Consolidated Minerals Limited
March 2011

Financial Results for the three months to 31 March 2011

$405,000,000 8.875% Senior Secured Notes due 2016

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Consolidated Minerals Limited (‘Consmin’ or the ‘Company’)
First Quarter Report for period ending 31 March 2011

8 June 2011
All figures in accordance with IFRS and in United States Dollars, unless otherwise stated

Consolidated Minerals Limited, a leading manganese producer, announces its quarterly results for the period ended 31 March 2011.

Key Highlights (comparing Q1 2011 to Q1 2010)

- Excellent safety performance in Australia and Ghana, including no Lost Time Incidents (‘LTI’) in both countries and achieving 4 years LTI free at our chromite mine in Coobina (Australia)
- Strong manganese and chromite production for the quarter, which increased by 18.0% and 64.9%, respectively
- Manganese and chromite sales volumes increased by 25% and 82%, respectively
- New high grade manganese products delivered from Woodie Woodie
- High grade manganese carbonate products delivered from GMC
- Focus on productivity improvement initiatives to target a reduction in the cost base at Woodie Woodie, and to increase operating margin
- Manganese revenues increased by 4% to $151.6 million, despite a decrease of 8% in the average price achieved from $5.80/dmtu FOB in Q1 2010 to $5.33/dmtu FOB in Q1 2011, mainly driven by higher stock levels in China
- EBITDA during the period was adversely impacted by the lower price received and the negative impact on the Company’s cost base from a strengthening Australian dollar
- Strong cash position and relatively conservative debt position at quarter end

Key Performance Indicators

Unaudited	Quarter ended 31 March 2011	Quarter ended 31 March 2010	% change
Manganese ore produced (dry kt)	802.6	680.3	18.0%
Manganese ore sales (dry kt)	799.4	639.0	25.1%
Average C1 manganese unit cash cost ($/dmtu)[1]	3.51	2.98	17.8%
Average manganese FOB Sales price ($/dmtu)	5.33	5.80	(8.1%)
Chromite ore produced (kt)	55.4	33.6	64.9%
Chromite sales (kt)	46.6	25.6	82.0%
Average C1 chromite unit cash cost ($/t)[1]	280	112	150.0%
Average chromite FOB sales price ($/t)	303	209	45.0%
Revenue ($ million)	171.4	182.7	(6.2%)
Adjusted EBITDA ($ million)[2]	59.1	77.7	(23.9%)

Unaudited	Quarter ended 31 March 2011	Year ended 31 December 2010	% change
Cash and cash equivalents ($ million)	111.8	97.7	14.4%
Gross debt ($ million)	58.3	66.7	(12.6%)
Net debt/(cash) ($ million)	(53.5)	(31.0)	(72.6%)

[1] Average C1 manganese or chromite unit cash cost represents the cash cost incurred at each processing stage from mining through to shiploading, over the total manganese dmtus or chromite tonnes produced. Included within the C1 manganese unit cash cost are allocation of offsite, non-corporate, support services. Depreciation, government royalty payments, deferred stripping adjustments and stockpile movements are not included in the calculation.

[2] Adjusted EBITDA is defined as operating profit plus depreciation and amortisation, impairment write-back/expense, net foreign exchange gain/loss and non-cash inventory write-downs. Adjusted EBITDA is not a uniformly or legally defined measure and is not recognised under IFRS or any other generally accepted accounting principles. We consider this measure an important indicator of our representative, recurring operations. Other companies in the mining industry may calculate this measure differently and consequently, our presentation of Adjusted EBITDA may not be readily comparable to other companies’ figures.

Commenting on the results, Glenn Baldwin (CEO of Consmin) said:

"We are pleased to publish our inaugural quarterly results for Consmin, which show increased production levels across both our manganese and chromite operations. We introduced a new high grade manganese product at Woodie Woodie during the quarter, which expands Consmin's premium product range. Manganese sales have increased significantly confirming the value of our products in alloy and manganese metal production. Although the Australian dollar was appreciably stronger against the US dollar, and the benchmark manganese price was weaker, the increased production matched with cost reduction projects resulted in a solid EBITDA margin. The successful $405 million bond financing that we finalised in April 2011 will enable the Company to focus on the extensive exploration potential of our assets in Australia and Ghana."

About Consolidated Minerals Limited

Consmin is a leading manganese ore producer within mining operations in Australia and Ghana. The principal activities of the Company and its subsidiaries (the "Group") are the exploration, mining, processing and sale of manganese products. The Group's operations are primarily conducted through four major operating/trading subsidiaries; Consolidated Minerals Pty Limited (Australia), Ghana Manganese Company Limited (Ghana), Manganese Trading Limited (Jersey) and Pilbara Trading Limited (Jersey).

Consolidated Minerals Limited is headquartered in Jersey and the address of its office is Commercial House, 3 Commercial Street, St Helier, Jersey, Channel Islands, JE2 3RU.

Company Information

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Conference Call

There will be a conference call for analysts and bondholders on 8 June 2011 at 12:00 pm London time. The dial-in details are as follows:

Participant dial in number: +44 (0)20 8515 2302

Forward looking statements

This report includes "forward-looking statements" that express or imply expectations of future events or results. Forward-looking statements are statements that are not historical facts. These statements include, without limitation, financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future production, operations, costs, products and services, and statements regarding future performance. Forward-looking statements are generally identified by the words 'plans,' 'expects,' 'anticipates,' 'believes,' 'intends,' 'estimates' and other similar expressions.

All forward-looking statements involve a number of risks, uncertainties and other factors. Although Consmin's management believes that the expectations reflected in such forward-looking statements are reasonable, investors are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of Consmin, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements contained in this report. Factors that could cause or contribute to differences between the actual results, performance and achievements of Consmin include, but are not limited to, political, economic and business conditions, industry trends, competition, commodity prices, changes in regulation, currency fluctuations (including the Australian dollar and US dollar exchange rates), Consmin's ability to recover its reserves or develop new reserves, including its ability to convert its resources into reserves and its mineral potential into resources or reserves, and to timely and successfully process its mineral reserves, risk of trespass, theft and vandalism, changes in its business strategy, as well as risks and hazards associated with the business of mineral exploration, development, mining and production. Accordingly, investors should not place reliance on forward looking statements contained in this report.

The forward-looking statements in this report reflect information available at the time of preparing this report. Subject to the requirements of the applicable law, Consmin explicitly disclaims any obligation or undertaking publicly to release the result of any revisions to any forward- looking statements in this report that may occur due to any change in Consmin's expectations or to reflect events or circumstances after the date of this report. No statements made in this report regarding expectations of future profits are profit forecasts or estimates, and no statements made in this report should be interpreted to mean that Consmin's profits for any future period will necessarily match or exceed the historical published profits of Consmin or any other level.

Operational Review

Manganese Segment

Summary Overview for Manganese (Unaudited)	Quarter ended 31 March 2011	31 March 2010	% change
Total mined (kBCM)	6,279.3	4,924.7	28%
Manganese ore produced (dry kt)	802.6	680.3	18%
Australia	*320.6*	*279.5*	*15%*
Ghana	*482.0*	*400.8*	*20%*
Manganese ore produced (mdmtu)	27.8	24.4	14%
Australia	*14.1*	*13.3*	*6%*
Ghana	*13.7*	*11.1*	*23%*
Manganese ore sales (dry kt)	799.4	639.0	25%
Australia	*300.5*	*370.9*	*(19)%*
Ghana	*498.9*	*268.1*	*86%*
Manganese ore sales (mdmtu)	28.5	25.2	13%
Australia	*14.2*	*17.5*	*(19)%*
Ghana	*14.3*	*7.7*	*86%*
Total capex (US$ million)	13.4	9.1	47%
Average unit cash cost (US$/dmtu)	3.51	2.98	18%

Market Conditions

China remains the key market driving steel demand. According to the China Iron and Steel Association, the Chinese crude steel production for Q1 2011 was 174 million tonnes, representing a 9% year-on-year increase, which implies an annualised rate of approximately 700 million tonnes. The manganese ore stock levels in China's ports increased during the quarter to approximately 3.5 million tonnes, a level that although is an historical high, shows the continued demand by China for imported manganese ore. Stocks have increased primarily due to a decline in alloy production in the fourth quarter of 2010. This softening of the steel market has had the knock-on effect of causing a slowing of purchasing raw materials, resulting in the build-up of raw material stockpiles. However, the market outlook for manganese remains positive, with the key drivers including: continued growth in Chinese production levels; high demand growth in other emerging economies such as India; as well as positive demand trends in other major steel producing economies.

