

## **African Consolidated Resources plc ("AF CR" or "the Company")**

### **Joint Venture Finance Agreed in Principle to Commence Mining at Pickstone-Peerless, Zimbabwe**

#### Termination of Dalny Mine Acquisition

African Consolidated Resources plc, the AIM listed resources and development company, announces that, further to the announcements made since 16 June 2014, it has not been able to raise US\$12 million, which constitutes a pre-condition of its conditional agreement to acquire the Dalny Mine and associated infrastructure in Zimbabwe from Falcon Gold Zimbabwe Limited ('Falgold') (the 'Dalny Agreement'). Accordingly, AF CR has formally withdrawn from the Dalny Agreement, and the acquisition of the Dalny Mine for the purpose of trucking mined ore from the Company's Pickstone-Peerless mine will not go ahead. As a consequence of the termination of the Dalny Agreement, AF CR is due reimbursement of \$500,000 of the initial payment of US\$1 million held on account by Falgold.

#### Proposed Joint Venture Financing

AF CR is nevertheless pleased to announce that it has, in principle, secured joint venture finance which will enable the Company to start mining at Pickstone-Peerless with a local partner ('the Partner'). Whilst a definitive contract has yet to be concluded, the terms of the non-binding agreement in principle ('Agreement In Principle') envisage that AF CR will transfer its interest in Pickstone-Peerless and in Gadzema (including the Giant Mine) to a jointly owned company ('NewCo') over which the Company will have management control and into which the Partner will contribute US\$4 million cash for a 50 per cent. equity holding in NewCo. Conversion rights for the interest of the Partner in NewCo into ordinary shares of 1p each in AF CR is contemplated but the precise terms are not yet finalised.

The finance into the joint venture is calculated by the Company to be sufficient to commence production at Pickstone-Peerless within eight months at a provisionally targeted run-rate of ore production of 10,000 tonnes per month. As part of the joint venture arrangements, provision has been made for compliance with Zimbabwe's indigenisation laws on a basis consistent with what was outlined in the Company's announcement of 16 June 2014 in connection with the then proposed acquisition of the Dalny Mine.

Furthermore, the Partner has provisionally agreed to make a US\$2 million loan facility to the AF CR group at an interest rate of 1 per cent per month (the 'Loan Facility'). In the absence of any agreement for extension, the proposed facility would be re-payable in four equal instalments in the period between the first anniversary and the third anniversary of the facility being granted.

Whilst the Directors have every confidence that a definitive contract relating to the non-binding Agreement In Principle and Loan Facility will be signed in the near term, there can be no assurance that any such agreement will be formally entered into either at all or on the same terms.

In the absence of any other financing, AF CR requires formal signing of the Loan Facility in the very near term in order to continue operating as a going concern.

Further announcements will be made in due course in relation to the Company's financing developments and revised mine plan.

Roy Pitchford, Chief Executive Officer said, "Raising new investment finance for Zimbabwe has proved extremely difficult and I am very pleased to have secured funding in principle on a joint

venture basis with a view to commencing production at Pickstone-Peerless. The success of this joint venture will encourage further investment to expand operations at Pickstone-Peerless and in future at the Giant Mine."

**\*\*ENDS\*\***

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