Internal Financial Model (see Appendix below)

^^^ PFS (see AFCR announcement of 4 December 2013)

More details of the figures shown in the Company Internal Financial Model are given in the Appendix.

The Company's Internal Financial Model has been sensitised to the gold price over the life of mine as follows:

Gold price	US\$/oz	1,100	1,200	1,300	1,400	1,500
NPV 10%	US\$m	42	59	76	93	110
IRR	%	40%	56%	73%	91%	111%

Payback	Months	24	20	15	12	10
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Short term expansion objectives

With the installation at Dalny of AFCR's 20,000tpm ball mill, which is currently being stored in Europe, combined with Dalny's existing 60,000tpm leaching facility and its tailings dam, production could be increased with only limited CAPEX which is to be funded from operational cash flow. Options to expand the Mining Plan include mining at the Giant mine at Gadzema, increased mining at Pickstone and the potential to process material from the Dalny dumps.

Preliminary internal Company models target production potential of 141,000 oz Au from Giant Mine (assuming 30% of current Company resource model) and 128,000 oz Au from the Dalny dumps, without taking into account any additional exploration upside. These preliminary internal models show an increase of 57% in the NPV above the Mining Plan to US\$119 million.

Significant Upside Potential

- Giant Mine has a current Internal Resource of 475,000 oz Au as previously announced. A further drilling programme is planned for 2015 to increase confidence to Reserve category. Trucking distance from Giant is shorter than from Pickstone (46km compared to 56km)

There is more than 2Moz Au not included in the Company Internal Financial Model which could be brought into account in 4-5 years

1.8Mt underground at Dalny at 5.7g/t (325,000 oz Au)

Future potential to treat dump material from Pickstone (1.9Mt at 0.5-4.0g/t Au) and at Dalny (6.8Mt at 0.7g/t Au)

AFCR global gold inventory (Pickstone, Gadzema (including Giant), Dalny will be 5.1Moz

Ability to acquire, joint venture or toll-treat at neighbouring properties

Indigenisation

The Board is of the opinion that the Zimbabwean government recognises the need to negotiate an indigenisation programme that does not prejudice new investors and that the political risk profile is improving

Prior to the proposed purchase of Dalny, AFCR has been provided with an outline indigenisation proposal by an appropriate indigenous entity which is acceptable to the Company, the effect of which has been taken into account in the Company Internal Financial Model

It is envisaged that a similar arrangement will be proposed to include the Dalny acquisition

Other Projects

The Company has been focusing predominantly on Pickstone in order to achieve near term cash flow and there are no significant developments to report on the Company's other projects. Decisions are still awaited from the Supreme Court in Zambia in relation to the Company's copper project at Kalengwa. The Company hopes to be able to make an announcement in connection with the development of its interests in Romania shortly.

Funding

The Company is actively seeking funding by way of a mix of debt and equity in an aggregate sum of approximately US\$18 million. This will necessitate the calling of a General Meeting in order to pass the resolutions to allow the directors to issue the shares necessary to raise the new funding.

As already announced, the Company has agreed in principle a term sheet with a major African

bank. The Company is in discussions to amend the term sheet in order to accommodate the new Mining Plan with Dalny so as to allow for the possibility of obtaining bank finance once regular production of gold from Pickstone has commenced.

The following is the current projected use of funds, which is subject to amendment following completion of the Company's due diligence:

	Cost (US\$m)
Dalny consideration	8.5
Pickstone mine site establishment	1.0
Pre-production working capital	2.7
Dalny plant refurbishment	2.1
	14.3
Corporate overheads, contingencies & new projects	3.7
TOTAL	18.0

In any event, the Company will require further funding in Q3 2014 in order for AFCR to continue operating as a going concern.

****ENDS****

For further information visit www.afcrplc.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. Mr Kellow meets the definition of a "qualified person" as defined in the AIM Note for Mining, Oil and Gas Companies.

GLOSSARY

Term	Explanation
All-in costs	Cash costs plus initial and on-going capital (including costs of the Dalny acquisition), administration costs, marketing costs and royalties over the life of the resource taken into account in the Company Internal Financial Model
Au	Chemical symbol for gold
CAPEX	Capital expenditure
Cash costs	Mining and processing fixed and variable costs
Cut-off grade	The minimum grade at which a unit of ore will be mined to achieve the desired economic outcome.
Indicated mineral resource	An 'indicated mineral resource' is that part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through

	appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.
Inferred mineral resource	An 'inferred mineral resource' is that part of a mineral resource for which tonnage, grade resource and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability.
JORC	Joint Ore Reserves Committee of the Australasian Institute of Mining and Metallurgy
Measured mineral resource	A 'measured mineral resource' is that part of a mineral resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity.
NPV	Net present value
oxide	mineral compounds containing oxygen with minimal or no sulphur compounds
PFS	Pre-Feasibility Study
Probable mineral reserve	A 'probable mineral reserve' is the economically mineable part of an indicated, and in some circumstances, a measured mineral resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified
Proved reserve	A 'proved mineral reserve' is the economically mineable part of a measured mineral resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified
Reserve	Ore Reserve as defined by the JORC Code 2012
Resource	mineral resource as defined by the JORC Code 2012
UNITS	
g	gramme
g/t	grammes per metric tonne - metal concentration
Km	kilometre
Koz	thousand ounces
Kt	thousand metric tonnes
M	metre
Mt	million metric tonnes
Moz	million ounces
oz	fine troy ounce equaling 31.1048 grammes - normal unit used in selling gold