Manganese is priced on a monthly basis with the price for 43.5% manganese grade declining over the quarter from $6.50/dmtu CIF China in January to $6.00/dmtu CIF China in March. The reference prices for May and June is $5.30/dmtu CIF China, as the declining price trend has continued. The average reference price for 43.5% grade manganese was $7.33/dmtu CIF China during 2010 and $7.50/dmtu CIF China during the first quarter of 2010. The manganese price is cyclical in nature and has been decreasing from mid-2010. The Company believes that the current price is close to the floor price and pricing forecasts from CRU, AME and Macquarie Bank indicate that the manganese price will improve through the end of 2011 and beyond.

Cash Costs

The Company is focused on managing its cash costs and has undertaken several initiatives during the quarter aimed at reducing costs that are within the Company's control. During the quarter, cash costs for manganese were primarily impacted by the strengthening Australian dollar, given the revenue base of the Company is in US dollars and the cost base of the Company's Australian operations is in Australian dollars. The increased costs were also impacted by an approximate 30% increase in total (waste plus ore) mine volumes compared to the first quarter of 2010, as the mines continue to ramp up ore production.

Australia: Woodie Woodie

Overview

The Woodie Woodie tenements comprise approximately 5,500km^2 of land in and around the Woodie Woodie mine in the Pilbara region of Western Australia, of which the current active mining area is approximately 100km^2 (the 'Woodie Woodie corridor'). The Company's operations at Woodie Woodie are located approximately 425km inland from Port Hedland, which is well situated to serve high-demand Asian markets, such as China. The infrastructure at Woodie Woodie includes a government-owned sealed road to Port Hedland and a dedicated all-weather airstrip, owned by the Company, allowing for air travel time of less than 2 hours from Perth. Consmin was ranked in 2010, as the second largest producer of manganese ore by volume produced in Australia (according to CRU). The manganese ore produced at Woodie Woodie has a high manganese content, low phosphorous content and excellent manganese to iron ratio which makes it well-suited for blending with the lower grade domestic ores of China and Ukraine. The attractive characteristics of the

Company's Australian high grade manganese ore generally attracts a premium over prevailing market prices for 43.5% manganese lump, as quoted by CRU.

Safety

Woodie Woodie recorded no LTIs for the quarter and the current Lost Time Injury Frequency Rate ('LTIFR') as at 31 March 2011 was 2.2, compared with an industry average of 2.8.

Production

Production at the Woodie Woodie mine totalled 321 kt of manganese ore during the quarter, representing an increase of 15% compared to the same period last year. The majority of production during the quarter was from the Greensnake, Demon and Lucy Mac pits. Total BCMs mined increased by approximately 30% compared to the same quarter in the previous year. The productivities in the first quarter of 2011 are better than the comparable period in 2010. The first quarter of 2010 saw mining affected by Cyclone Laurence, which caused on-site flooding. Greensnake Pit was flooded in late December 2009 and was not fully pumped out until the second quarter of 2010; consequently Greensnake stripping was lower than planned and also significantly lower than the first quarter of 2011.

An upgrade of the apron feeder and new screens in the processing plant resulted in a 15% increase in crusher throughput, compared to the comparable quarter in the previous year. Sales volumes were impacted due to the extensive rainfall in North-West Australia, which flooded rivers in the area for a longer period than the Company had planned for during the quarter. This led to significant infrastructure constraints, as road trains were unable to travel on the roads for extended periods, which reduced the volume of hauled tonnes delivered to port by 19% compared to the first quarter last year, despite the increase in production.

The Company is committed to reducing the cost base of the Woodie Woodie mine by achieving improvements in productivity. During the period, the first three of a total of five new production drill rigs were commissioned, which the Company believes will result in improved drill and blast practices for the remainder of the current financial year and beyond. The Company, as part of its drive to increase margin, also reduced the number of excavators to 5 (from 6); yet achieved higher volumes for the quarter compared to the last quarter of 2010. This excavator initiative to increase margin is expected to reduce the cost base of Consmin by approximately $8 million in 2011.

The two standard lump products produced by Australia during the quarter were WW48L and WW40L (where 48 and 40 are the % of manganese, and the 'L' denotes lump). The Company changed its high grade manganese products to WW49L and WW46L, and maintained WW40L in recognition of the ore types available from the planned pits. The new products show the ability of Consmin to consistently produce high quality manganese products and meet customer requirements, especially in the high grade product range.

During the current period, there was an interruption in production at Demon pit, due to a wall failure. This interruption will delay production from Demon pit until the third quarter of the current financial year, and may slightly reduce the blended grade of the third quarter sales.

Capex

A total of $4.0 million was spent on capex at Woodie Woodie during the quarter, focusing on the commissioning of new drills rigs, the 'Waterwall' project, radio communications upgrade and critical spares purchases.

Waterwall project

The Company continued the Waterwall project during the quarter, which is an initiative to reduce the ground water entering into the Greensnake pit at Woodie Woodie. This capital project has the potential to minimise ground water inflow into large open pits and therefore reduce the associated pumping and mining costs. The project involves creating a grout curtain to form an 'impenetrable barrier'. The project will be continuing over the remainder of the year.

Exploration and Resource Development

The Company's resource development programme continues and a total of $1.9 million was spent on exploration during the quarter. Drilling was undertaken at the Canyon, Hunter, Molly, Parrot, Sardine and Vespa deposits in the Woodie Woodie corridor; three rigs drilled a total of 32,874m during the period.

- At Canyon a total of 38 holes for 5,425m were drilled (key results were intercepts of 37m at 44.6% Mn (CNRD102), 26m at 42.6% Mn (CNRD103), 24m @ 44.4% Mn (CNRD150) and 30m at 42.4% Mn (CNRD124))
- The Resource Development phase at Canyon was completed and tonnage has been substantially increased
- At Hunter, the known mineralisation was extended with a total of 91 holes for 12,443m were drilled (key results were intercepts of 20m at 35.6% Mn (HURD008), 15m at 39.1% Mn (HURD009) and 32m at 41.2% Mn (HURD017))

The resource development at Woodie Woodie is targeting the conversion and growth of the resources within the Woodie Woodie corridor, improving the Company's reserve confidence for mining conversion over the next two years.

The period from January to April is typically unsuited to regional exploration due to the seasonal weather conditions. During this period, regional exploration has focused on interpreting and documenting exploration activity results from the previous regional exploration drilling season as well as planning for recommencement of drilling from May to, approximately October.

Projects

The Company is undertaking an assessment of infrastructure requirements at Ripon Hills (which is located within the Woodie Woodie region), required for the development of a new mine. A high level concept report is due to be finalised in the second quarter of 2011.

Ghana: Ghana Manganese Company Limited ('GMC')

Overview

The GMC mine, also known as the Nsuta mine, comprises approximately 175km^2 of land in and around Nsuta in the Western Region of Ghana, of which the current active mining area is less than 3% of the total area. The Company's operations at GMC are located approximately 63km by rail or 92km by public road from the port facilities at Takoradi. A 30-year mining concession for manganese was granted to GMC in 2001 and Consmin operates under this lease. The manganese ore exported from GMC is a high grade manganese carbonate (as opposed to a manganese oxide) with very high manganese to iron ratio, which makes it well suited to alloy and electrolytic manganese metal ('EMM') production. The ore produced at GMC is low in phosphorus and other deleterious elements, which enable it to be an excellent replacement for the low grade carbonate ores of China.

Safety

The safety record at Nsuta shows encouraging performance in the quarter under reference, with no major reportable incidents and/or accidents.

Production

Production at GMC totalled 482 kt of manganese ore during the quarter, representing an increase of 20% compared to the same period last year. The total production during the quarter was from C Pit and total BCMs mined increased by 12% compared to the same quarter in the previous year, continuing the build up to higher levels of sustainable production. Sale volumes increased by 86.1% to 499 kt of manganese ore during the first quarter, with the strong shipment volumes in the quarter driven by the production levels at pit C. Full refurbishment of a self propelled barge was completed in January 2011, enabling GMC to continue to control and operate ship loading activities. The carbonate market in China showed strong demand for GMC ore during the quarter and we expect this to continue during the current period.

Capex

During the period under reference, the Company made a proposal to the Ghana government for a Public Private Partnership ('PPP') project for the railway, which will provide rehabilitation and upgrade to the railway line between Nsuta and Takoradi. The project is designed to increase both haulage volumes and efficiency, whilst also contributing to a reduction in costs. The Company have identified up to $30 million of funding for the railway project, which was planned to be provided by the recent bond financing.

Exploration

All production at GMC is currently produced from a newly developed C Pit, which comprises the former C North and South, D North and South and E Pits. Resource drilling in C Pit during the quarter was successful and typical drilling results achieved included 114m at 31.1% Mn from 393m of drilling in two diamond drill holes. GMC continues to undertake additional exploration projects on its concession.

Projects

The GMC Environmental Management Plan ('EMP') was also approved during the period, which resulted in the Environmental Protection Agency issuing a new 3 year environmental certificate (until 2014) continuing approval for the mining operation in Ghana.

Chromite Segment

Australia: Coobina

Overview

The Coobina mine ('Coobina') produces chromite ore lump and fines. The operation is located approximately 550km inland from Port Hedland, Western Australia and is well situated to serve the growth market of China. Coobina's mining operations were placed under care and maintenance in December 2008, as a result of the decline in price of chromite ore during the global financial crisis. The mine resumed production in August 2010 after positive drilling activity in early 2010 confirmed the structural geology model of Coobina's chromite deposits. Coobina's chromite ore can be used or blended to produce ferrochrome. It has a good magnesium-to-alumina ratio, which is highly valued by alloy producers.

Safety

During the quarter, Coobina achieved a milestone of no recorded LTI for over 4 years. This is an excellent achievement given the mine has undergone an extensive transitional period from mining, to care and maintenance, and a resumption of mining activity again in August 2010.

Production

Coobina consists of several small open pit chromite mines. The mining activity since the restart has primarily been focused on the Blatchfords pit, which was mined out this quarter. Production totalled 55.4 kt of chromite ore during the quarter, representing an increase of 65% compared to the same period last year, when low grade stockpiles were treated and there was no mining activity. The heavy rainfall in North West Australia during the quarter resulted in road trains being unable to deliver planned volumes to Port Hedland and resulted in a total of 20 days of lost mining at Coobina.

Exploration

Exploration in the quarter was focused on the Wrights and Finucane project areas, which are planned to deliver an inaugural reserves and resources statement at the end of the second quarter. The reserves and resources statement will provide the Company with an increased level of certainty in planning the development of Coobina during the remainder of 2011 and beyond.

Other Segment

Mindy Mindy

Consmin has a significant interest in Mindy Mindy tenements through its 50% shareholding in Pilbara Iron Ore Pty Ltd ('PIO'), (but is subject to court determination on one of the tenements).

BC Iron Limited ('BC Iron')

BC Iron is an iron ore mining company listed on the ASX (ticker: BCI). Consmin increased their shareholding from 21.1% to 24.6% as at 31 May 2011. This brings the Group's shareholding back in line with the Company's holding in November 2010 of 23.3%. The value of the Company's holding in BC Iron at 31 March 2011 was US$49.5 million. As at 6 June 2011, the value of the holding was US$73.6 million.

OM Holdings Limited ('OM Holdings')

OM Holdings is primarily a vertically integrated manganese marketing and mining company listed on the ASX (ticker: OMH). Consmin's shareholding in OM Holdings remained at 11.4% during the quarter. The value of the Company's holding in OM Holdings was US$83.3 million as at 31 March 2011. As at 6 June 2011, the value had decreased to US$56.9 million.

Sustainable Development

Consmin adopts an active approach toward sustainability and views it as a vital component of the corporate strategy. Consmin strives to create a safe and healthy workplace, whilst recognising that it has an obligation to all stakeholders and the wider community and environment. It is also committed to fostering an environment that creates opportunities for our people to grow towards their potential and contribute to the Company's success.

During the period, the Company commenced the Woodie Woodie Bio-fuels Project, which is designed to efficiently use the water from the mine dewatering operations for the irrigation of crops in the mining lease area. This initiative is aligned with the plans of the Department of Water and the Department of Regional Development and Lands, as well as the Pilbara Integrated Water Supply pre-feasibility study that was completed and accepted in 2009. The scope of the Woodie Woodie Bio-fuels Pilot Project will be to test the viability of various plants in order to establish the feasibility of a commercially sized bio-fuels venture. In August 2010, Consmin received a Government grant for A$250,000 as part of a West Australian Government sponsored programme for regional development.

In Ghana, the Company signed a Memorandum of Understanding for a biomass project for GMC power generation. This project is designed to create an independent source of power supply, reduce the cost of on-mine electricity, create alternative livelihood employment and improve the mine's carbon footprint.

The Company has undertaken an initiative focused on an educational and financial literacy training programme for its workforce in Ghana, which was launched in March 2011 and will continue during the remainder of the year. The Company is targeting providing training for 100 employees during 2011.

People

The Group Executive Committee's ('GEC's) role is to guide the operational management decisions of the Company. Its members are Glenn Baldwin (CEO), Jackie Callaway (CFO), Oleg Sheyko (CEO of Metals Solutions Limited), Peter Allen (Managing Director: Marketing), Jurgen Eijgendaal (Managing Director: Ghana), and Simon Youds (Managing Director: Australia).

The marketing division of Consmin successfully relocated to Jersey from Singapore on 1 January 2011, and is now led by Peter Allen who transferred from Perth to Jersey in April 2011. Peter brings a wealth of marketing and commercial knowledge to the team in Jersey and will fill a key decision making role within the Company. During the period, Brett Suann (previously Managing Director: Marketing) moved to Perth from Singapore (where the Company's trading operations were previously based) as the General Manager of Infrastructure. In his new role, Brett will be focused on delivering sustainable infrastructure projects for Consmin in Australia.

Recent Developments

Consmin successfully completed their inaugural $405 million bond financing on 28 April 2011, with $250 million being used for repayment of loans from the Shareholder and the balance for general corporate purposes including exploration for manganese in Australia and Ghana, the Ghana railway project and bulk earth moving equipment projects.

The Company's Board of Directors declared a dividend of $50 million on 5 April 2011, which was paid in April 2011 from existing cash balances and reserves, and was based on the positive results of 2010.

The Company received a mining licence for the Sardine pit at the Woodie Woodie mine during the current period.

Financial Information and Review

Management Discussion and Analysis

Unaudited Condensed Consolidated Income Statement

$'000	Group Consolidated 3 Months Ended 31 Mar 11	31 Mar 10
Revenue	171,390	182,674
Cost of sales	(130,021)	(110,174)
Gross profit	41,369	72,500
Selling and distribution expenses	(20,770)	(16,922)
General and administrative expenses	(10,977)	(9,476)
Other operating income – net	1,001	2,335
Net foreign exchange gain / (loss)	907	65,346
Operating profit / (loss)	11,530	113,783
Analysed as:		
Depreciation and amortisation	(31,612)	(30,779)
Impairment write-back	-	1,540
Net foreign exchange gain / (loss)	907	65,346
Non-cash inventory writedown	(16,872)	-
Adjusted EBITDA	**59,107**	**77,676**
Share of profit / (loss) of associates	(362)	(79)
Gain/(loss) on disposal of available-for-sale financial investments	-	(9,721)
Profit / (loss) before tax and finance items	11,168	103,983
Net finance expense	(1,197)	(1,026)
Profit before tax	9,971	102,957
Income tax credit/(expense)	12,063	(6,406)
Profit for the period	22,034	96,551

Unaudited Condensed Segment Information

31 March 2011 – $'000	**Manganese**	**Chrome**	**Ferroalloys**	**Other**	**Total**
Revenue from external customers	151,600	14,140	5,650	-	171,390
Cost of goods sold	(108,010)	(16,322)	(5,372)	(317)	(130,021)
Gross profit	43,590	(2,182)	278	(317)	41,369

31 March 2010 – $'000	**Manganese**	**Chrome**	**Ferroalloys**	**Other**	**Total**
Revenue from external customers	145,803	5,348	22,869	8,654	182,674
Cost of goods sold	(76,621)	(2,636)	(21,989)	(8,928)	(110,174)
Gross profit	69,182	2,712	880	(274)	72,500

Revenue

The Company's revenue during Q1 2011 predominantly reflected sales of manganese ore produced by our Australian and Ghanaian operations and chromite ore produced by our Australian operations. Ferroalloy trading was also undertaken during the quarter.