t	metric tonne
tpm	tonnes per month

DISCLAIMER

This announcement does not constitute a prospectus relating to the Company and has not been approved by the UK Listing Authority, nor does it constitute or form any part of any offer or invitation to purchase, sell or subscribe for, or any solicitation of any such offer to purchase, sell or subscribe for, any securities in the Company under any circumstances, and in any jurisdiction, in which such offer or solicitation is unlawful. Accordingly, copies of this announcement are not being and must not be mailed or otherwise distributed or sent in or into or from the United States, Australia, Japan or the Republic of Ireland or any other jurisdiction if to do so would constitute a violation of the relevant laws of, or require registration thereof in, such jurisdiction or to, or for the account or benefit of, any United States, Australian, Japanese or Irish person and any person receiving this announcement (including, without limitation, custodians, nominees and trustees) must not distribute or send it, in whole or in part, in or into or from the United States, Australia, Japan or the Republic of Ireland.

Cautionary statement regarding forward looking information

Except for statements of historical fact relating to the Company, certain information contained in this press release constitutes "forward-looking information". Forward-looking information includes, but is not limited to, statements with respect to the potential of the Company's current or future property mineral projects; the success of exploration and mining activities; cost and timing of future exploration, production and development; the estimation of mineral resources and reserves and the ability of the Company to achieve its goals in respect of growing its mineral resources; and the realisation of mineral resource and reserve estimates. Generally, forward-looking information can be identified by the use of forward-looking terminology such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved". Forward-looking information is based on the reasonable assumptions, estimates, analysis and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made, and are inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of the Company to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to: exploration and mining risks, competition from competitors with greater capital; the Company's lack of experience with respect to development-stage mining operations; fluctuations in metal prices; uninsured risks; environmental and other regulatory requirements; exploration, mining and other licences; the Company's future payment obligations; potential disputes with respect to the Company's title to, and the area of, its mining concessions; the Company's dependence on its ability to obtain sufficient financing in the future; the Company's dependence on its relationships with third parties; the Company's joint ventures; the potential of currency fluctuations and political or economic instability in countries in which the Company operates; currency exchange fluctuations; the Company's ability to manage its growth effectively; the trading market for the ordinary shares of the Company; uncertainty with respect to the Company's plans to continue to develop its operations and new projects; the Company's dependence on key personnel; possible conflicts of interest of directors and officers of the Company, and various risks associated with the legal and regulatory framework within which the Company operates.

Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can

be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements.

APPENDIX

Company Internal Financial Model - Summary

		TOTAL	2014	2015	2016	2017	2018	2019	2020
Gold price	\$/oz	1,300	1,300	1,300	1,300	1,300	1,300	1,300	1,300
Stripping ratio		15	12	11	8	7	8	10	17
Ore mined	Tons	4,446,190	60,103	240,814	240,486	239,151	241,789	239,507	239,486
Recovered grade	g/t	3.76	2.94	2.97	2.78	2.72	2.81	3.84	3.80
Gold produced	oz	562,448	3,929	23,845	22,326	21,704	22,548	30,769	30,446
Revenue	\$'000	731,182	5,108	30,998	29,024	28,216	29,313	39,999	39,580
Mining cost	\$'000	186,530	2,313	8,773	7,391	6,429	7,128	8,469	11,306
Mining cost	\$/ton	41.95	38.49	36.43	30.73	26.88	29.48	35.36	47.21
Plant cost	\$'000	125,593	920	5,531	5,522	5,496	5,517	7,276	6,871
Plant cost	\$/ton	27.00	22.13	22.13	22.13	22.13	22.13	29.18	27.55
Transport	\$'000	48,908	661	2,649	2,645	2,631	2,660	2,635	2,634
Fixed costs	\$'000	22,520	292	1,170	1,170	1,170	1,170	1,170	1,170
Fidelity costs	\$'000	10,968	77	465	435	423	440	600	594
Cash costs	\$'000	394,519	4,264	18,588	17,164	16,149	16,915	20,149	22,575
Cash costs	\$/oz	701	1,085	780	769	744	750	655	741
Capex	\$'000	35,069	11,588*	676	166	4,065	9,997	718	206
Production costs	\$'000	429,588	15,851	19,264	17,330	20,214	26,911	20,868	22,781
Production costs	\$/oz	764	4,034	808	776	931	1,193	678	748
Royalty (%)	7%	51,183	358	2,170	2,032	1,975	2,052	2,800	2,771
All-in costs	\$'000	480,771	16,209	21,433	19,362	22,189	28,963	23,668	25,552
All-in costs	\$/oz	855	4,125	899	867	1,022	1,284	769	839
EBIT	\$'000	250,411	(11,101)	9,565	9,663	6,027	350	16,332	14,028
Taxation	\$'000	55,544	-	-	124	1,212	(202)	3,787	3,211
PAT	\$'000	194,868	(11,101)	9,565	9,539	4,815	552	12,545	10,817
Indigenisation	\$'000	(10,424)	-	(467)	(465)	(202)	-	(632)	(536)
Net cash flow	\$'000	184,444	(11,101)	9,098	9,073	4,612	552	11,913	10,281
Cumulative cash flow	\$'000	184,444	(11,101)	(2,003)	7,071	11,683	12,234	24,147	34,429

*Includes Dalny net cost of US\$8.5m

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