The consolidated revenue for the Group decreased by 6.2% from $182.7 million in Q1 2010 to $171.4 million in Q1 2011. This decrease primarily relates to lower sales of ferroalloys and third party ores, and a reduction in the price achieved for manganese ore. The average manganese price for the Group decreased by 8.1% from $5.80/dmtu FOB in Q1 2010 to $5.33/dmtu FOB in Q1 2011. The increase in revenue from the sale of chromite ore and the higher sales volumes of manganese ore, however, partially offset these decreases.

Note 7 to the financial statements shows the geographic split of the Group's revenue. Sales to related parties have decreased from 52% of total revenue in Q1 2010 to 31% in Q1 2011 and, in the same period, sales to China increased from 27% to 63%.

Revenue from sales of manganese ore has increased from $145.8 million in Q1 2010 to $151.6 million in Q1 2011, an increase of 4.0%. The Group sold 799.4 dry kt of manganese ore in Q1 2011, compared to 639.0 dry kt in Q1 2010, an increase of 25.1%. The average price of our manganese ore sold in Q1 2011 was $5.33/dmtu FOB, compared of $5.80/dmtu FOB in Q1 2010, a decrease of 8.1%.

Revenue from sales of chromite ore increased from $5.3 million in Q1 2010 to $14.1 million in Q1 2011, an increase of 164%. The main reason for the significant increase in revenue on a comparable basis is due to the chromite mining operations being on care and maintenance during the first half of 2010. Whilst under care and maintenance, our production and sales of chromite ore was mainly limited to beneficiation of chromite fines, which tend to attract a lower average sale price. The chromite mining operations resumed in August 2010 and enabled the production of chromite lump, which accounted for 67% of the chromite ore sold in Q1 2011.

Revenue from the ferroalloys trading operation decreased from $22.9 million in Q1 2010 to $5.7 million in Q1 2011, a decrease of 75.3%. The volume of ferroalloy trading has significantly decreased from the second half of 2010, due to decreased profitability of sales in the North-East Asian market.

The nickel operations remained on care and maintenance during Q1 2011 and no revenue was recognised from our nickel operations during this period.

Cost of Sales

The cost of sales of the Group increased from $110.2 million in Q1 2010 to $130.0 million in Q1 2011, an increase of 18.0%. The increase in cost of sales from Q1 2010 to Q1 2011 primarily reflected the following:

- The strengthening of the Australian dollar against the US dollar has had a significant impact on the cost of sales. The average exchange rate for Q1 2011 was $1.0052/A$ compared to an average exchange rate of $0.9029/A$ in Q1 2010. This represents an 11.3% increase, which significantly impacted our cost of sales for the Australian operations, as they are primarily denominated in Australian dollars

- An increase in mining expenses of 61.3%, predominantly reflecting the increased level of ore and waste moved in Q1 2011 compared to Q1 2010

- In Q1 2011 there was a non-cash inventory write-down of $16.9 million. The write-down relates primarily to manganese inventory for the Australian operations, which was written down to net realisable value due to the decrease in the sales price and the adverse movement in the exchange rate

The increase in cost of sales was partially offset by a net increase in closing inventories of $14.7 million in Q1 2011, compared to a net increase in closing inventories of $11.8 million in Q1 2010.

Cost of sales for the manganese segment increased from $76.6 million in Q1 2010 to $108.0 million in Q1 2011, an increase of 41.0%. Mining and production expenses constitute the greatest portion of our cost of sales. The Group mined 6.3 million BCMs in Q1 2011 compared to 4.9 million BCMs in Q1 2010, an increase of 27.5%. Additionally, the total manganese ore produced increased from 680.3 dry kt in Q1 2010 to 802.6 dry kt in Q1 2011, an increase of 18.0%. This significant increase in mining and production, combined with the significant strengthening of the Australian dollar against the US dollar, has resulted in the average unit cost of manganese production increasing from $2.98/dmtu in Q1 2010 to $3.51/dmtu in Q1 2011, an increase of 17.8%.

Cost of sales for the chromite operations increased from $2.6 million in Q1 2010 to $16.3 million in Q1 2011. The primary driver of this increase was the increase in production due to the restart of chromite mining activities in August 2010.

Costs of sales for ferroalloys have decreased from $22.0 million in Q1 2010 to $5.4 million in Q1 2011. The decrease is due to the significant decrease in trading volumes of ferroalloys in Q1 2011, due to decreased profitability of sales in the North-East Asian market.

Gross Profit

Gross profit for the Group has decreased from $72.5 million in Q1 2010 to $41.4 million in Q1 2011, a decrease of 42.9%.

Gross profit for the manganese segment decreased from $69.2 million in Q1 2010 to $43.6 million in Q1 2011, a decrease of 37.0%. The decrease is mainly due to the increase in cost of sales during Q1 2011, compared to Q1 2010. The decrease in average price achieved during Q1 2011, on a comparable basis to Q1 2010, was also a factor; however this was partially offset by the increase in sales volumes.

Gross profit for the chromite segment decreased from $2.7 million to a gross loss of $2.2 million. This decrease is predominantly due to significant increases in cost of sales as a result of the restarting of the chromite mining operations. In Q1 2010, the cost of sales mainly included the processing the fines and transportation costs. In Q1 2011, the costs include the operating costs, as well as ore and waste mining required in restarting and ramping up production. Full production is expected to be achieved in Q3 2011.

Other Key Items

- Selling and distribution expenses increased from $16.9 million in Q1 2010 to $20.8 million in Q1 2011, an increase of 22.7%. The increase in these expenses is mainly due to the additional volumes of ore that were sold during Q1 2011 compared to Q1 2010. The additional sales resulted in an increase in volumes of manganese transported from the mining tenements to the port for shipment to customers. Selling and distribution expenses were also adversely impacted by the strengthening of the Australian dollar against the US dollar

- General and administrative expenses for the group increased from $9.5 million in Q1 2010 to $11.0 million in Q1 2011, an increase of 15.8%. The increase in general and administrative expenses is primarily due to an increase in personnel costs from $3.2 million in Q1 2010 to $4.6 million in Q1 2011. The increase in personnel costs is largely attributable to a market related pay adjustment across the Group, costs relating to the closure of the Singapore office and one-off personnel costs relating to the establishment of the corporate office in Jersey

- The Group recognised a net foreign exchange gain of $0.9 million in Q1 2011, compared to a net foreign exchange gain of $65.3 million in Q1 2010. The significant net foreign exchange gain in Q1 2010 was due to the strengthening of the British pound against the US dollar, which resulted in gains in relation to British pound-denominated shareholder loans. As a result of amendments to the loans in November 2010, the shareholder loans are now classified as shareholders' equity in accordance with IFRS. Consequently, the Group is no longer exposed to a translation effect in relation to these loans

- The Group has not recognised any gain or loss on disposal of available-for-sale financial investments in Q1 2011, compared to a recognised loss of $9.7 million in Q1 2010, which related to the disposal of the shareholding in Jabiru Metals Limited (ASX listed)

- The Group is subject to taxation in Australia, Ghana and Singapore. The Company is domiciled in Jersey and is subject to a corporate tax rate of 0%. The Group recognised an income tax credit in Q1 2011 of $12.1 million, compared to an income tax expense of $6.4 million in Q1 2010. The majority of the income tax credit in Q1 2011, 77.8%, relates to deferred income tax credits in the Australian operation; 56.7% of these credits have arisen as a result of non-cash inventory write-down in the quarter

Profit for the Period

The Group has recognised a profit for Q1 2011 of $22.0 million compared to a profit of $96.6 million in Q1 2010, a decrease of 77.2%.

Unaudited Condensed Consolidated Balance Sheet

	Group Consolidated As at	
$'000	**31 Mar 11**	**31 Dec 10**
Cash and cash equivalents	111,751	97,745
Other current assets	225,684	226,727
Non-current assets	1,145,565	1,147,839
Total assets	1,483,000	1,472,311
Current borrowings	56,352	64,635
Non-current borrowings	1,903	2,056
Other Current liabilities	88,530	91,776
Other Non-current liabilities	96,375	106,594
Total Liabilities	243,160	265,061
Total equity	1,239,840	1,207,250

Cash and Cash Equivalents

Cash and cash equivalents increased from $97.7 million on 31 December 2010 to $111.8 million on 31 March 2011, an increase of 14.4%.

Borrowings

Group current borrowings have decreased from $64.6 million on 31 December 2010 to $56.4 million on 31 March 2011, a decrease of 12.8%, primarily due to the decrease in Group bank overdrafts from $35.7 million on 31 December 2010 to $22.0 million on 31 March 2011. This decrease has been partially offset by an increase in stockpile funding from $23.0 million on 31 December 2010 to $30.0 million on 31 March 2011; the stockpile funding is in relation to our Australian operations.

During the three months ended 31 March 2011, the Guarantors represented 80.9% (31 March 2010: 90.3%) of our consolidated revenues and 76.5% (31 March 2010: 89.2%) of our consolidated EBITDA. As of 31 March 2011, the Guarantors represented 91.0% of our consolidated total assets (31 March 2010: 92.9%). As of 31 March 2011, the non-guarantor subsidiaries have $13.8 million (31 March 2010: $7.6 million) of indebtedness outstanding.

Unaudited Condensed Consolidated Cash Flow Statement

$'000	Group Consolidated 3 Months Ended 31 Mar 11	31 Mar 10
Cash flows from operating activities	40,561	45,337
Cash flows from investing activities	(13,931)	32,457
Cash flows from financing activities	1,678	(13,637)
Increase in cash and cash equivalents	28,308	64,157
Cash and cash equivalents at the start of the period	62,071	5,069
Exchange (losses)/gains on cash and cash equivalents	(643)	247
Cash and cash equivalents at the end of the period	**89,736**	**69,473**

Cash Flows

Net cash generated from operating activities amounted to $40.6 million in Q1 2011 compared to $45.3 million in Q1 2010, a decrease of 10.5%.

Net cash used in investing activities was a net cash outflow of $13.9 million in Q1 2011 compared to a net cash inflow of $32.5 million in Q1 2010. The main reason for the significant movement was that, in Q1 2010, the Group sold its shareholding in Jabiru Metals Limited receiving cash proceeds of $41.5 million.

Net cash used in financing activities was an inflow of $1.7 million in Q1 2011 compared to an outflow of $13.6 million in Q1 2010. The positive movement is predominantly due to additional drawings under the stockpile funding facility of $6.6 million in Q1 2011, compared to net repayments in Q1 2010 of $17.6 million. Additionally, there was repayment of other bank borrowings of $42.3 million in Q1 2010 compared to $2.0 million in Q1 2011.

There was a net increase in cash and cash equivalents in Q1 2011 of $28.3 million, compared to $64.2 million in Q1 2010.

Consolidated Minerals Limited

Unaudited Condensed Consolidated Interim Financial Information
for the Three Months Ended 31 March 2011

Unaudited condensed consolidated comprehensive income statement for the three months ended 31 March 2011

		Three months ended 31 March	
$'000	**Note**	**2011**	**2010**
Revenue	7	171,390	182,674
Cost of sales	8	(130,021)	(110,174)
Gross profit		41,369	72,500
Selling and distribution expenses		(20,770)	(16,922)
General and administrative expenses		(10,977)	(9,476)
Other operating income / (expenses) - net		1,001	795
Net foreign exchange gain / (loss)		907	65,346
Impairment write-back		-	1,540
Operating profit / (loss)		11,530	113,783
Analysed as:			
Depreciation and amortisation		(31,612)	(30,779)
Impairment write-back / (expense)		-	1,540
Net foreign exchange gain/ (loss)		907	65,346
Non cash inventory writedown		(16,872)	-
Adjusted EBITDA		**59,107**	**77,676**
Share of loss of associates		(362)	(79)
Loss on disposal of available-for-sale financial investments		-	(9,721)
Profit / (Loss) before tax and finance items		11,168	103,983
Finance income		275	59
Finance costs		(1,472)	(1,085)
Profit / (Loss) before tax		9,971	102,957
Income tax credit / (expense)		12,063	(6,406)
Profit / (Loss) for the period		22,034	96,551
Other comprehensive income			
Available-for-sale financial investments		1,312	5,884
Net foreign currency translation differences		12,390	11,261
Income tax relating to components of other comprehensive income		(320)	187
Other comprehensive income for the year, net of tax		13,382	17,332
Total comprehensive income for the period		35,416	113,883
Profit / (Loss) attributable to:			
Equity holders of the parent company		21,260	96,148
Non controlling interest		774	403
Total comprehensive income attributable to:			
Equity holders of the parent company		34,642	113,480
Non controlling interest		774	403

The notes on pages 19 to 24 are an integral part of this unaudited Consolidated Interim Financial Information.

Unaudited condensed consolidated balance sheet as at 31 March 2011

$'000	Note	As at 31 March 2011	As at 31 December 2010
ASSETS			
Non-current assets			
Property, plant and equipment		871,616	879,105
Intangible assets		78,176	76,582
Goodwill		76,467	75,791
Investments in associates		27,191	27,172
Available-for-sale financial investments		88,860	86,129
Trade and other receivables		3,255	3,060
Total non-current assets		1,145,565	1,147,839
Current assets			
Inventories		176,528	172,862
Trade and other receivables		49,156	53,865
Cash and cash equivalents	9	111,751	97,745
Total current assets		337,435	324,472
Total assets		1,483,000	1,472,311
EQUITY AND LIABILITIES			
Equity			
Share capital		204,721	204,721
Subordinated shareholder loans treated as equity		1,216,171	1,218,997
Reserves		95,407	82,025
Retained earnings		(290,752)	(312,012)
Equity attributable to equity holders of the parent Company		1,225,547	1,193,731
Non-controlling interest		14,293	13,519
Total equity		1,239,840	1,207,250
Non-current liabilities			
Borrowings	10	1,903	2,056
Trade and other payables		5,591	5,427
Provisions		41,348	36,844
Deferred tax liabilities		49,436	64,323
Total non-current liabilities		98,278	108,650
Current liabilities			
Borrowings	10	56,352	64,635
Trade and other payables		82,495	83,315
Provisions		6,035	8,461
Total current liabilities		144,882	156,411
Total liabilities		243,160	265,061
Total equity and liabilities		1,483,000	1,472,311

The notes on pages 19 to 24 are an integral part of this unaudited Consolidated Interim Financial Information.

Unaudited condensed consolidated statement of changes in equity for the three months ended 31 March 2011

$'000	Share capital	Shareholder equity*	Reserves	Retained earnings	Total Attributable to equity holders of the parent	Non controlling interest	Total
Balance at 1 January 2011	204,721	1,218,997	82,025	(312,012)	1,193,731	13,519	1,207,250
Total comprehensive income for the three month period	-	-	13,382	21,260	34,642	774	35,416
Repayment of shareholder loan treated as equity		(2,826)	-	-	(2,826)	-	(2,826)
Balance at 31 March 2011	204,721	1,216,171	95,407	(290,752)	1,225,547	14,293	1,239,840

$'000	Share capital	Shareholder equity*	Reserves	Retained earnings	Total Attributable to equity holders of the parent	Non controlling interest	Total
Balance at 1 January 2010	204,721	-	2,376	(439,987)	(232,890)	12,825	(220,065)
Total comprehensive income for the three month period	-	-	17,332	96,148	113,480	403	113,883
Proceeds from issue of shares	-	-	-	-	-	64	64
Repayment of shareholder loan treated as equity	-	-	-	-	-	-	-
Balance at 31 March 2010	204,721	-	19,708	(343,839)	(119,410)	13,292	(106,118)

*In November 2010, the terms of the Company's loan agreements with Grizal Enterprises Ltd, a company 100% owned by the ultimate shareholder, were amended upon agreement by both parties. As a result of these amendments, the loans are now classified as equity under IFRS.

The notes on pages 19 to 24 are an integral part of this unaudited Consolidated Interim Financial Information.

Unaudited condensed consolidated cash flow statement for the three months ended 31 March 2011

		Three months ended 31 March	
$'000	**Note**	**2011**	**2010**
Cash flow from operating activities			
Receipts from customers		180,052	159,334
Payments to suppliers and employees		(150,567)	(115,339)
Cash generated from operations		29,485	43,995
Interest received		186	59
Interest paid		(857)	(2,032)
Value added taxes received		13,162	5,122
Income taxes paid		(1,415)	(1,807)
Net cash generated from operating activities		40,561	45,337
Cash flow from investing activities			
Payments for development expenditure		(5,942)	(753)
Purchase of property, plant and equipment		(5,761)	(5,767)
Proceeds from sale of property, plant and equipment		77	57
Payments for mineral exploration and evaluation expenditure		(1,641)	(2,622)
Purchase of available-for-sale financial investments		(661)	-
Proceeds from sale of available-for-sale financial investments		-	41,547
Payments for other financial assets		(3)	(5)
Net cash used for investing activities		(13,931)	32,457
Cash flow from financing activities			
Proceeds from related party borrowings		-	46,263
Repayments of shareholder loan treated as equity		(2,826)	-
Repayment of bank borrowings		(2,048)	(42,299)
Proceeds from stockpile funding		34,857	45,858
Repayment of stockpile funding		(28,305)	(63,459)
Net cash generated from / (used for) financing activities		1,678	(13,637)
Net increase/ (decrease) in cash and cash equivalents		28,308	64,157
Cash and cash equivalents at the beginning of the period		62,071	5,069
Exchange gains/(losses) on cash and cash equivalents		(643)	247
Cash and cash equivalents at the end of the period	9	89,736	69,473

The notes on pages 19 to 24 are an integral part of this unaudited Consolidated Interim Financial Information.

Notes to the unaudited consolidated interim financial information

1. General information

Consolidated Minerals Limited (formerly Palmary Enterprises Ltd) ('Consmin' or the 'Company') was incorporated in Belize, in 2004 and redomiciled in Jersey in April 2008. The address of its registered office is First Floor, Commercial House, 3 Commercial Street, St Helier, Jersey, Channel Islands, JE3 2RU.

Consmin is a leading manganese ore producer with mining operations in Australia and Ghana. The principal activities of the Company and its subsidiaries (the "Group") are the exploration, mining, processing and sale of manganese products. The Group's operations are primarily conducted through four major operating/trading subsidiaries; Consolidated Minerals Pty Limited (Australia), Ghana Manganese Company Limited (Ghana), Manganese Trading Limited (Jersey) and Pilbara Trading Limited (Jersey).

2. Basis of preparation of interim report

This condensed consolidated interim financial information for the three months ended 31 March 2011 has been prepared in accordance with IAS 34 "Interim financial reporting". The condensed consolidated interim financial information should be read in conjunction with the annual financial information for the year ended 31 December 2010, which have been prepared in accordance with IFRS.

The financial information set out above does not constitute the Company's statutory accounts for the year ended 31 December 2010 but comparative information is derived from those accounts. Statutory accounts for 2010 will be delivered to the Jersey registrar of companies in due course. The auditors have not yet reported on those accounts but have issued an unqualified accountants report on the financial information included in the Offering Memorandum.

3. Accounting policies

The accounting policies are consistent with those of the annual financial information for the year ended 31 December 2010.

(a) New standards that are not yet effective and have not been early adopted by the Group

IFRS 9, 'Financial instruments', addresses the classification, measurement and derecognition of financial assets and financial liabilities. The standard is not applicable until 1 January 2013 but is available for early adoption. There will be no impact on the group's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss, and the group does not have any such liabilities. The derecognition rules have been transferred from IAS 39, 'Financial instruments: Recognition and measurement', and have not been changed. The group has not yet decided on the early adoption of IFRS 9.

(b) Interpretations and amendments to existing standards that are not yet effective and not relevant for the Group's operations

- Amendment to IAS 12,'Income taxes' on deferred tax (effective 1 January 2012)
- IAS 24 Related Party Disclosures (Revised) (effective 01 January 2011)
- Amendments to IAS 32 Financial instruments: Presentation on classification of rights issues (effective 1 February 2010)
- IFRS 7 Financial Instruments: Disclosures (effective 1 July 2011)
- Amendment to IFRIC 14, 'Prepayments of a Minimum Funding Requirement' (effective 1 January 2011)
- IFRIC 19, 'Extinguishing financial liabilities with equity instruments' (effective 1 July 2010)
- In May 2010 the IASB issued *improvements to IFRSs*, a further omnibus of amendments to its standards (effective 1 January 2011).

(c) Foreign currency translation

The following foreign exchange rate against the United States Dollar has been used in the preparation of the consolidated financial statements:

	31 March 2011	Average 3 months to 31 March 2011	31 December 2010	Average 3 months to 31 March 2010
Australian dollar	1.0309	1.0052	1.0163	0.9029
British Pound	1.6032	1.6007	1.5468	1.5595

4. Critical accounting judgements and key sources of estimation uncertainty

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, that were not included in the financial information included in the Offering Memorandum, are discussed below.

<u>Net realisable value ('NRV') adjustments on ore stockpiles</u>

In accordance with IAS 2 *Inventories*, the Group measures its inventories at the lower of cost and net realisable value. The determination of net realisable value requires the Group to use estimates and assumptions concerning selling prices and future costs to convert ore stocks to finished goods. When these assumptions become known in the future, and to the extent that they differ from the assumptions made, such differences will impact pre-tax profit and the carrying values of inventories.

In the three month period to 31 March 2011, the Group recognized a NRV write down of $16.9 million relating to inventories held in Australia.

5. Principal risks and uncertainties

The following describes the material risks that could affect Consolidated Minerals Limited. The Group's view of its principal risks and uncertainties can be summarized as follows:

There may be additional risks unknown to Consolidated Minerals and other risks, currently believed to be immaterial, which could turn out to be material. These risks, whether they materialize individually or simultaneously could significantly affect the Group's business and financial results.

a) External

Commodity prices and global demand for the Group's products are expected to remain uncertain, which could have a positive or negative impact on the Group's business.

Continued growth in demand for the Group's products in China could be affected by future developments in that country.

Consolidated Minerals is exposed to foreign currency fluctuations that could have a positive or negative impact on its overall business results.

Political, legal and commercial instability, changes in fiscal policies or community disputes in the countries and territories in which the Group operates could affect the viability of its operations.

The Group's land and resource tenure could be disputed resulting in disruption to the operation or development of resource.

Changes in the cost and/or interruptions in the supply of energy, water, fuel or other key inputs could adversely affect the economic viability of the Group's operations.

b) Strategic

The Group's business and growth prospects may be affected by changes in its capital expenditure programme.

The Group's exploration and development of new projects might be unsuccessful, expenditures may not be fully recovered and depleted ore reserves may not be replaced.

c) Financial

The Group's reported results could be adversely affected by the impairment of assets and goodwill.

d) Operational

Estimates of ore reserves are based on many assumptions and changes in the assumptions could lead to reported ore reserves being restated.

Labour disputes could lead to lost production and/or increased or decreased costs.

The Group depends on the continued services of key personnel.

The Group's mining operations are vulnerable to inclement weather events, natural disasters, operating difficulties and infrastructure constraints, not all of which are covered by insurance, which could have an impact on its productivity.

The Group may be exposed to major failures in the supply chain for specialist equipment and materials.

e) Sustainable development

Increased environmental regulations could adversely affect the Group's cost of operations.

The Group's costs of close down, restoration and rehabilitation could be higher than expected due to unforeseen changes in legislation, standards and techniques, or underestimated costs.

Health, safety, environment and other regulations, standards and expectations evolve over time and unforeseen changes could have an adverse effect on the Group's earnings and cash flows.

6. Segment information

Management considers the business from a product perspective and has determined the operating segments based on the reports reviewed by the board, who are the CODM ('Chief Operating Decision Makers'), in making strategic decisions. The primary products of the Group are processed manganese and chromite ores, as well as the trading of ferroalloys. Other operations consist of on-market trading of third party ore, iron ore projects, nickel operations (which have been put on care and maintenance) and administration and corporate head office functions.

The segment information provided for the three month periods ended 31 March 2011 and 2010 is as follows:

31 March 2011	**Manganese**	**Chrome**	**Ferroalloys**	**Other**	**Total**
$'000					
Revenue from external customers	151,600	14,140	5,650	-	171,390
Cost of goods sold	(108,010)	(16,322)	(5,372)	(317)	(130,021)
Gross profit	43,590	(2,182)	278	(317)	41,369
Adjusted EBITDA	63,585	2,880	278	(7,636)	59,107
Depreciation and amortisation	(28,984)	(2,536)	-	(92)	(31,612)
Non-cash inventory write-down	(12,405)	(4,467)	-	-	(16,872)
Finance Income	88	-	-	187	275
Finance expense	(602)	(62)	-	(808)	(1,472)
Net foreign exchange gain/ (loss)	663	-	-	244	907
Share of profit / (loss) of associates	-	-	-	(362)	(362)
Profit before tax	22,345	(4,185)	278	(8,467)	9,971
Income tax (expense) / credit	4,412	1,708	-	5,943	12,063
Total assets	1,147,533	50,401	2,149	282,917	1,483,000
Total assets includes:					
Investments in associates	-	-	-	27,191	27,191
Goodwill	76,467	-	-	-	76,467
Non-current assets (other than financial instruments and deferred tax assets)	885,184	38,775	-	98,935	1,022,894
Additions to non-current assets (other than financial instruments and deferred tax assets)	26,876	1,141	-	231	28,248
Total liabilities	(182,978)	(13,185)	(1,195)	(45,802)	(243,160)

31 March 2010	**Manganese**	**Chrome**	**Ferroalloys**	**Other**	**Total**
$'000					
Revenue from external customers	145,803	5,348	22,869	8,654	182,674
Cost of goods sold	(76,621)	(2,636)	(21,989)	(8,928)	(110,174)
Gross profit	69,182	2,712	880	(274)	72,500
Adjusted EBITDA	82,528	2,528	880	(8,260)	77,676
Depreciation and amortisation	(29,039)	(1,587)	-	(153)	(30,779)
Finance Income	-	-	-	59	59
Finance expense	(714)	(52)		(319)	(1,085)
Impairment write-back/ (expense)	-	-	-	1,540	1,540
Net foreign exchange gain / (loss)	110	-	-	65,236	65,346
Gain / (loss) on disposal of available-for-sale financial investments	-	-	-	(9,721)	(9,721)
Share of profit / (loss) of associates	-	-	-	(79)	(79)
Profit before tax	52,885	889	880	48,303	102,957
Income tax (expense) / credit	(11,714)	(267)	-	5,575	(6,406)
31 December 2010					
Total assets	1,128,346	57,466	-	286,519	1,472,311
Total assets includes:					
Investments in associates	-	-	-	27,172	27,172
Goodwill	75,791	-	-	-	75,791
Non-current assets (other than financial instruments and deferred tax assets)	885,322	39,646	-	97,788	1,022,756
Additions to non-current assets (other than financial instruments and deferred tax assets)	129,656	7,358	-	1,850	138,864
Total liabilities	(188,119)	(21,194)	(57)	(55,691)	(265,061)

A reconciliation of adjusted EBITDA to profit before tax and finance items is provided as follows:

	Periods ended 31 March	
$'000	2011	2010
Adjusted EBITDA	59,107	77,676
Depreciation and amortisation	(31,612)	(30,779)
Non-cash inventory write-down	(16,872)	-
Impairment write-back	-	1,540
Net foreign exchange gain	907	65,346
Share of loss of associates	(362)	(79)
Gain / (loss) on disposal of available-for-sale financial investments	-	(9,721)
Profit before tax and finance items	11,168	103,983

Adjusted EBITDA is operating profit plus depreciation and amortisation, impairment write-back / (expense), net foreign exchange gain/ (loss) and non-cash inventory write-downs. Management believes that Adjusted EBITDA provides a clearer picture of our results generated by our core operating activities, thus enabling management to evaluate relevant trends more meaningfully when considered in conjunction with (but not in lieu of) other measures that are calculated in accordance with IFRS. In particular, Adjusted EBITDA is considered a useful benchmark because it allows management to analyse our operations without the effect of non-cash items such as depreciation and amortisation expense and foreign exchange gains and losses. Adjusted EBITDA is not a uniformly or legally defined measure and is not recognised under IFRS or any other generally accepted accounting principles. We consider this measure an important indicator of our representative, recurring operations. Other companies in the mining industry may calculate this measure differently, and consequently, our presentation of Adjusted EBITDA may not be readily comparable to other companies' figures.

7. Revenue

Revenue by geographic destination was as follows:

	Periods ended 31 March	
$'000	**2011**	**2010**
China	107,764	49,349
Ukraine	51,738	86,130
South Korea	-	25,811
Georgia	1,239	8,529
United States of America	-	-
Other	10,649	12,855
Total revenue by geographic destination	171,390	182,674

8. Cost of sales

	Periods ended 31 March	
$'000	**2011**	**2010**
Mining and production expenses – deferred stripping	(1,720)	(1,038)
Mining and production expenses – other	82,408	51,088
Purchases of ores and ferroalloys for sale	5,372	30,108
Depreciation and amortisation	31,459	30,428
Royalties and other taxes	9,796	11,306
Net movement in inventories	(14,675)	(11,764)
Inventory writedown	16,872	-
Other	509	46
Total cost of sales	130,021	110,174

9. Cash and cash equivalents

$'000	**31 March 2011**	**31 December 2010**
Cash at bank and in hand	111,546	97,542
Short-term bank deposits	205	203
Cash and cash equivalents at the end of the period	111,751	97,745
Less: bank overdrafts	(22,015)	(35,674)
Net cash and cash equivalents per the cash flow statement	89,736	62,071

10. Borrowings

$'000	31 March 2011	31 December 2010
Non-current		
Finance lease liabilities – hire purchase loans	1,903	2,056
	1,903	2,056
Current		
Bank overdrafts	22,015	35,674
Finance lease liabilities – hire purchase loans	4,337	6,010
Stockpile funding	30,000	22,951
	56,352	64,635
Total borrowings	58,255	66,691

Finance lease liabilities are secured by charges over each respective leased asset.

The stockpile funding facility is secured by a first ranking fixed and floating charge over trade receivables and stockpiled manganese and chromite ore held in Australia. Amounts are repayable within 45 days from drawdown of funds.

The carrying value of borrowings approximates their fair value.

The exposure of the Group's borrowings to interest rate changes and the contractual re-pricing dates at the balance sheet date:

$'000	31 March 2011	31 December 2010
Interest free and repayable on demand	-	-
6 months or less	54,183	61,630
6 - 12 months	2,169	3,005
1 - 5 years	1,903	2,056
Over 5 years	-	-
	58,255	66,691

The carrying amounts of the Group's borrowings are denominated in the following currencies:

$'000	31 March 2011	31 December 2010
US dollar	52,014	58,625
Australian dollar	6,241	8,066
	58,255	66,691

11. Contingent liabilities and contingent assets

There has been no change in circumstances relating to contingent liabilities already disclosed in the 31 December 2010 financial information.

The Group has no contingent assets.

12. Related party transactions

Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note.

Management considers that the Group has appropriate procedures in place to identify and properly disclose transactions with related parties and has disclosed all of the relationships identified and which it deemed to be significant during the quarter.

The following table provides the total amount of transactions which have been entered into with related parties for the three months ended 31 March 2011.

$'000	Sales to related parties	Purchases from related parties	Amounts owed by related parties	Amounts owed to related parties
Trading companies related to the ultimate shareholder				
31 March 2011	52,977	5,432	34	1,195
31 March 2010	94,659	185	3,065	32
Finance companies related to the ultimate shareholder				
31 March 2011	-	-	-	-
31 March 2010	-	-	-	1,184,244
Other companies related to the ultimate shareholder				
31 March 2011	-	1,011	-	2,639
31 March 2010	-	1,043	-	1,043

Finance companies related to the ultimate shareholder

As at 31 March 2011, a related party loan balance of $1,216 million was recognised in equity.

Banks related to the ultimate shareholder

Several of the Group's operating bank accounts are held with Privat Bank, which the ultimate shareholder has a minority interest in. As at 31 March 2011, $7.8 million was held in current accounts with the bank (31 December 2010: $2.6 million).

13. Litigation update

In the quarter, the Company had finalisation on the JP Morgan case where the Court of Appeal delivered its judgment on JP Morgan's appeal. The appeal was dismissed and therefore the original judgment in Consmin's favour stands. The Company was also successful in the first, which is the smaller of the two, court cases with Process Minerals International Pty Ltd ('PMI') and the judge ruled in Consmin's favour.

14. Events occurring after the reporting period

At its meeting on 5 April 2011 the Board of Directors approved a final dividend of $50 million in relation to the financial year ended 31 December 2010.

On 28 April 2011, the Company issued $405 million in principal amount of 8.875% senior secured notes due 2016. From the proceeds of the offering, after deducting fees and expenses, the Company has made a repayment of $250 million in relation to its shareholder loans from Grizal Enterprises Ltd. The remaining funds (net of fees and expenses) will be used for general corporate purposes. The cash and borrowings position of the Company, as at 31 May 2011, is detailed below:

$'000	As at 31 May 2011
Cash and cash equivalents	**227,725**
Borrowings	
Bank overdrafts	20,262
Pre-shipment financing	29,344
Finance lease liabilities	10,357
Senior Secured Notes	405,000
Unamortized debt issuance costs	(11,118)
Total borrowings	**453,845**

Glossary of Defined Terms

"ASX"	The Australian Securities Exchange, operated by ASX Limited (ABN 98 008 624 691).
"BCM"	Bank cubic meter, being one cubic meter of undisturbed (in situ) material before it is drilled, blasted or mined.
"beneficiation"	The act or process of increasing the concentration of valuable material (e.g., manganese) contained in ore as it naturally occurs in the environment on a per unit basis, and, at the same time, reducing the concentration of some of the non-valuable substances (e.g., iron and silica).
"blending"	A process in which manganese ores of varying grades are mixed together to produce ores or products with an average grade according to the product specification.
"CFR"	International commercial term meaning "Cost and Freight," whereby the quoted price includes all costs and freight to bring the goods to the port of destination from the port of departure, but does not require the seller to procure marine insurance against the risk of loss or damage to the goods during transit.
"chips"	Chromite ore product that has a particle size between 1 and 16.5 millimeters.
"CIF"	International commercial term meaning "Cost, Insurance and Freight," whereby the quoted price includes all costs, insurance and freight to bring the goods to the port of destination from the port of departure.
"concession"	A mining concession as defined in the Minerals and Mining Act.
"Cr"	Chemical symbol for Chromium, based on the periodic table
"CRU"	CRU International Limited, a company incorporated in England and Wales with company number 00940750. CRU is an independent business analysis and consultancy group, focused on the mining, metals, power, cables, fertilizer and chemical sectors.
"dmtu"	A "dry metric ton unit," which corresponds to one 10 kilogram unit of manganese. By way of example, the price in \$ of a consignment of manganese ore is calculated by multiplying the U.S. dollar per dmtu price by the units of manganese of the ore in that shipment. For instance, if manganese ore with a manganese content of 48% is priced at \$5.00/dmtu, the price for three tonnes of such ore will be \$720, calculated as follows: 48% × 3,000kg = 1,440 kg of manganese 1,440kg ÷ 10kg = 144 dmtu of manganese 144 dmtu × \$5.00 per dmtu = \$720
"dry tonne" or "dt"	A tonne, being a metric unit of weight equivalent to 1,000 kilograms, measured excluding the weight of any water content.
"EMM"	Electrolytic manganese metal.
"Fe"	Chemical symbol for Iron, based on the periodic table
"ferroalloy"	A metal product, usually containing iron and other metals, that is commonly used as a raw material feed in steelmaking to add strength or to aid various stages of the steelmaking process such as deoxidation and desulphurization. Examples include ferrochrome, ferromanganese and ferrosilicon.

"fines" or "ore fines" or "fine ore"	Manganese ore with the majority of individual particles measuring less than a specified size. While there is no industry standard measurement, the Group's Australian and Ghanaian operations specify ores with particles measuring between 1 and 12.5 millimeters and less than 25 millimeters, respectively, as fines.
"flux"	Material (for example, lime in the form of limestone or magnesium oxide in the form of dolomite) added to a furnace to ensure the slag in the furnace is fluid enough to flow out of the furnace.
"FOB"	International commercial term meaning "Free On Board," whereby the quoted price includes all activities needed to deliver the product to the port of departure, with the last cost included in the price being ship loading. As such, it excludes the cost of marine freight transport and insurance as well as unloading and transportation from the arrival port to the final destination.
"Greensnake"	An open pit located in the Woodie Woodie corridor. This is the Company's largest Australian pit by reserve volume.
"Guarantor"	Each of GMC, CMAL, CMT, Stratford Sun Limited, Consolidated Minerals (Hong Kong) Limited, PTL, MTL, Consolidated Minerals (Belgium) Limited, Consolidated Minerals Holdings (Australia) Pty Limited, CMPL, PMPL, Pilbara Chromite Pty Limited, Pilbara Contracting Pty Limited and Pilbara Trucking Pty Limited.
"high grade"	A measure of the manganese content of manganese ore. There is generally no agreed industry definition of "high grade." Our Australian operations consider ore with an average manganese content above 44% to be "high grade." Unless otherwise specified, references to "high grade" are to the definition used by our Australian operations.
"IFRS"	International Financial Reporting Standards of the International Accounting Standards Board.
"JORC"	The Australasian Joint Ore Reserves Committee.
"JORC Code"	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (2004 edition).
"kBCM"	1,000 bank cubic meters, being 1,000 cubic meter of undisturbed (in situ) material before it is drilled, blasted or mined.
"kt"	Kilo tonne. A unit of weight or capacity equal to 1,000 tonnes.
"low grade"	A measure of the manganese content of manganese ore. There is generally no agreed industry definition of "low grade." Our Australian operations consider ore with an average manganese content of less than 44% to be "low grade." Unless otherwise specified, references to "low grade" are to the definition used by our Australian operations.
"LTI"	A work-related injury or illness resulting in the employee or contractor being unable to attend work for a full working day after an injury or illness has occurred.
"lump" or "lump ore"	Manganese ore with the majority of individual particles measuring more than a specified size. While there is no industry standard measurement, the Group specifies ore with particles measuring 6.3 millimeters or more as lump. Chromite ore has lump particle size measuring 6.3 millimeters or more.
"mdmtu"	One million dry metric ton units.

"Mn" .... Manganese.

"open pit mining"....................................... A method of extracting rock or minerals from the earth by stripping away the top soil and the earth above the rock or minerals creating a pit from which the rock or minerals are removed. This method of mining can be contrasted with mining using extractive methods that require tunneling into the earth (i.e., underground mining).

"ore" .... A mineral or an aggregate of minerals (containing valuable constituents, including metals) of sufficient value to be mined or extracted.

"overburden" .... The material that lies above the mining area of economic interest, i.e., the rock and soil that lies above a manganese or chromite ore body.

"reductant" .... Solid fuel added to a furnace to remove oxygen from the manganese ore fed into the furnace.

"sands"... Chromite ore product that has a particle size between 50 microns and 2 millimeters.

"seaborne market"..................................... The part of the manganese ore market that is composed of exported manganese ore.

"Shareholder" .... Means Ultimate Beneficial Owner of the Company

"sinter"... The product of sintering.

"sintering".. The process of combining or fusing metals, usually with pressure and temperature, by exposing them to a temperature just below their melting point.

"slag".. The by-product that results from smelting ore to separate the manganese from impurities and other unwanted elements.

"spot price" .... The price at which a physical commodity for immediate sale is selling at a given time and place.

"stripping ratio" .... The ratio of the volume of overburden waste material to the volume of ore in an open pit mine. For instance, a stripping ratio of "5" means that five BCM of waste rock must be removed for every one BCM of ore mined.

"sump" .... An excavation made in a pit (generally at the lowest point) to collect water, which can then be pumped to the surface or to another sump nearer the surface.

"tailings"... Finely ground waste rock from which the majority of valuable minerals or metals have been extracted.

"tenement" .... A mining tenement as defined in the Mining Act.

"wet tonne" .... A tonne, being a unit of weight equivalent to 1,000 kilograms, measured including the weight of any water content.

"Woodie Woodie corridor"........................ The approximately 100 square kilometer area inside the Woodie Woodie tenement package within which all of our current Australian manganese mining operations take place.

"Woodie Woodie region"........................... The approximately 5,400 square kilometers of land in and around the Woodie Woodie mine in the Pilbara region of Western Australia, excluding the Woodie Woodie corridor.